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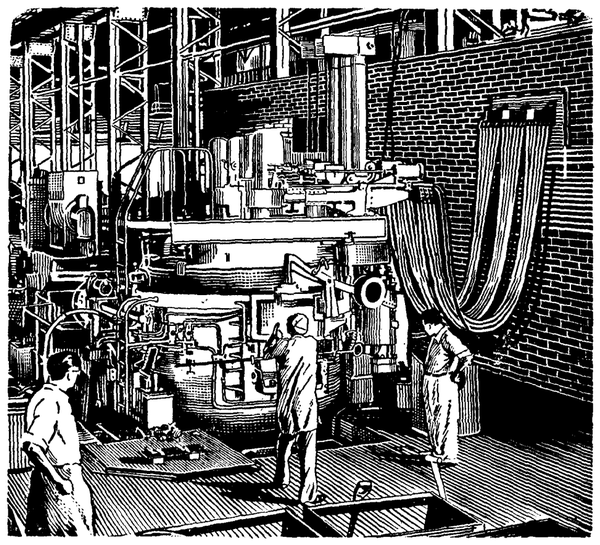

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"For Commerce, though the child of Agriculture fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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CAPITAL AND RESERVES OF BANKS

THE broad suggestions in the Reserve Bank's latest annual report on the trend and progress of banking in India for strengthening the banking structure, reviewed in these columns last week, have now been followed up by some detailed proposals. Indeed, these specific proposals had been communicated to the banking associations for eliciting their comments even before the publication of the aforesaid report, and the public would have known nothing about them even now but for the enterprise of a section of the daily Press. It would have been in the fitness of things had the Reserve Bank circulated its proposals to the Press as a whole along with its annual report on banking trends, for such action would have avoided the criticism that the authors of the report were merely repeating ideas that had been voiced earlier by the Governor of the Bank as well as others. The present proposals are two, one pertaining to banks' paid-up capital and reserves and the other to cash reserve and liquidity requirements. When they are enforced, along with deposit insurance, they will certainly make a significant contribution to enhance the protection for depositors.

The proposal for strengthening the capital funds of banks seeks to ensure that the paid-up capital and reserves do not fall below a specified percentage of total deposits. Under it, Indian banks are required to transfer each year not less than 20 per cent of their net profit (that is, profit before taxation) till (*a*) the reserves reach the level of paid-up capital and (*b*) the ratio of paid-up capital and published reserves (including share premium account) equals 7½ per cent of deposits from the public at the end of the preceding year. The minimum capital for starting a new bank will be Rs. 5 lakhs, instead of Rs. 50,000 as at present. If a bank wants to have an office at either Bombay or Calcutta, it must have a minimum capital of Rs. 20 lakhs, as against Rs. 10 lakhs at present. Foreign banks will have to maintain with the Reserve Bank a minimum "capital" of 5 per cent of deposits or Rs. 15 lakhs, whichever is higher, if they operate in centres other than Bombay or Calcutta and 5 per cent of deposits or Rs. 20 lakhs, whichever is higher, if they operate either in Bombay or Calcutta. This reserve can be kept in cash/or approved securities.

The case for this reform has been cogently argued by the Reserve Bank. The first point made by it is that the present level of banks' "own funds" is inadequate as compared with the quantum of deposits or with the risks taken by banks by extending their lending activities. Even after excluding P.L. 480 funds that have been with the State Bank of India, net deposits of banks have nearly doubled in the last ten years. During the same period, bank credit has risen by two and a half times, pushing up the ratio of credit to deposits from 49 per cent at the end of December 1950 to 69 per cent at the close of 1960. What is more, there has also been a perceptible change in the liquid character of bank credit. Thus, as on 30th October 1960, credit to industry formed 51 per cent of the total, as against 32 per cent ten years before. Further, a few of the commercial banks have been venturing into new lines of activity, such as term-lending to industry, underwriting of new issues with the concomitant risk of having to hold unsold shares, guaranteeing of deferred credit payments, etc. The second point made by the Reserve Bank is that, though the profits of banks have doubled during the fifties, there has not been a commensurate rise in the paid-up capital and reserves. Between 1950 and 1960, they went up by only Rs. 9 crores to Rs. 68 crores) of which the increase in the paid-up capital component was no more than Rs. 2.30 crores. Consequently, and, as mentioned in our last issue, the ratio of "own funds" to deposits is now only about a third of 13 per cent that obtained in 1939 and less than half of 9 per cent in 1950. As at the end of January 1961, according to the Reserve Bank, this ratio was below 5 per cent in the case of 23 banks of which nine were large banks having deposits over Rs. 25 crores. The ratio of paid-up capital alone to deposits was below 3 per cent in the case of these 23 banks of which ten were big banks. On page 3 of this issue, we have ourselves compiled and published the relevant data pertaining to some 15 leading banks which, we are sure, will be found interesting.

This journal has been of the view for sometime past that the need for raising the ratio of "own funds" to deposits is unquestionable. A comparative study of the position in other countries only serves to confirm this view. Even in highly developed economies such as the U.S., Germany, Canada, Belgium, Sweden, Switzerland and the Netherlands, the ratio is much higher than in this country, the actual figure (as of 1959) being 9 per cent, 7.3 per cent, 7.7 per cent, 7.8 per cent, 7.9 per cent, 8 per cent, and 11.7 per cent, respectively. In some of the Latin American countries, the ratio is over 20 per cent and in the Philippines, Indonesia and Brazil, it is 13.6 per cent, 18.1 per cent, and 14.3 per cent, respectively. In the U.K., the ratio is only 3.6 per cent, but it is better than the 2.7 per cent that prevailed in 1954. In any case, India cannot afford to follow the example of the U.K. for a number of reasons. To mention only two of them: (*a*) The secret reserves of British banks is of a high order. And (*b*) banking in the U.K. is compact, there being not more than a handful of institutions. Nevertheless, in recent years, British banks themselves took steps to raise their paid-up capital substantially. All the aforesaid information also supports the view that the ratio of 7.50 per cent proposed by the Reserve Bank is not unduly high. It is quite a fair and ideal one.

There is, however, room for difference of opinion on the specific manner in which the Reserve Bank wants the banks to attain this ideal. This is a very important issue, both in terms of principle and the magnitude of the task involved. Must there be statutory compulsion and if so to what extent? The Reserve Bank's solution is rigid and the degree of compulsion envisaged is unnecessarily high. It would be quite in keeping with the needs of the situation, if compulsion were to be confined only to the percentage of profit which a bank must set apart every year to reserve fund. The level of this fund need not be related to the paid-up capital as it is now and proposed to be continued under the Reserve Bank's move. As stated in these columns last week, all banks must be put under a statutory obligation to keep on transferring to reserve fund year after year a specified percentage of profit—20 per cent sounds reasonable—even if the fund happens to be in excess of the paid-up capital. The definition of net profit, however, should be changed to mean profit after taxation, for, with taxation taking away nearly 50 per cent of profit, it would be hard on banks if they were asked to earmark 20 per cent of the untaxed profit, especially when they are required to raise their paid-up capital as well. Unless the banks are able to show their shareholders that, under the new formula, they would be in a position to maintain the dividend on the increased capital at fairly reasonable level, it would be pretty difficult for them to get additional capital. It would be pertinent to point out, in this connection, that, in order to attain the ratio of 7.5 per cent of "own funds" even on the level of deposits that prevailed at the end of 1960, the banks would have to find about Rs. 60 crores, of which the major portion will have to be in the form of addition to paid-up capital through issue of new shares/or calling up the uncalled liability. And this may have to be done in a period of three or four years. What is more, in these years, there may be a further substantial rise in deposits.

It would be extremely difficult in practice to operate a statutory ratio of paid-up capital and reserves to deposits, inasmuch as the latter will vary from year to year. In the context of the plans for the development of this country, it would be reasonable to assume that the variation would invariably be upward. The Reserve Bank's proposal would, therefore, mean that, every year, most of the banks would have to raise additional capital. This cannot be a pleasant prospect for managements of banks and may act as a disincentive to garnering more deposits. It would also mean placing the State-owned banks in a highly advantageous position *vis-a-vis* the banks in the private sector, as the former would have no difficulty in complying with the Reserve Bank's formula. It is true that the Reserve Bank's proposal envisages only the creation of reserve powers to be used at its discretion according to the needs of the situation and in a convenient manner. The relevant portion in the Reserve Bank's *communique* to the banks' associations reads thus:

"With regard to the existing banking companies, it is noticed that some of the banks have not entered the market for fresh capital for the last ten or fifteen years. Moreover, in the case of some banks, a good part of the subscribed capital remains uncalled. Taking into account the fact that, in the case of banking companies whose ratio of capital funds to deposits is very low (say, below 3 per cent) it would take a long time (5-10 years) to attain the minimum proposed ratio of 7½ per cent through addition to reserves, it is proposed to empower the Reserve Bank to require such banks to increase their paid-up capital either through new issues of capital or through calls on uncalled capital. Whether the latter is possible. Naturally, the

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will bear in mind the prevailing conditions on the stock market and other relevant circumstances before directing a bank on the former course."

While the aforesaid assurance sweetens the pill to some extent, it does not meet the objection mentioned above. The best thing to do would be to recommend to banks the 7.5 per cent ratio as the ideal to be attained as early as they could. It is unnecessary to invoke the aid of Parliament for this purpose. There is good reason to feel that persuasion and exhortation by the Reserve Bank, coupled with the creation of appropriate conditions for raising new capital such as favourable terms for issue of new shares and some fiscal relief on profits ploughed back at least for a period of five years, will be sufficient to achieve the object in view within a reasonable period of time. The remaining proposals of the Bank on this question, namely, raising the minimum capital requirements for starting new banks and for opening branches in Bombay or Calcutta and maintenance of minimum cash reserves with the Reserve Bank by foreign banks deserve to be supported. Foreign banks need not feel concerned over this new requirement, as it is not impracticable. Besides, it will not give cause for complaint by the domestic banks that they are being discriminated against.

The proposals for increasing the cash reserves and liquidity requirements of banks are also controversial in part, though they may not impose any significant hardship on the vast majority of banks, as the levels proposed are well within the limits that are normally maintained by them as a matter of prudence. They will be examined in these columns in our next issue.

SAVING FOR ECONOMIC GROWTH

NO single theme is of more absorbing and continuing interest than the one relating to economic growth. The problems accompanying such growth and the means of achieving it constitute a fascinating, though controversial, field of study. The entire subject has gained further importance, inasmuch as it has been dealt with, from a global perspective, in successive issues of the *World Economic Survey* since 1955. The latest Survey, that for 1960—an advance copy of which was issued by the United Nations Secretariat this week—has examined the sources and trends of saving for economic growth. This study is a complement to the previous year's study relating to post-war investment trends and policies for economic development and is contained in three chapters—the first covering industrial countries, the second underdeveloped countries and the third centrally-planned economies. These chapters are preceded by an introduction which examines the relationship between growth, stability and the rate of saving.

It is in this introduction that the researchers of the U.N. Secretariat have approached the related issues of growth and stability in a manner which seeks to steer clear of controversy and strike a proper balance in national economic objectives between price stability and long-term economic growth. Whether their arguments are all uniformly sound may be open to dispute, because on issues of this kind contradictory, but more or less equally valid, conclusions based on almost identical facts and figures are quite possible. But these arguments are not any the less important for that reason.

First in the chain of arguments is the meaning that the special study has attached to growth. "What is required," it says "is not merely to maintain a high level of output and employment but to sustain a steady rate of growth that is adequate to absorb each year's new entrants into the labour force as well as the manpower released by advancing technology and rising productivity." Whether steady growth of such magnitude can be promoted without sacrificing stability in the process is the supreme question. It is here that the U.N. researchers come straight into the most controversial area of debate, that pertaining to inflation which has usually been equated with "an excess of aggregate demand over supply." According to the authors of the special study, "a growing consensus has emerged around the thesis that, in the real world, as distinct from the theoretical model of a perfectly competitive system, inflation cannot be automatically equated with an excess of aggregate demand over supply." This part of their argument continues:

"In the real world, where prices are determined by conventional markups over costs, by collective wage-bargaining and by government regulations, demand in some markets may exceed, and in others fall short of, supply. In such cases, inflation is not necessarily symptomatic of a general excess of demand over supply; though price increases may originate in markets where demand is strong, they may spread to other markets, even where supply is excessive. A cumulatively rising price trend may thus develop, despite considerable slack in production and employment. Under these circumstances, it will not always be possible to resort to a policy of restraint of demand for the stabilisation of prices without adversely affecting production and employment. Where inflation is, in fact, due to excess demand, it may be eliminated by demand restraint without such adverse effects. Where, however, as has been true of the creeping inflation of the nineteen fifties, a cumulatively rising price trend develops side by side with slack in production and employment, inflation can no longer be eliminated by restraint of demand without adding to the slack. This does not necessarily mean that an objective of rapid economic growth cannot be reconciled with a goal of price stability; it only means that it cannot be reconciled with a policy of restraining demand when there is already slack in the economy."

From this extract it may be easily seen that the U.N. study does not accept the conservative view that the security of price stability is preferable to the risk-taking growth-oriented policy. At the same time, it does not also countenance the opposite view that capital formation for economic growth can be financed through forced saving from large-scale inflation. Instead, it takes the middle line that "a rapidly growing economy may, through the stimulus it provides to high rates of investment, technological innovation and increasing productivity, be more conducive to price stability than is a sluggish economy." How this is expected to work out is described in the following passage:

"Such a growth-oriented policy, it may be noted, does not necessarily mean sacrificing price stability and embracing inflation. Rather it involves a shift in the methods of fighting inflation from primary reliance on measures to restrain demand to the inclusion of policies designed to accelerate the rate of expansion of incomes and the available supplies of goods and services. In a world in which inflationary pressures are so largely the result of mutually frustrating attempts of various income-earning groups to increase their respective shares of the national product, it is not unreasonable to expect that an increase in the size of the total share to be divided will contribute to some relaxation of the pressure. To the extent to which an increase in prices results from a larger rise in wages than in productivity, the stimulus to output per man that is imparted by higher investment and a higher rate of growth of national product may very well slow down rather than accelerate the rising trend in prices."

But the U.N. researchers seem to be aware of an element of risk even in their middle-of-the-road approach. They have, therefore, sought to answer the likely criticism that it might not be possible to achieve high peacetime rates of growth without introducing direct price and wage controls for the purpose of preserving price stability. Their answer is that a greater emphasis on economic growth need not involve an unsound monetary and fiscal policy and that, even if some inflationary pressures result from the very process of expediting growth, the Government's moral influence and its powers of education, persuasion and general regulation would suffice to maintain "reasonable price stability along with economic growth based on the full realisation of the production potential." This seems to be a rather facile assumption. So long as there is an element of risk, in the sense of instability in any attempt to accelerate growth, monetary and fiscal procedures aimed at ensuring efficient use of capital and minimising waste may continue to commend themselves to a considerable segment of public opinion in non-Communist countries. If budget deficits are caused by an acceleration in the rate of growth, the risk of inflation cannot be entirely ruled out, especially where the rate of saving is not otherwise adequate.

That brings one to the subject of adequacy of saving and its correlation with investment and growth. Here some broad conclusions emerge from the U.N. study. As far as the industrial countries are concerned, the U.N. finding is that there has been no tendency among them for high rates of growth of national product to be accompanied by budget deficits. The tendency has, if anything, been the other way round, that is, for high growth rates to be accompanied by relatively large budget surpluses. Both private saving—particularly of households—and public saving appear to have been positively correlated with rates of growth. High rates of investment and growth have tended to be associated with relatively large budget surpluses, and low rates of growth with relatively low budget surpluses. That high rates of growth are likely to involve *permanent* deficit financing does not find any support in the post-war evidence of most industrial countries. The data demonstrate that some countries have achieved rates of growth as much as two or even three times as high as that prevailing in other countries without incurring any greater degree of price inflation, or relying upon permanent budget deficits, or encountering balance of payments difficulties, or introducing a system of direct controls that is inimical to private enterprise. On the contrary, it is concluded, the higher rates of growth have themselves contributed, through increasing productivity, towards lessening the inflationary pressure from rising costs of production. And they have also afforded a powerful stimulus to private saving, partly by raising incomes faster than consumption levels could be adjusted and partly by bringing within reach of mass incomes such items as major durable goods and housing for which saving is necessary. That the fairly high rates of domestic saving registered in the industrial countries have made the relatively high rates of investment possible, may be seen from Table I on the next page. Again, that such rates of investment have also made possible relatively high rates of growth in a number of countries may also be seen from this table.

The second broad conclusion of the U.N. study pertains to underdeveloped countries. It is that their post-war experience does not conclusively establish that they can sustain high rates of growth under conditions of stability. The data no doubt indicate that, on an aggregate, though not on a *per capita*, basis, some of these countries attain a rate of growth comparable in percentage terms to that of the industrial countries. But it will be seen from Table II on the next page that the increases that have taken place in the rate of investment of underdeveloped countries have been largely financed by increases in foreign saving in the form of excess of imports over exports of goods and services. Very few underdeveloped countries, according to the data examined in the U.N. study, have registered an increase in domestic saving from the beginning to the end of the nineteen-fifties. That India stands at a very low level in this respect should be obvious.

The crucial question, thus, is how domestic savings can be promoted in the underdeveloped countries. The U.N. study has provided the answer in the form of some concrete suggestions. One of these is that land assessments should be revised upwards as they have remained stagnant for many years. Secondly, pricing in public enterprises may be more appropriately geared to the goal of higher domestic saving. Thirdly, saving in the corporate sector should be promoted through accelerated depreciation allowances and tax exemptions for reinvested profits. And, above all, monetary stability should be maintained to prevent a decline in the tendency to save in the household sector. These are eminently worthwhile suggestions, for, in the final analysis, economic growth of a self-sustaining character must rest on the cornerstone of domestic saving. But this does not mean that there is no need for an expanded flow of international private and public funds to the underdeveloped countries. In fact, the need for such funds to pay for the large volume of imported machinery and other essential goods is great at the present time, as the U.N. study itself has recognised. These international funds, though they may be of only marginal significance in relation to domestic saving, are bound to have catalytic effects in the earlier phase of industrialisation. Here the U.N. study's finding that foreign investors have continued to confine their activities to a relatively small number of underdeveloped countries is rather disquieting. It would appear that the ability to attract foreign private capital is related not only to incentives and guarantees by the capital-needy countries but also to economic and political stability.

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MARKET GOSSIP

Speculation in Shares

THE bulls in the Share Market seem to be continuing their retreat. The stalling tactics adopted by the Stock Exchange authorities in regard to the Government's pronounced desire for strengthening the defences against excessive speculation are providing the bulls with an excellent cover, enabling them to get out of their commitments with as much profit, or as little loss, as possible. It would appear that the meeting which the President of the Bombay Stock Exchange had with Mr. Morarji Desai, Union Minister for Finance and Mr. L. K. Jha, I.C.S., Secretary for Economic Affairs, early this week was not successful, in that he could not convince them that there was no need for taking any further steps for restraining speculation. On the contrary, the Finance Minister is said to have reiterated his dislike for speculation, though he conceded that it would be desirable for the stock exchanges themselves to take appropriate steps. Apparently, the Bombay Stock Exchange President has gained further time to discuss and come to a decision on the proposals put forward by the Stock Exchange Division of the Department of Economic Affairs.

The substantial decline in the prices of leading counters since Monday, 26th June, only serves to support the contention of those that, in recent weeks, there had been excessive speculative buying and that the margins that were being imposed and collected were ineffective. The fall in values this week may be put forward as an argument for not enforcing the proposals of the Stock Exchange Division. But this will not hold good, since the idea of the Division must be to prevent recurrence of speculative manipulations by introducing a system of checks and balances that will automatically operate and not to deal with undesirable situations after they have arisen by adopting *ad hoc* measures. Surely, prevention is better than cure.

The scope for controversy over the extent of speculation in shares at any given time could be narrowed, if not eliminated, if the stock exchanges promptly publish data about the daily turnover, the total volume of business done in every settlement, the amount of outstanding business, the amount of margins collected, the number of brokers paying the margins, the stamp duty paid both on cash shares and clearing scrips and the number of shares tendered to clearing house. At present, data pertaining to only the last mentioned item are being given, but they are not of much use in the absence of information on the other aforesaid aspects. There is no earthly reason why there should be so much secrecy about the stock exchange business as there is now. It is this secrecy that stands in the way of informed comments and building up favourable public opinion. It is to be hoped that the Stock Exchange Division of the Union Finance Ministry will take up this question with all the stock exchanges. It is also to be hoped that the Division, too, will publish its proposals for keeping speculation under check, so that they may be critically examined by the Press. It will be all to the advantage of the Government, if it can mobilise public opinion in its favour.

Vanaspati Exports

The export incentive scheme for *vanaspati*, which was to expire at the end of June, has now been extended for a further period of six months. Under the scheme, which provides for a system of currency retention, exporters of every ton of *vanaspati* will be granted import licence for an equal amount of copra. The price disadvantage faced by the exporters of *vanaspati* is thus sought to be compensated for by the apparently sizable premium that may be fetched on the sale of copra in the domestic market.

The incentive offered under the scheme has, however, fallen far short of the expectations of the industry. In the first place, the profit-margin received from the import of one ton of copra is only about Rs. 600, whereas the loss suffered by the *vanaspati* exporter is estimated at about Rs. 900 per ton. This is not surprising, since the price of groundnut oil—this accounts for about 90 per cent of the cost element in the exportable *vanaspati*—is currently ruling high at about £173 (Rs. 2,300) per ton in India. But the foreign price for groundnut oil is substantially low. At Rotterdam, it is only £116. Apart from the lower price for groundnut oil, the foreign manufacturers of hydrogenated oil have the advantage of using cheaper varieties of oil also, such as soyabean oil (current world market price of which is only about £97 per ton) and palm oil (£83). In India, cheaper oils constitute only a negligible proportion of hydrogenated oil, owing to factors beyond the control of producers. This again tends to reduce the competitive capacity of India. The Government of India could have at least restored the level of copra imports to 1.8 ton per every ton of exported *vanaspati*, as in 1960.

Under the stimulus of the incentive scheme prevailing last year, exports of *vanaspati* made remarkable headway. Total exports aggregated 6,500 tonnes in 1960, which compare quite favourably with no more than 2,800 tonnes in 1959. But, since the beginning of this year, the tempo of exports has slowed down, due mainly to the reduction in the incentive, coupled with further increase in groundnut prices. During the first five months of the current year, exports of *vanaspati* were of the order of only 2,000 tonnes, or an annual rate of about 4,800 tonnes.

India's overseas customers are mainly some of the countries in West Asia, although some hardened oil is bought by Australia or Italy, depending on price parity position. It may be noted here that the incentive scheme is not applicable to *vanaspati* exports to countries with which India has rupee payment arrangements. This is not in keeping with the very purpose of export promotion. Burma, for instance, was one of the leading buyers of Indian *vanaspati* in the past. But its offtake has considerably declined since the introduction of special payment arrangements between the two countries. The export promotion measures should be designed with the purpose of at least safeguarding, if not expanding, traditional markets.

Another handicap of the present scheme is the periodical revision of its basis by the Government and the consequent uncertainty which hinders exporters from entering into long-term commitments. There is no sufficient reason why the scheme should not be made valid for at least one year, instead of six months as at present. Finally, it is not clear why the Government waited until the penultimate week of the expiry of the existing scheme, merely to extend the scheme without any alteration. It is a pity that the Government has turned a deaf ear to the plea of the industry to announce the scheme at least two months in advance. Half-hearted measures of this type may do more harm than good to Indian exports.

Freedom for Speculators In Oilseeds

There seems to be a tendency in Government circles to prevent prices of agricultural commodities from falling under pressure of better crops, even if there is need for some sizable fall as a corrective to the unduly high levels they touched in the past year or two. With general elections due to take place during the harvesting season of the 1961-62 crops, it is but natural that politicians in power should be particularly careful to see that agricultural prices do not decline, lest that should adversely affect their election prospects. They have also to see that operators in forward markets are kept in good humour, for the latter contribute a significant amount to the Party's election chest. Viewed in this context, the decision of the Forward Markets Commission to relax the existing restrictions on oilseeds on the lines suggested by the trade is not surprising. The Commission, of course, can contend that crop prospects are encouraging enough to give a larger degree of freedom to speculators than they had hitherto. But we wonder whether anyone can anticipate at this time of the year the size of the next oilseeds crop, with any degree of reasonable certainty, merely on the basis of good reports of rainfall in the initial days of monsoon. By removing the margin restrictions and ceiling rates on hedge contracts in oilseeds, the Commission has eliminated the major obstacles in the way of unimpeded futures trading. Only events can tell whether the Commission has been right in its judgment and wise in its action.

Be that as it may, it may be useful to say a few words about the genesis of restrictions on futures trading in this important cash-cum-food crop. In view of the steadily rising prices in oilseeds, particularly in groundnut, the Commission suspected unhealthy speculation and imposed deterrent special margins on hedges contracts at higher levels. Irrespective of this measure, values in the oilseeds market continued to rise, as there was a real shortage. But the rise in prices might have been greater had not the Commission intervened. While heavy margins served to keep the small fry out of business, those who were better off, obviously the minority, paid the penalty and remained in business. Price rise was not halted, owing to the cumulative effect of low rate of growth of output, rapidly increasing demand, and, of course, export promotion measures for groundnut oil. So the traders argued that the Commission was barking at the wrong tree.

In another bid to restrict the boom in oilseeds prices, the Commission imposed ceiling rates on groundnuts. This resulted in complete stoppage of futures business. Forward trading in groundnuts in Bombay, for instance, has been officially closed for months together. It is against this background that the trade has widely welcomed as realistic the decision of the Commission to do away with all ordinary and special margins as well as ceilings in respect of hedge trading in new crop contracts scheduled to begin on the 7th inst. There will, however, be limits on daily fluctuations for groundnuts, cottonseed and groundnut oil.

The oilseeds market has put on a cheerful appearance, following the announcement of the aforesaid decision. It is, however to be hoped that the oilseeds trade all over the country will avoid creating conditions which will necessitate the revival of official intervention.

Paid-up Capital and Reserves of Some Banks
(Rupees in lakhs)

	As on 31st December 1960			
	1 Total Deposits	2 Paid-up Capital	3 Reserves and Surplus	4 Ratio of 2+3 to 1
State Bank of India	576,32.32	5,62.50	7,45.00	2.2
Central Bank	199,52.09	3,15.01	3,68.00	3.4
Punjab National	139,48.47	1,25.00	1,58.50	2.0
Bank of India	109,43.92	3,00.00	3,10.00	5.5
United Commercial	88,93.87	2,00.00	2,05.00	4.5
Bank of Baroda	84,98.24	1,50.00	1,01.15	3.6
Allahabad Bank	51,95.00	45.50	1,08.00	2.9
United Bank	51,73.68	2,68.54	86.63	6.8
Indian Bank	39,48.06	62.90	86.32	4.2
Devkaran Nanjee	35,80.59	60.00	60.00	3.6
Canara Bank	30,81.98	50.00	56.80	3.4
Indian Overseas Bank	29,29.18	75.00	69.37	4.8
Bank of India	28,50.19	60.00	53.40	3.9
Central Industrial	18,86.89	47.21	42.50	4.7
Bank of Maharashtra	15,13.56	51.80	50.99	6.4

TABLE I
Industrial Countries (1950-59)

Country	Supply of saving as per cent of gross domestic product at current prices			Gross investment as per cent of gross domestic product at current prices	Annual rate of growth in real gross domestic product (per cent per annum)
	Gross domestic saving	Foreign saving	Total		
Australia	26.1	2.3	28.4	28.4	4.3
Austria	20.4	1.4	21.8	21.8	5.7
Belgium	17.6	—1.4	16.2	16.3	2.7
Canada	22.5	2.5	25.0	24.5	3.9
Denmark	18.5	0.2	18.7	18.9	2.7
Finland	26.7	—1.1	25.6	—	4.2
France	18.4	0.2	18.6	18.6	4.0
Germany (West)	26.8	—3.1	23.2	23.9	7.5
Italy	19.5	1.3	20.8	20.8	5.7
Japan	28.7	—1.2	27.5	28.5	9.1
Netherlands	25.7	—1.4	24.3	24.3	4.6
New Zealand	22.5	0.7	23.2	23.2	3.1
Norway	27.1	2.6	29.7	29.7	3.4
Sweden	21.4	—0.3	21.1	21.1	3.8
United Kingdom	15.2	—0.5	14.7	15.6	2.5
United States	18.6	—0.6	18.0	18.0	3.3

Note: (a) Foreign saving is equal to payments for imports of goods and services *minus* receipts from exports of goods and services. A positive foreign saving reflects an excess of such payments over receipts and a negative foreign saving an excess of receipts over payments.

(b) Total saving ratios in Canada, West Germany, Japan and the U.K. are slightly different from their respective gross investment ratios because of statistical discrepancies.

TABLE II
Selected Under-developed Countries (1950-59)

Country	Supply of saving as per cent of gross domestic product at current prices			Gross investment as per cent of gross domestic product at current prices	Annual rate of growth in real gross domestic product (per cent per annum)
	Gross domestic saving	Foreign saving	Total		
Burma	20	—1	19	19	
Spain	16	2	18	18	
Colombia	18	—	18	18	
Greece	9				
Mexico	15				
Brazil	15				
Thailand	14				
Iraq	18				
Turkey	12				
South Korea	4				
U.A.R.	9				
Ceylon	11				
Ghana	9				
Chile	8				
Philippines	7				
Indonesia	5				
India					

EQUITIES DRIFT LOWER

(From Our Own Correspondents)

BOMBAY, *29th June*

RESUMING on a firm note on Friday the 23rd inst., equities on the Bombay Stock Exchange drifted lower on subsequent days, following reports that in his talks with the President of the Bombay Stock Exchange, the Union Finance Minister had expressed his concern over the growing speculative tendency in the stock market. This gave some basis for the fears that the Government might definitely tighten the margin regulations to curb unhealthy speculation. The other damper was the aproaching book closure *badlis* in a number of speculative scrips in the steel and engineering sections. Steel shares were subdued on discouraging Calcutta advices; the textile section continued to display a mixed trend this week as in the previous one, but the losses in a number of popular scrips were much higher than the gains. The cement section showed some firmness on account of the support extended to Associated Cements and the expectations about higher retention prices. Rayons were firm, with the exception of that speculative scrip, National Rayon. Chemicals, engineerings, and automobiles receded on stale bull liquidation.

In the steel section, Tata Ordinaries which opened at Rs. 163 received some buying support on Friday, 23rd inst., but receded on the following days to close at Rs. 160 as a result of lack of fresh interest and sizable offerings. Over the week, the loss was Rs. 2.25. Indian Irons also displayed almost the same trend. Its value rose from Rs. 27.80 to Rs. 28.20 on Monday the 26th but the higher levels met with renewed offerings both from local and Calcutta interests. The scrip sagged to finish at Rs. 27.50, showing a net loss of 30 nP. Mukand Irons were a steady feature and put on 25 nP to Rs. 32.

Among textiles, Centurys opened with appreciable gains and advanced further on sizable fresh buying to Rs. 715 on *Monday the 26th.* At this level, bull liquidation ensued and the scrip was hammered down to close at Rs. 675; the net loss being as much as Rs. 32.50. Standards also slumped further by Rs. 25 to Rs. 1,430. Morarjees met with selling pressure and lost Rs. 23 to Rs. 435. Mafatlals also receded by Rs. 15 to Rs. 905. Khataus eased by Rs. 13.75 to Rs. 585. Kohinoors evinced some interest in the initial sessions and hardened to Rs. 321, but, on the following days, the bulls lost their grip and the scrip fell to Rs. 313; the net loss during the week was Rs. 5. *Models* also lost a like amount to close at Rs. 70. Swadeshis, in spite of better results, closed lower by Rs. 3 at Rs. 277. Osmanshahis and Moderns each lost Rs. 2 to Rs. 63 and Rs. 80.50, respectively. Bombay Dyeings firmed up by 60 nP in the initial two days but lost ground on lack of support to close lower at Rs. 68.30. Among the textile shares that hardened during the week, the most prominent was Central Indias which received good buying support and put on as much as Rs. 11 to Rs. 124. Podars and B.R. Cottons gained Rs. 3 each to Rs. 153 and Rs. 58, respectively. Simplex received good support on the view that the Company was contemplating a bonus issue, and gathered Rs. 2 to Rs. 211. Finlays, Gokaks, Mysores and Vishnus also reported similar gains to Rs. 328, Rs. 186.50, Rs. 70 and Rs. 130 respectively. Tata Mills, on news of better results (the dividend has been raised from Rs. 2.50 to Rs. 5) gained Re. 1.20 to Rs. 68. Bradburys, Sassoons and Apollos made minor gains of 80 nP, 75 nP and 20 nP each to be quoted at Rs. 138.75, Rs. 65.30 and Rs. 1.68, respectively.

Sugar shares continued to be depressed, with the exception of Walchandnagars. Belapurs received some support on the first two days and advanced to Rs. 276 from Rs. 273.50, but, on the subsequent days, met with selling pressure and closed easy at Rs. 268, showing a loss of Rs. 6 during the week. Maharashtras were neglected and dropped Rs. 2 to Rs. 183. Phaltans eased by 50 nP to Rs. 132.50. Walchandnagars, however, evinced keen buying enquiry and advanced by Rs. 8 to Rs. 171.

As a result of the new proposals of the Reserve Bank of India to raise the ratio of paid-up capital and reserve funds to deposits, bank shares experienced some gains. Centrals advanced by Rs. 2 to Rs. 60. Bank of Indias put on Re. 1.50 to Rs. 125, United Commercials and Barodas went up a rupee each to Rs. 91 and Rs. 102 respectively. Punjab Nationals gained 12 nP to Rs. 22.36 and Unions 4 nP to Rs. 6.52.

In the cement section, Associated Cements received good speculative-cum-investment support, on account of the revival of expectation of bonus issue. The bullish sentiment was also the result of the belief in market circles that the Tariff Commission is likely to raise the retention prices of cement. Associated Cements steadily advanced to Rs. 168.50 on Wednesday the 28th. Today some bull liquidation caused the value to drift lower to Rs. 166, the net gain over the week being Re. 1.75. Digvijays also moved up in sympathy, gaining Rs. 3 to Rs. 160. Orissas, Bagalkots, Ashoks, Jaipur Udyogs all have maintained a steady front at Rs. 14.40, Rs. 8.48, Rs. 8.88 and Rs. 11, respectively.

The shipping section showed some signs of activity, as Scindias evoked fresh buying support after opening at Rs. 14.44, the scrip advanced to Rs. 14.84 on the opening day. It, however, eased on the following days to close at Rs. 14.44. Great Eastern gained Re. 1 to Rs. 14.80; Bharat Lines [illegible] Rs. 5.06.

In the automobile section, Premier Autos lost Rs. 3 to Rs. 169.50 despite the report that the Company's expansion plans were going on satisfactorily. Hindustan Motors eased by 56 nP to Rs. 22.16, on discouraging Calcutta advices.

In the rayon group, National Rayons, which opened at Rs. 570, were well fancied till Wednesday and the scrip advanced to Rs. 574.50. At this level, however, profit taking ensued and the quotation eased to Rs. 561, showing a net loss of Rs. 4 over the week. Other rayon shares displayed marked firmness. Thus, South Indian Viscoses spurted by Rs. 12 to Rs. 186, Baroda Rayons moved up by Rs. 11 to Rs. 137, Indian Rayons and Raymonds gained a rupee each to Rs. 62 and Rs. 126 and Gwaliors put on 50 nP to Rs. 52.50.

The chemical section displayed an easy trend, with prices falling on a wide front. Alembics were hammered down by Rs. 6.25 to Rs. 260. Amar Dyes and Indian Dyestuffs suffered a setback of Rs. 5 each to Rs. 385 and Rs. 522.50, respectively. Citrics receded by Rs. 2 to Rs. 50. Tata Chemicals showed a minor loss of 28 nP to Rs. 19.96. Adarsh were steady at Rs. 102. But Synthetics were keenly bid and appreciated by Rs. 11 to Rs. 184. Colour Chems met with good buying support and gathered Rs. 2.50 to Rs. 370. Dhrangadhras put on Rs. 2 to Rs. 132.50. Ultra Marines gained a rupee to Rs. 80. Polychems also met with a fair measure of support and advanced by Rs. 3.75 to Rs. 247.50.

In the engineering section, Telcos which opened at Rs. 382 were keenly bid on Friday, 23rd inst., when it touched Rs. 384. Thereafter, the week-end announcement of Rs. 5-crore debenture issue was interpreted that the prospects of a rights issue in the near future was distant. This had a bearish effect and the scrip declined on subsequent days to close at Rs. 369. Voltas also declined in sympathy by Rs. 8.50 to Rs. 286. Alcock Ashdowns, despite hints of promising outlook by the Chairman, eased by Rs. 2 to Rs. 300. Khandelwals lost a rupee to Rs. 77. Larsen and Toubros and Chase Brights suffered only minor setbacks of 25 nP and 4 nP, Rs. 41.25 and Rs. 13, respectively. Some engineering scrips, however, received support and showed gains. Notable among them were Coopers which spurted by Rs. 9 to Rs. 172. Greaves Cottons and Tractors hardened by a rupee each to Rs. 179 and Rs. 40, respectively. Laxmi Ratans gained just 24 nP to Rs. 3.76 and Texmacos put on 8 nP to Rs. 20.04.

In the miscellaneous section, Bombay Burmahs attracted buyers in the first few days and rose to Rs. 629, but declined subsequently due to bull liquidation to close at Rs. 616. The net loss over the week was Rs. 6.50. Sirpur Papers lost just 40 nP to Rs. 14.88. Killicks dropped 75 nP to Rs. 99.50. Indian Hume Pipes and Ceat Tyres were unaltered at Rs. 178.50 and Rs. 212.50. But B. Oxygens gained Rs. 2 to Rs. 59.50 and Shivrajpurs hardened by Re. 1.50 to Rs. 72.50. Tata Oils gained 50 nP to Rs. 75. The Directors have decided to maintain the dividend at Rs. 5.75, subject to tax, in spite of lower profits.

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Calcutta Stock Exchange

CALCUTTA, *28th June*

Prices moved zig-zag on the Calcutta Stock Exchange during the week under review, following alternate bouts of selling and buying and the indication of passing holders' desire to book profits. One result, of this development is that the technical position has become all the healthier, though investment buying has declined insignificantly. However, with the possibility of money conditions easing in the near future, bullish fervour may reappear, unless something else happens. The news that, instead of further tightening the margin system in Bombay, the *status quo* would be maintained, was greeted with enthusiasm. Market circles stated that, inasmuch as normal trading conditions have been maintained here, there is no question of Calcutta emulating Bombay and introducing a margin system. A feature of this week's trading was the absence of selling pressure, since long-term holders thought that their possessions were attractive in relation to prospective yields. This factor was further explained by the acute shortage of good scrips and the absence of selling by the L.I.C. which holds large blocks of first class scrips. Thus, although investment support was inadequate, the absence of selling by investors checked declines. Generally, confidence in the future is being sustained by hopes of continued economic progress, hopes which have been underlined by firm commitments of foreign aid for the next two years.

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Madras Stock Exchange

MADRAS, *28th June*

Barring a few shares which elicited special support, the Madras Stock Exchange ruled quiet during the week under review. Both investors and professional operators were reluctant to enter into fresh commitments in view of the non-too-encouraging advices from Bombay and Calcutta, and the anxiety over a possible Berlin crisis. At the same time, offerings were also limited as sellers preferred to wait and watch. Reports of good support extended by the Life Insurance Corporation to certain blue chips did not have any perceptible effect on the market. Sugars ruled distinctly easy, notwithstanding the hopes of securing further import quota from the U.S. Teas moved within narrow margins, with the turnover remaining quite moderate. Coffees were weak, in view of the over-supply position of coffee. Rubbers moved down in sympathy. Textiles came in for selling, although a few shares met with speculative buying. In the miscellaneous section, engineerings and cements were generally dull, but a few scrips under the leadership of chemicals, elicited selective inquiries.

Among sugars, United Breweries suffered a setback of Rs. 4.50 to Rs. 103.50. Cauverys lost a rupee to Rs. 129.50. Deccans drifted lower by 15 nP to Rs. 13.85. East India Distilleries declined by 13 nP to Rs. 43.37. Travancores dropped 5 nP to Rs. 10.20. Mysores were neglected at Rs. 57.75. Indias, however, moved up by 15 nP to Rs. 13.90.

Among teas, Twyfords moved down by 88 nP to Rs. 12.12. Haileyburias fell by 40 nP to Rs. 14.85. Neelamalais eased by 31 nP to Rs. 4. Devons were lower by 13 nP at Rs. 14.37, reflecting the disappointment of operators at the dividend of 12 per cent. taxable, announced this week for the year ended March 1961, which compares with 15 per cent distributed in the previous year. Blue Mountains declined from Rs. 3.30 to Rs. 3.20, before closing at Rs. 3.23 with a net loss of 7 nP. Periakaramalais were lower by 4 nP at Rs. 3.84. But Parksides put on 15 nP to Rs. 29.25, as also Kil Kotagiris 6 nP to Rs. 4.86. Nonsuch Teas hardened by 5 nP to Rs. 28.20.

In the coffee group, Consolidated Coffees fell initially from Rs. 22.25 to Rs. 21.85, but later improved slightly to finish at Rs. 21.90, the net loss being 35 nP. Balanoors moved down by 30 nP to Rs. 16.30, following the announcement of a lower dividend of 12 per cent, taxable, for the year ended March 1961, as compared with 15 per cent in the previous year. Ouchterlony Valleys shed 4 nP to Rs. 3.74. Amalgamateds and Mysores were dull, the former at Rs. 12.50 and the latter at Rs. 5.45. Anaparais, however, improved by 10 nP to Rs. 4.10.

Among rubbers, Cochin Malabars drifted lower by 3 nP to Rs. 7.80. Midlands shed 2 nP to Rs. 11.83. Malankaras were quiet at Rs. 18.75, as also Travancore Rubbers at Rs. 10.09 and T.R. and Ts at Rs. 9.85.

Among textiles, Lakshmis gave way from Rs. 170 to Rs. 169; the quotation was ruling still lower at Rs. 168.50 earlier in the week. Travancore Rayons fell by 50 nP to Rs. 40.10. Radhakrishnas lost a like amount to Rs. 33.50. Maduras gradually retreated from Rs. 39.50 to Rs. 39.15. Kotharis shed 10 nP to Rs. 12.50. Metturs were unchanged at Rs. 400 and Premiers at Rs. 269. Coimbatore Pioneers were quoted at Rs. 348.80 and Coimbatore Spinnings at Rs. 51. South India Viscose, however, were pushed up by Rs. 12 to Rs. 185 on speculative support. Buckinghams hardened by a rupee to Rs. 225. Bangalore Woollens rose by 50 nP to Rs. 202.50.

In the miscellaneous section, Travancore Cements lost 20 nP to Rs. 8.10. Orissas shed 5 nP to Rs. 14.50. But Indias rose by 29 nP to Rs. 12.35. Chemicals, as already observed, ruled steady. Travancores rallied by Re. 1.88 to Rs. 17.75. F.A.C.Ts improved by 25 nP to Rs. 10.60. Mysore Fertilisers were higher by 15 nP at Rs. 11.50. Among others, Western India Plywoods reacted by 50 nP to Rs. 231. Mysore Papers sagged by 50 nP to Rs. 21.25. The Directors of the Company have announced a dividend of 15 per cent taxable, for the year ended March 1961, same as that paid in the previous year. Ashok Leylands moved down by 9 nP to Rs. 9.37 and Aluminium Industries by 5 nP to Rs. 23.55. Tube Investments were dull at Rs. 265 and Standard Motors at Rs. 14.75.

UNIVERSAL CABLES LTD.

Universal Cables Ltd. has secured and industrial licence for the establishment of a plant at Satna, Madhya Pradesh, for the manufacture of paper-insulated lead-covered power cables. The Company has entered into a collaboration agreement with the well-known British cable manufacturers, Messrs. British Insulated Calender's Cables Ltd., under which the latter will provide complete technical know-how, permit the use of patents and processes, supply technicians and set the plant going. The plant will have a capacity to produce 624 miles of cables annually. The total investment in the project is estimated at Rs. 250 lakhs, of which a sum of Rs. 170 lakhs will be spent on land, building and machinery, the balance consisting the working capital.

In order to finance a part of the project, the Company has entered the capital market, with an issue of 700,000 equity shares of Rs. 10 each at par. Of this, 350,275 shares (Rs. 35,02,750) are being offered for public subscription, the balance of 349,725 shares (Rs. 34,97,250) having been allotted to the existing members of the Company. The subscription list will open on Monday, 3rd July 1961.

As regards the balance of funds required for the project the Company has commenced negotiations with the I.C.I.C. of India, and also the Commonwealth Development Finance Company of the U.K. for raising a foreign exchange loan of Rs. 80 lakhs. The working capital will be met from borrowings from banks.

The prospects for the cable industry in this country are, indeed, bright. It is proposed to increase the total generating capacity of electric power from about 5.8 million kw. at the end of the second Plan to 13.4 million kw. by the end of the third Plan. Distribution of this power-load to industrial and domestic consumers will require an enormous amount of paper and other insulated cables. The production target for the type of cable proposed to be manufactured by the Company is laid in the third Plan at 4,000 miles per annum. The actual domestic output of these cables in 1960 was no more than 570 miles, and the present installed capacity is placed at 1,000 miles. Due to shortage of foreign exchange, imports are bound to be restricted for several years to come. The Company is thus assured of a market for its manufacture.

NEWS IN BRIEF

THE U.S. Government has approved of a special D.L.F. loan of Rs. 10 crores ($20 million) to India for the purchase of non-ferrous metals. The repayments will be made in rupees.

The acreage under jute in West Bengal has increased from about 800,000 in 1960 to one million acres in 1961, according to a rough estimate made by the State Government.

The Government of India is considering a proposal to set up a Central Housing Corporation to co-ordinate housing programmes in different States, according to Mr. Nanda, Union Labour and Planning Minister.

A two-day all-India convention of representatives of the recognised forward markets and exchanges is expected to be held at New Delhi in October next. It will discuss at some length the problems facing forward trading.

The twelfth annual general meeting of the Indian Non-ferrous Metal Manufacturers' Association will be held on the 7th inst., at India Exchange, Calcutta, and will be inaugurated by Mr. Manubhai M. Shah, Union Minister for Industry.

A branch of the Union Finance Ministry Stock Exchanges Division has been opened at Mission Row Extension, Calcutta, and will look after the administration of the Securities Contracts (Regulation) Act mainly as it relates to Calcutta and Madras.

It is reported that the millowners of Coimbatore have agreed to pay two naye paise per point increase in dearness allowance for the textile workers from 1st June 1961. Following this, the strike notice, served by the National Textile Workers' Union, has been withdrawn.

The Government of Kerala has decided to set up an Export Industries Development Corporation and a Small Industries Corporation with an authorised capital of Rs. 5 crores and Rs. 50 lakhs, respectively. The Export Industries Development Corporation is intended to promote new industries.

The first batch of 70 teleprinters assembled by the Hindustan Teleprinter Factory, Guindy, Madras, will be ready for supply by next week. Of these 50 teleprinters will be supplied to the Posts and Telegraphs Department and the rest to the Overseas Communications Department and the Railways.

The benefits of compulsory contributory Provident Fund Scheme will be extended to industries engaged in cinemas, including preview theatres, film studios, film production concerns and film processing laboratories employing 20 or more persons with effect from 31st July 1961.

The next meeting of the Industrial Committee on Plantations will be held on the 4th inst. The Committee will, *inter alia*, discuss the housing schemes for plantation workers, fixing the wages on the basis of eight hours a day, abolition of contract system, payment for sick leave and wage-fixing in minor plantations.

A seven-man delegation, sponsored by the National Productivity Council and led by Mr. M. G. Menon, Chemical Engineer, Indian Refineries Ltd., has left for the Soviet Union and Czechoslovakia. The team will study the productivity of oil industry in all its aspects in those countries.

An agreement for the avoidance of double taxation of income between India and Finland has been signed. The agreement now requires to be ratified after which it will become effective in India in respect of taxes for assessment years beginning on or after the 1st April of the year in which the exchange of instruments of ratification takes place.

A sum of Rs. 36.08 crores has been allocated for dairy development, research and education in the third Plan. It is also proposed to start 66 new milk schemes, eight creameries, four milk products factories and two cheese factories. It is envisaged to increase milk production upto 25 million tons, and its *per capita* consumption from 4.70 ounces at present to 6 ounces.

A delegation, led by Mr. Cheddi Lal, Joint Secretary, Ministry of Steel, Mines and Fuel, will proceed to Washington next week to negotiate a World Bank loan for the coal industry in the private sector. The other members of the delegation will include representatives of various local mining associations.

The cotton textile mills' production during May 1961 is provisionally placed at 70 million kgs. of cotton yarn and 394 million metres of cotton cloth. At the end of May 1961, the composite mills of the cotton textile industry held an estimated stock of 117,000 metric bales as unsold and 129,000 metric bales as sold but not lifted.

The National Shipping Board (Chairman, Mr. G. L. Mehta) will review, at its ninth meeting to be held at Bombay on the 7th inst., the general tonnage position and also discuss the acquisition of additional ships for our coastal and overseas trade, particularly in view of the need for transporting an additional one million tons of coal on the coast and about eight million tons of foodgrains from the U.S.

The first supersonic fighter, fully designed and produced in India at the Hindustan Aircraft factory, Bangalore, made its inaugural flight on 24th [illegible] 1961. To mark the occasion of the successful flight, the Board of Management of H.A.P. has announced a payment of Rs. 20 per head to all employees drawing a salary of less than Rs. 500 and a special payment of Rs. 50 each to employees who had been connected directly with the construction of the fighter.

The last date for submission of applications by associations concerned with the regulation and control of business relating to forward contracts in commodities, to get themselves registered under Section 14A of the Forward Contracts (Regulation) Act, 1952 has been extended by three months beyond 27th June. All associations should, therefore, submit their applications to the Secretary, Forward Markets Commission, before 27th September 1961, in the manner prescribed under the Forward Contracts (Regulation) (Amendment) Rules, 1961.

The International Tea Convention, which will be organised by the Indian Tea Board, is expected to be held at Calcutta in November next. As many as 30 countries are expected to take part in the convention. The subjects to be discussed will, *inter alia*, include world prospects for tea, tea research, the role of the State in promoting the Indian tea industry, outlook for tea in the U.K., U.S.A., and the U.S.S.R. and the question of the introduction of instant tea in the world market.

The first block closure of about 70 jute mills in and around Calcutta of the Indian Jute Mills Association began on 28th June and will continue for a week, because of the acute raw jute shortage. During the closure period, manufacturing operation in the mills will be completely stopped. The permanent workers who are at work and workers on leave but due to join during the closure period will be given lay-off benefits even if they have not completed 240 days of work in the year. Another block closure for a week is scheduled from the 23rd inst.

The production of iron ore during April 1961 was 944,000 metric tons. This brings the total output during January-April 1961 to 3.84 million metric tons which was higher by about 8 per cent as compared with the output during the corresponding period last year. Orissa was the leading producing State with an output of 321,000 metric tons followed by Bihar 264,000 metric tons, Madhya Pradesh 169,000 metric tons, Mysore 122,000 metric tons and Maharashtra 45,000 metric tons. During the month, despatches for consumption in the iron and steel plants and for export aggregated 678,000 metric tons and 184,000 metric tons, respectively.

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From Abroad

The U.S. Government has abolished the restrictions on the sale of surplus farm products to the Soviet Union and the Eastern European countries.

The Government of Israel has approved of the construction of a medium-sized oil refinery, with an annual refining capacity of 50,000 tons in Eilat, Israel's Red Sea port.

Soviet engineers have designed the world's largest three-phase three electrode electric furnace, capable of producing about 250,000 tons of top quality steel per annum. The furnace is to be put into operation in 1965.

Nepal will receive a development loan of $400,000 from the Government of the U.S. The D.L.F. will also give a loan of one million dollars in Indian rupees to the Nepal Industrial Development Corporation.

Crude oil consumption in West Germany went up by 25.6 per cent to 27.95 million tons in 1960. The comparative percentage rise in western European countries are Italy 22, Belgium 21, U.K. 18, the Netherlands 14 and France 11.

West Germany's exports during the first five months of 1961 amounted to DM 27,000 million, which is still 8 per cent more than in the corresponding period last year. Imports aggregated DM 17,700 million or 3.8 per cent more than in the first five months of 1960.

A £3-million modernisation scheme of the Kingston (Port Glasgow, Scotland) yard has been completed. The modernised yard can now turn out ships up to 60,000 tons deadweight as compared with the 20,000-ton limit a few years ago. The scheme has taken four years to complete.

The countries of Central African Republic, Chad, Congo Republic, Garbon and the Cameroons have signed a treaty binding them in a common market. The first in a series of meetings on tariff and fiscal regulations is expected to be held in October next in Brazzaville, Congo Republic, and the common customs tariffs are expected to be fixed before 1st January 1962.

Formal work has begun on a 620-mile oil pipeline to be laid from Genoa to Switzerland and South Germany. The cost of the work is expected to be in the neighbourhood of £28 million. The pipeline, claimed to be the biggest in Europe, on completion, will carry between 12 million and 18 million tons of crude and fuel oil to refineries to be built at Aigle, Switzerland, Ingolstadt and Bietigheim, South Germany.

No local bank will be permitted to operate in Singapore unless it has a minimum paid-up capital of two million Malayan dollars, according to a new Banking Bill. In respect of foreign banks it stipulates that it should have a paid-up capital of five million Malayan dollars, of which at least two million Malayan dollars must be held in Singapore in the form of immovable property or such other kinds of assets as the Government may approve.

PERSONAL

MR. William J. Handley will take over as Chief of the U.S.I.S. from Dr. William Bunce in September next.

Dr. R. Balakrishna, Professor of Economics, University of Madras, has been appointed a member of the Tariff Commission.

Major-General Tara Singh Bal, Indian Ambassador to Argentina, has been appointed concurrently Ambassador of India to Paraguay.

Sir Paul Gore-Booth, High Commissioner for the U.K. in India, has returned from London after his routine consultations with the U.K. Government.

Mr. James Coyne, at present Governor of the Bank of Canada, is expected to resign once the Government Bill to remove him from the post, receives the Royal assent.

Mr. Chinoobhai C. Javeri and Mr. Suryakant C. Vakil have been elected President and Vice-President, respectively, of the All-India Exporters' Chamber for the year 1961-62.

Mr. K. M. Wilcox, Deputy Managing Director, British India Corporation Ltd., Kanpur, has been elected President of the Upper India Chamber of Commerce, Kanpur, for the current year.

Mr. C. L. Jhunjhunwala and Mr. C. L. Khandelwal, have been re-elected President and Vice-President, respectively, of the Calcutta Stock Exchange for the year 1961-62.

Mr. Peter Thorneycroft, U.K.'s Minister for Aviation, will arrive in India on the 12th inst. for discussion with this country about U.K.'s likely participation in the European Common Market.

Mr. Joseph B. Gobber has been appointed Minister of State for Foreign Affairs of the U.K. Cabinet, in succession to Mr. David Ormsby-Gore who is to be the next British Ambassador to the U.S.

Mr. K. M. Philip has been elected President of the Indian Rubber Industries Association for the year 1961. Mr. D. Bose and Mr. V. S. Vaidya have been elected Vice-Presidents of the Association.

Mr. Henry George Nelson, Managing Director of the English Electric Co., has been appointed a Director of the Bank of England *vice* Earl of Cromer who succeeds Lord Cobbold as Governor of the Bank.

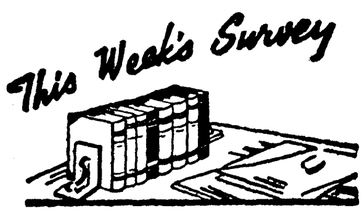
Leyland Motors, Ltd., the U.K., has entered into a contract with the Government of Israel for the production of Leyland buses and trucks in Israel. The new company will be known as Leyland Ashdod Motor Corporation. The construction of the factory, which is expected to begin immediately at Ashdod, will cost about £300,000. Under the contract, the Israel Government undertakes to protect the factory's products for five years by preventing competitive imports.

The International Finance Corporation has sold its $1.2 million investment in Companhia Mineira de Cimento Portland S.A., a cement company in Brazil. This is the first sale of an investment by I.F.C. in a project which has been completed and is in the production stage. I.F.C's investment was sold on terms which provided a satisfactory return. The I.F.C. investment was made in December 1958 to help finance the construction and operation of a cement plant with a capacity of 200,000 tons per annum.

Tariffs between European Free Trade Association (E.F.T.A.) countries have been reduced by a further 10 per cent, bringing E.F.T.A. into line, in this respect, with the European Economic Community (the Common Market). At the same time, the remaining quotas on imports have been enlarged in total by over $30 million (nearly twice the minimum 20 per cent increase required under the Stockholm convention). The tariff reductions apply primarily to industrial goods. Studies are going on to see what can be done to facilitate a parallel extension of trade in agricultural and fishery products.

A two-year survey of traffic in the Greater London area is to begin this summer at a cost of £425,000 and is expected to cover an area of 900 square miles with a population of nearly 9 million people. The purpose of the survey is to secure better planning of London's road programmes extending over the next 10 to 20 years. The survey will be conducted by a private company in consultation with the London County Council (L.C.C.) Roads Committee. It will involve 200,000 home and roadside interviews, traffic counts, a commercial-vehicle survey and journey-time analysis, linked with information on the use of public transport.

The new Department of Technical Co-operation, U.K., will soon have a minister in charge and a permanent head. The Bill establishing the department has received the Royal assent. The Department of Technical Co-operation will co-ordinate requests for technical assistance which were dealt with by the Foreign Office. Thus it will become a single channel dealing with all calls for technical assistance from developing and underdeveloped countries inside and outside the Commonwealth. The aid which the department will consider will be the provision of technical advisers, consultants, or expert missions, facilities for training in special subjects and the supply of equipment for training, administration pilot schemes, and surveys. The department will not, however, provide capital aid, which will remain the responsibility of the three overseas departments.



CONFERENCE OF TEXTILE IMPORTERS

INDUSTRIALISED countries of Western Europe and North America are understandably exercised over the unsatisfactory conditions in world textile trade. Representatives of these countries met at Washington last week, apparently to thrash out an agreed formula among themselves, before they came face to face with the Asian textile exporters at the conference scheduled to be held later this month at Geneva under the auspices of the G.A.T.T. At the instance of the U.S., it is learned, the representatives of the U.K., Canada and the five Continental textile importers (West Germany, France, Italy, Belgium and the Netherlands) have agreed to recommend to their Governments the urgent need for granting an increasing share in their markets to manufactures from the so-called "low-wage" textile producing nations. If the reported agreement is true, it would mean that these countries have moved a step forward in furthering the goal set by the G.A.T.T. Still, there is a long way to go before the goal can be reached.

Apart from the much-publicised objective of ensuring expanding markets for textiles from developing countries, the meeting was also concerned with the problem of avoiding what is called domestic "market disruption," following larger supplies from Asia. This latter question will crop up in the G.A.T.T. conference and, perhaps, only then will the world know what transpired between the Western countries on this question. In almost all the industrialised countries, including the U.S., there has been growing pressure from their domestic textile industries for additional protection against "market disruption." In view of this, it is possible that the Governments of industrialised countries may not go much farther than expressing sympathy for developing countries. If they continue to sit tight on the existing artificial barriers in the way of textile trade, it will not be wholly surprising.

It is precisely these uncertainties that have enhanced the interest of several countries in the outcome of the proposed G.A.T.T. textile conference. Even a facile optimist will refuse to entertain hopes of any abrupt improvement in import restrictions, particularly in Western Europe. This is not without reason. Barring marginal readjustments, any move towards liberalisation in the commercial policies of the industrialised countries may not be quite easy, unless, of course, prior modifications are effected in the very structure of their industrial set-up. In the ultimate analysis, the only relevant issue is whether the industrialised countries are prepared to switch over a part of their resources in men and materials now devoted to the production of textiles to more profitable sources. The time is now ripe for a clear-cut decision on this issue, particularly in view of the industrial integration now under way in Western Europe.

CEMENT INDUSTRY

The problems confronting the cement industry came in for expert treatment at the hands of Mr. V. H. Dalmia last week. Addressing the shareholders of Dalmia Cement (Bharat) Ltd., at Dalmiapuram (Madras State), Mr. Dalmia tried to dispel the impression that the cement industry was enjoying boom conditions or making large profits. Paradoxically, the opposite, he declared, was the case. This should, in fact, be clear to anyone who has cared to study the trend of prices of the ordinary shares of cement companies. During the last three financial years, the Reserve Bank index of cement shares has advanced only by 18 per cent, while the general index of equities has moved up by more than double this percentage. The present plight of the cement industry is primarily due to the Tariff Commission's price formula adopted in 1958. Contrary to earlier expectations that this formula (based as it was on employed capital as against the much-maligned 'cross block criterion) would help the industry to expand its capacity and output, the retention prices have proved to be uneconomic and have, to a large extent, retarded the growth of the industry.

The chief explanation for the Tariff Commission's formula failing to meet the industry's requirements is to be found in the fact that it determined the prices on the assumption that the production of cement factories would be equal to the installed capacity. But this assumption has gone wrong, as a result of intervention of several factors over which the industry itself has no control. The railways, for example, have been unable to supply sufficient wagons both for the movement of raw materials and finished products. Secondly, allocation and receipts of coal were not adequate for full-capacity production. The upshot was that the output of cement in 1960 was 7.84 million tons only, as compared with the installed capacity of 8.70 million tons.

Mr. Dalmia pointed out that the lower production, as mentioned above, had hit the industry, inasmuch as its costs had gone up and the profit-margin, already meagre, had been further squeezed. That the uneconomic retention prices have impaired the capacity of the industry to build adequate reserves for meeting future contingencies and financing expansion projects, is clearly borne out by the financial results of the Dalmia Cement Company itself, which are reviewed elsewhere in this issue. It will be seen from Mr. Dalmia's speech that, during the last five years, the Company was actually compelled to draw Rs. 20 lakhs from the dividend equalisation reserve and general reserve to enable the payment of even a modest dividend to the shareholders. Mr. Dalmia has, therefore, rightly urged the Tariff Commission to consider the financial needs of the industry more sympathetically than it did on the previous occasion.

As the growth of the cement industry is vitally important for the fulfilment of investment targets in the third Plan, it will be appropriate for the Tariff Commission to fix the retention prices at levels which would provide adequate return on employed capital as well as enable the industry to plough back sufficient resources for financing future expansion. The formula should have sufficient built-in flexibility, so that, whenever unforeseen increases in costs arise in future, they could be covered by a suitable rise in retention prices without time lag which now results in a depletion of the reserves and unattractive returns to shareholders. If these conditions are not assured, the industry would find it extremely difficult to expand its output to meet the growing demand for cement. The result would only be a thriving black market and profiteering as is happening today.

U.S. INTEREST IN BOKARO STEEL PLANT

Quite a few heartening announcements—all the more heartening because of their rather unexpected character—were made last week by Prof. John Kenneth Galbraith, U.S. Ambassador to India, at a Press conference in New Delhi soon after his return from Washington where he had held discussions at the highest level on questions relating to economic aid to this country. By far the most cheering piece of news he gave was about the near-certainty of American financial assistance to the proposed steel plant at Bokaro in the third Plan period. Although such financing of the foreign exchange cost of the Bokaro plant would be subject to the passage of the new long-term Aid Bill in the U.S. Congress and to the enlistment of support of the private U.S. steel industry for setting up the steel plant in the public sector, it was pretty clear from the Ambassador's replies that the U.S. would only be too glad to be associated with a big, basic and spectacular project of the kind. If the Soviet Union, West Germany and the U.K. have associated themselves with the respective steel plants at Bhilai, Rourkela and Durgapur and appropriated, in the process, a lot more of credit than what would have been strictly due to them on account of their aggregate aid totals, there is all the more reason why the U.S., which has thus far provided aid to this country aggregating Rs. 1,843 crores for a wide range of unspectacular development projects, should appropriately finance a big steel project in order not to be deprived of the whole credit due to that country for the vastly greater aid it has given. This, of course, should not be the only reason, for there is the more relevant consideration that the Government of India would be otherwise compelled to seek Russian aid for putting up its fourth steel plant. American interest in the Bokaro steel plant has, thus, its abundant justification. It is to be hoped that there would be no insuperable obstacles in the way of negotiations with the U.S. steel corporations for setting up the Bokaro plant. Already Prof. Galbraith has met the Union Minister for Steel, Mines and Fuel and discussed the possibilities of U.S. participation in the setting up of the Bokaro plant, and this is a further development which points to a possible early finalisation of the details of financing.

Another cheering piece of information given by the U.S. Ambassador was regarding the allocation of $200 million for financing maintenance imports (raw materials and components for industries) out of the $545 million which the U.S. has agreed to provide in the first year of India's third Plan, under the Aid-India Consortium's programme. The recognition by the United States that substantial aid would have to be given as untied assistance for balance of payments support is, indeed, welcome. The presumption here is that such non-project aid for the purpose of maintenance imports is related to the growth and expansion of the Indian economy. It will be seen that on both these counts, namely, aid for the Bokaro steel plant and earmarking a part of the Consortium aid for maintenance imports, the stand of this journal is being vindicated.

AUSTRALIAN FLOATING FAIR

The Australian floating fair, arranged on board the ship *Straat Banka*, which was on display this week at Ballard Pier, Bombay, was, indeed, a picturesque exhibition of the Australian economy in a nutshell. Organised by the Australian Chambers of Commerce Export Council, in collaboration with the Australian Manufacturers' Export Council, the venture is the largest and most comprehensive trade mission ever to leave Australia, and the first of its kind to India, if we exclude the airborne Australian trade fair which arrived in Bombay in 1957. The displays on the trade ship, numbering 115, included a large number of foodstuffs and other primary products such as wool, meat, dairy products and canned fruits, in which Australia is traditionally an accredited leader in world markets. What was still more striking was the wide range of exportable manufactured goods exhibited in the fair, including both capital goods and consumer products. All this reflects the rapid strides Australia has made in the industrial sphere during the post-war period. Accompanying the fair were forty-eight leading businessmen, under the leadership of Mr. A. P. Whitington. The Prime objective of the trade mission is to acquaint the countries of South-East Asia with the products which Australia can export to those markets. The ship has already visited several ports, including Singapore and Colombo. It has now sailed for Karachi. During its three-day halt in Bombay it was visited by thousands of businessmen. There were a large number of enquiries, too, seeking collaboration with Australian capital and technical know-how, particularly in the fields of engineering and pharmaceuticals.

At a Press Conference held on board the ship, Mr. Whitington observed that the mission was exploring the possible lines in which Australia could collaborate with Indian enterprise in the field of industry and trade. He did not, however, spell out any specific scheme for the purpose. The contacts already made between businessmen of the two countries, it is to be hoped, will result in further economic co-operation between the two countries to their mutual advantage. Like India, Australia is making a strong bid to expand its exports and correct the adverse balance of payments position. The tempo of export promotion has been stepped up, of late, following the Government's decision to do away with import licensing. The Australian Government apparently has come to believe that its balance of payments position should be secured not so much by imposing import restrictions as by increasing exports. Hence the renewed emphasis on overseas sales promotion.

There is certainly much scope for expanding the two-way trade between India and Australia—both members of the Commonwealth community and the sterling area. At present, India's imports from Australia consist mainly of non-ferrous metals, wheat, dairy products, transport equipment, etc. Over a period, they have remained at a stagnant level. An important reason for this apparently is the relatively unfavourable terms offered by Australia for its exports. For instance, in view of India's foreign exchange difficulties, this country has had to display interest in imports on deferred payment basis. The Australian Government would, therefore, do well to examine the possibility of granting long-term credits for its exports of capital goods to developing countries.

The following table shows the trend of trade between the two countries during the last eight years:

(Value in crores of rupees)

	Exports	Imports	Balance of trade
1960	21.72	22.43	— 0.71
1959	19.44	13.55	+ 5.59
1958	21.43	15.32	+ 6.11
1957	24.73	16.41	+ 8.32
1956	22.66	11.65	+11.01
1955	25.98	18.49	+ 7.49
1954	22.61	14.42	+ 8.19
1953	19.01	26.06	— 7.05
1952	23.59	15.10	+ 8.49

As will be seen from the table, the growth of India's exports to Australia was of a halting nature over a long period. The balance of trade continued to deteriorate, particularly since 1956. In 1960, exports were, however, higher at Rs. 22 crores, as compared with Rs. 19 crores in the previous year. But this increase is not impressive, considering the sizable increase in Australia's total imports last year, following the exemption of 90 per cent of its imports from quota restrictions with effect from February 1960. But one cannot blame Australia for this trend. Most of the increase in Australian imports took place in capital equipment and specialised consumer goods and certain raw materials for industry. And, in most of these things, India had little to offer. Some improvement was made in respect of cotton textiles as well as in some minor items, such as cashewnuts, carpet wool, goat hair, etc. But earnings from coffee were lower because of higher Indian prices, as also kapok and goatskins which met with reduced demand. Increased competition from Pakistan, the U.S. and Netherlands accounted for the setback in India's export of cotton waste. Another disquieting feature has been the steady decline in India's major export item to Australia, namely, jute goods. Be that as it may, the Australian market still offers good opportunites to Indian exporters. As pointed out by Mr. H. A. Sujan, India's Trade Commissioner in Australia, in the course of an article on Indo-Australian trade in the April issue (Trade Prospects Number) of the *Journal of Industry and Trade*, published by the Union Ministry of Commerce and Industry, there are greater possibilities for stepping up India's exports to Australia than are generally thought of. He specifically mentioned cotton textiles, woollen carpets, vegetable oils, tea, engineering goods and handloom materials, as promising lines of export. Needless to add, quality and timely deliveries are essential requirements in exports to Australia, which is a fashion and quality-conscious market.

FERTILISER CONSUMPTION

Several countries striving to step up agricultural production are increasingly realising the importance of mineral fertilisers. The world output of fertilisers, consequently, is expected to expand from just 26 million tons now to about 100 million tons annually by the end of this country, representing an increase of about four times in about forty years. A significant feature of fertiliser development is the unprecedented emphasis laid on it by developing countries in the Far East, South-East Asia, Africa, Central and South America. India, as readers are aware, proposes to take a big leap forward in fertiliser production in the third Plan. The qualities of chemical fertilisers admittedly are distinctly different from those of conventional manures and, therefore, consumers in the rural area may have some may aversion to the synthetic products in the initial stages. The absence of a well-knit distribution system, particularly transportation and storage, aggravates the situation, as is pointed out in a survey on fertiliser industry in Asia brought out by the F.A.O. recently. The essential problem, therefore, is to bridge the gulf that separates the producer and the potential consumer. This will call for efficient channels of distribution and an effective propaganda drive designed to educate farmers in the proper application of fertilisers and demonstrate to them the additional yield derived from their use.

While governments in these countries have taken steps to popularise new fertilisers, their impact will only be of marginal significance. This work can certainly be undertaken more expeditiously and effectively, if the manufacturing units themselves make it a point to devote a part of their resources for this purpose, as self-help is the best help possible. Some of the steps taken by the Fertilisers and Chemicals, Travancore Ltd. (F.A.C.T.), in this direction, are, indeed, commendable. For they are designed to ensure better exploitation of consumption potential by providing appropriate links between the factory and the field. Mr. T. A. Joseph, Chairman of the F.A.C.T., in his speech at the annual meeting of the Company (the text of which appears elsewhere in this issue), gave a brief account of the two-pronged drive launched by the Company to expand the market, first, by improving the distribution organisation and, secondly, by establishing demonstration plots. The F.A.C.T. has now taken up the responsibility for distribution of all Government fertilisers in the Kerala State, under an agreement reached with the Government. The object of the Company is to provide a sufficient number of distribution points throughout the State, so that the cultivator can get his requirements of fertilisers within a distance of four to five miles of his home. The services of co-operative societies are also expected to be availed of for the purpose.

In the sphere of agronomical work, the Company has made impressive progress. It has already set up 400 demonstration plots distributed all over Kerala with the purpose of educating the farmers on the principles of scientific manuring. Besides, fertiliser officers are stationed in each district to render advice and assistance to farmers. Elaborate soil surveys are also being made. These steps are in the right direction and, therefore, deserve to be encouraged, particularly in view of the Company's plans for rapid expansion and diversification of production lines already under way. It may be noted here that several countries have launched similar measures. Pakistan, for instance, has already organised 4,000 fertiliser demonstration centres since 1957, under the direction of the F.A.O., with the object of conducting soil surveys side by side with popularising the use of fertilisers. Much work in this field is being done in India, too, under a T.C.M. project. But there is much more to be done. The Fertiliser Association of India itself must consider the possibility of pooling some resources of manufacturing units for conducting soil surveys and rationalising the distribution system. The Government-owned Fertiliser Corporation would also do well to give a lead in this direction, which will not only ensure ready sales of its products, but, in turn, increase the productivity of Indian agriculture as a whole.

INCENTIVES FOR TEA INDUSTRY

The Food and Agriculture Organisation of the United Nations has estimated that the world production of tea (including the estimated quantity exported from China to countries other than the U.S.S.R.) by 1965 would be about 930,000 metric tons, whereas the then consumption would only be 880,000 tons. According to another expert study, the estimated annual surplus by the end of 1965 would be 4½ per cent of the then world consumption of tea. It is against this background of a possible excess of production over consumption that the Indian tea industry has been called upon to step up its exports. Considering the present deplorable circumstances of the industry, this is, indeed, a tall order. Under the third Plan, it is laid down that India's tea industry should produce 900 million lbs. and export 610 million lbs. out of that production annually by the end of the Plan. Compared with these targets for production and export, the production of tea in 1960 was 705 million lbs. and exports were only about 430 million lbs., as against 472 million lbs. in 1959. It would appear that Indian teas are already losing ground in foreign markets. The reasons for this state of affairs are not far to seek. These, it is noteworthy, have just been exhaustively examined by Mr. S. M. Mohta at the fifth annual general meeting of the Tea Association of India held at Calcutta on 26th June 1961. Besides examining the causes for the decline in tea exports, Mr. Mohta has also presented the basic requirements for tea export promotion.

First and foremost is the consideration that Indian teas are not competitive in foreign markets because of the heavy incidence of taxation on the industry. Indian teas are subjected to a number of Central and local taxes, such as export duty, excise duty, cess, sales tax, West Bengal octroi, and Assam road tax. These taxes add to the prices of Indian teas in foreign markets and affect their competitive character. It may be well to remember here that other competing countries provide tax incentives for their tea exports. For instance, East African teas are exempted from export duty, Indonesia subsidises its tea exports, and Ceylonese teas selling below a certain price are not to pay export duty. As far as Indian tea is concerned, the position in this respect is that the Government has reduced the export duty by 9 nP per kg. in the Budget for 1961-62. Although this amounts to a welcome recognition by the Government of the deterrent character of the export duty from the point of view of export promotion, the gesture of reduction in the rate of duty has been nullified by a simultaneous enhancement in the excise duty on tea. This excise duty is not refundable, even if the tea is meant for export. This is something strange, for tea is the only industry which is denied this facility of excise duty refund. The textile industry, for instance, has also to pay excise duty, but the same is refundable when its products are exported. In the case of engineering industry, even the import duty on raw materials is refunded when the finished articles made from these raw materials are exported; this facility is in addition to the refund of the excise duty when such articles are exported. If a similar facility is not extended to the tea industry, Indian teas will continue to be priced higher in foreign markets. If the kind of misfortune which overtook the jute industry (which was subjected to a heavy export duty till the fifties) is not to repeat itself in the case of tea exports, it is of the utmost importance that the Government should do away with such duties as have the effect of increasing the prices of Indian teas in foreign markets. This plea was also strongly advanced by Mr. N. Bhagwandas, Chairman, Nilgiri Planters' Association, at the seventieth annual general meeting of the Association held at Coonoor on 26th June 1961. According to Mr. Bhagwandas, it is high time the *raison d'etre* of the export duty was critically reviewed.

Apart from the incidence of taxation on tea industry, there is the question of increasing burdens placed upon the industry by way of amenities for labour and increases in wages unrelated to work-load or productivity. The Wage Board for the Tea Plantations Industry, which has been set up to work out a new wage structure for tea garden employees, may have to take note of the extent to which the workers in this industry have been pampered all along. One has only to quote the following passages in Mr. Mohta's presidential address in this context:

"Over a million workers are employed in tea gardens in India. They are given rent-free houses free education to their children, free medical aid to them and their families, foodgrains at concessional rates, liquid tea while they are on duty, free tea for their off-days, fuel for household use, land to cultivate paddy, chowkidars to guard their fields against cattle and their houses against theft cowherds to look after their cattle, free pasture land for their cattle, playgrounds for their children club houses for their recreation, creches for their young children, and canteen to cater food on no-profit basis, etc. Over and above these amenities they are also paid yearly bonus, provident fund wages for earned leave, wages while they are sick maternity allowance and wages to female workers for 12 weeks. The staff and artisans, apart from the abovementioned facilities, are given servant allowance—a system which, I believe, is not prevalent in any other industry in India. The employment in tea gardens is on family basis The wife, son, daughter, etc., are given jobs. If all these are taken into account, you will find that the workers are paid more than what they should be paid for the work they do.

"In 1959, an increase in minimum wages was imposed on the planters by the West Bengal Government. After that, the industry had to accede to the demands of tea workers in Assam Valley and in the same year wages had to be raised there also. Recently, the Assam Government have increased the minimum wages in Cachar. All these revisions in wages have, however, I regret to say not helped in the least to increase the productivity of labour. The work-load of tea garden workers is hardly three to four hours a day, whereas in other industries they work for eight hours daily The tea garden workers do not turn out even the minimum work-load to enable them to earn the minimum wages as laid down under the Minimum Wages Act."

Mr. Mohta is thus on firm ground when he refutes the prevalent feeling that the tea industry pays comparatively low wages. His contention is that, if the various amenities provided to the tea garden workers are taken into account, it will be found that the real wages paid to them are higher than in any other industry in the country. All this the tea industry has been called upon to provide, in spite of the circumstance that it is largely an agricultural industry which is affected by natural calamities, such as drought, pests, etc. Surely the element of wage cost would have to be carefully appraised so that fresh burdens on the industry might not be placed in a light-

(Continued on page 10)

ON THE ARENA

By The Archer

Trend and Progress of Banking in India

THIS annual publication of the Reserve Bank came out last week and has been reviewed widely in the Press. Those who looked for the narration of facts and developments and for the conventional statistical tables have been satisfied, and quite rightly too. Others who expected to discover some new ideas and bright suggestions on the 'perspective' have been disappointed, all quite rightly too. There is the usual recital of conventional platitudes under each topic, but the suggestions thrown out and remedial measures proposed remind one of the methodology of a general practitioner of medicine who invariably sets down his prescriptions with one or other combinations such as: Pot. Iodide and Ammon Carb or Soda Salicylas and Soda Bicarb, or Pot. Bromide and Liqr. Ammon. Acet, or Soda Bicarb, Tinct. Camphor and Vine. Ipecac and so on. Here are a few statements for illustration. "The banking system has to gear itself to meet the challenge of the third Plan." "The immediate task of the banking system is to strengthen further its financial position so as to enable it to undertake its increased responsibilities in the next quinquennium." "The large order of increase in banking business envisaged in the third Plan period would give rise to a variety of problems to be tackled by banks, especially in the sphere of management, personnel, accommodation, mechanisation, etc." This is repeated in the next paragraph beginning with the sentence "In tune with the rising requirement of a developing economy banks would be called upon to extend a variety of services to cater to the varying needs of business and individuals." The optimistic finale lacks only an 'Amen' to read like the end of a sermon. "The banking system can confidently look forward successfully to meet the challenge thrown up by the third Plan." The whole chapter on 'perspective' is full of pedestrian pedanticism. Many sentences like those extracted above will, however, impress an examiner of the Institute of Bankers Associateship Examination, if a candidate aspiring for the Pochkanawala Prize or Norman Murray Gold Medal used them in appropriate places, but, alas, the examination for this year is over.

The points of substance in the chapter on 'perspective' are five. (i) Banks should increase their resources and paid-up capital in order to improve the ratio of capital funds to deposits. (ii) The phased programme of compulsory amalgamation has to go on with determination. (iii) More branches of banks should be opened as there are still 1,400 townships without banking facilities. (iv) Staff training facilities and mechanisation have to be improved. (v) Facilities for remittances and payments at reasonable cost have to be increased, and there is scope for a credit transfer system. All these constitute exhortations to managements of banks and have been superficially dealt with as in a preliminary memorandum of objectives. No attempt has been made to analyse each issue in the light of the practical difficulties inherent in the implementation of the several proposals, none of which are new. Nor is there a single line of exhortation to the staff of banks, supervisory and clerical, to the former to observe all canons of safety and propriety in advancing moneys and performing services, and to the latter to discharge their duties and responsibilities with more zeal and devotion than when claiming their rights and privileges.

Even at the risk of increasing the size of the publication, it seems to me that a chapter on the broad trends which were visible in the cases of the thirty and odd banks on whom moratoria were clamped in recent months, and the extent to which their weaknesses were the result of avoidable mistakes committed in their day-to-day working over a period of years, could have been usefully included. For, when a bank is liquidated or even amalgamated, the staff suffers, and the suffering could have been avoided if members had been more alert or less lackadaisical. Again, what I miss in the book is also a chapter on the role of the public, both depositors and borrowers, in the future banking structure of the country. A country gets the banking system it deserves. If the mass of people in any locality do not develop the culture which recognises banks as temples of economic prosperity (sacred for the entire community) and bank credit as a privilege of profound distinction, any banking system will collapse like a pack of cards. Cases have come to light recently of persons who have been dealing with several banks at the same time and cheating them of borrowed funds, unmindful of the inevitable penal consequences round the corner. The law may take its course, but that can be no solace to the banks which will suffer in the meantime. The resultant weakening of the banking system may have unpleasant repercussions all round. Since preventive action against undisclosed fraudulent *intentions* is not possible, the only course seems to be to institute a well-knit system of exchange of 'credit information' amongst banks as protection against commercial and financial 'philanderers.' The question is as important for the future of a healthy banking system as deposit insurance is for a healthy credit system, and should have the attention of the Reserve Bank at the highest level.

The question of a proper ratio between capital funds (paid-up capital and reserves) and deposits appears to be a bee in the bonnet of the Reserve Bank. There seems to be no evidence of very clear thinking on the subject. Nothing precise can be stated as a general rule. The ratio need not be the same for every bank and would depend on the kind of business predominantly undertaken by a bank. Exhortation to banks to accumulate reserves reduces itself to a meaningless slogan when banks are victims of an environment in which staff emoluments and working expenses are continuously on the increase, interest rates for deposits have to be kept high even to retain the latter at existing levels, advances have shrunk in accordance with central banking directives, adequate provisions have to be made for unforeseen contingencies and dividends have to be retained at previous levels or even bettered to maintain a facade of prosperity. These are issues which have to be faced squarely by the Reserve Bank, but, obviously, it is not quite so conversant with the difficulties which confront commercial banks, or it would not be making the suggestion so naively.

The recommendation to open more branches in the 1,400 townships which are without any banking facilities is facile and lacks a proper appreciation of the several issues involved. It is an oversimplification of a very complicated problem. It is incorrect to presume that savings and hoarded money can be attracted into banks merely by the extension of branch banking. The fact of the matter is that savings are being diverted to other channels of greater profitability which provide a measure of capital appreciation in addition to more attractive yields. In refusing to recognise this obvious trend, the Reserve Bank is encouraging the banking system to indulge in costly wishful thinking. The apparent higher rate of deposit growth of bank branches in centres with a population of less than 50,000 during the scond Plan period does not warrant the conclusion that a similar trend will continue. Many changes have taken place since. Further, the expense incurred in extension of branch banking is out of all proportion to the financial results achieved. The State Bank has been able to implement its expansion programme mainly through the subvention system, and it is impossible for other banks to follow suit. The difficulties they have to face as regards accommodation, staffing, clearing of surplus cash balances, accumulations of small notes, etc., prevent them from rendering versatile services in the new localities.

The statement that the small man in the country does not enjoy adequate facilities for remittances and payments at reasonable cost is full of fallacies. It is a contradiction in terms to talk of a 'small' man needing facilities for remittance, for he has the post office. The credit transfer scheme as obtaining in the U.K. need not be brought in for solving the problem of small remittances. The charges made by banks in India for business remittances are much lower than in more advanced countries, and the grievance that facilities are poor has been flogged over and over again. The trouble in India is that most people consider banks as philanthropic institutions bound in duty to perform a variety of services at no cost even for a depositor with a ten-rupee savings account. As far as I know, most banks would do very well with less of contacts with such people. The final sentence in paragraph 87, namely, "such a scheme, apart from ensuring facilities of remittance at low cost to the public, would also open up avenues of contact between banks, on the one hand, and members of the public who have no bank accounts, on the other," seems to be based on the kind of thinking that is responsible for allowing large numbers of villagers at the small airports to walk into aircrafts, in order to make them air-minded

* * * *

Packing of Cement

The question of cement packing has been subjected to a see-saw of loose thinking. The original requirement prior to the Tariff Commission's investigation in 1958 was that the gunny used for packing cement should be of heavy quality. The price allowed by the Government provided for the use of this quality, but several producers used only inferior gunny. Factories were also permitted to use second-hand gunny bags, provided the question of price was settled between buyers and sellers. Actually, however, all units kept the profits arising from the use of second-hand bags to themselves without even a semblance of negotiation with or consideration for the consumer. Those that used the lighter type of gunny benefited both on the rounds and on the swings. As the use of second-hand bags resulted in considerable wastage of cement in transit and buyers had to bear the loss without demur, the Tariff Commission recommended that the use of second-hand bags should be discontinued. Government ordered accordingly, and till about six months ago the healthy change-over continued. Unfortunately, however, the jute industry got into trouble and there was scarcity of supply of cement bags. Old bags came into circulation again. It is now reported that the jute industry faces the other kind of trouble, namely, the problem of clearing stocks, as foreign demand is sluggish. The agitation is on for reimposing the ban on old bags. This is not going to be an easy matter, because cement units would, perhaps, represent, that they require time to use up all their accumulations of second-hand bags.

Cement users have been silent sufferers in the past in this regard. A look at the inside of a railway wagon containing cement bags, or a lorry transporting, say, a three-ton load of the commodity would reveal to anyone the large percentage of spill-over that takes place. Even the small user of cement who is handed a wobbly bag in a purchase of five bags meekly submits to Hobson's choice in the transaction. Government will revel in the see-saw of administrative solution, unless the enlightened section among cement producers devise a more permanent and less wasteful method of packing cement.

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U.N.I.C.E.F. Milk Powder

A recent news item reveals that the U.N.I.C.E.F. has been forced to reduce its quota of milk powder supply donated to this country from 15 million pounds last year to 11 million pounds this year. It is stated that the arrangements for utilising them in certain States for providing milk to school children were inadequate. This seems a tragedy, and the incompetence of State authorities deserves severe censure. It should be a very easy matter for each State to have a small processing establishment for converting the powder into liquid milk and even converting the latter into curd or buttermilk. What with elaborate schemes for supplying midday meals to school children which seem to have drawn approbation from the highest quarters, there should be no difficulty in mobilising the organisational effort required to use milk powder. Distribution of milk might involve requisitioning of sugar and, therefore, be somewhat expensive; but distribution of curd or buttermilk or *lassi* involves no such extra expense. Curd and buttermilk are the commonest, and, when sour, the safest drinks in our country. The decision of the U.N.I.C.E.F. to reduce our quota is a sure pointer to the bankruptcy of our organisational capacity towards building up the health of our underprivileged children.

The Swedish Cellulose Company has acquired 50 per cent of the shares of the Spanish forest industry company, Papelera Navarra, at a cost of Kr. 13.5 million (£930,000). The Spanish company, situated in the province of Navarra, includes a paper mill with an annual capacity of 24,000 tons of Kraftliner and corrugated board and a boardbox factory. The latter has recently been put into test operation while the former is scheduled to be completed early next year. Technical staff from the Swedish Company will be provided to the Spanish plant. While at present using exclusively Spanish raw materials, Papelera Navarra may later also import Swedish raw materials.

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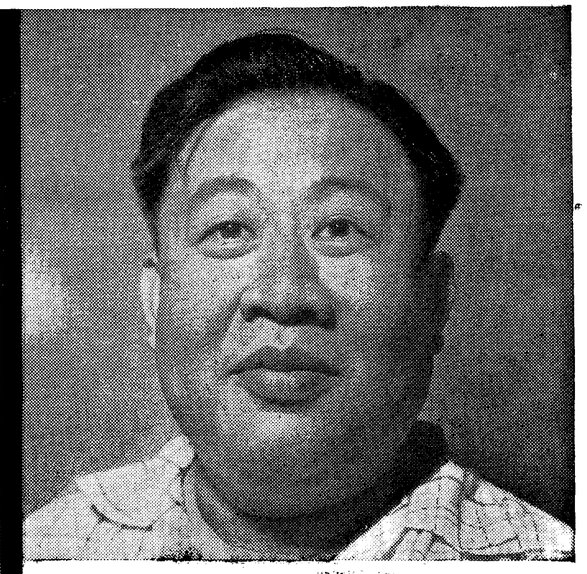

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IMPLICATIONS TO INDIA OF U.K.'S MOVE TO JOIN COMMON MARKET

CREATION OF NEW TRADE BARRIERS WILL BE STRONGLY OPPOSED

From Our Special Correspondent

NEW DELHI, *27th June*

DELHI LETTER

THE time is approaching when New Delhi will have to take up a definite stand in regard to Britain's proposed entry into the Common Market. Mr. Peter Thorneycroft is expected here in the middle of July; he is an enthusiastic supporter of Britain's entry and there is little doubt that he will present the case in the most able manner. He may even be agreeably surprised by the comparative lightness of his task; in Malaya, for example, he will almost be preaching to the converted, since that country, as an exporter of raw materials like rubber and tin, looks forward to the advantages of duty-free entry in a larger and growing European Common Market. Pakistan has been finding it difficult to come to a decision but has preferred to show apprehensions; for Ceylon, much depends on how tea exports to the U.K. will be affected, but there is always the consolation that her main competitors in this commodity will not secure any better position.

Not Clear-cut

India's position is on a different footing and is not quite clear-cut. Some indecisiveness in the Government's attitude in earlier discussions on the subject was probably due to the realisation that one Commonwealth country cannot exercise any right to veto on another's policy based on its own national interests. If the British Parliament and Government decided upon full entry into the Six-nation European Economic Community as the best course in the present circumstances (thereby taking a definite risk in respect of Commonwealth interests), the next question will be how the individual interests of each member could be reconciled with the changes in trading relations. On this aspect, there are clear indications in the pronouncements of Mr. Macmillan and other members of his Cabinet, that the utmost effort will be made in the ensuing negotiations with the Six to safeguard Commonwealth trade from sudden disruption. These assurances will doubtless be reiterated in the bilateral talks but their value will depend eventually on the concessions that British negotiators are able to extract from the Six; it is possible to be either optimistic or pessimistic according to one's own inclinations, but the chances of securing a fair compromise need not be ruled out altogether.

Thus, however strongly any Commonwealth country may feel on the possible threat to its exports to the U.K. market, it has to accept the excellent intentions behind Britain's policy and hope for the best. It is wrong to think that the Government of India can achieve anything more through emphatic protests in the way Canada has made. The Federation of Indian Chambers of Commerce and Industry, for example, has frequently expressed its fears about the danger to Indian exports and it has even now issued a warning that the Government should consult business opinion and associate it closely with the proposed talks. Obviously, the Government cannot ignore the opinions of the Chambers of Commerce which ought to know how trade is likely to be affected. There is nothing to prevent the Federation and its sister body, the Calcutta Associated Chambers, from drawing up a memorandum on the subject showing the possible adverse effects and suggesting the specific safeguards needed. The Government of India seems to be quite willing to be thus helped and strengthened, but it is unlikely to accept the view that it should just plead for the continuance of the *status quo*.

The Other Side

The system of preferences has so far played a very important role in expanding Commonwealth trade, but it cannot be described as indispensable to the Association. Legal sanction for it is derived from bilateral trade agreements with each country and the Indo-British Trade agreement can always be modified after proper notice on either side. No greater sanctity can be claimed for preferences and the Government of India has thus wisely realised that it should be prepared to reconcile itself to the loss, if inevitable. At the same time, one must take into account the other side of the picture also. Britain has been feeling that the Commonwealth share of her trade has been declining; Lord Home pointed out in his speech during the Lords' debate that, in the last decade, this share has declined from 28 per cent to 22 per cent of British exports. Britain has not been slow to realise the reasons behind this decline. First, there are drastic import cuts to save foreign exchange, especially on consumer goods. Commonwealth countries have also to sell more of their products to others to earn foreign exchange—India's expanding trade with the Soviet Union and the East European countries is one example—and have consequently to import other products for reasons of reciprocity. Also, imports of capital goods on the basis of cheapness, suppliers' credit or other private and public capital aid have increased; the consecutive large deficits in India's trade and payments with Western Europe, especially West Germany, show lesser reliance on Commonwealth sources. Obviously, Commonwealth considerations would not have been allowed to interfere with such diversification of trade and freedom to choose the sources of supply in accordance with the national interest of each country.

Matter of Principle

Indian trade bodies can, however, take a much stronger line in their representations than the Government and expect that these will be communicated to the appropriate quarters. The Government of India, too, will be legally and morally on strong ground in opposing the creation of any new system of preferences. When G.A.T.T. was formed, there was a specific provision in its charter that, though the members can continue to maintain existing systems of preference, they should not create new ones. That understanding has been violated by the formation of trade blocs by powerful member countries and G.A.T.T. has remained powerless to take exception to them, though the issue has been raised frequently since the Rome Treaty and the formation of E.F.T.A. This debate will continue in G.A.T.T. meetings; meanwhile, Mr. Thorneycroft will in all probability be told firmly that the Government of India is resolutely opposed to the creation of new preferences for European as against Commonwealth goods.

This is a matter of principle rather than of quantitative assessment. The bilateral talks in Commonwealth capitals by Mr. Duncan Sandys or Mr. Thorneycroft will be restricted to finding out to what extent the various exports of each country to Britain will be affected and on what principles concessions can be claimed from the Six to mitigate the severity of the loss. Very few raw materials present any difficulty, since, with only about five exceptions (like lead, zinc and aluminium), they are all imported duty-free both into the E.E.C. and into the U.K. Tropical products, especially foodstuffs, will be affected by the preferences which the associated overseas territories of the Six will enjoy in the Common Market countries. Mr. Edward Heath, Lord Privy Seal, stated in the Commons last month that he had hopes of securing favourable terms for them; besides, there is also the American plan for the eventual abolition of all customs duties on tropical products to benefit developing countries.

Temperate Foodstuffs

The real difficulties concern manufactured goods and temperate foodstuffs which together represent nearly half of British imports from the Commonwealth. If India's exports of manufactured goods to the U.K. should become as difficult as those to Western Europe, the results can be quite serious, especially at a time when India is preparing to launch a vigorous export drive in these products. The problem is complicated; the proposed textile conference to be convened on the American initiative may provide an occasion to discuss the future policy relating to this particular item, but current attempts to make European countries take more textiles (in order to reduce the American offtake) may exhaust the scope for increase in this trade in Europe. The voluntary quota agreed upon by India, Pakistan and Hong Kong does not restrict the freer access which these countries now enjoy to the U.K. market; even a low external tariff may not prove a serious hindrance to sales of manufactured products where costs can be reduced but quantitative restrictions in the Common Market will be a formidable obstacle.

Canada

Although Canada fears even more that her manufactures may be kept out of the British market, she is still in some respects in a more favourable position, since there will be only tariffs against Canadian manufactures (unlike the quotas in the case of textiles) and a general lowering of the common external tariff may considerably reduce the threat to exports. Another hopeful factor is the E.E.C's offer, at the recent G.A.T.T. meeting, of a 20 per cent linear cut on industrial products if other industrial countries are prepared to offer something equivalent in their own tariffs. If this more opened the way to a general reduction of tariffs on manufactures, Canada's chemicals and machinery need not suffer much, though that country's main problem will in any event continue to be one of reducing costs.

More serious difficulties will arise in regard to British imports from Commonwealth of temperate foodstuffs. West Indies sugar, Australian wheat, and New Zealand's dairy and farm products will be affected and the last named country has received much sympathy in Britain because its entire economy depends on supplies to the British market. In all other cases, informed opinion in Britain is inclined to take the view that what is lost on the swings of preferences will be more than made up on the roundabouts of the larger Common Market, in view of its potentialities for rapid economic growth.

Perhaps, at the end of the bilateral talks, there will emerge some questions of major principle, requiring a Commonwealth meeting at the political level, as Canada insists. The Conference of Finance Ministers at Accra in September may provide an opportunity to discuss some of these and by then something more definite will be known about the prospects for Britain securing fair terms for the Commonwealth from the Six.

SURVEY

(*Concluded from page 7*)

hearted manner. Incidentally, it may also be recalled here that Mr. Bhagwandas referred, in his speech at the annual meeting of the Nilgiri Planters' Association, to this element of increasing wage cost which militated against the industry's efforts to bring down the cost of production so as to promote exports.

Among other incentives for which Mr. Mohta has put in cogent pleas in his presidential address may be mentioned the need for the supply of sufficient quantities of ammonium sulphate (which is stated to be the most useful fertiliser for tea bushes) at prices at which agriculturists in general receive them and also the need for the supply of good quality coal which alone can produce the required heat in the driers and thus ensure the quality of tea. Granting of loans for replantation and for rehabilitation of old plant and machinery more expeditiously and the supply of power and irrigation facilities to the industry on the required scale, especially in West Bengal and Assam, are two other requirements on which Mr. Mohta has laid particular emphasis in his address. The cost of transport of tea from the gardens in Assam and West Bengal to the port at Calcutta would also need to be reduced, for the incidence of freight rates charged by the joint steamer companies has been calculated at 18 nP per kg. of tea, as compared with 22 nP per kg. in the case of transport of tea from Calcutta to London. If thus the various disincentives to which the tea industry is now subjected are removed and some positive incentives are provided for reducing the costs of production, as well as prices, it may still happen that the industry will be able to secure a proportionate share of new business in the countries to which it has been a traditional exporter and where the consumption of tea has gone up in the last 10 years. The export targets set for the industry will still be attainable, if its vital basic requirements are met with expedition.

U.K. AND COMMON MARKET—II

THE BALANCE OF INTEREST

From Our Own Correspondent

LONDON, *20th June*

LONDON LETTER

THE lines of cleavage which crisscross the political parties in this country on the Common Market broadly follow lines of interest. It is the same interest which this week has been agitating the Breton farmers in France. These men have risen in peaceful revolt against the Government and are seeking guarantees against the possibility of having their markets spoilt as the tariff walls between the Six Common Market countries run down. The wine growers of Bordeaux are in similar case. This is a reminder to British agricultural interests of the difficulties which will effect them if and when Britain joins the Common Market. The farmers of this country are not slow to argue that, if even within the Six producers with a higher standard of living are likely to be undercut by those with a lower, then how much worse is the British farmer likely to be affected who has the highest standard in Europe.

And since the Conservative Party in this country is traditionally the farmers' party, so the constituency representatives for the rural areas tend to be against their own Government in fighting shy of the Common Market. Many small industrial interests are also afraid of the abolition of protection. These, too, have their parliamentary spokesmen.

Industrial Interests

But the larger industrial interests in the U.K. are no longer averse to joining. They are taking a long-term view that competition will have to be faced through a reduction of costs in this country—and this means wages. They see the advantages of free access to the whole of Europe. They are confident that their techniques and scale of operation entitle them to a premier place in a European economy and that the only element in production that may have to be squeezed is labour cost. The Government is admittedly only exploring the desirability of entering the Common Market but this exploration is alleged to be weighted with intent to join and with this intent can now be numbered the mass of large-scale industry.

The same reasons which prompt large-scale industry to join are now making the Labour Party look askance at the project. They see a predominantly Conservative and Catholic Europe and don't much like the idea of becoming an integral part. They know that the Common Market will not stop short of economic arrangements. Already there is a Council of European Ministers and, in time, members of the Common Market will no doubt delegate certain aspects of their external affairs to this Council which will become a supra-international body.

Labour Party

The idealistic branches of the Labour Party welcome the thought of federation with Europe, but, materially, the party is wondering more and more whether it is worthwhile. Hence the extraordinary exchange in the House of Commons last week when the Prime Minister was accused by an ex-Labour Minister of "selling the Commonwealth down the river." The Prime Minister, of course, is very much concerned to keep Commonwealth interests to the fore in considering whether to join Europe or not. He does not, nor would any sensible man, wish to enter Europe at the cost of leaving the Commonwealth. But, since only a tiny proportion (perhaps 5 per cent) of British/Commonwealth trade is done on a preferential tariff, it should not be impossible to make special arrangements covering these commodities. Nor is it clear why political allegiance which Britain gives to Europe must mean allegiance taken away from the Commonwealth. Yet these are arguments heavily quoted against entering into the Common Market.

Hence some of the thinkers in the Labour Party are casting about for a resuscitation of Commonwealth and sterling area ties coupled with schemes to increase the volume of self-supplied investment inside the sterling area so that the Commonwealth could be regarded as a viable unit to stand against the Common Market and America. It is hard to see how the course of economic history can be reversed in such a way, and the better course might be to link a strengthening of Commonwealth ties with entry into the Common Market. There are still sections of the Labour Party which regard that as possible. At the moment, the pattern is confused and one must hope that the maximum publicity will be given to the Government's exploration of the problem with the Commonwealth and other countries.

COMMON MARKET IN OPERATION

(By a West German Correspondent)

The need for the economic integration of Western Europe as a first step on the way towards intermeshing all national economies of the Free World is no longer disputed by most West European politicians, economists and business executives. Admittedly, there are differences of opinion on the technical procedure which should be applied to reach this aim. But it is also growingly realised throughout Western Europe that the merger of the two existing economic areas—the Six-nation Common Market and the Seven-nation European Free Trade Area (E.F.T.A.)—in one form or the other, will represent the solution.

Meanwhile, the Common Market, the older of the two economic associations in Europe, is already exemplifying economic integration of free nations of the Western World. The period of more than three years the Common Market is now in existence allows a review of what has actually been achieved and how much progress has been made to reach one of the main aims, namely, the removal of trade barriers within the market.

Official statistics show one of the key features of Common Market activity: A regrouping of trade which has led to a considerably stronger rise in the exchange of goods among the market's members than in their trade with countries outside the market.

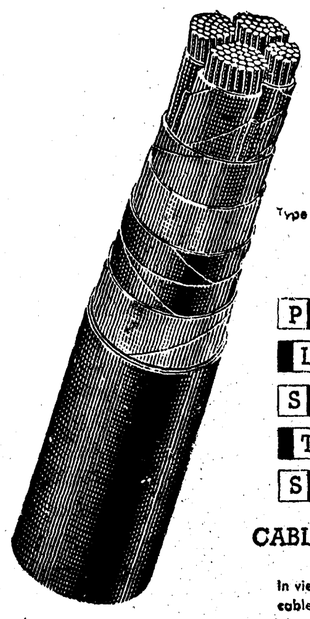
As regards Western Germany, for example, the figures show that between 1957 (the year before the Common Market came into existence) and 1960, the growth rate of imports from other Common Market members was about double the rate of increase of total West German imports. This trend markedly progressed in the first quarter of this year. W. German imports from the Common Market were 4.4 per cent higher than in the first quarter of 1960, while imports from E.F.T.A. were 1.2 per cent lower. Exports to the Common Market rose by 19.1 per cent, but those to E.F.T.A. only by 10.2 per cent in the period under review.

Another indication of the growing weight of the Common Market as one economic unit is its increasing attractiveness for foreign investments. Foreign, primarily U.S. investments, in the Common Market amounted to $166 million and in the rest of Europe to $293 million in 1958. The corresponding figures in 1960 were $269 million in the Common Market and $231 million in the rest of Europe.

The West German industry's attitude towards the Common Market continues to be one of wholehearted, full support for the basic principles of this scheme, though it considers it to be only the first stage of European economic integration. Fritz Berg, the President of the Federation of German Industries, has just underscored that industry was now equally determined to work for the economic integration of the whole of Europe.

SIEMENS
INDIA

PAPER INSULATED CABLES



Type "PLSTS". 1100 volts grade to IS 692-1957

P Paper insulation
L Lead sheath
S Serving (or Bedding)
T Double Steel Tape armour
S Serving

CABLES

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DIFFICULTIES OF BRITISH ECONOMY

MR. SELWYN LLOYD URGES RESTRAINT ON SPENDING

TO those who have been following the developments in the economic situation in Great Britain in the course of the last few weeks, the stern warning given by Mr. Selwyn Lloyd, Chancellor of the Exchequer, on 22nd June, to cut the overseas military expenditure, restrain public sector spending at home and stop the wage spiral caused by leap-frogging pay claims, would not come as a surprise. Speaking at the Association of British Chambers of Commerce in London, the Chancellor categorically declared that Britain intended to maintain sterling at its present parity. The recent announcement of the Canadian Government to devalue the Canadian dollar, he stated, would also not in any way affect Britain's decision to remain at the existing parity. In view of the sizable dollar and gold reserves currently held by Britain, its large drawing rights in the International Monetary Fund and its overseas assets, Mr. Lloyd felt that his country was in a strong position to defend the pound sterling. The Chancellor, however, admitted that from the long-term point of view the trends in the British economy, especially in regard to the balance of payments, were causing concern to him. Dealing with the fall in Britain's invisible earnings, he drew the following conclusions :

(1) Britain must reduce its overseas military expenditure, and also find some means of reducing the foreign exchange burden of the cost of its forces.

(2) Britain must reduce other Government expenditure overseas.

(3) Britain must say clearly for all to hear that a country without a satisfactory surplus on its balance of payments just cannot provide unlimited quantities of aid. Even if some of it is tied, there will have to be a limit.

(4) Britain must seek ways of increasing the earnings of its service industries (shipping, banking, insurance, etc.) so that its total invisible earnings may move up again.

Implications

The implications of some of these conclusions are, indeed, serious from the point of view of the underdeveloped countries. The third conclusion, in particular, would mean that the flow of aid to underdeveloped countries might be reduced. Some commentators in Britain are also trying to press home the point that net receipts by way of dividend and interest from abroad should be augmented by the Government taking suitable steps. If this suggestion were implemented, it would clearly mean less reinvested earnings in countries where British capital is now invested.

Internal Remedies

The remedies suggested for improving the economic situation internally are quite appropriate in the prevailing situation. The entire blame for the worsening balance of payments position cannot be put on the overseas military expenditure or the aid commitments to less developed countries. In any case, Britain cannot afford, for political reasons, to make any drastic reduction in either of these two items of external expenditure. It has to readjust its living standards, the highest in Europe, to levels that will be compatible with its external obligations. It may be noted here that, in the past one year, costs and prices in Britain have risen faster than output and, though the speculative attack on the pound sterling has shown some welcome signs of abatement after the statement of Dr. Per Jacobsson at Basle on Monday, 19th June, several expert observers are still not certain that the crisis has been permanently staved off. Obviously, Mr. Jacobsson's statement does not provide any solution to the basic defects in the U.K.'s economy. Judged in this light, Mr. Lloyd's suggestion to reduce the excessive internal demand for goods and commodities is quite sound. It is only a different way of saying that the British people have to spend less and save more than they are doing.

Excessive Demand

Elucidating his statement, Mr. Selwyn Lloyd observed that excessive domestic demand was bad for the balance of payment, as it impeded the growth of exports and drew in more imports. It was also bad from the point of view of the competitive position, because it affected wages and costs. And quite apart from the effect that excessive pressure had directly on wages, there was the present built-in tendency for wages to be pushed up independently of any relation to output, thus forcing up industrial costs. A part of the answer to the problem of costs was to see that, first, best use was made of the existing productive capacity. In the second instance, British workers must be very restrained in their demands for more wages. Over the past year, wage and salary income had been rising at an annual rate of 8½ per cent, that is, at an annual rate of £1,200 million. At the same time, there had also been a substantial rise in personal income from property, especially dividends. The Chancellor, therefore, emphatically stated that price stability or a healthy state of balance of payments could not be assured when the upward trend in money income was so much larger than the rise in productivity. He added :

"Thus workers as a body and shareholders as a body have both enjoyed substantial increases in their money incomes. In the long run we cannot have price stability or keep our balance of payments in a healthy state if the upward trend on our money incomes remains so much larger than the upward trend in our productivity. To get a better relation between these two trends is one of the essential conditions of a sound economy. It is not enough to rely on taxation as a force restraining the growth of disposable incomes. There must also be restraint over the growth of pre-tax incomes. Profits have fallen away somewhat since early 1960. But this has not yet shown up in a check to the rise of dividends. No doubt it will do so in due course. But to get dividends into the right perspective I should point out that total income from employment in 1960 was 68 per cent of total domestic costs—or, in amount, over 14 times total gross dividends from ordinary and preference shares. Equally, I do not think that as a nation we can go on with wages and salaries rising at the rate at which they have been increasing lately and seem likely to increase in the near future.

"Sooner or later—and I think the day cannot be put off much longer—we have to recognise that this eternal leap-frogging process by which all in the various groups try to improve their incomes does them no good as individuals and can do us great harm as a nation. It does nothing to improve real standards. It threatens to undermine the whole basis of our prosperity. It can only weaken our balance of payments and hence jeopardises full employment. And it brings real hardship to those living on fixed incomes. Next, it is important that consumers continue to show their awareness of the national situation by the way they plan their personal expenditure. Savings have been running at a high level, but we want them to rise still higher. It is too easily forgotten that demand at home is largely the aggregate of millions of individual demands."

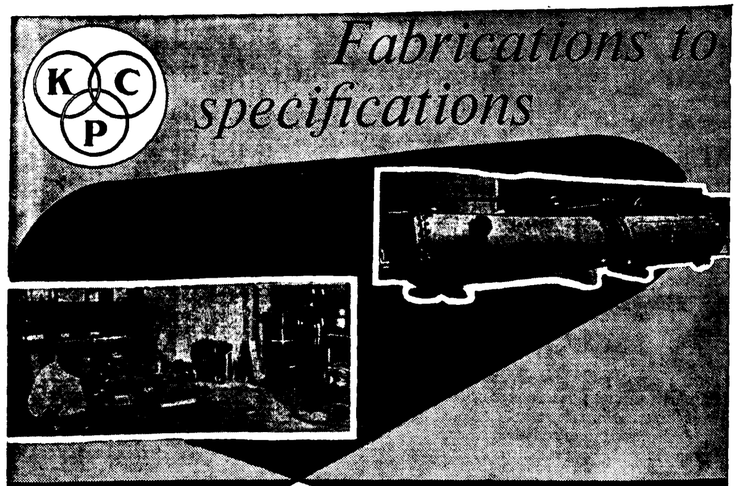
Public Expenditure

Referring to the expenditure in the public sector, Mr. Lloyd stressed that its increase must also be restrained. Some necessary programmes would have to be postponed. Britain he said, had reached a position in which taking on any substantial commitment to spend public money would mean, sooner or later, the curtailment or abandonment of something else. Summing up the position neatly, he observed :

"I will sum up as simple as I can. For national economic survival, we must grow. To grow we must export. To export we must be competitive. To be competitive we must make the best use of our productivity. We must ensure that adequate resources are available for our exports. We must see that increases in wages, salaries and other incomes remain within the limits justified by increased productivity. Those are the challenges. I ask for your help in meeting them."

The foregoing observations constitute a moving exhortation, but one wonders whether mere appeal to people will yield the results desired. It has failed in the past and there is no convincing reason to think that the outcome will be different this time.

India is negotiating with the World Bank for a loan of $20 million to finance development of coal in the private sector. The amount mentioned is to cover only the first two years of the third Five-year Plan. A delegation, headed by Mr. Chedi Lal, Joint Secretary in the Union Ministry for Steel, Mines and Fuel, will soon leave for Washington to negotiate the terms of the proposed loan. Other members of the delegation will include Mr. Prem Prasad of the Indian Mining Association, Mr. N. Mookerjee of the Indian Mining Federation and Mr. U. H. Vohra of the Indian Colliery Owners' Association. The delegation is scheduled to stay in the U.S. for only three weeks.



THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

No subscriptions are invited on the basis of this announcement. Intending subscribers should obtain from the Registered Office or any one of the Bankers or Brokers referred to hereunder, copies of the Prospectus, and the Forms of Application.

Consent of the Central Government has been obtained to this issue by an Order of which a complete copy is open to public inspection at the Registered Office of the Company. It must be distinctly understood that in giving this consent the Central Government do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinions expressed with regard to them.

A copy of the Prospectus, along with documents attached thereto, has been delivered to the Registrar of Companies, West Bengal, as required, by section 60 of the Companies Act, 1956.

The shares of the Company are already quoted on the Delhi Stock Exchange. Applications have been made to the Calcutta and Bombay Stock Exchanges for permission to deal in and for official quotations of the shares of the Company.

The subscription list will open at the commencement of Banking hours on Monday the 3rd July 1961 and will close at the close of Banking hours on Saturday 8th July 1961 or earlier at the discretion of the Directors, if the issue is fully subscribed, but not before the close of the Banking hours on Wednesday the 5th July 1961.

UNIVERSAL CABLES LIMITED

(INCORPORATED ON 6TH MARCH 1945 AT CALCUTTA UNDER THE INDIAN COMPANIES ACT, 1913.)

SHARE CAPITAL AUTHORISED

Rs. 5,00,00,000 divided into 30,00,000 Equity shares of Rs. 10/- each and 2,00,000 Preference Shares of Rs. 100/- each	Rs.	5,00,00,000

SUBSCRIBED AND PAID-UP CAPITAL

3,49,725 Equity Shares of Rs. 10/- each. These shares are fully paid up, payment having been received in cash	Rs.	34,97,250

PRESENT ISSUE

7,00,000 Equity Shares of Rs. 10/- each at par	Rs.	70,00,000

Out of the Present Issue :—

(a) Offered to the existing members of the Company pursuant to Section 81(1) of the Companies Act, 1956, 3,49,725 Equity shares of Rs. 10 each for cash	Rs.	34,97,250
(b) Offered to the public under the Prospectus for subscription in cash 3,50,275 Equity shares of Rs. 10 each	Rs.	35,02,750
	Rs.	70,00,000

Such of the shares offered to the existing members of the Company as are not taken up by them and/or their nominees will also be available for subscription to the public.

(The aforesaid new Equity shares shall rank in all respects *pari passu* with the existing ordinary shares of the Company except that they shall not be entitled to share in any dividend in respect of the year ending 31st March 1961 or any previous period. The dividend payable in any year would be in proportion to the amount paid on the shares from time to time).

DIRECTORS

1. **SHRI M. P. BIRLA**, 18, Gurusaday Road, Calcutta, Industrialist and Merchant.
2. **SHRI D. P. GOENKA**, 145, Muktaram Babu Street, Calcutta, Industrialist and Merchant.
3. **SHRI A. M. M. ARUNACHALAM**, 'The Laurels,' Chittaranjan Road, Madras 18, Industrialist and Merchant.
4. **SHRI ARVIND NAROTTAM LALBHAI**, 'Shalimar,' Shahibagh, Ahmedabad, Industrialist and Merchant.
5. **SHRI P. R. SARKER**, P/165, Block 'C', New Alipore, Calcutta, Industrialist and Merchant.
6. **SHRI K. N. TAPURIAH**, 2, Brabourne Road, Calcutta, Industrialist and Merchant.
7. **SHRI H. P. BARAT**, 14, India Exchange Place, Calcutta, Stock Broker and Partner of Messrs. G. M. Pyne, Calcutta.
8. **SHRI S. K. BIRLA**, 8, India Exchange Place, Calcutta, Industrialist and Merchant.

(PROPOSED) MANAGING AGENTS:
BIRLA GWALIOR PRIVATE LIMITED.
Baijal's Kothi, Morar, GWALIOR.

Subscribed and Paid-up Capital: 2,50,000 Ordinary Shares of Rs. 10 each.. .. .. .. Rs. 25,00,000

REGISTERED OFFICE :
8, India Exchange Place, Calcutta-1.

BANKERS FOR THE ISSUE :
1. **The State Bank of India**, 1, 2, and 3, Strand Road, Calcutta.
2. **The United Commercial Bank, Ltd.**, 2, India Exchange Place, Calcutta.
3. **The Central Bank of India Ltd.**, 33, Netaji Subhas Road, Calcutta.
4. **The Bank of Baroda Limited**, India Exchange Place, Calcutta.
5. **The Bank of India Limited**, 23-B, Netaji Subhas Road, Calcutta.

SOLICITORS :
Messrs. Khaitan & Co., 1 and 2 Old Post Street, Calcutta.

AUDITORS :
Messrs. S. R. Batliboi & Co., Chartered Accountants, 1B, Old P. O. Street, Calcutta.

APPLICATIONS AND SUBSCRIPTIONS

Applications for shares by members of public must be for a minimum of 25 shares or multiples of 25 shares.

TERMS OF PAYMENT OF ABOVE SHARES

On application ..	Rs. 5 per share.
Balance	Rs. 5 per share on call to be made not earlier than 6 months after allotment.

Rs. 10 PER SHARE.

OBJECTS AND PROFITABILITY OF THE COMPANY

The particular immediate object is to manufacture Paper Insulated Lead Covered Power Cables with an annual capacity of 624 Miles.

India's dynamic growth under the First and Second Five-Year Plans and the progressively increasing tempo under the Third Plan is associated with the rapid expansion of electricity in the country in which cables play a vital role. If power is not available in ample sufficiency to meet demand, a very serious restriction on the proper growth of all industries will occur and its effect will be even more seriously felt in the processing industries which offer the greatest scope for increasing employment. Equally, if agricultural improvement and rural development take place as they should, there will be a vast and important demand for increasing quantities of power for villages and agricultural development. Therefore, a concern such as this, should do well in a country which has huge electrical programme in hand. The phenomenal progress of electricity has led to a corresponding demand for cables.

Power development has been given top priority in the Third Five-Year Plan. It is proposed to increase the total generating capacity of power from 5.8 million kW at the end of the Second Plan to 13.4 million KW at the end of the Third Plan. It is expected that 25,000 additional towns and villages will be electrified during the Third Plan period bringing the total to 44,000.

POTENTIAL DEMAND

Distribution of this power load to consumers—industrial and domestic—would involve heavy requirements of Paper Insulated Cables. The production target of these cables at the end of the third Five-Year Plan has been laid down at 4,000 miles per annum. Indigenous production in 1960 was only 570 miles and there is, therefore, a considerable gap between supply and demand. Hitherto, a major requirement of these cables was being met by imports from foreign countries, which have had to be severely curtailed owing to the shortage of foreign exchange. Therefore, there should be no difficulty in selling the Company's total output.

The industrial advancement of a country is measured in terms of *per capita* consumption of electric energy and from this point of view, our present consumption of electricity is awfully low. Both in the 'take-off' stage as also in subsequent plan periods, rapid industrialisation would mean a substantial increase in the production of PILC Cables to bring the energy to the consumers and, as such, prospects for future expansion of this industry are excellent.

The Company has also been investigating the prospects of production of other electrical items used for the dissemination of electric energy and on the basis of such investigations application for the required Industrial Licence under the I.D.R. Act has already been made.

Production in the normal course is expected to commence by December 1962. The Directors hope that barring unforeseen factors, they will be in a position to pay a reasonable dividend on the equity capital.

TECHNICAL COLLABORATION

British Insulated Callender's Cables Ltd., of U.K. are the foreign technical collaborators in this project. They are specialists in this line and as is well known, are the largest manufacturers of cables in the world. The U.K. collaborators will assist in setting up the Factory and shall provide technical assistance, know-how, use of patents and processes to ensure that the Company's products are of the highest quality. British Insulated Callender's Cables will send technicians from U.K. to the Company's Works to train Indian personnel and also to assist in the production. B.I.C.C. will keep the Company in the forefront technically and would permit employees of the Company to be trained in their U.K. factories and laboratories.

The Central Government's approval has been obtained for their appointment.

LOCATION.

The Plant shall be located at Satna in the State of Madhya Pradesh. Satna is geographically well situated and enjoys all the facilities of rail and road transport. The site has excellent facilities in regard to power and water and sufficient land is available to provide for the present needs and also for future expansion. A Railway Siding already exists near the site which shall be extended to our Works at a small cost.

UNDERWRITING

The entire issue of Rupees Seventy Lakhs has been fully underwritten, the names of the Underwriters and the amount of the shares underwritten by them being as stated below :—

	Names	Amount Underwritten (Rs. in Lakhs).
(1)	**Messrs. Investment Corporation of India Limited**, 'Ewart House,' Bruce Street, Bombay-1	22.00
(2)	Messrs. G. M. Pyne, 14, India Exchange Place, Calcutta-1	8.00
(3)	Messrs. Navalchand T. Shah & Co., 102, Stock Exchange New Building, Dalal Street, Bombay-1	8.00
(4)	Messrs. Chimanlal J. Dalal & Co., Stock Exchange New Building, Dalal Street, Bombay-1	8.00
(5)	Messrs. Devkaran Nanjee & Co., Horniman Circle, Bombay-1	8.00
(6)	Messrs. Batliwala & Karani, Union Bank Building, Dalal Street, Bombay-1 ..	8.00
(7)	Messrs. A. B. Pandit & Co., 32, Apollo Street, Bombay-1	8.00

In the opinion of the Directors, the resources of the said Underwriters are sufficient to discharge their underwriting obligations.

UNDERWRITING COMMISSION

A commission at the rate of 2.5% shall be paid to the underwriters in the case of 3,50,275 Equity Shares offered to the Public and also a commission at the same rate shall be paid on such Equity Shares which are not taken up by the existing shareholders or their nominees and are allotted to the Public.

BROKERAGE

Brokerage will be paid by the Company to members of the recognised Stock Exchanges and to Banks at the rate of 1% on the nominal value of the aforesaid Equity Shares offered to the Public in respect of the shares allotted against applications bearing their stamp. No brokerage is payable in respect of the shares which may be allotted to the existing shareholders and/or their nominees as right shares.

Brokerage on the same basis will be payable to the Underwriters who are also Brokers to this issue in respect of the shares allotted against applications made or procured by them provided that the relative forms of application bear their respective stamps, and in such case no brokerage will be payable to any other party in respect of the shares so allotted.

CAPITAL REQUIREMENT

Capital outlay for the Project is given below :—

	Rs. (in lakhs)
Land	3.00
Buildings	28.50
Plant and Machinery	135.97
Preliminary Expenses	2.53
Working Capital	80.00
	250.00

The above sum will be met in the following manner :—

From Equity Share Capital	105.00
„ Foreign Exchange Loans I.C.I.C.I. and C.D.F.C. (under negotiation) ..	80.00
„ Borrowings from Banks	65.00
	250.00

The minimum subscription in respect of the present issue on which the Directors will proceed to allot is Rs. 70 lakhs which is the total amount of the present issue offered to the existing members and to the public.

IMPORT LICENCE AND FOREIGN EXCHANGE

The Company has made an application for import licence for the requisite plant and machinery.

Applications have been made to Messrs. I.C.I.C.I., Bombay, and Messrs. C.D.F.C., London, for foreign exchange loan to the value of Rs. 80 lakhs, and the same are under their consideration.

APPLICATIONS AND ALLOTMENT

Applications must be for 25 shares or multiples of 25 shares. All applications must be made on the form accompanying this Prospectus which can be had from the Company's Bankers and Brokers. All application forms properly completed must be lodged together with the amount payable on application with any of the following Banks or at their branches as mentioned below :—

BANKS IN BOMBAY

1. THE STATE BANK OF INDIA.
2. THE UNITED COMMERCIAL BANK LTD.
3. THE CENTRAL BANK OF INDIA LTD.
4. THE BANK OF BARODA LTD.
5. THE BANK OF INDIA LTD.

BANKS' MAIN OFFICES AT :

CALCUTTA, BOMBAY, DELHI, MADRAS, AHMEDABAD, RAJKOT, POONA, BANGALORE AND BHOPAL.

The remittance should be made by cheque or draft drawn on any Bank in the aforesaid towns (i.e. Calcutta, Bombay, Delhi, Madras, Ahmedabad, Rajkot, Poona and Bangalore and Bhopal) only and deposited with the above Banks or their above Branches.

Cheques or drafts should be drawn in favour of any one of the above Banks Account The Universal Cables Ltd. For the applicant's protection, cheques or drafts should be crossed 'Account Payee only.' A separate cheque or draft must accompany each application.

Allotment will be notified by the despatch of an allotment letter but the Directors reserve the full uncontrolled right of accepting or rejecting any application in whole or in part in either case without assigning any reason. Where an application is rejected or not accepted in full, the whole or any balance of the application money received will be refunded within two months from the date of the closing of the Subscription list, to the applicant in which event Bank commission, if any, will be payable by the applicant.

INCOME-TAX AMENDMENT BILL—III

SOME CHANGES SUGGESTED

By A. C. Sampath Iyengar

[This is the third and final instalment of the notes suggesting changes in some sections of the Income-tax Amendment Bill which is now under the consideration of a Joint Select Committee of Parliament.—ED.]

Clause (i) of Section 64 (Income of Spouse from Partnership)

THIS clause requires the inclusion of the share-income from a partnership of one spouse, in the total income of the other spouse. But the question is in whose total income is the income of the other spouse to be included? Is the husband's income to be included in the total income of the wife, or the wife's income to be included in the total income of the husband? Tax incidence would differ in the two cases. The matter may not rest there. It may be that the husband is being assessed in one circle and the wife in another. The Income-tax Officer in the former circle may aggregate the income in the husband's total income, while the Income-tax Officer in the latter circle might aggregate the income in the wife's total income. Silence on this topic would inevitably create litigation

Clause (ii) of Section 64

This clause directs the inclusion of the share-income of a minor child admitted to the benefits of a partnership, in the total income of the parent-individual. Supposing (1) the minor, (2) the father and (3) the mother are partners with or without strangers in the partnership business: is the minor's income to be included in the total income of the father or in the total income of the mother? Tax incidence would vary according as minor's income is aggregated with that of the mother or the father.

Section 64(iii) and (iv) Read with Section 27

Clauses (iii) and (iv) of Section 64 are general in language. They apply to transfers of all assets whether they are of house property or otherwise. The enactment of Section 27(i) in the circumstances creates an overlapping.

Clause (iii) of Section 64 saves from aggregation the asset transferred by a husband to the wife "for adequate consideration *or in connection with an agreement to live apart.*" These latter italicised words do not appear in clause (i) of Section 27. The reason for the omission is not clear. The omission would lead to a conflict in the assessment proceedings.

Again, clause (iv) of Section 64 saves from its operation the transfer of assets to a married daughter, though a minor child. That saving is not to be found in clause (i) of Section 27.

Clause (iii) of Section 64 begins with the preface "subject to the provisions of Section 27." That preface is lacking in the very next clause (iv) of Section 64. Does it imply that whereas clause (iii) of Section 64 does not apply to transfer of house property, clause (iv) in relation to a minor child does apply? With what consequence?

Clause (v) of Section 64

The indefinite article 'a' in the expression "or *a* minor child" requires to be removed and substituted by "his or her" so as to make the language precise and intelligible. As per the proposed amendment, the relevant portion of the clause would read as follows: "for the immediate or deferred benefit of his or her spouse or *his or her* minor child." See the remarks of the Supreme Court in *Sodra Devi's Case*, 1957 32 I.T.R. 615, at pp. 625 and 639.

Sections 68 and 69

The phraseology employed for bringing into charge unexplained cash credits or unexplained investments is that the assessee's explanation "is not *in the opinion* of the Income-tax Officer satisfactory." This would make the Income-tax Officer's order non-justiciable, and deprive the assessee of his right to have the Income-tax Officer's decision reviewed by a higher authority. The words "in the opinion of the Income-tax Officer" hence in both the above sections should be deleted.

Section 11 (1) (i) (a) (New Provision): Accumulation in Charity

The words, "to the extent to which the income so accumulated," are capable of being understood as referring to the consolidated sums of accumulation year after year, i.e. to say, as including brought-forward accumulations. In order to avoid the confusion, it is suggested that the latter part of clause (*a*) may be re-cast as follows:

"and where any such income is *set apart* for application in future, to such purposes in India, to the extent to which the income so *set apart* is not in excess of twenty-five per cent of the income from the property."

Section 17 (2), Clause (v) (Old Section 7 (1), Explanation 1, cl. (v)): Perquisite

This clause baldly runs:

"any sum payable by the employer . . . to effect an assurance on the life of the assessee or to effect a contract for an annuity."

The beneficiary under the contract for the annuity is in no way linked up with the assessee, either as being the assessee himself or his nominees or dependants, etc. Even the former words "to effect an assurance on the life of the assessee" would require precision that the benefit under the assurance enures either to the assessee or to his nominees or dependants.

Section 23 (1), 2nd Proviso (New Provision): Annual Value of a Building comprising One or More Residential Unit

The language of the latter part of the second proviso to Section 23(1), which talks of reduction in terms of an aggregate of two sums, is capable of simplification as follows:—

"the annual value as determined under this sub-section shall, for a period of three years from the date of the completion of the building, *be further reduced by a sum not exceeding Rs. 600 for each residential unit*, so however that the income in respect of any residential unit is in no case a loss."

The words italicised here indicate the change suggested.

The relief under the second proviso to Section 23(1) is to last for a period of three years from the date of completion of the building. It is not clear whether this period of three years refers to three calendar years comprising 36 months, or three accounting years after the completion of the building. The matter requires clarification.

Section 24 (1), Clause (v) (Old Section 9 (1) (iv)): Ground Rent

Clause (vii) of Section 24(1) in relation to the allowance of land revenue permits the same in respect of "*any sums paid.*" Ground rent, clause (v), is also a similar item. This may also be allowed in respect of "sums *paid.*" Words to such effect are now lacking.

Section 24 (1), Clause (x) (New Provision): Deduction for Unrealised Rents

This deduction was previously provided for by virtue of a notification issued under old Section 60. The validity of any such notification—or for that matter, of any notification issued under the old Act—after the passing of this Act of 1961, is doubtful. Moreover, this being a regular deduction in the computation of income under the head "House Property," it is essential that the deduction should be self-contained in this Section. Hence, clause (x) should be re-cast so as to specify the amount of lost rent which can be deducted and the conditions under which the deduction may be claimed.

Section 36 (1) (Old Section 10 (2) (x)): Deduction in Business of Bonus or Commission Paid to an Employee

The Law Commission inserted a useful clause permitting specifically as a deduction any payment made to an employee "in pursuance of the award of an industrial or other tribunal constituted under any law for the settlement of industrial disputes." See page 127 of the Law Commission's Report. This is an eminently fair and justifiable deduction in the computation of business income. The Bill, however, has omitted this. Non-allowance of such expenditure would lead to an artificial profit.

Section 56 (2) (iii) (Old) Section 12 (4):

The words "and lands appurtenant thereto" have to be inserted in both places in lines 2 and 3 where the word "buildings" occurs, so as to accord with the language of Section 22.

Section 110: Determination of Tax in Certain Special cases

The marginal heading to this Section 110 is a contradiction in terms. When no tax is payable on a certain income, talking of determination of tax thereon is unintelligible.

Section 139 (1), Proviso, Clause (ii): Extension of Time for Furnishing Return

In line 2 of clause (ii) of the proviso, the word "simple" has been omitted before the word "interest".

Section 139 (4) (Old Section 22 (3)): Voluntary Return

This section is a departure from the old section which permitted furnishing of a voluntary return at any time before the assessment is made. The present section restricts the period of furnishing a voluntary return to a period of four assessment years from the end of the assessment year to which the voluntary return relates. It is in the interests of the Revenue to gather tax whensoever it is offered. In that light, the expediency of this restriction requires consideration.

Section 140 (New Provision): Signing and Verification of Returns

This section grants power to an authorised agent of the assessee to sign and verify the return where the assessee—an individual or a karta—is *mentally incapacitated*. There may be a *physical incapacity* too, as for example, due to blindness or an incapacity to use the fingers owing to paralysis, leprosy, etc. So, along with the word "mentally", the word "physically" may also be inserted.

Section 153 (1) (b) (Old Section 34 (3)): Time Limit for Making an Assessment in the Regular Course

The Law Commission recommended that any assessment in the regular course (old Section 23 assessments) should be made within four years from the end of the assessment year in which the income was first assessable (and the same has been accepted in the Bill—see Section 153(1) (a).

After having done so, the Law Commission enlarged the period for making an assessment in cases where the Income-tax Officer during the course of his inquiry found that there was a concealment of the particulars of income (old Section 28(1) (c)). In this latter event, the Law Commission stated that the assessment could be completed *within four years from the date of the issue of a penalty notice in respect of the concealment.* See the Law Commission's Report, page 20 and Section 283(1) at page 253. *This link-up of the extendible period* with the issue/service of a penalty notice *is essential* in order to prevent an Income-tax Officer from sleeping over the assessment for four years and then after the lapse of the four-year period trying to avail himself of the extended period by putting forward a plea of concealment, as if the concealment had been detected by him before the expiry of four years. If the bar of time had begun to operate on the expiry of the four years as provided for in clause (*a*) of Section 153(1), it should not be permitted to be by-passed by this dubious procedure of the Income-tax Officer. In any case, the Legislature should not leave any room by which such a by-passing may be effected. The only means hence by which the extended period is granted to cases of concealment genuinely discovered before the end of the four years, would be to link up the extension with the issue/service of the penalty notice. This salutary recommendation of the Law Commission, fair to the assessee as well as to the Department, has been given the go-by in the Bill.

Next, clause (*b*) of Section 153(1) of the Bill states that the assessment can be made within the "expiry of eight years from the end of the assessment year in which the income was first assessable, in a case falling within clause (*c*) of sub-section (1) of Section 271" (old Section 28(1)(c)). With reference to this provision, it may be remarked that there is no reason to extend the period to eight years if the concealment of income was discovered, say, in the first or second financial year, following the assessment year. If the discovery of concealment was made, say, in the second financial year, according to the Law Commission's draft the assessment should be completed within six years after the relevant assessment year. There is no warrant for granting a period of eight years for the completion of the assessment in such instance. Apart from this objection there is the other fundamental objection afore-pointed out that, on the language of the Bill as it at present

(*Continued on page* 16)

DIM OUTLOOK FOR LANCASHIRE TEXTILE TRADE

MODERNISATION SCHEME BEING JEOPARDISED

From Our Special Correspondent

MANCHESTER, 20*th June*

MANCHESTER LETTER

BEFORE Lancashire mills can compete with the best textile industries in the West, radical changes will have to take place, according to a Lancashire cotton leader.

Mr. H. B. Harrison, Chairman of the Cotton and Rayon Merchants' Association, said in Manchester that Continental cloth could be imported at prices which compared favourably with those being asked in Lancashire, even after import duties had been paid. He told the annual meeting of the Association that before Lancashire mills could compete they would have to be fully equipped with modern machinery, adequate manpower for three-shift working would be needed and labour would have to be employed much more efficiently. Mr. Harrison said he could not remember ever before having operated in circumstances where, in many cases, purchases of loom-state cloth from Lancashire mills did not reach merchants' warehouses as grey cloth for many months—yet at the same time, supplies had been readily obtainable overseas. And he continued:

"Converters have been forced to look overseas for their supplies of loom-state cloth if they wish to retain even a percentage of their normal business.

"From the merchant converter's point of view, the purchase of this cloth is only helping him to provide for his customers until such time as supplies in Lancashire are placed on a sounder footing.

"Even so, from the industry's point of view, the potential threat of low-priced foreign cloth places Lancashire mills in a dangerous position."

Mr. Harrison said that while the import agreement with Hong Kong ended next January, the full benefits of the modernisation scheme in the Lancashire cotton industry would not be felt until 1964. This in itself was reason enough for imports from Commonwealth Asian countries to be restricted for at least another three years and he also urged that duty-free goods should be restricted in any future agreement.

Dim Outlook

Those whose task is to comment on current trends in business are just as disappointed as their confidants in having to report from week to week a disappointing offtake and an absence of forward operations worth recording. Although this is a not uncommon state of affairs during the summer months, the arrival of the holiday season frequently presents an opportunity of assessing the outlook. At the moment it is no use disguising the fact that this appears to be rather disconcerting.

Not without significance is the fact that in April the level of sales recorded by the Wholesale Textile Association showed a contraction of 5.8 per cent compared with the same month last year. Earlier gains maintained the improvement over the year as a whole and for the four months the offtake was 4½ per cent up on 1960. Stocks held, however, were nearly 10½ per cent higher at the end of April this year than twelve months previously.

There have been numerous complaints from many sections of the trade that buyers are still withholding their purchases on a far larger scale than had been anticipated in the earlier months of the year. Some revival in activity had been hoped for, even though any substantial broadening in demand was considered unlikely. Various aspects of current economic and political affairs, however, have resulted in a general lack of initiative among customers, who are quite content to await a less disturbing prospect.

Restraining Features

Most of the factors which have a bearing on the situation have been in the picture long enough already. The direct statement by Hong Kong about the future of the pact on imports did a great deal of harm, despite its subsequent partial retraction.

The hovering attitude towards the European Common Market pursued by the British Government has also caused further hesitation. Recent pressure on sterling, combined with rumblings of possible international disputations, made distributors singularly unwilling to put down additional contracts to follow on their extensive lines which were booked last year and which are only now being completed.

As always, however gloomy the immediate prospect, the possibility of a "snow-ball" movement, should buyers suddenly change their minds, cannot be ignored. The market for cotton goods remains incorrigibly governed by sentiment.

Although the mood at the moment foreshadows no sudden reversal of policy, distributors can be swayed by a change in atmosphere which is subtle rather than practical in tone. It only needs a few of the bigger buyers to take a snap decision for others to follow and create an entire change in mentality from caution to widespread interest.

Rising Import Danger to Man-made Fibres

A warning that rising imports of garments and fabrics represent a danger to the Lancashire textile trade in man-made fibres has been given by the British Man-Made Fibres Federation. Low-priced imports were more likely to affect garments of spun fabric than filament.

The Federation forecast in a statistical survey that apparel fabric deliveries from Lancashire are unlikely to show any immediate rise unless there is a sharp rise in retail sales.

In the first quarter of 1961 production of spun yarn was down by 15 per cent, woven fabric by 10 per cent and converters' delizeries by 4 per cent compared with the final quarter of 1960. The share of spun fabrics in retail sales of all woven apparel was estimated to have fallen from 13 per cent to 12 per cent over the past year.

In the filament section, production and final offtake of woven fabric were both higher in the first quarter. Stocks increased by nearly 2,000,000 yards, largely by converters who were re-stocking after a long period of stock reduction.

Government Must Help

With doubts and uncertainty striking at the confidence which has been slowly and expensively re-established in the future of the Lancashire industry, it now seems clear that only a positive lead by the British Government can help to break the virtual deadlock which apparently exists at the moment in the matter of reopening industry-to-industry negotiations with Hong Kong for a renewal of the voluntary agreement now in the final six months of its three-year term.

From the outside, little seems to be happening (frequent cold blasts from Hong Kong apart) at official level at the present time. Behind the scenes there is a good deal of activity. In his almost daily consultations with the Board of Trade at the present time Lord Rochdale, Chairman of the Cotton Board, must have made it clear that the long-term future of the industry rests very much on a favourable solution being found to present difficulties; otherwise the pace of re-equipment, already too slow, may well come to a standstill. On this most important aspect, Mr. Harrison, Chairman of the Cotton and Rayon Merchants' Association, said in his annual report: "Government backing will be essential when the voluntary trade agreements are reviewed. Otherwise the Government-sponsored and financed Reorganisation Scheme will have failed in its objectives."

Meanwhile further evidence that the modernisation scheme is being jeopardised has come from Mr. Philip L. Wright, Chairman of the Bleachers' Association. "Exports continue to shrink and imports of made-up goods of foreign origin continue to grow," he says in his statement with the accounts. "Unless and until stringent and long-term limits are placed on imported finished cloth and made-up garments of Asiatic origin we shall be hesitant in spending large sums on re-equipment to qualify for Government grant."—*All Rights Reserved.*

INCOME-TAX AMENDMENT BILL—III

(*Concluded from page 14*)

stands, it is open to an Income-tax Officer to plead discovery of concealment of income, though he might not have in fact discovered any such concealment within the initial period of four years. Hence, it is absolutely necessary that the extended period should be linked up with the issue/service of the penalty notice.

Section 153 (3), Clause (i) (Old Section 34 (3), 2nd Proviso): Making of an Assessment without Bar of Time Consequent on the Setting Aside of an *ex-parte* Assessment (Old Section 27)

Not infrequently it happens that an *ex-parte* assessment is made for lack of time to complete the inquiry within the time limit, on the understanding that on an application being made by the assessee to reopen the assessment such reopening would be granted. Such a case does not stand on the same footing as an assessment to be made in consequence of, or to give effect to, an appellate or revisional order, a genuine cause. The refusal of the extended period to cases of reopening of *ex-parte* assessments, would speed up assessments.

Section 153, Explanations 2 and 3 (Old Section 34 (3), 2nd Proviso) : Removal of Bar of Time-limit in Certain Cases

Apart from the contingencies contemplated in Explanations 2 and 3, for the reopening of assessments of back years without the bar of time, there is another set of contingencies not noticed, and they are: (1) an order passed on a writ application under Article 226 of the Constitution by a High Court or (2) by the Supreme Court on appeal therefrom or (3) orders passed by the Supreme Court under Article 32 of the Constitution. To take the instance of the *Bidi Supply Case*, 1956 29 I.T.R. 717, S.C., where the Supreme Court set aside the assessment on the technical ground that the order of transfer of the assessee's file to the Income-tax Officer who made the assessment was without jurisdiction, power should exist for the Revenue to take steps through the appropriate Income-tax Officer to assess or re-assess the assessee, without the bar of limitation under Section 149 or Section 153(1) and (2). Conceivably and most often the proceedings by way of writ may and do last a good long time, and meantime, the four-year limit would have expired.

The main part of sub-section (3) of Section 153 combines two different ideas from two different standpoints, ill-cohering together. It is suggested that the words "which may be completed at any time," in line 3 of sub-section (3), may be deleted; and instead, after clause (iii) of sub-section (3), a new paragraph may be opened to run as follows:—

"In these three cases, the assessment may be completed at any time."

Section 176 (4) Contrasted with Section 28 (i) : Charge of a Discontinued Profession

Sub-section (4) of Section 176 (giving effect to the recommendation of the Direct Taxes Administration Enquiry Committee) enacts that at whatever period a profession might have discontinued, still, if any income in relation thereto were received during the accounting year, the same would be chargeable. It is immaterial that the profession ceased even prior to the accounting year in question. But if we now turn to Section 28, which deals with the charge of the composite head "Business or profession," the profession is required to have been exercised at least "at any time during the previous year." This latter provision was inserted to adopt the majority view taken in *Kamdar's Case*, 1946 14 I.T.R. 10, but since then, much water has flown under the bridge of the Direct Taxes Administration Enquiry Committee. To avoid the conflict between the aforesaid two provisions (Section 28 and Section 176(4)), clause (i) of Section 28 should be re-cast as follows:

"(i) profits and gains of any business carried on by the assessee at any time during the previous year and the profits and gains of any profession carried on at any time whether before or during the previous year;"

Section 179 (2) (New Provision) : Liquidation of a Company

The closing words of the sub-section, viz., "the total capital of the company" refer to the *paid-up* capital of the company. The same may be made explicit, by insertion of the above italicised word.

Section 253 (4) and (5) (New Provision) : Memorandum of cross objections to the Appellate Tribunal

This is a new provision enabling the filing of a memorandum of cross objections to the Appellate Tribunal. Such memorandum has to be filed after "receipt of the notice" by the respondent. In order to exclude any unofficial notice given to the respondent by the appellant, it is necessary that the following words should be inserted after the words "receipt of the notice":—

"from the Appellate Tribunal fixing the date of hearing of the appeal."

The change suggested is in keeping with the corresponding language of Order 41 Rule 22 of the Civil Procedure Code.

The language of sub-section (5) of Section 253 requires correction. The time limit for permitting a memorandum of objections is provided in sub-section (4), namely, thirty days of the receipt of the notice of appeal. So, sub-section (5) should be changed so as to substitute for the words "after the expiry of the relevant period referred to in sub-section (3)" the following words:—

"after the expiry of the relevant *periods* referred to *in sub-section (3) and* (4)."

Section 256 (1) (Old Section 66 (1)): "Question of Law Arising out of an Order of" the Tribunal

The interpretation of the words "any question of law arising out of such order" has been a matter of intense difference of opinion amongst the High Courts of India, in the context of raising a new question of law before the High Court for the first time. The Supreme Court noticing this conflict of views in *C.I.T. vs. Ogale Glass Works Ltd.*, 1954, 25 I.T.R. 529, at page 540, observed: "In the view we have taken, it is not necessary for us, on this occasion, to express any opinion on the larger question as to the scope, meaning and import of the words 'any question of law arising out of' the Tribunal's order, on the interpretation of which there exists a wide divergence of judicial opinion." Referring to this divergence in a later case in *United Commercial Bank Ltd. vs. C.I.T.*, 1957 32 I.T.R. 688, at 703-4, the Supreme Court interpreted the words in a liberal manner. The conflict of views, however, remains. This is a fit subject-matter for the Legislature to clear up.

Advisability of Scrutiny of the Bill by the Law Commission

The Law Commission has made recommendations in several respects, some of which have not been adopted in the Bill. But quite apart from that category of cases, there are new departures made by the Bill in respect of which the Law Commission's views would be extremely helpful. Instances are:

(1) Introduction of the words "wholly, necessarily and exclusively" in several places where they did not occur before.

(2) Introduction of Section 13 which is in direct conflict with Section 11 (relating to Charity).

(3) Conflict in the charge of spouses—Section 64(1).

(4) Conflict in the charge of minor partner's share—Section 64(2); etc.

Besides, in several places in the Bill wherever there has been a departure from the scheme or the language of the Law Commission, as for instance, in Section 22 relating to house property, in Section 45 relating to capital gains, etc., the drafting is capable of improvement, and for this purpose also, the scrutiny by the Law Commission would be helpful, so as to make the new drafting to accord with the general pattern set by the Law Commission in other places.

Finally, the Bill is not just a reproduction of the existing tax structure simplified or analysed. It has made several changes in the substantive law which would require close attention at the hands of not only the members of the Select Committee, but also everyone concerned in the framing of the Bill, to wit, the Law Commission, the Finance Ministry and the Law Ministry.

(*Concluded*)

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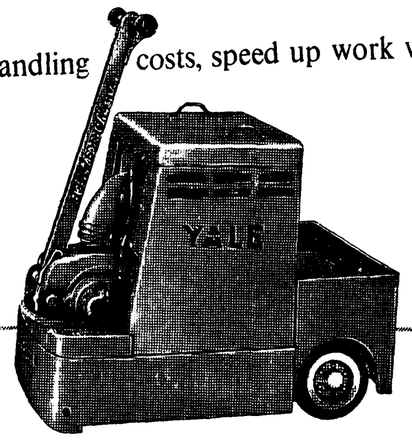

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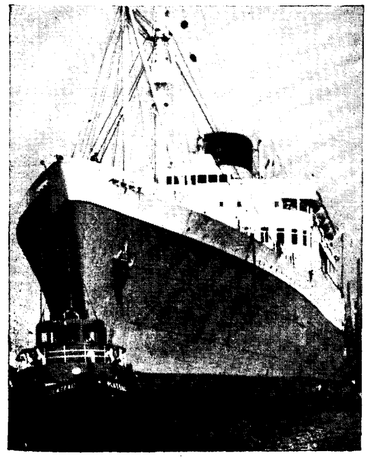

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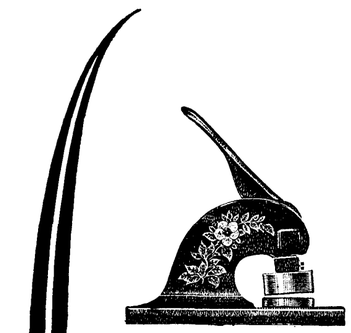

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CO-OPERATIVE SUGAR FACTORIES

HIGH COSTS SHOULD BE A MATTER OF CONCERN TO THEM TOO

THE Committee on Co-operative Processing, appointed by the National Co-operative Development and Warehousing Board, recently examined the promotional and organisational aspects of co-operative societies handling the *processing of sugarcane and other agricultural* commodities. Its recommendations, covering co-operative sugar factories, have been framed on the basis that co-operative processing, like any other co-operative activity, needs preferential treatment in a variety of ways. In the first place, it is recommended that State Finance Corporations should be induced to provide assistance by way of loans to processing units for block investment and that these loans be guaranteed by the State Governments. There is no need, it would appear, for this recommendation, for already the 57 co-operative sugar factories, existing as of 1959-60, have secured liberal loan assistance (Rs. 1.16 crore from the Government, Rs. 10.72 crores from central financing agencies, Rs. 2.21 crores from the State Bank of India, Rs. 12.19 crores from the Industrial Finance Corporation and Rs. 3.04 crores from others). That the relatively slender resources of State Finance Corporations should be mostly available to medium or small enterprises in the private sector is not the only consideration here, for there is also the related point that enterprises in the co-operative sector should be mostly financed by central co-operative agencies. If there is to be an expanding co-operative sector, the financing activities in that sector should obviously be done mainly by co-operative agencies themselves. After all, these co-operative agencies also derive some of their resources from the Government.

The second recommendation made by the Committee is that the co-operative sugar factories should be exempted from the cane cess and the grower-members from sales tax liability. It is further recommended that these factories should also get some concessions in the matter of sales tax on the import of machinery. This is a kind of preferential treatment which would be rightly questioned by the sugar in-industry in the private sector, as well as by the *general taxpayer*. Whether a sugar factory is in the co-operative sector or in the private sector, there should be no discrimination in the matter of taxation as between the two sectors. The co-operative sugar factories should thus be placed on a footing of equality with the private factories in this regard. It looks as though the Committee has recommended these concessions in taxation in the background of the rather poor working results of co-operative sugar factories. It will be seen from Table 1 (which has been constructed out of the figures given in the *Statistical Statements Relating to the Co-operative Movement in India 1959-60, recently* published by the Reserve Bank of India) that as many as 14 co-operative sugar factories incurred losses aggregating Rs. 38.6 lakhs in 1959-60 and that eight factories worked without profit or loss during that year. Only 31 factories made profits aggregating Rs. 85.7 lakhs. Of course, the results were better in 1959-60 than in 1958-59 and only 26 factories were actually working in 1959-60. Still, the point needs to be emphasised that co-operative sugar factories do not seem to be very promising in terms of profit-making. Perhaps this explains the Co-operative Processing Committee's recommendation that co-operative sugar factories be exempted from the cane cess. To confer a fiscal advantage of the kind on the co-operative sugar factories while the private factories continue to pay a cane cess working out to about Rs. 2 per maund of sugar would be to discriminate against the latter, not to speak of the loss to the Exchequer.

However, the co-operative sugar factories are already a substantial factor to be reckoned with. In 1956-60, they produced 2.84 lakh tons of sugar and effected sales of the value of about Rs. 23.4 crores. Their sugar production in the year 1959-60 represented 11.8 per cent of that year's total sugar production in the country. Obviously, when all the co-operative sugar factories are working, their total production will reach a level of about 6 lakh tons or even more. But, whether they produce more or less sugar, their problems in respect of cost of production will not be any different from those of factories in the private sector. It is this aspect which Prof. D. R. Gadgil, Director of the Gokhale Institute of Politics and Economics and President of the National Federation of Co-operative Sugar Factories, rightly emphasised in a three-day seminar, conducted at Kolhapur by the Maharashtra Federation of Co-operative Sugar Factories. Prof. Gadgil observed that the problem of parity between price of Indian sugar and international sugar market was of the utmost importance. In his view, serious efforts should be made to sell Indian sugar at international prices; this, he said, should be done not by incurring losses in export of sugar, but by bringing down the high cost of sugarcane while *simultaneously increasing the recovery* of sugar. He even went to the extent of warning the co-operative factories of sugarcane growers that a time might come when they themselves would have to request the Government to reduce sugarcane prices.

The issue, thus, is one of reducing sugarcane prices in the first instance by reducing the cost of production of sugarcane. Here Prof. Gadgil's complaint is that a cane grower has not made any deliberate effort to reduce the cost of production of his crop. The point made by a representative at the Seminar that the rising cost of fertilisers and the increasing wages would not permit any reduction in the cost of production of sugarcane is obviously something to be examined; but it cannot be taken at its face value. The need for a dependable survey of the *cost of production* of sugarcane was, however, not emphasised at the Seminar. If, in the light of a cost of production survey, sugarcane prices can be reasonably reduced, the effect of that reduction on the price of sugar will be quite substantial because the cost of raw material in sugar production constitutes the major element. In the final analysis, therefore, the key to a solution of the sugar prices problem would appear to lie mainly in a reduction in the cost of production and price of sugarcane, as well as in the quantum of taxation on sugar. If this solution is not found as early as possible, the Indian sugar industry will not be able to export sugar on a long-range basis to other countries. Prof. Gadgil's plea that the Government should deal with this question as if it were a serious crisis, certainly merits consideration.

TABLE 1

Co-operative Sugar Factories—Operations During 1959-60

	1959-60	1958-59
Total number of factories	57	50
Number of factories working	26	N.A.
Sugarcane crushed (in lakh tons)	20	17
Sugar produced (weight in lakh tons)	2.84	1.75
Sugar produced (value in crore Rs.)	28.9	15.4
Salaries and wages (in Rs. lakhs)	104	55
Other expenses (in Rs. lakhs)	479	98
Number of factories making profit	31	32
Number of factories incurring loss	14	15
Number of factories without profit or loss	8	3
Total profit of profit-making factories (in Rs. lakhs)	86	47
Total losses of losing factories (in Rs. lakhs)	39	100

TABLE 2

Co-operative Sugar Factories—Paid-up Capital and Borrowings

(Amounts in Rs. crores)

	1959-60	1958-59
Total number of factories	57	50
Total number of grower-members	1,31,149	N.A.
Paid-up Capital :		
Government	5.49	4.60
Societies	1.21	N.A.
Producers	6.57	5.86
Other Individuals	0.40	1.56
Borrowings :		
Government	1.16	0.98
Central financing agencies	10.72	7.21
State Bank of India	2.21	1.43
Industrial Finance Corporation	12.19	9.21
Others	3.04	2.06

N. A.—Not available.

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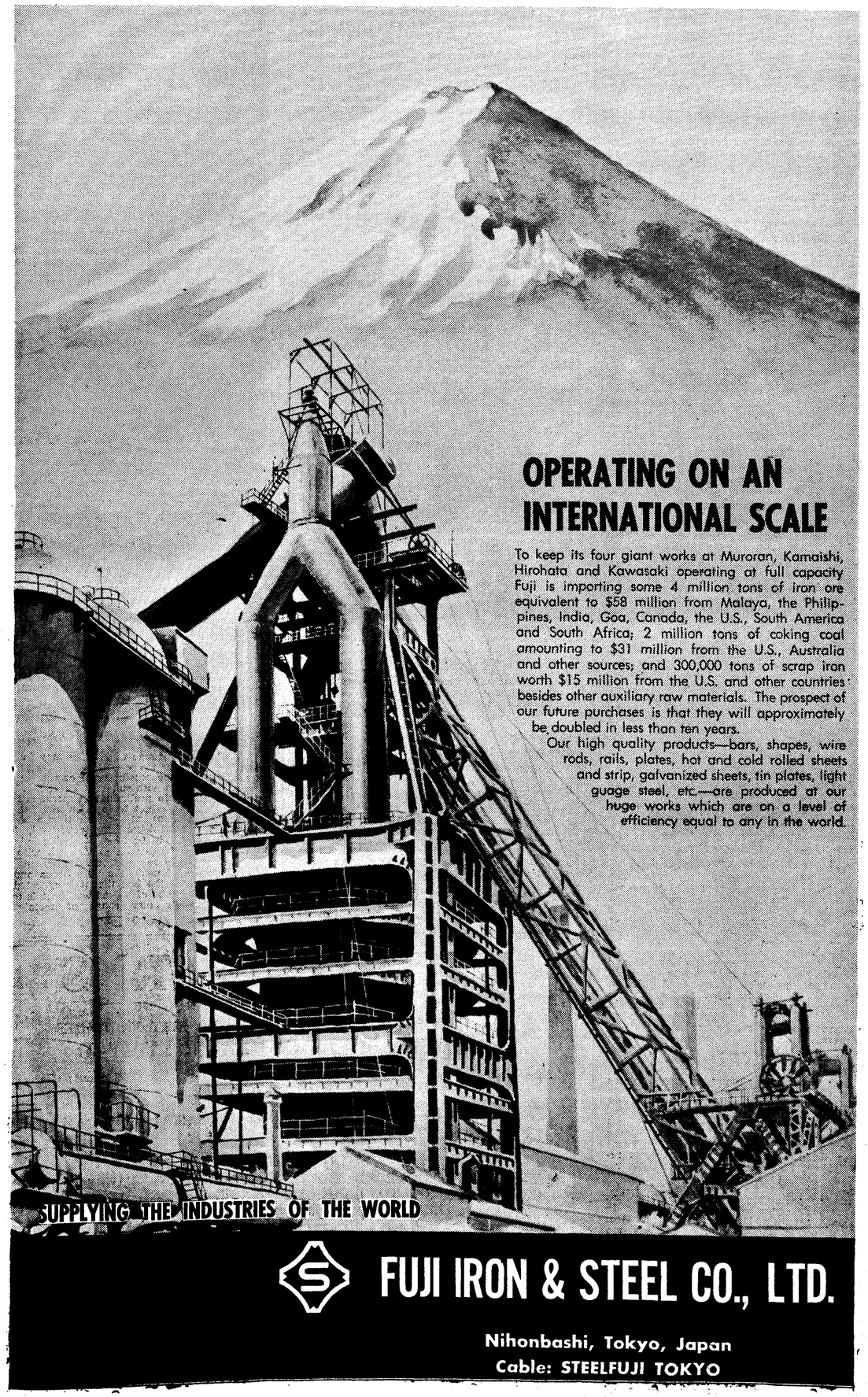

NEW PRODUCTS AND PROCESSES

Electrically-Conductive Paint

AN electrically conductive paint said to provide a coating with good conductivity, high mechanical strength and excellent flexibility has been developed in Japan. The paint consists of a mixture of very small metallic particles and slightly larger granules of thermoplastic resin dispersed in a liquid. Although the liquid does not act as a solvent—the granules are not actually dissolved in it—it can be evaporated from the coated surface by the application of heat. This heating also causes the resin granules to fuse and act as a binder for the metallic particles. It is claimed that the paint can be applied to almost any surface—including cloth—and, if special case is taken, an electrolytic coating can be applied on top of it.

Progress in Road Lighting

Conflicting demands frequently have to be reconciled in the planning of an efficient road lighting system, such as, for example, regularity and economy and the various advantages possessed by each of the different types of lighting. In order to overcome these difficulties a Swiss firm in Lucerne has developed a double light, with two light sources and two reflectors giving a length and width of radiation. The great efficiency of the Moos patented lamp-post allows illumination points to be placed further apart, resulting in a saving of material, erection costs and electric current. In addition, during the middle of the night when there is little traffic, it is possible to switch off one lamp on each standard, so that the intensity of lighting can be diminished without affecting the number of points of illumination. Moreover, the standards can be fitted with two different types of light. The use of a 60-watt sodium gas lamp in conjunction with a 125-watt mercury lamp is particularly recommended. With this combination, full use is made of the advantages of both types of lamp, and the light is neither too bright nor too dull.

No-ribbon Typewriter

A typewriter working on an entirely new principle—it has no inky ribbon—has been patented by one of America's biggest manufacturers of business machines. It is reported, however, that there are no plans for production. In operation, a metal letter is pressed against an endless magnetic tape, recording the shape of the letter in magnetic form. Powdered metallic ink is then blown against the tape, sticking to the outline of the letter. When a complete line of type has been prepared, the magnetic tape is pressed against the paper, the ink coming off on to the paper to form the printed line. Advantages claimed are quiet operation and ease of erasure. Since the typist sees the entire line in a mirror before it is transferred to the paper, mistakes can be detected at this stage. If an error is made the letter can be erased by removing the magnetic charge from the tape and inserting the correct letter in its place.

Accident Bed

A bed on which a patient can be treated through all stages between a casualty department and convalescence has been designed by a nurse at a U.K. hospital. It consists of a metal framework but has a fibre-glass base instead of the usual wire mesh mattress. The firmness of the fibre-glass serves also as a fracture board. It is non-opaque to X-rays and for comfort, plastic foam mattresses one inch thick are used as required, these also being non-opaque to X-rays. The bed, called the Woolwich Accident Bed, has several features including a metal cassette tray under the fibre-glass base for holding X-ray plates and a tipping device for either end of the bed, worked by a central handle which can be folded back out of the way of the staff. The head and foot of the bed can be quickly removed, allowing medical and nursing staff to perform necessary surgical and toilet examinations with ease which is especially valuable in dealing with severe head injuries. Shoulder supports may be fitted at the head to prevent slipping when the patient has to remain tipped. And the bed is supplied with fittings so that a transfusion stand can be fixed at any of the four corners.

Aluminised Steel

A new process for aluminising steel surfaces with corrosion and heat-resistance properties to such surfaces, has been developed at the National Metallurgical Laboratory, Jamshedpur. Aluminised steel can be used to replace galvanised steel in sheet, strip, wire, tube and hardware coating plants as the import of zinc for galvanising forms a serious drain on India's foreign exchange resources. About 30,000 tons of zinc per year, representing more than half the total annual imports, are employed for galvanising steel sheets and other ferrous products. Aluminised steel has bright prospects of replacing galvanised steel in commercial and farm buildings, rolling shutters and silo covers as the aluminium coatings are much superior to zinc coatings when exposed to industrial and highly humid atmospheres. Resistance to fire damage is also better in aluminised steel as compared to galvanised steel. Most of the raw material for aluminising steel such as hydrochloric acid, linseed oil and commercial aluminium are available in India.

Plastics Container for Chemicals

An all-plastics container, for the road transportation of hydrochloric acid or sodium hypochlorite has been produced by Tough Plastics Ltd., Surrey, England. Manufacture of the tank entails forming plastic sheeting to the required shape and supporting them with a glass-fibre laminate bonded with polyester resin. The grey, pigmented laminate is then given a coating of isocyanate resin. While the manufacturers of the container have been using this method of constructing chemical storage tanks for the past 2½ years, and there are many hundreds in service, it is only the second road-tanker made by the firm. The first was made for a chemical company in Germany, the Elektrochemische Werke, Munich. Special measures have been taken to control "surge," or serious weight transference, which takes place under heavy braking. Rubber-lined steel is the conventional material for chemical containers, but the inevitable splashing of the metal casing means that the exterior of the tank must constantly be repainted to guard against corrosion. Apart from the advantage of long life, the plastics container can mean a further advantage in reducing the operating costs of a road-tanker. It is estimated that on empty return runs the fuel saving should be considerable, with only a fifth of the usual deadweight to be hauled.

Selective Breeding of Trees

As a first step to selective breeding in timber cultivation, specimens of wood taken from trees grown in various parts of Britain are being examined by radio-isotope methods at the Forest Products Research Laboratory of the U.K.'s Department of Scientific and Industrial Research. The laboratory, a few miles west of London, has an apparatus which has been developed for this purpose. It is completely automatic and micro-scale measurements of density which would formerly have been a very laborious process can easily be made without human intervention, by measuring the transmission of beta particles (electrons) through a thin specimen of wood. A D.S.I.R. spokesman says that density is probably the best single measure of timber quality. In this connection, variation within the individual growth rings, as well as the overall density of the wood, has to be taken into consideration. Samples are obtained by means of a tool similar to an auger. A microtome is then used to cut sections 100 microns thick, and these are mounted on a plastic slide for examination. The method makes use of radioactive isotope (Carbon 14) as the source of beta particles; an anthracene crystal; a photomultiplier; and an electronic counter. Many of the beta articles are absorbed, the number depending on the density of the wood. Each beta particle which passes through the specimen produces a flash of light as it emerges and impinges on the crystal. The flash of light, directed on the cathode of the photomultiplier, releases electrons, which, at the next stage of the photomultiplier, release more, until an appreciable pulse is built up. An electronic amplifier further magnifies the output pulses, whose rate is then registered on a counter. The variation of density in the specimen as it moves automatically through the beam can thus be recorded on a graph, and when the operation is complete, the instrument is automatically switched-off.

Sewage Disposal Unit

A compact unit for the complete disposal of crude sewage, the Biogest, has been introduced into Britain by G. D. PETERS AND CO. LTD. from the U.S. The Biogest was originally developed by the American Ship Building Company of Ohio to abate sewage pollution from shipping in the Great Lakes. The opening of the St. Lawrence seaway to ocean-going vessels aggravated this pollution. Since its introduction, Biogest has been installed in over a score of ships. Sewage pollution has caused much concern in Britain and there has recently been a much stronger trend among port and health authorities to take steps to tackle the problem. G. D. Peters has further developed the Biogest and hopes that it will prove attractive for application to all types of small-scale sewage flows, for example, shipping, hospitals, hotels, camps and factories. The Biogest employs a mixed culture of aerobic bacteria, and other micro-organisms specially acclimatised to their diet, for the purification of crude sewage into an odourless, innocuous effluent. Very simply, the bacteria, kept alive by pumping oxygen into the sewage, feed on the waste matter until a clear effluent is left. Sewage entering the unit is first crushed to particles of less than ¼ in. dia. Sludge containing the micro-organisms is mixed with the incoming sewage as it is crushed and the mixture passes into an aeration compartment. Air is pumped into the compartment and the activated sludge floc oxidizes the putrescible components of the mixture. The mixture in the aeration compartment spills over at a certain level into a settlement hopper where separation of the activated sludge floc and the purified effluent takes place. The purified effluent spills over into the final collection chamber and the activated sludge floc settles to the bottom from where it is pumped to join fresh incoming sewage again. When the purified effluent reaches a certain level in the collection chamber, a pressure switch is operated and it is discharged. The Biogest is a continuous automatic unit and needs little maintenance.

Sealing Fluid for Safety in Mines

A new safety aid for miners—a tough non-inflammable "skin" which can be sprayed on to underground stoppings to prevent air being fed to heatings or harmful fumes reaching other parts of a pit—was demonstrated recently at a mine in the north English midlands. The sealing fluid—a synthetic rubber latex spray—is the result of 'three years' research and practical experiments by the West Midlands division of the U.K.'s National Coal Board and the Dunlop Chemical Products Division. It has already been used successfully at various mines. The idea of using some form of self-adhering outer coating as the final sealant, similar to the "cocooning" process for equipment preservation, originated in the Warwickshire area of the West Midlands division. The help of the Dunlop Chemical Products Division was sought in developing a suitable material. It had to be water-based to prevent toxic or fire hazards, yet capable of drying out in a reasonable time in humid conditions. It had to be fireproof and capable of adhering to any material for a long period, and the method of applying it had to be rapid and adaptable to coal face conditions. It also had to be tough. A Chloroprene Latex spray was developed in the Dunlop Laboratories and for the past two years trials have been carried out successfully on heatings in several collieries in the West Midlands Division. The sealant, contained in drums, can be applied by any mine with a splatter-spray of the type used for applying underbody seal to a car. The film applied has air retaining properties roughly equal to those of a natural rubber inner tube of a car.

High Strength Plastics

A whole new range of plastics may be developed in the U.K. as the result of research now being carried out into the possibility of combining phosphorus and carbon with sulphur. These new materials have shown in preliminary experiments indications that they might have great strength even at high temperatures. At the same time a series of cyano-fluorocarbons have been developed. These are also expected to be of considerable industrial importance and combine high strength with temperature resistance and great dimensional stability. One advantage of using the phosphorus and carbon compounds is the fact that it is expected that they could readily be combined with metals to produce an entirely new range of metal-plastic materials.

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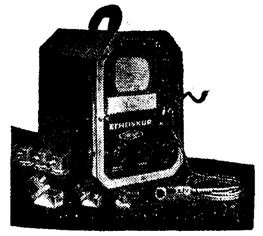

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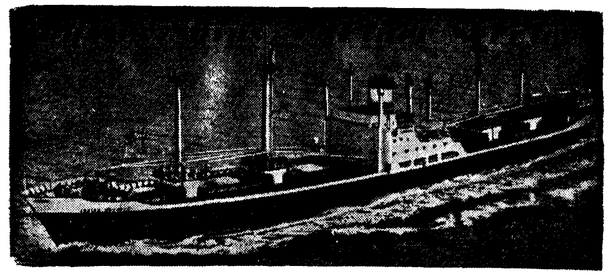

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EXPORT PROMOTION MEASURES

G.A.T.T. WANTS ABOLITION OF SUBSIDIES

EVERY country in the world is out to increase its exports and has been adopting various measures designed to give its primary produce and manufactured goods an advantage over those of its competitors. As readers are aware, recent years have witnessed a return to world marketing conditions in which buyer's choice is a more active force, resulting in intensified competition among sellers. Hence export promotion techniques have assumed an increasing significance in international trading relations. India has also sought to put into effect a wide range of export incentive schemes. Industry and trade have called upon the Government several times to extend the scope of these schemes to cover a still larger number of exports. The issue will be taken up for consideration by the Import and Export Policy Committee (Chairman: Dr. A. Ramaswamy Mudaliar) *now investigating India's commercial* policy. Export incentives can at best be only palliatives. They are certainly not capable of strengthening the basic structure and organisation of industry, without which exports cannot be developed and sustained for long in a highly competitive world. They have, however, some role to play in overcoming temporary shortcomings, albeit in an artificial way. Irrespective of the merits or demerits, several countries, both industrialised and developing, have resorted to some form of export incentives, and to a lesser extent, direct subsidies.

Special Facilities

Although there are a variety of special facilities provided by governments, financial or otherwise, for promoting exports, they fall mainly under three heads, namely, subsidies, export incentives, and programmes for the disposal of surplus stocks. The use of subsidies is widespread in the field of agriculture, particularly in Western Europe and North America. They are granted mostly to domestic producers in the form of either direct payments or price support schemes and are usually intended to stabilise income and output, to meet import competition or to stimulate the production of items in short supply. They are not aimed mainly at increasing exports, although the more profitable conditions of production tend to build up surpluses which make it necessary to find export markets for them. Sometimes, the assistance to producers takes the form of "deficiency payments," which permit the domestic producer to sell at competitive prices, despite higher cost of production.

Apart from subsidy on production or exports, there are several governmental measures designed to stimulate export trade, without involving any direct payment by the Governments to exporters. The export incentives, generally arranged by Governments, include currency retention schemes, multiple currency practices and export credit guarantees. The *third type of artificial export promotion* measure relates to the surplus disposal programmes for agricultural commodities. The U.S. has many typical examples of this method.

Abolition of Subsidies

It may be noted here that the G.A.T.T. has been keeping a close watch on the various measures of export promotion adopted by its members and non-members, and has been studying their effects on world trade. In September 1960, it may be recalled, the G.A.T.T. Council *reviewed the position regarding* the provision of Article XVI which envisages the eventual prohibition of export subsidies on goods other than primary products. Hitherto, there has only been a standstill arrangement in operation from year to year, whereby certain Contracting Parties have undertaken not to increase the scope and extent of export subsidies on any such products. At the seventeenth session, Contracting Parties felt the urgent need for putting into full effect the Article XVI and, therefore, drew up and opened for signature a *Declaration, which sought to prohibit the use of export subsidies on industrial products. The declaration will come into force only when fourteen industrial countries have accepted it. The countries affected are Austria, Belgium, Canada,* Denmark, France, Italy, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, the U.K., the U.S. and West Germany. At the eighteenth session of the G.A.T.T. held at Geneva (referred to in these columns previously) last month, the Executive Secretary reported that the instruments of acceptance had been deposited by only six countries. It is to be hoped that his appeal to the remaining countries to take "positive action without further delay" will receive their due response.

Meanwhile, a panel, specially set up in 1958 to examine the extent and range of subsidies maintained by Contracting Parties, have already completed its report. This report will come in for detailed discussion at the nineteenth session of the G.A.T.T. to be held in November-December next.

G.A.T.T. Survey

It will not be out of place in this context to review briefly the nature and extent of subsidies and other export promotion measures prevailing in the world. The *Developments in Commercial Policy,* the second semi-annual survey brought out by the G.A.T.T. Secretariat, published a few weeks ago, gives an account of some of the important measures. Although the present review deals with changes in commercial policies effected *in the second half of 1960,* it has also covered the important changes made earlier in that year. The bulk of this information is collected from annual notification submitted to the G.A.T.T. by member-countries. In its review, the survey points out that no major changes have occurred in the policy of Government subsidisation, although some adjustments have been made with respect to the items involved and the amount of the subsidy. As regards other export incentives, it adds that there is a general tendency towards energetic export promotion drives in many countries.

The subsidies include those granted on production and on exports. To take subsidies on exports first. For the first time since the establishment of the Wheat Stabilisation Scheme in 1948, the Australian Government subsidised in 1960 wheat exports. The reasons given for this move were an increase in the guaranteed prices paid to growers for the crop in that season, lower world prices for wheat and "near exhaustion" of the Wheat Price Stabilisation Fund. In the fiscal year 1959-60 through 31st May 1960, the U.S. used two general types of export subsidy programmes for agricultural commodities and products thereof. The two types were, payments on export sales under the International Wheat Agreement and sales of Government-owned price support stocks at less than the domestic market price. The second group includes the payment-in-kind made in connection with exports of cotton and grains from commercially-owned supplies. During the same period, the average rate of subsidy on feed-grains exported under the payment-in-kind programme was gradually reduced. In the case of each of the principal feed-grains (corn, oats, barley and grain sorghums) the average rate of subsidy was no more than half as large dur*ing July 1959-May 1960 as in the comparable* earlier period. At various times during 1959-60, each of these feed-grains were exported without subsidisation. The average rate of subsidy for *wheat exports under the International Wheat* Agreement in 1959-60 through 31st May, amounted to 61.3 cents per bushel. The U.S. reduced as of 1st August 1960 its support price for cotton and made a corresponding reduction in the rate of export payments. During the period under review, all countries in Western Europe granted direct or indirect aids to exports of butter and these aids were raised in the summer of 1960. The other important changes which came into force in this field recently included the cancellation in Iran of the subsidisation of railroad freight rates for export of shipments of dried fruits and the abolition of subsidy on cement exports in Turkey. Among the production subsidies, Argentina, Brazil, Canada, Chile, France, Greece, Italy, the Netherlands, the U.K. and the U.S. were among those countries which continued to grant some assistance or other to domestic agricultural producers.

Export Incentives

To turn now to the recent developments in the sphere of export incentives. In this sphere, *currency retention schemes or similar arrange*ments involving import entitlements were introduced by a few countries. India's incentive schemes for export of textiles and groundnut oil are instances in point. In Pakistan, exporters of cotton yarn qualified for a 10 per cent bonus with effect from 22nd January 1960, the previous rate of 20 per cent being granted by the State Bank on merit. Burma introduced an incentive plan early last year, under which exporters are entitled to receive import licences valued at 25 per cent of foreign exchange which they earned from exports in 1959.

The Survey observes that there is a clear tendency towards gradual abolition of the complicated multiple currency practices of late. In several countries, however, multiple currency arrangements are still being applied with the object of promoting certain exports by providing more favourable rates for conversion of the foreign currency proceeds of these exports than of others. A decision taken by the Executive Board of the I.M.F. in June 1957 urged that early and substantial steps should be taken to simplify complex multiple rate systems. Action in accordance with this decision has been taken by an increasing number of countries. The important changes in 1960 may be summarised as follows: in Brazil, the exchange premium payable on exports of the first category goods, specifically green or roasted coffee and cocoa beans, was increased from 57.64 to 71.64 cruzeiros to the U.S. dollar, effective 1st July 1960. The increased premium, when added to the official exchange rate of 18.36 cruzeiros to the U.S. dollar, would result in an overall rate of 90 cruzeiros to the dollar. On 13th May 1960, the Central Bank of Colombia raised the exchange rate for the coffee dollar from 6.10 to 6.50 pesos. In Colombia, the coffee dollar is the rate of exchange which exporters are required to use in converting dollars earned from exports of coffee into pesos. On 19th February 1960, the Government of Iceland adopted a comprehensive stabilisation programme which was *prepared in consultation* with the I.M.F. and the O.E.E.C. The programme included, among other things, the elimination of multiple currency practices and the introduction of new par value for Krona. The Government of Turkey announced that, effective 20th August 1960, the exchange rate of 9 lira per U.S. dollar would apply to tobacco exports and to opium exports. Previously, the rate for these commodities was 5.60 lira per dollar. All other trade (as well as invisibles) was already carried out at 9 lira per dollar; thus the new measure has ended the multiple exchange rate system maintained by Turkey in various forms.

Credit Guarantee Schemes

Another important aspect of export promotion, which received particular attention last year was the expansion and certain standardisation of export credit guarantee schemes. These schemes have been widely adopted by many countries. In Western Europe, for example, all countries, except, perhaps, Portugal and Greece, have introduced export credit guarantee schemes. *In West Germany the maximum* value of exports which could be guaranteed was raised from no more than $29 million to $2.9 billion. In Austria, a special scheme for guaranteeing exports came into force in July 1960. Under the scheme, the Government will take over the liability of financing export *transactions to a value of sch. one milliard,* for which payment period is five years or less. This period, however, can be extended to eight years by allowing for a three-year production period. *Further progress of varying nature was made* in similar schemes in the U.K. and Denmark.

Among the other measures of export promotion, mention may be made of reduction of sales tax in Argentina on exports of meat from June 1960. In Italy, a new rate schedule for refund of taxes and duties was introduced from September 1960. South Africa granted specially reduced freight rates for the transportation of export commodities. In addition, agreements were reached with different shipping lines concerning the granting of special rates for its export commodities. Another instance is the granting of drawback of customs and Central excise duties in respect of several items as is the case in India.

QUESTIONNAIRE OF THE MUDALIAR COMMITTEE

The Import and Export Policy Committee, set up by the Government of India in March last, with Dr. A. Ramaswamy Mudaliar as Chairman, has now published a comprehensive questionnaire, with a view to eliciting public opinion on the various facets of India's commercial policy. The questionnaire, brought out in the form of a booklet by the Union Ministry of Commerce and Industry, is divided into two sections, the first dealing with import policy and the second with export policy.

In view of the rather wide terms of reference assigned to the Committee, it is not surprising that there are well over 150 questions in the list. But everybody is not expected to answer all questions. One may select his topic of special interest and reply to the questions within that group. The Committee has asked for as many as fifteen spare copies of replies. The last date for submitting the answers is 31st July 1961.

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Arrah, Beharsharif, Buxar, Chapra, Calcutta, Daltonganj, Gaya, Jaunpur, Jharia, Kanpur, Katrasgarh, Laheriasarai, Motihari, Muzaffarpur, Monghyr, Patna, Patna City, Ranchi, Siwan and Varanasi.
A. C. BHAT, *General Manager.*

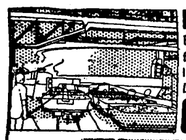
BIJLEE BULBS For Better Light Efficiency Economy
BIJLEE PRODUCTS (INDIA) LTD.
BYCULLA, BOMBAY 8

MR. AL FOIL MINDS HIS MANNERS

"Party manners?" queried Mr. Al Foil with a broad grin, "Whoever heard of a polite fellow like me standing on a Tea Table? But every perfect hostess knows I should be there because all food, biscuits, cheese, butter, tea, cream and milk must be protected by foil.
"Foil packaging guarantees quality from the manufacturer to the consumer, and you, my charming Hostess," continued Al, "maintain that quality by keeping your food protected by household foil both in the refrigerator and on your shelf."

Fifty seven years' experience as Manufacturers of Aluminium Foils for packaging goods in the Cigarette, Pharmaceutical, Confectionary, Tea and many other industries.

VENESTA FOILS LTD. KAMARHATI, 24 PARGANAS, WEST BENGAL.
Branches at: BOMBAY, CALCUTTA, MADRAS, NEW DELHI
Selling Agents for Tea Chest Lining: WILLIAMSON, MAGOR & CO. LTD., Calcutta.
VF-75



FERRO-MANGANESE *Vital alloy for steel*
FACOR manufactures high carbon standard grade ferro-manganese, enough to feed every plant and foundry in India . . . and for export that will earn vital foreign exchange
Local and export enquiries solicited
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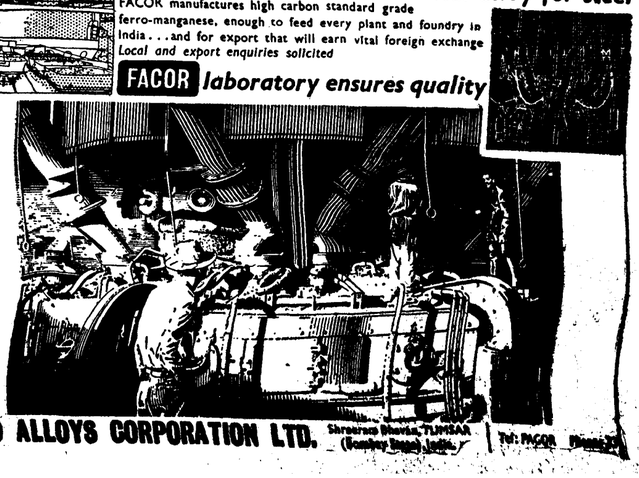

FERRO ALLOYS CORPORATION LTD. Shrawarao Bhawan, TUMSAR (Bombay State) India. Tel: FACOR Phone: 23

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

Consent of the Central Government has been obtained to this issue by an order of which a complete copy is open to public inspection at the Registered Office of the Company. It must be distinctly understood that in giving this consent, the Government of India do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinions expressed with regard to them.

Industrial Licences No. L/33(2)/2/60-Chem.II dated 23rd July 1960; No. L/33(6)/4/60-Chem.II dated 1st August 1960; and No. L/33(2)/4/60-Chem. II dated 27th August 1960 for establishment of plants for sheet glass, rolled figured and wired cast glass, and glass building blocks, tiles and roofing tiles respectively have been obtained from the Central Government copies of which are open to public inspection at the registered office of the Company.

A copy of the prospectus together with the documents specified therein, has been delivered for registration to the Registrar of the Companies, Gujarat State, as required by Section 60 of the Companies Act, 1956.

An application will be made in due course to the Ahmedabad Stock Exchange for a quotation for the shares of the Company and permission to deal in them.

SHREE VALLABH GLASS WORKS LIMITED

(INCORPORATED UNDER THE COMPANIES ACT 1956 ON 24TH DECEMBER, 1957, AS A PRIVATE LIMITED COMPANY AND CONVERTED INTO A PUBLIC LIMITED COMPANY ON 8TH JUNE 1961)

SHARE CAPITAL

	Rs.
AUTHORISED CAPITAL:	
1,00,000 Equity Shares of Rs. 100 each	1,00,00,000
ALREADY ISSUED, SUBSCRIBED AND PAID-UP CAPITAL:	
4,030 Equity Shares of Rs. 100 each	4,03,000
PRESENT ISSUE:	
72,000 Equity Shares of Rs. 100 each	72,00,000
CAPITAL AGREED TO BE TAKEN UP:	
A. By Directors and their friends, 27,745 Equity Shares of Rs. 100 each	27,74,500
B. By The Industrial Credit and Investment Corporation of India Ltd., 7,000 Equity Shares of Rs. 100 each	7,00,000
Rs.	34,74,500
NOW OFFERED AT PAR FOR PUBLIC SUBSCRIPTION	
37,255 Equity Shares of Rs. 100 each	37,25,500

The shares now to be issued will rank as regards dividends and in all other respects *pari passu* with the existing Equity Shares of the Company save that the Shares now to be issued will not rank for any dividend that has been declared in respect of the Company's financial year ending 31st March 1961.

Out of the issue of Rs. 37,25,500 offered to the public the Central Bank of India Limited, Bombay, has underwritten the same to the extent of Rs. 18,62,700 and the Bank of Baroda Limited, Bombay, has underwritten the same to the extent of Rs. 18,62,800.

The amount payable in respect of shares comprising the present offer is as follows :—

(a) With Application .. .. Rs. 25 per share.

(b) On allotment .. .. Rs. 25 per share.

The balance of Rs. 50 in respect of equity shares shall be payable in such calls as may be determined by the directors provided that no call shall exceed the sum of Rs. 25 per share and that prior notice of at least 15 days shall be given in respect of each call and that there shall be a minimum interval of three months between any two calls.

DIRECTORS

1. *Shri Ratilal Nathalal, (Chairman).* Near Sharda Mandir, Ellis Bridge, Ahmedabad.
2. **Shri Jaykrishna Harivallabhdas,** Industrialist. Shahibaug, Ahmedabad.
3. *Shri Arvind Narottam,* Industrialist. Shahibaug, Ahmedabad.
4. **Shri Laxmanprasad D. Vasa,** Industrialist. Shahibaug, Ahmedabad.
5. **Shri Ambalal T. Taktawala,** Merchant. 'Purshottam,' Ellis Bridge, Ahmedabad.
6. **Shri Yasvadan A. Taktawala,** Merchant. Lal Pole Hanuman, Pole, Ahmedabad.
7. **Shri Madhukant J. Taktawala,** Merchant (*Managing Director*). Hanuman Pole, Dariapur, Ahmedabad.
8. **Shri Jayvadan A. Taktawala,** B.Com. Merchant (*Managing Director*). 2, Swadhin Sadan, 'C' Road, Churchgate, Bombay-1.
9. **Shri Krishnavadan A. Taktawala,** B.Sc. (*Technical Adviser*). Sandy Cot, Seven Bungalows. Versowa. Bombay.

BANKERS FOR THE ISSUE

1. THE CENTRAL BANK OF INDIA LTD.
2. THE BANK OF BARODA LTD.

BANKERS

1. THE CENTRAL BANK OF INDIA LTD., AHMEDABAD AND BOMBAY.
2. THE BANK OF BARODA LTD., AHMEDABAD AND BOMBAY.
3. THE UNITED COMMERCIAL BANK LTD., BOMBAY.

SOLICITORS

1. MESSRS. AMARCHAND & MANGALDAS & MALVI RANCHHODDAS & CO., Haribhakti's Street, Sankdi Sheri, Ahmedabad.
2. MESSRS. AMBUBHAI & DIVANJI, Lentin Chambers, Dalal Street, Bombay-1.

AUDITORS

MESSRS. C. C. CHOKSHI & CO., Bank of Baroda Building, Gandhi Road, Ahmedabad.

BROKERS

1. **Shri Upendrai Jaychandbhai Sandesra,** Manek Chowk, Ahmedabad.
2. **Shri Ramanlal Vadilal Mehta,** Gujarat Cotton Hall, Manek Chowk, Ahmedabad.
3. **Messrs. Chimanlal Lalbhai,** 3286, Manek Chowk, Ahmedabad.
4. **Shri Ratilal Mansukram Patikh,** 2276, Manek Chowk, Ahmedabad.
5. **Shri Amaratlal Dalsukhbhai Haji,** Manek Chowk, Ahmedabad.
6. **Narandra Lalbhai Sheth,** Manek Chowk, Ahmedabad.
7. **Messrs. Mahadevia Bros.,** P.O. Box 424, Stock Exchange (Old Building), Dalal Street, Fort, Bombay.
8. **Messrs. Navalchand T. Shah,** 102, Stock Exchange, New Building, Bombay-1.
9. **Devkaran Nanjee & Co.,** Devkaran Nanjee Building, Horniman Circle, Bombay-1.
10. **Shri Ramanbhai Lalbhai Sheth,** 5, Stock Exchange (New Building), Apollo Street, Fort, Bombay.
11. **Shri Jasvantlal V. Bhagat,** 5, Hamam Street, Fort, Bombay.
12. **Messrs. B. M. Choksi & Co.,** 87, Stock Exchange (New Building), Apollo Street, Fort, Bombay.
13. **Messrs. Kantilal Pratapsingh,** Old Stock Exchange Building, Dalal Street, Fort, Bombay.
14. **Shri Seventialal Chimanlal Shah,** Old Stock Exchange Building, Dalal Street. Fort. Bombay.
15. **Messrs. Kothari & Sons,** Orient Building, Armenian St., Madras.
16. **Shri M. Nangappaiah Jagirdar,** 181, Cavalery Road, Bangalore-1.
17. **Shri Chunilal T. Mehta,** 8, Lyon Range, Calcutta-1.
18. **Messrs. Harbans Singh Mehta & Co.,** 33, Regal Building. New Delhi.

REGISTERED OFFICE OF THE COMPANY

TAKTAWALA HOUSE, GANDHI ROAD. AHMEDABAD.

CONSENT

The letters giving the consent in writing of the Auditors, Bankers, Brokers and Solicitors to the Company to act in their respective capacities *have been obtained, and the same are* filed with the Registrar of Companies, Gujarat, Ahmedabad. None of them have withdrawn their consent so given.

OBJECTS AND HISTORY OF THE COMPANY

The Company was incorporated as a private limited company on 24th December, 1957 to carry on all or any of the object or purposes. mentioned in the Memorandum of Association and more particularly to carry on the business as manufacturers and dealers in sheet, wired and figured glasses, glass building blocks and all sort of glass and glasswares. The Company was promoted by Messrs. Tribhovandas Manekla! Taktawala who are in the business of import *and distribution of* glass since last 70 years. The Company had installed a plant at Andheri, Bombay, and commenced production on 1st April, 1959.

The Company is being managed by Managing Directors, Shri J. A. Taktawala and Shri M. J. Taktawala since 13-2-1958, who are connected with glass business since 20 years and has considerable experience in the line.

The present capacity of the plant of the Company at Andheri is of processing of about 1,00,000 sq. ft. of sheet and plate toughened glass per month and about 50,000 sq. ft. or mirrors per month. The plant has also the capacity of processing per month 10,000 pieces of sight glasses and 10,000 pieces of protector glasses used in ship and furnaces.

At present the Company is processing the famous 'Tufex' brand toughened safety glass which are widely used by the Automobile Manufacturers, Bus Body Builders, State Transport, P.W.D. vehicles, etc. The Government has granted Import Licences for the value of Rs. 1,95,000 for the Import of machinery for the manufacture of laminated safety glasses and for the import of machinery of the value of Rs. 1,96,000 for the manufacture of bent toughened glasses. This will increase the activities of the present works of the Company situated at Andheri.

SCOPE OF THE INDUSTRY

The Tariff Commission has estimated the total demand of sheet glasses in the country at about 110 million sq. ft. in 1960. The present production is round about 85 million sq. ft. The present production and demand has already increased owing to expansion in building programme and there will be sufficient demand for sheet glass. At present, all plants in India which are engaged in manufacturing activity similar to that of the Company are situated near about Calcutta. There is no similar plant in Western India. The cost of Transport of their finished products is about 20% of their sale price. Western India is an important market for the consumption of items which the Company proposes to manufacture. During the period of Second Five-Year Plan, the demand of glass has also been increased at a rate faster than envisaged either by the Tariff Commission or Planning Commission. During the period of Third Five-Year Plan it is estimated that the demand will be considerably higher than the present installed capacity in the country and the Company believes that there is adequate market for the type of sheet glasses proposed to be manufactured by the Company. Furthermore, the Company proposes to manufacture wired and figured glass which most probably at present are not being manufactured in India. This type of glasses are at present imported from abroad. This project will perhaps be the first of its kind simultaneously making sheet glass and wired glasses in India.

ESTIMATE OF PROFITS

The Directors have estimated the costs of production of glasses of all types on liberal basis. They are satisfied that after meeting all expenses, a fair profit may be available on the basis of normal selling price of glass.

SITE

Keeping in view the availability of power, water, raw materials, labour, transport facilities etc. arrangements have been made to obtain by way of purchase about 1 lakh sq. yards or more of land near about Anand.

MACHINERY AND TECHNICAL COLLABORATION

The Company has finalised negotiations to supply the machinery and technical know-how with **Messrs. Industrieofen and Maschinen G.M.B.H. Garatsch Partenkirchen,** West Germany, who has wide experience in glass technology, and has designed similar plants all over the world, which to the Company's information are functioning satisfactorily.

The said foreign firm has agreed in principle to assist the Company in the manufacture of sheet glass and wired glass, and in designing the layout of the plants and will render necessary assistance in technical know-how, to enable the Company to work its plant satisfactorily. Moreover, the said foreign firm, has agreed to arrange for the theoritical and practical training of qualified persons of the Company with regard to the manufacture of glass.

FOREIGN EXCHANGE REQUIREMENTS

The Industrial Credit and Investment Corporation of India Ltd., Bombay have agreed in principle, subject to the approval of the International Bank for Reconstruction and Development. to lend to the Company an amount in foreign currencies equivalent to U.S. $7.81,000 (about Rs. 37,19,000) to pay for the cost of imported machinery and capital equipment.

CAPITAL OUTLAY

The capital estimated to be required to commence production will be as follows:—

	Rs.
(1) Land, building and power installation	35,00,000
(2) Complete cost of plant and machinery including designing, engineering fees, transport and erection	55,00,000
(3) Working capital	23,00,000
(4) Expenses of issue	2,00,000
Rs.	1,15,00,000

Out of total project of Rs. 1,15,00,000, the Company is raising additional capital of about Rs. 72,00,000 by way of Equity Capital. The Company has an existing equity capital of Rs. 4,03,000. As regards the balance of about Rs. 39,00,000 the same will be met by way of foreign exchange loan from the Industrial Credit and Investment Corporation of India Ltd. and by way of borrowing from Banks.

MINIMUM SUBSCRIPTION

The minimum subscription in respect of public issue on which the Directors will proceed to allot shares is Rupees 37.25,000. The minimum subscription amount is assured by reasons of the Directors and their friends and The Industrial Credit & Investment Corporation of India Ltd. having agreed to subscribe to the capital and the underwriting of subscription of 37,255 Equity Shares jointly by the Central Bank of India Ltd., Bombay, and the Bank of Baroda Ltd., Bombay.

DIRECTORS AND THEIR INTERESTS

The Company has given an option to The Industrial Credit & Investment Corporation of India Ltd. to appoint a director during the continuance of the loan. All the directors are interested in the fees and travelling expenses payable to them and for meetings attended by them.

(1) Directors Shri Ratilal Nathalal, Shri Ambalal T. Taktawala, Shri Madhukant Jethalal Taktawala and Shri Jayvadan Ambalal Taktawala are interested in the firm of M/s. Krishnavadan & Bros., Sole Selling agents of the Company so far as their relatives are the partners of the said firm.

(2) Managing Directors Shri Madhukant J. Taktawala and Shri Jayvadan A. Taktawala are also interested in the remuneration payable to them as Managing Directors according to agreement executed by the Company with them on 22nd March 1961.

(3) Directors Shri Krishnavadan Ambalal Taktawala is interested as a partner of sole selling agents firm of M/s. Krishnavadan & Bros., and for the remuneration payable to him as Technical Adviser of the Company by the agreement dated 17th April 1961 executed between the Company and himself.

(4) Director Shri Jaykrishna Harivallabhdas is interested in the Central Bank of India, underwriters and Bankers of the Company as a Director and member thereof.

The Copies of the agreements with above said Directors are open for inspection at the Registered Office of the Company.

UNDERWRITING COMMISSION AND BROKERAGE

The public issue of Rs. 37,25,500 has been underwritten by the Central Bank of India Ltd., Bombay to the extent of Rs. 18,62,700 and by the Bank of Baroda Ltd., Bombay to the extent of Rs. 18,62,800 and each of them will be paid at 2½% by way of Underwriting commission. In the opinion of the directors the resources of the said underwriters are sufficient to discharge their underwriting obligations. Brokerage at the rate of 1% will be paid on allotments in respect of applications bearing the stamp of a bank or a member of a recognised stock exchange. Brokerage at the rate of 1% will be paid to underwriters in addition to their underwriting commission on allotment in respect of application made or produced by them and bearing their respective stamps.

SELLING ARRANGEMENTS

The Company has appointed M/s. Krishnavadan & Bros., a partnership firm, as sole selling agents of the Company for a period of 5 years to promote the sales of the Company on the terms and conditions mentioned in the agreement dated 7th June 1961 which is open for inspection of the public at the Registered Office of the Company. The sole selling agents have a considerable experience in the line.

EXPENSES OF THE ISSUE

The estimated amount of the expenses of the issue is Rs. 2,00,000.

Extract from the Report of Messrs. C. C. Chokshi & Co.

PROFITS:

Subject to details published in Prospectus.

Period	*Profits before depreciation and taxation*	*Profits after depreciation but before taxation*	*Provision for taxation*	*Profits after depreciation and provision for taxation*
(1)	(2)	(3)	(4)	(5)
	Rs.	Rs.	Rs.	Rs.
24th December 1957 to 31st March 1959 ..	2,593	2,590	1,350	1,240
1st April 1959 to 31st March 1960 ..	54,034	31,067	Nil	31,067
1st April 1960 to 31st March 1961 ..	157,027	121,543	38,000	83,543

ASSETS AND LIABILITIES AS ON 31st MARCH 1961

	Rs.	Rs.	Rs.
Assets :			
I. Fixed Assets at original cost:			
Land	40,598		
Buildings	1,18,710		
Machinery	2,10,003		
Furniture and Fixtures, etc. ..	10,421		
Motor Car and Vehicles ..	37,101		
		4,16,833	
Less—Depreciation		58,454	
			3,58,379
Current Assets :			
II. Stores and Spare Parts and Stock-in-trade comprising of raw materials and finished goods at cost or market value whichever is lower		3,03,208	
Sundry Debtors (Unsecured and Considered Good)		2,68,807	
Cash in hand and at Banks in Current Accounts		7,933	
			5,79,948
III. Loans and Advances: (Unsecured and Considered Good) ..			
Advances recoverable in cash or in kind or for value to be received ..			14,131
			9,52,458
Less—Liabilities :			
I. Secured Loans:			
From Bank, secured by hypothecation of Stock-in-trade and guaranteed by two Directors of the Company	50,242		
II. Unsecured Loans:			
From Directors and others ..	1,93,093		
III. Sundry Creditors	1,76,453		
IV. Provision for Taxation	38,000		
V. Proposed Dividend	36,270		
		4,94,058	
Net Assets as at 31st March 1961. ..		4,58,400	
Represented by 4,030 Equity Shares of Rs. 100 each issued for cash fully paid up			4,03,000
Reserve and Surplus :			
Development Rebate Reserve ..	39,375		
Surplus in Profit and Loss Account.	16,025		
			55,400
			4,58,400

DIVIDEND:

In respect of the first two periods, no dividend was paid by the Company. Interim dividend has been paid at the rate of 6% (subject to deduction of tax) on 4,030 Equity Shares. In respect of the profits of the year ending 31st March 1961. The final dividend at the rate of 9% (subject to deduction of tax) on the Equity Shares has been proposed in respect of the year ending 31st March 1961. The above dividends have been paid and proposed respectively out of the profits of the Company for the year ending 31st March 1961.

INSPECTION OF DOCUMENTS

Copies of prospectus and documents mentioned therein are open for inspection at the Registered Office of the Company during office hours till the subscription list is closed.

APPLICATION FOR SHARES

Application for shares must be made on the printed forms. Application forms duly filled in along with remittance must reach either the Brokers or Bankers of the Company for this issue at their Head Office or any of their branches at Ahmedabad, Anand, Allahabad, Amritsar, Bangalore, Broach, Baroda, Bulsar, Bhavanagar, Bombay, Calcutta, Coimbatore, Delhi, New Delhi, Gwalior, Hyderabad, Indore, Jaipur, Kanpur, Lucknow, Madras, Madurai, Mehsana, Nagpur, Nadiad, Poona, Rajkot, Surat, Sidhpur, Trivandrum, Unjha, before the closing date of the subscription list. Cheques and drafts should be drawn in favour of "The Central Bank of India Ltd." A/c. "Shree Vallabh Glass Works Ltd." or "The Bank of Baroda Ltd.", A/c. "Shree Vallabh Glass Works Ltd."

Copies of this Prospectus and Forms of Application may be obtained from the Registered Office of the Company or at the Office of Brokers and Bankers to the issue.

The share certificates will be issued within 4 months from the date of the last allotment.

THE SUBSCRIPTION LIST WILL OPEN AT COMMENCEMENT OF BANKING HOURS ON 5-7-1961 AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON 15-7-1961 OR EARLIER AT THE DISCRETION OF DIRECTORS BUT NOT EARLIER THAN 8-7-1961.

SHREE VALLABH GLASS WORKS LIMITED—*(Continued)*

INDUSTRIAL **IBCON** CONSULTANTS

The industrial consultancy services offered by the group fall under the following headings:-

IN THE PLANT:— PLANT CAPACITY AND LAY-OUTS • PRODUCTION PLANNING AND CONTROL • STORES ORGANISATION AND CONTROL
FUEL AND STEAM UTILISATION • RAW MATERIALS CONTROL • QUALITY CONTROL • TRANSPORT
MECHANICAL HANDLING • OPERATIONAL RESEARCH • VALUATION OF PLANT AND BUILDINGS

ON LABOUR:— METHOD AND WORK STUDY • JOB EVALUATION • INCENTIVES • PERFORMANCE CONTROL • WAGE STRUCTURES
TIMEKEEPING SYSTEMS • PERSONNEL RECORDS • HUMAN RELATIONS • COMMUNICATION

IN OFFICES:— MANAGEMENT CONTROLS • MANAGEMENT ORGANISATION : EXECUTIVE AND CLERICAL • WORK MEASUREMENT
INCENTIVES • BUDGETARY CONTROLS • LAYOUT, COMMUNICATIONS AND EQUIPMENT

AND:— THE SETTING UP AND TRAINING OF THE CLIENT'S OWN INDUSTRIAL ENGINEERING DEPARTMENT
MARKET RESEARCH • PLANNING FOR MODERNISATION AND EXPANSION OF INDUSTRIES
TECHNOLOGICAL STUDIES IN RAW MATERIALS, PROCESS AND PLANT PERFORMANCE

IBCON PRIVATE LIMITED

HEAD OFFICE: ADELPHI, 119, QUEEN'S ROAD, BOMBAY 1.

2, FAIRLIE PLACE, CALCUTTA 1. • BRADY'S BLDG., MAHATMA GANDHI RD., KANPUR.

GEORGE OAKES BLDG., SRI NARASIMHARAJA SQUARE, BANGALORE 2. • 85 WARD PLACE, COLOMBO 7, CEYLON

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ajanta

THE PHENOMENON OF INFLATION

A THEORETICAL DISCUSSION

By Baidyanath Misra, M.A.
LECTURER IN ECONOMICS, RAVENSHAW COLLEGE, CUTTACK

INFLATION is commonly understood to be a "substantial and rapid rise of the general level of prices." Strictly speaking, this definition is not correct, because there can be rising prices without inflation at the time of recovery and inflation without rising prices at a time of repressed inflation. According to Mr. A. P. Lerner (in his *Essays in Economic Analysis*), inflation should mean an inordinate and unforeseen rise of price level or a tendency towards this direction in case of repressed inflation. If the rise in price is foreseen, there is no difficulty. The rising price-level would be just offset by a correspondingly higher rate of interest. What is really harmful about inflation is not the rise in prices, but the failure to anticipate and offset them. Though Lerner's definition has greater validity from the point of view of anti-inflationary measures, the popular definition throws adequate light on the meaning of the term. However, for the sake of convenience, we will accept this popular definition and analyse the reason why it occurs.

Money Supply and Inflation

The explanation to this question is diverse. One type of explanation runs in terms of monetary supply and explains inflationary trends in prices in terms of an increase in the supply of money. This is generally called classical theory of inflation and the leading member of this group is Fisher. Fisher's quantity theory of money (MV=PT) is a clear indication of this approach. In his famous book *Inflation*, Fisher points out that "price level almost invariably shifts with monetary factors—gold, silver, paper, credit—and very little with commodity factors. The latter control only the deviations of individual prices from the average price movement. In a word, supply and demand dictate each individual price relative to the price-level, but money dictates the price-level itself." This means that, when there is an increase in the total supply of money without a commensurate increase in the supply of goods, there would be an inevitable rise in prices.

Inflation occurs when the volume of money actively bidding for goods and services increases faster than the available supply of goods, when the growth of national income in money units is greater than its growth in physical units, according to Mr. Golden Wieser who wrote on "Inflation" in the April 1941 issue of the *Federal Reserve Bulletin*.

But this definition is now more or less rejected. In Germany, the price level rose to dizzy heights during the early twenties. It has been calculated that prices increased 13,300 million times between May 1921 and October 1923. A two-ounce bar of chocolate cost 330 million pounds during this period. But the total supply of money increased only to a small extent. It is said that prices in Germany, far from being pushed up by the volume of money, actually constituted the active factor drawing out into circulation an ever-increasing volume of money.[1]

In other words, the cause and effect relationship between money supply and prices was reversed. This is the reason why Dr. Einzig distinguishes between money inflation and price inflation. The first relates to that stage of inflation, the first stage as it were, in which overexpansion of money beyond the normal requirements for it pushes up prices; the second relates to the next stage, in which prices get out of control and rise so rapidly that money supply lags behind. And he defines inflation, as "a state of disequilibrium in which an expansion of purchasing power tends to cause, or is the effect of, an increase of the price-level."[2] This interpretation of inflation takes into account not only the rise in money supply but also the other and the more vicious aspect of the problem of a wage, cost of production and price spiral in which each becomes at the same time the cause and effect.

Demand-pull

Keynes gives a different theory to explain the cause and consequences of inflation. According to Keynesians, the quantity theory approach is defective in the sense that it only takes into account the cause of inflation; but does not explain how the cause works itself out. Moreover, the quantity theory approach indicates that an increase in the quantity of money could increase the price-level and thus offset the depressionary tendencies in the economic system. But the experiences of the thirties clearly showed that this is not correct and something more than increase in money supply was necessary to promote recovery. Keynes's definition, therefore, runs in terms of excess demand and this is the hallmark of inflation. Excess demand is the difference between quantity demanded and quantity supplied at a given price. In other words, it is an "excess demand over supply." This excess demand is a common factor to both repressed and open inflation; in the first case prices are fixed by the institution of direct controls, whereas such controls are not in operation under open inflation. Open inflation appears naked in the form of excessive money prices. In other words, open inflation maintains the excess demand, to use the words of Prof. Lerner, by fraud while suppressed inflation maintains the excess demand by force.

Cost-push

The Swedish writers, on the other hand, emphasise the role of factor prices as the cause of inflation. According to Keynes, inflation takes it origin in the form of excess demand in the commodity markets. Price increase in the commodity markets then spreads itself to the factor markets. The Swedish writers feel that excess demand in the factor markets is an essential link in the chain of causation which leads to rise in commodity prices and factor prices.[3] Now this difference in approach has different policy implications. If we feel that excess demand arises in commodity markets the policy implication is that there should be increased production, better distribution, rationing and price control. On the other hand if the trouble starts in the factor market, factorial prices must be controlled in order to maintain stability in price-level.

If we agree that inflation begins from the factor market due to excess demand for factors, it comes to the same thing as saying that inflation is a pure cost inflation. In the discussion of inflation since the war the theory that prices bore the first brunt of inflation has fallen into the background and the emphasis has been gradually transferred to wages. By now the typical picture is probably not that of high prices and high profits drawing up wages, but of high wages pushing up prices. It is true that there is demand inflation in labour market but product prices are regarded as cost determined because they could rise only when costs had risen first.

A variant of cost-push is provided by Charles Schultze's "demand shift" theory of inflation. His model is that there is a shift of demand away from some sectors of the economy, whose output declines, towards others whose output rises. Prices and wages are presumed to be flexible upward but not downward. They will thus increase in sectors whose demand is increasing and these increases will not be offset by the declines in the shrinking sectors. Thus the average level of wages and prices must rise. Further, the sectors faced with a sagging demand will be forced to keep roughly in step with the rising wage level of the expanding industries. Their cost will rise and if cost-plus pricing methods are used, one may find the paradox of rising prices in the face of falling demand. (See Charles L. Schultze, "Recent Inflation in the United States reproduced in Wage Push and All that," by L. G. Reynolds, A.E.R., *Papers and Proceedings*, May 1960.)

Futile Controversy

Now this controversy whether inflation arises due to demand-pull or cost-push seems to be futile. It is possible to show that both factors are necessary to generate an inflationary situation. Dow has analysed four types of demand inflation and has shown how prices and wages behave under different situations. (See J. C. R. Dow. "The Cohen Council on Inflation," *The Economic Journal*, Sept. 1958, pp. 615-18.) The conclusion that he has arrived at is that in some cases price increase is linked to costs, in some cases to prices and in other cases, they are jointly determined by costs and prices. For example, if prices respond freely to demand, they cannot be rigidly linked to costs but if prices are not flexible, they may be fixed with reference to costs. Wherever prices are neither perfectly rigid nor perfectly flexible, it is possible to regard them as being jointly determined, in part by demand and in part by cost influences. Since the last case is generally the usual case, we can take it for granted that inflation is not only a function of demand, it is also a function of cost. What the Governor of the Bank of England said in a speech at the Lord Mayor's dinner to the Bankers and Merchants of the City of London in 1957 may be recalled here:—

"My Lord Mayor, I hear and read much learned discussion about whether we are in a 'cost-push' or 'demand-pull' inflation. I suspect myself that they are parts of the same animal and I am reminded of a fascinating creature in one of the nursery books called the 'push-me-pull you.' If we can shoot one end of that animal, the other end will not long survive."

The Cohen Report emphasises demand as the main cause of price inflation. (See First Report of the Council on Prices, Productivity and Incomes, H.M.S.O., February, 1958.) The idea is probably that cost pressures are never in fact effective except when there is excess demand. But there are cases when prices and wages can rise even though demand is not excessive. For example, trade unions can demand higher wages even in times when there is no rise in cost of living to improve the general economic condition of the labourers. If their demands are conceded due to political or other non-economic causes in one industry, this may spread to other industries and when all firms in an industry are affected by higher wages, there is a general increase in cost of production. This increase in costs brings about a rise in prices all round. It is obvious from this that cost pressure may also be one possible cause of rising prices.

Robbins has argued that price inflation either due to 'cost-push' or 'demand-pull' cannot arise without an elastic money supply. This is another variant of quantity theory of money. But if the quantity of money is not increased, the velocity of money might increase due to pressure of demand for commodities. Now suppose we assume that there is an absolute limit to the velocity of money (which is yet to be proved) and as such fixed quantity of money cannot increase demand to an unlimited extent, there is a possibility that costs will rise due to increased interest rates. So rise in costs might produce a cost-push inflation.

It is therefore better to say that "inflation is a process in which rising costs and prices mutually interact upon each other over time with a spiral effect."[4] Inflation has both the attributes of demand-pull and cost-push. If there is a demand-pull, cost must move upwards in order to increase prices. If there is a cost-push, demand must be sufficient to keep the spiral moving. Otherwise the marking up of prices in one sector of the economy would be offset by a reduction of prices in other sectors. If we accept this analysis, Prof. Robbins and Prof. Paish's objection to cost-push inflation would disappear. Both of them contend that if inflation is primarily due to cost-push, profits would have been adversely affected and since after the Second World War profits have been more or less stable, cost inflation does not stand the test.[5] But if cost inflation, according to our analysis, leads to increase in prices, profits cannot be adversely affected.

We may also go a step further and point out that inflation might also arise due to international factors. National economies are no longer sheltered from international repercussions. Inflation in one economy may spread to other economies and there may be a cumulative process of inflationary development in all inter-related economies. Because, if prices of imported commodities show signs of rise, internal prices may move upwards. It is, therefore, not desirable to explain inflation only by one or two causes. We have to take all the repercussions which affect prices of commodities and factors of production in order to determine the cause and consequence of inflation.

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[1] D. B. Singh, *Inflationary Price Trends in India* since 1939, p. 3.

[2] Paul Einzig, *Inflation*, 1952, p. 22.

[3] Bent Hansen, *A Study in the Theory of Inflation*, 1951, p. 18.

[4] See W. M. Martin Jr., Chairman of the Board of Governors of the Federal Reserve System—"Winning the Battle Against Inflation" in *Readings in Economics*, edited by Samuelson and others, 3rd edition.

[5] Paish. "Inflation in the United Kingdom 1948-57," *Economics*, May 1958.

BURMAH-SHELL REFINERIES LIMITED

STATEMENT OF MR. L. D. MUDIE, CHAIRMAN, AT THE EIGHTH ANNUAL GENERAL MEETING

THE demand growth of petroleum products in recent years, accompanied by a projection of the demand during the third Plan period, was analysed by Mr. L. D. Mudie, Chairman of the Burmah-Shell Refineries Ltd., in his statement at the Eighth Annual General Meeting of the Company, held at Bombay, on Monday, 26th June, 1961. Mr. Mudie also examined the implications of this demand growth to the economy in terms of investment, transport and marketing. He observed that massive efforts on all fronts would be required to meet the fast expanding demand for oil and that it would be prudent "to enlist help from all who are willing to contribute, on terms which are reasonable and still in keeping with the avowed objectives of Indian economic development."

The following is the full text of Mr. Mudie's statement:

"GENTLEMEN:

"The Directors' report and statement of accounts for the year are before you. The crude oil intake of the refinery was 366,035 metric tons more in 1960 than in 1959, with income from refining increasing from Rs. 10.91 crores in 1959 to Rs. 12.33 crores in 1960. As from 1st January 1960 your Company ceased to benefit from the relief provided under Section 15 (c) of the Income-tax Act and, in consequence, has had to set aside Rs. 2.61 crores for taxation on 1960 profits as compared with Rs. 1.90 crores charged in the 1959 accounts.

"An interim dividend of 15 nP per rupee was declared and paid in November 1960 on the paid-up ordinary share capital absorbing Rs. 207.3 lakhs and the Board now recommend a final dividend of 5 nP per rupee which will absorb a further Rs. 69.10 lakhs; income-tax at 20 per cent will be payable on these dividends.

Growth of Demand for Oil

"I do not think further comments are required in respect of the details of our 1960 statement of accounts which are set out fully in the documents already circulated to you. I would now like to take this opportunity to give a few figures regarding the growth of oil demand during the last five years under the dynamism of the second Plan period and also project this picture into the third Plan to see what contribution your Company has to make in this context.

"In the process of the many-sided development through which the Indian economy has been passing, oil has effectively played its part. Total inland oil consumption will have risen to about 7.8 million metric tons in 1961 from 4.9 million in 1956, a 59 per cent increase during this period. The percentage rise in consumption has varied from product to product; thus, demand for High Speed Diesel Oil will have risen by 162 per cent, while the demand for Furnace Oil will have gone up by 57 per cent, that for Light Diesel Oil by 48 per cent, Lubricants by 47 per cent and Kerosine by 36 per cent.

"There appears to be much support for the view that we should provide for an annual compound growth rate of about 12 per cent during the third Plan period, as compared with the rate of 10 per cent experienced in the second Plan. These projections will naturally require revision at regular intervals, but it is generally recognised that energy is an essential overhead of economic growth and the growing importance of oil in the Indian pattern of energy consumption has been well demonstrated during the last decade.

"At the meeting of the Oil Advisory Committee held in May this year, a figure of 13.55 million metric tons was agreed as the likely inland demand in 1966. Including the provision for international bunkers, total demand for refined petroleum products will be about 14.14 million metric tons representing a crude oil equivalent of about 15.27 million metric tons. The Oil Advisory Committee will review their forecasts at regular intervals and experience may well show an upward revision is necessary. Your Company attaches much weight to these figures, for, with such targets before us, the exchange of ideas and plans between the public and private sectors is greatly facilitated, thus leading, it is hoped, to an understanding that a full contribution from both sectors is essential, if the task ahead is to be completed in time.

"While opinions may differ in regard to priorities, one incontrovertible fact emerges, namely, that to meet a demand of the order of 15 million metric tons of crude equivalent by the end of the third Plan, investment on a large-scale in all phases of the business is required not only now but as a recurring need into the long-term future. The oil industry is highly capital-intensive and experience has proved that to find, produce, refine and distribute to the consumer one million tons of oil calls for a capital investment of approximately Rs. 60 crores. It is apparent, therefore, that an increase in consumption by about 7 million tons over the third Plan period calls for a capital investment of some Rs. 400 crores if this increase alone is to be assured.

Time Factor

"Investment is only one aspect of the problem. Equally important is the time factor; here, there are no short-cuts. There is no way of finding oil without drilling; the risk of failure is great and even successful ventures take many years and consume much money before the fruits of success in the form of commercial production of crude oil are ready to reach the consuming market.

"From the moment of inspiration, to engineer, construct, staff, and bring on full stream a new refinery, is the work of years.

"The distribution of oil presents its own special problems in a country the size of India; here is a railway system doing a magnificent job but nevertheless unable always to cater for the full traffic. The road system is still in the development stage. An oil distribution network must therefore provide innumerable upcountry storage points to ensure the smooth flow of supplies throughout the country.

"I am convinced that for prompt, effective action to meet these challenges there is need for a massive effort, attacking the problem from as broad a front as possible, and enlisting help from all who are willing to contribute, on terms which are reasonable and still in keeping with the avowed objectives of Indian economic development.

Company's Offer and Government's Reply

"In his speech at this meeting last year the Chairman said that, provided we were permitted to go ahead with our expansion proposal, there might be room for further modification in the terms of the 1951 Refinery Agreement in addition to the Duty Protection which we had agreed to forgo.

"Arising from the above statement the Ministry of Steel, Mines and Fuel informed the Company that the question of revising the Refinery Agreement and a proposal to expand the capacity of the refinery would have to be treated quite separately and that it would not be desirable to link them together. This letter was dated 14th September 1960.

"In February this year, the Company received an official reply to its original proposal for the expansion, but, in this instance, Government stated that they were unable to consider any proposal for the expansion of the refinery in terms of the 1951 Agreement. The letter went on to state that, as the total refinery capacity likely to be available by the end of the third Five-year Plan period would be about 10.75 million metric tons and product demands at that date had been variously indicated as 10 to 14 million metric tons per annum, Government had decided, subject to reconsideration in the light of a more accurate forecast of product demand by the Oil Advisory Committee, that further increase in refining capacity in the private sector was not considered necessary. As mentioned earlier, the Oil Advisory Committee has now estimated product demand in 1966, including international bunkers, at about 14.14 million metric tons.

"Revised cost estimates, which have more recently been communicated to Government show that the additional million tons of refining capacity will cost only Rs. 2.83 crores, a fraction of the cost of constructing a new refinery of comparable capacity, and that the project to manufacture Lubricating Oil, now stepped up from 60,000 to 100,000 metric tons capacity per annum, will cost Rs. 6.47 crores. The total cost of the two projects has therefore been reduced by Rs. 2.28 crores and I would remind you that there will be no request to Government for foreign exchange, which will be provided from our own resources.

"Despite the cool reception which these proposals have received so far, I feel they are so sound and their acceptance is so much in the country's interest that we should be optimistic about the final outcome.

A Notable Achievement

"It will, perhaps, be useful again to refer to the sustained increase in Middle Distillate production and reduction in yield of Motor Spirit achieved by your Company between its commencement of operations and the year under review:

	1955	1960
Motor Spirit (% production on crude intake on weight basis)	22	14.9
Middle Distillates (% production on crude intake on weight basis)	33.5	45.1

"Continued improvements in manufacturing techniques increased crude throughput, as already stated, by 366,035 metric tons to a total of 2,843,010 metric tons in 1960, producing an additional 295,000 tons of essential Middle Distillates and only a marginal extra quantity of Motor Spirit. This represents a substantial contribution towards minimising the import of deficit products. Today, your Refinery is operating at a rate equivalent to an annual crude intake of 3 million metric tons and this further achievement is in logical conformity with the concept of utilising the country's capital assets to the maximum—a cardinal principle in a capital hungry world.

Encouraging Indications

"While there will be a critical period of product imbalance with a considerable surplus of Motor Spirit following the commissioning of the Gauhati and Barauni Refineries, there are encouraging indications in the longer term. One favourable factor is the development of chemical and fertiliser industries based on a light petroleum feedstock and, in this connection, a contract has been concluded by our Marketing Associates with F.A.C.T. for the supply of naphtha to their Fertiliser Plant at Alwaye. Also of interest is a contract recently signed by our Marketing Associates with the Fertiliser Corporation of India for the supply of 50,000 metric tons of refinery gas annually to their Trombay Plant.

"Before I close, I would like to refer to four further points of interest.

"During last year, negotiations were undertaken with Government for permission to manufacture Jute Batching Oil and I am happy to report that the necessary licence has now been received and the Refinery has already commenced production of a high quality which conforms to the very special requirements of the jute industry.

"Our Marketing Associates are in negotiation with the Oil and Natural Gas Commission for processing at our refinery indigenous crude from the Ankleshwar oilfields. Many important details have yet to be settled, but the Railway Authorities have in hand the laying of sidings at the refinery site to handle this crude oil traffic in tankwagons.

"Your Company offered to train 18 operators for the Gauhati Refinery and also to accept two of their senior staff for study visits. These offers have been accepted and training will commence shortly.

"Your Managing Director, Mr. G. B. Stanger, was honoured to accept the invitation extended to him last year by the Council of Scientific and Industrial Research to serve as a member of the Governing Council of the Indian Institute of Petroleum. I have no doubt that he will bring to bear on the deliberations of the Council his wide experience in the oil industry acquired over many years in different countries.

"It remains for me to thank the Managing Director and those who worked for him for the considerable achievements of the year under review. The encouraging financial and technical results referred to earlier are the result of their hard work and ingenuity and, in the full expectation that these qualities will be with us in the years to come, we look to the future with confidence."

THE METAL BOX COMPANY OF INDIA LIMITED

REVIEW BY THE CHAIRMAN, MR. K. C. MAHINDRA

THE Twenty-eighth Annual General Meeting of The Metal Box Company of India Limited will be held on Wednesday the 19th July 1961 at 59C Chowringhee Road, Calcutta. The following is a copy of the Review by the Chairman, Mr. K. C. Mahindra, which has already been circulated to members:

"We have concluded another satisfactory year, with a rise in sales from Rs. 830 lakhs to Rs. 970 lakhs, 17 per cent over the last year, but of this increase some Rs. 52 lakhs or 6 per cent represents an increase in the price of raw materials, largely due to the substantial excise duties imposed last year on two of our basic materials—tinplate and aluminium. The Company's sales emphasis during the year has been on earning or saving foreign exchange. A substantial expansion in exports was achieved following vigorous promotional efforts. Calcutta No. 2, a factory devoted to foreign exchange saving products, namely, industrial components and machinery (previously imported) and plastics (made from local materials) achieved an 85 per cent increase in turnover. For the rest of the business the net increase was 8 per cent, reflecting the steadily growing demand for packaged goods.

"The Company has maintained its position despite increasing competition due to its continued ability to offer high quality products and service. Production resources, however, were extended in the latter half of the last calendar year, as a consequence of a temporary deterioration in the flow of tinplate supplies which was beyond our control. We are aware and sincerely sorry that our customers in certain areas were seriously inconvenienced during this period. However towards the end of the financial year the position improved and customer goodwill has, by and large, been regained.

"I feel constrained to repeat the emphasis I laid in my review last year on the question of pilferproofing. Newspapers report almost every day the widespread extent of adulterated and spurious products in the country, possibly affecting the health of the nation. The consumer package of which we offer such a large variety is perhaps the only sure means of beating the traffic in spurious goods. Typically its brand name is indelibly marked by lithography applied direct on to the metal; once factory-sealed it is tamperproof. The extension and improvement in the range of these packages is constantly engaging the engineering and research resources of your Company, but the high price, inflated by indirect taxation, of such essential packing materials as tinplate, aluminium and polyethylene favours the use of bulk packings. Since the product is dispensed loose from these, they constitute a standing invitation to adulteration and substitution.

"The change-over to the metric system during the year provided some challenges to our production and marketing departments, but with the assistance of the Indian Standards Institution to the industry and the enlightened co-operation of our customers, our tasks have so far proved simpler than we anticipated.

Role of Containers

"It is necessary for me to reflect here on the factors governing the operation and growth of a Company like ours, at a time when there appears to be an insufficient appreciation, by the planning authorities, of the role an efficient container-making industry can and needs to play in India's developing economy. Owing to lack of foreign exchange and insufficiency of home production of tinplate, your Company is unable to expand and diversify its production of containers using this metal as base. It is not realised that the production of apparently simple cans and closures, to the absolutely consistent quality standards essential for modern packaging systems, necessitates a complex industry employing engineering and technological skills of a high order. How complexity is rendered simple is told in the short illustrated story of a prawn can published with this review.

"This impression of insufficient appreciation is reinforced by a list issued earlier this year by the Ministry of Commerce and Industry which includes, amongst the manufacturing licence applications which may *ordinarily* be rejected without reference to the Licensing Committee, those concerning tin containers, collapsible and rigid tubes, *excepting* where the fabrication is to be done by the packer himself. This policy decision is misconceived. It is vain to expect a packer to install the highly complicated and automated machinery required for producing Open Top food cans or lithographed General Line tin-containers and tubes to modern quality standards, for he will not have the requisite volume over which to spread the costs of expensive installation and overheads. Except in the case of plain unlithographed cans, usually large ones where freight considerations are overriding, packers almost invariably find it to be in their own interest to buy their containers from specialists who through larger-scale operation and continuous technological improvements can offer a better and more efficient product which will satisfy the requirements of the home demand as well as the highly competitive export markets.

"This has undoubtedly been the experience in such countries as Britain, the United States, Japan, Canada, France, Germany, Holland, Australia and Malaya. To quote but one instance, over the last seven years Japan has developed her annual canning of processed foodstuffs from 700 million labelled cans, mostly unlacquered and undecorated, to 2,000 million cans, most of which now are either internally coated with protective lacquer or decorated outside with process-resistant lithography. This spectacular advance, both technological and quantitative, could not have taken place but for the existence of a progressive, responsive, and highly organised can-making industry. I suggest that Indian packers, and food-packers in particular, need behind them a well-equipped and equally capable can-making industry, as an essential pre-condition to their playing their proper part in conserving food which at present goes to waste. Your Company aims at providing this service of supply backed by its Research Laboratories and can-closing machinery building operation in Calcutta. It is rational that packers of food—or, for that matter, or pharmaceuticals and other packs—should devote their energies and talents to developing the quality and volume of their production, rather than diverting them to the specialised business of can- or tube-making.

Aid to Export Promotion

"Nor should the package-makers' role in developing the country's export markets be underestimated. It is a simple fact that Indian manufacturers will only succeed in selling their products abroad if they are packaged to international standards. In this context it is necessary to stress the important point that high quality in the can-making industry is achieved by complex mechanised methods, justified only by a large volume. High quality in these markets is essential for competition there is fierce and we are up against foreign manufacturers who have all the advantages stemming from a massive volume of domestic production. For these reasons it is not possible to produce a utility standard for the domestic market and a higher standard for export. The quality standards in an exporting nation must be such that its products in the domestic market are increasingly worthy of exporting. Only if they are well packaged can consumer goods exports grow as they should; approximately Rs. 4 crores per annum of such exports are made possible today by your Company's packages and their is room for massive growth if we analyse the factors favouring exports correctly and act accordingly.

"I, therefore, hope that the authorities, in the interest of superior and more economical supplies in the home market and the more vigorous development of exports, will take a realistic view in their licensing policy for India's container-manufacturing industry.

Raw Materials

"The overall availability of tinplate throughout most of the year was maintained at a satisfactory level. The crisis that developed at mid-year in Bombay was due to the delayed shipment of plate procured from overseas under D.L.F. arrangements. Although every effort was made to achieve maximum production from the resources available, the operational efficiency of our Bombay factory was thereby adversely affected for several months.

"Although the year opens with a satisfactory stock level, the outlook for the current year cannot be without anxiety. If Tatas proceed with the planned closure for overhaul of their billet mill, the Tinplate Company of India will be required to obtain their tinbar from unfamiliar sources. It is not difficult to visualise the manufacturing problems that could ensue. Rourkela is not expected to commence tinplate production until the end of the year and the continuing gap between indigenous supply and current demand can only be met by imports. This is not a situation which allows complacency in the face of the critical foreign exchange position.

Tinplate and Aluminium

"Looking beyond the current year, Rourkela will provide only short-term relief, as the demand for tinplate is rising at a rapid rate. The National Council of Applied Economic Research have estimated that by the end of the third Plan tinplate demand will have reached 250,000 tons and we have no reason to disagree with this estimate. It is believed that to meet this the Government of India contemplate licensing production capacity of 320,000 tons. Until a really substantial expansion of production capacity is put into effect, the import bill for tinplate will be heavy, notwithstanding the considerable efforts being made to utilise alternative packaging materials. Meanwhile, if the means of providing adequate imports are not found, the effect on the many industries dependent on tinplate containers for their packaging will be far-reaching with corresponding repercussion on the economy as a whole.

"The Company's consumption of aluminium, although to an extent limited by availability, again increased. Arrangements have since been made to procure a somewhat larger tonnage during the present year. Compared with the prices ruling elsewhere, the cost of Indian aluminium is very high. As the additional sources of supply now planned come into production this is a factor which will require the industry's consideration if the use of aluminium as a packaging material is to be properly developed.

"Supplies of deep drawn mild steel were obtained during the second half of the year in sufficient quantity to allow increased production of industrial components. The outlook for the current year is at present uncertain but every possible effort is being made to ensure availability either from D.L.F., rupee payment or barter sources. It is to be hoped that the Company's representations on this score will not be ignored as the range of components now produced for the automotive, electrical and other industries represent in most cases direct saving of foreign exchange.

"Co-operation between the Company's Research Laboratories and the suppliers of ancillary materials continued fruitfully during the year. As a result the Company's usage of wholly indigenous materials has broadened satisfactorily as quality has been brought up to the required standards.

Development

"The Company's Technical Development Section contributed significantly during the year to the improvement of manufacturing methods and the design and introduction of new products.

"Calcutta No. 2 at which the Company's development projects are concentrated had a satisfactory year of consolidation. In the Plastics Works the range of products has been extended.

"The expansion of machinery building facilities was continued. The range of plant for customers' use was increased and a start has been made on the building of replacement equipment for internal use. Foreign exchange savings are directly proportionate to the output of this section.

"A small expansion of the Bombay factory building was completed and occupied while construction of an additional floor to the Bombay administrative block was started. These additions will facilitate improved plant layout and develop to the full the existing Worli site.

"The transfer of plant to Faridabad was largely completed during the year; only a small reforming operation now remains at Azadpur. The availability of power did not improve as anticipated and in order to work a day shift generating equipment had to be installed.

Board Changes

"In April 1961 Mr. R. W. Westbrook retired to return to an appointment in the United Kingdom. A member of the Board for fifteen years and Managing Director for the last three, he had served your Company with great loyalty, enthusiasm and skill for over twenty-five years. It was with regret that we said farewell to him.

"The Board have appointed Mr. H. K. S. Lindsay as Managing Director and Mr. J. N. de N. Cochrane-Barnett as Deputy Managing Director. Both have wide knowledge and experience of the Company's affairs. Mr. Lindsay has been a Director since 1951 and Mr. Cochrane-Barnett since 1957.

Employee Relations

"Good relations between management and employees have continued: it is gratifying that the latter and their representatives have as much faith in bipartite negotiations as the former. In pursuance of the Company's policy of keeping well abreast of area practices, agreements were concluded on the reclassification of occupations, wages and salary, dearness allowance, and other conditions of service. Regrettably the daily rated employees in Madras constitute a solitary exception to this pleasant picture: for the third consecutive year no bipartite negotiations have been possible notwithstanding the settlement of a five-year agreement covering the revision of salaries and grades with the Madras monthly rated employees.

"Training remains an important feature of personal policy. During the year the Company strengthened its own training arrangements and took every available opportunity for its staff to participate in suitable outside seminars, productivity teams and courses calculated to improve job knowledge, performance and potential for promotion. The scope of this activity has covered literally every category of personnel from the daily rated worker to the Managing Director. The latter, for example, attended the I.L.O./N.P.C. Conference of Industrial Leaders convened for 'heads of organisations of national importance' in the public and private sectors. Other participants in outside courses were two members of top management in the N.P.C's Three-day Seminar on Top Management; one manager at the Administrative Staff College in Hyderabad; three in advanced management courses; sixteen in courses for middle and junior management and salesmen. Nineteen of our Indian managers and technologists went abroad; three to programmes sponsored by the N.P.C. and sixteen under training, one holding a short-term appointment, with our U.K. associates. Arrangements have been concluded under which the Company's training staff were able to commence regular residential courses of two to three weeks' duration for managers, management trainees, salesmen and foremen. So far thirty-four have undergone residential courses, twenty-eight men other training courses. The Company has continued to support the Workers' Education Scheme: Calcutta No. 1 has been the most active, their Unit Level Centre has now trained its third batch of workers.

"It is gratifying for me to record the valuable co-operation of the Company's employees in our growing activities and I thank them and management for a year of hard and constructive work."

INDIAN BUS FLEETS EXPAND

Two of the largest bus undertakings in India have ordered a total of 140 single-deck buses from Ashok Leyland Ltd., of Madras. Thus, the Uttar Pradesh Roadways, the largest operator of Leyland Comet buses in India, has placed a repeat order for another 100 Comets valued at over £285,000. The Roadways already operate over 640 of these buses, which are reported to be returning the extremely satisfactory average fuel consumption of 18.5 m.p.g. They also operate 17 underfloor-engined, 43-seat Leyland Tiger Cubs on inter-city services.

The Ahmedabad Municipal Transport Service had ordered 40 Leyland Royal Tiger Cub chassis for operation on a new service between Ahmedabad and the newly rising capital city of Gujarat, Gandhinagar. These underfloor-engined chassis are powered by the 125 h.p. Leyland 0.600 diesel engine and equipped with Pneumo-Cyclic "no clutch" gearboxes. They will augment Ahmedabad's fleet of nearly 200 Leyland Comets and 40 Royal Tiger Cubs with synchromesh gearboxes.

PREMIER FERTILISERS LTD.

The first annual meeting of the members of the Premier Fertilisers Ltd., in accordance with the provisions of the Companies Act 1956, was held on 19th June 1961, at the registered office of the Company, when the audited balance-sheet and the expenditure during the construction account for the period ended 31st December 1960 was adopted. Mr. M. Ct. Muthiah, Chairman, reviewed the progress made so far and observed, in the course of his speech, that the contract for the civil work had been finalised and that the actual execution will start in the next few days: In the meantime, arrangements for other services like water and power supply were being attended to.

According to the latest information received, one shipment, consisting of two instalments of machinery due, has been despatched from Germany and it is expected that the same will be received in a month or so. The indigenous items ordered are also getting ready and it is expected that the scheduled regarding the erection of the machinery and the target fixed for the commencement of production sometime in January 1962 could be adhered to.

KAMANI ENGINEERING CORPORATION LTD.

CHAIRMAN, MR. R. H. KAMANI, STRIKES AN OPTIMISTIC NOTE

THE Fifteenth Annual General Meeting of the shareholders of the Kamani Engineering Corporation Ltd., was held at Bombay on 29th June 1961. Addressing the meeting, Mr. R. H. Kamani, Chairman, observed that the Company was in a sound financial position since all arrears of depreciation have been cleared and the whole of the assets of the Lahore factory have been fully recouped. He struck a note of optimism so far as the current year was concerned and said that the trend of higher production was being maintained in the current year and every effort was being made to increase it further provided raw materials like steel, zinc, bolts and nuts were available in time. He disclosed that the agency business booked by the Corporation upto now was satisfactory and the value of orders already secured was 60 per cent higher than the orders secured in the corresponding period of 1959-60. Mr. Kamani was of the view that the third Five-year Plan would provide plenty of opportunities for the Company to expand its business, in view of the large provision in the Plan for power projects with a total outlay of Rs. 1,000 crores.

The following is the full text of Mr. Kamani's speech:

"GENTLEMEN,

"It gives me great pleasure in extending to you all a cordial welcome on behalf of my colleagues and myself to this 15th annual general meeting of your Company.

"The Directors' report, audited profit and loss account and balance-sheet for the year ended 30th September 1960 have been in your hands for some time and with your permission, I propose to take them as read.

Profits Rise

"The net earnings of the Company before providing for Managing Agents' remuneration, taxation and depreciation for the year under review has reached a record figure of Rs. 20.89 lakhs as against Rs. 19.49 lakhs in the previous year. The amount set aside for depreciation is Rs. 4.89 lakhs and for taxation Rs. 6.70 lakhs. The balance of Lahore assets amounting to Rs. 2.88 lakhs has been written off completely in this year's account. In spite of this, rate of ordinary dividend has been slightly raised from 7.75 per cent taxable to 8 per cent taxable. You will please observe that the Company is now in a more sound position since all the arrears of depreciation and the whole of the Lahore assets have been fully recouped.

Record Production

"All previous records of factory production have been broken. Production during the year under review was 13,485 metric tons, over 30 per cent higher than the previous year's production. This trend of higher production is being maintained during the current year and effort is being made to increase it still further provided raw materials like steel, zinc, bolts and nuts are available in time.

Highlights of 1960-61

"Having presented to you a brief picture of the financial and production achievements of the year under review and the production trends of the current year, I would like to take this opportunity of conveying to you some of the highlights of important events of the current year. In doing so, I am limiting myself only to the achievements during the current year, as the important achievements for the year under review have already been included in the Directors' report.

"Agency business booked during the current year uptil now is satisfactory and the value of orders secured is about 60 per cent higher than the orders secured in the corresponding period of the year under review. This includes an additional order for the third generating set of 15 M.W. capacity for the Barauni Thermal Power Station and an order for a complete hydro-electric plant of 9 M.W. capacity for the Trisuli Project for Nepal.

"The Company is also fortunate to secure the orders of over Rs. 6 crores from the Government of India placed on their principals in Europe for supply of railway materials on which the Company would earn substantial commission.

Foreign Orders

"Our entry into the export market under global competition has been quite encouraging. As stated in the Directors' report, apart from Canada, West Indies and Thailand, sizable orders for 1,100 tons of transmission line towers from the New Zealand Electricity Department and further 650 tons of transmission line towers from the Government of Nigeria have been secured. There are other much larger orders under negotiations from other countries which your Company is hopeful of receiving during the current year.

"Regular production and sales for the newly developed Mark II Kamani-Twose Tractamount Road Roller have been undertaken and the department is progressing well.

Participation in Third Plan Projects

"The total outlay of expected expenditure for the power projects of the third Five-year Plan amounts to about Rs. 1,000 crores including about Rs. 220 crores of the continuing schemes of the previous Plan. The above figures include an outlay of Rs. 190 crores for transmission and distribution lines and about Rs. 100 crores for rural electrification. Your Company is keenly interested in participating in the above national developments to the maximum possible extent by (*a*) supply of power plant requirements of the various projects and (*b*) supply and erection of transmission and distribution lines and supply of equipments for rural electrification schemes. Plans are being prepared for equipping your Company to achieve the above objective.

Fruitful Technical Guidance

"During the current year the Company was fortunate in having as visitors several management and technical experts who, besides commending the methods and procedures of the production department, gave valuable advice for improving further the methods of production to render high production at lower cost with minor additions to the existing plant facilities. The Research and Development Department specially set up for studying these suggestions and planning to implement them has done considerable work, the benefits of which would be realised in the coming years. Besides, the newly appointed Technical Advisory Board under the able chairmanship of Mr. N. N. Iengar, (B.E.), M.I.E.E., ex-Chairman of the Central Water and Power Commission, has made very valuable recommendations which, when implemented, will further improve the manufacturing methods resulting in improved quality of the products and considerable economy in cost of production making our products highly competitive in the home and international markets.

Brighter Future

"Our present achievements and hopes for brighter future are a result of good efforts and co-operation of workers and staff of your Company and the encouragement and backing that your Company has received from all of you from time to time, for which I sincerely thank one and all."

Note:—*This does not purport to be a report of the proceedings of the general meeting.*

The U.S. Government has given its approval for a loan of Rs. 4 crores ($8.1 million) to Air-India International Corporation towards meeting a part of the cost of two Boeing 707 inter-continental jet aircraft. The credit has been channelled through the U.S. Export-Import Bank. Air-India at present has four jet aircraft. The addition of two more planes will go a long way towards meeting Air-India's goal of operating an all-jet air fleet. As the operation of piston-engined aircraft is becoming increasingly non-competitive, the Corporation is planning to retire its Super-Constellation planes and replace them with jet airliners. Three of the jet aircraft in service were brought with credits extended by the World Bank and certain commercial banks in the U.S. The fourth plane, which entered service in April last, was financed in part by a loan of $4.1 million extended by the U.S. Export-Import Bank.

AMAR DYE-CHEM LIMITED MAKING STEADY PROGRESS

PRODUCTION EXPANDING—LICENCE FOR MAKING INTERMEDIATES OBTAINED

MR. A. K. DOSHI, CHAIRMAN, ON ISSUE OF NEW SHARES AT A PREMIUM

ADDRESSING the Seventh Annual General Meeting of the Amar Dye-Chem Ltd., held at Bombay on Thursday, 29th June 1961, Mr. A. K. Doshi, Chairman, expressed satisfaction over the import policy for the period April-September 1961, which, according to him, was favourable for the growth of the dyestuff industry. He said that both production and sales were expanding and that the position in regard to raw materials was satisfactory. Alluding to the Company's expansion programme, he disclosed that the Company had already obtained licence for the manufacture of 2,155 tons of intermediates for dyestuffs. He also stated that one of the Directors of the Company, Mr. J. H. Doshi, was finalising arrangements for securing the requisite technical know-how for the intermediate and Beta-Naphthol projects with foreign firms. He made some pertinent points on the Government's policy of compelling companies to collect a premium on the issue of fresh equity capital on the basis of prevailing market values.

The following is the full text of his speech:

"GENTLEMEN,

"On behalf of the Directors, management of the Company and myself, I have great pleasure in welcoming you all here this afternoon, at the seventh annual general meeting of the Company. The Directors' report and the audited accounts for the year ended 31st December 1960 have been in your hands for some time and with your permission, I shall take them as read.

"This is the fifth year of our commercial production and in keeping with the trend of progress, this is another year with encouraging records of achievements for your Company. This is due, in large measure, to improvements in the process and methods of production, new product development and streamlining of equipments.

Profits Satisfactory

"The profits realised have been satisfactory. They amount to Rs. 62,11,093, as against Rs. 58,81,002 in 1959. These record profits have enabled your Directors to add to the general reserve fund, created last year, a substantial sum of Rs. 14,99,206.

Improvement in Sales

"The turnover position of the Company is found satisfactory. It effected sales of 764.5 tons of finished products, as against 685.3 tons in the previous year. The amount in value aggregates to Rs. 1,76,14,572 as against Rs. 1,72,40,182 in the previous year. This anomaly is due to various factors. The sellers' market gave way to the buyers' market. Further there was keen competition due to imports under licences for export promotion scheme, bilateral trade agreement, etc., and the prices of a number of items had to be reduced. In view of all these, the fact that there is a slight increase in the sale proceeds of 1960 should be considered immensely satisfactory.

"In 1960 the factory achieved production of:

429 tons of Naphthols,
408 tons of Fast Bases and
217.8 tons of BON Acid

as against

385.6 tons of Naphthols,
380.7 tons of Fast Bases and
182.1 tons of BON Acid

during the previous year. There is thus a remarkable improvement in the production capacity of the factory. And this shall be particularly apparent from the fact that, during the year under report, there was some loss of production for about two months on account of the extra floors being constructed on each of the Naphthol and Fast Base Plants. You will be pleased to know that efforts are being made to reach the installed capacity, as continued improvements are being made in processes and methods and the plants are being modernised. Here we presume that everything would go well with the imports of raw materials.

"The Company has also been able to set apart a sum of Rs. 5,00,000 towards redemption of 20,000 redeemable cumulative 6 per cent (tax-free) preference shares of Rs. 100 each and thus create a fund called 'redemption reserve fund.'

Exemption from Income-tax

"I am in a position to inform you that the Income-tax authorities have issued a provisional certificate that the amount eligible for exemption under Section 15(C) of the Income-tax Act will be Rs. 10,40,000 only, which is in fact the amount provided for distribution of dividends on preference and equity shares. Thus, the dividends that will be distributed to the shareholders shall be out of the exempted profits and shall be without deduction of income-tax as required under Section 18(3f) of the Income-tax Act. The Company, however, estimated such profits at Rs. 13,56 196 and the same were transferred to reserve account styled 'special reserve—profits under Section 15(C).' The matter is being further pursued and, if approval is not granted to the balance of Rs. 3,16,196, this amount or any part thereof will have to be added back to the general reserve account.

Import Policy

"The import policy of the Government of India so far as products of the Company are concerned, took an unfavourable turn from October 1959-March 1960 onwards. Not only the imports of items manufactured by the Company were liberalised but a ban enforced from October 1957-March 1958 to April-September 1959 was removed. This had put the Company in a very difficult position, as it had to meet severe competition from cheap imported materials. Ever since the reversal of the well-established policy of the Government to extend protection to the growing dyestuff industry, the Company tried hard to impress upon the Government to revise the retrograde policy. I am glad to inform you that the Company's efforts have borne fruit. The licensing policy for April-September 1961 is favourable to the growth of the dyestuff industry. Not only the imports of dyes have been curtailed from 20 to 12½ per cent, but also the import of fast bases manufactured by the Company have been restricted to the symbolic 5 per cent. There is also a salient feature that enforces compulsory import of intermediates to the extent of 35 per cent of the face value of the licences issued under export promotion scheme. This will go a long way towards easing the situation created by the reduction in the raw materials quota by the Government.

"In the last quarter of the year 1960, the Government of India instituted Tariff enquiry to review continuance of protection of the dyestuff industry. A very comprehensive questionnaire has been issued, calling for detailed information about production, sales, cost, etc., from the manufacturers and the same have been furnished by the Company. It was brought to the notice of the Government that the inquiry at this juncture was premature. Dyes are at present manufactured from imported penultimate intermediates. When dyes come to be manufactured from indigenous intermediates, the position will completely change and the decisions taken on the basis of present cost, price and profits will have no bearing whatsoever. However, it is contended by the Government that the inquiry has been postponed sufficiently long and cannot be postponed further.

Heavy Incidence of Excise Duty

"Faced with the task of bridging a large gap between expenditure and revenue and in pursuance of a policy of broadening the base of indirect taxation, the Finance Minister has, in the latest budget imposed an excise on coal tar dyes. The new excise at 15 per cent *ad valorem* was imposed from 1st March 1961 and has no effect on the operations of the year under report. Care has been taken that indigenous dyestuff industry does not get adversely affected. With that end in view, a countervailing duty of 15 per cent is levied on dyes imported into the country. But the dyestuff industry is still in its initial stages of development and is it not too much to expect of it to bear the imposition of such a heavy excise? The Government proposes to realise a sum of Rs. 67 lakhs from the excise levy imposed on the coal tar dyes. If that is their objective, I am sure, an excise levy of 5 per cent would have served the purpose.

Expansion Programme

"In my speech last year I referred to the expansion programme of the Company. I am sorry to state that there has been some delay in the implementation thereof. As reported by the Directors, the Company has secured a loan of Rs. 15 lakhs in foreign currency for import of capital goods required for TPM Plant and new BON Acid Project. Thereafter an application for licence has been made and about five months have gone by, but the licence is yet in the process of coming. You are aware that the capital goods required for the dyestuff industry are of highly specialised nature and the suppliers take as much as a year after receipt of the firm order. This, then, is the way how work gets unnecessarily delayed. I would further cite another instance. The Company submitted a proposal to the Government for the manufacture of intermediates for dyes as early as on 15th January 1960. The Government has taken more than 15 months to process the application and, ultimately, a licence for manufacture of 2,155 tons has been granted to us on 15th April 1961. Your Director, Mr. J. H. Doshi, has been visiting Japan, U.S.A., U.K. and U.S.S.R. for finalising, among other things, the negotiations for technical know-how for dyes intermediates and Beta-Naphthol projects.

Fresh Issue of Capital

"As to the issue of large capital to cope with the requirements, it was proposed so early as in October 1960 by the Directors to issue fresh capital of Rs. 80 lakhs. An application to the effect was made to the Controller of Capital Issues. Government insisted on according permission to the issue of fresh capital only at a very high premium.

"Regarding issue of new shares at a premium, it is generally based on stock market quotation at the moment of launching the issue. This is not equitable. It should rather be based on the existing asset value of the shares, the time likely to be taken for the new capital to earn income and the range of profit likely to be earned in the future; all these should be taken into consideration. To ignore these considerations and to fix the principle of loading the issue with a premium rigidly on speculative values would mean that the Government, while trying to help the Company, is indirectly helping the speculator and are placing even honest investors on the horns of a dilemma. The latter may be willing to invest in this particular investment, as they know its potentialities, but they know also that, in business, there are cycles of taxation that have been eating into distributable profits. They would have to pay the high premium that may be fixed by the Government even then and in order to reimburse themselves they have to look to the speculator. The policy for consent to issue of new capital should, therefore, be flexible and the point of view of the Company concerned should be given due consideration.

"I hope you will realise that, under the present circumstances, the Directors have taken the wisest course they can adopt and, in the meanwhile, it is hoped that the tendency to accord consent to new issue at a premium will take a turn for the better.

"As referred to in the Directors' report, an agreement for revision of wage scale of workers at the factory has been already concluded.

Prospects for 1961

"I may add that, during the current year, production is satisfactory and the sales, after the setback in the first quarter, have picked up after the announcement of the import policy.

"I shall be failing in my duty if I do not express my gratitude to my colleagues and the Board for their unstinted help and co-operation at all times.

"I now move that the Directors' report, audited accounts, balance-sheet and profit and loss account of the Company for the year ended 31st December 1960 with the Auditors' report thereon be adopted."

Note: *This is not a report of the proceedings at the above annual general meeting.*

FERTILISERS & CHEMICALS, TRAVANCORE LTD.

SPEECH OF CHAIRMAN, MR. T. A. JOSEPH

IMPRESSIVE SCHEMES FOR EXPANSION

ADDRESSING the Seventeenth Annual General Meeting of the Fertilisers and Chemicals, Travancore Ltd., held at Eloor, Kerala State, on 20th June 1961, Mr. T. A. Joseph, Chairman, gave a succinct account of the impressive expansion programmes undertaken by the Company. He disclosed that the third stage of expansion of the unit would be completed by 1963-64, when its capacity would have increased by seven times that in 1959. The first stage of the expansion programme, which provided for doubling the plant's capacity for the production of ammonia and for commencing the manufacture, for the first time in India, of the complex fertiliser, namely, ammonium phosphate (16-20 grade), had been completed by the end of 1960. The second stage of expansion, now under execution, would be completed in the first quarter of 1962, which, according to Mr. Joseph, would raise the capacity for the production of ammonia to three times that in 1959.

The following is the full text of Mr. Joseph's speech:

"GENTLEMEN,

"I am glad to welcome you to this, the seventeenth annual general meeting of the Company and to present to you the accounts of the Company and the report of the Directors for the year ended 31st December 1960.

"The year 1960 was an important landmark in the history of this Company. It was at the close of this year that the Company completed its first stage of expansion doubling its capacity for the production of ammonia and introducing ammonium phosphate (16-20 grade), a new complex fertiliser for the first time in the country. As the programme was completed by the months of November and December 1960, the fruits of this expansion will be available to us only from this year. While on this, I would like to pay a tribute to Messrs. Seshasayee Brothers (Travancore) Private Limited who were in charge of the management of the affairs of this Company till 15th August 1960 for their wisdom and foresight in planning this expansion programme, as a result of which the Company has become a very versatile producer of fertilisers in the country today.

Peak Production

"The year 1960 is important for another reason too. During the year the Company has achieved the highest figures of production so far in all its departments. The general financial results of the Company have also shown noticeable improvement as you must have seen from the statements of accounts circulated to you. Compared to the previous year the production of ammonia registered an increase of about 34 per cent, ammonium sulphate 36 per cent, ammonium chloride 13 per cent and mixed fertilisers 100 per cent. These achievements have become possible only due to the wholehearted co-operation and hard work of the executives and workers of the Company. The expansion programme of the Company has contributed but little to this increase, as the works in that connection were completed only towards the end of the year. I would take this opportunity to congratulate them on their performance and express our appreciation of the efforts made by them.

Sales At New High

"Our realisations from sales during the year have also reached a new high, in spite of the reductions in the retention price of ammonium sulphate and the sale price of superphosphate effected by the Government of India in April 1960.

"The recent amendment to the Company Law that came into effect in the year has made it necessary for us to revise our method of charging depreciation. You will notice from the Directors' report that we have provided an amount of Rs. 25,09,798 for depreciation this year, as against Rs. 22,11,223 for 1959. We have also provided an amount of Rs. 23,55,000 as development rebate, as against Rs. 3,36,000 for 1959, and you will be pleased to note that our reserves at the end of 1960 will be standing at Rs. 64,30,156, as against Rs. 34,20,917 at the end of the previous year.

"The second stage of expansion now under execution is expected to be completed in the first quarter of 1962, when the capacity for production of ammonia would increase to three times what it was in 1959. The Company has also taken preliminary steps towards the implementation of a third stage of expansion which if taken in hand now can be completed by 1963-64. The capacity envisaged at the end of the third stage of expansion is about seven times that in 1959. Keeping these present and future commitments in view, the Directors considered it prudent to provide for reasonable reserves. Hence they have recommended that the dividend for the year be pegged at the same rate as for the previous year in spite of the better working results. I have no doubt you will appreciate the objective of the Directors and approve of the dividend recommended.

"During this year, the Company is working with augmented capacity as I have indicated earlier. The teething troubles of the new plants commissioned at the end of 1960 are being overcome, and I hope that the results of this year would be quite satisfactory, in spite of the fact that we are not yet getting the full power supply as mentioned in my last year's speech. To add to our discomfiture we have also had to face a power cut in May which fortunately was not for a long duration.

Distribution Organisation

"During this year the Company has expanded considerably its fertiliser distribution organisation in the Kerala State. By an agreement with the Government of Kerala, the responsibility for the distribution of all Government fertilisers throughout the State of Kerala has been entrusted with this Company from April this year. It is our intention to provide sufficient number of distribution points throughout the State so that the cultivator can get his requirements of fertilisers within a distance of four to five miles of his home. The Company is working in close collaboration with the Department of Agriculture to ensure that the policy of Government in regard to the utilisation of co-operative societies and service co-operatives for distribution of fertilisers is fully implemented. The Department of Agriculture of the Government of Kerala has been extending to the Company its wholehearted co-operation and support in its effort to establish a sound distribution system for fertilisers in Kerala State. We are indeed grateful to the Department in this matter.

"As I mentioned last year, the Company has been engaged also in extensive agronomical work throughout the State. We have at present more than 400 demonstration plots distributed all over the State with the purpose of educating the farmers of Kerala on scientific principles of manuring. We have fertiliser officers stationed in each district to render advice and assistance to agriculturists. We have also endeavoured to provide facilities for speedy analysis of soils with a view to arriving at proper dosage of fertilisers for different crops according to the characteristics of the soils in the different parts of Kerala. I am glad to inform you that the response to the measures we have taken in this regard has been encouraging. In Kerala State, which continues to import as much as Rs. 50 crores worth of foodgrains in a year, it is necessary to plan for the production of the maximum possible quantity of foodgrains. With the limitations in the availability of fresh land for extension of cultivation, the only way to achieve the targets of food production is by intensive and scientific manuring. It is our policy to colaborate with the Department of Agriculture in developing the necessary consciousness in our farmers towards the application of fertilisers on a scientific basis so that in course of time, Kerala State should be able to produce the bulk, if not the whole, of its food requirements locally.

Expansion Programmes

"I take it you would like to know something of our expansion programmes. The first stage of expansion has been completed by the end of last year. The second stage of expansion involving the installation of an oil gasification plant to produce ammonia based on naphtha available from Indian Refineries is well on its way. To facilitate the supply of naphtha to the factory, the suppliers, Messrs. Burmah-Shell Oil Company, are laying a pipeline from their Ernakulam installation to the factory site. The construction works are proceeding at a rapid pace and it is expected that the expansion will be completed within the target date.

"The third stage of expansion is still only in the exploratory stage. It contemplates a capital outlay of nearly eight to ten crores of rupees. Negotiations are proceeding at present to obtain the additional capital and foreign exchange required for the expansion. Meanwhile, the Company has already started preliminary investigations to avoid delay in implementation.

"These expansion programmes have been envisaged primarily with a view to reducing the cost of production of ammonia. As I have explained earlier, the production of fertilisers is likely to expand considerably in the immediate future. There is an assured market for all this increased production, as the value of fertilisers for better crops is being realised more and more by the cultivators. In fact, within a short time, fertilisers will become a *must* to every cultivator. When any commodity becomes a *must*, particularly on the food front, it will not be long before its price structure becomes fully controlled by the State, whose constant endeavour will be to progressively scale down the prices. The new firms coming into the field will presumably be having the most modern equipment, and the latest techniques, to keep down the prices. In order to enable us to keep up our competitive position, it is very necessary that we should also have the best available equipment, and simultaneously increase our production to spread our overheads. If we take steps in this direction, with our experience in the field of nearly two decades, and the splendid well-trained and willing team of operatives that we have, I feel confident we can keep ahead in the race, and set standards for the newcomers in the field. Incidentally, in this connection, it would be a great advantage to us if we can get the bulk of our production consumed locally in this State, as it would give us considerable freight advantage *vis-a-vis* our competitors. As I have mentioned earlier, we are already working in close collaboration with the Department of Agriculture, to develop fertiliser consciousness amongst Kerala agriculturists.

Labour Welfare

"I am glad to say that the Company has been devoting considerable attention during the year towards increased amenities to the employees. The Company has undertaken a house-building programme with a view to providing more residential accommodation in its township. Fifty houses have been completed and occupied and fifty more are nearing completion. The intention is that, in the course of a few years, there should be a sufficient number of quarters to accommodate all the employees who require such accommodation.

"During the year, the Company has also accepted the recommendations of the Industrial Relations Committee for the linking of dearness allowance to the working class cost of living index. The average annual earnings of an employee in 1960 stood at Rs. 2,283 compared to Rs. 2,114 in 1959 and Rs. 1,520 in 1955. During the year, the Company has disbursed to its employees an amount of Rs. 8.39 lakhs as bonus. Besides, as a result of the completion of our first stage of expansion, we have been able to provide additional permanent employment to 384 persons.

"The Company has also introduced a scheme for the grant of loans to employees for construction of houses. The Government of Kerala has been pleased to recognise the upgrading of the Upper Primary School in the F.A.C.T. Township to a high school. In all the classes, education is provided through both English and Malayalam media of instruction.

"I would take this opportunity to inform you that a Joint Council of Management has been functioning in this Company since May 1959. The Council has been successful in developing a proper atmosphere of industrial relations. The Council has also been able to create productivity-consciousness among the employees. Useful measures like suggestion schemes, safety awards, etc., have been introduced on the recommendations of the Council. I hope the Council would continue to function on healthy lines and to sustain good industrial relations and to promote better productivity.

"I would take this opportunity to express our thanks to the executives and workers of F.A.C.T. for their good work and devotion to duty."

N.B.—*This does not purport to be a report of the preceedings of the general meeting.*

JUGGILAL KAMLAPAT COTTON SPG. & WVG. MILLS CO. LTD.

SPEECH OF MR. PADAMPAT SINGHANIA

RAYON IS AS IMPORTANT AS COTTON

SPEAKING at the Thirty-eighth Annual General Meeting of the Juggilal Kamlapat Cotton Spinning and Weaving Mills Company Ltd., held at Kanpur on 9th June 1961, Mr. Padampat Singhania, Chairman, called upon the Government to give all help and encouragement to the development of rayon industry which, according to him, was no less important than the cotton industry. He deprecated the tendency among some people, especially in the Government, to consider rayon as a luxury article. He emphasised that as, in the present conditions, it was not possible to produce cotton cloth to fulfil the entire requirements of the people, some substitute fibre had to fill the gap. Rayon, he hastened to add, was the right fibre for this purpose.

The following is the text of the speech of Mr. Padampat Singhania:

"GENTLEMEN,

"It gives me great pleasure to welcome you all to this thirty-eighth annual general meeting of your Company. The Directors' report and the audited accounts of the Company for the year ended 31st December 1960 have been with you and with your permission, I shall take them as read.

"The Company's working results of the year and other important matters such as renovation and expansion programmes undertaken by it have been adequately explained in the Directors' report which is in your hands. It would suffice to say that the results of the year under review are quite encouraging and we hope to report better results next year. However, it would not be out of place, if, as Chairman of the Company, I were to inform you that the Company floated new shares in April 1960 and within a short span of time, say nine months, the Directors' recommendation to distribute a dividend of 12½ per cent even on new shares which ought to be viewed by the shareholders as an evidence not only of the soundness of their investments but also of the efficiency of the management. The management has always been keen not only to modernise the plant and machinery of your cotton unit, but also to expand it. During the year under review, the Company has installed combing machines and also a sanforising plant. The management has also considered schemes for replacement of machinery and other equipments of spinning, preparatory and weaving sections and wet processing department. On this occasion, I would like to make a few general observations on the cotton textile industry and the rayon industry in which your Company is interested.

"With a view to clothing the growing population of our country, increase in the production of cotton textiles is the greatest need of today and all-out efforts are necessary to achieve this objective. In the third Five-year Plan, the target of cloth consumption has been fixed at 16½ yards per head per annum. To reach this target we will require about 1,200 million yards of cloth more. Besides, we have not only to meet the entire internal requirement, but have also to strive to push the exports of cloth, in order to earn the much-needed foreign exchange. This would be possible only if we organise our industry on modern lines by effecting renovations and expansions with the latest machinery and are able to compete with other countries of the world in the level of price and production; otherwise our export trade is bound to suffer. I hope the Government of India would envisage an additional production of about 800 million yards of cloth by the textile industry.

Market Research

"Another point which has to be borne in mind is that the industry must be able to produce cloth to suit the consumers' tastes. Since the standard of living of our people is going up, quality goods are needed in the market. It is, therefore, essential for the industry to study closely the market trends and produce goods according to the changing tastes of consumers in design, colour and fabric. It is only then that we can increase the productivity, profitability and capital of the cotton textile industry and also earn valuable foreign exchange by augmenting our exports. Your Company is striving to work in these directions with whatever resources are available to it. In fact, it is very difficult for the organised industry to stand in competition with the handloom industry, because the former has to pay heavy excise duty and has to face direct competition. This is a great handicap of the industry and merits thoughtful attention of the Government.

"In the sphere of rayon industry, I notice with regret that there is a tendency among people, including some people in the Government of India, to think that rayon is a luxury article and is not suitable to provide cheap clothing for the masses. This notion, in my opinion, is not correct. It is obvious that we must have a suitable and cheap fibre to clothe the rapidly increasing population of the country. What is available to us at present for this purpose is 'cotton.' If we cannot get sufficient supply of cotton from what may be called 'small trees,' we have got to tap 'bigger trees' and find fibre out of them. Similarly some people are of the view that since rayon yarn is produced out of wood, it is not a real clothing fibre but an artificial one. I feel that, with the growth of population and increasing standard of living of our people, it is necessary that they should get varieties of things for their use. As, in the present conditions, it is not possible for the country to produce cotton cloth to fulfil the entire requirements of the people, we have naturally to find out some substitute cheap fibre to fill the gap; and 'rayon' is the right solution of the problem.

"The rayon industry in India which is still in its infancy needs all support and encouragement for its development. If the industry is allowed to develop, it will ultimately be able to produce cheaper cloth to meet the increasing demand of the people. I feel that the present prices of cotton cloth, though they are quite reasonable considering the manufacturing costs of the industry, are rather high in comparison to the purchasing power of the consumers. The prices of cotton also are much too high. I think they cannot be reduced till we are able to find some other substitute fibre and develop its production. For imported cotton, we have to pay about Rs. 2 per lb., whereas rayon pulp costs us only about 50 nP per lb. In other words, for importing rayon pulp, we have to spend Rs. 25 only for every Rs. 100 spent in importing cotton. It will thus be seen that, if we develop the rayon industry, our imports will be curtailed by 75 per cent, which will mean a considerable saving in foreign exchange. In short, the importance of rayon industry in India cannot be overemphasised. It would be unfortunate and detrimental to the interests of the country to discourage the growth of this important industry simply because of the wrong impression that 'rayon' is a luxury article. To my mind rayon industry is no less important than cotton industry and deserves all help and encouragement by the Government. I hope it will receive careful attention of the Government of India and the Planning Commission and will get its rightful place in the industrial expansion programmes of the country.

Sodium Sulphate Plant

"So far as the Company's rayon unit is concerned, the management has decided to put up a plant for the manufacture of sodium sulphate to be recovered as by-product from the rayon plant. Orders have been already placed for the import of the requisite plant and machinery from West Germany and the same are expected to be shipped shortly.

"The Company has received licences for:

(i) Expansion of the existing rayon plant from 5 tons to 10 tons per day.

(ii) Plant for producing rayon grade pulp from cotton linters, with 10 tons per day capacity.

(iii) Fertiliser plant for manufacture of superphosphate, with a capacity of 40,000 tons per annum.

"In conclusion, I have sincerely to thank my colleagues on the Board and to express my appreciation to the officers, staff and workers of the Company for the valued co-operation extended by them during the year."

N.B.—*This does not purport to be a record of the proceedings of the annual general meeting.*

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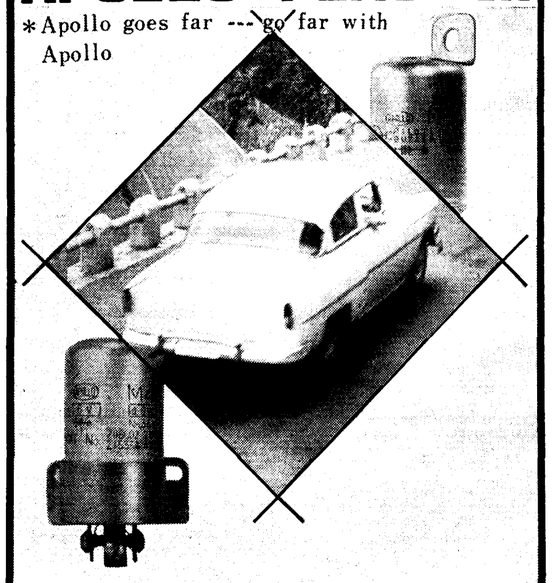

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NEW GREAT INSURANCE CO. OF INDIA LTD.

SPEECH OF MR. AMBALAL KILACHAND

MR. Ambalal Kilachand presided over the Eighteenth Annual General Meeting of the shareholders of the Company held at Baroda on 23rd June 1961, in the unavoidable absence of the Chairman, Mr. Tulsidas Kilachand. In his speech, Mr. Ambalal referred to some of the problems facing the insurance industry.

Removal of Restrictive Regulations

He appealed to the Executive Committee to recommend to the Government to review the Insurance Act as a whole, remove all the provisions such as restriction on commission, etc., and to enact new insurance legislation in a simplified form based more or less on the laws prevailing in a highly developed country like the United Kingdom as, in his view, it was the existing restrictive regulations which hampered the smooth working of the insurance industry.

Quantum of Expenses Limit

Mr. Ambalal also appealed to the authorities to re-examine the provisions of Section 40C of the Insurance Act and Rule 17E of the Insurance Rules pertaining to the quantum of expenses which were fixed over ten years ago at a time when the cost of living and the prices of commodities were very much lower, and to effect the necessary changes in the formula by making it more flexible, so that the industry could conduct the business smoothly under present-day conditions.

Compulsory Cessions to Approved Reinsurers

Mr. Ambalal then referred to the passing of the Insurance (Amendment) Act whereby Government has made it compulsory for all insurers in India to reinsure a certain percentage of their business with the Indian Guarantee and General Insurance Company Ltd., in addition to the reinsurance already being placed with the India Reinsurance Corporation which had been formed a few years ago at the instance of the Government by companies working in India who subscribed to the Corporation's capital and also undertook to reinsure with it a certain agreed percentage of business. He mentioned that companies were spreading out their liability in as wide a geographical area as possible and were getting reciprocity to the fullest extent, particularly in the fire department, which had enabled them to build up a profitable reciprocal portfolio. On the other hand, they would be receiving only 50 per cent reciprocity from the India Re and the Indian Guarantee. As the main object for which the Amendment Act was passed was to conserve and earn foreign exchange, and with a view to making good to the companies the reduction in reciprocity, Mr. Ambalal felt that the India Re and the Indian Guarantee should concentrate on bringing to the Indian market an increasing volume of profitable business from abroad.

Mr. Ambalal took the opportunity to mention that there had been certain unavoidable delay and difficulties in starting the construction of the Company's building, but once we surmounted these initial handicaps, the building would be completed as quickly as possible.

Company's Accounts

Dealing last with the departmental accounts, Mr. Ambalal stated that the gross direct premium for the year 1960 was Rs. 48,14,879 in fire, Rs. 37,24,835 in miscellaneous insurance, and Rs. 38,20,963 in marine, whilst the net premiums were Rs. 42,24,023, Rs. 31,99,405 and Rs. 19,50,504, respectively. After providing for losses and expenses and reserves at 50 per cent in respect of fire and miscellaneous insurance and 100 per cent for marine, and after adding the balance brought forward from the previous year, the net amount to the credit of the profit and loss appropriation account in all was Rs. 3,20,736. The Directors had transferred Rs. 40,000 to the staff gratuity account and had proposed to pay the twelfth dividend on ordinary shares at Rs. 2.50 per share, less deduction of tax, amounting to Rs. 2,50,000.

N.B.—*This does not purport to be a record of the proceedings of the annual general meeting of the Company.*

ALEMBIC CHEMICAL WORKS COMPANY LIMITED

PENICILLIN PLANT COMMISSIONED

CHAIRMAN, MR. RAMANBHAI B. AMIN DEPLORES HEAVY EXCISES ON MEDICINES

PRESIDING over the Fifty-fourth Annual General Meeting of the Alembic Chemical Works Company Ltd., held at Baroda on Thursday, 22nd June 1961, Mr. Ramanbhai B. Amin, Chairman, stated that the most important event for the Company during the year 1960 was the commissioning of its Penicillin plant. He struck an optimistic note regarding the expansion scheme of the Company and confidently predicted that work on expansion projects of Yeast, Sulphuric acid, Superphosphate and Ethyl Alcohol plants would commence at an early date. He deplored the imposition of heavy excise duty on medicines and pointed out that there was multiple indirect taxation on pharmaceutical products as a result of levying excises on raw materials and excises as well.

The following is the full text of Mr. Amin's speech:

"LADIES AND GENTLEMEN,

"I have pleasure in welcoming you to the 54th annual general meeting. The Directors' report and the audited accounts for the year ended 31st December 1960, together with the Auditors' report, have been circulated to you, and with your permission, I shall take them as read.

Capital Expenditure

"The year under review has been one of expansion and growth. The expenditure on fixed capital block increased by over Rs. 50.00 lakhs to Rs. 237.00 lakhs and the year's sales increased to Rs. 2.61 crores from Rs. 2.48 crores. As could be expected for any expansion, there were teething troubles, but they were overcome. The most important event of the year under review was, of course, the commissioning of the Penicillin Plant to production. Here also we had our share of troubles, but it is gratifying to record that they are all being met with by the Company's technical staff. The plant was formally inaugurated by the Honourable Home Minister, Mr. Lal Bahadur Sastri, in April of the current year and he paid a handsome tribute to the Company's technical staff who designed and fabricated the entire plant and commissioned it to production.

Expansion Schemes

"You may recall that the licence granted to us was for a production of 10 M.M.U. per annum. We had asked for a higher capacity, and I am glad to say that the Government has very recently issued a licence for doubling our capacity from 10 M.M.U. to 20 M.M.U. per annum. Necessary steps for the installation of the increased capacity are being taken.

Yeast Plant

"The expansion of the Yeast Plant was referred to by me in my last year's address to you. Due to paucity of foreign exchange, it was difficult to commence work on this expansion. The necessary foreign exchange will soon be available and the work on this project will commence as soon as the import licences are obtained.

"Though many other developments have been held up due to the country's difficulty in getting the foreign exchange requirements, the Company is trying to proceed with its projects of the expansion of Sulphuric Acid, Superphosphate and Ethyl Alcohol Plants.

Excise Burden

"As you are aware, Central excise duties were imposed on proprietary and patent medicines (not containing alcohol) with effect from the 1st March of this year. It was also imposed on glass containers (at 15 per cent *ad valorem*) and on some of the raw materials of the pharmaceutical industry. Due to levy of excise on the main components, namely, glass containers and raw materials, the costs have increased to a very considerable extent. It is difficult to imagine the justification for imposing such a high levy on medicines, thus making them more and more beyond the reach of the general public.

"No provision has yet been made for drawbacks or refunds on material which goes into the finished product, and on which duty is again leviable. I suggest that it will be worth examining whether duty should not be levied at one consolidated rate on the final product only in place of the present multipoint levy on materials going into manufacture. Further, where duty is leviable *ad valorem*, there should be some definite basis for determining the value on the basis of which duty is to be calculated. The present provisions of the Central Excise Act in this behalf are far from satisfactory and have given rise to various interpretations. The taxpayer is at least entitled to demand certainty, if not equity, in a taxing statute. I hope that the Central Excise Reorganisation Committee, which at the moment is examining the organisational and administrative set-up of the Central Excise Department would consider these and other aspects and recommend the adoption of a simple, just and equitable procedure.

Committees and Commissions

"Various committees and commissions are being appointed for making recommendations to the Government on numerous matters of administration, but it is apparent that much purpose will not be served if the terms of reference of such committees are unduly restricted. The Law Commission which was asked to recommend simplification of the Tax Acts was restricted by its terms of reference from examining the question of any alteration in the tax structure. As the Commission remarked, 'It is certainly not possible to make the Act simpler without encroaching upon at least the fringe and verge of the tax structure.' The Direct Taxes Administration Enquiry Committee which followed in 1959 was also handicapped by the restrictions of not suggesting any change in the substantive provisions of the statute, except in administrative and organisational matters. The results of such restrictions could be a mere rearrangement and regrouping of sections, and I do feel that attempts to make merely superficial changes is a waste of time and public money.

Housing Scheme

"I had referred to the steps the Company was taking to house its employees. The progress in this respect during the year has not been very satisfactory, because of the acute shortage of cement. Unless the Government grants some priority to industrial housing, it is going to be a little difficult to house the workers in spite of the avowed wishes of all concerned.

Thanksgiving

"Barring unexpected difficulties, the expansion in the various directions already taken in hand will be consolidated during the current year. I would like to take this opportunity of thanking my colleagues on the Board and officers, staff and workers of the Company for the last year's satisfactory results. Thanks are also due to the new Managing Agents, Messrs. Rayuma Services, who, as you are aware, took office from the 15th August 1960.

"I now commend the balance-sheet and profit and loss account of the Company and the Directors' report for your consideration."

GOODYEAR EQUITY SHARES

The recent offer by Goodyear India Limited to the public of 4,00,000 Equity Shares to raise Rs. 68 lakhs is significant from three aspects.

It has produced the second largest number of shareholders of any public company in the private sector in India. Secondly, no prior allotments were made to Directors, friends or employees, all the shares being offered to the Indian public.

Although the issue was oversubscribed by about 25 times, letters of allotment and regret with balance of refunds to unsuccessful applicants were all posted within two months of the closing date, indicating the prompt efficiency with which the entire issue was handled.

Offering Equity Shares of Rs. 10 each at a premium of Rs. 7 per share, the Company received applications aggregating Rs. 17 crores against the requisite subscription of only Rs. 68 lakhs. This reflects the Indian investor's confidence in Goodyear management. 89,000 applicants were reviewed and processed, representing a total of about 10 million shares from which 49,231 applicants were allotted shares.

DALMIA CEMENT (BHARAT) LIMITED

CHAIRMAN, MR. V. H. DALMIA, OUTLINES CAUSES FOR CEMENT SCARCITY

PLEA FOR RAISING RETENTION PRICES

IN his address to the Ninth Annual General Meeting of the Dalmia Cement (Bharat) Limited, held at Dalmiapuram (Madras State) on Thursday, 29th June 1961, Mr. V. H. Dalmia, Chairman, referred to the causes for cement production falling short of capacity and urged the Tariff Commission to revise the formula for determining the ex-works retention prices of cement in a manner that would enable the Company, a highly efficient producer of cement, to get a better margin of profit, without which it would not be possible for the industry to play the role expected of it in the third Plan. His observations on the Company's iron ore business and the working of Dalmia Magnesite Corporation—a subsidiary of the Company—made encouraging reading.

The following is the full text of Mr. Dalmia's speech:

"GENTLEMEN,

"I am happy to welcome you to Dalmiapuram on the occasion of the ninth annual general meeting of your Company. We are meeting somewhat earlier this year than in the past and this is how it will be in the years to follow, because, under the Company Law as recently amended, the annual accounts are required to be presented within six months from the close of the financial year of the Company.

"The accounts of your Company for the year 1960 have been with you for some time now. In the Directors' report, which has also been circulated, the working results for the year under report have been discussed and information has been given on the salient features of the operations of your Company. During the last five years, approximately Rs. 20 lakhs have been drawn from the dividend equalisation reserve and general reserve to enable payment of the dividend to the shareholders. This year, for the first time since 1956, it has been possible to make a small allocation of Rs. 2 lakhs to the General Reserve. As mentioned in the Directors' report, despite the substantial expansion in cement production and despatches following the installation at heavy cost of the third kiln, profit from the cement business has remained at the 1959 level. I hope that the position will be better during the current year and more so in the following years, if the ex-works price of the cement produced by your Company is increased adequately as a result of the enquiry which is being made now into the price question by the Tariff Commission. I shall come to this again later, when I deal with the subject of price taxation.

Tax Exemption Benefit

"It has been mentioned in the report of the Directors that a portion of the dividend would be exempt from tax deduction as the Company was entitled to the benefit of tax exemption on a portion of its income pursuant to Section 15C of the Indian Income-tax Act. A preliminary estimate of the exemption has been made by the Income-tax Officer assessing the Company and deduction is required to be made on 88 per cent of the dividend amount. This means that, as against 30 per cent deduction ordinarily to be made from the dividends, the deduction in the case of your Company out of the dividend for the year 1960 would amount to 26.4 per cent. A notice to this effect was inserted in the annual accounts as the determination for the tax exemption was obtained just before the despatch of the accounts.

Cement Shortage

"Since last year, acute shortage of cement is being experienced almost all over the country, despite the fact that the annual installed capacity of the cement industry has touched 8.70 million tons and there are now 33 factories spread in all parts of the country manufacturing cement. Most people carry the impression that cement industry is enjoying boom conditions and making huge profits. Nothing can be further from the truth. Paradoxically, quite the opposite is the case. As against the annual installed capacity of 8.70 million tons, due largely to inadequate supply of wagons for both the supply of raw materials and despatch of finished products, as also inadequate allocation and receipts of coal, the actual production of the industry in 1960 was only 7.84 million tons. In other words, the actual production has lagged behind the installed capacity by about 10 per cent or about 8.6 lakh tons.

"The ex-works retention prices for the cement industry were fixed in the last price examination on the basis of production of the cement factories being equal to their installed capacities. Lower production has, therefore, hit the industry hard, in that its costs have gone up and the profit margin, already meagre, has been further squeezed. Besides, there have been increases in costs all round, with the rise in railway freights, increase in coal price and several other factors. The difficulties of the industry and the uneconomic retention prices have, to a large extent, retarded the growth of the industry and slowed down the tempo of expansion. The ex-works prices payable to the cement producers are due for revision with effect from the first of July and the Tariff Commission is now engaged in a study of the production costs of the different units. Next month, the Commission will hold a public enquiry and I hope they will take a sympathetic view while recommending the revised ex-works prices. This would strengthen the position of the industry and enable it to play its expected role in the development programmes of the third Plan.

"I am glad to inform you that the Indian Standards Institution has granted a licence to your Company to use the I.S.I. certification mark which carries with it the assurance to the users that our cement conforms to the standard specifications and is of the highest quality. The certification mark is being placed on each and every bag which goes out from the factory. This will further strengthen the confidence of the cement users in the quality of the cement manufactured by your Company.

Iron Ore Business

"Your Company's iron ore business has made satisfactory progress and it is hoped that it will continue to do so. Tremendous expansions in the steel industry are being planned and are being projected on a global basis during the present decade. Concurrently, several new sources of iron ore for the steel industry are being discovered and exploited, notably in Africa, while supplies of ore from many traditional sources, such as South America, are being expanded further. The consequent varying patterns of demand and supply are reflected in the increased complexity of negotiations on an international level for large-scale sales and purchases of iron ore. The State Trading Corporation of India Limited are to be congratulated on their notable success in concluding agreements with various countries for large exports of iron ore. It is hoped that the State Trading Corporation of India Limited will continue to pursue its policy of entering into long-term agreements for the supply of Indian iron ore to foreign buyers and your Company will be given fresh contracts for the supply of high grade iron ore on a long-term basis. Such an arrangement would allow of more extensive introduction by your Company of mechanisation in their mining and transport operations. The resources of the Indian railways are heavily overtaxed by the need for meeting the increasing demands of the country's expanding economy and at the same time of finding movement capacity for export. The hoped-for increase in the railway movement available for iron ore has therefore not come up to expectations although there has been a slight improvement which it is hoped will be accelerated later in the third Five-year Plan as a result of measures which the authorities have taken and are taking, when your Company may also look forward to increased exports of their iron ore and thus to making still greater contribution to the earnings of foreign exchange.

"The results achieved for their last financial year by Messrs. Dalmia Magnesite Corporation, in which your Company is a partner, augur well for the future of the dead-burnt magnesite industry. Apart from the anticipated very substantial increase in the demand for this material from the indigenous consumers, such as the steel industry and the refractory industry, about which I had spoken last year, there is a possibility of an export market in view of the world-wide expansion in the steel industry. These developments are being followed with very close interest and, in the meantime, the proposal to double the production capacity at Salem Works is being processed further.

Productivity Studies

"I am glad to say that increasing emphasis is being laid now on improving the skills not only of the operatives in industry but also of the supervisors and managers who are responsible for the efficient working of our industries and businesses. A large number of training programmes is being organised by the productivity councils and management associations for different levels of management. Selected trainees are being sent abroad for advanced training. Your Company is taking advantage of these facilities and our Executives have participated in the various programmes with advantage. I consider that the development of competent executives in adequate numbers is of the highest importance for the success of our plans for industrial development. Our Minister of Industries, Shri Manubhai Shah, with his usual foresight, was quick to realise that the shortage of trained personnel may well become a major obstacle to the rapid development of our industries and that a low level of productivity would, sooner or later, price out our exports from the highly competitive world markets. It was at his initiative that the National Productivity Council was established. Under the dynamic presidentship of Shri Manubhai Shah, the National Productivity Council has, in a short span of time, created a large degree of enthusiasm for better management practices and higher productivity. Both the National Productivity Council and the All-India Management Association deserve our appreciation of the excellent work they are doing in educating and training the men who are in-charge of the industries. Your Company is rendering its fullest co-operation and assistance to the local Productivity Councils and Management Associations. I would like to add that it is our constant endeavour to develop and encourage our employees and provide them with fullest opportunity for progress in the Company. Mr. L. Swaroop, a senior officer of your Company, is shortly going to the U.S.A. and the Continent as a member of the Productivity Team sponsored by the National Productivity Council for study of the cement industry in those countries.

"I am glad to say that our relations with our staff and workers continued to be cordial both at the works and offices. I would like to express our appreciation of the services rendered to the Company by all the executives, staff and workers. I wish to mention, in particular, the devoted and capable way in which the affairs at your Dalmiapuram Works have been managed by Mr. R. N. Roy, who is retiring on grounds of health from the post of Works Manager after nearly 20 years of service in our organisation. His advice and guidance will, however, continue to be available to the Company as he will from now on hold charge of the office at Madras where the work does not call for so much exertion. Shri B. V. Raju, our Chief Engineer, will take over from Mr. Roy as Works Manager.

"We may now take up consideration of the annual accounts and other subjects on the agenda of the meeting."

N.B.—*The above extract of the speech does not purport to be the report of the proceedings of the ninth annual general meeting of the Company held on the 29th June, 1961.*

Aluminium Limited of Canada has just agreed to sell to A/B Svenska Metallverken for about $7 million, its one-half interest in the aluminium-smelting company in Sweden known as A/B Svenska Aluminiumkompaniet, thereby transferring full ownership to the Swedish interests. Svenska Metallverken is the largest fabricator of aluminium in Sweden and normally uses the bulk of the output of the Swedish smelters, about 16,500 tons per year, supplemented by imports as required.

THE TRAVANCORE RAYONS LIMITED

MR. AR. RAMANATHAN, CHAIRMAN, REVIEWS EXPANSION PLANS

COUNTRY'S DEMAND FOR CELLULOSE FILM WILL BE FULLY MET

THE expansion plans of the Travancore Rayons Limited were highlighted by Mr. AR. Ramanathan, Chairman of the Company, in his speech delivered at the Fifteenth Annual General Meeting of the Company held at Rayonpuram (Kerala State) on Wednesday, 28th June 1961. Mr. Ramanathan referred to the cotton linter plant under construction for producing 3,600 tons of linter pulp per year in the beginning. He also stated that the Company's capacity for rayon yarn would rise to 13.6 tons per day, as compared with the present 8.6 tons, with the implementation of the sanctioned expansion scheme. Another noteworthy development, about which Mr. Ramanathan spoke with some confidence, was the recent installation of a third cellulose film plant which would enable the Company to meet the country's entire demand for cellulose film, besides leaving a surplus for export.

The following is the full text of Mr. Ramanathan's speech:

"I am happy to extend to you all a warm welcome on the occasion of this fifteenth annual general meeting of your Company. With your kind permission, I propose to take as read the annual report and accounts for the year ended 31st December 1960.

Tempo of Progress Maintained

"The results of the year 1960 show that the tempo of progress has been well maintained. The working for the year has resulted in a profit of Rs. 61.62 lakhs, after providing a sum of Rs. 36.47 lakhs for depreciation, Rs. 15.70 lakhs for development rebate reserve and Rs. 1.50 lakhs for gratuity reserve, and after paying Rs. 23.95 lakhs as excise duty.

Distribution of Revenue

"With the balance of Rs. 2.29 lakhs brought forward from the previous year, the total profit amounted to Rs. 63.90 lakhs and your Directors recommend the following appropriations:

(1)	Provision for taxation	Rs. 27.30 lakhs
(2)	Additional dividend for 1959 on the preference shares at 1.5 per cent	„ 0.75 „
(3)	Dividend on preference shares for 1960 at 6.5 per cent	„ 3.25 „
(4)	Dividend on equity shares at 20 per cent ...	„ 20.00 „
(5)	Transfer to general reserve	„ 10.00 „

"The balance of Rs. 2.61 lakhs will be carried forward.

"The dividends, both preference and equity, when declared, will be paid subject to the statutory deduction of 30 per cent at source as per Section 18(3D) of the Income-tax Act.

"Having regard to the expansion of the Company which has already taken place, it is only legitimate that you should expect higher returns on your capital. But, you will appreciate that the heavy development rebate reserve we had to set apart during the period under review, the need for more funds for expansion and rehabilitation, the steep rise in the excise duty on rayon and imposition of excise duty on cellulose film, have underlined the need for great caution and conservatism. Hence, your Directors have been obliged to maintain the equity dividend at the last year's level.

Heavy Excise Duty

"The Central Government have, in their last budget, increased the excise duty on rayon steeply, by 66⅔ per cent and also imposed an equally high excise duty of 20 per cent *ad valorem* on our cellulose film. Further, by a recent notification, the spinning units have been asked to bear 60 per cent of the increase in the duty on rayon, and pass on only 40 per cent to the consumers. This, coupled with the fact that the cost of manufacture of rayon yarn is already going up on account of increase in the cost of raw and auxiliary materials bearing excise duty, is harsh and I share the view that this rather exceptional treatment to rayon yarn producers alone is not fair. The profits earned by a few units because of certain initial advantages should not lead the Government to a wrong impression; and it has also to be remembered that rehabilitation of machinery at the current increased prices will involve the rayon yarn manufacturers in considerable capital expenditure. I would appeal to the Government to reconsider their decision, taking all facts into consideration.

Financial Position

"As all of you may be aware, the Preference Shares (Regulation of Dividends) Act 1960 has been put on the Statute Book and, according to it, the preference dividend has been increased to 6.5 per cent subject to the statutory deduction of 30 per cent tax. The benefit of this increased rate has already been given in respect of the 1959 dividend also. The financial liability to the Company on this account has gone up by Rs. 75,000 per annum.

"You will notice that your Directors have transferred a sum of Rs. 10,00,000 to general reserve, bringing this reserve up to Rs. 70,00,000. Together with the sum of Rs. 26,55,000 under development rebate reserve and the gratuity reserve of Rs. 4,00,000, the total reserves stand at Rs. 1,00,55,000 which is about 67 per cent of the paid-up capital of the Company. The debenture and loan liabilities to the Kerala Government have been completely wiped out as on date. You will appreciate this is a good achievement, especially as the amount originally borrowed was as much as Rs. 96,00,000. Besides, we have made fixed capital additions to the tune of about Rs. 95 lakhs during the last year.

Production

"The production of your factory, as a whole, has been satisfactory and the upward trend has been maintained during the year under review also. In October 1960, a third plant for production of cellulose film was opened by His Excellency the Governor of Kerala, Sri V. V. Giri. This machine is a modern, high speed machine. With the installation of this third machine, the total production capacity for film has risen to 10 tons per day. I might say with confidence that the Travancore Rayons can not only meet the entire demands of the country for cellulose film, but also export some quantity. The sulphuric acid plant, which was commissioned over a year ago, has helped the Company to become self-sufficient in its needs of sulphuric acid, leaving also a surplus for sale outside.

Third Plan and Export Promotion

"We have now just entered the third Five-year Plan, which has as its target a total investment of Rs. 10,200 crores, of which Rs. 6,200 crores will be in the public sector and Rs. 4,000 crores in the private sector. The principal aim of the third Five-year Plan is to secure a marked advance towards self-sustaining growth. Increasing efforts will have to be made to develop the basic and heavy industries and machine-building capacity. This leads to the need for large foreign exchange during the period of such development. It is heartening to find that the progress which the country has made so far and the way the moneys have been usefully spent, have infused great confidence in the outside world and many friendly countries are coming forward to help India with foreign aid. At the same time, it is obviously quite necessary that the means of increasing exports have to be developed to the greatest extent possible. You will be pleased to know that your Company is also making a modest beginning in this direction.

"The establishment of an export market for our cellulose film is being seriously pursued, although this may mean that, for the time being, some loss may have to be suffered in facing the severe competition by longstanding and established industrial countries with vast resources and advancement. But, for ultimate success in this endeavour, Indian industries will have to keep abreast of the latest technological progress and, what is more, the efficiency of the Indian labour will have to improve quite a lot. I am one of those who believe in giving to labour an increasing share of the industry's fortunes, but production has, obviously, to precede distribution. Production of quality goods at cheap cost is the need. It is an acknowledged fact that at the moment the productivity of the Indian labour is very low, compared to other advanced countries.

Expansion Plans

"The expansion plans of your Company are progressing well. I have already referred, earlier, to the inauguration of a third cellulose film plant. The cotton linter plant, about which I mentioned at the last general meeting, is scheduled to go into production by the latter part of 1962. To start with, we will produce 3,600 tons of linter pulp per year. Provision is being made to enable increase of the output to 7,200 tons per year. This project will stand us in good stead by reducing our dependence on imports, by saving foreign exchange for the country and by giving superior quality pulp and, hence, better quality yarn and film.

"Our application to the Government of India for licence for increasing our rayon yarn by five tons per day has been sanctioned and negotiations are in progress for implementing the scheme. The increase in capacity is expected to take effect only from the end of 1962 or early in 1963, as all the necessary formalities, import and erection will take time. With this increase, our total capacity for rayon yarn will rise to 13.6 tons per day.

Increase of Capital

"To meet the rupee funds which may be needed to meet all these expansion schemes, your Directors are considering the issue of further capital but they have not so far come to a definite decision. I have thought it better to mention this at this meeting as there is considerable speculation in the market regarding this.

Labour Relations

"Your Company has done its best to foster cordial relations with labour, but I regret to inform you that despite the 1958 long-term agreement (which will expire on 31st December 1961), more demands have already been made on the Company and in certain cases the management had to yield, thereby imposing additional burden on the Company. Recently, a time and motion study was made in a few departments, and it is found that in certain departments the efficiency is only about 30 to 35 per cent and in some 40 to 45 per cent.

"With this state of affairs, and especially now when the Company is called upon to meet heavy tax liabilities, it is to be seen how efficient the factory's working results will be in the future. The wastage of valuable material and indifference to work is more evident not only in the lower cadre of employees but also at the middle management level. I hope that all concerned will appreciate the position; and if better production and quality are not maintained, they will only be killing the goose that lays the golden egg. I now propose that the Directors' report, balance-sheet and profit and loss account for 1960 be approved and adopted.'

Note: *This does not purport to be the report of the proceedings of the general meeting.*

Delegates from 21-member export credit insurance organisations in 18 countries attended the annual general meeting of the Union d'Assureurs des Credit Internationaux (Berne Union) which took place in Vienna from the 3rd to the 8th inst. The important feature of the discussion was the consideration given to the measure devised by several Governments for facilitating the guarantees, in exceptional cases, for exports on terms exceeding five years. The meeting recognised that these various governmental measures would assist particularly the economic growth and stability of the developing countries. The meeting reaffirmed that Berne Union members would continue to co-operate in restricting any general lengthening of terms of credit beyond five years in their field of operation. India was represented in this meeting by Mr. T. C. Kapur, Managing Director of the Export Risks Insurance Corporation Ltd.

NEW COMPANY FORMATIONS IN 1960-61

SECOND PLAN TRENDS REVIEWED

THE Research and Statistics Division of the Department of Company Law Administration (Union Ministry of Commerce and Industry) has just provided a comprehensive review of trends in new company registrations in 1960-61, the last year of the second Plan. The more relevant figures pertaining to the authorised capital of Government and non-Government companies, the size pattern of new companies, the distribution of new companies according to *industrial groups* and the regional distribution of new companies are to be found in four tables in this article. These tables, giving the relevant figures for each of the five years since 1956-57, also provide a picture of trends in new company formations over the entire second Plan period. An analysis of the figures has led to two broad conclusions. First, the new company formations (1,683) during 1960-61 had reached a new peak which was twice as high as the level of new company registrations recorded in 1956-57—the first year of the coming into force of the present Companies Act. The rate of increase in new company formations during the second Plan period indicates, according to the Research and Statistics Division, that the new registrations in the current year (1961-62) may outstrip the highest decennial record of 1,866 new companies registered in 1951-52. Secondly, the continuous rise of new registrations during the period 1956-61, according to the Division, conclusively establishes that the apprehensions expressed in commercial circles in the early stages of the enforcement of the Companies Act, 1956, that the provisions of the new Act would discourage new company formations were misconceived. This conclusion is a reiteration of what the Company Law Administration has been saying in recent years.

Coming specifically to the year under review, namely, 1960-61, it will be found that as many as 1,683 new companies were formed during the year, as compared with 1,452 in 1959-60. The new registrations in 1960-61 were also the highest in nine years. But this increase in the formation of new companies was accompanied by a decrease in the total number of companies at work from 26,921 in 1959-60 to 26,108 in the year under review. This decrease is attributed to the Company Law Administration's continued efforts at weeding out the moribund companies and striking them off the registers. The decline in the number of companies at work should not, of course, be construed as a decline in the level of corporate activities, for, actually, their aggregate paid-up capital had increased, at the same time, from Rs. 1,593 crores as on 31st March 1960, to Rs. 1,725 crores as on 31st March 1961. The total number and paid-up capital of companies at work in the second Plan period are given below to bring out the trends in operation since the enforcement of the new Companies Act:

(Paid-up capital in rupees crores)

As on	Public*		Private*		Total	
	No.	Paid-up capital	No.	Paid-up capital	No.	Paid-up capital
31st March, 1956	9,575	690	20,299	334	29,874	1,024
" " 1957	8,810	715	20,547	363	29,357	1,078
" " 1958	8,296	774	19,984	533	28,280	1,306
" " 1959	7,760	784	19,719	726	27,479	1,510
" " 1960	7,300	812	19,615	782	26,921	1,593
" " 1961	6,745	876	19,363	849	26,108	1,725

* In both the private and public sectors.

What is noteworthy in the above figures is that the paid-up capital of public companies (which belong mostly to the private sector) had increased much more substantially in 1960-61 than in 1959-60. The paid-up capital of private companies, too, had registered large increases in the two relevant years; but, then, they must have been largely due to "giant-sized" private companies in the public sector. A further split-up of Government and non-Government companies as between public and private companies confirms this. This split-up is as follows:

(Paid-up capital in rupees crores)

As at the end of	Public companies				Private companies			
	Government		Non-Government		Government		Non-Government	
	No.	Paid-up capital	No.	Paid-up capital	No.	Paid-up capital	No.	Paid-up capital
1958-59	37	19.1	7,723	765.0	66	406.1	19,653	320.6
1959-60	35	25.2	7,271	768.4	90	443.2	19,525	338.3
1960-61	34	33.4	6,711	842.7	105	465.0	19,258	383.5

Of the increase to the tune of Rs. 701 crores in the aggregate paid-up capital of all companies in the period 1956-61, the major portion was, of course, largely accounted for by companies in the public sector, their share being as much as Rs. 433 crores. If, however, out of this figure the paid-up capital of the Hindustan Steel Ltd., which is a class by itself, were excluded, the total increase in the paid-up capital of Government companies during the same period was only Rs. 132 crores, working out to an average annual increase of about Rs. 26 crores. On the other hand, the share of non-Government companies in the total increase of paid-up capital during the period was Rs. 268 crores, working out to an average of about Rs. 54 crores a year.

In terms of aggregate authorised capital, the 86 new Government companies formed during the period 1956-61 accounted for Rs. 293.1 crores. Of these new Government companies, as many as 29 were "giant-sized" companies (with an authorised capital of Rs. 1 crore and more), accounting for 96.7 per cent of the relevant aggregate authorised capital of Rs. 293.1 crores. As for new non-Government companies, 5,953 of them were formed during the period, with an aggregate authorised capital of Rs. 752.3 crores. Of these, as many as 169 were "giant-sized" companies (with an authorised capital of Rs. 1 crore and more), accounting for 63.7 per cent of the relevant aggregate authorised capital of Rs. 752.3 crores. It is worthy of note that, in 1960-61 alone, 82 "giant-sized" non-Government companies were formed, as compared with 87 such companies formed in the entire four-year period 1956-60. The statistics pertaining to the increases in both authorised capital and paid-up capital in the private corporate sector thus show that there has been a steady revival of market confidence in recent years.

The other trends emerging from the statistics presented in Tables 2, 3 and 4 may now be

(*Continued on page 40*)

TABLE 1

Government and Non-Government Companies

(Authorised capital in Rs. crores)

	1956-57		1957-58		1958-59		1959-60		1960-61	
	No.	Authorised Capital	No.	Authorised Capital	No.	Authorised Capital	No.	Authorised Capital	No.	Authorised Capital
All new Government companies	12	124.9	18	8.4	16	98.3	23	30.1	17	31.4
All new non-Government companies	836	85.8	943	94.3	1,079	186.1	1,429	130.4	1,666	255.7
A. Total	848	210.7	961	102.7	1,095	284.4	1,452	160.5	1,683	287.1
New giant companies (with authorised capital of Rs. 1 crore and above)—										
Government	7	119.0	2	8.0	6	98.0	7	28.5	7	30.0
Non-Government	21	51.5	26	58.0	16	141.2	24	63.0	82	165.8
B. Total	28	170.5	28	66.0	22	239.2	31	91.5	89	195.8
B. Total as per cent of A. Total	3.3	80.9	2.9	64.3	2.0	84.1	2.1	57.0	5.3	68.2

TABLE 2

Size Pattern of New Companies

Size group according to authorised capital	1956-57		1957-58		1958-59		1959-60		1960-61	
	Public Ltd.	Private Ltd.	Public Ltd.	Private Ltd.	Public Ltd.	Private Ltd.	Public Ltd.	Private Ltd.	Public Ltd.	Private Ltd.
Below Rs. 1 lakh	4	167	4	227	3	249	2	344	5	365
Rs. 1 lakh to Rs. 5 lakhs	16	291	15	359	14	428	15	534	6	561
Rs. 5 lakhs to Rs. 10 lakhs	19	211	15	214	12	262	18	316	15	366
Rs. 10 lakhs to Rs. 25 lakhs	11	59	6	60	8	55	12	110	23	154
Rs. 25 lakhs to Rs. 50 lakhs	12	14	5	19	5	19	15	21	7	40
Rs. 50 lakhs to Rs. 1 crore	7	9	3	6	7	11	7	27	31	22
Rs. 1 crore and above	15	13	17	11	9	13	18	13	67	22
Total	84	764	65	896	58	1,037	87	1,365	153	1,530
Small companies (with authorised capital of less than Rs. 10 lakhs) as per cent of total	46.4	87.6	52.3	89.3	50.0	90.5	40.2	87.1	16.3	84.4

TABLE 3

Distribution of New Companies According to Industrial Groups

(Authorised capital in Rs. crores)

Major industrial group	1956-57		1957-58		1958-59		1959-60		1960-61	
	No.	Authorised Capital	No.	Authorised Capital	No.	Authorised Capital	No.	Authorised Capital	No.	Authorised Capital
Agriculture and allied activities	28	2.24	39	1.01	33	0.84	40	2.87	37	3.20
Mining and quarrying	31	78.78	17	1.94	22	71.59	21	6.10	21	11.22
Processing and manufacturing	330	88.20	427	68.89	502	167.69	614	119.10	817	227.03
Construction and utilities	17	3.99	37	1.30	26	1.21	30	2.13	37	7.06
Commerce (trade and finance)	292	23.56	281	17.15	302	37.39	367	16.80	424	21.63
Transport, communications and storage	66	11.34	70	10.21	104	2.97	283	5.36	277	13.25
Services of all kinds	84	2.54	90	2.21	106	2.67	97	8.18	70	3.66
Total	848	210.65	961	102.71	1,095	284.36	1,452	160.54	1,683	287.05

TABLE 4

Regional Distribution of New Companies

Region	1956-57	1957-58	1958-59	1959-60	1960-61
Northern (*a*)	192 (112)	191 (117)	211 (130)	242 (141)	323 (197)
Eastern (*b*)	334 (301)	420 (359)	424 (364)	459 (399)	477 (431)
Western (*c*)	175 (170)	198 (191)	254 (240)	318 (293)	431 (407)
Southern (*d*)	147 (91)	152 (80)	206 (113)	433 (345)	452 (343)
Total (*e*)	848 (674)	961 (747)	1,095 (847)	1,452 (1,178)	1,683 (1,378)

(*a*) Figures within brackets pertain to Delhi.
(*b*) " " " " " West Bengal.
(*c*) " " " " " Bombay.
(*d*) " " " " " Madras.
(*e*) " " " " are totals of figures pertaining to the above four States.

MARKED IMPROVEMENT IN RAYMOND WOOLLEN'S SALES

DIVIDEND SLIGHTLY ENHANCED

THE turnover of the Raymond Woollen Mills Ltd. (Managing Agents: J. K. Bombay Private Ltd.) increased substantially during the year ended 31st December 1960. Thus, receipts from sales of cloth, yarn and files rose by 16.5 per cent, from Rs. 262.26 lakhs to Rs. 305.69 lakhs. It is gratifying to note that the export sales were well maintained. The Company's foreign markets include even West European countries such as Sweden and Denmark. The increase in sales has led to an improvement in gross profit by 20.7 per cent, from Rs. 42.20 lakhs to Rs. 50.95 lakhs and the ratio of gross profit to sales is slightly higher at 16.60 per cent, as against 16 per cent in 1959. The net profit has also increased by Rs. 2.00 lakhs to Rs. 18.48 lakhs, even after higher provisions for depreciation, taxation and managing agents' commission at Rs. 11.56 lakhs, Rs. 17 lakhs and Rs. 3.91 lakhs, respectively, as compared to Rs. 9 lakhs, Rs. 13.50 lakhs and Rs. 3.22 lakhs in the previous year.

The dividend on ordinary shares has been raised from Rs. 11.50, subject to deduction of tax, to Rs. 12, subject to deduction of tax or a net of Rs. 8.40 as compared with Rs. 8.05 per share in the previous year. The dividend of 5 per cent tax-free preference shares has been declared at 6.50 per cent subject to deduction of tax as against 7.143 per cent subject to deduction of tax paid in the previous year.

The operating results of the Company show an overall improvement over the previous years. Of the allocation to depreciation, a sum of Rs. 9.32 lakhs is in accordance with the amended Section 350 of the Companies Act 1956, and the balance of Rs. 2.24 lakhs represents arrears of previous years. The written-down values of the fixed assets as at the end of the year is identical with the written-down values as computed in accordance with the amended provisions of Section 350.

The results of the Company have steadily improved, as will be seen from the following comparative table for the last four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sales of cloth, yarn, files	305.69	262.26	216.72	208.75
Excise duty	23.20	18.27	15.25	7.45
Closing stocks of finished goods	70.33	77.46	94.04	73.77
Raw materials, stores and spare parts, consumed	138.39	107.33	128.24	141.13
Other expenses	157.52	156.34	166.01	135.32
Gross Profit	50.95	42.20	23.83	14.89
Managing Agents' commission	3.91	3.22	1.48	1.17
Provisions for—				
Depreciation	11.56	9.00	6.85	3.20
Taxation	17.00	13.50	2.92	1.04
Net Profit	18.48	16.48	12.58	9.48
To reserves	7.25	5.50	10.90	6.60
Bonus to employees	..	2.20	..	..
Transfer from reserves	..	..	7.25	..
Dividends—				
Preference	1.67†	1.79†	1.25	3.59*
Ordinary	9.00†	8.62†	6.00	..
	(12%)†	(11½%)†	(8%)	..
Carry forward	1.12	0.57	2.20	0.12

* For 3 years. † Subject to deduction of tax.

It is heartening to find that the Company has been regularly transferring a part of the profit to reserves. The Directors rightly "consider it advisable to build up adequate resources over the next few years, in order to finance the cost of further replacement and modernisation of the Company's plant which is very necessary in order to obtain greater productivity and efficiency as well as to reduce the cost of manufacture and improve the quality of production." The complete automatisation would enable the woollen industry to compete effectively in foreign markets.

The import quotas for raw materials for the woollen industry suffered further cuts during the year. The Company's Woollen Mills, however, have been able to increase the level of production by obtaining higher entitlements under the Export Promotion Scheme and larger utilisation of indigenous raw wool. With the establishment of combing plants in India, one could expect fairly regular supplies of wool tops.

There has been a progressive increase in the excise duty paid by the Company year after year, as will be noted from the aforesaid table. The Central Budget for the financial year 1961-62 introduced a new excise levy from 1st March 1961, at 10 per cent *ad valorem* on worsted yarn and 5 per cent *ad valorem* on woollen yarn. This fresh imposition over and above the existing 11¼ per cent *ad valorem* duty on woollen fabrics will result in a rise in consumers' prices of woollen yarns and fabrics and this in turn may give additional strength to consumer resistance.

The Engineers' Files Division of the Company worked satisfactorily, in spite of the dislocation caused by implementation of the expansion scheme. A licence has been obtained for doubling the capacity of this division to 48,000 dozen files per year. The production at the full rated capacity is likely to be attained by the middle of 1962.

The net block of the Company stands at Rs. 93.77 lakhs after providing almost an equal amount (Rs. 93.32 lakhs, to be precise) for depreciation. The investments of the Company have not yet begun to give fruitful results, inasmuch as the market value of quoted investments of Rs. 10.83 lakhs is more than 50 per cent lower at Rs. 4.60 lakhs. The value of unquoted investments is Rs. 12.16 lakhs out of the total investments of Rs. 22.99 lakhs. The paid-up capital has remained unchanged at Rs. 100 lakhs, which is made up of Rs. 25 lakhs in preference shares of Rs. 100 each and Rs. 75 lakhs in ordinary shares of Rs. 100 each. The reserves and surplus have advanced from Rs. 20.27 lakhs to Rs. 28.07 lakhs. The secured and unsecured loans have gone down from Rs. 98.61 lakhs to Rs. 72.62 lakhs. The current liabilities at Rs. 148.31 lakhs are well covered by current assets at Rs. 182.61 lakhs.

The good progress made by the Company in recent years and the popularity which its products have attained among the consumers have begun to attract the attention of investors, resulting in a perceptible rise in the market value of its equity shares, with a face value of Rs. 100 each. At the current quotation of Rs. 125 *cum-div.* this scrip gives a net yield of 6.7 per cent taking the net dividend at Rs. 8.40 per share.

(*Concluded from next column*)

ever, have risen from Rs. 354.67 lakhs to Rs. 459.36 lakhs. Fixed assets have been depreciated from Rs. 26.60 crores to Rs.17.14 crores. Current assets are shown at Rs. 21.91 crores, of which cash and bank balances alone are Rs. 16.20 crores. The most important change over the year is the decline in sundry debtors from Rs. 15.67 crores to Rs. 3.57 crores and this has been responsible for the high degree of liquidity in the Company's assets.

UNITED WIRE ROPES LTD.

The statutory meeting of United Wire Ropes Ltd. was held at Bombay on 19th June 1961. Reviewing the progress made towards implementation of the Company's steel wire rope project, Mr. Murarji J. Vaidya, Chairman, announced that arrangements for underwriting the equity and preference shares to be offered for public subscription had been completed and that the Company would be entering the capital market in the middle of July 1961. He stated that the acquisition of land for location of the factory at Thana had made considerable headway and the land was expected to be delivered to the Company within the next three months.

Mr. C. H. Gandhi, a chartered engineer and one of the Directors of the Company, was in Europe recently to sign the collaboration agreement with Messrs. Lepage Consulting Engineers of Antwerp, Belgium. The agreement provides for furnishing technical know-how, layout and engineering and erection of the wire rope plant under the supervision of the consultants. The consultants will also undertake the responsibility of supervising the various processes of manufacture of wires and wire ropes at the Company's plant for a period of five years after the start-up. The collaboration agreement between the Company and Messrs. Lepage Consulting Engineers has the approval of the Government of India.

While in Europe, Mr. Gandhi also availed himself of the opportunity to visit the works of manufacturers in the United Kingdom, West Germany, France and Belgium, countries from which the Company proposes to import the plant and machinery for its wire rope plant. The orders will be placed shortly on the basis of the discussions Mr. Gandhi had with the machinery manufacturers. The machinery to be imported will be of the latest type both in respect of design and technique of production of wires and wire ropes. The import of machinery, it is learned, will be financed with the foreign currencies loan equivalent to about Rs. 30 lakhs granted by the Industrial Credit and Investment Corporation of India Limited, Bombay.

(*Continued in previous column*)

BURMAH-SHELL REFINERIES

PRODUCTION UP, BUT PROFIT DOWN

LARGER production but lower profit was the experience of the Burmah-Shell Refineries Ltd. (Managing Director: G. B. Stanger, Bombay) during the year ended 31st December 1960. For the second year in succession, both the throughput of refinery and the yield of finished products recorded a substantial increase. Nevertheless, the gross, as well as net, profit dwindled further. As will be seen from the comparative table in this column, the crude oil intake (throughput) increased from 2.47 million metric tons to 2.84 million metric tons and, with it, the production of finished products expanded from 2.43 million metric tons to 2.77 million metric tons. As compared with the performance in 1958, the increase is even more impressive, being of the order of about 600,000 tons in throughput and 340,000 tons in products turned out. As against these increases, there is actually a fall, albeit modest, in sale proceeds, from Rs. 13.08 crores in 1958 and Rs. 12.77 crores in 1959 to Rs. 12.32 crores in 1960. The gross profit, which was Rs. 7.35 crores in 1958, and had shrunk to Rs. 7.21 crores in 1959, has fallen further to Rs. 6.99 crores. The decline in net profit is heavier still; at Rs. 2.67 crores, it means a fall of Rs. 93 lakhs, or 26 per cent, over 1959. But for the substantial increase in other income from Rs. 16.95 lakhs to Rs. 50.30 lakhs, the fall in profits would have been heavier still.

The downward trend in profit, despite the increase in production, is the outcome of (*a*) expiry of tax benefits under Section 15(*c*) of the Indian Income-tax Act and (*b*) the effect of voluntary surrender of all duty protection (as from 1st July 1959) over the whole year. In other words, the Government has benefited most by the enhanced operation of the Refineries. This is only as it should be, now that the Company has passed the stage of infancy when it had to be given certain incentives and a reasonable measure of protection. The attainment of this stage also implies that, if the Company is allowed to expand further, it will be in a position to contribute more to the income of the Exchequer. Unfortunately, the Government does not seem to realise this point.

The table below shows the progress of the Company during the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Income from refining	12,32.58	12,76.91	13,08.84	14,07.29
Other income	50.30	16.95	23.87	22.52
Expenses	5,33.40	5,72.54	5,97.90	6,75.06
Gross profit	6,99.48	7,21.32	7,34.81	7,54.75
Provision for—				
Depreciation	1,71.55	1,71.67	1,70.76	1,68.43
Taxation	2,61.00	1,90.00	2,50.83	1,62.52
Net profit	2,66.93	3,59.65	3,13.21	4,23.80
Transfer from tax equalisation reserve	76.00	..	..	..
To reserves	1,04.12	9.12	93.60	1,80.00
Preference share issue expenses	..	0.17	..	..
Dividend	2,76.40 (20%)*	2,48.76 (18%)*	2,07.30 (15%)	2,07.30 (15%)
Carry forward	1,13.98	1,55.57	55.97	41.66
Throughput of refinery (metric tons)	2,843,010	2,476,975	2,268,435	2,333,614
Yield of finished products (metric tons)	2,768,126	2,429,528	2,225,910	2,283,876

* Subject to deduction of tax.

It is noteworthy that, as compared with 1958, expenses in 1960 were perceptibly lower, even though the crude intake and finished products turned out were appreciably higher. This apparently reflects, to a considerable extent, the improvement in the operational efficiency of the Company, though lower prices for crude must have been the main cause. While this is only an inference on our part, it will be pertinent to draw attention to the Chairman's statement published on an earlier page, that, through continued improvement in manufacturing techniques, the Refinery was able to step up the crude throughput, yielding an additional 295,000 tons of essential middle distillates so badly needed by the country.

In view of the heavier incidence of taxation for reasons already mentioned, the Company could not make any *net* addition to the reserves. The dividend on equity shares has been raised from 18 per cent taxable to 20 per cent taxable, but the net dividend is still below the 15 per cent per annum, tax-free, paid for 1958 and 1957.

Over the year, the paid-up capital of the Company stands unchanged at Rs. 13.82 crores, but the reserves and surplus are a shade lower at Rs. 12.17 crores. There is no change in the secured loan of Rs. 8 crores, nor in unsecured loans which are standing at Rs. 71.72 lakhs. Other current liabilities and provisions, however, [illegible]

LARSEN AND TOUBRO MAKES STEADY PROGRESS

EXPANSION SCHEMES MAKE HEADWAY

OVER the years, Larsen and Toubro Ltd. (Managing Agents: L. & T. (Management) Private Ltd., Bombay) has come to be regarded as a small enterprise that is fast on its way to becoming a big concern by following prudent expansion policies without, in any way, jeopardising the interest of its shareholders. The confidence the Company has created in the minds of investors is fully reflected in the market price of its ordinary shares, which currently stands above Rs. 40 notwithstanding a book value of less than Rs. 15 per share. How well L. & T. merits this confidence and its reputation as a growth Company will be evident from its annual report for the year ended 31st March 1961. Thanks to the satisfactory performance of its workshop at Powai and the other manufacturing units which went into production during the year, gross trading receipts consisting of sales, charges for completed contracts, and serving and service fees, have shown a rise of Rs. 30.43 lakhs to Rs. 351.08 lakhs. A modest increase of Rs. 2.30 lakhs to Rs. 19.48 lakhs is also seen in other income derived chiefly from commission, compensation and engineering fees. A large portion of this increase has, however, been absorbed by rising cost of raw materials and stores consumed, and other items of expenditure, so that the gross profit shows only a moderate improvement of Rs. 6.48 lakhs to Rs. 55.53 lakhs. With a somewhat reduced provision for managing agents' commission (Rs. 3.77 lakhs, as against Rs. 4.17 lakhs), and higher provisions for depreciation (Rs. 11.52 lakhs, as against Rs. 7.09 lakhs) and taxation (Rs. 17.40 lakhs as compared with Rs. 16.00 lakhs), the net profit stands marginally improved by about Rs. 1.06 lakh at Rs. 22.84 lakhs. It is to be noted, however, that the method of computing depreciation on fixed assets for the year has been changed, such having been taken at the rates prescribed under the Income-tax Act 1922. The Directors state, in a note appended to the profit and loss account, that, if depreciation for 1959-60 had been computed on a similar basis, the charge for that year would have been Rs. 4.17 lakhs as against Rs. 7.09 lakhs actually earmarked. It appears from this that the net profit for the year under review is actually lower than that for 1959-60, despite improved sales.

After crediting back to the profit and loss account Rs. 1.27 lakh (Rs. 1.02 lakh during the previous year) being provisions in excess of anticipated liabilities and transferring Rs. 8.32 lakhs (Rs. 8.07 lakhs during 1959-60) to reserves, the balance available for distribution to the various classes of shareholders amounts to Rs. 16.35 lakhs inclusive of the carryforward from the previous accounting period. Out of this sum, Rs. 97,000 have been earmarked towards preference dividends for the year, and Rs. 14.40 lakhs are absorbed by the proposed dividends payable to equity shareholders. Although the rate of ordinary dividend has been maintained at 18 per cent (Re. 1.80 per share of Rs. 10 each) subject to deduction of tax, it is to be remembered that a full year's dividend is payable on the two lakh ordinary shares issued in 1959 as against a half-year's dividend payable in 1959-60. After making the appropriations, there remains a balance of Rs. 98,848, which is being carried forward.

The following comparative table presents synoptically the progress made by the Company during the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales and servicing charges, etc.	3,51.08	3,20.65	2,78.25	3,93.29
Other income	19.48	17.18	13.84	12.81
Raw materials, trading goods and stores consumed	1,61.76	1,50.08	1,54.25	2,05.18
Salaries, wages and bonus	94.31	88.93	59.09	38.59
Other expenses	68.96	54.79	42.25	44.35
Gross profit	55.53	49.05	36.06	27.98
Managing Agents' commission	3.77	4.17	3.10	2.42
Provision for:				
Depreciation	11.52	7.09	5.10	3.78
Taxation	17.40	16.00	16.00	12.00
Net profit	22.84	21.78	11.26	9.88
Excess provision written back	1.27	1.02	0.57	2.20
Excess for previous years written off		0.87		1.88
	8.32	8.07	4.30	3.68
To reserves				
Dividends—				
5 per cent. preference	0.97*	1.07*	0.75	0.75
Ordinary	14.40 (18%)*	12.60 (18%)*	6.67 (12½%)	5.78 (12½%)
Carry forward	0.99	0.56	0.87	0.26

* Subject to deduction of tax.

With the issue at par of a further three lakh equity shares, the share capital of the Company stands enhanced, as at 31st March 1961, to Rs. 125 lakhs. This is supplemented by Rs. 37.76 lakhs in reserve, which amount includes Rs. 1.39 lakh credited to the share premium account being part realisation on the sale of 4,631 ordinary shares at Rs. 40 each. All current liabilities including secured loans and unsecured loans are placed at Rs. 361.17 lakhs. The net additions to fixed assets during the year amounted to Rs. 43.60 lakhs whereafter the total cost of investment in fixed assets amounts to Rs. 121.61 lakhs written down to Rs. 84.18 lakhs as on the date of balance-sheet, excluding capital work in progress amounting to Rs. 4.91 lakhs. Investments, current assets, loans and advances total Rs. 434.84 lakhs and are more than adequate to cover all liabilities other than the paid-up capital.

The Company's plans for expansion and diversification are going apace. In the course of the year 1960-61, it acquired at par 3.12 lakh shares of Rs. 10 each of the Utkal Machinery Ltd., Bombay, and a further lot of 2,550 shares of Rs. 100 each of Messrs. Christensen-Longyear (India) Ltd., Bombay. It will be recalled that the former Company has been licensed to manufacture plant and equipment required by the paper, chemical, steel, and similar processing industries. Negotiations were also completed during the year for the production in the Company's Powai workshop of equipment for sulphuric acid and superphosphate plant, of drilling equipment and diamond bits, and of lubricating taper plug valves, all in collaboration with leading overseas manufacturers.

As regards the future, the Directors express themselves as follows:

"By continuing to develop and employ the resources and the talents of the Company in support of the industrial development of the country, which—it may be expected—for many years will continue to provide a rich field of opportunities for enterprising and competent engineering firms, your Directors view the future prospects of the Company and its subsidiaries as secured and promising."

The present market quotation of the Company's Rs. 10 fully paid ordinary shares is Rs. 41.50 *cum-div.* The net return on investment on an *ex-div.* basis works out to 4.1 per cent per annum.

(Concluded from next column)

Rs. 10.20 lakhs being the cost of work under construction and machinery awaiting installation. The net block thus amounts to Rs. 168.10 lakhs. Current assets, inclusive of investments, and loans and advances are estimated at Rs. 220.54 lakhs and are sufficient to cover total current liabilities in the proportion of 1.3 to one.

During 1960, new plant and machinery of the value of about Rs. 31 lakhs was installed. This included production chambers, padders, steam ager, jet printing machine, double winders, etc. The Company continued its efforts to impress on the authorities its need for 25,000 additional spindles to balance its plant which, incidentally, consists today of 75,036 spindles and 2,000 looms inclusive of 560 automatic looms. The Government has not so far responded to the Company's request with the result that the Company is unable to run the third shift to full capacity. Nevertheless, the Company has been allotted 48 automatic looms as replacements against its application for 240 looms, the import licences for which are awaited. In addition, 96 looms have been allotted against an application for 200 looms, but the necessary import licence has been turned down for the present.

The market price for the Company's Rs. 100 fully paid-up ordinary shares was constantly upward during the past few months on reports of higher profits and dividends. How well-informed these anticipations were has already been stated. The present quotation of Rs. 281 is *cum-div.* and yields, on an *ex-div.* basis, a net return of 4.4 per cent per annum.

RESULTS OF SVADESHI MILLS

DIVIDEND RAISED AGAIN

TO all those who had been under the impression that the Tata group of mills produces only a utility range of cloth, the financial results disclosed by the annual report of the Svadeshi Mills Company Ltd., a unit belonging to this group, for the year ended 31st December 1960, will no doubt come as something of a surprise. For, despite a somewhat lower production as compared with the previous year, the gross sales of cloth, yarn and waste, inclusive of the subsidy received under the export promotion scheme, have actually increased by Rs. 14.57 lakhs to Rs. 446.75 lakhs and are the highest on record so far. These improved financial results have been principally due to such factors as production of better finished and finer variety of goods, full utilisation of productive capacity and better demand for cloth at higher prices. Although the cost of different varieties of Indian cotton was unusually high during the early part of the year, there was a more than corresponding increase in the price of cloth in the domestic market. As a result the gross profit shows an increase of as much as Rs. 23.93 lakhs to Rs. 68.35 lakhs, an increase of more than 50 per cent over its previous level.

Higher profit has naturally meant a bigger provision for the managing agents' commission. Accordingly, a sum of Rs. 4.61 lakhs has been set aside to meet this contingency, as against Rs. 2.71 lakhs a year before. The provision for depreciation is set higher at Rs. 18.49 lakhs against Rs. 15.32 lakhs in 1959, and that for tax liabilities also has been stepped up from Rs. 10.50 lakhs to Rs. 17.50 lakhs. In spite of these larger provisions, the net profit shows an impressive rise of Rs. 11.86 lakhs to Rs. 27.75 lakhs. Transfers to reserves have been to the tune of Rs. 8.84 lakhs, consisting of Rs. 6 lakhs to the development rebate reserve and Rs. 2.84 lakhs to the general reserve. A small sum of Rs. 70,000 has been added to the already created provision for workmen's retiring gratuity.

After making the aforesaid adjustments, and adding the sum of Rs. 1,506 brought forward from the previous year's accounts, the distributable profit amounts to Rs. 18.22 lakhs. From the sum available, Rs. 97,000 have been allocated towards the payment of preferred dividends in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act 1960, leaving a balance of Rs. 17.25 lakhs for the payment of ordinary dividends. In view of the higher net profit, the rate of ordinary dividend has been stepped to 17 per cent from 14 per cent declared a year ago, both subject to deduction of tax.

The following comparative table gives at a glance the progress made by the Company during the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sales (gross)	4,46.75	4,32.18	3,98.38	3,76.82
Other income	2.43	3.25	3.80	2.16
Closing stocks of finished goods, yarn and waste	88.54	56.13	70.78	73.28
Raw materials and stores consumed	2,25.08	1,97.12	1,98.27	1,97.60
Salaries, wages and bonus	1,36.86	1,32.01	1,22.98	1,03.08
Other expenses	46.30	47.22	49.60	49.19
Gross profit	68.35	44.42	28.88	28.87
Managing Agents' commission	4.61	2.71	1.15	0.89
Provision for—				
Depreciation	18.49	15.32	14.95	13.60
Taxation	17.50	10.50	1.25	2.50
Net profit	27.75	15.89	11.48	6.79
Transfer from reserves		1.75	10.75	9.75
Transfer to reserves	8.84	2.75	11.48	6.79
Gratuity fund	0.70	0.10		
Dividends—				
5 per cent. preference	0.97*	1.07*	0.75	0.75
Ordinary	17.00 (17%)*	14.00 (14%)*	10.00 (10%)	9.00 (9%)
Carry forward	0.25	0.01	0.29	0.29

* Subject to deduction of tax.

The financial position of the Company, as disclosed by its balance-sheet as at 31st December 1960, is impressive. The issued and subscribed share capital of Rs. 115.00 lakhs, consisting of Rs. 15 lakhs in 5 per cent preference shares and the balance in equities, is backed by Rs. 106.03 lakhs in reserves. Current liabilities, excluding provision for retiring gratuity, amount to Rs. 110.10 lakhs, while the liability on account of secured and unsecured loans is placed at Rs. 53.01 lakhs. Fixed assets are carried in the books of the Company at a cost of Rs. 350.99 lakhs, and since depreciation provided so far is Rs. 193.09 lakhs, the net block is Rs. 157.90 lakhs. To this has to be added

(Continued in previous column)

BIG JUMP IN SALES OF DALMIA CEMENT

PROFIT RATIO, HOWEVER, DECLINES

THE low profit-margin of cement companies has been the subject of much comment in recent years. The consumer pays a stiff price, but the producer gets a margin of profit which is unremunerative. The reason for this state of affairs is to be traced to the fact that the Government has been profiteering in its role as a middleman and inadequate provision is made in the retention price for the rise in cost of production. The financial results of Dalmia Cement (Bharat) Ltd. for the year ended 31st December 1960 provide further proof, if proof were needed, of the major handicap to the growth of this basic industry.

Sales of the Company (Managing Agents: Messrs. Hari Brothers Ltd., New Delhi) in 1960 staged a record increase of 49 per cent. In absolute terms, they fetched Rs. 391.02 lakhs, as against Rs. 262.29 lakhs in the previous year and Rs. 190.32 lakhs in 1958. The production of cement also touched a record level at 389,407 tonnes, as against 272,932 tonnes in the previous year and 237,386 tonnes in 1958. In other words, as against an increase of 14.9 per cent in the previous year, the production of the Company during the year under review increased by as much as 42.6 per cent. But the increase in gross profit is only 38.4 per cent, much lower than the increase in production and sales, and the ratio of gross profit to sales has fallen from 23 per cent to 21.4 per cent. The ratio would have been lower still but for the marked increase in income from the other activities of the Company.

There are two principal reasons for the drop in the ratio of gross profit to sales. One is the sharp rise in expenses. The other is to be found in clinker production falling behind capacity. While sale proceeds went up by 49 per cent, as mentioned above, expenses shot up by 56.5 per cent, from Rs. 206.94 lakhs to Rs. 324.03 lakhs.

The receipts from other income have risen by Rs. 11.66 lakhs to Rs. 16.86 lakhs mainly because the share of profit from the Dalmia Magnesite Corporation during the year under review was Rs. 10.46 lakhs, as against a mere Rs. 13,000 in the previous year. The operating difficulties of this Corporation, mentioned in last year's report, were recently overcome to a great extent and there has been improvement in the production of dead burnt magnesite. The Corporation has been licensed to expand the plant by doubling its capacity.

The increase in gross profit from Rs. 60.55 lakhs to Rs. 83.85 lakhs has been more than offset by larger provisions for depreciation, taxation and managing agents' commission at Rs. 26.07 lakhs, Rs. 19.50 lakhs and Rs. 5.26 lakhs, respectively, as against Rs. 10.34 lakhs, Rs. 10.85 lakhs and Rs. 5.21 lakhs. The net profit is, therefore, actually lower by Rs. 1.14 lakhs at Rs. 33.02 lakhs. The result is that neither record production nor record sales has meant any improvement in the shareholders' lot. The dividend on ordinary shares has only been maintained at 12 per cent, subject to deduction of tax, or a net dividend of Re. 0.84 per share. This year's dividend, however, will have a part of it exempted from the tax deduction in pursuance of Section 15C of the Indian Income-tax Act. The exact percentage of the dividend which will be free from tax deduction will be stated in the dividend warrants.

The following comparative table for the last four years underlines the improvement in the working results of the Company:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sales	391.02	262.29	190.32	225.84
Other Income	16.86	5.20	6.58	3.93
Closing Stocks	30.22	33.01	20.33	12.34
Expenses	324.03	206.94	158.42	172.88
Gross profit	83.85	60.55	38.48	57.90
Managing Agents' Commission	5.26	5.21	3.30	5.34
Provision for—				
Depreciation	26.07	10.34	6.23	4.92
Taxation	19.50	10.85	17.50	26.50
Net profit	33.02	34.16	11.45	21.13
To reserves	0.33	28.52	10.27	6.93
Transfer from reserves	2.26	20.20	12.26	12.74
Dividends—				
Preference	4.80 (7.8%)†	5.28 (8.57%)	3.69 (6%)	4.31 (7%)
Ordinary	12.92 (12%)†	10.92 (12%)†	10.60 (10%)	17.29 (12%)
Deferred	0.60 (12%)†	0.60 (12%)†	0.50 (10%)	0.60 (12%)
Carry forward	0.97	0.25	0.22	7.59

† Subject to deduction of tax.

In pursuance of the statutory provision made for stepping up the preference dividend by 30 per cent with passing of the Preference Shares (Regulation of Dividends) Act 1960, Article 7 of the Company has been changed by a special resolution. As a result, the preference shareholders are now entitled to a fixed cumulative dividend of 7.8 per cent subject to deduction of tax at source, with the right to a larger dividend in the event of dividend on ordinary shares being declared at 15 per cent or more.

The paid-up capital of the Company, which was last increased in 1959, has remained unchanged at Rs. 232.59 lakhs. It consists of Rs. 61.58 lakhs in preference shares of Rs. 10 each, Rs. 166 lakhs in ordinary shares of Rs. 10 each and Rs. 5 lakhs in deferred shares of Re. 1 each. Reserves and surplus have increased by Rs. 7.74 lakhs to Rs. 73.35 lakhs. In view of the expansion in production, the secured and unsecured loans have also gone up from Rs. 142.85 lakhs to Rs. 181.31 lakhs, but other current liabilities and provisions are lower at Rs. 79.57 lakhs, as against Rs. 118.37 lakhs a year before. The gross block of the Company, which stands at Rs. 285.75 lakhs, has been depreciated to Rs. 199.41 lakhs by providing Rs. 86.34 lakhs for the purpose. The total investments of the Company are shown at Rs. 202.97 lakhs of which Rs. 30.73 lakhs are in Dalmia Magnesite Corporation. Excluding investments, the current assets aggregate Rs. 150.74 lakhs.

The major part of the Company's investments—Rs. 150 lakhs to be exact—is in Dalmia Cement Ltd. operating in Pakistan from which hardly any return is obtained. It would be a good thing if the management could dispose of its assets in Pakistan as the A.C.C. has done. A study of the Directors' report on the Company's operations in India shows that the third kiln of 500 tons daily capacity had the first year of its full operation. The total production of clinker and cement was, therefore, higher as compared with the previous year. The clinker production remained well below the rated capacity as the production in the other two kilns had to be stopped for varying periods for want of coal. Production was also affected due to the stoppage of one of the slurry mills for replacements of the slide ring.

The Company has implemented the recommendations of the Central Wage Board for the cement industry. In order to enable the Company to meet the incidence of these wage increases, a suitable increase in the ex-works price of cement has been allowed by the Government with retrospective effect from 1st January 1960, the date from which the recommendations of the Wage Board came into effect.

With the Government of India declining to allow an increase in the ex-works price of "Dalmia Cement," further representations have been submitted by the Company. The whole question of cement price for the next price period commencing from 1st July 1961 has been referred to the Tariff Commission. The Company has drawn the attention of the Commission to the all-round increase in costs. The Commission has also been requested to reconsider and revise the formula adopted during the last price fixation for computing the profit-margin to be allowed to the different units, which had worked to the detriment of units operating with lower cost of production and thus acted as a disincentive to cost reduction.

The development of mining and export of high grade iron ore from the Company's mines in the Bellary-Hospet area continues to make good progress. Shipments during the year amounted to 1.88 lakh tons. In the current year, upto the end of April, shipments were 88,000 tons approximately. Supplies under the 2.40-lakh tons contract negotiated by the Company with the State Trading Corporation of India Ltd. last year have been completed. It hopes to receive further contracts for the supply of iron ore from the Corporation. The Company has introduced a certain amount of mechanisation in the iron ore mines.

The current market quotation for the Rs. 10 paid-up ordinary shares of the Company is Rs. 11.87 *cum-div.* On a dividend of Re. 0.84 per share, the net yield works out to 7.1 per cent which is rather attractive.

METTUR INDUSTRIES LIMITED

SALES EXPAND—DIVIDEND MAINTAINED

THE financial results of the Mettur Industries Ltd. (Managing Agents: W. A. Beardsell & Co. (Private) Ltd., Madras) for the twelve months ended 31st March 1961 are encouraging. Thanks to the popularity of the products of the Company and the generally satisfactory trading conditions for textile goods, sales of cloth, yarn and waste have risen from Rs. 163.75 lakhs in 1959-60 to Rs. 175.79 lakhs in the year under review. But, as the value of raw cotton consumed went up by Rs. 6.62 lakhs to Rs. 65.94 lakhs, and other expenses by Rs. 5.64 lakhs to Rs. 64.31 lakhs, the gross profit has suffered a setback, albeit slight, from Rs. 47.98 lakhs to Rs. 47.18 lakhs. Of the rise in other expenses, that on account of the wage bill was as high as Rs. 4.75 lakhs. This was clearly the result of the recommendations of the Textile Wage Board, which were implemented by the Company with effect from 1st January 1960.

In view of the lower gross profit, the commission to managing agents is lower by Rs. 47,000 at Rs. 3.59 lakhs. For the same reason, the provision for taxation is also less by as much as Rs. 2.67 lakhs at Rs. 13.73 lakhs. The sum allocated to depreciation is almost unchanged at Rs. 2.04 lakhs, as against Rs. 2.03 lakhs in the previous year.

Primarily because of the reduction in the provision for taxation, the net profit has moved up from Rs. 25.49 lakhs to Rs. 27.82 lakhs. A large part of the net profit, Rs. 9.29 lakhs or more than 33 per cent to be precise, is absorbed by the provision for bonus to staff. In addition, a sum of Rs. 54,000 has been set aside for the payment of gratuity. The Directors have not been able to add anything to the general reserve but, unlike in the previous three years, they have not withdrawn any sum from the reserves. The development rebate reserve is credited with just Rs. 2,000. The dividend to shareholders has been maintained at the previous year's level of 30 per cent (taxable) which is equivalent to a tax-free return of 21 per cent. This takes up Rs. 18 lakhs.

An idea of the Company's progress during the past four years can be had from the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	1,75.79	1,63.75	1,55.60	1,51.21
Other income	1.77	2.22	2.09	3.40
Closing stocks	1.40	1.53	1.64	1.54
Cotton consumed	65.94	59.32	56.49	57.75
Other expenses	64.31	58.67	55.10	55.17
Gross profit	47.18	47.98	46.10	41.72
Managing Agents' commission	3.59	4.06	3.88	3.50
Provision for—				
Depreciation	2.04	2.03	1.95	1.91
Taxation	13.73	16.40	28.91	19.40
Net Profit	27.82	25.49	11.36	16.91
Transfer from reserves and provisions		0.81	39.82	0.14
To reserves		0.21	0.27	
To development rebate reserve	0.02			
To bonus	9.29	8.10	5.34	5.09
To gratuity	0.54	0.54	0.45	
To Dividend	18.00 (30%)†	18.00 (30%)†	45.00 (75%)*	12.00 (20%)
Carry forward	1.53	1.57	0.12	0.01

* Includes a special dividend of 50 per cent. paid in April, 1958.

† Subject to deduction of tax.

The Company's financial position as disclosed by its balance-sheet as on 31st March 1961, is quite sound. The paid-up capital of Rs. 60 lakhs, all in ordinary shares of Rs. 100, is supported by reserves and surplus of the order of Rs. 31.14 lakhs. The gross block of Rs. 68.96 lakhs has been written down to Rs. 15.78 lakhs, by providing as much as Rs. 53.18 lakhs for depreciation. The Company has no outstanding borrowings and the current liabilities and provisions at Rs. 48.79 lakhs are more than adequately covered by current assets aggregating Rs. 124.16 lakhs. Of which investments (all in Government Securities) alone account for Rs. 18.92 lakhs and cash balances for Rs. 34.31 lakhs. Very few companies in India today have such a high degree of liquid assets.

In view of the excellent dividend record of the Company, the popularity enjoyed by its products and its excellent financial condition, its share has been commanding a high premium. The current market value of the scrip (Rs. 100 fully paid-up) is Rs. 402 *cum-div.* On an *ex-div.* basis and at the current rate of dividend, the net return on the scrip works out to 5.5 per cent per annum.

TATA MILL EARNS MORE

DIVIDEND DOUBLED—RESERVES REPLENISHED

EXCELLENT results are disclosed by the accounts of the Tata Mills Ltd. (Managing Agents: Tata Industries Private Ltd., Bombay) for the year ended 31st December 1960. Thus, the sales are a record in the history of the Company, amounting as they did to Rs. 405.52 lakhs, as against Rs. 385.34 lakhs in the previous year. The gross profit at Rs. 44.83 lakhs is, in fact, more than double that earned in 1959 and fully reflects the fruits of the successful completion of the various schemes for reorganisation and renovation of production facilities in the mills as well as of the introduction of several new lines of production. The gross earnings would have been still higher but for the sharp rise in manufacturing expenses of Rs. 21.30 lakhs to Rs. 190.71 lakhs, of which as much as Rs. 18.23 lakhs are accounted for by the payment to and provisions for employees. Furthermore, the value of raw cotton and stores consumed rose from Rs. 178.48 lakhs to Rs. 194.63 lakhs, reflecting the higher prices which the Mills were required to pay in the earlier part of 1960, due to the failure of the cotton crop.

The net profit at Rs. 32.35 lakhs, after providing Rs. 2.39 lakhs for managing agents' commission (as against Rs. 50,000 in 1959) and Rs. 10.09 lakhs for depreciation (Rs. 12.62 lakhs in the previous year), is almost four times the net profit of Rs. 8.11 lakhs for 1959. It must, however, be noted that, in view of the carry forward of losses and unabsorbed depreciation of past years, no provision has been made for taxation in the accounts for the year under review. It may also be recalled at this stage that the Company was having arrears of depreciation amounting to Rs. 11,25,403 as on 1st January 1960. The following extract from the Directors' report will clearly show that the Company has now provided for depreciation in full in accordance with the new provisions of the Company Law (Amendment) Act of 1960:

"The Companies Act, 1956 did not provide for any norm in connection with depreciation, and adequate depreciation had to be provided thereunder to present a true and fair view in the accounts. The Act, however, provided that in determining profits for payment of agency commission, the normal depreciation allowable under the Indian Income-tax Act should be deducted. Consequently, the Directors had adopted this normal depreciation, including extra-shift allowance, as adequate depreciation for each year. The accounts were compiled accordingly, and where such depreciation could not be provided, a note was inserted in the accounts to show the amount of estimated inadequacy. The Companies (Amendment) Act, 1960, has introduced a new section under which depreciation under certain specified methods has to be provided before any dividend can be paid. One of these methods permits the determination of depreciation by dividing 95 per cent of the cost of each asset by the number of years at the end of which the cost of the asset comes to 5 per cent or less, if calculations are to be made at income-tax rates. Detailed calculations for all assets since the inception of the Company have been duly made, and these calculations reveal that as on 1st January 1960, the depreciation underprovided by the Company to that date came to Rs. 11,25,403 as against Rs. 31,95,000 estimated and noted in the accounts of 1959. The shortfall of Rs. 11,25,403 has now been made good by an equivalent transfer from General Reserve No. 2, and the Directors are of the opinion that with this adjustment the provision to 1st January 1960 is adequate. Consequently, the note as regards inadequacy of depreciation appearing in the past accounts has ceased to operate *in toto*. Further, the Directors have decided that depreciation under this method shall hereafter be the norm for adequate depreciation each year."

The net profit of Rs. 32.35 lakhs is supplemented by Rs. 10.53 lakhs, comprising (*a*) Rs. 9.13 lakhs being the transfer from General Reserve No. 1 for part payment of proposed dividend for 1960, (*b*) Rs. 1.22 lakh being excess provisions for previous years no longer required, and (*c*) Rs. 18,000 being the balance brought forward from the previous years' accounts. This makes available for appropriations and distribution an amount of Rs. 42.88 lakhs. Out of this amount, the Directors have transferred as much as Rs. 21.65 lakhs to general reserves and Rs. 7.25 lakhs to development rebate reserve, as against just Rs. 1.01 lakh and Rs. 6.50 lakhs, respectively, in 1959. The provision for gratuity takes up Rs. 60,000, which is the same as in the previous year. Making allowance for the transfer from reserve of Rs. 9.13 lakhs, the amount actually ploughed back out of the earnings for 1960 is as much as Rs. 19.77 lakhs or more than 60 per cent of the net profit earned in 1960. But such a heavy transfer to reserves has not meant a poor dividend to shareholders, for the Directors have doubled the dividend from 10 per cent (taxable) in 1959 to 20 per cent (taxable), representing a tax-free dividend of 14 per cent, as against the tax-free dividend of 6 per cent for 1958 and 8 per cent for 1957.

The following comparative table for the last four years will give a clear idea of the trend of earnings and appropriations of the Company:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sale proceeds (gross)	4,05.52	3,85.34	3,33.32	3,34.41
Closing stocks of finished goods and wastes	80.60	57.40	74.96	79.72
Raw materials and stores consumed	1,94.63	1,78.48	1,70.25	1,90.48
Other expenses	1,90.71	1,69.41	1,57.40	1,47.60
Gross profit	44.83	21.23	2.20	12.95
Managing Agents' commission	2.39	0.50	..	0.50
Provision for— Depreciation	10.09	12.62	1.50	10.25
Taxation	..	..	0.50	0.50
Net profit	32.35	8.11	0.20	1.70
Transfer from reserves	9.13	6.56	3.93	5.25
Excess provisions written back	1.22	..	..	..
To reserve	21.65	1.01	..	1.70
,, development rebate reserve	7.25	6.50	..	..
,, gratuity	0.60	0.60	0.20	..
Dividend— Ordinary	13.12 (20%)*	6.56 (10%)*	3.93 (6%)	5.25 (8%)
Carry forward	0.26	0.18	0.18	0.18

*Subject to deduction of tax.

The renovation of the plant and machinery of the Tata Mills has been making steady progress. In addition to the expenditure of Rs. 12.61 lakhs on machinery and plant incurred in 1959, the Company installed new plant and machinery of the value of about Rs. 38 lakhs during the year under review, which included Whitin combers, cards, ring frames, variable speed motors, a humidification plant, fluorescent lighting, singeing machine and drying ranges with mangles. Besides this, machinery of the value of about Rs. 7 lakhs was awaiting installation.

The Tata Mills applied to the Government of India for permission to install 20,000 additional spindles to enable the Mills to balance production facilities. The current imbalance between the spinning and weaving sections is hampering production, as the Mills are unable to operate all looms in the third shift. The Government of India has not yet granted this request. News about the progress of rationalisation plans is better. An agreement was signed with the Rashtriya Mills Mazdoor Sangh for running four sides on 28s counts and above. The Mills further introduced another rationalisation method on 24th September 1960, when the workers' union agreed to work four looms to a weaver. This measure was initially applied to 200 looms in each of the three shifts, but, gradually, it has been extended to 770 looms in each of the first and second shifts, and 650 looms in the third shift.

The Company's paid-up capital of Rs. 65.58 lakhs is supported by reserves and surplus of the order of Rs. 62.02 lakhs. The gross block of the value of Rs. 299.73 lakhs, which includes an addition of Rs. 41.35 lakhs during the year, has been written down to Rs. 174.42 lakhs, by providing depreciation of the magnitude of Rs. 125.31 lakhs. The secured loans, including 5 per cent 3,951 convertible debenture bonds (1966-71) of Rs. 1,000 each aggregating Rs. 39.51 lakhs, amount to Rs. 53.53 lakhs; unsecured loans stand at Rs. 102.80 lakhs. In addition, other current liabilities and provisions are of the order of Rs. 84.07 lakhs. As against these, the current assets amount to Rs. 192.85 lakhs only. It will, thus be noted that, financially, the Company is in a pretty tight position and that, for some years to come, it will have to continue to set aside a large part of its profit to the reserves.

The Rs. 25 fully paid-up ordinary shares of the Company are commanding a good premium on the Bombay Stock Exchange and are quoted at Rs. 67 *cum-div.* On an *ex-div.* basis and at the current rate of dividend, the yield works out to 5.5 per cent per annum, free of tax.

NEW SWADESHI MILLS OF AHMEDABAD

The considerable improvement in the trading conditions of the cotton textile industry during the major part of 1960 is fully reflected in the results of the New Swadeshi Mills of Ahmedabad Ltd. (Secretary: Mr. S. K. Agrawal, Ahmedabad) for the twelve months ended 31st March 1961. The sale proceeds have jumped up from Rs. 267.60 lakhs during 1959-60 to Rs. 313.97 lakhs, representing a rise of more than 17 per cent over the previous year. The closing stock has shown a welcome decline of Rs. 4.14 lakhs to Rs. 20.57 lakhs. In keeping with the larger volume of production and the higher prices of raw cotton during the early part of 1960, the value of raw materials and stores consumed has risen steeply by Rs. 22.42 lakhs to Rs. 159.63. Other expenses, which include wages, salaries and contribution to provident fund, has also gone up, albeit more modestly, by Rs. 5.37 lakhs to Rs. 158.21 lakhs. But wage bill alone shows a sharp rise from Rs. 85.87 lakhs in 1959-60 to Rs. 91.08 lakhs.

The gross profit has more than doubled from Rs. 11.68 lakhs to Rs. 25.01 lakhs. But a large part of the rise in gross earnings is neutralised by the heavier provision for depreciation at Rs. 6.58 lakhs and for tax liability at Rs. 8.00 lakhs, as against Rs. 4 lakhs and Rs. 2.50 lakhs, respectively in 1959-60. After making these essential provisions, the net profit amounts to Rs. 10.43 lakhs, which is slightly more than double the net profit of Rs. 5.18 lakhs earned in the previous year. Out of this net profit, a sum of as much as Rs. 6.00 lakhs has been transferred to the general reserve against *nil* in 1959-60. Besides Rs. 2.12 lakhs (Rs. 2.50 lakhs in the previous year) have been credited to the development reserve account. The dividend has only been maintained at 9 per cent subject to tax. This absorbs Rs. 2.35 lakhs, leaving Rs. 42,000 to be carried forward to next year.

A synoptic view of the Company's progress in the last two years can be had from the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March	
	1961	1960
Sales proceeds	3,13.97	2,67.60
Closing stocks	20.57	24.71
Consumption of raw materials and stores	1,59.63	1,37.21
Other expenses	1,58.21	1,52.84
Gross profit	25.01	11.68
Provision for—		
Depreciation	6.58	4.00
Taxation	8.00	2.50
Net profit	10.43	5.18
To general reserve	6.00	..
To development rebate reserve	2.12	2.50
Dividend—		
Ordinary	2.35 (9%)*	2.35 (9%)*
Carry forward	0.42	0.46

*Subject to deduction of profits.

The Company spent Rs. 15.03 lakhs during 1960-61 on new plant and machinery, which included mercerising machine, 144 automatic looms, five automatic jiggers, one ager for the printing department, one boiler and economiser set and one transformer of 1,000 KVA. The Company has applied to the Government of India for permission for additional spindles to feed the new looms received by the mills under the Export Promotion Scheme. The Company, it is interesting to note, has secured a licence to start a cast iron spun pipe factory with an initial capacity of 36,000 tons per annum. The implementation of this scheme will be taken up in the near future. The Company also intends to set up a textile mill with an initial capacity of 20,000 spindles and 300 automatic looms at a suitable place in the Gujarat State. The necessary application for the industrial licence has already been made to the Government of India.

The balance-sheet as on 31st March 1961 reveals a satisfactory financial position. The paid-up capital of Rs. 26.15 lakhs is supplemented by reserves and surplus of the order of Rs. 48.18 lakhs. The gross block of the Company has increased from Rs. 102.46 lakhs to Rs. 120.72 lakhs and stands depreciated at Rs. 59.00 lakhs, the depreciation provided so far amounting to Rs. 61.72 lakhs. The current liabilities and provisions together with secured and unsecured loans of Rs. 49.43 lakhs and Rs. 15.79 lakhs respectively, aggregate Rs. 123.70 lakhs and are fully covered by current assets of the magnitude of Rs. 139.04 lakhs.

The Rs. 100 fully paid-up ordinary shares of the Company are currently quoted on the Ahmedabad Stock Exchange at Rs. 140 *cum-div.* The net return on them, on an *ex-div.* basis and taking the tax-free dividend at Rs. 6.30 per share, works out to 4.7 per cent per annum.

NEW COMPANY FORMATIONS IN 1960-61

(*Concluded from page 36*)

briefly pointed out. Table 2, for instance, shows that new companies are overwhelmingly private limited ones and that small companies (with an authorised capital of Rs. 10 lakhs and below) continue to predominate among the private limited companies. It will be seen from Table 3 that the major industrial group of "processing and manufacturing" continues to account for the largest number of new company formations; in 1960-61, as many as 817 new companies belonged to this group. As for regional distribution of new companies, the figures within brackets in Table 4 show that, in 1960-61, as in previous years, Delhi in the Northern region, West Bengal in the Eastern region, Bombay in the Western region and Madras in the Southern region accounted for the larger proportion of new companies formed in the respective regions. The regional totals, by themselves, do not, however, lend themselves to any significant interpretation from the point of view of concentration or dispersal of new industries.

SYNOPSES OF COMPANY REPORTS

Haileyburia Tea Estates Ltd.

(*Managing Agents*: Messrs. Parkins (Private) Ltd., Kottayam, Kerala State)

Annual General Meeting—29th June. Dividend payable on 29th July.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	40,79	28,09
Closing stock	6,40	8,07
Gross profit	11,64	5,70
Transfer to Managing Agents' commission	58	48
,, ,, depreciation	1,34	94
,, ,, development rebate reserve	78	15
,, ,, taxation	4,30	2,00
Net profit	4,84	2,13
Adjustments	2	1,19*
Appropriations:		
Total available balance	4,86	3,32
Proposed dividends (taxable)—		
5% Preference	14	18
Ordinary	3,75 (15%)	3,12 (12½%)†
Carry forward	77	2

N.B.—Adjustments include the balance brought forward from the previous year.

* Includes Rs. 1,00,000 transferred from dividend equalisation fund.

† On the increased ordinary capital of Rs. 25,00,000.

Extracts from the Directors' report: *Machinery*: The addition during the year amounts to Rs. 83.085 and the total cost of machinery standing at Rs. 9,29,319 includes machinery in the course of erection Rs. 1,61,679.

Crop and Price: 10,47,000 lbs. tea was produced from Semni Valley Estate and 7,81,493 lbs. from Haileyburia (total 18,28,493 lbs. or 8,29,390 Kgms.) during the year under report against an estimate of 12,00,000 lbs. from Semni Valley and 9,00,000 lbs from Haileyburia. The shortfall in crop is due to adverse weather conditions. The average cost of production was 137.74 cents per lb. against 163.54 cents in 1959. The net average sale price realised was 208.77 cents per lb. as against 204.02 cents per lb. in 1959. The stock of tea remaining unsold as at 31st December, 1960 was 1,20,353 Kgms. all of which have since been sold.

The estimates for the period ending 31st December, 1961 provide for a crop of 11,50,000 lbs. (5,21,630 Kgms.) tea to be produced at a cost of 164.98 cents per lb. from Semni Valley and 8,00,000 lbs. (3,62,873 Kgms.) at a cost of 160.63 cents from Haileyburia Estate.

The crop as at 20th May 1961 is 99.347 Kgms. from Haileyburia and 1,88,764 Kgms. from Semni Valley as against 1,16,692 Kgms. and 1,76,161 kgms. respectively as on 20th May 1960.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	27,50,000	Gross block	56,71,656
Reserves and surplus	19,32,635	—Depreciation	10,31,863
Other liabilities	14,36,801		
		Net block	46,39,793
		Current assets	14,15,820
		Investments	4,100
		Cash	59,723
	Rs. 61,19,436		Rs. 61,19,436

Binod Mills Co., Ltd.

(*President*: Seth Lalchand B. Sethi, Indore.)

Annual General Meeting—29th June. Dividend payable on or after 10th July.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales (goods and services)	3,25,04	3,08,50
Closing stock	73,76	51,49
Gross profit	33,54	9,25
Transfer to depreciation	6,79	7,71
,, ,, taxation	13,00	Nil
,, ,, development rebate reserve	32	69
Net profit	13,43	85
Adjustments	1,83	4,83*
Appropriations:		
Total available balance	15,26	5,68
To adjustment of loss on assets sold and discarded	10	1
To adjustment of debits relating to previous year	1,50	..
To arrears of depreciation (past years)	4,64	..
To provision for taxation (previous year)	1,85	90
Proposed dividend (taxable)	7,50 (12½%)	4,50 (7½%)
Carried forward	37	27

N.B.—Adjustments include the balance brought forward from the previous year; amount transferred from dividend equalisation reserve if any; refund of taxes relating to previous years and other credit items relating to previous years.

* Includes Rs. 4,25,000 transferred from dividend equalisation reserve.

Extracts from the Directors' report: The Company has repaid during the year under report in full the amount of loan taken on the mortgage of the land and fixed assets of the Deepchand Mills and the Binod Power Sub-Station from the Madhya Pradesh Financial Corporation, Indore. It will thus be observed that the land and fixed assets of Deepchand Mills are now free from all encumbrances.

The directors have pleasure in reporting that against the loan of Rs. 20 lakhs sanctioned by the N.I.D.C. Ltd., Rs. 17,82,000 have been received and the balance is expected to be received in the near future.

Operations: During the year under report the working of the Company was satisfactory. The first six months were good for the Textile Industry. Owing, however, to the scarcity of Indian Cotton, prices of coarse and medium cloth reached a high level. At this the Central Government recommended to the Indian Cotton Mills' Federation to check the rising prices and accordingly as decided by the Federation the Company's Mills together with other Mills of the Centre, agreed to a voluntary cut, from August 1960, in prices to bring them on the level of a formula based on prices prevailing during the August 1959 period. A second cut in prices was again effected, as recommended, in December 1960. On the other hand the cost of production of the industry has been steadily rising owing to rise in prices of stores, chemicals and dyes and coal, and increase in dearness allowance. The implementation of the recommendations of the Cotton Textile Wage Board have also considerably added to the burden, which in case of this Mills amounts to about rupees five lakhs.

The third shift of the Deepchand Mills has been started from 22nd March to meet the demand for increased cloth production. This has also helped in providing employment for idle labour. It is further contemplated to start the third shift of the Binod Mills to meet current shortage of yarn, as well as to run more looms to help increase production of cloth.

Export Market: During the past two years the management has been following the policy of expanding and maintaining the export markets for this Company's products. In view of this policy, the exports during the year under report were more or less maintained at last year's level even if the prices at times were not competitive with those of the home markets. The product of the Mills have proved popular and repeat orders have been received. The total sales in the year 1960 were 85,36,610 yds. of the value of Rs. 54,04,500. The total percentage of exports to total production of cloth being 21 per cent the export incentive earned for the year 1960 is Rs. 8,17,678 as against Rs. 5,65,923 in the year 1959.

Expansion: The Government has granted permission for installing 17,506 spindles and 380 looms as major expansion. The total cost of this expansion plan is estimated to be over Rs. 1 crore which is proposed to be met in part from the Company's resources and in part by raising a loan from the Industrial Financial Corporation, New Delhi. It is the endeavour of the directors that a modern and well equipped Unit comprising the above spindles and looms should be put up. It will be the effort of the Management to commission the new plant as early as possible.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	60,00,000	Gross block	1,90,74,800
Reserves and surplus	37,84,153	—Depreciation	1,14,61,393
Other liabilities	1,35,28,844		
		Net block	76,13,407
		Block-in-progress	4,15,958
		Current assets	1,37,75,614
		Investments	11,30,080
		Cash	3,77,938
	Rs. 2,33,12,997		Rs. 2,33,12,997

Kumardhubi Fireclay And Silica Works Ltd.

[*Managing Agents*: Messrs. Bird & Co. (Private) Ltd., Calcutta.]

Annual General Meeting—29th June. Dividends payable on or after 5th July.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	1,77,55	1,77,87
Closing stock	17,58	11,15
Gross profit	29,24	26,06
Transfer to Managing Agents' commission	2,13	2,39
,, ,, depreciation	6,72	5,45
,, ,, taxation	8,96	8,45
,, ,, development rebate reserve	1,15	55
Net profit	10,28	9,22
Adjustments	40	30
Appropriations:		
Total available balance	10,68	9,52
Transfer to reserves	4,75	3,50
Proposed dividends (taxable)—		
5½% Preference	20	22
Ordinary	5,40 (18%)	5,40 (18%)
Carried forward	33	40

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: Demand throughout 1960 continued at a high level except in common firebricks. A scheme for the modernisation and expansion of the old Fireclay Works has been considered and approved by the Board and after discussions with the Company's consultant in the U.K. it has been decided to proceed with the installation of a new *Tunnel Kiln* and the demolition and reconstruction of the old *Tunnel Kiln*. The old *Tunnel Kiln* was fired in May, 1946 and constitutes a record for continuous service. The expansion and modernisation also envisages a completely separate milling and grinding section for the old Fireclay Works and the scheme is expected to be completed by the end of 1962. The output of firebricks will increase by about 25 per cent by 1963 during which year the plant will be capable of manufacturing a range of special bricks.

A small expansion in the Silica Section was completed in 1960. This has enabled the Works to step up production of *Sillimanite Refractories* to meet the high demand.

Towards the middle of the year labour unrest developed as the Union refused to accept a revised incentive bonus scheme as a result of the expanded Silica output. This eventually led to a strike which lasted for approximately five weeks. In the settlement reached the Management's stand was vindicated and the directors are glad to report that the overall production during 1960 was slightly in excess of the tonnage turned out in 1959. Relations with labour have since been satisfactory and output has been maintained at a high level.

The term of office of the managing agents terminated on the 15th August 1960, by virtue of the provisions of Sections 330 of the Companies Act, 1956 and Messrs. Bird & Co. (Private) Limited were re-appointed the managing agents of the Company for a further period of five years commencing on 15th August 1960.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	34,00,000	Gross block	1,23,10,947
Debentures	30,00,000	—Depreciation	66,20,733
Reserves and surplus	41,25,492		
Other liabilities	78,25,279	Net block	56,90,214
		Block-in-progress	3,70,229
		Current assets	1,08,76,568
		Investments	3,97,388
		Cash	19,672
	Rs. 1,73,53,771		Rs. 1,73,53,771

Baradighi Tea Co., Ltd.

(*Managing Agents*: Messrs. Jardine Henderson Ltd., Calcutta.)

Annual General Meeting—29th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sale proceeds (gross)	33,65	34,76
Closing stock	11,56	8,93
Gross profit	12,39	10,21
Transfer to Managing Agents' remuneration	1,07	87
,, ,, depreciation	1,61	1,55
,, ,, taxation	3,98	3,14
,, ,, development rebate reserve	7	13
Net profit	5,66	4,52
Adjustments	69	67
Appropriations:		
Total available balance	6,35	5,19
Transfer to reserves	2,00	1,50
Proposed dividend (taxable)	3,60 (30)%	3,00 (25%)
Carried forward	75	69

N.B.—Adjustments include the balance brought forward from the previous year and refund of wealth tax if any.

Extracts from the Directors' report: *Outturn*: The following statement shows the amount of tea manufactured from the crops of leaf harvested over the last three years and estimated crop for 1961:—

1958	1959	1960	1961 estimated
Kgms.	Kgms.	Kgms.	Kgms.
6,77,558	6,99,059	7,21,568	6,71,310

In spite of the drought in the early part of 1960 the amount of tea manufactured during the season exceeded both the estimate and that of the previous year. The result for the year can, therefore, be considered as very satisfactory.

Sales: The quantity of tea sold for season 1960 was 6.98.076 kgs. and the average sale price obtained per kilogram was Rs. 5.20. This compares with 6,79,193 kgs. sold in 1959 at an average sale price of Rs. 4.83 per kgm.

Development: The main items of development carried out during 1960 were the construction of 60 pucca labourers' houses and the sinking of a large tube-well for irrigation purposes. Although there will unfortunately be delay in obtaining the engines required, arrangements have been made to make available temporarily two Ruston engines so that irrigation can be introduced on a limited scale. A start was made in supplying equipment for a controlled withering plant. Vegetative propagation work is rapidly expanding and showing very satisfactory results. With regard to future development the directors consider that priority should be given to irrigation, controlled withering, housing and to improving hospital facilities. As is inevitable in this Industry, schemes of this sort are costly to implement and present estimates show that a figure in excess of Rs. 20,00,000 will require to be spent during the course of the next five years.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	12,00,000	Gross block	48,98,021
Reserves and surplus	21,21,196	—Depreciation	28,21,632
Other liabilities	17,10,219		
		Net block	20,76,389
		Block in progress	76,392
		Current assets	18,66,197
		Investments	4,437
		Cash	10,08,000
	Rs. 50,31,415		Rs. 50,31,415

Anderson Wright Ltd.

(*Chairman*: Mr. B. P. Kedia, Calcutta.)

Annual General Meeting—29th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	1,84,56	90,60
Closing stock	3,77	..
Gross profit	9,80	7,17
Transfer to depreciation	3	3
,, ,, taxation	4,32	3,01
Net profit	5,25	4,13
Adjustments	54	6
Appropriations:		
Total available balance	5,79	4,19
Transfer to reserves	1,50	75
Proposed dividends (taxable)—		
4½% Preference	1,44*	90
Ordinary	2,25 (11½%)	2,00 (10%)
Carried forward	60	31†

N.B.—Adjustments include the balance brought forward from the previous year and a sum of Rs. 22,500 transferred from Preference Dividend Suspense account.

* Includes additional dividend on preference shares of Rs. 27,000 for the year 1959.

† After transferring Rs. 22,500 to Preference Dividend Suspense account.

Extracts from the Directors' report: In accordance with the Preference Shares (Regulation of Dividends) Act, 1960, the amount of dividend on the preference shares has been increased by 30 per cent. The Act also stipulates the payment of an additional 30 per cent on the dividend on preference shares for the year ended 31st December 1959.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	40,00,000	Gross block	42,69,014
Debentures	10,00,000	—Depreciation	49,398
Reserves and surplus	17,10,154		
Other liabilities	79,46,193	Net block	42,19,616
		Current assets	61,91,856
		Investments	52,20,679
		Cash	24,694
	Rs. 1,46,56,347		Rs. 1,46,56,347

Notices

RESERVE BANK OF INDIA

APPLICATIONS ARE INVITED FOR THE following posts in the Bank:

(A) **POSTS AND SCALES OF PAY:**

(i) Banking Officers—Rs. 375-55-815 E.B. 55-925-60-1,045

(ii) Probationary Assistants—Rs. 250-25-450 E.B. 25-650

Note: Candidates possessing exceptionally good qualifications and experience of value to the Bank may be given a higher starting pay in the prescribed scales.

In addition to pay, the selected candidates will be eligible to draw local pay, house allowance and dearness allowance at the rates prescribed by the Bank from time to time.

(B) **QUALIFICATIONS:**

(i) **Banking Officers:**

(*a*) Applicants should have a minimum of five years' commercial banking experience out of which not less than three years should be in a responsible position. Preference will be given to applicants with high academic qualifications who have made a special study of Economics, Banking, Commerce or Accountancy, or

(*b*) They should be Chartered Accountants with a minimum standing of 5 years.

Preference will be given to those who have passed the examinations of the English or Indian Institute of Bankers.

(ii) **Probationary Assistants:** Applicants should have a good academic record and a first or high second class Master's degree of a recognised Indian or foreign University with Economics, Banking, Commerce or Accountancy as a special subject and should also have some proficiency in drafting. Educational qualifications may be slightly relaxed in the case of candidates who have passed the Institute of Bankers' examinations and/or possess practical banking experience in a supervisory capacity in a commercial bank.

Candidates who have applied for these posts in response to previous advertisements issued in 1960 need not apply again.

THE SELECTION BOARD WILL INSIST ON A VERY HIGH STANDARD OF SUITABILITY IN MAKING SELECTIONS FOR THE ABOVE POSTS AND ONLY THOSE CANDIDATES WHO POSSESS HIGH ACADEMIC QUALIFICATIONS AND ADEQUATE EXPERIENCE OF THE TYPE SPECIFIED ARE ADVISED TO APPLY.

(C) **AGE LIMITS AS ON 1st JULY 1961:**

(i) **Banking Officers:** Candidates should not ordinarily be over 35 years of age but the age limit may be slightly relaxed in the case of candidates with exceptionally good experience of value to the Bank.

(ii) **Probationary Assistants:** Between 21 and 25 years.

In the case of (ii) the maximum age limit is relaxable but not beyond 30 years in the case of:

(i) candidates possessing special qualifications and experience of value of the Bank;

(ii) ex-employees of banking institutions whose services had to be terminated for reasons of economy or as a result of the banks going into liquidation;

(iii) personnel retrenched from Government offices after at least one year's service applying through Employment Exchanges; and

(iv) candidates belonging to the Scheduled Castes or Scheduled Tribes.

2. Candidates who wish to apply for more than one category of posts must submit *separate* applications accompanied by separate application fees and *should clearly indicate the post for which they have applied.*

3. Applicants for the posts of Banking Officers and Probationary Assistants must remit with their applications a fee of Rs. 7.50 for each *posts* by cheque or bank draft on a *Scheduled Bank* payable at Bombay or by Postal Order. *The application fee is in no case refundable.* Bonafide refugee candidates *not in employment* applying through Employment Exchanges are exempted from payment of application fees while in the case of candidates belonging to Scheduled Castes/Tribes, the fee will be reduced to one-fourth.

4. Applications in the candidate's own handwriting in the prescribed forms obtainable from the Reserve Bank's offices at Bombay, Calcutta, Kanpur, New Delhi, Nagpur, Madras, Bangalore, Lucknow, Trivandrum and Patna accompanied by copies (*originals should not be sent*) *of certificates regarding age and educational qualifications, statements of marks secured in the Graduate and Post-Graduate degree examinations and two testimonials* should be forwarded to the Secretary, Central Recruitment Board, Reserve Bank of India, Central Office, Post Box No. 406, Bombay No. 1, so as to reach him on or before 22*nd July* 1961.

5. *Candidates should also indicate in their applications whether they had applied previously for a similar post in the Reserve Bank and if so with what result.*

6. Candidates already in service will be required to produce a proper discharge certificate from their employers in the event of their being selected, at the time of their appointment in the Bank's service.

7. Candidates belonging to Scheduled Castes/Scheduled Tribes should mention this fact prominently in their applications and also enclose a copy of a certificate to that effect from a competent authority.

8. Selected candidates must be prepared to serve in any office of the Bank in India and to undertake tours when required.

9. Appointments will be subject to candidates being found medically fit for service in the Bank by the Bank's Medical Officer.

10. If any candidate desires to have his application acknowledged, he should send it by "Registered Post—Acknowledgement Due." Apart from those who may be specially called, interviews will not be granted to candidates nor will the Bank enter into correspondence with them.

11. Canvassing will be regarded as a disqualification.

SHAW WALLACE & COMPANY, LTD.

NOTICE IS HEREBY GIVEN THAT THE Fifteenth Annual General Meeting of the Members will be held at the Registered Office of the Company, 4, Bankshall Street, Calcutta, on 26th July, 1961, at 3 p.m., for the following purposes:—

1. To consider the Profit and Loss Account for the year ended 31st December, 1960, the Balance Sheet as at that date and the Reports of the Directors and the Auditors.
2. To declare a Dividend on the Ordinary Shares.
3. To appoint Auditors and to fix their remuneration.
4. To elect Directors in the places of two Directors retiring.
5. AS A SPECIAL BUSINESS: To consider and if thought fit to pass with or without modification the following two Resolutions, of which two Notices have been received by the Company from a Member under Section 257 of the Companies Act, 1956, which will be proposed as ordinary resolutions:

(1) "That Mr. C. M. A. Bathurst be and is hereby appointed a Director of the Company."

(2) "That Mr. J. L. Capper be and is hereby appointed a Director of the Company."

EXPLANATORY STATEMENT

With regard to Item No. 5 above it is pointed out that Messrs. C. M. A. Bathurst and J. L. Capper were appointed as additional Directors. In terms of Section 260 of the Companies Act, 1956, they now vacate their offices and in view of their vast experience of the affairs of the Company, your Directors recommend the adoption of the resolutions in the best interest of the Company.

The Share Transfer Register of the Company's Ordinary Shares will be closed from 17th July to 26th July 1961, both days inclusive.

N.B.—A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.

By Order of the Board,
D. A. HOUGHTON,
Calcutta Director and Secretary.

4, BANKSHALL STREET,
CALCUTTA, *Dated 26th June*, 1961.

SWASTIK TEXTILE MILLS LIMITED

CHAIRMAN'S STATEMENT

THE Fourteenth Annual General Meeting of the shareholders of the Swastik Textile Mills Ltd. was held at Bombay on Thursday, 22nd June 1961. In his brief address to the shareholders, Mr. P. K. Divekar, Chairman of the Company, disclosed that the Company's plant and machinery were being rapidly modernised and that steps were being taken to expand the productive capacity. Arrangements were under way for getting the Company's shares listed on the Stock Exchange, so that they might be readily marketable. The following is the text of Mr. Divekar's speech:

"GENTLEMEN,

"I have great pleasure in welcoming you today to the fourteenth annual general meeting of the Company.

Dividend Maintained

"With your permission, I will take the Directors' report and the accounts for the year ended 31st December 1960 as read. You will be pleased to note that, in spite of paying bonus amounting to Rs. 73,749.49 to the employees of the Company for the year 1958 and after providing for development rebate reserve to the extent of Rs. 83,262, the Company has maintained the same dividend in respect of ordinary and deferred shares and has also paid increased dividend at Re. 0.55 per preference share for the year 1959 and at Rs. 5.55 per preference share for the year 1960 as required by the Preference Shares (Regulation of Dividends) Act, 1960 without utilising the reserves.

"I am glad to inform you that there was no change in the rate of excise duty on cotton powerlooms during the year 1960 and the concession of compounded rates of excise duty continues to be applicable to cotton powerlooms over 100 and upto 300 looms units.

Mercerising Plant

"The Benninger-Maneklal Chainless Mercerising Plant has already started working from 13th December 1960 on a restricted scale. This is due to the fact that the shrinkage in the width of grey cloth after mercerising cannot be made good on our existing ordinary type stentering machines. The Hot Air Stentering and Drying Range manufactured by Messrs. Famatex India Private Ltd., Bombay, is being delivered in parts to our Chembur factory which is expected to be erected and will start working in about 4-6 months' time from now. After this is complete, we will be able to work the mercerising plant to its full capacity in co-ordination with the Famatex Hot Air Stentering Machine.

Modernisation

"Our programmes for modernisation and renovation of plant and machinery are going on apace. We will shortly undertake the construction of first floor on the new shed at our Chembur factory to accommodate the existing and also additional machinery for efficient and economical working. The provision of canteen is also contemplated.

"It may be noted that the shares of the Company are not quoted on the market and hence are not easily negotiable which results in undue inconvenience to our shareholders. The Company is quite aware of the fact and hence efforts in this direction are being made.

"I will now conclude my speech after expressing my gratitude and thanks to you all and other shareholders of the Company, our valued customer-merchants and also to the members of staff and labour for the co-operation the Company has received and continues to receive in its day-to-day activities."

N.B.—This does not purport to be a report of the proceedings of the general meeting.

MONEY COMFORTABLE

(From Our Own Correspondent)

BOMBAY, *28th June*

The short-term money market continued to display an easy trend throughout the week. The supply position has improved further as the inflow of funds from Calcutta and Madras has increased. The demand for funds is on a modest scale. The inter-bank call rate among Exchange and Indian banks ruled at 4½ per cent which is the same as last week. But, as there is an excess supply in the market it is expected that this rate will go down further in the coming weeks. The other rates, too, did not undergo any change. For purposes of record the rates are given below:

	Per cent
Inter-bank call money:	
Exchange and other large Indian banks	4½
Other banks	4¾
Notice money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3¼
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

The results of the 91 days' Treasury bills of the Government of India sold through weekly tenders showed that as against an invitation for Rs. 2 crores, an equivalent amount was offered and accepted. The average rate of accepted tenders remains the same, at 2.650 per cent per annum. 91 days' intermediate Treasury bills sold from the 21st to 23rd June aggregated Rs. 80 lakhs. Their sales are being continued.

A contraction of as much as Rs. 23.24 crores in notes in circulation is disclosed by the statement of the Reserve Bank of India for the week-ended 23rd June 1961 as compared with the previous week. As the notes held in the Banking Department have gone up by Rs. 14.77 crores, the total notes issued are down by Rs. 8.46 lakhs only. Foreign securities are unaltered at Rs. 108.01 crores, but, as balances held abroad have receded by Rs. 3.13 crores, the aggregate foreign assets are lower by that amount at Rs. 120.66 crores. Deposits of banks with the Reserve Bank of India have further also fallen by Rs. 4.20 crores to Rs. 82.05 crores.

The statement of the Scheduled Banks for the week-ended 16th June 1961 shows an expansion of Rs. 6.54 crores in demand deposits and a contraction of Rs. 16.51 crores in time deposits. The deposits of the State Bank of India have fallen by Rs. 11.78 crores. Borrowings from the Reserve Bank have declined by Rs. 1.53 crore to Rs. 19.82 crores, of which those against usance bills are lower (by Rs. 25 lakhs) at Rs. 13.78 crores. Borrowings from the State Bank of India of demand and time nature have shrunk by Rs. 1.35 crore and Rs. 5 lakhs, respectively. On the assets side, advances and bills discounted (bank credit) have experienced a contraction of Rs. 3.46 crores to Rs. 1,277.51 crores. A year ago, they were of the order of Rs. 1,134.19 crores. But as the advances of the State Bank of India are lower by Rs. 3.54 crores, it is clear that the advances of the other Scheduled banks must have actually risen, albeit slightly, by Rs. 9 lakhs. Investments of the Scheduled banks as a whole went down by Rs. 8.21 crores, but, as the investments of the State Bank shrunk by Rs. 9.90 crores, the investments of the other Scheduled banks must have risen by Rs. 1.69 crore.

The gilt-edged market continued to remain dull, with business reduced to a small scale. Interest was mainly confined to short-dated securities. In the Central loan section, 3 per cent conversion loan receded further by 30 nP to Rs. 71.70 owing to absence of buyers. There was some enquiry for 3½ per cent 1964 National Plan loan and its price advanced by 5 nP to Rs. 99.95. All other Central loans were unchanged. In the State loan section, sinking fund enquiry for some issues persisted and some modest price rises were noted.

In the foreign exchange section, the rupee recovered some ground in relation to the U.S. dollar in sympathy with sterling. Banks' selling and buying rates for ready T.T. on New York were Rs. 479.75 and Rs. 476.25 per 100 dollars, respectively, as against Rs. 480 and Rs. 476.50 last week. In the New York market, the pound sterling (spot) gained further strength *vis-a-vis* the dollar. The rates as on 28th June were: 279.050-279.080 cents per £ for spot and 276.550-276.580 per £ for three months' forward. As compared with the rates last week, the pound shows a gain of 0.18 cent in the spot and a loss of 0.46 cent in the forward.

LINSEED MOVES UP

(Messrs. A. Bradley and Co.)

CALCUTTA. *26th June*

In sympathy with the advancing trend in other oilseeds markets locally and at the other main centres, linseed prices have continued to rise and sellers have been very reserved. Crushers have shown a keen interest and small quantities have been changing hands daily for ready goods with buyers over.

The oil market has been firm in sympathy with seeds; prices have advanced and stocks are low.

There has been very little activity in the oil cake market at present except for local buyers, but latest advices from foreign markets show that the market is firming up for forward deliveries and some business may be expected in the near future.

BULLION QUIET

(From Our Own Correspondent)

BOMBAY, *28th June*

An important development of the week in the bullion market was the introduction of the three-monthly contract with effect from Monday, 26th inst. By "three-monthly" is meant that the settlement of transactions in this contract will be done at the end of three months from the date of commencement. Accordingly, the first contract under this new facility will fall due for being wound up on 24th September. The object of replacing the monthly contract with a three-monthly one is to facilitate smooth working of futures trading in bullion, in the face of limited supply of precious metals in relation to the demand. The bears can have a relatively freer hand than hitherto, because they can be squeezed by the bulls only once in three months, instead of every month. In short, the scope for unhealthy speculation which was limited by the steady shrinkage in the volume of bullion has now been widened.

The first three-monthly contract, called *Bhadrapad*, falls due at a time when the demand for bullion is usually slack. This is a positive encouragement to bears.

Before the commencement of business in the new contract, the Forward Markets Commission issued the following Press *communique* setting out the terms under which trading would be allowed:

"With the introduction of the three monthly contract in bullion from 26th June 1961, in the Bombay Bullion Association Ltd., Bombay, the Forward Markets Commission has relaxed the special margins payable by 'longs' both in respect of gold and silver. The rates of margins payable in respect of gold and silver are Rs. 20 per 10 grams and Rs. 300 per bar of 10 kgs., whenever their prices rule above Rs. 115 and Rs. 195, respectively. The said margin is payable on an 'ex-parte basis', that is, on the net open position held by the member on his own account, including the appropriated business of the clients and on account of the long open position held on account of each of his constituents.

"The free limits given to the members have also been liberalised. In respect of gold, every member is given a free limit of 60 kgs., and it can be availed of by those members who hold an open position upto 90 kgs. Similarly, in the case of silver, the liberalised free limit is 320 bars which could be availed of by an operator holding an open position upto 480 bars.

"The Commission hopes that the aforesaid concessions will not be abused by the trade. The Commission is keeping a continuous watch on bullion prices and will not hesitate to tighten the regulatory measures should the situation so warrant."

According to market circles, the liberalisation of margins and free limits is well below their expectations. It may be noted here that the Board of the Bullion Association had requested the Commission to raise the free limit for silver to 600 bars and for gold to 85 bars. Further, as the price limits above which margin operates are appreciably below the prevailing rates, futures trading cannot be done without payment of special margin. Indeed, in the case of gold, the penal margin, which is related to the carry-forward rate, began to operate in gold on the very first day of business in the new contract, as the backwardation rate at Re. 1.40 was above the specified limit of one rupee. Hence, the bulls had to pay a penal margin of Rs. 20 per 10 grams.

Before the new contract came into force, the market was fairly steady, but, since Monday, the trend has been distinctly quiet. It is said that the chief reason for this trend is the disappointment of bulls over the terms of the contract and the consequent liquidation of a part of their commitments. That may be so. But, basically, the contract is weighted in favour of bears and the downward trend depicted by it is in keeping with this feature.

The following table shows the trend of prices during the week under review:

	28-6-1961 (closing)	High	Low	21-6-1961 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready (.995fine)	120.65	121.30	120.10	121.75
Forward:				
Jeth 2nd*	—	120.95	119.85	120.70
Bhadrapad	119.25	119.50	118.60	—
Sovereign	94.50	94.75	94.50	94.50
SILVER				
Ready (.996 fine)	201.85	203.65	201.45	203.00
Forward:				
Jeth 2nd†	202.10	204.15	201.85	203.50
Bhadrapad†	203.10	204.55	202.85	—
London—	27-6-1961			20-6-1961
Silver Ready	79¾d.	—	—	79¾d.
Silver Forward	79¾d.	—	—	79¾d.
Gold	251s.4¼d.	251s. 6¼d.	251s. 4¼d.	251s. 5¼d.
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 24th September settlement. † 24th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

It will be noted that, over the week, both gold and silver are perceptibly lower.

COTTON NARROWLY ERRATIC

(From Our Own Correspondent)

BOMBAY, *28th June*

Limited turnover and narrow, but erratic, movements in prices have been the feature of the cotton market. During the first half of the week under review, the futures section moved up by seven points. In the second half of the week, it came down by nine points, though towards the close today there was a fractional recovery, by some 2½ points, from the lowest level. The initial steadiness was due to good enquiry from mills in the spot section and the subsequent weakness was attributed to reports of good rainfall in the producing areas, delay in the Government's announcement of further export quotas and the usual urge among the *sattawalas* to book profit wherever they see some. I.C.C. Jarilla August contract moved as under:—

	Rs.
Last week's closing	579.00
Highest level (touched on 23rd June)	585.50
Lowest level (touched on 27th and 28th June)	576.50
This week's closing	578.75

In the spot section, there has been a fair amount of buying, especially of Gujarat varieties and U.S. short-staples. The trend, however, was quiet. Here are the latest rates—in rupees per candy of 784 lbs.—for some of the varieties, with figures in brackets reflecting the position a week ago:

Hubli Laxmi 940 (970); Amravati L.147 1,020 (1,025); Moglai Zoda 460 (490); Digvijay 970 (975); Gadag Laxmi 935 (965); Dhulia Zoda 470 (500); and Kalyan 840 (840).

Distinctly easy conditions prevailed in the Karachi cotton market during the week under review, thanks mainly to bearish crop forecasts and lack of any encouraging overseas enquiries. July 1961 contract declined by Re. 1.75 to Rs. 64.30. January 1962 contract fell by 80 nP to Rs. 76.85. Among spots, Sind *Deshi* and Punjab *Deshi* lost Rs. 2 each to Rs. 89 and Rs. 86, respectively. The following are the latest available quotations—in rupees per maund of 92 lbs.—for a few popular varieties of Pakistan cotton prevailing at Karachi, the figures in brackets being last week's rates:

Sind *Deshi* 89; Punjab *Deshi* 86 (88); 4F Punjab Roller 80.65 (83.90); S.G. 84.65 (87.90); L.S.S. Roller 82.65 (85.90); S.G. 87.15 (90.40).

The Alexandria market suffered a severe jolt this week, with the suspension of futures market until further notice, under an official Bill passed by the United Arab Republic's National Assembly last week. According to the Bill, a State organisation, called the Egyptian Committee for Cotton, will become the buyer and exporter of the cotton crop. Outstanding contracts are liquidated as on 21st June. From that date until 31st August, the Committee for Cotton will buy all stocks that are offered at the prices prevailing on 21st June. This development came as no surprise, in view of the steady extension of State control over the purchase and disposal of Egypt's cotton crop in the past. Last month, cotton exporting firms were put under overall control of the State Economic Development Organisation which acquired 35 per cent of their capital, and many of the firms have been amalgamated. The futures market, it may recalled, was closed after the July 1952 revolution, but was reopened in September 1955 largely in response to the wishes of foreign buyers.

Some of the other important features of the new regulations are:

(1) From 1st August, the Cotton Committee will buy all new crop cotton (1961-62) at the following base prices (in tallaris per metric cantar of 50 kilos): *Karnak* G./F.G. 78; *Menoufi* G./F.G. 77; *Giza* 30 Good 67; *Lotus Good* 67; *Dendera Good* 65; *Ashmouni Good* 65.

(2) After 1st January next all purchase prices will be increased by one tallari per cantar.

(3) Sales will be made with the co-operation of the Cotton Commission which will provide cotton at internationally competitive prices.

(4) The market will remain open and function normally within the structure of the new trading system.

(5) The Cotton Committee will be reorganised to assume its new responsibilities among which would be the regulation of cotton exports. Within one year, all exporting firms must become joint-stock limited companies with a minimum capital of £E200,000 of which at least 35 per cent must be subscribed by the Government.

Explaining the move, the U.A.R. Government observed in the course of a statement that the market had failed in its function "due to the attitude adopted by some buyers who conclude big deals at certain periods in order to put pressure on the market. This has made the cotton market incapable of sound coverage and unable to undertake equilibrium operations with foreign markets. Our market has thus lost the flexibility essential for proper functioning." This appears to be a reference to the Soviet bloc, the concentrated buying bouts of which frequently sent Alexandria prices above levels regarded in the West as competitive. During this season, about 70 per cent of the total exports have gone to Communist countries, though the Government's aim has always been to have at least half the exports sold in the West in exchange for hard currencies. The authorities are also said to be disturbed by the reported reselling of Egyptian cotton by some Communist countries to Western buyers at prices below Alexandria levels thereby acquiring hard currencies.

The Liverpool cotton market displayed listless conditions. The turnover remained very modest with both sellers and buyers reserved on account of annual mill holidays in upcountry centres. July position declined from 23.70d. to 23.60d. October position closed subdued at 24.10d. as compared with

24.15*d*. July (Sudan) position was neglected at 31.75*d*.

Price movements in the New York cotton futures market were confined to a narrow groove. The undertone, at any rate, remained quiet. Commission houses were sellers on reports of continuing favourable weather conditions in major producing centres. The spot section was, however, well maintained.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	27-6-61	20-6-61	13-6-61
Spot	34.55	34.50	34.40
July	33.20	33.25	33.43
October	34.08	34.08	34.24

STAPLE FIBRE YARN RALLIES

(From Our Own Correspondent)

BOMBAY, 28*th June*

Virtually buoyant conditions prevailed in the staple fibre yarn section during the week under review, thanks mainly to the pronounced scarcity of supplies and the steadily increasing demand from mills. Reports of better overseas demand for staple fibre clothes imparted further strength. There was, consequently, heavy short-covering in staple fibre yarns during the major part of the week. Art silk yarns were also well maintained. J. P. Bemberg yarns were in the forefront, following persistent scarcity of floating supplies and the prevailing high rate of premia on import licences. It may be noted here that the Development Council for Art Silk Industry has decided to place the Indigenous Art Silk Yarn Distribution Committee and its Secretariat on a permanent footing. The Committee will work under the direct supervision of the Textile Commissioner's Office, and will submit reports of its activities from time to time to the Development Council. The Committee has received several complaints from the handloom sector, doublers, twisters, hosiery units, as well as ancillary industry, about their difficulties in obtaining yarn. The Committee has recommended the issue of allocation cards to all categories of actual users of art silk yarn. It is expected that the Office of the Textile Commissioner would, therefore, shortly issue a Press Note inviting applications from all categories of actual users for July-September 1961 quarter. Imports of rayon yarn into Bombay rose from only 270,000 kgs. in April to 1.08 million kgs. during May. Dull conditions continued to prevail in the cotton yarn section.

Among staple fibre yarns, (40 x 2) August contract forged ahead by Rs. 118 to Rs. 1,058. The spot section was also firm. Spot Hinds put on Re. 1.03 to Rs. 11.55. Kohinoors rose by 94 nP to Rs. 12.36. Nainis hardened by 79 nP to Rs. 11.70. In view of this rally, margin rules were tightened today.

Among imported yarns, 120 Italy advanced by a rupee to Rs. 1,764. Both 120 Japan and 150 Japan were steady at Rs. 1,874. Among indigenous yarns, National Rayons 120 bright cones first grade improved by 39 nP to Rs. 19.51, 150 bright cones first grade picked up 16 nP to Rs. 16.70. Cupressa Bemberg yarn (60 x 1), however, ruled easy. June and August contracts lost Rs. 10 each to Rs. 2,645 and Rs. 2,700, respectively. Spot Cupressa was quiet at Rs. 2,659. In contrast, (40 x 1), J.P. Bemberg yarn continued to make headway. August 1961 contract was marked up by Rs. 22 to Rs. 3,205. June contract advanced by Rs. 12 to Rs. 3,135.

Among cotton yarns, ten counts Podars changed hands at Rs. 17.37. Twenty counts Gokaks were neglected at Rs. 22.50, as also New Greats at Rs. 21.25. Forty counts Maduras were quoted unchanged at Rs. 32.87.

The following table gives the prices of rayon, staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	28-6-1961	21-6-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Cupressa Bemberg (100 kg.)—		
June	2,645.00	2,655.00
August	2,700.00	2,710.00
Spot	2,650.00	2,659.00
40 x 1 JP June	3,135.00	3,123.00
August	3,205.00	3,183.00
120 Japan (per 100 kg.)	1,874.00	1,874.00
150 Japan (per 100 kg.)	1,874.00	1,874.00
120 Italy	1,764.00	1,763.00
Staple fibre yarn (40 x 2)—		
August (per 20.72 kg.)	1,058.00	940.00
Kohinoor (per kg.)	12.36	11.42
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.37	17.37
20s New Great	21.25	21.25
30s Simplex	—	27.00
40s Madura	32.87	32.87
60s Finlay	65.00	65.00
80s Moderns	60.50	69.50

OILSEEDS FIRM

(From Our Own Correspondent)

BOMBAY, 28*th June*

A welcome news to the oilseeds trade was the decision of the Forward Markets Commission to withdraw special margins and ceiling rates on new crop contracts, scheduled to be commenced on 7th July. The details of the measures taken by the Commission are as follows: (1) The daily rise in price will be limited to Rs. 4 per 250 kgs. whenever the price of the groundnut contract rose above Rs. 225 per 250 kgs. in Bombay, and to Rs. 3 per 250 kgs. above the level of Rs. 250 per 250 kgs. Corresponding limits on the daily fluctuation in prices have been fixed for groundnut and groundnut oil traded at other centres like Rajkot, Delhi, Sangli, Hyderabad, Adoni and Madras. (2) Two contracts in the new crop will simultaneously run in certain associations and one in certain others, depending upon the requirements of each case. In Bombay, two contracts will run simultaneously from the commencement of trading in the new crop. (3) There will be no ceiling or special margins. (4) In associations where there is in vogue a system of collecting trading deposits for preventing over-trading or defaults, the same would continue.

With regard to trading in the new season's cottonseed crop, the daily rise in price will be limited to Rs. 2 per 250 kgs. whenever the price of the contract rose above Rs. 105 per 250 kgs. Trading in the new season's castorseed and linseed crop will not be subjected to any special margins or limit on daily price fluctuation. The above concessions have been agreed to by the Commission on a purely experimental basis, and the Commission hopes that the trade will conduct itself in the ensuing months in such a manner as to make it unnecessary for the Commission to intervene. The Commission has, however, made it clear to the representatives of the trade that it will not hesitate to resort to more stringent restrictions should the market behaviour necessitate the same.

The special margins have found to be of no avail in restricting unbridled speculation. They have served merely to drive away the small fry out of business. In view of the substantial increase in the output of groundnuts anticipated in the 1961-62 season, the Commission's move must be considered appropriate. It is now for the trade to see that healthy marketing practices are maintained, without which there will be revival of official intervention.

This measure had a stimulating effect on the market and the undertone remained quite firm during the week under review. In addition to this, there were two important developments of interest to trade. One was the extension of the export promotion scheme for *vanaspati* till the end of this year. Under the scheme, import of one ton of copra will be allowed against the export of every ton of *vanaspati* or hydrogenated oil. Secondly, the Government of India has decided to extend the validity period of the quota for groundnut oilcake (expeller variety) up to the end of the year. The Government, it may be recalled, released a quota of 20,000 tons of groundnut oilcake on 25th January last for export during the period January-June 1961. Immediate prospects for exports of both *vanaspati* and oilcake are rather bleak in view of the distinctly higher domestic prices, as compared with overseas prices.

To turn now to the market trend. As already mentioned, groundnuts displayed firm conditions, thanks mainly to the tight statistical position. Local stocks were too small, whereas arrivals from the South had already tappered off. Bulls, however, turned rather nervous towards the close on expectations of larger crops in the next season; they felt that the high prices for groundnuts, as against heavy stocks and consequent weakness in raw cotton, would lead to larger sowings of the former crop in preference to the latter in certain areas. Castor, too, presented firm conditions on reports of some overseas inquiries for castor oil. Reports of smaller crop from Gujarat during this season too induced some strength. Linseed, cottonseeds and sesame moved up in sympathy.

Among groundnuts, Nizam bold firmed up from Rs. 54.75 to Rs. 56 before closing at Rs. 55.75. Both Coromandel and Khandesh quality gathered 50 nP each to Rs. 56. Oil ex-mill put on 20 nP to Rs. 23.25.

In the castorseed section, September 1961 contract rallied from Rs. 180 to Rs. 181.62. Ready Madras hardened by 39 nP to Rs. 36. Oil B.S.S. improved by 15 nP to Rs. 16.35 and Commercial by 10 nP to Rs. 15.20.

Among linseed, September 1961 contract rose by 38 nP to Rs. 40.69. Bold ready put on 13 nP to Rs. 40.25. Linseed oil closed higher at Rs. 17.25, as compared with Rs. 17.10.

Among cottonseeds, September 1961 contract moved up by 75 nP to Rs. 96.25. Among spots, whites scored a gain of 65 nP to Rs. 20.25. Both non-whites and Berars were quoted today higher at Rs. 20, as compared with Rs. 19.60 last week-end.

In the sesame section, bold ready forged ahead by Rs. 8 to Rs. 378. Sesame oil rose by 50 nP to Rs. 28.25 on scarcity of supplies and good demand from the South.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	28-6-1961	21-6-1961	14-6-1961
	Rs.	Rs.	Rs.
Groundnut			
Nizam bold	55.75	54.75	55.00
Coromandel ready	56.00	55.50	55.25
Khandesh quality	56.00	55.50	55.00
Oil ex-mill ready*	23.25	23.05	23.25
Railway receipts*	21.20	22.80	23.10
Castorseed			
September 1961	181.62	180.00	179.62
Ready Madras	36.00	35.62	35.60
Ready Kanpur	34.62	33.87	33.75
Oil B.S.S.†	16.35	16.20	16.20
Oil commercial†	15.20	15.10	15.10
Linseed			
September 1961	40.69	40.31	39.75
Bold ready	40.25	40.12	39.00
Oil ready†	17.25	17.10	17.05
Cottonseed			
September 1961	96.25	95.50	95.00
Niger seed	42.50	42.25	41.50
Kardi seed	27.80	28.00	26.75

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

TEA WELL MAINTAINED

(Messrs. Forbes, Ewart and Figgis Private Ltd.)

COCHIN, 20*th June*

Approximately 63,700 kilograms were on offer in sale No. 25 held today. Quality from the Nilgiris, was well maintained with the later invoices showing a slight improvement. From the other districts it was about maintained. There was strong and general demand. The best highgrowns received keen competition and sold at fully firm to dearer rates whilst the lesser sorts, although well supported, were irregular following quality. Mediums were sought after and sold readily at slightly dearer prices. Plainest descriptions were taken up at rates which were 5-10 nP above those ruling last week. Black leaf teas were in demand at enhanced levels. Whole leaf grades were strong and dearer. C.T.C. and legg-cut types sold at around last prices.

	1961	1960
	Rs.	Rs.
Low mediums	4.20-4.35	3.22-3.53
Mediums	4.35-4.50	3.64-3.86
Good mediums	4.50-4.70	3.86-4.08
Nilgiri B.O.P.	Rs. 4.50-5.45	

The average price realised in sale No. 25 was Rs. 4.44 per kilo as against Rs. 4.37 a week ago and Rs. 3.81 in the corresponding sale last year.

Dust Sale No. 25: Offerings amounted to 276,000 kilograms in dust sale No. 25 held on Thursday, 22nd inst. There was strong and active demand at dearer rates. Highgrowns continued to sell well at fully firm to slightly dearer rates. C.T.C. and legg-cut teas shared in the general upward trend of the market.

The average price realised in dust sale No. 25 was Rs. 4.14 per kilo as compared with Rs. 4.01 a week ago and Rs. 3.74 in the corresponding sale last year.

Export Quota: The market for new season's quota remains quiet and there are still sellers at 3 nP per kilo. No business has yet been done.

Colombo: Just under 7 million pounds were offered in the export sale. There was good general demand with the few best South West Highgrown B.O.Ps selling at dearer rates, whilst lesser types were generally steady. Better Uvas and mediums are quoted ¾ cent dearer but lowgrowns inclined lower B.O.P.Fs followed a similar trend to their respective brokens.

London—North Indian and other growths: There was fair demand with last season's Assams selling at irregular rates. African teas tended lower. Plain broken pekoe is quoted at 3/8½*d*.

Ceylon and South Indians: In Tuesday's sale 35,328 packages were offered of 8,082 packages were from South India. There was fair demand but prices generally declined by 1d. to 2d.

As we go to Press, Messrs. Forbes, Ewart and Figgis Private Ltd., wire:

"*Sale No. 26*: 744,000 kilograms. Good general demand. Plain and low medium brokens fully firm, occasionally 5 nP dearer. Similar fanning barely steady. Medium and good medium sold at steady rates. Nilgiris irregular and easier."

TEA STEADY

(From Our Own Correspondent)

CALCUTTA, 27*th June*

The general demand improved during yesterday's export sales, and as a result prices were steady. Meanwhile, a further improvement in tea bookings was recorded during the week, although freight occupied by other exports were insignificant, as compared to tea. The fact that two liners to the U.K. were declared full clearly shows that bookings to that country were very heavy.

The weaker trend in last week's auctions of Ceylon and South Indian teas was taken note of. The weakness was due to a decline in quality. Ceylon teas fell by 1*d*. to 3*d*. a lb. while the decline in South Indian growths was generally by ½*d*. to 1*d*. per lb. Tea stocks in the U.K. fell to 132 million lbs. in the week ended 16th June from 136 million lbs. in the previous week, and this was taken as an indication that as quality of offerings improves there would be increased demand at hardening rates.

According to tea trade circles, India's share in the increased offtake of tea by Egypt has been less as compared to Ceylonese or Chinese teas. This is attributed to the pronounced preference of the Egyptian to Ceylonese and Chinese teas. This indicates that Indian promotional measures should be pursued more vigorously than hitherto. It was only a month ago that the Indian Tea Board opened a tea centre in Cairo and, from reports reaching here, the Centre has become very popular with the Egyptians for one reason or another within such a short time of its opening. Trade circles felt that the Tea Board should take propaganda to the countryside also, so that the Egyptians should get convinced that Indian tea can be compared favourably in quality and everything else to other teas. The fact that the Egyptian blender has to mix Indian tea with Ceylonese or Chinese tea and has to sell as the latter shows how popular Ceylonese and Chinese teas have become in the Egyptian market.

There is also the need to strengthen the promotional measures in the United States. It is stated by Mr. R. B. Smallwood, Chairman of the U.S. Tea Council, that tea imports into his country in 1960 at 116 million lbs. represented an increase of 7½ million lbs. or 7 per cent over the figure for 1959 and touched a new high in 43 years. How much of this increase is accounted for by Indian tea is not stated, but tea trade circles said that in view of the lower output in 1960, India's share in the increase would have been paltry, if not nothing. It is felt that India's share in the budget for the U.S. Tea Council should be made in proportion to India's share in the total increased offtake by the U.S.A.

Offerings during yesterday's export sales amounted to 23,605 packages, which met with good general demand. Generally, prices improved. Legg-cut teas met with increased support and prices were higher. Whole leaf grades were paid particular attention with prices moving up. Strong support was accorded to stylish B.Ps. Dar-jeelings of good quality met with good demand at dearer rates; but the tea from lower elevations were easy on meagre support leading to withdrawals. Among C.T.Cs, the better liquoring teas were fully steady. Medium and the poorer teas met with support at rates which were above their fannings. Plainer orthodox teas were firm, the better descriptions realising valuations and brokens receiving keener attention. Tippy teas recorded gains. The quotations inclusive of excise duty were: plain fannings Rs. 4.60 to Rs. 4.65, plain B.P. Rs. 4.70 to Rs. 4.80, and clean plain pekoe Rs. 5.10 to Rs. 5.20.

JUTE RISES

(From Our Own Correspondent)

CALCUTTA, 27*th June*

Reports of heavy rains in several jute districts in India and Pakistan and the absence of intervals of bright sunshine, which is so very essential for the proper growth of the plants, led to a sharp rise in fibre prices, and the balance varieties of the old crop yet to be disposed of closed Rs. 2 a maund higher on balance. It is realised that the above phenomenon will not reduce the expected crop appreciably but that there is the genuine fear that the quality of a portion of the crop will be affected in the absence of an alternative other than the cutting down of immature crop. Weaker advices from the New York burlap market and the indifference of American buyers to offers coupled with the poor consumption in the U.S. in May led to a featureless hessian market, but, following keen activity, prices of sacking constructions gained. Cuban interest acted as a retarding influence to depression in hessian, and this accounted for prices being maintained at around previous levels. For a time, speculative interest in Calcutta steadied up the New York burlap market, but the fact that primary consumers were indifferent caused stagnation subsequently. In New York, the 7½ oz. hessian after receding to 9.25 cents a yard regained to 9.30 cents, with the heavier hessian closing at 12.15 cents a yard against 12.10 cents earlier. The fall in U.S. burlap consumption by 2 million yards to 57 million yards in May 1961 caused concern. In January and February consumption was maintained at 73 million yards each but these compared with 71 and 75 million yards respectively in the corresponding previous months. In March last, consumption fell by 3 million yards to 70 millions as against 81 millions in March 1960. In April, at 59 millions as against 72 millions a further fall was recorded. The total consumption for the first five months of this year was 332 millions, representing a fall of 41 million yards.

The fact that such an impressive fall of 41 million yards was not followed by an economic depression led to the inference that the reason for lower consumption was greater attempts at bulk handling methods in view of high prices for hessian in Calcutta. As compared with May 1960, bag cut-up in the U.S. declined by 8 million yards, and piecegoods delivered by 9 million yards. At the end of May U.S. burlap stocks amounted to 218 million yards, a fall of 10 million yards from the stocks of the previous month-end. This showed that the U.S. is consuming a good portion of the monthly needs from stocks rather than buying hessian from Calcutta at the present inflated prices. What is of greater concern to Calcutta trade circles is the apprehension that when once methods to reduce consumption of burlap have succeeded, it would be difficult to set back the trend even if prices decline in the new season commencing from next month.

The statement in Dacca by Mr. K. S. Islam, Chairman of the Pakistani Jute Board, that the 1960-61 crop in Pakistan was only 4¼ million bales against the earlier official forecast of 5.6 million bales did not cause any surprise here as this was only a confirmation of the trade estimate, which, at that time, led to rumours that the lower estimate was being circulated for interested purposes. As a result of the high prices in Pakistan, Mr. Islam stated that the Pakistani growers benefited considerably, receiving the all-time high price of Rs. 72.92 per maund in the last week of February. As a result, Pakistan also earned increased foreign exchange as compared with the last year when a greater quantity was exported. Mr. Islam was not at all happy at this, and hoped that prices during this season would be fair for the foreign buyer since he was able to confirm the anticipation of the higher crop at 7.4 million bales, that is, an increase of 3 million bales over the current crop. The coming crop in Pakistan is going to be the highest since 1947. The previous highest crop was in 1952-53 when 6.9 million bales were harvested. Damages as a result of the recent cyclones were insignificant, as an official review in Pakistan disclosed the damage as being not more than 68,000 bales. As a result of the higher crop, no problems were anticipated. In the last month, arrivals of fibre in mills' stations in India were only 242,100 bales, of which 8,000 bales were from Pakistan, thus representing a total decline of 74,500 bales (13,600 bales from Pakistan and 60,900 bales from India) compared with April 1961. Total arrivals in the 11 months to May were only 4,724,050 bales (401,200 bales from Pakistan and 4,322,850 bales from India) as against the estimated consumption by mills of 5,445,000 bales, the short-receipt amounting to 720,950 bales. These details are given here since the publication of the same in the week was a factor for the hardening trend in fibre prices.

The news from Pakistan of the Government's decision to strengthen and expand the Jute Board was construed here as meaning the intention of the authorities to place restrictions on internal trade. Evidently, what is proposed is Government control by licensing of jute dealers, internal marketing, and warehousing and other functions over the internal trade. According to Pakistani trade, it is unfortunate that the Government is contemplating to exercise control over internal trade, which has been running smoothly. If at all Government's attention is necessary it should be devoted to export trade, according to these circles. If only Government accepts all export orders, it can ensure fair prices both to the growers and to the foreign buyer; at the same time the country will benefit by full repatriation of foreign exchange earnings in this regard. Viewed in this light, the Pakistani trade has also criticised Government's permission to the Pakistani Jute Association to set up an office in London. There has also been a report that Pakistan is proposing to create a buffer stock for which purpose a cess on the crop is said to be in contemplation.

The rise in prices of jute goods during this week should also be attributed to the withdrawal by the Reserve Bank of restrictions relating to the maintenance of minimum margins in respect of advances by scheduled banks against jute goods. This action by the Reserve Bank followed the declining trend in sacking and hessian prices as a result of diminishing demand by foreign buyers. It should be said that this week's rise in prices had not been substantial and in the long run the withdrawal of the restrictions by the Reserve Bank should not lead to an uptrend in prices. In the first two weeks of this month, prices declined, and this week's gain should be considered a temporary phase, as, with the commencement of fresh crop arrivals as from the end of next month, prices are expected to decline. However, the announcement by the Reserve Bank stated that regulatory provisions relating to the advances against raw jute would continue. On Tuesday last, prices of goods recorded small gains following buying in ready goods and in the futures market. Earlier in the day, prices were quiet. Ready B. twills steadied around Rs. 154.50 and ready hessian 40" 10 oz. around Rs. 48.25. Following keen interest displayed by local operators on the following day, B. twills gained to Rs. 156.00 although, despite small interest by U.S. buyers, hessian 40" 10 oz. was quiet at Rs. 48.30. Activity in the futures market increased and the feature on Thursday was that B. twills against guaranteed June shipment was priced as high as Rs. 160. In the ready market, the price spurted to close at Rs. 158.50. In sympathy, hessian 40" 10 oz. hardened to Rs. 48.75. At higher levels, mills sold liberally against both ready and forward deliveries. This caused prices to fall on Friday with B. twills being quoted at Rs. 157.00 and hessian 40" 10 oz. at Rs. 48.00. The market was closed on Saturday on account of the public holiday. Prices gained yesterday with futures receiving greater attention. Also the closure of mills for one week commencing from yesterday was a factor. B. twills hardened to Rs. 158 and hessian 40" 10 oz. to Rs. 48.75. Mills were keen sellers in several constructions against ready delivery.

A sharp uptrend was in evidence in fibre prices. The gains were more in sympathy with goods and weather reports than due to actual demand. Mills showed interest in small lots only. However, subsequently reports of absence of sunshine after heavy rainfalls in jute districts also contributed to the gain in prices. Opening and closing quotations for the old crop are given below:

(In Rs. per maund against ready delivery)

	Opening	Closing	Gain
Daissee bottoms	50.00	52.00	2.00
Northern bottoms ...	47.00	48.50	1.50
Assam bottoms	48.00	49.50	1.50

TIN RALLIES

(From Our Own Correspondent)

CALCUTTA, 27*th June*

The remarkable development in the metal market during the week under review was the jump in tin prices. On the London Metal Exchange, the price shot up to as high as £939 a ton from a modest opening of £879½, then representing a gain of £59½ in the course of five days. A more or less similar rise was recorded in the Singapore market too. The advance in London followed the withdrawal by the Buffer Stock Manager, as a seller, at his ceiling price of £880, as he had exhausted his stocks. This development, it was thought here, would result in the evolution of the price as determined by the application of the natural law of supply and demand. If Government stocks are not released in the U.S. or the U.K. in the near future, the price is bound to rise further.

It should be noted that this week's rises in London and Singapore have taken the rate to the highest level since the Korean boom. In accordance with the International Tin Agreement arrived in 1956 by all producing countries, a buffer stock was created in London and its Manager was authorised to buy if the price dropped below £730 a ton, and sell if the market price moved above £880. In view of production having failed to keep pace with increasing world demand, stocks with the Manager became low in recent months, and it is evident the scheme has failed. It follows from this that any attempt to hold down the price line beyond the level as determined by the natural law of supply and demand is bound to meet with failure in the long run.

The metal trade and industry have hailed the simultaneous announcement in New Delhi and Washington that the U.S. has approved of a loan to India of $20 million through the Development Loan Fund, for the procurement of copper, zinc and aluminium from that country during the current year. The imports would be used in the manufacture of electrical equipment and on projects in power, transport and communications. This loan, it was thought here, would be used to increase the imports of non-ferrous metals. It is to be hoped that the existing quotas are not cut down and that the Government's proposal that cable manufacturers should in future consume more aluminium and that their copper quotas would be cut down by 50 per cent is slowly pursued.

The difficulties facing the small-scale industries in Calcutta as a result of the meagre allotments to them of copper and zinc were referred to by Mr. T. Ghose in his presidential address to the annual meeting of the Small-scale Non-ferrous Industries Association held here in the last week. He said that several of these industries consuming copper and zinc had practically closed down and the remaining few were working much below their capacity. He earnestly pleaded for increased allotments. The meeting was also addressed by the West Bengal Minister for Commerce and Industry, Mr. Bhupati Majumdar, who urged the Government of India for more generous treatment in regard to the requirements of the small-scale manufacturers.

The copper scrap supply position in the local market continued to be tight, and prices were steady. On the London Metal Exchange, spot copper opened at £233¾ a ton, and after rising to £236 closed at £235. Electrolytic zinc was quoted here around Rs. 330.75 per 100 kgs. with the London price closing fractionally higher at £77⅞, as against the opening price of £77½. The London price of lead closed higher at £65 a ton, as against opening of £64½.

FOODGRAINS QUIET

(From Our Own Correspondent)

HAPUR, 26*th June*

Quiet conditions were witnessed in foodgrain prices during the week ending 26th June. Arrivals of *rabi* grains were small but demand, too, was slack. Rains during the week have brightened prospects of *kharif* crops and large-scale sowings are being done now. Wheat average quality prices here registered a fall of 25 nP per maund during the week to Rs. 14 to Rs. 14.50 per maund while superior farm produce was being lifted at almost unchanged prices at Rs. 15.25 to Rs. 16.25 a maund. Daily arrivals of wheat dropped during the week to an average of 500 to 600 maunds partly due to inclement weather and rains but mostly due to the fact the producers were retaining their produce expecting better prices later. Consumers' demand, however, is reported slack and local wheat stock is put at 25,000 maunds. Superior rice prices registered a hardening trend during the week on good demand from consumers. Rice was still reaching here in small quantity from the producing areas of the State and local stock is put at 8,000 maunds with week-end prevailing prices at: rice *mainpuri sela* Rs. 22 to Rs. 23 *gaindakutcha* Rs. 22, *ramajwayan sela* Rs. 24.50, *raimunia sela* Rs. 25.50, *basmati sela* Rs. 29 to Rs. 31, *superior* Rs. 33 to Rs. 39 a maund.

Gram prices ruled quietly downwards at Rs. 13.75 a maund for Punjab variety and Rs. 13.25 for inferior local produce. Gram was still reaching here in small quantity from Punjab and local gram stock is estimated at 50,000 maunds. Barley prices were almost stagnant at Rs. 11 to Rs. 11.25 a maund and while inferior *bejhar* was quoted at Rs. 10.37 *moongia* variety was being lifted upto Rs. 11.50 a maund. Arrivals of these coarse grains were poor at an average of 100 maunds which are all being lifted by consumers. *Jowar* was quoted higher at Rs. 13 to Rs. 16 a maund and *bejhar* at Rs. 16.50 to Rs. 17.50 a maund, thanks to good demand as, following recent rains, large-scale sowings are being done for these grains. Maize is also being sown. *Methi* continued to attract good support from Rajasthan side and prices were steady at Rs. 26 to Rs. 27 a maund while prices of other grains were quiet at: oats Rs. 11.50 to Rs. 12, maize old Rs. 12, *bajra* Rs. 16 a maund.

In pulses, peas prices ruled quietly depressed as following continued loading restrictions demand is now slack. Daily arrivals have dropped to an average of 400 to 500 maunds and local stock is estimated at 90,000 maunds.

SUGAR STEADY

(From Our Own Correspondent)

HAPUR, 26*th June*

Sugar prices ruled quietly steady during the week at Rs. 107.25 per bag for E-29 Simbhauli of 2 mds. 30 seers and in retail at Re. 1 per seer. Supply position of sugar was reported easy as the Union Government continues to release two lakh tons, in its monthly quota. Export prospects were better as details of exports of U.S.A., Pakistan and other Middle Asian countries were being worked out. Production season has finished and stocks with factories were reported heavy.

Steady conditions were also witnessed in sugar market at Muzaffarnagar during the week as seasonal demand was reported brisk and week-end prices, for dry quality were Rs. 107.50 to Rs. 107.69 per bag. Sugar prices were also steady in Kanpur market during the week when D-29 was quoted at Rs. 109.50 per bag.

Steady to firm conditions were witnessed in *khandsari* market during the week following brisk demand from Punjab and Rajasthan. Prices firmed up Re. 1.75 to Rs. 2.50 per maund during the last fortnight. Stocks were declining and week-end prices were:—inferior Rs. 29 to Rs. 31, medium Rs. 32 to Rs. 33.25, superior Rs. 35 to Rs. 37.50, crystal Rs. 35.50 to Rs. 38.50, old *khandsari* Rs. 29 to Rs. 33, *Boora* Rs. 40.50 per maund.

Ready *gur* prices ruled quietly steady during the week due to brisk demand from consuming areas of the South, but loading is not available. About 50 per cent of stocks here were ready for despatch as soon as loading is available. Cane crop as yet in early stages which was adversely affected due to Salai pest and drought has now improved, thanks to good timely rains during the week. Week-end prices were:—*gur* dry Rs. 16.25, *kotha* selected dry Rs. 15.75, dry-wet Rs. 15.12, wet Rs. 14.50, *shakker* Rs. 16.25 a maund.

Ready *gur* prices hardened during the week in Muzaffarnagar market, thanks to good demand from Gujarat and Punjab. Although loading on broad-gauge was not available, for Punjab destinations it was free. Stocks were declining and week-end prices were:—*Chaku* dry Rs. 19 to Rs. 20 *kotha* medium Rs. 18 wet Rs. 14.75, *rusket* Rs. 7 to Rs. 9 *shakker dara* Rs. 17 to Rs. 18.50, *masala* Rs. 21 to Rs. 23 per maund.

While *gur ashad* delivery prices ran down on bear pressure influenced by early delivery date, *fagun* delivery prices were bullish as cane crop prospects were as yet not clear following losses due to pest. *Gur ashad* is now quoted at Rs. 14.46 and *fagun* Rs. 13.95 as against week's opening at Rs. 14.57 and Rs. 13.83 respectively, having touched the highest in mid-session at Rs. 14.62 and Rs. 13.95.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 23rd June, 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		40,00,00,000
National Agricultural Credit (Stabilisation) Fund		5,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		82,05,45,000
(2) Other Governments		14,63,17,000
(b) Banks		80,36,64,000
(c) Others		128,49,43,000
Bills Payable		37,32,24,000
Other Liabilities		62,10,68,000
	Rupees	534,97,61,000

ASSETS	Rs.	Rs.
Notes		41,40,54,000
Rupee Coin		2,11,000
Subsidiary Coin		1,83,000
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		41,01,23,000
Balances held abroad*		12,65,23,000
Loans and Advances to Governments†		77,42,91,000
Other Loans and Advances		115,71,30,000
Investments		223,08,63,000
Other Assets		23,83,78,000
	Rupees	534,97,61,000

* Includes Cash and Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 8,48,00,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	41,40,54,000	
Notes in circulation	1945,74,67,000	
Total Notes issued	....	1987,15,21,000
Total Liabilities	....	1987,15,21,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	108,00,89,000	
Total of A		225,76,92,000
B. Rupee Coin		119,47,27,000
Government of India Rupee Securities		1641,91,02,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1987,15,21,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept. 1939 (pre-war)	16th June 1961	9th June 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	178.37	1968.99	1988.80	1985.50	1859.19
Notes held in Banking Department	35.05	26.63	11.07	15.14	38.43
Foreign Securities	59.50	108.01	108.01	113.01	148.01
Rupee Securities	87.89	1651.90	1651.90	1651.94	1501.40
Banking Department					
Deposits of:					
Government of India	14.89	80.73	50.09	68.01	92.42
Other Governments	....	5.44	11.07	15.22	9.23
Balances held abroad	10.06	15.78	17.47	22.86	13.76
SCHEDULED BANKS					
Demand Liabilities	184.86	803.60 (31.55)†	797.05 (25.82)†	806.61 (31.90)†	795.63 (14.81)†
Time Liabilities	102.24	1096.69 (17.41)†	1113.20 (14.50)†	1094.74 (15.80)†	1190.73 (24.06)†
Borrowings from Reserve Bank	..	19.82 (13.78)‡	21.35 (14.03)‡	30.12 (16.27)‡	45.09 (13.61)‡
Borrowings from State Bank	..	10.66	12.06	8.83	13.29
Cash in India	6.70	47.14	46.37	47.99	46.99
Balance with Reserve Bank	25.17	81.64	76.76	71.08	104.33
Balances with other banks in current account in India	..	14.42	15.09	15.11	14.82
Money at call and short notice in India	..	49.87	45.99	48.54	28.17
Investments (at book value)	....	528.91	537.11	548.31	740.48
Advances and bills	105.9	1284.29	1288.49	1293.81	1134.19
STATE BANK					
Deposits	87.76	520.17	531.95	529.60	632.11
Investments	51.99	211.92	221.32	226.57	388.94
Advances	30.35	267.15	270.69	267.02	218.71
Cash	14.69	32.47	24.83	24.33	34.37

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	3rd Aug., 1960	4	5
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	....	2
Canada †	....	3.50	2.85
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1958	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	Jan., 1960	4	5.50
Finland	2nd Mar., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	July, 1960	4.75	5.50
Italy	7th June, 1958	4	3.50
Japan	23rd Aug., 1960	7.3	6.935
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	3.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	Sept., 1960	6	5.75
Portugal	12th Jan., 1944	....	2
South Africa	4th May, 1961	4.50	5
Spain	11th April, 1960	6.25	5.75
Sweden	15th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	2
Thailand	Feb., 1945	....	7
Turkey	6th June, 1956	4.50	6
United Kingdom	8th Dec., 1960	5.50	6
U.S.S.R.	1st July, 1936	3	4
U.S.A.	11th Aug., 1960	3.50	3
West Germany	6th May, 1961	3.50	3

†Bank Rate in Canada fluctuates in time with Treasury Bill Rate. The highest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 23rd June, 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		7,15,00,000
Deposits and Other Accounts		5,22,27,22,000
Borrowings from Other Banking Companies, Agents, etc.		17,00,000
Bills Payable		10,92,76,000
Bills for Collection being Bills receivable as per contra		2,54,01,000
Acceptances, Endorsements and Other Obligations per contra		1,09,33,000
Other Liabilities (including Inter-Office Adjustments)		8,97,33,000
Total Rs.		559,05,15,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		19,63,84,000
Balances with other Banks		3,16,86,000
Money at Call and Short Notice		3,93,33,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	219,61,16,000	
Other Authorised Investments	9,30,30,000	
		2,28,91,46,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	248,31,38,000	
Bills Discounted and Purchased	14,17,08,000	
		262,48,46,000
Bills Receivable being Bills for Collection as per contra		2,54,01,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,09,33,000
Premises less Depreciation		1,80,96,000
Furniture and Fixtures less Depreciation		1,38,55,000
Other Assets (including Inter-Office Adjustments)		34,08,35,000
Total Rs.		559,05,15,000

Scheduled Banks*

Statement of Affairs for the week ended 16th June, 1961

	Rs.	(Thousands)
(I) Demand Liabilities in India		
(a) Demand Deposits—		
(1) From banks		46,78,03
(2) From others		703,84,20
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		31,55,28
(c) Other demand liabilities		52,97,30
(II) Time Liabilities in India		
(a) Time Deposits—		
(1) From banks		19,41,92
(2) From others		1054,40,66
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		6,25,65
(c) Other time liabilities		4,40,00
(iv) Borrowings in India from the Reserve Bank of India (A)		19,82,10 (13,78,00)
(v) Cash in India		47,14,00
(vi) Balances with the Reserve Bank in India		81,63,74
(vii) Balances with Other Banks in Current Account in India		14,42,03
(viii) Money at call and short notice in India		49,86,58
(ix) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations		528,90,71
(x) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)		1096,32,28
(b) Due from Banks in India		6,78,83
(xi) Inland Bills purchased and discounted in India.		136,33,51
(xii) Foreign Bills purchased and discounted in India		44,84,71
(xiii) Total of items (x), (xi) and (xii)		1284,29,33

Notes :—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 16th June, 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,15,00,000
Rural Credit Fund	1,00,00,000
Deposits :—	
(a) Central Government	6,93,07,000
(b) Provincial Governments	1,33,50,000
(c) Banks	19,33,63,000
(d) Others	119,12,34,000
Bills Payable	41,84,000
Other Liabilities	18,51,16,000
Rupees	173,80,54,000

ASSETS	Rs.
Notes	12,02,00,000
Rupee Coin	73,000
Subsidiary Coin	55,000
Bills Purchased and Discounted :	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	27,57,36,000
Loans and Advances to Governments	2,87,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	34,78,99,000
Investments	85,46,38,000
Other Assets	11,07,24,000
Rupees	173,80,54,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,02,00,000	
Notes in circulation	364,42,82,000	
Total Notes issued	....	376,44,91,000
Total Liabilities	....	376,44,91,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion		
Foreign Securities	81,16,52,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	149,11,06,000
B. Rupee Coin	3,24,56,000	
Government of Pakistan Securities	218,19,23,000	
Internal bills of exchange and other commercial paper	....	221,43,79,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,68,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets	....	376,44,91,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 41.10 per cent.

EXCHANGE RATES

		28th June 1961	Previous week
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5 31/32	1-5 31/32
Sellers T. T. D.D. upto six months	s.	1-5 31/32	1-5 31/32
Buyers T.T. spot to nine months	s.	1-6 1/32	1-6 1/32
Buyers T.T. 10 to 12 months	s.	1-6 1/32	1-6 1/32
Bombay on New York—			
Sellers T.T. D.D.	Rs.	479.75	480.00
Buyers T.T.	Rs.	476.25	476.50
London on New York	$	2.7900-2.7904	2.7886-2.79891
London on Paris	Fcs.	13.0700-13.6725	13.6640-13.6660
London on Berne	Sw. Fcs.	12.0375-12.0400	12.0540-12.0560
New York on London	s.	279.050-279.080	278.870-279.900

CLEARING HOUSE RETURNS

Centre	Week ended 23rd June 1961 Number of Cheques	Amount Rs.	Week ended 16th June 1961 Number of Cheques	Amount Rs.
Bombay	3,83,348	92,22,36,000	3,85,387	94,96,80,000
Calcutta	2,12,000	72,37,00,000	2,17,000	80,11,00,000
Madras	1,04,000	12,62,00,000	1,03,076	13,28,09,171
All Centres—				
1958-59	.. .. ..		45,172,000	97,67,12,00,000
1959-60	.. .. ..		50,084,000	109,88,05,00,000
1960-61	.. .. ..		54,472,000	125,18,16,00,000
April 1960	.. .. ..		4,586,000	1,042,01,00,000
Feb., 1961	.. .. ..		4,421,000	1,022,12,00,000
Mar., ,,	.. .. ..		4,695,000	1,213,37,00,000
April ,,	.. .. ..		4,902,000	1,156,54,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	18th May 1961	6th May 1961	14th May 1960	March 1961	March 1960	Percentage of Increase (+) or Decrease(—) in Mar., 1961 as compared with Mar., 1960	Annual Average 1960	Annual Average 1959
Food Articles	504	117.8	117.4R	120.7	117.5	117.0	+ 0.4	120.3	118.2
Cereals	192	99.5	98.4	105.2	100.2	103.2	— 2.9	105.3	104.3
Pulses	43	87.1	86.1R	89.2	92.8	89.9	+ 3.2	90.6	99.8
Fruits and Vegetables	23	119.1	120.8	124.4	126.4	126.0	+14.0	131.0	127.6
Milk and Ghee	84	116.5	117.4	121.2	115.8	110.7	+ 4.6	115.5	112.2
Edible Oils	47	160.3	158.2R	138.4	163.8	136.6	+19.9	149.8	126.9
Fish, Eggs and Meat	17	127.2	128.6R	119.8	123.6	114.5	+ 7.9	121.1	110.4
Sugar and Gur	50	131.7	130.3	138.1	117.3	140.7	—16.6	138.6	148.0
Others	50	167.0	170.8R	167.8	166.8	158.8	+ 5.0	168.6	163.4
Liquor and Tobacco	21	109.4	110.3	106.9	113.4	96.4	+17.6	106.4	100.7
Fodder	—	105.4	107.4	105.3	110.7	94.1	+17.6	104.9	99.8
Fuel, Power, Light and Lubricants	39	123.3	123.3	119.3	121.2	117.8	+ 2.9	119.0	116.1R
Industrial Raw Materials	155	153.3	152.7	141.9	159.1	131.9	+20.6	138.8	118.7
Fibres	61	166.1	165.1	152.5	176.9	124.9	+41.6	139.8	110.2
Oilseeds	60	157.4	156.3R	139.2	159.7	140.5	+13.7	144.9	880.0
Minerals	2	95.2*	95.2*	98.2	95.2	96.5	— 1.3	97.5	100.0
Others	32	127.8*	127.8*	129.5	128.3	131.6	— 2.5	129.0	117.2
Manufacture	280	128.4	128.2	129.4	129.4	119.9	+19.7	122.8	120.7
Intermediate Products	141	136.7	135.8	137.3	137.3	121.2	+13.2	127.1	111.2R
Finished Products	249	124.7	124.4	119.5	122.2	116.1	+ 5.2	119.8	108.8
Textiles	147	128.2	127.7	121.1	133.9	116.1	+15.3	121.2	104.6
Cotton	—	126.6*	126.6*	124.4*	126.6	124.7	+ 1.5	127.5	113.5
Jute	—	159.2	157.3	121.9	161.6	97.5	+65.7	115.2	87.2
Woollen	—	110.1*	110.1*	104.2*	110.1	104.2	+ 5.7	107.6	104.6
Silk and Rayon	—	115.6*	115.6*	105.5*	117.1	102.8	+13.9	102.6	93.7R
Metal Products	15	146.9	146.9	145.3	146.9	147.7	— 0.5	147.0	148.7
Chemicals	90	105.5	105.5	104.4	104.8	104.8	....	104.7	104.2
Oil Cakes	10	142.7	142.7	134.6	145.4	140.7	+ 3.3	140.7	143.7
Machinery and Transport Equipment	81	112.6	112.6	111.0	113.6	111.0	+ 1.4	110.7	105.9R
Others	30	118.8	118.6	114.7	118.5	114.0	+ 3.9	115.0	113.6R
All Commodities	1,000	125.7	124.4R	123.0	127.4	118.9	+ 7.1	122.6	118.5

Note :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.
R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Contd.*

CROP FORECASTS

Crop	Forecast	(In thousand acres) 1959-60	(In thousand acres) 1958-59	(In thousand tons) 1959-60	(In thousand tons) 1958-59
Cereals—					
Rice	final	81,343	81,437	29,338	30,354
Wheet	final	31,508	31,141	9,734	9,772
Jowar	final	41,602	42,584	7,866	8,714
Bajra	final	26,699	27,999	3,484	3,789
Barley	final	8,220	8,243	2,605	2,672
Maize	final	10,457	10,457	3,615	3,381
Ragi	final	6,211	6,192	1,860	1,877
Small millets	final	12,340	12,417	2,012	2,072
Total cereals	final	218,380	220,470	60,514	62,631
Pulses—					
Gram	final	25,046	24,865	5,390	6,881
Tur	final	5,843	5,931	1,589	1,671
Other Kharif pulses‡	final	16,075	15,597	1,567	1,559
Rabi pulses‡	final	12,788	12,992	2,690	2,761
Total pulses	final	59,752	59,385	11,236	12,872
Total foodgrains		278,132	279,855	71,750	75,503
Oilseeds—					
Groundnut	final	15,305	14,575	4,390	4,812
Castorseed	final	1,178	1,203	108	112
Sesamum	final	5,510	5,500	392	511
Rape and Mustard	final	7,167	6,021	1,087	1,025
Linseed	final	3,921	3,965	425	447
Total oilseeds	final	33,081	31,263	6,352	6,907
Fibres—					
Cotton*	final	19,252	19,926	3,835	4,686
Jute A.	final	1,707	1,811	4,548	5,158
Mesta A.	final	706	825	1,066	1,488
Sunnhemp	final	813	807	80	81
Other crops—					
Potato	final	885	858	2,719	2,327
Sugarcane	final	5,178	4,808	75,038	70,456
Ginger (Dry)	final	37	36	13	12
Pepper (Black)	final	232	230	25	26
Chillies (Dry)	final	1,499	1,471	339	326
Tobacco	final	934	897	281	261

Source : Ministry of Food and Agriculture. ‡ Excluding Tar
* In thousand bales of 392 lbs. each. ‡ Excluding Gram and Tar
A.—In thousand bales of 400 lbs. each. R.—Revised
†Final estimate of 1958-59.

INDIAN JUTE STATISTICS

Particulars	Period	Quantity
	JUTE MANUFACTURES	(In 000 tons)
Production	During April 1961	79.2
	Corresponding month, 1960	91.0
	Ten months ended April, 1961	854.8
	Corresponding period, 1960	893.4
Stocks	At the end of May, 1961	92.1
	Corresponding month, 1960	81.7
	DESPATCHES OF GUNNIES	(In 000 tons)
For Export Purpose	July-June, 1958-1959	854.9
	July-June, 1959-1960	838.5
	July-Mar., 1960-1961	566.0
	March 1960	65.0
	March 1961	54.9
For Internal Consumption	July-June, 1958-1959	220.0
	July-June, 1959-1960	248.3
	July-Mar., 1960-1961	207.5
	Mar., 1960	27.0
	Mar., 1961	18.1
	RAW JUTE	(In 000 bales)
Consumption by Mills	April 1961	459
	Corresponding month, 1960	528
	Ten months ended April, 1961	5,012
	Corresponding period, 1960	5,538
Stocks	1957-58	6,184
	1958-59	6,014
	1959-60	6,291R

R—Revised

NATIONAL INCOME*

Country	Year	Population (In millions)	National Income (In millions)	In terms of rupee (Crores)	*Per capita* Income (Rs.)
India†	'59-'60	424.74	....	12,840	302.3
Pakistan	'58-'59	86.80	....	2,084	240
Burma	1959	20.4	Kyats 4,637	466	228
Ceylon	1959	9.6	....	538	560
Japan	1959	92.7	Y. 9,991,000	13,217	1,426
Philippines	1959	24.7	Ps. 9,788	2,337	946
New Zealand	1959	2.33	£(N.Z.) 1,045	1,392	5,974
Australia	1960	10.2	£(A.) 5,868	5,964	5,847
U.K.	1959	51.9	£ 18,930	25,240	4,868
U.S.A.	1960	180.5	$ 419,400	200,688	11,118
Canada	1959	17.4	$ 25,230	12,783	7,919
France	1959	45.0	F. Fr. 193,400	18,936	4,208
W. Germany	1959	52.8	Dm. 191,400	21,982	4,159
Italy	1959	49.0	Lr. 18,914,000	10,724	2,189
Norway	1959	3.5	Kr. 23,260	1,557	4,448
Sweden	1959	7.4	Kr. 58,530	5,424	7,329
Netherlands	1959	11.3	Grs. 31,860	4,033	3,569
Denmark	1959	4.5	Kr. 31,170	2,158	4,795
Switzerland	1959	5.2	Sw. Fr. 20,800	3,296	6,338

* National income at factor cost—the aggregate of all income earned in the production of goods and services in the course of a year including net income from abroad.

Source : *International Financial Statistics*, 31st March, 1961.

†Based on the eighth issue of the Annual Paper on National Income (at current price) prepared by the Central Statistical Organisation. Figures are based on the 1941, 1951 and 1961 population census.

ELECTRIC ENERGY GENERATED AND SOLD*

(In millions of kilo-watt-hours)

	No. of Censorsal	Units Generated‡	Total Units Sold
1955-56	715	8,969.8	7,185.8
1956-57	760	9,877.8	8,109.1
1957-58	834	11,178.9	9,021.1
1958-59	818	12,837.0	10,360.7
1959-60	850	15,029.2	12,180.8
January 1960	815	1,297.4	1,055.5
February ,,	850	1,252.1	1,022.5
March ,,	850	1,334.4	1,071.0
April ,,	850	1,325.3	1,081.7
May ,,	850	1,337.9	1,119.4
June ,,	850	1,279.8	1,119.9
July ,,	850	1,360.5	1,106.0
August ,,	1,012	1,404.2	1,140.9
December ,,	1,013	1,508.0	1,214.5
January 1961	1,013	1,482.3	1,216.1

* Excluding railway, military and factory power stations. Chale Power Station being interconnected with the Tata Power System, has been added.
‡ Including purchases from non-electric stations.
At the end of period. *Source*:—Central Water and Power Commission.

RAILWAY TRAFFIC— WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1957-58	8,856	1,319	811	148	67	31	145	17	138	315	25	259	35	108
1958-59	8,835	1,468	850	143	58	21	146	16	129	206	21	279	33	66
1959-60	9,388	1,433	874	136	53	19	149	16	129	369	44	284	36	77
January 1960	7,650	1,191	726	113	44	17	129	14	110	304	34	232	35	63
February ,,	8,497	1,308	800	125	49	18	139	15	119	335	40	256	35	70
December ,,	7,117	1,169	643	94	33	12	82	10	94	295	40	283	31	61
January 1961	8,018	1,314	709	107	40	13	97	13	104	331	45	254	32	66
February ,,	8,850	1,450	771	117	46	14	108	13	114	364	50	283	32	72

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source* :—Ministry of Railways.

INDUSTRIAL PRODUCTION *

Industries.		1959	1960	September 1960	October 1960	November 1960	December 1960	December 1959
Major Industries—								
Coal	million metric tons	47.78	52.61	4.21	4.34	4.64	5.09	4.30
Steel (Ingots and Metal for castings)	thousand metric tons	2,468	3,287	283	306	308	330	250
Yarn	million lbs.	1,723	1,737	146	142	150	160	155
Cloth	million yds.	4,925	5,048	425	409	427	451	435
Cement	thousand metric tons	6,826	7,840K	595K	689K	643K	733K	666
Jute	thousand metric tons	1,068	1,085	91	86	87	92	94
Paper and paper boards	thousand tons	294	345K	28 K	30 K	29K	30K	30
Matches‡	thousand cases	649	663	54	50	58	62	59
Sugar	thousand metric tons	2,117	2,325	16	39	239	437	431
Engineering and Electrical Industries—								
Machine tools	Value in lakhs of Rs.	439	600	59	58	58	64	44
Electric lamps	millions	34.84	41.38	3.19	3.06	4.06	4.02	3.20
Dry cells	millions	187 3	207 4	17.4	16.5	21.06	26 2	19.4
Power transformers	k.v.a.	1,016,400	1,248,000	120,300	130,100	132,800	137,600	101,900
Electric Motors	thousand H.P.	576	680	63	62	67	70	52
Electric fans	Nos.	726,000	990,000	77,900	76,500	95,400	100,800	71,200
Radio receivers	Nos.	213,864	262,879	24,177	23,800	27,800	27,056	21,878
Storage batteries	Nos.	442,800	509,500	36,000	38,300	44,600	44,600	41,700
Copper conductors	tons	6,624	9,972K	934 K	846 K	958K	988K	839
Winding wires	tons	2,832	4,188K	334 K	346 K	390K	370K	227
Rubber and plastic Ins. cables and flexibles	million yds.	166 08	208 00‡	17 4J	17.5 J	21 6J	19 4J	14.3
Insulators—H.T.	Nos.	982,800	2,277,600K	197,000K	183,000K	193,000K	176,000K	100,600
Insulators—L.T.	million Nos.	6 25	3,538,800K	262,000K	275,000K	223,000K	251,000K	1.07
Diesel engines—Vehicular	Nos.	8,712	9,708	858	897	10,46	1,074	—
Diesel engines—Stationary	Nos.	80,336	98148	3,795	3,734	3,604	3,221	2,716
Chemical Industries—							0.17	
Salt	million metric tons	3.13	3,44	0.13	0.13	0.13	0.15	0.05
Caustic soda	metric tons	69,876	31,656	7,803	8,123	8,002	8,861	7,904
Soda ash	metric tons	95,328	5,928	13,252	12,183	12,746	15,439	8,344
Chlorine liquid	metric tons	24,780	5,556	2,537	2,768	2,695	2,812	2,628
Bleaching powder	metric tons	5,184	5,928	430	397	540	642	7
Bichromates	metric tons	4,404	5,556	457	457	508	508	0
Sulphuric acid	tons	292,164	355,740	28,965	23,753	28,766	31,000	31,198
Superphosphate	metric tons	251,652	322,320	23,856	19,512	24,657	26,416	24,361
Non-ferrous Metals—								
Aluminium	metric tons	17,526	18,423	1,547	1,507	1,464K	1,546	1,578
Antimony	tons	664	800K	71K	50 K	75K	68K	50
Copper (virgin metal)	metric tons	7,776	7,754	747	780	730	750	777
Lead (virgin metal)	metric tons	3,958	3,775	276	315	375K	435	310
Gold	ozs.	165,312	4,992Kgs.	428Kgs.	407Kgs.	465 Kgs.	427Kgs.	14,146ozs.
Miscellaneous (Minor) Industries—								
Sewing Machines	Nos.	252,612	295,788	21,778	21,506	28,320	28,652	26,856

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

[1952-53 = 100]

Group and Sub-Group	Week ended 17th June, 1961	10th June, 1961	20th May, 1961	18th June, 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.0	101.0	101.1	101.1
2. Government of India	101.9	101.0	101.0	100.9
3. State Government	102.0	102.0	101.9	102.7
4. Municipal, Port Trust, etc.	99.7	99.7	99.7	100.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.2	101.2	100.7	101.0
PREFERENCE SHARES—ALL INDIA.				
6. Total	84.1	84.1	84.5	89.4
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	184.1	184.2	178.9	174.9
8. *Agriculture and Allied Activities : Total**	173.5	173.5	171.6	177.7
9. Tea Plantations	167 5	167.4	167.3	172.4
10. Coffee Plantations	181.2	179.0	179.9	208.0
11. Rubber Plantations	174.3	174.5	171.1	179.3
12. *Mining and Quarrying : Total*	166.2	166.6	163.8	159.4
13. Coal	131.2	131.3	128.7	121.7
14. Other Mining	190.3	190.8	187.9	185.2
15. *Processing and Manufacturing : Total*	199.4	199.7	193.1	188.6
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	204.5	204.5	196.8	190.0
17. Sugar	164.6	165.4	168.3	196.9
18. Cotton Textiles	171.2	169.6	163.1	152.8
19. Jute Textiles	87.2	88.2	90.2	94.2
20. Silk and Woollen	1253.7	1265.0	1146.4	1117.4
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total**	212.2	212.2	205.0	198.0
22. Iron and Steel	179.5	180.3	170.3	162.7
23. Transport Equipment	435.2	427.9	409.0	400.3
24. Electrical Machinery	164.7	162.9	161.6	137.9
25. Machinery other than Transport and Electrical	218.7	219.1	216.7	220.1
26. Basic Industrial Chemicals	218.6	221.8	215.3	205.8
27. *Processing and Mfg. (Others): Total**	160.3	161.5	159.8	166.8
28. Cement	144.0	144.7	142.1	145.2
29. Paper	297.4	299.0	297.0	293.6
30. *Other Industries : Total**	110.9	111.2	108.5	112.4
31. Electricity Generation and Supplies	82.2	81.6	81.0	82.0
32. Trading	131.9	133.8	126.3	121.2
33. Shipping and Other Transport	100.4	101.2	99.7	114.5
34. Construction	299.5	302.4	276.7	329.3
35. *Financial : Total*	195.9	194.8	194.8	189.9
36. Banks	219.0	217.5	214.0	184.0
37. Insurance	154.6	154.7	146.0	145.8
38. Investment Trusts	90.4	90.8	92.3	92.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	193.3	193.8	185.4	180.8
40. Calcutta	167.2	167.4	166.8	160.6
41. Madras	196.7	195.5	191.9	189.5
42. Delhi	252.0	249.6	240.5	227.7

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	January to December 1959R	1960	Two months ended February 1960	1961
Exports	613,79	622,63	98,54	106,77
Re-exports	6,94	12,24	3,32	1,00
Total Exports	620,73	634,87	101,86	107,77
Imports	940,39	1,011,35	131,80	157,29
Overall Balance of Trade	−319,66	−367,48	−29,94	−49,52
Exports—				
Tea	126,01	120,04	17,48	20,30
Jute yarns and manufactures	110,75	141,92	15,76	23,77
Cotton yarns and manufactures	66,14	62,87	11,26	11,34
Metallic ores and metal scrap	34,04	38,25	6,15	6,91
Cotton, raw and waste	16,37	10,72	2,08	2,05
Oils—vegetable, mineral and animal	17,81	15,78	2,53	1,05
Fruits and vegetables	21,01	24,69	3,67	4,80
Tobacco	13,84	15,65	1,15	1,15
Mica	10,31	9,82	1,35	1,62
Wool and other animal hair	12,32	8,67	1,76	93
Gums, resins and lac	7,95	8,74	1,50	1,63
Spices	10,15	17,65	4,65	3,33
Hides and skins, raw	11,01	10,66	2,21	1,81
Imports—				
Machinery of all kinds	205,83	232,74	31,88	50,71
Iron and Steel	85,11	110,83	14,87	16,11
Oils—vegetable, mineral and animal	82,93	83,76	7,33	10,91
Chemicals, drugs and medicines	88,32	86,09	14,50	15,52
Electrical goods and apparatus	54,16	53,62	7,46	9,64
Vehicles (excluding aircraft, ships and boats)	61,99	51,00	6,96	7,64
Cotton, raw and waste	34,77	75,15	7,85	13,94
Fruits and vegetables	16,52	18,83	4,24	4,23
Paper, pasteboard, etc.	10,22	11,71	1,85	2,04
Dyes and colours	9,59	12,20	1,60	2,77
Spices	2,52	2,19	59	21
Woollen and worsted fabrics	23	23	4	1
Cotton fabrics	1,19	79	17	8
Rice	11,42	18,66	1,93	26
Wheat and Spelt	134,93	103,51	15,77	406

R—Revised Figures.

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
4th April	2.00	—	2.00	2.750	99.310
5th to 8th April*	1.60	2.65	1.60		99.331
11th April	2.00	—	2.00	2.750	99.315
12th to 15th April*	0.10	2.00	0.10	—	99.331
18th April	2.50	—	2.52	2.750	99.315
19th to 22nd April*	1.00	2.20	1.00		99.331
25th April	2.50	—	2.50	2.750	99.315
26th to 29th April*	2.55	2.00	2.55	—	99.331
2nd May	2.00	2.00	2.00	2.750	99.310
3rd to 6th May*	1.08	—	1.08	—	99.331
9th May	2.00	2.00	2.00	2.750	99.310
10th to 13th May*	0.65	—	0.65	—	99.331
16th May	2.25	2.00	2.25	2.750	99.310
17th to 20th May*	0.43	—	0.43	—	99.331
23rd May	2.00	2.00	2.00	2.750	99.310
24th to 27th May	0.33	—	0.33	—	99.331
30th May	2.00	2.00	2.00	2.750	99.310
31st May to 3rd June*	0.10	—	1.10	—	99.331
6th June	3.00	3.08	3.00	2.750	99.310
7th to 10th June*	1.97	—	1.97	—	99.331
13th June	2.00	2.00	2.00	2.750	99.310
14th to 17th June*	0.80	—	0.80	—	99.331
20th June	3.00	3.00	2.00	2.650	99.335
21st to 23rd June*	0.80	—	0.80	—	99.356
27th June	2.00	2.00	2.00	2.650	99.335
Total amount outstanding	37.60	—	37.63	—	—

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

	All-India (1949=100)	Bombay (1934=100)	Ahmedabad (1949=100)	Sholapur January (1928=100)	Kanpur (1949=100)	Nagpur (1949=100)	Calcutta August (1939=100)	Madras City (1942=100)	Delhi (1949=100)	Ajmer (1949=100)	Gauhati (1949=100)	Jamshedpur (1949=100)	Jabalpur (1949=100)	Bangalore (1949=100)
1958 Average	116	395	110	313	98	120	384	124	113	105	103	123	109	131
1959 "	121	412	125	340	98	132	384	133	120	106	98	125	108	140
1960 "	124	423	120	357	99	136	397†	143	120	107	103	120	109	146
March 1960	121	414	116	339	97	135	392	138	119	104	100	119	109	145
April "	122	421	116	346	97	136	392	138	117	104	103	117	109	145
May "	123	421	120	344	96	135	396	140	116	104	105	117	109	145
June "	124	422	121	360	96	135	399	143	117	107	107	119	109	146
July "	126	423	122	362	101	137	406	145	121	109	108	119	109†	146
August "	126	421	123	359	101	137	410	146	121	109	102	122	108	148
Sept. "	125	418	122	364	101	138	403	146	122	108	102	122	108	147
Oct. "	125	421	123	365	102	137	396	148	122	108	105	119	108	147
Nov. "	124	423	121	367	102	135	392	150	121	110	102	122	108	147
Dec. "	124	419	120	362	100	134	385	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	385	146	122	111	103	120	109	148
February "	123	420	119	350	102	130	..	147	123	111	103	119	109	148
March "	124	423	119	349	101	129	..	..	124	111†	..	121†	109†	149
April "	..	428	..	348	..	..	..	..	..	..	..	..	..	..

† Provisional.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year F	12-Year National Plan Savings Certificates C		Post Office Savings Bank Deposits		10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% C	15-Year Annuity Certificates G		Total	
	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Outstandings		Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Outstandings H
1958-59	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	−40,07	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	98,99	83,24	221,68	210,40	260,68	19,79	−41,35	50	31	41,68	10,04	21,76	66	2,00	305,70	672,99
1960-61	1,24	2,46	81,50	82,53	287,30	228,77	297,77	18,36	−42,00	1,70	95	38,80	16,14	37,34	69	3,38	329,98	770,80
Apr. 1960	1,52	3,09	97,20	6,47	226,19	17,87	255,32	19,68	−41,41	56	35	41,58	1,63	23,16	9	2,98	26,16	675,63
May "	1,51	3,04	95,40	6,45	231,25	17,90	257,68	19,55	−41,46	64	39	41,50	1,06	24,19	5	3,01	24,67	678,16
June "	1,50	2,99	93,68	5,76	235,63	17,35	258,96	19,49	−41,51	73	43	41,41	84	25,09	5	3,04	24,13	682,95
July "	1,46	2,95	92,15	5,83	240,35	15,25	261,67	19,43	−41,55	81	48	41,32	1,11	26,09	4	3,07	22,36	689,78
Aug. "	1,44	2,88	90,74	6,78	245,88	19,75	266,75	19,37	−41,61	89	54	41,21	1,17	27,23	9	3,14	27,92	700,07
Sept. "	1,42	2,81	89,29	7,16	251,84	18,76	271,10	19,26	−41,66	98	57	41,14	1,52	28,71	6	3,18	27,64	710,30
Oct. "	1,40	2,76	87,86	7,05	257,70	16,90	272,98	19,19	−41,71	1,07	64	41,09	1,42	30,27	5	3,22	25,56	718,18
Nov. "	1,37	2,70	87,64	6,21	262,79	17,90	275,90	19,12	−41,74	1,17	68	41,02	1,49	31,73	5	3,25	25,81	726,47
Dec. "	1,33	2,63	85,25	6,75	268,27	19,04	277,86	18,97	−41,81	1,28	74	40,97	1,28	32,88	5	3,29	27,30	733,47
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,08	280,08	18,87	−41,86	1,40	80	40,90	1,04	34,15	6	3,32	25,83	740,90
Feb. "	1,28	2,52	82,71	6,43	278,70	18,05	282,82	18,44	−41,95	1,53	87	39,88	1,03	35,75	5	3,36	26,53	747,86
Mar. "	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	−42,00	1,70	95	38,80	1,77	37,34	4	3,38	46,05	770,80
Apr. "	..	..	..	..	..	..	..	..	..	..	..	37,46	2,28	39,42	4	3,40	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities : repayments, however, include those from the pre-partition holdings of Indian investors. A—*Discontinued from July 1, 1953.* B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of February 1961, amount to 13.81 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Loan	1938-39	116,17,46,000	1963-65	98.75
2½ % Loan	1950	30,33,10,000	1964	98.75
3 % Fg. Loan	1943	1,10,11,78,000	1966-68	96.00
3 % Dev. Loan	1945	1,15,05,83,000	1970-75	91.00
2½ % Loan	1946	57,00,69,000	1961	99.70
2½ % Loan	1946	14,77,45,000	1976	83.25
3½ % Loan	1947	75,86,72,000	1962	98.90
3½ % N. P. Loan	1954	1,58,17,94,000	1964	99.95
3½ % N. P. Bonds (2nd Series)	1955	1,53,67,92,000	1965	99.95
3½ % Loan	1956	1,07,27,36,000	1962	99.90
3½ % N. P. Bonds	1956	93,81,83,000	1967	99.00
3½ % Loan	1956	86,63,53,000	1974	99.85
3½ % N. P. Bonds (4th Series)	1957	56,99,30,000	1967	100.50
4 % Loan	1957	49,17,27,000	1972	100.45
3½ % Loan	1958	58,05,92,000	1963	100.05
3½ % Loan	1958	70,00,00,000	1968	98.70
3½ % Loan N.P.B.	1958	34,33,00,000	1968	100.50
4 % Loan	1958	49,51,44,000	1973	100.40
3½ % Loan	1959	1,37,90,93,000	1969	98.65
4 % Loan	1959	81,06,38,000	1979	100.05
4 % Loan	1960	97,64,00,000	1980	99.90
3½ % Bonds	1960	82,66,00,000	1966	99.70
NON-TERMINABLE LOANS				
3 % Loan	1896-97 to 1946	8,93,33,000	M. to K.	72.00 to 71.70
		2,48,91,33,000		
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.75
4 % Andhra	1958	6,56,15,000	3rd Sept. 1968	98.50
4 % Andhra	1958	5,48,81,000	15th July 1970	101.00
4 % Andhra	1959	6,57,72,000	19th Aug. 1971	97.75
4 % Andhra	1960	9,00,00,000	29th Aug. 1969	98.50
4 % Maharastra	1949	5,29,97,000	1st Sept. 1967	98.75
3½ % Maharastra	1951	2,82,97,000	17th Sept. 1962	99.80
4 % Maharastra	1953	5,00,80,000	15th July 1963	100.00
4 % Maharastra	1952	3,40,34,000	1st Aug. 1964	99.90
4 % Maharastra	1955	9,56,20,000	1st Sept. 1967	99.25
4 % Maharastra	1956	7,82,20,000	3rd Sept. 1970	99.25
4½ % Maharastra	1957	6,57,23,000	16th Sept. 1969	101.20
4½ % Maharastra	1958	6,58,21,000	15th July 1970	101.20
4½ % Maharastra	1958	4,35,25,000	15th July 1971	99.25
4 % Maharastra	1959	6,58,13,000	19th Aug. 1971	99.25
4 % Maharastra	1960	10,00,00,000	29th Aug. 1969	99.60
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	98.50
4 % Bihar	1956	2,13,41,000	3rd Sept. 1968	98.00
4½ % Bihar	1958	2,76,71,000	13th Oct. 1970	101.05
4 % Bihar	1959	3,33,22,000	19th Aug. 1971	97.50
4 % Bihar	1960	5,00,00,000	29th Aug. 1969	98.30
4 % Gujarat	1960	5,00,00,000	29th Aug. 1969	99.50
3½ % Howrah Bridge (New)	1936-37	1,77,08,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98.00
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.00
2½ % Madras	1946	3,81,77,000	1st Sept. 1961	99.05
3½ % Madras	1951	3,01,49,300	15th Sept. 1962	99.75
4 % Madras	1953	10,33,71,000	15th July 1963	99.90
4 % Madras	1952	5,24,81,200	1st Aug. 1964	99.85
4 % Madras	1955	10,47,17,000	1st Sept. 1967	98.85
4 % Madras	1956	19,53,56,000	3rd Sept. 1968	98.50
4½ % Madras	1958	5,55,57,000	15th July 1970	101.10
4 % Madras	1959	5,72,72,000	19th Aug. 1971	98.00
4 % Madras	1960	12,00,00,000	29th Aug. 1969	98.50
2½ % Mysore§§	1933	2,95,85,200	1st Dec. 1963-68	93.50
3 % Mysore§§	1936	5,99,73,000	30th Apr. 1956-61	99.80
4 % Mysore	1953	3,33,47,000	15th July 1963	99.80
4 % Mysore	1955	3,54,94,000	1st Sept. 1967	98.50
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	98.50
4½ % Mysore	1957	3,34,36,000	16th Sept. 1969	101.10
4½ % Mysore	1958	5,51,51,000	15th July 1970	101.10
4 % Mysore	1959	5,48,46,000	19th Aug. 1971	98.00
4 % Mysore	1960	4,00,00,000	29th Aug. 1969	98.50
3 % M.P.	1948	2,08,29,000	15th Sept. 1964	96.60
3½ % M.P.	1951	1,06,18,100	15th Sept. 1962	99.50
4 % M.P.	1953	1,10,18,000	15th July 1963	98.00
4 % M.P.	1955	1,63,12,000	1st Sept. 1967	98.00
4 % M.P.	1956	1,58,42,000	3rd Sept. 1968	98.00
4½ % M.P.	1958	2,21,80,000	15th July 1970	101.05
4 % M.P.	1959	5,27,37,000	19th Aug. 1971	97.50
4 % M.P.	1960	5,00,00,000	29th Aug. 1969	98.40
4 % Saurashtra	1955	3,50,81,000	1st Sept. 1967	98.85
4 % Saurashtra	1956	2,66,68,000	3rd Sept. 1968	98.55
4 % Kerala	1953	3,25,61,000	15th July 1963	99.00
4 % Kerala	1956	2,22,08,000	3rd Sept. 1968	98.10
4½ % Kerala	1958	3,27,10,000	15th July 1970	100.50
4 % Kerala	1959	4,47,05,000	19th Aug. 1971	97.20
4 % Kerala	1960	4,00,00,000	29th Aug. 1969	98.10
2¾ % U.P.Z.A.	1952	44,93,89,000	—	98.702
3 % U.P.	1936	1,55,31,000	15th Sept. 1961-66	92.25
4 % U.P.	1953	2,12,62,000	1st Sept. 1961	98.50
3½ % U.P.	1951	1,86,22,000	17th Sept. 1962	99.70
4 % U.P.	1952	5,89,14,000	1st Aug. 1964	99.90
4 % U.P.	1953	3,58,25,000	15th July 1963	99.00
4 % U.P.	1955	9,10,71,000	1st Sept. 1967	98.90
4 % U.P.	1956	8,48,26,000	3rd Sept. 1968	98.75
4 % U.P.	1959	2,18,87,000	19th Aug. 1971	97.00
4 % Punjab	1959	2,18,87,000	19th Aug. 1971	97.00

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				Rs.
36,50,000	4	1904	1964	
35,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1965	97.00
40,00,000	4	1909	1970	
58,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
14,35,876	4	1913*	1960	D
80,00,000	4	1913	1974	97.00
80,25,000	4	1914	1975	97.00
10,00,000	4	1915*	1960	
55,00,000	4	1915*	1975	
61,61,000	4	1922*	1960	
11,51,000	4	1924*	1960	
18,25,000	3½	1926*	1960	
30,00,000	3½	1929*	1959	
12,50,000	3½	1930*	1960	D
12,50,000	3½	1931*	1961	
13,50,000	3½	1932*	1962	
24,58,000	3½	1935*	1975	
15,00,000	3½	1936*	1966	
48,04,000	3½	1936*	1960	
10,00,000	3½	1938*	1968	
7,00,000	3½	1941	1971	
CALCUTTA				
Rs.				Rs.
90,24,300	4	1914	1974	98.25
76,90,100	4	1915	1975	98.25
50,00,000C	3½†	1921	1981	82.00
68,02,300C	6½	1921	1981	144.00N
50,00,000C	6½	1921	1991	143.00
60,00,000	3½	1935	1965	99.00
25,00,000	3	1938	1963-68	93.00
30,00,000	3½	1945	2005	74.00
50,00,000	3	1945	1975	86.00
50,00,000	3	1946	1976	84.75
50,00,000	3	1946	2006	74.00
77,00,000	3	1947	1977	79.00
50,00,000	3	1948	1978	83.75
50,00,000C	3	1950	1980	82.00
50,00,000	3	1951	1981	81.75
50,00,000	3½	1951	1991	99.75
50,00,000	4	1953	1983	100.00
50,00,000	4	1953	1983	97.50
90,00,000	4	1955	1985	97.25
50,00,000	4	1956	1986	97.25
78,00,000C	4	1956	1986	97.25
1,24,00,000	4½	1957	1987	99.50
1,00,00,000	4½	1958	1988	99.00
1,00,00,000	4	1959	1989	99.00
50,00,000	4½	1959	1989	99.00
1,00,00,000	4	1960	1970	98.50
1,00,00,000	4	1960	1970	98.50
STERLING LOANS				
£802,600	5	1923	1953-88	£63
£802,600	5	1924	1954-84	£63
£895,100	5½	1932	1962	£96½
MADRAS				
Rs.				Rs.
28,48,275	3½	1947	1977	▲
9,88,000Ir	3	1947	1977	
3,00,000Ir	4	1949	1979	
45,00,000Ir	4½	1954	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				Rs.
30,00,000	4	1901	1961	
60,00,000	4	1902	1962	
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	97.75
30,00,000	4	1906	1966	N
15,00,000	4	1907	1967	
30,00,000	4	1908	1968	
50,00,000	4	1912	1972	
13,00,000	4	1913	1973	
50,00,000	4	1913*	1960	97.50
25,00,000	4	1916	1976	N
40,00,000	5	1917	1967–79	118.90
66,00,000	6	1920	1955–80	
25,00,000	6	1926	1956–86	115.00N
25,00,000	4	1927	1961–70	98.00N
10,00,000	3	1936	1966	
STERLING LOANS				
£566,600		1909	1968	£95.50
£388,000		1910	1970	£95.50N
CALCUTTA				
Rs.				Rs.
50,00,000	4	1934	1964	99.25
35,00,000	3½	1935	1965	96.00
30,00,000	3	1936	1966	91.75
50,00,000	3	1937	1962	96.00
20,00,000	3	1938	1963-68	92.00
80,00,000	4	1952	1962	100.00
1,00,00,000	4	1958	1968	99.25
75,00,000	4½	1958	1968	101.00
65,00,000	4½	1959	1974	99.75

MUNICIPAL LOANS

Rs.				Rs.
BOMBAY				
20,00,000	4	1913-18	1974	97.00
10,00,000	5	1923	1963	100.00N
8,25,00,000	3½	1947	1977	86.00
2,13,14,500	3½	1949	1979	86.00
4,00,00,000	3½	1950	1965	96.00
4,75,00,000	4	1954	1984	99.00
2,00,34,000	3½	1951	1966	98.00
92,19,00,000†	4	1956	1986	99.00
96,57,000†	4	1954	1969	99.00
2,50,00,000	4	1955	1967	99.00
1,27,50,000	4	1956	1968	99.00
4,74,00,000	4½	1957	1969	99.50
4,75,00,000	4½	1958	1970	99.50
3,30,00,000	4	1959	1971	98.00
CALCUTTA				
Rs.				Rs.
10,00,000	5½	1932	1962	102.50N
33,91,000	3½	1925	1965	96.00
60,00,000	3	1936	1966	91.75
47,50,000	3	1938	1968	92.50
21,10,000	3½	1942	1972	92.00
66,88,000	3½	1951	1966	98.50
77,88,000	4½	1953	1973	99.75
72,50,000	4½	1954	1979	100.00
2,22,72,000	4	1955	1985	97.25N
73,86,000	4½	1958	1988	101.00
1,67,32,000	4½	1959	1970	101.00N
MADRAS				
Rs.				Rs.
15,00,000	3½	1951	1961	107.00N
15,00,000	3½	1952	1962	107.50N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½ % U.P.	1958	7,65,59,000	15th July 1970	101.10
4 % U.P.	1959	8,58,35,000	19th Aug. 1971	98.

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1957 Rs. nP.	1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	Accounts Closed	Reference
60,00,000	64,31,970	1,47,43,249	50,81,902	36,065	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	10.00	10	0.25	0.25	0.50	1.00	3	Y.P.T.
6,00,000	13,76,400	76,66,448	46,26,917	1,71,356	McLeod & Co., Ltd.	456	Alexandra	201.00	100	10.00	10.00	15.00	..	12	Y.P.T.
30,00,000	5,43,950	1,41,02,373	1,01,60,389	1,16,925	McLeod & Co., Ltd.	1,264	Alliance	89.00	100	Nil	Nil	Nil	6.00	5	Y.P.
49,20,700	85,41,000	2,63,90,624	1,74,73,387	2,26,168	Duncan Brothers & Co., Ltd. ..	2,561	Anglo-India	185.00	100	7.00	10.00	12.50	20.00	3	Y.P.
40,00,000	21,83,168	1,36,05,736	76,49,894	34,111	Bird & Co. Private Ltd. ..	810	Auckland	154.00	100	Nil	5.00	20.00	27.00	3	Y.P.T.
20,00,000	34,53,528	1,46,13,222	77,61,622	28,486	Birla Brothers Private Ltd. ..	959	Bally	230.00	100	2.00	6.00	10.00	25.00	3	Y.P.
2275,000	£803,923	£1,601,226	£1,065,825	—£92,399	Sir John H. Burder (Chairman)	1,889	Barnagore	126.00	£5	Nil	Nil	10sh.	£1.10sh	3	Y.P.
28,00,000	30,71,190	98,01,914	56,63,641	48,528	Andrew Yule & Co., Ltd. ..	820	Belvedere	161.00	100	2.50	7.50	13.50	..	12	Y.P.
45,00,000	26,91,700	70,48,057	40,86,203	1,33,355	Soorajmull Nagarmull	600	Bengal	10.50	10	Nil	0.50	0.50	0.50	6	Y.P.T.
91,26,000	2,82,25,130	7,34,86,439	2,26,35,926	93,079	Birla Brothers Private Ltd. ..	1,373	Birla	27.37	10	1.00	1.00	1.00	1.50	3	Y.P.
36,00,000	27,72,236	1,35,96,070	70,34,735	34,192	Andrew Yule & Co., Ltd. ..	991	Budge-Budge	118.00	100	Nil	5.00	15.00	10.00	10	Y.P.
7,43,380	4,000	45,02,280	35,10,243	—1,47,560	Dayaram & Sons	502	Calcutta Jute Mfg.	7.25	10	Nil	Nil	Nil	..	12	Y.P.T.
18,00,000	29,05,059	92,72,655	5,10,612	6,22,941	M.	616	Caledonian	138.00xd	100	Nil	15.00	12.00	12.00	11	Y.P.
59,16,400	82,28,226	2,14,54,087	1,21,65,795	1,37,286	James Finlay & Co., Ltd. ..	1,131	Champdany	111.00	100	Nil	Nil	7.00	10.00	3	Y.
15,95,000	23,19,096	86,22,904	59,02,749	20,473	Andrew Yule & Co., Ltd. ..	1,131	Cheviot	16.00	10	Nil	5.00	12.50†	7.50	11	Y.P.
30,15,000	39,53,900	1,20,98,261	66,66,975	39,326	McLeod & Co., Ltd.	500	Chitavalsah	11.19	10	1.10	1.25	1.50	0.50	7	Y.P.T.
24,00,000	9,00,000	82,12,030	61,31,208	—3,09,256	M.	969	Clive	9.00	10	Nil	Nil	Nil	Nil	3	Y.P.
31,49,200	13,05,418	1,06,95,075	64,82,315	18,149	Bird & Co. Private Ltd. ..	766	Dalhousie	110.00	100	Nil	Nil	Nil	1.00	3	Y.P.T.
28,00,000	41,85,474	97,98,897	51,23,570	15,632	Andrew Yule & Co., Ltd. ..	779	Delta	160.00	100	Nil	6.00	14.00	7.50	11	Y.P.
15,00,000	38,62,000	1,14,03,496	74,72,740	70,285	McLeod & Co., Ltd.	500	Empire	14.75	10	0.75	1.00	1.25	1.25	7	Y.P.T.
63,00,000	83,65,324	3,41,69,981	1,69,04,491	72,060	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloister Industries Ltd. ..	200.00	100 Old	10.00	20.00	20.00	25.00	3	Y.P.T.
21,00,000	19,81,948	1,32,23,393	76,17,723	1,94,899	Bangur Bros., Ltd.	1,014	Fort William	25.00	10	1.50	1.50	1.50	2.25	3	
84,32,100	5,16,898	2,24,66,716	1,48,00,382	56,359	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	10.69	10	Nil	Nil	Nil	1.00	3	Y.P.
10,80,000	34,18,681	94,32,505	48,17,924	53,435	M.	907	General Ind. Society Ltd. ..	40.00	10	2.00	2.00	4.00	..	12	Y.T.
24,00,095	63,55,441	2,55,58,077	1,72,11,662	63,814	Macneill & Barry Ltd.	1,394	Gourepore	375.00	100	2.50	20.00	25.00	30.00	3	Y.P.
40,00,000	81,59,833	1,81,98,144	76,47,196	2,85,690	Bangur Bros., Ltd.	1,078	Hastings	119.00N	100	5.00	5.00	6.00	6.00	3	Y.P.
16,80,000	25,26,234	83,48,980	55,07,773	38,329	J. & R. Hutchison Private Ltd.	720	Hooghly	19.25	10	Nil	Nil	0.60	1.00	3	Y.P.T.
65,62,500	40,04,054	2,24,82,710	1,35,84,809	72,382	Jardine Henderson Ltd.	1,940	Howrah	20.50	Nil	Nil	Nil	1.00	1.25	3	Y.P.
52,50,000	38,25,000	3,14,43,014	1,77,65,914	1,94,899	Ramdutt Ramkissendas	2,272	Hukumchand	19.50	7.50	1.50	1.50	1.50	2.15	3	Y.
87,30,000	21,78,965	1,74,80,629	1,00,24,542	4,94,235	M.	790	India	15.75	12.50	9.37	15.02‡	1.24	1.75	3	
24,00,000 }	27,20,329	2,00,48,588	1,40,57,698	39,774	Jardine Henderson Ltd.	1,797	Kamarhatty	{ 129.00	100	Nil	5.00	20.00	5.00	} 12	Y.P.T.
*B'19,20,000 }								{ 133.00	B'100	Nil	5.00	20.00	5.00		
30,00,000 }	....	1,78,03,394	1,19,38,288	—14,78,469	Jardine Henderson Ltd.	1,527	Kankanarah	{ 68.50	100	Nil	Nil	Nil	Nil	} 12	Y.P.T.
*B'24,00,000 }								{ 61.00	B' 100	Nil	Nil	Nil	Nil		
28,00,000	52,06,000	1,51,65,797	1,03,30,320	1,21,384	McLeod & Co., Ltd.	703	Kelvin	138.00	100	9.00	12.50	14.00'C'	15.00	5	Y.P.
54,00,000	23,82,520	2,16,94,951	1,32,33,722	74,403	Anderson Wright Ltd.	1,530	Khardah	17.19	10	0.80	0.80	2.00	2.00	3	Y.P.T.
59,50,150	42,30,583	1,99,43,491	1,24,97,816	87,502	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	156.00	100	Nil	5.00	10.00	20.00	3	Y.P.
24,48,000	10,76,201	1,06,86,990	67,13,279	—2,02,024	Bird & Co. Private Ltd. ..	931	Lansdowne	117.00	100	Nil	Nil	Nil	Nil	3	Y.P.
28,00,000	11,08,592	69,04,728	41,03,722	10,530	Bird & Co. Private Ltd. ..	840	Lawrence	110.00	100	Nil	Nil	2.00	15.00	3	Y.
31,85,200	34,63,931	2,70,91,429	1,55,88,005	56,999	M.	1,294	Megna	12.12	10	0.50	1.75	1.00	1.20	3	Y.P.T.
29,98,900	34,36,892	1,64,53,185	94,33,205	—11,60,635	M.	315	Naihati	82.00	100	Nil	Nil	Nil	..	3	Y.T.
20,00,000	11,70,743	36,49,563	26,69,250	8,646	Howrah Trading Co. Private Ltd.	425	Naskarpara	12.13	10	0.25	0.25	0.375	..	10	Y.P.
35,00,000	43,02,820	58,05,156	17,63,130	20,257	M.	852	National	19.62	10	0.75	0.75	1.00	..	7	Y.P.T.
6,00,000	32,36,172	68,66,663	43,020	McLeod & Co., Ltd.	316	Nellimarla Jute	9.56	10	0.90	1.00	1.40	0.30	7	Y.P.T.
1,70,32,810	2,27,33,274	9,30,93,375	1,36,54,171	....	Sahu Jain Ltd.	1,765	New Central	19.50	10	..	1.50	1.50'C'	1.50	3	Y.P.T.
16,79,880	38,39,763	1,21,83,607	71,21,536	27,631	Bird & Co. Private Ltd. ..	567	Northbrook	27.12	10	Nil	Nil	1.25	3.00	3	Y.P.
66,79,560	38,53,004	2,30,01,334	1,21,85,728	49,497	Macneill & Barry Ltd.	1,092	Nuddea	44.25	50	Nil	2.50	3.00	4.00	8	Y.
25,00,000	11,41,170	1,06,08,833	75,93,215	23,417	McLeod & Co., Ltd.	400	Presidency	4.97	5	0.30	0.37½	0.50	0.40	7	Y.T.
20,00,000	42,629	33,96,467	12,06,763	20,526	Hindustan Investment Corpn. Ltd.	306	Rameshwara	8.06	10	Nil	Nil	Nil	Nil	3	Y.P.
49,50,000	14,07,546	1,24,96,816	66,97,870	—31,44,473	Jardine Henderson Ltd.	1,276	Reliance	5.56	10	Nil	Nil	Nil	Nil	3	Y.P.T.
£600,000	£488,130	£1,484,370	£840,162	£98,843	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	Nil	5%†	10%†	..	12	Y.P.
90,00,000	19,67,300	1,24,50,559	91,65,688	69,510	Bagaria More & Co., Ltd. ..	911	Shree Ambica	24.12	10	0.50	0.50	0.60	..	3	Y.P.T.
14,00,000	13,85,050	75,14,520	54,32,384	21,730	Hindustan Investment Corpn. Ltd.	401	Soorah	18.87	10	1.50	1.50	2.50	2.50	12	Y.P.
£600,000	£421,784	£1,270,961	£733,019	£48,317	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	Nil	3%†	10%†	..	12	Y.P.
£5,98,800	37,29,900	89,38,439	50,59,464	35,993	Bird & Co. Private Ltd. ..	1,326	Union	161.00	100	Nil	15.00	20.00	25.00	3	Y.P.T.
£400,000	£279,097	£1,282,678	£601,723	£81,176	Thomas Duff & Co. (India) Pvt. Ltd.	1,331	Victoria	9.50N	£1	3%†	5%†	10%†	..	12	Y.P.T.
2,50,000	6,70,000	82,62,805	45,53,966	1,94,094	McLeod & Co., Ltd.	447	Waverley	4.75	1	Nil	Nil	0.25	0.30	5	Y.P.T.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1957 Rs. nP.	1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
10,96,990	4,16,126	17,25,120	3,38,737	3,842	Young India Agencies Private Ltd....	579	Balanoor Tea and Rubber ..	16.30cd	10	1.75*	1.75	1.50	1.50	3	Y.P.
18,00,000	18,91,207	79,01,776	13,65,987	2,83,908	Kothari & Sons (Ags.) Pvt. Ltd.	1,329	Blue Mountain	3.20	2	0.25	0.25	0.25	0.25	6	Y.
5,50,000	5,09,091	15,46,405	3,40,184	18,637	K. Anantaraman, Esq. (Mg. Director).	848	Chandramalai Estates Ltd. ..	2.75	2	0.30	0.24	0.24	0.20	6	Y.P.
14,00,100	11,19,898	26,32,979	8,15,911	1,38,960	Peirce, Leslie & Co., Ltd. ..	1,336	Chenbana Peak Estates	4.93	2	0.30	0.20	0.30	0.40	3	Y.
5,66,420	12,20,975	23,20,475	1,95,657	32,888	Matheson Bosanquet & Co. Pvt. Ltd.	392	Coonoor Tea	28.12	10	2.00	2.00	2.00	1.75	9	Y.P.
4,80,000	5,19,389	13,74,821	2,42,244	2,310	Srinivas Agencies	661	Coorg Tea	5.70cd	2	0.40	0.40	0.40	0.40	3	Y.P.
6,00,000	4,81,315	12,81,928	3,69,201	656	P. G. Krishna Iyer, Esq. (Mg. Director)	352	Devashola (Nilgiri) Tea ..	30.75cd	10	1.75	2.50	2.50	2.00	12	Y.
6,74,630	3,25,933	10,81,247	2,29,577	4,312	Young India Agencies Private Ltd...	465	Devon Tea	14.50cd	10	1.75	1.75	1.50	1.50	3	Y.P.
5,00,000	1,26,500	4,04,217	65,265	2,027	Parkins Private Ltd.	198	Emerald Valley Estates	6.00	5	0.30	0.30	0.40	..	12	Y.
25,50,000	18,55,500	56,71,656	10,33,363	77,135	Parkins Private Ltd.	1,506	Halleyburia	14.85cd	10	1.50'C'	2.00	1.25'C'	1.50	12	Y.P.
6,00,000	7,65,696	14,87,744	3,33,844	48,233	Peirce, Leslie & Co., Ltd. ..	1,375	Kalasa Tea	4.92	2	0.30	0.25	0.30	..	3	Y.P.
17,17,076	12,12,245	33,15,743	5,71,179	15,600	Peirce, Leslie & Co., Ltd. ..	800	Kil Kotagiri Tea	4.86	2	0.30	0.30	0.70	0.50	10	Y.P.
3,45,000	5,10,000	11,44,396	98,799	806	Ipe Oommen & Co. Pvt. Ltd. ..	267	Kurchermala Plant, Ltd.	4.87	10	0.75	0.625	0.80	Nil	3	Y.P.
6,00,000	1,20,584	9,61,824	78,039	37,180	Matheson Bosanquet & Co. Pvt. Ltd.	257	Lucky Valley	12.40	10	1.00	1.00	1.00	1.00	12	Y.
3,50,000	26,500	3,21,318	21,726	17,845	Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	2.70cd	2	0.18	0.24	0.10	..	3	Y.
3,00,000	6,23,100	12,48,190	2,88,717	1,418	Eason Thomas, Esq. (Mg. Director)...	524	Mlamallay	38.25	25	4.50	3.75	5.00	..	3	Y.P.
26,00,000	21,32,880	81,96,144	14,03,332	5,225	A. V. Thomas & Co. (India) Ltd. ..	2,039	Neelamalai	4.12	5	0.37	0.37	0.37	0.37	3	Y.P.
12,00,000	6,37,538	27,51,637	5,74,549	5,656	A. V. Thomas & Co., Ltd.	1,646	Nelliampathy	8.45	5	0.40	0.30	0.20	0.26	3	Y.P.
14,06,250	7,45,346	39,87,155	6,33,351	26,790	A. V. George & Co., Ltd.	1,628	Nilgiri Tea	8.55	10	0.75	0.60	0.50	0.80	3	Y.P.T.
28,10,000	9,22,309	32,15,849	6,53,285	35,376	Harrisons & Crosfield Ltd. ..	836	Nonsuch Tea	28.15	10	2.00	3.50	2.00	..	6	Y.
14,88,960	17,53,325	32,40,997	5,53,242	47,411	Mr. P. S. M. Molyneux (Chairman)	579	Parkside	29.25	10	1.75	2.50	2.75	2.75	6	Y.
14,88,960	17,53,325	32,40,997	63,188	64,227	S. Sivaramakrishna Aiyar, Esq.	500	Peninsular Plantations Ltd. ..	21.40cd	10	2.50	1.50	2.00	..	3	Y.
3,06,284	3,06,284	8,47,000	63,188	37,065	Aspinwall & Co. (Travancore) Ltd.	1,564	Peermade	22.48xd	10	2.50	1.62½	2.25	2.25	12	Y.P.
17,00,000	11,57,787	43,52,475	15,91,846	80,253	Peirce, Leslie & Co., Ltd. ..	3,483	Periakaramalai	3.85	2	0.70	0.20'C'	0.25	..	3	Y.P.
57,94,880	28,17,245	1,10,00,168	34,84,598	....	A. V. Thomas & Co. (India) Ltd. ..	865	Sheveroy Estates Ltd.	1.75	2	0.15	0.15	0.125	0.18	3	Y.T.
18,50,000	3,06,500	11,40,782	1,24,998	907	T. Stanes & Co., Ltd.	680	Stanes Amalgamated	15.50	10	1.40V	0.80	0.60	..	6	Y.
9,00,000	12,06,478	27,35,093	7,62,652	3,656	M.	216	Swinton Estates	3.12	2	..	0.15	0.15	0.25	3	Y.
1,25,000	15,000	1,98,241	7,998	4,289	Srinivas Agencies	1,787	Talayar Tea	1.85	2	0.20	0.12	0.10	0.16	3	Y.P.
12,50,000	10,87,328	38,51,137	3,53,187	997	Parkins Private Ltd.	1,214	Twyford	12.12cd	10	1.50'C'	1.50	1.00'C'	..	12	Y.
15,75,000	16,00,500	27,37,319	3,29,820	565	T. Stanes & Co., Ltd.	1,771	United Nilgiri	24.75	10	1.77	1.60	1.95	2.10	3	Y.P.
21,93,280	12,29,030	44,14,672	15,67,621	1,02,000	Kothari Mehta & Co. Pvt. Ltd.	997	Waterfall	3.12	2	0.25	0.25	0.25	0.25	6	Y.P.
47,25,000	12,42,245	63,68,910	8,97,302	1,94,353	Goodall & Co.	93	Woodcote Estates Ltd.	1.65	..	0.09	0.06	Nil	Nil	6	
1,00,000	53,757	3,51,001	89,991	689											
RUBBER AND OTHERS															
6,00,000	5,52,435	16,68,612	4,21,741	8,855	Ramani & Co. Pvt. Ltd.	878	Alageswar Estates Ltd.	2.85	2	0.20	0.20	0.15	0.15Z	3	Y.
6,75,000	1,60,527	19,03,351	2,97,284	23,572	K. N. Neelakantan, Esq. (Mg. Director)	2,082	Amalgamated Coffee Estates Ltd.	12.50	10	0.40	0.60	0.75	1.00	2	Y.P.T.
2,50,000	5,78,753	13,39,783	1,24,737	30,922	A. V. George & Co., Ltd.	629	Anandam Rubber Co., Ltd. ..	14.37cd	10	1.50	1.00	1.50	..	12	Y.P.
12,07,338	2,28,040	20,59,620	2,33,207	34,372	Associated Planters Private Ltd.	1,343	Anaparai Estates Ltd.	4.10	2	0.80	0.70	0.50	0.40	6	Y.P.
4,25,000	4,00,000	8,50,375	92,384	25,796	Young India Agencies Pvt. Ltd.	554	Badra Coffee Estates Ltd. ..	3.60	2	0.35	0.35	0.35	..	6	Y.P.
4,00,000	1,03,748	7,34,867	1,10,833	2,438	A. V. Thomas & Co. (Mysore) ..	570	Bahadurkhan Coffee & Produce..	3.60	2	0.25	0.25	0.025	0.40	6	Y.P.
3,00,000	2,35,000	4,24,393	50,457	583	Planting Agencies (Private) Ltd.	319	Balmadies Plantations	2.48	2	0.25	0.25	0.15	0.15	5	Y.P.
8,66,115	3,36,253	13,50,384	13,074	21,689	T. K. Oommen, Esq. (Mg. Director).	1,135	Be Be Rubber Estates Ltd. ..	2.83	5	0.25	0.25	0.25	..	3	Y.P.
26,91,279	18,00,000	52,49,279	8,16,788	92,379	Peirce, Leslie & Co., Ltd. ..	674	Cochin Malabar	7.80	2	0.45	0.30'C'	0.45	0.525	2	Y.P.
22,50,000	31,10,993	53,64,399	13,19,304	60,720	Cons. Coffee Estates (Secretaries)	7,093	Coffee Lands and Industries ..	18.75	10	4.00	2.00	2.50	0.60	6	Y.P.
71,55,000	66,04,294	5,58,60,009	40,89,751	1,482	C. I. Machin, Esq. (Mg. Director)	8,169	Consolidated Coffee	22.00	10	4.00	2.00	2.50	2.00	6	Y.P.
6,00,000	5,32,423	13,65,780	74,623	27,670	Associated Planters Private Ltd.	1,439	Cottanad Plantations	10.75	10	1.75	1.50	1.50	1.00	6	Y.
4,00,580	2,00,000	3,12,508	76,988	37,589	Peirce, Leslie & Co., Ltd. ..	605	Cowcoody Estates (Coffee) ..	4.85cd	2	1.00	1.30	0.50	0.50	12	Y.P.
15,00,000	11,10,000	32,95,321	7,48,403	2,033	A. V. Thomas & Co., Ltd.	281	Highland Produce	14.45xd	10	0.75	1.50	1.50	1.50	12	Y.P.
1,20,000	49,000	1,64,450	5,148	2,023	Young India Agencies Pvt. Ltd.	220	Kadur Coffee Estates Ltd. ..	2.85	2	0.15	0.15	0.15	0.15	6	Y.
11,85,700	10,77,705	30,30,516	2,88,458	27,122	A. V. George & Co., Ltd.	1,529	Kailas Rubber Co., Ltd.	5.20	2	0.60	0.50	0.50	0.40	4	Y.P.
8,00,000	8,36,553	17,97,748	3,49,814	1,330	A. V. Thomas & Co., Ltd.	1,858	Kaipetta Estates	12.25	10	0.90	1.00'C'	0.90	1.25	4	Y.P.
4,00,000	3,75,000	9,82,417	1,85,014	14,690	Peirce, Leslie & Co., Ltd. ..	674	Kumergodee Estates Ltd.	4.60	2	0.50	0.40'C'	0.40	0.40	10	Y.
13,50,000	4,85,241	25,39,476	4,08,192	9,042	T. Thomas Kathanar, Esq. ..	1,663	Malankara Rubber	18.75	10	2.25	1.70'C'	1.60	1.60	6	Y.P.
3,25,000	2,50,000	7,07,594	9,954	10,168	Associated Planters Pvt. Ltd. ..	906	Mercara Rubbers Ltd.	8.10	5	0.75	1.00	1.00	1.00	3	Y.P.
40,50,000	14,21,444	90,79,614	11,84,844	66,364	A. V. Thomas & Co., Ltd.	4,682	Midland Rubber	11.83	10	2.00	1.00'C'	1.00	1.25	3	Y.P.
3,35,000	4,13,450	16,31,926	2,76,266	46,475	A. V. George & Co., Ltd.	1,229	Nenmeny Rubber	20.65cd	10	0.75	1.50	1.50	1.50	12	Y.P.
2,00,000	4,74,543	8,94,232	55,672	2,314	Associated Planters Private Ltd.	1,056	Nilambur Rubber Co.	16.25cd	10	1.50	2.00	1.50	1.50	12	Y.P.
19,45,980	23,89,219	52,59,000	18,70,387	7,007	Peirce, Leslie & Co., Ltd. ..	546	Ouchterlony Valley Estates ..	3.74	2	0.30	0.20	0.30	0.26	10	Y.
6,50,000	5,71,464	7,75,530	67,539	42,437	Peirce, Leslie & Co., Ltd. ..	2,017	Osoor Estates Ltd.	2.75	2	0.30	0.26	0.30	0.30	3	Y.P.
16,50,000	2,29,315	22,68,070	6,46,200	17,105	Aspinwall & Co., Ltd.	2,088	Pullangode Rubber	1.87	2	0.10	0.08	0.10	0.10	3	Y.P.
13,50,000	8,37,644	48,91,065	4,70,542	19,045	A. V. Thomas & Co., Ltd.	422	Rajagiri Rubber	18.70cd	10	2.00	2.00	2.00	2.00	3	Y.P.
....	1,14,993	3,70,345	43,569	774	Associated Planters Private Ltd.	500	Rajendra Coffee Ltd.	12.12	5	1.25	1.25	1.25	1.25	3	Y.P.
2,00,000	3,25,000	9,35,502	1,44,033	21,604	Peirce, Leslie & Co., Ltd. ..	1,162	Savamalai Estates Ltd.	3.20xd	2	0.30	0.25'C'	0.30	0.28	11	Y.P.
5,50,170	1,85,000	18,80,245	1,09,554	10,753	Patco Agencies	1,454	Sangameshwar Coffee Estates..	2.08	2	..	0.18	0.18	0.12	3	Y.P.
12,00,000	2,08,130	22,83,348	1,85,357	4,534	East India Agencies Private Ltd.	467	Teekoy Rubber (India) Ltd. ..	5.00	10	0.60	0.60	0.60	Nil	12	Y.P.
10,00,000	2,75,000	69,38,439	50,59,464	28,430	A. V. George & Co., Ltd.	2,261	Thammaraipatty Rubber Co., Ltd.	19.36Rxd	10	3.00	3.00	3.00	0.07	9	Y.
2,50,000	6,05,000	24,54,542	2,19,470	14,829	Peirce, Leslie & Co., Ltd. ..	1,203	Thirumbadi Rubber Co., Ltd. ..	1.60	1	0.05	0.10	0.07	..	12	Y.P.
9,15,300	66,742	11,54,891	5,03,490	2,248	Espen Thomas, Esq. (Mg. Director)	4,671	Travancore Rubber	10.00cd	10	1.50	1.00	1.00	..	12	Y.P.
6,00,000	15,07,458	86,13,065	18,50,987	3,526	Aspinwall & Co. (Travancore) Ltd.	3,157	Travancore Rubber & Tea	10.95cd	10	2.00	1.50	2.00	2.00	12	Y.P.
41,00,000	15,07,458	86,13,065	9,09,484	223	P. T. Thomas, Esq. (Mg. Director)	1,360	Travancore Rubber & Tea	29.95cd	25	1.00	1.50	2.00	2.00	12	Y.P.
22,00,000	1,91,000	33,48,191	1,27,428	10,653	P. L. J. Joseph, Esq. (Chairman)	458	Udayagiri Rubber Co., Ltd. ..	5.80	5	0.62½	0.50	0.50	0.50	12	Y.
8,00,000	4,96,000	17,68,416	1,07,202	23,330	A. V. George & Co., Ltd.	21.85cd	10	0.60	0.75	1.50	..	12	Y.
2,20,000	4,29,600	10,00,702	....	903	M.	738	Vaikundam Rubber Co., Ltd...	21.25	10	3.50J	3.00

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation	Paid-up per Share	Dividend per Share 1957	1958	1959	1960	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
CERAMIC; MINING AND QUARRYING														
20,00,000	....	37,43,382	16,26,068	32,615	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	10.75	10	*Nil*	*Nil*	*Nil*	0.60	3	Y.
16,50,000	11,82,441	14,00,854	7,95,406	6,159	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.62	10	1.50	3.50	2.00	....	9	Y.P.
55,23,146	15,49,326	1,57,35,785	51,99,681	14,572	Bharat Ram Bharat & Co.	Bengal Potteries	7.12	2½	0.25	0.25	0.366	....	12	Y.
10,00,000	26,69,080	77,31,751	41,17,891	85,590	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	44.44	10	1.75	1.75	1.87	3.00	3	Y.
14,17,800	10,55,247	33,56,884	15,31,858	9,761	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd. ..	180.00	100	9.00	10.00	12.86	12.86	9	Y.P.
29,80,700	14,50,359	1,25,49,403	27,84,861	—5,54,452	Saraf Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd. ..	142.50	100	*Nil*	*Nil*	*Nil*	8.00	12	Y.P.
£1,871,300	£1,705,275	£3,271,480	£1,017,571	£107,121	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	5.60	Sh. 2	0.24	0.24	0.36	....	12	Y.
1,50,00,000 } 0.15,00,000 }	26,84,000	45,04,655	13,23,593	2,55,452	Bird & Co. Private Ltd...	Karanpura Development	18.50	10	{*Nil* *Nil*	*Nil* *Nil*	*Nil* 0.50	1.50 0.50	12	Y.
50,00,000	....	14,32,400	....	—12,618	Khandelwal Ferros Ltd. ..	Khandelwal Ferro Alloys Ltd. ..	76.00	50	....	*Nil*	*Nil*	1.80	12	Y.P.T.
30,00,000	40,95,322	1,23,10,947	66,20,733	88,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26.00N	10	1.25	1.25	1.80	1.80	3	Y.P.T.
50,00,000	10,43,852	1,16,80,380	59,85,620	14,41,622	M.	Metal Corporation of India Ltd. ..	10.44	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
6,00,000	5,26,433	13,40,698	7,63,285	7,276	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries	15.00	10	1.00	1.00*	1.00*	1.428	3	Y.
20,00,000	55,85,984	68,91,804	28,26,317	1,10,697	Bird & Co. Private Ltd.	Orissa Minerals	45.37	10	2.00	2.50	3.60	3.60	6	Y.
3,50,000	15,46,335	58,24,226	46,03,569	7,911	Tempule Jasant & Co.	Parshuram Pottery Works Co. Ltd.	67.00	25	8.75	8.75	8.75	5.36	7	Y.
39,46,390	76,44,000	1,06,55,357	44,01,792	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	71.00xd	10	8.00*	8.00*	5.00	8.00*	11	Y.
CHEMICAL														
12,11,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers ..	108.00	100	..	..	..	..	12	Y.P.
85,00,000	58,83,600	2,37,37,674	78,25,566	1,17,072	Bhadlal Amin & Sons (Private) Ltd.	Alembic Chemical Works Co.	260.00	100	12.00	12.00	16.00	14.00	12	Y.P.
3,10,00,000	1,57,00,278	6,04,78,062	1,23,50,512	1,88,819	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	37.37	10	0.80	0.80	0.95	1.20	9	Y.P.
79,90,475	55,90,045	1,04,54,605	28,87,780	18,054	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	385.00	100	*Nil*	*Nil*	12.00	12.00	12	Y.P.
29,89,400	34,11,676	1,63,91,567	58,70,391	42,183	Kasturbhai Lalbhai & Co.	Anil Starch Products Ltd.	785.00	100	20.00*	20.00*	28.00*	30.00*	12	Y.
2,24,93,775	77,58,362	4,05,77,204	1,25,84,156	4,15,423	Lalbhai Sons & Co.	Atul Products Ltd.	540.00	100	8.00	10.00	12.00	12.00	12	Y.P.T.
50,92,900	52,95,445	1,47,57,610	71,89,268	18,89,611	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar.	109.00	100	6.00	6.00	7.00	7.00	3	Y.
1,09,09,000	6,00,000	1,07,91,843	4,82,147	—42,985	Ramniwas R. Ruia, Esq. (Chairman) ..	Colour-Chem Ltd.	363.75	100	..	*Nil*	*Nil*	*Nil*	3	Y.
22,73,100	26,99,062	77,57,091	30,10,218	44,949	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	352.50	50	5.00	6.00	10.00	....	12	Y.
64,50,000	64,32,516	4,87,49,592	90,18,411	2,40,310	Sahu Bros. (Saurashtra) Private Ltd. ..	Dhrangadhra Chemicals	132.50	100	7.50	6.00	4.00(c)	*Nil*	3	Y.P.
3,46,06,075	88,17,000	6,56,28,587	3,05,35,610	26,13,156	M. K. K. Nayar, Esq. (Mg. Director) ..	F. A. C. T.	10.48xd	10	*Nil*	0.40	0.60	0.60	12	Y.
1,50,00,000	22,25,000	51,41,000	15,22,000	10,072	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	222.50	100	*Nil*	*Nil*	24.00	24.00	3	Y.
12,60,000	6,37,888	27,48,796	14,20,459	47,412	Jai H. Mehta	Kemp & Co.	307.50	200	15.00	15.00	20.00	25.00	3	Y.
40,00,000	22,36,480	1,48,65,801	78,81,045	12,716	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	24.50	10	0.75	0.87½	0.88	1.25'C'	3	Y.P.T.
24,81,320	10,04,155	55,64,434	40,80,625	11,452	T. Shamanna, Esq. (Chairman)	Mysore Chemicals and Fertilisers ..	11.50	10	0.50	0.50	0.50	1.00	3	Y.
8,00,000	4,52,189	11,19,269	5,90,880	85,186	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemical Mfg.	24.00	10	2.00	2.00	2.00	2.00'C'	3	Y.P.
40,00,000	20,96,379	58,16,750	11,97,185	27,844	Ramdas Kilachand, Esq. (Chairman) ..	Polychem. Ltd.	247.50	50	*Nil*	8.00	5.50	8	3	Y.P.
12,50,000	9,22,174	32,78,588	20,68,157	2,05,216	Bangur Brothers Ltd.	Phosphate Co., Ltd.	880.00	100	15.00	25.00	45.00	35.00	6	Y.
15,00,000	14,69,787	24,40,260	15,05,655	98,591	C. A. Buxton	Smith Stanistreet & Co.	18.56	5	1.00	0.80'C'	1.25	1.25	3	Y.
3,66,91,250	....	1,41,20,822	31,717	3,87,250	Tuljaldas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	175.00	100	..	..	..	..	12	Y.
1,39,95,990 } 1,11,91,270 }	42,17,119	5,89,52,528	2,06,73,886	14,509	Tata Industries Private Ltd.	Tata Chemicals	{20.12 19.12	10Old 10New	0.80 ..	0.75 0.03	0.625 0.618	0.60 0.60	6	Y.P.T.
18,00,000	1,07,599	18,05,082	6,06,956	72,165	P. Krishnamoorthy, Esq. (Mg. Director).	Travancore Chemical Mfg. Co., Ltd. ..	17.00	10	0.60	0.70	1.00	1.50	3	Y.P.
ELECTRIC (Bombay State)														
8,74,78,370	1,17,08,657	15,23,94,046	4,04,47,092	688	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	85.00	100	8.25	6.50	6.75	7.00	3	Y.T.
31,28,750	21,63,886	2,86,72,875	59,65,971	15,69,279	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.04	10	0.42'	0.85	0.90	1.00*	3	Y.
9,02,74,250	96,81,201	9,66,03,356	2,62,10,919	22,547	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,005.00	1,000	56.00	80.00*	80.00*	85.00*	3	Y.P.T.
1,75,00,000	78,52,280	4,06,37,564	98,99,829	1,957	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	90.00	100	7.00	7.00	7.50	8.00	3	Y.
7,07,920	1,08,967	16,97,265	8,70,206	1,586	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Development ..	6.00	10	*Nil*	0.50	0.60	0.66	3	Y.T.
48,89,000	12,56,813	1,57,72,704	61,59,509	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	95.00	100	2.50	7.50	8.00	9.50	3	Y.P.T.
27,00,000	27,16,373	1,51,74,375	61,58,780	4,544	Killick Industries Ltd.	Surat Electricity Supply	90.80	100	5.75	7.00	7.00	7.50	3	Y.P.
3,39,99,575	1,01,57,424	7,01,96,385	1,89,00,886	25,281	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	106.25	100	5.52	8.00*	8.00*	8.50*	3	Y.P.
5,15,35,750	2,60,85,771	17,16,28,967	3,93,66,464	98,859	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,062.50	1,000	56.25	80.00*	80.00*	85.00*	3	Y.P.
West Bengal and Other Centres														
19,99,600	51,58,028	18,89,99,790	99,25,042	47,389	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	122.00	100	10.00	10.00	10.00	11.00	3	Y.T.
5,99,900	15,28,275	68,42,780	22,58,500	23,512	Martin Burn Ltd.	Bareilly Electric Supply	11.00	10	1.25	1.00	1.00	1.10	3	Y.T.
17,00,000	47,56,254	1,75,25,214	47,49,307	45,563	Martin Burn Ltd.	Benaras Electric Light & Power Co.	12.62	10	1.25	1.00	1.00	1.10	3	Y.T.
5,91,485	6,92,659	24,08,757	12,04,489	89,820	Octavius Steel & Co., Ltd.	Bhagalpur Electric Supply	7.00	8	0.62	0.40	0.40	0.64	3	Y.
54,283,646	£10,126,978	£33,604,877	£13,302,118	£108,188	Harry Burn, Esq. (Chairman)	Calcutta Electric Supply	44.44	10	7½	7½	7½	7½	3	Y.P.T.
8,60,000	6,72,754	21,45,751	10,01,553	76,888	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	7.50	10	1.00'	0.65	0.65	0.75	3	Y.P.
43,20,000	24,38,968	1,02,87,174	58,05,104	4,88,960	Andrew Yule & Co., Ltd.	Dhanbad Electric Supply	95.00	100	6.50	7.00	7.50	10.00	3	Y.P.
5,24,640	1,24,635	34,48,088	14,37,084	2,947	Moonna Lall & Sons	Jhansi Electric Supply	5.02	10	0.80'	0.62½	0.62	0.70	3	Y.
22,49,550	27,02,877	1,07,81,716	40,42,273	80,296	Octavius Steel & Co., Ltd.	Jubbulpore Electric Supply	11.50	10	0.92	0.92	0.92	1.00	3	Y.
8,82,896	4,62,575	37,46,515	13,93,722	49,204	Octavius Steel & Co., Ltd.	Mozufferpore Electric Supply	9.94	10	1.25'	1.00	1.00	1.25	3	Y.
35,07,380	40,44,800	1,41,84,880	56,06,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.37	10	1.25'	0.75	0.75	....	3	Y.
9,10,000	2,87,616	12,60,524	5,84,092	5,200	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6.25	10	*Nil*	0.50	0.50	0.625	3	Y.
15,00,000	13,87,254	78,27,758	44,96,006	2,087	Sijua (Jhanjhi) Elec. Supply Co. ..	Bird & Co. Private Ltd.	9.50	10	0.94	0.68	0.75	1.00	3	Y.T.
40,99,630	13,96,142	2,06,87,818	67,06,084	3,023	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	10.00	10	1.25	0.87	0.90	0.90'C'	3	Y.P.T.
5,00,000	11,62,458	52,82,385	12,25,684	86,698	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply Co.	16.00	10	1.25	1.25	1.25	1.85	3	Y.
56,01,185	78,57,186	4,08,85,812	1,46,66,737	85,899	Martin Burn Ltd.	U. P. Electric Supply Co.	111.00	90	10.00	10.00	10.00	11.00	3	Y.P.
4,00,000	9,84,990	40,87,587	11,42,884	2,88,269	Chandria & Co. Private Ltd.	Vellore Electric Corporation†	13.85	10	1.00	1.00	1.00	1.50	3	Y.P.
ENGINEERING (Bombay)														
23,42,200	50,53,626	75,37,402	61,01,878	46,100	Turner Morrison & Co. Private Ltd. ..	Alcock Ashdown & Co., Ltd.	308.00	100	12.50	12.50	17.00	17.00	12	Y.
19,99,060	3,10,174	21,70,025	8,07,662	19,184	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	92.50	80	3.00	3.00	4.00	5.50	12	Y.
49,19,600	25,03,442	88,85,767	46,96,997	75,745	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	170.00	100	6.00	7.00	10.00*	12.00*'C'	6	Y.
60,00,000	1,26,659	57,70,491	20,49,385	50,817	Dharamsinh & Co.	Hindustan Electric Co., Ltd.	90.00	100	6.00	7.00	10.00	*Nil*	6	Y.P.
59,99,900	84,32,780	2,25,73,362	1*37 51,802	70,946	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	178.50	100	9.00	9.00	18.00	18.00'C'	6	Y.P.T.
6,00,000	4,15,000	1,58,191	1,29,812	8,288	T. V. Baddeley, Esq. (Chairman) ..	Josts Engineering	94.00	50	5.00	5.00	5.00	4.00	9	Y.
40,00,000	14,71,874	65,38,930	22,73,255	15,090	Adnem Services	Jyoti Ltd.	186.00	100	12.00	12.00	12.00	12.00	12	Y.P.
4,96,250	3,67,891	68,08,783	31,66,846	3,381	Kamani Bros. Private Ltd.	Kamani Engineering Corporation ..	17.82	10	*Nil*	0.50	0.775	0.80	9	Y.
42,96,023	78,89,668	1,21,65,928	66,66,471	11,866	Kirloskar Bros. Ltd.	Kirloskar Bros. Ltd.	54.00xd	25	0.30	0.25	0.80	0.25	7	Y.
37,50,000	15,59,000	1,02,91,000	29,35,000	....	Kirloskar Bros. Ltd.	Kirloskar Oil Engines, Ltd.	20.00	10	0.90	1.00	1.00	1.43	3	Y.
10,50,725	2,17,097	22,14,424	2,62,485	2,50,491	Kirloskar Brothers Ltd.	Kirloskar Pneumatic Co., Ltd.	185.00	100	..	..	..	*Nil*	3	Y.P.
1,10,00,000	36,70,765	1,21,61,532	37,43,210	98,848	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	41.25	10	1.00	1.25	1.25	1.80'C'	3	Y.P.
1,82,00,000	42,57,068	1,59,29,933	46,47,975	1,10,709	M.	Mahindra & Mahindra Ltd.	18.60	10	1.75	2.50	1.25	1.25	10	Y.P.
11,00,000	1,72,712	41,60,471	25,66,495	2,771	P. Jhamthunwala, Esq. (Mg. Director) ..	McKennon Ltd.	125.00	100	*Nil*	*Nil*	*Nil*	10.00	7	Y.
68,13,000	45,80,000	1,21,21,158	40,82,978	5,253	Jeewan Private Ltd.	Mukand Iron & Steel	32.00	10	1.00	1.20	1.00*	1.20	3	Y.P.
35,00,000 } 14,99,250 }	40,76,797	1,06,26,418	51,58,671	6,625	Kirloskar Associates	Mysore Kirloskar Ltd.	{156.00 185.00	100 100New	6.00 ..	7.50 ..	12.00 6.00	12.00 12.00	6	Y.
32,27,500 } 22,72,500 }	5,36,616	47,79,336	14,99,087	92,426	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	{194.50	(75 New)	..	..	9.00	13.75 0.80	3	Y.P.
22,50,000	1,46,82,085	9,86,956	1,76,989	12,839	Walchand & Co. Private Ltd.	Premier Construction	196.00	80	10.00	12.00	18.00	18.50	12	Y.P.
29,95,100	41,01,156	1,02,38,025	42,68,746	12,184	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	161.50	75 Old	9.50	8.25	8.80	9.72'C'	3	Y.P.
27,44,34,125	27,01,07,214	1,07,40,54,234	54,97,16,230	54,97,16,230	Tata Sons Ltd.	Tata Steel Ltd.	373.00	100	8.00	9.00	9.00	12.50	3	Y.P.
7,99,99,200	1,71,91,786	21,41,33,116	9,39,94,684	2,24,171	Tata Industries Private Ltd.	Tata Locomotive	560.00	100	5.00	10.00	14.00	18.50	3	Y.
10,00,000	8,36,000	28,97,720	8,10,644	17,016	T. Manekial & Co.	T. Manekial Mfg., Co.	260.00	100	5.00	9.00	18.00	18.00	3	Y.
2,55,00,000	71,75,426	1,07,45,948	24,35,557	4,24,809	S. K. Handoo, Esq. (Mg. Director) ..	Voltas Ltd.	286.00	100	9.00	9.00	18.00	18.00	3	Y.
17,00,000	....	....	....	....	M	Zenith Steel Pipes Ltd.	5.48	5	..	..	..	..	6	Y.
West Bengal and Other Centres														
6,00,000	1,06,470	26,89,061	18,48,876	1,80,382	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	10.50	10	*Nil*	*Nil*	*Nil*	....	10	Y.P.T.
50,00,000	29,49,221	1,55,21,495	59,56,978	3,60,479	M.	Bharatia Electric Steel	12.25	10	1.25	1.25	1.50	....	12	Y.
36,19,792	77,67,825	58,29,182	16,49,459	2,84,446	Y. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd.	58.75	10	2.00	2.00	2.00	2.50	12	Y.P.
15,00,000	35,52,754	54,79,093	15,97,999	1,57,509	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	55.00	10	2.00	2.00'B'	3.00	3.00	12	Y.P.
19,33,676	7,04,841	39,97,580	14,03,635	32,996	Holmes Wilson & Co., Ltd.	Britannia Building and Iron	5.00	10	0.50	0.50	0.60	....	3	Y.P.
40,00,000	41,43,365	98,27,511	48,02,704	1,82,481	McLeod & Co., Ltd.	Britannia Engineering	18.12	10	0.60	0.60	1.00	....	12	Y.P.
5,00,000	11,27,357	28,52,140	16,10,502	31,788	Balmer Lawrie & Co., Ltd.	Dr. L. Structural Construction	32.75	10	1.00	2.00	2.50	4.50	12	Y.P.
1,00,00,000	2,23,50,802	4,96,65,284	3,04,78,671	1,24,016	Martin Burn Ltd.	Burn & Co.	510.00	100	20.00	20.00	28.50	28.50	4	Y.P.
1,00,00,000	11,36,282	50,89,989	6,63,624	1,69,056	M.	Calcutta Steel Co., Ltd.	19.12	10	..	..	..	0.80	3	Y.
1,00,00,000	12,38,028	1,89,66,744	10,15,006	3,17,174	R. L. Makharia, Esq.	Central India Machinery Mfg. Co. Ltd.	10.00N	10	*Nil*	*Nil*	*Nil*	*Nil*	9	Y.
40,00,000	4,15,189	1,12,12,838	17,70,000	4,142	J. Dalmia, Esq. (Chairman)	Dalmia Steel Ltd.	10.00	10	*Nil*	*Nil*	*Nil*	1.00	9	Y.
4,00,00,000	6,53,05,809	8,20,20,521	2,52,46,302	....	H. M. L. Williams (Mg. Director) ..	Guest, Keen, Williams Ltd.	41.87	10	2.00	2.00	2.40	1.60'C'	12	Y.P.
12,50,000	23,59,648	61,38,962	41,37,127	....	Martin Burn Ltd.	Hooghly Docking	118.50	50	5.00	5.00	6.00	*Nil*	12	Y.P.
2,44,86,000	21,14,27,028	71,57,58,772	14,60,01,060	11,49,767	Martin Burn Ltd.	Indian Iron and Steel	27.55	10	1.00'	1.00'C'	1.00	1.50	3	Y.P.
39,58,975	67,87,984	1,21,14,077	76,23,098	53,466	Martin Burn Ltd.	Indian Standard Wagon	25.75	25	5.00*	5.00	5.00	7.12½	3	Y.
58,58,160 } 25,580 }	2,52,04,628	2,22,95,589	1,52,64,925	10,91,465	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	{44.00 14.00	0.10 0.1	4.00 0.40	4.00 0.40	1.62½ 0.16½	2.80 0.28	3	Y.
23,78,580	2,50,222	22,73,943	15,58,241	2,977	C. R. Srinivasan, Esq. (Chairman) ..	Indian Steel Rolling Mills Ltd. ..	10.75	10	1.00	0.70	0.70	0.501	12	Y.P.
91,12,500	75,99,306	8,71,18,564	1,40,36,750	6,322	Madan Mohanlall Shriram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	29.25	10	1.50	1.50	1.75	2.00	3	Y.P.
20,00,000	33,00,500	77,68,752	17,92,011	91,460	J. K. Industries Private Ltd.	J. K. Steel Ltd.	32.25	10	1.25	1.25	1.25	2.00	10	Y.P.
2,08,97,000	1,47,08,415	3,18,87,991	1,02,58,799	57,411	B. P. Singh Roy, Esq. (Chairman) ..	Jessop & Co.	20.75	10	*Nil*	0.80	0.80	0.80'C'	11	Y.P.
27,00,000	49,74,083	90,13,966	38,28,489	31,288	Bird & Co. Private Ltd.	Kumardhubi Engineering Works ..	6.66	5	0.45	0.80	0.80	0.80	6	Y.P.
10,50,000	..	18,32,345	14,72,111	8,513	Marshalls (Direction) Private Ltd. ..	Marshall Sons & Co. (India), Ltd. ..	4.75	2	0.40	0.40	0.20	..	3	Y.P.T.
49,96,000	13,28,489	1,37,17,076	81,10,264	—1,08,083	M.	National Iron and Steel Co., Ltd. ..	6.87	10	0.62	0.62	0.75	*Nil*	6	Y.P.
80,00,000	24,06,948	76,55,140	24,16,318	4,85,188	S. B. Ind. Development Co., Ltd. ..	Richardson & Cruddas Ltd.	6.40N	10	*Nil*	*Nil*	*Nil*	..	3	Y.
50,00,000	11,58,251	81,29,091	21,37,426	17,915	Tegaj Industrial & Co. Private Ltd. ..	Saraa Engineering Co.	7.25	4	0.40	0.40	0.25	0.88	3	Y.P.
1,25,00,000	1,05,57,158	4,58,97,471	2,18,21,161	58,787	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd.	20.15	10	1.50	1.50	2.00	1.00	4	Y.
39,84,400	14,57,750	69,49,905	26,20,291	4,666	Balasundaram & Co.	Textool Co., Ltd.	181.50	100	20.00	12.00	15.00	15.00	4	Y.
INSURANCE (X)														
13,50,000	46,52,425	1,45,72,387	....	23,040	N. M. Cole, Esq. (Mg. Director) ..	Concord of India	11.62	5	1.00	1.00	1.00	....	12	Y.
10,00,000	11,65,196	28,43,080	....	66,990	M.	Devkaran Nanjee Insurance	30.00	50	2.00	2.00	2.00	....	12	Y.
24,00,000	71,01,264	1,40,06,520	....	3,62,182	E. K. Srinivasan, Esq. (Mg. Director)	Hercules Insurance	28.75xd	10	2.50	2.75	5.35	6.00	12	Y.
16,92,240	42,46,147	98,46,602	....	4,21,318†	K. M. D. Thackersey, Esq. (Chairman).	Indian Mercantile Insurance	50.00	40	2.50	2.00	2.50	..	12	Y.
20,00,000	68,51,546	1,74,97,763	....	45,112	M. G. Mody, Esq. (General Manager) ..	New Great Insurance	61.50	15	3.00	4.00	5.70*	..	12	Y.
1,26,21,500	8,27,40,502	14,89,78,776	....	44,28,897	B. K. Shah, Esq. (Mg. Director) ..	New India Assurance Co., Ltd.	{62.70	15New	..	4.00	5.70*	..	12	Y.
25,21,000	..	..	....	8,214	B. K. Setalvad, Esq. (Gen. Manager) ..	Ruby General Insurance Co., Ltd. ..	9.87	5	0.62	0.62	0.80	..	12	Y.
26,20,000	92,52,493	1,29,48,849	....	1,58,129	Sir John Brown (Mg. Director)	Triton Insurance	144.00	25	11.25	11.25	11.25	..	12	Y.
5,75,000	97,32,673	1,13,08,489	....	1,58,129	K. C. Desai, Esq. (Gen. Manager) ..	Vulcan Insurance	16.48	10	1.50	1.50	2.00	..	12	Y.
15,00,570	89,15,882	1,02,06,744	....	10,014										

* Includes bonus. † Subject to taxation. 'C'—On Increased Capital. B.—Includes a distribution of Re. 0.75 per share for the year 1954 and Re. 1.00 for 1955. X.R.—Re.

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation	Paid-up per Share	Dividend per Share 1957	1958	1959	1960	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
62,50,000	2,03,52,495	3,95,14,452	1,19,43,880	1,13,745	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd. ..	18.12	O. 10	0.90	0.90	1.00	1.20	3	Y.P.T.
90,00,000	99,82,750	1,28,71,849	55,51,233	1,62,818	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd. ..	23.60	10	1.25	1.25	1.25	1.80	3	Y.
30,00,000	37,04,326	37,09,127	26,34,630	2,22,752	Turner Morrison & Co. Private Ltd. ..	Angelo Bros., Ltd. ..	23.60	10	1.80*	1.50	2.00	2.50*	8	Y.
3,02,87,870	36,35,471	2,86,28,267	85,85,256	12,525	A. B. L. Collins, Esq. (Mg. Director)	Ashok Leyland Ltd. ..	9.37cd	5	0.30	0.30	0.40	0.40	12	Y.
30,00,000	27,88,863	41,63,859	23,39,465	1,42,995	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd. ..	22.19	10	1.25*	1.25*	1.80	1.80	12	Y.
1,18,00,000	80,75,137	93,46,580	48,96,447	5,73,110	A. W. Browne, Esq., (Mg. Director) ..	Associated Battery	34.00	10	1.50	2.40	4.00	2.50	3	
20,00,000	39,46,521	1,09,70,996	44,86,334	1,55,433	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India ..	5.00N	10	0.60	0.60	Nil	Nil	3	Y.P.T.
80,01,400	96,40,909	79,91,396	41,74,564	5,75,403	G. D. Wilson, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd. ..	279.00	100	12.50	20.00	25.00	25.00	12	Y.
12,00,000	25,38,976	37,24,157	31,81,357	1,88,199	Balmer Lawrie & Co., Ltd. ..	Bengal Flour Mills Co., Ltd. ..	44.87	10	2.50	2.50	4.50	4.00	12	Y.
50,00,000	4,70,250	89,31,326	19,64,326	94,375	R. S. Sugla, Esq. (Mg. Director) ..	Bharat Commerce & Industries Ltd. ..	27.31	10	Nil	Nil	Nil	0.50	12	Y.
20,00,000	7,81,688	64,37,324‡‖	....	56,711	Lovelock & Lewis	Birds Investment Ltd.	13.56	10	0.50	0.75	1.10	0.95	3	Y.P.
45,97,020	55,50,348	1,22,49,277	53,89,733	2,13,638	K. Julian Scott, Esq. (Mg. Director) ..	Britannia Biscuits	54.75	10	1.00	1.20	1.40	2.50	3	Y.P.T.
3,25,00,000	1,95,44,212	3,00,84,569	2,33,84,498	3,34,066	H. S. Chaturvedi, Esq. (Mg. Director) ..	British India Corporation Ltd. ..	7.76	5	Nil	Nil	Nil	0.20	12	Y.P.
28,36,540	30,39,609	42,37,317	22,12,125	20,721	A. V. Niblett, Esq. (Mg. Director) ..	British Paints (India) Ltd.	26.00	10	4.00	4.00	4.00	1.25	12	Y.
1,88,80,000	14,44,223	1,90,82,924‡‖	....	2,16,378	Andrew Yule & Co., Ltd. ..	Clive Row Investment	8.19	10	0.75	0.75	0.88H	Nil	12	Y.
5,00,000	10,00,000	39,74,202	27,63,992	51,170	M.	Delhi Flour Mills, Co., Ltd. ..	15.00	10	1.00	1.00	1.00	....	10	Y.P.T.
8,00,00,000	5,08,87,500	10,39,79,438	4,01,20,270	25,12,555	John Luckham. Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	50.56	10	1.62	1.62	2.15	2.15	12	Y.P.T.
90,00,000	1,12,80,000	31,00,870	2,02,62,100§§	4,25,721	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd. ..	134.00	100	11.00	10.00	14.00	14.00	12	Y.P.
27,27,165	1,20,49,803	59,73,067	23,80,820	26,402	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	34.25	5	0.60	0.75	0.80	1.25	3	Y.
51,25,000	59,19,702	1,63,50,496‖‖	....	3,49,092	Bird & Co. Private Ltd.	Eastern Investment Ltd.	141.00	100	9.00	9.00	14.00	14.00	12	Y.P.
25,00,000	....	....	....	....	....	East Anglia Plastics (India) Ltd. ..	12.19	10	....	....	....	....	1	Y.
24,99,000	3,52,644	48,20,791	7,18,280	4,810	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	13.39	10	Nil	Nil	0.50	0.50	12	Y.P.
56,00,000	22,27,652	49,26,966	9,79,166	2,477	Harparshad & Co. Pvt. Ltd. ..	Escorts Ltd.	24.00	10	....	....	2.50	1.60	12	Y.P.
48,90,187	77,72,310	98,23,776	32,36,250	4,07,338	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd. ..	16.75	12.50	1.50	1.50	1.60	....	9	Y.P.
14,00,000	14,48,171	39,38,175	22,68,476	70,652	Marcell & Barry Ltd.	Gangas Rope Co., Ltd.	236.50	100	12.00	15.00	17.00	17.50	3	Y.
7,80,000	4,20,000	1,21,085	48,631	5,051	Gany & Co.	General Papers Ltd.	19.42	10	0.80	1.25	1.25	....	3	Y.P.
66,00,000	26,24,200	80,57,755	15,91,667	1,71,222	P. E. G. Woodbine Parish. Esq. ..	Gillanders Arbuthnot & Co., Ltd. ..	14.37	10	1.00	1.00	1.00	1.00	3	Y.P.
3,00,00,000	5,08,500	78,33,864	44,34,526	13,37,710	B. S. Barron. Esq. (Chairman) ..	Godfrey Phillips India Ltd.	25.50N	10	1.50	2.00	2.50	4.00	12	Y.P.
80,00,000	18,10,650	85,65,436	43,28,959	21,252	B. P. R. Sydenham	Great Eastern Hotel	240.00	250	15.00	15.00	15.00	22.50	3	Y.
4,96,13,275	49,91,450	7,86,56,187	3,25,48,254	3,63,217	Birla Brothers Private Ltd. ..	Hindustan Motors	22.12	10	Nil	Nil	0.80	0.90	3	Y.P.
30,00,000	16,64,825	99,48,437	33,67,174	1,81,125	Lalukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass ..	28.81	10	0.60	0.60	1.20	1.20	10	Y.
15,19,90,000	9,64,76,893	11,31,66,117	2,86,76,000	24,77,765	Mr. F. A. Collett (Chairman) ..	Imperial Tobacco Co. of India Ltd. ..	11.37	10	0.70	0.70	0.60	0.80	3	Y.
3,98,59,480	2,49,73,620	9,79,98,588	5,53,95,735	49,00,524	K. C. Mahindra, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	34.00	10	0.60	0.70	1.20	1.50	12	Y.P.T.
2,98,77,700	2,02,99,648	2,95,48,176	1,37,19,570	45,64,864	B. J. Woodley, Esq. (Mg. Director) ..	Indian Cables	37.87	10	1.50*	1.50*	1.50*	2.25	3	Y.P.T.
2,00,00,000	1,28,81,493	5,99,98,652	2,48,66,248	13,78,431	Amiya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	38.25	10	1.00	1.00	1.50	1.50	9	Y.
29,98,350	70,560	61,92,992	17,57,026	33,618	M.	Indian Plastics Ltd.	10.62	10	0.37	Nil	Nil	Nil	3	Y.P.
6,97,970	7,54,870	19,81,878	11,61,643	1,32,665	M.	Indian Rubber Manufacturers ..	17.00	10	0.62	1.00	1.50	2.00	3	Y.P.
48,08,620	....	38,01,515	1,37,093	—6,39,700	Duncan Brothers & Co., Ltd. ..	Isaac Holdens (India) Ltd. ..	16.81	10	....	....	....	Nil	12	Y.
2,00,00,000	78,10,723	42,96,244	15,92,103	5,21,494	J. D. K. Brown, Esq. (Mg. Director) ..	Jardine Henderson	65.00	100	2.50	2.50	5.00	7.00	3	Y.P.
15,00,000	12,02,095	18,79,279	13,27,977	17,262	K. K. Agents Private Ltd. ..	Madhya Pradesh Industries Ltd. ..	11.12	10	1.00	1.50	2.00	1.00	9	Y.P.
1,46,96,250	1,19,32,546	82,41,470	18,18,524	2,60,369	T. Leslie Martin, Esq. (Mg. Director) ..	Martin Burn Ltd.	26.75	10	2.12*	2.12*	2.75	2.75	9	Y.P.
6,00,000	4,20,000	14,85,526	6,66,994	1,49,226	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	34.25cd	10	2.40	2.00	3.00	....	12	Y.
40,00,00,000							213.00	O. 100	13.50	12.50	15.00			
5,00,00,000	74,10,730	31,01,156	12,70,257	2,42,718	M.	McLeod & Co., ...	—	D.O. 10	0.75	0.75	1.00		12	Y.P.
1,60,00,000	1,64,75,151	3,86,31,784	1,25,74,063	28,96,994	K. C. Mahindra, Esq. (Chairman) ..	Metal Box Co. of India Ltd. ..	50 25	10	1.75	1.75	1.75	2.50*C'	3	Y.P.
14,05,000	5,79,801	13,30,194	6,28,269	4,324	N. G. Ayyangar Esq. (Mg. Director) ..	Mysore Electrical Industries Ltd. ..	219.00cd	100	8.00	11.00	15.00	24.00	3	Y.
4,85,250	9,18,096	13,19,354	6,85,659	3,471	Mr. J. L. D'Sa (Chairman)	Mysore Lamp Works	28.50	10	1.25	1.50	1.50	....	3	Y.P.
10,00,000	2,16,884	17,88,867	10,32,038	622	M. Mallaraj Urs (Mg. Director) ..	Mysore Tobacco	9.85	10	1.25	1.25	1.25	1.00	3	Y.
90,00,000	1,37,56,992	1,31,19,135	51,35,398	86,389	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co. ..	38.50	10	2.00	2.00	2.00	2.50*C'	3	Y.P.
30,00,000	23,51,660	50,44,201	28,06,232	42,880	Do.	National Pipes & Tubes Co., Ltd. ..	25 75	10	2.00	1.25	1.50	2.00	9	Y.P.
40,00,000	50 10,000	83,22,477	35,76,949	1,31,135	....	National Rolling & Steel Ropes ..	23.06	10	0.60	1.00	1.00	1.30	6	Y.
49,99,057	12,28,074	1,05,93,558	39,58,256	46,685	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd. ..	11.69	10	1.00	0.60'C'	0.85	Nil	12	Y.
79,97,000	1,02,10,851	1,86,71,675	75,68,474	7,07,850	B. N. Elias & Co. Private Ltd. ..	National Tobacco Co.	21.50	10	0.90	1.10	1.60	1.60	12	Y.P.T.
22,23,100	11,02,391	40,65,244‖‖	....	48,497	Ramduti Ramkissendas	New India Investment Corpn. Ltd. ..	48.00N	75	2.50	3.75	6.50	12	12	Y.
10,00,000	5,02,000	12,55,062	6,00,215	1,61,607	J. K. Agents Private Ltd.	Parry & Co., Ltd.	4.00	1	0.30	0.30	0.30	0.80	12	Y.
2,20,00,000	56,08,956	2,16,94,776	66,69,501	63,622	P. C. Vink, Esq. (Mg. Director) ..	Phillips India Ltd.	33.62	10	0.34	0.85	1.20	1.20	12	Y.
62,50,000	....	....	....	....	Duncan Brothers & Co., Ltd. ..	Phillips Carbon...	19.75	5	....	....	....	....	12	Y.
14,00,000	1,09,431	3,39,781	2,90,184	2,555	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	2.85	5	0.45	0.375	....	....	12	Y.
24,89,344	2,28,127	33,91,124	18,21,778	42,789	T. Sharma, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	20 20 32cd	10	1.50	1.50	1.60	1.60	3	Y.P.
2,25,00,000	6,09,614	70,38,972	33,98,189	4,49,497	Badridas Goenka, Esq. (Chairman) ..	Ralhs India Ltd.	140.00	100	Nil	Nil	Nil	4.00	8	Y.P.
2,50,80,000	2,49,65,000	14,76,38,674	6,18,95,237	1,93,085	Sahu Jain Ltd.	Rohtas Industries	19.62	10	....	2.00	1.80	2.00	3	Y.P.T.
70,00,000	55,67,700	2,76,12,420	72,19,275	1,17,247	K. D. Ganguli, Esq.	San-Raleigh Industries	26.26	10	0.60	0.60	0.80	0.80	12	Y.P.
75,00,000	45,78,890	1,17,50,536	26,07,280	1,84,011	M. M. Smith, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	24.69	10	1.00	1.00	1.50	....	12	Y.P.
40,00,000	91,26,201	1,58,82,019	78,19,485	7,55,863	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	22.65xd	10	1.50	1.50	1.80	1.80	6	Y.
47,00,000	24,40,000	1,35,84,029	39,73,773	2,974	Standard Motor Co. (India) Pvt. Ltd.	Standard Motor Products	16.75cd	10	0.75	0.75	0.90	0.90	12	Y.P.
15,00,000	89,24,892	1,18,49,131	28,62,216	58,431	J. K. Agents Private Ltd.	Straw Products Ltd. S	9.81	10	1.25	1.25	1.50	....	12	Y.
22,89,270	16,32,008	14,78,483	8,93,694	14,18,847	M.N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	40.00	10	2.00	2.25	3.00	3.00	6	Y.
9,98,980	30,000	16,98,410	7,47,136	3,288	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	7.20cd	10	Nil	0.40	0.60	0.60	12	Y.
11,25,000	15,37,168	13,62,490	7,38,592	40,519	H. H. Shaw, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	32.50	10	2.00	2.00	2.75	3.25*	9	Y.
2,49,98,600	1,26,10,316	3,46 95,651	65,94,797	3,04,545	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd. ..	265.00	100	10.00	10.00	10.00	10.00	7	Y.
99,58,920	29,886	68,66,988	17,66,274	56,308	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd. ..	9.00	10	Nil	Nil	Nil	....	9	Y.P.
2,80,00,000	1,67,65,505	6,04,41,004	1,19,63,837	....	J. B. Gaillaway, Esq. (Mg. Director) ..	Union Carbide India Ltd.	56.00	10	1.40	1.40	1.80	1.80	12	Y.T.
20,00,000	47,50,000	59,48,867	18,86,024	1,24,443	Vital Mallya, Esq. (Chairman) ..	United Breweries	103.50	10	2.00	6.00	6.00	6.00	2	Y.
5,00,000	6,60,191	8,85,222	5,98,831	28,594	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	33.00N	10	0.90	0.75	0.25	3.50	11	Y.
81,29,600	25,29,264	98,81,836	25,54,513	5,401	A. K. Kadekutty, Esq. (Mg. Director) .	Western India Plywoods Ltd.	231.00	100	10.00	10.00	10.00	10.00*C'	3	Y.P.
TRANSPORT														
20,00,000	95,17,850	1,23,16,309	21,49,792	23,023	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co. ..	102.00	100	5.00	6.00	8.00	7.50	10	Y.P.
1,00,00,000	61,32,793	4,35,99,781	2,33,57,012	—38,10,589	Dinshaw (Private) Ltd.	Bharat Line	5.00	10	1.20*	1.20*	Nil	Nil	12	Y.
60,00,000	2,17,74,568	8,51,80,151	2,15,53,555	1,32,018	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co. ..	8.24	S(New)	0.90	0.90	0.525	0.50	6	Y.P.
5,55,580	£1,242,443	£5,811,271	£3,538,891	—£3,866	Kilburn & Co. Private Ltd. ..	India General Navigation & Rly. Co. ..	72.50	£10	Nil	Nil	Nil	....	12	Y.P.
2,47,50,000	2,89,74,088	22,66,81,851	4,96,14,634	....	Lionel Edwards (Private) Ltd.	India Steamship Co.	8.87	10	1.00	1.00	1.00	1.00	3	Y.T.
11,28,10,233	11,82,52,989	35,02,81,320	9,83,12,870	—16,13,456	D. M. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co.	14.62	10	1.25	1.25	1.50	0.60	6	Y.
O.S.40,780							3.53	O. 1	0.14	0.14	0.20	0.30	12	Y.
P.O.2,10,200	24,07,422	13,85,807	9,51,870	1,69,969	B. R. Aiyer, Esq. (Manager)	Walford Transport Ltd.	2.25	P.O. 1	0.12	0.12	0.15	0.20	12	Y.

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation	Paid-up per Share	Dividend per Ordinary Share 1957	1958	1959	1960	Accounts closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
26,50,000	35,44,760	1,23,77,423	80,99,853	31,999	Shaw Wallace & Co., Ltd. ..	Amalgamated Coalfields ..	24.87	10	1.25	1.25	1.50	1.00	3	Y.
12,00,000	2,96,358	38,08,529	84,12,329	—5,53,582	Jardine Henderson Ltd. ..	Barraree Coke	15.00	10	0.87	0.50	Nil	Nil	3	Y.
4,49,350	1,30,132	11,60,136	7,00,055	4,067	Kalyanji Mavji & Co. ..	Bengal-Bhatdee	3 48N	10	0.90	0.25	Nil	....	12	Y.
1,00,00,000	2,06,23,467	7,45,29,664	4,86,40,636	10,50,529	Andrew Yule & Co., Ltd. ..	Bengal Coal	386.50	100	17.50	17.50	25.00	25.00	10	Y.P.
2,35,000	4,90,671	23,57,603	21,45,467	—24,902	M.	Bengal-Nagpur	19 50	10	Nil	Nil	Nil	....	12	Y.
46,00,000	61,200	1,48,25,715	80,25,356	2,30,472	Sahu Jain Ltd.	Bharat Collieries	4.00	10	0.60	0.60	Nil	Nil	4	Y.P.T.
7,15,000	14,93,344	57,66,346	36,78,757	—6,96,032	M.	Bhulanbarasee	5 00N	10	Nil	Nil	Nil	....	12	Y.T.
7,50,000	21,72,444	48,42,643	29,83,008	31,361	F. W. Heilgers & Co. (Private) Ltd.	Borrea	25.00	10	0.75	0.75	1.00	1.50	12	Y.P.
99,92,480	1,40,21,423	4,32,66,766	2,28,76,540	1,49,292	Bird & Co. Private Ltd.	Burrakur	20.31	10	0.75	0.875	1.30	1.30	6	Y.P.
49,97,000	4,62,279	74,82,076	25,35,606	27,542	Hindustan Investment Corpn. Ltd.	Central India	13.37	10	0.50	0.50	0.50	0.80	3	Y.
8,00,000	12,99,490	53,54,287	34,91,864	7,605	Jain Industries	Central Kurkend	7.00N	10	0.70	0.50	Nil	....	12	Y.
6,00,000	1,55,159	5,98,750(k)	....	7,043	F.W. Heilgers & Co. (Private) Ltd.	Churila	3.00	4	0.20	0.20	0.12	0.12	12	Y.
16,00,000	....	87,61,927	33,65,625	—1,06,301	M.	Dhemo Main	7.19	10	Nil	Nil	Nil	....	4	Y.
£340,000	£3,02,069	£1,12,4,715	£812,966	£7,006	Jardine Henderson Ltd.	East Indian	36.00	£1	1.50	1.00	1.25	1.00	12	Y.P.T.
29,63,760	1,16,22,107	4,94,12,596	3,48,60,839	1,10,574	Macneill & Barry Ltd.	Equitable	33.00	10	1.50	1.50	0.75	1.50	12	Y.
10,00,000	40,300	24,58,595	8,46,200	—5,80,078	Bhatter's Agency Ltd.	Ghusick and Muslia	15.12	10	Nil	Nil	Nil	Nil	6	Y.P.
15,00,000	1,27,964	43,44,376	27,89,442	—1,87,129	Kilnick Industries Ltd.	Hingir-Rampur	28.00	50	Nil	Nil	Nil	Nil	6	Y.
8,00,000	....	24,79,228	20,12,306	—3,47,957	M.	Hurriladih	14.37N	10	Nil	Nil	....	....	12	Y.P.
20,00,000	5,37,341	40,32,438	10,76,764	11,141	Bird & Co. Private Ltd.	Karanpura Collieries	100.00	100	Nil	5.00	5.00	7.50	2	Y.
5,00,000	21,66,090	58,77,095	40,80,864	1,31,653	Andrew Yule & Co., Ltd.	Katras Jherriah	48.02	10	0.50	0.55	0.50	0.50	1	Y.
11,00,240	68,245	7,07,900	....	—3,39,717	M.	Kurardi	8.75N	10	Nil	Nil	Nil	....	4	Y.
9,00,000	10,22,702	6,16,670	....	39,080	H. V. Low & Co. (Private) Ltd. ..	Lakurka	14.00N	10	0.12	1.00	0.75	....	4	Y.
7,48,240	2,50,000	18,59,878	10,18,358	17,140	Tantia Brothers Private Ltd. ..	Nazira	8.00	10	0.75	0.75	1.00	....	10	Y.
31,97,210	27,39,886	1,62,48,573	1,06,23,096	79,708	Andrew Yule & Co., Ltd.	New Beerbhoom	15.87	10	0.75	1.00	1.50	1.50	3	Y.
6,00,000	2,88,845	29,54,291	19,70,034	56,603	Octavius Steel & Co., Ltd. ..	New Manbhoom	15.75	10	0.50	0.50	0.50	0.75	3	Y
1,15,000	8,84,525	12,96,398	9,60,464	23,058	M.	North West	21.00N	10	1.50	1.50	1.50	2.00		
1,57,500							19.00N	7.50	1.12	1.12	1.12	1.50	3	Y
7,50,000	13,20,908	9,92,538	22,84,209(k)	35,298	P. Prashad, Esq. (Chairman) ..	Ondal	16.75	10	0.80	0.50	0.70	0.60	12	Y.P.
8,25,000	3,52,527	26,84,307	12,11,229	1,026	Deepchand Kishenlall	Parasea	18.00	10	0.50	0.50	0.62	1.00	12	Y.P.T.
15,75,000	22,83,200	76,91,776	47,81,408	14,547	Shaw Wallace & Co., Ltd.	Pench Valley	19.50	10	2.00	2.00	1.00	1.50	3	Y.
26,99,500	24,89,802	1,52,74,208	1,05,98,171	8,664	M.	Ranegunge	18.50	10	0.75	1.00	1.00	0.75‡	12	Y.
13,50,000	11,31,340	52,63,257	35,97,256	29,537	Shaw Wallace & Co., Ltd.	Rewa	31.00	10	1.00	1.00	1.50	1.00	12	Y.
37,50,000	38,60,570	1,12,26,341	38,46,379	26,993	M.	Samla Collieries	9.75	10	0.90	0.50	0.70	1.00	12	Y.
13,00,000	2,83,010	22,73,864	7,51,427	2,609	S. D. Sethia & Co. Private Ltd. ..	Selected Salgram Collieries.	130.00	100	9.25	12.50	16.00	....	12	Y.
2,80,000	11,14,420	31,03,158	20,96,227	57,582	Andrew Yule & Co., Ltd.	Seebpore	38.75	7	1.75	1.75	2.00	3.00	12	Y.P.
8,00,000	4,69,848	16,66,740	13,04,553(k)	1,111	F. W. Heilgers & Co. (Private) Ltd.	Sendra	7.94xd	10	0.25	Nil	0.35	0.50	12	Y.
68,31,450	1,24,58,755	7,11,84,167	3,19,11,681	90,858	Industries (I. P.) Department (Govt. of Andhra Pradesh)	Singareni	11.75	10	1.50	0.75	0.75	....	12	Y.
17,50,000	9,09,230	44,92,231	20,31,911	20,161	Bird & Co. Private Ltd.	South Karanpura	9.70	10	0.75	0.75	0.90	0.25	3	Y.
5,00,000	15,49,019	31,53,707	26,68,239(k)	20,718	F. W. Heilgers & Co. (Private) Ltd.	Standard	14.00	10	1.00	1.25	1.50	1.50	12	Y.
3,50,000	2,81,000	20,49,970	15,40,057	28,484	B. M. Varma, Esq. (Mg. Director).	Union	11.62	10	0.37	0.25	Nil	....	12	Y.
49,96,000	3,56,533	86,98,251	82,75,682	12,836	Hindustan Investment Corpn. Ltd.	Western Bengal	10.00	10	0.50	0.40	0.40	0.60	3	Y.
7,00,000	....	60,41,420	30,68,810	—2,48,408	M.	West Jamuria	7.00	10	Nil	Nil	Nil	....	12	Y.

‡—The reserves of Straw Products Ltd. include a non-distributable amount of Rs. 63,40,654 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December, 1955.
H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.
M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable. (k) Investments. 'C'—On increased Capital.
‖ Investment at cost. * Includes bonus.

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest Available Quotation	Paid-up per Share	Dividend per Share 1957	1958	1959	1960	Accounts Closed	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
16,00,000 } 14,50,000 }	1,08,00,000	5,03,569	Allahabad Bank	329.00 } 163.00 }	100 50	18.00‡ 9.00‡	18.00‡ 9.00‡	18.00‡ 9.00‡	18.00‡ 9.00‡	12	Y.P.
1,01,000 } 40,56,000 }	23,08,220	4,923	Andhra Bank .. ..

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	96.50	100
BREWERIES AND SUGAR						
Bharat Sugar R.C.	5,00,000	1931	5.00	Dec. ..	70.00	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April ..	84.50	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.00	Mar. Sep.	90.00	100
Cawnpore Sugar Works T.F.C.	10,00,000	1905-24	8.00	Feb. Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C. ..	7,00,000	1920	7.00	July Apr.	5.60	5
East India Distilleries T.F.C. ..	£200,000	1897	7.00	Jan. July	18.20	£1
Gwallor Sugar R.O.	6,75,000	1940	7.00	Dec. ..	62.00	100
Do. (Non-redeem.)	5,00,000	1940	7.00	Dec. ..	62.00	100
Purtabpore Co. C.	6,00,000	1922	10.00	Oct. ..	12.00	10
Ramnugger Cane T.F.C. ..	4,00,000	1933-36	6.00	Aug. ..	84.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct. Apr.	61.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct. ..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec. ..	7.30xd	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec. ..	90.00N	100
Do. C.R.O.	15,00,000	1946	5.00	Dec. ..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April May	117.50	100
COAL						
Borrea T.F.C.	14,00,000	1896-97	6.50	Oct. Apr.	79.00	100
Burrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr. Oct.	102.00	100
Do. (2nd) C.	4,50,000	1946	6.00	.. ..	7.65	10
Equitable T.F.	4,00,000	1895	6.00	Mar. Sept.	75.00	100‡
Karanpura Collieries C.	9,99,500	1946	5.50	.. ..	56.00	75p.
††Khas Kajora C.	1,93,000	1931	5.00	Mar. Sept.	7.50	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan. July	11.00	10
Ondal T.F.C.	2,00,000	1898-99	6.00	Apr. Oct.	30.00	100
COTTON						
Ahmedabad Advance T.F.C. ..	10,00,000	1939	5.00	Apr. Oct.	70.50	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan. July	111.64cd	100
Basanti Cotton T.F.	5,00,000	1938	6.25	Nov. ..	8.25	10
Bowreah 'A' T.F.	6,00,000	1900	8.00	Feb. Aug.	160.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb. Aug.	70.00	100
Bradbury T.F.	14,75,000	1919	7.00	June Dec.	53.50	50
Buckingham & Carnatic C.T.F. ..	21,30,200	1920	7.50	Jan. July	120.00cd	100
Cambodias C.T.F.	1,00,000	1928	7.00	Apr. Oct.	108.00	100
Central India T.F.	50,00,000	1912	5.00	Apr. Oct.	376.25	495
Century Spg. & Mfg. Co. T.F.B.C.	1,25,00,000	1958	6.00	Dec. ..	107.00	100
Coimbatore Pioneer C.T.F. ..	1,00,000	1935	6.50	June ..	85.00cd	100
Elgin T.F.C.	11,00,000	1912	8.00	May ..	114.00cd	100
Elgin 'B' T.F.C.	4,20,000	1943	5.00	July ..	7.00cd	10
Elphinstone C.	25,00,000	1919	7.00	May Nov.	66.00	100
Kesoram T.F.C.	20,00,000	1919	7.00	June Dec.	102.00	100
Khatau Makanji (2nd) T.F. ..	29,92,500	1947	6.00	Nov. ..	74.50	10
Kothari C.T.F.	18,00,000	1937	6.00	Dec. ..	8.65xd	5
Kothari 'B' (Pref.) T.F.C. ..	6,00,000	....	6.00	.. ..	10.00N	250
Lakshmi Cotton (Bombay) C. ..	10,00,000	1896	6.00	.. ..	167.50	100
Morarjee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan. ..	64.00	100
Mysore Spg. C.	7,45,050	1944	4.50	.. ..	22.76	50
National Rayon C.	1,74,64,700	1947	5.00	.. ..	65.50	100
New Great	8,00,000	1913	5.50	Mar. ..	105.00	200
Podar Mills T.F.C.	10,00,000	1943	4.00	Feb. ..	63.00	100
Rajalakshmi C.T.F.	2,00,000	1932	6.50	Apr. ..	47.00cd	50
Svadeshi T.F.C.	15,00,000	1935	5.00	Apr. Oct.	88.00	100
Swadeshi (Kanpur) T.F.C. ..	35,00,000	1927	6.00	June ..	71.00	100
Travancore Rayon C.T.F. ..	50,00,000	....	5.00	May ..	7.55cd	10
Vasanta (1st) C.T.F.	3,00,000	1931	6.50	Apr. Oct.	93.79	100
Do. (2nd) C.T.F.	1,50,000	1938	6.00	.. ..	94.02	100
Vishnu C.	15,60,500	1908	7.00	Apr. ..	410.00	500
ELECTRICS						
Andhra Valley Power Supply C. ..	49,34,000	1917	7.00	May Nov.	1,065.00	1,000
Amalgamated Electric T.F.C. ..	24,15,000	....	5.50	.. ..	69.00	100
Calcutta Electric T.F.C.	19,00,000	1909-11	6.00(t)	June Dec.	8.94xd	£1
Poona Electric C.	4,00,000	1935	7.00	June Dec.	101.00	100
South Madras (1st) C.T.F. ..	22,00,000	1940	5.50 }	Sept. Dec.	{ 8.10	100
Do. (2nd) C.T.F.	8,00,000	1940	5.50 }		{ 8.25	10
Surat Electric Co. C.T.F. ..	5,00,000	1939	6.50	Apr. ..	107.00	100
Tata Hydro Electric Power C.	89,29,000	1907	7.00	May Nov.	102.00	100
Tata Power T.C.	86,97,000	1918	7.50	May Nov.	1,105.00	1,000
Vellore C.	1,25,000	1928	6.00	Dec. ..	6.28	10
ENGINEERING						
Arthur Butler (Muzaffarpore) T.F.C.	1,30,000	1919	7.00	Mar. ..	11.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	13,00,000	1895-98	7.00	Feb. Aug.	109.50	106
Do. (2nd) T.F.C.	15,00,000	1902	6.00	Feb. Aug.	106.00	101
Indian Iron and Steel Co., Ltd. T.F.C.	2,66,95,400	1950	5.00	Dec. ..	87.00	100
Indian Standard Wagon T.F.C. ..	19,66,500	1918	7.00	June ..	116.00	100
Jessop T.F.C.	20,00,000	1941	5.00	May Nov.	80.00	100
Kamani Engineering C.R.	15,00,000	1945	5.50	July ..	57.00	100
††Kumardhubi Engineering T.F.C.	12,00,000	1915	6.00	June Dec.	83.00N	100
Larsen and Toubro Ltd. T.F.R. ..	13,00,000	1946-47-51	5.00	.. ..	93.00	100
Mahindra & Mahindra T.F.R.C. ..	25,00,000	1945	6.00	May ..	98.00	100
McKenzies (1st) T.F.C.	5,50,000	1907	5.50	.. ..	86.00	100
Premier-Construction (1st)	10,00,000	....	6.25	.. ..	72.50	100
Do. do. (2nd) C. ..	15,00,000	1936	6.25	.. ..	68.00	100
Do. do. (3rd) C. ..	56,25,000	1947	4.50	.. ..	5.00	10
Tata Iron and Steel (1st) C. ..	75,00,000	1908	6.00	Nov. ..	141.00	150
Do. do. (2nd) C. ..	6,02,81,900	1908	7.50	May ..	108.00	100
JUTE						
Agarpara T.F.C.	10,00,000	1927	7.00	Jan. July	90.00	100
Alexandra T.F.C.	9,00,000	1905	7.00	Feb. Aug.	85.50	100
Alliance T.F.C.	15,00,000	1895	6.00	Mar. Sept.	84.00	100
Angle-India T.F.C.	40,00,000	1917	7.00	May Nov.	93.00	100
Auckland C.	10,00,000	1909	5.50	May Nov.	72.00	100
Do. (2nd) (j) C.	15,00,000	1945	4.50	June Dec.	60.00	100
Bally T.F.C.	20,00,000	1918	7.00	Apr. Oct.	93.00	100
Barnagore C.	£200,000	1896	5.00	May Nov.	36.00	£5
Belvedere T.F.C.	7,00,000	1906	7.00	Jan. July	90.00	100
Birla C.	23,64,200	1919	7.50	June Dec.	90.00	100
Budge-Budge T.F.C.	10,00,000	1894	7.00	May Nov.	90.00	100
Calcutta T.F.C.	6,00,000	1934	6.50	Jan. July	50.50	100
Caledonian T.F.C.	10,00,000	1915	7.00	June Dec.	85.00	100
Cheviot T.F.C.	10,00,000	1919	7.00	June Dec.	88.00	100
Chitavalsah T.F.C.	5,00,000	1928	7.00	Mar. Sept.	88.00	100
Clive (1st Pref.) T.F.C.	8,00,000	1900	6.00	May Nov.	67.00	100
Do. (A) (2nd Pref.) T.F.C. ..	8,00,000	1905	7.00	May Nov.	77.00	100
Dalhousie T.F.C.	15,00,000	1903-13	7.00	May Nov.	91.00	100
Delta T.F.C.	5,00,000	1897	5.00	June Dec.	72.00	100
Empire T.F.C.	10,00,000	1912	7.00	Feb. Aug.	85.00	100
Fort Gloster T.F.C.	14,00,000	1896-96	7.00	May Nov.	110.00	100
Do. (2nd Pref.) T.F.C. ..	7,00,000	1948	5.00	.. ..	62.00	100
Fort William T.F.C.	10,00,000	1911	7.00	May Nov.	110.00	100
Ganges T.F.C.	6,00,000	1916	8.00	June Dec.	90.00	100
Gourepore T.F.C.	26,50,000	1895-04	6.00	May Nov.	77.50	100
Hastings T.F.C.	25,00,000	1935	6.00	Mar. Sept.	82.00	100
Hooghly T.F.	11,76,000	1913	10.00	May Nov.	10.12	10
Howrah T.F.C.	8,75,000	1890	7.00	May Nov.	90.00	100
Inchek T.F.C. (f)	15,50,000	1903-08	7.00	May Nov.	93.00	100
Hukumchand T.F.C.	40,00,000	1919	7.00	June Dec.	92.00	100
Kamarhatty T.F.C.	16,00,000	1898-04	6.00	Feb. Aug.	75.00	100
Kankanarrah T.F.C.	10,00,000	1900	6.00	Feb. Aug.	90.50	100

JUTE—Continued

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest Available Quotation. Rs.	Paid-up per Share. Rs.
Kelvin T.F.C.	10,00,000	1907	7.00	Mar. Sept.	91.00	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May Nov.	79.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May Nov.	89.00	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May Nov.	94.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May Nov.	90.00	100
Do. (B) T.F.C.	10,00,000	..	5.50	Dec. ..	62.00	100
Naihati T.F.C.	7,50,000	1905	7.00	May Nov.	110.00	100
Do. (2nd) (j) T.F.C.R. ..	10,00,000	1945	4.50	June Dec.	78.00	100
National T.F.C.	5,00,000	1917	7.00	May Nov.	88.00	100
Nellimarla T.F.C.	5,00,000	1939	6.00	Apr. Oct.	79.50	100
New Central T.F.C.R.	33,00,000	1915	7.00	Jan. July	85.00	100
Northbrook T.F.C.	15,00,000	1900	5.50	May Nov.	72.00	100
Reliance T.F.C.	20,00,000	1906-12	7.00	May Nov.	80.00	100
Samnuggur C.	£150,000	1901	6.00	Feb. Aug.	8h. 21.50N	£1
Soorah T.F.C.	10,00,000	1920	7.00	Feb. Aug.	98.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar. Sept.	82.00	100
Titaghur C.	£150,000	1897	6.00	Feb. Aug.	8h. 21.50	£1
Union T.F.C.	6,00,000	1901-02	7.00	May Nov.	90.00	£1
Victoria T.C.	£150,000	1893	6.00	Feb. Aug.	8h. 21.50	£1
Waverley T.F.C. (f)	7,50,000	1913	5.00	Mar. Sept.	89.00	50
RAILWAYS; STEAMSHIP AND TRAMWAYS						
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov. ..	50.00	60
Calcutta Tramways C.	£250,000	1906	5.00	Apr. Oct.	7.75	£1
Great Eastern Shipping T.F.R.C.	25,00,000	1946	5.50	Dec. ..	91.00	100
Indian General Nav. & Rly. C. ..	£244,030	1899	6.00	Mar. Nov.	90.00	£10
India Steamship (w) T.F.C.R. ..	25,00,000	1923	6.00	.. ..	82.00	100
TEA						
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May Nov.	81.00	10
†††Banarhat Tea T.F.C.	4,00,000	1900-02	6.50	Jan. July	102.00	100
Birpara T.F.C.	1,00,000	1900	8.00	Jan. ..	102.00	100
Choonabhutti T.F.C.	2,00,000	1914	6.50	Jan. July	102.00	100
Gielle C.	2,00,000	1894	6.00	Sept. ..	75.00	100
Hantapara T.F.C.	60,000	1901	8.00	Jan. ..	105.00	100
Hasimara T.F.C.	3,00,000	1904	7.00	Mar. ..	98.00	100
Kingsley Goalghat T.F.	2,40,000	1897	6.00	Dec. ..	89.00	100
Mobeema T.F.C.	3,20,000	1929	6.00	May Nov.	8.00	10
New Dooars T.F.C.	2,00,000	1907	6.50	Jan. July	102.00	100
New Samanbagh T.F.C.	1,00,000	1908	8.00	Nov. ..	91.00	100
†††Okayti T.F.R.C.	60,000	1883	7.00	Dec. ..	94.00	100
Pansimbing T.F.C.	2,05,000	1916	7.00	Jan. ..	98.00	100
Sonai River T.F.C.	1,00,000	1909	8.00	May ..	92.00	100
***Tezpore C.	2,05,000	1922	8.00	May Nov.	18.25	10
Tirribannah T.F.C.	1,00,000	1922	10.00	May Nov.	18.25	100
PLANTING						
Be Be Rubber C.	1,43,005	1944	6.25	.. ..	2.43	5
Do. R.O.	2,85,570	1944	6.25	.. ..	5.71	10
Cochin Malabar C.T.F.	1,13,800	1932	7.00	June ..	51.25	50
Coffee Lands C.T.F.	10,40,600	..	5.00	.. ..	74.78	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr.. ..	88.14	100
Cottanad C.T.F.R.	1,00,000	1937	7.50	Nov.. ..	10.12	10
Devon Tea C.T.F.	2,00,000	1936	7.50	July ..	95.00	100
Highland Produce C.T.F.	3,00,000	..	6.00	July Jan.	7.96cd	10
Neelamalai C.T.F.	18,00,000	1943	6.00	Jan. July	6.10	10
Nilgiri Tea C.T.F.	2,81,250	1942	6.50	July ..	3.80	5
Pullangode C.T.F.	1,50,000	1943	6.00	Mar. ..	8.00cd	10
Teekoy Rubber C.T.F.	6,00,000	..	6.00	Mar. Sept.	6.80	10
T. R. & T. Co. C.T.F.	16,00,000	..	6.00	June Dec.	10.50cd	10
Waterfalls R.C.T.F.	5,00,000	1943	6.00	Nov. ..	8.40	10
MISCELLANEOUS						
Alembic Chemicas (1st)	5,00,000	..	6.25	June ..	81.00	100
Do. do. (2nd) T.F.R.C. ..	5,00,000	..	5.00	June ..	86.00	100
Alkali & Chemicals T.F.C.	31,00,000	1937	5.00	Apr. ..	92.00	100
Aluminium Corpn. (1st) C.	20,00,000	1938	7.00(f)	.. ..	94.00	100
Andhra Cement C.T.F.	2,48,800	1937	6.00	Feb. June	100.00cd	100
Associated Hotels of India C. ..	21,67,000	1916	7.00	Mar. Sept.	48.00xd	100
Bengal Chemicals T.F.C.	9,00,000	1925	7.50	Aug. ..	12.50	10
Bengal Paper Mill T.F.C.	2,00,000	1938	7.00	Mar. Sept.	81.00	50
Do. "A" T.F.C. ..	4,00,000	1922	7.00	Mar. Sept.	104.00	100
Do. "B" T.R.C. ..	20,00,000	1948	6.00	.. ..	65.00	100
Bengal Timber Trading T.F.C. ..	8,00,000	1896	8.00	Aug. ..	7.75	100
Britannia Biscuit T.F.C.	18,450	1921	8.00	Feb. Aug.	14.50xd	10
British Ceylon Corporation C. ..	17,50,000	1918	6.00	Feb. Aug.	8.00N	5
British India Corporation T.F.C.	31,00,000	1920	8.00	Feb. ..	110.50	100
Dalmia Cement (Bharat) C.T.F. ..	61,58,200	1937	6.00(f)	Sept. ..	8.00cd	10
Dharangadhra Chemicals T.F.C.R.	31,91,900	1956	6.00	.. ..	78.00	100
Shree Digvijay Cement T.F.R.C. ..	79,93,875	1944	6.00	Dec. ..	81.50	100
Dunlop Rubber Co. (1st) T.F.C. ..	30,00,000	1928	6.00§	June Dec.	112.00	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1936	6.00	Apr. ..	76.00	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	5.00	Feb. Aug.	58.00	100
Do. do. (2nd)	1,00,000	..	6.00	Feb. Aug.	49.00	100
Gillanders Arbuthnot(f) R.C. ..	25,00,000	..	6.00	Apr. Oct.	58.00	100
Hindustan Motors T.F.R.C.	1,60,67,250	1956	6.00	Mar. ..	222.00	100
Humayan Properties T.F.C.	12,00,000	1933	6.00	.. ..	7.00	10
India Cement C.	29,85,000	1946	7.50	Oct. ..	81.00	100
Indian Aluminium (g) C.R.	40,00,000	1945	5.00	June ..	96.00	100
Indo-Burma Petroleum C.	50,00,000	1921	7.00	Jan. July	88.00xd	25
Indian Cable (m) C.	12,87,750	1923	6.00	June Dec.	34.00	10
India Rubber Mfrs. (n) T.F.C.R. ..	8,28,000	..	5.00	Apr. ..	59.75	100
Jardine Henderson C.	50,00,000	1946	5.00	Dec. ..	57.00	100
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.50	May ..	57.50	100
Do. do. (2nd) T.F.C. ..	10,00,000	..	4.00	May ..	54.00	100
Kumardhubi Fireclay & Silica C.R.	2,00,000	1915	7.00	June Dec.	88.00N	100
Martin Burn (k) T.F.C.R.	30,00,000	1946	5.00	Apr. Oct.	86.00	100
McLeod and Co. (1st) C.	10,00,000	1930	5.00	July Jan.	50.00	100
Do. (2nd) F.C.	40,00,000	1936	5.00	July Jan.	60.25	100
Metal Box Co. C.R.	20,00,000	..	6.00	.. ..	86.00	100
Mettur Chemicals (Old) C.T.F. ..	20,00,000	1903-18	6.00	Feb. Sept.	9.70	10
Mysore Chemicals Mfrs. C.T.F. ..	2,00,000	1930	6.00	June ..	8.50	10
Mysore Lamps R.C.T.F.	2,50,000	..	4.00	Aug. ..	5.95	10
National Tobacco (Old) T.F.C.R. ..	25,00,000	..	6.00	Mar. Sept.	75.00	100
Do. do. (New) (q) T.F.C.R. ..	19,98,000	..	4.50	Mar. Sept.	68.50	100
Orient Paper T.F.C.R.	20,00,000	1936	5.50	Jan. ..	81.00	100
Do do (New) C.R.	60,00,000	..	5.50	Apr. Oct.	68.50	100
Rohtas Industries (Old) T.F.C. ..	20,00,000	1936	7.00-9.00	Apr. ..	117.00	100
Do. do. (New) T.F.C.	85,04,700	..	4.25	Apr. ..	55.00	50
†Smith Stanistreet & Co. T.F. ..	5,00,000	1920	10.00	Feb. Aug.	67.00	50
Spencer & Co. "A" C.	22,20,000	1898	6.50	July ..	7.50	10
Do. "B" C.	86,80,000	1922	8.50	Jan. July	10.10	10
Standard-Vacuum C.	75,00,000	1955	6.00	June Dec.	88.00	100
Star Paper T.F.C.R.	10,00,000	..	5.00	Mar. Sept.	74.00	100
Tata Chemicals T.F.C.	10,97,000	..	6.00	June ..	83.50	100
Tata Oil Mills C.	29,86,800	1946	4.50	July ..	60.00	100
Titagur Paper Mills T.F.C.	11,50,000	1899	8.00	Jan. June	112.50	100
Do. do. (2nd) T.F.C.	15,00,000	1934	4.50	Jan. July	77.50	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of a preferential dividend at the rate of 8 per cent (of which only 5 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent per annum and also to participate in further dividend of 2 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

§ Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 3 months' notice. (h) Redeemable after 30th September 1956 at Rs. 125. (i) Redeemable at par after 9th November 1955 on 6 months' notice. (j) Redeemable after 28th July 1955 on 6 months' notice. (k) Participating upto 9 per cent. (l) Redeemable at par after 31st March 1952 on 6 months' notice. (m) Rank *pari passu with ordinary shares* after ordinary shares receive 6 per cent dividend. (n) Redeemable after 20th December 1954. (o) Redeemable any time at Rs. 115 on one month's notice. (p) Redeemable at par after 1st January 1954. (q) Redeemable par after 17th June 1956. (r) Redeemable at par after 1st October 1956 on 3 months' notice. (s) Participate to 9 per cent. (t) Free of Income-tax upto 6 *nA.* in the £. (u) Redeemable at par on 3 months' notice. (v) Issued on various dates. (w) Redeemable at any time 3 years after the date of issue at a premium of Rs. 10 per share on 3 months' notice. (x) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. pp—Part paid.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent Who else must sweat and toil and gain but scanty fare."
William Blake.

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LESSONS FOR INDIA'S COAL INDUSTRY

THE Coal Productivity Team, sponsored by the National Productivity Council in collaboration with the U.S. Technical Co-operation Mission, had the unenviable task of studying, in a short period of about eight weeks during September-October 1959, the complex coal mining industry, with its advanced techniques, in four Western countries—United States, United Kingdom, France and West Germany. The terms of reference of the Team were, of course, restricted to the study of bituminous coal mining, and so it did not have to concern itself with lignite or anthracite coal mining. But the technical aspects of the industry that the Team had to study were so many that it could not do full justice to its assignment. As much is frankly admitted in the Team's report which has just been published by the National Productivity Council. The report, therefore, suffers from certain limitations and shortcomings, the first of which is that it does not say much about open-cast mining under varied conditions. The need for studying open-cast methods in the United States and the United Kingdom arises from the likelihood of a large number of mechanised open-cast mines being started in this country in the third Plan period. Secondly, the report does not assess the possibilities in the matter of applying the caving methods, used in some American coalfields with their thick and highly inclined coal seams, to some of the Indian coalfields with similar seams. The report otherwise deals comprehensively with the various aspects of bituminous coal mining in the four Western countries, draws relevant lessons from their mining methods, organisation and management practices, wage systems, safety measures, and so on, and suggests suitable measures considered essential for increasing the productivity in India's own coal industry.

The Team has assigned, at the outset, some importance to the question of amalgamation of smaller collieries. Here the experience of the nationalised French coal industry which has carried out reorganisation and amalgamation of smaller units with considerable success has provided the basis for the Team's recommendation that the work of amalgamation already launched in the Indian coal industry should be carried out with greater speed for the purpose of achieving higher productivity and larger percentage of extraction. Whether the French example can be easily emulated in India is the question. For instance, according to the Team's report itself, in the large coalfield of Nord-Pas-De Calais, covering a territory of about 1,860 square miles, there were as many as 114 mining units before nationalisation in 1946. These 114 mines have since been reorganised into 76 units, and it is expected that, by 1965, these would be reduced to just 41, with an average coal production of 2,500 tons per day per mine. It would appear from this French experience that, even in the conditions of nationalisation, it takes a very long time to amalgamate smaller collieries into larger units. How in the private sector of India's coal industry amalgamation can be carried out with greater speed is by no means clear. That amalgamation of collieries, like consolidation of fragmented land-holdings, is a difficult and time-consuming enterprise could be inferred from the fact that the Committee set up by the Government of India in August 1958 to promote voluntary amalgamation of collieries and adjustment of boundaries has approved, upto 31st March 1961, only 30 proposals. Actual amalgamation has taken place so far in 16 cases, involving 32 collieries with an aggregate annual production of about 1.2 million tons which, again, is just a fortieth of the total annual production of all the private collieries in India. Voluntary amalgamation, thus, is bound to be dreadfully slow. But, at the same time, compulsory consolidation does not seem to be a better alternative. In fact, the Government has decided to defer, for the time being, the introduction of legislation providing for compulsory amalgamation of collieries, on the ground that it may cause physical hold-ups which would be to the detriment of the scale and tempo of the production efforts needed during the third Plan. The Team's recommendation in respect of amalgamation does not seem to have, in the circumstances, much relevance from the point of view of a possible early "achievement of higher productivity and larger percentage of extraction" by that method.

But two other recommendations pertaining to organisation and management are immediately more relevant and practicable. One of these is based on the experience of the nationalised coal industry in France and is applicable only to the public sector of India's coal industry. The organisational structure in France consists of a central policy-making body and autonomous coal mining companies, one in each region. If a structure of this kind is established in the public sector of India's coal industry, regional companies, so formed, would facilitate the exercise of effective administrative control which, in turn, would contribute to higher productivity. The other recommendation, based on the experience of the predominant private sector in West Germany's coal industry, is applicable only to the private sector in India's coal industry. As the majority of collieries in the private sector in India are owned by proprietors who do not have adequate finance for utilising the services of technical experts for advising on specific technical problems, the Team has suggested the formation of a central co-ordinating body for rendering common services on the lines of the S.K.B.V. in West Germany. Such an organisation would have to be formed in India, too, on a voluntary basis to advise the various mining companies on all major technical problems concerning production, safety, beneficiation, marketing and utilisation. The Team has not clarified how the work of this body is to be financed. Presumably its finances would have to be derived from the voluntary contributions of the coal companies. But a better alternative would be for the Government to encourage the formation of such a body by announcing its readiness to provide the required financial assistance from out of the proceeds of the coal cess which has been progressively increased.

Another valuable lesson, which is germane to organisation and planning, has been drawn by the Team from the experience, in particular, of the private sector in the United States and West Germany. This part of the Team's finding is quoted below:

"In the U.S. and West Germany, planning in large companies which produce an output of 2 to 5 million tons per year is carried out at two separate levels of managements. The long-term planning is entrusted to the top level management of Directors, who s

either belt conveyors, locomotives and mine cars or by direct haulage using large-size cars. As far as surface transport is concerned, the mounting pit-head stocks which are slowing down production in the mines have focussed attention on the widening gap between the production capacity of the industry and the transport capacity of the railways. This does not call for fresh comment here, as it has been dealt with in this journal repeatedly in recent months. But it needs to be added that the Team's suggestion that the canal system between Durgapur and Calcutta be developed intensively for coal transport from the Raniganj coalfield could be usefully pursued.

Lastly, the question of payment of wages to productive workers on piece-rate basis, wherever practical, would have to be given greater consideration. If piece-wages are paid at least to coal-face workers as in the U.K., France and West Germany and if special incentive schemes are introduced to increase the productivity of the categories of workers paid on day-rate basis, it may be that overall productivity in terms of output in tons per man-shift will increase, howsoever slightly, on that account. Of course, this can be only one of the required methods for increasing such overall labour productivity which in India is a little less than half-a-ton per man-shift, as compared with 11.3 tons in the United States where mechanisation has reached the farthest limit and 1.3 tons in the United Kingdom where mechanisation has not reached such a high level. With better underground transport, some degree of mechanisation of mining and loading operations, better organisation and planning and, above all, piece-wages and incentives to the extent possible, it should not be difficult for the Indian coal industry to attain a higher level of productivity. But it is arguable if this is possible of achievement without the kind of long-term planning for which the Coal Productivity Team has so well and ably pleaded in its report.

LIQUIDITY RATIO FOR BANKS

UNDER existing laws, banks in India are required to maintain a minimum liquidity ratio of 20 per cent of their total liabilities, excluding "own funds" and borrowings from the Reserve Bank. This means that each bank must have cash balances, unencumbered investments in Government securities and gold (if any) up to an amount which is equal to 20 per cent of their total liabilities. For calculating this 20 per cent, banks can, of course, take into account the statutory minimum cash balances they have to keep with the Reserve Bank. This minimum is 5 per cent of demand liabilities and 2 per cent of time liabilities. In actual practice, most banks maintain liquid assets at levels well above the legal minima. For a long time, it has been the convention among banks to maintain a cash ratio of 10 per cent. In more recent years, under the pressure of demand for bank credit and the need for improving their earnings to meet the upward trend in the cost of their operations, they have been ignoring this convention, allowing their cash ratio to sink to such low levels as 6.5 to 7 per cent. There has been no convention so far as investments in Government securities are concerned. But, generally speaking, 30 per cent is considered as quite adequate. This means an aggregate liquidity ratio of 40 per cent, leaving 60 per cent of deposits to be lent to trade and industry. Nowadays, as in cash, so also in investments, even a lower level is not regarded as something unorthodox or contrary to canons of sound banking. Although, in actual practice, the investments ratio of banks in India has been well above 30 per cent even during the busy season when the demand for bank credit is at its peak, it did fall below that level in one or two years in the latter half of the 'fifties. The annual average for 1957, for instance, was 29.2 per cent, as against 38 per cent in 1954. By 1959, it had come up to 40 per cent, but, during the closing weeks of the 1960-61 busy season, it again fell below 30 per cent to stand in the neighbourhood of 29 per cent. A low level of 29.2 per cent, for instance, was touched in the week ended 9th June 1961. Data compiled by the Reserve Bank show that, if the State Bank's figures are excluded, the position of other scheduled banks as a whole does not compare favourably with the conventional limits mentioned above. It is seen that, in their case, the ratio of liquid assets (cash balances, gold and unencumbered Government securities) to total deposit liabilities has significantly fallen from 43.3 per cent in 1951 (annual average) to 33.1 per cent in 1960. Since the cash ratio alone fell from 11.1 per cent to 7.5 per cent, it is obvious that the investments ratio must have dropped from 32.2 per cent to 25.6 per cent. A table compiled by us for 15 leading Indian banks and published on page 60 shows that, in the case of some of the big banks, the ratio of unencumbered investments is much lower than even this 25.6 per cent.

There are two main purposes in laying down a specific liquidity ratio: One, to enable a bank to meet any sudden large withdrawals of deposits, and, two, to prevent banks from overtrading. In theory, this reasoning can be questioned. One can say that a statutory liquidity ratio leads to illiquidity, especially in times of heavy withdrawals, as the assets involved will not be available for use. One can further argue that, if a high level of liquidity ratio is insisted upon, banks will be tempted to go in for more of risky business in order to maintain their profits, an outcome contrary to the object of preventing them from overtrading and ensuring the safety of deposits. A third argument could be that, since bank credit is backed by collaterals the market price of which is very much above the value of loans and advances, it offers better protection to depositors than Gilt-edged securities, which, in times as the present, are liable to capital depreciation. Impressive though these arguments are, they are nevertheless fanciful. Many countries have found from experience that banks must invest a sizable part of their funds in Gilt-edged securities, besides keeping a part of them in the form of till-money and balances with the central banking institution. It is this realisation that led to legislation in this country, specifying the limits mentioned at the outset. The liquidity ratio of 20 per cent was thought appropriate by the legislators in 1948, when the Banking Companies Act of 1949 was on the anvil. In fact, the authors of the original Banking Bill in 1944 had proposed a limit of 25 per cent, but this was reduced to 20 per cent by the Select Committee.

The Reserve Bank of India now feels that the limit of 20 per cent is too low in the prevailing circumstances and the situation that is likely to arise in the coming years. It is of the view that, "in the years to come, with the continuous growth of the economy, particularly the manufacturing sector, there is likely to be a further rapid rise in bank credit which may outpace the growth in deposits" and that, "while it is necessary to provide for all genuine credit requirements of the economy, it is essential in such a situation to safeguard the soundness of banking system through measures to raise somewhat the minimum requirements in regard to both cash reserves and liquid assets." An additional consideration adduced by the Reserve Bank in support of its proposal is that it "might also stimulate more effective mobilisation of resources of banks to meet expanding credit needs." The assumption here is that, in order to earn more, banks will have to increase their turnover and this in turn will compel them to intensify their efforts for securing more deposits.

The Bank's proposal for raising the liquidity ratio of banks consists of three major parts. These, in summary form, are as follows:

1. Both the cash reserves and the liquidity ratio (for which purpose the cash reserves kept with the Reserve Bank will be included, as is the case at present) will be related to total deposits from the public, instead of liabilities as at present. This is a welcome change, in that the term "liabilities" includes also funds other than deposits and causes a certain amount of confusion. Besides, total deposits are less than total liabilities, so that the amounts to be kept in the form of cash and liquid assets will be a little smaller.

2. Now the cash reserve requirement is at 5 per cent of demand liabilities and 2 per cent of time liabilities, which currently averages at 3.4 per cent on total liabilities and at 3.8 per cent on total deposits. This minimum reserve requirement for scheduled banks is to be raised to 5 per cent of total deposits, with power to the Reserve Bank to vary it up to a maximum of 15 per cent under the variable reserve ratio scheme. The provision requiring the maintenance of reserves against additional deposits, as per Section 42(1A) of the Reserve Bank of India Act, will remain unchanged, subject to the maximum of 15 per cent of total deposits. The proposed rate for non-scheduled banks also is a minimum of 5 per cent of total deposits.

The reasons for these proposed changes are: (a) The present rates are low in comparison with those in most other countries. (b) They were deliberately fixed at these low levels 25 years ago, in order to help banks to get used to the new system. (c) There has been, in recent years, a pronounced shift in favour of time deposits and the present system of lower cash reserve requirement for such deposits only serves to accentuate the trend.

The aforesaid changes do not call for any serious adjustments, as banks usually keep with the Reserve Bank larger balances than the minimum statutory requirement. On the contrary, it will make the calculation of reserve requirements simpler. It would, however, be desirable to allow some interest on these balances, since deposits have become costlier to banks and since the Reserve Bank is able to employ these funds gainfully. The move to refine the weapon of variable reserve ratio by raising the cash reserve, subject to a ceiling, is also a right one, as it will make the operation of this control smoother and easier.

3. The minimum liquidity ratio (ratio of cash + balances with Reserve Bank of India + gold + unencumbered Government securities to deposits) is to be raised from 20 per cent to 27½ per cent. Since 20 per cent is now related to total liabilities, and the proposal is to relate the 27½ per cent to total deposits, the extent of increase, according to the Reserve Bank's calculation, is only 5 per cent and not 7½ per cent as appears on the surface. It has been made clear by the authors of the proposal that, when increases are made in the cash reserve ratio under the provisions of variable reserve control, such would be over and above the 27½ per cent. In other words, the minimum ratio of the other components of liquid assets (namely, till-money, gold, excess cash reserves held with the Reserve Bank and unencumbered Government securities) will always have to be 22½ per cent.

It is the last mentioned point that makes the Reserve Bank's proposal a little too hard. If the legal requirement of liquid assets were pitched at such a high level, the banks would have to maintain an additional 5 to 10 per cent of such assets, in order to permit their smooth working without being worried by the prospect of infringing the law as a result of any sudden increase in their business. This would mean that the effective level of their liquid assets would have to be not less than 40 per cent. The adverse impact of such a high proportion of low interest-earning assets on the income of banks will be rather heavy, having regard to the fact that, unlike in the past when banks were maintaining an even higher level of liquid assets of their own free will, they have to pay higher rates of interest on deposits and their establishment expenses have gone up tremendously. Further, the banks will have a higher capital structure to be remunerated, if the Reserve Bank's proposal, discussed in these columns last week, is accepted. They will perforce be compelled to increase the cost of their credit to trade and industry and, if their deposits do not expand as fast as the demand for accommodation, they would even have to refuse credit lines to some of the borrowers. The Reserve Bank itself envisages that the demand for credit will outpace the growth of deposits. It is, therefore, not clear how it expects the banking system to take care of even "the genuine" credit needs of the private sector and yet maintain a higher level of liquidity ratio. A further increase in interest rates will, of course, not be undesirable; in this country, interest rates are still appreciably lower than what they should be, taking into account the demand and supply position of capital and the enormous waste of capital that is being indulged in by both the sectors. But the cost of money to the public sector cannot be so disproportionately low as is the case at present, as compared with that paid by the private sector. If the imposition of higher liquidity ratio is designed to perpetuate the undue advantage which the public sector has been having over the private sector, it would be most unfair in the short run and self-defeating in the long run. For the kind of artificial support that is now being kept up for Government securities cannot be sustained for ever. Like water, interest rates will ultimately find their level. Any impediments placed in the way of this inexorable economic law will only be at the cost of somebody or other and the cumulative effect of such distortion on the economy as a whole when the necessary correction has to be carried out will be much more painful than timely adjustments. If, however, the Reserve Bank's proposal means that the Government, too, would pay rates of interest on its borrowings that are in tune with the prevailing cost of money for other borrowers, it would sound less objectionable to banks. As the latter is far from likely, it may be necessary to fix the minimum liquidity ratio at a lower level. Perhaps, 25 per cent of total deposits—the level contemplated in 1944—would be found acceptable by banks as something that cannot be helped in the prevailing, as well as forthcoming, circumstances.

MARKET GOSSIP

T.E.L.Co. Cheers The Bulls

THE financial results of the Tata Engineering and Locomotive Company Ltd. for the year ended 31st March 1961, made public late in the evening of Tuesday last, have brought much needed succour to the tired bulls and forced the bears to retreat. They have offset the adverse effects of the T.E.L.Co.'s decision (which reached the market last week) to raise debenture capital of Rs. 5 crores to finance its expansion plans. This decision had led the market to infer that the Company was not likely to issue right shares in the near future, the prospect of which was one of the reasons for the consistent, large-scale speculative buying of this scrip.

The preliminary report issued by the Company for 1960-61 makes impressive reading. The Company's turnover was up by Rs. 9.29 crores at Rs. 37.55 crores. Profit before taxation has improved from Rs. 221.57 lakhs to Rs. 312.68 lakhs and the reserves have been strengthened by Rs. 75.02 lakhs, as against a mere Rs. 20 lakhs a year ago. The return to shareholders has been enhanced to 10.15 per cent, free of dividend tax, from 8.75 per cent, free of dividend tax. The increase in dividend has strengthened the hope that the Directors of the T.I.S.Co. also may recommend a respectable increase in the Company's dividend for 1960-61. Tata Ordinaries, which had gone down to Rs. 160 early this week, has come up to Rs. 166. It remains to be seen whether this hope will materialise. The production performance of the T.I.S.Co. also justifies this hope, though much will depend on the attitude of the Government, which, in past years, was averse to even a modest upward revision of the dividend rate.

More On G.A.T.T. Textile Conference

The attention of textile interests in India and elsewhere is now focussed on the forthcoming G.A.T.T. textile conference scheduled to be held at Geneva from the 17th to 21st of this month. The countries invited to participate at the conference are Australia, Austria, Britain, Canada, India, Japan, Pakistan, Spain, Sweden, the U.S. and the member-countries of the six-nation Common Market. It is learned that India will be represented by Mr. T. Swaminathan, I.C.S., Minister for Economic Affairs in the Indian High Commissioner's Office in London. The E.E.C. Commission has also been invited as a separate entity and, likewise, a special invitation has gone to the Secretary-General of the O.E.C.D. Expectations regarding the outcome of the conference run pretty high. Here is what Mr. George W. Ball, U.S. Under-Secretary of State for Economic Affairs, remarked at Hong Kong on Monday the 3rd inst: "I am confident that the Geneva conference would work out a satisfactory solution to *solve* (italics ours) the difficult problems of the world cotton textile trade." The aim of the conference, he added, should be to seek an arrangement under which there would be increasing acceptance of textiles from low-income countries but at a rate which would not cause the disruption of the domestic markets of importing countries.

Will the G.A.T.T. conference fulfil the high expectations referred to above? This is an important question in the context of the widely divergent attitudes of importing and exporting countries. It will be interesting to see how far and to what extent these attitudes will be reconciled at the Geneva conference.

In the meantime, the leading textile manufacturers in Hong Kong, one of the major exporting countries in the world, are reported to have rejected outright the latest British Government's proposal for extending the three-year Hong Kong-Lancashire export limitation pact for eleven months after 31st January next. The proposal envisages the following two modifications:

1. An increase in the total basic quota from the annual rate of 164 million square yards to 185 million square yards, of which a minimum of 100 million square yards is to be in the form of piecegoods and 65 million square yards in garments, the remaining 20 million yards being used at Hong Kong's discretion.

2. Arrangements for a periodic review, with Government participation, to agree on supplementary quotas for piecegoods whenever the state of the U.K. import trade warrants it. Under this proposal, a supplementary grey cloth quota of 10 million square yards, it is said, will be granted as soon as Hong Kong agrees to extend the pact as suggested.

Commending the British proposal for the acceptance of the textile interests in the course of a circular addressed to them, Mr. H. A. Angus, the Colony's Director of Commerce and Industry, states that the Hong Kong Government does not see any significant scope for further modification. He has, therefore, asked the local textile trade to consider the proposal and reach a conclusion quickly. He adds: "It (the Hong Kong Government) considers that, in all circumstances, the industry will be ill-advised to reject it."

But the Hong Kong textile interests are in no mood to accept the proposal. The garment makers feel that the limit of exports to 65 million yards annually is contrary to the spirit of the present pact. On behalf of shippers, concern is expressed to the effect that those who have a share of about 30 per cent of the present quota allocation may have no share under the proposed arrangement. The opposition of spinners is on the ground that the provision in the U.K. Government's proposal for some restrictive action, in case there were to be a sudden and sharp increase in imports of yarn into Britain, marks a distinct departure from the original official line laid down in the present undertaking. The Hong Kong textile interests are said to be similarly not inclined to accept the U.S. Administration's suggestion for an overall cut of 30 per cent on the 1960 exports of piecegoods from the Colony to the U.S.

When the issue of limiting imports of textiles is widely discussed in the U.K., the U.S. and other Western countries, it is somewhat surprising that millowners in this country continue to be silent, as though they are not affected at all. It is, of course, not in the interests of India to fly against world opinion. But, if it is at all to agree to any scheme of restriction on exports of textiles on a world-wide basis, it should do so only if two conditions are satisfied, as mentioned by this journal sometime ago. One, all the other exporting countries must undertake to abide by the scheme. Two, the quota allocated to India must be a reasonable one, due account being taken of the size of its industry, its population, and its pressing foreign exchange needs in the coming years. It is also necessary to make sure that the quota will be of a progressively rising nature for future years and not a diminishing one.

Lac Exports

Lac, particularly shellac, has traditionally been an important item in India's export trade. India, in fact, had a virtual monopoly in this commodity until recently. Thailand has, of late, become a sizable competitor in shellac. Apart from the Thai competition, what has affected India's lac exports far more adversely has been the rapid development of synthetic substitutes like plastics in industrialised countries. The value of India's exports of different varieties of lac (including shellac, sticklac, seedlac, etc.) were only Rs. 4.7 crores in 1960, which compares unfavourably with about Rs. 6 crores in 1959. It may be recalled that, a decade ago, when purchasing power of money all over the world was very much higher than it is today, lac earned about Rs. 15 crores a year. The following table shows the trend of India's exports of lac since 1957:

(Value in '000 rupees)

	1960	1959	1958	1957
Shellac	20,698	32,575	28,822	44,870
Seedlac	13,133	24,291	26,746	21,220
Button lac ..	1,371	1,515	1,321	1,705
Garnet lac ..	889	1,211	1,034	1,298
Stick lac	155	357	119	106
Keri, etc.	831	991	818	1,532
Total ..	46,077	58,940	58,860	70,731

The trend of exports so far in the current year, too, is disappointing. In particular, India's exports to the U.S., by far its largest market, have tended to lag behind. Apart from the U.S., exports to Communist countries have also declined. In the April-June quarter (1961), India's exports of lac were only 45,000 packages, as compared with 97,000 packages in the corresponding period in 1960. Thus, the hope that the Lac Exporters Association (which was set up in 1958), through its various measures of export control, would be able to arrest the rot that has set in in the lac trade, has been belied. But this does not seem to be entirely the fault of the Association. All sections of the trade have probably not co-operated fully with the Association. Such an inference is possible from the widespread speculation and undercutting which prevail, despite the Association's control measures, including the imposition of a minimum export price. As Mr. H. P. Lohia, Vice-President of the Association, pointed out in the course of his speech at its annual meeting at Calcutta on Monday this week, there were also allegations of widespread evasion of export prices "without the Association being able to do anything about it." He added that the unhelpful export policy of the Government of India further undermined the effectiveness of the Association.

Another disquieting feature is the marked decline in the internal prices of lac of late, owing mainly to the improved supply position. T.N. Shellac is now quoted at only Rs. 162 (per 100 kgs.) in Calcutta, as against Rs. 200 early in the year. This raises the important question of stabilisation of internal prices. Owing to reasons not quite clear to us, the Association's scheme for buffer stock has been shelved. Mr. Lohia has rightly called for Government's assistance to implement the buffer stock programme, as it could eliminate wide fluctuations in prices and, thereby, revive the confidence of overseas buyers in India's lac trade.

Progress Of I.F.C.

It is heartening to note that the Industrial Finance Corporation of India has made a substantial increase in its business during the twelve months ended 30th June 1961, surpassing the levels reached in earlier years in respect of loans, guarantees for deferred payments and underwriting. This was disclosed by Mr. K. R. K. Menon, who retired from the chairmanship of the Corporation on 1st July 1961, after being at the helm of its affairs for the last six years. Speaking to representatives of the Press at New Delhi on 29th June, Mr. Menon stated that loans disbursed during the year ended 30th June 1961 amounted to Rs. 21.21 crores, as against Rs. 17.92 crores in the preceding year. The guarantees for deferred payments showed a rise of Rs. 6.05 crores to Rs. 13.92 crores and underwriting was of the order of Rs. 2.33 crores, as against just Rs. 25 lakhs in the previous year. Reflecting the higher tempo of industrialisation, the Corporation received as many as 76 loan applications, exactly twice as many as in 1959-60. Of

(*Continued on page 104*)

THE DEMISE OF A DOYEN

MR. Purshotamdas Thakurdas, who passed away on Tuesday the 4th inst., a little over eighty-two years after he was born on 30th May 1879, was, indeed, an illustrious personality, a doyen of businessmen, with a long, distinguished career throughout. Multifarious were his activities in the fields of industry, commerce, banking and insurance and remarkable were his achievements in other fields too—in the Provincial (old Bombay) and Central legislatures, on the various Royal Commissions, committees of enquiry, and second and third Round Table Conferences, as a director of the Reserve Bank of India and Chairman of the Oriental Government Life Assurance Company, Ltd. for quite a number of years. He served as director or chairman on the boards of institutions engaged in a variety of undertakings which included banks, insurance companies, and transport, cement, iron and steel and hydro-electric undertakings. It is said that he was actively associated with as many as 70 companies in the 1940s. Even during the later days of his life, he continued to attend the board meetings of several companies with which he was associated, unmindful of the limitations imposed by age on his capacity for sustained hard work.

Mr. Purshotamdas Thakurdas started his career in 1901 as an apprentice in the well-known cotton trading firm of Messrs. Narandas Rajaram and Company, of which he ultimately became its boss. The contribution he made to cotton trade until he resigned the 34-year chairmanship of the East India Cotton Association in 1956 was something unique. It was he who was mainly instrumental in the establishment of this Association in 1922 and earning for it the reputation of being the best-organised commodity futures market in the East. The severing of his connection with the E.I.C.A. was said to have been prompted by what he considered as undue interference by Government. He was not opposed to Government control of forward markets; only, he did not like the arbitrary manner in which the Government interfered with the functioning of a hedge market which set at naught the sanctity of contracts. He also rendered valuable service as the head of the Cotton Contracts Board during the First World War. Vice-President of the Central Cotton Committee and member of the Indore Plant Research Institute's Governing Body. He was one of the founder-members of the Indian Merchants' Chamber, Bombay, and the Federation of Indian Chambers of Commerce and Industry. He was also a Trustee of the Bombay Port Trust for over 30 years and Sheriff of Bombay as early as in 1920. He served on a number of commissions and committees—Atlay Committee which enquired into the working of the Bombay Stock Exchange, Inchcape Committee on Government expenditure (1922-23), Acworth Committee on railway finances (1920), Royal Commission on Indian Currency and Finance (1926), Central Baking Enquiry Committee (1931) and the Rural Banking Enquiry Committee, to mention only a few. He brought to bear on the reports of these bodies a high sense of devotion to duty, prodigious industry, and independence of views. The role he played in the currency ratio battle three decades ago is still fresh in one's memory and forms a brilliant chapter in India's monetary history. He strongly advocated the fixation of the rupee-sterling exchange rate at 1s. 4d., instead of at 1s. 6d. Mr. Purshotamdas Thakurdas might not have succeeded in convincing the Government of that day, but the currency battle "highlighted," as has been pertinently remarked, "his many gifts of character and intellect, bringing into bold relief his courage and fearlessness, the untiring industry and perseverance with which he pursued an objective, his keen analytical mind, his habit of probing deep into a problem, and the dogged tenacity which enabled him to persist against overwhelming odds." The selfless services he rendered during the two great famines (of 1911 and 1919), his contribution to the spread of education, and his other public services and philanthropy will all be gratefully remembered.

The career of Mr. Purshotamdas Thakurdas has thus many facets and "offers," to quote a contemporary writer, "an illuminating example of versatility." The measure of the man was aptly described by the late Raja Maharaj Singh, ex-Governor of Bombay, while unveiling the bust of Mr. Purshotamdas at the Bombay Office of the Oriental Life Assurance Company in 1949. He said: "May we have at least a portion of the energy, interest, intellect and integrity of Sir Purshotamdas!" It is needless to add that the country badly needs a large number of leaders with all these fundamental qualities. Speaking on the same occasion, the late Sir Joseph Kay, Chairman and Managing Director of *Commerce*, had this to say: "The administration of such a large company as the Oriental, with its vast resources and thousands of policyholders, who have in all good faith placed their trust in the management, calls for great strength of character. I consider that the Oriental is exceptionally fortunate in having Sir Purshotamdas to guide the affairs of the Company for so many years."

The tributes paid to Mr. Purshotamdas Thakurdas were well deserved. He led a simple life and helped the country in his own way to attain both political and economic independence. To give just one instance. During the second World War, when Gandhiji and other leaders took to direct action and went to jail, Mr. Purshotamdas Thakurdas, as a director of the Reserve Bank, fought behind the scenes the attempts made by some Britishers to dissipate the sterling balances, which were then fast accruing to India, in a number of ways. The esteem with which he was held by the business community of this country is reflected in the suspension of business by a large number of markets, trade associations and industrial concerns on Wednesday this week.

SHARE MARKET FIRM

TEXTILES AND STEELS WELL FAVOURED

(From Our Own Correspondents)

BOMBAY, *6th July*

IN refreshing contrast to the declining trend noted last week, equities on the Bombay Stock Exchange registered sizable gains, thanks to renewed bull support and professional bear covering. The volume of business put through was quite substantial. The higher gross dividend of Rs. 14.50 proposed by T.E.L.Co. for the year ended 31st March 1961 as against Rs. 12.50 distributed in the previous year bolstered up the sentiments of operators. Anticipations of a higher dividend of Tata Steel also helped the recovery further. Textiles were firm. Persistent support for Centurys *induced* a better feeling which caused other textile shares to move up in sympathy. The miscellaneous section put on a cheerful appearance under the leadership of National Rayons and Voltas. Bank shares, too, edged forward. The only exception was provided by sugar and shipping shares which failed to elicit fresh enquiries from investors.

In the steel section, Tata Ordinaries opened at Rs. 161 on Monday the 3rd inst. (the market remained closed on Friday and Saturday), and induced by renewed buying support on expectations of higher dividend, spurted to Rs. 167 today. At this level, some profit-taking set in and the closing rate was lower at Rs. 166. The net rise over the week was Rs. 6. Indian Irons moved from Rs. 27.70 to Rs. 28.35, or a gain of 85 nP. Mukand Irons, however, were subjected to selling pressure and fell by Rs. 2.25 to Rs. 29.75.

Among textiles, Centurys advanced from Rs. 682 to touch a high of Rs. 706 today, before finishing at Rs. 701, the net gain over the week being as much as Rs. 26. Vishnus were also highly *fancied* and jumped up from Rs. 130 to Rs. 160. Standards, which had slumped by Rs. 25 last week, recovered Rs. 18 to Rs. 1,448. Bradburys hardened by Rs. 11.25 to Rs. 150 and Morarjees by Rs. 11 to Rs. 446. Mafatlals improved by Rs. 7.50 to Rs. 912.50, Phœnix by Rs. 7 to Rs. 155 and Shree Niwas by Rs. 6 to Rs. 271. Central Indias, Kohinoors and Dawns rose by Rs. 5 each to Rs. 129, Rs. 318 and Rs. 145, respectively. Gokaks moved up from Rs. 186.50 to Rs. 192. Simplex strengthened by Rs. 4 to Rs. 215. Khataus received good speculative support and gathered Rs. 3.75 to Rs. 588.75. Tatas and Svadeshis gained Rs. 2.50 each, the former to Rs. 70.50 and the latter to Rs. 279.50. Bombay Dyeings opened at Rs. 68.60 and rose gradually to Rs. 69.40 today before closing at Rs. 69.20, showing a gain of 90 nP over the week.

Sugar shares encountered selling. Hindustan Sugars were the weakest feature and were hammered down by Rs. 20 to Rs. 320. Belapurs opened at Rs. 268 and declined gradually to Rs. 262 on Wednesday. Today some buying support was in evidence and the scrip recovered to Rs. 264.50. During the week, however, the scrip suffered a setback of Rs. 3.50. Phaltans lost Rs. 2.50 to Rs. 130 and Maharashtras Rs. 3 to Rs. 180. Walchandnagars shed 25 nP to Rs. 170.75. Kesars were quiet at Rs. 207.50.

Among banks, Bank of Indias advanced by Rs. 2.50 to Rs. 127.50. Following the news of higher dividend, Dena Banks put on Rs. 2 to Rs. 60. Central Banks *improved by Re. 1.30* to Rs. 59.50. Punjab Nationals gained 28 nP to Rs. 22.64. United Commercials 20 nP to Rs. 91.20 and Union Banks 8 nP to Rs. 6.60.

In the cement section, the revival of bullish interest in Associated Cements noted last week was well sustained during the week under review. The scrip opened at Rs. 166.75 on Monday the 3rd inst., as against the closing rate of Rs. 166, and advanced steadily to touch Rs. 167 today, a net gain of one rupee over the week. Digvijays were done at Rs. 154 *ex-div.* Making allowance for the *ex-div.* quotation, the shares show a fractional gain of 30 nP. Orissas and Jaipur Udyogs were firm at Rs. 14.40 and Rs. 11, respectively. Dalmia Cements, however, dropped 72 nP to Rs. 11.40. Sone Valleys were subdued at Rs. 4.60.

Among shippings, Scindias received some support and advanced from Rs. 14.44 to Rs. 14.60. Bharat Lines were steady at Rs. 5.04. But Great Easterns lost 8 nP to Rs. 14.52. In the automobile group, Premiers gained Re. 1.75 to Rs. 171.25. Hindustan Motors picked up 92 nP to Rs. 23.08.

Rayon shares were well favoured. National Rayons which had gone down from Rs. 562 on Monday to Rs. 553 yesterday, moved up swiftly today to touch a high of Rs. 571.50. Over the week, the net gain was Rs. 10.50. Other rayon shares improved in sympathy. South Indian Viscose spurted by Rs. 9 to Rs. 195 and Barodas by Rs. 3 to Rs. 140. Gwalios gained Rs. 2.50 to Rs. 55. Indian Rayons rose by Re. 1.50 to Rs. 63.50. Rayons put on a rupee to Rs. 127 and New Centrals 92 nP to Rs. 20.12.

The chemical section displayed a mixed trend. Polychems were pushed down by Rs. 37.50 to Rs. 210, on account of heavy bull liquidation. Colour-Chems lost Rs. 2.50 to Rs. 367.50. Alembics eased by Re. 1.25 to Rs. 258.75. Dhrangadhras shed a rupee to Rs 131.50. Tata Chemicals lost 4 nP to Rs. 19.92. But some chemical shares received good support. Indian Dyestuffs, for instance, advanced by Rs. 11.25 to Rs. 533.75. Adarshs gained a rupee or Rs. 103. Citrics increased from 50 nP to Rs. 52.

The feature of trading in the engineering section was the handsome rise in T.E.L.Cos. from Rs. 389 on Monday the 3rd inst. to Rs. 383.50 today. At this level, there was some profit-taking and the value declined to Rs. 381. Over the week the gain was Rs. 12. Coopers were marked up by Rs. 7 to Rs. 179. Alcocks showed a gain of Rs. 3.04, today's closing rate being Rs. 290 *ex-div.* Larsen and Toubros put on 75 nP to Rs. 42. Greaves Cottons were steady at Rs. 179, Tractors at Rs. 40.50, Mahindras at Rs. 19.24 and Zeniths at Rs. 5.68. Kirloskars fell by Rs. 11.50 to Rs. 42.50. New Standards lost a rupee to Rs. 193.

In the miscellaneous section, Bombay Burmahs attracted good support and rallied from Rs. 619 to Rs. 625. They, however, finished lower at Rs. 623.50 today, showing a gain of Rs. 7.50 over the week. Voltas spurted by Rs. 11 to Rs. 297. Wimcos advanced by Rs. 5.50 to Rs. 265.50. Shivrajpurs were keenly bid Rs. 5 higher at Rs. 77.50. Ceat Tyres rose by a like amount to Rs. 217.50. Isaac Holdens gained Re. 1.12 to Rs. 18.24. Bombay Oxygens advanced by 50 nP to Rs. 60. Phillips Carbons gathered 28 nP to Rs. 20.52. Hindustan Levers improved by 25 nP to Rs. 47.75. Tata Oils put on 50 nP to Rs. 75.50.

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Madras Stock Exchange

MADRAS, *5th July*

Equities on the Madras Stock Exchange ruled easy during the week under review, thanks mainly to fears of possible restrictions on credit supply, following the Reserve Bank's move to strengthen the position of banks through several measures. Sugars were depressed, in view of the continuing uncertainty regarding exports of surplus stocks. Teas lacked fresh support, as it was reported that exports of tea from Cochin (particularly to the U.K.) during the months of May and April were lower at 5.6 million kgs., as against 6.3 million kgs. in the corresponding period last year. *Coffees and rubbers moved* down in sympathy. Textiles were subdued with the exception of a few shares which elicited special support on dividend considerations, prospects of improvement in power supply and settlement of bonus dispute in Coimbatore mills. In the miscellaneous section, there was some selling in cements and engineerings, whereas chemicals presented a firm front.

Among sugars, East India Distilleries encountered selling and declined by 87 nP to Rs. 42.50. Indias receded by 15 nP to Rs. 13.75. Deccans which had risen initially from Rs. 13.85 to Rs. 13.95, moved down subsequently to Rs. 13.80. Cauverys were dull at Rs. 129.50, as also Mysores at Rs. 57.75 and Travancores at Rs. 10.20. United Breweries, however, picked up 50 nP to Rs. 104.

In the tea group, Highlands suffered a loss of 25 nP, today's closing rate being Rs. 14.20. Kil Kotagiris eased by 19 nP to Rs. 4.67. Neelamalais dropped 15 nP to Rs. 3.95. Waterfalls were lower by 12 nP at Rs. 3. Chembras shed 3 nP to Rs. 4. Peermades were neglected at Rs. 22.48 and Nonsuchs at Rs. 28.20. Udayagiris were dull at Rs. 21.25. The dividend of the Company for 1960 is only 1 per cent (instead of 10 per cent as announced previously). Devasholas changed hands at Rs. 30.75 and Haileyburias at Rs. 14.85.

Coffees drifted lower. Cowcoodys lost 14 nP to Rs. 4.71. Consolidated Coffees fell from Rs. 21.90 to Rs. 21.75, before closing at Rs. 21.80, with a net loss of 10 nP. Anaparais too shed a like amount to Rs. 4. Ouchterlony Valleys, which were well maintained earlier in the week, came in for selling later and finished lower at Rs. 3.72. Rajendras were quiet at Rs. 12.12, Mysores at Rs. 5.45 and Balanoors at Rs. 16.30.

In the rubber group, Midlands moved down by 8 nP to Rs. 11.75. T.R. and Ts dropped 5 nP to Rs. 9.80. Malankaras were subdued at Rs. 18.75 and Vaikundams at Rs. 31.25. Kailas, however, hardened by 15 nP to Rs. 5.35, following the announcement of the final dividend of 15 per cent, making a total of 25 per cent, taxable, for the year ended February 1961, which compares favourably with 22.50 per cent, distributed in the previous year.

Textiles failed to attract support. Janardanas receded by Rs. 2.75 to Rs. 72.50. Maduras lost Re. 1.05 to Rs. 38.10. *Radhakrishnas* were lower by 35 nP at Rs. 33.15. Travancore Rayons declined from Rs. 40.10 to Rs. 39.75, but improved to Rs. 39.90 towards the close. Loyals dropped a like amount to Rs. 42.50. Metturs were neglected at Rs. 400. Cannanores at Rs. 167.50. Coimbatore Pioneers at Rs. 348.80 and Vasantas at Rs. 250. Pankajas were dull at Rs. 65. The Company has passed over the dividend for the year 1960. But Rajapalayans spurted by Rs. 9 to Rs. 150, following good dividend news. The Directors of the Company have declared a dividend of 16 per cent, taxable, for the year ended March 1961, which compares well with 9 per cent, taxable, distributed in the previous year. Premiers advanced by Rs. 6 to Rs. 285, reflecting satisfaction of operators over the increase in the dividend to 24 per cent, taxable, for the year ended March 1961, as against 18 per cent, taxable, for 1959. Lakshmis put on Rs. 2 to Rs. 171. The Company has maintained the dividend for the year ended March 1961 at the previous year's level of 20 per cent taxable.

Among miscellaneous industrials, cement shares were listless. Dalmias shed 25 nP to Rs. 12.10 and Orissas 10 nP to Rs. 14.40. Indias retreated from Rs. 6.69 to Rs. 6.65 before winding up the week at Rs. 6.68. Andhras were quiet at Rs. 9.95. Chemicals, however, were well maintained, Travancores rising by 35 nP to Rs. 18.10, Metturs by 7 nP to Rs. 14.62, and Mysore Fertilisers by 5 nP to Rs. 11.55. Mysore Chemicals were steady at Rs. 24. Among others, Western *India Plywoods* fell by Rs. 2 to Rs. 229. Aluminium Industries eased by 20 nP to Rs. 23.35, and Ashok Leylands by 9 nP to Rs. 9.28. Tube Investments and Indian Steel Rollings were dull at Rs. 265 and Rs. 10.76, respectively. United India Fires were *unchanged* at Rs. 6.75, notwithstanding the announcement of a dividend of 12 per cent, taxable, for 1960, as compared with 10½ per cent for 1959. But Textools put on a rupee to Rs. 182.50 on support extended by certain quarters.

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Calcutta Stock Exchange

CALCUTTA, *5th July*

Although there was a notable decline in the volume of business following apprehensions that the Government of India was contemplating to take more measures to put down speculative trading, equities maintained a firm trend, as the lower levels were considered to be attractive. Weaker advices from Bombay were attributed to the proposed abolition of free margin limit and introduction of minimum brokerage. Operators felt that the opening of a Stock Exchange Division of the Union Finance Ministry here sprang from the official desire to introduce measures similar to those enforced in Bombay. There was, however, no selling pressure. In fact, many a good scrip, particularly in the miscellaneous section, was difficult to be located. Several units have benefited from expansion and diversification and, although cost of production has tended to be higher, the products have found ready markets, thanks to import restrictions. The seriousness of the foreign exchange situation was, of course, noted with alarm, and it was feared that, if essential imports were to be cut further, production would be hampered. The fact that the L.I.C. had put large parcels of blue chips in its "safety vault" added to the shortage of scrips. Further, some industries such as cement, paper and coal were expected to benefit from price rises to be granted by the Government. New steel prices would also be announced in the near future. The shares of coal companies to be benefited by the World Bank loan of $60 million were difficult to locate, while jutes continued to be neglected following the possibility of one more week's closure in August, in addition to the one week each in June and July allowed by the Government. Selected counters in engineerings attracted greater attention and cotton textiles remained fully firm. Good corporate news toned up sentiment in teas.

Cash and Gilt-edged Investments of some Banks

(In lakhs of rupees)

Name of Bank	As on 31st December 1960				
	1 Total Deposits	2 Cash in hand and balances with Reserve Bank	3 Ratio of 2 : 1 Per cent.	4 Investments in Government Securities*	5 Ratio of 4 : 1 Per cent.
State Bank of India	576,32,32†	65,19.89	11.1	275,09.22	47.7
Central Bank	199,52.09	21,05.02	10.5	33,26.55	16.6
Punjab National	139,48.47	12,15.24	8.7	36,00.75	25.8
Bank of India	109,43.92	9,69.78	8.8	16,70.21	15.2
United Commercial	88,03.87	6,25.63	7.0	21,72.51	24.4
Bank of Baroda	84,98.24	6,33.58	7.4	18,46.39	21.7
Allahabad Bank	51,95.00	4,12.68	7.9	12,53.09	24.1
United Bank	51,73.68	5,03.36	9.7	13,41.06	25.9
Indian Bank	39,48.06	3,78.95	9.6	10,74.82	27.2
Devkaran Nanjee	35,80.59	4,20.85	11.7	9,91.68	27.6
Canara Bank	30,81.98	3,42.56	11.1	9,96.35	32.3
Indian Overseas Bank	29,29.13	1,84.86	6.3	6,12.24	20.9
Union Bank of India	28,50.19	4,10.50	14.4	7,13.26	25.0
Canara Industrial	18,86.89	1,50.26	7.9	6,10.30	32.3
Bank of Maharashtra	15,13.56	1,69.76	11.2	6,07.81	40.1

* Only unencumbered portion of Government securities is taken into account.
† Includes P. L. 480 deposits.

NEWS IN BRIEF

THE Bharat Industrial Bank Ltd., Poona, has been amalgamated with the Bank of Maharashtra with effect from the 1st inst.

The Government of Bihar proposes to introduce cattle insurance as part of its third Plan for agriculture. The Centre has to go ahead with the project by giving its blessings.

It is reported that a joint-stock company with an authorised capital of Rs. 20 crores has been registered at Bangalore to take over the State-owned Iron and Steel Works. The new company is named "The Mysore Iron and Steel Ltd."

Production of finished steel is likely to reach 3.5 million tons by 1962 and about 800,000 tons of finished steel are proposed to be imported to meet the internal demand, according to Mr. A. N. Banerji, Iron and Steel Controller.

As a measure of export promotion, the Government of India has decided to allow drawback of customs and central excise duty on the export of *books printed on imported paper* and of hacksaw blades, fireworks and alumina ferric.

The Government of India has extended the Cement Control Order 1958, for a further period of three years with effect from the 1st inst. pending a comprehensive review of the industry by the Tariff Commission.

A *nine-member Co-operative Industries Commission* with Prof. D. R. Gadgil, as Chairman, has been appointed by the Maharashtra State Co-operative Bank Ltd. to investigate the potentialities of development of industries on a co-operative basis in the Maharashtra State.

The U.K. imported from India goods worth £66 million during the first five months of 1961, as compared with £61 million in the corresponding period of 1960, according to the figures released by the British Board of Trade. Its exports to India, however, declined from £66 million to £64 million.

Under an agreement signed between the Government of Indonesia and the State Trading Corporation of India, the S.T.C. will export cotton yarn worth one crore of rupees. Indonesia will pay for this yarn in the form of American cotton to the extent of 65 per cent of the total value and in sterling for the remaining 35 per cent.

The Wankaner Bank Ltd. has been taken over by the Devkaran Nanjee Banking Company, Ltd., with effect from 17th June 1961, under the scheme of amalgamation sanctioned by the Central Government. All the depositors have received full credit for their deposits from the Dena Bank.

A Dutch fertiliser expert has been invited by the Union Government to help the official committee (Chairman: Mr. Zaheer Hussain) which is now investigating the causes of the steep decline in production at the Sindri fertiliser factory in order to suggest corrective measures designed to ensure full production.

A committee of 19 industrialists and officials headed by Prof. M. S. Thacker, Secretary to the Union Minister of Scientific Research and Cultural Affairs, has been appointed to recommend measures for encouraging the development or research in industries. The Committee is expected to submit its report within six months.

India's exports aggregated Rs. 56.73 crores in May 1961, representing an increase of Rs. 3 crores and Rs. 9 crores, as compared with the previous month and the corresponding month of 1960, respectively. Imports at Rs. 85.57 crores were lower by Rs. 13 crores as compared with May 1960, and only fractionally less than those in April.

The Union Government has provided a sum of Rs. 28.5 crores for the development of fisheries during the third Plan. Of this sum, Rs. 7 crores have been earmarked for Central schemes. The fisheries contribute Rs. 60 crores to national income and provide employment to over a million persons. The target of fish production in the third Plan is put at 1.8 million tons. The production of fish in this country has gone up from 500,000 tons in 1950 to 1.2 million tons in 1960.

The Government of India is understood to have decided to introduce a scheme of production incentive awards to public industrial enterprises. The objective of the scheme is to enthuse these enterprises to aim at surpassing production targets. Prizes will be awarded every year by the Union President. Under the scheme, certificates of merit will be awarded to five best industrial undertakings for any outstanding performance. In doing so, factors like the cordiality of the employee-employer relationship and any noteworthy contribution of research or discovery of new industrial processes and new designs of machinery will be taken into consideration.

A Family Planning Day will be observed on 18th December 1961 by medical and health centres and family planning clinics spread over the various parts of the country. Sponsored by the Central Ministry of Health, the observance of the day is meant to focus public attention on the importance of family planning. The organisation of symposia on family planning and the launching and intensification of welfare programmes will be highlighted. Family planning centres will be declared as "open house" to enable the public to visit the institutions, such as training centres and contraceptive testing units. Besides general meetings for the public, branches of the Indian Medical Association and the Family Planning Association will also arrange meetings and symposia for selected groups.

A new licence has been issued by the Central Government covering imports of five additional items from Pakistan. The items are: hides and skins, raw or salted; *kapok*; fish, salted, wet; fish, not otherwise specified; and live tortoise. Under the licence the Central Government has given general permission to all persons to import from Pakistan any of these goods which are produced or processed in Pakistan. All goods should be shipped or despatched on through consignment to India on or before 30th September 1961. There will be no grace period whatsoever. Also, nothing in this licence shall affect any prohibition or regulation affecting the import of any of the goods specified and in force at the time when such goods are imported. Payments for imports of *kapok* and live tortoise will be made in non-convertible Indian rupees as provided for in the protocol to the trade agreement between the Governments of India and Pakistan signed on 21st March 1960.

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From Abroad

The Bank rate in Rhodesia and Nyasaland has been raised from 5 to 5½ per cent with effect from 30th June 1961.

Greece will join the European Common Market (the Six) early next week. It is expected to sign the agreement on 9th July 1961.

The International Labour Conference has adopted a recommendation calling for a 40-hour week without any reduction in wages.

The Government of Ceylon is preparing a draft legislation which envisages the setting up of a State Trading Corporation to handle exports of Ceylon produce, especially to Communist countries.

The total number of foreign workers in West Germany during 1960 is 400,000, as compared with 163,000 in 1959. In the first half of this year, about 85,100 foreign workers have been hired.

The World Bank has approved a $15-million loan to the Pakistan Industrial Credit and Investment Corporation for meeting the foreign exchange requirements of projects financed by the Corporation.

Britain imported about 24 million tons of crude oil valued at £167 million, from Kuwait during the 12-month period ended 31st May 1961, which represents 39 per cent of the total volume of British oil imports.

Britain has asked the Hong Kong textile industry to accept an eleven-month extension of the three-year voluntary limitation of exports with certain modifications. The agreement is to expire on 31st January 1962.

About 12 to 13 per cent of the total joint-stock companies in West Germany are owned by foreigners, according to the West German statistical office. The largest ownership is recorded in the motor vehicles, crude oil and electrical equipment industries.

The Sudan Government will receive DM 75 million from West Germany for the construction of the Roseires dam. An agreement to this effect was signed recently. A part of the financial aid for the project is to be met by the World Bank and the International Development Association.

The Governments of Ceylon and Soviet Russia have signed a contract under which the Soviet Union will provide a loan of Rs. 142 million, repayable in 12 annual instalments at 2½ per cent interest, for the supply of equipment for the first stage of the proposed iron and steel mill to be put up in the island.

The new £20-million Schwechat refinery of the O and V., the Austria State Oil concern, has commenced operation. The refinery has an annual capacity of 1.6 million tons. With the completion of the main installations, the Austrian oil industry will be able to produce for the first time 230,000 tons of *premium grade gasolene* yearly.

Under an agreement approved by the Council of Ministers, Greece will form a customs union with the Six which will be transformed into an economic union after a transitional period ranging from 12 to 22 years. The agreement provides for the payment by the Common Market of a grant of $125 million as economic aid to Greece over a five-year period.

Passenger fares between Europe and the Far East on member shipping lines of the Far Eastern Passenger Conference are proposed to be raised by 5 to 7½ per cent with effect from 1st September next. The increase will also be made applicable to all terminal ports between Europe and Singapore and *Hongkong* and Japan.

An agreement has been entered into between the Governments of the Soviet Union and Cuba, under which a nickel and cobalt plant will be built in Cuba. The Soviet Union will lend $100 million and Cuba has undertaken to repay the loan in the form of metal shipments over a five-year period.

The construction work of the brewery of Guinness Nigeria Ltd. has begun in the Ikeja industrial area of Western Nigeria. The brewery is estimated to cost about £1.8 million and will go into production on 1st October 1962. All the raw materials for the brewery will be imported in the initial stage.

The meeting of experts on the problems of common rivers in the eastern sub-continent is scheduled to commence at Dacca on the 11th inst. The Indian delegation will be headed by Mr. K. Framji, Chief Engineer and Joint Secretary, Government of India. At the meeting, the Pakistani delegation is expected to seek India's assistance for taming the Gumti River in Tipperah district.

The Government of Pakistan announced a revised import policy on 28th June. Under the policy, out of the 230 industries 173 will be given licences for raw materials on the basis of their own estimates of requirements. Of the remaining 58 industries, 19 will be licensed on an automatic basis of 100 per cent assessed requirements. The total allocation of export bonus is estimated at Rs. 12 crores.

The Transport Ministers of the six Common Market countries discussed the feasibility of formulating a common transport policy and the projected network of oil pipelines within "Little Europe." A draft report on transport will be submitted to the Ministerial Council meeting scheduled for October, and another on the pipeline project in December.

The members of the European Free Trade Association have extended to Finland the 30 per cent tariff reductions they grant each other. Finland will reduce by 30 per cent its tariffs on the bulk of its imports from the E.F.T.A. countries, and by 20 per cent its tariffs on certain specified commodities. The agreement creating an association between the E.F.T.A. members and Finland came into force on 26th June 1961.

A kraft paper mill equipped with a 100-metre-long Fourdrinier machine with an annual capacity of no less than 65,000 tons has just been put into operation by the large timber processing company *Wifstavarf*, near Sundsvall, North Sweden. Previously producing sulphate and sulphite pulp, hardboard and timber—based largely on raw material from own vast forest areas—the company with this mill has added another production line to its activities. The machine, built by the Finnish Wartsila Company, has a maximum output of 600 metres (656 yards) of paper per minute with a clean cut width of 530 cms. (208 in.), making it the largest and fastest one at present in operation in Sweden.

The modernisation of plants for the initial processing of cotton has begun in Uzbekistan, the principal centre of Soviet cotton growing. After the automation, every such plant will be operated by one man from a central desk. The complete automation of these plants will be effected by means of special radioactive isotope instruments. The Central Cotton Industry Institute in Tashkent has designed a set of such instruments. These apparatuses, using nuclear radiation, regulate the work of pneumatic transport, prevent the choking up of equipment with raw cotton and fibre, give impulses for automatically switching the machine 'on' or 'off'. By the end of the Seven-year Plan period (1965), over one thousand radioactive isotope instruments and a large amount of other automation facilities are to be installed in Uzbekistan's cotton plants.

PERSONAL

MR. K. D. Malaviya, Union Minister for Mines and Oil, arrived in Bombay on the 2nd inst. after a 14-day European tour.

Mr. C. C. Shah has been elected Chairman of the Board of Directors of the Press Trust of India for the year 1961-62.

Dr. B. C. Roy, Chief Minister of West Bengal, left Calcutta on the 1st inst. on a six-week tour of Europe and the Soviet Union.

Mr. R. H. Belcher has been appointed Deputy High Commissioner for the U.K. in India in succession to Mr. J. M. C. James.

Mr. M. V. Krishnappa, Union Deputy Minister for Agriculture, has returned to New Delhi after an eight-week tour of Australia, New Zealand, the U.S., Canada, the U.K. and Israel.

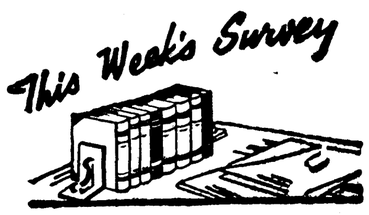
Mr. R. Fell, an Assistant Secretary in the Tariff and Import Policy Division of the U.K. Board of Trade, has been appointed U.K. Trade Commissioner at New Delhi in the place of Mr. R. R. D. McIntosh.

Dr. Shambhu Merani, International Labour Adviser to the Government of India at Geneva, has been elected Chairman of the Governing Body of the International Labour Organisation for the year 1961-62.

Mr. K. P. Matharani, Additional Secretary, Economic Affairs Department, Finance Ministry, has been appointed Chairman of the Industrial Finance Corporation *vice* Mr. K. R. K. Menon who has retired.

Mr. P. L. Tandon, Vice-Chairman, Hindustan Lever Ltd., has taken over charge as Chairman of the Company *vice* Mr. S. H. Turner who has relinquished the post for health reasons. Mr. J. B. Davies, Technical Director of the Company, succeeds Mr. Tandon as Vice-Chairman.

Mr. Tej Kumar Sethi, Governing Executive of the Binod Mills Co., Ltd., Ujjain, has left for Russia on the 6th inst. as the alternate leader of a Textile Productivity Team, sponsored by the National Productivity Council to study the textile industry in Russia and Czechoslovakia.



PAKISTAN'S GENERAL AND RAILWAY BUDGETS

PAKISTAN'S General Budget for the fiscal year July 1961-June 1962 was announced by Mr. Mohammed Shoaib, Finance Minister, at Rawalpindi on 30th June. With its revenue surplus estimated at Rs. 22.5 crores (revenue being Rs. 214.4 crores and expenditure Rs. 191.9 crores) and with defence expenditure remaining at the same level as in the previous year, namely Rs 98.6 crores, the Budget could very well do without any fresh taxation. If the Finance Minister found the financial state of affairs so comfortable that he could announce a series of reductions in personal and corporate tax burdens, it was happily due to the fact that the multiple tax changes—enhanced levies on luxury and non-essential articles and a few other taxation measures—proposed in the Budget for 1960-61 had yielded much more revenue than the anticipated Rs. 9.9 crores and contributed, in the main, to the surplus of about Rs. 23 crores in the revised estimate for the year—a surplus representing an increase of Rs. 14.7 crores over the original Budget estimate. If the buoyancy in revenue in the last fiscal year is partly attributed to the tax concessions then given, it would not be wide of the mark, for the buoyancy in business activity resulting from tax reliefs and concessions should have produced more absolute revenue in spite of tax reductions. Again, if such tax concessions as the reduction in the tax payable by companies from 55 per cent to 50 per cent, the levy of corporate tax at a uniform rate of 16 per cent as against the previous varying rates of 15 to 20 per cent, the cut of 5 to 10 per cent in the tax payable by industrial and commercial concerns started after the partition, the relief provided to small investors through the exemption of their first Rs. 1,000 of dividend income from taxation and the stepping up of investment allowance from Rs. 8,000 to Rs. 12,000 for the purpose of calculating the tax-free income of middle-class investors—if all these have been justified by results in the form of greater economic activity and savings for investment, the further concessions announced in the Budget for 1961-62 may be logically expected to bring about still more progress in the same direction.

The latest concessions which would involve a loss of Rs. 1.2 crore in revenue during the year 1961-62 are, thus, of immediate interest. In the first place, concessions in personal taxation include the lowering of the highest marginal rate of income-tax from 80 per cent to 75 per cent and the granting of an increase of 10 per cent in the 20 per cent investment allowance now deductible from the total income prior to the calculation of the tax payable. In regard to the increase in the investment allowance, the stipulation is that the additional amount would have to be directly invested in insurance policy only. Secondly, to encourage speedier industrialisation, the tax holiday now afforded to new companies will be graded to four, six and eight years applicable to the three zones into which the country is to be divided, depending on the present level of development. And the minimum share capital limit of Rs. 2 lakhs hitherto enforced to make a company entitled to the tax holiday applicable to new companies has also been lowered to Rs. 50,000. Another concession to the corporate sector is that companies would be permitted to invest their special reserves in their own expansion. It is rightly expected that these and other concessions will have the effect of attracting more capital investment, both foreign and domestic, for the country's industrial development. That new foreign capital investments in 1960 in Pakistan were as much as Rs. 30 crores (as compared with about Rs. 45 crores in India in the same year) may be recalled in this connection.

The public sector in Pakistan has been receiving, and will continue to receive, substantial capital aid from external sources. Such aid in the budget year will account for Rs. 74 crores out of the total capital receipts of about Rs. 240 crores. Another bright feature of Pakistan's external finances is that the foreign exchange reserves have increased to Rs. 125 crores, as of March 1961, from Rs. 73 crores in September 1958, despite liberalisation of imports.

Pakistan's first separate Budget for railways is also characterised by the same buoyancy in the matter of revenue receipts as in the case of its General Budget. With the total revenue receipts for 1961-62 estimated at Rs. 70.6 crores (as compared with Rs. 67.3 crores in the revised estimate for 1960-61), there will be a 5 per cent improvement over the previous year even though there is to be no increase in fares or freight charges. But this improvement in revenue will not, however, be reflected in the railway profits, for such profits in 1961-62 will only be Rs. 9.5 crores after providing for interest charges and appropriating Rs. 12.2 crores to the Depreciation Reserve Fund, as compared with the profit of Rs. 12.3 crores in 1960-61. And so the contribution of railways to the general revenues of the Pakistan Government will only be Rs. 7.2 crores in the Budget year. On the capital side, the expenditure proposed in the Railway Budget is Rs. 34.6 crores, of which as much as Rs. 30.8 crores will be on account of rolling stock and other stock. It looks as though Pakistan's railways, which have a heavy backlog in the matter of replacement of old rolling stock and rehabilitation of track and other assets, are in need of a more ambitious plan than its Rs. 140-crore second Five-year Plan. But, at the same time, a more ambitious plan may be beyond Pakistan's borrowing capacity, for the foreign exchange component of the present Plan itself amounts to Rs. 90 crores, representing nearly two-thirds of the entire outlay. In the Budget year alone, the foreign exchange component of the capital programme accounts for Rs. 21.5 crores, for which sufficient external resources are yet to be assured. India's third Railway Plan, it may be noted here by way of comparison, will involve a far less foreign exchange component, representing 12.5 per cent of its aggregate outlay on development and replacement, in view of the fact that indigenous manufacture of rolling stock, stores and equipment has reached the level of self-sufficiency in several lines in this country. Pakistan, on the other hand, will have to depend heavily on foreign suppliers for its requirements of railway rolling stock and equipment at least for the next five years.

INDIA AND NIGERIA

The three-day visit to New Delhi of the Nigerian Economic Mission, headed by the Federal Finance Minister, Mr. F. S. Okotie-Eboh, has opened out new, and more purposeful, vistas of economic and commercial co-operation between the two countries. Nigeria, which attained independence last year, is currently drafting a five-year development Plan (1962-67). India, being one of the senior partners in the Commonwealth, has, of course, certain obligations towards the newly independent countries which are late-comers in the field of development, notwithstanding its own limitations in the matter of capital and technical know-how. It is probably this consideration which has induced New Delhi to decide in favour of providing facilities for training Nigerian technical personnel, apart from making available the services of experts, particularly in the field of oil industry. Although Nigeria struck oil only three years ago, it is already exporting about 500,000 tons of crude annually. It has now ambitious schemes on hand for the further development of its oil industry, and, in this context, India's gesture, modest though it is, is bound to be appreciated by Nigerians. Meanwhile, Nigeria is likely to invite a team of Indian experts to assess the technical manpower needs. India has already sent a railway team for the reorganisation of railway system in that country. Similar expert teams in the field of irrigation and agriculture are also likely to be sent.

India's technical assistance to Nigeria may also lay the foundations for a healthy growth of mutual trade between the two countries. In fact, they have now agreed to expand such trade. India is likely to buy non-ferrous metals from Nigeria and export to it manufactured goods and machinery, possibly on suitable credit terms. The stress now laid on expanding trade has come not a day too soon. Both the countries have reasons to feel dissatisfied with the recent trends in mutual trade. The total volume of trade is now quite small, being no more than Rs. 5 crores. In particular, India's imports from Nigeria have been only moderate for a long time and, consequently, the latter has had an adverse balance of trade from year to year. Although India has a trade surplus with Nigeria, its exports, too, have suffered a distinct setback, of late. Thus, India's exports in 1959 and 1960 were no more than half of what they were in 1958 and in the preceding quinquennium, as will be seen from the following table:

(Value in lakhs of rupees)

	Exports to Nigeria	Imports from Nigeria	Balance of trade
1960	4,99	51	+4,48
1959	4,14	27	+3,87
1958	8,90	34	+6,56
1957	6,90	*Nil*	+6,90
1956	7,35	17	+7,18
1955	8,43	31	+8,12
1954	8,63	1,16	+7,47
1953	8,01	29	+7,72
1952	6,48	*Nil*	+6,48

The major Nigerian exports are groundnut oil, palm oil and non-ferrous metals, particularly tin. These products are in short supply in India and, therefore, if the Government permits imports of items other than groundnut oil, it will ease the domestic supply position and thereby serve the interests of consumers in this country. This list of items for imports is by no means exhaustive, but only illustrative. The scope for expanding exports to Nigeria is also quite substantial. The total population of Nigeria is about 40 million and it is rising by about half-a-million every eighteen months. *Per capita* income is also going up. This apparently widens the market for goods and services. But there is keen competition in that market from the U.K., West Germany, Japan, China, etc. India's major export item has been textiles, comprising mainly greys. But the development of indigenous textile industry, mainly in the field of greys, among others, has brought down the level of Indian textile exports. The domestic production in Nigeria is, however, still below its total demand. Here again, it may be noted that several countries, including some of the Communist countries, are offering greys, drills and bleached cloth at a relatively cheaper price. Still, India has good scope in that market, if only our textile industry is willing to cater to its special needs.

As has been pointed out by the Indian Cotton Textile Delegation (leader Mr. Chinoobhai C. Javeri), which recently visited West Africa, the position can be retrieved to some extent by diversifying India's textile exports to cover prints, fancy varieties and quality cloths. African and wax prints have a good market in West Africa, but these varieties are not being manufactured in India. Indian textile interests would, therefore, do well to consider the question of manufacturing these types of cotton cloth. Apart from textiles, a wide range of light engineering goods, capital equipment, diesel engines, etc., are bound to sell well in the expanding market of Nigeria, provided they are competitive in price, quality and delivery. Now, the only worthwhile agency representing Indian trade interests in Nigeria is an overseas office of the Cotton Textile Export Promotion Council in Lagos. In view of the good scope for expanding trade between the two countries, the Government of India should consider the possibility of entering into a bilateral agreement with Nigeria and establish a full-fledged trade centre in Lagos.

COLOMBO PLAN REPORT

Last Saturday (1st July) was a red-letter day in the history of the Colombo Plan, as it marked the completion of ten years of planned co-operative economic development in South and South-East Asia. Appropriately enough, the day was called "Colombo Plan Day" which was celebrated in all the 21 member-countries. Inhabiting these countries are as many as 700 million people who together account for more than one-fourth of the world's population, whereas the land area is just one-sixteenth of the world's total area. The region is one of the most densely populated, the average number of persons per square kilometre of arable land being 375, as against the average world density of 198.

The sponsors of the Colombo Plan have certainly reason to feel gratified at the progress actually achieved in the past decade, though it must be emphasised that the progress would have been more spectacular but for political strifes and turmoils. Large-scale capital investments have been made in many fields, new industries established, large numbers of people trained, and modern techniques have been adopted to improve agricultural processes and to revitalise handicrafts. Irrigation projects have brought water to parched fields, additional power has been generated to facilitate industrialisation and illiteracy is being reduced and health conditions improved. More important is the growing awareness of the urgent need for rapid economic development and for conscious effort to that end.

While all this is encouraging, the task that yet lies ahead is, indeed, a colossal one. The magnitude of the problems involved is impressively highlighted in the ninth annual report of the Colombo Plan Consultative Committee. Income levels and *per capita* income, according to the report, remain low. The trade of many countries in the area has lagged behind the growth of world trade and some of them have experienced a continuing pressure on their balance of payments. Inefficient techniques, inadequate numbers of trained people in administration, management and production, and shortage of food still remain. Similarly, such problems as the need for stimulating investment capital, to increase exports and to mobilise domestic resources are as real today as they were ten years ago.

The aforesaid task calls for the most effective means of international co-operation. The primary responsibility for development rests, of course, on the peoples and Governments of the area. This aspect is well brought out in the Colombo Plan report under reference. The report says: "Wise and efficient use of available resources, including individual energies and initiatives, willingness to change outmoded traditions while preserving human dignity, and willingness to save and invest are some of the fundamental determinants of the course of progress." The report has done well to warn that there are no short cuts to success in the task of raising the rate of economic growth and of stimulating the various sectors of economies, so that growth may continue; there are tasks which call for financial stability, as well as fiscal and monetary discipline to maximise savings and mobilise resources for development.

The review of the recent developments in the South and South-East Asian region, as contained in the report, shows that a number of countries have no doubt taken financial measures in order that further sound development may proceed and that the dissipation of scarce resources of savings and foreign exchange may be avoided. Nevertheless, it is pointed out, the dangers of inflation, the uncertainties of weather, shortages of technical skills and capital, and balance of payments fluctuations, all indicate the continuing need for a flexible and realistic approach to the planning and implementation of development policies and programmes. The report, while it records the evidence of increasing concern in the free world capital exporting countries about the importance of stimulating the flow of capital for development, urges both the aid giving and the aid receiving countries to understand each other's problems. It is in this context that the report has drawn pointed attention to the need for the underdeveloped countries to make every effort to attract outside capital not only from public but also from private sources. "Progress made in expanding credit and investment facilities from public and private sources," to quote it, "is an indication of increased confidence in the economic future of countries of the area." The report also stresses the vital fact that the answer to the difficult and complex question of wide fluctuations in foreign exchange earnings arising from sharp movements in the prices of primary products lies partly in the sound economic diversification of the production of developing countries. At the same time, the report rightly emphasises that the problem is not only one of production and the search for export outlets but is also related to the issue of eliminating artificial impediments to the freest possible flow of world trade.

INDIA—U.K.—C.M.

The time has come for the Government of India to assess precisely the effects on India's foreign trade of the possible British entry into the Common Market of the Six and to plan appropriate steps for safeguarding this country's interests. The Government, it must be borne in mind, has no power of veto over a British decision, though it can express the hope that Commonwealth preferences, which have served the interests of all trading partners in the group for about three decades, will not be thrown overboard peremptorily. The Commonwealth countries have a genuine fear that, in the event of the U.K. joining the Common Market, not only will they lose all the privileges which they enjoy in the British market but also that it would lead to "reverse" preferences, favouring European as against Commonwealth goods.

The consequences of such a development would be quite unsavoury, particularly to developing countries like India. The U.K. Government has given plenty of evidence of its awareness of the anxieties of the Commonwealth countries and of its desire to safeguard their interests. It has deputed three of its Ministers to visit them and ascertain their wishes. Mr. Duncan Sandys, Commonwealth Relations Secretary, is contacting Canada, Australia and New Zealand. Mr. John Hare, Minister for Labour, is leading the mission to Africa, and Mr. Peter Thorneycroft, Aviation Minister and a former Chancellor of the Exchequer, is tackling the Asian partners of the Commonwealth. He is due to arrive in India next week for a discussion with the representatives of the Government of India.

In the meantime, the Federation of Chambers of Commerce and Industry has conveyed its apprehension to the Government regarding the impact of the possible British entry on India's trade. A 12-man delegation of the Federation which met officials of the Government of India this week, made it clear that India's exports of manufactured and semi-manufactured items to the U.K. and other countries would go down, in case the U.K. joined the Common Market. The Federation seems to hold the view that, apart from losing exports, India will be compelled to compete with the U.K. itself on the Continent, particularly in textiles and jute. Mr. G. L. Bansal, Secretary-General of the Federation, in a talk with the newsmen after the aforesaid meeting, pointed out that the average rate of import duty in the Common Market was as high as 23 per cent, which compared unfavourably with liberal trade terms offered by the U.K. To give an instance. While there is no import duty on tea in the U.K., it is as high as 35 per cent in the Common Market.

The other points made by the Federation will be clear from the following extract from the Press *communique* issued by it on Monday:

"It is well known that the treatment by the countries of the Common Market to imports from India has not been such as to generate confidence in Indian trading circles in regard to the possibilities of greater absorption of Indian manufactures and other items of exports by the Common Market countries. Besides high rates of tariffs, they have continued to maintain quota restrictions on imports of goods from India despite protests at the various G.A.T.T. meetings. There is reason to fear that, should the U.K. join the Common Market, India's exports of manufactured and semi-manufactured items to the U.K. and other Common Market countries would go down. What India's export trade desires is not so much a preferential treatment, but a fair opportunity to compete on equal terms in world markets. This will be denied to her in many cases, such as cotton textiles, jute manufactures and even some of the engineering items which will now bear import duties even in the U.K. market, while the trade between the countries of the Common Market will be gradually duty-free. India is now emerging as an exporter of manufactured and semi-manufactured products, and it is being hoped that, with the growth of industrial development within the country, India's export trade would broaden itself out, in order to meet the growing adverse trade balance with the Central European countries. The U.K.'s participation in the Common Market would give a setback to this prospect, with the result that India would not be able to buy as much as she is doing and wants to for her developmental programmes. . . It will not also be in the interests of expansion of world trade, inasmuch as the Commonwealth represents a trading system which is much more liberal than the arrangements at present being worked out by the Common Market countries."

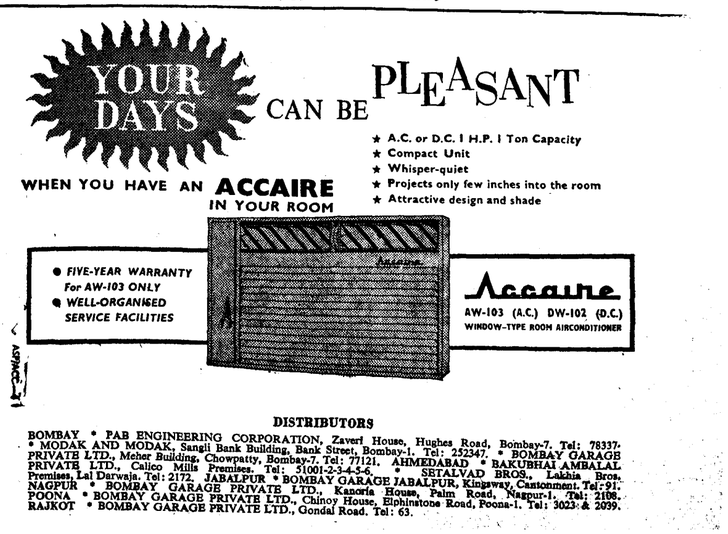
A glaring defect in the current discussion on the problem is that much of it is vague and general. The Federation should have made a special study of the specific Indian goods that would be affected, more or less on the lines of its report on the impact of the Common Market on Asian exports, submitted to the Commission on Asian and Far Eastern Affairs of the International Chamber of Commerce last year. A useful reference book, in this connection, is the one brought out in London by the Economist Intelligence Unit, entitled *The Commonwealth and Europe*. While the book is a commendable research work, it it also not sufficiently comprehensive in respect of the trade of individual Commonwealth countries. Still some of its observations on India are worth recalling:

"Among the more important of India's exports to the Six, hides and skins, manganese ore, raw wool, coir yarn and raw cotton will enter duty-free and there are many items in the enormous range of minor Indian exports of raw materials—iron ore, mica, shellac, hemp and a miscellany of vegetable and animal products—which will also continue to do so. Sales of jute and cotton textiles to the Six are very small and are unlikely to be much affected by the change in tariff levels though they could be wiped out by unfavourable quota treatment. Foodstuffs are inevitably more vulnerable. Coffee sales are safeguarded against French African competition by the excellent quality of the Indian product, but some Indian common tea, though not the higher grade leaf, might be displaced by tea from the Belgian Congo. If, on the other hand, the E.E.C. could be persuaded to reduce internal taxation on tea, the market might grow sufficiently to permit a substantial increase in Indian sales. India's small tobacco exports to the Six are again protected from French African competition by their superior quality, while French Africa does not compete on any significant scale in such items as pepper, cashew nuts, castor and linseed oil. On the whole, then, the effect of the E.E.C. on India's trade is likely to be slight.

"The effect of a merger of the U.K. tariff with that of the Six would also be negligible so far as raw material exports to Britain are concerned. The loss of Commonwealth Preference on tea and tobacco would be no great matter since it is shared with India's chief competitors, but a duty fixed at the E.E.C. level on tea imported into Britain would damage India's trade by raising the price of tea and so depressing consumption. It seems unlikely, however, that Britain would in practice be asked to take such a step, the two markets could be kept separate in this instance.

"Manufactures present a more difficult problem. Few Indian goods other than jute textiles are sufficiently competitive to maintain their footing in the U.K. market, if they had to sell across a tariff on equal terms with the Chinese and the Japanese and meet duty-free competition from the Continent. If trade were not to be damaged fairly severely by a merger between Britain and the Six, India would have to have a duty-free quota for grey cloth sold to the U.K. and liberal quota treatment on the Continent for jute manufactures to offset the loss of trade with Britain in other goods. The U.K. participation in a wider European association on these terms would probably mean that any Indian losses would be neutralised; but the structure of India's exports is such that it is unlikely to secure much positive gain from more rapid economic expansion in Europe. Nor has it much to give in return for European concessions; Commonwealth Preference on Indian imports is strictly limited."

While India should, along with other Commonwealth countries, seek to secure safeguards for exports in Western Europe, trade and industry will do well to be prepared to face any eventuality. In the ultimate analysis, the competitive capacity of India's exports will depend upon the productive efficiency of its agriculture and industry.



ON THE ARENA

By The Archer

Fasts Should Be Banned

I HAVE just finished reading *The Guide*, a novel by R. K. Narayan, published in 1958, which won for him the writers' award a few months ago. I am not attempting to review it, for, it has won great merit at better hands, but I must say that I found it eminently readable and very enjoyable. The story is true to life, the characters are real and the theme entirely topical. Raju, the son of a petty shopkeeper, becomes a tourist guide through having established his business on the railway station platform; he translates himself into an impressario through infatuation for a dancing girl; he slips into crime and goes to jail; when he is released from prison, he occupies a vacant temple having nowhere else to go, and slowly acquires a reputation as a holy man; later, he reluctantly undertakes a fast to propitiate the rain gods and eventually becomes a saint. It is this last portion of the hero's story that has turned my thoughts to the subject of fasting as a means of forcing someone to do something which, otherwise, he will not do. The points that I wish to make are concerned with exerting pressure through fasting—pressure on individuals or groups or the community or established authority—and not fasting for expiation or invocation of divine grace or as penance. To this extent I am not drawing a parallel from the fast described in *The Guide*, which was undertaken in prayerful supplication.

Broadly speaking, we got acquainted with the technique of fasting through Gandhiji who used it in his heroic efforts for our political and social emancipation. The high ethical standards that he established in conducting his fasts brought about spectacular success for his endeavours. We have noted the measure of his success but have discarded the standards set by him. We have accepted the weapon but not the manner of, or justification for, wielding it. The result has been that the technique of fasting, which, in its original concept, was like a sharp knife or a pointed rapier, has gradually been mis-shaped into a bludgeon, and is being wielded by lesser mortals who can claim neither the sagacity nor the saintliness of that great man.

Without meaning to refer to or drawing conclusions from the course of any of the fasts which were undertaken in recent years, I would draw attention to some factors of great importance in connection with publicly announced fasts. A fast is anti-social if it is undertaken for redressal of a private grievance or for the betterment of sectional interests, especially when the larger interests of the entire country or community are likely to be impaired in the process. The disturbance to peace and harmony inside the community, which all public fasts invariably bring about, is a factor of great importance to be observed. Employing a fast for the purpose of settling a difference is like filling old wine into new bottles. It is unsuited to the workings of a democratic society in which agreement is normally reached through discussion, argument and persuasion. On the other hand, a fast, which involves mortification of the flesh, employs pressure instead of persuasion, and generates emotion and passion instead of discussion. The position at the end of a fast is like that at the end of a war. It invariably results in one side being vanquished, discomfited and therefore sullen. More often than not, it results in a measure of capitulation by the party against whom the fast was undertaken. In the meantime, the pressure that is exercised on various groups or sectors when the fast is on leaves sore spots everywhere, and a variety of emotional upsets, which start chain reactions of unpredictable nature.

Many fasts are started in haste and repented at leisure. The person who starts a fast rarely envisages what imponderable situations may arise during its duration; and, when, indeed, they do, his physical and mental faculties are usually at such a low ebb that he is not able to remedy them. The fasting hero is invariably in the hands of a circle of sympathisers (a caucus) surrounding him. The stakes being high, he becomes a leaf in the storm which he has himself raised. He would be unable to end the fast, even if he were so inclined, because of the emotional tension in which he gets involved. He is very much like a silkworm inside a cocoon.

Wide publicity is essential for the success of any fast, for it is not what the fasting person goes through that creates public interest, but the bally-hoo raised by the people supporting him. Hence, the whole atmosphere is enveloped in a blaze of publicity in which the Press plays its part with gusto. Large numbers of people get involved, many parts of the country get charged with an emotional bias in favour of the martyr, and the rights or wrongs of his self-imposed test of endurance are never seen in their proper perspective.

There is no doubt that a ban on fasts is very necessary, if national integration is to proceed at an even pace. Fasts destroy the basis of democratic life and might eventually lead to dictatorship. Most of them, so far, have been undertaken for political purposes, and there is not much hope of the political groups in the country arriving at a common agreement to eschew fasting in the future. One very effective way would be for all the newspapers in the country to arrive at an irrevocable and common understanding to the effect that no fast will be announced, commented on or publicised in any newspaper, and all news relating to fasts will be blacked out. Fasts serve no purpose if they are not publicised. If the proprietors and editors of newspapers are genuinely interested in the country's political and economic progress and integration, and in the spread of a democratic way of life, they should have no objection to impose on themselves a uniform code of conduct in this regard.

* * *

All In The Day's Work

A despatch from London published in an Indian newspaper might have found its way as an advertisement for the B.O.A.C., but it reveals a very heart-warming performance and can bear reproduction here. An order for a rare drug produced by a British chemical firm was rushed to London from a Bombay hospital for emergency execution. When the order was received in London late in the evening, the regular staff of the firm had left the premises. The order was taken by a night watchman who contacted the concerned officials of the company at their homes and apprised them of the emergency. The drug was picked and rushed to London Airport, and caught a B.O.A.C. Comet airliner whose take-off was delayed for its receipt by five minutes. It is stated that the B.O.A.C. has made special arrangements for giving priority to "life-or-death" orders if the relative drugs are delivered for despatch within ten minutes of take-off time. The drug eventually reached Bombay within 24 hours of its despatch, and probably saved a human life. The co-ordination of effort at various levels both in the drug manufacturing firm and in the B.O.A.C. organisation deserves the highest praise, and is evidence of the high sense of social purpose achieved by the organisations in their day-to-day work.

In this context, I cannot resist the impulse to record, by way of contrast, two very distressing instances which point out the complete absence of any solicitude for the sick and needy in two of our metropolitan hospitals, one in Bombay and the other in Madras. I am sure others will be able to recall several instances of this type, as, indeed, they often do in newspapers in recent months. The first instance occurred about five years ago on a Sunday morning when a young woman, the daughter of a class I Government officer, was taken to a hospital in Bombay with high fever, suspected to be due to a virus infection. The medical officer in attendance found it necessary to administer penicillin, but was unable to lay his hands on a phial of the drug from the hospital stock for some obscure administrative difficulty. The father ran from pillar to post in the city for some hours before procuring the drug which was eventually injected late in the afternoon. The patient did not recover. The second instance is of recent occurrence in Madras. On a Friday afternoon, an old lady yawned, opening her mouth much too widely, and got her jaw dislocated. She was taken to hospital immediately for the simple job of restoring the jaw to its position. The medical officer on duty gave her a sedative to swallow, warned her not to move her jaw nor eat solid food (both of which she couldn't anyway) and asked her to get back on Monday morning for attention. The jaw was set right (with just a whack) on Monday afternoon, and, during the intervening seventy hours, the patient presented a pathetic sight with a half open mouth, saliva dripping from the corners, and tears trickling from her eyes.

Temporis ars medicina fere est. The art of medicine is a question of timeliness.

In any society, the steps taken to alleviate suffering, and especially physical suffering, with the utmost expedition possible, is the only sure index of the degree of civilisation which permeates it. When individuals or groups of persons fail to react with kindness and solicitude to persons in distress, they are obviously less than human. Judged by these standards, we in India are still, by and large, very primitive, because our public institutions are wooden, cold, callous and unresponsive. The high-faluting exhibitionism which generates support for charitable institutions aiming at mass amelioration is not reflected in the individual's sensitivity to relieve suffering, when he comes face to face with it. Yet, it is the development of individual character which strengthens group performance in institutions.

A wag tells me that things will get better at the end of the Third Five-Year Plan. I wonder!

* * *

All Set! Thumbs Up!

Pre-election pep talk is bound to contain many bits of permissible exaggeration, but, even, so, what the Madras Minister for Industries said a few days ago about Madras State having arrived at the "take-off stage" beats the band. It may be that Madras has reason to be pleased about the progress it has made in regard to a number of engineering industries in the city, some heavy projects in the districts in the offing, and the encouraging reports received from Neiveli, but these, in themselves, do not seem to warrant the sanguine assurance of being ready to "take off." What with its recurrent shortage of electric power and annual power cuts, its transport difficulties, its dependence on the weather for the success of agricultural operations and its large number of educated unemployed continuously migrating elsewhere for sustenance, Madras cannot yet boast of a self-generating economy which would warrant a take off. It is only the unemployed that "take off," and they do in large numbers.

I am reminded of a war-time story which seems to provide a suitable comment, perhaps cynical, on this brave assertion. A young pilot officer of the R.A.F., who was doing fairly well on his bombing exploits, wrote to his old father in England describing his success (or as much of it as he was permitted to) and ended by saying; "This is a feather in my cap; so, dear dad, will you please send me five pounds." The father was happy and sent him the money. A week later, came a second letter on the same lines with another request for five pounds. The father again sent the money. A third letter and yet a fourth and more letters with requests for more money arrived in regular succession and made the father sit up and do something. So, he wrote back to the son: "My dear boy, I am delighted with your exploits and have been sending you all the money you wanted. It is difficult to send any more, but I don't want to be ungracious. I see that you have collected quite a few feathers in your cap. Why don't you pluck them out, stick them on your backside and fly home?"

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A new enterprise for the manufacture of auto-electrical equipment is being launched in Maharashtra State. The Company will be known as Globe Auto Electricals Ltd., sponsored by Mr. Ratilal Zatakia, Chairman of the Globe Industries Private Ltd. The capital outlay on the project is estimated at Rs. 30 lakhs. It is proposed to manufacture windshield wipers with motors, ignition coils, voltage regulators, ignition distributors, breakers for horns, condensers, breakers for regulators and distributors, and similar auto electrical equipment. The necessary industrial licence has been received from the Government of India. At present, almost all these items are imported from abroad. Plans have been formulated for the further rapid expansion of the enterprise immediately after it goes into production. The factory will be situated in Greater Bombay and the necessary land and power have been assured by the Maharashtra Government.

The Company has entered into technical collaboration agreement with Magneti Marelli of Italy, who are among the select internationally renowned manufacturers of auto electrical requipment for motor cars, scooters, aeroplanes, etc. The Marelli electrical equipment is incorporated as original equipment in the Fiat cars produced in the country.

The Company has approached the Industrial Credit and Investment Corporation of India Ltd. for a loan of Rs. 8 lakhs to meet the foreign exchange cost of machinery and plant and the company's application is under active consideration. The issued capital of the Company will be Rs. 17 lakhs, divided into 17,000 equity shares of Rs. 100 each, of which the offering to the public will be Rs. 10 lakhs. The entire public issue has been underwritten by Messrs. R. R. Nabar & Co., managing brokers to the issue.

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DISQUIETING DROP IN STERLING RESERVES

EXPORT PROMOTION CALLS FOR BOLD INNOVATION

From Our Special Correspondent

NEW DELHI, *4th July*

DELHI LETTER

THE further drop in India's sterling reserves towards the end of the first half of this year (to about Rs. 115 crores) shows that in spite massive aid offers, the immediate foreign exchange position is perilous. Exports have not fared as well as they should have. Though some portions of foreign aid especially that of U.K. and West Germany, have been left untied to facilitate maintenance imports (and Ambassador Galbraith has also mentioned that $200 million of U.S. aid will be similarly offered), the interval between now and their availability will create some anxious moments. An irreducible minimum of currency reserves will have to be kept and the margin left in the foreign exchange reserves for current transactions is becoming thinner every day.

This will doubtless further emphasize the importance of improving the export effort. A psychological change in the attitude to exports is already apparent in the higher target for exports adopted by the Planning Commission (of Rs. 3,750 crores). An official working party has been inquiring into the practical aspects of such export promotion and its conclusions, if any, may not be known for some time. Unfortunately, the Ministry of Commerce and Industry has lacked a Minister with the vigour and drive needed to try out new ideas, to overrule departmental and other scruples based on narrow-minded calculations of advantages and to make the State Trading Corporation a real, though a residual, instrument of export promotion. Mr. Lal Bahadur Shastri sincerely tried to do his best while he controlled this portfolio but his other preoccupations and a habit of slow decisions were hardly suited to the requirements of this task. His successor may have even less aptitude for the work ahead; particularly in the field of housing, in which the obstacles to achievement were fewer and easier to surmount, he had very little to claim eventually when he handed over charge. There is now the additional uncertainty caused by the next General Election so that there is little incentive to show results.

First Thing To Be Done

Export promotion is a task involving many political decisions, whether the issue is one of cutting down industrial costs or domestic consumption, offering subsidies or other incentives and concessions to exporters, or any of the numerous other measures that have been recently considered as worthy of trial. Something is being done at the departmental levels but there are severe limitations to the capacity of even senior officials for innovation and decision. Almost the first thing to be done for export promotion is, therefore, to make it the responsibility of a separate and sufficiently imaginative Minister familiar with industry and trade; it hardly matters whether or not he is of Cabinet rank but he should be kept at the post long enough to earn his laurels.

Serious Neglect

The nation's most important task at the moment—of laying the foundations of an export policy which may bear results at the end of the third Plan and during the fourth—is therefore suffering serious neglect. The Planning Commission has only made a preliminary study of the trends in India's trade during the last decade and though it has expressed the pious wish that exports should be stepped up to an annual rate of about Rs. 750 crores, it has not offered any practical suggestions. The figures in Table II show that there has not been any improvement in the earnings on agricultural exports and cotton and jute manufactures.

The year 1950-51, however, hardly provides a proper basis for comparison since the Korean war boom pushed up these prices to unusual levels; but the decline since 1955-56 is disconcerting enough. On the other hand, exports of manufactures, old and new, and of minerals have increased and it is now generally accepted that in future expansion should be expected and positively stimulated in this sector by a judicious combination of special measures.

A major hurdle to more exports of these products is the strong pull of the internal market. So long as high prices can be obtained locally in a market protected by import restrictions, no manufacturer will be inclined to sell abroad at a loss or take the painful and often politically inexpedient measures to cut costs. Sugar exports have at last become feasible only because of certain favourable international circumstances and the bold and imaginative efforts of the Minister concerned, but such alertness will have to be shown on a very wide front, commodity-wise and country-wise.

The Government has realised the necessity for exports of the order of Rs. 1,400 crores by 1971 or the beginning of the fifth Plan to finance current imports of equal value and to service India's external obligations estimated at an annual average of Rs. 200 crores. If the basic features of Sir Donald MacDougall's proposals—for achieving a rate of increase in exports of about 8 per cent per year—are accepted, a substantial percentage of the additional output must be set apart for purposes of export and should actually be exported.

One Favourable Factor

One of the favourable factors is the improved prospects for foreign aid to underdeveloped countries; though a good part of it will be tied to purchases in the country providing the aid, many of the recipients will be improving their own foreign exchange earnings and capacity to import intermediate products and consumer goods. If there is an imaginative wage policy based on trends in productivity, it should not be too difficult to take advantage of the relatively lower wage levels in India, the possibilities of reducing the unit cost of manufactures as production increases in scale and of subsidising raw materials or other cost factors to the extent necessary.

Another step, complementary to these, is to ensure that the entire advantage from lower costs is not passed on to the internal market—either to the consumer, or what is worse, the middleman. Controls on distribution are neither popular nor efficient but where cheapness to the domestic consumer is regarded as paramount, they cannot be avoided; the alternative is the adoption of system of price rationing under which either the manufacturer can adopt differential prices for exports and local sales (so as to subsidise the former from the latter) or the Government can curb consumption through sufficiently high taxes. In the former case the scope for abuse is great and there will be nothing to prevent the more selfish from choosing a course of self-enrichment through larger internal sales (except when raw material or machinery imports are linked to such exports); in the latter case that is, of taxation, the Government will have to face criticisms for adding burdens on the consumer in which the manufacturers have always made common cause.

Though business interests often take the Government to task for failures in export promotion, they have always supported pleas for giving up the idea of curbs on consumption. A bolder policy of letting exporters retain a part of their foreign exchange earnings for imports may encourage many to revise their ideas; on the other hand, a policy of subsidy, direct or indirect, may encourage uneconomic methods of production. Rebate of tax on income from additional earnings is another incentive which not only calls for some political courage on the part of any Finance Minister in persuading Parliament but also for safeguards against collusive transactions for purposes of tax evasion.

Many Untried Measures

The point is that there are many untried measures which require imaginative implementation, and informed observers abroad are inclined to take the view that, though difficulties exist, the Government of India has done little to overcome them. Some new dangers to the lowering of the cost structure and hence of export promotion, may arise if, as a result of the stress laid on avoiding concentration of economic power, large-scale production is prevented by a wrong licensing policy. Also, the adoption of labour-intensive methods, either to save capital costs or to provide employment, should be avoided in those sectors in which exports are regarded as possible at some future date.

Those who take a defeatist attitude to this subject tend to ignore some of the factors favouring India which can be turned to advantage. In some of the newly developing countries in Africa and Asia, Indian technology may be better suited to their present requirements than that of the more advanced countries; there are still unexplored opportunities in the Communist countries. A major error committed so far is that of assuming that a solution should be sought merely through import-saving, by the establishment of industries to produce the goods received from abroad; it is now established that this is not enough.

TABLE I—*Pattern of Exports*—1951-60

(Rs. crores)

	1950-51	1955-56	1958-59	1959-60
1. Agricultural commodities and related manufactures..	496.5	489.3	453.5	473.6
Cotton and jute manufactures	250.5	181.7	153.4	180.5
2. Other manufactures ..	58.4	61.0	53.3	105.0
New manufactured products.	8.9	8.6	12.5	25.0
3. Minerals	23.4	34.4	46.2	53.0
Total ..	578.3	584.7	553.0	631.6

TABLE II—*Direction of India's Foreign Trade*

(Percentage share)

	Exports			Imports		
	1952	1956	1960	1952	1956	1960
1. E.C.A.F.E. countries..	25.7	16.3	17.0	13.0	12.4	13.1
Japan	4.1	4.9	5.5	2.4	5.2	5.4
2. West Asia	5.7	5.8	6.5	7.7	10.8	7.5
3. Africa	3.6	3.9	2.5	3.8	4.0	4.4
4. Western Europe ..	29.6	29.8	38.5	30.1	50.1	40.4
U.K.	20.5	20.8	27.5	18.5	25.0	20.0
E. E. C.	7.5	8.3	8.0	8.8	20.0	18.2
5. Eastern Europe and China	1.3	3.5	8.0	2.2	4.2	3.7
6. North America ..	21.1	17.0	18.7	37.3	12.4	25.2
U.S.A.	19.0	14.7	16.0	33.6	11.3	23.7
7. Latin America ..	1.4	1.0	2.6	..	0.1	0.1
8. Oceania	4.3	4.4	3.1	2.0	1.7	2.8
9. Others	7.3	8.3	3.2	3.3	4.3	3.3
Total ..	100.0	100.0	100.0	100.0	100.0	100.0

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AMERICAN LETTER

INFLATION POSSIBILITY WORRIES BUSINESSMEN

HEAVY DEFICIT FINANCING FEARED

(From Our Special Correspondent)

NEW YORK, *1st July*

AMID rising economic indices in nearly all sectors of the United States economy, the shadow of domestic and international politics is casting from the Atlantic to the Pacific coast. There is preoccupation in business and financial circles over several issues. They include the Russian-generated crisis over West Berlin, Laos, the gloomy reports about the state of Latin American affairs submitted by Ambassador Stevenson after his fact-finding tour of the area, proposals to reorganise various phases of the Government in Washington and agencies and, finally, the enormous spending programmes which have been placed before Congress by President Kennedy.

To take the latter point first, the House of Representatives has approved without a dissenting voice a defence bill of nearly $43,000 million. This figure was short by about $6 million of what the White House had asked. Then, there was an increase in the Federal debt ceiling which will come in handy for the fiscal year from 1st July 1961 to 30th June 1962.

Other major Government expenditures involve an accelerated highway construction programme and low and middle income housing projects which will pump additional thousands of million dollars into the American economy.

The possible inflationary implications of the domestic programme, coupled with what looks like official vacillation over the burning issues abroad, has created a good deal of uncertainty. This, in turn, has led to caution and postponement of business decision pending further developments and clarification of Government policy.

Shipping Strike

On top of these relatively long-range issues, the U.S. is beset by the devastating effects of a shipping strike which has tied up more than 250 American-flag vessels along this country's seaports. At this writing, a Presidential fact-finding board is engaged at laying the groundwork for a possible 80-days' court injunction which would provide a return to work of seamen, thereby providing a cooling-off period during which negotiations could be resumed.

One of the issues of the strike is the demand by U.S. trade unions to organise crews of American-owned foreign flag vessels. Most of these, particularly tankers and other freighters, are registered under the flags of Liberia, Honduras or Panama which exempts them from the proviso of American-flag ships to recruit union labour at U.S. scales.

These scales are so far out of line with foreign wage scales that the American merchant marine cannot exist without subsidies. All American owners of foreign-flag vessels have an agreement with Washington to make available their tonnage to the Government in the event of a national emergency. If the unions succeed in this issue, many of these foreign-flag vessels would be sold to foreign shipowners who, of course, have no obligation to place their tonnage at the disposal of the U.S. Government.

The Seafarer Log, a trade union publication, said the other day that Soviet merchant seamen get the equivalent of $55 a month. For Red Poland, the figure is $8.10, while the U.S. wage scale now calls for $286.72 a month. The unions, by their demands, may be talking themselves out of more jobs as they have done already. In a wider sense, it would be a contributing factor in pricing U.S. services and goods still further out of world markets. In my opinion, only a real emergency can bring about a reversal of this trend.

The New Frontier

Another factor which has had a depressing psychological effect in business thinking is the spend and spend philosophy of the advisers to the new Administration and their conception of Mr. Kennedy's New Frontier.

A typical example is provided by the on and off the record remarks recently made by Mr. Douglas Dillon, President Eisenhower's Under Secretary of State, who now graces the Kennedy Cabinet as Secretary of the Treasury. He expresses no concern over the deficits in the Federal Budget for the fiscal year just ended nor for that of the next accounting period. He called the combined deficits for the two years of about $7,000 million, as estimated by him, "inevitable and appropriate."

The use of appropriate is symptomatic of the New Frontier. Mr. Dillon who, up to now, was looked upon as the sound money man of the Kennedy Administration, admits that he looks upon this kind of deficits as not particularly inflationary in the "classic" sense. If inflation comes, it will be the fault of management and labour in not holding the line on wages and prices and not the fault of Washington.

Roosevelt's Tactics To Be Repeated?

In effect, this lays the groundwork for any possible future attacks on business and industry as profiteers and being too big for the country's good. This is the old record played by Franklin Delano Roosevelt. It has no basis in fact, but has proven to be an effective vote-getting device. In this respect, Mr. Kennedy is not overlooking a trick.

He has created, for example, more than 100 new Federal judgeships. It gives him more patronage and places him in a position to bestow favours upon future followers in areas where support is needed most.

In all official prognostication, strong emphasis is being placed on boom conditions next year. Mr. Dillon now figures on a gross national product at an annual rate of $570,000 million by the end of 1962. Conversely, he expects higher revenue for the Treasury out of higher industrial profits.

He never said what is to be when higher profits do not materialise to the extent of his expectations. He is thinking in terms of $90,000 million for next year in Treasury revenues, against the present $81,000 million. Another angle which gives business food for caution and thought is that Mr. Dillon was an influential member of the Eisenhower team which predicted a boom in 1961 but which did not materialise.

United Nations News

The replacement of Mr. Andrew Cordier by Mr. Chakravarthi V. Narasimhan as executive assistant to U.N. Secretary General Dag Hammarskjoeld was well received. As was his predecessor, the representative from India, will be the Secretary's *Chef de Cabinet*. His duties include the exacting and essential job of running the U.N.'s operational machinery in New York and elsewhere.

The move represents an acknowledgement of the shifting balance of power as well as expansion of U.N membership, notably in Asia and Africa. Appointment of Mr. Narasimhan was followed by further shake-ups in the U.N. staff to bring the organisation more in line with the realities of the world situation and of the political and economic changes which have taken place in the last few years. In the parlance of politics, all new appointments may be regarded as a "balanced ticket." Replacing a man from the U.S. with a man from India is a long way from what the Kremlin wants, but it is held to be a realistic step in the right direction.—*All Rights Reserved.*

Of interest to fire fighting services is the latest Leyland Firemaster appliance which has been delivered to the City of Glasgow Fire Service. Powered by a 6-cylinder Leyland horizontal diesel engine developing 150 b.h.p. at 2,200 r.p.m. the Firemaster is equipped with semi-automatic transmission with 2-pedal control. Finger-tip operation of gears is provided to give ease of handling in traffic with maximum performance. A specially designed power take-off is mounted forward of the engine for the front mounted pump. Braking is by compressed air through diaphragms adjacent to each wheel.

THE JITTERS OF EXPANSION

(*From Our Own Correspondent*)

LONDON, *30th June*

LONDON LETTER

THE City is suffering from a pincer movement of which one arm is the fall in equity prices of well over 10 per cent in the past month, and the other arm is the threat by the Chancellor of the Exchequer to make life more difficult for credit seekers and would-be expansionists because of his fears of a new epidemic of inflation.

The Government's alarm has been enhanced by the production of the first quarter's balance of payments figures which show an overall deficit on the current balance of trade of £56 million. Those who look on the bright side of things point out that this is only half the deficit of the fourth quarter of 1960. But it is perhaps slightly more realistic to make the comparison with the same period a year ago when the deficit was £37 million. The deterioration is almost equally divided between the balance of visible trade and the invisible items.

Imports in the first quarter totalled £1,045 million, as against £1,012 million a year ago; exports totalled £987 million, as against £966 million. Thus, both sides of the account have grown, but imports rather faster than exports to the tune of some £12 million.

Turning to the invisible income of the country, this shows little change at £87 million for this first quarter against £84 million a year ago. On the other hand, Government expenditure which is the principal adverse item in our invisibles continues to rise largely because of military expenditure overseas and is £10 million more in this quarter than a year ago.

It is this last fact which has now decided the Government to be tougher with Western Germany over the cost of the forces kept on the Continent. They may, perhaps, really insist that Germany pays a much larger share.

Apart from this weak trade balance, the country lost, in the first quarter, £75 million of its gold reserves through the outflow of hot money, and suffered an increase of £60 million in her external liabilities. On the other hand, the overseas sterling holdings (principally those of non-sterling countries) were reduced by £164 million—a welcome reduction in this country's sterling liabilities.

The trade figures for April and May do not, unfortunately, give any hope that the trend of balance of payments is being reversed in this country's favour.

At the same time as we have this sorry picture on the external front, at home the industrial giant has stirred. The index of industrial production jumped in April by one point from its long-term plateau of 121 to 122. This may not seem a great increase, but, when it is realised that for the past year the index has fluctuated between 120 and 121, the movement is significant, marking the fact that there is a real resumption of growth. This is borne out by other indications such as the tightness of the labour market. The odd thing is that, up to now, the Treasury's desire, born from the external position, to put the economy on a tighter reign has been countered by the evidence of industrial stagnation. Now that production is moving upwards, the Chancellor will, with utter absence of logic, be able to go ahead to curb the economy. So, once again, we seem about to witness the miserable picture of an expanding economy being hit on the head because externally its balance of payments is weak. No doubt, the Chancellor will still struggle to find financial weapons to help him both to allow the internal economy to expand and to keep the external economy in balance. It is beyond the realms of probability that he will succeed.—*All Rights Reserved.*

To date, the U.S. has given assistance totalling $486.6 million (Rs. 231.6 crores) for the development of India's power resources. This includes both dollar and rupee loans and grants. Eight projects with a total installed capacity of about 1.2 million kilowatts are being entirely financed by the U.S; these include thermal power stations at Chandrapura, Durgapur, Baruani and Talcher, and the hydro-electric projects at Barapani and Sharavathi (stage II). Thirteen projects, producing a total of over 1.6 million kilowatts, are financed in part by the U.S.

RANDOM THOUGHTS ON BANKING PROBLEMS

RATIO OF CAPITAL FUNDS TO DEPOSITS

By "Kuber"

ONCE again, the Reserve Bank has proposed further banking legislation. In view of the recent trends, already discussed in this journal it has found the Indian banks wanting in regard to their ratios of capital and liquid funds to deposits. In fact, the arguments which it has marshalled and presented quite cogently would appear to show that the Bank should have done something about it very much earlier and that it has waited too long to make these proposals.

In fairness to the Reserve Bank, let me mention the reasons—although the Reserve Bank has not said so, in so many words—which have prompted it to make the proposals in regard to the bank's capital-reserve ratio, with which only I am concerned for the present. There is no doubt that the banks' capital-reserve ratio to deposits has been steadily coming down mainly due to the rise in their deposits, but banks themselves are not free from blame, as they have not been sufficiently vigilant about it. They had all the chances of strengthening their capital resources while the going was good, and the share market was in a responsive mood. They missed the bus during the last few years. They knew all along that something like the present proposal was bound to come up. But they preferred to drift along. That is not all. On a vital matter like this, it was upto them to have to come out with proper suggestions, as they very well know what was happening; instead, they were content to leave, as usual, everything to the Reserve Bank, including the initiative.

One also cannot deny, as will have been seen from the table given in this journal last week, that some of the banks have allowed things to go too far, as their ratio of capital to deposits has sunk as low as about 2 per cent and, what is more important, some of these banks happen to be big banks, which normally are expected to set an example to smaller banking institutions.

Inner Reserves

It has been said that, after all, why should the Reserve Bank attach so much importance as it does to the ratio of capital to deposits, especially as the bigger institutions always possess a large measure of what is called inner reserves. That may be true, though to a small extent, and that, too, in case of a very few banks. I believe I would be quite justified in saying that, by and large, inner reserves, as we understand the phrase in British banking, simply do not exist in Indian banking. The less we talk of it, therefore, the better. In the case of most of the small banks, with which presumably the Reserve Bank's proposed legislation would appear to be mainly concerned, the inner reserves exist in a kind of reverse order; they have mostly "inner losses" in the sense that they are not revealed in the balance-sheet.

I am not blaming the bigger banks very much on this score, for the reason that the sources from which the banks usually build up the inner reserves are denied to them. These sources are, first, the rising prices of Government securities, enabling the banks to show their book values which would naturally be lower and, second, the comparatively lower rates on deposits giving them a very much higher margin of profit on their loans and advances. Indian conditions are just the reverse. Government securities have a tendency of going down and that is bound to remain so in the near future. The rates of interest at which they can obtain their deposits are going up all the time and this also appears to be a permanent feature of the Indian money market, in view of the prevailing conditions. The banks are, therefore, sandwiched between these two important phenomena. It is, therefore, absurd to blame the Reserve Bank or anybody else on this score. The banks can build up the so-called inner reserves as they like. It is entirely left to them. The Reserve Bank at no stage comes into the picture. It would be unfair, therefore, to either blame the Reserve Bank or even to seek its support. If one is not to get lost in side issues, it is better to leave the problem of inner reserves out of account for the present.

Importance of Capital Structure

Likewise, it will be irrelevant to argue, as some do, that it is unnecessary to attach so much importance to capital structure as the Reserve Bank does, inasmuch as it is only when banks fail that their capital will be of any use. From this thought flows the suggestion that the Reserve Bank should see that banks do not fail. Well, that sounds very much like saying which comes first, the chicken or the egg. The banks fail because they have insufficient capital structure as the Reserve Bank will in all circumstances lend freely to banks having an adequate capital base. Looking at it, therefore, from all angles, a great deal can be said for the Bank's proposal for an increase in the capital-reserve ratio of banks. Frankly speaking, very little can be said against it, unless one prefers to confuse the issues by bringing in all sorts of irrelevant arguments.

Is Legislation Justified?

What one objects to, however, is something else and that is, first, whether a ratio of 7.5 per cent, as now proposed by the Reserve Bank, or any other ratio that may be decided upon, should be brought about by legislation; second, whether the Bank is justified in applying the same yardstick to all banks—good, bad and indifferent—and of varying sizes. If the present proposal were to be conceded it would complicate matters further, apart from some sort of heart-burning among the bigger banks, for the smaller banks may get away, because, even if they were made to increase their capital upto the required ratio, it would not help matters much, in the sense that their capital would disappear almost immediately after it is increased, in view of their tendency to make indiscriminate advances. The Reserve Bank is fully aware of this position from the various inspections that it conducts into their affairs. If that is so, would it not be highly unjust to the bigger banks, particularly to those which are well managed, to bracket them with smaller banking institutions?

Present Powers Adequate

Let me deal first with my contention that there is no need for any legislation at all. The Reserve Bank is fully aware, particularly from its inspections, as to which of the banks is the guilty party and why. The Reserve Bank has got ample powers, direct or indirect, for pulling up such banks. It may, for instance, refuse to permit such banks to open any branches at all, telling them in so many words that the required permission is being denied to them, on the score of inadequacy of their capital structure. In fact, that is what is implied by Section 23 of the Banking Companies Act, under which the Reserve Bank need not permit banks to open branches if it is not in the interests of depositors, and the interests of depositors obviously imply adequate capital structure. That is what appears to be the spirit of the aforesaid section governing branch banking. Secondly, the Reserve Bank may very well deny the rediscount facilities to a bank having inadequate capital structure and can tell the bank bluntly that the capital of the bank applying for such a facility is too meagre to deserve this facility. The Reserve Bank is not bound to extend this facility to any and every bank, regardless of its overall condition; even if it does grant such a facility, it may be limited to a nominal amount, so that the bank concerned may know well in advance what the Bank does not like about it.

Gentle Hints

I am not very much in favour of having an unwieldy banking legislation, particularly because the Bank has already got plenty of weapons at its command. The Reserve Bank has merely to sharpen them and, if I may say so, learn to make use of them. It reminds me of the story of a famous surgeon in England years ago who refused to buy the latest and new-fangled instruments which other lesser surgeons were using on the ground that the instruments that he possessed were giving him quite satisfactory results. In other words, it is up to the Reserve Bank to use its existing weapons—good and proper—before embarking on any further legislation, and asking for more and more powers which are not strictly necessary. Too many powers are liable to confuse the institution using them, as, sometimes, it may not quite know which weapon to use. Besides, such powers unnecessarily give a central banking institution a bad name. What I would, therefore, prefer is that the Reserve Bank should use the technique of what is generally called "dropping gentle hints" according to the traditions of the Old Lady. It is surprising what this invisible power can do, particularly when the central banking institution has got several sharp weapons to use against the bank which does not listen.

To come to my second point, namely, the common yardstick. My feeling is that the purpose in view would be better served if the erring banks were made to conform to the required ratio, informally. I would very much prefer a smaller ratio, say, about 5 per cent for bigger well-known banks, over a particular figure of deposits and the ratio to go up in the case of smaller banks; a sort of sliding scale. It would be in the fitness of things if the bigger banks which are well managed are treated on a different plane than the smaller banks, as the latter are more vulnerable to attacks of panicky withdrawal of deposits than the former. In passing, it may also be mentioned that, in practice, the banks will have to increase their capital very much more than the required ratio, in order to cover the future increase in their deposits and as they cannot go to the market every now and then. According to the figures embodied in the *Trend and Progress of Banking in India*, there were, as at the end of 1960, 88 banks with capital and reserves ranging from over Rs. 5 lakhs to less than Rs. 50 lakhs. Their combined capital and reserves were Rs. 11.5 crores and they held deposits aggregating Rs. 148.3 crores. The ratio of their capital to public deposits would, therefore, be about 8 per cent. On the other hand, there were 28 banks with capital and reserves of over Rs. 50 lakhs. Their combined paid-up capital and reserves were Rs. 60.3 crores, but their deposits were as large as Rs. 1,518.4 crores. In their case, ratio of "own funds" to public deposits works out to 4 per cent. In the case of these banks, a ratio of 5 per cent of "own funds" will be quite ample. It may be mentioned here that the proposed ratio of 7.5 per cent would mean that a bank like the State Bank of India would have to have capital and reserves of the order of Rs. 30-40 crores. So why hitch the wagon to a star so high that even the largest bank, and that a State-owned institution, will be unable to reach it.

Situation Not Alarming

The situation, therefore, is not either alarming or so imperative as to warrant any further legislation on this score; "the gentle hints" of the Bank, as mentioned above, would do the trick. The Reserve Bank's proposal for increasing capital of small banks to Rs. 5.00 lakhs and to Rs. 20.00 lakhs if they are operating in Bombay and Calcutta is commendable, although this sort of thing could have been done years ago, in view of the falling value of money. I am not making any mention as to which of these banks would be included in the Second Schedule, as the problem is not so simple as it looks. Nor is it possible in this article to deal with the various implications arising from setting aside to the reserves out of net profits before taxation. Nor is it possible to deal with the other very important problem of requiring the banks to call up their uncalled capital. If the shares, particularly of bigger banks, are held by well-to-do investors, the uncalled capital in my opinion should serve the same purpose as the published reserves and that might even enable the banks to issue more capital on easier and better terms. I am not very much worried about their ability to get sufficient capital; most of them can get the capital for the asking. Their capital issue can never be a flop. What I am concerned with in this article is the more fundamental problem of the need for legislation as well as the quantum of capital required to be increased. As in these vital matters, the initiative and, therefore, the responsibility has passed on to the Reserve Bank, it is up to the Reserve Bank to study the problem in all its implications. I may remind the present management of the Reserve Bank of what its predecessor a few years ago was very fond of telling the banks, and that too quite often, that sound banking is not built up through legislation but efficient and honest bankers.

WORLD BANK LENDS TO ARGENTINA

A sixteen-year loan for $48.5 million, carrying interest at 5¾ per cent, including the one per cent commission which is allocated to the Bank's special reserve, has been granted by the World Bank to Argentina for the development of roads. Amortisation will begin on 15th July 1965. The funds will help to finance improvements on about 1,600 miles of some of the country's most important highways, and will pay for equipment required for the maintenance of roads throughout Argentina. The works to be undertaken will overcome some of the most critical deficiencies in the highway system.

Five private banks are participating in the loan, without the World Bank's guarantee, for a total amount of $625,000 representing part of the first maturity which falls due on 15th July 1965. The participating banks are the National Bank of Washington (Washington, D.C.), the New York Agency of the Royal Bank of Canada, the Philadelphia National Bank, the First Pennsylvania Banking and Trust Company and Grace National Bank of New York.

STRAINS AND POSSIBLE RESTRAINTS

MOVE ABOUT CANADIAN DOLLAR MISUNDERSTOOD

By W. T. C. King
EDITOR OF THE "BANKER"

LONDON, 2nd July

THE pressures on the pound sterling and the weakness of London stock markets, to which I referred in my last letter, have been rather sharply accentuated in this past month. Early in June, a new crop of rumours gained currency in international exchange market circles about the possibility of various currency adjustments, and this put a heavier selling pressure on sterling. Part of this speculation reflected the market anticipation of the gathering of central bankers in Basle for the annual general meeting of the Bank for International Settlements, and, after this meeting, Dr. Per Jacobsson, chief executive of the International Monetary Fund, seized an opportunity to give an unusually comprehensive denial of all such rumours.

The key passage in Dr. Jacobsson's speech, which was made to the Basle Economic Society, deserves putting on record:

> In the past three months (i.e., since the revaluation of the D-Mark) the economic world has been plagued by rumours of further currency changes. These rumours seem to me entirely baseless. They are, however, very damaging to confidence . . . I happen to know that, in all the major financial centres, the monetary authorities are determined to maintain existing parities. There is no foundation whatever for the rumours that there are some new plans under international discussion for currency adjustment, whether by revaluation, devaluation, widening of margins, or in any other way."

This far-reaching and obviously authoritative denial did have the immediate effect of arresting the speculative pressure against sterling; but, unfortunately, there followed a few days later a rather disheartening pointer to the trend of Britain's external trade, which caused some revival of the pressure.

About the middle of June, the sterling-dollar rate dipped to a new low point since 1957, touching 2.7813/16, and the premium on the forward dollar widened further to well beyond the "parity" at which it would just offset the difference in short-term interest rates between New York and London.

Canadian Move

Soon after this, it seemed that sterling might come under further stress from an entirely extraneous influence, the decision of the Canadian Government to bring about an immediate depreciation of the Canadian dollar; partly because of the misreporting of this action as "devaluation," it was at first taken in some market circles to have destroyed the value of the Jacobsson denial. But the Canadian dollar was cut adrift from its gold mooring in 1950 and, since then, its gold value has been free to "float"—in principle, in accordance with the decisions of the Canadian authorities as implemented by their interventions in the exchange markets. In fact, until last month, the Canadian dollar had been at a premium over the U.S. dollar, though a fluctuating one. This exchange, therefore, was demonstrably outside the scope of Dr. Jacobsson's statement.

When this was realised, the depreciation of the Canadian dollar—from a premium of about 1 per cent to a discount of about 3 per cent in terms of the U.S. dollar—proceeded without setting up any apparent strain on confidence in other currencies. Towards the end of the month, sterling has indeed enjoyed a notable rally, partly perhaps in response to clear reaffirmations from the Chancellor and from other Treasury spokesmen of determination to maintain the present parity and of capacity to do so.

Dr. Jacobsson's statement has made it clear that the arrangements entered into last March by the central banks for mutual support of currencies against short-term speculative movements of funds—the so-called Basle agreement—were still continuing "with the warm support of the International Monetary Fund." And, since then, it has been reported that the arrangements have been extended, both in time and amount. Sterling can, therefore, count on the availability of these facilities, as well as on its normal first and second-line reserves—the holdings of gold and convertible currencies, and its recently enlarged drawing rights at the I.M.F. "We intend," said the Chancellor, "to use that strength to defend our currency."

These assurances, and the firmer tone of sterling, have not, however, arrested the fall in stock markets. The new bout of weakness in Gilt-edged securities that started with the pressure on sterling in May became more pronounced early last month, gathered momentum about mid-month, and had still not been entirely checked when this letter was written. The Government securities index of the *Financial Times* has dropped to new low points day by day. By 28th June, it had reached 75.01, as compared with 77.63 at the end of May and 79.18 at this year's best (in February).

On 3½ per cent war loan, which lacks the protection of a fixed "date," being redeemable only at the option of the Government, the flat yield is now around 6⅝ per cent. At the same time, there has been a pronounced accentuation of the weakness of equities. As I noted last month, they had reached an all-time peak, as measured by the *Financial Times* industrial share index, of 365.7 at mid-May, but, by the end of that month, had dipped to 351.5. Four weeks later, they had come back to under 320, making a total fall from the peak of some 12½ per cent. Roughly, five-eighths of the ground so rapidly gained over five months has been lost again in under six weeks.

This weakness mainly stems from the recently accumulating evidence of strains on Britain's economy and from apprehensions of the domestic measures the Government may deem it necessary to take to arrest these tendencies. The chief underlying strains are the same now as those that have been present for some time, but, recently, City opinion has become more pessimistic about them—or, at least, more aware of them. The first in importance is the trend of the balance of payments.

Balance of Payments

I recorded in this correspondence three months ago the big revisions in the official estimates, which put the identified current balance for the full year 1960 at a deficit of £344,000,000. Given the disquieting extent of this gap (even after allowing for the fact that, during the year, the economy had added £600,000,000 to its stocks of materials, work in progress, and finished goods), all official policy and all market thinking has been based on the hypothesis that, during the current year, there would be a very marked improvement. What especially worried the City a fortnight or so ago was the indication that the rate of improvement visible early in the year might be tailing off. In fact, the adverse contrast between May and April trade figures was very largely due to distorting factors, so that the market disappointment was to be exaggerated; but it is undeniable that the rate of gain up to date has not been sufficient to eliminate the current deficit—and, on a long view, Britain must have a substantial current-account surplus to keep in equilibrium, because of its commitments to provide development loans and aid to relatively underdeveloped countries.

In the first quarter of this year, for which full but provisional estimates were released recently, the current account showed a deficit of £56,000,000, a much smaller deficit than during the two preceding (and seasonally unfavourable) quarters, but a larger one than in the corresponding quarter of 1960 (when it was £37,000,000); the rate of net outgo of long-term capital, if the effects of the recent special Ford transaction are left out of account, was, however, substantially increased. The other major source of worry has been the upturn of prices and wages in the past 12 months (and especially since last autumn), putting an end to the longest phase of price stability (from 1958 to 1960) which Britain has enjoyed for many years; and there are many signs recently that this upward trend may be steepening.

In recent weeks, there have been increases in the prices of bread, beer and tobacco, and in iron and steel products; and increases are impending in rail and bus fares. This tendency, it is feared, may give an added impetus to the wage claims now being tabled. Moreover, whereas a short while ago it was widely felt that the economy was running perceptibly below the full capacity, now there is evidence that demand is beginning to press pretty hard against available resources in some sectors. The Government is plainly aware of these dangers, but has evidently not yet disclosed its full intentions towards them.

In an important speech a few days ago, Mr. Selwyn Lloyd has, however, flanked his reaffirmations of sterling policy by the warning that, so long as the balance of payments is under strain, the Government will have to take a tighter grip on its expenditures overseas, including military expenditures. Moreover, "we must say clearly for all to hear that a country without a satisfactory surplus on its balance of payments just cannot provide unlimited quantities of aid, even if some of it is tied; there must be a limit to what we can do in that respect." The Chancellor has also observed that, in the home economy, capital outlays by the public sector are rising rather faster than had been expected "and beyond what the Government can afford." Therefore, he had stated, some necessary programmes will have to be postponed; and he has also reaffirmed his budget promise to seek maximum economies in administrative expenditures and to devise new techniques for longer-range planning and control over Government outlays in general.

The markets now await details of these proposals; but they are also waiting even more anxiously to see what restraints, if any, are being prepared for the private sector—and in particular whether the Chancellor will resort to one or both of his new fiscal regulators when these instruments are made available to him by the final passing of the Finance Bill in a few weeks' time.

WORLD BANK LOAN TO PAKISTAN

The World Bank has given a loan equivalent to $15 million to the Pakistan Industrial Credit and Investment Corporation Limited (P.I.C.I.C.). Like two earlier Bank loans to P.I.C.I.C. aggregating $14.2 million, the latest loan will be used to meet foreign exchange requirements of industrial enterprises financed by the Corporation.

The Bank loan has no fixed schedule for repayment and no fixed interest charge. Each part of the loan committed for a particular project will be repaid by semi-annual instalments according to a schedule to be determined at the time of the commitment. Interest will be applied to each portion of the loan at the Bank's current rate when such portion is committed for one of P.I.C.I.C.'s projects. The loan is guaranteed by the Government of Pakistan.

The rising importance of industry in Pakistan is reflected in its contribution to the gross national product which rose from 7 per cent to 14 per cent during the decade 1950-60. The Pakistan Industrial Credit and Investment Corporation has been an important factor in the rapid growth of industry in recent years. Organised with the advice and assistance of the Bank to promote the growth of private industry, P.I.C.I.C. was established in September 1957 by private investors of Pakistan, United Kingdom, United States, Canada and Japan. Its purpose is to make loans and equity investments, help industry to obtain managerial, technical and administrative services, and assist generally in the creation of a capital market.

From the start of operations in 1957 to the end of December 1960, P.I.C.I.C. had approved 176 loans for a total of 160.7 million Pakistan rupees ($33.7 million). Since P.I.C.I.C. has been virtually the only regular source of foreign currency for private industrial enterprises in Pakistan, foreign currency lending has been its most important activity. Such loans account for four-fifths of the total number approved. About a quarter of the total loans approved have been for the manufacture of textiles and jute products and the remainder have been for engineering industries, for food products and processing plants, and for plants producing chemicals, pharmaceuticals, cement, ceramics, glass, paper products and miscellaneous items.

In addition to its lending activities, the P.I.C.I.C. has purchased equity shares in 23 industrial concerns at a total cost of 7.3 million rupees, and in 1960 it underwrote its first securities issue. Most of its share holdings have been acquired by the exercise of options under loans. Underwriting and equity participation, both directly and through options, are likely to show marked increases in the next two years.

The rapid expansion of private industry is reflected in the rising flow of applications to P.I.C.I.C. for foreign exchange loans. P.I.C.I.C. estimates that it will need about $30 million of new funds in foreign exchange over the next two years to finance its lending activities. This foreign exchange will be provided by the $15 million World Bank loan made this week, a $7.5 million loan from the United States Development Loan Fund made in May 1961, and the balance by borrowings from other sources.

As at 31st December 1960, P.I.C.I.C.'s resources amounted to Rs. 187 million ($39.3 million) made up of Rs. 20 million of paid-in share capital (of which Rs. 12 million is held by Pakistani investors and the balance by American, British, Canadian and Japanese private interests); a 30-year interest-free advance of Rs. 30 million from the Pakistan Government; loans of $14.2 million from the World Bank and $14.2 million from the Development Loan Fund; and Rs. 1.9 million of retained earnings.

The P.I.C.I.C. has recently taken steps to raise its paid-up share capital by Rs. 10 million; the relative participation of Pakistani and foreign shareholders will remain the same after the new share issue. The present foreign shareholders have agreed in principle to take up only half their rights in the new issue, renouncing Rs. 2 million in favour of the Deutsche Bank of Germany. In addition, the Government has agreed to make P.I.C.I.C. another 30-year advance of Rs. 30 million, but with an interest charge on amounts withdrawn. Including the new share capital, the Government advance, the loans from the Bank and the Development Loan Fund, the P.I.C.I.C.'s resources will be increased to Rs. 324.2 million ($70.2 million).

SAVING-INVESTMENT DILEMMA

INFLATIONARY POTENTIAL OF THIRD PLAN MUCH HIGHER THAN PRESUMED

By Dr. Om P. Nijhawan

SAVINGS are important not only as a source of investment funds but for an economy with an extensive investment programme they are also essential to provide a check against inflation. The inadequacy of savings in India has not only necessitated very large-scale foreign aid but has limited our investment efforts and created considerable inflationary tendencies in the economy. Varying savings estimates, on the other hand, make it difficult to assess correctly the inflationary potential inherent in a given investment programme. While the Planning Commission has estimated current savings in the economy at 8 per cent of the national income, a recent study by the National Council of Applied Economic Research estimates savings at 10 per cent of the National Income and suggests, in this context, that the intended investments during the third Plan should present no problem. An analysis of the savings-investments estimates of the third Plan made by the Planning Commission, however, points to a considerable inflationary potential.

At the beginning of third Five-year Plan when inflationary pressures pose a challenging problem to our planners and policy makers, it would be instructive if an attempt is made to assess the inflationary potential of the third Plan in relation to savings and investments estimates. This would also bring out the implicit assumptions underlying the Plan targets and may be suggestive of measures that may be taken to bring about the desired results.

For the purposes of this analysis, savings estimates made by the Planning Commission are taken as working figures. If the estimates of savings made by N.C.A.E.R. are more correct, the inflationary potential of the third Plan brought out in this paper should be lower accordingly.

The third Plan programme aims at securing a rise in national income of a little over 5 per cent per annum. This is expected to result in an increase in savings from 8 per cent of the national income during the last year of the second Plan to 11 per cent of the National Income during the last year of the third Plan.

Foreign Aid

The above income and savings objectives are sought to be achieved by an investment effort of Rs. 11,500 crores; Rs. 7,500 crores in the public sector including Rs. 1,050 crores of developmental expenditure and Rs. 4,000 crores in the private sector. Although the proposed total expenditure of Rs. 11,500 crores is relatively modest in terms of the results it is expected to achieve, it may seem rather ambitious in comparison with the low level of savings estimated by the Planning Commission. It would thus involve either greater foreign aid than anticipated by the Planning Commission or efforts to mobilise domestic savings will have to be stepped up considerably.

In order to mobilise resources for the third Plan, the collection of taxes has to be increased by Rs. 1,710 crores. Deficit financing during the third Plan has, however, been limited to Rs. 550 crores. Heavy reliance to the extent of Rs. 2,200 crores has been placed on foreign aid.

Even if foreign exchange resources to the extent of Rs. 2,200 crores are forthcoming, for non-inflationary development, net domestic savings during the third Plan must amount to Rs. 9,300 crores. For the purpose of this paper, however, it is not important if savings are mobilised through increased taxation or they are channelled for investment purposes by other means. The significant thing is that if inflation is to be avoided, Rs. 9,300 crores shall have to be saved during the third Five-year Plan. Savings of this magnitude would require average net domestic savings of Rs. 1,860 crores per annum. To achieve such a rate of savings as compared with net domestic savings estimated at Rs. 890 crores in 1958-59, and Rs. 1,006 crores in 1960-61 (8 per cent of the National Income) would seem to require special efforts. According to the estimates of the Planning Commission, however, savings in the last year of the third Plan would reach only Rs. 1,771 crores (11 per cent of the estimated national income); much below the average amount required for non-inflationary development. Even to attain this target, total savings during 1965-66 shall have to be 76 per cent higher than in 1960-61.

A Challenge

Our experience of the first two Plans would, however, reveal that this may be rather difficult of attainment. While net domestic savings at the end of the first Plan were Rs. 291 crores higher than at the beginning of the Plan, resulting in an increase of 66 per cent in annual net savings during the Plan period, savings during the last year of the second Plan are expected to be only Rs. 273 crores higher than the last year of the first Plan, resulting in an increase of only 37 per cent. Furthermore, a 76 per cent increase in savings during the third Plan would require net domestic savings to grow at 11.98 per cent.* This rate compares with 6.7 per cent in the second Plan and 10.64 per cent in the first Plan. The similar rates of growth of national income during the first and the second Plan work out to be 3.5 per cent and 3.9 per cent, respectively. It may, however, be underlined that, though the rate of growth of national income was higher, during the second Plan, the growth rate of savings was lower than the one experienced during the first Plan. This may have been due in part to the lower availability of consumer goods during the first Plan than in the second Plan and in part due to a relatively less favourable agricultural income during the second Plan. Although the estimated rate of growth of national income during the third Plan at a little over 5 per cent is more than that attained during the first two Plans, it is more likely that the savings experiences of second Plan may be repeated during the third Plan, especially when people are becoming more conscious of a higher standard of living. Thus, the problem of accumulation of savings during the third Plan poses a challenge to the administrative capacity of the Government. If the current inflationary pressures in the economy are to be curbed and the inflationary potential of the third Plan minimised, it is crucial that new devices be thought of by which savings can be mobilised on an increasing scale.

Looking from a different angle also, the analysis of the estimates of savings and income contained in the Draft Outline of the Third Plan would point to the same conclusion. According to the income and savings estimates in the Draft Outline, the anticipated marginal propensity to save works out to 21.73 per cent. Again, this compares very unfavourably with our experience of the past two Plans. During the first Plan, the marginal propensity to save worked out to 17.85 per cent and in the second Plan it may come to 13.02 per cent. With the increasing desire of the people for a higher standard of living and the commitment of the Government for a reduction in inequalities of income, the marginal propensity to save during the third Plan may at best be the average of the first two Plans. Thus, if the rate of growth of savings of 11.98 per cent implicit in the estimates of the Planning Commission is to be realised, some drastic measures will have to be taken.

Heavy Shortfall

But, even if the rate of growth of savings implicit in the estimates of the Draft Plan is realised, total savings during the third Plan will amount to Rs. 7,155 crores only (calculated at the implicit rate of growth of 11.98 per cent per annum), falling short of the requirements by Rs. 1,895 crores. Thus, if the proposed investment targets of the third Plan are to be carried out, deficit financing will have to be more than Rs. 550 crores, the figure estimated by the Planning Commission.

The inflationary potential of the Plan, thus, may not be judged by the estimated Rs. 550 crores of deficit financing, but by the fact that, even if the estimated rate of growth of savings of 11.98 per cent is somehow achieved, total savings will fall short by Rs. 1,895 crores. For non-inflationary development, total savings during the third Plan must reach Rs. 9,300 crores. For this magnitude of total savings to be realised, a rate of growth of over 19† per cent per annum is essential. This rate of growth of savings for the Indian economy, where the marginal propensity to consume due to the existing low standard of living is rather high, seems fantastic. This rate is much higher than that attained even by most of the very highly developed countries of the world.

Gloomy Picture

The conclusions of the above analysis, though they depict a rather gloomy picture of the saving-investment dilemma, certainly do not mean that the investment effort of Rs. 11,500 crores during the third Plan is ambitious. The target of an increase in national income of a little over 5 per cent per annum against India's experience of the first two Plans is quite modest. Such a growth rate is imperative just to maintain the social stability in the country. These conclusions only point to the hard truth that some serious thinking for increasing the savings rate in the economy is required. Whether or not actual savings will equal planned domestic investment will depend, to a great extent, upon the increase in national income. At this stage, it is not possible to visualise fully the possibilities of bringing about an equality between planned investments and planned savings. A planned effort is, however, required to increase savings to provide a check against the inherent inflationary potential of the third Plan. If the savings estimates made by the Planning Commission are correct, existing channels for the mobilisation of savings need to be improved, strengthened and expanded. More administrative and organisational vigilance would be essential. Incentives to increase savings and direct controls may have to be devised. In case inflation develops, the inadequacy of resources may be greater still.

If real resources to the extent postulated in financial spending are, however, forthcoming, the fear of inflation may be lessened. The limiting factors in economic development appear mostly at physical or technical levels of economic activity. If real resources are forthcoming, the inflationary impact of deficit spending that will be required to achieve the investment targets will be reduced.

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*The geometric rates of growth have been calculated by the formula

$$r = n\text{-}1.\ \frac{l}{a}$$

where l is the last term in the series, a the first, n the number of terms and r the rate of growth.

†Calculated by the general formula

$$Sn = \frac{a(r^n - 1)}{r - 1}$$

where Sn is the sum of the geometric series, a the first term, n the number of terms in the series and r the rate of growth.

WORLD BANK BORROWS FROM ITALY

The first issue of Italian Lire bonds of the International Bank for Reconstruction and Development was offered for public subscription in Italy this week. The list opened on 3rd July and continued till 6th July. The results were not known at the time of writing. The offering consisted of Lit. 15 billion (approximately $24 million) of 15-year 5 per cent bonds at par to the public. A syndicate of seven Italian banks, headed by the Bank of Italy, are serving as underwriters. The other banks in the syndicate are Banca Nazionale del Lavoro, Banco di Napoli, Banco di Sicilia, Banca Commerciale Italiana, Credito Italiano and Banco di Roma.

The new bonds are dated 1st July 1961 and will mature on 1st July 1976. They will be subject to redemption in whole or in part, at par, on and after 1st July 1966. In the event of partial redemption, bonds to be redeemed will be chosen by lot. The World Bank has the right at any time to purchase bonds in the market, at or below par. The loan will be listed on the Rome and Milan Stock Exchanges.

The aforesaid issue is the first foreign flotation on the Italian market in more than 25 years past.

With the loan raised from Italy, the total outstanding funded debt of the World Bank aggregates the equivalent of about $2,255,000,000, including $1,700,000,000 of U.S. dollar bonds and notes and the equivalent of $555,000,000 in obligations denominated in seven currencies other than U.S. dollars. Mr. Eugene R. Black, President of the World Bank, stressed the importance of the Bank's entry into the Italian investment market. As an international agency, he pointed out, "it is vital that the Bank be able to tap the widest possible pool of investment funds throughout the world's capital markets. The willingness of Italy to permit this export of capital is a further indication of the impressive growth of her economy."

LANCASHIRE AND U.A.R. NEGOTIATING SEMI-BARTER DEAL

GENEVA CONFERENCE OF TEXTILE IMPORTERS

From Our Special Correspondent

MANCHESTER, 27th June

LEADERS of the raw cotton merchanting trade in Lancashire are optimistic that a £10,000,000 semi-barter deal with the United Arab Republic will shortly be concluded. Mr. William Williams, President of the Manchester Cotton Association, has said: "I believe something will happen." Under the deal, which is at present being negotiated by the Government of the United Arab Republic and a London firm of merchant bankers, raw cotton and capital goods would be exchanged. Provided the United Kingdom took £2,500,000 of raw cotton, the United Arab Republic would be prepared to take £10,000,000 worth of British capital goods, of which half would be spent on ships. "Thus for every £1 of cotton imported under the deal, the United Kingdom would be able to export £4 of capital goods," said a Cotton Association spokesman.

MANCHESTER LETTER

In terms of raw cotton it would involve about 25,000 bales, said Mr. Williams. A representative of the London banking firm has already visited the Manchester and Liverpool Cotton Associations. Lancashire would be expected to take the raw cotton over the next twelve months but the export of £10,000,000 of capital goods to the United Arab Republic would be spread over five years.

Commenting on the suspension of the Alexandria raw cotton futures market and the setting up of a State organisation to buy and export the cotton crop, Mr. Williams said it was not felt that this would affect the proposed deal. It was a further step in the direction already taken by the Government to obtain closer control of raw cotton trading. "They want to sell their own cotton and they are making very friendly overtures towards Lancashire—friendlier than for some time," said Mr. Williams.

In the six months to the end of April Lancashire bought 4,470 bales of cotton from the U.A.R.

Setback to Shift-working

High hopes of a rapid extension of shift-working in a reorganised cotton industry, for long a feature of the mills of so many of Lancashire's overseas competitors, have had a setback. The pace has slowed down and, on the weaving side at least, the movement in some districts has gone into reverse with the withdrawal of a number of shifts and the shelving of plans for others.

In the past month the Weavers' Amalgamation has dealt with only one application for double-day or night shift-working. A survey carried out by the union shows that a number of shifts already operating have been cancelled. Several of them are the evening "housewives' shifts," normally started only in times of peak demand and as such expendable, but a number of night shifts have also been withdrawn. The survey has also shown, as might be expected, some adjustments in the doubling trade, including mills on double-day shifts falling back to single-shift operation. One or two mills are also "playing off" operatives a week in turn.

In the face of labour shortages and the time lag in completing re-equipment programmes, it may be said that hopes of widespread shift-working in Lancashire mills were based on a good deal of optimism, at least in the short-term. But the significance of the present developments is that they are attributed not so much to staffing difficulties as to the state of trade in the industry.

The picture is patchy: while shifts in some mills are coming to an end and there are stories of order books down to six weeks, elsewhere—and sometimes just around the corner—there are mills clamouring for workers and under pressure to narrow delivery periods.

All This and Formosa, Too . . .

The situation at the production end of the trade is a reflection of what has been happening in the Manchester market. In the present state of caution and uncertainty, few customers are prepared to risk stock-building on any sizable scale and the scrappy, hand-to-mouth pattern of day-to-day business can be expected to continue until there is more confidence and buyers can be persuaded to take a forward view.

Meanwhile, there is no lull in the arrivals of overseas cotton goods in the United Kingdom, the most unsettling factor in the present situation. A breakdown published by the Cotton and Rayon Merchants' Association of sources of supply gives point to the remark of the cotton man who said the other day: "We don't know where it will be coming from next."

Even Formosa is now stepping up the pressure, with shipments in the first quarter, equal to an annual rate of 28 million yards, showing a ninefold increase over last year's figure. Numerically, the "league table" was just sufficient to field two football teams with one man in reserve, headed by India followed by Hong Kong and then Spain, with a grand tour of Asia and Europe to follow by way of Japan, Pakistan, China, Yugoslavia, Hungary, Bulgaria and Turkey.

The figures for May, just issued, show a further upward swing with arrivals of woven cotton fabric, basically grey, rising to more than 71 million yards, the third highest total on record for a single month. With these heavy shipments the aggregate for the first five months of the year jumped to more than 352,500,000 yards, imported at a cost of almost £30 million, an increase of more than 55 million yards on the corresponding period of last year. Cotton yarn imports were also higher in the first five months of 1961—19,065,000 lbs. against 16,648,000.

Seeking an International Solution

If President Kennedy should be looking around for a ready-made illustration of the "disruptive effects" of unrestrained textile imports into a country, he need look no further than Britain. Within the next day or two Lancashire trade leaders will be involved in briefings for next month's Geneva conference, to be held within the framework of G.A.T.T. at which delegates will be expected to get to grips with the hard realities involved in translating President Kennedy's lofty hopes of an international agreement on world textile trade into positive action.

The conference will have a threefold purpose: first, to increase significantly access to markets which at present are subject to import restrictions; secondly, to maintain orderly access to markets where restrictions are not at present maintained; finally, to secure from exporting countries a measure of restraint in their export policy so as to avoid disruptive effects in import markets.

Lancashire has had its fair share of sitting around international conference tables: in the past, not always with conspicuous success, especially when high ideals and the hard world of competitive trading have somehow been thrown together, as in this case. British delegates will travel to Geneva in the knowledge that the textile industry of this country has much to gain if the low-cost textile producers of Asia can be persuaded to exercise restraint in their shipments, while at the same time a number of European countries can be persuaded to "share the load" with Lancashire.

But whatever happens at Geneva, any solution based on a wide international understanding is likely to have a decisive effect only in the long term. Lancashire's problem is immediate. For this reason, the Geneva conference should not be allowed to cloud or confuse the pressing issue of what is to happen when the voluntary undertaking with Hong Kong, India and Pakistan runs out in six months' time, even though some of these countries might try to take refuge beneath the international conference table.

Man-made Fibres: Production Figures

Production of man-made fibres increased to 46,030,000 lbs. last month, an improvement of nearly 4 million lbs. on the April figure, which was affected by holidays. The May output was slightly above the average of the first five months of the year but was still considerably below the high levels achieved during much of 1960, according to returns from the British Man-made Fibres Federation.

Production of filament yarn during May totalled 22,810,000 lbs. and staple 23,220,000 lbs. The Federation said there was a particularly brisk call for acetate filament yarns at present and demand for rayon filament yarns was at a satisfactory level for the time of the year both in textile and tyrecord types. The May production figures for staple reflected limited short-time working at the largest rayon staple factory to counterbalance some accumulation of stocks. The Federation said the general outlook remained encouraging. Production could not be expected to increase until after August because of summer holidays at production centres.—*All Rights Reserved.*

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THE STATE OF HANDLOOM INDUSTRY

WORKING GROUP'S ESTIMATES OPEN TO DISPUTE

THE Union Government's decisions on the recommendations of the Working Group on Handloom Industry, it may be recalled, were briefly commented upon in the issue of *Commerce* dated 13th May 1961 (*vide* page 886). As the findings and conclusions on which the Group's recommendations were based have since become available in summary form, it would be useful to our readers to deal with them at some length here. Some of these findings, especially the ones bearing on the quantum of cloth production in the handloom sector, cannot, however, be critically examined in the absence of the full report. For instance, it is stated that "the handloom industry is estimated to be increasing its production at an annual rate of 130 million yards." But it is not known on what basis or bases this estimate has been made. If the reliability of this estimate is seriously questioned, the validity of the Working Group's consequential finding that handloom cloth production should have increased by 650 million yards during the second Plan period, as compared with the target of an additional 700 million yards per annum by the end of that Plan, will be open to dispute.

The Working Group, taking its stand on the aforesaid estimate, has reached the conclusion that "the handloom industry has fulfilled the role assigned to it in the National Plan." This is far from the truth. Presumably on this questionable basis, the Group has estimated handloom production at the end of the third Plan at 2,800 million yards, representing an increase of 675 million yards over the present level. For reaching this level of production (2,800 million yards) in the handloom sector, the yarn requirement would be of the order of 1.56 million bales. Of course, the Working Group seems to be aware of the limitations of its estimates, as will be seen from the following recommendations:

"While the conversion factor of 4½ yards of cloth per pound of indigenous yarn corresponds to the pattern of production obtaining in the industry at present, the percentage of free yarn delivered to and consumed by the handloom industry would require verification.

"It is necessary that the scheme for collection of statistics should be implemented by all the State Governments so that the figures of production obtained therefrom could be compared with the estimated figures of production.

"A system whereby returns from powerloom units could be enforced would be helpful in assessing the percentage of yarn consumed by the powerloom industry.

"It will be useful if the pattern of distribution of the imported yarn to the various consumers is studied."

Employment Estimates

If estimates of production in the handloom sector are not dependable, so also are the estimates of employment in that sector. The Working Group itself has given the finding that, for various reasons, it becomes difficult to measure the character and magnitude of employment obtaining in the industry. Still it has made some estimates on the basis of production figures which themselves are open to dispute. These employment estimates have been made in the following manner:

An idea of the extent to which underemployment has decreased may be obtained by expressing it in terms of the number of persons required for producing the extra production.

Taking the figure of 5.3 yards as the level of full-time employment, it would require 2.48 lakh persons to produce the extra quantity of 394 million yards.

The increased production would have given rise to employment for 3.72 lakh persons in the preparatory processes.

The reduction in underemployment achieved in the industry can be regarded as equivalent to full-time employment for 6.20 lakh new workers.

The total full-time employment generated as a result of development schemes can be reckoned at nearly 9,700 persons.

It is estimated that the short-time employment provided will be equivalent to the employment of 1,300 persons for a period of 12 months.

It is estimated that the reduction in underemployment in the handloom industry by the end of the second Plan period would be equivalent to new employment for 10.33 lakh persons.

Earnings

The Working Group has also given the finding that there has been a uniform rise in the earnings of the weaver. At the same time, it has recommended that "it is necessary to set up a machinery to collect data regarding employment and earnings of weavers at frequent intervals." Obviously, the estimates of earnings are also not quite reliable. It would appear that our statistical knowledge of the handloom industry is derived more from guesswork than from reliable data.

Scheme of Rebate

The findings and conclusions of the Working Group in regard to assistance for the handloom industry in the second Plan period show that the total allocation to States during that period would reach Rs. 26.5 crores and that the performance in the matter of enlisting weavers within the co-operative fold is satisfactory. The Group's findings and recommendations regarding the scheme of subsidy are summarised below:

It was the scheme of rebate which was primarily responsible for increasing the sale of handloom cloth.

There is no likelihood of the inherent handicap of the handloom industry *vis-a-vis* the mill industry being reduced or eliminated in the immediate future.

The repercussions of any increase in the excise duty on mill cloth will be felt by the textile industry as well as by the community.

Unless a protected market by total reservation of *dhotis* and *saris* is given to the handloom industry (other than powerlooms), rebate or other alternative schemes to reduce the cost of production of handloom cloth and thereby the inherent handicap of the handloom industry will have to continue.

Since November 1958, the rebate on handloom cloth is only 6 nP per rupee. This, combined with the lower level of excise duty on mill cloth from July 1958, has widened the gap between the price of mill cloth and handloom cloth.

There is no force in the contention that the rebate scheme has not benefited the consumer.

Bearing in mind the fact that the scheme is being implemented by a large number of selling units throughout the country, allegations about possible abuses of the scheme do not provide sufficient ground for abandoning it.

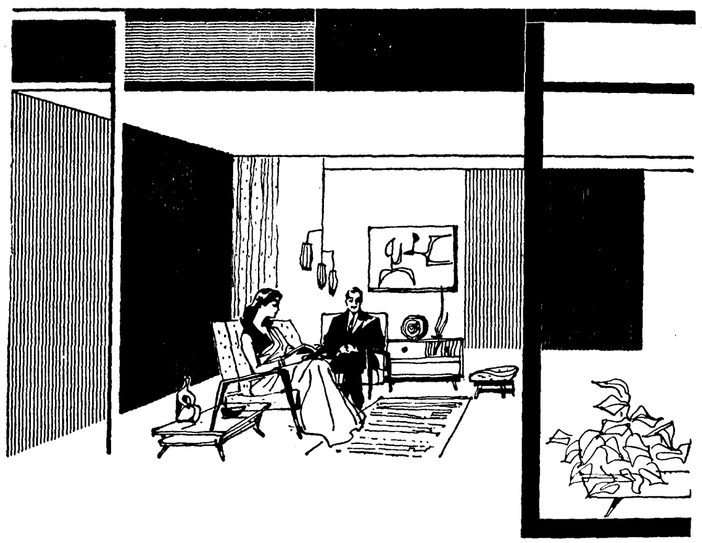
The suggestion to limit rebate to periods of large-scale accumulation of stocks may not be workable.

The suggestion that with mill production having been pegged, the handloom industry should not need any form of financial assistance may not be acceptable.

The Group's recommendations have not fully found favour with the Government, as will be seen from the following passage in the Government's resolution:

"The Government of India agree with the Working Group that the scheme of rebate on sales of handloom cloth has contributed a good deal to the increase in the sale of handloom cloth and that it will have to be continued for some time. However, it cannot continue as a permanent form of subsidy to the industry. It was with this objective that Government decided to effect a gradual reduction in the rate of rebate from six nP in the rupee to five nP in the first instance, so that the funds thus saved could be diverted to other more important developmental schemes, which will, in the long run, be of far greater advantage to the industry. This policy will continue to govern Government's approach to this scheme during the third Five-year Plan period."

The Working Group has noted the disappointing progress in the implementation of the powerloom schemes. No more than 5,000 powerlooms are estimated to have been installed before the end of the second Plan. According to the Group, a realistic estimate of the number of powerlooms that can be installed by the end of the third Plan would be only about 13,000, including those installed in the second Plan period. It has, however, made some salutary recommendations in this connection, namely, that the number of powerlooms per society be increased from 10 to 25, that no restriction on the introduction of the powerloom scheme to cities be imposed on account of population and that there be no expansion of loomage in the handloom industry. The Group's estimate of the possibilities in the matter of installing powerlooms seems, however, to err too much on the side of caution and realism.



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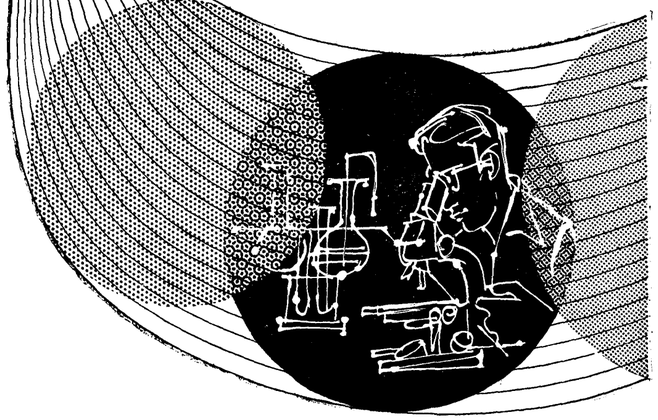

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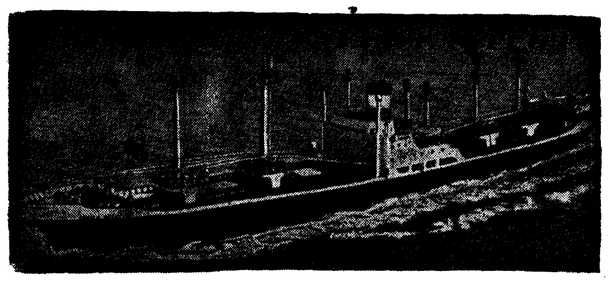

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MARKED RISE IN NEW INDIA ASSURANCE'S PREMIUM INCOME

CLAIMS EXPERIENCE, HOWEVER, DISAPPOINTING

THE results of the operation of the New India Assurance Company Ltd. (Managing Director: Mr. B. K. Shah, Bombay) as disclosed by the statement of accounts for the year ended 31st December 1960 give rise to mixed feelings. The Company undoubtedly did more business, as is evidenced by a gratifying rise in premium income. But the claims experience was quite unfavourable. The net profit (after provision for taxes) is also substantially lower and it would have been lower still but for the profit made through sale of investments.

The combined net premium income from the three departments, namely, fire, miscellaneous and marine, has jumped up by Rs. 2.01 crores to stand at the impressive figure of Rs. 10.86 crores. As in the previous year, the bulk of expansion in the premium was accounted for by the miscellaneous department, the exact increase being of the order of Rs. 1.27 crore. The fire premium experienced a rise of Rs. 60 lakhs, while the marine premium, which had remained almost stationary last year, registered an increase of Rs. 14 lakhs.

Excepting for the marine department, the claims ratio of which dropped from 76.7 per cent in 1959 to 63.7 per cent in 1960, the claims experience, as a whole, in the year under review showed a marked deterioration. The incurred claims ratio for the fire department went up from 34.6 per cent in 1959 to 43.4 per cent in 1960, thanks to the unfavourable results of the Company's reinsurance acceptances from the U.K. and Continental markets, and that for the miscellaneous department from 50.7 per cent to 55.5 per cent. Consequently, the aggregate claims cost of the three departments rose from 50.2 per cent in 1959 to 52.6 per cent in the year under review. The costs of commission and the expenses of management, however, declined fractionally from 36.4 per cent in 1959 to 36.2 per cent in 1960. But this improvement was too negligible to offset the effects of unfavourable claims experience. The underwriting profit, therefore, has received a sharp setback from Rs. 72.94 lakhs to Rs. 45.37 lakhs. The net profit is, therefore, markedly lower at Rs. 45.69 lakhs, as compared with Rs. 55.06 lakhs for 1959. As stated above, it would have been lower still but for the larger profit made from sale of investments. Such profit for 1960 amounted to Rs. 15.14 lakhs, as against Rs. 9.61 lakhs in 1959. The lower assessable profit has meant smaller provision for taxation, namely, Rs. 24.05 lakhs, as compared with Rs. 37.75 lakhs for the previous year. The Directors have, however, credited a sum of Rs. 13.33 lakhs to the profit and loss account being refund of taxes for previous years. This credit has raised the balance available for appropriation to Rs. 59.02 lakhs, some Rs. 4 lakhs more than that a year ago.

The Directors have sought to maintain the net dividend unchanged at Rs. 3.99 per share of Rs. 15 each, by supplementing the dividend of Rs. 4.50 with a bonus of Re. 1.20, both subject to deduction of tax at 30 per cent. The proposed distribution to shareholders requires Rs. 56.96 lakhs. A sum of Rs. 15 lakhs has been transferred to the dividend equalisation reserve, but, having regard to the fact that the Directors have withdrawn Rs. 11.39 lakhs from the capital reserve of the Company, the net addition to the reserves is only Rs. 3.61 lakhs.

Department-wise Analysis

The premium income of the fire department has risen by Rs. 60.20 lakhs to Rs. 4.07 crores. Claims amounted to 43.4 per cent, as against 34.6 per cent in the previous year. As noted earlier, the increase is due to unfavourable results pertaining to reinsurance acceptances from the European countries. In fact, 1960 turned out to be quite an abnormal year for fire business in these countries, because of the incidence of a large number of catastrophic fires. The Company's fire business in India and other overseas markets, however, was quite satisfactory. The commission account showed a rise of 2.3 per cent and the cost of expenses of management, taxes and other charges experienced a decline of 1.1 per cent. The profit earned by the department has fallen considerably from Rs. 66.2 lakhs in 1959 to Rs. 29.0 lakhs in the year under review. The fire funds have been increased by Rs. 31 lakhs to Rs. 2.45 crores and, in terms of the premium income, it works out to 60.2 per cent.

The underwriting business of the miscellaneous department has increased very substantially from Rs. 3.43 crores to Rs. 4.70 crores. The cost of commission has risen by 0.2 per cent, whereas the ratio of expenses of management, taxes and other charges has declined by 1 per cent. But, reflecting the higher claims ratio, which has gone up by 4.8 per cent, the profit of this department has fallen sharply from Rs. 7.9 lakhs in 1959 to Rs. 1.2 lakh. The fund of the miscellaneous department now stands at Rs. 2.47 crores, as against Rs. 1.92 crore a year ago and, in terms of the premium income, it works out to 52.6 per cent.

The performance of the marine department from the point of view of business underwritten showed a welcome improvement over the previous year. The net premium income increased by Rs. 14 lakhs to Rs. 2.10 crores. Claims experience was also better, the claims ratio having dropped by 13 per cent to 63.7 per cent following the corrective measures which were undertaken by the Company. Expenses of management, taxes and other charges increased by 1.1 per cent but cost of commission showed a reduction of 2.7 per cent. After providing 100 per cent premium reserve for unexpired risk and taking credit for interest on the marine fund, the department earned a profit of Rs. 15.2 lakhs, as against a loss of Rs. 1.2 lakh incurred in 1959. The marine fund has increased by Rs. 14 lakhs to Rs. 2.11 crores.

The following table will give an idea of the working of the Company during the last four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Fire:				
Net premium	407	347	307	324
Claims paid and outstanding	177	120	110	142
Commission and expenses, etc.	179	148	135	151
Fire fund	245	214	194	205
Miscellaneous:				
Net premium	470	343	249	164
Claims paid and outstanding	261	174	115	85
Commission and expenses	161	120	88	60
Miscellaneous fund	247	192	145	102
Marine:				
Net premium	210	197	197	142
Claims paid and outstanding	134	151	133	101
Commission and expenses	55	54	53	36
Marine fund	211	197	197	176
Net profit*	46	55	53	28
Drawn from capital reserve	11	11	..	..
Refund of taxes for previous years	13	..	..	..
Dividend	54	54	38	21
Provision for taxation	24	38	13	12
Carry forward	3	1	1	1

* After taxation.

Over the year, the total funds of the Company have increased by Rs. 1.05 crore to Rs. 11.19 crores. How the various funds of the Company have been strengthened in the last five years will be clear from the following table:

(In lakhs of rupees)

	As at 31st December				
	1960	1959	1958	1957	1956
Funds					
Fire department	245	214	194	205	188
Miscellaneous department	247	192	145	102	92
Marine department	211	197	197	176	165
Total	703	603	536	483	445
Free Reserves					
Capital reserves	42.39	53.8	51.6	51.6	..
General reserves	100.0	100.0	100.0	100.0	100.0
Premium on shares	0.6	0.6	0.6*	36.2	36.2
Dividend equalisation reserves	45.0	30.0	30.0	22.0	22.0
Exchange reserve	15.0	15.0	8.0	5.0	5.0
Investment reserve	25.0	25.0	22.0	22.0	22.0
Total	228.0	224.4	212.2	236.8	185.2

* In 1958, a sum of Rs. 35.60 lakhs out of the premium on shares was utilised for issue of bonus shares.

The book value and market value of the Company's investments amount to Rs. 7.25 crores and Rs. 7.93 crores, respectively, as on 31st December 1960, showing a rise in value of Rs. 68.30 lakhs. Besides, there is a free investment reserve of Rs. 25 lakhs.

Insurance in India—A Study of Insurance Aspect of Social Security in India. By Dr. A. N. Agarwala. Published by Allahabad Law Journal Press, Allahabad. Pages: 628, Price: Rs. 27.50.

Even though insurance is one of the oldest corporate professions in this country, there is very little analytical material on it, except for the *Year Books* and reports of committees appointed by the Government. This book by Prof. Agarwala is, therefore, a welcome addition to the meagre literature on the subject and it is hoped that research students in our universities will follow up this lead by doing further study into the nature and growth of insurance in India.

The title of this book is misleading in some ways; the book makes no reference to general (non-life) insurance, which is the most important branch of insurance from the point of view of uninhibited growth as related to various aspects of the economy. The sub-title, which terms the book a study of the insurance aspect of social security, is again misleading, as social security in India has made a very small and halting beginning in the form of Employees' State Insurance Scheme and Maternity Benefits. So, naturally, a part of the section on social security consists of a summary of the reports of various Government committees.

Two-thirds of this voluminous publication deals with various aspects of life insurance in this country. Here again the utility of the whole collection is limited by the fact that there is very little analysis of the growth of life insurance since nationalisation. Most of the statistics are upto 1955, even though the book was published late in 1960. Again, this publication is a good example of the pitfalls that pure academicians should look for when drawing conclusions from published statistics on any aspect of a very practical business. It is often unrealistic to group Indian statistics on the lines of American life insurance literature. Economic phenomena are complex and it is easy to jump to hasty conclusions from inadequate data. For example, the author concludes that Indian life offices were careless and unable to invest cash properly. This conclusion was drawn from a high coefficient of correlation between the annual increase in life fund and the annual change in the amount of the cash held. Probably, the real reason for any change in investment pattern lay in the fact of lopsided development of the market—where one single company, the Oriental Life, did a preponderant percentage of total business and invested eighty per cent of its funds in Government securities. It is possible to arrive at unrealistic conclusions regarding an apparent change in the investment pattern as soon as one forgot that the Oriental's share in the total business was falling. It would have been useful if practical men of affairs had been consulted before the book was published. It would have given the author an insight into the capable handling of the investment affairs of some of the companies.

The author arrives at the conclusion that, in pre-nationalisation days, the medium-sized, and not the biggest, insurance companies were the most efficient. Surely, the best known method of judging the overall efficiency of a life insurance office is to find out the highest level of surplus (i.e., divisible profits) for any given level of premium and this would automatically take care of diverse factors such as expense ratios, interest rates and premium rates. It is possible to miss the main principle in a maze of partially related statistics which are often converted into coefficients of correlations.

It is to be hoped that future authors would set a better example by producing a more compact and reasonably priced book which can easily make its point better. Over the six hundred pages of this book, the same statistics are repeated first as a table, then as a graph and then as written material without much new light being thrown. While this attempt is most welcome, it is necessary that our authors learn to be precise, to the point and not out of touch with people who run the insurance business.

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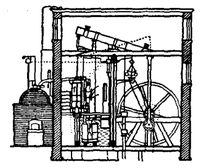

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Not only is steam today's most important source of power for the civilised world, but it must remain so for many years to come. Even atomic power is yet in its infancy and can only be applied as an alternative source of heat. Steam is indeed the real power of industry.

While this is but an outline of the extensive and continually growing part that steam plays in power generation and industry throughout the world, it indicates quite clearly the unparalleled importance of steam power in the industrial growth of India... and, therefore, the urgent need to manufacture vital steam-raising plant in this country to meet the demands of expanding industry.

This is one of the needs which has led to the formation of a new and powerful industrial group, ACC-Vickers-Babcock Limited (AVB). The vast technical knowledge and extensive practical experience available to it will enable the new company to make an important contribution to Indian industry—and help Indian engineers overcome some of the difficulties which have faced them for so long.

The new AVB plant is nearing completion on a 700-acre site at Durgapur. The workshops, designed on modern lines, will have built into the structure electric overhead travelling cranes with 70 tons lifting capacity. All workshops have been designed to allow for progressive expansion so that it will be possible to lift 200 tons without making structural alterations. Up-to-date machine tools are being installed. When completed, they will include a 3000 ton hydraulic press capable of bending steel plates up to 5" thick for use in the manufacture of high pressure boiler drums, and pressure vessels required for the fertiliser, chemicals and oil refining industries. The new plant will make it possible to manufacture steam-raising equipment in the high pressure range—for the first time in India.

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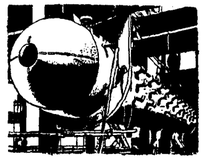

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FRESH WATER FROM THE SEA

PILOT PLANT IN U.S. GOES INTO OPERATION

By John Kerigan

THERE is no such thing as a five-minute shower bath for a small boy—25 would be more like it—but if there were, that shower would use up 95 litres, or 25 gallons, of fresh water. Roughly 140 litres of water are needed to grow enough grain for one single slice of bread. If a man sprinkles his lawn for an hour in the evening, it takes 1,100 litres of water. Thirty-two thousand litres are needed to produce a kilogram of beef, 840,000 for a ton of alfalfa, nearly three million litres for a ton of synthetic rubber.

Water is valuable—and its price is going up. The U.S. uses a staggering one million million litres every day—six times the amount used 40 years ago. The figure is expected to become 2,300,000 million litres daily by 1980. That one million million litres used each day represents about 60 per cent of the total supply available. It is estimated that by 1975 the U.S., with a population of perhaps 235 million, will be using about 90 per cent of the total supply.

But there is no shortage of water. Three-fifths of our planet is covered by water, and most of the land-mass is underlaid with oceans of water now unused. What is needed is the economical means to make usable this vast quantity of water which incredibly, almost completely, surrounds us—in short, a cheap and feasible way to take fresh water from the sea.

President Kennedy pressed a button in the White House on 21st June and opened a plant in the State of Texas which makes fresh water from salt water. The President regarded his action as one of great importance. "I can think of no cause and no work," he said, "which is more important (than this), not only to the people of this country but to people all around the globe, especially those who live in deserts or on the edge of oceans."

The $1,255,000 plant at Freeport, in Texas, is the first of five saline water conversion demonstration units planned or being built by the U.S. The others will be located at San Diego, California; Webster, South Dakota; Roswell, New Mexico; and Wrightsville Beach, North Carolina. Each will experiment with a different method of water desalinisation. The Freeport plant uses the "long-tube vertical multiple-effect distillation method"—a complicated name for a simple, efficient process. It produces 3.8 million litres (one million gallons) of fresh water a day.

The new plant, although a rather forbidding tangle of pipes and valves, actually operates on a simple principle. Think of a tea kettle: all you need for distillation is salt water and a flame. The flame will heat the water until it reaches its boiling point. Some of the water will then vaporise. If you condense this vapour or steam, you will have distilled (fresh) water. The plant at Freeport pulls water from the salty Gulf of Mexico. Then, 12 times in 12 different tanks within the plant, the water is distilled. The briny residue is returned to the gulf. For every 12 litres of sea water drawn into the plant, nine litres of fresh water are recovered.

The Freeport plant is not the end-all answer to the problem of taking fresh water out of the sea. Although it is nearly twice as efficient as any other plant, its product still costs about one dollar per 3,800 litres of water, whereas costs in U.S. cities range from 25 to 75 cents for a similar amount. Other methods—solar distillation, salt removal by membrane processing, purification by varying freezing methods—may prove more efficient.

The important fact is that a long step was taken last week in Texas toward realisation of one of the oldest dreams of man—extracting fresh water from the seas.

The President had further words of encouragement for countries around the world, more than 60 of which embrace arid or semi-arid areas where water shortage is a heavy brake upon economic development and social progress. "I want to assure the people of the world," he said, "that we will make all the information that we have available to all people. We want to joint with them, with the scientists and engineers of other countries, in their efforts to achieve one of the greatest scientific breakthroughs of history." He said he hoped that "before this decade is out," man's efforts at taking fresh water from the sea "will literally see the deserts bloom.

World-wide research (stepped up enormously in the past few years) led to the development of the Freeport plant. The same holds for the four additional demonstration plants soon to be constructed for the U.S. Office of Saline Water and for the 17 or so major conversion plants now in operation around the world.

Dramatically different techniques will depend on basic research into the nature of salt water, about which surprisingly little is known. In this regard, a month-long symposium is scheduled during June-July, at the Woods Hole Oceanographic Institution, for dissemination of knowledge and the outlining of new scientific pathways.

Technologists, meanwhile, are continuing to apply existing knowledge in the development of salt water conversion methods better than that at Freeport. Here is a sampling of systems coming out of technological research laboratories:

The General Electric Company has developed a "wiped film" technique of distillation. The machine consists essentially of two tubes, one inside the other, and a set of blades similar to those of an automobile windshield wiper. The blades extend the length of the inner tube.

Sea water is pumped through narrow outlets at the edges of the blades, which rotate around the interior wall of the inner tube, thus spreading the water in a thin film. The wall is heated by a steam confined in the space between the two tubes. Vapour given off by the now hot film of sea water is directed into a cooler where it condenses into fresh water.

A freezing technique is being utilised by the Fairbanks Whitney Corporation in the manufacture of a series of plants which will produce fresh water at the edge of the Negev Desert in Israel. Credit for the technique goes to Israeli scientist Alexander Zarchin who left his homeland, Soviet Russia, in 1947.

The central idea for the project is an old one, the fact that when sea water freezes the resultant ice is free of salt. In operation, cooled sea water is sprayed into a vacuum tank. Some of it evaporates and is sucked into a condenser where it becomes fresh water. Part of the sprayed water is frozen by the cooling effect of the evaporation. It drops to the bottom of the tank and mixes with the remaining brine. The two are separated by screening, and the ice is melted.

Another freezing process, under test by the Blaw-Know Company, involves a salt water-butane mixture. Since butane boils at a temperature just below the freezing point of sea water, it is used in both its liquid and gaseous forms to freeze the water and mealt the ice. Because of the closeness of the critical temperature points, little additional energy is needed to keep the process going.

Syracuse University is studying a method of separating water from salt by addition of chemicals. The product of the reaction is a solid which takes up water, but not salt, into its crystalline structure. The solid is melted to remove the water, and the chemical is reused in the process.

Among the many other possible techniques for sea water purification is that of biological removal of salt. Experiments at the University of California, Los Angeles, have shown that algæ (microscopic one-celled plants) ingest the salt, considerably reducing its concentration in sea water. One advantage of this process, should it prove workable, is that little or no outside energy (for heat, refrigeration, etc.) would be needed.

What scientists and technologists are striving for in these efforts is not simply ways to change salt water into fresh, but rather, ways to do it at the smallest possible expense. They are working long and hard, and each success, small as it may be, is a step toward progress for all nations in drawing vital fresh water from the unlimited resource of the sea.

One who did not waver...

Jamshedpur's latest blast furnace needed a 'big bell'—a 20-ton component requiring highly skilled casting and machining. A difficult operation even if the right machine tools were available, but in 1958 they were not, and import seemed the only solution to all but one determined and resourceful young engineer, N. P. Naik.

Working on this problem in his leisure hours, Naik gradually crystallised his ideas into mathematical formulae and blue-prints. He developed, at the same time, a new machine tool to do the job by remodelling a small boring machine, stage by stage. Then started the casting and intricate machining, until, in a short time, Naik and his colleagues succeeded in producing a 'big bell', fully meeting the technical specifications to the last detail. As a tribute to Naik's fine endeavour, Tata Steel gave him an award of Rs. 10,000, the highest made under a ten-year old scheme to encourage initiative from the shop floor.

Men like Naik are carrying forward a fine Jamshedpur tradition, recalling Jamsetji Tata's exhortation: "Let the Indian learn to do things for himself."

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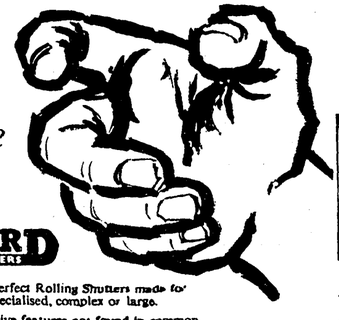

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SPACE SCIENCE IN THE UNITED STATES

NEW TECHNOLOGY USHERING IN SECOND INDUSTRIAL REVOLUTION

THE United States will be spending, within the next 10 years, as much as $50 billion for both civil and military space programmes. This colossal expenditure will be neither a waste nor beyond the capacity of that country. It may well be repaid many times over in the long run. Already, the new technology of space science has achieved some peace-time benefits which, together with the potential ones, are described as "tremendous." Some of these benefits in the treasure-house of new techniques, materials and inventions, which have found or will soon find practical uses, have been presented in summary form as follows:

(1) New lines of instant communication: World-wide TV reception. Speed letters and communications around the world.

(2) Conquering the weather: Tiros I—an artificial earth satellite launched by the United States—has already proved that it is feasible to employ satellites for observing clouds, cloud patterns and related atmospheric conditions. Coming: 7 to 30-day forecasts that can vitally affect and help business and agriculture.

(3) New boons for everyday living: New metals for both industry and home. New materials for both building and clothes.

(4) For health and well-being: Concrete benefits have already resulted from the national space programme. These are: radiation immunization drugs; electronic systems for "watching" hospital patients; improved photographic records for doctors and other advanced medical techniques.

(5) Many new materials and methods for industry.

(6) Economic advantages: New techniques, new jobs, new frontiers. For example, the X-15, the rocket craft designed to "fly" beyond the atmosphere at altitudes up to 100 miles, is a product of 400 different firms and contractors.

Negative Thinking No Good

This brief narration of benefits is contained in a background note distributed at the First National Conference on Peaceful Uses of Space, sponsored by the National Aeronautics and Space Administration and the Tulsa Chamber of Commerce of the United States. It may be recalled that a brief reference to this Conference, held on 26th and 27th May 1961, at Tulsa in Oklahoma, was made in this page of *Commerce* dated 3rd June 1961. Some of the papers read at the Conference have since been received from the United States, and these are bound to interest the scientist and the layman alike. For instance, the address of Senator Robert S. Kerr, Chairman of the Committee on Aeronautical and Space Sciences, is interesting for its discussion of the opportunities for industry and education in the Space Age. Describing those "who judge our space effort in the light of their aversion to spending public and private funds to find and explore new frontiers because they cannot see an immediate profit" as "negative thinkers," Senator Kerr observes:

"Discoveries made by the space researchers may have more significance to our future economy than any other single factor. When Michael Faraday showed Prime Minister Gladstone his new electrical generator, Gladstone asked, 'Of what use is it?' Faraday replied, 'Some day you may tax it.'

"Faraday had a sharp eye for the future and there are many among us with equal vision. This country is not only indebted to Dr. Werhner Von Braun and his group of German scientists for the decisive part they have played in developing our system of rocket weapons, it is also indebted to him and other men of great skill and imagination for their spirit and daring vision in assessing the space exploration programme's role in our total national effort. Dr. Von Braun put it like this: 'Our entire civilisation and particularly our economy depend vitally upon the continual discoveries we make. If we do not discover new things, then we cannot develop new markets and new needs, and our industry soon would be unable to employ all the many people it does. We have to keep stoking the machinery of our economy with new inventions, if we do not want to run head on into a depression.'

"Economists tell us that the rate of growth of our economy depends to a large extent upon the investments made in new processes and in new product manufacture. The Department of Commerce reports that, although no exact statistics are available, the causes of the great complexity are our new product practices. At least a tenth of the goods comprising our gross national product this year represent new designs, model change-overs or recent evolutionary changes resulting from research and development. Research and development activities in the United States this year will exceed 13 billion dollars, of which approximately 8 billion will be financed by the people through our federal government. The remainder is being sponsored by private enterprise."

Senator Kerr's paper is also notable for a striking fact contained therein. This is related to the manufacture of a wide range of electronic equipment for the space research programmes. Thanks to the impetus provided by space research, instrument firms in the United States are coming to have a huge stake in the computer industry which is often described as the heart of Space Age technology. This branch of science is growing faster today than any other, for the computer is now the basic instrument in the acceleration of scientific knowledge. The industrial potential of the Space Age is, of course, not exhausted by this example alone, for the "second Industrial Revolution" (so described by Mr. Donald W. Douglas, Jr., President, Douglas Aircraft Company, California, in his paper read at the Tulsa Conference) that is being caused by space research involves the development of new materials, new processes, new techniques, new machinery and new facilities.

Employment Implications

To adjust to this technical revolution, industry in the United States is employing constantly increasing numbers of engineers, scientists and technicians. In the Douglas Aircraft factory, for instance, engineering and scientific employees made up only 3 per cent of its total employment during World War II; five years later, this force amounted to 10 per cent of all employees; with the arrival of missiles, the number of engineers and scientists rose to 15 per cent and, with the addition of space programmes, now amounts to 20 per cent of its total employment. According to Mr. Douglas Jr., this proportion, in all likelihood, will grow in the next 10 years to one technical employee to every two shop and clerical employees. He continues:

"The second Industrial Revolution has left us no alternative. We need men of knowledge, talent and creativity to spearhead our advance deeper into the Space Age.

"Things just aren't as simple as before.

"Almost as dramatic as the rise of the engineer and scientist has been the growing importance of the manufacturing technician at the expense of the assembly-line worker.

"Today, manufacturing is confronted with demands for new steels, plastics and exotic metals, for new forming, casting, bending, welding and bonding techniques, for printed circuits and for clean rooms, high-altitude chambers and other environmental test facilities. The long production runs of ten years ago—with the need for thousands of assembly-line personnel—have almost vanished. Rather, the jobs are short-term and much more complex and sophisticated."

How the second Industrial Revolution is being stimulated in the United States has also been succinctly described by Mr. Edgar M. Cortright, Assistant Director for Lunar and Planetary Programmes. The great majority of N.A.S.A. funds, he says, are spent with U.S. industry, and the successful exploration of space rests heavily on this group which is being called upon to solve many difficult technological problems, to achieve new standards of quality and reliability and to devise new approaches to low volume manufacture of complex equipment.

Communications

In the field of communications, satellites can and will provide adequate broadband circuits for transoceanic telephony within the means of the telephone systems of the world. It is said that their ultimate cost will be considerably less than that for providing such circuits by cable. Already a number of telephone and telegraph companies in the United States have proposed to the Federal Communications Commission a variety of methods for the technical operation and business management of a world-wide satellite system. The American Telephone and Telegraph Company, for instance, has announced its willingness to pay the cost of communication satellite experiments, including launching cost, and to bear its share of the cost of an operating system. The General Telephone and Electronics has proposed a highly flexible world-wide communication system in which each ground station is capable of communicating with every other ground station. If and when satellite circuits are thus established, they will be highly valuable for transoceanic television and data transmission as well as for telephony.

Meteorology is yet another field which will benefit greatly by space research. Thanks to the pioneering knowledge of Tiros I and Vanguard satellites which studied storms and clouds, it will be possible in another year to map simultaneously the entire cloud cover and heat balance of the whole earth. An immense problem lying ahead is translating the detailed information thus acquired in a form in which the interactions of storms one on the other can be interpreted and predicted. According to Mr. L. V. Berkner, Chairman of Space Science Board, National Academy of Sciences (U.S.), no one can doubt that with this vast new power to see the weather of the whole of the earth, man's knowledge of meteorology will be expanded enormously and his ability to predict the weather and the climate increased noticeably. Incidentally, a passage in Mr. Berkner's paper sums up the prospects for practical applications of space research, and this deserves to be quoted here:

"Let me comment briefly on the applications emerging from this scientific exploration of space. Immediately ahead we see a multiplication of long-distance communications by a hundred times and at a fifth of the cost. The applications in meteorology of which I have spoken must be valued in the hundreds of millions. Space applications in the military field may well reduce the danger of war, with a consequent value beyond estimate. New forms of navigation will appear and space science will produce new industry in a myriad of ways. So we must look at our space expenditures as investments to be repaid many times over in better products, services, employment and convenience."

Above all, there will be some very valuable applications in the medical field. Already, according to Mr. Alfred M. Mayo, Deputy Director, Office of Life Science Programmes, advanced miniature sensing, analysis, and display devices, stimulated by the bio-medical requirements of the space programme, are showing potential for direct use by the medical profession to improve the health of people on earth. If the new frontiers of space exploration thus lead to "new frontiers" of happiness and welfare for mankind, the outstanding contribution of the United States to that result will be warmly acclaimed throughout the world.

O.E.E.C. SURVEYS SHIPPING SITUATION IN 1960

The Maritime Transport Committee of the Organisation for European Economic Co-operation has recently issued its annual report. This report covers developments in the shipping sphere during the calendar year 1960 and, in addition, gives an analysis of world trade over the last ten years, indicating its effect on the supply of and the demand for shipping.

In 1960, according to the report, world trade increased by about 10 per cent. but, as a result of the continuing flow of new tonnage from the world's shipyards (over 8 million gross registered tons in 1960) and the fact that about 3 million gross registered tons of vessels were withdrawn from layup, there is still a surplus of tonnage which maintains a depressing effect upon the freight market.

The world fleet has increased by 4 per cent during the year, and within this total the tanker fleet has increased by 10 per cent. There is, furthermore, a large amount of tanker tonnage under construction and on order.

The report forecasts that, as a result of steadily increasing trade, the demand for and supply of dry cargo tonnage will come closer together in the months ahead. But this will not apply to the tanker market, where the supply of tonnage is still well in excess of requirements.

The report describes the effect of increasing competition from the air on the sea passenger trades and gives details of the situation in the North Atlantic trade, where the number of passengers travelling by sea has decreased slightly during the past three years, whereas in the same period air passengers have increased by almost 100 per cent. It is emphasised, however, that passenger liner operators are confident that there will be a continuing demand for sea travel in general, particularly in the field of tourism, which justifies the replacement of their fleets by modern, faster and more economical vessels.

In a chapter on international shipping problems, the report refers particularly to flag discrimination, and notes that many governments have continued during the year to follow restrictive and discriminatory shipping practices in order to secure cargoes for shipment to the national flag. The report points out that a solution to this problem will be even longer in coming if the normal commercial processes continue to be disturbed by governmental discriminatory action of this nature. One of their effects is to keep in operation or bring into existence tonnage which is not required for the most efficient and economical carriage of international trade, and thus to aggravate the surplus tonnage situation.

The report also refers to the problems raised by the registration of vessels under flags of convenience. It is noted that total tonnage registered under these flags has been reduced in 1960 and that, under present conditions in the freight market, when profits are small or non-existent and consequently exemption from taxation is of less consequence, the inducement to register ships under flags of convenience is diminished. It is pointed out, however, that the main basic problems inherent in the use of flags of convenience still remain.

NEW PRODUCTS AND PROCESSES

Machine for Road Surfacing

AN automatic spreading unit which can be built on to a tandem diesel road roller to lay tarred chippings has been developed by the Aveling—Barford Ltd., England. The new unit eliminates haphazard hand spreading and the mechanical discharge results in more uniform, skid-resistant surfaces. The spreading unit consists of a two-ton capacity hopper, an hydraulic motor-driven eight-blade rotor to control discharge, an agitator to prevent solidification, and a pump to operate the hydraulic motor. The rate of discharge is adjustable between 80 and 150 sq. yds. a ton by means of a variable flow valve.

Copying Documents

Price lists, pamphlets, business letters and forms can be produced quickly, it is claimed, with the aid of the latest document copying system developed by Kodak and known as the Ektalith method. Key to the method is a transfer paper which allows a sharp image to be formed from almost any type or size of copy and transferred to an "offset master" in two minutes. The operator exposes a sheet of the transfer paper to the original copy, processes it for 20 seconds, and then transfers the photo-image direct to the paper "master." It is stated that more than 2,000 copies can be produced from one "masters." The process can be undertaken in ordinary room lighting and there are also two processing units for use in darkrooms. When a number of direct copies are required for limited circulation before the press run they can be made by using an Ektalith copy unit.

Electro-Integrator

An electro-integrator, re-creating models of any part of the earth's crust under investigation, has been designed at the Riga Polytechnical Institute, Riga, Soviet Russia. On these models it makes measurements which geophysicists could hitherto obtain only in field conditions. The mathematical machine analyses electrical, magnetical and gravitational fields. Such an analysis is indispensable for an interpretation of the data of indirect geological prospecting. The device can solve systems of linear algebraical equations with several thousand unknown quantities. The new device, it is claimed, is one of the biggest integrating instruments of various purposes. It considerably facilitates and expedites the analytical work of geophysicists, makes for a sharp reduction of trial drilling and at the same time increases the precision of the location of mineral deposits and reserves. The first laboratory model of the machine will be installed at the Leningrad Institute of Methods and Techniques of Geological Prospecting.

Novel Filter

A filtering agent which was originally developed as a "molecular sieve" compound has been produced in a new form in the U.K. It can now be made into the form of a core of material. This, it is claimed, can be used in refrigeration systems where streams of liquids or gases must be dried. Previously these materials were produced in the form of a bead in order to make the "molecular sieve." In their new form the compounds can be regenerated at temperatures of from 400 to 600 degrees Fahrenheit and are said to be as cheap as the original "molecular sieve" material. Handling and replacement is simpler. The cores contain three different sizes of pore openings, ranging from 4, to 5, and 10 Angstroms. These different sizes of pore openings function, it is claimed, as selective absorbents. The new core materials are expected to be especially important in chemical engineering processes, as well as in atomic energy and possibly also in certain aspects of guided weapons construction.

Airport Safety Device

A new airport safety device called the visual glide slope indicator lights, has been recommended for use on a world-wide scale by the International Civil Aviation Organisation (I.C.A.O.). The lights white in the upper portion and red in the lower, help aircraft pilots in making a proper approach to an airport. The first installation of the new system, developed by the British engineers, has gone into operation at New York's La Guardia airport. Four rows of the two-coloured lights are mounted on each side of the runway. If an airplane pilot brings his craft in for landing at too great a height he will be able to see only the white portion of the lights. If his altitude is too low, he will see only the red portion. A proper approach will allow the pilot to see both red and white portions.

De-salting Water

A novel process is being experimented in the U.K. for use in de-salting water which is said to yield a higher quantity of fresh water with a more compact plant. The process possesses the advantage that plant is of exceptionally small size. It is claimed, that it is only about half the size and weight of many de-salting systems currently used. The system is said to be exceptionally efficient in operation, and the fresh water it produces is very pure containing only one-millionth part of salt. The process depends on the use of what is known as "thin film distillation" which takes place in two cylindrical tubes one of which is placed inside the other. Sea water is fed into the tube system from the bottom and is spread by means of a series of blades into a film scarcely a thousandth of an inch thick on the inside of the tube. All the bubbles are removed from the sea water by means of the blades. Instead of using distillation, the new process uses evaporation by applying heat in the form of steam to a specially designed fluted outside of the tube. As the heat is applied, the thin film of sea water vapour rises in the tube, evaporates, and is converted into pure water by normal scientific processes. More than half the water processed is said to be produced as pure water. Plant of this type is claimed to be capable of processing sea salt water very cheaply.

High-speed Packaging Machine

A cartoning machine designed to meet the needs of manufacturers of powders, soap flakes, cereals, garden fertilisers and other granular products will be among a score of machines to be displayed by the Rose Brothers (Gainsborough) Ltd., England at the International Packaging Exhibition to be held at Olympia, London, in September next. The machine, it is claimed, erects, glues, fills and seals cartons at speeds of up to 55 per minute. Special attachments such as automatic weighers, volumetric fillers and vibratory conveyors can be fitted if required. Also on show will be machines for wrapping bakery products, sweets, and cigarettes. For the sugar confectionery trade there will be a machine which provides a twist or sachet wrap for various types of sweets of irregular shape. Output of double and twist wraps is up to 450 a minute and sachet wraps 350 a minute. The machine can use cellulose film with or without under strip, wax paper or foil. All that is required for alteration of sweet sizes is a change of one feed plate. Another machine for the confectionery trade is for the high speed foiling of soft-centred chocolates of varying shapes. It is fitted with an automatic belt in-feed so that it can take chocolate direct from an enrober belt, thus avoiding handling. The cigarette packing machine is designed to assemble, fill and deliver the slide and shell type of cigarette packet. The cigarettes can be packed with or without an interior wrapper. A vane type cigarette feed is used with a gentle oscillating movement which enables the cigarettes to be counted and fed without damage. The model can be built to produce any size of packet to hold up to 25 cigarettes.

Synthetic Rubber Blend

An interesting blend of synthetic rubber with polyvinol chloride is produced by British Geon, Devonshide House, Piccadilly, London, W.1. It is called Polyblend 503. The synthetic rubber is a butadiene/acrylonitrile polymer containing some 32 to 34 per cent of the second component. The ratio of P.V.C. to rubber in the final blend is 11:9. Polyblend 503 can be used either as a P.V.C. or a rubber. As P.V.C. it is a thermoplastic with the rubber acting as plasticiser. As rubber it can be used normally and vulcanised. It can be processed at 110° C., but if higher temperatures are used a stabiliser must be added to protect the P.V.C. When blended with additional nitrile rubber Polyblend 503 makes a compound resistant to ozone and oil.

HIGH REPUTATION
for
Quality, Uniformity, Reliability

CLARETTA

High Rayon Fabrics		Rayon Yarn
#1480 Tussore	#3000 Satin	Filament Yarn
#3300 Satin	#5050 Habutae	Spun Yarn
#6750 Habutae	#6300 Georgette Crepe	Staple Fibre
#7200 Sheer Crepe	#7500 De Chine Crepe	
#0050 Tricot		

Pamphlet available. Please apply to:

KURASHIKI RAYON CO., LTD.

2, Umeda, Kitaku, Osaka, Japan Cable Address: "KURARAY OSAKA"

THIS IS AN ANNOUNCEMENT AND NOT A PROSPECTUS. APPLICATIONS FOR SHARES ARE INVITED ON THE BASIS OF PROSPECTUS.

A copy of the Prospectus together with the documents required to be attached thereto by Section 60 of the Companies Act, 1956 has been duly filed with the Registrar of Companies, Maharashtra, for registration.

Consent of the Central Government has been obtained to this issue by an order of which a complete copy is open to public inspection at the Registered Office of the Company. It must be distinctly understood that in giving this consent the Central Government do not take any responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them.

A Licence has been obtained from the Central Government for the establishment of this new industrial undertaking for the manufacture of steel wire ropes (black and galvanized) with a rated capacity of 3,600 tons per annum (working on two-shift basis).

An application will be made to the Stock Exchange, Bombay, for permission to deal in the shares now offered and in due course for an official quotation.

UNITED WIRE ROPES LIMITED

(INCORPORATED ON 19TH OCTOBER 1960 UNDER THE COMPANIES ACT, 1956.)

AUTHORISED CAPITAL:

	Rs.
1,00,000 Shares of Rs. 100 each	1,00,00,000

ISSUED CAPITAL:

45,000 Equity Shares of Rs. 100 each	45,00,000
10,000 9.5% Cumulative Redeemable Preference Shares of Rs. 100 each (free of Company's Income-tax but subject to deduction of taxes at source at the prescribed rates) ...	10,00,000
Total ...	55,00,000

Shares already issued to and subscribed by the signatories to the Memorandum of Association and taken up by Directors as Qualification Shares:

420 Equity Shares of Rs. 100 each fully paid-up ...	42,000

CAPITAL AGREED TO BE TAKEN UP:

A. By Promoters, Directors, Friends and Associates ...	17,08,000
B. By Life Insurance Corporation of India—	
5,000 Equity Shares of Rs. 100 each	5,00,000
5,000 9.5% (free of Company's Income-Tax but subject to deduction of taxes at source at the prescribed rates)	5,00,000
Total ...	27,50,000

NOW OFFERED AT PAR FOR PUBLIC SUBSCRIPTION:

	Rs.
22,500 Equity Shares of Rs. 100 each	22,50,000
and	
5,000 9.5% Cumulative Redeemable Preference Shares of Rs. 100 each (free of Company's Income-Tax but subject to deduction of taxes at source at the prescribed rates) ...	5,00,000
Total ...	27,50,000

The 44,580 Equity Shares and 10,000 Preference Shares being issued will be payable as under :

On application	Rs. 25 per share
On allotment	Rs. 25 per share

The balance of Rs. 50 per share is payable in two calls of Rs. 25 each, the first of such calls to be made not earlier than 3 months after the date of allotment and the second call to be made not earlier than 3 months from the date of payment of the first call.

The Calls on Equity and Preference Shares shall be made simultaneously and proportionately.

APPLICATION FOR SHARES

Application for Equity and Preference Shares should be made on the printed form accompanying the Prospectus. Applications must be for a minimum of 5 shares or multiple thereof.

BOARD OF DIRECTORS

Shri Morarji Jadavji Vaidya (*Chairman*), Industrialist, 3, Cuffe Parade, Colaba, Bombay 5.

Shri Ratilal Mulji Gandhi, Merchant, Fulchand Nivas, Chowpatty, Bombay.

Mr. Louis Lepage (Special Director), Consulting Engineer, 7 Olmenlaan, Antwerp I, Belgium.

Mr. Mirko Robin Ros (Alternate Special Director), Consulting Engineer, Asylstrasse 58, Zurich 7/32, Switzerland.

Shri Vallabhdas Vassanji Mariwala, Merchant, 3, Sudha Kunj, Tardeo, Bombay 7.

Shri Ardeshir Burjorji Bilimoria, Businessman, 17, Cuffe Parade, Colaba, Bombay 5.

Shri Dhirajlal Maganlal Purshotamdas, Stock and Share Broker, Stock Exchange, Dalal Street, Bombay 1.

Shri S. M. Dahanukar, Businessman, Industrial Assurance Building, Churchgate, Bombay 1.

Shri P. H. Bhutta, Businessman, Stambhtirth, Rafi Ahmed Kidwai Road, Bombay 31.

Shri Limjee K. Panday, Stock and Share Broker, Hampton Court, Wodehouse Road, Bombay 5.

Shri Chhotalal Harjivandas Gandhi, Consulting Engineer, Mehta Building, Medows Street, Bombay 1.

Shri Sanatkumar Maganlal Gandhi, Merchant, Mehta Building, Medows Street, Fort, Bombay 1.

BANKERS

1. The Bank of India Limited
2. Central Bank of India Ltd.
3. Bank of Baroda Ltd.
4. Devkaran Nanjee Banking Co. Ltd.
5. Pandyan Bank Limited.

UNDERWRITING

(In lakhs of Rupees)

Underwriters	Total amount underwritten		Shares reserved for firm allotment to underwriters		Now unconditionally offered for public subscription	
	Equity	Pref.	Equity	Pref.	Equity	Pref.
1. Life Insurance Corporation of India, Jeevan-Kendra, Jamsheji Tata Road, Bombay-1 ...	5.00	5.00	5.00	5.00	Nil	Nil
2. Investment Corporation of India Ltd., Ewart House, Bruce Street, Bombay-1 ...	13.00	5.00	Nil	Nil	13.00	5.00
3. Messrs. J. H. Divan, 33, Agakhan Building, Dalal Street, Bombay-1 ...	3.00	Nil	Nil	Nil	3.00	Nil
4. Messrs. Devkaran Nanjee & Co., Devkaran Nanjee Building, Horniman Circle, Bombay-1 ...	2.50	Nil	Nil	Nil	2.50	Nil
5. Messrs. Lewis & Jones, Bank of Baroda Building, Apollo Street, Bombay-1 ...	2.00	Nil	Nil	Nil	2.00	Nil
6. Limjee K. Panday, Bank of Baroda Building, Apollo Street, Bombay-1	2.00	Nil	Nil	Nil	2.00	Nil
	27.50	10.00	5.00	5.00	22.50	5.00

In the opinion of the Directors the resources of the above Underwriters are sufficient to discharge their underwriting obligations.

MANAGING BROKERS

CALCUTTA—**Messrs. Place, Siddons and Gough Pvt. Ltd.**, 6, Lyons Range, Calcutta.

BOMBAY—**Messrs. Lewis & Jones**, Bank of Baroda Building, Apollo Street, Bombay-1.

BOMBAY—**Limjee K. Panday**, Bank of Baroda Building, Apollo Street, Bombay-1.

BROKERS TO THE ISSUE

Bombay

1. **Messrs. Dhirajlal Maganlal Purshotamdas**, Stock Exchange Building, Dalal Street, Bombay-1.
2. **Messrs. Devkaran Nanjee & Co.**, Devkaran Nanjee Building, Horniman Circle, Bombay-1.
3. **Messrs. Batliwala & Karani**, Union Bank Building, Dalal Street, Bombay-1.
4. **Messrs. J. H. Divan**, 33, Agakhan Building, Dalal Street, Bombay-1.
5. **Messrs. Navalchand T. Shah**, 102, Stock Exchange New Building, Bombay-1.
6. **Messrs. P. R. Subramanyam**, 70 A, Stock Exchange, Bombay-1.
7. **Messrs. A. B. Pandit & Co.**, 32, Apollo Street, Bombay-1.
8. **Messrs. D. S. Purbhoodas & Co.**, New Stock Exchange Building, Apollo Street, Bombay-1.

Delhi

9. **Messrs. Harban Singh Mehta & Co.**, 33 Regal Building, Parliament Street, New Delhi.

Madras

10. **Messrs. Patterson & Co.**, 22, Errabalu Chetty Street, Madras-1.
11. **Messrs. Kothari & Sons**, Oriental Building, Armenian Street, Madras.
12. **Messrs. Chitra & Co.**, 322-323 Linghi Chetty Street, Bombay Mutual Building Annexe, Madras.

Ahmedabad

13. **Messrs. Chinubhai Chimanlal Dalal**, Manek Chowk, Ahmedabad.

Bangalore

14. **Messrs. M. Nanjappaiah Jahgirdar**, 181, Cavalry Road, Bangalore-1.

LEGAL ADVISERS

Messrs. Daru Hemany & Co., Alli Chambers, Tamarind Lane, Bombay 1.

AUDITORS

Messrs. Gondalia & Mandviwalla, Hamam House, Hamam Street, Bombay 1.

REGISTERED OFFICE

MEHTA BUILDING, MEDOWS STREET, FORT, BOMBAY 1.

UNDERWRITING COMMISSION

The Underwriters will each be paid an underwriting commission of 2½% on the face value of all the shares underwritten by them respectively besides brokerage of 1% on shares allotted on application bearing their stamp.

BROKERAGE

Brokerage at the rate of 1% will be paid on all allotments made in respect of applications bearing the stamp of a Bank or a recognised Broker. Brokerage on the same basis is payable to the Underwriters in addition to the underwriting commission on all allotments in respect of applications made or procured by them and bearing their rubber stamp.

OBJECTS OF THE COMPANY

The Company was incorporated on the 19th October 1960 for carrying on all or any of the objects and purposes mentioned in the Memorandum of Association including in particular to manufacture steel wires and wire ropes (both black and galvanized).

COMMENCEMENT OF BUSINESS

The Company has obtained a Certificate to Commence Business bearing No. 11851 dated 22nd December, 1960 from the Registrar of Companies, Maharashtra.

PROSPECTS

Steel wire ropes are a specialised product and are used by various industries such as mines and mining, shipping, engineering, ropeways, oil exploration, lifts, cranes and for other haulage purposes. The major portion of India's domestic requirement of wire ropes is at present met through imports with the resultant continuous drain on the country's foreign exchange. With the increasing tempo of industrialisation envisaged in the successive Five-Year Plans the demand for wire ropes is likely to increase considerably in the near future. According to estimates of the Planning Commission the country's demand for wire ropes at the end of the Second Plan will be about 25,000 tons a year which is expected to rise to approximately 40,000 tons per year at the end of the Third Plan. This ever-increasing demand leaves a wide gap between the supply and demand and thus assures this proposed factory a good market for its products which will eventually assist the country's foreign exchange position.

The Company's plant will be most up-to-date in design and technique of production of steel wires and wire ropes of the best quality and will have an initial capacity of 3,600 tons per annum. At a nominal additional capital cost it is also proposed to manufacture High Tensile steel wire for use in prestressed concrete construction and an application has already been made to the Government of India for issue of a Licence for an annual production capacity of 2,100 tons.

ESTIMATE OF PROFITS

On the basis of the existing prices the Directors are of the opinion that, in the absence of any unforeseen circumstances, the Company should be in a position to pay reasonable dividends on Equity Shares.

TAX BENEFITS

The Company will enjoy the special benefits under the Indian Income-tax Act, 1922 as regards development rebate, in addition, as a new industrial undertaking, it will enjoy exemption from Income-tax for profits upto 6% on the capital employed for the first five years of the Company's operation.

Shareholders of the Company would also be exempt from Wealth-tax on their holdings for a period of five years under the Wealth-tax Act and may also be exempt from tax on such dividend paid from the Company's profit exempted from tax under Section 15C of the Indian Income-tax Act.

FOREIGN COLLABORATION

With the approval of the Government of India the Company has entered into a (1) Technical Services Agreement and (2) Assistance to the Management Contract with **Messrs. Lepage Consulting Engineers of Antwerp (Belgium)** who have been working as specialist consultants in the field of wires and wire ropes for over 20 years. Under the Technical Services Agreement the consultants will provide all technical know-how, layout and other engineering and the plant will be erected under their supervision. They will advise the Company in respect of machinery, raw materials and staff necessary for operation of the plant and will train the Company's technicians in Europe and India. This Agreement expires when the plant is installed and the quantity and quality of products are proved. For these services the consultants will be paid a remuneration of £23,520.

The Assistance to the Management Contract comes into force immediately after the expiry of the Technical Services Agreement. As per the Contract Messrs. Lepage Consulting Engineers will provide their experts to look after the various processes of manufacture at the Company's plant for a period of 5 years from the start-up. For these services called "technical assistance in the management of the plant," the consultants will be paid at the rate of Rs. 75,000 per year.

Thus the Company has been assured of continuous availability of technical know-how and assistance in the production of wire ropes. A beneficial feature of the collaboration agreements with Messrs. Lepage Consulting Engineers is that about 70% (Rs. 4,85,000) of the payments to be made to them as stated above will be invested by them in the equity capital of the Company.

LOCATION

The factory is to be located at Thana, near Bombay, where all facilities like transport, power, water, etc. are adequately available.

START OF PRODUCTION

The plant is expected to go into production late in the year 1962.

CAPITAL OUTLAY AND SOURCES

Capital outlay and working capital :

The estimate of requirements is as follows :

	Rs.
(a) Land, buildings, roads, etc.	11,00,000
(b) Plant and machinery, imported and indigenous, including import duty, transport to site and erection charges.	56,85,000
(c) Cost of technical services and know-how	3,15,000
(d) Pre-operating expenses	4,15,000
(e) Preliminary Expenses including Underwriting Commission, Brokerage, and Issue Expenses	2,45,000
(f) Working capital	19,40,000
Total ...	97,00,000

The above requirements will be met from the following sources :

	Rs.
(a) Equity Capital	45,00,000
(b) Preference Capital	10,00,000
(c) Foreign exchange loan from the Industrial Credit and Investment Corporation of India Ltd.	30,00,000
(d) Loan from Company's Bankers and from other sources	12,00,000
Total ...	97,00,000

LOAN IN FOREIGN CURRENCIES FOR IMPORT OF MACHINERY

The Industrial Credit and Investment Corporation of India Ltd., Bombay, have agreed in principle, subject to the approval of the International Bank for Reconstruction and Development, to lend to the Company an amount in foreign currencies equivalent to U.S. $630,000 (approximately Rs. 30 lakhs) to pay for the cost of imported machinery and capital equipment. The loan will bear interest at 7¾% per annum and is repayable in 15 half-yearly instalments commencing from November 1, 1963 and ending in November 1, 1970. The loan will be secured by a first legal mortgage of the Company's present and future assets subject to the hypothecation of movables to secure bank borrowings for working capital. So long as the loan or any part thereof is outstanding I.C.I.C.I. shall be entitled to appoint a Director who shall not be liable to retire by rotation nor shall be required to hold qualification shares.

PAYMENT TO PROMOTERS

No payment is to be made to Messrs. C. H. Gandhi and Sons, Promoters of the Company, except for the reimbursement of the actual out-of-pocket expenses incurred by them and no profit or benefit has been given to any other person as promoter of the Company.

MANAGING AGENTS

The Government of India by their letter No. 9(5)-C.III/60 dated 2nd June, 1961 have given their approval to the appointment of Messrs. C. H. Gandhi and Sons Private Limited as the Managing Agents of the Company for a period of 10 years from 2nd June 1961.

MINIMUM SUBSCRIPTION

The minimum subscription in respect of the public issue on which the Directors will proceed to allot is Rs. 27,50,000. Subscription of the amount is assured as the entire public issue has been underwritten.

REDEMPTION OF PREFERENCE SHARES

The Redeemable Cumulative Preference Shares of the face value of Rs. 10 lakhs being issued under this Prospectus shall be redeemed by the Company at par at the expiry of 10 years from the date of issue.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON THE 17th JULY 1961 AND WILL CLOSE AT THE CLOSING OF BANKING HOURS ON THE 24th JULY 1961 OR EARLIER BUT NOT BEFORE THE 19th JULY 1961.

INDUSTRIAL **IBCON** CONSULTANTS

The industrial consultancy services offered by the group fall under the following headings:-

IN THE PLANT:— PLANT CAPACITY AND LAY-OUTS • PRODUCTION PLANNING AND CONTROL • STORES ORGANISATION AND CONTROL
FUEL AND STEAM UTILISATION • RAW MATERIALS CONTROL • QUALITY CONTROL • TRANSPORT
MECHANICAL HANDLING • OPERATIONAL RESEARCH • VALUATION OF PLANT AND BUILDINGS

ON LABOUR:— METHOD AND WORK STUDY • JOB EVALUATION • INCENTIVES • PERFORMANCE CONTROL • WAGE STRUCTURES
TIMEKEEPING SYSTEMS • PERSONNEL RECORDS • HUMAN RELATIONS • COMMUNICATION

IN OFFICES:— MANAGEMENT CONTROLS • MANAGEMENT ORGANISATION : EXECUTIVE AND CLERICAL • WORK MEASUREMENT
INCENTIVES • BUDGETARY CONTROLS • LAYOUT, COMMUNICATIONS AND EQUIPMENT

AND:— THE SETTING UP AND TRAINING OF THE CLIENT'S OWN INDUSTRIAL ENGINEERING DEPARTMENT
MARKET RESEARCH • PLANNING FOR MODERNISATION AND EXPANSION OF INDUSTRIES
TECHNOLOGICAL STUDIES IN RAW MATERIALS, PROCESS AND PLANT PERFORMANCE

IBCON PRIVATE LIMITED

HEAD OFFICE: ADELPHI, 119, QUEEN'S ROAD, BOMBAY 1.

2, FAIRLIE PLACE, CALCUTTA 1. • BRADY'S BLDG., MAHATMA GANDHI RD., KANPUR.

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PATTERN OF COMPANY DIRECTORSHIPS–I

FINDINGS OF PILOT STUDY OF BIG COMPANIES IN WESTERN REGION

By Dr. Raj K. Nigam, Director of Research and Statistics and **N. D. Joshi,** Research Officer

[The authors, both of whom belong to the Department of Company Law Administration, Union Ministry of Commerce and Industry, recently conducted a pilot study of the composition and characteristics of boards of directors of the big-sized joint-stock companies in Gujarat, Maharashtra and Madhya Pradesh. Their findings are set out in this article against the background of trends in the U.S. and the U.K. As the article is too long to be conveniently accommodated in one issue, it has been split into two parts. The second part will appear in our next issue. The authors have brought out the interesting point that there is scope for a detailed study of the subject, taking into account all the regions. Here is a worthwhile suggestion for writers on joint-stock companies in India which, if implemented, may prove to be quite a rewarding job.—ED.]

IN law, the Board of directors is the "seat of authority" and the "locus of legal responsibility" in the company. It is the highest policy-making body of a company and, for this reason, the company directors are very powerful people indeed in a company. To a certain extent, however, their position has, of late, been seen to have whittled down in the big-sized companies in Europe and America. Taking cognisance of the fact that the company directors hold great powers within a company or a group of associated companies, the Company Law in all those countries where it exists, prescribed suitable safeguards and restrictions against the possible misuse of authority by the directors in a way detrimental to the interests of shareholders of the company whom the directors in law represent; at the same time, the law also defines their legal responsibility for the compliance of the provisions of the law and for the direction of the affairs of the company. According to an eminent author on "Business Management," the board of directors has become a "tired fiction." In most of the large companies, it has in effect been deposed and its place has been taken by executive management. But, notwithstanding this, by and large, the company directorship, continues to be a privileged position which is of considerable interest and attraction to the men in business, and the board of directors continues to be under the unremitting vigilance of the investing public and the Government Administration. Failure to meet the various legal obligations cast on the directors makes them liable to certain specific penalties prescribed in the Act.

Desirable Attributes of a Director

It is essential that the board should comprise a body of competent people. The competence of the directors is reflected in their understanding of the problems of the enterprise with which they are connected, in their integrity and moral trustworthiness as also in their fairness and pragmatism. Further, since "directors are responsible paramountly for the long-term survival of the business, they should be men habituated to long-term thinking." It is, however, not necessary that every director on a board should concern himself mainly with long-term planning, but it is nevertheless essential that at least a few members of the board should be thinking chiefly about the pattern the company must follow if it is to be successful in years to come. Also some directors on the board must have technical knowledge concerning the industrial processes, management and accounting.

Nominal Directors

But, while it is true that the board of directors should be manned by persons with the necessary qualifications, to function as really effective directors, in actual practice, there is a body of directors who function as nominal directors under the board of the company. They come to hold a place on the board for a variety of reasons. For example, there are the 'hereditary' directors, who, on attaining the age of majority, become the directors of companies which their parents had started. Another class of directors is 'fee' or interest directors who are simply concerned with their fees for attending meetings of the board and the return on the shares of the company subscribed by them. A third type is of the exalted directors on whom the directorships are imposed, the reason for which vary according to circumstances. Such persons are usually chairmen of the boards of directors. The designation of 'guinea-pig directors' has also been given to the directors who are directors in name only.

In our country, the managing agents followed the practice of putting their nominees on the boards of companies and these persons carried out the orders and instructions of the managing agents. Such directors come particularly very handy to form quorums to get certain matters through at the board meetings. The prevalence of this practice which in reality resulted in the total eclipse of the personality of the board of directors by the directing hand of the managing agents in the past led to abuses and weaknesses in the corporate management in the country.

Eventually, Government had to take notice of the unsavoury aspects of the management of companies resulting from this practice and to lay down certain restrictions in the Companies Act. Thus, the present Company Law has set a limit on the number of nominee directors. Proviso (1) to Section 377 of the Companies Act, 1956 lays down that "the managing agent of a company may, if so authorised by its articles, appoint not more than two directors where the total number of directors exceeds five, and one director where the total number does not exceed five." Some more limitations on the powers of managing agents to send their nominees are prescribed in Section 261 of the Act, which, *inter alia*, states that an associate, or officer or employee of the managing agents can be appointed directors by the passing of a special resolution by the general body of the company, the required majority for such resolution being 75 per cent, as against the simple majority of 51 per cent of the members present at the meeting.

Present trends in the composition of boards of directors in the West, in Europe and America, reveal that, in the case of big-sized companies, attempts are now made to balance the board of directors in three principal directions, namely, (*a*) the age distribution of the directors, (*b*) the proportion between executive and non-executive directors, and (c) the balance between the representation of different functions and interests. As Seymour says, "a board can be expected to be most effective when its membership is carefully balanced as regards age, and the proportion of its executive to its non-executive directors and when the specialist knowledge which the directors can collectively contribute covers the whole of the company's activities." The age is said to be an important imponderable in creating confidence in the investing public. Older men on the board are favoured because of their ripe experience. "It is quite extraordinary how older men are sometimes able to bring their collections of methods used many years ago to the solution of current problems; often display the knack of indicating some crucial factor that has been entirely overlooked by the younger men. The ability to visualise the total situation is an accomplishment that matures with the years." As against this, the advantages of having younger directors on the board are, of course, those naturally attached to youth, energy, enterprise, enthusiasm, knowledge of the present and interest in the future. In addition, by appointing men as directors at a reasonably early age, a company ensures that, in the ensuing years, it will have men of mature experience in its affairs.

Inside Directors *vs.* Outside Directors

In the selection of executive and non-executive directors, the question of outside *versus* inside directors and of part-time *versus* full-time directors comes up. The chief reason for selecting outsiders as directors is that "both the large and small business need board members whose experience, outlook and interests are different from those of the management." As Peter Drucker says, "what is needed on a board is not people who agree with management anyhow, but people who are likely to see things differently, to disagree and to question, especially to question the assumptions on which the chief executive team acts without, usually, knowing these assumptions." The presence of insiders in an overwhelming number would place the management in a position of isolation. Outside directors, because of their eminence, known integrity and professional experience and ability are believed to raise the prestige of the company. As against this, inside directors from the executive and full-time salaried top technical cadres are seen to import a greater degree of co-ordination within the whole organisation and a unity of purpose in achieving greater efficiency, better productivity and accelerated expansion of productive capacity of the enterprise. Full-time executive directors owe their ascendancy to the complexities of operation and working of large-scale corporate businesses. They are nowadays conspicuously seen on the boards of large corporations in the U.S. and are slowly creeping into the boards of companies in other countries. Competent opinions, however, favour their presence as a small minority on the boards. To quote Drucker: "The board must also be detached from operations. It must view the company as a whole." This means that working executives of the company should not dominate the board. In fact, the board will be stronger and effective if it is genuinely an 'outside' board, the bulk of whose members have never served as full-time officers of the company. In selecting outside directors, a further precaution is also to be taken that they would give the affairs of the corporation the attention that it needs. Outsiders can easily become yes-men for the chief executive, whether through friendship or inertia. They may even be selected in the first place by the chief executive to be essentially a dummy board.

Interlocking Directorships and Plural Directorships

Two other important issues are also associated in the selection of outside directors on the board. These are the questions of interlocking directorships and plural directorships. Sometimes, certain persons or directors are offered directorships on the boards of several companies for their reputation for shrewdness, sound executive judgment and general experience of business. For control over financial resources or eminence in the financial circles also, certain persons are offered plural directorships. As persons with such qualifications and calibre are indeed few, their scarcity accentuates a trend towards pluralism and interlocking. The phenomenon of interlocking directorates is very common among the largest British and American companies. Interlocking directorates are only one of the many ways in which intimate ties are established between separate corporate bodies. Apart from the common directors, corporations become related to one another through intercorporate stock ownership and through the ownership of stocks in separate companies by the same institutional or individual stock owner. Business enterprises, both corporate and non-corporate, may be enduringly tied to each other by agency arrangements, long-term supply contracts, patent licensing agreement and similar other contractual arrangements which establish, in fact, though not in legal theory, a permanent bond between the parties. All such links of ownershship and enduring contracts are as relevant as inter-linked directorates in making the structure of corporate alliances, which accentuate the tendencies of concentration of economic power. In our country too, this trend is noticeable among the companies controlled and managed by big business houses. Through the device of interlocking directorates, a "community of interests" between firms or companies is formed. This no doubt facilitates closer co-ordination and rationalisation among the interlocked companies, but, at the same time, it often leads to reduction of competition and to concentration of economic power in fewer hands which would be detrimental to the general interests of the public.

Types of Interlocking Directorships

The interlocking relationships among corporations through persons associated with those corporations are of various types, depending upon the character of the enterprises that are linked, the directness of the linkage, the frequency of the linkage, and the responsibilities of the persons who constitute the links. Corporations that are linked together may be actual or potential competitors, buyers and sellers of commodities, users and suppliers of services, including banking and transportation services, or not engaged in dealings with each other. Here, it may be mentioned that all the interlocks established through common directorships are not to be regarded as significant, since they may be of a fortuitous nature. In the U.S., the various studies of interlocking directorates have named seven broad patterns of interlockings

Note: The views expressed in this paper are entirely the personal views of the authors and the Department of Company Law Administration is in no way committed to them.

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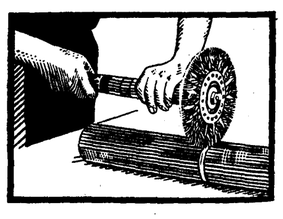

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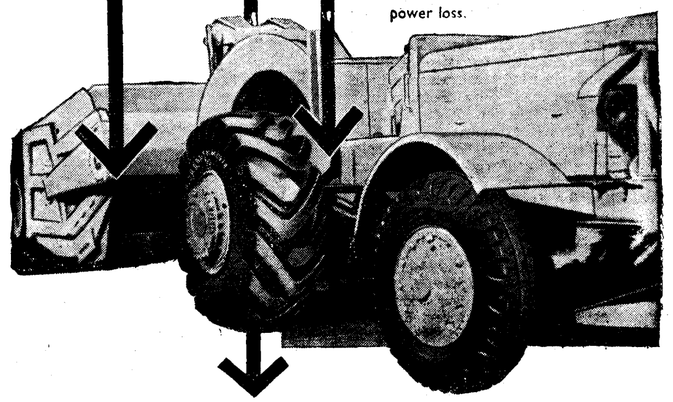

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Secured through common directors, namely (*a*) interlockings between competitors which tend to limit or eliminate competition between the competing concerns; (*b*) interlockings between companies in the same or closely related industries but not in competition with each other; (*c*) interlockings between companies that face similar problems; (*d*) vertical interlocks among common companies engaged in the distribution of materials in short supply; (*e*) vertical interlocks among companies that sell or distribute the products of another and thus create preferential access to market outlets; (*f*) interlocks between manufacturing corporations and financial institutions such as banking and insurance companies that may assure adequate credit to favoured companies and result in withholding credit and capital from other competing concerns; and (*g*) interlocking relationship to protect an investment.

Safeguards Against Interlocking Directorates

The phenomenon of interlocking directorates is fraught with great dangers to the community. As Florence says, "When the interlocking directorates and the holding-plus-subsidiary combines are added to the trade associations and the complete merger, the reduction of competition appears formidable." The possibilities of resurgence of such a harmful phenomenon have been reduced in our country by the provisions of the Companies Act. Section 275 of the Companies Act lays down that no person, save as otherwise provided in Section 276, would hold office at the same time as director in more than 20 companies as determined by the provisions of Section 278 of the Act. This would thus appear to be a very significant development, considering the earlier position when some directors were seen to have more than fifty directorships. During the debate on the Companies Bill in 1955, great interest was shown in Parliament in this question which was examined against the background of the accepted socio-economic objective of socialistic pattern of society.

Research Studies in the U.K. and U.S.

There is not, however, adequate realisation of the various problems connected with the selection of directors for the company boards. There are no full-dress studies on this subject in our country as are available in the U.K. and the U.S. In those countries, with the help of survey techniques, research inquiries have been made into the following aspects of the composition of board of directors of big and medium-sized corporations:

(*a*) Sizes of the boards of directors of companies of different trades and ages;

(*b*) the frequency of change in the composition of the boards;

(*c*) the considerations at work in making appointment to the boards;

(*d*) the proportion of executive and non-executive directors on the boards;

(*e*) the total number of directorships held by directors; and

(*f*) interlocks between companies created by the phenomenon of plural directorships.

Aspects of Board Composition Studied

In this paper, we have attempted to throw light on a few of the foregoing questions with the help of the materials available to us from the returns filed by the companies in Form No. 32, as required by the provisions of Section 303, during the year 1956-57. This is a pilot inquiry, limited to a sample of only big and giant-sized companies. It may be admitted here that had the study been modelled on the basis of a comprehensive questionnaire issued to the companies to secure copious statistical data and biographical notes on the company directors in consultation with them, as several writers like Sargant Florence, John Seymour, H. T. Copland. A. R. Towl, Mabel Newcomer and others have attempted in the U.K. and the U.S., the authors would have no doubt got a lot more detailed information on the company directors which would have thrown greater light on the socio-economic problems of company managements in the country.

(To be concluded)

The third largest State Transport Undertaking in India. Mysore Government Road Transport, has placed a repeat order for 30 Comet bus chassis with Ashok Leyland Ltd., of Madras. Powered by Leyland 0.350 diesel engines, the long-wheelbase chassis will bring the fleet of Ashok Leyland Comets ordered by Mysore since the State nationalisation of passenger transport to over 200.

AMBIKA SILK MILLS CO. LTD.

NOTABLE SUCCESS IN EXPORTS

MR. RAVINDRA MAGANLAL MEHTA, CHAIRMAN, WANTS LIBERAL IMPORTS OF MACHINERY

THE success achieved on the export front enabled the Ambika Silk Mills Company Ltd. to solve its problem of raw material, namely, art silk yarn, fairly satisfactorily during the year ended 31st December 1960. This point was made by Mr. Ravindra Maganlal Mehta, Chairman of the Company, in his speech at the Twenty-second Annual General Meeting of the Company held at Bombay on 15th June 1961. The outlook for the Company depends upon prompt delivery of yarn by art silk spinners, who have been allowed to get a share of foreign exchange earned by weaving mills under the export incentive scheme, and liberal imports of machinery for modernisation of its weaving and processing equipment.

The following is the full text of Mr Maganlal Mehta's speech:

"GENTLEMEN,

"It gives me great pleasure in welcoming you all to this twenty-second annual general meeting of your Company. The Directors' report, audited profit and loss account and the balance-sheet of the Company for the year ending 31st December 1960, have been in your hands for some time and, with your permission, I take them as read.

"During the year under review, you will observe and appreciate, the results have shown marked improvement. The most important development in your Company's business to which I should like to draw your pointed attention is its success in building up export trade. Your Company exported material worth Rs. 7,46,681 which enabled your Company to earn very valuable foreign exchange and to benefit itself by receiving licences for importing raw material, i.e., yarn under the Export Promotion Scheme.

Importance of Exports

"Shortly we are entering the period of the Third Five-year Plan which represents a crucial step in the fulfilment of our country's basic socio-economic objectives. Success of this Plan will depend upon what each one of us contributes towards its working. What will be of paramount importance is to earn foreign exchange not only to continue to develop the already established industries but also to put up new industries and thus ultimately make our country self-sufficient in many respects, raising at the same time the standard of living. Your Directors were cautious and had foreseen the difficulties which would have to be experienced due to shortages of essential raw materials for your Company. As anticipated, this has happened and at the present time you are aware that art silk/synthetic yarns required for the working of the Company are in acute shortage. Had the Company not resorted to exports, the results would have been very gloomy.

"It becomes imperative that concentrated efforts in all spheres of activity in our country are made, each one of them being treated as deserving top priority. In my opinion, every effort in connection with the development of the country deserves the same priority as the rest and attention of the Government should be focussed to such items which are lagging behind so that all efforts are well co-ordinated and success as desired obtained. I would not hesitate to say that, if little percentage of the profit is to be sacrificed for achieving larger production, one should rather welcome it than allow the shortage of things to be created.

Export Incentive

"Recently, the Government have further amended the Export Scheme and raised the target of exports from Rs. 6,000 to Rs. 7,500 per installed loom for getting the benefit of export incentive. It is also provided that 30 per cent should be allotted to the rayon yarn spinners for importing rayon grade pulp. This scheme is said to be effective from 1st April 1961 and, since our industry will be called upon to surrender valuable foreign exchange which they will have earned at a great sacrifice, it should be rewarded by the rayon spinners by making prompt supplies of rayon yarn to which they will be entitled under the scheme. I am certain that the Government is aware of the acute position. The Government should see to it that supplies of indigenous yarn are augmented, if not before, at least simultaneously with the surrender of foreign exchange by the industry.

"Your Company will continue to export and I am glad to say that your Company's products have been very much liked and are in great demand in foreign countries. The products go to such countries as Fiji Island, Afghanistan, Mauritius, Sudan, Ceylon, West Indies, Thailand, British East Africa, Iran, Burma, Aden and Hongkong.

Machinery Imports

"Last but not the least, I am constrained to remark that many problems concerning and vitally affecting our industry still remain unsolved, the most important thereof being the immediate need for replacement of old machinery by modern machinery. In this respect, I am afraid that justice is not being accorded to us and, during the last three years, nothing, in terms of essential machinery, is allowed to be imported. If this state of affairs is allowed to be continued, our achievement from export side is bound to suffer and it is of paramount importance that what we export, which we must, is of quality equal to other technically advanced countries and this can only be achieved if we are equipped with modern plant and machinery. Recently a survey has been conducted by a team of experts who went into the question of requirements of machinery by our industry and I only hope that, with the contribution to foreign exchange earning by our industry, the Government will be pleased to allow imports of machinery not only for the replacement but also for new items which are fast developing in foreign countries.

"Working of an industry in the present period and in the periods to come requires continuous watch, co-ordination and efforts of not only the management in charge but also of technical, administrative staff and operatives. I am glad to state that all these people have contributed unsparingly in giving co-operation. On the labour front we had a peaceful working throughout the year. I take this opportunity of conveying my thanks to all of them."

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TRAVANCORE CEMENTS LTD.

SPEECH OF Mr. C. S. LOGANATHAN

SHORTAGE OF COAL HITS CEMENT INDUSTRY

POINTED reference to the problem of high cost of production confronting the cement industry was made by Mr. C. S. Loganathan, Chairman of the Travancore Cements Ltd., in his speech at the Fourteenth Annual General Meeting of the Company held at Nattakam, Kottayam (Kerala State), on 23rd June 1961. The major increase in cost, he added, was caused by the fuel element. Other items, such as spare parts, hardware materials, lubricants and packing materials had also become more expensive, inflating the cost. Referring in particular to the question of fuel, Mr. Loganathan observed that, in view of the difficulties in getting its entire requirement of coal by rail, which is the cheapest mode of transport, the Company had been forced to get a part of the supply of coal by resorting to the more expensive means of coastal shipping or, alternatively, to use furnace oil, which again was a very costly fuel. Had the railways been able to provide the Company with its entire coal requirements, according to him, the profit of the Company would have gone up by as much as Rs. 2 lakhs.

The following is the full text of Mr. Loganathan's speech:

"GENTLEMEN,

"I have great pleasure in welcoming you all to the fourteenth annual general meeting of our Company.

"The audited balance-sheet as on 31st December 1960 and the profit and loss account for the year ended that date and your Directors' report have been in your hands for some time and with your permission I shall take them as read.

Cost of Production

"Our net profit for the year 1960 is Rs. 5,21,843. Even though the operation of the factory during 1960 had been as efficient as possible, the cost of production had been high due to various factors which were beyond our control. The major increase in the cost is that of fuel, while other items like spare parts, hardware materials, lubricants, packing materials, etc., have also become costlier, inflating the cost.

"As we are not getting our entire requirements of coal by rail, which is the cheapest mode of transport, we have been forced either to get part of our requirements of coal by steamer, which is very expensive, or use furnace oil, a very costly fuel. During 1960, due to the serious problem posed by the unsatisfactory coal supply position, we were forced to operate the factory more than half the time with furnace oil. If we had been enabled to obtain our entire requirements of coal by rail route and thus avoid the use of fuel oil and seaborne coal, our profit would have been more by about Rs. 2 lakhs. The Government of India is seized of the coal transport situation and there is a proposal of Government arranging supply of coal by steamer under a subsidised freight scheme, but it has not been put into practice so far.

Cement Prices

"The price of cement payable to each producer is fixed by the Government of India based on the cost of production and the price for our cement was last fixed in June 1958 and is in force till 30th June 1961. We have submitted to the Tariff Commission all facts and figures relating to our cost of production to revise the price payable to us from July 1961. The Tariff Commission will be holding meetings with the cement producers shortly to finalise their inquiry and submit their recommendation to Government for the revision of cement price.

Cost of Packing

"While the cost of naked cement is usually revised once in three years, the cost of packing payable to the producers was revised once in three months—based on the actual cost of gunnies without altering the f.o.r. destination price of packed cement. When the price of gunnies shot up by about 60 per cent from the fourth quarter of 1960, the Government felt that it was impossible to accommodate the increase within the then existing f.o.r. destination price and it was not possible for the industry also to run without an enhanced packing allowance. Under the circumstances, the Government permitted the producers to use second-hand bags

(Continued on page 99)

FERRO ALLOYS CORPORATION LTD.

CHAIRMAN, MR. DURGAPRASAD SARAF, URGES FREIGHT CONCESSION

SCOPE FOR EXPORT OF FERRO-MANGANESE

AN appeal to the authorities to reduce the incidence of heavy railway freights, now borne by the ferro-manganese industry in respect of both finished products and raw materials, was made by Mr. Durgaprasad Saraf, Chairman of the Ferro Alloys Corporation Limited, in his speech at the Fifth Annual General Meeting of the Company held at Tumsar on Monday 26th June 1961. Railway freights alone, according to him, constituted 15 per cent of the production cost. Drawing attention to the still heavier cost of electricity, he urged the Government to charge concessional rates for power consumed by the industry. On the question of export, Mr. Saraf pointed out that ferro-manganese had much scope for earning foreign exchange if the requisite assistance was provided by Government. He called upon the Government to devise a scheme of export subsidy or to fix the internal price of ferro-manganese at a higher level than the price prevailing in the international market "so as to secure a sound and firm foundation for the industry."

The following is the text of Mr. Saraf's speech:

"GENTLEMEN,

"It gives me great pleasure to extend to you a cordial welcome at this fifth annual general meeting of the Company.

"The Directors' report and the audited balance-sheet for the year ended 31st December 1960 have been in your hands for some time and, with your permission, I shall take them as read.

Progress Satisfactory

"On a perusal of the same, you will agree with me that the progress made by your Company has been quite satisfactory. As you are aware, two furnaces were already in commission by the end of 1959, and the third one was also switched on in January 1960. The working of the furnaces has been satisfactory. The entire plant was thus in full production during 1960 and the total output of ferro-manganese was more than double that of the preceding year. The turnover increased to Rs. 326.40 lakhs, as against Rs. 42.43 lakhs in 1959. This increase was largely due to supplies made by your Company under the Indo-U.S. barter through the agency of the State Trading Corporation. The local demand from the steel plants and other small consumers in India showed quite appreciable improvement. As a result of this favourable trend, your Company has made a net profit of Rs. 30.41 lakhs.

"After providing for a development rebate reserve, your Directors have set aside a sum of Rs. 9.99 lakhs for payment of dividends which would wipe out the entire accumulated liability in respect of preference shares and also leave sufficient balance for the ordinary shareholders who will get a dividend of Rs. 8 per share, subject to income-tax. The surplus balance of profit during 1960 has been utilised as a set-off against the carried forward losses which have been reduced from Rs. 25.65 lakhs to Rs. 5.54 lakhs. As against this, the development rebate reserve stands at Rs. 14.50 lakhs, which represents 75 per cent of the claim of the Company in respect of the development rebate under the Indian Income Tax Act.

Shipment

"Even this small carried forward loss could have been wiped out in the very year, if the buyers had made arrangements for lifting the cargo which was lying ready for shipment. However, I am happy to report that, by now, we have been able to ship the same as also some production of the current year.

"The Directors' report has already dealt with the salient features of the statement of accounts, and hence I do not think it necessary to comment on the same here over again. I would, therefore, like to confine my speech to review the ferro-manganese industry in general.

Production Target

"As you are perhaps aware, the ferro-manganese industry was projected in the first Five-year Plan with a target for installed capacity of 172,000 tons and a production of 160,000 tons by 1960-61. It was expected that about one-third of the production would be consumed in India and the balance would be made available for export. The industry, which owes its existence to Government encouragement, has done its best to reach these targets. Unfortunately, when the industry started production, the international price level was at its low ebb and internal demand very poor. This has naturally affected the industry adversely. This situation has not shown much improvement. Although neither the Government nor the industry is responsible for such a situation, it is of paramount importance to find out ways and means to overcome the hurdles that beset the path of progress of this nascent industry. In my view, it is not difficult to remove the handicaps if proper measures and policies are evolved and correctly implemented.

Railway Freight Heavy

"In my speech last year, I had referred to some problems of the industry pertaining to transport, railway rates, power costs, labour and taxation. It is distressing to note that very little has been done to solve these problems. The industry has to bear a heavy burden of railway freight on the finished product and the various raw materials such as manganese ore, coke, limestone, dolomite, carbon paste, etc., which have to be transported from distant places to the manufacturing centre. The railway freight alone constitutes as much as 15 per cent of the production cost. Still heavier is the cost of supply of electricity. These two items in particular call for immediate attention of the authorities and require a considerable reduction in the rates to enable the industry to stabilise itself.

Export Promotion

"The ferro-manganese industry has much scope for earning valuable foreign exchange for the country which we now need most, and, as such, this industry is entitled to certain special concessions and relief. In many countries, export industries are given preferential treatment. Unless the industry has developed some inherent strength, it cannot successfully face world competition. It is, therefore, necessary to devise a scheme of export subsidy or for fixing the internal price of ferro-manganese at a higher level than the price prevailing in the international market so as to secure a sound and firm foundation for the industry. Unless bold and definite policies are adopted, it is futile to speak of improvement in export trade.

Barter Deal

"We are thankful to the Government and the State Trading Corporation for the Indo-U.S. barter which has given some breathing time to the industry. We hope that the authorities will see that it is successfully concluded. It is also understood that another barter deal is under negotiation and the chances of putting it through are fair. Such transactions require a great deal of co-ordination and co-operation, and it would be in the mutual interest if the industry is taken into confidence and consulted before these are finalised. The proposed barter would offer good opportunity under the prevailing circumstances, provided it is handled with promptness, efficiency and business acumen.

Electrolytic Manganese

"Before I conclude, I would like to report with pleasure that your factory has been successful in producing electrolytic manganese and manganese sulphate on a pilot plant. Since these products have great potential for the internal and external market, an application has also been submitted for grant of an industrial licence for manufacture of these items in large scale.

"Your Directors have also kept plans ready for diversion of one or two furnaces for production of ferro-chrome and ferro-silicon, as and when necessary.

"Finally, I thank you, gentlemen, for the interest you have shown in the affairs of the Company."

Note:—*This does not purport to be a record of the proceedings of the annual general meeting.*

INDORE MALWA UNITED MILLS LIMITED

CHAIRMAN, MR. K. G. SEKSARIA, PLEADS FOR LIBERAL MACHINERY IMPORTS

PROSPECTS BETTER FOR CURRENT YEAR

IN his address to the Fifty-fourth Annual General Meeting of the Indore Malwa United Mills Ltd., held at Bombay on Tuesday, 27th June 1961, Mr. Kudilal Govindram Seksaria refuted the suggestion that the cotton textile industry was making huge profits and added that voluntary price reduction, effected by the industry in September 1960, combined with the rising cost of materials and higher wages, had, in fact, considerably affected the profitability of cotton mills. Mr. Seksaria also alluded to the subject of exports and called upon the Government of India to give its wholehearted support and encouragement to the mills to modernise and rehabilitate their machinery. For this purpose, he suggested that the Government should grant liberal import licences to mills against their exports of cloth and yarn for importing the requisite machinery and spares so as to enable them to produce quality goods at competitive prices. This, he averred, could halt the declining trend in textile exports. As regards the prospects of his Company for the current year, Mr. Seksaria struck a note of optimism.

The following is the full text of Mr. K. G. Seksaria's speech:

"LADIES AND GENTLEMEN,

"I welcome you to the fifty-fourth annual general meeting of the Company. The Directors' report and the annual accounts of the Company for the year ended 31st December 1960 have been in your hands for sometime and with your permission, I take them as read.

Profit Improves

"You will be no doubt gratified to observe from the Directors' report and the audited accounts that in spite of high expenses, the Company, has been able to show a profit of Rs. 27.69 lakhs before providing for depreciation and development rebate as compared to a meagre profit of Rs. 9,583 made last year. This has enabled the Company not only to wipe out the previous years' losses of Rs. 12.53 lakhs but also to provide depreciation for the year and for the years 1958 and 1959 amounting to Rs. 10.36 lakhs.

Rising Costs

"Although better trading conditions prevailed during the year 1960, the same were largely offset by the increase in the prices of raw cotton, heavier wage bill and enhanced price for stores, chemicals, dyeing materials and coal, not to speak of the continued heavy tax imposts, direct or indirect. Due to unfavourable weather conditions prevailing in the 1959-60 cotton season, the production of cotton crop was lower by about 10 lakhs bales as compared to the previous year. As a result, the prices of most of the varieties pierced ceilings and the industry had to experience considerable difficulties in securing adequate and regular supplies of raw cotton. Although the Government allowed liberal imports of foreign cotton to the tune of about 12 lakh bales, the prices of cotton ruled higher rendering difficult for the mills to produce cloth at economic prices. However, the position of raw cotton at the end of the year 1960 is fairly bright, thanks mainly to better prospects for the 1960-61 cotton season. It is estimated that the crop will be of about 54 to 55 lakh bales and with the import of about 10 lakh bales of foreign cotton, the supply position would be comfortable. In this connection I further would like to point out that due to the rising standard of living of the masses in the country, demand for quality goods has sprung up. For this need is felt for long-staple cotton. We have at present to depend mainly on foreign imports and it would be in the best interests of the country if the Government takes positive steps by giving more assistance to the growers for producing larger quantities of long-staple cotton.

Higher Wages

"The next constituent of the cost of production is wages. As a result of increase in the cost of living, the dearness allowance payable to the workers continued to rise during the year 1960. Over and above, as a result of the recommendations of the Central Wage Board for Cotton Textile Industry, the industry was saddled with Rs. 14 crores per annum on account of the stepping up of the basic monthly wages of a mill worker by Rs. 8 as from 1st January 1960 in some areas and Rs. 6 in others. As stated in the Directors' report, the increase in the monthly basic wage of a worker in the Madhya Pradesh region was Rs. 6. Moreover, there has been an upward revision in the grades of the clerical and supervisory staff too. All these have increased the wage bill of the Company by about Rs. 5 lakhs per year.

Voluntary Price Cut

"In spite of all these factors, the production of cloth has gone up by about 93 million yards. However, the total supply of mill cloth available for domestic consumption and export was less in 1960 than in 1959, being 5,432 million yards as against 5,805 million yards. This was due to the appreciable fall in the opening stocks with the mills. This together with the steeply enhanced cost of production and rising pressure of demand stimulated by increased population and money supply, the prices of cloth hardened. In some cases, due to speculation prices were boosted. This could have been avoided if the industry was allowed to expand its weaving capacity by the Government of India. The industry itself recognised the need for checking the upward trend in prices and announced its decision on 7th August 1960 to lower the retail prices of coarse and medium varieties in short supply. The Government being not satisfied, threatened to take coercive measures in case the industry failed to reduce prices further. Ultimately, on the 3rd September 1960 a revision in prices of cloth and yarn was made by the industry agreeing not to charge wholesale prices higher than the stipulated percentages over August 1959 contract, namely, coarse 25 per cent, lower medium 22 per cent, higher medium 18 per cent, fine 11½ per cent, and superfine 9 per cent. The prices of yarn were similarly revised. Not content with the reduction agreed to by the industry, the Government threatened again and at the end of the year further reduction in the stipulated percentages from 3 to 2 in aggregate and in case of popular varieties, which is 25 per cent of the total production, 3 per cent to 2 per cent more than the above reduction was made. Further, the industry agreed to stamp new prices on pieces of cloth and bundles of yarn together with the retail prices, calculated at 15 per cent over the ex-mill prices in case of cloth. This was done to ensure that the price reduction made by the industry is passed on to the consumers. All these price reductions have considerably affected the profitability of the industry. During the current year too further reduction in the prices of cloth and yarn was made by the industry.

Misconceptions Cleared

"As lot of misconception regarding the profitability of the industry is prevalent not only amongst the politicians but also amongst the higher circles, and as the industry has now and then been a target of baseless criticisms, the Government of India has been persuaded to refer to the Tariff Board the questions of determination of fair prices for cloth and yarn and fair profits to be allowed to the industry. The report of the Tariff Board is eagerly awaited. In this connection it would not be improper to refer to the *Bulletin* of the Reserve Bank of India for September 1960, which has disclosed the incontrovertible fact that in the matter of industrial profits, cotton textiles are among the enterprises that occupy the lowest rung of the ladder. It is precisely because of the low profitability of the cotton mill industry that it has become so hard for it to attract new capital for purposes of rehabilitation and modernisation. I am confident that the Tariff Board's report will dispel the wrong belief persisting in high circles that the industry is blessed with the good fortune of always riding on the crest of prosperity.

Exports

"It is rather distressing that India's export of cotton textiles should have declined considerably during the year 1960, being 693 million yards against 814 million yards in the year 1959. Although during the first six months there was a notable improvement in the export of cloth, being 350.73 million yards as against 303.76 million yards in the same period last year, the pace of export bookings since the beginning of July 1960 slowed down considerably in spite of some refinements in the export incentive scheme permitting imports of certain types of dyes more easily than before. This, as you are aware, was due mostly to the higher prices ruling in the domestic market and the high cost of production in India as compared with that in other countries. I may also point out that the Export Incentive Scheme has not proved of much help to boost the exports. Government should be well advised that unless it gives its wholehearted support and encouragement to the mills to modernise and rehabilitate its machinery by granting them liberal licences against their exports to import the requisite machinery and spares to enable them to produce quality goods at competitive prices, I am afraid that unless the Government rises to the occasion by granting further incentives, the declining trend in exports is likely to persist in years to come.

All-round Improvement

"Turning to the affairs of the Company, the profit shown, as stated above, is of Rs. 27.69 lakhs, as compared to a meagre profit of Rs. 9,583 last year. The cotton consumption has gone up by Rs. 36.80 lakhs and the salaries and wages by Rs. 7.65 lakhs, largely due to the increase in monthly basic wages on account of the award of the Central Textile Wage Board and the consequential upward revision in the salary of clerical staff and supervisory staff. Further, the bonus for the year 1958, amounting to Rs. 1.60 lakh, and the gratuity and retrenchment compensation to labour, amounting to Rs. 91,171, have been adjusted against the profits. As regards the office and selling expenses, although the same have gone up by Rs. 3.68 lakhs, it is mostly due to interest paid to banks on loans. As regards the prospects for the current year, I would say that they would have been much better than those of the last year, had it not been for the reduction in prices in the beginning of the current year. However, I am confident that the results would be somewhat better.

"As indicated last year, the Company had started producing additional yarn to cater to the fast growing needs of the decentralised sector of the industry, and for this purpose the mills have started the third shift of its spinning section since May 1960. Although in the last year yarn worth Rs. 17.50 lakhs was sold, it is estimated that in the current year the same will be sold to the tune of Rs. 50 lakhs. Further, the Company has recently begun manufacturing yarn to cater to the needs of hosiery cloth manufacturers as well and it is hoped that a large portion of the total yarn meant for sale to the decentralised sector will be sold to them.

New Plant and Machinery

"In order to rehabilitate and modernise old and outdated machinery, the Company had placed orders upto the date of the issue of the Directors' report of about Rs. 26 lakhs during the current year and out of which orders of about Rs. 10 lakhs were placed for replacing the old spinning frames by new ring frames of 8" lift with SKF or GX2 drafting and Simplex Fly Frames. Since then further orders worth Rs. 20 lakhs were placed, out of which Rs. 11.5 lakhs for 10,800 spindles and Rs. 8.5 lakhs for electric motors, switch gears, cables and transformers to enable the Company to use power to be obtained from Chambal Hydel Project.

"As intimated to you in the notice, we would be transacting some special business in the meeting, including the adoption of a set of new articles to be substituted for the existing Articles of Association. In the explanatory note annexed to the notice, the nature of the business as well as important alterations made in the new set of articles have been fully explained to you. I hope in the larger interest of the Company you will accord your approval thereto.

"On behalf of the Board of Directors and on my own, I thank all the officers and other employees of the Company for the good work they have put in during the year."

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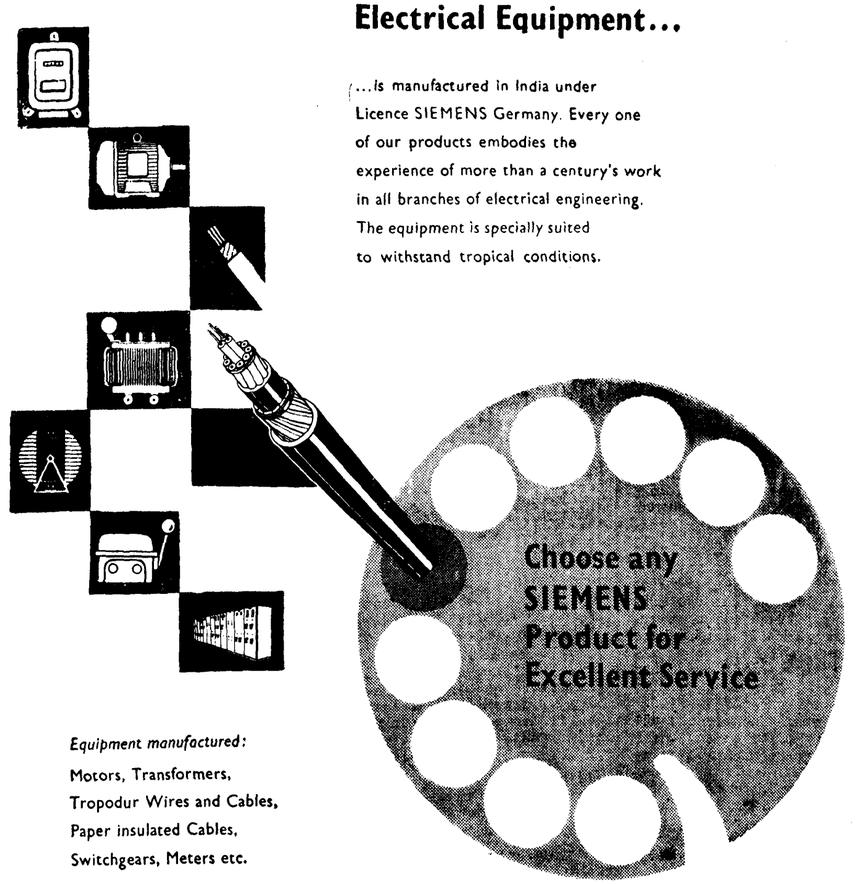

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SELECTED SATGRAM COLLIERIES LIMITED

CHAIRMAN MR. S. D. SHETHIA'S SPEECH AT ANNUAL MEETING

THIRD PLAN TARGET FOR COAL CAN BE REACHED IF OBSTACLES ARE REMOVED

THE inadequate allotment of wagons for coal loading in the Bengal-Bihar region and the resulting accumulation of pithead stocks might turn out to be a major obstacle to coal production itself. This timely warning is contained in the speech of Mr. S. D. Shethia, Chairman of Selected Satgram Collieries Ltd., at the 16th Annual General Meeting of the Company held at Calcutta on 28th June 1961. The Chairman also dealt comprehensively with the third Plan target for coal production and emphasised that the private sector could achieve its target if the Government removed all the obstacles in time and provided some incentives, especially in the matter of coal prices. In this connection, he described the Company's own third five-year plan under which the annual target of coal production would be at least 7 lakh tons.

The following is an abstract of the Chairman's speech:—

"I take pleasure in welcoming you to the sixteenth annual general meeting of the Company. May I have your permission in taking as read the audited statement of accounts and the Directors' report for the year ended 31st December 1960.

"At the very outset I have to make a sad announcement of the demise of Shri L. Hirji, a Director of your Company for a very long time, and whose services would be ever remembered.

Trading and Production

"Raisings during the year under review were 2,83,851 tons, nearly 23 per cent increase on the previous year's output, as against 10 per cent increase in the country's output. This was achieved by scientific planning and efficient execution in the face of heavy odds. Despatches have come up by 43,161 tons to 2,63,931 tons—a record figure so far. This manifests in higher sales figures and ultimate increase in trading results. The profit before taxation is Rs. 5,17,915 against Rs. 4,54,758 last year. The ratio of profit to raising is slightly lower, for the reasons I shall deal with later in my speech. After providing Rs. 1,89,000 for taxation and transferring Rs. 1,03,000 to reserves, your Directors have recommended a final dividend of Rs. 8 per share on 13,000 old ordinary shares and *pro rata* Rs. 2.62 on 6,500 newly issued ordinary shares, i.e. 16 per cent gross dividend as declared last year on increased capital.

"Contingent liabilities in the shape of tax matters mentioned in the accounts of last year have been removed, owing to your Company's appeal being upheld in the Income-tax Tribunal.

Development Work

"The raising in the collieries in 1960 was obtained by development work requiring continued dose of capital investment resulting in comparatively higher cost. In New Satgram Colliery expectations were not fully realised owing to Satgram seam being declared gassy by the Department of Mines towards the end of the year. More expenditure, both of revenue and capital nature, had to be incurred in taking extra precaution as required by the Mines Act. The reflection of this in the cost was apparent. In Sripur seam, one level stone drift through the faults, which, as had been reported last time, was stopped by the Department of Mines, has now been taken up. After a couple of months on its completion, the output there would go up. This year Sripur seams might also be entitled to the Coal Board's subsidy of Re. 0.60 per ton similar to Satgram Seam.

"Electricity had come to South Joyramdanga Colliery towards the end of 1960 when the increase in output recorded a new level. In the last two months of the year 5,000 tons were raised. As against that, 6,500 tons, on an average, have been raised from January 1961. The coal was upgraded from grade II to grade I resulting in an increase of Re. 1 in the sale price approximately per ton.

"Manoharbahal seam has been fitted with the required machinery and is capable of yielding 6,000 to 7,000 tons per month, subject to pilot capacity and transport position. An application for grading this coal was made to the Coal Board on 5th September 1960 and their decision is awaited. Loading accommodation for this colliery has been increased to 25 wagons and every effort is being made to increase the pilot capacity from 65 wagons to 85 wagons.

"The workings of the New Jamuria Colliery during the year under review, I am afraid, did not yield expected results owing to the thinness of the seam and extremely bad roof conditions. The machine mining having not succeeded resulting in high cost, pick mining method has been adopted. This colliery is also entitled to the Coal Board's subsidy of Re. 0.50 per ton on its output.

"The output per man shift of our group of collieries is .91 as against .72 of the all-India figure. We are making every attempt to improve this.

Housing and Amenities

"Most of the construction work taken in hand during last year have now been completed. Having obtained further sanction for 100 more houses at all our collieries, the construction has been started in the face of the shortage of construction personnel. Houses under cheap housing scheme have been sanctioned for New Jamuria Colliery. The co-operation received from the Housing Board and the Office of the Labour Welfare Commissioner has been spontaneous, and now, to some extent, the acute accommodation problem has been solved. Adult education centre, canteen, creche, pithead bath and multi-purpose co-operative society, open-air cinemas are showing satisfactory results. Distribution of sweets to labourers and special confectioneries to children under seven years is also continued.

"In the field of sports your Company has maintained its standard and New Satgram Colliery has again retained its Zonal Championship, stood well in the Raniganj Central Sports and participated actively in the All India Coalfield events.

"In honour of Shri Jagan, your Company's old and loyal sardar of the surface trammers who retired during the year under review, Pit No. 1 at New Satgram Colliery has been named after him as 'Jagan Pit.'

"At New Satgram Colliery the residential colony is fast coming up and it has been decided to name it Devchand-Nagar to commemorate the sacrifices and services of the late Shri Devchand D. Shethia, J.P., the first Chairman of your Company, who guided it capably during his tenure.

"Labour-management relations, despite the labour unrest in the neighbourhood, have remained cordial.

Transport Situation—a Baffling Problem

"The second Five-year Plan target of 60 million tons, about which I had expressed my doubts, has fallen short by 8 million tons, the share of the private and public sectors in the shortfall, according to figures available being, .8 million tons and 7.2 million tons respectively. However, one must say, there has been tremendous efforts on the part of the industry as a whole to come up nearer to the target level. Little those who were behind this herculean task realised that a most critical situation would develop in the country due to acute transport shortage. One wonders whether this was the reward for all sacrifices and tightening of the belts. As against the total daily requirement of 6,000 wagons for coal loading in Bengal/Bihar coalfields and 5,000 wagons committed by the railways, only 4,694 wagons on an average are loaded from January 1961 causing shortfall and short supply of 1,306 and 306 wagons per day respectively. The accumulation of pithead stocks amounts to over 5 million tons, locking up a huge capital. A high power committee was appointed by the Union Government to find out the solution. Change in the allotment system, more movements by rail-cum-sea routes, increased use of road transport, two tons extra loading in wagons and proposed increase in above Mughalsarai movement, are expected to relieve somewhat the acute shortage. Further, a suggestion has been made to find out the possibility of movement of coal down country by Durgapur canal. It would not be out of place to suggest the expeditious construction of the proposed Express Highway between Durgapur and Calcutta, and taking of coal by road by all priority consumers within 100 miles radius to further relieve the bottleneck. This movement might also be subsidised from the increased excise duty recently imposed. In any case, I am glad that this acute problem is receiving the attention it deserves by all concerned and with efforts made in all spheres, it should not be incapable of solution.

"With all the force at one's command, efforts must be made to relieve the bottlenecks mentioned above and prevent consumers from hand-to-mouth stock position and ultimate closures, and ever-increasing heavy accumulation of pithead stocks exposed to quality deterioration and spontaneous combustion. This might otherwise be a main obstacle to coal production.

Third Five-year Plan for the Industry

"The target fixed by the third Five-year Plan of 97 million tons is no less ambitious than the second Five-year Plan's target and to fulfil it, very careful planning in all its spheres and its expeditious execution with frequent reviews from time to time would be necessary. Our experience for all these years, particularly for the last five years, must be carefully remembered. The target of the private sector can be achieved with unstinting support of the Government in removing all the obstacles.

A Few Obstacles

"As is well known, the correct dose of finance supported by a realistic price policy for which the industry had been clamouring is the condition precedent to such achievement. Recent increase in coal price from 1st June 1961 by Re. 0.06 nP per tonne against the industry's demand of Re. 0.40 nP per tonne has been made to meet the increased incidence of labour wages. An appeal has been made to the Government in this connection by the industry.

"The foreign exchange requirement of the private sector for the third Five-year Plan period is estimated at Rs. 28 crores. The Government as well as the Joint Working Committee of the industry are sending a delegation to finalise the World Bank loan. The word 'loan', I must, however, point out, is a misnomer for the industry as this loan is to the Government and not to individual collieries.

Our Next Five-year Plan

"The Company's target is 44,000 tons per month from the existing units excluding Dishergarh seam which has finally been explored and is expected to yield selected grade of blendable coal of good use for metallurgical purpose. Negotiations are afoot with foreign experts for its final exploration. Between 25/30,000 tons per month can be obtained from this mine. Thus the total target fixed would be at least 7,00,000 tons annually. This substantial increase has necessitated increasing our authorised capital from Rs. 30,00,000 to Rs. 2 crores and subscribed capital from Rs. 19.50 lakhs to Rs. 40 lakhs. Necessary permission has been obtained from the Government for this purpose. Your Directors are considering a proposal for purchase of a colliery in Chanda coalfield in Maharashtra State presently mining grade III coal for which there is heavy and persistent demand. This colliery consists of 40 lakhs tons of coal, out of which approximately 12 lakhs tons can be obtained by development scheme and would be able to raise about 30,000 tons per month during the third Five-year Plan. The proposal for engineering works referred to in my last speech has encountered serious legal hindrances not being specifically provided for in the object clause of the Company. Alternatives are being considered by your Directors.

"The last issue of 6,500 ordinary shares was oversubscribed, manifesting the confidence of the public in the Company's management.

"Your Company's staff, both at the collieries headed by Shri J. Singh, General Manager of the Collieries, and its registered office, has shown a good deal of effort and commendable earnestness to cope with problems arising out of the expansion work taken in hand. Lectures, film shows, demonstration by the foreign technicians and short courses organised by the Productivity Council and British Insti-

(*Continued on page* 104)

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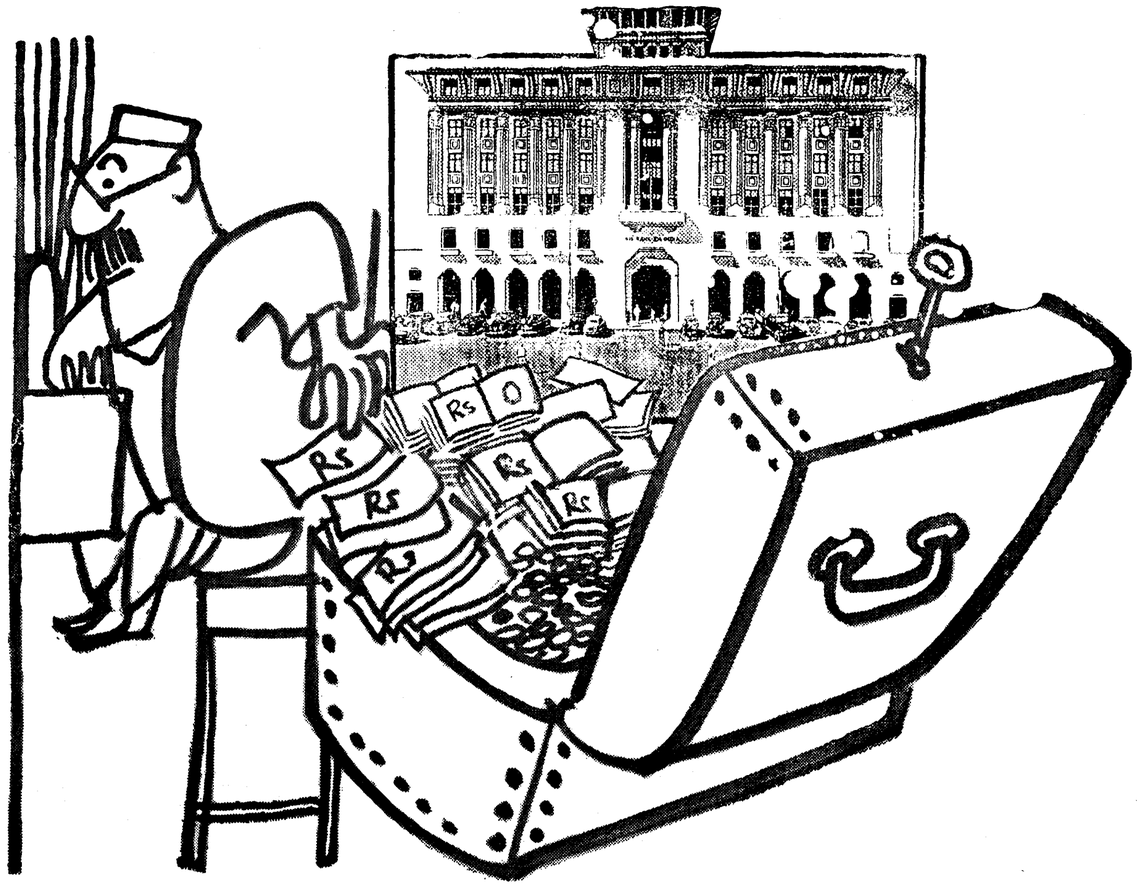

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PROSPECTS FOR PRIMARY EXPORTS

HARD FIBRES MAY FARE BETTER

A HIGH level of economic activity in industrial countries generally results in better trade for primary producers. But there are periods when this does not happen; for the development of synthetic products and other substitutes for primary produce and improved production techniques, has curtailed the market for natural produce. It is common knowledge that the recovery of industrial economies from the depression of 1957-58 was not followed by a corresponding improvement in the exports of primary producers. This trend was repeated in 1960, too, though in the preceding year, there was a marked expansion in the world demand for the products of the primary exporting countries. After a rise of about an eighth between the end of 1958 and mid-1960, the price index of raw materials in world trade began to recede again, without having regained the pre-recession average of 1957. The price index of all primary commodities had risen by about 3 per cent between the beginning of 1959 and the middle of 1960, but even that small gain was lost in the second half of last year. The unit value of exports from the primary exporting countries recorded an even smaller rise and that too was reversed in the second half of 1960 and by the third quarter, this index had dropped below the corresponding level in 1959, and 9 per cent below the 1957 average. In short, the expansion in world demand for the products of the primary exporting countries, which was pronounced in 1959, began to slow down after the first quarter of 1960. The reasons for this unsatisfactory experience of primary producers were the stagnant level of imports by the U.S. and the cessation of the vigorous demand from Western Europe which was quite perceptible in the initial months of 1960.

Cautious Optimism

Although the first half of 1961 is over, it will still be interesting to discuss the prospects for the primary produce for the current year. An assessment made by the U.N. experts shows cautious optimism. *The World Economic Survey 1960*, published by the U.N. Secretariat, expresses the view that the demand for primary products from industrial countries "is unlikely, in the aggregate, to fall below the 1960 level." This forecast is based on the assumption that the resumed recovery in North American demand will compensate for such slackening in demand in other industrial countries as may be caused by "either the changed inventory position or a slowing down in the high rates of growth that characterised it in 1960." In other words, "the overall stability in primary commodities that emerged from the gentle rise in 1959 and the equally gentle decline in 1960 may well continue for 1961."

A study of the supply conditions and policies, according to the Survey, leads to a similar conclusion with regard to the outlook for primary exports. On the one hand, supplies —in being or potential, from existing capacity— are generally appreciably in excess of probable consumption. On the other hand, where the imbalance is greatest, the rate of capacity utilisation and the flow of supplies to world markets are generally under the firmest control. Thus, while the possibility of a marked rise in average price is reduced by the availability of supplies —from stocks, if not from current production— the possibility of a substantial fall is reduced by marketing policies which in general have been internationally accepted, tacitly if not in terms of a formal agreement. Overall stability of price and an average rate of offtake at least up to the 1960 level, the Survey points out, will serve to set a floor to the total receipts of the primary exporting countries. But this will not ensure stability or expansion in the receipts of individual countries; here, prospects are by no means uniform, differences in market conditions among the various traded commodities being compounded by the usual diversity in production outcome and domestic demand. By and large, the degree of uniformity, in the opinion of the U.N. experts, is highest among the countries exporting mainly foodstuffs, partly because total demand for food fluctuates less than total demand for industrial materials and partly because it is among the major food items that the largest surpluses have recently been accumulating. But even among the food exporters prospects differ widely.

In the case of cereals, there are now more net importers than net exporters among the primary exporting countries. Crop changes are, therefore, more of consequence in terms of local food supply than in terms of their repercussions on foreign exchange earnings. Moreover, in view of the large and still increasing stocks, held predominantly in North America, the possibility of a significant rise in price is ruled out. The import demand for wheat in Western Europe is expected to be higher in 1961, in view of the sizable decline in its own wheat crop. This shortfall will, however, be made good mainly by North America. Among primary exporting countries, only Australia and Turkey are expected to increase earnings from wheat exports to any substantial extent. The principal wheat exporting countries of Latin America and North Africa are not expected to increase their export earnings, owing to smaller crop in 1960-61.

On the rice situation, which has been made rather uncertain by the trend in Chinese imports, the Survey points out as follows:

"The changes in rice production between 1959-60 and 1960-61 are likely to induce a higher rate of consumption but a smaller volume of international trade: the reductions in output are concentrated mainly in the exporting countries, notably Burma, Cambodia, mainland China, the Republic of Korea and the United Arab Republic (Egypt); the importers have all reaped an appreciably larger harvest. The principal exception is Pakistan where the crop is somewhat below the high 1959-60 level; this may tend to raise import requirements since the wheat crop—because of drought in the West—also promises to be smaller than in 1960. The principal unknown in the rice situation is the impact of the crop reductions in mainland China: to meet domestic needs, some 2 million tons of wheat and a large quantity of barley were purchased—from Australia and Canada —early in 1961. In May 1961, Canada agreed to provide mainland China with 6 million tons of wheat and barley over a period of two-and-a-half years. These purchases, though large, need to be compared with the end-of-season stocks in the hands of major exporters if their impact is to be assessed; in mid-1960 such stocks totalled 66 million tons, with a further large increase in prospect for 1960-61. About 400,000 tons of rice were also ordered from Burma; but this may be used—at least in part—to ship against previous commitments to other countries. Exports from mainland China had dropped back in 1960 from the high level of the previous year, but this did not prevent an appreciable decline in price; in view of the larger crops in most deficit countries, a further reduction in net exports from mainland China may not greatly affect the market. Nevertheless, as in the case of wheat and barley, prices in the first quarter of 1961 were slightly above both the corresponding 1960 level and the average for the preceding quarter."

Sugar Exports

The U.N. Survey observes that, in respect of sugar, the most important development that is bound to depress international markets is a bumper European crop in 1960-61, which will reduce its import demand. The impact of this will, however, be softened to the extent that purchases of Cuban sugar by the Centrally planned countries "represent a net addition to total demand and are not offset by a rise in exports." Production outside Europe is also well above the previous year's level. Consequently, free market prices have also been lower. Unit values of sugar exports in Cuba, in particular, is bound to be appreciably less than in 1960. By the same token, unit values for the countries that have obtained a larger share of the protected U.S. market—particularly Peru, Mexico, Brazil, Formosa, West Indies, British Guiana and the Philippines, as well as India and Australia, both of which have been allotted quotas for the first time—will be higher this year. Commonwealth exporters—notably Australia, Fiji, Mauritius and West Indies—will also earn more from sales to the U.K. as a result of a slight increase in the negotiated price. But this may well be offset, if the free market price falls further.

Tea and Coffee

Among beverages, stocks of tea are said to be at normal levels and, with world production and consumption expected to register a moderate increase in 1961, export proceeds may well exceed the 1960 figure. Tea prices in the first quarter of 1961 were higher by 5 per cent, as compared with the corresponding period in 1960. In the case of coffee, stocks have been successfully isolated by the principal producers, and prices—at least of *arabica* types—are likely to be sustained in 1961 as they were in 1960. The fact that 1960-61 Brazilian crop was a third smaller than the preceding one should not prevent coffee earnings from being fully maintained; stocks on hand are in excess of a normal year's world trade. North American imports, which receded in 1960 from their high 1959 level, may well rise again, thus increasing Latin American earnings. However, a further increase in African production—of about 8 per cent—may bring *robusta* prices, which weakened considerably in 1960 and early 1961, under added stress, notwithstanding the agreement to limit exports. In expectation of this, some countries reduced the prices paid to growers for the 1960-61 crop.

Export earnings from vegetable oils and seeds of underdeveloped countries are expected to go up in 1961, reflecting a continuing growth of demand, especially in Europe, a larger output in several of the primary exporting countries—notably groundnuts in West Africa and copra in the Philippines—smaller stocks of soyabeans in the U.S. and the crop failure in China. This last-mentioned country which was seller of oilseeds and oil in world markets, has now become a net buyer, which has tended to strengthen world oilseeds market.

Raw Cotton

Earnings from raw material exports are subject to much more erratic impulses from the demand side than are those from food. But the increased activity in industrial countries is expected to "provide an unusual degree of stability" in 1961. In 1961, net cotton earnings of the primary exporting countries, according to the Survey, may well exceed those of 1960, which were reduced by the poor 1959-60 crops in Central America and India. The small increase in world cotton production in 1960-61 is concentrated in primary exporting countries, their combined crop being higher by 11 per cent over 1959-60.

Wool earnings are less likely to show any improvement. Prices in the early months of 1961 were as much as 9 per cent below the corresponding 1960 average and the 1960-61 clip in the primary exporting countries was slightly smaller than the preceding one. The outcome for 1961 as a whole, however, is subject to two moderating influences. Argentina and Uruguay may ship rather more than in 1960, when there was some accumulation of stocks. And, potentially more significant, auction prices tended to rise towards the end of the 1960-61 season, leading to the surmise that the 1961-62 season might open at a higher level of prices; the gain in earnings in the last quarter of 1961 might then make good part or all of the loss—relative to 1960—registered in the first quarter.

Another important raw material in which India has a vital interest is raw jute. The U.N. Survey says that earnings from export of jute will not be much lower than in 1960 (notwithstanding the larger crop expected in 1961-62 season), thanks to virtually depleted stocks. In the aggregate, earnings from hard fibres, says the U.N. Survey, will be well maintained, with increased industrial demand from North America compensating for a reduction in agricultural demand from Western Europe.

EXPORTS OF MANGANESE ORE

As a measure of export promotion, it has been decided to provide incentive to exporters of manganese ore. Exporters of manganese ore are to be permitted to import mining equipment and machinery for improvement of their manganese mines to the extent of 5 per cent of the foreign exchange earned by them through the export of manganese ore in case of straight sales against cash. An additional import entitlement not exceeding 5 per cent (thus making a total of 10 per cent) will also be considered on merits in individual cases, where the actual users establish the need for it.

In the case of exports of manganese ore under barter also, import of machinery will be allowed to the extent indicated above, on condition that the value of the imports under the barter agreement is reduced to the extent of the machinery entitlements.

FIBRE AND CHIP BOARDS

The Government of India has decided to permit the setting up of new units to manufacture plants for the production of fibre and chip boards. This step has been taken because considerable scope exists in this field, with the licensing of a number of schemes under the Industries Act for the production of fibre boards (hard boards and insulation boards) and chip boards (particle boards). Many more such schemes are awaiting licences. The average annual capacity of a fibre board plant will be 6,000 tons and that of a chip board plant 757.500 tons. Government feel that a substantial number of these plants can be manufactured in the country itself by leading engineering firms, if they arrange for technical know-how and designs and drawings from leading international firms who are specialists in this field.

Engineering firms, which are interested in undertaking the manufacture of such plants may investigate possibilities of foreign technical collaboration and submit applications for licences to the Ministry of Commerce and Industry before 31st October next. Applications should indicate the number and type of plants to be turned out annually, the phased manufacturing programme, foreign exchange requirements for establishing fabrication capacity and for imported raw materials, components and finished machinery per unit, draft terms of collaboration and also a brief account of previous experience in fabricating machinery.

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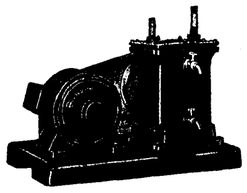

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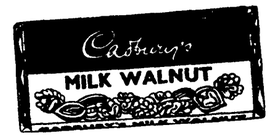

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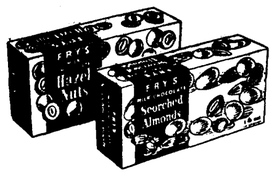

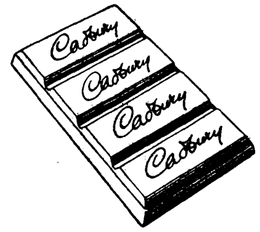

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METAL BOX MAINTAINS PROGRESS

RAW MATERIAL POSITION GIVES CAUSE FOR CONCERN

THANKS, in the main, to the Company's continued ability to provide high quality products and services, its pioneering spirit, and vigorous promotional efforts in domestic and overseas markets, the Metal Box Company of India Ltd. (Managing Director: Mr. H. K. S. Lindsay, Calcutta) has been able, during the year ended 31st March 1961, to maintain its position as the leading enterprise in India's fast growing packaging industry, despite severe and increasing competition. Sales of products, which had shown a sharp uptrend, in recent years in sympathy with the growing emphasis on packages of international standards, has recorded a further rise of as much as Rs. 140.51 lakhs to Rs. 970.03 lakhs, representing an increase of 17 per cent over their 1959-60 level. But, of this improvement, some Rs. 52 lakhs or 6 per cent represents an increase in the cost of raw materials, largely due to the substantial excise duties imposed last year on two of the Company's basic raw materials—tinplate and aluminium. It will be recalled that the Chairman of the Company, Mr. K. C. Mahindra, had in his statement to the shareholders last year, dwelt at some length on the adverse effects of the intended excise duties on the Company's raw materials. It is, indeed, distressing to find that, despite its strenuous and pioneering efforts in spreading the healthy habit of selling consumer goods in pilfer-proof packages at low cost, the Company's profits should at all have been subjected to these cost inflationary factors.

As a result of the increase in cost of raw materials and a further rise in cost of services, the gross profit has shown only a moderate improvement of Rs. 21.29 lakhs to Rs. 149.36 lakhs. The provision for depreciation has been slightly increased to Rs. 16.10 lakhs from Rs. 14.78 lakhs, while a higher provision for taxation (Rs. 60 lakhs as against Rs. 51 lakhs last year) has to be made in view of higher taxable profits. After these essential provisions, the net profit stands improved by Rs. 10.97 lakhs at Rs. 73.26 lakhs. The transfer to the general reserve has been maintained at Rs. 15 lakhs and that to the development rebate reserve reduced by Rs. 25,000 to Rs. 3 lakhs.

With the changes introduced in the mode of calculating the dividends payable on preference shares, an allocation of Rs. 1.60 lakhs, as against Rs. 1.80 lakhs a year ago, has been found sufficient to cover the liability on this account. Ordinary dividend, which has been maintained at 25 per cent subject to the deduction of tax, absorbs Rs. 40.25 lakhs. Although no change has been proposed in the rate of ordinary dividend, it is well to remember that a full year's dividend stands payable on the 460,000 shares issued in 1959. The following table presents the progress made by the Company during the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Product sales	9,70.03	8,29.52	6,96.85	6,11.79
Other income	22.57	16.84	14.59	11.52
Closing stocks of finished goods	15.61	7.85	7.95	6.45
Raw materials and stores consumed	5,69.29	4,72.91	4,01.68	3,60.77
Salaries, wages and bonus	2,17.32	1,83.97	1,44.08	1,28.72
Other expenses	64.39	61.31	50.59	46.68
Gross profit	1,49.36	1,28.07	1,16.59	86.16
Provision for—				
Depreciation	16.10	14.78	14.02	13.04
Taxation	60.00	51.00	56.00	41.50
Net profit	73.26	62.29	46.57	31.62
Excess provisions written back	1.47	3.50	..	2.50
Provision for retiring gratuity	10.00	5.00	5.00	..
Transfer to reserves	18.00	18.25	17.50	12.00
Dividends—				
6% taxable preference	1.60†	1.80†	1.24	1.24
Ordinary	40.25 (25%)†	36.11 (25%)†	20.12 (17½%)	20.58* (17½%)
Carry forward	28.86	23.97	19.34	16.68

† Subject to deduction of tax.
* Includes additional dividends of Rs. 46,000 for 1955-56.

The issued and subscribed share capital of the Company consists of Rs. 161 lakhs in Rs. 10 fully paid ordinary shares and Rs. 30 lakhs in 6 per cent preference shares of Rs. 100 each. This is supported by Rs. 211.61 lakhs in reserves and surplus which sum includes the amounts transferred from the profit for the year under review. Current liabilities, provisions and loans, aggregating Rs. 303.55 lakhs are sufficiently covered by current assets, inclusive of investments, loans and advances, amounting to Rs. 484.81 lakhs. Investment in fixed assets to the extent of Rs. 361.58 lakhs has been written down to Rs. 221.35 lakhs.

In theory, the outlook for the Company is, indeed, bright. The demand for containers is growing and, despite growing competition from other producers, the Company can be expected to get a good share of the expanding market because of its ability to produce high quality packaging materials and scientific marketing methods. But, in actual practice, the picture is not as simple and as rosy as all that. The biggest uncertain factor pertains to availability of raw materials. In his statement to shareholders this year, *vide* pages 28 and 29 of *Commerce* dated 1st July, 1961, Mr. K. C. Mahindra, Chairman, has drawn pointed attention to the short-sighted policy of the Government in not giving high priority for the import of raw materials required by the packaging industry. The Company has no doubt been devising ways and means whereby it can reduce its dependence on imports both for machinery and raw materials. But there is a limit to what can be done in this direction when the basic materials are not available in sufficient quantity. In this connection, the following extract from Mr. Mahindra's speech will show the position:

"Although the year opens with a satisfactory stock level, the outlook for the current year cannot be without anxiety. If Tatas proceed with the planned closure for overhaul of their billet mill, the Tinplate Company of India will be required to obtain their tinbar from unfamiliar sources. It is not difficult to visualise the manufacturing problems that could ensue. Rourkela is not expected to commence tinplate production until the end of the year and the continuing gap between indigenous supply and current demand can only be met by imports. This is not a situation which allows complacency in face of the critical foreign exchange position.

"Looking beyond the current year, Rourkela will provide only short-term relief, as the demand for tinplate is rising at a rapid rate. Until a really substantial expansion of production capacity is put into effect, the import bill for tinplate will be heavy, notwithstanding the considerable efforts being made to utilise alternative packaging materials. Meanwhile, if the means of providing adequate imports are not found, the effect on the many industries dependent on tinplate containers for their packaging will be far-reaching with corresponding repercussion on the economy as a whole.

"Supplies of deep drawn mild steel were obtained during the second half of the year in sufficient quantity to allow increased production of industrial components. The outlook for the current year is at present uncertain, but every possible effort is being made to ensure availability either from D.L.F., rupee payment, or barter deals. It is to be hoped that the Company's representations on this score will not be ignored...."

While experience in recent years suggests that the Company has somehow managed to overcome the problem of raw material shortage fairly successfully and been able to report progressively rising profits, a certain degree of caution is necessary in taking a view of the prospects for investment in the Company's equity at the prevailing market price. Currently, the Rs. 10 fully paid ordinary shares, which are listed on the Calcutta Stock Exchange, are quoted at Rs. 51.00 *cum-div.* On an *ex-div.* basis, the net yield works out to 3.5 per cent per annum.

(Concluded from next column)

machinery was nearly Rs. 40 lakhs. Current assets inclusive of investments, loans and advances, aggregate Rs. 107.24 lakhs.

An extract given below from the Directors' report will help one to form a better picture of the outlook for the Company:

"The machinery for extending the Dextrose plant is already at site and it is expected to be commissioned during the current year. The sulphuric acid plant capacity has been increased to 60 tons and it will be fully commissioned when the extension of the superphosphate and alum plants are completed... The Government has sanctioned an increase in the superphosphate plant capacity from 30 tons to 100 tons a day, alum plant capacity to 50 tons a day and has licensed the manufacture of 74 tons per annum of sodium and zinc silico-fluoride. The orders for the machinery for these plants will be placed shortly.... The Company has also been licensed to manufacture citric acid with a plant capacity 1,500 tons per annum. The negotiations for foreign collaboration are proceeding."

The Rs. 100 fully paid ordinary shares of the Company, which are listed on the stock exchange at Ahmedabad, are currently being quoted at Rs. 775. At this price the net return to an investor works out to 2.7 per cent per annum.

HIGHER PROFITS FOR ANIL STARCH

SHAREHOLDERS TO GET MORE

THE financial results of Anil Starch Products Ltd. (Managing Agents: Messrs. Kasturbhai Lalbhai & Co., Ahmedabad) for the year ended 31st December 1960, are quite in consonance with the Company's reputation as the leading manufacturers of starch products, textile auxiliaries, chemicals, and fertilizers. Thanks to the allotment of American maize under P.L. 480 and the satisfactory working of the plants, the Company's sales have registered an impressive rise of over 16 per cent or Rs. 37.48 lakhs to Rs. 267.70 lakhs. There has, however, been a corresponding rise in the cost of raw materials and stores consumed, salaries and wages, and other expenses. Even so, the gross profit shows an improvement of as much as Rs. 10.82 lakhs to Rs. 44.40 lakhs. In view of this increase in profit, the provision for managing agents' commission has been raised to Rs. 3.55 lakhs from Rs. 2.47 lakhs made for 1959. A slightly lower provision of Rs. 8.87 lakhs has been made to cover the depreciation of the fixed assets as compared with Rs. 9.00 lakhs a year ago, while the provision for tax liabilities has been stepped up to Rs. 13.54 lakhs as compared with Rs. 10.15 lakhs during the previous year. The net profit shows an improvement of Rs. 6.48 lakhs to Rs. 18.44 lakhs. Out of this allocable profit, a sum of Rs. 8 lakhs has been credited to the general reserve while Rs. 1.17 lakh has been transferred to the development rebate reserve under the provisions of the Income-tax Act.

It will be recalled that, with the change in mode of payment of corporate dividends introduced by the Finance Act, 1959, the Company had declared for that year a dividend of Rs. 7.143 per share on the 5 per cent cumulative preference shares so as to give the preference shareholders a net return at the stipulated rate. Parliament has since then passed legislation under which it will suffice to pay 6¼ per cent, subject to the deduction of tax, to the preference shareholders for the year under review. The Company has, however, elected to pay preference dividend at the rate of 7 per cent, subject to the deduction of tax, and has accordingly appropriated a sum of Rs. 35,000 to meet this liability. In view of the substantial improvement in the balance available for distribution to the equity shareholders, the rate of ordinary dividend has again been raised to Rs. 20 per share *plus* a bonus of Rs. 10 per share, both subject to deduction of tax, as compared with Rs. 20 and Rs. 8 per share, respectively for 1959.

The following table gives a synoptic view of the progress made by the Company during the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sales	2,67.70	2,30.22	1,95.39†	1,91.17
Other income	1.20	0.55	0.48	0.39
Closing stocks of starch, acid, etc.	24.07	15.40	5.72	16.97
Raw materials and stores consumed	1,74.18	1,64.10	1,29.92	1,49.88
Salaries, wages and bonus	15.77	11.83	10.58	9.07
Other expenses	43.22	30.94	26.78	27.79
Gross profit	44.40	33.58	17.34	18.01
Managing Agents' commission	3.55	2.47	0.84	0.93
Provision for—				
Depreciation	8.87	9.00	8.92	8.68
Taxation	13.54	10.15	1.60	0.60
Net profit	18.44	11.96	5.98	7.90
Transfer from reserves	..	..	6.21	6.05
Transfer to reserves	9.17	2.77	5.98	7.90
Dividends—				
Preference	0.35†	0.36†	0.25	0.25
Ordinary	8.97† (20%+ 10% bonus)	8.37† (20%+ 8% bonus)	5.96 (10%+ 10% bonus)	5.93 (10%+ 10% bonus)
Carry forward	0.42	0.47	0.01	0.01

† Subject to deduction of tax.

A persual of the Company's balance-sheet, as at 31st December 1960, shows that its share capital of Rs. 34.89 lakhs is supported by Rs. 34.54 lakhs in the reserves, giving the total capital funds invested in the business as Rs. 69.43 lakhs. Against this, the outside interest, as represented by secured and unsecured loans and the current liabilities, is placed at an aggregate of Rs. 143.08 lakhs. Of this, fixed deposits from the public accounted for Rs. 37.02 lakhs. The gross block is carried in the Company's books at a cost of Rs. 163.91 lakhs and the net block stands at Rs. 105.21 lakhs after the deduction of Rs. 58.70 lakhs as depreciation. It may be noted here that, during 1960, the Company invested no less than Rs. 45.36 lakhs on fixed assets of which the share of

(Continued in previous column)

10 JUL 1961 PUBLIC DEPARTMENT

BHARAT LINE DISAPPOINTS

DIVIDEND PASSED OVER AGAIN

THE year ended 31st December 1960 was really a bad one for Indian shipping. The trading conditions deteriorated with a further decline in the volume of cargo and also loading and discharging operations. These conditions are reflected in the results of the Bharat Line Limited (Managing Agents: Messrs. Dinshaw Private Limited) for 1960. Its operations during the year under review deteriorated due to all these factors and the ever-mounting cost of operations, resulting in a net loss of Rs. 31 lakhs, as against a loss of Rs. 10.29 lakhs in the previous year. This brings the total loss carried forward to Rs. 38.11 lakhs. It would rather be difficult for the Company to wipe off this loss in a year's time, as conditions in shipping trade reveal no perceptible change for the better.

The drop in freight earnings since 1959 has not stopped yet, though the only consolation is that the acceleration is slower. The freight earnings of the Company dropped during the year by 3.1 per cent (from Rs. 172.97 lakhs to Rs. 167.59 lakhs) as compared with a drop of 6.1 per cent in the previous year (from Rs. 184.37 lakhs to Rs. 172.97 lakhs) and 26.8 per cent in 1958 (from Rs. 252.11 lakhs to Rs. 184.37 lakhs). The expenses of the Company, however, have been rising. The unfortunate part of it is the rise in acceleration also. Thus, the expenses have increased by 9.7 per cent during the year (from Rs 157.67 lakhs to Rs. 173.02 lakhs), as against only 0.9 per cent in the previous year (from Rs. 156.20 lakhs to Rs. 157.67 lakhs).

With the deficit further augmented by the heavy loss for the year under review, the Directors had no other alternative but to pass over the dividend. The depletion of the reserves to meet this recurring loss has made the Directors conscious to that. In case the trading conditions do not improve in the current year, the Directors may be compelled to seek the wishes of the shareholders at the next annual general meeting as regards the operations of the Company and its future. Due to the uncertainty about the future of the industry in general, and the Company in particular, the quotation for the Rs. 10 paid-up ordinary shares of the Company has receded to as low as Rs. 5.

The following comparative table of figures for the last four years confirms the deterioration in the working results of the Company.

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Freight earnings	1,67.59	1,72.97	1,84.37	2,52.11
Charter hire and other income	2.83	2.10	5.55	1.61
Expenses	1,73.02	1,57.67	1,56.20	1,83.34
Gross profit or loss	—2.60	17.40	33.72	70.38
Managing Agents' remuneration	..	..	0.84	3.98
Provision for—				
Depreciation	28.40	27.69	27.76	27.60
Taxation	..	..	..	0.80
Net profit or loss	—31.00	—10.29	5.12	38.00
To gratuity reserve	..	..	..	1.85
Transfer to reserves	..	..	..	21.38
Transfer from dividend equalisation reserve	..	..	6.00	..
Dividends	..	..	12.00 (D. 6% +B. 6%)	12.00 (D. 6 % +B. 6%)
Carry forward	—38.11	—7.11	3.18	4.06

As against the paid-up capital of Rs. 1 crore in 10 lakh ordinary shares of Rs. 10 each, the reserves and surplus stand at the depleted level of Rs. 62.96 lakhs; a year ago, they were Rs. 94.04 lakhs and two years ago Rs. 114.81 lakhs. With the continuous increase in the fleet of the Company, the gross block has risen to Rs. 436 lakhs. The net block stands at Rs. 202.43 lakhs, after deducting from the gross block Rs. 233.57 lakhs for depreciation. The total investments have remained steady at Rs. 62.20 lakhs, of which Rs. 54.05 lakhs is in quoted investments and Rs. 8.15 lakhs in unquoted investments. The market value of quoted investments has dropped by Rs. 1.31 lakhs to Rs. 46.77 lakhs. With the increase in loss and acquisition of further ships, the secured loans have risen to Rs. 159.25 lakhs from Rs. 135.93 lakhs in the previous year and Rs. 77.19 lakhs as at the close of 1958.

The fleet of the Company has increased to 12 units, aggregating 56,819 g.r.t. and 87,535 d.w.t.

Due to continuous worsening of the Hooghly river over the last four years, there has been a gradual decline in the quantity of coal carried per steamer from Calcutta, as can be seen from the following figures:

1957	...	6,440 tons
1958	...	6,201 tons
1959	...	5,611 tons
1960	...	5,589 tons

This reduction in the cargo permitted to be carried by the Hooghly river as against the capacity of 7,000 to 9,500 tons of the Company's steamers has contributed, to a great extent, to the adverse results of the Company. The carriage of coal, which is the mainstay of the coastal trade, over and above the limitations imposed upon it by the Hooghly river conditions, has had to contend with vastly deteriorating environments at the discharging ports. Thus, the enforced diminution of the quantity of cargoes permissible as shiploads, arising out of the deteriorating conditions in the Hooghly river, and the unhappy position of working at the various coastal ports, have combined to make the freight rates awarded by the Government, on the recommendations of the Rail-Sea Co-ordination Committee, not only uneconomic but positively loss-producing. The Directors have, therefore, suggested that the Government should appoint, without loss of any further time, an independent inquiry committee to examine the prevailing facts of coastal trade and fix economic freight rates. The Burma-India trade, in which carriage of rice on Government account forms the bulk, also continues to be unprofitable and the attempts of the Near Trades Conference to obtain favourable freight rates from the Government have not been fruitful so far.

SALES OF AMBIKA SILK CROSS ONE-CRORE MARK

The crossing of sales of rupees one-crore-mark is the feature of working of the Ambika Silk Mills Co., Ltd. (Managing Agents: Messrs. Maganlal Bhagwandas and Co., Bombay) for the year ended 31st December 1960. The sales increased for the fourth year in succession and, as compared with the performance in 1959, have risen by 12.5 per cent to Rs. 104.38 lakhs in the year under review. The receipts from dyeing, bleaching and other charges have likewise increased to Rs. 4.85 lakhs from Rs. 3.65 lakhs in the preceding year. The closing stocks of finished goods, though higher at Rs. 11.52 lakhs as against Rs. 10.23 lakhs a year earlier, are maintained at 11 per cent of sales.

The increase in sales has resulted in a higher gross profit of Rs. 10.27 lakhs, as against Rs. 6.38 lakhs for the previous year. The better working results are reflected in the rise in the ratio of gross profit to sales from 6.8 per cent to 9.8 per cent. The higher profit has enabled the directors to recommend a substantial increase in the dividend, from 12 per cent (for 1959) to 15 per cent, subject to deduction of tax, for both the years.

The following comparative table for the last four years shows at a glance the improvement in the working results of the Company:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sale proceeds of cloth and waste	1,04.38	92.77	85.43	66.82
Closing stocks of cloth	11.52	10.23	8.51	9.62
Yarn, stores and spares consumed	76.97	64.32	53.07	43.02
Other expenses	33.70	27.73	25.34	20.96
Gross profit	10.27	6.38	8.06	5.98
Managing Agents' commission	0.74	0.38	0.49	0.32
Provision for—				
Depreciation	2.83	3.08	3.13	2.78
Taxation	3.20	1.49	2.39	0.80
Net profit	3.50	1.48	2.04	2.08
To reserves	0.76	0.34	0.76	0.90
Transfer from reserves	..	1.19	..	..
Goodwill, etc., written off	0.15	0.22	..	..
Dividends	2.60 (15%)*	2.08 (12%)*†	1.38 (12%)†	1.15 (15%)
Carry forward	0.02	0.03	..	0.11

* Subject to deduction of tax.
† On the higher capital of Rs. 17.33 lakhs raised by a further issue of 5,775 shares of Rs. 100 each.
‡ On the higher capital of Rs. 11.51 lakhs raised by a fresh issue of 3,815 shares of Rs. 100 each.

The paid-up capital of the Company, which was increased in the previous two years, stands at Rs. 17.32 lakhs, consisting of 17,325 equity shares of Rs. 100 each. The reserves and surplus show a minor improvement to Rs. 9.91 lakhs. The secured and unsecured loans have advanced from Rs. 17.85 lakhs to Rs. 19.59 lakhs. The total of current liabilities is Rs. 39.73 lakhs and are comfortably covered by current assets amounting to Rs. 51.24 lakhs. The gross block account of Rs. 40.70 lakhs stands depreciated at Rs. 15.36 lakhs, the depreciation so far provided being Rs. 25.34 lakhs.

The exports under the Export Incentive Scheme amounted to Rs. 7.47 lakhs and that enabled the Company to obtain foreign exchange for import of raw material (art silk yarn) and coal tar dyes.

In order to meet the expansion programme, the Directors have decided to enlarge the authorised and the subscribed capital alike. The authorised capital is proposed to be increased from Rs. 20 lakhs to Rs. 30 lakhs divided into 30,000 equity shares of Rs. 100 each. The subscribed and paid-up capital will be enhanced by the issue of 2,675 equity shares. These will be offered at par in the ratio of one share for every seven shares held.

At the current market price of Rs. 149, the Rs. 100 paid-up ordinary shares give a net yield of 7 per cent, taking the net dividend to be Rs. 10.50 per share.

AHMEDABAD ADVANCE CHANGES ACCOUNTING YEAR

RATE OF DIVIDEND ENHANCED

BEING the only mill whose accounting year was July-June in Ahmedabad, the Ahmedabad Advance Mills Ltd. (Secretaries and Treasurers: Tata Industries Private Limited) has decided to change the accounting period to the calendar year. As all the other mills in the region observe the calendar year, the Company was at a disadvantage in negotiations with the Textile Labour Association in the matter of computing the quantum of bonus. The change in the accounting year would facilitate comparison and maintenance of statistical records for furnishing information to the Millowners' Association of Ahmedabad and the Government.

The latest Directors' report and statement of accounts is for the six months ended 31st December 1960. The trading conditions during the half-year under review were on the whole favourable, with fairly sustained demand for cloth. The receipts from sales of cloth, yarn and waste amounted to Rs. 154 lakhs as compared to Rs. 281.41 lakhs during the whole of the previous year. The gross profit of the Company for the six months is Rs. 14.93 lakhs, as compared with Rs. 29.11 lakhs for the preceding whole year. Thus, the working results for the period have been reasonably satisfactory and well maintained. This steady performance has prompted the Directors to transfer to General Reserve No. 2 a sum of Rs. 6.74 lakhs as against Rs. 9 lakhs for the previous whole year. The dividend to ordinary shareholders has also been enhanced from Rs. 10, subject to tax, for the whole year to Rs. 6, subject to tax, or from 10 per cent per annum to 12 per cent per annum.

Working Results

The following comparative table for the last three and a half years confirms the improvement in the working results of the Company:

(In lakhs of rupees)

	Half-year ended 31-12-1960	For the year ended		
		30-6-1960	30-6-1959	30-6-1958
Sales of cloth, yarn and waste	1,35.02	2,88.01	2,46.98	2,12.23
Consumption of cloth and stores	72.22	1,31.37	1,23.22	1,11.02
Other expenses	67.37	1,22.02	1,10.74	1,00.00
Gross profit	14.93	29.11	11.50	3.04
Managing Agents' commission	0.71	0.50	0.50	..
Provision for—				
Depreciation	3.82	11.60	9.50	1.50
Taxation	..	..	..	..
Net profit	10.40	17.01	1.50	1.54
To reserves	7.74	15.00	1.50	1.54
Transfer from reserves	0.21	2.65	3.51	2.50
Dividends—				
Preference	0.32*	0.65*	0.71*	0.50
Ordinary	2.40* (12%)*	4.00* (10%)*	2.80* (7%)*	2.00 (5%)
Carry forward	0.27	0.12	0.11	0.11

* Subject to deduction of tax.

The paid-up capital of Rs. 50 lakhs consists of Rs. 10 lakhs in 10,000 five per cent preference shares of Rs. 100 each and Rs. 40 lakhs in 40,000 equity shares of Rs. 100 each. The reserves and surplus have increased from Rs. 38.09 lakhs to Rs. 46.97 lakhs. It is interesting to note that the unsecured loans of the Company are rising and the secured loans are falling. The unsecured loans of the Company stand at Rs. 100.94 lakhs, as against Rs. 95.22 lakhs and the secured loans stand at Rs. 30.01 lakhs as against Rs. 36.86 lakhs. The other current liabilities amount to Rs. 47.58 lakhs, bringing the total liabilities to Rs. 178.53 lakhs. As against this total, current assets are no more than Rs. 146.94 lakhs. The gross block of the Company which has risen to Rs. 213.83 lakhs from Rs. 209.06 lakhs six months earlier stands depreciated at Rs. 119.51 lakhs, the depreciation provided being Rs. 94.32 lakhs. The value of works under construction and machinery awaiting installation is Rs. 9.05 lakhs. It will thus be noted that the Company is undercapitalised.

During the period under review, a Sucker sizing machine, a humidification plant in the combing department, a double winding frame and two dyeing jiggers have been installed.

The current market quotation of Rs. 100 paid-up ordinary shares at Rs. 190 gives a net yield of 4.4 per cent per annum or a net dividend of Rs. 4.20 per share for the half-year.

SYNOPSES OF COMPANY REPORTS

Murphulani (Assam) Tea Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Andrew Yule and Co., Ltd., Calcutta.)

Annual General Meeting—12th July.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	7,62	10,25
Stock of tea	3,08	3,52
Gross profit	82	2,65
Transfer to managing agents' commission	7	23
" " Secretaries' and Treasurers' commission	5	..
" " taxation	..	85
" " depreciation	70	39
Net profit (+) or loss (—)	(—) 51	(—) 1,18
Adjustments	88	60
Appropriations:		
Total available balance	88	1,78
Transfer to reserves	..	55
Proposed dividends (taxable) Prefd. Ordinary	21	50
	(10.63%)	(25%)
" " " Ordinary	9	35
	(5%)	(20%)
" additional dividend on Prefd. Ordinary (for 1959)	1*	..
Carried forward	6†	38

N.B.—Adjustments include the balance brought forward from the previous year and the amount transferred from general reserve.

* The proposed additional dividend on preferred ordinary shares for the year 1959 absorb Rs. 1,260 and works out at Re. 0.063 per preferred ordinary share.

† Balance carried forward after deducting the loss of Rs. 50,761 for the year.

Extracts from the Directors' report: The garden was seriously affected by the exceptionally severe droughts which occurred in the Golaghat district of Assam. As a result of these droughts, the crop for the year amounted to only 1,223 quintals (3,370 maunds) compared with 1,808 quintals (4,982 maunds) secured in 1959. The crop sold at an average price of Rs. 5.87 per Kg. compared with an average price of Rs. 5.56 per Kg. for the 1959 crop.

Capital expenditure during the year amounted to Rs. 3,88,067 of which Rs. 1,91,000 represents the cost of a new leaf house and Rs. 80,000 the completion of the modernisation and re-equipment of the factory, while the balance relates mainly to the construction of labour and staff quarters and other buildings.

Estimates for the current season have been framed for a crop of 1,800 quintals (4,960 maunds). Rainfall to the middle of May 1961, amounted to 58.58 cms. (23.06 inches) which is satisfactory and, provided normal weather conditions continue during the season, the estimated crop should be secured.

Andrew Yule & Co., Ltd. ceased to act as Managing Agents of the Company on 15th August 1960, and at an Extraordinary General Meeting of the Company held on 29th June 1960, they were appointed Secretaries & Treasurers of the Company with effect from 15th August 1960.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	3,75,000	Gross block	20,39,734
Reserves and surplus	7,97,774	—Depreciation	7,29,730
Other liabilities	6,84,755	Net block	13,10,004
		Current assets	4,97,435
		Investments	3,010
		Cash	47,080
	Rs. 18,57,529		Rs. 18,57,529

Coorg Tea Co., Ltd.

(*Managing Agents*: Srinivas Agencies, Coimbatore.)

Annual General Meeting—6th July. Dividends payable on or after 6th July.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (tea and coffee)	7,85	6,14
Closing stock (tea and coffee)	1,56	1,60
Gross profit	2,85	1,97
Transfer to managing agents' remuneration	25	20
" " depreciation	30	23
" " taxation	73	34
" " development rebate reserve	3	7
Net profit	1,54	1,13
Adjustments	3	4
Appropriations:		
Total available balance	1,57	1,17
Transfer to development reserve	40	..
Proposed dividends (taxable) 7½% Preference	19	18
" " " Ordinary	96	96
	(20%)	(20%)
Carried forward	2	3

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: *Crop and Price*: 4,02,000 lbs. (3,53,888 lbs for 1960) or 1,82,344 Kgms. of tea were produced during the year under report against the estimate of 3,65,000 lbs. The tea was produced at a cost of 146.32 nP per lb. (322.58 nP per Kg.) against 162.32 nP (357.85 nP per Kg.) for the previous year. The net average sale price realised works out to 231 nP per lb. (509.26 nP per Kg.) compared to 228.35 nP per lb. (503.42 per Kg.) during the previous year. The stock of tea remaining unsold as at 31st March 1961 was 87,904 lbs. (39,870 Kgs.) the whole of which has been valued at all-in-cost of Rs. 3.83 per Kg.

Coffee: 258 bushels of Dry Cherry were harvested during the year which gave an out-turn of 2,010 tonnes. The revenue expenditure incurred on coffee amounted to Rs. 18,743.30. The loss on coffee working for the year was Rs. 13,718.30.

The Estimates for the year ending 31st March 1962 provide for a crop of 1,70,100 Kgms. made tea to be produced at a cost of 339.61 nP per Kg. and 8-ton coffee to be produced at a cost of Rs. 3,907.43 nP per ton. The Estimates also provide for a capital expenditure of Rs. 47,743.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	7,30,000	Gross block	13,74,821
Reserves and surplus	5,21,519	—Depreciation	2,42,244
Other liabilities	2,98,653	Net block	11,32,577
		Current assets	3,76,291
		Investments	1,250
		Cash	40,054
	Rs. 15,50,172		Rs. 15,50,172

Bagalkot Cement Co., Ltd.

(*Managing Agents*: Messrs. Tendulkar Industries Private Ltd., Bombay.)

Annual General Meeting—24th July.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	1,01,08	74,05
Closing stock	9,41	4,29
Gross profit	22,23	17,19
Transfer to managing agents' remuneration	30	33
" " depreciation	20,59	7,37
Net profit	1,34	8,99
Adjustments	2	38
Appropriations:		
Total available balance	1,36	9,37
To provision for development rebate reserve	18,68	24
" " for balance of guaranteed dividend account to the Government of Maharashtra	..	1,00
To preliminary expenses, commission and brokerage written off	..	1,12
" quarry development written off	..	20
" unclaimed dividends paid (in respect of previous years)	2	3
Proposed dividend (taxable)	Nil	6,76
		(8%)
Carried forward	(—)17,34	(+) 2

N.B.—Adjustments include the balance brought forward from the previous year and other credit items if any.

Extracts from the Directors' report: Although the second kiln was taken into operation in May 1960 and worked only partially during the year, mainly due to shortage of coal, the directors have provided for full depreciation for the original plant and machinery and for the Company's hundred percent capacity expansion effected in the year 1960. The total depreciation provided, according to Income Tax Rules for the original plant as also for hundred percent expansion during the period of its operation, amounted to Rs. 20,59,467, the balance of Rs. 1,33,584 being surplus for the year.

Production and Despatches:—Production of clinker and cement during the year was 134,645 (94,326) tons and 134,901 (96,717) tons, respectively. The increased capacity, during the eight months of the year 1960, could not be fully utilised on account of shortage of coal. Despatches of cement for the year were 132,231 (98,001) tons. Shortage of coal continued to affect production throughout the first few months of the year 1961. Inspite of strenuous efforts, it has not been possible to get enough coal for running the factory to its full capacity.

Expansion:—The Company has been granted, by the Government of India, a licence to increase its production capacity from the existing 2 lakh tons per year to 4 lakh tons per year. The directors do not feel justified in implementing the additional capacity when its existing capacity is not being fully utilised. The Company has, therefore, informed the Government that the Company has to defer its decision regarding implementation of additional capacity until the coal situation has eased and the Company is in a position to receive its supply of electric power from the Sharavathi Power Project, which is due towards the end of 1963.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	85,02,302	Gross block	2,47,19,944
Reserves and surplus	19,33,500	—Depreciation	52,48,161
Other liabilities	1,66,15,052	Net block	1,94,71,783
		Current assets	61,34,366
		Investments	8,063
		Cash	2,36,727
		Profit and loss account (debit)	17,34,226
		Miscellaneous expenditure	4,65,689
	Rs. 2,70,50,854		Rs. 2,70,50,854

Cambodia Mills Ltd.

(*Managing Agents*: Messrs. G. N. Sam & Co., Coimbatore.)

Annual General Meeting—29th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	1,18,47	1,12,64
Closing stock	7,80	5,76
Gross profit (+) or loss (—)	9,76	(—) 3,19*
Transfer to managing agents' remuneration	33†	35
" " depreciation	1,88	..
" " development rebate reserve	18	..
Net profit (+) or loss (—)	(+) 7,56	(—) 3,19
Adjustments	(—) 2,79	(—)18,60
Appropriations:		
Total available balance	(+) 7,56	(—)21,79
To adjustment of loss for previous year	2,79	..
" provision for arrears of depreciation (1958)	2,27	..
Proposed dividends (taxable) 7% Preference	27½	..
" " Ordinary	1,80	..
	(9%)	
Carried forward	42	(—) 2,79‡

N.B.—Adjustments include only the balance brought forward from the previous year.

* Loss after providing Rs. 35,000 for Managing Agents' remuneration.

† This includes Rs. 16,500 being the share due to Messrs. Peirce Leslie & Co., Ltd. (the former managing agents) for the period from 1st January to 14th June 1960.

‡ Of the total loss of Rs. 21,79,050, the Company adjusted an amount of Rs. 19,00,000 by transfer of a like amount from the general reserve and carried forward a final loss of Rs. 2,79,050.

§ Represents preference dividends for the years 1958, 1959 and 1960.

Extracts from the Directors' report: Messrs. G. N. Sam & Co., took over the management of the Company as managing agents on and from 15th June 1960.

In the year under report additions were made to the Company's buildings by constructing a godown at a cost of over Rs. 90,000. In the blow-room, entire group drive was converted into individual drive and also in the spinning department last batch of frames on group drive were also converted to individual drive at a cost of Rs. 68,000. It is proposed to purchase in the current year one set of blow-room machinery to replace the present set which is very old and one set of combing equipment at an estimated cost of about Rs. 8 lakhs. Orders have already been placed for the said machinery. With a view to meet the cost of machinery to be purchased as aforesaid and to repay the fixed deposits held by the Company by arranging for a loan on a long term basis, it has been arranged to borrow a loan of Rs. 12 lakhs from The Madras Industrial Investment Corporation Limited. The loan has been sanctioned and an amount of Rs. 6 lakhs has been drawn and applied in repaying the fixed deposits. It is intended to draw the balance of the loan as and when the time arrives to pay for the machinery ordered as aforesaid.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	21,00,000	Gross block	26,37,397
Reserves and surplus	73,827	—Depreciation	4,15,024
Other liabilities	31,26,087	Net block	22,72,873
		Current assets	29,31,239
		Investments	30,800
		Cash	65,502
	Rs. 52,99,914		Rs. 52,99,914

Tropical Plantations Ltd.

(*Chairman*: K. Bhaskaran Nair, Esq., Kottayam, Kerala State.)

Annual General Meeting—1st June. Dividend payable on 29th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales (tea, rubber, coffee and other produce)	19,45	17,51
Closing stock	2,44	1,82
Gross profit	5,74	4,64
Transfer to managing agents' remuneration	36	35
" " depreciation	49	48
" " taxation	2,51	1,78
Net profit	2,38	2,03
Adjustments	12	9
Appropriations:		
Total available balance	2,50	2,12
Transfer to reserve for development	55	40
To short provision for taxation relating to previous years	35	..
Proposed dividend (taxable)	1,60	1,60
	(8%)	(8%)
Carry forward	*	12

N.B.—Adjustments include only the balance brought forward from the previous year.

* Amounts to only Rs. 222.69.

Extracts from the Directors' report: *Crops and Prices: Tea*— 2,56,582 Kgms of Tea (513 Kgms per acre) was harvested during the year at an all-in-cost of Rs. 2.75 per Kgm. The average price realised is Rs. 3.74 per Kgm.

Rubber—The total crop harvested was 2,95,085 Kgms (172 Kgms per acre) at an all-in-cost of Rs. 2.17 per Kgm. The average price realised is Rs. 3.25 per Kgm.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	20,00,000	Gross block	33,48,191
Reserves and surplus	1,91,222	—Depreciation	9,09,484
Other liabilities	7,63,396	Net block	24,38,707
		Current assets	3,40,149
		Cash	1,75,762
	Rs. 29,54,618		Rs. 29,54,618

Andamans Timber Industries Ltd.

(*Managing Directors*: Mr. B. M. Khaitan and Mr. A. K. Bose, Calcutta.)

Second Annual General Meeting—27th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	13,87	..
Closing stock	3,54	..
Gross profit	1,55	(—) 10†
Transfer to depreciation	80	*
" " development rebate reserve	22	..
" " taxation	12	..
Net profit	41	(—) 16
Appropriations:		
To adjustment of loss brought forward	16	..
To expenses written off	3	..
To dividends	Nil	Nil
Carried forward	22	(—) 16

* Depreciation amounts to Rs. 788.

† Loss after providing for depreciation.

Extracts from the Directors' report: During the period under review the Company issued a further capital of Rs. 7,50,000 divided into fully paid 75,000 equity shares of Rs. 10 each to the general public with the consent of the then shareholders. The directors are pleased to report that the issue was oversubscribed.

Activity during the major part of the year was mainly devoted to organisation and preparatory work connected with the erection of the Company's new unit at Port Blair in the Andamans. The Company's Calcutta unit went into production of tea chest shooks in January 1960 and the construction of the Port Blair unit was completed much earlier than expected. This unit was inaugurated on the 16th May 1960 by Mr. M. V. Rajwade, I.A.S., Chief Commissioner of the Andamans & Nicobar Islands. Since then regular shipments of tea chest veneers have started coming and the bulk of production of tea chests in Calcutta factory has been carried on with such veneers. This has obviously reduced dependence on local supplies of timber to a great extent. As this is the first working year of the Company and as hereinafter stated factories are still under erection it is hoped that the shareholders will find the result satisfactory with a promising future ahead. At present the Company has been carrying on its production of tea chest shooks and this business is likely to yield better results in the current year compared with that of the year under report.

In the last report, it was pointed out that the Company had obtained an Import Licence for machinery worth about Rs. 7,72,000 from the Government of India. The directors are glad to report that the Company's scheme for the setting up of a complete modern plant, for manufacture of commercial plywood, decorative plywood and flush doors for which there is demand in the country is now in the process of full implementation. For this, the Company has already acquired about 19 bighas of land in Behala (near Calcutta) where the construction work is proceeding smoothly. Bulk of the imported machinery has arrived and the balance is expected shortly. According to progress made so far the erection work will be completed by October 1961 and this unit will start regular production by the year end. Therefore, a better working result can reasonably be expected from next year onwards. The Company has not yet drawn any part of the loan of Rs. 13,00,000 granted to it, by Industrial Finance Corporation. The Company will begin to draw on the said loan, in instalments, according to its requirement from time to time.

In order to extend the Company's activities further the production of chip-board has been planned. A suitable plant is expected to be erected on the same site at Behala, where the company has sufficient spare land. Necessary application has been made to the Government of India for an import licence. The Industrial Finance Corporation has agreed to give the company a dollar loan to the extent of a sum of Rs. 7,92,000 to finance this project.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	17,50,000	Gross block	11,37,733
Reserves and surplus	43,662	—Depreciation	80,814
Other liabilities	1,14,079	Net block	10,56,919
		Current assets	4,89,702
		Investments	29,040
		Cash	2,88,480
		Miscellaneous expenditure	43,000
	Rs. 19,07,741		Rs. 19,07,741

Walford Transport Ltd.

(*Manager*: Mr. R. R. Aiyer, Calcutta.)

Annual General Meeting—29th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sale proceeds	2,78,08	1,93,42
Closing stock	37,30	44,95
Gross profit	18,12	9,42
Transfer to depreciation	48	52
" " taxation	7,23	5,20
" " provision for contingencies	31	..
" " development rebate reserve	*	5
Net profit	6,10	9,65
Adjustments	1,95	1,52
Appropriations:		
Total available balance	7,05	5,17
Proposed dividends (taxable) Prefd. Ordinary	42	32
	(20%)	(15%)
" " Ordinary	2,52	1,68
	(30%)	(20%)
Carried forward	4,11	1,67†

N.B.—Adjustments include the balance brought forward from the previous year; provision for taxes written back and provisions for bad debts and parts obsolescence written back.

* Only Rs. 242.

† After transferring Rs. 1,50,000 to general reserve.

Extracts from the Directors' report: 1960 was a good year from the point of view of sales, gross and net profits. Compared to 1959, the increases were: Vehicle sales (including direct deliveries) 37.4 per cent; volume 41.4 per cent; gross profit 41.5 per cent; and net profit after taxation 37.3 per cent.

In spite of the fact that automobile dealerships had to contend with diminishing margins, due to Government controls, and increasing overheads, it was possible to show better results mainly due to the larger turnover. Supplies from manufacturers were satisfactory throughout. The Company received all the co-operation from them. Government five-year plans have generated activities throughout the country which should help to maintain and develop the strength through 1961. There are, however, one or two adverse factors which affect the automobile trade as such. They are: (1) Increasing cost of production and operation; (2) Direct or indirect restrictions on road transport development; and (3) Shrinking of financing facilities. Considering the vastness of the country and the quantum of goods to be moved, the potential for road haulage is tremendous.

The Company's activities are confined to operations in West Bengal and Assam. As a result of improved sales and consequently larger vehicle population, the responsibility for giving better type of representation and service is increasing. The Company has plans to enlarge activities where direct operations now exist and open new branches where such representations are necessary. This, however, would involve in substantial capital investment in coming months or years. The programme consists of enlargement of workshops in Calcutta and Siliguri as well as opening additional branches in Assam and West Bengal.

Compared to turnover, the paid-up Capital of the Company represents 3.63 per cent, or the turnover equals 27.53 times of the paid-up Capital, in spite of which it was possible to handle the high volume only by keeping fully employed the reserves prudently built up in previous years supported by substantial bank overdraft. In most months of the year under review, the demand for finance remained fairly high. It has been found necessary to further strengthen the reserves to sustain and improve the ability to handle larger turn over. Allocations have accordingly been made with the above objective in view.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	10,51,000	Gross block	13,85,807
Reserves and surplus	25,88,390	—Depreciation	9,51,870
Other liabilities	50,38,925	Net block	4,33,937
		Current assets	74,01,164
		Investments	1,27,080
		Cash	7,46,134
	Rs. 87,08,315		Rs. 87,08,315

Rungiee Rungliot Tea Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Duncan Brothers & Co., Ltd., Calcutta.)

Annual General Meeting—26th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales (gross proceeds of tea)	6,01	5,18
Closing stock	1,36	87
Gross profit	1,66	53
Transfer to depreciation	13	10
" " managing agents' remuneration	10	10
" " Secretaries' and Treasurers' remuneration	5	..
" " taxation	72	18
" " development rebate reserve	1	2
Net profit	65	13
Adjustments	45	31
Appropriations:		
Total available balance	1,10	44
Transfer to revenue reserve	40	..
Proposed dividend (taxable)	49	14
	(35%)	(10%)
Carry forward	21	30

N.B.—Adjustments include the balance brought forward from the previous year and other credit items like interest earned and profit on sale of fixed assets, investments, etc.

Extracts from the Directors' report: Tea crop was 1,06,900 kgs. as compared with 86,691 kgs. in 1959. The average selling price realised was Rs. 7.00 per kg. as against Rs. 6.83 per kg. in the previous year. Planted area remains at 341 acres.

Estimates for 1961 provide for a crop of 83,500 kilograms at an outlay of Rs. 5,58,140, including inland freight and sale charges.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	1,40,000	Gross block	4,72,085
Reserves and surplus	5,63,701	—Depreciation	2,07,057
Other liabilities	2,56,110	Net block	2,65,028
		Block in progress	2,111
		Current assets	2,50,479
		Investments	2,25,524
		Cash	2,16,659
	Rs. 9,59,811		Rs. 9,59,811

Peermade Tea Co., Ltd.

(*Secretaries*: Messrs. Aspinwall & Co. (Travancore) Ltd., Allepey.)

Annual General Meeting—6th June. Dividend payable on or after 20th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	44,02	43,44
Gross profit	11,36	13,24
Transfer to Secretaries' remuneration	58	53
" " depreciation	1,57	1,42
" " taxation	4,32	5,45
Net profit	4,89	5,84
Adjustments	57	1,14
Appropriations:		
Total available balance	5,46	6,98
Transfer to reserves	1,16	2,58
Proposed dividends (taxable) 6% preference	10*	13
" " " ordinary	3,83	3,83
	(22½%)	(22½%)
Carry forward	37	44

N.B.—Adjustments include the balance brought forward from the previous year; tax provision no longer required and other credit items if any.

* Preference dividend worked at 6.765 per cent. in accordance with the Preference Shares (Regulation of Dividends) Act, 1960.

Extracts from the Directors' report: Crop. Tea crop harvested during the year was 10,05,181 kgs. which is 52,638 kgs. above the estimate, but 35,057 kgs. less than 1959 crop. But for unfavourable weather conditions during October/December the 1960 crop might well have exceeded 1959.

The results of the last three years compare as under:

Year	Crop Kgs.	Estate expenditure nP. per kg.	All-in cost nP. per kg.	Average sale price nP. per kg.	Nett profit nP. per kg.
1958	9,49,363	287.89	350.02	358.80	14.06
1959	10,40,238	277.22	383.73	409.88	48.25
1960	10,05,181	299.69	384.07	428.93	47.33

For 1961 the Manager has estimated a crop of 9,97,900 kgs. at an Estate expenditure of 292.45 nP. per kg. The crop secured for the year represents an overall yield of 646 kgs. per acre.

Pirmed Factory has been completely electrified and is working satisfactorily. Oil firing has been installed in Pirmed Factory and this will help to conserve the Company's fuel reserve.

Accounts in brief as at 31st December 1960 are as under:

Liabilities	Rs.	Assets	Rs.
Capital	18,50,000	Gross block	43,52,475
Reserves and surplus	11,94,852	—Depreciation	15,21,846
Other liabilities	14,80,988	Net block	27,30,629
		Current assets	10,94,409
		Investments	69,078
		Cash	6,01,724
	Rs. 45,25,840		Rs. 45,25,840

COMPANY MEETINGS AND DIVIDENDS

MURPHULANI (ASSAM) TEA CO., LTD. Annual General Meeting, Calcutta, 12th July 1961. Dividend: Re. 1.063 per share, on preferred ordinary shares and Re. 0.50 per share, on ordinary shares, both subject to deduction of tax. Transfer books will remain closed from 6th to 12th July 1961, both days inclusive.

ALCO INSURANCE CO., LTD. Annual General Meeting, Bombay, 12th July 1961. Dividend: 6 per cent or Rs. 3.00 per share, subject to deduction of tax. Transfer books remain closed from 1st to 12th July 1961, both days inclusive.

SVADESHI MILLS CO., LTD. Annual General Meeting, Bombay, 17th July 1961. Dividend: Rs. 17.00 per share, subject to deduction of tax, payable on and after 18th July 1961.

CONCORD OF INDIA INSURANCE CO., LTD. Annual General Meeting, Calcutta, 17th July 1961. Dividend: Re. 1.00 per share, taxable. Transfer books will remain closed from 3rd to 17th July 1961, both days inclusive.

BASMATIA TEA CO., LTD. Annual General Meeting, Calcutta, 19th July 1961. Dividend: Rs. 3.50 per share, subject to deduction of tax. Transfer books will remain closed from 12th to 19th July 1961, both days inclusive.

METAL BOX CO. OF INDIA LTD. Annual General Meeting, Calcutta, 19th July 1961. Dividend: Re. 1.60 per share, final, subject to deduction of tax. Transfer books will remain closed from 1st to 19th July 1961, both days inclusive.

AHMEDABAD ADVANCE MILLS LTD. Annual General Meeting, Bombay, 19th July 1961. Dividend: Rs. 6.00 per ordinary share, subject to deduction of tax, for the period from 1st July to 31st December 1960, payable on and after 20th July 1961.

TATA MILLS LTD. Annual General Meeting, 20th July 1961. Dividend: Rs. 5.00 per share, subject to deduction of tax, payable on or after 21st July 1961.

BOKAKHAT TEA CO., LTD. Annual General Meeting, Calcutta, 21st July 1961. Transfer books will remain closed from 14th to 21st July 1961, both days inclusive.

KESORAM COTTON MILLS LTD. Annual General Meeting, Calcutta, 22nd July 1961. Dividend: Re. 1.20 per share, subject to deduction of tax. Transfer books will remain closed from 10th to 22nd July 1961, both days inclusive.

LARSEN AND TOUBRO LTD. Annual General Meeting, Bombay, 25th July 1961. Dividend: Re. 1.80 per ordinary share, subject to deduction of tax, payable on or after 5th August 1961. Transfer books remain closed from 26th June to 22nd July 1961, both days inclusive.

HINDUSTAN MOTORS LTD. Annual General Meeting, Calcutta, 25th July 1961. Dividend: 12 per cent or Re. 1.20 per share, subject to deduction of tax, payable on and after 25th July 1961. Transfer books were closed from 30th May to 27th June 1961, both days inclusive.

NEW INDIA ASSURANCE CO., LTD. Annual General Meeting, Bombay, 26th July 1961. Dividend: 38 per cent or Rs. 5.70 per share (includes bonus of Re. 1.20 per share), subject to deduction of tax. Transfer books remain closed from 26th June to 25th July 1961, both days inclusive.

SHAW WALLACE & CO., LTD. Annual General Meeting, Calcutta, 26th July 1961. Transfer books will remain closed from 17th to 26th July 1961, both days inclusive.

NATIONAL CO., LTD. Annual General Meeting, Calcutta, 27th July 1961. Dividend: Re. 0.75 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 7th to 27th July 1961, both days inclusive.

NATIONAL TOBACCO CO. OF INDIA LTD. Annual General Meeting, Calcutta, 31st July 1961. Transfer books will remain closed from 14th to 31st July 1961, both days inclusive.

UNIVERSAL CABLES LTD. (formerly Hindusthan Woollen Mills Ltd.). Annual General Meeting, Calcutta, 9th August 1961. Dividend: Re. 0.50 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 24th July to 9th August 1961, both days inclusive.

BENGAL PAPER MILLS CO., LTD. Dividend of 32 per cent or Rs. 8.00 per ordinary share, for the year ended 31st December 1960, subject to deduction of tax.

BOMBAY BURMAH TRADING CORPORATION LTD. Interim dividends of Rs. 240 per share, on original shares of Rs. 2,500 each, Rs. 12.00 per share, on shares of Rs. 125 each and Rs. 4.8 per share, on shares of Rs. 125 each (Rs. 50 paid-up), subject to deduction of tax, for the year ended 31st May 1961, payable on and after 10th July 1961.

OODLABARI CO., LTD. Dividend of 12½ per cent for the year ended 31st December 1960.

JANARDANA MILL LTD. Dividend of 9 per cent or Rs. 4.50 per share, for the year ended 31st December 1960, subject to deduction of tax.

ANGLO-FRENCH TEXTILES LTD. Dividend of 15 per cent or Rs. 15.00 per share, for the year ended 31st December 1960, subject to deduction of tax. Transfer books will remain closed from 14th to 29th July 1961, both days inclusive.

MYSORE ELECTRICAL INDUSTRIES LTD. Taxable dividend of 20 per cent of Rs. 20.00 per share, on old ordinary shares, for the year ended 31st March 1961. Transfer books will remain closed from 23rd to 31st August 1961, both days inclusive.

MYSORE PAPER MILLS LTD. Taxable dividend of 15 per cent or Rs. 1.50 per share, for the year ended 31st March 1961.

Notices

WESTERN BENGAL COALFIELDS LIMITED

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the shareholders of the Company will be held at the Registered Office of the Company at 8, India Exchange Place, Calcutta, on Monday the 7th August 1961, at 3.00 p.m., for the following purposes:

1. To consider and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31st March 1961.
2. To consider declaration of dividend.
3. To elect Directors in place of Raja B. N. Ray Chowdhury and Shri S. R. Daga who retire by rotation but being eligible, offer themselves for re-election.
4. To appoint Auditors for the current year and to fix their remuneration. Messrs. Singh & Co., the retiring Auditors being eligible, offer themselves for re-appointment.
5. As special business to consider and if thought fit, to pass, with or without modification the following resolutions:

AS ORDINARY RESOLUTIONS:

(a) "Resolved that Shri D. N. Bhattacherjee be and is hereby appointed a Director of the Company."

(b) "Resolved that the Board of Directors of the Company be and are hereby authorised to borrow from time to time moneys for the purposes of the Company upto a maximum of Rs. 75 lakhs outstanding at any time on account of principal notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (excluding temporary loans taken from Banks in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose."

(c) "Resolved that the Board of Directors be and are hereby authorised to contribute and/or subscribe to any institution or fund for any national, charitable, benevolent, public or general purposes, not directly relating to the business of the Company or to the welfare of its employees from time to time such amounts upto a total of Rs. 50,000 in any financial year notwithstanding that such amounts in any financial year will exceed Rs. 25,000 or 5 per cent of the Company's average net profits as determined in accordance with the provisions of the Companies Act 1956 during the three financial years immediately preceding whichever is greater."

AS SPECIAL RESOLUTION

(d) "Resolved that the Company do hereby approve of and authorise the payment of commission at 1 per cent of the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956 to the Directors of the Company for the year ending on 31st March 1961 and all subsequent years provided such payment is approved by the Central Government."

6. To transact any other business which may be brought forward at the meeting with the permission of the Chairman.

The Register of Members will remain closed from the 22nd July 1961 to the 7th August 1961. both days inclusive.

By Order of the Board,

HINDUSTAN INVESTMENT CORPORATION LTD.,
R. K. CHHAOCHHARIA,
Managing Director,
Managing Agents.

8, INDIA EXCHANGE PLACE,
CALCUTTA 1,
Dated the 27th June, 1961.

Note: (i) The dividends, if declared at the meeting, will be posted to the Registered addresses of the shareholders whose names appear on the Company's register on the 7th August 1961 or to their order or to their bankers.

(ii) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(iii) The instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

(iv) EXPLANATORY STATEMENT WITH *REGARD TO THE SPECIAL BUSINESS*:—

Item 5(*a*)—Sri D. N. Bhattacherjee was appointed an Additional Director of the Company by the Board of Directors in terms of Article No. 126(*a*) of the Articles of Association of the Company. As per the provisions of Section 260 of the Companies Act 1956 Sri Bhattacherjee vacates office at the next Annual General Meeting. The Company has, however, received a notice from a member under Section 257 of the Companies Act 1956 regarding Sri Bhattacherjee's appointment to the Board at the next Annual General Meeting.

Item 5(*b*)—As per the provisions of Section 293 of the Companies Act 1956, as amended by the Companies Amendment Act 1960 the Directors of the Company can borrow moneys in excess of the Paid-up Capital and Free Reserves of the Company only if they are authorised in that behalf by the Company in General Meeting by resolution which specifies the limit for such borrowings. In view of the development programmes of the Company the Directors may have to borrow moneys upto the limit specified in the Resolution.

Item 5(c)—Section 293 of the Companies Act 1956 as amended by the Companies (Amendment) Act 1960 further provided that the Directors can contribute to charitable or other institutions in excess of Rs. 25,000 or 5 per cent of the Company's average net profits computed as mentioned in the Resolution only if authorised by the Company in general meeting by resolution which specifies the limit for such contributions. The resolution is proposed in view of this provision.

Item 5(*d*)—Article No. 117 of the Articles of Association of the Company provides for payment of commission to the Directors of the Company upto 1 per cent of the net profits in each year. As per Sections 309 and 310 of the Companies Act 1956, the approval of the Company in General Meeting by special resolution and also approval of the Central Government are required for making such payment.

BURN AND COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting (being the sixty-seventh Ordinary General Meeting) of the Company will be held on Friday, the 28th July, 1961, at 11 a.m. at the Registered Office, 12 Mission Row, Calcutta, to transact the following business:

1. To receive and adopt the audited accounts for the year ended 30th April, 1961, and the Directors' and Auditors' Reports thereon.
2. To declare a dividend on the ordinary shares. The dividend, if declared, will be paid on or after the 7th August, 1961, to the Shareholders whose names are on the Company's Register on the 28th July, 1961, or to their mandatees.
3. To appoint a Director in place of the retiring Director, Mr. T. C. Hornby.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit to pass the following resolutions as Special Resolutions.

5. Special Resolution No. 1.

That Article 114 be deleted and the following substituted therefor.

"114. Unless otherwise determined by the Company in general meeting each Director shall receive the sum of Rs. 250 for every meeting of the Board of Directors attended by him. The Board of Directors may allow and pay to any Director who for the time being is resident out of the place at which any meeting of the Board of Directors may be held and who shall come to that place for the purpose of attending such meeting such sum as the Board of Directors may consider fair and reasonable for his expenses and loss of time in connection with his attending at the meeting in addition to his remuneration as specified above."

6. Special Resolution No. 2.

That subject to the approval of the Central Government pursuant to Section 360 of the Companies Act, 1956, the Company do hereby approve of a contract between the Company of the one part and Mr. Sitendu Gupta, an associate of Martin Burn Limited, the Managing Agents of the Company, within the meaning of the Companies Act, 1956, of the other part the material terms of which are:

(a) Mr. Sitendu Gupta, who is an Assistant of the Company, at Howrah Works, shall continue to be such assistant for a period of five years with effect from the 1st December, 1960; during this period he shall enjoy the same privileges, amenities and perquisites and be subject to the same liabilities and obligations as are applicable to other assistants of the Company in the same grade of employment and with the same status.

(b) Mr. Sitendu Gupta's basic monthly salary will be on the scale Rs. 900-1,000-1,100-1,200-1,300 during the first and successive years of service, plus dearness allowance at the rate allowable under the Company's rules from time to time, medical expenses and, at the discretion of the Company, an annual bonus.

He will be entitled to two months' leave on full pay and will be paid return railway fares for himself and his wife after completing the second and fourth year of his contract of service.

The Ordinary Share Register of the Company will be closed from the 20th July, 1961 to the 28th July, 1961, both days inclusive.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and a proxy need not be a member.

By Order of the Board

MARTIN BURN LIMITED
S. GUPTA
Managing Director
Managing Agents

Calcutta, 1st *July,* 1961

An Explanatory Statement as required under the Companies Act, 1956 has been forwarded to the members of the Company.

NOTICE

THE BANK OF INDIA LIMITED

Registered Office:
70-80, Mahatma Gandhi Road, Fort,
BOMBAY 1

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books and Register of Members of the Bank of India Ltd. will be closed from Monday the 17th July, 1961, to Saturday the 5th August, 1961 (both days inclusive).

The Dividend will be payable on and after Monday the 7th August, 1961.

By Order of the Board of Directors,
T. D. KANSARA,
General Manager.

BOMBAY, 1st *July,* 1961.

SELECTED SATGRAM COLLIERIES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Shareholders of the Selected Satgram Collieries Limited will be held on Monday, the 24th July 1961 at 3 p.m., at its Registered Office, F-2, Gillander House, 8, Netaji Subhas Road, Calcutta 1, for the purpose of considering the following resolutions and if thought fit, to pass with or without modifications as Special and Ordinary Resolutions:

AS SPECIAL RESOLUTIONS

1. "RESOLVED that 20,500 Equity Shares of Rs. 100 each be issued and offered for subscription on the following terms and conditions:

(a) 19,500 Equity Shares shall be offered for subscription at par to the existing shareholders on the Register of Members of the Company on 21st July, 1961 with right to renounce in favour of a person or persons approved by the Directors in the ratio of one new Equity Share for every one existing ordinary share held by such holders respectively and subject to the consent of the Controller of Capital Issues to the modification, the balance of 1,000 Equity Shares be disposed of by the Board of Directors at par in such manner as they think most beneficial to the Company and subject to Memorandum and Articles of Association of the Company.

(b) The offer aforesaid shall be made by the Board by notice, specifying the number of shares which each existing member shall be entitled to apply for and take up and limiting the time not being less than one month from the date of offer within which the offer if not accepted will be deemed to have been declined, with liberty to the Directors from time to time to extend the time for acceptance as aforesaid either generally or in respect of any particular holder or holders.

(c) The amount of Rs. 50 per share on the aforesaid Equity Shares shall be payable with the application, Rs. 25 on allotment and the balance of Rs. 25 shall be called as and when the Directors think it necessary.

(d) The new Equity Shares shall confer on the holders thereof the right to any dividend declared for the year ended 31st December, 1961 and shall entitle such holders to rank from the date or dates of allotments to all dividends in proportion to the capital for the time being and from time to time paid up on such shares and such shares shall for all other purposes rank *pari passu* with the existing Equity Shares of the Company.

(e) The certificates in respect of new Equity Shares shall be completed and be ready for delivery within nine months after the last allotment thereof.

(f) For the purpose of giving effect to this resolution the Directors be and are hereby authorised to prescribe forms of application and renunciation and other documents in respect of such new Equity Shares and to give such other directions as may be necessary or desirable and settle any difficulty that may arise in regard to issue and allotment of new Equity Shares as they think fit."

2. "RESOLVED that the Directors be and are hereby authorised and empowered, subject to the consent of the Controller of Capital Issues, to issue, offer and allot any of the said Equity Shares, which remain undisposed of out of the 20,500 Equity Shares, after the offer to the members of the Company as provided in the last resolution to such person or persons and in such manner whether shareholders of the Company or not, as the Directors may think fit at a price that shall not be less than the par value and at such price or prices as the Directors shall consider at their absolute discretion fair and reasonable in respect of the said Equity Shares."

AS ORDINARY RESOLUTION

3. "RESOLVED that the consent of the Company under the provisions of Section 293 (1) (d) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1960 be and is hereby accorded to the borrowings by the Board of Directors of the Company from time to time of all monies deemed by it to be requisite from such person or persons and on such terms and conditions as the Board shall deem it fit and proper for the purpose of carrying on the business of the Company but not exceeding rupees one crore notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans, if any, in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

At a meeting held on this day, the Board of Directors have declared an interim dividend at Rs. 8 per share, subject to deduction of tax, for the year ended 31st December, 1961 and decided to issue 20,500 Equity Shares of Rs. 100 each at par to the existing shareholders on the terms and conditions mentioned in the aforesaid special resolutions.

The Share Transfer Registers of the Company will be closed from the 22nd July to the 5th August, 1961, both days inclusive.

By Order of the Board,
For and on behalf of
SELECTED SATGRAM COLLIERIES LTD.,
For S. D. SHETHIA & CO. PRIVATE LTD.,
B. S. SHETHIA,
Director,
Managing Agents.

CALCUTTA,
29*th June,* 1961.

Notes:—(*a*) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.

(*b*) The explanatory statements pursuant to Section 173 of the Companies Act, 1956 have been forwarded to the members of the Company.

THE MANDYA NATIONAL PAPER MILLS LIMITED

Amendment to the Notice of the Extraordinary General Body Meeting to be held on 28*th July* 1961

ISSUE OF 8 LAKH EQUITY SHARES OF RS. 10 EACH AT PAR

IN ACCORDANCE WITH THE NOTICE dated 9th June 1961 for convening the General Meeting of the Company on the 28th July 1961, already circulated to the Members, it was proposed that new Equity Shares shall be offered to the Shareholders whose names appear in the Company's Register of Members on the 28th July 1961. According to the advice of the Stock Exchange, Bombay, it has been decided that the Transfer Books will be closed for the purpose of new issue only after the proposed issue has been approved by the Shareholders and the shares will be offered to such persons whose names appear in the Company's Register of Members *on such day as may be fixed by the Directors.*

Accordingly, in para (i) of the First Resolution, as proposed, the words "such day as may be fixed by the Directors" will be substituted for "the 28th July 1961." The Share Transfer Register of the Company will now be closed from the 24th July 1961 (instead of 12th July) to 28th July 1961.

S. W. G. OLPHERTS FORRESTER,
Secretary.

14, PALACE ROAD,
BANGALORE-1.
21*st June,* 1961.

An international research project on the position of underdeveloped countries in the world economy has been organised by the Chr. Michelsens Institute in Gergen, Norway, at an estimated cost of one million kroner (£50,000). The American Rockefeller Foundation has given a grant of $100,000 and the expenses beyond this are expected to be covered from Norwegian sources. The research project covers three aspects, namely, the effect on world trade of the economic growth in underdeveloped countries, the extent, composition and effect of aid projects and the international trade theory in relation to the economic growth in underdeveloped countries.

ADVANCE INSURANCE COMPANY LTD.

SPEECH OF CHAIRMAN, MR. DEBIPRASAD PODDAR

A PLEA to amend Sections 40-A and 40-C of the Insurance Act 1938 was made by Mr. Debiprasad Poddar, Chairman of the Advance Insurance Company Ltd., while speaking at the Eighteenth Annual General Meeting of the Company held at Bombay on 28th June 1961. He stressed, in particular, the need for reducing overall cost, as allowed under Section 40-C read with rule 17-E of the Act. The following is an extract from the speech of Mr. Poddar:

"From the report of the Directors on the business of the Company, you would observe that the Company has made all-round progress as regards business of the Company is concerned.

Premium Income Doubled

"The net premium income in all the departments for the year 1960 is nearly double than what it was in the year 1958.

"The foreign premium income has increased from Rs. 6,88,485 in the year 1959 to Rs. 8,66,560 in the year 1960.

Non-diversion Scheme

"As regards current Insurance topics, I would like to inform you that there is under contemplation a scheme called non-diversion scheme whereby no insurance company would accept renewal of those businesses which are already insured with another company. In short, the existing insurance of each company will be renewed with them only. In my opinion, this idea is very good in the interest of the industry as a whole, and I am sure every company, big and small, would work it out with all sincerity and in the true spirit in which it is contemplated.

"Another important thing is that the Insurance Department of the Government of India is trying its best to put the insurance industry on a healthy footing and all their present restrictions and regulations are directed towards the achievement of this end.

Insurance Act

"My humble suggestion in this respect would be to make some changes in the existing Insurance Act by suitably amending Sections 40-A and 40-C of the Insurance Act 1938. If this is done, I feel a lot of improvement would be made in the trade. First of all, overall cost, as allowed under Section 40-C read with rule 17-E of the Act, should be reduced gradually, say by 5 per cent every year for two to three years.

Tax Exemption

"My other humble suggestion is to approach the Central Board of Revenue to exempt taxations on further increased reserves for unexpired risks, say to the extent of 200 per cent of the net premium income on the marine business and 100 per cent of the net premium income on the fire, accident and miscellaneous business. If this be done, the financial position of the Company would be very strong and naturally it would be in a position to accept larger risks and retain higher amounts for its own retentions thereby increasing its own net premium income. This would not only make the position of the insurance companies very sound, but would also place the shareholders of the insurance companies in a happier position as regards the return on their investments is concerned.

"If these humble suggestions of mine are given a trial, I am sure all insurance companies, small and big, would get an opportunity to grow in a healthy manner and at the same time there will be ample scope for each individual company to make progress and expansion."

Note: *This does not purport to be the report of the proceedings of the general meeting.*

THE INDIA SUGARS AND REFINERIES LIMITED

SPEECH OF MR. RAJESWARA PATEL, M.P., OFFICIATING CHAIRMAN

EXPORT OF SURPLUS SUGAR WILL GIVE RELIEF TO INDUSTRY

A REFERENCE to the Government's effort to export surplus sugar was made in the speech delivered by Mr. Rajeswara Patel, M.P., officiating Chairman of the India Sugars and Refineries Ltd., at the Twenty-seventh Annual General Meeting of the Company held at Hospet on 29th June 1961. Mr. Patel expressed the hope that the Government would be able to export all the surplus sugar this year on the basis that, according to its own announcement, the loss on such export would be borne fully by it. Referring to the Company's application for expansion, he said that the matter would not be pursued if the cane growers, who were anxious to start a co-operative sugar factory of their own and whose wish the Company wanted to respect, agreed to supply the minimum quantity of cane required by the Company.

The following is the full text of Mr. Rajeswara Patel's speech:

"In the absence of our Chairman I am asked to perform the pleasant duty of welcoming you all to this twenty-seventh annual general meeting of the Company. In deference to the wishes of the shareholders expressed in this behalf, the registered office of the Company was transferred to this place and thus, after an interregnum of five years, the annual general meeting is again being held in Hospet.

"The Directors' report and the audited accounts for the year ended 30th September 1960 have been with you for sometime now, and, with your permission, I shall take them as read.

Results Better

"From the accounts you must have noticed that though our sugar recovery was much better during the year under review, the net profits are less by Rs. 1,43,487 and you would naturally like me to say a word about it. The main reason for this fall in the net profit is the payment of bonus amount to the cane growers under the S.I.S.M.A. formula. The amount paid under this formula for the year under review is Rs. 12,32,836 as against Rs. 6,26,221 for the previous year. This alone makes a difference of Rs. 6,06,615. Then we have also made increased provision for depreciation during the year, the increase being approximately Rs. 1,06,000. If you make an allowance for these two items, you will find the working results for the year under review are better than that of the previous year. Out of the net profits we had also to provide a sum of Rs. 2.92 lakhs for taxation as against a sum Rs. 50,000 only for the previous year.

"In spite of these factors and slight reduction in the net profits, your Directors have recommended a higher dividend of 14 per cent to the shareholders for this period. This 14 per cent dividend is payable subject to deduction of 30 per cent tax on your personal account which sum will be adjusted at the time of your personal assessment. Those of you who have obtained the exemption certificates from the Income-tax authorities will no doubt receive this dividend without any deduction.

Late Crushing

"In the Directors' report a reference has been made to the late starting of the current season. The crushing of cane still continues and is expected to be completed by the first week of next month. Due to late starting and delayed crushing, the sugar recovery is bound to be low and this in turn, is sure to affect the overall working results of the Company. The factory started late, because the cane growers were not prepared to supply cane to the factory till the question of cane bonus under S.I.S.M.A. formula was settled. That settlement became possible only after the intervention of the State and Central Governments. Valuable time was lost in these negotiations and, as a result, all interests concerned stand to suffer. I am sure, you would all approve the action of the management in accepting all the cane, honouring their moral obligation even if technically they were in a position to reject some of this cane.

Trading Conditions

"Another difficulty which your Company is presently facing is about the sales and stock lifting of sugar. As you know, the sales are controlled by the Central and State Governments and the permit holders do not lift stocks in time. Sometimes the permit expires and even when a fresh permit is issued the stocks are still not lifted. This has naturally created working difficulties and some bottlenecks. Fortunately, till now we have been able to carry on without any dislocation of work. So, while I do not want to draw any pessimistic picture of the current year, I consider it my duty to be frank with you and to take you into confidence by apprising you of the exact position obtaining.

"The production of sugar in the country was phenomenal last year and it is likely to go up still higher during the current year. The efforts of the Government and the Sugar Mills Association to export sugar have succeeded only partially. The main hurdle in our export is, as you all know, our high cost of production. Even though the Government is prepared to export it at a much sacrificial price, yet we cannot make our sales very competitive or sufficiently attractive in the world market. Perhaps you will be surprised to know that, while a bag of sugar which costs you and me about Rs. 115 here in this country where it is produced, we are prepared to sell it to the foreign purchasers for less than Rs. 35 only.

"The redeeming feature, however, is that this year the Government has announced that the loss on export of sugar will be borne fully by them and the factories would not be called upon to pay any percentage thereof. Your Directors sincerely hope that the Government would be able to export all the surplus sugar on this basis. This export, besides earning foreign exchange for our country, would give much needed relief to the sugar industry.

"Another important point which we have already mentioned in our Directors' report is the Central Wage Board Award for the Sugar Industry which came to be implemented from 1st November last year. Your Directors have since taken necessary steps to implement it and it is estimated that this will increase the annual wage bill of your Company by more than a lakh of rupees.

Subsidiary A Success

"I would now say a word about our subsidiary company, the Salar Jung Sugar Mills Ltd. I am very happy to be able to inform you that this Company has achieved record crushing this year. It has crushed more than 1,20,000 tons and has produced about 1,08,000 bags of sugar. It has been a thrilling performance when one compares the same with its production only a few years back, viz., in the year 30th June 1956, when the total production was less than 21,000 bags. It is not only a question of emotional thrill but financially also the company has been fully rehabilitated. Your Directors hope that, within not too distant a future, the losses of this Company would be completely written off and that this subsidiary company would soon become a perpetual source of steady revenue to your Company.

Expansion Plans Not to be Pursued

"Last year, on a similar occasion, our Chairman made a reference to the expansion scheme and you would, perhaps, expect me to let you know as to where the matter stands at present. Our application with the Government is still pending, but, in the meantime, your Directors are negotiating an agreement with cane growers, their co-operative societies and their leaders in this area, under which, if your factory is assured of certain minimum supply of cane every year, we would not press the application for expansion. It is the wish of these people to start a co-operative sugar factory of their own. In the larger interests of the factory and to maintain harmonious relations between the cane growers and our factory, we have agreed not to expand the present capacity provided our minimum quantity is assured to us and an agreement to this effect is finally approved by the State as well as the Central Government. Actually, the agreement is under draft by the lawyers and, when it is finalised, further action would be taken in the matter.

"In your Directors' report, we have mentioned that two of your Directors, Sarvashri M. R. Morarka and Madanlal Somani, are retiring by rotation under Article 105 of the Company and are eligible for re-election. Since then we have received an intimation that Sri M. R. Morarka is not seeking re-election. Hence you have to re-elect only Sri Madanlal Somani.

"Before I conclude I must express my heartfelt thanks on behalf of all of you and the Board, to our Managing Agents, to our staff, to our workers and to the cane growers and merchants for their industry and hard work without which these results would not have been achieved.

"Gentlemen, I now formally move the adoption of the Directors' report and audited accounts for the year ended 30th September 1960."

Note: This does not purport to be a report of the proceedings of the annual general meeting referred to.

SWASTIK TEXTILE MILLS LTD.

The year ended 31st December 1960 witnessed, once again, lower profits for the Swastik Textile Mills Limited (Managing Agents: Messrs. P. Kashinath & Co., Bombay). The gross profit for the year dropped for the second year in succession to Rs. 6.82 lakhs from Rs. 7.63 lakhs for 1959 and Rs. 7.80 lakhs for 1958. The drop in 1960 was more pronounced than in the previous year, chiefly because of payment of bonus for 1958 amounting to Rs. 0.74 lakh.

The sale proceeds of saris, dhotis, cloth and waste declined from Rs. 66.55 lakhs to Rs. 63.98 lakhs. The receipts by way of dyeing and printing charges, however, were slightly better at Rs. 19.66 lakhs, as against Rs. 18.94 lakhs in the previous year.

The financial position of the Company in the fourteen years of its existence has improved perceptibly. As against the paid-up capital of Rs. 26.51 lakhs (which has remained stationary), the Company has reserves and surplus amounting to Rs. 10.27 lakhs. The net block stands at Rs. 24.41 lakhs, after depreciation aggregating Rs. 22.01 lakhs. The total of current assets at Rs. 24.52 lakhs shows an excess of Rs. 13.92 lakhs over current liabilities at Rs. 10.60 lakhs. It will thus be noted that the Company is enjoying a sound financial status.

The brand new Benninger Mercerising Plant, which was installed in December last, has started working now. Full and satisfactory results are likely to be achieved after the erection and working of Famatex Hot Air Stentering and Drying Machine, which are likely to be received during the current year.

NEW COMPANY TO MAKE TUNGSTEN CARBIDE AND DIAMOND DIES FORMED

A new company, Gannon Norton Metal and Diamond Dies Ltd., Bombay, a joint venture of Gannon Dunkerley & Co., Ltd. Bombay, and Wire Drawing Dies (Manchester) Ltd., a subsidiary of Sir James Farmer Norton & Co. Ltd., of the U.K., has been formed to manufacture wire drawing dies of tungsten carbide and diamonds. The Company has an authorised capital of Rs. 5 lakhs and has already erected at Mahul in Bombay a plant designed to manufacture 150 diamond dies and 400 to 450 tungsten carbide dies (for wire drawing purposes) per month on a single-shift basis.

The plant is expected to manufacture dies valued about Rs. 7.2 lakhs every year, which, allowing for the essential imports of certain parts, would help in the saving of foreign exchange to the tune of £40,000 per annum. Experimental and trial production started sometime ago. The Company, it is stated, is now in a position to start production on a commercial basis on a small scale.

MANDYA NATIONAL PAPER MILLS LTD.

Sardar Anup Singh Bedi, Managing Director of the Mandya National Paper Mills Ltd. (Mysore State), is now in France from where he will later proceed to Germany. The Company's factory, with an original production capacity of 35 tons of paper a day, is under erection and about 1,000 people are working day and night under the supervision of the engineers of the Company's American collaborators, Messrs. Parsons and Whittemore, who have offices on the Continent, too. The factory is expected to go into production towards the end of October.

The Company has drawn up expansion plans to double the production capacity, that is, to 70 tons of paper per day. For this purpose, sanction and assistance from the relevant Government departments and agencies have been obtained. Mr. Bedi will be meeting the President of Messrs. Parsons and Whittemore, who is also flying to France and Germany, to finalise negotiations for the purchase of extra machinery and technical collaboration.

While in Europe, Mr. Bedi will also discuss similar collaboration with Messrs. Parsons and Whittemore for the establishment of another paper mill, with a production capacity of 100 tons of superior grade paper a day, at Panipat near Delhi. It is likely that an appeal will be made to the public for shares some time at the end of this year and this new concern may go into production two to three years hence.

UNION CO-OPERATIVE INSURANCE SOCIETY LTD.

CHAIRMAN, MR. J. L. MEHTA'S SPEECH AT ANNUAL MEETING

THE Union Government's inactivity in the matter of cattle and crop insurance was deplored by Mr. J. L. Mehta, Chairman, The Union Co-operative Insurance Society Ltd., in his speech at the Twelfth Annual General Meeting of the Society held at Bombay on 28th June 1961. In this connection, Mr. Mehta referred to the Society's own experiment, started during the latter part of last year, in cattle and crop insurance. An appeal was also made by the Chairman to all co-operative institutions for the diversion of co-operative business to the Society.

The following is the full text of Mr. Mehta's speech:

"The Society's balance-sheet and profit and loss account have been with you for some time and I take it that you have gone through the same.

"You have got the information about the premium income, share capital, claims, etc. and I would be satisfied by only stating that the net premium income during the last three years in all the departments has risen from Rs. 8,47,542 in 1958 to Rs. 20,98,343 in 1960.

"The premium income has gone up considerably mainly due to the changes that have been made in the reinsurance arrangements and because of development and expansion undertaken. Being comparatively new in the field, we have to fight against various odds. Joint-stock insurers have large capital and reserves, and it is difficult for us to enter their area of operations where they have the backing of big business interests and financial undertakings, controlling large premium income. We, on the other hand, have to depend on the business of small co-operative institutions offering small premium. This adds to our costs to a large extent. Our per-policy premium is low compared to per-policy premium of joint-stock insurers. This disadvantage, I am sure, is likely to remain in future also. The only way out is to increase the premium income in the areas to such an extent that the overhead costs would be reduced. I would, therefore, appeal to all co-operative institutions and even the Co-operative Departments of the various State Governments to see that at least co-operative business is diverted to the Society.

Business Expansion

"The Society has tried to develop business in practically all the parts of the country, but we find that in the new areas it is becoming difficult to break the ties of co-operatives with joint-stock insurers. However, from experience we find that due to the consistent effort made by our staff and agency force we have succeeded in breaking the tendency of the co-operative societies continuing their relations with the joint-stock insurers. This, however, adversely affects the cost structure but, in my opinion, it is an avoidable cost if the co-operatives change their attitude. We, on our part, are trying our best to have a network of organisations throughout the country which is likely to strain even further our financial resources, but it is a good investment and the results would be reflected only when the expansion is stabilised.

"It is a matter of pleasure for me to inform you that the Society has continued to get support from a large number of co-operative institutions, but I am sorry to say that the Government of Maharashtra and the Government of Gujarat, to our surprise, have not yet finalised the question of placing the business of sugar factories with us. Even some of the warehousing corporations are placing their insurance with joint-stock insurers. Whereas, on the one hand, the Government pleads of assisting co-operative insurers, on the other, some of the departments actually are against the interest of co-operative insurance in particular. My only suggestion is that no decision should be taken by any department without consulting the Ministry of Co-operation at any level on all matters in which interests of co-operative organisations are likely to be affected.

Cattle and Crop Insurance

"During the latter part of the year the Society started a new experiment, viz., that of cattle and crop insurances. Cattle insurance was undertaken, as you well know, about 40 years back in Broach, but the scheme failed as the same was not worked out on a scientific basis. In the year 1948, the Government of India appointed two committees to study the scope of cattle and crop insurances and to formulate a scheme for the purpose. The sub-committee, which is known as "Priolkar Committee," had submitted the proposals, but they have remained in the archives of the Government till date.

"Our Society is also transacting machinery breakdown insurances and has devised a particular policy to protect agriculturists against losses suffered on breakdown of engines and pumps.

"Since ours is an all-India organisation, we are having our activities in almost all the States. I have pleasure to inform you that we have appointed one such advisory committee in Kerala and arrangements are being made to appoint such advisory committees in other States. Co-operators of the areas, however, feel that this is not enough and that they should take some interest in overall development. It may be worthwhile to consider whether any Central Advisory Board will be useful or not.

"You must have seen from the balance-sheet that the same profit margin has been maintained this year also. Due, however, to a jump in the net premium, a larger amount had to be transferred to the reserve fund. In spite of this, the Directors thought it fit to pay an additional dividend of .25 per cent and 1.6 per cent more as bonus to the policyholders.

Healthier Competition

"It would not be out of place to mention here about some problems that the industry is facing. In my opinion, the recent move of some of the Indian insurers of having a non-diversion pact will not solve the problem. The problem that the industry faces is to bring about a fair competition and not avoid competition and I would, therefore, request insurers to take active steps which would result in healthier competition. In my opinion, a 10 per cent rise in the premium as assumed in the scheme may not be enough to meet the added cost which is always high and always increasing, by 15 per cent to 20 per cent.

"So far as this Society is concerned, it would not be possible for us to enter into any non-diversion agreement as we are specially started with a view to bring co-operative business within our fold. I would welcome any move which would avoid inter se competition and assure us of our claimed slice.

"I assure my colleagues in the industry deck that this Society is always prepared to have fair competition and will always be with the industry in bringing about any change which could make competition healthier and reduce the cost of operation."

Notice

SHAW WALLACE AND COMPANY LIMITED

DIVIDEND ON PREFERENCE SHARES

THE DIRECTORS HAVE DECLARED IN accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960 an Interim Dividend of Rs. 2.664 per share subject to deduction of Tax under Section 18(3) (D) of the Income Tax Act, 1922, on the Company's Preference Shares in respect of the year ending 31st December, 1961, payable to Members whose names appear in the Preference Shares Register of the Company on the 15th July, 1961. Warrants will be posted on or after the aforementioned date to the addresses or in accordance with the instructions recorded in the Company's books.

The Transfer Register of the Preference Shares will be closed from the 8th to the 15th July 1961, both days inclusive.

By Order of the Board,
D. A. HOUGHTON,
Calcutta Director & Secretary.

4 BANKSHALL STREET,
CALCUTTA 1.
29th June 1961.

TRAVANCORE CEMENTS LTD.

(Concluded from page 85)

up to 30th June 1961 for packing cement with effect from 1st January 1961 which was not permitted till then. We are now allowed Rs. 18 per tonne of cement as packing cost, as against Rs. 13 fixed for the fourth quarter of 1960. We are trying our utmost to collect as many second-hand bags as possible to avoid any loss under this item and it is hoped that the Government will permit the producers the use of second-hand bags even after 30th June 1961, the time limit fixed at present.

Quality

"I am also very happy to report that our White Cement sale is gradually increasing and the users of our "Vembanad" brand cement are very much satisfied about the quality of our cement.

"It was felt an association of the cement manufacturers is necessary to promote and protect the industry, to solve the various problems facing the industry and to have a common policy of all the cement manufacturers in the interest of the producers, Government and the public. I am now glad to inform you that an Association of the cement manufacturers has been formed and your Company is also a member of this Association.

Labour Relations

"By the implementation of the recommendations of the Central Wage Board, the salaries and grades of the operatives and staff have been fixed on an all-India basis and although we, as an uneconomical unit, do not produce so much quantity of cement as other cement companies produce, yet we are paying the same salaries and wages paid by others as recommended by the Central Wage Board and the employees of our Company are in par with the employees of other cement companies in India in the matter of their salaries. I am very glad to inform you that labour-management relations have been cordial during the year 1960.

"Gentlemen, I thank you all for coming here to attend this meeting.

"I now request that the Directors' report and the audited accounts for the year 1960 may be taken up for consideration and adoption."

Note: This does not purport to be a record of the proceedings of the annual general meeting.

ALUMINIUM USED IN TRAWLER

The technique of fitting fishrooms for trawlers with aluminium components has long been accepted as a progressive step in the fishing industry. The light metal is easy to clean which makes it simple to maintain the fishroom in first-class condition. In addition, it is light, strong and readily moved, so that the arrangement of compartments within the trawler can be altered with ease and speed. Against this background, it is not surprising that Vosper Ltd. of Portsmouth recently has equipped a trawler, the 126-ft. Winmarleigh, with aluminium for pound boards, shelf boards and fishroom stanchions. The trawler was built for Fleetwood Near Trawlers Ltd., using sections designed and supplied by Alcan Industries Ltd. The fishroom is 36 ft. in length, with a capacity of 7,400 cu. ft. and a height from tank top plating to the deckhead of 12 ft. In the room are four rows of eight pillars each and a total of 48 fish pounds, together with the ice pound at the extreme forward end. Most of the pounds are fitted for closed space shelving, the rest angles being supported by cleats attached to the stanchions. The stanchions are of hollow design with tapered jaws. The shelf board sections are of a special flat-surfaced type, originally designed by Alcan Industries to the requirements of Boston Deep Sea Fisheries. The design was intended to eliminate any possible damage to the fish. The arrangements in the Winmarleigh worked so successfully that a sister ship, the Haselbech, built by the same company for the same owners, is equipped in exactly the same manner. Both vessels operate from Fleetwood.

EXPORTS OF IRON AND STEEL GOODS

In order to encourage exports further, the Government of India has reduced the floor price of exports of articles manufactured from iron and steel which are entitled to receive pig iron and steel at concessional prices. Thus, the revised minimum value is Rs. 350 per metric ton of iron articles, as against Rs. 400 hitherto in force, and Rs. 600 for articles manufactured out of steel other than sheets and wires, as against Rs. 800 previously. The floor price of articles manufactured from sheets and wires, however will continue to be Rs. 800. The floor prices have been fixed in order to ensure that only manufactured articles, and not merely pig iron or steel with a little processing, is exported.

FOREIGN ASSETS AT NEW LOW

(From Our Own Correspondent)

BOMBAY, *5th July*

Thanks to the increasing flow of funds from the seasonal borrowers which has further improved the supply of loanable funds, conditions in the short-term money market continued to remain comfortable throughout the week. The demand for funds was moderate, but the rates of interest showed no variations. The inter-bank call money rate among Exchange and Indian banks ruled at 4½ per cent, same as last week. Other rates also remained unchanged. For ready reference, we give them below:

	Per cent
Inter-bank call money:	
Exchange and other large Indian banks	4½
Other banks	4½
Notice money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3½
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

The results of the 91-days Treasury bills of the Government of India sold through weekly tenders showed no new features. As against an invitation for Rs. 2 crores, the amount offered and accepted was of the same order. The average rate of accepted tender remained at the same level as last week, namely 2.650 per cent per annum. There was no demand for 91-days intermediate Treasury Bills. Their sales, however, will be resumed on the 5th inst. and continued up to the 8th.

A further contraction of Rs. 12.34 crores in notes in circulation is revealed by the statement of affairs of the Reserve Bank of India for the week ended 30th June 1961. The notes held in the Banking Department have risen by Rs. 3.41 crores; consequently, the total notes issued show a decline of Rs. 8.93 crores only. Foreign securities have contracted by Rs. 5 crores to Rs. 103.01 crores, and as balances held abroad are also down by Rs. 1.88 crore, the total foreign assets have dwindled by Rs. 6.88 crores to as low as Rs. 113.78 crores, which represents a new low level. Deposits of banks with the Reserve Bank improved by Rs. 12.67 crores to *Rs. 94.73 crores.*

An expansion of Rs. 2.31 crores in demand deposits and of Rs. 7.91 crores in time deposits is disclosed by the statement of the Scheduled Banks for the week ended 23rd June 1961. Only a part of this expansion is due to the rise in the deposits of the State Bank of India which went up by Rs. 2.10 crores in the same week. Banks continued to repay their borrowings from the Reserve Bank of India, the exact reduction in the week under review being Rs. 8.23 crores. Bulk of this repayment—Rs. 5.30 crores to be exact—was against usance bills. Borrowings from the State Bank of demand nature were lower by Rs. 1.17 crore, but those of time variety were up, though by Rs. 95 lakhs only. Advances and bills discounted (bank credit) contracted further, by Rs. 9.22 crores to Rs. 1,268.29 crores. A year ago this portfolio stood at Rs. 1,124.22 crores. The share of the State Bank of India in this decline was Rs. 4.67 crores. Investments of the scheduled banks as a whole improved by as much as Rs. 16.48 crores; but, as the investment of the State Bank jumped up by Rs. 16.99 crores, this portfolio of other Scheduled Banks must have actually suffered a slight setback of Rs. 51 lakhs.

The gilt-edged market was steady with interest confined to selected loans only. On account of special buying, State loans recorded further gains. In the Central loans section, the downward trend of 3 per cent Conversion Loan was checked, thanks to revival of interest at lower levels and the loan was marked up by 55 nP to close at Rs. 72.25. 3½ per cent 1968 put on 10 nP to Rs. 98.80. 3 per cent 1970-75 first development loan, 3½ per cent 1974 and 4 per cent 1972 gained 5 nP each to close at Rs. 91.05, Rs. 99.70 and Rs. 100.50 respectively. But 3¼ per cent 1963 shed 5 nP to Rs. 100 each. 3½ per cent 1965 lost 10 nP to Rs. 99.85. In the State loans section 4 per cent medium-dated loans met with good enquiry and showed gains. 4 per cent Maharashtra improved by 25 nP to Rs. 99.50. 4 per cent 1967, 1968, 1969 and 1971 Madras Loans made gains ranging from 10 nP to 50 nP. 4 per cent 1967 and 1968 Andhra loans rose by 10 nP and 25 nP to Rs. 98.85 and Rs. 98.75, respectively. 4 per cent 1967, 1968, 1969 and 1971 loans of Madhya Pradesh, Bihar, Punjab, Orissa and Mysore also went up by 10 to 50 nP. Other State loans were unchanged.

In the foreign exchange section, the rupee weakened in relation to the U.S. dollar in sympathy with the pound sterling. Banks' selling and buying rates for ready T.T. on New York were Rs. 480 and Rs. 476.75 per 100 dollars, respectively, as against Rs. 479.75 and Rs. 476.25 last week. In the New York market, the pound sterling lost 0.13 cent in the spot and 0.23 in the three months forward market, as compared with last week. The latest available rates (4th July) are: 278.920-278.950 cents per £ for spot and 276.320-276.350 cents per £ for three months forward.

KIPS STEADY

(From Our Own Correspondent)

MADRAS, *3rd July*

There was no appreciable change in the Madras kip market. Importers of cow hides were keeping out of the market, but there was moderate demand for cow calf skins both from U.K. and Continent. Arrivals of buffalo hides were small and met with ready clearance.

Inquiries for tanned goat skins were more for lower grades than for higher selections, and moderate quantities were sold to U.S. and the Continent. Demand for prime sheep skins was small and for other classes unchanged.

In the London public auctions last week, clearances of goat skins were small and were mostly for fresh parcels at prices 6d. to 12d. below current c.i.f. levels. Best marks of sheep skins, however, realised current c.i.f. prices, while others were neglected.

BULLION IRREGULAR

(From Our Own Correspondent)

BOMBAY, 5th *July*

The past week, that is, Thursday, 29th June to Wednesday the 5th inst., was the first "full" week after the three-monthly contract in bullion was introduced on 26th June 1961. The week witnessed an irregular trend in the market. Thus, silver tended to ease while gold ruled firm, though a part of the gains recorded by it earlier was erased towards the closing sessions. The easiness of white metal was due principally to pressure of increased arrivals. The average daily rate of arrivals was 49 bars, as against 32 bars in the previous week, but actual offtake was unchanged at 5 bars per day. Consequently, prices suffered a setback. Gold was firm early in the week, thanks to tense situation in West Africa and good spot house buying. The upward trend was, however, checked on Monday on reports of heavy arrivals. The trend persisted till the close. The average daily arrivals and offtake of gold were 4,000 tolas and 3,200 tolas, respectively, same as last week.

Adjustment rates fixed yesterday (4th inst.) were Rs. 121.00 per 10 grams of gold and Rs. 200.35 per kilogram of silver. The corresponding rates for Wednesday last week were Rs. 120.40 and Rs. 201.85, respectively. The market was closed today as a mark of respect to Mr. Purshotamdas Thakurdas who passed away on Tuesday the 4th inst.

The *Bhadrapad* (25th September) settlement in gold began the week at Rs. 119.45, as against the previous close of Rs. 119.25, and rallied to Rs. 120.10 on Saturday. Thereafter, it declined to touch Rs. 119.20 yesterday before finishing better at Rs. 119.55. Ready gold continued to command a premium over the forward throughout the week, the actual premium rising from Re. 1.40 to Re. 1.70 yesterday when the closing rate for the metal stood at Rs. 121.25, as against Rs. 120.65 on Wednesday last; the highest level of the week was Rs. 122.40 on Saturday the 1st inst.

In silver, the *Bhadrapad* (26th September) settlement encountered selling and receded from Rs. 203.10 last week-end to Rs. 201.45 yesterday. At this level, some support ensued and the settlement closed at Rs. 201.75. The net loss over the week was Re. 1.35. Ready silver was quoted at a discount under the forward, the actual discount yesterday being Re. 1.40, as against Re. 1.25 last week. The ready rate fluctuated between Rs. 201.85 and Rs. 119.95 before finishing the week at *Rs. 200.35.*

The world price of gold in the London bullion market improved from $35.07½ to $35.08½ per fine ounce during the week under review. Ready gold also moved up from 251s. 4½d. to 251s. 7½d. Ready and forward silver, however, were unchanged, the former at 79¾d. and the latter at 79¾d. Silver in New York, too, was unaltered at 91.375 cents.

The following table shows the trend of prices during the week under review:

GOLD	4-7-1961 (closing)	High	Low	28-6-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
Ready (.99 fine)	121.65	122.40	120.90	120.65
Forward:				
Bhadrapad *	119.55	120.10	119.20	119.25
Sovereign	94.00	94.50	94.00	94.50
SILVER				
Ready (.995 fine)	200.35	201.85	199.95	201.85
Forward:				
Bhadrapad *	201.75	203.10	201.45	203.10
London—	4-7-1961			27-6-1961
Silver Ready	79¾d.	—	—	79¾d.
Silver Forward	79¾d.	—	—	79¾d.
Gold	251s. 7½d.	251s. 8¼d.	251s. 4½d.	251s. 4½d.
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th September settlement. † 26th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

LINSEED SUPPLIES SCARCE

(Messrs. A. Bradley and Co.)

CALCUTTA, *3rd July*

Owing to continued scarcity of supplies, the undertone of the linseed market was very firm throughout the week under review. Only small local business was reported with buyers and sellers reserved.

The oil market remained steady; prices showed little change. But enquiries were limited, and only small transactions were being done.

The oilcake market was steady, owing to good local demand and small stocks with millers.

Ready July delivery was quoted at Rs. 30.25 per maund.

RESTRICTED ACTIVITY IN COTTON

(From Our Own Correspondent)

BOMBAY, *5th July*

Activity in the cotton futures market continued to be restricted during the week under review, with values moving narrowly. For operators were not inclined to enter into large fresh commitments either way, as they preferred to await the emergence of a clear picture regarding the new season's cotton crop. There was, besides, the uncertainty regarding the grant of additional export quota. The Board of the East India Cotton Association decided, at its meeting held on Thursday, 29th June, to request the Government to permit exports of an additional 40,000 bales of Bengal *deshi* and 50,000 bales of ¾" staple length. The Board also unanimously accepted the amendments to the by-laws of the Association as proposed by the Sub-Committee. After these amendments receive the approval of the general body, as well as the Forward Markets Commission, business in the new contract will commence.

The I.C.C. Jarilla August contract met with support early in the week and rose from Rs. 578.75 on Wednesday, 28th June, to Rs. 580.25 on Friday. Following, however, the reported move of the Centre to establish a cotton purchase corporation and good rains in some cotton-growing tracts, the contract was subjected to selling and eased to Rs. 576.25 on Saturday. At this level, there was again some support and the contract recovered to *Rs. 380.50 yesterday before closing at Rs. 379.* The market was closed today, owing to the death of Mr. Purshotamdas Thakurdas who was the President of the East India Cotton Association for 34 years until 1956.

Good quality cottons evoked interest of mills in the spot section. The varieties particularly sought after were Berar, Kalyan, Surti, Vijay-Digvijay, Khandesh and Laxmi. Stray transactions were put through in 197/3 and Wagad. The export section was generally dull, excepting for some business in cotton stapling 25/32" on rumours about an early release of a large export quota. In the import section, attention of mills was focussed on American short-staple cotton. There was also some mill demand for African and Sudan varieties.

The latest available rates—in rupees per candy of 784 lbs.—quoted for some of the varieties in the spot market are given below, the figures in brackets relating to prices prevailing a week ago:

Hubli Laxmi 940 (same); Amravati 1,010 (1,020); Moglai Zoda 450 (460); Digvijay 960 (970); Gadag Laxmi 935 (same); Dhulia Zoda 450 (470); Kalyan 830 (840); Surties 960 (950); Moglai Jarilla 780 (775).

The Karachi cotton market ruled distinctly easy during the week under review, thanks mainly to bearish crop reports. The fourth estimate of Pakistan cotton for 1960-61 placed the total crop higher at 1,698,000 bales (American 1,513,000 bales and *deshi* 185,000 bales), as compared with 1,583,000 bales (American 1,374,000 bales and *deshi* 209,000 bales) in the previous season. The higher production is anticipated, despite a decline in the area sown to cotton from 3,391,000 acres in 1959-60 to 3,236,000 acres in 1960-61. The July contract was marked down by Rs. 5.70 to Rs. 58.60. January 1962 contract eased by Re. 1.90 to Rs. 74.90. In the spot section, Sind *deshi* and Punjab *deshi* lost a rupee each to Rs. 88 and Rs. 85, respectively. The following are the latest available quotations—in rupees per maund of 92 lbs.—for a few popular varieties of Pakistan cotton prevailing at Karachi, the figures in brackets being last week's rates: Sind *deshi* 88 (89); Punjab *deshi* 85 (86); 4F Punjab Roller 77.10 (80.65); S.G. 81.10 (84.65); L.S.S. Roller 79.10 (82.65); S.G. 83.60 (87.15).

Trading in the Alexandria cotton futures market continued to be suspended, as was pointed out in these columns last week. The crop reports suggest the possibility of a sizable increase in raw cotton output in Egypt. New crops in both Upper and Lower Egypt are progressing satisfactorily owing to favourable weather conditions. Export sales this season upto the middle of June aggregated 979,848 bales (of 720 lbs.), as compared with 1,130,418 bales in the corresponding period of the previous year.

The Liverpool cotton market was moderately active during the week under review, mainly due to some support extended by commission houses. The October 1961 position rose from 24.10*d.* to 24.20*d.* July 1961 position was higher at 23.65*d.*, as against only 23.60*d.* July (Sudan) 1961 position was maintained at 31.75*d.*

The New York cotton market displayed quietly steady conditions during the week. Commission houses extended better support in the distant positions. The operators noted reports that the U.S. Export-Import Bank had proposed to grant a loan of $60 million to Japan for buying about 460,000 bales of U.S. cotton during the next season beginning on 1st August. Japan's aggregate purchases of U.S. cotton during 1961-62 was expected to be of the order of 3 million bales.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	3-7-61	27-6-61	20-6-61
Spot	34.60	34.55	34.50
July	33.28	33.20	33.25
October	34.17	34.08	34.08

OILSEEDS REACT

(From Our Own Correspondent)

BOMBAY, *5th July*

In distinct contrast to the firmness depicted last week, oilseeds suffered a sharp setback during the week under review. There was nervous bull liquidation, induced chiefly by reports of favourable rains at the major oilseeds producing centres, Gujarat in particular. Groundnuts were especially weak. Crushers and *vanaspati* manufacturers were reluctant to enter into fresh commitments on hopes of a further decline in values. Meanwhile, the Government announced that the ceiling of 20,000 tons of H.P.S. groundnuts kernel for export had been reached. This quota was released in January last. Castorseeds also moved down, despite shortage of supplies. The absence of enquiries for castor oil from both the U.S. and the U.K. dampened the enthusiasm of bulls. The exports of castor oil in the first six months were substantially lower at 14,891 tons, as compared with the first half of 1960. In sympathy with groundnut and castorseed, linseeds ruled easy. Even reports of unfavourable dry spell in the linseed growing areas in Canada and the consequent strengthening of world linseed markets failed to have any perceptible effect on the market. The Argentine linseed crop of 1960-61 was only 561.000 tons, or a decline of 20 per cent, as compared with the previous year. Cottonseed, sesame and other oilseeds and oils ruled dull.

Among groundnuts, both Coromandels and Khandesh quality fell by Re. 1.50 to Rs. 54.50. Nizam Bold declined by Re. 1.50 to Rs. 54.50. Oil railway receipts lost 65 nP to Rs. 22.75. Ex-mill eased by 25 nP to Rs. 23.

Castorseeds September 1961 contract dropped Rs. 2.87 to Rs. 178.75. Madras small declined by 50 nP to Rs. 35.50. oil commercial shed 30 nP to Rs. 14.90 and B.S.S. 15 nP to Rs. 16.20.

In the linseed section, September 1961 fell from Rs. 40.69 to Rs. 39.44, before closing at Rs. 40.12. Bold ready lost 75 nP to Rs. 39.50. Linseed oil decreased by 35 nP to Rs. 16.90.

Cottonseeds September 1961 contract closed lower at Rs. 95.50, as against Rs. 96.25. Both Berars and non-whites shed 25 nP to Rs. 19.75. Whites were neglected at Rs. 20.25.

Sesame bold lost Rs. 8 to Rs. 370. Sesame oil eased by 75 nP to Rs. 27.50.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	5-7-1961	28-6-1961	21-6-1961
	Rs.	Rs.	Rs.
Groundnut			
Nizam bold	54.50	55.75	54.75
Coromandel ready	54.50	56.00	55.50
Khandesh quality	54.75	56.00	55.50
Oil ex-mill ready*	23.00	23.25	23.05
Railway receipts*	22.75	23.20	22.80
Castorseed			
September 1961	178.75	181.62	180.00
Ready Madras	35.50	36.00	35.62
Ready Kanpur	33.87	34.62	33.87
Oil B.S.S.†	16.20	16.35	16.20
Oil commercial†	14.90	15.20	15.10
Linseed			
September 1961	40.12	40.69	40.31
Bold ready	39.50	40.25	40.12
Oilready†	16.90	17.25	17.10
Cottonseed			
September 1961	95.50	96.25	95.50
Niger seed	42.50	42.50	42.25
Kardi seed	27.50	27.80	28.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

ALLOCATION OF ART SILK YARN

(From Our Own Correspondent)

BOMBAY, *5th July*

Two important Press notes pertaining to the allocation of indigenous art silk yarn have been issued this week by the Office of the Textile Commissioner. One of them requires all actual users of yarn (including hosiery manufacturers, handlooms, doubling and twisting units and ancillary industries) to submit to the Indigenous Art Silk Yarn Distribution Committee their applications for the supply of yarn together with a sum of Rs. 2 being the service charges for such applications. The last date for submitting applications is 31st June 1961. After scrutinising these applications, the Committee will issue the allocation cards. The other Press note lays down that the allocation of indigenous art silk yarn for the quarter July-September 1961 will be made only to units which are holding valid installation permits or registration certificates issued by the Textile Commissioner's Office to work powerlooms on art silk-staple fibre yarns. It is made clear that no yarn will be distributed to powerloom units that are working purely on stale fibre yarn.

Meanwhile, some suggestions designed to step up exports of art silk fabrics have been put forward to the authorities by the weaving interests. The suggestions are: (1) If advance licences for art silk yarn can be renewed on the basis of quarterly export performance, the time lag between inspection of goods to be exported and the date when benefit of export performance becomes available can be minimised, recurring shortages of art silk yarn largely avoided and exports expanded. The new scheme will mean no unnecessary blocking up of capital for unduly long periods. (2) Actual user quotas for yarn granted to weavers should be sufficient at least for the working of one shift, as has been agreed to by the Development Council. The weavers should, moreover, be allowed to use a portion of their licences for the import of the newly developed synthetic fibres. (3) The quantum of export ceiling should be raised and arrangements made to make indigenous yarn immediately available on surrendering yarn entitlements for the import of pulp. (4) A separate foreign exchange ceiling for import of art silk textiles machinery is required. (5) Benefits under various credit schemes offered by foreign countries should be made equally available to art silk units as to cotton textile mills. (6) Imports of machinery to the extent of 10 to 15 per cent should be allowed against exports as an additional incentive. The scheme of revolving advance licences for art silk yarn is expected to augment exports of fabrics from Rs. 3.5 crores to Rs. 7.8 crores annually.

Art silk yarn attracted excellent support induced largely by fears of a possible scarcity in supplies developing in the coming weeks. Cupressa Bemberg yarn (60 x 1) August delivery forged ahead from Rs. 2,700 to Rs. 2,820 per 100 kg. Spot cupressa was firm at Rs. 2,659. J.P. Bemberg yarn August contract, however, eased by Rs. 19 to Rs. 3,186. Among imported art silk yarns, 120 Italy jumped up from Rs. 1.764 to Rs. 1,806. 150 Japan rallied from Rs. 1,874 to Rs. 1,971. 120 Japan was fully maintained at Rs. 1,874.

Staple fibre yarn was dull, despite prospects of enlarged demand from powerlooms following the official decision not to allocate art silk yarn to those units which are working purely on staple fibre yarn. Operators noted reports that the Textile Commissioner had assured the Ludhiana weavers supply of 1,500 bales of staple fibre yarn at control prices. These reports and the rumours of a possible enforcement of official controls on prices and distribution of fibre yarns had, however, no effect. 40 x 2 August delivery was quoted today at Rs. 1,055 per 90.72 kg., as against Rs. 1,058 last week-end.

Cotton yarns were generally easy owing to sales by a few mills. Only certain select medium and superfine counts elicited some support.

TEA FIRM

(Messrs. Forbes, Ewart and Figgis (Private) Ltd.)

COCHIN, *27th June*

Offerings in sale No. 26 held on 27th June 1961 aggregated 744.000 kilograms. Teas from Nilgiri district were well maintained in quality whilst there was no change in teas from other districts. The market met with good general demand. Plain and low mediums brokens were well competed for and were fully firm and sometimes dearer by 5 nP. Similar fannings however are quoted barely steady. There was good support for mediums and good mediums which were steady on last week's rates. Highgrowns although meeting a useful enquiry were irregular and sold at easier rates. Whole leaf grades sold readily and frequently were dearer. C.T.C. and legg-cut types tended little easier.

	1961	1960
	Rs.	Rs.
Low mediums	4.20-4.40	3.40-3.50
Mediums	4.40-4.50	3.65-3.85
Good mediums	4.60-4.70	3.85-4.20
Nilgiri B.O.P.	Rs. 4.50-5.50	

The average price realised in sale No. 26 was Rs. 4.44 per kilogram against Rs. 4.44 a week ago and Rs. 3.77 in the corresponding sale last year.

Dust Sale No. 26: 274.000 kilograms were offered in dust sale No. 26 held on 29th June 1961. The market met with strong general demand and prices were dearer for most descriptions. Low mediums and mediums advanced by 10 nP. There was good enquiry for highgrowns at dearer rates. Milled and poorer descriptions met with keen competition and were the strongest feature of the sale, sometimes advancing by 20 to 25 nP. C.T.Cs were firm whilst C.T.C. types and legg-cut types sold 10 to 15 nP above last.

The average price realised in Dust Sale No. 26 was Rs. 4.28 per kilo as compared with Rs. 4.14 a week ago and Rs. 3.59 in the corresponding sale last year.

Export Quota: The market remained quiet and there are still sellers at 2½ nP per kilo with no ready buyers.

Colombo: Approximately 7½ million pounds were offered. There was good demand. Best westerns were steady. Uvas and mediums were easier by 5 cents. Lowgrowns were firm to dearer.

London: *North Indian and other growths*: There was fair demand and prices were generally steady. However new season's dooars sold below valuations.

Ceylon and South Indians: In Tuesday's sale 31,449 packages were offered of which 7,926 packages came from South India. There was fair demand with prices ruling strong at the bottom particularly for fannings.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"*Sale No. 27*: 5,64,000 kilograms. Strong and active demand. Plain low mediums and mediums 10 to 15 nP dearer. Good mediums 5 to 10 nP higher. Nilgiris fully firm and dearer where quality improved."

GOOD DEMAND FOR TEA

(From Our Own Correspondent)

CALCUTTA, *4th July*

Good demand was again in evidence in the internal sales held last week and following keen competition, exportable varieties added modest gains to prices. The increased tempo in tea bookings in Calcutta port was fully maintained during the week, indicating the season's gathering momentum. At least two liners destined to the United Kingdom reported good in-take of teas.

Trade circles have enthusiastically noted the statement by the General Manager of the N.F. Railway at the recent meeting of the Zonal Railway Users' Consultative Committee held in Pandu that shortage of wagons for movement of tea from the Dooars and Darjeeling areas was not anticipated. It was stated that the N.F. Railway had requisitioned an adequate number of broad-gauge engines from other Railways to cope with the needs of the tea industry.

A further fall in U.K. tea stocks to 129 million lbs. in the week ended 23rd June from 132 million lbs. in the previous week was reported. This indicated that arrivals were falling short of issues, but with the increased shipments a reversal of this trend was anticipated.

The Union Health Ministry's interpretation that food (including tea) clearly marked for export is outside the scope of the Food Adulteration Act and the rules made therein has caused some practical difficulties to the tea trade. In accordance with this interpretation which is contained in a letter addressed by the Secretary of the Union Ministry to the Chief Coffee Marketing Officer, a copy of which was forwarded to the Calcutta Corporation by the West Bengal Government, the Tea Board desired of the Calcutta Corporation to get tea packages containing more than 15 per cent stalk marked as "for export only." This was in an attempt to remove the difficulties of exporters to the Sudan.

It was pointed out that if such marking was done, tea packages containing such marking was liable for seizure while in transit within India since such tea came under the purview of the Act. The Calcutta Corporation has since made a representation in this regard, and has urged that the interpretation of the Union Health Ministry should be re-examined.

Tea circles looked forward for increased offtake of tea by Iran from India. For, it was reported that Iranian interest in Ceylonese tea would not be expected as Ceylon had failed to conclude a trade agreement with Iran. Iran's offtake of Ceylonese tea had amounted to 10 million lbs. of midland and lowland teas. Ceylon was reported endeavouring to make good this loss by increasing shipments to Syria and Saudi Arabia. Prices during last week's auctions held in Colombo recorded gains of 5 to 8 cents per lb. for plainer varieties. Low grown teas met with stronger demand.

At the internal sale held here last week, dusts on offer amounting to 13,444 packages, comprising 1,049 packages and 12,395 packages of old and new seasons' teas respectively, met with good general demand. There was keen competition for exportable and better liquoring teas, prices of which gained. However, there was less demand for green and thin liquoring teas. Flavoury Darjeelings were a strong feature. Although orthodox teas opened easy, prices gained as the sale progressed. The brighter lines met with special attention. Among legg-cut teas, the bright lots were fully steady However, prices for the poorer varieties eased by 10 nP. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.30 to Rs. 7.00, medium Assam C.T.C. dust Rs. 5.70 to Rs. 6.20, medium Assam dust Rs. 4.50 to Rs. 5.00 (nominal), legg-cut dust Rs. 4.45 to Rs. 4.90, and plain orthodox dust Rs. 4.20 to Rs. 4.35.

Leaf offerings amounted to 152 chests including 93 chests of new season's manufacture. There was good demand.

The feature during yesterday's export sales was keener competition for quality teas prices of which improved. Offerings totalled 18,347 packages. Orthodox teas were fully steady and modest additions to prices were recorded. Whole leaf grades were taken at dearer rates with tippy teas being firm at about last rates. In an irregular trend the best C.T.Cs eased, while keen competition was in evidence to the medium and poorer lots. Legg-cut teas were higher. Flavoury Darjeelings met with keener attention, but others in this category eased. The quotations per 1 kg. inclusive of excise duty were: plain fannings Rs. 4.70 to Rs. 4.75, clean plain pekoe Rs. 5.20 to Rs. 5.30, and plain B.P. Rs. 4.75 to Rs. 4.85.

Export quota chanded hands at 2½ nP per kg. with few buyers.

JUTE RECOVERS

(From Our Own Correspondent)

CALCUTTA, *4th July*

Following selling pressure in the futures market, jute goods against ready delivery recorded a marked decline earlier in the week under review. Subsequently, however, as a result of covering business, some recovery was in evidence. In sympathy, fibre also fell, but, with recovery in goods, no gains were recorded in fibre prices subsequently too. Although prices of goods declined, overseas buyers continued to show interest only in minimum quantities for meeting day-to-day requirements. For, with good weather reports from jute growing areas in both India and Pakistan, they felt convinced that prices must decline to more reasonable levels within the coming two months or so. It should be noted that the block closure of about 70 mills belonging to the membership of the Indian Jute Mills Association for the whole of last week failed to have any effect on the prices of goods. For the stocks of goods with mills awaiting disposal were fairly comfortable, and overseas buyers did not anticipate any difficulty to meet their requirements as and when necessary. The decline in prices despite loss of production on account of closure, it should be noted, belied the earlier fears in certain quarters that prices were bound to move up in the event mills curtailed production by closure—fears which were dismissed offhand by the Association. After the closure, the mills resumed operations yesterday. They would close again for another week commencing from 23rd inst. Towards the end of this month, fibre from the new crop is expected to move, and it is expected that the fibre position would ease by September.

The closure of jute mills last week meant reduced production, but cost of production for the quantity produced in the month should be higher as compared with the previous month, in view of lay-off compensation in accordance with the provisions of the Industrial Disputes Act. This factor is cited in support of mills, as this goes to prove that the mills had to take this step for genuine shortage of raw material. The declining price of goods with increasing cost of production is the present problem facing mills, and this is fully reflected in the absence of investment support for the shares of jute mills on the stock

exchange. Hence any suggestion that mills closed down unrealistically lacks consideration of the fact of financial loss to mills as a result of closure. Labour has put forward the suggestion that State trading should be introduced in raw jute and that a floor price should be fixed in order to "protect farmers from the caprices of private enterprise." The jute industry is as keen as labour leaders to ensure that growers get a fair price for their produce. In fact, it has already made no secret of its opinion as to a fair price. The mills themselves are aware that on the fair price to growers depends the key to the problem of fibre shortage for all time to come. Needless to say that, with prosperity among growers, the propensity to stock has been shifting from big traders and landlords to medium-scale cultivators and this has been one of the factors for the abnormal increase in fibre prices this year.

It is understood that the Indian Jute Mills Association is contemplating to ask the Government of India for a week's closure in August also. This is considered necessary in order to prevent any rise in prices for end-season fibre. Early imports from Pakistan are not anticipated, since the early arrivals will be taken up by mills across the border. Market circles are a little perturbed at the absence of good sunshine in jute districts, and the trade estimate places the crop lower than the earlier anticipation. However, this does not in way prejudice the estimate that the crop would prove to be the largest on record in both India and Pakistan. If fibre prices are reasonable and if the demand for goods from overseas buyers revives to earlier proportions, the mills will be too pleased to unseal more looms and increase working hours. The high prices of fibre and the consequent high prices of goods are cited as the cause for the decline in the exports of goods. In 1960, gunny cloth exports aggregated 412,000 tonnes, representing a decline of 20,000 tons as compared with 1959. However, the foreign exchange earned was higher at Rs. 73 crores, as against Rs. 65.2 crores. Constructionwise, hessian cloth exports declined to 399,000 tons from 416,000 tons and sacking cloth to 13,000 tons from 26,000 tons. The cause for an impetus to the bulk handling methods among India's foreign buyers, including the U.S., is obvious. Viewed in this light, it is apprehended that a decline in prices of goods will not alone lead to greater business from overseas buyers. If reasonable prices are maintained for at least two seasons, that would be a sufficient incentive for crying halt to bulk handling methods.

Earlier advices from the New York burlap market showed some improvement following last week's rise in prices here. However, the improvement was only nominal, as there was no follow-up demand. As a result, a declining trend set in in New York where the 40" 7½ oz. hessian moved down to 9.50 cents a yard from 9.65 cents and the 10 oz. hessian to 12.20 cents from 12.40 cents. The market here opened easy on Tuesday last, in view of selling pressure for forward deliveries. Ready B. twills declined from Rs. 158 to Rs. 154.50 and hessian 40" 10 oz. from Rs. 48.75 to Rs. 48. On the following day, there was selling pressure in the futures market too. Prices declined, but overseas buyers' reply to offers was a firm "no". Ready B. twills slipped to Rs. 152.25 and hessian 40" 10 oz. to Rs. 47.25. On Thursday, the selling pressure in futures was more pronounced, forcing down ready B. twills to Rs. 149.50 and hessian 40" 10 oz. to Rs. 46.80. The market was closed on Friday. The feature over the week-end was a fair amount of covering business in ready and near delivery goods, as a result of which ready B. twills recovered to Rs. 152.50 and hessian 40" 10 oz. to Rs. 48.25. Steadier conditions were in evidence yesterday, following covering business in ready delivery goods. Some business in hessian with the U.S. also took place. Ready B. twills recovered to Rs. 154.25 and ready hessian 40" 10 oz. to Rs. 49.00.

In line with the trend in goods, fibre prices eased. Only small business took place. Prices paid at times were lower than even the quoted rates. The apprehension that the mills are not likely to buy old crop fibre in a big way nerved stockists at a time. The possibility that mills would close down for a week in August was also a factor which restrained the reserve of sellers. The report that area under jute in West Bengal alone has increased by 200,000 acres to 1,000,000 acres too, was a factor which forced down fibre prices. On the other hand, the Narayanganj market was firmer during the week under review, thanks to greater support from overseas buyers. The opening and closing quotations for old crop in the Calcutta market are given below:

(In Rs. per maund against ready delivery)

	Opening	Closing	Decline
Daissee bottoms ...	50.50	49.00	1.50
Assam bottoms ...	48.50	47.50	1.00
Northern bottoms ...	48.00	46.50	1.50

METALS FIRM

(From Our Own Correspondent)

CALCUTTA, *4th July*

Metal prices were maintained firm at around previous levels during the week, despite fall in demand, a usual feature just at the advent of the monsoon. The course of price movement in world markets showed that the climax of the upward trend in the price of tin was over. On the London Metal Exchange, tin opened at £931 a ton and gradually receded to close at £919. The decline does not suggest that the supply position has eased. The fact that the price exceeded the ceiling fixed for the London Buffer Stock Manager to sell clearly indicates that supplies have fallen short of demand. When the Manager announced the exhaustion of his stocks, it was clear the effectiveness of the International Tin Agreement is to prevent the price from falling, but not necessarily to prevent the price from moving up. Production has failed to keep pace with the increasing world demand and, if only the U.S. Government were to release a portion of its stockpile of tin, the supply position would ease. How far efforts to find satisfactory substitutes will prove successful remains to be seen. It was reported during the week that the U.S. Government planned to stockpile lead.

Tin opened here at Rs. 1,679.00 per 100 kgs. and, after being higher at Rs. 1,698.75, closed lower on balance at Rs. 1,673.00. Virgin lead was unchanged at Rs. 137.75 per 100 kgs. On the London Metal Exchange, lead opened at £65½ per ton and closed firm at £65⅝, after touching a high of £66⅜. Electrolytic zinc was firm, but unchanged throughout at Rs. 326.75 per 100 kgs. In London, the price closed nearly a point higher on balance at £79¾ per ton.

"RABI" GRAIN ARRIVALS POOR

(From Our Own Correspondent)

HAPUR, *3rd July*

Foodgrains ruled quiet during the week under review. Despite poor arrivals of *rabi* grains, wheat, rice and gram were almost unchanged, as demand was slack. Although widespread rains have benefited large-scale sowings of *kharif* crops and standing crop prospects, too, have brightened, rains were now badly needed for the healthy progress of *kharif* crops. Wheat was stagnant at Rs. 14 to Rs. 14.50 a maund for *dara* average quality and Rs. 15 to Rs. 16 for superior farm produce. Daily arrivals were small at an average of 500 maunds which were being lifted by local consumers and trade stocks were reported to be stationary around 25,000 maunds. Demand for wheat, however, was reported from east U.P., but there were no despatches, as loading by rail was not available.

Rice ruled quietly steady on good demand in the face of poor local stocks at about 8,000 maunds. Rice was reaching here in small quantities from east U.P. growing areas. The week-end quotations—in rupees per maund—were: *mainpuri sela* Rs. 23; *gaindakutcha* Rs. 22.25; *ramajwayan sela* Rs. 24.50; *raimunia sela* Rs. 25.50; *basmati sela* Rs. 29 to Rs. 31; superior Rs. 33 to Rs. 38.

Gram ruled quiet. Punjab variety continued unchanged at Rs. 13.75 and local produce lower at Rs. 13.25 a maund. Gram was still reaching here from Punjab at an average of 300 maunds daily which is being picked up by consumers and local stock was unchanged at 50,000 maunds. Barley was idle at Rs. 11 to Rs. 11.25, as also *bejhar materreli* stood at Rs. 10.50 and *moongia* variety at Rs. 11.37 a maund. Arrivals of these coarse grains were small at an average of 100 maunds each which were being lifted for daily needs by consumers. *Methi* continued to be in request at Rs. 26 to Rs. 27 a maund, while *jowar* and *guwar* sought lower levels at Rs. 13 to Rs. 15 and Rs. 15 to Rs. 17 per maund, respectively, thanks to fall in demand for seed purposes, as sowings had nearly finished. Other grains were featureless at: oats Rs. 11.50 to Rs. 12; old maize Rs. 12.50; *bajra* Rs. 16 a maund.

Among pulses, peas and *arhar* were depressed. Although demand for peas was reported from Madras side, loading facilities were not available. Daily arrivals of peas were about 500 maunds average and those of *arhar* about 200 maunds. Local stock was put at 90,000 maunds and 45,000 maunds, respectively. The week's offtake was the wagonloads of peas to Bihar. *Urd* and *moong dal* improved on good demand. The week-end prices (in rupees per maund) were: peas *dara* 10.50 to 10.75; farm white 11 to 12.37; peas *dal* 12.50; *arhar* 12.50 to 13; *arhar dal* 16; gram *dal* 16; *urd* 21 to 23; *urd dal* 25; *moong* 21.50 to 24.50; *moong dal* 24 to 27; *massoor* 13 to 15; *massoor dal* 16.50.

SUGAR BETTER

(From Our Own Correspondent)

HAPUR, *3rd July*

Sugar registered gains during the week to be quoted on Monday at Rs. 108.25 per bag (E-29 Simbhauli); in retail, sugar was quoted at 97 nP per seer. Good seasonal demand, demand for marriage season and early export prospects were the main influencing factors. Production in U.P. also finished and the factories in the State have crushed all-time record figure of cane at 401.1 million maunds.

Quiet trend prevailed in the Muzaffarnagar sugar market during the week. Although seasonal demand was good, prices failed to rise owing to comfortable supply position. Some quantity of sugar was despatched to east U.P. and week-end prevailing prices per bag were: dry sugar Rs. 107.50 to Rs. 107.69, old damaged variety Rs. 100 to Rs. 103.

Khandsari ruled quietly depressed during the week, as, following arrivals of sugar quotas in the Punjab and Rajasthan, demand subsided. Production from *galawat* was being continued and week-end prices were:—non-crystal inferior Rs. 31 to Rs. 33; superior Rs. 33.25 to Rs. 37; crystal Rs. 34 to Rs. 38; *boora* Rs. 40 per maund.

Ready *gur* continued to rule steady to firm at Hapur during the week, thanks to brisk demand for selected dry quality from Rajasthan, Gujerat and M.P. But loading facilities here were not available. Despatches were being arranged by road to Meerut and other centres and from there by railway to destinations. Two wagons were loaded here also to Gujarat on Sunday and local stock ran down to 23,000 maunds. The condition of the standing cane crop is still far from satisfactory, as, apart from the injury to crop by pest, rainfall, too, has been as yet deficient. Week-end prevailing prices here were:—*gur* dry Rs. 16.50; selected dry *kotha* Rs. 17; dry-wet Rs. 15.50; wet Rs. 14.50; *shakker* Rs. 16 to Rs. 16.75 a maund.

Owing to booking restrictions and rains in Gujarat, demand for *gur* in the Muzaffarnagar market was slack during the week and prices were depressed. Punjab and M.P. also showed little interest. Stocks there were put at 120,000 maunds and week-end prices were:—*Chaku* dry Rs. 19 to Rs. 20; *kotha* wet Rs. 15; *rusket* Rs. 6 to Rs. 8; *shakker dara* Rs. 17.50 to Rs. 18.25; *masala* Rs. 21 to Rs. 23 per maund.

WEEK'S STOCK EXCHANGE TREN

THE following quotations indicate the trend o transactions on the Bombay Stock Exchang during the week ended 6th July 1961.

	Closing quotations 29-6-1961	High	Low	Closing quotations 6-7-1961
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	190.00	—	—	190.00
Apollo (2)	1.68	1.92	1.64	1.84
Baroda Rayon (100)	137.00	142.00	137.00	140.00
Bombay Dyeing (25)	68.30	69.40	68.20	69.20
Bradbury (50)	138.75	150.00	149.00	150.00
Central India (100)	124.00	130.00	123.00	129.00
Century Mills (100)	675.00	706.00	671.00	701.00
Coorla Sp. (100)	135.00	—	—	135.00
Dawn (50)	132.00	137.00	132.00	137.00
Edward Textile (200)	308.00	—	—	308.00
Elphinstone (50)	90.00	84.50	84.00	84.50xd
Finlay (100)	328.00	331.00	327.00	331.00
Gokak (100)	186.50	195.00	184.00	192.00
Gold Mohur (100)	262.50	263.00	262.00	263.00
Gwalior Rayon (10)	52.50	57.50	51.50	57.00
Ind. Untd. Defd. (1)	1.88	1.88	1.80	1.88
Ind. Untd. Ord. (10)	15.00	15.30	15.00	15.30
Indian Rayon (62.50)	62.00	64.00	62.00	63.50
Indore Malwa (100)	163.00	158.00	155.00	158.00xd
Khatau (100)	585.00	592.50	582.50	588.75
Kohinoor (100)	313.00	320.50	311.50	318.00
Lakshmi (250)	681.25	—	—	682.50
Mafatlal (100)	905.00	912.50	890.00	912.50
Minerva Mills (100)	80.00	—	—	80.00
Model Nagpur (250)	70.00	—	—	70.00
Monarj (100)	435.00	450.00	435.00	440.00
Mysore (50)	70.00	—	—	70.00
National Rayons (100)	561.00	572.50	553.00	571.50
New City (100)	145.00	—	—	145.00
New Great (100)	221.00	—	—	221.00
Phoenix (100)	148.00	153.00	148.00	153.00
Podar Mills (100)	153.00	146.00	144.50	145.00xd
Raymond Woollen (100)	126.00	127.00	124.50	127.00
Sassoon Silk (10)	15.76	—	—	15.76
Sassoon Spg. (10)	65.30	65.00	64.50	64.70
Shrinivas (100)	265.00	272.00	260.00	271.00
Simplex (50)	211.00	212.00	211.00	215.00
Standard (100)	1,430.00	1,460.00	1,420.00	1,448.00
Svadeshi (100)	277.00	280.00	275.50	279.00
Swan (100)	615.00	—	—	615.00
S. I. Viscose (100)	186.00	198.00	186.00	195.00
Tata Mills (25)	68.00	71.20	67.50	70.50
Vielimo (100)	139.00	160.00	130.00	160.00
Western India (1,000)	3,725.00	—	—	3,725.00
BANKS				
Bank of India (50)	125.00	127.50	125.00	127.50
Do. (New) (50)	126.00	—	—	126.00
Bank of Baroda (50)	102.00	102.00	101.50	102.00
Central (25)	58.20	59.50	58.00	59.50
Central 'A' (25)	60.00	60.00	59.50	60.00
Dena Bank (50)	58.00	60.00	58.00	60.00
Punjab National (10)	22.36	22.64	22.24	22.64
Union Bank (5)	6.52	6.60	6.52	6.60
United Com. (50)	91.00	91.50	90.50	91.20
ELECTRIC COS.				
Ahmedabad (100)	85.50	86.00	85.00	85.80
Amalgamated (10)	10.08	—	—	10.00
Andhra Valley (1,000)	1,005.00	1,010.00	1,003.75	1,010.00
Bom. Sub. El. (100)	91.60	92.50	91.00	92.50
Surat (100)	90.00	91.00	90.00	91.00
Tata Hydro (100)	106.50	106.75	106.00	106.75
Tata Power (1,000)	1,060.00	1,067.50	1,060.00	1,062.50
INSURANCE COS.				
British India (10)	12.16	—	—	12.16
Indian Mercantile (20)	50.00	52.00	50.00	52.00
New India (15)	61.50	62.20	61.00	62.20
New India 'A' (15)	62.70	63.00	62.50	63.00
Vulcan (10)	16.48	—	—	16.48
STEEL COS.				
Ind. Iron (10)	27.50	28.45	27.50	28.35
Mukand Iron (10)	32.00	31.00	28.50	29.75
Tata Steel Ord. (75)	160.00	167.00	160.25	166.00
SUGAR COS.				
Belapur (50)	268.00	268.00	262.00	264.50
Bhopal (10)	26.10	—	—	26.10
Changdeo (12.50)	25.25	—	—	25.25
Phaltan (50)	132.50	132.50	129.00	130.00
Walchand Ind. (100)	171.00	172.00	169.00	170.75
CEMENT COS.				
Associated Cts. (100)	166.00	167.75	165.00	167.00
Digvijayji (100)	160.00	155.00	153.50	154.00xd
Orissa (10)	14.40	14.52	14.40	14.40
MISCELLANEOUS				
Alcock Ashdown (100)	300.00	290.00	284.00	290.00xd
Bom. Burmah (125)	616.00	625.00	610.00	623.50
Do. (New) (50)	230.00	231.25	228.75	231.25
Br. B. Petrol (1½ sh.)	1.20	1.22	1.18	1.22
Br. I. Corpn. (5)	7.76	—	—	7.64
Cooper Eng. (100)	172.00	179.00	171.50	179.00
Colour Chem. (100)	370.00	372.50	367.50	367.50
Hind Cycles (100)	95.00	96.00	95.00	96.00
Hindustan Lever (10)	47.60	48.00	47.75	47.75
Hindustan Motors (10)	22.16	23.08	22.16	23.08
I. C. & Invest. Corporation (100)	85.00	85.50	84.50	84.50
Indian Dyestuff (100)	522.50	538.75	522.50	533.75
Indian Copper (2 sh.)	5.84	5.88	5.72	5.80
Ind. Inv. Tr. (100)	75.50	75.50	75.00	75.50
Killicks (100)	99.50	100.00	98.00	99.00
Larsen & Toubro (10)	41.25	42.00	41.00	42.00
Mahindra & Mahindra (10)	18.60	19.24	18.48	19.24
New Central Jute (10)	19.20	20.12	19.20	20.12
Poison (100)	168.00	—	—	168.00
Pre. Automobiles (100)	169.50	173.00	167.50	171.25
Premier Con. (80)	195.50	199.00	194.00	198.00
Scindia (20)	14.44	14.68	14.40	14.60
G. E. Shipping (10)	14.60	—	—	14.52
Shivrajpur (10)	73.50	77.50	72.00	77.50
Sirpur Paper (10)	14.88	15.68	14.88	15.40
Tata Chemicals (10)	19.96	20.04	19.50	19.92
Tata Locomotive (100)	382.00	383.50	366.50	381.00
Tata Oil (25)	75.00	76.80	75.00	75.50
Texmaco (10)	20.04	—	—	20.04
Voltas (100)	286.00	298.50	285.50	297.00
W. I. Match (100)	260.00	266.50	260.00	265.50
W. Coast Paper (100)	184.00	188.50	183.50	185.25

GOVERNMENT SECURITIES	29-6-1961	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	6-7-1961
	Rs.			Rs.
2½% 1961	99.90	—	3.70	99.90
2½% 1962	99.00	—	3.48	99.00
2½% 1963	98.50	—	4.28	98.50
2½% 1964	98.75	—	3.85	98.75
3% 1963-65	98.75	3.53	3.80	98.75
3% 1966-68	96.05	3.84	3.62	96.05
3% 1970-75 1st Dev.	91.00	4.18	3.82	91.00
3% 1986-88 Loan	71.75	—	4.13*	72.75
3½% 1964 N. P. Loan	99.90	—	3.53	99.90
3½% 1965 N. P. Bonds	99.95	—	3.54	99.90
3½% 1965	99.90	—	3.25	99.90
3½% 1967 N.P. Bonds	99.00	—	3.58	99.00
3½% 1974	99.70	—	3.78	99.70
3½% 1967 N.P. Bonds	100.50	—	3.65	100.50
3½% 1969 Loan	98.65	—	3.70	98.65
3½% 1968	98.70	—	3.70	98.70
3½% 1968 N.P. Bonds	100.00	—	3.50	100.00
3½% 1968 N.P. Bonds	100.40	—	3.67	99.85
4% 1972 Loan	100.45	—	3.93	100.45
4% 1973 Loan	100.40	—	3.93	100.40
4% 1979 Loan	100.10	—	3.99	100.10
5½% 1966 Bonds	99.70	—	3.57	99.70
6% 1980 Loan	99.95	—	4.01	99.95

* Current Income. xd—Ex-dividend. X.R.—Ex-Right.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 30th June, 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		59,68,33,000
(2) Other Governments		15,18,04,000
(b) Banks		94,72,93,000
(c) Others		115,27,27,000
Bills Payable		31,19,21,000
Other Liabilities		14,23,90,000
	Rupees	471,29,68,000

ASSETS	Rs.
Notes	44,81,23,000
Rupee Coin	1,33,000
Subsidiary Coin	1,62,000
Bills Purchased and Discounted—	
(a) Internal	.....
(b) External	35,53,03,000
(c) Government Treasury Bills	10,77,62,000
Balances held abroad*	34,29,70,000
Loans and Advances to Governments	130,41,34,000
Other Loans and Advances	189,49,13,000
Investments	25,94,68,000
Other Assets	471,29,68,000
Rupees	

* Includes Cash and Short-term Securities.
The item 'Other Loans and Advances' includes Rs. 10,50,00,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	44,81,23,000	
Notes in circulation	1933,40,81,000	
Total Notes issued	.....	1978,22,04,000
Total Liabilities	.....	1978,22,04,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	103,00,89,000	
Foreign Securities		
Total of A		220,76,92,000
B. Rupee Coin		120,52,47,000
Government of India Rupee Securities		1636,92,65,000
Internal Bills of Exchange and other commercial paper		.....
Total Assets		1978,22,04,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept. 1939 (pre-war)	23rd June 1961	16th June 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	173.37	1945.75	1968.99	1963.24	1835.99
Notes held in Banking Department	35.05	41.41	26.63	28.32	38.65
Foreign Securities	59.50	108.01	108.01	113.01	143.01
Rupee Securities	37.39	1041.91	1051.90	1041.94	1486.40
Banking Department					
Deposits of:					
Government of India	14.39	82.05	80.73	68.75	62.41
Other Governments		14.63	5.44	20.35	18.36
Balances held abroad	10.06	12.65	15.78	23.11	14.47
SCHEDULED BANKS					
Demand Liabilities	134.36	805.91 (31.62)†	803.60 (31.55)†	802.04 (30.85)†	787.12 (14.70)†
Time Liabilities	102.24	1104.61 (18.11)†	1096.69 (17.41)†	1099.15 (17.52)†	1215.93 (23.62)†
Borrowings from Reserve Bank	..	11.59 (8.48)‡	19.82 (13.78)‡	24.24 (12.65)‡	40.25 (18.54)‡
Borrowings from State Bank		10.43	10.66	11.82	18.04
Cash in India	6.70	47.62	47.14	47.25	46.90
Balance with Reserve Bank	25.17	73.64	81.64	73.94	108.69
Balances with other banks in current account in India	..	16.39	14.42	15.45	15.93
Money at call and short notice in India	..	53.44	49.87	52.54	26.39
Investments (at book value)	..	545.39	528.91	549.83	739.71
Advances and bills	105.9	1274.23	1284.29	1286.66	1124.22
STATE BANK					
Deposits	87.76	522.27	520.17	530.68	634.47
Investments	51.99	228.01	211.92	233.64	388.80
Advances	30.35	262.48	267.15	263.38	216.73
Cash	14.69	22.81	32.47	23.48	37.89

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	3rd Aug., 1960	4	5
Bolivia	30th Sept., 1950	5	3
Burma	Feb., 1948	..	2.85
Canada †		3.30	4
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	5
El Salvador	Jan., 1960	4	5.50
Finland	Nov., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	July, 1960	4.75	5.50
Italy	7th June, 1958	4	3.50
Japan	23rd Aug., 1960	7.3	6.935
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	5.75
Philippines	Sept., 1960	6	5
Portugal	12th Jan., 1944	..	2
South Africa	4th May, 1961	4.50	5
Spain	11th April, 1960	5.25	5.75
Sweden	18th Jan., 1961	4.50	5
Switzerland	26th Feb., 1959	2.50	2
Thailand	Feb., 1945	..	3
Turkey	6th June, 1956	4.50	6
United Kingdom	8th Dec., 1960	5.50	5
U.S.S.R.	1st July, 1936	3	4
U.S.A.	11th Aug., 1960	3.50	3
West Germany	5th May, 1961	3.50	5

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 30th June, 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each.	5,62,50,000	5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		529,72,27,000
Borrowings from Other Banking Companies, Agents, etc.		17,00,000
Bills Payable		9,76,80,000
Bills for Collection being Bills receivable as per contra		2,57,81,000
Acceptances, Endorsements and Other Obligations per contra		1,09,42,000
Other Liabilities (including Inter-Office Adjustments)		10,33,67,000
Total	Rs.	566,74,47,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		28,18,87,000
Balances with other Banks		8,57,93,000
Money at Call and Short Notice		3,33,33,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	225,59,29,000	
Other Authorised Investments	9,35,30,000	234,94,59,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	246,59,63,000	
Bills Discounted and Purchased	14,13,71,000	260,73,34,000
Bills Receivable being Bills for Collection as per contra		2,57,81,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,09,42,000
Premises less Depreciation		1,80,96,000
Furniture and Fixtures less Depreciation		1,38,89,000
Other Assets (including Inter-Office Adjustments)		29,09,33,000
Total	Rs.	566,74,47,000

Scheduled Banks*

Statement of Affairs for the week ended 23rd June, 1961

		Rs.
(i)	Demand Liabilities in India	(Thousands)
	(a) Demand Deposits—	
	(1) From banks	46,79,49
	(2) From others	706,33,91
	(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	31,62,11
	(c) Other demand liabilities	52,77,26
(ii)	Time Liabilities in India	
	(a) Time Deposits—	
	(1) From banks	19,39,45
	(2) From others	1062,32,07
	(b) *Borrowings from banks (other than from* the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	18,10,63
	(c) Other time liabilities	22,89,12
(iii)	Borrowings in India from the State Bank of India and/or notified banks:	
	(a) Demand liabilities	5,08,37
	(b) Time liabilities	5,35,00
(iv)	Borrowings in India from the Reserve Bank of India (A)	11,59,00 (8,48,00)
(v)	Cash in India	47,61,92
(vi)	Balances with the Reserve Bank in India	73,63,53
(vii)	Balances with Other Banks in Current Account in India	16,38,61
(viii)	Money at call and short notice in India	53,44,16
(ix)	Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations	545,38,55
(x)	(a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)	1090,54,51
	(b) Due from Banks in India	5,94,80
(xi)	Inland Bills purchased and discounted in India.	132,35,37
(xii)	Foreign Bills purchased and discounted in India	45,38,66
(xiii)	Total of items (x), (xi) and (xii)	1274,23,34

Notes :—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 16th June, 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,15,00,000
Rural Credit Fund	1,00,00,000
Deposits :	
(a) Central Government	6,93,07,000
(b) Provincial Governments	1,33,50,000
(c) Banks	19,33,63,000
(d) Others	119,12,34,000
Bills Payable	41,84,000
Other Liabilities	18,51,16,000
Rupees	173,80,54,000

ASSETS	Rs.
Notes	12,02,09,000
Rupee Coin	73,000
Subsidiary Coin	55,000
Bills Purchased and Discounted :	
(a) Internal	.....
(b) External	.....
(c) Government Treasury Bills	.....
Balances held outside Pakistan*	27,57,36,000
Loans and Advances to Governments	2,87,00,000
Provincial Governments' Debtor Balances	
Other Loans and Advances	34,78,99,000
Investments	85,46,58,000
Other Assets	11,07,24,000
Rupees	173,80,54,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,02,09,000	
Notes in circulation	364,42,82,000	
Total Notes issued	.....	376,44,91,000
Total Liabilities	.....	376,44,91,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	.....	
Foreign Securities	81,15,52,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	149,11,06,000
B. Rupee Coin	3,24,56,000	
Government of Pakistan Securities	218,19,23,000	
Internal bills of exchange and other commercial paper	.....	221,43,79,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	20,51,000	5,90,06,000
Total Assets	.....	376,44,91,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 41.10 per cent.

EXCHANGE RATES

	5th July 1961	Previous week

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

	All-India	Bombay	Ahmedabad	Sholapur	Kanpur	Nagpur	Calcutta	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
	(1949=100)	(1934=100)	(1949=100)	January (1928=100)	(1949=100)	(1949=100)	August (1939=100)	(1942=100)	(1949=100)	(1949=100)	(1949=100)	(1949=100)	(1949=100)	(1949=100)
1958 Average ..	116	395	110	313	98	120	384	124	113	105	103	123	109	131
1959 „ ..	121	412	125	340	98	132	384	133	120	106	98	125	108	140
1960 „ ..	124	423	120	357	99	136	397†	143	120	107	103	120	109	146
March 1960 ..	121	414	116	339	97	135	392	138	119	104	100	119	109	145
April „ ..	122	421	116	346	97	136	392	138	117	104	103	117	109	145
May „ ..	123	421	120	344	96	135	396	140	116	104	105	117	109	145
June „ ..	124	422	121	360	96	135	399	143	117	107	107	119	109	146
July „ ..	126	423	122	362	101	137	406	145	121	109	108	119	109†	146
August „ ..	126	421	123	359	101	137	410	146	121	109	102	122	108	148
Sept. „ ..	125	418	122	364	101	138	403	146	122	108	102	122	108	147
Oct. „ ..	125	421	123	365	102	137	396	148	122	108	105	119	108	147
Nov. „ ..	124	423	121	367	102	135	392	150	121	110	102	122	108	147
Dec. „ ..	124	419	120	362	100	134	385	151	121	110	102	121	108	148
January 1961 ..	123	419	119	358	100	131	385	146	122	111	103	120	109	148
February „ ..	123	420	119	350	102	130	389	147	123	111	103	119	109	148
March „ ..	124†	423	119	349	101	129	392	148	124	111†	104†	121†	109†	149
April „ ..	123†	428	..	348	..	..	389	..	..	..	..	..	..	..

† Provisional.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates C		Post Office Savings Bank Deposits		10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% C	15-Year Annuity Certificates G		Total	
	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Outstandings		Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Outstandings H
1958-59 ..	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	—40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60 ..	1,55	3,15	98,99	83,24	221,68	210,40	260,68	19,79	—41,35	50	31	41,68	10,64	21,76	66	2,90	305,70	672,99
1960-61 ..	1,24	2,46	81,50	82,58	287,30	228,77	297,77	18,36	—42,00	1,70	95	38,80	16,14	37,34	69	3,38	329,98	770,80
Apr. 1960 ..	1,52	3,00	97,20	6,47	226,19	17,87	259,32	19,68	—41,41	56	35	41,58	1,63	23,16	9	2,98	26,16	675,63
May „ ..	1,51	3,04	96,40	6,45	231,25	17,00	257,68	19,55	—41,46	64	39	41,50	1,06	24,19	5	3,01	24,67	678,16
June „ ..	1,50	2,99	95,68	5,76	235,63	17,35	258,96	19,49	—41,51	73	43	41,41	84	25,09	5	3,04	24,13	682,95
July „ ..	1,46	2,95	92,15	5,83	240,35	15,25	261,67	19,43	—41,55	81	48	41,32	1,11	26,09	4	3,07	22,36	689,78
Aug. „ ..	1,44	2,88	90,74	6,78	245,88	19,75	266,75	19,37	—41,61	89	54	41,21	1,17	27,23	9	3,14	27,92	700,07
Sept. „ ..	1,42	2,81	89,29	7,16	251,84	18,76	271,10	19,26	—41,66	98	57	41,14	1,52	28,71	6	3,18	27,64	710,30
Oct. „ ..	1,40	2,76	87,86	7,05	257,70	16,90	272,98	19,19	—41,71	1,07	64	41,09	1,42	30,27	5	3,22	25,56	718,18
Nov. „ ..	1,37	2,70	87,64	6,21	262,79	17,90	275,00	19,12	—41,74	1,17	68	41,02	1,49	31,73	5	3,25	25,81	726,47
Dec. „ ..	1,33	2,63	85,25	6,75	268,27	19,04	277,56	18,97	—41,81	1,28	74	40,97	1,28	32,88	5	3,29	27,30	733,47
Jan. 1961 ..	1,31	2,57	84,04	6,47	273,48	18,06	280,06	18,87	—41,86	1,40	80	40,90	1,04	34,15	6	3,32	25,83	740,90
Feb. „ ..	1,28	2,52	82,71	6,48	278,70	18,05	282,82	18,44	—41,95	1,53	87	39,88	1,80	35,75	5	3,36	26,53	747,86
Mar. „ ..	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	—42,00	1,70	95	38,80	1,77	37,34	4	3,38	46,05	770,80
Apr. „ ..	..	..	..	..	..	..	..	..	..	..	..	37,46	2,28	39,42	4	3,40	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities : repayments, however, include those from the pre-partition holdings of Indian Investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of February 1961, amount to 13.81 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Loan	1938-39	116,17,46,000	1963-65	98.75
3 % Loan	1950	30,33,10,000	1964	98.75
3 % Rg. Loan	1943	1,10,11,78,000	1966-68	96.00
3 % Dev. Loan	1945	1,15,05,83,000	1970-75	91.05
2½% Loan	1946	57,00,69,000	1961	99.70
2½% Loan	1946	14,77,48,000	1976	83.56
2½% Loan	1947	75,86,72,000	1962	98.90
3½% N. P. Loan	1954	1,58,17,94,000	1964	99.95
3½% N. P. Bonds (2nd Series)	1955	1,58,67,92,000	1965	99.85
3½% Loan	1956	1,07,27,36,000	1962	99.90
3½% N. P. Bonds	1956	93,81,83,000	1967	99.00
3½% Loan	1956	86,63,53,000	1974	99.70
3½% N. P. Bonds (4th Series)	1957	56,99,30,000	1967	100.50
4 % Loan	1957	49,17,27,000	1972	100.50
3½% Loan	1958	58,05,92,000	1963	100.00
3½% Loan	1958	70,00,00,000	1968	98.80
3½% Loan N.P.B.	1958	84,33,90,000	1968	100.50
4 % Loan	1958	49,51,44,000	1973	100.40
3½% Loan	1959	1,87,90,93,000	1969	98.65
4 % Loan	1959	81,06,36,000	1979	100.05
4 % Loan	1960	97,64,00,000	1980	99.90
3½% Bonds	1960	82,66,00,000	1966	99.70
NON-TERMINABLE LOANS				
3 % Loan	1896-97	8,93,33,000	M.	72.00
3 % Loan	1946	2,45,91,33,000	K.	72.25
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.85
4 % Andhra	1956	6,56,15,000	3rd Sept. 1968	98.75
4½% Andhra	1958	5,48,81,000	15th July 1970	101.00
4 % Andhra	1959	6,57,72,000	19th Aug. 1971	97.75
4 % Andhra	1960	9,00,00,000	29th Aug. 1969	98.50
3 % Maharastra	1949	5,29,97,000	1st Aug. 1962	99.00
3½% Maharastra	1951	2,82,97,000	17th Sept. 1962	99.80
4 % Maharastra	1953	5,06,80,000	15th July 1963	100.30
4 % Maharastra	1952	3,40,84,000	1st Aug. 1964	99.90
4 % Maharastra	1955	9,56,29,000	1st Sept. 1967	99.50
4 % Maharastra	1956	7,82,20,000	3rd Sept. 1970	99.25
4½% Maharastra	1958	5,67,23,000	15th July 1969	101.20
4½% Maharastra	1958	5,58,21,000	15th July 1970	101.20
4½% Maharastra	1958	4,85,25,000	15th July 1971	101.20
4 % Maharastra	1959	6,58,13,000	19th Aug. 1971	99.60
4 % Maharastra	1960	10,00,00,000	29th Aug. 1969	99.60
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	98.50
4 % Bihar	1956	2,13,41,000	3rd Sept. 1968	98.50
4½% Bihar	1958	2,78,71,000	13th Oct. 1970	101.05
4 % Bihar	1959	3,33,22,000	19th Aug. 1971	98.00
4 % Bihar	1960	3,00,00,000	29th Aug. 1969	98.50
4 % Gujarat	1960	5,00,00,000	29th Aug. 1969	99.50
3½% Howrah Bridge (New)	1936-37	1,77,08,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98.00
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.00
2½% Madras	1946	3,81,77,000	3rd Sept. 1961	99.75
3½% Madras	1951	3,01,49,800	17th Sept. 1962	99.75
4 % Madras	1953	10,33,71,000	15th July 1963	99.90
4½% Madras	1955	5,24,31,200	1st Aug. 1964	99.85
4 % Madras	1956	10,47,17,000	1st Sept. 1967	99.00
4 % Madras	1956	13,33,56,000	3rd Sept. 1968	98.75
4½% Madras	1958	5,55,57,000	15th July 1970	101.10
4 % Madras	1958	5,75,72,000	19th Aug. 1971	98.50
4 % Madras	1960	12,00,00,000	29th Aug. 1969	98.75
4 % Mysore(J)	1933	2,95,85,200	1st Dec. 1953-63	100.50
4 % Mysore	1953	3,33,47,000	15th July 1963	99.50
4 % Mysore	1956	5,54,94,000	1st Sept. 1967	99.00
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	99.00
4½% Mysore	1957	8,34,36,000	16th Sept. 1968	101.10
4½% Mysore	1958	5,61,61,000	15th July 1970	101.10
4 % Mysore	1959	5,48,46,000	19th Aug. 1971	98.00
4 % Mysore	1960	4,00,00,000	29th Aug. 1969	98.75
3 % M.P.	1948	2,03,23,000	16th Sept. 1967	96.60
3½% M.P.	1951	1,02,18,100	17th Sept. 1962	99.50
4 % M.P.	1953	1,10,18,000	15th July 1963	99.40
4 % M.P.	1955	1,83,12,000	1st Sept. 1967	98.50
4 % M.P.	1956	1,58,43,000	3rd Sept. 1968	98.50
4½% M.P.	1958	2,21,30,000	15th July 1970	101.05
4 % M.P.	1959	5,27,37,000	19th Aug. 1971	98.00
4 % M.P.	1960	6,00,00,000	29th Aug. 1969	98.50
4 % Saurashtra	1955	3,50,81,000	1st Sept. 1967	98.85
4 % Saurashtra	1956	2,66,68,000	3rd Sept. 1968	98.85
4 % Kerala	1953	3,25,61,000	15th July 1963	99.00
4 % Kerala	1956	2,22,08,000	3rd Sept. 1968	98.10
4 % Kerala	1958	3,27,10,000	15th July, 1970	100.50
4 % Kerala	1959	4,47,05,000	19th Aug., 1971	97.20
4 % Kerala	1960	4,00,00,000	29th Aug. 1969	98.10
4 % U.P.Z.A.	1952	44,93,05,000		48.50Z
2 % U.P.	1936	1,55,81,000	15th Sept. 1961-66	92.25
2½% U.P.	1946	2,12,62,000	1st Sept. 1961	98.75
2½% U.P.	1951	1,56,22,000	17th Sept. 1962	99.70
4 % U.P.	1953	5,89,14,000	1st Aug. 1964	99.90
4 % U.P.	1955	5,55,25,000	15th July 1963	99.90
4 % U.P.	1955	9,10,71,000	1st Sept. 1967	99.00
4 % U.P.	1956	8,46,36,000	3rd Sept. 1968	98.75

PORT TRUST LOANS

Amount	Interest per cent	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				
36,50,000	4	1904	1964	
35,00,000	4	1904	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1968	97.00
40,00,000	4	1909	1970	
56,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
35,00,000	4	1913*	1960	D
80,00,000	4	1913	1974	97.00
88,25,000	4	1914	1975	97.00
10,00,000	4	1914*	1960	
55,00,000	4	1915*	1975	
61,61,000	4	1922*	1960	
11,51,000	4	1924*	1960	
18,25,000	3½	1924*	1960	
35,00,000	3½	1929*	1959	
12,50,000	3½	1930*	1960	D
12,50,000	3½	1931*	1961	
13,50,000	3½	1932*	1962	
24,58,000	3½	1935*	1975	
16,00,000	3½	1936*	1966	
45,04,000	3½	1938*	1960	
10,00,000	3½	1938*	1968	
7,00,000	3½	1941	1971	
CALCUTTA				
Rs.				Rs.
90,24,800	4	1914	1974	98.25
76,80,100	4	1914	1975	98.25
50,00,000C	3½†	1921	1981	82.00
68,02,300C	6½	1921	1981	144.00N
60,00,000	4½	1931	1991	93.00
60,00,000	3½	1935	1995	99.00
22,50,000	3	1938	1968-88	98.00
50,00,000	3	1945	2005	74.00
50,00,000	3	1945	1975	85.00
50,00,000	3	1946	1976	84.75
50,00,000	3	1946	2006	74.00
50,00,000	2½	1947	1977	79.50
50,00,000	3	1948	1978	83.75
50,00,000C	3	1950	1980	82.00
50,00,000	3	1951	1981	81.75
1,50,00,000	3½	1953	1993	99.75
50,00,000	4	1953	1983	100.00
50,00,000	4	1953	1983	97.50
90,00,000	4	1955	1985	97.25
77,00,000	4	1956	1986	97.25
78,00,000C	4	1956	1986	97.25
1,24,00,000	4½	1957	1987	99.50
1,30,00,000	4½	1958	1988	99.00
1,00,00,000	4	1959	1989	99.50
50,00,000	4½	1959	1989	99.00
1,00,00,000	4	1960	1970	98.50
1,00,00,000	4	1960	1970	98.50
STERLING LOANS				
£892,600	5	1923	1953-83	£68
£901,000	5	1924	1954-84	£63
£885,100	5½	1932	1962	£96½
MADRAS				
Rs.				Rs.
28,48,275	3½	1947	1977	
9,88,000If	3	1947	1977	A
3,00,000If	3	1949	1979	
45,00,000It	4½	1954	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent	Year of Issue	Repayable	Market quotation Rs.
Rs.		**BOMBAY**		
80,00,000	4	1901	1961	
80,00,000	4	1902	1962	
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	97.75 N
20,00,000	4	1906	1966	
15,00,000	4	1907	1967	
80,00,000	4	1908	1968	
25,00,000	4	1912	1972	
13,00,000	4	1913	1973	
50,00,000	4	1914	1974	97.50
25,00,000	4	1916	1976	98
40,00,000	5	1919	1967-79	118.90
66,00,000	6	1920	1955-80	
25,00,000	5	1926	1956-86	116.00N
25,00,000	5	1927	1961-70	98.00N
10,00,000	3	1936	1986	
STERLING LOANS				
£566,600		1909	1968	£95.50
£388,000		1910	1970	£95.50N
Rs.		**CALCUTTA**		Rs.
50,00,000	4	1934	1964	99.25
35,00,000	3½	1935	1965	96.00
30,00,000	3	1936	1966	92.50
50,00,000	3	1937	1967	97.00
20,00,000	3	1938	1968-88	92.00
80,00,000	4	1952	1962	100.00
1,02,00,000	4	1953	1963	99.50
75,00,000	4½	1958	1968	101.00
65,00,000	4½	1959	1974	99.75

MUNICIPAL LOANS

Rs.				Rs.
BOMBAY				
20,00,000	4	1913-18	1974	97.00
10,00,000	5	1920	1980	113.00N
8,25,00,000	3½	1947	1977	86.00
2,13,14,500	3½	1949	1979	86.00
4,00,00,000	3½	1950	1965	95.00
2,74,00,000	4	1952	1964	99.00
2,00,34,000	3½	1951	1966	98.00
1,30,00,000	4	1953	1968	99.00
92,19,00,000	4	1954	1969	99.00
86,67,000†	4	1954	1966	99.00
2,50,00,000	4	1956	1967	99.00
1,57,50,000	4	1956	1968	99.00
1,74,00,000	4½	1958	1969	99.75
4,75,00,000	4½	1958	1970	99.50
3,30,00,000	4	1959	1971	98.00
Rs.		**CALCUTTA**		Rs.
10,00,000	6½	1932	1962	102.50N
33,91,000	3½	1925	1965	96.00
60,00,000	3	1938	1968	93.00
47,50,000	3	1938	1968	92.50
21,10,000	3½	1942	1972	92.00
66,88,000	3½	1951	1966	98.50
97,36,000	4	1953	1962	99.75
72,50,000	4½	1954	1979	100.00
2,22,72,000	4	1955	1985	97.25N
73,86,000	4½	1958	1988	100.50
1,67,32,000	4½	1958	1970	101.00N
Rs.		**MADRAS**		Rs.
15,00,000	3½	1951	1961	107.00N
15,00,000	3½	1952	1962	107.50N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½% U.P.	1958	7,65,59,000	15th July 1970	101.10
4 % U.P.	1959	8,88,86,000	19th Aug. 1971	98.00
4 % U.P.	1960	7,00,00,000	29th Aug. 1969	98.60
4 % Rajasthan	1958	3,14,19,000	3rd Sept. 1968	98.00
4½% Rajasthan	1958	2,79,88,000	15th July 1970	101.05
4 % Rajasthan	1959	3,84,19,000	19th Aug. 1971	98.00
4 % Rajasthan	1960	5,00,00,000	29th Aug. 1969	98.00
4 % Orissa	1956	3,09,34,000	3rd Sept. 1968	98.50
4½% Orissa	1958	3,28,58,000	15th July 1970	101.05
4 % Orissa	1959	3,83,30,000	19th Aug. 1971	98.00
4 % Orissa	1960	4,00,00,000	29th Aug. 1969	98.25
4 % M. Bharat	1953	1,04,77,000	15th July 1963	99.00
4 % M. Bharat	1956	1,11,25,000	3rd Sept. 1968	97.75
3½% W. Bengal	1951	1,75,00,000	17th Sept. 1962	99.50
4 % W. Bengal	1952	2,00,00,000	1st Aug. 1964	99.50
4 % W. Bengal	1953	8,60,23,000	15th July 1963	99.80
4 % W. Bengal	1955	7,58,72,000	1st Sept. 1967	99.00
4 % W. Bengal	1956	7,11,46,000	3rd Sept. 1968	99.00
4 % W. Bengal	1958	5,10,50,000	15th July 1970	101.10
4 % W. Bengal	1959	7,69,62,000	19th Aug. 1971	98.50
4 % W. Bengal	1960	7,00,00,000	29th Aug. 1969	99.00
4 % Assam	1959	2,76,40,000	19th Aug. 1971	98.00
4 % Punjab	1959	2,18,87,000	19th Aug. 1971	98.00

ABBREVIATIONS. N—Nominal. (J) Income-tax free. * Loans held entirely by the Trustees. † Bombay State Transport.
Held by Government of India. B—Taken up by State Bank of India. C—Held by Commissioners. D—Domestic Loan not marketable.
Rate of Interest reduced from 6 to 3 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 6½ to 4 per cent with effect from 1st April, 1935.
Free from tax for first 10 years. †—Interest free for first 7 years. Z—Six eight instalments but inclusive of accrued interest.
Redeemable at the option of the Government after three months' notice. K—On September 1965 or later at the option of the Government after three months' notice.

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 17th June, 1961	10th June, 1961	20th May, 1961	18th June, 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.0	101.0	101.1	101.1
2. *Government of India* ..	101.9	101.0	101.0	100.9
3. State Government ..	102.0	102.0	101.9	102.7
4. Municipal, Port Trust, etc..	99.7	99.7	99.7	100.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.2	101.2	100.7	101.0
PREFERENCE SHARES—ALL INDIA.				
6. Total	84.1	84.1	84.5	89.4
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	184.1	184.2	178.9	174.8
8. *Agriculture and Allied Activities : Total**	173.5	173.5	171.6	177.7
9. Tea Plantations	167.5	167.4	167.3	172.4
10. Coffee Plantations	181.2	179.0	179.9	208.0
11. Rubber Plantations ..	174.3	174.5	171.1	179.3
12. *Mining and Quarrying : Total*	166.2	166.6	163.8	159.4
13. Coal	131.2	131.3	128.7	121.7
14. Other Mining	190.3	190.8	187.9	185.2
15. *Processing and Manufacturing : Total*	199.4	199.7	193.1	188.6
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	204.5	204.5	198.8	190.0
17. Sugar	164.6	165.4	168.3	196.9
18. Cotton Textiles	171.2	169.5	163.1	152.8
19. Jute Textiles	87.5	88.2	90.2	94.2
20. Silk and Woollen ..	1253.7	1205.0	1140.4	1117.4
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total** ..	218.2	218.2	205.0	188.0
22. Iron and Steel	179.5	183	170.3	162.7
23. Transport Equipment ..	435.2	427.9	409.0	400.3
24. Electrical Machinery ..	164.7	162.9	161.6	137.9
25. Machinery other than Transport and Electrical ..	218.7	219.1	216.7	220.1
26. Basic Industrial Chemicals ..	218.6	221.8	215.3	205.8
27. *Processing and Mfg. (Others): Total**	160.3	161.5	159.8	168.8
28. Cement	144.0	144.7	142.1	145.2
29. Paper	207.4	209.0	207.9	233.6
30. *Other Industries : Total** ..	110.9	111.2	108.5	112.4
31. Electricity Generation and Supply	82.2	81.6	81.0	82.0
32. Trading	131.9	133.8	126.3	121.2
33. Shipping and Other Transport	100.4	101.2	99.7	114.5
34. Construction	299.5	302.4	276.7	329.3
35. *Financial : Total*	195.9	194.8	190.8	189.0
36. Banks	219.0	217.5	214.0	184.0
37. Insurance	154.3	154.7	146.0	145.8
38. Investment Trusts	90.4	90.8	92.3	92.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	193.3	193.8	185.4	180.3
40. Calcutta	167.2	167.4	165.4	160.6
41. Madras	196.7	195.5	191.9	189.5
42. Delhi	252.0	249.6	240.5	227.7

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils

SELECTED SATGRAM COLLIERIES

(Concluded from page 88)

tutes are affording both the technical and administrative staff with opportunity for enhancement of ideas and their practical applicability. I take this opportunity in according our sincere appreciation to them and to your Managing Agents who have forthwith arranged for much required finance during this year and for successfully negotiating for enhancement of credit facility for supply of machinery and equipment.

"Last, but in no way the least, mention must be made of the very able and mature guidance given by the Board of Directors from time to time who have, I am sure, our hearty thanks. Let us hope we shall have their continued assistance and co-operation in future.

"With your permission I now propose that the audited statement of accounts and the reports of the Directors for the year ended 31st December 1960 be hereby approved and adopted."

Note: *The aforesaid note does not purport to be a record of the proceedings of the annual general meeting. It is merely an abstract from the Chairman's speech. The detailed speech is available at the Company's registered office.*

MARKET GOSSIP

(Concluded from page 59)

these, it sanctioned 57, as compared with a bare 27 in the previous year.

Mr. K. R. K. Menon revealed that the Corporation had so far not purchased shares in any company to which it granted loans, though it has been given the power to do so. The Corporation had hitherto confined itself to underwriting business. He, however, hinted that the Corporation's Board was actively considering the question of inserting a provision in the loan agreements with future borrowers for converting a part of the loan into equity capital. It may be recalled here that earlier also the spokesmen of the I.F.C. had indicated that they wanted the Corporation to have the option of converting the loans into ordinary shares, so that the Corporation could get a share in the profits of the Company and also have a hedge against inflation. It is, however, necessary to point out that, if such an option is included as one of the terms of the agreements with borrowers, there is a danger that many good companies would not prefer to secure loans from the Corporation, because they would consider the bargain as a very expensive one. Further, the possibility of the I.F.C. securing permanent control over the management would act as a positive deterrent to seeking accommodation from it. As readers are aware, a similar provision introduced by the International Finance Corporation did not work successfully, even though it did not want any say in, or control over, the management of its borrowers. A better way for gaining equities into the portfolio of the Industrial Finance Corporation would be to develop underwriting of capital issues, a function which has also long neglected.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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nufacture of petro-chemicals on a vast scale as an integrated part of oil industry. A French professor, according to him, will soon be visiting the country to advise the Government on this subject. Apparently, Mr. Malaviya does not want even the domestic private enterprise to come anywhere near the oil industry, even if it relates only to a by-product, and, given a chance, he would see to the cancellation of licences already given to a few entrepreneurs for establishing petro-chemical units. The Government would doubtless be making a serious mistake, if it listened to his advice, for that would slow down the country's progress in chemical industry, too.

How unreliable are Mr. Malaviya's estimates or foresight will be evident from a recent instance. On 28th April 1961, he explained at great length why the Government decided not to accept Burmah-Shell's offer to expand the capacity of its refinery by a further million tons to four million tons. His argument was that the existing capacity of refineries in the private sector and the capacity planned for the units in the public sector would be sufficient to take care of the country's requirements of refined products in the third Plan period. He estimated the demand to reach an annual rate of 13 million metric tons (in terms of crude) by 1966. But, in less than a month after his statement, the Oil Advisory Committee estimated the product demand in 1966 (including the international bunkers) at 14.14 million metric tons of refined oil, representing a crude oil equivalent of about 15.27 million metric tons. Experience in the past two years, in particular, has clearly shown that, for a rapidly growing economy, it is absolutely essential to keep a safety margin in estimating the power requirements, so that the pace of growth may not be held up by shortage of an essential overhead like energy. And yet Mr. Malaviya has continued to underestimate the demand requirements of petroleum products, obviously for the purpose of not allowing the existing refineries to expand.

Now that the Oil Advisory Committee has clearly stated that his earlier estimate is an underestimate and that there is no provision in the third Plan for further expansion of the refineries planned by the public sector, there is no reason why he should not allow the Burmah-Shell Refineries' scheme for expansion to be implemented. The merits of Burmah-Shell's scheme are clearly outlined by Mr. L. D. Mudie in his annual statement a fortnight ago (vide page 27 of Commerce dated 1st July 1961). The scheme involves no drain on India's already meagre foreign exchange resources. It requires only a fraction of the capital expenditure that would be needed to put up a new refinery. It will serve as a safeguard against any possible delay in consummation of the public sector's plans or underestimation of future demand. Burmah-Shell has also expressed its readiness to negotiate further modifications in the terms of the 1951 Refinery Agreement in addition to the Duty Protection which it had already surrendered. The capital required by the Government to expand its share in oil industry and trade may as well be given to railways, shipping and road transport for improving their capacity to carry more oil which is now hopelessly inadequate. Indeed, there are a hundred and one projects on which the Government can invest its funds more usefully and profitably than on discovery of oil, which is a gamble, and on refining and marketing of oil, which is a highly capital-intensive business. If, in spite of all these facts, the Government still decides not to let Burmah-Shell expand its refinery, how can it contend that its petroleum policy is not dictated by doctrinaire considerations?

SHIPPING IN THIRD PLAN

THE National Shipping Board, which has been repeatedly described in official pronouncements as "the highest policy-making body" relating to shipping and which was reconstituted in May last under the continued chairmanship of Mr. G. L. Mehta, held its ninth meeting at Bombay on the 7th inst. While the Board heard Mr. Mehta say, with some pride, that it had made, in the last two years of its work, "a notable, even if modest, contribution towards the formulation of a national shipping policy," it also heard him say, with not a little disappointment, that its recommendations in regard to shipping in the third Plan "ought to have received much greater weight and attention than was apparently given" by the Planning Commission and the Government. As a permanent statutory body charged with the responsibility of advising Government on all matters relating to shipping, the Board would, therefore, be justified in its expectation that its advice may yet be accepted in the interests of a certain desirable pace of expansion of the shipping industry in the third Plan period.

This desirable pace of expansion would, in fact, be no higher than what was achieved in the last two years of the second Plan. That would mean an addition of 100,000 g.r.t., on an annual average, to Indian shipping tonnage during the third Plan period, taking the total to 1.4 million tons by the end of March 1966, as compared with 900,000 tons at the end of the second Plan. But the actual allocation of Rs. 55 crores for shipping in the third Plan (as against Rs. 104 crores recommended by the National Shipping Board) would now be adequate only for a net addition of about 200,000 g.r.t., after providing for the replacement of obsolescent tonnage. The Board has, therefore, done well to reiterate its view that the country's tonnage should continue to expand at the rate of about 100,000 g.r.t. per annum during the third Plan period. Since shipping deserves to be given a high priority and the companies in the private sector may be able to raise only Rs. 14 crores from their own resources, an additional allocation of Rs. 55 crores should not be grudged.

The need for such an additional allocation is also being increasingly underlined by the difficult transport situation, particularly in the matter of coal haulage by the railways. The Government's recent decision to move an additional one million tons of coal through coastal shipping has focussed attention on the current shortage of tonnage in this sector. The coastal tonnage now is only of the order of 250,000 g.r.t., and this is just sufficient for transporting 2.5 million tons of cargo (consisting of 1 million tons of coal, 300,000 to 400,000 tons of salt and about 1.1 million tons of general merchandise) in a year. As coastal shipping is now suddenly called upon to move an additional one million tons of coal, it finds it difficult to secure the required additional tonnage of about 100,000 g.r.t. in an emergency. This situation would not have arisen if the Board's advice, given two years ago, had been heeded. If the Board has now laid renewed emphasis on its former recommendation that a consistent and long-term policy for coastal shipping was called for, it has done so on the ground that there should be no uncertainty in regard to the likely volume of coal and other cargoes which could be made available to coastal shipping. As, however, the present pattern of increased movement of coal is expected to continue on a long-term basis, the Board's suggestion that the target for coastal shipping should be reviewed would logically involve an upward revision of the third Plan allocation for shipping. Unless the coastal tonnage is increased in the third Plan period to 450,000 g.r.t., it is doubtful if it will be able to serve as an adequate and efficient adjunct to the inland transportation system. The Rail-Sea Co-ordination Committee's recommendations, which are yet to be implemented, have not lost their relevance in this connection.

The problems facing Indian shipping in overseas trade are no less pressing than those facing coastal shipping. These problems, as highlighted by Mr. G. L. Mehta in his introductory speech at the Board's meeting, relate to the absence of vital shipping statistics, the transportation of P.L. 480 foodgrains from the United States, and the relationship between the public sector and the private sector in shipping. The problem relating to shipping statistics is that data covering the payment of freight and the transportation of cargoes in national and foreign ships are yet to be authoritatively compiled and maintained. Of course, it is fairly well known that only a very small proportion of India's foreign trade is carried by its own shipping, that, though Indian shipping has made some progress in liner trades, its share of the tramp trade is very small and that this country is not even represented so far in the overseas tanker trade. But the statistics covering these aspects are by no means authoritative and dependable. If the pattern of development of Indian shipping in the years to come is to involve an expansion of tonnage in the fields of tramp trade and tanker trade, the kind of detailed statistics for which Mr. Mehta has pleaded would appear to be very necessary. Otherwise the acquisition of different types of tonnage for different kinds of trade may not be strictly according to the respective needs. The Board, however, does not seem to have suggested any special machinery for the purpose of compiling and maintaining the necessary statistics. Presumably this work should be the responsibility of the Union Ministry of Transport, which has under it the Director-General of Shipping.

The problem of transporting the P.L. 480 foodgrains from the United States is a pretty complex one. Although India is theoretically free to transport 50 per cent of these foodgrains in its own ships and thereby save about $50 million of foreign exchange which will otherwise be used up in freight payments to foreign shipping companies, there are several practical difficulties in the way. The first difficulty is the relative inadequacy of India's own overseas tonnage. And the second is that, even when some tonnage is made available by the Indian shipping companies for this purpose, there will generally be no cargo available for the ships from India to the United States. Here, of course, there will be an opportunity for Indian ships to carry a part of the agreed sugar exports (225,000 tons) to the United States in the current year. But this sugar cargo will be so small in relation to the foodgrain imports that even its availability would not resolve the problem which is one of making it worthwhile for shipowners to place their vessels on this trade.

It may be recalled, in this connection, that at the recent annual meeting of the Indian National Steamship Owners' Association, the President of the Association suggested that "the opportunity provided by P.L. 480 agreement should be availed of by the Government of India to expand the Indian fleet by asking the Indian shipping companies to lift as much of the foodgrain imports as possible at economic rates of freight instead of the present low, uneconomic, world tramp market rates." The Finance Minister, in his reply at the I.N.S.O.A. meeting, ruled this out on the ground that, "since half the cargo is to be carried in the U.S. ships whose rates are subsidised by the U.S. Government, the Government of India would be put in a difficult position with the U.S. Government if rates higher than world tramp rates were paid to Indian ships." Representatives of Indian shipowners have since clarified that "the economic rate asked for by their shipping companies is to enable them to operate economically the foodgrain vessels which they may acquire, so that, without incurring heavy losses resulting from the present low world tramp market rates, they can add to the Indian fleet." They have also argued, in reply to the Finance Minister, that "the U.S. Government, which subsidises U.S. ships to enable them to get their higher rates of freight, is not likely to discourage other Governments from adopting similar measures to develop their nascent shipping." Mr. G. L. Mehta, however, has tried to steer clear of this controversy by asking whether it would not be possible to consider some compensation wherever ballast voyages are involved in one direction. Obviously, the question requires further examination, and the Committee which the National Shipping Board has set up under the chairmanship of Dr. A. Ramaswami Mudaliar to review the target for coastal shipping is also expected to suggest a suitable freight policy for foodgrain imports. By all accounts, this is a crucial problem, for, if it is satisfactorily resolved, it will give a fillip to the expansion of India's overseas shipping in the third Plan.

As for the problem of establishing a suitable relationship between the public sector and the private sector in India shipping, Mr. Mehta's practical approach is contained in the following passage:

> "The old policy of keeping the public sector corporations confined to the relatively unremunerative routes no longer finds favour either with Parliament or with Government. Personally, I consider that the public sector corporations should have opportunities of employing their tonnage in those routes which are remunerative if they are not to be a burden on the nation. But I am clear in my mind that the entry of the Corporations in the more remunerative routes where private sector companies are already operating should be secured by supplementing rather than by displacing the existing tonnage of the shipping companies. This I consider would be fair to the corporations as well as to other companies."

Mr. Mehta has taken the line that, since not even 10 per cent of India's foreign trade is carried in national ships, there is room for both the sectors to expand. Here, again, the issue is probably not that simple. It is, therefore, to be expected of the second committee, appointed by the National Shipping Board, to recommend an appropriate policy that will enable shipping in both the sectors to work in harmony and thereby promote its rapid growth.

MARKET GOSSIP

Equities React

THE recovery in equities last week, following the declaration of higher ordinary dividend by the T.E.L.Co., has faded. On the contrary, there have been sizable losses over a wide front. Quite a large number of investment shares has also depreciated. In retrospect, it would appear that the T.E.L.Co.'s higher dividend was used by the bulls to manipulate the market in such a way as to enable them to get out nicely. The bears, too, have entered the market on a fairly substantial scale. The fear that the Government might take stringent measures to restrain speculation is said to be the main cause for the market's volte face this week. It is not understandable as to why the Government should take such a long time to come to a decision on this issue. Its own hesitation to act has become a veritable source of speculation. The measures proposed by it are by no means drastic. Introduction of minimum brokerage and abolition of exemption limits for the application of margins —the two main proposals reportedly put forward by the Stock Exchange Directorate—are not such revolutionary measures as to require consultations back and forth for weeks and months and appointment of sub-committees, etc. These are only tactics adopted by the bulls, who have always dominated the governing bodies of stock exchanges, to stall the issue. It is deplorable that the Government should be so soft and weak in controlling speculation on stock exchanges.

Among the other causes for the fall in equities this week, mention may be made of the growing shortage of working funds for speculators, saturation of investment demand, heavy damages inflicted by floods in Mysore, Kerala, Madras, Maharashtra, Orissa and Assam, the sinking of India's foreign assets to a new low level, reports of increasing scarcity of power, transport and industrial raw materials, the clear prospect of a further rise in interest rates after the present slack season in the light of the Reserve Bank's proposals for strengthening the banking sector, and the revival of Indo-Pakistan cold war. The climate against the bulls is quite formidable and that at a time when they are still suffering from overtrading.

The dividends announced by the Tata Iron and Steel Company Ltd. for 1960-61 reflect the anxiety of its Directors to do something for the shareholders who have become impatient, justifiably, over the delay in getting the fruits of their investment on the expansion projects of the Company. The increase of 45 np in the net dividend on ordinary shares—from Rs. 6.80 per share to Rs. 7.25 per share—is only a token of the Directors' desire to sustain the shareholders' morale. Even that small increase requires an additional amount of the order of nearly a crore of rupees—Rs. 88 lakhs to be precise—and that should give one an idea of how much more the Company should earn, if it were to raise the dividend to the level which used to prevail before it undertook the plan to double its productive capacity. It must be borne in mind that the dividends for 1960-61 are on the increased capital for the whole year, whereas those for the previous year covered the new capital for only three months.

A significant feature of the increase in T.I.S.Co.'s equity dividend is that it is in the form of bonus to be paid not out of the profit for 1960-61 but out of tax refunds. Since these refunds are because of dividends paid out of taxed reserves, the increase in dividend is really the benefit of the Company's performance in the past. It is no wonder, therefore, that there is a sense of disappointment in the share market, though the speculators themselves are partly to blame, in that they had pitched their expectations rather high. The long-term outlook for the Company is undoubtedly bright, but the question is: What is the conception of "long-term"? That differs from investor to investor. For the L.I.C., which is reported to have bought T.I.S.Co. equities at Rs. 150 a few weeks ago, it may mean anything between 10 and 15 years. Has the ordinary individual investor the patience to wait that long?

Crucial Shortages

Last year, industrial production in India attained a record level, representing an increase of about 12 per cent as compared with 1959—a rate which was the highest in ten years. It could easily have been greater still, if there had been no shortages in several crucial fields. For instance, the shortfall in coal production in the earlier half of 1960 in the public sector had the effect of slowing down the production of iron and steel. The shortfall (as compared with installed capacity and expectations) in iron and steel production, in its turn, caused a steep fall in the production of engineering industries. And there were also shortages of imported industrial raw materials and spares—maintenance imports as they are otherwise called—and these affected production in a wide range of industries. The close of that year and the beginning of 1961 have set in train or brought to the fore some more crucial shortages. The transport shortage, reflected in an inadequate railway capacity, has caused a crisis in coal movement, leading to a countrywide shortage of this vital fuel at a time when its production has actually increased. This shortage of coal supplies has affected production in a wide range of industries, including electricity generation. The shortage of power, both hydro and thermal, has not only begun to affect production in the collieries themselves but in many other industries. How, for instance, the engineering industries in and around Calcutta have had to curtail their production drastically in recent months for want of adequate power supply was dealt with in these columns of Commerce of 3rd June 1961. There is the latest instance of the re-rolling industry which is passing through a crisis for want of adequate supplies of billets from the steel plants. The news that the supply of billets during the last quarter has been hardly 50 per cent of the approved capacity is, indeed, disquieting, for the shortage affects 93 registered re-rollers whose requirements of billets are estimated at 70,000 tons per month. And there has also come about a critical shortage in cement—a shortage which is affecting construction activity in the private as well as the public sector.

All these shortages—both those which were in evidence last year and the ones which have manifested themselves this year—seem to have been cumulatively responsible for varying degrees of under-utilisation of installed capacities. The British economist, Sir Donald MacDougall, it may be recalled, had studied this question and given the finding that, as many as 36 out of 94 industries working on single-shift basis had utilised in 1959-60 only 60 per cent of their production capacity or less. If that was the position in a year when the major shortage was only of industrial raw materials and spares, the extent of underutilisation of capacities must have been greater still in 1960-61. If installed capacities are thus not fully utilised for want of either imported or indigenous supplies of essential materials, the tempo of establishment of new industrial enterprises is bound to slow down sooner or later. If it is recognised by the authorities that most of the crucial shortages are due to wrong policies flowing either from an ideological bias against the private sector or from uneconomic pricing, the first step will have been taken to provide greater incentives to the private sector and accord a bigger role to it in several fields of basic importance—coal, power, oil, road transport, fertilisers, non-ferrous metals, and so on. It is high time a reorientation of industrial policy was brought about by amending the Industrial Policy Resolution of 1956 in a suitable manner and by laying down the outlines of a pricing policy for the guidance of the Tariff Commission. It is here that a beginning should be made to break the recurring vicious circle caused by crucial shortages.

Sugar Exports

As these lines are written, the Committee of the Indian Sugar Mills Association is meeting at Calcutta (on Thursday, 13th inst.) to consider, among other subjects, the question of footing the loss on sugar exports to the U.S. It is said that the discussions centre round a tentative scheme for compensation worked out by the Union Food Ministry in consultation with the representatives of the I.S.M.A. The details of the scheme are, however, not available. All that is known is that the scheme provides for the payment, by the Government, of a lump-sum amount to the Export Agency Division of the I.S.M.A. as compensation for meeting the export loss. The actual amount will depend on the price that the U.S. pays for Indian sugar. The price usually paid for refined sugar supplied by the quota-holding countries is about Rs. 630 ($132) per short ton (of 2,204 lbs. each) which is 50 to 60 per cent higher than the world market price. But since Indian sugar is considered to be only 96 per cent of the accepted "standard" sugar in the U.S., the American price comes to less than the "usual" price, approximately Rs. 602 ($127) per ton. As against this price, the currently ruling average Indian price of D29 grade sugar, even after the full remission of excise duty and cane cess together amounting to Rs. 327 per short ton, is as high as Rs. 735. In other words, the loss per ton of sugar works out to Rs. 133. The total loss on the quota of 225,000 short tons allocated to India for the current calendar year by the U.S. amounts to about Rs. 2.39 crores, which represents the subsidy that will have to be borne by the Union Government. The subsidy should not be grudged in the least, in view of the large-scale generous economic development assistance rendered by the U.S.

After the Government announces its final decision on the issue of compensation, shipments of sugar to the U.S. will begin in right earnest. It is the delay in finalising the mechanism for effecting sugar exports and the question of meeting export losses that has so far been responsible for the slow pace of shipment. The Government had two alternatives regarding the mechanism of exports: to entrust the business to the State Trading Corporation or to route them through the I.S.M.A. The second alternative has been chosen and, as a compromise, the S.T.C. has been asked to effect sales of 150,000 tons to countries other than the U.S., such as Pakistan, Malaya, Iran and Afghanistan, during 1961. There was also some delay in signing the International Sugar Agreement. Six weeks, it will be recalled, have elapsed since the U.S. Secretary of Agriculture announced the authorisation of a quota of 225,000 tons to India for the year 1961. During this period, not more than 3,000 tons have actually been shipped; the first shipment left Calcutta port only on the 3rd inst., with the *Jala Krishna* carrying 3,000 tons. This quantity represents part of the 3,920 tons bought by an American firm at a reported price of $6.41 per 100 lbs. delivered at New York. Under the Indo-U.S. sugar deal, the entire quota of 225,000 tons will have to be delivered at U.S. ports before the end of the year; the last shipments have, therefore, to leave Indian ports by November.

The quota of 225,000 short tons allocated to India for 1961 is only on *ad hoc* basis. For the U.S. has yet to announce a permanent quota for Indian sugar; only an act of the U.S. Congress can put any country on the permanent list from which the U.S. makes its purchases. The chances of allotment of such a quota are, indeed, very bright. This is the impression one gets from the statement of Mr. S. K. Patil, Union Minister for Food and Agriculture, on his return from a foreign tour. At a Press conference at New Delhi on Wednesday this week, Mr. Patil is reported to have said:

> "One of the main objects of my visit to the U.S. was to explore the possibility of securing a permament quota for Indian sugar. I have explained to the U.S. leaders that India is now in the sugar market permanently and that it has to dispose of a surplus of 500,000 to 1,000,000 tons of sugar every year. I am confident that the U.S. Government will pass legislation before the end of this year and allot a permanent quota to India. I met the leaders of the important farmers lobby of the U.S. Congress and other Congressional leaders, including the Chairman of the Agricultural Committee, and explained to them India's need for sugar export. They have assured me that India would be allotted a permanent quota."

As for sugar exports to countries other than the U.S., entrusted to the S.T.C., the loss will be much greater, since the price will be well below not only the U.S. price but the world market price. The Central Government is believed to have decided to permit the S.T.C. to meet the loss by marking up prices of certain commodities which it will be specially importing by utilising the foreign exchange earned from sugar exports. The nature of commodities is now being examined by the Government. Of the quota of 150,000 tons allocated to the S.T.C. for 1961, the Corporation has already participated in the tenders called for by Pakistan which is to import 25,000 tons. The first shipment of sugar to Malaya is expected to move shortly. This country normally imports 30,000-50,000 tons of sugar. Iran and Afghanistan are the two other countries to which the S.T.C. hopes to export some quantities of sugar.

An assured market for Indian sugar particularly in the U.S. every year is certainly of great importance, in that it will (a) yield much precious foreign exchange which can be used for buying machinery, spare parts and raw materials from the U.S. or for repaying the loans taken from it; (b) give a price 50 to 60 per cent higher than the ruling world market price; and (c) reduce the pressure of heavy stock accumulations with mills. But such large exports as are now contemplated will involve a heavy loss of rupee resources. The only way to reduce the incidence of such loss is to encourage domestic consumption and to increase the production of sugar per acre. The larger the domestic market the smaller will be the export subsidy which every pound of sugar that is consumed in this country has to bear.

Revision Of Cement Prices

The tariff inquiry into the question of revision of cement prices, held this week in Bombay, has aroused interest as much among consumers as among producers. Consumers of cement are now faced with the problem of shortage of supply and high prices. As Mr. K. R. P. Aiyangar, Chairman of the Tariff Commission, himself has observed in his opening speech at the inquiry, there is acute shortage of cement at present in wide areas and not merely in isolated pockets. Cement is, therefore, said to be sold in the market at more than double the controlled price. The demand is expected to go up further, in the wake of greater steel production. The major problem, therefore, is to expand output. But it is disquieting that, of late, production of cement has not kept pace with the growing demand. The reasons for this are not far to seek. The cement industry's stand is that the fair price formula, suggested by the Tariff Commission in 1958, has turned uneconomic, with the subsequent increase in cost of production. Lack of coal and power and also shortage of wagons for movement of raw materials have aggravated the industry's difficulties.

In view of the deteriorating cost situation, the industry has been making strong representations for well over a year for revision of the fair prices fixed in 1958. In fact, the validity period of the 1958 price formula expired at the end of June 1961, and has now been extended, pending the result of the present enquiry. It is not clear why the Government did not ask the Tariff Commission to hold the enquiry and submit its recommendations in time so as to ensure the implementation of the revised price formula from this month onwards. The industry's grievances, it would appear, have been too serious to brook any delay in redressing them. But the delay is there and this will only maintain existing uncertainties and impede the progress of the industry at a time when it needs to be accelerated.

The growth of the industry, although substantial, has not been commensurate with the expectations of the Commission at the time of the previous inquiry. There are at present thirty-four cement factories, with an aggregate annual rated capacity of 8.85 million tonnes, as against twenty-eight factories, with 8.42 million tonnes in 1958. The Commission had anticipated that, by the end of 1960, sixteen of the existing factories would expand their capacity and another sixteen new units would come into existence, bringing the total capacity to 12.03 million tonnes. But only ten of the old factories have increased their capacities and only six new factories have been established. The actual production of cement ground at the factories amounted to 2.72 million tonnes during January-April 1961, or an annual rate of 8.16 million tonnes, which compares with 7.78 million tonnes in 1960, 6.92 million tonnes in 1959 and 6.13 million tonnes in 1958. There are several expansion plans now under way. If they progress according to the present estimates, there will be 44 factories, with an aggregate annual capacity of 11.76 million tonnes by the end of June 1964, and, when these schemes are completed, the number of factories will rise to 49 and the capacity to 14.62 million tonnes. By the end of the third Plan (1965-66), the total annual capacity of the industry is expected to touch 15 million tonnes. But all these are only expectations and they may not materialise, as experience hitherto has shown, if the present policy

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SHARE MARKET WEAK

VALUES SUFFER DISTINCT SETBACK

(From Our Own Correspondents)

BOMBAY, 13th July

THE firm trend noted on the Bombay Stock Exchange last week abated during the week under review. In fact, the market ruled distinctly easy, almost all counters suffering a distinct setback to values. The sentiment of operators was depressed notwithstanding news of promising corporate results. For the current discussions between Mr. Peter Thorneycroft, British Minister for Aviation, and Government of India officials at New Delhi about the U.K.'s move to join the Commom Market acted as a great damper. The general apprehension of market circles appeared to be that the exports of cotton textiles, jute goods and other products would be hit by U.K.'s participation in the Common Market. Disappointment was expressed over the report that the Centre was not inclined to accept the plea for higher retention prices of steel. The uncertainty regarding the prices of cement, paper, and other commodities and the fear that the authorities might not permit any increase in their prices also chilled the enthusiasm of operators. To add to these, there were reports of widespread floods in several regions which, it was thought, would adversely affect the working of industrial establishments. Consequently, selling was quite pronounced and equities drifted downward. The undertone of the market was weak.

In the steel section, the dividend announcement of Tata Steel was keenly awaited. Late in the evening today, the Directors of the Company announced a net dividend of Rs. 7.25 per share for the year ended March 1961, which compares favourably with Rs. 6.80 distributed in the previous year. Tata Steels opened at Rs. 164.75 as against the previous close of Rs. 166 and after a modest improvement to Rs. 165.75 due to short-covering, moved down to touch a low of Rs. 160.25 today. *The net loss over the week was Rs. 5.75.* Indian Irons receded from Rs. 28.15 to Rs. 27.60. Mukand Irons fell by Rs. 2.50 to Rs. 27.25 reflecting disappointment of operators over dividend which for the year ended March 1961 has been maintained at the previous year's level of 12 per cent subject to tax, as well as their concern at the acute raw material shortages, especially billets, faced by the Company. This Company and other firms like National Steel, Taj Iron and Krishna Steel have urged the Government of India to permit imports of the appropriate varieties of billets.

Textiles suffered heavy losses. Standards were hammered down by Rs. 88 to Rs. 1,360. In the cash section, Mafatlals receded by Rs. 37.50 to Rs. 875 on account of heavy bull liquidation. Centuries fell from Rs. 694 to Rs. 672. Khataus were subjected to liquidation by tired bulls and dropped Rs. 21.50 to Rs. 567.50. Morarjees fell by Rs. 18 to Rs. 428. Kohinoors by Rs. 17 to Rs. 301, Svadeshis by Rs. 11.50 to Rs. 268, and Shree Niwas by Rs. 10 to Rs. 261. Finlays lost Rs. 7 to Rs. 324. Gokaks shed a like amount to Rs. 185. Tatas eased by Rs. 4 to Rs. 66.50. Simplex were marked down by Rs. 15 to Rs. 200, despite the encouraging news that the Company had decided to give bonus shares in the ratio of one new share for every two shares held in lieu of the ordinary dividend and the report that the Company's gross profit had jumped up from Rs. 11.69 lakhs in 1959 to Rs. 34.78 lakhs in 1960. Podars slipped by Rs. 2 to Rs. 143. The Company has confirmed the earlier reports suggesting the increase of the issued capital by Rs. 10 lakhs by issuing 10,000 ordinary shares of Rs. 100 at par in the ratio of two new shares for every nine shares held. Central Indias declined by Rs. 3 to Rs. 126. B.R. Cottons shed an equal amount to Rs. 52.

Contrary to the general depressing trend of the market, bank shares ruled firm, thanks to better working results in the first half of 1961. Bank of Indias spurted by Rs. 4.50 to Rs. 132. The Directors have proposed an interim dividend of Rs. 4 for the year 1961, the corresponding dividend for 1960 being Rs. 3.75. Bank of Barodas gathered a rupee to Rs. 103. Union Banks made a fractional gain of 16 nP to Rs. 6.76. Central Banks put on 50 nP to Rs. 60. United Commercials, however, were easy and lost 20 nP to Rs. 91.

Sugars continued to be neglected. Belapurs were the weakest feature of the market and were hammered down by Rs. 18.50 to Rs. 246. Phaltans receded by Rs. 5 to Rs. 125. Walchandnagars lost Rs. 4.75 to Rs. 166. Only Kesar Sugars elicited keen enquiry and spurted by Rs. 12.50 to Rs. 220.

In the cement section the uncertainty regarding the Tariff Commission's recommendation for revising prices continued to depress sentiment. Associated Cements opened lower at Rs. 166.50, as against Rs. 167 last week-end, and drifted down in the subsequent sessions to finish at Rs. 162.75 today, showing a net loss of Rs. 4.25. Digvijays were neglected at Rs. 154, Bagalkots at Rs. 8.48, Jaipur Udyogs at Rs. 11 and Ashokas at Rs. 8.88. But Sone Valleys put on 20 nP to Rs. 4.80. Orissas gained 4 nP to Rs. 14.44.

Shipping shares encountered selling. Scindias moved down from Rs. 14.60 to Rs. 14.04, showing a loss of 56 nP. Great Easterns slipped by 48 nP to Rs. 14.04. In the automobile group, on account of heavy bull liquidation, Premium Automobiles were hammered down by Rs. 10.25 to Rs. 161. Hindustan Motors suffered a setback of 84 nP, today's closing rate being Rs. 22.24.

Rayon shares, too, were subdued. National Rayons opened lower at Rs. 570.50 as against the previous close of Rs. 571.50. After rising to Rs. 574 on Friday due to short-covering, they were subjected to selling pressure and moved down to Rs. 551. The net loss over the week was Rs. 20.50. South Indian Viscoses receded by Rs. 6 to Rs. 189. Gwaliors lost Rs. 3.50 to Rs. 51.50. Barodas eased by Rs. 3 to Rs. 137. The reported move of the Company to put up a plant for the manufacture of caustic soda with a capacity of 20 tons per day had no effect. Indian Rayons declined by Rs. 2 to Rs. 61.50.

Chemical shares encountered heavy selling. Indian Dyestuffs suffered a setback of as much as Rs. 53.75 to Rs. 480. There was disappointment over the dividend of 6 per cent for the year ended 31st March 1961, same as in the previous year. At the current market price, the share gives a poor yield of less than one per cent (net). Amar Dyes were hammered down by Rs. 23.75 to Rs. 358.75. Colour Chems dropped Rs. 12.50 to Rs. 355. Alembics were done at Rs. 246.25 *ex-div.*, showing a net loss of Rs. 2.70 over the week. Dhrangadhras shed a rupee to Rs. 110. Tata Chemicals lost 84 nP to Rs. 19.08. But Polychems gathered Rs. 5 to Rs. 215 on news of a higher dividend of 15 per cent taxable for the year ended 31st March 1961 as against 11 per cent paid in the previous year.

A sharp drop of Rs. 25 to Rs. 356 in the quotation for Telcos was the feature of trading in the engineering section this week. Alcocks encountered selling and receded by Rs. 18 to Rs. 272. Larsen and Toubros lost Rs. 4.50 to close at Rs. 37.50. Copper Engineerings eased by Rs. 3.50 to Rs. 175. New Standards were lower by Rs. 3 at Rs. 190. Kamanis shed 72 nP to Rs. 16.52. Jyotis were hammered down by Rs. 11.00 to Rs. 175. But T. Maneklals attracted excellent attention and forged ahead from Rs. 525 to Rs. 600. Josts gained Re. 1.50 to Rs. 96. Mahindras put on 40 nP to Rs. 19.64.

In the miscellaneous section, Bombay Burmahs retreated from Rs. 623.50 to Rs. 606. Voltas suffered loss of Rs. 11 to Rs. 286. Ceat Tyres eased by Rs. 5 to Rs. 12.50. Escorts slipped by 88 nP to Rs. 24.12. Killicks shed 50 nP to Rs. 98.50. Indian Hume Pipes and Bombay Oxygens were dull at Rs. 178 and Rs. 60. respectively. But Wimcos gained Rs. 2.50 to Rs. 268 on special support. Permanent Magnets put on a rupee to Rs. 87. Isaac Holdens gathered a like amount to Rs. 19.24.

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Madras Stock Exchange

MADRAS, 12th July

There was all-round improvement in equity values during the week under review, thanks mainly to good investment support induced by favourable corporate news. Operators welcomed the decision of the Madras Government to accept in principle the scheme put forward by a group of industrialists to set up a 60,000-kw. thermal power plant in Madras, with British collaboration. Higher levels, no doubt, attracted some profit-taking, but the closing prices were still higher, as compared with those a week ago. New Delhi reports suggesting possibility of further control on speculation did not have any effect. Textiles came in for good attention, following the decision of the State Government to supply additional electric power to all textile mills for third-shift working. Plantation shares were also quite strong, despite reports of damage to some plantations as a result of recent floods. Coffees and rubbers were fully steady, although operators felt that the awards of wage boards for these two industries, constituted recently, might ultimately raise the wage bill of plantations. Teas were well maintained. Investors were inclined to feel that exports of tea from India to Britain, the largest importer of Indian tea, might not be affected as a result of the U.K.'s entry into the Common Market, in view of the repeated assurances regarding the safeguarding of Commonwealth interests. Sugars were well sought after on hopes of better prospects for sugar exports. There were good inquiries for select bank and electrical shares. The miscellaneous section ruled strong.

Textiles were well supported. Metturs advanced by Rs. 12 to Rs. 382 *ex-div.* Coimbatore Cottons rose by Rs. 6.75 to Rs. 182. South India Viscose rallied from Rs. 189 to Rs. 198, before closing at Rs. 195. Lakshmis put on Rs. 3.50 to Rs. 174.50. Buckinghams scored a gain of Rs. 3 to Rs. 230. Coimbatore Spinnings gathered Rs. 2.50 to Rs. 53.50. Dhanalakshmis and Premiers improved by Rs. 2 each to Rs. 241 and Rs. 287, respectively. Travancore Rayons hardened by 65 nP to Rs. 38.50 *ex-div.* Radhakrishnas strengthened by 60 nP to Rs. 33.75, Loyals by 50 nP to Rs. 43 and Kotharis by 10 nP to Rs. 12.60. Bangalore Woollens were fully steady at Rs. 205, Cannanores at Rs. 167.50 and Janardanas at Rs. 72.50. Maduras rose from Rs. 38.10 to Rs. 38.40 initially, but declined subsequently to Rs. 37.75.

Among teas, Devasholas rose by 30 nP to Rs. 30.05 *ex-div.* Kil Kotagiris picked up 13 nP to Rs. 4.80. Periakaramalais put on 12 nP to Rs. 3.97, following the announcement of a final dividend of 12½ per cent, making a total of 20 per cent for the year ended March 1961, which compares with 13½ per cent for the previous year. Peermades improved by 12 nP to Rs. 22.60. Nonsuchs were fully maintained at Rs. 28.20. Parksides at Rs. 29.57 and Haileyburias at Rs. 14.85. Blue Mountains, however, shed 5 nP to Rs. 3.23. Neelamalais declined by 2 nP to Rs. 3.93.

In the coffee section, Consolidated Coffees increased from Rs. 21.80 to Rs. 22, but finished lower at Rs. 21.85, with a net gain of 5 nP. Ouchterlony Valleys were firm at Rs. 3.72. Cowcoodys changed hands at Rs. 4.71. Rajendras at Rs. 12.12 and Balanoors at Rs. 16.30. Coffee Lands, however, receded by 27 nP to Rs. 18.60.

Among rubbers, T.R. & Ts elicited good support, and moved up by 15 nP to Rs. 9.95. Mercaras hardened by 10 nP to Rs. 8.30. Cochin Malabars rose by 4 nP to Rs. 7.87. The Directors of the Company have announced a final dividend of 11 per cent, making a total of 20 per cent for the year ended February 1961, as against 17½ per cent distributed in the previous year. Malankaras were steady at Rs. 18.75, as also Midlands at Rs. 11.75, and Travancores at Rs. 10.37.

Sugars were generally quite active. Cauverys were marked up by 50 nP to Rs. 130. Indias strengthened by 42 nP to Rs. 12.77. Deccans picked up 5 nP to Rs. 13.85. United Breweries were fancied at Rs. 104, Mysores at Rs. 57.75 and Travancores at Rs. 10.20. East India Distilleries, however, lost 75 nP to Rs. 41.75, notwithstanding the announcement of an interim dividend of 7-1/7 per cent for the year ending September 1961.

Among miscellaneous industrials, India Cements rose from Rs. 6.68 to Rs. 6.72 before closing at Rs. 6.70. Andhras were well maintained at Rs. 9.95, Orissas at Rs. 14.40 and Travancores at Rs. 7.68. Travancore Chemicals rose by 55 nP to Rs. 18.65. Metturs were a shade better at Rs. 14.63. Mysore Chemicals and Mysore Fertilisers were held firm, the former at Rs. 24 and the latter at Rs. 11.55. But F.A.C.Ts shed 6 nP to Rs. 12.04. Among others, Textools advanced by Rs. 2.50 to Rs. 185. Aluminium Industries improved by 22 nP to Rs. 23.57. Ashok Leylands gathered 21 nP to Rs. 9.09. India Steel Rollings gained 10 nP to Rs. 10.85. Western India Plywoods were steady at Rs. 229 and Tube Investments at Rs. 265.

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Calcutta Stock Exchange

CALCUTTA, 12th July

Following interested support, steadier conditions were in evidence on the Calcutta Stock Exchange during the week under review. Shortage of good scrips and publication of good corporate news were the factors which aided sentiment. Resistance to selling, brokers said, sprang from the belief that, as development gathered momentum and inflation increased, share prices would definitely go up. The capital gains tax is also a restraining factor against selling. At one time Bombay's dull reports, caused by reports that the Government proposed to take steps to curb speculation, imparted a weakening trend here, but, since offerings were limited, losses were difficult to be felt. Market circles thought that, since the number of transactions had shown a perceptible tendency to fall recently in view of greater institutional support, the above rumours would be baseless. Activity around Indian Irons continued, inspired on hopes of an imminent announcement of higher steel retention prices, although the more shrewd among investors would hardly expect a higher dividend on this score. If as many features as usually record did not take place in miscellaneous industrials, it was due to the difficult foreign exchange situation and apprehensions of a cut in maintenance imports. The fear that shortage of power and essential imports such as steel, which affected certain units last year, would again be reflected in the current accounting period resulted in a diminution of interest in engineerings, while coals looked forward since the World Bank loan would ensure for the industry sufficient imports of mining equipment for development.

UNITED WIRE ROPES LTD.

The public issue of the United Wire Ropes Limited, Bombay (Chairman: Mr. Murarji R. Vaidya), which proposes to set up a steel wire rope plant at Thana near Bombay, will open for subscription on Monday next. The issue is of the order of Rs. 27.50 lakhs, divided into 22,500 equity shares of Rs. 100 each and 5,000 9½ per cent cumulative redeemable preference shares of Rs. 100 each. This represents half the total issued capital of Rs. 55 lakhs. Of the other half, the Life Insurance Corporation of India has agreed to take up 5,000 equity shares and 5,000 preference shares, thus subscribing Rs. 10 lakhs to the Company's capital. The remaining amount of Rs. 17.50 lakhs, all in 17,500 equity shares, will be subscribed by the promoters, directors and their friends and associates. The entire public issue, it may be noted, has been underwritten by the L.I.C., the Investment Corporation of India Ltd. belonging to the House of Tatas, and several other prominent brokers and underwriting firms.

A sum of Rs. 25 per share is payable on application and an equivalent amount on allotment. The balance will be called up in two equal instalments subsequently.

The wire ropes which the Company intends to manufacture will, it is stated, command a good market. According to the estimates of the Planning Commission, the demand for wire ropes by the end of the third Plan will be about 40,000 tons per year. With the rapid growth of industries, particularly the spectacular advance which is taking place in mining and development of petroleum industry, the demand for wire ropes for haulage, mining, shipping, ropeways, lifts, cranes is expected to increase considerably. The Company is also likely to receive a big order from the Government of India for special type of wire ropes required by the fishing industry. Such wire ropes are not being currently manufactured in India by the existing two units.

NEWS IN BRIEF

THE Government of Bihar proposes to set up a Rs. 4-crore low temperature coal carbonisation plant at Chota Nagpur during the third Plan period.

A sago delegation (leader: Mr. B. Srinivasa Rao), sponsored by the Government of Madras, will visit Singapore and Malaya shortly to study the sago industry in these countries.

A test of oil recently struck in Gujarat, conducted by a local firm, revealed that the oil was found to contain no sulphur, according to Dr. Jivraj Mehta, Chief Minister of Gujarat.

The retention price of cement manufactured by Travancore Cements Ltd. has been raised from Rs. 80.50 to Rs. 82.60 per long ton in order to compensate for the implementation of the Wage Board's proposals.

The Government of India has decided to extend the procedure for export of goods under claim for rebate of duty on the excisable contents thereof to utensils and other articles of copper and copper alloys. It has also decided to permit the manufacture in bond of the above articles for the purpose of export.

A project for erecting a 60,000-kw. capacity power plant in North Madras, sponsored by a group of industrialists with British collaboration, has been accepted in principle by the Madras Government. According to the present plan, power will be made available by 1963. The initial outlay on the project is estimated at Rs. 5 crores, a part of which will be contributed by the Madras Industrial Investment Corporation.

The storage capacity of foodgrains will be increased from 2.5 million tons to 8.6 million tons during the third Plan period, according to Mr. Shriman Narayan, Member, Planning Commission. The capacity of the Central and State Government Warehouses will also be increased from 350,000 tons to 1.6 million tons, and that of co-operative marketing societies and primary societies from 800,000 tons to 2 million tons.

The U.N. Special Fund has decided to grant $1.44 million to the Indian Government to meet a part of the $8.10 million National Aeronautical Research Laboratory to be built at Bangalore. The amount will be utilised to buy the equipment required for the transonic, supersonic and hypersonic wind tunnels, the air-storage and wind-power system, instrumentation and computation laboratories and auxiliary research facilities.

A 12-member productivity team on textiles (leader: Mr. S. N. Hada), sponsored by the National Productivity Council, left for Russia on the 6th inst., at the invitation of the Soviet Government. The team will make an extensive study of the factors and conditions governing productivity and the various incentive schemes introduced in both Russia and Czechoslovakia with a view to speeding up production. The team is expected to stay for 40 days in Russia and 10 days in Czechoslovakia.

The Government of Maharashtra has accepted the recommendations of the National Co-operative Farming Advisory Board and the Union Government in respect of co-operative farming societies. Accordingly, the membership of a co-operative farming society will be not less than ten, with a minimum area of 50 to 60 acres for *"jirayat"* land and 36 acres for irrigated land. The total landholding of a member should not exceed the ceiling fixed under the tenancy legislation. Provision is to be made for encouraging the establishment of industries allied to agriculture.

The Advisory Committee of the Coal Mines Labour Welfare Fund has approved the grant of loans and subsidies from the Fund to co-operative credit societies and co-operative consumer stores, in colliery areas. The object is to make alternative sources of cheap credit available to workers and meet their day-to-day requirements, at prices lower than those charged by shopkeepers. This will also help in correct weighment and supply of unadulterated articles. The Committee has also approved in principle the third Plan of the Fund involving an expenditure of Rs. 13.11 crores.

The first inland petroleum storage depot set up at Nagpur in Maharashtra State by the Government-owned Indian Oil Company (I.O.C.) was formally commissioned on Tuesday this week. It will help deliver vital oil products to consumers in large areas surrounding Nagpur with "speed, efficiency and at very competitive prices." The Nagpur depot is the fifth inland oil storage and dispensing installation to be set up in India by the I.O.C. Other such depots are now functioning at Ahmedabad and Baroda in Gujarat and at Indore and Ratlam in Madhya Pradesh. Work is now apace to set up similar depots at nine other places in Maharashtra, namely Poona, Amraoti, Sholapur, Akila, Manmad, Kolhapur, Chanda, Belapur and Nasik. The I.O.C., it is stated, will sell kerosene primarily through co-operatives, while it will market diesel oil through private traders.

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From Abroad

Canada's House of Commons has passed the Bill which seeks the removal of Mr. James Coyne, Governor of the Bank of Canada. The Bill now goes to the Senate.

Imperial Chemical Industries, U.K., is to set up at Ikeja in Lagos, Nigeria, a £500,000 paint making plant as well as a plant for the production of weed and pest killers on a nearby site.

The Governments of Pakistan and the Soviet Union have signed an agreement under which Pakistan will receive from Russia equipment and services of experts for oil and gas exploration in the public sector.

Laos has become a member of the International Monetary Fund and the World Bank. Its quota in the I.M.F. is $7.5 million and subscription to the capital stock of the Bank is 100 shares with a total par value of $10 million.

Three more airlines, namely, Air Guinee of Conakry, Air Mali of Bamako and Trans Atlantica Argentina of Buenos Aires have joined the International Air Transport Association. The I.A.T.A. now has 92 members.

The United Arab Republic has nationalised the biggest privately owned shipping company, the Khedival Mail Line. The company's vessels link Egyptian ports with the ports of Eastern Mediterranean countries. It operates eight vessels at present.

The U.S.A. and the U.S.S.R. have agreed to hold talks starting from the 18th inst. on a direct New York-Moscow commercial air route. The establishment of such a route will provide the first direct air link between the two countries.

The American Independent Oil Company has a scheme for erecting an oil refinery in the Federation of Southern Rhodesia with a capital investment of £13 million. The refinery is expected to go into production by the end of 1963.

About 7,757 enterprises in West Germany have contributed a total of DM 1,180 million to be used as development aid. The share of industry alone is as much as DM 935 million. Banks and insurance companies have contributed DM 100 million each.

The Union of Burma Shipping Board, a State-owned enterprise operating five steamers on coastal service and between Burma, Pakistan, India, Malaya and Singapore, will be dissolved at the end of this month, as the Board has been incurring loss ever since its inception in 1952. The actual loss last year was Rs. 54 lakhs.

A 7.5 million sterling Anglo-U.A.R. trade level deal was signed at Cairo on the 9th inst. The U.K. has undertaken to sell ships, planes, fertiliser plant and heavy textile machinery in exchange for £2.5 million worth of Egyptian cotton from the 1961-62 crop. The agreement is for one year with payments spread over a period of five years financed by Close Brothers, London Merchant Bankers.

PERSONAL

MR. M. C. Chagla, till recently Indian Ambassador to the U.S., returned to Bombay on Sunday this week.

Mr. Himchand K. Shah has been elected President of the All-India Non-ferrous Metal Industries Association for 1961.

Mr. S. K. Patil, Union Minister for Food and Agriculture, returned on the 9th inst. after a tour of Soviet Russia, U.S., U.K., and the Continent.

Mr. N. M. Wagle, President of the Bombay Chamber of Commerce, has been elected President of the Maharashtra Economic Development Council for the year 1961-62.

Mr. George Ferdinand Duckwitz, head of the Western Division, Foreign Office, Bonn, who has been appointed Ambassador of West Germany to India, has arrived at New Delhi.

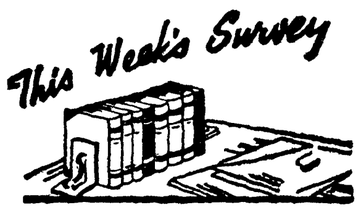
Mr. Nicola and Mr. Charles Maclennan, two experts of the World Bank, arrived in Bombay last week on a six-week tour of the country to examine and assess the progress of projects financed by the World Bank.

Mr. Ramdas Kilachand has been elected President of the Bombay Oilseeds and Oils Exchange Ltd. for the current year. Mr. Chanulal Kasturchand and Mr. Gokalchand J. Agrawal have been elected Senior and Junior Vice-Presidents, respectively.

Mr. Gordhandas Jethalal Shah, Mr. Chhotalal Kushaldas Joshi and Mr. Mohanlal Hargovindas Shah have been elected President, Senior Vice-President and Vice-President, respectively, of the Bombay Metal Exchange Ltd., for the current year.

Mr. L. K. Jha, Secretary, Economic Affairs Department, Government of India, has been appointed a Director of the State Bank of India *vice* Mr. K. P. Mathrani, who has assumed charge as the Chairman of the Industrial Finance Corporation of India.

Dr. S. Bhagavantam, Director of the Indian Institute of Science, Bangalore, has been appointed Honorary Scientific Adviser to the Defence Ministry in place of Dr. D. S. Kothari, who has become the Chairman of the University Grants Commission.



CZECHOSLOVAKIAN AID FOR MACHINE BUILDING

CZECHOSLOVAKIA, which was renowned for its heavy and light industries even in pre-war years, has made further progress in heavy industrialisation under Communist planning. So great is this progress that the country now occupies the third place in the world—after the U.S. and West Germany—in the production of machines (measured by the consumption of steel) *per capita*. It is also claimed that Czechoslovakia produces more than half a million types and sizes of machines, representing four-fifths of the total number of machine types and sizes in the world. If accessories and spares are taken into account, as many as one million different engineering products are being produced in the country. Having thus changed the structure of its industry in favour of engineering, Czechoslovakia is now changing the structure of the engineering industry itself in favour of heavy engineering. It may, therefore, be expected that this Communist country will make a determined bid to export machines and equipment on a larger scale than hitherto. Already it is a major exporter of machines, occupying the ninth place—after the U.S., West Germany, Great Britain, U.S.S.R., France, East Germany, Italy and Japan—in such exports which, in the 1956-60 period, aggregated $900 million. Already, again, Czechoslovakia has developed its trade with the developing countries in such a way as to pay for its imports from these countries with machines to the extent of about 75 per cent. It is not also surprising that developing countries, with their insatiable hunger for machinery and equipment, have turned to Czechoslovakia for a part—as yet comparatively small—of their requirements of heavy and light machinery. India, too, has turned to this source for the supply of heavy machinery and equipment for four of its heavy industry projects in the public sector.

But the Indo-Czech agreement covering the establishment of these plants is much more than a trade agreement. It is, on the contrary, an agreement covering aid for and collaboration in the setting up of the relevant projects in the third Plan period. The long-term credit that will be extended by Czechoslovakia for the major purpose of supplying machinery and equipment will amount to a total of Rs. 40 crores. At the same time, Czechoslovakia will collaborate in the establishment of the four heavy industry units by providing the technical know-how for their erection and production.

The projects covered by the agreement will all be in the public sector. The first of these is the Foundry Forge Plant which will be set up at Ranchi (Bihar) in three stages with ultimate annual production capacities of 46,600 tons of grey iron castings, ingot moulds and rolls, 88,382 tons of steel castings, rolls and ingots and 32,954 tons of forgings. The maximum piece weight will be 100 tons in the case of grey iron castings, 90 tons in the case of steel castings and 30 tons in the case of forgings. Such heavy castings and forgings will be mainly used as semi-products in the Heavy Machine Building Plant and the Heavy Machine Tool Plant, both at Ranchi in the public sector; they will not, therefore, be available on any substantial scale for the machinery manufacturing units in the private sector. The second project, namely, the Heavy Machine Tool Plant will also be located at Ranchi, with an annual capacity of 10,000 tons of heavy machine tools like lathes, horizontal boring machines, radial drilling machines, grinding machines, and so on, in the first stage and 20,000 tons in the second stage.

The Heavy Power Equipment Plant, for which the site is yet to be finally selected, is the third project figuring in the agreement. It will produce steam turbines and alternators with an output of 12,000 kw. and 25,000 kw. and its annual capacity, after the completion of the first stage, will be 620,000 kw. (10 pieces of turbines and 10 pieces of alternators with an output of 12,000 kw. and 20 pieces of turbines and 20 pieces of alternators with an output of 25,000 kw.), besides some capacity for producing condensate extraction pumps, cooling pumps, water-jet air pumps and feed pumps. And it will be designed for possible expansion so as to double the annual production capacity and for the manufacture of steam turbines and alternators of 60,000 kw. capacity in the second stage. The fourth project, namely, the High Pressure Boiler Plant, for which, too, the site is yet to be selected, will produce, in the first stage, high pressure boilers of the capacity of output from 125 tons/hour to 330 tons/hour and valves and fittings. Its annual capacity will be equal to the production of 12 high pressure boilers, with an average output of 200 tons/hour and 2,435 tons of valves and fittings. This plant, too, will be designed in such a way that its capacity could be doubled in the second stage. All the four projects, it may be reasonably hoped, will be established according to schedule during the third Plan period by the experienced heavy machinery manufacturing country that Czechoslovakia is. There can be no gainsaying that these four projects, which are in the category of basic industries, will impart further strength to India's industrial base in both the sectors—public and private.

REPORT ON COMMERCE EDUCATION

The suggestions contained in the report of the special committee for Commerce Education (Chairman: Dr. V. K. R. V. Rao), which submitted its report on the 5th inst., should prove quite useful in evolving a sound and reasonably uniform system of commerce education suited to the needs of our developing economy. The sixteen-member committee, it may be recalled, was appointed in 1958 by Professor Humayun Kabir in his capacity as Chairman of the All-India Council for Technical Education, for enquiring into the position of commerce education in all its aspects and suggesting measures for its reorganisation and improvement. The recommendations of the Committee have been made after a fairly comprehensive inquiry and they cover an extensive field ranging from elementary diploma courses to B.Com. and M.Com. degree courses and specialised courses in business administration like the M.B.A.

There will be a wide measure of agreement over the Committee's approach towards the underlying objective of commerce education, which should be to provide the student with such knowledge as would make him interested in the practical affairs of the economy of the country and enable him to acquire the initial equipment for making himself serviceable for that purpose. As the present-day economy requires both general executives and specialist officers, the Committee feels that the aim of commerce education should be to help in providing the equipment that would be useful for these twin purposes. While the aim of education in arts and science, the report rightly states, is primarily liberal, commerce education has also to satisfy, in addition, the expectation that is entertained of it, namely, that it should specifically equip the student for employment in commerce and industry.

The Committee, however, is opposed to making the B.Com. course purely vocational. Although it does not approve of the present tendency of an indiscriminate combination of vocational and liberal subjects included in that course, the Committee is of the view that the B.Com. course should be so revised as to give the student a more liberal education, more opportunity for the cultivation of logic and intelligence, more adequate grounding in the basic commerce subjects and also opportunity for obtaining a better command over expression and exposition in both English and a regional language. Whether the kind of reorientation suggested by the Committee would achieve the aforesaid aims and whether it would be superior to the existing amalgam of vocational and liberal subjects, could be judged only when the detailed scheme of subjects is published.

One result of the recommendation of the Committee would be that specialisation in banking, accountancy, actuarial science, etc., could be done only at the post-graduate stage, that is, at the M.Com. level. Here it has appropriately recommended that facilities should be provided to graduates in commerce, who are employed and have at least three years experience, for studying M.Com. in the evening, in areas of commercial and industrial importance. The other two suggestions of the Committee pertaining to the institution of a two-year national diploma course in commercial practice after the S.S.C. class and the incorporation of the business administration course as a separate discipline in the university are also calculated to meet the requirements of industrial and business houses for trained clerical, supervisory and higher executive cadres. The Rao Committee has also done well in opposing the suggestion of the Secondary Education Commission that commerce education should be introduced in the ninth class. The Committee's insistence that commerce as a group should be taught in the eleventh class and should consist only of commercial geography and the elements of book-keeping at that stage shows a better grasp of the need for imparting a strong basic foundation in elementary knowledge to every student at a stage when he can take it and before he starts specialising for a vocation or a profession.

EXPORTS OF MANGANESE ORE

The World Trade Department of the Indian Chamber of Commerce, Calcutta, has urged the Government of India to reorient its policy on exports of manganese ore in such a way as to restrict the activities of the State Trading Corporation and permit the private sector to maintain, if not augment, the export of this commodity. This plea is contained in a study on the overseas "*Markets for Manganese Ore*," just issued by the Chamber. It is common knowledge that India's exports of manganese ore have suffered a setback, following the intervention of the S.T.C. in the export trade from July 1956. Although the professed objectives of the S.T.C.'s intervention, namely, prevention of fragmentation of holdings and facilitating bulk movements, were apparently well conceived, in actual practice the Corporation has miserably failed to achieve these objectives. This has resulted in heavy loss of foreign exchange to the country. Earnings from the export of manganese ore fell from as much as Rs. 32 crores in 1957 to about Rs. 13 crores by 1959. There was, of course, a slight improvement in 1960 from this rockbottom level with exports at about Rs. 14 crores. As compared with 1957, shipments to all the major markets declined. The offtake by the U.S. was lower at Rs. 6 crores in 1960, as compared with Rs. 16 crores in 1957. Similar disquieting features have been in evidence in exports to the U.K., Japan, France, and other West European countries.

The following table shows the country-wise picture of exports of manganese ore from India since 1957:

(Value in lakhs of rupees)

	1960	1959	1958	1957
U.S.	606.26	573.39	730.37	1,459.85
U.K.	199.32	167.75	167.74	304.58
Japan	184.14	204.31	118.55	215.94
France	121.34	145.78	156.65	461.24
Czechoslovakia ..	58.60	28.33	40.01	16.32
West Germany ..	27.44	30.54	64.77	43.73
Belgium	31.04	10.62	55.44	148.35
Yugoslavia ..	28.00	12.03	21.91	14.33
Netherlands ..	18.40	67.57	102.31	195.49
Sweden	11.04	5.27	9.95	10.89
Total ..	1,399.60	1,274.17	1,658.44	3,192.91

Of course, in fairness to the S.T.C., it should be said that there were several factors, besides its own mismanagement, that led to the debacle in the manganese ore export trade. U.S. purchases, for instance, had been steadily declining since 1953, that is, even before the S.T.C. came into being, due, in some measure, to the fall in steel production in that country and the decline in the offtake for stockpiling. Besides, the U.S. turned to its neighbour, Brazil, for regular supply. Brazil's share in the U.S. market rose from only 5 per cent in 1953 to 25 per cent in 1959, thereby making it the largest single source of U.S. imports of manganese ore. This switch was necessitated by the difficulties experienced by the U.S. importers and consumers in getting regular and adequate supplies. The uncertainty created in India's supply of ore by the fluctuating export duties and quantitative restrictions on exports acted as a further disincentive to the U.S. buyers. Owing, more or less, to these factors, the U.K. also found a better supplier in Russia, and Japan in Australia and Indonesia.

The increasing competition in world markets did affect the prospects for India's exports of manganese ore to some extent. But, if the export trade had not been bogged down by Government intervention, the more enterprising sections of export business would have met the challenge. But the S.T.C. has only "made bad worse," according to a recent study on this organisation by the Economist Intelligence Unit, London. The latter has pointed out glaring instances of the S.T.C.'s technical incompetency, disregard for contractual obligations, delay in delivery and, above all, inadequate inspection of quality of exports. Based, as it was, on interviews the E.I.U. staff had with importers of India's manganese ore in various countries, the study stresses that "the S.T.C. has a bad reputation among importers in the major consuming countries." It adds: "If it (S.T.C.) does not improve its performance, it will lose India more trade." The E.I.U.'s study, which is factual and objective, is not based on hearsay. It is prepared to quote "chapter and verse" to prove its criticisms. If the Government persists in imposing the S.T.C. on the export trade in manganese ore, even after finding it unsuitable for the work, it will be acting not on economic considerations but on politically-inspired doctrinaire policies.

Apart from eliminating the S.T.C.'s tentacles from the trade, there is need for bringing down the price of Indian manganese ore, for it does not compare well with that of its major competitors. At present, the price of Brazilian and South African product (46-48 per cent ore) is quoted in the U.S. port at $34.50 per ton on c.i.f. basis, as against $38 for the Indian product. The Indian Merchants' Chamber feels that the price of the Indian product can be brought down if the heavy incidence of railway freight, port charges, etc., are reduced by at least 50 per cent. Another important suggestion made by it is that, in order to improve the productivity of their mines, mine-owners should be permitted to import machinery and spare parts against their earnings of foreign exchange. It may be noted here that, a few days ago, the Government announced a scheme of this sort, seeking to allow 5 per cent (10 per cent in special cases) of the export earnings for importing mining machinery. This has fallen far short of the expectations of trade. Five per cent is regarded as too negligible a share to be of any significance in importing costly mining equipments. The mine-owners feel that they will be fully justified in asking for at least 25 per cent of export earnings to be set apart for importing the machinery needed by them.

TRAINING PERSONNEL

An important lesson taught by the history of economic development in Western countries is that the progress achieved would not have been so phenomenal but for the utmost attention paid to the training of technical personnel of all grades and skills. It is true that, in India, too, the first and second Five-year Plan periods (1950-60) have witnessed a notable expansion of facilities for technical education, the number of engineering colleges having risen from 61 (total annual intake of 4,256 students) in 1949-50 to 86 (13,165 students) in 1960 and polytechnics from 81 (5,900 students) to 197 (24,020 students). But there is still considerable dearth of adequately trained persons in a number of fields, particularly in the engineering industries, the estimated requirements of engineering personnel in the third Plan being 45,000 graduates and 80,000 diploma-holders. The position is bound to deteriorate in the coming years, unless energetic action is taken from now alone simultaneously to improve the two basic forms of training personnel, namely, training at regular educational establishments and on-the-spot training in the processes of production. Mr. Humayun Kabir, Union Minister for Scientific Research and Cultural Affairs, certainly struck a note of realism when he declared, in his speech at the fourteenth annual meeting of the All-India Council for Technical Education held at New Delhi last week, that "we should take a long-range view of industrialisation and the training of the correct type of technical personnel in order to accelerate it." Alluding to the rapid advances of science and technology, as also to the changing ideas, beliefs and values, he urged that "we should plan for a system of technical education that is both vigorus and capable of meeting the challenge of new situations that can be but dimly visualised today."

There is, thus, an urgent need for a multi-fold approach to the problem of technical education: (a) expansion of existing institutions; (b) setting up of new ones; and (c) provision of greater and better facilities in research laboratories, technical Government organisations (such as those of the Ministries of Defence, Railways, Irrigation and Power, Transport and Communications, and Public Works Departments), and industrial establishments in both the public and private sectors for training additional personnel. All this will entail large-scale expenditure. The Planning Commission has done well, therefore, to step up the outlay on technical education from Rs. 60 crores in the second Plan to Rs. 141.38 crores in the third Plan; the first Plan outlay was no more than Rs. 20 crores. Of the third Plan outlay, States account for Rs. 71.38 crores. In regard to the Central sphere of technical education, the Commission has indicated a programme limit of Rs. 70 crores and a financial provision of Rs. 45 crores. Experts are of the view that, if the financial provision is restricted to Rs. 45 crores, it will be extremely difficult to carry out most of the programmes. Here is what Mr. Humayun Kabir himself said:

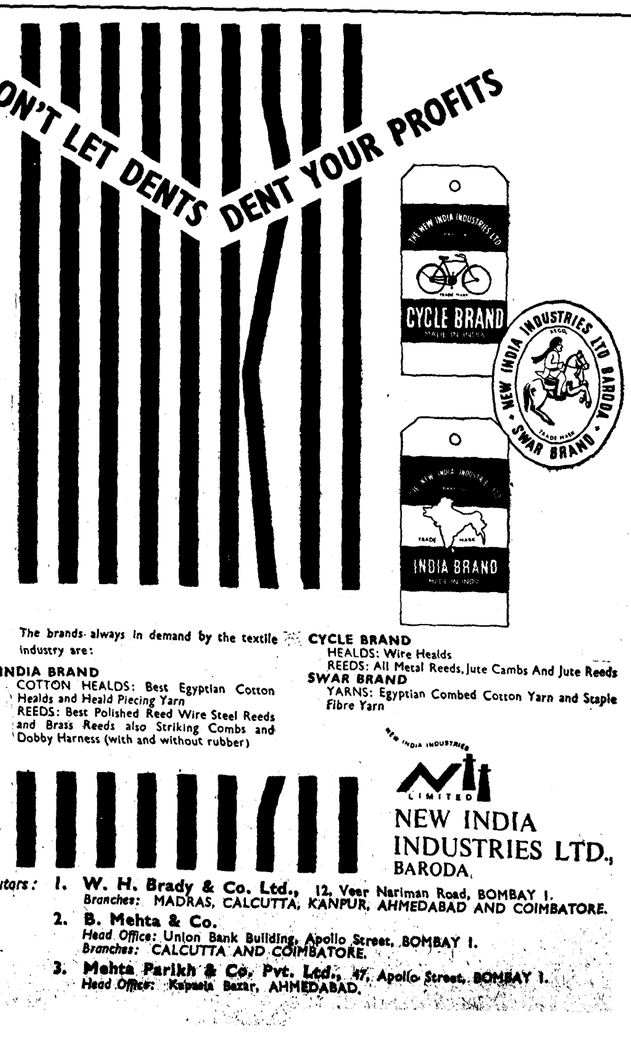
"The gap of Rs. 25 crores will cause difficulties in implementing the programme. I am not able to understand how there could be much a difference between the two figures. The reduction in Central provision will require drastic revision of schemes, especially in respect of phasing. It will mean that many proposed new institutions will have to be started in the latter half of the Plan period and scholarships for technical students reduced."

Mr. Kabir's view was widely shared by several members. Indeed, during the discussions, Dr. V. K. R. V. Rao plainly stated that the two sets of figures referred to above might be due partly to political reasons and partly to "ingrained delays and inefficiency in Government where sanctioned amounts could not always be spent." Whatever be the reason, the Planning Commission must raise the financial provision for technical education to Rs. 70 crores so as to be on a par with the programme limit.

Besides provision of adequate funds, steps should also be taken to remove certain disquieting features in the implementation of technical education scheme. The position in respect of the calibre of students admitted especially to polytechnics is said to be unsatisfactory. Not only are the students of a decidedly inferior quality but, in a number of cases, the seats are not being filled up. As a result, the wastage in polytechnics is high and the facilities created at considerable expenditure are not being fully utilised. Concern over this aspect was expressed by the Council which rightly recommended that a detailed investigation into the question of admissions to polytechnics should be carried out as a research project by a suitable agency and that, on the basis of this investigation, the future policy regarding starting of new institutions and the most effective way of utilising the existing facilities must be formulated.

Two other pertinent recommendations pertained to grant of sufficient foreign exchange for the purchase of equipment by the technical institutes and the reorganisation of polytechnic courses. Owing to difficulty of foreign exchange, several technical institutions are unable to obtain the equipment needed by them. Since technical education and training are directly related to development in industrial and other sectors, any lowering of standards due to lack of equipment will have serious repercussions on the development programmes. If the institutes are to maintain correct standards, they must equip themselves according to the prescribed standards. Further, as the Council stressed, the entire question of aims and objects of diploma courses, their contents and standards of education, etc., have to be examined in relation to the changing pattern of technical personnel in industry. It is for this purpose that the Council decided to constitute a special committee. The Council also approved of schemes for the establishment of 19 additional engineering colleges and 67 polytechnics, expansion in the capacity of existing ones, the setting up of a Central Institute of Printing Technology at a cost of Rs. 142 lakhs, and opening of three new centres for conducting courses in industrial and business management. It also commended for acceptance a uniform scale of fees charged by technical institutes.

The series of recommendations made by the Council will doubtless expand facilities for technical education. But the results actually obtained will depend to a great extent on the availability of teachers with requisite qualification and experience. As it is, there is an acute shortage of competent teachers and it is disquieting to learn that the situation is becoming more difficult because the measures suggested by the Central Government and the Council have not yet been fully implemented in the States. Surely, there is no exaggeration in the warning given by Mr. Kabir that, unless the existing institutions are adequately staffed, it will be futile, and perhaps harmful, to expand facilities for technical education at the present accelerated rate.



ON THE ARENA

By "Archer"

Houses For Middle-Class Families

WE see a great deal of house-building activity in almost all the major cities of India, though the pattern is not the same everywhere. Where there is limited land available, the accent is on raising vertical blocks of three to seven floors containing two to four flats on each floor, each flat being taken over on ownership basis, and the whole block being maintained and serviced by a co-operative society consisting of the owners. Where such congestion has not set in, and vacant land is still available, individual houses are springing up, each built to suit individual tastes and requirements, some with two or three bedrooms, and others with four or five of them, the former built on a single ground floor and the latter with a floor above. In Madras, for instance, many recently built houses for middle-class families have only ground floor accommodation, the smaller costing about Rs. 30,000 (exclusive of land) and others averaging from Rs. 40,000 to Rs. 70,000 each with fittings and flooring of inexpensive variety. But owners get tired and, in most cases, almost broke (both physically and financially) after completing the houses, the reason being that technical supervision of even the minimum type is costly and perfunctory, workmen are truculent and wayward, materials are difficult to obtain and never flow evenly, while their prices have not remained steady for more than three months at a time. Prices have been continuously on the increase since early last year. House-building has turned out to be a financially hazardous enterprise wherein the imponderables are far too many for anyone with limited resources. Many retired persons have built houses with the intention of living in them, but have eventually sold them, because estimates were exceeded, loans were obtained to complete construction, and amortisation of the loans broke their backs.

It seems to me that one way of easing the situation lies in evolving a "*Do it yourself*" method which will dispense with elaborate technical know-how, save in cost of labour and materials, and minimise the time involved. I have been picking the brains of some knowledgeable people in this regard and find that, in a modern house costing about Rs. 50,000, almost 25 per cent represents cost of labour (not including supervision), and the time taken is anywhere from nine months to one year; it would also seem that about 20 per cent of the cost of materials used could be saved, consistent with safety standards, if mass-produced prefabricated windows, doors, panels and roofing were used. The Mayor of Madras, who recently visited Soviet Russia, has stated, in an interview, that six workers were able to put up a multi-floor apartment in that country in twelve days by using prefabricated panels not only for walls but also for flooring. He visited a factory in Leningrad employing over 10,000 persons which manufactured these panels. The revolutionary feature in Soviet house construction was the minimum quantity of steel used. To us in India who have been embarking on a sort of *Bhagiratha's penance* for procuring scarce materials like steel and cement, not to mention sand and gravel for which lorry owners have to be propitiated and paid fantastic sums in advance, the easy way in which things are done in countries like the Soviet Union and the U.S. seem almost unbelievable.

Comparatively speaking, we in India have to provide for much less resistance to weather conditions than those in the West. All that we need is a good hard flooring which can be kept clean and termite-proof, and solid foundations well and truly laid. Most of us can make do with standard sizes of doors and windows for our tropical climate. In America, with the wonderful developments that have taken place in the versatile use of aluminium, hardboard and plywood, house-building is greatly simplified with readily available fabricated fittings. "Homart ensembles," supplied by Sears, Roebuck & Co. of Philadelphia, provide for every conceivable house-building requirement for living rooms, bedrooms, bathrooms and kitchens, while panel windows, door frames, railings and columns, all made of aluminium, doors and partitions made of hardboard, and tiles made of asphalt in various colours and designs, are available off the shelf for all standard requirements. Montgomery Ward of Chicago are also well-known suppliers of house fittings. If only house-builders in India will reconcile themselves to the use of standard sizes in doors and windows, and conform to some manner of type designs in house construction, a beginning could be made by enterprising engineering companies in our large towns to manufacture wall panels, door and window frames, doors and windows, floor tiles and sundry fittings; they can even provide technical advice and supervision for erection. When this kind of integrated enterprise is started on an organised scale, hundreds of middle-class people will be greatly benefited. Cement, asbestos, wood and small quantities of steel being the main raw materials required, such enterprises will be in a position to plan for a continuously expanding demand. (It will, however, be a far cry for aluminium for several years to come.) There is no dearth of engineering talent in the country for ventures of this type. Here is a field in which either sector, public or private, can embark on a profitable basis with a socially satisfying purpose. Standardised house-building schemes in several local areas in the United Kingdom have succeeded in lowering construction costs and contributing to middle-class welfare to a remarkable extent. Many such colonies of houses, fifty and more in number, each looking exactly like the other, are seen on the motorways in England, and stand out as monuments to a sensible way of middle-class living. Bourgeois vanity may look askance at such standardisation, but, then, vanity is an easy way of emptying the pocket; and, in these days of unpredictable inflation, when money gets disintegrated even in storage, should not some way be found to stop spending more than necessary on brick, mortar, steel and cement?

* * * *

Belated Praise In Madras

Madras has always been noted for its great parsimony in praising its sons. In fact, most of its scholars, scientists, professors, politicians and journalists have blossomed out in the past only after they went away from Madras in frustration, and have won laurels and recognition outside the State. Inside Madras, brilliance is occasionally feted only by a large Committee of Hosts, not by individuals, perhaps due to a reluctance to speak words of praise except in good company, wherein responsibility could be shared! A good write-up about a reputed person who has distinguished himself in the field of art, science or humanities, or in service to the country is a rare occurrence, and is, in most cases, posthumous. The saying that a prophet is not honoured in his own country has been very true of Madras for a long time. Some people think it is an indication of sobriety; perhaps so, but, to the extent that several very distinguished sons of Madras go away and do not wish to come back to contribute to its social or cultural life, it is a drawback.

It is, therefore, heartening to see that Mr. T. T. Krishnamachari's services to the cause of industrialisation of the country, in general, and Madras, in particular, has now been publicly acclaimed by the Madras Chief Minister and Industries Minister, when a portrait of his was unveiled under the auspices of the Small-Scale Industries Association last week. Mr. Krishnamachari was referred to as "The father of the Industrial Estates Scheme" in India, the protector of the handloom industry against unfair competition from textile mills, one of India's most intelligent statesmen, with a forthright manner and very firm in his decisions. And, with this very belated, yet full-throated and eulogistic praise of one of its brilliant men, Madras goes to rest with the conviction that it has discharged its duty.

It was recently announced on the authority of a senior journalist's interview with him (*vide Salivati Newsletter* dated 23rd June 1961) that Mr. Krishnamachari had decided to resign his seat in Parliament in October next, and will not stand for election again. It seems a pity, therefore, that he was praised for his firmness in sticking to decisions, for that would only make him more determined than ever to live up to his reputation! There are many like me who still feel that he should be persuaded, at the highest level, to change his mind, or that some way should be found to utilise his great talents for the good of the nation. There must be several people throughout this country, and particularly in Delhi, who remain indebted to him for many practical suggestions of timely wisdom, obtained by them in their enjoyment of his generous and delicate friendship, official and political, not to talk of personal. Do they still feel that, in the conventional working of democratic traditions, the country should continue to submit to so much sacrifice? For, indeed, it is the country that stands to lose by Mr. Krishnamachari's self-effacement, not he.

* * * *

"Buy Indian" To Aid India

In his foreword to a pamphlet, entitled *Trade and Aid to India*, published in Germany by the Foreign Service of Chambers of Commerce and Industry, Mr. P. Achutha Menon, our Ambassador in that country, is reported to have written:

"It is evident that the ability of a developing country to repay the financial assistance obtained from other countries depends, to a certain extent, on increased exports. A conscious effort by Germany to buy as much as possible of the products of India would perhaps be one of the most useful forms of development assistance."

The Ambassador has also pointed out that our country's need for German equipment and machinery will mean a certain imbalance in our trade with Germany for some time to come, but there is no reason for this imbalance to remain unremedied. He suggests that the Government of the Federal Republic might increase imports from India by inducing the Defence Ministry, the Railway Administration and other State-owned undertakings to place a part of their orders for equipments, outfits and clothes with Indian firms.

The suggestion is, indeed, practicable, at least insofar as textiles are concerned, because textiles are among the commonest items which Continental tourists pick up in India, of course, after careful selection. As we all know, the average German is a stickler for quality, and anything sub-standard is anathema to German businessmen. If a working arrangement could be evolved by responsible groups of Indian manufacturers, in consultation with Trade Representatives of the Federal Government stationed in this country, for assuring consistency in the maintenance of standard quality, there is no reason why enlightened Germans will not be prepared to implement the suggestion of the Ambassador to foster a two-way traffic in exports.

My arrangement with my milkman was that I should advance him money for buying a milch buffalo and adjust the amount towards his monthly milk bill in six instalments. It worked well over two transactions, but not after that, because he was very clever in diluting milk with water, and also starved the animal, so that the fat content in milk became negligible. Eventually, I stopped getting milk from him and switched over to the Government dairy supply; the repayment arrangement got spread over a period of eighteen months. I daresay my milkman was quite happy about the alteration of our mutual contractual obligations, because there were other customers who were less finicky about quality. But I have no doubt that his day of reckoning is not far off; when the Government dairy extends its operations and elbows out most milkmen, my man will come back to me whining for my custom or help to get rehabilitated. There is a moral in this story for our exporters.

Notice

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THE ORDINARY SHARE REGISTER AND Transfer Books of the Company will be closed from Saturday the 5th August, 1961, to Monday the 28th August, 1961, both days inclusive, for the purpose of payment in due course of dividend on Ordinary Shares in the Company for the year ended 31st March, 1961. The dividend when declared will be paid to those shareholders whose names appear on the Company's Register of Members for Ordinary Shares on the 28th August, 1961, or to their mandatees.

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Managing Agents.

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11th July, 1961.

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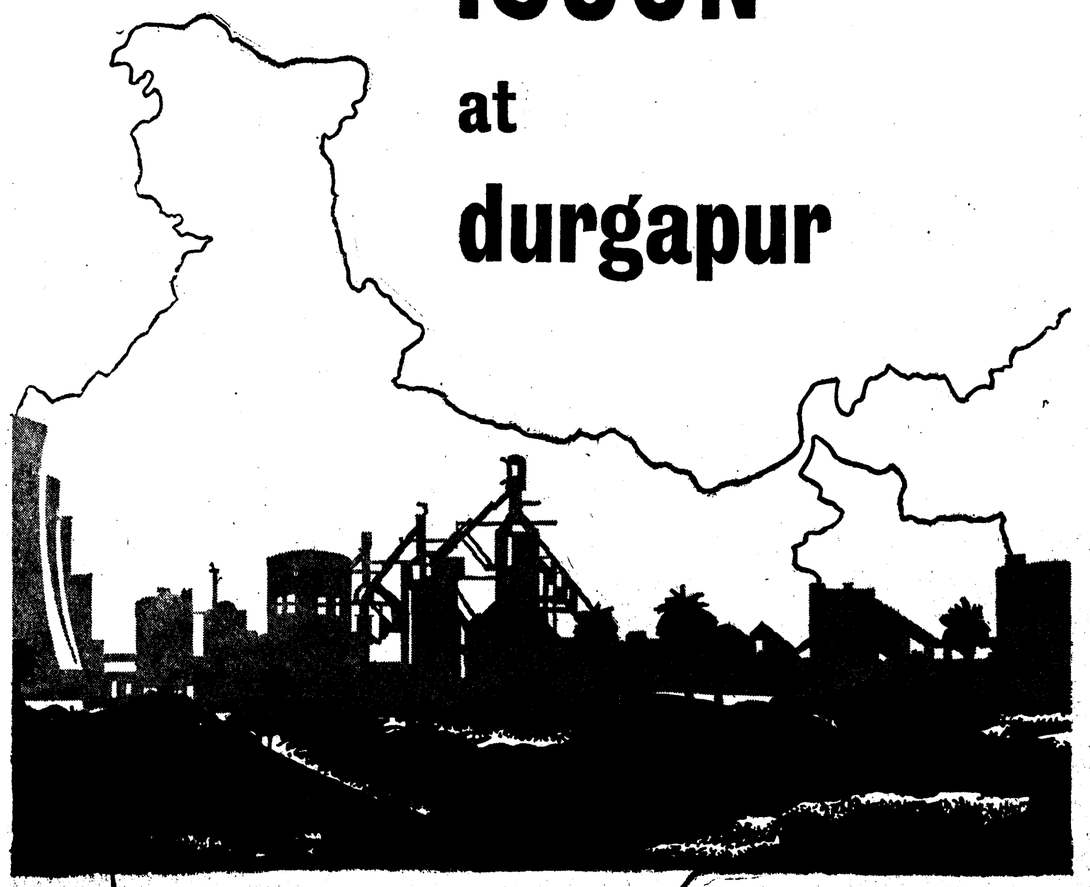

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FLOODS AND FLOOD CONTROL SCHEMES

IS PROVISION IN THIRD PLAN INADEQUATE?

From Our Special Correspondent

NEW DELHI, 11*th July*

THE season for floods has started earlier than usual this year. In Orissa, floods are becoming a regular feature at this time of the year, but, this year, they have been faced with imagination and prompt measures by the new State Government. For Madras and Kerala, the experience this year was unusual; it is long since the Cauvery posed a threat on so vast a scale as the one experienced this week, but, even so, the measures taken to prevent and close breaches and to provide relief to victims have been prompt. During the next three months, there may be more floods, especially in Northern India, and the question will be asked all over again as to what the Plan proposes to do about flood control. Kerala, for example, had reported last year that it had executed about nine schemes at a cost of Rs. 25 lakhs, but it is doubtful whether these had proved profitable. An annoying aspect of floods is that they generally threaten areas where they are least expected and safeguards are few.

DELHI LETTER

Hitherto, State Governments were sanctioning flood control schemes costing less than Rs. 10 lakhs each without detailed technical scrutiny at the Centre. Last year, it was decided to raise that limit to Rs. 100 lakhs to enable State Governments to take up more schemes on their own. The Draft Outline of the Third Plan had made a provision of Rs. 75 crores for flood control, drainage and anti-waterlogging measures; but the Plan had given—and rightly—a high priority for drainage and anti-waterlogging measures, since, otherwise, the benefits from irrigation projects would be neutralised. These schemes, when executed, had the additional merit of providing employment to unskilled workers.

Value in Doubt

When all this is granted, the value of flood control schemes will remain in doubt, in view of the unpredictability of the natural factors causing floods, except in areas where they occur almost year after year when river water levels rise beyond certain limits. The primary need is to establish a warning system which will reach in time the people living in areas liable to be affected. There has been some lack of vigilance in this respect during the Kerala floods. A second need is to co-ordinate the warnings and preventive measures to be taken by those in charge of irrigation dams. Kerala's complaint that the Periyar dam engineers of Madras had let out too much water causing danger to the towns on the banks of that river may have some substance, but it is obviously wrong to expect the dam authorities to regulate the flow in a way which might threaten the dam itself or deplete the dam far in advance of the rains when water supplies were inadequate and had to be conserved. This episode emphasises the need for co-ordination between the two States.

Rains in the catchment areas of the Cauvery and Periyar have been nearly double the normal levels, but, even so, the quick filling-up of the two major dams raises doubts whether enough attention was being paid to the sediment load in the rivers. Soil conservation schemes in the catchment areas could also have helped in reducing the extent of the damage.

The comprehensive national programme for flood control was launched in 1954 and, since then, 3,000 miles of embankments have been completed in various States; in terms of the protection given to agricultural land, about 6.2 million acres are said to have been benefited. About 51 towns and 4,280 villages are reported to have been protected but unless these areas can be identified and compared with the reports of flood havoc, it is not possible to determine the value of the measures taken. States have been revising their programmes in the light of the recommendations of High Level Committee on Floods and the Centre has asked them to prepare comprehensive plans for river basins.

Since complete protection against floods is hardly possible and financial resources are very limited to undertake ambitious schemes of flood control (as in the U.S.), the Centre should not remain content with offers to share a part of the expenditure on relief work but take a direct interest in inter-State co-ordination of measures. At present, there are 13 State Flood Control Boards, assisted by their Technical Advisory Committees at the State level, four River Commissions at the inter-State level and a Central Flood Control Board, besides a Flood Wing in the Central Water and Power Commission. With such an elaborate set-up, some results should have been shown and they are not quite clearly visible since what is prevented is not usually reported as news. The Central Board has been nearly deciding matters referred to it by the River Commissions; the latter now only assesses flood damage and the effects on existing dams and bridges.

Financial Provision

Wherever floods affect any area, there are suggestions in the Press that provision for flood control is not enough. State Flood Control Boards set up in 13 States (except Madras and Rajasthan) have examined schemes costing Rs. 65 crores; the Flood Wing of the Central C.W.P.C. has examined 66 of them estimated to cost Rs. 36.55 crores and approved them for Central loan assistance in addition to 600 minor schemes costing Rs. 14.66 crores. So far 3,000 miles of embankments have been constructed in eight States and the expenditure incurred in recent years is shown below:

	Rs. crores
1954-55	1.95
1955-56	8.32
1956-57	8.89
1957-58	7.74
1958-59	5.79
1959-60	4.48
1960-61	7.27

The provision made in the third Plan is thus in keeping with the pace of utilisation of funds and preparation and execution of schemes. The Government of India considers it necessary that the whole question should be viewed in the proper perspective. While measures which are obviously desirable should be taken in the light of experience, it is felt that attention and resources should not be diverted to preparations against uncertain contingencies.

* * * *

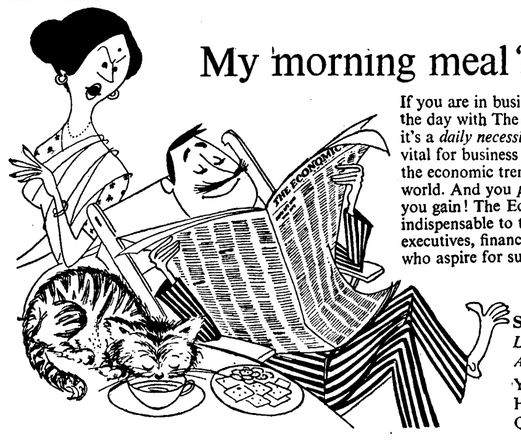
National Unity

In New Delhi now, it is neither the floods nor Assams's language nor Britain's entry into the Common Market that is causing to much anxiety as the question of "emotional integration." The Prime Minister's appeal to the services contained a fervent plea for national unity based on the historical fact of Indian unity amidst diversity in language and religion. Mr. Nehru did not elaborate on how the ideal of integration could be translated into official policy or everyday attitudes, but, simultaneously, a meeting of the Committee on Emotional Integration, of which Dr. Sampurnanda is the Chairman, was held and many views were expressed. The Chairman said that the elements in our religion and culture that work strongly towards uniting the various parts of the country should be conserved; Mrs. Indira Gandhi, who was the Chairman of the Congress Party's Committee of National Integration, wisely recognised that group loyalties existed everywhere but that in strong nations, they were made subservient to larger loyalties and that similar attempts should be made here. Such sentiments, however, are more easily said than translated into practice.

The Committee was primarily concerned with the educational aspects of integration and hence the views of Dr. K. L. Shrimali, the Union Education Minister, are of some significance for showing the kind of reaction it can produce in some quarters. Dr. Shrimali thought it would be helpful to have a cadre in the educational service with a wide and all-India outlook; the Centre, he said, could not remain indifferent where the question of national integration was involved. So teachers must not remain content with giving factual information to their students but should "mould their minds," so that they become worthy citizens. Whether the poor underpaid teacher, who is not even doing enough to provide the factual information, can take on these higher responsibilities is another matter.

Apparently, this determined all-out bid to make schools the instruments for the realisation of the larger ideals will not be relaxed, until at least textbooks are altered to make up for the obvious deficiencies of teachers. Perhaps, the prominence given in textbooks to local celebrities who have served only local causes or promoted regional languages of cultures will in future be avoided by substituting more of the so-called national figures. This reliance on more propaganda, to be supplemented by other media of publicity, is one of the direct consequences of the report of the Congress Committee on National Integration. What has been overlooked in all this is that, even if the schools succeed in instilling national consciousness through these means, the atmosphere outside is such that it can undo the good work in a moment.

The Committee on Integration realised that the way party politics is being conducted in various areas, increases communal consciousness and parochial attitudes. Instead of beginning at this end to disinfect the sources of pollution in the body politic, attempts are being made to interfere in the educational field, as if it has not had enough interference already from politicians in the matter of linguistic media of instruction. Two doubting voices at the meeting of the Committee asked the question whether we wanted a monolithic culture, condemning all present loyalties wholesale, or whether we confirmed some of these at least partially. Mr. Nehru's appeal provided the answer by emphasising the diversity as much as the unity that was possible amidst it. It is wrong to say that textbooks or teachers understand this truth insufficiently now; the danger of so assuming is that, under the influence of enthusiasts like Dr. Shrimali, textbooks will become tools of propaganda (like the History of the Freedom Movement sponsored by another Ministry).



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RANDOM THOUGHTS ON BANKING PROBLEMS

LIQUIDITY RATIO AND STATUTORY BALANCES

By "Kuber"

AT first sight, there is nothing very strange in the Reserve Bank's proposals for increasing the minimum liquidity ratio of banks from 20 per cent to 27½ per cent; in fact, most of the big banks have in practice been maintaining the proposed ratio during most of the year and, as such, the Bank's proposals would appear to be quite harmless on the surface. As the details of the proposed changes were indicated in this journal last week, it is unnecessary to cover them here. Suffice it to say, as a preliminary remark, that the move to vary the statutory reserves to a maximum of 15 per cent of total deposits, instead of 20 per cent of demand and 8 per cent of time liabilities as at present, is only of theoretical interest at present, as it is more of an emergency type and may be distinguished from the first two proposals which will affect the banks in their day-to-day working.

Minimum Cash Reserves

The most important criticism of the proposal for raising the minimum cash reserves is this: Why should the banks statutorily maintain any cash balances at all with the Reserve Bank, when they are also expected to maintain, at the same time, an overall liquidity of 27½ per cent" The banks very well know that, in practice, they have to keep very much larger balances than required by law and, generally, these balances work out to about 2 to 3 per cent more, as it is not always possible for the banks to know their deposits exactly. There may have been some justification for making this obligation statutory when the Reserve Bank was started, because, in the beginning, the Reserve Bank had to have some sort of working capital for effectively carrying out its policy of controlling currency and credit; that is no longer the case now. We are supposed to follow, and draw inspiration from, the practices of the Bank of England and yet the banks in Britain are not statutorily required to maintain with their central bank any balances; whatever balances they maintain are purely voluntary. Normally, the bigger banks would keep about the same balances with the Reserve Bank just the same, as can be seen from the excess balances left by them with the Reserve Bank most of the year; so why make them statutory at all? Those in charge of banks very well know what a headache it is, to keep on shuttlecocking their funds to and from the Reserve Bank just to see that they are on the right side of the law. More often, the banks have had to borrow either from the inter-bank call loan market or from the Reserve Bank to meet this obligation. That has been the experience of most of the banks during the last busy season. In effect, during the last few months, the banks have been borrowing from the Reserve Bank at 6 per cent and from the call loan market at 5 per cent more or less continuously in order to maintain these balances, free of interest, with the Reserve Bank. It will thus be seen that, in the present-day conditions, the Reserve Bank's proposal makes no sense at all. The earlier it is discarded the better.

Smaller Banks

It is said that, if the statutory balances are done away with altogether, the smaller banks may be tempted to carry on with very meagre cash resources. This sort of argument will not hold water, because the overall ratio of 27½ per cent in liquid assets will operate just the same. In any case, considering the nature of their operations, a small increase in their cash ratio is not going to make much difference. The statutory balances, therefore, are either of no use, as in the case of small banks, or are redundant, as in the case of larger banks. This requirement merely adds to the difficulties of banks. Its only purpose, in the context of present-day conditions, is to benefit the Reserve Bank at the cost of the banks. It is true that, if the banks are not statutorily required to maintain cash balances with the Reserve Bank, some of them may increase their holding of Government securities at the expense of their cash resources. But why should they not do so, if that gives them a bit of extra income? Indeed, that should be welcomed by the Reserve Bank.

I suggest that the Indian Banks' Association should study this point very closely and stoutly oppose the proposal for the maintenance of any statutory cash reserve with the Reserve Bank. Let the Reserve Bank, however, have all the powers to enforce and vary the statutory reserves to a maximum of 15 per cent of total deposits during emergencies; but, in normal times, the banks should maintain their balances with the Reserve Bank purely on a voluntary basis, as in Britain.

Secondary Liquidity Ratio

One often overlooks a very important point about any statutory ratios, in general, and liquidity ratio, in particular, and that is that the moment a ratio becomes statutory, it very often misses the purpose for which it is intended. When you legislate that a specified portion of banks' deposits has to be kept in cash and Government securities at all times, it ceases to be liquid, however paradoxical it may sound. The banks cannot encumber such assets, no matter how much they may be in need of finance even temporarily for meeting their genuine seasonal or other requirements. To put it differently, such assets can be utilised by the banks only when they cease to be banks! In practice, the banks have to have what may be called the "secondary liquid resources," which can be utilised by them from time to time to meet their requirements. In Britain, as the banks are required to maintain a liquidity ratio of 30 per cent, they also maintain, at the same time, an additional ratio of 15 to 20 per cent of their deposits in Government securities; it is in fact this ratio which is really liquid, in the sense that they can make use of it as and when required. The statutory liquidity ratio, therefore, always implies a secondary liquidity ratio for banks.

Similarly, in practice, the Indian banks, too, will have to maintain very much more than 27½ per cent of overall liquidity to be on the right side of the law. Besides, the banks will also have to have free and unencumbered securities for their own general requirements either for the purpose of meeting sudden demands for cash in their upcountry centres or for getting temporary finance from the Reserve Bank from time to time, as, obviously, the Government securities that they may be required to hold for maintaining their liquidity requirements, cannot be borrowed against. It is assumed, therefore, that 27½ per cent liquidity ratio will work out in practice to something like over 30 per cent and that the member-banks will also have to hold in practice more than 10 per cent of their deposits in Government securities to meet their own requirements. Accordingly, the Reserve Bank's proposals imply that member-banks will have to maintain more than 40 per cent of their deposits in cash and Government securities; as banks usually hold about 10 per cent of their deposits in cash and balances with other banks and the Reserve Bank, they will be required to hold a little more than 30 per cent of their deposits in Government securities.

The Economics Of It

Now, we all know that, on an average, banks get hardly 3½ per cent return on Government securities, while on their time deposits they are paying anything between 4 and 5 per cent. In the busy season, they are required to pay to the State Bank and the Reserve Bank 6 per cent on the loans obtained from them. In effect, what the proposals come to is that the banks should pay, on an average, about 4 per cent on their time deposits, 4 to 5 per cent on inter-bank loans and 6 per cent to the Reserve Bank and lend money to the Government at less than 3½ per cent, if the risk of capital depreciation inherent in such investment is taken into account. It is thus abundantly clear that the Reserve Bank's proposal is not feasible at all. It will throw the entire banking system out of gear.

Incidentally, if the banks are made to suffer loss in this way, how are they, at the same time, expected to maintain their dividends and induce the shareholders and the public to subscribe increased capital which the Reserve Bank wants them to have? It must be borne in mind that, by compelling the banks to invest in Government securities, the banks are, at the same time, being deprived of utilising their funds in commercial loans and advances on which they are able to get about 7½ per cent per annum at present.

Private Sector Will Be Hit

The Reserve Bank has been extending rediscount facilities to banks in the last busy season to the tune of over Rs. 100 crores on the assumption that such a facility, resulting in an increased bank credit, was obviously warranted by our economic conditions. If the banks lock up more than 40 per cent of their deposits, how will the requirements of trade and industry be met in the busy season? At present, deposits of scheduled banks, excluding P.L. 480 funds, are approximately Rs. 1,600 crores and, if the above proposal of the Reserve Bank is implemented, it will lock up over Rs. 640 crores in cash and Government securities, leaving a balance of Rs. 960 crores to the banks, out of which the banks could safely lend out only Rs. 900 crores as against the total bank credit of Rs. 1,300 crores at the end of April last; Somebody will have to finance the remaining Rs. 300 to Rs. 400 crores to trade and industry. Who will provide this facility if banks cannot do it?

It is clear, therefore, that the Reserve Bank's proposal in regard to liquidity ratio is impracticable, judged from any angle. It will increase the bank's expenses heavily; it will strangle trade and industry, as their requirements of bank credit cannot be met in full; it will make it impossible for banks to increase their capital; it will indirectly increase the cost of banks' credit to the private sector; and it will destroy the resilience in banks' operations in the busy season.

A Suggestion

If the Reserve Bank desires that the banks' liquidity should be increased, without bringing about the aforesaid undesirable consequences, it will have to modify its proposal. The banks, I feel, may be permitted to include short-dated bills also for calculating the liquidity ratio. It is suggested that certain inland sight bills (supported by relevant documents), export bills and *Multani* bills are ideal short-dated investments for this purpose. On these bills, the banks get a return of about 7 per cent now. They are self-liquidating and safe enough. No banker has ever lost anything in *Multani* bills in the last 50 years. As they are self-liquidating and as some of them mature almost every day, they will enable the banks to regulate their cash requirements from day-to-day.

After all, in England, the banks' liquidity ratio consists mostly of cash and bills and not Government securities. So, why have different bases of liquidity in India and confine liquidity only to Government securities, which are never deemed to be "liquid" anywhere in the world. It is, therefore, suggested that the banks be allowed to invest to the tune of 7½ per cent of their deposits in bills of the type mentioned above, leaving the overall ratio of Government securities, bullion and cash to deposits to continue to remain at 20 per cent, as at present.

The banks in India will naturally work out all the implications of the Reserve Bank's proposal from various angles and offer their criticisms and/or counter-proposals through their respective associations. Whatever be the case, they cannot possibly accept the Reserve Bank's proposals as they stand, because they are completely divorced from the realities of the banking world.

GERANIUM CULTIVATION

Enormous potentialities for the cultivation of geranium, an important oil-bearing plant, in India, are indicated in a study carried out by the Essential Oils Research Committee of the Council of Scientific and Industrial Research. Geranium oil is used extensively in perfumes, soaps and other toilet preparations. Imports of the oil at present are valued at about Rs. 10 lakhs annually. Geranium is now cultivated in the Sheveroy Hills and the Nilgiris in South India. Efforts have also been made to introduce the plant in Jammu and Kashmir State.

In order to ensure the production of good quality geranium, the National Chemical Laboratory, Poona, makes available to the public specially reared plants. Estimates of working costs show that an investment of about Rs. 6,800 per hectare over a period of six years in the production of geranium could yield a profit of about Rs. 6,900.

Fish production in India during 1960 has been the highest ever recorded. Sea fish landings were about 880,000 metric tons. Marketable surplus of inland catches, including estuarine tracts, was about 280,000 tons. These, together with subsistence fishing in inland water and small ponds, have placed the total fish yield in India well over 1,400,000 tons, which was the target for the final year of the second Plan period. The highlights of the 1960 fishery season were the excellent yields of sardines and mackerel. Mechanisation of fishing craft and introduction of synthetic fibres like nylon are the chief avenues of increased marine production.

U.S. MONETARY AND CREDIT SYSTEM

ENQUIRY COMMISSION FAVOURS MORE POWERS TO PRESIDENT

THE recommendations of the Commission on Money and Credit which was appointed in May 1958 under the sponsorship of the Committee for Economic Development for reviewing the U.S. monetary and credit system have been comprehensively reviewed in the latest issue (July 1961) of the *Monthly Bank Letter* of the First National City Bank of New York. The need for a thorough study of the American monetary system had been felt for a long time. President Eisenhower himself had proposed a similar enquiry under governmental ægis, but the proposal was drowned in a bitter political controversy. The Commission on Money and Credit—C.M.C. for short—the report of which was submitted to President Kennedy on 19th June 1961, functioned as an unofficial inquiry body composed of 25 citizens drawn from business, finance, labour, agriculture and education. It had the benefit of co-operation from Government agencies, the Congress, business and educators in collecting valuable information. The report (282 pages) is, therefore, said to represent the deliberations of a diverse group of American citizens. The initial reaction of President Kennedy is reported to be that it could make an important contribution to the health and strength of the U.S. economy. The comment of the *Monthly Bank Letter* is that the report contains much solid economic analysis and embodies many provocative ideas.

Centralisation Favoured

The Commission does not favour a wholesale overhaul of the U.S. financial structure. But it does propose changes in the Federal Reserve System whereby more power would be centralised in the Federal Reserve Board and less emphasis would be given to the voluntary, private and regional character of the American central banking structure. If the suggestions of the Commission are carried out, the role of the regional Reserve Banks would become almost exclusively operational and advisory and the discount rates which are currently established by each Reserve Bank, subject to the review and determination of the Federal Reserve Board would also come to be fixed by the Board of Governors of the Federal Reserve System at Washington. One advantage of this reform would be that the central bank discount rate would be uniform for the whole country and decided in Washington. At present, the discount rate for each region is decided by the regional Reserve Bank and, though the decision of the majority of Reserve Banks is usually followed by others under the advice of the Federal Board, thereby bringing about uniformity in the rate for the whole country, there is a time lag of anything from two to four weeks. Further, in law, there could be different discount rates for different regions. Another suggestion of the C.M.C. is that the Federal Open Market Committee, which now has five of its twelve seats occupied by Reserve Bank presidents, should be abolished and its functions taken over by the Board.

Wider Powers to the President

Besides strongly expressing itself in favour of centralisation within the Federal Reserve System, the Commission also wants the American President to be given more influence over the more powerful, smaller Federal Board. With this object in view, the Commission has suggested that the four-year terms of office of the Chairman and Vice-Chairman of the Board of Governors should coincide with the President's tenure and that the term of members of the Board should be reduced from 14 to 10 years. The Commission's basic idea is that the President should be the central organisational focus of all Government policies aimed at reducing unemployment to the minimum level and guaranteeing an adequate rate of economic growth combined with reasonable price stability.

The aforesaid suggestions, which aim at giving wide powers to the highest political executive in the U.S., differ widely from those held by the former President, Mr. Eisenhower, who was clearly opposed to subordinating the powers of the Board to the authority of the President. Mr. Eisenhower, who was a banker himself, has sought the permission of Parliament to dismiss the Governor of the Bank of Canada.

The *Monthly Letter* itself seems to be in favour of continuing the *status quo*. It feels that, while concentration of power might speed decisions, it also involves dangers, especially as the U.S. is a big country, and approvingly quotes Chairman Martin who once said thus :

"The genius of the framers of the Federal Reserve Act lies in the creation of regional banks, knit together by a national governing body in Washington rather than in the establishment of a central institution with authoritarian powers. Each Federal Reserve Bank and each branch office is a regional and local institution as well as part of a nation-wide system. Through their boards of directors, the banks are in a position to represent the views and interest of the particular region to which they belong and, at the same time, they are the administrators of nation-wide banking and credit policies.

"Instead of functioning from the centre outward, we function through an interdependence of all our parts. The life blood of the Federal Reserve System is in its members."

Political Implications

The *Monthly Letter* further avers that an independent Federal Reserve Board can take necessary but unpopular restrictive actions to which the Treasury would object and for which a President might not wish to take political responsibility. In other words, an independent Federal Reserve Board will serve as a convenient instrument for the President for enforcing politically unpopular decisions without himself having to become politically unpopular. Another reason why *The Monthly Letter* views this proposal with apprehension is that, "when a power to create money is vested in the Executive, it tends to be exercised by the Treasury Department which, with large and continuing borrowing problems, has an occupational bias in favour of cheap money."

Instruments of Credit Control

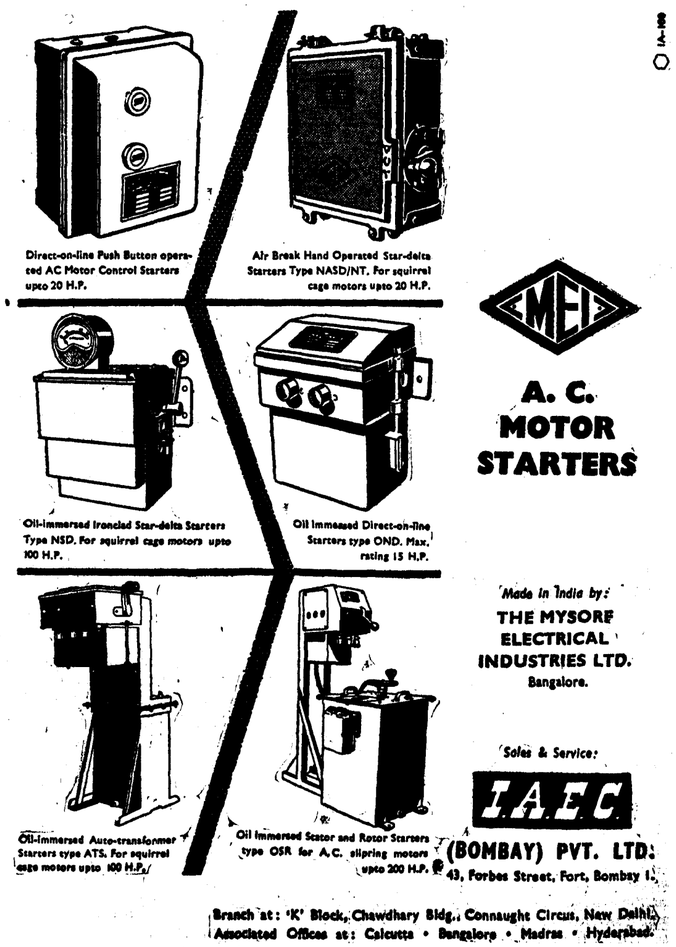
The Commission also considered a wide variety of proposals for new devices to regulate credit. But it has concluded that there is no need for any change in the existing instruments, which are (1) the discount rate (the rate of interest charged to member-banks on borrowings from Federal Reserve Banks), (2) purchases or sales of Government securities in the open market, and (3) changes in cash reserve requirements of 6,174 member-banks.

The controversial question of the broadening of the open market operations to include longer-term Treasury obligations came in for discussion at the Commission. Its guidance on this subject is as under :

"Instead of relying on a 'bills-only' policy, the Federal Reserve should be willing, when domestic or international conditions warrant, to influence directly the structure as well as the level of interest rates in pursuit of countercyclical monetary policies and should deal in securities of varied maturities. This recommendation does not mean a return to a pegged structure of prices and yields for Government securities."

In actual fact, it may be noted, the policy of the Federal Reserve was never "bills-only," though regular dealings in other securities of longer term have been undertaken only from the latter part of 1960, when the Federal Reserve began to purchase longer-term securities with the double purpose of maintaining free reserve in the banking system and strengthening the undertone of the bond market.

The Commission has approved of the principle of basing reserve requirements on the volume of net demand deposits. But it does not favour the absence of uniformity in these requirements. It suggests that the demand deposit requirements for all member-banks be made identical and that the classification of banks into country banks and reserve city banks be eliminated. The Commission, however, is not impressed with the policy of making frequent changes in the reserve requirement percentages.



Expressing itself strongly against this practice, the Commission declares :

"While changes in reserve requirements are a powerful instrument of credit control, they are awkward and cumbersome . . . and present difficult problems of adjustment for many medium-sized and small banks."

On the question of desirability of granting the Reserve Board stand-by authority over consumer instalment credit, the Commission found itself almost evenly divided. The main objections taken by those who opposed such control were (1) the difficulty of efficient administration of the control and (2) the large scope for its evasion. As regards control over business investment in inventories and in plant and equipment, the Commission is of divided opinion. The majority would appear to be in favour of a controlled economy, as they have recommended that the Government should investigate "possible methods of influencing inventory and business investment expenditures on a selective basis." Opposing this view, one of the members, Mr. Fred Lazarus Jr., asserts :

"The attempt to control business investment in inventories and in plant and equipment would lead to a Government-controlled economy and the end of private enterprise as we know it today."

Public Debt

The Commission had also to deal with the question of the enormous growth of public debt and the multiplication of financial institutions and intermediaries which perform banking or quasi-banking functions and create liquid assets regarded by holders as "money." It is one of the peculiarities of the legal structure encompassing the financial systems in most countries that such institutions are not subject to the control and regulations that circumscribe the operations of commercial banks. Nevertheless, the Commission has rejected the idea of extending Federal Reserve control to insurance companies, savings banks, savings and loan associations and other non-bank intermediaries, though it is of the view that the Federal Reserve does influence non-bank lenders, albeit indirectly. The Commission has, however, expressed concern over the unevenness of regulation of various classes of financial institutions which has the effect of distorting the pattern of growth. In particular, the commercial banks have been fenced in by restrictions on branch banking, high cash reserves requirements, heavier taxation, and restrictions on interest payable on deposits. It has, therefore, proposed that the authorities should secure uniform conditions for the different financial institutions, so that they could have balanced growth.

Ceiling on Interest Rates

Commenting on the Federal Reserve's ceiling on interest rates, the Commission categorically asserts that such regulations restricted the freedom of banks to compete for savings deposits with non-bank intermediaries which are not subject to similar controls on the rates they offer. It recommends that ceiling on interest rates should be on a stand-by basis and be applied to saving banks and savings and loans associations as well. The Commission further emphasises that the earning power of member commercial banks is impaired by the legal cash reserve, currently at 5 per cent of savings and time deposits, whereas competing institutions are not under any legal obligation to maintain such cash reserves. In order to bring about uniform conditions, the Commission has recommended the repeal of the existing statutory reserve requirements on savings and time deposits. It has also favoured equality in respect of tax treatment to banks, on the one hand, and savings institutions, on the other. In particular, the Commission has drawn attention to the fact that the Treasury's tax treatment of bad debt reserve do not apply equally. The Commission states :

"The application of present tax provisions to mutual savings banks and to savings and loan associations results in virtually no tax payments by them as compared with commercial banks."

Fiscal Policy

As the operation of the monetary and credit system is affected at many points by the Government's policy of spending and borrowing, the Commission has made several suggestions affecting fiscal policy. The Commission, for instance, favours the abolition of statutory public debt limit as well as the gold reserve requirements of the Federal Reserve Banks. It will be recalled that a Bill to abolish the gold reserve requirement (the Multer Bill) has already been introduced in the Congress. A section of conservative bankers in the U.S., however, considers the reserve provision as a "red warning light" which compels authorisation by the Congress for letting the gold reserve drop below a stated point. President Kennedy is strongly opposed to the gold reserve requirement and the views of the Commission on this issue will strengthen his hands.

Balanced Maturity Structure

On the problem of public debt, the Commission has advocated the elimination of the 4¼ per cent limit on interest payable on U.S. Treasury bonds. It recognises the inflationary potential of an excessive volume of short-term debt, and has disapproved of the shortening of the average maturity of the public debt which has occurred since World War II. It has, therefore, recommended that the Treasury should continue its efforts at lengthening the repayment period, in order to achieve more balanced maturity structure for the debt. The Commission has added that such efforts should be made during periods of prosperity so that they would make some contribution to stabilising the level of economic activity. The *Monthly Letter*, however, draws attention to the practical difficulties in readjusting the maturity pattern of the U.S. public debt and observes :

"As President Eisenhower discovered, it runs up against the political objection that bond financing becomes too difficult and costly when business and private credit demands are active. The market is most receptive to long-term U.S. bond issues in a declining phase of business and private credit demands. But then the objection appears that the Treasury should refrain from long-term bond issues so that home builders and other private borrowers, states and municipalities, should enjoy a monopoly on the benefit. Thus the ideal time for the Treasury to put out long-term bonds is 'never', or 'hardly ever.' The practical solution is to keep at the job all the time, with periodic bond offerings gauged in amount to market conditions. This formula would not interfere with stabilisation policy. In periods of prosperity, bond offerings could combine with surplus revenues to reduce outstanding Treasury bills. In periods of recession bond offerings presumably would finance only a part of the deficits so that the supply of Treasury bills and other shorter-dated paper nevertheless would also be increased."

Trenchant Criticism

The Commission's views on the dollar problem and the mounting Government expenditure have come in for trenchant criticism at the hands of the authors of the *Monthly Letter*. Commenting on the failure of the Commission squarely to face the fundamentals on which progress should be sought and freedom and initiative sustained, the *Monthly Letter* observes :

"While expressing the opinion that we should be able to reduce the rate of erosion of the value of the dollar, it takes an indulgent view toward the rising course of Government expenditure and taxes which have more to do with the price trend than is commonly recognised.

"The section on the balance of payments, not on the original agenda, lacks proper recognition of the critical importance of a stable dollar for a stable world economy. It says the use of restrictive monetary and fiscal policies may be 'too costly' in terms of unemployment and lower growth as a means of rectifying a balance-of-payments deficit. It would rely on various 'specific measures,' which to many will seem both inadequate and inappropriate. It recommends retaining the present dollar price of gold as 'a central pivot in the exchange rates structure.' Yet it goes on to suggest that 'If large U.S. payments deficits appear persistent, the need for a change in the exchange rate structure must be recognised, and the change can be either a U.S. devaluation or an appreciation of some other currencies.' Urging removal of the Federal Reserve gold reserve requirement, it would seem disposed to allow the United States to be denuded of its gold and leaves doubt that it would even then face up to the need for fiscal discipline. This is something less than the firm attachment to external stability of the dollar which our own interests and our international responsibilities call for, and is a good example of the cloudy compromises which mar the report.

"The report holds that 'a mixed private and public system best meets our national needs.' Objecting to this, one Commission member, J. Cameron Thomson, comments that what should have been written is that 'The Commission holds that primary reliance on economic freedom and reliance on the market mechanism for the allocation of products and resources is a continuing national objective.' Our 'mixed economy' is threatening to become a mixed-up economy, one without clear purpose or guiding principle.

"If we want to rely on the enterprise of the individual to get us ahead we must buttress his incentives, nourish self-reliance, limit the percentage for the tax-collector, and give the private tax-paying sector of the economy room in which to grow and prosper.

"We should never allow ourselves to forget that progress is the product of human effort. Money is worthless except as people will work to earn and save it for the good of themselves, their families, their communities, and their nation."

RUPEE PAYMENT AGREEMENTS

THEIR EFFECT ON FOREIGN EXCHANGE SITUATION

By A Special Correspondent

FOR the last few years, all our bilateral trade agreements with the Eastern bloc of countries have been made in the form of a rupee payment agreement. Probably, the whole idea of this agreement was to bring about an automatic balancing of exports and imports between the individual countries concerned, so that there might be no strain on foreign exchange. Since the inception of this type of agreement, however, many more virtues were seen in them than were in fact possible. And the latest review of the situation shows that these agreements are definitely harmful to India and the persons in charge of them are not competent to handle them properly.

Rupee payment agreements were fascinating to start with, as the presumption was that exporters to India were willing to accept payments in rupees and that we could import many useful things without having to worry about the foreign exchange counterpart. The agreements did mention the various commodities covered by them. The list of commodities was intended to ensure that commodities exchanged under the agreements would not interfere with our normal trade pattern and would in fact assist in promoting exports of non-traditional commodities.

Probably the first criticism of rupee payment agreements was made about three years ago, when it was realised that they ultimately resulted in blocked balances in favour of either of the parties. These agreements provided that the net balance at the end of the period specified should be settled in sterling and we found to our dismay that all the balances were against India and all the adverse balances had to be settled in sterling at a time when there was considerable pressure on the external value of the pound sterling. Consequently, when the old agreements were replaced by new ones since 1958, the old clauses of settlement in sterling were replaced by clauses for settlements subject to negotiations. This was probably the biggest mistake that the Union Ministry for Commerce and Industry made, probably in the usual spirit of warmth for Communist countries shown by our External Affairs Ministry. Our bilateral trade agreement with China providing for rupee payments expired a year and a half back and has since not been renewed. The last agreement ended with a surplus in India's favour. China has not yet exported to India enough to square this surplus. Again, whenever the Government of India issues licences for imports from China, either it is difficult to place an order for the goods or even if the order is placed, it has taken a considerably long time to get the order fulfilled in full.

Paradoxical Result

The first signs of leakage in rupee payment agreement were seen in the working of the agreement concluded with Egypt after it broke off relations with France and England. Egyptians took away a considerable quantity of our tea and jute and these ultimately found their way into the Continental markets, instead of being consumed in Egypt. The result was that it was Egypt who earned valuable foreign exchange from our exports and we earned blocked Egyptian pounds from which we had very little choice so far as any pattern of imports was concerned.

The most paradoxical and almost unbelievable result of these agreements is the fact that, by exporting to these countries, we received credits to a blocked rupee account in favour of one of the Communist countries, usually with the Bank of China or the State Bank of India. These are accounting entries which are of no benefit till they can be converted into useful goods. On the other hand, the countries importing from us use our imports for earning valuable foreign exchange with the help of our exports which we should normally do ourselves. While it is difficult to prove the exact leakage of our commodities, it is very well known that countries like Czechoslovakia lift coffee from India and sell it to Germany at the c.i.f. price which is lower than the f.o.b. price in India quoted by the India Coffee Board. Surely, there can be no worse situation to damage our traditional exports to those countries whose currencies are most valuable to us for the import of the much needed machinery for our development plans.

Rupee payment agreements have also the unexpected but the most undesirable result of reducing the exchange value of the rupee in the free currency markets of the world. Actually, a regular trade of arbitrage operations is going on in Holland and Switzerland by which rupees are sold forward by the agents of the Eastern bloc countries in the form of agreements to supply various goods. Very often, rupees are sold at a rate of depreciated value between 10 and 30 per cent, depending upon the demand for the commodity for which they might ultimately be used. These forward sales of rupees have a tendency to bring down the value of the rupee and have much wider repercussions on the free markets such as Hong Kong and Singapore. In effect, therefore, India has been indirectly financing the imports of Eastern bloc countries from the Western bloc countries and building up at the same time accounting balances in our favour which cannot be utilised for goods. All these happen, it must be noted, in addition to the increasing pressure on the value of the rupee which ultimately originates from transactions supported by rupee payment agreements. For example, if Czechoslovakia wants machinery from Germany, it can earn the necessary D. Marks by exporting Indian coffee to Germany. The Indian coffee can be imported, under the rupee payment agreement, by which our rupees are credited into the rupee account in India in our favour. As German machinery is much more valuable to Czechoslovakia than imports from India, they are prepared to finance this trade at a value of the rupee which will be much less than par so far as Western European countries are concerned. This, of course, will be true of any country and any commodity without direct reference to the example quoted here.

Another Myth

That rupee payment agreements promote exports is another myth, because the value of exports and imports under rupee payment agreements as compared with the total volume of trade has always remained at a constant level, at between 5 and 6 per cent, over the last few years. The only advantage is that the total volume of business has grown and there has probably been a steady 5 per cent increase in the volume, but this might have happened in any case.

A big risk in the operations under rupee payment agreements is the fact that agents of the other countries concentrate upon the purchase of a limited number of commodities in India in an unusually high volume. For example, recent purchases of raw hides and skins in the Madras area (cashewnuts in Kerala is another example) have not only upset the operations of the tanning factories but they are also likely to upset the supplies to our usual markets. Once our usual overseas markets are not assured of supplies from India, they will switch over to other countries and we will lose our markets even for traditional imports for all time. It is common knowledge that Russia tends to regard trade as a means of economic warfare.

The real reason why we are not competent to carry out successfully bilateral trade agreements with the Communist countries is the fact that there is only one exporting or importing agency at the other end, while there are any number of exporters and importers at the Indian end. If it was just a matter of agreement between two State Trading Corporations, the balancing probably could be managed easily. But, under the present arrangement, the results are most unpredictable, as the overseas State Trading Corporations can mechanically switch on and switch off their supplies to any extent at any time. It is not, therefore, surprising that, upto 1958, all these countries used to have an export surplus with us and now, all of a sudden, all these countries have an import surplus from us. Such an import surplus would be useful if it could be converted into goods by us. At the moment, however, it produces goods for the Eastern bloc countries, besides doing considerable damage to the value of the rupee and to our traditional exports. The least that India should do to extricate itself from this unforeseen mess is to insert a clause in the rupee payment agreements providing for all unrequited exports to be paid for in pounds sterling or U.S. dollars at least once in two years, if not every year.

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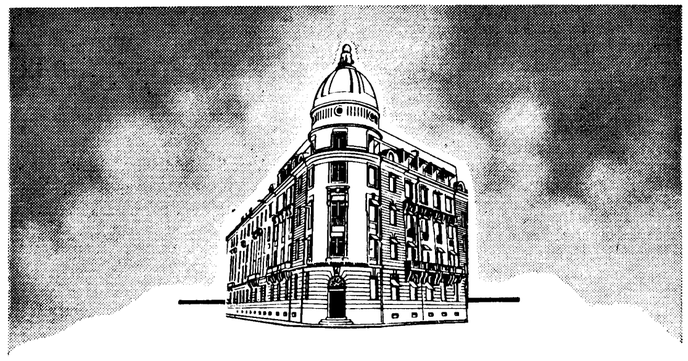

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GOVERNMENT SUGGESTS EXTENSION OF CEILING PACT

From Our Special Correspondent

MANCHESTER, *4th July*

MANCHESTER LETTER

AFTER so many months of seeming prevarication, with little to show how the future system of importation of cloth was to be tackled, the very fact that a direct move has been made by the Government to end the apparent impasse with Hong Kong is indeed a welcome development. Reactions may differ about the effectiveness of the gesture or the continuance of the current method of curtailment of exports from the Colony, but, without some effort to break down the barriers, the matter might have drifted on until complete confidence was lost. This, in fact, was the very point seized on by Lord Rochdale in his official comment on the proposals. While admitting that Hong Kong might be justifiably reluctant to enter negotiations at a time when the whole question of textile shipments between nations is up for discussion, the Cotton Board Chairman declared his belief that acceptance of the interim arrangement would "engender the confidence which is now so lacking."

The revised project aims at prolonging the ceiling system with the Colony for another eleven months after its expiration at the end of January. The limitation of exports by voluntary undertaking of the three Asiatic countries concerned would then expire simultaneously at the end of next year. Much can happen meanwhile. But at least there would then be the opportunity to re-negotiate terms with India and Pakistan, as well as Hong Kong, without one pact having the effect of becoming an ultimatum on the others because it ended at a different time.

Quota Raised

Details of the amendments in the Hong Kong arrangement give the Colony a larger share of the British market, the quota being raised from an annual rate of 164 million yards of cloth available for retention in the United Kingdom to 185 million yards per annum. Within this total, 100 million yards would be in the form of piecegoods and 65 million yards in garments. The remaining 20 million yards would be at the discretion of the Colony's textile industry. As an inducement, an immediate addition of 10 million yards would be made to the current quota if the terms are agreed. The position would be reviewed periodically in the light of developments, under which further supplementary quotas might be granted if the state of the British import trade warranted it.

The importance of this step centres on the participation of the Government in the approach to the Colony. During past discussions, the tendency has been for political influences to be "played down" and Lancashire has been bluntly told to make inter-industry arrangements wherever possible. Now, perhaps following the positive line adopted by the American Administration in calling international talks on the basic textile issue, the British authorities, too, are dealing directly with the problem.

Nor should the final sentence of the statement be ignored. This said: "While no specific provisions covering cotton yarn was contemplated at present, some restrictive action would be needed, if there was a sudden sharp increase in the import of yarn into the United Kingdom." The implications on the spinning side—and other branches involved—are sufficiently obvious to encourage the hope that safeguards to provide some degree of protection for all sections will be written into any future settlements.

Positive Policy Needed

Perhaps this apparent change of heart on the part of the Government is the result of the growing realisation in official circles that the events of the past few years are only the initial rumblings of fundamental variations in the pattern of industrial progression. Mr. James Broatch, Director-General of the Cotton Board, hit the nail on the head in a recent contribution to a brochure published by the Lancashire and Merseyside Industrial Development Association. In this, he said:

"Sooner or later, it seems certain that the Government will have to face the task of formulating a positive policy towards imports of consumer goods from the rapidly developing members of the Commonwealth. Cotton has taken the full force of the initial impact—at great cost; but many other industries are also threatened. There are also many problems yet to be solved in working out satisfactory arrangements with Western Europe."

Prices Under Pressure

Developments since the price regulation schemes in the spinning and doubling sections of the Lancashire cotton trade were abandoned nearly 2½ years ago have not created circumstances which would normally lead to any sustained pressure on selling rates. The adverse decision of the Restrictive Practices Court and the big changes which then occurred in values were soon succeeded by the intense buying which coincided with the implementation of the redundancy programmes.

Raw material rates in the American section throughout this period remained steady to firm, so that producers of such yarns avoided the necessity of reducing their quotations on this account. The hectic call for supplies effectively maintained the level of selling rates and enabled useful margins to be maintained.

Within the past six months, the most notable feature of price variations has been the contrasting movement between American and Sudan cotton values. Spot rates for the United States staple moved up rapidly in the early months of the year, but a corresponding fall occurred in quotations for the longer staple types.

The following table shows the trend of values, both in raw cotton and in selected yarns:

(In *d.* per lb.)

	Raw cotton		Yarns		
	Liverpool American one-inch	Spot Sudan Lambert 6	16s cop twist	American 30s ring beams	42s cop weft	Egyptian 60s cop twist
1960						
Sept. 1 ..	22.60	34.50	43.00	62.80	58.30	85.78
,, 15 ..	22.60	35.00	43.10	62.90	58.60	84.61
Oct. 3 ..	22.70	35.00	43.20	63.00	58.70	85.13
,, 17 ..	22.70	35.00	44.00	65.50	61.40	87.66
Nov. 1 ..	22.70	35.65	44.25	65.50	61.60	87.66
,, 15 ..	22.90	35.90	44.60	65.75	62.00	88.36
Dec. 2 ..	22.90	35.90	45.15	65.50	61.85	88.74
,, 16 ..	23.20	35.90	45.15	65.75	61.85	88.74
1961						
Jan. 3 ..	23.05	35.90	45.25	65.75	61.85	88.64
,, 17 ..	23.05	35.90	45.40	65.75	62.25	88.53
Feb. 1 ..	23.35	35.50	45.40	65.75	62.25	88.36
,, 15 ..	23.45	34.00	45.40	66.25	62.45	86.96
Mar. 1 ..	23.95	34.00	45.40	66.25	62.45	86.96
,, 15 ..	24.10	33.25	46.40	67.05	63.50	85.00
Apr. 4 ..	24.10	33.25	46.40	67.05	63.65	84.44
,, 17 ..	24.10	32.75	46.40	67.05	63.65	84.16
May 1 ..	24.10	32.75	46.40	67.00	63.65	83.72
,, 15 ..	24.10	32.50	46.25	67.00	63.65	83.72
June 1 ..	24.10	32.50	46.25	67.00	63.65	83.32
,, 15 ..	24.10	32.50	45.75	66.50	63.65	82.20
July 3 ..	24.10	32.50	45.75	65.50	63.65	80.25

The absence of follow-on business in yarn and cloth in the past half-year has been partly attributed to resistance among users to pay the rates quoted. It is significant that the first reductions in American yarn prices since December have lately occurred in some qualities.

Reports of a certain amount of irregularity in values—a not uncommon factor when business has been slipping away—have increased the nervous tone, but there is no reason to suppose that the movement is likely to spread over large sections of the market. The attitude of customers is invariably governed by sentiment of this kind and could bring a further mood of inactivity.

As regards Egyptian type yarns, the unmistakable fall in quotations this year has reflected the adverse movement in the raw material. A narrowing market and the difficulty of obtaining continuity orders forced sellers to make concessions which have resulted in a drop of more than 8*d.* per lb. in the prices ruling for standard Sudan products. In some of the finer combed qualities, the fall has been as much as 10*d.* per lb., while, in twofold descriptions, more than 11*d.* per lb. have been knocked off the price since the end of last year.

Progress in Productivity

A progress report from the Cotton Board Productivity Centre at West Didsbury, Manchester, is a timely and encouraging reminder of what has been achieved in the twelve years since the Board's first pilot course in work study was held at Blackburn. At a time when much of the publicity about the cotton industry has suggested that it is a declining force, the record of the Productivity Centre has been one of steady expansion. From modest beginnings it has gone on to widen its scope of operations and, in turn, its field of influence. Five-hundred firms, among them the leading combines, have taken part in the various training activities organised by the Centre. More than 3,000 junior and senior executives have attended training courses in work study, cost control, quality control and allied subjects; many have gone back to Fielden House again for two and three-day meetings designed to create interest in a new or current topic. Indeed, this flexibility in the direction and emphasis of training, to meet the needs of an era in which the cotton industry has been subjected to changes as violent and far-reaching as any in its history, has been one of the Centre's strong points. A topical example was the study of the economics of mill re-equipment. Seventy senior executives attended the five short courses held during the first year of the cotton reorganisation scheme. Nearly 250 senior executives have studied cost and expense control.

In the field of middle management, the Centre has done a good deal. Well over 400 foremen have attended residential—some lasting three weeks—and non-residential courses. Another 150 foremen were enrolled for six courses designed to give them a working knowledge of work study. Thirty-five courses have been held at mill level to give an appreciation of work study to management-worker groups. The survey reflects the busy and growing level of activity at the Centre and reflects, too, the spirit of lively enthusiasm to be found there. It seems rather sad that there should still be firms in the industry which, according to the report, say that they are unaware of the Centre's activities.—*All Rights Reserved.*

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INDIAN TEXTILES AND U.K.'S PROPOSED MEMBERSHIP OF C.M.

EFFECTS ON EXPORTS EXAMINED

COTTON textiles constitutes one of the important items of exports from India that would be greatly affected if Britain were to become a member of the European Economic Community, more popularly known as the Common Market. The effect will be particularly severe if Britain joins the C.M. as a full-fledged member, completely eliminating its links with the Commonwealth. At present, Indian cotton yarn and piecegoods are allowed entry in the U.K. on a duty-free basis, whereas those of non-Commonwealth countries such as Japan, Spain and China are subjected to import duty (7½ per cent for yarn and 17½ per cent for cloth). If the U.K. joins the C.M., Indian textiles will not only lose this tariff advantage but will have to pay a tariff of about 15 per cent on a par with countries like China, Japan and Spain. What is worse, textile exports of the C.M. countries to Britain will be paying a progressively lower tariff and none at all by 1970. This means that India's position in the U.K. market *vis-a-vis* the C.M. countries will be completely reversed. Whereas India is now enjoying a preference of 17½ per cent over the C.M. countries, the latter will, by 1970, enjoy over India a preference of 15 per cent or whatever the level of external tariff for textiles that may ultimately be fixed by the E.E.C.

The E.E.C. countries, it may be noted here, are not exporters of cotton textiles and, after eliminating the inter-E.E.C. trade in textiles, the net exports of these countries to the outside world in 1960 were 49 million pounds of yarn and 844 million yards of cloth. In the circumstances, it is clear that India's exports of cloth and yarn to Britain will suffer a serious setback to the benefit of the C.M. countries as well as Japan, Spain, China and other countries. In other words, in course of time, the earning of foreign exchange through exports of textiles to the U.K. will dwindle very fast; the exchange actually earned last year (1960) was Rs. 17.20 crores from cloth and Rs. 90 lakhs from yarn.

Textile Imports Into U.K.

Table I indicates the imports of cotton piecegoods into the U.K. from India and other countries during 1960 as compared with the three preceding years. The figures in this table show that, in recent years, the volume of exports from the non-Commonwealth countries to the U.K. has been rapidly increasing, that from the C.M. countries alone having expanded from 30 million square yards in 1958 to 77 million square yards in 1960. If the exports from the C.M. countries can expand so rapidly even when they suffer from a tariff disability of 17½ per cent *vis-a-vis* the Commonwealth countries, it is, as Mr. Ramnath Podar, acting Chairman of the Indian Cotton Mills Federation, says in a statement issued to the Press, easy to imagine how much more formidable their competition will be when the position is reversed as explain before. In view of such impact and considering the matter purely from an economic angle, Mr. Podar emphasises that the interests of India and other developing Commonwealth countries can best be preserved by treating these countries also as associated territories of the C.M. This view is justified on the following two grounds:

1. The status of "Associated Territories" has already been accorded to many African countries, some of which were formerly linked with the C.M. countries. Such territories are allowed to export to the C.M. countries at the internal tariff of C.M. At the same time, they are permitted to keep their own import tariffs to protect their young industries. It is, however, laid down that any preference given by such territories to the "mother country" (if any) must be extended by stages to all the members of the C.M. also.

2. One of the basic aims of the C.M. is to make a special effort to help the less-developed areas of the Community and its partners overseas. It is under this aim that the African countries have been taken in as associates of the C.M. There is no reason why India, which is also a less developed country and is an overseas partner of Britain, should not be given a similar status.

So far as the cotton mill industry is concerned, the status of "Associated Territories" will benefit India in several ways. The industry believes that it will continue to have its present advantage in Britain over countries like Japan and China. It, of course, admits that, in due course, India will be on par with the C.M. countries, but points out that the portion of the U.K. market that the country may lose through competition on equal terms with the C.M. countries is likely to be compensated by increased exports of Indian textiles to these countries when India "shall be at a comparative advantage in competing with Japan, China, etc."

If, however, for any reasons, economic or otherwise, India and other Commonwealth countries are not to become associated with the C.M., then, Mr. Podar urges, Britain must preserve the Commonwealth links by making provision for tariff-free imports on a quota basis for commodities which it has traditionally imported from the Commonwealth countries. In the C.M., according to him, similar relationship already exists in some form or other, as, for instance, between France and Belgium and their overseas territories and between West Germany and East Germany. Under such an arrangement, there may be provisions, known as "Carlitype," for offsetting the difference in the U.K. tariff and the C.M. tariff. If, for example, an overseas product is allowed duty-free entry in the U.K. and the C.M. tariff for the product is 15 per cent, then the re-export of that product from the U.K. to the C.M. will be liable to a duty of 15 per cent. Under this arrangement, the effects so far as cotton textiles are concerned are expected to be as follows:

India's present tariff advantage of 17½ per cent *vis-a-vis* non-Commonwealth countries such as Japan, China and Spain will remain unimpaired.

The margin of advantage *vis-a-vis* the C.M. countries will, however, diminish in stages and will disappear altogether by 1970.

Although India will thus have to face a gradually increasing competition in the U.K. market from the C.M. countries, it may be able to maintain its exports to the U.K. at the present level.

Fixation of Quotas

In the considered opinion of Mr. Podar, the fixation of quotas for piecegoods and yarn should be on the basis of the average Indian exports to Britain in the last three years, with provisions for a gradual increase in quotas in the years to come, on the lines of the proposals made by President Kennedy. In regard to re-exports of yarn and cloth from Britain, the goods, it is stressed, should be treated as originating in the C.M. territories, if, due to processing in the U.K., the export value is at least 50 per cent higher than the import value. It is also stressed that Commonwealth preferences should remain unimpaired, as, otherwise, exports of Indian cotton textiles to Commonwealth countries will also suffer if they are subjected to the same tariff as third countries.

Under the Kennedy proposals, it has been suggested that the C.M. countries must liberalise imports from the Asian countries, the actual intake being fixed at a certain percentage of internal production. The total production of C.M. countries in 1960 was 6,728 million yards. Doubts are expressed as to the ability of India to gain from any such liberalisation measure, because of the low level of export of cloth from India to the C.M., as is indicated in Table II; the actual exports last year aggregated no more than 10.7 million yards. By way of a general conclusion, however, the millowners opine that, among Asian countries, it will be wrong to treat Japan on equal terms with India, Hong Kong and Pakistan, as Japan is a developed nation. The U.K. is, therefore, asked to plead with the C.M. countries to fix gradually rising quotas of imports of cotton textiles from India, Pakistan and Hong Kong. Even here, while fixing individual quota for India, due account must, as was reiterated by this journal last week, be taken of the size of its industry, its population and its pressing foreign exchange needs in the coming years, in contrast to the tiny island of Hong Kong with a bare 391 square miles of area and a population of just 2.75 million.

STAPLE FIBRE YARN PRICES

The Committee of the Indian Cotton Mills Federation has, in consultation with the Government, announced the fixation of ex-mill prices for the various intermediate counts of staple fibre yarn. The prices (in rupees per bundle of 10 lbs.) which have been enforced with effect from the 7th inst., are as follows:

Hank yarn: 20s, Rs. 28.55; 21s, 28.80; 22s, 29.05; 24s, 29.55; 26s, 30.05; 28s, 30.55; 30s, 31.05; 32s, 31.65; 36s, 32.85; 40s, 34.05; 42s, 34.65; and 44s, 35.25.

Differentials for yarn on cones: 20s to 26s, Rs. 2.85; 27s to 36s, 3.20 and 37s to 44s, 3.50.

Differentials for doubled yarn: 2/20s to 2/22s, Rs. 3.10; 2/24s to 2/28s, 3.25; 2/30s to 2/36s, 3.90 and 2/40s to 2/44s, 4.50.

These ex-mill prices are required to be stamped on the bundles.

The aforesaid move was necessitated by the fact that several mills had switched over to the spinning of intermediate counts, because, these counts, since they were outside the price regulation scheme (of 13th May 1961) which covered only staple fibre yarn of counts 20s, 30s and 40s with differentials for doubled and cone yarns, were commanding a higher price than the latter. The ex-mill prices (in Rs. per bundle of 10 lbs.) fixed for 20s, 30s and 40s are, the figures in brackets giving the differentials for double yarn and yarn on cones, respectively: 20s: 28.55 (3.10-2.85); 30s: 31.05 (3.90-3.20); 40s: 34.05 (4.50-3.50).

A mutual agreement has been reached between the associations of spinners and processors over the distribution and prices of wool yarn. It is reported that the All-India Woollen Mills Association has agreed to supply 50,000 lbs. of yarn in different counts and qualities every month up to 15th October 1961 to the Federation of All-India Hand Knitting Wool Processors. The spinners have also fixed the ex-mill price of 4/16 64s quality yarn at Rs. 10.50 per lb. Prices of other qualities would, however, be based on the same differentials as the self-regulated prices of weaving yarn.

The Indian Council of Agricultural Research has decided to open shortly an institute in Rajasthan to carry out research in wool technology. The institute will study the potentialities of different breeds, trial of imported sheep, nutrition and other aspects to improve the quality and quantity of wool. A training centre for the personnel for extension and research schemes is also proposed and post-graduates may also be trained in it.

TABLE I

Imports of Cotton Piecegoods by U.K.

(In million sq. yards)

Country	1956	1957	1958*	1959*	1960*
India ..	132.92	185.56	128.32	193.08	231.16
Pakistan ..	7.68	6.28	2.28	31.64	39.60
Hong Kong ..	57.76	74.88	119.24	136.64	123.24
Irish Republic.	4.48	5.08	6.64	7.52	11.76
Poland ..	4.92	0.52	0.16	0.68	1.24
W. Germany..	5.40	7.32	8.44	13.16	18.84
Holland ..	3.88	5.00	5.08	7.00	13.24
Belgium ..	15.00	15.32	14.80	26.16	26.72
France ..	9.00	8.40	6.00	9.16	26.48
Austria ..	0.28	0.96	0.92	1.28	3.00
Spain ..	2.81	2.44	0.56	9.84	63.88
Portugal ..	0.08	0.08	0.04	0.24	18.12
Italy ..	1.24	1.12	1.04	2.84	5.36
Yugoslavia ..	5.00	3.08	..	6.00	11.96
Bulgaria ..	5.92	2.28	0.96	1.52	2.28
U.S.S.R. ..	3.28	6.64	5.00	4.04	6.48
Japan ..	32.20	57.44	41.84	43.92	52.04
China ..	8.96	27.84	39.36	28.00	25.16
Egypt ..	0.04	0.04	0.12	0.68	6.28
U.S.A. ..	0.16	0.12	0.20	0.24	16.76
Total ..	305.64	416.28	386.64	537.32	727.72

* Figures for 1959 and 1960 are not completely comparable with previous years, due to changes in classification.

TABLE II

Exports from India to Developed Countries

(In million yards)

	1957	1958	1959	1960
E.E.C. Countries :				
Belgium	4.6	0.5	0.7	2.0
France	..	..	..	..
W. Germany ..	0.9	0.7	1.8	2.7
Italy	..	..	..	0.2
Luxemburg ..	..	..	..	..
Netherlands ..	3.3	2.2	3.9	5.8
Total ..	8.8	3.4	6.4	10.7
E.F.T.A. Countries :				
U.K.	150.4	101.6	166.5	198.6
Denmark	4.0	2.8	3.5	3.8
Sweden	0.5	1.1	1.2	1.1
Austria	..	..	..	..
Norway	0.4	0.3	0.4	0.4
Portugal	..	..	..	..
Switzerland ..	0.3	0.2	..	..
Total ..	155.6	106.0	171.6	203.9
Other Countries :				
Australia	50.4	47.2	49.1	48.5
New Zealand ..	10.6	11.8	11.6	13.5
Canada	17.8	14.8	18.6	19.9
U.S.A.	1.4	0.7	31.6	33.1
Ireland	0.2	0.3	2.7	N.A.
Finland	..	0.4	0.1	N.A.

Note: The percentage import tariff on cloth in the W. European countries is as follows: W. Germany 10–13; Benelux 12–18; France 20–25; Italy 13–18; Austria 26; Denmark 3–12½; Norway 10–14; Sweden 12; U.K. 17½. The import tariff on yarn in these countries is 5–11, 4, 15–20, 13–16, 0–12, 3, 5, 8 and 7½ respectively.

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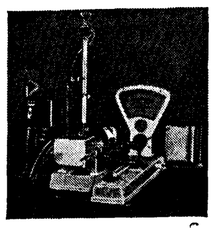

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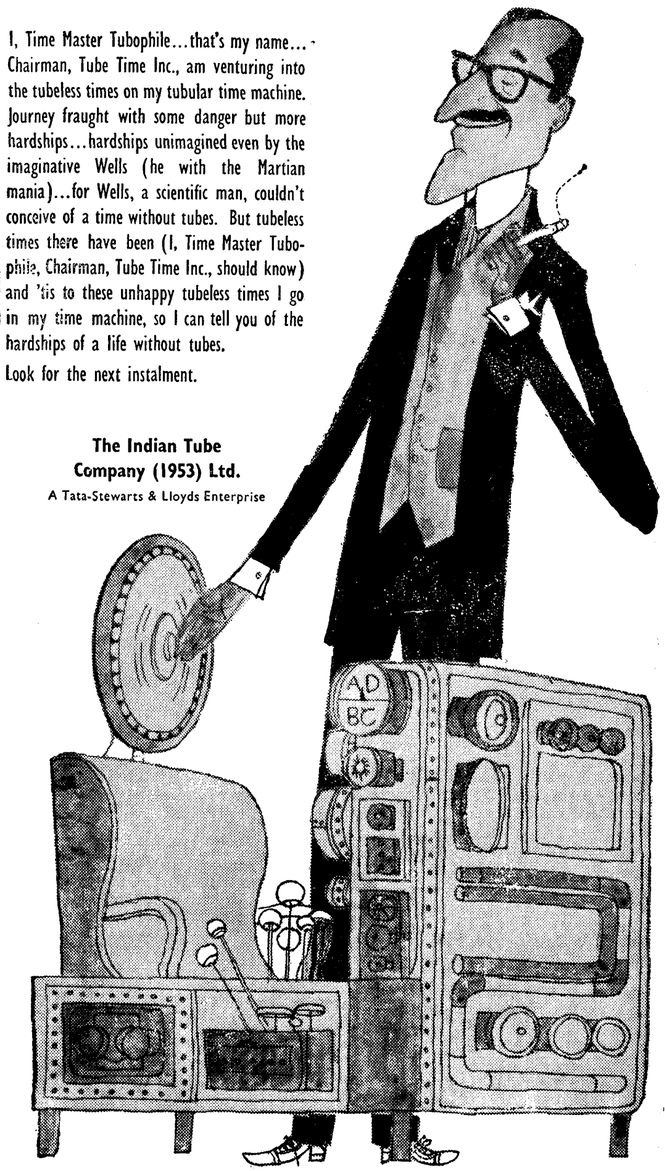

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AIRCRAFT INDUSTRY A MUST FOR INDIA

SUGGESTIONS FOR LAYING STRONG FOUNDATION

By Wing Commander R. Vaughan-Fowler, R.A.F. (Retd.)

A STRICT economist would be correct in questioning the Government of India's policy, providing for considerable capital expenditure on establishing an aircraft industry in India. This is by no means a matter of rupees alone; it is not the cost of the aircraft that really matters; it is the duty or work that it can perform.

Everything to do with aviation within a country adds up to a simple total under the heading "Air Power." Without adequate 'air-power,' and this includes air transport, trained pilots and all that stands behind them on the ground, no country can count itself independent. As India stands today, almost all our 'air power' is dependent on foreign manufactured supplies. In fact, there is no aircraft within the country that would not be grounded if spares and replacements were not available from abroad.

The seriousness of this can only be fully appreciated when we face facts and admit that, within a few weeks of a war breaking out on our frontiers, most of the Air Force would be grounded.

At Hindustan Aircraft Limited, a team of technicians has produced a supersonic jet fighter which has been flown a number of times. This is a great achievement, but it is only the first step towards the eventual production of military aircraft on a full-scale basis. Already, there are those who would decry this effort claiming that it is a waste of public funds and further that this particular aircraft is unlikely to be of value to the Air Force.

But, in the first place, unless a start is made, the country will never get anywhere in protecting its aviation requirements. The H.F.24 is an exercise of tremendous national importance. As an aircraft, it may or may not be a success. Supersonic fighters take five to seven years to produce, test and perfect for Air Force service. Those who expect miracles from H.A.L. are not helping, because their claims mislead the public into expecting too much in too little time.

Long-term Project

Secondly, investment of public funds in the development of an aircraft industry is justified, because, in the ultimate end, India will become self-sufficient in all the essential aviation requirements which will safeguard our air defences. But this is a long-term project which starting from now will run through at least three five-year plans. Even making allowance for considerable success, it is questionable if any country other than the major industrial countries, already long established, can really become totally self-sufficient in meeting its aviation requirements. Certain types of aircraft or equipment are so fantastically costly as well as technically complicated that it would not be practical to manufacture the small handful required in a country such as India. Even today the aircraft manufacturers of the world are faced with a nightmare of competition which divides the world markets between three or four of them when the total number of aircraft of the particular type required is really only sufficient to make one production line economically attractive.

As an example, it would be quite ridiculous to imagine for one moment that it would be economically practical to manufacture half a dozen Boeing 707s for the use of Air-India International. The number of aircraft in this class required for world air transport does not total 750 units, which might be regarded as a fair offtake from a production line. But, in fact, there are three major manufacturers in the U.S.A., all making aircraft in this class. Capital write-off to balance books runs into millions of dollars.

Probably, the greatest difficulty to be faced in establishing an efficient aircraft industry within the country is in the fact that, as the Government's industrial policy stands, all aircraft manufacture is the concern of the public sector. What is more, as things are at present, the main control is in the hands of the Defence Ministry, which in itself need not necessarily be an obstacle. Unfortunately, it is difficult for a Defence Ministry to think in commercial terms.

The Hindustan Aircraft grew up during the last war and originated as an industrial venture in which the Government participated. The war naturally resulted in this one and only aircraft factory being virtually controlled by those responsible for the Air Forces involved in this part of the world. After the war, the Defence Ministry took a far stronger hold over H.A.L., more or less excluding the other Ministries which would normally be directly interested. At the same time, these Ministries still have a say in what goes on, with the result that it is not always easy to act in a quick and effective industrial manner. This handicaps those on the practical side at H.A.L.

A new development of the Defence Ministry was the introduction of a manufacturing side within the Air Force Maintenance Command. The only comment is that no Air Force outside this country has ever attempted to engage in aircraft manufacture. It remains to be seen if this novel approach achieves its objective, which is claimed to be the production of medium-sized air transports for use of the Air Force, the military and, of course, Indian civil aviation. Those best qualified to judge are of the opinion that it will be next to impossible to achieve economical production on a time scale that fits in with the user demand for the aircraft. There is also the problem of sales and service after sale. It must not be forgotten that the civil operator looks with grave suspicion upon a military source of supply, because the moment Air Force demands impose an over-workload on the factory, priority will be given to the Air Force requirements, then any civil buyers who may have aircraft coming through the production line will find themselves faced with a virtual stopper in the supply line. Exactly how does the commercial operator of aircraft justify taking such a risk? What would the shareholders have to say if their airline operations were broken down and expansion could not take place simply because promised deliveries are not maintained?

There is another side, normal Air Force procedures do not lend themselves to factory practice—no matter how willing those in charge may be to speed the daily work.

There is no major objection to Defence controlling aircraft production, but, in the national interest, it would be wise to consider the possibility of industrialising the factories to the fullest possible extent. It is believed that this is under review. If this is so, it is to be hoped that a way will be found to mingle a good measure of industrial knowledge and control *plus* industrial practices, in both of the present aircraft factory establishments.

Sub-contractors

The aircraft industries of the world, not counting Russia, really amount to three, the United States of America, the United Kingdom and France. Without exception, each of these industries has adopted through the years an ever-expanding system of performing manufacture through sub-contractors.

Anybody who studies modern aircraft manufacture in an objective manner is bound to admit that aircraft have reached such a high level of technical refinement that they are composed of a multitude of specialist equipment that is outside the sphere of the airframe or aero-engine manufacturer. To produce all this equipment under one roof and one management is no longer practical. The airframe contains literally hundreds of pieces of equipment which are specialist manufacture. It is obvious that those charged with building the main structure could not possibly engage in the fine art work of producing delicate recording apparatus or navigation instruments. There is also a wide range of radio and radar with many other complicated electrical devices to work controls, flaps or maintain temperature within the aircraft, or reasonable pressure to enable the occupants to breathe in comfort. All this specialist equipment has to be produced by sub-contractors. In addition, many individual parts of the aircraft itself are easier made by a sub-contractor. Turning to the engine, in these days, it has been found that, in many cases, the sub-contractor is the answer, forming a link between the engine manufacturer and the airframe producer. In this case, the sub-contractor supplies the complete nacelle with all accessories into which he fits the engine and delivers it in the form of a package deal, so that it can literally be buttoned on at the right place ready to work.

There are two major difficulties that at present make sub-contracting in India almost impossible. First, those likely to be able to act as sub-contractors and having the necessary technical experience, are outside the public sector. So it is questionable if they can be called upon to undertake sub-contracts which are important parts of a Defence order. Secondly, in the majority of cases, the number of each individual item for sub-contracting is remarkably small, therefore it is not economically sound for a sub-contractor to engage in this class of work. If he contemplates so doing he must take into account the not inconsiderable costs of equipping himself and his staff for this highly specialised work. All this cost must be spread over a small number of items, so that the actual cost per unit becomes excessively high.

It is probable that, for many items, it will be found more practical for Hindustan Aircraft Limited to start small subsidiary factories, specialising, for example, in hydraulics or instrumentation. One visualises quite a number of such small units which could be administered under the umbrella of H.A.L., though they could actually function quite independently so as to retain their individual status. This is an important point, as it would enable these small units to undertake similar work for commercial supply, quite outside the sphere of the Defence Ministry. It would be a tremendous advantage, as, in all probability, this side of the business would more than carry the overheads, thus H.A.L. would be establishing small satellite industries from which it would reap financial rewards.

National Approach

Economically, the economist would be right in questioning the cost of aircraft production within the country and asking: why not buy from the most attractive market where prices are cut fine? From the national angle, however, the economist would be wrong; aircraft manufacture must be regarded as the key to our national security which can have no price tab. The country's defence, as well as its very life, depends on our ability to produce as much aviation hardware as possible, without having to rely on foreign supplies.

That is why the policy of the Defence Minister should be supported, though at the same time it must be tempered with moderation. Aircraft manufacture is so highly technical that however clever and willing we may be, we still have to learn the art of manufacturing all the bits and pieces. We should not forget that the three major aircraft industries of the world, excluding Russia, have been at the workshop benches for fifty years and more and they are still learning. To pretend that, with our limited facilities, greater achievements can be accomplished overnight is sheer self-deception. Excessive enthusiasm leads to an unrealistic approach and this can only retard our progress.

Success in the aircraft manufacturing industry is well within our reach. The labour force when properly trained can produce the finished article as good as, if not better than, the foreign product. For example, airframe jigs can be built in India to just as high a standard of accuracy as they can be produced in the United Kingdom, where far better facilities exist and those doing the work have far longer experience. Even the price of the Indian-produced jig will be favourable. I record this as a fact based on conversation with a British technician who has practical experience in India. He is a first-class craftsman and is only interested in the perfection of the job.

With labour so favourable as well as skilful, in a few years it must be possible to achieve near-miracle in aircraft production. The cost may run high due to the limited output requirement, but this handicap can be reduced as we progress. Hindustan Machine Tools produces machine tools comparable with the best foreign manufacture. These tools are worthy of export and the prices are favourable. Production is still below the Indian market requirement. Only time can step up the factory floor space and the skilled technicians, so that sufficient machine tools can be produced for both the home market and to export. The same can apply to aircraft production.

Let nothing stand in the way of developing our aircraft industry. Those who measure the costs today should remember that this is India and the nation is only now entering the world markets. So these early days of learning must necessarily be costly, but they will produce great national dividends in the years ahead.

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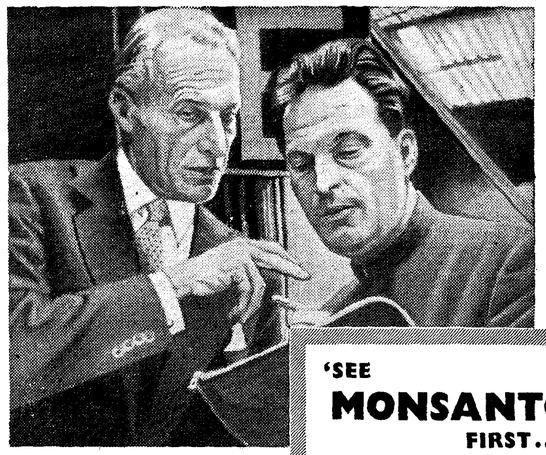

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TRENDS IN WORLD RUBBER

POPULARITY OF SYNTHETICS GROWING

WORLD consumption of rubber, which had suffered some setback last year, appears to have resumed the upward trend again, in the current calendar year. The latest estimates, published by the International Rubber Study Group, placed the aggregate world requirements during 1961 at 3,902,000 long tons, representing a rise of 165,000 tons as compared with the actual consumption of 3,737,000 tons in 1960 which was less than the preceding year's figure by 65,000 tons. The anticipated rise is expected to be shared by both natural and synthetic rubbers; the estimated consumption of natural is 2,037,000 tons and that of synthetic 1,865,000 tons, as against 1,987,000 tons and 1,750,000 tons consumed in 1960 and 2,125,000 tons and 1,677,000 tons in 1959, respectively.

More than one-third of the estimated total world rubber requirements for 1961 is accounted for by the U.S., the world's largest consumer of rubber. The figure that is actually mentioned is 1,480,000 tons, made up of 1,060,000 tons synthetic rubber and 420,000 tons natural rubber. The estimated rubber requirements of other countries in 1961 are given below:

(In thousand long tons)

Country	Natural	Synthetic	Total
United States ..	420	1,060	1,480
United Kingdom ..	165	123	288
West Germany ..	141	120	261
Japan	169	80	249
France	128	98	226
Italy	77	58	135
Canada	33	59	92
Australia	34	26	60
Czechoslovakia ..	47	2	49
Netherlands ..	21	13	34
Belgium	15	12	27
Austria	11	11	22
Indonesia	18	..	18
Hungary	8	1	9
Denmark	6	3	9
Malaya and Singapore	7	..	7
Other Countries ..	737	199	936
Total ..	2,037	1,865	3,902

The estimated consumption of both natural and synthetic rubber is expected to be closely balanced by production in 1961, indicating no change in the pattern which has ruled for the past five years (1956-60). The total world output, it is said, will be about 3,932,000 tons, as against 3,780,000 tons in 1960 and 3,610,000 tons in 1959. An increase of 152,000 tons in total output during 1961 as compared with 1960 is anticipated, despite the possibility of a decline in the production of natural rubber from 2,055,000 tons to 2,035,000 tons. It is so because the decline is expected to be more than made good by a significant expansion in synthetic rubber output, from 1,725,000 tons to 1,897,000 tons; the figure for 1959 was only 1,627,500 tons. The total annual production capacity of synthetic rubber in the member-countries of the Study Group is said to be of the order of 2.6 million tons.

Production in 1961

The estimated production of natural and synthetic rubber in different countries during 1961 is shown in the following table:

(In thousand long tons)

Natural Rubber:	
Malaya and Singapore	730
Indonesia	650
Thailand	165
Ceylon	98
Vietnam	77
Nigeria	60
Sarawak	45
Liberia	43
Cambodia	38
British North Borneo	25
Burma	11
Papua and New Guinea	5
All other countries	88
Grand Total ..	2,035
Estimated deliveries from strategic stock piles.	30
Total new natural supplies ..	2,065
Synthetic Rubber:	
U.S.A.	1,280
Canada	160
West Germany	120
United Kingdom	110
Italy	75
Other member countries	152
Total ..	1,897

The persistently rising trend of synthetic rubber production has been in keeping with the changing pattern of consumption. Synthetic rubber has already made considerable inroads into the markets for natural rubber. Over the last ten years, the share of synthetic rubber in the total world rubber consumption has gone up appreciably, from 26.4 per cent in 1950 to as much as 49 per cent in 1960 and is expected to increase further to more than 64 per cent by 1970. The percentage share of natural rubber, on the other hand, has declined, from 73.6 in 1950 to 51 in 1960 and, by 1970, it is said, its share will have declined to less than 36. It is not, therefore, surprising that producers of natural rubber are apprehensive about the future. Speaking on this aspect at the last annual general meeting of the Rubber Growers' Association in London, Mr. W. Anderson, Chairman of the Association, said:

"This encroachment by synthetic rubber is the more disturbing when it is realised that it was made by what may be described as the conventional synthetic rubbers, principally the so-called styrenebutadiene rubber or SBR as it is usually designated. The past year has, however, seen the commencement of the commercial production of the new stereo-regular synthetic rubbers. These rubbers fall into two broad categories, cis-polyisoprene or the so-called synthetic "natural" rubber and cis-polybutadiene. Cis-polyisoprene is chemically identical with the principal constituent of natural rubber and it is claimed that it should be capable of replacing natural rubber completely. Cis-polybutadiene, on the other hand, is not regarded as a complete replacement for natural rubber, but is likely to find use on an extensive scale as a diluent for natural rubber.

"At the moment, it may be true that neither of these new materials has been perfected, but it would be a mistake for us to assume that this will always be so. I feel it would be imprudent if we did not regard these new stereo-regular rubbers as providing the means of replacing natural rubber in every field of rubber consumption.

"All this may sound somewhat depressing, but the situation has been long foreseen. For many years now, my predecessors in their addresses to our annual meeting have referred to the possibility of the development of newer and better synthetic rubbers and the importance of making our product price-competitive. These new synthetic rubbers have now been developed and we can no longer count on the superior technical properties of natural rubber as being sufficient to ensure its continued use. It is no longer a question of superior or inferior properties; from now on, it is simply a matter of economics. The material which will obtain the principal share of the world's rubber demand is the material which is available at the most competitive price. A reduction in costs so that we can always supply demand at a stable price, even if need be at a low level, should be our goal. I know that some people may disagree with me and may feel that the production of new types of natural rubber will save the day. I would remind these people that the advent of cis-polyisoprene means that whatever new form of natural rubber may be developed, it can eventually, if not at the moment, be duplicated by synthetic 'natural.' If, therefore, any attempts are to be made to develop new types of natural rubber, it is an essential prerequisite that natural rubber must be competitive in price."

A Lesson for India

Rubber-growers and trade union leaders representing workers employed in rubber plantations will do well to take note of the significance of Mr. Anderson's remarks. In two years from now, India, too, would be producing some 20,000 tons of synthetic rubber, a quantity approximately equal to four-fifths of natural rubber. In less than six years from now, the synthetics will probably outstrip natural rubber. Since Indian economy will have to become competitive in world trade, it cannot afford to follow for long policies that will price out its manufactures and raw materials.

From the long-term point of view, a most important development has been the introduction of what are called the "stereo rubbers" which in whole or in part are said to be direct placements for natural rubber. Three companies in the U.S. (Shell-Torrance, Phillips and Firestone) are currently producing this rubber, the estimated total output for 1961 being put at 75,000 tons. Three more units (American R. & C. Goodyear and Goodrich) will start production in January 1962 and yet another (Texas-U.S. Rubber) a year later. The combined capacity and

(*Continued on page* 141)

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GROWTH OF CARBON BLACK INDUSTRY

U.S. COMPANIES HELPING MANY COUNTRIES

DURING recent years, there has been a marked increase in the number of countries making carbon black. This growth has come from the technical advance which enables the substance to be made from liquid hydrocarbons as well as from natural gas. The expansion of domestic capacity in Europe and elsewhere, prompted by the growth of demand, is reducing dependence upon the United States.

Carbon black, which results from the incomplete combustion of hydrocarbon gases or liquids, was first prized because its blackness and very finely divided particles made it eminently suitable for the manufacture of inks, paints and varnishes. This use is, however, now quite subsidiary to that of strengthening and reinforcing rubber—a purpose for which it was first used early in the First World War. It multiplies the life of tyres at least ten times, and the rubber industry now accounts for well over 90 per cent of all carbon black consumption, tyres taking by far the largest quantity. There are many other uses for carbon black, including the production of dry cells, carbon paper, and liquid oxygen explosives and in plastics, but these too now account for only a small proportion of consumption.

Today, most carbon black is produced from either petroleum or natural gas, but, in ancient times, lamp-black, a coarse form of carbon, was made by burning resins and oils beneath inverted bowls. The resulting black was scraped off and used for ink, and it is a tribute to the lasting quality of the substance that ancient Chinese and Egyptian manuscripts written in carbon ink have remained intact for centuries.

It was not until the 1860s that carbon black was first made by burning coal gas in the U.S.A., while natural gas was not used for this purpose until the early 1870s. In an early process, gas flames impinged against rotating water-cooled rollers; the resulting material, known as roller black, remains in production in the United States. Towards the end of the century, the channel process was developed and still yields the finest grades of black (called channel blacks) which are used in paints, lacquers and printing inks. In this process, natural gas is burned in a deficiency of air, the flames impinging on cold iron surfaces from which the carbon black is scraped. In 1920, a process of thermal decomposition of hydrocarbon gases producing rather coarse thermal blacks was introduced, and was followed eight years later by the furnace process. This produces, from natural gas, blacks of a fineness midway between the channel and thermal blacks but with a much greater yield than the channel process. Though finer furnace blacks with greater rubber reinforcing qualities were produced as the process was improved, it was found that blacks fully equivalent to channel blacks could not be made by this method.

After War

The demand for carbon black increased sharply during the Second World War, with the increased use of synthetic rubber, which requires more carbon black than natural rubber. For tyres, natural rubber needs about 35 lbs., and synthetic rubber about 50 lbs., per 100 lbs. of crude rubber. The use of synthetic rubber has continued to grow; there was a threefold increase between 1950 and 1960, and last year some 1.8 million tons were used.

There was a major development, in 1943, when the oil furnace process was evolved, using liquid hydrocarbons for producing carbon black. This development laid the foundations of the post-war industry. The oil furnace process, using a heavy, highly aromatic feedstock of closely controlled specifications, can yield a complete range of carbon blacks. It is much more efficient, and cheaper, than the channel process using natural gas, since about 50 per cent of the carbon in the feedstock is recovered, against only 5 per cent by the channel process. It may be noted that coal tar residues have been used to produce blacks in Germany, and are to be used in a new plant in India.

The adoption of petroleum as a raw material has had two significant effects. First, many of the high-cost channel black plants have been closed down, while many new oil furnace plants have been set up. Over 70 per cent of the free world's carbon black capacity is now for oil furnace black, while the proportion is expected to reach 80 per cent by the end of next year whereas it was only 8 per cent in 1947. Natural gas is, however, still of considerable importance in the United States, Secondly, as manufacture is no longer confined to countries with natural gas resources, some countries, with a sufficiently large demand for rubber products or faced with a pressing need to save foreign exchange, have been able to develop their own rubber and carbon black industries. Such countries may, however, have to import the special basestock until local refineries can produce it. The difficulties of transporting the light and fluffy carbon black are overcome by pelletizing, which increases the density of the product.

Trend of Production

Although complete statistics of world output of carbon black are not available, the following table, compiled by the U.S. Bureau of Mines, clearly shows the still-dominant position of the United States. In addition to the countries shown, carbon black is produced in Canada, Italy, China, Taiwan, in Australia since late 1959, in the Netherlands since mid-1960, and in South Africa since early this year:

*Production of Carbon Black**

(In thousand metric tons)

	1956	1957	1958	1959	1960
United States ..	834.5	815.6	745.9	892.3	931.4
United Kingdom ..	82.9	100.1	110.6	122.0	145.3
W. Germany ..	57.7	67.9	64.1	63.3	n.a.
France†	..	1.2	18.0	31.2	n.a.
Rumania ..	13.7	19.1	22.3	22.3	n.a.
Japan	11.4	13.9	14.4	19.2	24.9
Brazil	..	..	11.0	11.5	12.0
Yugoslavia ..	1.6	1.9	2.2	2.9	3.9

* Countries for which statistics are available.

† O.E.E.C. statistics.

Source: U.S. Bureau of Mines, except for France.

Despite the large output of the United States' carbon black industry, which has now almost quadrupled its pre-war production, demand is such that new plants are still being built and planned. As elsewhere, the industry tends to be distinct from the oil industry, although drawing raw materials from it. Phillips Chemical Company, a wholly owned subsidiary of Phillips Petroleum, and Continental Carbon Company, a 51 per cent owned affiliate of the Continental Oil Company, are notable exceptions. Phillips, which has a total capacity of about 150,000 tons a year, completed at the end of last year a 27,000-ton plant at Orange, Texas. Continental Carbon, which already has four furnace black plants and produced 115,000 tons in 1960, is building a new 25,000-ton plant to be completed by mid-1961 at Bakersfield, in California, where United Carbon Company, which produces both channel and furnace black, is also building a plant 85 miles north of Los Angeles which is scheduled to begin production late this year. A new unit on the Texas Gulf coast is planned by the Columbian Carbon Company the present production of which includes furnace, channel and roller black. The biggest producer in the U.S.A., and probably in the world, is Cabot Carbon Company, producing both channel and furnace black.

The United States is still by far the biggest producer, and, in 1959, it exported over one-quarter of its output. Other countries have now developed their own industry, while some no longer require imports (except perhaps of special grades), having become actual or potential exporters. In the United Kingdom, the production of carbon black has been developed entirely since the end of the last war when the saving of dollars became of vital importance. There are now four plants (all using the oil furnace process), and last year some 59,000 tons, over 40 per cent of total output, were exported; they were valued at £4.3 million, or an average of 7.75d. per lb. f.o.b. In the same year, the United Kingdom imported nearly, 17,000 tons, of which nearly half was channel black and the remainder included other special blacks.

Europe

Extensive developments are taking place in Europe, where plants are being built by the major American producers, in some cases jointly and in others with some local participation. France, in particular, is rapidly becoming a major producer, although as recently as 1957 all the country's carbon black requirements had to be imported. The largest of the new French plants is the Cabot France factory at Berre near Marseilles, with ultimate capacity of 44,000 tons a year, production last year being estimated at 35,000 tons. Work was begun early in 1960 on a factory of 25,000 tons capacity near Bordeaux for Cofrablack (a company formed by Phillips and Continental Carbon in 1959); commercial production, using Lacq natural gas as well as imported aromatics, began in January this year. A third plant, also with an annual capacity of 25,000 tons, is being completed by United Carbon at Port Jérôme near the mouth of the Seine.

In the Netherlands, two factories have been built in the Botlek area of Rotterdam port. The first, which was started up in April 1960 by Ketjen Carbon N.V. (in which the American Cabot Company has a 40 per cent interest), has a capacity of 24,000 tons a year. Two months later a smaller plant, with an initial capacity of 11,400 tons a year, was opened by Continental and Columbian Carbon (Nederland) N.V. Prior to this, all carbon black used in the Netherlands was imported, but the two new plants will provide for home consumption and also for substantial exports. Italy has a new 30,000-ton capacity carbon black plant, situated at Trecate near Milan, owned by Columbian Continental Europa. Its output will supplement considerably that of Cabot's plant at Ravenna, with a capacity of 14,000 tons. Since Italian consumption is now about 37,000 tons a year, there will be a margin available for export. Phillips Carbon Black Italiana (in which ANIC of the ENI Group has a 30 per cent interest) plans to build a factory at Ravenna using liquid hydrocarbons.

Canada

Canada became a producer of carbon black in 1953, when Cabot completed a plant at Sarnia, Ontario, and now Columbian Carbon is building a unit at Toronto which is expected to begin operations this year. Two continents have recently acquired their first carbon black plants. The Australian Carbon Black Pty. (which includes both Cabot and United Carbon) opened its £2 million, 37-acre, 11,000 tons a year plant at Altona in October 1959. It will satisfy about three-quarters of Australia's needs and will save £1 million a year in foreign exchange. A 50 per cent Phillips plant near Port Elizabeth, South Africa, the first in Africa, was opened in February this year. It has a capacity of 10,000 tons a year, 85 per cent of which will be used by local tyre manufacturing concerns; it is expected to save foreign exchange to the value of £600,000 a year.

Latin America

Expansion is also taking place in Latin America. In Argentina, Cabot is to build a plant at Campana, 50 miles N.W. of Buenos Aires, with capacity of 13,000 tons a year, while the Texas Butadiene and Chemical Corporation is including a 15,000 tons a year carbon black unit in its complex at Puerto Deseado, 140 miles S.E. of Comodoro Rivadavia, scheduled to be completed next year. Brazil's plant at Piassaguera, 15 miles from Santos, operated by Cie Petroquimica Brasileira-Copebras (in which the major partners are Columbian Carbon and Celanese Corporation), now of 27,000 tons a year capacity, is to be supplemented by a 15,000 tons a year plant to be completed this year by Cia. de Carbonos Coledais at Mataripe in Bahia (N.E. Brazil). A plant with 3,000 to 4,000 tons a year capacity at the State-owned chemical complex at Moron in Western Venezuela was due to be completed last year and is to be followed by another at Valencia, about 75 miles S.W. of Caracas, to be finished late this year and operated by United Carbon de Venezuela C.A. In Mexico, a plant at Salamanca is scheduled for completion in April 1962, while Bolivia also plans a carbon black plant using natural gas.

Others

In Japan, which produced 25,000 tons of carbon black last year, work is proceeding on a 6,000-ton capacity plant being built for Toyo Koatsu with a 49 per cent Continental Carbon interest; Phillips has designed a plant a Kawasaki for Showa Denko KK to come into operation this year. In Israel, carbon black facilities are to be included in a petrochemical complex associated with the Haifa refinery. The plant, to be completed by early 1963, is to have a capacity of nearly 10,000 tons a year which will be used by two tyre companies in the country. In India, Phillips (30 per cent) together with an Indian concern are building a 13,000 tons a year plant near Durgapur, 150 miles north-west of Calcutta, which will use local coal-tar feedstock.

The fortunes of the carbon black producers are, to a very high degree, bound up with those of the rubber and motor vehicle industries. But, considering the many uses already developed, especially in connection with new products, it would not be too much to expect that still more uses will be found for this versatile material.—*By special arrangement with* Petroleum Press Service.

DEVELOPMENT OF NON-FERROUS METALS

PRIVATE SECTOR CAN PLAY A BIGGER ROLE IF INCENTIVES ARE GIVEN

THE inaugural speech of Mr. Manubhai Shah, Union Minister for Industry, at the Twelfth Annual General Meeting of the Indian Non-ferrous Metal Manufacturers' Association held at Calcutta on 7th July 1961, contained an authoritative announcement to the effect that the Government was shortly going to set up a study group for examining the problems of procurement, development and substitution of non-ferrous metals in the country. As the Government's decision was based on the recognition that the development of basic industries in the third Plan period depended as much on indigenous production of non-ferrous metals as on steel and power, his annoucement was indeed timely. Apart from the consideration that the demand for major non-ferrous metals by the end of the third Plan would nearly double and account for Rs. 100 crores, as compared with 1960-61 (Table 1), there is also the disquieting fact that imports of non-ferrous metals accounted in recent years for a fairly large amount (Table 2). The proposed study group would, therefore, have to go into the question of imports and suggest ways and means of reducing them or of keeping them at least at their present level.

Mr. Manubhai Shah was, of course, optimistic about the prospects of producing non-ferrous metals in the country. His optimism even led him to assert that, given the co-operation of the industry, the country could produce 70 to 80 per cent of its requirements of non-ferrous metals. That this was rather excessive optimism in the context of poor prospecting performance in the country could be inferred from the relevant observations of Mr. A. C. Dutta in his presidential address at the Association's meeting. In the latter's judgment, the prospecting done so far in the field of non-ferrous metals had not been extensive enough. Mr. Dutta's charge is in a way confirmed by the 1960-61 report of the Union Ministry of Steel, Mines and Fuel (Department of Mines and Fuel), according to which detailed exploration and drilling for copper alone was carried out during the year under review at four places in Rajasthan and at one place in Andhra Pradesh by the Indian Bureau of Mines. Of course, the Geological Survey of India had done something during the year not only in the matter of copper prospecting but also in that of some other non-ferrous metals. It carried out drilling investigations in Singhbhum District, Bihar, and in Bastar District, Madhya Pradesh, and discovered disseminations of copper pyrites. It also carried out large-scale mapping, along with geochemical prospecting and exploration, of lead and copper deposits in the Almora district (Uttar Pradesh), in the Guntur and Nellore districts (Andhra Pradesh), in the Hassan district (Mysore) and in some areas of the Punjab, and Jammu and Kashmir. Detailed large-scale mapping in respect of lead and zinc was continued during the year in the Udaipur district (Rajasthan), in the Kurnool district (Andhra Pradesh) and in the Mayurbhanj district (Orissa).

Poor Prospecting Performance

Obviously, all this performance in the matter of prospecting was not on the scale needed. Obviously, again, the Department of Mines and Fuel, by itself, was in no position to carry out extensive prospecting in the field of non-ferrous metals. Mr. K. D. Malaviya, Minister for Mines and Oil, was probably aware of the limitations of the public sector when he suggested, in his inaugural address at the Mineral Advisory Board on 2nd May 1961, that the industry should associate itself with the Government either through collaboration or through capital participation to create mixed ventures in mineral prospecting and mining in a big way. The Minister also gave it to be understood that it was the public sector that would be the dominant partner when he laid down the condition that, in such mixed ventures, policy control and, to some extent, management would vest with the Government. All this was typical of Mr. Malaviya's dog-in-the-manger approach which, as in the case of petroleum prospecting, producing and refining, amounted to denying greater scope for the private sector in a field in which the public sector was in no position to do much either. Although, as Mr. A. C. Dutta said, "such prospecting and proving of mineral deposits are, by their very nature, a risky venture in which the entrepreneurs could not be expected to go all the way by themselves," the Government's approach would at least have to be one of according a dominant role to the private sector. Mr. Dutta's suggestions in this regard are:

"The Government department concerned should be associated with the private parties already holding prospecting licences or leases, and it might be a good idea to create a revolving fund through the Indian Bureau of Mines to carry out extensive drilling and prospecting work in mineral deposits all over the country through such association. Whenever economically workable deposits are located and proved, the entrepreneurs already holding licences and leases might be allowed to develop such deposits on the basis of repayment, over a period of years, of the amount spent in such prospecting. For really large deposits of non-ferrous metals, Government also might consider the feasibility of financial participation, thus creating an incentive for large-scale investment in such an industry."

The Incentives Needed

But this is not all that will be required. Actually, the non-ferrous metal and mining industry needs more than one incentive, in view of the fact that it is still in the initial stage of development. Moreover, the prospecting and initial development of a mine to bring it to an economic level of production requires a long time, which may be as much as five to ten years. Installation of adequate processing plants for smelting also requires three to four years. The planning for this industry, according to Mr. Dutta, has to be made in advance for 15 years. The risks involved in the development and utilisation of any suitable ore deposit are great. Very large investments are required without prospect of any return in the initial five to ten years. A well-thought-out scheme of incentives is, therefore, called for to encourage the desired rapid progress in this field. Mr. Dutta's suggestions in this connection are, *prima facie*, reasonable and realistic. These are as follows:

(1) Prospecting and development expenses should be allowed as revenue expenditure to be charged off against future profits, adequate provisions for depletion of ore reserves be allowed and a quick write-off of the capital expenditure be sanctioned.

(2) A tax holiday should be granted, as in Canada, South Africa and Rhodesia, in the initial years to enable the mine to recover the capital costs for the development of the mines and installation of the processing equipments before any taxes become payable.

(3) Financial help from the autonomous bodies should be extended to the mining industries on a more liberal scale. The rigidity of the formula that advances can only be upto 50 per cent of the total block assets should be relaxed or, alternatively, the value of the most important asset at a mine, namely, the valuation of the mine itself, should be taken into account in determining the quantum of advances to the mining companies.

If these incentives, as suggested by Mr. Dutta, are given, the private sector may be expected to play a bigger role in the non-ferrous metal and mining industry. At the same time, progress in the field of copper where the public sector has assumed responsibility for development at Khetri, would have to be speeded up. The potentialities of the Khetri copper deposit in a 50-mile-long belt are stated to be great. Yet, in the last few years, only a fraction of the same has been prospected. Since geologically India is not in the belt of copper-bearing strata, there is all the more reason why Khetri should be very intensively prospected. Drilling operations should be carried out over the whole length of the copper-bearing belt and 50 to 100 drilling crews engaged for prospecting it. And development of the mine should be envisaged with an initial capacity of, say, 30,000 tons of ore per day, if it is warranted by such prospecting. If suitable terms are offered, it is quite possible, in the opinion of Mr. Dutta, that some of the world's biggest producers of copper may take interest in this venture. Here, of course, Mr. Malaviya's approach would have to be different from what it is and his department must be more energetic in the matter of prospecting.

Third Plan Outlay

As for zinc and lead, it is stated that there is scope for a further investment of Rs. 8 to Rs. 10 crores in their production in the next five years in addition to the Rs. 7—8 crores proposed for investment in the next three years. In the zinc industry, there is already under planning the establishment of customs smelters. The aluminium industry has plans on hand for a bigger outlay with a 60,000-ton smelter in Mysore, a 20,000-ton plant at Rihand, a 20,000-ton plant at Koyna, a 10,000-ton plant in Madras State, two others being talked about—one in Madhya Pradesh with Swiss collaboration and the other in the public sector—and expansion of existing plants to more than double their present capacity. Only if the aluminium industry expands to this level will there be some scope for substitution of copper by aluminium to the the extent of 50 per cent as in the U.S., Italy and France. Mr. Manubhai Shah's suggestion that aluminium should replace copper to that extent would be a practical proposition if the industry's plans are not allowed to suffer for want of finance. The proposed third Plan outlay of Rs. 80 crores in primary non-ferrous metals and Rs. 13 crores in cables and wires production will be found to be inadequate if the greater scope, as indicated by Mr. Dutta, for the development of zinc, lead, copper and aluminium industries is recognised. Given a better atmosphere of encouragement, there is every likelihood that entrepreneurs in the country will come forward with more and more investments to develop its non-ferrous metal resources.

TABLE 1
Third Plan Demand for Major Non-ferrous Metals
(As estimated by the Development Council concerned)

Metal	Estimated consumption in tons in 1960-61	Estimated demand by the end of third Plan in tons
Copper	85,000	170,000
Zinc	85,000	187,500
Aluminium	50,000	100,000*
Tin	7,000	10,500
Lead	35,000	65,000

* Includes 10,000 tons for export. The revised estimate is 150,000 tons

TABLE 2
Imports of Major Non-ferrous Metals
(Value in crores of rupees)

Metal	1960	1959
Copper	22.9	16.4
Zinc	8.9	5.3
Aluminium	7.3	6.0
Tin	4.1	4.8
Lead	2.6	2.4
Total	45.8	34.9

TABLE 3
Production of Primary Metals and Products made from them
(In metric tons unless otherwise stated)

Name of metal or product	1960	1959
Aluminium	18,143	17,373
Antimony	813	674
Copper	8,928	7,677
Lead	3,710	3,957
Zinc concentrate	9,787	9,810
Aluminium foils	1,808	1,440
,, linings	599	544
,, powder ¢	304	353
,, conductors	22,352	17,125
,, extrusions	1,312	1,242
,, sheets	660	483
,, paste	435	428
Copper conductors	9,286	6,732
V.I.R. Cables (million yards)	301	214
Aluminium wire rods	4,078	2,985
Winding wires	4,064	3,959
Aluminium sheets circles	16,256	16,201
Lead pipes	813	616
,, sheets	66	35
Zinc sheets	3,251	2,538
Brass/copper pipes	1,321	51
,, rods	2,642	2,140
,, sheets	41,148	22,815
,, wire	1,219	923
Non-ferrous alloys	28,968	16,826

ELECTRONIC TIMBER SORTER IN SWEDEN

The Skutskar Sawmill, belonging to the Stora Kopparberg group of industries in Sweden, has just put into operation an electronic timber sorter. This installation is claimed to be the first in the world for electronic measuring and sorting of timber. Its capacity is 600 logs per hour.

Costing about Kr. 500,000 ($100,000) and performing the work of 12-15 men, this all-automatic installation has been developed by Philips Teleindustri, Stockholm. Besides saving labour, it is likely to result in considerable savings of raw material through the high degree of measuring accuracy.

The logs enter the mill on a conveyor at a speed of one metre per second. Along the conveyor optical registering devices feed data into electronic counters which include 700 transistors. The information obtained guides a memory for the subsequent sorting line. The logs are then automatically pushed off the line into different size pockets, whence they proceed to the saw frames. The installation also includes a metal indicator which spots nails or other metallic objects in the timber.

NEW PRODUCTS AND PROCESSES

High-speed Tablet Manufacture

THE "Rotapress," a new double rotary machine for compressing tablets at high-speed, has been developed by Manesty Machine Ltd., Liverpool, U.K. Four models are available, ranging from 696 to 5,280 tablets per minute. Features of the machine are new hydraulic pressure loading, internal helical gear drive, variable speed, new rotary feeding device, dust extraction points, and automatic lubrication.

Quality Metals and Alloys

The exposure of metals and alloys to supersound improves their quality. This conclusion has been drawn by the staff members of the Central Research Institute of Ferrous Metallurgy, Moscow, after many years of experiments. Metals and alloys are exposed to supersonic vibration in molten state. The microscopic analysis of ingots thus obtained showed that they consist of uniform grains 4-5 times smaller than in the metals not exposed to supersound. After this processing the temperature of the molten metal is equalised, the admixtures are equally distributed throughout the ingot and gases are removed. The technological and mechanical properties improved due to structural changes. As a result of exposure to supersound the permissible deformation in some types of steel grew upto 4.5-fold and the ability for elongation—3-fold, which is of great importance in rolling.

Bandage for Bed Sores

Two years of work by the Seton Products Ltd., England, in co-operation with the nursing research team has resulted in the development of a new type of bandage designed for the prevention and treatment of bed sores. At present it is used only on the heels, elbows, legs and knees but research is continuing with a view to perfecting it for every area where pressure sores occur. Named the "Pubipad," the bandage is foambacked by a special process and is described as being simple to apply and to remove and is self-fixing, retaining indefinitely the position in which it is first placed. The bandage is applied with the foam next to the skin and minimises friction between the patient and the bed. The supportive effect of the bandage is of value in accelerating the healing of existing sores as well as preventing them from occurring.

Heating Strips for Factories

Aluminium panels clipped to a steel pipe grid and backed with an insulating material are being offered as radiant heating strips for industrial buildings in the U.K. The strips are available in five widths from 16 inches to 48 inches in increments of 10 feet in length. They are stated to be suitable for use with low, medium or high-pressure hot water and are claimed to enable an economy in pipework and valves to be achieved. Strips may be up to 100 feet long in low-pressure hot water systems and up to 60 feet for high-pressure water. Called Frengerstrips, they are being marketed by Frenger Ceilings, London.

Chemical Treatment for Cotton Fabrics

The Research and Development Division of Cone Mills Corporation, U.S., has developed a new chemical treatment based on an agent called diglycidyl ether. The new treatment not only make cotton fabrics wrinkle-resistant but also prevent them from turning 'yellow' in the process of washing. In certain different formulations, it increases the tear strength of the cotton. Most commercial finishes use nitrogen compounds that retain chlorine which, on the application of heat, produces tendering and yellowing of the fabrics.

Ceramic Adhesive

A new ready-to-use material in the form of a ceramic adhesive has been developed in the U.K. It is said to have excellent electrical properties and good mechanical properties with exceptionally high strength. It will not flake, nor disintegrate during use. Tests are said to have shown that it has a maximum service temperature of 2,600 degrees Fahrenheit, and can be used continuously at up to 2,000 degrees Fahrenheit. The adhesive is cured at a temperature of 250 degrees Fahrenheit. Its electrical properties are said to include a low dielectric constant, and a low "loss tangent." In its initial state it has a paste-like consistency and as a result it can also be used for coating items for protection against high temperatures. It is expected to find applications not merely in the electrical industry, but also in mechanical engineering. It is said to be very easy to apply.

Disc Brakes

The first vehicles to go into regular services on any railway using disc brakes—with the wheel itself as the disc—are now running in express freight services in the U.K. The British Transport Commission says that British Railways are the first in the world with this new development in railway power brakes, and the system is to undergo large-scale trials on 212 coal wagons of three types under service conditions. The first batch of vehicles equipped with disc brakes are 62 21-ton hopper-type coal wagons, which discharge their load through doors in the bottom of the vehicle. These wagons regularly form three express freight trains a week which run at almost passenger-train speed with bulk loads of coal from Mansfield (Nottingham) to a depot in London. Another 150 wagons, 50 16-ton mineral type, and 100 24-ton hopper type, are also to be fitted with disc brakes. In addition to the principal advantage of far longer periods between brake-pad renewals, disc brakes it is claimed, can also achieve a more consistent braking performance, and much better heat dissipation, without the disadvantages of other thermal effects, including brake fade. All these attributes of the disc brake are of particular importance in vehicles which are operated at high speeds, but there are a number of operational problems to be overcome as well as a complete appraisal of all the costs involved before disc brakes could be considered for general use.

Lamination of Cardboard Rolls

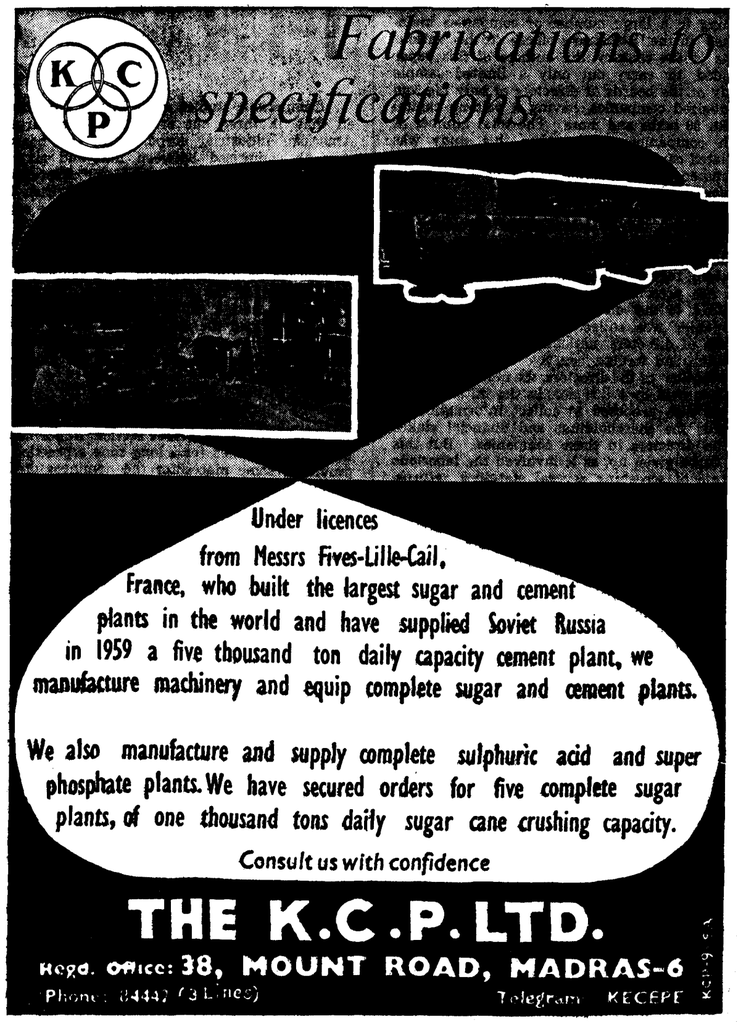
A new IG-Halley machine designed to laminate cardboard rolls to unsupported aluminium foil or transparent viscose film has been developed by James Halley and Sons Ltd., West Bromwich, U.K. The lamination unit, which operates at 500 feet (152.4 m.) per minute, is combined with another unit for coating the foil side of the material with lacquer. Both units are equipped with hydraulic drive and all electrical fittings can be safely operated in hazardous areas. The machine is designed to handle card with widths upto 50 ins. (1.3 m.) and thickness upto .03 ins. (0.762 m.) A minimum oil thickness of 0.009 mm. can be accommodated. Glues and lacquers are varied to suit customers' specification. Hot-melt and solvent-type laminants are used for various coatings which can be of the kiss, reverse, pressure or controlled-gap kind. The machine is equipped with tunnel or drum drying facilities, the tunnel incorporating a comprehensive system of air recirculation to keep heating costs at a minimum. Speeds of applicator rolls and duct cylinders can be varied and the amount of laminant is controlled by squeeze roll or doctor blade.

Novel Air-conditioning Plant

An air-conditioning installation which meets the medical requirements for bacteria-free air as well as personal demands for a constant level of temperature and humidity has been manufactured by the large Swedish makers of ventilation equipment, Svenska Fläktfabriken, Sweden. The installation is the result of close collaboration between the company's own engineers and the chief surgeon of the Phoracic Clinic, Lund Hospital, South Sweden. The equipment now in use at the clinic lets in fresh air which has been filtered, washed, humified, cooled and heated through an aggregate in the ceiling. In order to prevent draught in the theatre, the air flow is diagonal, the air being let in below the ceiling along one end wall and evacuated through floor ventilators at the other. The air of the room is renewed entirely 15-20 times an hour, the humidity and the temperature being kept constant at 60 per cent and 20 deg. C., respectively, irrespective of how many persons are present at the operation. In order to prevent polluted air from the corridor outside the operating theatre from penetrating into the room when a door is opened, the entrance has been equipped with two doors and a low pressure chamber in between.

New Type Rubberised Seal

The Australian Office of the National Rubber Bureau has announced a new type of rubberised bitumen seal used on the bypass. The new additive consists of a solution of Malayan rubber and power kerosene (paraffin) mixed with bitumen. It was developed by the Victorian Country Roads Board in conjunction with the Bureau. The bypass is on the section of the Prince's Highway that connects Melbourne with Geelong 45 miles away. The light rubberised seal used on the bypass will enable any weaknesses in the road formation to be discovered before the more expensive permanent surface is laid down. Rubberised bitumen was selected on the strength of its performance elsewhere in Victoria under adverse conditions and heavy traffic. The extra tenacity of the rubberised bitumen and its resistance to bad weather during laying helped to overcome the problems of carrying out the programme in mid-winter. In fact, although work was interrupted by rain and temperatures varied considerably, a satisfactory result appears to have been achieved. The sealing was completed in less than two days. The consolidated pavement was primed with a blend of vertical retort tar and tar oil before sealing with one-eighth of a gallon of rubberised bitumen per square yard and was then covered with three-eighth basalt chippings. In earlier work carried out with rubberised bitumen by the Country Roads Board, the rubber additive has generally been in the form of a powder added to the bitumen in heater kettles and then loaded to the sprayer and cut back with power kerosene. This method required approximately 40 minutes to dissolve and disperse the rubber powder. A rubber solution which disperses rapidly and readily in hot bitumen was made from a specially selected rubber of known physical properties treated to give a free flowing solution of standard viscosity when dissolved in power kerosene. Laboratory investigation and field tests indicated the practicability of such a solution. The benefits of using the rubberised solution are: (*a*) ready solubility in hot bitumen (as the rubber has already been dissolved in power kerosene); and (*b*) flexibility of preparation. The solution consists of approximately 20 per cent of rubber and 80 per cent power kerosene.



PATTERN OF COMPANY DIRECTORSHIPS—II

RESULTS OF SURVEY IN WESTERN REGION

By Dr. Raj K. Nigam, Director of Research and Statistics and
N. D. Joshi, Research Officer, Department of Company Law Administration, Government of India

AT the time the present Companies Act, 1956 came into force in April 1956, the corporate sector in the country comprised nearly 30,000 public and private companies at work accounting for a total paid-up capital of Rs. 1,024 crores. In the course of the subsequent four years ended 31st March 1960, the strength of the corporate sector is believed to have come down to nearly 27,000 companies, but their total paid-up capital was higher at nearly Rs. 1,600 crores. The overall reduction in the number has been brought about by the vigorous administrative action taken by the Department of Company Law Administration to weed out the moribund or inactive companies from the official records. The existence of such companies in the official registers of companies gives an incorrect and inflated impression of the size of the corporate sector. The process of weeding out is expected to continue for some time more. The total number of directorships of the active core of joint-stock companies was estimated at around 70,000 in the first statutory report on the working and administration of the Companies Act 1956 for the year 1956-57. This estimation was done on the assumption that the average number of directorships in a private and public company was three and five respectively, and that 15 per cent of the directorships in the company was common.

Some Handicaps

Considering the large size of the population of company directors in the country and the fact that the collection of information relating to them would involve inspection of files pertaining to a large number of companies maintained in the Registrar's offices in the various parts of the country, the authors of this paper decided to carry out only a limited sample study of the boards of directors of only big and giant-sized companies, having a paid-up capital of Rs. 50 lakhs and more. The total number of such companies at the time this study was initiated came to around 345 companies. It was estimated that a sample study of these companies would cover roughly over 3,000 company directors. The first phase of this investigation started with the collection of data relating to the directors of 117 big-sized companies reported to be having their registered offices in the Western region. The results of this investigation are presented in this paper. Information relating to the directors of the 117 big-sized companies was collected on the size of the boards of directors, nationality of the directors —Indian and foreign, sex, age and occupational distribution of the directors, the number of directorships held by a director. In the initial stages, it was also proposed to collect information as regards the shareholdings and financial stakes of the directors in these companies. But this had to be given up, as it involved the laborious process of screening several statutory returns, including the list of memberships, and, even if this were done, the results would not give a correct idea of the situation due to the prevalence of the practice of *benami* holdings. However, in regard to the various heads of information selected for study it may be stated here that quite a few distortions were noticed in the information collected from the statutory returns filed by the companies. For example, due to the faulty and broad descriptions of the occupations of the directors, occupational picture of directors was not quite clear. The occupations of the directors in the statutory returns were variously described as Government servant, private service, industrialist, merchant, pensioner, agent, chemist, technical specialist, social worker, housekeeping, etc. Such descriptions made it difficult to ascertain the presence of professional men and specialists like chartered accountants, cost accountants, engineers, solicitors, lawyers, taxation experts, etc., on the boards. Similarly, clear and precise age groups for the directors could not be demarcated, as, in many cases, only the year of birth of the directors and not the date of birth was given. Further, in the absence of information regarding family lineage and "the powers-that-might-be" behind certain directors, the "locus of concentration of economic power" could not be established.

Our study reveals that the total number of directorships of the 117 big-sized companies of the Western Region, comprising the present States of Maharashtra, Gujarat and Madhya Pradesh, totalled 917 held by 546 persons. On the average, a person who served as a director in any of these companies held 1.7 or in rounded terms two directorships in the 117 companies. On an all-India basis, the aforesaid 546 persons held a total of 4,174 directorships on the boards of 1,905 companies. On a country-wide basis, the average number of directorships held by a person came to 7.6 or in rounded terms eight directorships.

Size of Boards of Directors

On an average, the boards of directors of the companies covered in this study comprised eight directors. The maximum size of the board of directors was found in the case of the Associated Cement Companies Limited, comprising 20 directors, and the smallest size was of two directors which is the minimum prescribed for the board of a private company under the law. The number of companies having different sizes of boards are given below:

No. of directors	*No. of companies*
2	2
3	2
4	5
5	9
6	18
7	29
8	18
9	17
10	11
11	5
12	7
14	2
20	1
TOTAL	117

Comparable studies made in the U.S. showed that, in three out of four of the largest American industrial corporations, the board's strength comprised between nine and sixteen directors. In the U.K., Professor Florence's study disclosed that, in the largest British industrial and commercial companies with a capital of over three million pounds, the boards were smaller than those in the U.S. The bulk of them contained six to twelve directors, with an average of nine directors. As against this, in a sample of the smaller British companies with under half a million pounds capital, five directors formed the average size of the board. Our study of the size of boards of big companies shows similarity in size with the big-sized British companies.

Nominee Directors

As said in the previous section, in our country, there has been for a long time a practice of providing some places for the nominees of the managing agents on the boards. Our study reveals that, out of the total number of 917 directorships in the 117 companies, 259 directorships belonged to 32 managing agency-managed companies. Out of these 54 directorships were held by the nominees or representatives of the managing agents concerned. On an average, out of the average strength of a board of eight directors, two directors were the nominees or the representatives of the managing agents.

Nationality of Directors

Some of the big-sized companies in the country are managed by foreign managing agencies and a few of them take on their boards some foreign nationals for various business reasons. Our study reveals that out of the 117 companies studied, 43 companies had foreigners as directors. Their number came to 113. The total number of directorships held by foreigners came to 133, as against 226 held by Indian nationals in those companies. The ratio between Indian and foreign directors worked out to 2 : 1 in the cases of these 43 companies. Among these companies, the predominance of foreign element in the boards of Ahmedabad Electricity Company, Asbestos Cement (Private) Ltd., Burmah-Shell Refineries Ltd., Caltex Oil Refining (India) Ltd., Glaxo Laboratories Ltd., Godfrey Phillips India Limited, Greaves Cotton and Crompton Parkinson Private Ltd., Hindustan Vanaspati Manufacturing Company Ltd., Mazgaon Docks Ltd., Finlay Mills Ltd., Moghul Lines Ltd., National Manufacturers Ltd., was particularly noticeable. The reason for this overweighted representation of foreign element is obvious. These companies are either foreign-owned or wholly managed by foreigners. There are, however, a few cases such as the Asian Finance Corporation Private Limited, the Bombay Suburban Electric Supply Company Limited, Sandoz Products Private Limited, and Voltas Ltd., where Indian and foreign directors are present in equal numbers. As against this, amongst the companies believed to be under Indian management which had foreign element on the board are the Associated Cement Companies Limited, Mahendra and Mahendra Ltd., Polychem Ltd., Tata Hydro-electric Power Companies, Tata Industries Private Ltd., Tata Engineering and Locomotive Company, Tata Mills Ltd., and Tata Oil Mills Company Ltd. The following table briefly summarises the position of Indian and foreign directors in the 43 companies having mixed boards of directors.

	No. of companies.	No. of Indian directors.	No. of foreign directors.	Ratio of Indian to foreign directors.
Companies with foreign predominance on the Board ..	10	10	60	1 : 6
Companies with equal strength of Indian and foreign directors	4	15	15	1 : 1
Companies with Indian predominance on the Board ..	29	201	58	3 : 1
Total companies having foreign element	43	226	133	2 : 1

Apart from this, our study discloses that the 113 foreign directors on all-India basis held 574 directorships, which gave an average of five directorships to a foreigner in the country as against an average of eight directorships held by an Indian national.

Sex Distribution

Out of 117 companies, only seven companies were found to have lady directors who held eight directorships. As against this, 46 directorships were held by male directors in those companies. It is, therefore, clear that the presence of ladies on the boards is rather a rare occurrence in our country.

Frequency Distribution of Directorships

The frequency distribution of the directorships held by the 546 persons holding 4,174 directorships all over the country was as follows:

No. of directorships	No. of persons holding the directorships	Total No. of directorships held
1	113	113
2-10	294	1,541
11-20	95	1,421
21 and more	44	1,099
Total ..	546	4,174

The foregoing table brings out the extent of the plurality of directorships in the country. Before we comment upon it, it is necessary to explain the position of 44 persons holding more than 20 directorships which would appear to be inconsistent with the provisions of Section 275 of the Companies Act. This section requires a person holding more than 20 directorships to surrender the surplus directorships within two months of the coming into operation of the new Act. Section 278 of the Act, however, makes a few exceptions with regard to directorships held in certain categories of companies which are not to be counted for the statutory maximum of 20 companies. Under this section, the directorships in the following companies are to be excluded:

(*a*) a private company which is neither a subsidiary nor a holding company of a public company;

(*b*) an unlimited company;

(*c*) an association not carrying on business for profit or which prohibits the payment of a dividend;

(*d*) a company in which such person is only an alternate director, that is to say, a director who is only qualified to act as such during the absence or incapacity of some other director.

Obviously, the companies and the Boards must have seen that the requirements of these sections were duly complied with, since, otherwise, they would have run into legal difficulties.

Some of these excepted types of directorships are included in the number of directorships held by the 44 persons shown in the above table, and, therefore, one need not look at these figures with dismay. On the basis of the above results, we can conclude that nearly 80 per cent of the directors of big-sized companies were 'plural' directors, whereas 20 per cent were single company directors. Of the total, 20 per cent held more than 10 directorships and these persons under this study could be said to forge interlocks among the Western Region companies on the one hand and many other companies registered in other parts of the country on the other.

The foregoing results of the study can be compared with the position of multiple directors in large companies in the U.K. and the U.S. as disclosed in certain sample surveys undertaken in those countries, the figures from which are quoted by Professor Florence in his book *Logic of British Industry*.

No. of companies in which directorships are held	Indian companies included in our study	Large British companies	Large American companies
One to five	77	70.0	72.5
Six to ten	—	17.0	17.5
Over ten	23	13.0	10.0
Total ..	100	100.0	100.0

The high figure of multiplicity in our country is explained by the acute shortage of qualified candidates for the office of directorship and by the dominance of certain business houses and managing agency firms and companies.

Age Pattern

Out of the total 546 directors, the information regarding their dates of birth and ages was available for only 505 directors. The age pattern of these directors is given in the table below:

Age Group (as on 31st March 1957)	*No. of directors*
Upto 30 years	36
31—45 years	142
46—55 years	172
56—65 years	92
Above 65 years	63
Total ..	505

Here, it is necessary to draw attention to the 63 superannuated directors. The holding of company directorships had to be regularised in these cases under the Companies Act 1956 by a resolution passed by the company in general meeting as per provisions of Section 281 of the Act. These superannuated directors formed only 12 per cent of the total number of directors. As against this, young blood as represented by the age groups upto 45 years, accounted for 35 per cent of the total. The remaining 53 per cent of the directors may be called "matured and seasoned" directors.

This analysis further discloses that, of the 106 companies for which relevant data on the age of their directors was available, "young blood" (that is, persons upto 45 years of age) got no representation on the boards of 12 companies. As against this, in two cases, it got 100 per cent representation and in two others between 76 per cent and 99 per cent. Younger directors predominated in 19 other cases, their representation varying between 51 per cent and 66⅔ per cent in 11 companies and between 66⅔ per cent and 75 per cent in four companies. A fifty-fifty ratio between the "young" directors and "mature and old" ones (these being persons of age exceeding 45 years) was seen in eight cases. The representation of the "young directors" varied between 33⅓ per cent and 49 per cent in 17 companies and between 26 per cent and 33⅓ per cent in 14 companies. Young directors' representation came to 25 per cent of the total strength of the boards in 36 companies. Thus, it is seen that, in 79 out of 106 companies, the board had a working majority and predominance of the "mature and old" directors. That is to say, in four out of five cases, boards comprised the "mature and old" directors. The following table gives the relevant factual information in this regard:

Composition of Board by Young and Old Directors

% representation of young directors of age upto 45 years	*No. of companies*	*% to total companies*
No representation	12	11
Upto 25%	36	34
26% to 33⅓%	14	13
33⅓% to 49%	17	16
50%	8	8
51% to 66⅔%	11	10
66⅔% to 75%	4	4
76% to 99%	2	2
100%	2	2
Total	106	100

The following table presents a comparison between the pattern noticed in our study and that in certain studies available for the American and English directors. Along with the Indian directors' age pattern, that of the foreign directors in the Indian companies is also shown:

Age Pattern of Directors in Indian, American and British Companies

Age group	Percentage			
	Indian directors in Indian companies	Foreign directors in Indian companies	British directors	American directors
Under 40	25	18	9	1.0
40-49	21	28	30	9.5
50-59	29	28	31	26.5
60 and above ..	25	26	31	63.0
Total ..	100	100	100	100.0

The average age of Indian directors, British directors and American directors worked out to 49.5, 55.2 and 65 years respectively. The average age of foreign directors in Indian companies is 49 which is almost the same as that for directors of Indian nationality. The higher average age in the case of American directors is mainly accounted for by the fact that the administrative structure in American companies is very different from that of Indian or British companies. The board of directors of American corporations tends more often to be a supervisory body of elder statesmen of industries including bankers and representatives of leading stockholding families, while the board of directors in the U.K. and in India tends more often to be an active policy-making body.

The lower average age in the case of directors in India may partly be ascribable to the lesser longevity in case of Indian directors and partly to hereditary nature of directors. The lower average age of foreign directors in India is accounted for by the fact that British people of older age would prefer to stay in England.

Occupation Pattern

As stated elsewhere, information relating to occupational distribution of the company directors is a great deal faulty. A clear pattern of occupational distribution can be had only from the replies received from the directors concerned with regard to a detailed categorisation of occupations and professions as some studies in America have attempted. It is because of the lack of precision in the description of occupation of directors, we hesitate to deal with this matter at length.

(Concluded)

Note: The views expressed in this paper are entirely the personal views of the authors and the Department of Company Law Administration is in no way committed to them.

LAUSANNE TRADE FAIR

The next Lausanne National Fair (Switzerland) will take place from 9th to 24th September. About 2,400 exhibitors are expected to display their products in the thirty-eight halls of the Palace of Beaulieu, with six pavilions set apart for agricultural sector and building trade. Although the Lausanne Fair remains primarily national in character, it invites each year a foreign country to take part officially with an exhibition of its own. This year, Greece will be exhibiting its main resources in a pavilion organised by its Government, under the auspices of the Greek Embassy in Switzerland and in collaboration with various Greek national organisations in the fields of cotton, tobaco, tourism, etc. It may be recalled in this connection that India was the guest country at the Lausanne National Fair in 1954. Considerable facilities, in particular in the form of reductions on certain Swiss and foreign rail and air fares, are granted to all visitors.

NEAR EAST INTERNATIONAL FAIR

The 1962 Near East International Fair will be held at Tel Aviv (Israel) Exhibition Gardens for a month from 5th June next. Organised by the Near East Exhibition Company Ltd., Tel Aviv, the exhibition is expected to provide a successful trading forum, bringing together both newly-independent, developing countries, particularly in Asia and Africa, and industrialised countries of the West. Wide lawns, attractive fountains, festive illuminations, colourful flower-beds and a landscaped lake form the setting for the spacious exhibition pavilions and stands. The groups of products likely to be displayed are expected to include a wide range of machinery and equipments, transport vehicles as well as consumer goods such as textiles, tobacco products, paper and rubber goods. All articles consigned for display will be allowed free of customs duties. The fair grounds will be treated as customs free zone.

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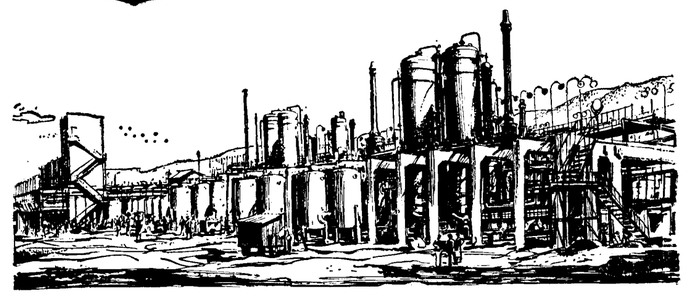

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INDIA REINSURANCE CORPORATION

SCOPE FOR IMPROVING ITS UTILITY

THE results of the India Reinsurance Corporation Ltd. for the year 1960 are of considerable interest for two reasons: First, the business of the Corporation is mainly composed of the cessions made by all the insurance companies in India. This means that the quality of Indian business done by the Corporation should reflect the average results of the operations in India of both the foreign and Indian companies. From 1960 onwards, the results will be still more representative, because of the Insurance Amendment Act of 1961, under which the India Reinsurance Corporation, along with the Indian Guarantee and General Insurance Company Ltd., has been made an approved insurer. Till 1960, it was only voluntary for every insurer to insure with the India Reinsurance Corporation specified percentages of their business. Since the 1st April 1961, however, it is obligatory to reinsure a fixed share of the sum insured on each policy issued or renewed on or after this date. But, since most insurance companies were a party to the voluntary arrangement, even the results of the Corporation for 1960 could well be taken as an index of the cost and profitability of business done in India.

The second reason why the results of the India Reinsurance Corporation are important is the fact that the quality of underwriting is the most important thing in insurance arrangement and good underwriting can always be steadily improved over a course of years. Out of the five years of operations of the India Reinsurance Corporation, the first three years were used for building up sufficient reserves and dividends have been declared only for the fourth and fifth years, namely, 1959 and 1960. The Directors, it may be noted, have recommended the payment of a dividend at 6 per cent, subject to tax, for the year 1960, which will absorb Rs. 60,00,000.

It is most important for a reinsurance company to spread its risks geographically and, consequently, a good part of their premiums are retroceded abroad by all reinsurance companies all over the world. As most of the India Reinsurance Corporation's Indian business comes by way of automatic cessions, the real selection of business comes by way of reciprocity from abroad in return for the excesses over the net account which are ceded abroad. From the voluntary (now compulsory) cessions received by the India Reinsurance Corporation Ltd., 50 per cent of the business is given back to all insurance companies now operating in India by way of part reciprocity. This obligation has now been made a part of the obligation under rules made under the Insurance Act. Out of the balance of 50 per cent, more than half must be going abroad and the quality of business which comes back from abroad in return for this premium should make all the difference to the marginal operations of the India Reinsurance Corporation Ltd.

Indian business, particularly fire business, is known to be one of the most remunerative in the whole world and there is no reason why it should be exchanged for unprofitable business or business of low profitability from the British market, simply because Indian insurance in the past has been traditionally bound to the British market for historical reasons. During 1960, the India Reinsurance Corporation got a premium of Rs. 33,00,000 from abroad, on which the ratio of paid losses was about 78 per cent. The actual incurred losses must have been higher still, but the accounts fail to disclose this important feature by combining the outstanding losses in India with the outstanding losses abroad. This is presumably accounted for by the fact that, in recent years, the home fire business in the British market has been showing very adverse results, particularly on account of the several large fires involving big industrial units.

As against the aforesaid experience abroad, the fire net premium in India was about Rs. 50,000,000 and the corresponding paid loss ratio was only 28 per cent.

Although the results do not show the extent of foreign exchange drain abroad, the necessity of reducing the exchange drain on account of overseas reinsurances, and earning foreign exchange, if possible, cannot be overemphasised. The whole idea of floating the India Reinsurance Corporation was to save foreign exchange and to develop a reinsurance market in this country and it would be useful if the Directors' report and statement of accounts or the Chairman's statement could show in future how far the original intention of starting the India Reinsurance Corporation is being realised. It is necessary and desirable both for the India Reinsurance Corporation and the Indian Guarantee to set healthy standards and give more information on their operations than the minimum necessary under the Companies Act. It is also to be hoped that the two professional reinsurers will compare notes, try to learn from each other's experience and try out innovations of technique in view of our special position. It is probable that India Reinsurance Corporation's results could be improved if it exchanged more business with national insurance corporations like the Pakistan Insurance Corporation or the corresponding body in Egypt and with the various Japanese companies rather than with European companies. They will also be able to save further foreign exchange if they switch over some of the arrangements from a surplus basis to an excess of loss arrangement. At the present time, the India Reinsurance Corporation can afford to take the slightly bigger risk of an excess of loss arrangement, as its reserves have gone up from about Rs. 86,00,000 to about Rs. 1,16,00,000, in addition to its paid-up capital of Rs. 1,00,00,000.

The marine account shows a loss mostly on account of the "reserves strain," caused by the additional reserves of about Rs. 21,00,000.

The Reinsurance Exchange started by the India Reinsurance Corporation does not appear to be very successful, especially with non-Indian companies, probably because the non-Indian companies have a much bigger capacity to retain their acceptances. It is to be hoped that, over a course of years, the India Reinsurance Corporation would be able to take over from various smaller Indian companies the placing of Treaties in India and abroad from the hands of various brokers. This should also enable a greater part of the Treaties to be placed in India with a corresponding reduction in the use of foreign exchange. The India Reinsurance Corporation would also do well to support special insurance needs of the country such as crop insurance, cattle insurance and banking deposits insurance. Instead of taking up these new lines which are relevant to insurance, the India Reinsurance has started with guarantees in connection with hire-purchase transactions. Surely, it would have been better if this type of credit business were left to banks or other specialised agencies, so that the standards of examination for any proposition may be well maintained.

The fire and miscellaneous insurance funds of the Corporation now stand at 50 per cent of the respective net premiums, while the marine funds now stand at 100 per cent of the marine net premium. It is to be hoped that its performance in the current year would take the reserves still further, with an increase in the dividend to 7 per cent so as to keep in step with last year's progress.

Results at a Glance
(In lakhs of rupees)

	For the year ended 31st December		
	1960	1959	1958
Fire:			
Net premium	83.21	91.01	56.37
Net claims	37.68	41.54	31.00
	(45.3)	(45.6)	(55.0)
Commission and other charges.	32.62	33.49	21.49
	(39.2)	(36.8)	(38.1)
Expenses of management	2.31	2.10	1.81
	(2.8)	(2.3)	(3.2)
Profit (+) or loss (—)	+12.00	+4.01	+0.77
Marine:			
Net premium	41.58	39.43	30.17
Net claims	30.77	29.77	24.47
	(74.0)	(75.5)	(81.1)
Commission and other charges.	9.43	9.00	8.07
	(22.7)	(24.3)	(26.8)
Expenses of management	0.58	0.46	0.48
	(1.4)	(1.2)	(1.6)
Profit (+) or loss (—)	—10.13	—5.96	—3.59
Miscellaneous:			
Net premium	65.59	51.99	39.94
Net claims	27.72	21.10	19.73
	(42.2)	(52.1)	(49.4)
Commission and other charges.	20.68	17.12	13.04
	(32.0)	(32.9)	(32.7)
Expenses of management	1.37	0.90	0.96
	(2.1)	(1.7)	(2.4)
Profit (+) or loss (—)	+7.58	+1.80	+2.14
Investment and other income	8.85	7.47	5.84
Net result of working	+9.86	+8.22	+5.16
To taxation	2.80	2.96	Nil
To dividend	6.00	5.00	Nil
Funds—(as at 31st December)			
Fire	41.60	41.90	24.55
Marine	41.58	20.77	13.28
Miscellaneous	32.80	24.05	17.33
Paid-up capital	100.00	100.00	100.00

Figures in brackets relate to percentages.

CONCORD OF INDIA REPORTS PROFIT

DIVIDEND MAINTAINED

THE results of the Concord of India Insurance Company Ltd. (Managing Director: Mr. N. M. Cole, Calcutta) for the year ended 31st December 1960 are better than those for the preceding year. In refreshing contrast to the loss suffered in 1959, the Company has reported a sizable profit which has enabled it to maintain the dividend without having to deplete the reserves as was the case last year. In fact, the Company has found it possible to add something to the general reserve.

The combined net premium from the three departments, namely, fire, marine and miscellaneous, has improved by Rs. 3.75 lakhs to Rs. 66.05 lakhs. Reflecting the policy of selectivity adopted by the Company in respect of the foreign fire underwriting business, the overall claims ratio has declined from 73.1 per cent in 1959 to 55.3 per cent in the year under review. The ratio of commission, expenses, etc, too, is lower at 38.0 per cent, as against 39.2 per cent in the preceding year.

After taking into account the income of Rs. 4.15 lakhs by way of interest and dividends on the investments of the Company and after meeting the various outgoings, the net profit for the year under review amounts to Rs. 3.57 lakhs, as against a loss of Rs. 1.65 lakh incurred in the previous year. The Directors have sought to maintain the dividend at the 1959 level of 20 per cent per annum subject to tax, requiring an amount of Rs. 2.70 lakhs. It may be noted here that for the four years ended 1958, the Company had paid a dividend of 20 per cent per annum, tax-free, so that it has not yet been able to compensate the shareholders for the loss of grossing benefit. The Directors have credited Rs. 50,000 to the general reserve, thereby making good a part of the depletion of reserves, to the tune of Rs. 2.75 lakhs.

The trend of premiums, claims experience and expenses of the Company in the last four years will be clear from the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Fire:				
Premium	31.30	34.32	32.42	32.04
Claims	13.59	20.53	14.78	12.46
Commission, expenses, etc.	16.25	16.10	14.55	17.62
Fire fund	15.65	17.16	16.21	16.02
Miscellaneous:				
Premium	18.52	14.65	14.72	13.33
Claims	11.24	13.72	8.05	6.70
Commission, expenses, etc.	5.88	4.79	4.92	4.57
Miscellaneous fund	9.26	7.33	7.36	6.66
Marine:				
Premium	16.22	13.33	13.11	12.80
Claims	11.71	11.31	11.02	9.07
Commission, expenses, etc.	4.02	3.56	3.58	3.21
Marine fund	16.23	12.33	13.11	12.80
Net profit (+) or net loss (—)	3.57	—1.65	2.74	3.24
Drawn from reserves	..	2.75	..	..
Transfer to reserves	0.50	..	..	0.50
Release of earlier dividends	0.02	..	..	..
Dividend	2.70*	2.70*	2.70	2.70
	(20%)	(20%)	(20%)	(20%)
Carry forward	0.58	0.23	1.17	1.13

* Subject to deduction of tax.

A department-wise study of the accounts indicates that the premium income of the fire department went down by Rs. 3.02 lakhs to Rs. 31.30 lakhs, due to the Company's policy of restricting foreign acceptances. The fire claims which were the subject of litigation have been satisfactorily compromised within the provisions made last year. The profit transferred to the profit and loss account from this department aggregates Rs. 2.98 lakhs.

The premium income of the miscellaneous department in 1960 was Rs. 18.52 lakhs, as against Rs. 14.65 lakhs in the previous year. The claims experience of this department was distinctly better, the claims ratio having dropped from 94.9 per cent in 1959 to 67.1 per cent in 1960. Despite this improvement, the accounts of the department show a loss of Rs. 52,970. This adverse result, according to the Directors, is of a technical nature, being the consequence of an increase in the statutory provision for unexpired risks.

The premium income of the marine department has gone up from Rs. 13.33 lakhs in 1959 to Rs. 16.23 lakhs. The claims amounted to Rs. 11.71 lakhs, as against Rs. 11.31 lakhs in the previous year. The claims experience of this department, too, was favourable, the ratio having declined from 84.8 per cent to 72.1 per cent. The expenses of management, together with commission, aggregated Rs. 4.02 lakhs (Rs. 3.56 lakhs in 1959). Like the miscellaneous department, this department has also incurred a loss, of Rs. 2.39 lakhs.

INDIAN MERCANTILE STEPS UP DIVIDEND

PREMIUMS AND RESERVES RISE

THE Indian Mercantile Insurance Company Ltd. (Manager and Secretary: Mr. C. M. Telivala, Bombay) has the distinction of showing satisfactory trading results for over a decade. The Company has also a very good dividend record to its credit. In keeping with its past performance, the combined premium from the three departments (fire, marine and miscellaneous) registered a rise of Rs. 1.91 lakh to Rs. 37.98 lakhs in the twelve months ended 31st December 1960. Its profit also is higher at Rs. 5.70 lakhs, as against Rs. 4.05 lakhs in 1959. The improved trading results have enabled the Directors to raise the dividend, albeit modestly, from Rs. 5.35 to Rs. 6 (per share of Rs. 40 paid-up) subject to deduction of tax. The net dividend amounts to 10.5 per cent per annum and compares favourably with the tax-free dividend of 9⅜ per cent per annum for 1958 and 1959.

The overall claims experience was, however, unfavourable, the claims ratio having risen from 41.9 per cent in 1959 to 45.2 per cent in the year under review. The commission paid and expenses of management have also risen sharply from Rs. 14.03 lakhs to Rs. 16.04 lakhs, neutralising almost the entire increase in the premium income.

Department-wise, the working of the fire and miscellaneous departments resulted in a surplus of Rs. 4.42 lakhs and Rs. 47,494 respectively. Only the marine department incurred a loss of Rs. 1.47 lakh. The combined net profit transferred to the profit and loss account from the three departments amounted to Rs. 3.42 lakhs, as compared with the profit of Rs. 2.21 lakhs for the preceding year. After taking into account the income by way of interest and dividend amounting to Rs. 2.54 lakhs and profit on sale of investments of Rs. 33,637, and after providing for the outgoings, the profit (before taxation) for the year under review works out to Rs. 5.70 lakhs as against Rs. 4.05 lakhs in 1959.

An idea of the progress of the Company in the last three years can be had from the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December		
	1960	1959	1958
Fire:			
Premium	10.07	20.77	15.80
Claims paid and outstanding	6.99	6.22	3.75
Commission, expenses, etc.	8.70	7.78	7.56
Fire fund	11.54	10.39	7.94
Miscellaneous:			
Premium	10.75	8.61	0.22
Claims paid and outstanding	4.52	5.59	4.37
Commission, expenses, etc.	4.75	3.91	4.57
Miscellaneous fund	5.88	4.31	4.61
Marine:			
Premium	8.16	6.69	5.81
Claims paid and outstanding	5.66	5.30	4.21
Commission, expenses, etc.	2.50	2.34	1.75
Marine fund	8.16	6.69	5.81
Net profit	5.70	4.05	4.89
Provision for taxation	2.03	4.80	0.99
Transfer to reserve	1.09	..	0.42
Dividend	2.54	2.27	1.59
	(15%)*	(13⅜%)*	(9⅜%)
Provision for bonus to staff	..	0.52	0.90
Carried forward	4.21	4.18	7.72

* Subject to deduction of tax.
† A provision of Rs. 60,000 has been made in the departmental revenue accounts.

It will be evident from the table that the net premium of the fire department has declined from Rs. 20.77 lakhs in 1959 to Rs. 19.07 lakhs. The claims paid and outstanding amounted to Rs. 6.99 lakhs, as against Rs. 6.22 lakhs in the preceding year. The expenses of management and commission went up by Rs. 92,000 to Rs. 8.70 lakhs. The reserve for unexpired risk, together with the additional reserve, amounts to Rs. 11.54 lakhs as against Rs. 12.39 lakhs a year ago. This department contributed the highest share to the profit and loss account during 1960, the exact amount being Rs. 4.42 lakhs.

The net premium of the miscellaneous department went up sizably from Rs. 8.61 lakhs to Rs. 10.75 lakhs. The claims ratio showed a distinct improvement, having dropped from 64.9 per cent to 42.0 per cent. The miscellaneous department's reserve for unexpired risks stands at Rs. 5.38 lakhs, as against Rs. 4.31 lakhs a year ago. The department contributed Rs. 47,494 to the profit and loss account.

The marine department fetched a premium income of Rs. 8.16 lakhs, as compared with Rs. 6.69 lakhs in 1959. The claims ratio declined from 79.2 per cent to 69.3 per cent but the expenses, commission, etc. rose slightly from Rs. 2.34 lakhs to Rs. 2.59 lakhs. After providing 100 per cent premium reserve for unexpired risks, the department closed with a deficit of Rs. 1.47 lakh.

During 1960 the total funds of the Company went up by Rs. 2.69 lakhs to Rs. 65.50 lakhs.

INDIAN MERCANTILE INSURANCE COMPANY LIMITED

MR. K. M. D. THACKERSEY'S SPEECH AT ANNUAL MEETING

THE view that the scheme of non-diversion and mutual assistance now in force would go a long way towards stabilising conditions in general insurance business and introduce a new era for this "much-maligned industry" was expressed by Mr. K. M. D. Thackersey, Chairman of the Indian Mercantile Insurance Company Limited, in his speech at the Fifty-third Annual General Meeting of the Company held at Bombay on Thursday, 6th July 1961. He, however, stressed the need for working the scheme without any mental reservation and in a spirit of mutual understanding and trust.

The following is an extract from the speech of Mr. Thackersey:

"I have great pleasure in extending to you all a cordial welcome to the fifty-third annual general meeting of your Company. You will have noticed that we are again meeting exactly after ten months and that is two months prior to our holding the last annual general meeting thanks to the amending legislation of the Companies Act, 1956 which has made possible this early meeting.

"I am sure you will have noticed from the accounts that the aggregate results achieved during the year under review are better than in 1959. You must also have been happy to note that your Company has been able to step up the dividend and recommend a gross dividend of Rs. 6 per share for your approval and which works out at 15 per cent of the paid-up capital. Before I proceed to comment on the working of the Company, I shall briefly deal with some important developments which affect the insurance industry.

Insurance (Amendment) Act, 1961

"The Insurance (Amendment) Bill 1961 was passed by the Indian Parliament and the Amendment Act became law and came into force with effect from 1st April 1961. The said legislation makes it obligatory for every insurer transacting general insurance business in India to reinsure specified percentages of the sum insured on each policy issued or renewed on or after 1st April 1961 with approved Indian reinsurers, namely, 'India Reinsurance Corporation Limited' and the 'Indian Guarantee and General Insurance Company Limited.' Hitherto we were ceding on a voluntary basis 50 per cent of the specified percentages to 'India Re,' established in 1956 at the instance of the Government by companies working in India. These compulsory legal cessions though providing 50 per cent reciprocity for the fire and marine cargo business—will, no doubt, to some extent affect our profits. However, it is hoped that the object of arresting the drain of foreign exchange which these compulsory cessions visualise is achieved and approved reinsurers succeed in bringing to the Indian market an increasing volume of profitable business from abroad.

Scheme of Non-diversion and Mutual Assistance

"Last year, I had referred that Indian insurance industry, if it is to retain its good name and play the role which is legitimately assigned to it in the economy of the country, should reorient its approach in order to devise a well-planned and co-ordinated effort. Since then, the conditions in the trade have continued to be difficult and the unhealthy competition has remained unchecked and unabated. In spite of several attempts to modify the regulations of the Code of Conduct, the conditions in the trade have continued to remain as they were—eluding the solution for which they were primarily designed. In order that some workable solution is achieved and with a view to seeing that the insurance industry is run on sound and correct lines, several executives of companies backed by their respective Boards of Directors got together and formulated a scheme of non-diversion and mutual assistance. The said scheme has come into force with effect from 1st July 1961 and I am happy to inform you that your Company has joined this scheme. Though at present only 16 other companies have subscribed to the scheme, it is expected that many more will subscribe to the said scheme in not a distant future. Given goodwill, I am sure, the scheme as formulated and devised, if worked up without any mental reservation and with a spirit of mutual understanding and trust, will go a long way to stabilise this industry and introduce a new era for this much-maligned industry.

"I shall now come to the review of our operations during the year. As a result of our operations during the year under review, our consolidated Indian gross and net premium income amounted to Rs. 39.46 lakhs and Rs. 37.99 lakhs, respectively, as compared to Rs. 31.19 lakhs and Rs. 36.07 lakhs, respectively, in the previous year. Our total gross premium for the year amount to Rs. 42.14 lakhs. Thus our both gross and net premium income have registered an increase over last year. As a result of increase in our net premium income, we have transferred Rs. 1,69,230 to the departmental reserves. You will have also noticed that we have transferred Rs. 1,08,705 to the general reserve and it now amounts to Rs. 9,60,000.

Disbursements

"On the disbursement side of the year's premium income, claims absorb 45.2 per cent., as against 47.4 per cent last year. The commission and expenses of management account for 42.2 per cent, as against 38.9 per cent last year. Further, there has been strain on the departmental reserves to the tune of 4.45 per cent. Thus there has been a decrease of 2.2 per cent in the claims cost and increase of 3.3 per cent in the commission and expenses of management. Consolidated departmental profits, inclusive of interest on reserves for unexpired risks in the departments, amounted to Rs. 3,42,506, as against Rs. 2,20,573 last year. In short, despite a rise in expenses of management, to some extent improved position of our underwriting results and increase in our interest income and profits on sale of investments have combined to produce a net profit of Rs. 5,69,547. As a result of the year's operations, the total funds of the Company now stands at Rs. 65,50,336."

Note: *This does not purport to be a report of the proceedings of the General Meeting.*

Notice

THE GENERAL INDUSTRIAL SOCIETY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Company will be held at its registered office at 15, India Exchange Place, Calcutta, on Monday, the 31st July, 1961, at 2.45 p.m., for receiving and adopting the Directors' Report and the accounts for the year ended 31st December 1960, declaring dividend, electing a Director, and appointing Auditors of the Company.

Pursuant to the provisions of Section 293 of the Companies Act, 1956, as amended, two ordinary resolutions have also been put in the aforesaid Annual General Meeting as special business authorising the Board of Directors (i) to borrow moneys upto Rs. 2 crores and (ii) to contribute or subscribe to charitable and other funds upto Rs. 50,000 even if such borrowings and contributions are in excess of the prescribed limits.

The Share Transfer Books and Share Register of the Company will remain closed from 17th July, 1961 to 31st July, 1961, both days inclusive. The detailed notice and the explanatory statement in respect of the above two ordinary resolutions have been sent separately to the Shareholders of the Company.

By Order of the Board,
K. C. BAGRI,
Secretary.

CALCUTTA,
Dated, 4th July, 1961.

N.B.—(i) A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

INDO-BRITISH TRADE

FEDERATION ON CONSEQUENCES OF U.K.'S ENTRY INTO C.M.

THERE is still a lot of uncertainty about the U.K. joining the European Common Market. If it finally decides to join this trade bloc, it will naturally be conditioned, it is to be hoped, by the reactions of Commonwealth countries which are now being assessed by senior British Cabinet ministers. Mr. Peter Thorneycroft, the British Minister for Aviation, is currently discussing the subject with the representative of the Government of India. The general trend of the discussions can be had only at the conclusion of the talks. Meanwhile, it is reported that the Government of India is of the opinion that, in case the U.K. joins the Six, without ensuring adequate safeguards for Commonwealth imports into the U.K., India's export trade will receive a major setback, invalidating certain assumptions on which the third Plan is based. India has admittedly vital stakes in any modification of British commercial policy. For Britain is India's largest trading partner. In 1960, the U.K. provided, as in previous years, the largest market for Indian goods, its offtake being Rs. 174 crores (including both exports and re-exports), representing about 27 per cent of India's total exports amounting to Rs. 635 crores. In 1959, India's exports to the U.K. amounted to Rs. 172 crores, out of total exports of Rs. 621 crores.

The following table shows the trend of Indo-British trade since 1952:

(Value in crores of rupees)

	Imports from the U.K.	Exports to U.K.	India's balance of trade
1960	201.5	174.4	—27.1
1959	184.2	171.7	—12.5
1958	168.5	175.7	+ 7.2
1957	238.5	161.0	—77.5
1956	206.2	184.7	—21.5
1955	161.6	168.2	+ 6.6
1954	152.5	177.2	+24.7
1953	141.4	149.5	+ 8.1
1952	152.0	126.5	—25.5

Although there have been fluctuations in India's exports to, and imports from, the U.K., the total trade has expanded substantially during the last decade or so. To a certain extent, the economies of India and the U.K. are complementary; the bulk of the exports of the former being foodstuffs and raw materials, while its imports from the U.K. being finished goods, particularly capital goods. India, for instance, depends on the U.K. for the major portion of its exports of tea, tobacco, coir manufactures, leather, raw wool, linseed oil, etc., while the U.K. finds in India one of its best markets for the export of metal manufactures, electric machinery, wooltops, chemicals, railway and road vehicles and aircraft.

The steady growth of Indo-U.K. trade has been the result, to a large extent, of the existing Commonwealth preferences. India's exports, in particular, have gained much from the duty-free entry in respect of several articles. Commonwealth preferences and absence of quantitative restrictions in the U.K. In this context, a note prepared by the Federation of Indian Chambers of Commerce and Industry and submitted to the Government of India on the likely disadvantages to India's exports, if the U.K. joined the Six, shows that cotton textiles will be the worst hit in such an event. Out of India's total exports of cotton piecegoods of the value of Rs. 70.82 crores in 1960, the U.K. accounted for Rs. 16.50 crores, or about 25 per cent. Imports of Commonwealth textiles into the U.K. are allowed without duty, as against average duty of 17.5 per cent *ad valorem* for imports from non-Commonwealth countries. The Common Market is expected to lay down a duty of 17 to 19 per cent in respect of cotton textiles. If the U.K. abolishes duty-free treatment, there will be serious competition from Japan and China.

Exports of Tea

India's exports of tea, which account for over 40 per cent of its total exports to the U.K., will also face tariff disadvantages in the Common Market. The total exports of tea in 1960 amounted to Rs. 125.80 crores. Of this, the U.K. bought tea worth Rs. 75.40 crores. In the U.K., India, along with Ceylon, enjoys duty-free treatment, as against the standard rate of duy of 2d. per lb. The Common Market rate is expected to be fixed at 18 per cent *ad valorem* for loose tea and 23 per cent *ad valorem* for package tea. It may be noted here that Indian tea is already facing serious competition in the U.K. Its share has been declining of late, being only about 49 per cent of total imports in 1960, as against 55 per cent in 1959, 58 per cent in 1958 and 63 per cent in 1957. At the same time, the share of India's major competitors has been going up. In 1960, while its exports declined, those of its competitors were higher, as will be seen from the following table:

(Quantity in million lbs.)

	1960	1959
India	259.86	284.39
Ceylon	151.00	137.36
Rhodesia and New Zealand ..	21.73	20.48
Kenya	14.20	10.97
Portuguese East Africa	13.23	13.21
Netherlands	14.15	5.78
Indonesia	10.03	9.31
China	11.69	7.56
Pakistan	6.01	10.99
Tanganyika	6.13	4.19
Uganda	3.57	3.17
Malaya	2.63	2.17
Grand total (including others) ..	529.27	517.73

Coffee is another commodity which will lose its preferences in the U.K. and face tariff discrimination in the Common Market. India's exports of coffee to the U.K. in 1960 aggregated Rs. 6.67 crores. While the duty in the U.K. is worked at 5 to 10 per cent *ad valorem* on Commonwealth imports, the Common Market rate is fixed as high as 16 per cent *ad valorem*. The Federation draws attention to the fact that the duty-free treatment permissible to overseas territories of the Common Market will result in severe competition for Indian coffee within the Common Market as well as in the U.K.

Jute Goods

Another important Indian product which has now a sizable market in the U.K. is jute manufactures. The U.K. bought jute cloths worth Rs. 6.37 crores from India, out of the total export of Rs. 70.62 crores. In the U.K., while the standard rate of duty is 20 per cent on jute goods, no duty is levied on imports from the Commonwealth. But, in order to protect the Dundee industry, the prices are marked up by 20 per cent by the Government before resale to British consumers. While there is thus an effective duty of 20 per cent, the Common Market tariff is higher at 23 per cent. Among the other items, India's exports of coir carpets, floor rugs, mats and mattings are not subject to any duty in the U.K., whereas the Common Market tariff is likely to be about 23 per cent. Commonwealth imports of woollen mats, mattings, carpets, etc., too enter the U.K. duty-free, but these items will be subject to a duty of as much as 32 per cent in the Common Market. It is also feared that exports of Indian spices, groundnuts, linseed and castor oil, although only on a small scale, enter the U.K. without duty; but in the Common Market, they are subject to a duty of about 8 per cent.

There are, however, some commodities the exports of which may not suffer to any appreciable extent. In the case of hides and skins, for instance, the import duty in the U.K. for split varieties of sheep and lamb skins is about 10 per cent, with duty-free entry permitted for Commonwealth goods. There is, however, no tariff on this product in the Common Market. Similarly, Indian exports of tobacco, oilcakes, etc., are not likely to face much disadvantage in the Common Market.

DEMAND FOR ELECTRIC FANS IN ADEN

The view that there are good prospects for India's exports of electric fans to Aden is expressed in a report on the market survey for electric fans undertaken by the Commission for India, Aden. In Aden, which is a British Colony, fans are not considered a luxury item because of its hot and humid climate almost throughout the year. Further, it has a prosperous trading community and has high rates of wages. The major suppliers of fans to Aden are Hong Kong, Japan, the U.K., India and Italy. The number of fans imported by Aden rose from about 7,780 (valued at £72,700) in 1959 to 10,256 (£85,000) in 1960. The following table shows imports of fans into Aden from various countries in 1960, as compared with 1959:

	Quantity (Nos.)		Value (£)	
	1960	1959	1960	1959
Hongkong ..	3,795	698	29,822	5,519
Japan	2,418	2,610	14,713	18,418
U.K.	2,373	2,714	24,167	32,481
India	1,312	1,226	11,440	10,109
Italy	358	537	4,923	6,150

It will be noted that Hong Kong has stolen a march over Japan and the U.K. in Aden's expanding market for fans. India's supply rose, but at a slow pace. The aforesaid survey points out that the important factors that helped Hong Kong to capture the market were "lower prices and quick and regular deliveries." Several other factors too put Hong Kong in an advantageous position. They are:

(a) While the supplies of Hong Kong fans were quick and continuous, supplies from India were "limited and invariably delayed";

(b) The packing of fans from Hong Kong, the United Kingdom and Italy, being more attractive, thorough and sturdy than Indian packing, created not only a better impression on the customers but also considerably diminished breakage and damage (including scratches, etc.) in transit;

(c) Hong Kong fans are lighter in weight and are more elegant in appearance; and

(d) Hong Kong fans make about 295 revolutions per minute, as against 220 of Indian fans.

Ceiling fans in 56", 48" and 36" sweeps are imported into Aden, but fans with 56" sweep with a central light are more popular. Pedestal fans from the United Kingdom, West Germany and Japan and aerolette type of ceiling fans from Holland are also imported, but their sales so far have not been encouraging.

The main demand for table fans comes from customers in lower income groups. The Japanese fans are offered in a wide range of prices to suit every pocket and in many attractive colours, designs and with such eye-catching devices as push button and speed regulators.

Table fans with 16" diameter are very popular in Aden. Next in popularity are 14" diameter fans. Table fans of smaller diameter are also imported, but in very small numbers.

Indian exports of electric fans can be improved only if Indian manufacturers cater to the special consumer preferences in the Aden market and arrange for expeditious delivery. It is gratifying to hear that, in respect of quality, India-made fans are considered quite comparable with other imported fans.

ROLE OF STATE TRADING CORPORATION

A plea to confine the activities of the State Trading Corporation to agency functions alone for the purpose of negotiating and entering into trade agreements with Communist countries which have similar institutions for foreign trade, has been put forward by the Indian Merchants' Chamber, Bombay, in a communicaton addressed to the Government of India. The Chamber's suggestion is with reference to the proposed amendment of the Memorandum of Association which, among others, seeks to give the S.T.C. powers to extend credit to companies or to invest in their funds, with the object of promoting export trade. It will also vest the S.T.C. with powers to act as agents or trustees of companies, to invest and deal with the funds of the Corporation, to make loans or give credit to persons or companies on such terms as it may deem expedient. The new powers which are sought to be given to the S.T.C., according to the Chamber, will only result in making it "a mammoth organisation with enormous monopolistic powers over trade and commerce," which is not in the best interests of the country's economy.

The Chamber has called upon the S.T.C. to refrain from undertaking actual trading operations, which supplant normal trade channels. Elucidating this point, the Chamber observes as follows:

"The role which the State Trading Corporation will play, if the proposed changes in its Memorandum of Association are approved and implemented, will be much wider than the one which was envisaged for it at the time when the Corporation was brought into being some five years ago. To allay the fears of the commercial community, it was initially stated on behalf of Government that the new organisation was created to supplement and not to supplant the existing trade channels. The actual experience, however, has been quite otherwise. The increased incursion of the State Trading Corporation in the various types of activities—import, export and even internal distribution of a number of articles—has resulted in supplanting the normal trade channels in several lines. There is also a growing feeling that the entry of the State Trading Corporation in the sphere of actual handling of trade has not served the main purpose in view. There is a grave apprehension in the minds of the trading community that the continuance of this agency in the pursuit of actual trading operations would result in undue interference in the smooth functioning of trade and lead to further disruption of the normal trade channels."

Notices

THE TATA OIL MILLS COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY-THIRD ANNUAL GENERAL MEETING of THE TATA OIL MILLS COMPANY, LIMITED, will be held at the Birla Matushri Sabhagar, 19, Marine Lines, Bombay, 1, on Thursday, the 3rd August 1961, at 4-45 p.m. (S.T.), or so soon thereafter as the proceedings of the separate meeting of the holders of the Preference Shares of the Company which has been called at the same place and on the same day, is concluded, to transact the following business:—

(1) To consider and, if thought fit, to approve and adopt the Regulations contained in the document to be submitted to the Meeting and for the purpose of identification subscribed by the Chairman thereof, with such modifications, if any, as may be agreed to at the meeting and to pass the following resolution as a Special Resolution pursuant to Section 31 of the Companies Act, 1956, the relative Explanatory Statement in respect of which, as required by Section 173 of the said Act, is annexed hereto:—

"RESOLVED that the Regulations contained in the document submitted to this meeting and for the purpose of identification subscribed by the Chairman thereof be and are hereby approved and adopted as the Articles of Association of the Company, in substitution for and to the exclusion of the existing Articles thereof."

(2) To receive and adopt the Directors' Report and audited Profit and Loss Account and Balance Sheet for the year ended 31st March 1961.

(3) To declare dividends on Preference and Ordinary Shares.

(4) To appoint a Director in place of Mr. D. M. Ghia who retires by rotation under Article 151 of the Company's Articles of Association and is eligible for re-appointment.

(5) To appoint a Director in place of Mr. A. H. Bhiwandiwala who retires by rotation under Article 151 of the Company's Articles of Association and is eligible for re-appointment.

(6) To appoint Auditors and to fix their remuneration.

(7) To consider and if thought fit, to pass the following resolution as a Special Resolution:—

"RESOLVED that pursuant to Section 360 and other applicable provisions (if any) of the Companies Act, 1956, the Company hereby approves of the purchase at par of 100 Ordinary Shares of Rs. 100 each fully paid up, of Industrial Perfumes Limited from Sassoon J. David & Company Limited (Associates of the Managing Agents, Tata Industries Private Limited)."

Notes: (a) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the special business under items Nos. (1) and (7) set out above are being posted to the shareholders with the notice.

(b) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

(c) The Transfer Books of the Company will be closed from Monday the 12th June 1961 to Friday the 7th July 1961, both days inclusive.

(d) If dividends on shares as recommended by the Directors are passed at the meeting payment of such dividends will be made at the State Bank of India, on and after 4th August 1961, to those members whose names are on the Company's register on 7th July 1961.

By Order of the Board of Directors,

TATA INDUSTRIES PRIVATE LIMITED,
Managing Agents,

P. A. NARIELWALA,
Director.

BOMBAY, *28th June*, 1961.
Registered Office:
BOMBAY HOUSE, 24, BRUCE STREET,
FORT, BOMBAY-1.

ORIENT PAPER MILLS LIMITED

Registered Office:
BRAJRAJNAGAR (ORISSA)

TO ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT separate meetings of the holders of 5½ per cent Tax-free C.R. Preference Shares, 5½ per cent Taxable C.R. Preference Shares and Ordinary Shares in the above Company will be held at Brajrajnagar, the Registered Office of the Company, on Friday, the 11th August, 1961 for the purpose of approving with or without modification the variation in the dividend payable to the holders of Preference Shares as follows:—

(a) The rights attached to 5½ per cent Tax-free C.R. Preference Shares aggregating to 1,20,000 Shares will be so modified as to confer on them right to a dividend at 7.86 per cent per annum, subject to deduction of tax under the Income-tax Act instead of 5½ per cent per annum tax-free and will be deemed to have been so modified with effect from the dividend payable for the year ended 31st March, 1961 and onwards.

(b) The rights attached to the 60,000 —5½ per cent Taxable C.R. Preference Shares will be so modified as to entitle them to a dividend at 5½ per cent per annum without deduction of tax on Company's account but subject to deduction of tax under the Income-tax Act and will be deemed to have been so modified with effect from the dividend payable for the year ended 31st March, 1961 and onwards.

The meetings will be held at the times mentioned hereunder:—

(i) Meeting of the said holders of 5½ per cent Tax-free C.R. Preference Shares at 4-00 p.m.

(ii) Meeting of the said holders of 5½ per cent Taxable C.R. Preference Shares at 4-15 p.m. or immediately after the conclusion of the meeting of the said holders of 5½ per cent Tax-free C.R. Preference Shares.

(iii) Meeting of the said holders of Ordinary Shares at 4-30 p.m. or immediately after the conclusion of the meeting of the said holders of 5½ per cent Taxable C.R. Preference Shares.

By Order of the Board,
B. K. VYAS,
Secretary.

14, RADHA BAZAR LANE,
CALCUTTA, *the 4th July*, 1961.

N.B.—1. A member entitled to attend and vote is entitled to appoint a proxy and the proxy need not be a member.

2. Explanatory Statement as required under Section 173 of the Companies Act, 1956 has been forwarded to the shareholders along with the notice.

ORIENT PAPER MILLS LIMITED

Registered Office:
BRAJRAJNAGAR (ORISSA)

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Orient Paper Mills Ltd. will be held on Friday the 11th August, 1961 at 3-30 p.m., at Brajrajnagar, the Registered Office of the Company, to consider and if thought fit, to pass, with or without modification the following resolution as a Special Resolution:—

"RESOLVED that the existing Article 75 of the Articles of Association of the Company be deleted and the following new Article 75 be substituted therefor:—

"'75. If at any time the Share Capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a Special Meeting of the holders of the shares of that class and all the provisions contained in these presents as to General Meetings shall, *mutatis mutandis*, apply to every such meeting. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted.'"

By Order of the Board,
B. K. VYAS,
Secretary.

14, RADHA BAZAR LANE,
CALCUTTA, *the 4th July*, 1961.

N.B.—1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

2. Explanatory Statement as required under Section 173 of the Companies Act, 1956, has been forwarded to the shareholders along with the notice.

THE BENGAL PAPER MILL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Company (being the One hundred and thirty-seventh Ordinary General Meeting) will be held at the Registered Office of the Company, 14, Netaji Subhas Road, Calcutta, on Monday, the 31st July, 1961, at 3.30 p.m., for the following purposes.

1. To receive and consider the Report of the Directors and to adopt the audited accounts of the Company for the year ended 31st December, 1960.
2. To declare dividends on Preference and Ordinary shares.
3. To elect Directors in place of those who retire by rotation.
4. To appoint Auditors and fix their remuneration.
5. SPECIAL BUSINESS:
   To consider and if thought fit to pass, with or without modifications, the following resolution:
   To be proposed as a Special Resolution:
   "Resolved that consent be and is hereby given to the employment by the Company of Shri P. L. Dhanuka, a relative of Shri H. P. Dhanuka, one of the Directors of the Company, for the purpose of supervising purchases and sales by the Company, on a remuneration of Rs. 2,500 (Rupees two thousand and five hundred only) per month with effect from 1st August, 1961."

NOTICE is hereby given that the Transfer Books and Register of Members of the Company will be closed from 19th July, 1961 to 31st July, 1961, both days inclusive.

By Order of the Board,
THE BENGAL PAPER MILL CO., LTD.,
H. P. DHANUKA,
Director.

Registered Office:
14, NETAJI SUBHAS ROAD,
CALCUTTA.
3rd July, 1961.

Note:—(i) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

(ii) Explanatory statement has been annexed to the copies of this notice posted to the members.

The U.S. Government has approved of a loan of Rs. 47.5 lakhs to three joint Indo-American private ventures engaged in the manufacture of shock absorbers, air-conditioning equipment and automobile and bicycle tyres and tubes. The Carrier Air-conditioning and Refrigeration Private Ltd. formed jointly by the Carrier Corporation of U.S. and Indian firm of Voltas and J. Stone and Co. has received a loan of Rs. 37.5 lakhs. The proposed plant will be set up outside Bombay. The Madras Rubber Factory Co. with which the Mansfield Rubber Co., Ohio, is collaborating, has been given a loan of Rs. 5 lakhs. The Gabriel India Private Ltd., which is a joint venture between D. C. Anand and Associates and the Gabriel Company of Cleveland, Ohio, has received a loan of Rs. 5 lakhs. So far 13 loans aggregating Rs. 11.5 crores have been granted to India-U.S. joint ventures from the Cooley Amendment Fund.

SHRINKAGE IN PROFIT-MARGIN OF SHAW WALLACE

DIVIDEND, HOWEVER, MAINTAINED

SHAW Wallace and Company Limited (Chairman and Managing Director: Stanley Mackay Smith) is one of the oldest managing agency houses which have expanded their business by taking up trading and manufacturing activities also in recent years in view of the declining role of the managing agency system. Thus, besides acting as managing agents, agents and secretaries for tea, coal, tinplate, flour, agro-chemicals, paints and miscellaneous companies, the Company also carries on business as exporters of fertilisers, gunnies and general produce; insurance and shipping agents, importers and manufacturers of wines and spirits, timber and other products. It also manufactures glue, fertiliser mixtures, agricultural spraying equipments, superphosphates, sulphuric acid, etc. The sales of the Company during the year ended 31st December 1960 advanced to Rs. 759.18 lakhs from Rs. 637.77 lakhs in the previous year and Rs. 546.71 lakhs in 1958. The increase during the year under review is 19 per cent over and above the 16.6 per cent expansion recorded in the previous year. The income from agency and other commission and allowances also significantly improved to Rs. 55.08 lakhs from Rs. 51.69 lakhs in the preceding year and Rs. 44.61 lakhs in 1958. The other income, which mainly comprises income from investments and dividends from subsidiary companies, however, dropped from Rs. 19.74 lakhs to Rs. 16.93 lakhs. The total receipts from all these sources show an improvement of 17.2 per cent, from Rs. 709.20 lakhs to Rs. 831.19 lakhs, to be precise.

The expenses of the Company amount to Rs. 767.47 lakhs, including Rs. 30.92 lakhs for excise duty, and show a rise of 19.1 per cent over the year. In the previous year they had increased by 15.4 per cent, from Rs. 557.66 lakhs to Rs. 643.98 lakhs. As a result of the larger increase in expenses, the ratio of gross profit to total income shows a drop from 9.1 per cent in 1959 to 8.2 per cent during the year, the actual amount of gross profit being Rs. 68.49 lakhs, as against Rs. 65.22 lakhs in the previous year, revealing an increase of only 5 per cent.

In contrast to the increase of Rs. 3.27 lakhs in gross profit, the net profit is actually lower by Rs. 3.97 lakhs at Rs. 30.37 lakhs. This adverse result is the outcome of higher provisions for depreciation and taxation. Nevertheless, the dividend to ordinary shareholders has been maintained at 15 per cent per annum, subject to deduction of tax, after declaring the dividend on 6 per cent taxable preference shares at 6.66 per cent, subject to deduction of tax, in pursuance of the provisions of the Preference Shares (Regulation of Dividends) Act 1960.

The following comparative table since 1957, gives a bird's-eye view of the working results of the Company:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sales	7,59.18	6,37.77	5,46.71	5,86.16
Agency and other commission and allowances	55.08	51.69	44.61	38.86
Other income	16.93	19.74	17.83	20.34
Closing stocks	1,73.90	98.89	1,14.69	95.81
Excise duty	30.92			
Other expenses	7,36.55	6,43.98	5,57.66	6,03.60
Gross profit	68.49	65.22	51.49	42.76
Provision for—				
Depreciation	12.36	8.56	7.04	4.84
Taxation	25.76	22.32	21.75	18.24
Net profit	30.37	34.34	22.70	19.68
To reserves	11.58	15.32	9.12	4.00
Dividends—				
Preference	4.00*	4.50*	3.08	3.15
Ordinary	11.25* (15%)*	11.25* (15%)*	7.50 (10%)	7.50 (10%)
Carry forward	5.14	5.15	4.87	3.65

* Subject to deduction of tax.

It must be noted that the transfers to reserves this year are lower by some Rs. 4 lakhs.

The paid-up capital of the Company at Rs. 150 lakhs is equally divided into 75,000 preference shares of Rs. 100 each and 750,000 ordinary shares of Rs. 10 each. The reserves and surplus stand at Rs. 61.82 lakhs, as against Rs. 50.59 lakhs in the previous year. There is an item called minority interest in subsidiary companies accounting for a liability of Rs. 59.15 lakhs. Current liabilities and provisions aggregate Rs. 639.61 lakhs, as against which there are current assets of the order of Rs. 669.50 lakhs. The amount of depreciation provided on a gross block of Rs. 137.90 lakhs is Rs. 37.63 lakhs. The current assets include investments amounting to Rs. 179.83 lakhs consisting of Rs. 108.96 lakhs in quoted investments and Rs. 70.87 lakhs in unquoted investments. The market value of quoted investments is lower than the book value by Rs. 11.66 lakhs.

The following important points from the Chairman's statement will be of interest to readers:

The fertiliser trade was difficult and suffered in 1960 following transport bottlenecks and delay in Government allocations of essential raw materials.

The additional manufacturing capacity of superphosphates and sulphuric acid that came into operation in October 1959 was fully employed throughout the year. The following figures of production show the progress made during the past four years:

(In tons)

Year	Acid	Superphosphates 16% basis
1960	24,150	71,545
1959	9,429	26,849
1958	7,396	23,839
1957	5,770	15,454

The turnover of insecticides and fungicides achieved significant increase in sales in the South. The income from this source improved by 22.5 per cent during the year.

The new factory in Madras for agricultural spraying and dusting equipment which started production in October 1959 achieved full production by April 1960. The equipment being manufactured is of a high standard and no difficulty is anticipated in selling the entire production.

The manufacture of glue in Calcutta, Madras and Cambay is also steadily increasing, (23,525 cwts. in 1960, as against 20,124 cwts. in 1959 and 11,688 cwts. in 1956), but it is still below expectations and is not yielding the revenue anticipated earlier. This is due to the difficulty in obtaining adequate quantities of suitable raw materials as the Government was permitting their export. The principal requirements for the manufacture of glue are suitable raw materials, an abundant supply of water, and coal with a low ash content and a high B.T.U. The Madras factory suffered from shortage of water, while the Calcutta and Cambay factories did not get adequate supply of quality coal. The management has undertaken considerable reorganisation to ensure the economic working of these factories.

The tea and coal companies under the management of the Company had another successful year. In regard to the Tinplate Company packed production of tinplate, which amounted to 73,528 tons, was a record high. The production and sales in the flour mills were slightly lower than in the preceding year due to the shortage of wheat. Income from shipping registered a modest increase of approximately 6 per cent.

The new project of yeast factory was not able to go into production in November, as a result of shipment and other unavoidable delays. Production commenced on 1st May after numerous technical difficulties had been overcome. The yeast now being produced is of excellent quality and compares favourably with the imported variety.

The proposals for the manufacture of complex fertilisers in conjunction with foreign and Indian collaborators have been placed before Government for approval.

As regards the outlook for the current year, the Chairman says:

"Business activity during 1961 continues at a satisfactory level so far. However, it is obvious that increasing industrialisation is to bring many difficulties in its train, e.g. power shortages, and we must all be ready for adverse changes over which we have no control from time to time. The blue-print of the Company's third five-year plan has been prepared. Ambitious, and we hope realisable, targets have been set for various industries and your Company hopes to contribute to the general expansion, particularly in the field of agriculture and coal production."

The Rs. 10 paid-up ordinary shares of the Company are quoted at Rs. 24.81 and, on the basis of a net dividend of Re. 1.05 per share, the yield is 4.2 per cent. In market circles, this scrip is bracketed with first class growth shares.

TRAVANCORE CEMENT FARES WELL

PROFIT SLIGHTLY HIGHER

THE financial results of the Travancore Cements Ltd. (Managing Agents: Messrs. Essel Private Ltd., Kottayam) for the year ended 31st December 1960, are in refreshing contrast with those for the previous year, in that the sales of cement had more than doubled, having risen from Rs. 33.34 lakhs to Rs. 70.88 lakhs. It will be recalled that, during 1959, production was dislocated for a period lasting over two months, owing to the installation of the white cement plant, which went into commission during the latter half of that year. The marketing of the product naturally took some time and the delay resulted in restricted turnover and accumulation of large stocks. During the year under review, on the other hand, the Company could produce more than the rated capacity of the factory and found no difficulty in marketing the entire production. Closing inventories of cement, therefore, have declined perceptibly to Rs. 8.15 lakhs as against Rs. 16.02 lakhs a year ago.

A substantial portion of this increase in turnover has, however, been nullified by an unusually high incidence of cost of packing materials and fuel. The cost of gunnies, which constitute the standard packing material for cement, increased sharply during the year, inflating the Company's bill on this account by as much as Rs. 6.10 lakhs to Rs. 9.69 lakhs. Moreover, the acute shortage of coal, to which the industries in the South were subjected during the course of the year, necessitated the use of costly furnace oil in place of coal at an additional cost of 70 per cent. As a result of these cost inflationary factors, the gross profit shows a rise of only Rs. 2.82 lakhs to Rs. 11.70 lakhs.

The provisions for Managing Agents' remuneration and depreciation have been increased nominally, from Rs. 30,238 to Rs. 57,982 for the former and from Rs. 5.61 lakhs to Rs. 5.90 lakhs for the latter. As in the past, no provision for tax liabilities has been found necessary for this year also. However, an amount of Rs. 2 lakhs has been transferred to form the nucleus of a deferred taxation reserve, from the net profit which stands improved by Rs. 2.25 lakhs to Rs. 5.22 lakhs. Out of the available sum of Rs. 3.51 lakhs, inclusive of Rs. 29,086 brought forward, the dividend has been maintained at 6 per cent per annum, subject to deduction of tax at source; the amount required for this purpose is Rs. 3 lakhs.

The progress made by the Company over the past four years will be apparent from the comparative table that follows.

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sales	70.88	33.34	48.02	41.29
Other income	1.08	0.56	0.99	0.76
Closing stocks of cement and work-in-process	8.15	16.02	4.11	4.91
Raw materials and stores consumed	17.63	10.26	12.00	11.52
Salaries, wages and bonus	12.39	11.20	11.11	9.12
Other expenses	23.37	15.40	14.49	14.05
Gross profit	11.70	8.88	10.52	10.15
Managing Agents' remuneration	0.58	0.30	0.56	0.54
Provision for—				
Depreciation	5.90	5.61	4.12	4.45
Taxation				
Net profit	5.22	2.97	5.84	5.16
Transfer from reserves		1.50		
Transfer to reserves	2.00	3.86	3.41	0.00
Ordinary dividends	3.00 (6%)*	3.00 (6%)*	3.00 (6%)	3.00 (6%)
Carry forward	0.51	0.29	2.68	3.25

* Subject to deduction of tax.

The share capital of the Company, consisting of 500,000 ordinary shares of Rs. 10 each fully paid is Rs. 50 lakhs with a supplement of Rs. 14.28 lakhs in reserves and surplus account. Current liabilities, including secured and unsecured loans, are altogether Rs. 53.70 lakhs. The fixed assets of the Company having a book value of Rs. 137.91 lakhs have been written down to Rs. 74.02 lakhs. The current assets, loans and advances aggregate Rs. 43.96 lakhs.

The Company's white cement has been very popular throughout India because of its supreme whiteness and excellent qualities. Due to the high selling price incidental to higher production costs and high freight charges, there has been some consumer resistance. The Directors are of the opinion that this is at most a passing phase and that a decent market will be gradually established leading to better offtake in the future.

The Company's Rs. 10 fully paid shares, which are listed on the Madras Stock Exchange, are currently quoted at Rs. 7.68 *cum-div.* On reducing this price to an *ex-div.* basis, the net return on the investment works out to 5.8 per cent per annum.

BURN AND COMPANY REPORTS SATISFACTORY PROGRESS

DIVIDEND REPEATED—RESERVES GET MORE

THE progress made by Burn and Company Ltd.—a large-sized engineering concern, with diversified activities under the management of Martin Burn Ltd., Calcutta—during the year ended 30th April 1961 is satisfactory. Despite shortages of transport, power and such basic raw materials as steel and cement, the Company has been able to show a perceptible improvement in gross and net profit alike, maintain the dividend at the handsome level of 28.5 per cent per annum (subject to tax) for the third year in succession and set aside a larger amount to reserves than a year ago. It would have, indeed, fared much better but for the aforesaid shortages, which, incidentally, were mainly the outcome of defective policies persued by the Government. The chief beneficiary of such improvement would have been the Government itself, for it would have received a much larger amount from the Company by way of taxation. It will thus be noted that the Government itself is, in a way, responsible for the slow capital formation in the country.

A marked decline of 20.5 per cent in sale proceeds, from Rs. 1,142.19 lakhs in 1959-60 to Rs. 947.12 lakhs in 1960-61, has occurred. But the whole of this decline does not indicate a drop in the volume of work done. The Directors say that sales figures for the year under review are not strictly comparable with those for the previous year, as they have had to be regrouped to confirm with the requirements of the amended Company Law. According to them, sales, which mainly represent work finished, have been well maintained. When comparing them with the corresponding sales figures of the previous year, regard must be had for the volume of work-in-progress. The closing stocks of finished goods and work-in-progress have increased by 26.8 per cent from Rs. 287.45 lakhs to Rs. 364.53 lakhs. The receipts from other income have once again risen to Rs. 86.81 lakhs as compared with Rs. 78.83 lakhs in the previous year and Rs. 65.64 lakhs in 1958-59.

It is heartening to find that the gross profit has increased from Rs. 126.83 lakhs to Rs. 139.66 lakhs and that the ratio of gross profit to sales has also gone up from 11.1 per cent in the previous year to 14.7 per cent. On the whole, the results for the year under review are quite satisfactory, considering the heavy cost of keeping the plant at the various works in full state of repair and also the electric power cuts experienced at the Howrah Works during April 1961.

The net profit also reveals an improvement from Rs. 33.59 lakhs to Rs. 48.54 lakhs, after providing a sum of Rs. 9.64 lakhs for managing agency commission, Rs. 23.73 lakhs for depreciation and Rs. 57.75 lakhs for taxation. The rise in profit has enabled the Directors to transfer to reserves a substantially large amount of Rs. 22.25 lakhs, as against a mere Rs. 7.45 lakhs in the previous year. It will be noted that the amount set apart for reserves is three times the provision made last year. The dividend to equity shareholders has been maintained at 28.5 per cent, subject to deduction of tax, or a net dividend of Rs. 19.95 per share. The dividends on preference shares are proposed to be paid in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

The following comparative table reveals at a glance the financial results of the Company for the last four years:

(In lakhs of rupees)

	For the year ended 30th April			
	1961	1960	1959	1958
Sale proceeds	9,47.12	11,42.19	10,16.81	9,55.68
Other income	86.81	78.83	65.64	94.96
Closing stocks of finished goods and work-in-process	3,64.53	2,87.45	3,00.51	4,31.41
Raw materials, stores and spares consumed	5,48.58	5,87.59	5,11.62	5,56.94
Other expenses	4,23.03	4,28.88	3,66.91	3,46.66
Gross profit	1,39.66	1,26.83	1,33.02	1,41.28
Managing Agency commission	9.64	11.35	11.76	12.83
Provision for—				
Depreciation	23.73	18.74	18.31	17.36
Taxation	57.75	69.15	60.00	59.00
Net profit	48.54	33.59	52.95	52.09
To reserves	22.25	7.45	26.88	33.27
Dividends—				
Preference	2.38*	2.38*	2.07*	1.81
Ordinary	23.94* (28½%)*	23.94* (28½%)*	23.94* (28½%)*	16.80 (20%)
Carry forward	1.21	1.25	1.57	1.30

* Subject to deduction of tax.

The chart on the distribution of revenue in 1960-61 reveals that materials took 44.3 per cent, employees 28.8 per cent, working expenses 8.3 per cent, taxation 8.3 per cent, depreciation and repairs 4.8 per cent, dividends 2.5 per cent, reserves 2.1 per cent and administration 0.9 per cent. The total emoluments to employees amounted to Rs. 307.80 lakhs and payments to Government by way of various taxes and customs duty Rs. 139.20 lakhs.

The total paid-up capital of the Company, which was last increased in 1953-54 by Rs. 42 lakhs by issue of bonus shares in the proportion of a share for share, remains steady at Rs. 112 lakhs, consisting of Rs. 13 lakhs in 7 per cent cumulative preference shares, Rs. 15 lakhs in 6 per cent cumulative preference shares and Rs. 84 lakhs in ordinary shares of Rs. 100 each. The reserves and surplus at Rs. 257.07 lakhs are more than double the paid-up capital. The current liabilities and provisions which have increased from Rs. 560.79 lakhs to Rs. 739.38 lakhs are amply covered by current assets at Rs. 817.24 lakhs. Of the investments of the Company at Rs. 7.82 lakhs, Rs. 7.47 lakhs are in quoted investments, the market value of which is substantially higher at Rs. 9.10 lakhs. The gross block account of Rs. 520.79 lakhs stands depreciated at Rs. 282.98 lakhs (inclusive of Rs. 87.19 lakhs for incompleted work), the depreciation provided so far being Rs. 325 lakhs. The financial position of the Company is thus quite strong.

The Howrah Works, according to the Directors' report, has a large volume of orders but there is little improvement in the unsatisfactory steel position. The reconstruction and modernisation of the various refractory works in Bengal and Bihar are being continued. Progress is, however, somewhat slow, as the management does not want the expansion work to interfere too greatly with production. Considerable improvement in the working of this group is expected as soon as the alterations are completed. The operations at the Jabalpur Works have been entirely satisfactory. The magnesite mines in Salem continue to give a steady output and measures are being taken to produce the increased quantities that will be required when the new magnesite brick making factory goes into production. Progress on the construction of the new factory is steady but not as fast as was originally planned due to transport difficulties and shortages of cement and steel.

The current quotation of the Rs. 100 fully paid ordinary shares of the Company at Rs. 521 gives a net yield of 3.8 per cent on a net dividend of Rs. 19.95 per share.

CHEMICOAT LTD.

A new company under the name of Chemicoat Ltd. has been formed to undertake the manufacture of metalised paper and plastic films required for packing foods, textiles, cigarettes, as well as printed labels, paper condensors, capacitors, etc. The factory is to be located at Baroda in Gujarat State. The issued capital of the Company is Rs. 20 lakhs; the authorised capital is Rs. 50 lakhs. The Company is expected to enter the market for funds in the near future.

The approval of the Government of India has already been obtained for the production to be undertaken in technical collaboration with a Dutch firm. Metalcoating Establishment which holds patent rights for this process. In addition, the Industrial Credit and Investment Corporation of India has agreed to give a loan of Rs. 12.75 lakhs to meet the foreign exchange requirements for imports of machinery.

The Commonwealth Development Finance Company has announced the grant of a loan of £175,000 for the manufacture of non-ferrous tubes, pipes, rods, and sections in India. The loan will provide the foreign exchange requirements for a factory being erected in Bombay by Kamani Tubes Private Ltd., in collaboration with the Yorkshire Imperial Metals Ltd., an associate of Imperial Chemical Industries, which has arranged the procurement of plant in the United Kingdom, and will assist in the early period of running, under a 10-year technical-collaboration agreement. The foreign firm's part in the scheme is largely one of supplying the know-how. It is also hoped to provide assistance from time to time by means of short visits to India by technicians from Leeds.

Twyfords Ltd., the well-known British firm of sanitaryware producers and engineers of Stocke-on-Trent, Staffordshire, is to be associated in the establishment of a factory in India which is expected to go into production next year. The factory will be built at Delhi by Hindusthan Twyfords Ltd. The British firm will have 26 per cent interest in the new factory. Its contribution will include provision of technical know-how and training of Indian nationals in Britain. The training programme is already under way.

COMPANY MEETINGS AND DIVIDENDS

CONCORD OF INDIA INSURANCE CO., LTD. Annual General Meeting, Calcutta, 17th July 1961. **Dividend:** Re. 1.00 per share, taxable. **Transfer books** remain closed from 3rd to 17th July 1961, both days inclusive.

BASMATIA TEA CO., LTD. **Annual General Meeting, Calcutta, 19th July 1961. Dividend: Rs. 3.50** per share, subject to deduction of tax. Transfer books remain closed from 12th to 19th July 1961, both days inclusive.

METAL BOX CO. OF INDIA LTD. **Annual General Meeting, Calcutta, 19th July 1961. Dividend:** Re. 1.60 per share, final, subject to deduction of tax. Transfer books remain closed from 1st to 19th July 1961, both days inclusive.

OCTAVIUS STEEL AND CO., LTD. Annual General Meeting, Calcutta, 21st July 1961. Transfer books remain closed from 14th to 21st July 1961, both days inclusive.

KESORAM COTTON MILLS LTD. **Annual General Meeting, Calcutta, 22nd July 1961. Dividend: Re. 1.20 per share, subject to deduction of tax.** Transfer books remain closed from 10th to 22nd July 1961, both days inclusive.

LARSEN AND TOUBRO LTD. **Annual General Meeting, Bombay, 25th July 1961. Dividend: Re. 1.80 per ordinary share, subject to deduction of tax, payable on or after 5th August 1961. Transfer books remain closed from 26th June to 22nd July 1961, both days inclusive.**

HINDUSTAN MOTORS LTD. Annual General Meeting, Calcutta, 25th July 1961. Dividend: 12 per cent or Re. 1.20 per share, subject to deduction of tax, payable on and after 25th July 1961. Transfer books were closed from 30th May to 27th June 1961, both days inclusive.

NEW INDIA ASSURANCE CO., LTD. Annual General Meeting, Bombay, 26th July 1961. Dividend: 38 per cent or Rs. 5.70 per share (includes bonus of Re. 1.20 per share), subject to deduction of tax. Transfer books remain closed from 26th June to 25th July 1961, both days inclusive.

SHAW WALLACE & CO., LTD. Annual General Meeting, Calcutta, 26th July 1961. Dividend: 15 per cent or Re. 1.50 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 17th to 26th July 1961, both days inclusive.

MARINE AND GENERAL INSURANCE CO., LTD. Annual General Meeting, Calcutta, 26th July 1961. Dividend: *Nil.* Transfer books will remain closed from 18th to 26th July 1961, both days inclusive.

DHELAKHAT TEA CO., LTD. Annual General Meeting, Calcutta, 27th July 1961. Dividend: 12½ per cent or Re. 1.25 per share, subject to deduction of tax, payable on and after 27th July 1961. Transfer books remain closed from 13th to 27th July 1961 both both days inclusive.

NATIONAL CO., LTD. Annual General Meeting, Calcutta, 27th July 1961. Dividend: Re. 0.75 per ordinary share, subject to deduction of tax. Transfer books remain closed from 7th to 27th July 1961, both days inclusive.

BURN AND CO., LTD. Annual General Meeting, Calcutta, 28th July 1961. Dividend: 28½ per cent or Rs. 28.50 per ordinary share, subject to deduction of tax, payable on or after 7th August 1961. Transfer books will remain closed from 20th to 28th July 1961, both days inclusive.

HATTIKHIRA TEA CO., LTD. Annual General Meeting, Calcutta, 28th July 1961. Dividend: *Nil.* Transfer books will remain closed from 21st to 28th July 1961, both days inclusive.

ANGLO-FRENCH TEXTILES LTD. Annual General Meeting, Pondicherry, 28th July 1961. Dividend: 15 per cent or Rs. 15.00 per share, for the year ended 31st December 1960, subject to deduction of tax. Transfer books remain closed from 14th to 29th July 1961, both days inclusive.

KATRAS JHERRIAH COAL CO., LTD. Annual General Meeting, Calcutta, 29th July 1961. Dividend: 40 per cent or Rs. 4.00 per share, subject to deduction of tax. Transfer books remain closed from 15th to 29th July 1961, both days inclusive.

BHARTIA ELECTRIC STEEL CO., LTD. Annual General Meeting, Calcutta, 31st July 1961. Dividend: 10 per cent or Re. 1.00 per share, subject to deduction of tax. Transfer books will remain closed from 21st to 31st July 1961, both days inclusive.

BENGAL PAPER MILLS CO., LTD. Annual General Meeting, Calcutta, 31st July 1961. Dividend: 32 per cent or Rs. 8.00 per ordinary share, for the year ended 31st December 1960, subject to deduction of tax. Transfer books will remain closed from 19th to 31st July 1961, both days inclusive.

NATIONAL TOBACCO CO. OF INDIA LTD. Annual General Meeting, Calcutta, 31st July 1961. Dividend: 16 per cent or Re. 1.60 per ordinary share, subject to deduction of tax. Transfer books remain closed from 14th to 31st July 1961, both days inclusive.

TATA OIL MILLS CO., LTD. Annual General Meeting, Bombay, 3rd August 1961. Dividend: Rs. 5.75 per ordinary share or 23 per cent subject to deduction of tax, payable on and after 4th August 1961. Transfer books were closed from 12th June to 7th July 1961, both days inclusive.

WESTERN BENGAL COALFIELDS LTD. Annual General Meeting, Calcutta, 7th August 1961. Transfer books will remain closed from 22nd July to 7th August 1961, both days inclusive.

HOOLUNGOOREE TEA CO., LTD. Annual General Meeting, Calcutta, 9th August 1961. Dividend: Rs. 10.00 per share, subject to deduction of tax. Transfer books will remain closed from 2nd to 9th August 1961, both days inclusive.

UNIVERSAL CABLES LTD. (formerly Hindusthan Woollen Mills Ltd.). Annual General Meeting, Calcutta, 9th August 1961. Dividend: Re. 0.50 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 24th July to 9th August 1961, both days inclusive.

KUMARDHUBI ENGINEERING WORKS LTD. Dividend of Re. 0.30 per ordinary share, subject to deduction of tax, for the year ended 30th November 1960.

NATIONAL JUTE CUTS DIVIDEND

TURNOVER UP, BUT PROFIT MARGIN LOW

READERS of this journal must be aware by now that the last two years have been quite unfavourable to the jute mill industry in India. The sharp rise in the price of raw jute due to scarcity conditions not only led to a disproportionate increase in the raw material quantum of the cost of production, but its non-availability at even these levels resulted in a serious underutilisation of the installed capacity. With the on-cost thus spread over a restricted output, the gross profit of individual companies showed sharp declines, despite the unhealthy inflated turnover figures. These disturbing features are fully reflected in the accounts of the National Jute Company Ltd., Calcutta, for the year ended 31st October 1960, which disclose that, notwithstanding the substantial increase of as much as Rs. 104.07 lakhs to Rs. 263.51 lakhs in the sale of gunnies, the gross profit stands improved by a meagre Rs. 90,000 or so to Rs. 20.16 lakhs.

Owing to the resignation of the Managing Agents, no provision covering their remuneration has been found necessary and made. The provision for depreciation has, however, been higher at Rs. 7.86 lakhs, as against Rs. 3.41 lakhs in the previous year. In view of the large-scale additions to plant and machinery made during the year, the Company has had to set aside out of its taxable profits a heavy amount for development rebate and this has been responsible in limiting the provision for taxation to Rs. 35,000 only. After these two essential provisions but before development rebate, the net profit shows an improvement of Rs. 3.16 lakhs to Rs. 11.95 lakhs.

A sum of Rs. 1.06 lakh has been credited back to the profit and loss account as provisions no longer required while an additional amount of Rs. 3.18 lakhs has been transferred from the dividend equalisation reserves. Transfers to reserves have been raised from Rs. 3.75 lakhs last year to Rs. 12.79 lakhs, of which the development rebate reserve's share is Rs. 12.03 lakhs. The net additions to reserves thus amounts to Rs. 8.55 lakhs.

After the aforesaid adjustments, there is a balance of Rs. 3.60 lakhs, including Rs. 20,258 brought forward, for distribution among the shareholders. Of this, Rs. 10,500 has become payable to the preference shareholders as additional dividends for the year 1959 under the provisions of the Preference Shares (Regulation of Dividends) Act 1960. Preferred dividends for the year under report have been declared at Rs. 9.10 per share (of Rs. 100 each), instead of the stipulated rate of 7 per cent in accordance with the terms of the said Act. Due to the unsatisfactory profit position, ordinary dividends have been reduced from 10 per cent subject to deduction of tax to 7½ per cent subject to deduction of tax. It is to be noted that the amount required to pay these dividends is equal to that withdrawn from the dividend reserve.

The progress made by the Company during the past four years is compared in the following table:

(In lakhs of rupees)

	For the year ended 31st October			
	1960	1959	1958	1957
Sales	2,63.51	1,59.44	1,40.50	1,35.57
Other income	0.97	1.56	2.32	2.28
Closing stocks of gunnies	21.57	11.60	7.73	8.37
Goods purchased for resale	76.94	19.15	..	..
Raw materials and stores consumed	1,18.81	80.37	88.23	90.07
Salaries and wages	39.64	35.24	36.68	35.22
Other expenses	16.90	10.85	9.87	8.73
Gross profit	20.16	10.26	7.40	6.08
Managing Agents' remuneration	..	0.62	0.50	0.50
Provision for—				
Depreciation	7.86	3.41	3.40	1.65
Taxation	0.35	6.44	0.81	1.93
Net profit	11.95	8.79	2.69	2.00
Transfer from reserves and sundry provisions	4.24	..	1.25	1.00
Transfer to reserves	12.79	3.75	1.10	..
Dividends—				
7 per cent. preference	0.56*	0.35	0.35	0.35
Ordinary	2.02	3.50	2.02	2.02
	(7½%)†	(10%)†	(7½%)	(7½%)
Carry forward	0.41	0.20	0.06	0.19

* Including Rs. 10,500 as additional dividends for the year ended 31st October 1959.
† Subject to deduction of tax.

During the year, the Company regrouped its various reserves. A new reserve styled "General reserve 2" was created. The already existing general reserve account was styled "No. 1 account." The reason for this change given by the Directors is as follows:

"Under Section 49-BB of the Income-tax Act, a tax credit of 10 per cent on the dividends will be available to the Company if they are distributed out of the profits and gains of the Company which are charged to income-tax in one or more assessment years ending before 1st April 1960. The general reserve No. 1, the dividend equalisation reserve and the emergency reserve were, therefore, analysed and the amounts of the profits and gains, which were not actually charged to income-tax, have been transferred to general reserve No. 2. The final position is that the general reserve 1 and the dividend equalisation reserve consist of taxed profits only while the general reserve 2 will consist of untaxed profits."

As disclosed by the balance-sheet as at 31st October 1960, the financial position of the Company is strong. The share capital of Rs. 40 lakhs (Rs. 5 lakhs in 7 per cent preference shares of Rs. 100 each and Rs. 35 lakhs in ordinary shares of Rs. 10 each) is packed by reserves and surplus amounting to Rs. 53.05 lakhs. Current liabilities and loans from banks total Rs. 52.85 lakhs and are fully covered by current assets and loans and advances together aggregating Rs. 62.90 lakhs. Inclusive of the net additions of Rs. 49.99 lakhs to fixed assets during the year, the gross block is valued at Rs. 108.03 lakhs and is written down to Rs. 83 lakhs.

The Company has been able to install and commission 60 wideolooms, out of the present target of installing 100 wideolooms. Of the 60 wideolooms, 46 looms are of 168" R.S. and 14 looms are of 210" R.S. (and the mill has taken up the production of a maximum of 157" carpet backing cloth on 168" R.S. looms and a maximum of 196" carpet backing cloth on 210" R.S. looms).

The Company has also got sanction from the Indian Jute Mills Association to install 4 jute webbing looms. These will start production in the near future. Further, the Directors are contemplating diversification of production and manufacture of specialities. It has been granted a loan of Rs. 39.39 lakhs by the National Industrial Development Corporation Limited for the purchase of new machinery against mortgage of present and future fixed assets. The Company has made a second loan application to N.I.D.C. for another loan of Rs. 16.94 lakhs for further expansion and is under consideration.

The ordinary shares of the Company are being currently quoted at Rs. 19.12. The net yield works out to Rs. 2.2 per cent per annum.

SELECTED SATGRAM TO ISSUE RIGHTS

An increase of 23 per cent in the raising of coal as compared with 10 per cent for the country as a whole, a similar improvement in despatches, and an upgrading of some of its product have contributed to increasing the sales of the Selected Satgram Collieries Ltd. (Managing Agents: S. D. Sethia & Co. Pvt. Ltd., Calcutta) by Rs. 8.57 lakhs to Rs. 52.71 lakhs for the year ended 31st December 1960. This improvement has been brought about by extensive development work needing continued investment of capital funds and adding to the cost of operations. The gross profit has, therefore, shown only a nominal increase of Rs. 1.86 lakh to Rs. 7.95 lakhs. Provision for depreciation has been increased to Rs. 2.12 lakhs while that for taxation has been slightly reduced to Rs. 1.89 lakh. The net profit, therefore, shows an increase of Rs. 66,000 or so to Rs. 3.29 lakhs. Transfer to reserves is a shade lower at Rs. 1.03 lakh, as against Rs. 1.09 lakh. An interim dividend of Rs. 8 per share, subject to deduction of tax, was declared on 13,000 old equity shares, absorbing a sum of Rs. 1.04 lakh. A similar final dividend has now been declared for the old shares and a *pro rata* dividend at the same rate has been recommended for the 6,500 new equity shares issued during August last year. This brings the total dividends payable in respect of the year under review to 16 per cent, subject to deduction of tax, absorbing Rs. 2.25 lakhs as against Rs. 1.56 lakh a year ago.

The following comparative table presents synoptically the progress made by the Company during the past four years.

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sales of coal	52.71	44.14	29.31	21.32
Other income	3.24	0.06	0.06	0.03
Closing stocks of coal	0.66	0.54	0.87	0.13
Expenses	48.12	37.78	25.99	..
Gross profit	7.95	6.09	4.12	3.01
Managing Agents' remuneration	0.65	0.52	0.30	0.23
Provision for—				
Depreciation	2.12	1.03	0.57	0.49
Taxation	1.89	1.91	1.43	1.21
Net profit	3.29	2.63	1.82	1.08
Transfer to reserves	1.03	1.09	0.62	0.54
Ordinary dividends	2.25	1.56	0.76	0.55
	(10%)*	(10%)*	(12.5%)	(10%)
Carry forward	0.03	0.02	0.04	0.01

* Subject to deduction of tax.

As disclosed by the balance-sheet as at 31st December 1960, the Company's share capital stands at Rs. 19.50 lakhs in 1.95 lakh ordinary shares of Rs. 100 each. This is backed by Rs. 3.89 lakhs in the reserves. Current liabilities total Rs. 19.08 lakhs in addition to Rs. 12.81 lakhs as secured and unsecured loans. The gross block is valued in the books of the Company at Rs. 34.65 lakhs and yields, on deducting Rs. 9.62 lakhs as accumulated depreciation, a net block worth Rs. 25.03 lakhs. Current assets, loans and advances aggregate Rs. 30.11 lakhs.

As for the future, the Company has placed before it a target of 44,000 tons of coal per month from the existing units, excluding the Dishergarh seam which has now been explored and is expected to yield selected grade of blendable coal of good metallurgical quality. Negotiations are afoot with foreign experts for its final exploration. It is estimated that 25,000-30,000 tons per month can be obtained from this mine, thus bringing the targeted output to at least 7 lakh tons of coal annually to be achieved by the end of the third Five-year Plan. This programme has necessitated increasing the authorised capital from Rs. 50 lakhs to Rs. 2 crores and the subscribed capital from Rs. 19.50 lakhs to Rs. 40 lakhs. This latter increase is to be met from the issue of an additional 20,500 equity shares of Rs. 100 each at par to existing shareholders.

The Rs. 100 fully paid equity shares of the Company are currently quoted, on the cash list of the Stock Exchange at Bombay, at Rs. 135.50 *cum-div.* Reducing the price to an *ex-div.* basis, the net yield on the scrip works out to 8.61 per cent per annum.

FRESH CAPITAL ISSUES

Two companies have been granted consent for the issue of further capital—the Indian Oil Company, which is a Government company, and Dodge and Seymour (India) Private Ltd. The details are given below:

Indian Oil Company

The Company has been granted consent to issue further capital of the value of Rs. 150 lakhs in equity shares of Rs. 1,000 each for cash at par. The proceeds of the issue will be utilised for marketing and distribution of petroleum products by taking over the entire production of the two public sector refineries which are being set up at Gauhati and Barauni. The I.O.C. has a subscribed and paid-up capital of Rs. 57.25 lakhs.

Dodge and Seymour

The Company has been granted consent to issue shares in lieu of cash dividends after deduction of tax of the total value of Rs. 54,000 in 540 equity shares of Rs. 100 each.

Notice

THE SOUTH MADRAS ELECTRIC SUPPLY CORPORATION LIMITED

TIRUCHIRAPALLI

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE Twenty-first Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company, Tennur, Tiruchirapalli, on the 30th August 1961, at 4 p.m., to transact the usual business as per notice individually posted to the Shareholders.

The Register of Members and the transfer books of the Company will be closed from 5th August 1961 to 30th August 1961 (both days inclusive).

The Directors at their meeting held on 30th June 1961 have recommended the following dividends to the members for the year ended 31st March 1961:

4½% less tax final dividend on 6,99,968 equity shares which with the 4½% less tax interim dividend already paid makes a total dividend of 9% and *pro rata* dividend at 9% per annum less tax on 28 new Equity Shares,

and 3.85% less tax, final dividend on I and II Preference shares which together with the 3.30% less tax interim dividend already paid makes a total dividend of 7.15%,

and an additional dividend of Rs. 0.47 naye paise per cent less tax on Preference shares being the balance amount which becomes payable for year ended 31st March 1960 (Income-tax assessment year 1960-61) on the 1st and 2nd Preference shares as per the Preference Shares (Regulation of Dividends) Act 1960.

The dividend when declared will be made payable on and after 30th August 1961 to those Shareholders whose names stand on the Register of Members on 30th August 1961 or to holders of dividend mandates. Members are requested to intimate change of address, if any.

Members are requested to attend the meeting in person or by proxy.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

(By Order of the Board of Directors),
SESHASAYEE BROTHERS PRIVATE LIMITED,
Managing Agents & Chief Engineers.

TIRUCHIRAPALLI,
30th June 1961.

SYNOPSES OF COMPANY REPORTS

Aruna Mills Ltd.

Managing Agents: Messrs. Hutheesing Sons and Co., Ahmedabad.)

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	1,99,80	2,33,32
Closing stock	49,30	24,40
Gross profit	35,86	22,95
Transfer to managing agents' remuneration	2,74	1,43
" " depreciation	8,36	8,42
" " taxation	11,60	8,32
" " development rebate reserve	2,00	2,50
Net profit	11,16	2,23
Adjustments	..	7,28*
Appropriations—		
Total available balance	11,16	5,50†
Transfer to reserves	4,18	..
Proposed dividends (taxable) 5% C. Preference	50	50
Ordinary	6,00 (30%)	5,00 (25%)
Carried forward	48	..

* This includes Rs. 5,50,000 transferred from dividend equalisation reserve for the purpose of paying dividends and Rs. 1,78,198 transferred from development and rehabilitation reserve.

† After adjusting the loss of Rs. 4,01,790 brought forward from 1958 accounts.

Extracts from the Directors' report: During the year under review, the trading conditions remained favourable. The mills had to implement the recommendations of the Central Wage Board for the Cotton Textile Industry from 1st January 1960 which led to an increase in the basic salaries of all workers by a minimum of Rs. 8. The dearness allowance payable to the employees also remained on a very high level. The prices of store materials, chemicals, dyes and other items also showed an upward trend.

The Textile Industry of India, in September 1960, adopted a scheme of voluntary price control, under which all prices were related to August 1959 prices. The prices of fine and superfine goods which this Company manufacture, were subjected to a further cut amounting to 4 per cent from January 1961. The cloth produced by the mills is being sold under the scheme of voluntary price control.

During the year, a sum of Rs. 4,46,388 has been spent on extensions of buildings and installation of machinery and equipment on mill's reorganisation, and renovation programme. Main items covered by these expenditures are *Carding Engines, Automatic Card Stripping Equipment, Doubler Winder, Fluorescent Fittings* and *Shallow Trunkings.*

The programme of modernising the mills is being pursued with vigour. Orders have also been placed for *High draft Spinning Frames* with preparatory machines for *Spinning, Doubling Frames* and *Humidification Towers.* This programme will start in the third quarter of 1961 and will continue till the end of the year 1962. This will cost the Company an additional outlay of about Rs. 45,00,000.

The installed capacity of the mills is 42,708 spindles, 1,452 doubling spindles and 920 looms with complete dyeing and bleaching plants.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	30,00,000	Gross block	1,56,85,887
Reserves and surplus	1,03,97,162	—Depreciation	95,99,739
Other liabilities	47,89,764	Net block	60,75,648
		Current assets	1,13,34,318
		Investments	2,27,292
		Cash	5,49,668
	Rs. 1,81,86,926		Rs. 1,81,86,926

Asoka Mills Ltd.

(*Managing Agents:* Messrs. Lalbhai Dalpatbhai & Co., Ahmedabad.)

Annual General Meeting—17th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	2,37,45	2,12,06
Closing stock	21,46	14,94
Gross profit	38,60	11,26
Transfer to managing agents' remuneration	2,17	50
" " depreciation	11,70	6,90
" " development rebate reserve	11,00	8,00
" " taxation	2,00	86
Net profit	6,73	..
Adjustments	..	5,57*
Appropriations—		
Total available balance	6,73	5,57
Transfer to reserves	10	..
Proposed dividends (taxable) 5% Preference	30	30
4½% Preference	27	27
Ordinary	6,00 (30%)	5,00 (25%)
Carried forward	6	5,57

* This represents the amount transferred from dividend equalisation reserve for the purpose of paying dividends.

Extracts from the Directors' report: The Textile Industry of India, in September 1960, adopted a scheme of voluntary price control, under which all prices were related to August 1959 prices. The prices of lower medium and higher medium goods which this Company manufacture, were subjected to a further cut amounting to 4½ per cent from January 1961. The cloth produced by the mills is being sold under the scheme of voluntary price control.

The budget proposals for the year 1961-62 have raised the excise duty on cotton cloths. A new levy was also imposed on cotton yarn issued for the production of cotton cloth. However, on a representation of the industry, the said levy on yarn is being converted into a flat uniform increase on all types of cloths. A part of this new levy, will have to be borne by the Company. Increases have been made in custom duties, thereby raising the cost of machinery and spare parts and fresh levies have been imposed on coal-tar dyes and other colours consumed by mills.

During the year, a sum of Rs. 33,27,098 has been spent on extension of buildings and installation of machinery and equipment on mill's reorganisation, renovation and modernisation programme. Main items covered by these expenditures include six *Textool Fly Frames*, nine *Ring Frames*, one *Sliver Lap Machine* and four *Combers*, one *Doubler Winder*, one *Barber-Colman Winding & Warping Unit*, 12 *Fully Automatic Pirn Winders*, two *Sucker Sizing Machines*, one *Hydro conditioning machine* and two automatic cloth dyeing *Jiggers*, and buildings for Spinning and extension and automatic loom shed.

The programme of rehabilitation and modernisation is still being pursued with vigour and further orders have been placed for 24 *Cards*, 5 *Whitin's Draw Frames*, 36 *Ring Frames* (15,240 *Spindles*), 10 *Textool Intermediate Frames*, 2 *Combers*, 96 *Draper's Automatic Looms*, 96 *Ordinary Looms*, One 3 *Bowl Water Mangle*, One *Sanforizing Machine*, two *humidification plants* and equipments necessary for electrification including one 750 KVA *Transformer*. Out of the above, 5 *Draw Frames*, 10 *Inter Frames*, 96 *Ordinary Looms*, 96 *Draper's Looms* and *Sanforizing machine* will go *into production during the year 1961. This will* cost the Company an additional outlay of about Rs. 57 lakhs.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	32,08,052	Gross block	1,82,78,672
Reserves and surplus	1,38,07,833	—Depreciation	83,30,544
Other liabilities	45,17,083	Net block	99,48,128
		Current assets	95,67,185
		Investments	18,31,159
		Cash	1,86,466
	Rs. 2,15,32,918		Rs. 2,15,32,918

Basmatia Tea Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Andrew Yule and Co., Ltd., Calcutta.)

Annual General Meeting—19th July.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	20,81	16,18
Closing stock	9,51	9,84
Gross profit	5,38	4,84
Transfer to managing agents' commission	29	43
" " secretaries' and treasurers' commission	13	..
" " depreciation	75	55
" " taxation	1,63	1,48
" " development rebate reserve	9	12
Net profit	2,49	2,26
Adjustments	44	41
Appropriations:		
Total available balance	2,93	2,67
Transfer to general reserve	70	70
Proposed dividend (taxable)	1,78 (35%)	1,53 (30%)
Carried forward	45	44

N.B.—Adjustments include the balance brought forward from the previous year and excess wealth-tax provision written back if any.

Extracts from the Directors' report: A crop of 2,647 quintals (7,295 maunds) was secured and sold at an average price of Rs. 7.21 per Kg. This compares with a crop of 2,762 quintals (7,611 maunds) in 1959, which sold at an average price of Rs. 6.59 per Kg. The increase in the average price reflects a better market and a further improvement in the quality of tea manufactured. The decrease in crop was due to less satisfactory climatic conditions, rainfall for the year at 159 Cms. (63 inches) being only about 60 per cent of the average of 262 Cms. (103 inches) for the previous 10 years. Estimates for the current season have been framed for a crop of 2,900 quintals (8,000 maunds).

Capital expenditure during the year, amounting to Rs. 2,09,868, includes the cost of equipment for the oil firing of the drying machinery, further electrification of the factory and the construction of labour and staff quarters.

For some time the Board has had under consideration the capital structure of the Company, and on 5th May 1961, the members of the Company were advised that the Board proposed to recommend to members that Rs. 2,55,000 be capitalised out of general reserves to enable a bonus issue to be made in the ratio of one bonus share for every two shares held. An extraordinary general meeting of the Company will be held on 19th July 1961, to consider the necessary resolutions.

Messrs. Andrew Yule & Co., Ltd., ceased to act as managing agents of the Company on 15th August 1960, and at an adjourned extraordinary general meeting of the Company held on 23rd August 1960, they were appointed Secretaries and Treasurers of the Company with effect from 16th August 1960.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	5,10,000	Gross block	20,56,693
Reserves and surplus	12,81,028	—Depreciation	7,60,821
Other liabilities	17,98,471	Net block	12,95,871
		Current assets	17,17,254
		Investments	77,725
		Cash	4,98,044
	Rs. 35,89,494		Rs. 35,89,494

East India Pharmaceutical Works Ltd.

(*Managing Directors*: Mr. A. K. Sen & Mr. H. N. Dutt Gupta, Calcutta.)

Annual General Meeting—28th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales (manufactured goods)	1,15,09	1,01,00
Closing stock	7,65	5,91
Gross profit	13,96	11,54
Transfer to managing directors' remuneration	1,24	1,01
" " depreciation	1,55	1,30
" " taxation	4,94	4,12
" " development rebate reserve	35	45
Net profit	5,88	4,66
Adjustments	1,69	1,39
Appropriations—		
Total available balance	7,57	6,05
Transfer to general reserve	3,00	2,50
To share sales commission (written off)	*	1
" provision for wealth tax	..	2
Proposed dividends (taxable) 6% C. Preference	14†	13
" " " Ordinary	1,89 (18%)	1,70 (16%)
Carried forward	2,54	1,69

N.B.—Adjustments include the balance brought forward from the previous year and wealth tax refunded if any.

* Only Rs. 330.

† Subject to deduction of tax.

Extracts from the Directors' report: The provision for income-tax on Preference share dividend was made in accordance with the provisions of Preference Shares (Regulation of dividends) Act, 1960.

The arrangement for shifting another factory wherein injectables are now being prepared to the Company's new factory at Sarsuna, is now complete. The Company shall effect the transfer as soon as necessary sanction of the Drug Control Authorities is obtained. In order to facilitate quick movement of goods another depot was started in January, 1961 at Baroda, thus bringing the total number of branches and depots to sixteen.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	12,28,981	Gross block	31,15,556
Reserves and surplus	15,54,257	—Depreciation	9,74,680
Other liabilities	44,31,055	Net block	21,40,876
		Current assets	22,79,192
		Investments	12,09,781
		Cash	16,84,444
	Rs. 72,14,293		Rs. 72,14,293

Jehangir Vakil Mills Co., Ltd.

(*Managing Agents:* Messrs. Rustomjee Mangaldas and Co., Ltd., Ahmedabad.)

Annual General Meeting—27th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	1,70,23	1,72,44
Closing stock	38,34	26,54
Gross profit	18,39	7,21
Transfer to managing agents' commission	1,27	40
" " depreciation	5,15	4,54
" " development rebate reserve	1,90	12
" " taxation	..	2
Net profit	10,07	2,13
Adjustments	12	1,54*
Appropriations—		
Total available balance	10,19	3,68
Transfer to reserves	7,67	2,00
Proposed dividends (taxable) 4% Preference	26	28
" " " Ordinary	2,10 (15%)	1,26 (9%)
Carried forward	16	12

N.B.—Adjustments include the balance brought forward from the previous year.

* This represents the amount transferred from general reserve.

Extracts from the Directors' report: During the year under report, the Award of the Central Wage Board for the Cotton Textile Industry was implemented and as a result there is a significant rise in the wage structure of the Company. This and other factors such as cost of cotton, colours, stores, etc., increased the cost of production. However, the trading conditions were comparatively better and the directors consider the resulting profit for the year under report satisfactory.

The programme of renovation of the Company is in progress. During the year additional machinery worth Rs. 8,46,394 was received and installed. The Company is now embarking upon a comprehensive plan of modernisation and rehabilitation of the old machinery in spinning and weaving sections. 15 *New Ring Frames*, 248 *New Looms* (including 48 *Automatic Looms*) and other preparatory machinery have been already ordered. The bulk of the remaining machinery will be replaced in a phased programme lasting 4 to 5 years.

The installed capacity of the Mills is 37,092 *spindles and 761 looms.*

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	18,90,000	Gross block	1,05,37,887
Reserves	28,89,817	—Depreciation	66,95,240
Other liabilities	95,52,781	Net block	38,42,027
		Current assets	1,03,57,445
		Investments	60,012
		Cash	73,116
	Rs. 1,43,32,598		Rs. 1,43,32,598

National Screw & Wire Products Ltd.

(*Chairman*: Mr. B. D. Agarwalla. Esq., Calcutta.)

Annual General Meeting—29th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	58,15	57,80
Closing stock (finished goods)	2,67	2,43
Gross profit	3,95	6,12
Transfer to depreciation	61	50
„ „ taxation	1,23	2,54
„ „ development rebate reserve	47	2
Net profit	1,64	3,06
Adjustments	2,87	6
Appropriations:		
Total available balance	4,51	3,12
Transfer to reserves	3,00	..
To adjustment of loss brought forward	..	71
Proposed dividend (taxable)	1,50 (15%)	1,50 (15%)
Carried forward	1	91

N.B.—Adjustments include the balance brought forward from the previous year; excess provision for income-tax for past years written back and other credit items.

Extracts from the Directors' report: The directors are glad to report that the Company's income-tax Appeals have been allowed for the years 1952. 1953 and 1954 and the amount of excess provision resulting therefrom has made it possible to create the reserves viz., general reserve and dividend equalisation reserve.

The shortage and irregular supply of raw materials has continued to hamper production. The plant for the manufacture of *A.C.S.R. Conductors* has been completely installed during the current year and production is expected to start immediately on receipt of raw materials. The directors hope that working results of this plant will be reflected in the next account.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	10,00,000	Gross block	15,45,250
Reserves and surplus	3,53,874	—Depreciation	7,46,915
Other liabilities	24,71,478		
		Net block	7,98,335
		Machineries-in-transit	1,04,276
		Current assets	28,97,000
		Cash	25,741
Rs.	38,25,352	Rs.	38,25,352

Sarangpur Cotton Manufacturing Co., Ltd.

(*Managing Agents*: Messrs. Sakarlal Balabhai & Co., Ltd., Ahmedabad.)

Annual General Meeting—26th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	3,99,18	4,06,52
Closing stock	75,62	55,88
Gross profit	73,05	71,06
Transfer to Managing Agents' remuneration	4,79	5,25
„ „ depreciation	20,55	14,02
„ „ taxation	19,20	18,00
„ „ development rebate reserve	7,06	7,16
„ „ development and rehabilitation reserve	2,35	2,39
Net profit	19,10	24,24
Adjustments	23	39
Appropriations—		
Total available balance	19,33	24,62
Transfer to reserves	5,00	10,25
Proposed dividends (taxable) Preference	99	99
„ „ „ Ordinary*	13,15 (33%)	13,15 (29% D. + 4% B.)
Carried forward	17	23

N.B.—Adjustments include only the balance brought forward from the previous year.

* The ordinary paid-up capital amounts to Rs. 39,86,000 made up of 7,972 shares of Rs. 500 each fully paid up.

D = Dividend. B = Bonus.

Extracts from the Directors' report: The directors hope that the working results for the year, of the Mills will be found satisfactory.

The Central Government have approved the re-appointment of Messrs. Sakarlal Balabhai & Co., Ltd., as the managing agents of the Company for a period of 5 years from 15th August 1960.

The directors have to state that as per Resolution No. 5 of the notice of the extraordinary general meeting of the members of the Company convened on 28th February 1961, it was proposed to issue 2 fully paid ordinary shares of Rs. 250 each in lieu of one ordinary share of Rs. 500 each to the ordinary shareholders whose names stand in the register of members as on 28th February 1961. However, in the said meeting it was decided to issue 2 fully paid ordinary shares of Rs. 250 each in lieu of one ordinary share of the face value of Rs. 500 each to the holders of ordinary shares as on 27th June 1961 instead of on 28th February 1961. The directors have, subject to the approval of the Central Government, resolved to issue fully paid ordinary shares as bonus shares in proportion of one share of Rs. 250 each for every 4 shares of Rs. 250.

After the close of the year under report, the Company has placed orders for machinery estimated to cost Rs. 25.35.000 and have placed contract for extension of building for erecting the machinery at an estimated cost of Rs. 90,000.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	57,11,500	Gross block	3,57,63,760
Reserves and surplus	2,46,58,983	—Depreciation	2,09,59,124
Other liabilities	1,13,98,634		
		Net block	1,48,04,636
		Block in progress	70,291
		Current assets	2,37,11,943
		Investments	23,90,294
		Cash	8,15,953
	Rs. 4,17,69,117		Rs. 4,17,69,117

Sri Ramakrishna Mills (Coimbatore) Ltd.

(*Managing Agents*: Messrs. S. N. Rangaswamy Naidu Sons, Coimbatore.)

Annual General Meeting—24th July. Dividend payable on and from 24th July.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1960	1959
Sales (including cotton waste)	80,45	79,45
Closing stock	11,72	18,45
Gross profit	15,68	20,23
Transfer to Managing Agents' remuneration	1,06	1,48
„ „ depreciation	4,80	4,20
„ „ taxation	3,85	6,00
„ „ development rebate reserve	75	94
Net profit	5,22	7,61
Adjustments	19	..
Appropriations:		
Total available balance	5,41	7,61
Transfer to charity and donations	13	18
To depreciation for prior years written off	..	2,48
„ bonus paid in respect of previous year	81	98
Transfer to contingency reserve	..	19
„ „ general reserve	65	..
„ „ provision for gratuity	25	25
Proposed dividend (taxable)	3,53 (23%)	3,53 (23%)
Carried forward	4	..

N.B.—Adjustments include only the amount transferred from provision for contingency.

Extracts from the Directors' report: As was contemplated in the last year's report of the Board, there has been during the year under review, steady increase in the prices of cotton on the one hand and notable fall in the yarn prices of the counts that this Company spins on the other hand. The wages to employees of the Company have been raised in compliance with the Award of the Central Wage Board. These factors mainly weighed heavily on the working of the Company and have resulted in the reduction of the profits earned during the year as compared to the previous year. In spite of these obstacles the Company was able to earn fair profits. The directors consider that the profits earned during the year are very satisfactory.

The Company has disposed of its investment in the South India Viscose Limited for a profit of Rs. 26.520 and has again invested in the same company already to the extent of Rs. 6,00,000. It has also subscribed for 2,400 right shares issued by the Company for which a sum of Rs. 2,52,000 (inclusive of Rs. 12,000 as premium) has been paid during the current year.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	15,36,800	Gross block	94,68,632
Reserves and surplus	3,93,716	—Depreciation	54,34,367
Other liabilities	59,79,216		
		Net block	40,34,265
		Current assets	32,57,159
		Investments	6,00,250
		Cash	18,148
	Rs. 79,09,822		Rs. 79,09,822

Notice

THE COCHIN STATE POWER & LIGHT CORPORATION, LIMITED

NOTICE OF THE 25TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE 25th Annual General Meeting of the Shareholders of THE COCHIN STATE POWER & LIGHT CORPORATION, LIMITED, will be held at the Registered Office of the Company at Huzur Jetty, Foreshore, Ernakulam, on Monday the 28th August 1961, at 11 a.m.

AGENDA

1. To consider and adopt the Directors' Report and the Audited Statement of Accounts for the year ended 31st March, 1961.
2. To consider the declaration of a Dividend for the year 1960-61.
3. To appoint a Director in the place of Shri A. G. Lalan who retires by rotation.
4. To appoint a Director in the place of Shri S. S. Koder who retires by rotation.
5. To appoint Auditors for the current year and fix their remuneration.
6. Any other subject that may be brought up before the meeting.

The Share Transfer Books of the Company will remain closed from 21st August 1961 to 28th August 1961, both days inclusive.

(By Order of the Board),
For CHANDRIE & Co. (PRIVATE) LTD.,
S. VENKATARAMAN,
Director,
Managing Agents.

20, IIND LINE BEACH.
MADRAS, *7th July*, 1961.

Note: (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a Proxy need not be a member of the Company.

(2) The Dividend when sanctioned at the Annual General Meeting will be paid on or after 30th August 1961 to those members whose names stand on the Register of Members on the 20th August 1961.

ALL-INDIA GENERAL INSURANCE CO., LTD.

1960 RESULTS ANALYSED

A MARKED expansion in the net premium income of the All-India General Insurance Company Ltd. (Joint General Manager: Mr. P. V. K. Shanmugam, Bombay) is disclosed by the accounts of the Company for the year ended 31st December 1960. The combined premium income of the three departments, namely, fire, marine and miscellaneous, has gone up by Rs. 5.80 lakhs to Rs. 20.44 lakhs. All the three departments contributed to the improved results in the underwriting business. The premium of the fire department recorded the maximum increase of Rs. 3.16 lakhs to Rs. 11.85 lakhs. The miscellaneous department earned Rs. 2.34 lakhs more at Rs. 7.17 lakhs. The marine department also fetched Rs. 30,000 more at Rs. 1.42 lakh. Notwithstanding the substantial improvement in premium income, the net profit of the Company for the year under review, however, has not registered any marked rise, being just Rs. 10,618 as against Rs. 8,543 in the previous year. The Company has, therefore, not been in a position to declare any dividend, as in the past three years.

An idea of the trend of premium, claims, and expenses can be had from the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December		
	1960	1959	1958
Fire:			
Net premium	11.85	8.69	7.90
Claims paid and outstanding	3.76	2.70	2.09
Commission, expenses, etc.	5.56	4.85	4.11
Fire fund	5.69	4.00	3.47
Miscellaneous:			
Net premium	7.17	4.83	1.10
Claims paid and outstanding	3.11	2.36	0.47
Commission, expenses, etc.	3.57	2.77	0.45
Miscellaneous fund	3.44	2.22	0.93
Marine:			
Net premium	1.42	1.12	3.06
Claims paid and outstanding	0.88	0.55	2.26
Commission and expenses	0.56	0.50	2.13
Marine fund	1.35	1.01	1.74
Net profit	0.11	0.09	0.08
Dividend	Nil	Nil	Nil
Provision for taxation	..	..	..
Carry forward	0.11	0.09	0.08

An analysis of the accounts of the different departments shows that the premium income of the fire department continued to grow steadily and stood at Rs. 11.85 lakhs, as against Rs. 8.69 lakhs in 1959 and Rs. 7.90 lakhs in 1958. Although the claims experience from the foreign business was not quite satisfactory, the overall claims ratio in 1960 remained at the same level as in the previous year. After crediting Rs. 5.69 lakhs to the reserve for unexpired risk and meeting various outgoings, the profit transferred from this department to the profit and loss account was of the order of Rs. 89,277, as against Rs. 65,043 in 1959. In fact, this is the only department of the Company the working of which resulted in a positive surplus.

In the marine department, though the net premium experienced a rise as noted above, the profitability showed some worsening. This was because of the low level of rating which still continues and the slight deterioration in the claims experience. The rise in claims ratio related mainly to Government business received by the Company from the pool and in respect of reinsurance secured from some friendly offices. Net claims paid and outstanding amounted to Rs. 88,298. Commission and expenses worked out to Rs. 56,297. After setting aside Rs. 1.35 lakhs or 95 per cent of the premium income to the reserve for unexpired risks, the account shows a loss of Rs. 34,914.

In the miscellaneous department the net premium income stood at Rs. 7.17 lakhs, as against Rs. 4.83 lakhs in the previous year. One favourable feature in the working of this department was the slight reduction in the claims ratio. Net commission and expenses amounted to Rs. 3.57 lakhs. After earmarking a sum of Rs. 3.44 lakhs or 48 per cent of the premium income for the year as reserve for unexpired risks, the working of the department resulted in a loss of Rs. 68,667.

The capital and funds of the Company as at 31st December 1960 amounted to Rs. 23.91 lakhs distributed as shown below:

	Rs.
Capital paid-up	10.00.000
Fire fund	5.68,966
Marine fund	1,35,074
Accident and miscellaneous fund	3,44,291
Capital reserve account	2,196
Investment reserve account	2,96,597
Profit and loss appropriation account	43,813
Total ...	23,90,937

FOREIGN ASSETS DECLINE FURTHER

(*From Our Own Correspondent*)

BOMBAY, *12th July*

Conditions in the short-term money market turned distinctly easier during the week under review. The supply of loanable funds has expanded further, due to continuous return flow of funds from inland centres, while the demand for funds is only modest, as slack season is in full swing. The inter-bank call money rate among Exchange and big Indian banks has fallen from 4½ per cent to 4 per cent. Some stray transactions, it is learned, took place even at the rate of 3¾ per cent. Market circles expect the call rate to decline still further before it looks up again when the Central Government's second instalment of the borrowing programme comes up for implementation. This is not far off and the Reserve Bank's announcement on this subject is expected any moment. The other rates were unchanged as given below:

	Per cent
Notice money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3½
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

The results of the 91 days' Treasury Bills of the Government of India sold through weekly tenders were colourless. As against an invitation for Rs. 2 crores, an equivalent amount was offered and accepted. The average rate of accepted tenders was unchanged at 2.650 per cent per annum. 91 days' intermediate Treasury Bills sold from 5th to 8th inst. amounted to as much as Rs. 3.50 crores. Their sales will be continued from the 12th to the 15th inst.

The trend of contraction in notes in circulation noticed in the past few weeks was reversed during the week ended 7th July 1961, the notes in circulation having expanded by as much as Rs. 15.86 crores over the previous week. This is disclosed by the statement of the Reserve Bank of India for that week. As the notes held in the Banking Department have declined by Rs. 17.35 crores, total notes issued are actually lower by Rs. 1.50 crore. Foreign securities have contracted further by Rs. 10 crores to Rs. 93.01 crores. But, as balances held abroad have improved by Rs. 5.77 as against the net recession in total foreign assets is crores, the net recession in total foreign assets is crores, **the crores only to Rs.** 109.55 crores. Deposits Rs. 4.23 of banks with the Reserve Bank have dropped by Rs. 3.04 crores to Rs. 91.69 crores.

The statement of affairs of the Scheduled Banks for the week ended 30th June 1961 shows an expansion of Rs. 26.84 crores in demand deposits and a contraction of Rs. 10.24 crores in time deposits. The deposits of the State Bank of India alone have gone up by Rs. 7.45 crores. Scheduled banks' borrowings from the Reserve Bank increased by Rs. 4.10 crores, of which Rs. 2.02 crores were against usance bills. Their borrowings from the State Bank were, however, reduced by Rs. 91.73 lakhs in demand variety and Rs. 22 lakhs in time variety. Advances and bills discounted (bank credit) went up by Rs. 3.28 crores to Rs. 1,271.56 crores; a year ago, they were of the order of Rs. 1,129.68 crores. Advances of the State Bank actually declined by Rs. 1.75 crore, which shows that the advances of the other scheduled banks must have actually expanded by Rs. 5.03 crores. Investments of Scheduled Banks, as a whole, improved by Rs. 3.63 crores, but, as the State Bank's investment increased by Rs. 6.04 crores, it is obvious that this portfolio of the other scheduled banks must have declined by Rs. 2.41 crores.

The gilt-edged market remained dull throughout the week. The Reserve Bank of India discontinued its open market operations on Monday the 10th inst., thereby making the stage clear for the Government of India to launch its borrowing programme, again, which is expected to be of the order of Rs. 100 crores. The 3 per cent Conversion Loan remained steady at Rs. 72.75. Most of the Central loans were neglected and remained unchanged; only 3 per cent 1963-65 and 1964 loans eased by 5 nP each to Rs. 98.70. Some of the medium-dated State loans received good enquiry from institutional quarters, but their prices did not show any change.

In the foreign exchange section, the rupee week-end further in relation to the U.S. dollar in sympathy with the pound sterling. Banks' selling and buying rates for ready T.T. were Rs. 480.25 and Rs. 477 per 100 dollars, respectively, as against Rs. 480 and Rs. 476.75 a week ago. In the New York market, the pound sterling touched a new low. The latest available rates are: 278.440-278.480 cents per £ for spot and 275.420-275.460 cents per £ for three months' forward. Over the week, the pound sterling has lost 0.48 cent in the spot and 0.90 cent in the forward.

KIPS PRICES LOW

(*From Our Own Correspondent*)

MADRAS, *10th July*

Arrivals of kips were on the usual scale, but clearances halting. U.K. demand was patchy because of seasonal holidays during August. There were some inquiries for tanned cow hides lower grades, but at very low prices which were uneconomical to the tanners. Demand for tanned goat and sheep skins was small and prices ruled nominally unchanged.

In the German tanned skins public sales held last week, goat skins realised 9d. below current c.i.f. levels and 45 per cent of the stocks were cleared. Sheep skins were unquotable, as the clearance was negligible.

Shipments during June were: 3,700 bales tanned cow hides, 206 cow calf, 50 buffs, 272 buff calf, 658 goat and 424 sheep skins to U.K. ports; 152 cow hides, 112 cow calf, 10 buffs, 5 buff calf, 927 goat and 364 sheep skins to Continent; 107 buffs, 120 buff calf and 125 sheep skins to U.S.A. ports; and 6 sheep and 217 goat skins to Japan.

RECOVERY IN BULLION

(*From Our Own Correspondent*)

BOMBAY, *12th July*

The bullion market depicted a steady trend in the first two sessions of the week (Thursday and Friday), but developed a sagging tendency thereafter which persisted practically till today when a recovery was in evidence following support at lower levels. The earlier firmness was engendered by reports that a leading bear operator at Calcutta had bought about 1,500 bars of silver on Wednesday last week. In sympathy with silver and induced by spot demand following the news of seizure of contraband gold worth Rs. 1 lakh at Madras, gold also tended to move up on Friday. The upward trend in both metals was, however, halted on the following day, thanks to selling by spot houses and some speculative interest. Consequently, values suffered a setback. The declining tendency gathered further momentum in the subsequent sessions also. This was apparently due to reports of heavy floods in Orissa and South India causing heavy damage to agriculturists. The inference was that the loss suffered by them would limit their capacity to buy bullion in the next season. Today, the market picked up some strength, with both gold and silver staging a recovery. But the recovery was not marked enough to make up for the previous losses, so that the closing rates today were lower than those prevailing on Tuesday last week, excepting for forward gold which was a shade better.

The average daily arrivals of gold were unchanged at the previous week's level of 4.000 tolas, while the offtake was better at 4,000 tolas, as against 3,200 tolas. In silver, arrivals were smaller, the daily average rate being 41 bars, as against 49 bars, whereas offtake was higher at seven bars, as against five bars. The floating stocks are reported to be around 27,000 tolas of gold and 600 bars of silver.

Adjustment rates fixed today were Rs. 120.00 per 10 grams of gold and Rs. 200.15 per kilogram of silver. The corresponding rates for Tuesday last week were Rs. 121.00 and Rs. 200.35, respectively.

In gold, the *Bhadravad* (25th September) settlement advanced from Rs. 119.55 to Rs. 119.80 on the 7th inst. Subsequently, however, it drifted down and touched Rs. 119.15 yesterday. After recovering to Rs. 119.80 today, the settlement finished at Rs. 119.70.

Ready gold continued to command a premium over the forward throughout the week, though the actual premium declined from Re. 1.70 on Tuesday the 4th inst. to 55 nP today, when the closing rate for the metal stood at Rs. 120.25, as against Rs. 121.25 on Tuesday last week; the highest and lowest levels touched during the week were Rs. 121.25 (Friday) and Rs. 119.90 (yesterday), respectively.

The *Bhadrapad* (26th September) settlement in silver began the week firm at Rs. 202.65, as against the previous close of Rs. 201.75, and declined steadily to Rs. 200.70 yesterday. The settlement opened at Rs. 201.25 today and, after easing to Rs. 220.90, closed at Rs. 201.15. The net loss over the week was 60 nP.

The discount at which ready silver was quoted under the forward persisted this week, too, though the actual discount declined from Re. 1.40 last week-end to Re. 1 today. The spot rate, which had gone up from Rs. 200.35 to Rs. 201.40 early in the week, receded thereafter and stood at one time on the 10th inst. at Rs. 199.75. After recovering to Rs 200.30 today, it finished easy at Rs. 200.15.

The world price of gold in the London bullion market firmed up further during the week from $35.08¼ to $35.09⅜. Following this improvement and in view of the easiness of the pound sterling *vis-a-vis* the dollar, ready gold also advanced from 251s. 7¼d. to 252s. 0¼d. Silver forward gained ⅛d. to 79⅞d., the ready rate remaining firm at 79⅛d. Silver in New York continued unchanged at 91.375 cents.

The following table shows the trend of prices during the week under review:

	12-7-1961 (closing)	High	Low	4-7-1961 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready (.99 fine)	120.25	121.05	119.90	121.25
Forward: Bhadrapad*	119.70	119.80	119.15	119.55
Sovereign	94.25	94.25	94.00	94.00
SILVER				
Ready (.996 fine)	200.15	201.40	199.75	200.35
Forward: Bhadrapad†	201.15	202.65	200.70	201.75
London—	11-7-1961			4-7-1961
Silver Ready	79⅛d.	—	—	79⅛d.
Silver Forward	79⅛d.	79⅛d.	79⅛d.	79⅛d.
Gold	252s. 0¼d.	252s. 0¼d.	251s. 7¼d.	251s. 7¼d.
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th September settlement. † 26th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

NEW COTTON CONTRACTS

(*From Our Own Correspondent*)

BOMBAY, *12th July*

Hedge trading in the new (1961-62) crop cotton contracts will commence at Bombay soon under the auspices of the East India Cotton Association. The Forward Markets Commission has already approved of proposals for the revision of hedge contracts as put forward by the recognised associations dealing in cotton. The Presidents of these Associations held detailed discussions with F.M.C. officials in the City on Thursday the 6th inst. The terms and conditions governing the new crop contracts are as follows:

The basis will remain unchanged, namely, Fine Moglai Jarilla 25/32" (Kalyan at Ahmedabad, Berar at Akola and Malvi at Ujjain).

Delivery months will be March, May and August (April and August at Ahmedabad. February, May and July at Akola and *Chaitra* and *Srawan* at Ujjain).

Tendering differences will be fixed on the basis of difference between the hedge contract and spot rates of respective descriptions on the day of fixing such differences subject to a reduction of 15 per cent in the case of premiums and increase of 15 per cent in respect of discounts.

Invoicing back rate for rejected cotton will be the spot rate of the day following the date of final award less 50 per cent of difference between spot and hedge contract rates. The corresponding rate in the case of cotton rejected on the day previous to the due date and thereafter, as well as in that of failure to tender, will be the spot rate of due date less 50 per cent of difference between such spot rate and the hedge contract rate.

The system of ordinary margins in vogue at Ahmedabad, Akola and Ujjain associations will continue.

The F.M.C. has agreed that there should be no special margins. It has, however, stated that the decision has been taken "purely on an experimental basis" and hopes that the cotton trade will conduct itself in such a manner as to make it unnecessary for it to intervene. Indeed, the Commission has made it clear that "it will not hesitate to reimpose special margins should the market behaviour necessitate the same."

Pending the commencement of business in new crop contracts, activity in the cotton futures market continued to be restricted during the week under review also. The proximity of delivery period in the current contract (I.C.C. Jarilla August) and the uncertainty regarding fixation of tendering differences, too, restrained large-scale fresh commitments either way.

The I.C.C. Jarilla August contract began at Rs. 581.00 on Saturday the 8th inst., (the market remained closed on Thursday and Friday), as against Rs. 579 on Tuesday the 4th and moved up, following reports of reduced acreage under cotton this season and drought conditions in certain cotton-growing tracts, to touch Rs. 585 early on Monday the 11th. Thereafter, the contract was subjected to selling, induced by news of rains in regions where unfavourable weather had prevailed previously and report that several mills were carrying large stocks of cotton. The rate fell to Rs. 576 at one time yesterday. Today, however, the contract recovered to Rs. 579.50 before finishing at Rs. 579.

The spot section ruled dull during the major part of the week. The only buyers were mills to which additional indigenous cotton quotas were allotted recently. Good quality cottons like Vijay, L147, Surti, Laxmi, Digvijay and CO2 attracted good support. There was also some demand for Khandesh and Kalyan. Among exportable styles, Bengal *deshi* evoked inquiries from shippers on hopes of an early export quota. In the import section, Egyptian, African and Sudan cottons were in demand. Transactions were put through at Rs. 1,311 (c.i.f.) for B.P. 52 F.A.Q., at Rs. 1,325 for B.P. 52 U.N.U.G. and Rs. 1.725-1.755 for Karnak type 151 (c.i.f. Bombay November-December shipment).

The latest available rates—in rupees per candy of 784 lbs.—quoted in the spot market are given below:

Hubli Laxmi 940; Amravati 1,010; Moglai Zoda 450; Digvijay 960; Gadag Laxmi 935; Dhulia Zoda 450; Kalyan 830; Surtis 960; Moglai Jarilla 780.

The Karachi cotton market continued to rule easy during the week under review on reports of good weather conditions in cotton-growing tracts. The January 1962 contract was particularly depressed, the quotations having gone down by Re. 1.95 to Rs. 72.95. July 1961 contract came in for selling and closed lower at Rs. 58, as against Rs. 58.60. The spot section, too, was subdued, despite some offtake by mills. The following are the latest available quotations—in rupees per maund of 92 lbs.—for a few popular varieties of Pakistan cotton prevailing at Karachi, the figures in brackets being last week's closing rates: Sind *deshi* 85 (85); Punjab *deshi* 83 (85); 4F Punjab Roller 76.95 (77.10); S.G. 80.95 (81.10); L.S.S. Punjab Roller 78.95 (79.10); S.G. 83.45 (83.60).

The Liverpool cotton market ruled steady on some speculative support. The distant delivery evoked enquiries from commission houses on expectations of sterling devaluation and fears of cotton shortage by the end of the year. The October 1961 position rose from 24.20*d.* to 24.40*d.* per lb. The maturing contracts, however, were quiet on apprehension of large tenders against them. July 1961 position was unchanged at 23.65*d.* and July 1961 Sudan at 31.65*d.*

Forward trading in cotton at Alexandria continued to be suspended. Weather conditions were satisfactory and the crops were reported to be progressing well. Export inquiries were limited, as foreign buyers were awaiting details of the Government machinery for cotton transactions. Meanwhile, Mr. El Sayed Hassan Abbas Zaky, Executive Minister of Economy, U.A.R., explained

that the Government's policy would be designed to ensure profitable prices for producers and to dispose of the largest possible quantity of the crop from the country. He added that the futures market had failed in its technical and economic function of fixing suitable prices that reflected the levels of international prices "due to the attitude adopted by some buyers who concluded big deals at certain periods in order to put pressure on the market and to realise unreal prices." Elucidating the Government's new cotton policy, he observed:

"The Government is at the moment, organising the machinery for the smooth implementation of the new cotton policy. It has been decided to reorganise the Egyptian Cotton Committee to permit it to carry out its new tasks. The Government is also establishing the apparatus required for tightening control and organising transportation.... It is hoped that the new policy will meet with the success expected, and that cotton growers and merchants will rest assured that the State has their interests at heart and spares them the adverse effect of fluctuation of prices and bears the responsibility for disposing of cotton on their behalf."

Firm conditions prevailed in the New York cotton market during the week, following the U.S. Agriculture Department announcement of lower acreage under the cotton crop for 1960-61 season, namely, 16.56 million acres, which is less than what was expected earlier and is much below the ten-year (1950-59) average of 20.6 million acres. The Department has made no forecast on production. But it is reported that if the per acre yield equals that of the last two crops production will be about 14,200,000 bales of 500 lbs. gross weight. Production last year was 14,272,000 bales and 13,710,000 bales for the ten-year average. This year's crop, like those of recent years, is being grown under a crop control programme designed to prevent over-production. Each farm is governed by a marketing quota. Excess sales are subject to penalty taxes. The estimate of the planted acreage compares with 18,458,000 allotted farms under this control programme. Some farms do not plant their full allotments. The first official estimate of production will be given on 8th August next. The crop will be supplemented by an estimated 7.5 million bales accumulated from past crops. Requirements from this year's crop are expected to be around 14 million bales.

The following are the latest available quotations from New York as compared with those a week and a fortnight ago:

(In cents per lb.)

	11-7-61	3-7-61	27-6-61
Spot	34.70	34.60	34.55
July	33.50	33.28	33.20
October	34.25	34.17	34.08

CASTOR EASY

(From Our Own Correspondent)

BOMBAY, 12th July

An important event of the week in so far as the oilseeds market is concerned is the commencement of new crop contracts with effect from Friday the 7th inst. There are two such contracts in each section in addition to the one already in vogue, so that business is now conducted simultaneously in three contracts. The delivery months of new hedge contracts are January and April 1962 in groundnuts, groundnut oil and cottonseeds, and March and June 1962 for castorseed and linseed. Margin restrictions and ceiling prices have been abolished from the new contracts, as was pointed out in these columns a fortnight back. The contracts will, however, be subjected to certain limits on the daily rise in prices.

The commencement of hedge trading in new contracts would appear to have had no perceptible effect on the market, the undertone of which was easy during the week under review. The easiness was due to expectations of better crop this year and absence of any encouraging export enquiries. Castorseeds ruled easy, as operators were disappointed at the continued absence of demand for castor oil from the U.K. and the U.S. as well as pronounced weakness in other foreign markets. There were, besides, fears that the British entry into the European Common Market would deprive India of the Commonwealth preferences it now enjoyed in the U.K. market for castor oil. Groundnuts were generally easy, following selling by Saurashtra interests on hopes of larger crop there in view of the favourable weather conditions. The damage done to the crop by floods in Madras had not yet been estimated precisely, though it was generally felt that its impact on the overall supply position would not be substantial in view of the distinctly better crop in Andhra, Gujarat and Maharashtra. Linseed was well maintained early in the week, influenced by the strength of sarson in the North. It however, came in for some selling subsequently and closed lower. Cottonseeds too were subdued. But sesame was fully steady.

Castorseeds September 1961 contract fell from Rs. 178.75 to Rs. 175. The March 1962 contract opened at Rs. 178.50 and declined thereafter to touch Rs. 173.87 today. Madras small receded from Rs. 35.50 to Rs. 35 before closing at Rs. 35.12. Oil commercial lost 15 nP to Rs. 14.75 and B.S.S. 10 nP to Rs. 16.10.

Among groundnuts, the February 1962 contract retreated from Rs. 223.50 to Rs. 221.50. Oil ex-mill and railway receipts eased by 25 nP each to Rs. 22.75 and Rs. 22.50, respectively. Both Nizam bold and Coromandels, however, picked up a rupee to Rs. 55.50.

Linseeds September 1961 contract rose initially from Rs. 40.12 to Rs. 40.19, but fell back to last week's level towards the close. The March 1962 contract declined by 12 nP to Rs. 38. Bold ready was unchanged at Rs. 39.50. Linseed oil, however, put on 10 nP to Rs. 17.

Cottonseed January 1962 contract eased by Rs. 3 to Rs. 92.50. The September 1961 contract receded by 50 nP to Rs. 95. Berars and non-whites were quiet at Rs. 19.75, as also whites at Rs. 20.25.

Sesame bold was steady at Rs. 370. Sesame oil rose by 25 nP to Rs. 28.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	12-7-1961	5-7-1961	28-6-1961
	Rs.	Rs.	Rs.
Groundnut			
January 1962	221.50	—	—
Nizam bold	55.50	54.50	55.75
Coromandel ready	55.50	54.50	56.00
Khandesh quality	55.50	54.75	56.00
Oil ex-mill ready*	22.75	23.00	23.25
Railway receipts*	22.50	22.75	23.20
Castorseed			
September 1961	175.00	178.75	181.62
March 1962	173.87	—	—
Ready Madras	35.12	35.50	36.00
Ready Kanpur	33.75	33.87	34.62
Oil B.S.S.†	16.10	16.20	16.35
Oil commercial†	14.75	14.90	15.20
Linseed			
September 1961	40.12	40.12	40.69
March 1962	38.00	—	—
Bold ready	39.50	39.50	40.25
Oil ready†	17.00	16.90	17.25
Cottonseed			
September 1961	95.00	95.50	96.25
January 1962	92.50	—	—
Niger seed	42.00	42.50	42.50
Kardi seed	27.00	27.50	27.80

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

ART SILK YARN CLIMBS UP

(From Our Own Correspondent)

BOMBAY, 12th July

There was a sharp rally in the prices of art silk yarn during the week under review. The rally followed hectic buying by bulls who thought that floating stocks in the market might dwindle considerably. This feeling arose from the reported large-scale purchases by several weaving mills on fears of a possible reduction in their quotas under the revised distribution scheme for indigenous yarn. Even reports that the sponsors of the Rayon and Synthetic Textiles Development Corporation, proposed to be set up shortly to undertake export trade in art silk fabrics and to procure and distribute yarn under the export promotion scheme, had been assured of a grant of advance licence to the Corporation for import of art silk yarn worth Rs. 125 lakhs had no effect. Among imported art silk yarns, 120 Japan climbed up from Rs. 1,874 to Rs. 2,010 and 150 Japan from Rs. 1,971 to Rs. 2,204. 120 Italy spurted by Rs. 93 to Rs. 1,899. 150 Italy was firm at Rs. 1,845. Among indigenous yarns, 150 Bt. cones 1st grade advanced by Re. 1.39 to Rs. 17.60. 120 Bt. cones 1st grade rose by Re. 1.17 to Rs. 20.55. Cupressa Bemberg yarn (60 x 1) August delivery scored a gain of Rs. 60, today's closing rate being Rs. 2,880. Spot Cupressa rallied from Rs. 2,659 to Rs. 2,879. (40 x 1) J.P. August contract picked up Rs. 42 to Rs. 3,228. October position was done at Rs. 3,243.

In contrast to art silk yarn, staple fibre yarn ruled distinctly easy. The easiness was due to apprehensions regarding further official measures to regulate prices. On Thursday the 6th inst., the Committee of the Indian Cotton Mills Federation announced the fixation of ex-mill prices for intermediate counts staple fibre yarn in the same manner as had been done in respect of 20, 30 and 40 counts; the relevant details are given on page 120 of this issue. The revised prices have been enforced with effect from the 7th inst. The authorities have no doubt appreciated the move of the Federation but want this body also to evolve a scheme for ensuring an equitable distribution of yarn at fair prices. In fact, they are inclined to feel that, if the Federation fails to do so, the Government may have to do it itself. The authorities are also considering the adoption of measures to check any abuse in the scheme of price stamping of staple fibre yarn. All these reports led to selling pressure which resulted in a setback to prices. 400 x 2 staple fibre yarn August contract receded from Rs. 1,048 to Rs. 1,012. Spot Hind fell by 77 nP to Rs. 11.07. City dropped 42 nP to Rs. 11.81.

Cotton yarns were dull in the absence of any fresh developments. Demand from consuming centres was at a low ebb. Nor were export enquiries encouraging. Transactions put through, as a consequence, were limited with values moving narrowly.

The following table gives the prices of rayon, staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	12-7-1961	4-7-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Cupressa Bemberg (100 kg.)—		
August	2,880.00	2,820.00
Spot	2,879.00	2,859.00
40 x 1 JP		
August	3,228.00	3,186.00
October	3,243.00	—
120 Japan (per 100 kg.)	2,010.00	1,874.00
150 Japan (per 100 kg.)	2,204.00	1,971.00
120 Italy	1,899.00	1,806.00
150 Italy	1,845.00	1,048.00
Staple fibre yarn (40 x 2)—		
August (per 90.72 kg.)	1,012.00	—
City (per kg.)	11.81	12.23
Cotton yarn (per bundle of 10 lbs.)—		
10s Fodar	17.37	17.37
20s New Great	21.25	21.25
30s New Great	27.00	27.00
40s Madura	32.50	32.50
60s Finlay	65.00	65.00
80s Moderns	69.25	69.50

BLACK PEPPER RALLIES

(Messrs. Parekh and Co.)

BOMBAY, 12th July

Our last report was dated 10th May 1961. During the period from 10th May to 5th July 1961, garbled Malabar black pepper fluctuated as under:—

(In Rs. per quintal)

Week ended	Highest	Lowest
17-5-61	391	389
24-5-61	391	391
31-5-61	412	391
7-6-61	435	408
14-6-61	440	433
21-6-61	448	433
28-6-61	437	425
5-7-61	425	418½

During the same period, ungarbled Malabar touched the highest at Rs. 428 under pressure of buying by exporters to cover their sales of about 600 tons to the East European countries. Singapore also firmed up under pressure of short covering by bears who sold short in anticipation of lower prices under pressure of arrivals from Indonesia. The bears were forced to cover at higher prices, as most of the arrivals of Lampong was held by the semi-Government Indonesian firm which refused to sell unless at its price. The Iraq-Kuwait conflict and rumours of devaluation of sterling in the wake of the devaluation of Canadian dollar proved supporting factors.

The arrivals of fair sized unsold consignments of Malabar black pepper and the postponement of Long shoremen's strike as the President evoked Taft-Hartley Law ordering the workers back to work for a period of 80 days thereby relieving the doubts regarding the nearby supplies made the market easy, the lowest being $0.45½ the highest was $0.48. Easiness in New York had its reflection on Singapore and India. Singapore touched the lowest at Str.$147½, after touching Str.$157½ while the garbled in India came down to Rs. 418, after touching a high of Rs. 448.

Malabar black pepper showed some improvement during the week ended 12th July, in sympathy with Singapore and New York where the undertone of the markets was reported to be firm, though the rise in the prices was fractional.

Kerala, the pepper bowl of India, suffered from the worst flood and heavy rain unseen in the past 37 years. Rains and floods were so heavy that the access to the interior was made impossible. As such, no reliable information as to the extent of damage to the pepper crop was available. But, knowledgeable sources and the Government agency estimated the damage to pepper vines to the extent of 20 to 25 per cent. These estimates of damage are only guess work and should not be relied upon until fair weather and rehabilitation of the disorganised transport is established. Plantations in low lying areas and those on the rivers' banks are reported to be the worst sufferers.

Ungarbled at Cochin rallied from Rs. 406 to Rs. 416½ and garbled from Rs. 418½ to Rs. 432. July and August deliveries also improved to Rs. 443 and Rs. 451, the lowest being Rs. 426 and Rs. 432, respectively. Calicut rose from Rs. 410 to Rs. 420.

Growers who are holding stock in the terminal markets are stiff sellers. They refuse to sell unless at their price. However, for testing the market, small sales at the best market price are reported almost daily.

The statistical position of Malabar black pepper is very healthy, as the quantity of 22,000 tons are estimated to have gone into consumption either for inland consumption or for exports. The balance available at the start of new crop is variously estimated. The bears estimate at 6,000 tons and the bulls at 4,000 tons. The internal demand is poor, owing to seasonal lull. Foreign inquiries are so far poor. As a consequence, prices are steadily held. Even small inquiries from foreign or the revival in the internal demand are most likely to push up the prices, as the growers are unwilling sellers and dealers have limited holdings.

There are reports that the Indo-U.S.A. Conference Line agreement will come to an end on the 31st inst. As such, there are chances of a fair-sized reduction in freight from Indian ports to the U.S.A.

Singapore: Most of the stock of Lampong black in Singapore and Indonesia are held by the Semi-Government Indonesian Co. As such, the market there remained steady, despite poor demand. Singapore is cheaper at present as compared with Malabar. If the demand from New York springs up, which is very likely as the dealers there shall have to cover for their autumn requirements, the present stock in New York being limited, it is sure to push up the market at Singapore. Black pepper improved to Str.$152½ from the lowest Str.$147½, the highest touched during june being Str.$157½.

New York: The pressure of unsold consignments from India is reported to have now eased. As a result, the spot showed improvement from $0.45½ to $0.46, with sellers stiff as the replacements from the origins are difficult at present low prices.

Indonesia: The new crop of Lampong is estimated from 10,000 to 12,000 tons. But most of the dealers in India treat this estimate with reserve, as they think that there cannot be so great a reduction in the production in one year, the last year's production being as high as 25,000 tons.

Sarawak: The new crop is estimated at 8,000 tons. Though harvesting has already started, there is no pressure from the source either on Singapore or on the Continent. Sarawak is reported to be watching closely the prospect of coming crop of Lampong and the extent of the possible damage to the new crop in Malabar owing to floods in low lying areas.

The future of pepper is rosy. But stimuli are required for the revival of the sluggishness in demand which is the result of the present "hand-to-mouth" buying policy of the dealers in the consuming markets.

Ready pepper has improved from Rs. 221 to Rs. 225 per 50 kilos with demand improving.

TEA FIRM

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 4th July

Approximately 565,000 kilograms were offered in sale No. 27 held on Tuesday, the 4th inst. Quality from the lower elevations remained unchanged but from the Nilgiris an improvement was noticeable. There was strong and active demand at dearer rates. Highgrowns sold well at fully firm rates and were dearer with improved quality. Good mediums were in strong demand and following active competition, realised rates which were 5 to 10 nP per kilo above last and sometimes more. Medium, low medium and plainest sorts were a strong feature and inclined dearer by 10 to 15 nP per kilo. Whole leaf grades sold readily at dearer rates. C.T.C. and legg-cut types were firm. Black leaf teas sold well and shared in the upward trend of the market.

Quotations were:

	1961	1960
	Rs.	Rs.
Low mediums	4.35-4.50	3.42-3.53
Mediums	4.50-4.60	3.64-3.86
Good mediums ...	4.60-4.80	3.97-4.30
Nilgiri B.O.P.	Rs. 4.60-5.80	

The average price realised in sale No. 27 was Rs. 4.55 per kilo, as against Rs. 4.44 a week ago and Rs. 3.81 in the corresponding sale last year.

Dust Sale No. 27: Offerings amounted to 286,000 kilograms in dust sale No. 27 held on Thursday, the 6th inst. There was strong general demand. Highgrowns received keen competition and were generally dearer by up to 10 nP per kilo. Mediums continued to be well supported and registered prices which were 5 to 10 nP per kilo above last. The more fibrous kinds in these categories were a strong feature and sold exceedingly well. C.T.C. and legg-cut teas shared in the general upward trend of the market.

The average price realised in dust sale No. 27 was Rs. 4.50 per kilo, as compared with Rs. 4.28 a week ago and Rs. 3.50 in the corresponding sale last year.

Export Quota: The market is quoted nominally at 2½ nP per kilo at which rate there are sellers.

Colombo: Just over 6 million pounds were offered this week. The market opened to strong general demand with highgrown and medium brokens selling at fully firm to dearer prices. Useful fannings from these districts were often 10 cents per lb. dearer. The plainer mediums were barely steady whilst lowgrowns were firm.

London: North Indian and other growths:— There was strong and active demand at dearer rates.

Ceylon and South Indians: In Tuesday's sale 28,630 packages were offered of which 5,248 packages originated from South India. The market met with good demand with prices tending dearer for most of the descriptions.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"*Sale No. 28: 580,000 kilograms.* Strong general demand prices following quality. Plain and low mediums 10 to 15 nP dearer particularly brokens, mediums and good mediums about 10 nP dearer. Highgrowns generally dearer particularly for improved quality."

FOODGRAINS QUIET

(From Our Own Correspondent)

HAPUR, 10th July

Foodgrains ruled quiet during the week ended 10th July. Fairly heavy rains were received in the last two days of the week and *kharif* crop prospects have been brightened. Arrivals of grains, however, dropped. Wheat prices here were almost stationary during the week to be quoted on Monday at Rs. 14.25 to Rs. 14.75 a maund for *dara* average quality and from Rs. 15.50 to Rs. 16.25 for better farm produce. Daily arrivals at an average of 250 maunds were hardly sufficient to meet day-to-day requirements, but record production reports of well over 10 million tons in the country during 1960-61 and continued imports from outside have checked rising trend in wheat prices. Good rains over wide areas also had a dampening effect on prices. Local wheat stock is put at 25,000 maunds. Rice prices continued to rule steady on good demand, as against poor local stocks put at 9,000 maunds. Rice was reaching here from east U.P. in small quantity and week-end prices were: *rice mainpuri sela* Rs. 22.75, *gainda kutcha* Rs. 22.25, *ramajwayan sela* Rs. 24.50, *raimunia sela* Rs. 25.50, *basmati sela* Rs. 29 to Rs. 31, superior Rs. 33 to Rs. 38 per maund.

Gram prices were quietly depressed during the week at Rs. 13.25 a maund for local inferior produce and Rs. 13.50 to Rs. 13.62 for Punjab variety. Daily arrivals from the Punjab were still at an average of 300 to 400 maunds which were being lifted by consumers and local stock is reported stationary at about 50,000 maunds. Barley prices were stagnant at Rs. 11 to Rs. 11.25 a maund and *bejhar* was depressed at Rs. 10.50 for inferior quality and Rs. 11.25 for moongia variety. Arrivals were poor at an average of 100 maunds. Thanks to good rains maize crop is progressing under favourable weather conditions and fodder crops *juwar* and *guwar* have also improved. *Methi* continued to attract good demand from Bengal and Rajasthan and prices improved by a rupee per maund to Rs. 27 to Rs. 28 per maund. *Juwar* and *guwar* have lost their brisk demand for seed purposes and prices drifted to lower levels at Rs. 13 to Rs. 15 and Rs. 15 to Rs. 17 a maund, respectively. Prices in other section were idle at oats Rs. 11.50 to Rs. 12, old maize Rs. 12.50, *bajra* Rs. 16.50 a maund.

Pulses' rates were steady at Rs. 10.62 to Rs. 11 a maund for *tarur* quality and Rs. 11.25 to Rs. 12.25 for superior farm variety. Although loading to much needy areas of Madras side was not available, the week's offtake at eight wagon-loads was mostly to east U.P. and Bihar and with daily arrivals at an average of 400 maunds, local stock shrinked by 4,000 maunds to 86,000 maunds estimated now. Prices of *arhar* were stagnant due to poor outside buying support at Rs. 12.50 to Rs. 13 a maund, arrivals however dropped to an average of 100 to 150 maunds daily and local stock is put at 45,000 maunds. Prices of other pulses, however, were steady on poor stocks in face of demand from consumers and week-end prices were: peas *dal* Rs. 12.50, *gram dal* Rs. 15.75, *arhar dal* Rs. 16, *urd* Rs. 21 to Rs. 22, *dal* Rs. 25, *moong* Rs. 21 to Rs. 25, *dal* Rs. 24 to Rs. 27, *massor* Rs. 13 to Rs. 15, *dal* Rs. 16.25 a maund.

SUGAR DEPRESSED

(From Our Own Correspondent)

HAPUR, 10th July

Sugar prices were quietly depressed during the week under review, thanks to the fresh release of 200,000 tons of monthly quota. Export prospects were bright and it was gathered that sugar export to the U.S. might mount to 600,000 tons and Pakistan will also be a keen buyer at an early date. In the Muzaffarnagar market, easier conditions were witnessed in sugar, thanks to easy supply position. Week-end prices were: Hapur Rs. 107 per bag of 2 mds. 30 seers, retail Re. 1 per seer; Muzaffarnagar Rs. 107 to Rs. 107.25 per bag, as against controlled price of Rs. 107.69 per bag. Damaged *Mansurpur C-29* was sold at Rs. 36.22 which is Rs. 2 per maund lower than controlled price. Sugar prices were quiet at Rs. 108 to Rs. 108.50 per bag in Kanpur market during the week.

Demand of *khandsari* was dull during the week. Crystal quality prices, however, improved by 50 nP a maund during the week as stocks now left were negligible. *Khandsari* stocks at Muzaffarnagar were now reported to be 15,000 maunds, as against corresponding figure last year at 65,000 maunds and overall *khandsari* production declined by more than 30 per cent over last year.

Week-end prices were: *desi non-crystal* Rs. 32 to Rs. 37 according to quality and crystal Rs. 35.50 to Rs. 38.50 a maund.

Gur prices ruled steady to firm during the week on good demand from consuming areas. Loading from Hapur was hardly available, offtake being only two wagonloads, but heavy despatches were being done from nearby stations and also by trucks to east U.P. and local stock has run down to 19,000 mds. Rains were fair to heavy in week-end over a wide area and these rains have proved beneficial to cane crops. Week-end prevailing prices were: *gur* dry selected Rs. 17 to Rs. 17.25, *dara* Rs.16, *kotha* dry-wet Rs. 15.75, wet Rs. 14.50 a maund. *Shakker* prices improved by a rupee per maund during the week to Rs. 17 to Rs. 18 due to poor arrivals.

Following resumption of railway booking for Gujarat and the Punjab, demand for *gur* was brisk in Muzaffarnagar market during the week. Booking to Rajasthan was not available but despatches were being arranged by trucks. Week-end prices were: *Chaku kotha* Rs. 19.50, wet Rs. 14.75, dry-wet Rs. 18.19, *shakker dara* Rs. 17 to Rs. 19, *masala* Rs. 21 to Rs. 23 per maund.

While *jagun* delivery prices in *gur* futures improved on reports of likely heavy despatches of sugar to outside the country, *ashad* delivery prices were quiet as trading was sparse due to early delivery date. *Gur ashad* is today quoted at Rs. 14.62 and *jagun* Rs. 14.05, as against the week's opening at Rs. 14.62 and Rs. 13.90, respectively, and lowest touched in mid-session at Rs. 14.44 and Rs. 13.85, respectively.

BASE METALS RECEDE

(From Our Own Correspondent)

CALCUTTA, 11th July

Following lower advices from foreign markets and also decline in demand, base metals closed lower on balance during the week under review. Tin opened in London at £910 a ton and, after hardening to £929, closed at £914. It would be remembered that tin reached a high of £939 on the London Metal Exchange a couple of weeks ago following acute scarcity and the exhaustion of stocks with the Buffer Stock Manager in London. He sold as far as he could at £880 and it was believed that speculative buying contributed to exhaust his stocks sooner than otherwise. The softening trend in London followed the strong possibility that the U.S. Government would soon release about 3,933 tons from its stocks which had been built at the time when the Texas city smelter was made over to private industry. There was the report that, in view of the recent price developments, the International Tin Council was contemplating to fix a higher ceiling and floor. Further, in the month of May, output in Malaya had shown a significant rise, and purchasers from London were disinclined to support the higher price on the expectation that the price would soon decline assuming the higher trend of production was maintained. Stocks in Congo have now been built up, and supplies from that country are expected to flow to London soon. The decline in the price of tin in London was believed to be due to profit-taking by those who had bought the metal earlier when the price gradually improved and purchases were made with speculative intentions. Locally, ready tin was less in demand, and interest was centred around forward delivery. The price opened at Rs. 1,683.00 per 100 kgs. and, after improving to Rs. 1,698.75, closed lower on balance at Rs. 1,673.00.

Noting Mr. Manubhai Shah, the Union Industry Minister's call on the non-ferrous metals industry to set up three national units which should produce alloys of non-ferrous metals exclusively for export purposes, industry circles wondered how imports of copper and zinc could be completely eliminated. Mr. Shah was speaking at the annual meeting of the Non-ferrous Metals Manufacturers' Association here last week. It was felt that copper and zinc formed important raw materials for non-ferrous alloys. The country has only limited scope for increasing production of copper, and it was not seen how imports of copper and zinc could be reduced while aiming at expansion of the alloys industry.

During the week, copper scrap prices were easy with utensil scrap declining from Rs. 436 per 100 kgs. to Rs. 428.75. Berry quality declined from Rs. 460.00 to Rs. 447.50 per 100 kgs. Permit metal was available in sufficient quantities and that explained the easiness in the copper scrap market. On the London Metal Exchange, copper opened at £228½ a ton and after being higher at £230 closed at £229½. Electrolytic zinc in London closed at £77⅜ a ton as against £77¼ opening. The price for electrolytic zinc closed here at Rs. 324.75 as against opening of Rs. 326.75. Lead was quiet at Rs. 137.75 per 100 kgs.

(For Calcutta Tea and Jute reports see page 152)

PLANTING

(Concluded from page 124)

output of all these firms in 1963 is estimated at 225,000 tons. An additional 100,000 tons of stereo capacity installed in Western Europe is scheduled for production by the end of 1963.

The prices of synthetic rubbers are generally lower than those of natural rubber. The currently selling prices (basis f.o.b. domestic shipping point) in the U.S. are:

	Cents per lb.
Natural rubber	30-27*
Polybutadiene	30
Polybutadiene (with 20 per cent oil extension)	26½
Polyisoprene	27
Polyisoprene (oil extended) ...	23
General purpose synthetic SBR ...	23
SBR (37½ parts oil)	17½

*The bulk of natural rubber consumed in the U.S. is in the off grades which sell at an average discount of about 3 cents under 1 RSS. The price measuring stick used in the market is for 1 RSS.

In the opinion of the Natural Rubber Bureau, U.S., both the "stereo rubber" development and the U.S. stockpile disposal (estimated at 30,000 tons in 1961) "appear on the surface to create a gloomy outlook for natural rubber, particularly if natural's future were to be measured by the price relationships existing on today's market." It may be noted here that the U.S. still has over a million tons of rubber under stockpile, even though it has disposed of 350,000 tons in the past 18 months. But it is pointed out that, as the supplies of natural type synthetic rubbers (that is, natural and stereos) plus stockpile disposals exert their effect on the market, the present differences will narrow and natural rubber will continue to sell its full output. Attention is drawn to the replanting scheme of Malaya, under which high-yielding trees are fast replacing the old low-yielding ones, and confidence is expressed that, given a few years more, when the replanting scheme will have been successfully carried out, Malaya "will be able to meet any synthetic price competition presently foreseeable."

Even though the competitive capacity of natural could be bettered by introducing high-yielding plants, the co-operation of labour also is very necessary for this purpose. Since natural rubber is tapped by hand, the cost of labour, as Mr. Anderson of the Rubber Growers' Association pertinently pointed out, is the major factor in its cost of production. If labour leaders are not moderate in putting forward their demands for improving the earnings of workers, they will only be helping the synthetics to make further inroads into the market for natural rubber.

WAGE BOARDS FOR COFFEE AND RUBBER

The Government of India has constituted two Central Wage Boards, one for the coffee plantation industry and the other for the rubber plantation industry. Mr. L. P. Dave is the Chairman of both the Boards and the two independent members common to both the Boards are Mr. T. Manaen and Dr. R. Balakrishna. The employers' and workers' representatives on the Wage Board for Coffee are: Messrs. U. K. Lakshman Gowda and M. B. Cariappa (employers' representatives) M. C. Narasimhan and P. Vriddhagiri (workers representatives). The members of the Wage Board for rubber plantation industry are Messrs. M. M. Varghese and C.H.S. London (employers' representatives), B. K. Nair and P. Ramalingam (workers' representatives). The terms of reference of the Wage Boards are "to work out the wage structure based on the principles of fair wages as set forth in the report of the Committee on Fair Wages as far as practicable." In evolving a wage structure, the Boards would, in addition to the considerations relating to fair wages, also take into account the needs of the industry in a developing economy, system of payment by results, special characteristics of the industry in various regions and areas, categories of workers to be covered (according to the definition of workmen in the Industrial Disputes Act) and working hours in the industry. Whenever applying the system of payment by results, the Boards shall keep in view the need for fixing a minimum (fall-back) wage and also to safeguard against overwork and undue speed. The headquarters of the Board will be at Calcutta.

STOCK & SHARE QUOTATIONS

Abbreviations:—D.—Deferred shares. P.O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. f—Dividend for first half of the year.

Shares:—If a company has different classes of shares—as for example, 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up per share.'

Accounts:—Figures in the "Accounts Closed" column represent the months of the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed, less sales, if any and stands for the gross figures except where otherwise indicated.

Dividends:—Dividends or completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed: Spindles	Number Installed: Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Share: 1957	1958	1959	1960	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
17,33,200	9,88,622	40,70,472	25,34,396	2,383	Maganlal Bhagwandas & Co.	....	....	Ambika Silk Mills Co., Ltd. ..	149.00	100	15.00	12.00	12.00	15.00	12	Y.
50,00,000	....	1,15,07,428	49,16,604	—29,00,387	Rajputana Text. (Agencies) Pvt. Ltd.	45,180	903	Apollo Mills	1.72	2	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
40,00,000	10,99,481	1,18,20,968	77,24,952	—13,00,519	Gulabchand Jain, Esq. (Chairman) ..	50,596	1,021	B. R. Cotton Mills	51.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
2,50,98,000	3,56,27,968	11,03,32,121	5,45,36,135	65,826	Nowrosjee Wadia & Sons (Pvt.) Ltd. .	2,18,492	4,320	Bombay Dyeing & Mfg. Co.	67.30	25	2.50	2.50	3.50	3.50	12	Y.
10,00,000	30,76,210	86,14,262	52,94,709	64,016	Ramnarain Sons Private Ltd.	44,784	860	Bradbury Mills	145.00	50	15.00	7.50	5.00	5.00	3	Y.P.
2,08,91,500	4,09,76,495	10,53,72,338	4,62,73,738	2,31,912	Birla Gwalior Private Ltd.	1,26,752	2,698	Century Spg. & Mfg.	679.50	100	22.00	22.00	31.50	30.00	12	Y.P.
26,00,000	29,15,005	1,21,92,369	78,24,358	75,815	Cowasjee Jehangir & Co. Pvt. Ltd. ..	31,460	680	Coorla Spg. & Wvg.	135.00	100	12.50*	12.50*	7.50	11.00	3	Y.
28,00,000	26,12,714	97,68,222	63,68,559	3,64,674	Ramnarain Sons Private Ltd.	43,960	....	Dawn Mills	136.00	50	7.50F	5.00	10.00	15.00	3	Y.
34,00,000	35,28,313	98,61,168	67,85,681	2,29,973	Puranmal Bubna Sons	47,356	928	Edward Textiles	308.00	200	15.00	15.00	18.00	18.00	12	Y.P.
29,98,050	41,95,692	1,61,80,826	87,15,263	1,06,104	B. L. Jalan, Esq. (Chairman)	46,700	886	Elphinstone Spg. & Wvg.	83.00	50	*Nil*	*Nil*	7.00	9.00	12	Y.
50,00,000	71,13,338	2,03,17,243	1,18,41,207	37,155	James Finlay & Co., Ltd.	82,212	1,784	Finlay Mills	326.00	100	20.00	16.00	23.00	23.00	12	Y.
50,00,000	60,44,319	1,05,48,015	72,22,481	10,233	James Finlay & Co., Ltd.	45,768	1,020	Gold Mohur Mills Ltd.	263.00	100	15.00	15.00	21.50	21.50	12	Y.
11,84,000	1,19,31,192	2,16,82,316	1,42,90,523	....	K. M. D. Thackersey Esq. (Chairman)	45,448	1,120	Hindoostan Spg. & Wvg. Mills ..	4,750.00xd	1,000	350.00*	350.00	350.00	500.00	3	Y.P.
16,000									992.50	250	87.50*	87.50	87.50	125.00		
Q. 2,00,00,000	3,38,578	5,10,28,798	3,68,18,422	—19,79,270	M.	2,47,092	5,984	India United Mills	1.84	0 100.	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
D. 50,00,000									15.24	0 1D.	*Nil*	*Nil*	*Nil*	*Nil*		
18,30,000	91,23,291	1,84,94,644	1,39,55,204	10,633	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	1.84	2,500.00	325.00*	325.00	200.00	232.00	3	Y.P.
D. 70,000									1,050.00N	500	162.50*	162.50	100.00	116.00		
59,85,000	32,79,165	3,76,13,105	2,68,91,560	38,751	Khatau Makanji & Co. (Pvt.) Ltd. ..	1,00,000	1,500	Khatau Makanji Spg. & Wvg. ..	580.00	100	10.00	10.00	16.00	32.00	6	Y.P.
1,00,00,000	1,02,16,719	4,18,29,168	3,03,39,130	20,794	Killick Industries Ltd.	1,20,504	1,846	Kohinoor Mills	306.50	100	18.00	10.00	9.50	15.00	12	Y.
46,47,350	43,32,220	1,51,49,443	75,23,486	32,765	N. Sirur & Co. Private Ltd.	49,200	644	Modern Mills	80.50	50	5.00	5.00	6.00	10.00	12	Y.
51,75,000	50,59,550	3,02,81,993	2,15,99,596	42,652	Piramal Sons Private Ltd.	71,604	1,642	Morarjee Goculdas Spg. & Wvg.	435.00	100	14.00	15.00	21.50	21.50	12	Y.P.
2,41,11,320	1,83,27,010	12,92,52,259	6,02,53,132	4,41,151	Chinai & Co. Private Ltd.			National Rayon Corporation	559.00	100	14.00	14.00	22.00	22.00	12	Y.P.T.
24,00,000	12,59,737	91,26,187	48,70,078	2,44,026	H. V. Gandhi, Esq. (Chairman) ..	45,944	480	New City of Bombay Mfg. ..	145.00	100	5.00	*Nil*	*Nil*	*Nil*	12	Y.P.
30,00,000	2,91,838	1,24,16,237	68,75,502	—8,27,101	Sahu S. P. Jain, Esq. (Chairman) ..	49,012	956	New Great Spg. & Wvg.	135.00	100	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
48,00,000	54,25,820	1,61,38,534	1,22,58,152	2,82,664	Ramnarain Sons Private Ltd.	69,232	1,190	Phoenix Mills	155.00	100	12.50F	10.00	10.00	15.00	3	Y.
45,00,000	45,06,152	87,88,076	38,37,952	2,40,742	Podar Sons Private Ltd.	32,600	930	Podar Mills	145.00xd	100	10.00	18.00*	12.00*	12.00*	12	Y.P.
75,00,000	26,96,000	1,84,04,714	93,31,773	1,11,811	J. K. (Bombay) Private Ltd.			Raymond Woollen Mills Ltd. ..	130.00	100	..	8.00	11.50	12.00	12	Y.
10,00,000	1,70,451	32,32,052	19,14,448	—1,07,771	R. A. Podar, Esq. (Chairman)			Sassoon & Alliance Silk Mills ..	15.70	10	0.25	*Nil*	*Nil*	*Nil*	12	Y.
75,29,780	1,29,08,292	3,17,23,074	1,82,17,621	24,864	M. G. Investment Corp. Private Ltd.	96,488	2,127	Sassoon Spg. & Wvg.	68.50	10	2.00	2.00	2.50	1.70	12	Y.P.
90,00,000	64,91,229	1,90,85,953	83,85,241	56,379	Marwar Textiles (Agency) Pvt. Ltd.	77,436	1,620	Shree Niwas Cotton Mills	264.00	100	8.00	10.00	15.00	18.00	12	Y.P.
50,40,000	15,53,956	2,27,78,338	1,00,86,574	—3,49,633	M.	49,840	1,114	Simplex Mills	210.00	50	8.50	8.50	5.00	7.50	3	Y.P.
1,09,75,000	2,81,20,905	4,60,88,465	2,50,81,920	1,37,718	Mafatlal Gagalbhai & Sons	97,588	2,409	Standard Mills	1,397.00	100	22.50*	20.00	29.00*	30.00	12	Y.P.
1,00,00,000	1,05,78,403	3,50,98,935	1,93,08,592	24,523	Tata Industries Private Ltd.	75,035	2,000	Svadeshi Mills	270.00	100	10.00	10.00	14.00	17.00	12	Y.P.
36,00,000	85,68,509	2,11,42,441	1,21,58,892	26,062	James Finlay & Co., Ltd.	40,328	550	Swan Mills	617.00	100	25.00	25.00	36.00	36.00	12	Y.P.
65,57,875	61,75,268	2,99,73,453	1,25,31,013	26,322	Tata Industries Private Ltd.	70,840	1,768	Tata Mills Ltd.	67.50	25	2.00	1.50	2.50	5.00	12	Y.P.
17,01,000	66,01,539	1,16,62,138	71,22,479	75,725]	Mangaldas Mehta & Co. Private Ltd.	50,056	944	Victoria Mills Ltd.	480.00	100	23.00*	20.00*	20.00	25.00	12	Y.P.
12,00,000	98,16,000	1,93,55,000	1,24,96,000	....	K. M. D. Thackersey, Esq. (Chairman)	54,664	1,262	Western India Spg. & Mfg. ..	3,725.00	1,000	325.00	325.00	325.00	324.80	12	Y.P.
AHMEDABAD																
40,00,000	46,70,826	2,13,83,170	94,31,706	26,620	Tata Industries Private Ltd.	40,168	1,016	Ahmedabad Advance Mills ..	193.00	100	5.00	5.00	4.00	15.00	12	Y.P.T.
20,00,000	1,03,49,125	1,56,65,387	95,89,739	48,037	Hutheesing Sons & Co.	44,160	920	Aruna Mills	552.50	100	25.00	15.00	25.00	30.00	12	Y.P.
60,00,000	3,12,05,390	3,51,43,105	1,57,88,063	81,832	Narottam Lalbhai & Co.	56,412	1,216	Arvind Mills	1,732.00	100	35.00*	28.00	40.00	45.00	12	Y.P.
25,40,000	51,56,836	1,36,47,290	80,38,792	20,012	Mangaldas & Brother (Pvt.) Ltd. ..	37,188	892	Arvindaya Ginning & Mfg. ..	582.50	200	*Nil*	25.00	....	13.00	3	Y.P.
20,00,000	1,38,01,723	1,82,78,672	83,30,544	6,110	Lalbhai Dalpatbhai & Co.	37,368	915	Asoka Mills	605.00	100	30.00	20.00	25.00	30.00	12	Y.P.
2,06,25,000	2,91,51,534	7,72,08,320	3,30,53,664	21,88,804	Karamchand Premchand Pvt. Ltd ..	1,39,120	2,380	Calico	1,128.00	125	30.00	25.00	22.00	21.00	3	Y.P.
68,00,000	27,76,707	1,57,37,865	1,12,77,222	3,866	Tricumlal Bhoglilal & Co., Ltd. ..	45,836	868	New Commercial Mills	635.00	250	25.00*	27.00*	36.00	12	Y.
70,28,125	2,73,28,620	2,77,73,126	1,39,35,508	2,25,728	Mafatlal Chandulal & Co., Ltd. ..	51,112	907	New Shorrock Spg. & Wvg. ..	2,000.00xd	125	30.00	35.00*	55.00*	60.00	12	Y.P.
15,00,000	69,09,860	1,00,72,121	49,89,766	32,277	Jagabhai Bhoglilal Nanavaty & Co. ..	25,560	572	Nutan Mills	418.75	100	20.00	20.00	30.00	30.00	12	Y.P.
30,00,000	97,70,729	1,39,39,924	83,54,600	40,614	Lalbhai Dalpatbhai & Co.	32,828	660	Raipur Mfg.	212.50	100	8.00*	8.00*	10.00	12	Y.P.
48,75,000	23,78,557	1,49,91,813	86,09,730	14,294	Rohitbhai Chinubhai, Esq. (Chairman)	33,156	748	Rohit Mills	1,880.00	100	25.00	30.00*	45.00	50.00	12	Y.P.
63,75,900	3,20,28,997	2,84,83,880	1,60,59,340	2,86,897	Harivallabhdas Kalidas & Co.	94,128	1,819	Shri Ambica Mills	715.00	500	40.00*	40.00*			12	Y.P.
85,00,000	89,43,859	1,84,94,632	92,66,120	25,810	Haridas Ashratlal & Co., Ltd.	41,056	780	Vijaya Mills								
WEST BENGAL																
15,00,000	2,39,480	40,13,953	26,20,603	....	Calcutta Agency Private Ltd.	13,044	356	Basanti Cotton Mills	8 37	10	0.60	0.50	*Nil*	....	12	Y.P.T
7,11,280																
1,80,620	2,44,733	89,51,451	62,49,897	—3,26,098	D. N. Bhattacharjee, Esq. (Mg. Director)	35,916	935	Bengal Luxmi Cotton Mill	35.00N	40	4.00	*Nil*	*Nil*	*Nil*	3	Y.P.
1,70,000						23.75	10	Bowreah Cotton Mills	23.75	10	*Nil*	*Nil*	*Nil*	10.00	12	Y.P.T.
24,00,000	14,14,700	1,52,23,078	67,36,920	1,13,595	Kettlewell Bullen & Co. Ltd.	42,912	841	Dunbar Mills	25.31	10	*Nil*	*Nil*	*Nil*	1.00	12	Y.T.
50,08,000	14,21,548	96,46,603	46,96,603	21,280	Birla Brothers Private Ltd.	4,852	206	Jay Shree Textiles Ltd.	16.50	10	0.50	0.65	1.00	1.50	12	Y.P.
1,60,00,000	2,39,99,248	5,06,98,491	1,42,09,599	67,607	Birla Brothers Private Ltd.	75,040	1,992	Kesoram Cotton Mills	9.69	10	0.75	0.25	0.25	0.50	3	Y.P.
19,47,750	78,492	50,99,822	32,33,579	—5,21,450	Hazareemul Heeralal	23,036	796	Rampooria Cotton Mills	10.87	10	1.00	0.50	*Nil*		6	Y.
5,00,000									2.37N	1D	0.15	*Nil*	*Nil*			
SOUTH INDIA AND OTHER CENTRES																
29,92,692	6,52,869	79,93,474	16,45,283	59,147	Kothari & Sons	24,000	....	Adoni Spg. & Wvg. Co., Ltd. ..	12.40	10	*Nil*	*Nil*	*Nil*	0 80	12	Y.P.T
30,00,000	22,07,623	71,01,001	19,17,332	21,375	Best & Co. (Pondicherry) Pvt. Ltd.	42,656	1,055	Anglo-French Textiles Ltd. ..	148.00xd	100	6.00	6.00	11.00	15.00	12	Y.
11,98,800	4,50,000	49,07,709	26,15,654	3,044	Setna & Co.	25,984	....	Asher Textiles Ltd.	204.05	100	12.50	6.00	6.00	12.50	6	Y.
72,00,000	20,55,192	2,04,53,847	68,19,240	2,951	The Industries (I.F.) Department, Government of Andhra Pradesh	36,136	725	Asam Jahl Mills	70 50	100	3.50	*Nil*	4.00	4.00	9	Y.
1,21,50,000	1,64,86,667	3,98,24,324	3,21,04,350	2,49,477	E. F. G. Hunter, Esq. (Chairman)	46,240	1,157	Bangalore Woollen	205.00	100	10.00	10.00	10.00	10.00	12	Y.
3,23,25,000									20.00	10	1.50	0.75	*Nil*	1.00	3	Y.
35,00,000	76,10,478	1,56,23,840	1,20,16,290	83,509	Birla Brothers Private Ltd.	39,896	1,094	Birla Cotton Spg. & Wvg. ..	230.00	100	10.00	10.00	10.00	10.00	12	Y.P.T.
1,75,00,000	3,51,04,879	8,62,84,184	5,14,76,331	2,17,300	E. F. G. Hunter, Esq. (Chairman)	1,20,288	2,758	Buckingham & Carnatic	57.50	25	2.50	2.50	2.00	2.00	12	Y.P.
20,00,000	31,406	26,87,397	4,15,024	42,420	G. N. Sam & Co.	17,536	4	Cambodia Mills	148.12xd	10	0.50	*Nil*	*Nil*	0.90	12	Y.
15,00,000	6,63,218	58,56,470	35,95,078	1,98,875	Damodam & Co.	20,000	....	Cannanore Spg. & Wvg.	167.50cd	100	20.00	12.50	15.00	17.00	3	Y.
30,00,000	61,96,000	85,59,419	59,13,585	56,518	The British India Corporation Ltd.	27,624	589	Cawnpore Textiles	9.00	5	0.25	*Nil*	*Nil*	0.80	12	Y.
9,41,068	6,61,000	58,26,050	33,82,807	15,034	C. R. Srinivasan, Esq. (Chairman)	31,200	....	Cawnpore Spg. & Wvg. Mills Ltd.	14.75cd	10	1.00	0.90	0.90	1.30	3	Y.
35,99,600	31,66,212	1,21,98,355	51,67,340	....	R. Bheema Naidu & Co.	25,340	100	Coimbatore Murugan Mills	119.00	100	7.50	*Nil*	7.50	12.00	12	Y.P.
17,50,225	2,66,221	49,37,157	31,40,299	....	T. A. R. Chettiar Sons & Co.	22,580	....	Coimbatore Pioneer Mills	265.87xR	50	20.00	20.00	25.00	16.00	12	Y.P.
20,00,000	22,78,372	1,05,80,523	59,63,225	14,352	T. R. N. Naidu & Co.	39,546	....	Coimbatore Spg. & Wvg.	53.00	50	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
20,76,900	5,076	1,35,77,639	89,09,035	—12,57,670	A. V. Srinivasalu Naidu, Esq. (Ch.).	79,268	307	Coimbatore Spg. & Wvg.	53.00	10	*Nil*	*Nil*	*Nil*	*Nil*	6	Y.P.
46,87,500	10,75,722	4,64,86,662	1,50,90,398	—90,15,850	Tata Industries Private Ltd.	1,15,188	2,064	Central India	131.50	100	9.00	9.00	9.00	12.00	3	Y.
30,00,000	9,67,711	29,72,302	1,21,27,978	57,700	S. Hanumanthappa & Sons	40,032	300	Davangere Cotton Mills	116.50	100	9.00	9.00	9.00	12.00	3	Y.
3,35,36,225	4,64,48,622	14,46,03,946	8,37,58,780	2,72,401	B. R. Charat Ram & Co. Private Ltd.	1,16,636	2,383	Delhi Cloth & General Mills ..	46.50	25	2.00	2.00	2.00	2.50	6	Y.P.T.
1,00,563										2½	0.10	0.16	0.25	0.30		
48,50,000	23,68,832	1,37,35,118	68,42,301	....	M. N. Chettiar & Sons	48,308	201	Dhanalakshmi Mills	241.00	100	10.00	10.00	17.50	17.50	12	Y.
65,00,000	1,40,58,814	2,13,31,287	1,58,72,559	88,978	The British India Corporation Ltd.	48,452	1,194	Elgin Mills	99.25	10	1.00	0.75	1.15	1.15	9	Y.P.
48,81,000	45,23,948	2,21,45,463	1,07,14,102	21,125	Forbes, Forbes Campbell & Co., Ltd.	74,256	....	Gokak Mills	186.00	100	8.00	8.00	6.00	14.00	12	Y.
40,00,000	56,44,510	1,28,49,778	85,83,203	24,751	J. H. Sethi, Esq. (Chairman) ..	29,572	680	Gaekwar Mills Ltd.	220.00	100	10.00	10.00	16.00	12	Y.
3,50,00,000	2,39,47,000	6,42,55,523	4,12,84,000	20,81,108	Birla Gwalior Private Ltd.			Gwallor Rayon	52.50	10	*Nil*	*Nil*	1.00	2.00	3	Y.P.
78,86,500	....	7,35,878	....	—76,663	Veraval Rayon Industries (Private) Limited			Indian Rayon Corporation	62.00	62.50	....	....	....	*Nil*	3	Y.P.
50,00,000	14,88,806	1,67,80,355	1,31,23,037	16,103	K. L. Seksaria, Esq. (Chairman) ..	51,152	1,356	Indore Malwa United	158.00xd	100	5.00	5.00	7.00	8.50	12	Y.P.
5,90,000	6,18,770	36,26,185	22,28,141	—5,61,231	G. V. Naidu & Co., Ltd.	23,784	....	Janardana Mills	72.50cd	50	3.00	*Nil*	*Nil*	*Nil*	12	Y.
15,54,000	11,26,682	66,77,184	35,48,365	....	Bhairuratan Damani, Esq. (Managing Director)	21,176	512	Jam Shri Ranjitsinghji	1,500.00	1,000	40.00	*Nil*	*Nil*	60.00	6	Y.
1,25,00,000	6,34,321	5,18,51,527	1,89,53,953	1,22,795	Padampat Singhania, Esq.	45,000	1,000	J. K. Cotton Spg. & Wvg. ..	20.81	10	....	0.90	1.25	1.25	6	Y.P.
16,91,930	54,18,017	85,21,320	45,31,221	....	Umaiyambika & Co.	45,952	....	Jawahar Mills Ltd.	12.75	5	1.25	0.75	0.75	1.25	3	Y.P.
4,68,85,200	3,43,44,926	8,41,74,341	3,74,65,868	—26,86,146	Birla Gwalior Private Ltd.	1,68,184	1,685	Jiyajeerao Cotton	12.00	10	0.35	0.25	0.07	*Nil*	3	Y.P.
67,20,000	27,51,985	1,84,63,422	65,44,246	44,107	Kothari & Sons	67,192	300	Kothari Textiles	12.60	10	1.00	*Nil*	1.00	1.00	12	Y.P.
37,50,000	54,54,132	2,00,14,262	1,54,85,274	41,503	Pratapsinh Mathuradas, Esq. (Ch.) .	51,908	1,243	Lakshmi Cotton Mfg.	600.00	250	15.00	15.00	25.00	25.00	12	Y.P.
71,00,000	83,80,900	3,03,40,881	1,58,77,356	17,876	G. K. Naidu & Co.	1,10,800	800	Lakshmi Mills	174.50cd	50	10.00	10.00	10.00	10.00	3	Y.
A. 35,50,000									83.00cd	25	5.00	3.00	3.00	5.00		
58,00,000	1,86,62,400	2,47,84,641	1,56,95,403	5,916	Navinchandra Purshotamdas & Co. Ltd.	51,996	896	Mafatlal Fine Spg. & Mfg. Co. Ltd.	882.50	100	15.00	18.00	29.00*	80.00	12	Y.P.
1,75,02,480	4,63,85,125	6,70,44,167	4,43,21,334	7,21,441	A. & F. Harvey Ltd.	4,53,000	....	Madura Mills	38.40	15	2.25	*Nil*	1.875	2.25	12	Y.
60,00,000	29,61,175	68,95,492	58,17,777	1,53,265	W. A. Beardsell & Co. (Private) Ltd.	25,656	603	Mettur Industries Ltd.	381.00xd	100	20.00	20.00	25.00	30.00	3	Y.P.T.
29,25,384	7,79,602	1,06,75,367	54,84,513	....	N. Sirur & Co. Private Ltd.	39,896	704	Minerva Mills	80.00	100	*Nil*	*Nil*	*Nil*	*Nil*	6	Y.
94,91,850	21,56,148	1,71,94,769	78,81,528	1,85,008	M.	52,408	952	Model Mills (Nagpur)	70.00	250	....	....	....	....	3	Y.P.
29,78,100	14,97,518	1,17,73,699	69,34,817	24,962	N. Sirur & Co. Private Ltd.	50,496	500	Mysore Spg. & Mfg. Co.	60.00	50	9.00*	5.00	5.00	7.00	2	Y.P.
21,50,000	48,76,391	66,34,980	44,19,186	1,368	S. Jr. Mehta, Esq. (Chairman) ..	18,776	446	Navsari Cotton & Silk Mills Ltd.	216.25	100	12.00	12.00	12.00	12.00	12	Y.P.
48,00,000		2,37,94,145	1,20,84,420	—87,45,965	B. Patnaik & Co. Private Ltd. ..	47,728	864	Orissa Textile Mills Ltd.	9.37	10	*Nil*	*Nil*	*Nil*	*Nil*	9	Y.
87,24,100	20,43,825	1,77,71,191	74,08,261	951	Bansilal Hiesarsdas Pvt. Ltd. ..	37,788	902	Osmanabad Mills	64.50	100	*Nil*	*Nil*	*Nil*	*Nil*		
A. 4,00,000	18,77,729	78,57,485	40,84,073	1,210	R. Doraiswami, Esq. (Chairman)	47,600	....	Palani Andavar Mills	250.00cd	50A	9.00	10.00	15.00	25.00	12	Y.P.
B. 5,00,000									300.00cd	75B	18.50	15.00	25.00	37.50		
15,00,000	....	36,54,512	22,00,786	—25,12,214	John & Co.	27,980	....	Pankaja Mills Ltd.	75.00	100	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
68,13,120	30,30,326	1,13,78,116	71,37,565	2,429	A. G. Guruswamy Naidu & Co. ..	60,704	801	Radhakrishna Mills	33.75cd	25.00	3.00	1.50	2.25	3.00	12	Y.
23,21,000	27,92,256	1,33,43,959	64,52,254	600	Kuttumdas Bansilal & Sons	41,896	550	Raja Bahadur Motilal Mills ..	107.00	100	*Nil*	3.75	4.00	12.00	12	Y.P.
29,91,977	26,16,655	99,75,652	48,91,786	....	B. R. Naidu & Sons	36,036	....	Rajapalayam Mills	88.00	100	12.00	8.00	6.00	9.00	3	Y.
16,14,300	17,87,061	63,86,578	27,79,402	....	Ramco Agencies Private Ltd.	36,036	....	Ramakrishna Mills (Coimbatore)	155.00cd	100	12.00	8.00	6.00	9.00	3	Y.
15,26,890	7,86,250	94,68,032	54,34,367	3,716	S. N. Rangaswami Naidu Sons	32,260	....	Ltd.	224.00cd	100	16.00	10.00	16.00	23.00	3	Y.
								Rayalaseema Mills	155.00	100	10.00	10.00	10.00	15.00	12	Y.
22,33,300	13,62,109	56,78,717	31,03,738	7,071	Rayalaseema Development Co.	21,200	....	Sivanandha Mills Ltd.	86.71	10	1.20	1.50	2.20	2.20	12	Y.
10,00,000	21,88,774	68,97,324	36,20,367	5,311	S. R. P. Ponnuswamy Chetty & Sons.	33,024	....	South India Viscose Ltd.	101.00	100	....	....	....	....	12	Y.
8,50,000	....	....	....	....	M.	....	....	Sri Kannapiran Mills Ltd.	10.00	10	1.00	0.60	1.00	..	12	Y.
15,17,124	6,47,786	45,36,078	12,34,344	....	R. Ramchandran, Esq. (Mg. Director)	16,516	....	Sri Krishnarajendra Mills	72.00	50	7.00	4.50	4.00	5.50	3	Y.
36,69,700	23,00,037	1,01,95,884	72,

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1957 Rs. nP	1958 Rs. nP	1959 Rs. nP	1960 Rs. nP	Accounts Closed	Reference
ASSAM															
4,45,700	13,84,078	22,94,476	8,53,212	....	McLeod & Co., Ltd.	325	Amluckie	25.37	10	1.00	1.50	1.50		12	Y.P.
2,76,500	5,50,000	14,17,949	5,23,091	9,512	M.	456	Ananda (Assam) Tea ..	28.00	10	1.00	2.00	2.50		12	Y.
7,03,250	7,55,753	16,41,189	5,01,215	54,204	Gillanders Arbuthnot & Co., Ltd. ..	481	Ananda Bag	30.00	10	0.50	1.00	1.75		12	Y.
5,50,000	14,38,941	26,08,181	10,04,021	19,953	McLeod & Co., Ltd. ..	573	Bachmari	23.50	10	1.50	1.50	1.50		12	Y.
5,10,000	12,36,469	20,56,692	7,60,821	44,554	Andrew Yule & Co., Ltd. ..	377	Basmatia	19.50	10	1.75	2.00	3.00	3.50	12	Y.
4,95,900	3,14,700	17,10,901	10,50,829	56,445	National Tea Corporation ..	624	Bateli	20.00xd	5	1.50	1.50	1.50		12	Y.
5,40,000	10,74,426	15,86,305	5,80,306	37,706	Gillanders Arbuthnot & Co., Ltd. .	612	Betjan	35.25	10	1.50	1.50	2.50		12	Y.
83,00,000	18,32,500	73,96,221	31,20,921	3,83,877	Williamson Magor & Co., Ltd. ..	3,425	Bishnauth	26.00	10	1.00	Nil	1.30		12	Y.
6,00,000	2,00,000	14,02,675	3,52,303	38,457	Octavius Steel & Co., Ltd. ..	479	Bokakhat	11.00	10	Nil	0.50	0.80		12	Y.
75,00,000	9,06,475	14,41,597	4,34,307	70,351	McLeod & Co., Ltd. ..	450	Bormah Jan Tea ..	18.37	10	Nil	0.75	1.25		12	Y.P.
85,00,000	17,25,071	94,38,743	34,17,209	2,53,984	M.	2,334	Brooke Bond B. ..	16.56	10	1.75	1.00	1.25	1.50	6	Y.
1,20,000	8,09,581	17,64,943	3,91,553	35,405	McLeod & Co., Ltd.	282	Dejoo Valley	51.00	10	2.00	3.00	4.00		12	Y.
8,40,000	3,55,773	33,58,492	20,70,146	—4,38,935	Jardine Henderson Ltd. ..	1,332	Dessai & Parbuttia ..	155.00	100	Nil	Nil	Nil	Nil	12	Y.
17,53,440	11,14,355	31,30,624	10,01,213	17,175	James Warren & Co., Ltd. ..	770	Dhekakhat	20.56	10	2.50	2.50	2.00	1.25	12	Y.P.
7,00,000	6,85,000	24,04,227	6,47,434	10,086	H. P. Dhanuka, Esq. (Chairman) ..	1,349	Dhunseri	16.37	10	2.00	2.00	2.30		12	Y.
4,78,400	7,15,000	17,09,184	7,61,084	1,56,884	Williamson Magor & Co., Ltd. ..	458	Dibrugarh	37.00	10	2.50	3.00	3.00		12	Y.P.
7,00,820	11,66,000	27,54,322	14,69,122	3,83,571	Williamson Magor & Co., Ltd. ..	632	Dimakuri	26.00	10	3.00	2.50	3.00		12	Y.P.
10,00,000	9,57,600	33,05,749	12,68,049	1,31,213	Williamson Magor & Co., Ltd. ..	635	Dullaghur	33.75	10	3.00	4.50	3.50		12	Y.
5,03,760	6,42,879	17,74,219	6,37,020	8,855	M.	1,106	East India Tea ..	19.50	10	0.50	0.50	1.00		12	Y.
5,76,000	4,90,000	22,56,199	10,31,899	1,31,256	Williamson Magor & Co., Ltd. ..	552	Gilhapukri	26.62	10	2.50	2.50	2.50		12	Y.
23 29,085	38,34,739	67,36,725	20,38,780	61,970	Octavius Steel & Co., Ltd. ..	2,494	Golpur	16.50	10	2.00	0.50	1.00		12	Y.
5,00,000	6,86,998	11,97,176	4,67,988	14,399	M.	438	Grob	11.12	5	1.25	1.50	0.70		12	Y.
8,70,000	14,18,799	38,08,281	15,65,910	65,368	Andrew Yule & Co., Ltd. ..	1,340	Hoograjuli	24.00	10	1.00	0.50	2.50		12	Y.
69,97,120	78,24,518	2,01,25,435	76,25,435	88,479	Birla Brothers Private Ltd. ..	4,900	Hoolungooree	160.00	100	12.50	17.50	20.00	10.00	12	Y.
9,00,000	8,92,200	29,23,925	5,82,195	51,110	Gillanders Arbuthnot & Co., Ltd. .	876	Jay Shree Tea & Industries	23.62	10	1.00	1.00	1.40	1.40	12	Y.P.
3,60,000	15,02,635	16,52,939	7,79,490	77,393	M.	1,220	Jutlibari	33.00	10	1.75	1.00	1.00		12	Y.
1,80,000	7,000	20,18,041	3,18,798	—2,30,952	Duncan Bros. & Co., Ltd. ..	1,201	Khasiley-Golaghat (Assam)	230.00	100	25.00	25.00	35.00		12	Y.P.
6,50,000	7,17,234	15,10,192	4,53,324	14,035	Duncan Bros. & Co., Ltd. ..	534	Kotamulial Tea ..	11.00	5	Nil	Nil	Nil		12	Y.
10,00,000	13,00,000	23,04,160	7,04,568	70,164	Octavius Steel & Co., Ltd. ..	634	Ledo	17.00	10	Nil	Nil	Nil	Nil	12	Y.
4,80,000	30,980	9,31,623	....	5,331	Duncan Bros. & Co., Ltd. ..	642	Mothoni	18.50	10	1.50	2.20	1.50		12	Y.
1,50,000	13,65,825	2,08,956	10,536	46,667	Kettlewell Bullen & Co., Ltd. ..	701	Moheema	12.00	10	Nil	Nil	1.00		12	Y.P.
1,75,000 }	7,91,947	20,30,734	7,29,730	5,827	Andrew Yule & Co., Ltd.	373	Murphulani	509.00xd	100	40.00	40.00	25.00	30.00	12	Y.
P.O. 2,00,000 }								25.50	O. 10	1.75	2.00	2.00	0.50		
5,35,000	1,75,000	13,81,374	5,76,315	12,180	M.	830	Namburnadi	26.00	P.O. 10	2.25	2.50	2.563	1.063	12	Y.
5,00,000	....	11,36,026	4,05,877	—1,15,165	M.	728	New Cinnatollah ..	14.25	10	1.50	1.50	1.00		12	Y.
5,00,000	8,91,978	18,13,439	5,68,821	47,707	Andrew Yule & Co., Ltd. ..	390	Rajgarh	103.00	100	Nil	Nil	Nil	Nil	12	Y.
9,00,000	2,56,006	32,31,411	13,29,355	29,383	M.	958	Sajpol	22.50xd XR	10	2.50	2.50	3.50	4.00	12	Y.
2,49,000	4,30,000	12,33,249	6,96,549	91,248	Williamson Magor & Co., Ltd. ..	958	Sajpol	20.87	10	1.50	1.50	2.00		12	Y.
6,98,000	13,64,556	19,34,492	6,32,207	7,126	McLeod & Co., Ltd. ..	501	Seajuli	26.50	10	2.25	2.25	1.75		12	Y.
3,00,000	4,97,055	14,42,247	5,27,787	64,646	Gillanders Arbuthnot & Co., Ltd. .	496	Telolijan	33.00	10	3.00	2.50	2.50		12	Y.
19,82,880	15,86,078	51,14,115	22,83,115	53,844	Shaw Wallace & Co., Ltd. ..	521	Tengpani	38.00N	10	1.50	1.50	1.75		12	Y.P.T.
5,20,000	25,00,315	50,60,323	16,66,525	1,05,020	McLeod & Co., Ltd.	1,050	Tyroon	39.00	10	3.00	1.50	3.00		12	Y.P.
CACHAR															
3,00,000	5,000	5,43,677	2,03,160	41,902	M.	862	Arcuttipore	7.00	10	Nil	Nil	Nil		12	Y.
7,00,000	....	7,01,210	....	—5,88,651	M.	696	Eastern Cachar ..	2.50	10	Nil	Nil	Nil		12	Y.
12,60,000	13,00,000	31,05,555	13,36,347	60,217	Octavius Steel & Co., Ltd. ..	2,208	Hatikhira	10.00	10	Nil	0.50	0.50		12	Y.
3,60,000	90,000	6,48,924	2,69,020	4,067	P. B. Datta, Esq. (Mg. Director) ..	628	Kunchunpore ..	4.75	10	Nil	Nil	1.00		12	Y.
7,00,000	8,73,960	21,37,538	3,98,015	1,37,063	Assam Trading Co.	2,256	North-Western Cachar	176.00N	100	15.00	20.00	30.00		12	Y.
2,60,000	3,32,179	12,34,475	3,70,957	—76,413	McLeod & Co., Ltd. ..	638	Roopacherra	14.25	10	Nil	Nil	Nil		12	Y.
5,25,000	11,52,000	15,47,025	5,07,894	16,902	Duncan Bros. & Co., Ltd.	721	Rungamattee ..	53.00	50	3.75	1.25	3.75	2.50	12	Y.
4,00,000	1,04,567	10,66,284	3,98,708	41,399	M.	686	Sonai River	8.00	10	Nil	Nil	Nil		12	Y.P.T.
DARJEELING															
2,79,900	1,05,000	4,30,792	92,592	18,735	Williamson Magor & Co., Ltd. ..	408	Chamong	9.00	10	Nil	Nil	Nil		12	Y.
2,00,000	1,72,521	3,78,761	1,73,317	10,139	M.	488	Dilaram	107.50	100	Nil	7.50	5.00		12	Y.
2,00,000	2,18,765	5,67,216	3,48,216	—82,998	Davenport & Co., Ltd.	507	Glelle	10.62	10	Nil	Nil	Nil		12	Y.P.
1,80,000	3,72,229	5,81,607	2,42,540	15,577	Andrew Yule & Co., Ltd. ..	463	Mim	210.00xd	100	Nil	Nil	10.00	22.50	12	Y.
2,99,900	4,45,000	7,30,381	2,14,781	1,29,955	Williamson Magor & Co., Ltd. ..	690	Nagari Farm ..	20.00	10	2.50	3.00	2.00		12	Y.
1,00,000	1,11,500	4,70,786	2,49,237	10,044	Duncan Bros. & Co., Ltd. ..	505	Okayti	500.00	100	Nil	32.50	32.501		12	Y.P.
3,00,000	....	5,92,848	2,47,405	4,140	Duncan Bros. & Co., Ltd. ..	478	Poobong	7.50	10	Nil	Nil	Nil	Nil	12	Y.
2,05,000	2,07,203	5,13,360	79,360	—87,137	Davenport & Co., Ltd.	570	Pussimbing	8.75	10	Nil	Nil	Nil		12	Y.P.
1,40,000	5,43,000	4,72,985	2,07,057	20,701	Duncan Bros. & Co., Ltd. ..	341	Rungiee Rungliot ..	365.00xd	100	25.00	30.00	10.00	35.00	12	Y.
3,00,000	3,43,962	5,50,875	1,96,085	2,934	M.	389	Seeyok	12.50	10	1.00	1.50	1.50		12	Y.
9,00,000	18,275	11,65,737	2,38,715	1,923	Goenka & Co.	582	Singtom	5.62	10	0.50	0.75	0.50		12	Y.P.
3,60,000	4,45,000	7,58,966	3,49,266	1,76,287	Williamson Magor & Co., Ltd. ..	554	Soom	42.75xd	10	4.00	5.00	5.00		12	Y.
6,25,000	9,54,667	17,84,113	5,20,111	98,721	McLeod & Co., Ltd.	745	Sungma	15.25	10	0.75	1.50	1.00		12	Y.
3,20,000	7,28,815	14,29,114	3,98,814	—80,294	Davenport & Co., Ltd.	718	Teesta Valley ..	15.62	10	1.00	Nil	Nil		12	Y.
3,01,350	2,50,000	....	....	39,574	Williamson Magor & Co. Ltd. ..	1,656	Tukvar	7.25	10	Nil	Nil	Nil		12	Y.
DOOARS															
27,00,000	29,62,946	63,67,156	26,80,596	93,115	Andrew Yule & Co., Ltd.	2,540	Banarhat	324.00	100	20.00	20.00	32.50		12	Y.P.
12,00,000	20,45,938	48,98,021	22,21,632	75,258	Jardine Henderson Ltd.	1,078	Baradighi	26.75xd	10	1.50	1.50	2.50	3.00	12	Y.
9,00,000	17,95,074	27,34,742	13,24,880	5,018	McLeod & Co., Ltd.	1,112	Bhatkawa	22.75	10	1.50	Nil	1.00		12	Y.
9,00,000	17,47,500	28,48,801	9,90,295	40,081	Duncan Bros. & Co., Ltd.	1,348	Birpara	177.00	100	7.50	12.50	22.50	22.50	12	Y.P.
6,00,000	9,41,000	15,23,293	5,24,047	17,555	Duncan Bros. & Co., Ltd.	602	Carron	156.00xd	100	5.00	Nil	15.00	20.00	12	Y.
9,00,000	18,87,365	25,34,091	10,16,841	98,628	Andrew Yule & Co., Ltd.	903	Choonabhutti	310.00	100	20.00	22.50	30.00		12	Y.P.
3,00,000	4,01,000	9,89,930	4,73,164	37,363	Duncan Bros. & Co., Ltd.	488	Ellenbarrie	178.50xd	100	Nil	Nil	5.00	5.00	12	Y.
1,20,000	2,04,475	4,99,213	2,85,581	—59,525	Andrew Yule & Co., Ltd.	265	Engo	200.00xd	100	Nil	Nil	Nil		12	Y.
4,90,000	61,299	10,37,477	3,14,730	—35,008	M.	447	Ethelbarrie	8.50	10	0.75	Nil	Nil		12	Y.
7,50,000	6,75,154	18,93,292	11,88,097	39,367	Gillanders Arbuthnot & Co., Ltd. .	1,129	Gairkhata	110.00	100	Nil	Nil	12.50		12	Y.
35,00,000	38,35,750	71,46,533	31,70,374	80,081	Duncan Bros. & Co., Ltd.	2,528	Hantapara	143.00	100	Nil	Nil	12.50		12	Y.P.
32,00,000	60,61,255	1,15,51,655	58,85,226	2,60,071	Davenport & Co., Ltd.	4,235	Hasimara Industries Ltd.	26.25	10	0.75	0.75	1.25		12	Y.P.
3,25,000	21,63,078	29,07,839	12,14,639	86,987	Davenport & Co., Ltd.	1,452	Huldibari	28.00	10	1.25	1.50	2.25		12	Y.
7,00,000	5,12,573	11,09,391	5,83,855	16,282	Andrew Yule & Co., Ltd.	607	Jaybirpara (Dooars) ..	10.75	10	Nil	Nil	Nil	0.50	12	Y.
9,00,000	19,71,000	26,79,061	8,40,541	58,029	Duncan Bros. & Co., Ltd.	937	Killcott	19.62xd	10	1.50	0.75	1.75	2.50	12	Y.
2,00,000	5,72,564	10,14,554	3,56,190	3,318	M.	578	Manabarrie	59.00N	10	1.50	0.50	0.50		12	Y.
9,80,000	19,87,000	24,78,567	9,58,041	28,611	Duncan Bros. & Co., Ltd.	1,129	Nazaisuree	205.00	100	7.50	5.00	17.50		12	Y.
14,00,000	20,80,830	34,00,859	13,34,857	52,126	Andrew Yule & Co., Ltd.	1,163	New Dooars	227.00	100	20.00	25.00	32.05		12	Y.P.
2,50,000	3,80,000	6,00,320	2,23,728	17,482	Duncan Bros. & Co., Ltd.	348	Phaskowa	140.00	100	Nil	Nil	Nil	Nil	12	Y.
5,00,000	9,10,472	16,36,533	7,19,903	—1,99,226	McLeod & Co., Ltd.	764	Rajabhat	17.62	10	Nil	Nil	Nil		12	Y.
7,65,000	15,51,570	30,13,553	8,15,626	43,739	McLeod & Co., Ltd.	1,035	Ranjherra	14.87	10	0.50	0.75	1.00		12	Y.
14,92,800	29,85,329	68,49,382	37,58,041	14,335	Jardine Henderson Ltd.	1,763	Rydak	27.50xd	10	2.00	2.50	3.00	2.50	12	Y.
SYLHET															
8,00,000	17,95,000	10,31,473	3,98,965	1,17,675	Octavius Steel & Co., Ltd. ..	622	Chundoocherra	19.75	10	Nil	Nil	Nil		12	Y.
6,00,000	12,59,551	10,15,594	2,85,687	52,059	Duncan Bros. & Co., Ltd. ..	610	Dauracherra	8.50	10	0.75	0.50	1.50	2.20	12	Y.
4,00,000	12,06,200	18,68,395	7,18,394	2,77,118	Shaw Wallace & Co., Ltd.	985	New Samanbag ..	21.62xd	10	3.00	Nil	Nil		12	Y.P.
26,00,800	66,24,901	65,50,842	27,50,049	2,25,758	Duncan Bros. & Co., Ltd.	4,151	Patrakola P.	109.00	100	10.00	20.00	40.00		12	Y.P.
9,00,000	22,94,827	21,07,338	7,06,843	31,974	Duncan Bros. & Co., Ltd.	1,190	Tellapara	107.00	100	6.00	12.50	17.50		12	Y.
TERAI															
4,50,000	65,000	4,45,710	3,67,923	5,509	Goenka & Co.	667	Atal	8.00	10	0.50	0.25	....		12	Y.P.T.
5,00,000	3,25,000	....	....	30,855	National Tea Corporation	522	Belzachi	22.00xd	10	2.00	2.50	2.00		12	Y.
13,44,000	24,26,000	29,41,896	12,38,508	38,141	Duncan Bros. & Co., Ltd.	1,626	Gungaram	161.00	100	7.50	Nil	15.00	20.00	12	Y.
5,00,000	11,64,294	15,88,836	5,80,302	22,242	Duncan Bros. & Co., Ltd.	530	Hansqua	16.50xd	10	1.00	Nil	1.75	2.00	12	Y.
3,80,000	8,07,700	10,27,925	4,27,249	42,299	Davenport & Co., Ltd.	514	New Chumta	33.00	10	1.25	1.00	1.50		12	Y.
2,20,000	3,75,250	13,61,474	5,52,735	33,691	McLeod & Co. Ltd.	549	Tirribannah	60.00	10	3.00	4.001			12	Y.P.

MISCELLANEOUS COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1957 Rs. nP	1958 Rs. nP	1959 Rs. nP	1960 Rs. nP	Accounts Closed	Reference
CEMENT														
71,02,770	8,97,761	1,63,73,175	80,05,128	13,016	V. Ramakrishna, Esq. (Chairman) ..	Andhra Cement Co.	9.05	B. 10	1.00	0.75	1.00	1.00	12	Y.P.
89,90,093	6,05,000	1,74 94,366	13,63,509	4,434	S. P. Jain, Esq. (Chairman) ..	Ashoka Cement Ltd.	8.88	10	Nil	Nil	0.45	0.70	3	Y.T.
48,14,600 }	12,14,532	1,51,44,736	81,04,633	....	Eastern Corporation Private Ltd. ..	Assam Bengal Cement Co., Ltd. ..	5.06	O. 10	Nil	Nil	Nil	..	3	Y.T.
4,70,97,670 D.							0.87	D. 1	Nil	Nil	Nil	Nil		
39,06,37,783	10 78,45,227	42,05,40,586	16,70 69,557	42,021	Cement Agencies (Private) Ltd. ..	Associated Cement Companies ..	163.75	100	9.00	8.50'C'	11.00	12.00	7	Y.T.
85,02,302	19,33,500	2,47,19,944	52,48,161	—17,34,226	Tendulkar Industries Private Ltd. ..	Bagalkot Cement Co., Ltd. ..	8.48	10	0.60	0.70	0.80	Nil	12	Y.
1,86,00,000 }	62,88,462	2,85,75,145	86,33,672	96,576	Hari Brothers Private Ltd.	Dalmia Cement (Bharat)	12.00xd	O. 10	1.20	1.00	1.20	1.20	12	Y.P.T.
D. 5,00,000 }							2.42xd	D. 1	0.12	0.10	0.12	0.12		
2,24,79,135	59,98,450	4,42,25,287	1,03,39,730	79,496	Essen Private Ltd.	India Cements Ltd.	6.70xd	5	0.41	0.45	0.45	0.55	3	Y.P.
3,00,00,000	49,62,184	7,98,62,040	1,92,20,929	1,44 804	Sahu Jain Ltd.	Jaipur Udyog Ltd.	11.44	10	1.25	1.25	Nil	0 60	3	Y.P.T.
2,85,00,000	63,61,270	5,39,55,507	1,86,50,770	8,77,321	Dalmia Agencies Private Ltd. ..	Orissa Cement Ltd.	14.40	10	1.50	1.50	1.10		12	Y.P.
1,24,52,375	52,06,201	4,24,37,465	1,85,68,919	1,550	Shree Laxmi Agents Private Ltd. ..	Shree Digvijay Cement	156.00	100	9.00	9.00	9.00	9.00	12	Y.P.
75,00,000	18,30,000	2,25,10,113	1,58,76,362	62,048	M.	Sone Valley Portland Cement ..	4.80	5	0.30	0.30	Nil		12	Y.
50,00,000	13,77,360	1,37,90,842	63,38,842	50,929	Essel (Private) Ltd.	Travancore Cements Ltd.	7.65xd	10	0.60	0.60	0.60	0.60	12	Y.

● Includes bonus M—Managed by the Board of Directors. 'C'—On increased Capital. Xd—Exdividend. Cd—Cum-dividend. Cr—Cum-Right.
N.B.—Dividends paid since 31st March, 1959 are shown as taxable. "P"—Patrakola Tea—Dividends for 1958 and 1959 are payable only when funds are available from Pakistan.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1957 Rs. nP.	1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
80,00,000	....	37,43,382	16,26,068	32,615	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	10.44	10	Nil	Nil	Nil	0.60	3	Y.
16,80,000	11,32,441	14,00,854	7,95,406	6,159	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.62	10	1.50	3.50	2.00		9	Y.P.
55,23,146	16,49,326	1,57,35,785	51,99,681	14,572	Bharat Ram Bhagat & Co.	Bengal Potteries	7.12	2½	0.25	0.25	0.356		12	Y.
10,00,000	86 69,030	77,31,751	41,17,891	35,599	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	44.44	10	1.75	1.75	1.87	3.00	3	Y.
14,17,800	10,55,247	88,58,884	15,31,558	9,701	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd.	180.00	100	9.00	10.00	12.86	12.86	9	Y.P.
39,80,700	14,60,359	1,25,49,403	27,84,861	—5,54,462	Saraf Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd. ..	165.00	100	Nil	Nil	Nil	8.00	12	Y.P.
£1,371,300	£2,444,266	£3,614,146	£2,081,103	£118,750	Gillanders Arbuthnot & Co., Ltd. ..	Indian Copper Corporation	5.60	Sh. 2	0.24	0.24	0.36	0.36	12	Y.
F.5,00,000 }	26,84,000	45,04,655	13,23,598	2,55,452	Bird & Co. Private Ltd....	Karanpura Development	17.12xd	10	Nil	Nil	1.50	1.50	12	Y.
O.15,00,000 }									Nil	Nil	0.50	0.50		
60,00,000	....	....	....	—12,618	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	79.00	50	....	....	Nil	Nil	12	Y.P.
80,00,000	40,95,522	1,23,10,947	66,20,733	33,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26.00N	10	1.25	1.25	1.80	1.80	12	Y.P.T.
1,10,00,000	26,76,200	2,26,16,684	1,20,11,622	14,41,022	M.	Metal Corporation of India Ltd. ..	10.31	10	Nil	Nil	Nil	Nil	3	Y.P.T.
50,00,000	10,43,852	18,40,693	7,63,285	7,276	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	15.00cxd	10	1.00	1.00*	1.00*	1.42S	3	Y.
20,00,000	55,85,984	68,91,304	28,26,317	1,10,697	Bird & Co. Private Ltd.	Orissa Minerals	45.50	10	2.00	2.50	3.60	3.60	6	Y.
3,50 000	15,45,335	88,24,228	46,03,569	7,911	Ganpule Jasani & Co.	Parshuram Pottery Works Co. Ltd. ..	67.00	25	3.75	3.75	3.75	5.36	7	Y.P.
10,46,390	76,44,000	1,06,55,357	44,01,762	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	78.00	10	8.00*	8.00*	5.00	8.00*	11	Y.
CHEMICAL														
12,11,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers	101.00	100	....	....	....	....	12	Y.P
85,00,000	58,53,600	2,37,87,674	78,28,566	1,17,073	Bhailal Amin & Sons (Private) Ltd. ..	Alembic Chemical Works Co.	2475 0xd	100	12.00	12.00	16.00	14.00	12	Y.P.
3,10,00,000	1,67,00,273	6,04,78,062	1,25,50,512	1,38,819	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	38.87	10	0.80	0.80	0.95	1.20	9	Y.P.
79,90,475	55,90,045	1,04,54,605	28,87,730	18,054	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	357.50	100	Nil	Nil	12.00	12.00	12	Y.P.
29,85,400	54,11,676	1,65,91,507	58,70,391	42,183	Kasturbhai Lalbhai & Co.	Anil Starch Products Ltd.	775.00	100	60.00*	20.00*	58.00*	30.00*	12	Y.P.
2,24,93,775	77,58,365	4,05,77,204

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation	Paid-up per Share	Dividend per Share 1957	1958	1959	1960	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
OIL														
£281,250	£212,932	£745,697§§	....	£1,003	T. Dwarkadas, Esq. (Chairman) ..	British Burma Petroleum Co. ..	1.20	Sh. 1½	*Nil*	2%	*Nil*	8%	3	Y.
35,00,000	86,35,342	90,36,320	38,87,426	29,706	H. W. Wood, Esq. (Managing Director)	British Ceylon Corporation ..	6.00N	7	0.60	*Nil*	0.60	0.60	12	Y.P.
1,00,00,000	2,53,57,786	1,06,60,341	55,36,777	4,64,807	Steel Brothers & Co., Ltd.	Indo-Burma Petroleum Co., Ltd.	27.00	10	2.00	2.00	2.50	2.50	12	Y.P.
70,07,475	55,28,586	3,01,95,764	1,65,90,859	28,699	Tata Industries Private Ltd.	Tata Oil Mills	75.00	25	2.50	2.50	3.25	5.75	3	Y.P.T.
6,00,000	9,39,137	2,46,248	1,72,531	1,24,540	Andrew Yule & Co., Ltd.	Tide Water Oil Co. (India) Ltd.	20.25	10	1.25	1.50	2.20	3.00	10	Y.
PAPER														
57,43,031	37,55,249	2,76,44,249	2,15,86,003	3,30,769	K. C. Thapar & Bros. Private Ltd. ..	Ballarpur Paper and Straw Board Mills.	38.50	25	*Nil*	*Nil*	2.50	3.575	6	Y.P.
45,00,000	57,29,646	2,56,24,841	1,77,70,487	1,40,838	M.	Bengal Paper Mills	86.50	25	3.12	5.50	3.00	8.00	12	Y.P.T.
88,20,000	80,25,699	2,41,56,489	1,18,77,701	40,465	Andrew Yule & Co., Ltd.	India Paper Pulp	18.12	10	1.40	1.00	1.00	1.50'C'	3	Y.
1,40,00,000	....	1,04,35,852	....	....	M.	Jayant Paper Mills Ltd.	84.50	100	....	....	....	....	3	Y.
25,00,000	37,42,800	1,54,04,003	1,03,95,960	51,968	Bedi & Co. Management Pvt. Ltd. ..	Mandya National Paper	8.32	10	....	....	....	....	6	Y.P.
1,46,82,500	3,21,50,238	10,01,40,260	3,07,78,182	4,22,620	M. D. Shivamanjappa, Esq. (Chairman).	Mysore Paper Mills	21.40cd	10	1.00*	1.00	1.25*	1.50	3	Y.
1,75,00,000	....	....	....	....	Birla Brothers Private Ltd.	Orient Paper	35.00	10	1.50	1.50	1.50	2.25	3	Y.P.T.
					Seshasayee, Parsons & Whittemore Pvt. Ltd.	Seshasayee Paper & Boards Ltd. ..	6.20	7.50	....	....	....	....	3	Y.
1,25,51,420	1,09,54,433	3,40,18,914	1,26,74,532	1,36,712	K. C. Thapar & Bros. Private Ltd. ..	Shree Gopal Paper Mills	25.75	10	1.25	1.25	1.78	....	12	Y.P.
50,00,000 } A.10,00,000 }	8,39,123	77,35,854	43,04,384	6,122	Bajoria & Co.	Star Paper Mills	13.37	O. 10	0.60	0.60	0.80	....	9	Y.P.
							13.37	A. 10	0.60	0.60	0.30	....		
2,18,55,240	62,55,990	6,57,32,220	1,87,32,220	34,582	Birla Brothers Private Ltd.	Sirpur Paper Mills	15.00	10	0.50	0.65	0.65	0.65	6	Y.P.
A.50,00,000 } B.56,04,800 }	3,51,39,745	8,81,10,708	4,28,97,712	2,48,642	F. W. Heilgers & Co. Private Ltd. ..	Titaghur Paper Mills Co., Ltd.	36.06	A. 10	2.38*	2.38*	2.50*	2.50	3	Y.P.T.
P.O.4,57,500 }							36.06	B. 10	2.38*	2.38*	2.50*	2.50		
1,49,55,400	45,00,000	5,41,73,787	35,40,616	53,348	Gobindlall Bangur, Esq. (Chairman) ..	West Coast Paper Mills Ltd.	3.69	P.O. 2½	0.24	0.24	0.25*	0.295	6	Y.P.
							186.50	100	*Nil*	*Nil*	*Nil*	6.00	6	Y.P.
SAW MILLS AND TIMBER														
18,99,998	19,59,360	34,02,439	15,15,023	—7,10,142	M. D. Jalan, Esq.	Assam Saw Mills	3.44	3	*Nil*	*Nil*	*Nil*	*Nil*	9	Y.
39,25,000 } 42,00,000 }	3,46,95,997	5,74,47,341	2,67,52,541	1,47,502	Wallace & Co.	Bombay-Burmah Trading Corpn.	609.00	Old 125	47.50K	22.50	25.75	37.50	5	Y.
							221.25xd	New 50	19.00K	9.00	9.50	15.00		
20,00,000	22,98,143	22,69,933	18,96,138	1,29,251	Gillanders Arbuthnot & Co., Ltd.	Indian Wood Products	31.37	10	2.75	2.50	2.50	3.00	9	Y
SUGAR (U.P. and Bihar)														
13,00,905	9,93,823	31,10,427	19,27,489	48,466	M.	Balrampur Sugar	2.53	2.50	0.25	0.25	0.40†	0.20	6	Y.
12,00,000A. } 8,00,000B. }	36,05,704	66,14,329	42,19,339	10,00,000	Narang Bros. & Co. Private Ltd. ..	Basti Sugar	125.00	A. 100	10.00	10.00	10.00	....	4	Y.T.
							11.60N	B. 10	1.00	1.00	1.00	1.00		
29,23,562	10,14,682	48,44,096	29,60,298	1,234	Bangur Bros., Ltd.	Belsund Sugar	11.25	7½	1.00	1.00	1.40	1.40	9	Y.
15,00,000	14,08,556	23,95,027	15,95,890	4,173	Cotton Agents Private Ltd. ..	Bharat Sugar	16.50	10	1.50	1.00	1.50	1.50	6	Y.P.
12,00,000	32,26,224	1,51,27,711	1,05,21,665	2,76,591	Gladstone Lyall & Co., Ltd. ..	Carew & Co.	18.34	10	*Nil*	2.25	*Nil*	*Nil*	6	Y.P.T.
30,00,000	77,17,253	1,76,06,330	1,00,81,364	—4,17,923	British India Corporation Ltd. ..	Cawnpore Sugar	12.00	10	*Nil*	*Nil*	*Nil*	*Nil*	10	Y.P.
18,00,000	45,46,234	84,73,277	64,52,904	27,968	British India Corporation Ltd. ..	Champarun Sugar	16.00	10	*Nil*	1.00	1.50	1.50	6	Y.
9,58,252	9,10,622	32,39,543	20,22,495	6,101	K. C. Thapar & Bros. Private Ltd.	Deoria Sugar	8.71xd	10	0.50	0.50	1.25	....	8	Y.T.
26,00,000	31,58,160	71,79,743	46,43,855	2,40,502	M.	Durbhanga Sugar Co., Ltd. ..	4.00	10	2.00	1.50	2.00	0.40	8	Y.
60,00,000	78,32,000	2,29,19,973	1,18,95,886	52,021	Bachraj & Co. Private Ltd. ..	Hindusthan Sugar Mills	320.00	100	15.00	15.00	15.00	29.00*	6	Y.P.
22,50,000	20,51,626	95,42,332	57,58,319	1,03,797	Mr. Tulsidas Kilachand (Chairman)	Kesar Sugar	215.00	50	7.00	4.00	4.29	9.00	7	Y.P.
7,89,100	30,31,928	57,07,867	33,25,497	34,091	Cotton Agents Private Ltd. ..	New India Sugar Mills	32.00	10	2.50	2.50	3.00	2.65	6	Y.P.
11,00,000	4,58,234	49,29,289	29,86,570	10,502	K. C. Thapar & Bros. Private Ltd.	New Savan	5.69	10	0.37	0.25	0.37	....	5	Y.
18,59,375	63,73,211	88,62,456	32,23,024	20,512	Cotton Agents Private Ltd. ..	New Swadeshi Sugar Mill	326.00	100	20.00	20.00	29.00	29.00	6	Y.
77,52,210	89,76,949	2,77,58,474	1,49,82,234	24,986	Cotton Agents Private Ltd. ..	Oudh Sugar	188.50	100	12.50	12.50	18.25	20.00	7	Y.P.
12,00,000	13,65,315	37,56,130	22,83,412	1,62,250	G. C. Narang, Esq. (Chairman) ..	Punjab Sugar Mills Co., Ltd. ..	120.62	100	*Nil*	6.00	15.00	10.00	10	Y.
9,00,000	23,02,870	51,19,941	35,72,535	4,006	M.	Purtabpore Co.	12.25	10	*Nil*	*Nil*	*Nil*	....	10	Y.P.
20,00,000	2,92,000	25,30,109	14,67,024	2,192	Govan Bros. (Rampur) Private Ltd.	Rampur Distillery & Chemical Co., Ltd.	6.25	10	0.30	0.30	0.30	0.40	3	Y.
65,00,000	27,88,645	85,30,103	39,44,664	65,217	Govan Bros. (Rampur) Private Ltd.	Chata Bulund Sugar	11.62	10	1.50	1.50	1.20	1.25	10	Y.
8,00,000	6,80,762	29,27,567	23,93,295	4,779	M.	Ryam Sugar	11.50	10	1.50	1.50	0.50	....	6	Y.P.
11,99,750	13,90,377	59,77,917	27,98,514	—1,51,648	M.	Samastipur Central Sugar	10.00	10	*Nil*	0.25	*Nil*	*Nil*	6	Y.
39,99,000	29,62,184	1,39,61,485	84,59,146	34,778	Sahu Jain Ltd.	Shree Krishna Gyanoday Sugar ..	11.62	10	1.00	1.00	1.50	1.50	7	Y.P.T.
10,02,115	24,660	36,18,156	17,25,281	5,174	H. K. Ghosh, Esq. and R. N. Datta, Esq. (Managing Directors) ..	Sitalpore Sugar	6.19	10	*Nil*	*Nil*	*Nil*	4.40	6	Y.
					M.	Shri Sitaram Sugar	12.00	10	0.50	0.50	0.90	0.80	8	Y.
15,59,962	16,10,752	39,27,180	22,85,030	21,350	M.	Tulsipur Sugar	10.25	10	1.00	1.00	....	0.62	6	Y.
7,00,035	10,42,592	28,89,883	15,99,355	10,296			5.31	5	....	....	....	....	6	Y.
8,00,000	43,66,902	1,83,27,976	97,43,200	44,480	Cotton Agents Private Ltd.	Upper Ganges Sugar	70.00	10	5.00	5.00	7.25	....	6	Y.P.
16,00,000	18,15,652	43,55,965	30,16,621	58,565	M.	United Provinces Sugar	15.50xd	10	0.75	1.00	1.50	1.50	9	Y.
Other Centres														
30,00,000	28,05,000	1,18,99,115	33,48,654	25,153	Rangarao & Co.	Andhra Sugars Ltd.	26.85	10	1.25	1.50	2.00	2.00	9	Y.
40,00,000	14,50,088	95,55,530	9,80,276	73,721	Parry & Co., Ltd.	Cauvery Sugars & Chemicals Ltd.	100.00	100	10.00	10.00	*Nil*	6.00	6	Y.P.
70,49,850	1,52,02,875	1,99,95,390	1,10,58,284	32,986	W. H. Brady & Co., Ltd.	Belapur Company	251.00	50	18.00	20.00*	21.00	29.00	9	Y.
17,50,000	16,67,724	47,71,723	29,36,495	29,383	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Bhopal Sugar Industries Ltd. ..	26.10	10	2.00	2.00	2.50	2.25	9	Y.P.
37,50,000	19,13,467	88,31,992	61,54,488	61,719		Shree Changdeo Sugar	25.25	12.50	2.25	2.25	2.90	2.50	9	Y.
82,54,000	56,53,694	1,45,32,270	78,22,788	1,39,253	Parry & Co., Ltd.	Deccan Sugar & Abkhari	13.85	5	0.72½'C'	0.90	0.90	1.20	5	Y.P.
£1,300,000	£1,948,862	£1,990,779	£1,188,091	£126,694	Parry's Holdings Private Ltd. ..	East India Distilleries & Sugar ..	42.00cd	£1	15%	20%	28 4/7%	21 2/7%	6	Y.P.T.
15,93,900	13,26,242	48,72,029	31,28,903	12,594	Sir J. P. Srivastava & Sons (M.B.) Ltd.	Gwalior Sugar	90.00N	100	10.00	10.00	10.00	12.50	6	Y.P.
63,97,850	15,21,858	84,67,312	33,55,723	3,10,947	India Sugar Agencies Private Ltd.	India Sugar and Refineries ..	12.77xd	10	1.00	1.00	1.25	1.40	9	Y.P.
32,43,250	15,18,785	1,55,55,795	97,43,633	182	B. B. Ind. Corpn. Private Ltd. ..	Jeypore Sugar	16.50	10	0.60	0.60	1.00	1.25	6	Y.P.
58,57,410	96,15,290	4,17,59,138	78,54,583	23,450	V. Ramakrishna Sons (Private) Ltd.	K. C. P. Ltd.	24.25	10	0.75	0.75	1.50	1.50	6	Y.P.
17,00,000	6,24,776	76,33,554	34,96,271	40,774	Kubera Sugar Managers (Pvt.) Ltd.	Kirlampudi Sugar Mills Ltd. ..	77.00	100	*Nil*	*Nil*	*Nil*	*Nil*	6	Y.P.T.
67,50,000	59,72,055	1,58,07,253	70,65,235	54,999	M. L. Dahanukar & Co. Pvt. Ltd.	Maharashtra Sugar Mills	166.00	50	20.00	17.00	21.00	21.00	6	Y.
21,79,280	1,04,39,034	1,63,27,085	1,07,39,878	1,15,228	Venugopal Naydu, Esq. (Mg. Director).	Mysore Sugar	57.75	10	2.00	3.00*	3.00	3.00	6	Y.
1,10,06,835	1,13,38,279	3,20,25,300	1,92,92,230	3,527	Industries (L.F.) Dept., Govt. of Andhra Pradesh	Nizam Sugar Factory Ltd.	62.50	25	4.50	4.50	5.40	5.75	6	Y.P.
50,00,000	54,16,691	1,38,37,313	77,64,979	21,809	Mafatlal Apte and Kantilal Pvt. Ltd.	Phaltan Sugar	125.00	50	12.00*	10.00	13.50	12.00	9	Y.
16,59,820	47,47,789	80,79,204	42,50,099	13,908	Anderson Wright Ltd.	Ramnugger, Cane and Sugar ..	30.25	10	1.50	1.50	2.14	3.00	8	Y.P.T.
29,95,750 } D.4,00,000 }	44,47,953	1,58,38,095	66,84,343	12,211	Walchand & Co. Private Ltd.	Bavalgaon Sugar Farm	68.00	O. 50	12.00	12.00	8.50	5.00	9	Y.P.T.
							71.00	D. 50	3.50	3.50	3.50	3.50		
30,00,000	21,96,500	69,10,952	33,56,498	1,46,735	Parry & Co., Ltd.	Travancore Sugars	10.20	10	1.00	1.00	1.00	1.00	7	Y.P.
1,01,00,000	1,31,26,320	4,26,89,605	1,46 10,876	1,61,484	Walchand & Co. Private Ltd.	Walchandnagar Industries	166.00	100	21.00	21.00	20.00	15.00	7	Y.P.T.
UNCLASSIFIED (Bombay)														
30,00,000	16,33,754	80,65,990	12,43,589	966	JoHy Ind. Agencies Private Ltd. ..	Anil Hardboards Ltd.	258.75	100	..	*Nil*	*Nil*	6.00§	3	Y.P.
49,04,125	....	1,87,535	....	11,765	G. B. Kotak, Esq. (Chairman)	Asian Cables Corpn. Ltd.	100.00	100	....	....	*Nil*	*Nil*	12	Y.
29,90,125	1,13,075	1,43,85,123	34,94,785	—9,18,391	Technical Services (Private) Ltd. ..	Automobile Products	12.52	10	*Nil*	*Nil*	*Nil*	*Nil*	7	Y.P.T.
7,50,000	4,01,560	31,11,332	10,32,148	5,157	The Associated Agencies (Pvt.) Ltd. ..	Associated Rubber Industries Ltd.	105.00	100	7.00	7.00	10.00	10.00	12	Y.P.T.
25,00,000 } 6,25,000 }	1,50,000	17,32,985	5,64,037	6,664	Jamnalal Sons Private Ltd.	Bajaj Electricals	107.00	100	7.50	9.00	5.00	8.10	3	Y.P.
							56.00	New 50	....	....	....	6.70		
14,98,840	5,27,709	37,56,956	23,15,699	17,694	Chunilal Manilal Private Ltd. ..	Estrela Batteries	71.00	50	3.50*	3.00	3.50*	4.50	3	Y.P.
16,00,000	9,40,683	19,20,495	4,90,761	31,694	Aero-Auto Private Ltd.	Bombay Cycle & Motor	28.00	20	1.75	1.00	2.00	2.50	3	Y.
1,14,90,000	13,000	1,08,24,000	15,000	27,205	F. Acutis, Esq. (Mg. Director) ..	Cest Tyres of India Ltd.	222.50	100	....	....	*Nil*	....	12	Y.
1,35,00,000	50,12,115	21,25,643	7,05,848	44,119	N. N. Wagle, Esq. (Mg. Director)	Greaves Cotton & Co. Ltd.	178.00	100	7.50	10.00	7.50	11.00	3	Y.P.
4,00,000 }	....	9,14,417	11,195	39,813	P. H. Scrine, Esq. (Mg. Director)	Henley Cables India Ltd.	100.00N	100	....	....	....	....	10	Y.
51,66,500 }							50.00N	50						
31,07,000	3,75,592	1,23,44,460	76,81,774	—9,49,324	Birla Brothers Private Ltd.	Hind Cycles	97.00	100	12.50	7.00	*Nil*	*Nil*	3	Y.P.
6,00,00,000	3,08,48,000	....	....	....	Birla Gwalior Private Ltd.	Hindustan Aluminium Corpn. Ltd.	14.20	10	....	....	....	....	12	Y.
5,57,00,000	4,24,48,754	6,18,54,846	2,32,69,768	24,38,955	S. H. Turner, Esq. (Chairman) ..	Hindustan Lever	47.50	10	1.40	1.50	2.40	2.60	12	Y.
21,17,500	7,73,306	27,73,828	21,27,149	4,342	Forbes, Forbes Campbell & Co. Pvt. Ltd.	Indian Tea Association	135.50	100	10.00	10.00	15.00	17.00	9	Y.
5,00,00,000	72,79,946	6,77,45,145§§	....	77,237	G. L. Mehta, Esq. (Chairman) ..	Industrial Credit & Invest. Corpn. of India Ltd.	84.50	100	4.00	4.00	5.00	5.75	12	Y.
99,99,250	20,07,884	1,49,20,463§§	....	3,840	Premchand Roychand & Sons ..	Industrial Investment Trust ..	75.30	100	5.50	6.00	6.00	6.20	12	Y.
1,70,22,100	1,04,80,782	4,62,31,978§§	....	16,810	A. D. Shroff, Esq. (Mg. Director)	Investment Corpn. of India Ltd.	115.00	100	9.25	6.50	9.25	8.50	6	Y.P.
19,55,000	8,40,945	48,67,187	19,20,438	7,498	Poonamchand & Brothers Private Ltd.	Jaipur Metals and Electricals Ltd.	145.00	100	5.00	6.00	8.50	....	12	Y.P.T.
20,00,000	1,30,912	33,42,718	49,35,398	5,912	Kamani Brothers Private Ltd.	Kamani Metals & Alloys Ltd. ..	10.00N	10	..	0.50	0.75	....	6	Y.P.T.
1,24,95,450	26,84,260	49,67,060	18,86,011	10,125	A. N. Haksar, Esq. (Mg. Director)	Killick Industries	99.00	100	11.00	13.00	9.00	8.00	11	Y.
12,50,300	2,13,870	19,92,555	15,00,469	85,265	Bhogilal H. F. Patel, Esq.	Laxmi Starch Factory Ltd.	189.25	100	5.00	6.00	9.00	13.00	3	Y.
11,25,750	30,000	13,43,154	4,06,142	2,45,193	Fisheries (Agency) Private Ltd. ..	New India Fisheries Ltd.	105.00	100	3.00	7.00	6.00	10.00	3	Y.P.
27,90,000	41,84,317	87,81,999	47,39,264	1,17,952	Distributors (Baroda) Private Ltd.	New India Industries Ltd.	393.75	100	15.00	18.00	25.00	25.00	12	Y.
26,99,400	18,09,276	66,37,217	26,51,409	67,953	Polson Agencies Private Ltd.	New Savan	167.50	10	10.00	10.00	15.00	15.00	12	Y.P.
4,78,28,625	1,17,81,972	5,94,30,033	2,64,36,782	3,25,922	Aero-Auto Private Ltd.	Premier Automobiles	165.25	100	6.00	4.00	9.00	9.00	6	Y.T.
4,75,200 } 5,13,400 }	1,71,915	30,66,967	9,69,029	29,056	Sathe Food Industries Private Ltd.	Sathe Biscuit & Chocolate Co., Ltd.	100.00N	100	6.00	6.00	6.00	9.00	3	Y.P.
							50.00N	50	3.00	3.00	3.00	4.50		
70,78,500	....	22,82,068	11,962	1,98,299	Indo Orient Agencies Private Ltd.	Premier Tyres Ltd.	101.00	75	..	....	....	*Nil*	12	Y.
37,50,000	18,80,743	67,28,501	34,94,295	15,405	The Industrial Enterprises Private Ltd.	Standard Batteries Ltd.	230.00	100	8.00	8.00	*Nil*	14.00'C'	6	Y.
18,41,750	1,97,040	27,39,350	3,08,392	19,526	N. D. Sirur, Esq. (Mg. Director)	Sundatta Foods & Fibres Ltd. ..	50.00	50	....	....	*Nil*	*Nil*	3	Y.P.
6,23,100	2,73,159	8,45,582	2,39,183	2,859	Modi & Co.	Supreme Industries Ltd.	153.75	100	6.00	7.50	9.00	13.00	3	Y.P.
2,75,00,000	1,90,54,595	4,80,29,387	2,10,07,541	4,53,616	Mr. A. Hydari and Mr. S. Gothberg ..	Western India Match Co., Ltd. ..	268.50	100	11.00*	11.00*	16.00*	16.00	12	Y.
17,00,000	2,86,719	29,42,802	15,42,187	20,599	Hasham Premji	Western India Vegetable Products Ltd.	117.00	100	7.00	8.00	8.00	....	3	Y.
48,00,000	70,71,045	12,17,595	5,69,166	2,85,173	Pallonji S. Mistry, Esq. (Chairman)	W. H. Brady & Co., Ltd.	420.00	150	25.00	25.00	35.00	50.00	12	Y.

§—Managed by Board of Directors. ‡ On old capital. * Includes bonus. † Subject to taxation. K—Includes an additional dividend of Rs. 7.00 per old share and Rs. 3.00 per new share.
§ Exempt from tax. §§ Investments at cost.

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation	Paid-up per Share	Dividend per Share 1957	1958	1959	1960	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
62,50,000	2,05,52,495	3,95,14,452	1,19,43,880	1,13,745	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd.	17.06	O. 10	0.90	0.90	1.00	1.20	3	Y.P.T.
80,00,000	89,83,750	1,88,71,849	55,51,233	1,52,818	Seshasayee Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd.	23.85	10	1.25	1.25	1.25	1.80	3	Y.
80,00,000	37,04,326	87,09,127	26,34,530	2,22,752	Turner Morrison & Co. Private Ltd.	Angelo Bros., Ltd.	24.12	10	1.80*	1.50	2.00	2.50*	6	Y.
3,02,87,870	36,35,471	2,86,28,267	85,85,256	12,525	A. B. L. Collins, Esq. (Mg. Director)	Ashok Leyland Ltd.	9.07xd	5	0.30	0.30	0.40	0.40	12	Y.
80,00,000	27,88,863	41,63,859	23,30,465	1,42,995	Mr. A. Hydari and Mr. S. Gothberg	Assam Match Co., Ltd.	22.25	10	1.25*	1.25*	1.80	1.80	12	Y.
1,18,00,000	80,75,137	93,46,580	48,96,447	8,73,110	A. W. Browne, Esq. (Mg. Director)	Associated Battery	34.62	10	1.50	2.40	4.00	2.50	8	Y.
80,00,000	39,46,521	1,00,70,996	44,86,334	1,55,433	Oberoi Hotels (India) Private Ltd.	Associated Hotels of India	5.00N	10	0.60	0.60	*Nil*	*Nil*	3	Y.P.T.
80,01,400	96,40,909	79,91,396	41,74,564	5,75,403	G. D. Wilson, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	251.00	100	12.50	20.00	25.00	25.00	12	Y.
12,00,000	25,38,976	37,24,157	31,31,357	1,88,199	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd. ..	44.87	10	2.50	2.50	4.50	4.00	12	Y.
50,00,000	4,70,250	82,31,326	19,04,326	94,375	H. R. Gupta, Esq. (Mg. Director)	Bharat Commerce & Industries Ltd.	26.25	10	*Nil*	*Nil*	*Nil*	0.50	12	Y.P.
80,00,000	7,81,088	64,37,324§§	....	56,711	Lovelock & Lewis	Birds Investments Ltd.	13.12	10	0.50	0.70	1.10	0.95	9	Y.P.
45,97,020	55,50,348	1,22,49,277	58,59,783	2,15,638	K. Jullan Scott, Esq. (Mg. Director)	Britannia Biscuits	54.62	10	1.00	1.20	1.40	2.50	3	Y.P.T.
3,25,00,000	1,05,44,212	3,00,84,669	2,33,04,496	3,34,066	H. S. Chaturvedi, Esq. (Mg. Director)	British India Corporation Ltd.	7.72	5	*Nil*	*Nil*	*Nil*	0.20	12	Y.P.
28,36,540	30,39,009	42,37,317	22,12,125	20,721	A. V. Niblett, Esq. (Mg. Director)	British Paints (India) Ltd.	27.00	10	4.00	1.00	1.00	1.25	12	Y.
1,38,80,000	14,44,223	1,90,82,924§§	....	2,16,378	Andrew Yule & Co., Ltd.	Clive Jute Investment	8.37	10	0.75	0.75	0.85§	....	12	Y.
5,95,000	10,00,000	40,04,009	28,47,106	8,600	M.	Delhi Flour Mills, Co., Ltd. ..	15.00	10	1.00	1.00	1.00	1.00	10	Y.P.T.
3 00,00,000	5,08,87,509	10,39,79,436	4,01,20,270	25,12,555	John Luckham, Esq. (Mg. Director)	Dunlop Rubber Co. (India) Ltd.	53.25	10	1.62	1.62	2.15	2.15	12	Y.P.T.
90,00,000	1,12,80,000	21,06,570	2,02,62,100§§	4,25,721	K. P. Goenka, Esq. (Chairman)	Duncan Brothers & Co., Ltd. ..	150.00xd	100	11.00	10.00	14.00	14.00	12	Y.P.
27,27,270	1,20,49,803	59,73,067	23,80,820	26,402	N. N. Mohan, Esq. (Mg. Director)	Dyer Meakin Breweries	33.00	5	0.60	0.75

BANKS

Paid-up Ordinary Capital Rs. or £	Reserve Fund Rs. or £	Carried Forward Rs. or £	Name of Bank	Latest Available Quotation Rs. or £	Paid-up per Share Rs. or £	Dividend per Share 1957 Rs. nP	1958 Rs. nP	1959 Rs. nP	1960 Rs. nP	Accounts Closed	Reference
16,00,000	1,08,00,000	5,03,569	Allahabad Bank	329.00	100	18.00‡	18.00‡	18.00‡	18.00‡	12	Y.P.
14,50,000				163.00	50	9.00‡	9.00‡	9.00‡	9.00‡		
1,01,000	23,08,220	4,923	Andhra Bank	100.00	100	6.00	6.00	8.00	8.00	6,12	H.
40,56,600				87.00	85	5.10	5.10	6.80	6.80		
1,50,00,000	1,61,14,860	1,09,358	Bank of Baroda	103.00	50	7.00	6.00	7.00	8.50	12	Y.
2,50,00,000	3,10,00,000	12,84,842	Bank of India	131.50	50	8.00	8.00	8.00	10.00	6,12	R.L.Y.
50,00,000 'A'				134.00	50 'A'	8.00	8.00	8.00	10.00		
36,00,000	56,30,000	45,109	Canara Bank Ltd.	88.50	50	5.00	5.00	7.50	7.50	12	Y.P.
12,50,000	19,35,000	11,250	Canara Banking Corporation Ltd. ..	80.00	50	5.00‡	5.00	7.50	7.50	12	Y.P.
'A' 5,99,620				175.00	100 'A'	15.00	15.00‡	20.00‡	20.00		
'B' 16,00,000	42,50,471	27,708	Canara Ind. & Bkg. Syndicate Ltd. ..	17.50	10 'B'	..	..	2.00‡	2.00	12	Y.
'C' 2,00,000				1.75	1 'C'	0.15	0.15‡	0.20	0.20		
2,62,50,000	3,68,08,635	18,61,471	Central Bank of India Ltd.	60.00	25	3.50	3.50	4.30	5.10‡	12	R.L.Y.
A.52,50,000				61.00	25	3.50	3.50	4.30	5.10‡		
50,00,000	60,00,000	7,86,033	Devkaran Nanjee Banking Co. ..	60.00	50	3.00	3.50	2.52	4.38	12	Y.
3,00,00,000	2,00,00,000	10,88,760	Habib Bank Ltd. P.	21.80xd	5	17.5%	15%	14.6%	17.5%	12	Y.
1,25,00,000	10,00,000	2,212	Hindustan Commercial Bank	15.50	50	Nil	Nil	Nil	Nil	12	Y.
50,00,000	2,50,000	3,758	Hindustan Mercantile Bank	14.50	50	Nil	Nil	Nil	Nil	12	Y.
60,60,000	88,32,000	1,36,000	Indian Bank	174.00	100	15.00‡	13.00‡	15.00‡	15.00‡	12	R.L.Y.
22,39,435				147.50	80	12.00‡	10.40‡	12.00‡	12.00‡		
74,53,000	68,86,660	1,92,435	Indian Overseas Bank	190.00	100	10.00	10.00	12.00	14.00	12	Y.
15,00,000	14,50,000	38,845	Pandyan Bank Ltd.	29.00	25	1.87	2.50	3.56	2.50	12	Y.
1,25,00,000	1,58,50,000	4,23,142	Punjab National Bank—K	22.52	10	5.00	2.50	2.00	2.00	12	Y.
5,62,50,000	7,45,00,000	56,20,525	State Bank of India	326.25	100	16.00	16.00	20.00	22.75	12	Y.
60,00,000	53,50,000	92,704	Union Bank of India	6.80	5	0.44	0.44	0.57	0.57	12	Y.
2,00,00,000	2,05,00,000	1,48,871	United Commercial Bank	91.50	50	3.75	3.75	5.50	6.00	12	H.
2,68,53,718	86,63,000	2,07,685	United Bank of India	5.00	10	0.30	0.30	0.43	0.43	12	R.L.Y.

PRINCIPAL EXCHANGE BANKS

						Dividend (per cent.)					
£5,500,000	£5,700,000	£506,254	Chartered Bank	£2-14-9	£1	15†	15†	15†	15††	12	Y.
H.K.$ 79,046,125	£15,000,000	£137,886	Hongkong and Shanghai Banking Corporation Z	£18‡	H.K. $25	3‡	3*	3*	3‡*	12	Y.
£34,809,506	£24,950,000	£569,125	Lloyds Bank	£3-0-9	£1	13†	12‡'C'	12†	6†‡	12	Y.
£4,562,400	£3,050,000	£308,058	National and Grindlays Bank Ltd. ..	£1-13-0	sh.15	15†	15†	12‡†	13‡†	12	Y.

‡ Includes bonus. P—Figures in Pak rupees. † Less tax. (I) Interim. XR—Ex-Right.
K—Punjab National Bank—Dividend for 1957 is on shares of Rs. 25 each. C—On increased Capital. * £ per share free of tax.
One Punjab National Bank share for 20 fully paid up ordinary shares or 80 partly paid up ordinary shares of the company for the year 1959 as a specie dividend.
Z—The final dividend of £1-12-6 is on the increased Capital. *N.B.*—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest Available Quotations* (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
17,50,000	6	1st December and 1st June ..	Carew & Co.	1938	98.00	1st June .. 1963
4,00,000	6‡	1st March and 13th September..	Carew & Co. (2nd mortgage) ..	1941	96.00	28th February .. 1970
10,00,000	6	1st August and 1st February ..	Ravalgaon Sugar	1942	99.75	1st August .. 1952-62
10,00,000	4	1st May and 1st November ..	Ravalgaon Sugar (New)	1944	82.50	1st November .. 1959-64
25,00,000	4‡	1st May and 1st November ..	Walchandnagar Industries (New)..	1944	95.00	1st November .. 1959-64
COAL						
80,00,000	6	30th April and 31st October ..	Bharat Collieries	1944	90.00	30th June .. 1964
20,00,000	4‡	30th June and 31st December ..	Burrakur Coal Co.	1947	85.00	30th June .. 1967 (a)
46,86,000	5‡	1st July and 1st January ..	Equitable Coal Co.	1953	100.00	14th December .. 1968 (a)‡
COTTON						
80,00,000	5‡	1st January and 1st July ..	Ahmedabad Advance	1956	95.00	13th December .. 1966-71
7,00,000	5‡	30th June and 31st December ..	Basanti Cotton Mills Ltd.	1942	85.00	30th April .. 1964
4,00,000	6	10th May and 10th November ..	Bengal-Nagpur	1897	85.00	15th November .. 1966 (b)
64,66,000	5T	1st April and 1st October ..	Buckingham and Carnatic	1952	100.25	1st March .. 1972 (a)
40,00,000	6	1st April and 1st October ..	Gokak Mills	1957	99.75	1st April .. 1967-72
18,00,000	6‡	2nd January and 2nd July ..	Minerva Mills	1959	..	1st July .. 1967-70
80,00,000	6‡	1st January and 1st July ..	Shree Nivas	1958	99.60	31st December .. 1970
65,27,900	6‡	1st April and 1st October ..	Simplex	1958	96.50	15th October .. 1969-74
30,00,000	5‡	1st April and 1st October ..	Vishnu	1955	94.50	1st June .. 1966-70
39,51,000	5	1st June	Tata Mills	1951	92.00	1st June .. 1966-71
ELECTRICS						
10,00,000	4‡	31st March and 30th September..	Agra Electric Supply Co., Ltd. ..	1950	89.00	31st March .. 1965 (a)
3,00,00,000	5‡	15th June and 15th December ..	Ahmedabad Electric Co., Ltd. ..	1960	98.00	15th June .. 1965-70
98,28,000	5‡	1st April and 1st October ..	Andhra Valley Power Supply Co. ..	1940	99.25	1st April .. 1970-75
12,00,000	4‡	30th June and 31st December ..	Benares Electric Light and Power Co., Ltd.	1949	90.00	31st December .. 1964 (a)
£3,737,574	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1950	97.75	1st January .. 1970 (a)
25,00,000	4	30th June and 31st December ..	Gourepore Electric Supply Co., Ltd.	1945	85.00	31st December .. 1970
10,80,000	5	1st January and 1st July ..	Sijua (Jherriah) Electric Supply Co., Ltd.	1951	91.00	30th June .. 1976 (a)
2,00,000	5‡T	31st March and 30th September..	South Madras Electric Supply ..	1939	95.00	1st April .. 1959-61
2,00,000	5T	3rd April and 3rd October ..	South Madras Electric Supply ..	1940	93.50	30th September .. 1958-68
47,73,000	5	1st March and 1st September ..	Tata Power	1940	99.00	1st July .. 1970
2,50,00,000	4	1st January and 1st July ..	Tata Power	1949	86.00	1st July .. 1965-70
ENGINEERING						
5,00,000	5‡	30th June and 31st December ..	Britannia Engineering	1945	94.00	31st December .. 1969
1,50,00,000	6‡	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	104.75	1st January .. 1971
29,18,000	5‡	15th September and 15th March.	Indian Rumne Pipe (Bearer)	1942	98.25	1st July .. 1957-62
10,00,000	4	31st May and 30th November ..	Kumardhubi Engineering Works Ltd.	1946	84.50	31st May .. 1971
3,00,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	98.00	1st October .. 1960-65
JUTE						
12,00,000	5‡	1st October and 1st April ..	Agarpara	1939	92.00	31st March .. 1969
6,00,000	5‡	30th June and 31st December ..	Alexandra	1939	91.00	30th June .. 1959
15,00,000	4	31st December and 30th June ..	Auckland Jute Co., Ltd.	1945	78.00	31st December .. 1964
10,59,000	5	30th June and 31st December ..	Bhatpara Jute Mills	1951	88.50	30th June .. 1966
20,48,000	5‡	31st March and 30th September..	Delhousie Jute Co.	1954	90.00	31st March .. 1969 (a)
8,86,000	5	15th January and 15th July ..	Empire	1951	90.00	15th July .. 1966 (a)
25,00,000	5‡	31st March and 30th September..	Fort Gloster Industries Ltd. ..	1952	98.00	30th September .. 1966
80,00,000	5‡	31st March and 30th September..	Howrah Mills Co., Ltd.	1955	92.50	31st March .. 1970
25,00,000	5	30th June and 31st December ..	Kinnison Jute Mills Co., Ltd. ..	1949	90.00	31st December .. 1964 (a)
25,00,000	5‡	30th June and 31st December ..	Naihati	1952	90.00	31st March .. 1967 (a)
5,00,000	5‡	14th November and 14th May ..	Nellimarla Jute Mills Co., Ltd. ..	1939	92.00	14th May .. 1974
20,00,000	4	30th June and 31st December ..	Northbrook Jute Co., Ltd.	1945	85.00	31st December .. 1964
25,00,000	5	31st March and 30th September..	Reliance Jute Mills Co., Ltd. ..	1950	82.00	5th September .. 1965 (a)
12,00,000	5‡	30th June and 31st December ..	Titlee	1937	95.50	31st March .. 1967
10,00,000	6‡	31st January and 31st July ..	Waverley	1925	80.00	31st August .. 1972
RAILWAYS; STEAMSHIP AND TRAMWAYS						
£821,697	4‡	1st January and 1st July ..	Calcutta Tramways	1900	£66.10N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£139,051	5	1st April and 1st October ..		1933	£74.10N	1st October .. 1974
6,50,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway ..	1945	85.00	31st December .. 1975 (a)
£200,000	4‡	30th June and 31st December ..	Shahdara-Delhi-Saharanpur Railway	1905	£64N	Any time on six months' notice (a)
3,54,76,000	4‡	1st March and 1st September ..	Scindia Steam Navigation	1949	97.00	1st December .. 1963
PLANTING						
3,75,000	6T.F.	31st March and 30th September..	Nilgiri Tea	..	99.00	1st April .. 1958-68†
3,75,000	6T.F.	1st January and 1st July ..	Kallas Rubber Co., Ltd.	1955	100.00	1st July .. 1959-63
5,04,000	7T	1st April and 1st October ..	Sangameshwar Coffee	..	99.00	1st April .. 1960-67
MISCELLANEOUS						
10,00,000	5	1st January and 1st July ..	Aluminium Corporation of India Ltd. ..	1948	92.00	31st December .. 1965
21,20,000	4‡	1st January and 1st July ..	Associated Hotels of India	1948	85.00	31st December .. 1962
8,00,000	5‡	1st March and 1st September ..	Burmah-Shell	1954	100.00	1st September .. 1964-69(a)§
2,00,00,000	5‡	1st April and 1st October ..	Caltex Oil Refining (India) Ltd. ..	1956	100.25	1st October .. 1970
1,00,00,000	5‡	31st March and 30th September..	Dalmia Cement (Bharat) Ltd.	1946	82.00	30th September .. 1970
2,04,55,000	6‡	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd. ..	1950	106.00	1st January .. 1973 (a)†
97,80,000	5‡	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	101.00	30th June .. 1969 (a)‡
1,00,00,000	6‡	1st January and 1st July ..	Indian Aluminium Co., Ltd.	1959	103.25	1st January .. 1975
10,00,000	6‡	2nd January and 2nd July ..	Mettur Chemical Industries	1949	84.00	30th September .. 1964
27,75,000	5T	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes)	1947	95.00 (per note)	31st December .. 1972 (a)
45,00,000	4				85.00N	1st April .. 1971
75,00,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	99.50	30th June .. 1965-70
1,50,00,000	5‡	30th June and 31st December ..	National Rayon	1955	98.00	31st March .. 1961 (a)
1,00,00,000	5‡	31st March	Orient Paper Mills Ltd.	1951	125.50	31st March .. 1968-73
7,43,350	6‡	1st January and 1st July ..	Premier Automobiles	1958	96.00	31st December .. 1969
4,00,00,000	6	30th June and 31st December ..	Rohtas Industries Ltd.	1946	95.00	15th July .. 1966
10,00,000	6‡	January and July	Shree Gopal Paper Mills Ltd.	1944	96.00	16th February .. 1961 (a)
30,00,000	6	16th Feb. and 16th August ..	Shree Gopal Paper Mills Ltd.	1958	100.00	1st April .. 1964-68 (a)†‡
90,00,000	5‡	1st May and 1st November ..	Standard-Vacuum Refining Co. India, Ltd.	1958	97.00	31st July .. 1970-75
8,51,000	5	31st January and 31st July ..	Tata Chemicals Ltd.	1945	100.00N	30th September .. 1969-74
90,00,000	6	1st April and 1st October ..	Tata Oil Mills Co., Ltd.	1959		

§ These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 13 years. § Any debenture outstanding on 1-6-1969 will be redeemed
on that date with option to redeem all debentures at 101 per cent on 1-9-1964. †† Rs. 80 lakhs will be redeemed annually by drawings from 1st May 1964
at par. The Company has option to redeem debentures at 101 per cent on 1st May 1963 on six months' notice. † Option to repay at par on six months'
notice on or after 1st January 1961. T—Taxable. T.F.—Tax-free.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 13th July 1961.

	Closing quotations 6-7-1961	High	Low	Closing quotations 13-7-1961
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100) ..	190.00	193.00	190.00	193.00
Apollo (2)	1 84	1 84	1.70	1.70
Baroda Rayon (100) ..	140 00	141.00	133.00	137.00
Bombay Dyeing (25)..	69 20	69.10	66 60	66 60
Bradbury (50)	150 00	150.00	142.50	145 00
Central India (100) ..	129 00	135 50	125 00	126 00
Century Mills (100) ..	701.00	696.50	670.00	672.00
Coorla Sp. (100) ..	135 00	..	..	135 00
Dawn (50)	137 00	140.00	136 00	136 50
Edward Textile (200)..	308 00	—	—	308.00
Elphinstone (50) ..	84.50xd	84 00	82.00	82 00
Finlay (100)	331 00	332.00	324.00	324.00
Gokak (100)	192.00	194 00	184.50	185 00
Gold Mohur (100) ..	263.00	263 00	262.00	262.00
Gwalior Rayon (10) ..	55 00	55.80	51.00	51 00
Ind. Untd. Defd. (1)..	1 88	1 86	1.80	1 84
Ind. Untd. Ord. (10)..	15 36	15.32	15 20	15 20
Indian Rayon (62.50)	63 50	63.00	61.50	61 50
Indore Malwa (100) ..	158 00xd	158 00	155.00	158 00
Khatau (100)	588.75	587 50	547.50	567 50
Kohinoor (100)	318.00	317.50	301.00	301.00
Lakshmi (250)	582 50	600.00	552.50	600.00
Mafatlal (100)	912 50	905.00	875.00	875.00
Minerva Mills (100) ..	80.00	—	—	80.00
Model Nagpur (250) ..	70 00	—	—	70.00
Morarji (100)	446.00	446.00	424.00	423.00
Mysore (50)	70 00	69.00	69.00	69.00
National Rayons (100).	571.50	574.50	550.50	551.00
New City (100)	145.00	—	—	145.00
New Great (100)	221.00	215.00	213.00	215.00
Phoenix (100)	163 00	161.00	154.00	154.50
Podar Mills (100) ..	145.00xd	145.00	143.50	143.00
Raymond Woollen (100) ..	127 50	133.00	126.00	127.00
Sassoon Silk (10) ..	15.76	—	—	15.76
Sassoon Spg. (10) ..	64 70	64 50	63.00	63.30
Shrinivas (100)	271.00	271 00	261.00	261.00
Simplex (50)	215 00	215.00	192.00	200 00
Standard (100)	1,448.00	1,452.00	1,350 00	1,360.00
Svadeshi (100)	279.50	279 50	267 00	268 00
Swan (100)	615 00	612.50	615.00	617.50
S. I. Viscose (100) ..	195.00	199.00	188.00	189.00
Tata Mills (25)	70.50	70.00	66.50	66 50
Vishnu (100)	160.00	161.25	160.00	160 00
Western India (1,000).	3,725.00	—	—	3,725.00
BANKS				
Bank of India (50) ..	127 50	132.00	128.00	132 00
Do. (New) (50) ..	126 00	135.00	128.00	134.00
Bank of Baroda (50)..	102 00	103 00	102.00	103 00
Central (25)	59.50	60.30	59.50	60 00
Central 'A' (25) ..	60.00	61.00	60.00	61.00
Dena Bank (50)	60.00	—	—	60.00
Punjab National (10)..	22 64	—	—	22.52
Union Bank (5)	6.60	6.80	6.60	6.76
United Com. (50) ..	91.20	91.50	91.00	91.00
ELECTRIC COS.				
Ahmedabad (100) ..	85.80	85.80	85.00	85.50
Amalgamated (10) ..	10 00	—	—	10.00
Andhra Valley (1,000).	1,010.00	1,013.75	1,007.50	1,010.00
Bom. Sub. El. (100)..	92 50	96 00	94.50	96.00
Surat (100)	91 00	92.50	91.00	92.50
Tata Hydro (100) ..	106 75	107.50	106.25	107.50
Tata Power (1,000) ..	1,062.50	1,075.00	1,062.50	1,075.00
INSURANCE COS.				
British India (10) ..	12.16	—	—	12.16
Indian Mercantile (20)	52.00	52.00	47.75	47.75xd
New India (15)	62.20	62.50	61.70	62.00
New India 'A' (15) ..	63.00	63.50	63.10	63.50
Vulcan (10)	16.48	16.76	16.48	16.76
STEEL COS.				
Ind. Iron (10)	28.35	28.25	27.50	27.60
Mukand (10)	29.75	29.75	27.00	27.25
Tata Steel Ord. (75) ..	160.00	165.75	160.00	160.25
SUGAR COS.				
Belapur (50)	264 50	264.00	245.00	246.00
Bhopal (10)	26.10	—	—	26.10
Champdee (12.50) ..	25.25	—	—	25.25
Phaltan (50)	130 00	128.00	124.00	125.00
Walchand Ind. (100)..	170.75	170.75	165.00	166.00
CEMENT COS.				
Associated Cts. (100)..	167.00	167.00	162.50	162.75
Digvijay.(100)	154 00xd	157.00	154.00	154.00
Orissa (10)	14.40	14.52	14.36	14.44
MISCELLANEOUS				
Alcock Ashdown (100)	290.00xd	290 00	272.00	272.00
Bom. Burmah (125) ..	628.50	620 00	603.00	606.00
Do. (New) (50) ..	231.25	228.75	218.75	218.75xd
Br. B. Petrol (1‡ sh.)	1.32	1.24	1.16	1.20
Br. I. Corp. (5) ..	7.64	7.80	7.64	7.72
Cooper Eng. (100) ..	179.00	184.00	174.50	175 00
Colour Chem. (100) ..	367.50	371.25	363.75	355 00
Hind Cycles (100) ..	97.00	97.00	95.00	97.00
Hindustan Lever (10)..	47.75	47.75	47.50	47.50
Hindustan Motors (10).	23.08	23.12	22.20	22.24
I. C. & Invest. Corporation (100) ..	84.50	—	—	84.50
Indian Dyestuff (100).	533.75	540.00	450.00	480.00
Indian Copper (2 sh.)..	5.80	5.80	5.52	5.56
Ind. Inv. Tr. (100) ..	72.30	—	—	75.30
Killicks (100)	99.00	99.50	98.00	98.50
Larsen & Toubro (10)..	42.00	41.50	37.50	37.50
Mahindra & Mahindra (10) ..	19.24	19.76	19.00	19.64
New Central Jute (10).	20.12	—	—	20.12
Polson (100)	168.00	168.00	167.00	167.50
Pre. Automobiles (100)	171 25	170 50	160.50	161.00
Premier Con. (80) ..	198.00	199.00	186 00	186.00
Scindia (20)	14.60	14.56	13.96	14.04
G. E. Shipping (10) ..	14.52	14.52	13.92	14.04
Shivrajpur (10)	77 50	79.00	74.50	76.00
Sirpur Paper (10) ..	15.40	15.56	14.72	14.72
Tata Chemicals (10) ..	19.92	19.88	19.08	19.08
Tata Locomotive (100)	881.00	877.50	855.00	856.00
Tata Oil (25)	75.50	270.00	74.20	75.00
Texmaco (10)	20.04	20.72	20.04	20.60
Voltas (100)	297.00	301.50	285.50	286.00
W. J. Match (100)..	285.50	270.00	265 50	268.00
W. Coast Paper (100)..	185.25	190.50	185 50	186.00

GOVERNMENT SECURITIES	6-7-1961 Rs.	Gross Yield Earlier Redemption	Later Redemption	13-7-1961 Rs.
2½% 1961	99.90	—	3.70	99.90
2½% 1962	99.00	—	3.48	99 00
2½% 1963	88.50	—	4.23	88.50
2½% 1964	98.75	—	3.88	98.75
3% 1964	98.75	3.58	3.82	98.70
3% 1965-66	96.05	3.84	3.61	96.10
3% 1965-68	91.00	4.18	4.13*	91.05
3% 1970-75 1st Dev.	72.75	—	3.53	72.85
3% 1986 Con. Loan..	99.90	—	3.54	99.90
2½% 1964 N. P. Loan.	99.85	—	3.54	99.85
2½% 1965 N. P. Bonds	99.90	—	3.25	99.90
2½% 1962	99.00	—	3.58	99.00
2½% 1967 N.P. Bonds.	99.70	—	3.78	99.70
2½% 1974	100.50	—	3.66	100.50
2½% 1967 N.P. Bonds.	98.65	—	3.70	98.55
3½% 1969 Loan ..	98.70	—	3.70	98.70
3½% 1968	99.70	—	3.50	100.00
3½% 1968 N.P. Bonds.	100 00	—	3.67	100.40
3½% 1968 N.P. Bonds.	100.40	—	3.93	100.45
4% 1972 Loan	100.45	—	3.93	100.40
4% 1973 Loan	100.40	—	3.98	100.10
4% 1979 Loan	100.10	—	3.97	99.70
2½% 1966 Bonds ..	99.70	—	4.01	99.95
4% 1980 Loan	99.95	—	—	—

* Current Income. xd—Ex-dividend. XR.—Ex-Right.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	96.50	100
BREWERIES AND SUGAR						
Bharat Sugar R.C.	5,00,000	1931	5.00	Dec. ..	70.00	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April ..	84.50	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.00	Mar. Sep.	90.00	100
Cawnpore Sugar Works T.F.C.	10,00,000	1905-24	8.00	Feb. Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C..	7,00,000	1920	7.00	July Apr.	5.60	5
East India Distilleries T.F.C. ..	£200,000	1897	7.00	Jan. July	18.20	£1
Gwalior Sugar R.C.	6,75,000	1940	7.00	Dec. ..	62.00	100
Do. (Non-redeem.)	5,00,000	1940	7.00	Dec. ..	62.00	100
Purtabpore Co. C.	6,00,000	1922	10.00	Oct. ..	12.00	10
Ramnugger Cane T.F.C.	4,00,000	1933-36	6.00	Aug. ..	84.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct. Apr.	61.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct. ..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec. ..	7.30xd	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec. ..	90.00N	100
Do. T.R.O.	15,00,000	1946	5.00	Dec. ..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April May	116.00	100
COAL						
Borrea T.F.C.	14,00,000	1896-97	6.50	Oct. Apr.	79.00	100
Burrakur (1st) T.F.C.	22,90,500	1901-10	7.00	Apr. Oct.	99.00	100
Do. (2nd) C.	4,50,000	1946	6.00	.. ..	7.65	10
Equitable T.F.	4,00,000	1895	6.00	Mar. Sept.	75.00	100‡
Karanpura Collieries C.	9,89,500	1946	5.50	.. ..	56.00	75p.
††Khas Kajora C.	13,00,000	1931	5.00	Mar. Sept.	7.50	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan. July	11.00	10
Ondal T.F.C.	2,00,000	1898-99	6.00	Apr. Oct.	30.00	100
COTTON						
Ahmedabad Advance T.F.C. ..

TEA FIRM

(From Our Own Correspondent)

CALCUTTA, 11th July

With greater demand, steadier conditions were in evidence in the internal sales held last week. As a result, prices hardened. Meanwhile, tea bookings during the week showed a further impressive improvement, and assuming floods, which have affected several areas in Kerala and are threatening the Orissa coast, do not occur in North-East India and transport is not affected, the season is expected to be in full swing within the very near future. It was heartening that tea districts in Assam and West Bengal reported fair weather in June, with normal outturn.

Dusts on offer in the internal sales held last week amounted to 7,633 packages, of which only 277 packages were of the old season's manufacture. Prices gained on active demand, with C.T.C. teas meeting with strong competition. Prices of orthodox teas gained by 10 to 15 nP. Legg-cut teas were fully steady. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.60 to Rs. 7.30, medium Assam C.T.C. dust Rs. 6.00 to Rs. 6.50, legg-cut dust Rs. 4.60 to Rs. 5.20, medium Assam dust Rs. 4.60 to Rs. 5.00, and plain orthodox dust Rs. 4.35 to Rs. 4.50.

Leaf on offer amounting to 28 packages were irregular.

Offerings during yesterday's export sale amounted to 29,665 chests, which met with strong demand. Orthodox teas received greater attention than the rest, with the better liquoring varieties recording the highest addition to prices. Whole leaf grades were fully steady, and although tippy teas were greater in quantity, firmer conditions were in evidence. Darjeelings were supported at higher rates; quality showed an improvement and the best teas showed at very higher prices. Better liquoring C.T.C.s eased, while medium and poorer teas gained in prices. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 7.70 to Rs. 8.50, best Assam C.T.C. B.Ps Rs. 7.50 to Rs. 7.80, medium Assam C.T.C. fannings Rs. 6.50 to Rs. 7.00, medium Assam C.T.C. B.Ps Rs. 6.40 to Rs. 6.80, plain fannings Rs. 4.70 to Rs. 4.80, plain B.Ps Rs. 4.85 to Rs. 4.95, and clean plain pekoe Rs. 5.25 to Rs. 5.35.

JUTES HARDEN

(From Our Own Correspondent)

CALCUTTA, 11th July

The feature during the week under review in the jute markets was a handsome addition to prices of both fibre and goods. Earlier in the week, there was selling pressure in goods, but the trend was reversed when it was thought that, although the goods market in the month of June was comparatively dull throughout the month, shipments were satisfactory. In fact, there had been good business done in June, and although not all that was shipped in the month had been bought in June, more business with overseas buyers should be attributed to the reduction in production. Over the week-end, stock figures as at the end of June were announced, and they revealed an overall fall of 15,300 tons, that is, 7,700 tons in sacking goods, 5,700 tons in hessian and 1,900 tons in miscellaneous constructions. The trade had at one time anticipated a greater fall having regard to the loss of production for one week, and as an immediate reaction for a time on Friday prices were below the best levels during the week.

With high prices for fibre, simultaneous business in goods and fibre at a profit has become impossible to mills. It cannot be said that mills could have avoided closure. For, when there is no fibre to feed the machines, the only alternative is closure and that is what mills did in June and contemplate doing in this month and probably in August also. As to when mills can return to profitability is difficult to conjecture but considering all aspects of the situation it seems expedient that the Indian Jute Mills Association would modify the quota system. It is understood that the mills are to be given a time limit for completing their quota of the old fibre, while, in the meanwhile, they are not permitted to use the quotas of the old crop for purchasing new fibre. Also, new fibre cannot be bought by them in any quantities they like. It would help the industry, trade circles stated, if the Association allowed mills to use the quotas of the old fibre for purchasing new fibre also. New fibre is quoted at a discount compared to old crop and if mills were permitted to use their quotas to their advantage they would be enabled to purchase forward fibre at a discount. It is stated that if mills failed to complete their purchases of the old crop, the unutilised portion would be lost to them. If this were so, mills would be put to loss in purchasing the old fibre at higher rates. Mills are also put to financial strain, since there have been instances where consignments of the old crop, for which mills had paid are being delayed by steamer companies on the plea of insufficient cargo. During this week, the I.J.M.A. issued, for the first time, quotas for the new fibre, which were considered insignificant.

On Tuesday last, prices of goods rose on good covering business in near delivery goods. Earlier, there were reports of interest by U.S. buyers for small quantities here and there for near delivery goods. In sacking goods also, there was good demand, but a greater proportion of the business done was considered due more to speculative intentions than to genuine demand. As a result, ready B. twills hardened from Rs. 154.25 to Rs. 156.50 and ready hessian 40" 10 oz. from Rs. 49.00 to Rs. 49.20. On the following day also, there was good demand against covering. However, at higher levels there was selling pressure, which was again followed by keener demand. With the result, prices closed for the day higher on balance. B. twills were dearer on balance at Rs. 156.85 and hessian 40" 10 oz. at Rs. 49.30. Following this, activity in the futures market became livelier. Earlier, there were reports of a weakening trend in the New York burlap market but subsequently New York played the tune of Calcutta and prices there also moved up. On Thursday prices for ready goods here recorded handsome additions following greater interest shown by overseas buyers. B. twills advanced to Rs. 159 and hessian 40" 10 oz. to Rs. 50.40. Friday's announcement of a decline in stocks as at the end of June came as a climax and this was celebrated with B. twills rising to Rs. 161.50 and hessian 40" 10 oz. to Rs. 51.25. During the week, in the futures market, November B. twills recorded a high of Rs. 142.35 and a low of Rs. 134.90 and November 40" 10 oz. hessian a high of Rs. 48.76 and a low of Rs. 46.08. December Assam bottoms were as high as Rs. 37.94 against a low of Rs. 34.40. The higher levels stabilised as the week progressed. Over the week-end, following substantial addition to prices of fibre, goods reached near buoyancy. Thus B. twills closed substantially higher on balance at Rs. 164.50 as did hessian 40" 10 oz. at Rs. 52.00. Conditions became steadier following good business in the ready market and bullish reports from the futures market. Ready B. twills rose further to Rs. 166.50 and ready hessian 40" 10 oz. to Rs. 53.75.

Steadiness was a feature in the fibre market. A number of transactions were reported at above the quoted prices. The rise must be attributed to the insistence of the I.J.M.A. that mills should complete the quotas of the old crop or otherwise the unutilised portion would stand expired. Also, new crop quotas issued during the week was meagre. Opening and closing quotations of the old crop varieties are given below:

(Rs. per maund against delivery within 15 days)

	Opening	Closing	Gain
Daisee bottoms ...	50.00	56.00	6.00
Northern bottoms ...	47.50	54.50	7.00
Assam bottoms ...	48.00	55.00	7.00

MARKET GOSSIP

(Concluded from page 107)

is continued, or modified belatedly in favour of producers.

The demand for cement is also expected to go up steadily hereafter, although, in the past, there were instances of slack periods. In 1958, the potential demand for cement during that year was estimated by the Commission at 6.78 million tonnes, which was expected to increase to 10 million tonnes by 1960-61, with a maximum limit of 12 million tonnes. There was, however, a temporary recession in demand which persisted during the whole of 1958 and the first half of 1959. Since the beginning of 1960, however, there has been a steady spurt in the demand for cement in the country, with the result that acute shortages are reported in many States. Among the manufacturers, the Associated Cement Companies Ltd. has estimated the demand at 9.13 million tonnes for 1961, 10.04 million tonnes for 1962 and 11.05 million tonnes for 1963. The Planning Commission has estimated the demand to touch 13 million tonnes in 1965-66, the end of the third Plan period.

The spurt in demand, which began early in 1960, continues unabated and, with the large-scale development plans envisaged for the third Plan, the pressure of demand will admittedly be on the increase. In order to enable the industry to meet this demand, it should be assured of a fair return on capital employed, taking into consideration the increasing cost of production and the need for ploughing back a part of resources for expansion. In assessing the cost structure, the Tariff Commission, it is to be hoped, will not repeat the mistake of excluding from overall cost such items as bonus and gratuity as well as remuneration to managing agents. There is also need for rationalising the system of distribution and ensuring a reasonable margin on packing costs.

Many interesting points were made by the spokesmen of cement producers in their statements to the Tariff Commission. Drawing particular attention to the declining trend in profits of several cement companies, Mr. N. Dandekar, I.C.S. (Retd.), who represented the A.C.C., which, incidentally, runs fourteen factories and accounts for 45 per cent of India's total cement output, stressed the need for granting the industry a net return of 15 per cent on equity capital or 9 per cent on capital employed. This does not seem to be an exaggerated claim, considering the fact that the Planning Commission has allowed a net return of 13 to 15 per cent on capital employed in public sector enterprises. Mr. Dandekar's plea is all the more forceful in view of the steady decline in return on capital in cement industry recently; it fell from 11.66 per cent in 1957 to 5.6 per cent in 1958.

The spokesmen of the industry were, however, divided in their opinion on the basis for fixing cement prices. This is not surprising, since the industry consists of both new and old companies. The new companies' capital cost has been heavier than that of old companies. But, at the same time, it must be borne in mind that the old companies, too, have been erecting new factories on which their capital cost cannot be very much lower than that of new entrants. Mr. Dandekar, supported by the Dalmia group, favoured the restoration of the pre-1956 price structure which took into account representative cost, based on the f.o.r. destination price with certain differentials in the case of a few units. Mr. G. D. Somani, representing the Digvijay Cement, however, expressed the view that a uniform price with one or two differentials was not practicable, as it would not serve the interests of all sections of the industry. He was supported by the managements of all the units of recent origin numbering about a dozen. Currently, it may be noted, the ex-factory prices for packed cement range from Rs. 55.4 to Rs. 82.16 per ton. Can such a wide margin be adjusted by a single price? The obvious problem here is to work out a price formula which will neither adversely affect the relatively smaller units nor penalise the more efficient ones.

LONDON LETTER

WAITING FOR THE WORST

From Our Own Correspondent

LONDON, 8th July

THE heading of this letter is taken from today's *Financial Times'* main leader; it reflects in a sentence the outlook of the City this week. The principal omen has been another statement by the Chancellor of the Exchequer forecasting, without specifying, measures which he will announce at the end of the month before the House of Commons rises. It is known that Mr. Lloyd takes a gloomy view of the country's situation both internally—where shortage of labour and rising costs are making for inflation more rapidly than rising production can counter it—and overseas where sterling is weak and the balance of payments adverse. But what is not known is whether the Chancellor will be satisfied with short-term measures or whether he will be seeking to establish a policy which will last the Government over the next couple of years.

The reflection of this uncertainty is naturally seen principally in the industrial share market. Since the middle of May, prices have dropped 15 per cent, and the tiny recovery this week is of no particular significance. The share indices are still about 2 or 3 per cent above their level in January, but, whereas it took four and a half months for them to rise to their May peak nearly, the whole of these gains has been wiped out in seven weeks. On the past fortnight's account alone, the indices dropped over 4 per cent. Nothing, not even Government securities which might have been expected to benefit from the rise in the return on equities, has been immune from the general weakness. This weakness has, in part, been contributed to by the pressure of new issues coming onto the market from many borrowers wanting to put themselves in funds before money becomes even tighter; for credit is getting both dearer and more difficult with every week that passes and, once again, higher hire-purchase charges are envisaged—an almost inevitable precursor to a drop in consumer spending.

The Right Course

A few bulls are hoping that the Chancellor will do little and that the industrial and financial situation will sort itself out. In the unlikely event that they will be right, the market would certainly shoot upwards in relief, but the Chancellor is not likely to play their game. He may satisfy himself with restricting credit through his various official weapons such as demanding higher deposits from the banks and shortening the repayment period on hire-purchase contracts. If he adds to these cuts in Government overseas expenditure and possibly in economic aid, his programme will look tougher but will have the obvious criticism that it is not constructive.

The *Financial Times* suggests that the Chancellor's right course is to combine such short-term restrictions with "constructive long-term proposals." What could these be? Restrictions on capital expenditure on construction are hardly going to help; a stimulus to saving is difficult to imagine without reduced taxation. The nub of the matter is undoubtedly in the factors affecting costs on the home market. On the one hand, he can take steps to stimulate competition by attaching more strongly various price restrictive devices, though, if he does this, he is up against a powerful industrial lobby in his own Party. His other line is on wages, but he is not going to have any Trade Union support in avoiding further wage demands. An entry into the Common Market with its speeding up of tariff cuts will help—but this is going to take time. The Chancellor has about as difficult a task as anyone can have. His devices for limiting imports are much more restricted than those open to his predecessors and he cannot impose direct controls as an Opposition Chancellor would do. It is the knowledge of these difficulties which keeps the City in such agonised suspense.—*All Rights Reserved.*

HONGKONG AND SHANGHAI BANKING CORPORATION

The Board of Directors of the Hongkong and Shanghai Banking Corporation has announced an interim dividend of 5s per share for the year 1961, payable on 14th August 1961. Transfer books will be closed from 28th July to 12th August, both days inclusive.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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INDIA BORROWS FROM I.M.F. AGAIN

FOR the third time since Independence fourteen years ago, India has resorted to the credit facilities available from the International Monetary Fund. The credit now being availed of—$250 million, equivalent to Rs. 119.04 crores—is the largest taken so far, but it is in keeping with the widening foreign exchange gap. The first time it borrowed from the I.M.F. was way back in 1948-49 and the amount was $100 million (Rs. 47.62 crores). At that time, India had plenty of sterling balances. Yet, it borrowed from the I.M.F. and did not repay it till April 1956, even though the prolonged delay meant payment of high penal rates of interest, in order to help Britain, in particular, and the sterling area, in general. In 1957, that is, in less than a year from that repayment, India was in the I.M.F. again, withdrawing $200 million (Rs. 95.30 crores), that is, twice as much as on the previous occasion. This second withdrawal, too, would not have been necessary but for the Suez crisis which was not of India's making. It is true that heavy imports had been permitted by the Government, resulting in a large adverse balance of trade. But the position had considerably deteriorated because of the Suez episode. The credit obtained this week is thus really the first drawing of rights by India to meet a balance of payments situation which is its own creation. And it has had to be availed of even when a balance of $63.25 million (Rs. 30.11 crores) out of the 1957 accommodation remains to be cleared. What is more, it was only three weeks ago that it had repaid $64.25 million (Rs. 30.60 crores), that is, a year after returning $72.50 million (Rs. 34.59 crores). The long time taken by this country to repay the borrowings from the I.M.F. on both the occasions in the past and also the long intervals at which it has resorted to the I.M.F. provide striking commentary on the character of India's balance of payments problem.

It is a well-known fact that, for India, this problem is of a long-term nature, because its development projects have a substantial import content. India has avoided seeking credits from the I.M.F. as far as possible precisely for this reason. If it has now found it necessary to go to this international lender of last resort, it is because (*a*) the promised flow of long-term aid from the foreign countries has lagged behind its requirements and (*b*) its own foreign assets have shrunk to the nadir. As of 14th July 1961, India's external reserves consists of Rs. 102.90 crores in foreign exchange and Rs. 117.76 crores in gold. The minimum currency reserve requirements, under the 1957 October amendment to the Reserve Bank of India Act, are Rs. 200 crores (to be held by the Issue Department), of which Rs. 115 crores must be in gold. With foreign assets in the Issue Department no more than Rs. 93 crores, the room for further depletion of these assets is a mere Rs. 10 crores, or maximum of Rs. 20 crores taking into account the small balance with the Banking Department of the Reserve Bank. The Government has, of course, power to permit the bank to allow its foreign assets to touch even zero, first for a period of six months and then from time to time, but not exceeding three months at a time. But this proviso is intended to be exercised only in grave emergencies. The psychological effect of such a situation both within the country and abroad would be so adverse and demoralising that we fervently hope that it would never arise. Since the credit which the I.M.F. has now sanctioned will be available only on 1st August, one must, however, be prepared for a further fall in India's foreign balances in the fortnight ending 28th July 1961.

A noteworthy feature of the I.M.F.'s latest credit to India is that it is in six currencies—U.S. dollar, pound sterling, deutsche mark, French francs, Italian lire and Japanese yen. (Incidentally, India is the first member of the Fund to draw a part of its right in Japanese currency.) A significance of this feature is that no one country will have to bear the entire burden. But, as all the six currencies are convertible into any currency, the loan proceeds can be used for settling India's balance of payments account with any country. It is not known how long it will take for India to repay this multi-currency loan from the I.M.F. Nor is it known how swiftly this credit (of about Rs. 120 crores) would vanish. Much will depend upon the rate at which the members of Aid-India Club make available the assistance they have promised for the first two years of the third Plan period. As most of the assistance promised is related to specific projects and only a modest amount will be available in untied form for maintenance imports, much will also depend upon the ability of our authorities to check non-development and non-maintenance imports. It is pertinent to mention here that, in the first five months of 1961, India's exports (on the basis of provisional figures) at Rs. 275.57 crores were higher than in the corresponding period of 1960 when they amounted to Rs. 252.91 crores. But, at the same time, imports, too, expanded faster, from Rs. 385.68 crores to Rs. 410.14 crores, so that the adverse balance at Rs. 134.57 crores was greater by some Rs. 2 crores. The object in mentioning these figures here is not to suggest that what is desirable is not being followed; it is rather to give an idea of the prevailing trend. It must also be borne in mind that the period July to November constitutes the slack season for exports and that the foreign exchange earnings during these months are usually lower than during December to June.

The shrinkage in India's foreign assets to the rock-bottom level and the utilisation of a substantial part of rights in the I.M.F. should serve as a reminder of the precarious nature of the country's external position. This statement is no doubt a reiteration of the obvious, but it is necessary, because there is a tendency in some quarters—both official and non-official—to regard the present position as something normal to a developing economy. There is, of course, no cause for alarm or excessive pessimism. But there is equally no cause for taking things for granted. Neither the aid promised by the friendly countries nor the fact the I.M.F. has not insisted upon any changes in our policies before granting the credit should lull the authorities and the businessmen in this country into the belief that everything is fine with our fiscal, monetary, industrial and trade policies. On the contrary, there is an urgent need for re-examining them from the point of view of (*a*) increasing the competitive capacity of this country in the world markets, (*b*) avoiding commitments on industrial or trading projects which can very well wait for better days, (*c*) allowing foreign private enterprise to play a greater role in the economic development of the country than is contemplated now, and (*d*) intensive utilisation of productive capacities already created in both the sectors. It is rather depressing to find that, nowadays, almost every foreign exchange earner has to be propped up in one way or another which only accentuates the vicious circle of rising prices. It is high time some bold steps were taken to bring down the prices of foodgrains and industrial raw materials. Prestige projects such as people's car should be postponed. The country can no longer afford the luxury of ideology underlining the policies of the Ministers for Oil, Mines and Steel which have already cost the country an immense amount of foreign exchange. The sooner these policies yield place to realism the better for the country.

FIXATION OF EX-FACTORY PRICES

WITH commendable perseverance and consistency, the Federation of Indian Chambers of Commerce and Industry has been presenting, especially in the last two years, the case for a new approach to the question of ex-factory prices, also termed as retention prices, wherever they are fixed by the authorities. Briefly stated, this case has rested on the proven need for a higher return on the employed capital of such industries as have been subjected to price regulation. The Federation's arguments on the five occasions recalled here are of continuing interest precisely because they have not so far found favour with the Government. Its latest representation pleading for a change in the Government's approach is, of course, the fifth in the series and is better understood against the background of the earlier ones.

In December 1959, while commenting on the price fixing role of the Tariff Commission, the Federation made the point that, in calculating the fair ex-works costs, the Tariff Commission should fix returns on the basis of the expected increases of capital expenditure in an industry. For, when large investments on overheads were made during the period of expansion, they would be spread over the output, thereby bringing about changes in cost structure somewhat different from the Commission's estimates. Here the Federation instanced the case of the highly capital-intensive non-ferrous metals industry which, with a return of only 10 per cent on employed capital allowed to it by the Tariff Commission, was hardly in a position to build up reserves for expansion.

The representation made to the Government in May 1960 suggested that an industry subjected to price regulation should be enabled to provide substantial funds for rehabilitation, modernisation and expansion from internal resources and that the return on investment in such an industry should have some relationship with the return in other industries so that it might be in a position to compete effectively for new funds in the capital market. On the question of rehabilitation allowance, the Federation then made a number of relevant points. First, there was the lack of a uniform policy for the grant of rehabilitation allowance while fixing prices payable to producers. The question was pertinently raised in this connection why rehabilitation allowances had been granted in the case of certain industries like steel and cement while they had not been allowed in the case of other industries like sugar and paper. Reference was also made here to the fact that the Supreme Court, in considering the award of

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bonus to workmen, had uniformly held that rehabilitation should be considered as a prior charge and that adequate allowance be made therefor.

The return of 12 per cent, generally allowed by the Tariff Commission since 1958 in respect of different industries, was to provide for increased provision for labour welfare, bonus and gratuity to employees, managing agency commission, interest on borrowings, taxation of profits and payment of dividends to preference and equity shareholders. The Federation's calculation, however, was that on the basis of a return of 12 per cent, after meeting the various charges, the net return to equity shareholders, free of tax, would hardly amount to 4 per cent. culation, however, was that, on the basis of a return to equity shareholders was estimated at 3.86 per cent, in the case of cement industry at 3.82 per cent, and in the case of coal at as low as 2.42 per cent. The Federation's contention, therefore, was that such a low net return, free of tax, to the equity shareholder was very inadequate and that, in the market conditions, it would be difficult to raise even preference capital at less than 6.5 per cent free of tax.

The need for treating managing agency commission, bonus and gratuity as items of cost, inasmuch as they were items of revenue expenditure, was then emphasised by the Federation which also made the point that the Tariff Commission, in its assessment of costs, should take into account the actual expenditure incurred on the works side. Theoretical assumptions of production being nearly equal to capacity and consumption of raw materials, it pointed out, would be hardly realistic in any assessment of works costs. Objection was also taken to the Tariff Commission's procedure of working out the 'fair' works costs as an average of the costs of all producers. The Federation's contention here was that, in such a situation, the producers whose costs were above the average would have no incentive for expanding capacity and production.

In November 1960, the Federation's representation was confined to the question of cement prices which had been rendered inadequate by the rise in costs of production since the last enquiry by the Tariff Commission. In February 1961, the Federation again represented to the Government that the recommendations of the price-fixing authorities did not always take note of the needs of industry to provide for a fair return to investors and for rehabilitation and expansion of plant and equipment, after meeting the growing operational expenses. This, then, is the background to the Federation's latest representation, that of July 1961, in which the Government's silence on the issue of price fixation has come in for severe criticism. The expansion plans of such industries as cement and paper, it is pointed out, have been retarded by the increase in costs which have rendered the prices fixed by the Government unremunerative. The Federation has also advanced a general plea to the effect that the Government should take an early decision on the basic principles and procedures to be applied in determining the fixed prices of manufactured goods and the return on capital so that all doubts could be cleared.

It would appear from the cogent, though infructuous, representations of the Federation since December 1959 that the role of the Tariff Commission in determining prices has been accepted as something that is permanent. The idea here seems to be that the Government should lay down a new policy for the guidance of the Commission whose recommendations, then, should not be changed. It is here that this journal, which is otherwise in agreement with the Federation on its arguments for a more realistic and remunerative structure of prices and a higher return on capital, would like to present a different point of view. To cut a long story short, our plea is for the establishment of a permanent high-powered committee for determining the relevant industrial prices from time to time in the light of changes in costs of production. Such a committee, unlike the Tariff Commission which takes two or even three years for completing an enquiry, can be continuously appraising the changes in costs and revising the prices either upward or downward, as and when required. Its statistical section can regularly collect and maintain the data relating to actual expenditure on the works side, prices of raw materials, and so on, and thus facilitate a realistic assessment of works costs. The Committee can also be guided by a statement of price policy, laying down some general principles regarding return on capital, contingency allowance, rehabilitation allowance, etc. If the Tariff Commission relies on this committee for determining the fair ex-works costs for the purpose of arriving at the quantum of protection needed by an industry, its task will also be rendered easier. For, then, the Commission can confine itself to the ascertainment of the landed costs which are to be compared with the fair ex-works costs. Since the Commission has been repeatedly and, in some cases, as in sugar and paper, rightly, criticised for its faulty assessment of industrial costs, it should be relieved of this responsibility which can be more easily discharged by a wholetime and permanent price committee. The Tariff Commission's role in recommending protection or deprotection has got mixed up with the price-fixing role to such an extent that wide sections of industry have come to feel aggrieved. The ascertainment of ex-works costs for the broad purpose of determining the quantum of protection to an industry has unfortunately become a price-fixing process which has generally disregarded the needs of industry for rehabilitation, modernisation and expansion. It is high time, therefore, that the function of fixing fair ex-works prices was entrusted to a separate body, leaving the Tariff Commission to concern itself only with the task of conferring tariff protection and supervising the protected industries.

CONFLICT IN WORLD TEXTILE TRADE

IT is not before next week-end that the outcome of the G.A.T.T. Textile Conference now in session at Geneva will be fully known. For the Conference, which began on Monday this week and was scheduled to end four days later, that is, on Friday the 21st inst., is expected to be prolonged till the 28th inst. The outcome of the Conference is awaited with great interest the world over, as the decisions reached at the Conference will influence and determine the future course of international trade not only in cotton textiles but also in other manufactured goods in which the developing countries are acquiring proficiency and hope to use them for earning foreign exchange. The Conference, it will be recalled, has been convened at the request of the U.S. Government, with a view to reaching agreement on arrangements for the orderly development of world cotton textile trade through (*a*) an increase in access to markets now subject to import restrictions, (*b*) maintenance of regulated access to other markets, (c) securing from export countries some restraint in their export policy, and (*d*) laying down guiding principles and establishment of international machinery for keeping the situation under review.

The issue before the Geneva Conference is thus quite a complex one. It is for this reason and in view of the fact that the talks are being held in "strict secrecy," it will be rash to forecast the final outcome of the talks. All that can be said is that the success of the Conference will depend on the extent to which it is able to reconcile the conflicting interests of the two groups of textile trading nations, one comprising the industrially advanced importing countries, such as the U.K., Germany, the U.S., and Canada, and the other representing the so-called low-cost supplying countries like India, Japan, Pakistan and Hong Kong. The Governments of the countries in the former group have for sometime been under heavy pressure from industrial groups demanding import restrictions to protect the domestic textile industries against "cheap" overseas imports, while the exporting countries have been urging for a wider market because of the vital need for earning foreign exchange required to finance schemes of economic development.

It may be true that imports of cotton piecegoods into the U.K., the U.S., Canada and other West European countries have risen in the past few years, but the increased imports cannot be attributed to dumping, export subsidies and other malpractices. For no exporting country in the free world has been resorting to such measures. The importing countries themselves now admit this fact. The argument advanced by these countries is that continued import of textiles from low-cost countries is having a disastrous impact on their domestic textile industries. Indeed, fears are expressed that there will be a considerable shrinkage in their textile industries in the years to come. These fears are not wholly unwarranted. But the change that is rapidly taking place in the industrial structure of the world as a whole is inevitable and its repercussions on old industries in the industrially developed countries have to be faced by their leaders realistically. Fortunately, today, the West is in a position to adjust itself to this change without any significant setback to its economy.

Why should the cotton textile industry so heavily be concentrated in countries like the U.K., Canada and West European nations which do not grow any cotton at all? A steady reduction in the cotton textile producing capacity of these countries is necessary. One may say that such a reduction will result in unemployment and the consequent lowering of living standards. This assessment is, however, not true. For almost all the Western countries do not have any problem of unemployment. On the contrary, for many of them, the chief headache is traceable to shortage of labour. The displacement of labour arising from decline in the size of cotton industry can easily be met by absorbing the workers involved in other textiles, engineering and other manufacturing industries. Every one of the Western countries, it may be noted, is in a favoured position so far as production of man-made fibres and woollen textiles is concerned. Nor are the apprehensions of a lowering of living standards justified, because the Western nations are already enjoying very high standards of living to which the manufacture of cotton textiles makes only a small contribution. The *per capita* income is as high as Rs. 11,000 in the U.S., Rs. 5,000 in Britain and Rs. 7,000 in Canada, to mention only a few, as against just Rs. 300 in India, Rs. 240 in Pakistan and Rs. 1,400 in Japan.

Any move on the part of Western countries to restrict imports of cotton textiles and other manufactured goods especially from the developing countries like India may tend to jeopardise their own interests. How can such restrictions enable the less-developed countries to pay for the increasing imports from the Western countries? It is estimated by the European wing of the U.N. that the total annual import requirements of the less-developed countries will rise to about $60 billion in 1980, as against the average of $22.5 billion in 1957-59. Even if a liberal allowance were to be made for the increase in capital aid from the developed countries (say, from an average of $3.5 billion in 1957-59 to $10 billion in 1980), the less-developed countries would still have to step up their exports from $19 billion to $50 billion if a dislocation in world payments situation were to be avoided. Inasmuch as there is hardly any scope for a phenomenal increase in exports of primary commodities, the developing countries will need, according to the U.N. experts in Europe, to augment their exports of manufactures from $2 billion a year to at least $15 billion in 1980 in order to finance their import requirements. A large part of this increase will have to be accounted for by the Western countries.

A vigorous growth in exports of manufactures from the developing countries implies for the developed countries a need to adapt their pattern of trade and, to some extent, their domestic industrial structure. This aspect has been well brought out by no less a body than the U.N. Economic Commission for Europe which represents the interests of Western Europe. The Commission, in its latest *Economic Survey of Europe, namely, that for 1960, rightly* points out that, in order to stimulate developing countries to create and expand industries which export manufactures, the Western countries should (1) reduce customs tariff on certain finished manufactures such as textiles; (2) gradually remove informal restrictions on imports of cheap labour manufactures; (3) eliminate, as soon as possible, discrimination against imports of manufactures from Japan and Hong Kong; and (4) adapt the preferential treatment granted to associated territories so as to benefit not only their short-term export prospects for traditional commodities but also their long-run economic development.

The course of action suggested above has two important merits. In the first place, it will expand the markets for goods produced in the Western countries and facilitate a profitable outflow of private capital (as well as technical know-how) to the developing countries where it is badly needed. Secondly, it will provide to the developing countries the kind of help that is needed to overcome what the U.N. Economic Commission for Europe describes as "the special infant industry disadvantages. In the long run, dustrial export production would, as the E.C.E. a move of this kind, assist the industrial pertinently emphasises, their domestic industrial countries to adjust gradual industrialisation of structure to the developed world. What is more, it will be of benefit to the developed and developing countries alike, as it will contribute to a pattern of world trade that will be more in line with opportunities for international specialisation on the basis of comparative advantage, a point to which this journal has drawn attention more than once in recent weeks but which nevertheless bears repetition.

MARKET GOSSIP

Central Government Comes to Capital Market Again

THE inter-bank call money rate has suffered a big break this week. It has dropped in quick succession from 4 per cent to 2 per cent. Even at the latter rate, the lenders are over. A year ago, the rate stood at 3½ per cent. And not long ago, when the 1960-61 busy season was in full swing, the rate was as high as 5½ per cent. Since the commencement of June, deposits with banks have gone up by Rs. 10 crores to Rs. 1,776 crores as of 7th July. Bank credit has fallen by about Rs. 13 crores to Rs. 1,268 crores. Borrowings from the Reserve Bank have been reduced by Rs. 20 crores to less than Rs. 10 crores. And the cash balances have improved by Rs. 10 crores to Rs. 136 crores. The position today must have become easier still, as is evident from the sharp fall in call money rate. But all this does not necessarily mean that the Central Government's second instalment of the borrowing programme, announced soon after our last issue went to Press, is assured of complete success.

The decline in inter-bank call money does not reflect any marked change in the state of the capital market. All that it signifies is that the banks are having a temporary surplus of funds, mainly because the Life Insurance Corporation has converted a part of its short-dated investments in Government securities into cash and is placing the funds in the call money market, pending its application to the Goverment's new loans for which the list is scheduled to open on 24th July 1961. It is also possible that the return of seasonal advances is more substantial than anticipated. Apparently, with promising prospects of good agricultural crops in most parts of the country, the tendency to dehoard among farmers and merchants alike must have been quite pronounced in recent weeks.

Flushed though the banks may be today with large cash balances, they have not yet dared to lower their rates of interest on short-term deposits. With the recent heavy pressure on their resources still fresh in their minds and with the general belief that the next busy season would witness a much heavier demand for bank accommodation than did the past season, and that the growth of deposits would continue to be slow, still holding the field, the banks are unlikely to display any enthusiasm for the new loans, even though they offer slightly higher returns as compared with current yields on gilt-edged securities of corresponding maturity. The fact that some of the leading banks have just bought from the L.I.C. short-dated securities maturing in the next four or five years shows that they prefer not to go in even for medium-dated loans, let alone long-dated loans, so that they could minimise the risk of capital depreciation and also be in a better position to raise cash in case they need more funds for investing in loans, overdrafts, cash credits and trade bills which yield a distinctly higher return. Further, banks generally feel that they should reserve a good part of their liquid assets for investment in State loans, which are expected to be announced in three or four weeks, because the State Governments bring considerable pressure on them. As the Reserve Bank has been readily supporting State loans when the banks are in need of funds for financing genuine commercial and industrial activities, as opposed to speculation, and as the return on such loans is a shade better than that on Central loans, their love for State loans has perceptibly increased.

The main support for the new loans of the Central Government—3½ per cent 1969 and 4 per cent 1981 for an aggregate sum of Rs. 100 crores—will, therefore, have to come from the L.I.C., the provident funds and trusts, as well as from the State Bank of India to some extent. The L.I.C. has, of course, been preparing itself to take up a sizable amount of the new loans. Even so, the response from these quarters cannot be so great as to neutralise the possible shortfall in the support from banks. Accordingly, it looks as though the Reserve Bank will have to put in a big application if the list is to be closed with full subscription. This does not mean that the commercial banks will take up nothing at all. They may convert at least a good part of the maturing loans—2½ per cent 1961 or 3 per cent 1951-61 Hyderabad loan—of which a little over Rs. 45 crores are believed to be outstanding, especially as word is believed to have been passed on to them by "influential quarters" to the effect that they should extend at least decent support to the loans of the Central Government also.

Much has already been said in the daily Press about the slightly more favourable terms offered for the new loans—especially for the 4 per cent 1981 loan—as compared with the prevailing yields. The 4 per cent 1980 loan was standing at Rs. 99.80 on the eve of the announcement of new loan. As against this, the Government has offered the 4 per cent 1981 loan at Rs. 98 50. The significance here is that the Government is only reluctantly yielding to pressure of the law of demand and supply, after trying to resist it for a long time. It would be rather far-fetched to interpret the terms of the new loan in such a way as to give the impression that the Government is giving a lead to dear money policy. Surely, even those investors who are compelled by law to invest all or a part of their funds in Government securities must be enabled to earn a return to fulfil their obligations to those whose savings are kept in their charge. Indeed, the issue price of the new long-dated loan is still unrealistically low, considering that its redemption yield is only 4.11 per cent, as compared with 3.61 that can be had on a four-year loan. An advantage of only 0.60 per cent is by no means an adequate compensation for an investor who has to wait for another 15 years to get his money back from the Government.

One may wonder as to why the values of 4 per cent 1981 and other long-dated loans have not yet declined to levels comparable with the issue price of the new 4 per cent loan. The real reason for this lies in the fact that some operators had sold short these loans in anticipation of the terms of new loan. They have not been able to cover their sales so far, as there are no sellers other than the Reserve Bank. Understandably enough, the latter is in no mood to oblige them. This shows how narrow and regimented the gilt-edged market is in this country.

Finance Corporation For Agriculture?

If the agricultural sector, the sheet-anchor of the country's economy, is to achieve the third Plan targets fixed for different crops, it is imperative that the several handicaps facing it are removed. One such handicap pertains to paucity of finance. The total credit requirements of this sector during the third Plan period are estimated at as high as Rs. 680 crores, short and medium credit accounting for Rs. 530 crores and long-term credit for Rs. 150 crores. While there are a number of agencies granting credit facilities to farmers, the resources actually made available as long-term loans are too insufficient fully to meet the needs of growers. Viewed thus, the reported move of the Government of India to set up an Agricultural Development Finance Corporation, though a belated one, is certainly a step in the right direction. The proposed Corporation, the details of which are being considered by the Reserve Bank, will, we are told, "provide loans for schemes that are intended to increase agricultural production and that are remunerative in character but involve considerable investment"; loans will be channelled through the Central Land Mortgage Banks. The schemes, according to Mr. Sriman Narayan, Member, Planning Commission, will include development of rubber, coffee, tea, cashewnut and arecanut plantations, orchards, contour bunding, and soil conservation.

The proposed inclusion of the major plantation industries under the purview of the long-term loan scheme must be particularly welcomed. The financial position of several of these estates is none-too-happy, thanks to the continuously rising trend of production costs, on the one hand, and the unsatisfactory price policy of the authorities, on the other. Provision of adequate long-term credit to the owners of estates will doubtless enable them to undertake measures which will not only make the estates yield more per given area of land and improve the quality but also facilitate a reduction in the prices paid by the consumers.

Coal Washeries

The need for washing inferior coals so as to reduce their ash content and make it more suitable for coking and metallurgical purposes is going to be greater in the third Plan period. It will be greater because of the absolutely larger quantity of coal to be produced in the years ahead and of the expected higher proportion of inferior coals in the total production. The Government and consumers of coal alike have, therefore, assigned some importance to the establishment of an additional washery capacity of 12.7 million tons in terms of raw coal in the third Plan period. Since there has been a shortfall of about 6 million tons in the creation of washery capacity in the second Plan which had laid down a target of 11.6 million tons for the purpose, the additional capacity that will have to be actually established during the third Plan period will come to 18.7 million tons (12.7 million tons *plus* 6 million tons). On the assumption that the second Plan's shortfall of 6 million tons in washery capacity will be made good by the middle of 1963, the Government seems to have drawn up the programme for setting up the additional washery capacity of 12.7 million tons in the public sector. Under this programme, the expansion of washeries already existing or in the course of erection will account for 4.8 million of the additional capacity. Doubling of the capacities of the washeries at Durgapur, Dugda and Bhojudhi is also envisaged. Besides, five new washeries are to be set up—two at Kathra and two at Karanpura and one in Central Jharia. There will also be a washery forming an integral part of the West Bengal coke-oven plant at Durgapur. This programme alone is estimated to involve an outlay of about Rs. 35 crores, including the cost of townships. Its foreign exchange component will be anything up to Rs. 10 crores, unless, of course, it is reduced to some extent by indigenous manufacture of coal washing equipment.

It is, in this context, that the proposal that is being actively pursued in the private sector to establish the manufacture of coal-washing plant and equipment may be considered particularly heartening. Already, a licence has been issued to a new company under the name of McNally-Bird Engineering to manufacture coal washeries as well as coal-handling plants. This enterprise will be based on joint Indo-British-American collaboration. "McNally" in the name stands for McNally Pittsburg Manufacturing Corporation, U.S. and "Bird" for Bird and Company (Private) Ltd., Calcutta. Its authorised capital will be Rs. 2 crores and the major portion of the finance, it is stated, will be provided by the American partners. The company proposes to manufacture 70 per cent of a coal washery from the beginning and to achieve 100 per cent indigenous content in about five years. Its plant will be located at Kumardhubi in Bihar and is expected to go into production in about a year's time with a manufacturing capacity equivalent to producing coal washeries aggregating 1,000 tons per hour. When this unit goes into production, it will be in a position to supply washery plant and equipment not only to the public sector which has a pretty big programme of creating additional washery capacity in the third Plan but also to those colliery-owners who want to create their own washery capacity and to steel mills, thermal power plants and other coal consumers like the railways, with their own requirements for washeries and coal-handling equipment. If the establishment of this new company has the effect of expediting the third Plan programme for additional washery capacity, it will be a very healthy development, indeed, as much from the point of view of some saving in foreign exchange as from that of achieving the third Plan target without any shortfall.

Section 23A And Small Companies

It is one of the standing complaints of small enterprises organised on a corporate basis that the provisions of Section 23A of the Indian Income-tax Act are having a deleterious effect on their capital formation. The question has been examined several times by expert committees, but no specific relief has been granted so far. The Committee of the Bharat Chamber of Commerce, Calcutta, has, therefore, done a valuable service to the small private companies by submitting last week a closely reasoned memorandum to the Union Finance Minister, Mr. Morarji Desai, on this problem. It is well known that, besides the basic tax of 45 per cent on company profits which affects the retained earnings of all companies, Section 23A of the Income-tax Act, designed to regulate the distribution of profits by private companies and closely held public companies, also reduces the funds available for future expansion. This Section compels private companies and closely-held companies to distribute at least 50 per cent of their available profits after taxes; otherwise, they would be subject to a penal super-tax of 37 per cent on their retained profits. In the case of non-industrial companies and investment companies coming within the scope of Section 23A, the statutory percentages for profit distribution are even higher than for industrial companies—the exact percentages being 65 and 90, respectively.

It may be wondered why a provision like 23A has been incorporated in the Income-tax Statute, when the needs of economic development of the country create a bias in favour of savings, both personal and corporate. The rationale behind Section 23A, whatever may be its effect, is not difficult to realise. Only, Section 23A is a typical example of the conflict between two equally desirable goals of policy, which, in this case, are the need for closing tax loop-holes and the need for conserving corporate resources for future growth and expansion. Unfortunately, this section does not provide for a proper balancing between these two conflicting goals. On the contrary, it actually tilts the balance in favour of the object of closing opportunities for tax avoidance to the total neglect of the needs of growth of small enterprises.

It is, of course, true that, in private companies, a few rich individuals have complete control over the affairs of the companies and they can reduce their liability to high personal super-tax by postponing or reducing distribution of the company's profits. This temptation to avoid super-taxes is strong, especially when their income from other sources is very high. In fact, a number of industrially advanced countries have faced similar problems and their tax laws have evolved suitable provisions for preventing improper accumulations of undistributed corporate earnings. But their laws are not as rigid as Section 23A and make possible conservation of corporate earnings in terms of business needs. Section 23A, it may be noted, was also flexible in the beginning. But it was made unduly rigid by the Finance Act (2) of 1957 which took away the right of companies to appeal to the Commissioner of Income-tax or the Board of Referees for seeking total or partial exemption from the minimum statutory distribution on the basis of their current business requirements or those relating to the maintenance and development of business.

Apart from the need for introducing a large measure of flexibility in the operations of the existing provisions of Section 23A, the Bharat Chamber has questioned the very assumption that private companies are necessarily owned and controlled by rich individuals. In support of its contention that these companies are controlled by persons belonging to middle income group, the Chamber has cited data which show that 92 per cent of the private limited companies—8,542 of the total of 19,984 to be precise—are small, with a paid-up capital of less than Rs. 5 lakhs and an average capital of only Rs. 56,628 per company. From the data culled out from a recent study by the Department of Company Law Administration, the Chamber has drawn the inference that "such small companies are mostly owned by the smaller individual enterprisers who have formed such companies for systematic pursuit of their ventures with their own money and with the financial resources of their friends and near acquaintances." Whether this conclusion is warranted by actual facts cannot be judged without more elaborate data on this question. But, on the face of it, the Chamber's inference does not appear to be wide of the mark. Nor is there any exaggeration in its remark that the rigours of Section 23A only condemn such enterprises to drag on with their difficulties, being unable to accumulate funds within the company when they pass through prosperous days either for weathering the rainy days or for financing further growth.

The Chamber has rightly questioned the validity of the observation of the Direct Taxation

IRREGULAR TREND IN EQUITIES

BANKS FAVOURED

(From Our Own Correspondents)

BOMBAY, 20*th July*

EQUITIES on the Bombay Stock Exchange displayed an irregular trend during the week under review. On the opening day of the week, that is, Friday the 14th inst., prices declined on account of pre-settlement liquidation. In the following two sessions, however, the trend was upward thanks to good buying support induced by continued lack of confirmation of the old rumour about stringent regulations on speculation. The *budla* rates also were normal. Further the Stock Exchange authorities did not effect any change in the existing special deposit *havala* rates except in the case of T.E.L.Co., the rate for which was lowered from Rs. 330.94 to Rs. 329.85. The distinctly comfortable conditions in the money market, with inter-bank call rate rapidly going down from 4 per cent to 2 per cent, gave some psychological comfort to the bulls. In the last two days, however, profit-taking was more in evidence than fresh buying. This was particularly true of the leading speculative counters. A feature of the week was good investment buying of bank shares. This was due partly to encouraging half-yearly results of leading banks and partly to expectations of right issues in the near future. There were, however, some scrips which drifted downward, thanks to liquidation by parties who feared a possible official intervention in the market.

In the steel section, Tata Steels advanced from Rs. 160.25 to Rs. 160.75 after the higher dividend news was announced, moved down subsequently for lack of follow-up support and touched a low of Rs. 158 today before finishing at Rs. 158.75. The loss over the week was Re 1.50. Indian Irons improved by 35 nP to Rs. 27.95 on rumours that the Company would give a cash bonus as in the case of the T.I.S.Co. Mukand Irons spurted from Rs. 27.25 to Rs. 28.

Among textiles, Centurys provided a bright spot, the quotation forging ahead from R . 672 to Rs. 696, on Tuesday the 18th inst. At this level, profit-taking set in and the scrip closed lower at Rs. 687, showing a net gain of Rs. 15 over the week. Khataus were keenly bid and advanced by Rs. 8.75 to Rs. 576.25. Bradburys gathered Rs. 5 to Rs. 150. Laxmi gained a like amount to Rs. 605. Mysores, Svadeshis and Tatas put on Rs. 2 each to Rs. 71, Rs. 270 and Rs 68.50, respectively. Bombay Dyeings opened at Rs. 66.50, as against the previous close of Rs. 66.60, and rose to touch Rs. 68.10 today before finishing at Rs. 67.90. Over the week the scrip thus gained Re. 1.30. Gokaks gathered a rupee to Rs. 186. Central Indias gained 50 nP to Rs. 126.50, Apollos firm at Re. 1.70, Podars at Rs. 143 and Indores at Rs. 158. Standards, however, slumped by Rs. 32 to Rs. 1.328. Mafatlals were moved down by Rs. 25 to Rs. 850. Morarjees receded by Rs. 6 to Rs. 422, Kohinoors by Rs. 5 to Rs. 296, Vishnus by Rs. 4.50 to Rs. 155.50 and Finlays by Rs. 4 to Rs. 320. Elphinstones shed Rs. 3 to Rs. 79. B.R. Cottons and Simplex lost Rs. 2 each to Rs. 50 and Rs. 198, respectively. Ahmedabad Advances were lower by Re. 1.50 at Rs. 191.50.

Bank shares ruled distinctly firm. The sentiment was influenced by the half-yearly announcement of the interim dividend. Central Banks spurted by Rs. 3 to Rs. 64. Punjab Nationals put on Rs. 2 to Rs. 24.52. Barodas and Bank of Indias gained a rupee each, the former to Rs. 104 and the latter to Rs. 133. United Commercials gained 50 nP to Rs. 91.50 and Union Bank 8 nP to Rs. 6.84.

Cement shares received selective support. Associated Cements opened slightly lower at Rs. 162.50, as against the previous closure of Rs. 162.75, and improved to Rs. 164.25, on account of investment buying and lack of offerings on Tuesday the 18th inst. In subsequent sessions there was stale bull liquidation as a result of which the scrip declined to Rs. 162.75. Digvijays gathered a rupee to Rs. 155, Jaipur Udyogs gained 60 nP to Rs. 11.60. Orissas put on 16 nP up to Rs. 14.60.

Sugar shares staged a slight recovery from the low levels touched last week. Kesars jumped up by Rs. 26.25 to Rs. 246.25. Belapurs hardened by Rs. 4 to Rs. 250. Phaltans rose by Rs. 2 to Rs. 127. Walchandnagars strengthened by a like amount to Rs. 168. But Maharashtras were neglected at Rs. 166, as against Rs. 168 last weekend.

In the shipping section, Scindias opened at Rs. 14.08, as against the previous close of Rs. 14.04, and advanced to Rs. 14.28 on Monday the 17th inst. Subsequently, however, they eased to Rs. 14.08, on account of offerings. Great Easterns, on the other hand receded from Rs. 14.04 to Rs. 13.88.

Among automobiles, Premier Automobiles evinced some interest and gathered Rs. 2.50 to Rs. 163.50. Hindustan Motors gained 8 nP to Rs. 22.32.

Rayon shares showed a mixed trend. National Rayons opened firm at Rs. 551, same as last week, and increased to Rs. 554 on Monday the 17th inst. Subsequently, they encountered selling and drifted lower to finish at Rs. 546, showing a net loss of Rs. 5. South India Viscose suffered loss of Rs. 2 to Rs. 187. Indian Rayons shed Re. 1.50 to Rs. 60. But Baroda Rayons were keenly bid Rs. 3.50 higher at Rs. 140.50. Gwaliors were marked up by 50 nP to Rs. 52.

An irregular trend was in evidence in the chemical section. Polychems were firm at Rs. 215 and Dhrangadhras at Rs. 110. Dharamsis attracted good support and rose by Rs. 5 to Rs. 280. Synthetics put on Rs. 3 to Rs. 199. Citrics gained a rupee to Rs. 51.50. Colour Chems were quoted Rs. 330 ex-right. The Company has declared a maiden dividend of Rs. 8 per share (tax-free) for the year ended March 1961. But Indian Dyestuffs declined by Rs. 17.50 to Rs. 462.50. Amar Dyes lost Rs. 8.75 to Rs. 350. Alembics receded by Rs. 8.75 to Rs. 242.50. Tata Chemicals shed 24 nP to Rs. 18.84.

In the engineering section, Telcos shot up from Rs. 356 to Rs. 371.50 on Tuesday the 18th inst., following the note of optimism regarding the future struck by the Chairman of the Company at the last annual meeting. The high level, however, attracted profit-taking and the scrip slipped down to Rs. 362.50 today before finishing at Rs. 366.50. The net gain over the week was Rs. 10.50. Brady Engineers gathered Rs. 2.50 to Rs. 422.50. Larsen and Toubros hardened by Re. 1.50 to Rs. 39. Alcocks were fully maintained at Rs. 272, Coopers at Rs. 175 and Khandelwals at Rs. 77. New Standard Engineerings, however, lost Rs. 4 to Rs. 186. T. Maneklals shed Rs. 7.50 to Rs. 592.50. Greaves eased by 50 nP to Rs. 178.50. Texmacos lost 48 nP to Rs. 20.12.

In the miscellaneous section, Bombay Burmahs opened at Rs. 605 and soon receded to Rs. 593. They were quoted at Rs. 596 *ex-div.* on Monday the 17th inst. On Tuesday they received some buying support and spurted to Rs. 603. On the following days, profit-taking brought down the rate to Rs. 595. Even making allowance for the ex-dividend rate, the scrip suffered a loss of Rs. 2.60 over the week. Voltas were keenly bid and put on Rs. 7 to Rs. 293. Shivrajpurs spurted by Rs. 13 to Rs. 89. The Directors of the Company have decided to capitalise a part of the reserves to issue bonus shares in the ratio of one to one. Killicks gained 50 nP to Rs. 99. Wimcos were firm at Rs. 268. Ceat Tyres advanced by Rs. 5 to Rs. 217.50, while Premier Tyres lost a rupee to Rs. 125. Laxmi Starchs spurted by Rs. 23.25 to Rs. 212.50. Permanent Magnets picked up a rupee to Rs. 88. Hindustan Levers were fully steady at Rs. 47.50.

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Calcutta Stock Exchange

CALCUTTA, 12*th July*

Despite intermittent profit-taking, closing levels were higher on balance on the Stock Exchange during the week under review. The volume of transactions improved, notwithstanding anxiety over the rapid fall in foreign balances and apprehensions regarding further import curbs. For the encouraging outlook for the corporate sector attracted investment support. With shortage of scrips and disinclination of holders to book in profits at current levels, prices received a further boost. Many a miscellaneous industrial was lifted up at hardening rates. The floods in the country gave rise to concern, but market circles thought that, since the last agricultural crop had been good, any damage to current crop would not be reflected in prices. Recent utterances by President Ayub Khan on Kashmir lent a restraining influence to trading. Another factor for caution was the report that the Union Finance Ministry would insist on the Stock Exchanges to take further measures to curb excessive speculation through margin regulations and minimum brokerage. Dalal Street's disappointment at the T.I.S.Co. dividend was shared by Calcutta which did not now expect any change for the better in the I.S.Co. dividend.

Induced by excellent working report and declaration of a dividend of 15 per cent, Katras Jherriahs, among coals, were firm at Rs. 49.50. Burrakurs were maintained at Rs. 20.37, with Bengals being steadier at Rs. 390, as against Rs. 388 previously. Central Indias at Rs. 13.87 scored a fractional gain. Western Bengals touched a high of Rs. 10.55, as against Rs. 9.91 earlier. Raneegunges were firm at Rs. 19.12, while Dhemo Mains eased from Rs. 7.09 to Rs. 6.69.

At lower levels, a larger volume of business was recorded in jutes, thus enabling the inference that the operators and investors preferred to change over their portfolios from jutes. Anglo-Indias were unchanged at Rs. 189, while New Centrals gained 6 nP to Rs. 20.06 before easing to Rs. 19.81. Birlas were at one time lower at Rs. 27.00 but closed at Rs. 27.81. Nuddeas fell by one point to Rs. 46.75, as did Bally at Rs. 217. Aucklands were quiet at Rs. 158, after rising earlier to Rs. 160. Kanknarahs at Rs. 72 added Rs. 3. Megnas changed hands at Rs. 12.12, as against Rs. 12.06 previously. Ganges shed a few naye paise at Rs. 11.31. Nellimarlas being unchanged at Rs. 9.56.

Among minings, Orissa Minerals hardened to Rs. 45.87 from Rs. 45.50. Indian Coppers, which had produced an excellent working report leading to maintenance of dividend at 27 per cent taxable, were unchanged at Rs. 5.66. Interest would seem to have petered out, as, contrary to earlier expectations, a share issue was not considered likely.

Engineerings were about steady. Indian Irons opened at Rs. 27.77 and rose steadily to Rs. 28.05 before closing at Rs. 27.94. Bhartias, for which a taxable dividend of 10 per cent (against 15 per cent taxable) was announced on adverse working results arising from a decline in orders for castings, changed hands at Rs. 11.81, as against Rs. 11.87 previously. Calcutta Steels eased from Rs. 18.50 to Rs. 17.69. Binani Metals, on profit-taking, receded from Rs. 12.81 to Rs 12.37. On interested buying, Braithwaites at Rs. 35 added two points.

Teas met with fair interest, preference being shown to Assam gardens. Bishnauths at Rs. 26.25 recorded a fractional gain. Grobs were better at Rs. 11.19. Tyrons picked up Re. 1 to Rs. 39. Basmatias hardened from Rs. 40.75 to Rs. 41.37. Bagmaris realised Rs. 24.50, as against Rs. 23.37. Birparas, after being lower at Rs. 174, rose to Rs. 176, while Hantaparas eased from Rs. 141 to Rs. 139. Ranicherras were unchanged at Rs. 19.25.

Several features were recorded among miscellaneous industrials. National Pipes and Tubes at Rs. 28.62 recorded a further addition, and, on expectations of good corporate news, National Cables were better at Rs. 38.75. British Paints were held fully steady at Rs. 27.00, after being higher at Rs. 27.31. Goodyears changed hands in larger numbers and touched Rs. 39.50 to close at Rs. 39.25. National Tobaccos, for which a dividend of 16 per cent taxable has been maintained, gave way from Rs. 21.25 to Rs. 20.87. Expectations of a bonus issue maintained Dunlop Rubbers at Rs. 52.87 and, for the same reason, Britannia Biscuits were hard to be found even at Rs. 54.87. Indian Aluminiums moved up further from Rs. 34.25 to Rs. 35.62. Replacement buying pushed up Alkali and Chemicals to Rs. 40.00.

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Madras Stock Exchange

MADRAS, 19*th July*

Distinctly easy conditions prevailed on the Stock Exchange during the week under review, with both investors and professional operators awaiting fresh incentives. Encouraging advices from Bombay, did not have any effect. Plantation shares were generally subdued, notwithstanding the reported move of the Central Government to set up an Agricultural Development Finance Corporation to provide long-term loans for financing the development of plantations, etc., and the Centre's decision to delegate authority to the Tea Board to grant permission for extension of tea plantations upto a limit of 15 per cent of existing holdings, thereby eliminating the need for prior Government approval. Textiles lacked support, barring a few scrips which were well sought after. Sugars ruled easy on account of continued uncertainty regarding measures for disposal of surplus stocks. In the miscellaneous section, cements, engineerings and chemicals were subjected to selling pressure.

Among teas, Chembras declined by 8 nP to Rs. 3.92. Blue Mountains fell from Rs. 3.23 to Rs. 3.12, before closing at Rs. 3.17, with a net loss of 6 nP. Kil Kotagiris and Waterfalls shed 5 nP each, the former to Rs. 4.75 and the latter to Rs. 2.95. Periakaramalais receded initially from Rs. 3.97 to Rs. 3.86, but lower levels attracted buying subsequently, and the quotation improved to Rs. 3.75 today.

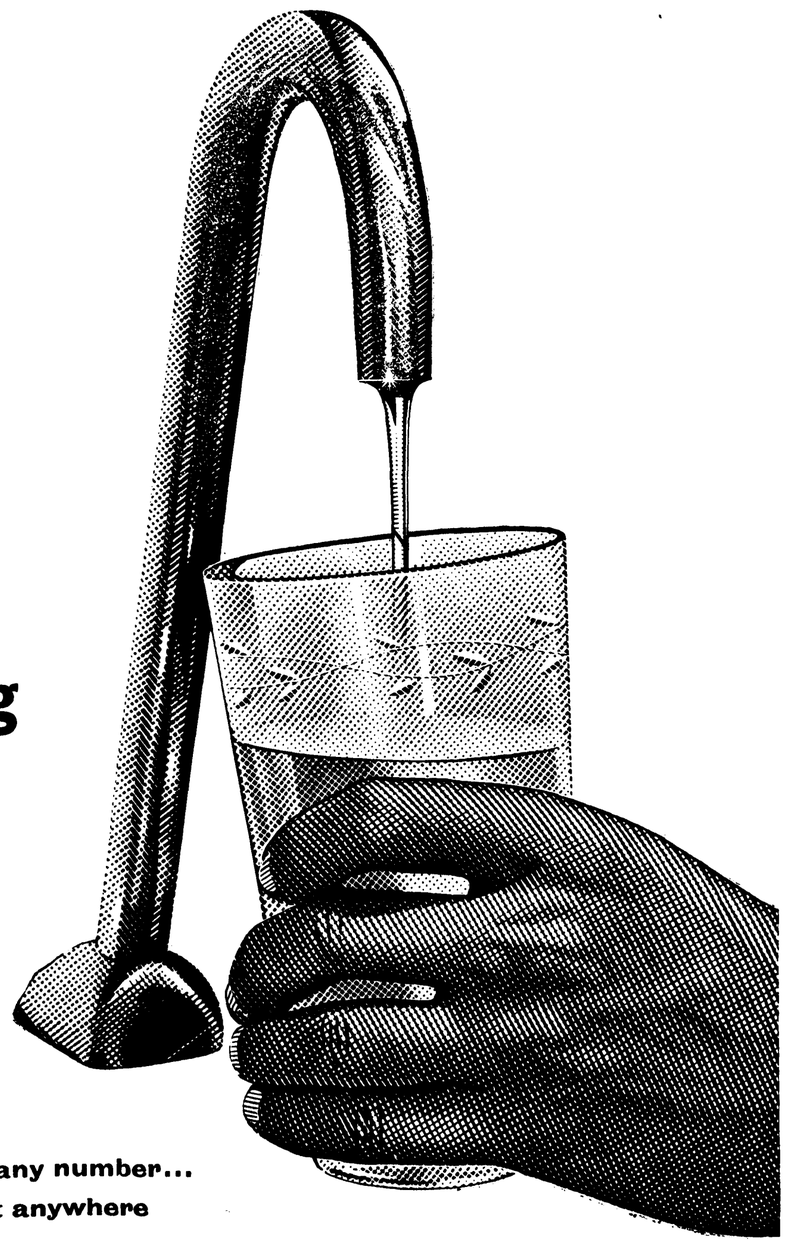
In the coffee group, Consolidated Coffees encountered stale liquidation and fell by 50 nP to Rs. 21.35. Ouchterlony Valleys gave way from Rs. 3.72 to Rs. 3.65, though they recovered subsequently to wind up the week at the last week-end level. Coffee Lands were quiet at Rs. 18.60, as also Rajendras at Rs. 12.12, Mysores at Rs. 5.45 and Cowcoodys at Rs. 4.71.

Rubbers generally drifted downward. Malankaras suffered a setback of 25 nP to Rs. 18.50. Puthuthottams declined by a like amount to Rs. 2.50, reflecting disappointment of operators over the lower dividend of 7.50 per cent, taxable, for the year ended March 1961, as compared with 12 per cent distributed in the previous year. Cochin Malabars lost 12 nP to Rs. 7.75. Vaikundams were unchanged at Rs. 31.25. But Travancore Rubbers rose by 25 nP to Rs. 10.62 on special support. Midlands put on 5 nP to Rs. 11.80.

Activity in textile scrips was greatly restricted during the week. South India Viscose, which had staged a rally in the last fortnight, were marked down by Rs. 7 to Rs. 188, on technical considerations. Lakshmis eased by Rs. 2.50 to Rs. 172. Dhanalakshmis fell by a rupee to Rs. 240. Maduras sagged by 50 nP to Rs. 37.25. Travancore Rayons shed 40 nP to Rs. 38.10. Bangalore Woollens were quiet at Rs. 205, as also Coimbatore Pioneers at Rs. 265.87 and Coimbatore Spinnings at Rs. 53.50. Metturs were unaltered at Rs. 382. Premiers at Rs. 287 and Kotharis at Rs. 12.60. But Buckinghams gathered Rs. 2.50 to Rs. 232.50. Coimbatore Cottons picked up Rs. 2 to Rs. 184. Radhakrishnas improved by 5 nP to Rs. 33.80.

Among sugars, Cauverys were marked down by Rs. 3 to Rs. 127. East India Distilleries lost 50 nP to Rs. 41.25. Indias dropped 35 nP to Rs. 12.20. Deccans eased by 5 nP to Rs. 13.80 after being lower at Rs. 13.75 earlier. United Breweries were dull at Rs. 104 and Mysores at Rs. 57.75. Travancores, however, rose by 10 nP to Rs. 10.30.

In the miscellaneous section, Western India Plywoods retreated from Rs. 229 to Rs. 223.50. Tube Investments fell by Rs. 3 at Rs. 262. Textools dropped Rs. 2 to Rs. 183. Among cements, Indias receded from Rs. 6.70 to Rs. 6.58, before finishing at Rs. 6.65. Travancores were a shade lower at Rs. 7.67. Andhras and Orissas were subdued, the former at Rs. 9.95 and the latter at Rs. 14.40. In the chemicals group, F.A.C.Ts shed 5 nP to Rs. 10.45 and Metturs 3 nP to Rs. 14.60. Mysores were neglected at Rs. 24. Mysore Fertilisers, however, moved up by 12 nP to Rs. 11.67. Travancores strengthened by 10 nP to Rs. 18.75, following the announcement of a final dividend of 12.50 per cent, making a total of 20 per cent for the year ended March 1961, which compares well with 15 per cent for the previous year. Among others, Indian Steel Rollings eased by 15 nP to Rs. 10.70. Ashok Leylands decreased by 7 nP to Rs. 9.02 and Aluminium Industries by 2 nP to Rs. 23.55. Forest Industries were subdued at Rs. 2.95. The Directors of the Company have reduced the dividend from 20 per cent during the year ended March 1960 to 12 per cent in 1960-61.



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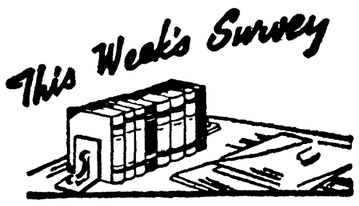

LABOUR IN PUBLIC SECTOR

THAT all is not well in the field of labour-management relations in the public sector steel plants has been known for some time. The situation has presumably worsened to such an extent that the Union Deputy Minister for Labour, Mr. L. N. Mishra, has considered it necessary to deal with it in a forthright manner. His opening speech at a recent high-level conference to discuss industrial relations in the State-owned steel plants disclosed that "no uniform or acceptable basis has been evolved for fixing wages," that conditions of service had not been laid down and that the Government had received complaints that even elementary labour laws had not been enforced. The team of officers who had investigated the causes of last year's serious labour unrest at Bhilai, he revealed, had come to the following disturbing conclusions:

"People were not being paid according to the work they did; persons doing the same job got different wages; there was no system of assessing the suitability of a person either for appointment or for promotion; no grievance procedure was laid down and safety precautions were neglected."

No wonder, then, that serious disturbances took place at Bhilai last year. Managerial indifference to the genuine grievances of labour was thus responsible for the workers' indiscipline. The Deputy Minister for Labour was, therefore right, though pathetic, in his plea that "public sector employees should at least be treated on a par with their counterparts in private employment." His appeal to the managements of the steel plants in the public sector to implement faithfully all the labour laws, to recognise trade unions in accordance with the accepted standards, to form immediately works committees and to strengthen their personnel departments was particularly necessary, because any deterioration in the labour situation might slow down the tempo of iron and steel production in the third Plan period. Moreover, when enterprises in the private sector are compelled to implement even the more onerous ones among the labour laws, the Government of India would be rightly accused of having a different standard for itself where the public sector enterprises are concerned. What is worse still, any managerial indifference in the matter of enforcing elementary labour laws in the public sector enterprises may have the effect of undermining respect for such laws in the private sector too. After all, a minimum of healthy labour legislation is necessary to regulate labour-management relations on sound lines and ensure industrial peace.

INVESTMENT CENTRE

Although the Government of India's policy governing foreign capital has been clearly enunciated not only in the Industrial Policy Resolution of 1948 but also by the authoritative pronouncements made by high Government spokesmen, besides the Prime Minister and the Finance Minister, there is the continuing need for promoting wider knowledge and understanding in the capital exporting countries of conditions, laws, policies and procedures relating to investment in India. It was precisely to serve this need, it will be recalled, that the Indian Investment Centre at New Delhi was sponsored. The Centre was inaugurated just five months ago, on 16th February last, to be precise. It must certainly be said to the credit of the Centre that it has, during this brief period, made notable progress. Indeed, Mr. G. L. Mehta, Chairman of the Centre, claimed at a Press conference at New Delhi over the week-end that, though the Centre had been active for less than five months, it had made "considerable headway" both in organising itself and in arranging to bring Indian and foreign parties together.

The Centre, we are told, has already transmitted ten industrial proposals to its representatives abroad who will approach the eligible parties in foreign countries for technical collaboration or financial participation as the case may be. The proposals are said to cover a wide field of industries, including alloy and tool steels, tubes and pipes, paper and pulp, automobile tyres and tubes, scientific glassware and plastics. The foreign component of the individual projects ranges from $700,000 to over $2 million. Mr. Mehta admitted that no "marriage" had yet taken place between Indian and foreign industrialists as a result of the Centre's efforts, but hoped that at least a few would take place soon. It is encouraging to hear from him that some "very prominent" industrial firms in the U.S. have approached the Centre with "interesting long-term plans." A number of them relate to chemical industries and a few to metallurgical industries, the main fields in which American investors are now interested, judging from enquiries received by the Centre. It is equally encouraging to learn that Indian businessmen who have settled down in the countries of South East Asia and who want to return to India for starting businesses here are also approaching the Centre for information and guidance. Mr. Mehta gave a gist of the work that is being done by the Centre at present and its plans for the future, from which emerge the following points:

The Centre's contacts are now mainly with the U.S., but the possibilities of attracting more capital from countries of Western Europe also are being explored. The Centre is primarily meant to assist those wanting to establish medium industries, as the big industrial houses such as the Tatas and Birlas have their own contacts abroad and do not normally need the services of the Centre.

The setting up of a branch of the Centre at New York is under consideration. In the meantime, it is making use of Indian Embassies and Consulates abroad as agencies for its activities.

In course of time, the Centre may assist Indian industrialists in raising rupee capital also within the country. These parties may not be in need of any foreign collaboration but may require guidance as to how to go about the capital market in India.

The Centre proposes to appoint technical and financial experts who will assist the Indian *entrepreneurs* in preparing financial estimates and project reports.

For the present, the Centre will remain a non-profit organisation and offers free services to all. But, as it gains experience and expands its activities, it will start charging a nominal fee.

The working of the Centre in the coming years will surely be watched with much interest. To the extent the Centre endeavours to help reduce delays by supplying complete and precise information and directions regarding procedures, it will have done real service to prospective industrialists, Indian and foreign, who are handicapped greatly by what Mr. Mehta aptly described as "the maze of controls and regulations that now obtain in India." Further, the Centre will do well to strengthen its publicity wing, so that the doubts and fears among foreign investors about investments in India may be removed to the extent they are born of ignorance. As Mr. Mehta himself pointed out, there is considerable ignorance in some foreign countries on the industrial facilities available in India and on the modernisation of Indian institutions.

D.A.G. AND ECONOMIC AID

The ten-nation Development Assistance Group (D.A.G.)—comprising the U.S., Canada, the U.K., West Germany, France, Belgium, Holland, Italy, Portugal and Japan—which held its fifth session at Tokyo last week, has failed, once again, to make up its mind on a clear-cut formula for providing aid to developing countries. The U.S. proposal that industrially advanced countries should contribute one per cent of their gross national product towards aid to economically backward countries, it is learned, met with strong opposition from some countries. This formula, it may be recalled, was originally put forward by a Harvard Study Group some time back. The possible acceptance of this proposal by all industrialised countries may well mean a total world aid contribution aggregating $8,000 million annually, of which the share of the U.S. alone would be $5,000 million, or over 62 per cent of the total. It is, however, a pity that, notwithstanding the generous gesture of the major contributor, namely, the U.S., in voluntarily agreeing to the aid formula, the other countries have chosen not to commit themselves on the issue. Had the D.A.G. members endorsed the proposal, it would have meant a distinctly wider source of long-term aid for capital-hungry countries which are in the process of development.

Although all the D.A.G. members were not unanimous in respect of the extent of aid they should offer, they nevertheless agreed at the Tokyo session to make it their common objective "to secure an expansion of the aggregate volume of resources made available to the less-developed countries" and to improve the effectiveness of aid programmes. Apparently, they wanted further consideration of the principles on which each Government "might most equitably determine their respective contribution to the common aid effort," after taking into account the various problems peculiar to each country. With this purpose in view, the D.A.G. decided to set up a working group, headed by the D.A.G. Chairman, Mr. Charles Riddleberger of the U.S. The Working Group has been asked to recommend, for consideration of the D.A.G., three points, namely, (1) principles to be used to guide the discussion of each country's contribution to the common aid effort, (2) role of regular reviews by the D.A.G. of the amount and nature of aid, and (3) procedures, documentation and methods for such reviews. It is to be hoped that the Working Group will expedite the preparation of its report, so that it will be available to members for necessary appraisal before the commencement of the next D.A.G. session, which is scheduled to be held in Paris in November 1961.

While the D.A.G. has been paying considerable attention to the problem of aid, it has so far not devoted any thought to the somewhat related problem of increasing the trade opportunities in industrialised countries for exports from less-developed countries. It is gratifying to note that the Japanese Prime Minister, Mr. Ikeda, who inaugurated the meeting, touched upon this important problem. Mr. Hayato Ikeda, while welcoming measures for economic aid, called upon the other members of the D.A.G. to give at the same time "serious consideration" to the question of ensuring better accessibility in the markets of developed countries for exports of primary commodities and new industrial products from the developing countries. This plea will not have fallen on deaf years, if the Working Group makes it possible to devote some thought to this question and recommends suitable measures, keeping in view the various suggestions made by the U.N. Economic Commission for Europe, in its latest annual report, for liberalising the import policies of developed countries.

In order to assess the prospects for encouraging the flow of private capital from industrialised countries to the developing regions, the D.A.G. decided to ask the World Bank to prepare a study on possible multilateral investment guarantee systems. While the D.A.G. recognised the role of public investments in developing countries, it was equally convinced about the growing need for enlarging the scope for the private sector. Emphasising the need for special incentives to private capital, the D.A.G. felt that the problem of incentives to private investment in developing countries should be regarded as a continuing part of the work of the Group and that it was necessary to study the questions involved, particularly the desirability of fiscal incentives being given for overseas private investment in developing countries. The D.A.G. also agreed in principle to set up an information centre, designed to "stimulate the flow of ideas, exchange of information and contacts between industrialised and less-developed countries." It is needless to emphasise that mutual understanding is a pre-condition for closer economic co-operation. The proposed information centre should go some way in making this possible.

I.B.R.D. LOAN FOR CALCUTTA PORT

The port of Calcutta is one of the busiest in the world. Over 10 million tons of exports and imports are routed through it; this figure is likely to rise to 18 million tons by 1965-66. About 50 per cent of India's exports are shipped from this port, and these include, among others, tea from Assam, jute goods from the mills around Calcutta, manganese ore from Orissa and the Central plateaus, coal from Orissa and Bihar and an increasing volume of engineering goods from Bengal. The port has to serve an area larger than the U.K. and France taken together and a population of about 150 million. This vast hinterland, with its abundant coal and iron ore reserves and rapidly developing iron and steel, engineering and chemical industries, may well be described as the future Ruhr of India. But this busy port, serving such an immense hinterland, is threatened with extinction as the Hooghly river on which it is based is being increasingly choked by rising silt. This problem of silting is, of course, nothing new, for it has always been there, involving periodically such remedial measures as dredging and river training works. In fact, between 1925 and 1956, as many as 8 million tons of silt were being removed annually below Calcutta port by dredging. But what is now most disquieting is that the problem has worsened to such an extent that only ships of 21 to 23 ft. mean drafts (which in the dry weather months are only 18 ft.) are in a position to enter or leave the port. As navigation for ships drawing 26 feet has been severely affected in the last three or four years, modern ships of 10,000 deadweight tons or more cannot enter the port when fully loaded. As the loss of each foot of draft means a loss of 600 tons of cargo-carrying capacity, Indian shipping alone has suffered a heavy financial loss (which is estimated at Rs. 3 crores per year) since 1956 when ships of 26 ft. draft were still able to enter the port. Apart from this loss, there is also the rising annual cost of dredging which is now Rs. 80 lakhs per year, as compared with Rs. 8 lakhs upto 1940. A permanent remedy for this state of affairs can result only from the proposed Farakka barrage which will be designed to improve greatly the water-supplies in the Hooghly.

But it will take some years before that barrage becomes a reality. The need of the hour is more efficient and systematic dredging for the purpose of maintaining access to the port for bigger vessels. The Calcutta Port Commissioners have currently before them the objective of enabling ships of 26 ft. draft to enter the port all the year round. It is gratifying to hear that the World Bank has just been persuaded to grant a loan of $21 million almost exclusively for the purpose of dredging. Whereas only a small part of the $29 million loan given by the Bank in 1958 for various improvements at the port was used to purchase some additional dredgers, the greater part of the current loan would be used for the purchase of 20 floating craft, of which four are to be large dredgers and six auxiliary dredging vessels. The balance of the loan will help finance miscellaneous development works, designed to improve the efficiency of the port, and also the foreign excosts of a hydraulic study of the Hooghly river to determine the feasibility of establishing a deep-water satellite port further down the river at Haldia to accommodate bulk cargo vessels. The entire loan of $21 million now given will cover the foreign exchange requirements of the development project estimated to cost $31 million in all, including the rupee costs. The duration of the Bank loan is for a term of 25 years, bearing interest at 5¾ per cent per annum including the usual 1 per cent commission which is allocated to the Bank's Special Reserve; its amortisation will begin from 15th May 1966. The purposes for which this loan has been given and the importance that has been attached to Calcutta "as a port vital to the economy of India" suggest that the World Bank will be increasingly in the picture, taking an integrated view of the related projects, namely, the Farakka barrage, the Haldia port and the improvement of the Calcutta port itself. The present loan is, therefore, a promising beginning in this direction.

INDUSTRIAL PURCHASING

With industrial activity in the country gaining momentum, it is being increasingly realised that "industrial purchasing," that is, buying of goods required by industrial establishments, is a highly specialised managerial function, which calls for a good deal of knowledge and experience for optimum performance. From the crude and simple method of bargaining, the function of purchasing has grown into a vital element in industrial operation, covering procurement through such diverse fields as sub-contracting, hiring, barter deals, and production in a subsidiary plant. It is this diversification that has lent the purchasing profession in advanced countries a distinct and specialised character, more or less similar to sales or accounting. This has led to the gradual shift in emphasis in the concept of purchasing from bargaining to value analysis, market research for purchasing, selective inventory control and linear programming for source selection, etc. The purchasing profession is not, however, considered a necessary evil in industrialised countries. Far from it. Judicious purchasing, in fact, has proved to be a blessing, in that it helps reduce cost of production by rationalising buying operations.

The importance of scientific buying has received only insufficient appreciation in this country so far. Even the top management, in general, has not recognised that efficient execution of purchasing functions is a specialised profession. It is gratifying to see, therefore, that an organisation of purchasing profession, called the National Association of Purchasing Executives, has been set up in Bombay, with the object, *inter alia*, of educating public opinion on the vital role of marketing in industrial operations. The Association, which was inaugurated by Mr. C. D. Deshmukh, over the last week-end, also seeks to provide a platform for exchange of views among executives of member-companies, apart from keeping track of changing methods and policies in "purchasing science" and disseminate them among its members. Dr. P. N. Vakil, President of the Association, observed at the inaugural meeting that efficiency in any business activity was contingent upon having "materials, supplies and equipments available in the proper quantity, with the proper quality, at the proper place and time and at the proper price." Failure in any of these points added to cost and reduced profit, as in the case of outmoded production methods or ineffective salesmanship.

Welcoming the Association, Mr. Deshmukh observed that greater efficiency in purchasing and materials-management was a pre-condition for reducing the cost structure of industries. Of the total investment of Rs. 10,200 crores envisaged in the third Plan, about Rs. 5,000 crores would be spent on the purchase of materials and equipments for the creation of physical assets like buildings and plants. Mr. Deshmukh was of the view that adoption of better purchasing techniques would reduce the total cost on materials and equipment in the third Plan by as much as Rs. 500 crores. Even if a reduction of 5 per cent in material cost was set up as a modest goal, this would mean a saving of Rs. 250 crores.

While there is need for a more systematic approach towards purchasing and related industrial operations in India, it is doubtful if an economy of 5 to 10 per cent can be achieved thereby. In the first place, Mr. Deshmukh's estimates are based presumably on the experience of certain large-scale industrial undertakings

(*Continued on page* 196)

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Having fun—wish you were here

Kodaikanal. Flowers, ferns, waterfalls—nature on exhibit. Days replete with relaxation. Boating, swimming, unhurried walks. Plains looked lovely at distance—intend keeping them there as long as possible. (And Wills' Gold Flake? As fine as ever—superbly satisfying—wherever you go they're good.)

ON THE ARENA

By "Archer"

Destructive Inundation

WE have had a fortnight of distress brought about by floods almost everywhere in the country; Kerala, Madras, Mysore, Andhra, Orissa, Maharashtra and Assam have all been harassed by the fury of swirling waters. Crops have been submerged, large tracts have been inundated, whole villages have been laid waste, houses have toppled down, lives lost and thousands of poor families uprooted. It almost looks as though all the dams and reservoirs have had a secret meeting and resolved to test man's capacity to hold them in submission. The Chief Ministers of Maharashtra and Madras have made air dashes and car dashes to the afflicted areas and completed aerial surveys of the devastation. Timely aid has been rendered and gratefully acknowledged. The Chief Minister of Orissa gave adequate warning through the Radio and kept his fingers crossed and had his usual pattern of luck. There are still some regions which cause anxiety, such as the Krishna, Godavari and Brahmaputra basins and hopes are entertained that

> "though things may not look bright,
> they'll all turn out alright,
> if we keep painting, the clouds,
> with—sunshine."

Sir C. P. Ramaswami Aiyar has recalled his years' old suggestion of cross linking all the rivers of the south by a series of navigation-cum-irrigation channels, the Mahanadi, the Godavari, the Krishna, the Pennar, the Palar, the South Pennar, the Coleroon, the Cauveri, the Vaigi, the Tambraparani and the Periar, which, if implemented, would solve the twin problems of transport and irrigation, and would also provide for an integrated system of flood control. Mr. T. T. Krishnamachari has also recalled his suggestion that a dam should be built on the Cauveri higher up above Mettur, about fifty or sixty miles away, say, in Hogganakkal, and that excess waters from the Cauveri and Coleroon should be diverted to the South Pennar. Experts on flood control will, perhaps, find merit in integrating both suggestions and evolving a system of river conservation *plus* flood control in the whole region south of the Vindhyas, but it is a big question if all the States concerned will agree to so large a measure of pooling natural resources as is involved in such a project. What we seem to need is an organisation like the Tennessee Valley Authority in the U.S. which will be controlled by the Central Government for the common purpose of improving soil conservation, building more dams, increasing waterways for transport, navigation and irrigation, increasing power supply, eradicating wastage of water into the sea and banishing all dangers of devastation by floods in future. Since such an organisation must be autonomous and must work under a single control, it should not be subject to the influences of the several States concerned, when only it will develop the outlook and objectivity required for achieving the greatest good of the greatest number.

Flood control, increase in electric power generation, soil conservation and development of inland waterways and river ports should be the four major objectives of such a body, in their order of importance. It is unnecessary to dwell on the importance of the first two. As regards soil conservation, I shall content myself with quoting the views of Mr. David E. Lilienthal, the celebrated Chairman of T.V.A. :

> "If the soil is exposed, unprotected from the rains by cover and by roots, the people will be poor and the river will be muddy, heavy with the best soil of the fields. Even a moderate rainfall forces the river from its banks and every downpour brings disastrous floods, destroys crops and homes and bridges and highways. It is otherwise where land is covered with sod or trees and cultivated each season with the purpose of holding the rain where it falls. Such land literally serves as water reservoir, a part of a system of flood control and river development, quite as directly as dams that stretch from bank to bank to hold the waters back. A river could offer many benefits and a variety of hazards. Its improvement through engineering structure "is inseparable from the development and use of the land of the watershed. The development of soil and increased productivity are not simply problems of land, of farming and of agricultural science, any more than the development of a river is only water control, dams and engineering techniques. The restoration of land fertility, the healing of gullies, the reafforestation of hillsides—these are no more ends in themselves, than are flood control, navigation and power. As the river *is not separable* from the land, so the land is inseparable from forests and minerals."

As regards the fourth objective, namely, development of inland waterways and river ports, most of us have realised the great need for supplementing the transport facilities in the country by the establishment of inland waterways which will help in moving the large quantities of raw materials required by basic industries established in the south. The coverage of vast distances for the transport of bulky materials can best be accomplished through developing a network of navigable canals and building small ports at strategic centres.

It will be obvious from the foregoing that the safety of the paddy cultivating areas of Madras, Andhra and Orissa is largely dependent on the methods of soil conservation and afforestation pursued in Kerala, Coorg, Mysore, Konkan Maharashtra and Madhya Pradesh, and that the possibility of ensuring their future safety and development rests on the measure of co-ordinated and integrated action taken by all the southern States put together. The subject is of considerable topical interest at this time when the whole country is talking of "national integration." Sharing of river waters is an issue over which the several States have been having quarrels all along. Now that nature has visited all of them with its fury, will they give up their insular and parochial outlook and agree to pool their resources to tame nature for man's good? This is the big question in "integration."

* * * *

Can We Integrate? And How?

There are very few people who seem to be not worried about the disintegration complex which has set in throughout the country. There is so much of open and unashamed support at the highest levels for communalism, linguism, parochialism, provincialism, casteism and several other forms of separatism, that most young minds have become so corrupt as to accept them as normal and even fair. To give only one instance, the propriety of totally discarding selection of candidates for admission to professional colleges on the basis of academic merit, under the guise of increasing the representation of underprivileged communities, but almost openly for weeding out boys of the higher castes, has not been questioned in Madras State, which, incidentally, is reputed to be one of the best administered in the Union. When the Congress President or the Prime Minister pleads for eradication of casteism in the country, all those young men who have suffered by the application of the above form of "apartheid" (this is what they call it in Madras) are not inclined to display any enthusiasm. Provincialism and linguism have continued to flourish under Congress leadership, and many State Governments have been assiduously cultivating casteist sentiments: these have been countenanced at the highest levels of leadership on grounds of expediency, to catch votes at the next elections. It would be very correct to state that most of the steps which are needed for achieving "emotional integration" are primary casualties in the complicated scheme of winning the coming elections. There has been far too much of reckless disregard of the forces required for cultivating the essential unity of the country, too little solicitude for equity, justice and fairplay, too great encouragement of the personality cult in each State, and too little emphasis on the secular form of living, that nothing but a violent upheaval is likely to rekindle the flickering torch of national unity in the minds of the younger generation.

"Complete secularism in the country"—a phrase taken from the Prime Minister's reported letter to all Chief Ministers—is very desirable in a democratic country like ours where several communities have to live and work together. We can make a beginning if we go about it in a determined way along the following lines:

The public holidays in the several States should be drastically reduced, observances being restricted to only one or two *national* festivals (not sectional and provincial) besides the important communal festivals pertaining to Muslims, Christians, etc. If secularism is the objective, the observance of the *punyathithis* or birthdays of leaders and heroes should also be removed from the list of holidays. It will, however, be consistent with secularism to observe the birthday of Gandhiji to whom we owe our freedom. The main reason for making this suggestion is that the whole country should observe one set of holidays, not each State its own.

The practice of publicly celebrating the visits of dignitaries to any area should be stopped and should be restricted to that of the head of the State. Ministers and officials should refuse to submit to being garlanded when discharging their duty. Religious ceremonials should be taboo during official functions, and the importation of religious observances or invocations in the normal routine of administration should be forbidden. The practice of treating foreign dignitaries with traditional Hindu observances (such as applying *tilak*, etc.) should be given up in all public receptions.

And, finally, to ensure the slow obliteration of the personality cult in the country, the ostentatious celebration (through processions and public gatherings) of the birthdays of persons in privileged positions of power and authority should be discouraged, especially as it encourages the growth of sycophancy among patronage seekers and officials.

Power has a very corrupting influence on the minds of people, and those who find themselves in seats of power cannot adapt themselves to their privileged environment with poise, grace and decorum, unless they are already cultured and emancipated. Unfortunately, in a democracy, this cannot always be ensured, because success in elections and political influence depend on the whims of the electorate and many small-minded men are often catapulted into positions of power and authority through fortuitous circumstances. It is, therefore, very important that democratic countries should observe the golden rule of not conferring too much public honour or adulation on their elected representatives, for, if they do so, they encourage many small-minded people to compete for such honour, and corrupt practices are generated. It is because the position of an elected representative confers unlooked for prestige and patronage on people that there is so much jockeying for positions as we see in many parts of the country. If a political career calls for only hard work and great personal sacrifice, but ensures no undue position or power or prestige, the seekers will be fewer than if it was otherwise, and public life will be altogether clean.

How far can we reform ourselves on these lines to achieve the much-talked about "emotional integration"?

* * * *

The Killer Instinct!

A correspondent from Wimbledon writes of Ramanathan Krishnan, the tennis champion, that he lost the Wimbledon trophy to Rod Laver, because he lacked "the killer instinct," though he was an undisputed master of touch tennis and a wizard at the art of disguising a shot. In the dim distant past, tennis was a game suited to an expansive way of living, requiring agility and footwork, a great deal of cunning, anticipation and wrist play. Later, the style changed to cross court drives and endless rallies, each player endeavouring to wear out the opponent by keeping him on the move all the time. And now we have the day of savage ferocity, with players intent on serving to kill and volleying to murder, with no long shots, no rallys and no placements that call for cunning. The stress and strain of modern life have no doubt left their impress on the way the game has developed. The days are gone when we talked of a nice game of tennis; it is all tumultuous slap dash as we have it. But the saddest thing about tennis is that it has no place for people who believe in covering their anatomy in a conventional way. One has to don a singlet with most of the chest open, wear shorts which are shorter than bathing trunks and not feel shy about displaying all the masculine muscles aggressively at tension. One has to behave like a bull facing a matador, shout and groan when a point is lost and become temperamental as frequently as possible. It would be a good thing if Krishnan learns a few aggressive *mudras*, contortions, poses and steps from Kathakali (a la Cosmic dance) to make up for the alleged lack of the killer effect in his play. An added touch of emotional aura would perhaps strike terror in his opponents.

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INDIA—BRITAIN—COMMON MARKET

OUTCOME OF TALKS WITH MR. THORNEYCROFT ANALYSED

From Our Special Correspondent

NEW DELHI, 18*th July*

MR. Peter Thorneycroft's mission to New Delhi ended on a somewhat subdued note, in contrast to the unexpected opposition encountered by his colleagues (especially Mr. Duncan Sandys) in the other Commonwealth capitals. Discussions in New Delhi covered much familiar ground regarding the prospects for India's exports to the U.K. if the present system of duty-free entry and preferences accorded to Commonwealth products gave way to a new set of preferences under the common external tariff of the expanded European Economic Community. A new development was the opinion expressed by Prime Minister Nehru soon after his meeting with Mr. Thorneycroft that the Commonwealth would be weakened by Britain's entry into the Common Market, which showed that the British Minister was unable to carry conviction on the political aspects of his country's move, assuming that he was able to provide satisfactory assurances on Britain's intention to extract concessions to safeguard Indo-British trade against sudden disruption.

DELHI LETTER

Mr. Nehru's view is widely shared in the Commonwealth (except perhaps in Malaya and Pakistan). Mr. Diefenbaker stressed the political aspects of Britain's entry when he demanded a Prime Ministers' conference and Mr. Menzies, the Australian Prime Minister, observed that the Commonwealth will not be the same again. There is, of course, nothing yet to substantiate these fears. But the Common Market countries have emphasised constantly that their economic integration is only a prelude to a closer political integration and Mr. Thorneycroft was outspoken enough to admit that Britain will be signing the Treaty of Rome only if she can accept the common tariff, commercial policies and the institutions flowing from it. Already, the Commonwealth structure has become a little too unwieldly, with the entry of more members from Africa, for effective political consultations. If Britain feels, in future, that what she says or does has to be consistent with her position in both groups, her diplomacy may come under greater strain; in theory, however, there is nothing to prevent the maintenance of equal interest in both camps.

Forthright Answers

As an enthusiastic supporter of Britain's entry into the Common Market, Mr. Thorneycroft found no difficulty in giving forthright answers to the questions put to him at the Press conference in New Delhi. The Commonwealth, he said, did not offer a large-sized free market for British entry in the way the European countries could, because the countries belonging to the former are engaged in industrialising their economies. As he saw it, the strength of the Commonwealth relationship depended upon Britain's usefulness as a market or as a source of capital for other members and isolation from Europe could not enhance its value in either respect. There was a great deal of truth in his statement that changes in any organisation could both weaken and strengthen it and that, if old ties became weaker, new ones could be made stronger; but that does not help in making a decision.

Mr. Thorneycroft explained that, while the question of Britain's entry created some very difficult problems now, keeping out of the Common Market might create equally difficult problems later. At the same time, he stressed that the U.K. was interested in membership of the Common Market only if it was an outward-looking club, seeking the maximum trade with the rest of the world. The existence of certain illiberal features like quota restrictions among the Common Market countries was not denied, nor the fact that these were opposed to the principles of G.A.T.T. While Britain could not insist on their abolition as a condition precedent to its entry, it would make every effort to plead for liberalisation; the immediate object, however, was to prevent the continued economic division of Europe.

The text of the *communique* (issued on 14th July) does not disclose any specific safeguards for India's exports. There is only a general indication that Indian interests will be kept fully in mind and that the British Government will keep in the closest touch with the Government of India if negotiations are started. There will be need for such consultations not only until Britain joins, if at all, the Common Market but for long after, since very few final solutions may be forthcoming for the complex Commonwealth problems during the preliminary negotiations before the entry.

The real danger is that Britain may try to insist on too many conditions for her entry and finally be left with no alternative but to choose among them and to subordinate Commonwealth interests to those of her own agriculture and to the obligations to fellow-members of E.F.T.A. So far as agriculture is concerned, policies have not crystallised even within the Common Market and sharp differences have arisen recently between France and West Germany because of their conflicting interests. The implementation of any common agricultural policy is expected to be spread over the next eight or nine years and British agriculture is considered not so inefficient or uncompetitive as to be unable to adjust itself to this transition. There is plenty of time and opportunity for the discovery of the right methods of safeguarding agriculture.

With regard to E.F.T.A., Britain is interested in the moral support it can derive from this association for its liberal free-trading principles in future negotiations with the Six. While E.F.T.A. members recently agreed to keep in close touch with each other in their talks with the Common Market authorities and to co-ordinate their individual viewpoints, they have (unlike Commonwealth members) a right of accession to the Treaty of Rome as European countries and hence are entitled to negotiate independently about their respective interests and insist on the safeguards needed. Commonwealth countries, on the other hand, are dependent entirely on British good offices for securing minimum protection for their trade. It does not appear that this aspect was forcefully brought out during the discussions in New Delhi.

A Disquieting Development

An important new factor that came up, however, related to the possibility of discriminatory treatment within the Commonwealth. Some member-countries of the Commonwealth may be singled out for preferential treatment such as that now accorded to the overseas territories of the Six. There is a laconic sentence in the *communique* which hints at the possibility of "further differences and complications in areas outside Europe." This has been construed as referring to such preferential treatment—either on the ground that a country is dependent on a single commodity for its export earnings and hence entitled to reliefs or on the plea that some areas, like, for example, the Crown Colony of Hong Kong, are overseas territories. If any such discriminatory principle is introduced by the Six with the active or passive support or even acquiescence of the British Government, much harm can result. India, for example, may be at a disadvantage *vis-a-vis* Ceylon in the matter of tea and Hong Kong in the matter of cotton textiles. There is, however, nothing specific yet about these dubious solutions. But Commonwealth relations will be considerably strained if differential treatment is given in the British Market to the same commodity according to the country of origin, introducing new preferences opposed to G.A.T.T. and not even justifiable on the ground of regional economic integration.

At the same time, it is felt in some quarters that nothing is gained by exaggerating the possible adverse effects of Britain's entry on India's exports. The prospects for exports of new manufactures are in any case uncertain and special efforts are called for to find markets. Immediately, the problem can be narrowed down to maintenance of the present volume of tea exports (in the face of a possible tariff of 1*8* per cent on loose tea and 23 per cent on packaged tea) and the offtake of textiles by the U.K. The most widely canvassed solution for tea is a weighted average duty which may bring down the effective tariff to the present level of 2*d*. per lb. now levied by the U.K. on non-Commonwealth tea. Except for some of the African overseas territories of the Six competing with tea by sale of other beverages, there is no special interest within the Common Market which should be opposed to the Englishman enjoying his favourite beverage at no extra cost.

Jute Goods

In the case of jute manufactures, the tariff may be no more than the present mark-up of prices in the U.K. to protect the Dundee industry; the only new factor will be additional competition from the Continental jute industry (for example, Belgium) and the present quota bought by the U.K. Jute control will disappear. India may have to fight for this as for other markets by reducing her costs in the jute industry by producing more raw material and effecting rationalisation.

Cotton Textiles

The future of cotton textiles will remain uncertain, unless new gestures are made by the European countries at the international textile conference now taking place in Geneva. One of the points emphasised by Mr. Thorneycroft was that effort should be directed towards creating opportunities, not securing safeguards; perhaps he had textiles in mind and thought of the future possibilities in an enlarged European market.

Britain's negotiations with the Six are likely to be long and difficult. President de Gaulle has been taking the stand that Britain should join without conditions and the President of the Common Market Commission, Prof. Hallstein, has been pointing out that Britain can only seek certain adjustments, not substantial changes in the Treaty of Rome, if she wants to join as a full member. On the other hand, there have been several expressions of sympathy from other European Governments for Britain's dilemma; Mr. Macmillan indicated, at one stage, that minimum safeguards required by the U.K. should come before the question of status as full or associate member, which, he said, the Six would have to decide on the basis of such safeguards.

It is difficult to assume that this stand will be maintained at all costs. There is latterly a feeling within Britain that whole-hogging enthusiasm for the Common Market has done some harm and possibly encouraged French demands for entry without conditions. The Federation of British Industries, which has been actively championing British membership of the Common Market, has very significantly come out with a statement last week that too heavy a sacrifice on the part of the Commonwealth should not be the price for joining the E.C.M. Lord Gladwyn, another zealous champion of immediate entry, has also expressed a similar, though slightly qualified, view.

No Going Back?

Amidst these uncertainties, it is becoming clear that Britain has reached a stage when it is difficult to retrace its steps and give up the attempt; in any case, Commonwealth members should not be accused of having exercised a veto or altered a decision based on British national interests. India's position on the issue is a correct one; it cannot be interpreted as opposition or approval for the proposed step.

That the Government of India has taken a detached view is also proved by the opportunity provided to the two leading Chambers of Commerce to explain the difficulties directly to Mr. Thorneycroft. There is a curious reference to the common interests of the U.K. in India's exports in the *communique* which runs to the effect that the credits which India was receiving from the U.K. as well as from other countries could only be repaid through an expansion of India's exports; that goes for the other Common Market countries, especially West Germany, also.

The last week's talks should have helped to emphasise the importance of fresh efforts on the part of the Government to maintain and expand markets for India's exports and to continue the battle in G.A.T.T. and other international bodies against discriminatory practices.

A draft Investment Guarantee Programme Agreement designed to encourage investment of American private capital in Ceylon has been formulated by the Finance Minister of Ceylon. The investments eligible for guarantee provided for in the draft Agreement include cash contributions, materials, equipment, patents, processes, techniques and technical assistance for specific projects. There will be insurance against losses through inability to convert local currency earnings into dollars, expropriation or confiscation and war. Ordinary business losses, normal business risks and devaluation of local currency are, however, excluded from the purview of the Agreement.

A Bill seeking to regulate general insurance business in Ceylon is likely to be introduced in Parliament during the current session which opened on the 12th inst. Life insurance has already been nationalised.

AMERICAN LETTER

ECONOMIC RECOVERY UNDER WAY

SPEND-AND-SPEND PHILOSOPHY GATHERS MOMENTUM

From Our Special Correspondent

NEW YORK, 15*th July*

ANY information emanating in and from the United States these days, unfortunately, must be projected against the psychological background of the worst war-scare since 1939. There are as many voices who proclaim the inevitability of a conflict with the Soviet Union over West Berlin as there are opinions that war will be averted.

At any rate, a recovery in economic activity, no doubt, is under way. This is borne out by many statistics. The exceptions are steel and automobiles which are affected by the usual summer shutdowns. Moreover, new wage negotiations have begun in the automotive industry. The outcome does not look too promising, since the United Automobile Workers of America have listed as their chief demand a share in the benefits of automation which has cost the loss of jobs. Steel will be facing the same dilemma next year.

With these two major industrial exceptions, gains in production have been fairly widespread. Inventory liquidation, apparently, has come to an end and there are indications of an incipient build-up again. In the final analysis, inventory buying, however, will depend more or less on public demand. While retail trade has been fairly steady, there are no signs that the public is in a rush to over-buy.

Tourist Exodus Falls

This reflects the general caution which is caused by the war-scare and by what seems to many indecisiveness on the part of Washington to counter Premier Khrushchev's threats effectively. This psychological attitude of the American people is also indicated by the sharp drop this year in vacation travel abroad. About 40 per cent fewer U.S. tourists will be going to Europe this summer than in previous years for fear of what might happen while they are there.

Since the low point in February, industrial output has gained about 6 per cent, but employment rose in manufacturing only 2 per cent. The number of unemployed has been augmented by students who are looking for the work during the school holidays which will continue until early in September. The net result is that, in percentage of the labour force, unemployment continues to be considerably above the generally accepted "full employment" rate of 4 per cent jobless. For those on job payrolls there has been a lengthening of the work week which made it unnecessary for manufacturers to do outside hiring.

A similar development occurred in the construction industry. Despite an appreciable upturn in outlays and activity, there was an actual decline of one per cent in the labour force. Both public building and business construction have been in an upward trend. Home building is rising, too, and it is expected to be aided further by Government subsidies in the low-cost housing area.

Spending Spree

The importance of Government spending in the current upward trend cannot be over-emphasised. Such expenditures are now running $10,000 million above the rate of a year ago. A similar upswing is noted in the area of State and Local Government spending. On the Federal level, defence and space outlays are now at the rate of more than $48,000 million a year, up $3,000 million from the preceding fiscal year.

In the field of agriculture, it may be observed that forecasts for this year's crops are being revised downward. Droughts in the spring wheat belt or North America have been severe and there may be no surplus in this commodity. In this connection, a new law has just been passed authorising the Administration to sell an additional $2,000 million of farm surplus commodities from previous years against foreign currencies. Last year, India was the recipient of a considerable volume of grain on this basis.

Many other new laws reflect the spend-and-spend philosophy of the Kennedy Administration. Greater Social Security benefits were enacted which will mean heavier pay check deductions next year. Also, men may now retire at the age of 62 at lower benefits instead of at 65, as previously. Then there was the $5,600 million catch-all housing bill which is designed to benefit moderate and low-income families through public housing. It provides also for urban slum clearance, college dormitories, farm housing and transit and sewer improvement.

Owing to the considerable Treasury financing in the current fiscal year, some of it deficit financing, Congress raised the temporary national debt limit by $5,000 million to a new peacetime high of $298,000 million. The President's advisors wanted a $300,000 million ceiling, but Mr. Kennedy vetoed the suggestion for fear of furnishing additional ammunition to the loyal opposition of the Republican Party.

Report on Money and Credit

The Commission on Money and Credit issued its report a few days ago, with particular reference to Government and private measures which influence jobs, prices and growth. Members of the Commission were mostly top people from private business, banks, university professors and the work was supported, though not influenced, by the Ford Foundation and the Committee for Economic Development.

Even after many months of study and meetings and individual dissenting reports notwithstanding, the Commission has come out with precious little which is worth recording for posterity. For example, one "fundamental and basic" recommendation was that there should be greater liaison among Government agencies and that the right hand should know what the left hand is doing. This is so obvious that it is hardly worth mentioning.

Equally obvious is the suggestion that greater emphasis in tax legislation should be given to incentives for capital formation, such as more liberal depreciation allowances. This has been said for years, but nobody has done anything about it. The Commission has recommended no precise, or specific formula by which growth, stability of prices and full employment could be achieved. In explanation, it was observed "to do so (make recommendations) would be inconsistent with our tradition and practices and probably totally unrealistic." This is not to say that there was no meat and validity in the writings of some Commission members, but they were hardly forceful enough to make a dent in established procedures of Government and private business.

United Nations News

Reorganisation proposals regarding top echelon management of the United Nations continue to be made. This is in preparation for the General Assembly meetings this fall and it is also an attempt to take the wind out of the Kremlin's sails and to take the edge off Premier Khrushchev's demands for removal of the office of Secretary-General.

Meanwhile, two U.N. member organisations reported further expansion. The International Monetary Fund and the International Bank for Reconstruction and Development reported that Laos had become a member of both organisations. Seventy-one nations are now members of the Fund and 69 countries are members of the Bank. Admission of Laos brought the total of members' quotas in the Fund to $14,860,800,000 and the total subscribed capital of the World Bank to $20,103,100,000. The quota for Laos in the Fund is $7.5 million and its subscription to the stock in the Bank is 100 shares with a par value of $10 million.—*All Rights Reserved.*

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CAPITAL AND LIQUIDITY PROVISIONS FOR BANKS IN OTHER COUNTRIES

FOR a proper assessment of the proposals recently made by the Reserve Bank of India in regard to the ratios of capital and liquid funds of the commercial banks to their deposit liabilities, it will be instructive to study the provisions in these respects in the banking statutes in other countries. Such a study may throw considerable light on the reasonableness or otherwise of the Reserve Bank's move to strengthen the banking system of this country. An attempt is made in this article to give a broad picture of the position in other countries.

To take up the provisions regarding capital and reserves first. It is found that Western Germany, Belgium, Switzerland, Denmark and Finland are the only countries in Europe which have incorporated rules within their respective banking laws for establishing a specified proportion between capital and reserves of the banks and their deposit liabilities and/or lendings. Outside Europe, similar provisions are found in the banking legislation of the Union of South Africa, Guatemala and the Dominican Republic.

Four Guiding Ratios

In Western Germany, the Bundesbank has four guiding ratios in regard to credits and makes any rediscounting by credit institutions dependent on their observance. The first guiding ratio provides that the total of the short-term and medium-term lendings shall not exceed 18 times the "liable funds," that is, capital and reserves. The second guiding ratio lays down that the credits in current accounts and acceptance credits shall not exceed 60 per cent of the liable funds and deposits. The third ratio pertains to maintenance of liquid resources. According to it, liquid resources (cash holdings, balances with the central bank, cheques and bills, Treasury Bills and Government Bonds) should be 20 per cent of borrowed funds (that is, deposits and other liabilities). The fourth guiding ratio enforces the restriction that the total of acceptances and bills drawn on debtors shall not exceed 3 times the liable funds. But where they do not serve to finance foreign trade or crops, they shall not exceed the "liable funds." To facilitate the enforcements of these rules, as well as supervision and verification of the banks' business, the banks in West Germany have to submit monthly balance-sheets to the Bundesbank. It will thus be seen that the West German legislation seeks to establish a proportion between different types of credits and the owned resources, rather than relate the capital and reserves to the deposit liabilities as is sought to be done by the Reserve Bank of India.

Position in Belgium

In Belgium, the Royal Decree concerning the banking control law provides that the minimum amount of capital required for establishing a bank is 10 million francs and that this amount must be fully paid up. Further, the Banking Commission—a statutory body—is empowered to determine from time to time the proportions which must exist between capital and reserves, on the one side, and the total amount of deposits, on the other. These co-efficients are variable according to the size of the banks. In 1946, the Belgium Banking Commission suggested the following ratios for big banks:

(a) 4 per cent of the total sight and short-term liabilities of the bank in Belgian francs must be in treasury items comprising cash, deposits with the central bank, money lent at call, etc.

(b) 5 per cent of the remaining liabilities in Belgian francs must be covered by the bank's capital and reserves.

(c) 65 per cent (including four per cent in (a) above) of the Belgian francs liabilities of the bank (other than capital and reserves) must be held in the form of Government securities.

These restrictions are still in force, though there have been minor modifications from time to time, under which banks have been able to receive higher rates of interest on their investments in Government securities.

The Federal Law of Switzerland relating to Banking Companies provides *inter alia* that banks must maintain an adequate proportion between the amounts of their funds and of their total liabilities. It further compels the banks to set aside at least 20 per cent of their *net* profits to reserve funds meant for covering losses and depreciation on investments. This transfer must be made until the fund reaches one-fifth of the paid-up capital. In the case of banks which have no paid-up capital, the reserve fund should be at least 20 per cent of their liabilities to third parties.

Finland and Denmark

In Finland, the banking law provides that, out of the profits of the bank, not less than 15 per cent shall be transferred annually to an ordinary reserve fund until the reserve fund amounts to 25 per cent of the share capital and thereafter not less than 10 per cent until the reserve fund amounts to 50 per cent of the share capital. Article 7 of the Banking Statute of Finland lays down that the liabilities of a bank may amount to 15 times the total of its share capital and reserve fund plus its cash reserves and the book value of the Government Bonds and Treasury Bills held by the bank. This means that the ratio of owned funds (capital and reserves) to liabilities is much lower than even 6⅔ per cent, as the liabilities are permitted to be of the order of 15 times the owned funds plus cash plus Government Bonds and Treasury Bills.

The Danish Act governing the commercial banks prescribes rules with regard to the size of the share capital required for the foundation of a bank, which must be not less than Kr. 600,000 fifty per cent to be paid in on subscription and the remainder within one year. The provisions of the Act further serve the purpose of safeguarding the depositors by providing that the net capital assets of any bank shall amount to not less than one-tenth of the banks aggregate debts and guarantee commitments.

In the remaining countries of Europe, there are no specific legislative provisions determining the relation between capital funds and the aggregate deposits or credits of the banks. But in some countries, banks have made efforts to widen their capital base commensurate with the expansion in their aggregate liabilities. Particularly in France, since the end of the war, the commercial banks operating in the private sector have progressively increased their capital funds by the issue of new shares on the market and by the capitalisation of reseserves. As against 11 billion francs at the end of 1938, the capital funds amounted to 160 billion francs at the end of 1957. Even though the French commercial banks have not yet fully regained their ratio of capital funds to deposits of the pre-war period, they have made very noticeable improvements in recent years.

Provisions in Dominican Republic

Now to consider some of the countries outside Europe.

The general banking law of the Dominican Republic lays down that before starting operations, the branches or agencies of the foreign banks, which may be established in the country, must prove the effective availability of the capital and reserves assigned to them. Article 18 provides that at any time when the proportion of paid-up and reserves of a bank falls below 10 per cent of its assets, or when the said capital and reserves are reduced below the minimum of R.D.$100,000 the superintendent of banks, with the approval of the Monetary Board, must order that a part or all of the net profit of the bank be added to the reserves and must limit or prohibit the making of new loans or investments until the required proportion is arrived at, provided that this, in the judgment of the Monetary Board, does not tend to accentuate deflationary tendencies. When a bank has serious and continuing deficiency in said proportion and does not satisfactorily eliminate it within a reasonable period, the superintendent of banks may request the appropriate judicial authorities to liquidate the bank. It is quite obvious that this is a very stringent provision, and would entail very severe restrictions on the banks' lending power.

Guatemala and South Africa

The Guatemalan banking law also contains a provision governing the relations between owned funds and various types of loans and investment. Article 20 of the law lays down specifically that, in order to promote the solvency of banks with respect to their depositors and creditors, every bank must maintain an amount of paid-in capital and surplus equivalent at least to the sum of the following percentages:

(1) 5 per cent of its investments in securities issued or guaranteed by the Government,

(2) 10 per cent of its investments in other securities or in loans, and

(3) 50 per cent of its investments in furnishings, real estate and other fixed assets.

It will be noted from the foregoing that the ratio of capital and reserves is separately related to different types of assets of the bank. When the capital and reserve are deficient, the superintendent of banks is authorised to limit or prohibit the distribution of profits and to direct the bank concerned that a part or all of its profits be used to increase the capital or reserve.

The Banking Act (1942) of the Union of South Africa compels every commercial bank to have paid-up capital and reserves together amounting to no less than either £50,000 and in addition thereto £5,000 for each office in excess of five, or ten per cent of the amount of its liabilities to the public payable in the Union, whichever is greater.

Liquidity Ratios

In recent years, commercial bank cash reserve requirements have become an important credit control instrument in many countries. These requirements, when made alterable, serve as a means for influencing the availability of funds for bank loans and investments. When they are not variable, they may provide a basis for the Central bank to carry out open market operations. The cash and liquidity ratio provisions are also intended to promote confidence of the public in the banking system. Such provisions are, therefore, found in the banking statutes of a number of countries.

It is well known that all member banks in the Federal Reserve System are under an obligation to keep certain percentage of their demand and time deposits with their Federal Reserve Bank, the highest percentage being for banks in central reserve cities, such as New York and Chicago. As of August 1960, New York and Chicago banks are required to keep reserves against net demand deposits of 17½ per cent, with 5 per cent against time deposits; other reserve cities must hold 16½ per cent and 5 per cent respectively; country banks 11 per cent and 5 per cent. The Federal Reserve System has also power, acquired as early as in 1935, to alter the minimum reserve ratios and this feature has become a salient characteristic of the American banking system. This has also been copied by a number of countries in other parts of the world.

Banks in the U.K. have made their own rules; generally they keep 8 per cent "cash" within 30 per cent overall liquidity. Nowadays cash is usually split as between 5 per cent in bank tills and 3 per cent kept at the Bank of England. The minimum liquidity of 30 per cent is made up of the 8 per cent cash *plus* the two liquid assets of money at call and discounts, the latter being mainly U.K. Treasury Bills. With effect from 3rd July 1958, an agreed scheme for special deposits came into force, but, from the middle of June 1960, it was made compulsory. The most important point to be noted so far as the U.K. is concerned is that, even today, the reserve requirement is not enforced by law. The minimum of 30 per cent is being observed as a matter of normal banking practice and under moral suasion exerted by the Bank of England.

Ratios in Germany

The guiding ratios, referred to earlier, in Western Germany also provide that the liquid resources (cash balances, balances with the Bundesbank, bills and Government Treasury bills and bonds) shall not be less than 20 per cent of the borrowed funds. The Bundesbank also requires commercial banks to maintain with itself minimum reserves which vary from 6 per cent to 13 per cent of their deposits according to the size of the banks and the period for which the deposits run. The Bundesbank has also powers for varying the amount of minimum reserves and thereby try to check credit expansion by commercial banks.

In France, contrary to the general trend, commercial banks are not obliged to keep minimum reserves at the central bank in fixed proportion to their sight and time deposits, but, since July 1956 they have been compelled to invest 25 per cent of their deposits in Treasury Bills. These "bill floors," as they are called, curtail the credit-creating capacity of banks and correspondingly improve their liquidity. The deposit banks, however, are obliged to maintain a minimum liquidity percentage of 60 per cent of their short-term commitments in cash or rediscountable or readily mobilisable assets.

Austria, Belgium and Denmark

In Austria, to protect the stability of the Austrian currency and to promote confidence in the Austrian banking system, all credit institutions are required to deposit up to 15 per cent of their total deposits with the Austrian National Bank. As at the end of 1959, the effective reserve requirement was 5 per cent. In Belgium, the Banking Commission, as noted earlier, has laid down that 4 per cent of the total sight and short-term liabilities of a commercial bank must be in treasury items comprising cash, deposits with the central bank, and money lent at call. In addition, they have to maintain a secondary reserve of 50 to 60 per cent depending on the size and type of bank. The Danish Banking Act lays down that a bank's holdings of legal tender coin and bank notes sight deposits with the central bank shall not amount to less than 2 per cent of the bank's debts and that cash in hand *plus* value of holdings of safe readily marketable securities and credit instruments shall amount to not less than 15 per cent of the short-term debts. Furthermore, cash in hand *plus* securities and credit instruments shall amount to not less than 10 per cent of a bank's aggregate debts and guarantee commitments. But, in Denmark, there are no liquidity rules designed for purposes of monetary policy and Danish banks are not subject to variable cash reserve rules. They are, therefore, not obliged to maintain a part of their cash-in-hand in the form of deposits with the central bank.

Position in Finland and Greece

The Finnish Bank Act requires the commercial banks to maintain a cash ratio of 20 per cent of the banks' demand liabilities. Cash includes cash in bank tills, deposits with the central bank, net deposits with other banks, foreign bills and bonds. But the share of the 20 per cent which has to be held in non-interest bearing cash is not stipulated. The commercial banks in Greece are obliged to keep certain proportion of their disposable funds as compulsory deposits in cash with the central bank as compulsory investments in short-term State bills bearing interest. The currency committee, consisting of the Government Ministers dealing with economic affairs and the Governor of the Central Bank has fixed the compulsory deposit to be held with the central bank at 8 per cent of sight and saving deposits. There is also a provision to vary the compulsory deposit by requiring the banks to keep additional deposits with the Central bank.

Italian Regulation

In Italy, the 1947 regulations, introduced to combat the then rampant inflation, have as their main purpose the establishment of a fixed ratio between bank deposits and the reserves held against them at the Banca d'Italia. The banks are obliged to maintain with the Central bank a reserve of 25 per cent of the deposits. The ratio is variable from 15 to 20 per cent, depending upon the level of deposits. But the level of deposits has been so high that the maximum ratio has been obtaining for quite some time. The actual legal position is as follows: 20 per cent of deposits in excess of 10 times bank capital, or 15 per cent of deposits whichever is smaller; *plus* 40 per cent of increase in deposits after 1st October 1947, upto a maximum ratio of 25 per cent. A notable feature of this requirement is that the funds held with the Central banking institutions carry interest which is one per cent above the rate on one-year Treasury Bonds.

In the Netherlands also, commercial banks are required to hold deposits in the books of the Nederlandsche Bank upto 15 per cent of their liabilities. The first 10 million florin in each bank requires no reserves. But these deposits are non-interest bearing. The Nederlandsche Bank fixes the actual percentage to be maintained from time to time according to the development of the banks' gold and foreign exchange reserves. The effective percentage (as of May 1959) was seven. In addition, 45 per cent of deposits is required to be held in the form of cash, central bank deposits, call loans or short-term Government securities. It may be noted here that, though the Central banking institution in the Netherlands has powers to en-

(Continued on next page)

RANDOM THOUGHTS ON BANKING PROBLEMS

HISTORY IN THE MAKING

By "Kuber"

THESE days, when one glances through a daily paper, one cannot help noticing history being made, almost every day, by some one or other. I do not mean in politics, because it is very easy for politicians to make history by doing something unusual or even spectacular at the slightest provocation. I am referring to the field banking and money. When the Finance Minister in Canada introduces a bill in Parliament and gets it passed by the Lower House for the removal of the Governor of the Bank of Canada, he is also making history, because it is for the first time that such a thing has been done. He is in fact making history in more than one sense, as he is getting the Governor removed not because the Governor has been found guilty of any misconduct but because he has dared to suggest a policy in the interest of Canada's economy. One can understand and perhaps appreciate the Government's stand, if the Governor of a central banking institution were to be dismissed for pursuing a wrong monetary policy resulting in inflation. Here the case is just the reverse. The poor fellow appears to have suggested a policy of austerity and he has had to be removed just for that. It is the Finance Minister and his party who want to embark on a spendthrift policy, as appears to be the fashion these days in almost every country. He naturally resents the "interference" of the Governor of the Bank of Canada and has punished him for daring to cry a halt to his policy and thus mar the chances of his party coming into power again on the wave of easy money policy, irrespective of the financial difficulties that may ensue for his country in times to come. However, I am not going to deal with this development at any length. My only object in referring to it was to highlight it as an event of the week that makes history.

In Britain, too, history is being made by the Bank of England on another front. For the first time, the yield on the irredeemable gilt-edged securities has been allowed to go up by the Bank to as high as 6¾ per cent per annum. Just imagine Government securities giving a return of about 7 per cent in the present day conditions in England, when it is enjoying an unprecedented wave of prosperity denoting plenty of capital in the country seeking investment! Nor is this phenomenon confined only to Government securities. The trend is noticeable in other fixed-interest bearing securities also. The 6 per cent New Zealand loan is at a substantial discount and so are the debentures and other fixed interest bearing securities of the most well-known companies: they are all giving a yield of very much more than 6 per cent. No one naturally knows how far this tendency will continue; for all we know, we may soon be seeing a full 7 per cent return on the Government securities and the best of debentures and other fixed interest bearing securities in Britain.

To some extent, the fall in the values of these securities and therefore the rise in their yield may be due to the recent pressure on the pound sterling or to such other transitory factors. But this tendency leading to higher rates of interest has been in evidence for some time now. And, even before the pressure on sterling began, the British Government securities were giving a little more than 6 per cent. What is, however, important to note is that, for quite a considerable time, the Bank of England has been withholding its support to the Gilt-edged market, allowing the Government securities to drift lower, as a matter of deliberate policy in spite of a hue and cry from the investing public. The attitude of British banks seems to be that the Government must also borrow on the same terms as the private sector. If the higher rates of interest have come to stay, the Government also must reconcile itself to the prevailing economic conditions, and it cannot, on any ground, get a preferential treatment. The Bank of England is a bankers' bank and it cannot follow two policies, one for the Government and the other for the banks. The Bank's policy has had to be a realistic one, that is, one in keeping with the financial conditions obtaining in the market.

The British Chancellor of the Exchequer is also making history. He has succeeded in getting £1,000 million by way of small savings. It was only in September 1958 that the National Savings movement of Britain was given a target of a "Million Pounds a Day" and, within less than three years, the response from investors has beaten all records. Last year, people in Britain saved 8 per cent of the disposable income as against only 2 per cent before the war. The success of national savings has been so spectacular that the British Government has got from the small savings all the money that it needs and the Chancellor of the Exchequer has let it be known that it may not be necessary for him to borrow from the market at all. It would, indeed, be a wonderful thing to any Government to get all the money that it requires from small savings which would make it unnecessary for it to come to the capital market every now and then. In such a happy event, there would be no need for manipulating the capital market and pump-priming it, to use an American term.

The Reserve Bank of India, too, has been making history, though in a different sort of way. In the last four or five years, it has so managed the Government securities that their price and, therefore, their yield have remained practically the same. The 3½ per cent 1967 loan, for instance, which was at around Rs. 98.44 in 1956-57 is quoting now at about Rs. 99; its yield which was 3.56 per cent a few years ago is 3.68 per cent now. The 3 per cent Development Loan

(Continued on page 196)

(Concluded from previous page)

force the reserve requirements by law, they are being worked through a gentleman's agreement.

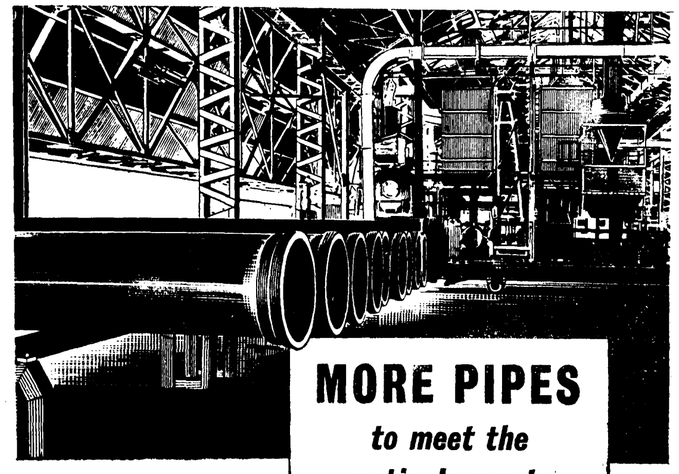
It will be seen from the foregoing account that liquidity ratios have become a common feature of banking legislation in a number of countries. While the ratios have certain common characteristics, they differ as regards the way in which they are enforced and the kind of assets they cover. In most countries, they are administered statutorily, but, in some cases, they operate under special agreements. Cash reserves are included in the computation of the liquidity ratios in Austria, Belgium, the Netherlands and the U.K. In Australia (not covered in the above survey) such cash reserves are excluded, and the liquidity ratios, in fact, constitute separate requirements. Cash assets are also included in the liquidity ratios in the countries that do not have cash reserve requirements, except in France. In Italy, Government securities are the only eligible liquid assets in addition to balances with the Central bank, Call loans are eligible in Austria, Belgium, Canada, the Netherlands, and the United Kingdom, and commercial bills in Austria and the United Kingdom.

Their Efficacy

As regards the efficacy of liquidity ratios as a quantitative credit control instrument, it is found that generally their impact varies widely according to the circumstances at the time of their introduction as well as the subsequent budget and debt-management policies of the Governments. In some countries, notably France, Belgium, Italy and in the Netherlands, the ratios were effective in restraining bank credit through a locking-in of the banks' holdings of Government securities. In some countries, it was the directives to banks which accompanied the ratio regulations that were found to be more effective in halting bank credit expansion. In some others, the requirement that commercial banks should enlarge their Government securities holdings in proportion to their deposits had often the effect of channelling more and more funds to the treasury. The ratios have thus tended to become increasingly a vehicle for facilitating the financing of Government deficits.

The major difficulty encountered in a number of countries having liquidity requirements related to ensuring equity among individual banks. The equity problem arises because of differences in the asset structures of individual banks. Such difficulties have been overcome in some countries by relating liquidity ratios to deposits, but even this arrangement penalises those banks whose deposits are growing more rapidly. In Italy, the problem tends to be mitigated by the provision that the requirement of a 40 per cent minimum against deposit increases ceases to apply when a bank's total holdings of reserve assets have reached 25 per cent of its total deposits.

The developments in the U.K. during past few years have clearly brought out the fact that the effectiveness of liquidity ratios depends on the budgetary and borrowing policies of the Government. This emphasises the need for combining appropriate fiscal and debt-management policies with the minimum liquidity ratio requirements, if the latter are to become effective instruments for controlling credit.



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INDIA IN WORLD TEXTILE SET-UP

COMPETITION IN MARKETS BECOMING KEENER AND KEENER

OUT of every Rs. 100 of foreign exchange earned by India from exports every year, cotton textiles alone account for as much as Rs. 10-11. In view of the imperative need for earning more foreign exchange in the coming years and the limited scope for diversifying exports, the country will have to do everything possible to push up the exports of cotton textiles. Although this aspect has been repeatedly stressed in the Press and on platforms, the action by the powers-that-be continues to leave much to be desired. The ideological considerations governing the textile policy is thwarting all efforts of mill industry to expand its capacity, to modernise the machinery and equipment, especially through the installation of automatic looms, and to rationalise the methods of production. The result is disquieting: India is finding it increasingly difficult to face the competition in world textile markets which is becoming keener and keener as every day passes. It is, therefore, actually losing ground and other countries, much less favourably placed than India in regard to manufacture of cotton goods, are steadily stealing a march over it. This is conclusively borne out by a study of India's export trade in textiles, against the background of world trends in recent years, by the Cotton Textiles Export Promotion Council.

The aforesaid study reveals that, while the aggregate world export of cotton piecegoods have gone up by over a thousand million yards in the past six years—from 5,463 million yards in 1954 to 6,577 million yards in 1960—the quantity supplied by India has declined from 863 million yards (both mill-made and handloom cloth) to 722 million yards. Consequently, the country's share in the total exports has fallen from 16 per cent in 1954 to 11 per cent in 1960 and this, it would appear, will be lower still in the current year, with the actual exports estimated at no more than 700 million yards. India no doubt ranked as the second largest exporter of cloth in the world during 1960, the first place being held by Japan, but its share was only half that of Japan. The quantity of cloth actually shipped by Japan during 1960 was marked by higher at 1,421 million yards, as against 1,263 million yards in 1959 and 1,278 million yards in 1954. It may be interesting to note, in this connection, that, in 1950, India held the first place among exporters of cotton textiles with a total of 1,120 million yards, when Japan was able to ship no more than 1,104 million yards. Japan continues to occupy its predominant place as the biggest supplier of cotton cloth, accounting for more than one-fifth of the total world exports and one-fourth of exports from non-Communist countries alone. The percentage share of Communist countries in the total world exports has risen appreciably from just 5 in 1954 to 16 in 1960. The percentage share of that tiny British colony, Hong Kong, has also risen from 3 to 5.

The following table indicates the trend of exports of cotton piecegoods from India, Japan and other countries during 1960, as compared with that during the three preceding years:

(In million yards)

Supply country	1960	1959	1958	1957
Asia:				
India	721.89	850.16	622.40	881.40
Japan	1,424.60	1,263.00	1,345.32	1,468.36
Hong Kong	905.92	285.50	220.36	196.32
Pakistan	93.88	43.00	4.08	10.28
South Korea	38.89	18.64	8.96	N.A.
Total "Free" Asia	2,585.18	2,409.00	2,101.12	2,556.36
Common Market:				
France	521.06	406.24	308.84	317.84
W. Germany	294.38	342.72	208.20	217.64
Italy	114.43	90.52	109.84	106.48
Belgium	276.36	217.72	191.64	224.44
Netherlands	339.96	303.40	276.12	250.12
Luxemburg	Nil	Nil	Nil	Nil
Total Common Market	1,546.14	1,360.60	1,088.64	1,116.52
Other W. European Countries:				
U.K.	372.06	347.44	334.08	455.76
Portugal	180.16	132.66	129.06	127.72
Spain	209.21	67.72	30.38	34.64
Switzerland	63.04	64.48	56.60	56.52
Others	483.50	316.82	245.04	261.84
Other Free World Countries:				
U.S.	442.76	472.72	505.52	559.36
Egypt	75.00	63.44	50.96	27.44
Others	26.92	23.74	29.52	26.04
Communist Countries:				
China	450.00	500.00*	450.00	358.40
U.S.S.R.	180.00	181.20	185.13	194.44
Czechoslovakia	146.80	137.52	124.36	136.96
Poland	33.41	40.56	28.88	60.72
Yugoslavia	54.32	43.66	9.72	57.72
Others	180.96	137.66	119.58	133.48
Total Communist Countries	1,045.41	1,080.22	917.02	961.07
Grand Total	6,577.20	6,227.86	5,232.56	5,972.86

* Based on imports of Chinese cotton piecegoods into various countries. The figure also includes about 100 million square yards exported to Soviet Russia.

It will be seen from the above figures that, during 1960, France was India's closest rival with a share only 200 million square yards less than that of India. Indeed, from a review of the trend of cotton piecegoods exports from these two countries, it is considered not unlikely that France may outstrip India in due course, unless India takes effective steps to improve its position.

World exports of cotton piecegoods continued to expand during 1960, the rise over 1959 being of the order of 11 per cent. Almost the whole of this expansion was accounted for by increased shipments from non-Communist countries. The rise was more restrained in respect of exports from Communist countries, being just 1.5 per cent. This phenomenon is attributed largely to the drop of nearly 50 million yards in exports from Communist China to free world markets. It is, however, conceded that cotton piecegoods exports from Communist countries can only be approximated on the basis of the intake of their textiles by importing countries and, since such statistics are not available in respect of centrally planned economies, the actual volume of intra-bloc trade within the Communist fold is not assessable. On a rough estimate, the position is said to be as follows:

Chinese Sales

While 25 per cent of the piecegoods exports from Communist countries other than China are routed to markets in the free world, the ratio is as high as 75 per cent in respect of Chinese exports. The decline in exports of Chinese textiles in 1960 might have been due to larger exports to countries like the U.S.S.R., as was the case in 1959. There is no doubt that the failure of the cotton crop in China during the past two successive seasons has contributed largely to this restrained trend in exports of Chinese textiles. That country has, however, been "making desperate efforts to get round these failures by manufacturing fabrics out of mixture of cotton with barks of trees and wild grass, so as to make available a larger export surplus after catering to the requirements of the rapidly increasing local population." Barring China, most of the other Communist countries had stepped up exports of their piecegoods during the year 1960.

Among the free world countries, exports of U.S. textiles have been declining since 1957, the losses being particularly marked in their shipments to Cuba, Canada and Venezuela. In Europe, the declining trend of British exports has still not been halted, as the full advantages of the cotton industry's reorganisation in that country are yet to be realised. Barring the U.K., practically all the other major West European suppliers have reported significantly larger exports during 1960. The same is true of all Asian suppliers with the notable exception of India. Exports of piecegoods increased by nearly 8 million square yards, due chiefly to an increase of 13 million square yards in those of Egyptian textiles. The newly announced policy of the United Arab Republic Government, which envisages exports of yarn and piecegoods rather than raw cotton, is quite significant in this connection. It is understood that Egyptian cotton yarn is already finding its way into West Germany.

The aggregate world exports of cotton piecegoods during 1960 amounted to nearly 6,600 million yards. This quantity represents about 13 per cent of the total world output which in 1960 is estimated to have reached the level of 50,000 million square yards, nearly 4.7 per cent more than the quantity produced in 1959. Both Communist and non-Communist countries shared in this expansion, that of the latter being higher. The table below gives the production of piecegoods during the last four years in the nine biggest producing countries which together account for 80 per cent of the total world production:

(In million yards)

Countries	1960	1959	1958	1957
India	7,243.35	7,183.43	7,504.96	7,265.40
Japan	3,853.12	3,294.08	3,164.64	3,333.08
China	8,492.00*	8,204.00	6,232.00	5,524.00
U.S.A.	9,349.00	9,599.80	8,972.72	9,585.76
U.S.S.R.	7,248.00	6,692.00	6,332.00	6,120.00
France†	N.A.	2,083.88	2,201.84	2,135.92
West Germany	1,657.48	1,550.28	1,539.76	1,632.20
Italy	1,338.20	1,203.68	1,144.48	1,168.32
United Kingdom	1,293.56	1,336.80	1,428.80	1,627.80

* Based on figures of raw cotton consumption.
† Cotton cloth output in France includes cotton-linen and cotton spun rayon mixtures but in which cotton predominates.

The statement above shows that the U.S. has maintained its position as the world's largest producer of cotton cloth. India, which had occupied the second position until 1959, has slipped down to the fourth place, having been preceded by China and Soviet Russia in that order. The remaining countries have maintained their respective positions.

THE CENTRAL BANK OF INDIA, LIMITED

Profits for the half-year ended 30th June, 1961

The Net Profit of The Central Bank of India, Limited for the half-year ended 30th June, 1961, subject to audit, including the sum of Rs. 18,61,470.96 brought forward from the last year's account, amounts to Rs. 1,05,29,450.69 which the Directors have resolved to dispose of as follows:—

	Rs. nP.
To pay an ad-interim dividend at the rate of Rs. 2.40 per share subject to tax (i.e. Rs. 1.68 net) for the half-year ended 30th June, 1961 as against Rs. 2.10 per share, subject to tax, paid for the corresponding period last year.	30,24,000.00
To carry forward to next half-year's account subject to provision for taxation	75,05,450.69
Total ..	1,05,29,450.69

EXPORT INCENTIVE SCHEME FOR COTTON TEXTILES

Some modifications in the Export Incentive Scheme for cotton textiles have been announced by the Union Ministry of Commerce and Industry. The modifications cover exports of cotton cloth and yarn hand-printed cloth, handloom fabrics, hosiery, ready-made garments, tents and mosquito nets. As a result of the modifications, effective from the 1st of this month, import entitlements, which will be considered on a quarterly basis, for raw cotton, coal-tar dyes, textile chemicals, zip-fasteners and other items will be granted against the exports of the aforesaid goods on the following basis:

Cloth and yarn: Raw cotton (import) entitlement will be 66⅔ per cent of the f.o.b. value of exports. The mills will be allowed to retain for their own use cotton equal in value of 100 per cent in respects of fine and superfine cloth exports and yarn of 60 counts and above and 30 per cent in other cases. An additional 2 per cent (that is, a total of 32 per cent) will be admitted in the case of mofussil mills located at a distance of over 322 kilometres but less than 644 kilometres from the ports of Bombay, Madras and Calcutta and 5 per cent (total of 35 per cent) in respect of mills located at a distance of more than 644 kilometres.

Hand-printed cloth: Imports of coal-tar dyes, textile chemicals, gum and special kinds of paper for packing not indigenously available (transparent cellophane paper and glassine paper) will be allowed to the extent of 15 per cent of the f.o.b. value of cloth imported. The holders of import entitlement can sell it at a premium not exceeding 20 per cent of the c.i.f. cost of articles landed in any port of India but only to registered hand-printers. Licences for paper imports will be up to 10 per cent of the total value of entitlements accruing in any one quarter subject to a minimum of Rs. 750 for cellophane paper and up to 30 per cent for glassine paper.

Tents and mosquito nets: Raw cotton (import) entitlement is fixed at 50 per cent of the f.o.b. value of exports, the retention quota being calculated in the same manner as is being done in regard to cloth yarn exports.

Ready-made cotton garments: 15 per cent of f.o.b. value of exports represents the import entitlement which covers (a) coal-tar dyes, textile chemicals, etc., (b) zip-fasteners, button buckles, elastics, transparent cellophane paper and trimmings, and (c) industrial power sewing machines and their accessories and sewing needles not indigenously available and such other accessories as are needed for improving the quality of garments. So far as articles in (b) are concerned, import licences will be limited to 5 per cent of the total value of import entitlements.

Handloom fabrics: Import entitlement will be calculated at 40 per cent either on the actual f.o.b. value of fabrics exported in any quarter or on the value of consignments calculated at Rs. 2 per square metre of fabrics exported whichever is less.

The condition allotted is that f.o.b. value of the fabrics exported in any quarter should be Rs. 2,000. Against the entitlement, no licence will be granted for cotton imports. The entire value of entitlements will be made available on such terms and conditions as may be prescribed by the Textile Commissioner. Import of coal-tar dyes, textile chemicals, gums, special kinds of paper and/or yarn will be allowed to the extent of 15 per cent of the f.o.b. value of exports. The import entitlement cannot be sold at a premium exceeding 20 per cent of the c.i.f. cost of articles landed at any port and that only to producers of handloom fabrics. Licences for cellophane paper imports will be up to 10 per cent of the total entitlement subject to a minimum of Rs. 750 and those for glassine paper up to 30 per cent.

Hosiery fabrics: Import entitlement is fixed at 15 per cent, the articles covered being (a) coal-tar dyes, textile chemicals, etc. (b) zip-fasteners, elastic tapes and trimmings (limited to 5 per cent of the entitlement value), and (c) knitting machines, their accessories and needles not indigenously available.

The net effect of the modified scheme is that import entitlements for mills against exports of grey cloth have been retained at 2 per cent but reduced from 4 to 2 per cent in the case of bleached and processed cloth exports. But the entitlements for dyed, processed and printed cloth in so far as the registered processors are concerned have been raised from 4 to 5 per cent, while the entitlement for bleached cloth continues unchanged at 4 per cent. The mills are thus enabled to obtain import licences under both the categories, that is, as mills and registered processes. They get the benefit of an increase of 2 per cent in entitlement in the case of longcloth and 3 per cent in respect of dyed and processed and printed cloth.

As for private exporters, the entitlement for grey and bleached longcloth remains unchanged, while the same for dyed, printed and processed cloth has been raised from 2 to 3 per cent. The increase is considered to be negligible and falls far short of the 10 per cent increase believed to have been recommended by the Export Promotion Council. "With the cost of cloth and yarn high," to quote a report, "the percentage of import entitlement will not leave a sufficient margin for exporters to increase their export."

Appropos the Export Incentive Scheme, the mills interests are of the view that the Scheme will not succeed unless it is so devised as to ensure regularly imports of at least 600,000 bales of long-staple foreign cotton per annum. It is said that there is a deficit of over Rs. 1 crore in the allocation of funds available to the industry for disbursement under the Scheme; the deficit is attributed largely to the shortfall in imports of cotton stapling 1-1/16" and 1-1/16" and above the premium from which provides the fund to the scheme. The mill interests, therefore, have urged the authorities to ensure a minimum import of 600,000 of long-staple cotton. It is pointed out that the total premium available on 500,000 bales (excluding the retention quota) is estimated at Rs. 6.80 crores (at Rs. 160 per bale on 200,000 bales of 1-3/6" and above cotton) and at Rs. 120 on 300,000 bales of stapling 1-1/16" and above) which, together with Rs. 50 lakhs accruing as a result of the increase of Rs. 10 per bale recently permitted in both cases, "would enable the Scheme to balance itself."

The plea for large-scale imports of foreign cotton could be justified only in times of shortage of domestic cotton but not when the supply of such cotton is sufficient. The current cotton season witnessed a marked rise in domestic cotton output, the estimated figure being more than five million bales, as against 3.75 million bales in 1959-60. The coming season is expected to witness a further rise in output. In view of the improved position of domestic cotton supply, one wonders whether it would not be better to reduce imports of cotton and utilise the foreign exchange thus saved to import spares, spare parts and machinery which are required in large quantities by several mills.

"NYLON 7"

A special type of nylon thread which has superior qualities for tyre cords, fish lines and a wide variety of uses as wearing apparel has been produced by a simple economic process. Nylon 7, shelved since its accidental production in the laboratory many years ago, can at last be made by a commercially feasible process from a synthetic derivative of aminoheptanoic acid, according to Dr. C. F. Horn of Union Carbide Chemical Company of South Charleston, West Virginia. When this derivative is boiled in water, it forms a white waxy-to-brittle substance that can be stored or spun immediately into strong fibres, thus eliminating several steps involved in the commercial production of its chemical cousins, the familiar nylon 6 and nylon 66. Its high softening temperature, 430 degrees Fahrenheit, makes it especially suitable for tyre cords where heat built up from friction is a problem. Nylon 7 does not deteriorate easily in presence of ultra-violet light and produces tough, clear sheets and moulded objects of good impact resistance.

COTTON TRADERS' PROBLEMS

It is proposed to convert the East India Cotton Association (E.I.C.A.) into an all-India body, on lines similar to those of the Indian Cotton Mills Federation. This was disclosed by Mr. Madan Mohan Bula, President of the E.I.C.A., in his speech at the joint meeting of the E.I.C.A., the Cotton Buyers Association, and the Cotton Merchants and Mucadams Association, held in the city last week. The move is certainly well-conceived and has come not a day too soon. It would be better to have one single organisation representing various trades throughout the country instead of a multiplicity of associations in different centres. [illegible] effectively [illegible] matters.

The joint meeting considered a number of problems confronting cotton traders. Opinion was said to have been unanimous over four important issues, namely, (1) removal of cotton price control, (2) desirability of legalising option trading, (3) imposition of sales tax and stamp duty on cotton on uniform basis, and (4) application of section 24 of the Income-tax Act in relation to cotton transactions. It was decided to present the views to Mr. K. C. Reddy, Union Minister for Commerce and Industry, who is expected to visit Bombay later this month. Further, the meeting discussed the official export policy. It was felt that the policy and the procedure in detail for exports should be enunciated at the beginning of the season itself, leaving the quantity to be announced later. A maximum possible quantity, the members urged, must be announced early in October, a supplementary quota being given in February-March, to be followed by a further quota later, provided the crop situation permitted. On the question of imports, it was decided to request the Government to associate the trade with the imports of cotton in future. A plea was also put forward for setting up an expert committee or a council to examine the cotton problems which, it was contended, were not receiving the consideration they deserved at the hands of the Government.

Another plea put forward at the meeting was for the immediate release of export quota for Bengal deshi cotton. The plea was based on the ground that there was a large surplus of this cotton, which, in the absence of either mill demand or export outlet, had been causing considerable financial distress. Commending the same plea for the acceptance of the Government, in the course of a statement issued to the Press earlier, Mr. Ruia had said:

"In May 1961, the East India Cotton Association Ltd. brought to the notice of the Government that the available figures of supply, consumption and exports permitted till then of Bengal deshi cotton indicated that a quota of at least 40,000 bales plus a quantity lapsed from the previous three quotas announced this year could comfortably be released for exports. In view of there being no response to this request, the East India Cotton Association Ltd. collected actual stock position of unsold Bengal deshi lying with merchants in Bombay and also made inquiries as to the estimated stock lying in the upcountry cotton markets of such cotton. The supply position was also again examined on the basis of the recorded figures of surveys, etc., with the Association. The requirements of the indigenous industry, namely, the textiles, absorbent and khadi, till November-end were taken into account on the basis of the past consumption figures released by the office of the Textile Commissioner. The conclusion was that there was a definite surplus of Bengal deshi cotton lying in the country which could advantageously be exported right now.

"Having regard to the reported increase in acreage under Bengal deshi for the next season and the surplus with our competitors, that is, Pakistan and Burma, in relation to the overall consumption of this cotton in the world markets, it is only proper that this surplus in our country be disposed by allowing further exports without delay, as, otherwise, it would not only depreciate in value but also would have adverse effects on the prices of next year's crop, which in turn would be against the interests of the farmers. As it is, the prices of Bengal cotton have come down, not unsubstantially, during the last few weeks. Non-issuance of quota now would put the exporters, particularly the small ones, into heavy losses and also the country to a loss of foreign exchange so urgently needed, as the prices have dwindled down very substantially in the last few weeks, because of lack of demand. It is hoped that the Government would accede to this very essential and reasonable request of the Association on behalf of the cotton trade without delay."

WORLD WOOL TEXTILE ACTIVITY

Activity in the non-Communist countries' wool textile industries in 1960 was slightly higher than in the previous year, states a statistical report presented by the Commonwealth Economic Committee to the International Wool Conference in Holland. After reaching a peak in the first quarter of 1960, activity tended to fall. In the final quarter, it was more than five per cent lower than at the end of 1959. The position varied between one country and another, with marked improvements in Italy and Japan, lesser gains in France and Belgium, and falls in the United Kingdom, the United States, Argentina and certain other countries. International trade in raw wool and tops was lower than in the previous year, though yarns and fabrics showed further increases. Total wool imports by 14 major consuming countries declined by about six per cent as compared with 1959. Wool tops exports were four per cent below the previous year's peak, but woollen and worsted yarn exports rose by 12 per cent—establishing an all-time record. Exports of wool fabrics rose by five per cent.

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LONG-TERM PLAN FOR TEXTILE IMPORTS

HONG KONG REJECTS U.K. GOVERNMENT'S PLEA FOR EXTENSION OF CEILING PACT

From Our Special Correspondent

MANCHESTER, 11*th July*

MANCHESTER LETTER

REACTION from Hong Kong to the British Government's intervention in the import situation could well have been foretold at the time when the official statements were issued. "Resentment" has been expressed, "unconcealed anger and contempt" indicated, and the new additional quotas described as "a bribe." These comments were hardly unexpected in the series of hard bargaining which is going on at present and which must be anticipated in the months ahead. Other aspects of the conflicting views between the different parties involved have been ventilated, such as Hong Kong's apparent ignorance that her shipments enter British ports duty-free compared with non-Commonwealth goods, and the Colony's unwillingness to avail itself of the market for grey cloth which is subsequently re-exported from the United Kingdom, on which no quota limit is imposed.

One of the main objects in proposing an eleven-month extension to the present agreement is to regularise the three separate undertakings given by Hong Kong, India and Pakistan so that they all expire on the same date. It is scarcely likely that the British Government should interest itself so much in the arrangements if it only intended to deal with such a short-term project and textile exporters in Hong Kong have been quick to assume that a much lengthier continuance of the scheme is contemplated.

Government's View

That such a plan is, indeed, visualised can be confirmed from an important sentence contained in a statement issued by the Board of Trade at the time of the original release of the proposed extension, to which little, if any, reference was made in the general press. This said: "Though the extension now proposed only covers a period up to the end of 1962, it is the view of the Government that restraint on imports of duty-free Commonwealth cloth into the United Kingdom will undoubtedly be needed for the whole period of the re-equipment and reorganisation of the British industry." How long such a "state of emergency" will exist to substantiate the maintenance of controls of this kind is anybody's guess. The statement adds that the Government hopes that the uncertainties now standing in the way of settlement through inter-industry negotiation will have been resolved well before the suggested extension runs out, i.e. before the end of next year.

In the meantime, plans for world-wide pacts to regulate the quantity of imported cotton and allied goods have received a setback. Hong Kong millowners are apparently unwilling to extend current arrangements with the United Kingdom even on terms more favourable than those at present existing. After an emergency meeting of Hong Kong weavers' federation, the request for an 11-month extension of the agreement with Britain was rejected. A letter of rejection is to be sent jointly by the spinning and weaving organisations in Hong Kong to Mr. H. A. Angus, Director of Commerce and Industry in the Government there. The British Government had offered an extra 20 million yards on the ceiling and a further ten million yards supplementary quota. This the Colony's textile industrialists are determined to oppose, according to reports from Hong Kong.

Geneva Conference Prospects

In Britain, the attitude was one of sorrow more than anger. A spokesman for a mill group said: "We were hopeful that some form of international agreement would be negotiated but now this seems unlikely." Meanwhile, arrangements are proceeding for a meeting opening in Geneva on Monday at which most of the leading textile countries will be represented. It is called under the auspices of the General Agreement on Tariffs and Trade at the instigation of the United States. Its object is an exploratory one over the export trade.

The suggestion is that Western nations should open up their markets to goods made by the developing countries within reasonable bounds. At the same time, the developing areas should be prepared to accept voluntary quotas on their exports to individual markets to avoid the disruption of the textile industries in the manufacturing countries. In the first five months of 1961, imports of cotton goods (excluding garments) to Britain reached a new peak of 352 million yards valued at nearly £30 million. This compares with 297 million yards, costing about £23 million, for the same period last year.

Voice of Industry

The flow of advice and admonition on the imports issue from company chairmen has not diminished. The following are recent samples of the attitude adopted by leading spokesmen for the industry, both on this controversial topic and the outlook in Europe:

"The great new finishing works in Hong Kong are responsible for the entry of an increasing stream of piecegoods and garments into this country, thereby creating uncertainty in regard to price levels and a natural reluctance among spinners and manufacturers to re-equip. With this country's entrance into the Common Market now probably only a question of time, this latter aspect of Hong Kong competition is likely to have a most serious long-term effect on our ability to sell against the Europeans. The labour content in printing is about 30 per cent and in garment-making more than 60 per cent and Hong Kong wages are effectively about 50 per cent of ours. Duty-free entry is a political matter and the industry, therefore, has every right to expect Government action if, and only if, the United Kingdom and Hong Kong industries cannot by themselves resolve the situation. Given a re-equipped industry working on a multi-shift basis, Lancashire certainly ought to be able to compete with other European countries, though even then not without serious effort." (Mr. J. F. Simpson, Chairman, Simpson & Godlee Ltd.).

European Viewpoint

"It is imperative that this problem be cleared up with the utmost despatch before the industry is forced into another severe recession. It would cause consternation not only in this country but also on the Continent, where there has been great admiration for our reorganisation schemes, if these were to run off the rails at this stage through faulty timing or through lack of constructive thinking about the regulation of trade within the Commonwealth. The attitude of the Hong Kong industry appears to have been influenced by the rapid increase in imports of cloth and yarn from other countries, especially Spain. This is a totally different problem, since there is strong evidence of an element of dumping in these imports. The Government has all the necessary powers for dealing with this kind of destructive competition, but it appears that either they are reluctant to use these powers or there is a serious delay in the mechanism by which they can operate. I would welcome our entry into the European Common Market, which would give us access to a much broader market than we have now and would also, in my opinion, be of benefit because of the stimulation provided by rivalry stemming from ideas and culture rather than from a low standard of living." (Mr. W. T. Winterbottom, Chairman, Fine Spinners and Doublers Ltd.).

"Cloth and garment shortages of last year have now mainly disappeared, leaving ample reserve stocks, and in consequence more competitive conditions are ruling. Earlier this year, it seemed almost certain that Hong Kong would not renew her quota agreement with Britain, but I now believe that Whitehall will intervene in the dispute and that Lancashire will receive further protection from Asian imports although the quota figures will probably be increased. The prospect of Britain's early entry into the Common Market is a situation which I welcome, as I do not believe we can afford to resist the challenge of this vast European market, with its enormous potential." (Mr. K. O. Boardman, Chairman, Boardman, Marden, Ltd.).

Demand for Clothing Still High

Home market demand for clothing remains high, according to the latest quarterly statistical review issued in Manchester by the Cotton Board. The review says: "On a seasonally adjusted basis, it looks as though the pronounced increase in retail sales of clothing (corrected for price changes) which was such a feature of 1959 and 1960 may have flattened out this year, but the level in the first four months of the year was about 4 per cent up on the same period last year."

The reasonably healthy state of final demand, however, was more than offset by the very rapid increase in imports of yarn, cloth and apparel. Coupled with uncertainty about the future of ceilings on Commonwealth imports, this helped to cause a marked slowing-down in the rate of ordering and also a tendency to postpone decisions about whether or not to participate in the re-equipment phase of the reorganisation schemes. "The inevitable reaction to the building-up of stocks during the boom conditions of the last two years is another major influence on the present state of trade," adds the report. The rate of output per working day in the United Kingdom cotton industry improved appreciably in March and April compared with the first two months of the year, when production was abnormally depressed because of sickness among the operatives.

In spinning, the main feature was the continued low level of output in the man-made fibres section where trade in very coarse yarns for tufted carpets remained depressed. In weaving, chief features of interest were also on the man-made fibres side, including the fall in

(*Continued on page* 190)

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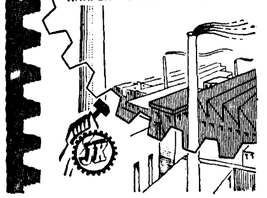

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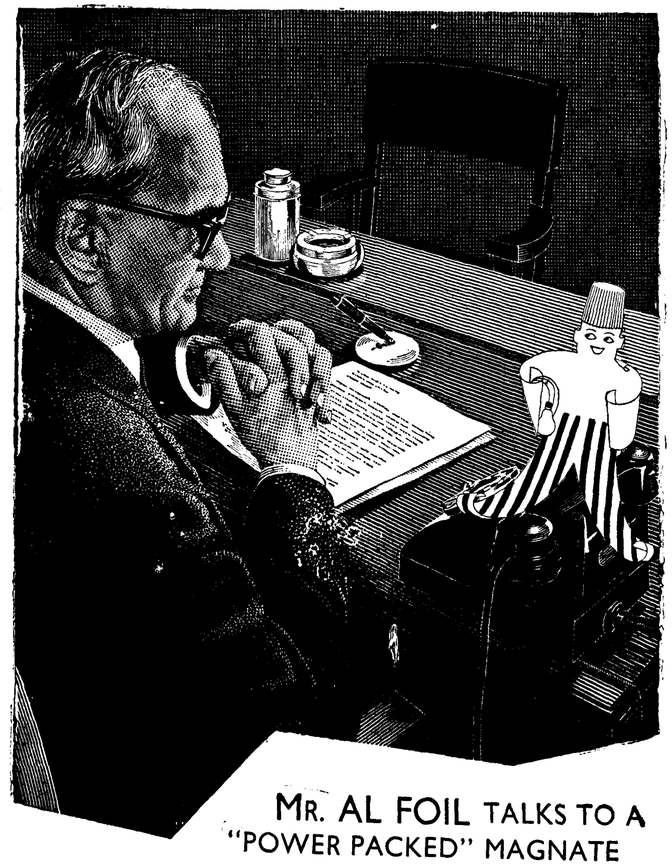

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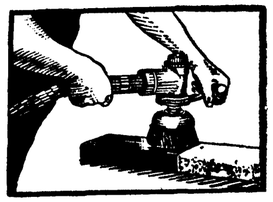

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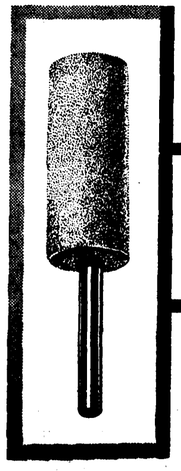

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SECOND PLAN OUTLAY OF STATES

STRAIN ON FINANCES CONSIDERABLE

IT will be recalled that, in their budget speeches just prior to the commencement of second Five-year Plan, the Finance Ministers of practically all the States had forcefully pleaded for great efforts to mobilise as much resources as possible for the successful implementation of the Plan. But the efforts actually made did not meet with adequate success, inasmuch as the additional funds which the State Governments were able to gather were not commensurate with the requirements for maintaining the accelerated tempo of development. The consequence was the considerable strain on States' finances that persisted throughout the second Plan period, notwithstanding the huge resources —amounting to Rs. 2,891 crores—made available by the Central Government. This conclusion is borne out by the array of statistical data furnished in the detailed analysis of the finances of State Governments appearing in the June issue of the *Reserve Bank of India Bulletin*. The aggregate overall deficit of the States widened sharply from Rs. 86.7 crores in the first Plan period to Rs. 157.6 crores in the second Plan. This, it must be noted, was the position even after doubling their borrowings from the public. The data compiled by the Reserve Bank show (under permanent debt) that such borrowings during the second Plan period were no less than Rs. 358 crores, as compared with Rs. 162 crores in the first Plan period.

The strain on States' finances is attributed to two chief factors, namely, mounting Plan outlays and additional commitments due to payment of increased emoluments to Government servants. The total second Plan outlay is estimated at Rs. 2,103 crores (of which the last year of the Plan, that is, 1960-61 alone accounted for Rs. 573 crores). This investment is 134 per cent higher than the actual outlay of Rs. 898 crores in the first Plan period. It has, however, fallen short of the target originally envisaged, namely, Rs. 2,146 crores, albeit by only Rs. 43 crores. The year-to-year Plan outlay of the different States for the first Plan, the targets for second and third Plans, and the budget estimate of outlay for the current year (1961-62 which is the first year of the third Plan) are shown in the table at the bottom. The figures given in this table are based on the budget papers of State Governments and differ from the figures given out by the Planning Commission, as the former include outlay on schemes included in the Centre's Plan but executed in States, as also certain other schemes which are technically outside the Plans of Centre and the States.

Expenditure Rises Markedly

The second Plan outlay of Rs. 2,103 crores constitutes over 35 per cent of the States' total expenditure of Rs. 5,973 crores. The latter amount represents a rise of as much as Rs. 2,587 crores as compared with the total expenditure of Rs. 3,386 crores incurred in the first Plan period. The rise is accounted for by expenditure on both revenue and capital accounts, the former being higher by Rs. 1,592 crores at Rs. 3,946 crores and the latter by Rs. 995 crores at Rs. 2,027 crores. The total expenditure of States per annum has been consistently rising. From just Rs. 544 crores in 1951-52, it increased to Rs. 946 crores in 1955-56 and further to Rs. 1,512 crores in 1960-61. The budget estimate for the year 1961-62 is placed still higher at Rs. 1,580 crores, comprising Rs. 1,057 crores on revenue account and Rs. 523 crores on capital account.

In the context of the mounting expenditure, particularly for implementing the Plan, the resources made available by the Centre are of considerable significance to the States' budgetary position. The total resources (share of divisible taxes and duties, as well as grants and loans) actually transferred from the Centre to the States have gone up quite markedly from Rs. 160.1 crores in 1951-52 to as high as Rs. 771 crores in 1960-61, the estimate for 1961-62 being higher still at Rs. 801 crores. The aggregate resources thus transferred during the whole of second Plan period, as already mentioned, amounted to Rs. 2,891 crores, as against Rs. 1,422 crores in the first Plan period. Almost half of this total represented loans, the actual amount being Rs. 1,428 crores, as against Rs. 807 crores given as loans in first Plan period. The balance was shared by grants (Rs. 752 crores) and shared taxes (Rs. 711 crores); the corresponding figures for first Plan are Rs. 270 crores and Rs. 345 crores, respectively.

Of the Rs. 770 crores transferred in 1960-61, Rs. 414 crores represented the States' share of divisible taxes and grants, constituting 42 per cent of the States' total revenue expenditure. The remaining sum of Rs. 356 crores was in the form of loans and advances, accounting for 69 per cent of the capital expenditure of States. The devolution of resources from the Centre to States, it may be noted here, is at present governed by the award of the Second Finance Commission which covers the five year period from 1957-58 to 1961-62. The Third Finance Commission presided over by Mr. A. K. Chanda, set up in December 1960, is currently engaged in the task of determining (for the four years 1962-63 to 1965-66) the States' share of taxes on income and Union excise as well as grants, keeping in view the requirements of third Plan and the efforts expected of them to raise additional resources. This Commission is expected to complete its tour of the various States by 15th October next and then assemble at New Delhi to finalise its recommendations by 15th December 1961 when the term of the Commission expires. Revealing this at Chandigarh last week-end, Mr. Chanda is reported to have observed:

"The State Governments so far contacted are sharply divided on the question of retaining the present system of dual allocations of Central aid and grants to the State Governments. Some States want that the present system of the Planning and Finance Commissions making separate allocations should continue, although they desire some simplification in procedure. Other States have suggested that at least all the non-capital funds should be allocated by one authority. This is considered to be particularly necessary if the Finance Commission is to discharge properly its function of saving the States' sovereignty from being impugned by the Centre, while allocation or distributing Central funds.

"The Finance Commission has also to re-think on the principle that should govern the distribution of income-tax and the Central excise incomes to States. The receipts of income-tax from companies have now been out of the purview of the distributable funds. The old argument of distributing on the basis of population has, therefore, lost some of its force. The present Finance Commission has, thus, to lay down new principles for the purpose. In the case of Central excise, I appreciate the argument that funds should be distributed on the basis of consumption of various articles in different States. But there are difficulties in calculating consumption figures. It is difficult to determine the spending potential of various States."

These observations do not give any clue as to whether the Commission's award would result in a sizable increase in resources made available by the Centre to the States. Many State Governments have already urged for large-scale additional resources. It is contended by some critics that it was with a view to impressing upon the Commission the need for such resources that the State Finance Ministers deliberately budgeted for deficits by underestimating revenue receipts and over-estimating expenditure. The need for additional funds may be urgent, but the States must spare no pains to raise resources, on the one hand, and to avoid wasteful expenditure, on the other.

Additional Tax Effort

Only ten out of the fifteen State Governments announced proposals for additional taxation in their budgets for 1961-62, the first year of the third Plan. But, even here, the aggregate yield is estimated at no more than Rs. 17.3 crores, as against the overall deficit (on the basis of existing taxation except in the case of Orissa and Rajasthan) estimated at Rs. 66.6 crores. The aggregate overall deficit for the entire second Plan period, as already stated, amounted to Rs. 157.6 crores. Of this, the figure for 1960-61 alone was Rs. 91.7 crores. The deficit would have been wider but for the revenue surplus of Rs. 13.9 crores. The deficit of Rs. 157.6 crores in the second Plan period was met partly by running down cash balances (the closing balance for 1960-61 was *minus* Rs. 14.2 crores, as against the opening balance of *plus* Rs. 14.0 crores for 1956-57) and partly by withdrawal of securities from reserves. The amount of investments sold out by the States during the second Plan period was Rs. 51 crores, the comparable figure for the first Plan period being Rs. 43 crores.

The position in so far as 1961-62 is concerned is that, with hardly any cash balances to fall back upon, a large part of the total estimated deficit of Rs. 66.6 crores will have to be met by overdrafts, leading to an increase in the negative cash balance from Rs. 14.2 crores at the beginning of the year to Rs. 60.9 crores as on 31st March 1962. At the end of 1961-62, as many as eleven States will have negative cash balances, as against only five at the beginning of the year.

Plan Outlay of States

(In crores of rupees)

State	1956-57	1957-58	1958-59	1959-60	1960-61 (R.E.)	Total	States' target for second Plan	States' target for third Plan	1961-62 (B.E.)
Andhra Pradesh	25.66	31.16	34.91	41.84	44.04	177.63	175.74	305.00	48.00
Assam	9.24	9.95	9.13	10.30	14.94	53.56	87.94	120.00	18.75
Bihar	25.32	28.96	32.33	40.46	49.04	176.01	174.00	337.00	47.83
Gujarat	46.93	51.21	70.96	87.76	39.66	363.29	380.29	235.00	33.19
Maharashtra					66.77			390.00	54.60
Jammu and Kashmir	4.66	5.82	4.39	8.38	11.51	32.76	33.90	75.00	11.65
Kerala	10.82	15.12	19.57	19.95	26.04	91.50	87.01	170.00	28.15
Madhya Pradesh	18.87	27.85	32.16	35.34	36.96	150.60	190.90	300.00	43.75
Madras	38.87	30.28	34.61	40.23	45.43	186.19	152.27	290.89	47.87
Mysore	16.27	20.95	25.55	30.37	47.80	142.64	148.18	250.00	36.51
Orissa	17.08	17.42	16.00	16.36	21.88	88.41	99.99	160.00	25.14
Punjab	24.90	28.84	30.78	32.19	36.19	151.67	152.68	298.00	38.85
Rajasthan	18.90	18.90	44.18	47.92	56.78	234.08	259.00	407.00	71.22
Uttar Pradesh	44.85	41.28	27.99	33.11	48.07	188.08	157.87	346.00	50.82
West Bengal	23.15	34.79							
Total	310.26 (279.2)	346.80 (318.9)	402.44 (387.7)	471.47 (440.6)	572.11 (770.6)	2,103.16 (2,196.9)	2,146.79 ..	4,009.89 ..	600.33 (600.9)

Note :—Figures in brackets relate to the resources made available by the Centre.

I.M.F. CREDIT TO INDIA

The International Monetary Fund has agreed to provide $.250 million (Rs. 119.04 crores) to the Government of India in six foreign currencies: $110 million (Rs. 52.38 crores) in U.S. dollars, $60 million (Rs. 28.57 crores) in pound sterling, $45 million (Rs. 21.43 crores) in Deutschemarks, $15 million (Rs. 7.14 crores) in French francs, $15 million (Rs. 7.14 crores) in Italian lira and $5 million (Rs. 2.38 crores) in Japanese yen. This is the first occasion when drawings in yen are being made by any member from the Fund.

Although the Fund's agreement for the provision of $250 million (Rs. 119.04 crores) in foreign currencies has been announced, the actual credit would be received only on 1st August 1961. The Reserve Bank of India has already made arrangements with the Central Banks of the concerned countries for receiving the credit.

India's quota in the Fund amounts to $600 million (Rs. 285.71 crores), of which $77.5 million (Rs. 37.90 crores) have been paid in gold and the rest in Indian currency. This is not the first occasion that India has sought assistance from the Fund to meet its short-term balance of payments difficulties. In 1948-49, India drew $100 million (Rs. 47.62 crores) from the Fund. This amount was repaid by April 1956. Subsequently, in 1957, India made a straight drawal of $127.5 million (Rs. 60.71 crores) from the Fund and another $72.5 million (Rs. 34.59 crores) as 'stand-by' credit. While the 'stand-by' credit was fully repaid within three years, that is, by June 1960, the straight drawal of $127.5 million (Rs. 60.71 crores) was repaid to the extent of $64.25 million (Rs. 30.60 crores) on 26th June 1961. The balance of $63.25 million (Rs. 30.11 crores) is expected to be repaid in the near future.

L.I.C. CONCESSION FOR FLOOD VICTIMS

The Life Insurance Corporation has announced immediate concessions for its policyholders affected by the unprecedented floods in Poona and Ratnagiri Districts of Maharashtra and certain districts in the South and East Zones. The Corporation has waived late fee or interest on unpaid premiums, if payments are made within three months from the due dates of the premiums. If a policyholder dies within the period of grace now allowed, the claim will be met in full, subject to deduction of unpaid premiums.

These concessions will apply to policyholders residing in the affected areas which will be delineated by the L.I.C.'s Divisional Offices, in consultation with the controlling Zonal Offices. The norm of such delineation will be the district and not small pockets or thanas. Details of such areas would be announced later. These concessions will remain in force upto 11th January 1962 and will apply to policies which were in full force on 12th July 1961.

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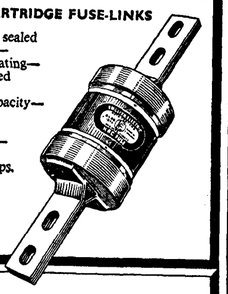

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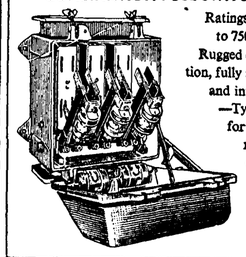

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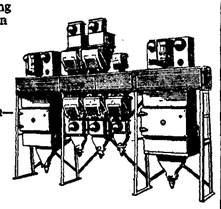

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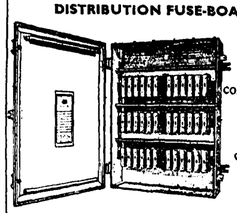

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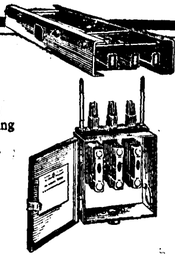

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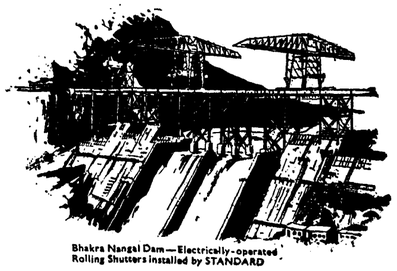

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INCOME-TAX AMENDMENT BILL

POSITION OF NON-RESIDENTS AND FOREIGNERS

By J. J. Jussawalla

IN almost all modern systems of taxes on income the State assumes the prerogative to tax income earned abroad by its nationals or by such foreigners as it could reach because of their extended stay in the country or through their agents in India. But, at the same time, as in the U.K., countries having vast international connections, necessitating long stay of their nationals abroad or, conversely, of foreign nationals in their country, special care has always been taken in taxing income of such individuals. For this purpose, in the U.K., for example, there are three well understood but not statutorily demarcated categories of assessees: (1) Persons domiciled and ordinarily resident in the U.K., (2) persons ordinarily resident in the U.K. but not domiciled therein, and (3) non-residents. Persons in the first category only are liable to full U.K. tax on their income wherever earned; persons in the last two categories are liable to such income as they receive from sources within the U.K. and also on such income from sources outside the U.K. as is remitted to the U.K. India is now rapidly assuming its rightful place in the community of nations and, as in the case of the U.K., developing vast and enduring foreign contacts. And with this development in view it is important to see that our tax laws do not prove a deterrent to such promising contacts, and with a new tax Bill on the anvil, the present is an opportune time for such an examination.

With this in mind we may notice a point or two of the U.K. tax law, which would serve as a better model than that of any other country. In the U.K. whilst in the case of non-residents facts are usually clear and arbitrary limits of residence in terms of time are laid down in law, the Revenue authorities as well as Parliament of the U.K. have both steadfastly refused to lay down arbitrary criteria in law as to what constitutes ordinary residence, for the reason that there are infinite variations in personal circumstances and the decision as to whether a person is domiciled and ordinarily resident or resident would depend on a rather delicate balance of complicated facts. Physical presence, maintenance of a dwelling place, employment of a person, his and his family's ties, connections and attachments, his past history and future intentions all have to be given due weight in deciding whether the person is ordinarily resident or not. Each of these facts would have a different or even contrary import in the case of a person previously ordinarily resident in the country, but who has since left the U.K. and that of a person who has just entered the country, but nevertheless the conditions under which he stays indicate his intention to reside in the U.K. in the ordinary course of his life. For this purpose the Revenue authorities are guided by a few statutory rules and a vast body of case law, always applying them both to the facts of each case to determine whether a person's income everywhere should be brought to U.K. taxes or only such income as is earned or received in the U.K. according as he is considered domiciled and ordinarily resident, or, if a British subject, domiciled but not ordinarily resident.

The Amending Act of 1939

In India, by a happy compromise by Amending the Act of 1939, these considerations of personal circumstances of each case to determine residential status of an assessee were not found necessary, for between Sections 4-A and 4-B of the present Income-tax Act statutory definitions of technical residence as well as by implication of ordinary residence are available. Section 4-A defines what constitutes technical residence in terms of number of days or maintenance of a dwelling place. Section 4-B looks beyond the arbitrary limits and conditions laid down in Section 4-A to determine the residential status of a person and proceeds to define negatively ordinary residence without reference to his maintaining a dwelling place in India. Only an individual who is considered resident and ordinarily resident in India is liable to Indian taxes on his income wherever earned and one who is regarded as not ordinarily resident is liable to Indian taxes on such of his income as is derived from Indian sources, and if from foreign sources, such of it as is brought into India. It admittedly enabled an assessee to stay for long periods without bearing his proper share of tax burden in that his foreign income was not brought to Indian taxes. But all the same it recognised, in a rough and ready way, the intention behind the stay and maintenance of a dwelling place by both the classes of assessees: (1) an Indian who has settled abroad and is gradually drifting away from India and whose connections with this country are becoming rather attenuated and for whom his dwelling place in India exists only because it is an ancestral house or for reasons of paternal or family obligations or attachment or as a convenient place of lodging in the course of his periodic or occasional, but in all cases short visits to India, and (2) the foreigner who has just entered upon a career in India and who has to maintain a second dwelling place in addition to one maintained in his own country, the second being maintained for a purpose—that of employment and for a period, either short or long, but at all events both the dwelling places and the stay intended to be limited to his working life in India, thus indicative of the circumstances under which he resides in this country. There is, therefore, clear logic and equity behind refraining to tax world income of both the classes of assessees as provided in the present Act under Section 4-B.

The New Bill

The new Income-tax Bill now before the Select Committee seeks to remove bodily Section 4-B, leaving only Section 4-A (which is essentially reproduced in Clause 6 of the Bill) to determine whether a person is liable to tax on his world income or not.

Clause 6, as Section 4-A, lays down a technical condition, maintenance of a dwelling place, and sets an arbitrary limit of time (182 days) as one of the tests of residence. A visit exceeding 182 days fastens full tax liability, as also mere maintenance of a dwelling place of necessity or rarely used and almost forgotten, makes an Indian or foreigner liable to full taxes even if he just puts in an appearance in India, in the literal sense of the word. Section 4-B in a way gives statutory recognition of the intention behind the maintenance of a dwelling place, either for the purposes of employment, health or pleasure, and to an extent takes into consideration the nature, quality and extent of residence in India, and disregards entirely the fact of mere maintenance of a dwelling place. In fact, it wrote into law as back as in 1939 what the U.K. authorities have enacted in 1956 on the recommendation of the Royal Commission on the Taxation of Profits and Income (Final Report, 1954) which recommended that in modern conditions no special importance should be attached to the question whether a man maintains a place of abode in the U.K. or not in considering one's residential status for tax purposes.

It may be admitted that Section 4-B was enacted in 1939 to lessen the tax burden of the then rulers of India, but to seek to remove it—a very sound enactment—from the Statute Book just for that reason does not appear to be very logical or convincing. As we have seen above, it recognises and gives effect in law with rare certainty not found in other like enactments to the facts of life, that the person may have to maintain a dwelling place in India without the least intention to reside in India in the ordinary course of his life and in fact, may be maintaining another residence in another country wherein his settled and ordinary residence lay. This will be true in the case of foreigners working in India as in the case of Indians settled abroad.

Narrow Definition of "Residence"

The harshness of basing tax liability on such a narrow and technical meaning of residence will be powerfully brought out by the following illustration which has some basis in fact:

An Indian who was a naturalised British subject continued to have a dwelling place in India for other members of his family, though he himself had just emigrated from India and had settled abroad. Section 4-B of the present Act was not applicable to him, as prior to leaving India he was for a number of years residing in India and was out of India for less than two consecutive years. His residential status was, therefore, to be determined under Section 4-A of the present, or which is the same law as contained in Clause 6 of the present Bill. Under both of these, enforcing an artificial conception of residence based on maintenance of dwelling place coupled with physical appearance in India, he would have been regarded as resident in India for tax purposes. Flying eastward from Europe to the Far East his plane made a convenient halt in Bombay, long enough for him to visit his family in the city, but the poor man dared not step out of the customs enclosure lest he be dubbed resident in India for tax purposes, if he did.

This illustration brings out the harshness and inequity of judging residence on such a narrow and technical basis—mere maintenance of a dwelling place for infrequent visits and just appearance in India.

It is earnestly requested of the Select Committee now considering the Bill to give its best attention to this point. First, either through oversight, a sense of wrong emphasis or sheer prejudice, provisions of Section 4-B seem to have been left out of the present Bill. That does not matter much but in that process they have lost sight of the clear but finely drawn distinction between a person ordinarily resident in India and one just residing for a purpose and a period. The incidence of Indian tax liability would naturally not fasten to an equal degree in both the cases. Next is the consideration of feasibility of enforcing the writ of the Indian legislature in regard to assets of foreigners located abroad. In taxation too it appears discretion is the better part of valour, for it would be better not to have on the Statute Book a law which cannot be enforced with reasonable certainty. Finally, there is the consideration of the first generations of Indian nationals working and/or settled abroad. In many cases a dwelling place is maintained for the aged or the rest of the family remaining behind and on the basis of such preposterously artificial test (mere physical appearance and just maintenance of a dwelling place in the taxable territories) to seek to bring to tax the foreign income of such an Indian would make, who may be exile by necessity, exile by overwhelming compulsion. It is to point out that by such an artificial definition of residence under the present provisions of other taxing statutes, not only foreign income of the Indian settled abroad is brought to Indian tax, but also his wealth abroad as also his and his family's expenditure abroad made from income earned abroad and gifts made abroad from sources outside India.

Sense of Balance Required

Finally, it is not suggested that the full freedom or licence to avoid taxes that is possible under the present Section 4-B be retained; that cannot be and should not be. But what could be done is to restore a sense of balance in taxing Indians settled abroad by enacting into law the suggestion made in the Report of the Taxation Inquiry Commission 1953-54 (the Mathai Report), which cannot be accused of being kind to foreigners or that accursed tribe, the idle rich. Agreeing to do away with Section 4-B of the present Act and the extreme exemptions available thereunder, the Commission had proposed, together with other alternative tests of residence, the following:

"An individual is resident in the taxable territories in any year if he:—

(ii) maintains or has maintained for him a dwelling place in the taxable territories for a period or periods amounting in all to one hundred and eighty-two days or more in that year, AND IS IN THE TAXABLE TERRITORIES FOR A PERIOD OR PERIODS AMOUNTING TO NINETY DAYS OR MORE IN THAT YEAR (capitals mine).—*Report of the Taxation Inquiry Commission vol. II, p. 29.*

As for foreigners working in India, but not domiciled or settled therein, it is suggested that condition precedent to tax liability to income accruing abroad and not received in India should be that the assessee be an Indian citizen. For laying down this qualification, we have precedence in our own taxing statutes, namely, the Wealth Tax Act (after the amendment made by the Finance Act, 1958) and the Expenditure Tax Act. Under both these Acts, liability to wealth abroad or expenses abroad from foreign sources arises on the assessee being both a citizen of India and resident in India as defined under the Income Tax Act.

An amendment to Clause 6 of the Bill on the aforesaid lines would give preference to none and render justice with equity to all.

BHILAI STEEL PROJECT

SOVIET CHIEF ENGINEER'S IMPRESSIONS

By Tribhuwan Nath

IT is difficult to feel when you meet Nikolai Goldin—a simple, modest and unassuming man—that he is one of the top executives of the Soviet Union, who has been successively Chief Engineer of a building trust of the U.S.S.R., Deputy Minister of Construction of Metallurgical Enterprises and Deputy Chairman of one of the Economic Councils of the U.S.S.R. "My whole life has been devoted to construction—construction of metallurgical enterprises," he told me. He had helped build many steel plants in the U.S.S.R., but he was perhaps happy about none as much as about Bhilai, for Bhilai, said he, stood in a different category. "It is a bond, a symbol of friendship, between two great countries. It is the fruit of joint work by the workers and technicians of the Soviet Union and India." Behind it lay the desire of the Indian people to have their own heavy industry, in the first place a powerful iron and steel industry, and the readiness of the Soviet people to help them in consolidating their economic independence, he added.

Nikolai Goldin recalled the moving words spoken by Jawaharlal Nehru when he inaugurated the rail and structural mill last October. Bhilai, said Mr. Nehru, had become a symbol of India, of science and progress and of Indo-Soviet co-operation. Bhilai, he added, gave practical shape to the people's dream of a new India.

Key Factor

He emphasised again and again, in the course of our talk, that it was the close co-operation between the Soviet and Indian staff in an atmosphere of mutual trust and confidence that was the key and vital factor in completing the Bhilai plant in the shortest possible time. His face beamed as he talked of this co-operation and friendship. "The Soviet and Indian engineers got on very well together," said he. "It was the common striving to make Bhilai the pride of India's heavy industry that made them feel like brothers," he added.

This friendship, he told me, transcended the office or the workshop; it pervaded the everyday life of the Soviet and Indian workers and technicians. They shared their work as well as leisure. They would often spend their evenings together, they celebrated their festivals and national days together. Personally speaking, N. Goldin said, he would always remember and cherish the friendship and esteem that he received from his Indian colleagues.

Training on the Spot

Bhilai had produced steel, N. Goldin said, but not only steel; it had produced also fine young technicians and skilled workers, who had in a remarkably short time mastered the complex techniques of steel production. The Soviet specialists, he added, had not only helped build up the steel colossus, they had also—and it was no less important perhaps—trained large numbers of Indian specialist right on the spot, in the very process of construction and production.

Giving a concrete example of how this training was imparted, he told me how one of the top Soviet engineers, Yakov Samoilenko, who had designed highly automated electrical equipment for Bhilai and later during his three years' stay in the steel town had helped in assembling and installing it, had trained over 50 Indians in handling this complex and highly specialised equipment. Now they were able to manage all this automation machinery independently. Needless to say, every workshop of the Bhilai plant had its own Yakov Samoilenko.

Besides, Nikolai Goldin told me, over 700 Indian technicians had received training at big Soviet iron and steel plants.

Distinguishing Characteristic

The distinguishing characteristic of Bhilai, as different from the other plants, said N. Goldin, was this central emphasis on the training of Indian technical cadre. For the rapid industrialisation of India, he added, this was even more important than machinery and equipment.

The Bhilai plant, N. Goldin told me, was one of the most modern in the world, and any country would be proud of it. All the processes of production here were automated and integrated. It had blast furnaces of the most perfect design working, under enhanced gas pressure, on fluxed sinter cakes with permanent humidity steam air-blowing. The open-hearth furnaces that had been built at Bhilai were the most powerful in the country, each one of them having a holding capacity of 250 tons. No wonder that N. S. Khrushchov said about Bhilai: "We would be proud of such a plant if it were built in our country. It is a good plant with the latest equipment, which is in step with modern achievements of science and technology in metallurgy."

Nikolai Goldin recalled, in this connection the statement of N.S. Khrushchov that in fulfilling the agreement on the expansion of the Bhilai plant, the Soviet Government would be supplying the very latest equipment for the expansion project, taking into account the advance in the technology of steel production in the intervening period. The new open-hearth furnaces to be built under the expansion plan would have double the capacity of the present furnaces, i.e., 500 tons. The volume of the new blast furnaces would be similarly raised from 1,033 cubic metres to 1,719 cubic metres.

Excellent Performance

When I asked Nikolai Goldin what he thought of Bhilai in comparison to the two other plants, commissioned at about the same time as Bhilai, he said it was difficult for him to speak about the other plants, but he could say this about Bhilai, that it was doing exceedingly well. Production there was in full swing. It produced in June this year 20 per cent more steel as compared to May, 25 per cent more rolled metal and 12 per cent more pig iron. It has produced up to date 1.5 million tons of coke, 1.4 million tons of pig iron, 630,000 tons of steel and 586,000 tons of rolled metal. It might be profitable to compare these figures about Bhilai given by Nikolai Goldin with the corresponding figures for Rourkela and Durgapur as published by the Press. The total production at Rourkela comes to 1.1 million tons of coke, 840,000 tons of pig iron, 350,000 tons of steel and 180,000 tons of rolled metal. Durgapur has so far produced only 860,000 tons of coke, 650,000 tons of pig iron, 250,000 tons of steel and 230,000 tons of rolled metal.

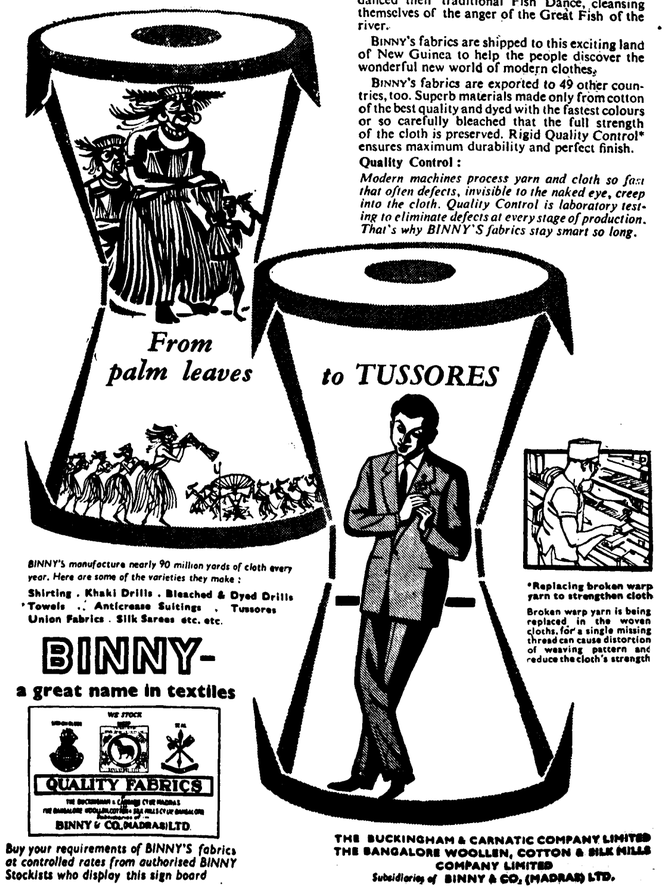
These figures showed that Bhilai had a striking lead in production. It had been able, thanks to its excellent machinery, efficient organisation of work and close co-operation between the Soviet and Indian specialists, to maintain steady, uninterrupted flow of production.

An important feature of the Bhilai plant as compared to the other two plants built in India is that it even now yields profit for India. Bhilai has given a very good account of itself, said N. Goldin. Every plant, he added, should be judged by its actual performance.

Dominant Impression

Concluding, Nikolai Goldin said that his dominant impression during his stay in India was that the Indian people were very industrious. Bhilai was a testimony of the will and determination of the Indian people and their Government and personally of Prime Minister Nehru to have their own heavy industry—the backbone of a country's economy. He wished the Indian workers and specialists working at Bhilai further successes in their work, especially in expanding their plant. He said although he was leaving India, he would always retain a special devotion to Bhilai and look forward to its continued progress and development.

The International Monetary Fund has entered into a stand-by arrangement with the Government of El Salvador for a period of 12 months, in an amount equivalent to $11.25 million. The reserve position of El Salvador showed a decline in the last quarter of 1960 and the first quarter of 1961, when a high level of bank credit facilitated imports which exceeded the country's current foreign exchange earnings. The Salvadoran authorities are adopting measures to improve the internal situation through appropriate fiscal and monetary policies. The Fund's assistance will help support the country's reserve position, and the continued convertibility of its currency, while these policies are taking effect.



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STATEMENT OF CHAIRMAN, MR. J. R. D. TATA

RS. 18-CRORE EXPANSION SCHEME GETS GOVERNMENT'S APPROVAL

THE expansion scheme of the Tata Engineering and Locomotive Company Limited has been approved of by the Government of India and necessary initial steps have already been taken to implement it. This is disclosed by Mr. J. R. D. Tata, Chairman of the Company, in his annual statement to shareholders, circulated along with the Directors' report and audited accounts for the year ended March 1961. The scheme, according to Mr. Tata, is estimated to cost about Rs. 18 crores, including its share of the expansion of capacity for castings, forgings and other components, and envisages a doubling up of the rate of output once again. He says that it is planned to complete the programme over a period of about 3½ years during which production and the percentage of indigenous content will be progressively increased each year. By way of a general observation, he emphasises that productivity and efficiency can be achieved only step by step, with sustained hard work, relentless attention to details, and insistence on the highest standards of quality and performance. This important aspect of industrial growth, he trusts, will not be ignored in the implementation of great plans of industrial development.

The following is the full text of the statement of Mr. Tata:

"The year that has passed has been a good one for this Company. As shareholders will see from the attached report and accounts, we made all round progress in production, in sales and in profits.

Substantial Benefits to the Country

"The Company's performance in the past year has brought substantial benefits to many sectors of the economy. The rail and road transport industries were provided with Rs. 33 crores worth of Indian made transport equipment of the highest quality and performance; 13,000 men and women were provided direct employment and earned from us over Rs. 4 crores in wages and bonuses. The Company paid Rs. 7.7 crores in taxes and duties.

"Ordinary shareholders, assuming they approve of the Directors' recommendation, will have received Rs. 1.16 crore as dividends and added Rs. 3.92 crores to their assets.

"In addition to the above benefits, which can be expressed in money terms, we made intangible, but not less real, contributions to the nation's economic development: for instance, in the training and additional experience imparted to our staff at various levels, in the continued building up of the managerial and technological skills of our organisation; in the stimulus which our operations will have given to the development of ancillary industries and to road transport.

"The results we have achieved and the manner in which we have conducted our affairs in the past year demonstrate what private enterprise, properly organised and financed and given the necessary scope for initiative, can do for the country in its plans of industrial development.

Productivity and Efficiency

"It should be noted that it took the Company some fifteen years of hard work to achieve its present stage of maturity and efficiency. There is a tendency in our country to believe that the establishment of new industries requires little more than the provision of the necessary buildings, plant and equipment, and to criticise the lack of immediate results. We have ourselves had our share of such criticism. Enterprises such as ours are not, however, made up merely of buildings and machines. These are the mere bones of industry; the flesh, muscles, blood and nerves essential to productive effort, which in industry are represented by materials and money, management and staff, take nearly as long to build up as it takes for a child to develop into a grown and productive human being. Productivity and efficiency can be achieved only step by step with sustained hard work, relentless attention to details, and insistence on the highest standards of quality and performance. I trust that this important aspect of industrial growth will not be ignored in the implementation of the great plans of industrial development on which the country has embarked.

"Now that the Company has reached maturity, by which I mean not only the ability to pay its way but also the capacity for self-sustaining growth, I would like to thank the shareholders for their support and continued confidence during the ten weary years they waited for a dividend. When so much is so often said with so little understanding about the inadequacies of private enterprise and the inequities of the profit motive, I trust the record of this Company will not be overlooked nor the fact that its shareholders and management bore with patience this long period of waiting for some return on their investment of money and effort.

Excellent Job by the Staff

"I would, on your behalf, also like to thank all those responsible for the Company's progress over these past fifteen years; our workers and staff at Jamshedpur and elsewhere for the skills and productivity they have acquired (I am glad that they are now getting tangible evidence of the value of the training and experience they have been given in the Company's employment and the opportunities available to them for advancement and higher standards of life); the supervisory staff, and particularly the higher echelons of management, for the unremitting and at times thankless work they have put in; our past General Managers who laid the foundations for the present progress of the Company; Mr. da Costa, our present General Manager; Mr. Stoehr, head of our Automobile Division, who has been mainly responsible for building up this Division to its present high state of efficiency and productivity; Mr. Broacha, head of our construction and engineering activities; and finally our technical associates, Messrs. Daimler-Benz, Krauss-Maffei, Henricot, Harnischfeger, and Johnsons for their invaluable assistance in our various projects.

"Our thanks are also due in no small measure to the Ministry of Commerce and Industry, particularly the Development Wing of the Ministry, for their realistic and constructive policies and sound decisions on the problems of the Automobile Industry. Very much against his own wish, I must also mention my colleague, Mr. Moolgaokar, Director-in-Charge of the Company, who, through the dedicated application of his outstanding technical and managerial talents and an immense capacity for work, has contributed more than any other single person to the growth, efficiency and success of the Company.

Profits and Appropriations

"As you will see from the Directors' report and accounts, the gross profits accruing from the past year's operations were Rs. 110.44 lakhs higher than in the previous year. After providing an additional Rs. 19.33 lakhs for depreciation, Rs. 30.84 lakhs for development rebate reserve, and Rs. 28.93 lakhs for taxation, the Directors were able to recommend an increase of 16 per cent over the previous year in the rate of distribution on ordinary shares which, if approved by you, will be Rs. 14.50 gross or Rs. 10.15 tax-free per share, subject to tax relief under Section 15C of the Income Tax Act. In order to ensure that the shareholders obtain the full benefit of such relief, a part of the dividends on ordinary shares will be paid out of the undistributed balance of 15C profits earned in previous years and the whole of such 15C profits earned in the year under report. As a result of this treatment of appropriations and dividends, the tax on dividends borne by the shareholders will be reduced from 30 per cent to 21.9 per cent, subject to finalisation by the Income-tax authorities.

Automobile Division

"As in the past year, the operations of the Automobile Division produced the bulk of our revenues and profits. Tata-Mercedes-Benz vehicles have maintained and in fact further enhanced their leadership in the industry, and the demand for our vehicles continues greatly to exceed our capacity to produce them even after expanding our output to 1,000 units a month. I mentioned to you last year that, in order to meet this unsatisfied demand, we had decided to embark on a further scheme of expansion of our capacity intended to double once again our rate of output. I am glad to report that our proposals have been approved by the Government of India and that the necessary initial steps have already been taken to implement this important project which is estimated to cost about Rs. 18 crores, including its share of the expansion of capacity for castings, forgings and other components. It is planned to complete the programme over a period of about three and a half years during which production and the percentage of indigenous content will be progressively increased each year.

"In my statement last year, I discussed at some length the project for an economy car in regard to which we had put forward to Government proposals for the manufacture of the DKW-junior under licence from Messrs. Auto-Union, an associate company of Messrs. Daimler-Benz. Nothing has come of this scheme nor is it likely to materialise in the future, as the Government of India seem to have decided, on grounds which are yet to be justified publicly, to manufacture such a car themselves. It remains to be seen whether the public will in due course get from the Government project a good, durable and economical small car at a price anywhere near Rs. 5,000 or Rs. 5,500 as indicated by Government.

Locomotives

"On the expiry of the sixteen-year agreement between the Railway Board and the Company in May 1961, the Railway Board's obligation to place regular orders for locomotives on the Company, and the Company's obligation to supply them, have come to an end. Although this agreement caused headaches to both sides and brought us hardly any profit, we may be grateful for the part it played in enabling the Company to come into existence and to create the initial industrial base from which we developed into other more profitable fields making possible our subsequent progress. We are grateful to the Railway Board for the support extended to us during the last sixteen years.

"Although we are no longer legally obliged to supply locomotives to the Railway Board, we have readily agreed to meet their further requirements on an *ad hoc* basis and have received orders for the supply of about sixty-five locomotives a year on an average for the next five years, at a price which, while yielding us only a very small profit, will enable the country to secure its requirements of metre-gauge steam locomotives more cheaply than, we believe, the Railways could secure from any other source.

Tata-P & H Excavators

"Since I reported to you last year, the project for the manufacture of excavators and similar equipment under licence from Messrs. Harnischfeger of Milwaukee, U.S.A., has got into its stride and is being energetically pursued. Subject to the availability of foreign exchange, the shortage of which, incidentally, was responsible for delaying the start of the project, we shall be in regular production of these heavy machines essential to the mining, heavy construction and other industries. An initial batch of twenty 2½ cubic yard power shovels has been put into production. Although, naturally, the number of units manufactured initially will be relatively small, I believe that the Tata-P & H power shovels, cranes and similar machines will establish for themselves the same high reputation for performance and quality as has characterised our Tata-Mercedes-Benz trucks and buses.

Manufacture of Plant and Equipment

"An important activity of the Company, which has grown considerably in the last year and which is not specifically reflected in the Directors' report or accounts, is the increasing extent to which we have been making plant and equipment for our own use. Amongst such items may be mentioned special machine tools, materials handling equipment, presses, furnaces, cranes, etc. This development is of great value, both to ourselves and to the country. It assists development of design talent, enables expansion activities to be better co-ordinated, and not only reduces capital expenditure but also saves a good deal of foreign exchange of which, as you know, there is a critical dearth today.

"I have little further to add to the Directors' report and the annexed accounts which give a clear picture of our operations during the past year. We can, I think, view the future with sober confidence in our ability to surmount such obstacles and difficulties as we may find on our road to further growth and achievement. I can safely assure you that, with the equipment, the financial and human resources, the knowledge and experience now at our disposal, and given reasonable freedom of initiative and action, we should do at least as well, if not better than any similarly placed enterprise in the country, and in the process satisfy some of the most vital needs of the country as well as the legitimate aspirations of the shareholders.

"In closing, I wish on behalf of the Directors and yourselves, to refer to the great loss suffered by the Company, the industrial and business community, and the country as a whole by the death of Sir Purshotamdas Thakurdas on the 4th of July 1961. A man of outstanding intellect and ability and unrivalled experience of business and industry, Sir Purshotamdas has rendered valuable services to the Company of which he had been a Director since its inception. The Directors have placed on record their sorrow at the passing of Sir Purshotamdas, and I am sure you will wish to join them in conveying our deepest condolences to Lady Thakurdas and other members of the family."

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A.D. 1808

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Notice

MINERVA MILLS LIMITED

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE 41st Annual General Meeting of the above Company will be held at the Registered Office of the Company, Temple Bar Building, 70, Forbes Street, Bombay 1, on Monday, the 31st July, 1961, at 4-30 p.m., to transact the following business:—

(1) To receive and adopt the Directors' Report and Audited Statements of Accounts for the year ended 31st December, 1960.
(2) To appoint Directors in place of those who retire but are eligible for re-appointment.
(3) To approve a Contract dated 15th June 1961 between Mr. Narayan Prabhakar Chandavarkar and this Company appointing the former as Consulting Architect to the Company for six years from 1st June 1961.
(4) To appoint Auditors for the current year and to fix their remuneration.

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

Detailed Notice of the above Meeting has already been published in the Press, and has also been posted to the Shareholders individually.

By Order of the Board,
N. SIRUR & Co. PRIVATE LTD.,
Managing Agents,
G. V. SIRUR,
Director.

BOMBAY,
Dated 12th July 1961.

GOVERNMENT OF INDIA

3½ PER CENT. BONDS 1969 ISSUE PRICE Rs. 98.40 PER Rs. 100 (NOMINAL). REPAYABLE ON 1ST JULY, 1969.
4 PER CENT. LOAN 1981 ISSUE PRICE Rs. 98.50 PER Rs. 100 (NOMINAL). REPAYABLE ON 24TH JULY 1981.

Subscriptions to the above bonds and loan will be received simultaneously and will be limited to a total of Rs. 100 crores (approximately). Subscriptions may be in the form of (i) cash/cheque or (ii) securities of the 2½ per cent. Loan 1961 or 3 per cent. Hyderabad Loan 1951-61 which will be accepted for conversion at par.

Interest on the securities tendered for conversion will be paid upto 31st July 1961 inclusive.

The new bonds and loan will bear interest from 24th of July 1961. Interest on the bonds will be paid on 1st January 1962 for the period 24th of July 1961 to 31st December 1961 and thereafter half-yearly on 1st of July and 1st of January. In case of the loan interest will be paid half-yearly on the 24th of January and 24th of July.

Subscription lists will open on 24th July 1961 and close on 26th July 1961 or earlier without notice.

Applications for the bonds and loan will be received at:—

(*a*) Offices of the Reserve Bank of India at Bangalore, Bombay, Calcutta, Madras, Nagpur and New Delhi;
(*b*) Branches of the State Bank of Hyderabad conducting Government work, and those at Bahinsa, Jaggayyapet, Mancherial, Nagarjunasagar and Sirpur, Kagaznagar in Andhra Pradesh, Manwath, Purli-Vaijnath and Sailu in Maharashtra State and Shahabad in Mysore State;
(*c*) Branches of the State Bank of Mysore in the State of Mysore except those at Bangalore, Mangalore and Gulbarga; and
(*d*) Branches of the State Bank of India at Mangalore and at other places in India, except at the places specified in (*a*), (*b*) and (*c*) above.

For full particulars please apply to any of these Offices, branches or treasuries.

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Text of the Companies Act 1956 incorporating up-to-date amendments.
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ANNUAL MEETING OF BENGAL POTTERIES LTD.

MR. M. G. BHAGAT PLEADS FOR REDUCTION IN EXCISE DUTY

LARGE EXPANSION PLANS UNDER WAY

THE view that the heavy burden of excise duty on crockeries and insulators, imposed in March last, might adversely affect the growth of pottery industry was expressed by Mr. M. G. Bhagat, a Director of the Bengal Potteries Ltd., in his speech at the Forty-ninth Annual General Meeting of the Company held at Calcutta on 26th June 1961; he presided over the meeting in the unavoidable absence of Lala Shri Ram, Chairman of the Company. Mr. Bhagat requested the Government to reduce the rates of excise duty on pottery products. Giving details of the expansion plans the Company had undertaken, Mr. Bhagat observed that the Company had, in technical collaboration with a well-known West German firm started work on planning a new type of lay-out in Factory No. 2, in order to improve the quality and increase the quantity of high-tension and low-tension insulator production. He stated that, when these plans were completed, possibly by 1962, the Company would become one of the largest producers of electrical porcelain in the world.

The following is the text of Mr. Bhagat's speech:

"GENTLEMEN,

"I am delighted to welcome you to the forty-ninth annual general meeting of the Company.

"The audited accounts and the report of the Company's Directors have already been circulated, and, I hope, I have your permission to take these as read.

"Before I express my views with regard to the working results of the Company for the year ending 31st December 1960, I would like to inform you that our Chairman, Sir Shri Ram, on account of being rather unwell, has been unable to attend today's meeting. I need hardly add the great services rendered by Sir Shri Ram to this Company. You fully know how extremely fortunate we are in having his valuable advice for guiding our policies during the last several years. I am sure I am voicing your good wishes, to which I add my own, for a speedy recovery to normal health of Sir Shri Ram.

Progress of the Company

"The audited accounts for the year under review have been before you for some time now. I would like to state that the Company has been making a steady improvement in all spheres of its activities. Our sales have increased by Rs. 27 lakhs, as compared with the year before. We have maintained the prices of our goods at the same level throughout. As a matter of fact, in certain items, we have reduced our prices. However, the cost to the Company of all raw materials and stores has increased considerably. Naturally, this has affected to some extent, the working results of your Company.

"The Directors have recommended the transfer of Rs. 3,80,000 to general reserves besides the transfer of Rs. 48,070 to development rebate reserve which, as you know, under statutory provisions, has to be made for the purpose of replacement of machinery and equipment. Although the Directors have recommended a dividend of 15 per cent, which is slightly higher than what was paid last year, on account of the new procedure of statutory deduction of tax, the net result will be 10.5 per cent tax-free dividend.

Production

"Our production in Factory No. 1 has increased, although the equipment and the firing capacity in this factory remained the same. Unfortunately on account of the miscalculation of our gas producer suppliers, our Factory No. 2 is still running below capacity for want of adequate gas supply for our furnaces. However, the production of this factory is higher for the year under review than the year before.

"I am glad to inform you that after nearly one and a half years of great effort, we have succeeded in getting an import licence for importing an extra gas producer of larger capacity. According to the present available information, we feel that this gas producer will be in operation within the first half of 1962. It will then be possible to increase the production of Factory No. 2 considerably.

W. German Collaboration

"You have been informed that the Company has signed an agreement for technical collaboration with the well-known firm of Messrs. Rosenthal-Isolatoren Gmbh of selb, West Germany, in order to increase the manufacture of high-tension and low-tension insulators. I am glad to say that the Technical Director of this German firm, along with two of his technical colleagues, joined the Company on the 2nd April 1961, and they have already started work on planning a new type of layout in our Factory No. 2, to improve the quality and increase the quantity of our high-tension and low-tension insulator production. We have had to import extra equipment, in addition to the gas producer already mentioned above, in connection with increasing this capacity. Some of the equipment has already arrived in Calcutta, and the rest is expected before the end of this year. It is my belief that when the plans for this increased production have been completed, which I hope we shall be able to accomplish by the end of 1962, your Company will be one of the largest producers of electrical porcelain in the world. It will surely be by far the largest in this country. The demand for high tension insulators, on account of the great impetus given to electrical power production in the third Five-year Plan, is considered to be very large. Further, the demand of the Post and Telegraphs Department for low tension insulators is also increasing considerably, and your Company has made adequate arrangements for meeting the increased demand of this department.

"In addition to the improvements which we have planned for our insulators, we are seeking technical collaboration for improving the quality of our tableware production, and to reduce our production losses. It is my belief that in next year's report we may be able to give you some definite results of our present efforts towards this end. I am also glad to inform you that we have received from the Central Government, a licence for the production of high class translucent china. Your Directors are constantly making efforts to improve and enlarge the scope of your concern.

Sales

"I am glad to state that our sole selling Agents, Messrs. Allied Distributors and Co., have increased the number of depots and dealers for retailing our tableware. It is a matter of great satisfaction that the products of your Company are at present available in all parts of the country at uniform and controlled prices, through the efforts of our selling agents.

Excise Duty

"On the 1st of March this year, the Central Government imposed an excise duty on our products. All production of tableware after 1st March 1961, has been levied an *ad valorem* duty of 15 per cent on our prices, and all insulators an *ad valorem* duty of 10 per cent. This has naturally increased the retail prices of these commodities by an amount equivalent to the duties levied in each case. We cannot say as yet how this increase in prices is going to affect the sale of our products in the years to come, but we feel that the rate of excise duty levied on crockery and insulators is extremely high. This is a young industry, and it is quite possible that, while it is growing to maturity, such a heavy burden of taxation may affect its growth. We are making efforts to persuade the Central Government to reduce the quantum of excise duty.

Loan from I.C.I.C.I.

"To meet the foreign exchange requirements for the purchase of the new equipment for our development plans, and other finances, we have obtained foreign exchange and rupee loans from the Industrial Credit and Investment Corporation of India Ltd., Bombay. We are hoping that the amount of the loans will be made available to us by the end of July.

Export

"We have been exporting our goods on a small scale, and we expect that in the year 1961, we shall be able to export a fairly large amount of our products. I may inform you that the prices available to us in foreign countries for our products are lower, and we have to export our products at a loss, but in order that we perform our duty for the maintenance of export targets fixed by our Government, we have undertaken this export.

Labour Relations

"Our labour relations, I am glad to say, with our employees have been very satisfactory. For the work of the year 1960, we have paid 5½ months' bonus calculated on basic salary to our employees. The elected members of the workers are constantly consulted in framing the labour policies of the Company.

"I will now take this opportunity of conveying my own and the Board's appreciation of the excellent work done by all our employees.

"I thank you very much indeed for giving me a patient hearing and for the courtesy extended to me."

Note: *This does not purport to be a record of the proceedings of the annual general meeting.*

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OIL IN UNDERDEVELOPED COUNTRIES

COMMUNIST POWERS RENDER SUBSTANTIAL ASSISTANCE

IT is paradoxical that, while the cold war continues to darken the political scene, the Communists should be intensifying their economic relations with many Western countries, as well as with the neutral or uncommitted nations. The rising exports of Soviet oil, upon which so much attention has been focused, form only one item in the account. The Communists both sell and buy a wide range equipment—including equipment for the oil industry—and continue to offer financial and technical assistance to a growing number of countries.

A broad distinction must, however, be drawn between Soviet relations with the underdeveloped countries and with the more advanced communities of the West—even though, in individual cases, the motives may be mixed. In the former, the motivation is mainly political—to demonstrate that the Communists too can give aid and assistance, to win the goodwill of the neutral States, to embarrass the Western powers, and to stimulate interest in, if not actually propagate, communist ideas. In the relations with the advanced communities, on the other hand, the objectives are primarily economic—to procure raw materials and, more especially, a wide range of industrial equipment needed to promote and sustain economic growth behind the iron curtain. To pay for these necessary imports, there must be exports in exchange.

Convenient Export Counter

Oil is, for various reasons, a convenient export counter; and total exports of crude and products from the Communist bloc to the rest of the world almost trebled in three years, to reach 22.7 million tons in 1960. The direction of this trade was mostly towards the industrialised countries. Nearly three-quarters flowed into Western Europe, Italy being by far the biggest buyer. About one-quarter of Italian supplies last year came from this source, while, for the European Economic Community as a whole, the 1960 proportion was 11 per cent. The U.K. Government, on the other hand, still refuses to grant import licences for Russian oil, save for special qualities. Cuba entered the picture as a large buyer in the middle of last year, taking over 2 million tons; and, according to a recent broadcast by that country's Minister of the Interior, the present rate of shipment is about 4 million tons a year. Last year also saw a sharp advance in Japanese purchases of Communist oil, while several new customers were added to the list.

All the indications are that this trade, now equivalent to 14 per cent of the combined crude oil production of Russia and Rumania, will continue to grow. Exports from the U.S.S.R. are by far the most important and these are as much subject to political decisions as is all Russian economic activity. This means that price may often be only a secondary consideration and that the export agency can adopt flexible pricing arrangements in order to complete a bargain—expressed in barter deals, willingness to accept soft currencies, the offer of credit terms, etc. In general, the prices offered to western buyers are as low as, or lower than, those offered by others; using also reciprocal trading arrangements, the Russians are thus able to force their oil into the countries where it suits them.

Most of Russia's oil exports to the West are shipped from the Black Sea; and since the Russian tanker fleet has a capacity of little more than a million tons deadweight, much of this export trade is carried in vessels chartered from Scandinavian, Greek, U.K., and other owners. The Russians have thus had a certain impact on the depressed tanker markets, even though the hauls they offer are shorter than those for the oil their exports displace. They are, however, now seeking to build up their own fleets by the purchase of second-hand vessels, by new building within the Soviet sphere, and by placing construction contracts in various countries—Finland, Sweden, Yugoslavia, Italy and Japan. This new building programme will naturally tend to prolong the existing tanker surplus, just as exports of communist oil have tended to aggravate the world oil surplus.

Besides ships, the Communists are interested in buying pumps, machine tools, plant and equipment of all kinds. In view of the rapid growth of their oil and gas industries, they are, in particular, short of large-diameter line pipe, despite large-scale manufacture in the Soviet Union, Czechoslovakia and East Germany. This has induced the Soviet negotiators to place big orders for pipe with manufacturers in Italy, Sweden and Japan.

The flow of equipment and manufactured goods is not, however, a one-way traffic: there are exports as well as imports. Some may be consigned to the industrialised countries of the West: France, for instance, is to receive equipment to the value of 2.5 million new francs under the trade agreement signed with Rumania earlier this year. Highly industrialised Sweden is also receiving some from the U.S.S.R. Generally speaking, however, capital goods from the U.S.S.R. (and other Communist countries) are of little or no interest to the highly developed countries, and are accepted only when no better goods can be offered in the course of negotiating trade agreements. Still less are they of interest to the oil industry in the West. The tenuous amount which the Soviet bloc as a whole may have to spare is, therefore, available to help build up its relations elsewhere. To this end, equipment, technical know-how and financial assistance may be offered as a package deal, on terms which especially appeal to Governments eager to establish their own oil operations.

On general grounds, it is desirable that the Communist bloc should make its own contribution to the immense task of raising the levels of production and the standard of living in the vast underdeveloped areas of the world. The burden should not be borne by the Western countries alone. And many countries have in fact become willing recipients of help and accommodation from both sides in the cold war.

Help to India

India provides a significant example in several respects. In regard to oil, the Russians' acceptance of payment in rupees has led the Government to agree to import some two million tons of Russian oil products over the next three or four years. India is also benefiting from Russian and Rumanian assistance in the search for oil and gas, which comes within the framework of a comprehensive agreement by the U.S.S.R. to assist in the fulfilment of the industrial development plans. Help in the oil search is, however, on quite a different footing from the conventional operations of commercial oil companies. The Russians act on a contractual basis: they require high fees for their services, charge a low rate of interest on the outlays made, but risk no capital of their own and therefore do not obtain possession of any oil or gas that may be found. Also, by their 1959 agreement, the Russians granted a credit for the construction of a 2 million-ton oil refinery which they are supplying and erecting at Barauni in Bihar. Similarly, in Assam, a smaller refinery is being provided and built by the Rumanians. Poland has also granted credits to India, which heads the list of recipients of Communist financial aid.

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T. R. KRISHNASWAMI,
General Manager.

Pakistan entered into its first agreement with a Communist country (the Soviet Union) for assistance in the search for oil as recently as March of this year. The Russians lost no time in sending technical experts to assist in drawing up a prospecting programme, and are to despatch the necessary equipment and skilled personnel as soon as the details of the agreement are finalised. To finance the programme, Russia has granted a loan equivalent to over £10 million, repayable in rupees over a period of 12 years, with interest at 2½ per cent. Such terms are typical of those which characterise Russian dealings with Asian countries. As in India, the Communists will operate on a contract basis, without participating in any discoveries that may be made.

Afghanistan has long been getting Russian help of many kinds and has been granted credits for road building and industrial development on favourable terms—interest at 2 per cent and with repayment spread over 30 years. In the northern part of the country, Russian, Czech and Rumanian crews have been drilling for oil under an agreement signed in 1957. Last year, oil was located in small quantities, and, very recently, it was reported that natural gas had been found in the same general area.

As one would expect, the U.S.S.R. loses no opportunity of seeking to win goodwill in the Middle East and infiltrating into key sectors of a country's economy. The United Arab Republic is second to India in the amount of financial assistance received from the Communist bloc. Besides providing big credits and staff for the construction of the High Dam and other projects, the Russians have been helping the Egyptians in the search for oil. The Czechs recently supplied a further distillation unit for the State-owned refinery at Suez, as well as another unit for the plant at Alexandria in which Caltex has an interest. In Syria, where the Czechs supplied and built (on a competitive contract basis) the refinery at Homs, the Russians have been assisting the Government by making geological and geophysical surveys. The arrangements date back to a comprehensive agreement for technical and economic aid signed in 1957. A new agreement of last autumn provides for assistance in the construction of a lube oil plant, a fertiliser plant and other works, as well as in the search for mineral wealth, including petroleum.

In their 1959 agreement with Iraq, the Russians promised a loan of 550 million old roubles (say £50 million) with interest at 2½ per cent and repayable over 12 years, together with technical assistance for constructional works, irrigation schemes, etc. Under the terms of this agreement, they have been making seismic surveys in the Khanaquin oilfield area, surrendered by a B.P. subsidiary in 1958. Drilling equipment to the value of £500,000 was recently promised, while the U.S.S.R. is to build at Basra a plant for the production of fertilisers from natural gas. Towards the end of last year, Czechoslovakia granted Iraq an eight-year credit equivalent to £12 million, providing for economic and technical assistance in various fields, including an oil refinery near Basra (which is now under study) and a hydro-electric plant.

Latin America

Communist economic penetration into Latin America has hitherto been impeded by a number of factors, including the powerful influence, of, and close trade ties with, the U.S.A. and the psychological gulf between Catholic and Communist, which, however, is usually bridged when the bait of economic advantage is large enough. Brazil, Uruguay and Argentina have all bought low-priced oil from the U.S.S.R., though the trade last year was small. In Cuba, the Castro revolution and the conflict with the U.S.A. have, of course, provided golden opportunities which the Communists have been quick to seize. Besides the substantial shipments of crude oil already mentioned, and help in operating the refineries, the Russians are sending geologists to assist the Cubans in oil prospection, and have promised an oil refinery for erection at Santiago de Cuba. Other projects include chemical plants to be built under contracts with the U.S.S.R. and, significantly, with China; and a motor vehicle factory to be built with Czech assistance. Even the Hungarians granted a credit of 32 million roubles to Cuba last year.

In Africa, too, the Russians woo the newly emergent nations with offers of assistance. French Guinea has been helped since it voted itself independence in 1958. Ghana recently

(Continued on page 190)

THE PROBLEM OF INDIA'S INCREASING NUMBERS

A PLEA FOR AN INTER-STATE APPROACH

By Dr. V. K. R. V. Rao

INDIA'S population has recorded a significant increase during the twentieth century. Starting with a total of 235 million in 1901, it has reached a figure of 436 million in the census year 1961; and the latest projections anticipate its reaching a total of 625 millions in 1976. The phenomenal increase of 85.7 per cent, the bulk of which took place in the last four decades, and the expected increase of 43 per cent in a decade and a half over the current year's population—which would mean a rise of nearly 166 per cent over the numbers with which we started this century—has filled the country with justifiable anxiety about its economic future. It is agreed on all sides that we must limit our numbers; and a vigorous and nation-wide policy of family planning is now regarded as a must of Indian planning. It is the purpose of this brief paper* to examine some of the less discussed aspects of this problem of increasing numbers and the measures suggested for restraining the increase.

I think it is important to realise that the rate of increase is not uniform over the different parts of the country and this has a significant bearing on priorities and programming in family planning policy. Thus, if we take 14 out of the 15 states of India (figures for Jammu and Kashmir are not available over the entire period), the increase in population in the sixty years of this century vary from a maximum of over 219 per cent for Assam to a minimum of 51.7 per cent for Uttar Pradesh, the national rate of increase being 85.7 per cent. Eight states out of 14 show an increase which is above the national figure, while six are below it. I give below data for the individual states together with relevant figures of density per square mile in 1961:

State	Population (in millions) 1901	1961	Increase in population 1901-61 (in millions)	% increase in population over 1901	Density per sq. mile in 1901
Andhra	19.7	36.0	16.3	88.7	339
Assam	3.7	11.9	8.2	219.4	252
Bihar	27.3	46.5	19.2	70.1	691
Gujarat	9.1	20.6	11.5	126.8	286
Kerala	6.4	16.9	10.5	163.8	1,125
Madhya Pradesh	16.9	32.4	15.5	92.1	189
Madras	19.3	33.7	14.4	74.8	671
Maharashtra	19.4	39.5	20.1	103.7	332
Mysore	13.1	23.5	10.4	80.4	318
Orissa	10.8	17.6	7.8	70.5	292
Punjab	13.3	20.3	7.0	53.0	431
Rajasthan	10.3	20.1	9.8	95.7	152
U.P.	48.6	73.8	25.2	51.7	650
West Bengal	16.9	35.0	18.1	106.4	1,031
India	235.0	436.4	201.4	85.7	344

It is interesting to note from this table that, of the five states which have more than doubled their population during the last sixty years, two, namely, West Bengal and Kerala, have also the highest densities per square mile. Though a partial explanation for the increase in West Bengal is to be found in the vast inward movement of Hindu refugees from East Pakistan uncompensated by any corresponding outward movement from West Bengal to East Pakistan, and also in the inflow of industrial labour from U.P., Bihar and Orissa into Calcutta, there can be no denying the high rate of natural increase in the local Bengali population; and this is a matter for serious concern, because, even at the beginning of the century, West Bengal had a density of 499 per square mile which was the highest in India and contrasted sharply with the national average of 208 per square mile.

The position is even worse in the case of Kerala. Even in 1901, density of population in that State was as high as 426 per square mile. Kerala has not been affected by any inward movement of refugees; nor has there been any immigration of industrial labour into that State, the numerically unimportant influx of Tamil labour for plantations having been compensated by the outflow of Keralites to other Indian States. And, yet, population has increased by 164 per cent in 60 years; and it has brought up the density per square mile to 1,125 in 1961, which is the highest in the country and is nearly three times the national average of 384 per square mile. There is no doubt that the highest natural rate of increase in population in India is in the Kerala State; and taken in conjunction with the high figures of density, and the consistent increase that has been taking place every decade since 1901, Kerala is obviously the State which needs the most immediate and the most comprehensive programme for population control and family planning. The demographic situation there is made even more difficult by the fact that this increase in population has been occurring in spite of the highest inter-state rate of both male and female literacy in the country, the comparatively better status of women due to the prevalence of the matriarchal system, and a higher incidence of unemployment than perhaps anywhere else in the country. Evidently, there are some special factors conducive to population growth that are operating; and, in the interests both of Kerala and the country as a whole, these need objective identification and courageous handling.

*Read as Convocation Address by the author at the Demographic Training and Research Centre, Chembur, Bombay, on 11th July 1961.

Not Equally Unsatisfactory

In the case of the three other States which have recorded high rates of increase, the position is not equally unsatisfactory. Density per square mile in these States is still below the national average; and immigration from other States accounts largely for the increase in Assam and to some extent for that in Maharashtra. As for Gujarat, the explanation seems to be a prosperous agriculture and growing industrialisation. It is interesting to note that Assam has retained the first place and Gujarat the third place in the rate of increase, whether one takes the entire period 1901-61 or the last thirty years, 1931-61 or the immediately preceding census decade, 1951-61; while Maharashtra has shown a welcome drop in the ranking, being fifth if we take the entire sixty years, sixth if we take the last thirty years, and eighth if we take the last ten years. While the position is, perhaps, not so bad from the point of view of relative densities, the absolute position is quite unsatisfactory, with a rate of growth exceeding 23 per cent in the last decade.

Of the five high density States of 1901, namely, Kerala, West Bengal, U.P., Bihar, and Madras, we have seen that the position has substantially worsened in the case of the first two during the last sixty years and looks as if it would get even more worse in the coming few decades, in the absence of effective countervailing action. The position is somewhat different in the case of the remaining three States. U.P. shows a rate of increase substantially below the national rate, and this has been so consistently over the six census decades. The relevant figures of percentage increase by different periods are given below for both U.P. and the whole of India:

Period	U.P.	India	Difference
1901-61	51.7	85.7	—24.0
1911-61	53.2	74.1	—20.9
1921-61	58.0	74.6	—16.6
1931-61	48.2	57.3	— 9.1
1941-61	30.5	37.7	— 7.2
1951-61	16.7	21.5	— 4.8

The result, in fact, has been that the demographic importance of U.P. in India has declined over the twentieth century, its share in the Indian total being only 16.9 per cent in 1961, as compared to 20.7 in 1901. Partly, of course, this is explained by an outflow to other States, especially Bengal, Maharashtra, and Delhi, but the number this accounted for is a comparatively small proportion of its population. There is no doubt that the natural rate of increase in U.P. is the lowest in India as against its being the highest in Kerala. But this can give no cause for satisfaction when one sees that density per square mile has increased from the already high figure of 429 in 1901 to 650 in 1961; and, with its comparative absence of industry and commerce, the position is even worse. The rate of growth in U.P. is certainly lower than in the rest of India; but its ability to afford growth is even lower than in the rest of India. The only thing to be thankful for is that it has not followed the example of West Bengal and Kerala which would have had even more disastrous consequences on the economic future of the country.

Bihar's position is similar to that of U.P. and, perhaps, a little worse. Starting with a lower initial density than U.P. in 1901 (406 per square mile, as against 429), it has now reached a density of 691 which is higher than that of U.P. (650). Its rate of growth over the entire period, namely, 70.1 per cent, while below the national average, is significantly higher than of U.P. (51.7 per cent); and its rate of growth in the last census decade of 1951-61 is much nearer the national average than over the entire period. It is true that a certain measure of industrialisation is taking place in Bihar, but it has not helped to improve its comparative overall economic position in *per capita* terms. Population control is even more necessary for Bihar than for U.P.

Position in Madras

Madras is the other State which started with a high initial density (384 per square mile) in 1901; and it has also had a high rate of increase over the entire period, namely, 74.8 per cent, though it is less than the national average. Density has also now gone up to 671, which places it higher than even U.P., though lower than Bihar. It is true that, during this period, there has been a considerable degree of improvement in agriculture and a certain measure of industrialisation, but this is not enough to offset the increasing pressure of numbers on natural resources. Moreover, the natural rate of growth is even higher than indicated by the rate of increase, as there has been a significant outflow of population from Madras to other States as well as neighbouring countries. The one hopeful factor in the situation, however, is the consistency with which Madras has fallen in inter-State ranking in terms of percentage increase in population, from the 10th place over the entire period to the 13th place over the period 1931-61, and now to the 14th place over the last census decade of 1951-61. The rate of increase in 1951-61 is only 11.7 per cent which is practically half of the national average. With increasing electrification of the rural areas in which Madras is far ahead of other Indian States, good prospects of widespread economic development, and the adoption of an enlightened and vigorous policy of population control, Madras presents a less dismal picture from the demographic point of view than do the other areas of equally high or higher density.

Maharashtra, Madhya Pradesh and Rajasthan are States which started with a low initial density in 1901, with 163, 98, and 78 per square mile, respectively, and have shown a comparatively high rate of increase over the last sixty years, the respective figures being 104 per cent, 92 per cent and 96 per cent; all of which are above the national average. This increase has of course increased their density but still leaves them below the national average, and, in the case of Madhya Pradesh and Rajasthan, well below it. On the other hand, the nature of geography and land utilisation in these States work in favour of a lower density, with the result that, in terms of demographic pressure, lower density in these areas is not such a comparative advantage as compared with the higher density in some of the other States with their alluvial plains and their comparative absence of hills, forests, and desert and rain-scarce areas. Moreover, a disquieting feature in respect of these States is the high rate of population growth shown in the last census decade, the relevant figures being 26.4 per cent, 24.3 per cent and 23.4 per cent for Rajasthan, Madhya Pradesh and Maharashtra, respectively. It must be added that, from a long run point of view, and given economic development, population growth is less likely to be a handicap in the case of Madhya Pradesh and to some extent even of Rajasthan than in that of Maharashtra.

Andhra, Mysore and Orissa all started with a low initial density in 1901, the respective figures being 180, 176, and 171 per square mile. The rate of increase over the period of sixty years was more or less near the national average in the case of Andhra and Mysore with 88 per cent and 81 per cent, respectively, while, in the case of Orissa, it was significantly less, being 71 per cent. Their densities of course have increased, but still leave them below the national average, with Orissa showing a density of only 292 per square mile. Here again geographical factors such as hills, forests, and rain-scarce areas account for a part of the lower density, but Orissa is likely to have better demographic potentialities in relation to utilisation of natural resources than the other two States of Andhra and Mysore. Between the two latter States, though Andhra has had a higher rate of growth over the entire period in recent decades, the figure for the latest census decade being 21.4 per cent, as against 15.6 per cent for Andhra. While all these three States could benefit by population control, the need to do so among them seems most urgent in Mysore.

Punjab

Punjab still remains to be discussed. Though it started in 1901 with an initial density much lower than that of U.P. (282 per square mile as against 429), its rate of growth over the entire period has been one of the lowest in India, in fact being only 53 per cent, as against U.P.'s 52 per cent. This does not mean, however, that its natural rate of growth has been equally low. In fact, it must have been much higher, because, during the first 40 years of the century, there was a steady outflow of population from this area to the Western parts of the then Punjab (now in West Pakistan) as well as to Delhi and some other neighbouring States; and, in the decade 1941-51, there was the great exodus to Pakistan which was offset of course but not completely by the inflow from Pakistan. It is only during the last census decade, 1951-61, that more stable demographic conditions have been restored in the Punjab with the westward movement barred on the one hand, and agricultural and industrial development making it more possible, on the other hand, to find economic livelihood within the State itself. And this has led to a sudden spurt in the rate of population growth, the increase in the last ten years being almost as much as that during the entire period of the previous fifty years. If there is one State in India, to which we can apply the phrase population explosion, it is the Punjab, in the decade 1951-61. The peculiar character of the demographic growth in this State is well illustrated by the following figures of cumulative increase in this century, as compared to that of India as a whole:

Period	Punjab %	India %
1901-61	53.0	85.7
1911-61	69.9	74.1
1921-61	62.8	74.6
1931-41	48.5	57.3
1941-51	26.1	37.7
1951-61	25.8	21.5

While therefore the high rate of increase in the last census decade need not in itself cause undue disquiet in regard to population growth in the Punjab, it should be a matter of anxiety as a portent for the future. In spite, therefore, of the Punjab having the second lowest rate of population growth over the sixty years of this century and its present record and future prospects of economic development, there is no doubt that population control is as necessary for its future as it is for other States with much higher rates of growth over this period.

To sum up, it is clear that, when talking of our increasing numbers and the resulting need for a population policy, it is not correct to look at the problem only in overall national terms. It is true that India is one State and that, in terms of national planning, we are concerned with the national rate of population growth. But, with internal migration practically stable and constituting only a minor element as pointed out by Kingsley Davis, the different States of India constitute demographic entities in themselves; and this aspect of Indian demography is likely to harden with the reconstitution of India into linguistic States and the rapid and alarming growth of sub-national sentiments in the country. We must, therefore, look at the different States individually and frame our national population policy in the light of the inter-state differences revealed by such a study. It is true that the need for population control is apparent in all the States; but the pressures vary, the rates of growth are different, causes and effects have different overtones, and it is not possible to lump all the States together and treat them as one unmixed problem. This preliminary paper has given ample evidence of demographic differences in different States and this is true not only in terms of rates of population growth but of other demographic characteristics as well. Programmes, priorities, and policies have to be fitted to regional and State requirements, and this is an immense task which, I am afraid, we have hardly attempted so far. Indian demography badly needs research on regional and State lines.

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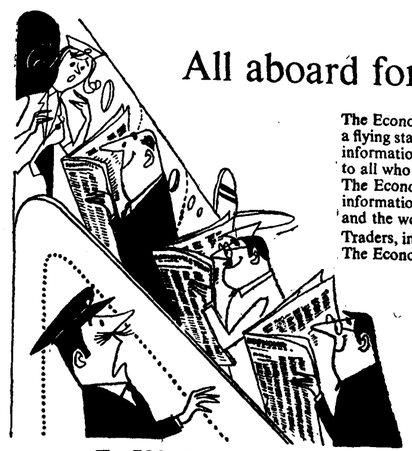

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EXPORT OF ENGINEERING GOODS

REPORT OF DELEGATION TO WEST ASIAN AND SOME EUROPEAN COUNTRIES

THE Engineering Export Promotion Council, Calcutta, has just released the report of its Trade Delegation which visited West Asian and some European countries early this year to study the prospects for export of Indian engineering goods in general. The Delegation, which was led by Mr. B. S. Bugga of Messrs. B. S. Bugga & Co., Calcutta, was also charged with the responsibility of studying the competitive position of Indian engineering goods *vis-a-vis* other exporting countries and the conditions obtaining in the respective countries—conditions such as import regulations, customs tariff, preferences and prejudices, terms of business, credit facilities offered by other competing countries and special circumstances for and against the introduction of Indian engineering goods. Its brief but businesslike report, dealing with the conditions in Yugoslavia, United Kingdom, United Arab Republic, Spain, Lebanon, Italy, Iran and Greece, indicates the existence of possibilities for export of a wide range of engineering products to these countries. But there are certain handicaps which should be removed before any large-scale business could be expected. These handicaps are: (i) Absence of regular shipping from Indian ports to Greek ports; (ii) high shipping freight from Indian ports to the European ports, as a result of which the f.o.b. price advantage which Indian manufacturers have is lost; (iii) inadequate publicity to India's engineering goods; (iv) absence of bilateral trade agreements; and (v) the inability of Indian manufacturers to offer long-term credit facilities particularly to Iranian importers to whom such credits are available from other exporters of engineering goods for periods varying from six months to six years.

Recommendations

In order to remove these handicaps and to promote the export of engineering goods to the countries concerned, the Delegation has made the following recommendations:

(1) Bilateral trade agreements should be signed, as early as possible, with Syria (U.A.R.) and Spain. There should also be some special agreements with Italy, because certain special types of machine tools, machinery items and castings can be exported to that country in sufficiently large quantities once such agreements are signed.

(2) As there is a lot of goodwill towards India in all the countries visited by the Delegation, it would be a worthwhile proposition to invite their Ministers and high Government officials to visit this country and see some of its modern achievements. The friendship and goodwill thus created will ultimately help in establishing better business contacts in certain fields.

(3) Facilities should be offered to Indian manufacturers and exporters to spend money for publicising through the media of press, radio, television, exhibitions, trade fairs and showrooms. It would be a good thing if the Export Risks Insurance Corporation could insure the market development expenditures of this nature. The Government of India should also participate in the Trade Fairs of Damascus (Syria), Salonika (Greece), Milano (Italy) and Zagreb (Yugoslavia) and also organise wholly Indian exhibitions in countries like Egypt, Iran and the United Kingdom.

(4) Indian manufacturers and exporters should establish close personal contacts with importers and dealers, because Indian products have not yet achieved an international fame where business could be expected on the basis of brands. Service organisations will have to be established in respect of products which need servicing.

(5) Export Houses should be set up to offer new products to new markets and also financial guarantee and market research facilities which cannot otherwise be provided by small manufacturers scattered throughout the country.

(6) The services of English Export Houses, which have unique distribution arrangements in West Africa and Latin America, can be utilised to explore the possibilities of export to countries of those regions.

(7) As there is a very good opportunity for exporting castings of all kinds to countries like Yugoslavia, United Kingdom and Iran, the Indian foundries should make a thorough study of the markets by deputing their representatives jointly so that expenses are shared.

(8) Some of the Yugoslavian firms have shown interest in entering into collaboration with Indian firms, so that they could offer their know-how and machinery where they have advantage over those of Yugoslavia. For instance, Yugoslavia has agreed to set up sugar mills in Indonesia and Sudan. As Indian firms have greater experience in sugarcane crushing machinery and know-how, they can explore, with advantage, the possibilities of such collaboration. Similarly, possibilities exist for collaboration with Egypt where, for instance, the Government would like to supply sulphuric phosphates instead of rock phosphates to a country and in exchange agree to buy wires and cables and not set up industries to manufacture them in their own country.

(9) As countries in West Asia and Africa offer bright prospects for many items which have not so far figured much in India's export of engineering goods—items such as railway stores, track and signalling materials, railway wagons, locomotives and components, steel and cast iron machine castings, chassis, auto engines, transmission line towers, irrigation equipment and heavier electrical goods, the Government of India should include these items in the trade and payments agreements which are negotiated with the countries concerned.

(10) The Engineering Export Promotion Council should set up an office in Cairo from where activities can be organised in West Asian and North African countries.

Some of the above recommendations for export promotion, it will be seen, are on familiar lines. But some others, notably the sixth and eighth recommendations, represent innovations which deserve to be pursued. All the recommendations, made in the light of the Delegation's findings in respect of the conditions obtaining in the countries concerned, seem to be both practical and necessary.

Iran and U.R.A.

The conditions pertaining to import regulations, customs tariffs, etc., in individual countries visited by the Delegation have been dealt with in some detail in the report. To begin with, in Iran, the traders insist on long-term credit which they are able to get from India's competitors. Under the new regulations introduced recently (after the Delegation's visit) by the Government of Iran, it is also made compulsory for the importer to open Letter of Credit before importing anything. If the Export Risks Insurance Corporation could issue policies for longer credit facilities, some of the engineering products like sewing machines, diesel engines and electric fans, which have established a good name in the Iranian market, all types of castings, the prices of which have been found to be competitive, and refractories and sugar machinery, for which there is a fairly good demand—all these could be supplied with advantage to Iran. The bulk of imports of sewing machines, the annual consumption of which is about 40,000 per annum, are from Japan; the import duty on them is Rs. 2 per kilo. Japan, again, is the principal supplier of electric fans (predominantly table fans) for which the annual demand in Iran is 35,000; the import duty on them is 30 per cent. The total imports of bicycles come to 100,000 units per annum—90 per cent of them being from the U.K. and 10 per cent from Japan. As for vertical and horizontal diesel engines, the Indian makes have been found very popular in the Iranian market, and there is scope for a further increase in their export. There is a very good opportunity for all types of automobile parts and accessories, auto bolts and nuts, screws, adjustable wrenches, wheel wrenches, radiators, rubber hoses, pistons and insulation taps. The major part of the trade in auto parts is in the hands of Iranians who are willing to develop business relations with Indian manufacturers. Indian storage batteries stand a chance, if manufacturers could come out with throwaway prices and are prepared to invest for publicity and propaganda. There is a very good demand for steel pipes and fittings, and the Indian prices are found competitive. According to Iranian regulations, tea is now imported in bulk and packing is done in Iran; there is, therefore, good scope for export of aluminium foils. There is also very good demand for non-ferrous items like sheets and tubes; one Indian firm has already established a good name and there are prospects of increasing the export of these items manifold, provided the Indian exporters could ensure prompt delivery.

The United Arab Republic (Syria and Egypt) offers good scope for the export of such Indian products as irrigation equipment, agricultural implements, diesel engines, pumping sets, transmission line towers, cables, railway track and signalling materials, wagons and wagon components, steam locomotives, way bridges, electric fans, sewing machines, cast iron pipes, manhole covers, machine castings, machine tools and bicycles. The sugar plants in both Syria and Egypt are old and require replacements and renewals. Although there is a big demand for sugar machinery worth about £5 million immediately, India cannot supply the big requirements now due to lack of a suitable consortium for export of sugar machinery. However, according to the Delegation, India can supply the requirements for replacement to the extent of about £100,000 annually without much difficulty.

Europe

Greece presents prospects for some of the engineering goods ranging from special types of machines to durable consumer goods like sewing machines. But India suffers from a disadvantage in respect of shipping, for there is no regular shipping service from this country to Athens. Continental countries, on the other hand, ply regular ships to Athens and supply stores within two to three weeks. The Delegation's finding, therefore, is that, unless India is in a position to effect quick deliveries and carry on an intensive propaganda, it would be a difficult job for Indian manufacturers to compete with European countries, particularly Italy and Germany, in that market.

In Yugoslavia the two favourable factors observed by the Delegation are, firstly, a favourable balance of trade which that country has with India and secondly, the aid programme which it is having to help some countries in Asia and Africa where it needs Indian know-how, as far as possible, in certain fields. Some of the items which offer good scope in that market are bicycles and components, radios, electric irons, electric radiators, washing machines, refrigerators, sewing machines, cotton textile machines like looms, spinning frames, certain types of diesel engines, certain types of pumps, small machine tools, lathes and caste iron products. The prices of Indian castings have been found to be quite competitive. But deliveries to Yugoslavia will have to be prompt, if the price advantage is not to be lost on account of the delay in supplies.

In Italy, given proper push, items like special types of machine tools, cast iron products, electric fans, conduit pipes, builders hardware, electrical goods, bolts and nuts, galvanised pipes, malleable pipes and fittings and non-ferrous metal products can sell. While all the engineering goods which India can export are being produced in Italy, many of them are also being imported in varying quantities. The Delegation itself received specific enquiries for quite a few of them.

The United Kingdom follows a very liberal import policy now. Here, India also enjoys Commonwealth Preference, with the result that it has a distinct advantage over other competitors like Japan. According to the Delegation, machine builders in the U.K. have shown keen interest in Indian cast iron products. The combustion engine manufacturers in particular are interested in Indian castings, because of their quite competitive prices. Merchant houses which have already been importing some Indian engineering goods are also interested in consumer durables. In 1960, 14,000 sewing machines were sold and some diesel engines were also exported. Those Indian firms which have entered the field are doing a fine job. Only the quantum of trade has yet to increase. Some types of machine tools, internal combustion engines and auto engines can also be exported to the U.K. Besides these items, Indian exporters can also explore the U.K. market for such items as wire and wire products, bolts and nuts, washers and rivets, screws, small tools, spoons, forks, butter knives, and so on.

In Spain, there is some scope for the introduction of such Indian goods as agricultural machines and irrigation equipments, builders hardware, scientific and electrical instruments, machine tools, small tools, jute mill machinery, spinning frames, diesel and steam locomotives, rice and flour mill machinery, railway track materials, wagon components, plant protection equipments, transmission line towers and cables. Spain is in a position to supply ships. Unless a bilateral trade agreement is signed with Spain and, against the import of ships, some of the engineering goods are exported, there seems to be little prospect for developing export to that country. Import duties levied by Spain are high and mostly protective in character.

Besides giving its findings in respect of export prospects, the Delegation has also provided in the appendices to its report two useful lists—one of importers in different countries, and the other of firms interested in taking up Indian agencies for the countries concerned. Statements showing the imports of and the duties levied on certain engineering goods in the U.K. and Italy also enhance the usefulness of the Delegation's Report.

NEW PRODUCTS AND PROCESSES

Plastics Welding Machine

AMONG the latest machines for the continuous welding of plastic products is the model 200 Acme Automatic which is now being produced by the Industrial Services, Wood Green, London. Suitable for the high-frequency welding of items such as plastic baby pants, book covers, pouches and other goods made "in the flat" the machine consists basically of a press and generator.

It includes a stand to hold three reels of plastics material up to 24 inches wide and 11 inches in diameter and will handle thicknesses ranging upward from 0.004 inches.

Pure Water Producer

Pure water for use in the pharmaceutical chemical and electronic industries can be obtained at a rate of *50 gallons an hour*, it is claimed, with the Elgastat E.101 deioniser. The unit produced in U.K. is housed in a small cabinet with a control panel on the top and has only to be connected to the mains supply to become operational. As soon as it is switched on, water from the mains is passed through a "pre-purifier" which removes most of the dissolved solids. The water then passes through a cartridge-type deioniser which will yield about 1,000 gallons of water before it needs exchanging for a fresh one. The pre-purifier has also to be recharged at intervals, this depending on the quality of the incoming water. In London, for instance, recharging is necessary after 200 gallons have been drawn, but in Sheffield four times that amount can be handled. Standard packs of recharging fluid are supplied with the equipment which is produced by Elga Products Ltd., of Lane End, Buckinghamshire.

Air-filtration System

The filtering of air is especially important in many industrial processes. It is not only a safeguard to personnel but also a vital factor in the efficiency of production. An improved type of air filter which is operated electronically has now been developed in the U.K. One advantage of the new filter is the fact that it can be readily cleaned and that it is, therefore, according to its developers, more reliable. It can also be used in different sizes with different power units. It is said to be exceptionally robust and can handle even the heaviest industrial conditions where the amount of dust to be handled is far greater than that which can be met by the use of standard filters.

The operation of the system depends on an "ionising" section where an electrical charge is imparted to the dust particles—and the use of a series of collecting plates sections. How these different collecting sections are arranged is determined by the dust-collecting efficiency required.

Helmet for Welders

A glass-fibre helmet for welders which can be used in all types of industries including heavy and nuclear engineering and in shipyard work, has been developed by Freedman Brothers of North East England. Although larger than the average helmet it is much lighter. Claimed to be virtually indestructible, it does not twist, warp or melt under intense heat. The glass is held by an attachment which also helps to prevent the glass itself being broken. The new helmet was designed by the firm after developing a successful glass fibre hand guard for welders at a local shipyard. The manufacturers have made special sink units for nuclear energy establishments, and have also specialised in glass fibre fittings for hospitals and ships.

New Bleaching Plant

A new bleaching plant with a capacity of 90,000 tons per year was recently put into operation at the Ostrand Sulphate Mill, North Sweden, belonging to the Swedish Cellulose Company. The plant, which was erected at a cost of Kr. 29 million (£2 million), will increase the annual production value of the mill by some Kr. 20 million to Kr. 120 million (£8.28 million). Also operating a previous bleaching plant with a capacity of 60,000 tons, the Ostrand Mill will now be able to bleach the total output of sulphate pulp, 150,000 tons. The new highly automatised plant employs a staff of only 20, four of whom are standby personnel.

Powder Fire-extinguisher

A fire-fighting equipment factory at Dordrecht, Holland, has produced a handy, small fire extinguisher consisting of two main components, namely, a head and an exchangeable cylinder. The head has a grip, a knob with piercing pin and a discharge nozzle. The cylinder, which is also the cartridge, has a capacity of only 1.8 kg. (4 lbs.) of extinguishing powder under a pressure of 17 atm. CO_2. The two main components are screwed together enabling a spent cartridge to be exchanged in a few seconds. The cartridge consists of a seamless precision tube the disc of which is sealed by a membrane preventing ingress of moisture. After the piercing pin has punctured the membrane the powder is discharged through the riser and the discharge nozzle in about 15 seconds. When filled, the complete extinguisher weighs about 3.5 kg. (7¾ lbs.). The overall height is 36 cm. (14") and the diameter 9 cm. (3½"). The low weight and small dimensions make it eminently suitable for use in small areas such as public means of transport, yachts, laboratories, offices, private houses, garages and oxyacetylene welding shops. The fire-extinguisher is supplied with a suspension clip and, if required, with spare cylinders in racks of 1, 2 or 3 cartridges. Spent cartridges it is claimed, can be refilled.

Fume Extraction Fan

A fume-extractor fan which is claimed to have a life several times that of conventional metal fans, has been developed by Turner and Braon Ltd., England. It has also been specially designed to blend with contemporary architecture of new hospitals, universities and industrial premises where low silhouette, modernistic lines are essential—an advantage over ducting discharge connections and weather cowls associated with industrial skylines. The range covers six sizes—from 10 ins. to 25 ins. diameter. The fans are made in P.V.C. (polyvinylchloride). The use of metal has been restricted to stainless steel holding down bolts. A feature of the design is a special ventilation device which ensures that the motor does not overheat during warm weather. Installation is simple since the connection at the base of the fan can be supplied to suit the customer's ducting. It also has low power consumption and is resistant to chemical fumes, corrosive gases and bad weather. The Company's developments, which are attracting increasing interest from oversea countries include a range of tanks for use with most commercial acids and alkalis. They are constructed of mild steel lined with polypropylene, combining strength with acid resistance.

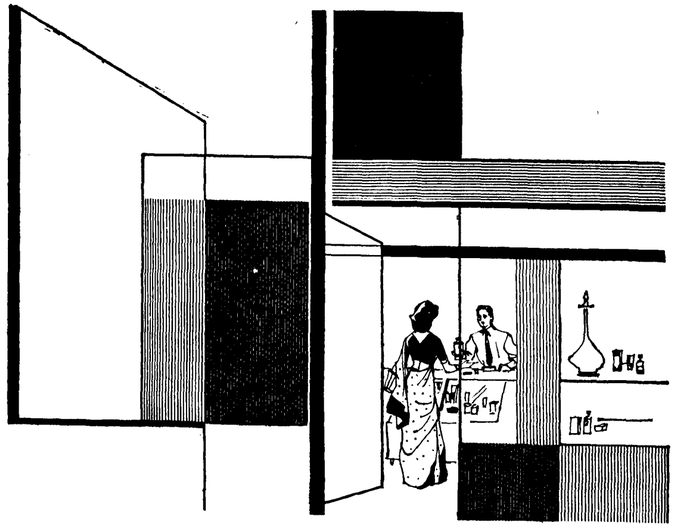
De-sulphurising Pig Iron

A new method has been developed by Prof. B. Kalling in the Stora Koparbergs AB in Falun, Sweden. G.H.W. (Gesellschaft fuer Huettenwerksanlagen mbH in Duesseldorf, Germany), the D.E.M.A.G. affiliate, of thoroughly mixing molten cast or pig iron with solid additions. This results in a quality of pig iron previously unachievable. The mixing process is accomplished in a shaker-ladle or converter-like vessel. The company has also further developed the new unit on a constructive basis.

The shaker-ladle offers great advantages for use in foundries. By adding only 1.5 per cent quicklime powder or 0.5 per cent calcium carbide and shaking it for eight to ten minutes in the ladle, the pig iron is de-sulphurised up to 90 per cent with hardly any loss of temperature. Any kind of composition can be achieved, it is claimed, including an increase in the silicon or carbon content, if this is desired. G.H.W. has already manufactured and delivered ten shaker-ladles of this kind with capacities ranging between 3 and 15 tons. More of these units, including ladles with a capacity of 100 tons, are being planned. A well-known large German foundry has gone over to making the required amount of pig iron exclusively by the shaker-ladle method. The new process is claimed to be simple. The molten metal and the additions are poured into the shaker-ladle, which is then set into motion. The liquid mixture splashes back and forth in the ladle, similar to the way surf splashes on the beach. In this way, the contents of the ladle are mixed thoroughly. The undesired companion of the iron, sulphur, is fixed to the slag by the additions. After the tapping of the molten pig iron it remains in the bottom of the ladle, from where it can easily be dumped. The shaker-ladle is suitable for mixing all metallic melts, for example, to make ferro-silicon, ferro-chromium and others, as well as for an inexpensive method of making nodular castings. Because of the great possibilities offered for metallurgy and economy, the new process will probably be widely used.

Preservation of Wooden Objects

A new method of preserving wooden objects by means of vacuum-pressure impregnation of polyethyleneglycol has been developed by Mr. Tore Boström, a Stockholm engineer and former head of the technical department of the Swedish Office of National Antiquities. The method has been tried out on wooden finds from the 17th-century warship Wasa and have yielded very favourable results. By the new method, which is said to be both quicker and more effective for certain finds, the object while still wet is weighed and left for the water to drip off the surface layer. After renewed weighing in order to ascertain the volume of water escaped for the impregnation to start, the object is placed in an air-tight steel cylinder. The air is evacuated by means of a vacuum-pump and the cylinder is filled with polyethyleneglycol. The normal impregnation time for a medium-sized wooden sculpture is about an hour. After the first impregnation, the wooden object is left to dry under control, the polyethyleneglycol serving as a screen through which the water in the interior of the wood can penetrate only slowly. When enough water has escaped, the object is submitted to a further impregnation procedure, which is, in most cases, repeated a third time. Once the degree of moisture has been reduced to normal, superfluous polyethyleneglycol is washed off by means of alcohol. The surface of the wood has, then, by and large, regained its original appearance. By using different kinds of impregnation liquids the device can also be utilised for preserving other porous objects, such as leather, bones, and archæological finds of metal.



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MARKETING TECHNIQUES IN THE WEST

PRODUCTIVITY TEAM URGES INDUSTRY TO BE SALES-CONSCIOUS

IT is indeed unfortunate that, although India is fast becoming production-conscious, there is inadequate appreciation on the part of industry in general of what scientific marketing techniques can do to ensure fuller utilisation of resources. Barring a few enlightened business houses, which have embarked on market research, effective advertising and other constructive measures of sales promotion, the Indian industry has yet to recognise that by expanding (or even rationalising) demand and creating new demand, production can be stepped up, thereby cutting costs and, in turn, creating still more demand, and that by distribution of goods in the right places, when they are needed, not only can demand be stimulated, but unnecessary stocks reduced and money tied up idly in working capital made to do profitable work. In other words, judicious marketing is considered a luxury in this country. This attitude is the result primarily of the sheltered and protected nature of the economy. In competitive industries, as in the West, the tendency is to aim at a bigger share of the cake. On the contrary, non-competitive industries tend to be content with the existing size of the cake and proper attention is not given to enlarge the size of the cake to the benefit both of the investor and community in general.

N.P.C.

It is to this relatively neglected aspect of industrial development in this country (namely, marketing) that the Indian productivity team (Leader: Mr. P. L. Tandon, Chairman of the Hindustan Lever Ltd.) addressed itself in its recent study tour of the U.K., the U.S. and West Germany. The team, selected by the National Productivity Council of India, was sponsored by the U.S. Technical Co-operation Mission. The team, which familiarised itself with advanced marketing techniques adopted by selected world-renowned business-houses, marketing organisations and official agencies concerned with sales promotion, submitted a report to the N.P.C., which has just published it. While the report contains several findings useful to Indian industry, their utility would have been certainly heightened, had the team studied the techniques of marketing in Japan also, the economy of which has several characteristics similar to those of India's. It may be noted, in this connection, that several other teams, sponsored by the N.P.C., found it useful to include Japan in their itinerary.

Again, the team confined its attention to the marketing techniques of selected organisations only. But it could have extended its sphere of work more profitably, had it sought to ascertain from importers of Indian products in those countries defects in India's sales techniques, which, by no means, will be few in number. Such a study would have served the purpose of export promotion better, by bringing to light the wide gap India has to make up in respect of overseas market research and advertisements, before it could strengthen its export markets. The team, of course, comes back to the subject of export promotion again and again in the report, but these observations are made rather casually. Finally, it is not clear why the team has not felt competent to recommend specific measures for improvement in the marketing techniques of Indian industries, with modifications necessary to suit local environments. Although specific recommendations are not given as such, the report contains several valuable findings, which merit the serious consideration of industrialists and Government.

It is not correct to think that the marketing techniques employed in highly advanced countries will not be entirely suitable to Indian conditions. As the report points out, modern marketing techniques are highly advanced in the West, but they are essentially an understanding of human needs and the most economic means of satisfying them. They can be borrowed and transplanted elsewhere, according to the report, "easily and successfully at a very small cost, but with very fruitful results." Marketing in the West is considered as important a function as production. In the U.S., in particular, marketing would rank even before production, because it would search and decide what can be marketed, and, therefore, should be produced. In India, on the contrary, marketing is seriously thought of only when there is a surplus, reflecting "a kind of fire-fighting action." The productivity team rightly insists that the more constructive approach is to regard marketing as something that activates both the market and production, which are otherwise static by themselves. A community used to a certain level of consumption will tend to remain static, but well-planned marketing can "kindle demand and stimulate production." No wonder, then, that, in the West, marketing is considered not just selling and advertising but as "the creative management function, which promotes trade and employment by assessing needs and initiating research and development to meet them. It co-ordinates the resources of finance, production and distribution of goods and services, and determines and directs the volume and scale of effort required (including sales management, advertising, sales promotion, public relations and marketing research) to sell profitably to the ultimate consumer or the user."

U.K. Market

From what the team has observed in several leading industries and marketing agencies in the U.K., it concludes that the British industry has become marketing-conscious, whether it is for consumer or industrial products. Equally, there is much consciousness of public image, which, according to the team, is a sign of social responsibility. Dealing in particular with the possibilities of the U.K. as a market for export of goods, the report states that the average national wage in the U.K. of £14 per week, when supplemented by other members of the family, rise sometimes to £40 and more a week. Of this, about 60 per cent represents discretionary expenditures, only 40 per cent being spent on necessities. A notable feature is the size and shape of the "teen-age market," which has a total pocket money of £90 million per week. In the British market, which is thus saturated with regard to physical wants, the task of an exporter is to study the scope for his products. The remarks made by the team in regard to the export prospects for Indian goods are worth quoting:

"After reaching saturation in physical wants, the U.K. market is experiencing a resurgence of arts. Of this, India, with tradition of skills and crafts, can take advantage. But this will mean a careful study of habits and fashion goods. It is not enough to sell our traditional wares of acts and crafts, for their novelty soon wears off and they begin to fall. Some of them will, of course, continue to have a permanent appeal, but mostly they will have to be made to fit the tastes and requirements of the people. After all, they have no traditional appeal to them, nor have they a natural place in homes. Besides, in affluent societies, tastes are fickle and change quickly, especially under the impact of manufacturers who are constantly bringing out new goods to take a share of the discretionary expenditure.

"Somehow, filling a few trade centres with saris, copper and brass and handicrafts (usually crammed in a shop window with the minimum of attention-getting display value) is not enough by itself. It needs a broad-base of wide distribution through stores for selling goods which, though maintaining their Indian tradition of handicraft, should be made with a local appeal.

"An example of the change in British tastes is the amount of cheerful colour one is beginning to see in their homes: walls painted or papered in different colours and patterns, bright rugs and bold upholstery, bric-a-brac and ceramics. Another example is that homes are usually centrally heated, an innovation being the built-in-electric heating coils in the floors, making fitted and thick carpets unnecessary, at least for providing warmth. This means, for instance, that thick felt and fur-lined slippers are being replaced by sandals, and carpets by rugs because the rooms and floors are no longer cold and draughty. Light sandals for women, in plastic, foam rubber and hand-tooled leather, with our conventional and modern patterns will find a ready market. Stair carpets in Indian designs instead of the mass products type, now used in England, would also have scope. Raw silks for covering walls, instead of paint or paper is another example. It is all a designs and marketing—and of rigid quality control."

Export Seminars

The team has made a suggestion that, well-organised export seminars should be held in India for different countries, or different regions, on the lines of seminars being held at the British Institute of Management, London. Participants in the seminar should include businessmen interested in exports, marketing and advertising. It would be helpful, if experienced businessmen from export markets are also invited. The report stresses that, in such seminars, the emphasis should be laid not on reduction of prices to meet competition, but on marketing. It is marketing know-how and skill and marketing-mindedness that is the key to the problem, supported by a personal knowledge of markets concerned.

During the course of its tour in the U.S., the team was very much impressed with the sizable resources spent by American businessmen for marketing. The report observes, "They will produce whatever will sell, and just as quickly stop producing whatever will not sell. If there is any following, it is clearly production following the marketing needs, instead of marketing following production." Referring to the scope for promoting Indian exports to the U.S., the team feels that the first thing to be done is to remove from the average American mind the image of India, associated with handicrafts, monkeys, sacred cows and palaces. Indian promotional activity should be designed to weave into the picture of handicrafts, etc., the geography, people's life and their industry and modern plants. The media used, according to the Report, should include women's journals and sketch books, where information about Indian life, clothes and cooking recipes should be featured.

West Germany

On the marketing techniques in West Germany, the team observes as follows:

"In its reconstruction and expansion, German industry appears to have made full use of modern marketing techniques and of tools like marketing research with all its refinements, of advertising media, study of market shares, sales, distribution, transportation and packaging techniques and, growingly, of public relations. With characteristic thoroughness, they seem to go further in desk research for the harnessing of available data and, in the case of large heavy industries, in research into markets abroad. Their big concerns, even where their goods do not reach the public, appear conscious of the need to build an image for their products and themselves. For reasons of commercial goodwill, they seem anxious too to create an image abroad, because such an aura helps to gain international trade and contracts.

"Their marketing has borrowed frankly from the Americans, but into it they have woven a thoroughness and a philosophy which is characteristically their own. They have been pragmatic enough to realise the value of successful marketing techniques, but they have accepted them in their own language."

The team, in its concluding remarks, seeks to dispel the fear that the cost of applying marketing techniques will be burdensome. It affirms that the cost of marketing is small, as compared with the return it can bring in turnover and production economics. In the case of small industries, the team opines that Government agencies can help them by making marketing advice freely available, as it is beginning to do with production advice. This is all the more essential, since the small producer, having learnt how to make, finds it difficult to know where he should turn for learning how to market. The large-scale units, whether in the public sector or in the private sector, irrespective of whether they are producing consumer goods or capital goods, will find it rewarding, if they devote a part of their resources for the marketing function. Unless this is done, demand, both domestic and foreign, will tend to be of a static nature.

SWEDEN'S HELP FOR DEVELOPING COUNTRIES

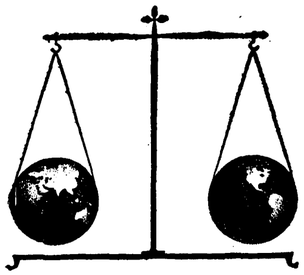
The Swedish commercial investments in underdeveloped countries have gone up in recent years, according to a study, *The Swedish Economy and the Underdeveloped Countries*, published by the Industrial Council for Social and Economic Studies, Stockholm, Sweden. In 1960, such investments, partly in subsidiary companies, amounted to 140 million kroner and included extensive export of technical knowledge in the form of training of workers in the countries concerned. The transfer of private capital for direct investment or long-term credits has, however, been bottlenecked by Swedish currency policy.

The total imports into Sweden from underdeveloped countries aggregated 2,000 million kroner (£138 million) and its exports to them 1,700 million kroner (£117 million) in 1960. The study also gives an account of the official private aid activities, partly of multilateral character through international organisations, and partly bilateral.

EAST ANGLIA PLANT FOR ANDHRA

An industrial licence for the establishment of a new plant in Andhra Pradesh for the manufacture of cellulose di-acetate and tri-acetate flakes, which are the raw materials for acetate moulding compounds, acetate fibres and raw film, has been granted to the East Anglia Plastics (India) Ltd. The proposed plant will, in addition, manufacture some of the organic chemicals, such as acetic acid and acetic anhydride, required for producing acetate flakes. The scheme is expected to cost about Rs. 5 crores. It is also learned that a well known foreign company has agreed to collaborate in the project and provide technical know-how.

The East Anglia Plastics, it may be noted, had secured some time back a licence for the manufacture of cellulose acetate moulding powders and P.V.C. compounds. The plant, now being set up for the purpose at Dum Dum, Calcutta, is nearing completion. All machinery for the project have been imported and are under installation. The Calcutta unit is expected to go into production before the end of this year.



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PROFITABILITY OF TATA OIL DECLINES

DIVIDEND, HOWEVER, MAINTAINED

HIGHLY disappointing are the results of the Tata Oil Mills Company Ltd. (Managing Agents: Tata Industries Private Ltd., Bombay) for the year ended 31st March 1961. They provide a typical instance of the adverse effects of cost inflation. It is a well-known fact that, in 1960, though the prices of food remained steady, those of raw materials went up sharply. The Company is one of the industrial units to be badly hit by this trend. Sales and other income have touched a record figure of over Rs. 10 crores during the year ended 31st March 1961. The receipts from sales proceeds amounted to Rs. 984.98 lakhs or an increase of 21.7 per cent as against that of 24.2 per cent in the previous year from Rs. 651.08 lakhs to Rs. 809.29 lakhs. The other income, however, dropped from Rs. 21.97 lakhs to Rs. 17.29 lakhs, chiefly on account of a setback in receipts from sales agency commission on Indian and imported chemicals.

In spite of a record rise in sales and other income the gross profit has dropped by 29.2 per cent to Rs. 57.38 lakhs as compared with Rs. 74.19 lakhs in the preceding year. The reasons for the drop in profit are several, the principal ones among which are the following:

Increase in prices of raw material cost the Company Rs. 29 lakhs more. A surcharge on railway freight rates and increased use of road transport resulted in an increase of Rs. 4 lakhs. The income by way of commission on imported chemicals dropped by Rs. 7.5 lakhs due to reduced imports of soda ash and caustic soda. Interest charges were higher by Rs. 5.2 lakhs due to larger borrowings and dearer bank credit. The marketing department and the selling organisation were expanded in excess of immediate requirements in anticipation of greater sales to come at a cost of Rs. 11.5 lakhs. All these led to a rise in expenses to the tune of Rs. 57.2 lakhs. This was only partially offset by increases in the selling prices of the products of the Company. Consequently, the profit-margin in 1960-61 narrowed down.

The dividend to shareholders has, however, been maintained at 23 per cent, subject to deduction of tax, which is equivalent to Rs. 4.025 per share. This has been made possible by considerable saving in the provision for depreciation, managing agents' commission, taxation and reserves as will be seen from the comparative table that follows. The provision of Rs. 11 lakhs for depreciation fully covers the normal and shift depreciation at income-tax rates but the Directors have dropped the practice of providing extra depreciation as they do not consider it necessary any more.

While there was a drop of 22 per cent in the prices of imported copra and of 11 per cent in palm oil, the prices of indigenous groundnut oil rose by 27 per cent and of coconut oil by 10 per cent. Further, owing to the availability of larger supplies of cattle feed in European markets the price of de-oiled groundnut meal fell by 15 per cent, which raised the net cost of groundnut oil to the Company. The cost of raw materials and stores consumed therefore sharply rose by 28.1 per cent from Rs. 471.70 lakhs to Rs. 604.29 lakhs. The other expenses, exclusive of excise duty, also rose from Rs. 242.02 lakhs to Rs. 292.60 lakhs.

While a part of these increases reflect the rise in turnover a substantial rise in prices is the major cause.

The following comparative table gives the salient features of the working results of the Company for the last four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	9,84.98	8,09.29	6,51.08	6,16.70
Other income	17.29	21.97	12.76	8.02
Stocks of finished goods and stocks in process	1,07.34	1,02.75	1,00.27	79.43
Raw materials and stores consumed	6,04.29	4,71.70	3,64.77	3,63.46
Other expenses*	3,40.59	2,85.37	2,45.87	2,29.29
Gross profit	57.38	74.19	54.69	35.25
Managing Agency commission	4.37	6.25	4.55	2.66
Provision for—				
Depreciation	11.00	13.47	11.30	10.80
Taxation	17.10	25.75	21.75	11.62
Net profit	24.91	28.72	17.10	10.15
To reserves	5.88	8.00	5.50	1.07
Employees' gratuity	1.75	2.00	1.50	1.20
Dividends—				
Preference	1.84†	1.84†	0.92	0.92
Ordinary	16.12† (23%)†	16.12† (23%)†	9.11 (13%)	7.01 (10%)
Carry forward	0.29	0.46	0.12	0.06

* Inclusive of excise duty which amounted to Rs. 47.99 lakhs for 1960-61, Rs. 43.35 lakhs for 1959-60 and Rs. 39.06 lakhs for 1958-59.
† Subject to deduction of tax.

There was an all-round improvement in the operations of the Company as can be seen from the data below showing the turnover of its various divisions

Seeds crushing	+21 per cent
Soaps	+13 „ „
Glycerine	+16 „ „
Vanaspati	+52 „ „
Toilet products ...	+25 „ „
Coconut oil	+204 „ „
Exports	+103 „ „

The Company's subsidiary, the Lakme Limited, achieved increase in sales from Rs. 5.17 lakhs to Rs. 8.27 lakhs and earned a higher profit of Rs. 1.26 lakh as against Rs. 0.73 lakh in the previous year. Similarly, the Industrial Perfumes Limited achieved higher sales, Rs. 21.10 lakhs as against Rs. 12.50 lakhs in the previous year and its gross profit increased from Rs. 0.99 lakh to Rs. 4.29 lakhs.

The expansion in the Company's activities is likely to increase in the current year and it may, perhaps, lead to an increase in profit-margin. The plant and equipment of the Amrut Oil Mills at Sewri, which was purchased in May 1960, is being overhauled and modified before being put into operation. The construction work on the Northern Factory Project is expected to start after the current monsoon. The fat splitting and fatty acid distillation plant at the Tatapuram Factory is expected to start production in the first quarter of next year. The continuous soap plant obtained from Italy was erected in the Bombay Factory during the year and the same has functioned satisfactorily since it was put into operation in February 1961. Additional equipment has been ordered in order to rationalise soap making operations. A pilot plant for the manufacture of animal feed has been installed and trials will commence shortly on producing different types of feed, suitable for India's milch cattle. The new soap plant at the Calcutta Factory continued to operate satisfactorily. A section for the manufacture of toiletries was opened and the installation of the refined glycerine plant is expected to be completed during the year.

In spite of a significant increase in borrowings and block account during the year under review the financial position of the Company remains very satisfactory. The gross block account has increased from Rs. 267.49 lakhs to Rs. 320.58 lakhs on which depreciation provision so far is Rs. 165.91 lakhs. The total of current assets, inclusive of investments, stands at Rs. 691.90 lakhs and are well above the current liabilities aggregating Rs. 536.36 lakhs including debentures of Rs. 50 lakhs repayable after 1st October 1969. The surplus of floating assets over liabilities is Rs. 155.54 lakhs. The paid-up capital of Rs. 99.96 lakhs consists of Rs. 29.89 lakhs in preference shares of Rs. 100 each and Rs. 70.07 lakhs in ordinary shares of Rs. 25 each. The reserves and surplus have increased by Rs. 5.70 lakhs to Rs. 55.57 lakhs.

The Company's ordinary shares of Rs. 25 paid-up are a favourite among small investors, as is borne out by the chart on number of shareholders included in the Directors' report. The number of shareholders holding 1 to 20 shares, that is, of a total paid-up value below Rs. 500, has grown from 5,263 to 5,383 or in terms of percentage of total shares from 77.1 per cent to 78.0 per cent. The Company has, in all, 6,904 ordinary shareholders of whom 2,883 own between one and five shares, 1,557 six to ten shares, 943 eleven to twenty shares, 962 twenty-one to fifty shares, 292 fifty-one to one hundred shares and 267 one hundred and one and over. The current quotation of these shares stands at Rs. 74.50 as compared with Rs. 84 a year ago. At the current rate, the net yield works out to 5.33 per cent on a net dividend of Rs. 4.025 per share.

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NATIONAL TOBACCO HIT BY COMPETITION

FINANCIAL POSITION STRONG

AS a sequel to the growing standard of living in the country and the rapid spread of smoking habit, the fortunes of the cigarette manufacturing industry in India have been steadily improving in recent years. The improvement, however, has not been spectacular owing to a progressive increase in taxation year after year and keen competition among the producers. Nevertheless, the National Tobacco Company of India Ltd. (Managing Agents: Messrs. B. N. Elias & Co., Private Ltd., Calcutta) had managed to report a substantial improvement in sales and profit. This reflected its ability to withstand competition through efficiency and hard work. Apparently there is a limit to what can be done in this highly competitive field. The Company's results for 1960 show that, in the past year, it was not able to participate, to any appreciable extent, in the increased all-India consumption of cigarettes. Its sales remained virtually unchanged, having increased by a mere Rs. 29.27 lakhs to Rs. 964.44 lakhs. "The year saw a determined effort on the part of our major competitor," say the Directors of the Company in their report to shareholders, "to contain our business in our major selling grade. They have, to some extent, been successful in their attempt and in consequence we have given ground in certain areas." This statement is further borne out by the fact that value of the closing stocks of finished goods has risen sharply to Rs. 101.16 lakhs from Rs. 64.83 lakhs a year ago.

The intensive competition, coupled with a rise in operating expenses, has absorbed most of the small increase in turnover and the gross profit has, therefore, shown only a fractional improvement of some Rs. 23,000 to Rs. 71.35 lakhs. Despite lower provisions for managing agents' commission (Rs. 6.38 lakhs, as against Rs. 7.81 lakhs), depreciation (Rs. 5.91 lakhs, as compared with Rs. 6.09 lakhs) and taxation (Rs. 25.38 lakhs, as against Rs. 26.27 lakhs) the net profit stands only moderately improved by Rs. 2.73 lakhs to Rs. 33.68 lakhs. To this amount is added Rs. 7.08 lakhs as the carry forward from the previous accounting period and Rs. 64,304 as transfer from the contingency reserve no longer required. The balance available for appropriation amounts to Rs. 41.40 lakhs. Of this sum, Rs. 15.83 lakhs have been transferred to reserves, as against Rs. 21.56 lakhs a year ago. Dividends payable on the tax-free preference shares for the year 1960 have been computed in accordance with the Preference Shares (Regulation of Dividends) Act 1960, and will absorb Rs. 2.80 lakhs. A sum of Rs. 64,473 has also become payable on account of supplementary dividends on preference shares for the year 1959 in terms of the aforesaid Act. In respect of the ordinary shares, the Directors have recommended a dividend of 16 per cent per annum, subject to deduction of tax. This is the same as in previous year and will absorb Rs. 12.79 lakhs, leaving a sizable carry forward of Rs. 9.34 lakhs, a sum sufficient to cover three-fourths of the proposed dividend. It is noteworthy that the amount that is being carried forward is higher by over Rs. 2 lakhs than that brought in.

The above salient features of operations of the Company in 1960 have been set forth in the table below in juxtaposition with the corresponding figures for the preceding three years for facilitating comparison:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sales	9,64.44	9,35.17	8,35.11	6,53.78
Miscellaneous sales and income	82.37	36.05	26.55	23.97
Closing stocks of finished goods	1,01.16	64.83	58.46	49.37
Raw materials and stores consumed	4,12.78	3,75.87	3,59.37	2,94.19
Customs and excise duty	3,44.22	3,27.35	2,65.17	1,98.28
Salaries, wages and bonus	72.76	68.28	60.28	51.73
Other expenses	1,52.03	1,34.97	1,20.90	93.36
Gross profit	71.35	71.12	65.03	45.19
Managing Agents' remuneration	6.38	7.81	7.51	5.37
Provision for—				
Depreciation	5.91	6.09	6.49	5.06
Taxation	25.38	26.27	27.83	18.85
Net profit	33.68	30.95	23.20	15.93
Provisions written back and refunds	0.64	3.03		24.00
Transfer to reserves	15.83	21.56	11.54	30.73
Dividends				
Preference	3.44*	2.15	2.15	2.15
Ordinary	12.79 (16%)†	12.79 (16%)†	8.80 (11%)	7.20 (9%)
Carry forward	9.34	7.08	9.60	8.88

* Including Rs. 64,473 as supplementary dividends for 1959.
† Subject to the deduction of tax.

A commendable feature of the Company's appropriation policy is conservation of a good part of the profit year after year. Of the sum of Rs. 15.83 lakhs transferred to reserves, Rs. 3 lakhs are by way of development rebate, Rs. 10 lakhs to reserve for capital expenditure and Rs. 2.83 lakhs to general reserve.

A perusal of the Company's chart showing the disposal of its revenue shows that taxes (both direct and indirect) take away as much as 35.10 per cent, raw materials and stores 39.20 per cent manufacturing and selling expenses 15.90 per cent, salaries, wages and other benefits 6.9 per cent, dividends to shareholders 1.50 per cent and retained earnings 1.40 per cent.

Continuing its policy of constant renovation and modernisation of its productive facilities, the Company has been the first in India to install the Molins Mark VIII cigarette making machine which is expected to produce cigarettes that are better made than by any other machine. An additional high vacuum leaf conditioning plant and a second cleaning classifying line, both with a higher capacity, have also been installed. With these and other improvements, the Company now has equipments which place it in a strong manufacturing position.

The financial position of the Company, as disclosed by its balance-sheet as at 31st December, 1960, is strong. The capital account consists of Rs. 12 lakhs in a 4 per cent mortgage debentures, Rs. 44.98 lakhs in preference shares, Rs. 79.97 lakhs in ordinary shares with a supplement of as much as Rs. 126.89 lakhs in reserves and surplus. Current liabilities and short-time loans together amount to Rs. 187.83 lakhs and are more than amply covered by the total of current assets, investments and loans and advances at Rs. 382.44 lakhs. The written down value of fixed assets is Rs. 69.23 lakhs against a gross value of Rs. 150.41 lakhs.

The future prospects for the cigarette industry, in general, and the Company, in particular, have been expressed by the Directors in these words:

"Since the close of the year, there have been fresh tax impositions and these should have resulted in increases of most cigarette prices. Our major competitor has seen it fit not to pass on to the smoker the tax increase on the particular category in which the major part of our business lies and we have had no alternative but to follow them. Whereas they are able to offset this absorption by the relatively higher margins of profit in the medium price grade, your Company does not have a satisfactory foothold in this selling group. The impact of reduced margins of profit may be expected to affect our earnings in the current year."

The current market price of the Company's ordinary shares, listed on the Calcutta Stock Exchange is Rs. 21.50 *cum-dividend*. Reducing this to an *ex-dividend* basis, the net return works out to 5.50 per cent per annum.

COMPANY MEETINGS AND DIVIDENDS

BELVEDERE JUTE MILLS CO., LTD. Annual General Meeting, Calcutta, 31st July 1961. Dividend: Rs. 5.00 per ordinary share, subject to deduction of tax. Transfer books remain closed from 17th to 31st July 1961, both days inclusive.

BOMBAY SUBURBAN ELECTRIC SUPPLY CO., LTD. Annual General Meeting, Bombay, 9th August 1961. Dividend: 8½ per cent or Rs. 8.50 per share (includes interim dividend of Rs. 3.00 per share), subject to deduction of tax. The final dividend will be payable on and after 11th August 1961. Transfer books will remain closed from 21st July to 9th August 1961, both days inclusive.

RANEEGUNGE COAL ASSOCIATION LTD. Interim dividend of Re. 1.70 per ordinary share, for the year ended 31st March 1961, subject to deduction of tax. (This dividend although termed 'interim' will in fact be the final dividend for the year 1961).

COCHIN STATE POWER AND LIGHT CORPORATION LTD. Annual General Meeting, Ernakulam, Kerala State, 28th August 1961. Dividend: 12½ per cent or Re. 1.25 per share, subject to deduction of tax, payable on or after 30th August 1961. Transfer books will remain closed from 21st to 28th August 1961, both days inclusive.

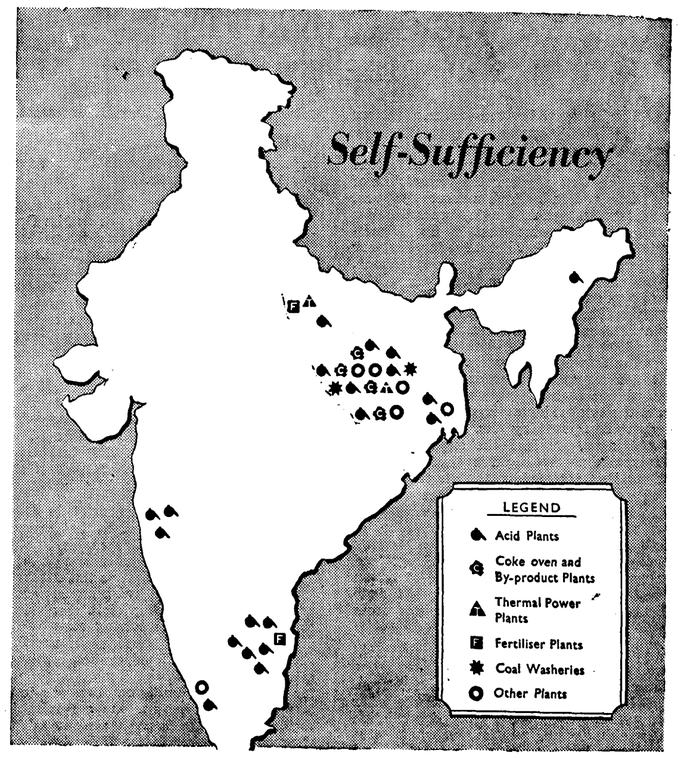
SOUTH MADRAS ELECTRIC SUPPLY CORPORATION LTD. Annual General Meeting, Madras, 30th August 1961. Dividend: 9 per cent or Re. 0.90 per ordinary share (includes interim dividend of 4½ per cent or Re. 0.45 per share), subject to deduction of tax. The final dividend will be payable on and after 30th August 1961. Transfer books will remain closed from 5th to 30th August 1961, both days inclusive.

INDIAN RAYON CORPORATION LTD. Annual General Meeting, Bombay, 14th August 1961. Dividend: *Nil*. Transfer books will remain closed from 2nd to 14th August 1961, both days inclusive.

CHOONABHUTTI TEA CO., LTD. Annual General Meeting, Calcutta, 10th August 1961. Dividend: Rs. 32.50 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 3rd to 10th August 1961, both days inclusive.

CAUVERY SPINNING AND WEAVING MILLS LTD. Annual General Meeting, Madras, 31st July 1961. Dividend: 15 per cent or Re. 1.50 per share, subject to deduction of tax, payable on and from 8th August 1961. Transfer books remain closed from 21st to 31st July 1961, both days inclusive.

KESORAM COTTON MILLS LTD. Annual General Meeting, Calcutta, 14th August 1961. Dividend: Re. 1.20 per ordinary share, subject to deduction of tax, for the year ended 31st March 1961.



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ANGLO-FRENCH TEXTILES' PROFIT IMPROVES

RESERVES STRENGTHENED—DIVIDEND RAISED

NOTWITHSTANDING some adverse factors affecting the Company's exports, such as the introduction of a quota system in the U.K. to regulate the imports of cotton fabrics into that country and the virtual loss of West African and Indo-China markets for yarn, the financial results of the Anglo-French Textiles Ltd. (Managing Agents: Best & Co. (Pondicherry) Private Ltd., Pondicherry) for the year ended 31st December 1960 are quite gratifying. Thus, the production of yarn increased to 10.99 million pounds from 10.65 million pounds in 1959 and 9.29 million pounds in 1958 and that of cloth to 28.95 million yards from 23.95 million yards in 1959 and 19.42 million yards in 1958. Its gross sales went up by Rs. 14.41 lakhs to Rs. 267.22 lakhs in the year under review. In spite of the increased competition in overseas markets, the total value of export sales of cloth and yarn improved by Rs. 2.27 lakhs to Rs. 152.34 lakhs. In fact, the export of cloth alone increased perceptibly from Rs. 146.54 lakhs in 1959 to Rs. 151.88 lakhs, though the export sales of yarn declined sharply from Rs. 3.53 lakhs to Rs. 46,330. The sales in the domestic market showed a considerable expansion of Rs. 11.73 lakhs to Rs. 112.33 lakhs. Reflecting the increase in the output of cloth and yarn and higher raw material costs, the value of cotton consumed rose from Rs. 132.12 lakhs in 1959 to Rs. 158.14 lakhs and other expenses from Rs. 103.74 lakhs to Rs. 116.75 lakhs.

The gross profit, too, shows an appreciable improvement of Rs. 15.96 lakhs to Rs. 36.59 lakhs And the net profit has more than doubled, from Rs. 11.62 lakhs for 1959 to Rs. 23.53 lakhs, after providing Rs. 7.64 lakhs for depreciation (Rs. 6.25 lakhs, in the previous year), Rs. 3.34 lakhs for taxation (Rs. 1.73 lakh in 1959) and Rs. 2.08 lakhs for managing agency commission (Rs. 1.03 lakh in 1959). But a large portion of this profit has been absorbed by the provision of bonus to staff, the exact amount being Rs. 10.40 lakhs, as against Rs. 3.90 lakhs in the preceding year. The Directors have thought it necessary to strengthen the general reserve and modernisation loan redemption reserve for securing an early repayment of the Company's bank borrowings as well as for providing the funds needed for progressive modernisation of its machinery and equipment. They have, therefore, transferred Rs. 5 lakhs to the general reserves and Rs. 2.50 lakhs to the loan redemption reserve, as compared with the total conservation of Rs. 2.25 lakhs last year. The dividend has been stepped up from 11 per cent to 15 per cent free of French Indian income-tax. This takes up Rs. 4.50 lakhs, as against Rs. 3.30 lakhs last year. The preference dividend requires Rs. 1.08 lakh. The balance of Rs. 21,000 has been carried forward, as against Rs. 17,000 brought in.

A bird's eye-view of the Company's progress in the last four years can be had from the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sales (gross)	2,67.22	2,52.81	2,13.78	2,07.10
Closing stocks	41.93	21.00	32.75	40.28
Other income	25.37	17.48	0.82	1.63
Consumption of cotton ..	1,58.14	1,32.12	1,12.38	1,19.30
Other expenses	1,16.75	1,03.74	87.86	80.58
Gross profit	36.59	20.63	6.82	12.86
Managing Agency commission ..	2.08	1.03	0.07	0.74
Provision for—				
Depreciation	7.64	6.25	1.46	4.18
Taxation	3.34	1.73	0.15	2.26
Net profit	23.53	11.62	5.14	6.73
Provision for bonus ..	10.40	3.90	1.63	1.57
Preliminary expenses written off	..	0.99	0.51	..
To reserves	7.50	2.25	..	..
Dividends				
6 per cent. preference	1.08	1.08	1.08	2.16
Ordinary	4.50	3.30*	2.00	1.80
	(15%)*	(11%)*	(6%)	(6%)
Carry forward	0.21	0.17	0.12	0.18

* Free of French Indian income tax.

During the year under review, the Company made substantial progress with the programme of modernisation of plant and machinery, the exact expenditure incurred being of the order of Rs. 23.86 lakhs, as against Rs. 3.56 lakhs in 1959 and Rs. 7.06 lakhs in 1958. The principal items of modernisation so far completed include the conversion of the mill to all electric drive and installation of ventilation and humidification arrangement. The weaving shed has been fully modernised but the modernisation of spinning shed has fallen considerably behind schedule chiefly because of delayed deliveries of ring spinning frames and intermediate frames. With the change-over to all electric drive an appreciable saving in power cost was anticipated, but industrial load rates have not yet been made applicable to the mills.

The financial position of the Company, as disclosed by the balance-sheet as on 31st December 1960, is satisfactory. As against the paid-up capital of Rs. 48 lakhs, comprising Rs. 18 lakhs in 18,000 six per cent cumulative preference shares of Rs. 100 each and Rs. 30 lakhs in 30,000 equity shares of Rs. 100 each, the reserves are of the order of Rs. 22.08 lakhs. Thanks to the heavy borrowing for financing the modernisation programme, the secured loan has increased from Rs. 9.14 lakhs to Rs. 40.59 lakhs. The other current liabilities stand at Rs. 116.14 lakhs, bringing the total debts payable to Rs. 156.78 lakhs. As against these, there are current assets of the magnitude of Rs. 175.24 lakhs. The gross block of the value of Rs. 71.01 lakhs has been well written down to Rs. 51.84 lakhs, the depreciation provided being Rs. 19.17 lakhs.

According to the statement of the Chairman, Mr. R. M. King, appended to the Directors' report, the position regarding exports in the current year is once again causing concern to the Directors of the Company, as the offtake to the U.K. has been reduced by an adjustment of importers' quotas of Indian cloth made necessary as a result of quotas having exceeded in the previous year. The importers in the U.K. are also exercising additional caution until progress over the renewal of the Hong Kong agreement for the voluntary limitation of exports to Britain is more clearly known. As a result of these factors, there has been a serious fall in the Company's exports to the U.K. This will also entail a severe contraction in earnings from export incentive premium. The Directors are, however, fully conscious of the importance of diversifying the Company's production and markets and they consider the successful implementation of the modernisation programme as an essential prerequisite for this purpose. The Company's sales in the domestic market are already expanding.

The Rs. 100 fully paid shares of the Company are currently quoted on the Madras Stock Exchange at Rs. 148 cum-div. On an ex-div. basis, the shares provide a yield of 11.27 per cent per annum, free of French Indian income-tax.

(Concluded from next column)

recovery. Besides this, orders have been placed with Messrs. Walmsleys (Bury) Limited of England for a new paper machine of the latest design; the shipment of this plant is expected to commence in the second half of 1962. Negotiations for the purchase of machinery from the U.S. for which an import licence has already been received are also in advanced stage and orders will be finalised as soon as the approval of the Development Loan Fund (U.S.) is received to the Dollar Loan application made through and sanctioned by the Industrial Finance Corporation of India.

In view of the expansion in fixed assets which has necessitated increased borrowings from banks, the Directors have decided to increase the capital by offering new shares. At present the difference in authorised and paid-up capital is only Rs. 29 lakhs. If the contemplated increase is confined only to this amount, then the ratio of the right issue may be one new share for every two old shares.

The current market quotation of Rs. 25 paid-up ordinary shares is Rs. 89.50, at which rate the net yield is 6.2 per cent.

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BENGAL PAPER'S PROFIT LOWER

RIGHT ISSUE IN THE OFFING

THE most important event for the Bengal Paper Mill Co., Ltd. (one of the oldest producers of paper) during the year ended 31st December 1960 was the termination of the agreement with the Secretaries and Treasurers, Messrs. Balmer Lawrie and Company Limited with effect from 28th April 1960. Since then, the affairs of the Company are being looked after by the Board of Directors. The working of the Company during the year ended 31st December 1960 was smooth. The production of paper went up by 13.6 per cent from 15,927 tons to 18,105 tons.

The sale proceeds also increased, albeit at a slower pace, from Rs. 307.50 lakhs to Rs. 316.78 lakhs. Despite such sharp increase in production and higher sales realisation, the gross profit has dropped from Rs. 52.61 lakhs to Rs. 51.91 lakhs. This adverse trend of profit is the result of the recommendations of the Tariff Commission on ex-factory prices of paper which came into force from 1st January 1960. The setback would have been more marked but for the increase in production. The prices fixed by the Tariff Commission were inadequate to cover the increase in cost of production. The Government has not yet responded to the Indian Paper Makers' Association's representation pleading for an upward revision of the prices. Since the Tariff Commission's formula was announced and implemented, there have been further levies of excise on chemicals used by paper industry, the railway freight rate has been enhanced and the prices of raw materials and stores have gone up. If the Government does not make adequate allowance for all these cost increases while fixing the ex-factory price of paper, the profit-margin of paper industry will remain unremunerative, hampering modernisation and expansion of industry.

The net profit has suffered a more perceptible decline than the gross profit, the reason for it being a heavier allocation than last year for depreciation due to the increase in fixed assets. It has, however, been sufficient to maintain the dividend at the 1959 level of 32 per cent taxable as well as to strengthen the reserves further by nearly Rs. 7 lakhs. The proposed dividend is equal to a net return of Rs. 5.60 per share of Rs. 25 each. Fuller details of the Company's financial results and appropriations can be had from the comparative table of progress given below:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sale proceeds	3,16.78	3,07.50	2,63.31	2,07.80
Closing stocks of finished goods	4.98	1.78	4.81	2.14
Raw materials and stores consumed	1,26.10	1,21.09	1,04.34	80.61
Excise duty	40.38	37.71	34.30	25.35
Other expenses	1,02.80	92.45	87.29	79.39
Gross profit	51.91	52.61	40.89	27.87
Secretaries and Treasurers' remuneration	1.07	3.57	2.78	..
Provision for—				
Depreciation	10.05	4.84	3.45	4.03
Taxation	18.17	18.48	17.07	8.67
Net profit	22.62	25.72	17.01	8.86
Redemption of debentures	0.10	0.10	0.10	0.10
To reserves	6.78	9.19	5.33	1.10
Dividends				
Preference	1.88*	1.80*	1.62	1.62
Ordinary	14.40*	14.40*	9.90	5.62
	(32%)*	(32%)*	(22%)	(12½%)
Carry forward	1.41	1.35	0.92	0.67

* Subject to deduction of tax.

The gross block of the Company has increased from Rs. 234.14 lakhs to Rs. 256.25 lakhs. Besides this, there is capital expenditure of Rs. 11.48 lakhs on fixed assets under construction. The net block stands at Rs. 78.45 lakhs, the depreciation so far provided being Rs. 177.79 lakhs. The total of current assets at Rs. 141.93 lakhs are well above the current liabilities of Rs. 102.15 lakhs, of which secured loans account for Rs. 44.05 lakhs. The paid-up capital of Rs. 71 lakhs is made up of Rs. 26 lakhs in preference shares and of Rs. 45 lakhs in ordinary shares of Rs. 25 each. The reserves and surplus amount to Rs. 58.70 lakhs.

The expansion and modernisation scheme of the Company to increase the productive capacity to 100 tons per day is said to be making satisfactory progress. The Brown Stock Washing Plant was put into commission during the year under review, while Recausticising Plant, a Water Clarification Plant and other machines started functioning in the current year. These plants which have been installed at an approximate cost of Rs. 36 lakhs have resulted in reducing the loss in washing and better caustic

(Continued in previous column)

RESULTS OF INDIAN COPPER QUITE GOOD

RESERVES STRENGTHENED FURTHER

LARGER production, continued with higher realisation, has enabled the Indian Copper Corporation Ltd. (Managing Agents: Gillanders Arbuthnot and Co. Ltd., Calcutta) to report gratifying financial results for the year ended 31st December 1960. The gross and net profits alike are higher. The provision for depreciation has been maintained. Taxation has absorbed a clear half million £. The transfer to reserves has been markedly stepped up. The dividend has been comfortably maintained at 27 per cent, taxable, per annum. The surplus to be carried forward is higher than the amount brought in.

The average selling prices realised by the Company were higher for all the products as can be seen from the following figures:

	(Per metric tonne)	
	1960	1959
	£	£
Copper ingots	266.60	250.61
Rolled brass	277.56	271.36
Yellow metal circles ..	304.30	298.00
Rolled Copper	356.64	356.26

The products despatched for sale were also higher at 11,192.44 metric tonnes, including 1,107.72 metric tonnes of copper ingots, as compared with 11,041 metric tonnes including 1,717 metric tonnes of copper ingots during the previous year.

The net sale proceeds, after adjustment of stocks, are the highest on record at £3,718,000, as against £3,342,000 in the previous year showing an increase of 11.2 per cent over the year. The other income which had dropped in the previous year from £81,000 to £57,000 rose during the year to £74,000. The gross profit for the year was better at £1,403,000, as compared with £1,289,000 for the previous year and £1,070,000 for 1958. The increase in profit of the order of 8.8 per cent would have been higher still but for the sharp increase in expenses from £2,110,000 to £2,389,000, an inflation of 13.2 per cent. The overall operating cost to produce one long ton of copper again increased, though slightly. The labour and material costs are also steadily increasing.

After fully maintaining the provision for depreciation at £175,000 and stepping the transfer to taxation reserve from £440,000 to £500,000, the net profit works out to £633,000, a rise of nearly 10 per cent.

A notable feature of the appropriations of the profit this year is the marked increase in the transfer to general reserve from £125,000 to £200,000. This is in addition to the £50,625 credited to development rebate reserve which had received last year £56,250.

The progress of the Company since 1957 will be clearly visible from the following comparative table:

(In thousands of £ sterling)

	For the year ended 31st December			
	1960	1959	1958	1957
Net sale proceeds after adjustment of stocks ..	3,718	3,342	2,958	3,018
Other income	74	57	74	74
Expenses	2,389	2,110	1,969	1,887
Gross profit	1,403	1,289	1,070	1,204
Managing Agents' remuneration	95	86	72	80
Provision for—				
Depreciation	175	175	150	175
Taxation	440	440	407	522
Net profit	633	588	381	427
Provision for leave and furlough pay written back ..	..	..	..	16
To general reserve ..	200	125	125	175
,, development rebate reserve ..	51	56	51	..
Provision for gratuities and superannuation	..	..	7	15
Dividend	370 (27½%)*	370 (27½%)*	247 (18½)	247 (18½)
Carry forward	110	107	71	120
Ore reserves (short tons) ..	4,292,242	4,203,547	4,034,147	3,850,757
Ore milled (short tons) ..	480,306	434,282	442,088	440,671
Copper content .. %	2.093	2.102	2.164	2.136
Refined copper (long tons) ..	8,769	7,553	7,841	7,548
Rolled products (long tons) ..	10,748	9,208	9,064	7,983

* Subject to deduction of tax.

Reflecting the judicious policy followed by the management in the matter of appropriation of profits, the financial position of the Company is quite healthy. As against the paid-up capital of £1,371,300, all in stock units of 2 shillings each, the reserves and surplus stand at £2,562,976. Further, as against the current liabilities of £2,440,267, current assets are nearly double at £4,841,500. The gross block of the Company amounting to £3,540,747 has been written down by nearly two-thirds to £1,533,043.

The Directors' report also throws more light on the improved working of the Company in 1960. The total ore reserves for all mines show an increase of 88,695 short tons to 4,292,242 short tons. Although there has been a total overall increase in the net ore reserves of all mines, there has been a further decrease of 35,633 short tons in the ore reserves of Badia Section to 500,263 short tons.

The ore milled increased from 434,282 short tons to 480,306 short tons, but the copper content was lower at 2.083 per cent as against 2.162 per cent in the previous year. The higher figure of ore milled constitutes a record, but it was achieved because the annual shut down, normally undertaken in January, was completed in December 1959, that is, in the last month of the previous year.

The production of refined copper was 1,216 long tons more at 8,769.30 long tons, which too is a record. The overall recovery from ore to refined copper was 92.876 per cent as against 92.923 per cent in 1959. The output of rolled products, including 364 metric tonnes of copper sheets and strips, was 10,923 metric tonnes, as compared with 9,419 metric tonnes in the previous year. A good market for brass sheets and strips continued, but the output was restricted again in accordance with the availability of zinc against import licences.

The sales of Kyanite increased by 5,096 tons to 21,317 tons. The Company's appeal to the Supreme Court against the judgment of the Patna High Court in the two civil suits with the Bihar Government still remains subjudice. The exact amount of contingent liability in connection with the mining of Kyanite from 1st February 1955, the date from which the Bihar Government did not accept the continuance of the terms of the former lease, cannot yet be determined.

There is a wide difference in the market value of the shares of the Company quoted on the Indian and London stock exchanges. The current quotation in London is equal to Rs. 4.50, whereas the quotation in India is Rs. 5.56. This is due chiefly to the higher interest rates in Britain and the limitations placed on investors in Britain in selling their holdings to Indian investors. At the current market rate in India, the net yield works out to 4.5 per cent per annum.

(Concluded from next column)

working. The need for additional capital is all the more pressing, in view of the Company's fresh expansion plans.

The Company has been experiencing a shortage of gas for its baking furnaces particularly in Factory No. 2. In order to relieve this shortage, a third gas generator has been ordered and is expected sometime in the beginning of the next year. This will enable the Company to increase production to the full-rated capacity of its new factory.

The Company has signed a technical collaboration agreement for the increased manufacture of high and low tension insulators with a German firm for a period of ten years, starting from 1st January 1961. The necessary equipment has been ordered and expected to be received by the end of this year.

The current market quotation for the Company's Rs. 2.50 fully paid ordinary shares is Rs. 7.06, on which basis the net return per annum works out to 4.9 per cent per annum.

The Board of Directors of the Raneegunge Coal Association Ltd. has decided to increase the paid-up capital of the Company from Rs. 23.99 lakhs to Rs. 33.59 lakhs by issuing 95,980 right equity shares of Rs. 10 each at par to those shareholders whose names appear in the register of the Company as on 5th August 1961 in the proportion of two new shares for every five held. The right shares shall rank *pari passu* in all respects with existing ordinary shares.

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BENGAL POTTERIES DOING WELL

DIVIDEND SLIGHTLY BETTERED

SPEAKING to the shareholders of the Bengal Potteries Ltd. (Managing Agents: Messrs. Bharat Ram Bhagat and Company, Calcutta) at the annual general meeting last year, the Chairman, Lala Shree Ram had remarked that, in view of the Company's policy of continued expansion, the increasing demand for its manufacture, better utilisation of the productive capacities, and sustained distribution efforts, he had reasons to believe that better results would be achieved in 1960 in spite of certain handicaps. It is, therefore, gratifying to note that the financial results disclosed by the Company's annual report for the year ended 31st December 1960 have fully lived upto these expectations. Sales of the Company's well diversified line of ceramic products have increased by Rs. 27.08 lakhs to Rs. 193.37 lakhs, showing an improvement of about 16 per cent over the sales in the year 1959. The steady increase in production in the Company's two factories has been responsible for this happy outturn, despite a shortage of gas. As could be anticipated, however, there has been more than a proportionate increase in the cost of production due to higher incidence of the cost of raw materials, services, and expenses. Consequently the gross profit shows an increase of only Rs. 4.48 lakhs to Rs. 38.39 lakhs or a little over 13 per cent. Owing to this higher profit, the provision for the Managing Agents' commission has been increased slightly to Rs. 2.71 lakhs from Rs. 2.64 lakhs a year ago, while that for taxation has gone up by as much as Rs. 4.87 lakhs to Rs. 12.03 lakhs. This amount is, however, inclusive of Rs. 1.35 lakh being the shortfall in the previous year's provision. The provision for depreciation is also up, being Rs. 11.22 lakhs as against Rs. 10.67 lakhs a year ago. The increase is on account of the modifications in the mode of computation introduced by the Companies (Amendment) Act 1960. As a result of these substantially higher provisions, the net profit has actually gone down by about Rs. 1 lakh to Rs. 12.43 lakhs.

With the virtual completion of the Company's schemes for expansion, transfer to the statutory development rebate reserve has been sharply reduced to Rs. 48,070 from Rs. 3.40 lakhs during the previous year, while a larger amount of Rs. 3.80 lakhs, as against Rs. 2 lakhs in 1959, has been credited to the general reserve account. With a slightly larger balance thus available for distribution to shareholders, the rate of ordinary dividend has been fractionally stepped up, from 14.29 per cent to 15 per cent, subject to deduction of tax, absorbing Rs. 8.28 lakhs.

The rapid progress made by the Bengal Potteries during the past four years is presented synoptically in the table that follows:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sales	193.37	166.29	120.66	106.23
Other income ..	1.02	1.25	0.76	1.44
Closing stocks of finished goods ..	29.94	19.01	9.41	10.60
Raw materials, stores and packing materials consumed ..	41.83	35.43	22.26	21.22
Salaries, wages and bonus ..	59.10	50.61	40.40	35.55
Other expenses	66.00	57.19	40.39	35.73
Gross profit	38.39	33.91	17.18	15.29
Managing Agents' commission ..	2.71	2.64	1.30	1.38
Provision for—				
Depreciation	11.22	10.67	6.10	2.64
Taxation	12.03	7.16	2.82	2.82
Net profit	12.43	13.44	6.96	8.45
Transfer from reserves ..	..	..	6.52	..
Transfer to reserves ..	4.28	5.40	7.16	8.30
Ordinary dividends ..	8.28 (15%)*	7.99 (14.29 %)*	6.62 (10%)	5.05 (10%)
Carry forward	0.02	0.15	..	0.21

* Subject to deduction of tax.

Save for an addition of Rs. 4.15 lakhs to the reserves and surplus account, there has been no change during the year in the Company's own funds. The share capital, which consists entirely of equity shares with a face value of Rs. 2.50 each, stands unchanged, as at 31st December 1960, at Rs. 55.23 lakhs with a supplement of Rs. 19.79 lakhs in reserve and surplus. Loans and current liabilities aggregate as much as Rs. 142.43 lakhs. The written down value of the block also is out of line with the capital base and amounts to Rs. 98.03 lakhs exceeding the total capital funds by as much as Rs. 23.01 lakhs. The current assets, inclusive of loans and advances, at Rs. 119.42 lakhs, are also less than the current liabilities. All these factors point to one conclusion, namely, that the Company is decidedly under capitalised. It will, therefore, do well to issue additional share capital not only to strengthen its capital base but to relieve its reliance on borrowed capital to finance its

(Continued in previous column)

SYNOPSES OF COMPANY REPORTS

Minerva Mills Ltd.

(*Managing Agents*: Messrs. N. Sirur & Co. Private Ltd., Bombay.)

Annual General Meeting—31st July.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales (yarn, cloth and waste)	1,28,10	1,34,58
Closing stock	68,63	32,53
Gross profit	9,41	1,51
Transfer to Managing Agents' remuneration	40	40
" " depreciation	6,37	4
" " provision for gratuity	1,15	1,07
Net profit (+) or net loss (+)	(+) 40	(—) 14
Adjustments	1,76	7,99*
Appropriations:		
Total available balance	2,25	7,99
To provision for arrears of octroi duty and cess on cotton	2,16	..
To provision for arrears of bonus to clerical staff for 1959	9	..
To adjustment of loss	..	7,88†
To tax re-imbursed to Managing Agents on commission foregone for 1959	..	11
To dividends	Nil	Nil
Carried forward	Nil	Nil

N.B.—Adjustments include refund of income-tax for previous years; refunds of insurance premia if any; the amount transferred from general reserve and the amount drawn from investment reserve.

* Includes Rs. 59,723 being the refunds of insurance premia and Rs. 7,39,082 transferred from general reserve.

† Includes adjustments of loss of Rs. 14,285 for the year 1959 and Rs. 7,73,251 brought forward from 1958 accounts.

Extracts from the Directors' report: From the capital profit realised on the sale of the Company's Bleach and Dye House Block, amounting to Rs. 5,56,575 appropriations have been made, as under:—Provision for Capital Gains Tax on the capital profits Rs. 37,000; to wipe off the loss incurred on sale of the Company's investments during the year Rs. 54,504; to write off, in entire, debenture issue expenses and debenture underwriting commission, not written off in the previous year, aggregating to Rs. 91,737 and to transfer the balance of Rs. 3,73,333 to capital reserve.

Steps taken to improve the working of the Mills by changing the pattern of production and by initiating a scheme of modernisation and rationalisation, are yielding results. In pursuance of the continued programme of rationalisation, an *ex-gratia* compensation of Rs. 1,28,495 was paid during the year under report to workers who, on being rendered surplus, submitted voluntary resignations. This amount together with similar compensation of Rs. 45,418 paid during the previous year, aggregated to Rs. 1,73,913. As the benefit of such rationalisation would be felt over a period of years, the directors considered that it would not be appropriate to charge off the entire compensation to the profits of the year under report, and, therefore, decided to spread it over 3 years. Accordingly, one-third of such compensation which works out to Rs. 57,971 has been debited to the profit and loss account of the year under report.

Although there was a distinct improvement in the working results of the Company, and the year ended with a profit, the directors very much regret that the dividend has again to be passed over. The reason is that under the provisions of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1960, full depreciation amounting to Rs. 6,37,068 had to be charged off to the trading profits of the year. Further, as a result of the Supreme Court's Judgment in the Octroi Duty and the Cotton Cess cases which were decided against the Company, a sum of Rs. 2,16,017 in respect of arrears had to be provided for in addition to Rs. 1,02,790. As the general reserve, already depleted, was partly drawn upon for making provisions for payment of octroi duty, cotton cess etc., the directors did not consider it prudent to recommend payment of dividend from out of the general reserve, particularly because all the available funds of the Company have to be conserved for implementation of the scheme of renovation and modernisation upon which the Company has already embarked.

Since the close of the financial year under review, the following material changes and commitments affecting the financial position of the Company, have been made, viz:—

The National Industrial Development Corporation Ltd., after going into the merits of the scheme for implementation of the second phase of the Company's programme of renovation and modernisation, has decided in February 1961 to sanction a loan up to Rs. 45 lakhs to the Company on the basis of a first charge ranking *pari passu* with the existing charge of the Debenture Holders, on the standard terms and conditions of the said N.I.D.C., and subject to a further special condition that the loan of Rs. 45 lakhs should be utilised for purchasing the new items of machinery included in the Company's scheme of rehabilitation and modernisation, it being understood that the balance of Rs. 7.48 lakhs which would be required to fully implement the said scheme would be brought in by the Company from its own resources, in addition to the Company's defraying all incidental expenses towards installing the approved items of machinery under the said scheme. The amount of the loan is repayable in not more than 15 equal annual instalments, the first of such instalments being payable latest by 18 months from the date on which the loan is drawn, rate of interest to be charged on the loan being 7 per cent per annum.

With the unanimous approval of the shareholders of the respective Companies in general meeting, and with the consent of the Company's debenture trustees, a vacant piece of land divided into nine sites belonging to the Company and which was surplus to its requirements, has been agreed to be sold to this Company's sister Company, The Mysore Spg. & Mfg. Co. Ltd., for a price mutually agreed upon, viz. Rs. 1,07,300 which will bring in a profit to this Company.

In October 1960 the Board had resolved to increase the issued capital of the Company by Rs. 9,86,500 by the issue of 9,865—8½ per cent taxable, redeemable cumulative preference shares of Rs. 100 each which were offered in January 1961, at par, in the first instance to the ordinary shareholders of the Company with such rights and on such terms and conditions as were set out in the letters of offer dated 31st October 1960 addressed to the shareholders. Applications are being received for the shares and the first allotment was made on 17-2-1961. Allotments are being made from time to time as and when applications are received, and the shares allotted up to the date of this report are 3,250 of the total face value of Rs. 3,25,000. That leaves a balance of 6,615 shares of the face value of Rs. 6,61,500 still to be applied for. The last date for receiving applications was extended up to 30th June 1961 which has now been further extended up to 31st August 1961.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	10,80,000	Gross block	96,03,727
Reserves and surplus	34,50,333	—Depreciation	58,00,178
Other liabilities	74,33,925		
		Net block	45,03,549
		Current assets	78,44,612
		Investments	76,500
		Cash	37,597
	Rs. 1,19,64,258		Rs. 1,19,64,258

Bhartia Electric Steel Co., Ltd.

(*Secretary*: Mr. M. L. Sharma, Calcutta.)

Annual General Meeting—31st July.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	74,74	2,89,44
Closing stock	25,63	19,99
Gross profit	5,94	29,68
Transfer to Managing Agents' commission	..	1,44*
" " depreciation	3,49	6,00
" " taxation	..	9,00
" " development rebate reserve	2,05	2,67
Net profit	40	10,57
Adjustments	4,60	53
Appropriations:		
Total available balance	5,00	11,10
Proposed dividend (taxable)	5,00 (10%)	7,50 (15%)
Carried forward	14	3,60

N.B.—Adjustments include the balances brought forward from the previous year and the amount transferred from general reserve.

* Managing Agents' commission on profits (upto 10th August 1959 on time basis).

† Only a small amount of Rs. 496.

Extracts from the Directors' report: The operation of the works was not satisfactory during the year. As stated in the directors' last report the order position of steel castings was not good and this remained so upto end-October. This resulted in low production and consequently the working has been badly affected. However, the directors are pleased to state that the order position for steel castings has much improved now and at present is fully booked upto the end of 1962. The management has also taken into account the increased costs while accepting fresh orders.

In the context of third Five-year Plan and developing economy of the country the demand for all types of steel castings is likely to go up. The Company also received repeat orders for old C.R. Type wagon parts. These have been the Company's main items of production since many years and were discontinued by the Railway Ministry in 1959-60 due to change in wagon designs. But the demand for these types wagons have again been revived and the Company has booked orders for large quantity.

The manufacture of *Centre Buffer Automatic Couplers* and *Draft Gears* have been finalised and the delivery has already commenced although in a restricted scale. The mass production of these items is likely to take a few months more. During this period two highly skilled American engineers from this Company's collaborators Messrs. American Steel Foundries Inc. visited the Company and helped and trained the staff and labour in manufacturing these difficult and intricate steel castings for which the Company hold a large order and which are likely to be the main items of manufacture for years to come.

The directors are fully alive to the urgent necessity of modernisation and replacement of plant and machinery and steps are being taken to that effect. Heavy and costly machineries have been installed in the machine shop for the machining of *Roller Bearing Axle Boxes* and this is now a regular item of the Company's manufacture. The Company hold large orders for this also and hope that in future this will be also a regular item of manufacture. Similarly new moulding, heat treatment and other machineries have been installed in the Steel foundry division and some more are in the process of installation. The directors have finalised the order for one new self-charging latest design 3-ton electric furnace the delivery of which will be made at end of 1962 provided the requisite foreign exchange is available. It is needless to say that old furnaces require replacement very badly.

During this period of modernisation of plant and machinery some hindrance to production is inevitable but on completion of the programme this Company may look forward with confidence to the future.

The directors wish to record a note of caution also. As shareholders are aware the supply of electricity has been drastically cut from February to April 1961 due to breakdowns at the plants of Calcutta Electric Supply Co. Ltd. and D.V.C. projects. This has also adversely affected the production at the Company's workshop.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	50,00,000	Gross block	1,01,45,489
Reserves and surplus	30,54,717	—Depreciation	45,43,025
Other liabilities	57,51,722		
		Net block	55,88,464
		Block in progress	50,744
		Current assets	99,56,901
		Investments	86,025
		Cash	1,59,275
	Rs. 1,38,06,439		Rs. 1,38,06,439

Katras Jherriah Coal Co., Ltd.

(*Managing Agents*: Messrs. Andrew Yule and Co., Ltd., Calcutta.)

Annual General Meeting—29th July.

Working Results:

	For the year ended 31st January (In thousand rupees)	
	1961	1960
Sales	83,85	79,77
Closing stock	3,15	1,33
Gross profit	14,71	13,85
Transfer to Managing Agents' commission	1,31	1,25
" " depreciation	1,39	1,24
" " taxation	6,01	5,53
" " development rebate reserve	57	22
Net profit	5,43	5,62
Adjustments	2,16	2,15
Appropriations:		
Total available balance	7,59	7,77
Transfer to reserves	22	1,70
Proposed dividend (taxable)	5,06*	4,75†
	(40%)	(95%)
Carry forward	1,39	1,32

N.B.—Adjustments include the balance brought forward from the previous year; the amount drawn from taxation reserve: excess provisions for taxation written back and other credit items.

* This represents the dividend at 40 per cent or Rs. 4.00 per share (taxable) on the present paid up ordinary capital of Rs. 14,86,480.

† The dividend for 1960 was 95 per cent or Rs. 9.50 per share (taxable) and this was on a paid-up ordinary capital of Rs. 5,00,000.

Extracts from the Directors' report: Raisings for the year were 3,50,536 tonnes compared with 3,42,468 tonnes in the previous year. Despatches, which included purchased coal, amounted to 3,60,222 tonnes as against 3,52,525 tonnes.

Raisings at Seebpore Colliery continued to show a decrease, but there was an increase in the raisings of Selected 'A' grade coking coal at Laikdih Deep Colliery, which amounted to 2,04,560 tonnes during the year under review. The tonnage of sand stowed at this colliery totalled 2,95,733 tonnes, and the Company had to bear a loss of Rs. 1,09,000, representing the difference between the cost of sand stowed and the quantum of assistance received from the Coal Board.

During the year the Company received from its investment in the wholly owned subsidiary of The Kalapahari Coal Co., Ltd., dividends totalling Rs. 87,500, being the final dividend for the year ended 31st January 1960, and an interim dividend in respect of the year ending 31st January 1961. The sinking to the Nega Seam at Damra Colliery continued satisfactorily.

Accounts in brief as at 31st January 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	14,86,480	Gross block	59,54,892
Reserves and surplus	16,48,855	—Depreciation	41,77,254
Other liabilities	22,17,078		
		Net block	17,77,638
		Current assets	26,98,084
		Investments	7,16,064
		Cash	1,67,976
	Rs. 53,54,393		Rs. 53,54,393

Notices

BOMBAY SUBURBAN ELECTRIC SUPPLY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting within the meaning of the Companies Act, 1956 (being the Thirty-second Ordinary General Meeting) of BOMBAY SUBURBAN ELECTRIC SUPPLY, LIMITED, will be held on Wednesday, the 9th August, 1961, at 4-15 p.m. at the Registered Office of the Company, Killick House, Home Street, Fort, Bombay, to transact the following business:—

1. To adopt the Directors' Report and Audited Statement of Accounts made upto 31st March, 1961.
2. To declare a Dividend.
3. To elect a Director in the place of Mr. Dominic J. Ferreira who retires by rotation but who offers himself for re-election and to consider and if thought fit, to pass the following ordinary resolution of which special notice as required by Section 281 of the Companies Act, 1956, has been received by the Company:—

   "THAT Mr. Dominic J. Ferreira who has attained the age of 92 years and who retires by rotation be, and is hereby, re-elected a Director of the Company and that the age limit prescribed under Section 280 of the Companies Act, 1956 shall not apply to him."
4. To appoint a Director in the place of Mr. Ambalal Kilachand who holds office as a Director of the Company only upto 9th August 1961, i.e., the date of the Thirty-second Ordinary General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder of his intention of moving the following resolution:—

   "THAT Mr. Ambalal Kilachand be and is hereby appointed a Director of the Company."
5. To appoint a Director in the place of Mr. N. C. Javeri who holds office as a Director of the Company only upto 9th August, 1961, i.e., the date of the Thirty-second Ordinary General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act 1956, from a shareholder of his intention of moving the following resolution:—

   "THAT Mr. N. C. Javeri be and is hereby appointed a Director of the Company."
6. To appoint Auditors until the conclusion of the next Annual General Meeting and to fix their remuneration.
7. To consider and, if thought fit, to pass with or without amendment as may be permissible the following as a Special Resolution:—

   "THAT, as required by the provisions of Section 360 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1960, and subject to the approval of the Central Government and to such modification or modifications as the Central Government may require and which the Board of Directors are hereby authorised to agree to, the Company hereby approves of a contract or arrangement (in terms of the draft initialled by the Chairman for the purpose of identification and produced before the meeting for inspection of the shareholders) being entered into with Killick Nixon and Co., Ltd., which Company is or may be deemed to be an Associate of Killick Industries Ltd., the Managing Agents of the Company, for the sale, purchase or supply of any property or goods by one to the other including motor cars, motor lorries, motor car accessories, petrol, or such other goods as may be required from time to time in the ordinary course of business and for the supply or rendering of any services incidental to the business of the Company commencing from the 10th day of August, 1961 and terminable by either party by one month's notice in writing given to the other upon the terms following:—

   (a) that the prices or amounts charged to or to be received by the Company shall be such as are not less favourable to the Company than the market rates or rates which are otherwise reasonable;

   (b) that the other terms and conditions of such sale, purchase or supply of property or goods or for the supply or rendering any services shall be generally the same as those on which the Company can sell, purchase or supply such property or goods or receive such services elsewhere;

   (c) that for any property or goods sold or supplied by the Company, payment shall be made to the Company within one month from the date of sale or supply of such property or goods."
8. To consider and, if thought fit, to pass with or without amendment as may be permissible the following as a Special Resolution:—

   "THAT, as required by the provisions of Section 360 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1960, the Company hereby approves of a contract or arrangement (in terms of the draft initialled by the Chairman for the purpose of identification and produced before the meeting for inspection of the shareholders) being entered into with Stamco Industries Ltd., which Company is or may be deemed to be an Associate of Killick Industries Ltd., the Managing Agents of the Company, for the sale, purchase or supply of any property or goods by one to the other as may be required from time to time in the ordinary course of business commencing from the 10th day of August, 1961, and terminable by either party by one month's notice in writing given to the other upon the terms following:—

   (a) that the prices or amounts charged to or to be received by the Company shall be such as are not less favourable to the Company than the market rates or rates which are otherwise reasonable;

   (b) that the other terms and conditions of such sale, purchase or supply of property or goods shall be generally the same as those on which the Company can sell, purchase or supply such property or goods or receive such services elsewhere;

   (c) that for any property or goods sold or supplied by the Company, payment shall be made to the Company within one month from the date of sale or supply of such property or goods."
9. To consider and, if thought fit, to pass with or without amendment as may be permissible the following as a Special Resolution:—

   "THAT, as required by the provisions of Section 360 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1960, and subject to the approval of the Central Government and to such modification or modifications as the Central Government may require and which the Board of Directors are hereby authorised to agree to, the Company hereby approves of a contract or arrangement (in terms of the draft initialled by the Chairman for the purpose of identification and produced before the meeting for inspection of the shareholders) being entered into with Bombay Garage Private Ltd., which Company is or may be deemed to be an Associate of Killick Industries Ltd., the Managing Agents of the Company for the sale, purchase or supply of any property or goods by one to the other including motor cars, motor lorries, motor car accessories, petrol, or such other goods as may be required from time to time in the ordinary course of business commencing from the 10th day of August, 1961 and terminable by either party by one month's notice in writing given to the other upon the terms following:—

   (a) that the prices or amounts charged to or to be received by the Company shall be such as are not less favourable to the Company than the market rates or rates which are otherwise reasonable;

   (b) that the other terms and conditions of such sale, purchase or supply of the aforesaid property or goods or for the supply or rendering of any services shall be generally the same as those on which the Company can sell, purchase or supply such property or goods or receive such services elsewhere;

   (c) that for any property or goods sold or supplied by the Company, payment shall be made to the Company within one month from the date of sale or supply of such property or goods."
10. To consider and, if thought fit, to pass the following as a Special Resolution:—

    "THAT, as required by the provisions of Section 360 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1960, the Company hereby approves of a contract or arrangement (in terms of the draft initialled by the Chairman for the purpose of identification and produced before the meeting for inspection of the shareholders) being entered into with Snowcem India Ltd., which Company is or may be deemed to be an Associate of Killick Industries Ltd., the Managing Agents of the Company for the sale, purchase or supply of any property or goods by one to the other as may be required from time to time in the ordinary course of business commencing from the 10th day of August, 1961, and terminable by either party by one month's notice in writing given to the other upon the terms following:—

    (a) that the prices or amounts charged to or to be received by the Company shall be such as are not less favourable to the Company than the market rates or rates which are otherwise reasonable;

    (b) that the other terms and conditions of such sale, purchase or supply of property or goods shall be generally the same as those on which the Company can sell, purchase or supply such property or goods elsewhere;

    (c) that for any property or goods sold or supplied by the Company, payment shall be made to the Company within one month from the date of sale or supply of such property or goods."

By Order of the Board,

FOR BOMBAY SUBURBAN ELECTRIC SUPPLY, LIMITED,
KILLICK INDUSTRIES LIMITED,

A. N. HAKSAR,
Managing Director,
Managing Agents.

BOMBAY, 6*th July* 1961.

N.B.—(*a*) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member. Under Article 96 of the Company's Articles of Association, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Registered Office of the Company not later than forty-eight hours before the time of holding the Meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

(*b*) The Transfer Books of the Company will be closed from Friday, the 21st July, 1961, to Wednesday, the 9th August, 1961, both days inclusive.

(*c*) The Dividends when declared will be made payable at the Chartered Bank, Bombay, on and after the 11th August, 1961, to those Shareholders, whose names stand on the Register on the 9th day of August, 1961, to whom Dividend Warrants will be posted.

(*d*) Explanatory Statements as required Section 173(2) of the Companies Act, 1956, respect of item Nos. 4, 5 and 7 to 10, includ have been forwarded to the members of Company.

THE RELIANCE JUTE MILLS COMPANY, LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE One Hundred and Fourth Annual General Meeting of Members will be held at the Registered Office of the Company, 4, Clive Row, Calcutta, at 11-30 a.m. on Wednesday, 23rd August, 1961 for the following purposes:

(1) To receive and consider the Audited Accounts for the year ended 31st March, 1961 and the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.

(2) To appoint a Director in place of one retiring and in this connection to consider the following resolution which will be proposed as a special resolution:

"That Mr. John Valentine Jardine Paterson, an Associate of the Managing Agent of the Company, be and is hereby appointed a Director of the Company whose period of office is liable to determination by retirement of directors by rotation."

Special notice of the intention to move this resolution as a special resolution in conformity with the provisions of Sections 190 and 261 of the Companies Act, 1956 indicating that Mr. J. V. Jardine Paterson is an associate of the Managing Agent by reason of his being a Director of the Managing Agent's Company, has been received by the Company.

(3) To appoint Auditors and to fix their remuneration.

(4) (*As special business.*) To consider and, if thought fit, to pass with or without modification the following resolution which will be proposed as a special resolution, viz.:—

"(a) That the action of the Board in having agreed on 29th May 1961 to dispose of, under the Working Time Agreement of the Indian Jute Mills Association, 6,417½ current loom hours per week to Howrah Mills Co., Ltd., 16,235 current loom hours per week to Kamarhatty Co., Ltd., 23,630 current loom hours per week to Kanknarrah Co. Ltd., and 1,445 current loom hours per week to the Barnagore Jute Factory Co. Ltd., in each case on payment by the Company of 25 naye Paise per current loom hour, for a period of 17 weeks ending on 30th September 1961 be and the same is hereby approved and confirmed.

(b) That the Board be and is hereby authorised to extend the foregoing arrangement for a further period not exceeding 14 weeks from the date of its expiry, viz. 30th September 1961, provided that the sum of the compensation to be paid by the Company shall not exceed the amount of lay-off compensation estimated to be payable to the Company's workpeople in respect of that period if the loom hours are not worked.

(c) That the authority previously conferred on the Board by special resolution adopted by the Company in general meeting on 4th July 1958, whereby the Board was empowered to sell current loom hours to Howrah Mills Company, Limited, Kamarhatty Company, Limited and Kanknarrah Company, Limited pursuant to the Working Time Agreement of the Indian Jute Mills Association on the basis set out in the said special resolution be and the same is hereby confirmed and further that the Board be and is hereby authorised similarly to sell current loom hours to The Barnagore Jute Factory Company, Limited on the same terms and conditions."

NOTICE is also given that the Share Transfer Books of the Company will be closed from 9th August to the 23rd August, 1961, both days inclusive.

A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his behalf. A proxy need not also be a member of the Company.

By Order of the Board,
JARDINE HENDERSON, LIMITED,
D. FORDWOOD,
Secretary,
Managing Agents.

4, CLIVE ROW,
CALCUTTA-1, *7th July*, 1961.

Note:—Explanatory statement pursuant to Section 173 of the Companies Act, 1956, is being sent to all Members.

THE BRITANNIA BISCUIT COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting (being the 70th Ordinary General Meeting) of the Shareholders of the Britannia Biscuit Company Limited, will be held at the registered office of the Company, 15, Taratola Road, Calcutta-27, on Friday the 18th August, 1961, at 10.30 a.m., for the following purposes:—

1. To receive and consider the report of the Directors with Statement of Account and Balance Sheet, and to read the report of the Auditors thereon.
2. To declare Dividends.
3. To elect Directors.
4. To appoint Auditors and fix their remuneration.
5. *As Special Business*—To consider and if thought fit, to pass, with or without modification, the following Resolutions:

(I) (*As a Special Resolution.*) "RESOLVED that with effect from 1st April, 1961, the members of the Company consent to the Exchange Stores of 13, Alipur Road, Delhi-8, being a firm in which Mr. A. C. Khanna is a partner and relatives of the said Mr. A. C. Khanna are partners, holding and continuing to hold an office or place of profit under the Company as sole selling agents and also distributors in the Delhi area of bread manufactured by the Company for a period of five years on the terms and conditions as set out in the draft letter of appointment produced at this Meeting and initialled by the Chairman for purposes of identification."

(II) (*As an Ordinary Resolution.*) "That approval be and is hereby accorded to the termination by mutual consent of the appointment with effect from 31st May, 1961 of Messrs. Parry & Co., Ltd., as the Sole Selling Agents of the Company for biscuits and that approval be and is hereby accorded to the appointment of Messrs. East India Distilleries & Sugar Factories Ltd. of Dare House, Madras, as the Sole Selling Agents of the Company for India including Pondicherry and the Andaman and Nicobar Islands but excluding Bombay City and its suburbs in respect of biscuits manufactured by the Company for a period of five years, with effect from 1st June, 1961, on the terms and conditions as set out in the draft letter of appointment produced at this Meeting and initialled by the Chairman, for purposes of identification."

(III) (*As an Ordinary Resolution.*) "That the authorised capital of the Company be increased from Rs. 50,00,000 to Rs. 1,00,00,000 by the creation of 5,00,000 Ordinary Shares of Rs. 10 each."

The Share Transfer Books of the Company will be closed from the 11th August to 18th August 1961, both days inclusive, and warrants for such Dividends as may be declared will be issued directly to the Registered Shareholders or their Mandatees, whose names appear in the Company's Books on the 18th August, 1961.

By Order of the Board,
A. P. CHANDA,
Secretary.

15, TARATOLA ROAD,
CALCUTTA, *11th July*, 1961.

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.

An Explanatory Statement as required under the Companies Act, 1956 has been forwarded to the members of the Company.

OIL IN UNDERDEVELOPED COUNTRIES

(*Concluded from page 177*)

concluded an agreement worth about £14 million with the U.S.S.R. which made provision for the despatch of Russian experts to study development projects. Mali (formerly French Sudan) signed an agreement last March which promised assistance in the search for oil, gold and diamonds, in the construction of a cement works and in the improvement of navigation on the Niger. On the other hand, Ethiopia, which had earlier accepted a Russian offer to build a refinery at Assab on the Red Sea coast to operate on Soviet crude oil, has now changed its mind in this respect. But the country has received substantial credits from the U.S.S.R. for other purposes.

These examples by no means exhaust the catalogue of Communist economic penetration. Besides the countries mentioned, Indonesia, Ceylon, Nepal, Yemen and Tunisia figure as recipients of financial aid. In New Delhi last March, the Soviet Foreign Minister, Mr. Poushkin, claimed that his country was assisting 14 Asian and African States; and that total Soviet assistance (a term not precisely defined) to these countries over an unspecified period reached more than 2,000 million new roubles. This would be equivalent to just under £800 million at the official rate.

The figure lines up reasonably well with an independent estimate that the credits for industrial development, raw materials, etc., granted by the Communist bloc between 1953 and mid-1960, add up to rather more than £1,000 million; this includes about £850 million from Russia, £80 million from Czechoslovakia, £30 million from Poland and £50 million from Communist China. It is reckoned, however, that only about one-third of this total has been drawn upon so far. On the other hand, the total excludes military equipment valued at rather more than £250 million. Mr. Poushkin said that Russia was prepared to offer economic and technical assistance to all E.C.A.F.E. countries. Against these figures, one may set the total of nearly £5,000 million of assistance contributed during 1956-1959 by Western countries to underdeveloped areas—where, in addition, investment of private capital from the Western countries amounted to well over £4,000 million in the same period.—By special arrangement with *Petroleum Press Service*.

MANCHESTER LETTER

(*Concluded from page 168*)

output of tyre fabrics, synthetic fibre fabrics and spun materials and the very marked expansion in the output of filament rayon fabrics. The industry's labour force, according to the report, has declined continuously since last November and this rate has accelerated more recently, the net loss of workers between the end of January and the end of April being about 5,000. About half of these were in the finishing section where works were closed as a result of the reorganisation scheme.

The expansion in the rate of cotton yarn output in the non-Communist world generally clearly reached and passed a peak some time last year, the survey adds. In the first quarter this year, production was about 3 per cent lower than in the same months of 1960, although the 12 per cent drop in yarn output in the United States was more than enough by itself to account for this decline. World trade in cotton piecegoods in the first quarter of the year was much the same in total as in the same period of 1960. Exports from Japan, Italy, Spain and probably Hong Kong were greater than a year earlier, but shipments from the United Kingdom, India, Pakistan and Switzerland were smaller.—*All Rights Reserved.*

SHARP DROP IN CALL RATE

(From Our Own Correspondent)

BOMBAY, *19th July*

Thanks to plentiful supply of liquid funds with banks, combined with only moderate demand on account of the slack season, the short-term money market turned distinctly better in favour of borrowers during the week under review. In the inter-bank call section, business in both renewals and fresh money was done today at as low a rate as 2½ per cent. Stray transactions took place even at the lower rate of 2¼ per cent. Thus, over the week, the rate has declined very precipitately by 1¼ per cent from 4 per cent at which level it ruled a week ago. In other words, for want of borrowers, the call money rate has been falling at the rate of ¼ per cent a day. There has, however, been no change in the rates of interest on short-term deposits. For purposes of record they are given below:

	Per cent
Notice money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3¼
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

The results of the 91 days' Treasury Bills of the Government of India sold through weekly tenders clearly reflected the impact of the easy money conditions. As against the invitation for Rs. 2 crores, the amount offered was Rs. 2.02 crores. The amount actually accepted was of the order of Rs. 2 crores. The average rate of accepted tenders declined from 2.650 per cent per annum to 2.500 per cent per annum. 91 days' intermediate Treasury Bills sold from 12th inst. to 15th inst. amounted to Rs. 12 lakhs. Their sales will be continued from the 19th inst. to the 29th inst.

The statement of the Reserve Bank of India for the week ended 14th July 1961 discloses a contraction of Rs. 11.29 crores in notes in circulation as compared with the previous week. As the notes held in the Banking Department have fallen by Rs. 7.61 crores, the total notes issued show a decline of as much as Rs. 18.90 crores. Foreign securities have remained unchanged at Rs. 93.01 crores, but, as balances held abroad went down by Rs. 6.65 crores, total foreign assets are lower by that amount at Rs. 102.90 crores. Deposits of banks with the Reserve Bank have improved by Rs. 4.39 crores to Rs. 96.08 crores.

A contraction of Rs. 5.39 crores in demand deposits and an expansion of Rs. 5.06 crores in time deposits are disclosed by the statement of affairs of the Scheduled banks for the week ended 7th July 1961. Deposits of the State Bank of India alone showed a rise of Rs. 2.12 crores. Borrowings of the Scheduled banks from the Reserve Bank of India declined by Rs. 6.25 crores, of which Rs. 3.96 crores was against usance bills. The borrowings from the State Bank, however, increased by Rs. 1.81 crore in demand variety and by Rs. 67 lakhs in time variety. Advances and bill discounted, that is, bank credit, contracted by Rs. 3.62 crores to Rs. 1,267.94 crores; a year ago, they aggregated Rs. 1,141.43 crores. The advances of the State Bank went up, albeit slightly, by Rs. 76 lakhs. Investments of Scheduled banks, as a whole declined by Rs. 1.46 crore, but when allowance is made for the fact that the investments of the State Bank of India declined by as much as Rs. 2.13 crores during the week, it is clear that the investments of other Scheduled banks must have improved by Rs. 67 lakhs.

The major event for the gilt-edged market during the week under review was the announcement by the Government of India of the issue of a further tranche of the existing 3½ per cent Bond 1969 at Rs. 98.40 per Rs. 100 (nominal) and a new loan—4 per cent 1981—at Rs. 98.50 per Rs. 100 (nominal). It will be recalled that the Government of India had already collected a sum of Rs. 93.57 crores last month by conversion. Subscriptions to the new loans can be in both cash and securities of 2½ per cent 1961 loan and/or 3 per cent Hyderabad loan 1951-61. The subscriptions will be received from the 24th inst. to the 26th inst. The Government has also reserved the right to retain subscriptions upto ten per cent in excess of the notified amount. The 3½ per cent 1969 Bonds offer a running yield of 3.56 per cent and a redemption yield of 3.73 per cent at the issue price of Rs. 98.40. The 4 per cent loan 1981 gives a running yield of 4.06 per cent and a redemption yield of 4.11 at the issue price of Rs. 98.50.

The gilt-edged continued to remain dull. Only some near-dated issues in the Central section were in demand. 3½ per cent 1964 National Plan Loan gathered 5 nP to Rs. 100, but 3½ per cent 1965, 3½ per cent 1968 and 4 per cent 1979 lost 5 nP each to Rs. 99.90, Rs. 98.75 and Rs. 100. 3½ per cent 1969 shed 15 nP to Rs. 98.50, as the new tranche of this loan is being offered at Rs. 98.40. The Conversion loan was lower by 25 nP at Rs. 72.50, but surprising enough the 4 per cent 1980 remained unchanged at Rs. 99.90, even though the proposed 4 per cent 1981 (new loan) is being offered at Rs. 98.50. The State loans section remained neglected, with prices remaining unchanged.

In the foreign exchange section, the rupee showed only a slight improvement in relation to the U.S. dollar in sympathy with the pound sterling. Banks' selling and buying rates for ready T.T. on New York were Rs. 480.50 and Rs. 477 respectively, as against Rs. 480.75 and Rs. 477.25 a week ago. In the New York market, the pound sterling recovered some ground *vis-a-vis* the dollar. The latest available rates are: 278.550-278.580 cents per £ for spot and 276.320-276.350 cents per £ for three months' forward. Over the week, the pound gained 0.11 cent in the spot and 0.90 cents in the forward.

BULLION EASY

(From Our Own Correspondent)

BOMBAY, *19th July*

The upward trend of prices noted in the bullion market towards the close of last week and early this week abated in the subsequent sessions. In fact, the market put on a distinctly easy appearance. This was due to selling by spot houses on reports of large contraband arrivals. It is true that the Central customs authorities were said to have confiscated 1,400 tolas of smuggled gold at Bombay and about 640 tolas at Calcutta. But, since the general assumption in market circles is that what is caught by the Customs is only a fraction of the quantity that is smuggled into the country, such reports are usually regarded as a confirmation of larger arrivals of contraband gold. Besides, buyers were scarce, as offtake at several centres continued to be restricted. Consequently, both gold and silver suffered a setback. The closing rates today were below those prevailing a week ago.

The average daily arrivals of gold and silver were higher than in the previous week; they amounted to 4,600 tolas and 41 bars. The offtake of gold was lower at 3,800 tolas, as against 4,000 tolas, while that of silver was better at 9 bars, as against 7 bars. The floating stocks are estimated at 27,000 tolas of gold and 600 bars of silver.

Adjustment rates fixed today were Rs. 119.15 per 10 grams of gold and Rs. 200.00 per kilogram of silver. The corresponding rates for Wednesday last week were Rs. 120.00 and Rs. 200.15, respectively.

A call to the Bombay Bullion Association to make a study of the pattern of demand for gold and silver, so that it could provide some guidance for regulating forward trading in bullion, was made by the Chairman of the Forward Markets Commission in his speech at a function organised by the Association on Friday the 14th inst. Apropos the Association President's plea for either all-India control or complete relaxation of control in the Bombay market, the F.M.C. Chairman stated that the Commission had an open mind and that it would like to see as to how control on all-India basis could be imposed. In this connection, he recalled the relaxation of margin requirements effected while giving approval to the three-monthly contracts in bullion.

The *Bhadrapad* (25th September) settlement in gold began the week at Rs. 119.60, as against the previous close of Rs. 119.70, and, after rising to Rs. 120.10 on the 15th inst., receded gradually to touch Rs. 119.25 today before finishing at Rs. 119.35. The net loss over the week was 35 nP.

Ready gold was somewhat well favoured in the earlier sessions, the quotation improving from Rs. 120.25 to Rs. 120.70 on Saturday. Thereafter, it was subjected to selling and declined to Rs. 119.30. The closing was a shade better at Rs. 119.40. At this rate, the premium over the forward was just 5 nP, as against 55 nP a week ago and Re. 1.70 a fortnight ago.

In silver, the *Bhadrapad* (26th September) settlement encountered selling and retreated from Rs. 201.15 to Rs. 200.50 yesterday. At this level, some support ensued and the settlement recovered to Rs. 200.90 today before closing at Rs. 200.60.

Ready silver continued to be quoted at a discount under the forward, though the actual discount declined from Re. 1 last week-end to 60 nP today. The spot rate, which had gone up from Rs. 200.15 to Rs. 200.60 in the first three sessions, drifted downward and touched Rs. 199.80 yesterday. After recovering to Rs. 200.30 today, it finished lower at Rs. 200.

The world price of gold in the London bullion market moved up further during the week, from $35.09⅜ to $35.11¼ per fine ounce. But ready gold eased from 252s. ½d. to 251s. 11½d. Forward silver improved by ½d. to 80*d*. The ready rate was firm at 79¾d. Silver in New York continued unchanged at 91.375 cents.

The following table shows the trend of prices during the week under review:

	10-7-1961 (closing)	High	Low	12-7-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.995 fine)	119.40	120.70	119.80	120.25
Forward: Bhadrapad* ..	119.85	120.10	119.25	119.70
Sovereign	94.00	94.25	94.00	94.25
SILVER				
Ready (.995 fine)	200.00	200.60	199.80	200.15
Forward: Bhadrapad† ..	200.60	201.35	200.50	201.15
London—	18-7-1961			11-7-1961
Silver Ready	79¾d.	—	—	79¾d.
Silver Forward	80d.	80d.	79½	79¾d.
Gold	251s.11¾d.	252s. 2d.	251s.11¼d.	252s.0¼d.
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th September settlement. † 26th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.35 tola) and that for silver is per kilogram (35.7 tolas .London and New York quotations are per ounce.

KIPS DULL

(From Our Own Correspondent)

MADRAS, *17th July*

The hides and skins market remained dull during the week. Importers' inquiries were selective and small. Locally traders were hesitant, and stocks did not move freely. U.K. buying was restricted to light weights in cow-hides under selected well-known marks in small quantities. Cowcalf and buffcalf were dull, while buff-hides ruled steady.

There was some demand for common class tanned sheep skins. Otherwise, the market for sheep and goat skins was weak, as export orders were negligible.

TRADING IN NEW COTTON CONTRACT BEGINS

(From Our Own Correspondent)

BOMBAY, *19th July*

The notable event of the week in cotton market was the commencement of hedge trading in the new (1961-62) crop contract on Thursday the 13th inst. Trading is confined to only one delivery, that is, March 1962, the basis being the same as in the current season, namely, Moglai Jarilla Fine 25/32". The contract began distinctly firm at Rs. 604.25, a premium of Rs. 23.25 over the August 1961 contract. The firmness was engendered partly by hopes of relaxation of cotton controls, early announcement of export quota and enlarged mill demand and partly by the bullish features of the new contract itself. The terms and conditions governing this contract were referred to in these columns last week. The premium, however, declined thereafter and stood at Rs. 17 today when the closing rate was Rs. 595.50, as the contract encountered selling due to delay in the release of export quota and reports of favourable weather in cotton growing tracts.

While the new contract tended to ease thus, the current season's contract, I.C.C. Jarilla August, ruled steadier on account of short-covering induced by proximity of delivery period and indications of poor tenders due to the risk involved in delivering inferior cotton the supply of which is larger than that of quality cotton. Towards the close yesterday as well as today, the contract, of course, drifted downward, thanks to fears of large tenders of unsold Karnatak and Punjab stocks. Nevertheless, the closing rate today was higher as compared with the price prevailing a week ago. The following is the trend of the futures market during the week:

(In Rs. per candy of 784 lbs.)

	19-7-61	*High*	*Low*	12-7-61
I.C.C. August 1961	578.50	584.25	577.50	579.00
I.C.C. March 1962	595.50	696.50	595.25	604.25*

*On 13-7-61

Activity in the spot section was restricted with values generally drifting downward. Some mills, however, evinced interest in Kalyan, Surti, Vijay, Khandesh Digvijay, CO2, L.147 and 197/3. Laxmi cotton attracted scattered support. Some quantities of Berar and Kala-Wagad were also lifted up by certain mills. Induced by hopes of an early release of export quota, Bengal *deshi* evoked support from shippers early in the week, but it developed a sagging tendency later on reports that the visit of a cotton delegation to New Delhi with the object of impressing upon the officials the need for an early export quota had been held up. The highlight of trading in import section this week was the large purchase of Pima grade cotton made by a mill. Transactions were also put through in the Sudan and African cottons. Cotton circles noted reports that the United Arab Republic Economy Minister would be visiting New Delhi shortly to discuss and negotiate, among others, a new agreement covering the trade between the two countries.

The latest available rates—in rupees per candy of 784 lbs.—for a few popular varieties quoted in the spot market are given below, the figures in brackets giving the rates prevailing a week ago:

Hubli Laxmi 930 (940); Amravati 1,000 (1,010); Moglai Zoda 450 (450); Digvijay 949 (960); Gadag Laxmi 925 (935); Dhulia Zoda 450 (450); Kalyan 825 (830); Surti 945 (960); Moglai Jarilla 770 (780).

A joint meeting of the East India Cotton Association, the Cotton Buyers Association, and the Cotton Merchants and *Muccadams* Association was held in the city on Friday the 14th inst. The subjects discussed at the meeting and the decisions taken thereat have been dealt with elsewhere in this issue (*vide* page 187). Cotton circles noted with special interest the assurance given by the E.I.C.A. President at the meeting that steps would be taken to make the E.I.C.A. an all-India body on lines similar to the Indian Cotton Mills Federation.

The Textile Commissioner has warned the holders of A and B class licences issued under the Cotton Control Order of 1955 that he would be constrained to take action in case of failure to submit regularly fortnightly returns showing their stocks, sales, etc. In the course of a Press note dated the 14th inst., he says: "This information is required for the purpose of ascertaining, among others things, the stocks in the possession of the dealers with a view to assisting decisions on exports and imports. It is, therefore, in the interest of the trade itself that its members submit this information to the Textile Commissioner regularly in accordance with the provisions of the aforesaid notification dated 30th August 1960."

The current cotton season (September 1960-August 1961) is expected to close with a total stock of 2.30 million bales with both mills and traders, as against 1.39 million bales a year before. The stocks comprise 1,878,000 bales of Indian cotton and 423,000 bales of foreign cotton; the corresponding figures for 1959-60 were 980,000 bales and 413,000 bales, respectively. The stocks of 2.30 million bales are estimated on the basis of a total available supply of 7,861,000 bales (opening stocks of 1,393,000 bales *plus* domestic crop 5,375,000 bales *plus* imports 1,093,000 bales), mill consumption of 5.3 million bales, consumption of 50,000 bales by Ambar Charkha and other factories, and 210,000 bales exported abroad.

Distinctly easy conditions continued to prevail in the Karachi cotton market, thanks to stale liquidation by bulls, slow mill offtake in spot section, and absence of encouraging export enquiries. The January 1962 contract, which had risen from Rs. 72.95 to Rs. 73.30 initially, moved down consequently to touch a low of Rs. 72.55. The July contract was subdued at Rs. [illegible] following the latest available quotations [illegible] rupees per maund of 82 lbs.—for [illegible]

cotton prevailing at Karachi, the figures in brackets being last week's closing rates:

Sind *deshi* 81 (85); Punjab *deshi* 79 (83); 4F Punjab Roller 76 (76.95); S.G. 80 (80.95); L.S.S. Punjab Roller 78 (78.95).

Price movements in the Liverpool cotton market were confined to a narrow groove. While the maturing contracts encountered selling due to fears of heavy tenders against them, the distant positions met with moderate support. The October 1961 position improved from 24.40d. 24.50d. per lb. The July 1961 position was quiet at 23.65d., as also July Sudan 1961 at 31.75d.

In Alexandria, forward trading in cotton continued to be suspended. The United Arab Republic Government announced this week the prices for the various types of cotton in the 1961-62 season. Egyptian Cotton Committee has decided to purchase cotton at the stipulated prices and has also decided to publish every Sunday export prices of cotton for the following week. Meanwhile, it is reported that the U.A.R. Government has entered into an agreement with a British Company, Messrs. Emerson Associates, under which the latter will buy Egyptian raw cotton worth £2.5 million. In return, the U.A.R. Government will buy British capital goods worth £5 million, the repayment of the balance of £2.5 being arranged over a five-year period.

Reports from Sudan indicate the Gezira Board is considering the possibility of revising its marketing policy for the next season, presumably in a bid to compete effectively in world markets with Egypt, which has thoroughly revised its marketing policy and has imposed State control over overseas cotton trade. The changes in marketing policy, which will affect only the crop grown by the Gezira Board, is expected to include elimination of exporting firms in Sudan and setting up of selling organisation in the importing country. The cotton crop from private estates will, however, continue to be sold through auctions as before.

Cotton futures at New York maintained a firm front during the week under review, induced mainly by enlarged support from commission houses. Trading in new crop December 1961 contract commenced this week, while the July 1961 contract went off the board. Operators felt that the current season's crop would be lower, not only because of smaller acreage sown, but also because of reports of increased insect activity in several cotton growing areas in Texas. Exports of cotton (all types) from the U.S. during the first ten months (August-May) of the current season aggregated 6,084,000 bales. Although exports thus far this season are larger than in the same period last season, shipments in the remaining two months of 1960-61 are likely to decline. Total exports this season are thus expected to be about 6.5 million running bales, as compared with 7.2 million last season and an annual average of 5.1 million during the past five seasons.

The following are the latest available quotation from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	18-7-61	11-7-61	3-7-61
New York Spot ...	34.85	34.70	34.60
New Orleans Spot ...	32.50	32.25	32.25
October	34.44	34.25	34.17
December	34.97	—	—

YARNS RECEDE

(From Our Own Correspondent)

BOMBAY, 19th July

The yarn market was depressed during the week under review, with an all-round drop in values. Art silk yarn was particularly weak, thanks to nervous liquidation by some bulls on rumours regarding the release of about Rs. 55 lakhs worth of imported yarn for distribution among weaving mills. There were also fears that the Government might concede the plea of weaving interests for an immediate issue of advance import licences to the tune of Rs. 2 crores. Values, as a result, suffered a setback. In sympathy with art silk yarn and following slack demand from consuming centres as well as fears of official controls on prices and distribution, staple fibre yarn also drifted lower. The cotton yarn section continued to be dull.

The ancillary industries and doubling units consuming art silk yarn have been asked by the Textile Commissioner to submit, along with their applications for indigenous yarn supply, duplicate copies of essentiality certificates issued to them in the October 1960-March 1961 licensing period. This step has been taken in view of the difficulties experienced by these industries in promptly obtaining necessary essentiality certificates from the Director of Industries of the State concerned.

Cupressa Bemberg yarn (60 x 1) August delivery was subjected to selling and moved down from Rs. 2.880 to Rs. 2.835. Spot cupressa dropped Rs. 13 to Rs. 2.866. (40 x 1) J.P. August contract fell by Rs. 48 to Rs. 3.180. October position suffered a loss of Rs. 38 to Rs. 3.205. Among imported art silk yarns, 150 Japan declined by Rs. 37 to Rs. 2.041. 120 Japan was dull at Rs. 2.010. Among indigenous yarns, National Rayons 150 Bt. cones 1st grade receded from Rs. 17.80 to Rs. 16.43 and 120 Bt. cones 1st grade from Rs. 20.55 to Rs. 19.32.

Staple fibre yarn (40 x 2) August contract were hammered down from Rs. 1.012 to Rs. 959. Spot Citys eased by 26 nP to Rs. 11.55. Hinds fell by 36 nP to Rs. 10.71.

In the cotton yarn section, 10 counts Podars were dull at Rs. 17.37. Twenty counts New Greats were also dull at Rs. 21.25, while Gokaks picked up 43 nP to Rs. 22.87 on special support. Thirty counts Simplex were done at Rs. 27, same as last week. Forty counts Maduras gathered 12 nP to Rs. 32.62. Sixty counts Finlays retreated from Rs. 66 to Rs. 63.63. Eighty counts Finlays shed 13 nP to Rs. 81.62. Moderns were neglected at Rs. 69.25.

The following table gives the prices of rayon, staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	19-7-1961	12-7-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Cupressa Bemberg (100 kg.)—		
August	2,835.00	2,880.00
Spot	2,866.00	2,879.00
40 × 1 JP		
August	3,180.00	3,228.00
October	3,205.00	3,243.00
120 Japan (per 100 kg.) ...	2,041.00	2,010.00
150 Japan (per 100 kg.) ...	2,041.00	2,204.00
120 Italy	—	1,899.00
150 Italy	—	1,845.00
Staple fibre yarn (40 × 2)—		
August (per 90.72 kg.)	959.0	1,012.00
City (per kg.)	11.55	11.81
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.37	17.37
20s New Great	21.25	21.25
30s New Great	27.00	27.00
40s Madura	32.62	32.50
60s Finlay	63.63	65.00
80s Moderna	69.25	69.25

LINSEEDS FIRM

(From Our Own Correspondent)

BOMBAY, 19th July

Barring linseed which depicted a distinctly firm trend, oilseeds moved rather indecisively during the week under review. The firmness of linseed was due partly to absence of arrivals from upcountry centres and partly to tight supply in ready and nearby deliveries. Another bullish factor was the U.S. Agriculture Department's first estimate of U.S. linseed crop 1961, which placed the total yield lower at 19.35 million bushels, as against 30.41 million bushels in 1960; the estimated output was said to be the lowest level touched in the last twenty-three years. The output of soyabean, however, is expected to be higher, since the acreage under this crop is believed to have gone up from 23.5 million acres to 27.1 million acres. Groundnuts were well maintained on reports that the sowings of new crop had been affected in certain parts of Madras and Maharashtra. Further strength was imparted by sustained enquiries for oilcakes from the U.K. The spot section, however, was featureless owing to slackness in demand from *vanaspati* manufacturers and crushers who were reported to be holding reasonably sufficient stocks for the time being. Cottonseeds were steady, despite the prospects of larger cotton crop next season. Castorseed gave way, thanks mainly to the protracted absence of U.S. and U.K. enquiries for castor oil. The export performance so far this year has been unsatisfactory, the actual shipments from Bombay in the first half of 1961 being no more than half of what they were in the corresponding period last year. Reports of continuing pressure of Brazilian supplies further dampened the enthusiasm of bulls. There were, of course, some small enquiries from Communist countries, but they had no perceptible effect on the market. Besides, operators expected a larger castor crop this season on reports of favourable rains in the major castor-growing areas. Sesame was subdued as a result of pronounced weakness in both Calcutta and Madras markets.

Linseed March 1962 contract advanced by 37 nP to Rs. 38.37. September 1961 contract rose by 25 nP to Rs. 40.37. Bold ready spurted by 62 nP to Rs. 40.12. Linseed oil was fully maintained at Rs. 17.

Among groundnuts, January 1962 contract moved up by a rupee to Rs. 222.50. Oil railway receipts put on 30 nP to Rs. 22.80 and oil ex-mill 20 nP to Rs. 22.95. Groundnut oil January 1962 contract, however, lost 20 nP to Rs. 18.75. Nizam bold shed 50 nP to Rs. 55. Coromandels eased by 25 nP to Rs. 55.25.

Cottonseed January 1962 contract gathered 75 nP to Rs. 93.25. The September contract hardened by 25 nP to Rs. 95.25. The spot section ruled easy. White shed 50 nP to Rs. 19.75. Both Berars and non-whites declined by 63 nP to Rs. 19.12.

Castorseeds September 1961 contract fell by 63 nP to Rs. 174.37. Madras small declined by 25 nP to Rs. 34.87. Oil B.S.S. eased by 30 nP to Rs. 15.80. Oil commercial gave way from Rs. 14.75 to Rs. 14.55. Castorseed March 1962 contract, however, picked up 13 nP to Rs. 174.

Sesame bold was quiet at Rs. 370. Sesame oil dropped 63 nP to Rs. 27.37.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	19-7-1961	12-7-1961	5-7-1961
Groundnut	Rs.	Rs.	Rs.
January 1962	222.50	221.50	—
Nizam bold	55.00	55.50	54.50
Coromandel ready ...	55.25	55.50	54.50
Khandesh quality ...	55.25	55.50	54.50
Oil ex-mill ready* ...	22.95	22.75	23.00
Railway receipts* ...	22.80	22.50	22.75
Castorseed			
September 1961	174.37	175.00	178.75
March 1962	174.00	173.87	—
Ready Madras	34.87	35.12	35.50
Ready Kanpur	33.62	33.75	33.87
Oil B.S.S.†	15.80	16.10	16.20
Oil commercial†	14.55	14.75	14.90
Linseed			
September 1961	40.37	40.12	40.12
March 1962	38.37	38.00	—
Bold ready	40.12	39.50	39.50
Oil ready†	17.00	17.00	16.90
Cottonseed			
September 1961	98.25	95.00	95.50
January 1962	98.25	92.50	—
Kheri seed	41.62	42.00	42.50
Kardi seed	27.50	27.00	27.50

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

TEA HARDENS

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 11th July

Offerings in Sale No. 28 held on the 11th inst. amounted to 580,000 kilograms. Quality showed little change from last week with a few Nilgiri invoices showing improvement. There was strong general demand and prices were dearer for most descriptions. Plain and low mediums were in keen competition and were dearer by 10 to 15 nP with buyers emphasising more on B.O.P. grades. Mediums and good mediums were also well supported and advanced by about 10 nP and in some cases more where quality showed improvement. There was good support for highgrowns which were generally dearer following quality. Black leaf descriptions continued strong and were dearer. C.T.C. and legg-cut types sold readily at rates, above last. Whole leaf grades were well sought after and were often dearer. Quotations were:

	1961 Rs.	1960 Rs.
Low mediums	4.45-4.60	3.40-3.65
Mediums	4.60-4.70	3.65-3.85
Good mediums	4.70-5.00	3.95-4.20
Nilgiri B.O.P.	Rs.	4.65-5.90

The average price realised in Sale No. 28 was Rs. 4.67 per kilo, as against Rs. 4.55 a week ago and Rs. 3.77 in the corresponding sale last year.

Dust Sale No. 28: A total quantity of 290,000 kilograms was offered in Dust Sale No. 28 held on the 13th inst. A useful selection of dusts was on offer. The market opened with strong demand which continued throughout the sale. There was keen competition for residuals and low mediums which were dearer by 15 to 20 nP and were strongest feature of the sale. Mediums and good mediums were also well supported and advanced by 10 to 15 nP. Highgrowns met with useful support but these were irregular and sometimes slightly easier. C.T.C., C.T.C. types and legg-cut types continued in demand and sold at rates above last.

The average price realised in Dust Sale No. 28 was Rs. 4.62 per kilo, as compared with Rs. 4.50 in the previous week and Rs. 3.50 in the corresponding sale last year.

Export Quota: The market remains rather quiet with large sellers at 2¼ nP per kilo.

Colombo: Approximately 7 million pounds were offered. There was strong demand. Teas from the Western districts were generally dearer. Uvas also advanced in price and quality mediums were dearer by 5 to 8 cents. Lowgrowns however were easier by 3 to 5 cents. At the offgrade sale there was a strong market and prices were fully firm to dearer for dusts and offgrades.

London: North Indian and other growths: There was good general demand. Plain teas were fully firm to dearer whilst others were irregular. Teas from Dooars were occasionally easier by a penny to 2d.

Ceylon and South Indians: In Tuesday's sale 34,079 packages were on offer of which 7,024 packages came from South India. There was good demand from Ceylons which were firm to dearer whilst there was slightly easier tendency for South Indians.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. Wire:—

"Sale 29: 5,90,000 kilograms. Fair demand. Plain and low medium brokens about steady. Similar fannings slightly easier. Black leaf strong and dearer mediums and good medium improved quality fully firm to slightly dearer. Similar fannings steady. Highgrowns irregularly dearer with quality unorthodox types fully firm to dearer."

TEA STEADIER

(From Our Own Correspondent)

CALCUTTA, 18th July

Following strong general demand, steadier conditions were again in evidence at the export sales held yesterday. Similar conditions prevailed during last week's internal sales, too. Fresh arrivals showed a visible improvement during the week, but anxiety centred around floods in Assam, as they might affect transport. Loading of tea in liners for the United Kingdom was very satisfactory in relation to quantity.

As expected, tea output in North East India in June was higher. At 68.2 million lbs. the increase was by 4.4 million lbs. as compared to June 1960. With this, the total production in this season has come to 118.1 million lbs. representing an increase of 16.7 million lbs. Trade circles refused to consider the increase in production with alarm, since they stated that comparison of the figures with those of last year when production had declined considerably on account of drought, did not serve any useful purpose.

That buyers were also reluctant to slow down their purchases in anticipation of a decline in prices on a possible glut in supplies was indicated in the good measure of support which both export as well as internal auctions had been eliciting. Foreign countries, especially the United Kingdom have since the new auctions began bought a very modest quantity. The U.S.S.R. had also been active.

However, trade circles anticipated that as the new season progressed the prices of common teas might fall but that the superior teas would continue to be bought at hardening rates.

Production in other countries also has tended to rise. Trade circles would suggest that the Tea Board should consider to place before the International Tea Convention scheduled to be held in Calcutta in November under the auspices of the Board the question of revival of international regulations.

Dusts on offer at the internal sales held in their last week totalled 9,458 packages. There was strong general demand. Flavoury Darjeelings were fully steady. Keen competition was offered

to legg-cut Dooars dust, and in the result prices gained impressively. Orthodox teas were firm, with the bright liquoring teas being a strong feature. Among C.T.Cs, the better lines added to prices but medium C.T.Cs eased by 20 nP. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.60 to Rs. 7.10, medium Assam C.T.C. dust Rs. 6.10 to Rs. 6.40, legg-cut dust Rs. 4.75 to Rs. 5.30, medium Assam dust Rs. 4.60 to Rs. 5.30, and plain orthodox dust Rs. 4.45 to Rs. 4.60.

Leaf on offer amounting to 86 chests were irregular.

Offerings during yesterday's export sales totalled 29,422 chests. There was good demand for all descriptions, and keen competition was a feature. Orthodox teas gained markedly in accordance with quality. B.O.Ps were fully steady. Stylish whole leaf grades and tippy teas appreciated in prices. Among Darjeelings, the few flavouring lots were sold at higher rates, but the remainder of the offerings were irregular with quality. Legg-cut teas were about firm. Better liquoring C.T.Cs eased slightly, but the poorer fibrous kinds met with good support. The rates per kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 7.50 to Rs. 8.20, best Assam C.T.C. B.P. Rs. 7.50 to Rs. 7.80, medium Assam C.T.C. fannings Rs. 6.50 to Rs. 7.00, medium Assam C.T.C. B.P. Rs. 6.40 to Rs. 6.80, plain B.P. Rs. 4.85 to Rs. 4.95, clean plain Pekoe Rs. 5.25 to Rs. 5.35, and plain fannings Rs. 4.70 to Rs. 4.80.

JUTES MOVE UP

(From Our Own Correspondent)

CALCUTTA, 18th July

Price movements in jute goods and fibre were subjected to wide fluctuations during the week under review. Although higher levels yielded to profit-taking, quotations were at no time lower than the opening rates, which were themselves considered to be very high. Another feature was that the closing levels for hessian constructions were substantially higher on balance. There is no doubt that demand for goods is at present running higher than production and the effect is an increase in prices, speculative manipulations adding to the hardening trend. Since stocks of old fibre in the bazar have almost exhausted and raw jute arrivals are yet infinitesimal, fibre prices are moving faster than prices of goods. May-end stocks of goods with mills were 92,000 tons and, adding production in June amounting to 66,200 tons, the total availability in the month was 158,300 tons. June-end stocks being 76,700 tons, demand was 81,500 tons, that is, 15,300 tons higher than production. The drop in production as a result of one week's closure was 12,100 tons and, taking this into consideration, demand was higher by 3,200 tons. These figures were encouragingly noted in market circles, and the upward trend in prices was a natural result of the application of the law of demand and supply. It was pointed out that the proportion of the decline in output to that of hours worked was less and this was attributed to the piece-rate system and workers' anxiety to mitigate the loss in their earnings.

However, the result has been that the mills have utilised more fibre than provisioned for and, if this trend continued this month also—mills would close again for one week later in this month —they would be obliged to close down not only for one week in August but one week in September also. The representatives of the Indian Jute Mills Association are scheduled to be at New Delhi early next week when the raw jute position would be discussed with the officials of the Union Commerce and Industry Ministry. In the meantime, the reluctance of the West Bengal Government to agree even for a closure in August has added to the anxiety of mills. Trade circles, after studying the position of arrivals, would appear to agree with mills in their proposal for closure for one week each in August and September also. True, this would reduce stocks of goods with mills greatly, with a possible rise in prices of fibre and goods. But, when there is insufficiency of fibre, the alternative to closure is adding to losses of mills.

It is good news that the Government of India has allowed imports of 100,000 bales of Pakistan cuttings. This is the first allotment for this season. It is stated on behalf of mills that these anticipated imports would not alter the situation substantially but would only help mills from asking for a longer period of closure than at present planned for. Considering that most early arrivals would be taken up by Pakistani mills, it is apprehended that the completion of the present quota of 100,000 bales would take a longer time. However, as and when Pakistan crop movements become larger, the Government of India would allow further quotas in accordance with the policy of permitting liberal imports from Pakistan. Although trade circles would postpone a final assessment of the new crop, it can be said that movements in larger quantities are not expected before the end of September.

Moderate rains occurred during the week and water levels in retting tanks has shown a satisfactory improvement. River levels in Assam are moving up and this has caused some anxiety, since, in the event of floods, not only would the movement be delayed but the standing crop might be affected. Pest invasions have been reported from certain West Bengal districts, but, as the spraying of insecticides by the Agricultural Department has been prompt, loss of crop is not expected to be significant.

In view of the hardening trend in fibre prices, any possibility of mills being enabled to do simultaneous business in goods and fibre at a profit continue to be as remote as before. Considering the the price trend of fibre, it must be said that the satisfactory stock position of goods with mills has checked the upward movement in prices of goods. The question as to how long the mills would be content to produce at a loss is difficult to answer. During the week, covering business done in hessian was a feature. Further, anticipated Russian buying led to greater local demand.

On Tuesday last, the goods market opened on easier conditions, but the recession was arrested following good business, although the quotations were lower on balance. Ready B. twills were thus at Rs. 164.00, as against Rs. 166.50 on the previous day, and ready hessian 40" 10 oz. at Rs. 53.00, as against Rs. 53.75. On Wednesday, there was selling pressure which reversed the steadier conditions that had developed when the news of the proposal to close for one week in August also spread widely. B. twills closed at Rs. 163, and hessian 40" 10 oz. at Rs. 53.50. At this time, reports of easier conditions from the New York burlap market were received, followed by the reversal of the trend. Spot 40" 7½ oz. hessian gained from 10.10 cents to 10.20 cents a yard duty paid, and the heavier construction from 13.20 cents to 13.35 cents. This factor was reflected in Calcutta where ready hessian 40" 10 oz. hardened to Rs. 53.75 on Thursday. However, ready B. twills eased to Rs. 162, following wide fluctuations in the futures market. On Friday, business in ready goods was reported with both the U.K. and the U.S. in hessian. This was followed by covering business pushing up hessian 40" 10 oz. to Rs. 56.00. In sympathy, ready B. twills rose to Rs. 166.50. The assurance of Mr. Peter Thorneycroft, the British Aviation Minister, that India's trade interests with the U.K. would be kept in mind in any negotiations the U.K. would undertake with the E.C.M. was noted by trade circles with satisfaction. Over the week-end, conditions were easier on reports of lower consumption of burlap in the U.S. during June, and an increase in burlap stocks. Hessian 40" 10 oz. eased to Rs. 55.50 and B. twills to Rs. 165.50. During the week, in the futures market, November B. twills touched a high of Rs. 144.00, as against a low of Rs. 139.25, and November 40" 10 oz. hessian a high of Rs. 37.76 and low of Rs. 36.22. December Assam bottoms touched a high of Rs. 37.76 and a low of Rs. 35.90. These high levels were recorded on Wednesday last. Over the week-end, demand became keener. In hessian, interest from Argentina was considered imminent; covering business was done. In sympathy, sacking also improved. Yesterday, ready B. twills closed higher at Rs. 167.00 and hessian 40" 10 oz. at Rs. 56.50.

Steadier conditions were in evidence in the fibre market. More new crop business took place, but sellers of ready jute were reserved. The opening and closing quotations of the old crop for delivery within a fortnight were:

(In Rs. per maund)

	Opening	Closing
Daissee bottoms	56.50	56.50
Northern bottoms	54.50	54.00
Assam bottoms	55.00	54.50

METALS EASY

(From Our Own Correspondent)

CALCUTTA, 18th July

Although conditions in foreign markets were steady during the week under review, quotations for metals in India tended to be lower as demand was not forthcoming at higher levels. Tin opened here at Rs. 1,673.50 per quintal and declined to close at Rs. 1,655.50. Demand was lower as the flood situation slowed down consumption. On the London Metal Exchange, tin opened at £917 a ton and after hardening to £918 declined to £914 recovering to close at £915. The price in Singapore hardened after an initial fall. In London, electrolytic copper closed lower on balance at £229 a ton against opening of £229½. In mid-week, the price had hardened to £231¼. Here, utensil copper scrap hardened from Rs. 428.75 to Rs. 431.25 and berry quality scrap from Rs. 447.50 to Rs. 455.50. Electrolytic zinc closed at Rs. 318.00 per 100 kgs. revealing a decline of Rs. 6.75 over the week. Demand was poor. In London, the price closed fractionally higher on balance at £77¼ a ton. At Rs. 135.75 per 100 kgs. lead eased by one point.

FOODGRAINS ARRIVALS DECLINE

(From Our Own Correspondent)

HAPUR, 17th July

Quietly steady conditions were witnessed in the foodgrains market during the week. Daily arrivals fell considerably, thanks to good rains which, however, brightened *kharif* crop prospects and further enabled large-scale sowings. Wheat at Hapur recorded modest gains to be quoted on Monday at Rs. 14.50 to Rs. 15.12 a maund for average quality and Rs. 15.50 to Rs. 16.25 for better farm produce. Daily arrivals were poor at an average of 100 maunds due partly to rains and due mostly to the fact that the producers were withholding stocks from the beginning of the season expecting better prices in off season. Local wheat stock was put at 25,000 maunds.

Medium quality rice prices also recorded some gains during the week on good demand in the face of poor stocks now put at 8,000 maunds. The week-end prices were:—*mainpuri sela* Rs. 23; *gainda kutcha* Rs. 22; *raimunia sela* Rs. 25.50; *ramajwayan sela* Rs. 24.50; *basmati sela* Rs. 29 to Rs. 31; superior Rs. 33 to Rs. 39 per maund.

Gram recorded fractional gains on firm Punjab advices and poor arrivals mostly from Punjab at an average of 100 maunds daily. Local stock continued to be estimated at 50,000 maunds, with prices quoted at Rs. 13.75 to Rs. 14 a maund for Punjab variety and Rs. 13.37 for local inferior produce. Barley ruled steady at Rs. 11 to Rs. 11.25 a maund, while *bejhar* inferior was quoted at Rs. 10.75 and superior *moongia* variety at Rs. 11.50 a maund. Arrivals of these coarse grains were still small. Old maize was quoted at Rs. 11 to Rs. 12 a maund and *bajra* at Rs. 15 to Rs. 16 a maund. The standing crops of these cereals, as well as *juwar* and *guwar* as fodder crop, are progressing satisfactorily, thanks to timely rains. Methi advanced further to Rs. 28 to Rs. 28.50 a maund on good demand from Rajasthan and Bengal. *Juwar* and *guwar* were quiet at Rs. 13-15 and Rs. 15-17 per maund, respectively, as demand for sowing purposes subsided.

Among pulses, peas improved further on good demand against poor arrivals at an average of 100 maunds. Arrivals were being picked up by grinders for *dal*. Loading facilities to needy areas of Madras side were not available and only some despatches of *dal* were made to east U.P. and Bihar. Local peas stocks were put at 84,500 maunds. Demand for *arhar* was flat and prices were almost stationary. Gram *dal* improved in line with grains and *massoor dal* also attracted good buying support. The week-end prices (in rupees per maund) were: peas *dara* 11.25 to 11.37; farm 11.75 to 12.75; peas *dal* 13; gram *dal* 16; *arhar* 12.37 to 13; *arhar dal* 15.75; *urd* 21 to 22; *urd dal* 24; *moong* 20 to 25; *moong dal* 24.50 to 27.50; *massoor* 13.25 to 15; *massoor dal* 16.50.

SUGAR DEPRESSED

(From Our Own Correspondent)

HAPUR, 17th July

Sugar prices were depressed during the week under review, as supplies were easy, following the release of the monthly quota of 200,000 tons earlier this month. Although no open sales were contemplated in the U.P., the State Government was authorised to sell its unsold quota in the open market, where sugar was quoted at Rs. 106.50 per bag (2 maunds 30 *seers*), the controlled price being Rs. 107.69. In retail, the commodity was available at 97 nP per *seer*. In the Muzaffarnagar market, thanks to very satisfactory supply position and slack demand due to heavy rains, sugar sought lower levels. Dry sugar of 1960-61 season was quoted at Rs. 107.25 per bag and retail Re. 1 per *seer*. Old damaged quality prices declined further to Rs. 99 to Rs. 101 per bag and D-29 of 1960-61 season of Mansurpur is reported to have been sold at Rs. 106 per bag. Sugar prices were also depressed at Kanpur where sugar was reaching from this side and supply position was said to be satisfactory.

Sugar production in the country up to 15th June is reported to be 29.37 lakh tons and stocks with factories stood at 21.55 lakh tons as on this date. The Government is trying to export a maximum quantity and the Union Food Minister, Mr. S. K. Patil, is hopeful that the U.S.A. would buy more sugar in the near future and despatches to Pakistan are being expedited.

Khandsari advanced by 25 nP per maund during the week, as demand was reported from the Punjab and Rajasthan was interested only in inferior quality. Week-end prices were: *desi khandsari* Rs. 32 to Rs. 37.50; *crystal* Rs. 35.50 to Rs. 38.50; *galawat* Rs. 27 to Rs. 31.50 per maund.

Ready *gur* was fully steady during the week. The stocks left were small at about 18,000 maunds. Loading position, however, was far from satisfactory, as railway loading from here was not available. The sugar crop prospects had brightened, thanks to timely fairly heavy rains in the last fortnight. Week-end prices were: selected *kotha dry* Rs. 17.25; *dry-wet* Rs. 15.50; *wet* Rs. 14.75; *shakker* Rs. 17 to Rs. 18 per maund.

Gur prices registered modest gains at Muzaffarnagar during the week. Demand for *chaku* was received from the Punjab, Gujarat and M.P. Arrivals from rural areas were almost *nil* due partly to rains, but stocks there were reported to have been exhausted. Prevailing prices were: *dry Chaku* Rs. 18.25 to Rs. 19.75; *rusket* Rs. 6 to Rs. 9; *shakker* Rs. 18 to Rs. 23.

Trading in *gur ashad* was sparse due to early delivery date and sellers offered delivery of 85 *bejaks* of *ashad* delivery out of which a little was as yet accepted. Trading in *jagun* was fairly heavy and the quotations on Monday was Rs. 14.14, as against the week's opening Rs. 14.05, *Ashad* was quoted at Rs. 14.50, as against the week's opening of Rs. 14.62.

Notice

THE INDIA UNITED MILLS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of The India United Mills, Limited will be closed from Saturday, the 5th August, 1961 to Wednesday, the 30th August, 1961, both days inclusive.

By Order of the Board,

C. N. BENGALI

BOMBAY, 10th July

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 14th July, 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		49,82,63,000
(2) Other Governments		13,36,59,000
(b) Banks		96,08,18,000
(c) Others		111,21,59,000
Bills Payable		31,55,76,000
Other Liabilities		11,20,11,000
	Rupees	454,24,86,000

ASSETS	Rs.	Rs.
Notes		19,84,74,000
Rupee Coin		2,51,000
Subsidiary Coin		2,22,000
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		27,73,50,000
Balances held abroad*		9,89,10,000
Loans and Advances to Governments†		41,72,51,000
Other Loans and Advances		117,51,58,000
Investments		213,44,67,000
Other Assets		24,03,64,000
	Rupees	454,24,86,000

* Includes Cash and Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 3,42,00,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	19,84,74,000	
Notes in circulation	1937,97,92,000	
Total Notes issued	....	1957,82,66,000
Total Liabilities	....	1957,82,66,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	....	
Foreign Securities	93,00,89,000	
Total of A		210,76,92,000
B. Rupee Coin		120,08,09,000
Government of India Rupee Securities		1626,97,65,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1957,82,66,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept. 1939 (pre-war)	7th July 1961	30th June 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	173.37	1949.26	1933.41	1983.80	1850.11
Notes held in Banking Department	35 05	27.46	44.81	11 07	13 83
Foreign Securities	59.50	93 01	103.01	108.01	143 01
Rupee Securities	87.39	1646 93	1636.93	1651.90	1476.40
Banking Department					
Deposits of:					
Government of India	14.89	54.51	59 68	50.09	69.27
Other Governments		8.06	15 18	11.07	14 06
Balances held abroad	10.06	16.54	10.78	17.47	26.67
SCHEDULED BANKS					
Demand Liabilities	134.36	827.36	882.75	797 05	780 46
		(27 91)†	(29.74)†	(25 82)†	(16.71)†
Time Liabilities	103.24	1099.43	1094 37	1113.20	1225 68
		(21.43)†	(20.04)†	(14.50)†	(25.21)†
Borrowings from Reserve Bank	..	9 45	15.69	21 35	47 06
		(6.54)‡	(10.50)‡	(14.03)‡	(12.71)‡
Borrowings from State Bank	..	11.78	9 80	12.06	13.75
Cash in India	6.70	49.43	54.56	47.37	49 37
Balance with Reserve Bank	25.17	86.72	87.62	76.76	107.13
Balances with other banks in current account in India	..	16.66	21.72	15.09	19.15
Money at call and short notice in India	..	48.83	50.85	45.99	28.52
Investments (at book value)	..	547.55	549 01	537.11	749 56
Advances and bills	105.9	1272.25	1275.96	1288.40	1141.43
STATE BANK					
Deposits	87.76	531.84	529.72	531.98	632 17
Investments	51 99	232 82	234 05	221 82	303 47
Advances	20 35	261 49	260 73	270 69	219 71
Cash	14.69	23.65	31.77	24 83	34 35

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	3rd Aug., 1960	4	5
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	....	3
Canada †	....	3 50	3.85
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5 50
Ecuador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	Jan., 1960	4	5 50
Finland	1959	6.50	6
France	6th Oct., 1960	4	3 50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	July, 1960	4.75	5 50
Italy	7th June, 1958	4	3 50
Japan	23rd Jan., 1960	7.3	6 935
Mexico	4th June, 1942	4	4 50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1956	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9 50
Philippines	Sept., 1960	6	5.75
Portugal	12th Jan., 1944	....	2
South Africa	4th May, 1961	4.50	5
Spain	11th April, 1960	5.25	5 75
Sweden	15th Jan., 1960	4.50	3
Switzerland	26th Feb., 1959	2.50	2
Thailand	Feb., 1945	....	7
Turkey	9th June, 1956	4.50	6
United Kingdom	8th Dec., 1960	5.50	5
U.S.A.	1st July, 1958	3	4
Yugoslavia	17th Aug., 1960	3.50	3
Rhodesia	5th May, 1961	3.50	3

† Rate to Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that of the preceding week.

State Bank of India

Statement of Affairs for the week ended 14th July, 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		532,35,29,000
Borrowings from Other Banking Companies, Agents, etc.		17,00,000
Bills Payable		9,62,44,000
Bills for Collection being Bills receivable as per contra		2,34,63,000
Acceptances, Endorsements and Other Obligations per contra		1,04,62,000
Other Liabilities (including Inter-Office Adjustments)		11,02,56,000
Total .. Rs.		569,64,04,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		24,68,44,000
Balances with other Banks		2,66,23,000
Money at Call and Short Notice		3,40,00,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	225,63,70,000	
Other Authorised Investments	9,33,30,000	
		234,97,00,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	245,57,58,000	
Bills Discounted and Purchased	14,09,28,000	
		259,66,86,000
Bills Receivable being Bills for Collection as per contra		2,34,63,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,04,62,000
Premises less Depreciation		1,81,29,000
Furniture and Fixtures less Depreciation		1,39,89,000
Other Assets (including Inter-Office Adjustments)		37,75,98,000
Total .. Rs.		569,64,04,000

Scheduled Banks*

Statement of Affairs for the week ended 7th July, 1961

	Rs.
(I) Demand Liabilities in India	(Thousands)
(a) Demand Deposits—	
(1) From banks	52,06,06
(2) From others	721,45,75
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	27,90,71
(c) Other demand liabilities	53,83,70
(II) Time Liabilities in India	
(a) Time Deposits—	
(1) From banks	21,43,19
(2) From others	1054,72,44
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	20,38,07
(c) Other time liabilities	23,27,50
(III) Borrowings in India from the State Bank of India and/or notified banks:	
(a) Demand liabilities	5,97,84
(b) Time liabilities	5,80,00
(IV) Borrowings in India from the Reserve Bank of India (A)	9,44,50 (6,54,00)
(V) Cash in India	49,43,41
(VI) Balances with the Reserve Bank in India	86,72,09
(VII) Balances with Other Banks in Current Account in India	16,66,48
(VIII) Money at call and short notice in India	48,83,39
(IX) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations	547,55,08
(X) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)	1105,50,39
(b) Due from Banks in India	4,31,20
(XI) Inland Bills purchased and discounted in India	119,82,09
(XII) Foreign Bills purchased and discounted in India	43,11,65
(XIII) Total of items (X), (XI) and (XII)	1272,25,33

Notes :—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

INDEX NUMBERS OF SECURITY PRICES

(1952-53 = 100)

Group and Sub-Group	Week ended 8th July, 1961	1st July, 1961	10th June, 1961	9th July, 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.0	101.0	101 0	101.2
2. Government of India	100.9	100.8	101 0	101.0
3. State Government	102.1	102.1	102 0	102.7
4. Municipal, Port Trust, etc.	99.7	99.7	99.7	100.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.3	101.3	101.2	101.0
PREFERENCE SHARES—ALL INDIA.				
6. Total	83.2	83.6	84.1	87.4
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	183.8	183.2	184.2	174.9
8. *Agriculture and Allied Activities : Total**	170 5	171 2	173.5	175.9
9. Tea Plantations	165 2	165.7	167.4	168.6
10. Coffee Plantations	180 1	181.1	179 0	212.0
11. Rubber Plantations	173 1	174.1	174 5	180.9
12. *Mining and Quarrying : Total*	166 8	164 8	166 6	158.1
13. Coal	131.9	131 8	131.8	122 6
14. Other Mining	190.5	187.7	190.8	182.4
15. *Processing and Manufacturing : Total*	199.2	198.6	199.7	188.7
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total**	204.9	204.3	204.5	189.9
17. Sugar	181 8	182 8	185 4	192.9
18. Cotton Textiles	174 9	173 5	169 5	155.9
19. Jute Textiles	87.8	86.9	88 2	93.3
20. Silk and Woollen	1236.5	1228.5	1265.0	1082.5
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	211 0	210 0	212 2	197.6
22. Iron and Steel	179 2	177 4	180 3	160.2
23. Transport Equipment	420 8	418.4	427 9	411.9
24. Electrical Machinery	167.5	167.5	162.9	135.8
25. Machinery other than Transport and Electrical	210 6	217.7	219.1	219.3
26. Basic Industrial Chemicals	217.2	217.9	221.8	208.1
27. *Processing and Mfg. (Others): Total**	159 8	159 7	161.5	168.3
28. Cement	142 5	144 0	144 7	148.3
29. Paper	209 1	207.1	209 0	230.6
30. *Other Industries : Total**	110.2	109.6	111.2	112.8
31. Electricity Generation and Supply	82 4	81.7	81.6	83.5
32. Trading	126 3	128 0	133.8	119 0
33. Shipping and Other Transport	100 5	99 9	101 2	112.5
34. Construction	288 3	280 0	302 4	334.2
35. *Financial : Total*	198 8	197 7	196 8	189.6
36. Banks	222 9	221 9	217 5	188.9
37. Insurance	155 4	153 6	154.7	151.1
38. Investment Trusts	89.9	89.4	90.8	91.9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	192 8	191.8	193.8	180.6
40. Calcutta	168 0	167 5	167 4	159.5
41. Madras	196.8	196 2	195.5	191.1
42. Delhi	247.4	246.2	249.6	233.0

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

EXCHANGE RATES

		10th July 1961	Previous week
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5⅛	1-5⅛
Sellers T. T. D.D. upto six months	s.	1-5⅛	1-5⅛
Buyers T.T. spot to nine months	s.	1-6⅛	1-6⅛
Buyers T.T. 10 to 12 months	s.	1-6⅛	1-6⅛
Bombay on New York—			
Sellers T.T. D.D.	Rs.	480 50	480 25
Buyers T.T.	Rs.	477 00	477 00
London on New York	s.	2.7862-2.7865	2.7848-2.7851
London on Paris	Frs.	13 6540-13 6560	13 6440-13 6460
London on Berne	Sw. Frs.	12 0250-12 0270	12 0150-12 0170
New York on London	s.	278 550-278.580	278.440-278.480

CLEARING HOUSE RETURNS

Centre	Week ended 14th July 1961 Number of Cheques	Amount Rs.	Week ended 7th July 1961 Number of Cheques	Amount Rs.
Bombay	4,01,040	93,30,44,000	4,30,911	99,90,58,000
Calcutta	—	—	2,83,000	93,24,00,000
Madras	1,03,000	13,34,00,000	1,22,877	15,87,46,961
All Centres—				
1958-59	..	..	45,172,000	97,67 18,[illegible]
1959-60	..	..	60,084,000	109,88,05,[illegible]
1960-61	..	..	54,472,000	125,13,16,00,000
May, 1960	..	..	4,588,000	1,019,66,00,000
Mar., 1961	..	..	4,695,000	1,218,37,00,000
April	..	..	4,012,000	1,156,54,00,000
May	..	..	4,898,000	1,056,12,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53 = 100)

Particulars	Weight	10th June 1961	3rd June 1961	11th June 1960	April 1961	April 1960	Percentage of Increase (+) or Decrease (—) in Apr., 1961 as compared with April 1960	Financial Year Average 1960-61	1959-60
Food Articles	504	118 7	118.0	120 6	117 6R	118 6	— 0 8	120 6	118.6
Cereals	192	101 3	101 0	100 9	99 3	103.8	— 4.3	104 4	104.1
Pulses	43	100 9	99 7R	88 9	87 6R	89 4	— 2 0	92 9	93 5
Fruits and Vegetables	23	125	121 4	121 8	118 3	126 7	— 14 9	118 5	127 5
Milk and Ghee	84	112 9	113 2	125 0	116 4R	114 7	+ 1 5	116 0	113 3
Edible Oils	47	163 0	161 2	138 6	161 2	138 2	+16 6	150 3	130 4
Fish, Eggs and Meat	17	127 7	127 6R	114 2	125 1	118 9	+ 6 0	123 5	112 0
Sugar and *Gur*	48	122 1	119 8	137 7	118 5	139 7	— 15 2	132 8	147 0
Others	50	167 0*	167 5	159 2	171 1R	159 9	+ 7 0	167 3	167 9
Liquor and Tobacco	21	100 2	101 9	109 2	112 9	103 1	+ 9 6	109 5	99 3
Tobacco	—	96 3	94 5	107 6	109 2	101 2	+ 7 9	108 3	97 9
Fuel, Power, Light and Lubricants	39	122 8	122 8	119 0	122 6R	118 1	+ 4 0	120 0	116 5
Industrial Raw Materials	185	147 1	148 1	138 8	153 6	134 2	+14 0	148 4	123 7
Fibres	61	148 6	155 2	141 8	164 7	130 0	+26 7	151 6	114 6
Oilseeds	60	158 6	156 7	142 4	157 2	141 4	+11 2	149 9	134 5
Minerals	2	95 2*	95 2	98 2	95 2	98 2	— 3 1	97 6	97.0
Others	62	125 0*	126 7	129 1	126 6	130 7	— 3 1	124 0	139 7
Manufactures	296	124 3	123 8	119 7	120 8	117 8	+ 2 5	122 8	117 7
Intermediate Products	41	130 3	127 7	116 5	124 3	113 2	+ 9 8	120 6	112.8
Finished Products	248	121 8	123 8	118 6	126 3	118 9	+ 6 2	123 8	118.1
Textiles	147	122 9	126 2	119 6	129 1	116 3	+11 0	125 8	107.8
Cotton	—	126 1*	126 1*	125 4*	124 6	124 6	+ 0 6	128 1	116.8
Jute	—	118 9	132 2	118 4	142 2	103 2	+37 8	121 4	99.9
Woollen	—	110 1*	110 1*	110 1*	110 1	104 2	+ 5 7	109 1	104.2
Silk and Rayon	—	116 5	116 7*	102 7*	116 4	102 5	+14 0	104 4	94.4
Metal Products	12	146 9	146 9	146 9	146 9	146 9	— 0 0	147 2	144.4
Chemicals	20	108 5	108 6	104 7	105.5R	104 5	+ 1 0	104.6	106.9
Oil Cakes	10	142 8	142 4	131 0	148 6	139 1	+ 6.8	141 8	143.5
Machinery and Transport Equipment	21	112 7	112 7	111 8	112 6	111 0	+ 1 4	111 9	106.5
Others	30	116 6	118 6	114 7	118 6	114 7	+ 3.4	116.1	113.4
All Commodities	1,000	126.5	124 9	122 9	126.8R	120.4	+ 5.3	122 8	117.7

Note :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.
R—Revised. * Estimated.

BRITAIN AND COMMON MARKET

MISTAKEN DIPLOMACY

(From Our Own Correspondent)

LONDON, *15th July*

LONDON LETTER

THE joint communique of Mr. Sandys (the U.K.) and Mr. Menzies (Australia) is about the last document calculated to further Britain's entry into the Common Market. Not because of what it says, or because what it says is both sensible and valuable and needed to be said between Ministers anyway, but because of the manner of saying it. In itself alone it has ruined the value of Mr. Sandys journey to the British Government. For the British Minister went out to get the blessings of the Commonwealth countries to his negotiations with the E.E.C. and even without the blessing of Australia it should have been possible to agree on a communique that ended at the third paragraph, by saying: "in the course of several meetings, the political and economic implications of such a step were fully discussed," followed by the statement that account would be taken of all the points made at any negotiations with the E.E.C.

But Mr. Menzies has an election coming along and wants to show all Australia how much he has the interests of her citizens at heart. Therefore, all the possible difficulties had to be spelt out and the withholding of a blessing carefully underlined—even though no curses were meted out! Thus, Australia does not oppose British negotiations to enter the Common Market; she is, in reality, merely concerned that consideration should be given to her interests. But, as a result, the communique becomes a rallying ground for all the opposition both abroad and at home to the Government's aspirations and Mr. Menzies has become canonised in some quarters and his caveats will be carried about in pilgrimage against Mr. Macmillan like so many holy relics.

The British Premier is now faced with fighting battles that need never have taken place, within his Party and within the Commonwealth—while the Opposition gently fans the flames to give the general impression to British farmers and industrialists that they have the British weal at heart far better than the Government. The bankruptcy of the Government's policy has alarmed even its warmest supporters. How much more sensible it would have been if, in the past months, the Government had been doing what everyone assumed they had been—that is, exploring with the Common Market just how the very real problems of British entry could be tackled. Then they would have had facts instead of supposition to put to Commonwealth Ministers.

Take, for example, the agricultural issue: in the Common Market farmers get high prices and consumers pay them thanks to protection. In the U.K., farmers get high prices while consumers get cheap food and pay high taxes for subsidies. Is it beyond the wit of economists and statesmen (assisted with a little business horse-sense) to maintain these broad general effects while binding closer the U.K. and Western Europe politically? Not so many years ago, most continental cities had their local customs, levying tolls on country produce and yet survied within the rule of national governments. Europe, like Rome, is not to be built in a day and all the economic difficulties can be resolved if Britain decides, as did the Six, that the future belongs to the united and strong.

Take the matter of Commonwealth preferences: their effect is to enable the shipper to sell dearer, because his tax will be less, or to undercut and sell more. But he can be charged more tax and have it repaid as subsidy, with no change in the effects. It is not important to change here and now the pattern of world or of Commonwealth or of European trade. Ultimately, Europe will become a Customs Union, but all sorts of arrangements can exist—as do already and will continue to between the Six themselves—to help those producers which each region desires to assist for the time being. There is nothing novel in principle here at all—all the Common Market countries have their individual problems and they are having plenty of difficulty in resolving them, but the will is there. The same remarks apply to industrial and to labour integration and mobility as to agricultural and Commonwealth problems—tiding over arrangements are practicable if the breadth of vision to see the longer term advantages is there.

The nub of the problem is, therefore, emerging more clearly as political. It is the ultimate political integration of Britain and Europe that so many fear—at home and abroad. What of the British Monarchy, cry some, if a European Parliament is to rule? As if the Commonwealth had never had its princes ruling under the Imperial law! This matter of political integration is, of course, a problem requiring careful negotiation and general goodwill. Australia is right to point out that Britain's entry into Europe should not be accomplished at the cost of division within the Commonwealth. And the British Government is right in believing that a closer association of Britain with the Continent might well be an added source of strength not only to Britain but to the whole Commonwealth. The essence of the matter is that union must *add* to trade, production and well being as well as to security. Every negotiation on every individual point of difficulty (and we are long past the time when a consideration of generalities served any purpose) must be lubricated with that thought—not to take advantages away from anyone who was prepared to be associated with the general plan for unity, but to seek always to build up the advantages for all the parties concerned. And it will be to the advantage of Europe and of the Commonwealth countries to have the latter associated as fully as possible (it must be a slowly growing relationship) with an integrated Europe.—*All Rights Reserved.*

MORE STEEL FROM CHEAPER PROCESS OF USING COAL

Britain's National Coal Board is helping the steel industry in a plan to introduce a more economical method of using coal in blast furnaces, according to Lord Robens, Chairman of the Board. The new process, never before tried in the United Kingdom, could eventually replace at least 30 per cent of the coke used in furnaces, and would have the advantages both of being cheaper and of making possible an increased output of steel. The new technique is to be tried out at the Stanton Ironworks, Nottingham, toward the end of this year. This process will mean that the steel industry will use not more coal but less.

ALIND Covered Aluminium Conductors

ALIND ALL-WEATHER
Weather-proof wire
Manufactured to BS 2791: 1956 (aluminium conductors, BS 1557:1954 for polythene insulation and BS 7:1953 for taping, braiding and weatherproof-compounding.

ALIND KER-AL-LITE
Building Wire
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SURVEY

(*Concluded from page 159*)

in the U.S. and other advanced countries. Conditions in India are different. Indian industries are facing rapid increases in cost of production, partly as a result of wage increases and also as a result of various kinds of shortages, particularly of raw materials, fuels, transport facilities, etc.—shortages which are aggravated by the strict control on imports, inevitable as it is in the present juncture. India has, therefore, a limited choice in regard to purchase of its requirements, unlike certain industrialised countries which have a saturated market. Thus, on account of the slow responses from the economy, the impact of purchasing techniques on cost of production is bound to be only marginal in developing countries like India for some time to come. Secondly, even if allowance is made for dissimilarities in the economic structure of India and the highly industrialised countries, it is doubtful whether the purchasing techniques can be successfully employed in the forseeable future by the thousands of agencies, official, private or co-operative, engaged in purchasing stores for the third Plan projects. Most of the purchasing tools, such as value-analysis and marketing research, even if they are undertaken in right earnest, will be fruitful only in the long-run, and cannot be put into operation on a wide scale all of a sudden, as the enthusiasts of purchasing seem to suggest.

These observations are, however, made not to minimise the immense potential value of judicious purchasing and material management for reducing cost and improving the profit margin, but to indicate the difficulties in the way. Even if at least a hundred large-scale units find it convenient to set apart some resources to streamline their purchasing departments on modern lines during the next five years, it should be considered as a satisfactory development, though overall results may not be spectacular. Besides, the Government is a bulk buyer of several goods, both imported and indigenous, and their volume is rapidly increasing. The Directorate-General of Supplies and Disposals also would, therefore, do well to acquaint itself with the various innovations taking place in purchasing techniques, with a view to toning up its operational machinery, which will ensure maximum return on its outlay on stores purchasing.

BANKING

(*Concluded from page 165*)

1970-75, which was Rs. 91.56 in 1951-52, is now Rs. 91.00; its yield, which was 3.52 per cent in 1951-52, is 3.81 per cent today. Thus, there has hardly been any significant change at all in the last few years. What a wonderful achievement as compared with the ups and downs that one notices in the prices of Government securities in England! The economic or even the financial forces during the last decade seem to have had no effect whatever on the terms and conditions on which our Government is able to borrow. In the last five years, especially in the latter half of it, our general price level has been going up at the rate of five to six per cent per annum. We have embarked on hundreds of schemes, involving thousands of crores of real capital. We are an underdeveloped country and we have not even a fraction of the real capital that countries like Britain possess; yet, the rates of our securities and therefore their yields remain just the same. It is very difficult to assess the actual implications of this policy of the Reserve Bank to the future of the rupee, although every one knows that it has made things pretty difficult for the banks and also for those who invest in Government securities.

This week, however, the Reserve Bank of India has made history, though in an entirely different way, by announcing the terms of the second instalment of the Central Government's borrowing programme. It appears to have reversed, albeit a little, its policy for Government borrowing by offering a slightly higher rate of interest than the yield on an existing loan with corresponding maturity. In other words, the Bank has now made a slight departure from the policy that it has followed in the last few years in favour of lenders. This has already resulted in a modest drop in the prices of Government securities and a slightly higher yield.

The significance of this development lies in the realisation on the part of the Reserve Bank that its policy of keeping up the prices of Government securities by artificial means is neither fair nor just and that a change in its policy is, therefore, called for. If this policy is continued for some time, it will considerably help those who are compelled by law to invest in Government securities. In the transitory stage, the policy of higher interest rates is bound to make matters difficult for most of them, as the prices of existing securities will have to come down appreciably; but, if this policy is pursued vigorously enough, it is bound to improve matters in course of time, because the Government will also be borrowing on more realistic lines and the investors in its obligations will get a better return.

The same sort of thing can be said about our small savings movement also. There, too, our Government has been making history by being able to borrow considerable amounts at the present uneconomic rates by adopting all sorts of means and methods. In some of the States, especially in Maharashtra, the Government has succeeded in breaking records. Still the total amount borrowed by the Government from small savings is negligible by any standard. If the Indian Government were to follow a more realistic policy by offering comparatively higher rates to small savers also, it would definitely see better response than it has been getting hitherto. For obvious reasons, it may not be able to hit targets comparable with those of the British Government, but it will definitely meet with very much better response than is the case now. In that case, the time may come when the Government of India also may find it unnecessary to come to the market every now and then to pump out money which is so badly required by the private sector. If the terms of Central loans announced by the Reserve Bank this week indicate a wind of change, it is quite a welcome event. One has to be thankful for even small mercies.

MARKET GOSSIP

(*Concluded from page 155*)

Administration Enquiry Committee (Chairman: Mr. Mahavir Tyagi) which disposed of the unjust impact of 23A Section on corporate sector in rather cavalier fashion, without taking into account even the retarding effect of the provision on the growth of smaller companies. The small companies deserve to be encouraged to conserve their profits at least as part of the Government's desire to prevent concentration of economic power. It may be recalled that the National Council of Applied Economic Research observed, in one of its recent studies, that Section 23A was in a way contradictory to the Government's policy of broadening the base of *entrepreneurship* by assigning a special role to small industry.

In conclusion, the Chamber has put forward the following two specific suggestions:

1. The rebate scheme for substantial concession in super-tax on companies should be extended to all companies, public or private, with incomes not exceeding Rs. 25,000 and, if necessary, with a limitation on the paid-up capital.

2. Small private limited companies and others attracting Section 23A of the Income-tax Act should be exempted from the obligations of the Section until the capital and free reserves of such a company accumulate to Rs. 10 lakhs.

The foregoing suggestions are eminently reasonable and there should be no difficulty in Government accepting them, especially when they are in keeping with its avowed policy of encouraging small enterprises and *entrepreneurs*.

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POONA DISTRICT	- Lonavala, Khopoli, Baramati.
NASIK DISTRICT	- Ozar—Tambat.
KONKAN - -	- Malwan, Sawantwadi, Banda, Kudal and Phonda.
VIDHARBHA -	- Arvi, Chanda, Dhamangaon, Gondiya, Hinganghat, Nagpur (Dharampeth, Itwari), Pulgaon, Wani, Wardha, Warora.
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C. V. JOAG,

General Manager.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 20th July 1961.

	Closing quotations 13-7-1961	High	Low	Closing quotations 20-7-1961
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	193.00	193.00	191.50	191.50
Apollo (2)	1.70	1.76	1.68	1.70
Baroda Rayon (100)	137.00	140.50	136.00	140.50
Bombay Dyeing (25)	66.50	68.10	65.00	67.90
Bradbury (50)	146.00	150.00	145.00	150.00
Central India (100)	126.00	129.50	124.00	129.50
Century Mills (100)	672.00	696.00	664.00	687.00
Coorla Sp. (100)	135.00	—	—	132.00
Dawn (50)	136.50	137.50	136.00	137.00
Edward Textile ($200)	308.00	308.00	297.50	297.50
Elphinstone (50)	82.00	80.00	78.50	79.75
Finlay (100)	324.00	325.00	319.00	320.00
Gokak (100)	185.00	187.50	182.00	186.00
Gold Mohur (100)	262.00	—	—	262.00
Gwalior Rayon (10)	51.50	52.50	51.00	52.00
Ind. Untd. Defd. (1)	1.84	1.96	1.84	1.90
Ind. Untd. Ord. (10)	15.20	15.52	15.20	15.40
Indian Rayon ($2.50)	61.50	62.00	60.00	60.00
Indore Malwa (100)	158.00	158.00	154.00	158.00
Khatau (100)	597.50	593.75	595.00	578.25
Kohinoor (100)	301.00	304.00	294.00	298.00
Lakshmi ($50)	600.00	608.75	600.00	605.00
Mafatlal (100)	875.00	875.00	850.00	850.00
Minerva Mills (100)	80.00	—	—	80.00
Model Nagpur ($50)	70.00	—	—	70.00
Morarji (100)	428.00	440.00	422.00	422.00
Myrora (50)	69.00	71.00	68.00	71.00
National Rayons (100)	551.00	554.00	541.00	546.00
New City (100)	145.00	—	—	145.00
New Great (100)	215.50	215.00	214.50	214.50
Phoenix (100)	154.50	157.50	154.50	154.50
Podar Mills (100)	148.00	146.00	143.00	143.00
Raymond Woollen (100)	127.00	126.00	121.50	125.00
Sassoon Silk (10)	15.76	15.88	15.76	15.88
Sassoon Spg. (10)	63.00	63.00	63.00	63.00
Shrinivas (100)	261.00	262.00	257.00	257.00
Simplex (50)	200.00	199.50	196.00	198.00
Standard (100)	1,360.00	1,362.00	1,345.00	1,328.00
Swadeshi (100)	285.00	272.50	264.00	270.00
Swan (100)	617.50	619.00	605.00	605.00
T. I. Viscose (100)	189.00	189.00	185.50	187.00
Tata Mills (25)	66.50	68.50	66.00	68.50
Vishnu (100)	160.00	160.00	154.00	156.50
Western India (1,000)	3,725.00	—	—	3,725.00
BANKS				
Bank of India (50)	132.00	133.00	132.00	133.00
Do. (New) (50)	134.00	135.00	134.00	134.50
Bank of Baroda (50)	103.00	104.00	103.00	104.00
Central (25)	60.00	63.00	60.00	63.00
Central 'A' (25)	61.00	64.00	61.00	64.00
Dena Bank (50)	60.00	—	—	60.00
Punjab National (10)	23.52	24.52	22.52	24.52
Union Bank (5)	6.76	7.08	6.76	6.84
United Com. (50)	91.00	91.50	91.30	91.50
ELECTRIC COS.				
Ahmedabad (100)	85.50	86.00	84.80	86.00
Amalgamated (10)	10.00	—	—	10.00
Andhra Valley (1,000)	1,010.00	1,011.25	1,005.00	1,010.00
Bom. Sub. El. (100)	96.00	96.50	95.00	95.00
Surat (100)	92.50	95.00	92.50	95.00
Tata Hydro (100)	107.50	107.50	106.50	107.00
Tata Power (1,000)	1,075.00	1,080.00	1,070.00	1,077.50
INSURANCE COS.				
British India (10)	12.16	—	—	12.16
Indian Mercantile ($20)	47.75xd	—	—	47.75
New India (15)	62.00	62.80	62.00	62.50
New India 'A' (15)	63.50	63.50	63.00	63.50
Vulcan (10)	16.76	16.76	16.60	16.60
STEEL COS.				
Ind. Iron (10)	27.60	28.35	27.50	27.95
Mukand Iron (10)	27.25	28.25	27.25	28.00
Tata Steel Ord. (75)	160.25	160.75	158.00	158.75
SUGAR COS.				
Belapur (50)	240.00	250.00	240.00	250.00
Bhopal (10)	26.10	28.10	24.36	24.52
Changdeo (12.50)	25.25	—	—	25.50
Phaltan (50)	125.00	127.00	123.00	127.00
Walchand Ind. (100)	166.00	168.00	163.00	166.00
CEMENT COS.				
Associated Cts. (100)	162.75	164.50	161.00	162.75
Digvijay (100)	154.00	158.00	154.00	155.00
Orissa (10)	14.44	14.60	14.48	14.60
MISCELLANEOUS				
Alcock Ashdown (100)	272.00	274.00	268.00	272.00
Bom. Burmah (188)	606.00	607.00	591.00	595.00
Do. (New) (50)	218.75xd	218.25	213.75	216.25
Br. B. Petrol (1½ sh.)	1.20	1.24	1.16	1.20
Br. I. Corpo. (5)	7.72	7.76	7.72	7.72
Cooper Eng. (100)	175.00	175.00	172.00	175.00
Colour Chem. (100)	355.00	355.00	330.00	330.00
Hind Cycle (100)	97.00	97.00	91.50	92.00
Hindustan Lever (10)	47.50	—	—	47.50
Hindustan Motors (10)	22.24	22.64	22.00	22.32
I. C. & Invest. Corporation (100)	84.50	—	—	84.50
Indian Dyestuff (100)	480.00	475.00	462.50	462.50
Indian Copper (2 sh.)	5.56	5.64	5.50	5.50
Ind. Inv. Tr. (100)	76.30	76.50	75.30	76.50
Killicks (100)	98.50	99.50	98.00	99.00
Larsen & Toubro (10)	37.50	40.50	37.50	39.00
Mahindra & Mahindra (10)	19.64	20.12	19.24	19.68
New Central Jute (10)	20.12	—	—	20.12
Polson (100)	167.50	167.50	165.00	165.50
Pre. Automobiles (100)	161.00	165.50	159.00	163.50
Premier Con. (80)	186.00	191.00	184.00	189.00
Scindia ($20)	14.04	14.32	13.76	14.08
G. E. Shipping (10)	14.01	14.04	13.56	13.88
Shivrajpur (10)	76.00	92.00	76.00	80.00
Sirpur Paper (10)	14.72	15.00	14.56	14.76
Tata Chemicals (10)	19.08	19.24	18.68	18.84
Tata Locomotive (100)	356.00	371.50	351.50	356.50
Tata Oil ($5)	75.00	75.00	74.50	75.00
Texmaco (10)	20.00	20.56	20.12	20.12
Voltas (100)	286.00	295.50	280.00	293.00
W. I. Match (100)	268.00	270.00	267.50	268.00
W. Coast Paper (100)	186.00	190.00	184.00	184.00

GOVERNMENT SECURITIES	13-7-1961	Earlier Redemption	Later Redemption	20-7-1961
	Rs.	Gross Yield		Rs.
2½% 1961	99.90	—	3.70	99.90
2½% 1962	99.00	—	3.48	99.00
2½% 1976	88.50	—	4.23	88.50
3 % 1964	98.75	—	3.38	98.75
3 % 1965-66	98.70	3.65	3.82	98.70
3 % 1966-68	96.10	3.83	3.91	96.10
3 % 1970-72 1st Dev.	91.05	4.18	4.31	91.10
3 % 1986 Con. Loan	77.50	—	4.19	78.35
3½% 1964 N. P. Loan	99.90	—	3.53	99.90
3½% 1965 N. P. Bonds	99.85	—	3.54	99.85
3½% 1966	99.90	—	3.52	99.90
3½% 1967 N.P. Bonds	99.00	—	3.86	99.00
3½% 1974	99.70	—	3.78	99.70
3½% 1967 N.P. Bonds	100.50	—	3.73	100.50
3½% 1969 Loan	98.85	—	3.79	98.85
3½% 1968	98.70	—	3.79	98.70
3½% 1969 N.P. Bonds	100.00	—	3.75	100.00
3½% 1968 N.P. Bonds	100.40	—	3.67	100.40
4 % 1972 Loan	100.45	—	3.93	100.45
4 % 1972 Loan	100.40	—	3.93	100.40
4 % 1979 Loan	100.10	—	3.98	100.10
3½% 1999 Bonds	99.70	—	3.52	99.70
4 % 1980 Loan	99.95	—	4.00	99.95

* Current Income. xd—Dividend. Xr—Ri

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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BRITAIN'S PREDICAMENT

LAST year, it was the U.S. dollar that was in trouble. This year, it is the turn of the pound sterling. It looks as though the owners of hot money have a knack for exposing the weakness of these international currencies from time to time. And financial commentators are always there to help them by highlighting the difficulties of the currency involved. When the dollar was under pressure, numerous critics in Britain and the Continent used to contend that the U.S. balance of payments position reflected such a fundamental imbalance in its economy that the only effective cure for it was a devaluation of the dollar. Almost the same sort of thing is now being said of the pound sterling. The only difference, a refreshing one at that, is that those who speak of inevitability of a devaluation of the pound sterling are not Americans, but the Continentals, especially the French, and to a minor extent the Britishers themselves. While it remains to be seen to what extent the ten-point austerity programme announced by the British Chancellor of the Exchequer, Mr. Selwyn Lloyd, on Tuesday this week will restore the confidence of holders of sterling balances in the future of the pound, there is a lesson to be learned by these countries. It is that those who live in glass houses should not throw stones at others. The demand made in Britain that the D. mark be revalued ultimately led to a revaluation and this has recoiled on Britain to some extent. The aggravation of the scare against the U.S. dollar led to a West-ward flight of capital from the U.S., of which the U.K. was one of the principal beneficiaries, but, as events have shown, this benefit has only been illusory, now that the speculative capital has taken to wings again, going either East-ward, or further West. Where are those British commentators now who had said not many months ago that the 5 per cent revaluation of D. mark was not enough and that the gold price of dollar should be raised?

Today, the French seem to be gloating over Britain's predicament, but it may be their turn next. Who knows? No country in the free world is in a position to claim that its economy is in perfect balance. Some French writers are said to be contending that Britain can be taken as a member of the Common Market only if it devalues its currency at least by 10 per cent. This contention is hard to understand, unless it is an outburst of national pride. Surely, a devaluation of sterling will quickly react on many countries, not excluding France. Even the measures which Britain has taken this week may have a perceptible effect on the Continental countries, because their success will be reflected in a reduction in British imports, a part of which emanates from Western Europe, and a rise in exports, a part of which will have to be at the expense of the Continental countries. Just as the U.S. said towards the close of last year and early this year, so is Britain saying now that a part of its defence expenditure abroad and a larger share of economic aid to underdeveloped countries should be borne by countries that are more well off than itself. This means that France and Italy, not to speak of West Germany and Japan, must carry a bigger burden of international responsibility. So the baby is being passed on, though not without justification. Since, in recent years, these four developed countries have accumulated more fat than the largest and oldest democracies of the West, they have to assume, in fairness to humanity as a whole, greater responsibility than hitherto. This is, however, more easily said than done. Experience so far clearly shows that these countries do not readily yield and, even when they do, their terms of aid are far too stiff to be comfortably borne by the recipients. The underdeveloped countries will, therefore, do well to develop a larger degree of self-reliance than they have already, they may be let down by the developed countries in some respect or other. They may, for instance, suddenly find that the cost of aid has gone up or they are not able to export to these countries as much as they had hoped.

Britain's international account has been out of balance for over 18 months now, but this was masked by the strain on the dollar and the immense criticism directed against West Germany for piling up vast foreign exchange reserves. In fact, the run on sterling has been taking place at a time when the adverse balance of trade of Britain is appreciably smaller than that in 1960. Thus, in 1958, Britain had a substantial surplus of £291 million. This declined to £51 million in 1959. In the following year, the surplus yielded place to a massive deficit of £344 million and, from the figures available for the first half of this year, it would appear that the deficit in the current year will be less than £200 million. Why then this lack of confidence in the pound sterling, as evidenced by the flight of funds from London in recent months? In the second quarter of 1961, Britain's foreign exchange reserves dropped by £160 million. The fall would have been very much higher but for the support given to sterling by the European Central banks. It is not known how much sterling these banks are holding. Perhaps, the secrecy over this figure is itself one of the causes for the setback in confidence, though it cannot be said to be the major factor. It would appear that an impression has gained ground that the future for British export trade is not bright enough to cover even the reduced size of deficit, if it persisted. In fine, the major factor responsible for the pressure on sterling is lack of confidence in Britain's ability to earn enough export surplus in the coming years to take care of its international commitments, including aid to underdeveloped countries. The Britishers themselves—the party-in-power and the Opposition, together with their respective supporters in the Press and on platforms—are largely responsible for this feeling. The way in which the British Government has been rushing round the world in order to prepare the way for joining the Common Market and the case presented by the protagonists of Britain's entry into the C.M. have created the impression that Britain cannot hold its own, if it relies only on its present relationship with Commonwealth and the E.F.T.A. The whole approach to this question has not been from a position of strength; on the contrary, they seem to hold the panicky view that, unless Britain decided to join the Common Market here and now, it would miss the bus. This kind of attitude has caused a feeling of superiority complex in the Common Market countries *vis-a-vis* Britain and, as a corollary, a setback to the prestige of sterling there.

Again, grave doubts have been raised by critics in Britain itself about the competitive capacity of British industries. Their voices were echoed by Mr. Hugh Gaitskell, Leader of the Opposition, when he said in the House of Commons on Tuesday, the 18th inst., thus: "There is now conclusive evidence, which even the Government cannot ignore, that, in comparison with other industrial nations, we are doing exceedingly badly in the expansion of our production and our exports. . . . We have been spending more than we have been earning; we have the worst export record in the last ten years or so of any industrial country in the world; we have a steadily declining share of world trade; we have almost the worst production record; and we have almost the highest rise in prices. . . . Our invisible exports have dwindled from £400 million a few years ago to practically nothing today." The basic facts behind this oratory were not questioned by the spokesmen of the Treasury, though they differed from Mr. Gaitskell in the matter of emphasis. Analysing the balance of payments crisis of Britain, a British economist stated in the *Financial Times* a few days ago that high incomes, as well as high profits, were predominantly responsible for the high level of imports and largely responsible for the inadequate level of exports, and finally came to this pessimistic conclusion: "There is every sign now that our rapid rise in costs will continue. Even if the Government is able to take some measures to cut back demand, there is a huge gap in our balance of payments to fill and there is little prospect of our costs being brought into line with those of other countries. We are sliding, not quietly, but rapidly, towards the next devaluation of the pound." In the face of such statements and writings, is it to be wondered that confidence in pound sterling has suffered a setback?

The problem confronting Britain is essentially a long-term one, but the remedies now prescribed are only palliatives. The "little budget" presented by the Chancellor, within three months of the presentation of the main budget, reflects grave miscalculation of the situation by him. The increase in the Bank rate from 5 per cent. to 7 per cent., enhancement of the purchase tax, customs and excise duties by 10 per cent. through the levy of a surcharge, an increase of one per cent. in the liquidity ratio of banks, a clear directive to banks to be severe on requests for loans relating to personal consumption, including hire purchase and property development, refusal to allow the proposed increase in the salaries of teachers, suspension of aid to promote housing, etc.—all these are aimed at restraining domestic consumption and making available more goods for export. The increase in the Bank rate will serve the additional purposes of encouraging foreigners to leave their funds in London, besides attracting fresh capital from abroad, and discouraging imports. The proposal to reduce defence expenditure abroad will lead to a sizable reduction in the balance of payments deficit. The proposal to introduce a tax on speculative profits is apparently meant to placate labour. The decision to curtail subsidy to farmers from the next fiscal year onwards will help Government to reduce its expenditure. But some of these measures may also result in higher costs and strengthen the demand for more wages; it is resisted by the Government, as it is bound

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to be, strikes may follow, with all their adverse effects on production and exports. This, however, is a risk which has to be taken. As Mr. Reginald Maudling, President of the Board of Trade, said in reply to the debate on the economic situation, "the fundamental problem of how a free society can work effectively in conditions of full employment" is yet to be solved.

The fundamental weakness of British economy is that the people are having a standard of living which is higher than its national and international obligations permit. The Labour Party is as much responsible for this as the Conservatives are, because neither is prepared to face the unpleasant prospect of telling the workers the truth. Domestic consumption in Britain has to be curtailed sharply, so that savings can be increased and diverted to investments that will promote exports and external aid alike. There are quite a few old cows in British industry which are being undeservingly maintained at the cost of taxpayers. They should no longer be protected. Unless the British workers and investors appreciate this necessity and are willing to make sacrifices, there is no certainty that the present economic crisis—the sixth in the post-war period—will not repeat itself again. It is the responsibility of British leaders to drive home this point to their electorates. But this solution is too ideal to work smoothly in a democratic set up, which is dominated by party-politics. Accordingly, the only alternative is to wade through the muddle somehow and that is what Mr. Selwyn Lloyd is trying to do.

IRRIGATION AND BETTER SEEDS—I

IT has been rightly said that irrigation, fertilisers and improved seeds go together. These three inter-related factors, which make for intensive cultivation, are, therefore, of crucial importance in the 'intensive agricultural districts programme' now under way with the assistance of the Ford Foundation in India. The confident expectation here is that the concentration of resources in fertilisers and improved seeds in irrigated tracts will yield optimum results, thereby maximising food production in particular. There can be no two opinions on the underlying assumptions of the programme; that the results expected of it will be ultimately achieved may also be postulated with a degree of certainty. But these results will not follow as a matter of course, for the actual implementation of the programme may be beset with practical difficulties at the local level. The administrators of the programme, with its integrated approach covering the three inter-related factors, may have some useful and timely lessons to draw from two painstaking studies just published by the Programme Evaluation Organisation of the Planning Commission.

These related evaluation studies—one on the minor irrigation programme and the other on the improved seeds programme—have the merit of analysing the operation and impact of the relevant programme on the basis of field data collected at different levels—block, village and cultivating household. The objectives of the first study were, *inter alia*, to find out the extent of construction of new minor irrigation works in the rural areas during the second Plan, to assess the nature and extent of maintenance of the older works and to assess the impact of the minor irrigation programme on the cropping pattern during the last four years. And the objectives of the second study were, *inter alia*, to assess the progress achieved in the multiplication, distribution and extension of improved seeds in the second Plan period and to derive conclusions bearing on directions of improvement of the programme. For the purpose of field enquiry under the first study, from each of the major States except Jammu and Kashmir, one or more districts were selected according to the number of sources of minor irrigation deemed important. One district was thus selected from each of these States—Assam, Gujarat, Kerala, Madras, Maharashtra, Mysore, Orissa and the Punjab; two districts were selected from each of these States—Andhra, Bihar, Rajasthan, U.P. and West Bengal; and three districts from Madhya Pradesh. A total of 42 blocks was then selected from the 14 States; a total of 126 sample villages was drawn from the 42 blocks; and 1,255 cultivating households and 702 knowledgeable persons figured in the final sample. For the purpose of the field enquiry under the second study, 32 districts in all were selected from the 14 States—21 to represent the typical areas in each State in respect of the most important source of minor irrigation in it and 11 to represent areas under the command of ten of the recently completed major irrigation [illegible] the rationale for restricting the universe [illegible] mainly to areas enjoying irrigation facilities [illegible] the expectation that these areas would show a concentration of the programme for improved seeds. A total of 61 blocks was then selected from the 32 districts; a total of 183 sample villages was drawn from the 61 blocks; and 1,830 cultivating households and 1,050 knowledgeable persons figured in the final sample. It would appear from these sampling procedures that the two enquiries were fairly representative in character—representative of the irrigated areas in the country. Their conclusions, therefore, should be deemed broadly valid for the purpose of improving the respective programmes in the light of experience.

Some of the findings of the study on minor irrigation are quite interesting. The finding in respect of the coverage of irrigation works is that the number of *kutcha* and *pucca* wells comes to about 1.4 per 100 acres of net cultivated area in the sample villages, while tanks and other sources are numerically smaller. But a tank irrigates, on an average, 31.3 acres of land, whereas a *pucca* well covers 6.1 acres and a *kutcha* well only 1.4 acre. Another finding is that, between 1955-56 and 1960-61, the number of tanks in the sample areas has increased by 2.4 per cent, *pucca* wells by about 28 per cent and tube-wells by about 29 per cent. The pumpsets alone have increased nearly three and one-third times. Of the 3,856 minor irrigation works existing in 1960-61 in the sample villages, as many as 3,193 (representing 88 per cent of the total) have been in use. A revealing finding is that, while in the sample area as a whole about 29 per cent of the net cultivated area *could* be covered by the minor irrigation works and 40 per cent by all works (major and minor) existing in the villages as on the date of enquiry, the proportion of net area irrigated from all sources to net cultivated area has increased from 23.7 per cent in 1955-56 to only 23.8 per cent in 1959-60, according to village records. Here the household data show that the relevant proportion in 1959-60 is 27.2 per cent. The study, therefore, comes to the conclusion that the village level data may be said to under-estimate the extent of irrigation and its probable increase.

Such under-estimation for the country as a whole, as far as can be judged or generalised from the sample, would mean that the statistics of area irrigated by minor irrigation works—statistics maintained by the Directorate of Economics and Statistics of the Union Ministry of Food and Agriculture—are not dependable. For instance, these statistics show that, in 1950-51 (the year immediately preceding the inauguration of the first Plan), the net area irrigated by minor sources (wells, tanks, private canals and others) in the country as a whole was 33.8 million acres, representing 60 per cent of the then total net area irrigated from all sources (major and minor). And they also show that, in 1955-56 (the end-year of the first Plan), the net area irrigated by minor sources was only 36.4 million acres, representing 65 per cent of the then total net area irrigated from all sources, whereas the Planning Commission's estimate of 9.5 million acres of *additional* area brought under minor irrigation during the first Plan period would mean that the aggregate net area irrigated by minor sources in the country as a whole should have been 43.3 million acres in the last year of that Plan. If it is true that the statistics of the Food and Agriculture Ministry, based though they are on the village returns, continue to underestimate the area irrigated from minor sources, the latest available figure of 36.8 million acres under minor irrigation in 1957-58 cannot be taken to represent the real state of affairs in the second year of the second Plan. As it has been confidently expected by the Planning Commission that an *additional* area of 9 million acres would benefit by the second Plan's minor irrigation programme, it may well be claimed that the net cultivated area under minor irrigation in 1960-61 (the end-year of the second Plan) should have been of the order of 52 million acres. It is, however, extremely doubtful whether this figure will be confirmed by the Directorate of Economics and Statistics of the Food and Agriculture Ministry.

The greater relevancy of the P.E.O. study consists in its findings regarding the problems of utilisation of minor irrigation facilities. The finding that nearly 52 per cent of the tanks were under-utilised in 1959-60 is, indeed, disquieting. They were under-utilised, because their irrigable capacity had gone down as a result of silting and poor maintenance. Some of the minor works within the command of some major projects like Malampuzha (Kerala), Matatila (U.P.) and Barwala Branch of Bhakra-Nangal have gone out of use. The policy of some State Governments to suspend the minor irrigation extension programmes within the command areas of the major projects has resulted in the neglect of the works, even though the cultivators there have a marked desire for irrigation from them. On the other hand, in the command areas of some other major projects, minor works are being used to supplement canal water for irrigating sugarcane, banana, etc., and vegetables in seasons when canal water is not available or is inadequate. The complementary nature of minor works in the areas of Kakrapar project (Gujarat) and Gangapur project (Maharashtra) is indicated by the fact that, though water rates are charged by the Government if new wells and tanks are constructed within 200 yards of the Government water course, the cultivators are willing to pay these water rates and sink new wells.

It would thus appear that minor irrigation—either as the principal source in some areas or as a supplemental source in some others—will continue to play a major role, covering not less than 60 per cent of all irrigated area. If it is a question of poor maintenance of minor works now, it would be prudent to heed the study's finding that the scope for increasing the supply of irrigation water from the minor sources was visualised by cultivators much more in terms of repair, renovation and reconstruction of the existing works than of construction of new works. Where the cost per acre of extension of minor irrigation is not expected to exceed Rs. 150 (the actual figure in the second Plan), the extension of the programme in most areas would be *prima facie* justified, although in some areas, according to the study, the scope for such extension is tending to become narrower and/or more costly. In any case—whether the accent in the minor irrigation programme should henceforward be on repair, renovation and proper maintenance of the existing works which are certainly numerous or it should be on the construction of new works—there is need for a systematic survey of minor irrigation possibilities in all the States. Although some States have done something in this field of investigation, by and large a survey of this type has yet to be either taken up or completed in most of the States. As minor irrigation has absorbed a substantial outlay of funds—about Rs. 85 crores in the first Plan and nearly Rs. 90 crores in the second Plan—and will involve an outlay of not less than Rs. 100 crores in the third Plan, its economics and possibilities certainly call for comprehensive examination.

Already the budget provision (as of 1960-61) for minor irrigation accounts for anything from two-thirds to four-fifths of the budget provision for agriculture, minor irrigation and land improvement together in most States. But even such generous provision does not seem to be sufficient for the proper maintenance of minor works, because the practice of allocating funds for maintenance as a proportion of the original cost of the works often results in inadequacy of funds on account of the rise in the level of costs and prices in the intervening years. In view of the major role played by minor irrigation in India's agriculture, the State Governments would be well advised to impose a maintenance levy on land irrigated by minor works undertaken and maintained by them. At the same time, the existing arrangements for achieving administrative co-ordination in the field of execution, improvement, restoration and maintenance of minor irrigation works would need to be reviewed. As a number of departments—those of irrigation, agriculture, revenue, public works and community development—are in the picture, the present state of administrative co-ordination leaves much to be desired. It is a matter for serious consideration whether a single agency cannot be entrusted with the field responsibility for the entire minor irrigation programme, in the first instance at least in the districts selected for the intensive agricultural production programme. As secure and dependable supplies of irrigation water in the right quantities and at the right times are basically important for ensuring optimum results from the use of fertilisers and improved seeds, any shortcomings here will prejudice the success of the "intensive districts programme" itself.

"FIXATION OF EX-FACTORY PRICES"

In the second leading article carrying the above title in our last issue, the 17th line, in first column on page 154, reading "culation, however, was that, on the basis of a re-" was inadvertently inserted by our printers. When this line is replaced by the one that had been omitted, the relevant sentence will read as follows:

"Actually, in the case of sugar industry, the return to equity shareholders was estimated at 3.86 per cent, in the case of cement industry at 3.82 per cent, and in the case of [illegible] as low as 2.42 per cent."

MARKET GOSSIP

THE crisis Budget of Britain, including the increase in the Bank rate from 5 per cent to 7 per cent, is likely to hit India in many indirect ways. It is true that there will be no cut in the quantum of aid that has already been promised, but the cost of such aid as is used—and India will have to use it to the last farthing as and when it is made available, since its foreign exchange reserves are small—will be more. The crisis Bank rate may last for quite some time, perhaps for a year, contrary to expectations in this country that it will only be a shortlived affair. As the basic aim of British measures is to cut down its imports, India's export trade will also suffer to some extent. A large number of wholly-owned British companies may decide to take Home a larger share of their profits. Companies with majority British capital participation may defer their plans to expand their activities in this country, as money in London will cost substantially more than their earlier assumptions. New arrangements for getting either British capital participation or credit accommodation will become difficult. It may be noted, in this connection, that private capital from the U.K. has been playing a significant role in the industrial progress of this country.

Central Loans

The response to the Central Government's two new issues—3½ per cent 1969 and 4 per cent 1981—has been lukewarm, as was generally anticipated. The lists remained open on all the three days. The total amount offered was Rs. 108.57 crores, as against the invitation for Rs. 100 crores. This does not mean that the loans were oversubscribed, as the Reserve Bank is reported to have contributed nearly 50 per cent of this total. The most optimistic estimate of public subscriptions, including those from the L.I.C. and the State Bank which are under the control of the Government, is no more than Rs. 55 crores. Out of an outstanding of Rs. 45 crores of the two maturing loans, conversions amounted to only Rs. 3.72 crores; so that, when they fall due next month, the Government will have to pay nearly Rs. 42 crores in cash. A good part of this amount will, however, find its way into the State loans.

All subscribers will receive full allotment. Of the total of Rs. 108.57 crores, the shares of medium and long-dated issues are Rs. 42.94 crores and Rs. 65.63 crores, respectively. The L.I.C. must have been the largest supporter, followed by the State Bank of India and provident funds. The Reserve Bank itself must have invested a large amount in the long-dated issue, so, that it can meet the provident funds' requirements, as and when they arise in the course of the year.

Non-Diversion Agreement

One of the most far-reaching developments that have taken place during the year in the field of general insurance in India is the Non-Diversion and Mutual Assistance agreement voluntarily entered into among seventeen leading Indian insurance companies and brought into force on 1st July. In view of its importance, it is natural that this development should have figured in the speech delivered by Mr. A. D. Shroff, Chairman of the New India Assurance Company Ltd., at the annual meeting of the shareholders of the Company held at Bombay on the 26th inst. Mr. Shroff not only commended the agreement, of which his own Company is a signatory, but also cleared what he called the "misunderstandings and false notions" held about it in some quarters. He referred to two misgivings. One was that the scheme was designed to help insurers to switch over their business from higher to normal commission terms without the fear of those who have subscribed to the scheme diverting such business by the offer of higher than normal terms. The other was that it aimed at helping the big insurers to protect their portfolios. Both these fears, Mr. Shroff said, were false.

The main purpose of the scheme, he maintained, was to put the insurance industry on a correct and sound footing. It was absolutely erroneous, Mr. Shroff declared, to argue that the scheme helped one against the other—it helped all. Mr. Shroff no doubt conceded that the scheme did involve sacrifices for some insurers, but he argued that, on the whole, it was beneficial to the insurance industry. The biggest bane of insurance in India, he remarked, was the evil of rebating and the consequent frittering away of the resources of insurers. He was confident that, once the companies began to work in an atmosphere of trust and amity, it would pave the way for group working "so essential in the present times of rationalisation and integration." He hoped that the agreement would help general insurance to bridge up the present unfortunate position of distrust and confusion and to grow on sound and healthy lines.

The scheme, in so far as it aims at eradicating the evil of unhealthy competition in the industry, deserves the serious support of all insurers. Mr. Shroff's clarifications should leave no doubt as to the primary objects which the sponsors of the agreement have in mind. They are, as every one will concede, unexceptionable in principle. While the success of the scheme depends on the spirit in which it will be worked, its merits will naturally be judged by the results obtained. If the scheme results in eliminating or minimising unhealthy competition in the industry, it will certainly have achieved something substantial. Care should, however, be taken to see that it does not lead to the curbing of healthy competition or to the encouragement of restrictive trade practices the harmful effects of which have been amply borne out by the recent experience of other countries.

R. B. Governor on Price Policy

One cannot be particularly happy when one finds the Governor of the Reserve Bank of India yielding to the temptation to cite general opinions of foreign experts in defence of this country's domestic economic and fiscal policies. One would think it is a last weapon of defence that comes in handy for Ministers faced with an angry opposition in Parliament. Mr. H. V. R. Iengar did just that, in his Madon Memorial Lecture delivered in Bombay on the 26th inst., though in a slightly different way. He deplored what he called "the attempt on the part of some of our own people to decry the value of what we are doing" when distinguished foreigners and great institution like the World Bank were all praise for it. No one will deny that frequent denigration of the country's rate of progress is bad. But is it wrong to express dissatisfaction at what has been achieved or to suggest that, if certain policies or programmes had been modified or altered, better results would have been obtained? While foreign visitors have without exception patted this country on its back for its overall achievement, there have also been criticisms, fundamental criticisms at that, from eminent experts and reputed institutions.

Having regard to the difficulties the country faced and the low level of savings, the rate of growth of national income in India during the last ten years, estimated at an average of 3.5 per cent per annum, Mr. Iengar pointed out, could not have been really better. Moreover, this growth had been achieved, he claimed, with reasonable stability, though some strains had emerged in the last five years which required correction.

One such strain, he went on to observe, was the price level. He did not see any reason for alarm and despondency in a price increase of two to three per cent per annum, provided it was possible to keep the price level steady for a time and possibly to secure some reduction in it at times, particularly in respect of certain essential commodities. During the last five years, however, the Governor pointed out, there had been a continuous increase in the price level at the rate of about 6 per cent per year. At no point during the second Plan period had the rise been punctuated by a reduction in the price level, except for temporary seasonal fluctuations of minor consequence. It was this inability of the economy to halt and, if possible, to reverse the course of the price level, in Mr. Iengar's opinion, that was really a matter for concern and not the absolute increase that had taken place in the past ten years. The latter increase, in the context of what had been happening even in the most advanced countries, was not only not large but was in fact satisfactory. In his view, as a guide to practical policy, it was important that the process of rise should be halted for a time and if possible reversed. This need to reverse the upward trend in price level should form the focal point of policy for the immediate future.

The question is whether the fiscal, monetary and general economic policies will be geared to this end. Take, for instance, the Government's policy in regard to prices of agricultural commodities which have a decisive influence on the general price level. The fact is that the Government has no price policy for agricultural products. A sound price policy would involve the Government stepping in to stabilise prices by buying crops from farmers and stocking them when prices tend to fall below the desired level and releasing the stocks when prices tend to rise beyond it. It would also mean that, in a year when the crops are large enough to correct the upward trend that had taken place in the immediately preceding years, the Government should allow that to happen and not interfere with the market trend for political reasons even before the necessary correction has taken place. Unfortunately, this is what the Government does not do and it succumbs to political pressure even before a modest fall in prices occurs. Further, an important point that must be borne in mind, while discussing price levels, is that there is hardly any Indian commodity or manufactured article which is able to compete in world markets today without some sort of artificial prop. If this is borne in mind, the lack of realism in Mr. Iengar's analysis of the problem will be apparent.

Oil-based Industries

Oil-based industries, such as soaps and *vanaspati*, have been adversely affected by the pronounced rise in prices of vegetable oils in the past few years. The prices of all commodities have no doubt gone up, but the increase has been disproportionately large in the case of major vegetable oils, particularly groundnut oil and copra. The wholesale prices of copra and groundnut oil in 1960-61 were higher by as much as 60 per cent and 32 per cent, respectively, as compared with the first year of the second Plan. At the same time, the corresponding increase in the price of raw cotton was only one per cent and that of sugarcane 12 per cent. What is more, the steep and progressive rise in the prices of vegetable oils has led to a widening disparity between domestic prices and those in world markets. While the average price of indigenous copra, for instance, is higher at Rs. 1,530, the price of this commodity in Ceylon is about Rs. 620, or less than half the value of Indian copra. Bringing out these facts in his annual statement to the shareholders of the Tata Oil Mills Ltd., Mr. J.R.D. Tata, Chairman of the Company, rightly observes that increases of such magnitude not only impair the competitive capacity of Indian industry [illegible] serious burdens on the other sectors [illegible] as well.

While Mr. Tata concedes the need for ensuring a "fair price" for growers of copra, he is equally emphatic that there is no justification for copra prices consistently soaring above the prices of other agricultural raw materials in the country. The major factor behind the apparently unwarranted increase in oil prices is the failure of domestic production to catch up with the steadily expanding demand for both industrial and edible purposes. While it is essential to devote greater attention to expand production, it must be recognised that this is only a long-term measure. Until production is stepped up, oil-based industries have certainly a justifiable claim for import licences for a part of their requirements of oil. It is, therefore, a pity that the Government of India has not accepted a proposal, put forward by soap manufacturers, for the import of cheaper types of oils like palm oil, even after agreeing to export a similar quantum of groundnut oil, thereby avoiding any loss of foreign exchange.

Sugar Exports

The hopes of India earning a little foreign exchange from exports of sugar to Pakistan and Iran even at a fairly heavy loss of rupee resources have been belied. For both these countries have cancelled the deals with India for the purchase of sugar, amounting to 25,000 tons by Pakistan and 50,000 tons by Iran. The total foreign exchange that would have been earned had the deals with these countries materialised is about Rs. 2.37 crores (Rs. 77 lakhs from Pakistan at Rs. 307 or £23 per ton and Rs. 160 lakhs from Iran at Rs. 320 or £24 per ton).

The reason given by Pakistan for cancelling the deal is that the State Trading Corporation of India had failed to make despatches of sugar from the 15th of this month as stipulated in the contract. But the S.T.C. has not disputed this contention, though it has thrown the whole blame on Pakistan. It has, of course, not issued any statement to the Press, unlike the Pakistan Government which has come out with an official release explaining the decision. The S.T.C.'s explanation has been made known only through unofficial reports appearing in the daily Press. Whatever be the reasoning behind the explanation, one fails to understand why the S.T.C. could not expedite delivery of just 25,000 tons to Pakistan, though the agreement was reached as far back as 25th May 1961. The question as to who should share and in what proportion the rupee loss on this deal is an internal affair and could have been settled leisurely between the Government and the industry. The delay on the part of the S.T.C. enabled Pakistan to finalise arrangements for import of 25,000 tons from West Germany. Further, it is reported that Cuban sugar is currently being sold by a Pakistan firm at £22-15 per ton at the port of Karachi, that is, at 5 shillings less than that quoted by India. If the deal had been struck by a private firm, the entire quantity of sugar would, perhaps, have been delivered. Herein lies the difference between the ways of conducting trade by a Government agency and a private party.

The position in regard to the Indo-Iranian sugar deal is, however, different. The termination of the deal has been due not to any delay on the part of India or any unilateral cancellation of deal by Iran but to the price factor. Iran wanted India to supply sugar at Rs. 320 (£24) per ton (c. and f.) Bunder Shapur (Port), that is, the rate quoted for Cuban sugar in Iran. The Union Finance Ministry is believed to have rejected this price on the ground that such a low price would entail heavy Government subsidy. It is somewhat surprising that the Finance Ministry had not objected to the rate of £23 per ton agreed to for supply to Pakistan, though this rate was lower than that quoted by Iran.

The 75,000 tons of sugar involved in the sugar deals with Pakistan and Iran represented more than half of the total 150,000 tons allocated to the S.T.C. for exports to countries other than the U.S. during the current calendar year. It will be interesting to know to which countries the S.T.C. will sell this quantity. The prospects of such sales are by no means bright, what with the reported distress sales of Cuban sugar at low prices by China, East Germany and Rumania. In view of such distress sales and following heavy offerings of beet sugar by some of the European countries, especially West Germany, the world sugar prices have suffered a sharp decline lately. The latest available rate at London is no more than £25-15 (Rs. 343) per ton, as against £27-5 a week ago and the highest level of £30-10 touched a few weeks ago. West German traders are said to be offering considerable quantities of Cuban sugar at a discount of almost £2 a ton under the official selling price of £27-15 in Cuba. Sugar circles in London feel that, even after allowing for export quotas fixed under the International Sugar Agreement, there may not be sufficient outlets for all the available supplies of sugar this year. It is pointed out that, in view of the currently low level of demand for "free" market sugar, on the one hand, and the continued sales of heavy stocks now lying unsold with several producers in Europe and generally good prospects for the next European beet harvest (beginning in September), on the other, sugar prices will remain relatively depressed for, quite some time to come.

World Textiles

In the course of our comments on conflict in world textile trade last week, we had referred to a report suggesting that the G.A.T.T. World Textile Conference at Geneva would be prolonged till the 28th inst. This report, however, did not prove correct, inasmuch as the Conference, which ended Friday the 21st inst., as was originally [illegible] though the decisions reached at the [illegible] were published only on Wednesday [illegible]

(Continued [illegible])

EQUITIES DRIFT LOWER

BANKS FAVOURED AGAIN

(From Our Own Correspondents)

BOMBAY, *27th July*

EQUITIES on the Bombay Stock Exchange suffered a sharp setback in values during the week under review. The working results of the T.I.S.Co. and the announcement of higher dividend by the I.I.S.Co. (Re. 1.60 per share taxable for 1960-61, as against Re. 1.50 for the previous year) failed to inspire market sentiment, as they were below expectations. The other dampers were revival of fears regarding official intervention to check unhealthy speculation in shares, reports of devastation caused by floods in various parts of the country and deterioration in Indo-Pakistan relations, particularly over the issue of Kashmir. The increase in Bank rate in Britain also imparted weakness, as it had an adverse psychological effect on the operators. The cumulative effect of all these factors was that the majority of scrips encountered selling and drifted downwards. The trend persisted till today, when there was a slight recovery in values following some support at lower levels. But the recovery was not marked enough to make up for the earlier losses, so that the closing rates were generally below those prevailing on Thursday last week.

The preliminary working results of the Tata Iron and Steel Co. for the year ended 31st March 1961 now available show a higher gross profit of Rs. 19.59 crores, as against Rs. 14.15 crores for 1959-60. Induced by the encouraging profit figure, the shares of the Company opened at Rs. 160, as against the previous close of Rs. 158.75, but eased in subsequent sessions and finished at Rs. 157.25 today. The net loss over the week was Re. 1.50. The increase in the dividend of Indian Irons by just 10 nP to Re. 1.60 per share greatly disappointed the operators. Reflecting this disappointment, the scrip receded from Rs. 28 on Friday to Rs. 26.90 today. Mukand Irons slipped by 60 nP to Rs. 27.40.

The textiles section ruled easy, with losses on a wide front. Centurys, after rising from Rs. 686.50 to Rs. 690 on Friday, were subjected to nervous bull liquidation thereafter and declined to touch Rs. 675 today. The net loss was Rs. 12. Mafatlals dropped Rs. 27.50 to Rs. 822.50. Kohinoors opened at Rs. 297, as against the previous close of Rs. 296, but gradually eased in subsequent sessions and finished at Rs. 290.50, shedding as much as Rs. 5.50 over the week. Morarjees slipped from Rs. 422 to Rs. 412. Bombay Dyeings lost 30 nP to Rs. 67.60. Central Indias were marked down by Rs. 4.50 to Rs. 122. Mysores receded by Rs. 2 to Rs. 69. Svadeshis sagged from Rs. 270 to Rs. 267.50. Simplex, J.K. Cotton and Elphinstones shed a rupee each to Rs. 197, Rs. 20 and Rs. 78, respectively. Khataus decreased by Rs. 1.25 to Rs. 575. New Kaisers declined by a like amount to Rs. 61. Tata Mills eased by 70 nP to Rs. 67.80. Finlays were neglected at Rs. 320. Gokaks at Rs. 186, Indores at Rs. 158, Podars at Rs. 143, Ahmedabad Advances at Rs. 191.50 and Laxmis at Rs. 665. A few scrips, however, registered gains. New Greats were keenly bid and spurted by Rs. 7.50 to Rs. 222. Standards gathered Rs. 2 to Rs. 1.330. Shree Nivas put on a rupee to Rs. 258. Phoenix rose by 50 nP to Rs. 155.

Bank shares met with sustained buying support during this week and recorded a further rise in values. Denas advanced by Rs. 2.90 to Rs. 61.50 *ex-div.* United Commercials picked up Re. 1.50 to Rs. 93. Centrals rose from Rs. 63 to Rs. 63.80. Unions gathered 32 nP to Rs. 7.16. Barodas and Bank of India were firm, the former at Rs. 104 and the latter at Rs. 133. But Punjab Nationals dropped 52 nP to Rs. 24.

In the sugar section, renewed investment support lifted up the values of some shares. Belapurs evinced keen enquiry in the two sessions and improved from Rs. 250 to Rs. 257. Thereafter, there was tired bull liquidation and the scrip drifted down to Rs. 250.50 today. Phaltans gathered a rupee to Rs. 128. Oudh Sugars advanced by Rs. 3.50 to Rs. 192. Maharashtras spurted by Rs. 3 to Rs. 169. But Walchandnagars softened by Rs. 2 to Rs. 166.

Among cements, Associated Cements opened at Rs. 162.25, as against the last week's closing rate of Rs. 162.75 and drifted downward to touch Rs. 160.50 today. The net loss over the week was Rs. 2.50. Digvijays, however, evinced some support and hardened by Re. 1.50 to Rs. 156.50 Orissas gained 28 nP to Rs. 14.88.

In the shipping section, Scindias climbed down from Rs. 14.08 to Rs. 13.72 today before finishing at Rs. 13.80. Great Easterns and Bharat Lines were quiet at Rs. 13.88 and Rs. 5, respectively. Automobiles shares failed to attract support. Premier Automobiles were marked down by Rs. 4 to Rs. 159.50. Hindustan Motors receded by 68 nP to Rs. 21.64.

Rayons shares suffered a setback to values. National Rayons opened at Rs. 546.50 and gathered Rs. 2 on Friday Subsequently, they fell to Rs. 540.50. Over the week, the scrip lost Rs. 5.50. Baroda Rayons fell by Rs. 4 to Rs. 136.50. South India Viscose encountered selling and slipped by Rs. 2.50 to Rs. 184.50. Gwalior dropped 80 nP to Rs. 51.20. Indian Rayons were quoted at Rs. 74, as against Rs. 60 last week. It may be noted here that the latest quotation is on a paid-up value of Rs. 75.

The chemicals and dyes section displayed an irregular trend. Adarshas fell by Rs. 8 to Rs. 93. Alembics by Rs. 5 to Rs. 237.50 and Polychems by Rs. 2.50 to Rs. 212.50. Citrics and Ultra Marines lost a rupee each to Rs. 50.50 and Rs. 106 respectively. Dhrangadhras were dull at Rs. 129, Dharamsis at Rs. 280, Amar Dyes at Rs. 350 and Kemps at Rs. 305. But Colour Chems received good support and spurted by Rs. 12.50 to Rs. 342.50. Indian Dyestuffs gathered Rs. 2.50 to Rs. 465.

In the engineering section, T.E.L.Co. attracted some support on the opening day and improved from Rs. 366.50 to Rs. 368. Subsequently however, due to lack of follow up support, the scrip receded and touched Rs. 364.50 today, showing a net loss of Rs. 2. T. Manekials fell by Rs. 27.50 to Rs. 565. Alcocks moved down from Rs. 272 to Rs. 270. Larsen and Toubros shed 50 nP to Rs. 176. In the cash section, Investa Machines fell by Rs. 5.50 to Rs. 142.50. Fit Tights slipped by Re. 1.50 to Rs. 55.50. New Standard Engineerings shed an equal amount to Rs. 184.50. Mahindras lost 48 nP to Rs. 69.12. But Kirloskar Pneumatics jumped up by Rs. 50 to Rs. 250 on the news of a handsome maiden distribution of 12½ per cent for the year ended March 1961. Kirloskar Oils moved up by Rs. 7.24 to Rs. 30.24, following the announcement of a higher dividend of 16 per cent for the year ended March 1961 as against 14.30 per cent paid in the previous year. Hindustan Electricals and Jyotis were keenly bid, the former higher by Rs. 4 at Rs. 109 and the latter by Rs. 2.50 at Rs. 177.50.

In the miscellaneous section, Bombay Burmahs were a weak feature. They opened at Rs. 595, same as last week, and declined gradually to finish at Rs. 589 today, showing a loss of Rs. 6. Ceat Tyres encountered some selling pressure and dropped Rs. 7.50 to Rs. 210. Voltas fell by Rs. 4.50 to Rs. 288.50. Tata Oils shed a rupee to Rs. 74. New India Fisheries were marked down by Rs. 11.25 to Rs. 381.25. Permanent Magnets declined by Rs. 4 to Rs. 84. Bombay Oxygens shed Rs. 2 to Rs. 57. Isaac Holdens eased by Re. 1.12 to Rs. 17.88. Philips Carbons lost 16 nP to Rs. 19.60. Killicks and Indian Hume Pipes lost 50 nP each to Rs. 98.50 and Rs. 177.50, respectively.

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Calcutta Stock Exchange

CALCUTTA, *26th July*

With fresh incentives lacking and a modest decline of interest in speculative issues, price movements on the Calcutta Stock Exchange were narrow during the week under review. The remote possibility of the Government announcing new retention prices for I.I.S.Co. before the announcement of dividend for the year ended March 1961 chilled sentiment, and market circles considered that there was little substance in the hope of higher dividend, as, considering the huge sums being spent on expansion, the Government would insist on ploughing back more profits rather than increasing the yield to shareholders. This explains the earlier shake-out in Indian Irons, but a small recovery subsequently set in. Since the higher dividend for T.I.S.Co. was made possible as a result of substantial tax refunds, market circles considered it unlikely that a higher dividend for I.I.S.Co. would be allowed. Against this background, the announcement of increased dividend (Re. 1.60 a share against Re. 1.50 both taxable) last night should have caused ordinarily cheer, but the insignificant increase could not enthuse tired bulls. Several features were recorded among miscellaneous industrials, as the I.M.F.'s stand-by credit to India would ensure maintenance of essential imports to industry. Further, increased production and good corporate news showed that increased cost of production had not affected yields.

Coals were lower on balance. Burrakurs were pushed down from Rs. 20.19 to Rs. 19.62. At Rs. 30.62, Equitables lost Re. 1.50, while expansion prospects made Western Bengals firmer at Rs. 10.44 before easing to Rs. 10.12. New Beerbhooms were quiet at Rs. 23.87, as were Central Indias at Rs. 13.44. Bengals changed hands at Rs. 390 earlier, as against Rs. 388 previously. Katras Jherriahs being steadier at Rs. 50.

Jutes were featureless, with sellers predominating. At Rs. 26.81, Birlas lost nearly a point, with Kelvins being lower at Rs. 150, as against Rs. 151. Bamagores, after losing to Rs. 123, recovered to Rs. 127. Anglo-Indias receded from Rs. 189 to Rs. 183, while Champdanies were put through at Rs. 117, as against Rs. 110 previously. As Rs. 25.06, Fort Williams recorded an insignificant gain. Budge Budges were unchanged at Rs. 124.

J.K. Steels were a prominent feature in engineerings on improved prospects. At Rs. 40, the rate recorded a new high. The opening rate was Rs. 35.50. Binani Metals were steady at Rs. 12.56. Braithwaites were pushed up from Rs. 35 to Rs. 36.12. A good report caused Burn and Cos. to rise from Rs. 522 to Rs. 531. Indian Irons were quiet at Rs. 27.48, as were Texmacos at Rs. 18.85. Expansion prospects held Indian Oxygens firm at Rs. 39.12.

Although reports from tea auctions continued to be encouraging, the general trend affected teas and the volume of transactions diminished. Methonis gave way from Rs. 18.56 to Rs. 16.81, while Hasimaras were fractionally better at Rs. 25.62. At Rs. 163, Patrakolas put on Rs. 2, but Teesta Valleys eased from Rs. 15.75 to Rs. 15.31. Dhunseris changed hands at Rs. 16.44, as against Rs. 16.25 previously, while Sooms at Rs. 45 put on Re. 1.

Miscellaneous industrials rose on interested buying, but subsequently profit-taking reduced gains. Thus Dunlop Rubbers, after being higher at Rs. 52.56, closed lower at Rs. 51.12. Expansion prospects maintained Alkali and Chemicals firm at Rs. 40.12. At Rs. 28.50, National Pipes and Tubes were fully steady. Goodyears were maintained at Rs. 38.62. On publication of good results and the announcement of increased taxable dividend of 30 per cent, as against 25 per cent previously, Britannia Biscuits at Rs. 60.50 recorded the handsome gain of Rs. 5.50.

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Madras Stock Exchange

MADRAS, *26th July*

In the absence of fresh investment support, equities were subdued during the week under review. The persistent decline in India's foreign balances, rise in Bank rate in both Britain and Japan, and the uncertain international political situation chilled the enthusiasm of operators. Sugars ruled easy chiefly due to bleak export prospects, following the cancellation of sugar deals by Pakistan and Iran. Textiles were generally weak, notwithstanding the general impression that the agreement arrived at the G.A.T.T. world textile conference at Geneva was beneficial to Indian exports. The decision of the State Electricity Board to extend power-supply in such a way as to enable all the 130 textile mills in the Madras State to work third shift, though it was widely welcomed, had no effect on the market. Tea shares lacked support, because it was feared that the recent thunder-showers and floods in several areas had caused much damage to the tea crop. It was for the same reason that coffees were dull, though the trend of exports so far in the current year had been satisfactory. Rubbers were depressed. Miscellaneous industrials, particularly cement shares, encountered selling pressure.

Among sugars, East India Distilleries suffered a setback of Rs. 2 to Rs. 39.25. Cauverys dropped a like amount to Rs. 125. Deccans rose initially from Rs. 13.80 to Rs. 13.81, but came in for selling subsequently and wound up the week at Rs. 13.75. United Breweries were dull at Rs. 104, as also Indias at Rs. 12.20 and Mysores at Rs. 57.75. Travancores, however, put on 10 nP to Rs. 10.40.

In the tea group, Highlands declined by 20 nP to Rs. 14. Halleybirias shed 10 nP to Rs. 14.75. Blue Mountains and Periakaramalais eased by 5 nP each, the former to Rs. 3.12 and the latter to Rs. 3.90. Nonsuchs were neglected at Rs. 28.20, Parksides at Rs. 29.37 and Devasholas at Rs. 30.25. But Neelamalais put on 10 nP to Rs. 4.05. Chembras and Kil Kotagiris improved by one naya paisa each to Rs. 3.93 and Rs. 4.75, respectively.

Among coffees, Consolidated Coffees receded by 25 nP to Rs. 21.10. Coffee Lands eased by 20 nP to Rs. 18.40. Ouchterlony Valleys shed 7 nP to Rs. 3.65. Puthuthottams lost 5 nP to Rs. 2.45, reflecting disappointment of operators over the lower dividend of 7.50 per cent for the year ended March 1961, as against 12 per cent distributed in the previous year. Anaparais dropped 5 nP to Rs. 3.95. Rajendras were neglected at Rs. 12.12 and Balanoors at Rs. 16.30. Attikhans were dull at Rs. 3.05, despite announcement of a maiden dividend of 12 per cent for the year ended March 1961.

Rubber lacked support. Malankaras fell by 75 nP to Rs. 17.75. Cochin Malabars declined by 25 nP to Rs. 7.50. Midlands receded by 10 nP to Rs. 11.70. Pullangodes shed 6 nP to Re. 1.77, notwithstanding the announcement of a dividend of 6 per cent for the year ended March 1961, which compares with 5 per cent paid in the previous year. But Travancores rose by 52 nP to Rs. 11.10. T.R. and Ts. scored a gain of 5 nP to Rs. 9.65.

Among textiles, Lakshmis were subjected to selling and moved down by Rs. 3 to Rs. 169. South India Viscoses fell by Rs. 2.50 to Rs. 185.50. Cannanores decreased by Re. 1.70 to Rs. 160. Coimbatore Spinnings declined by 50 nP to Rs. 53. Madurais fell from Rs. 37.25 to Rs. 37 before closing at Rs. 37.10, with a net loss of 15 nP. Radhakrishnas lost 5 nP to Rs. 31.75. Travancore Rayons rose initially from Rs. 38.10 to Rs. 38.25. Kotharis were lower by 10 nP at Rs. 12.50. Coimbatore Pioneers were dull at Rs. 265.87. Metturs at Rs. 382 and Premiers at Rs. 287. Krishnarajendras were unchanged at Rs. 72. The Directors of the Company have declared a dividend of 11 per cent for the year ended March 1961, same as that distributed in the previous year. Bangalore Woollens were well sought after, the quotation advancing by Rs. 2 to Rs. 207. Coimbatore Cottons gathered a rupee to Rs. 185. Buckinghams picked up 50 nP to Rs. 53.

In the miscellaneous section, Textools eased by Rs. 2 to Rs. 181. Among cements, Dalmias shed 10 nP to Rs. 11.10, Andhras 8 nP to Rs. 9.87 and Indias 3 nP to Rs. 6.62. Orissas, however, spurted by 35 nP to Rs. 14.75, following the announcement that the Company had raised the dividend for the year 1960 to 15 per cent, from only 11 per cent in 1959. In the chemicals group, Mettur Chemicals were neglected at Rs. 14.60, Mysore Chemicals at Rs. 24, and Mysore Fertilisers at Rs. 11.67. F.A.C.Ts, which had risen from Rs. 10.45 to Rs. 10.62 earlier in the week, retreated to Rs. 10.47 towards the close. Among others, Aluminium Industries softened by 25 nP to Rs. 23.30. Enfields suffered a loss of 20 nP to Rs. 13, although the Company has maintained the dividend for 1960 at 5 per cent, that is, at the same level as in 1959. Ashok Leylands declined from Rs. 9.02 to Rs. 9; the quotation had touched Rs. 9.07 earlier in the week. Western India Plywoods, however, were firm at Rs. 223.50. The Directors of the Company have raised the dividend from 10 per cent in 1959-60 to 12 per cent in 1960-61. The increase in dividend has been possible as a result of the notable rise in profit from Rs. 3.07 lakhs to Rs. 5.76 lakhs.

NEWS IN BRIEF

THE benefit of compulsory contributory provident fund will be extended to leather and leather products industry with effect from 31st August 1961.

The side strip mill of the Rourkela steel plant went into production last week-end. The mill, the first of its kind in India, will turn out 170,000 tons of high quality cold roll sheets annually.

Oil has been struck at a depth of 1,240 metres in well No. 14 in the Umarwada village, near Ankleshwar, Gujarat. This is the eleventh oil-bearing well discovered in this region.

The Geological Survey of India proposes to give cash rewards, ranging between Rs. 100 and Rs. 10,000, to persons who supply information leading to the discovery of any new mineral deposits.

The third generating unit of the left bank Power House of Bhakra Dam, along with the 22 kw. step-up sub-station, was switched on last week by Sardar Gian Singh Rarewala, Punjab Minister for Irrigation and Power.

India will export about 1,000 heads of Purnea draught cattle to East Pakistan. The deal is expected to cost Rs. 5 lakhs to Pakistan. India, in turn, may import about 55 red Sindhi and Sahiwal cattle from Pakistan.

A loan of Rs. 17.5 lakhs has been sanctioned by the Government of India to the Rajasthan Government for financing the Rajasthan canal project during 1961-62. Including this amount, the total of loans advanced by the Centre for the project since 1957-58 comes to Rs. 14.70 crores.

A bill to regulate training of apprentices in industry and another on slum clearance are among the sixteen new official bills which will be presented in the next session of the Lok Sabha beginning on 7th August. The third Plan document will also be placed before the House.

An industrial assistance Centre has been set up at Nagpur by the Government of Maharashtra, to serve mainly as an information centre for entrepreneurs who want to set up new industries or seek Government aid. The Centre also makes available publications of the Industries Department for both sale and reference.

Output of wheat touched an all-time high of 10.65 million tons in 1960-61, an increase of 5.5 per cent, as compared with the revised estimate of 10.09 million tons in 1959-60, according to official final estimate. The yield per acre rose by 8.2 per cent, that is, from 694 to 751 lbs., thereby making good the decline in the area under the crop from 32.54 million acres to 31.75 million acres, or 2.4 per cent.

An Indian delegation is expected to visit Tokyo in the middle of next month for negotiations regarding the utilisation of the $80-million credit Japan has offered for the third Plan. The delegation will discuss with the representatives of the Japanese Government the terms of credit and the projects on which it is to be spent. Meanwhile, a delegation of U.S. Development Loan Fund officials is expected to arrive in New Delhi shortly to discuss details of the U.S. offer of the one-billion dollar credit.

The Government of India and the Polish organisation, Cekop, have signed an agreement, under which the latter will prepare a project report for the construction of a 50,000-ton silo (grain elevator) either in Bombay or in Madras. There are at present two silos with a capacity of 10,000 tons each, one at Hapur (U.P.), and the other at Calcutta. Both these silos were constructed with aid received from the U.S. Technical Co-operation Mission. Silos are modern scientific devices for prolonged storage of foodgrains.

The Customs and Central Excise Advisory Council (Chairman: Mr. B. R. Bhagat, Union Deputy Minister for Finance), set up on an experimental basis in 1959, has been put on a permanent footing. The function of the Council, which consists of both officials and representatives of industry and trade, is to advise the Government on the general problems of procedure relating to clearance of goods and passengers in so far as they concern the customs and central excise laws, tariffs and other rules.

The Oil Prices Enquiry Committee (Chairman: Mr. K. R. Damle, I.C.S.) set up by the Union Government to suggest a suitable basis for fixing prices of petroleum products has submitted its report to the Government of India. The Committee, it is believed, has recommended that the prices of petroleum products should be fixed on the basis of a reasonable discount on the import prices, which, in turn, are to be determined by the "posted prices" in the Middle East. The Committee has not, however, specified any quantum of discount, which will have to be arrived at after consultations between oil companies and the Government. The Committee would appear to have not accepted the Government's view that prices should be fixed on the basis of "cost plus reasonable profit."

The Colliery Voluntary Amalgamation Committee, set up by the Union Government in 1958, has so far approved of thirty-one proposals for amalgamation and adjustment of boundaries of small collieries in West Bengal and Bihar coalfields. Amalgamation is said to have actually taken place in seventeen places. The committee has at present over thirty-five cases under consideration, while it has rejected ninety-three proposals on various grounds. The terms of the compromise include invitation of proposals for voluntary adjustment of boundaries to avoid coal being locked up in barriers and quotation to extraction.

and voluntary amalgamation of collieries which between them have a total minimum production of 6,000 tons per month, provided that, in the course of a year, the output of each amalgamated unit can be stepped up to 10,000 tons per month.

The next session of Parliament will commence on 7th August 1961. One of the several subjects to be discussed during the session relates to the third Five-year Plan. Sixteen official Bills are expected to be introduced. These include a Bill seeking to define the duties and powers of the Comptroller and Auditor-General of India, Indian Railways (Second Amendment) Bill, Sugarcane Cess (Validation) Bill, a bill to regulate the programme of training for apprentices in industry, another to extend the Industries (Development and Regulation) Act to the State of Jammu and Kashmir, Slum Areas (Improvement and Clearance) Amendment Bill 1961, a bill which replaces the existing Atomic Energy Act, 1948, Deposit Insurance Corporation Bill, and a bill seeking to extend the life of the Newspapers (Price and Page) Act 1956 for a further period.

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From Abroad

The Japanese Bank rate has been raised from 6.57 per cent to 6.90 per cent, with effect from the 21st inst.

The U.S. Senate Foreign Relations Committee has approved of President Kennedy's Foreign Aid Bill which seeks to provide long-term development assistance by borrowing from the U.S. Treasury about $7,300 million over a period of five years.

A statement on Britain's future relations with the countries of the European Common Market is expected to be made by the British Prime Minister, Mr. Harold Macmillan, on the 31st inst. This would be followed within a week by a one-day debate in the House.

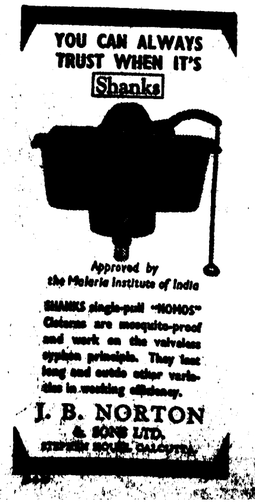
The volume of world's oil tanker fleet had touched 67.7 million dw. tons by the end of June 1961, representing a net increase of only 815,000 tons over the first half of 1961. This is the smallest rise during the last ten years, and compares with a net addition of 1.3 million tons in the first half of 1960.

A leading Japanese steel manufacturing concern is currently negotiating for the import of 50,000 tons of pig iron annually from South Africa over a period of ten years. Recently, South Africa decided to import 8,600 *Datsun* pick-up truck engines and chassis from Japan for local assembly. But it is not known whether the two transactions are in the nature of a barter deal.

The Government of Iraq is considering the possibility of establishing a national oil company. The Government already operates an oilfield in Khanaquin area, which was returned by the British Petroleum some years ago. It may be recalled that the Government set up an Oil Board earlier this year. It is also making arrangements to recruit a small number of technicians from the Italian E.N.I. oil organisation.

The formation of a South-east Asia Common Market, with Australia as a key member, will offset the adverse effects of the British entry into the European Common Market. This view has been expressed in Sydney by a visiting Hong Kong Government trade mission. The members of the proposed common market will be Australia, New Zealand, Hong Kong, Japan, the Philippines, Malaya, Indonesia, Singapore and Thailand.

The United Arab Republic Government has nationalised 348 concerns in Egypt and Syria, including banks, insurance companies, and manufacturing firms. While 98 firms, such as public works, tramways and bus companies have been wholly nationalised, the Government will hold at least 50 per cent of the capital in another group of 91 companies, engaged particularly in consumer goods industries. In respect of several other firms, the Government will take over individual share holdings exceeding £10,000 per person. Compensation will be paid in all cases in the form of Government



PERSONAL

DR. S. Radhakrishnan, Vice-President of the Indian Union, has assumed the duties and responsibilities of the President, with effect from the 25th inst., and will carry out this additional function until Dr. Rajendra Prasad is well enough to resume office.

Mr. M. Ct. Muthiah, Chairman of the Indian Overseas Bank Ltd., left Bombay on a business tour of Europe and the U.S.

Mr. Karnail Singh, Chairman of the Railway Board, who was due to retire this week, has been granted an extension of service for another year.

Dr. Rama Varma has relinquished charge of his post of Secretary to the Tariff Commission to take up his new assignment as the Chairman of the Rubber Board, Kottayam.

Mr. B. K. Nehru, Commissioner-General for Economic Affairs, has been appointed Ambassador of India to the U.S. *vice* Mr. M. C. Chagla, who recently relinquished the post.

Mr. Frank M. Dana, Executive Vice-President of the Bank of America, who is on an inspection tour of the Bank's overseas branches, was on a short visit to Delhi this week.

Mr. S. Bhoothalingam, until recently Secretary in the Department of Steel, Union Ministry of Steel, Mines and Fuel, has assumed charge as the Secretary in the Department of Expenditure, Union Ministry of Finance.

Mr. G. L. Mehta, Chairman of the Industrial Credit and Investment Corporation Ltd., and Mr. N. R. Patel, have been elected President and Chairman, respectively, of the Commerce Graduates' Association, Bombay, for 1961-62.

Mr. Louis Rasminsky, Deputy Governor of the Bank of Canada, has been named Governor of the Bank *vice* Mr. James Coyne, who has resigned, following the Senate's rejection of a Government Bill to dismiss him for alleged "misconduct" in office.

Mr. Shivram Nair, the senior-most Indian executive of Messrs. J. Walter Thompson Company (Private) Ltd., Bombay, has been elected a Director of the Company. Mr. Nair, who joined the Company about twenty-three years ago as an assistant, was the first Indian to be appointed an executive of the Company.

Mr. C. M. Ghorpade, Joint Director of Export Promotion in Bombay, has been appointed Joint Chief Controller of Imports and Exports, Bombay. Mr. N. H. Nagarwala, Deputy Chief Controller of Imports and Exports, succeeds Mr. Ghorpade as Director of Export Promotion.

bonds, yielding 4 per cent interest annually and repayable after fifteen years.

The Government of Ceylon has decided to appoint a three-man Ministerial sub-committee to advise it on the policy to be adopted for the future development of Ceylon's air service. The Air Ceylon, a State-owned Corporation, now operates in partnership with the Dutch airlines, the K.L.M. The latter has requested the Ceylon Government to bear a greater share of the financial responsibilities of the working of international air services. Since 1955, when Air Ceylon entered into collaboration with the K.L.M., it has been making moderate profits, reversing the previous trend of losses when it was operated with the aid of Australian National Airways.

A West German firm, the Industriewerke Company, is undertaking the production of an amphibian car. This vehicle, the "amphicar," resembles an ordinary car with four wheels and four seats. It is powered by a 1,200 c.c.m. four-stroke engine with four cylinders. On the road, its speed is 75 miles per hour. It can be driven straight into any river or lake, switching the engine over to a couple of plastic propellers in the rear. The car is then converted into a boat. In water, its speed is six to seven miles per hour; still, it is a car which can be used as a motor-boat, which no longer depends on bridges.

The U.S. House Ways and Means Committee has tentatively approved of tax credits amounting to $1,100 million, with a view to stimulating investment spending. The proposed scheme seeks to provide industrialists with credits equal to 8 per cent of their spending on income-producing equipment. This is a modified version of the original tax plan of President Kennedy. The original plan was for a tax credit of $1,700 million, envisaging the recovery of a similar amount through a tightening up of expense allowances, withholding tax on unearned income and ending various privileges, including the present $50 *plus* 4 per cent exemption on dividend income.

Six African countries, namely, the United Arab Republic, Morocco, Ghana, Guinea and Mali, along with the Algerian provisional Government, have decided to form a Common Market. A meeting of the economic experts of these countries was held at Conakry last week. A *communique* issued after the meeting pointed out that the six nations would lift trade ceilings and wipe out customs duties among them by stages over five years, beginning next January. Experts also decided to create an African Bank for Economic Development, an African Payment Union and a multilateral clearing agency to facilitate the inter-exchange procedure. They also called for the creation of telephone and telegraph communication between the participating countries by 1963, and establishment of an African Shipping Company, an African Navigation Company, an African Tele-communication, and an

GALBRAITH'S APPROACH TO DEVELOPMENT

ELSEWHERE in this issue are published the two thought-provoking addresses recently delivered by the U.S. Ambassador to India, Prof. John Kenneth Galbraith—one at the University of Madras and the other at the University of Calcutta. The larger part of these addresses is in the nature of an elucidation of the former Harvard Professor's approach, outlined in the April, 1961, issue of *Foreign Affairs*, to economic development and to aid therefor. Briefly stated, his approach is to think of economic development as a continuous process calling for policies suitable to each stage of development; this means that a policy appropriate for advance in one country at a particular stage of development may not be appropriate for another country. In assailing the familiar belief that all underdeveloped countries, measured by their low levels of *per capita* incomes, are more or less alike, Prof. Galbraith has propounded the thesis that these countries are really in different stages of advance and so require different things at different stages for further advance. There can accordingly be no common formula for economic development—a prescription, as it were, which the advanced countries can lay down for the underdeveloped countries as a whole. On the contrary, there is need for recognising that each country has something to offer. This is the essence of a multilateral approach to economic development and aid—an approach that is in fact sought to be fostered by the United Nations and its affiliated agencies. Although there is not much that is fundamentally new in what Prof. Galbraith has said, there is certainly something original in the manner in which he has elucidated the approach. The passages quoted below from his address at the Calcutta University are the most relevant in this context:

"To see the countries of the world, not as divided between the developed and the underdeveloped, but as spaced along a line representing various stages of development is important for obtaining on accurate view of the problem of assistance. For, when development is so regarded, we see that no group of countries is uniquely qualified to extend assistance with another group condemned by position to the role of recipient. Rather each country has something to gain from those that, economically speaking, are ahead. And it has something to offer those that follow. The provision of economic aid is seen, as it should be, as a co-operative endeavour in which all countries can have a share.

"And while there will be differences in what is given and what is received as we pass along the line, I am not sure that the contribution of the less developed countries is necessarily less. For the more developed countries the provision of capital is an obvious form of assistance. But as countries such as India work out their problems of popular education, village development, family planning and land consolidation, this experience will be exceedingly valuable to those that follow along the line. I venture to think that India will be a better teacher here than the United States. You have been much closer to the practical problem.

"But let me stress the principle. To divide the world as between the aiding and the aided is both wrong and psychologically damaging. Development is a task in which many need help and as many have something to offer. This, henceforth, is how we must regard the task."

If that is the task, it is a multilateral one embodying the kind of approach that is typified by the U.N. Expanded Programme of Technical Assistance, albeit on a very small scale. But multilateral aid, on a very large scale, for economic development does not seem to be a feasible proposition in the near future. It is bilateral aid that will be of continuing importance, and so Prof. Galbraith's treatment of the question of borrowing capital, technology and organisation from the more advanced countries is of immediate relevance to India. This country certainly needs long-term aid on concessional terms, but such borrowing should not be thought of as a substitute for earning from exports; it needs the borrowing of advanced technology, but it has to be discriminating in the choice of labour-saving machinery and equipment so as not to add to unemployment; and it certainly needs better organisation in the sense of administrative, educational and welfare services, but it should not uncritically imitate the organisation and services (of the more advanced country) which are usually not the cause of its development but the result. In thus bringing out the rewards and dangers associated with the borrowing of capital, technology and organisation, Prof. Galbraith has given some very balanced and wholesome advice to this country. It is bound to be appreciated as such in some quarters, although it may come in for criticism in some others.

The powers-that-be in this country would, however, do well to learn from experience, that is, from their mistakes and take seriously to heart some of the lessons drawn by Prof. Galbraith. Since India, according to him, is reaching the stage, when the problem of increasing the size of the capital plant will be no more important than to increase the efficiency of its use, the public sector projects (steel plants, for instance) should, by their efficiency and earnings, seek to provide the wherewithal to reproduce themselves. This is true to industries in the private sector also, on the efficient performance of which depends the future of India's export trade. Fuller utilisation of capacity can make for low-cost production, but such optimum utilisation, in its turn, would call for the early removal of critical or crucial shortages of coal, oil, power, transport facilities, industrial raw materials and spares and technical manpower—shortages for which the private sector has not been primarily responsible. If anything, most of these shortages, as in the case of coal, oil, power and transport, have flowed from the Government's failure to give greater encouragement and allot a bigger role to the private sector in the relevant fields. Prof. Galbraith's advice that industries should use their capital assets more efficiently and build up the internal resources for expansion implies adoption of more congenial official policies.

INDIA'S ECONOMIC GROWTH

Despite the implementation of two Five-year Plans, the rate of economic growth in India has been lower than in most of the underdeveloped countries and economically advanced nations. The average annual percentage rate of growth over the past decade has been of the order of 3, as against 11 in Israel, 9 in Iraq, 6 in Brazil, Philippines and Burma, 5 in some South African countries, 4 in Thailand, Indonesia, etc., 9 in Japan, 7.5 in West Germany and 5.7 in Italy, according to the *U.N. World Economic Survey 1960*. The slow growth must be attributed largely to the pursuit of economic policies based on ideological considerations. In view of such slow growth, it is somewhat doubtful whether the planners' target of doubling the national income and *per capita* income in 20-25 years will be fulfilled. Mr. Shanti Prasad Jain, President of the Indian Chamber of Commerce, Calcutta, did well, therefore, to emphasise, in his speech at a meeting of the Chamber last week, that it was necessary carefully to assess whether, through the policies pursued, plan of investments and regulation of economic activity, the co-ordinate development of all the available resources "is finding fulfilment to achieve the anticipated rate of economic growth." He pointed to the prospects of better agricultural crops, abundant reserves of foodgrains obtained under P.L. 480, assurance of foreign aid by friendly countries and availability of vast human resources and said: "If, in such favourable circumstances, we cannot push up our economic activities to a level necessary to utilise the large human recources and millions of people remain without work as well as opportunity for work, it can only be assumed that there is something wrong somewhere."

The problem of external resources figured prominently in the speech of Mr. Jain. He was certainly voicing the opinion of the private sector as a whole when he declared that the available foreign exchange resources should be distributed appropriately in various fields so as to derive the maximum rate of development. To quote him: "Along with the essential services which are the responsibility of the Government, it should be possible for the private sector also to get its requirements (of foreign exchange) on the same basis." Evidently, he has been prompted by the continued uncertainty regarding the basis on which scarce foreign exchange resources will be allocated between the public and private sectors. The issue is of vital significance to the industrialists who have launched upon ambitious projects of development and expansion.

In this connection, Mr. Jain was at some pains to refute the frequent allegation regarding concentration of economic power. He did not, of course, enter into any discussion about the validity of such a thesis and its effects on people's prosperity. But he did stress that the fact, as studied, denied the existence of any economic concentration or any adverse efforts thereof. During the last several years, he said, many new entrepreneurs had entered industry and many young industrialists had been able to build up big-size industries. He was one with the policy of supporting the development of a large number of entrepreneurs. Since there is immense scope for such entrepreneurs, no unnecessary restrictions should be placed by the authorities in the way of development of big enterprises, which possess the distinct advantages of entrepreneurship, better managership, better experience and skill. Undue concentration of vast economic power in the hands of a few individuals and/or firms is no doubt undesirable, but what is even more undesirable is retarding the pace of economic growth in the name of this social goal.

CHEMICAL INDUSTRY

The chemical industry has made rapid strides during the last decade, not only by expanding output and diversifying production lines, but also by improving the quality of its products to some extent. The index of production of chemicals and chemical products touched a new high of 255.6 in 1960 (Base: 1951=100), as compared with 227.5 in 1959 and only 117.9 in 1952. The progress of the industry has been particularly striking in respect of such chemicals as sulphuric acid, caustic soda, soda ash, liquid chlorine and bleaching powder. And, in the years immediately ahead, this progress is expected to be even more rapid. The output of sulphuric acid, for instance, may well touch the level of 400,000 tons in 1961, as against only 109,000 tons a decade back. During the third Plan, it will be stepped up further, the production target being 1.5 million tons. Several other chemicals will also expand sizably during the current Plan period, the production targets being 150,000 tons for liquid chlorine, 15,000 tons for bleaching powder, 8,000 tons for hydrogen peroxide, 120,000 tons for alum and aluminium sulphate, 105,000 tons for ammonium chloride and 6,000 tons for copper sulphate. The total effective capacity for nitrogenous fertilisers has now reached 250,000 tons N per year, with the establishment of the ammonium phosphate sulphate plant of the F.A.C.T., Alwaye, and the commencement of production of nitro-chalk by the Nangal Fertilisers. By the end of the third Plan, the capacity for nitrogenous fertilisers is proposed to be stepped up to one million tons of N per year.

While the trends in production and prospects for expansion of chemical industry are satisfactory, it is high time that the industry was made self-reliant in respect of its major raw materials. Mr. Manubhai Shah, Union Minister for Industry, particularly stressed, while inaugurating the first meeting of the Development Council for Inorganic Chemical Industries at New Delhi last week-end, the need for reducing dependence on imported raw materials. The alkali (soda ash and caustic soda) industry is, of course, fortunate in this respect, in that its chief raw materials, salt and also limestone and coke, are available in adequate quantities from domestic sources. But, as Mr. Shah pointed out, there are several other chemicals the raw materials for which are being imported. The sulphuric acid, to take an instance, had been dependent on imported sulphur, the expenditure on which amounts to Rs. 3 crores annually. Referring to the measures taken to develop indigenous sources of sulphur, Mr. Shah stated that the Pyrites and Chemicals Development Corporation, set up recently, would undertake large-scale mining of pyrites in Amjor (in Bihar), where the reserves were estimated at 80 million tons. The Corporation, he disclosed, had been carrying out investigations, in collaboration with a Norwegian firm, for the establishment of a smelter at Amjor, with a capacity of 400 tons per day, for the recovery of sulphur. The Corporation was also planning to set up sulphuric acid units, with a daily capacity of 400-500 tons each, at places near fertiliser factories at Durgapur and elsewhere.

Apart from raw materials, another problem facing the industry is the difficulties in the way of getting plant and equipments on account of import restrictions. Mr. Shah observed, in this connection, that chemical manufacturers themselves should come forward individually and jointly to take up fabrication of plant and equipments required by them. While this is a good suggestion, it is doubtful if the chemical units, except a few large-scale ones, will be able to raise the necessary resources in terms of capital and technical know-how for undertaking the task of designing and fabricating plants. But, if they make a co-operative effort, there may be good prospects for such a scheme. But the difficulty here, too, is that there is no agency at present to pool their resources and implement the scheme. Perhaps, the Development Council can take the initiative.

Another important aspect to which Mr. Shah drew particular attention was exports. He wanted the new Council to draw up an export promotion programme designed to ensure foreign exchange earnings of at least Rs. 1 crore in the first year of its activity. In this connection, he suggested, for the Council's consideration, measures such as formation of export corporations and levy of voluntary cess. No doubt, there is surplus capacity in several chemicals, such as bichromates, hydrogen peroxide, aluminium chloride, bleaching powder and chlorine, which have a good demand in some of the neighbouring countries. But some of the Indian chemicals are not competitive in respect of prices in overseas markets. The reason for this is to be found mainly in the higher cost of raw materials and also excise duties borne by the domestic chemical industry.

COAL TRANSPORT CRISIS

The inadequate railway capacity for coal haulage has been held *primarily* responsible for the shortage of coal supplies in several parts of the country in recent months. This is still true, for, while the daily loading is of the order of 4,700 coal wagons, the demand is for 5,500 wagons. Again, out of the 1,900 coal wagons (lately stepped up to 2,100) that move daily beyond Mughalsarai, only 1,100 go to consumers in U.P., Delhi and Punjab, where the coal scarcity is most acutely felt. But it is also true that the railways are not *wholly* responsible for this state of affairs, for mining in the public sector collieries has been stepped up in a manner not foreseen or deemed advisable by the railways. By rapidly increasing the output of the easily workable Bengal-Bihar coalfields in the closing months of the second Plan, despite a warning from the railways, and by neglecting the development of Korba and other Central Indian collieries, the National Coal Development Corporation has only added to the transport difficulties. If the present pithead stocks of more than 5 million tons are unusual for this time of the year—the normal pithead accumulation of upto 2.5 million tons takes place only in the November-May period when there is a rush of other traffic—the N.C.D.C. must be held *partly* responsible for the transport crisis in the Bihar-Bengal area. If only the N.C.D.C. had carried on its activities in collaboration with the railway authorities, instead of concentrating its attention on the attainment of production target, the problem of excessive pithead stocks would have been of a relatively smaller magnitude.

The transport bottleneck, it is stated, is now causing a serious coal shortage in the industrial areas of Calcutta itself. The Coal Controller's new policy of re-allocation of wagons for industrial coal is forcing the Calcutta industries to meet the shortage by road transport. At the moment, about 50 per cent of the industrial coal—amounting to about 130,000 tons—is being transported by road to Calcutta from the coalfields. Although, according to the rule framed by the Coal Controller, only industries within a radius of 25 miles from the coalfields are to take their coal by road transport, even industries within 100 miles of the coalfields are now actually being forced to depend on road haulage. But the cost of such road transport works out to Rs. 28 per ton, as compared with Rs. 10 per ton in the case of rail transport of coal to Calcutta, Rs. 23 in the case of haulage by coastal shipping or by rail to Bombay and Rs. 23 or 24 in the case of rail transport to the Punjab. Apart from the higher cost of road transport, the Calcutta industrial area is also handicapped by the bad condition of the G.T. Road and the inadequate capacity of its feeder-roads from the collieries.

By all accounts, the coal transport situation is critical in the Bihar-Bengal area. But there is no immediate prospect of increased wagon availability, as the railways are in arrears to the tune of 15,000 wagons and the current year's production programme for the manufacture of 20,000 wagons is being seriously affected by the power-shortage in West Bengal—a shortage which has slowed down production in many other industries in the Calcutta area. If the crisis in coal transport can be ultimately overcome only by adequate wagon-building, the power bottleneck should be removed first, so that the engineering industries in the Calcutta area can step up their production.

EXPORT CREDIT

How far could liberalisation of export credit terms help increase exports? Although it is true that better credit terms offered to overseas buyers will enable a country to strengthen its competitive position, it cannot be said that these will automatically boost exports. Recent British experience proves this. In spite of the substantial liberalisation of the terms offered by the British Export Credit Guarantee Department to British exporters, the business of the Department did not show any marked increase. Thus, during the second quarter of the current year, the face value of the short-term policies outstanding with the Department increased, but from £760 million to £777 million only, while the volume of medium-term business transacted and outstanding declined sharply. Two interpretation can be given to this: either, that the facilities previously offered by the E.C.G.D. were not so inadequate as was complained about by British exporters or that export demand is not so responsive to changes in credit terms.

It is obvious that attractive credit facilities are only one of the factors that determine the competitive capacity of a country. It is not for want of export credit terms nor of competitive prices, according to Mr. Maudling, President of the Board of Trade, that British exports are not making any headway. British prices, according to him, are not out of line with those of its competitors generally. The performance of British exporters in the U.S. amply proves that Britain can stand up to competition from other countries. It is on account of some of the seemingly less important, but really decisive, factors that Britain's exports suffer, says Mr. Maudling. The industry's failure to keep delivery date caused by strikes particularly in the transport industry has a very harmful effect on exports. In fact, according to him, it is impossible to exaggerate the lasting harm that could be done to British export programme by these constant hold-ups in delivery.

Lack of adequate sales effort is said to be another factor adversely affecting Britain's exports. Mr. Maudling concedes that the best British businessmen are able to sell as effectively as any others in the world, but he feels that more consistent sales effort and follow up, better after-sales service and more deliberate study of the needs of the customer are essential if Britain is to maximise its export effort.

Mr. Maudling's diagnosis of the malady affecting Britain's export trade has a lesson for India too which is in the process of building up its exports. It is that prompt delivery, vigorous sales efforts and after-sales service are as important, if not more, for promoting export trade as quality of products, competitive prices and adequate credit facility.

U.N. TECHNICAL ASSISTANCE

The U.N. Technical Assistance Board, operating the Expanded Programme of Technical Assistance (E.P.T.A.), has become a unique agency for multilateral co-operation, particularly benefiting the underdeveloped countries. Taking part in the E.P.T.A. programme are nine specialised agencies, covering the entire gamut of economic, social and scientific activity. These agencies are the U.N. Technical Assistance (U.N.T.A.), I.L.O., F.A.O., U.N.E.S.CO., International Civil Aviation Organisation (I.C.A.O.), W.H.O., International Telecommunication Union (I.T.U.), World Meteorological Organisation (W.M.O.) and International Atomic Energy Agency (I.A.E.A.). The growing popularity of the E.P.T.A. is evident from the increasing trend of contributions by member-countries towards financing its projects. According to the annual report of the Technical Assistance Board for 1960, pledged contributions for the E.P.T.A. in the year reached a new peak at $34.17 million, in marked contrast to the previous year, when they were lower by $1.65 million at $29.66 million, as compared with 1958. What is more, the contributions already pledged for 1961 show a further expansion to $41.38 million, or an increase of 21 per cent over 1960. Assistance under the E.P.T.A. was provided directly to 103 countries and territories. Another twenty-three participated in the Programme by sending fellows to regional training projects. Expert assignments aggregate 2,208; the experts were drawn from fifty-seven countries, well over half of these being themselves recipients of technical assistance under the E.P.T.A. In all, 2,107 fellowships were awarded to nationals of 113 countries and territories, who were placed in eighty-two countries and territories to carry out their study programmes. These measures of technical assistance have been a virtual boon to the developing countries, where the critical shortage of technical manpower is holding up the tempo of development.

It is, however, a little disappointing to note that, in the aggregate, expenditure on the various projects under the Expanded Programme showed a further decline in 1960, as in the previous year. The total project costs, which had touched a record level of $29.93 million in 1958, fell to $28.67 million in 1959 and further to $27.9 million in 1960. The decline in 1960, the Report points out, was due partly to difficulties in currency utilisation and partly also to a rather substantial difference between the year-end carry-over of funds (on account of equipment and supplies ordered, but not delivered) of 1959 and 1960. The report claims that, if these factors were taken into account, the total cost of the programme would be slightly larger than in the previous year. The year 1960 was, however, not without its highlights. As pointed out by Mr. David Owen, Executive Chairman of the T.A.B., at the recent session of the U.N. Economic and Social Council at Geneva, the Programme in 1960 showed its adaptability to respond flexibly and swiftly to new situations, including new political developments as in Africa, or emergency situations like the one arising from an extensive earthquake in Chile last summer.

Thanks to the emphasis laid by the Programme on imparting technical assistance to developing countries, several nations in Africa, Asia, and Latin America received substantial technical facilities under the E.P.T.A. India, of course, continued to be the major beneficiary of the Programme in 1960 also. The total cost of projects in India under the E.P.T.A. stood at $2.15 million. This, however, compares unfavourably with $2.49 million in 1959 and the record level of $2.73 million in 1958. The decline was accounted for by smaller outlays on Indian projects of the I.L.O., U.N.E.S.CO., I.C.A.O. and I.T.U. At the same time, there was some increase in the project cost of other agencies in India, such as U.N.T.A., F.A.O., W.H.O. and I.A.T.A. The expenditure under the E.P.T.A. excludes regular technical assistance granted to India by the various U.N. agencies, as part of their general operation, the value of which aggregated $815,000 in 1960, as against $733,000 in 1959. Besides, India received the services of 145 experts under the Expanded Programme (as against 150 in 1959) and 61 under the regular programme (54 in 1959).

The Expanded Programme is based on the principle of give and take. Accordingly, India has played an important role in expanding the resources of the E.P.T.A., for it has been the leading contributor among the countries of Asia and the Far East. Its contribution to the Expanded Programme was raised from $525,000 in 1959 to $750,000 in 1960. The number of Indian experts working under the Expanded Programme was 99 (as against 112 in 1959) and under regular programmes 42 (40 in 1959).

The outlook for international technical assistance, according to the report, has never been as promising as it is today. The number and volume of requests for such help, particularly from developing nations, continue to grow. Governments, we are told, are increasingly aware of the need to clarify their requests and to establish central co-ordinating machinery to decide priorities on an orderly basis. Meanwhile, the network of T.A.B. overseas representatives, now greatly extended and strengthened, is in a position to play an increasingly effective role in local technical assistance and co-ordination with other programmes. Procedures are being improved and simplified, and the possibility of flexible and speedy action further extended. The main problems still outstanding are recruitment and currency management, which are receiving greater attention of the T.A.B., although much remains to be done with regard to both. The T.A.B. review has confidently concluded that there will be no difficulty about putting to very good use the additional $8 million a year which would bring the annual resources of the E.P.T.A. to the unofficial target level of $50 million. The year-to-year variations in project outlays are relatively insignificant, when viewed against the total assistance rendered during period of the sixties as a whole.

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ON THE ARENA

By "Archer"

Coal Supply To South India

THERE is acute shortage of coal in the southern region which is causing great anxiety to all industries established there. The Madras Government is reported to have represented to the centre that the talk of industrialisation in the south will be unreal so long as the region is not ensured of a regular supply of this basic commodity *at an economic price*. The main bottleneck is in the shortage of wagons in which there has been no improvement, despite the assurance of the Commerce and Industry Ministry that the Railways, the Ministry of Steel, Mines and Fuel, and the Coal Controller have promised to render all assistance in this regard. The four Southern States of Madras, Kerala, Andhra and Mysore have all been badly hit, and are reported to be contemplating a vigorous joint representation at the ensuing meeting of the Southern Zonal Council.

In August last year, the Madras Government had suggested that a uniform price should be fixed for coal throughout India, smoothing out the disparities that resulted from freight charges. The Government of India appears to have replied that it was neither feasible nor desirable to introduce a pool system of freight rate for coal for the main reason that, apart from other objections (?), it would violently upset the economics of the industries which had already developed in the areas nearer the coal fields. Before arriving at this decision, the Government of India is reported to have considered the "views of commercial interests, actual bulk consumers of coal, the various State Governments and *other factors involved*." I have no doubt that all these views emanated from the region near to the coal fields; the consultations were, therefore, superfluous, as the views were bound to be against pooling. Government, however, feel that, *in the long run*, the difficulties will be reduced through the development of outlying coal fields, the development of Neyveli Lignite and the development of scientific methods of using low grade coal. They seem to have forgotten to mention another soother, the erection of an Atomic Power Station!

In my column dated 4th March last, I referred to the question of uniform price for coal which had been opposed by the President of the Associated Chambers of Commerce in Calcutta as being an "artificial corrective." He expressed the view that "where the investor had the foresight to plan his production in the most suitable area, he should be allowed to continue to enjoy the benefits of his foresight and initiative." I then stated that the stand taken by him cut across all ideas of zonal distribution of heavy industries, that it was based on the theory of perpetuation of vested interests, that exclusive privileges should not be claimed in regard to basic commodities like cement, steel and coal, and that nature's bounties should be shared and shared alike. I repeat now that, in the context of the imperative need for "emotional integration" in the country, a separatist tendency in regard to coal is unsustainable when it has been given up in regard to cement and steel. It will be futile to establish heavy industries south of the Vindhyas if all of them have to depend for supply of coal only from Singareni which is not of high grade. Integrated industrial development of the country with a fair measure of zonal distribution has been considered necessary to satisfy not merely the economic needs of the different areas, but also for the emotional satisfaction of the people living in them. If a sense of belonging to the whole country is to be developed, there is no better way of doing so than by resorting to artificial correctives for the removal of imbalances in the supply of essential commodities. Instead of referring to the distant prospect of improvement through development of 'outlying coalfields' or scientific methods of using lowgrade coal, it would have been more sensible to refer to a possible increase in competitive coastal shipping and resultant reduction in freight charges. In any case, the need for rationalising the transport of coal is of urgent importance to remove the emotional distress generated in the minds of industrialists in the southern region to which the respective State Governments cannot afford to be impervious for long. The talk of "emotional integration" is utterly meaningless, if acquisitive instincts override all sense of fair distribution, and preclude all possibility of even marginal sacrifice being made, and if distant tracts which are ill-endowed with nature's bounties are forced to put up not merely with uneven supplies of basic materials but also with heavily loaded transport charges.

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Playing With Words

Mr. Lyndon Johnson, the Vice-President of the U.S., is reported to have introduced President Ayub Khan to the Texas Legislature as "the strong voice in the chorus of human freedom." As an outstanding example of equivocation, these words of praise are hard to beat. It is an elementary axiom in political philosophy that democracy is the opposite of dictatorship, and that the most satisfactory form of ensuring freedom is through democracy. Obviously, therefore, there is some subtle quibbling when the dictator of Pakistan was equated with the strong voice in the chorus of human freedom. May be, the emphasis was on the word 'chorus,' if we recall that President Ayub Khan was singing lustily against communism while he was touring the U.S., and warning its leaders off and on that, if he was not admired and feted and liberally assisted for his 'strong voice,' his country might move into the communist fold. And the 'magnificent obsession' of the United States Administration against the communist bloc could be the only reason for such very obvious equivocations on issues so dear to the hearts of its citizens as is brought out by the public pronouncements in praise of the Pakistan Dictator.

The subject of arms aid by the U.S. to Pakistan has resulted in frayed nerves and bad tempers everywhere, and Ambassador Galbraith had to answer a series of questions on the subject during his Press Conference in Madras. His stock answer was that the aid was given to Pakistan solely for the purpose of defending itself from external aggression and the understanding was that it will not be misused. The difficulty, however, is that no one in India is sure that Pakistan is completely free from sinister designs, and almost everyone is annoyed that the U.S. has agreed to give 'extended aid' to that country by way of arms. Efforts were made by the Ambassador to explain away this phrase as meaning only a continuance, not increase, of aid, but the general feeling is that it is a very loose expression which can lend itself to quibbling and play with words.

All things considered, the extension of arms aid to Pakistan is not an act of mature wisdom or diplomacy. Firearms have a nasty habit of going off in wrong directions and at wrong times. The military personnel in Pakistan to whom the arms will be distributed will not have copies of the joint *communique* issued by the Presidents of the U.S. and Pakistan in their pockets for reference every time they feel the urge to use them. And the urge is endemic in a country whose leaders have been sabre rattling for ever so long, in season and out of season.

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The S.T.C. Sugar Deal

To those of us who have bought textiles in Moolji Jaitha Market or Mangaldas Market in Bombay, the manner in which Pakistan jilted the S.T.C. over the sugar deal at the last moment, ostensibly on flimsy procedural grounds, but obviously for a five shilling per ton cheaper price, will not appear strange. If individuals can do what they do in the textile shops, why should not States copy them, especially if they are itching to defy? I have seen retail deals in the above mentioned markets exactly similar to Pakistan's sugar purchase from the Cuban "floating market." Clever buyers do not usually go single to these markets in Bombay; they go with a couple of scouts and distribute themselves in two or three shops. While the principal is bargaining for the purchase of a particular variety and reaches a figure, the scouts go to the neighbouring shops and bargain for a lower figure, and when the rock bottom is eventually reached, word is passed to the principal to drop further negotiation and move to the cheaper place. That is the way that bargaining is pushed to the utmost, and unless the first shopkeeper is prepared to depress his price to the lowest, the deal is off. I presume that Pakistan's sugar deal with the S.T.C. was cancelled under similar circumstances.

One feels sorry for the S.T.C., though, it should not have tried to do big business with a jealous neighbour who has been consistently grudging us our surplus production of sugar, although we know how inconvenient it is to us at present. Secondly, the S.T.C. should have known better to delay the finalisation of the arrangement by even those fateful ten days which it took to draft the trade agreement. Thirdly, it should have steam-rolled the transaction before the Pakistanis had time to have second thoughts on the subject. However, we have learnt a lesson. We should now know what precautions to take when dealing with Pakistan in trade. The latest we hear is that Pakistan will sell us 30,000 tons of cement at "more or less on par with current cement rates in India." (I have a hunch that it is more likely to be more than par.) If the S.T.C. is putting through the deal, it should know how to tie up all the loose ends. Once bitten, they should be twice shy!

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February 1962

Just because Capricorn in the zodiac is represented as a horned goat or monster, should we get frightened about the summit meeting there of eight planets between 3rd and 5th February? The full meet consisting of Sun, Moon, Mars, Mercury, Jupiter, Venus, Saturn and Dragon Head (Rahu) will be for just over 48 hours; one of them will then leave Capricorn, and the other seven will stay on for fourteen days, that is, till 19th February. Astrologers seem to think that our earth will suffer great calamities, but astrologers have always been forecasters of evil and have taken morbid pleasure in predicting calamities almost every year. The last time the world should have come to an end (according to a group of Italian mystics) was at 1.45 P.M. (G.M.T.) on 14th July 1960. Nothing occurred, not even a minor tidal wave. The kill-joys who now predict great evil in February 1962 will, I hope, suffer similar disappointment. Indeed, they should, for it cannot be that eight planets would undertake a sojourn to Capricorn only to turn malefic, all of them, and plot evil against our world; in trying to destroy us, they might destroy themselves. The meet seems to be very much on the Geneva pattern, with a plenary session to start with, one person leaving immediately after it, and the rest having discussions and, perhaps, working parties to settle the various issues and arrived at agreed solutions. For, according to data available, it is several thousands of years ago that an assembly of similar strength took place in Capricorn, and there is no information available to establish that evil came out of it. An important subject on the agenda might be to discuss our attempts to reach the Moon and Mars. Soviet Russia and the United States should sit up and do something about this; they should at least issue a joint declaration that their endeavours are entirely pacifist. The rest of us are so helpless that no purpose will be served by getting jittery over these recurring forecasts of 'Doomsday'.

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The Interim Dividend will be payable at the registered office of the Bank at New Delhi on or after 11th September 1961.

By Order of the General Board of Directors,
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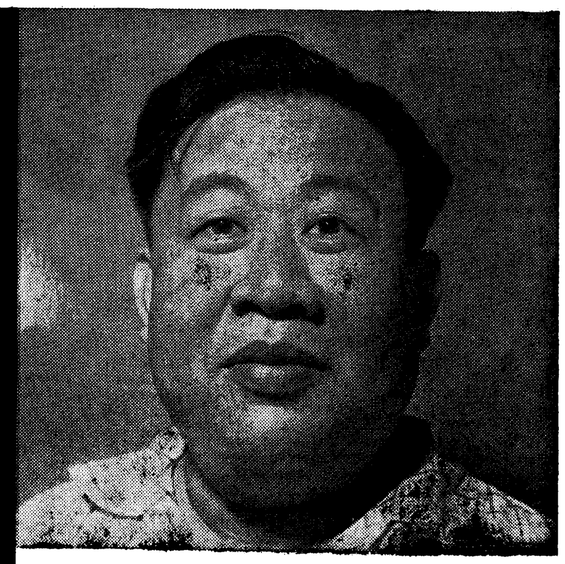

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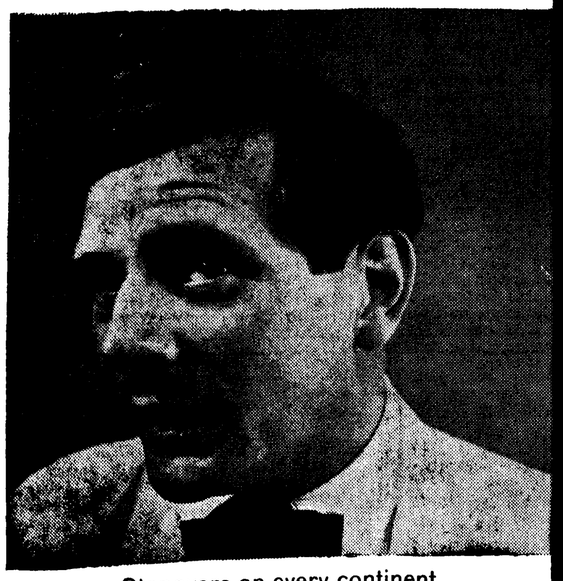

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NO CONCENTRATED THINKING ON ECONOMIC ISSUES AHEAD

From Our Special Correspondent

NEW DELHI, *26th July*

DELHI LETTER

AFTER the brief interlude of excitement over Britain's entry into the Common Market, New Delhi has returned to its now normal state of apparent unconcern about economic affairs—except for the continuous essay-writing on developmental problems in which the Planning Commission excels. The Commission's throes of composition are almost over and the coming session of Parliament will debate the third Plan; but neither the final version nor the debate on it will make any difference to the problems that keep piling up, as a result of insufficient attention, if not inaction. Because of the timely help of the I.M.F., the fall in the reserves did not lead to a crisis and enough untied aid for maintenance requirements will soon be forthcoming to tide over payments difficulties for the rest of the year. But, beyond this measure of safeguarding India's credit abroad, there is very little evidence of concentrated thinking on the economic issues ahead.

Data on the current state of the Indian economy are very hard to secure even after a decade of planning; unconfirmed figures for April showed a decline in industrial production and there have been no great changes since then to encourage expectations of an improvement in the situation. For the second time, there has been a block closure of jute mills and a third closure is still a possibility. There is a shortage of cement all over the country and wagon-building for the railways has suffered a serious setback mainly because of a shortage of steel and delay in ordering supplies from abroad. No estimates are yet available of the effects of the power crisis in Calcutta on production but they may be considerable. Above all there is the continuing uncertainty regarding the future of coal supplies to Indian industry in both the sectors; the position is already acute in some areas and, unless fresh and vigorous attempts are made to find a solution, a setback to production in 1961 may become inevitable.

It is clear that a deep-rooted malady is affecting the Railway administration. The promise of 2,100 wagons a day for coal loading above Moghulsarai has not materialised this month and there are no indications that it will in the near future. Some time ago, the Railway authorities had made much of the idea that, if only coal consumers agreed to co-operate with them in moving coal during the slack season, the transport problem could become manageable. But pithead stocks have been accumulating—recent estimates place them at nearly 5 million tons—and the rainy season is hardly the proper time for speeding up movement of goods traffic.

Coal Movement

The arrangements for moving larger quantities of coal by sea from Calcutta to the port towns in the South have not proceeded according to plan, because the number of ships has proved insufficient. While shipping companies have complaint of uneconomic freight rates, consumers served by this method of transport have protested against the unduly high prices they have to pay, amounting in some cases to as much as Rs. 40 per ton. It is obvious that, in spite of all the talk about regional balance in industrialisation, the southern and western areas of the country have to pay a heavy price for their basic raw material, namely, coal. Even if the demand from these areas for a pooled price for coal is not acceptable for the reason that it would place a heavy burden on transport and deprive some of the advantages of location near coal sites, some element of subsidy will have to be accepted by the Government and provided for in order to reduce the differential in prices caused by larger movements of coal by sea in the coming years. Here again policy has not yet crystallised.

Mr. Jagjivan Ram's recent speech at Dhanbad underlines the extreme seriousness of the transport situation and the complete helplessness of the Railways. Though there was a shortage of about 8,000 wagons in the target fixed for the second Plan (that is, about 8 per cent), it need not have affected the carrying capacity of the railways to the extent it has actually done. The Minister was clutching at all available excuses (like the Jabalpur riots) for non-fulfilment, but the confession of inability stood out conspicuously in the address to the representatives of the coal industry. Transport by road within a radius of about 200 miles as suggested in some quarters may be another method of relieving the strain on the Railways which will have to be tried out soon. The new coupon system which has taken effect replaces the permits which were formerly necessary for despatching coal by road; it is a concession to necessity and one should hope that such alternative measures will not be taken piecemeal manner. The Railways were responsible for throwing the question of road transport and road-rail co-ordination into a state of confusion and the Neogy Committee further confounded it. Events have rebutted the Railways' case more eloquently than the Committee's report.

Only Silver Lining

Among the numerous troubles facing the Rourkela Steel unit is the prospective shortage of coal to the extent of about 500 tons a day or nearly one-sixth of its daily requirements; there is also the problem of the low quality of coal which Rourkela will share along with other undertakings requiring superior grades. The precarious coal supplies to the South is bound to revive complaints of neglect of the development of this region, however legitimate may be the reasons of the Government of India for not doing more to relieve the shortage. The only silver lining to this dark picture is the satisfactory progress of the lignite project, according to members of the Planning Commission who visited it recently.

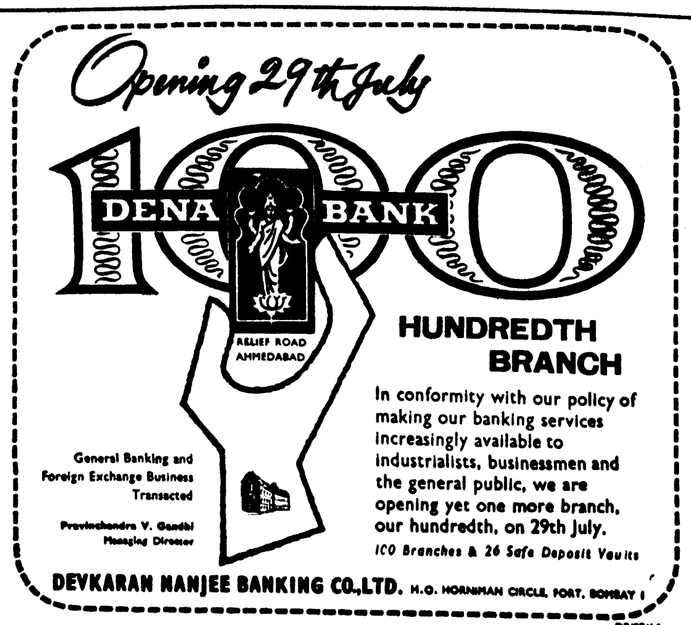
Although this time it is not production but movement which is causing anxiety and has hampered the economy, it is necessary that the coal production programme also should be reviewed with a view to avoiding some of the more serious bottlenecks now caused in distribution. If most of the new fields to be opened up by the public sector for its additional output of 20 million tons are to be located in the Bengal-Bihar area, the difficulties of the remote areas of the country will steadily get worse. The Railway Board has been far-sighted enough to urge that, unless some new fields are opened up in Central India, the pressure on rail traffic will become worse. For the public sector, however, the problem is one of finding high grade coal for metallurgical purposes for steel industries and it is doubtful whether it will worry about anything else so long as its capacity to implement a still larger programme is limited and the resources for investment, especially of foreign exchange, will be hard to find.

The capital investment for an additional production of 20 million tons in the public sector is estimated at Rs. 103 crores (as against Rs. 60 crores for the private sector for an additional output of 17 million tons, about half of it in foreign exchange). Except for the expansion of the Singareni collieries, the bulk of the additional output of the public sector will have to be found by opening new mines in virgin areas and new projects are hardly ready for commencement of work on them. The period of gestation will be long, thus introducing further uncertainty. Whether the coal target will be revised downwards later on or whether any portion of it will be re-allotted to the private sector cannot be predicted, but a belated re-allotment is unlikely to serve the main purpose of achieving the output target.

Price Level

This ambiguous state of coal production and transport is the leading example of the lack of a sense of urgency about repairing the weaker sectors of the economy and maintaining production. The only hopeful feature at the present time is the prospect of larger jute and cotton crops in the coming season which will be sufficient to meet the needs of industry. This is also an encouraging factor in regard to the problem of holding the price level, on which again there has been a total absence of policy, though a separate sub-committee of the National Development Council is supposed to be seized of the question. Nothing tangible has come out of its deliberations and State Governments continue to plead before the Centre that it must do something about prices, which is understandable before the elections. The index of wholesale prices at the end of June was 3.3 per cent above that of a year ago and 1.4 per cent above that of May. The food group, which has been showing a decline in prices in recent months under the influence of a larger cereal output, has again shown a spurt. It may be another month or two before industrial raw materials show a decline reflecting the improved fibre position, but even then it is doubtful whether manufactures (which are 5 per cent costlier, as compared with the position a year ago) will respond to bring the price level down.

The mid-year indicators of economic activity do not show the buoyancy which was marked at this time of the year in 1960. One exception is the high level of Central Revenue collections, which have shown an increase of Rs. 17 crores for the first two months of the current financial year over the corresponding period last year. It is difficult to compare the volume of bank advances at this time with the levels last year when drastic restrictions were in force; but the comparative easiness in money market conditions perhaps reinforces the conclusion that there has been some levelling off of business activity in some sectors. And considering the enlarged scope for investment in the private sector in the third Plan, new private investment has not expanded at a sufficiently fast rate. In New Delhi, these larger issues are now quite subsidiary to the perpetual problem of deciding the location of new projects amidst competing claims from States; this is an all-absorbing occupation.



CONTROLLING PUBLIC EXPENDITURE

REPORT OF PLOWDEN COMMITTEE

From Our Own Correspondent

LONDON, *22nd July*

LONDON LETTER

ALTHOUGH the City is as jittery as ever this week with the threat of what the Chancellor's worst can be next Tuesday (the 25th inst.), the only comment one can make at this moment is on the growing tendency to ask what the crisis is all about, anyway. The question is prompted by the latest trade returns which show that the balance of payments is improving, taking the half-year as a whole. Over this period, the adverse balance of trade account (f.o.b. values) is about £13 million a month, which should be well within the capacity of being covered by invisible income. The higher level of production attained in April has been sustained in May; the pound is tending to improve; and, since the Chancellor will not be able to engineer a wage freeze, it becomes increasingly likely that whatever he decides to do will seem unnecessary! But the true lesson of the present crisis is surely that, when a Chancellor feels unpleasant action should be taken, he should take it, instead of talking about it for a fortnight beforehand.

In the midst of the general uncertainty, the Chancellor has had published the report of a Government Committee set up two years ago—the Plowden Committee—to report on the control of Government expenditure. The Treasury have always regarded the increasing and reducing of the rate of public expenditure as one of their most effective means of influencing the economy. The Chancellor must surely feel tempted, if he wishes to combat inflation, to cut Government expenditure. Yet here is this Report telling him bluntly that "short-term economy campaigns and 'stop-and-go' are damaging to the real effectiveness of control of public expenditure."

The Report has three main themes: surveying expenditure as a whole over a period of years in relation to prospective resources; the need for greater attention to be given to the systematic improvement of management throughout the public service; and the opportunity for constructive Parliamentary control. The Committee regard these three themes as the fundamentals for the conduct of all kinds of public expenditure and their Report is worthy of reading by all administrations other than those which already have planned economies.

It emphasises that public expenditure should not be the plaything of financial policy. Its range is so great over the whole field of the national economy that it ought to be planned in relation to the prospective resources of the country over a period of years. First, it should be possible to plan what the country can afford to spend in the public sector; and, secondly, the orders of priority. May be that, in such planning, it would be concluded that the public sector should spend more and then financial policy would be directed over a period of years to a relative restriction of private spending against public.

The point is well made that the problem of the control of public expenditure is common to all Governments, regardless of party. The essence of the matter is that public spending should conform broadly to the same principles as private spending in the interests of economy. The chopping and changing in Government expenditure policy are found to be frustrating to efficiency and economy in the running of public services. The Report says: "It impairs cost consciousness and financial discipline at all levels. It is difficult to engender these in any large organisation, and they are of fundamental importance."

The Report, therefore, recommends (1) that regular surveys should be made on public expenditure as a whole over a period of years ahead; it does not recommend that publicity should be given to the general plan since certain assumptions about national resources have to be taken and the Committee doubt whether any Government would be prepared to explain all their assumptions; (2) that there should be the greatest practical stability on decisions taken, so that long-term economy and efficiency have the best possible opportunity to develop; (3) that improvements should be made in the technique for handling public expenditure problems principally inside the machinery of the Treasury; and, finally, (4) that there should be more effective machinery for the taking of collective decisions and the bearing of collective responsibility by Ministers on matters of public expenditure.

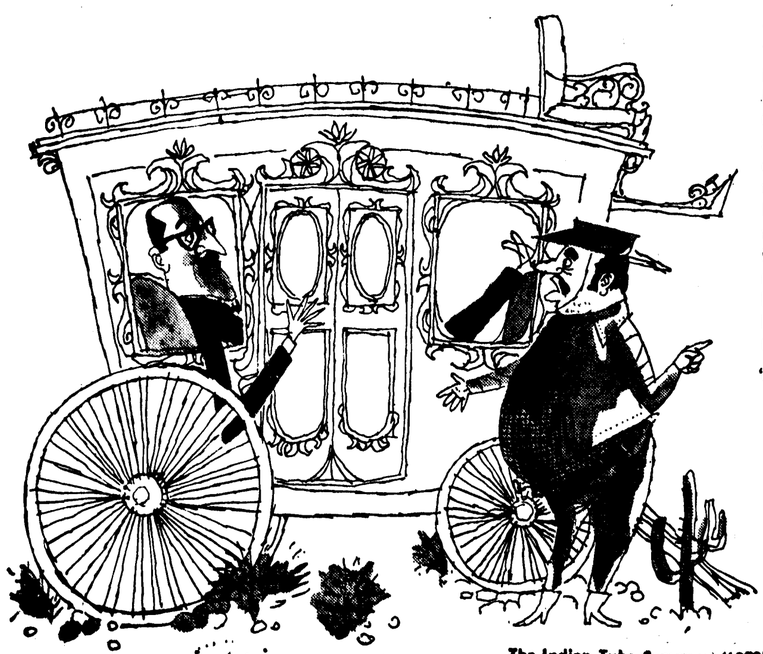
All this means that the Treasury and the Chancellor or Finance Minister must work in matters of public expenditure more with their colleagues as a team and that, once a broad programme within the country's estimated capacity is laid down, the keeper of the purse should not abuse his functions by interfering with the operations which will have been set in motion. In other words, there must be more planning of public spending and the balance should not be interfered with by Chancellors happy to wield such an easy weapon.—*All Rights Reserved.*

A survey into the effects of electricity on farming carried out in the West Country of England shows that, with electrically operated equipment, farmers save not only money, but 500 man-hours a year. The survey, believed to be the first of its kind in the U.K., was conducted by the Bristol University's department of agricultural economics in collaboration with the South-Western Electricity Board. It was carried out on four farms, and a direct comparison was made of running costs and labour needs before and after electrification. The other findings are that privately-generated electricity is more costly than power from the mains and that a farmer who changes from a petrol engine to an electric motor for milking reduces running costs by upto £50 a year. Savings were also found in the electrification of water-heating and steam-raising, water-pumping, milling, mixing and crop drying.

The need for taking further steps to expand trade between the U.K. and Soviet Russia has been stressed in a joint *communique* issued at London, following discussions between Mr. R. Maudling, President of the Board of Trade, and Mr. Patolichev, Soviet Minister for Trade. It has been agreed that the negotiations for an Anglo-Soviet Treaty of Commerce and Navigation should be resumed in London before the end of 1961 or early next year.

The U.K. will grant a loan of £3.6 million to Yugoslavia, under an agreement signed at London last week. This loan is the U.K.'s contribution to the financial aid being granted to Yugoslavia jointly by the I.M.F., the U.S. and a number of West European countries. The loan is to be repaid between June 1964 and December 1968.

TRAVEL TALK IN TUBELESS TIMES



'A tube, a tube, my kingdom for a tube', quoted Time-Master Tubophile getting his Shakespeare all mixed up.

'Listen', said the coachman. 'You ain't got a kingdom to give and we ain't got a 'tube' to travel in...so now we walk, see!'

'Zounds, Sir', thundered Time-Master Tubophile, still Shakespearean, 'you don't have to remind me that this is a tubeless land in tubeless times. Full well do I, Chairman, Tube Time Inc., know it. Not a car, train or plane for conveyance...not even a bicycle to take the ache out of travelling. Nothing to take you from here to there save a horse...and that too run away. Such is tubeless travelling. Comforting, though, to think, there is my tubular time machine to take me back to my own well-tubed time. And back I'll go after I have seen more of these tubeless times.'

'Coachman! forward—Ho!'

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RANDOM THOUGHTS ON BANKING

ROLE OF BANK RATE AS TRAFFIC REGULATOR

By "Kuber"

FOR the last few days, the bankers have been freely mentioning the rumour that the Reserve Bank is likely to change the Bank rate in the not distant future. But to my great surprise they do not seem to be too much bothered about it. As every one knows, there is no Bank rate as such in India; instead, there are bank rates, or what is called the three-tier bank rate, by which the banks can borrow only a certain nominal amount at 4 per cent, a little more at 5 per cent, and the balance at 6 per cent per annum. In the recent past, most of their borrowings have been, at 6 per cent. The official Bank rate, according to the Reserve Bank at any rate, if not according to bankers, is still deemed to be at 4 per cent. The bankers are not quite clear which of these rates is going to be changed. Whether the Bank rate actually does change is, however, immaterial; what I am concerned with in this column is why and how people are so indifferent about it.

Now, why this apathy at a change in the Bank rate? Any one who has ever worked in the city of London will at once recollect what a great excitement there usually is when the notice is put up in the Bank of England, announcing the change. Hundreds of "runners" or bank clerks and others are seen rushing around, tearing away to reach their offices with this important news. Huge headlines are splashed in all the daily papers and countless articles are written by experts showing how different classes of people will be affected thereby. The reason is obvious; the Bank rate is regarded there as the most important instrument of Central banking policy and it does therefore produce very important and far-reaching changes in the London money market. If the Bank rate goes up by about 1 per cent, the various rates of interest of the joint-stock banks also move up correspondingly, though there is nothing obligatory about it. The banks pay higher rates for their time deposits and they also charge higher rates on their loans and advances. As the joint-stock banks are about the most important source of supply of credit, the lending rates of semi-banking and financial institutions also usually follow suit. The industrialists and businessmen have, therefore, to pay higher rates all over the country, reducing their margin of profit. What is, however, equally important is that the rate at which Government borrows money also moves up. Usually, even before the Bank rate is raised, the Treasury Bill rate firms up either in anticipation or because it, more or less, gives an indication of the tightness of the money market. Once the Bank rate goes up, the value of all Government loans are immediately marked down, unless they had been marked down earlier in anticipation of such a change. Naturally, banks and investors are very vitally affected by it, as the values of their securities come down by 5 to 10 per cent, if not more. Such changes, of course, are less pronounced if people think that the rise in the Bank rate is only temporary; on the other hand, if they anticipate that the rise in the Bank rate will persist for a considerable time, owing to the stringency in the money market, the various rates of interest may change even more violently. Anticipation thus also plays a very important part in the movement of various rates.

I remember a very interesting incident which will illustrate the way things happen in England. Once while looking around for "digs" in London, I settled, though not in writing, with a landlady for a couple of rooms at £2-0-0 a week. The next day when I shifted, the landlady would not allow me to occupy the rooms, unless I agreed to pay her £2-10-0 per week, notwithstanding her earlier oral agreement at a lower rate, the reason being that, in the meantime, the Bank rate had gone up from 5 to 6 per cent. When I argued with her as to how she was affected thereby, she at once replied, more or less, repeating the headlines of the papers, usually read by the landladies in the *Daily Mail*, in some such terms:

"You see the Old Lady (as the Bank of England is usually called) has embarked on a dear money policy which will mean that there are difficult times ahead; and the 'Old Lady' knows her job and her policy, therefore, tells us how the wind is blowing." Of course, I got the better of her in the end, being myself a student of monetary theory, by making her agree that, if she had increased her charges by £0-10-0 because of the rise of one per cent in the Bank rate, she would have also to reduce her charges correspondingly if the Bank rate went down. I very well knew that the rise was a temporary affair and the Bank rate would ultimately come down to about 4 per cent, if not less, in 2 or 3 months' time. The Bank rate did come down to 4 per cent in a few months and I paid my landlady 30 shillings only for the next two years. What is important to note is, however, how the whole money market and the people react to the changes in the Bank rate, because "the Old Lady knows her job and the changes in the Bank rate indicate which way the wind is blowing." In short, the Bank rate acts either as a beacon light or also sometimes as a danger signal to the business world, in general, and the money market, in particular.

Nothing like that happens in India and even bankers, let alone the man in the street, view such changes indifferently, if not philosophically. The rates on time deposits with the banks do not necessarily change, unless the Reserve Bank issues directions to that effect which it does even when it does not change the Bank rate. The businessmen continue to get advances at the old rate and, even when the Bank rate is increased officially, they somehow get over it and succeed in borrowing at the old rate. The Treasury Bill rates also very rarely change either preceding the change in the Bank rate or immediately after it. In fact, the Treasury Bill rates hardly ever change at all: the Reserve Bank statistics show that, during the last several years, the Treasury Bill rates have been pegged by the Reserve Bank at around 2.75 per cent, although, during all these years, the country's economy has seen so much of stress and strain. The Reserve Bank's statistics also show that Government security prices have also similarly not varied very much in the last several years. To put it differently, the Government of India has been borrowing during the last few years, covered by the first Plan and the second Plan, at practically the same rates even though, in the meantime, the business people have had to borrow lately at nearly twice the rate that they were paying before.

What is the reason for things happening this way in India? Has the Reserve Bank found some secret or hidden methods of monetary management unknown to other Central banking institutions? In my opinion, that is not so and the answer is simple. Everything about the Government finance appears to be outside the purview of the central banking institution in this country. Or, to put it in a phrase popularised by Prof. Galbraith, everything about the Government finance, in general, and other financial operations of the Reserve Bank, in particular, appear to be "contrived." The Government securities prices are kept up, although nobody appears to want them, because the banks, in general, and the L.I.C., the State Bank and the Provident Funds, in particular, are made to buy them. The rates at which the banks obtain their deposits, or lend to trade and industry are also, to a large extent, "contrived" rates. Hence, the three-tier Bank rate. The official Bank rate, generally speaking, is continued at the present level of 4 per cent in the interest of maintaining the Government securities at the present level; to some extent, the banks are able to borrow against the official Bank rate and also at 5 per cent., mostly against Government securities. The real Bank rate for the banks is 6 per cent; that is the rate at which the banks are able to borrow for their seasonal requirements. This, however, is an old story which every banker knows to his cost. What is generally not sufficiently appreciated, however, is that the Reserve Bank has never made use of the Bank rate for the purpose for which it was forged by central banking evolution during the last 100 years, that is, as the main regulator of the money market.

Let us see what the Reserve Bank of India has to say about it. The Bank does admit that the Bank rate is regarded as a warning signal to the banking system, in particular, and to other financial institutions, in general, regarding the state of the economy and the direction of official thinking, so that the financial institutions might suitably modify their lending policies. But it argues that things in this country are a little different from most of the free countries in the world, since the major part of capital investments under the Five-year Plans is undertaken in the public sector. While it is no doubt true that an upward adjustment in the Bank rate would, sooner or later, raise the cost of Government borrowing, it does not necessarily follow, says the Reserve Bank, that the increased cost of funds for the Government would tend to reduce public investments, for the simple reason that this is governed primarily by the larger planning strategy implicit in the acceptance of certain objectives relating to growth. The capital investments in the private sector, too, is not very much influenced directly by the change in the Bank rate, though probably the effect is more pronounced here than in the case of public sector investments. The usefulness of the Bank rate under Indian conditions, it is further argued, is, perhaps, of greater significance in its impact on inventory accumulation as a not inconsiderable amount of bank credit is utilised for that purpose.

From these premises, the Reserve Bank has, therefore, arrived at the following conclusions:

> "In these circumstances, our attitude has been neither to discard the Bank rate instrument nor to use it as frequently as some of the developed countries of the West have done in recent years. In the 26 years since the Bank was set up, there have been only two changes in the Bank rate, one in November 1951 from 3 to 3½ per cent and the other in May 1957 from 3½ to 4 per cent."

There are many fallacies in the aforesaid line of argument, but to mention only two of them. In the first place, let us take the last reason given by the Reserve Bank. It is amazing that, as its own statistics will show, that, while the prices of raw materials and intermediate products have been rising at the rate of about 13 per cent a year, the Bank rate is maintained at 4 per cent. Naturally, the businessmen's heavy demand for loans and advances can be easily understood, for, by borrowing at or around the Bank rate, they make a clear 8 to 9 per cent profit by keeping up the "inventory accumulation". In fact, under such conditions, the real rate of interest obviously becomes negative. Secondly, it is not only in India that large investments are made by the public sector; the same thing obtains all over the world, including Britain and yet the Bank of England has been embarking on a policy of frequent changes in the Bank rate as and when required.

I do not agree with the Reserve Bank's view that, in Indian conditions, the Bank rate can not perform the same functions as it does elsewhere. Let the Reserve Bank increase its present Bank rate to 5 per cent for all, and let it also not intervene in the demand for Government securities. It can then find out for itself whether its views are correct. The securities will go toppling down to a more realistic level and the Bank rate will have the same importance as in other countries as the main regulator of the money market.

Let us see what are the views of the Governor of the Bank of England on this subject. "If we are to keep the economy running with a high level of activity, employment and development and, at the same time, to keep the pound stable at home (and these are surely the things we all do want)," he said not long ago, "then credit policy or any other economic regulator must be used sometimes in one direction and sometimes in the other. If the alternative is either to go too slow all the time or to go hell for leather and not mind what is at the other end of the road, I prefer a bit of traffic regulation."

In India, if there is any traffic regulation at all, it is in one direction only and, that is, in the direction of keeping the Government securities stable. Everything else is forgotten. The value of the rupee, even according to the present Governor of the Reserve Bank, has been depreciating by about 6 per cent per annum, in the last five years. The banks are finding it difficult either to get enough deposits or to find sufficient money to lend. No one seems to know how the credit requirements of the third Plan are going to be met. Perhaps, a further increase in deficit financing will be necessary to make up for the poor growth of bank deposits, as was implied by the Governor of the Reserve Bank in his speech at Ahmedabad last week. The object of the monetary policy in India is thus nothing else but to take care of the hangovers of the fiscal policy of the Governments. The monetary policy in India does not have to bother itself with the traffic regulation at all, nor with what is at the other end of the road.

U.S. AND FOREIGN AID

President Kennedy's projected five-year $26,000 million foreign aid programme is designed to accomplish three major ends: to help build a "decent world order," to save freedom-loving nations from communism's "limitless imperialistic ambitions," and to protect the security of the free world. This is how the letter to each of the 100 members of the Senate and to the 437 members of

(Continued on page 234)

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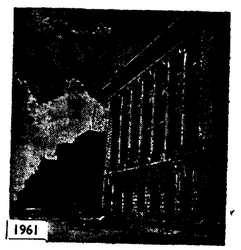

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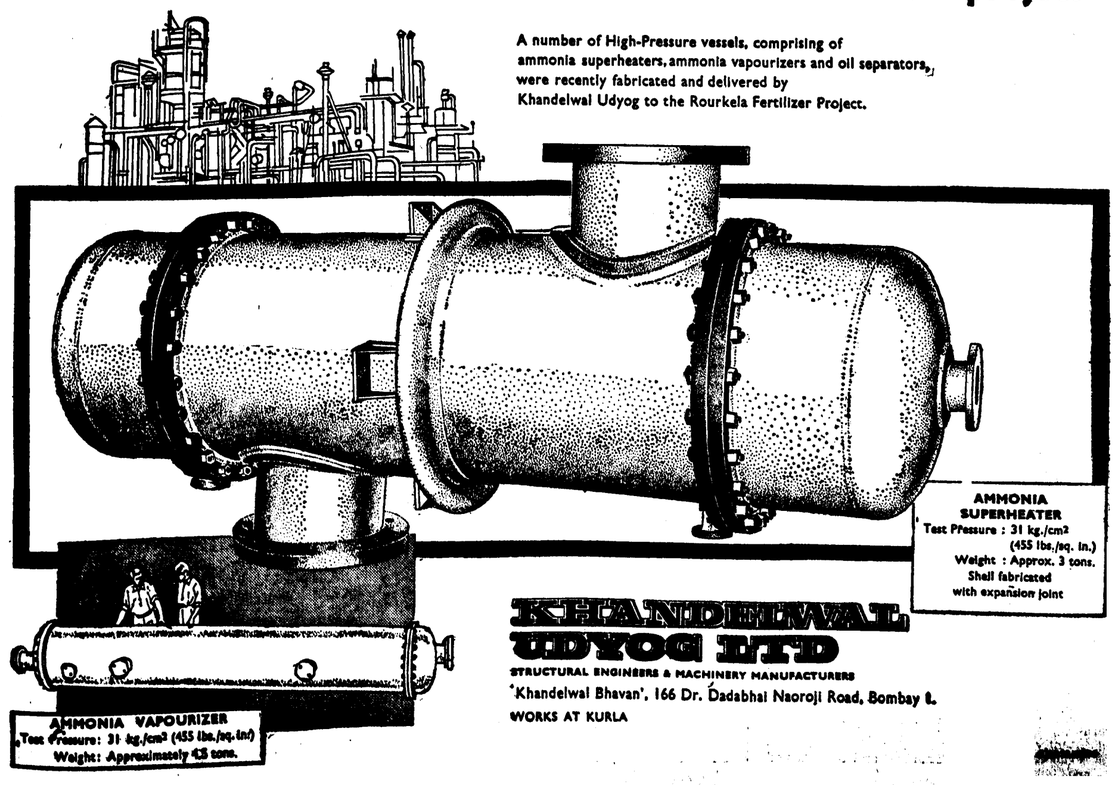
for the Nitric Acid Plant at the ROURKELA fertilizer project



A number of High-Pressure vessels, comprising of ammonia superheaters, ammonia vapourizers and oil separators, were recently fabricated and delivered by Khandelwal Udyog to the Rourkela Fertilizer Project.

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WORKS AT KURLA

COTTON TEXTILE EXPORTS FROM INDIA

DATA FOR 1960 ANALYSED

AN analysis of India's export trade in cotton textiles, against the background of world trends in recent years, was made in these columns last week. The analysis clearly brought out the point that competition in world markets is tending to become so acute that, unless effective steps are taken to improve the competitive capacity of Indian textiles, it will be difficult for this country to maintain, let alone expand, its existing share in world trade in cotton manufactures. In view of the importance of this issue to our economy, it is proposed to study in detail the performance on the textile export front during the year 1960, in particular, for which full figures are now available.

Shipments of cotton piecegoods suffered a distinct setback during 1960, the actual extent of the fall as compared with the previous year being as much as 128 million yards or nearly 15 per cent, with total exports at no more than 722 million yards. The decline was accounted for chiefly by mill cloth the exports of which declined from 815 million yards in 1959 to 695 million yards in 1960. Handloom cloth exports receded from 35 million yards to 27 million yards. One of the principal reasons for this low offtake of Indian textiles, according to the Cotton Textile Export Promotion Council, "has been the low level of international prices as compared with prices of Indian textiles, this in turn being mainly due to the shortage of raw cotton and fuel experienced by the industry, as also the extremely high profit margins in the local market." In effect this means that, unless India produces enough cotton and cotton textiles to take care of the needs of domestic market, it will not be possible for it to maintain its exports of cotton textiles. This further implies that self-sufficiency in cloth at home should be sought more in terms of mill-made cloth than in those of handloom or powerloom cloth.

Competition from Japan

The performance of Indian textile exports fared in the most important markets in recent years, as compared with Japan and the U.K., is indicated in the statement at the bottom of the page. It will be seen from this table that Indian textiles are losing ground in quite a number of its traditional markets, especially Sudan, British East Africa, Ethiopia, Aden, Burma and Malaya (Singapore). Japan is steadily stealing a march over India in markets such as British West Africa, Australia, Malaya (Singapore), Sudan and Indonesia. The primary factor which has enabled Japan to expand its textile exports further in the face of severe international competition is said to be regional diversification and uniform distribution of markets for piecegoods. The position of Japan *vis-a-vis* India is explained in the Supplement to *Texprocil Bulletin*, published by the Cotton Textile Export Promotion Council, thus: "In the case of both India and Japan, the Asian markets constitute 40 per cent of the major consumers of their respective textiles. Of the remaining markets, Indian cotton piecegoods are routed in a large measure to the African markets, while Japanese cotton piecegoods are routed more or less uniformly to the African, European and American markets. Among the Oceanic markets, both Australia and New Zealand appear as major consumers of Indian as well as Japanese cotton piecegoods."

The decline in the offtake of Indian cotton piecegoods was the steepest in respect of the African markets, from 298.20 million yards in 1959 to 182.96 million yards in 1960. This was due to the severe competition from Japan which sold 214.33 million yards, as against 142.18 million yards. Besides Japanese competition, uncertain political situation, cut in imports of certain quantities manufactured locally and shift in consumer preference from traditional greys to processed goods were also responsible for the reduction in exports from India to the African zone. The Asian markets also took less of Indian cloth in 1960 than in 1959—171.11 million yards, as against 211.64 million yards. The conditions obtaining in these markets lately are described in the aforesaid publication as under:

"The requirements of Burma have been steadily shifting in the direction of processed fabrics, especially of the printed variety in 36" width, in which India still finds herself priced out. The general uncompetitiveness of Indian textiles, especially during the latter half of the year, and the entry of suppliers like China into the Burmese market were other factors which contributed towards the low offtake. Other markets which took significantly less of Indian cotton piecegoods during the year were Aden, Thailand and Malaya and Singapore. In both Aden and Malaya (and Singapore), India has been holding her own in the supply of grey cotton piecegoods in the face of severe competition from China, Hongkong and Japan; however, the shift in consumer preference in the direction of processed cotton fabrics and the tendency for rayons to replace cottons have both been instrumental in a poor showing by India in these markets. Japan has been the major supplier of cotton textiles to Thailand. The position was largely retrieved by substantially improved offtakes in respect of Ceylon and to a lesser extent by Afghanistan. Offtake of Indian cotton piecegoods by Iraq, Indonesia, Persian Gulf ports and Saudi Arabia declined slightly. The high level of prices of Indian textiles, especially in respect of the bleached varieties popular in Indonesia, acted as a damper. This situation was fully exploited by Japan. The general overstocking of the Iraq market and the uncertainty of the import policy of the Government created dull conditions in the market, especially during the latter part of the year. Earlier during the year, Chinese and Czechoslovakian textiles accounted for a fair share of the market."

Path of Least Resistance

An important point that emerges from the aforesaid quotation is that the time has come for Indian cotton mills to concentrate on exports of processed goods rather than on greys and simple bleached pieces. For obvious reason, the value of foreign exchange earned by exports of processed and neatly finished piecegoods will be greater than through exports of bleached and unbleached varieties. *Commerce* has stressed this point on many occasions in the past and it is a sad commentary on the managements of cotton textile mills in this country that they still follow the path of least resistance, allowing prospects of immediate gains to cloud their distant vision.

The decline in cotton piecegoods from India to the African and Asian zones was made up to some extent by improved exports to the European zone, from a total of 181.40 million yards in 1959 to 218.04 million yards in 1960. Exports to all the major markets in the zone registered an improvement, the most impressive rise being in respect of the U.K., to the extent of 32 million yards. Shipments to the American and Oceanic zones were maintained almost at the previous year's levels, namely, 58.17 million yards and 64.55 million yards, respectively. Cloth exports to the U.S., it is said, would have been better but for the fact that prices of textiles in that market were ruling "extremely low," especially in the last quarter of 1960. India has been able to maintain its share in the Australian market, notwithstanding the growing stiff competition from Japan since this country was accorded most-favoured-nation treatment. It is significant to note that, in spite of Britain being granted preferential treatment in Australia, its share has dwindled from 64 million square yards in 1958 to 44 million square yards in 1960. The credit for this performance goes mainly to the Bombay Dyeing and Manufacturing Company Ltd., under the enlightened leadership of Mr. Neville N. Wadia. If India could have a few more mills of this type, its share in world trade in cotton textiles would be significantly higher.

The overseas offtake of most varieties of Indian cloth suffered a decline during 1960, with the exception of yarn-dyed drill, dyed coating, bleached sheetings, printed longcloth, and bleached and printed *saris* and *dhotis*. Nearly 60 per cent of the total exports consisted of grey cloth routed to all the zones but principally the European and African markets. Bleached piecegoods accounted for 17 per cent of the total exports, the principal customers being Asian, African and Oceanic markets. The percentage share of other varieties is 4 for printed cloth (Asian and African markets), 11 for dyed cloth (Asian, African and Oceanic markets) and 5 for yarn-dyed piecegoods (all zones). The table below indicates the trend of exports of the varieties classified according to processing sorts during 1960 as compared with 1959 and 1958:

(In million yards)

	1960	1959	1958
Drill	50.94	57.38	43.68
Shirting	41.89	58.77	41.85
Longcloth	45.89	53.52	51.91
Chintz	4.28	4.96	3.32
Coating	9.91	12.43	10.98
Domestics	29.12	37.07	34.30
Voiles and muslins	47.80	69.80	88.28
Sheeting	358.28	307.51	210.21
Saris, dhotis, etc.	7.59	6.15	3.86
Others	195.90	202.68	134.20
Canvas	0.92	0.68	0.69
Mixed fabrics	2.36	3.85	5.09
Grand Total	694.83	814.60	587.22

The list of major consumers (arranged in order of offtake) of various varieties during 1960 is given below:

(In million yards)

Grey drill	U.K. (14.05); Br. E. Africa (6.87); Ethiopia (3.44).
Piece-dyed drill	Afghanistan (4.95).
Grey shirting	U.K. (10.14).
Bleached shirting	Burma (10.08); Malaya and Singapore (8.45).
Bleached longcloth	Malaya and Singapore (7.20); Indonesia (6.03); Aden (4.49); Br. W. Africa (3.87).
Grey domestics	Br. W. Africa (3.95).
Yarn-dyed domestics	Australia (3.48).
Bleached voiles and muls.	Afghanistan (5.52); Sudan (4.76).
Piece-dyed voiles and muls.	Arabia (4.86).
Printed voiles and muls	Arabia (5.49).
Grey sheeting	U.K. (116.06); Sudan (89.74); Br. E. Africa (19.77); U.S.A. (16.31); Aden (9.86); Australia (6.81); Canada (5.51); Br. W. Africa (5.41); Arabia (3.71); Ethiopia (3.52); Netherlands (3.44).
Bleached sheeting	Australia (3.96).

Despite the marked fall of 128 million yards in the quantity of cotton piecegoods exported during 1960, the foreign exchange earned from them was lower by only just Rs. 2 lakhs at Rs. 54.70 crores, that for 1959 being Rs. 54.72 crores. This phenomenon was due to the notable increase in the average value per yard of cloth exported, from 67 nP to 79 nP. The foreign exchange earned from exports of cotton manufactures other than cloth was, however, appreciably lower at Rs. 9.90 crores, as against Rs. 11.16 crores, so that the total earnings from "cotton textiles" as a whole during 1960 amounted to Rs. 64.61 crores, as against Rs. 65.83 crores.

The actual exports of "other" cotton manufactures in terms of value (Rs. lakhs) during 1960 are: *Yarn etc.*: yarn 370.4; hard waste 51.9; sewing thread 36.6; twine thread 36.0; rope and twine 2.8—total 497.7; *Apparel*: shirts 3.0; outer garments (women and girls) 0.8; uniforms and accoutrements 2.0—total 5.8; *Bed pillow, table covers, etc.*: handkerchiefs 3.5; laces and lace fabrics 1.8; bed covers 29.7; bedsheets 18.8; bedspreads 33.7; counterpanes 23.8; pillow cases 1.3; pillow slips 3.2; table cloth 2.2; table covers 1.2—total 113.9; *Floor coverings*: blankets 0.7; cotton waste blankets 62.7; carpets, carpeting and mats 76.0; linoleum 9.6—total 85.6; *hosiery*: knitted piecegoods 4.0; knitted outerwear 12.3; stocking and hose 2.1; knitted U and N wears 3.2—total 21.6; *Towels and napkins*: mosquito netting 15.5; towels in the piece 168.5; napkins 0.6—total 169.1; *Miscellaneous*: belting 1.1; braids and trimmings 1.1; duster cloth and glass cloth 0.3; imitation leather cloth 4.2; lamp wicks 0.6; cotton linters 0.7; cotton socks 4.5—total 12.5. Grand total: 990.4. India also exported by way of post parcel last year Rs. 18.94 lakhs worth of mixed hosiery goods (Rs. 31.29 lakhs in 1958); the bulk of which, to the extent of Rs. 12.34 lakhs, was accounted for by cardigans, jerseys and pullovers.

Exports of Cotton Piecegoods

(In million yards)

Destination	India			Japan			United Kingdom		
	1960	1959	1958	1960	1959	1958	1960	1959	1958
Aden	28.09	36.14	34.67	9.68	6.77	5.68	1.68	1.77	1.88
Afghanistan	22.09	20.72	16.79	0.85	1.49	3.91	..	..	..
Saudi Arabia	13.56	14.90	12.43	12.55	11.74	9.96	..	..	..
Burma	22.46	27.63	4.50	57.17	58.09	9.54	0.45	1.07	0.06
Ceylon	17.16	11.98	16.47	48.46	51.59	73.94	2.70	5.98	1.06
Hong Kong	1.96	3.66	1.34	113.80	124.06	111.10	4.09	4.78	3.73
Indo-China	0.64	1.88	5.54	58.78	51.87	51.87	1.34	1.78	1.18
Indonesia	9.86	10.11	13.96	70.57	41.91	46.58	..	..	..
Iran	2.80	3.26	5.76	19.63	33.90	84.99	1.07	0.04	0.04
Malaya and Singapore	31.84	37.61	24.88	70.09	57.12	62.79	1.50	2.09	2.80
Philippines	..	0.40	..	38.93	44.86	71.31	4.17	4.14	4.45
Thailand	3.60	9.26	4.58	104.53	118.41	96.91	..	..	..
British East Africa	46.44	64.77	68.95	22.49	15.14	7.24	5.06	7.23	8.99
British West Africa	28.18	23.36	31.55	122.83	64.56	54.74	72.74	87.56	85.05
Ethiopia	15.19	23.47	23.98	32.87	17.25	17.06	..	..	..
Sudan	62.80	149.02	84.73	5.54	0.01	18.85	2.00	1.77	1.86
United Kingdom	196.48	166.54	101.02	57.40	44.86	38.58	..	..	..
Canada	19.58	18.68	16.70	25.06	25.07	19.00	0.89	0.46	0.97
U.S.A.	33.04	31.94	0.67	57.40	57.48	97.99	0.21	0.68	0.67
Australia	46.66	49.06	47.17	146.56	120.39	107.66	22.27	22.96	24.39
New Zealand	12.54	11.86	11.78	19.82	14.61	10.77	6.61	6.98	6.20
Other countries	71.66	111.97	86.80	635.97	564.61	553.66	142.97	152.76	150.51
Grand Total	694.83	814.60	587.22	1,433.80	1,297.65	1,260.82	227.69	307.46	294.00

RE-EQUIPMENT GRANTS FOR TEXTILE FINISHERS

DETAILS OF SCHEME ANNOUNCED

From Our Special Correspondent

MANCHESTER, *18th July*

CONFLICTING views reported from Hong Kong may well confuse still further those members of the public who are following the course of the protracted and complicated negotiations over the import situation. Opposition, as was to be expected, has come from the trade associations representing spinners and weavers and the British plea for a continuation of the existing scheme, with modifications, for another eleven months to the end of 1962 was at first rejected.

MANCHESTER LETTER

Almost before the ink was dry on the letter notifying the Hong Kong Government of this decision, the Colony's Chamber of Commerce took issue with the textile industrialists, urging them to be realistic in their approach to the problem. "Any refusal to negotiate is likely to damage the textile industry and the Colony," the official statement declared. At the same time, the Hong Kong Chamber of Commerce is equally concerned about the British Government's attitude towards textile imports into the United Kingdom from countries outside the Commonwealth. This, indeed, is a crucial point in any future negotiations and one on which the Board of Trade has been singularly silent.

Control by Statute?

Whatever the rights or wrongs of Hong Kong's attitude, exporters there have an apparently legitimate excuse for feeling aggrieved at the continuation of ceilings on their shipments, while those from certain European countries continue to grow to massive proportions. That these Continental imports have to surmount duties which the Commonwealth arrivals avoid is only one factor in the complex pattern of international trade. It is now being openly suggested, however, that statutory import controls may be introduced on purchases from Hong Kong, if the millowners in the Colony persist in their rejection of the latest terms. Such a decision would violate some strongly held beliefs in British Government circles, but the threat of deadlock needs to be overcome as soon as possible, if the present stagnation in the market is to be relieved.

Whether representatives of Hong Kong would be directly involved in the Geneva talks now in progress was at one time in doubt, but the presence of the Financial Secretary means that the case of the Colony will be presented. As a result of discussions before the conference, however, the millowners were left in no doubt that the prospect of imposed quotas was looming large unless they were prepared to adopt a less belligerent attitude.

The position of Hong Kong as a world supplier of textile fabrics is, nevertheless, a key point in the international discussions. Lancashire's anxiety to keep some restraint on arrivals from Eastern Commonwealth countries is self-evident and, in addition, the United States is keen to ensure that the entry of goods into American ports from such sources is kept within reasonable bounds.

Almost inevitably, the disclosure that the British Government is willing to negotiate fresh terms on which the Hong Kong pact can be extended has brought a response from the other two countries concerned in these voluntary undertakings to limit cotton textile shipments to Britain. India and Pakistan have taken the opportunity to submit their case for supplementary quotas beyond the already established limits imposed on their export trade to this country.

Grants for Finishers

Firms in the cotton textile finishing industry have now received details of the procedure to be adopted in applying for re-equipment grants. These follow a similar pattern to those already laid down in the producing branches. The subsidy is on the same basis, offering firms which re-equip 25 per cent of the cost from their own funds. [illegible] can be secured involve considered schemes for re-equipping or modernising a production unit; to justify their claim applicants will be favourably situated if evidence can be given that a substantial increase in productive efficiency will result from the expenditure.

Applications must be submitted not later than 8th July next year, relating to expenditure incurred or to be incurred not earlier than 24th April 1959, and not later than 8th July 1963. This covers the purchase and installation of new machinery or equipment or the modernisation of machinery or equipment in use in the business before 24th April 1959, the day on which the overall reorganisation plan for the cotton industry was launched.

A Year to Reflect

The installation of the re-equipment or modernisation contemplated must be completed not later than 8th July 1964, giving the finishers twelve months longer than the producers in which to finalise their reorganisation projects. The extension is fair enough, in view of the delay in launching their scheme and will enable the processors to adapt their re-equipment in line with the measures taken by the spinning and weaving sections to modernise their plant. The minimum eligible expenditure to qualify for the subsidy is £2,500. Under the terms of the 1959 Cotton Industry Act, no machinery or equipment on which the grant has been paid may be sold within ten years without the consent of the Board of Trade.

In the case of the finishing sections, certain other items will be eligible for consideration under the grant over and above the normal equipment used in yarn processing and woven cloth finishing. These include testing equipment, electric motors and other power plant, steam-raising equipment, air conditioning plant, air-cleaning and ventilation plant, trade effluent plant, water treatment plant, electrical installations, lifts and mechanical conveyors and sprinkler and fire fighting equipment.

Traditional Barriers Being Broken

Sir Raymond Streat, former Chairman of the Cotton Board, has said in Manchester that traditional barriers in the U.K. textile industry are being broken down in the quest to achieve lower costs. Sir Raymond, speaking as Chairman of Shirley Developments—the Company set up to speed the introduction in the mills of new machines and ideas developed at the Lancashire textile industry's Shirley Institute research centre—said that he was most impressed by the tendency everywhere to break through the sectional barriers, traditionally erected between the various fibres.

Sir Raymond told the annual meeting: "This is very evident in Lancashire, but it is also true elsewhere as everyone realises more and more clearly that the low cost of production of a textile fabric for a particular use is more important than the location of machinery in a particular place, or the use of a particular fibre." The flexibility inherent in this new approach, he added, was a good sign for the future. It was clear that the only kind of industry able to meet the demands put upon it by ever-increasing competition was an industry which was continually on the move. Sir Raymond stated that, looking back through history, there were many examples of how lack of adaptability had been the death knell of companies and whole societies.

Labour Survey

Almost a decade has passed since the cotton and allied industries in Lancashire reached their peak post-war manpower figure of just over 320,000. In the ensuing ten years the number of those available for employment in the producing sections of the trade has shrunk to little more than half its former level. The fundamental reasons for this decline are sufficiently well-known to need no further exposition, but as has recently been pointed out by one of the trade union leaders, the facts should not be obscured by uninformed comment.

The build-up of recruitment in the immediate post-war period enabled considerable gains to be effected, so that the Working Party, which forecast a probable available labour force of 250,000, was at one time thought to have underestimated the capacity of the trade to provide jobs. That their assessment of the situation was, in fact, too optimistic has been confirmed by later developments. The sharp recession in 1952 was the start of the ebbing tide. The revival in the following year was not sustained and by the time the big reorganisation scheme was launched just over two years ago, the number of those available for employment had been reduced to barely 200,000.

During the process of weeding out the unwanted plant under the redundancy programme there was a further fall of nearly 10,000 in the labour force, but the threat of unemployment was in no way commensurate with the fears expressed in trade union circles when the scheme was first put forward. Recent history has borne out the contentions of those who believed that there would be jobs for all. During last year, in fact, there was a limited improvement in the total available figures, but since the end of November a uniform reduction in manpower has taken place from month to month.

In ratio, the drop in the labour force in the main departments of spinning and weaving has been roughly parallel. Although the manufacturing branch was responsible for the overall improvement in the labour force during 1960 it will be observed that the weaving figure is still some 1,600 higher than in March last year, whereas the manpower in spinning has shown a steady decline. The most severely hit section has been doubling, where the employment figure has been more than halved compared with the 1951 peak, but waste spinning operatives still number more than were available after the 1952 setback.—*All Rights Reserved.*

I.L.O. REVIEWS PROBLEMS OF LABOUR THE WORLD OVER

NORMS FOR WORKERS' HOUSING LAID DOWN

THE forty-fifth session of the International Labour Conference held at Geneva last month was attended, for the first time, by over 1,000 delegates from the member-countries of the I.L.O. The membership of the I.L.O. has been expanding steadily, especially since the last World War and its compass has now been extended to cover most of the peoples of Asia, the Near and Middle East and Africa. The inclusion of the new nations and the re-entry of the Soviet Union followed by the countries of Eastern Europe have also brought within the I.L.O. a variety of social, economic and political systems. But the fundamental problem facing it remains the same, namely, improvement of the conditions of life of two-thirds, or perhaps more, of mankind who are still sunk in poverty. In view of the magnitude of this problem, the I.L.O. should, as Mr. David A. Morse, Director-General, rightly suggested, stand apart from competing ideologies and concentrate on the practical aspects of its job.

The aforesaid session of the general Conference had a particularly heavy agenda which was more than usually directed against the foremost issues in the world of work. Employment, training and labour relations are a trilogy of related problems in the dynamics of economic growth and the Conference reviewed, among other things, the I.L.O.'s action to solve them.

The question of employment problems and policies was considered by the Conference in a tripartite committee. A resolution concerning employment policy drafted by the committee and unanimously adopted by the Conference called upon Governments of all countries to adopt, as a major goal of social and economic policy, the objective of full, productive and freely chosen employment. This goal has been defined in such a way as to include higher standards of living. The resolution also urged the Governments to recognise that, if the desired results were to be achieved, there must be a continuous process of adjustment in the employment market, a watchful adaptation of national and international employment policy measures guided by the assessment of the current situation and the forecasting of future developments. The resolution listed a series of general measures which governments were asked to take in promoting full, productive employment. The resolution asked the Director-General to prepare for consideration by the Governing Body a programme of I.L.O. action in the field of employment, including research and practical operations with social reference to the needs and problems of developing countries.

Education and Training

In the matter of training, the Conference adopted the report of the Committee on Vocational Training and thus opened the way for the final discussion and possible adoption next year of a specific Recommendation on the subject. It was recognised that, in both the newly developing and industrialised countries today, there was an urgent need to re-examine manpower development in its broader context. As a result, more stress was being laid on the planning of education and training and this was affecting the I.L.O. activities. For instance, a new Documentation and Research Centre on training was recently set up in Geneva by the I.L.O. in conjunction with the Council of Europe. A proposal for a similar regional centre for the Americas emerged from a conference at Buenos Aires.

Labour relations formed the main theme of this year's report by the Director-General which was discussed and debated by the Conference. Several points emerged from the discussion on which there was a broad measure of agreement in the Conference. One was the importance of workers' education. It was clear from the demands made by a number of delegates that the I.L.O. must step up its workers' education activities and push ahead vigorously with its management development programme recently started. In addition, it was considered necessary to help Governments strengthen their labour administration and the services for conciliation and arbitration and the promotion of better labour-management relations. The key role of supervisors and foremen was also pointed out and the need for taking full account of this in extending training facilities for these categories stressed.

Another point on which there was consensus of opinion was the desirability of associating trade unions and employers' organisations with the process of programming economic and social development. This was considered as particularly significant in the developing countries, where the participation of these organised social forces in decisions affecting economic development might be as important as their role in collective bargaining. Further, the sharing of responsibility by them in decisions of public policy might be a means of strengthening these organisations, particularly the trade unions, in their own functions.

Housing

Since better housing constitutes one of the principal means of improving the living conditions of workers, which is a major objective of the I.L.O., it is only natural that the Conference should have devoted considerable attention to I.L.O.'s work in this field. Particularly significant was the recommendation, unanimously adopted by the Conference, concerning the housing of manual and non-manual workers, including those who are self-employed and aged, retired or physically handicapped persons. The recommendation urges that national housing policy should promote the construction of housing and related community facilities, so as to make adequate and decent housing accommodation and a suitable living environment available to all workers and their families. Attention should also be given to the upkeep, improvement and modernisation of existing housing and related community facilities.

In the matter of financing housing, the recommendation lays down the principle that the rent or payment towards purchases by the worker for adequate and decent housing should not cost him more than a reasonable proportion of his income. It further says that workers' housing construction programmes should provide adequate scope for private, co-operative and public enterprise. Another point made by the resolution is that housing policy should be co-ordinated with general social and economic policy, so that workers housing may be given a degree of priority which takes into account both the need therefor and the requirements of balanced development.

While it is recognised that it is generally not desirable that employers should provide housing for their workers, the I.L.O. recommendation says that, where they do so, certain safeguards for the worker-tenants are necessary. It also urges the establishment of minimum housing standards and adoption of measures to promote efficiency in the building industry, and to speed up construction of workers housing in slack periods.

The Conference also adopted a resolution pertaining to international, as opposed to national, action in the field of workers' housing. This resolution appeals to Governments of economically developed countries and international organisations to include, as a part of their technical co-operation programme, assistance to developing countries for workers' housing in accordance with the provisions of the recommendation. It has suggested that the cost of providing adequate housing for workers be considered as an integral part of the cost of establishing large-scale industrial undertaking far away from normal centres of population. It has requested the Governing Body of the International Labour Conference to find ways and means for enabling the I.L.O. to increase practical assistance to developing countries in solving their housing problems with respect to those fields in which the I.L.O. has special competence.

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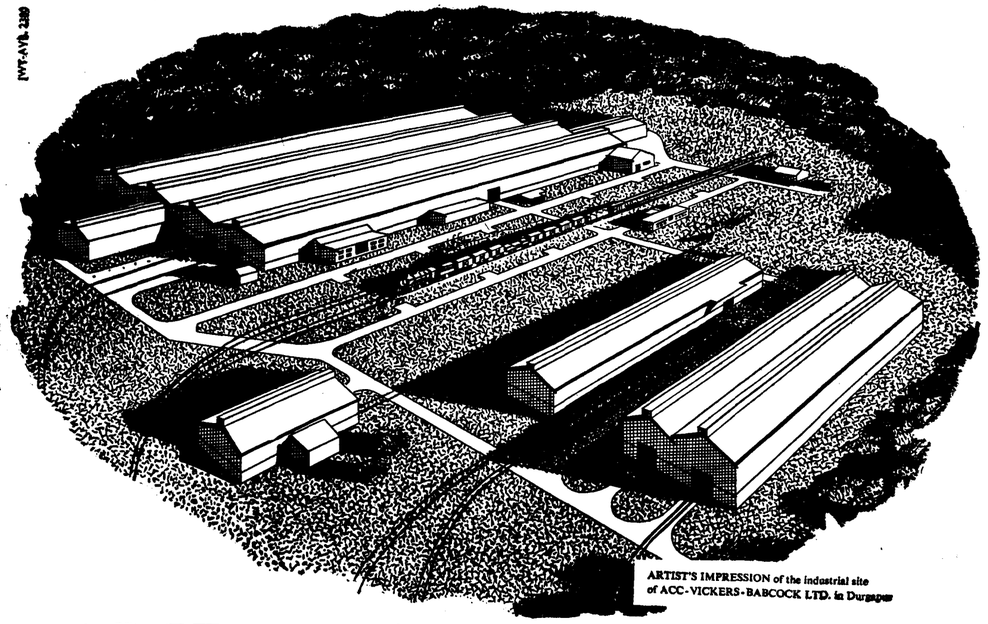

ARTIST'S IMPRESSION of the industrial site of ACC-VICKERS-BABCOCK LTD. in Durgapur

AVB at Durgapur...

All construction in the final stages

Railway link with national network established

Construction of the vitally important AVB industrial plant at Durgapur is almost complete... a truly remarkable achievement, for only 18 months ago this 600-acre site was a mass of tangled jungle! Already, AVB has its own railway link with the national network. Now can be seen large workshops designed on modern lines for which over 3,500 tons of structural steel were required.

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This rapid construction progress at AVB is an outstanding example of industry and planning.

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NORTH INDIAN TEA OUTPUT AND EXPORTS RISE

POSITION IN SOUTH, HOWEVER, QUITE DIFFERENT

THE latest tea crop reports from the different regions suggest that the North Indian output may record an improvement in the current calendar year as compared with the previous year, while the South Indian production is expected to suffer a distinct setback. The total quantity of tea actually plucked from the gardens of North India from the beginning of the year up to the middle of June 1961 amounted to 82.8 million lbs. (37.6 million kg.), as against 72.4 million lbs. (32.8 million kg.) in the corresponding period of 1960. In South India, the production of tea during the first five months of 1961 was about 70.3 million lbs. (31.9 million kg.), that for the same period last year being 80.5 million lbs. (36.6 million kg.). The downward trend in output is believed to have gathered further momentum since the beginning of June, following the considerable damage caused to the crop by thunder-showers and floods.

The production performance of North East and South Indian teas in 1961, it may be noted here, is a reversal of the position witnessed last year. The North Indian tea output in 1960 was lower at 527.8 million lbs., as against 559.3 million lbs. in 1959, whereas the production in South India was higher at 167.3 million lbs., as against 154.6 million lbs. Including the 4.5 million lbs. produced in the Punjab, Uttar Pradesh and Himachal Pradesh, the aggregate tea output in India for the whole of 1960 was 699.6 million lbs., a fall of 19.0 million lbs. as compared with the 718.6 million lbs. plucked in 1959. This fall was wholly due to the drop in North Indian tea production.

Tea Output Elsewhere

Among the other major tea-producing countries, the trend of output in 1961 would appear to be upward in Pakistan, Ceylon and Mozambique, but downward in British East Africa and Indonesia, as will be seen from the following comparative table:

(In million lbs.)

	1961	1960	Whole of 1960	Whole of 1959
North-East India (up to June)	118.1	101.4	527.8	559.3
South India (up to May)	70.3	80.5	167.3	154.6
Pakistan (up to May)	9.3	9.4	41.9	57.2
Ceylon (up to April)	160.8	157.9	434.7	418.1
Br. E. Africa (up to April)	31.0	34.5	77.1	71.1
Mozambique (up to April)	13.1	12.8	19.9	18.0
Indonesia (up to February)	15.7	15.9	100.2	97.5

It is in consonance with the trend of production that the exports of North-East Indian tea during the current year have registered an increase. The quantity actually shipped during the first half of the year amounted to 103.6 million lbs., as compared with 92.2 million lbs. in the corresponding period of 1960. Of these, exports to the U.K. have risen from 45.1 million lbs. to 55.7 million lbs. The U.K., as readers are aware, is the biggest customer for Indian tea, accounting as it does for over 50 per cent of the total exports. Shipments of North-East Indian tea to countries other than the U.K., however, declined, from 47.1 million lbs. in January-June 1960 to 43.9 million lbs. in the same period this year. Outstanding among the importing countries the exports to which have receded are the U.S., Canada and the United Arab Republic. The actual exports—in million lbs.— to these countries, as well as to a few others during the first six months of 1961, with the figures in brackets relating to the corresponding period of 1960, are as follows:

U.S.—4.62 (5.28); Canada and rest of America 5.52 (3.96); United Arab Republic 12.32 (16.72); Irish Republic 4.62 (4.18); U.S.S.R. 3.96 (1.98); East of Europe 4.62 (5.28); Iran 3.30 (2.64); Sudan 2.06 (1.32); Rest of Middle East 4.84 (5.28); others 1.32 (0.44).

In contrast to the increase in North-East Indian tea exports, shipments of South Indian tea have tended to fall. The total shipments during the five months ended May 1961 were of the order of 30.80 million lbs., as against about 42.34 million lbs. in January-May 1960.

Prices

The prices currently being fetched by North Indian tea do not bear any definite relationship with those prevailing at this time last year, inasmuch as some varieties have recorded a rise, while others have staged a fall. In the case of South Indian tea, however, the trend has been distinctly upward. The following are the quotations from Calcutta and Cochin:

(Per lb.)

	Latest available	A year ago
	Rs.	Rs.
CALCUTTA*:		
For export—		
Best Assam C.T.C. Fannings	7.50—8.20	8.50—9.00
Plain B.P.	4.25—4.95	4.60—4.70
Clean Plain Pekoe	5.25—5.35	5.30—5.50
For internal consumption—		
Best Assam C.T.C. dust	6.60—7.10	6.10—6.50
Medium Assam	4.50—4.90	4.60—5.20
COCHIN†:		
Low mediums	4.45—4.60	3.40—3.65
Mediums	4.60—4.70	3.85—3.95
Good mediums	4.70—5.00	3.95—4.20

* Rates are inclusive of excise duty.
† Rates are exclusive of excise duty.

The high level of tea prices must be attributed to the rigid cost structure from which most of the plantations are suffering, thanks largely to the heavy incidence of taxation. This aspect has to be specially stressed in the context of the severe competition that is developing in world tea markets. Indian tea has already lost much ground it had gained a few years ago. Over the period 1956 to 1960, exports of tea from India have dropped quite perceptibly by as much as 100 million lbs., from 528 million lbs. to 426 million lbs., whereas the exports from other countries have gone up, as will be seen from the figures given below:

(In million lbs.)

	1960	1959	1958	1956
India	425.72	471.06	505.96	527.89
Ceylon	409.78	383.49	410.77	348.13
Pakistan	4.04	12.90	12.69	23.52
Indonesia	79.67	71.30	88.18	80.52
Kenya	26.58	23.37	20.19	16.66
Uganda	8.78	7.47	6.07	5.45
Tanganyika	7.36	6.81	5.53	4.75
Nyasaland—S. Rhodesia	24.58	22.45	20.85	19.66
Mozambique	17.98	17.61	15.23	13.83
China	105.00	102.00	99.00	88.00
Formosa	31.69*	26.29	26.44	23.51

* 1959.

The steadily declining trend of Indian tea exports must be arrested before it is too late. What is wanted is a reduction in prices. The competitive position of Indian tea can certainly be enhanced by a substantial cut in export duty on tea and more effective propaganda financed from the tea cess raised by the industry. Given these, there is no doubt that Indian tea will fare much better in overseas markets. Indian tea is well known for its quality and endurance and, it would, as has been rightly pointed out by some, "be rational to expect that demand for these teas in world markets would increase with the tea-habit itself growing on a global basis." It is to be hoped that the International Tea Convention, proposed to be held at Calcutta in November next under the auspices of the Indian Tea Board, will provide a clear short-term and long-term assessment of the world supply demand position, and that the authorities would take suitable measures to give a boost to export trade in tea.

TEA IN THE COMMONWEALTH

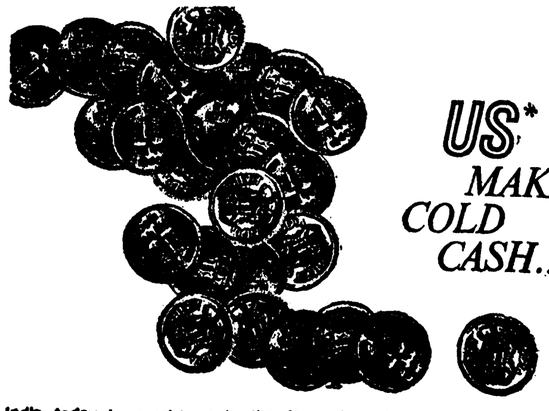
Both the tea exporters in India and other Commonwealth countries and the consumers of this beverage in Britain would be at a great disadvantage, if the U.K. were to join the European Common Market without securing adequate safeguards. For tea is one of the staple earners of foreign exchange for many Commonwealth nations, on the one side, and a principal item of consumption in Britain, on the other. Indeed, tea has, as Mr. David Stevens, a British writer pertinently remarks, helped to forge a link between Britain and other Commonwealth countries. Mr. Stevens has cited the following interesting statistics to highlight the important part played by tea in the economy of Commonwealth countries:

"About three-quarters of free world output is grown in the Commonwealth countries. Indian tea accounts for nearly half of this and gives employment to about 1,000,000 workers; it also provides a fifth of India's foreign exchange earnings. Ceylon produces about a quarter of the world's tea. Other Commonwealth producing-countries include Pakistan, the Federation of Malaya, Kenya and Nyasaland. The tea auctions at Mincing Lane, London, and at Calcutta and Colombo, handle about 80 per cent of world trade in tea.

"The people of Britain are the greatest tea-drinkers in the world; they get through about 10 lbs. of tea per head of population each year and this represents about five per cent of the total national expenditure on food."

Mr. Stevens points out that every tea drinker has his own ideas about how to make tea: some go in for the ritual of warming the pot, letting the tea brew before pouring, putting the milk in the cup first; others claim that tea tastes better from an earthenware pot than a metal one, even a silver one. Some like a strong, full-bodied drink, others a pale, delicately flavoured blend. China tea has its devotees, though they probably do not make up more than one per cent of the market. But tea is more than a pleasant thirst quencher. What other beverage, Mr. David Stevens asks, can so justly lay claim to have made political and commercial history? Elucidating this point, he observes:

"The 'Boston Tea Party' was one of a chain of events that culminated in the birth of the United States of America—and perhaps helped to make them into a nation of coffee drinkers. British shipbuilding in the first half of the nineteenth century owes some of its advance to tea. The American clippers that took tea to Britain from China were much faster than the British merchantmen on the same run and, to meet this competition, British shipbuilders put clippers of their own into service. American competition waned, but rivalry between the British owners increased; a premium offered on the London market for the first clipper to reach home spurred crews to tremendous efforts. The arrival in the Channel of such famous vessels as the *Taeping* and the *Cutty Sark* was one of the highlights of the year. Tea has helped to forge a link between Britain and other Commonwealth countries. Colonists introduced tea into Australia and New Zealand in the nineteenth century, and these countries are major tea importers today. Similarly, the Hudson Bay Company sent tea to its posts in Canada, where it rapidly became a favourite drink. Britain and Dutch settlers introduced a taste for tea into South Africa."



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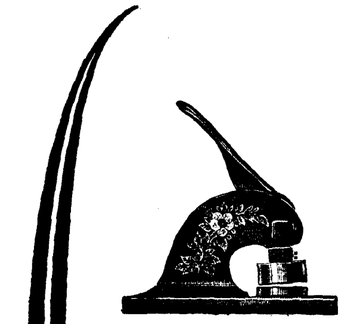

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INSTALMENT PURCHASE OF CONSUMER DURABLES

A NEW APPROACH SUGGESTED

By Charles F. Alvares

IT is well known that, in the U.S., the system of instalment purchase of consumer durables, like radios, television sets, refrigerators and so on, is more widely prevalent than in any other country. This system, while enabling working class and middle class families to purchase such goods on easy credit terms, has also helped expand greatly the market for such goods. In our country, too, instalment purchase has been slowly—but much too slowly—coming into vogue. In Bombay, for instance, some dealers in radios and fans are operating instalment purchase schemes, under which the rate of interest varies, according to the terms of payment, an initial payment has to be made and the balance is to be amortised in monthly instalments. The simple interest rates, therefore, vary, depending on the outlay of the principal and the duration of the loan after the initial payment is made, and the actual rate depends on declining balances outstanding after each instalment is paid. The following tables indicate some of the terms of payment:

Terms set by a dealer in Philips Radios

Total price	*1st payment*	*10 monthly instalments*
Rs.	Rs.	Rs.
214–50	80	16
337–50	133	26
484–00	182	35
654–50	240	48
874.50	322	64

Terms set by a dealer in Usha Fans

Price for full cash payment	*Price for instalment purchase*	*Initial payment*	*Monthly payment*	*Number of months to pay*
Rs.	Rs.	Rs.	Rs.	
185 ..	225	75	15	10
175 ..	213	63	15	10
165 ..	202	62	14	10
117 ..	160	56	13	8
105 ..	145	49	12	8
345 ..	404	104	30	10
65 ..	88	24	8	8

It is evident from the above figures that the rates vary according to the amount and the number of instalments to be paid.

Misleading Average

The dealer in radios explains it to the customer that it works out to 1 per cent per month. Here he calculates as follows:

	Rs.
Ten instalments at Rs. 35 each ..	350
Initial payment	182
Total ..	532
Actual cost ..	484
Excess paid ..	48

He, therefore, argues that the payment of Rs. 48 is done over a spread of 10 months on Rs. 484, that is, the 10 per cent excess is spread over 10 months and hence the rate is 1 per cent per month.

In the case of fans, the dealer calculates as follows:

	Rs.
Payable	225
Initial payment	75
Balance ..	150

The balance is payable at Rs. 15 per month, that is 10 per cent over a spread of 10 months and hence, it is argued, the rate is 1 per cent per month.

The Myth Exploded

The fallacy in the above calculations and arguments should be evident. Percentages are erroneously called interest rates and an average instalment payment is unnecessarily divided twice to make the rate appear lower. Interest rates which are computed on the amount of outlay of funds (principal) and the time factor (period) offer totally different results.

Where a buyer purchases a radio of Rs. 214.50 by paying Rs. 80 as initial payment, the outstanding balance is Rs. 134.50 (Rs. 214.50 *less* Rs. 80). There are 10 instalments of Rs. 16 each, aggregating Rs. 160. Therefore, the excess paid is Rs. 160 *less* Rs. 134.50=Rs. 25.50. Percentagewise, it represents a premium of 18.96 per cent which is like a commission earned on the outstanding amount of Rs. 134.50. Interest rate is higher, as the 18.96 per cent has been earned in 10 months, as against the usual 12 months, which is the basis for calculating interest rates. Interest rate computed proportionately on 12 months' basis works out to 22.75 per cent per annum which is the simple rate of interest.

As the instalments are paid, the outstanding balance goes on declining and, as the instalments are of equal amounts, the rate will have to be computed on the average balance invested at any one time in the course of the loan. It is the percentage rate of return (yield or carrying charge) on this average balance that is the real factor for consideration. The average invested balance is Rs. 88 (see footnote) and the rate of earning on this balance is 29 per cent. The results when tabulated for the radio group, then, appear as follows:

Premium earned	*Simple rate of interest*	*Rate of earning or average balance invested*
(Per cent.)	(Per cent.)	(Per cent.)
18.96	22.75	29.00
15.81	18.97	24.80
15.90	19.10	24.90
15.80	18.96	24.80
15.84	19.01	24.90

In the case of fans, different rates have been quoted for full cash payment and instalment payments. The instalments are even and no excess is collected on these, but the premium is obtained on the excess price quoted, which is collected on the initial down payment itself.

Two of the leading banks in Bombay—Indian Overseas Bank and Dena Bank—have started a consumer loan scheme. They offer loans for about 75 per cent of the value of the article and ask for repayment in monthly instalments. The Dena Bank quotes the following illustration:

Suppose a loan is sanctioned for one year at 5½ per cent discount, which works out to Rs. 26.40. The Bank gives out Rs. 453.60 and asks to repay the original amount of Rs. 480 in twelve equal instalments of Rs. 40 each.

In reality, the rate of 5½ per cent is deceptive, as the average balance invested is Rs. 260 and the amount received for this is Rs. 26.40. The yield, therefore, really works out to 10.1 per cent.

A New Scheme Outlined

The above analysis shows that the factor of declining balances sets the yield rate in motion. Other banks have, of course, the choice of setting their rates and number of instalments and falling in line with the practices of Dena Bank and Indian Overseas Bank. But, perhaps, their fund position may not permit or their conservative outlook may forbid.

Another course open to banks is to try a novel scheme which is self-generating. It is self-explanatory that any money put forth, either from their own resources or borrowed from the market, would boost the sales of that particular product towards which those funds are directed. With the wide machinery of the various departments at their disposal, they may take the position of guarantors in the transaction. They would only have to ask the leading manufacturers, say Philips, to defer their receipts to, say, four instalments in the year and they in turn could give the buyer *Free Credit*.

Take, for example, a radio costing Rs. 500. The Bank accepts a recurring guarantee from the employer of the purchaser for a period of three months, for Rs. 125 or one month recurring guarantee for 12 months for Rs. 125 ÷ 3, that is, about Rs. 41.66. The Bank then issues its own guarantee to Philips for Rs. 500 repayable in four equal instalments of Rs. 125 each. On the strength of the Bank guarantee (which is surely a safe thing to accept), Philips delivers the radio to the purchaser and the buyer repays the bank at Rs. 41.66 per month. The position then appears as follows:

Radio worth	Rs. 500
Bank's contingent liability due to guarantee given to Philips.	Rs. 500 payable in 4 equal instalments of Rs. 125 each.
Bank's security ..	Recurring guarantee of the employer of the purchaser for Rs. 125 per quarter or Rs. 41.66 per month and personal signature of the purchaser.
Interest rate	Nil (only the cost of preparing the guarantee and some nominal service charge—say Rs. 20 in all).
Benefit to Philips ..	Boost of sales.
Benefit to purchaser ..	Able to get the radio in advance and through his own cumulative savings, without paying any premiums or interest rates.
Benefit to bank ..	(a) Utilisation of the cumulative savings. (b) If possible, a small margin (1 per cent. or 3 per cent.) offered by Philips. (c) Small service charge.

The fund position of the Bank works out as follows:

Bank receives	Rs.	Rs.	*Bank pays* Rs.	
1st January ..	41.66 (41.67)			
1st February ..	41.66 (41.67)	}	125	125 (on 31st March or 1st April)
1st March ..	41.66			
1st April ..	41.66 (41.67)			
1st May ..	41.66 (41.67)	}	125	125 (on 30th June or 1st July)
1st June ..	41.66			
1st July ..	41.66 (41.67)			
1st August ..	41.66 (41.67)	}	125	125 (on 30th September or 1st October)
1st September ..	41.66			
1st October ..	41.66 (41.67)			
1st November ..	41.66 (41.67)	}	125	125 (on 31st December)
1st December ..	41.66			
		Rs.	500	500

In lieu of a guarantee, a bank may also substitute it by a banker's acceptance. Philips would draw a bill on the Bank for 90 days and the Bank would accept it. Should Philips need money before maturity, it could always discount it, or the bank could advance money to Philips on assignment of the book debts in relation to the transactions done through it.

Whatever arrangements are to be done between the Bank and Philips, it is obvious that the Bank gets primarily the cumulative deposits for three months. In addition, it may be noted that the Bank receives the first payment at the time it gives out its guarantee but the money is not due to Philips until the end of the month and thus the bank can utilise the funds for a month without any immediate obligation.

Merits Claimed

Under this type of arrangement, we have a procedure which is self-generating in funds and which will encourage savings, and this will be anti-inflationary. It is progressive, inasmuch as it sets production in motion on a graduated tempo. It is remunerative to the Bank for having the deposits at no price (no brokerage or interest to be paid); to the purchaser for having the purchasing potential on 1/12th of his cumulative savings; to the manufacturer and the dealer for boosting up their sales. The probability of default in payment is too remote, as it would involve the buyer to abandon his job and residence with the loss of his bonus and other dues—too high a price to be paid for defaulting the maximum of 11/12th value of single purchase, say, a radio or a fan or a frigidaire.

The plan is simple and maintains the principle of equity. It offers every possibility for raising the living standards of middle class, destroys the Shylock and imparts in the peopl the so-much desired confidence in their banks

A scheme of the kind suggested in thi article could be enlarged to cover refrigerator sewing machines and furniture, avoiding thos items that are in short supply. The city office of the Banks which adopt the scheme coul soon share their experience with their branc offices in smaller places. The only effort th banks would have to put forth is to negotiat with the manufacturer and the dealer to thei mutual advantage without causing [illegible] the purchaser in the process.

Note:

		Rs.
During	1st month	160
,,	2nd month	144
,,	3rd month	128
,,	4th month	112
,,	5th month	96
,,	6th month	80
,,	7th month	64
,,	8th month	48
,,	9th month	32
,,	10th month	16
	Total ..	Rs. 880

Average is Rs. 88 per month.

(Alternatively, the same result may be obtained by using the mathematical formula for obtaining the arithmetic average.)

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DEFICIENCY IN ORE RESOURCES ATTRIBUTED TO INADEQUATE PROSPECTING

THE Economic Commission for Asia and the Far East, recently released a report (priced at $2) on copper, lead and zinc ore resources of the region. This report is of some topical interest to India because of the greater accent that is proposed to be placed on the development of non-ferrous metals in the third Plan period. Although Asia is about the least important continent of the world in so far as the production of copper, lead and zinc ores is concerned, at least three countries—Japan and the Philippines currently and India potentially—are substantial producers of copper; Japan, Iran and Burma are the main lead ore producers; and Japan and Burma are the leading zinc ore producers.

Japan is the main copper ore producer in Asia at the present time with a normal annual output of 75,000 tons (metal content). Production of copper ore in the Philippines has shown a steady increase since the end of the Second World War, and reached over 46,000 tons (metal content) in 1958. India ranks third in the production of this ore, accounting for about 8,000 tons a year in terms of metal content. Iran and South Korea come next with annual outputs of 5,000 tons and 1,000 tons in terms of metal content, respectively. Copper smelting facilities, however, exist in only four countries, namely, Japan, India, Formosa and South Korea. Japan's smelter production has been ranging round 125,000 tons a year—that is, much more than its ore production (metal content); it has, therefore, to import a substantial amount of copper ore, mostly from the Philippines, to meet its smelting requirements. India is second in the matter of smelter production, though much behind with an annual production of copper metal of less than 8,000 tons. Formosa produces about 1,500 tons of metallic copper annually and South Korea less than 1,000 tons.

As for lead ore production, the figures for 1957 show that Japan accounted for about 36,000 tons, Iran for 30,000 tons and Burma for 27,000 tons. Japan, again, is the leading producer of lead metal, its smelter production being round 50,000 tons annually. India produces some lead metal (about 3,400 tons a year).

Zinc ore is produced on a comparatively large scale in Japan, its annual output ranging round 135,000 tons. Burma's production is only about 17,000 tons a year now, as compared with 60,000 tons in 1937. India's zinc ore production is small, being just 4,000 tons a year. As for zinc smelter production, the only producer is Japan; its output of zinc metal is about 145,000 tons a year.

As world production of copper metal now is a little more than 3 million tons, that of lead metal about 2 million tons and that of zinc metal round 2.5 million tons, the E.C.A.F.E. region as a whole will have to go a long way before it can become self-sufficient in its non-ferrous metal resources. The very low level of smelter production in the region is due to the deficiency in its ore reserves of the three metals. However, according to the E.C.A.F.E. report, the present apparent lack of large reserves of copper, lead and zinc in most countries of the region must, in part, be attributed to the inadequate geological survey and mineral prospecting undertaken so far. For example, the Bawdwin mine in Burma is one of the largest deposits of its kind in the world, yet the lead and zinc ore reserves in that deposit have not been evaluated since 1941. The increasing efforts now being made in many countries of the region for systematic geological mapping and prospecting by modern methods and techniques will undoubtedly throw light on the copper, lead and zinc ore situation of the region. In this regard, the introduction of geochemical prospecting for copper deposits in British Borneo, for instance, is worthy of note. As deposits of copper, lead and zinc ore are seldom visible at the surface under tropical conditions, any techniques, which permit rapid testing for concealed deposits, would be of importance to the countries of south-east Asia.

The country studies included in the E.C.A.F.E. report indicate possibilities of discovery of new deposits as well as for improvement of the copper, lead and zinc industries in at least some countries of the region. In Burma, the urgent task seems to be the development of low-grade reserves in the Bawdwin area. The Lough Keng deposit is reported to contain nearly one million tons of ore with a high zinc content. Zinc in the form of ore and concentrates has been exported from Burma; by so doing, the country loses such valuable minerals as cadmium, galena, sulphur and rare metals which are contained in these ores and concentrates. The Government of Burma has, therefore, under consideration the possible establishment of an electrolytic zinc plant.

The most active work, both in prospecting for new reserves and in improving the copper, lead and zinc industries, has been carried out in Japan, the leading copper, lead and zinc producer. As domestic copper ore production in Japan is not sufficient to satisfy demand, the Japanese copper industry has made long-term contracts with overseas ore producers, formed joint ventures with them and assisted them in locating new ore deposits.

In South Korea, there are a large number of copper, lead and zinc deposits, some of which have been investigated with encouraging results.

In the Philippines, the reserves of the operating copper mines are now estimated to be larger than the quantity (22 million tons of 1.4 per cent Cu) estimated in 1954. Prospecting work has since prepared the way for further development of the copper industry. At present, copper ores and concentrates are exported to Japan and the United States. According to the E.C.A.F.E. report, the possibility of establishing a copper smelting and refining plant in the country merits consideration.

In India, present production of copper and lead meets only 20 per cent and 10 per cent respectively, of its requirements. No zinc metal is produced and the concentrates produced amount to about 7,400 tons which, in terms of metal content, represents about 5 per cent of the present consumption of this metal. The Singhbhum copper belt of Bihar, which is 128 Km. in length and which has been partly worked by the Indian Copper Corporation Ltd., has been studied as a whole by the Geological Survey of India. This belt is generally believed to hold the greatest promise. An electrolytic copper refining plant, with an installed capacity of 8,500 tons, is to be set up at Chatshila Bihar by the Indian Copper Corporation. The Government of India has a proposal for the establishment, before 1963, of an electrolytic copper refinery near Khetri in Rajasthan, where it is expected that 10,000 tons of electrolytic copper and copper scrap will be produced annually. The Khetri ore reserves have been provisionally estimated at 28 million tons, with 0.8 per cent Cu, as compared with 2.15 per cent Cu in the four million tons of established reserves in the mines operated by the Indian Copper Corporation Ltd. in Bihar.

Relevant figures regarding India's production of lead and zinc concentrates, lead metal, copper ore, copper metal and imports of lead, zinc and copper given in the publication under reference are extracted in the following table:

	1954		1958	
	Quantity in tons	Value in 1,000 rupees	Quantity in tons	Value in 1,000 rupees
Production of lead concentrates	2,894	..	5,341	1,937
Production of zinc concentrates	4,038	1,081	7,391	2,049
Production of lead metal	1,791	..	3,387	..
Production of copper ore	348,000	18,723	411,000	22,668
Production of copper metal	7,275	22,947	7,966	22,948
Imports of lead metal	16,313*	27,887*	21,844	22,872
Imports of zinc metal	37,797*	56,673*	60,655	61,304
Imports of copper metal	..	..	49,581	126,347

* Figures are as of 1956.

India's only important lead and zinc ore deposits known at present are located at Zawar, Rajasthan. This mine is owned by the Metal Corporation of India Ltd. The lead concentrates recovered from it are smelted in the Company's smelter at Tundu, Bihar, and the zinc concentrates are sent to Japan for recovery of metal. In order to meet the increasing demand for these metals, production of the Zawar mine is being expanded. The establishment of a zinc smelter plant at Udaipur by the Metal Corporation of India at a cost of Rs. 7 crores and with an annual capacity of 10,000 tons has been under consideration. This plant is to be established with the financial and technical assistance of a French firm. It will be the only zinc smelting plant in the country and will save about Rs. 2.1 crores in foreign exchange by obviating the need for further imports of zinc metal. The Zawar mines are rich and there is ample scope for further development.

The E.C.A.F.E. report is also interesting for its treatment of the current copper, lead and zinc situation in the world as a whole. It is estimated therein that the present rate of consumption of copper in the world would result in complete exhaustion of known reserves in about 45 years. Current opinion seems to be that the great copper deposits in most parts of the world have already been found; whether Asia will prove to be an exception to this general assumption will depend on the results of geological, geophysical and geochemical investigation and mineral exploration which have not been adequately undertaken in most countries of the region. As for lead, the long-term outlook for its consumption appears to be somewhat uncertain. While new uses for lead have been found in ceramics, atomics, electronics and thermo-electrics, its consumption has been adversely affected by substitution and by economies in existing uses. In particular, lead has lost ground in the production of batteries (to cadmium and nickel) and of cables (to aluminium and plastics). The outlook for zinc consumption, however, seems to be more favourable than for lead. There are also possibilities of new applications, as in the case of lead. In addition, the long-term trend in the demand for die-castings is likely to be upward, and a significant part of the demand for zinc is for this purpose.

LOCKHEED TO BUILD MONORAIL IN JAPAN

Mr. M. J. Kenneth Hull, President of the Lockheed Aircraft International, has just announced that a newly-incorporated Japanese firm called "The Nihon-Lockheed Monorail Co. Ltd." will be soon be building a Lockheed-designed two-car train which will be electrically powered. Lockheed will be making a substantial investment in the new company which has been organised to design, develop and construct, on a world-wide basis, the supported-type monorail system developed by Lockheed's California Division. Lockheed engineers will assist in the development of the specific monorail systems to be built in Japan and to be offered to the world. The present plans of the company call for construction, within one year, of a two-unit monorail train, a one-mile test track and a simulated station platform.

The Lockheed supported-type monorail, unlike the more expensive suspended system, rides atop a single rail. Combined with lightweight cars, utilising aircraft-type construction, this approach permits use of smaller and shorter single-column supports which will mean lower construction costs, maximum utilisation of existing rights-of-way and minimum requirements for additional rights-of-way. It can be installed on highway centre lines, over river beds and along existing railways without disrupting normal surface traffic.

THE TAYLOR INSTRUMENTATION COURSE

The three-week Taylor course on Industrial Instrumentation, organised at Calcutta by Messrs. Air Conditioning Corporation Limited, was completed early this month. It was intended to train engineers and scientists on the various aspects concerning engineering, application, installation, maintenance and service of industrial instruments, the the demand for which would amount to Rs. 15 to Rs. 20 crores every year on the completion of the third Plan. Over 50 engineers and scientists representing some of the major industrial organisations in the public and private sectors attended the course which covered theoretical and practical instructions on engineering, application, installation and service of industrial instruments in the broad range, including temperature, humidity and flow, indicators and recorders. The latter part of the instructions covered advanced instrument applications including electronic equipment and Analog system. The course was inaugurated by Mr. J. C. Kapur, General Manager of the Corporation, and was conducted by Mr. J. S. Detwiler, one of the senior executives of the Taylor Instrument Companies, U.S.A.

ECONOMICAL METHOD OF OPERATING RAIL LOCOMOTIVES

According to the Globe Press, Mr. John C. Aydelott, an engineer of the General Electric (U.S.) Locomotive and Car Equipment Department has been awarded $1,000 for suggesting a more economical method of operating railway locomotives. His paper, the result of ten years of research, has suggested that locomotive wheel-slip on rails need be controlled by correction only when the wheels actually pass over a slippery section of rail. The older theory was that the weight of the train be limited to the amount that could be handled on the worst sections of trackage; in practice, this meant that total train weight was being needlessly restricted and less goods and passengers were being moved. Mr. Aydelott's theory is that train weight could be limited by average conditions, thus increasing the amount of tonnage a locomotive can haul and reduce cost of operation.

NEW PRODUCTS AND PROCESSES

Versatile Woollen Textiles

A NEW finish to improve the versatility of wool textiles has been developed in U.K. The new finish, Perrottell, is a completely new method of sensitising wool or worsted fabrics so that it is possible to put in creases, where desired, of exceptional durability. It gives wool much the same properties as synthetic fibres from a crease retention point of view. Once the durable crease is introduced in the recommended way it will become the natural position for the wool fabric. Wear will naturally tend to reduce the sharpness of the crease but when the garment is hung up in the normal way the sharpness of the crease is regained as the live wool fabric reasserts itself. Normal dry cleaning will not remove this durable crease and therefore it is necessary to re-press along the same fold. The danger of forming durable creases where they are not required is negligible because normal methods used during tailoring will not fix the wool fibre in the permanent position. The method of forming the durable crease is simple, requiring no special plant or apparatus at all and only taking a few seconds.

Fire-proofing Wood

Various products are available for giving fire-retarding properties to wood and among the latest is a Norwegian chemical which includes ammonium phosphates and certain organic compounds. It is said to be particularly suitable for protecting wood and fibre board. The material is sprayed on to the wood at 400 grammes to the square metre and is then rapidly dried by heating. When the treated wood is subjected to excessive heat, the layer of fire-retarding material foams up and provides a thick non-combustible covering that protects the board from damage.

Better Insulation Material

An electrical insulation material, developed by a French organisation, is said to have remarkably constant properties even when used at high temperatures. A resin, in the form of a paste, is put in position around the electrical apparatus and then hardened by high-temperature treatment. When used at high temperatures the material loses a small amount of weight and there is a corresponding reduction in volume but, says the Company, mechanical and electrical properties remain unaltered.

Tougher Bearings

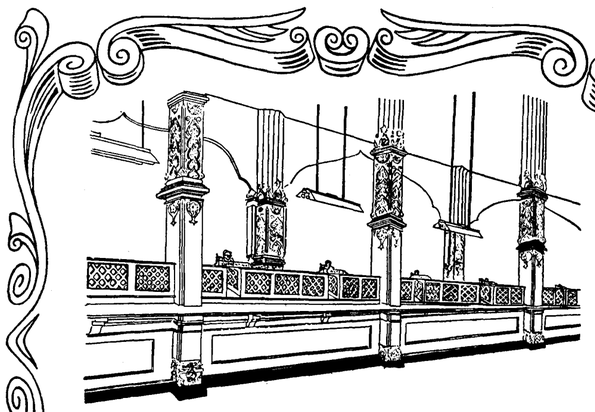
Bearings which are claimed to be resistant to corrosion and wear and to operate satisfactorily without lubrication even though water or steam may be present have recently manufactured in Canada. They are made from zirconium metal which is oxidised to produce an ultra-thin layer of blue-black zirconium dioxide on the surface. According to the maker, the secret of success lies in ensuring that the oxidisation process is not carried too far and that zirconium dioxide with the correct crystal structure is obtained.

Plastic Cable-connecting Compound

For some time past a wire and cable factory at Amsterdam, Holland, has been manufacturing plastic cable-connecting sleeves and terminals for through connections and branches of electric cables with plastic, natural or synthetic rubber (e.g. neoprene) or lead sheatings. The sleeve consists of a hard p.v.c. tube one side of which is straight-cut over its whole length and provided with a pouring groove in the direction of the saw-cut. The two ends of the tube are sealed by glued-in foam plastic (polyurethane) plugs with a hole in the centre for passing the cable. When the cable sheathing has been roughened on either side of the connection or branch the sleeve is bent open and positioned round the connection, whereupon the whole space between connection and sleeve is filled with a twin-component resin. The components are marketed in two tins, namely, a large tin containing the resin and a small one containing the curing agent. The two tins are supplied in a single packet. The quantities of resin and curing agent are inter-related, so that no weighing is necessary. The components are applied in the following manner: The curing agent is poured from the small tin into the large tin which is tilted for about five minutes to ensure thorough mixing. This causes a chemical reaction as a result of which the mixture becomes hot and highly fluid so that it can penetrate into the smallest corners. At an ambient temperature of 20°C the compound cures in about an hour. The resulting covering of the wire connections in the cable is hard, compact and of high quality both electrically and mechanically.

Converting Marshes into Pastures

Useless marshes have been successfully reclaimed to form rich pasture land in the United Kingdom by means of fuel ash from a power-station. The cementing properties of pulverized fuel ash from power-stations have already been established. The ash is used in a number of ways, including construction material for dams, highway embankments, power-station foundations, and as a "filler" for roads. One of the latest examples of its versatility is in Flintshire, Wales, where a fertile field has been created from the marshes by means of ash from the nearby Connah Quay power-station, which produces some 70,000 tons of fine ash each year. A mixture of water and ash was directed into a lagoon. The water was drained away through filters into the river, and the ash, when it reached the rim of the lagoon, was ready for levelling, sowing, and cultivation. The first experimental 40 acres have been used for arable and grazing purposes with conspicuous success. Grass and clover have grown richly, and sheep and lambs have thrived on the pasturage. Now cattle are to be introduced. The ground has also yielded good root crops, though so far cereals have not come up to standard.



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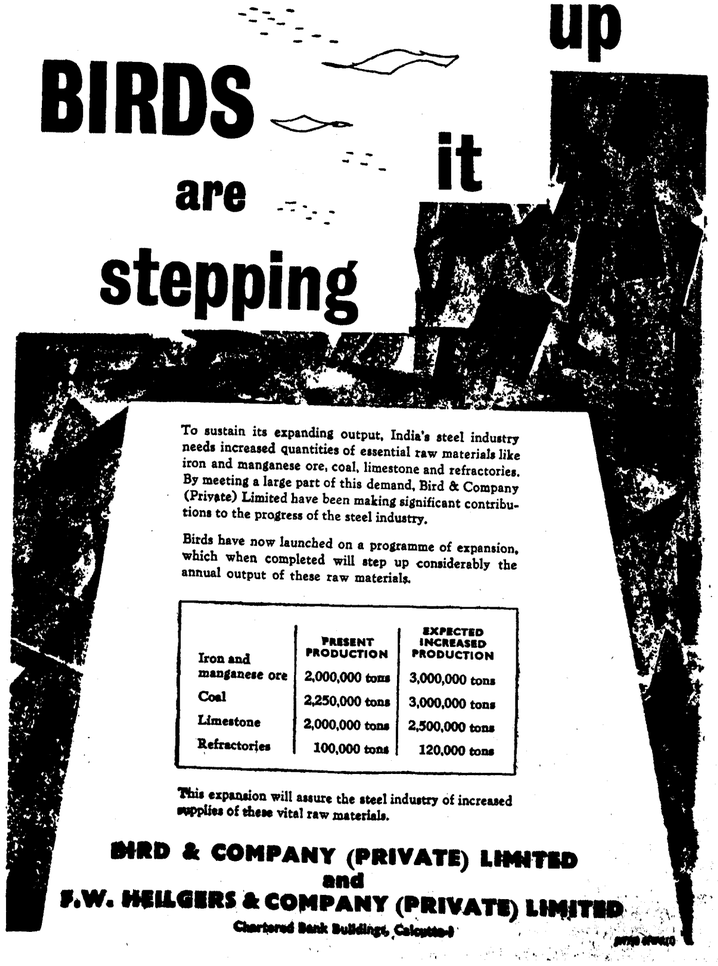

To sustain its expanding output, India's steel industry needs increased quantities of essential raw materials like iron and manganese ore, coal, limestone and refractories. By meeting a large part of this demand, Bird & Company (Private) Limited have been making significant contributions to the progress of the steel industry.

Birds have now launched on a programme of expansion, which when completed will step up considerably the annual output of these raw materials.

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Coal	2,250,000 tons	3,000,000 tons
Limestone	2,000,000 tons	2,500,000 tons
Refractories	100,000 tons	120,000 tons

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ECONOMIC DEVELOPMENT IN PERSPECTIVE

TEXT OF MR. JOHN KENNETH GALBRAITH'S ADDRESSES AT MADRAS AND CALCUTTA

CAUTION AGAINST INDISCRIMINATE BORROWING—INDIA AS A TEACHER

[The U.S. Ambassador to India, Mr. John Kenneth Galbraith, a former Harvard Professor and a well-known economist, delivered two thought-provoking addresses in the past week, one at Madras and another at Calcutta on planning for development in underdeveloped countries, with particular reference to India. He did so more as an economist than as an ambassador. The texts of his addresses are published on these pages, as they deserve a wider audience in view of their topical importance to this country. Part I was delivered at the Madras University Senate Hall and Part II at the Calcutta University—ED.]

PART I

FOR almost three years, India has been represented in the United States by one of its most distinguished jurists, Mr. M. C. Chagla. Not long before leaving for India, I met him at the Harvard Law School where he was delivering the last of a series of lectures on comparative constitutional law which he has given during his term as ambassador. I told him that I hoped that I might follow his example while in India and speak occasionally on economics. He urged that I do so and we agreed that diplomacy between civilised states should now become a form of educational exchange. In my remarks today I thought I might revert to a subject which has long interested me as a social scientist, that of the process of economic development. And, in particular, I would like to reflect on our current ideas on this subject as compared with those of the great period of English, Western European and American advance which we now think of as having begun two centuries ago and which we call the Industrial Revolution. On later occasions I hope to pursue the discussion.

In the years since World War II, in all parts of the literate world, we have had an exceedingly active discussion of economic development. Although one should always be wary of comparisons, this discussion can be compared in vigour with that which got under way after the publication of Smith's inquiry into *The Nature and Causes of the Wealth of Nations* in 1776 and to which in the following 60 or 70 years Bentham, Malthus and Mill, among others, made their notable contribution. The occasion is the same. Of late, as then, nations are in the beginning stages of national development. The new countries of Asia and Africa are now concerned, as were those of Western Europe in the latter eighteenth and early nineteenth centuries, to understand the processes on which progress depends. In these last years, scholars in the economically more advanced countries have joined, and on occasion have led, the discussion. I am both impressed and made proud by the intensity of the interest in the economics of development in the United States.

Economic Development Imperative

Both in the new states and the old states it has been recognised that economic development is an imperative. Indeed, this has been a distinguishing feature of the recent as compared with the earlier discussion. At least, until the time of Marx, the problem of economic progress was explored with a measure of philosophical detachment. In the years since World War II, it has been characterised by a note of high urgency. The nineteenth century discussion was in a world that, on the whole, was rather proud of what was happening. The 20th century discussion is in a world where there is a strong feeling that a great deal more must happen and very soon.

The recent discussion of development has also differed from the earlier in being remarkably more sophisticated. We now have growth models—hypotheses as to the nature of the process of economic growth—some of considerable mathematical refinement and a few that are wholly incomprehensible. Capital-output ratios and marginal capital-output ratios are now calculated more or less on a mass production basis for the various components of five, seven and 10-year plans and for perspective plans beyond. Missions pass through the underdeveloped countries, avoiding each other only by adhering to closely planned schedules and accumulating new information or joyously rediscovering the already known. There is now a considerable sociology and a sizable anthropology of backwardness. We are told that Mill by the age of seven was the master of the Greek and Latin classics. Were he now to reappear some 90 years after his death he might well decide, after seeing how intricate are the matters on which he once wrote, to stay with Ovid and Cicero.

Yet it would be a mistake to identify complexity with completeness and sophistication with wisdom. There are some serious shortcomings in the modern discussion. And these become evident as we compare it with the earlier debate.

Recent Discussion of Development Factors

It is our pride that the recent discussion of development has been scientific—that terms and concepts have been rigorously defined and so employed that scholars working on different aspects of the problem can communicate with each other with some certainty, can correct each other as necessary and each by adding his piece of knowledge to the common stock can thus add to the total wisdom. The earlier discussion was less precise but more grand. Smith, Malthus, Bentham and Marx were builders of systems; they concerned themselves with the aggregate requirement of progress. The principles of good Government, the inducements to individual performance, the role of popular enlightenment, the foundations of thrift, the effect of competition and of monopoly, the relation between social classes, the reasons why some people, notably the English, worked hard and others, notably the Irish, worked not so hard were among the many questions which were grist for their mill. Indeed, anything that was deemed to have a bearing on economic advance was considered. The only test was broad relevance to the questions: What made for economic progress? Or, on the other hand, what led to stagnation—to the much-discussed stationary state?

The 19th century debate was conducted by a rather small number of men. By its nature, it was confined to those who could grasp and articulate the great issues. Only great men could thus participate—we have often heard it said that each generation produces but one philosopher. Fortunately, for those of us who essay to speak on the subject, the modern discussion has been much more democratic. That is because it has been concerned with the parts of the problem rather than the whole. Men with a usefully cosmic view of society may be scarce. Many can contribute to knowledge of bits and pieces. It may not be easy to elucidate the relation of a philosophical or religious idea to economic change. But almost anyone can come up with some useful ideas on the priority to be attributed to machine tools in the next Five-year Plan.

Here it seems to me lie the weakness and even the dangers of the current discussion of economic development. We have been enthusiastically and quite capably discussing the parts of the problem; we have paused all too infrequently to inquire whether they fit into a viable whole. We have looked at the things which contribute to economic development; we have given too little attention to inquiring whether they are being employed in a context that is favourable to development. As a result, we have probably wasted a good deal of time and effort doing things that were right in themselves but which made little or no contribution to progress, for they were done in an environment which was inconsistent with advance.

Diagnosis of Causes of Underdevelopment

Let me be more specific. In the years since World War II, in the absence of any overall consideration of the conditions of economic advance of the kind that was offered a century earlier, we have made a series of assumptions. These are:

1. That the world is divided between developed and underdeveloped countries. In the developed countries economic progress is more or less automatic—or in any case it is easily within the powers of the country itself if it follows an intelligent economic policy. Development is possible in any underdeveloped country. But it will occur only when certain barriers to development are overcome.

2. These barriers, on which there is a good deal of agreement, are a shortage of modern technical knowledge or know-how, a shortage of capital, a shortage of specially trained manpower and an absence of a sound plan for using capital, manpower and technical knowledge. If these are provided, there will be progress.

The standard prescription for economic development proceeds directly from this diagnosis. Technical assistance is obtained from abroad. Steps are taken to increase the supply of domestic savings and of capital from both domestic and foreign sources. Men are sent abroad for training. A five-year or seven-year or 10-year plan is devised. These steps will, indeed, be sound, if the diagnosis of the development problem is sound. If that diagnosis is unsound, we will be having a good deal of waste motion in the world. It is my unhappy feeling that the diagnosis leaves a great deal to be desired. That it is more nearly valid for India than for most other countries can be of only limited comfort. Even here, in India for the task of overcoming poverty and privation is one that lies on the conscience of all mankind. Let us look more at the present diagnosis in the context of some practical situations.

Need for Efficient Public Administration

We have said that capital and technical knowledge are the missing elements. But, in many of the newer African states, national Government is still in its beginning stages and in parts of Latin America it has never been brought to a minimal level of efficiency. In these circumstances, investment, whether public or private, is subject to the risks, uncertainties and accentricities of poor public administration. It is idle to imagine that good development plans can be created or carried out without a good government to do so. And neither technical assistance nor trained technicians do well, or are even much needed, where administration is indifferent or bad. The best agricultural scientist cannot make much headway as adviser to a non-existent ministry. The finest tax authority goes to waste if the Minister doesn't believe in collecting taxes. The first task is not to get capital or technicians, but, where these are lacking, to build competent organs of public administration.

In the last century nothing occupied a more prominent place among the requirements for economic and social advance than public education and popular enlightenment. In the new states today, or the older ones without developed systems of popular education, one wonders if school books should not come before machine tools. Popular education releases the energies not of the few but of the many. And it opens the way to technical knowledge. Literate people will see the need for getting machines. It is not so clear that machines will see the need for getting literate people to manage them. So under some circumstances at least popular education will have a priority over the dams, factories and other furniture of capital development.

Finally, in many countries, any serious look at the larger system must soon come to focus on the shortcomings of the social order—on arrangements under which wealth and political power are a monopoly of a small minority of the population and the masses, accordingly, are excluded from all incentives to improvement. Even the most eloquent agricultural extension expert cannot explain the advantage of growing two grains of wheat where but one flourished before if the peasant knows full well that both grains will go to his landlord. The best-considered forms of agricultural investment or the most sophisticated techniques of agricultural extension are worthless if the cultivator knows that none of the gains will accrue to him.

In short, on even the most preliminary view of the problem effective Government, education, and social justice emerge as critically important. In many countries, in diagnosing the barriers to advance, it is lack of these that is of critical importance. And it follows that, until these barriers are removed, little will come from capital investment and technical assistance. And, while there may be plans, they will be big on paper and small in practical result.

India's Assets

I have said that the present diagnosis of the causes of underdevelopment with its stress on capital, technical assistance and planning does not fit India too badly. India has an effective Government; there is a substantial measure of literacy; she has a backlog of administrative and entrepreneurial talent; there is a solid commitment to the goals of social justice and social progress. At the same time, the propensity to consume is high and the rate of saving is low and the problem of capital supply is especially serious for that part which must be obtained from abroad. Under these circumstances, attention has naturally been focussed above all on the question of financial support to investment.

We have here an important reason for our misapprehension of the problem of development. India is by far the largest and most populous of the underdeveloped countries, China apart. Her development has attracted more attention than that of any other country, partly because it has the most competent planners, and the most articulate journalists. Despite their shortcomings, India also has the best statistics and, as we economists know, it is difficult to mount much of a discussion of development of a country where even imaginary gross national product data are unavailable. As a result, the world has come, in far greater degree than has been realised, to identify development as a whole with the experience of India. Since capital and technically trained manpower are the limiting factors in India, they are assumed to be the limiting factor everywhere. Since competent planning is possible in India, it is assumed to be possible everywhere.

I think, however, that we in the United States have been responsible for some of the over-emphasis on capital and technical know-how and talent. As a nation, we have a healthy respect for money and its uses. And, in the United States, economic accomplishment depends not on the changing will of the Government, not on finding literate workers, for these are taken for granted. Accomplishment depends on finding the capital and recruiting the engineers, scientists and technicians. The world in short has generalised from the Indian experience and we have generalised from our own. Those who praise the co-operation between our two countries should observe that it extends even to misleading students of economic development.

Different Stages of Development

What is the lesson? It is not that capital or technical assistance or technical training are unimportant or that planning is a waste of time. India, where these are vitally important, is competent proof to the contrary. The lesson is that we can no longer have one diagnosis of the causes of underdevelopment. Rather we must have the particular diagnosis which fits the particular country. And in few cases will the causes of backwardness or the requirements of progress be quite the same.

More specifically, we must recognise that economic development is a process—one that extends in range from new nations of Africa but slightly removed from their tribal structure to the elaborate economic and social apparatus of Western nations. (Although the stages inevitably invite debate, Professor Rostow's signal contribution has been in putting the problem of development in such form.) At each stage along this continuum there is an appropriate policy for further advance. What is appropriate at one stage is wrong at another.

In the early stages, it undoubtedly involves the building of organs of public administration and the provision of an educated minority. Then comes the task of popular enlightenment. As one proceeds along the line, other requirements enter and, depending on population and resource endowment, these will be different in different countries. Capital becomes the touchstone of development only in countries that are well along the line. At all stages, the social structure must be favourable for development. Development is a democratic task. It will proceed only if the masses are enlisted and they can be enlisted only if they are rewarded. The world offers a number of striking examples of nations rich in minerals or oil and where as a result capital is in adequate supply but where the social structure remains a barrier to advance.

Because the requirements for development will be radically different, depending on the stage, any effort to offer a common prescription for development will be productive only of waste, frustration and disappointment. And so, likewise, will be generalisation from the experience of a country in one stage of development to the needs of a country in another stage. To generalise from the experience of the United States to the needs of India will be productive of error but so, equally, will generalisation from the case of India to that of Dahomey or Chad.

I venture also to suggest that, as a country such as India moves along the line of development, its diagnosis of its development problem will change. It would be a misfortune were habit and doctrine, those ever present enemies of thought, to keep the diagnosis from accommodating itself to advance. Thus, in the years ahead, technical assistance from abroad will be far less important than in the recent past. Increasingly, India will be able to import the technology without the technicians.

While capital will continue to be central to India's requirements, I venture to think that you are reaching the stage where the problem of increasing the size of the capital plant will be no more important than to increase the efficiency of its use. In building a steel industry, the first stage is to get the blast furnaces, open hearths and converters, and rolling mills. Nothing else is so important. But, at the next stage, it becomes important that these provide steel at low cost to consumers at home and to nurture exports abroad. And it is even more important that, by their efficiency and earnings, the plants provide the wherewithal to reproduce themselves. To look at development as a movement along a line is to protect one's self from a stereotyped diagnosis even within the country.

It would be much easier were there a common formula for economic development and were it to remain constant for the country. But it were better that we face our difficulties including the shortage of handbooks on the ways to create good organs of public administration in nations which are unlearned in the arts of self-government or blueprints on how to have the right kind of social revolution without the wrong kind of voilence. This may be a more difficult and pessimistic view of the problem than is commonly offered in our day. But we can remind ourselves of Voltaire's observation that "Optimism is the madness of maintaining that everything is right when it is wrong."

* * * *

PART II

The Developing and the Developed

In the last 15 years, in nearly all of the major university centres of the world, we have had an exceedingly active discussion of economic development. I have thought that I might use a few of the public occasions which are part of the inevitable and by no means unpleasant ritual of my present position to reflect on this discussion.

As I do so, however, I find myself in certain difficulties. What one says on this subject on one occasion proceeds in certain measure from what one has said before. By an amiable, if highly dubious, convention, a university teacher is allowed to place upon his audience the responsibility for knowing what he has said before. "As you will recall from my last lecture..." is the most commonplace of academic salutations and one that goes unremarked even by those who recall absolutely nothing. But I would be straining matters a bit were I to ask you to recall what I said day before yesterday at the University of Madras. Although the only scholar more to be deplored than the man who repeats others is the man who repeats himself, I think I must be allowed to summarise in a word or two the general thrust of the argument on which my comments this afternoon depend.

Greatest Disservice

The greatest disservice that has been done to the discussion of economic development in recent times has been the introduction of the distinction, now such a commonplace that we use it indispensably and without thought, between developed and underdeveloped countries.* This has caused us to conclude that all underdeveloped countries are more or less alike. And it has enabled us to imagine that their development in all countries would respond to much the same prescription and, in particular, to a planned development of resources aided by an infusion of capital and technical knowledge from the developed countries.

In fact, development is a process and countries which we call underdeveloped are in radically different stages of advance. At different stages, different things are important for further advance. In the very early stages, the creation of a minimally effective system of public administration is most important. After a tour of duty in Africa, Professor Arthur Lewis appropriately made the development of an effective civil service the first requirement of development. At this stage, it is equally urgent that a country obtain an educated nucleus of people who can build the system of public administration and, for that matter, everything else.

In the next stage, popular education becomes important. This enables the masses of the people to participate in economic activity. And it opens men's minds, as they can be opened in no other way, to new methods and new techniques. Apart from its cultural role, popular literacy is a highly efficient thing. Needless to say it is also the mainspring of popular aspiration. As such it adds strongly to the desire for development.

If development is to depend on popular participation, then there must be a system of popular rewards. There can be no effective advance if the masses of the people do not participate; man is not so constituted that he will bend his best energies for the enrichment of someone else. As literacy is economically efficient, so is social justice.

Only as these earlier stages of development are traversed does capital become the limiting factor. Indeed, there is a distinct possibility that capital provided to countries in the earliest stages of development will be wasted. Only in a relatively sophisticated stage of development can it be well and wisely used in any considerable quantity.

At the last stop along this line are the so-called developed countries. In these—the United States, the United Kingdom, the U.S.S.R., Germany, France—capital ceases to be the limiting factor. Development becomes dependent on a complex of forces—scientific and technical skills and imagination, quality of working force, ability to make full use of available resources, clarity of national goals—which need not concern us here.

Various Stages of Development

To see the process of development as a line along which the nations of the world are spaced, in their various stages of development, is to see both the process of, and the policy for, development with considerably enhanced clarity.

Thus, it goes without saying that we can no longer speak of a common prescription for development. Instead, there will be a plan appropriate to the particular stage. In the early stages, the development plans will not be very elaborate or complex; they will be concerned with the first essentials of administrative structure and with education and social reconstruction. In these early stages, also, development encounters the appalling problems of the closed circle. How does a country without effective organs of public administration develop them, for bad government is not self-correcting but self-perpetuating? How does a country without and educated elite create one since to extend education takes educated people? How bring about social reform when the class structure places political power in the hands of those who are likely to resist it? These are intensely difficult questions although perhaps not quite as difficult as they sound. Other countries have broken out of the circle. And the drive for development, in our day, is a force of great independent power and it is not kind to those who, in defence of vested interest, stand in its way. In any case, those who are concerned with development will not remove these obstacles by pretending they do not exist.

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*As a number of students have observed, there are serious technical difficulties with the distinction. The term underdeveloped is evidently taken to mean a low level of exploitation of land and other natural resources and this is taken to be a cause of a low level of *per capita* income. For this reason, underdeveloped countries are poor countries. Yet, by ordinary economic tests, the resources of India or Pakistan are not less fully exploited than those of the United States, the United Kingdom or the Soviet Union. A dollar additionally invested in the development of the natural resources of the United States almost certainly returns a bigger real revenue than a dollar invested in the Asian sub-continent. This suggests a greater unexploited opportunity in the United States or a greater opportunity for further development. The United States turns out, by this test, to be the underdeveloped country. In fact, we all use the word underdeveloped more or less synonymously with low *per capita* income. A country, in this sense, is more or less underdeveloped in accordance with its greater or less task in achieving an adequate living standard.

As I have said, in countries that have conquered these first problems, capital and technical knowledge become the limiting factors. India's present need for capital is based not on a low level of development. It is the result, as compared with the other new nations, of a relatively high level of development that enables her to use capital effectively. It is only at this stage, where consideration must be given to how scarce investment funds can be most effectively used and when different uses of capital must be horizontally integrated and phased over time that planning becomes very complex. We could make no more serious mistake than to imagine that the kind of planning that is done by India or Pakistan is essential for nations in all stages of development. In earlier stages it is neither necessary nor possible. I hope, at some later date, to return to the theory of development planning. It is sufficient for the moment to say that its character is closely related to the position of the country along the development line.

Advantage of Being First in the Line

There was considerable advantage in being one of the countries that was first along the development line. The nations that led the way—Britain, France, the United States—could take their achievements at their face value. Whatever they accomplished could be regarded with satisfaction. None did better. It has often been observed that an exuberant pride in accomplishment was the mood of Nineteenth Century Britain. It is still in considerable measure the mood of Twentieth Century America. The countries that came late, by contrast, have high and difficult standards not of their own making. They are faced always with comparisons—comparisons with the American or Soviet productive plant, comparisons with American or British living standards.

There is another troublesome matter. In a very poor arrangement of human affairs, development becomes easier the farther it proceeds. That is because each step in this process invariably makes the next one easier. Given no competent organs of public administration, it is hard to develop any. But given a few, they can be extended. Given no teachers, it is hard to launch an educational system. Given a few, they can train others. Given many, the training process becomes easy and almost automatic. Saving and capital accumulation are exceedingly painful in a poor country where the pressure of current need is very great. In a more affluent community, saving is much easier. In a rich country, savings may, on occasion, be excessive.

The consequence of this arrangement of matters is that the more developed countries are constantly widening their advantage over those that follow behind. On occasion, they blame those that follow for their poor performance. And to those that follow progress must often seem disappointing. It would be well were we all to realise that if the pace of less favourably situated countries is slow it is not necessarily because their efforts are less. It may be because their task is so much greater.

Each Country Has Something to Offer

To see the countries of the world, not as divided between the developed and the underdeveloped, but as spaced along a line representing various stages of development is important for obtaining an accurate view of the problem of assistance. For, when development is so regarded, we see that no group of countries is uniquely qualified to extend assistance with another group condemned by position to the role of recipient. Rather each country has something to gain from those that, economically speaking, are ahead. And it has something to offer those that follow. The provision of economic aid is seen, as it should be, as a co-operative endeavour in which all countries can have a share.

And, while there will be differences in what is given and what is received as we pass along the line, I am not sure that the contribution of the less developed countries is necessarily less. For the more developed countries the provision of capital is an obvious form of assistance. But, as countries such as India work out their problems of popular education, village development, family planning and land consolidation, their experience will be exceedingly valuable to those that follow along the line. I venture to think that India will be a better teacher here than the United States. You have been much closer to the practical problem.

But let me stress the principle. To divide the world as between the aiding and the aided is both wrong and psychologically damaging. Development is a task in which many need help and as many have something to offer. This, henceforth, is how we must regard the task.

Now let me say a more specific word about borrowing and lending of resources and experience as between countries differently positioned along the development line. Given the different stages of development, nothing is more natural than that countries should look for guidance to the experience of those that have gone before. And nothing is more desirable than that those who have gone first should make both experience and tangible assistance available to those who come later. In the years since World War II, such borrowing and lending of experience and resources has become a commonplace. It is a matter on which the United States has taken a strong lead. It will, I have always thought, be our best remembered contribution to the comity of nations.

Need for Judgment, Discrimination

Borrowing and lending as between countries differently positioned along the development line are, however, a matter which calls for great judgment and great discrimination. The wrong things as well as the right things can be given or received. The experience of others can be wisely adapted and great good can come from it. And it can be unwisely adapted so as to do positive harm. Despite these difficulties and dangers, much of the borrowing and lending, especially of experience, that has gone on between developing countries since World War II has been exceedingly casual, as though no problem were involved. Again, let me specify.

There are three things which are possessed by the more advanced country which can be borrowed by those following it along the line. There are both rewards and dangers associated with each. They are:

(1) Capital
(2) Technology
(3) Organisation

The transmission of each of these between countries in different stages of development involves certain dangers.

It is hard to imagine any of the less developed lands being damaged by an excess of capital. And, as I have noted, countries in the higher stages of development accumulate capital far more easily than those in the less-advanced stages. This is one reason why lending between advanced and less-advanced countries on concessional terms—at low or zero rates of interest and for long terms of repayment—should be considered normal and natural. No one should be excessively impressed by economic aid which is in the form of ten-year loans at six and a half per cent. Few countries in any stage of development can safely pay the price of purely commercial credits.

Dangers in Borrowing

But even loans at low or zero rates or forthright grants of capital have their dangers. As I have sufficiently emphasised, the ability to use capital in any considerable volume is itself the result of development. If it is available before the conditions for its use are available, it will be ineffectively employed or possibly wasted. The provision of power and transportation to trained, literate and socially emanciated people is bound to be productive. The productivity is far less certain if these things are provided to people who are still enslaved by ignorance or a backward social system.

But even in a country such as India, which has reached the stage where it can use capital in quantity, there are dangers. Borrowing from abroad can be a substitute for earning from abroad. Earnings depend on efficient and low-cost production that takes advantage of the tendency for nations in the more advanced stages to become what Keynes once called "high-cost, high-living" countries. I venture to think that any friend of India will view with some concern, the rather uninspiring behaviour of Indian exports in the last five years. At a roughly similar stage in her industrialisation, Japan had no alternative but to force her products on to the markets of the world. This was not a formula which made for universal popularity. But it did provide the earnings for investment which insured her further growth. It is doubtful if aid, however generous, can ever be a substitute for such earnings and for the independence and self-confidence that they accord.

Borrowing Technology Also a Subtle Issue

The borrowing of technology is also a subtle matter. In principle, it is highly desirable. One advantage of being second in line is that the country so placed can take advantage of what has been worked out, often with great labour and cost, by those who have gone before. It is important, however, to know why the thing has been worked out. Is it a step forward in process or product of universal application? Or is it an adaptation to the requirements of economic development itself? High-yielding maize hybrids, improved technique of rice cultivation, improved fertiliser use, the L-D process of steel production are of the first sort. They economise all resources. Hence, they are as appropriate and important for the less as for the more developed country. But much of the technology of the more advanced countries represents an accommodation to labour shortages or reflects the other special requirements of the more advanced economy. The cotton picker or the modern heavy farm tractor are innovations of this sort. On the farms in the United States they reflect the fact that hired labour is exceedingly scarce. This is the technology which should not be taken over by countries in the earlier stages of development. To do so is to waste scarce resources and handicap development and, more than incidentally, add to unemployment.

Thus, it is a mark of wise development planning to copy from the countries in the more advanced stages. And it is also a mark of wise planning not to do so. The distinction which I have just made between innovations of universal application and those which are merely adaptations to higher stages of development is not an easy one. But it is more likely to be made if it is clearly seen. Not long ago, in a neighbouring Asian country, where there is much unemployment and where wages are low, I saw expensive automatic gates imported from abroad being installed at the railroad crossing. These are necessary in countries where no one is any longer available for the reflective life of the railway gateman. I could not help thinking that, if the distinction I am making were in mind, considerable money would have been saved and the gatemen would have remained gratefully at their posts.

But, where imitation is called for, it should be unabashed and unashamed. This will not be applauded by the more advanced countries; they have always felt that imitation by the newcomer is not quite sporting. The British in the last century spoke most disrespectfully of the imitative tendencies of the Germans; no sooner did Sheffield have something that was good than Solingen had the same thing in a cheaper model. More recently, the Japanese and the Soviets have been criticised. It is sound strategy, nonetheless, for those who come later to take advantage of the paths that were broken by those who went first. The advantages of late arrival are all too few. Those that exist should be exploited.

Organisation Should Fit State of Development

The greatest danger in borrowing as between the stages concerns organisation, a term I use broadly to include Government and its services, and educational, welfare and economic organisation. In the past, it has too often been assumed that, because a particular organisation or service—a government department, educational institution or agricultural or industrial service—exists in a more advanced country, it makes an important contribution to development. Therefore, it should be recreated in the countries that are in the less-advanced stages. It will aid their development too.

This line of reasoning, if such it may be called, is false and damaging. Often, and I think usually, the organisation and services of the more advanced country are not the cause of its development but the result. They reflect an accommodation to the needs of more advanced development or are made possible by that level of development. Injudicious and ill-considered borrowing and lending of such organisation will thus not help development but will hinder it. The Government of India is a complex and multifarious thing which reflects the great variety of tasks undertaken by India in her stage of development. An equally complex organisation would be a misfortune for one of the newer African states, with, for the foreseeable future, a far simpler range of tasks. A great many features of the governmental, educational, agricultural and industrial organisation of the United States are not important for American development. They exist because a relatively advanced stage of development makes them necessary or, on occasion, because we can afford the unimportant. If luxuries of the educational curriculum, esoteric educational institutions, refined agricultural services and a wide range of public services are transferred before their time

(Continued on page 227)

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RESULTS OF INDIAN TRADE AND GENERAL INSURANCE

FIRE DEPARTMENT PROVIDES THE CREAM

THE same set of factors which adversely affected the working results of the Indian Trade and General Insurance Co., Ltd., (General Manager: Mr. T. M. Telang, Calcutta) in 1959 continued to plague the business of the Company during the year 1960 also. Thus, on the one hand, there was the voluntary surrender of several unprofitable incoming marine treaties and, on the other there were the larger claims arising out of the more numerous "general average" and "total losses" and unsatisfactory claims experience both in India and abroad. In addition to this, during 1960, the Company had, along with other general insurers, to cope with the prospect of a decline in fire insurance premium consequent on the reduction in the fire premium rate with effect from 1st January 1960. In spite of all these, the Company was able to show the same net profit in 1960 as in 1959 and to maintain the dividend without having to draw upon the reserves. This was due largely to the good results in the fire department, which, in spite of a reduction in premium rate, yielded a profit of over Rs. 8.5 lakhs, thanks to the better claims experience and lower expense ratio. However, the unsatisfactory experience in other departments, especially in the miscellaneous department, has resulted in the net profit being reduced to the previous year's figure of Rs. 1.25 lakhs. The dividend has been maintained at Rs. 2 per share of Rs. 40 paid-up, subject to deduction of tax.

The following table summarises the working results of the Company during the year ended 31st December 1960 as compared with those for 1959 and 1958:

(In lakhs of rupees)

	Year ended 31st December		
	1960	1959	1958
Fire:			
Net premium	38.07	37.44	31.53
Claims	15.17	15.67	14.59
Commission, expenses, etc.	14.69	14.73	12.76
Fire fund	19.08	18.72	15.77
Marine:			
Net premium	20.67	24.32	28.26
Claims	17.11	18.98	17.45
Commission, expenses, etc.	5.96	5.20	8.80
Marine fund	20.67	23.66	22.34
Miscellaneous:			
Net premium	35.04	29.93	28.86
Claims	29.06	21.88	16.38
Commission, expenses, etc.	13.66	10.79	10.66
Miscellaneous fund	17.52	14.96	14.18
Net profit	1.25	1.25	1.18
Provision for taxation	..	..	0.35
Dividend	1.20	1.20	0.80
	5%*	5%*	2.5%
Carry forward	0.34	0.28	0.23

* Subject to deduction of tax.

Contrary to the fear that the reduction in fire premium rate last year would result in a drop of about 10 per cent in the premium income, the premium income in the fire department rose from Rs. 37.44 lakhs in 1959 to Rs. 38.07 lakhs in 1960. This increase was apparently due to the acquisition of enough new business. The claims ratio registered a welcome decline from 41.8 per cent in 1959 to 39.9 per cent in 1960. Expenses (including commission) also showed a downward trend, being 38.6 per cent of premium, as against 39.3 per cent in 1959.

In the marine department, though there was a further increase in the direct business, the premium income declined from Rs. 24.32 lakhs in 1959 to Rs. 20.67 lakhs in 1960, thanks to the impact of the various unprofitable incoming treaties which had been cancelled. The drop in premium income resulted in the overall expense ratio in this department rising by 7 per cent. The claims ratio, too, was higher at 82.8 per cent, as against 78.1 per cent in 1959. Nevertheless, there was an underwriting profit, in this department, of Rs. 1.60 lakh after maintaining the reserves for unexpired risks at 100 per cent of the premium income.

Bad Overseas Experience

The accident department continued to reflect the unsettled political and economic conditions prevailing in Africa where the Company has substantial business interests and the adverse claims experience in India. The results in respect of motor and burglary insurance was particularly bad. Although the premium income in the miscellaneous department rose from Rs. 29.93 lakhs in 1959 to Rs. 35.04 lakhs in 1960, it was more than offset by the rise in claims ratio from 73.1 per cent to 82.9 per cent. This deterioration in claims is solely accounted for by the Company's African business. Corrective measures are being taken and it is hoped that, before long, this portfolio would begin to yield good results.

After crediting the various receipts and debiting expenses and closing the departmental accounts, a sum of Rs. 1.25 lakh has been transferred to the profit and loss account which, along with Rs. 28,760 brought in, makes available for distribution Rs. 1.54 lakhs. The dividend will absorb Rs. 1.20 lakh, leaving a balance of Rs. 33,746 to be carried forward.

The essential features of the Company's financial position as at 31st December 1960 are given below:

(Rs. in lakhs)

Capital paid-up	24.00
Underwriting reserves	57.22
Other reserves	5.12

The total assets of the Company amounted to Rs. 143.70 lakhs as against Rs. 132.75 lakhs a year before.

Problems of Insurers

In his statement to the shareholders, circulated along with the Directors' report and accounts, Mr. Karam Chand Thapar, Chairman of the Company, reviewed some of the major developments that took place in the insurance trade during 1960. Particularly significant are his observations regarding the conversion of the "Indian Guarantee" into a purely reinsurance company and the Government's policy in respect of overseas business of Indian insurers, as will be evident from the following quotation:

"The recent past has also seen the entry in the Indian Insurance industry of a new reinsurance corporation and I understand that the equivalent of 20 per cent of each company's gross direct Indian business now has to be compulsorily reinsured with the two Indian professional reinsurers. The object of these steps is apparently to reduce the foreign exchange drain on account of reinsurances placed overseas and, while I hope that this objective will be quickly achieved, I must request the authorities concerned to remember that, undue emphasis on local reinsurance arrangements will prevent Indian companies from developing balanced portfolios based upon a wide spread of risk. At the same time, no such local arrangements should be allowed to operate to the detriment of insurance companies and I hope steps are already being considered whereby reinsurance commissions and profit commissions on business placed with the Indian professional reinsurers will be comparable in every way with the corresponding commissions which each company can obtain overseas.

"During the last one year or so, the industry has also confronted with a singular indecision on the part of the Government regarding development of overseas business. A modicum of caution is understandable with a view to preserving a good name for Indian insurers operating abroad, but it is unfortunate that there is apparently no clearly defined policy on this subject, as a result of which administrative delays occur and prejudice carefully developed opportunities which rarely come the way of Indian insurers. I regret to say that there is no proper appreciation by Government of the difficulties and problems of Indian insurers in developing foreign business, or of the contribution which the Indian insurers can make towards promotion of exports. In the circumstances, I must urge the authorities to make up their minds whether they wish to encourage development of foreign insurance business or not, and then ensure that efforts of insurers are not nullified by administrative delays and red tape."

It is to be hoped that these words have not fallen on deaf ears.

BOMBAY FIRE AND GENERAL INSURANCE COMPANY LIMITED

A sizable increase in premium income and an appreciable improvement in the claims experience are reflected in the audited accounts of the Bombay Fire and General Insurance Co., Ltd. (Manager: Mr. K. K. Dastur, Bombay) for the year ended 31st December 1960. The combined net premium from the fire, marine and miscellaneous departments rose from Rs. 22.13 lakhs in 1959 to Rs. 29.23 lakhs in 1960. Total net claims paid and outstanding in all the three departments, at Rs. 10.87 lakhs, represented 37.18 per cent of premium, as compared with 46.30 per cent (Rs. 10.24 lakhs) in the previous year. The improvement in claims and premium income was, however, offset by the rise in expenses of management and commissions paid which were higher at Rs. 14.79 lakhs, being 50.50 per cent of premium, as compared with Rs. 10.40 lakhs or 47.01 per cent in the previous year. Consequently, the net profit showed a decline from Rs. 1.35 lakh in 1959 to Rs. 1.25 lakh during the year under review. Nevertheless, the dividend has been maintained at Rs. 7.25 per share on the Rs. 40 paid-up shares and Rs. 1.81 on the Rs. 10 paid-up shares, both subject to deduction of tax. This has been done by reducing the carry forward from Rs. 87,621 in 1959 to Rs. 36,646 in the year under review.

The following table summarises the working results of the Company in 1960, as compared with those for the previous two years:

(In lakhs of rupees)

	Year ended 31st December		
	1960	1959	1958
Fire:			
Net premium	14.60	11.98	11.53
Claims	4.65	4.42	3.13
Commission, expenses, etc.	8.38	6.60	6.72
Fire Fund	7.46	6.15	5.08
Marine:			
Net premium	5.23	5.50	5.08
Claims	2.91	3.39	2.85
Commission, expenses, etc.	4.87	1.75	1.62
Marine fund	5.23	5.50	5.08
Miscellaneous:			
Net premium	9.40	4.65	3.87
Claims	3.31	2.53	2.01
Commission, expenses, etc.	1.59	2.06	2.06
Miscellaneous fund	4.71	2.34	1.95
Net profit	1.25	1.35	1.78
Dividend	0.76	0.76	0.76
Provision for taxation	0.50	0.50	1.50
Transfer to staff gratuity A/C	0.50	0.50	..
Carried forward	0.37	0.88	1.28

As is evident from the above table, the fire and miscellaneous departments accounted for the bulk of the rise in premium income. Claims in the fire department showed a welcome decline from 36.91 per cent in 1959 to 31.87 per cent during the year under review. Commission, expenses of management, etc., were, however, slightly higher at 57.04 per cent as compared with 55.06 per cent in the previous year. After providing for a reserve for unexpired risk of Rs. 7.46 lakhs the account shows a surplus of Rs. 59,604.

Claims experience in the miscellaneous department was very much better as compared with the previous year. At Rs. 3.31 lakhs, total claims represented only 35.21 per cent of premium, as compared with 54.39 per cent in 1959. Commission and expenses, on the other hand, registered a sharp rise from 44.65 per cent to 51.80 per cent. Consequently, the underwriting results showed a bigger loss of Rs. 1,00,650 in 1960 as against only Rs. 27,985 in 1959.

Net premium in the marine department amounted to Rs. 5.23 lakhs. The claims ratio showed an appreciable decline from 59.92 per cent in 1959 to 55.52 per cent during the year under review. Commission and expenses, too, were slightly lower at 30.42 per cent, as compared with 31.45 per cent in 1959. After maintaining the reserve for unexpired risks at 100 per cent of premium, the account shows a surplus of Rs. 1.22 lakhs.

The net departmental contribution to the profit and loss account is a credit balance of Rs. 81,200 which, together with incomes from interest and dividends, makes Rs. 1.25 lakh. To this has been added Rs. 87,620 brought in from the previous year's account making available for distribution Rs. 2.13 lakhs. This amount has been appropriated as under: provision for taxation Rs. 50,000; staff gratuity account Rs. 50,000; dividend Rs. 76,040. The balance of Rs. 36,646 has been carried forward.

Notice

INTEGRAL COACH FACTORY
MADRAS-23

Tender No. ICF/P6/45 For Steel Items

SEALED TENDERS WILL BE RECEIVED BY the Chief Administrative Officer, Integral Coach Factory, Madras-23 for the supply of 3,704 tonnes (approximate) of steel materials such as Plates, Sheets, Flats, Rounds, etc. upto 10-30 a.m. on 6-9-1961 and opened at 11-00 a.m. on the same day. Tender Documents can be had from the Office of the undersigned upto 3 p.m. on any working day on or after the 28th of this month, on payment of Rupees ten being the cost of the Tender Schedule either in cash or money order which amount is not refundable. Postal Orders or remittances in any other way will not be accepted. While requisitioning for the tender schedule, reference to tender No. etc. along with the firm's full postal address should invariably be furnished in the Money Order coupons. The Tender Schedule will be available for sale upto 3 days prior to the opening date. Tender documents may also be obtained from the Director General, India Store Department, Government Buildings, Bromyard Avenue, Acton, London, W.3 and the Director, India Supply Mission, 2536, Massachusetts Avenue, N.W. Washington 8 D.C.

DY. CONTROLLER OF STORES.

ALL-ROUND PROGRESS OF T.E.L.CO.

TAKE OFF STAGE REACHED

EXCELLENT results are shown by the Tata Locomotive and Engineering Company Ltd. (Director-in-Charge: Mr. S. Moolgaokar, Bombay) for the twelve months ended 31st March 1961. This is primarily due to the sustained efforts made by the management to secure highest standard of quality and performance and the expanding demand for the Company's products, resulting from rapid progress of industrialisation in the country. Revenue by way of sale of products and services has jumped up from Rs. 28.25 crores in 1959-60 to Rs. 37.55 crores in the year under review, representing an increase of more than 32 per cent. The other income, which is chiefly derived from interest on investments and hire purchase contracts, has also risen perceptibly, from Rs. 60.15 lakhs to Rs. 75.55 lakhs. On the expenditure side, the value of raw materials and stores consumed has gone up from Rs. 15.98 crores to Rs. 19.12 crores and payments to and provisions for employees from Rs. 364.51 lakhs to Rs. 448.80 lakhs. The manufacturing expenses, excluding excise duty, stand at Rs. 562.95 lakhs, an increase of over Rs. 151.14 lakhs over the previous year. The highest increase has occurred under excise duty from Rs. 22.87 lakhs in 1959-60 to Rs. 330.34 lakhs in the year under review. Only the other expenses, which include interest paid on bank borrowings and debentures have declined from Rs. 112.46 lakhs to Rs. 74.63 lakhs.

The gross profit has recorded a very substantial improvement of Rs. 109.03 lakhs to Rs. 517.13 lakhs, showing an increase of 26.7 per cent over the previous year. After providing Rs. 23.82 lakhs for managing agents remuneration, Rs. 180.63 lakhs for depreciation and Rs. 122.23 lakhs for taxation, as against Rs. 25.24 lakhs, Rs. 161.30 lakhs and Rs. 93.30 lakhs, respectively, in the previous year, the net profit amounts to Rs. 190.45 lakhs. This shows a rise of 48.4 per cent over the net profit of Rs. 128.26 lakhs for 1959-60. The sum actually available for distribution is of the order of Rs. 203.24 lakhs, as the net profit is supplemented by Rs. 10.55 lakhs, being the amount withdrawn from Section 15C tax-free profits of past years and the sum of Rs. 2.24 lakhs brought in from the previous year. The Directors have followed a judicious policy of ploughing back a sizable portion of the profit. The deferred taxation reserve has been credited with Rs. 8.40 lakhs, as against Rs. 6 lakhs in 1959-60. The general reserves No. 1 and 2 have received Rs. 20.99 lakhs and Rs. 75,000, respectively, as against nothing in the previous year. In addition, as much as Rs. 44.88 lakhs have been set aside for the development rebate reserve. Making allowance for the withdrawal of tax-free profits of previous years amounting to Rs. 10.55 lakhs, the aggregate sum conserved during the year under review is of the order of Rs. 64.47 lakhs, or a little less than one-third of the net profit for the year.

As readers are already aware, the Directors have stepped up the dividend on ordinary shares from 12.5 per cent taxable to 14.5 per cent taxable, giving a net dividend of 10.15 per cent. But, as a part of the dividends is paid out of the tax-free profits of previous year, and the whole 15C profits earned in 1960-61, the tax on dividends borne by the shareholders will be reduced from 30 per cent to approximately 22 per cent, subject to finalisation by the income-tax authorities. If this factor is taken into account, the net dividend is 11.31 per cent per annum.

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale of products and services	37,55.00	28,25.29	26,44.80	26,04.37
Other income	75.55	60.19	64.95	43.88
Raw materials and stores consumed	19,12.32	15,98.70	16,75.86	19,34.95
Payments to and provisions for employees	4,48.80	3,64.51	2,92.68	2,39.41
Expenses for manufacture	5,62.95	4,11.81	4,58.45*	1,32.32*
Excise duty	330.34	22.87	..	..
Other expenses	74.63	1,12.46	72.24	2,26.09
Gross profit	5,17.13	4,08.10	2,84.55	2,45.08
Managing Agents' remuneration	23.82	25.24	16.96	16.34
Depreciation	1,80.63	1,61.30	1,13.06	1,29.30
Taxation	1,22.23	93.30	13.25	6.49
Net Profit	1,90.45	1,28.26	1,41.23	92.95
Withdrawals from reserves	10.55	..	..	41.85
Transfer to reserves	30.14	6.00	10.00	92.37
To development rebate reserve	44.88	14.04	74.02	..
Dividends—				
5% preference (taxable)	9.76†	8.00†	6.85	6.85
Ordinary	1,15.99	99.95	49.63	46.00
	(14½%)†	(12½%)†	(9%)	(9%)
Carry forward	2.47	2.24	1.96	1.76
Production—				
Boilers (Nos.)	92	100	106	100
Locomotives (Nos.)	96	101	103	85
Diesel vehicles (Nos.)	10,435	8,300	7,360	7,185
Steel ingots and pig iron (tons)	5,489	10,962	16,952	10,962
Steel castings (tons)	4,941	9,754	8,476	587
Iron castings (tons)	4,987	5,344	688	..

* Includes excise duty.
† Subject to deduction of tax.

A clear idea of the progress of the Company in the past four years can be had from the comparative table in column one. It will be evident from the above table that while the production of boilers, locomotives and steel ingots and pig iron has declined the production of diesel automobiles (commercial vehicles) shows a rise of 2,135 units (or 25.3 per cent) to 10,435. The production of steel castings has gone up from 3,764 tons to 4,941 tons and of iron castings from 3,344 to 4,987 tons.

In our review last year it was stated that the Tata Locomotive and Engineering Company was rapidly becoming an engineering and automobile manufacturing company and that the locomotive manufacturing activity was assuming secondary status. This is clearly vindicated by the fact that the operations of the Automobile Division produced the bulk of the revenue and profits for the year under review. The expansion programme of this division to raise the output to 12,000 vehicles per annum has been completed according to schedule. The output is now at the rate of 1,000 vehicles per month with an indigenous content of 78.8 per cent per vehicle. Despite this substantial increase in output of Tata-Mercedes-Benz vehicles during 1960-61, the gap between the rapidly expanding demand and available supplies has increased further. This underlines the need for implementing the expansion programme as early as possible. The Company is also making improvements to its vehicles by including a heavier front axle assembly, improved front and rear springs together with more powerful brakes.

The Locomotive Division delivered 100 locomotives during the year, each with an indigenous content of 98 per cent. The 16-year agreement between the Company and the Railway Board for the manufacture of steam locomotives and boilers came to an end on the 31st May 1961. The Railway Board has, however, placed with the Company *ad hoc* orders for 325 metre-gauge locomotives to be delivered during the five-year period ending 31st March 1966.

The scheme for the manufacture of P and H Excavators and allied equipment got off to a late start. The Government of India has only recently sanctioned the import licences and foreign exchange for materials and components required for the initial production of excavators. The manufacture is now in full swing and the first units are expected to be ready for delivery by December 1961.

The Company has commenced the production of industrial shunters of its own design, utilising the diesel engines manufactured by it. There are good possibilities of exporting these industrial shunters.

In accordance with the agreement between the Company and Messrs. A. Johnson and Company, Sweden, an Indian Company by the name of Tata-Johnson Ltd. was incorporated on 7th June 1960 to undertake selling and project engineering for the paper and pulp making machinery to be manufactured by the T.E.L.Co. The first substantial order for paper and pulp making machinery is expected to be received during the course of the next few months. Meanwhile, work is in progress for the manufacture of transport pumps, chippers, chipper discs and other similar equipment.

The output of the Company's steel foundry continued to rise steadily and the high quality of its products has been maintained. The output of the Alloy Iron Foundry is to be increased substantially to meet the increased offtake from the Automobile Division when the latter expands the production to 24,000 vehicles per year. The Company has already made an extensive survey of export markets in the neighbouring countries and is giving careful attention to the possibilities of exporting various types of engineering and automobile products.

In his statement appended to the Directors' report, Mr. J. R. D. Tata, Chairman of the Company, has made a special reference to the efforts which are being made by the T.E.L.Co. to manufacture special machine tools, materials handling equipment, presses, furnaces, cranes, etc., required for the use of the Company itself. This development will encourage design talent, enable the expansion activities to be better co-ordinated and reduce the foreign exchange requirements of the Company. He has also made the important point that the Company has reached the ability to pay its way and the capacity for self-sustained growth. He is confident that the Company can hold its own among its confreres in the country and has sufficient reasons for viewing the future with sober optimism.

The financial position of the Company is indicated in the following summary of its balance-sheet as at 31st March 1961, against the background of that three years before:

(In lakhs of rupees)

Liabilities:	31-3-1961	31-3-1958
Paid-up capital	999.99	700.00
Reserves and surplus ...	2,41.05	67.29
Loans	12,63.03	15,50.86
Other current liabilities and provisions ...	11,94.95	8,66.90
Total ...	36,99.02	31,85.05
Assets:		
Gross block	24,50.95	16,75.33
Less—depreciation ...	11,17.31	6,68.33
Net block	14,75.47*	10,07.00
Current assets	22,12.65	21,74.94
Cash	10.90	3.11
Total ...	36,99.02	31,85.05

*Includes expenditure of Rs. 59.94 lakhs on capital works in progress.

The financial position reflects the strains and stresses of the rapid programme of expansion which the Company has undertaken. It is against this background that one must judge the fact that reserves are only of the order of Rs. 241.05 lakhs, as against the paid-up capital of Rs. 999.99 lakhs and that the current assets at Rs. 22,12.65 lakhs are less than the total of loans and current liabilities of Rs. 24,57.98 lakhs. The latter include a debenture liability of Rs. 300 lakhs. The Company has received permission to issue further debentures to the tune of Rs. 500 lakhs at 5 per cent per annum. The issue price will be par. This is part of the financial arrangements the Company is making for implementing its heavy expansion programme under which the production capacity of diesel trucks will be doubled to 24,000 vehicles per annum.

The Rs. 100 paid-up shares of the Company are highly fancied by investors and speculators alike and command a premium of Rs. 265 at the time of writing. On an *ex-div.* basis and at the current rate of dividend, the net yield on them works out to 2.8 per cent per annum. The low level of yield reflects the investors' expectation that the Company will, sooner or later, announce a right issue and that, in course of time, it will be in a position to declare much higher dividends.

As at the end of March last, the Company had as many as 15,139 shareholders, which is nearly twice as many as at the beginning of the second Five-year Plan. This growth shows that there has been a large dispersal in the ownership of the Company. It is also an index of the popularity of the Company's shares among investors. Another noteworthy feature is that as much as 61 per cent of the Company's capital is held by small investors, each having one to 10 shares. There are nearly 5,000 shareholders possessing one to five shares. Only 468 shareholders have more than 100 shares in the Company.

CALCUTTA OXYGEN COMPANY

The Calcutta Oxygen Company Limited Calcutta, a new company, has been granted consent to the issue of capital of Rs. 25 lakhs in 2.50,000 equity shares of Rs. 10 each. The Company has been granted a licence for undertaking manufacture of oxygen gas for industrial purposes at Liloooah. The total capital cost of the scheme is estimated at Rs. 48 lakhs, which will be met by issue of capital and loan from financial institutions. The consent is valid for 12 months.

LAKSHMI MILLS' RESULTS EXCELLENT

COMMENDABLE EFFORTS AT MODERNISATION AND DEVELOPMENT

THE year ended 31st March 1961, which coincided with the Golden Jubilee of the Lakshmi Mills Company, Ltd. (Managing Agents: Messrs. G. Kuppuswamy Naidu & Co., Coimbatore) has proved to be quite a prosperous one for the Company. The excellent results achieved by the mills during the twelve months ended 31st March 1961 fully justified the payment of a special jubilee dividend of 10 per cent in addition to the dividend of 20 per cent both subject to taxation. This represents an increase of 50 per cent over the taxable dividend of 20 per cent declared in the previous year. Both the distributions are comfortably covered by the profit for the year under review. It has not, therefore, been necessary for the Company to draw on the reserves built out of past year's profits to present a gift to the shareholders in commemoration of its Golden Jubilee. It is interesting to note that a gift was given to every worker employed by the Company in the form of a gold coin weighing half a sovereign with the idol of Goddess Lakshmi inscribed on it. In terms of cash, this present must have roughly cost the Company Rs. 49 per worker.

The sale proceeds rose to Rs. 440.03 lakhs from Rs. 392.13 lakhs in 1959-60 and Rs. 329.87 lakhs in 1958-59. The closing stocks of finished goods and goods-in-process stood at Rs. 15.89 lakhs, as against Rs. 15.07 lakhs a year ago and Rs. 6.12 lakhs on 31st March 1959. On the expenditure side, the value of raw materials and stores consumed went up by Rs. 6.56 lakhs to Rs. 252.17 lakhs and the other expenses, which include payment of wages and salaries to the workers and staff, by Rs. 24.75 lakhs to Rs. 110.32 lakhs. The wage bill alone was up by nearly Rs. 6 lakhs, which is as much as the rise in the cost of raw materials consumed.

The gross profit shows a substantial improvement of Rs. 23.46 lakhs to Rs. 95.50 lakhs, representing an increase of more than 32 per cent over that for the previous year. Considering that the past year was marked by a substantial reduction in the prices of cloth and yarn under Government pressure, that the price of cotton ruled higher due to a marked shortfall in production and that the workers had to be paid a higher level of wages under the terms of the Wage Board, this improvement in profit is quite striking and must be attributed to efficient management. The past four years' results are presented in the table below to facilitate comparison by the readers themselves:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	440.03	392.13	329.87	334.64
Closing stocks of finished goods and goods-in-process ..	15.89	15.07	6.12	6.62
Raw materials and stores consumed	252.17	245.61	211.96	228.51
Other expenses	110.32	85.57	77.76	69.77
Gross profit	95.50	72.04	53.20	43.94
Managing Agents' commission ..	5.35	5.49	3.98	3.88
Provision for—				
Depreciation	18.18	16.54	12.97	13.64
Taxation	31.00	20.00	12.00	11.00
Net profit	40.94	29.91	24.25	15.43
To reserves	5.50	4.20	..	..
" development rebate reserve.	2.09	3.75	9.00	0.80
Work people's gratuity ..	..	1.00	0.75	0.75
Donations	1.38	1.04	1.03	0.75
Dividend	31.06* (20% + 10%)†	21.80 (20%)*	13.78 (12%)	13.78 (12%)
Carry forward	0.19	0.18	1.55	0.86

* This includes Rs. 10.65 lakhs for paying Golden Jubilee dividend of 10 per cent.

† Subject to deduction of tax.

It will be noted that both depreciation and taxation have received larger allocations and that, in spite of the net profit being substantially higher by over one-third, the managing agents' commission has taken up a slightly lower amount. Two-thirds of the net profit have been utilised to remunerate the share capital and about 18 per cent of it has been ploughed back, the bulk of the amount conserved going to general reserve.

The Company which began as an ordinary ginning factory in 1910 has now a total installed capacity of 132,688 spindles in the three units at Coimbatore, Kovilpatti and Palladam. The Coimbatore unit is a composite unit and has 300 looms. The Company's modernisation programme is making good progress. In one of the units of the Coimbatore mill, the entire drafting system is being changed to GX2 Casablancas for 49 ring frames at a cost of Rs. 6.50 lakhs. To feed these frames the preparatory machinery is being replaced by American Withins high-speed drawing frames, super lap machines, combers and roving frames, involving an outlay of Rs. 23.50 lakhs. The Company is also modernising its carding machines at a cost of Rs. 2.60 lakhs. Further, the entire unit is being humidified at an estimated cost of Rs. 2.25 lakhs. In the B Mills, 15,200 spindles of Toyoda make will be modernised with the latest super-high draft Japanese drafting system on new Textool ring frames. This programme will cost Rs. 25.22 lakhs. Here also cards will be provided with individual drive, instead of group drive. As part of its modernisation programme, the Company intends to replace the existing 200 ordinary looms with automatic looms. This will be in addition to 96 automatic looms, which it expects to install by the end of 1962 at a cost of Rs. 16.20 lakhs as part of its development programme. Under the latter programme, the construction of a staple fibre spinning unit, with 24,000 spindles, has been started at Palladam and permission has been obtained to establish a waste spinning unit also. When all these modernisation and development projects are fully implemented, the Company's mills will be one of the most up-to-date units in the East. Their ability to compete effectively both in India and abroad will be of a high order.

The Company's financial position as disclosed by the balance-sheet as on 31st March 1961 is quite satisfactory. The reserves and surplus stand at Rs. 85.09 lakhs, which are equal to 80 per cent of the paid-up capital all in equity shares of Rs. 106.50 lakhs, of which Rs. 41.64 lakhs represent capitalisation of reserves in the past. Thanks to the policy of expansion in the past few years the Company's gross block has increased from Rs. 287.35 lakhs as at the end of 1958-59 to Rs. 323.03 lakhs as at 31st March 1961. This has been well written down to Rs. 146.15 lakhs, the depreciation provided being of the order of Rs. 176.88 lakhs. The secured and unsecured loans aggregate to Rs. 72.60 lakhs and other current liabilities and provisions at Rs. 138.21 lakhs, or a total of Rs. 210.81 lakhs. These are well covered by floating assets of the order of Rs. 256.25 lakhs. A feature of these assets is that they include investments amounting to Rs. 49.41 lakhs, of which Rs. 42.70 lakhs (at issue price) are in the equities of South India Viscose, the shares of which are quoted (at the time of writing) at a premium of about 85 per cent. The Directors are confident that this investment "will assuredly bring in good dividends in due course." It will be interesting to note here that this promising investment itself is equal to about 48 per cent of the Company's paid-up capital.

The Rs. 50 fully paid-up shares of the Company are being currently quoted at Rs. 171 *cum-div.* and the Rs. 25 fully paid-up shares at Rs. 84.50 *cum-div.* On an *ex-div.* basis and at the proposed rate of dividend, the yield on the two classes of shares works out to 6.54 per cent and 6.62 per cent per annum, free of income-tax, respectively. If, however, it is assumed that the Jubilee bonus will not be repeated for the current year either in the form of ordinary bonus or by a straight addition to the dividend, the net yield on these shares is of the order of 4.40 per cent per annum. This is not too low a yield for a Company which is taking energetic steps to maintain its productive assets at a high pitch of efficiency as as well as to expand its operations.

(*Concluded from next column*)

During the year, 23 new sub-stations were added (making a total of 249) and the transformer capacity of 19 existing sub-stations were increased. All round development has taken place in the Company's area of supply and enquiries for large blocks of power for industrial purposes continued to be received.

The present market quotation for the Company's ordinary shares is Rs. 95.50 *cum-div.* The net yield per annum works out to 6.5 per cent per annum.

BOMBAY SUBURBAN MAKES FURTHER PROGRESS

DIVIDEND RAISED AGAIN

THE Bombay Suburban Electric Supply Ltd. (Managing Agents: Killick Industries Ltd., Bombay), as the name implies, is enfranchised to supply electrical energy to the suburban areas of metropolitan Bombay and a part of the adjoining Thana District. The rapid urbanisation and spread of industrial activity which this region has witnessed during recent years have been effective in increasing the consumption of energy at rates much faster than the average. It will be noted from the table attached to this review that the number of consumers served by the Company had increased from 58,466 in 1957-58 to 80,399 in 1959-60, while the sales of energy in millions of Kw.h improved at an average rate of 20 per cent per annum from 83.56 in 1957-58 to 121.27 in 1959-60. During the year ended 31st March 1961, the latest year for which accounts have now been published, there was a further improvement in this direction, the sales of energy having risen by as much as Rs. 21.92 lakhs to Rs. 144.26 lakhs. With an overall regulation of earnings of electrical undertakings it is not surprising to note that the net profit (after managing agents' commission, taxation and depreciation) could increase only in line with the sales by Rs. 4.58 lakhs to Rs. 26.11 lakhs. To this amount has been added a small sum of Rs. 1,957 brought forward from the previous accounting period and a further sum of Rs. 1.46 lakhs transferred from the consumers benefit account being adjustments for the previous years. The balance available for appropriation stands at Rs. 27.59 lakhs. Of this, Rs. 10,208 have been utilised towards writing off certain preliminary and promotional expenses as during the previous years and Rs. 12.58 lakhs (Rs. 14.28 lakhs in 1959-60) have been transferred to the various reserves required by the statute. An interim dividend at Rs. 3 per share subject to deduction of tax was already paid for the half-year ended 30th September 1960 absorbing Rs. 5.25 lakhs. With the somewhat larger balance now available, the Directors have proposed the payment of dividend for the half-year ended 31st March 1960 at a slightly higher rate of Rs. 5.50 per share, subject to deduction of tax, requiring Rs. 9.62 lakhs. The total dividend for the year thus amounts to Rs. 8.50 per share, as against Rs. 8 declared for the previous year, both subject to the deduction of tax. This is the second year in succession to witness a rise in dividend.

The steady progress made by the Company during the past four years and to which some reference has already been made is fully reflected in the following figures:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale of energy	144.26	122.34	101.43	86.91
Other income	2.20	4.67	6.04	2.43
Cost of energy purchased ..	66.29	53.57	46.06	37.67
Other operating expenses ..	33.45	29.91	24.59	23.73
Gross profit	49.82	43.53	34.82	29.94
Managing Agents' commission ..	5.80	5.08	3.91	1.45
Provision for—				
Depreciation	13.04	11.50	10.46	9.09
Taxation	6.67	7.38	5.26	0.85*
Net profit	26.11	21.53	15.46	18.56
Transfer from reserves ..	1.46	6.88	1.76	0.22
Miscellaneous write offs ..	0.10	0.10	0.10	0.10
Transfer to reserves	12.58	14.29	2.97	6.43
Ordinary dividends	14.87	14.00	13.12	12.25
	(8½%)†	(8%)†	(7½%)	(7%)
Carry forward	0.04	0.06	0.06	..
Number of consumers ..	91,966	80,399	67,613	58,466
Units sold (million K.w.h.) ..	144.82	121.27	99.87	83.56

* Provision for wealth tax only.

† Subject to deduction of tax.

A striking feature of the Company's financial position is its heavy dependence on borrowed funds. Its balance-sheet as at 31st March 1961, shows the paid-up capital at Rs. 175 lakhs, all in equity shares of Rs. 100 each, backed by Rs. 99.13 lakhs in various reserves, as required by the Electricity Act of 1948, and the surplus account. Secured loans from banks amount to Rs. 54.77 lakhs, in addition to current liabilities totalling Rs. 108.49 lakhs. The total indebtedness thus works out to Rs. 163.26 lakhs. On the assets side, the net depreciated block stands at Rs. 349.06 lakhs as against the book value of Rs. 461.04 lakhs. To this is to be added Rs. 13.41 lakhs being the cost of capital work-in-progress giving thereby a total net block of Rs. 362.47 lakhs. Investments against the contingency reserve are carried in the books at Rs. 19.66 lakhs, while current assets, inclusive of loans and advances, are shown at Rs. 64.22 lakhs.

(*Continued in previous column*)

PROGRESS OF KESORAM COTTON REMARKABLE

DIVIDEND SUBSTANTIALLY RAISED

THE substantial rise in the market value of Rs. 10 paid-up ordinary shares of the Kesoram Cotton Mills Ltd. (Managing Agents: Birla Brothers Private Limited, Calcutta) to Rs. 37.37 from Rs. 26.81 in the beginning of January 1961 has been fully justified by the encouraging results for the year ended 31st March 1961. The better performance was due to full production being achieved in the rayon factory which commenced working in December 1959. The proceeds from sales increased by 45.1 per cent to Rs. 911.80 lakhs from Rs. 628.18 lakhs in the previous year, Rs. 548.60 lakhs in 1958-59 and Rs. 486.30 lakhs in 1957-58. The gross profit has jumped up from Rs. 49.78 lakhs to Rs. 183.74 lakhs. Thus, in nearly sixteen months' working of the rayon unit, the whole complexion of the Company has changed.

The better profit has enabled the Directors to transfer a substantial amount to reserves. As much as Rs. 62.37 lakhs have been credited to general and other reserves, as against nothing in the previous year. In addition, Rs. 3.47 lakhs have been credited to development rebate reserve, as compared with Rs. 47.20 lakhs last year. Besides, higher profit has naturally meant bigger provisions for primary accounts. The transfer to managing agents' commission account has increased from a mere Rs. 50,000 to as much as Rs. 8.92 lakhs. The provision for depreciation has advanced from Rs. 2.17 lakhs to Rs. 71.51 lakhs and that for taxation from *nil* to Rs. 6.67 lakhs in the previous year. The dividend to ordinary shareholders has been stepped up from 5 per cent subject to deduction of tax, to 12 per cent, subject to deduction of tax. The net dividend which works out to Rs. 0.84 per share, gives a net return of 2.2 per cent at the current market value of Rs. 37.37.

The following comparative table vividly brings out the Company's progress in the last four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	911.80	628.18	548.60	486.30
Closing stocks	200.80	152.25	140.88	130.79
Raw materials, stores and spares consumed	468.58	326.88	340.80	326.66
Other expenses	435.41	300.11	233.24	142.70
Gross profit or loss (—) ..	183.74	49.78	9.48	—11.10
Managing Agents' commission ..	8.92	0.50	0.50	0.50
Provision for—				
Depreciation	71.51	2.17	3.99	..
Taxation	6.67	..	2.11	4.80
Net profit or loss	96.64	47.11	2.88	—16.40
To reserves	62.37	..	0.03	0.09
Development rebate reserve ..	3.47	47.20	2.08	1.13
Excess provision written back ..	..	2.03	..	4.80
Transfer from reserves ..	2.03	14.78	8.15	16.00
Dividends—				
Preference	11.86*	6.78*	4.15	4.15
Ordinary	19.20* (12%)*	8.00* (5%)*	4.00 (2½%)	4.00 (2½%)
Carry forward	2.65	0.68	0.77	0.06

* Subject to deduction of tax.

The growing development in the Company's activities has prompted the Directors to issue 400,000 new equity shares of Rs. 10 each at par in the proportion of one right share for four existing ordinary shares to those shareholders whose names appear in the Register as at 22nd July 1961.

The paid-up capital as at 31st March 1961 is Rs. 279.93 lakhs consisting of Rs. 160 lakhs in ordinary shares, Rs. 119.93 lakhs in 10 per cent and 7.85 per cent perference shares of Rs. 100 each. The reserves and surplus at Rs. 301.39 lakhs have crossed the paid-up capital by a comfortable margin, but these include Rs. 144.26 lakhs created out of revaluation of assets in 1950 and as such is only a book entry. The secured and unsecured loans have remained almost stationary at Rs. 258.51 lakhs. The current liabilities and provisions stand at Rs. 192.40 lakhs. Current assets, inclusive of investments, are Rs. 375.68 lakhs. The block account of the Company consists of three sections, cotton textiles, rayon and transparent paper, the position of each of them being as follows:

(Rs. in lakhs)

	Gross block	*Depeciation*	*Net block*
Cotton textile section	454.60	157.73	296.87
Rayon section ...	377.59	56.97	320.62
Transparent paper section	39.06	—	39.06
Total ...	871.25	214.70	656.55

The investments of the Company, the book value of which is Rs. 45.18 lakhs, show good capital appreciation. These are made up of Rs. 19.56 lakhs in unquoted investments and Rs. 25.62 lakhs in quoted investments. The market value of the latter alone is as high as Rs. 70.67 lakhs.

During the year under review, the results of the textile section showed a substantial improvement. The plant and machinery were modernised further. The equipments installed during the year were 10 cards, 6 combers, 4 ring frames, 116 looms (for replacement) and one Famatex stentering-cum-finishing machinery. Besides, orders have been placed for new boilers, spinning preparatory machine, Barber Colman winding and warping machinery, mercerising machine, sanforizing machine, automatic looms, etc. These are expected to be installed in the next 18 months.

The production in the rayon plant is being steadily maintained at about 7 tons per day. The quality of yarn produced has also improved. The expansion scheme that is now being implemented will yield results in the current year. Sixty per cent of the increased duty of 60 nP per kilogram levied on rayon yarn in the last budget is to be borne by the industry. This, coupled with the increase in the prices of raw materials and stores, roughly estimated around Rs. 12 lakhs per annum, will adversely affect the profits of the rayon section in the current year. Erection of the first transparent paper casting machine has been completed and trial production was started on 8th June 1961. The second machine is also likely to go into production during the current year.

The Company has on hand steel-tubes and spun-pipe projects and efforts are being made to secure the necessary import licence for plant and machinery.

As for the outlook for the Company, the following extracts from the Directors' report will be read with interest:

"The textile section, with 75,040 spindles and 1,991 looms, is being gradually modernised. By the end of the current financial year of the Company, the rayon section will have 48 spinning machines, with an installed capacity of about 11½ tons per day based on 120 deniers of yarn, and the transparent paper section will have 2 casting machines, with an installed capacity of about 7½ tons per day. Efforts are being made to diversify and enlarge the Company's activities. The Directors are examining some other proposals also. The spinning plant of Bharat Kala Bhandar Ltd., a 100 per cent subsidiary of the Company, is expected to go into production before the middle of 1962. In view of the efficient and satisfactory working of the present units and the new proposals mentioned above, the Directors feel that the shareholders can look forward to the future with optimism."

ECONOMIC DEVELOPMENT IN PERSPECTIVE

(*Concluded from page 222*)

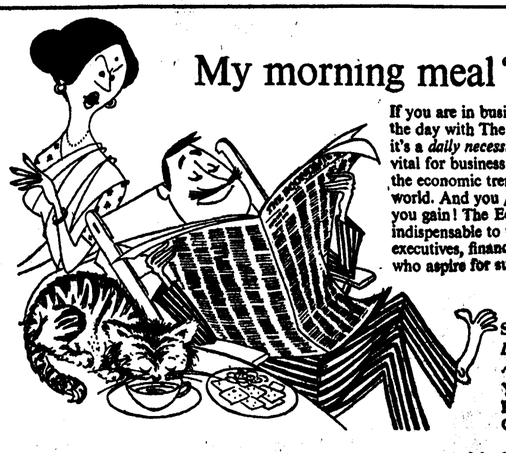
they will draw resources and energies from the tasks that are strategically vital for development. This is not beneficial; it is harmful. Let me press the point.

A hundred years ago, the development of the trans-Mississippi plains in the United States called above all else for a land policy which would get the land settled and ploughed and a transportation system which would get the products to market. To this end the Government surveyed the land, gave 160 acres to anyone who had proven his good intentions by farming it for a few months and subsidised the building of railways. These essentials being provided, development proceeded with unexampled speed. It was our unquestioned good fortune that community education experts, grain marketing analysts, home advisers, vocational counsellors, communications specialists, public safety counsellors or end-use observers had not been invented. (I am not entirely clear as to what an end-use observer is, but candour compels me to confess that, until recently, one of our missions to a neighbouring country included two end-use officers and one end-use observer.) Had these existed, attention would have been drawn from the strategically central tasks of getting the farms settled and the railways built. And they would have been a burden on the backs of people who could ill afford such luxuries.

Today, in the United States, these more elaborate services can easily be afforded. And, in the present stage of our development, they may be needed. Transferred to Africa, or I venture to say India, they may be as redundant and even damaging as they would have been in the United States in its comparable stage of economic development.

I have dwelt on what I believe to be important misconceptions of the development problem when viewed from the perspective of different nations—misconceptions which experience now allows us to correct. We should not be surprised that there have been errors. To mount a major attack on privation and backwardness is an enormously complex task. It was necessary that we simplify; and it was inevitable, perhaps, that oversimplification would lead to mistakes. It would have been a far greater error to postpone action and await a perfect view of the problem. For we would not be wiser now had we not learned from the experience of these past years. And experience is a considerable teacher, even though, as Woodrow Wilson once observed, it is also the name we give to our mistakes.

Students of economic development must be especially grateful to India. For, from having attempted the most, she has been our best teacher.



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BUMPER RESULTS FOR BRITANNIA BISCUITS

PROSPECTS OF BONUS ISSUE

ON 31st March 1961, the Britannia Biscuit Company Ltd. (Chairman, Mr. A. C. Khanna, Calcutta) successfully completed yet another year of continued progress. Sales of the Company's superior quality biscuits and bakery products, which have consistently been increasing over the past number of years, expanded further by Rs. 57.92 lakhs to Rs. 329.49 lakhs, surpassing thereby all previous records, despite the prevalence of competitive conditions within the industry which the Directors rightly hold in their opinion as "challenging rather than depressing." Although prices of ingredients and raw materials continued to rise, these have been absorbed by additional sales and improved production methods. The gross profit has staged a rise of Rs. 15.44 lakhs to reach the impressive all-time high of Rs. 62.39 lakhs. Higher profit has naturally meant larger provision for taxation which has taken up Rs. 24 lakhs as compared with Rs. 19.40 lakhs a year ago. Provision for depreciation has also been raised from Rs. 5.65 lakhs to Rs. 6.71 lakhs, following the large-scale additions made to block account during the course of the year. After these essential adjustments, the net profit shows an improvement of as much as Rs. 9.78 lakhs to Rs. 31.68 lakhs.

Over the years, the Company has followed a conservative policy of retaining a substantial portion of the net profit in the business to finance its capital projects and to supplement the working capital required by its growing trade. The year under review is no exception. A sum of Rs. 17.16 lakhs has been transferred to reserves, as against Rs. 10.42 lakhs last year. It will be noted that more than 50 per cent of net profit has been conserved. The general reserves receives Rs. 12.70 lakhs, the debenture redemption reserve Rs. 1.50 lakh and the statutory development rebate reserve gets Rs. 2.96 lakhs. These appropriations leave a balance of Rs. 16.66 lakhs for distribution to shareholders including Rs. 2.14 lakhs brought forward from the previous year. In view of a larger amount thus available and the overall comfortable financial position, the Directors have recommended the payment of a dividend of 25 per cent *plus* a bonus of 5 per cent, making a total of 30 per cent, subject to deduction of tax, on ordinary shares. The amount left to be carried forward is Rs. 2.84 lakhs, which is more than the amount brought in.

The following table presents the progress made by the Company during the four-year period 1958-1961:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	329.49	271.57	204.85	184.64
Other income	0.03	0.53	0.70	0.14
Closing stock of manufactured goods	8.19	6.99	5.56	6.00
Raw materials and stores consumed	154.41	129.16	94.05	87.19
Salaries, wages and benefits	51.04	45.10	35.71	32.23
Other expenses	62.88	52.32	39.06	36.51
Gross profit	62.39	46.95	35.79	29.04
Provision for—				
Depreciation	6.71	5.65	5.66	5.98
Taxation	24.00	19.40	16.78	12.70
Net profit	31.68	21.90	13.35	10.36
Transfer to reserves	17.16	10.42	6.93	4.50
Dividends—				
6 per cent. preference	0.02	0.01*	0.01	0.01
Ordinary	13.79	11.49	6.44	5.52
	(25% + 5.5%)*	(25%)*	(14%)	(12%)
Carry forward	2.84	2.14	2.16	2.18

* Subject to deduction of tax.

The financial position of the Company, as reflected in its balance sheet as at 31st March 1961, is impressive. The share capital of Rs. 46.12 lakhs is supported by Rs. 76.54 lakhs in the reserves. Secured loans in the form of 5½ per cent debenture stock stand at Rs. 10.50 lakhs and there are current liabilities and provisions amounting to Rs. 75.02 lakhs. Inclusive of the addition of Rs. 26.13 lakhs made during the year, the gross block is carried in the Company's books at Rs. 148.47 lakhs and has been well written down to Rs. 88.89 lakhs. Current assets, inclusive of loans and advances are worth Rs. 119.29 lakhs, exceeding all debts due by Rs. 33.77 lakhs.

A few years ago, the Directors had decided to implement the second phase of a plant re-placement and modernisation programme. As stated earlier, the Company has spent during the year Rs. 26.13 lakhs on new plant, machinery and buildings and it is gratifying to note that this development has been financed from its internal resources. The capital commitments, as on 31st March 1961 amount to Rs. 20.41 lakhs and provide a striking evidence of the Company's policy of improving the production facilities in all its three factories.

The Directors say that, while the Company is trying to arrange, as far as possible, for the manufacture of buscuit-making equipment in India itself in order to save foreign exchange, it would nevertheless be necessary to import such machinery as are not made in this country if the third Plan target were to be hit. It is encouraging to hear from the Directors that the Company has been able to absorb the rise in cost of production through larger turnover and improved production methods.

A perusal of the balance sheet will convince the reader that the share capital of the Company is out of line with its investments in fixed assets and is inadequate when its expansion schemes are taken into account. The Directors report that they have been considering this factor and have reached the conclusion that, having regard to the overall position, it is desirable that the share capital should be increased. As a first and logical step towards this end, the Directors expect to place before the shareholders a special resolution intending to raise the authorised share capital to Rs. 1 crore from Rs. 50 lakhs at present. In view of the large reserves accumulated out of taxed profits of previous years, it is reasonable to infer that a part of these reserves may be capitalised. The Company can easily give one share for every two shares, as its general reserve alone is no less than Rs. 35 lakhs.

The current market quotation of the Company's ordinary shares is Rs. 60.50, against the face value of Rs. 10 fully paid. The price is *cum-div.* and the net yield on an *ex-div.* basis works out to 3.7 per cent per annum. A year ago, they were standing in the neighbourhood of Rs. 40.

CAUVERY SPINNING REPORTS SATISFACTORY PROGRESS

An increase in sales and profit of the Cauvery Spinning and Weaving Mills Ltd., Madras (Managing Agents: United Industries Pudukkottai Private Ltd.), accompanied by a higher return to shareholders, is disclosed by the statement of accounts for the year ended 31st March, 1961. Sales have increased from Rs. 92.72 lakhs to Rs. 110.11 lakhs, the improvement being 18.7 per cent as against 12.2 per cent in the previous year. The closing stocks are also higher at Rs. 23.59 lakhs, as compared with Rs. 13.20 lakhs a year before, indicating increased production.

The gross profit has improved from Rs. 10.30 lakhs to Rs. 11.50 lakhs, but ratio of profit to sales is lower at 10.4 per cent, as against 11.1 per cent in the previous year, as the cost of production increased markedly. While the price of cotton was pretty high and the workers had to be paid increased wages, the selling prices of yarn had to be lowered under circumstances which are well known to our readers. The dividend on ordinary shares has been raised from 13 per cent, subject to tax, to 15 per cent, subject to tax.

The following comparative table shows at a glance the working results of the Company since 1957-58:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	110.11	92.72	82.62	84.77
Closing stocks	23.59	13.20	12.43	16.11
Raw materials and stores consumed	74.56	55.55	47.72	53.40
Other expenses	34.70	28.02	24.60	22.94
Gross profit	11.50	10.30	6.75	6.32
Managing Agents' commission	0.56	0.70	0.35	0.25
Provision for—				
Depreciation	4.16	3.99	3.99	4.28
Taxation	2.43	1.70	0.56	0.10
Net profit	4.35	3.91	1.85	1.69
To bonus for workers	1.76	0.76	0.51	1.21
,, reserves	0.76	1.80	0.20	0.11
Excess amount written back	0.18	..	0.01	0.13
Dividends—				
Preference	0.58*	0.58*	0.41	0.41
Ordinary	1.40*	1.22*	0.84	0.84
	(15%)*	(13%)*	(9%)	(9%)
Carry forward	0.17	0.15	0.10	0.31

* Subject to deduction of tax.

Having regard to the fact that the Company is less than 15 years' old, its financial position must be regarded as satisfactory. The gross block of Rs. 69.48 lakhs has been written down by more than 50 per cent to Rs. 32.10 lakhs. Since the paid-up capital is small at Rs. 15.93 lakhs (Rs. 9.37 lakhs in ordinary shares of Rs. 10 each and the balance in cumulative preference shares of Rs. 100 each carrying interest at 8.93 per cent taxable), the Company is heavily dependent on secured loans and debentures amounting to Rs. 22.57 lakhs. In addition, its other liabilities and provisions amount to Rs. 17.64 lakhs. There are current assets of the order of Rs. 31.60 lakhs. Reserves and surplus stand at Rs. 7.54 lakhs.

Three combers and two high speed drawing frames for which orders have been placed may have been received by now and are due to be commissioned before the end of August. These will enable the Company to produce combed yarn of superfine counts which is in good demand. The Company has also embarked upon a renovation programme of the old unit and an order for 8 ring frames has already been placed for delivery next year. The mill is working as usual three shifts.

The current quotation of the Rs. 10 ordinary shares is Rs. 14.87 and at this rate this scrip gives a net yield of 7.0 per cent per annum.

COMPANY MEETINGS AND DIVIDENDS

CLIVE BUILDINGS (CALCUTTA) LTD. Annual General Meeting, Calcutta, 11th August 1961. Dividend: Rs. 10 per share, on shares of Rs. 150 each and Rs. 10 per share on shares of Rs. 15 each, both subject to deduction of tax.

BIRPARA TEA CO., LTD. Annual General Meeting, Calcutta, 11th August 1961. Dividend: Rs. 17.50 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 1st to 11th August 1961, both days inclusive.

PEAR CYCLE INDUSTRIES LTD. Annual General Meeting, New Delhi, 12th August 1961. Transfer books remain closed from 28th July to 12th August 1961, both days inclusive.

POLYCHEM LTD. Annual General Meeting, Bombay, 17th August 1961. Transfer books will remain closed from 1st to 21st August 1961, both days inclusive.

COLOUR-CHEM LTD. Annual General Meeting, Bombay, 17th August 1961. Dividend: Rs. 8.00 per share (being maiden dividend). Transfer books remain closed from 25th July to 19th August 1961, both days inclusive.

BRITTANIA BISCUIT CO., LTD. Annual General Meeting, Calcutta 18th August 1961. Dividend: 30 per cent or Rs. 3.00 per ordinary share (includes interim dividend of 6 per cent or Re. 0.60 per share), subject to deduction of tax. This dividend also includes a special bonus of 5 per cent or Re. 0.50 per share. Transfer books will remain closed from 11th to 18th August 1961, both days inclusive.

TEZPORE TEA CO., LTD. Annual General Meeting, Calcutta, 18th August 1961. Transfer books will remain closed from 10th to 18th August 1961, both days inclusive.

PAPER MILL PLANT AND MACHINERY MANUFACTURERS LTD. Annual General Meeting, Bombay, 21st August 1961. Transfer books will remain closed from 7th to 21st August 1961, both days inclusive.

BIRLA JUTE MANUFACTURING CO., LTD. Annual General Meeting, Calcutta, 23rd August 1961. Dividend: Re. 1.50 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 9th to 23rd August 1961, both days inclusive.

RELIANCE JUTE MILLS CO., LTD. Annual General Meeting, Calcutta, 23rd August 1961. Dividend. *Nil*. Transfer books will remain closed from 9th to 23rd August 1961, both days inclusive.

HOWRAH MILLS CO., LTD. Annual General Meeting, Calcutta, 23rd August 1961. Dividend: Re. 1.00 per ordinary share, subject to deduction of tax, payable on and after 30th August 1961. Transfer books will remain closed from 9th to 23rd August 1961, both days inclusive.

PUTHUTOTAM ESTATES LTD. Annual General Meeting, Pollachi, 23rd September 1961. Dividend: 7½ per cent or Re. 0.15 per share, subject to deduction of tax. Transfer books will remain closed from 1st to 23rd September 1961, both days inclusive.

HONGKONG AND SHANGHAI BANKING CORPORATION LTD. Interim dividend of 5s. per share, for the year 1961, payable on 14th August 1961. Transfer books remain closed from 28th July to 12th August 1961, both days inclusive.

BALANOOR TEA AND RUBBER CO., LTD. Taxable dividend of 12 per cent or Re. 1.20 per ordinary share, subject to deduction of tax, for the year ended 31st March 1961. Transfer books remain closed from 24th to 27th July 1961, both days inclusive.

DEVON TEA AND PRODUCE CO., LTD. Taxable dividend of 12 per cent or Re. 1.20 per ordinary share, subject to deduction of tax, for the year ended 31st March 1961. Transfer books remain closed from 24th to 27th July 1961, both days inclusive.

PREMIER MILLS (C.B.E.) LTD. Taxable dividend of 24 per cent or Rs. 24.00 per share, for the year ended 31st March 1961. Transfer books will remain closed from 5th to 18th August 1961, both days inclusive.

RAJAPALAYAM MILLS LTD. Taxable dividend of 16 per cent or Rs. 16.00 per share, for the year ended 31st March 1961. Transfer books will remain closed from 24th August to 6th September 1961, both days inclusive.

KAILAS RUBBER CO., LTD. Taxable final dividend of 15 per cent or Re. 0.30 per share (making a total of 25 per cent or Re. 0.50 per share for the year), for the year ended 28th February 1961. Transfer books will remain closed from 8th to 19th August 1961, both days inclusive.

MYSORE STONEWARE PIPES AND POTTERIES LTD. Taxable dividend of 12 per cent or Re. 1.20 per share, for the year ended 31st March 1961. Transfer books will remain closed from 26th August to 8th September 1961, both days inclusive.

GENERAL INVESTMENT AND TRUST CO., LTD. Dividend of 5 per cent or Rs. 3.75 per ordinary share, subject to deduction of tax, for the year ended 28th February 1961.

INVESTMENT AND FINANCE CO., LTD. Dividend of 7½ per cent or Rs. 7.50 per ordinary share, subject to deduction of tax, for the year ended 28th February 1961.

SYNOPSES OF COMPANY REPORTS

Indian Rayon Corporation Ltd.

(*Managing Agents*: Veraval Rayon Industries (Private) Ltd., Bombay.)

Annual General Meeting—14th August.

Working Results:

	For the year ended 15th February (In thousand rupees)	
	1961	1960
Sales	34	22
Gross profit (+) or loss (—)	(—) 37*	(—) 77
Adjustments	(—) 81	..
Carried forward (total debit)	(—) 1,18	(—) 77

N.B.—Adjustments include the loss brought forward from the previous year and taxation for previous years.

* This represents loss after providing Rs. 40,000 for taxation.

Extracts from the Directors' report: During the year, the Company was able to cover part of the current expenses, out of the income derived from interest and other sources resulting in a shortfall of only Rs. 37,179. After capitalising a sum of Rs. 2,94,875 on plant and machinery and Rs. 1,16,069 on building out of the expenses incurred during the year under report, the total outlay on fixed assets amounted to Rs. 49,92,779.

Plant and Machinery: During the last few months, large consignments of plant and machinery have arrived at Veraval Plant Site. The total amount spent on the plant and machinery as upto the date of this Report is Rs. 1,27,62,570, including the advance payment of Rs. 49,27,242. All the spinning machines required for the original plant capacity of 5.2 tons of rayon yarn per day and a large portion of the preparatory and workshop machinery have already been received. Further consignments are on the way and it is expected that all the machinery for the first phase will be received by the end of this year.

The Company made an issue of 1,05,000 equity right shares of Rs. 100 each on 29th April 1961.

Building Construction: The textile building has been largely completed. A number of machine foundations in the spinning room have also been constructed. The construction of the Chemical and Preparatory blocks as per the revised plans to accommodate the 10 tons per day plant, as also the structures for *carbon-bisulphide* plant have reached an advanced stage. The workshop, where a large part of the tanks, vessels and structural steel work will be fabricated and prepared for erection, has been constructed. The administrative building and the residential quarters for the technical staff are due to be completed very shortly. The construction work is being carried out inspite of the present acute shortage of cement and the consequent difficulties in its procurement. The construction of the expanded spinning building (including its basement) to house the larger number of spinning machines required for the 10 tons capacity has also been undertaken.

Expansion Plans and Pulp Plant: As mentioned in the last report, the directors had decided to install a *Cotton Linters Pulp Plant* with a capacity of 15 tons per day and to expand the production capacity to 10 tons of rayon yarn per day. It also includes the plants for the manufacture of 25 tons of *Sulphuric Acid* and 5 tons of *Carbon-bi-Sulphide* and 10 tons of *Sodium Sulphate Anhydrous* per day. The investment involved in installing this additional plant capacity will be Rs. 4.20 crores in addition to the initial capital expenditure of Rs. 3.32 crores. In this manner, this Company will have an investment of Rs. 7,52,00,000 with a comparatively small equity capital of Rs. 2,90,00,000. The shareholders are fully aware of the profitability-potential of the rayon Industry by itself, even when the manufacture of rayon grade pulp is not undertaken. In the case of this Company, however, it will be an integrated plant which will produce the pulp, rayon yarn and chemicals, all of which will contribute towards the profitability of the plant.

Electric Power and Water Supply: The Gujarat State Electricity Board is setting up a Diesel Generating Station at Veraval to supply the normal frequency power required for the Company's plant. The high frequency power required for the plant will be generated by the Company in its own power house equipped with *Back Pressure Steam Turbines* and *Generators*, enabling utilisation of the low pressure steam for process purposes. When the extension of the Shapur power house (under erection) in completed, more power will be available for future expansion. Arrangements with the Government of Gujarat and the Veraval Municipality have been finalised for building a cut-off wall and weir on the river Hiran to provide enough water to the town as also to the Company's plant. A Pumping station on the river bank and five-mile long pipe line are being laid from the river to the plant site by the Company. The Government of Gujarat have kindly agreed to the nominal charge of Rs. 101 per year for water drawn for the factory for the first five years.

In addition to the fresh water supply a large volume of water will be drawn from the sea to provide all the cooling water required for the plant. The Government of Gujarat have also approved of the arrangements for a Pump House to be located in the Veraval port area and a pipe line from there to the Company's plant is being laid by the Company for this purpose.

Start of Production: In the light of all these arrangements, the directors feel confident that subject to any unforeseen circumstances, production of rayon yarn under the first phase will commence in the second quarter of 1962 with a spinning capacity of 5.2 metric tons per day and with an installed expanded preparatory capacity for *Viscose* production and ancillary chemicals. The second stage of rayon production including the pulp plant for the full 10 tons capacity is expected to be reached in 1963.

Offer of Shares: Out of 1,45,000 new equity shares under the right issue, only 1,05,000 equity shares have been offered to the existing resident shareholders in India. The balance of 40,000 shares are being reserved for the Company's foreign collaborators. 30,000 new preference shares will also be offered to the existing holders of preference shares, as the necessary permission has been received from the Controller of Capital Issues.

Accounts in brief as at 15th February 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	1,33,52,725	Block	49,92,779
Other liabilities	8,99,357	Current assets	49,92,888
		Cash	38,37,338
		Miscellaneous expenditure	3,11,443
		P. L. a/c (deficit)	1,17,644
	Rs. 1,42,52,082		Rs. 1,42,52,082

Colour-Chem Ltd.

(*Chairman*: Mr. Ramniwas R. Ruia, Bombay.)

Annual General Meeting—17th August.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	1,12,05	36,94
Closing stock	10,35	5,77
Gross profit	46,54	11,58
Transfer to depreciation	10,63*	4,67
,, ,, taxation	9,50	..
,, ,, development rebate reserve	7,92	6,00
Net profit	18,59	91
Adjustments	(+) 1,22†	(—) 1,31
Appropriations:		
Total available balance	19,81	(—) 40
Transfer to special reserve	8,11‡	..
,, ,, general reserve	9,00	..
,, ,, dividend equalisation reserve	2,00	..
Proposed dividend (equity)	8,00	..
	(8%)	..
To adjustment of loss brought forward	40	..
Carried forward	30	(—) 40

N.B.—Adjustments include the balance brought forward from previous year.

* Includes Rs. 2,03,865 being depreciation in respect of previous year.

† This represents only the excess provision of development rebate reserve during 1959-60.

‡ Out of this special reserve—profits exempt under section 15C of the Indian Income-tax Act; the directors have transferred Rs. 8,00,000 for payment of dividend at the rate of 8 per cent or Rs. 8.00 per share. (The paid-up value of the share is Rs. 100.)

Extracts from the Directors' report: Out of the profits of the year, the directors are advised that, Rs. 8,11,351 are expected to be exempt from tax under section 15C of the Indian Income-tax Act. The directors have transferred this amount to a separate reserve styled as "Special Reserve—Profits exempt under Section 15C," and it is proposed to pay the dividend for the year out of this special reserve. Application is being made to the Income-tax authorities under section 18 (3F) of the Indian Income-tax Act to certify the figure for exemption.

Production: Production has been quite satisfactory during the year. The Company has added some more *Pigments* to its range; also, *Pigments* suitable for the Rubber and Plastic Industries have been manufactured. Production since the end of the year of account till the date of this report is also quite satisfactory and the demand for the Company's products is steadily growing. However, production may be affected in future by paucity of raw materials. During the last licensing period the Company's raw materials import licence was cut by 18 per cent and now again a further cut is expected. To meet this situation, efforts are being made to secure some materials through the State Trading Corporation on Rupee payment basis.

Central Excise Duty: Since 1st of March this year, Government has levied Central Excise Duty at the rate of 15 per cent *ad valorem* on *Coal Tar Dyes*. Although the Company's other products are not covered by this levy, the Central Excise authorities have brought *Pigment Emulsions* within its purview. The Company is contesting this levy and has already appealed against it to the Collector of Central Excise. Foreign manufactured *pigment emulsions* at the time of importation are not classified as *Coal Tar Dyes* and countervailing excise duty at the rate of 15 per cent *ad valorem* is not charged on them. The levy has given rise to an anomalous position whereby the indigenous products are put at a disadvantage in competition to foreign goods. The Company hopes that this hardship will be remedied by the authorities at an early date.

Cost of raw materials: The levy of Central Excise Duty on *Coal Tar Dyes* has increased the cost of some raw materials. In effect this levy has become multipoint and facilities given to other industries like Paint, Electrical Goods and Mineral Oils to avoid double taxation, have not been extended to the Dyestuff Industry. The Company has represented to Government to extend these facilities to the Dyestuff Industry. The Company has also requested Government to reduce the tariff values of a few imported *Coal Tar Dyes* used as raw materials for the reason that their present tariff values are very high and bear no relation to their c.i.f. price. At present, on account of the high tariff value fixed by Government, the import duty charged in some cases is more than 150 per cent of the c.i.f. price of the materials.

Phthalocyanine Blue Scheme: The implementation of the Phthalocyanine Blue Scheme has already been taken in hand. To finance the same, a fresh issue of capital amounting to Rs. 25 lakhs to the existing shareholders has been resolved upon and steps are being taken to issue the same.

New lines of manufacture: The Company has planned to undertake manufacture of *Leomine K*, a cationic softening agent and *Modified Urea Formaldehyde Resins*. A manufacturing licence for these items has been granted by Government. In addition, the manufacture of some major intermediates which are being imported at present is also proposed to be undertaken. This will help to ease the shortage of raw materials, resulting from the abovementioned cut in the Company's import licence.

The Government of Maharashtra has very kindly agreed to acquire further land for the Company admeasuring approximately 27 acres. Notice under Section 4 of the Land Acquisition Act of 1894, has already been gazetted and formalities are being completed to get possession of this land.

The Company has already spent over Rs. 3¼ lakhs in providing to the staff residential accommodation adjacent to the factory. It is proposed to incur further expenditure of Rs. 9.25 lakhs for this purpose during the coming four years.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,00,00,000	Gross block	1,06,12,335
Reserves and surplus	24,01,538	—Depreciation	15,44,929
Other liabilities	47,15,959		
		Net block	90,67,406
		Block-in-progress	5,17,764
		Current assets	66,15,011
		Cash	9,17,316
	Rs. 1,71,17,497		Rs. 1,71,17,497

* The paid-up ordinary capital consists of 1,00,000 equity shares of Rs. 100 each.

Cheviot Mills Co., Ltd.

(*Managing Agents*: Messrs. Andrew Yule & Co., Ltd., Calcutta)

Annual General Meeting—31st July.

Working Results:

	For the year ended 30th November (In thousand rupees)	
	1960	1959
Sales	1,26,85	89,33
Closing stock (finished goods)	14,81	4,90
Gross profit	4,59	5,15
Transfer to Managing Agents' remuneration	44	50
,, ,, depreciation	2,64	1,07
,, ,, development rebate reserve	1,47	4
,, ,, taxation	..	2
Net profit	4	4,52
Adjustments	1,14	18
Appropriations:		
Total available balance	1,18	4,70
Transfer to reserves	..	1,80
Proposed dividends (taxable) 7% Cumulative Preference	91*	70
Proposed additional dividend (for 1959) Cumulative Preference	21*	..
Proposed additional dividend (for 1959) Ordinary	Nil	1,99
	..	(12½%)†
Carried forward	6	21

N.B.—Adjustments include the balance brought forward from the previous year; excess provision for wealth tax written back; unclaimed dividends forfeited; profit on sale of block assets and the amount transferred from contingencies reserve.

* Preference dividend calculated in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960 This works out at 9.1 per cent.

† On a paid-up ordinary capital of Rs. 15,95,000. On amalgamation of Orient Jute Mills Co., Ltd., with this Company (effective from 31st July 1960) the present paid-up ordinary capital is Rs. 38,56,250.

Extracts from the Directors' report: Members are aware that the amalgamation of Orient Jute Mills Co., Ltd., with this Company was sanctioned by the Calcutta High Court and took effect on 31st July 1960, on which date the assets and liabilities of Orient were transferred to the Company. The excess of the book value of the Orient assets and liabilities at 31st July, 1960, over the face value of the shares issued to the Orient shareholders has been shown as capital reserve and amounts to Rs. 26,46,932.

The profit and loss account for the year ended 30th November, 1960, covers the working at Cheviot Mill only. Orient Mill was closed down at the date of amalgamation and the productive capacity transferred to Cheviot which, since 1st August 1960, has been working double shift. The trading of the Orient Mill up to 31st July, 1960, resulted in a loss of Rs. 39,434.

Although the transfer to Cheviot Mill was effected very smoothly, the subsequent working of the Mill has been below the desired level of efficiency and is only now beginning to settle down. A period of such unsettlement had been expected in view of the major upheaval involved, but the termination of the independent working of two small and, in modern conditions, uneconomic units will in the long run more than compensate for the temporary setback.

Since the end of the year, the Orient Mill and land, except for a small area of 5.49 acres, have been sold to the Government of India, Ministry of Food and Agriculture, for the sum of Rs. 34 lakhs with the proviso that the Company shall carry out certain repairs to a cost not exceeding Rs. 50,000. The finances of the Company have been substantially strengthened by this sale.

Trading conditions were difficult during the year. Prices of raw jute fluctuated widely and by the end of the period were 100 per cent higher than they had been at the beginning. Unfortunately, prices of manufactured goods generally failed to keep in parity with the price of the raw material, and profitable simultaneous business was rarely possible.

Since then the danger of an acute scarcity of raw jute has become even more evident and, in order to achieve an equilibrium between consumption and supply, the Indian Jute Mills Association, with the agreement of the Central and State Governments, has recommended a block closure of mills for one week from 25th June, 1961, and for a further week from 23rd July, 1961. Although new crop prospects at present are encouraging, the effect of a greater availability of raw jute in the coming season will probably not be felt until the latter part of this year, when it is hoped that raw jute and manufactured jute goods prices will return to more profitable levels than at present.

In these circumstances trading prospects for the current year are poor. Substantial economies will be effected by the process of rationalisation and modernisation, but these will be partly offset by the inevitable increase in costs ensuing from the lower level of production caused by restrictions in working and the payment of lay-off compensation to the labour under the terms of the Industrial Disputes Act on account of the block

closures. In addition, production for some weeks was further upset by frequent interruptions of power supply, and working schedules had to be adjusted to minimise this difficulty.

Accounts in brief as at 30th November 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	48,56,250	Gross block ..	.. 1,22,29,034
Reserves and surplus..	50,49,127	—Depreciation	.. 62,15,516
Other liabilities ..	23,24,426		
		Net block ..	.. 60,13,518
		Current assets ..	.. 59,97,743
		Investments ..	.. 2,35,092
		Cash	10,583
		Miscellaneous expenditure	72,837
	Rs. 1,23,29,803		Rs. 1,23,29,803

New City of Bombay Manufacturing Co., Ltd.

(*Chairman*: Mr. Himatlal V. Gandhi, Bombay.)

Annual General Meeting—27th June.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	1,25,10	1,40,49
Closing stock	36,53	12,22
Gross profit (+) or loss (—) ..	(+) 5,62	(—)11,99
Transfer to Managing Agents' remuneration ..	40	Nil
,, ,, development rebate reserve ..	1,43	35
Net profit (+) or loss (—)	3,79	(—)11,99
Adjustments	64	11,99
Appropriations:		
Total available balance	4,43	11,99
To bonus for 1958	75	..
,, compensation to workers for idle hours during 1-11-1951 to 13-7-1952	1,23	..
Carried forward	2,45	§

N.B.—Adjustments include the amount of unclaimed wages no longer required and the amount transferred from general reserve if any.

§ Loss of Rs. 11,98,634 adjusted by transfer of a like amount from general reserve.

Extracts from the Directors' report: Although since the introduction of the rationalisation programme, the working of the Mills has shown slight improvement, the position remains still far from satisfactory but it is hoped that with the co-operation of the workers, full results will be achieved soon.

The Comber Unit which was ordered out was received and installed in the month of November 1960 and the Mill is now manufacturing combed superfine yarn and cloth upto 100 counts.

On 1st June 1960 the Mill introduced 4-loom system in the Weaving Shed and simultaneously started third shift also. However, there was a strong opposition from some section of the labour to the introduction of the 4-loom working and this led to the complete closure of the Mills from 27th June 1960 to 19th July 1960. Ultimately, the Management succeeded in the introduction of the 4-loom system and this should show good working results during the coming years.

Since January last the superfine section of the Spinning Department has been started on four sides and the third shift was introduced in spinning. Barber-Colman Machine which was ordered has been received and is under clearance.

Further orders have been placed for one more Comber Unit and four modern *High Draft Roving Frames* which will be received during the course of this year. In order to further rationalise and improve the economical working in the Spinning Department, 13-double (26) new modern *Ring Frames* have been ordered to be supplied by Messrs. National Machinery Manufacturers Ltd., the delivery of which will commence from July 1961.

The Managing Agents of the Company, Messrs. W. H. Brady & Co., Ltd., resigned their office with effect from the 28th February 1961. The Company is now being managed by its Board of Directors.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	94,00,000	Gross block ..	.. 91,26,187
Reserves and surplus..	15,04,663	—Depreciation	.. 48,70,078
Other liabilities ..	74,85,661		
		Net block ..	.. 42,56,109
		Current assets ..	.. 71,05,028
		Investments ..	.. 7,500
		Cash	21,687
	Rs. 1,13,90,324		Rs. 1,13,90,324

Port Shipping Co., Ltd.

(*Secretaries & Treasurers*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—10th August.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Freight earned	29,77	27,98
Gross profit	4,27	1,96
Transfer to Managing Agents' commission ..	12	20
,, ,, Secretaries' and Treasurers' commission	8	..
,, depreciation	1,66	1,76
Net profit (+) or loss (—)	(+) 2,41	(—) 1,21
Adjustments	(—) 4,99	(—) 3,68
Appropriations:		
Total available balance	(—) 2,58*	(—) 4,99
To dividends	Nil	Nil
Carried forward	(—) 2,58	(—) 4,99

N.B.—Adjustments include only the debit balance brought forward from the previous year.

* After adjusting the profit of Rs. 2,41,270 against the loss brought forward from 1959.

Extracts from the Directors' report: Freight earned from the carriage of jute and gunnies was higher than in 1959. In addition, the Company's new contract with the Tata Engineering and Locomotive Co., Ltd., contributed to the improvement in gross freight receipts.

The Company again participated in a contract between the Calcutta Port Commissioners and the Calcutta River Transport Association whereby the Association provided lighters for foodgrain ships discharging at Haldia during the winter months.

The amendment to the Companies Act, 1956, which took effect from 28th December 1960, and consequently affects the Company's accounts for 1960, would have had the effect of increasing the depreciation charge for the year to approximately two and a half times the charge for the year 1959. As the assets in use during 1960 were basically the same as those in use in 1959 and earlier years, the enhanced depreciation charge for 1960 would have resulted in the profit and loss account not showing a true and fair view of the results of the trading for the year. In the circumstances, the Board decided to utilise Rs. 20 lakhs out of the Company's free reserves to write down the book value of the Company's block. It will be recalled that in 1948 excess depreciation of Rs. 18,50,000 was written back to the appropriation account and Rs. 17,90,000 was transferred to the Company's reserves.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	14,08,220	Gross block ..	.. 28,80,281
Reserves and surplus..	1,85,348	—Depreciation	.. 13,96,885
Other liabilities ..	15,22,450		
		Net block ..	.. 14,89,396
		Current assets ..	.. 16,18,500
		Investments ..	.. 4,500
		Cash	3,622
	Rs. 31,16,018		Rs. 31,16,018

Naskarpara Jute Mills Co., Ltd.

(*Managing Agents*: Howrah Trading Co. Private Ltd., Calcutta.)

Annual General Meeting—18th July.

Working Results:

	For the year ended 31st October (In thousand rupees)	
	1960	1959
Sales	1,06,92	93,01
Gross profit	4,66	5,55
Transfer to Managing Agents' remuneration ..	37	43
,, ,, depreciation	1,18	1,25
,, ,, taxation (including wealth tax) ..	1,61	3,08
,, ,, development rebate reserve ..	2	4
Net profit	1,54	75
Adjustments	9	1,70
Appropriations:		
Total available balance	1,63	2,45
Transfer to depreciation (arrears—May 1952 to October 1953)	..	1,41
To brokerage and commission on debenture issue	25	..
Transfer to reserve for obsolete stores ..	..	20
Transfer to general reserve	10	..
Proposed dividend (taxable)	1,25	75
	(6.25%)	(3.75%)
Carried forward	3	9

N.B.—Adjustments include the balance brought forward from the previous year; sales tax refund relating to previous years if any; and amounts transferred from reserves if any.

Extracts from the Directors' report: The year under review started with a very bright outlook and this facilitated simultaneous business being carried on till the end of November 1959. Thereafter due to forecasting of smaller crop than what was anticipated at the beginning of the year led to a rise in jute prices disproportionate to the prices of finished products with the result that simultaneous business was rarely possible. Entrance of Russia and China in the finished goods market and the fact or reasonable stable American offtake of *Hessian* accelerated the price of gunny at a considerable high level throughout the year.

In accordance with the working time agreement of the I.J.M.A. the Mill worked with the 14 per cent of their looms sealed up to 21st June 1959. This was reduced to 12½ per cent for the period from 22nd June 1959 to 23rd August 1959 and from 24th August 1959 till the 1st May 1960 the Mill was working with 10 per cent looms sealed and from 2nd May 1960 the Mill worked with 9 per cent of the looms sealed. During the said period the Mill worked 48 hours per week. On and from 6th June 1960 the Mill was working with 9 per cent looms sealed in addition to voluntary sealing of 76 looms upto 18th June 1960. Since 5th December 1960 the Mill worked with 17 per cent looms sealed with 48 working hours per week. Thereafter on and from 26th December 1960 the Mill worked 45 hours per week with 12 per cent looms sealed. From 30th January 1961, the Mill is working with 12 per cent looms sealed and 42½ hours per week.

Accounts in brief as at 31st October 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	20,00,000	Gross block ..	.. 86,57,072
6½% debentures ..	12,00,000	—Depreciation	.. 57,68,449
Reserves and surplus..	11,85,675		
Other liabilities ..	48,66,973	Net block ..	.. 8,98,623
		Current assets ..	.. 81,32,499
		Investments ..	.. 5,000
		Cash	2,21,526
	Rs. 92,52,648		Rs. 92,52,648

Hoolungooree Tea Co., Ltd.

(*Managing Agents*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—9th August.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	24,44	21,77
Closing stock	5,35	5,54
Gross profit	3,05	4,09
Transfer to Managing Agents' commission ..	22	22
,, ,, depreciation	1,03	78
,, ,, taxation	80	96
,, ,, development rebate reserve ..	2	21
Net profit	94	1,74
Adjustments	56	1,01
Appropriations:		
Total available balance	1,50	2,75
Transfer to reserves	25	25
To dividends forfeited (now paid)	2	..
Proposed dividend (taxable)	87	1,74
	(10%)	(20%)
Carried forward	60	76

N.B.—Adjustments include the balance brought forward from the previous year and excess tax provision in previous years written back.

Extracts from the Directors' report: The gardens were seriously affected by the exceptionally severe droughts which occurred in the Jorhat area of Assam. There was no rain at all for three months during the cold weather of 1959-60 and thereafter rainfall was inadequate and badly distributed. As a result of these droughts the crop for the year amounted to only 4,635 quintals (12,772 maunds) compared with 5,305 quintals (14,619 maunds) secured in 1959. However, the crop sold at an average price of Rs. 5.65 per kg. compared with an average price of Rs. 5.40 per kg. for the 1959 crop.

Estimates for the current season have been framed for a crop of 5,765 quintals (15,886 maunds).

Capital expenditure during the year, amounting to Rs. 5,47,563, includes the cost of C.T.C. machinery for Hoolungooree division, labour and staff quarters and a new hospital.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	8,70,000	Gross block ..	.. 38,08,281
Reserves and surplus..	14,84,367	—Depreciation	.. 15,65,910
Other liabilities ..	13,25,717		
		Net block ..	.. 22,42,371
		Current assets ..	.. 13,07,100
		Investments ..	.. 12,118
		Cash	1,18,435
	Rs. 36,80,084		Rs. 36,80,084

Kettlewell Bullen & Co., Ltd.

(*Board of Directors*: Mr. G. C. Bangur; Mr. N. D. Bangur; Mr. R. N. Bangur and Mr. P. D. Bangur, Calcutta.)

Annual General Meeting—10th August.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Gross income	21,14	13,39
Sales (cloth and yarn)	1,93	75
Stock (cloth and yarn)	1,23	..
Gross profit	13,89	10,46
Transfer to depreciation	29	15
,, ,, taxation	5,60	3,55
,, ,, development rebate reserve	15	..
Net profit	7,85	6,46
Adjustments	13,08*	2,05
Appropriations:		
Total available balance	20,88	8,51
Transfer to general reserve	12,49	2,00
Proposed dividends (taxable) 5½% Cumulative Preference ..	1,08†	88
,, ,, ,, 4½% Cumulative Preference ..	54‡	40
,, ,, ,, Ordinary ..	4,40	2,80
	(11%)	(8%)
To supplemental dividends on Pref. shares ..	74§	396
Carried forward	2,13	2,04

N.B.—Adjustments include the balance brought forward from the previous year; and amounts transferred from reserves.

* Includes Rs. 5,00,000 transferred from equalisation of dividend reserve and Rs. 6,00,000 transferred from investment's reserve.

† Includes additional dividends payable on 5½ per cent preference shares for 1959 at the rate of Re. 0.484 per share.

‡ Includes additional dividend on 4½ per cent preference shares for 1959 at the rate of Re. 1.20 per share.

§ Supplemental dividends payable in the event of the proposed amendment of the Articles of Association to vary the dividend rights of the preference shareholders being approved.

Extracts from the Directors' report: The Company held 1,022 preference shares and 30,100 ordinary shares of Joonktollee Tea Co. Ltd., and 823 ordinary shares of Mothola Company Ltd., the subsidiaries, as at the close of the last financial year ended 31st December 1960.

The net aggregate amount of profits in Joonktollee Tea Co., Ltd., and Mothola Co., Ltd. for the last financial year with which the shareholders are concerned as the members of holding Company are Rs. 6,12,042 and Rs. 61,163 respectively. Neither these amounts nor any part of these amounts have been included in the accounts of this Company as the holding Company.

The net aggregate amount of profits of Joonktollee Tea Co., Ltd., and Mothola Co., Ltd., for the previous years since these became subsidiaries are Rs. 11,73,527 and Rs. 6,90,900 respectively. Out of these sums, Rs. 2,76,172 has been received by the holding Company by way of dividend on its investments in the subsidiary companies and has been included in the accounts of the holding Company.

Considering that the provisions laid down in Preference Shares (Regulation of Dividends) Act, 1960, for grossing up of dividends on preference shares will not fully compensate for the loss caused to them due to deduction of tax at source, the directors have decided to recommend to the shareholders the alteration of Article 5 of the Articles of Association of the Company so as to make the first and second preference shares 5.35 per cent and 5.70 per cent both subject to deduction of any sum on account of tax payable thereon by the holders thereof as required under the Indian Income-tax Act, with effect from 1st January, 1960. Accordingly Rs. 9,320 and Rs. 5,000 have been provided during the year in respect of first and second preference shares respectively over and above the amount required to be paid in accordance with the Preference Shares (Regulation of Dividends) Act, 1960. This supplemental amount is payable to the preference shareholders subject to the necessary changes in the Articles of Association of the Company being effected in accordance with Section 106 of the Companies Act, 1956 and Article 66 of the Articles of Association of the Company for which necessary action is being taken.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital ..	70,00,000	Gross block ..	.. 2,32,144
Reserves and surplus..	89,96,446	—Depreciation	.. 1,94,214
Other liabilities ..	61,50,330		
		Net block ..	.. 1,73,930
		Current assets ..	.. 66,25,...
		Investments ..	.. 54,...
		Cash	97,...
	Rs. 1,65,97,776		Rs. 1,66,97,776

Notices

HOWRAH MILLS COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE One Hundred and Thirty-sixth Annual General Meeting of Members will be held at the Registered Office of the Company, 4, Clive Row, Calcutta at 12 o'clock noon on Wednesday, 23rd August, 1961 for the following purposes:

(1) To receive and consider the Audited Accounts for the year ended 31st March, 1961 and the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.

(2) To declare dividends.

(3) To appoint a Director in place of one retiring.

(4) To appoint Auditors and to fix their remuneration.

(5) (*As Special Business*): To consider and, if thought fit, to pass with or without modification the following resolution which will be proposed as a special resolution, viz:

"That pursuant to the provisions of Section 370 of the Companies Act, 1956 approval be and is hereby given to the making of such contributions which the Company has made or may make towards partnership capital in the firm styled 'Jardines Mills Agencies'; provided always that the net balance of partnership capital as contributed by the Company shall not at any time exceed Rupees thirty lakhs."

(6) (*As Special Business*): To consider and, if thought fit, to pass with or without modification the following resolution which will be proposed as a special resolution, viz:

"(*a*) That the action of the Board in having undertaken on 29th May, 1961 to work under the Working Time Agreement of the Indian Jute Mills Association 6,417⅓ current loom hours per week on behalf of The Reliance Jute Mills Co., Ltd., (Managing Agents: Jardine Henderson, Ltd.) in consideration of a payment to be made by the said The Reliance Jute Mills Co. Ltd. on the basis of 25 Naye Paise per current loom hour, payment of which to be received by the Company within one month of the first working day of the week to which the hours worked relate, for a period of 17 weeks ending on 30th September, 1961 be and the same is hereby approved and confirmed.

(*b*) That the Board be and is hereby authorised to extend the foregoing arrangement for a further period not exceeding 14 weeks from the date of its expiry, viz. 30th September, 1961, provided that the rate of compensation to be received by the Company will provide a sum which is not less than any loss or, as the case may be, any additional loss which in the opinion of the Directors is likely to be incurred by the Company as a result of working the additional loom hours which are the subject of the said arrangement.

(*c*) That the authority previously conferred on the Board by special resolution adopted by the Company in general meeting on 4th July, 1958, whereby the Board was empowered to purchase current loom hours from The Reliance Jute Mills Company Limited pursuant to the Working Time Agreement of the Indian Jute Mills Association on the basis set out in the said special resolution be and the same is hereby confirmed."

Notice is also given that the Share Transfer Books of the Company will be closed from the 9th August to the 23rd August, 1961 both days inclusive.

A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his behalf. A proxy need not also be a member of the Company.

By Order of the Board,
JARDINE HENDERSON, LIMITED,
D. FORDWOOD,
Secretary,
Managing Agents.

4, CLIVE ROW,
CALCUTTA, 1, *7th July*, 1961.

Note:—Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is being sent to all Members.

BURMAH-SHELL REFINERIES LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of the Company's 5½ per cent Debentures 1965-69 will be closed for transfers from 17th August 1961 to 31st August 1961, both days inclusive.

N. A. KRISHNAN,
Secretary and Treasurer,
State Bank of India,
Agents for Burmah-Shell Refineries Ltd. for the management of the Debentures.

STATE BANK OF INDIA,
MUNICIPAL LOANS SECTION,
APOLLO STREET, FORT,
BOMBAY, *31st July*, 1961.

THE PULLANGODE RUBBER AND PRODUCE COMPANY LIMITED

(*Incorporated in India*)

NOTICE IS HEREBY GIVEN THAT THE Eighteenth Annual General Meeting of the Shareholders will be held at 11 a.m. on Monday, the 28th August, 1961 at the Registered Office of the Company at Calvetty, Fort Cochin, to transact the following business:—

1. To receive and adopt the audited Balance Sheet and Accounts for the year ended 31st March 1961 and the Reports of the Directors and Auditors.
2. To declare a Dividend.
3. To elect a Director.
4. To appoint Auditors.
5. To transact the following special business, namely:

To consider and if thought fit to pass the following resolution with or without modification:—

"Resolved that with effect from 1st April 1961 until otherwise decided by the Company in General Meeting, every Director shall be paid, subject to a maximum sitting fee of Rs. 1,000 per year, a sitting fee of Rs. 200 per meeting of the Board or any Committee of the Board attended by him; and further that all out-of-pocket expenses incurred for attending meetings of the Board or Committee shall be reimbursed to the Directors."

The explanatory Statement relating to item No. 5 above in terms of Section 173 of the Companies Act, 1956 has been forwarded to the members of the Company along with the Notice.

The Transfer Books and Register of Members of the Company will remain closed from 12th August, 1961 to 30th August, 1961 (both days inclusive).

Any shareholder unable to attend personally is entitled to appoint any person (whether a member or not) as his proxy to attend and vote instead of himself, subject to the provisions of Section 176 of the Companies Act, 1956. Such proxy should reach the Registered Office of the Company at least 48 hours before the time fixed for the meeting.

By Order of the Board,
THE PULLANGODE RUBBER & PRODUCE CO. LTD.,
per Pro. ASPINWALL & CO., LTD.,
V. P. THOMAS,
Managing Agents.

FORT COCHIN, *28th July*, 1961.

Note: The dividend, if declared, will be paid on or after the 15th September, 1961 to those shareholders whose names appear in the Company's books on the 30th August 1961 or to their Mandatees.

THE NEW INDIA ASSURANCE COMPANY LIMITED, BOMBAY

CHAIRMAN'S SPEECH—A SUMMARY

PRESIDING over the Forty-second Annual General Meeting of the Shareholders of the "New India," the Chairman, Mr. A. D. Shroff, stated that the year 1960 continued to be a difficult year for general insurers. He expressed the hope that 1961 would be a turning point.

Commenting on the recent legislation requiring insurers in India to make fixed obligatory cessions upto a maximum of 30 per cent, to approved reinsurers in India with effect from 1st April, 1961, Mr. Shroff said that it was not likely to fulfil its objectives of correcting the foreign exchange drain and of broad-basing the reinsurance market in India. Its only effect will be to impose a levy upon insurers in India by diverting a part of their profits to the Government-controlled unit, without benefiting either the national economy or the Insurance Industry. Further, it was bound to weaken the medium-sized and smaller units.

Mr. Shroff outlined the circumstances which compelled the "New India" to withdraw from the revised Aviation Insurance Scheme with effect from 1st April 1960.

He stated that the biggest bane of insurance in India was the evil of rebating and the consequent frittering away of resources by insurers. In this connection, Mr. Shroff referred to the Scheme of Non-Diversion and Mutual Assistance evolved by a sizable group of Indian Insurers, including "New India," for a period of three years, to begin with. This Scheme was meant to provide a bridge-up from the present unfortunate position of distrust and confusion and to help insurers in practising correct standards of conduct, and putting the industry on a sound and healthy basis. He appealed to all Indian insurance companies to join this laudable Scheme. He appealed to those who could not do so, for some reason or other, at least to observe the spirit of the Non-Diversion Scheme. He hoped that this would lead, ultimately, to group working, so very essential in these days of rationalisation and integration. He stressed that the Non-Diversion Agreement was meant to help insurers to switch over their business from higher commission terms to normal without the fear of any insurer who had subscribed to the Scheme diverting such business by the offer of higher than normal terms. He emphasised that it was erroneous to argue that the Scheme helped one against the other—it helped all.

Referring to fire rates, Mr. Shroff expressed gratification over the fact that the important question of suitable adjustment of rates, region-wise and industry-wise, was under the active consideration of the Tariff Committee. He said that rates charged should be equated with the actual experience, and that relief be given where it was warranted. He referred to the rapidly growing market for motor insurance, and made a pointed reference to the high claims ratio in this branch. Mr. Shroff, once again, referred to the rough handling of cargo and the very high incidence of theft and pilferage at various ports and railway stations and Government's indifferent attitude to the same.

(*This does not purport to be a record of the proceedings of the meeting.*)

THE MYSORE PAPER MILLS, LIMITED

BANGALORE-9.

NOTICE

NOTICE IS HEREBY GIVEN THAT IN connection with the Twenty-sixth Ordinary General Meeting of the Shareholders of the Company to be held on Friday the 29th September 1961 and also in connection with the issue of 10 lakhs additional shares of Rs. 10 each with a premium of Rs. 2 per share to the existing shareholders, the Share Transfer Books of the Company will be closed from 1st September to 29th September 1961 (both days inclusive). Offer of additional shares will be made to those shareholders only whose names appear on the Register of Members on 31st August 1961.

By Order of the Board,
C. V. RAMACHANDRA RAO,
Secretary

ASIATIC BUILDINGS,
KEMPEGOWDA ROAD,
GANDHINAGAR P.O.,
POST BOX No. 570,
BANGALORE-9.

MONEY AGAIN COMFORTABLE

(From Our Own Correspondent)

BOMBAY, *26th July*

After a brief spell of tightness which lasted for two days—Monday and Tuesday the 24th and 25th inst.—following the opening of the list for the Central Government's new loans, conditions in the short-term money market in Bombay turned distinctly comfortable today. As a result of the heavy fall in surplus funds with the banks occasioned by the withdrawal of short-notice deposits by the L.I.C. and other investors for investment in the new loans, the inter-bank call money rate had spurted to 4 per cent from 1½ per cent at which level it stood on Saturday the 22nd inst. Today, the market opened on an easy note and renewals were done at 3¾ per cent. The rate gradually declined to 3 per cent at the time of closing, with tenders over. Other money rates have remained unchanged as under:

	Per cent
Notice money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3½
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

No tenders for 91 days' Government of India Treasury Bills were invited during the week under review, apparently to facilitate the subscription to the new Central loans. The sale of these Treasury Bills will be resumed on 31st July. 91-day intermediate Treasury Bills sold from the 19th inst. to the 22nd inst. aggregated Rs. 150 lakhs.

A contraction of Rs. 26.03 crores in notes in circulation is disclosed by the statement of the Reserve Bank of India for the week-ended 21st July 1961, as compared with the previous week. As the notes held in the Banking Department also have gone down by Rs. 1.80 crore, the total notes issued have dwindled by Rs. 27.83 crores. Foreign assets are unchanged at Rs. 93.01 crores, but as the balances held abroad, have receded by Rs. 1.42 crore, the total foreign assets are lower by that amount at Rs. 101.48 crores. Deposits of banks with the Reserve Bank have risen by Rs. 7.38 crores to Rs. 103.46 crores. Deposits of other Governments as well as of Central Government have gone up by Rs. 17.99 crores and Rs. 3.18 crores respectively. There is a big rise of Rs. 35.43 crores in investments held on the assets side of the Banking Department. Other loans and advances have fallen by Rs. 3.91 crores, of which Rs. 2.41 crores represent repayment of loans against usance bills by banks. The outstanding of such loans are now no more than Rs. 1 crore.

The statement of affairs of the Scheduled Banks for the week-ended 14th July 1961 shows a drop of Rs. 6.79 crores in demand deposits and a rise of Rs. 12.05 in time deposits. The deposits of the State Bank of India improved, albeit slightly, by Rs. 51 lakhs to Rs. 532.35 crores. The borrowings of banks from the Reserve Bank of India fell by Rs. 4.59 crores, of which Rs. 3.12 crores were against usance bills. Their borrowings from the State Bank, however, went up by Rs. 1.00 crore in demand variety and Rs. 50 lakhs in time variety. Advances and bill discounted (bank credit) have shrunk by Rs. 9.36 crores to Rs. 1,258.58 crores; a year ago they were of the order of Rs. 1,123.59 crores. The advances of the State Bank also declined by Rs. 1.82 crore. Investment of the Scheduled Banks, as a whole, improved by Rs. 3.51 crores, of which the share of the State Bank was Rs. 2.05 crores.

In subscription lists for the Government of India loans, namely, a further tranche of the existing 3¾ per cent. Bond 1969 at Rs. 98.40 per Rs. 100 (nominal) and 4 per cent 1981 at Rs. 98.50 per Rs. 100 (nominal) were opened on Monday the 24th inst. These issues, it is stated, had a good response from institutional investors and the list was closed today at 12-30 p.m. A Press *communique* issued by the Reserve Bank today merely said that the lists were closed "as the notified amount has been fully subscribed." No details were available at the time of writing.

The impact of the flotation of new loans was clearly felt by the gilt-edged market. The prices of several securities in the Central loans section went down. Thus, the 3 per cent Conversion loan was marked down by 50 nP to Rs. 72. 4 per cent 1979 slipped by 50 nP to Rs. 99.50. 4 per cent 1980 by 40 nP to Rs. 99.50. 4 per cent 1973 eased by 15 nP to Rs. 100.25. 3¾ per cent loans also sought lower levels. 3¾ per cent 1968 5th National Plan Bonds declined by 20 nP to Rs. 100.30, 3¾ per cent 1974, 1967 and 1969 each lost 10 nP to stand at Rs. 99.60, Rs. 100.40 and Rs. 98.40. 3 per cent 1970-75 first Development loan receded by 10 nP to Rs. 90.95. Some Central loans, however, were marked up. For example, 3 per cent 1966-68 Funding loan gathered 20 nP to Rs. 96.20; 2¾ per cent 1962 put on 10 nP to Rs. 99 and 3 per cent 1963-65 gained 5 nP to Rs. 98.75. All these loans, it will be noted, are short-dated. The prices of some of the short-dated issues in the States section also showed improvement.

In the foreign exchange section, the rupee improved further in relation to the U.S. dollar largely in sympathy with the pound sterling. Banks' selling and buying rates for ready T.T. on New York were Rs. 480 and Rs. 476.50, respectively, as compared with Rs. 480.50 and Rs. 477 a week ago. In the New York market, the pound sterling recovered some ground with spot market but slipped in the forward section in relation to the dollar. The latest available rates are: 276.920-276.950 cents per £ for spot and 276.170-276.200 for three months' forward. As compared with the previous week, the pound gained 0.37 cent in the spot, but lost 0.15 cent in the forward.

BULLION FIRM

(From Our Own Correspondent)

BOMBAY, *26th July*

The bullion market ruled firm during the major part of the week under review. The firmness was engendered principally by good buying support from Calcutta where forward trading in both gold and silver remained suspended following the issue of an *ad-interim* injunction by the High Court against the activities of the Calcutta Bullion Association. There was also buying by spot houses. Consequently, prices registered an improvement. The net rise over the week would have been more marked but for intermittent profit-taking at higher levels.

The average daily offtake of gold during the week was higher than in the previous week, being 4,350 tolas, as against 3,800 tolas, while arrivals were lower at 3,000 tolas, as against 4,600 tolas. The reverse was the position in silver; the daily average offtake was slightly lower at 8 bars (9 bars last week), whereas arrivals were larger at 55 bars (41 bars). The floating stocks are reported to be around 23,000 tolas of gold and 900 bars of silver.

Adjustment rates fixed today were Rs. 119.70 per 10 grams of gold and Rs. 200.85 per kilogram of silver. The corresponding rates for Wednesday last week were Rs. 119.15 and Rs. 200.00, respectively.

A plea for import of gold was put forward by Mr. Chandulal Kasturchand, President of the Bombay Bullion Association, in the course of his speech at the twelfth annual general meeting of the Association held on Thursday the 20th inst. Mr. Kasturchand suggested that such imports might be subjected to some regulation or imposition of heavy duty. He also wanted the Government to sell in the market the gold obtained from the Mysore gold mines. He drew attention to the increase in the demand for gold as a result of plans and the consequent inflationary spiral which made the people consider gold and silver as the safest hedge against it. Further, Mr. Kasturchand urged for the removal of restrictions on futures trading in bullion. In support of this plea, he said:

"Because of unilateral control on forward bullion trading in Bombay only and the existence of free markets in other centres in the country, the volume of business has increased in these centres to the detriment of the Bombay market. Owing to these artificial bounds, business in the local market has gone down. It is not necessary to have additional measures, since the by-laws of the Association are adequate to curb any unhealthy trends in speculation. Besides, the official measures have not been able to stop the upward tendency in bullion values, inasmuch as prices are moving up because of the forces of supply and demand."

Whatever be the force of contention of Mr. Kasturchand, there are some in this country who feel that there is no need at all for any futures trading in gold and silver either in Bombay or elsewhere.

The West Bengal High Court, as already stated, has issued an *ad-interim* injunction temporarily suspending the operations of the Calcutta Bullion Association with effect from the 24th inst. The issue of injunction followed an application by a member of the Association, challenging the proceedings of the extraordinary meeting held on 20th July. At this meeting, the Association adopted certain amendments providing for deposit of margins. It was contended by the member that, since the Association's by-laws could not oblige any seller to give deliveries and since transactions were often squared up by payment of differences in the price, the futures market was highly speculative to that extent.

In gold, the *Bhadrapad* (25th September) settlement evoked very good enquiries and moved up from Rs. 119.35 to Rs. 120.10 on Saturday. At this level, profit-taking set in and the settlement declined to Rs. 119.70 on Monday. It recovered again to Rs. 119.90 today before finishing at Rs. 119.85. The net rise over the week was 45 nP.

Ready gold continued to command a premium over the forward throughout the week, the actual premium rising from 5 nP last week-end to 15 nP today. The closing rate for the metal was Rs. 119.95, as against Rs. 119.40, the highest level touched being Rs. 120.70 on the 22nd inst.

The silver *Bhadrapad* (26th September) settlement began the week at Rs. 200.50, as against the previous close of Rs. 200.60, and advanced to touch Rs. 201.90 on Monday the 24th inst. After easing to Rs. 200.90 yesterday, the settlement recovered to Rs. 201.30 today before closing at Rs. 201.20. The net rise was 60 nP.

Ready silver was well supported and improved in the course of the week from Rs. 200 to Rs. 200.85; it had touched as high as Rs. 201.40 yesterday and the day preceding it. Today, the ready rate was below that for forward to the extent of 35 nP, as against the discount of 60 nP last week-end.

The world price of gold in the London bullion market rose further during the week, from $35.11½ to $35.13½ per fine ounce. Ready gold also increased from 251*s.* 11½*d.* to 252*s.* 2½*d.* Spot and forward silver, too, moved up, the former from 79½*d.* to 79¾*d.* and the latter from 80*d.* to 80⅛*d.* Silver in New York, however, continued unchanged at 91.375 cents.

LINSEED FIRM

(Messrs. A. Bradley and Co.)

CALCUTTA, *24th July*

Firm tone prevailed in the linseed market throughout the past week, but business was very restricted with both buyers and sellers pausing. Arrivals from upcountry were still meagre.

The oil market was dull with little activity from buyers, while sellers were generally reserved.

Ready July delivery was quoted at Rs. 30 per maund.

COTTON FUTURES EASY

(From Our Own Correspondent)

BOMBAY, *26th July*

Easy conditions prevailed in the cotton futures market during the week under review. Barring a slight improvement in the quotation for the maturing August contract following the fixations of the rates of tendering differences by a special committee appointed by the E.I.C.A. on the 24th inst., futures values generally declined. Reports of favourable weather and the news that mills carried a record stock of 1.52 million bales as the end of May, touched off a wave of selling which resulted in a sharp break in futures prices. The August contract, however, recovered partially towards the close of the week, thanks to buying prompted by the tendering differences which were bullishly interpreted. The March 1962 contract continued to be depressed. The following table indicates the trend of price of the contracts during the week:

(In rupees per three quintals)

	26-7-61	*High*	*Low*	19-7-61
I.C.C. August ...	578.50	580.50	570	578.50
I.C.C. March ...	591.50	592.50	588.25	595.50

Weather and crop conditions are reported to be satisfactory so far. The crop in the Punjab is said to be progressing well. Sowings in Khandesh, Vijay, Cutch and North Gujerat areas are satisfactory. The easiness of the future market also affected activity in the spot market where business was restricted. However, mills showed some interest in such popular varieties is Vijay, Digvijay, Surti, L. 147, Co2, Laxmi, Kalyan and Khandesh. Efforts to pursuade the Government to issue an export quota for Bengal *Deshi* and ½" cotton continue and operators are not without hope that the quota might materialise before the close of the current season.

Demand for foreign cotton was subdued. Early in the week some interest was evinced for East African cotton but that too tapered off towards the close of the week.

The following is are the latest available spot quotations (in rupees per candy of 784 lbs.) from Sewri: Hubli Laxmi 930; Amaravati 1,000; Digvijay 930; Gadag Laxmi 910; Kalyan 810; Surti 940 and Moglai Jarilla 760.

In the Karachi cotton futures market, the July 1961 contract, which was of late neglected, attracted support and spurted from Rs. 58 last week-end to Rs. 73.90 prior to expiry on the 25th inst. The January contract recorded a sympathetic rise from Rs. 72.55 to Rs. 73.30.

Futures trading in cotton continued to be suspended in Alexandria during the week under review also. It has been announced that the Egyptian Cotton Commission will henceforth fix the official export selling price of the 1961-62 and also of the balance of the 1960-61 seasons every Sunday. These prices, which will be in force during the week, will be calculated after taking into account processing charges and all expenses to convert to c.i.f. terms without any commission or profit to exporters. Sales to East European countries, will be limited to 60 per cent of the total sales.

All qualities for export in future, as from the new regulations, have to be bought from E.C.C. at prices fixed every week; but shippers will have the choice to buy in the spot market. If the cotton is bought at a premium, it must be immediately sold to the E.C.C. at the official buying price and bought back at the export selling price. In respect of spot market purchases by shippers, the latter have to sell to the E.C.C. 25 per cent more cotton than what they intend to purchase from it for export. This extra 25 per cent has to be sold to the Commission within two months for all contract running through November. For contracts booked for December and onwards only one month will be allowed to make good the extra 25 per cent. The extra cotton has to be of about the same quality as the original purchases.

The changes that have been made in the Egyptian cotton policy are reported to be having wide repercussions in Sudan, traditionally a close competitor of Egypt, which had hitherto left its cotton trade in comparative freedom. Growing concern is being expressed by the Sudanese authorities at the developments in Alexandria and they are said to be considering switch over to a system of direct sales, by passing the existing private channels of exports.

Barring the July contract of both the American and American type contracts which improved as a reaction to last week's fall, Liverpool cotton futures market ruled subdued during the week. Trading was mainly characterised by inter-month switchings. Fresh business was negligible. Sudan cotton futures in Alexandria were subdued, thanks to lower advises from Khartoum. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: July 23.60; October 24.30; December 24.70; March 25.15.

American cotton mixed growth contract: July 24.00; October 24.75; December 25.10; March 25.55.

Sudan: July, September, November 31.25.

Small turnover and narrow price movements characterised trading in the New York cotton futures market during the week under review. Both domestic mill interest and foreign export demand were limited. Futures values ruled steady. Present indications are that the coming crop will be a good one. Weather has been favourable in most of the cotton growing areas. Insect damages is said to be comparatively less than in previous years. If the present conditions were to continue a crop of 14.5 million bales is expected. Of these, not more than 6 million bales are likely to enter the loan because the loan rate is not considered attractive.

The following are the latest available quotation from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	25-7-61	18-7-61	11-7-61
New York Spot ...	35.00	34.85	34.70
New Orleans Spot ...	32.75	32.50	32.25
October	34.48	34.44	34.25
December	34.90	34.97	—

YARNS DULL

(From Our Own Correspondent)

BOMBAY, *26th July*

Dull conditions prevailed in the yarn market during the week under review. Operators were not inclined to extend their commitments either way, pending the emergence of a clear picture regarding offtake from consuming centres, as well as arrivals of imported art silk yarn. Business put through was, therefore, restricted, with values moving narrowly. It was reported that about Rs. 50 lakhs worth of art silk yarn imported from Italy by the State Trading Corporation had arrived in the country which would shortly be distributed to powerlooms by the Rayon Mills' Commercial Corporation, appointed the authorised distributors of yarn. It was also reported that the S.T.C. had completed negotiations with Italian suppliers for a further quantity worth Rs. 50 lakhs for early shipment and that orders for a still further quantity valued at Rs. 1 crore would be placed later. These reports did not have much effect. Nor were the assurances reported to have been given to the art silk weaving interests by the Textile Commissioner of any avail. The assurances are:

Avoidable procedural delays would be eliminated to expedite the issue of import licences for art silk yarn under the export promotion scheme.

The grant of quota of indigenous art silk yarn against the surrender of 30 per cent of import licences for pulp would be finalised soon.

Apropos the weavers' suggestion to make available staple fibre yarn at controlled rates, the Textile Commissioner is understood to have suggested that the weavers should, through their association, approach the Indian Cotton Mills Federation in the first instance and ask the Federation to deliver to it the material at controlled rates and then distribute it among the members. This would avoid the need for statutory distribution control.

Cupressa Bemberg yarn (60 x 1) August delivery encountered selling and moved down from Rs. 2.835 to Rs. 2.820. Spot Cupressa was dull at Rs. 2.866. 40 x 2 JP August contract receded from Rs. 3.180 to Rs. 3.155. Among imported art silk yarns, 120 Japan dropped Rs. 2 to Rs. 2.030. 150 Japan, however, met with special support and gained Rs. 8 to Rs. 2.149. Staple fibre yarn (40 x 2) August delivery was well favoured and improved by Rs. 8 to Rs. 967. Cotton yarns were more or less maintained at the last week's levels.

SEEDS EASY

(From Our Own Correspondent)

BOMBAY, *26th July*

Oilseeds ruled distinctly easy during the week under review. The easiness was due to heavy bull liquidation on reports of favourable weather conditions in several oilseeds growing regions. There was, no doubt, some recovery towards the close, but the recovery was not marked enough to make up for the earlier losses, so that today's closing rates were much lower than those prevailing at the end of the last week. Groundnuts suffered a pronounced setback as operators feared that the current season's crop would be a bumper one, in view of larger acreage sown to the crop, particularly in the Saurashtra area. *Vanaspati* manufacturers and crushers already holding sufficient stocks showed very little interest in fresh business, as they expected a further decline in prices. Groundnut oilcakes, which were firm last week, also turned quiet, as a result of reduced U.K. purchases. Castorseeds were subjected to heavy selling thanks to bleak prospects of immediate revival of castor oil exports to the U.S., the U.K. and Communist countries, following the renewed Brazilian competition. The fear of heavy tenders against the maturing contract was another bearish factor. Linseeds tended to move down, owing to profit-taking at high levels touched in the recent past. Better arrivals from upcountry centres and easy advices from North Indian rapeseed markets also acted as dampers. Cottonseed futures were subdued in sympathy, though staged a recovery towards the close. Spot cottonseeds attracted some buying. Sesame ruled listless in the absence of fresh support.

Groundnuts January 1962 contract fell from Rs. 222.50 to Rs. 220.10 before closing at Rs. 221.75. The net loss over the week was 75 nP. Nizam bold lost a rupee to Rs. 54. Both Coromandels and Khandesh quality shed a like amount to Rs. 54.25. Oil ex-mill dropped 45 nP to Rs. 22.50 and oil ex-mill 30 nP to Rs. 22.50. Oil January 1962 contract eased by 25 nP to Rs. 18.55.

Castorseed March 1962 contract was marked down by Rs. 3.38 to Rs. 170.62. September 1961 contract receded by Rs. 3.25 to Rs. 171.12. Ready Madras declined by 62 nP to Rs. 34.25. Oil B.S.S. was subdued at Rs. 15.60, as against Rs. 15.80. Oil commercial shed 5 nP to Rs. 14.55.

Among linseeds, September 1961 contract softened by 18 nP to Rs. 40.19. March 1962 contract lost 7 nP to Rs. 38.31. Bold ready declined by 50 nP to Rs. 39.62. Linseed oil eased by 10 nP to Rs. 16.90.

Among cottonseeds, January 1962 contract lost 50 nP to Rs. 92.75. September contract, however, put on 25 nP to Rs. 95.75. Both Berars and Nonwhites picked up 18 nP to Rs. 19.30.

Sesame bold were hammered down from Rs. 370 to Rs. 350 (per 250 kgs.). Sesame oil declined by Re. 1.37 to Rs. 26.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	26-7-1961	19-7-1961	12-7-1961
	Rs.	Rs.	Rs.
Groundnut			
January 1962	221.75	222.50	221.50
Nizam bold	54.00	55.00	55.50
Coromandel ready	54.25	55.25	55.50
Khandesh quality	54.25	55.25	55.50
Oil ex-mill ready*	22.50	22.95	22.75
Railway receipts*	22.50	22.80	22.50
Oil January 1962	18.55	18.75	18.95
Castorseed			
September 1961	171.12	174.87	175.00
March 1962	170.62	174.00	175.87
Ready Madras	34.25	34.87	35.12
Ready Kanpur	33.25	33.62	33.75
Oil B.S.S.†	15.80	15.80	16.10
Oil commercial†	14.50	14.55	14.75
Linseed			
September 1961	40.19	40.37	40.12
March 1962	38.31	38.37	38.00
Bold ready	39.62	40.12	39.50
Oil ready†	16.90	17.00	17.00
Cottonseed			
September 1961	95.75	95.25	95.00
January 1962	92.75	93.25	92.50
Niger seed	42.00	41.62	42.00
Kardi seed	28.75	27.50	27.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

QUALITY TEAS FIRM

(From Our Own Correspondent)

CALCUTTA, *25th July*

With the U.K. buyers keenly bidding, steadier conditions were in evidence in the export sales held yesterday. Arrivals of new teas increased further during the week, and, if the fair weather continues, shipments would be maintained at an increasing level. During the week, teas claimed a good portion of the liner space offering, and the shipments to the United Kingdom were the largest of all destinations. Within a short time of opening of booking, several U.K. liners were declared fully booked.

The offerings during the export sales held yesterday totalled 31,565 chests. On strong demand, steadier conditions were in evidence. Prices of quality teas added handsome gains. Keen competition was offered to all orthodox descriptions, and the medium and plainer teas met with special attention. The highest gain in price was recorded by B.O.Ps B.Ps of the same category were full firm, but fannings recorded a sagging tendency. Legg-cut teas were in demand at higher rates. Stylish whole leaf grades were firm, but the poorer sorts eased. Tippy teas shared the general trend and gained in prices. Flavoury Darjeelings were in keener demand, while other sorts in this category eased, leading to withdrawals. Better and medium C.T.Cs met with good demand at lower rates, but the poorer teas were about steady. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 7.30 to Rs. 8.20, best Assam C.T.C. B.P. Rs. 7.40 to Rs. 7.60, medium Assam C.T.C. fannings Rs. 6.40 to Rs. 6.80, medium Assam C.T.C. B.P. Rs. 6.20 to Rs. 6.60, clean black pekoe Rs. 5.25 to Rs. 5.35, plain B.P. Rs. 4.85 to Rs. 4.95, and plain fannings Rs. 4.65 to Rs. 4.75.

In the internal sale held last week, dusts on offer amounted to 13,095 packages, which met with strong and general demand. Medium C.T.Cs were the strongest of all features, and, although the opening showed an irregular trend, bidding became keener as the sales progressed and a gain of 30 to 40 nP on balance was struck. Despite the irregular trend in the good C.T.Cs, the smaller varieties were steady. Keen competition was in evidence for the orthodox teas, and the smaller and brighter teas in this category were pushed to the forefront. Although the few thin plain teas were irregular, legg-cut teas registered some advance, as quality was better. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.80 to Rs. 7.20, medium Assam C.T.C. dust Rs. 6.40 to Rs. 6.70, legg-cut dust Rs. 4.80 to Rs. 5.50, medium Assam dust Rs. 4.60 to Rs. 5.30, and plain orthodox dust Rs. 4.45 to Rs. 4.70.

Leaf on offer amounting to 67 packages exhibited an irregular trend.

NEW JUTE CROP ARRIVALS INSIGNIFICANT

(From Our Own Correspondent)

CALCUTTA, *25th July*

Thanks to reluctance of buyers to support higher levels, both jute goods and raw jute recorded a small decline as the week progressed. Earlier, however, fair business was done in goods in general and hessians in particular. Exporters evinced keen interest in sacking goods also for a time. This was the cause for the earlier rise in prices. In accordance with the previous arrangements, the member-mills of the Indian Jute Mills' Association have closed down for one week commencing from the 24th inst. A week's closure in the coming month is now certain. In the course of discussions with officials at New Delhi, the representatives of the I.J.M.A. have explained the present critical position in fibre justifying their proposal to close down for a week in August also. However, no final decision has been taken, but this would be done when the I.J.M.A. representatives would meet the Union Labour Minister here shortly. It is expected that the reduction in production in August would be brought about by either block closure for one week or by sealing of more looms. Mr. G. L. Nanda, Union Labour Minister, stated here last week that there must be a definite evidence of fibre shortage before the Government agreed for a third closure. He also said that, if there was no raw material, machines could not move and that, in such circumstances, workers gained nothing by resisting closure. He, however, hoped that a closure could be avoided, as new fibre had started moving now. Trade circles said that, although new crop movements had commenced, quantities were still insignificant. It was on account of this factor that the I.J.M.A. issued only small quotas of the new crop fibre. Otherwise, prices would have risen on covering demand by mills.

Old crop offers were also insignificant. Buyers could meet with offers for small lots only. A difficulty with regard to movement of raw jute continues to be inadequate cargo and steamship companies are naturally disinclined to move the barges not fully loaded. If these companies can only pool all the cargo, movement can be expedited, as it is reported that there are several half-loaded barges awaiting more cargo. Meanwhile, it is good news that movement of new Pakistan fibre has increased. Arrivals for baling in Narayanganj are now about 30,000 maunds a day, as against 25,000 maunds a day a week ago. However, prices were firm for a time at higher levels, but, as the week progressed, there was an easing tendency. Export lightnings were quoting at Rs. 320 per bale a week ago but they have since moved down to Rs. 315. It is reported that, encouraged by the high prices realised in the last season, Pakistan cultivators are showing great propensity to stock their produce. They can afford to do this, since their financial resources have improved. Trade circles consider it significant that the Pakistan Government has now revised the forecast of the new crop to 7 million bales, as against 7.4 million bales originally estimated. The trade estimate of the Pakistan crop is even lower at 6.5 million bales. These are factors which give steadiness to the Pakistan market, despite easiness in the supply position. With the rise in Pakistan prices, the moisture content of new arrivals has also increased. Considering the course of prices in both India and Pakistan, it is apparent that an outright decline in fibre prices and any possibility of fibre changing hands at price levels of this time last year are ruled out.

The rapidly falling trend in burlap consumption in the United States confirms the belief that bulk handling methods in that country have received an impetus, thanks to high prices here. Consumption in June was as low as 55 million yards, and it was noted that, in the last six months, the consumption graph had progressively moved down month after month. Consumption in January was 73 million yards. The figure was unchanged in February. In March, it moved down 70 million yards, in April to 59 million yards, in May to 57 million yards and in June to 55 million yards. With the result, the monthly average has been 65 million yards, as compared with 74 million yards for the corresponding previous period. U.S. burlap stocks at the end of June increased by 2 million yards to 220 million yards. Note was taken that piecegoods delivered during June declined by 11 million yards and bag cut-up declined by 5 million yards as compared with a year ago. Based on this trend, trade circles questioned a report according to which good business in hessian had been done with the U.S. in the last week. The fact was that only small genuine business took place, but good business was done in the non-standard makes. Usually, at this time of the year, U.S. buyers begin increasing their purchases for replenishment of their stocks. On expectation that prices in the wake of the forecast of a bumper crop in fibre would decline, they have postponed entering into large commitments. However, judging from current trends, it seems unlikly that prices would show a marked decline in the near future. Induced by this expectation, speculative business is running high, and this is also one of the reasons for the present hardening trend. It should, however, be noted that prices of goods in all manufacturing countries have risen, and there is no point in emphasising that Calcutta prices should alone move down. A lot depends on the price trend of the Pakistan fibre, and it appears that a marked decline in fibre prices in Pakistan is difficult. Expectations that Argentina would enter the market for covering against its requirements for the next three months also encouraged business in the local bazar. The possibility that mills would close down for one week each in August and September, too, contributed to bullishness.

In the goods section, a firm trend was maintained on Tuesday last, and covering business in near and ready delivery goods was a feature. Shipper inquiries could not be finalised, in view of the wide fluctuation in prices and uncertainty regarding forward rates. At higher levels, bulls preferred to book profit, and thus ready B. twills closed at Rs. 167.00 which was the same as the over-night closing. Ready hessian 40" 10 oz. was subjected to wide fluctuation, the price closing at Rs. 56.25, as against Rs. 56.50 on the previous day. On Tuesday, the feature was Australian interest in cornsacks and subsequently business was done for 1,500 bales against August shipment. Further, there was keener activity in the futures market, and prices fluctuated widely. B. twills ready closed firm at Rs. 166.50 and ready hessian 40" 10 oz. at Rs. 55.50. Burlap prices in New York were reported firm at this stage, and sellers there put to good use the Calcutta report that mills were seeking block closure in August and September also. The 7½ oz. hessian spot hardened to 10.70 cents a yard and the 10 oz. hessian to 13.70 cents. However, on Thursday, business passing at higher levels was little and this caused B. twills to ease to Rs. 164 and hessian 40" 10 oz. to Rs. 52.25. With no business taking place, conditions were easier on Friday, when B. twills fell to Rs. 161 and hessian 40" 10 oz. to Rs. 54.25. Over the week-end, quiet conditions were in evidence, and B. twills eased to Rs. 160.50 and hessian 40" 10 oz. to Rs. 52.90. Earlier yesterday, prices gained, but selling

pressure in the futures market caused prices to fall. Thus ready hessian 40" 10 oz. closed at Rs. 53.00 and ready B. twills at Rs. 162.00.

During the week, there had been more offers of new crop, although the quota was insignificant. This caused a decline in prices for old crop as would be evident from the following table of opening and closing quotations:

(In Rs. per maund, for delivery within 15 days)

	Opening	Closing	Decline
Daisee bottoms	56.50	53.00	3.50
Northern bottoms	54.00	51.00	3.00
Assam bottoms	54.50	51.50	3.00

METALS EASY

(From Our Own Correspondent)

CALCUTTA, 25th July

Although after initial dullness prices on the London Metal Exchange gained and closed higher on balance during the week under review, the local metal market exhibited signs of easiness attributed to lack of support. The news that the International Monetary Fund had granted a standby credit foreign exchange to India was encouragingly noted, as this would ensure the essential imports, including non-ferrous metals, for the rest of the current calendar year. Spot copper opened at £228¼ a ton in London and, after sagging to £227½, closed higher on balance at £230¼. The earlier easiness was due to expectations that the troubled labour situation in Kennecott would not lead to loss of production. Also, demand from the Continent was slack, due to summer holidays there. Locally, tightness in the copper scrap market was more acute, and that accounted for berry scrap rising from Rs. 455.50 to Rs. 460.75 per 100 kgs. and utensil scrap from Rs. 431.25 to Rs. 434.00.

In London, tin opened at £908 a ton and soon eased to £904, in consonance with Singapore advices. The Singapore price recovered, and the London value was pushed up to £914. The political developments in Singapore and its Chief Minister's allegation against Britain assisted the recovery. Paucity of demand explained the fall in the Calcutta rate from Rs. 1,648.75 to Rs. 1,639.75 per quintal. Virgin lead was unchanged here at Rs. 135.75. In London, the price eased from £65½ to £65¼ a ton. Local demand for electrolytic zinc was slack and the price, therefore, eased from Rs. 1,648.75 to Rs. 1,639.75. In London, zinc opened at £77¼ a ton and, after being lower at £77½, recovered to £77¾.

'KHARIF' CROP PROSPECTS BRIGHT

(From Our Own Correspondent)

HAPUR, 24th July

Steady conditions were witnessed in the foodgrains market during the week under review. Arrivals of *rabi* grains were small; the entire arrivals were being lifted by consumers and petty stockists. *Kharif* crop prospects were bright, thanks to timely rains and clear weather later, but rains were now needed. According to Government Statistics, wheat production in the country has been an all-time record in 1960-61. The area covered by wheat and the production of this cereal were 31,751,000 acres and 10,648,000 tons, respectively.

Wheat at Hapur ruled quietly steady to be quoted on Monday at Rs. 14.75 to Rs. 15 a maund for average quality and Rs. 15.50 to Rs. 16.25 for better farm produce. Daily arrivals were poor at an average of 200 maunds and local stock was almost stationary around 25,000 maunds. Poor arrivals of wheat were due partly to rainy season but mostly to the tendency on the part of the producers to retain produce from the beginning of the season.

Coarse rice also recorded modest gains during the week on good demand in the face of poor arrivals. Week-end prices were:—*mainpuri sela* Rs. 23; *gainda kutcha* Rs. 22; *ramajwayan sela* Rs. 24.50; *rainunia sela* Rs. 25.50; *basmati sela* Rs. 29 to Rs. 31; superior Rs. 35 to Rs. 38 per maund.

Gram improved fractionally during the week on firm advices from the Punjab. Daily arrivals were poor, at an average of about 200 maunds and, due to good demand, local stocks ran down to 44,000 maunds. Barley was quiet, while *bejhar* superior registered a modest fall due to poor buying support. *Kharif* crops—maize and *bajra*, as well as fodder crops of *juwar* and *guwar*—were progressing under healthy conditions. But after one week's clear weather rains were now needed. *Juwar* and *guwar* declined further, as demand was dormant. Week-end prices (in rupees per maund) were:—gram Punjab 14 to 14.12; local 13.75; barley 10.75 to 11; *bejhar* 10.50 to 11.25; *juwar* 11 to 13; *guwar* 13 to 16; *bajra* 15; *maize* 11 to 12; *methi* 27 to 28; oats 12.25.

In pulses, peas continued to rule steady on good demand for *dal* from Madras side, but loading was not available. Arrivals were poor at an average of 200 maunds and local peas stock was put at 84,000 maunds. *Arhar dal* was also in request and arrivals at an average of 100 maunds were being lifted by grinders for *dal* and prices ruled quiet. Other pulses were almost stationary and week-end prices (in rupees per maund) were: Peas *dara* 11.50; *farm* 12 to 13.50; peas *dal* 13.25; gram *dal* 16.50; *arhar* 12.50 to 13; *arhar dal* 16.25; *urd* 21 to 22; *urd dal* 25; *moong* 20 to 25; *dal* 25 to 28; *massoor* 13.25 to 15; *massoor dal* 16.50.

SUGAR DEPRESSED

(From Our Own Correspondent)

HAPUR, 24th July

Sugar ruled quietly depressed during the week, following cancellation of the sugar deal with Pakistan, coupled with slack demand due to rainy weather and satisfactory supply position. Exports of sugar to the U.S., however, were expected to commence soon. Week-end prices were Rs. 106.50 per bag and retail 97 nP per seer in open market, the controlled prices being Rs. 107.69 per bag and retail Re. 1.01 per seer.

Sugar was also depressed in the Muzaffarnagar market. It was reported that the factories had sold some new produce sugar at below controlled prices.

Erratic trend prevailed in the Kanpur market during the week. The trend was bearish in week-end, as new allotment sugar had reached local market. The latest price is Rs. 107.75 per bag.

Khandsari ruled steady during the week, as stocks with producers and traders were poor. Production from *galawat* was being continued and week-end prices were: *galawat* Rs. 27 to Rs. 31.50; non-crystal medium Rs. 32.50 to Rs. 33.50; superior Rs. 33.50 to Rs. 35.50; crystal Rs. 35.50 to Rs. 38.50; *boora* Rs. 35 to Rs. 37; *boora* from crystal Rs. 39 per maund.

Ready *gur* was steadier, thanks to good demand from consuming areas. Week-end offtake was three wagonloads to Rajasthan. Loading facilities to other areas were not available. Stocks left with trade were now poor at about 18,000 maunds. *Shakker* was in good demand, improved fractionally. Cane crop in fields had improved due to rains, but more rains are now badly needed. Week-end prices were:—selected dry *kotha* Rs. 17.25; *wet-dry* Rs. 15.50; *wet* Rs. 14.87; *shakker* Rs. 17.50 to Rs. 18.25 a maund.

Ready *gur* also improved fractionally in the Muzaffarnagar, thanks to brisk buying support from the consuming areas of Gujarat, Rajasthan, Madhya Pradesh and other areas of South. Week-end prices were:—*kotha* dry Rs. 19.50 to Rs. 20, *kotha* medium Rs. 18.25 to Rs. 19.50, *kotha* wet Rs. 14.50 to Rs. 15, *rusket* Rs. 6 to Rs. 8; *shakker dara* Rs. 17.75 to Rs. 19.75; *masala* Rs. 21.25 to Rs. 23.25.

In the futures section, trading in *gur ashad* came to a standstill in view of the proximity of delivery date. In all, 92 deliveries were offered by sellers against this delivery, of which some were settled at a penalty of 37 to 50 nP per maund and the rest would be taken by purchasers delivery date. *Fagun* delivery moved both ways earlier but eased sharply on the reported cancellation of sugar deal with Pakistan. It was quoted at Rs. 14.01, as against the week's opening of Rs. 14.14 and the lowest touched on Saturday was Rs. 13.95.

GOOD DEMAND FOR TEA

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 18th July

Sale No. 29: Approximately 590,000 kilograms were offered in Sale No. 29 held on Tuesday, the 18th inst. Quality from the Nilgiris showed a general improvement. A few lines from the lower elevations offered cleaner leaf but on the whole the standard was maintained. There was good general demand. Highgrowns offering improved quality were taken up at dearer rates whilst the remainder were irregular and generally sold around last rates. Mediums and good mediums were readily absorbed at about firm rates with the few improved teas selling well. Plain and low mediums were irregular and generally slightly easier. C.T.C. and C.T.C. types came, in for strong support at dearer rates. Black Leaf teas were strong and dearer. Whole leaf grades sold well with emphasis on Orange Pekoes.

Quotations were :	1961	1960
	Rs.	Rs.
Low mediums	4.45-4.60	3.53-3.75
Mediums	4.60-4.70	3.75-3.97
Good mediums	4.70-5.10	4.08-4.30
Nilgiri B.O.P.	Rs.	4.55-5.95

The average price realised in sale No. 29 was Rs. 4.68 per kilo, as against Rs. 4.67 a week ago and Rs. 3.85 in the corresponding sale last year.

Dust Sale No. 29: Offerings amounted to 178,000 kilograms in Dust Sale No. 29 held on Thursday, the 20th inst. Quality was fully maintained. There was good general demand. Useful highgrowns sold well at dearer rates whilst the lesser sorts came to an irregular market. Good mediums and mediums continued to sell well at last levels. Low mediums and plainest types were fully firm with those offering cleaner appearance attracting more attention. C.T.C. and legg-cut teas came to a dearer market and registered gains of 5.15 nP per kilo.

The average price realised in dust Sale No. 29 was Rs. 4.64 per kilo, as compared with Rs. 4.62 a week ago and Rs. 3.70 in the corresponding sale last year.

Export Quota: The market is still nominally quoted at 2½ nP per kilo, at which rate there are sellers. There is, however, no quotation for buyers at present.

Colombo: 6¾ million pounds were offered this week. The market opened to less demand and prices were often lower despite improved quality. Best South-West Highgrowns were about steady but the lesser sorts and mediums were up to 10 cents easier, except where quality was much improved. Lowgrowns declined 3.5 cents per lb.

London: North Indian and other growths: There was good general demand with prices generally firm at last rates.

Ceylon and South Indians: In Tuesday's sale there were 33,199 packages on offer, of which 8,281 packages came from South India. There was good demand but the market continued irregular and tended easier.

As we to to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire:

"*Sale No. 30:* 308,000 kilograms. Fair demand. Low mediums and mediums about steady. Good mediums slightly easier except where quality improved. High growns dearer following quality."

CLEARANCE IN KIPS SMALL

(From Our Own Correspondent)

MADRAS, 24th July

Arrivals of E.I. tanned hides and calves were of moderate volume and clearances small during the week under review. Export trading was slow and overseas dressers were keeping out of the market, buying selectively and in small quantities. A few sales of tanned cow calf were reported for shipment to the U.K. and the Continent. Buff calf was neglected, but buff hides ruled steady. Demand for inferior grade cow hides was slack, especially for light weights.

Market for tanned goat skins was dull and prices were easy. Prime sheep skins ruled steady and other classes unchanged.

BANKING

(Concluded from page 208)

the House of Representatives, written jointly by Secretary of State Rusk and Secretary of Treasury Dillon. The letter said:

"Continuance of economic and military assistance on the scale proposed by the President is compelled by our commitment to our own freedom and to the building of a decent world order. With respect to economic assistance, nations old and new are struggling along the path from formal independence to nationhood and are determined to have the benefits of modern civilization. If the democratic world does not help them, the Communists will leap abroad this great revolution of freedom, seize it, direct it to their own ends and make it the instrument of their limitless imperialistic ambitions."

Mr. Rusk and Mr. Dillon point out that "we will be false both to our own national interest and to our obligations to others if we allow this to happen." With respect to the need for military assistance, the two secretaries observe: "The Communists continue to use internal subversion, para-military action and the shadowing threat of military attack to bring other peoples under their domination. In this way they threaten the peace of the world and the security of our own nation. Under these circumstances, we must continue our military assistance programme. Minimum levels of safety require the sums requested." Pleading for foreign aid on a long-range basis, instead of using the past pattern of voting funds each year, they say:

"If the U.S. is to be of substantial help in the less-developed nations in their efforts to meet the demands of their people for economic growth, it will be imperative in many cases to provide assurances that our loan aid will be forthcoming in known amounts over a period of several years—that is, to make long-term commitments. Such assurances are vital in helping the recipient countries to make the hard political decisions involved in self-help measure and internal reforms necessary to economic and social progress. Moreover, our ability to pledge aid in advance will be a significant factor in obtaining assurances of contributions from other industrialised nations."

The U.S. "overall objective" in the coming decade is to assist the less developed countries of the free world to make genuine progress in their social as well as economic development, according to Mr. Henry R. Labouisse, Director of the U.S. International Co-operation Administration. Speaking at a regional briefing conference on foreign policy attended by West Coast editors and reporters, sponsored by the World Affairs Council of Northern California and the Department of State, held recently, Mr. Labouisse said:

"Foreign aid now is a most powerful and constructive element of U.S. foreign policy and such a programme of assistance has both national security and humanitarian overtones. Means must be found for giving the great mass of the people of Asia, Africa and South America the hope that they will truly share in the benefits of economic progress, and that the gap between the top and the bottom stratas of their societies can and will be narrowed without too much delay."

Noting that the Soviet Union had offered aid to developing countries, although on a much smaller scale than the U.S., Mr. Labouisse stressed that the communist objective in such aid was almost exactly opposite to America's. "We do not attempt to take indirect—or any sort of—control of the nations whom we are helping," the I.C.A. Official said and added, "Our aim is to demonstrate, on the contrary, that the transition from backwardness to modernisation is feasible within free societies. The paramount goal of the new programme would be to foster long-range social and economic development which should ultimately enable the recipient nations to continue to grow without extraordinary outside assistance. Drawing attention to the new emphasis on "self-help" measures by recipient countries, Mr. Labouisse observed: "Every effort will be made to encourage recipient nations in the mobilisation of their human and material resources, in the adoption of measures to effect, where necessary, internal reform in such fields as land tenure and distribution, taxation, foreign exchange controls, and currency stabilisation."

Notice

THE COORLA SPINNING AND WEAVING COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the above Company will be closed from Saturday, the 19th August 1961 to Monday the 11th September 1961, both days inclusive.

By Order of the Board of Directors,

COWASJEE JEHANGIR & Co. PRIVATE LTD.
Managing Agents,
COWASJEE JEHANGIR,
Chairman.

Registered Office:
READYMONEY MANSION,
43, VEER NARIMAN ROAD,
FORT, BOMBAY-1.
28th July 1961.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 21st July, 1961

BANKING DEPARTMENT

Liabilities	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		53,01,51,000
(2) Other Governments		31,35,43,000
(b) Banks		108,46,87,000
(c) Others		112,65,57,000
Bills Payable		22,43,46,000
Other Liabilities		10,76,40,000
	Rupees	474,58,76,000

Assets	Rs.
Notes	18,04,54,000
Rupee Coin	1,02,000
Subsidiary Coin	2,36,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	25,69,19,000
Balances held abroad*	3,47,25,000
Loans and Advances to Governments†	40,64,64,000
Other Loans and Advances	113,60,23,000
Investments	248,37,38,000
Other Assets	19,21,02,000
Rupees	474,58,76,000

* Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 1,01,00,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	18,04,54,000	
Notes in circulation	1911,95,12,000	
Total Notes issued	....	1929,99,66,000
Total Liabilities	....	1929,99,66,000

Assets	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	....	
Foreign Securities	93,00,89,000	
Total of A		210,76,92,000
B. Rupee Coin		122,18,02,000
Government of India Rupee Securities		1597,04,72,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1929,99,66,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept. 1939 (pre-war)	14th July 1961	7th July 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	178.37	1987.98	1949.26	1968.99	1841.67
Notes held in Banking Department	85.05	19.85	27.46	26.63	23.07
Foreign Securities	59.50	93.01	93.01	108.01	148.01
Rupee Securities	37.39	1626.98	1646.98	1651.00	1470.49
Banking Department					
Deposits of:					
Government of India	14.39	49.83	54.51	80.73	74.24
Other Governments		13.37	8.96	5.44	11.81
Balances held abroad	10.06	9.89	16.54	15.78	26.35
SCHEDULED BANKS					
Demand Liabilities	184.36	920.57	827.36	803.60	755.73
		(26.60)†	(27.91)†	(31.55)†	(31.60)†
Time Liabilities	103.24	1111.46	1099.43	1099.60	1211.56
		(19.39)†	(20.39)†	(17.41)†	(14.66)†
Borrowings from Reserve Bank	..	4.85	9.45	19.83	45.58
		(6.43)‡	(6.54)‡	(18.78)‡	(12.43)‡
Borrowings from State Bank	..	18.36	11.78	10.66	18.80
Cash in India	6.79	47.04	49.48	47.14	51.58
Balance with Reserve Bank	85.17	90.66	86.72	81.64	130.23
Balances with other banks in current account in India	..	15.63	16.66	14.43	24.87
Money at call and short notice in India	..	48.77	48.88	49.87	83.66
Investments (at book value)	....	551.06	547.55	528.91	781.06
Advances and bills	106.9	1263.38	1273.35	1284.29	1128.59
STATE BANK					
Deposits	37.76	532.35	551.84	520.17	617.06
Investments	61.99	224.57	225.26	211.93	251.49
Advances	40.15	349.07	351.40	307.15	316.06
Cash	14.69	37.35	23.65	23.67	49.15

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks including the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	3rd Aug., 1960	4	5
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	..	2.65
Canada †		2.50	4
Ceylon	13th Aug., 1960	2.50	4
Chile	Nov., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	5th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	6
El Salvador	Jan., 1960	4	5.50
Finland	Mar., 1960	6.50	8
France	6th Oct., 1960	4	5.50
Greece	May, 1948	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1949	4	6
Ireland	July, 1960	4.75	5.50
Italy	7th June, 1958	4	4.50
Japan	21st July, 1961	5.67	6.90
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	3.75	3.50
New Zealand	24th Mar., 1961	5	4
Norway	14th Jan., 1958	2.50	3.50
Pakistan	Nov., 1960	3	4.50
Peru	Sept., 1960	6.00	5.75
Philippines	Feb., 1944	4	3
Portugal	4th May, 1961	4.50	5
South Africa	11th April, 1960	6.25	5.75
Spain	14th Jan., 1960	4.50	5
Sweden	28th Feb., 1959	2.50	3
Switzerland	Feb., 1948	..	2
Thailand	6th June, 1956	4.50	3
Turkey	20th July, 1961	6	7
United Kingdom	1st July, 1958	3	4
U.S.A.	11th Aug., 1960	3.50	4
West Germany	5th May, 1961	3.50	3

† Bank Rate is normally fluctuated in line with Treasury Bill Rate, the latest quotation for which is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 21st July, 1961

Capital and Liabilities	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each.	5,62,50,000	5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		531,31,38,000
Borrowings from Other Banking Companies, Agents, etc.		17,00,000
Bills Payable		10,17,99,000
Bills for Collection being Bills receivable as per contra		2,36,37,000
Acceptances, Endorsements and Other Obligations per contra		98,65,000
Other Liabilities (including Inter-Office Adjustments)		12,28,68,000
Total .. Rs.		570,38,07,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		24,02,49,000
Balances with other Banks		2,39,33,000
Money at Call and Short Notice		3,26,67,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	243,55,31,000	
Other Authorised Investments	9,35,80,000	252,90,61,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	240,73,49,000	
Bills Discounted and Purchased	14,09,32,000	254,82,81,000
Bills Receivable being Bills for Collection as per contra		2,36,37,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		98,65,000
Premises less Depreciation		1,81,54,000
Furniture and Fixtures less Depreciation		1,39,98,000
Other Assets (including Inter-Office Adjustments)		26,49,12,000
Total .. Rs.		570,38,07,000

Scheduled Banks*

Statement of Affairs for the week ended 14th July, 1961

	Rs.	Rs.
(i) Demand Liabilities in India		(Thousands)
(a) Demand Deposits—		
(1) From banks		47,10,26
(2) From others		720,08,89
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		26,66,28
(c) Other demand liabilities		53,38,07
(ii) Time Liabilities in India		
(a) Time Deposits—		
(1) From banks		25,18,88
(2)† From others		1068,37,50
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		19,39,88
(c) Other time liabilities		22,96,68
(iii) Borrowings in India from the State Bank of India and/or notified banks:		
(a) Demand liabilities		6,98,18
(b) Time liabilities		6,80,00
(iv) Borrowings in India from the Reserve Bank of India (a)		4,85,00 (5,45,000)
(v) Cash in India		47,03,60
(vi) Balances with the Reserve Bank in India		90,85,53
(vii) Balances with Other Banks in Current Account in India		15,62,74
(viii) Money at call and short notice in India		48,77,48
(ix) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations		551,06,25
(x) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)		1102,18,88
(b) Due from Banks in India		4,79,60
(xi) Inland Bills purchased and discounted in India.		118,50,88
(xii) Foreign Bills purchased and discounted in India		43,89,12
(xiii) Total of items (x), (xi) and (xii)		1268,88,46

Notes:—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 14th July 1961

BANKING DEPARTMENT

Liabilities	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		4,15,00,000
Rural Credit Fund		1,00,00,000
Deposits :—		
(a) Central Government		13,70,86,000
(b) Provincial Governments		50,65,000
(c) Banks		18,02,67,000
(d) Others		122,23,54,000
Bills Payable		34,51,000
Other Liabilities		18,67,95,000
Rupees		181,65,18,000

Assets	Rs.	Rs.
Notes		15,50,56,000
Rupee Coin		67,000
Subsidiary Coin		41,000
Bills Purchased and Discounted :—		
(a) Internal	....	
(b) External	....	
(c) Government Treasury Bills	....	
Balances held outside Pakistan*		19,00,88,000
Loans and Advances to Governments		7,17,00,000
Provincial Governments' Debtor Balances		34,34,000
Other Loans and Advances		42,68,48,000
Investments		86,15,88,000
Other Assets		10,76,66,000
Rupees		181,65,18,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	15,50,56,000	
Notes in circulation	361,19,24,000	
Total Notes issued	....	376,69,80,000
Total Liabilities	....	376,69,80,000

Assets	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	....	
Foreign Securities	89,05,18,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	148,90,72,000
B. Rupee Coin	3,49,45,000	
Government of Pakistan Securities	218,39,57,000	
Internal bills of exchange and other commercial paper	....	221,89,02,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	376,69,80,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 41.02 per cent.

EXCHANGE RATES

	26th July 1961	Previous week
Bombay on London—		
Selling T.T. D.D. Spot	s. 1-5⅝	1-5⅝
Selling T. T. D.D. upto six months	s. 1-5⅝	1-5⅝
Buyers T.T. spot to nine months	s. 1-6⅛	1-6⅛
Buyers T.T. 10 to 12 months	s. 1-6⅛	1-6⅛
Bombay on New York—		
Selling T.T. D.D.	Rs. 480.00	480.50
Buyers T.T.	Rs. 475.00	477.00
London on New York	s. 2.7890-2.7900	2.7892-2.7895
London on Paris	Fcs. 13.8550-13.8650	13.8540-13.8580
London on Berne	Sw. Fcs. 12.0280-12.0450	12.0250-12.0270
New York on London	s. 276.920-276.950	276.550-276.580

CLEARING HOUSE RETURNS

Centre	Week ended 21st July 1961		Week ended 14th July 1961	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	4,00,755	98,70,98,000	4,01,945	93,80,84,000
Calcutta	2,09,000	75,55,00,000	2,27,000	80,94,00,000
Madras	1,04,889	12,97,08,797	1,08,000	13,54,00,000
All Centres—				
1958-59	..	..	45,172,000	97,67,13,00,000
1959-60	..	..	50,042,000	109,58,05,00,000
1960-61	..	..	54,072,000	128,16,16,00,000
May, 1960	..	..	4,563,000	1,010,66,00,000
May, 1961	..	..	4,912,000	1,218,97,00,000
April	..	..	4,913,000	1,159,84,00,000
May	..	..	4,908,000	1,054,12,00,000

INDEX NUMBERS OF WHOLESALE PRICES (Base: 1952-53=100)

Particulars	Weight	10th June 1961	3rd June 1961	18th June 1960	April 1961	April 1960	Percentage of Increase (+) or Decrease (—) in Apr., 1961 as compared with April 1960	Financial Year Average 1960-61	1959-60
Food Articles	504	118.7	118.7	119.0	117.6R	118.6	— 0.8	120.0	119.0
Cereals	192	103.7	101.2R	107.3	99.3	103.8	— 4.3	104.4	104.1
Pulses	42	89.2	100.0	89.3	87.6R	89.4	— 2.0	98.9	98.5
Fruits and Vegetables	23	126.0	125.2	121.2	110.5	126.7	—14.8	113.5	127.5
Milk and Ghee	84	118.0	118.0	114.8	114.7	110.6	+ 1.5	119.0	113.8
Edible Oils	47	164.2	162.9R	140.6	161.2	138.2	+16.6	150.2	130.4
Fish, Eggs and Meat	17	126.5	127.7	121.4	125.1	118.0	+ 6.0	122.5	112.0
Sugar and Gur	45	126.5	122.1	110.5	118.5	109.7	+ 8.0	133.3	147.0
Others	50	168.4*	167.9*	161.8	171.1R	159.9	+ 7.0	167.8	167.9
Liquor and Tobacco	21	99.5	100.3	106.5	103.1	97.8	+ 5.4	109.9	99.5
Tobacco		96.5	96.5	103.9	100.9	94.8	+ 6.4	107.0	97.0
Fuel, Power, Light and Lubricants	38	122.9	122.5	119.1	125.8R	111.6	+12.7	129.0	116.5
Industrial Raw Materials	145	148.1	147.1	138.1	153.0	135.2	+13.2	145.4	133.7
Fibres	61	145.9	143.8	139.9	154.7	130.0	+19.0	151.6	114.6
Oilseeds	60	153.0	152.7	147.7	157.3	141.4	+11.2	149.9	134.5
Minerals	2	95.0	95.2	96.2	95.2	96.2	— 1.1	97.4	97.5
Others	22	135.7*	135.9*	127.7	136.6	130.7	— 5.1	128.0	122.7
Manufactures	309	105.2	104.5	104.4	102.8	117.8	— 7.8	123.8	115.8
Intermediate Products	41	141.6	138.3	137.0	138.0	133.2	+ 0.4	138.0	113.8
Finished Products	268	102.6	101.6R	101.2	100.3	116.8	+ 7.2	122.6	117.3
Textiles	147	134.0	132.9	130.9	130.1	116.8	+11.0	132.5	107.5
Cotton		136.8*	136.1*	134.7	134.0	116.8	+14.7	133.1	116.8
Jute		132.7	116.9	116.4	142.2	108.0	+31.1	121.4	90.0
Woollen		110.1*	110.1*	110.1	104.2	104.2	+ 5.7	100.1	106.5
Silk and Rayon		116.5*	116.5*	116.3	108.5	108.5	+14.0	104.4	104.4
Metal Products	13	146.9	146.9	148.3	146.9	148.3	— 0.9	147.3	144.4
Chemicals	20	108.7	108.7R	104.4	105.5R	104.5	+ 1.0	104.4	106.0
Oil Cakes	10	143.7	143.8	144.4	145.6	139.1	+ 5.2	151.8	145.6
Machinery and Transport Equipment	31	113.7	113.7	113.6	111.9	111.9	+ 2.4	111.1	109.6
Others	30	118.9	118.9R	114.7	115.8	114.7	+ 3.4	116.1	113.4
All Commodities	1,000	125.4	124.5	122.6	122.8R	122.4	+ 4.5	126.8	117.1

Note :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-groups to arrive at that group index.
R—Revised.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

[1952-53 = 100]

Group and Sub-Group	Week ended 15th July, 1961	8th July, 1961	17th June, 1961	16th July, 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.1	101.0	101.0	101.2
2. Government of India	101.0	100.9	101.0	101.0
3. State Government	102.1	102.1	102.0	102.6
4. Municipal, Port Trust, etc.	99.7	99.7	99.7	100.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.3	101.3	101.2	101.0
PREFERENCE SHARES—ALL INDIA.				
6. Total	83.3	83.2	84.1	87.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	182.6	183.8	184.1	176.4
8. *Agriculture and Allied Activities : Total**	170.8	170.5	173.5	178.0
9. Tea Plantations	166.1	165.2	167.5	182.2
10. Coffee Plantations	178.8	180.1	181.2	212.6
11. Rubber Plantations	173.4	173.1	174.3	180.1
12. *Mining and Quarrying : Total*	165.1	166.6	168.2	167.8
13. Coal	131.3	131.9	131.2	122.9
14. Other Mining	188.2	190.5	190.3	181.7
15. *Processing and Manufacturing : Total*	197.3	199.2	199.4	190.6
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	202.7	204.9	204.5	192.2
17. Sugar	158.8	161.8	164.6	194.1
18. Cotton Textiles	173.0	174.0	171.2	159.2
19. Jute Textiles	88.1	87.8	87.2	91.0
20. Silk and Woollen	1206.2	1236.5	1253.7	1095.8
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total**	209.2	211.0	212.2	119.4
22. Iron and Steel	176.7	179.2	179.5	161.5
23. Transport Equipment	416.4	420.8	435.2	418.6
24. Electrical Machinery	167.5	167.5	164.7	137.4
25. Machinery other than Transport and Electrical	214.3	216.6	218.7	221.2
26. Basic Industrial Chemicals	215.8	217.2	218.6	211.8
27. *Processing and Mfg. (Others): Total**	189.1	189.6	190.3	169.1
28. Cement	141.5	142.5	144.0	148.4
29. Paper	209.9	210.1	207.4	189.7
30. *Other Industries : Total**	109.8	110.2	110.9	113.3
31. Electricity Generation and Supply	83.0	82.4	82.2	88.3
32. Trading	124.2	126.3	131.9	121.9
33. Shipping and Other Transport	99.3	100.5	100.4	112.3
34. Construction	282.8	283.3	299.5	337.7
35. *Financial : Total*	169.8	169.8	169.8	171.3
36. Banks	225.3	222.9	219.0	185.9
37. Insurance	155.0	155.4	154.6	150.9
38. Investment Trusts	90.1	89.9	90.4	92.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	190.2	192.8	193.8	184.1
40. Calcutta	168.1	168.0	167.2	150.3
41. Madras	195.5	196.8	196.7	191.0
42. Delhi	246.9	247.4	253.0	234.2

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
2nd May	2.00	2.00	2.00	2.750	99.310
3rd to 4th May*	1.00	—	1.00	—	99.331
9th May	2.00	2.00	2.00	2.750	99.310
10th to 13th May*	0.55	—	0.55	—	99.331
16th May	2.25	2.00	2.25	2.750	99.310
17th to 20th May*	0.43	—	0.43	—	99.331
23rd May	2.00	2.00	2.00	2.750	99.310
24th to 27th May	0.33	—	0.33	—	99.331
30th May	2.00	2.00	2.00	2.750	99.310
31st May to 3rd June*	1.10	—	1.10	—	99.331
6th June	2.00	2.03	2.00	2.750	99.310
7th to 10th June*	1.97	—	1.97	—	99.331
13th June	2.00	2.00	2.00	2.750	99.310
14th to 17th June*	0.30	—	0.30	—	99.331
20th June	2.00	2.00	2.00	2.650	99.310
21st to 23nd June*	0.80	—	0.80	—	99.335
27th June	2.00	2.09	2.00	2.550	99.356
4th July	2.00	2.00	2.00	2.650	99.335
5th to 7th July*	3.50	—	3.50	—	99.335
11th July	2.00	2.00	2.00	2.550	99.356
13th to 15th July*	0.12	—	0.12	—	99.335
18th July	0.00	2.02	2.00	2.500	99.335
19th to 22nd July*	1.50	—	1.50	—	99.391
Total amount outstanding	35.03	..	35.03	..	..

* Intermediate Treasury Bills sold.

IRON AND STEEL PRODUCTION (In Tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1958	1,098,300	1,106,800	786,900
Do. 31st March, 1959	1,137,500	1,149,900	884,700
Do. 31st March, 1960	1,594,000 K	1,565,000 K	1,237,000 K
Do. 31st March, 1961	1,588,000 K	1,633,000 K	1,263,000 K
March 1960	142,100	146,100	123,000
April "	127,700	125,300	99,900
May "	122,500	120,500	93,200
June "	80,127	69,140	53,737
Jan. 1961	144,200 K	149,300 K	117,800 K
Feb. "	125,900 K	126,500 K	94,200 K
March "	141,500 K	142,900 K	114,900 K
April "	135,700 K	136,000 K	106,000 K
May "	142,000 K	136,800 K	105,800 K
June "	131,800 K	124,700 K	101,200 K
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1957	666,156	532,815	441,483
Do. 31st March, 1958	733,945	607,585	501,543
Do. 31st March, 1959	959,932	808,206	496,217
Do. 31st March, 1960	1,058,612 K	837,072 K	662,113 K
Do. 31st March, 1961	1,160,576 K	916,180 K	718,684 K
June 1960	80,127	69,140	53,737
Jan. 1961	112,649 K	83,787 K	71,540 K
Feb. "	96,791 K	85,882 K	66,000 K
March "	106,122 K	82,583 K	80,790 K
April "	99,381 K	69,710 K	51,144 K
May "	100,815 K	70,912 K	43,165 K
June "	96,921 K	74,222 K	56,086 K

K—Figures in Metric Tons.

INDUSTRIAL DISPUTES (All-India)

Month	Number of disputes†	Total of Average Number of workers involved	Number of man-days lost
1957*	1,629	629,271	6,495,519
1958*	1,564	628,344	7,707,332
1959*	1,629	692,514	8,804,779
Jan. 1960	123	62,075(123)	412,797(123)
Feb. "	133	62,075(123)	412,797(123)
Mar. "	125	47,760(114)	470,256(114)
Apr. "	81	31,899(77)	310,988(77)
May "	96	37,908(90)	381,813(90)
Jan. 1961	96	39,503(92)	393,796(92)
Feb. "	98	33,869(92)	370,594(92)
Mar. "	124	40,550(115)	379,087(115)

* Provisional figures in all cases and centrally administered areas as available.

† Disputes which lasted for more than one month. Figures in brackets show the number of disputes in which the information is available.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

	All-India (1949 = 100)	Bombay (June (1934-35 = 100))	Ahmedabad (1949 = 100)	Sholapur (January (1928 = 100))	Kanpur (1949 = 100)	Nagpur (1940 = 100)	Calcutta (August (1939 = 100))	Madras City (1942 = 100)	Delhi (1949 = 100)	Ajmer (1949 = 100)	Gauhati (1949 = 100)	Jamshedpur (1949 = 100)	Jabalpur (1949 = 100)	Bangalore (1949 = 100)
1958 Average	116	395	110	313	98	120	384	124	113	105	103	123	109	131
1959 "	121	412	125	340	98	132	384	133	120	106	98	125	108	140
1960 "	124	429	120	357	98	136	397†	143	120	107	103	120	109	146
March 1960	121	414	116	339	97	135	392	138	119	104	100	119	109	145
April "	122	421	116	346	97	136	392	138	117	104	103	117	109	145
May "	123	421	120	344	96	135	396	140	116	104	105	117	109	145
June "	124	422	121	360	96	135	399	143	117	107	107	119	109	146
July "	126	423	122	362	101	137	406	145	121	109	108	119	109	146
August "	126	421	123	359	101	137	410	146	121	109	102	122	108	148
Sept. "	125	418	122	364	101	138	403	146	122	108	102	122	108	147
Oct. "	125	421	123	365	102	137	396	148	122	108	105	119	108	147
Nov. "	124	423	121	367	102	135	392	150	121	110	102	122	108	147
Dec. "	124	419	120	362	100	134	385	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	385	146	122	111	103	120	109	148
February "	123	420	119	350	102	130	380	147	123	111	103	119	109	148
March "	124†	423	119	349	101	129	392	148	121	109	108	119	109†	149
April "	123†	428	119	348	99	..	389	149	125	111	104†	121†	109†	149
May "	124*	431	120	345	..	..	..	126	112	..	120	120	110	150

†Provisional.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A Outstandings	7-Year B Outstandings	12-Year B Outstandings	12-Year National Plan Savings Certificates C Receipts	C Outstandings	Post Office Savings Bank Deposits Receipts	Deposits Outstandings	10-Year National Plan Certificates D Outstandings	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J Outstandings	10-Year J Outstandings	10-Year Treasury Savings Deposit Certificates 3½% F Outstandings	4% C Outstandings	15-Year Annuity Certificates G Receipts	G Outstandings	Total Receipts	Total Outstandings H
1958-59	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	—40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	98,99	83,24	221,68	210,40	260,68	19,79	—41,35	3	31	41,68	10,64	21,76	66	2,90	305,70	672,99
1960-61	1,24	2,46	81,50	82,53	287,30	228,77	297,77	18,35	—42,00	1,70	95	38,80	16,14	37,34	69	3,38	329,98	770,80
May 1960	1,51	3,04	95,40	6,45	231,25	12,00	257,68	19,55	—41,46	64	39	41,50	1,06	24,19	5	3,01	24,57	678,16
June "	1,50	2,99	93,68	5,76	235,63	17,35	258,96	19,49	—41,51	73	43	41,51	1,11	25,09	5	3,04	24,13	685,95
July "	1,46	2,95	92,15	5,83	240,35	15,25	261,67	19,43	—41,55	81	48	41,32	1,11	26,00	4	3,07	22,36	688,79
Aug. "	1,44	2,88	90,74	6,78	245,88	19,75	266,75	19,37	—41,61	89	54	41,21	1,17	27,23	9	3,14	27,92	700,07
Sept. "	1,42	2,81	89,29	7,16	251,84	18,76	271,10	19,26	—41,66	98	57	41,14	1,52	28,71	6	3,18	27,64	710,30
Oct. "	1,40	2,76	87,86	7,05	257,70	16,90	272,98	19,19	—41,71	1,07	64	41,09	1,42	30,27	5	3,22	25,56	716,18
Nov. "	1,37	2,70	87,64	6,21	262,79	17,90	275,00	19,12	—41,74	1,17	68	41,02	1,49	31,78	5	3,25	25,81	725,47
Dec. "	1,33	2,63	85,25	5,76	268,37	19,04	277,53	18,97	—41,81	1,28	74	40,97	1,28	32,88	5	3,29	27,30	733,47
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,08	280,06	18,87	—41,88	1,40	80	40,90	1,04	34,15	6	3,32	25,88	740,92
Feb. "	1,28	2,52	82,71	6,43	278,70	18,05	282,82	18,44	—41,95	1,53	87	39,88	1,80	35,75	5	3,36	26,53	747,86
Mar. "	1,24	2,46	81,50	11,17	287,30	32,62	297,77	18,36	—42,00	1,70	95	38,80	1,77	37,34	4	3,38	46,05	770,80
Apr. "	1,20	2,40	80,18	5,59	290,50	20,37	295,84	18,17	—42,05	1,88	1,01	37,46	2,28	39,42	4	3,40	28,47	771,47
May "	..	..	..	..	..	..	..	..	..	..	..	36,40	1,32	40,92	3	3,42	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from May 10, 1954 to May 20, 1957. E—Programme not represented at the end of period from August 16, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included, amount to 15.49 crores of rupees. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of March 1961, amount to 15.49 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
2 ¾ Loan	1938-39	116,17,46,000	1963-65	98.75
2 ½ Loan	1940	90,00,10,000	1964	98.30
2 ½ Nat. Loan	1942	1,10,11,78,000	1966-68	96.20
2 ½ Dev. Loan	1945	1,15,06,83,000	1970-75	90.95
2½% Loan	1946	57,00,69,000	1961	99.70
2½% Loan	1946	14,77,48,000	1976	83.65
2½% Loan	1947	75,86,72,000	1962	99.00
2½% N. P. Loan	1954	1,58,17,94,000	1964	100.00
2½% N. P. Bonds (2nd Series)	1955	1,53,67,92,000	1965	99.90
2½% Loan	1956	1,07,27,38,000	1962	99.80
2½% N. P. Bonds	1956	93,81,51,000	1967	99.00
2½% Loan	1956	86,62,53,000	1974	99.60
2½% N. P. Bonds (4th Series)	1957	56,99,30,000	1967	100.40
4 % Loan	1957	49,17,27,000	1972	100.50
3½% Loan	1958	58,05,92,000	1963	100.00
3½% Loan	1958	70,00,00,000	1968	98.75
3½% Loan N.F.B.	1958	54,32,90,000	1965	98.50
4 % Loan	1958	49,51,44,000	1973	100.25
3½% Loan	1959	1,37,90,93,000	1969	98.40
4 % Loan	1959	81,06,38,000	1979	99.50
4 % Loan	1960	97,64,00,000	1980	99.50
3½% Bonds	1960	82,66,00,000	1966	99.70
NON-TERMINABLE LOANS				
2 ½ Loan	1896-97	8,93,38,000	M.	72.00
3 ½ Loan	1946	2,48,91,33,000	K.	72.00
STATE LOANS				
4 % Andhra	1956	5,00,16,000	1st Sept. 1967	98.85
4 % Andhra	1957	4,55,15,000	3rd Sept. 1962	98.75
4½% Andhra	1958	5,48,51,000	15th July 1970	101.00
4 % Andhra	1959	6,57,79,000	19th Aug. 1971	97.75
4 % Andhra	1960	5,00,00,000	29th Aug. 1969	98.50
3 % Maharastra	1949	3,37,37,000	1st Aug. 1962	99.00
3½% Maharastra	1951	2,52,97,000	17th Sept. 1963	100.00
4 % Maharastra	1953	5,00,80,000	15th July 1963	100.00
4 % Maharastra	1953	5,00,00,000	1st Aug. 1964	99.00
4 % Maharastra	1955	9,56,29,000	1st Sept. 1967	99.65
4 % Maharastra	1956	7,82,20,000	3rd Sept. 1970	99.25
4½% Maharastra	1957	6,57,23,000	16th Sept. 1969	101.30
4½% Maharastra	1958	6,58,13,000	15th July 1970	101.30
4½% Maharastra	1958	4,35,35,000	15th July 1971	101.30
4 % Maharastra	1959	6,56,13,000	19th Aug. 1971	99.25
4 % Maharastra	1960	5,00,00,000	29th Aug. 1969	98.50
4 % Bihar	1954	1,54,02,000	1st Sept. 1967	98.50
4 % Bihar	1955	2,12,41,000	3rd Sept. 1968	98.50
4 % Bihar	1956	2,73,71,000	15th July 1971	98.50
4 % Bihar	1959	3,83,33,000	19th Aug. 1971	98.50
4 % Bihar	1960	3,00,00,000	29th Aug. 1969	98.50
4 % Gujarat	1960	5,00,00,000	29th Aug. 1969	99.45
3½% Mowrah Bridge (New)	1936-37	1,77,08,700	1956-66	94.50
4 % Hyderabad	1956	2,13,46,000	1st Sept. 1967	98.00
4 % Hyderabad	1956	2,13,46,000	3rd Sept. 1962	98.00
3½% Madras	1948	3,81,77,000	1st Sept. 1961	99.75
4 % Madras	1951	3,01,49,800	17th Sept. 1962	99.75
4 % Madras	1952	10,32,71,000	15th July 1968	99.90
4 % Madras	1953	5,54,51,500	1st Aug. 1964	99.50
4 % Madras	1954	10,47,17,000	1st Sept. 1967	99.00
4 % Madras	1954	13,33,56,000	3rd Sept. 1968	99.00
4½% Madras	1956	5,65,57,000	15th July 1970	101.15
4 % Madras	1959	5,72,73,000	19th Aug. 1971	98.50
4 % Madras	1960	12,00,00,000	29th Aug. 1969	98.75
4 % Mysore(f)	1953	2,96,85,200	1st Dec. 1963-68	100.50
4 % Mysore	1953	3,53,35,000	15th July 1963	99.00
4 % Mysore	1955	3,54,94,000	1st Sept. 1967	99.00
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	99.00
4 % Mysore	1957	3,54,36,000	16th Sept. 1968	101.10
4 % Mysore	1958	5,51,51,000	15th July 1970	101.10
4 % Mysore	1959	5,43,46,000	19th Aug. 1971	98.00
4 % Mysore	1960	4,00,00,000	29th Aug. 1969	98.75
4 % M.P.	1953	3,03,22,000	1st Aug. 1964	99.50
4 % M.P.	1951	1,02,18,100	17th Sept. 1962	99.50
4 % M.P.	1953	1,10,18,000	15th July 1963	99.40
4 % M.P.	1955	1,53,12,000	1st Sept. 1967	98.50
4 % M.P.	1956	1,58,43,000	3rd Sept. 1968	98.50
4½% M.P.	1958	2,21,30,000	15th July 1970	101.05
4 % M.P.	1959	5,37,37,000	19th Aug. 1971	98.00
4 % M.P.	1960	5,00,00,000	29th Aug. 1969	98.50
4 % Saurashtra	1955	3,50,81,000	1st Sept. 1967	98.50
4 % Saurashtra	1956	2,66,68,000	3rd Sept. 1968	98.85
4 % Kerala	1953	3,25,61,000	15th July 1963	99.00
4 % Kerala	1956	2,32,16,000	3rd Sept. 1968	98.50
4½% Kerala	1958	3,27,10,000	15th July 1970	100.50
4 % Kerala	1959	4,47,05,000	19th Aug. 1971	97.75
4 % Kerala	1960	4,00,00,000	29th Aug. 1969	98.10
3½% U.P.S.A.	1945	44,39,00,000	M.	74.75
3 % U.P.	1938	1,55,31,000	15th Sept. 1961-66	92.75
4 % U.P.	1946	2,13,62,000	1st Sept. 1961	99.75
2½% U.P.	1941	1,46,52,500	17th Sept. 1962	99.75
4 % U.P.	1953	5,50,16,000	1st Aug. 1964	99.50
4 % U.P.	1955	5,58,25,000	15th July 1968	99.50
4 % U.P.	1956	9,10,71,000	1st Sept. 1967	99.00
4 % U.P.	1956	6,45,94,000	3rd Sept. 1968	98.50

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				Rs.
50,00,000	4	1904	1964	
35,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1968	97.00
75,00,000	4	1908	1968	
40,00,000	4	1909	1970	
50,00,000	4	1910	1971	
50,00,000	4	1911	1973	
50,00,000	4	1912	1973	
50,00,000	4	1913	1960	D
25,00,000	4	1913	1974	97.00
50,00,000	4	1914	1976	97.00
10,00,000	4	1915*	1960	
50,00,000	4	1915*	1975	
50,00,000	4	1923*	1962	
10,00,000	4	1924*	1960	
50,00,000	4	1926*	1960	
50,00,000	4	1929*	1959	
12,50,000	4	1931*	1961	D
12,50,000	4	1931*	1961	
13,50,000	4	1932*	1962	
14,58,000	4	1935*	1975	
15,00,000	3½	1938*	1968	
48,04,000	3	1938*	1960	
10,00,000	3	1938*	1968	
7,00,000	3½	1941	1971	
CALCUTTA				
Rs.				Rs.
90,94,800	4	1914	1974	99.25
76,90,100	4	1918	1978	99.25
50,00,0000	3½†	1921	1981	82.00
98,02,8000	4‡	1921	1961	144.00N
50,00,000	4	1922	1982	99.25
50,00,000	3½	1935	1965	99.00
25,00,000	3	1938	1968-88	98.00
50,00,000	3½	1938	1968	99.00
50,00,000	3	1945	1975	85.00
50,00,000	3	1945	1976	84.75
50,00,000	3	1946	1977	84.50
50,00,000	2½	1947	1977	79.00
50,00,000	2½	1947	1978	82.75
50,00,000	3	1948	1978	82.75
50,00,0000	3	1950	1980	82.00
50,00,000	3½	1951	1981	91.75
1,50,00,000	3½	1953	1983	99.75
50,00,000	4	1953	1963	100.00
50,00,000	4	1953	1983	99.50
90,00,000	4	1955	1985	97.25
77,00,000	4	1956	1986	97.25
78,00,0000	4	1956	1986	97.25
1,14,00,000	4	1957	1987	99.50
1,30,00,000	4	1958	1988	99.00
1,00,00,000	4	1959	1989	99.50
50,00,000	4½	1959	1989	99.00
1,00,00,000	4	1960	1990	99.50
1,00,00,000	4	1960	1970	98.50
STERLING LOANS				
£892,500	5	1923	1963-83	£83
£901,000	5	1924	1954-84	£83
£535,100	5½	1932	1962	£94½
MADRAS‖				
Rs.				Rs.
28,48,875	3½	1947	1977	
1,00,00,000	3	1948	1978	A
3,00,000£	3	1949	1979	
45,00,000£	4½	1954	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation
BOMBAY				
Rs.				Rs.
50,00,000	4	1901	1961	
50,00,000	4	1902	1962	
50,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	97.75
50,00,000	4	1906	1966	N
30,00,000	4	1907	1967	
30,00,000	4	1908	1968	
20,00,000	4	1912	1972	
13,00,000	4	1913	1973	
50,00,000	4	1914	1974	97.50
25,00,000	4	1916	1976	N
50,00,000	5	1916	1917-79	118.90
66,00,000	6	1920	1955-80	
25,00,000	5	1926	1955-86	115.00N
50,00,000	4	1927	1961-70	98.00N
10,00,000	3	1936	1966	
STERLING LOANS				
£566,600		1909	1968	£95.50
£388,000		1910	1970	£95.50N
CALCUTTA				Rs.
50,00,000	4	1924	1964	99.25
25,00,000	4	1925	1965	99.00
30,00,000	3	1936	1966	92.50
30,00,000	3	1937	1967	92.50
30,00,000	3	1938	1968-88	92.00
30,00,000	4	1942	1962	100.00
1,00,00,000	4	1943	1963	99.50
75,00,000	4	1944	1964	99.50
50,00,000	4	1945	1965	99.00
50,00,000	4	1946	1966	99.00
50,00,000	4	1947	1967	99.00
50,00,000	4	1948	1968	99.00
50,00,000	4	1949	1969	99.00
50,00,000	4	1950	1970	99.00
50,00,000	4	1951	1971	99.00
50,00,000	4	1952	1972	99.00
50,00,000	4	1953	1973	99.00
50,00,000	4	1954	1974	99.00
50,00,000	4	1955	1975	99.00
50,00,000	4	1956	1976	99.00
50,00,000	4	1957	1977	99.00
50,00,000	4	1958	1978	99.00
50,00,000	4	1959	1979	99.00
50,00,000	4	1960	1980	99.00
MADRAS				
Rs.				Rs.
15,00,000	3½	1951	1961	107.00
15,00,000	3½	1952	1962	107.50N

MUNICIPAL LOANS

Amount				Rs.
BOMBAY				
Rs.				
30,00,000	4	1913-19	1974	97.00
10,00,000	5	1920	1980	118.00N
2,25,00,000	3½	1947	1977	85.50
2,13,15,600	3½	1949	1979	85.50
1,50,00,000	3½	1951	1981	85.50
2,74,00,000	4	1952	1964	99.00
2,00,84,000	4	1961	1966	99.00
2,00,00,000	4	1952	1968	99.00
92,19,00,000†	4	1954	1969	99.00
86,67,000†	4	1954	1969	99.00
2,50,00,000	4	1955	1967	99.00
2,50,00,000	4	1955	1968	99.00
1,74,00,000	4½	1957	1969	99.50
4,75,00,000	4	1958	1970	99.50
2,50,00,000	4	1959	1971	98.00
**CALCU

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Refer-ences
60,00,000	64,31,970	1,47,43,249	50,81,902	36,065	B. N. Elias & Co. Private Ltd.	879	Agarpara	10 12	10	0.25	0.50	1.00		3	Y.F.
6,00,000	13,76,400	76,13,446	46,26,917	1,71,356	McLeod & Co., Ltd.	456	Alexandra	207.00	100	10.00	15.00			12	Y.F.
30,00,000	5,43,950	1,41,02,373	1,01,60,589	1,16,925	McLeod & Co., Ltd.	1,264	Alliance	85.00	100	Nil	Nil	6.00		5	Y.
49,20,700	85,41,000	2,63,90,624	1,74,73,587	2,26,168	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	153.50	100	10.00	12.50	20.00		3	Y.
40,00,000	21,93,168	1,36,05,716	75,49,894	34,111	Bird & Co. Private Ltd.	910	Auckland	158.00	100	5.00	20.00	27.00		3	Y.F.
20,00,000	34,53,528	1,46,13,222	77,61,622	28,486	Birla Brothers Private Ltd.	959	Bally	215.00	100	6.00	10.00	25.00		3	Y.
£275,000	£803,923	£1,601,226	£1,065,825	—£92,399	Sir John H. Burder (Chairman)	1,889	Barnagore	127.00	£5	Nil	10sh.	£1.10sh		3	Y.
23,00,000	29,47,233	1,00,52,541	58,47,941	78,247	Andrew Yule & Co., Ltd.	820	Belvedere	155.00	100	7.50	13.50	5.00		12	Y.F.
45,00,000	26,91,700	70,48,057	40,86,203	1,33,355	Soorajmull Nagarmull	900	Bengal	10.00	10	0.50	0.50	0.50		6	Y.F.
91,28,000	2,82,25,130	7,34,86,439	2,26,35,926	93,079	Birla Brothers Private Ltd.	1,373	Birla	26.75	10	1.00	1.00	1.50		3	Y.
36,00,000	27,72,236	1,36,96,070	70,34,735	34,192	Andrew Yule & Co., Ltd.	991	Budge-Budge	120.00	100	5.00	15.00	10.00		10	Y.
7,43,380	4,000	45,02,280	35,10,243	—1,47,560	Dayaram & Sons	522	Calcutta Jute Mfg.	5.50N	10	Nil	Nil			12	Y.F.
18,00,000	29,05,059	92,72,555	5,10,612	6,22,941	M.	616	Caledonian	134.00	100	15.00	12.00	12.00		11	Y.
59,18,400	82,28,226	2,14,54,087	1,21,65,795	1,37,286	James Finlay & Co., Ltd.	600	Champdany	117.00	100	Nil	7.00	10.00	5.00	3	Y.
28,56,250	46,56,344	1,22,29,034	62,15,516	6,533	Andrew Yule & Co., Ltd.	1,131	Cheviot	15.50	10	0.50	1.25	Nil		11	Y.
30,15,000	39,53,900	1,20,48,261	66,66,975	39,326	McLeod & Co., Ltd.	500	Chitavalsah	11.37	10	1.25	1.50	0.50		7	Y.F.
24,00,000	9,00,000	82,12,030	61,31,208	—3,09,256	M.	969	Clive	11.00	10	Nil	Nil	Nil		3	Y.F.
31,49,200	13,05,418	1,06,95,075	64,82,315	18,142	Bird & Co. Private Ltd.	766	Dalhousie	106.00	100	Nil	Nil	1.00		3	Y.F.
38,00,000	41,85,474	97,98,897	51,23,570	15,832	Andrew Yule & Co., Ltd.	779	Delta	158.00	100	6.00	14.00	7.50		11	Y.F.
15,00,000	38,62,000	1,14,03,496	74,72,740	70,285	McLeod & Co., Ltd.	500	Empire	17.25	10	1.00	1.25	1.25		7	Y.F.
69,00,000	33,65,324	3,41,69,981	1,69,04,491	72,060	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	289.00	100 Old	20.00	20.00	25.00			Y.F.
31,50,000	19,51,948	1,32,23,393	76,17,723	1,94,899	Bangur Bros. Ltd.	1,014	Fort William	24.87	10	1.50	1.50	2.25		3	Y.F.
84,32,100	5,16,993	2,24,66,718	1,48,00,383	56,359	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	11.06	10	Nil	Nil	1.00		3	Y.F.
10,80,000	34,36,266	98,03,727	53,00,178	14,067	M.	607	General Ind. Society Ltd.	41.00	10	2.00	4.00	4.00		12	Y.F.
24,00,000	65,35,441	2,55,58,977	1,72,11,663	63,814	Macneill & Barry Ltd.	1,594	Gourepore	270.00	100	20.00	25.00	30.00		3	Y.
40,00,000	81,69,633	1,33,64,146	75,47,196	2,85,690	Bangur Bros. Ltd.	1,078	Hastings	119.00N	100	5.00	6.00	6.00		3	Y.F.
16,80,000	25,26,234	83,48,980	55,07,778	38,329	J. & R. Hutchison Private Ltd.	720	Hooghly	15.00	10	Nil	0.60	1.00		3	Y.F.
65,25,500	40,04,064	2,24,82,710	1,35,84,809	72,382	Jardine Henderson Ltd.	1,940	Howrah	20.00	10	Nil	1.00	1.25		3	Y.F.
52,50,000	38,25,000	1,18,45,014	1,77,084	1,83,174	Ramdutt Ramkissendas	2,272	Hukumchand	18.50	7.50	1.50	1.50	2.15		3	Y.
97,30,000	21,78,965	1,74,80,629	1,00,24,542	4,94,235	M.	790	India	15.00	12.50	15.62½	1.24	1.75		3	Y.
24,00,000	27,20,329	2,00,48,588	1,40,57,698	39,774	Jardine Henderson Ltd.	1,797	Kamarhatty	136.00	100	5.00	20.00	5.00		12	Y.F.
19,20,000								127.00	'B' 100	5.00	20.00	5.00			
30,00,000	....	1,78,03,394	1,19,38,288	—14,78,469	Jardine Henderson Ltd.	1,527	Kanknarrah	71.00	Nil	Nil	Nil	Nil		12	Y.F.
24,00,000								68.50	'B' 100	Nil	Nil	Nil			
38,00,000	52,06,000	1,51,66,797	1,03,30,320	1,21,384	McLeod & Co., Ltd.	703	Kelvin	150.00	100	12.50	14.00'C	15.00		5	Y.
54,00,000	23,82,529	2,19,94,951	1,32,38,723	74,405	Andrew Wright Ltd.	1,530	Khardah	17.25	10	0.50	2.50	2.50		3	Y.
59,80,150	42,30,583	1,99,43,494	1,24,97,816	87,502	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	154.00	100	5.00	10.00	20.00		3	Y.
24,48,000	10,76,201	1,06,86,990	67,13,278	—2,02,024	Bird & Co. Private Ltd.	931	Lansdowne	107.00	100	Nil	Nil	Nil		3	Y.
23,00,000	11,06,592	69,04,728	41,03,722	10,530	Bird & Co. Private Ltd.	640	Lawrence	102.00	100	Nil	2.00	15.00		3	Y.
31,65,200	34,63,981	2,70,91,429	1,55,68,006	56,999	M.	1,294	Lawrie	12.00	10	1.75	1.00	1.20		3	Y.
29,98,900	34,36,392	1,64,53,185	94,33,205	—11,80,635	M.	815	Naihati	68.00	100	Nil	Nil			3	Y.
20,00,000	11,82,460	38,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	9.00xd	10	0.25	0.375	0.60		10	Y.
35,00,000	52,68,709	1,09,02,939	25,02,498	41,332	M.	852	National	18.25	10	0.75	1.00	0.75		12	Y.
36,25,000	32,36,172	68,66,643	32,12,580	43,020	McLeod & Co., Ltd.	316	Nellimarla Jute	9.62	10	1.00	1.40	0.80		7	Y.
70,82,810	2,37,33,274	9,80,93,878	1,36,54,171	....	Sahu Jain Ltd.	1,765	New Central	19.00	10	1.50	1.50'C	1.50		3	Y.
19,79,980	38,39,783	1,21,53,807	71,21,538	27,631	Bird & Co. Private Ltd.	587	Northbrook	25.87	10	Nil	1.25	3.00		3	Y.
66,79,500	38,53,004	2,30,01,345	1,21,85,728	49,497	Macneill & Barry Ltd.	1,092	Nuddea	45.75	50	2.50	3.00	4.00		3	Y.
25,00,000	11,41,170	1,06,08,633	75,93,215	23,417	McLeod & Co., Ltd.	406	Presidency	4.87	5	0.37½	0.50	0.40		7	Y.
20,00,000	73,604	36,55,345	14,10,449	—9,71,493	Hindustan Investment Corpn. Ltd.	305	Rameshwara	8.00	10	Nil	Nil	Nil	Nil	3	Y.
49,50,000	14,07,546	1,24,96,516	66,97,870	—91,44,473	Jardine Henderson Ltd.	1,278	Reliance	6.00	10	Nil	Nil	Nil		3	Y.F.
£600,000	£490,065	£1,495,548	£850,162	£23,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	5%†	10%†	6%†		12	Y.
90,00,000	19,87,300	1,24,50,559	81,65,888	69,510	Bagaria More & Co., Ltd.	911	Shree Ambica	24.00	10	0.50	0.60	0.50		3	Y.
14,00,000	13,35,050	75,16,520	54,32,384	21,730	Hindustan Investment Corpn. Ltd.	401	Soorah	18.25	10	1.50	2.50	2.50		12	Y.
£600,000	£420,865	£1,376,168	£743,049	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	5.50N	£1	3%†	10%†	6%†		12	Y.
95,98,600	37,29,990	89,38,439	50,59,464	33,998	Bird & Co. Private Ltd.	1,826	Union	100.00	100	15.00	20.00	25.00		3	Y.
£400,000	£279,522	£1,283,223	£611,723	£17,815	Thomas Duff & Co. (India) Pvt. Ltd.	1,331	Victoria	9.50N	£1	5%†	10%†	6%†		12	Y.
2,50,000	8,70,000	82,62,805	45,53,966	1,94,094	McLeod & Co., Ltd.	447	Waverley	4.87	1	Nil	0.25	0.30		6	Y.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Refer-ences
TEA COMPANIES															
10,96,990	4,16,126	17,25,120	3,38,737	3,842	Young India Agencies Private Ltd.	579	Balanoor Tea and Rubber	16.50cd	10	1.75	1.50	1.50		3	Y.F.
13,00,000	18,91,207	79,01,776	13,65,967	2,83,908	Kothari & Sons (Ags.) Pvt. Ltd.	1,329	Blue Mountain	3.20	2	0.25	0.25	0.25		6	Y.
5,50,000	5,09,091	19,48,408	2,40,184	18,637	K. Anantaraman, Esq. (Mg. Director).	548	Chandramalai Estates Ltd.	2.75	2	0.24	0.24	0.20		6	Y.
14,00,100	11,19,898	26,33,979	8,15,911	1,38,980	Peirce, Leslie & Co., Ltd.	1,336	Chembra Peak Estates	9.95cd	2	0.20	0.30	0.40		3	Y.
3,66,420	12,20,975	23,20,475	1,95,557	22,888	Matheson Bosanquet & Co. Pvt. Ltd.	392	Coonoor Tea	28.12	10	2.00	2.00	1.75		3	Y.
4,80,000	5,19,349	19,74,821	2,42,244	2,310	Srinivas Agencies	661	Coorg Tea	5.42	2	0.40	0.40	0.40		3	Y.
8,00,000	4,81,315	12,81,928	3,69,301	686	P. G. Krishna Iyer, Esq. (Mg. Director)	353	Devashola (Nilgiri) Tea	30.25cd	10	2.50	2.50	2.00		12	Y.
5,74,980	3,25,983	10,81,240	2,29,577	4,313	Young India Agencies Private Ltd.	465	Devon Tea	14.50cd	10	1.75	1.50	1.50		12	Y.
5,00,000	1,58,500	4,04,317	55,265	2,027	Parkins Private Ltd.	198	Emerald Valley Estates	6.00	5	0.80	0.40			6	Y.F.
25,00,000	18,55,500	56,71,656	10,31,863	77,125	Parkins Private Ltd.	1,506	Halleyburia	14.75cd	10	2.00	1.25'C'	1.50		12	Y.
6,00,000	7,65,696	14,87,744	3,53,844	48,233	Peirce, Leslie & Co., Ltd.	466	Hapugastenne	4.80	2	0.25	0.30			6	Y.
17,17,170	12,19,245	33,15,743	9,71,179	15,900	Peirce, Leslie & Co., Ltd.	1,375	Kil Kotagiri Tea	4.76	2	0.30	0.70	0.50		12	Y.F.
3,45,000	5,10,000	11,44,396	98,799	306	Ipe Oommen & Co. Pvt. Ltd.	300	Kurcharmala Plant. Ltd.	4.87	10	0.625	0.80	Nil		3	Y.
5,00,000	1,20,556	9,61,424	78,039	37,130	Matheson Bosanquet & Co. Pvt. Ltd.	287	Lucky Valley	11.00	10	1.00	1.00	1.00		12	Y.
3,50,000	7,000	14,34,547	19,739	....	Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	2.62	2	0.30	0.10	0.20		12	Y.
9,00,000	6,23,100	13,48,190	3,88,717	1,418	Kapon Thomas, Esq. (Mg. Director)	524	Mlamallay	38.25	25	3.75	5.00			12	Y.
36,00,000	21,32,880	81,96,144	14,03,832	5,225	A. V. Thomas & Co. (India) Ltd.	2,039	Neelamalai	4.10	5	0.87	0.87	0.87		3	Y.
12,00,000	6,37,633	27,81,687	5,74,549	5,955	A. V. Thomas & Co., Ltd.	1,648	Wallapathy	2.48	2	0.30	0.30	0.36		3	Y.
14,00,350	7,47,349	39,87,155	8,33,351	26,790	A. V. George & Co., Ltd.	1,622	Nilgiri Tea	8.90	10	0.60	0.60	0.80		3	Y.F.
28,10,000	9,32,309	32,15,349	9,63,585	35,375	Harrisons & Crosfield Ltd.	886	Nonsuch Tea	28.20	10	3.50	2.00			6	Y.
14,88,960	17,53,238	32,40,997	5,53,242	47,411	P. R. M. Molyneux, Esq. (Chairman)	579	Parkind & Co.	28.37	10	2.50	2.75	2.75		6	Y.
9,00,000	3,06,234	63,188	47,998	64,227	S. Sivaramakrishna Aiyar, Esq.	500	Perinjular Plantations Ltd.	20.00xd	10	1.50	1.50			6	Y.
17,00,000	11,87,787	43,52,475	15,91,846	37,065	Aspinwall & Co. (Travancore) Ltd.	1,564	Peermade	22.50	10	1.62½	2.25	2.25		12	Y.
37,94,880	28,17,245	1,10,00,188	34,84,598	80,353	Peirce, Leslie & Co., Ltd.	3,483	Periakaramalai	3.90cd	2	0.30'C'	0.25			6	Y.
16,50,000	3,06,500	11,40,782	1,24,995	907	A. V. Thomas & Co. (India) Ltd.	865	Shaverary Estates Ltd.	1.87	2	0.15	0.125	0.15		6	Y.
9,00,000	13,43,597	28,45,322	8,38,068	3,199	T. Stanes & Co., Ltd.	1,131	Stanes Amalgamated	15.75	10	0.80	0.80	1.70		6	Y.
1,25,000	15,000	1,98,241	7,968	4,289	M.	216	Swinton Estates	3.00	2	0.15	0.15	0.25		6	Y.
12,50,000	10,87,338	36,51,137	3,53,187	997	Srinivas Agencies	1,787	Taiyar Tea	1.93	2	0.18	0.10	0.16		6	Y.
18,75,000	14,00,520	37,37,719	9,31,280	566	Parkins Private Ltd.	1,514	Tryhall	12.00cd	10	1.50	1.50'C'			12	Y.
21,86,230	12,29,630	44,14,672	15,67,621	1,02,000	T. Stanes & Co., Ltd.	1,771	United Nilgiri	25.40	10	1.60	1.95	2.10		12	Y.
47,35,000	19,42,245	63,68,910	8,97,362	1,94,353	Kothari Mehta & Co. Pvt. Ltd.	907	Waterfall	3.00	2	0.25	0.25	0.25		6	Y.
1,00,000	53,757	3,51,001	89,991	589	Goodall & Co.	93	Woodcote Estates Ltd.	1.55	1	0.06	Nil	Nil		6	Y.
RUBBER AND OTHERS															
6,00,000	5,52,485	16,68,612	4,21,741	8,855	Ramani & Co. Pvt. Ltd.	878	Alageswar Estates Ltd.	2.93	2	0.20	0.15	0.15Z		3	Y.
6,75,000	1,80,527	19,03,351	2,97,224	23,572	K. N. Neelakantan, Esq. (Mg. Director)	2,082	Amalgamated Coffee Estates Ltd.	13.50	10	0.60	0.75	1.00		3	Y.F.
2,50,000	5,78,753	13,39,783	1,24,737	30,922	A. V. George & Co., Ltd. ..	629	Anandam Rubber Co., Ltd.	13.32xd	10	1.00	1.50			12	Y.F.
12,07,888	2,28,040	20,59,620	2,39,207	24,375	Associated Planters Private Ltd.	1,343	Anapara Estates Ltd.	3.02	2	0.70	0.50	0.40		6	Y.
4,53,000	4,00,000	8,56,375	99,884	25,796	Young India Agencies Pvt. Ltd.	554	Badra Coffee Estates Ltd.	3.60	2	0.25	0.25			6	Y.
4,00,000	1,63,748	7,34,867	1,10,833	2,438	A. V. Thomas & Co. (Mysore)	570	Bababudin Coffee & Produce.	8.00	5	1.25	0.625	0.40		6	Y.
2,00,000	2,85,000	4,24,393	50,457	583	Planting Agencies (Private) Ltd.	319	Balmadies Plantations	3.45	2	0.25	0.15	0.15		6	Y.
3,66,115	3,26,253	13,20,394	19,674	674	T. K. Gommen, Esq. (Mg. Director).	1,135	Be Be Rubber Estates Ltd.	2.70	5	0.25	0.25			6	Y.
29,31,379	18,00,000	52,49,279	8,16,788	21,669	Peirce, Leslie & Co., Ltd.	7,092	Cochin Malabar	7.50cd	2	0.80'C'	0.45	0.625		6	Y.
22,50,000	31,10,963	53,84,399	13,19,304	92,379	Cons. Coffee Estates (Secretaries)	2,799	Coffee Lands and Industries	18.60	10	2.00	2.50	0.60		6	Y.
71,25,000	66,04,294	5,58,60,009	40,80,751	60,730	C. I. Machia, Esq. (Mg. Director)	8,199	Consolidated Coffee	21.10	10	3.00	3.50	3.00		6	Y.
5,00,000	5,32,433	13,58,760	74,623	1,482	Associated Planters Private Ltd.	1,439	Cottanad Plantations	10.40	10	1.50	1.50	1.00		6	Y.
4,08,560	2,00,000	3,12,868	76,998	27,670	Peirce, Leslie & Co., Ltd.	605	Cowcoody Estates (Coffee)	4.75	2	1.20	0.50	0.50		6	Y.
12,00,000	11,10,000	22,96,321	7,48,408	37,599	A. V. Thomas & Co., Ltd.	1,231	Highland Produce	14.00	10	1.50	1.50	1.50		12	Y.
1,20,000	49,000	3,14,148	5,033	1,000	Young India Agencies Pvt. Ltd.	220	Kadur Coffee Estates Ltd.	2.25	2	0.15	0.15	0.15		6	Y.
11,25,000	10,77,700	20,90,516	2,35,458	27,123	A. V. George & Co., Ltd. ..	1,529	Kailas Rubber Co., Ltd.	5.45cd	2	0.50	0.50	0.40		6	Y.
9,00,000	8,36,553	17,97,748	3,49,814	1,530	A. V. Thomas & Co., Ltd. ..	1,858	Kalpetta Estates	12.80	10	1.00'C'	1.25	1.25		6	Y.
4,00,000	3,78,000	9,32,417	1,35,014	14,990	Peirce, Leslie & Co., Ltd. ..	674	Kanngode Estates Ltd.	4.55	2	0.40'C'	0.40	0.40		10	Y.
15,15,000	4,85,541	29,39,175	9,943	4,06,190	K. T. Thomas Kaitheser, Esq.	1,663	Mahabara Rubber	17.75	5	0.75'C'	1.00	1.50		6	Y.
2,25,000	2,50,000	7,67,594	9,954	10,168	Associated Planters Pvt. Ltd.	906	Meraara Rubbers Ltd.	8.22	5	1.00	1.00	1.00		6	Y.
49,50,000	14,21,444	90,79,614	11,84,844	66,364	A. V. Thomas & Co., Ltd. ..	4,662	Midland Rubber	11.70	10	1.00'C'	1.00	1.25		6	Y.
2,53,000	4,13,450	10,31,926	2,70,396	48,475	A. V. George & Co., Ltd. ..	1,229	Nemmeny Rubber	19.60xd	10	1.50	1.50			12	Y.
3,00,000	4,74,543	8,94,373	56,673	2,314	Associated Planters Private Ltd.	1,066	Nilambur Rubber Co.	16.25cd	10	2.00	1.50	1.50		12	Y.
19,45,980	23,80,219	53,58,400	10,70,587	7,007	Peirce, Leslie & Co., Ltd. ..	4,296	Ouchterlony Valley Estates	3.68	2	0.20	0.20	0.26		12	Y.
6,80,000	5,71,464	7,78,590	97,589	42,437	Peirce, Leslie & Co., Ltd. ..	546	Oxoor Estates Ltd.	2.90	2	0.25	0.20	0.20		12	Y.
5,39,315	5,39,315	22,68,070	6,46,590	17,195	Aspinwall & Co., Ltd. ..	2,017	Pallagoda Rubber	1.70cd	2	0.08	0.10	0.10		6	Y.
13,50,000	5,57,644	48,91,065	4,79,542	19,048	A. V. Thomas & Co., Ltd. ..	2,988	Rajagiri Rubber	18.00	10	1.00	2.00	2.00		12	Y.
2,80,000	1,14,963	3,70,345	43,599	774	Associated Planters Private Ltd.	422	Rajeadra Coffee Ltd.	12.12	5	2.00	2.50	1.25		12	Y.
5,80,170	8,38,000	9,36,308	1,44,088	21,604	Peirce, Leslie & Co., Ltd. ..	500	Savannalai Estates Ltd.	3.18	2	0.25'C'	0.20	0.25		12	Y.
10,00,000	1,85,000	13,30,547	1,09,514	10,753	Paico Agencies	1,102	Sangumeshwar Coffee Estates.	2.06	2	0.18	0.18	0.18		6	Y.
10,00,000	2,08,130	23,80,208	1,88,257	4,584	East India Agencies Private Ltd.	1,464	Teeksy Rubber (India) Ltd.	2.90	10	0.60	0.60	0.60		6	Y.
2,50,000	2,78,000	6,19,713	47,088	28,430	A. V. George & Co., Ltd. ..	467	Thamarapally Rubber	16.75xd	10	3.00	3.00			12	Y.F.
6,25,000	6,05,000	24,54,420	2,19,473	14,229	Peirce, Leslie & Co., Ltd. ..	2,261	Thirumbadi Rubber Co., Ltd.	1.62	1	0.10	0.07	0.07		12	Y.
3,00,000	66,742	11,54,991	8,08,490	2,348	Kapon Thomas, Esq. (Mg. Director)	1,208	Travancore Rubber	1.40	2	0.10	0.10			6	Y.
41,00,000	15,07,681	80,25,758	20,79,944	11,867	Aspinwall & Co. (Travancore) Ltd.	4,671	Travancore Rubber & Tea	9.65	10	0.50	0.75	0.90		12	Y.
20,00,000	1,91,000	23,48,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director)	2,157	Tropical Plantations Co.	18.95	25	1.50	2.00	2.00		12	Y.
6,00,000	4,94,000	17,06,416	1,37,498	10,543	F. J. V. Joseph, Esq. (Chairman)	1,360	Vellamalai Rubber Co.	8.85	5	0.50	0.50	0.50		12	Y.
2,20,000	4,29,800	10,00,702	1,07,202	23,530	A. V. George & Co., Ltd. ..	458	Udayagiri Rubber Co., Ltd.	21.00xd	10	1.50	1.50			12	Y.
2,80,010	4,13,431	9,62,441	46,238	908	M.	738	Valkundam Rubber Co., Ltd.	21.25	10	2.00	2.50	2.00		12	Y.
12,00,000	11,95,000	18,54,560	1,19,640	1,15,483	Peirce, Leslie & Co., Ltd. ..	1,027	Warthykully Estates Ltd.	2.55	2	0.20	0.20	0.20		6	Y.
4,95,000	13,33,333	13,55,991	91,333	2,963	M.	844	Woodland Estates	9.00cd	10	0.80	0.80	1.00		3	Y.F.

J—Final dividend of Re. 1.50 is on the increased capital. V—Includes 60 nP for 30-6-1964. 'C'—On increased capital. E—Dividend for nine months ended 31st March 1960.
* Includes bonus. M—Managed by Board of Directors. † Less Income-tax. *N.B.*—All dividends paid since 31st March 1960 are shown as taxable.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP	1959 Rs. nP	1960 Rs. nP	1961 Rs. nP	Accounts Closed	Refer-ences
ASSAM															
4,45,790	13,84,978	22,94,476	8,53,312	....	McLeod & Co., Ltd.	325	Amluckie	25.00	10	1.50	1.50			12	Y.F.
2,76,540	5,50,000	14,17,949	5,33,091	9,512	M.	456	Ananda (Assam) Tea	28.00	10	2.00	2.50			12	Y.
7,08,250	7,55,753	15,41,159	5,01,215	54,204	Gillanders Arbuthnot & Co., Ltd. ..	481	Ananda Bag	80.00	10	1.00	1.75			12	Y.
5,50,000	14,58,941	26,06,181	10,04,021	19,953	McLeod & Co., Ltd. ..	573	Bazhmari	24.37	10	1.50	1.50			12	Y.
5,10,000	12,36,469	20,56,692	7,60,321	44,554	Andrew Yule & Co., Ltd. ..	377	Baamatia	25.00 xd XR	10	2.00	3.00	3.50		12	Y.
4,95,000	5,14,700	17,10,901	10,50,629	56,445	National Tea Corporation	624	Batell	19.75xd	5	1.50	1.50			12	Y.
9,40,000	10,74,428	15,66,305	5,60,306	37,706	Gillanders Arbuthnot & Co., Ltd. ..	612	Betjan	35.25	10	1.50	2.50			12	Y.
22,60,000	13,32,500	78,96,321	31,20,921	33,657	Williamson Magor & Co., Ltd.	3,425	Bishnauth	26.00	10	Nil	1.30			12	Y.
6,00,000	2,60,000	14,05,675	3,52,303	33,457	Octavius Steel & Co., Ltd. ..	479	Bokakhat	14.00	10	0.50	0.80			12	Y.
7,50,000	6,75,764	14,41,597	4,84,307	70,351	McLeod & Co., Ltd. ..	450	Bormah J

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
						CERAMIC; MINING AND QUARRYING								
80,00,000	....	37,43,382	16,36,068	32,615	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	10.31	10	*Nil*	*Nil*	0.60‡		3	
35,50,080	11,32,441	14,00,854	7,96,406	6,159	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.52	10	2.50	2.00	....		9	
65,28,146	19,77,896	1,61,24,989	63,22,100	1,703	Bharat Ram Bhagat & Co.	Bengal Potteries	7.00xd	2½	0.25	0.356	0.375		12	
30,00,000	36,69,080	77,31,751	41,17,891	85,599	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	47.00	10	1.75	1.87	3.00		3	
14,17,000	10,58,247	23,56,584	15,31,858	9,761	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd.	180.00	100	10.00	12.86	12.86		9	
20,80,700	14,50,359	1,25,49,408	27,84,861	—5,54,452	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	105.00	100	*Nil*	*Nil*	8.00		12	
61,27,300	52,444,266	43,614,146	42,061,108	118,750	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation ..	5.44	Rs. 2	0.24	0.36	0.36		12	
7,50,00,000	26,84,000	45,04,655	19,23,992	2,55,462	Bird & Co. Private Ltd... ..	Karanpura Development	17.00	10	*Nil*	1.50	1.50		12	
0,13,00,000	....	....	....	....	....	....	....	....	*Nil*	0.50	0.50		....	
50,00,000	....	14,32,400	....	—12,618	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	75.00	50	*Nil*	*Nil*	....		12	
30,00,000	40,95,328	1,23,10,947	66,20,728	33,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26.00N	10	1.25	1.80	1.80		12	
80,80,000	10,43,352	1,16,80,530	59,85,920	14,41,622	M.	Metal Corporation of India Ltd. ..	10.12	10	*Nil*	*Nil*	*Nil*		3	
6,00,000	3,26,433	13,40,693	7,63,285	7,276	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries ..	15.00xd	10	1.00*	1.00*	1.42‡		3	
20,00,000	56,85,964	66,91,804	28,26,317	1,10,697	Bird & Co. Private Ltd.	Orissa Minerals	45.62	10	2.50	3.50	3.50		6	
3,50,000	13,45,235	88,24,228	46,08,569	7,911	Ganpule Jasani & Co.	Parshuram Pottery Works Co. Ltd.	67.00	25	3.75	3.75	5.35		7	
30,46,990	76,44,000	1,06,55,357	44,01,792	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	57.50	10	8.00*	8.00	8.00*		11	
						CHEMICAL								
12,11,000	....	....	....	....	....	....	....	....	....	....	....		....	
55,60,000	58,58,600	2,37,57,574	78,23,566	1,17,078	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers	90.00	100	....	....	....		12	
8,10,00,000	1,57,00,273	6,04,78,062	1,23,50,512	1,58,619	Imperial Chemical Industries (India) Private Ltd.	Alembic Chemical Works Co.	233.25	100	12.00	16.00	14.00		12	
78,80,475	55,90,045	1,04,54,605	22,87,780	18,054	Amritlal & Co. Private Ltd.	Alkali and Chem. Corpn. of India ..	40.00	10	0.80	0.95	1.20		9	
29,80,400	34,11,676	1,68,91,567	58,70,291	42,183	Kasturbhai Lalbhai & Co.	Amar Dye-Chem. Ltd.	350.00	100	*Nil*	12.00	12.00		12	
2,24,32,775	77,58,382	4,05,77,204	1,25,34,156	4,15,423	Kasturbhai Lalbhai & Co.	Atul Products Ltd.	740.00	100	20.00*	22.00*	20.00*		12	
50,92,000	52,06,445	1,47,57,610	71,80,286	18,89,611	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar.	108.00	100	6.00	7.00	7.00		3	
1,00,00,000	22,71,461	1,06,12,885	15,44,929	30,077	Rasmilwas R. Ruia, Esq. (Chairman) ..	Colour-Chem Ltd.	340.00xr	100	*Nil*	*Nil*	*Nil*	8.00	3	
20,00,000	24,90,000	77,97,081	36,10,218	44,849	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd. ..	232.50	50	6.00	10.00	12		12	
2,46,00,075	64,32,516	4,87,49,269	90,18,411	2,60,310	Sahu Bros. (Saurashtra) Private Ltd. ..	Dharangadhra Chemical Works	129.00	100	6.00	4.00(e)	*Nil*		3	
3,46,00,075	88,17,000	6,56,38,587	3,05,35,610	28,13,156	M. K. K. Nayar, Esq. (Mg. Director) ..	F. A. C. T.	10.53xd	10	0.40	0.60	0.60		12	
1,49,91,700	23,73,353	43,19,398	16,21,613	62,385	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	460.00	100	*Nil*	*Nil*	40.00		3	
12,80,000	6,37,888	27,43,796	14,20,460	47,413	Jai B. Mehta	Kemp & Co.	306.00	100	15.00	20.00	25.00		3	
40,00,000	22,30,432	1,48,65,201	78,81,045	12,716	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	14.65	10	0.87½	0.88	1.25‡		3	
84,37,280	10,04,156	55,54,424	40,80,625	11,488	T. Shamanna, Esq. (Chairman)	Mysore Chemicals and Fertilisers ..	11.67	10	0.50	0.50	1.00		3	
8,00,000	4,58,138	11,12,298	5,96,980	39,194	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemicals Mfg.	24.00	10	2.00	2.00	2.00‡		3	
40,00,000	26,96,379	66,16,750	11,97,185	27,844	Ramdas Kilachand, Esq. (Chairman) ..	Polychem. Ltd.	217.50	50	*Nil*	3.00	5.50		3	
12,50,000	9,52,174	32,78,868	20,62,187	2,05,216	Bangur Brothers Ltd.	Phosphate Co., Ltd.	288.00	100	25.00	45.00	35.00		6	
15,00,000	13,07,000	30,40,280	15,08,695	98,301	C. J. Buxton	Smith Stanistreet & Co.	14.75	10	0.80‡C	1.25	1.25		6	
3,50,01,250	....	1,41,30,023	31,717	3,27,280	Tulsidas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	196.50	100	....	....	....	*Nil*	....	
1,39,96,990	42,17,119	5,89,52,538	2,06,73,886	14,509	Tata Industries Private Ltd.	Tata Chemicals	19.04	100d	0.75	0.525	0.60		3	
11,91,270							18.08	10New	0.08	0.618	0.60			
12,00,000	1,07,599	18,05,062	6,06,956	72,165	P. Krishnamoorthy, Esc. (Mg. Director)	Travancore Chemical Mfg. Co., Ltd. ..	18.70xd	10	0.70	1.00	1.50		3	
						ELECTRIC (Bombay State)								
9,74,78,270	1,17,08,857	18,23,94,046	4,84,47,092	600	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	68.80	100	5.50	6.75	7.00		3	
11,38,78,740	51,03,862	1,26,75,775	50,05,771	15,09,279	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.04	10	0.85	0.90	1.00*		3	
3,68,76,250	86,81,201	9,00,03,360	2,09,10,919	22,547	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,011.25	1,000	60.00*	60.00*	55.00*		3	
1,75,00,000	99,08,640	461,08,740	1,11,97,816	4,522	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	98.00	100	7.00	7.50	8.00	8.50	3	
7,97,680	1,08,987	18,97,268	3,70,206	1,238	Rajapuriana Textiles (Agencies) Ltd. ..	Broach Electric Supply Development ..	6.00	10	0.50	0.60	0.66		3	
46,80,800	12,56,513	1,87,72,704	61,89,509	3,547	Rajapuriana Textiles (Agencies) Ltd. ..	Poona Electric Supply	95.50	100	6.00	8.00	8.50		3	
70,00,000	27,18,273	1,51,74,375	51,58,780	4,544	Killick Industries Ltd.	Surat Electricity	98.00	100	7.00	7.00	7.50		3	
3,99,99,375	1,01,37,424	7,01,96,384	1,86,09,856	26,321	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	107.25	100	8.00*	8.00*	8.50*		3	
6,15,34,746	2,06,86,771	17,16,39,967	3,98,66,464	39,359	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,070.00	1,000	80.00*	80.00*	85.00*		3	
						West Bengal and Other Centres								
19,26,600	51,26,022	13,26,99,790	99,26,642	47,980	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	188.00	100	10.00	10.00	11.00		3	
5,00,000	18,32,278	68,43,780	33,30,300	28,613	Martin Burn Ltd.	Bareilly Electric Supply	11.50	10	1.00	1.00	1.10		3	
17,50,000	47,36,884	1,71,08,214	47,49,207	43,548	Martin Burn Ltd.	Benares Electric Light & Power Co. ..	12.75	10	1.00	1.00	1.10		3	
6,00,000	4,96,454	34,34,707	14,44,950	1,00,000	Octavius Steel & Co., Ltd.	Bhagalpur Electric Supply	11.25	10	0.60	0.60	0.66		3	
64,36,846	$10,190,973	$23,604,277	$13,602,113	$808,138	Harry Burn, Esq. (Chairman)	Calcutta Electric Supply	15.00	51	0.75	0.75	0.75		3	
5,00,000	5,72,794	21,45,781	10,91,468	79,520	Octavius Steel & Co. Ltd.	Cuttack Electric Supply	8.00	10	0.50	0.50	0.75		3	
24,00,000	24,29,000	1,68,27,176	38,28,004	4,89,040	Andrew Yule & Co. Ltd.	Dishergarh Power Supply	98.00	100	7.00	7.00	10 00		3	
1,34,240	1,34,288	94,10,964	14,27,004	2,547	Jhanji Electric Supply	Jhanji Electric Supply	6.00	10	0.60	0.60	0.70		3	
82,49,550	27,62,277	1,07,81,716	40,42,278	20,206	Martin Burn Ltd.	Jubbulpore Electric Supply	11.87	10	0.62	0.96	1.00		3	
5,62,250	4,62,153	37,46,515	13,63,726	49,504	Octavius Steel & Co., Ltd.	Muzaffarpore Electric Supply	10.00	10	1.00	1.00	1.25		3	
1,25,00,000	40,44,900	1,61,70,000	54,06,275	15,777	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.00	10	0.75	0.75	0.75		3	
9,10,000	3,37,016	13,60,594	5,84,369	5,900	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	9.44	10	0.50	0.50	0.625		3	
15,00,000	12,37,264	78,37,858	44,04,968	2,097	Bird & Co. Private Ltd.	Sijuah (Jharriah) Mng. Supply Co. ..	9.22	10	0.62	0.75	1.00		3	
20,00,000	20,44,000	1,61,70,000	54,06,275	15,777	Octavius Steel & Co., Ltd.	South Madras Electric Supply Corpn.	10.12xd	10	0.75	0.90	0 90‡C		3	
5,00,000	3,37,016	13,60,594	5,84,369	5,900	Octavius Steel & Co., Ltd.	Uttar Pradesh Electric Supply ..	10.25	10	1.00	1.00	1.00		3	
15,00,000	12,37,264	78,37,858	44,04,968	2,097	Bird & Co. Private Ltd.	U. P. Electric Supply Co.	122.00	60	10.00	10.00	11.00		3	
4,00,000	5,24,999	45,27,627	11,46,664	2,86,299	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	13.35	10	1.00	1.00	1.50		3	
						ENGINEERING (Bombay)								
23,42,200	56,56,686	75,27,403	61,01,876	46,160	Turner Morrison & Co. Private Ltd. ..	Alcock Ashdown & Co., Ltd.	573.00	100	12.50	17.00	17.00		12	
15,00,000	2,10,176	21,76,035	8,07,036	19,184	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	62.50	10	3.00	4.00	5.50		12	
10,00,000	26,08,442	66,38,767	44,96,997	78,748	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	176.25	100	10.00*	16.00	18.00‡C		6	
40,00,000	1,30,000	17,20,491	20,49,385	50,517	Dharamsinh & Co.	Elmbridge Ltd.	105.00	100	7.00	10.00	*Nil*		6	
90,00,000	84,92,760	2,95,78,962	1*97,61,998	70,940	Walchand & Co. Private Ltd.	Indian Hume Pipe Co. Ltd.	177.00	100	9.00	15.00	15.00‡C		6	
1,00,00,000	14,71,971	68,32,263	23,18,258	19,000	T. V. Balakrishnan, Esq. (Chairman)	Jessop & Co. Ltd.	98.50	50	5.00	5.00	4.00		3	
40,00,000	2,07,088	69,08,793	32,66,249	3,821	Kirloskar Bros. Ltd.	Jyoti Ltd.	177.00	100	12.00	12.00	12.00		12	
62,50,000	79,50,000	1,21,61,000	61,06,271	11,566	Kirloskar Bros. Ltd.	Kamani Engineering Corporation ..	16.52	10	0.50	0.775	0.80		3	
37,50,000	11,99,000	1,05,61,000	61,06,271	....	Kirloskar Bros. Ltd.	Kirloskar Bros. Ltd.	44.00	25	0.75	0.90	0.95		3	
10,58,736	3,17,997	23,14,454	8,62,436	2,50,491	Kirloskar Brothers Ltd.	Kirloskar Oil Engines Ltd.	52.00	10	1.00	1.00	1.00		3	
1,10,00,000	20,76,786	1,21,61,552	57,43,510	98,848	Larsen and Toubro Ltd.	Kirloskar Pneumatic Co., Ltd. ..	200.00	100	12.50	14.00	14.00		3	
1,20,00,000	42,67,000	1,56,29,000	66,45,275	1,10,799	T. T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	98.25	10	1.25	1.25	1.50‡C	1.00	3	
11,00,000	1,75,715	41,20,471	20,54,485	3,779	M.	Mahindra & Mahindra Ltd.	18.00	10	1.00	1.00	1.00		10	
1,00,00,000	1,75,715	41,20,471	20,54,485	3,779	P. Jhunjhunwala, Esq. (Mg. Director)	M.	125.00	100	*Nil*	*Nil*	*Nil*		3	
50,11,000	45,36,000	1,21,27,186	40,62,376	5,258	Jeevan Private Ltd.	Mukand Iron & Steel	27.20	10	1.00	1.00	1.00		3	
20,00,000	....	....	....	....	....	....	149.00	100	7.50	12.00	12.00		....	
14,99,250	40,76,797	1,06,56,413	51,86,971	6,695	Kirloskar Associates	Mysore Kirloskar Ltd.	....	100 New	....	6.00	12.00		6	
35,27,797	8,26,016	47,79,396	14,99,087	66,426	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	188.00	100	....	9.00	12.00		3	
28,72,600	....	....	....	....	....	....	186.50	(75 New)	....	....	0.80		....	
35,58,900	1,46,33,063	9,94,956	1,76,060	12,839	Walchand & Co. Private Ltd.	Premier Construction	190.50	50	12.00	15.00	12.50		12	
29,98,100	41,01,156	1,02,82,025	42,62,742	15,194	Walchand & Sons Private Ltd.	Structural Engineering Works Ltd. ..	176.00	100	15.00	17.00	15.00		12	
27,52,91,985	27,01,22,014	1,67,40,64,801	54,97,10,230	5,46,767	Tata Industries Private Ltd.	Tata Iron and Steel	157.00	75 Old	6.25	6.80	9.72‡C		3	
7,00,07,200	2,38,57,403	24,50,95,291	11,17,31,117	2,47,859	Tata Industries Private Ltd.	Tata Locomotive	362.00	100	9.00	9.00	12.50	14.50	3	
1,50,00,000	2,35,000	22,97,720	8,10,642	17,216	T. Ramchiladi & Co.	Tata Mills Ltd.	170.00	100	14.00	14.00	18.50		3	
3,36,00,000	71,75,436	1,07,45,048	24,25,307	4,34,809	V. K. Mandoo, Esq. (Mg. Director)	Voltas Ltd.	287.50	100	9.00	15.00	15.00		3	
17,50,000	....	....	....	....	M.	Zenith Steel Pipes Ltd.	6.32	5	....	....	....		6	
						West Bengal and Other Centres								
6,00,000	1,06,470	26,20,661	18,48,976	1,80,892	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	12.50	10	*Nil*	*Nil*	....		10	
6,00,000	80,54,221	1,01,48,489	66,62,085	486	....	Bharitis Electric Steel	11.94	10	1.25	1.50	1.00		12	
36,56,790	77,67,825	58,29,182	16,49,450	2,84,448	Y. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd.	36.12	10	1.25	2.25	2.50		12	
12,50,000	35,52,754	53,27,611	24,73,003	1,97,999	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd. ..	58.00N	10	2.00‡B	3.00	3.00		12	
10,00,000	7,04,541	19,97,580	14,09,056	92,966	Balmer Wilson & Co., Ltd.	Britannia Building and Iron	9.25	10	0.80	0.80	....		3	
40,00,000	41,48,385	98,27,511	48,05,704	1,97,497	Mulrad & Co., Ltd.	Britannia Engineering	12.19	10	0.60	1.00	....		12	
5,00,000	11,27,357	26,52,140	18,10,502	61,788	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	33.00	10	2.00	2.50	4.50		12	
24,00,000	2,56,56,869	5,20,79,080	3,20,00,340	1,71,244	Martin Burn Ltd.	Burn & Co.	531.00	100	20.00	22.50	28.50	28.50	3	
1,00,00,000	11,30,535	50,30,986	....	1,00,054	M.	Calcutta Steel Co., Ltd.	16.75	10	....	....	0.50	1.50	3	
1,00,00,000	12,33,033	1,20,56,744	10,15,000	5,17,174	T. J. Mukharji, Esq.	Central India Machinery Mfg. Co. Ltd.	10.00N	10	*Nil*	*Nil*	*Nil*		3	
40,00,000	4,50,000	1,12,17,888	17,70,000	4,142	T. Rajagopalan, Esq. (Chairman) ..	Dalmia Iron & Steel Ltd.	10.19	10	*Nil*	*Nil*	1.00		3	
4,00,00,000	6,82,00,000	9,56,26,521	2,62,40,338	....	H. L. Williams (Mg. Director)	Guest, Keen, Williams Ltd.	41.00	10	2.00	2.00	1.00‡C		12	
12,50,000	28,59,548	61,20,923	41,27,127	....	Martin Burn Ltd.	Hooghly Docking	110.00	100	5.00	5.00	*Nil*		3	
19,44,00,000	$3,14,27,023	$7,37,56,773	14,60,01,060	11,49,767	Martin Burn Ltd.	Indian Iron and Steel	36.96	10	1.00‡C	1.00	1.50		3	
30,63,078	67,87,984	1,21,14,677	70,23,098	58,466	Martin Burn Ltd.	Indian Standard Wagon	99.50	25	5.00	5.00	7.125		3	
99,82,180	2,52,04,029	3,23,90,589	1,22,64,925	10,91,465	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	14.00	0.10	4.00	1.85‡	2.50		3	
20,000							14.00	0.1	0.40	0.15‡	0.23			
23,78,560	2,80,222	32,72,043	15,58,341	2,977	C. R. Srinivasan, Esq. (Chairman) ..	Indian Steel Rolling Mills Ltd. ..	10.70	10	0.70	0.70	0.50‡	7.125	12	
21,12,500	75,99,998	3,71,18,584	1,60,36,750	5,522	Madan Mohanlal Shriram & Co. Pvt. Ltd.	....	....	....	....	....	....		....	
28,00,000	28,00,500	77,83,722	17,92,011	91,460	J. K. Industries Private Ltd.	Jay Engineering Works, Ltd.	29.12	10	1.20	1.20	1.75		3	
20,00,97,000	1,47,06,415	9,18,81,991	1,02,58,709	57,411	B. P. Singh Roy, Esq. (Chairman) ..	J. K. Steel Ltd.	40.00	10	1.25	1.25	2.00		6	
47,54,250	44,74,668	80,18,564	36,52,496	91,282	Mead & Co. Private Ltd.	Jessop & Co.	80.76	10	0.60	0.856	0.856‡C		12	
30,00,000	1,90,990	18,32,345	14,78,111	6,513	Marshalls (Direction) Private Ltd. ..	Kumardhubi Engineering Works ..	6.87	5	0.30	0.30‡C	....		11	
40,00,000	18,32,499	1,97,17,076	82,10,264	—1,00,022	M.	Marshall Sons & Co. (India), Ltd. ..	4.31	2	0.40	0.20	*Nil*		3	
1,00,00,000	94,06,844	76,48,140	24,16,813	4,66,188	N. I. Ind. Development Co., Ltd. ..	National Iron and Steel Co., Ltd. ..	6.25	10	0.62	0.75	....		3	
4,00,000	11,56,331	21,39,091	21,27,466	17,918	Rego, Sutherland & Co. Private Ltd.	Richardson & Cruddas Ltd.	9.44N	10	*Nil*	*Nil*	....		3	
1,42,00,000	55,37,168	4,36,97,471	2,18,21,161	58,787	Tata Brothers Private Ltd.	Sarna Engineering Co.	17.87	4	0.40	0.25	0.34		3	
20,24,400	14,97,756	98,46,606	32,20,291	4,666	Tata Industries Private Ltd.	Textile Machinery Corporation, Ltd.	18.85	10	1.50	1.50	1.50		12	
						Taxtool Co., Ltd.	183.50	100	12.00	15.00	15.00		4	
						INSURANCE (X)								
12,50,000	45,63,970	1,75,15,227	....	57,288	N. M. Cois. Reg. (Mg. Director) ..	Concord of India	10.94xd	5	1.00	1.00	1.00		12	
10,00,000	11,66,199	23,48,280	....	26,290	M.	Devharan Nanjee Insurance	28.50	10	2.00	2.00	....		12	
24,00,000	74,62,303	1,44,42,160	....	2,76,284	K. V. Srinivasan, Esq. (Mg. Director)	Hyderabad Insurance	24.00xd	10	2.00	2.00	2.25		12	
12,62,500	42,40,147	92,43,928	....	4,21,5127	C. N. D. Thackersey, Esq. (Chairman)	Indian Mercantile Insurance	47.75	40	3.75	3.75	6.00		12	
10,00,000	71,97,793	1,22,23,363	....	96,796	M. O. Mody, Esq. (General Manager) ..	New Great Insurance	21.80	20	2.00	2.00	2.50		12	
5,00,00,000	5,97,25,307?	76,66,26,000	....	80,26,469	R. E. Shah, Esq. (Mg. Director) ..	New India Assurance Co., Ltd. ..	82.50	25	4.00	4.00	5.00		12	
1,00,00,000	....	....	....	....	....	....	64.00	10New	4.00	4.00	4.75	5.70	....	
1,00,00,000	82,82,462	1,22,42,627	....	6,574	R. N. Bajpai, Esq. (Gen. Manager) ..	Rajasthan Insurance Co., Ltd. ..	9.62	5	0.40	0.40	0.50		12	
1,00,00,000	1,00,00,000	1,22,42,627	....	2,05,541	Sir Homi Mody (Chairman)	Union Insurance	197.00xd	50	11.25	11.25	11.25	11.25	12	
1,00,00,000	82,82,462	1,22,42,627	....	10,014	T. C. Tiwari, Esq. (Gen. Manager) ..	Universal Insurance	18.00	10	1.00	1.00	1.00		12	

‡ On increased Capital. K.—Includes a distribution of Rs. 0.75 per share for the year 1956 and Rs. 1.00 for 1956. X.B.—Rs. 2½/-

‡ On old capital. K.—Includes an additional dividend of Rs. 7.00 per old share and Rs. 5.00 per new share.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
						OIL								
£231,250	£212,932	£745,697½	....	£1,003	T. Dwarkadas, Esq. (Chairman) ..	British Burma Petroleum Co.	1.18	Sh. 1½	2%	*Nil*	8%		3	Y.
55,00,000	86,35,342	90,30,320	38,87,426	29,706	H. W. Wood, Esq. (Managing Director)	British Ceylon Corporation	6.00N	7	*Nil*	0.60	0.60		12	Y.P.
1,00,00,000	2,53,57,786	1,06,60,341	55,36,777	4,64,807	Steel Brothers & Co., Ltd.	Indo-Burma Petroleum Co., Ltd. ..	26.62	10	2.00	2.50	2.50		12	Y.P.
70,07,475	55,28,586	3,01,95,764	1,65,90,859	29,609	Tata Industries Private Ltd.	Tata Oil Mills	73.50	25	2.50	3.25	5.75	5.75	3	Y.P.T.
6,00,000	9,59,137	2,40,248	1,72,531	1,24,540	Andrew Yule & Co., Ltd.	Tide Water Oil Co. (India) Ltd. ..	20.25	10	1.50	2.20	3.00		10	Y.

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
62,50,000	2,03,52,495	3,95,14,452	1,19,43,849	1,13,745	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd.	16 50	0. 10	0 90	1 00	1 20		3	Y.P.T.
30,00,000	39,83,750	1,38,71,849	55,51,233	1,52,818	Seshasayee Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd.	23 55	10	1 25	1 25	1 50		3	Y.
30,00,000	37,04,328	37,09,127	26,34,530	2,22,732	Turner Morrison & Co. Private Ltd.	Angelo Bros. Ltd.	23 50	10	1 50	2 00	2 50*		8	Y.
3,02,87,370	36,35,471	2,86,28,267	83,85,256	12,925	A. L. L. Collins, Esq. (Mg. Director)	Ashok Leyland Ltd.	9 05xd	5	0 50	0 40	0 40		12	Y.
30,00,000	27,88,863	41,63,859	23,39,465	1,42,995	Mr. A. Hydari and Mr. S. Gothberg	Assam Match Co., Ltd.	2 25	10	1 25*	80	1 80		12	Y.
1,18,00,000	80,75,137	93,46,580	48,96,447	8,73,110	A. W. Browne, Esq. (Mg. Director)	Associated Battery	35 00	10	2 40	4 00	2 50		8	Y.
20,00,000	39,49,521	1,09,70,995	44,86,334	1,55,433	Oberoi Hotels (India) Private Ltd.	Associated Hotels of India	5 00N	10	0 60	Nil	Nil		3	Y.P.T.
80,01,400	96,40,909	79,91,396	41,74,564	5,75,402	G. D. Wilson, Esq. (Chairman)	Balmer Lawrie & Co., Ltd.	247 00	100	20 00	25 00	25 00		12	Y.
12,00,000	25,36,976	37,24,157	31,81,357	1,88,199	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	44 62	10	2 50	4 50	4 00		12	Y.
50,00,000	4,70,250	92,31,326	19,04,326	94,375	H. E. Sugia, Esq. (Mg. Director)	Bharat Commerce & Industries Ltd.	27 00	10	Nil	Nil	0 50		12	Y.P.
20,00,000	7,81,688	64,37,324§§		56,711	Lovelock & Lewis	Birds Investment Ltd.	13 12	10	0 70	1 10	0 95		9	Y.P.
2,25,00,000	1,95,44,212	3,00,84,669	60,07,677	2,84,259	K. Julian Scott, Esq. (Mg. Director)	Britannia Biscuits	66 50	10	1 20	1 40	2 50	3 00*	3	Y.P.T.
28,36,540	39,39,969	42,37,317	2,33,94,496	3,34,066	H. S. Chaturvedi, Esq. (Mg. Director)	British India Corporation Ltd.	7 72	5	Nil	Nil	0 20		12	Y.P.
1,38,80,000	14,76,849	1,84,75,787§§	22,12,125	20,721	A. V. Niblett, Esq. (Mg. Director)	British Paints (India) Ltd.	28 94	10	1 00	1 00	1 25		12	Y.
5,95,000	10,00,000	40,04,009		2,22,457	Andrew Yule & Co., Ltd.	Clive Row Investment	8 50	10	0 75	0 80	0 80		12	Y.
3,00,00,000	5,08,37,500	10,39,79,436	28,47,106	8,600	M.	Delhi Flour Mills Co., Ltd.	15 00	10	1 00	1 00	1 00		12	Y.P.
90,00,000	1,12,80,000	31,00,970	4,01,20,270	25,12,555	John Luckham, Esq. (Mg. Director)	Dunlop Rubber Co. (India) Ltd.	51 12	10	1 60	2 15	2 15		12	Y.P.T.
27,27,185	1,20,49,803	59,73,067	2,02,62,100§§	4,25,721	K. P. Goenka, Esq. (Chairman)	Duncan Brothers & Co., Ltd.	155 00xd	100	10 00	14 00	14 00		3	Y.P.
51,26,000	59,19,702	1,63,50,496§§		3,49,092	N. N. Mohan, Esq. (Mg. Director)	Dyer Meakin Breweries	33 00	5	0 75	0 80	1 25		3	Y.
25,00,000					Bird & Co. Private Ltd.	Eastern Investment Ltd.	138 00	100	9 00	14 00	14 00		12	Y.P.
24,99,000	3,52,644	48,20,791	7,18,280	4,810	M.	East Anglia Plastics (India) Ltd.	12 87	10					1	Y.
56,00,000	22,27,652	49,26,966	9,79,166	2,477	S. Sankaran, Esq. (Mg. Director)	Enfield India Ltd.	13 00xd	10	Nil	0 50			12	Y.P.
45,00,137	77,72,593	95,23,776	52,36,250	4,07,338	Harparshad & Co. Pvt. Ltd.	Escorts Ltd.	23 75	10		1 50	1 60		12	Y.P.
14,00,000	14,48,121	37,99,187	22,86,486	70,652	Satya Narain Gupta, Esq. (Chairman)	Ganesh Flour Mills Co., Ltd.	18 87	12 50	1 50	1 50	17 50		9	Y.P.
7,50,000	4,20,000	1,21,085	43,631	5,551	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	235 00	100	15 00	17 00			3	Y.
60,00,000	36,24,200	80,57,755	15,91,667	1,71,222	Ganj & Co.	General Papers & Co.	10 27	10	1 25	1 25			3	Y.
40,00,000	5,08,500	73,33,940	44,34,526	19,37,710	P. E. G. Woodbine Parish, Esq.	Gillanders Arbuthnot & Co., Ltd.	14 31	10	1 00	1 00	1 00		3	Y.
30,00,000	18,10,650	89,85,436	43,28,959	21,282	D. S. Barron, Esq. (Chairman)	Godfrey Phillips India Ltd.	29 00	10	2 00	2 50	4 00		12	Y.
4,96,13,275	49,51,450	7,36,56,187	3,25,48,254	3,63,217	B. P. R. Sivaraj	Great Eastern Hotel	235 00	250	15 00	15 00	22 50		3	Y.
80,00,000	18,64,522	99,48,437	53,67,174	1,91,125	Birla Brothers Private Ltd.	Hindustan Motors	21 50	10	Nil	0 50	0 90		3	Y.P.
15,15,00,000	9,64,76,893	11,39,16,107	2,98,76,995	24,77,765	Lalukdar Law & Co. Private Ltd.	Hindusthan Pilkington Glass	26 82	10	0 60	1 20			4	Y.
9,98,59,480	2,49,73,620	9,79,93,586	3,53,95,785	49,90,524	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd.	12 00	10	0 70	0 80	0 80		3	Y.
3,25,77,700	2,02,99,648	2,95,48,176	1,37,19,570	45,64,364	K. C. Mahindra, Esq. (Chairman)	Indian Aluminium Co., Ltd.	34 81	10	0 70	1 20	1 50		12	Y.P.
2,00,00,000	1,28,61,988	5,99,99,852	2,48,66,218	13,78,431	B. J. Woodley, Esq. (Mg. Director)	Indian Cables	36 62	10	1 50*	1 50*	2 25		3	Y.
20,88,250	70,550	51,92,992	17,57,026	83,014	Amiya Kumar Sen, Esq. (Mg. Director)	Indian Oxygen Ltd.	39 12	10	1 00	1 50	1 50		9	Y.
8,27,970	7,54,870	19,61,878	11,61,643	1,32,665	M.	Indian Plastic Ltd.	9 56	10	Nil	Nil	Nil		3	Y.P.
48,08,620		38,01,515	1,37,693	—6,39,700	M.	Indian Rubber Manufacturers	16 00	10	1 00	1 50	2 00		3	Y.P.
20,00,000	78,10,723	42,62,244	15,92,103	5,21,494	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	18 31	10			Nil		12	Y.
15,00,000	12,02,095	18,79,279	13,27,977	17,282	J. D. K. Brown, Esq. (Mg. Director)	Jardine Henderson	69 00	100	2 50	5 00	7 00		3	Y.P.
1,46,96,250	1,19,32,546	82,41,470	18,18,524	2,60,369	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd.	10 81	10	3 50	2 00	1 00		3	Y.P.
5,00,000	4,20,000	14,85,526	6,60,994	1,49,226	T. Leslie Martin, Esq. (Mg. Director)	Martin Burn Ltd.	28 00	10	2 12*	2 75	2 75		9	Y.P.
40,00,0000. }	74,10,730	31,01,154	12,70,257	2,42,718	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	33 20	10	2 00	3 00			12	Y.
5,00,000D. }					M.	McLeod & Co.	$14.00	O. 100	12 50	15 00			12	Y.P.
1,81,00,000	1,82,75,151	3,61,57,826	1,40,23,040	28,85,973	K. C. Mahindra, Esq. (Chairman)	Metal Box Co. of India Ltd.	51.75xd	D.0.10	1 75	1 75	2 50		3	Y.P.
14,05,000	5,79,891	13,30,194	4,28,269	4,324	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electrical Industries Ltd.	220 00xd	100	11 00	15 00	24 00		3	Y.P.
6,56,250	9,18,696	12,19,354	6,85,650	3,471	Mr. J. D'Sa (Chairman)	Mysore Lamp Works	28 75	10	1 50	1 60			3	Y.P.
10,00,000	3,16,884	17,88,367	10,32,038	622	M. Mallaraj Urs (Mg. Director)	Mysore Tobacco	9 85	10	1 25	1 25	1 00		3	Y.
90,00,000	1,37,56,993	1,31,14,135	51,85,376	86,389	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co.	38 25	10	2 00	2 00	2 50		3	Y.P.
30,00,000	23,51,660	50,44,201	26,96,232	43,890	Do.	National Pipes & Tubes Co., Ltd.	28 50	10	1 25	1 50	2 00		9	Y.P.
40,00,000	30,19,000	88,22,477	35,76,949	1,31,135	Do.	National Rolling & Steel Ropes	23 31	10	1 00	1 00	1 30		6	Y.
49,99,957	12,38,074	1,06,93,558	39,58,258	46,885	K. N. Mookerjee, Esq. (Mg. Director)	National Rubber Manufacturers Ltd.	12 00	10	0 60	0 85	Nil		12	Y.P.
79,97,000	1,17,55,035	1,50,40,984	51,18,295	9,39,725	B. N. Elias & Sons Private Ltd.	National Tobacco Co.	20 87	10	1 10	1 60	1 60		12	Y.
23,32,100	11,02,391	40,66,244§§		45,497	Ramdutt Ramkheesondas	New India Investment Corpn. Ltd.	44 00N	75	3 75	4 00			9	Y.P.
10,00,000	5,52,000	12,55,063	6,00,215	1,51,607	Parry & Co., Ltd.	Parrys Confectionery Ltd.	5 08	1	0 20	0 30	0 30		3	Y.
2,20,00,000	56,08,956	2,16,94,776	66,59,501	53,622	P. C. Vink, Esq. (Mg. Director)	Phillips India Ltd.	22 87	10	0 85	1 20	1 20		12	Y.
62,50,000					Duncan Brothers & Co., Ltd.	Phillips Carbon	90 00	5					12	Y.
15,00,000	1,09,431	8,39,731	2,90,134	2,558	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	3 85	5	0 375				12	Y.
24,89,344	7,37,450	38,37,051	21,89,506	21,649	T. Shamanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd.	20 50	10	1 50	1 50	2 50		3	Y.
2,25,00,000	6,06,619	70,39,189	33,06,189	4,49,497	Badrinath Goenka, Esq. (Chairman)	Rallis India Ltd.	140 00	100	Nil	Nil	4 00		3	Y.P.
2,50,80,000	2,49,55,000	14,76,38,674	6,18,95,237	1,98,085	Sahu Jain Ltd.	Rohtas Industries	19 31	10	1 50	1 50	2 00		3	Y.P.T.
70,00,000	56,87,726	2,76,12,629	72,19,261	1,17,247	K. D. Gangull, Esq.	Sen-Raleigh Industries	24 75	10	0 60	0 80	0 80		9	Y.P.
75,00,000	56,08,000	1,37,00,319	37,05,411	9,18,808	S. M. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	24 75	10	1 00	1 50	1 50		12	Y.P.
40,00,000	91,26,201	1,53,82,019	73,19,485	7,55,988	C. W. Stephens, Esq.	Spencer & Co., Ltd.	22 25	10	1 50	1 50	1 50		12	Y.P.
47,00,000	24,40,000	1,85,84,029	99,75,778	2,974	Standard Motor Co. (India) Pvt. Ltd.	Standard Motor Products	16 12	10	0 75	0 90	0 90		12	Y.
15,00,000	26,34,000	1,18,49,116	28,52,182	58,481	J. K. Agents Private Ltd.	Straw Products Ltd. S.	9 37	10	1 25	1 50			12	Y.
22,89,270	16,82,008	14,78,453	5,99,094	14,18,547	M. M. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	41 00	10	2 25	3 00	3 00		6	Y.
9,98,980	30,000	16,98,410	7,47,136	3,288	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	6 78	10	0 40	0 60	0 50		12	Y.
11,56,800	15,37,168	13,62,490	7,38,592	40,519	E. H. Stanes, Esq. (Mg. Director)	T. Stanes & Co., Ltd.	32 50	10	2 00	2 75	3 25*		9	Y.P.
3,49,96,600	1,36,10,816	3,46,95,651	65,94,797	3,04,545	Sir A. Ramaswami Mudalia (Chairman)	Tube Investments of India Ltd.	268 00	100	10 00	10 00	10 00		7	Y.
30,58,950	29,686	68,66,938	17,66,858	58,806	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	8 12	10	Nil	Nil			9	Y.T.
2,80,00,000	1,67,66,505	6,04,41,004	1,15,62,837		J. B. Gallaway, Esq. (Mg. Director)	Union Carbide India Ltd.	64 69	10	1 40	1 80	1 80		12	Y.T.
30,00,000	47,50,000	59,48,867	18,96,024	1,24,443	Vittal Mallya, Esq. (Chairman)	United Breweries	104 00	10	6 00	6 00	6 00		2	Y.
5,00,000	5,60,191	8,85,222	5,99,881	38,594	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	22 00	10	3 75	3 25	3 50		11	Y.
81,29,500	25,29,264	96,81,836	28,54,513	5,401	A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd.	233 50xd	100	19 00	10 00	10 00		3	Y.P.
TRANSPORT														
20,00,000	95,17,850	1,23,16,309	21,49,792	23,023	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	104 00	100	6 00	3 00	7 50	5 00	10	Y.P.
1,00,00,000	61,82,793	4,35,99,781	2,38,57,012	—82,10,589	Dinshaw (Private) Ltd.	Bharat Line	5 08	10	1 20*	Nil	Nil	1 20*	12	Y.
60,00,000 }	2,17,74,566	8,51,80,151	2,15,83,555	1,33,013	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	13 88	10	1 80	1 50	1 00	1 50	6	Y.P.
90,00,000 }							8 24	5(New)	0 90	0 525	0 50			
£655,580	£1,242,443	£5,811,271	£3,538,891	—£3,866	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co.	69 00	£10	Nil	Nil		Nil	12	Y.P.
2,47,50,000	2,89,74,088	22,66,31,351	4,96,14,634		Lionel Edwards (Private) Ltd.	India Steamship Co.	8 50	10	1 00	1 00	1 00	1 00	3	Y.P.
11,38,19,208	11,38,52,969	35,02,81,320	9,83,13,870	—16,18,456	D. M. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	18 80	20	1 25	1 30	0 60	1 25	6	Y.T.
D.5,40,800 }							3 25	O. 1	0 14	0 20	0 80	0 14		
P.O.3,10,200 }	24,07,422	13,85,807	9,51,870	1,60,969	R. B. Aiyer, Esq. (Manager)	Walford Transport Ltd.	3 19	P.O. 1	0 12	0 15	0 20	0 12	12	Y.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Ordinary Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts closed	Reference
25,50,000	35,44,700	1,23,77,423	80,99,858	11,999	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	24 75	10	1 25	1 50	1 00		3	Y.
12,00,000	2,96,358	38,08,529	34,12,329	—5,53,532	James Henderson Ltd.	Barraree Coke	15 19	10	0 50	Nil	Nil		3	Y.
4,49,350	1,30,132	11,60,136	6,76,035	4,967	Kalyanji Mavji & Co.	Bengal-Bhatdee	6 00	10	0 25	Nil			12	Y.
1,00,00,000	2,06,23,467	7,45,39,664	4,86,40,036	10,50,529	Andrew Yule & Co., Ltd.	Bengal Coal	390 00	100	17 50	25 00	25 00		10	Y.P.
2,25,000	5,17,344	23,13,200	21,49,161	4,134	M.	Bengal-Nagpur	19 50	10	Nil	Nil	1 00		12	Y.
40,00,000	61,200	1,48,74,215	90,25,554	2,30,479	Sahu Jain Ltd.	Bharat Collieries	3 69	10	0 60	Nil	Nil		6	Y.P.T.
7,15,000	14,98,544	57,66,846	36,78,757	—6,96,082	M.	Bhuinsabarare	5 00N	10	Nil	Nil			12	Y.T.
7,50,000	21,72,444	49,42,543	29,83,006	81,261	F. W. Heilgers & Co. (Private) Ltd.	Borrea	32 00	10	0 75	1 00	1 50		12	Y.P.
90,99,480	1,40,21,423	4,32,66,786	2,28,76,540	1,49,396	Bird & Co. Private Ltd.	Burrakur	19 62	10	0 875	1 50	1 50		6	Y.P.T.
49,97,000	4,62,979	74,52,076	25,82,606	27,543	Hindustan Investment Corpn. Ltd.	Central India	18 44	10	0 50	0 50	0 80		6	Y.P.T.
8,00,000	12,99,490	53,54,287	34,91,864	7,605	Jain Industries	Central Kurkend	7 00N	10	0 50	Nil			3	Y.
6,00,000	1,55,159	5,98,756(k)		7,043	F. W. Heilgers & Co. (Private) Ltd.	Churlia	2 75	4	0 30	0 12	0 12		12	Y.
16,00,000		57,61,927	33,55,625	—1,06,901	M.	Dhemo Main	7 00	10	Nil	Nil			12	Y.
£840,000	£952,069	£1,124,710	£812,986	£7,006	Jardine Henderson Ltd.	East Indian	25 50	£1	1 00	1 25	1 00		4	Y.
29,68,760	1,16,32,107	4,94,12,596	3,48,80,329	1,10,574	Macneill & Barry Ltd.	Equitable	30 62	10	1 50	0 75	1 50		12	Y.P.T.
10,00,000	40,000	24,58,595	8,45,200	—5,90,978	Bhatter's Agency Ltd.	Ghusick and Muslia	13 25	10	Nil	Nil			3	Y.
12,00,000	1,27,964	48,44,376	27,68,441	—1,87,189	Kilnek Industries Ltd.	Hingir-Rampur	23 00	50	Nil	Nil	Nil		6	Y.P.
8,00,000		24,79,224	20,12,906	—8,47,967	M.	Hurriladih	8 00	10	Nil				12	Y.
20,00,000	5,37,841	40,32,436	10,76,764	11,160	Bird & Co. Private Ltd.	Karanpura Collieries	180 00	100	5 00	5 00	7 50		3	Y.P.
14,86,480	15,10,178	59,54,523	41,77,234	1,33,677	Andrew Yule & Co., Ltd.	Katras Jherriah	50 00	10	6 50	6 50	9 50	4 00	1	Y.
11,02,240	68,243	7,07,000		—3,29,717	M.	Kuardi	8 75N	10	Nil	Nil			3	Y.
9,00,000	10,22,762	6,14,670		29,260	H. V. Low & Co. (Private) Ltd.	Lakurka	14 00N	10	1 00	0 75			6	Y.
7,48,240	2,50,000	13,59,379	10,13,353	17,140	Tantia Brothers Private Ltd.	Nasira	7 00xd	10	0 75	1 00			12	Y.
31,97,210	37,39,886	1,62,45,573	1,06,23,096	79,796	Andrew Yule & Co., Ltd.	New Beerbhoom	23 87	10	1 00	1 50	1 60		12	Y.P.
6,00,000	2,88,645	22,54,261	19,79,084	56,008	Octavius Steel & Co., Ltd.	New Manbhoom	14 50	10	0 50	0 50	0 75		3	Y.
1,16,80,000 }					M.	North West	21 00N	10	1 50	1 50	2 00		3	Y.
1,67,800 }	3,84,625	12,96,396	9,60,464	28,053			17 87N	7 50	1 50	1 50	2 00			
7,60,000	13,20,908	2,93,538	23,84,906(h)	35,206	P. Prashad, Esq. (Chairman)	Ondal	18 50N	10	0 50	0 70	0 60		12	Y.P.
8,54,000	1,92,927	28,59,907	12,11,226	1,026	Deepchand Kothalall	Paraea	15 00	10	0 50	0 62			12	Y.P.T.
15,75,000	32,52,300	76,91,776	47,81,405	14,547	Shaw Wallace & Co., Ltd.	Pench Valley	19 87	10	1 00	1 00	1 00		3	Y.
30,68,540	34,89,502	1,52,74,303	1,05,98,171	5,964	M.	Raneegunge	19 25	10	1 00	1 00	1 50		9	Y.
15,00,000	11,31,560	85,93,257	35,97,396	29,537	Shaw Wallace & Co., Ltd.	Rewa	31 00	10	1 00	1 00	0 75		12	Y.
27,50,000	26,61,570	1,12,36,241	38,46,993	1,29,993	M.	Samla Collieries	9 62	10	0 60	0 70	1 00		12	Y.
10,40,600	3,96,019	24,55,023	8,45,414	3,494	S. D. Sethia & Co. Private Ltd.	Selected Saigram Collieries	135 50	100	12 50	16 00	16 00		12	Y.
3,50,000	11,14,490	31,03,158	22,96,227	57,592	Andrew Yule & Co., Ltd.	Seebpore	90 00	7	1 75	3 00	3 00		12	Y.
5,00,000	4,82,846	35,740	19,04,936(h)	1,111	F. W. Heilgers & Co. (Private) Ltd.	Sendra	7 50	10	Nil	0 36	0 50		12	Y.
66,21,460	1,34,86,755	7,11,94,167	3,19,11,681	90,858	Industries (L. F.) Department (Govt. of Andhra Pradesh)	Singareni	11 62	10	0 75	0 75			12	Y.P.
17,50,000	9,99,230	44,96,231	20,81,911	20,181	Bird & Co. Private Ltd.	South Karanpura	8 75	10	0 75	0 90	0 85		12	Y.P.
5,00,000	13,48,019	1,53,727	2,00,23,236(k)	20,716	F. W. Heilgers & Co. (Private) Ltd.	Standard	13 00	10	1 25	1 50	1 50		12	Y.
2,50,000	2,81,000	33,46,970	13,45,067	39,484	B. M. Varma, Esq. (Mg. Director).	Talon	13 00	10	0 75	Nil			12	Y.
66,66,000	3,54,983	54,62,351	33,75,882	12,886	Hindustan Investment Corpn. Ltd.	Western Bengal	10 12	10	0 40	0 40	0 60		12	Y.
7,00,000	.....	60,41,490	35,66,916	—2,48,408	M.	West Jamuria	7 25	10	Nil	Nil			12	Y.

h—The reserves of Sirpur Products Ltd. include a non-distributable amount of Rs. 66,49,664 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1955.
k—Give Row Investm ent—Dividend for 1960 includes additional dividends of 2 nP for the year ended 31st March 1956 and 27 nP for the year ended 31st March 1960.
M.—Managed by the Board of Directors. N.K.—Dividends paid since 31st March 1960 are shown as taxable. (k) Investments. §§ Investments at cost. * Includes bonus.

MARKET GOSSIP

(*Concluded from page 199*)

is, five days after the Conference finished its deliberations. Even these decisions, it is said, are in the nature of proposals which have been submitted for the approval of individual countries. The proposals are rather vague and do not provide any clear-cut solution to the problem of international trade in cotton textiles, as will be evident from the gist of the *communique*, issued by the Conference, given below:

The major cotton textile importing and exporting countries have agreed on plans for orderly development of trade with reasonable safeguards for the importing nations. The participating countries would agree to adopt the following short-term arrangement for the twelve-month period beginning from 1st October 1961:

If unrestricted imports of cotton textiles are causing or threatening to cause disruption in the domestic market of any participating country, that country may request any other party to the agreement to restrain its exports to a certain level which shall not be lower than that prevailing for the year ended 30th June 1961. If the exporting country refuses, then the requesting country may decline to accept imports at a level higher than the one specified. Participating countries, which at present have quantitative restrictions on cotton textile imports, will, from 1st January next, significantly increase access to their markets by countries the imports from which are now restricted. A specific statement of the new access will be forthcoming.

Under the long-term arrangement, the participating countries agreed to set up a committee, called the Provisional Cotton Textile Committee, to (*a*) work out a long-term solution, (*b*) collect all useful data for the purpose and (*c*) make recommendations for a long-term solution before 30th April 1962. The Committee will meet on 9th October next to begin its work.

The aforesaid arrangements are not considered to be unsatisfactory from the point of view of India. Indeed, Mr. T. Swaminathan, I.C.S., India's Commissioner-General for Economic Affairs, who represented this country at the Geneva Conference, claims that the arrangements will help maintain India's export trade in textiles. A preamble to the agreement, he says, recognises that the action should be "designed to facilitate the economic expansion and in particular to promote the development of less developed countries by providing increased access for their exports of manufactured goods." This forecast may or may not be borne out by actual events. But the apprehensions regarding the imposition of restrictions by importing countries on Indian textile exports have been largely removed at any rate for the time being. And Mr. Swaminathan must be congratulated for having sought to remove Western misconceptions about the alleged low wage element in the cost of production of Indian textiles. He is reported to have emphasised in his speech at the Conference: "Because of low productivity per man-hour and various other reasons, the Indian cost per unit is not so very low as compared with that of the developed countries. Nor can India fairly be lumped together with Hong Kong, Japan or Pakistan, because conditions in these countries are quite different. India is a large producer of cotton goods and, for some years, it has been the third largest textile exporter in the world."

Incidentally, it may be noted that Mr. Swaminathan was the sole official delegate of India at the Geneva Conference. No millowner or trade representative attended the meeting, unlike in the case of most other countries which were represented by the spokesmen of the industry, besides the officials. It is learned that Mr. Swaminathan wrote to the Government of India suggesting the desirability of some cotton mill industry representatives attending the Conference. But for reasons not known, the suggestion did not find favour with the Government.

Be that as it may, the chief outcome of the Geneva Conference seems to be the recognition of the need to introduce some sort of regulation in world cotton textile trade. Few would object to any scheme of regulation which is designed to eliminate such commercial practices and manipulations as may lead to a distortion of competition in world textile markets. There is, however, no gainsaying the fact that the developed nations should so adapt their pattern of trade and industrial structure as to facilitate increased imports of cotton textiles and other manufactured goods from the developing countries which are struggling to raise the depressingly low living standards of their teeming millions.

Bank Profits

Judged by the results announced so far, the first half of 1961 has proved to be quite prosperous for several bigger scheduled banks in India. This is, of course, not surprising when viewed against the background of the trends in their principal portfolios. The data pertaining to the changes in deposits, advances, etc., tabulated below clearly show that the deposits and advances of scheduled banks, excluding the State Bank of India, went up sizably by Rs. 78.78 crores and Rs. 72.28 crores, respectively, as against a rise of Rs. 68.47 crores in deposits and of Rs. 101.24 crores in advances in the first half of 1960. The investments of scheduled banks other than the State Bank of India, however, receded by Rs. 17.63 crores in the first half of the year under review.

Changes in main portfolios of Banks
(Rupees in crores)

	Scheduled Banks other than State Bank first half		State Bank first half	
	1961	1960	1961	1960
Deposits	+ 78.78	+ 68.47	— 43.56	+ 56.19
Advances	+ 72.28	+101.24	+ 28.61	+ 49.76
Investments	— 17.63	— 35.19	— 67.12	+ 15.87

N.B.—Deposits here include inter-bank accounts also.

This means that the banks had more resources with them and they were also able to utilise their resources more intensively and more profitably. It may be remembered that the rates of interest on bank advances ruled higher than in the corresponding period of 1960. Although the deposits, too, cost more, the differential between the borrowing and lending rates were wider. All the five banks, the results of which are given below, have reported a handsome improvement in their profits. Three of them, namely, the Central Bank of India, the Bank of India and the Devkaran Nanjee Bank have actually raised their interim dividends and the two have maintained them as will be evident from the following table:

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar.	Sept.	96.50	100
BREWERIES AND SUGAR							
Bharat Sugar R.C.	5,00,000	1931	5.00	Dec.	..	70.00	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April	..	84.50	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.00	Mar.	Sep.	80.00	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb.	Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C.	7,50,000	1920	7.00	July	Apr.	5.03rd	5
East India Distilleries T.F.C. ..	£200,000	1897	7.00	Jan.	July	17.80rd	£1
Gwalior Sugar R.C.	6,75,000	1940	7.00	Dec.	..	62.00	100
Do. (Non-redeem.)	5,00,000	1940	7.00	Dec.	..	62.00	100
Puritabpore Co. C.	6,00,000	1922	10.00	Oct.	..	11.00	10
Ramnagar Cane T.F.C.	4,00,000	1933-36	6.00	Aug.	..	83.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct.	Apr.	81.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct.	..	29.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec.	..	7.35	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec.	..	90.00N	100
C.R.C.	15,00,000	1946	5.00	Dec.	..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April	May	115.00	100
COAL							
Borrea T.F.C.	14,00,000	1896-97	6.50	Oct.	Apr.	82.00	100
Burrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr.	Oct.	100.00	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	7.65	10
Equitable T.F.	4,00,000	1895	6.00	Mar.	Sept.	72.00	100
Karanpura Collieries C.	9,89,500	1946	5.50	..	..	56.00	10
††Khas Kajora C.	1,93,000	1931	5.00	Mar.	Sept.	7.00	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan.	July	10.50	10
Ondal T.F.C.	2,00,000	1898-99	6.00	Apr.	Oct.	82.00	100
COTTON							
Ahmedabad Advance T.F.C. ..	10,00,000	1939	5.00	Apr.	Oct.	70.50	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan.	July	108.91	100
Basanti Cotton T.F.	5,00,000	1938	6.25	Nov.	..	8.50	10
Bowreah 'A' T.F.	6,00,000	1900	8.00	Feb.	Aug.	110.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb.	Aug.	71.00	100
Bradbury T.F.	14,75,000	1919	7.00	June	Dec.	53.50	50
Buckingham & Carnatic C.T.F. ..	21,30,200	1920	7.50	Jan.	July	122.00	100
Cambodias C.T.F.	1,00,000	1928	7.00	Apr.	..	88.89	100
Central India T.F.	50,00,000	1912	8.00	Apr.	Oct.	376.25	500
Century Spg. & Mfg. Co. T.F.R.C. ..	1,25,00,000	1958	6.00	Dec.	..	107.00	100
Coimbatore Pioneer C.T.F.	1,00,000	1935	6.50	June	..	78.50	100
Elgin T.F.C.	11,00,000	1912	8.00	May	..	103.00	100
Elgin 'B' T.F.C.	4,20,000	1943	5.00	July	..	6.50	10
Elphinstone C.	25,00,000	1919	7.00	May	Nov.	66.30	100
Kesoram T.F.C.	20,00,000	1919	7.00	June	Dec.	103.00	100
Khatau Makanji (2nd) T.F. ..	29,92,500	1947	4.00	Nov.	..	74.50	10
Kothari C.T.F.	18,00,000	1937	6.00	Dec.	..	8.75	5
Kothari 'B' (Pref.) T.F.C. ..	6,00,000	....	6.00	..	..	10.00N	250
Lakshmi Cotton (Bombay) C. ..	16,00,000	1896	5.00	..	..	151.25	100
Morarjee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan.	..	64.00	100
Mysore Spg. C.	7,45,050	1944	4.50	..	..	22.78	50
National Rayon C.	1,74,64,700	1947	5.00	..	..	70.00	100
New Great	8,00,000	1913	5.50	Mar.	..	106.50	200
Podar Mills T.F.C.	10,00,000	1943	4.00	Feb.	..	63.00	100
Rajalakshmi C.T.F.	2,00,000	1932	6.50	Apr.	..	44.50	50
Shree Niwas Cotton T.F.C.R. ..	4,80,000	1944	4.00	..	..	64.00	100
Sholapoor T.F.C.R.	32,00,000	1933	5.00	..	..	78.25	100
Swadeshi T.F.C.	15,00,000	1935	5.00	Apr.	Oct.	88.00	100
Swadeshi (Kanpur) T.F.C.	35,00,000	1927	6.00	June	..	68.00	100
Travancore Rayon C.T.F.	50,00,000	....	5.00	May	..	7.55rd	10
Vasanta (1st) C.T.F.	3,00,000	1931	6.00	Apr.	Oct.	97.00	100
Do. (2nd) C.T.F.	1,50,000	1933	6.00	..	..	94.00	100
Vishnu C.	15,56,500	1908	7.00	Apr.	..	410.00	500
ELECTRICS							
Andhra Valley Power Supply C. ..	49,34,000	1917	7.00	May	Nov.	1,065.00	1,000
Amalgamated Electric T.F.C. ..	24,15,000	....	5.50	..	..	99.00	100
Calcutta Electric T.F.C.	19,00,000	1909-11	5.00(i)	June	Dec.	9.12	£1
Poona Electric C.	4,00,000	1935	7.00	June	Dec.	101.00	100
South Madras (1st) C.T.F.	22,00,000	1940	5.50	..	..	8.10rd	10
Do. (2nd) C.T.F.	8,00,000	1940	5.50	Sept.	Dec.	8.25rd	10
Surat Electric Co. C.T.F.	5,00,000	1939	6.50	Apr.	..	107.00	100
Tata Hydro Electric Power C. ..	89,28,000	1907	7.00	May	Nov.	102.50	100
Tata Power T.C.	86,97,000	1918	7.50	May	Nov.	1,060.00	1,000
Vellore C.	1,25,000	1928	6.00	Dec.	..	6.28	10
ENGINEERING							
Arthur Butler (Muzaffarpore) T.F.C.	1,80,000	1919	7.00	Mar.	..	11.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	13,00,000	1894-96	7.00	Feb.	Aug.	110.00	100
Do. (2nd) T.F.C. ..	15,00,000	1902	6.00	Feb.	Aug.	101.00	101
Indian Iron and Steel Co., Ltd. T.F.C.	2,69,95,400	1950	5.00	Dec.	..	88.50	100
Indian Standard Wagon T.F.C. ..	19,60,500	1918	7.00	June	..	113.00rd	100
Jessop T.F.C.	20,00,000	1941	6.00	May	Nov.	78.00	100
Kamani Engineering C.R.	15,00,000	1945	5.50	July	..	57.00	100
††† Kumardhubi Engineering T.F.C.	12,00,000	1915	4.00	June	Dec.	78.00N	100
Lansen and Toubro Ltd. T.F.R. ..	5,00,000	1946-47-51	5.00	..	..	93.00	100
Mahindra & Mahindra T.F.R.C. ..	25,00,000	1945	6.00	May	..	98.00	100
McKenzies (1st) T.F.C.	8,50,000	1907	5.50	..	..	86.00	100
Premier-Construction (1st)	10,00,000	....	6.25	..	..	73.00	100
Do. do. (2nd) C. ..	15,00,000	1936	6.25	..	..	68.00	100
Do. do. (3rd) C. ..	56,25,000	1947	4.50	..	..	4.60	10
Tata Iron and Steel (1st) C. ..	75,00,000	1908	6.00	Nov.	..	141.00	150
Do. do. (2nd) C. ..	6,92,81,000	1908	7.50	May	..	109.50	100
JUTE							
Agarpara T.F.C.	10,00,000	1927	7.00	Jan.	July	91.00	100
Alexandra T.F.C.	9,00,000	1906	7.00	Feb.	Aug.	88.00	100
Alliance T.F.C.	15,00,000	1895	6.00	Mar.	Sept.	67.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May	Nov.	92.50	100
Auckland C.	10,00,000	1909	5.50	May	Nov.	72.00	100
Do. (2nd) (j) C.	15,00,000	1945	4.50	June	Dec.	60.00	100
Bally T.F.C.	20,00,000	1918	7.00	Apr.	Oct.	94.00	100
Barnagore C.	5,00,000	1896	5.00	May	Nov.	88.00	£5
Belvedere T.F.C.	7,00,000	1906	7.00	Jan.	July	90.00	100
Birla C.	23,64,200	1919	7.50	June	Dec.	90.00	100
Budge-Budge T.F.C.	9,00,000	1894	7.00	May	Nov.	90.00	100
Calcutta T.F.C.	6,00,000	1934	6.50	Jan.	July	50.00N	100
Caledonian T.F.C.	10,00,000	1916	7.00	June	Dec.	84.00	100
Cheviot T.F.C.	10,00,000	1919	7.00	June	Dec.	89.00	100
Chitavalsa T.F.C.	5,00,000	1923	7.00	Mar.	Sept.	86.00	100
Clive (1st Pref.) T.F.C.	8,00,000	1900	6.00	May	Nov.	66.00	100
Do. (A) (2nd Pref.) T.F.C. ..	8,00,000	1905	7.00	May	Nov.	77.00	100
Dalhousie T.F.C.	15,00,000	1903-13	7.00	May	Nov.	88.00	100
Delta T.F.C.	5,00,000	1907	5.00	June	Dec.	69.50	100
Empire T.F.C.	10,00,000	1912	7.00	Feb.	Aug.	86.00	100
Fort Gloster T.F.C.	14,00,000	1890-06	7.00	May	Nov.	105.00	100
Do. (2nd Pref.) T.F.C. ..	7,00,000	1948	6.00	..	..	65.00	100
Fort William T.F.C.	10,00,000	1911	7.00	May	Nov.	92.00	100
Ganges T.F.C.	6,00,000	1916	8.00	June	Dec.	90.00	100
Gouripore T.F.C.	26,50,000	1895-04	6.00	May	Nov.	81.00	100
Hastings T.F.C.	25,00,000	1935	6.00	Mar.	Sept.	81.00	100
Hooghly T.F.	11,76,000	1918	10.00	May	Nov.	9.75	10
Howrah T.F.C.	8,75,000	1890	7.00	May	Nov.	92.00	100
Do. T.F.C. (f)	17,50,000	1903-06	7.00	May	Nov.	92.50	100
Hukumchand T.F.C.	40,00,000	1919	7.00	June	Dec.	92.00	100
Kamarhatty T.F.C.	16,00,000	1898-04	6.00	Feb.	Aug.	71.00	100
Kankinarrah T.F.C.	10,00,000	1900	6.00	Feb.	Aug.	91.00	100
JUTE—*Continued*							
Kelvin T.F.C.	10,00,000	1907	7.00	Mar.	Sept.	91.00	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May	Nov.	79.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May	Nov.	91.00	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May	Nov.	92.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May	Nov.	92.00	100
Do. (B) T.F.C.	10,00,000	....	5.50	Dec.	..	70.00	100
Naihati T.F.C.	7,50,000	1905	7.00	May	Nov.	111.00	100
Do. (2nd) (j) T.F.C.R.	10,00,000	1945	4.50	June	Dec.	82.00	100
National T.F.C.	5,00,000	1917	7.00	May	Nov.	90.00	100
Nellimarla T.F.C.	5,00,000	1939	6.00	Apr.	Oct.	78.00	100
New Central T.F.C.R.	33,00,000	1915	7.00	Jan.	July	90.00	100
Northbrook T.F.C.	15,00,000	1909	5.50	May	Nov.	72.50	100
Reliance T.F.C.	20,00,000	1906-12	7.00	May	Nov.	86.00	100
Samnuggur C.	£150,000	1901	6.00	Feb.	Aug.	Sh. 21 50N	£1
Seebah T.F.C.	10,00,000	1929	7.00	Feb.	Aug.	91.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar.	Sept.	93.00	100
Titaghur C.	£150,000	1897	6.00	Feb.	Aug.	Sh. 21 50	£1
Union T.F.C.	6,00,000	1901-02	7.00	May	Nov.	91.00	100
Victoria C.	£150,000	1898	6.00	Feb.	Aug.	Sh. 21 50	£1
Waverley, T.F.C. (f)	7,50,000	1913	5.00	Mar.	Sept.	40 50	50
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov.	..	47.00	50
Calcutta Tramways C.	£250,000	1906	5.00	Apr.	Oct.	7.50	£1
Great Eastern Shipping T.F.R.C. ..	25,00,000	1948	5.50	Dec.	..	91.00	100
Indian General Nav. & Rly. C. ..	£244,030	1899	6.00	Mar.	Nov.	74.00	£10
India Steamship (w) T.F.C.R. ..	25,00,000	1928	5.00	..	..	76.00	100
TEA							
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May	Nov.	30.00	10
††† Banarhat Tea T.F.C.	4,00,000	1900-02	6.50	Jan.	July	100.00	100
Birpara T.F.C.	1,00,000	1900-02	8.00	Jan.	..	102.00	100
Cheenabhutti T.F.C.	2,00,000	1914	6.50	Jan.	July	100.00	100
Glelle C.	2,00,000	1894	6.00	Sept.	..	75.00	100
Hantapara T.F.C.	50,000	1901	8.00	Jan.	..	102.00	100
Hasimara T.F.C.	3,00,000	1904	7.00	Mar.	..	97.00	100
Kingsley Goalghat T.F.	2,40,000	1897	6.00	Dec.	..	89.00	100
Moheema T.F.C.	3,20,000	1929	6.00	May	Nov.	7.00	10
New Dooars T.F.C.	2,00,000	1907	6.50	Jan.	July	100.00	100
New Samsingh T.F.C.	1,00,000	1908	8.00	Nov.	..	90.00	100
††† Okayti T.F.R.C.	50,000	1888	7.00	Dec.	..	84.00	100
Pussimbing T.F.C.	2,05,000	1916	7.00	Jan.	..	97.00	100
Sonai River T.F.C.	1,00,000	1909	8.00	May	..	88.00	100
***Tezpore C.	2,05,000	1932	8.00	Jan.	..	10.50	10
Tirribannah T.F.C.	1,00,000	1922	10.00	May	Nov.	13.25	100
PLANTING							
Be Be Rubber C.	1,48,005	1944	6.25	..	..	2.85	5
Do. R.C.	2,85,570	1944	6.25	..	..	5.71	10
Cochin Malabar C.T.F.	1,13,300	1933	7.00	June	..	48.77	50
Coffee Lands C.T.F.	10,40,000	....	5.00	..	..	71.00	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr.	..	83.14	100
Cottanad C.T.F.R.	1,00,000	1937	7.50	Nov.	..	10.00	10
Devon Tea C.T.F.	2,00,000	1926	7.50	July	..	85.17rd	100
Highland Produce C.T.F.	2,00,000	....	6.00	July	Jan.	7.25	10
Neelamalai C.T.F.	18,00,000	1943	5.00	Jan.	July	6.05	10
Nilgiri Tea C.T.F.	2,81,250	1943	6.50	July	..	3.80	5
Pullangode C.T.F.	1,50,000	1943	6.00	Mar.	..	7.57	10
Teekoy Rubber C.T.F.	6,00,000	..	6.00	Mar.	Sept.	6.80	10
T. R. & T. Co. C.T.F.	10,00,000	..	6.00	June	Dec.	8.80	10
Waterfalls R.C.T.F.	5,00,000	1943	6.00	Nov.	..	8.40	10
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	..	6.25	June	..	81.00	100
Do. do. (2nd) T.F.R.C. ..	5,00,000	..	5.00	June	..	77.00	100
Alkali & Chemicals T.F.C.	31,00,000	1937	5.00	Apr.	..	93.00	100
Aluminium Corpn. (1st) C.	20,00,000	1938	7.00(f)	..	..	99.00	100
Andhra Cement C.T.F.	2,40,000	1937	6.00	Feb.	June	98.74	100
Associated Hotels of India C. ..	21,67,000	1916	7.00	Mar.	Sept.	53.00	100
Bengal Chemicals T.F.C.	9,00,000	1925	7.50	Aug.	..	12.50	10
Bengal Paper Mill T.F.C.	2,50,000	1923	7.00	Mar.	Sept.	40.50	50
Do. "A" T.F.C. ..	4,00,000	1923	7.00	Mar.	Sept.	102.00	100
Do. "B" T.R.C. ..	20,00,000	1948	6.00	..	..	63.00	100
Bengal Timber Trading T.F.C. ..	3,00,000	1896	8.00	Aug.	..	8.00N	100
Britannia Biscuit T.F.C.	15,45,000	1921	8.00	Feb.	Aug.	14.50	10
British Ceylon Corporation C. ..	17,50,000	1913	6.00	Feb.	Aug.	6.00N	5
British India Corporation T.F.C.	81,00,000	1920	8.00	Feb.	..	112.50	100
Dalmia Cement (Bharat) C.T.F. ..	61,58,210	1937	6.00(f)	Sept.	..	7.45rd	10
Dhrangadhra Chemical T.F.C.R. ..	2,01,900	1956	6.00	..	..	70.00	100
Shree Digvijay Cement T.F.R.C. ..	79,03,875	1944	5.00	Dec.	..	77.50	100
Dunlop Rubber Co. (1st) T.F.C. ..	30,00,000	1926	6.00	June	Dec.	100.00	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1936	6.00	Apr.	..	80.00	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	5.00	Feb.	Aug.	58.00	100
Do. (2nd)	1,00,000	..	6.00	Feb.	Aug.	49.00	100
Gillanders Arbuthnot(f) R.C. ..	25,00,000	..	5.00	Apr.	Oct.	57.00	100
Hindustan Motors T.F.R.C.	1,60,67,250	1956	6.00	Mar.	..	204.00	100
Humayan Properties T.F.C.	12,00,000	1933	6.00	..	..	6.75rd	10
India Cement C.	29,85,000	1946	7.50	Oct.	..	79.50rd	100
Indian Aluminium (g) C.R.	40,00,000	1945	6.00	June	..	69.00	100
Indo-Burma Petroleum C.	50,00,000	1921	7.00	Jan.	July	82.00rd	33
Indian Cable (m) C.	12,57,750	1923	6.00	June	Dec.	34.00	10
India Rubber Mfrs. (n) T.F.C.R. ..	8,25,000	..	5.00	Apr.	..	60.00	100
Jardine Henderson C.	50,00,000	1946	6.50	Dec.	..	57.50	100
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.50	May	..	57.00	100
Do. do. (2nd) T.F.C. ..	10,00,000	..	4.00	May	..	55.75	100
Kumardhubi Fireclay & Silica C.R.	2,00,000	1915	7.00	June	Dec.	61.00N	100
Martin Burn (k) T.F.C.R.	30,00,000	1946	5.00	Apr.	Oct.	83.00rd	100
McLeod and Co. (1st) C.	10,00,000	1930	5.00	July	Jan.	48.00	100
Do. (2nd) F.C.	40,00,000	1936	5.00	July	Jan.	61.00	100
Metal Box Co. C.R.	30,00,000	..	6.00	..	..	84.00	100
Mettur Chemicals (Old) C.T.F. ..	20,00,000	1908-18	6.00	Feb.	Sept.	9.70	10
Mysore Chemicals Mfrs. C.T.F. ..	2,00,000	1930	6.00	June	..	8.50	10
Mysore Lamps R.C.T.F.	2,50,000	..	4.00	Aug.	..	5.95	10
National Tobacco (Old) (p) T.F.C.R.	25,00,000	..	5.00	Mar.	Sept.	90.00	100
Do. do. (New) (q) T.F.C.R.	19,98,000	..	4.50	Mar.	Sept.	66.00	100
Orient Paper T.F.C.R.	20,00,000	1936	5.00	Apr.	Oct.	61.50	100
Do. (2nd) (r) C.R.	60,00,000	..	5.50	Apr.	..	61.50	100
Rohtas Industries (Old) T.F.C. ..	20,00,000	1936	7.00-9.00	Apr.	..	112.00	100
Do. do. (New) T.F.C. ..	85,04,700	..	4.25	Apr.	..	56.00	100
***Smith Stanistreet & Co. T.F. ..	5,00,000	1920	10.00	Feb.	Aug.	65.00	50
Spencer & Co. "A" C.	23,20,000	1898	6.50	Jan.	July	7.62rd	10
Do. "B" C.	36,80,000	1922	8.50	Jan.	July	10.26rd	10
Standard-Vacuum C.	75,00,000	1955	6.00	June	Dec.	87.00	100
Star Paper T.F.C.R.	10,00,000	..	5.00	Mar.	Sept.	74.00	100
Tata Chemicals T.F.C.	59,07,000	..	5.00	June	..	87.00	100
Tata Oil Mills C.	20,88,800	1946	4.50	July	..	57.00	100
Titagar Paper Mills T.F.C.	11,50,000	1909	4.50	Jan.	June	110.00	100
Do. do. (2nd) T.F.C. ..	15,00,000	1934	4.50	Jan.	July	75.00	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of a preferential dividend at the rate of 8 per cent (of which only 5 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent per annum and also to participate in further dividend of 2 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R.—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 106 at any time on 3 months' notice. (h) Redeemable after 30th September 1966 at Rs. 125. (i) Redeemable at par after 9th November 1955 on 6 months' notice. (j) Redeemable after 28th July 1955 on 6 months' notice. (k) Participating upto 9 per cent. (l) Redeemable at par after 31st March 1952 on 6 months' notice. (m) Rank pari passu with ordinary shares after ordinary shares receive 6 per cent dividend. (n) Redeemable after 20th December 1954. (o) Redeemable at any time at Rs. 115 on one month's notice. (p) Redeemable at par after 1st January 1954. (q) Redeemable at par after 17th June 1956. (r) Redeemable at par after 1st October 1956 on 3 months' notice. (s) Participating upto 9 per cent. (t) Free of Income-tax upto 6 sh. in the £. (u) Redeemable at par on 3 months' notice. (v) Issued on various dates. (w) Redeemable at any time 3 years after the date of issue at a premium of Rs. 10 per share on 3 months' notice. (x) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. pe—Partly paid.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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VACILLATION IN SUGAR

NEITHER Mr. D. D. Puri, President of the Indian Sugar Mills Association, nor Mr. S. K. Patil, Union Minister for Food and Agriculture, had anything to offer by way of concrete solution to the immediate problem of huge sugar surplus in their speeches at the annual meeting of the Association held at New Delhi on Monday this week. All that Mr. Puri did was to underline the magnitude of the problem which he described as "the deep crisis of surplus" and to warn that, unless a sizable quantity of the surplus stocks was taken off the factories "through further exports, etc.," the survival of the industry would be in serious jeopardy. On his part, Mr. Patil merely said that the situation arising from surplus sugar production should not be regarded as a crisis and that too as an insurmountable one. The situation, he confidently added, could be overcome by increasing internal consumption and maximising exports. Such broad statements are not reassuring and betray lack of realism. For there are serious limitations to securing an immediate increase in internal consumption and exports of the magnitude necessary to bring down the stocks to manageable proportions.

The problem pertaining to sugar stocks is urgent and serious to a degree. The total closing stocks of sugar with mills as on 30th June 1961 amounted to 2,065,000 tons, as against 1,219,000 tons on the corresponding date last year. After excluding the estimated consumption of 800,000 tons during the months of July, August, September and October and the quantity of 350,000 tons earmarked for export, the coming season will begin on 1st November next with an opening stock of as much as 915,000 tons, as against a normal carryover of about 200,000-300,000 tons. The carrying of such huge stocks not only imposes a severe strain on financial and storage resources but also implies certain other serious consequences. Unless the stocks move out of the mills' godowns, the mills will withhold a part of payment due to canegrowers for supply of cane who in turn will be unable to pay land revenues and other Government dues. As it is, the position, particularly in Uttar Pradesh, is said to be rather precarious, the canegrowers being much agitated over non-payment of sugarcane price by several mills.

Even before the current sugar season commenced, it was abundantly clear that (*a*) the opening stocks with mills were rather heavy (nearly 600,000 tons), (*b*) the output would touch a fresh record high of three million tons, (*c*) the domestic consumption might not show any significant rise, and (*d*) the prospects of large-scale exports were not bright. But the Governments—Central and State—sat quiet; they did nothing. Mr. Patil could have either withdrawn the special scheme of incentive providing for enhanced cane price and remission of excise duty on excess output, or at least reduced the quantum of incentive. If he had done so, the supply of cane to sugar mills would have been lower and the mills also would have slowed down crushing operations. After all, the scheme had been introduced purely as a temporary measure applicable to the 1959-60 season and Mr. Patil had made it clear that it would be withdrawn any time if circumstances warranted it. Simultaneously, measures should have been taken at the beginning of the season itself to give a boost to domestic consumption of sugar through reduction in excise duty and removal of all restrictions at least on movement and distribution, if not on prices.

Perhaps, Mr. Patil and his colleagues had thought that a high level of sugar output and continuance of controls were necessary for the purpose of export. They had also genuinely felt that removal of controls would harm the interests of both the mills and sugarcane growers. The high hopes they had pitched up about large-scale exports, especially to the U.S., have been belied and now comes Mr. Patil with the statement that emphasis should be shifted from export of sugar to increase in internal consumption and that ways and means should be devised to induce the average Indian to buy more sugar. But increase in consumption cannot be achieved overnight. Two things are required. One, the price of sugar must be substantially reduced and sugar-based industries must be given all possible encouragement to increase their production and sales so that they could lift a large load off the market. Two, there must be reasonable scope for the operation of supply and demand forces in markets, so that uneconomic and inefficient producers may be weeded out.

The high price of sugar, as is well known, has been due to the high price of sugarcane and heavy incidence of multiple taxes on production and consumption. Thanks to the defective official policy of fixing high minimum prices for cane without any regard for quality, the cane price alone accounts for as much as 60 per cent of the cost of sugar production. Similarly, the taxes—Central and State—heaped on sugar account for 33-34 per cent of the retail

IS THERE ANY NEED FOR A PRIVATE INDUSTRIAL BANK?

By "Kuber"

RECENTLY, an important business magnate of Bombay, connected with a State Financial Corporation, has taken the initiative in mooting a plan for starting a private industrial bank. In sending feelers to, and seeking the support of, the big banks, he has tried to make out a case for such a bank on the ground that the existing facilities provided by the Industrial Finance Corporation of India, the Industrial Credit and Investment Corporation of India, and the State Financial Corporations are not sufficient to meet the ever-growing credit needs of trade and industry during the third Plan period. According to him, the time has come for the big banks to sponsor a separate industrial bank to deal exclusively with, and cater to, the requirements of long- and medium-term finance of such industries on the lines of Finance Corporation for Industries and Industrial and Commercial Financial Corporation in the U.K., which, as readers are aware, are being actively supported by the banks in that country. He considers that there is ample scope for such a bank, as the stringency in the capital market is likely to continue for a long time and there is enough room for one more long-term lender in addition to and apart from the finance provided by the existing institutions.

From such information as is available it appears that the proposed institution will be called the Industrial Bank of India Ltd., that, to begin with, it will have a small capital structure (Rs. 50 lakhs authorised and Rs. 15 lakhs paid-up), that the entire capital is to be held by scheduled banks, that the promoting bank should guarantee repayment of the capital, that the latter are to provide the working funds in the form of five-year deposits to the tune of Rs. 3 crores, carrying interest at the rate of 4½ per cent, that these funds are to be supplemented by time deposits of one year and over from the public as well as sale of debentures to the public, that the promoting banks are also to provide additional deposits up to a maximum of Rs. 50 crores at a slightly higher rate of interest than that allowed on the basic deposits, that the Bank will lend for three to ten-year periods, that the idea of low level of capital is to minimise the dividend burden, and that the active association of commercial banks with the proposed venture will bring the necessary know-how and impart to it a large degree of efficiency inherent in any well-managed private enterprise.

Such in brief is the scheme prepared by the author mentioned at the outset. If such a bank had been sponsored, say, ten or fifteen years ago, it would have been welcomed with open arms. At that time, there was a tremendous public opinion in favour of an institution of this type, particularly as India was then embarking on a planned economy and industrialists would have been only too happy to have to deal with an institution of that type in the private sector. The money conditions were also easy and there would have been no difficulty in getting the required share capital, as also working capital by way of long-term deposits. But a great deal has happened in the meantime. Besides the specialised institutions mentioned earlier, there are also the National Industrial Development Corporation, the Refinance Corporation and the Small Finance Corporation, though they all owe their existence mostly to the initiative of the Government and the Reserve Bank. What is more, not all these institutions have succeeded in using their funds to the fullest capacity. Most of the State Financial Corporations, as will be seen from a review of the working of the majority of them appearing on pages 256 and 258 of this issue, as well as the Refinance Corporation have still to show the results expected of them. The State Bank has also lately taken up the task of providing finance for the small-scale industries. There would thus appear to be no dearth of agencies for supplying long- and medium-term finance to small-scale, medium-scale and big industries. On the contrary, so it seems to us, there has been a great deal of criticism that some, if not most, industrialists have been getting finance rather too easily, with the result that they have been leaning rather heavily on bank finance instead of strengthening their capital base. In fact, some of them have been openly arguing as to why they should raise additional capital when they find it much more profitable and cheaper to carry on with the help of bank finance. Indeed, it is no exaggeration to say that they have been having a good time for the last several years at the cost of banks. It is apparently for this reason that the Industrial Finance Corporation of India has recently proposed to grant loans on some sort of profit-sharing basis. May be, it wants to curb the ever-growing demand for loans from the "big business."

In fairness to the author of the proposed scheme, one may concede that, if an industrial bank is started in the private sector, it is likely to work in a more businesslike manner than has been the case with some of the existing agencies, particularly the State Financial Corporations. But the best solution for this defect would be to make them mend their ways, rather than start one more new institution. Even assuming that a privately-owned industrial bank, particularly if it is sponsored by the big commercial banks, has a future in the context of present economic conditions, how is it to get the required funds? The assumption that the promoting banks and others will provide deposits in large amounts is a facile one, if not wishful thinking, as banks do not have funds of that magnitude to spare. If the present trend of deposits is any indication, the position will continue to be the same for quite a few years to come. The proposed industrial bank will, therefore, have to attract long-term or medium-term deposits from the public. Surely, it cannot borrow short and lend long. Even so, it will have to compete with the commercial banks for deposits. In that case, will it not lead to further scramble for deposits? The commercial banks themselves are finding it ever so difficult to attract appreciable deposits even at the higher rates which they have been offering for several months now and only very recently they have been able to breathe a little freely. In the last busy season, they had to pay 6 per cent to the Reserve Bank and 5 per cent in the inter-bank call money market to be able to meet their day-to-day requirements. There is every reason to believe that this state of affairs will repeat itself in the next busy season and several seasons following it.

Further, the banks have not been particularly successful in getting sufficient deposits on long-term basis. The bulk of their time deposits are from one to three years, for which they are paying anything upto 5 per cent even in the slack season. Only one big bank has tried to get ten-year deposits and, as the reports go, the response has been very poor. A new industrial bank is unlikely to fare better. This is not surprising. Why should the public go in for such long-term deposits when the difference between the rates of interest on long-term and short-term deposits is insignificant? The bank concerned may feel that its experiment will be a paying proposition, because the general trend of deposits is upwards. But so do the investors feel—at any rate those who have sufficient funds to invest—that the rates of interest are bound to go up, as the demand for capital is continuously increasing. Why should any investor commit himself to long-term deposits, say, for ten years, at 5 per cent, when, in case of need, he will have to pay 2 per cent more on loans against them. Besides, he will be bound to the bank for 10 years and there will be no escape. It would be a better proposition for him to invest in National Savings Deposits on which he can get about the same return, with the added advantage of being able to get out of the contract at any time if conditions in the capital market provided opportunities for better investments. In the present conditions, and so long as they continue, it would, therefore, be an impossible job to get appreciable amounts of long-term deposits at the existing rates. And it may not suit them to pay still higher rates of interest. The commercial banks would naturally not be interested in a scheme which seeks to compete with them for deposits by offering higher rates of interest, as it would make their tasks even more difficult than at present.

Apart from this important aspect, the proposed bank will be up against a technical hurdle. Will it function as a scheduled bank? If that is so, it will also have to lock up a considerable part of its funds in Government securities at unattractive rates of return. If it is to compete with the existing scheduled banks, it will not find sufficient margin of profit. If it is to be modelled on an industrial finance corporation, it may not be able to attract sufficient deposits. In any case, it will have to approach the Government for a suitable amendment to the Banking Companies Act to be able to function as a provider of long-term industrial credit. So the problem is not so simple as the sponsors of the scheme have made out. The only way out that one can see is that the proposed scheme will have to work within the present framework, in which case it will have to be a scheduled bank, though with this difference that, while relying on deposits like other commercial banks, it will lend *primarily* on long- and medium-term basis by utilising the facilities of the Refinance Corporation. Even in that case, it is bound to clash with the existing agencies, if not with the commercial banks. No wonder then that the commercial banks are somewhat lukewarm in their support to the scheme; in fact, some of them appear to be positively hostile to the scheme. Generally speaking, therefore, the proposed scheme is not likely to succeed, if it proposes to invoke the blessings and support of the commercial banks. The move is, as already stated, about 15 years too late.

What is wanted at the present time is not another bank, but something that will not attract the deposits away from the banks. It is a well known fact that substantial deposits are finding their way to the so-called unorganised sector, in quest of higher return—a return which the commercial banks are obviously unable to offer. The deposits that the banks get are naturally short-term deposits which people want to keep that way. But there are other kinds of savings on which people want higher returns, say, from 6 to 8 per cent per annum, in view of the continuously rising level of prices; the rate of increase in the past five years has been at 6 per cent. In Britain, for instance, there are countless semi-financial institutions, such as the hire-purchase companies and building societies which are offering 7 to 8 per cent. Many of them have resources which are far above those of the biggest Indian banks. They are able to earn very much more than the banks, because they are not handicapped by all sorts of legal impediments such as liquidity reserve requirements. Some such semi-banking institution would appear to be urgently called for in the present economic and financial set up of India, too, provided, of course, it is started on a sufficiently large-scale and proper lines.

India needs an institution which will provide not only a safe and lucrative return on people's savings but also offer at the same time a hedge against inflation. As the general price level is rising, people want a corresponding increase in the value of their investments, so that, in real terms, their savings do not depreciate. In the U.K. and elsewhere in Europe, investment trusts do provide this facility and hence their popularity. Not long ago, the Reserve Bank published an article in its *Monthly Bulletin* on this subject. An investment trust will thus go a long way towards attracting the savings of people to an appreciable extent—savings which are not being attracted by the banks and which, in any case, cannot be attracted, as they are very expensive. Such savings are now being absorbed partly by the industries directly and partly in real estate and in the unorganised monetary sector. It is these savings that require harnessing. By capturing such savings, investment trusts of the type mentioned above can perform yeomen service to the country. They can channel savings into industries by buying their equities. Incidentally, they will also enable several of the existing industries to strengthen their capital base which is what is wanted. The banks, too, will be well advised to welcome such a scheme, as their deposits will not be tampered with and as anything that assists the industries in their long-term requirements will make them more creditworthy. The end in view in the case of both the proposals is just the same, namely, long-term finance for industries. But there is a lot of difference in the implications. The idea of a separate industrial bank in the private sector is outmoded, whereas that of an investment trust is modern. There are plenty of institutions to provide industrial finance, but there are no investment trusts of the type mentioned here, an institution that combines two roles in one, namely, provision of long-term and medium-term industrial finance and investments to investors who wish to have a fairly decent return as well as a hedge against inflation.

MARKET GOSSIP

Equities Still High

THE downward trend in equities which was conspicuous during the past two weeks has been arrested. It is quite likely there may even be a sizable advance in the next few days as a result of short-covering. But this does not necessarily mean that the worst is over, for equity values, in general, are still high and the yields on first class shares are so low that they are unattractive. Here and there one may find scope for bargain hunting, a task that can be well performed only by informed operators and investors who know which company is doing what. Almost all the well known growth scrips such as Union Carbide, Metal Box, Dunlop Rubber, T.E.L.Co., Larsen and Toubro, Gwalior Rayon, South India Viscose, Century, Calico, Alkali Chemical, Atul Products and Indian Aluminium, to mention only a few, are, however, still standing at levels at which the return seems to be poor, even though they are perceptibly below the highest level at the peak of the boom a few weeks ago. There is considerable reluctance among investors to book their profit in these scrips, for a number of reasons: (1) They are not quite sure that the scope for further appreciation in the value of these scrips has been exhausted. This may be wishful thinking, but it is there. (2) Most of them are seeing such a large profit on paper that the very idea of having to pay a part of it to the Government, if it is realised, discourages them from selling. And (3) there is the difficulty of finding comparable scrips for reinvesting the sale proceeds.

But what is the scope for further capital appreciation in scrips of the aforesaid type in the near future? This is the question that must be examined before one decides to make fresh investments in these scrips at the current level of prices, because the yield consideration in their case is only of secondary importance now, as the return is already very low. To be worthwhile, the capital appreciation in these scrips must be sufficiently large to offset the loss of interest an investor has to incur over the number of years he has to wait for the companies concerned to raise the dividends and other benefits to levels that would justify the present expectations of the market, let alone its future expectations. If adequate allowance were made to this aspect, one would find that the present levels of most of the growth scrips are not tempting enough. The list of new issues, however, may disclose attractive bargains, if a careful search is made.

But there are many imponderables, political and economic alike, that warrant caution. Prime Minister Nehru has already told the committee drafting the election manifesto of the Congress Party that the socialist pattern of society must be clearly defined and specific goals outlined. He is also believed to have recast the first chapter of the third Plan report drafted by the Planning Commission experts. It is bound to have some statements on private enterprise, profit motive, etc., that may be regarded as disturbing by the share markets. And the report is expected to be published early next week, soon after Parliament assembles. A few weeks thereafter, there will be the A.I.C.C. meeting at Madura which may also provide some shocks. Then, there is, of course, the arms race between India and Pakistan. There are persistent reports of violation of cease-fire agreement by Pakistan on the Kashmir front. The international political situation is also tense.

In the economic sphere, a further rise in interest rates and credit squeeze during the ensuing busy season are quite on the cards. The foreign exchange situation is disquieting from the view-point of maintenance imports, the need for which seems to be expanding with more and more of new industries reaching production stage. No satisfactory solution has yet been found to shortages of fuel, transport and raw materials. Even the Union Carbide's expensive new plant at Trombay is reported to be working only three days a week. The destruction wrought by floods in many parts of India has only aggravated the position in this respect. Abroad in the world, too, disturbing developments are taking place. The pound sterling has, of course, staged a substantial recovery following the stern measures taken by the British Government last week and its application to the I.M.F. for a large credit. But there is nothing to be surprised about this recovery, for it is chiefly the result of liquidation of the bear position in sterling that had been built up earlier. The stepping up of defence expenditure by the U.S. and Russia by huge amounts has also raised hopes of a significant expansion in world trade in the coming months. Nevertheless, the fact remains that, basically, Britain's position is still vulnerable and so also that of the U.S. The fear of devaluation of some currency or other may reappear again.

The Government of India has not given up its intention to introduce certain new measures designed to curtail speculation in share markets. Talks are still going on with the stock exchange authorities. Apparently, the Government wants to carry the governing boards of stock exchanges with it rather than force its decisions on them. Hence the delay, we understand, in announcing the solutions the Government has in view. It would appear that the Government is not satisfied with the explanation that, as equity values are now well below the highest levels touched earlier, there is no need to proceed with the imposition of new restrictions on buying and selling of shares.

What does all this amount to? It means that the chances of a further fall in equity values during the coming weeks are greater than the chances of a rise.

Britain and Common Market

The U.K. Government has at last taken a momentous decision to make a formal application under Article 237 of the Treaty of Rome for negotiations with a view to joining the European Economic Community. This decision, announced by the Prime Minister, Mr. Harold Macmillan, in the House of Commons on 31st July 1961, does not, however, commit the British Government to anything, for the final decision to join the E.E.C. would depend on the outcome of the next stage of bargaining. Mr. Macmillan has referred specifically, in this connection, to the need for making satisfactory arrangements to meet the special needs of British agriculture, of the Commonwealth and of the European Free Trade Association (E.F.T.A.) of which the U.K. is a member. The negotiations for reaching a satisfactory agreement on the three issues, according to him, "must inevitably be of a detailed and technical character, covering a very large number of the most delicate and difficult matters" and "they may, therefore, be protracted and there can, of course, be no guarantee of success."

But the will to succeed seems to be there, for Mr. Macmillan himself has made it clear that the risks and danger of failure are very great. Since the United Kingdom is wedded to the goal of European integration, it cannot contemplate with equanimity the danger of a permanent rift in Europe—a danger inherent in a possible failure to reach a satisfactory agreement with the E.E.C. It looks as if neither the issue bearing on the special interests of British agriculture nor the E.F.T.A. issue is likely to present any insuperable difficulty. It is already considered possible that the British farmers can be convinced of the likelihood of their agriculture gaining from Britain's entry into the Common Market. In any case, it is said that British agriculture cannot justifiably expect precise guarantees, while the Common Market Six have not so far evolved a common agricultural policy for themselves. The E.F.T.A. issue, too, seems to be easily negotiable, as is evident from the declaration, made on 31st July 1961, of the Ministerial Council of the E.F.T.A. According to this declaration, the E.F.T.A. Governments consider that the decision of the United Kingdom Government to take the initiative announced by the Prime Minister, which was followed by a similar statement by the Danish Government, provides an opportunity to find an appropriate solution for all E.F.T.A. countries and thus to promote the solidarity and cohesion of Europe. The E.F.T.A. declaration continues:

> "The members of E.F.T.A. consider that it is the duty of all concerned not to miss this new opportunity. E.F.T.A., for its part, will, on the lines set out in the London *communique*, do everything in its power to seize it. All member States of E.F.T.A. declare their intention to examine with the European Economic Community ways and means by which all members of E.F.T.A. could take part together in a single market embracing some 300,000,000 people."

It would appear that all the E.F.T.A. countries are anxious to join the E.E.C., with a view to achieving economic and, possibly, political integration in Europe to meet the Soviet challenge. That the good offices of the United States, which is very much interested in such integration, will be available to bring the Six and the Seven to merge on mutually satisfactory terms, is also as good as certain.

But the third issue bearing on the special interests of the Commonwealth is bound to present greater difficulty. It remains to be seen whether the Six will appreciate Mr. Macmillan's view that "the Commonwealth is a great source of stability and strength both to Western Europe and to the world as a whole." If the Common Market is to become an outward-looking low-tariff group of countries, the Governments of Commonwealth countries as well as those of others, notably the U.S., will have to think alike on the issue and stand together for safeguarding their trading interests. It is to be hoped that the special Commonwealth Premiers' Conference that may be convened at some stage or other to consider the issue will take an agreed line and present a united front.

Monsoon Madness in Ceylon

In an effort to cover an anticipated deficit of Rs. 701 million in Ceylon's budget for 1961-62, Mr. Felix Dias Bandarnaike, the Finance Minister, has proposed a series of new tax measures which are bound to have adverse reactions on the economic development of that Island. Of the new tax levies suggested by the Finance Minister, the one which is capable of causing the maximum damage to Ceylon's economy is the proposal for imposing a ceiling on incomes. Under his proposal, a single person without dependents would be left with a net income of not more than Rs. 37,000 per annum. For persons with dependents, the ceiling would vary between Rs. 40,000 and Rs. 54,000. The only redeeming feature of the proposal is that half of the excess income would be restored to tax-payer in the form of development bonds giving about 5 per cent tax-free interest. The bonds would be encashable for investment in approved industrial project. What of what use will this investment be if the income from such investments is then taxed at the penal rate, so that an assessed total net income may not exceed the specified ceiling?

The proposal to abolish the exemption of first slab of Rs. 2 lakhs in calculating the liability on wealth tax will also affect the same class of persons as would be hit by the ceiling on incomes. As a result of this change, wealth tax liability would increase by half per cent on Rs. 2 lakhs or Rs. 1,000 to be precise. Further, every individual earning more than Rs. 300 will also be liable to pay a development tax at the rate of 4 per cent. Furthermore, self-employed persons in professions, trade or business, who are Ceylonese nationals, would be charged a registration tax varying from Rs. 50 to Rs. 350 per annum on a graduated scale. The non-nationals are already being forced to pay Rs. 1,000 per year by way of registration tax.

It is not very difficult to see that the cumulative effect of all these measures would be to destroy the incentives for savings, investment, and hard work which alone can ensure rapid economic development of the Island. The new levies will further scare away the foreign investor who has already been sufficiently frightened by the Trotskyist-dominated trade unions and the constant threat of nationalisation of foreign owned plantations. It is common knowledge that foreign capital has been trickling out of the Island ever since independence. Mr. Bandarnaike can now take credit for creating an appropriate climate for its quicker and more substantial outflow.

The Ceylon Government is certainly setting a bad example for the underdeveloped countries in Asia and elsewhere. Its latest fiscal policy will act as a damper to the movement of private foreign capital to these countries as a whole, as they will have an adverse psychological effect. They may give rise to the fear that, if the Ceylon Government were to behave in this manner, other Asian Governments also might be tempted to do so. This consideration apart, the new taxes are clearly suicidal from the point of view of Ceylon itself, when it is borne in mind that its economy has not yet made much progress in industrialisation. Most of the Government enterprises established in the past have been notable for their high cost and inefficiency of management. Ceylon has also little experience of industry and is singularly poor in skilled labour. Many of the industries to be established there will necessarily have a very high import content in the early stage of development. Thus the Island's dependence on foreign capital and technical as well as managerial personnel, is bound to remain very heavy in any programme for quickening the pace of industrialisation. It is needless to add that only the Communist countries will feel happy over the latest fiscal onslaught of the Ceylon Government.

As if the aforesaid tax proposals were not sufficiently harmful, Mr. Bandarnaike also announced a number of restrictions on foreign banks working in Ceylon. Under the proposed legislation, the Ceylonese nationals and Ceylonese corporate bodies will be prevented from opening new accounts with the 10 foreign banks operating in Ceylon. Of these 10, four (including the State Bank) are Indian Banks, one belongs to Pakistan and the remaining five are British exchange banks. Mr. Bandarnaike has not clarified whether these banks would also be prevented from extending loans to Ceylonese enterprises. But the restrictions on the collection of deposits by them will themselves surely affect their lending capacity. It is a crude way of pushing out foreign banks in order to protect indigenous banks and the worst sufferers will be the Indian banks, as they do not have surplus funds to be transferred to Ceylon for continuing their business. That apart, this kind of restriction on foreign banks will also arrest the inflow of foreign private capital.

Distribution Controls on Cotton

Now that the supply position of cotton has considerably improved, thanks to the good crop last season and the liberal imports, the question of a return to normal methods of distribution of cotton, instead of the present system of mill quotas and compulsory surveys, has come to the fore. It was broached by the East India Cotton Association when its members met Mr. K. C. Reddy, Union Minister for Commerce and Industry, this week in the City. The Minister assured traders that the mill quotas and compulsory surveys would not be retained for a day longer than was absolutely necessary. Although he conceded that the supply position of cotton had very much improved now, as compared with the previous season, he made it clear that a decision to abolish the quota and survey systems would depend on the size of the crop in the coming season (1961-62). According to him, the Government was not in a position to take a decision now, because it was too early to assess the size of the crop. Warning against any haste in the matter, he pointed out that the 1959-60 crop ultimately turned out to be hardly 3.85 million bales, although it had been estimated at five million bales even as late as October 1959. It was easier, in his opinion, to relax controls than to reintroduce them once they were abolished. The Minister, therefore, counselled patience and pleaded for caution in dealing with the question of relaxing controls on cotton.

The cotton trade bases its case for abolition of the quota system and compulsory surveys on an analysis of the supply position. The carryover of Indian cotton on 1st September 1960, it points out, was of the order of 991,000 bales. The crop during the current (that is, 1960-61) season has aggregated 5.22 million bales, giving a total supply of Indian cotton of 6.21 million bales. Foreign cotton supplies amount to 1.26 million bales, comprising a stock of 459,000 bales and imports of about 800,000 bales. Total supply of Indian and foreign cotton combined, during the season, therefore, works

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EQUITIES RECOVER

GOOD SUPPORT FOR CEMENTS

(From Our Own Correspondents)

BOMBAY, *3rd August*

THE Stock Exchange had only four working sessions during the week under review, as it remained closed on Saturday 29th July (succeeding day of the account ending period) and Tuesday the 1st inst. (Tilak *Punyatithi*). In the first two sessions, that is, on Friday and Monday, the market ruled distinctly easy, with values of most counters drifting downward, for offerings of scrips were fairly large, while fresh buying support was lacking due to lack of new incentives. Bull operators felt that, since the current settlement period was three-week long—the last day for business is fixed for Friday the 18th inst.—*badla* charges might be higher. They were, therefore, inclined to liquidate their holdings and book profits. The sentiment of the market, however, improved on Wednesday, thanks chiefly to the British Prime Minister's assurance that the interests of Commonwealth countries would be taken into consideration in case the U.K. joined the European Common Market. There were, besides, reports suggesting the possibility of a number of important counters receiving institutional support. It was stated that the Investment Committee of the L.I.C. was meeting on Thursday the 3rd inst., presumably to consider buying of some scrips. Another helpful factor was provided by encouraging advices from Calcutta which was evidently impressed by Indian Iron's production of 65,720 tons of steel in July, as against 50,089 tons in June. As a result of all these factors, equities staged a recovery on Wednesday which gathered further momentum today.

The market received good corporate news. The Victoria Mills has sought official permission to capitalise reserves to the tune of Rs. 4.40 lakhs to issue bonus shares in the ratio of one equity share for every four shares held. The shares of the Company spurted in the course of the week from Rs. 461.25 to Rs. 487.50, showing a net gain of Rs. 26.25. The Gwalior Rayons has stepped up the dividend from Rs. 2 per share to Rs. 2.25 per share. As, however, the market circles had expected a larger distribution, the shares actually declined by Re. 1.20 to Rs. 50. Another Company to announce higher dividend during the week was Greaves Cotton whose profits for the year ended 31st March 1961 are higher at Rs. 50.63 lakhs, as against Rs. 46.32 lakhs in the preceding year. The Company has raised the distribution on the ordinary shares from Rs. 11 to Rs. 13 per share subject to tax. Reflecting satisfaction of operators over the performance, the scrip rallied from Rs. 178.50 to Rs. 188.50. Jiyajeerao Cotton has returned to the dividend list with a modest distribution of 3 per cent (subject to deduction of tax) for the year ended 31st March 1961. The scrip was firm at Rs. 12.

In the steel section, Tata Steels opened at Rs. 157 as against the previous closing of Rs. 157.25, and eased to Rs. 155.50 on Monday. In the subsequent two sessions, however, they received good support and recovered to Rs. 156.50. Over the week the scrip lost 75 nP. Indian Irons displayed a similar trend. They opened lower at Rs. 26.80, as against Rs. 26.90, and declined further on offerings from both local and Calcutta interests to Rs. 26.50 on Monday. Thereafter they recovered to touch at Rs. 26.70, the net loss over the week being 20 nP. Mukand Irons fell from Rs. 27.40 to Rs. 26.65.

Textiles showed an irregular trend. Some of the speculative counters suffered a setback to values, notably Centurys, Simplex, Kohinoors, Khataus and Standards. But Dawns, Davangeres, Mafatlals, Phoenix and Victorias recorded gains. Centurys opened lower at Rs. 674 and drifted lower on selling pressure to Rs. 665 on Monday. On the subsequent two sessions they met with speculative support and short covering which lifted up the quotation to Rs. 670.50. The loss over the week was as much as Rs. 4.50. Simplex eased from Rs. 197 to Rs. 194 on Monday. Thereafter, they moved both ways in a narrow groove before closing at Rs. 194, showing a loss of Rs. 3. Kohinoors shed Re. 1.50 to Rs. 289. Bombay Dyeings receded from Rs. 67.60 to Rs. 66.40 on Monday. They, however, recovered subsequently and touched Rs. 68.10 today. Towards the close, they were easy again at Rs. 67.40.

In refreshing contrast to the previous week's performance, cement shares registered a rise in values. Associated Cements opened at Rs. 160 as against the previous close of Rs. 160.50 and after receding on account of stale bull liquidation to Rs. 158 on Monday, elicited fresh buying support thereafter and recovered to Rs. 161. Digvijays also evinced keen support and went up by Rs. 9 to Rs. 165.50. Orissas put on 28 nP to Rs. 15.16.

Shipping shares continued to be neglected. Scindias opened at Rs. 13.80, same as the closing rate for the previous week, and eased in subsequent session to Rs. 13.72 today. The net loss was 8 nP. Great Easterns shed 36 nP to Rs. 13.52. Among automobiles, Premier Automobiles were unaltered at Rs. 159.50. Hindustan Motors dropped 16 nP to Rs. 21.48.

Sugar shares ruled firm. Belapurs, which had declined from Rs. 250.50 to Rs. 248 on Monday, recovered subsequently on bull support and short covering to Rs. 252 showing a net gain of Re. 1.50 over the week. Phaltans gathered Rs. 2 to Rs. 130. Bhopals put on 24 nP to Rs. 24.76. But Walchandnagars encountered selling and dropped Rs. 3 to Rs. 163.

In the engineering section, T.E.L.Cos. opened at Rs. 363.25, as against the previous closing of Rs. 364.50. They moved down to Rs. 355.50 on Monday but recovered thereafter to Rs. 361 today. Larsen and Toubros eased by 50 nP to Rs. 38. Bradys lost Rs. 9.50 to Rs. 80.50 and T. Maneklals Rs. 2.50 to Rs. 562.50. But Cooper Engineerings received good support and hardened by Rs. 6 to Rs. 182. Alcocks gained Rs. 2 to Rs. 272.

In the chemical section, Tata Chemicals declined from Rs. 18.88 to Rs. 17.88. Alembics fell by Rs. 5 to Rs. 232.50. Polychems suffered a loss of Re. 1.25 to Rs. 211.25. Adarshas shed a rupee to Rs. 92. Amar Dyes were quiet at Rs. 350 and Ultra Marines at Rs. 106. But Colour Chems gained Rs. 2.50 to Rs. 345. Indian Dyestuffs evinced keen enquiry and spurted from Rs. 465 to Rs. 470.

Rayon shares met with selective support. National Rayons opened lower at Rs. 539, as against the previous closing of Rs. 540.50 and declined to Rs. 531 yesterday. At this level support ensued and the scrip moved up to Rs. 535 today. The net fall over the week was Rs. 5.50. Baroda Rayons gained Rs. 3.50 to Rs. 140. South India Viscose gathered Rs. 2 to Rs. 186. But Indian Rayons were fully steady at Rs. 74.

In the miscellaneous section, Voltas eased by Re. 1.50 to Rs. 287. Bombay Burmahs opened at Rs. 589 and gained a rupee in initial deals. Later on selling pressure took down the rate to Rs. 581 on Monday. The scrip moved up again in subsequent sessions and touched Rs. 587.50 today. Laxmi Starchs fell by Rs. 6.25 to Rs. 203.75. Indian Hume Pipes shed 25 nP to Rs. 177.25. Escorts lost an equal amount to Rs. 23.76. Premier Tyres declined by Rs. 2.50 to Rs. 123.50 and General Tyres by 28 nP to Rs. 6.20, while Ceat Tyres picked up Rs. 3.75 to Rs. 213.75. But Killicks were steady at Rs. 98.50. Permanent Magnets gained a rupee to Rs. 85. B. Oxygens spurted by Rs. 2.50 to Rs. 59.50. Isaac Holdens gained 12 nP to Rs. 18 and Ogales 36 nP to Rs. 5.88. Tata Oils improved by a rupee to Rs. 75 and Wimcos by 50 nP to Rs. 269.

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Madras Stock Exchange

MADRAS, *2nd August*

Equities continued to encounter selling pressure, with values drifting lower on a wide front. The decision of the U.K. to apply for membership of the European Common Market led to fears that exports of textiles, tea, coffee and several other goods would be affected greatly. Further, advices from Bombay and Calcutta were non-too-encouraging. Sugars ruled distinctly easy, in view of heavy accumulations of stocks with several mills. Even the Union Food and Agriculture Minister's statement at the annual meeting of the Indian Sugar Mills' Association that the Government was considering measures, such as reduction in excise duty and liberalisation of controls on distribution, in order to step up domestic consumption failed to have any effect. Teas were subdued, notwithstanding reports that the total imports of tea by Britain, during the first five months of 1961 were higher by 19 million lbs. as compared with the corresponding period last year, with India accounting for almost the entire additional supply. Coffees were depressed on account of reports that several major coffee-growing areas had suffered severe damages from heavy rains and floods. The latest move of the Coffee Board to give a fillip to exports through replacement of closed tenders by open auctions, revised scheme of allocation to different markets, more intensive propaganda abroad and appointment of an expert foreign "cup taster" was welcomed, but operators were not enthused to extend their commitments, as they considered the prices received by growers to be uneconomic. Expectations of a larger Brazilian coffee crop during the 1961-62 season also acted as a damper. Rubbers were listless. Textiles gave way, with the exception of a few popular scrips which elicited special support. Miscellaneous shares ruled dull.

Among teas, Kil Kotagiris softened by 9 nP to Rs. 4.67, Chembras declined by 8 nP to Rs. 3.85. Blue Mountains rose initially from Rs. 3.12 to Rs. 3.14, but eased later to Rs. 3.07. Neelamalais dropped 5 nP to Rs. 4.10 and Waterfalls 3 nP to Rs. 2.95. Pernakaramalais shed 2 nP to Rs. 3.88; they had touched Rs. 3.92 earlier in the week. Nonsuchs were dull at Rs. 28.20, Highlands at Rs. 14 and Devasholas at Rs. 30.25.

In the Coffee group, Balanoors retreated from Rs. 16.30 to Rs. 15.60. Coffee Lands lost 15 nP to Rs. 18.25. Cowcoodys shed 10 nP at Rs. 4.65. Consolidated Coffees, which had hardened from Rs. 21.10 to Rs. 21.15 initially, fell back to the last week-end level at the close. Ouchterlony Valleys were neglected at Rs. 3.65. Rajendras changed hands at Rs. 12.12, same as last week, and Anaparais at Rs. 3.95. Amalgamated Coffees were maintained at Rs. 12.50.

Price movements in rubbers were narrow. Cochin Malabars fell from Rs. 7.50 to Rs. 7.20. T.R. and Ts declined by 15 nP to Rs. 9.50 and Midlands by 10 nP to Rs. 11.60. Malankaras and Vaikundams were subdued, the former at Rs. 17.75 and the latter at Rs. 31.25. Velimalais were dull at Rs. 5.85. The Directors of the Company have recommended a lower dividend of 10 per cent (taxable) for 1959-60, as against 12 per cent for 1960-61.

Textiles generally lacked support. South India Viscose were marked down by Rs. 3.50 to Rs. 182. Anglo-French lost a rupee to Rs. 129.50. Lakshmis fell from Rs. 169 to Rs. 166.75 before recovering to Rs. 167. Madurals receded by 15 nP to Rs. 36.95. Radhakrishnas shed 5 nP to Rs. 31.70 and Kotharis 2 nP to Rs. 12.48. Coimbatore Pioneers were dull at Rs. 205.87. Coimbatore Spinnings at Rs. 53. Mettturs at Rs. 382 and Premiers at Rs. 287. Buckinghams, however, were well favoured and spurted by Rs. 5 to Rs. 238.

Among miscellaneous industrials, Tube Investments declined by Rs. 3 to Rs. 260. F.A.C.Ts eased by 47 nP to Rs. 10. Mysore Chemicals were quiet at Rs. 24, as also Mysore Fertilisers at Rs. 11.67 and Travancore Chemicals at Rs. 18.75. But Mettur Chemicals rose by 10 nP to Rs. 14.70 in anticipation of a higher dividend. Andhras Cements decreased by 22 nP to Rs. 9.65. Travancores shed 17 nP to Rs. 7.50. Indias dropped 4 nP to Rs. 6.58. Mysore Papers eased by 60 nP to Rs. 21, despite the proposed issue of one million shares of Rs. 10 each at a premium of Rs. 2 each to shareholders as on 31st August 1961. Ashok Leylands were unchanged at Rs. 9, Textools at Rs. 181 and Western India Plywoods at Rs. 223.50.

The net profit of the Indian Overseas Bank Ltd., for the half year ended 30th June 1961, subject to audit, including the sum of Rs. 1,92,434.52 brought forward from the last year's account, amounts to Rs. 19,97,365.95.

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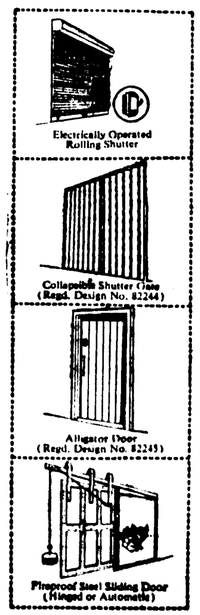

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NEWS IN BRIEF

THE Union Labour Ministry proposes to extend the scheme of workers' participation in the management to all public sector undertakings.

The total number of persons eligible for voting in the next general elections is estimated at 210 million, as against 193 million in the 1957 elections.

The second machine tools plant of the Hindustan Machine Tools, Bangalore, was inaugurated by Prime Minister Nehru on Friday last week.

The first batch of 800 watches, produced at the new watch factory of the Hindustan Machine Tools, Bangalore, in collaboration with a Japanese firm was released by Prime Minister Nehru on 28th July.

The West Bengal Government proposes to establish shortly a factory at Madhughat, near Malida town, to produce raw silk of international quality with 100 basins. The proposed factory will have an annual capacity of 25,000 lbs.

The Highways Research Station at Madras has designed a new equipment for testing the bearing capacity of the soil prior to determining the type of pavements and the thickness of the road crust. This is claimed to be the first of its kind in India.

A committee, with Mr. B. P. Patel, I.C.S., Adviser to the Planning Commission, as Chairman, has been set up by the Government of India to examine the possibility of routing *taccavi* loans to farmers through co-operative societies.

The Supreme Court has granted special leave to a Director of the Palai Central Bank, Mr. Joseph Kuruvilla Vellukunnel, to appeal against the judgment of the Kerala High Court, dismissing his petition against the winding up of the Bank.

The quantum of water available from the Bhakra dam for power generation and irrigation this year will be 2 million acre-feet, which is more than five times the storage last year. The dam will thus attain one-third of its live storage capacity of about six million acre-feet.

A proposal for the establishment of a telephone assembling plant at Guindy in Madras State as a branch of the Indian Telephone Industries, Bangalore, is being considered by the Government of India. The Guindy plant will form part of the expansion programme of the Indian Telephones.

The first crop insurance claim in India, amounting to Rs. 2,140, has been paid by the Union Co-operative Insurance Society, Ahmedabad, to a cotton cultivator, who had insured his cotton crop with the Society. The Society has indemnified the farmer by making good the loss he had suffered owing to low production, under the scheme of crop insurance put into operation last year.

A particular kind of soap suitable for use with sea water has been developed by the Naval Chemical and Metallurgical Laboratory, attached to the Naval Dockyard, Bombay. The Laboratory has also developed paints, which are anti-corrosive and suitable for use against marine borer attack of wooden craft, as well as a portable kit for petroleum and fuel oil for use in ships.

The Oil and Natural Gas Commission proposes to commence test drilling for oil at Shahjehanpur in U.P. in September. This is one of the two sites selected by the Commission in the Ganga Valley where aeromagnetic surveys have indicated sediments of the order of 8,000-10,000 metres in thickness. Work on the other site, near Budaun (in western U.P.), will also be started in a few months.

The heavy water plant, now being constructed with West German collaboration at Bhakra Nangal, will go into production by the end of this year. The plant, estimated to cost Rs. 1.15 crores, is designed to produce annually 14.5 tons of heavy water, which is a basic material for producing nuclear energy. About half of this will be consumed by the Atomic Energy Commission, and the other half is meant for exports initially.

The Government-controlled Institute for Industrial Reconstruction in Italy is willing to collaborate with Indian industrialists for the establishment of industries, such as heavy and electrical machinery, machine tools, marine engines and compressors, according to the report submitted to the Government of India by an official mission which toured Italy during April-May. In this report the mission has suggested that the matter should be pursued at government level.

The Reviewing Sub-Committee of the Central Advisory Council on Industries has been reconstituted, with Dr. H. N. Kunzru, M.P., as Chairman. The functions of the Committee are to advise the Government in the matter of issuing licences for new undertakings or for expansion of existing units and also to review all industrial licences issued, rejected applications or those amended or revoked, from time to time.

A proposal for the establishment of a separate financial corporation for hotels for granting loan on easy terms to prospective hoteliers is understood to have been considered by the Central Tourist Development Council at its meeting on the 4th inst. held at Chandigarh. It is estimated that there are now only 7,500 hotel rooms available in the whole of India for foreign tourists, this number falls short of demand. There is need for increasing hotel facilities by 50 per cent immediately and doubling its present accommodation in the next ten years.

The Oil (India) Private Ltd. has been granted rights for further oil prospecting in an area of about 1,800 sq. miles in the north-eastern part of Assam, under an agreement signed at New Delhi last week between the Government of India, the Burmah Oil Company, the Assam Oil Company and the Oil (India) Private Ltd. Under the agreement, the Government and the Burmah Oil Company will each hold 50 per cent of the shares in Oil India Ltd. and will be equal partners in the enterprise. The foreign exchange required for the project will be met by the Burmah Oil Company.

The Coal Controller, Government of India, has introduced a coupon system for movement of coal, except in Assam and Andhra, where grading of coal has not yet been made. The coupon system, which replaces the system of road permits and passes, is applicable to collieries raising Grade II coal and below. Soft-coke will also be covered by the new scheme. The collieries will be allowed to despatch coal to consumers by road or river upto a maximum of "the monthly average quota," which is based on 75 per cent of the monthly average output and 50 per cent of month-end stocks.

A four-member delegation, led by Mr. Sanjoy Sen, President, Indian Leather Technologists' Association, is leaving for the U.S. to attend the seventh Convention of the International Leather Chemists Societies at Washington. At this convention, Mr. Sen, Chairman of the National Tannery Co., Ltd., and a member of the Leather Development Council, Government of India, and Dr. Nayudamma, Director of the Central Leather Research Institute, will present technical papers. The delegation will have an opportunity to study the possibilities of increasing Indian leather export to the U.S.

The jute crop position during the 1961-62 season is considered to be encouraging by the Central supervisory body for jute which met at Calcutta recently. The meeting was attended by the Jute Development Commissioner and by representatives of Planning Commission, Central Government and also Governments of jute-growing States. It considered proposals for building a buffer-stock and fixing a floor price for raw jute. Meanwhile, the Indian Jute Mills Association has submitted to the Government a plan for the creation of a buffer stock of raw jute.

A five-year programme for economic development of Bhutan, involving an outlay of about Rs. 17.5 crores, has been accepted by the Government of India and the Government of Bhutan. An important feature of the programme is the building of roads and establishing a system of road transport which, together, are expected to involve an outlay of Rs. 12 crores during the five-year period. Agricultural programmes, including forests, will entail an expenditure of approximately Rs. 1 crore. Development of power resources in the form of micro-hydel projects may cost Rs. 7.32 crores, education, medical, public health and social welfare Rs. 2.65 crores, and miscellaneous schemes Rs. 23 lakhs.

Processes for the commercial production of bimetals from indigenous metals and alloys have been developed at the National Metallurgical Laboratory at Jamshedpur. These bimetal compositions are suitable for a wide range of uses, including a general purpose type for use at temperatures up to 200 degrees C. Bimetals find several uses in industry, such as circuit-breakers and overload protection devices in electric instruments, for starting certain mechanisms and for controlling, regulating and indicating temperatures. Among other bimetal compositions developed at the National Metallurgical Laboratory is one of a high temperature type for use up to 300 degrees C. and another special purpose type having very high thermal and electrical sensitivity.

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From Abroad

A new Planning Commission, with President Ayub Khan as Chairman, has been set up in Pakistan to supersede the existing commission.

Spain will import 4,665 tons of cotton from the United Arab Republic and 200 tons from Brazil, under bilateral trade agreements entered into with these countries.

The Malayan Bank rate has been raised from six to seven per cent, with effect from 28th July. The interest rate on fixed deposits was also raised from four to five per cent.

Malaya, the Philippines and Thailand have set up a joint organisation, called Association of South-East Asia (A.S.A.), to promote closer economic and cultural co-operation among these countries.

Soviet Russia has agreed in principle to grant credit and technical aid to Sudan for establishing new industries. A Soviet delegation is expected to go to Khartoum to select the sectors in which aid should be given.

New Zealand's trade deficit was higher at £57.6 million during the year ended June 1961, as compared with £15 million in 1959-60. While the surplus with Common Market countries was reduced from £41.4 million to £27.8 million, the deficit with the U.K., the principal source of imports, rose from £7.9 million to £43.3 million.

The seven signatories of Montevideo Treaty, which seeks to set up a free trade association in Latin America, began final talks at Montevideo last week. The countries concerned are Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay. Bolivia, Ecuador, Columbia and Venezuela are also expected to join the bloc in due course.

The U.K. Government proposes to announce a decision on the adoption of decimal coinage by the end of this year. This was disclosed in the House of Commons last week by Mr. Anthony Barber, Economic Secretary, while rejecting suggestions by Members for the adoption of a small crown and plastic coins. Any such change, he said, would not be considered until a decision on the decimal system was taken.

The Government of France has decided to raise the controlled price of wheat from NF40 a quintal (100 kilos) to NF41.60. Last year, French wheat output was 100 million quintals, and the Government has had to spend NF540 million on subsidies to enable farmers to export at world prices. Wheat crop this year is expected to be lower at only 68 million quintals, owing to adverse weather conditions.

The British Motor Corporation has launched a vigorous sales drive for promoting exports of vehicles to other European countries. The Company plans to spend £1 million for the project, half of which will be spent for strengthening sales and service organisations and the balance for publicity and promotional aids. This step is designed to compete effectively in the Common Market with Continental producers and the U.S. Companies established there.

A new cargo dock, extending over a mile, will be constructed by the Port of London Authority at Tilbury, on the Thames estuary, at a cost of £20 million. It will be one of the most important British dock improvements since the turn of the century, and is expected to be of immense benefit in speeding the passage of import and export of cargoes through the Port of London. Four new berths will be built initially, then eight more, to give a total dock space of about 6,000 ft. by 600 ft.

Employment in West Germany reached a new high by the end of June with a total of 20.76 million manual and office workers gainfully employed. As compared with June last year, the number of persons employed is higher by 490,000, of which the majority are either newly hired foreign workers or German refugees from the Communist Soviet Zone. Unemployment has dwindled to 99,000 (about 0.4 per cent of the labour force), and there are almost six openings to each registered unemployed at present.

The production of foodgrains by major producers in the non-communist world may be somewhat smaller in 1961-62 season, as compared with the previous year, according to the Commonwealth Economic Committee's latest bulletin. The output of wheat is expected to be lower in North America on account of dry conditions and also in Western Europe, following a decline in area under cultivation there during this season. Production of barley and oats will also be lower in North America. Maize production is likely to fall as a result of withdrawal of large areas from cultivation in the U.S. under the feed grain programme.

PERSONAL

MR. B. K. Nehru, the newly-appointed Indian Ambassador to the U.S., has left New Delhi for Washington.

Mr. Agha Hilaly, at present Pakistan's Ambassador to Moscow, has been appointed Pakistan's Ambassador to India *vice* Mr. A. K. Brohi.

General K. S. Thimayya, a former Chief of the Army Staff, has been appointed Vice-President of the United Planters' Association, Coonoor.

Mr. G. K. Singhania and Mr. V. Calloway have been elected Chairman and Vice-Chairman, respectively, of the Federation of Woollen Manufacturers in India for 1961-62.

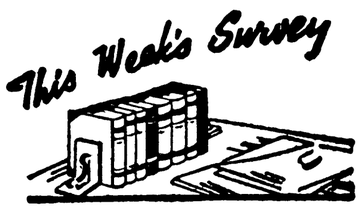
Mr. B. D. Sud, until recently the General Manager of the Post and Telegraphs Workshop at Calcutta, has taken over charge as the General Manager of Bombay Telephones.

Dr. Anwar Iqbal Qureshi, Executive Director of the Economic and Business Consultants, Karachi, has been appointed Economic Adviser to the Government of Pakistan in the Ministry of Finance.

Mr. M. J. Jamel Moideen Sahib, M.L.A., and Mr. A. Nagappa Chettiar have been elected Chairman and Vice-Chairman, respectively, of the Leather Export Promotion Council (Madras) for 1961-62.

Mr. M. N. Sambamurti, at present Accountant Member, Income-Tax Appellate Tribunal, has been appointed President of the Tribunal in place of Mr. S. C. Manchanda, who has become a permanent Judge of the Allahabad High Court.

Mr. J. J. Anjaria, Chief Economic Adviser to the Union Ministry of Finance till recently, has left for Washington to assume charge of his new assignment as India's Executive Director in the International Monetary Fund. Dr. I. G. Patel, at present the Alternate Executive Director in the I.M.F., will succeed Mr. Anjaria as Chief Economic Adviser.



ROAD TRANSPORT

THE expansion that has taken place in India's road transport industry since 1948-49 has been substantial, but by no means phenomenal. The growth in the number of goods vehicles from 83,000 in 1948-49 to about 1,60,000 in 1960-61 and in the number of stage carriages from 27,275 in the former year to 50,000 in the latter can only be described as normal or as having kept pace with road development during the period. Although, at the end of the second Plan period, the mileage of metalled roads in the country was over 144,000 and that of unmetalled roads well over 250,000, as compared with 97,000 and 147,000 respectively, in 1950-51, the road network remained deficient in several respects. Firstly, about 60 per cent of the total mileage consisted of earth-roads only. Secondly, only about 15,000 miles were covered by National Highways and, out of these, only 2,250 miles had a two-lane carriageway. And, thirdly there were numerous missing bridges on the arterial routes. On the National Highways alone, 80 major bridges remained to be provided at the end of the second Plan. It would appear from these figures pertaining to road development that the expansion in the road transport industry might have been still greater if it had been possible to metal a larger proportion of roads, provide the missing bridges and strengthen the bridges to bear a larger load.

This limiting factor, namely, the mileage of metalled roads, may continue to operate in the third Plan period when only about 25,000 miles of metalled roads are expected to be added to the second Plan's end-year total of 144,000 miles under that category. If thus the increase in the mileage of metalled roads in the third Plan is going to be at the same rate (about 25,000 miles) as in the first Plan and in the second, will it be possible for the road transport industry to increase the number of goods vehicles to 285,000 and the number of buses to 80,000 by the end of the third Plan? The answer would be in the negative, unless, of course, the first (1961-66) stage of the 20-year road plan, drawn up by the Chief Engineers of the State and Central Governments, is implemented in its entirety. As things stand, the third Plan outlay for road development is envisaged at about Rs. 350 crores (including the I.D.A. credit of Rs. 29 crores), as against Rs. 590 crores proposed for the 1961-66 period in the 20-year Plan. If the transport bottleneck that is currently slowing down the movement of coal and vital raw materials and, thereby, the tempo of industrial production itself has any lesson, it is that road transport would have to be encouraged to develop at a faster pace. The Union Transport Ministry, whose reasonable demands for outlays for road development, inland water transport, etc. in the third Plan have been met only partially by the Planning Commission, seems to have reconciled itself to the situation. In fact, there is no expression of dissatisfaction over the relevant third Plan allocations in the recent address of Mr. Raj Bahadur, Minister of State for Transport and Communications, at the third session of the Road and Inland Water Transport Advisory Committee. It looks as though his Ministry has lost all hope of any upward revision in the third Plan allocations for roads (Rs. 320 crores as against Rs. 590 crores originally expected) and for inland water transport (only Rs. 6 crores, as against Rs. 40 crores originally recommended).

Mr. Raj Bahadur's address is otherwise notable for its understanding attitude towards the road transport industry and is awareness of the handicaps under which it functions. The most crushing handicap is the taxation on motor vehicles, on which the Minister had the following to say:

> "It is well known that the Government of India have been very keen that the multiplicity of taxes on motor vehicles should be avoided and that there should be only one consolidated tax, which will not only be easy to collect but will also cause the least inconvenience to the operators. For various reasons the States have not been able to follow this policy till now . . . but no useful purpose is likely to be served by putting it off indefinitely."

But the State Governments have not only failed to respond so far to the repeated appeals of the Government of India in regard to consolidation of taxes on motor vehicles but some of them like Madras and Andhra are not also inclined to give up the extra levy of one-sixth on permits for vehicles plying on inter-State routes. The State Governments have no doubt generally accepted, in principle, the Union Transport Ministry's advice regarding consolidation of taxes on motor vehicles and tax collection through a single agency, but they continue to harp on the practical difficulties in the way of giving effect to that policy. To meet some of their practical objections, the Road and Inland Water Transport Advisory Committee, at its latest session, has recommended that wherever octroi cannot be merged with the motor vehicles tax, octroi on goods and tax on goods should be merged. If the State Governments feel their way to implement at least this recommendation, it will be a useful first step in the direction of consolidation and rationalisation of motor vehicles taxation which, with its present cumulative incidence, eats heavily into the industry's resources for expansion.

DEVELOPMENT OF CALCUTTA

It is scarcely to be expected that the crushing civic problems of Calcutta—a teeming metropolis of six million people including a million-and-a-half refugees from Pakistan—will be solved, even with the best will in the world, in a few years' time. No such expectation is in fact entertained in political and industrial circles which have been deeply concerned over the utterly miserable conditions of living in the city. Some idea of these conditions can be had from the results of the social surveys recently carried out there. According to them, 17 per cent of people in the city have no living accommodation; 30 per cent have living accommodation at the rate of one room for every three families, 6 per cent at the rate of one room for every two families and 33 per cent at the rate of one room per family. The figures for families enjoying the use of lavatories are: No lavatories —12 per cent; one lavatory for 100 families and above—4 per cent; one lavatory for 50 to 99 families—11 per cent; one lavatory for 10 to 49 families—59 per cent; one lavatory for 1 to 9 families—5 per cent, and one lavatory for one family—9 per cent.

It will be seen from these figures that families having two or more living rooms each represent only 14 per cent and families with one lavatory each 9 per cent of the city's population. The immensity of Calcutta's housing, hygienic and sanitary problems can also be figured out from the finding that 28 per cent of the city's households, representing about 27 per cent of its population, live in bustees, that is, in mud houses or houses built partly of mud and partly of bricks. At least a partial remedy can be found for these intolerable conditions, if the project (which has been canvassed for some time now) for water supply, sewage disposal, drainage and slum clearance comes to be implemented energetically in the near future.

But this project alone, estimated to cost Rs. 200 crores in all, will involve planning of the utmost complexity in an area of 270 square miles covering the administrative zones of Calcutta and 32 other suburban municipalities. The Government of West Bengal has already taken the first step of establishing, under the Chief Minister's control, the Calcutta Metropolitan Planning Organisation (C.M.P.O.) which is charged with the responsibility of evolving, through its own studies and by revising the partial plans of other public agencies, a comprehensive development plan. The task of planning, as distinct from executing a plan, is itself so difficult in the case of Calcutta that the new organisation will require technical assistance at every stage. It is this expert assistance that is now sought to be provided by the Ford Foundation which has just announced two related grants of the aggregate value of $1.4 million ($800,000 under one grant and $600,000 under the other) for the purpose of assisting the Calcutta planning agency in its difficult task.

The first grant of $800,000 is offered directly to finance a team of foreign technical consultants as required in each of C.M.P.O.'s major divisions—land planning, community design and housing, transportation, engineering and sanitation, economic and social research, and fiscal planning and administration. The other grant of $600,000 will go to the Institute of Public Administration in the United States for a programme of comparative urban research and training, based primarily on the Calcutta project. With the help of this grant, the Institute will conduct research on housing and industrial design, urban community planning, utilisation of regional resources, and other fields, as requested by the Foundation's consultants in Calcutta. With the announcement of the Foundation's twin grants, the second major step of drawing up a master plan for Calcutta is being taken in right earnest. But how long will it take to evolve and publish a draft Master Plan for the City? According to one view, it is a long way off, because it will be no easy job to secure the support and co-operation of the Calcutta Corporation and the 32 suburban municipalities, most of which are not enthusiastic about the Master Plan. This is a great pity, for the drainage, water supply and sanitation problems of Calcutta cry out for immediate solution. Surely, the obstructive attitude of existing municipal agencies should not be allowed to stand in the way of preparing a Master Plan quickly. It would be for the benefit of everyone, if the Chief Minister of West Bengal, believed to be an autocrat by nature, were to assume a certain amount of authoritarian powers for solving this humanitarian problem expeditiously and making Calcutta a place worth living in.

GOVERNMENT'S BUYING OF STORES

The Central and State Governments are bulk buyers of a wide variety of stores and equipments, ranging from consumer goods, such as food materials and textiles, to machinery and automobiles. In 1958-59, the latest year for which the report of the Directorate-General of Supplies and Disposals is available, the total value of orders for stores placed by all Government Departments aggregated about Rs. 372 crores, comprising Rs. 186 crores on account of imported stores and Rs. 186 crores on account of stores procured from indigenous sources. In view of the proposed massive investment programme in the public sector during the third Plan period, the total volume of stores and equipments is bound to go up at a rapid pace. The purchasing policy of the Government, therefore, assumes special significance. While the general policy in this respect has been in the right direction, there is still room for improvement in the nature of Government's buying operations, including uniformity and simplification of procedures, centralisation of functions and, above all, substitution of imported stores by indigenous products to the maximum extent possible.

Dr. B. Gopala Reddy, Union Minister for Works, Housing and Supply, pointed out at the ninth annual meeting of the Central Purchase Advisory Council held at New Delhi last week, that the declared policy of the Government was to use domestic sources of supply to the maximum extent possible, and to resort to imports only where they were inescapable. This policy is admittedly commendable. While imports cannot be dispensed with in respect of several items, particularly certain capital goods, for some time to come, a close analysis of the Government's purchases shows that imports of several other items can still be replaced by indigenous products. This will be possible only if a close watch is kept on the trends in the development of new industries and also expansion of existing ones within the country. The D.G.S. and D. has, of course, been making some efforts in this direction and its total purchases from indigenous sources have been progressively stepped up from a mere Rs. 41.84 crores in 1953-54 to Rs. 161.32 crores in 1958-59 and still further to Rs. 180.48 crores in 1960-61. The D.G.S. and D., according to Dr. Reddy, has taken six important steps towards encouraging indigenous industry. These include rationalisation and standardisation of specifications, consolidation of requirements of various Government Departments and long-term agreements with industry, granting of technical aid to producers, and assistance in procuring raw materials for manufacturers. If all the Government Departments, instead of buying directly, make it a point to procure their requirements as far as possible through such a centralised agency as the D.G.S. and D., which is entrusted with this specialised task, the results in terms of purchases of indigenous stores are bound to be more encouraging. This, of course, implies that the D.G.S. and D. will promptly attend to their orders and make sure that there is no delay in the Departments concerned getting their requirements. At present, their is a lot of complaint on this score.

Dr. Reddy referred in his speech to another important aspect of stores purchasing, namely, the question of prices. He observed that it had come to the Government's notice that, in respect of stores for which there was limited indigenous capacity, manufacturers tried to take advantage of the sheltered market and quoted "unreasonably high prices." The established importers of certain goods were also blamed for charging exorbitant prices. This may be true, but there seems to be an element of exaggeration in the Minister's view, for, it should not be forgotten that the Government itself is a monopoly buyer, thereby giving hardly any room for bargaining advantages to suppliers. Another fact that should not be overlooked here is that, in recent years, there has been a sharp increase in the price of all goods, in general. In the case of certain commodities like jute, the increase in prices has been due, to some extent to the partial failure of Government's agricultural policy to step up production and, thereby, ease the supply position. The Government, although it has a monopoly over its buying operations, cannot always escape the impact of the forces of supply and demand.

The suppliers of stores to Government have actually been put to great difficulties on account of delays in payment and complicated procedures. It is to be hoped that the sixteen-man committee, set up by the Government last week, will make a thorough study of these difficulties and suggest solutions designed to increase efficiency in purchasing. The Committee, headed by Mr. N. E. S. Raghavachari, Director-General of Supplies and Disposals, will have on it representatives of trade and industry, State Governments and public undertakings. It has been asked to study the purchase practices of various Government agencies and evolve, as far as possible, uniform terms and conditions of contracts, keeping in view the specialised nature of purchases made by certain public sector undertakings. The Committee will also examine the variety of Government purchases, and recommend a list of goods which should be purchased through the D.G.S. and D. and those by the purchasing agencies direct. The report will be completed by October, and will come in for discussion at the next conference of State and Central purchasing agencies scheduled to be held in December next. Any step which it may recommend towards increasing efficiency in purchasing operations and prompt settlement of bills will be naturally beneficial to Government no less than to suppliers.

WOOLLEN INDUSTRY

Under the third Five-year Plan, the woollen industry is expected to achieve a notable rise in output of both yarn and fabrics, the former from 28 million lbs. in 1960 to 45 million lbs. by 1965-66 and the latter form a little over 15 million yards to 30 million yards. It is true that the capacity of the industry as it exists at present itself is much higher than what is actually required to secure the targeted output—67 million lbs. of yarn and 48 million yards of cloth, on the basis of two shifts and 300 working days. Notwithstanding this fact, the attainment of this production target is considered to be doubtful, in view of several disquieting problems confronting the industry. What these problems are and how they can be solved were impressively highlighted by Mr. V. Calloway, the retiring Chairman of the Federation of Woollen Manufacturers in India, when he addressed the Federation's annual general meeting in Bombay last week-end.

In just one sentence, Mr. Calloway summed up the whole position: "The difficulties of the industry as a whole are attributable more to production pattern control than to any other factor, except the inadequacy of foreign exchange allocations for the import of raw materials." The control order fixing a high percentage of hosiery and knitting yarn production, it will be recalled, has been prompted by the Government's anxiety to protect the interests of the small-scale sector in woollen industry. As a result of the control order, we are told, there has been a glut of hosiery yarn in the market, leading to much hardship to mills in the form of low prices. Mr. Calloway was not at all exaggerating when he declared: "Chaos has resulted, but Government does not appear to be unduly perturbed. . . . We are gravely concerned at the measures which the Government is taking to limit the activities of the organised sector and further the objectives of the small-scale processors and operators."

If the woollen industry is to meet a part of the expanding domestic and export requirements of textiles in the coming years, it must enjoy a certain amount of freedom in the production sphere, as well as active encouragement and assistance from the Government. The assistance is needed especially for the purpose of rehabilitation and modernisation. The Working Group on Woollen Industry has clearly warned that, unless the country keeps pace with the many-sided technological developments, the progress so far achieved in the expansion of the industry will not be of much avail. The Group has also suggested grant of financial aid by the National Industrial Development Corporation to meet 25 per cent of the rehabilitation cost. It is disturbing to hear from Mr. Calloway that, while the industry is prepared to provide 75 per cent of the capital for rehabilitation and modernisation plans, the Government has not accepted the plea for N.I.D.C. loan assistance for the balance of 25 per cent amounting to Rs. 2 crores.

May be, the cotton textile and jute industries are having a priority on the limited funds available, but the authorities must consider favourably at least Mr. Calloway's suggestion for providing funds from the various credit schemes negotiated with foreign Governments. Two other suggestions put forward by Mr. Calloway also deserve consideration. One, an additional foreign exchange of Rs. 1.5 to Rs. 2 crores must be made available to the industry as early as possible for the purchase of raw materials, especially wool and wool tops. Two, the industry must be allowed to import sufficient spare parts, dyes and chemicals. The Working Group, it may be noted here, has recommended top-most priority for import of spare parts. Since the Government has already accepted this recommendation, it is somewhat surprising to hear that the mills continue to experience great hardship, as their applications for imports are being rejected on the plea of foreign exchange shortage.

SOVIET ECONOMIC CHALLENGE

The new policy programme of the Soviet Communist Party, published in Moscow on 29th July, is considered as a historic document of great significance. It spells out a programme which will, in twenty years' time, establish, according to its authors, the material basis for the

(Continued on page 288)

ON THE ARENA

By "Archer"

Increasing Tempo of Arms Race

THE projected increase in armaments which Soviet Russia and the U.S. have embarked upon is terrifying. It seems obvious that the heads of both States wish to impress on each other and on the rest of the world that a public display of their determination to face a head-on clash must be made in no uncertain terms. Mr. Khrushchev has announced that he was going back on his proposal to reduce Russian armed forces by 1.2 million men, and would, instead, increase the strength to 3.6 million, and the defence expenditure to the equivalent of about Rs. 6,500 crores. President Kennedy has answered this threat and challenge by ordering an increase in American armed strength by 226,000 men and raise defence expenditure in the current fiscal year to the equivalent of Rs. 21,600 crores. To us, in India, these monetary figures are staggering, for our target of outlay on the entire third Five-year Plan is of the order of Rs. 11,500 crores. With faith and confidence, walking 'humbly in the sight of God', we propose to invest this amount for the economic development of our country and the social uplift of our people. In a rising tempo of angry discord, the two thermonuclear powers have decided to throw a colossal quantity of their resources down the drain merely to establish that neither of them is faint-hearted. They say that they do not want to precipitate an atomic war, but the preparations which they have decided to make look like pushing them relentlessly to that monstrous eventuality. The road to disaster is being built with roubles and dollars only to be piled up, later, with the bodies of the young and middle-aged among mankind.

It was hoped that the advent of the Kennedy Administration in the U.S. would result in world tensions being eased, and the conduct of international affairs being carried on with moderation, through logic and persuasion. These hopes are being shattered. The United States and the Soviet Union find themselves inextricably caught in snares of their own creation. These two proud and angry giants who are perpetually obsessed with the need for demonstrating the superiority of their individual social systems and way of life are inexorably dragging the rest of the world into orbits of combat where a single spark may be ignited, through the slightest miscalculation, into a destructive conflagration enveloping the whole world. In the light of their declared objectives, the melancholy thought arises that it is the uncommitted nations which have a vital stake in the maintenance of peace. It is they that have to keep their pathetic faith in the conventional wisdom which asks: "Of what use is it if a man gains the whole world, but loses his own soul?"

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Elementary Wisdom

The Central Road and Inland Water Transport Advisory Committee has recommended that it is essential to retain the English script on number plates of motor vehicles from the point of view of public safety. The Committee has also stated that, if it is decided to use the Devanagari script, this should be in addition to the English script. The first portion of the recommendation is evidence of elementary wisdom, the latter portion is evidence of vacillatory pampering of linguistic fanatics. Tinkering with numerous can be only a concession to narrow prejudice and pride. Motor vehicles, whether they are privately owned or used for public transport, must be identifiable at a glance, and can be so identified only if the commonest system of marking is adopted. The English numeral is, for the present, most widely read and understood. Any other script restricts the utility of the marking. The local policeman may be able to read it, but not every man in the street, and certainly not a foreigner to the locality, even one from another part of the country. On the top of this absurdity, if vehicle owners are to be encouraged to carry two numbers on one plate it will only add to the confusion and clutter up the identification plate. The locality where such a system will prevail will be a paradise for hit and run motorists, the numbers of whom are on the increase everywhere.

The futility of using a script which is not widely understood was demonstrated on one occasion in an emporium in Bombay which had for sale a wide variety of articles essentially attractive to foreign tourists. All the price tags were in Gujarati script and no English equivalents were attached. A party of American tourists went round the showroom and were greatly interested in many of the items, for one or two of which they asked the prices, and the rest they merely examined; they found it a nuisance asking for the translation of every price tag, and the showroom assistants were also somewhat supercilious in response. Not a single purchase was made, and the assistants in the emporium were, of course, scornful. How much good custom was lost in this haughty demonstration of national pride (?) was known only at the end of the visit when the leader of the group told the manager at the counter, with withering contempt, "Look, feller, we were told that this was a good place to buy, and we were ready to spend a couple of thousand dollars here; but we see that you are running a museum, not a sales emporium. Your price tags are in Egyptian or Chinese and we are not so versatile as to read them. We can't be wasting time asking for the price of every item. Maybe we would have taken many things because the prices were attractive, but if you want to keep the prices secret, you are welcome; you keep your goods and we keep our dollars."

A second item evidencing elementary wisdom, very belated though, is another recommendation of the Central R. and I.W.T.A. Committee that a system of licensing should be instituted for country boats carrying passengers across waterways, so as to prevent boat disasters. This is a thing which should have been done years ago, and, even now, licensing will deal only with water-worthiness, not the curse of overloading. Even bullock carts and *hath gadis* (hand carts) are registered and have to pay a license fee, not because their soundness is thereby ensured, but municipalities and local boards gather sizable revenue from them. But country boats, often plying in remote areas far removed from urban centres, are not subject to any kind of inspection for their being water-worthy. Invariably, they provide the only available mode of communication and transport in interior villages which are not served by roads and are separated from the mainland by rivers and channels. The boat tragedies in recent years in the Godavari and Krishna where unregulated boat transport has been in existence for years and widely used by several hundreds of people at a time during floods and festivals, have been much discussed in the legislatures, but the obscurity of the victims has perhaps been the cause of the absence of positive follow-up action. The recent boat disaster at Delhi appears to have provoked some urgent thinking on the subject. If out of evil cometh forth good, let us hope that no country boat in the country will be left unturned for proper inspection, or, should I say, that no stone is left unturned for finding a solution to stop these recurring tragedies?

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The Ten-Year Rule

It is going to be good fun watching the course of events relating to the choice of Congress candidates for the next elections. Old stagers who were very confident of everything in the past, confident of being selected, confident of being elected, and confident of being admitted into the inner group—whatever it meant—are not so sure of anything now. The ten-year rule suggested by the Congress President is taken to be only a suggestion by some, and as a directive by others. Whatever was the intention of the President, the rule is being freely quoted by the younger and aspiring set, and is likely to serve as a convenient weapon in the hands of selection committees. Invitations have been sent out calling for applications before the end of July from all intending candidates for State Assemblies and the Lok Sabha. Fees have to be paid, and they are not returnable. Deposits are required to be made, and they will be returned to those who are not selected. The younger aspirants are found to be keen and eager for contests, but the older ones are hesitant. The financial commitments are calculated to be somewhat excessive and the electioneering work extremely arduous, especially as it still entails contacting voters individually and endless rounds of campaigning.

There is no doubt that the ten-year rule will be waived in a number of cases, as its rule-of-thumb application might result in pushing out many of the stalwarts whose services may be considered indispensable. Selective application of the rule will result in recriminations and defections. Not all the old stagers are senile or in dotage, at any rate not to the extent of remaining docile if not selected. Unfortunately, several of them can be cloth-heads steeped in outmoded ideologies, with conceited notions of their indispensability and superior wisdom. Not all of them realise that the aura of patriarchal omnipotence which surrounds them is essentially ephemeral and will vanish as soon as they are dethroned. It is such people who should be spotted and gracefully pushed out to give place to other men with good promise and credentials. Far too long we have been conferring preferments on the old guard as reward for suffering imprisonment and martyrdom. It is time there was a change, and the change should be effected in such a way as to bring into the Legislatures and Parliament persons with resilient minds, deep understanding and capacity for sustained legislative activity, who will eschew the pomp of having acquired a new status but develop the ambition to climb to positions of responsibility through hard work and merit, not by lobbying. If the ten-year rule is used effectively for weeding out fossils and recruiting live wires, the country will be the better for its imposition.

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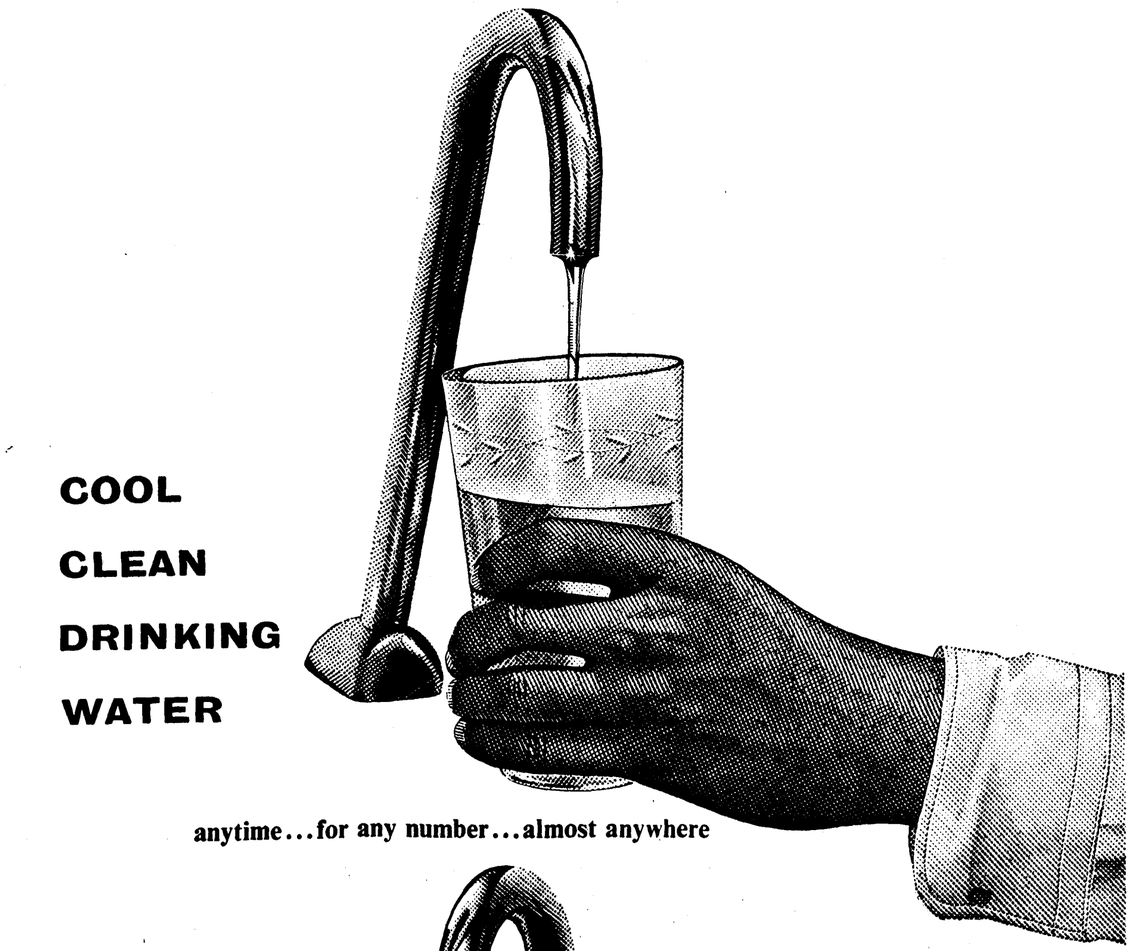
There is a Limit to Climbing Stairs

Quite a few reported cases have come to light in Bombay of middle aged men climbing four flights of stairs and collapsing at the top step through heart failure, although they were not known to have had any evidence of cardiac trouble before. Failure of the electric lift forced them to trudge the stairs to reach their flats at the doors of which they were laid flat. Cases have also come to light of eccentric lifts that stopped between floors, lifts that started moving up or down even with grill doors open, lifts that shook as if overtaken by rigour and lifts that dived into the receptacle below the ground level and stopped with a thud and bang. Lifts are blessings when they behave and curses when they do not. In any case, a lift is a must for every building with more than three floors; the third is about the limit of human endurance on the law of averages.

One should, therefore, deeply sympathise with the employees of the Income-Tax Department in Calcutta who, it is reported, have refused to occupy the fine nine-storeyed building erected there for the department, beyond the fourth floor, because there is no lift to it. Indeed, one should have some praise for their willingness to climb even four floors. The sad story of this multi-storeyed building is that it was completed three years behind schedule, but not planned effectively enough to ensure the installation of a lift to synchronise with the completion of the structure. It is stated that the Income-Tax Department in Calcutta which is now housed in a number of scattered rented buildings at a rental of Rs. 50,000 per month is unable to move into this composite structure without a lift, and that hopes of acquiring a lift from abroad are slender for the next two years.

In this context, it is very heartening to hear that the Maharashtra Government has proposed to make it compulsory for all landlords in the State to install lifts in buildings with more than two floors and *keep them open round the clock*. This requirement, (italics mine) is refreshing and elevating, for there are several utterly mean landlords who own blocks of flats where lifts cease to function for four or five hours during the day and after 8 or 9 p.m. Those who own expensive flats with elevators are not all of them very elevated in outlook; they try to save in current by imposing uncurrent modes of life on their tenants.



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NO CHANGES IN COMMERCE AND INDUSTRY MINISTRY?

ISSUE OF DEPUTY LEADERSHIP MAY COME TO THE FORE AGAIN

From Our Special Correspondent

NEW DELHI, 1st *August*

DELHI LETTER

AT long last, the importance of launching a new export promotion drive seems to have got the recognition that it had so sadly lacked all these days in New Delhi; but the actual manner in which such recognition was accorded to the subject recently by the Prime Minister has led to a controversy within the Government (in which the Press also has, it seems unwisely, participated) and the chances are that it will end in nothing. The Prime Minister's proposal to entrust Mr. Manubhai Shah, Minister for Industry, with the Foreign Trade portfolio was intrinsically a sound move. Mr. Shah has shown great dynamism in the administration of his present portfolio and has acquired a thorough knowledge of the working of industry and trade which should be of great help in framing policies that are best suited to promotion of exports. One of the major difficulties in this matter has been the tendency of business interests to regard departmental schemes and Ministerial exhortations as amateurish, since they often lacked flexibility and practical knowledge of foreign trading conditions. A Minister like Mr. Shah can easily disprove this charge by displaying his superior knowledge and by making his departments avoid their usual mistakes.

Trade Promotion

Trade promotion in any country has become a complicated affair in the post-war period, as anyone who has followed G.A.T.T. negotiations can testify. For India, which has suffered a fairly long period of stagnation of exports and will be facing new threats (like the consequences of the European Common Market), the problems are even more complex. With an obligation to earn more and more in future years to meet the bare maintenance needs of the economy, let alone the repayment of debts, the urgency of the task of expanding exports is not in doubt. Indian officials are not lacking in competence for tackling the issues, but they cannot be expected to show great powers of initiative and have lacked the necessary political support and direction for implementing bold policies. After Mr. T. T. Krishnamachari left the Ministry of Commerce and Industry in 1956, there have been few Ministers—except Mr. Manubhai Shah—who have shown a clear grasp of the problems, though they are generally wise men and pragmatic in their approach. Mr. Nehru had an opportunity recently to discover and appoint an energetic and competent Minister when Mr. Lal Bahadur Shastri took over the Home Ministry, but it was missed because of a reluctance to take a decision on the promotion of a Minister to a Cabinet post, or for the appointment of an outsider to it, within a year of the General Elections. But the routine manner in which the vacancy was filled hardly did justice to the importance of the duties attached to the post when the expansion of both trade and industry had to be planned on radically new lines and the Planning Commission had little to offer beyond vague generalities.

Apparently, the talks in New Delhi on Britain's entry into the Common Market acted as an eye-opener to the Prime Minister who normally has little time and perhaps less inclination for such details. To wait till after the elections for the changes needed in the Ministry of Commerce would have meant continuation of the present state of neglect during a period in which much preliminary work could be done; even after the elections, a much wider choice among Ministerial candidates may not be available as an alternative to Mr. Shah who has proved to be alert and active. All these were sound and important considerations in the move to make him Minister for Foreign Trade. But another side to this story has been revealed to explain Mr. Shah's reluctance to take up this charge and of others also inside the Ministry to exchange theirs with his. Mr. Shah, it is said, contends that the task of export promotion is too big to be tackled successfully between now and the General Elections and there is not time enough for him to make any impression. This is not a serious objection and can in any case be met by the argument that an early beginning has to be made; but behind it there seems to be a suspicion that the change is prompted by the pressure of Leftist groups inside the Congress Party which feel that the industrial policy as at present pursued does not sufficiently reflect the "socialist pattern" and that a more unquestioning and dogmatic follower of the Policy Resolution should be in charge. If this were true, the pressure should certainly be resisted, if only for the reason that any policy that is eventually adopted must be deemed to be that of the Government as a whole and not that of any individual Minister. Even if the Prime Minister had been convinced that there was any substance in this complaint and if this were the real cause for the initiative taken by him, he could well have waited till the elections for making changes. This is what is most likely to happen now, as a result of this episode, if Mr. Shah insists on making an issue of it, as he is reported to have done. The Prime Minister may reconsider the matter and possibly realise the inadvisability of pursuing it at this stage.

It is, however, deplorable that purely personal considerations should have eventually prevailed to shelve a matter of great national interest. Incidentally, it is interesting to hear that among Mr. Shah's objections was the need for continued watchful care over the public sector units now under his supervision; to this, the P.M. appears to have yielded so far as to permit their continuance under his supervision (there was an earlier precedent for this in the continuance of the Ministry of Steel under Mr. T. T. Krishnamachari) though it should have been clear that Mr. Shah would be continuing to function within the same Ministry and would always be available for consultation and may even legitimately exercise the right of offering advice. These are curious personal loyalties which should not be allowed to stand in the way of mobility of talented men who have to take up progressively higher responsibilities.

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Ten-year Rule

Another issue in which principle has been allowed to be dominated and obscured by personal considerations is the now famous but dying ten-year rule. There has never been any case for any rigid ceiling on the holding of office by Congress Ministers in the States or at the Centre, when talent is all too scarce for the increasing number of posts involving heavy responsibility. But, when quite a number of mediocres tend to hold posts for long periods, giving their betters or equals no chance for exercising power and patronage, much jealousy is caused and the Congress President, Mr. Sanjiva Reddy's suggestion (it was nothing more when it was made) for a ceiling on office was quite warmly received in many quarters, including those outside the Congress who had hoped for a change of faces, if not of calibre.

But the enthusiasm with which politicians of Gujarat hugged the idea to their bosom has surprised many outside that State who did not realise its implications. It was rather unfortunate that the Finance Minister Mr. Morarji Desai, who generally keeps aloof in such matters, should have so warmly supported the ten-year rule. Except where office-holders responded voluntarily, the rule would have proved difficult of enforcement and graceful voluntary retirements may not be the ones which the Congress Party could easily afford since they would involve the most self-less workers. Events have proved Mr. Sanjiva Reddy's idea to be a very superficial one; uncharitable critics may even call it a stunt, but few will regret its withdrawal now.

Deputy Leader—Who?

The upshot of the controversy that has raged over this question is that wrong men have taken hold of it for achieving ends which the rule was intended to prevent. Seeing the turn it had taken, the Congress President was quick to proclaim the rule to be dead, but Gujarat politicians were reluctant to forgo an important weapon and have consequently ignored this declaration. Their wrangles have been conducted in the full view of the Congress High Command in New Delhi and the compromise now reached is a very odd one. The parties have decided to leave it to the Election Committee to process applications for tickets according to the rules—which will not obviously include a non-existent or defunct ten-year rule. This is a reverse for the supporters of the rule (including the Union Finance Minister), though they may hope to revive it by the backdoor through influencing Selection Committees. These exciting developments illustrate the truth behind the frequent complaint that the General Election is affecting the work and concentration of leaders responsible for important policies. In a few days, Parliament will reassemble to transact a modest programme of legislative and other work including a debate on the third Plan, but here again, interest will shift to the long-drawn-out controversy about the Deputy leadership. After the elucidation by the Prime Minister at the last session of the implications of the election of a Deputy Leader, the end may appear tame, but there are still possibilities of an exciting finish.

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Plain Speaking

The leading economic event of the week is the blunt-speaking by Mr. S. K. Patil at the annual meeting of the Sugar Mills Association. While he was obviously in error in blaming the industry for not taking steps to reduce consumer prices to improve sales when most of the price-components are determined by the State and Central Governments, he was apparently thinking of the margin provided by the rebate in excise duty on additional production which the industry has not fully utilised to stimulate higher consumption. Until the industry shows initiative in offering such inducements, it will not be on strong ground in pressing for reductions in excise duties to clear off accumulated stocks. Mr. S. K. Patil has been a good friend of the sugar industry all along; he has not only helped to increase production through incentives but also assisted in finding a market for the surplus in the U.S. By not yielding to some of its unwise demands like complete decontrol and higher prices, Mr. Patil has also saved the industry from a worse crisis; but he has indicated his sympathy for the more reasonable demands for relaxation of distribution controls by State Governments. An important point he has now made is that, in view of the International Sugar Agreement, there was no question of selling any amount of sugar to anybody regardless of price (although the original deal with Pakistan at £23 per ton seemed to indicate some such intention). Mr. Patil has assured the industry that he would be the last person to deprive it of the incentives and concessions offered in the last two years; among these numerous proofs of his interest and sympathy, however, one fails to find a convincing answer to the problem of accumulation of stocks. Perhaps he is still looking to the Finance Minister for a helping hand.

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AMERICAN LETTER

U.S. UNDERTAKES PARTIAL MOBILISATION

LIMITED WAR ON BERLIN ISSUE A DISTINCT POSSIBILITY

From Our Special Correspondent

NEW YORK, *29th July*

THE upward movement in business continues along the lines outlined in my previous despatch, but unemployment remains more or less stationary at a relatively high level. This, however, is hardly on the public's mind, particularly since President Kennedy's television speech on all American television networks and since his subsequent messages to Congress calling for accelerated and additional expenditures for greater armed strength.

The President's speech was not a hastily written document. It took about a week to compose and to revise with the help of key men among Mr. Kennedy's advisors in the White House, State Department and others close to him, such as his brother Robert Kennedy, Attorney General. It represented, therefore, a cross-section of official Washington's opinion as to what should and what should not be said.

The economic undertones of the statements were strong. Because of the partial mobilisation now undertaken, the Federal Budget will, of course, be considerably larger than was anticipated just a few weeks and months ago. An increase in taxes was postponed, however, because the Treasury banks on higher revenue from corporate and personal taxes to lessen the impact of higher spending.

There were two glaring omissions in the speech. One was Cuba, which has just hi-jacked an Eastern Air Lines passenger plane at pistol point in flight. American opinion is incensed over this and the previous confiscation of American property on the island. Yet, the President said nothing about it—perhaps, for fear of antagonising other Latin American feelings. Yet, the reaction in the Kremlin must be, if the U.S. does not do anything about Cuba, it will not do anything about Berlin.

Such a possible Russian miscalculation could be logical to the Soviets, too, in view of the fact that the Allied garrisons in West Berlin are outnumbered by Russian troops and could not possibly expect to hold the city against a massive onslaught. France has her troubles in North Africa and Britain is involved in a new austerity programme.

Real Warning

Yet, President Kennedy's warning that the West intends to stay at Berlin even at the risk of war is quite real. It is comparable only to the guarantee of the British Government for the integrity of Poland which precipitated the last war. Mr. Khrushchev's domestic troubles would also seem to be an invitation rather than a deterrent to go to war which he could win easily in a limited sort of way.

The second omission in the speech was that the U.S. will propose shortly a plebiscite in both East and West Germany which would be supervised by all 52 Allied nations which helped win the last war. This was not mentioned for fear of interfering even remotely in the forthcoming elections in West Germany, at least for the time being.

The combination of circumstances, as they appear to me at present, is that a limited war over Berlin is a distinct possibility, especially after the U.S. ineffectiveness in dealing with the Cuban and Laos situations. That Washington is now inalterably committed in Berlin was explained to the Soviet Ambassador at a private luncheon at the Russian Embassy by Mr. Robert Kennedy. The next move is now up to Moscow, which has a wide range of choices. The answer may come in August, long before the Khrushchev-proclaimed deadline of the year-end, according to private information from West Berlin. Events have been moving too fast to stem the chain reaction which seems almost inevitable.

Whether this is going to be a hot cold war, or an undeclared shooting was in which atomic weapons may or may not be used, is immaterial. The economic consequences of even a partial mobilisation are all too familiar. Unemployment will vanish into thin air as there are job openings for those called into the armed services. Payrolls will be provided out of Government contracts, for guns, airplanes, ammunition, uniforms and food and all that goes with it. There is already talk of possible credit controls and other emergency measures as were in force during the last war.

More dollars of dubious value will be in everyone's pocketbook. The extent of the national emergency will dictate Government expenditures, the debt limit, taxes and will influence everyone's life and behaviour.

Gloom in Wall Street

Wall Street has already taken the cue. There has been considerable strength in defence issues, although stock trading, generally, has been subdued and depressed by the disclosure that quite a few brokers abandoned the permissible path of ethics and have strayed. An appreciable number of indictments have been handed out by Grand Juries and, it seems, many of them are so well founded that some houses will have to suspend operations and the culprits will land in jail. No wonder there is gloom in Wall Street and at the headquarters of both the New York and the American Stock Exchanges which are now under investigation regarding their own policing of trading.

In the meantime, manufacturers' inventories, sales and new orders have been rising. Inventories are now slightly above the year ago level, except in the oil and rubber industries. Sales have been rising and new orders have been increasing over a period of several months. They are also ahead of 1960 levels.

The upward trend in personal and family income continued. The pre-tax earnings of 56 million families averaged $6,900 last year, up 4 per cent since 1959. This was offset partially by higher prices, so that purchasing power rose only 2.5 per cent, but this compares with a 1.9 per cent average annual rate increase since 1947.

Many families have been moving into higher income brackets. In 1929, only 20 per cent of all families earned $5,000, or more, after adjustment for price changes. Last year, 57 per cent of all families earned that much. About 17 per cent of families earned $10,000, or more last year, as compared with only 5 per cent in 1929. Wages and salaries constitute by far the primary sources of consumer income, accountable for about 70 per cent of the total.

Yet, trade union pressure on management for still more money or benefits continues to dominate the industrial scene. The Automobile Workers of America, in their current demands from industry, are suggesting more pay, more benefits with the eventual aim at salaries rather than hourly pay, a 36-hour week and that every fifth year be considered "sabbatical." Such requests are particularly absurd in the case of such corporations as Chrysler which has been losing money. They might well lead to bankruptcy and the loss of many jobs in which trade union leaders, presumably, are interested—or at least to which they pay lip-service. It is pertinent to recall, in this connection, that Premier Leon Blum's labour policy, under which France suffered incessant strikes, paralysed French industry shortly before the Nazi invasion.

United Nations News

Slow motion friction characterised several emergency sessions of the United Nations Security Council. Paris is upset over U.N. intervention in its dispute with Tunisia and official Portugal resented being criticised over its policies in Angola. What the U.N. will do in the Berlin dilemma remains to be seen.

The International Monetary Fund has entered into a stand-by arrangement under which the Government of Bolivia may draw up to $7.5 million during the next twelve months in currencies held by the Fund.

The Bolivian Government has stated its intention of continuing the basic programme of fiscal, credit and foreign exchange reforms that was undertaken with financial support from the Fund in 1956. Close consultation will be maintained between Bolivia and the Fund while the new stand-by arrangement is in effect.

The Government of the United Arab Republic (Egyptian Region) has drawn the equivalent of $10 million from the I.M.F.. half in deutsche mark and half in Italian lire. The U.A.R. (Egyptian Region) recently experienced a loss of convertible currency reserves, due in part to difficulties in the marketing of cotton. The request for a drawing from the Fund is to assist in meeting this loss, while providing more time for adjustments of policy to meet the situation.

TACKLING THE CRISIS

CHANCELLOR WITHOUT A FRIEND

From Our Own Correspondent

LONDON, *26th July*

LONDON LETTER

THIS was Mr. Selwyn Lloyd's second budget this year. It was hopelessly prejudiced by the first which was based on an assumption of an expanding and prosperous economy. Now the Chancellor has told the nation that it is faced "with a critical external situation." It is a sterling crisis, says the Chancellor, although the cessation of the outflow of hot money and better balance of payments figures than we have had for some time have made it improbable that there is any immediate emergency. The measures the Chancellor took were to raise the Bank rate by 2 per cent; to restrict credit by calling up more special deposits from the banks and by exhorting them to be tight on their customers; and to reduce consumer spending to the tune of about £200 million a year by increases in customs and excise duties. In addition, he has opened an attack on wages, although the only blow that he has given has been at the teachers whose salaries are under direct Government control. This last was a bad political, as well as educational, move. There is a shortage of teachers in the country, the Government has been trying to induce more to come into the profession, and the Government Committee which sits to advise on rates of pay had recommended an increase. The Chancellor is slapping down his own Committee.

As regards immediate blows to the consumer, the Chancellor has surpassed all expectations. He has been more vicious than anyone expected. But, in so doing, he has made the whole country ask what all this has got to do with the long-term problem of Britain's balance of payments.

A look at Fleet Street this morning is revealing. Says the *Financial Times*: "As a short-term device to bolster up foreign confidence in sterling, the package may do the trick. But... this is not the first time that a sterling crisis has induced Governments to restrict demand without achieving useful long-term results." The Chancellor's analysis of the long-term action necessary is approved—in brief it is that the growth of income must be related more sensibly to the growth of productivity. Restrictive practices in industry both by employers and workers must be opposed. Public expenditure must be planned in the long-term, and measures taken to encourage Britain's export trade. But the *Financial Times* concludes: "Nothing has yet been *done* about these desirable long-term objectives." And, finally, it says kindly: "Judgement must be reserved. Sterling is probably safe for the moment.... So far as long-term measures are concerned, deeds have yet to take the place of words."

The *Manchester Guardian* applauds the Chancellor for "his good intentions," but goes on to ask: "Do his actions measure up to his intentions?"; and concludes that the unexpected severity of his measures may well create a recession which will end up with the country worse off than before. "On the wages front, Mr. Lloyd has failed most signally... substantial tax concessions for the wealthy (in the first Budget) followed by tax increases and other burdens which fall on the less wealthy. To expect any wage restraint after such a combination of measures is astonishing. The Chancellor's call for dividend restraint will fool no-one."

The *Daily Mail* describes the budget as "the mixture as before," and of the long-term measures comments that these "... distant projects and vague aspirations are put off till next year—or the Greek Kalends... the nation was keyed up for the 'unexpected' which had been promised but has not been produced... here is the familiar deflationary recipe designed to restrict credit, damp down spending and perhaps raise unemployment... this is not the required approach to the problem of chronic economic crises" and, in its most scathing phrase, denounced the long-term measures as claiming the title merely because they are not to operate at once! "Thus, the proposal to tax Stock Exchange speculation is for 1962: the cut in BOAR costs is for discussion with NATO: the possible planning of parts of the economy is to be talked over with industry: agricultural

(*Continued on page 285*)

STATE FINANCIAL CORPORATIONS

PROGRESS MADE NOT STRIKING

THE State Financial Corporations which have been established in the course of the last eight years in the various States of the Indian Union play an important role in providing medium term and long-term finance to small and medium-scale industries operating within the respective States. In all, eight Corporations have sent their annual reports for the year 1960-61 to us, of which the working of the Gujarat Financial Corporation has already been reviewed, *vide* page 1077 of *Commerce*, dated 10th June 1961. In this article, the financial results of the remaining seven Corporations are analysed. A comparative study of these Corporations clearly reveals that the Corporations are rendering a valuable service to small and medium-scale industries, though there may be room for doubting whether they have proved themselves to be as useful as had been hoped. The total loans sanctioned by the seven Corporations, the results of which have been tabulated in the comparative table at bottom of the page, have registered a modest rise from Rs. 3.32 crores in 1959-60 to Rs. 5.51 crores in 1960-61. The loans disbursed have also gone up substantially from Rs. 1.16 crore to Rs. 2.73 crores.

Of course, some of the Corporations, notably Andhra Pradesh, Madhya Pradesh and Mysore, have idle resources with them and they will have to take appropriate steps to use their loanable funds more intensively even by going out of their way to meet the financial needs of industries. Further, the procedure for granting loans needs to be clarified to the applicants, so that the interval between the receipt of an application and the actual date of sanction may be reduced to the minimum. The Corporations should also strengthen the technical staff at their disposal, in order to ensure expeditious and efficient handling of the applications. To avoid wastage of funds, the potential earning capacity of the projects submitted for financial accommodation has to be properly assessed. Some of the Corporations are entrusting this work to some banks. But it is also desirable to have competent technical personnel on their staff to perform this function.

Another notable feature of the working of these Corporations is that they have not yet reached the stage of meeting the dividend liability from their own income. Excepting the Bombay State Financial Corporation, all the other Corporations under review have been compelled to request their respective State Governments to grant them a subvention for paying the guaranteed dividend. It is needless to add that only when the loans operations reach higher levels, would it be possible for the Corporations to become self-sufficient. But this would imply not only an intensive utilisation of the resources which they already have but also raising more funds.

Bombay

A notable feature of the working of the Bombay State Financial Corporation during the year under review, is that in refreshing contrast with the experience of other Corporations, it has been able to meet its entire dividend liability of Rs. 7 lakhs from its own resources. The Directors have succeeded in this on account of the improvement of Rs. 42,000 in profit. Further they have kept the tax liability at the minimum—the exact amount being Rs. 2.07 lakhs, as against Rs. 3.89 lakhs in 1959-60 and have transferred Rs. 51,000 to statutory reserve, as compared with Rs. 1.86 lakh last year. This left a surplus of Rs. 6.31 lakhs for distribution. Instead of requesting the State Government to grant a subvention of Rs. 69,000, the Directors have thought it prudent to draw this amount from the accumulated reserves of previous years. This, of course, means that the Corporation has not yet reached the stage of self-sufficiency and it will take some more years before its surplus crosses the Rs. 7 lakh limit. For this the advances of the Corporation must exceed Rs. 4 crores, as against the amount of Rs. 1.96 crore at which they stood as at the end of March last.

The loans operations of the Corporation in 1960-61 recorded a substantial expansion. The Corporation sanctioned 126 applications for financial assistance aggregating Rs. 176.18 lakhs, as against 38 applications for Rs. 90.43 lakhs in 1959-60. The loans actually disbursed were also larger, having gone up from Rs. 20.52 lakhs to Rs. 82.95 lakhs. It is interesting to note that, as many as 37 loans sanctioned in 1960-61, were granted to new concerns, of which 13 have already started production. Another notable feature of the loan operations of the Corporation is that it has sanctioned a loan for a textile mill which had remained closed for six months due to financial difficulties.

Inclusive of the figures for 1960-61, the loans sanctioned by the Corporation since its inception in 1953 is of the order of Rs. 650.21 lakhs. Of this amount, Rs. 113.88 lakhs are on account of 172 small-scale concerns and Rs. 532.58 lakhs for 173 medium-scale units. The balance of Rs. 3.75 lakhs represents subscription to the debenture issue of one concern. Total disbursement till 31st March 1961 aggregated Rs. 327.39 lakhs. The total pending commitment is, however, only of the order of Rs. 178.18 lakhs, as sanctions of the value of Rs. 144.65 lakhs have lapsed. As against the pending commitment of Rs. 178.18 lakhs, the liquid resources at the disposal of the Corporation as cash with banks and in Government securities amounted to Rs. 119.70 lakhs as on 31st March 1961 and it would appear that the Corporation may have to approach the capital market in the near future for additional funds.

The break up of income during 1960-61 shows that interest on Government securities and deposits with banks was of the order of Rs. 5.34 lakhs, as against Rs. 6.43 lakhs in the previous year. The interest earned on loans to industrial concerns and debentures held by the Corporation aggregated Rs. 10.51 lakhs, as compared with Rs. 9.41 lakhs in 1959-60. This shows that a large part of the loanable funds of the Corporation is being utilised for the purposes for which they were meant.

Since the inception, the Bombay State Financial Corporation has disbursed a total amount of Rs. 327.39 lakhs, out of which a sum of Rs. 127.60 lakhs has been recovered. This shows that recoveries are fairly regular. It is said that while the majority of small and medium-scale industrial units have been able to meet their commitments regularly, some 16 concerns have failed to pay their loan instalments. The Corporation has taken legal proceedings against some of them.

The rate of interest on loans continues to be 6-1/2 per cent per annum. A commitment charge of 3/4 per cent per annum continues to be levied on all the loans sanctioned but not availed of, after due consideration of each case.

Assam

During the year under review, the Assam State Financial Corporation made steady progress. The Corporation received 44 loan applications for an aggregate amount of Rs. 115.98 lakhs and 23 applications were pending with it at the end of March 1960. Out of these 67 applications involving an amount of Rs. 187.38 lakhs, the Corporation sanctioned 22 applications of the value of Rs. 68.40 lakhs, as against Rs. 51.72 lakhs in 1959-60. The loans actually disbursed by the Corporation were also larger, being Rs. 55.69 lakhs, as compared with Rs. 40.43 lakhs in the preceding year. During the seven years of its working, the Corporation has sanctioned loans aggregating Rs. 273.87 lakhs, of which loans amounting to Rs. 26.85 lakhs were either declined by the parties or subsequently cancelled by the Board. Out of the net amount of Rs. 247.02 lakhs, loans involving an amount of Rs. 13.80 lakhs were repaid in full. Thus, the effective amount of sanctioned loans as on 31st March 1961 was of the order of Rs. 233.27 lakhs. Since the establishment of the Corporation, the total amount actually disbursed aggregated Rs. 192.01 lakhs, of which Rs. 39.92 lakhs have been received back from the borrowing concerns towards repayment of principal. The balance of principal amount realisable from the borrowers as at 31st March 1961 stood at Rs. 152.09 lakhs. The total amount of instalment of principal in default was only Rs. 1.77 lakh but the amount of interest in default was as high as Rs. 1.76 lakh. The Directors are of the view that these arrears are due to temporary difficulties.

The year under review has proved to be a more profitable one to the Assam Corporation, as compared with the previous year. Thus, the Corporation's profit increased by Rs. 1.10 lakh to Rs. 6.03 lakhs and the surplus available for the distribution stood at Rs. 3 lakhs in 1960-61, as against only Rs. 1.88 lakh in the previous year. The Corporation has, therefore, succeeded in reducing the quantum of subvention from Rs. 1.62 lakh to a mere Rs. 50,000. Its income has risen sharply from Rs. 6.93 lakhs in 1959-60 to Rs. 9.39 lakhs in 1960-61. Of this, the income by way of interest on loans and advances, and on deposits and investments stood at Rs. 9.36 lakhs. As the Corporation has utilised bulk of its resources for granting loans and advances, interest received from this source amounted to Rs. 8.57 lakhs, as against the interest income of Rs. 78,485 from investment and deposits.

The rate of interest charged by the Corporation remained unchanged at 7 per cent per annum, with a rebate of 1/2 per cent for punctual payment. The Corporation had raised Rs. 55 lakhs in October 1959 by the issue of 4½ per cent bonds, with a view to replenish its resources. As there was heavy pressure on its resources from applicants seeking accommodation, the Corporation decided to raise a further sum of Rs. 50 lakhs by issuing bonds bearing an interest of 4-1/2 per cent. The subscription list was opened on 26th April 1961 and the issue was fully subscribed.

Andhra Pradesh

The annual report of the Andhra Pradesh Corporation for 1960-61 reveals a decline, albeit small, in profit from Rs. 6.95 lakhs (for 1959-60) to Rs. 6.48 lakhs. The balance available for distribution, after providing Rs. 2.63 lakhs for taxation and Rs. 65,000 for reserves, amounted to Rs. 3.20 lakhs. The Corporation had to request the State Government to give a subvention of Rs. 2.05 lakhs in order to pay a guaranteed annual dividend at 3½ per cent.

During the year under review, the business handled by the Corporation showed steady progress. The Corporation received as many as 248 applications for loans amounting to Rs. 213.23 lakhs. Out of this, 72 applications involving Rs. 55.90 lakhs were sanctioned, as compared with 34 applications requiring Rs. 42 lakhs, sanctioned in 1959-60. This brings the total sanctions since the inception of the Corporation to Rs. 240.29 lakhs, and the total effective sanctions to Rs. 168.16 lakhs. The amount actually disbursed during 1960-61 was of the order of Rs. 27.50 lakhs, which shows a marked

Working Results of State Financial Corporations at a Glance

(In lakhs of rupees)

	Bombay		Assam		Andhra Pradesh		Madhya Pradesh		Kerala		Punjab		Mysore	
	1960-61	1959-60	1960-61	1959-60	1960-61	1959-60	1960-61	1959-60	1960-61	1959-60	1960-61	1959-60	1960-61	1959-60
Paid-up Capital	2,00.00	2,00.00	1,00.00	1,00.00	1,50.00	1,50.00	1,00.00	1,00.00	1,00.00	1,00.00	1,00.00	1,00.00	1,00.00	1,00.00
Reserves	8.29	5.95	1.30	1.00	2.87	2.17	0.76	0.76	2.04	1.37	0.55	0.30	0.13	0.01
Bonds and Deposits	1,18.51	1,18.51	55.00	55.00	Nil	Nil	Nil	Nil	54.86*	55.86	1,02.84	1,02.61	Nil	Nil
Loans Sanctioned	1,76.19	90.43	68.40	51.72	55.90	42.00	37.48	32.00	41.67	20.96	1,23.37	86.95	43.52	29.00
Loans Disbursed	82.95	20.52	55.69	40.43	27.50	11.43	7.22	11.88	22.53	17.12	56.65	31.97	20.72	13.01
Loans Outstanding	1,96.04	1,60.06	1,53.56	1,07.22	81.88	64.41	42.58	49.10	1,38.38	1,27.10	1,71.10	1,31.01	33.73	13.01
Income (from Interest, Discount, Commission, etc.)	16.61	16.27	9.39	6.93	7.46	7.77	4.80	4.56	9.50	9.22	12.47	11.09	4.46	3.58
Expenses	7.72	7.90	3.86	2.00	0.97	0.82	0.89	0.76	4.28	3.78	7.17	6.97	0.94	0.89
Net Profit	8.89	8.37	6.03	4.93	6.45	6.95	3.91	4.10	5.22	5.51	5.30	4.12	3.52	2.68
Provision for Taxation	2.07	3.89	2.73	3.75	3.68	3.10	1.76	1.85	2.81	2.85	3.85	1.86	1.86	1.13
Transfer to Reserves	0.51	1.86	0.30	0.30	0.65	0.70	0.27	Nil	0.90	0.28	0.69	0.05	0.18	0.13
Surplus available for Distribution	6.31	2.72	3.00	1.88	2.80	3.15	1.88	2.25	2.45	2.66	2.66	2.22	1.78	1.30
Subventions	..	0.69	0.50	1.62	2.05	2.10	1.62	1.85	1.06	0.82	0.54	0.78	2.21	1.97
Transfer From Reserves	0.69	..	..	..	..	..	..	..	..	..	..	..	..	..

N.B.—Only the Punjab Corporation has resorted to borrow from the Reserve Bank of India.

* This includes deposits of Rs. 4 lakhs under Section 6.

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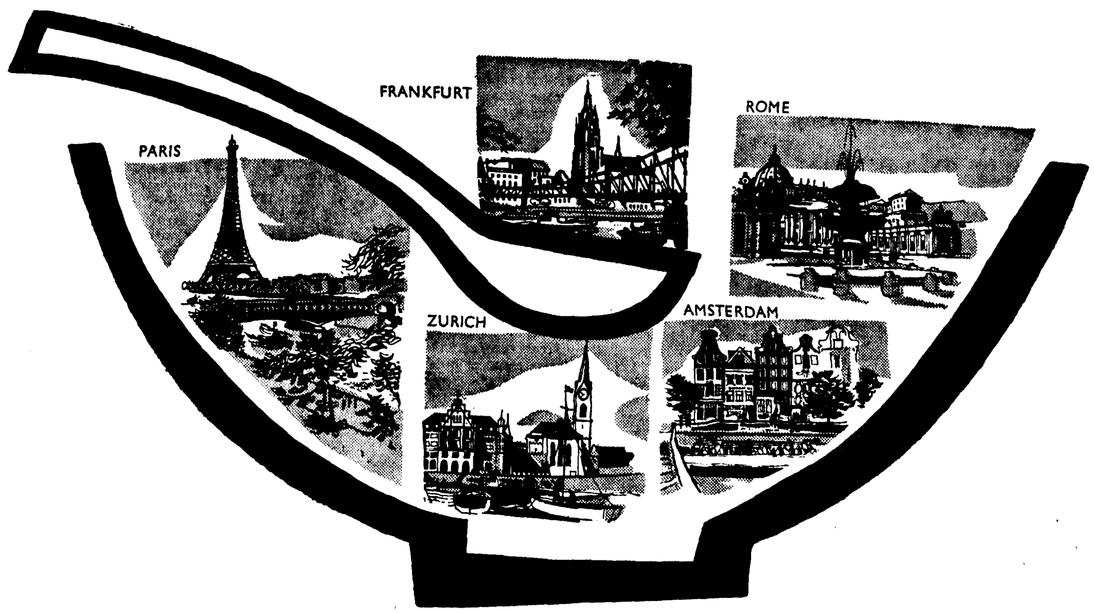

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improvement of Rs. 16.07 lakhs over the previous year. A sum of Rs. 1.37 lakh by way of instalments of principal and Rs. 10,213 by way of interest remained in arrears as at 31st March 1961.

The aggregate effective sanctions of the Corporation at Rs. 168.16 lakhs are in excess of its paid-up capital of Rs. 1.50 lakhs. The Corporation, therefore, thought it prudent to issue bonds for expanding its investible resources. It entered the capital market in May 1961 and its issue was heavily oversubscribed. As a result, the Corporation has been able to augment its resources by Rs. 54.99 lakhs.

But, even before this amount was raised, the liquid resources of the Corporation, that is, those kept as balances with banks and in approved securities, were together as high as Rs. 64.76 lakhs. The interest income derived from these funds was Rs. 2.49 lakhs as compared with Rs. 4.78 lakhs earned by way of interest on advances and loans. A feature of this institution is the high percentage of rejected applications. In 1960-61 the Corporation had rejected as many as 176 applications seeking a total accommodation of the magnitude of Rs. 157.33 lakhs. The report does not throw any light on the causes for such large rejections.

Madhya Pradesh

The results of working of the Madhya Pradesh Financial Corporation during 1960-61 disclose also a fall in profit from Rs. 4.10 lakhs to Rs. 3.90 lakhs. This was primarily due to the premature repayment of a big loan in the beginning of the year. Out of the reduced profit, the Directors have provided Rs. 1.75 lakhs for taxation. As the market value of the securities have depreciated, the Directors have thought it prudent to set aside Rs. 7,000 for the investment Reserve Fund. Further, Rs. 20,000 have been transferred to the statutory reserve fund. This leaves Rs. 1.88 lakh for distribution and necessitates a subvention of Rs. 1.62 lakhs from the State Government, as against only Rs. 1.25 lakh in 1959-60.

The Corporation's turnover increased steadily during the year under review. It received as many as 54 applications seeking accommodation of the order of Rs. 89.34 lakhs. Besides, 18 applications involving loans of the value of Rs. 30.23 lakhs were pending with the Board at the commencement of the year. Out of the total of 72 applications, 32 applications for an amount of Rs. 37.48 lakhs as against Rs. 32 lakhs in 1959-60 and Rs. 18.75 lakhs in 1958-59, were sanctioned. This takes up the aggregate loans sanctioned to Rs. 160.13 lakhs covering 72 applicants. The amount actually disbursed during 1960-61 was, however, lower at Rs. 7.23 lakhs, as against Rs. 11.87 lakhs in 1959-60 and Rs. 7.29 lakhs in 1958-59. This was mainly due to administrative difficulties arising from the delay caused in appointing the Managing Director. Another factor affecting the disbursements was that a large number of loan applications was sanctioned only during the closing period of the year and borrowing concerns were unable to draw the amounts before 31st March 1961, as they could not complete the necessary formalities in time.

The Corporation has reduced the minimum amount of each loan from Rs. 20,000 to Rs. 10,000 in order to be of help to a larger number of of small units. Another commendable effort of the Corporation pertains to a reduction in the period taken for processing loan applications and sanctioning them. In order to facilitate speedy disposal of loan applications, the Corporation has decided to appoint the Punjab National Bank as its agent for receiving applications in various parts of Madhya Pradesh. The Bank will make preliminary enquiries and pass them on to the Corporation. It will also disburse the sanctioned amounts to the parties concerned. This is quite a practical approach and deserves to be emulated by other State Financial Corporations, too. Further, the Corporation is paying particular attention to the proper utilisation by borrowers of the loans sanctioned by it. With this objective, periodical inspections of the borrowing concerns are being carried out by the officers of the Corporation. Such a check is necessary to make sure that the funds are being utilised for the purposes for which they had been lent. Besides, it will also facilitate repayment of loans according to schedule.

Kerala

The profit earned by the Kerala Financial Corporation during the year under review at Rs. 5.32 lakhs was also a shade lower than the sum of Rs. 5.51 lakhs earned in the previous year. This fall is mainly attributable to three factors, namely, (1) the reduction in the rate of interest by banks in which the Corporation's surplus funds are invested, (2) loss of interest on advances to defaulting borrowers and (2) reduction in the total amount of loans on account of the unsettled conditions created by the Kerala agrarian reform. Out of the reduced profit, the Directors have set aside 10 per cent, or Rs. 53,000, to a special reserve, which has been constituted to provide for contingencies of possible losses which may arise as a result of the Kerala Agrarian Relations Act. The provision for statutory reserve has been reduced to Rs. 13,000. The balance left for distribution, after allocating Rs. 2.21 lakhs for taxation, is Rs. 2.45 lakhs, requiring a subvention of Rs. 1.05 lakh from the Kerala Government to pay the guaranteed dividend. To supplement the loanable funds at its disposal, the Corporation decided to raise additional funds through five-year fixed deposits under Section 8 of the State Financial Corporations Act. The initial response was encouraging and fixed deposits of the value of Rs. 3 lakhs were received. But, subsequently, the banking crisis in the State had an adverse effect on the flow of fresh funds. The Directors feel that more funds can be attracted from the public, if the Corporation is authorised to receive deposits for periods less than five years. In order to expedite the work of sanctioning applications, this Corporation also has decided to utilise the services of some of the scheduled banks. The general terms and conditions on which the Corporation made advances to industrial concerns continued without any material change during the year under review. But the Corporation had to adopt an entirely different attitude to the question of acceptance of landed properties as security on account of legislative changes. Landed properties in excess of the ceiling limits will not now be accepted as security for loans. This has seriously affected the lending operations of the Corporation, as only certain categories of land which are specifically exempted from the ceiling legislation are acceptable as collateral. Further, the land legislation is having serious repercussions on securities already accepted for loans granted in the past. The Corporation is considering whether a reassessment of the existing securities would not become necessary.

The Kerala Corporation sanctioned during 1960-61 loans involving an amount of Rs. 41.67 crores, raising the total amount sanctioned so far to Rs. 215.35 lakhs. The amount actually disbursed during 1960-61 was Rs. 22.53 lakhs. Since its inception, the Corporation has disbursed loans of Rs. 172.97 lakhs. The total amount of equated instalments which fell due during the year aggregated Rs. 20.67 lakhs, out of which Rs. 17.20 lakhs were received, leaving a balance of Rs. 3.47 lakhs unpaid as at 31st March 1961. The Directors, however, say that they are very vigilant about the defaults and legal proceedings have been initiated in a few cases. Most of the chronic defaulters are small-scale entrepreneurs. As some of them were relying for securing working funds from banks, the declaration of moratorium in the case of some of the Kerala commercial banks affected their business.

Interest on advances and loans constitute the major source of the Corporation's income, the exact amount earned under this head in 1960-61 being Rs. 7.81 lakhs, as against Rs. 7.84 lakhs in 1959-60. The interest realised on investments and deposits in banks was only Rs. 1.18 lakh.

At the instance of the Central Government, the Kerala State Government raised the question whether the Corporation will be able to finance plantation industries like tea, coffee, rubber and cardamom estates. The Board carefully considered the proposal, but deferred its decision, as it thought that this would involve the Corporation in heavy financial commitments.

The Corporation has strengthened its inspection staff by the appointment of one more inspector. It carried out 96 inspections in 1960-61, as against 50 in the preceding year. It found that most of its borrowers were working satisfactorily and took prompt action, wherever necessary, to get the defects rectified.

Punjab

The Punjab Financial Corporation was able to maintain in 1960-61 the satisfactory progress it had made in the previous years. Its income from interest, commission, etc. rose by Rs. 1.38 lakh to Rs. 12.47 lakhs and the profit (before taxation) from Rs. 4.12 lakhs in 1959-60 to Rs. 5.30 lakhs in the year under review. After the essential provisions for taxation and reserves, the balance available for distribution to shareholders amounted to Rs. 2.46 lakhs; this required a subvention of Rs. 54,000, but this help was smaller than the sum of Rs. 78,000 that had to be obtained in the previous year. The influx of loan applications showed a marked improvement; the number rising from 76 in 1959-60 to 107 in 1960-61. The total amount of loan applied for went up from Rs. 147.06 lakhs to Rs. 223.35 lakhs. The applications received covered a variety of industries such as, woollen, yarn spinning, cold storage, paper, paper products, electric goods, steel re-rolling, *khandsari*, surgical instruments, chemicals, automobile parts and general engineering.

The Corporation sanctioned loans of the value of Rs. 128.37 lakhs during the year, as against Rs. 66.95 lakhs in 1959-60. The total disbursements were also higher at Rs. 56.65 lakhs, as compared with Rs. 51.97 lakhs in the previous year.

As a result of a rapid rate of disbursement, the Corporation had consumed its entire liquid resources by the end of December 1960. It, therefore, sought the permission of the Reserve Bank to raise additional funds. The Reserve Bank offered to lend against Government securities and sanctioned a limit of Rs. 19.50 lakhs. Out of this, the Corporation has availed of a sum of Rs. 10 lakhs.

The recoveries of the Corporation are progressing satisfactorily. Thus, out of the amount of Rs. 57.05 lakhs due to the Corporation since its inception, a sum of Rs. 56.16 lakhs has already been received, the amount in default being no more than Rs. 89,000.

Mysore

The Mysore Financial Corporation was formed only in April 1959. But, within this short period of two years, it has made good progress. During the year ended 31st March 1961, the Corporation received six applications for financial assistance of Rs. 86.46 lakhs, as against 52 for an amount of Rs. 84.90 lakhs received in 1959-60. In all 91 applications, including the pending applications of the previous years were dealt with, of which 21 received sanction for Rs. 43.52 lakhs. This takes up the total sanctions made by the Corporation since its establishment to Rs. 71.52 lakhs. The sum actually disbursed in 1960-61 amounted to Rs. 20.72 lakhs, as against Rs. 13.01 lakhs last year. The Corporation has at its disposal ample funds, the exact amount of cash balances alone being Rs. 51.76 lakhs. In addition, it has Government securities of the value of Rs. 15.25 lakhs.

As regards the disposal of applications, the Chairman of the Corporation, Mr. H. V. Koujalgi, has complained in his speech to the shareholders, that a number of applicants do not furnish the appropriate information necessary for scrutinising the applications. This results in elaborate correspondence and avoidable delay. The Corporation has, therefore, been making efforts to acquaint the industrialists in the State with the manner in which applications for loans should be made by issuing a brochure explaining the conditions under which loans are sanctioned.

The working of the Mysore Corporation during the year under review resulted in a profit of Rs. 3.52 lakhs, as against Rs. 2.45 lakhs in 1959-60. After providing Rs. 1.55 lakh for tax alone and Rs. 18,000 for reserve, the surplus available for distribution amounted to Rs. 1.79 lakh. As the Corporation has to give a guaranteed annual dividend at the rate of 4 per cent, it has requested the State Government to give a subvention of Rs. 2.21 lakhs.

WORLD BANK LOAN TO PHILIPPINES

The World Bank has given a loan equivalent to $8.5 million to the Republic of the Philippines to finance equipment needed for a programme of dredging and maintaining harbours and ports at depths satisfactory for ocean-going and inter-island shipping. The island-economy of the Philippines is heavily dependent on efficient sea communications in its foreign and domestic trade. The new equipment will make possible the additional dredging needed for the safe navigation and ready manœuvring of ships using the country's public ports.

Seven private banks are participating in the loan, without the World Bank's guarantee, for a total amount of $920,000 representing the first five maturities which fall due between 15th September 1963 and 15th September 1965. The participating banks are the New York Agency of the Chartered Bank, the New York Agency of the Hongkong and Shanghai Banking Corporation, the Bank of America National Trust and Savings Association, the Chase Manhattan Bank, the First National City Bank of New York, the Manufacturers Trust Company and the National Bank of Commerce of Seattle.

The loan is for a term of 17 years and bears interest at the rate of 5¼ per cent per annum, including the 1 per cent commission which is allocated to the Bank's special reserve. Amortisation will begin from 15th September 1963.

GENEVA TEXTILE CONFERENCE

START MADE TOWARDS ESTABLISHING A SYSTEM OF ORDERLY MARKETING

From Our Special Correspondent

MANCHESTER, *25th July*

UNIONS in the Lancashire cotton industry have initiated a new wage campaign with a demand for an extra 10 per cent for 180,000 spinning and weaving workers. On the basis of the most recently-published figures of average earnings, this is equivalent to an extra 25s. a week for men and 15s. for women.

MANCHESTER LETTER

The claim comes sixteen months after the last settlement, when spinning and weaving workers got 7½ per cent more. So far no date has been fixed with the employers for negotiations on the new claim. The unions will base their case on dearer living costs and, according to one union leader, "the fact that industry generally has been leaving us behind in wage increases."

Further Action Needed

Hong Kong's suggestion for extending the textile import agreement with Lancashire for 11 months cannot be regarded as satisfactory unless the Government plans to take further action next year, Sir Alfred Roberts, General Secretary of the Cardroom Amalgamation, one of the three big Lancashire cotton unions, has said in Manchester. In a report to the union he described it as "nothing more than a holding operation."

The proposal, according to information from Hong Kong, was to extend the agreement to bring it into line with Lancashire's pacts with India and Pakistan and to increase the quota from the present 164 million yards a year to 185 million yards. Of this, 100 million yards would be in the form of piecegoods and 65 million yards in garments, leaving 20 million yards to be used at the discretion of the Hong Kong industry. Sir Alfred said:

"It proposes an increased allocation of almost 13 per cent and gives a breathing space for the negotiations of new agreements. This cannot be regarded as satisfactory unless the Government proposes to take further action in 1962, instead of again leaving these matters to be resolved by the representatives of the various cotton industries with the cards stacked against us in this country."

From Chaos Into Order

The conclusion of the Geneva talks on the exporting and importing of cotton goods on a world basis—however inconclusive the results—was the best that could be expected in the circumstances. Only an incorrigible optimist could anticipate any tangible outcome, with a "cut-and-dried" scheme of quotas, quantitative and qualitative, under which each country would agree to dispose of its surplus products within fixed limits over specified periods. The millenium is not yet with us.

Nevertheless, there are reasons for believing that at least a start has been made towards establishing a system of orderly marketing. Although the conference was entirely composed of representatives of Governments, with industrialists only on the outer fringe, the sixteen nations attending agreed to restrict the amount of arrivals into the traditional manufacturing areas to the same level as in the twelve months from July 1960 to June 1961. Support is to be given to those countries which take action to curtail imports from low-wage areas even to the extent of imposing quotas, if these shippers fail to honour their undertakings. In the meantime, another conference, to be held in October, will attempt the superhuman task of drafting detailed proposals on a long-term basis.

Home Market Bedevilled

From the viewpoint of both British and American textile manufacturers, this meeting may have lengthy and important repercussions in the future. In each case, their home markets have been bedevilled by the growing inroads made by their rivals in the developing regions and universal acceptance of the spirit of "give-and-take" in subsequent negotiations would encourage confidence and create a more favourable working climate.

For the moment, the standstill order over imports would have little effect on conditions in several of the European Common Market countries which have always put up big barriers against imports from the East. On the other hand, the "elaborate long-term arrangements for the orderly development of trade in cotton textile products," mentioned in the *communique*, suggest that the intention is "to increase progressively the export possibilities of less-developed countries and of Japan, while at the same time avoiding disruptive conditions in import markets." In this way the burden shouldered for so long by Lancashire, and lately shared to some extent by America, may well become part of a recognised system of world trading in which all of the older-established industries will play a part. Although it is obvious that the instigators of the scheme have a long way to go before they and their supporters can claim even initial successes in regularising international trade in textiles, the groundwork has been done.

Britain's links with the Commonwealth place this country not only in a special, but often in a difficult position. Quotas against imports of cotton goods are imposed only in the case of Japan and China. In the latter instance, there is unlikely to be any variation in the system, but it is significant that Japan was among those nations represented at Geneva which made reservations about the terms of the agreement.

It will perhaps be possible to draw deeper conclusions about the prospects after the formal text of the agreement is published. This apparently falls into three parts, the first dealing with the one-year standstill order, the second with the mechanism for a long-term solution of the import problem, and the third with the pact under which those countries which are at present restricting their imports would raise their quotas from the beginning of 1962.

Rivalry Multiplies

Traders in cotton goods are having to contend at the moment not only with the internal economic crisis affecting all industries, but are involved in their own particular problems of imports and exports which have been ventilated by the representatives of numerous Governments in Geneva. Many of the delegates appreciated that, although textiles may form the basis of this test case, before long other industries whose traditional manufacturers are being threatened by competition from developing areas will be equally concerned. Harking back to the annual meeting of the International Cotton Federation in Osaka, American reports show that many of those who attended the discussions returned with what has been described as "a shift in fears."

European delegates, in particular, arrived in Japan full of preconceived notions about the competitive ability of the Japanese industry based on cheap labour. They apparently found that the threat from Japan, although still effective, was far more dangerous from other sources, notably China and Hong Kong. Other rapidly emerging countries in the East also began to make their impression as producers with a surplus of supplies which joined the ever-growing abundance of exportable textile products in an already overcrowded world market.

Wholesale Sales Decline

The crux of the matter, according to delegates at this earlier congress, was how subsequent negotiations would establish any truly orderly system of marketing on a global scale when one-third of the world's industry chooses to keep outside the possibility of restraints such as the remaining two-thirds of the textile world would like to see in practice. That, indeed, was the fundamental issue dealt with in Geneva at Government level. How far official guidance can have an effect on the attitude of industrialists is a major factor and future trading relationships must be governed by the very important talks which are still to come.

Meanwhile, nothing is happening to encourage operators in Lancashire to take a less dismal view of the immediate prospects. The movement of supplies in the home market has continued to decline and, in May, there was a contraction in sales of 6.7 per cent compared with the same month in 1960.

Stocks held by wholesalers were 12½ per cent higher at the end of May than twelve months previously, but as yet no real accumulation of supplies is evident within the producing and processing sectors of the trade. As always, there are individual departments where activity is more apparent than others and numerous firms are still booked up well into the autumn. The slowing down in the rate of ordering, however, has made sellers less independent in their outlook and quite a number are now searching for additional business.—*All Rights Reserved.*

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WORLD TRADE IN COTTON TEXTILES

DETAILS OF ARRANGEMENTS DRAWN UP AT G.A.T.T. CONFERENCE

SINCE our reference to the G.A.T.T. World Textile Conference in the market gossip columns last week, the full text of the arrangements regarding international trade in cotton textiles drawn up at the Conference has been made available. The Conference was held at Geneva from 17th to 21st July under the chairmanship of Mr. Eric Wyndham White, Executive Secretary of the G.A.T.T. The decision to convene the meeting, it will be recalled, was taken by the G.A.T.T. Council when it met, at the request of the U.S., on 16th June 1961. The seventeen participating countries which concluded an agreement for submission to Governments were India, Australia, Austria, Canada, Japan, Pakistan, Portugal, Spain, Sweden, the U.K., the U.S. and the six member-States of the European Common Market (West Germany, France, Italy, Belgium, Netherlands and Luxemburg). The Commission of the Common Market also participated. The Secretary-General of the O.E.E.C.-O.E.C.D. who had been invited to participate and collaborate, too, was represented. There were, besides, observers from Brazil, Czechoslovakia, Denmark, Finland, Greece, Mexico, Norway, Switzerland, Turkey and United Arab Republic.

The preamble to the agreement reached at Geneva sets out certain guiding principles. The participating countries, for instance, recognise the need to take co-operative and constructive action with a view to promoting the development of world trade, and it is urged that such action should be designed to facilitate economic expansion, particularly to promote the development of the less-developed nations by providing increased access for their exports of manufactured goods. At the same time, they also take note of the fact that, "in some countries, situations have arisen which, in view of these countries, cause or threaten to cause disruption of the market for cotton textiles." In using the expression "disruption," the countries concerned have in mind situations of the kind described in the Decision of the Contracting Parties of 19th November 1960 the relevant extract from which is given below:

"These situations (market disruption) generally contain the following elements in combination:

1. a sharp and substantial increase or potential increase of imports of particular products from particular sources;

2. these products are offered at prices which are substantially below those prevailing for similar goods of comparable quality in the market of the importing country;

3. there is serious damage to domestic producers or threat thereof;

4. the price differentials referred to in paragraph 2 above do not arise from Governmental intervention in the fixing or formation of prices or from dumping practices.

"In some situations, other elements are also present and the enumeration above is not, therefore, intended as an exhaustive definition of market disruption."

Short-term Arrangement

At the Geneva Conference, the participating countries desired to deal with these problems in such a way as to provide growing opportunities for the exports of these products, "provided that the development of this trade proceeds in a reasonable and orderly manner so as to avoid disruptive effects in individual markets and on individual lines of production." Pending a long-term solution, the countries agreed to deal with immediate problems relating to cotton textiles through international action designed at the same time to (a) increase significantly access to markets where imports are at present subjected to restriction, (b) maintain orderly access to markets where restrictions are not currently maintained, and (c) secure from exporting countries, where necessary, a measure of restraint in their export policy so as to avoid disruptive effects in import markets. Accordingly, the countries agreed to adopt a short-term arrangement for the twelve-month period beginning on 1st October next. The arrangement is as follows:

A participating country, if unrestricted imports of cotton textiles are causing or threatening to cause disruption of its domestic market, may request any participating country to restrain, at a specified level not lower than the level prevailing for the twelve-month period ended 30th June 1961, its total exports of any category of cotton textiles causing or threatening to cause such disruption and, failing agreement within thirty days, the requesting country may decline to accept imports at a level higher than the specified level. In critical circumstances, action may be taken provisionally by either country involved while the request is under discussion. Nothing in this arrangement shall prevent the negotiation of mutually acceptable bilateral arrangements on other terms. It is intended by the participating countries that this procedure will be used sparingly, with full support for their agreed objective of attaining and safeguarding maximum freedom of trade, and only to avoid disruption of domestic industry resulting from an abnormal increase in imports.

A country requested to restrain its exports to a specified level may exceed the specified level for any category by 5 per cent, provided that its total exports to the requesting country of the categories of products subject to restraint do not exceed the aggregate for all the categories.

If a requesting country determines that a shift in the pattern of imports within any category is producing undue concentration of imports of any particular item and that such concentration is causing or threatening disruption, the requesting country may, under the procedure set forth above, request the producing country to restrain its total exports of the said item during the 12 months beginning on 1st October 1961 to a prescribed level not lower than that which prevailed during the year ended 30th June 1961.

Participants agree to take action to prevent circumvention or frustration of this short-term arrangement by non-participants, or by trans-shipment, or by substitution of directly competitive textiles. In particular, if the purposes of this arrangement are being frustrated or are in danger of being frustrated through the substitution of directly competitive textiles, the provisions of the first paragraph above shall apply to such goods, to the extent necessary to present such frustration.

Participating countries presently maintaining quantitative restrictions on cotton textile imports shall, as from 1st January 1962, significantly increase access to their markets by countries the imports from which are now restricted. A specific statement of the new access will be forthcoming. The provisions of this section shall enter into force not later than 1st January 1962.

In accordance with G.A.T.T. provisions for joint consultations, the parties to this arrangement shall meet as necessary to consider any problems arising out of the application of this agreement. Such consultations could, in particular, take place in the event that a country, the exports of which are under restraint as a result of action taken considers that experience shows that the level of restraint is inequitable.

Reference to Canada

A special reference is made in the text of the agreement to Canada which does not have any legislation whereby imports may be limited in a precise quantitative manner as envisaged above. The provision available for limiting imports in order to avoid injury or a threat of injury to a domestic industry is contained in Section 40A(7) (C) of the Customs Act which authorises the application of special values for duty purposes. These special values cannot be used to achieve a precise level of imports. Accordingly, the participating countries recognised that, if Canada were to find it necessary to take action to limit imports pursuant to the arrangement, it would not be in a position to ensure that imports would not fall below the minimum level as defined earlier.

The short-term arrangement covers sixty-four categories of cotton textiles—yarns of different kinds, a wide range of piecegoods, apparel, bed, pillow and table covers, etc., hosiery, towels and napkins, and all other cotton textile items. It is made clear that, to whatever extent this list of categories present questions in the light of established listing practices of any participating country, such questions "shall" be resolved by consultation between the countries concerned or by the process of joint consultation as provided for in the arrangement.

Long-term Solution

As for a long-term arrangement, the participating countries agreed to create a Provisional Cotton Textile Committee and to request the G.A.T.T. Contracting Parties to confirm the establishment of the Committee at their nineteenth session. The proposed Committee will "undertake work looking forward to a long-term solution on the basis of the guiding principles set out in the preamble," collect all useful data for the purpose and make at an early date, not later than 30th April 1962, recommendations for such long-term solution. The discussions and consultations to be undertaken by the Committee will be of the kind provided for by the Market Disruption Committee at the seventeenth session of the G.A.T.T. Contracting Parties. The Committee will be required to report from time to time to the Disruption Committee as well as to Committee III of the Expansion of Trade Programme on the progress made and its findings. It will meet on 9th October next to initiate consideration of the long-term problem.

The arrangements agreed to at the Geneva Conference are a mere endorsement of the scheme outlined by Mr. George Ball, U.S. Under-Secretary of State for Economic Affairs, leader of the American delegation. As a result of these arrangements, India and other Asian textile supplying countries may be benefited by a possible increase in imports into some countries, especially in Western Europe. Indeed, it is reported that the Common Market countries are contemplating to enhance cotton textile import quotas by 60 per cent. But from the long-term point of view, the impact of the Geneva agreement is bound to be severe, especially because of the acceptance of the scheme for voluntary limitation of exports now in vogue between the U.K., on the one side, and India, Pakistan and Hong Kong, on the other. Even before the Conference began, a powerful section of enlightened public opinion in the West had clearly warned its leaders against taking any hasty, ill-advised decision. Here is what our London contemporary, *The Economist* said in the issue dated 15th July:

"Cotton textiles are a major test of the practicability of free trade in manufactures between the two halves of the free world. Wool and other textiles are already lined up for the same treatment. Once hope of free trade founders in cottons, many other industries in the white West will want to shelter under the same umbrella. Before Japan has been integrated into the Western trading area, a host of equally intractable problems are arising. Any agreement arrived at as a consequence of the next week's meeting at Geneva must recognise the dangers of dividing the free world's trade into white and non-white camps through a rapid dismemberment of Commonwealth trade or a hasty construction of trade blocks. The prospect of a liberal outcome at Geneva does not look good.... In effect, the developing countries are asking for trade, not aid. Unfortunately, some industries in the West want things exactly the other way round."

It is unfortunate that those assembled at the G.A.T.T. Conference did not ponder these timely observations. It is, however, to be hoped that the Provisional Cotton Textile Committee will give a dispassionate consideration to the whole issue and offer a solution which will facilitate a larger exports of cotton textiles and other manufactured goods from the developing countries to the developed countries in the West.

COTTON MILLS' EXPANSION

In the matter of allocating new cotton spindles during the third Plan period, preference must be given to the existing mills to expand their capacity, instead of allowing the establishment of new units. This was the recommendation made by the Cotton Textile Consultative Board at its meeting held in the city on Monday this week. The meeting was presided over by Mr. Nityanand Kanungo, Minister for Commerce. Mr. K. C. Reddy, Union Minister for Commerce and Industry, also attended the meeting. The Board agreed that, out of the four million additional spindles required to reach the cotton yarn production target of 2.250 million lbs. fixed for 1965-66, one million spindles should be reserved for existing mills for purposes of balancing and expanding uneconomic mills to an economic size, as well as against scrapped and revoked capacity. It also agreed to the licensing of two million additional spindles in the first two years of the third Plan. The balance of one million spindles is to be kept in reserve to meet any readjustment that may be necessary at a later date. The Board is believed to have endorsed the following tentative decision of the Union Government in regard to the actual allotment of new spindles.

The major portion of the additional spindles will be allotted to the deficit areas, particularly Andhra Pradesh and Rajasthan, and to some extent Uttar Pradesh. Spindles will not be allotted for further expansion in States where the textile industry is well established, namely, Maharashtra, Gujarat and Madras, except for meeting replacement requirements. Co-operatives in these areas, however, will be allotted spindles. Preference will be given to units selected to produce cloth for exports.

The Board considered the question of allocating the additional 25,000 looms on the basis of the cloth production target of 9,300 millions, but no decision would appear to have been taken. It is understood that the official spokesmen stated that the need for exports and protection of handloom industry were the chief considerations which would be taken into account in deciding the basis of allotment. The Board reviewed the means of stepping up output. It was pointed out that the chief obstacle to increased production was shortage of power and coal, particularly in the Saurashtra region.

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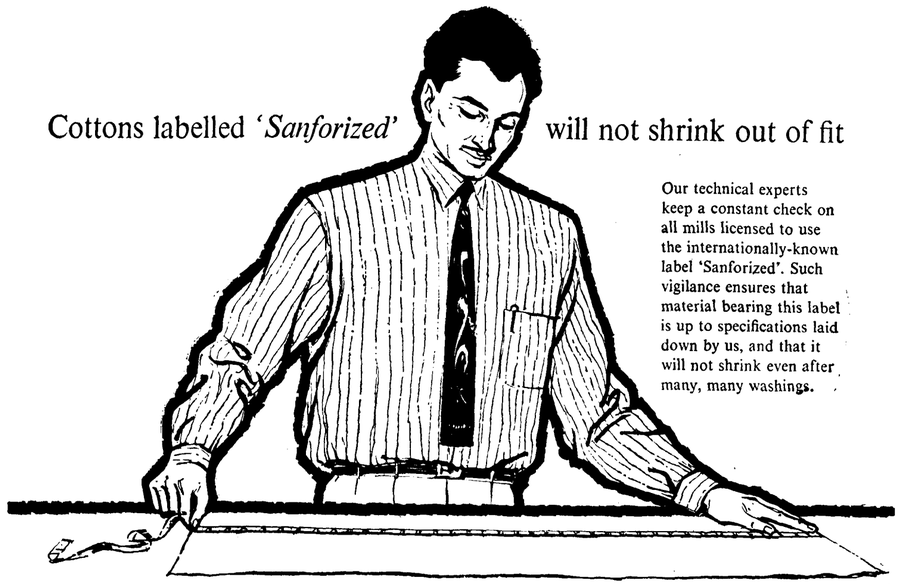

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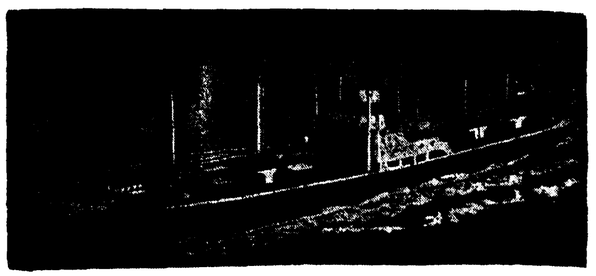

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COTTON MILLS ASKED TO GO COARSER

DUBIOUS SUGGESTION FOR RAISING YARDAGE

FIGURES relating to consumption of raw cotton by mills during the first nine months of the current cotton season, that is, from 1st September 1960 to 31st May 1961, reflect the impact of the sharp decline in production during the previous season on the consumption pattern of mills. Consumption of Indian cotton during the nine-month period was lower at 3.07 million bales, as compared with 3.39 million bales in the corresponding period of the previous season, while that of foreign cotton was more than double at 866,000 bales, as against 427,000 bales. It is no doubt true that the higher production during the current season and the improvement in the supply position have already begun to show themselves in the trend of consumption, though it might be some time before it returns to normal.

One result of the scarcity of indigenous cotton and their substitution by foreign cotton has been an automatic increase in the average counts of cloth produced by mills. In view of the present shortage of cloth and the high prices, an increase in production, through lowering of the average counts of cloth manufactured, has been suggested by the Office of the Textile Commissioner. In a note on the subject, prepared for the consideration of mills, the experts of the Textile Commissioner's Office argue that it is possible to increase cloth production by four to five per cent by going coarse. According to the note, as a result of financial incentives given by the Government in the latter part of 1956 in the form of reduction in excise duty to individual mills producing more cloth than their normal production, total cloth production in the organised mill sector had touched a peak of over 5,300 million yards per annum during the year 1956-57, using average count of 23s, against the present average count of 25s. The experts, therefore, argue that it should not be difficult for the mill industry to step up cloth production by switching over to the pattern of production on the coarser side by lowering the counts by about two to three.

The average count of cloth manufactured during the period October 1956 to December 1957 was 23s as against the average count of 25s during November 1960, the latest month for which figures are available. The cloth produced under the coarse category during the aforesaid period constituted 22 per cent of the total cloth, as against 15 per cent at present.

A comparison of productivity of looms during each of the individual month during the period October 1956 to December 1957 indicated that the highest level of production was achieved in the month of January 1957, when production per loom per shift (8 hours) was 45.81 yards. The latest figure (for the month of November 1960) is 42.0 yards. This shows that the present gross productivity is less by 8 per cent, as compared with the figure for January 1957.

Pattern of Production

The present fall in production, according to the experts, is due, to some extent, to the fact that the pattern of production has shifted towards the finer side. The following table, which gives the quality-wise break down of production in November 1960, as compared with January 1957, indicates the extent of the shift.

(In million yards)

	Coarse	Medium	Fine	S. fine	Total
January 1957	103	320	36	25	484
Per cent	21.15	66.19	7.45	5.21	100
November 1960 ..	66	319	19	23	427
Per cent	15.54	74.66	4.32	5.48	100

An objection raised against the suggestion for going coarser to increase production has been that the type of cloth produced during October 1956 to December 1957 was of a quality which was not saleable and hence resort to that pattern of production would be inadvisable. The experts of the Textile Commissioner's Office do not fully agree with this contention, although they concede that there is some force behind it. Their argument is as under:

"The cloth which is currently being manufactured has an average count of 25s (that is 2 counts finer) and weighs 4.35 yards to a pound. Had the quality that is being currently manufactured been as poor as that was produced in 1957, because of average counts having shifted from 23s to 25s, the weight of cloth would have been 4.47 yards to a pound, as against the actual 4.35 yards. This shows that there has been a general trend to manufacture superior qualities. Hence, if the quality that is produced today is to be maintained even after bringing down to an average counts coarser by two, the increase in cloth production may not be achieved to the level of production in 1957. If the cover factor is maintained as it is today, the increase would be to the extent of only 200 million yards (on the basis of current quantum of production being 5,000 million yards with an average count of 25s). Thus, by resorting to coarser counts by 2, the production could be stepped up by about 4 per cent without deteriorating the quality aspects."

Availability of Cotton

The note then goes on to examine the availability of cotton for this switchover. The consumption of foreign cotton during the present season (as the nine months figures quoted above shows) has gone up considerably, as compared with that in 1957, thanks mainly to the inadequate supply of Indian cotton. Since it is on account of the supply position of raw cotton that the average counts have gone finer during the past two years, there should not be any difficulty, according to the note, in switching over to coarser counts now that the availability of adequate supplies of Indian cotton is assured. It might not be possible for all mills to switch over to lower counts, having regard to the present average counts of production of various mills and their export commitments. Nevertheless, it should not be difficult, the experts say, for a change over to a lower average count by altering the weaving programme and reallocating looms under different sorts without affecting the day-to-day working of the mill. Such a changeover, in their opinion, will not take more than three to six months and will involve no additional requirement of coal or power.

At the instance of the Indian Cotton Mills' Federation, the Millowners' Association, Bombay, has advised its member mills to explore the suggestion made by the Textile Commissioner and do what they can in the light of individual circumstances. The very fact that the Federation and the Association have not positively recommended the adoption of the suggestion put forward by the Textile Commissioner's experts shows that, in their opinion, it is of doubtful value. The mills should produce the cloth which consumers want and the consumers preference is increasingly for better quality cloth of higher counts. The kind of short-cuts advocated by the Textile Commissioner's Office for showing increased production is unworthy of adoption, as it will carry the country backward. Besides, it will mean defrauding the public. The poor quality of cloth produced in 1956-57 was one of the causes for the depression that followed. We have no doubt that no wise millowner will be impressed by the tip given by the Textile Commissioner's Office for increasing his production.

COTTON GROWERS DEMAND HIGHER CEILING PRICES

In a memorandum prepared for submission to Mr. K. C. Reddy, Union Minister for Commerce and Industry, the Gujarat Co-operative Union and the Gujarat *Niyantri Bazar Sangh*, have demanded that the ceiling prices of cotton should be raised by 15 per cent unless this is done, the memorandum says, it would not be possible to achieve the third Plan target of 7.2 million bales.

While welcoming the Government's decision to raise the floor price by Rs. 105 per candy during 1961-62, the memorandum states that this increase was not sufficient, in the context of the prices during the last 10 years. Cotton prices had not dropped below Rs. 600 in the last 10 years, except in 1954-55, and no situation was likely to arise in the near future, in which the Government would have to buy cotton at floor prices. If the difference between the maximum and minimum prices was kept as small as possible, the memorandum adds it would prove advantageous to the grower.

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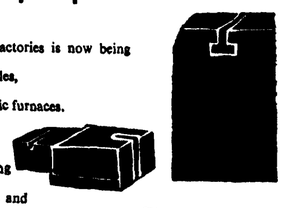

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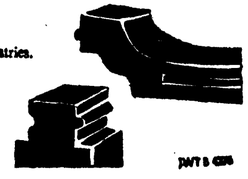

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REVISION OF COFFEE SALES POLICY

ACCENT ON EXPORTS—OPEN AUCTIONS IN PLACE OF SEALED TENDERS

THE current coffee season, which began on the 1st of this month, is expected to witness a distinct improvement in both production and exports of coffee. The latest estimate of the crop places the total output at 67,000 metric tons, as against the 52,100 tons gathered in the previous season (1st August 1960-31st July 1961). Out of this anticipated crop, as much as 51 per cent, 34,000 tons, to be precise, would be exported, if the forecast of the Coffee Board were to prove correct. This quantity represents a rise of 12,000 tons as compared with the actual shipment of 22,000 tons in 1960-61 and of 23,000 tons as compared with 1959-60 when exports amounted to only 11,000 tons.

Where are the chances of such an appreciable increase in exports of coffee? In a world confronted with a marked surplus and with international prices still well below India's selling price, there are no good reasons to feel that outlook is promising. But the Coffee Board is optimistic, perhaps because of certain changes made in its marketing policy. A new feature, for instance, has been introduced in export promotion, namely, allocation of 60 per cent of export quota to non-bilateral countries like the U.K. and Germany, while 30 per cent will go to bilateral nations, the balance of 10 per cent being left to the Chairman's option to offer to countries in either group depending on the needs. This step, it is claimed, will enable Indian coffee to reach traditional and new markets. At the same time, the Board has introduced Indian Robusta coffee in Italy on a much bigger scale than hitherto.

The Board has taken two more notable decisions: One, the Board will conduct open auctions for exports, as against the system of sealed tenders. Two, an organisational wing will be set up shortly at Hamburg (West Germany), the nerve centre of international coffee trade, with the objective of conducting a three-pronged export drive—propaganda, sales and market promotion. This wing will enable foreign importers of Indian coffee to have easy access to information about quality and other details. Further, the Board has obtained the services of a cup taster of world reputation who will have his office at Bangalore; he will train Indians in cup testing in order to enable Indian coffee to be classified, graded and bulked for the international market.

A Welcome Step

The decision of the Coffee Board to replace the system of sealed tenders for exports by open auctions, though belated, is a welcome step. The system of sealed tenders, it will be recalled, was highly defective. For, in making up lots for sale under this system, coffees of the same type and grade of equivalent quality were bulked together and offered as separate district growths, but there was no guarantee that, each year, any lot of a particular district offered comprised coffee from the same two or three estates of the district. In any case, the importer in foreign countries knew only that he was being offered the bulk of a particular district growth and was, therefore, not in a position to enter the market or interest himself on grounds of selective buying. No other country in the world is selling coffee by this system and it is gratifying that the Coffee Board has given it up in favour of public auctions. Such auctions, it has, however, to be mentioned, must be held at short intervals, preferably once a week, so that the overseas importers would be in a position to cover their requirements quickly if they failed to do so in a previous auction. It is also important that the time lag between auction sale and actual shipment should be reduced to the minimum.

While the aforesaid measures do give a fillip to export trade in coffee, the point is whether the growers of this product will be benefited at all. For the world prices of coffee continue to remain depressed and the prospects of a marked recovery in the forseeable future do not appear to be encouraging. The export price of Indian Robusta coffee is lower than the internal ruling price by as much as 50 per cent, though that of Plantation coffee is lower by only 10 per cent. But, in the world markets, Robusta is more popular than plantation variety and actually fetches a slightly higher price than the comparable variety exported by other countries. It is, therefore, desirable to step up the production of Robusta in this country. Efforts made in this direction are already beginning to bear fruit, as is borne out by the notable rise in output, from the annual average of 6,004 tons during the four years ended 1949-50 to 21,600 tons (actual) in 1960-61. The actual area under Robusta coffee is not known. The latest period for which data are available is 31st July 1958. As on that date, the area stood at 104,257 acres, as against 164,215 acres under Arabica, the total area under coffee being 268,472 acres and the number of estates 48,015.

The Chairman of the Coffee Board disclosed at Coimbatore recently that the Board would soon introduce hypothecation loans for small growers, in addition to the various incentives now in vogue for coffee development. He further disclosed that the Board would provide incentives for the production of Parchment Robusta, as it was popular in both international and internal markets. Robusta, he said, gave a very good taste and its prices were also lower, thus attracting the lower income groups.

Internal Sales

Another welcome decision of the Coffee Board pertains to internal sales. The Board has announced that no internal sale quota will be allotted to coffee growers in the season 1961-62. This decision applies to all estates, including estates below five acres in extent, barring certain areas, namely, Maharashtra, Orissa, Assam, Kolli Hills in Madras State, and Vishakapatnam in Andhra, until a further notification is made in this behalf. The entire coffee crop is, therefore, required to be delivered to the Pool at its different centres by all growers, irrespective of the extent of their acreages, except the quantity that may be allowed by the Chairman of the Board to the owner of any estate to be retained with himself for purposes of consumption by his family and for purposes of seed. All estates have been warned that retention of coffee for domestic consumption or seed purposes without a permit is illegal and that failure to deliver coffee to the Pool will entail prosecution under Section 38(A) of the Coffee Act.

It is thus evident that, in the internal market, coffee will henceforth be released only through pool auctions, and expedients such as local auctions and releases through co-operative societies have been abolished. This decision is a sequel to the widespread criticism by planters about the multi-channelled system of marketing coffee in India for internal consumption.

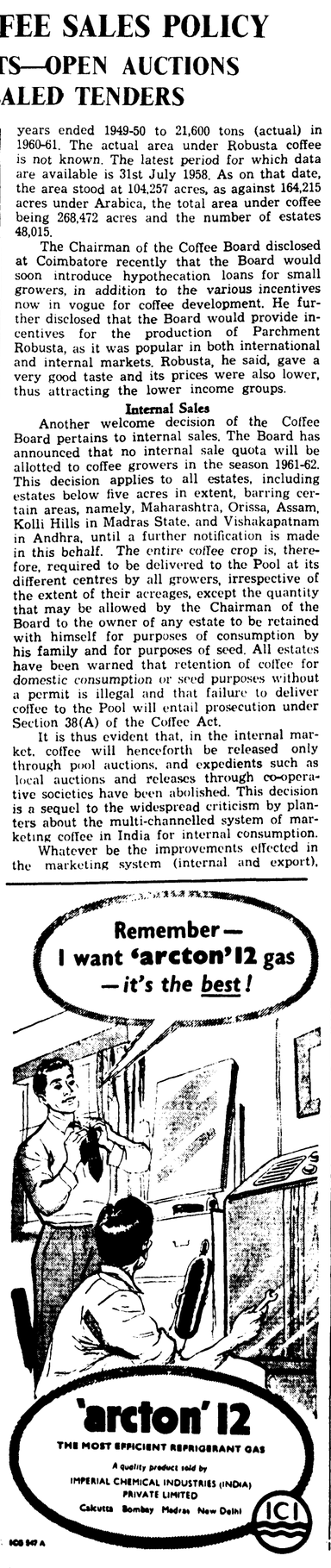
Whatever be the improvements effected in the marketing system (internal and export), they will not be of much avail if they do not ensure for coffee growers a reasonable return. In many cases, the price received by growers from the Coffee Board is said to be below cost of production. In any case, it is markedly lower than the price paid by the domestic consumer, being 80 nP per lb. of Robusta seed, as against the retail price of Rs. 2.73. Even after making allowance for the excise duty and sales tax together amounting to 31 nP, the difference between the two prices comes to Rs. 1.62 per pound. The reasons for such a wide difference apart, the return to coffee growers is too low to cover adequately the enhanced production costs and, unless it is raised, one cannot expect the coffee growers to strive for a quantitative and qualitative improvement in production which is very essential, especially for export promotion.

Growing Home Market Wanted

It may be noted here that, since Indian coffee accounts for a bare 1.5 per cent of the aggregate world output (estimated at about 4.5 million tons) and less than 2 per cent of world exports, it cannot influence the world price. All that India can, therefore, do is, as Mr. M. S. P. Rajes, Chairman of the Shevaroy Planters Association, rightly stressed recently, to turn out a good product and place it on the world markets as efficiently as possible. The export prices of coffee, as already stated, are very low—Re. 1.76 per pound for Arabica Cherry and Re. 1 per pound for Robusta. Mr. Rajes pointed out that, with more than half the production exported at such low prices, it was no longer possible to subsidise the internal price as was done during the year from 1950 to 1958. The real safety of the coffee industry lies, according to him, in having a growing home market. To quote him:

"To my mind, the real solution lies in increasing production and supplying more for export as well as for the internal market. We can continue to export safely only at a certain level of prices and, if it is low, the reaction is bound to reduce our total production. This will defeat the Government's purpose and, therefore, the right thing to do is to produce more, as we have been doing, and make more coffee available for both markets. That would serve the Government's purpose as well as meet the growing internal market."

The meaning of the foregoing quotation is that coffee estates should strive hard to raise the yield per acre and that a stage has been reached when the domestic consumer of coffee will have to subsidise exports. The cost of such subsidy per lb. of coffee consumed in the country will be lower if domestic consumption is expanded. A larger home market is, therefore, a prerequisite for increasing exports of coffee. Fortunately, unlike most of the coffee exporting countries, India has a vast home market and, if adequate steps are taken to stimulate home consumption through appropriate sales promotional measures, a bigger domestic market is a certainty. The Coffee Board, therefore, should do three things. First, it should ensure that the estates get all the facilities necessary for stepping up production. Secondly, wherever estates are of uneconomically small size they should be helped to attain a viable size either through amalgamation or co-operation. And, thirdly, it should abandon its present stand that it is unnecessary to do active propaganda for spreading coffee habit in the country and launch instead a dynamic programme for drinking more coffee. If all this is to be done effectively, the complexion of the Coffee Board itself should undergo a change: it should be a non-official body in the real sense of the word. It is high time the Government left the job of coffee marketing to those who have a vital stake in the commodity. There is no longer any ground for fearing that the coffee producers will exploit the domestic consumer, for the commodity is not having a sellers' market now, nor is it likely to enjoy that status in the foreseable future. There is, of course, the need for earning foreign exchange through larger exports of coffee, but this need can be effectively instilled into that body without the Government itself having to exercise a physical control over it.



The demand for sponge rubber continues to increase, according to Mr. W. D Guppy. For the manufacture of sponge rubber, natural rubber is generally preferred to synthetic, he says, particularly for the softer and lighter density grades, owing to its greater strength in the invulcanised state and the consequent lesser tendency for the cells to rupture and collapse in the early stages of vulcanisation. Sponge rubber can be moulded into a great variety of intricate shapes and sizes. It is one of the standbys of the motor industry where it is used for weather seals around doors and luggage boots, gaskets, tool trays—every Rolls Royce has one—arm rests and safety padding on the dash board. More and more people are walking on sponge rubber now that its use as a carpet underlay is becoming widespread. It is used to soften the dentist's chairside mat and the parson's kneeler. The strip of sponge rubber inside a crash helmet has saved many lives and many surgical and foot appliances make use of sponge rubber to ease the patient's suffering.

NEW PRODUCTS AND PROCESSES

New Material Marks Considerable Advance in Building Technology

A SIGNIFICANT advance in building technology has now been achieved through the development of a new type of bearing support pad made of synthetic rubber. As a result, building engineers are said to have finally found the answer to some of the most difficult problems in their field. The new pads, made of neoprene synthetic rubber, withstand the normal expansion and contraction of concrete and metal structures and stand up to the stresses and strains arising from vibrations, shocks and tremors, thus eliminating ugly gaps and cracks in the buildings. This has not been possible before with other materials. In addition, these synthetic rubber pads are easy to install and maintain, cost less and last much longer than materials used previously.

One of the first important buildings in Europe to adopt neoprene pads is the Centre International Rogier in Brussels, Belgium. They were first installed in this commercial centre three years ago under the main girders. Subsequently, they were also placed under the facade girders above the second floor. Reports on their performance indicate that there is no sign of deterioration and that the maintenance engineers expect them to last the life of the building without the need for any maintenance, repair or replacement. In addition, the reports state that no gaps have appeared anywhere in this building. The pads used at the Centre International Rogier are "Freyssinet"-type pads made in Belgium by Laboratoire de Cinématique, rue de l'Autonomie 24, in Brussels. They are in the form of prefabricated layers of neoprene, about 2.5 cm. thick, adhered between two plates of sheet metal. These plates are protected by a slip and corrosion resistant paint. The dimensions of the pads and the number of pads required to form a complete bearing, varied with the weight of the loads and the range of calculated displacements. In this building, 135 bearings of various sizes were used. The installation of the pads, in contrast to other methods normally used, did not require any specialised labour. The surface area was levelled off by applying a thin layer of mortar. The neoprene pads were then placed between the concrete slabs. Each bearing was installed in less than half an hour.

The support pads are the result of many years of research and development by Du Pont scientists and building engineers in the United States. They are now being used extensively in that country for bridge construction and are expected to last the life of the bridges. Experts now consider that synthetic rubber pads will be equally successful in general building construction. These flat, molded elastomeric bearing pads have no movable parts. The thermal expansion and contraction as well as the girder rotation of the building are absorbed by the ability of the neoprene to "give and take." A further advantage is that unlike the mechanical bearing assemblies normally used for this process, neoprene pads require no lubrication, cleaning or maintenance and because of the absence of movable parts, they eliminate the risk of "corrosion freezing." They are also extremely economical. It is estimated that they cost approximately one quarter as much as the average mechanical bearing device. Neoprene, first developed by research scientists of the Du Pont Company, was the natural choice to answer this problem, which for years has baffled the best brains in the building industry.

Steel Cutter

Steel up to 55 ins. thick can now be cut in a fraction of the time previously taken by a new method adopted in the Huddersfield (Yorks) works of David Brown Industries. The method was used as the first step in the manufacture of a very large fabricated wheel. The steel forging from which the wheel was made was circular in section, five feet in diameter and three feet thick. The cutting of the centre boss by propane-oxygen flame took only 40 minutes, in which time a central 31-inch, four-ton core had been removed. Molten metal from the one-inch wide cut was poured into a specially prepared kit. The finished bore, which the company said had an exceptionally smooth surface in a good condition for subsequent machining, tapered less than three-sixteenths of an inch over the full three feet depth. In preparation for the job a 1¼-inch hole was drilled through the three-foot thick forging and the metal was pre-heated before actual cutting began.

Improved Insulation Material

An improved insulation material, specially designed for hot, cold and low-pressure steam pipes, is now being marketed by Semtex, of 19, Berners Street, London, W.1, a subsidiary of the Dunlop Rubber Company. Called Foamflex, it is lightweight, durable and flexible and can be fitted both quickly and easily, says the maker. The sections are supplied slit longitudinally and slipped over the pipe, the joints being sealed with a special adhesive. Unslit sections are also available.

Capping Bottles

Two high-speed screw-capping and sealing machines are being produced by Designs and Installations of Walnut Tree Close, Guildford, Surrey. The capper, called the Dicomulti, is a screw-capping machine for bottle sizes up to 4½ inches in diameter and 13 inches in height. It applies either metal or plastic caps at a maximum speed of 240 bottles per minute and can be used with any standard filler. Dicoseal, as the sealing machine is known, has been designed primarily for the pharmaceutical industry. It applies rubber sealing discs and aluminium caps to vials up to 2½ inches in diameter and 5 inches in height at a maximum speed of 400 per minute.

Portable Cut-off Machine

For use in the workshop or on site is a lightweight, portable cut-off machine called the Portacutta marketed by Pee-Cee Engineering Supplies, of 115-119, West Street, Bristol 3. Powered by a unit made by Black and Decker, who also provide servicing facilities, it will cut iron, steel, brass and bronze and weighs only 48 lbs. A folding floor stand can be supplied where the machine is required for use in the factory.

Flame Safeguard for Industrial Furnace

Claimed to be the first of its kind available in Britain is a flame-safeguard unit for industrial furnaces which checks its own completed circuit once every second. The unit has been introduced by Honeywell Controls of Greenford, Middlesex. A self-checking circuit disconnects the flame rod and checks all components every second. Such checking, says the company, has until now been incorporated in combustion safeguards during start-up or re-cycling only. The new type, known as the R 4075 Protectoglo, will cause immediate shut down and sound an alarm if the sensing signal, amplifier or related circuitry fails at any time while the burners are operating.

Textile Adhesive

Two adhesives developed by B.B. Chemical Company, of Leicester, will, it is claimed, not only satisfactorily bond fabrics to fabric or to flexible polyether and polyurethane foams but also withstand the dry-cleaning process. Both adhesives can be applied by spraying or with a roller and only light pressure is required to marry the two materials. The first, an aqueous adhesive will dry in 75 seconds at 200 degrees C. or within 60 minutes at room temperature. The second, a two-part, solvent-based synthetic rubber adhesive which requires dilution before spraying, produces a bond which can be safely handled after drying for 50 to 60 minutes at room temperature or after 10 minutes at 70 degrees C. After a curing time of four days at room temperature both provide full resistance to dry-cleaning fluids.

Emergency Light for Motorists

Latest product from the motor car lamp department of Philips Electrical is a small lamp which has two strong magnetic strips on three sides so that it can be attached in almost any position on a car body. The light beam can be directed as required and the driver has both hands free to deal with repairs to the car. Apart from its use when a motorist is in trouble, the lamp can also be used for night map-reading, as a parking light or for temporary replacement of out-of-order rear or side lights. A 16-foot length of flex with crocodile clips enables the lamp to be run off the car's battery. The lamp can also be used with an ordinary dry battery.

Portable 220/42 Volt Transformer

A wire and cable factory at Amsterdam, Holland, has put on the market a portable 220/42V transformer the interior of which is enclosed in a solid vulcanised neoprene housing. The primary and secondary cable connections are entirely incorporated in the transformer insulation and integrally vulcanised with the rubber housing. The cable for the primary connection to the 220 volt mains has a cross-section of 2 x 2.5 sq. mm. and a length of 3 m to a maximum of 10 m. According to requirements, this cable is provided with an integrally vulcanised contact plug rim-earthing model without earthing strips, or an integrally vulcanised bi-polar bayonet coupling contact plug, or finished wire ends. The cable for the secondary connection to the transformer consists of a flexible 42 volt sheating lead with a cross-section of 2 x 4 sq. mm. and a length of 2 m. to a maximum of 10 m. According to requirements, this cable is provided with an integrally vulcanised coupling contact plug rim-earthing model without earthing strips, or an integrally vulcanised bi-polar bayonet coupling contact plug with a protective cap, or finished wire-ends.

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THE DYNAMICS OF FREE ENTERPRISE

COMPETITION IS A POWERFUL MAGNETIC FORCE

By Clarence B. Randall

[Mr. Clarence B. Randall has had a long and distinguished career in business and government service in the United States. A graduate of Harward University, Mr. Randall practised law until 1925, when he joined the Inland Steel Company as Assistant Vice-President. He was elected Chairman of the Board in 1953, but retired in 1956 to become Special Assistant to President Eisenhower in the area of Foreign Economic Policy. Honorary degrees have been conferred on Mr. Randall by a number of universities and he has received many awards from other institutions. He is the author of numerous articles and six books, including "A Creed for Free Enterprise" and "Freedom's Faith."]

BUSINESSMEN in the United States are being driven these days to take a hard second look at the philosophy and the practices of free enterprise. This system of accumulating private capital under single control and risking it for gain in response to no other directing force than individual initiative, has come to them as instinctively as the act of breathing the air about them. They have known no other way of life. In fact, until recently, some of them lacked even a rudimentary awareness that there were in the world other systems for the production and distribution of goods, and a few there are even yet who have studied those other methods with sufficient continuity and earnestness to warrant their undertaking critical comparative evaluations.

Searching the Soul

All this is changing. Thanks to the Russians, who, instead of concealing their strength until they could choose their time to strike, rather naively rang the alarm bell wildly by Sputnik and by putting the first man in space, the American businessman is now searching his soul, his heart filled with apprehension, which is precisely what he needed to do. He now knows that this way of life to which his entire effort is dedicated is under severe challenge nearly everywhere in the world, and that he must either justify it by his conduct, or face the grim prospect that his grandchildren may lose it. Lifting his eyes to the far horizons, he is staggered by the sudden realisation that free enterprise does not automatically export itself, and that new nations, when given an opportunity for a free choice, are apt to reject it, and knowingly accept the communist programme. A vigorous person that he is, he resents this incredible phenomenon, and a highly creditable determination to do something about it is seizing possession of him.

When he takes this hard second look at himself and his way of life, what does he find? What are the "truths" which he "holds to be self-evident," if one may borrow, without irreverence, the sacred words of the Preamble of the Constitution of the United States?

His first truth is that the principle of freedom, upon which our form of democracy must irrevocably be based, is a concept that is integral and indivisible. There are no separate freedoms that may be specifically allocated to particular groups or institutions. The right to make private decisions with respect to the production of goods is precisely the same right exercised by the professor at the university who insists upon teaching whatever economic doctrine he believes to be true. Each must fight to the death to protect the right of the other, or all will be betrayed together. Whatever restricts one restricts each, and all who believe in freedom must jointly resist limitation whenever it appears without immediate thought of self. We have reached a point where it must be all hands on deck all of the time if "life, liberty, and the pursuit of happiness," the national goals proclaimed in our Constitution, are to be preserved.

Rationale for Reward

It is this freedom applied in industry to the point of complete saturation which has given the American economy its enormous vitality and resiliency, and which the businessman is determined to see preserved at all cost. This is so because no other system of production has yet been conceived which so effectively releases the full creative effort of each individual involved. Our industrial way of life dignifies the worth of the individual, first by preserving to him full choice as to what calling he will embark upon, and, secondly, by rewarding him in direct ratio to the contribution which he makes to society. We believe that incentives created by monetary compensation are both effective and moral. We have proven by our long history that the sum total of all effort, when given freely, and with enthusiasm, in our form of society, is greater than the resultant of total effort that is brought forth by compulsion under collectivism. And we see not the slightest thing wrong in doing well by those who try, and little for those who do not. We believe that, in granting rewards that are proportionate to effort, we are merely giving recognition to the fact that, in a free society, the goals of the individual and those of society are not in conflict, but in parallel.

Powerful testimony in support of these truths is now coming from behind the Iron Curtain. Of all people, the communists are the most thoroughgoing of pragmatists. A thing has to work or it will be discarded. They boastfully began the reorientation of their industry on the starry-eyed theory that society would take from every man according to his ability, and grant him his share of the total production in strict accordance to his need, regardless of his effort. Now they know better. Quietly, they have dropped that will-o'-the-wisp, and now they employ a wide range of group bonuses, and of individual incentives accomplished both through salary and emoluments. In a land that has few automobiles, a limousine and chauffeur can create powerful motivation. Add a dacha on the Black Sea and the upward surge of production can be pronounced. In fact, incredible as it seems, the spread between the compensation of the manager of a steel plant in Russia, and that of the lowest paid worker is unquestionably greater than the comparable difference in the United States.

Power of Free Choices

We apply this principle of freedom that saturates not only to the production of goods but to their sale and distribution as well. We have no lonely commissar pontificating by himself as to what quantities and qualities of merchandise we should turn out. We vote all day every day as to what they should be. Every time a housewife goes into a supermarket and buys a package, she casts a ballot, as does her husband when he makes the down payment on an automobile. By totalling the resultant from an infinite number of such free choices, we arrive at consensus as to our goals.

In fact, the basic concept that underlies everything that we do is the idea that the wisdom of the many is at all times more to be trusted than the wisdom of the few. There is always the chance under communism that a commissar may display great genius, but there is a still greater chance that he may display colossal ignorance and stupidity, and only fools would knowingly take such risks.

We employ the same principle of freedom that saturates in the formulation and gathering of the capital required in the building and equipping of our industrial plant, and in the financing of our operations. We rely on no other force than the incentive of intelligent self-interest for the providing of our funds. No individuals is required to save. He may eat today and starve tomorrow, if he so elects. No part of that share of the product of his toil which has been allocated to him will ever be taken from him against his will in order that capital may be accumulated. But, being a rational being, he soon senses that there is a future and that, for him and his family, it will be a better future if he withdraws a part of his earnings from immediate consumption, and risks it for further gain by buying the common stock of the company for which he works, or that of another, if he prefers.

This broad diffusion of the ownership of the means of production does two things. First, it keeps management on its toes, for, unless industry fully measures up and gives full value in terms of return on investment, the flow of capital will stop. People will spend and not save. And, secondly, those who won, instinctively want to understand, and a means of communication is established by which people everywhere acquire insight into the problems of the economy.

The powerful magnetic force which keeps the compass of industry pointing toward the true north with respect to the welfare of society as a whole is competition. The rule of survival of the fittest, which is the counterpart of freedom of enterprise, sternly demands that each separate unit of production put forth its utmost effort at all times, and that is social gain of a high order. We speak of ours as a profit system, but actually it is a profit and loss system, and the two forces of hope and fear operate in parallel to eliminate those who in America we call the "free-riders."

When one businessman enters into a secret agreement with another businessman to restrict competition, he is either guilty of moral turpitude or is lacking in understanding of the enterprise system. The pegging of prices, the arbitrary dividing of territories, the withholding for a fixed period of advances in technology, and all similar devices which evil minds can think up to fatten profits at the expense of the consumer are a denial of our heritage. If persisted in, they will destroy the enterprise system. Such power over society cannot be lodged in private hands, and an angry public, when fully roused, will punish us all by withdrawing the privileges which it has bestowed in the field of private endeavour.

Being Right More Important

This, of course, raises the whole question of the importance of moral attitudes in the preservation of the enterprise system. It is actually more important that we be right than that we be effective. The very highest standards of ethics must henceforth govern the conduct of industrial leaders if society is not to turn against us, and we in the United States now comprehend this clearly.

Areas of Weaknesses

We still have areas of weakness, however. Take executive salaries, for example. It is urgent and right that men who bear great responsibility should be generously compensated, but when moderation yields to avarice, hostile social forces are swiftly set in motion. Here are some danger signs. When the top man takes twice the compensation of his second in command, something is surely wrong. When the top man has the highest salary in his industry, he may be justified, for someone has to be the high man, but he should be put upon great caution to be sure that he is right. And when the top man submits his proposed compensation to no one but an "inside board," namely, a group of directors all of whom work for him, he is clearly vulnerable.*

We have erred too with respect to expense accounts. Under our law, legitimate entertaining may be deducted as a cost for purposes of computing the corporate income-tax, but, when the company president gives a champagne party at a night club, or uses the company airplane to take his friends on a duck hunting trip, he steps far over the line of propriety. His conduct poses a threat to the survival of the entire private enterprise regime. His subversion differs from that of the Communist only in degree.

On the other hand, there have been great advances in general probity during the years of the present generation. In my day, for example, I have seen commercial bribery all but completely eliminated. Time was when one company would place an industrial spy in the research department of a competitor, or when a supplier would buy the favour of a purchasing agent, but those moral lapses have been cleaned up, and cleaned up by industry itself without the necessity for new laws.

In fact, the outstanding characteristic of the entire business community in the United States today, and the one which holds the greatest promise for the future, is its high sense of social responsibility. We now see clearly that the welfare of a particular enterprise and that of the area in which it is located are inseparably linked, and we see further that the welfare of industry as a whole and that of our country are likewise indivisible. It has taken a long time for this full sense of social mission to become the dominant philosophy of our industrial leadership, but such is now the unquestionable fact.

And it is very right that this should be so. It is merely the logical extrapolation of a principle which, once accepted, could lead to no other conclusion, which is this: for every privilege bestowed upon individuals in a democratic society, there is a corresponding obligation. Such is the essence of freedom. In the past, in our country, we have heard too much about our rights, and not enough about our responsibilities. All this is now undergoing a revolutionary change, and the businessman is assuming an important role in this significant transformation as he takes his hard second look at the enterprise system.

Nearly all of the leading American firms, for example, now set aside a part of their profits for philanthropy. Most of them do this by establishing a charitable foundation, which is administered by a special staff, and not by the board of directors. Through this medium they give support to hospitals, homes for the aged, child welfare institutions, health programmes, and a wide variety of social agencies. This is only the beginning, however, and in large corporations literally hundreds of worthy causes will be assisted. Education stands high on the list, and liberal arts colleges are supported in parity with those who turn out technically trained graduates. Above all, the motive behind the allocation of such funds is not to help the company, but solely to serve the community and the nation. That is industrial statesmanship of the highest sort. We had a little trouble with the lawyers on this at the start, but it is now entirely clear that, under our law, a corporation may use its funds for the common good, as, of course, it should

Serving the State

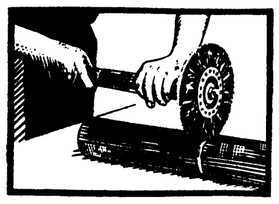
Moreover, businessmen in the United States, now give themselves in addition to their money. You will find them lending their management skill to community institutions by taking unpaid executive posts, or by serving on boards of trustees, and you will find them employing their promotional gifts in the leading of campaigns for the raising of funds for charitable purposes from the general public. They are establishing by their conduct the proposition that free enterprise not only receives from society, but gives full value in return.

You will find businessmen in our Government these days, too, at every level, carrying heavy responsibility at substantial financial sacrifice, and doing so with distinction. When unexpectedly a corporation officer is asked to close his desk for a term of years and go to Washington, or to his State capital, he does so in a high spirit of dedication. He knows that, in this world of crisis, the demand for talent in Government has greatly exceeded the supply, and he answers the call in the spirit of his new philosophy of social mission. Actually, the combination of the mature executive from business, paired with a career officer, makes a strong team. The professional provides the indispensable familiarity with the subject matter, and the knowledge of how Government operates, while the amateur brings awareness of the state of public opinion, and the courage to take a fresh approach, inasmuch as his own future is never at stake in anything he does. His greatest desire is to get the job done worthily, and go home.

Leaders in American industry are thus in many ways rising magnificently to the challenge of a world in torment and distress. They believe fervently that the forces of private initiative as released into the field of production in a free and democratic society bring greater good to more human beings than is possible under communism. But they also know that freedom brings responsibility, and that production as such is not a goal in itself. They are fully aware of their social obligations, and are determined to fulfil them abundantly.—*By the Courtesy of* THE I.P.A. REVIEW, *Melbourne.*

*The expression "inside board" means a board of directors entirely composed of full-time employees of the company.

"SCCO"



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WORLD PRODUCTION OF OIL

GROWTH RATE MAINTAINED IN THE FIRST HALF OF 1961

[Reaching nearly 549 million metric tons in January-June, crude oil production in all countries was about 34 million tons or 6.7 per cent higher than in the same period of last year. The Middle East contributed 12 million tons to this increase, the U.S.S.R.—now the world's second largest producer—nine million tons, and the rapidly developing Saharan region about five million tons. In the U.S.A., production remained unchanged, while the increase in Venezuela was only 1½ million tons. Regular production in Libya will start towards the end of this year. For the world as a whole, the current percentage rate of expansion continues close to the annual average of about 7 per cent which occurred during the 1950s, when output doubled within the decade, but the corresponding annual increase in volume grows larger.]

WORLD production of crude oil continues to advance at virtually the same fast pace as in the '50s. Output in the past decade went up on average by about 7 per cent annually, being a doubling from 523 million metric tons in 1950 to about 1,051 million tons in 1960. Last year's actual increase (as compared with 978 million tons in 1959) was as high as 7.5 per cent, while, in the first half of this year, world production reached 549 million tons, being 34 million tons or 6.7 per cent more than in the same period last year. Assuming a similar rate of advance during July-December, this year's total production will be of the order of 1,120 million tons.

While the average percentage rate of annual increase remains more or less unchanged, the advances in terms of tonnage are now, of course, becoming progressively larger. And, with production in the U.S. virtually stationary, most of the additional production occurs in the exporting countries whence it has to be transported, often over considerable distances, to the areas of ultimate consumption. In January June this year, the free world outside the U.S. produced about 24 million tons (or 9.1 per cent) more than in the same period of the preceding year, the main contributions being made by the Middle East (12 million tons) and the Sahara (5 million tons). Also, production went up by over 2 million tons in Argentina, by nearly 2 million tons in Canada, but by only about 1½ million tons in Venezuela. The Communist world once again showed a sharp increase, of over 10 million tons (13.3 per cent), mostly in the U.S.S.R.

With some fluctuations, production in the U.S. has, for the past two years or so, been around 7,000,000 barrels daily, or about 346 million tons annually. Though still by far the largest producing country, its share in world output has declined from more than half in 1951 to less than one-third at present. Output is not expected to show any marked change. The Independent Petroleum Association forecasts only a slight increase in the second half of this year, and U.S. production for the whole of 1961 is expected to reach 7,104,000 b/d, or about 349 million tons, which would represent an increase of little more than 0.5 per cent compared with 1960. Inland demand, according to the Association, will rise this year by about 1.5 per cent, but, notwithstanding the cuts in crude oil imports during the second half of this year, there will be a rise in the year's crude and products imports by an estimated 2.2 per cent to 1,860,000 b/d. This will be accompanied by a sharp decline in exports, larger supplies of natural gas liquids and a small reduction in stocks. In the early months of the year, demand was adversely affected both by the mild weather and by slack business conditions, the number of producing days in Texas (which still accounts for more than a third of the output) in January-June being only 52—the lowest for any comparable period since prorationing began in the 1930s.

In Canada, higher exports to the U.S. have enabled the oil industry to move towards the Government's goals of achieving an output of 31.5 million tons (640,000 b/d) in 1961 and 39.5 million tons (800,000 b/d) in 1963. Over 15 million tons were produced in January-June, and, with U.S. imports of Canadian oil still unrestricted, this year's target is likely to be achieved.

Latin America

Venezuela, though still by far the world's largest oil exporter, has now lost to the U.S.S.R. her place as the second largest crude oil producer. The Venezuelan Government's four-year plan foresaw oil production rising at an annual rate of about four per cent, and the recent World Bank mission to Venezuela assumed a similar growth. It rose by over five per cent in 1960, but the actual increase in January-June 1961, over January-June 1960, was somewhat over two per cent. There are, however, wide seasonal fluctuations in exports to the U.S. Production in January-March this year was relatively high, at about 3 million b/d, but it then declined to about 2.8 million b/d during the following three months. Apart from the import restrictions in the all-important U.S. market, there has been a continued shrinkage of the Argentine, and the complete loss of the Cuban market, while Venezuelan exporters are generally handicapped by the Government's opposition to heavy discounts off posted prices which are out of line with market realities. Also, the traditional geographical advantage enjoyed by Venezuelan exporters has been somewhat reduced by the incidence of low tanker freights, and the growing number of very large tankers in use.

In Mexico, imports (except, for geographical reasons, those into the north-west) have ceased, and with exports also diminishing, local production and demand are moving towards a balance. This is reflected in the continued steady expansion of output which is accompanied by the increased use of natural gas and natural gas liquids. In Argentina, the acceptance of foreign capital and technical skill in the last few years has brought about the most dynamic recent growth in oil production in the Western Hemisphere—from 5.1 million tons in 1958 to 9.1 million tons last year, and to a rate equivalent to around 12 million tons now. Production at present covers about nine-tenths of the country's oil demand, and the existing productive capacity could already ensure full self-sufficiency if the required inland transport facilities were available. Brazil's production, all from the Bahia fields, continues to expand rapidly, but on a scale that does not match up to the sharply expanding demand.

Middle East

The Middle East has, of course, been the mainstay of the rapid expansion of the free world's crude oil production during the past decade, output in the region having gone up from 88 million tons in 1950 to 265 million tons in 1960, and to an annual rate of 280 million tons in January-June 1961. In the Middle East, crude production is now approaching the level of that in the U.S. east of the Rockies, and is currently about 75 per cent higher than it is in the U.S.S.R., or 85 per cent higher than that in Venezuela. If there is no serious disturbance, production is destined to continue to rise, though not at the same high rate as in recent years. The European market, which has been absorbing most of the oil from the region, is expected to expand less rapidly in future, while there are now new supplies in the French Sahara and shortly in Libya too. The heavier shipments of Russian oil usually displace Middle East oil.

Kuwait, with an output now about half that of the U.S.S.R., continues to be the area's leading producer, followed by Saudi Arabia and then by Iran. The incidence of supply arrangements and of large contracts brings changes in the relative growth in the various countries, and the five per cent increase in production so far this year in Kuwait follows a 17 per cent rise in 1960. There continues to be substantial expansion in Saudi Arabia, and the same is true of Iran except for a short period early this year when exports of products were virtually suspended because of a dispute with Iraq over piloting and berthing in the Shatt-el-Arab. Outside the Consortium area in Iran, SIRIP (ENI and NIOC) has now started regular production from its off-shore field, and it hopes for an output of 300,000 tons in 1961, 800,000 tons in 1962, and 2,000,000 tons in 1963.

Thanks to the recent expansion in the capacity of the North Iraq pipeline system, Iraq—the fourth largest producer of the Middle East—has been able to produce, as from the beginning of 1960, at an annual rate of over 47 million tons, as compared with an output of nearly 42 million tons in 1959. Plans are now in hand for increasing the country's export capacity to about 70 million tons in 1962, by further improvements of the pipeline system, and by the

completion later this year of a new artificial deep-water terminal 25 miles south of Fao in southern Iraq. The onshore production in the Kuwait-Saudi Arabia Neutral Zone has also been gradually expanded and is now of the order of 8,000,000 tons a year—nearly the same as in Qatar. Regular cargoes of offshore oil from the Zone are now being made to Japan, which will become substantial when the projected shore terminal facilities are built.

North Africa

The main events in oil production, however, are those occurring in North Africa. Thanks to the opening of the pipeline to Skirra in Tunisia towards the end of last year, production in the French Sahara reached nearly eight million tons in January-June this year, compared with 8.5 million in the whole of 1960 and unless there is a prolonged interruption of the flow through the Skirra pipeline, there is every probability that the goal of 18 million tons for the whole of 1961 will be realised. It is also expected that regular commercial production in neighbouring Libya will begin by the end of this year; two pipelines of a combined capacity of 30 million tons a year are now being built but for some years output will be well below this figure.

In West Africa, Nigerian production, recently at a rate of about 1,000,000 tons a year, is to be gradually raised during the remainder of this year to reach a rate of 3,000,000 tons, the new terminal and other oil installations at the mouth of the Bonny river having now been completed. Production in the former French Equatorial Africa (Gabon/Congo) is encountering some disappointment, and will not be more than 800,000 tons this year, compared with last year's record of 861,000 tons.

World: Estimated Crude Oil Production

(Thousand metric tons)

	Jan.-June 1960 (a)	July-Dec. 1960 (a)	Jan.-June 1961 (a)
North America—			
U.S.A.:			
West of Rockies	20,441	20,677	20,700
East of Rockies	153,015	152,988	152,500
	173,456	173,665	173,200
Canada	13,305	12,522	15,150
	186,761	186,187	188,350
Latin America:			
Caribbean Area:			
Venezuela	73,613	74,250	75,290
Colombia	4,027	3,837	3,786
Trinidad	3,109	3,020	3,300
Cuba	11	9	9
	80,760	81,116	82,384
Other Countries:			
Mexico	6,852	7,273	7,300
Argentina	3,878	5,268	6,000
Brazil	1,772	2,099	2,200
Peru	1,239	1,360	1,400
Chile	451	494	528
Bolivia	207	208	190
Ecuador	182	182	190
	14,581	16,884	17,808
Middle East:			
Kuwait	39,658	42,205	41,550
Saudi Arabia	30,239	31,826	34,740
Iran	24,500	27,550	28,400
Iraq	23,000	24,500	23,650
Qatar	4,071	4,141	4,162
Kuwait Neutral Zone	3,431	3,553	4,000
Egypt	1,606	1,660	1,700
Bahrain	1,122	1,135	1,130
Turkey	179	182	180
Israel	64	64	65
	127,870	137,107	139,577
Africa (excluding Egypt):			
Algeria and Sahara	3,027	5,521	7,900
Nigeria	414	464	700
Gabon/Congo (Brazzaville)	400	461	439
Morocco	48	44	45
Angola	32	36	35
	3,921	6,524	9,119
W. Europe:			
Germany	2,712	2,818	2,979
Austria	1,237	1,321	1,180
Netherlands	909	1,009	1,012
France	966	1,033	1,010
Italy	884	1,114	950
Yugoslavia	350	591	650
U.K.	42	45	53
	7,090	7,830	7,884
Far East (b):			
Indonesia	10,131	10,330	10,000
British Borneo	2,376	2,224	2,083
Japan	240	287	290
Burma	266	266	259
India	224	225	225
Pakistan	171	193	188
W. New Guinea	103	103	90
	13,510	13,618	13,135
Free World:			
Western Hemisphere	282,102	284,197	288,542
Eastern Hemisphere	152,391	165,079	169,665
Total	434,493	449,266	458,207
Of which:			
Outside U.S.A.	261,037	275,601	285,007
Eastern Europe and China:			
U.S.S.R.	76,800	77,100	79,800
Rumania	5,673	5,800	5,950
Hungary	573	643	670
Albania	290	313	330
Poland	96	98	100
Bulgaria	97	96	95
Czechoslovakia	66	71	75
China (c)	2,900	3,900	3,600
	79,995	87,220	90,520
World Total	514,488	536,486	548,727

(a) The number of days in January-June 1960 was 182, July-December 1960 184, and January-June 1961 181.
(b) There is also a very small production in Formosa, Thailand and New Zealand.
(c) Including oil from shales and coal.

The rising crude oil production of the European Economic Community reaching about 6,000,000 tons in January-June (excluding the Sahara), makes a useful though very small contribution towards the requirements of the world's largest importing region; Western Germany's production is expected to reach 6,355,000 tons in the whole of this year (15 per cent more than in 1960), with the Netherlands, France and Italy also rising and now producing at an approximate annual rate of around 2,000,000 tons each. Austria's production, however, has now been reduced to less than two-thirds of the 1956 rate of 3,665,000 tons, and some further decline is anticipated. Yugoslavia, with a planned output of 1,350,000 tons, has this year achieved virtual self-sufficiency in oil, and it is hoped to raise production further to over 2.1 million tons by 1965.

Far East

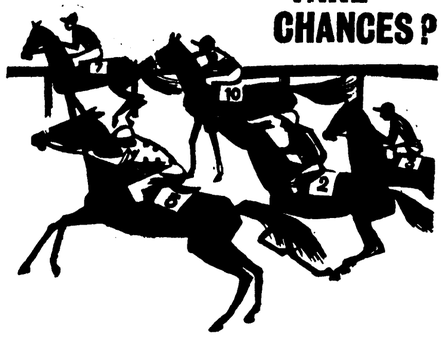
The Far Eastern countries produced just over 13 million tons in January-June 1961 (including 10 million tons from Indonesia), which was slightly less than in the two preceding half-years. During the 1950s, production in Indonesia increased sharply, thanks to the development of new fields, and helped by rising home demand. Expansion has now temporarily halted but Shell's Tandjung field in Kalimantan will start producing, at a rate of about 2 million tons a year, on the completion in a few months of the necessary pipeline facilities. British Borneo's crude comes mainly from the Seria field in Brunei, which has now passed its peak, and, in the absence of new discoveries, output is declining. The current rate of 4 million tons compares with a record of 5.7 million tons in 1956. In the other producing countries in the area, the small output remains steady, but that of India will be substantially raised to about 3 million tons on the completion, over the next few years, of the refining and pipeline facilities needed to handle the potential production from new fields in Assam.

Russia

The continued big rise in oil production in the U.S.S.R. is a measure of the economic progress she is making, especially as a big expansion in natural gas output is also under way. Oil output is expected to reach this year 164 million tons, or 11 per cent more than in 1960. This figure is officially stated to be nearly 8 million tons higher than the unpublished 1961 target under the current Seven-Year Plan. The aim stated in the Plan was to raise the country's output from 113 million tons in 1958 to between 230 and 240 million tons in 1965, and this can now be reached by annual rises of 10 per cent over the next four years. Most of the rise in production comes from the rich Ural-Volga area, but important finds have now also been made in various other parts of the U.S.S.R., notably in Siberia and Central Asia.

The other main oil-producing countries in the Communist world are Rumania, where production is now rising only very slowly and no big advance is foreseen, and China. Of the minor producers, Hungary hopes to reach next year, once again, a production of 1.6 million tons—which she had already attained in 1955, before the water encroachment in the Nagylengyel field—while Albania expects to go forward to a goal of 947,000 tons for 1965 involving a 57 per cent increase over last year's performance.—*By Special Arrangement with Petroleum Press Service.*

The United Nations Special Fund, the Government of Thailand and the World Bank have signed an agreement providing for a detailed study of the problem of siltation at the Port of Bangkok and for a study of the economic feasibility of building an alternative port at Sriracha. The project was approved by the Fund in December 1960, and the Fund has allocated $1,000,000 towards the cost. The remaining costs, equivalent to about $268,000 for the siltration study and a smaller sum yet to be determined for the alternative port study, will be borne by the Government of Thailand. The World Bank will act as Executing Agency for the studies, having general responsibility for execution of the project, including disbursement of the money made available by the Special Fund. The Government of Thailand has retained the services of the Netherlands Engineering Consultants to carry out the studies. The work will be completed in 1965.



WHY TAKE CHANCES?

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And yet, you *can be sure* if you know that the goods you buy have been made to a given standard. Standardization benefits not only you, the consumer, but also the producer, the distributor and indeed, the country as a whole.

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ROURKELA STEEL PROJECT

SECOND PLAN STAGE COMPLETED

WITH the formal inauguration of the Cold Rolling Mill on 21st July, 1961, the first stage (under the second Plan) of construction of the Rourkela Steel Project in the public sector has been definitely completed. This Rourkela plant, which is an outstanding monument to Indo-German co-operation, was the first to be conceived by India's planners who were looking out for a suitable foreign partner. It is worth recalling that long before anybody else considered it feasible to help India in this field, two German companies—Krupp and Demag—came forward in 1952 with a proposal to erect a steel plant on a joint-partnership basis with the Government of India. The two German firms not only pioneered in offering technological and financial aid for the Rourkela Project but took upon themselves the toughest assignment in steel making. The assignment was a very difficult one, for the Rourkela plant was to be designed to produce exclusively flat products, whereas the other public sector plants in India were to produce only ordinary merchant steel. What India needed most was the technical know-how of producing flat products like plates, sheets and strips so very necessary for the development of such basic industries as shipbuilding, automobile manufacture, heavy machine building and even armaments. It is the manufacture of such flat products that constitutes the central feature of the Rourkela Project. Herein lies the importance of German collaboration in the development of India's steel industry.

L.D.-Process

The Rourkela Project, which adopts the Austrian-invented and patented L.D.-process for steel-making, also constitutes a revolution in steel-making in India. The L.D.-process offers a unique economic advantage inasmuch as both the capital and operating costs are lower due to higher productivity. It is estimated that L.D. steel will be cheaper (by Rs. 30 per ton), as compared with steel produced by conventional methods.

Another feature of the Rourkela plant is that its German-designed rolling mills are ultra-modern, keeping abreast of latest developments in world steel technology. The plant has been so designed as to ensure complete utilisation of available raw materials and recovery of industrial wastes, by-products and coal chemicals. From the basic chemicals that will be produced in this plant many products like dyestuffs, synthetic resins, insecticides and pharmaceuticals can be produced to form the nucleus of a thriving chemical industry based on coke.

Thanks to these unique characteristics, the Rourkela plant may well prove to be the most economical one in India, provided it is efficiently run and managed. It is expected that the prices of the end-products of this plant, on a ton-per-ton comparison, will fetch almost double the prices of the end-products of other steel plants in India. These end-products, which include plate for shipbuilding, wagon construction, bridges, cranes, containers, car bodies, etc. and tinplate for cans, apparatus and tanks of all descriptions, are to be manufactured in the following quantities:

	Tons per year
Heavy plate	200,000
Medium plate and wide strip (hot rolled)	300,000
Sheet and strip (cold rolled) ...	170,000
Tinplate	50,000

The different mills manufacturing these end-products merit description, howsoever brief, in this connection. In the heavy plate mill, the slabs are levelled into wide and heavy plates for use in shipbuilding, locomotives, goods trucks and boilers.

Wide Strip Mill

In the wide strip mill, by far the greater number of slabs from the blooming and slabbing mill is processed into strip. This mill has an annual capacity of upto one million tons; its operations are carried out automatically, and so only a few operators are needed to run the mill. Supplied by Demag the wide strip mill is claimed to be the most modern of its kind in the whole of Asia. It affords a variety of uses for the strip rolled on it; for instance, in a pipe-welding plant installed at Rourkela, strip from the mill is made into pipe. (The capacity of this pipe plant alone amounts to 100,000 tons of pipe per year). The strip issuing from the mill is either built up into coils weighing upto 12 tons with a width of 61.62 inches and a thickness of upto 0.39 inch or cut into sheets 16 to 32 feet long by means of a rotating shear. The finished coils are conveyed to the cold rolling mill or, depending on their further use, sold direct to the consumer.

In the Cold Rolling Mill which has just been commissioned, as mentioned at the outset, cold rolling of the strip is effected in two stands. One stand is used to roll car body sheet with an initial thickness of 0.078 to 0.16 inch to a final thickness of 0.0136 to 0.0614 inch. Tinplate with a final thickness of 0.00741 to 0.0195 inch is made on the other stand. Vigorous cold working in the Cold Rolling Mill makes the steel very hard and brittle, so that it is unsuitable for further processing. Its grain structure is, therefore, corrected by annealing. This is done in the Rs. 1½-crore annealing plant which has also been commissioned as part of the Cold Rolling Mill.

Cold Rolling Mill

The Cold Rolling Mill is, perhaps, the most important section of the Rourkela plant, for the production and consumption of thin products is considered to be one of the signs of industrial progress today. The use of thin flat products, such as sheets of considerable length has reduced the necessity of revetting and welding. Better finishing methods of materials have eased work involved in painting, enamelling and other surface finishing processes. Cold rolling has improved the malleability and non-corroding qualities of sheets. It has been estimated that the improvement in the quality itself has reduced the weight of steel used for all purposes by over 10 per cent. The ultimate lowering of costs through the perfection of strip manufacture has made possible the growth in the manufacture of durable consumer goods. The entire 200,000-ton output of the Cold Rolling Mill is earmarked for auto-body sheets. But the demand for cold-reduced sheets for the manufacture of appliances, furniture, refrigerators, etc. will increase enormously. In order to keep pace with this development, the third Plan envisages production of about 600,000 tons annually from the mill.

Another major feature which distinguishes Rourkela from all other iron and steel works is its fertiliser factory. Here the hydrogen which is separated from the coke-oven gas and the nitrogen arising in the oxygen plant are made into ammonia and nitro-chalk so as to produce 600,000 tons of nitro-limestone fertiliser per year. It is claimed that this factory is the largest of its type in the world, using the nitrogen arising as a by-product in the oxygen plant and the hydrogen from the coke-oven gas for the synthesis of fertiliser. The quantity of fertiliser produced by this factory will be sufficient for 6 million acres of land.

A few words in conclusion. The Rourkela Steel Project, with its distinctive characteristics described so far, is earmarked for expansion in the third Plan period. When expanded, the entire Plan will have an ultimate output capacity of 1.8 million tons per annum at the end of the third Plan. The financing of this expansion programme is guaranteed, for the German industry has already collected and handed over to the German Government the equivalent of Rs. 120 crores for the purpose of long-term credits under deferred payment arrangements. The second stage (as provided for in the third Plan), construction of the Rourkela Project, it is hoped, will also be completed to schedule. While the first stage itself has made the Rourkela plant complete in all particulars, the second stage will see the doubling of its production capacity. That will be a crowning achievement of the Indo-German partnership that has created Rourkela.

BRITISH INSULATED CALLENDER'S CABLES LTD.

It has been just announced by Messrs. British Insulated Callender's Cables Limited that they have been awarded a £1,000,000 contract from the Indian Railway Board for the supply and installation of overhead equipment for 25 kV 50 cycles A.C. railway electrification over 250 track miles of suburban railway in the Calcutta area. With this latest contract, the third of its type which the B.I.C.C. has received from the same source since December 1958, the Group will have been responsible for nearly 1,000 track miles of 25 kV 50 cycles A.C. electrification in India at a cost of some £4,500,000

The first contract, announced in December 1958, was for the electrification of a 400-mile section near Calcutta of the main line between Calcutta and Bombay on the South-Eastern Railway. This section, between Tatanagar and Rourkela, with a branch from Rajkharswan to Dongoaposi, links the iron ore fields in Bihar with steel plants at Tatanagar and Rourkela. Very rapid progress has been made on this contract, which was the first to be awarded in India for high voltage A.C. operation. A trial section was put into operation 12 months from the date of order, and the major portion of the scheme is already in commission.

Under the second contract awarded to the B.I.C.C. Group, which was announced in June 1960, some 300 miles of the Eastern Railway system between Delhi and Calcutta are being electrified. This section lies between Gaya and Moghalsarai, and includes the largest marshalling yards in Asia. Both this contract and the previous one were for freight service and intended primarily to provide the rail link that is essential for India's expanding steel programme. The new contract will facilitate the carriage of both freight and passengers to and from the developing suburban areas of Calcutta, particularly those to the North and North-East. South of the city, Sealdah station, which is embraced within the overhead electrification scheme, will eventually be able to handle a greatly increased volume of rail traffic. Sealdah is said to be one of the World's busiest major terminals still being operated by steam traction. These three orders, taken in conjunction, represent an important contribution by the B.I.C.C. Group towards the implementation of the Indian Railway Board's decision to standards the country's electric traction systems. The latest contract when complete, will constitute the first suburban railway section in India to be equipped for overhead high voltage A.C. operation.

BUILDERS HARDWARE INDUSTRY

The builders hardware industry, according to Mr. Ajoyendu Paul, Chairman of the Builders Hardware Association of India, is now well established and has attained self-sufficiency in almost all the items of builders hardware and fittings such as hinges, padlocks, padbolts and towerbolts. In his presidential speech at the seventh annual meeting of the Association held at Calcutta last week, Mr. Paul also made the point that "this remarkable success has been achieved without any assistance from foreign sources whether in the shape of raw materials or capital." There are now 60 factories producing builders hardware items and employing 15,000 workers. The production of steel hinges alone, as of 1960, is of the order of 2.2 million dozen pairs, as compared with 1.2 million dozen pairs in 1956. According to Mr. Paul, the capacity in the steel hinges industry is now under-utilised because of the shortage of raw materials. At present, the builders hardware factories get their quotas of steel either from the Development Wing of the Union Ministry of Commence and Industry or from the State Governments. The allotment, it is stated, is hardly sufficient to meet 50 per cent of the consuming capacity of the industry. It may be that the Rourkela Project will soon be in a position to supply more flat products to meet the industry's requirements. As the domestic cold rolled steel strips now available to the industry meet only 5 per cent of its requirements, its plea for actual user's licences to import them for some time seems to be reasonable. It may be advantageous to do this on the ground that the industry will earn some foreign exchange by exporting its products. It may be recalled in this connection that the industry's exports have ranged round Rs. 20 lakhs per annum since 1956. Many a mickle makes a muckle. The builders hardware industry, with its export potentialities, certainly deserves greater encouragement.

INDIAN SHIPPING'S SECOND PLAN TARGET

With the recent acquisition of a tanker of over 20,000 g.r.t. by the newly formed Indian shipping company, the Jayanti Shipping Company of Delhi, the tonnage target of 900,000 g.r.t. set for achievement under the second Plan has been slightly exceeded. The Indian tonnage, as on 31st March 1961, consisted of 172 vessels totalling 858,000 g.r.t. Since then, five vessels aggregating 51,000 g.r.t. have been added to the Indian fleet and one old vessel of 1,400 tons has been disposed of, bringing the strength of the Indian merchant fleet to 176 vessels totalling 908,000 g.r.t.

Of the total tonnage, 571,000 g.r.t. are employed in the overseas trade and 307,000 g.r.t. in the coastal (dry cargo) trade. There are also seven passenger vessels totalling about 6,000 g.r.t., five employed in the Konkan services and two by the Southern Railway in the Dhanushkodi—Telaimannar Service. Three coastal tankers, totalling 24,000 g.r.t. are on charter with the three oil refineries in India for transport of their products along the coast.

ROAD TUNNEL BENEATH THE KIEL CANAL

The mile-long road tunnel, 70 feet beneath the Kiel Canal connecting the North Sea and the Baltic, has been completed at a cost of DM 50 million on 25th July 1961. It is stated to be one of the boldest road building ventures in Europe. The tunnel has a capacity of 50,000 cars a day and provides a badly needed link for European highway No. 3, leading from the Scandinavian countries through the Federal Republic of Germany to Southern Europe. Some 3.5 million cars are expected to cross the tunnel a year. Traffic

SUGAR INDUSTRY AND ITS PROBLEMS

MR. D. D. PURI'S SPEECH AT I.S.M.A. ANNUAL GENERAL MEETING

INDUSTRY FACES SERIOUS DIFFICULTIES OF STORAGE AND FINANCE

A WARNING that the survival of sugar industry would be in serious jeopardy, unless a sizable portion of the huge stocks lying unsold with mills found an outlet and quickly was given by Mr. D. D. Puri, President of the Indian Sugar Mills Association, in the course of his speech at the Twenty-eighth Annual General Meeting of the Association held at New Delhi on Monday, 31st July 1961. The exportable surplus of 650,000 tons even after providing for a carryover of 500,000 tons, Mr. Puri declared, was a burden too big to be carried by the industry and was beyond its maximum financial and storage resources. Indeed, he said that the position was getting so serious that the industry might be forced to curtail production in the next season. In his opinion, such a development especially in the context of a bumper cane crop would cause grievous loss to the industry, as well as to millions of cane growers who had been increasing acreage under cane in the belief that there would be a readily available market for their produce, and would also "deal a blow to the developing economy of the country."

The following are extracts from Mr. Puri's speech:

Record Production and Crisis of Surplus

"On the sugar front, we are meeting under the shadow of deep crisis. Every day that passes deepens the shadow. We have moved far ahead of the times when scarcity of sugar was the order of the day. With the shift of emphasis in the Government policy from mere regulatory and distributive measures to maximising production, adopted last year, we have not only turned the corner so far as the availability of supplies is concerned, but, paradoxically enough, are now in the midst of what I have called a crisis of surplus.

"In the current season, production has almost reached the figure of 30 lakh tons. Here is the third Plan target in the bag, five years ahead of schedule.

Static Consumption Trend

"The consumption of sugar, on the other hand, has not shown the corresponding increase. In fact, contrary to the Plan premises, there was a slight fall last year. As against 20.66 lakh tons in 1958-59, consumption last year was only 20.24 lakh tons, showing a decrease of more than 40,000 tons from the previous year. It was expected that, this year with increased production and better availability, consumption would pick up. But these expectations have not materialised and the current rate of offtake is practically the same as last year. By the end of June, two-thirds of the current sugar season being over, the offtake from factories for internal consumption has been 13.31 lakh tons, as against 13.28 lakh tons for the corresponding period last year.

Huge Stocks Create Problems of Storage and Finance

"Increased production accompanied by lower consumption last year left the industry with a larger carryover stock of 5.5 lakh tons on 1st November last, as against only 153,000 tons a year earlier. Production this year has reached 29.5 lakh tons and, with a further addition of about 25,000 tons before the year comes to a close, it will have reached about 29.75 lakh tons. After accounting for the offtake during the remaining part of the year, I do not expect consumption this year to exceed 20.5 lakh tons. This will leave the industry with an unmanageable stock of 14.75 lakh tons (less the quantity exported) at the time when the next crushing operations start.

"Unless some satisfactory arrangement is made to solve this problem, the future prospects are, indeed, bleak. Obviously, at the moment, export is the only solution. Exports are possible only at a heavy loss, because the world free market prices are much below our cost of production. Exports can, therefore, be effected only if adequate compensation for the loss involved is provided and, without exports, I shudder to imagine the consequences.

"We are thankful to Government for having appreciated this position, as a consequence of which the Food Minister announced in the Lok Sabha in April last that the losses involved in further exports would not be borne by the industry. On our part, we have agreed to share a part of the loss on exports to the U.S.A. Earlier, we had to meet the total loss on the first one lakh tons already sold for exports. Besides, in response to the Government's appeal, the industry agreed to implement the Wage Board Award, even though both the export loss and increase in wages were not provided for in the controlled price of sugar.

Position Regarding Exports

"The actual exports that we have so far been able to contract for do not, however, give much cause for comfort. We have so far exported one lakh tons to Malaya and West Asian countries. On present indications, it may be possible to export another half a lakh tons this year, besides the U.S. quota of about 2 lakh tons, bringing the total to about 3.5 lakh tons at the outside. This will hardly touch the fringe of the problem. After providing for a carryover of 5 lakh tons, there will still be an exportable surplus of 6.5 lakh tons. This is a burden too big to be carried by the industry and is beyond its maximum financial and storage resources. Unless a sizable portion of it finds an outlet and quickly, the survival of the industry will be in serious jeopardy.

"The position is getting so serious that the industry may be forced to curtail production in the next season. The next crushing season is due to start in another three months. According to the reports now available, the sowings are even better than last year's, and, if the present favourable trend continues till harvest time, we will have a bumper cane crop to take care of. And, unless a sizable quantity of the surplus stocks is taken off from the factories through further exports, etc., it may not be possible for them to be ready to start crushing in time. Such a development will cause grievous loss to the industry as well as to millions of cane growers who have been increasing acreage under cane in the belief that there will be a readily available market for their produce. It will also deal a blow to the developing economy of the country.

Low *Per Capita* Consumption

"But while exports might help in reducing excessive stocks, as a long-term solution, something has to be done so that the consumption rate internally moves up. It is a well-known fact that our *per capita* consumption is among the lowest in the World. Against 48.6 kilos in the U.K. and 43.4 kilos in the U.S.A., our *per capita* consumption here does not exceed 13.9 kilos. This is far short of the level achieved in other countries and is also much less than the minimum of 20.5 kilos considered necessary for a well-balanced nutritive diet for an adult person in this country. There is, therefore, considerable scope for improving the present low rate of consumption here.

"While consumption did increase, though not to the estimated extent, till 1957-58, a contrary trend developed in the last two years to which I have already referred. This is due to the increase in the price of sugar occasioned by increase in the cost of cane and high taxation. That does not mean that the Indian consumer pays a higher price than is the position elsewhere. As a matter of fact, the price of sugar in India is lower than in many leading sugar producing countries. The Indian prices are also lower than in most of the neighbouring countries like Pakistan, Ceylon, U.A.R., Cambodia, Japan, Iran and Thailand. But the fact remains that the present prices have checked the rise in consumption and a time has come when it has become necessary to reduce taxation substantially to increase consumption. I venture to suggest that, if properly handled, a substantial reduction in excise duty would not result in loss of revenue to the extent as may appear at first sight. In a great measure, it would be offset by increase in internal consumption. I commend this suggestion for the immediate consideration of Government.

"Besides, there exist some irksome procedures and practices which tend to discourage consumption and create pockets of artificial scarcity in the country. The removal of these is already overdue. States are raising sizable revenues from sugar distribution. I would respectfully submit that the time for this is also over and this practice should be stopped forthwith. Another matter demanding attention is the transport bottleneck. I urge greater attention to these problems. These matters, if attended to, will improve consumption. But this will solve only a part of the problem.

Industry Needs Conditions of Stability

"Another factor of major importance to the industry is stability. Prices of sugar must never be allowed to fluctuate violently, for many reasons. The most notable is that cane prices must inevitably move up and down with prices of sugar, for cane is the predominant content of the sugar price. Violent fluctuations in cane prices and their effect on our rural economy are extremely undesirable. We must never forget that the cane grower has to plan his crop far ahead of its delivery to the factory. Once planted, cane yields more than one crop. So the grower, once he switches over to cane cultivation, is committed to it for a number of years. Any violent fluctuations in the cane price would seriously disturb his economy. Variations in cane price should be carefully planned and announced very much in advance.

"Another reason for steering clear of violent fluctuations is that the industry at present is carrying heavy stocks. If prices vary by Re. 1 per maund, it would mean a difference of about Rs. 6 crores on the present stocks alone. This may wipe out of existence many marginal factories especially those placed in geographically weak areas.

Backward State of Cane Cultivation

"With regard to cane price, this constitutes the highest single item of cost in the production of sugar. Much of its high incidence could be reduced if the present backward state of cane cultivation could be improved. Our average yield of 1.4 ton of sugar per acre makes a poor comparison with the yield of 5 to 8 tons of Hawaii, Java and Formosa. In fact, the yield in North India is about the lowest in the world, and yet covers the largest area in the country and, viewing it from the human angle, involves the largest number of cane growers. The low yields in the North can be rectified if cane development is undertaken on the requisite scale. We have urged repeatedly that the cane cess realised by the States should be spent entirely on cane development. We have been harping on this theme in season and out. We must state once again in clear and unequivocal terms that, if cane development is not undertaken seriously and with all resources at our command, the industry in the North will go down and with it the millions of cane growers who derive their sustenance from sugarcane.

Reassessment of Capacity Necessary

"Along with efforts to raise internal consumption, we must try to adjust our production in future to our needs so as to avoid repetition of the critical situation that the industry is presently facing. This would underline the need for reassessing the present capacity and the targets for the future. The potential of sugar production in the World today is much greater than its consumption and a vast majority of the exporting countries, and even some of the importers, have regulated and curtailed sugar production. The largest importer of sugar, the U.S., had till recently statutory restrictions on beet and cane acreages. As a matter of fact, practically every importing country plans for self-sufficiency in sugar.

"The second Five-year Plan estimated our consumption for the current year at 22.50 lakh tons, whereas, as I have already pointed out, it would hardly reach a level of 20.5 lakh tons. Statistics for the last three years show that our consumption is static. We are now in the first year of the third Plan, the Draft Outline of which mentioned a production target of 30 lakh tons. Subsequently, however, Government spokesmen stated that the target was being raised to 35 lakh tons. It came to us as a rude shock, as there have been no developments in respect of internal consumption which could justify a higher target. On the contrary, the trend of consumption would call for a lower target. This trend indicates that even 28 lakh tons consumption will not be achieved by the end of the third Plan period. It will be sound policy to let the consumption develop before expanding capacity, because capacity when once installed has to be kept going. We have enough stocks and are likely to have them over the next five years, to afford a safe cushion for a sudden spurt in consumption. Furthermore, capacity for manufacture of sugar machinery exists within the country. We could install additional capacity without undue delay or difficulty. There is, therefore, no need to install capacity in a rush.

Need for Rehabilitation Allowance

"In response to the request of the industry, Government made a reference of the price question to the Tariff Commission. The Tariff Commission determined regional cost schedules which were very rigid and based on the performance of sampled factories which were above average in all the regions. On top of that, the return allowed by the Commission provided, only, in the words of the Commission, 'sufficient funds for each unit to meet its commitments under bonus, gratuity, interest on borrowed capital and debentures, dividend on preference shares, managing agents' commission and income-tax, and finally leave a residue to a large majority of units in all the regions to declare reasonable dividends.' From this it is apparent that no margin was left to cover rehabilitation or to provide for reserves.

"I would confine my observations here only to rehabilitation. Rehabilitation is meant to cover the difference between depreciation which is allowed as an item of cost on the original historical costs of assets and the depreciation on the present-day replacement costs. After all, depreciation is allowed to enable replacement of assets on expiry of their useful life. The replacement costs have gone up many times and depreciation allowed is quite insufficient to replace useless assets. The difference between depreciation allowed and depreciation on present-day costs is a legitimate item of cost and should be recognised as such in determining the price of sugar.

"Rehabilitation was disallowed by the Tariff Commission on three short grounds:

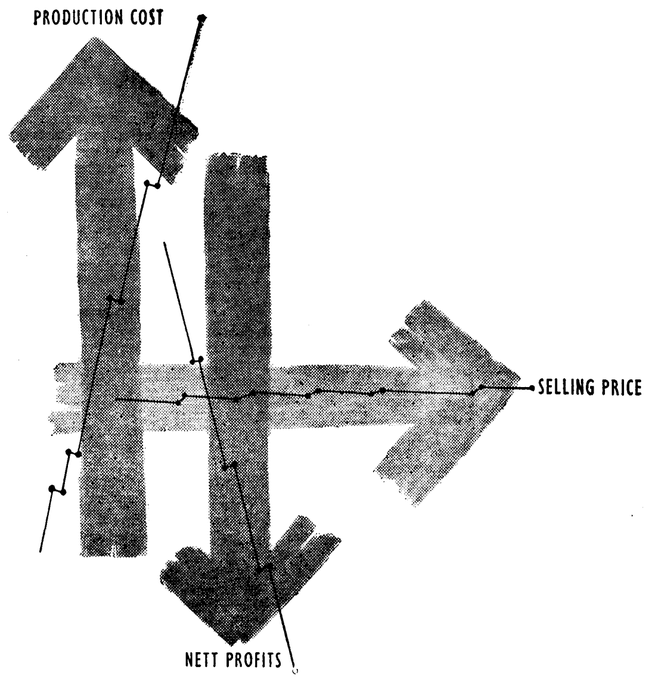
(a) The industry had employed all available funds in expanding capacity to earn more profits.

(b) It was socially unjust for the consumer to be burdened with rehabilitation.

(c) Rehabilitation cost could be met by borrowings.

"It was, however, not realised that reduction in costs achieved by expansion had been neutralised by the Commission working out the schedules with reference to actual costs in 1957-58 which included the economy effected on account of expansion. And then the benefit of reduced costs on utilisation of available funds on expansion went to the consumer alone and it would have been quite in keeping with considerations of social justice, if the consumer paid for the benefit enjoyed at the cost of industry. Thirdly, if rehabilitation had to be met by borrowings, some margin should have been allowed for servicing these loans and for their repayment. I may clarify here that interest on borrowed capital and debentures allowed by the Commission does not include any additional amount to cover interest on proposed borrowings for rehabilitation.

"As stated earlier, the Tariff Commission determined cost schedules on the basis of the relevant data for 1957-58. Since then there have been major increases in costs which have to be provided for while fixing fair price for sugar. Ours is essentially a controlled industry and a fair price for sugar, whether statutory or notional, has to be determined by Government. There is thus no escape from determination of cost of production and variations therein every now and again. Because of frequent fluctuations in costs, it would not be practical to entrust this determination to the Tariff Commission every time. The Commission prepared its report with reference to the cost for 1957-58 and it was already out of date when it was submitted in 1959. I would, therefore, recommend that there should be a standing body functioning all the time presided over by a person of the status of a Supreme Court Judge which should bring the cost of production data relating to sugar up-to-date. A standing body like this would ensure upto the minute availability of costs and other relevant data by an impartial body of the highest integrity and repute. This alone would meet the needs of the situation."



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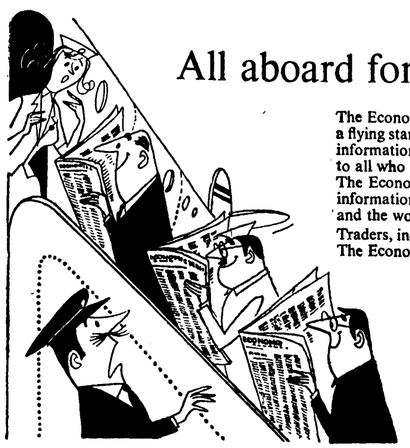

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SCHEME OF NON-DIVERSION AND MUTUAL ASSISTANCE

MAIN PROVISIONS OUTLINED

THE scheme of non-diversion and mutual assistance, which came into force on 1st July 1961 as a result the agreement signed by seventeen leading Indian general insurance companies, has not received the critical attention it deserves considering its unique nature and far-reaching importance to general insurance trade as a whole. May be the provisions of the agreement and their practical implications are being examined by students of insurance. In that case, it will be some time before the various view points find clear-cut expression. The symposium, "why non-diversion," organised by the Bombay Insurance Institute in the city two weeks ago, served to focus public attention on the scheme. Such symposia and discussions should be organised at intervals in different parts of the country to explain the provisions of the scheme and to educate public opinion in favour of it. The medium of the Press could also be employed to put across to the general public the objects and reasons of the scheme and to stimulate public discussion of them. Only thus could the misunderstanding and apprehension in the minds of those who look upon the scheme with a certain amount of suspicion and distrust be dispelled and a wider measure of support, so essential for the success of the scheme, secured.

Objects

In view of the fact that the public is not yet fully familiar with the provisions of the agreement and their implications, we sketch below, in broad outline, the main objects and provisions of the agreement. The principal aim of the scheme of non-diversion and mutual assistance is to put general insurance on sound and healthy lines. Signatories to the agreement have undertaken to follow correct standards of conduct and to weed out ruthlessly all superfluous expenditure either on the development or administrative side. Every member-company agrees to examine dispassionately the existing set up of its business and to effect a drastic reduction in the remuneration paid to development or administrative personnel.

The underlying principle of the scheme is that no member shall attempt to obtain or encourage the transfer of any business from another member. It is incumbent upon every member to try and see that the business continues to remain on the books of the original member. In rare cases, when a business has to be accepted by another member, it shall be immediately reinsured to the extent of full 100 per cent, less statutory reinsurance cession, with the losing company, on tariff terms. Even where any business appears to be diverted to another member as a result of acquisition of financial control, such business shall be obligatorily reinsured with the losing company to the extent of full 100 per cent and on tariff terms. However, any member, who is forced to entertain such business, shall do so subject to the prior approval of the Committee.

Concept of 'Single Risk'

To ensure non-diversion of business, the concept of the 'single risk' has been invoked. Single risk is so defined as to make location the essence of a risk. According to this definition, any expansion of the original risk shall be deemed to be an indissoluble part thereof. The single risk concept can be illustrated as follows: suppose, for instance, that a factory is insured against fire with a member company A. Any allied risk in relation to the same risk, even in other departments, is to be treated as one risk. It is agreed, under the scheme, that no other member shall make any direct or indirect approach to the insured, even on the ground of rendering him service, through offering other types of covers. In cases where more than one member is sharing in a particular risk, it shall continue to be on the books of the members concerned more or less in the same proportion. It is, however, agreed that a member can accept an allied insurance on a risk already on the books of another member, provided the original holding member had an opportunity of "first refusal."

In the case of a risk being diverted to a company, which is not a member of the scheme, no member shall accept any reinsurance on that risk, and, if any reinsurance is accepted through oversight or any other reason, it shall be cancelled forthwith.

Non-diversion does not mean that the client as such is wedded to the insurer; it is the risk to which the principle of non-diversion apply. For instance, if a particular insured starts a new industry or branches out into something absolutely different, any other member-company shall be free to accept such fresh business. Further, if an insured puts up a new factory or starts a new industry, every member shall be free to accept such new risk. The agreement is to be operative for a period of three years. No member can and shall retire during the period of the agreement.

Pool Business

An important feature of the scheme, and one by which much store is set by the sponsors for its smooth functioning, is that it provides for assistance to those member companies which might suffer a loss of business by joining the scheme. This is sought to be rendered by the creation of a pool by contribution from members, which will be utilised to compensate those who suffer losses in business as a result of subscribing to the agreement. The contribution to the Pool shall be as under:

(1) A premium of Rs. 50 lakhs a year from the New India for a period not exceeding three years.

(2) Of the remaining members, those who have an increase of more than 10 per cent in their direct gross premium income in any year shall contribute a premium equivalent to 20 per cent of the increase above 10 per cent in any years.

These contributions shall be in the form of net premia out of the world-wide business of the members. Department-wise, it shall be in the same proportion as the net premium income in each department bears to the total net income for the year. Further, the cessions to the pool shall be subject to the original cost incurred by the insurer concerned.

In order to ensure that member companies register a steady and progressive growth year after year, any member, who fails to show an increase of 10 per cent in the direct gross Indian premium income in any year (base year 1960), will be entitled to claim a corresponding share in the pool business, that is, to the extent of the difference between the total gross direct premium written in India in a year and the total to which he is entitled, assuming an increase of 10 per cent on the corresponding 1960 figure. Any member, who achieves an increase of 10 per cent or above in the direct gross Indian premium, is precluded from claiming any share in the pool business. The "New India" will be the only company not entitled to claim any share in the pool business, even if there is an actual fall in its direct gross premium income in any year. Any surplus left with the pool, after the claims of the members are satisfied, shall go back to the ceding companies in the same proportion as the contributions made by them. No member shall, however, be entitled to claim a premium of more than Rs. 5 lakhs (in all departments combined) from the pool in any one year.

Executive Committee

The administration of the scheme is entrusted to a Committee consisting of four representatives of the member-companies unanimously chosen and broadly representing the group as a whole. The Committee is charged with the function of exercising constant supervision over the working of the agreement and is authorised to ask any or all members at any time to furnish any information which, in its opinion, is vital and relevant to the success of the agreement. In all matters pertaining to the agreement, either in point of interpretation or enforcement, all decisions of the Committee, if unanimous, shall be binding on all members. If otherwise, the matter shall be referred to a meeting of the members called for the purpose and the majority decision of any such meeting shall be binding on every one. When the Committee feels or is satisfied that a particular member is not acting in accordance with the letter or spirit of this agreement or is acting in a manner prejudicial to the interests of the group, it shall have the authority to ask the member to set things right at once. In order to further the interest of the group or the trade as a whole, the Committee is conferred with powers to negotiate with others outside the group. Admission of a new member requires the unanimous approval of all members.

Criticism of the scheme, by those who have shown reluctance to join it, does not concern with the objective the sponsors have in view. There is general agreement among insurers that reduction of procuration cost, in whatever way it is achieved, is very desirable. But they are sceptical whether the scheme, even assuming that it operates successfully, can lead to any substantial reduction in the procuration costs. For one thing, only 17 out of the 88 Indian companies and none of the 78 non-Indian companies that are directly doing business in India, are members of the agreement. The business of these 17 companies, though substantial in absolute terms, is too small a percentage of the total business. Hence, even assuming that these companies will be able to reduce their procuration costs, the reduction is not likely to produce any pronounced impact on the overall cost of the total business. This, of course, is not so much a criticism of the agreement as a statement of the fact that, if more companies do not join the agreement, its impact on overall cost of Indian business will not be substantial.

Another point made is that the optimistic hope of member-companies that the agreement would bring down procuration costs is not warranted, because those companies, who are not party to the agreement, might still try to divert the business by offering higher commission and rebates. The members will, therefore, have to pay the same price for the retention of their business as they used to. Only, they need not fear that their business would be diverted by the members who are party to the agreement. In any case, it is clear that the objects of the scheme are not easy of achievement. Nevertheless, the working and the results of the agreement will surely be watched with interest.

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Notice

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FINAL DIVIDENDS FOR THE YEAR ENDED 31ST MARCH 1961

AT A MEETING OF THE DIRECTORS HELD on 29th July, 1961, the following Dividends were recommended subject to deduction of Tax under Section 18(3D) of the Indian Income Tax Act.

On Cumulative Preference Shares at 4.55 per cent making a total of 9.10 per cent per annum.

On Ordinary Shares at Re. 1 per share making a total of Rs. 6 per share per annum.

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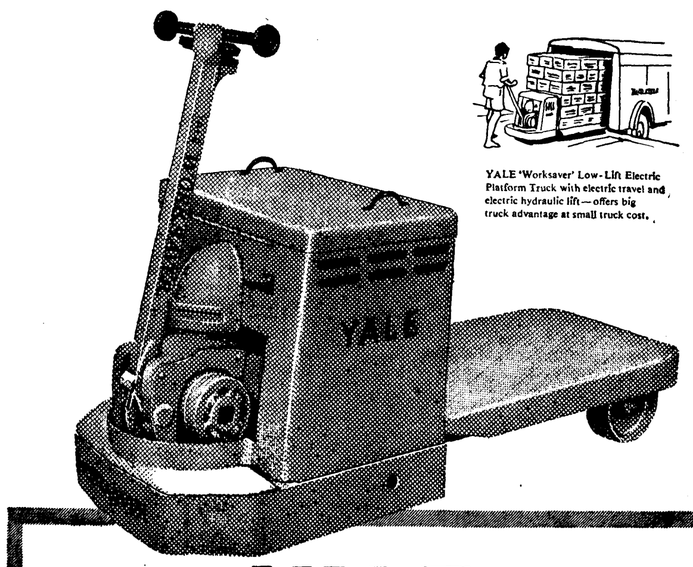

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TEN MAJOR MANUFACTURING INDUSTRIES

TRENDS IN CAPITAL-OUTPUT RATIOS

THE Industrial Statistics Wing of the Central Statistical Organisation has just released a study containing exhaustive data on the important functional relationships among input factors and output in respect of ten major industries. Apart from being a guide for planning orderly development of industries, these data are of particular importance in assessing the degree of industrial efficiency. In order to measure, in economic terms, the overall industrial efficiency, the customary approach is to examine the relative efficiency with which human, physical and technical resources are employed for productive purposes. Barring entrepreneurial function, the quantitative measurement of which in relation to gross or net output is not possible, the functional relations of all other factors of production, namely, labour, capital and raw materials, to the gross or net output can be measured with the help of different ratios.

The ratios given in the publication include (1) productive capital to value added, (2) working capital to fixed capital, (3) value added to employment, (4) productive capital to employment, (5) value added to salaries, wages, etc. and (6) input to gross output. In addition to their usefulness for measuring efficiency, these ratios are expected to provide an insight into factor proportion variations among the different industries at a given point of time or over a period of time. An idea about regional variations within an industry or the relationship between the size of factories and ratios within an industry can also be gained from these data.

Coverage of Units

The industries selected for ratios are those the productive capital of which exceeds Rs. 15 crores. For each of the selected industries, the ratios have been worked out for five years from 1953 to 1957, separately for factories with different employment size groups. The source of information is mainly the annual 'Census of Indian Manufactures" (another publication of the C.S.O.), which, incidentally, covers only industries engaging twenty or more workers on any day and using power. The study under review does not, however, reveal the source of information for the data on small-scale units which employ less than twenty persons.

The object of the present study containing ratios would have been better served had the C.S.O. taken the trouble of supplementing the data with adequate explanations, which are intelligible to those who are not specialists in this branch of study. The subject is too exhaustive to be dealt with in a single article. What is attempted here is to give a brief account of two of the important ratios, namely, (1) productive capital to value added, and (2) working capital to fixed capital. The "value added" by manufacture represents that part of the product which is created in the factory and is computed by deducting from the gross ex-factory value of output the value at factory of fuels and materials used, work done for factory by other concerns and depreciation of fixed assets. The term 'productive capital' includes both fixed and working capital. By fixed capital is meant assets, including factory, land, buildings, plant, machinery and miscellaneous assets, such as furniture and fixture, fittings, railway sidings, automobiles, patents and trade marks, etc. Working capital comprises stocks of raw materials finished and semi-finished products, cash-in-hand and at the bank, excluding fixed deposits and current credits.

Table I on this page shows the functional relationship between the existing total stock of capital and total output, which is called the average capital output ratio. The table contains the trend of change in the ratio during the quinquennium 1953-57. Apart from the ratio for the industry as a whole, breakdown figures for representative employment size-groups are also given in the table. This ratio is a crude approximation to the marginal or incremental capital-output ratio. It provides a rough measure of investment requirements to expand output. Changes in this ratio over time provide both a measure of change in capital intensity and a rough indication of factor combinations.

Total Capital

The total productive capital of ten industries selected for detailed treatment rose from Rs. 633 crores in 1953 to Rs. 1,015 crores in 1957. The value added, too, rose from Rs. 297 crores to Rs. 411 crores during the same period. Thus, for the ten industries taken together, the capital-output ratio (the amount of capital needed to raise one unit of net product) was 2.50 in 1957, as against only 2.10 in 1953, thereby indicating that the overall productivity of capital tended to decline during this period. But the aggregate ratio is not that significant, considering the wide variation in the ratio among the constituent industries. Of all the industries, cotton textiles was the largest single industry, accounting, as it did, for Rs. 328 crores of productive capital in 1957, or about 32 per cent of the total. Value added by manufacture also was the largest in respect of cotton textiles.

As is shown in Table I, the average capital-output ratio declined during the period under review only in the case of general and electrical engineerings, aluminium, copper and brass, as well as vegetable oils. But, in all the other major industries, the proportion of capital needed for raising the additional output was relatively more. In the case of textiles, for instance, while total productive capital rose from Rs. 238 crores to Rs. 328 crores, the value added increased only at a slower pace, that is, from Rs. 133 crores to Rs. 153 crores, the ratio having gone up from 1.8 to 2.1. In 1957, the productivity of capital was the highest in engineerings and the lowest in vegetable oils.

Fixed and Working Capital

The relationship between working capital and fixed capital is useful in measuring roughly the extent of efficiency. In highly mechanised capital intensive industries, this ratio may move downward or upward, with the increasing or decreasing size of the factories, for factories in larger size groups secure greater technical efficiency and external and internal economies in production. This ratio can also be made use of for estimating the total capital requirements of an industry in connection with the development programme. Table II shows the ratio between working capital and fixed capital, and the pattern of its movement between 1953 and 1957. It may be seen from the table that, barring cement, paper and chemicals, where the quantum of working capital continued to be lower than the total fixed capital, in all the other major industries the proportion of working capital was more than fixed capital. Cotton textiles and sugar are important among the latter group, a substantial part of their capital being employed for raw materials.

The proportion of working capital requirement for a unit of fixed capital was highest in respect of sugar in 1957, the same level as in 1953. In 1953, sugar was second in this respect

(Continued on page 288)

TABLE I

Productive Capital and value added

(Value in crores of rupees)

Industry and employment size	1953 Productive capital	1953 Value added	1953 Ratio	1957 Productive capital	1957 Value added	1957 Ratio
Cotton textiles :						
All sizes	237.99	133.19	1.8	328.48	153.74	2.1
1,000—1,999	54.99	26.29	2.1	64.12	26.10	2.4
2,000—4,999	107.63	68.95	1.6	147.06	69.71	2.1
5,000 and above	48.95	29.72	1.6	73.38	45.84	1.6
Jute textiles :						
All sizes	66.86	40.91	1.6	89.53	36.75	2.4
1,000—1,999	12.22	8.46	1.4	11.95	5.76	2.1
2,000—4,999	48.56	27.56	1.8	66.65	25.33	2.4
Iron and steel :						
All sizes	62.52	34.73	1.8	120.80	51.41	2.3
2,000—4,999	7.78	3.50	2.2	2.41	1.80	1.3
5,000 and above	48.08	25.79	1.9	104.19	44.83	2.3
Engineerings :*						
All sizes	64.20	25.61	2.5	115.95	58.00	2.0
250—499	10.02	3.62	2.8	17.57	8.66	2.0
500—999	10.68	5.00	2.1	18.12	9.84	1.8
1,000—1,999	5.55	3.49	1.6	18.32	8.60	2.1
2,000—4,999						
Sugar :						
All sizes	61.34	18.47	3.3	89.11	34.76	2.6
500—999	12.19	4.16	2.9	18.28	6.24	2.9
1,000—1,999	2.74	1.58	1.7	13.36	6.85	1.9
5,000 and above	24.44	3.08	7.9	23.28	4.30	5.4
Cement :						
All sizes	23.74	8.44	2.8	54.20	11.37	4.8
500—999	13.48	3.85	3.5	17.29	3.38	5.1
1,000—1,999	6.92	4.15	1.7	20.40	5.24	3.9
Vegetable oils† :						
All sizes	22.85	3.54	6.5	29.05	5.74	5.1
20—49	7.58	1.13	6.7	8.48	1.47	5.8
50—99	6.82	1.08	6.3	8.23	1.86	4.4
Papers‡ :						
All sizes	19.72	6.93	2.8	36.96	12.86	2.9
500—999	6.82	0.90	7.5	3.38	0.87	3.9
2,000—4,999	8.68	4.20	2.1	19.59	7.11	2.8
Chemicals :						
All sizes	61.34	18.47	3.3	89.11	34.76	2.6
500—999	12.19	4.16	2.9	18.28	6.24	2.9
1,000—1,999	2.74	1.58	1.7	13.36	6.85	1.9
5,000 and above	24.44	3.08	7.9	23.28	4.30	5.4
Aluminium, copper, brass:						
All sizes	18.94	3.99	4.7	24.43	10.69	2.3
250—499	6.35	0.96	6.6	4.58	1.27	3.6
1,000—1,999	4.95	0.68	7.3	9.53	3.02	3.6
Total	682.90	296.91	..	1,014.77	410.77	..

* Includes both general and electrical engineerings.
† Excluding edible hydrogenated oils.
‡ Includes paper, paperboard and straw boards.
N.B.—The representative employment size groups, for which breakdown figures are given in the table, generally account for more than 50 per cent. of the aggregate productive capital employed in each industry. Thus in the case of each industry two or three size groups have been included to compare their respective ratios with the relevant ratios for all sizes taken together.

TABLE II

Working Capital and Fixed Capital

(Value in crores of rupees)

Industry and employment size	1953 Working capital	1953 Fixed capital	1953 Ratio	1957 Working capital	1957 Fixed capital	1957 Ratio
Cotton textiles :						
All sizes	155.05	82.94	1.9	196.68	131.81	1.5
1,000—1,999	34.43	20.50	1.7	36.23	27.88	1.3
2,000—4,999	75.30	32.33	2.3	91.58	55.48	1.7
5,000 and above	33.03	15.33	2.2	51.28	22.09	2.3
Jute textiles :						
All sizes	37.15	20.71	1.8	45.23	41.30	1.0
1,000—1,999	7.73	4.49	1.7	6.53	5.43	1.2
2,000—4,999	26.04	22.52	1.2	29.87	30.78	1.0
Iron and steel :						
All sizes	33.62	28.89	1.2	39.74	81.66	0.5
2,000—4,999	5.03	2.75	1.8	1.84	0.57	3.2
5,000 and above	24.31	23.77	1.0	29.46	74.73	0.4
Engineerings :*						
All sizes	34.13	30.66	1.1	65.99	49.06	1.3
500—999	4.13	2.77	1.5	13.83	9.32	1.5
1,000—1,999	7.62	3.35	2.2	11.75	6.37	1.8
2,000—4,999	3.27	2.29	1.4	10.08	8.25	1.2
Sugar :						
All sizes	34.53	20.21	1.7	80.16	46.10	1.7
500—999	15.05	9.95	1.5	40.46	24.62	1.7
1,000—1,999	16.39	7.36	2.2	27.88	13.53	2.1
Cement :						
All sizes	8.77	14.07	0.6	18.00	36.19	0.5
500—999	4.56	8.92	0.5	5.24	12.05	0.4
1,000—1,999	3.35	3.57	0.9	8.31	12.09	0.7
Vegetable oils† :						
All sizes	11.61	11.23	1.0	17.25	11.80	1.5
20—49	3.74	3.84	1.0	4.74	3.74	1.3
50—99	3.66	3.16	1.2	5.30	2.93	1.8
Papers‡ :						
All sizes	7.47	12.24	0.6	11.68	25.28	0.5
500—999	2.03	4.79	0.4	1.52	1.86	0.8
2,000—4,999	3.43	5.25	0.6	6.48	13.10	0.5
Chemicals :						
All sizes	21.04	40.30	0.5	38.26	50.86	0.8
250—499	2.33	3.30	0.7	5.41	4.74	1.1
500—999	6.61	5.58	1.2	9.43	8.85	1.1
5,000 and above	3.26	21.17	0.2	3.74	19.54	0.2
Aluminium, copper, brass :						
All sizes	11.52	7.43	1.6	14.41	10.01	1.4
250—499	3.06	2.39	1.7	2.90	1.69	1.7
1,000—1,999	3.33	1.61	2.1	4.80	4.72	1.0
Total	354.89	277.98	..	527.40	487.37	..

* Includes both general and electrical engineerings.
† Excluding edible hydrogenated oils.
‡ Includes paper, paperboard and straw boards.
N.B. The representative employment size groups, for which breakdown figures are given in the table, generally account for more than 50 per cent. of the aggregate productive capital employed in each industry. Thus in the case of each industry two or three size groups have been included to compare their respective ratios with the relevant ratios for all sizes taken together.

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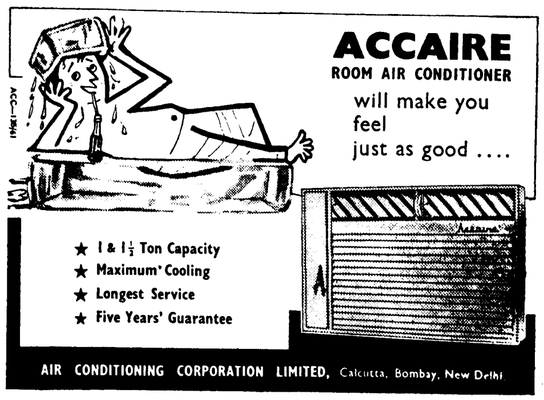

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THE SURAT ELECTRICITY COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL MEETING within the meaning of the Companies Act, 1956 (being the Forty-first Ordinary General Meeting) of THE SURAT ELECTRICITY COMPANY, LIMITED, will be held on Wednesday, the 23rd August, 1961, at 4-00 p.m. at the Registered Office of the Company, Killick House, Home Street, Fort, Bombay, to transact the following business:—

1. To adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st March, 1961.
2. To declare a Dividend.
3. To elect a Director in the place of Mr. R. D. Munton who retires by rotation but offers himself for re-election.
4. To appoint a Director in the place of Mr. N. C. Javeri who holds office as a Director of the Company only upto 23rd August, 1961, i.e. the date of the Forty-first Ordinary General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act, 1956, from a shareholder of his intention of moving the following resolution:—

   "THAT Mr. N. C. Javeri be and is hereby appointed a Director of the Company."

5. To appoint Auditors until the conclusion of the next Annual General Meeting and to fix their remuneration.
6. To consider and, if thought fit, to pass with or without amendment as may be permissible the following as a Special Resolution:—

   "THAT, as required by the provisions of Section 360 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1960, the Company hereby approves of a contract or arrangement (in terms of the draft initialled by the Chairman for the purpose of identification and produced before the meeting for inspection of the shareholders) being entered into with Killick, Nixon and Co. Ltd., which Company is an Associate of Killick Industries Ltd., the Managing Agents of the Company, for the sale, purchase or supply of property or goods by one to the other as may be required from time to time in the ordinary course of business commencing from the 24th day of August, 1961, and terminable by either party by one month's notice in writing given to the other upon the terms following:—

   (a) that the prices or amounts charged to or to be received by the Company shall be such as are not less favourable to the Company than the market rates or rates which are otherwise reasonable;

   (b) that the other terms and conditions of such sale, purchase or supply of property or goods shall be generally the same as those on which the Company can sell, purchase or supply such property or goods elsewhere;

   (c) that for any property or goods sold or supplied by the Company, payment shall be made to the Company within one month from the date of sale or supply of such property or goods."

7. To consider and, if thought fit, to pass with or without amendment as may be permissible the following as a Special Resolution:—

   "THAT, as required by the provisions of Section 360 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1960, the Company hereby approves of a contract or arrangement (in terms of the draft initialled by the Chairman for the purpose of identification and produced before the meeting for inspection of the shareholders) being entered into with Stamco Industries Ltd., which Company is an Associate of Killick Industries Ltd., the Managing Agents of the Company, for the sale, purchase or supply of any property or goods by one to the other as may be required from time to time in the ordinary course of business commencing from the 24th day of August, 1961, and terminable by either party by one month's notice in writing given to the other upon the terms following:—

   (a) that the prices or amounts charged to or to be received by the Company shall be such as are not less favourable to the Company than the market rates or rates which are otherwise reasonable;

   (b) that the other terms and conditions of such sale, purchase or supply of property or goods shall be generally the same as those on which the Company can sell, purchase or supply such property or goods elsewhere;

   (c) that for any property or goods sold or supplied by the Company, payment shall be made to the Company within one month from the date of sale or supply of such property or goods."

8. To consider and, if thought fit, to pass the following as a Special Resolution:—

   "THAT, as required by the provisions of Section 360 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1960, the Company hereby approves of a contract or arrangement (in terms of the draft initialled by the Chairman for the purpose of identification and produced before the meeting for inspection of the shareholders) being entered into with Snowcem India Ltd., which Company is an Associate of Killick Industries Ltd., the Managing Agents of the Company, for the sale, purchase or supply of any property or goods by one to the other as may be required from time to time in the ordinary course of business commencing from the 24th day of August, 1961, and terminable by either party by one month's notice in writing given to the other upon the terms following:—

   (a) that the prices or amounts charged to or to be received by the Company shall be such as are not less favourable to the Company than the market rates or rates which are otherwise reasonable;

   (b) that the other terms and conditions of such sale, purchase or supply of property or goods shall be generally the same as those on which the Company can sell, purchase or supply such property or goods elsewhere;

   (c) that for any property or goods sold or supplied by the Company, payment shall be made to the Company within one month from the date of sale or supply of such property or goods."

9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:—

   "THAT Killick Industries Limited, the Managing Agents of the Company, be and are hereby authorised to retain all commission or other remuneration to be earned by them at any time hereafter as Agents of the Hercules Insurance Company Ltd., in regard to any contracts for the purposes of effecting fire, marine, or miscellaneous insurance against all risks which may at any time hereafter be entered into between the Company and the said Hercules Insurance Company Ltd."

By Order of the Board,
FOR THE SURAT ELECTRICITY COMPANY, LIMITED,
KILLICK INDUSTRIES LIMITED,
A. N. HAKSAR,
Managing Director,
Managing Agents.

BOMBAY, 19th July, 1961.

N.B.—(a) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member. Under Article 96 of the Company's Articles of Association, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Registered Office of the Company not later than forty-eight hours before the time for holding the Meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

(b) The Transfer Books of the Company will be closed from Friday, the 4th August 1961, to Wednesday, the 23rd August 1961, both days inclusive.

(c) The Dividend when declared, will be made payable at the Chartered Bank, Bombay, on and after Tuesday, the 29th August 1961, to those Shareholders whose names stand on the Register on Wednesday, the 23rd August 1961, to whom Dividend Warrants will be posted.

(d) Explanatory Statements as required by Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 4 and 6 to 9 inclusive, have been forwarded to the members of the Company.

THE KARANPURA COLLIERIES LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE KARANPURA COLLIERIES, LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta on Wednesday, the 30th August, 1961, at 10.30 a.m., for the following purposes:—

1. To consider and approve the Audited Accounts of the Company for the year ended 28th February, 1961, and to receive the Directors' and the Auditors' Reports thereon.
2. To declare the Dividends recommended by the Directors.
3. To appoint Directors in place of retiring Directors.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Registers of the Company will be closed from the 16th August, 1961 to the 30th August, 1961, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries and Treasurers.

CALCUTTA, 27th July, 1961.

Notes:—(a) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(b) The Dividends, if declared, will be paid on or after 15th September, 1961, to those members so entitled whose names appear in the Company's books on the 30th August, 1961, or to their mandatees. No application for Dividend Warrants will be necessary.

BALLY JUTE COMPANY LIMITED

CALCUTTA

THE BOARD OF DIRECTORS AT THEIR Meeting held on 22nd June, 1961 have decided to recommend to the forthcoming Annual General Meeting of the Company to be held on the 16th August, 1961 the following Dividends for the year ended 31st March, 1961 subject to deduction of tax under Section 18(3D) of the I.T. Act:—

On Preference Shares at 10 per cent per annum.

On Ordinary Shares at Rs. 25 per share.

Per Pro BIRLA BROTHERS PRIVATE LTD.,
G. MAKHARIA,
Secretaries and Treasurers.

Registered Office:
8, INDIA EXCHANGE PLACE,
CALCUTTA, 22nd June 1961.

POLYCHEM TO ISSUE RIGHT SHARES

DIVIDEND STEPPED UP

THE Polychem Limited (Chairman: Mr. Ramdas Kilachand, Bombay) is the premier manufacturer in the country of polystyrene, which is the most widely used raw material in the plastics industry. The progress achieved by this infant Company in five years of its existence is really commendable. The Company's plant worked satisfactorily for the year ended 31st March 1961, during which sales and profits were well maintained at the previous year's level.

Sales which had advanced sharply in the previous year from Rs. 105.72 lakhs to Rs. 153.12 lakhs amounted to Rs. 153.07 lakhs during the year under review. The production was slightly higher, as can be seen from the increase in closing stocks of finished goods. The gross profit went up slightly from Rs. 48.20 lakhs to Rs. 48.69 lakhs, reflecting a modest increase in profitability (ratio of gross profit to sales from 31.4 per cent to 31.8 per cent). The equity dividend has been raised from 11 per cent to 15 per cent subject to deduction of tax.

The following comparative table reveals at a glance the working results of the Company for the past four years:

(In lakhs of rupees)

	For the year ended 31st March			15 months ended 31st Mar. 1958
	1961	1960	1959	
Sales	153.07	153.12	105.72	34.01
Other income	6.60	6.48	2.88	1.68
Closing stock of finished goods	13.23	11.15	5.92	25.92
Raw materials and stores consumed	89.60	92.32	48.25	47.88
Other expenses	28.45	23.99	15.24	7.25
Gross profit	48.69	48.20	24.77	7.94
Provision for—				
Depreciation	4.89	4.57	3.03	3.47
Taxation	17.50	17.50	5.75	0.47
Net profit	26.30	26.13	15.99	4.00
To reserves	15.47	18.53	7.21	0.12
Polymerisation technique and know-how formulae written off	..	5.00	1.00	..
Brokerage and under-writing commission	..	..	1.80	0.76*
Dividends—				
Preference	3.66†	3.00†	5.22	1.09
Ordinary	6.00†	4.40†	2.40	..
	(15%)†	(11%)†	(6%)	
Carry forward	1.55	0.26	0.16	2.71

* Preliminary expenses. † Subject to deduction of tax.

It will be noted from the table above that the provisions for depreciation and taxation have been well maintained. The reserves have been strengthened this year also by transferring a substantial sum of Rs. 15.47 lakhs, so that the increase in dividend has not been at the expense of conservation of profit. Even the proposed 15 per cent equity dividend is comfortably covered by over 3½ times.

The paid-up capital of the Company at Rs. 80 lakhs is equally divided between 7½ per cent taxable preference and ordinary shares both of Rs. 50 fully paid up. The improvement in working results since 1958-59 has resulted in a strengthening of the reserves, which together with surplus, now stand at Rs. 37.88 lakhs. The satisfactory financial position is evident from the absence of secured loans and from substantial cash and bank balances. The gross block of Rs. 65.80 lakhs stands depreciated at Rs. 48.97 lakhs after providing Rs. 16.83 lakhs for depreciation. The total of current assets at Rs. 126.34 lakhs is more than double the current liabilities of Rs. 57.55 lakhs. Of the current assets cash and bank balances alone which account for Rs. 32.85 lakhs is almost the same as in the previous year. Such a liquid position is a good augury for the expansion programme undertaken by the Company. Work has started on styrene monomer project, a licence for which was obtained last year.

The demand for 'Polystyrene' and 'Polynite Sheets' in the country is continuously growing. The import licences for raw materials continued to be granted on a restricted basis. The Government of India levied a Central excise duty of 20 per cent *ad valorem* on plastic powders, including Polystyrene from 28th February 1961.

The agreement regarding styrene monomer project with Messrs. Dow Chemie A.G., Switzerland has been finalised. The Company has awarded the contract for complete engineering, procurement and construction pertaining to this plant to Messrs. H. K. Ferguson Company who are well-known chemical plant engineers in the U.S.A. and who have made good progress with the work of designing and processing so far. The Company has finalised the arrangement for a U.S. dollar loan from the Industrial Finance Corporation of India and also for the additional rupee finance for setting up the styrene monomer plant.

The Controller of Capital Issues has given consent for the issue of 32,000 equity right shares of the face value of Rs. 50 each at a premium of Rs. 75 per share in the ratio of two shares for every five shares held. The right issue will increase the paid-up equity capital from Rs. 40 lakhs to Rs. 56 lakhs, besides bringing in Rs. 24 lakhs to the share premium account. The *ex-right* quotation of the Rs. 50 fully paid shares is Rs. 210 *cum-dividend*. At this rate, the net yield works out to about 2.5 per cent on a net dividend of Rs. 5.25 per share.

CANNANORE SPINNING'S DIVIDEND UP AGAIN

An increase in the dividend for the third year in succession is the main feature of the results of the Cannanore Spinning and Weaving Mills Ltd. (Managing Agents: Messrs. Damodaran & Co., Cannanore) for the year ended 31st March 1961. The dividend for that year is 20 per cent per annum taxable or a net of 14 per cent which favourably compares with 12½ per cent paid for 1957-58. It is, however, still well below 20 per cent for 1956-57 and 15 per cent for 1955-56, so that the dividend for the year under review is by no means a record. Sales of yarn and waste in 1960-61 increased sharply by 22.67 per cent to Rs. 96.02 lakhs. The demand for yarn and waste remained so high that the closing stocks of finished goods remained at no more than Rs. 1.22 lakh, which is the lowest for the last couple of years. The cost of raw materials, stores and spares consumed increased from Rs. 51.40 lakhs to Rs. 60.90 lakhs. As against the increase of 18.48 per cent in consumption of raw materials, stores and spares, the other expenses rose by only 4.2 per cent from Rs. 20.48 lakhs to Rs. 21.36 lakhs. The gross profit was substantially higher at Rs. 15.71 lakhs as compared to Rs. 10.85 lakhs for the previous year. The ratio of gross profit to sales has risen from 13.86 per cent in the preceding year to 16.36 per cent.

The dividend to shareholders has been progressively stepped up from 1957-58, as can be seen from the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales of yarn and waste	96.02	78.27	73.77	68.09
Closing stocks of finished goods	1.22	3.04	3.14	4.41
Raw materials and stores consumed	60.90	51.40	47.65	48.82
Other expenses	21.36	20.48	21.45	17.27
Gross profit	15.71	10.85	7.91	7.58
Managing Agents' commission	0.86	0.51	0.37	0.35
Provision for—				
Depreciation	2.26	2.28	2.46	2.76
Taxation	5.00	3.60	3.00	1.80
Net profit	7.69	4.46	2.08	2.67
To reserves	0.86	0.13	0.05	..
bonus for workers	1.94	1.75	0.71	1.64
Dividends	3.00	2.56	2.25	1.87
	(20%)*	(17%)*	(15%)	(12½%)
Carry forward	1.99	0.19	0.16	1.06

* Subject to deduction of tax.

It will be noted that the transfer to taxation is markedly higher, that the provision for depreciation has been nearly maintained, that the works' bonus has taken a larger amount and that the addition to reserves has also been raised.

It is heartening to note that the gross block of Rs. 58.56 lakhs has been well written down, the net block being no more than Rs. 22.61 lakhs. The paid-up capital remains steady at Rs. 15 lakhs consisting of 15,000 equity shares of Rs. 100 each. Reserves and surplus which stand at Rs. 8.62 lakhs are well over half of the paid-up capital. The general reserve alone is of the order of Rs. 5.11 lakhs. The better working results have enabled the Directors to reduce the secured and unsecured loans from Rs. 12.69 lakhs to Rs. 8.04 lakhs. The current liabilities are at Rs. 9.42 lakhs, bringing the total indebtedness of the Company to Rs. 17.46 lakhs. This is well covered by the current assets amounting to Rs. 18.25 lakhs.

The current market quotation of the Rs. 100 fully paid-up ordinary shares is Rs. 160. At this rate, the net yield works out to 8.75 per cent on a net dividend of Rs. 14 per share.

(*Concluded from next column*)

lakhs, in addition there are current liabilities and provisions of Rs. 10.93 lakhs, as against which the current assets, including investments, are of the order of Rs. 25.95 lakhs. There is thus a clear surplus of current assets overall indebtedness. The total value of the block account at cost is Rs. 21.76 lakhs, which has been well written down to Rs. 14.02 lakhs, the aggregate depreciation provided being Rs. 7.74 lakhs.

During the current year, the Company has succeeded in fully repaying the entire loan from the Kerala Financial Corporation.

The Rs. 10 fully paid-up ordinary shares of the Company are quoted currently at Rs. 18.50 *cum* final dividend of 87½ nP. The net return on the shares on an *ex-div.* basis and at the proposed rate of dividend works out to 7.83 per cent per annum.

TRAVANCORE CHEMICAL FARES WELL

DIVIDEND RAISED ON HIGHER CAPITAL BASE

THE financial results of the Travancore Chemical and Manufacturing Company, Ltd. (Managing Director: Dr. P. Krishnamurti, M.A., D.Sc., Alwaye) for the year ended 31st March 1961 are quite encouraging. The sales of chemicals and fungicides have increased to Rs. 50.24 lakhs from Rs. 32.82 lakhs in 1959-60 and Rs. 21.15 lakhs in 1958-59. The closing stocks on the accounting day of 1960-61 are also considerably higher at Rs. 7.44 lakhs, as against Rs. 3.42 lakhs in the previous year. Reflecting the higher output in the main, the consumption of raw materials has gone up by Rs. 12.96 lakhs to Rs. 29.34 lakhs and other manufacturing expenses by Rs. 4.63 lakhs to Rs. 15.10 lakhs. Even so the gross profit stands at Rs. 9.85 lakhs as compared with Rs. 5.16 lakhs in the preceding year, representing a rise of more than 90.8 per cent.

A large portion of the gross earnings has, however, been absorbed by the provision for taxation at Rs. 3.35 lakhs, as against Rs. 1.40 lakh in 1959-60 and Rs. 60,000 in 1958-59. The depreciation is also higher by Rs. 71,000 at Rs. 1.73 lakh and the remuneration for Managing Director (salary plus commission) has risen from Rs. 32,000 to Rs. 52,000, following the higher profits earned by the Company. After making these essential provisions, the net profit works out to Rs. 4.25 lakhs, which is still considerably larger than the net profit of Rs. 2.42 lakhs for 1959-60. This is supplemented by (a) Rs. 7,000, being the excess provision of previous years no longer required written back and (b) Rs. 72,000, being the unallocated surplus of the preceding year brought forward, making available for distribution and appropriation a sum of Rs. 5.04 lakhs. The Directors have credited to a new reserve, namely, that for redemption of preference share capital, a sum of Rs. 1.50 lakh. Further, a sum of Rs. 41,000 (Rs. 38,000 in 1959-60) has been transferred to the development rebate reserve. Of the balance, an allocation of Rs. 27,000 at the gross rate of 8.93 per cent to yield a tax-free return of 6¼ per cent has been made to cover the liability on account of the preference share dividend. The dividend to ordinary shareholders has been stepped up from 15 per cent taxable for 1959-60 to 20 per cent taxable on the capital of Rs. 10 lakhs. In addition, dividend for a half-year on Rs. 3 lakhs new equity capital issued during the year has also been provided for. The net dividend works out to 14 per cent, as against 10.5 per cent for 1959-60 and 10 per cent for 1958-59.

An idea of the progress of the Company since 1958 can be had from the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	50.24	32.82	21.15	11.16
Closing stocks	7.44	3.42	4.35	2.10
Consumption of raw materials	29.34	16.38	11.51	6.02
Other expenses	15.10	10.47	7.14	3.58
Gross profit	9.85	5.16	3.89	2.31
Managing Agency commission	0.52	0.32	0.24	0.15
Provision for—				
Depreciation	1.73	1.02	0.83	0.70
Taxation	3.35	1.40	0.60	..
Net profit	4.25	2.42	1.72	1.46
Excess provisions written back	0.07	..	..	..
To reserve	1.50	..	..	..
Development rebate	0.41	0.38	0.64	1.07
Dividends—				
6¼ per cent. preference	0.27	0.27	0.19	0.19
Ordinary	2.30*	1.27	0.70	0.49
	(20%)†	(15%)†	(10%)	(7½)
Carry forward	0.56	0.72	0.23	0.06

* Of which Rs. 30,000 is on Rs. 3 lakhs of additional capital issued in 1960-61 for half year.

† Subject to deduction of tax.

The Company has taken up the manufacture of sodium aluminate, a chemical used in water purification. The Company was, however, unable to increase the production of potassium chlorate due to difficulties in securing the necessary electric power from the Kerala Electricity Board. This is expected to be received during the current year.

The financial position of the Company, as disclosed by its balance-sheet as at 31st March 1961 shows that the paid-up capital of Rs. 16 lakhs, comprising Rs. 13 lakhs in 130,000 fully paid-up ordinary shares of Rs. 10 each and Rs. 3 lakhs in 6¼ per cent 30,000 cumulative preference shares of Rs. 10 each, is supported by reserves and surplus amounting to Rs. 8.40 lakhs. The Company has yet to build up adequate reserves for meeting future contingencies. The secured and unsecured loans stand at Rs. 8.55

(Continued in previous column)

CALICO MILLS' PERFORMANCE IMPRESSIVE

RESERVES STRENGTHENED FURTHER

THE annual report of the Ahmedabad Manufacturing and Calico Printing Co., Ltd., popularly known as the Calico Mills (Managing Agents: Messrs. Karamchand Premchand Pvt. Ltd., Ahmedabad), for the year ended 31st March, 1961, makes heartening reading. Notwithstanding the frequent and drastic changes in the pattern and programme of production which became inevitable on account of the failure of the Indian cotton crop, and the voluntary price reductions, effected twice in 1960, following the recommendations of the Indian Cotton Mills Federation, the turnover has maintained its pace of growth and has improved by Rs. 83.65 lakhs to Rs. 10,83.16 lakhs. The gross profit has increased in consonance with the sales, having risen by Rs. 50.95 lakhs to Rs. 231.35 lakhs or 28 per cent over its previous year's level. Provision for the Managing Agents' commission is actually lower at Rs. 12.66 lakhs as against Rs. 15.37 lakhs a year ago while that for depreciation has been stepped up substantially by Rs. 28.77 lakhs to Rs. 54.43 lakhs. Following the betterment in the level of taxable profits, the provision for corporate taxation has been increased to Rs. 67.31 lakhs from Rs. 59.03 lakhs for 1959-60. The net profit, after making these essential provisions, has risen by Rs. 16.61 lakhs to Rs. 96.95 lakhs.

Inclusive of the large carry forward of Rs. 21.89 lakhs from the previous accounting period and Rs. 6.60 lakhs transferred from the tax exempt dividend reserve, the sum available for appropriation amounts to Rs. 125.44 lakhs. Of this Rs. 23.10 lakhs have already been utilised towards the payment of an interim dividends on ordinary shares at the rate of 11.2 per cent. Out of the balance now remaining, the Directors propose to transfer Rs. 51.81 lakhs to various reserves and, after setting aside Rs. 1.48 lakh to cover the preference dividends for the year, recommend a final dividend on ordinary shares at the rate of 16 per cent, subject to deduction of tax. This absorbs Rs. 33.00 lakhs, leaving a carry forward of Rs. 16.05 lakhs. The total dividend for the year under review is 27.1/5 per cent, which is a distinct improvement over that for the previous year and is better than even the tax-free dividend of 20 per cent for 1957-58.

An idea of the progress made by the Company during the past four years can be had from the comparative table that follows.

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales proceeds	10,83.16	9,99.51	9,15.65	8,49.67
Other income	13.12	10.78	4.23	4.30
Closing stocks of finished goods	81.54	67.83	82.38	91.63
Raw materials and stores consumed	4,78.42	4,35.64	4,14.96	4,38.71
Salaries, wages and bonus	2,51.41	2,40.94	2,20.56	1,90.59
Other expenses	1,53.81	1,38.75	1,37.22	1,03.46
Gross profit	2,31.35	1,80.40	1,37.39	1,07.89
Managing Agents' remuneration	12.66	15.37	10.88	8.99
Provision for—				
Depreciation	54.43	25.66	30.17	16.63
Taxation	67.31	59.03	50.75	36.37
Net profit	96.95	80.34	46.09	43.96
Transfer from reserves	6.60	4.65	...	30.00
Transfer to reserves	51.81	12.88	14.60	29.34
Dividends—				
Preference	1.48	1.36	1.32	1.32
Ordinary	33.00 (27½%)*	51.15 (94½%)*	30.80 (17 3/5%)	35.20 (20%)
Carry forward	16.05	21.89	3.14	9.26

* Subject to deduction of tax.

The financial position of the Company, as disclosed by its balance sheet as at 31st March, 1961, is impressive. The total share capital of Rs. 235.58 lakhs is backed by as much as Rs. 278.51 lakhs in the form of reserves. The substantial reserve position, in comparison with the ordinary share capital of Rs. 206.25 lakhs, coupled with the high rate of ordinary dividend; is clearly a reason for the current high price of Calico's ordinary shares. Secured loans amount to Rs. 403.81 lakhs, in addition to current liabilities of Rs. 280.14 lakhs.

During the year, the Company spent Rs. 144.37 lakhs on additions to its fixed assets besides Rs. 182 lakhs which were expended towards the cost of direct purchases and construction work in progress including machinery and materials at site. Inclusive of these items and excluding Rs. 70.93 lakhs already capitalised, the book value of the Company's block amounts to Rs. 986.80 lakhs. Against this, Rs. 384.97 lakhs have been provided as depreciation in the normal course of business. In order to equate, however, the written-down block to the written down value as per income-tax rules, Rs. 85.29 lakhs have been transferred from the rehabilitation and development reserve to depreciation account, with the result that the written down value of the block stands at Rs. 516.54 lakhs. Current assets and investments altogether amount to Rs. 681.50 lakhs and are more than adequate to cover the fully the current liabilities and the major portion of secured loans as well.

During the course of the year, the Company made further progress in its efforts at diversification and expansion of its activities. An agreement has been successfully concluded with a world famous textile finisher in Switzerland, under which the Company has acquired the exclusive rights of use in India of their entire range of special processes. This is expected to raise still higher the standard of excellence for the Company's products. The calcium carbide plant at Bombay was commissioned in February, 1961, while the erection of the P.V.C. plant is nearing completion and manufacture is expected to commence shortly. The Government has approved of the Company's application to treble the production of caustic soda and chlorine and double the capacity of P.V.C.

The present quotation of the Company's Rs. 125 fully paid share is Rs. 1,108 *cum-div.* The net yield, on *ex-div.* basis, works out to 2.3 per cent, much less than what one can earn by investing in gilt-edged securities.

TRAVANCORE RAYONS LIMITED

The Travancore Rayons Ltd. has received a Government licence to step up production of rayon yarn (120 deniers) from 6.88 tons per day to about 18.56 tons. Orders for plant and machinery have almost been finalised. The Company itself is producing important raw materials such as sulphuric acid and carbon-di-sulphide. Production of the latter will be increased by five tons per day by installing an electrical plant before the end of this year. The only remaining important raw material is rayon grade pulp. The Company has already received a licence for the manufacture of pulp from cotton linters. The initial capacity of the plant will be 10 tons per day. Production is scheduled to commence by the latter half of 1962.

The Company has announced that, in addition to Trayophane now being supplied in the form of rolls, sheets and bags—both plain and printed—it will now supply the film in two other forms also, namely, handy rolls with printed designs for domestic packaging and a special type called 'twist wrap printed film' which is made exclusively for the confectionery industry. In order to satisfy the packaging requirements of certain products, a laminating machine will be installed before the end of this year. One more bag making machine, a new type called the Simplex Automatic Heat Sealing Type, will be put up in the factory within a few days. The Company has recently erected a new printing machine capable of printing four different colours. With a view to meeting the increasing demand for Trayophane, the Company has plans to install a fourth cellulose film plant which will increase the daily production of Trayophane to 18 tons per day from the present production of 13 tons.

COCHIN MALABAR'S RESULTS EXCELLENT

THANKS, in the main, to the large rubber crop harvested (1,264,304 kilograms as against 978,827 kilograms in 1959-60 and 899,559 kilograms in 1958-59), the gross earnings of the Cochin Malabar Estates Ltd. (Managing Agents: Messrs. Peirce Leslie & Co., Ltd., Kozhikode, Kerala) have jumped up from Rs. 14.25 lakhs in 1959-60 to Rs. 22.03 lakhs in the year ended 28th February 1961. This is in refreshing contrast to the downward trend of gross earnings in the preceding year when they had receded by Rs. 2.97 lakhs. Though the average sale price realised in 1960-61 was slightly lower at 392.21 cents per kilogram, as against 397.94 cents in 1959-60 the gross profit has registered a substantial improvement, as the increase in production brought about a fall in the cost of production per kilogram from 292.76 cents to 270.15 cents.

The sales proceeds stands at the impressive level of Rs. 66.92 lakhs, as against Rs. 49.10 lakhs in 1959-60 and Rs. 47.43 lakhs in 1958-59. The closing stocks have also declined markedly from Rs. 9.31 lakhs to Rs. 3.92 lakhs. Reflecting the higher output and larger labour charges, the manufacturing expenses have gone up by Rs. 4.74 lakhs to Rs. 39.91 lakhs.

The Directors have made a higher provision for taxation at Rs. 10.47 lakhs, as against Rs. 9.22 lakhs in the previous year. Depreciation has been stepped up from Rs. 1.36 lakh to Rs. 1.51 lakh. The remuneration to managing agents is also higher by Rs. 53,000 at Rs. 1.59 lakh. The net profit works out to Rs. 8.46 lakhs and is more than three and half times larger than that (Rs. 2.60 lakhs) for 1959-60.

A synoptic view of the progress made by the Company in the last four years can be had from the following comparative table:

(In rupees)

	For the year ended February			
	1961	1960	1959	1958
Sale proceeds	66,91,597	49,09,653	47,42,957	37,79,089
Other income	40,894	82,189	2,21,882	67,956
Closing stocks	3,92,480	9,30,920	12,66,750	12,97,060
Expenses	39,30,792	35,16,564	32,42,432	26,80,143
Gross profit	22,03,259	14,25,178	17,22,460	11,57,902
Managing Agents' remuneration	1,59,540	1,06,805	1,20,216	86,431
Depreciation	1,51,035	1,36,880	1,34,707	1,48,340
Taxation	10,46,500	9,22,000	7,70,000	5,45,000
Net profit	8,46,175	2,60,293	6,97,537	3,78,131
Refund of tax	...	...	24,423	4,171
Transfer from reserve	...	2,25,000	...	...
Excess provisions written back	88,563	...	...	...
Transfer to reserve	3,50,000	...	3,25,000	1,47,093
Dividends—				
7 per cent. preference	8,005*	7,031*	7,391	7,981
Ordinary	5,88,256 (20%)*	4,70,974 (17½%)*	4,03,692 (15%)	2,69,128 (10%)
Carry forward	10,145	21,669	15,281	29,944
Crop harvested (in kg.)	1,264,304	978,827	899,559	906,828
Cost of production (cents per kg.)	239.77	257.62	254.26	280.45
Average price realised (cents per kg.)	392.21	399.94	400.50	399.08

* Subject to deduction of tax.

Out of the profit of Rs. 9.06 lakhs available for distribution, the Directors have prudently conserved as much as Rs. 3.50 lakhs by transferring Rs. 2 lakhs to general reserve and Rs. 1.50 lakh to the rehabilitation reserve account created for the first time. Even the shareholders have not been created unjustly, the dividend on ordinary shares having been raised from 17½ per cent (taxable) for 1959-60 to 20 per cent (taxable), giving a net dividend of 14 per cent. This dividend is, however, a shade lower than the tax-free dividend of 15 per cent declared for 1958-59. The proposed dividend of 20 per cent is inclusive of an interim distribution of 9 per cent made earlier in the year.

The total area of the Company's properties has remained unchanged at 7,997.19 acres, of which 4,942.88 acres are under mature rubber and 3,054.31 acres under immature rubber. 81.25 acres were replanted during the year under review, as against 55 acres in 1959-60. 276.08 acres of immature rubber were brought into tapping, as against only 4.68 acres in 1959-60. 53.29 acres in 1958-59. 67.42 acres were newly planted.

The financial position of the Company, as disclosed by the balance-sheet as at 28th February 1961, is quite sound. The paid-up capital of Rs. 28.04 lakhs, comprising Rs. 26.91 lakhs in 897,093 ordinary shares of Rs. 3 each and Rs. 1.13 lakh in 2,266 7 per cent cumulative preference shares of Rs. 50 each, is supplemented by reserves and surplus amounting to Rs. 20.44 lakhs. Of this the general reserve alone accounts for Rs. 20 lakhs. The amount at credit in the rehabilitation reserve is only Rs. 33,511, as the replanting expenses of the order of Rs. 1.19 lakh incurred during the year have

(Continued in previous column)

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been met from this reserve. It is a notable feature of the Company's financial position that it has no outstanding loans, secured or unsecured. The current liabilities and provisions, including the proposed dividends, at Rs. 22.69 lakhs are adequately covered by current assets amounting to Rs. 25.51 lakhs (stores, spares, tools, etc. Rs. 4.44 lakhs; stock-in-trade Rs. 3.92 lakhs, sundry debtors Rs. 1.77 lakh, cash Rs. 13.83 lakhs; loans and advances Rs. 1.55 lakh). The Company's gross block at Rs. 55.28 lakhs (Rs. 52.56 lakhs as at 29th February 1960) has been written down to Rs. 45.66 lakhs. The aggregate depreciation provided so far is of the magnitude of Rs. 9.62 lakhs.

The estimates for the current year indicate a crop of 1,141,396 kilograms to be harvested at an estate cost of 264.92 cents per kilogram and an all-in-cost of 293.91 cents per kilogram. The Directors expect to incur a capital expenditure of Rs. 5.47 lakhs in 1961-62, as against Rs. 3.17 lakhs in the year under review.

The Company's Rs. 3 fully paid-up shares are a popular scrip among the investors and are currently quoted on the Madras Stock Exchange at Rs. 7.50 *cum-final div.* This compares with a high of Rs. 8.80 touched in 1960 and of Rs. 8.05 in March 1961. On an *ex-div.* basis and at the proposed rate of dividend, they offer a net yield of 5.77 per cent per annum.

INDIAN DYESTUFF REPORTS STEADY PROGRESS

SHARE MARKET'S EXPECTATION, HOWEVER, TOO HIGH PREMATURE

THE overoptimism about the future of the Indian Dyestuff Industries Limited (Managing Agents: Messrs. Mafatlal Gagalbhai & Sons), the shares of which broke all records for rise in equity values in 1959-60, was distinctly premature, as is evident from the results of the Company for 1960-61. One advantage of this optimism was that the Company could raise a large amount of capital by issuing right shares at par in the high ratio of nine shares for every one held, that is, from Rs. 15 lakhs to Rs. 150 lakhs. In normal times, such a ratio would have depressed the market, but the mania for growth shares then was so high that the rate went up from Rs. 150 in January 1959 to Rs. 495 ex-right in December 1959, or a capital gain of Rs. 3,900 on an investment of Rs. 1,050. Thereafter, the ex-right quotation shot up further to touch a high of Rs. 865 in July 1960, so that the capital gain was Rs. 7,600. Today, the rate has come down to a little less than Rs. 470, thereby entirely wiping out the gain made after the scrip became ex-right. This retreat is no doubt a reaction to the earlier exaggerated notions about the outlook for the Company.

During the year ended 31st March 1961, the Company's sales improved by 24.2 per cent from Rs. 152.07 lakhs to Rs. 188.98 lakhs. The Company, which manufactures vat dyes and other intermediates, has doubled its sales in two years' time. The expansion in sales has naturally meant better profitability, with the gross profit rising to Rs. 60.75 lakhs, as compared with Rs. 54.24 lakhs for the previous year and Rs. 25.95 lakhs for 1958-59. The improved results in the last three years have not only enabled the Company to wipe off the loss carried forward and the accumulated preference dividends but also to pay a modest dividend on the increased capital and that, too, after transferring a sizable sum of over Rs. 39 lakhs to reserves.

The dividend on ordinary shares for the year under review is maintained at 6 per cent, subject to tax. This rate may appear to be too small for those who have paid high a price for the Company's share, but it must be borne in mind that the Company's new project, for financing which the large additional capital was raised, is yet to be completed. It will take some years for this project to yield a good dividend and, if one waits patiently till then, one may be amply rewarded.

As the Company is covered by Section 15(C) of the Income-tax Act, a part of the profit for the year under review is exempted from Income-tax. The Directors estimate this exemption at 17 per cent of the profit, subject to final determination by the Income-tax authorities. In view of the dividend also being similarly exempted, the dividend at Rs. 6 per share, subject to deduction of tax, is equivalent to about Rs. 4.50 per share net. At the current quotation of Rs. 468.75, the Rs. 100 paid-up ordinary share gives a net yield of 0.96 per cent, that is, not even one per cent.

The dividend on preference shares is proposed to be increased from 6 per cent tax free to 8.58 per cent, subject to deduction of tax. The increase in dividend on preference shares is pursuant to the special resolution passed at the special meeting of each class of shareholders held on 10th July 1961. This change would ensure for the preference shareholders the net rate of dividend they had been promised, even though the law has curtailed that right to some extent.

The balance-sheet as at 31st March 1961 reveals a sound financial position. The paid-up capital of the Company is Rs. 174.78 lakhs, consisting of Rs. 24.80 lakhs in 6 per cent cumulative preference shares of Rs. 100 each and Rs. 149.98 lakhs in ordinary shares of Rs. 100 each. The reserves and surplus have grown to Rs. 40.20 lakhs; two years before, they were no more than Rs. 5.95 lakhs. As against the current liabilities and provisions of Rs. 92.63 lakhs, the current assets stand at Rs. 249.26 lakhs, of which Rs. 117.95 lakhs are in cash and bank balances. The gross block of Rs 43.84 lakhs stands depreciated at Rs. 26.29 lakhs. Apart from this, a sum of Rs. 32.06 lakhs is shown as building and new factory under construction. The large cash balances only reflect the early stage of the Company's second unit, which is going to be its major productive asset in a few years' time.

The Company has an authorised capital of Rs. 262.50 lakhs, which, on the basis of the existing issued and paid-up capital, leaves a margin of Rs. 87.50 lakhs, Rs. 12.70 lakhs in preference shares and Rs. 75.00 lakhs in ordinary shares. The whole of this margin is earmarked to be allotted to the Company's Italian collaborators (Messrs. Aziende Colori Nazionali Affini—A.C.N.A. for short) and/or their nominees. The preference shares are in consideration of the technical know-how, engineering fees, and collaboration obtained from them, while the ordinary shares are for covering the cost of machinery and equipment to be supplied by them. It may be noted that, of the 24,800 preference shares already issued, the Italians hold 9,800 shares. Besides, they were issued 3,200 shares on 1st July 1961, bringing their total holding to 13,000 shares. These preference shares are redeemable after 10 years at the Company's option. In view of this position and the plenty of room the Company has for raising accommodation from banks—it had no secured loan at all as at the end of March 1961—it is reasonable to infer that the Company is unlikely to make any right issue in the near future.

The following comparative table vividly brings out the growth in the Company's working results for the last four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	1,88.98	1,52.07	91.64	28.20
Closing stock	25.10	20.60	12.47	8.17
Raw materials and stores consumed	97.27	86.76	54.51	21.94
Other expenses	40.42	21.08	16.71	10.97
Gross profit (+) or loss (—)	+60.75	+54.24	+25.95	—4.01
Managing Agents' commission	5.71	5.13	1.85	...
Provision for—				
Depreciation	3.21	2.95	13.02*	...
Taxation	24.00	20.00	...	...
Net profit (+) or loss (—)	+27.83	+26.16	+10.48	—4.01
To reserves	16.41	16.87	5.80	...
Dividends—				
Preference	1.99†	5.35†‡	...	...
Ordinary	9.06†‡ (6%)†	3.41‡ (6%)†	...	...
Carry forward	0.76	0.62	0.10	—4.52

* Includes Rs. 10.64 lakhs for previous years.
† Subject to deduction of tax.
‡ On increased capital.
§ Includes tax-free from 5-5-1954 to 31-3-1959.

The Company has already made considerable progress, in collaboration with A.C.N.A., in implementing its expansion scheme. The construction of buildings for housing the plant for the new dyes is well under way and the placing of orders for machinery both in India and abroad has been completed. Work on the plan for expanding production of sulphuric acid and oleums is, however, progressing rather slowly. A year ago, it was said that the plant for these products would be commissioned early in 1962, but now the Directors say that this is unlikely before the middle of 1963. They have received various proposals from indigenous manufacturers in this regard on which they have yet to take a decision.

At the current market price mentioned above, the ordinary shares of the Company appear to be more than fully priced. If it is assumed that an investor must have a net return of at least 4.5 per cent, the Company should pay a dividend of Rs. 26 per share taxable to justify even the present market value. It will not be long before the issued and paid-up ordinary capital is raised by Rs. 75 lakhs. Contracts for a capital expenditure of about Rs. 2.35 crores have already been concluded. To pay a dividend of Rs. 26 per share on the full equity capital of Rs. 2.25 crores, the Company will require a sum of Rs. 59.50 lakhs, after satisfying the preference dividend and after meeting all the essential allocations such as taxation, depreciation, development rebate, managing agents' commission and general reserve. It, therefore, seems to us that it will be quite a few years before the Company can reach the stage of paying such a handsome dividend as 26 per cent. It will be no exaggeration to say that the share market has discounted the prospects by five years in advance, if not more.

COMPANY MEETINGS AND DIVIDENDS

PEARL CYCLE INDUSTRIES LTD. Annual General Meeting, New Delhi, 12th August 1961. Dividend: *Nil*. Transfer books remain closed from 28th July to 12th August 1961, both days inclusive.

POLYCHEM LTD. Annual General Meeting, Bombay, 17th August 1961. Dividend: Rs. 7.50 per ordinary share, subject to deduction of tax, payable on and after 1st September 1961. Transfer books remain closed from 1st to 21st August 1961, both days inclusive.

HANTAPARA TEA CO., LTD. Annual General Meeting, Calcutta, 17th August 1961. Dividend: 15 per cent or Rs. 15.00 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 7th to 17th August 1961, both days inclusive.

TEZPORE TEA CO., LTD. Annual General Meeting, Calcutta, 18th August 1961. Dividend: 20 per cent or Rs. 2.00 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 10th to 18th August 1961, both days inclusive.

KAILAS RUBBER CO., LTD. Annual General Meeting, Kottayam, Kerala State, 19th August 1961. Dividend: 25 per cent or Re. 0.50 per share, subject to deduction of tax (includes interim dividend of 10 per cent Re. 0.20 per share). Transfer books will remain closed from 8th to 19th August 1961, both days inclusive.

COCHIN MALABAR ESTATES LTD. Annual General Meeting, Calicut, Kerala State, 21st August 1961. Dividend: 20 per cent or Re. 0.60 per ordinary share, subject to deduction of tax (includes interim dividend of 9 per cent or Re. 0.27 per share). Transfer books will remain closed from 8th to 21st August 1961, both days inclusive.

PAPER MILL PLANT AND MACHINERY MANUFACTURERS LTD. First Annual General Meeting, Bombay, 21st August 1961. Dividend: *Nil*. Transfer books will remain closed from 7th to 21st August 1961, both days inclusive.

AHMEDABAD MANUFACTURING AND CALICO PRINTING CO., LTD. (Calico Mills). Annual General Meeting, Ahmedabad, 21st August 1961. Dividend: Rs. 34.00 per ordinary share (includes interim dividend of Rs. 14.00 per share), subject to deduction of tax. Final dividend is payable from 28th August to 9th September 1961. Out of the final dividend of Rs. 20 per share Rs. 4 per share is free from income-tax.

PERIA KARAMALAI TEA AND PRODUCE CO., LTD. Annual General Meeting, Coimbatore, 22nd August 1961. Dividend: 20 per cent or Re. 0.40 per share, subject to deduction of tax. Transfer books will remain closed from 8th to 22nd August 1961, both days inclusive.

SURAT ELECTRICITY CO., LTD. Annual General Meeting, Bombay, 23rd August 1961. Dividend: 8 per cent or Rs. 8.00 per ordinary share (including the interim dividend), subject to deduction of tax. Final dividend of Rs. 5.50 per share is payable on and after 29th August 1961. Transfer books remain closed from 4th to 23rd August 1961, both days inclusive.

NEW DOOARS TEA CO., LTD. Annual General Meeting, Calcutta, 24th August 1961. Dividend: 35 per cent or Rs. 35.00 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 14th to 24th August 1961, both days inclusive.

THAKURDASS SUREKHA IRON FOUNDRY LTD. Annual General Meeting, Salkia, Howrah, 25th August 1961. Transfer books will remain closed from 19th to 25th August 1961, both days inclusive.

DEVKARAN NANJEE INVESTMENT CO., LTD. Annual General Meeting, Bombay, 29th August 1961. Dividend: Re. 1.30 per share, subject to deduction of tax, payable on and after 30th August 1961. Transfer books will remain closed from 7th to 29th August 1961, both days inclusive.

INDIA UNITED MILLS LTD. Annual General Meeting, Bombay, 30th August 1961. Dividend: 8 per cent or Re. 0.80 per ordinary share and 13½ per cent or Re. 0.1325 per deferred ordinary share; both subject to deduction of tax, payable on and after 25th September 1961. Transfer books remain closed from 5th to 30th August 1961, both days inclusive.

INDIAN IRON AND STEEL CO., LTD. Annual General Meeting, Calcutta, 5th September 1961. Dividend: 16 per cent or Re. 1.60 per ordinary share, subject to deduction of tax, payable on or after 6th September 1961. Transfer books remain closed from 5th to 28th August 1961, both days inclusive.

ORISSA CEMENT LTD. Annual General Meeting, Rajgangpur, 21st September 1961. Transfer books will remain closed from 21st August to 9th September 1961, both days inclusive.

DISHERGARH POWER SUPPLY CO., LTD. Dividend of Rs. 10.00 per ordinary share, subject to deduction of tax, for the year ended 31st March 1961.

LAXMI STARCH FACTORY LTD. (Kundara-Kerala State). Taxable dividend of Rs. 13.00 per share, for the year ended 31st March 1961. Transfer books will remain closed from 18th August to 14th September 1961, both days inclusive.

JAIPUR METALS AND ELECTRICALS LTD. Taxable dividend of 9 per cent on the ordinary shares and 25 per cent on the deferred ordinary shares for the year 1960.

JIYAJEERAO COTTON MILLS LTD. Taxable dividend of Re. 0.30 per ordinary share, for the year ended 31st March 1961. Transfer books will remain closed from 13th to 31st August 1961, both days inclusive.

MYSORE STONEWARE PIPES AND POTTERIES LTD. Taxable dividend of 12 per cent or Re. 1.20 per share, for the year ended 31st March 1961. Transfer books will remain closed from 26th August to 8th September 1961, both days inclusive.

GENERAL INVESTMENT AND TRUST CO., LTD. Dividend of 5 per cent or Rs. 3.75 per ordinary share, subject to deduction of tax, for the year ended 28th February 1961.

INVESTMENT AND FINANCE CO., LTD. Dividend of 7½ per cent or Rs. 7.50 per ordinary share, subject to deduction of tax, for the year ended 28th February 1961.

SYNOPSES OF COMPANY REPORTS

Universal Cables Ltd.

(Formerly Hindusthan Woollen Mills Ltd.)

(Secretary: Mr. R. K. Chhaochharia, Calcutta.)

Annual General Meeting—9th August.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Gross income	7,12	2,06
Gross profit	6,62	1,50
Transfer to taxation	2,64	63
Net profit	3,98	87
Adjustments	3	3
Appropriations:		
Total available balance	4,01	90
Transfer to general reserve	2,00	Nil
Proposed dividend (taxable)	1,75	87
	(5%)	(2½%)
Carried forward	26	3

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: As indicated in their last report, the directors have been applying their mind for some time for starting a new industry in this company, since they abandoned the original proposal of putting up a woollen and worsted mills. The directors are glad to report that the Company has now obtained a license from Government to start a factory for the manufacture of *Paper Insulated Lead Covered Power Cables*. The initial capacity of the plant will be 624 miles per annum and it will be located at Satna in Madhya Pradesh. Technical assistance and know-how for this project have been arranged from the U.K. concern of Messrs. British Insulated Callender's Cables Ltd. Preliminary steps have been taken for the purchase of land and for the arrangement of power, water and other facilities, and it is hoped to commission the cable plant by early 1963.

In view of this new scheme being undertaken, the name of the Company has been changed, with the approval of the Central Government, from Hindusthan Woollen Mills Ltd. to Universal Cables Limited effective from the 15th May 1961. Certain consequential alterations have also been made in the Objects clause of the Memorandum of Association of the Company. All these changes were approved by the shareholders at their extraordinary general meeting held on the 22nd March 1961. At this meeting, the authorised capital of the Company was also increased from Rs. 2 crores to Rs. 5 crores.

Since the present resources of the Company will not be sufficient for undertaking this new project, the directors have also decided to raise the subscribed capital of the Company by issuing at par 7,00,000 new equity shares of Rs. 10 each. Consent of the Controller of Capital Issues has been obtained for this and as approved by the shareholders at their extraordinary general meeting held on the 10th May, 1961, 3,49,725 shares out of the above are being offered to the existing shareholders and the balance 3,50,275 shares to the public generally together with such shares as are not taken up by the shareholders. The Company has also applied to the Industrial Credit & Investment Corporation of India Ltd. and to the Commonwealth Development Finance Corpn. Ltd., London for foreign exchange loans of Rs. 80 lakhs in all, to meet the cost of imported machinery. The directors expect that these loans will be sanctioned at an early date.

On account of this new venture being undertaken by the Company and for arranging finances as and when required, the directors have thought it desirable to appoint Messrs. Birla Gwalior Private Limited as managing agents of the Company with effect from the 1st of April 1961. Accordingly, an application has been made to the Central Government for their approval in this matter.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	34,98,625	Investments	5,71,275
Reserves and surplus	2,71,448	Current assets	1,15,599
Other liabilities	4,91,814	Cash	35,74,923
	Rs. 42,61,887		Rs. 42,61,887

Khandelwal Ferro Alloys Ltd.

(Managing Agents: Khandelwal Industries Private Ltd., Bombay.)

Annual General Meeting—5th August.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales (raw materials, vegetables and fruits)	13	Nil
Closing stock (finished products)	10,68	Nil
Gross loss (—)	(—) 3,51*	(—) 7
To Managing Agents' remuneration	†	Nil
,, depreciation	5,79	Nil
Net loss (—)	(—) 3,51	(—) 7
Adjustments	(—) 12	(—) 5
Appropriations	Nil	Nil
Total debit balance carried forward	(—) 9,63	(—) 12

N.B.—Adjustments include only the debit balance brought forward from the previous year.

* Loss after providing for depreciation and Managing Agents' remuneration.

† Only Rs. 888.

Extracts from the Directors' report: Development rebate at 25 per cent on the value of plant and machinery installed is allowable under the Income-tax Act. No reserve for development rebate has been created as there are no profits available after providing depreciation.

Progress of work: The first furnace was commissioned on the 11th November, 1960. After the initial heating and trial period, regular production commenced from the last week of November 1960. As regards the second furnace the construction work has been completed and it will be commissioned as soon as electric power is made available by the Maharashtra State Electricity Board. All the civil and structural engineering works have now been completed with the exception of the following jobs: *Railway Siding*: Although the railway siding is ready and is in use, the loop line will only be ready by the end of this month. The construction of the extended raw material yard was held up due to the non-availability of cement, but the work is now progressing satisfactorily and the same is expected to be completed in about six weeks' time, as soon as the required quantity of cement is procured. Drainage for the furnace building has already been constructed, but for the remaining buildings inside the factory, work is being taken in hand and it would be ready before the ensuing monsoon.

Production Report: By the end of December 1960, a quantity of 1,510 metric tons of *Ferro Manganese was produced*. For the period from 1st January 1961 to 30th April, 1961, the production was 4,210 metric tons, thus bringing the total production upto 30th April, 1961, to 5,720 metric tons. The entire production excepting some quantity of non-standard material produced during the initial period so far is being tendered to the State Trading Corporation of India Ltd., against the Indo-U.S. Barter.

Manganese Ore: The Company has purchased *Manganese Ore* from various parties but recently, it was successful in entering into a contract with the Central Provinces *Manganese Ore* Co., Ltd., for the supply of its entire requirements of *Manganese Ore*. However, the Company is encountering shortage of railway wagons, with the result it has so far received from C.P.M.O. only 5,500 tons against an estimated arrival of 15,000 tons for the 2 months of March and April 1961. The question of short supply of wagons was taken up with the Railway Authorities and the Government at various levels, and the directors have succeeded in upgrading the movement of *Manganese Ore* from category (*e*) to (d) which they hope will ease the position considerably.

Limestone: The full requirements of *Limestone* are being met by the Rajur Mines which are worked by this Company departmentally and there is sufficient stocks both at the plant site as well as at the mine-head.

Dolomite: Arrangements have been made with the owner of a Mine which is situated about 15 miles away from the Company's plant site for the regular supply of Dolomite requirements.

Coke: The supply position of *Coke* is not very satisfactory on account of wagon shortage. However, efforts are being made at various Government levels to overcome this difficulty.

Owing to supply of power on contingent basis, there were very frequent power restrictions but since March 1961, this has improved on account of the commissioning of the Paras Power Station. In all other aspects, the plant is running very smoothly.

Tube Mill Projects: The new Company under the name of Phœnix Tubes Ltd. was promoted as a subsidiary of Khandelwal Ferro Alloys Ltd. Application has been made to the Controller of Capital Issues for the issue of necessary capital. Out of the 163 equity shares of Rs. 100 each fully paid-up issued by Phœnix Tubes Ltd., Khandelwal Ferro Alloys Ltd., the holding Company is holding 100 Equity Shares of Rs. 100 each fully paid-up.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	97,90,875	Gross block	1,14,21,419
Other liabilities	1,10,72,019	—Depreciation	5,78,568
		Net block	1,08,48,151
		Block in progress	22,24,759
		Current assets	44,49,488
		Investments	16,54,644
		Cash	8,16,952
		Miscellaneous expenditure	4,05,385
		P. & L. a/c (deficit)	3,83,515
	Rs. 2,08,62,894		Rs. 2,08,62,894

* Paid-up capital consists of 50,000—7½ per cent. tax-free redeemable cumulative preference shares of Rs. 100 each fully paid-up and 1,00,000 equity shares of Rs. 100 each (Rs. 50 per share called up). Calls unpaid on equity shares amount to Rs. 2,09,125.

Clive Row Investment Holding Co., Ltd.

(Secretaries: Messrs. Andrew Yule and Co., Ltd., Calcutta.)

Annual General Meeting—11th August.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959*
Gross income	18,00	16,44
Gross profit	16,87	15,26
Transfer to Secretaries' remuneration	90	68
,, ,, taxation	5,51	5,35
Net profit	10,46	9,23
Adjustments	3,16†	3,34
Appropriations:		
Total available balance	13,62	12,57
To dividend (taxable)	11,10	10,41
	(8%)	(7½%)
Carry forward	2,52	2,16

N.B.—Adjustments include the balance brought forward from the previous year.

* The accounts for 1959 cover a period of nine months from 1st April to 31st December 1959. Accounting year changed from March to December in 1959.

† Includes Rs. 1,00,000 being taxation over provided in previous years.

Extracts from the Directors' report: A net gain on realisation of investments during the year amounting to Rs. 59,320 has been credited to capital reserve which has been debited with tax of Rs. 26,694 estimated to be payable on this account.

The Company's portfolio during the year under review was substantially unchanged from 1959. Since 1st January 1961, several changes have taken place as follows:—

The Bengal Coal Co., Ltd., made an offer of rights shares in the ratio of one for five at a premium of Rs. 100 per share; the Company took up and was allotted its entitlement.

The New Beerbhoom Coal Co., Ltd., made an offer of rights shares in the ratio of four for five at a premium of Rs. 4 per share; the Company took up and was allotted its entitlement.

Port Engineering Works, Ltd. (a Subsidiary) which had made an offer of rights shares in 1960 which the Company did not take up, made a further offer of rights shares in the ratio of one for four; the Company took up and was allotted its entitlements in this offer. Port Engineering Works, Ltd. remained a subsidiary throughout 1960.

Rajgarh Tea Co., Ltd. (a Subsidiary) has proposed to make a bonus issue in the ratio of one for one and has also made an offer of rights shares in the same ratio at par. If the bonus issue is approved the Company will receive 10,034 bonus shares. It is the Board's intention to take up the Company's entitlement of rights shares.

Basmatia Tea Co., Ltd. (a Subsidiary) has proposed to make a bonus issue in the ratio of one for two. If the bonus issue is approved the Company will receive 12,922 shares.

Whilst reduced dividends were received during the year under review from Jute Companies, dividends from Coal, Tea and Miscellaneous Companies were maintained at a satisfactory level. The Jute Industry is passing through a difficult period and dividends during the current year are expected to show a decrease; it is expected that dividends from Coal, Tea and Miscellaneous Companies will be maintained. The Company has benefited to the extent of approximately Rs. 65,000 because of the lower rate of tax applicable to dividends from subsidiaries.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,38,80,000	Investments	1,88,75,787
Reserves and surplus	17,29,306	Current assets	5,48,857
Other liabilities	88,27,669	Cash	12,881
	Rs. 1,04,36,975		Rs. 1,94,86,975

* The paid-up capital consists of 13,88,000 equity shares of Rs. 10 each.

Choonabhutti Tea Co., Ltd.

(Secretaries & Treasurers: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—10th August.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	26,87	25,78
Closing stock	8,81	8,18
Gross profit	7,70	6,99
Transfer to Managing Agents' commission	41	63
,, ,, Secretaries' and Treasurers' commission	19	Nil
,, ,, depreciation	1,02	74
,, ,, taxation	2,42	2,36
,, ,, development rebate reserve	11	3
Net profit	3,55	3,23
Adjustments	99	1,14
Appropriations:		
Total available balance	4,54	4,37
Transfer to reserves	50	50
Proposed dividends (taxable) Preference	15	15
,, ,, Ordinary	2,93	2,70
	(324%)	(30%)
Carried forward	96	99

N.B.—Adjustments include the balance brought forward from the previous year and excess wealth tax provision for previous years written back.

Extracts from the Directors' report: The dividend of 7.36 per cent recommended on the preference shares for the year ended 31st December, 1960, is calculated in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960, which became law on the 28th December 1960.

A crop of 5,333 quintals (14,698 maunds) was secured and sold at an average price of Rs. 5.15 per kg. This compares with a crop of 4,994 quintals (13,761 maunds) in 1959 which sold at an average price of Rs. 4.83 per kg. Favourable climatic conditions and an improvement in the tea market are reflected in the increase in crop and the average price secured. Rainfall for the year amounted to 430 cms. (169 inches), compared with an average of 418 cms. (164 inches) for the previous 10 years.

Estimates for the current season have been framed for a crop of 5,260 quintals (14,500 maunds).

Capital expenditure during the year, amounting to Rs. 4,61,243, includes the cost of withering equipment, oil firing equipment for dryers, and labour and staff quarters.

Messrs. Andrew Yule & Co., Ltd., ceased to act as managing agents of the Company on 15th August 1960, and at an extraordinary general meeting of the Company held on 16th August 1960, they were appointed secretaries and treasurers of the Company with effect from 16th August, 1960.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	11,00,000	Gross block	22,96,834
Reserves and surplus	15,44,881	—Depreciation	11,19,335
Other liabilities	17,77,591	Net block	11,77,499
		Current assets	14,37,452
		Investments	4,00,807
		Cash	5,07,091
	Rs. 44,21,962		Rs. 44,21,962

* Paid-up capital consists of 9,000 ordinary shares of Rs. 100 each fully paid up and 2,000—6½ per cent tax-free cumulative preference shares of Rs. 100 each fully paid up.

Notices

THE INDIAN IRON AND STEEL COMPANY LIMITED

NOTICE

AT A MEETING OF THE BOARD OF DIRECTORS held today the Directors have recommended payment of a gross dividend for the year ended 31st March 1961, of 16 per cent, or Re. 1.60 per share, on the Ordinary Share Capital, subject to deduction of tax at the appropriate rates. This dividend awaits sanction by the shareholders at the Annual General Meeting to be held on Tuesday the 5th September, 1961.

The net profit after provision of Rs. 2,96,46,835 for depreciation, Rs. 1,66,00,000 for taxation and net transfer of Rs. 3,11,13,302 to Reserves is Rs. 2,22,68,363. For the previous year the net profit was Rs. 2,04,23,465 after provision of Rs. 3,00,00,000 for depreciation, Rs. 64,28,000 for taxation and net transfer of Rs. 2,92,92,880 to Reserves.

The Ordinary Share Register and Transfer Books of the Company, as already announced will be closed from the 5th August, 1961, to 28th August, 1961, both dates inclusive, and the dividend if sanctioned will be paid on or after the 6th September, 1961, to those shareholders whose names appear on the Register of Members on the 28th August, 1961.

By Order of the Board,
MARTIN BURN LIMITED,
F. G. LIVERSEDGE,
Managing Director,
Managing Agents.

Registered Office:
12 MISSION ROW, CALCUTTA-1.
25th July, 1961.

ORISSA CEMENT LIMITED
RAJGANGPUR

NOTICE IS HEREBY GIVEN THAT THE ELEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY will be held at the REGISTERED OFFICE OF THE COMPANY AT RAJGANGPUR, on Thursday the 21st September, 1961 at 2.30 p.m. to transact the following business:—

1. To receive and consider the audited Balance Sheet and Profit and Loss Account for the year 1960 and the report of the Directors and Auditors.
2. To declare Dividend.
3. To elect a Director in place of retiring Director Shri V. H. Dalmia.
4. To elect a Director in place of retiring Director Shri N. C. Roy.
5. To appoint Auditors for the accounting year 1961 and to fix their remuneration.
6. To consider and pass the following as Special Resolution with or without modification as thought fit:

"RESOLVED by way of Special Resolution that approval be and is hereby given to residential accommodation being made available to any Director or Officer of Dalmia Agencies Private Limited, Managing Agents of the Company who may be required to be stationed at Rajgangpur as and when requested on payment by the Managing Agents or the person concerned of the rent and other charges payable in respect of the accommodation on the scale as may be prescribed by the Board of Directors from time to time provided that payment of the rent and charges shall be made to the Company within one month of the expiry of the month for which the same are payable."

To consider and pass the following Special Resolution with or without modification as thought fit:

"RESOLVED by way of Special Resolution that Article 10 of the Articles of Association of the Company be amended to read as follows:

'10. If at any time the share capital of the Company is divided into different classes of shares, the Company is authorised to vary the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) with the consent of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class'."

8. To consider and pass the following as Special Resolution with or without modification as thought fit:

"RESOLVED by way of Special Resolution, in partial modification of the Special Resolution passed on 28th September, 1957, that authority be and is hereby given to the Board of Directors to have a mutual loan arrangement with Dalmia Cement (Bharat) Ltd., a Company under the same management, subject to the condition that the amount due to either Company on the loan account together with any moneys outstanding in respect of any current transactions pertaining to the supply of services, spare parts or equipment etc. shall not at any time exceed Rupees Forty Lakhs and the Board of Directors be and is hereby authorised to determine, from time to time, the rate of interest payable on such outstanding amount due to either Company in the loan account."

Explanatory Statements for items 6, 7 and 8 of the agenda as required under Section 173 of the Companies Act, 1956, are being forwarded to the Members of the Company by post along with the Notice of the Meeting.

The Share Transfer Books of the Company will remain closed for 20 days from Monday the 21st August to Saturday the 9th September, 1961, both days inclusive.

Every Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not be a Shareholder. The proxies should, however, be deposited at the Registered Office of the Company not later than 42 hours before the commencement of the Meeting.

Dividend Warrants are expected to be all posted within three or four days after declaration of the dividend at the Annual General Meeting and would be payable on or after 25th September upto 31st October, 1961.

By Order of the Board,
For ORISSA CEMENT LIMITED,
For DALMIA AGENCIES PRIVATE LIMITED,
J. DALMIA,
Director,
Managing Agents.

Dated: 23rd *July*, 1961.

THE WEST COAST ELECTRIC SUPPLY CORPORATION LIMITED

Registered Office:
MADRAS-1

NOTICE OF THE 27TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE 27th Annual General Meeting of the Shareholders of THE WEST COAST ELECTRIC SUPPLY CORPORATION LTD., will be held at the Registered Office of the Company at No. 20, Second Line Beach, Madras-1, on Thursday the 7th September 1961 at 3-30 p.m.

AGENDA.

1. To consider and adopt the Directors' Report and Audited Accounts for the year ended 31st March, 1961.
2. To declare Dividend on Preference and Ordinary Shares.
3. To elect Directors in the place of those retiring.
   (a) Sri G. A. Krishnamurthi retires by rotation and is eligible for re-election.
   (b) To appoint a Director in the place of Sri V. K. Eradi who retires by rotation and to consider, and if thought fit, to pass the following resolution of which a Special Notice under Section 281 of the Companies Act, 1956 has been received by the Company.

"RESOLVED that Sri V. K. Eradi be re-appointed a Director of the Company notwithstanding the fact that he is aged 65 years and that the age limit prescribed in Section 280 of the Companies Act 1956 shall not apply to him."

4. To appoint auditors for the year 1961-62 and fix their remuneration.
5. Any other subject that may be brought up before the meeting.

The Share Transfer Books of the Company will remain closed from 1st September, 1961 to 7th September 1961, both days inclusive.

By Order of the Board,
FOR CHANDREE & CO. PRIVATE LIMITED,
S. VENKATARAMAN,
Director,
Managing Agents.

MADRAS, 27*th July* 1961.

N.B.—(*a*) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company.

(*b*) The Dividend when sanctioned will be paid on and from 7th September 1961 to those members whose names stand on the Register of Members on the 7th September 1961.

(*c*) The explanatory notes under section 173 regarding item 3 (*b*) are being posted to the Members individually.

THE LAWRENCE JUTE COMPANY LIMITED

FINAL DIVIDENDS FOR THE YEAR ENDED 31ST MARCH 1961

AT A MEETING OF THE DIRECTORS HELD on 29th July, 1961, the following Dividends were recommended subject to deduction of Tax under Section 18(3D) of the Indian Income Tax Act.

On Cumulative 'A' Preference Shares at 4.55 per cent making a total of 9.10 per cent per annum.

On Cumulative 'B' Preference Shares at 3.575 per cent making a total of 7.15 per cent per annum.

On Ordinary Shares at Rs. 8 per Share making a total of Rs. 15 per Share per annum.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries & Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA 1.

THE KINNISON JUTE MILLS LIMITED

FINAL DIVIDENDS FOR THE YEAR ENDED 31ST MARCH 1961

AT A MEETING OF THE DIRECTORS HELD on 29th July, 1961, the following Dividends were recommended subject to deduction of Tax under Section 18(3D) of the Indian Income Tax Act.

On Cumulative Preference Shares at 4.55 per cent making a total of 9.10 per cent per annum.

On Ordinary Shares at Rs. 2 per share making a total of Rs. 7 per share per annum.

By Order of the Board,
F. W. HEILGERS & CO. (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA 1.

THE PULLANGODE RUBBER AND PRODUCE COMPANY, LIMITED

(Incorporated in India)

NOTICE IS HEREBY GIVEN THAT THE Eighteenth Annual General Meeting of the Shareholders will be held at 11 a.m. on Monday, the 28th August, 1961 at the Registered Office of the Company at Calvetty, Fort Cochin, to transact the following business:—

1. To receive and adopt the audited Balance Sheet and Accounts for the year ended 31st March 1961 and the Reports of the Directors and Auditors.
2. To declare a dividend.
3. To elect a Director.
4. To appoint Auditors.
5. To consider and if thought fit to pass the following resolution with or without modification:—

"RESOLVED that with effect from 1st April 1961 until otherwise decided by the Company in General Meeting, every Director shall be paid, subject to a maximum sitting fee of Rs. 1,000 per year, a sitting fee of Rs. 200 per meeting of the Board or any Committee of the Board attended by him; and further that all out-of-pocket expenses incurred for attending meetings of the Board or Committee shall be reimbursed to the Directors."

6. To consider and if thought fit to pass the following Special Resolution which will be proposed as a special resolution:—

"RESOLVED that the Articles 11, 12, 21, 23 and 24 of the Articles of Association of this Company be and are hereby substituted by the following Articles, 11, 12, 21, 23 and 24 respectively:—

11. Every member shall be entitled to one or more certificates for the shares registered in his name. Such certificate or certificates shall be issued under the common seal of the Company, which shall be affixed in the presence of two directors or persons acting on behalf of the directors under a duly registered power of attorney; and counter-signed by the Managing Agents, specifying the share or shares held by the member and the amount paid up thereon. If two or more persons are registered as joint holders of any share the certificate of any such share shall be delivered to the person first named upon the register.

12. No certificate of any share or shares shall be issued either in exchange for those which are subdivided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn-out or where the cages on the reverse for recording transfers have been duly utilised, unless the certificate in lieu of which it is issued is surrendered to the Company; provided that the Company may charge such fee, if any, not exceeding Rs. 2 per certificate issued on splitting or consolidation of share certificates or in replacement of share certificates that are defaced or torn, as the Board thinks fit.

21. The Directors may in their absolute discretion decline to register any transfer of shares without assigning any reason therefor.

23. (*a*) There shall be paid to Company in respect of the transfer or transmission of any number of shares between any two parties at any one time the sum of one rupee per certificate, or such other sum as the directors may from time to time prescribe.

(*b*). Certified transfer deeds will be issued on request accompanied by deposit of scrip at a cost of one rupee and twenty-five naye paise per certified transfer deed, or such other sum as the Directors may from time to time prescribe. The Company will take all ordinary care of scrip so deposited but such deposit shall not amount to safe custody by the Company who will not be responsible for loss or destruction of scrip so deposited.

24. The Transfer Book and Register of Members shall, after advertisement as required by Section 154 of the Companies Act 1956, be closed for any period or periods not exceeding in the aggregate forty-five days in each year, but not exceeding thirty-days at any one time.

The Explanatory Statement relating to Item No. 5 and 6 above in terms of Section 173 of the Companies Act 1956, has been forwarded to the members of the Company along with the notice.

The Transfer Books and Register of Members of the Company will remain closed from 12th August, 1961 to 30th August 1961 (both days inclusive).

Any shareholder unable to attend personally is entitled to appoint any person (whether a member or not) as his proxy to attend and vote instead of himself, subject to the provisions of Section 176 of the Companies Act, 1956. Such proxy should reach the Registered Office of the Company at least 48 hours before the time fixed for the meeting.

This notice cancels and supersedes the notice dated 28th July, 1961 issued by this Company.

By Order of the Board,
THE PULLANGODE RUBBER & PRODUCE CO. LTD.,
Per pro. ASPINWALL & COMPANY LIMITED,
V. P. THOMAS,
Managing Agents.

FORT COCHIN, *31st July*, 1961.

THE AUCKLAND JUTE COMPANY LIMITED

FINAL DIVIDENDS FOR THE YEAR ENDED 31ST MARCH 1961

AT A MEETING OF THE DIRECTORS HELD on 29th July, 1961, the following Dividends were recommended subject to deduction of Tax under Section 18(3D) of the Indian Income Tax Act.

On Cumulative Preference Shares at 3.575 per cent making a total of 7.15 per cent per annum.

On Redeemable Cumulative Preference Shares at 2.925 per cent making a total of 5.85 per cent per annum.

On Ordinary Shares at Rs. 5 per share making a total of Rs. 12 per share per annum.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA 1.

THE DALHOUSIE JUTE COMPANY LIMITED

FINAL DIVIDENDS FOR THE YEAR ENDED 31ST MARCH 1961

AT A MEETING OF THE DIRECTORS HELD on 29th July, 1961, the following Dividend was recommended subject to deduction of Tax under Section 18(3D) of the Indian Income Tax Act.

On Cumulative Preference Shares at 4.55 per cent making a total of 9.10 per cent per annum.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries & Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA 1.

THE NORTHBROOK JUTE COMPANY LIMITED

FINAL DIVIDENDS FOR THE YEAR ENDED 31ST MARCH 1961

AT A MEETING OF THE DIRECTORS HELD on 29th July, 1961, the following Dividends were recommended subject to deduction of Tax under Section 18(3D) of the Indian Income Tax Act.

On Cumulative Preference Shares at 3.575 per cent making a total of 7.15 per cent per annum.

On Ordinary Shares at Rs. 2.25 per share making a total of Rs. 3 per share per annum.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA 1.

THE KARANPURA COLLIERIES LIMITED

AT A MEETING OF THE BOARD OF Directors held on Thursday the 27th July, 1961, the following dividends were recommended to be paid subject to deduction of tax.

Dividends for the year ended 28th February, 1961.

On 5½ per cent Cumulative (Taxable) Preference Shares at 4.88 per cent per annum in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

On Ordinary Shares at the rate of 10 per cent.

Additional Dividend for the year ended 29th February, 1960.

On 5½ per cent Cumulative (Taxable) Preference Shares at .48 per cent per annum in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries & Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA.

BIRLA JUTE MANUFACTURING COMPANY, LIMITED

CALCUTTA

THE BOARD OF DIRECTORS AT THEIR Meeting held on 12th July, 1961 have decided to recommend to the forthcoming Annual General Meeting of the Company to be held on the 23rd August, 1961 the following Dividends for the year ended 31st March, 1961 subject to deduction of tax under Section 18(3D) of the I.T. Act:—

On Preference Shares at 7½ per cent per annum (increased by 11 per cent under the Preference Shares (Regulation of Dividends) Act, 1960 and after deducting Company's Income Tax).

On Second Preference Shares at 7.86 per cent per annum.

On Ordinary Shares (issued prior to 13th May, 1961) at Rs. 1.50 per share (15 per cent per annum).

Per Pro BIRLA BROTHERS PRIVATE LTD.,
G. MAKHARIA,
Managing Agents.

Registered Office:
8, INDIA EXCHANGE PLACE,
CALCUTTA, *12th July*, 1961.

FURTHER DECLINE IN CALL MONEY RATE

(From Our Own Correspondent)

BOMBAY, *2nd August*

Thanks to plentiful supply of funds and limited demand for accommodation, conditions in the short-term money market turned distinctly comfortable during the week under review. Funds continued to return to banks from mofussil centres and the borrowers had no difficulty in obtaining their requirements in full. The inter-bank call money rate among exchange and larger Indian banks eased from 3 per cent to 2 per cent. Other money rates remained unaltered. For purposes of ready reference they are given below:

	Per cent
Notice Money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3½
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3½
(v) 12 months	4

The results of the 91-days Treasury Bills of the Government of India, sales of which were resumed this week after remaining suspended last week, clearly showed the impact of the comfortable money conditions. Thus, as against the invitation for Rs. 2 crores, the actual amount offered was of the order of Rs. 3.49 crores. Tenders at Rs. 99.410 and above were accepted in full and those at Rs. 99.400 allotted approximately 96 per cent and lower tenders were rejected. Total amount accepted aggregated Rs. 2 crores. The average rate accepted tenders was appreciably lower at 2.398 per cent per annum, as against 2.5 per cent per annum a fortnight ago and 2.650 per cent per annum the week before that. 91 days' intermediate Treasury Bills sold from 24th July to 29th July amounted to Rs. 1.26 crore. Their sales are being continued from 1st August to 5th August.

The statement of affairs of the Reserve Bank of India for the week ended 28th July 1961 shows a decline of Rs. 21.19 crores in notes in circulation. As the notes held in the Banking Department have gone up by Rs. 13.11 crores, the total notes have receded by Rs. 8.08 crores. Foreign assets have remained unchanged at Rs. 93.01 crores, but as balances held abroad shown in the Banking Department have dwindled by Rs. 3.45 crores, the total foreign assets have shrunk further to stand at Rs. 98.04 crores. Deposits of banks with the Reserve Bank of India have fallen by Rs. 21.75 crores to Rs. 81.71 crores. Deposits of other Governments have also been marked down by Rs. 10.80 crores to Rs. 20.56 crores, but those of the Central Government have improved by Rs. 24.07 crores to Rs. 77.09 crores. Investments held on the assets side of the Banking Department have declined by Rs. 7.76 crores. Other loans and advances have improved by Rs. 1.20 crore, but those advanced to scheduled banks against usance bills have gone down by Rs. 9.50 lakhs.

The statement of the scheduled banks for the week ended 21st July 1961 discloses a decline of Rs. 3.06 crores in demand deposits and an expansion of Rs. 11.82 crores in time deposits. The total deposits of the State Bank of India have, however, dwindled by Rs. 1.04 crore to Rs. 531.31 crores. The borrowings of the scheduled banks from the Reserve Bank of India show a recession of Rs. 2.93 crores, of which the usance bills accounted for Rs. 2.41 crores. Their borrowings from the State Bank of demand variety have also shrunk by Rs. 23.77 lakhs. But those of time variety from the same source improved by Rs. 1.60 lakh. Advances and bills (Bank discounted credit) have suffered a setback of Rs. 12.45 crores to Rs. 1,246.14 crores. The advances of the State Bank of India also came down by Rs. 4.84 crores. Investments of the Scheduled Banks as a whole improved by Rs. 23.01 crores, of which the share of the State Bank alone was as much as Rs. 18.04 crores.

The gilt-edged market was dull. Only short-dated securities attracted buyers and showed a slight improvement. In the Central loan section 2½ per cent 1962 gathered 10 nP to Rs. 99.10. 3 per cent 1963-65, 3 per cent 1966-68 funding loan and 3½ per cent 1963 gained 5 nP each to Rs. 98.80, Rs. 96.25 and Rs. 100.05 respectively. The impact of the flotation of new loans on long-dated securities has not yet fully exhausted itself and the downward adjustment in the prices of existing securities continued during the week under review. Thus 4 per cent 1972 lost 20 nP to Rs. 100.30 and 4 per cent. 1979 and 1980 were both marked down by 25 nP to Rs. 99.25. In the States' loan section, 4 per cent 1963, 1964, and 1969 received some institutional support. Thus 4 per cent 1964 Maharashtra, 4 per cent 1963 West Bengal, 4 per cent 1963 and 1969 Madras, 4 per cent 1963 U.P. loans put on 10 nP each. 4 per cent 1969 U.P. went up by 20 nP to Rs. 98.90. 4 per cent Bihar, Kerala and Madhya Pradesh loans gained 50 nP each to Rs. 99.50.

In the foreign exchange section, the rupee improved further in relation to the U.S. dollar largely in sympathy with the pound sterling. The latter appears to have gained in strength following the measures announced by the U.K. Chancellor of the Exchequer to rectify the balance of payments position of Great Britain. Banks selling and buying rates for ready T.T. on New York were Rs. 478.75 and Rs. 475.25, respectively, as compared with Rs. 480 and Rs. 476.50. In the New York exchange market, the pound sterling was quoted at 279.680-279.710 cents per £ for spot and 277.080-277.110 for three months' forward. As compared with the previous week, the pound put on 0.76 cent in the spot and 0.91 cent in the forward.

BULLION FIRM AGAIN

(From Our Own Correspondent)

BOMBAY, *2nd August*

The bullion market continued to rule firm during the week under review also. Advices from upcountry centres were quite encouraging. Spot houses evinced keen buying interest on reports that the inflow of contraband gold had thinned considerably, in view of strict customs vigilance and heavy monsoon seas which make it difficult for the smugglers to bring the metal by boats from the Persian Gulf ports. Further, offerings were limited, as the daily average arrivals were on a small scale—3,800 tolas of gold and 22 bars of silver, as against 3,000 tolas and 55 bars, respectively, in the previous week. Business put through was, as a consequence, restricted, though prices tended to move up. The daily average offtake was lower at 3,000 tolas and 5 bars, as against 4,350 tolas and 8 bars. The floating stocks are reported to be around 30,000 tolas of gold and 800 bars of silver.

Adjustment rates fixed today were Rs. 120.20 per 10 grams of gold and Rs. 201.05 per kilogram of silver. The corresponding rates for Wednesday last week were Rs. 119.70 and Rs. 200.85, respectively.

The *Bhadrapad* (25th September) settlement in gold began the week distinctly firm at Rs. 120.25, as against the previous close of Rs. 119.80, and advanced to touch a high of Rs. 120.85 on Saturday, 29th July. At this level, profit-taking set in and the settlement declined to Rs. 120.35 yesterday. It, however, moved up again to Rs. 120.90 today before finishing at Rs. 120.70. The net gain over the week was 90 nP.

Ready gold was well supported in the earlier sessions, the quotation rising from Rs. 119.95 to Rs. 121.20 on 29th July. After easing to Rs. 120.25 yesterday, it recovered to Rs. 120.85 today, though it closed lower at Rs. 120.45. The ready metal commanded a premium over the forward till yesterday when it gave way to a discount of 10 nP and the discount increased to 25 nP today. At one time on Friday, 28th July, the premium was as high as 50 nP.

In silver, the *Bhadrapad* (26th September) settlement moved up from Rs. 201.20 to Rs. 202.50 on Saturday. Subsequently, the settlement softened and touched Rs. 201.40 on Monday, 31st July. Buying support ensued thereafter and the settlement recovered to Rs. 202.65 today before finishing at Rs. 202.30.

Ready silver was quoted at a discount under the forward throughout the week, the actual discount widening markedly from 35 nP last week-end to Re. 1.25 today. The closing rate for the metal was Rs. 201.05, as against Rs. 200.85, the highest level touched being Rs. 201.40 today.

The world price of gold in the London bullion market improved further during the week from $35.13⅛ to $35.14¼ per fine ounce. Ready gold, however, eased from 252*s.* 2¼*d.* to 251*s.* 5½*d.* Forward silver rose from 80⅝*d.* to 80¾*d.*, while ready silver was unchanged at 79⅜*d.* Silver in New York continued unaltered at 91.375 cents.

The following table shows the trend of prices during the week under review:

	2-8-1961 (closing)	High	Low	26-7-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	120.45	121.20	120.20	119.95
Forward: Bhadrapad* ..	120.70	120.90	120.00	119.80
Sovereign	93.75	94.00	93.75	94.00
SILVER				
Ready (.996 fine)	201.05	201.40	200.05	200.85
Forward: Bhadrapad† ..	202.30	202.65	200.95	201.20
London—				
Silver Ready	79⅜d.	—	—	79⅜d.
Silver Forward	80¼d.	—	—	80¼d.
Gold	251*s.* 5½*d.*	252*s.* 2¼*d.*	251*s.* 5½*d.*	252*s.* 2¼*d.*
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th September settlement. † 26th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

BASE METALS FIRM

(From Our Own Correspondent)

CALCUTTA, 1*st August*

Following an improvement in demand, base metals ruled firm during the week under review, whereas, on the London Metal Exchange, all principal metals excepting tin eased. Tin recorded a modest addition. Copper in London opened at £231½ a ton and eased to £229¼. The cause was stated to be the increase in Bank rate. Also warehouse stocks were higher. In the local market, the supply position of copper scrap was tight. Berry quality at Rs. 456.67 per 100 kgs. and utensil scrap at Rs. 433.05 per 100 kgs. were maintained firm. Tin in London closed higher on balance at £918 a ton, as against the opening of £911. The rise reflected poor statistical position. Singapore prices, too, moved forward. Locally, tin at Rs. 1,649.50 per 100 kgs. recorded a rise of Rs. 20, and the gains were stabilised at each stage of the hardening trend. Electrolytic zinc at £78½ a ton in London closed fractionally lower on balance. The easiness was due to fall in demand. The Calcutta price, after being higher at Rs. 326.75 per 100 kgs., as against the opening of Rs. 325.75 and eased to Rs. 321.75. Virgin lead unchanged here at Rs. 135.75. The price in London was also quiet at £64¼ a ton.

COTTON FUTURES DEPRESSED

(From Our Own Correspondent)

BOMBAY, *2nd August*

Two developments of considerable importance to the cotton trade took place during the week under review. The first was the opportunity the traders had to acquaint the Minister for Commerce and Industry, Mr. K. C. Reddy, with some of the problems of cotton trade. The Minister gave a patient hearing to their representations at a reception in his honour arranged at Bombay by the East India Cotton Association and assured that the Government would do what it could about them. He stated that, in view of the improvement in the supply position, thanks to the good crop last season, it would be possible to abolish the compulsory survey system at an early date. He also gave the assurance that the system of mill quotas would not be continued even a day longer than was absolutely necessary and that, ordinarily, the Government would not interfere with futures trading after trading in a contract had commenced if prices moved within the floors and ceilings.

If the next season's crop turns out to be good, it would be possible, according to him, to discard the quota system altogether. As regards exports, the Minister indicated that, if the crop turned out to be normal, a sizable export quota would be announced and that the practice of linking exports to sale of cotton to mills would be discontinued as soon as conditions warranted it. The scope for trade participation in cotton imports was limited in the opinion of the Minister because of the existence of the export incentive scheme under which cotton was directly allotted to mills. Nevertheless, he expressed his willingness to examine any scheme, which would enable the trade to partrapate directly in imports without in any way effecting the incentive scheme.

The second development of the week was the announcement, on Thursday 27th July, of an export quota of 60,000 bales of cotton comprising Bengal *Deshi* and ¾" staple and below cottons. Although the quota was welcome, it failed to enthuse the trade, because it had come a little too late when there was very little demand from abroad.

Trading in the futures market was practically unaffected by these developments. Attentions of the traders would appear to be concentrated on weather and crop developments, for it is the size of the next season's crop, more than anything else, that would determine the cotton policy during the 1961-62 season. Up-country reports indicated favourable weather and provided satisfactory crop news. This discouraged support for the new crop contract. The August contract suffered a set back. This was attributed to selling induced by the fear that there might be more tenders against the contract in view of the revised basis for Laxmi 'A' and Cambodia 'B' and 'C'. The contract receded from Rs. 578.50 last week-end to Rs. 568.45 at close today. The following table indicates the trend of the market during the week:

(In rupees per three quintals)

	2-8-61	*High*	*Low*	20-7-61
I.C.C. August ...	568.25	579	567	578.50
I.C.C. March ...	591.25	592.50	588	591.50

Activity in the ready section was dull. Mill buyers were inclined to defer purchases till the size of tenders on the first notice day came to be known. Consequently, prices declined by Rs. 5 to Rs. 10 per candy. Moderate demand, especially from Southern mills, was however, noted for such popular varieties as Vijay, Digvijay, Surti and Kalyan. Mills are opposed to be abolition of the quota system for distribution of cotton. The Committee of the Indian Cotton Mills' Federation has, accordingly, decided to request the Government to continue the quota system during the 1961-62 season also.

In spite of the export quota, there was little interest in Bengal *Deshi* and ¾" cotton, because foreign demand for these varieties is not brisk. Japan seemed to have already covered most of its requirements of short staples from elsewhere and it is not therefore very much interested in Indian growths. Even so, exporters are optimistic that they could find buyers for the cotton now released. Interest in foreign cotton was confined to stray lots of selected Sudanese growths and East African B.P. 52.

The following are the latest available quotations—in rupees per candy of 784 lbs. from Sewri the figures in brackets bring last week-end quotations:

Moglai Jarilla: 750 (760), Kalyan 810 (810), Surti 930 (940), Vijay 940 and Bengal *Deshi* 650.

Steady conditions prevailed in the Karachi cotton futures market during the week under review. The January contract attracted some support following the expiry of the July contract. Although reports indicate satisfactory weather, mill and local trade support imparted strength to the market. The January contract improved from Rs. 73.30 to Rs. 73.60. The March contract was priced Rs. 73.30. Pakistan is reported to have contracted to import 10,000 bales of long-stable American-Egyptian cotton under P.L. 480. This quantity has already been allotted to mills. Negotiations for import of U.S. upland cotton is also said to be underway.

Futures trading in Alexandria continued to be suspended. Reports from Alexandria state that the Egyptian Cotton Commission has expressed its willingness to accept from this month applications to purchase cotton for local consumption and for export during the 1961-62 season on the basis of selling prices published by it weekly. These applications will be considered from the

stocks available with the Commission from re-purchase of cotton taken from the spot market.

Cotton futures in Liverpool recorded modest gains during the week. There were good local trade buying and Commission House support. Advances from New York also helped sentiment. Consequently, both the American and American type contracts received good support. The July deliveries went off the Board on 31st July at 23.65 tallaris (American cotton contract), 24.00 tallaris (American type contracts) and 31.25 tallaris (Sudan). The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: October 24.30; December 24.75; March 25.20.

American cotton mixed growth contract: October 24.75; December 25.15; March 25.60.

Sudan: September, November 31.25.

Listless conditions continued to prevail in the New York cotton future market during the week. Offerings continued to be limited and demand sluggish. Futures values were practically unchanged. In ready section, demand from domestic spinners was good but export interest was slack.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	31-7-61	25-7-61	18-7-61
New York Spot ...	35.00	35.00	34.85
New Orleans Spot ...	32.90	32.75	32.50
October	34.48	34.48	34.44
December	34.97	34.90	34.97

YARNS DECLINE

(From Our Own Correspondent)

BOMBAY, *2nd August*

Barring Japanese art silk yarns (120 and 150 deniers) which attracted good support at higher levels, the yarn market depicted a distinctly easy trend during the week under review. The easiness was due principally to rumours regarding an early sale of a sizable quantity of art silk yarn by the State Trading Corporation. The rumours led to liquidation by some stockists, while fresh buying enquiries were lacking in view of poor demand from consuming centres. In sympathy with art silk yarn and on account of low offtake by weavers, as well as reports that staple fibre allotment to spinning units had been raised by 10 per cent, staple fibre yarn drifted downward. Cotton yarns continued to rule dull, as buyers preferred to await a declining tendency in prices following possibilities of enlarged supply from the South, as a result of better power supply for working third shift there.

Cupressa Bemberg yarn (60 x 1) August delivery dropped Rs. 20 to Rs. 2,800. October position was quiet at Rs. 2,810. Spot Cupressa fell by Rs. 55 to Rs. 2,811. JP yarn (40 x 1) August contract shed Rs. 6 to Rs. 3,149. October contract was quiet at Rs. 3,163. 120 Japan, as stated at the outset, moved up from Rs. 2,039 to Rs. 2,053 and 150 Japan from Rs. 2,149 to Rs. 2,205. 150 Italy was firm at Rs. 1,874. Among indigenous yarns, National Rayons 150 Bt. cones 1st grade was quoted at Rs. 16.02 and 120 Bt. cones 1st grade at Rs. 18.22.

Staple fibre yarn (40 x 2) August contract encountered selling and receded by Rs. 27 to Rs. 940. October contract was done at Rs. 945. Spot Citys were dull at Rs. 11, as also Kohinoors at Rs. 11.55 and Hinds at Rs. 10.60.

Cotton yarn prices were more or less maintained at the last week's levels.

The following table gives the prices of rayon, staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	2-8-1961	26-7-1961
	Rs.	Rs.
Art silkyarn—		
60/1 Cupressa Bembers (100 kg.)—		
August	2,800.00	2,820.00
October	2,810.00	—
Spot	2,811.00	2,866.00
40 x 1 JP		
August	3,149.00	3,155.00
October	3,163.00	3,169.00
120 Japan (per 100 kg.)	2,053.00	2,039.00
150 Japan (per 100 kg.)	2,205.00	2,149.00
150 Italy	1,874.00	—
Staple fibre yarn (40 x 2)—		
August (per 90.72 kg.)	940.00	967.00
October	945.00	—
City (per kg.)	11.00	—
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.25	17.25
20s New Great	21.25	21.25
30s New Great	27.00	27.00
40s Medium	32.25	32.40
60s Finlay	63.63	63.63
80s Moderns	99.00	99.25

SEEDS AND OILS RECEDE

(From Our Own Correspondent)

BOMBAY, *2nd August*

Oilseeds and oils suffered a further setback to values during the week under review thanks to nervous bull liquidation, which followed reports suggesting larger outputs in the 1961-62 season. In particular, groundnuts were weak. It was reported that a larger area had been sown to the crop in Kathaiwad and Nizam areas and that rains were favourable for cultivation. The offtake by vanaspati manufacturers and crushers was only moderate. There were, of course, some U.K. enquiries for groundnut extractions, but these had no visible effect on other sections. Castorseeds were easy as operators felt that castor oil exports to the U.K. would be adversely affected if the U.K. joined the Common Market without any safeguards for Commonwealth trade. The immediate outlook for castor oil was also not encouraging with buyers in world markets turning to Brazilian supplies offered at relatively lower prices. Linseeds too came in for selling in view of bleak outlook for linseed oil exports. Upcountry interests were sellers, but local crushers were reluctant to lend support at prevailing prices in anticipation of a further decline in prices. Cotton seeds were listless in sympathy with the easiness of raw cotton. Sesame ruled quiet.

Groundnut January 1962 contract fell by Rs. 2.63 to Rs. 219.12. Nizam bold lost 75 nP to Rs. 53.25. Both Khandesh quality and Coromandels declined by 50 nP to Rs. 23.75. Groundnut oil January 1962 contract cased by 30 nP to Rs. 18.25. Oil railway receipts dropped 60 nP to Rs. 21.90 and ex-mill 25 nP to Rs. 22.25.

Castorseed September 1961 shed a rupee to Rs. 170.12, partly on account of fears of large tenders against it. Kanpur bold softened by 25 nP to Rs. 33. Madras small was quiet at Rs. 34.25. Oil commercial declined by 30 nP to Rs. 14.20. Oil B.S.S. shed 10 nP to Rs. 15.50. Castorseed March 1962, however, attracted some support and gathered 13 nP to Rs. 170.75.

Among linseeds, September 1961 contract gave way from Rs. 40.19 to Rs. 39.75. March 1962 contract declined by 31 nP to Rs. 38. Bold ready was lower by 37 nP at Rs. 39.25. Linseed oil sagged by 10 nP to Rs. 16.80.

Cottonseed January 1962 contract lost 25 nP to Rs. 92.50. Whites were neglected at Rs. 20.25, as also non-whites and berars at Rs. 19.30.

In the sesame section, seeds were subdued at Rs. 350 and sesame oil at Rs. 26.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	2-8-1961	26-7-1961	19-7-1961
Groundnut	Rs.	Rs.	Rs.
January 1962	219.12	221.75	222.50
Nizam bold	53.25	54.00	55.00
Coromandel ready	53.75	54.25	55.25
Khandesh quality	53.75	54.25	55.25
Oil ex-mill ready*	22.25	22.50	23.05
Railway receipts*	21.90	22.50	23.80
Oil January 1962	18.25	18.55	18.75
Castorseed			
September 1961	170.12	171.12	174.87
March 1962	170.75	170.62	174.00
Ready Madras	34.25	34.25	34.87
Ready Kanpur	33.00	33.25	33.62
Oil B.S.S.†	15.50	15.60	15.80
Oil commercial†	14.20	14.50	14.55
Linseed			
September 1961	39.75	40.19	40.37
March 1962	38.00	38.31	38.87
Bold ready	39.25	39.62	40.12
Oil ready†	16.80	16.90	17.00
Cottonseed			
September 1961	96.25	95.75	95.25
January 1962	92.50	92.75	93.25
Kapas seed	41.50	42.00	41.62
Kardi seed	26.00	26.75	27.50

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except Rapeseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

TEAS IRREGULAR

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *2nd August*

A much lesser quantity of 308,000 kilograms was offered in Sale No. 30 which was held on Tuesday, 25th July 1961. Quality of Nilgiris teas showed a distinct improvement whilst there was little change from the other districts. The market met with useful demand particularly from highgrowns which sold at dearer rates following quality. Low mediums and mediums opened slightly easier at the beginning of the sale but eased further as the sale progressed and at the close these were irregularly easier by 5 to 10 nP. Improved good mediums met with good support and were dearer whilst others in this category declined by 5 to 10 nP. There was useful enquiry for black leaf descriptions although these sold at slightly lower rates than last. Whole leaf grades were in good demand and are quoted firm.

Quotations were:

	1961 Rs.	1960 Rs.
Low mediums	4.45-4.55	3.50-3.85
Mediums	4.55-4.60	3.85-4.05
Good mediums	4.60-5.15	4.05-4.40
Nilgiri B.O.P.	4.75	5.70

The average price realised in Sale No. 30 was Rs. 4.64 per kilo, as against Rs. 4.68 in the previous week and Rs. 4.05 in the corresponding sale last year.

Dust Sale No. 30: 1,65,000 kilograms were offered in Dust Sale No. 30 on 27th July 1961. A useful selection of dusts was on offer. The market met with good demand with the exception of residual grades which sold at earlier rates than last. There was useful support for low mediums and mediums which were fully firm and sometimes dearer. Highgrowns continued in demand and sold well—those with improved quality advanced in price. There was good enquiry for C.T.Cs with C.T.C. types and legg-cut types selling at dearer rates.

The average price realised in Dust Sale No. 30 was Rs. 4.67 per kilo as compared with Rs. 4.64 a week ago and Rs. 4.18 in the corresponding sale last year.

Export Quota: There is no change in the market and at the time of writing there are still sellers at 2½ nP per kilo.

Colombo: There was a strong demand. Highgrown brokens were dearer by 5 to 15 cents. Mediums brokens advanced by 3 to 5 cents. Corresponding Fannings were slightly easier. Lowgrowns were firm to dearer.

London: North Indian and other growths: There was a good general demand at steady rates. New season's dooars however were easier by 1*d.* to 2*d.*

Ceylon and South Indians: In Tuesday's sale 30,812 packages were on offer. Of this quantity 8,892 packages were from South India. The market met with a better tone and prices in a number of cases were slightly dearer.

As we go to press, Messrs. Forbes. Ewart and Figgis (Private) Ltd., wire:

"*Sale No.* 31: 3,80,000 kilograms. Good demand. Nilgiris dearer with quality. Low mediums barely steady. Good mediums fully firm to slightly dearer. Whole leaf easier."

GOOD EXPORT DEMAND FOR TEA

(From Our Own Correspondent)

CALCUTTA, *1st August*

There was strong general demand at the export sales held yesterday, and at the internal sales held last week. Tea shipments to the United Kingdom were large during the week, and there was no difficulty for liners to get tea for shipment. Even so, the season's shipments have not yet touched the peak.

In the internal sales held on Wednesday last, dusts on offer amounted to 14,659 packages, which met with good demand. Among C.T.Cs, the brighter descriptions realised higher prices, others recording an irregular trend. Plain orthodox teas eased by 10 nP, but prices of bright liquoring Assams recorded modest additions, with the small types showing the highest rise. Legg-cut teas were steady, with the small bright liquorings hardening. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.80 to Rs. 7.20, medium Assam C.T.C. dust Rs. 6.40 to Rs. 6.70, legg-cut dust Rs. 4.70 to Rs. 5.50, medium Assam dust Rs. 4.60 to Rs. 5.40, and plain orthodox dust Rs. 4.40 to Rs. 4.65.

Leaf on offer amounting to 24 chests were irregular.

During yesterday's export sales offerings aggregated 33,877 packages the quality teas of which realised higher prices. Keen competition was offered to the orthodox teas on offer. The best broken grades were sold at higher rates in accordance with quality, while plainer teas and fannings eased. Legg-cut teas eased. Among Darjeelings, the best teas met with good demand, but the medium and poorer teas eased leading to a number of withdrawals. An irregular trend was recorded in stylish whole leaf and tippy teas. An irregular trend was also recorded in the C.T.C. teas. The best in this category were firm, but those lots revealing a seasonal decline in quality eased. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 7.50 to Rs. 8.00, best Assam C.T.C. B.P. Rs. 7.20 to Rs. 7.40, medium Assam C.T.C. fannings Rs. 6.20 to Rs. 6.60, medium Assam C.T.C. B.P. Rs. 6.00 to Rs. 6.40, plain fannings Rs. 4.55 to Rs. 4.65, plain B.P. Rs. 4.80 to Rs. 4.90, and clean plain pekoe Rs. 5.15 to Rs. 5.25.

NO FURTHER SEALING OF JUTE LOOMS

(From Our Own Correspondent)

CALCUTTA, *1st August*

Opening firm, prices of jute fibre and goods eased in the absence of follow-up support, but, as the week progressed, a recovery set in. The firmer trend earlier in the week followed the proposal by the Indian Jute Mills' Association for a block closure in August also, and, although market circles realised that, in the present situation of acute fibre shortage, a cut in production was inevitable, speculation was rife as to the extent and method of cut contemplated. The mills had originally proposed block closure for one week, but, subsequently, they preferred to propose sealing looms instead of a complete closure. Accordingly, the I.J.M.A. represented to the West Bengal Government the position resulting from poor crop arrivals and sought the Government's approval to seal 18 per cent of looms as at 1st August 1961. No timelimit for the sealing was given, but it was proposed to review the position every week, and unseal the looms sealed either in part or in full in accordance with any improvement in the rate of new crop arrivals. The firm trend in the goods market followed the move to seal looms, but soon it was known that the Government was opposed to the same. The State Labour Minister, Mr. Abdus Sattar, said that he could approve the scheme only if the present level of employment was maintained. The I.J.M.A. has now requested the State Government to reconsider its stand, but it is understood that there is very little chance of the Government agreeing to the proposal to seal looms. The West Bengal Government's stand is reported to have had the concurrence of the Union Government.

All trade unions strongly opposed any further attempt to curtail production either by block closure or sealing of looms. It would be remembered that, in accordance with the policy of voluntary sealing of looms, the mills had sealed 14 per cent of their looms as at October last, and, by the end of December, this had been raised to 19 per cent. Subsequently, this was replaced by a compulsory sealing of 7 per cent, thus leaving 12 per cent as being voluntarily sealed. At the same time, working hours were reduced from 48 to 45 a week. In February, working hours were reduced further to 42½ a week. In June and in July, the mills closed for a week each. These measures had cut down production and the workers' unions represented that workers had suffered greatly and that they should not be asked to undergo any further suffering. The unions suggested fixation of a floor price for fibre, and put it as their view that there was no justification whatsoever for a further reduction in production. One union has gone even to the extent of threatening that, if there were to be closure in August, there would be a forcible seizure and running of mills! Incidentally it may be noted that, following strike by the workers of the largest power generating plant at Mulajore belonging to the Calcutta Electric Supply Corporation, production in several factories served by the Mulajore station remained suspended for about two days; this did not, of course, prove to be a blessing in disguise to jute mills, since the mills were already closed throughout last week as announced earlier.

During mid-week, it was known that the State Government was opposed to any attempt at a further curtailment of production leading to reduction in employment. Mr. Abdus Sattar stated that he had secured the concurrence of the Union Labour Minister to reject the proposal of mills. He said that already 12 per cent of the looms was sealed and, if another 18 per cent was sealed, it would amount to a total sealing of 30 per cent; this would affect one-fifth of the workers as at present employed in the jute industry. His statement that workers had already suffered much and that they should not be asked to bear any more strain no doubt deserves much praise, but trade circles question the Minister's assertion that raw jute is flowing into the market and that it will not be difficult to get raw jute supply for mills. Arrivals are yet in driblets and they are not expected to show any improvement for some time. Harvesting has been affected by adverse weather in several areas. There is heavy moisture content even in the small arrivals and, due to shortage of water in tanks, the new arrivals exhibit poor retting. However, it should be noted that the outlook for the crop remains satisfactory, and nothing has happened to look with pessimism earlier estimates of a bumper crop. With the increase in water in tanks, retting is expected to improve. The crop would be later than expected and, if mills are now to reduce production, it can be increased when once the season has got into full swing. Market circles would plead with the Government to review the position in an attempt to mitigate the loss of mills resulting from working with little fibre. If the fibre supplies are not increased in the near future and if mills are compelled to maintain the present working hours and the existing number of looms in production, a crisis within the near future forcing mills to declare lock-outs for want of fibre would present itself. As such, it would be better to spread the existing shortage over the entire industry either by reducing working hours or by sealing more looms.

On Tuesday last, wide fluctuations in prices as a result of activities in the futures market was a feature in goods. Genuine business passing was insignificant, and, without follow-up support, prices closed lower on balance. Thus ready B. twills eased to Rs. 161.00 from Rs. 162.00 and ready hessian 40" 10 oz. to Rs. 52.75 from Rs. 53.00. It was realised that, if mills curtailed production further either by reducing working hours or by sealing off more looms, a squeeze in ready goods could not be avoided and that prices were bound to move up. Already, stocks of goods with mills were low. Such a line of argument encouraged greater buying in the bazar, but, on Wednesday, it was indicated that the Government was opposed to any further move to reduce production. Profit-taking followed and ready B. twills gave way to Rs. 158. The declining trend in hessian was arrested on interest from the U.S. and the closing level of 40" 10 oz. hessian at Rs. 52.50 revealed only a fractional loss. On the following day, that is Thursday, there was more business done in hessian with U.S. buyers and hessian 40" 10 oz. hardened to Rs. 52.25. In sympathy, B. twills recovered to Rs. 160. Indications that interest from Argentina in hessian could not be delayed any longer encouraged more bazar-buying. This resulted in the price of hessian 40" 10 oz. being pushed up to Rs. 52.50. On the other hand, with no business following, ready B. twills sagged to Rs. 159.00. These rates were maintained over the week-end. A steadier tendency was in evidence during yesterday in hessian constructions, the 40" 10 oz. of which recovered to Rs. 53.00 However, ready B. twills gave way further to Rs. 158.50.

This week's decline in fibre prices was accounted for by paltry interest being shown by mills which were closed. Arrivals of new crop continued to be insignificant. That ready jute was commanding a premium should be taken as adding to the significance of the current fibre shortage. The week's movement in prices for old ready delivery jute is exhibited in the following table:

(In Rs. per maund)

	Opened at	Declined to	Closed at
Northern bottoms ...	50.50	49.00	50.50
Daissee bottoms ...	52.50	51.00	52.50
Assam bottoms ...	51.00	49.50	50.50

On 29th July, the I.J.M.A. announced that, with immediate effect, the maximum prices fixed by the Committee for members' raw jute purchases had been reduced further and were now based on Rs. 52 per maund for Assam Bottoms in place of Rs. 56 per maund. The same differentials as before would apply (*vide* the attachment to the Association's Circular No. 127-D dated 20th May 1961).

FOODGRAINS STEADIER

(From Our Own Correspondent)

HAPUR, *31st July*

Steadier conditions were witnessed in the foodgrains market during the week. *Rabi* grain arrivals in markets were small. Fairly heavy rains in week-end over wide area, however, have brightened *kharif* crop prospects. Wheat at Hapur was steady to be quoted on Monday at Rs. 14.50 to Rs. 15 a maund for average quality and Rs. 15.50 to Rs. 16.25 a maund for better farm produce. Daily arrivals were modest, at an average of 200 maunds and, as entire arrivals were being lifted by consumers and small despatches were also made to Rajasthan, local wheat stock was almost stationary around 25,000 maunds. Losses to crop in many States due to floods were reported but the overall food position was considered to be satisfactory by the Government.

Rice also ruled steady during the week, as local stocks were small. The week-end prices were rice *mainpuri sela* Rs. 23; *gainda kutcha* Rs. 22.25; *ramajwayan sela* Rs. 24.50; *raimunia sela* Rs. 25.50; *basmati sela* Rs. 29 to Rs. 31; superior quality Rs. 35 to Rs. 38 a maund.

Gram recorded fractional gains during the week on firm advices from the Punjab. Local arrivals were small at an average of 200 maunds daily from the Punjab and, due to good buying support, local gram stock ran down to 40,000 maunds. The week-end prices were Rs. 14.25 to Rs. 14.37 a maund for Punjab variety and Rs. 14.12 a maund for local inferior produce. Barley continued steady at Rs. 11 to Rs. 11.25 a maund, while *bejhar* inferior was quoted at Rs. 10.75, superior *moongia* variety was being lifted at Rs. 11.75 a maund. *Juwar* and *guwar* ran down further, as demand was dormant. The week-end prices were Rs. 10 to Rs. 12 and Rs. 14.25 per maund, respectively. Maize, *bajra* and fodder—*juwar* and *guwar*—crops were progressing satisfactorily, thanks to latest fairly heavy rains. Other sections were quiet at:—old maize Rs. 11 to Rs. 12; *bajra* Rs. 15; oats Rs. 12.25, *methi* Rs. 28 per maund.

In pulses, peas were steady on good support from Madras side and traders were purchasing stocks expecting early loading facilities. Daily arrivals were poor at 200 maunds and local stock was put at 77,000 maunds. The stocks of *arhar* at 45,000 maunds were lying flat, as demand was sparse. Other sections were quietly steady and week-end prices (in rupees per maund) were: peas *dara* 11.50 to 11.75; farm white 12.50 to 13.25; *arhar* 12.50 to 13; *arhar dal* 16; peas *dal* 13.25; gram *dal* 16.25; *urd* 21 to 22; *urd dal* 25; *moong* 20 to 25; *moong dal* 24 to 28; *massor* 13.25 to 15; *massor dal* 16.50; *moth* 20; *moth dal* 23.

LINSEED ARRIVALS SCARCE

(Messrs. A. Bradley and Co.)

CALCUTTA, *31st July*

The linseed market continues to be firmly held and sellers are reserved. The local stock position is very poor, with arrivals scarce. Very few crushers working on linseed at present.

The oil market is keeping fairly steady. Business, however, is only on a very small scale, owing to limited stocks with millers.

The oilcake market is stagnant, small business being done daily at prevailing rates. Ready/August delivery is quoted at Rs. 30.25 per maund.

SUGAR WEAK

(From Our Own Correspondent)

HAPUR, *31st July*

Sugar ruled depressed during the week, to be quoted at Rs. 105.75 per bag and in retail at 97 nP per *seer*, thanks to comfortable supply position. The final estimate of sugarcane records an all-time record of acreage and production for 1960-61. The area under sugarcane during 1960-61 was 5,734,000 acres or an increase of 9.8 per cent over the figure for previous year. The production during 1960-61 was 85,045,000 tons in terms of cane (or 8,690,000 tons in terms of raw sugar *gur*). This accounts for an increase of 13.1 per cent in production. The increase in acreage has been reported mainly in U.P., the premier sugarcane growing State, Punjab, Rajasthan, West Bengal, Maharashtra and Bihar.

Sugar remained weak during the week in the Kanpur market, as demand was subdued on account of rainy season. Inferior varieties slipped down to Rs. 107.25 a bag and average qualities were quoted at Rs. 108 a bag.

Easier trend continued in the Muzaffarnagar sugar market, due to easy supply position following bulk allotment to sugar licensees of this district. There was all-round selling pressure from the allottees and, as traders were not willing to purchase bulk quantities, prices were quoted below controlled rates at Rs. 106.50 to Rs. 105.75 per bag for C-29 grade. The trade had been making representations to Centre to remove inter-State movement restrictions from sugar. This alone would raise the consumption of sugar and would help lessen stocks at mill centres.

Khandsari ruled quiet during the week, as demand was slack from Punjab and Rajasthan. The buyers were reluctant to enter into fresh commitments expecting that the Government might allow free movement of sugar in the country. *Khandsari* stocks were now poor and at Muzaffarnagar were put at 15,500 maunds, as against 48,000 maunds on the corresponding date of last year. Prices were quoted fractionally lower at:—*desi* inferior Rs. 30 to Rs. 33; superior Rs. 34 to Rs. 37; crystal Rs. 35 to Rs. 38.25; *boora* Rs. 36 to Rs. 39.

Ready *gur* ruled steady during the week. The stocks left with trade were now small, at about 15,000 maunds here. The week's offtake was three wagonloads each to Rajasthan and Gujarat, but loading is now completely stopped. Cane crop prospects were slightly better, thanks to fairly heavy rains in week-end and latest prices here were:—dry selected Rs. 17.25; dry-wet Rs. 15 to Rs. 15.50; wet Rs. 14.75. *Shakker* was very much in demand and, due to poor stocks, prices improved further to Rs. 18.25 a maund.

Gur ruled steady on good demand from Gujarat for superior quality in the Muzaffarnagar market, but stocks were now poor. Eastern U.P. was in request for wet *Chaku* quality and week-end prices were:—*Chaku kotha* Rs. 19.50 to Rs. 20; dry-wet mixed Rs. 18.25 to Rs. 19.50; wet Rs. 15; *shakker* Rs. 17.75 to Rs. 19.75; *Masala* Rs. 23 to Rs. 25 per maund.

After early advance, *gur* features ran down sharply to be quoted on Monday at the worst level of session at Rs. 13.86 on continued bear pressure. Opening at Rs. 14.01 last Monday, the price improved to Rs. 14.13 on Wednesday which was the highest level of session and then declined to Rs. 13.86 quoted today. Ashad delivery was settled at Rs. 14.68 under orders of the local Chamber.

KIPS OFFTAKE SLOW

(From Our Own Correspondent)

MADRAS, 31*st July*

There was no appreciable change in the kip market during the week under review. Arrivals were on the usual scale and offtake was slow. Importers seemed to be sounding Madras levels rather than actually wishing to book orders; they were offering lower prices without booking business. A small quantity of cow calf and buff calf was placed for shipment, which lent a steadier tone to this section. Buff hides ruled firm.

Demand for tanned goat skins was patchy and sales were selective. Light weights were difficult of sale. Tanned sheep skins remained steady except for the lower ends of Middle class sheep which were neglected.

The next tanned skins Public Auctions in Germany will take place on the 14th inst. when 914,000 goat skins and 572,000 sheep skins will be offered for sale.

LONDON LETTER

(*Concluded from page* 255)

costs are to be 'looked at critically' during next year."

The *Daily Herald*, although his political opponent, is more moderate than the Chancellor's own friends in denouncing him, confining itself to the scathing phrase "His emergency Budget is a disgrace. He has wholly mistaken the tone and temper of this country." Like the rest of the Press, it is seizing on the point that Britain's real problem is not speculation in sterling with which Mr. Lloyd's measure will deal adequately, it is "our balance of payments, our slow industrial growth and so our inability to export competitively. For this, the Budget does nothing; in fact it is harmful."

The *Daily Telegraph*, which is usually the Government's friend, says of the Chancellor's retrenchment measures that they are "no more than a measure of the miscalculations made at Budget time... long-term cures are found by long-term wisdom, and we must not expect too much of emergency measures prepared in haste ... the searcher after permanent cures is left with a feeling of emptiness." The paper goes on to criticise the Chancellor for expecting to get away with wage restraint after putting on a 10 per cent surcharge on customs and excise duties which will cause a rise of 1½ per cent in the cost-of-living index. If nothing more can be done for British exports than the Chancellor has indicated, "we may soon be in a position where nothing short of direct export bounties will get the minimum exports that are needed."

The *Daily Mirror* can usually be relied upon to attack the Government, but it could find nothing very different to say from the rest of Fleet Street. "Selwyn Lloyd's emergency steps will do *nothing* to increase Britain's productivity and help us to sell more abroad... gave absolutely no sign of a resolute long-term plan which would end Britain's plunges from inflation into stagnation."

The *Daily Express* describes Mr. Lloyd's measures as "about as useful as an aspirin tablet." It does not think that the nation will have much use for "a financial statement composed of vague proposals, pious hopes, a continuing vast expenditure abroad, no fiscal measures against rich speculators—and an attack upon two weak sections in the community."

Finally, the *Times* says: "This is at least the sixth economic crisis a British Government has had to deal with since the war. What was there in anything that was said yesterday to give any promise that there will not be a seventh?" And the *Times*' conclusion was that "Mr. Lloyd has not settled anything."

The U.K. balance of trade—the difference between imports (valued c.i.f.) and exports (valued f.o.b.)—improved in the second quarter of this year. On a seasonally adjusted basis, this balance improved from a deficit of £64 million a month in the first quarter to one of £43 million a month in the second quarter. The improvement resulted mainly from a further fall in imports.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 28th July, 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		77,08,91,000
(2) Other Governments		20,55,03,000
(b) Banks		81,71,08,000
(c) Others		111,60,51,000
Bills Payable		29,71,21,000
Other Liabilities		11,65,55,000
	Rupees	464,33,19,000

ASSETS	Rs.
Notes	31,15,35,000
Rupee Coin	1,55,000
Subsidiary Coin	2,73,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	13,18,08,000
Balances held abroad*	5,02,56,000
Loans and Advances to Governments†	40,87,14,000
Other Loans and Advances	111,80,19,000
Investments	241,11,11,000
Other Assets	18,14,20,000
Rupees	464,33,19,000

* Includes Cash and Short-term Securities.

†Includes Temporary Overdrafts to State Governments.

The item 'Other Loans and Advances' includes Rs. 91,50,00,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	31,15,35,000	
Notes in circulation	1890,76,19,000	
Total Notes issued	....	1921,91,54,000
Total Liabilities	....	1921,91,54,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	....	
Foreign Securities	93,00,89,000	
Total of A		210,76,92,000
B. Rupee Coin		123,92,75,000
Government of India Rupee Securities		1587,21,87,000
International Bills of Exchange and other commercial paper		....
Total Assets		1921,91,54,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept., 1939 (pre-war)	21st July 1961	11th July 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	173.37	1911.95	1937.98	1945.75	1815.38
Notes held in Banking Department	35.05	18.05	19.85	41.41	26.34
Foreign Securities	59.50	93.01	93.01	108.01	143.01
Rupee Securities	37.39	1597.03	1626.98	1641.91	1451.57
Banking Department					
Deposits of:					
Government of India	14.39	53.02	49.83	82.05	52.45
Other Governments	..	31.35	13.37	14.63	31.07
Balances held abroad	10.06	8.47	9.99	12.05	17.29
SCHEDULED BANKS					
Demand Liabilities	134.36	838.35 (20.84)†	847.23 (26.66)†	837.53 (31.62)†	803.26 (21.64)†
Time Liabilities	102.24	1142.57 (19.27)†	1139.87 (19.30)†	1122.72 (18.11)†	1211.27 (27.28)†
Borrowings from Reserve Bank	..	1.92 (1.01)†	4.85 (3.42)†	11.59 (8.48)†	27.18 (13.05)†
Borrowings from State Bank	..	14.64	13.28	10.43	12.02
Cash in India	6.70	46.19	47.04	47.62	47.12
Balance with Reserve Bank	25.17	100.09	90.86	73.64	107.08
Balances with other banks in current account in India	..	15.91	15.63	16.39	17.25
Money at call and short notice in India	..	44.46	48.77	53.44	29.57
Investments (at book value)	..	574.08	551.06	545.39	733.56
Advances and bills	105.9	1251.06	1263.38	1274.23	1113.12
STATE BANK					
Deposits	37.76	531.31	532.35	522.27	627.83
Investments	51.99	252.91	234.87	228.91	374.65
Advances	30.35	254.83	259.67	262.48	210.27
Cash	14.69	26.32	27.35	22.81	35.99

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.

† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.

‡ Borrowings against usance bills and/or promissory notes.

R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	3rd Aug., 1960	4	5
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	3	2.85
Canada†	13th Aug., 1960	2.50	4
Ceylon	Feb., 1957	4.50	6
Chile	25th Jan., 1960	5	5.50
Denmark	8th May, 1948	7	10
Ecuador	15th Nov., 1923	3.50	3
Egypt	Jan., 1960	4	5.50
El Salvador	Mar., 1959	6.50	6
Finland	6th Oct., 1960	4	3.50
France	May, 1958	9	10
Greece	16th May, 1957	3.50	4
India	1st April, 1948	4	3
Indonesia	July, 1960	4.75	5.50
Ireland	7th June, 1958	4	3.50
Italy	21st July, 1961	6.57	6.90
Japan	24th July, 1961	6	7
Malaya	4th June, 1942	4	4.50
Mexico	16th Nov., 1959	2.75	3.50
Netherlands	24th Mar., 1961	6	5
New Zealand	14th Feb., 1960	5	3.50
Norway	14th Jan., 1959	3	4
Pakistan	Nov., 1959	6.00	9.50
Peru	Sept., 1960	6	5.75
Philippines	12th Jan., 1944	2	3
Portugal	4th May, 1961	4.50	5
South Africa	11th April, 1960	6.25	5.75
Spain	18th Jan., 1960	4.50	5
Sweden	26th Feb., 1959	2.50	2
Switzerland	Feb., 1960	4	7
Thailand	6th June, 1956	4.50	7
Turkey	26th July, 1961	5	7
United Kingdom	1st July, 1836	3	4
U.S.S.R.	11th Aug., 1960	3.50	3
West Germany	8th May, 1961	3.50	5

†Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 28th July, 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		527,49,26,000
Borrowings from Other Banking Companies, Agents, etc.		24,50,000
Bills Payable		9,48,21,000
Bills for Collection being Bills receivable as per contra		2,38,13,000
Acceptances, Endorsements and Other Obligations per contra		1,06,15,000
Other Liabilities (including Inter-Office Adjustments)		12,52,18,000
Total Rs.		566,25,93,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		23,50,26,000
Balances with other Banks		2,92,88,000
Money at Call and Short Notice		2,13,33,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	236,71,54,000	
Other Authorised Investments	9,35,30,000	
		246,09,88,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	236,72,12,000	
Bills Discounted and Purchased	13,97,13,000	
		250,69,25,000
Bills Receivable being Bills for Collection as per contra		2,38,13,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,06,15,000
Premises less Depreciation		1,81,65,000
Furniture and Fixtures less Depreciation		1,40,69,000
Other Assets (including Inter-Office Adjustments)		34,24,51,000
Total Rs.		566,25,93,000

Scheduled Banks*

Statement of Affairs for the week ended 21st July, 1961

		Rs.
(I) Demand Liabilities in India		(Thousands)
(a) Demand Deposits—		
(1) From banks		45,72,14
(2) From others		719,78,49
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		20,83,99
(c) Other demand liabilities		52,00,02
(II) Time Liabilities in India		
(a) Time Deposits—		
(1) From banks		25,45,29
(2) From others		1074,97,27
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		19,26,87
(c) Other time liabilities		22,87,22
(III) Borrowings in India from the State Bank of India and/or notified banks:		
(a) Demand liabilities		6,74,41
(b) Time liabilities		7,90,00
(IV) Borrowings in India from the Reserve Bank of India (A)		1,02,35 (1,01,00)
(V) Cash in India		46,19,01
(VI) Balances with the Reserve Bank in India		100,08,92
(VII) Balances with Other Banks in Current Account in India		15,90,85
(VIII) Money at call and short notice in India		44,46,18
(IX) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations		574,07,65
(X) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)		1090,69,07
(b) Due from Banks in India		4,92,11
(XI) Inland Bills purchased and discounted in India.		111,68,55
(XII) Foreign Bills purchased and discounted in India		43,76,27
(XIII) Total of Items (X), (XI) and (XII)		1251,06,00

Notes :—

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.

(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 21st July 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,15,00,000
Rural Credit Fund	1,00,00,000
Deposits :—	
(a) Central Government	16,95,32,000
(b) Provincial Governments	64,74,000
(c) Banks	17,11,92,000
(d) Others	123,66,10,000
Bills Payable	21,12,000
Other Liabilities	15,39,38,000
Rupees	182,13,58,000

ASSETS	Rs.
Notes	13,84,05,000
Rupee Coin	68,000
Subsidiary Coin	44,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	17,74,12,000
Loans and Advances to Governments	7,38,00,000
Provincial Governments Debtor Balances	....
Other Loans and Advances	40,71,22,000
Investments	92,16,12,000
Other Assets	10,58,05,000
Rupees	182,43,58,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	13,84,05,000	
Notes in circulation	856,10,60,000	
Total Notes issued	....	869,95,55,000
Total Liabilities	....	869,95,55,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	....	
Foreign Securities	80,95,18,000	
Indian Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	148,90,72,000
B. Rupee Coin	3,75,20,000	
Government of Pakistan Securities	211,39,57,000	
Internal bills of exchange and other commercial paper	....	215,14,77,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	869,95,55,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 41.77 per cent.

EXCHANGE RATES

		2nd August 1961	Previous week
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5 11/16	1-5 11/16
Sellers T. T. D.D. upto six months	s.	1-5 11/16	1-5 11/16
Buyers T.T. spot to nine months	s.	1-6 1/16	1-6 1/16
Buyers T.T. 10 to 12 months	s.	1-6 1/16	1-6 1/16
Bombay on New York—			
Sellers T.T. D.D.	Rs.	478.75	480.00
Buyers T.T.	Rs.	475.25	476.50
London on New York	s.	2.7966-2.7968	2.7960-2.7900
London on Paris	Frs.	13.7030-13.7050	13.6850-13.6650
London on Berne	Sw. Frs.	12.0780-12.0800	12.0350-12.0450
New York on London	s.	279.680-279.710	278.920-278.950

CLEARING HOUSE RETURNS

Centre	Week ended 28th July 1961 — Number of Cheques	Amount Rs.	Week ended 21st July 1961 — Number of Cheques	Amount Rs.
Bombay	3,80,150	104,74,85,000	4,00,752	98,70,08,000
Calcutta	2,02,000	75,72,00,000	2,00,000	75,55,00,000
Madras	1,06,135	13,09,12,197	1,04,839	12,97,03,797
All Centres—				
1958-59	..	45,172,000	..	97,67,12,00,000
1959-60	..	50,064,000	..	100,88,05,00,000
1960-61	..	54,472,000	..	125,13,16,00,000
May, 1960	..	4,588,000	..	1,019,66,00,000
Mar., 1961	..	4,695,000	..	1,213,37,00,000
April ,,	..	4,912,000	..	1,158,54,00,000
May ,,	..	4,808,000	..	1,058,12,00,000

Notes :—

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.

(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53 = 100)

Particulars	Weight	1st July 1961	24th June 1961	2nd July 1960	April 1961	April 1960	Percentage of Increase (+) or Decrease (−) in April, 1961 as compared with April 1960	Financial Year Average 1960-61	1959-60
Food Articles	504	122 6	122 2R	121.7	117 6R	118 6	— 0 8	120 0	119 0
Cereals	192	101 6	102 8	108.4	99 3	103 8	— 4 8	104 4	104.1
Pulses	43	91 7	91 2	92.7	87 6R	89 4	— 2 0	92 9	93.5
Fruits and Vegetables	23	135 6	131 9R	119.6	116 3	126 7	—14 0	118 6	117.8
Milk and Ghee	84	114 9	115 2	118.1	116.4R	114.7	+ 1.5	116 0	113.8
Edible Oils	17	166 7	165 3	143.6	161 2	138.2	+16.6	150 3	130.4
Fish, Eggs and Meat	17	132 8	130.7	124.1	125.1	118.0	+ 6.0	123 6	118.0
Sugar and Gur	48	125 0	126.4	139.6	118.5	139.7	—15 2	132 5	147.0
Others	50	149 2	182 8*R	165.4	171.1R	159 9	+ 7.0	167 8	167.9
Liquor and Tobacco	21	97 8	98 6	110.6	97 6	103 1	+ 5 6	109 9	99.6
Tobacco	..	94 1	95 0	109.1	109 2	101 2	+ 8 0	109 3	97.9
Fuel, Power, Light and Lubricants	30	121 5	121 5	119 7	122 8R	118 1	+ 4 0	120 3	116 8
Industrial Raw Materials	186	149 3	150 7R	137 8	153 0	134 2	+ 14 0	148 4	123.7
Fibres	61	148 1	151 1R	134.8	164 7	130 6	+ 26 1	141 6	114.6
Oilseeds	60	165 0	163 5R	148.2	157 2	141 4	+ 11 2	149 9	134.5
Minerals	2	95 2*	95 2*	98 2	95 2	98 2	— 3 1	97 4	97.8
Others	63	125 7	125 6*	126.7*	126 6	130 7	— 3 1	128 0	123.7
Manufacture	280	126 6	126 5	118.0	126 7	118 0	+ 7 8	123 9	111.7
Intermediate Products	41	141 3	140 7	129 5	138 0	122 2	+12 4	132 0	119.6
Finished Products	149	123 0	122 4	119 2	125 3	116 9	+ 7 2	122 8	111 2
Textiles	147	124 5	123 7	120 6	129 1	116 8	+ 11 0	125 8	107 8
Cotton	—	126 3*	126 3*	119 4	126 4	116 6	+ 1 0	124 0	106.1
Jute	—	122 5	122 5	126 6	168 4	142 2	+ 18 4	131 4	90.6
Woollen	—	123 7*	123 7*	110 1*	110 1	104 2	+ 5 7	109 1	104 2
Silk and Rayon	—	119 1*	116 5*	102 7*	116 8	102 5	+14 0	104 4	96.4
Metal Products	12	146 9	146 9	146 4	146 9	146 4	— 0 9	147 8	144.6
Chemicals	20	108 8	108 8	102 2	106 5R	104 5	+ 1 0	104 4	102.9
Oil Cakes	10	145 6	145 2	137 9	143 6	139 1	+ 3 2	141 8	148.6
Machinery and Transport Equipment	31	112 7	112 7	111 2	112 6	111 0	+ 1 4	111 9	108.5
Others	30	119 1	118 9	115 6	118 6	114 7	+ 3 4	116 1	113.4
All Commodities	1,000	127.1	127.1R	123 7	128.8R	120 4	+ 6 8	124 8	117.1

Note :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.

R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

[1952-53 = 100]

Group and Sub-Group	Week ended 22nd July, 1961	15th July, 1961	24th June, 1961	23rd July, 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.1	101.1	101.0	101.2
2. Government of India	101.0	101.0	100.9	101.0
3. State Government	102.1	102.1	102.0	102.7
4. Municipal, Port Trust, etc.	99.7	99.7	99.7	100.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.4	101.3	101.3	101.0
PREFERENCE SHARES—ALL INDIA.				
6. Total	83.6	83.3	84.0	86.9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	182.8	182.6	183.8	182.0
8. *Agriculture and Allied Activities : Total**	170 2	170 8	172.6	180 5
9. Tea Plantations	166.0	166.1	166.9	172.5
10. Coffee Plantations	176.1	178.8	182.1	216.1
11. Rubber Plantations	171 0	173 4	174 0	182 5
12. *Mining and Quarrying : Total*	166 9	165 1	165 0	159 1
13. Coal	131 3	131 3	131 2	123 4
14. Other Mining	191.4	188.2	188.2	183.5
15. *Processing and Manufacturing : Total*	197.2	197.3	199.3	197.5
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total**	202 3	202 7	204 5	199 3
17. Sugar	159 0	158.8	163.1	195.7
18. Cotton Textiles	172.8	173.0	172.8	166.6
19. Jute Textiles	87.9	88.1	86.8	93.6
20. Silk and Woollen	1104.4	1205.2	1238.6	1167.9
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total**	208.9	209 2	212 1	208 1
22. Iron and Steel	177.1	176 7	179.0	167.3
23. Transport Equipment	412.2	410.4	431.6	441.7
24. Electrical Machinery	167.7	167.5	166.3	143.1
25. Machinery other than Transport and Electrical	214.0	214.3	219.4	230.7
26. Basic Industrial Chemicals	215.3	215.8	218.0	222.5
27. *Processing and Mfg. (Others): Total**	159.9	159.1	159 6	172 4
28. Cement	142.4	141.5	143.0	140 0
29. Paper	211 2	209.9	207.2	237.0
30. *Other Industries : Total**	109.7	109.8	109.9	114.9
31. Electricity Generation and Supply	83.0	83.0	81.8	83.1
32. Trading	123.1	124.2	129.1	130 6
33. Shipping and Other Transport	98.3	99 3	99.2	112.0
34. Construction	284.6	282.8	292.8	247.5
35. *Financial : Total*	202.9	200.6	197.4	178.5
36. Banks	220.6	225.3	221.2	191.7
37. Insurance	151.1	155.0	154.2	165.3
38. Investment Trusts	90.1	90.1	90.1	93.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	190.3	190.2	192.3	180.1
40. Calcutta	168.9	168.1	167.8	165.0
41. Madras	194.0	195.5	196.6	194.7
42. Delhi	247.3	246.9	250.2	242.7

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
9th May	2.00	2.00	2.00	2.750	99.310
10th to 13th May*	0.65	2.00	0.65	—	99.331
16th May	2.25	2.00	2.25	2.750	99.310
17th to 20th May*	0.43	—	0.43	—	99.331
23rd May	2.00	2.00	2.00	2.750	99.310
24th to 27th May	0.33	—	0.33	—	99.331
30th May	2.00	2.00	2.00	2.750	99.310
31st May to 3rd June*	0.10	—	1.10	—	99.331
6th June	2.00	2.03	2.00	2.750	99.315
7th to 10th June*	1.97	—	1.97	—	99.331
13th June	2.00	2.00	2.00	2.750	99.310
14th to 17th June*	0.80	—	0.80	—	99.331
20th June	2.00	2.00	2.00	2.650	99.391
21st to 23nd June*	0.80	—	0.80	—	99.391
27th June	2.00	2.00	2.00	2.650	99.356
4th July	2.00	2.00	2.00	2.650	99.335
5th to 8th July*	3.50	—	3.50	—	99.335
11th July	2.00	2.00	2.00	2.650	99.335
12th to 15th July*	0.12	—	2.12	—	99.356
18th July	2.00	2.02	2.00	2.500	99.335
19th to 22nd July*	1.50	—	1.50	—	99.335
24th to 29th July*	1.20	—	1.20	—	99.391
31st July	2.00	3.49	3.49	2.308	99.410
Total amount outstanding	35.21	..	35.21	..	..

* Intermediate Treasury Bills sold.

IRON AND STEEL PRODUCTION (In Tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1958	1,008,800	1,106,800	786,000
Do. 31st March, 1959	1,137,500	1,140,000	884,700
Do. 31st March, 1960	1,504,000 K	1,555,000 K	1,237,000 K
Do. 31st March, 1961	1,588,000 K	1,623,000 K	1,263,000 K
March 1960	142,100	146,100	123,000
April ,,	127,700	125,200	99,900
May ,,	122,500	120,500	93,900
June ,,	80,127	69,140	53,737
Jan. 1961	144,200 K	140,300 K	117,600 K
Feb. ,,	125,900 K	128,700 K	105,700 K
March ,,	141,600 K	142,300 K	114,900 K
April ,,	135,700 K	136,000 K	106,000 K
May ,,	142,000 K	136,800 K	105,800 K
June ,,	131,800 K	124,700 K	101,200 K
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1957	695,156	582,315	441,483
Do. 31st March, 1958	733,945	607,580	410,558
Do. 31st March, 1959	959,033	808,205	496,217
Do. 31st March, 1960	1,053,612 K	827,072 K	662,113 K
Do. 31st March, 1961	1,160,576 K	914,159 K	718,084 K
June 1960	80,127	69,140	53,737
Jan. 1961	112,040 K	83,787 K	71,540 K
Feb. ,,	96,701 K	72,839 K	70,966 K
March ,,	106,122 K	82,583 K	80,790 K
April ,,	99,361 K	69,710 K	51,144 K
May ,,	100,815 K	79,912 K	62,105 K
June ,,	96,921 K	74,228 K	50,080 K

K—Figures in Metric Tons.

INDUSTRIAL DISPUTES (All-India)

Month	Number of disputes†	Total of Average Number of workers involved	Number of man-days lost
1957*	1,630	889,371	6,486,516
1958*	1,844	988,866	7,797,585
1959*	1,833	692,514	5,605,079
Jan. 1960	123	62,075(123)	412,797(123)
Feb. ,,	133	62,075(123)	412,797(123)
Mar. ,,	125	47,700(114)	470,258(114)
Dec. ,,	81	21,659(77)	210,982(77)
	96	27,358(90)	281,518(90)
Jan. 1961	96	29,509(82)	206,796(82)
Feb. ,,	88	33,695(93)	270,256(83)
Mar. ,,	124	40,850(115)	379,097(115)

† In progress during the month. Figures in brackets show the number of cases for which the relevant information is available.

* Figures relate to all States and centrally administered areas as after reorganisation.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

	All-India (1949 = 100)	Bombay (1949 = 100)	Ahmedabad (1949 = 100)	Sholapur January (1928 = 100)	Kanpur (1949 = 100)	Nagpur (1949 = 100)	Calcutta August (1939 = 100)	Madras City (1942 = 100)	Delhi (1949 = 100)	Ajmer (1949 = 100)	Gauhati (1949 = 100)	Jamshedpur (1949 = 100)	Jabalpur (1949 = 100)	Bangalore (1949 = 100)
1958 Average	116	395	110	313	98	120	384	124	113	105	103	123	109	131
1959 ,,	121	412	125	340	98	132	384	133	120	106	98	125	108	140
1960 ,,	124	420	120	357	98	136	397†	143	120	107	103	120	109	146
March 1960	121	414	116	339	97	135	392	138	119	104	100	119	109	145
April ,,	122	421	116	346	97	136	392	138	117	104	103	117	109	145
May ,,	123	421	120	344	96	135	396	140	116	104	103	117	109	145
June ,,	124	422	121	360	96	135	399	143	117	107	105	117	109	145
July ,,	126	423	122	362	101	137	406	145	121	109	108	119	109	146
August ,,	126	421	123	359	101	137	410	146	121	109	108	119	109†	146
Sept. ,,	125	418	122	364	101	138	403	146	122	108	102	122	108	148
Oct. ,,	125	421	123	365	102	137	396	148	122	108	102	122	108	147
Nov. ,,	124	423	121	367	102	135	392	150	121	110	102	122	108	147
Dec. ,,	124	419	120	362	100	134	385	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	385	146	122	111	103	120	109	148
February ,,	123	420	119	350	102	130	389	147	123	111	103	119	109	148
March ,,	124†	423	119	349	101	129	392	148	124	111†	104†	121†	109†	149
April ,,	123†	428	119	348	99	..	389	149	125	111	104†	120	109	149
May ,,	124†	431	..	345	..	..	..	..	126	112	..	120	110	..

† Provisional.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year D	12-Year National Plan Savings Certificates C		Post Office Savings Bank Deposits		10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% C	15-Year Annuity Certificates G		Total	
	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Outstandings		Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Receipts	Outstandings H
1958-59	1,76	3,80	119,10	87,45	152,78	101,75	234,91	21,02	—40,67	3	2	42,57	6,35	11,68	57	2,41	286,27	500,08
1959-60	1,55	3,15	98,99	83,24	221,68	210,40	260,68	19,79	—41,35	50	31	41,68	10,64	21,76	66	2,00	305,70	672,99
1960-61	1,24	2,40	81,50	82,33	287,39	228,77	287,77	18,36	—42,00	1,70	95

MARKET GOSSIP

(Concluded from page 247)

to 7.47 million bales. As against this, mill consumption of Indian cotton during the season is not expected to exceed 4.4 million bales and of foreign cotton 900,000 bales. Exports are expected to be of the order of 225,000 bales. The total disappearance is thus placed at 5.52 million bales. This would leave a balance of 1,950,000 bales on 31st August next, which is 500,000 bales more than the stocks at the beginning of the season and, on the basis of the current season's offtake, represents three months consumption, which the trade says is normal stock. In view of this, it is argued that it is unnecessary to continue the kind of controls which could be justified only in abnormal conditions.

The move for the abolition of the quota system has, however, been opposed by millowners. The Committee of the Indian Cotton Mills Federation, at its meeting held on 31st July, discussed the question and decided to request the Government to continue the quota system of distribution of Indian cotton to mills during the coming season also. The Committee obviously thinks that, in spite of its limitations, the quota system has ensured an equitable distribution of available cotton to all mills in a period of acute shortage and that its abolition, at a time when crop prospects are still uncertain, is unwise, because, should the crop fail again, its reintroduction will become imperative. It is pointed out by traders in answer to this contention that the uncertainty about the crop is not a new or an unusual phenomenon and that it could, therefore, not be cited as a reason for continuing the restrictions. In case the crop turns out to be small this season also, the quota system could, they say, be reintroduced without much difficulty, now that both the Government and the mills have had considerable experience of working it.

The point to be borne in mind in considering the question of abolition or even relaxation of the quota system is how far either course will affect the distribution of cotton. If the abolition of the quota will make it difficult for mills to get their supplies, certainly such a course would be unwise. And as long as mills fear that they would not be able to get sufficient cotton at reasonable prices for their requirements without the quota system, they would naturally want it to be continued. Since so much depends on the size of the crop, it is not inadvisible to defer the decision till such time as a precise idea of the crop becomes available. In case we err, let us err on the safer side.

SURVEY

(Concluded from page 251)

proper communist distribution on the principle "from each according to his ability, to each according to his needs." Although the "promised land," the millennium for the sake of which the Soviet people have been asked to make untold sacrifices, will not be achieved in full by 1980, the Party has promised a taste of it by that time when the country's 200 million people will get free supply of gas, electricity, transport and other public utility services. During the interim period, according to the programme, taxes would be abolished, retail prices reduced and education, medical treatment and child care would be made free.

An impressive programme, which envisage a 400 per cent increase in national income and 250 per cent rise in real income per capita, forms the economic content of the 185-page document which will be presented for adoption by Mr. Khrushchev to the 22nd Congress of the Soviet Communist Party in October 1961. The programme aims at an increase in industrial output of 150 per cent within the next 10 years to exceed the contemporary level of the U.S. industrial output and a rise of not less than 500 per cent in the next twenty years' time. Agriculture production is planned to rise by 150 per cent in 10 years and 250 per cent in twenty years. During the next ten years, according to the programme, the Soviet Union will outstrip the U.S. in the output of key agricultural products per head of population.

Electrification of the whole country would be completed during the second ten years of the programme. The annual output of electricity will be raised to 900,000-1,000,000 million kilowatt hours by 1970 and 2,700,000-3,000,000 million kw. hours by the end of 1980. Non-ferrous production is programmed to increase to 250 million tons a year in twenty years' time.

These impressive performances, planned to be achieved in the next 20 years, will be coupled, we are told, with a progressive improvement in the wages and conditions of work of the Soviet people. The disparity between the salaries of highly paid and low-paid workers would be reduced. The working week will be reduced to 34-36 hours with a two-day week-end holiday, as compared with the present 41 hours and one day off. Free communal meals would be provided in factories, institutions and collective farms. Medicines will also be supplied free. A network of 'well-built' old people's homes, to be given free to anybody in need of it, will be established. In fact, by 1980, more than half the income of the population should, according to the authors of the Plan, be in the form of free goods and services.

This ambitious 20-year programme is aimed at creating the material base for a full-fledged communist society where the principle of distribution, according to effort will be replaced by that based on needs. Will the Soviet Union be able to fulfil these promises? Whether it will or will not, which time alone can prove, there is no doubt that the Soviet Government and the Communist Party will try its best to achieve these aims and utilise them, as well as the efforts made towards their fulfilment, as instruments of propaganda for spreading communism all over the world. The underdeveloped countries will be particularly vulnerable to such propaganda, because, apart from the temptation for comparing the rate of growth under communism and under free enterprise, the shortcomings and failures in the domestic economic sphere will increasingly tend to be attributed to the defect of the democratic path to development. Countries like India will, therefore, have to be more efficient in their efforts for raising the living standards of their people and should scrupulously eschew those socialist doctrinaire attitudes that hamper the attainment of their optimum rate of growth. From the point of view of the advanced countries of the free world, the challenge is not so much to show that they too can deliver the goods (in fact, workers in most of these countries already enjoy many of the privileges which the Soviet workers have now been told to expect 10 years hence and that in a form superior to the one available under communism, because, by enabling the workers to earn more and by ensuring adequate supply of a wide variety of all types of consumer goods, these countries have given their workers the freedom of choice) as to demonstrate to the underdeveloped parts of the free world that it is possible to attain higher standards of living by democratic planning as speedily as by employing totalitarian methods. The Soviet 20-year programme is, therefore, an additional challenge to the Western nations to help the underdeveloped countries develop faster.

Meanwhile, let not the people of this country be gullible enough to believe that there could at anytime be a free supply of all the things that Mr. Khrushchev has now promised or that a Government could be carried on without taxes. Such a state of affairs will not be possible under any system of government. As goods and services have to be produced before they can be shared, everybody will have to work for them. Similarly, the cost of administration and defence has to be paid for and that has to be collected from the people in some form or other. The statement of Soviet leaders that 10 or 20 years hence their people will have this and that free of charge is, therefore, mere bunkum.

COMMERCE AND INDUSTRY

(Concluded from page 274)

to cotton textiles. The ratio for cotton textiles was 1.9 in 1953, but it fell to 1.5 by 1957, reflecting perhaps the increasing tempo of replacement and modernisation, although, as is well known, the progress made in this respect is only moderate. The ratio of working capital to fixed capital for vegetable oils rose from only 1 in 1953 to 1.5 in 1957, with the growth in fixed capital being only fractional. This may be attributed to some extent to the rise in oilseed prices, the industry's major raw material, during the period. In respect of iron and steel, the ratio fell from 1.2 to 0.5. This decline, however, may have been due to the fact that the construction of the public sector steel plants had just commenced in the closing years of the period under review, involving much more outlay on fixed assets than on working capital.

"Industry in the Service of Man" will be the theme of the U.S. Government's exhibition at the Indian Industries Fair in New Delhi schedule to be held from 14th November 1961 to 1st January 1962. The exhibition will provide a sampling of American technological know-how, ranging from a solar generator using the sun's energy, to power pumps, and an "aeromobile" which flies a few inches above the ground at speeds up to 60 miles an hour on a cushion of air created by its own multi-bladed fan. "The American exhibition will have more machines and people working in it than a medium-sized factory," according to Mr. L. Edward Scriven, Director of the U.S. Department of Commerce's Office of International Trade Fairs, which is producing the government-industry exhibition. Other displays planned include a complete working tool and die shop, a model paper-producing machine and a printing plant producing a multi-coloured guide book for visitors, demonstrations of electronic teaching devices and weather forecasting using unmanned polar stations, and models of two large dams now under construction in India with American assistance.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 3rd August 1961.

	Closing quotations 27-7-1961	High	Low	Closing quotations 3-8-1961
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	191.50	191.50	187.00	187.00xd
Apollo (2)	1.72	1.74	1.70	1.74
Baroda Rayon (100)	136.50	140.00	135.50	140.00
Bombay Dyeing (25)	67.00	68.10	66.40	67.40
Bradbury (50)	140.00	—	—	140.00
Central India (100)	122.00	123.00	120.00	122.00
Century Mills (100)	675.00	677.00	662.00	670.50
Coorla Sp. (100)	135.00	—	—	135.00
Dawn (50)	133.00	134.00	131.50	134.00
Edward Textile (200)	297.50	—	—	297.50
Elphinstone (50)	78.00	80.00	77.00	80.00
Finlay (100)	320.00	322.00	316.50	322.00
Gokak (100)	186.00	188.50	185.50	188.00
Gold Mohur (100)	262.00	—	—	262.00
Gwalior Rayon (10)	51.20	51.30	49.00	50.00
Ind. Untd. Defd. (1)	1.86	1.90	1.82	1.90
Ind. Untd. Ord. (10)	15.24	15.32	15.08	15.24
Indian Rayon (75)	74.00	74.50	73.50	74.00
Indore Malwa (100)	158.00	158.00	152.00	158.00
Khatau (100)	575.00	578.75	566.50	570.00
Kohinoor (100)	290.50	291.50	286.00	289.00
Lakshmi (250)	665.00	—	—	665.00
Mafatlal (100)	822.50	825.00	815.00	825.00
Minerva Mills (100)	80.00	—	—	80.00
Model Nagpur (250)	70.00	—	—	70.00
Morarji (100)	412.00	415.00	408.00	414.00
Mysore (50)	69.00	69.50	68.00	69.50
National Rayons (100)	540.50	540.00	531.00	536.00
New City (100)	145.00	—	—	146.00
New Great (100)	222.00	222.00	219.00	220.00
Phoenix (100)	155.00	157.00	154.00	155.00
Podar Mills (100)	143.00	143.00	142.50	142.50
Raymond Woollen (100)	124.00	125.00	110.00	117.50xd
Sassoon Silk (10)	15.88	—	—	15.88
Sassoon Spg. (10)	60.00	60.50	59.50	60.00
Shrinivas (100)	258.00	259.00	256.00	257.00
Simplex (50)	197.00	196.00	195.50	195.50
Standard (100)	1,330.00	1,335.00	1,296.00	1,322.00
Swadeshi (100)	267.50	267.00	248.00	251.50xd
Swan (100)	610.00	610.00	600.00	610.00
S. I. Viscose (100)	184.50	188.00	182.00	186.50
Tata Mills (25)	67.80	68.00	63.00	64.50xd
Vishnu (100)	150.50	150.50	131.25	131.25
Western India (1,000)	3,725.00	—	—	3,725.00
BANKS				
Bank of India (50)	133.00	134.00	133.00	134.00
Do. (New) (50)	134.50	135.50	134.00	135.00
Bank of Baroda (50)	104.00	104.00	103.75	104.00
Central (25)	63.80	63.80	63.20	63.80
Central 'A' (25)	64.80	65.00	64.50	65.00
Dena Bank (50)	61.50xd	—	—	61.50
Punjab National (10)	24.00	24.12	24.00	24.00
Union Bank (5)	7.16	7.16	7.04	7.08
United Com. (50)	93.00	94.00	93.00	94.00
ELECTRIC COS.				
Ahmedabad (100)	88.30	91.00	88.00	91.00
Amalgamated (10)	10.08	10.08	10.00	10.00
Andhra Valley (1,000)	1,005.00	1,020.00	1,005.00	1,020.00
Bom. Sub. El. (100)	98.00	98.50	97.00	98.00
Surat (100)	97.00	99.00	98.00	98.00
Tata Hydro (100)	107.25	108.00	107.25	108.00
Tata Power (1,000)	1,065.00	1,072.50	1,068.50	1,072.50
INSURANCE COS.				
British India (10)	18.16	—	—	18.16
Indian Mercantile (20)	167.75	51.00	47.75	51.00
New India (15)	62.50	62.50	58.00	58.00xd
New India 'A' (15)	64.00	63.80	59.50	59.50xd
Vulcan (10)	16.60	16.60	16.62	16.62
STEEL COS.				
Ind. Iron (10)	26.90	26.85	26.50	26.70
Mukand Iron (10)	27.40	27.25	26.60	26.65
Tata Steel Ord. (75)	157.25	157.25	155.50	155.50
SUGAR COS.				
Belapur (50)	260.50	257.00	247.00	252.00
Bhopal (10)	24.25	24.76	24.52	24.76
Chandoc (12.50)	25.25	—	—	25.25
Phaltan (50)	128.00	130.00	128.00	130.00
Walchand Ind. (100)	166.00	166.00	163.00	163.00
CEMENT COS.				
Associated Cts. (100)	160.50	161.25	158.00	161.00
Digvijay (100)	166.50	166.00	165.00	165.50
Orissa (10)	16.88	16.24	14.80	15.16
MISCELLANEOUS				
Akola Ashdown (100)	270.00	274.00	267.00	272.00
Bom. Burmah (125)	589.00	590.50	581.00	587.50
Do. (New) (50)	214.00	214.00	210.00	213.75
Br. B. Petrol (11 sh.)	1.18	1.24	1.18	1.20
Br. I. Corpo. (5)	7.88	—	—	7.88
Cooper Engg. (100)	176.00	182.00	175.00	182.00
Colour Chem. (100)	342.50	350.00	340.00	345.00
Hind Cycle (100)	91.50	91.50	91.00	91.00
Hindustan Lever (10)	48.00	48.00	47.50	47.50
Hindustan Motors (10)	21.64	21.68	21.16	21.48
I. C. & Invest. Corporation (100)	84.50	85.00	84.50	85.00
Indian Dyestuff (100)	465.00	476.25	465.00	470.00
Indian Copper (2 sh.)	5.36	5.40	5.12	5.32
Ind. Inv. Tr. (100)	75.00	75.00	74.00	74.50
Killicks (100)	98.50	98.50	97.50	98.50
Larsen & Toubro (10)	38.50	38.50	37.50	38.00
Mahindra & Mahindra (10)	19.12	19.52	19.12	19.24
New Central Jute (10)	20.12	20.12	19.00	19.00
Polson (100)	165.00	—	—	165.00
Pre. Automobiles (100)	159.50	160.50	157.00	159.50
Premier Con. (50)	190.50	192.50	185.00	191.00
Scindia (20)	13.80	13.84	13.64	13.72
G. E. Shipping (10)	18.88	18.88	18.52	18.52
Shivrajpur (10)	88.50	92.50	88.50	91.50
Sirpur Paper (10)	14.16	14.32	13.96	14.12
Tata Chemicals (10)	18.88	18.50	17.48	17.88
Tata Locomotive (100)	844.50	852.50	838.00	841.00
Tata Oil (25)	74.00	76.00	73.50	75.00
Tezaara (10)	19.96	19.00	18.16	18.40
Voltas (100)	293.50	295.75	292.50	293.00
W. I. Match (100)	268.50	269.00	267.00	269.00
W. Coast Paper (100)	179.00	179.00	177.00	177.50

GOVERNMENT SECURITIES	27-7-1961 Rs	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	Rs.
21% 1962	99 90	—	3.15	99.85
2½% 1974	83 50	—	4.25	83.50
3 % 1964	98 85	—	3.24	98.80
3% 1963-65	98 70	3.55	3.32	98.75
3% 1965-66	98 20	3.92	3.50	98.15
3% 1970-75 1st Dev	98 95	4.19	3.85	98.95
3 % 1966 Con. Loan	72 25	—	4.17*	72.00
3½% 1964 N. P. Loan	100 00	—	3.50	100.00
3½% 1965 N. P. Bonds	99 90	—	3.49	100.00
3½% 1972	99 95	—	3.50	99.95
3½% 1967 N.P. Bonds	99 00	—	3.58	99.00
3½% 1974	99 80	—	3.70	99.85
3½% 1967 N.P. Bonds	100 40	—	3.48	100.00
3½% 1969 Loan	98 85	—	3.73	98.45
3½% 1966	98 70	—	3.70	98.70
3½% 1964 N.P. Bonds	100 05	—	3.49	100.00
3½% 1968 N.P. Bonds	100 10	—	3.67	100.00
4 % 1972 Loan	103 45	—	3.97	103.45
4 % 1973 Loan	100 35	—	3.97	100.35
4 % 1970 Loan	100 10	—	3.99	100.10
3½% 1966 Bonds	99 70	—	3.97	99.70
4 % 1960 Loan	99 50	—	4.06	99.50
4 % 1961 Loan	98 50	—	4.11	98.50

* Current Income. xd—Ex-dividend. X.D.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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ACCEPT THE CHALLENGE

AS an essay on India's aspirations and ambitions, the final version of the third Five-year Plan, presented to Parliament on Monday, 7th August 1961, is an excellent effort. But it cannot claim to be a blue-print, because the Plan has too many loose ends. Again, the third Plan is not a five-year Plan even as the second Plan was not, for more than five years may be needed to reach most of the goals fixed therein. It looks as though it will take at least another two years to complete the second Plan targets in regard to steel, cement, coal, transport, electric power and irrigation and most agricultural crops. The attainment of targets laid down in the third Plan may take even longer than the time taken in the case of second Plan, for the simple reason that the magnitude of tasks included in the third Plan is equal to that contained in the first two Plans. The country is no doubt better prepared to tackle a bigger plan than in the past ten years. Nevertheless, there are so many impediments in the way that it would be nothing short of a miracle if all the targets were hit in time and the expected increase in *per capita* income were realised. The authors of the Plan are fully aware of this state of affairs. They, however, call it a challenge and test to the people's willingness to make sacrifices and work hard, so that the country could get over the barrier of poverty and swiftly move forward to the plateau of prosperity. They are perfectly right. India has the lowest *per capita* income in the world. Its population is jumping up at the rate of 9-10 million per year. The ranks of unemployed are fast swelling; the additions to labour force in the next five years will be 17 million and the unemployed at the end of the third Plan period will be 12 million, if not more. The masses are no longer ignorant, though the majority of them are illiterate. They are conscious of their rights and are being roused by the politicians. It is, therefore, necessary to aim high and to fix targets the attainment of which will strain the resources of the people to the maximum. There is no escape from hard work for the people of this country, not at least for one generation.

The third Plan indicates the minimum economic progress the country should achieve in the next five years and the sacrifices the people should make for reaching the goals. Its authors say, though not in as many words: "Let us strive as best as we can towards that end. If we succeed 100 per cent, well and good. But, if we succeed only to the extent of 70 or 80 per cent, that will be something better than nothing. We will at least have the satisfaction of having tried." None who realises the numerous pressures to which this country is being subjected can quarrel with this spirit of approach. Even the socialist philosophy of the Plan now evokes less opposition than before, just as the powers-that-be have now come to realise that they should be realistic even in pursuing their doctrinairism. Both the planners and the critics have doubtless become a little more mature in their thinking than during first and second Plans—a good augury for the third Plan.

The differences of opinion centre mostly over details. And details are more important than broad generalisations, because results have to be quick and solid. Is the Plan such as to ensure the optimum rate of economic growth which the country in its present position can have? The answer, to be precise, is "NO," though it must be conceded that, in this respect, the latest Plan is an improvement, to some extent, over its predecessor. There is still a number of defects in the selection of priorities, in the allocation of responsibilities between the public and private sectors and in the division of spheres between large-scale and decentralised units. Prompt removal of these defects will certainly lead to a larger rate of economic growth than is now likely, economy in the use of foreign exchange and better prospects of price stability. In the sphere of both solid and liquid fuels, for instance, the planners could have given a larger responsibility to the private sector than they have done. Socialist doctrinairism and outmoded beliefs are the only reasons for their continued favouritism to the public sector. In the matter of power generation and distribution, too, the private sector could have been given greater scope. Shipping and road transport ought to have been accorded a higher priority in the allocation of resources; both are quick earners and their services are badly needed. The cotton mills should have been allotted more room for expansion, instead of the handlooms or the powerlooms. Expansion of existing industrial units wherever possible rather than establishment of new ones will bring about quicker progress at a lower cost. This consideration is recognised in principle, but not in practice, because of the fear (quite unwarranted in our view) of concentration of economic power in a few hands and monopoly of private capitalism. Another reason given for ignoring this important consideration is the need for ensuring regional distribution of industries. Exceptions have been made, of course, but they are all in the public sector and hardly any in the private sector.

Agriculture is the Achilles' heel of Indian economy. A substantial increase in agricultural production, including plantation crops, automatically strengthens India's balance of payments position. The reverse happens when crops decline. Half the battle for economic prosperity will have been won if the productivity of Indian agriculture is raised even by 50 per cent. There is a clear recognition of this fact in the third Plan. A sum of Rs. 1,068 crores has been earmarked for the development of agriculture and community development. Although this investment represents only 14 per cent of the total public sector outlay of Rs. 7,500 crores, investments on irrigation, power, fertilisers, transport, and iron and steel will also go to strengthen agriculture. No longer can one say, as it used to be said in the initial years of the second Plan, that the planners have not given adequate attention to agriculture. They have done their duty. It now remains for the administrators to carry out the Plan. Here comes the crucial role of State Governments. The success or failure of third Plan, therefore, depends, to a very considerable extent, on the efficiency and earnestness with which the State Governments discharge their functions. It is gratifying to find that this point has been clearly stressed in the third Plan report, as will be seen from the following extract:

"In the Third Plan, as in the Second, the plans of States have great importance for the rapid development of the national economy. Important national objectives, as in agriculture, education and other social services, and in the utilisation of rural manpower, can be realised only in the measure in which the plans of States are carried out successfully. They bear closely on the welfare of the people as a whole and, to a large extent, it is through them that a rise in the levels of living for the weaker sections of the community and for the less developed areas can be secured."

The performance of most State Governments so far in many of the aforesaid matters, in general, and in agriculture, in particular, has not been sufficiently encouraging to warrant the hope that they will come up to expectations in the next four or five years. Now that reorganisation of States is over and the major portion of land reforms has been put through, the State Governments ought to be able to show impressive results in agricultural production by securing an increase in the per acre yields. Even so, the leisurely manner in which the problem of productivity in agriculture is being tackled in the States raises grave doubts whether the goals specified will be reached. Much has been said about the merits and demerits of State-sponsored co-operative farming. While it remains to be seen to what extent this revolutionary reform will mar or improve the picture, it does add an element of uncertainty, as it will tend to curb the enterprise of efficient farmers.

The second Plan suffered a lot because the foreign exchange requirements were not properly assessed and no timely efforts were made to secure adequate foreign assistance. That the third Plan has been safeguarded in this important respect is common knowledge now. There are, however, still lingering doubts, as an underestimation of the foreign exchange cost of the projects is feared. Even if it is assumed that this fear is baseless, the foreign exchange aspect is a source of considerable concern for two reasons: (*a*) the need for maintenance imports may turn out to be larger than has been assumed by planners, and (b) the export drive is up against formidable difficulties. Apart from possible changes in the international set up, such as the disappearance of Commonwealth preferences and formation of more trade blocs, the domestic cost structure is increasingly getting out of parity with world markets and there is nothing in the Plan to suggest that this trend is likely to be reversed in the coming years. If anything, the indications are to the contrary. The thesis that the chief problem is one of finding surpluses for export and that this could be done by restraining domestic consumption through physical controls and heavier excise duties has been given undue importance in the Plan. In fact, this solution may well turn out to be a boomerang, as it will tend to aggravate the inflationary forces, especially when it is tried in combination with special export incentive schemes for non-essential goods, the cost of which also falls on domestic consumers.

The estimates of internal resources are well within practicability, if the experience in the last two years of second Plan is any guide and if

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...public sector enterprises are worked as efficiently as the Hindustan Machine Tools; this is a big assumption, of course. But the more important points here are two: whether the cost of the physical plan has been realistically worked out and whether adequate resources will be available for the private sector, especially as great stress has been laid by the planners on the need for a strict check over the growth of bank credit. Here, again, past experience makes the planners' estimates suspect, their candid admission of failures and errors in the first two Plan periods notwithstanding.

It is easy to find fault with the third Plan in this strain. This time, the planners themselves have had the humility to admit the existence of several gaps in their estimates. They have made no claim to perfection, though they have continued to stick to their major ideological predilections. Despite all the imperfections in the Plan, the people have no alternative to supporting it. If every one, from the leaders down to workers, tries to perform his duty with devotion and efficiency and refrains from indulging in activities that are harmful to discipline and national unity, even this imperfect Plan will yield satisfactory results. The authors of the Plan strike the most appropriate note when they say, in the introduction, "that the great stress in the Plan has to be on implementation, on speed and thoroughness in seeking practical results and on creating conditions for the maximum production and employment and the development of human resources." In fine, efficient and straightforward administration (which in turn depends on the quality of leadership) is the first pre-requisite for the success of the Plan.

THE DECADE'S BALANCE SHEET

THE final report of the third Plan has provided a succinct account of the achievements of the earlier two Five-year Plans which, it is claimed, "have helped strengthen the foundations of economic and social life and stimulated industrial and economic growth and scientific and technological advance." There is no exaggeration in this statement; if any thing, as a general claim, it is, on the whole, a modest one. It cannot be otherwise, for the real income of an average Indian or, in other words, the *per capita* income at constant (1960-61) prices has increased from Rs. 284 in the year immediately preceding the inauguration of the first Plan to Rs. 330 in the end-year of the second Plan, that is, by just 16 per cent. As *per capita* real income is a telling indicator of economic growth, the rather modest increase in it broadly reflects the relatively small advance in the standard of living of an average Indian. But, at the same time, there is no need to be unduly apologetic about this modest growth, for the fact of the matter is that this increase of 16 per cent in *per capita* real income has taken place over a period during which population has increased by as much as 21 per cent. But for this phenomenal growth of population, the 42 per cent increase in real national income, that is, national income at constant (1960-61) prices, would have meant a somewhat greater increase in *per capita* real income. However, it does matter a great deal that the national economy as a whole has reached, as of 1960-61, a stage at which its aggregate output of goods and services is 42 per cent more than the aggregate of Rs. 10,240 crores in 1950-51. It is this substantial, though not phenomenal, increase in national production that constitutes the foundation for further growth—a foundation representing the potential for larger national savings and investment in the third Plan period.

In more specific terms, the increase in real national income (brought about by aggregate investment outlays of Rs. 5,210 crores in the public sector and Rs. 4,900 crores in the private sector) over the last decade has resulted from increases in agricultural, industrial and other production. In agriculture, the growth of production has been relatively limited, the increase being just 41 per cent. But in the industrial sector, the growth of production has been much more impressive, the increase being as much as 94 per cent or, probably, more than 100 per cent, if credit is given for the production of newer industries which have no weightage in the index of industrial production based on 1950-51. In the transport sector, the railways have carried, as of 1960-61, 66 per cent more freight than they did in 1950-51. And, in the power sector, the increase in electricity generation over the period has been of the order of 150 per cent. These indications of growth are by no means exhaustive, neither do they reveal the shortfalls in achievements as compared with the physical targets in the Plan. While the decade as a whole has witnessed overall progress as broadly indicated by the growth of national income, it is still not a picture of uniform progress under all the heads and sub-heads of development.

The breakdown picture is, therefore, more relevant from the point of view of appraising actual physical performance in various lines and drawing suitable lessons from past mistakes, of which there have been many. For instance, in the basic and crucial sector of agricultural production, there were many glaring failures or shortfalls in achievement, with the result that a relative shortage of foodgrains turned out to be the major factor accounting for price rises in the early stages of the second Plan and a similar shortage of agricultural raw materials became the leading factor in the upward trend of prices in the later parts of that Plan. Foodgrains production in 1960-61, it is estimated, has been at least 4 million tons less than the second Plan's revised end-year target of about 80 million tons. Two most glaring failures have happened in the sphere of fibre production, the cotton crop of 5.1 million bales in 1960-61 being substantially less than the target of 5.5 million bales and the jute crop of about 4.0 million bales in that year being very much less than the target of 5.0 million bales. Performance in the sector of irrigation was even more disappointing; here the net area estimated to have been irrigated in 1960-61 was only 70 million acres—a figure probably on the high side—as against the target of 88 million acres. As irrigation is a major factor contributing to higher productivity, it is obvious that the rather poor performance in this field has set severe limits to the growth of agricultural production in general. There were also shortfalls in achievement, as compared with targets, in fertiliser consumption (which in 1960-61 amounted to 230,000 tons in terms of N and 70,000 tons in terms of P_2O_5) and in the coverage of villages and population covered by the Community Development programme.

Even in the 'core' (coal, power, steel and transport) projects of the second Plan, there were critical shortfalls in achievements. In the sphere of electric power, the actual installed capacity in 1960-61 was only 5.7 million kw., as compared with the target of 6.9 million kw. In the sphere of coal production, the actual production in 1960-61 fell short of the target (60 million tons) by 5.5 million tons. The actual output of finished steel in the year was only 2.2 million tons, as against the target of 4.3 million tons. In the sector of transport, the railways are estimated to have carried only 154 million tons of cargo, as against the target of 162 million tons. Apart from steel, the following industries which, according to the Planning Commission, are of crucial importance, have performed rather badly:

Industry	Unit	Production target 1960-61	Actual production 1960-61
Nitrogenous fertilisers (in terms of N) ..	000 tons	290.0	110.0
Phosphatic fertilisers (in terms of P_2O_5) ..	..	120.0	55.0
Textile machinery ..	Rs. crores	17.0	9.0
Cement machinery ..	..	2.0	0.6
Aluminium	000 tons	25.0	18.5
Newsprint	..	60.0	25.0
Soda ash	..	230.0	145.0
Caustic soda	..	135.0	100.0
Dyestuffs	Million lbs.	22.0	11.5
Cement	Million tons	13.0*	8.5

* Revised to 10–11 million tons in May, 1958.

In spotlighting the failures and shortfalls in achievement during the last decade of planning, it is not our intention to belittle the considerable progress achieved in every branch of national life, from agriculture to culture. The achievements which correspond, more or less, to physical targets in respect of commercial crops like sugarcane, oilseeds and tea, co-operative credit, iron ore mining, cloth, sugar, paper, chemical and several other industries, railways, road development, automobile transport, postal communications and telephone, small-scale industries, shipping, port development, education, health and employment in general—these are too many to be covered here. Suffice it to say, in the words of the third Plan report, that, "in every direction, new ground has been broken and valuable experience gained." But the same report frankly admits that "doubtless, there have been failures and errors that might have been avoided."

What the planners themselves have said on their "failures and errors" are of greater relevance here, for they seem to be drawing some lessons from the hard school of experience. Whether or not they succeed in applying these lessons in all the relevant situations in the third Plan period, there is at least the hope that, thanks to their own self-criticism, they may not endlessly repeat the same errors. That they are earnestly striving to profit by experience could be inferred from some of their observations while dealing with the financial resources. For instance, it is admitted that the estimation of needs of resources in financial terms has its limitations, for "each project authority is apt to make its estimate of the financial resources required on the assumption that it can secure whatever real resources it needs at current prices, irrespective of what the demands from other project authorities or the economy as a whole are likely to be." When the planners say further that "this is where the financial and physical possibilities have to be assessed together" and that "the question ultimately is whether there are physical resources corresponding to the financial outlays," they come close to admitting that they had laid in the past disproportionate emphasis on financial targets and expenditure—the kind of emphasis that led them to commit two serious mistakes, one being excessive additional taxation which had the effect of limiting self-financing in the private industrial sector and the other being the continuance of deficit financing even after it became clear that the persistent rise in prices was at least partly due to it. While it is good to see the planners drawing the lesson that the rise in prices that has occurred, despite the offset provided by the drawing down of foreign exchange reserves, "indicates that the scope for further deficit financing in the coming years is limited," they seem to be rather overoptimistic when they say that "the scope for taxation may, in fact, be larger than is foreseen at this stage." In making this observation they have doubtless been encouraged by the buoyancy of tax revenue in recent years, but they appear to have overlooked the applicability to the private sector investments, of their own dictum in respect of public sector investments, namely, that "development has in due course to become self-financing, (for) the surpluses from past investments constitute the source for further development."

Among the other notable admissions of past mistakes made by the planners are the ones relating to the under-estimation of the direct foreign exchange requirements of the second Plan, the failure to take into account sufficiently the growing import needs of a developing economy, the failure to recognise in time that the degree to which the prices could be kept relatively steady depended vitally on how far the production of foodgrains as well as agricultural raw materials could be increased, the rather tardy recognition that competitive export capacity depended largely on relatively stable internal prices and the failure to take up technical manpower planning and training early in the first Plan period itself for the larger needs of the second Plan. There were, of course, other mistakes which the planners have frankly admitted. These pertain to the organisation and management of public enterprises and to the administrative shortcomings in plan implementation—subjects dealt with at some length in the Delhi Letter elsewhere in this issue. How substantial economies could have been, but were not, achieved in construction costs has also been admitted by the planners. The failure to ensure better utilisation of the irrigation potential newly created, to give adequate attention to the proper maintenance of older irrigation works and channels and to control soil erosion in hilly areas and denuded forests and the failure to minimise the use of machinery (involving foreign exchange expenditure) in the construction of certain irrigation projects in areas of surplus manpower are also admitted. The power shortage that has come about, it is conceded, was caused by the failure to co-ordinate power programmes with industrial programmes, in spite of the knowledge that industries consumed two-thirds of the power generated. These, then, are the more significant failures and errors in the first decade of planning. To admit them is one thing, to apply the lessons drawn from them quite another. If the planners also learn that they cannot justifiably lay claim to a monopoly of wisdom and that their well-meaning critics, of which this journal is one, have been abundantly vindicated, it would be the first major step in the application of lessons drawn from past mistakes in diverse fields and situations.

MARKET GOSSIP

The Plan And The Market

THE fears of some that the third Plan final report might give a serious jolt to share markets have been belied. The Plan, of course, provides for a bigger additional tax burden than that envisaged in the Draft Outline—Rs. 1,710 crores, as against Rs. 1,650 crores—and also emphasises the need for mopping up speculative profits and excessive capital gains, besides minimising the scope for speculation itself. At the same time, the Plan concedes, albeit guardedly, that there is not much room for raising direct taxation, except perhaps in certain slabs of income.

The prospect of further heavy taxation in the third Plan period has had only a short-lived adverse effect on equities. It has, however, turned out to be one more factor against the bulls and engendered a considerable amount of caution. It is obvious that the next budgets of Centre and States (for the fiscal year 1962-63) will have to contain a bigger load of taxation than their predecessors; otherwise, the resources estimates of the Planning Commission will remain only on paper.

There is nothing fundamentally new in the final report of the third Plan so far as the share markets are concerned. The Plan confirms the determination of India to press forward with its projects for economic advancement, with the result that the considerations of growth, which have been one of the factors responsible for the high level of equities, remain unaltered. It is, however, clear from the third Plan report that the existing industries dependent on imports of raw materials, stores and spares, plant and machinery, etc., may have a difficult time, unless, of course, either the quantum of foreign aid for maintenance imports is increased or exports stage a spectacular rise, neither of which is likely.

It is the steel shares that have suffered most this week. The reason for their setback is the publication of T.I.S.Co.'s annual report and Mr. J. R. D. Tata's statement to shareholders. Both have exploded the facile overoptimistic expectations roused by speculators to fill their own pockets at the expense of investors most of whom are lay people. It may be true that the L.I.C. has invested in the T.I.S.Co.'s ordinary shares even at higher levels. But a price level that may appear good for the L.I.C. need not necessarily be so for all individual investors. The L.I.C. is a long-term institutional investor who can afford to wait, unperturbed by wide fluctuations in equity values. Besides, the average cost of its investments in the T.I.S.Co. shares may still be substantially lower. The significant point that emerges from the Directors' report and Chairman's statement of the T.I.S.Co. is that it will take a couple of years more for obtaining the full benefits of expansion to two-million tons capacity and that, for some years to come, there could be no spectacular rise in its dividends. But all this was evident last year itself, if not earlier.

Jute Mills In Distress

It is somewhat surprising that the West Bengal Government has turned down the Indian Jute Mills Association's plea for sealing 18 per cent of looms with effect from the first of this month, in addition to the 12 per cent sealing already in force. Explaining the decision, the State's Labour Minister says: "Raw jute is in sight and it is flowing in the market. So, on the grounds of shortage, no proposal of the I.J.M.A. can be approved which will create hardship to jute workers." The Minister has appealed to the I.J.M.A. "to co-operate with the Government in all possible ways in offsetting any crisis in the jute industry." This decision is reported to have had the concurrence of the Union Government.

The fact that any attempts to curtail production either by a further sealing of looms or by a third block closure will have serious repercussions especially on labour cannot be disputed. The jute industry itself is fully aware of it. But the industry is faced with the critical problem of securing regular and adequate supplies of raw jute. In the course of a statement issued to the Press, the I.J.M.A. observes:

"For the past nine months, the I.J.M.A. has been pressing on the Government its view that, based on the official estimate of the jute crop, which has had from time to time to be revised downwards, a phased programme of jute conservation would be essential, if chaotic conditions within the industry were to be averted. The jute shortage, eventually admitted by the Government to be serious enough to warrant a block closure of the industry for a week in June and another week in July, has persisted, despite these closures, the earlier reductions in working hours and the jute purchase quota system which the Association has been operating since last October."

The fibre stock position with individual mills is so grave that a lock-out in several mills is considered necessary. What the I.J.M.A. wanted to do was to spread over the shortage of supplies over the industry as a whole either by cutting down the working period for the current month or by sealing off an additional 18 per cent looms. The latter course was preferred, as it afforded an opportunity for a periodic review of the fibre-arrival position, in order that the sealed looms might be unsealed entirely or in stages as the situation would warrant. Which jute mill, or, for that matter, any unit in other industries, will voluntarily propose to curtail production operations, if the raw material supply position is comfortable? Does not such curtailment eat into the earnings of the mill also? After all, it must be remembered that it is more expensive for mills to curtail output than to continue production. It is a pity that the jute mills have not been allowed to adjust production.

The reasons adduced by the I.J.M.A. in support of its plea for a further sealing of looms appear to be convincing. Arrivals of old crop, we are told, have ceased and supplies of new crop jute in reasonably substantial quantities have been delayed by unusually dry weather and the consequent shortage of retting water. What is worse, there is a serious imbalance in regard to quality-wise distribution. How can the mills be expected to work down to the last bale of jute in their stocks? For long before such a position is reached, the manufacturing process will be seriously interfered with by a lack of suitable qualities of fibre for mixing purposes. Drawing attention to this fact, the I.J.M.A. observes: "The industry has a responsibility towards its consumers, and the mills cannot be expected to lower the standard of their batch and thereby produce sub-standard goods for the export markets."

The West Bengal Government may be of the view that a further sealing of looms will depress raw jute prices and thus adversely affect the growers. This fear seems to be rather exaggerated. The I.J.M.A. itself has submitted to the Government a draft scheme which envisages fixation of a floor price for raw jute and collective buying on behalf of the industry should such measures be necessary to prevent jute prices from falling to uneconomic levels.

In the opinion of the I.J.M.A., the position in which the industry now finds itself can only be rectified by individual mills making further cuts in production consistent with their actual stocks of jute. "Action on these lines," to quote it "should be taken by mills individually in the near future. The extent to which mills may have to resort to this course cannot at present be known, but it is feared that, in many cases, the curtailment of production may have to be substantial. Should such steps have to be taken, then lay-off compensation will be paid to the affected workers strictly in accordance with the provisions of law."

Meanwhile, there are reports that, although the arrival of new crop has been delayed, the size of the crop itself is substantially higher than in the previous season, when it amounted to 4.03 million bales of 400 lbs. each (excluding mesta amounting to 1.15 million bales). The percentage rise in the area sown to the crop is said to be 100 in Uttar Pradesh, 66 in Tripura, 50 in Bihar, 30 in Orissa, and 25 in West Bengal and Assam. The yield per acre is expected to be better than last year. In fact, the West Bengal Government is somewhat worried about the possibility of a bumper jute crop, inasmuch as it feels that the prices of the material may go down. It has accordingly urged the Centre to fix a minimum price for raw jute, in order to ensure an economic price to the growers. No one will dispute the need for a minimum price for raw jute if conditions really warrant. But a minimum price should not turn out to be a maximum price as in the case of sugarcane. Any floor price for jute must be in parity with the price for jute goods. It must be remembered, in this connection, that the jute industry, which is predominantly export-based, has to sell in world markets in highly competitive conditions. In particular, the comparative costs of the jute industry in Pakistan and the increasing inroads made by plastics and other substitutes in the markets for packaging materials will have to be borne in mind. But, in urging these considerations, we do not underrate the importance of a buffer-stock scheme for raw jute. On the contrary, we would strongly urge the Central Government to initiate such a scheme this season, as circumstances for doing so appear to be highly favourable.

U.S. Cotton Crop

Curiously enough, the first production estimate of the U.S. cotton crop in the 1961-62 season, published on the 8th inst., failed to have any perceptible effect on the cotton market either in the U.S. or outside. Pending the publication of the crop report and in anticipation of a smaller crop this season, the New York cotton futures market had ruled steady. After the report was released, futures price rose by only 2 to 3 points. Spot values at both New York and New Orleans were, however, unaffected by the news. This is due largely to the fact that the crop estimate was in keeping with earlier trade estimates. Moreover, the traders' interest in the crop estimates is diminishing, because production does not exercise as decisive an influence on prices as the Government's cotton policy. Nevertheless, to the extent the size of the crop determines the total supply of cotton available during any particular season, it is of vital interest to traders and mills alike.

The Department of Agriculture put the season's crop at 13.92 million bales (of 500 lbs. each), as against 14.47 million bales at this time last year, the final output of 14.37 million bales and the ten-year (1949-58) average of 13.71 million bales. The yield per acre is estimated lower at 427 lbs., as compared with 447 lbs. at this time last year and the ten-year (1949-58) average of 344 lbs. The yield last year on the basis of final estimate was 446 lbs. The fall in the yield per acre thus explains the decline in production, in spite of the increase in area, to 15.65 million acres from 15.31 million acres last season and the ten-year average of 19.97 million acres.

Past experience has shown that, barring fractional variations, the final estimate of output closely approximates the first forecast. Last year, for instance, the first estimate put the crop at 14.47 million bales and actual crop fell short of the estimate by a very small margin. The first estimate for the 1959-60 season was 14.81 million bales and actual production aggregated 14.55 million bales. This surprising degree of accuracy in forecasting a crop so sensitive to weather conditions as cotton redounds to the credit of the U.S. technique of crop estimation. In contrast, this country has a hit and miss method of official crop estimation and the forecasts seldom come anywhere near the actual outturn. It is true that cotton is grown in India under more diverse conditions and that the sowing and harvesting times vary more widely so that it is difficult, at a point of time, to make a comprehensive and precise estimate of the crop. But the fact that trade estimates are usually much nearer the mark than official estimates (which are invariably published too late to be of any practical use to the cotton trade or the mills) shows that the intransigence of weather and widely differing crop conditions alone cannot explain the estimate being very wide of the actual outturn.

I.M.F. Helps Britain

All speculations regarding a possible devaluation of the pound sterling have now been happily scotched, thanks to the massive support for Britain announced by the International Monetary Fund on Friday the 4th inst., just ten days after the Chancellor of the Exchequer unfolded his ten-point austerity programme on 25th July. The support is in the form of a credit amounting to as much as $2,000 million for helping Britain to tide over the overseas payments crisis. Of this amount, the U.K. will make an immediate drawing of the equivalent of $1,500 million and, under a standby arrangement, it will have the right to make additional drawings to the tune of $500 million in the next twelve months.

There are two striking features of the I.M.F.'s assistance to Britain. One, the credit is the largest ever granted by the Fund to any country since its establishment fifteen years ago. It may be noted here that the previous largest credit ($1,300 million) was also made available to the U.K. in December 1956, that is, at the time of the Suez crisis. Two, the "immediate" drawing is to be spread over nine currencies—$450 million in U.S. dollars, $270 million each in deutsche marks and French francs, $120 million each in Italian lire and Netherlands guilders, $90 million in Belgian francs, $75 million each in Japanese yen and Canadian dollars, and $30 million in Swedish kronor. The chief objective of the multi-currency credit, which is in line with the Fund's recent practice as exhibited in the Australian and Indian drawings, is the avoidance of too great a stress on the U.S. dollar. The U.S. authorities were believed to have informed the I.M.F. that the U.K.'s drawing should not be entirely in dollars in view of the changed U.S. balance of payments and reserves situation.

The drawing on the Fund, as the I.M.F. Press release says, will place at the disposal of the U.K. substantial amounts of foreign exchange, while the series of fiscal and monetary measures and certain other policies, all of which are designed to restore a strong balance of payments position at the existing exchange rate and without imposing restrictions on trade and current payments, are taking effect. What is more, the standby arrangement will give a specific guarantee of further support for the U.K.'s efforts to maintain the strength of sterling and thus promote exchange stability generally. Already the pound sterling has firmed up to a significant extent. The latest available exchange rate against the U.S. dollar in London is $2.80.3/16, as against $2.78¼ on 24th July. This is the highest level since 13th February last, though it is still ¾ cent below the level prevailing a year ago. It is said in London that the rate would have easily touched the ceiling of $2.82, but for considerable selling of sterling by the Bank of England against dollars.

Ferro-Manganese Industry

A cogent plea for bringing down the cost of production of ferro-manganese with a view to stimulating its export was made by Dr. Ramaswami Mudaliar, in his address to the shareholders of the Khandelwal Ferro Alloys Limited in Bombay on the 5th inst. Dr. Ramaswami Mudaliar, who is the Chairman of the Company, pointed out, at the outset, that the ferro-manganese industry was essentially an export industry. At present, only 25 per cent of the output of the industry is being utilised by our steel mills. For marketing the bulk of its output, the industry has, therefore, to rely on the foreign consumers. Dr. Ramaswami Mudaliar considered it as a fortunate circumstance for the industry that, in 1960-61 the Government of India concluded a barter agreement with the U.S. Government under which India's ferro-manganese was exchanged for U.S. wheat. The terms of this barter arrangement were also favourable to Indian producers, although all of them were unable to participate adequately in the barter deal mainly on account of the high costs of production. Dr. Ramaswami Mudaliar emphasised that, in the interests of establishing the industry on a firm footing, it was extremely urgent to secure the export of ferro-manganese at a price fair to Indian producers. He, therefore, fully appreciated the efforts of the Government of India in securing another barter deal with the United States. He also disclosed to the shareholders that the Directors of Khandelwal Ferro Alloys Ltd. were promoting a few more barters and seeking the approval of the State Trading Corporation. He said that the terms of the barter agreements negotiated by the Government

(Continued on next page)

EQUITIES FINISH LOWER

TEXTILES WELL FAVOURED

(From Our Own Correspondents)

BOMBAY, *10th August*

THE Stock Exchange presented a firm trend in the first three sessions of the week under review and, after a setback on Tuesday the 8th inst., staged a recovery yesterday. The recovery was shortlived, for there was a general setback to values today. The initial firmness was engendered by scarcity of offerings, a fair amount of covering purchases and scattered bull support which all lifted up the values of a number of scrips. The upward trend was halted on Tuesday when the market turned distinctly bearish following the release of the final draft of the third Five-year Plan, which envisages a much *heavier dose of taxation (Rs. 1,710 crores) than* that provided for in the Draft Outline, namely, Rs. 1,650 crores. The possibilities of increase in capital gains tax and curbs on speculation acted as a damper. There was also disappointment over the working results of the Tata Iron and Steel Company for the year 1960-61 which indicated that the profits attributable to the Company's normal operations were very poor. Consequently, equities moved down. On Wednesday, the market was once again in a buoyant mood, reflecting optimism on the part of operators regarding the outlook for industries during the third Plan period. Several counters attracted good support and registered a rise in values. But the upward trend was halted today when the market developed a sagging tendency, with most equities moving down.

The market received mixed corporate news during the week. The New Standard Engineering Company has cut down the dividend for the year ended 31st March 1961 to 9 per cent from 12 per cent distributed in the previous year. The outlook for the future is, of course, quite bright, as the order book of the Company for the current year is satisfactory and the Company has entered into a new collaboration arrangement with Forni Elettrici of Italy for the manufacture of electric furnaces and receivers. For carrying out the expansion programme, the Company is likely to enter the market in the near future. The detailed results of the Simplex Mills for the year ended March 1961 disclose a substantial improvement, the Company earned a net profit of Rs. 18.21 lakhs, in contrast to a small loss suffered in the preceding year. The Kirloskar Oil Engines Company will shortly come out with the second instalment of its preference issue to finance its expansion schemes. The shares will be entitled to a minimum dividend of 8 per cent. The investors in Kohinoor Mills have some encouraging news. The Directors have decided to raise the interim dividend from Rs. 5 to Rs. 6, subject to tax. Evidently, the steps taken by the Company to improve the productive facilities and to stimulate its exports have proved fruitful. The Asian Cables, it is learned, has practically completed erection of plant and machinery and trial runs are expected to commence in the next few weeks. The Company has also secured an industrial licence for the manufacture of 800 miles of high tension power cables. The Chairman of Bombay Suburban Electric Company has thrown a hint that the Company will have to raise additional finance before the end of the current financial year. The report that the Indian Copper Corporation is not issuing any bonus shares dampened market sentiment. The Company is reluctant to spend 12.5 per cent as tax on bonus shares. The question of rights issue is also believed to have been shelved for the moment at least.

In the steel section, Tata Steels opened at Rs. 156.25, as against the previous close of Rs. 156.50, and spurted to Rs. 157.25 on Monday the 7th inst. In the subsequent sessions, however, they declined on bull liquidation and touched a low of Rs. 154 today. Indian Irons encountered selling from both local and Calcutta interests and eased from Rs. 26.70 to Rs. 26. Mukand Irons lost 40 nP to Rs. 26.25.

Textiles were generally well favoured. Centurys received good buying support throughout the week and recorded a handsome gain of Rs. 17.50 to Rs. 688. Kohinoors improved from Rs. 289 to Rs. 298.50 on account of the higher interim dividend announced by the Company. Bombay Dyeings open at Rs. 67.10 as against the previous close of Rs. 67.40 and advanced on scattered bull support and bear covering to touch Rs. 69.10 on Monday the 7th inst. After declining to Rs. 67.80 subsequently, they recovered to Rs. 68.70 today before finishing at Rs. 68. The net gain over the week was 60 nP. Standards spurted from Rs. 1,322 to Rs. 1,380. Elphinstones gained Rs. 7 to Rs. 87. Osmanshahis gathered Rs. 5 to Rs. 68. New Greats put on a like amount to Rs. 225. Svadeshis improved by Rs. 3 to Rs. 254.50. Swans rose by Rs. 2.50 to Rs. 612.50.

Among cement shares, Associated Cements opened at Rs. 160.50 as against the last week's closing rate of Rs. 161 and rallied to Rs. 162.75 on Saturday. After receding to Rs. 160 yesterday, they recovered to Rs. 161.25 today, before closing at Rs. 160.50. Orissas were done at Rs 15.12, as against Rs. 15.16 last week. Digvijays were keenly bid and gained Rs. 2.50 to Rs. 168. Jaipur Udyogs gathered 8 nP to Rs. 11.20.

In the shipping group, Scindias rose from Rs. 13.72 to Rs. 13.92 on Monday, following speculative-cum-investment support. At this level profit-taking set in and the scrip eased to Rs. 13.60 today. Great Easterns gained 24 nP to Rs. 13.76. Among automobiles, Premier Automobiles shed a rupee to Rs. 158.50. Hindustan Motors dropped 24 nP to Rs. 21.24.

Sugar shares displayed a mixed trend. Belapurs were well supported in the earlier sessions, in keeping with the general trend of the market and rose to Rs. 254 on Saturday the 5th inst. After receding to Rs. 251.50 today, they swiftly recovered to Rs. 254.50 but finished easy at Rs. 252, same as the last week's closing rate. Changdeos shed Re. 1.33 to Rs. 23.92. Maharashtra Sugars lost Rs. 3.50 to Rs. 166. Phaltans picked up Rs. 4.25 to Rs. 134.25 and Walchandnagars Rs. 2 to Rs. 165

In the engineering section, T.E.L.Cos received consistent bull support and rallied from Rs. 359.50 to Rs. 368.75. After declining to Rs. 363 on the 8th inst., they moved up again to touch Rs. 369.50 today, though towards the close they were lower at Rs. 368. The net gain over the week was Rs. 7. Mysore Kirloskars strengthened by Rs. 12.50 to Rs. 172.50. New Standard Engineerings firmed up by Rs. 8.50 to Rs. 188. Asian Cables gained Rs. 5.50 to Rs. 104. Brady Engineerings put on Rs. 3 to Rs. 83.50. Alcocks rose by a like amount to Rs. 275. Jyotis gathered Rs. 2 to Rs. 177. But T. Maneklals were subjected to selling pressure and moved down by Rs. 35 to Rs. 527.50. Cooper Engineerings lost Rs. 3 to Rs. 179. Greaves Cottons shed Rs. 2 to Rs. 186.50.

The chemical section ruled generally depressed. Poly Chems and Colour-Chems dropped Rs. 5 each to Rs. 206.25 and Rs. 340, respectively. Dharamsies lost Rs. 2.50 to Rs. 278.75. Dhrangadhras (new) eased by a rupee to Rs. 109.50. Kemps fell by Rs. 7 to Rs. 298. But Amar Dyes hardened by Re. 1.25 to Rs. 351.25. Ultra Marines put on a rupee to Rs. 107. Indian Dyestuffs were steady at Rs. 470 and Adarshars at Rs. 92.

Rayon shares met with selective support. National Rayons were a bright feature on the first three days, the quotation spurting from Rs. 533.50 to Rs. 547.50 on Monday. In the subsequent session profit-taking brought down the value to Rs. 537 yesterday. After recovering to Rs. 543 today, they finished at Rs. 538.50. The net rise over the week Rs. 3.50. South India Viscoses evinced good enquiries and jumped up by Rs. 3.50 to Rs. 190. Baroda Rayons put on Rs. 2 to Rs. 142. But Gwaliors shed 50 nP to Rs. 49.50. Indian Rayons lost a like amount to Rs. 73.50.

In the miscellaneous section, Voltas gained Rs. 2.50 to Rs. 289. Bombay Burmas opened at Rs. 585, as against the previous close of Rs. 587.50 and rallied to touch a high of Rs. 606 on Tuesday the 8th inst. In the subsequent two sessions, they were subjected to bull liquidation and moved down to Rs. 594.50 today. Shivrajpurs gained Rs. 3.50 to Rs. 95. Wimcos gathered Rs. 2.50 to Rs. 271.50. Permanent Magnets hardened by Rs. 11 to Rs. 96 and New India Fisheries by Rs. 8.75 to Rs. 388.75. Tata Oils put on a rupee to Rs. 76. Premier Tyres picked up Rs. 2 to Rs. 125.50, while Ceat Tyres dropped Rs. 2.50 to Rs. 211.25. Bombay Oxygens were firm at Rs. 59.50, as also Synthetics at Rs. 195.

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Madras Stock Exchange

MADRAS, *9th August*

Equities staged a smart recovery during the week under review, with the exception of sugars which came in for persistent selling. By and large, the third Five-year Plan report did not contain any surprises for the market. The initial reaction of operators to the Plan seemed to be that the tempo of industrial development would be greatly accelerated, although some concern was expressed over the heavy load of additional taxation amounting to Rs. 1,700 crores, as against Rs. 1,650 crores originally envisaged in the Draft Outline. Textiles put on a cheerful appearance, following enlarged enquiries from upcountry interests. Tea shares were well favoured, thanks to encouraging trend of exports to the U.K. Coffees elicited better support on hopes that Government efforts to promote internal consumption and exports would bear fruit. Operators also noted the assurance given by the Coffee Board that it would extend financial assistance to the coffee growers in Kerala and Mysore who had been affected by floods. Rubbers moved up in sympathy. There were good enquiries for miscellaneous industrials in general.

Among textiles, South India Viscoses met with speculative buying and advanced from Rs. 182 to Rs. 195 before closing at Rs. 193. Coimbatore Pioneers spurted by Rs. 4.13 to Rs. 270. Coimbatore Spinnings gathered Rs. 3.50 to Rs. 56.50. Lakshmis rose initially from Rs. 167 to Rs. 171, but subsequently came down to Rs. 170. Buckinghams moved up by Rs. 3 to Rs. 241. Krishna Rajendras gained a like amount on reports of larger profit earned by the Company during the year 1960-61. Coimbatore Cottons strengthened by Rs. 2 to Rs. 188. Travancore Rayons increased from Rs. 38.50 to Rs. 39.40; at one time the quotation had touched Rs. 39.50. Maduras improved by 80 nP to Rs. 37.75. Radhakrishnas put on 67 nP to Rs. 32.37. Bangalore Woollens scored a gain of 50 nP to Rs. 208. Loyals gained a like amount to Rs. 44.

In the tea group, Peermades improved by 15 nP to Rs. 22.85. Periakaramalais hardened by 9 nP to Rs. 3.97. Blue Mountains rose from Rs. 3.07 to Rs. 3.17 before finishing at Rs. 3.15. Neelamalais picked up 8 nP to Rs. 4.18 and Nonsuchs 5 nP to Rs. 28.25. Kil Kotagiris were a shade higher at Rs. 4.68. Devasholas were fully steady at Rs. 30.25. Haileyburias at Rs. 13.70 and Highlands at Rs. 14. Kalasas, however, shed 5 nP to Rs. 5.55, notwithstanding the higher dividend of 25 per cent (taxable) proposed for the year ended March 1961, as against 20 per cent distributed in the previous year. The Company proposes to issue bonus shares at the rate of one for two shares held, subject to Government's approval.

Among coffees, Wartyhullys spurted by 20 nP to Rs. 2.75 and Ossoors by 18 nP to Rs. 2.75. Both the Companies have declared final dividends of 10 per cent (taxable), thereby maintaining the total dividends for the year ended March 1961 at the previous year's level of 15 per cent. Consolidated Coffees rose by 15 nP to Rs. 21.25. Ouchterlony Valleys picked up 10 nP to Rs. 3.75. Lingapur's rose by 5 nP to Rs. 5.10. A final dividend of 15 per cent (taxable), making a total of 25 per cent for the year ended March 1961 (same as in the previous year), has been announced by the Company.

Among rubbers, Cochin Malabars attracted buyers and strengthened by 30 nP to Rs. 7.50. Malankaras gathered 25 nP to Rs. 18 and T.R. and Ts 12 nP to Rs. 9.62. Vaikundams were fully maintained at Rs. 31.25, as also Travancore Rubbers at Rs. 11.25. Midlands, however, sagged by 5 nP to Rs. 11.55.

In the sugar section, Cauverys suffered a loss of Re. 1 to Rs. 122. United Breweries eased by 50 nP to Rs. 103.50. Deccans shed 13 nP to Rs. 13.32 and Travancores 5 nP to Rs. 10.35. Indias changed hands at Rs. 12.05 and Mysores Rs. 57.75.

Among miscellaneous industrials, Tube Investments rose by Rs. 2 to Rs. 262. In the cement group, Indias went up from Rs. 6.58 to Rs. 6.62 and Andhras from Rs. 9.65 to Rs. 9.67. Orissas were firm at Rs. 15.15, as also Dalmias at Rs. 11.10 and Travancores at Rs. 7.50. Among chemicals Travancores gained 50 nP to Rs. 19.25. Mysore Chemicals were fully maintained at Rs. 24 and Mysore Fertilisers at Rs. 11.67. Mettur Chemicals, however, dropped 3 nP to Rs. 14.67, despite the announcement of a final dividend of 6¼ per cent (taxable), making a total of 12½ per cent for the year ended March 1961, as against only 8.8 per cent distributed in 1959-60. Central Scientifics were maintained at Rs. 6.75. The taxable dividend for the year ended March 1961 has been maintained at the previous year's level of 15 per cent. Western India Plywoods, however, fell by 50 nP to Rs. 223. Aluminium Industries shed 10 nP to Rs. 23.35 and Ashok Leylands 2 nP to Rs. 9.67.

(Concluded from previous page)

of India, the Company's agreement with the Continental Ore Corporation of New York for the sale of the entire output of the Company with a minimum guaranteed price for a period of 10 years has become inoperative.

Referring to the problems confronting the industry, in general, Dr. Mudaliar analysed the factors which were affecting the cost of production of ferro-manganese and made a number of valuable suggestions for reducing it. The non-availability of full power requirements, the prohibitive costs of electric power, the high cost of good quality manganese ore and the high railway freight rates were the main reasons, he said, for the high cost of production of ferro-manganese.

The incidence of railway freight rate is also said to be inordinately high. The Khandelwal Ferro Alloys is currently paying about Rs. 52 per metric ton as rail freight for carrying its products from the factory at Kanhan to Bombay, while it has to pay only Rs. 45 per ton as ocean freight from Bombay to the U.S. Dr. Ramaswami Mudaliar, therefore, suggested that, in the interests of stabilising the ferro-manganese industry, the railway freight rates should be suitably revised.

The Chairman of the Khandelwal Ferro Alloys quoted facts and figures to show that the cost of electric power to ferro-alloy manufacturers in India is very much higher than that to the ferro-alloys industry in other countries competing with Indian production in the international market. In this country, the ferro-manganese producers have to pay electric charges ranging from Rs. 125 to Rs. 200 per 3,200 kilowatt of power, required for producing one ton of ferro-manganese, whereas producers in foreign countries have to pay for an equivalent load of power as follows: Rs. 42 in Norway, Rs. 51 in Canada, Rs. 54 in the U.S. and Rs. 89 in West Germany. Dr. Ramaswami Mudaliar, therefore, called upon the Government of India to lay down a special power tariff applicable to heavy electric smelting industries, such as the ferro-alloys. He observed that a uniform tariff, without any regard to the particular needs of industries, the quantum of power consumed and the paying capacity of the industry concerned, would not be conducive to industrial growth, and also to a fair dispersal of industries all over the country.

Despite all the facts mentioned above, Dr. Ramaswami Mudaliar struck a note of optimism so far as the outlook for his Company was concerned. Thus, he said:

"The ferro-alloys industry is a basic industry; though smaller in magnitude than the steel industry, it is certainly as essential to the economic growth of the country, as the steel industry. I have no doubt that, with Government's awareness of the problems facing us and with their active co-operation, the industry will be established on a firm and solid foundation, and will have its rightful place in the economy of the country."

He also disclosed that the Company had decided to embark on an expansion programme and that it had been granted a licence for setting up a steel tube mill of a capacity of 48,000 tons per year for the manufacture of pipes, both galvanised and black, of a diameter varying from ½" to 4". These pipes are said to be in great demand in the country and their manufacture is considered to be a profitable line. The Company will shortly be raising additional capital to finance this new venture.

HOPES AND FEARS ON THE EUROPEAN ECONOMIC COMMUNITY

From Our Own Correspondent

LONDON, *5th August*

IT is, of course, clear that the Government are determined to get Britain into the European Economic Community, even though the terms of the motion carried by the House use the formula "to initiate negotiations to see if satisfactory arrangements can be made." The Lord Privy Seal, who is charged with the conduct of the negotiations on behalf of the Government, has said: "We are determined to try to make a success of them . . . we must try to achieve this wider partnership in Europe. We must not be dominated by fears and anxieties. We must have faith that we can deal with these new developments. . . ." The slogan is, therefore, Faith Without Fear and Anxiety!

LONDON LETTER

The Opposition is not resisting the Government's negotiations and the three conditions that they laid down for entry into the Common Market differed from those of the Government only in emphasis—all are agreed that the House of Commons must approve entry; that the special interests of the European Free Trade Association countries should be looked after, and that the special interests of the Commonwealth countries are also respected. It is on this last point that the Labour Party is firmer than the Government. The Government are prepared to go in "after full consultation with other Commonwealth countries," but the Opposition wants the specific approval of the Commonwealth countries first. But the Government will certainly not wish to come before the House seeking its approval in the face of the direct opposition of any important member of the Commonwealth.

Faith in Future

It now transpires that the Government's determination to press on towards entry into the Common Market has been based upon more back room examination of the problems than they have hitherto been prepared to admit. We are now told that "there is confidence between the countries of the Six and the countries of the Seven about the future. . . there is now faith in the future in trying to get an agreement"; that with the Commonwealth "we have been able to create a greater understanding of each others problems," and even Mr. Harold Wilson, speaking for the Opposition, recognised that the problem of Commonwealth preferences could be resolved by long-term contracts to buy the basic exports. This would revive the arrangements familiar during and after the war for commodities such as butter, wheat, wool and other raw materials. Of course, such contracts are more easily reconciled with the philosophy of a Labour Government than with that of a Conservative one. But the Government admit that they have "explored different ways and means by which these technical problems can be settled. . . and cannot decide which are the most suitable until we get into the business of negotiation."

But the strongest arguments which the Government put forward were that the European Community was in a formative period, the difficult problems of the international agricultural communities and the problems of deferring social legislation were all about to be worked out. This was, therefore, the time for Britain to be in and exercise her influence. The Prime Minister also was on good ground when he said that it was recognised that the development of the Common Market would mean competition from the Continent and that that competition would be there whether Britain were out or in.

The principal doubt on the part of the Government supporters concerned the possibility of a weakening of British sovereignty through involvement in political ties. These fears were not stilled when the Government said that the formulation of machinery for political consultation was now being developed by the Common Market countries and that Britain should be involved in this too at this stage.

Sterling and Reserves

But, from an economic point of view, and after all the Common Market is called a European *Economic* Community, the Opposition put their finger on the trickiest and least understood part of the whole matter of association. What would association mean in terms of control over financial policy and capital movements? This week a loss of £114 million of gold has been announced for the month of July. To meet this drain and to compensate in part for the loss of £400 million since the beginning of this year, the International Monetary Fund is making available £714 million.

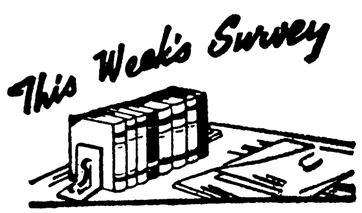
What would be the position of sterling and reserves in the Common Market? Would capital movements freely take place between this country and the Continent with the possibility of vast drains on the reserves beyond the capacity of the I.M.F. to meet? Would a European monetary policy develop which, while in the interest of the Economic Community as a whole, might be very damaging to the U.K. and to the sterling area? All that has been said on the Government side so far is that there was no common financial policy contemplated, and yet the question of capital movements is under consideration between the member-countries and Britain must face up to association with a common policy. However, these are surely hurdles to be taken much later in the progress along the course of economic association. Britain cannot avoid the problems of capital flows between the U.K. and the Continent or the effect of Continental fiscal policy on the position of sterling. Yet it is clear that, on all these matters, Britain will not have to accept at this stage any conditions which would directly hamper her in the control over the general climate of her financial policies.—*All Rights Reserved.*

RISE IN U.K.'S GROSS DOMESTIC PRODUCT

The United Kingdom's gross domestic product (that is, the total amount produced at home) rose in the first quarter of this year to a level 1¼ per cent above that of a year earlier, according to estimates published by the Treasury. This increase is on a seasonally adjusted basis, and valued at 1954 prices. At current prices, it was 6¼ per cent higher than a year earlier. According to Treasury estimates, the rise in fixed investment in the United Kingdom—that is, in plant, buildings, and machinery—which began about the middle of 1959, probably continued until the first quarter of this year. During 1960, most of the rise was in investment by the private sector. Manufacturing industry was responsible for most of the increase, showing a rise of 24 per cent, at current prices, between the first quarters of 1960 and 1961.

These are the latest estimates of British national income and expenditure, and London observers note that they bring out in particular the continued rise in fixed investment and the sharp increase in personal incomes which occurred during this period. The rise in investment—which had been going on throughout 1960—has, at long last, produced some upward movement in the level of industrial production, as shown in the second-quarter results. The rise in personal disposable income by over 3 per cent, seasonally adjusted, between the fourth quarter of 1960 and the first quarter of this year has undoubtedly added to the pressure of excess demand in the British economy, which was one of the factors leading to the counter-inflationary measures just announced by the Chancellor of the Exchequer.

THE UNITED STATES OF AMERICA HAS FROM JANUARY TO JUNE 1961 PURCHASED 590000 PAIRS OF FOOTWEAR FROM Bata INDIA



T.I.S.CO'S PROBLEMS

IT is customary for business and industrial circles in the country to look forward to the annual general meeting of the shareholders of the Tata Iron and Steel Company with eager anticipation. For they are used to hearing from the distinguished Chairman of the Company, Mr. J. R. D. Tata, his views and comments not only on the affairs of the largest and most important joint-stock enterprise in the private sector, but also on the major economic problems facing the country. Last year, a new departure was made by him, in order to save time at the annual meeting, which, as any one who has attended it knows, usually lasts for several hours. The Chairman's comments on the affairs of the Company were circulated to shareholders along with the Director's report and audited accounts, while his observations on general economic problems were reserved for the annual meeting. This practice has been continued this year also.

The performance of the T.I.S.Co. on the production front and the Company's prospects for the immediate and foreseeable future are two points which have been commented upon by Mr. J. R. D. Tata in his statement this year. As regards the first, the Chairman admits frankly that the full production of two million tons of ingots or one and a half million tons of finished steel is not likely to be achieved in the next two years. The simple and inescapable fact, he declares, is that, as things are today, it is not possible to get the required production of coke, pig iron and steel, until the required quantities of improved raw materials are fed to the plant. The main obstacle, which equally affects the operation of other major steel plants in the country in both the private and public sectors, continues to the high ash content of coal. For every one per cent increase in ash content of coal, the production of iron at the blast furnace declines by 5 per cent or more while the consumption of coke and limestone increases by 5 per cent. The steel manufacturers are thus doubly penalised. Higher consumption of coke, in the absence of spare coking capacity, means that the coke has to be purchased from outside sources. The delay in the completion of the Government Coal Washery at Bhojudih has adversely affected the supply of coal of the requisite quality which, in turn, has been having deleterious effect on the output and cost. Mr. Tata, however, is confident that the two-million ton output will be reached when this and other handicaps are removed. In order to remove the other handicaps, there has to be an improvement in rail transport, larger provision of ore beneficiation and blending facilities and the addition of an oxygen plant to the furnaces of the Company's steel melting shop No. 3.

The need to build an oxygen plant, which involves an additional capital expenditure of one crore of rupees, has been forced on the Company by the refusal of the Government to permit the Indian Oxygen Company to put up a plant for supplying oxygen on the ground that that Company has already a monopoly in oxygen production. The Government wanted the oxygen plant to be put up either by T.I.S.Co. itself or by another company in collaboration with a different foreign firm. As the latter suggestion would have involved a lot of delay, the Company had to take up on itself the responsibility of putting up the plant, a job which would, in all probability, have been done better and at cheaper cost by the Indian Oxygen. Here is an instance where the Government overlooks economic considerations in favour of ideology.

Commenting on the prospects for the Company, Mr. Tata observes that they are largely dependent on the retention prices for steel fixed by the Government. The question is still under the consideration of the Tariff Commission which is expected to make its recommendation some time during the current financial year. Mr. Tata feels that a more flexible approach to the problem of fixing retention prices than has hitherto been adopted, is called for. With five major steel plants now in operation, the old system of fixing prices on the basis of meticulous estimates of output, productmix," costs and overheads applicable to a period of years is no longer a workable one. In the fast changing and largely unpredictable conditions prevailing in the past decade and likely to prevail in future, it is well nigh impossible, according to Mr. Tata, to make accurate forecasts, years in advance, of all the main elements that enter into costs. Hence any rigid and complicated system of fixing retention prices will lead, as it has in the case of T.I.S.Co., to results different from those planned, notwithstanding all the care taken by the Tariff Commission on their determination. In the case of T.I.S.Co., it has led not only to lower profits than intended over the last five-year price period and consequently to the failure to earn the surplus of Rs. 14 crores which were expected to accumulate from profits to finance a part of the two-million ton programme but also to certain anomalies such as lower profit on more advanced and costly products requiring more specialised techniques and more work and skill than on simple and cheaper products. If therefore an all-embracing system of control over production, distribution and price is to remain in force, prices, Mr. Tata contends, should at least be fixed on the basis of broad principles and assumptions with reasonable margins built into them. This is a perfectly logical and justifiable conclusion.

COIR INDUSTRY

Coir is a hard fibre extracted from the husk of coconuts. Although the Philippines, India, Ceylon, Indonesia and Malaya are the main producers of coconut, the manufacture of coir on a commercial scale is undertaken only in India and Ceylon. India is the largest producer of coir yarn, mats, mattings and carpets, while Ceylon has specialised in the production of coir bristle and mattress fibres. The present output of coir fibre in India is estimated at 150,000 tons per year, as against 130,000 tons five years back. This industry has an important place in India's export trade, with the foreign exchange earnings derived from its products amounting to about Rs. 9 crores annually. It is concentrated in the coastal regions of Kerala and the Kanyakumari district of Madras State—areas where the backwaters provide excellent facilities for 'retting', that is, keeping the husk immersed in water before the extraction of fibre. The Coir Board (set-up in 1953) has been making efforts to extend the manufacture of coir to the other coconut producing States, but the results have been poor so far. An important feature of the industry is that it has continued to function as a cottage industry ever since 1859, when a simple method of coir spinning and weaving was devised by an American of Irish origin. It has not attracted any new scientific innovations in production and processing techniques. Fibre is extracted from the retted husk by beating with wooden mallets, and yarn is spun either on ordinary wheels or even by hand. The methods of production of coir manufactures, too, are simple and antiquated.

It is precisely these outmoded techniques of production that have hindered the progress of the industry and resulted in stagnation of exports. Currently, coir goods are getting accumulated in Kerala, without any immediate prospect of securing adequate overseas orders. This is a dismal picture, considering the fact that the industry is particularly dependent on overseas markets, with well over half of its products being meant for export. During the last five years, total exports of coir products have been more or less unchanged at about 75,000 tons. Among exports, coir yarn is the major item and is bought by many European countries, such as Holland and West Germany, which turn out manufactured goods like mattings out of it in modern factories. Needless to say that India's hand-made coir goods can hardly withstand competition from these countries under the present set up. Apart from the growing supplies from other countries, coir goods have had to face stiff competition from substitutable fibres, such as sisal, manila, hemp and henequin. Unless, therefore, the industry modernises its very structure and organisation, it will not be able to face the growing competition.

It is gratifying to hear, in this context, that a meeting of all the representatives of coir trade, industry and labour and also Central and Kerala Governments, held at New Delhi last week, decided in favour of introducing mechanisation in this industry. If this proposed measure is carried out in right earnest, there is every reason to believe that the industry will step up its efficiency and improve the quality of its products, thereby recovering the lost markets abroad. A word of caution is, however, necessary. Mechanisation will lead to the retrenchment of a sizable proportion of the existing labour force. It should not be forgotten that labour in this industry in Kerala is already well-organised and is thus in a position to exert pressure through political channels. It may be noted that about 500,000—600,000 persons, 75 per cent. of them women and child-workers, are employed in the processing and production of coir now, with a large number of families exclusively dependent on this avocation for a meagre living. In the aforesaid meeting, it was suggested that the State Government and the industry should ensure that retrenched workers would get alternative employment. With the co-operation of the Centre and the industrialists in Kerala and elsewhere, it should be possible to launch industrial enterprises which could absorb the workers displaced from the coir industry.

Apart from modernising the means of production, there is need for studying consumer preferences for coir in foreign countries. The Coir Board has now decided to undertake a market survey in Sweden and Switzerland, with a view to finding out the consumer preference as well as the causes of resistance to coir products in those countries. This survey, of course, is not the first one, for such studies have been made previously, but their major findings have not been acted upon seriously. For instance, a coir team, which visited Europe and the U.S. in 1959, and also the last Export Promotion Committee (1957) had recommended, in unambiguous terms, the mechanisation of the coir industry. But no action on their suggestion has so far been taken. Market surveys should, no doubt, be conducted, but equal emphasis should be given to implementation of their recommendations. Otherwise, the market surveys will only be of academic importance.

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COAL MOVEMENT PROBLEMS

It is recognised in the final report of the third Plan published this week that concentration of coal production in the Bengal-Bihar coalfields poses serious problems of transport, because coal has to move to consumers distributed all over the country. But, at the same time, it is also recognised that even increased production in outlying coalfields cannot offer a complete solution of the problem, as the better grade coals are not found in abundance outside the Bihar-Bengal area, particularly the Raniganj field. The expected greater pressure on the railways for moving coal in the third Plan period is proposed to be partly relieved by three measures, namely, an increase in the wagon capacity of the railways, movement of coal by road to consumers situated near coalfields and an increase in the quantity of coal moved by the rail-cum-sea route to consumers in southern and western India. While already some steps have been taken to implement the three measures, the progress registered so far seems to be far from satisfactory. How the first two measures have fared in the face of practical difficulties was dealt with in a note in these columns very recently (vide page 203 of *Commerce*, dated 29th July 1961). It may be that the two measures—increasing wagon capacity and moving coal by road to nearby consumers—will be more satisfactorily implemented in due course. But, as of today, the fact is that no appreciable relief to coal consumers has flowed from either measure.

The third measure, namely, movement of coal by sea does not also seem to be working well, for there are already complaints on that score from South India as well as from Bombay. Mr. A. Zaman, Central Coal Controller, has just thrown some light on the situation. According to him, the Indian Coastal Conference has made available only 37 ships, as against the 42 ships required for moving two million tons of coal in all in a year from Calcutta port to other coastal ports. The Government of India is, therefore, proposing to charter five ships from abroad for augmenting the coastal fleet earmarked for coal haulage. If this is done immediately, there will be no need to decrease the number of ships carrying coal to Madras and other southern ports while increasing the number from four to five a month in the case of Bombay.

The Coal Controller's view, in this connection, is that modern facilities for discharging coal rapidly are not available in South India and hence the rate of discharge is lower at 500 tons per day per ship (as against the normal rate of 750 tons). But this statement is questioned in the South. It is stated, for instance, that the Madras Port Trust has installed, within the last one year, three cranes of eight tons capacity each and also commissioned a new coal berth, while the Tuticorin and Cuddalore ports, too, have been performing as well as, if not better than, Madras in the matter of discharging coal. Since both Madras and Bombay are in need of adequate coal supplies, the authorities should see to it that the industries in either region are accorded equal treatment in terms of the officially-determined priorities themselves. The present priority classification, incidentally, is that railways, power stations, steel plants, municipal water works and gas plants should get their full supply of coal, while industries like cement and chemicals could get coal supplies on the basis of their actual consumption in the six-month period from November, 1959 to April, 1960. The Coal Controller, who is directly concerned with the scheme of coal movement by sea, is rightly expected to administer it in such a manner as to give equal satisfaction to both Madras and Bombay.

AUTOMOBILE TRANSPORT

Thanks to an aggregate outlay of about Rs. 389 crores on roads and road transport in the first and second Plans together, the capacity of the road transport industry has more than doubled. The volume of goods traffic carried by road transport in the end-year of the second Plan is estimated to have been 10,600 million ton miles and that of passenger traffic 30,000 million passenger miles, as compared with 54,700 million ton miles of goods traffic and 48,600 million passenger miles of passenger traffic carried by the railways in the same year. According to the preliminary report of the Neogy Committee, the increase in freight traffic by road is expected to be of the order of 120 per cent over the third Plan period, that is, from about 10,600 million ton miles in 1960-61 to 23,350 million ton miles in 1965-66. According to the final report of the third Plan, the expansion of commercial road transport in the next five years will depend largely on the manufacturing capacity of the indigenous automobile industry and the total number of goods vehicles is expected to increase over the period from about 160,000 to 285,000, representing a rise of about 78 per cent. Two questions arise in this connection—one being whether the expected 78 per cent increase in the number of goods vehicles would be sufficient to handle the estimated 120 per cent increase in freight traffic and the other being whether the actual pressure on road transport would not be greater than is estimated.

As far as the first question is concerned, the answer seems to be that there will be an adequate increase in the capacity of goods vehicles over the period. It may be that this will be possible only if imports of components and spares for the vehicles in commission are more liberally permitted. Here the suggestion made by Mr. B. P. Poddar in his Presidential Address at the thirty-fourth annual general meeting of Motor Industries Association held at Calcutta on 2nd August, 1961, would need to be seriously considered—the suggestion that "a sizable portion of the aid for India can be spent on the import of components and spare parts." If some of the existing vehicles on the road go out of use earlier for want of imported components and spares, the expected increase in capacity will not materialise. It is, therefore, of the utmost importance that a part of the 'untied' credits which are to be provided by the United States under the Aid-India Consortium's programme should be made available for financing the maintenance imports of the automobile transport industry.

As for the question whether the actual pressure on road transport would not be greater than is estimated, the answer can only be in the nature of an intelligent guess. Mr. Poddar's view is that the goods traffic offerings over the third Plan period may well be more than the current estimates on the basis of certain assumptions regarding utilisation of vehicles. This is also supported by the third Plan report's finding that "the demand for transport (in the last ten years) has risen at a substantially faster rate than the increase in national income or the growth of production in any major sector of the economy over the period" and that "this trend may well be expected to continue in the period of the next few Plans." It is extremely doubtful whether an outlay of Rs. 297 crores on roads and road transport by the public sector in the third Plan period, as compared with Rs. 242 crores in the second Plan, will be sufficient to meet the ever increasing demand for this means of transport. As the revenue from excise duties on motor spirit, tyres and tubes, motor vehicles, etc. and the import duties on them will aggregate not less than Rs. 625 crores during the five-year period and as most of this revenue will be paid by road users, they have the right to expect a greater benefit by way of improvement of roads. That roads, which represent a service not only for automobile transport development but for all forms of development, should have a higher priority cannot be overemphasised. It should be possible to plan for a bigger road development programme now, for surplus local manpower can be mobilised on a larger scale and steam and diesel road rollers, asphaltic bitumen, etc. are available from indigenous sources. There is still some hope that the road programmes which are yet to be finally formulated by the State Governments will be so framed as to add substantially more than 25,000 miles of surfaced roads in the third Plan period.

MONEY SUPPLY

The primary objectives of the third Five-year Plan, as enunciated by the Planning Commission, are to secure self-sufficiency in foodgrains, double the rate of growth in agriculture, build up capital and producer goods industries at a faster pace, and create not less than 14 million additional jobs. These are no doubt quite laudable objectives, the fulfilment of which will raise the living standards of the masses to not an insignificant extent. But much will depend on the question whether 'timely and energetic measures will be taken to prevent an undue increase in price level following the massive investment programme involving Rs. 11,600 crores. Money supply, as readers are aware, is one of the major ingredients of inflationary forces, though 'monetary expansion' by itself does not necessarily indicate or generate inflation. While the data relating to money supply have been published in a fairly comprehensive manner for a number of years now, there has so far been no systematic analysis of the concept of money supply and the mechanics of its variations. This gap has been filled now by an interesting analysis of money supply in India during the first and second Plan periods, prepared by a Working Group of four economists of the Reserve Bank (Messrs. S. L. N. Simha, V. V. Bhat, A. G. Chandavarkar and D. R. Khatkhate) and published in the latest issue of the *Reserve Bank of India Bulletin*.

The object of the study is threefold: (1) to discuss the concept of money supply as used in India, (2) to examine the mechanics of money supply variations, (3) and to analyse the various factors affecting money supply in the ten years ended 1960-61. Money supply in India is defined as consisting of currency notes and coins with the public (excluding Government balances held at treasuries and cash on hand of banks; demand deposits of banks, and other deposits with the Reserve Bank (excluding Account No. 1 of the I.M.F.). The constituent items of supply are mostly the liabilities of the banking system as a whole, as well as to a limited extent of the Government, to the public. The analysis divides the economy into two sectors, that is, the Government sector (Central and State) and the private sector (rest of the domestic sector and foreign sector). It would certainly have been more meaningful if the transactions of the foreign sector (that is, non-resident individuals and institutions) had been segregated.

The study of the actual money supply variations in India during the period from 1951-52 to 1960-61 is in terms of the impact on money supply of each of the three sectors, namely, bank credit to the Government and private sectors, net variations in foreign exchange assets, and changes in other net non-monetary liabilities of the banking sector. The study reveals that the total money supply expanded by as much as

Rs. 722.4 crores in the second Plan period, as against a rise of just Rs. 198.7 crores in the first Plan period. Such a marked expansion occurred despite the sharp fall of Rs. 664.6 crores in net foreign assets (Rs. 95.8 crores in first Plan) and of Rs. 63.3 crores in net non-monetary liabilities of the banking sector (Rs. 56.8 crores in first Plan). For these declines were more than made good by the appreciable rise of Rs. 1,400.5 crores in money supply on account of Government sector and Rs. 49.7 crores on that of the private sector; the corresponding figures for the first Plan were Rs. 245.2 crores and Rs. 106.0 crores, respectively.

No precise or direct data are available with regard to the net purchases/sales of foreign exchange by the Government sector from/to the banking sector. It is, however, estimated on the basis of available data that the Government sector was responsible for a decline in the banking sector's net foreign exchange assets to the extent of Rs. 329 crores on its own account of Government sector (— Rs. 559 crores in first Plan) and Rs. 336 crores on account of private sector (+ Rs. 463 crores in the first Plan). Making allowance for this sector and taking into account the P.L. 480 deposits of about Rs. 200 crores with the State Bank (which can be regarded as the Government sector deposits), the Government sector was responsible for an expansion of Rs. 872 crores in money supply (— Rs. 314 crores in first Plan), while the private sector accounted for a fall of Rs. 86 crores (+ Rs. 569 crores) in first Plan. The following table indicates the money supply variations, as well as the trend of bank credit, during the first and second Plan periods:

(Rs. in crores)

	Outstanding as on 31st March		
	1961	1956	1951
Money supply with public ..	2,901.7	2,184.4	1,975.7
Of which:			
Currency	2,026.9	1,505.2	1,329.0
Other deposits with R.B. ..	19.0	12.0	26.0
Bank money	855.8	667.2	620.7
Net bank credit	3,066.1	1,621.0	1,259.8
Of which:			
Government sector	2,623.6	1,228.2	973.1
Private sector	442.5	392.8	286.7
Net foreign exchange assets of banking sector	99.6	764.2	860.0
Non-identifiable net non-monetary liabilities of banking sector ..	220.8	157.5	100.9

The above table shows that the total net bank credit to the private sector increased by just Rs. 49.7 crores over the second Plan period, as against Rs. 106.0 crores in the first Plan period. For the substantial credit of Rs. 103.4 crores in 1956-57 and Rs. 294.4 crores in 1960-61 was offset to a significant extent by the negative figures for the intervening three years. The net bank credit to the private sector does not represent the total impact of this sector on money supply, as its transactions with regard to purchases/sales of foreign exchange from/to the banking sector are not taken into account. Since no separate data regarding such transactions are readily available, they are merged with the similar transactions of other sectors. It is, however, estimated that the banking sector's foreign exchange assets, as already noted, increased by Rs. 463 crores in the first Plan period but declined by Rs. 336 crores in the second Plan period, as a result of its transactions with the private sector. If account is taken of this factor, the net bank credit to the private sector would, as mentioned earlier again, be higher by about Rs. 463 crores in first Plan and lower by Rs. 336 crores in second Plan. The amount of Rs. 336 crores is understated to the extent of Rs. 200 crores, because of the extraordinary increase in U.S. Embassy's P.L. 480 time deposits with the State Bank.

The transactions in respect of purchases/sales of foreign exchange of the Government and private sectors with the banking sector are reflected in the variations in foreign exchange assets (gold holdings, foreign assets of Reserve Bank and foreign assets of banks) and in non-monetary foreign exchange liabilities of the banking sector (Reserve Bank's non-monetary liablity to the I.M.F. and borrowings from abroad of banks), particularly of the Reserve Bank, as, due to exchange control, the variations in these items of banks are not very significant. The variations in the net foreign exchange assets of banks may not, however, be accurate for two reasons. In the first place, reliance on balance of payments data, which may not completely tally with those normally figuring in banks' returns, may have introduced some error in the calculation of banks' assets. Secondly, the non-monetary foreign exchange liabilities other than those identified are not taken into account due to lack of data; these liabilities are merged with the other non-identifiable net non-monetary liabilities of the banking sector.

ON THE ARENA

By "Archer"

The Small Car Project

THE news from Delhi regarding the small car project is still full of bits and pieces of speculation, very much like two or three sets of jigsaw puzzles jumbled together. The main difficulties are, of course, broadly, visible. Although the foreign collaborators have agreed to make a special contribution towards the entire foreign exchange component of Rs. 5½ crores, their offer is not wholly acceptable as the amount may have to come out of the total aid offered by the French Government, and, if it is not so, it will reduce the credit offered by the other members of the Consortium. In such circumstances, the question of priority for the project has to be considered. The Planning Commission, it is reported, is not willing to rate the project high from the point of view of both priority and viability. On an annual production of 50,000 cars, the *ex*-factory price is estimated at Rs. 5,100, and the fair selling price at Rs. 6,600 which will include only excise duty and dealers' commission but not sales tax, freight, etc. On an annual production of 20,000 cars, the comparable prices will be Rs. 6,200 and Rs. 7,800 respectively. It is very doubtful, if the internal demand will be even as much as 20,000 per annum. To keep prices low, a large export of cars must take place, but there is no evidence of India's traditional markets in the Middle East and Far East waiting to welcome an Indian small car. The "car of the people, by the people, for the people" will remain entirely *for the people* of this country, and not for people in any other part of the world. The small Indian car will remain, like Indian sugar, very much surplus to our requirements and unsaleable in the export market for a long time to come.

On the question of priority, the Planning Commission is reported to feel that it will amount to misdirection of scarce resources, if the project comes into being in this period. It has also discovered much merit in an observation of the Tariff Commission in its Report (1956) on the Automobile Industry to the effect that, should a large demand for small cars arise in this country, it would only represent an avoidable, and therefore, wasteful use of savings on the part of the class of consumers for whom they are meant. In the meantime, Ambassador Galbraith has come out with an analysis of the theory of consumption in development planning, for the benefit of planners in general. (*Vide* his address to the University of Bombay on 31st July.) I am tempted to use the relevant extracts from his address *in extenso* for the very good reason that it almost looks as though Mr. Galbraith was stating the problem with special reference to India, though he would like it to be known (in conformity with diplomatic propriety) that he was not.

"What kind of consumption should be planned? Should it take the consumption of the more highly developed countries as a model? Should it be guided by whatever market demand exists, which, in most underdeveloped countries, will reflect a considerable inequality of income, with the result that production will be heavily influenced by the wants of the well-to-do minority? Or, should production be tailored, above all, to serving as cheaply as possible, the recognisable needs and desires of the average low-income consumer? If these questions are not faced deliberately, they may be answered without thought. In particular, there is danger that the consumption patterns of the more developed countries will be followed as a matter of course. The theory of consumption must, I think, be more democratic than this. Prime attention must be accorded to goods that are within the range of the moderate income. The burden of proof is on the rest. Cheap bicycles are more important than cheap automobiles. An inexpensive electric lighting system for the villages is better than a high capacity system which runs equipment which the people cannot afford. Inexpensive radio sets are important; television belongs to another day. Above all nothing is so important as abundant and efficiently produced food, clothing and shelter, for these are the most universal of requirements."

In my column dated 28th January last, I referred to Dr. Thomas Balogh, Fellow of Balliol College, Oxford, who completed a two-month study of planning in India and stated, before leaving this country, that the idea of producing a low cost peoples' car in India was "absolute madness." I also ended my note by saying that it will be more in consonance with modern concept of social justice, and will fulfil a greater social purpose if we established production of cheap electric motors, fans, refrigerators, electric pulverisers and similar durable consumer goods for the monthly income group between Rs. 300 and Rs. 500, rather than of cheap cars. I now have occasion to flatter myself that I am in good and distinguished company. But that is about all that I can be happy about. As regards the small car project, it might still go through. Someone may undertake a fast unto death to have it included in the third Plan, and your guess is as good as mine as to what might happen.

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Talking in Circles

The Indian Sugar Mills' Association has complained that the price schedule determined by the Tariff Commission for the sugar industry in 1959 is out of date as it related to costs in 1957-58 which had since become unrealistic. This is a new one on most of us, for everybody has been saying that the sanctioned price is much too high for export, and does inhibit consumption in the country, and yet the I.S.M.A. is angling for an upward revision. It wants a standing body for price fixation presided over by a person *of the status of* (italics mine) a Supreme Court Judge for bringing the cost of production data up-to-date. Mr. S. K. Patil, the Minister, agrees with the proposal and wishes to secure guidance to Government on agricultural price policy from time to time. This aggreeable exchange of ideas between the Minister and the I.S.M.A. does not clearly indicate what it is intended to secure. Greater objectivity, or day-to-day price fixation, or quick revisions? There are two alternative ways of securing the first two requirements. One is by raising *the status* of the Chairman of the Tariff Commission to that of a Judge of the Supreme Court, to which, I dare say, he would have no objection. The other is by having a standing bench in the Supreme Court for price fixation of Commodities, to which, I have no idea what the Chief Justice of India will say. In either case, how could quick and frequent revisions be obtained, and for what purpose? For Mr. Patil has also declared that the Government was correct in not increasing the consumer price of sugar when the industry asked for an increase in 1959 on various grounds, for such a step would have inhibited consumption. If, as he is correct with sugar, he intends to sanction an upward rise in the price of an agricultural commodity only if the consumer can bear it, what he needs is a market research organisation and not a standing body for price fixation.

Mr. Patil says that the Maharashtra Government had given a "solemn promise" to the Union Food Ministry that the application of the Land Ceilings Act to the sugarcane farms of the State's sugar factories would not result in lowering production from these farms. The "solemn promise" is very amusing. One can understand their expressing their "considered opinion" that fragmentation will not affect productivity and that the economic pundits who have predicted otherwise have been jargonising, but a "solemn promise" indicates that the Maharashtra Government is powerful enough, to stop the operation of the normal laws of economics! All that we can do is to wait and see how things happen in the long run. In the meantime, the solemn promise sounds very much like the complacency of a hotelier who accommodated two honeymooning couples in a single bed room with a partition between two ornate double bedsteads, and, bowing low, expressed his assurance that the "monsieurs and madams will be very comfortable."

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The Importance of Being Hard

At the rate at which he is laying down new codes of conduct for Congress Legislators and Ministers, Mr. Sanjiva Reddy, the Congress President, is likely to become extremely unpopular —or am I wrong? The ten-year rule has upset a lot of venerable old people who are grinding their dentures. And now comes the announcement that Ministers and Deputy Ministers, who have been members of the Rajya Sabha or Vidhan Parishads for more than six years, should face the electorate during the next general elections. He would not like to make any exceptions. "The elections," he says, "would provide them with the opportunity of facing the general public and they should avail themselves of it." Hard words these, and many of them will think so. Mr. Reddy also stated that, as a rule, no Congress candidate would be allowed to stand for more than one constituency; there may, perhaps, be peculiar circumstances and very exceptional cases. Normally, however, one can have only one ticket and it should be a winner.

Mr. Reddy is of the view that the Congress session was becoming a very costly annual show, involving an expenditure of Rs. 20 lakhs, which, he says, we just cannot afford. He proposes to limit this year's session to four days and the expenditure to Rs. 10 lakhs. I am informed that even the A.I.C.C. sessions with fewer delegates cost about Rs. 2 lakhs and wonder whether the Congress President would be able to carry out his austerity drive to the extent of reducing the outlay on the annual show to as low as Rs. 10 lakhs. It is not as though Rs. 10 lakhs is in itself a small sum or something we can afford, but it will be good if some restraint is imposed for a beginning. Let us not forget that this money is only what the Congress organisation spends, and does not include moneys spent by the Railways, the Post and Telegraphs, the P.W.D., etc., to provide the additional facilities required by delegates and visitors.

I have a hunch that Mr. Reddy has been thinking aloud a little too early. The Bihar Pradesh Congress Committee which is in charge of the next session at Patna has drawn ambitious plans for beating the previous shows in pomp and grandeur. What will they say to cutting down the expenditure to a miserable Rs. 10 lakhs?

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The Contest for Looks, Good and Bad

Every year we hear of beauty contests and of some young girl being chosen Miss America or Miss Europe but never of a Beauty Queen entering the contest for a second time and a winning again. So, it must be that they lose their looks within the year and fade. Occasionally, of course, we do hear of something that happened to a former beauty queen, but that is only as a padding to give some glamour to the news item. Having realised this, it looks as though an attempt is now being made to invest beauty contests with an international social purpose. The "stunning brown-eyed girl from Holland, nineteen-year-old Stanny van Baere" who won the recent Miss International title, is stated to have told the packed auditorium in Long Beach, California, that "she hoped that the main purpose of the International Beauty Congress was to further peace and friendship among the peoples of the world, and that her hope would be accomplished." What a hope!

And from Pinerolo in Italy comes the news that a jury of pretty girls has picked Mario Cendarin as winner of the contest for the town's ugliest man at Luserna San Giovanni, and given him the title of Mr. Bruto (1961). (Bruto means ugly in Italian). Cendarin was not too happy at winning the contest. He said glumly that, when he entered the contest, he sort of hoped to be defeated, for, though he knew he was not handsome, he did not think he was that ugly. What a hope!

Beauty sometimes fades, but is not entirely obliterated; traces remain for years and evoke mild admiration. But ugliness sticks, and grows worse as the years go by. That helped a drunken man to get away once in a parley of words with a very ugly society woman. She was very vain, highly be-jewelled and gaudily dressed, and was accosted one evening by the drunken connoisseur of looks as she was proceeding to a reception, with: "Madam, let me have a look at you, please." And when she stopped with much surprise, he said "Ah! Thank you madam. I have had a good look at the ugliest woman in creation." Stupefied at his insolence she shouted: "You, wretch, how dare you, with your drunken and soused face," to which came the reply, "Agreed madam, I am all that you say, but I'll be alright in the morning. But, alas, you'll remain what you are." Which, of course, proves that there are some things worse than being drunk and soused for which one gets derided on occasions.

The International Monetary Fund has entered into a stand-by arrangement under which the Government of Mexico may draw up to $90 million during the next twelve months in currencies held by the Fund. The arrangement with the Fund will help the Government of Mexico to continue the internal and external stability, and the convertibility of the Mexican peso. For this purpose, the Government of Mexico has taken and is taking appropriate measures in the fields of fiscal and credit policy.

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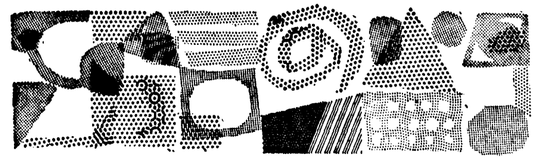

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THIRD PLAN REPORT SHOWS MATURITY

DRAWBACKS REALISED, BUT NO EFFECTIVE SOLUTIONS EVOLVED

From Our Special Correspondent

NEW DELHI, 8th August

THE complete version of the third Plan presented to the Lok Sabha this week embodies all the ideas discussed since the Draft Outline was published a year ago. As a treatise on India's immediate problems of development, it has many virtues. While the second Plan document exuded confidence in its pages, the third Plan report shows maturity. It does not follow, however, that all ideological considerations have been eschewed, but they are now better integrated with the practical tasks ahead.

DELHI LETTER

The statements in the Plan will not set at rest doubts whether resources are feasible, outlays properly distributed and targets adequate in all cases. Two major factors have helped to increase confidence in the future; the prospects for foreign aid have encouraged the hope that "shortage of foreign exchange may not be a major impediment" and the buoyancy in revenues has raised expectations regarding internal resources also. As a result, the implementation of the Plan will depend more and more on how aid is promptly and effectively utilised and what procedures are adopted for raising internal resources, consistent with the need for incentives to greater effort and sufficient resources for the private sector which will have to draw on the same pool of savings.

Two Illuminating Paragraphs

Much more responsibility now rests on the administrative machinery than in the two earlier Plans and, though the planners are fully conscious of this, they seem to be no nearer to solutions. Two very illuminating paragraphs in the Plan summarise the shortcomings experienced so far:

"As the second Five-year Plan progressed from year to year, it was felt that, with greater anticipation and more accurate statistical and economic intelligence, some of the problems might have been dealt with differently. In the first phase of the Plan, the decline in foreign exchange reserves might have been spread over a longer period, and the consequent reductions in foreign exchange allocations might have been less drastic in relation to power development and production of fertilisers. The considerable lags which occurred in the utilisation of irrigation from large and medium irrigation projects could have been reduced. The shortages and imbalances recently reflected in the difficulties of coal transport could have been countered in advance to a greater extent. Finally, the intensity of fluctuations and the rise in prices during the past two years might have been moderated. These are instances of the inter-dependence between the balance of payments and internal price-levels, of the scheme of investments and the resulting outputs, and of developments in the related sectors of industry, transport and power. They point to the much larger dimensions of the problems of management, planning and implementation which are inherent in the design, structure and phasing of the third Five-year Plan.

"These problems arise not only at the national level and in the sectors of modern industry, transport and power, but are also reflected in turn in the greater responsibilities thrown upon the plans of States. In many sectors, the role of planning in the States is wholly complementary to that of planning at the national level, and problems at the State level also become more complex. The line of communication between planning for the country as a whole and for each district, block and village is a long one; to be able to preserve the broad national priorities while seeking to adapt the Plan in its myriad forms to the conditions and needs of each area and each community is no small objective. Against this background, a fresh view has to be taken of the ways in which the machinery and the process of planning at various levels may be improved, evaluation made more incisive, and planning equipped with better statistical and other tools. These are problems to be considered further in consultation with the Ministries at the Centre and the State Governments."

Some of the principal directions in which the existing schemes and organisation of planning may be strengthened are then briefly indicated. One of the basic difficulties in improving the administrative system is the decline of efficiency in proportion to the expansion of cadres; the following passage represents yet another confession of deficiencies:

"As large burdens are thrown on the administrative structure, it grows in size; as its size increases, it becomes slower in its functioning. Delays occur and affect operations at every stage and the expected outputs are further deferred. New tasks become difficult to accomplish if the management of those in hand is open to just criticism. In these circumstances, there is need for far-reaching changes in procedures and approach and for re-examination of prevalent methods and attitudes."

For some time now, it has been the habit of important political leaders to declare that the fault lies in procedures, many of which had been devised long ago and had no relevance to conditions today. There have, however, been no clear views on how these could be simplified without diminishing responsibility and accountability for public expenditure and performance. Now it is realised that procedural changes cannot go very far in removing causes of delay and that they will not transform attitudes of men who have no obligation to show initiative or efficiency; hence, greater emphasis is now laid on training of personnel, supervision, reporting and evaluation.

General Maxims

Some general maxims have been laid down in the Plan which are quite excellent as statements of what is desirable but unlikely to prove adequate in implementation. The first is the need to fix responsibility on the agency concerned and within it on particular individuals; obligations for consultation with others, it is felt, should not extend to details so as to impede effective action. Central Ministries and State Secretariats have taken on responsibility for an increasing amount of original work, thereby reducing the initiative of executive departments.

Another aspect on which stress has been laid is the avoidance of frequent transfers of officials; in any major assignment, a period of five to ten years is considered necessary to show results, but service transfers, depending on promotions and other factors, often ignore this consideration altogether; there is no reason why promotions should not be guaranteed to such persons without involving shifts from one post to another.

Not the least of the problems of administration is the insufficiency of experienced personnel; without answering the question whether available indigenous talent has been sought out and commissioned for major tasks, the Plan states that it would be desirable for a period to supplement Indian personnel by persons drawn from foreign countries, while middle grades of management personnel are developed to take over important roles eventually in both sectors. There is, however, no discussion in this connection of the adequacy of rewards under Indian conditions for such foreign personnel.

Since evaluation on the basis of results will be the chief method of fixing responsibility, the Planning Commission has decided to keep in touch with the working of large industrial and other enterprises; the Committee on Plan projects and the Programme Evaluation Organisation are two agencies which can be utilised for this purpose. It is now admitted that too frequently in the past "reports on progress have lacked focus and have not brought to light current weaknesses or helped to anticipate problems requiring action at different levels." But how could things have been otherwise so long as there was a political interest in asserting that the public sector had great and unsullied achievements to its credit?

Nebulous

There is a revealing sentence in this chapter which states that "for a considerable number of projects included in the third Plan, the information available even at this stage leaves much to be desired." Many of them were not worked out fully nor were they presented adequately. (It is of such stuff that the apparently irreducible physical plan of Rs. 8,300 crores is made!) This defect is attributed to the lack of technical personnel and the absence of arrangements for undertaking detailed studies well in advance of their inclusion in the Plan.

It is in respect of the organisation and management of public sector industrial undertakings that the question of efficiency assumes special importance in view of (1) the determination to expand the public sector relatively and absolutely, and (2) the assumption of substantial additional Plan resources by way of profits from them. There has been considerable public curiosity about the latter, because of the Plan estimate of Rs. 449 crores in the form of surpluses. But few details are vouchsafed even now as the data are incomplete. The estimates of unit costs, it is said, are not precise and the estimates of surpluses are "regarded as only rough indications" (italics mine).

Autonomy and Accountability

For a long time, the question of the proper method of providing autonomy consistent with accountability to public sector undertakings has been discussed at several levels and very few policy decisions have been forthcoming on the recommendations of the Krishna Menon Sub-Committee of the Congress Party or of those of the subsequent Cabinet Sub-Committee. The chapter in the Plan on Organisation of Public Enterprises presumably sums up Government's policy. While it does not elucidate all the issues, there is indication that a Committee of Parliament will be set up, so that it can keep itself informed of the working of public enterprises; membership of the Committee is expected to be fixed for a period of three years to ensure continuity and also provide opportunity to a sufficient number of members to study their progress.

Beyond this, there is little that is specific about the nature of the solutions offered; for example, the desirability of the company form of organisation, raised by the Estimates Committee, has not been discussed. While conceding that secretaries to the Ministries should not be appointed as Chairmen or Directors of these companies, it has been argued that it will be useful in the initial stages to appoint one or two directors from among Government officials dealing with the project in the administrative Ministry concerned, though instances are not wanting to prove that they can become instruments of interference by the Minister concerned.

The recent trend towards integration of public sector enterprises in a particular industry or under the control of a Ministry (as in oil, fertilisers and steel) is another aspect on which no clear guidance has been offered. Realising that such consolidation can lead to excessive centralisation of power in the hands of the Board, it is suggested that delegation of power from the Ministry to the Company should be accompanied by sufficient delegation of authority by the Company to the men on the spot, i.e., the General Managers of individual undertakings.

There are many fields in which the capacity of the administration will be severely tested during the third Plan. The savings drive, export promotion, housing and urban land development are other aspects of planning in which more imaginative and expeditious measures are required in future, but there may still be a time lag before the present awareness of the deficiencies leads to effective measures to remedy them.

The population in urban and rural areas is practically in the same proportion at present as it was ten years ago. In 1951, the percentage of urban population to the total count was 17.38 per cent (61,885,392 persons out of 359,216,905). In 1961, it is 17.84 per cent (77,839,900 persons out of 436,424,429). The rural population in 1951 was 82.62 per cent (294,085,667 persons), and now it is 82.16 per cent (258,584,529). The highest increase in urban population during the last ten years has been recorded in Assam, that is, by 116.69 per cent. Orissa comes next with 87.02 per cent, followed by Bihar, 49.06 per cent. Madhya Pradesh showed an increase of 47.76 per cent, while Kerala 42.44 per cent. In other States, the percentage increase in urban population is: Punjab 33.03; West Bengal 28.88; Madras 22.91; Maharashtra 19.59; Gujarat 19.25; Mysore 16.41; Andhra Pradesh 15.13; Rajasthan 9.40; and Uttar Pradesh 9.86. The figures for Jammu and Kashmir are not yet available.

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PUBLIC RELATIONS

BRANCH BANKING AND THE STATE BANK

By "Kuber"

NOWADAYS, several advertisements have been appearing in the Press by various banks, announcing their branch expansion programme. One of them, the Dena Bank, has just opened its 100th branch at Ahmedabad and another intends to open all at once three or four branches in the various suburbs of Bombay. One of the leading banks has also announced a branch expansion programme, under which it proposes to open 40 branches all over India. The programme of other banks is not yet known, but, in the next few years, hundreds of branches of Indian commercial banks are expected to be opened and one will be hearing more about them almost every day. It is generally felt that more the branches are opened by the commercial banks the better and that, therefore, a programme for vigorous branch expansion is all for the good. It helps them to mobilise the savings of society which otherwise may be hoarded and it also enables the banks to render banking service to areas where banking facilities may be inadequate. At times, banks also indulge in a bit of a theory of branch banking by which they seem to maintain, though not explicitly, that it is advantageous for them to have a large number of branches, as, thereby, they are in a position to mop up savings from predominantly non-business areas and utilise them in industrial areas where there is a great demand for bank credit. In theory, it would be difficult not to agree with this point of view and also with their branch expansion programme.

In practice, however, things are not so simple as they seem. I happen to be of the view that what appears to be a blessing in theory is a great disadvantage in practice. If one were to go a little deep into the matter and judge the position by the results one would find that, in most cases, if not all, the branch expansion programmes of Indian banks are confined chiefly to areas where there is already adequate banking facility. Indeed, many places are over-banked. In such cases, the new branches do not attract fresh savings. All that happens is that deposits of one branch are transferred to the other, and that amounts to a dog eating a dog, as it were. And at what price? If a small district town can only afford to put in, say, about Rs. 25 lakhs in various branches of banks by way of deposits and if there are about 5 of them, mostly near about one another, as is invariably the case now, each branch will have an average of Rs. 5 lakhs deposits. Naturally, they will all find it pretty difficult to make both ends meet. If on top of this state of affairs, five more branches appear on the scene, the result will be obvious. All the 10 of them will have to share the same amount of deposits. This is cut-throat competition.

I am not giving an imaginary example or exaggerating. Anyone who happens to pay a visit to one of the larger district towns will notice the state of affairs that I have just outlined. The same sort of thing is happening in almost every suburb of Bombay, such as Andheri, Matunga, Sion, Ghatkopar, etc. What kind of banking is this and where it is going to land us? Just imagine banks having to pay the present high rates of interest on deposits and incurring at the same time, the necessary expenses for the maintenance of their branches to attract these meagre deposits which are barely sufficient for one-third of the branches. I am refraining from making a mention of the initial expenses involved in opening such branches which in case of most of the banks will take years to write off; nor is it necessary for me to mention the fact that the object of opening these branches is merely to attract deposits and not to render the other important banking service, namely, granting of loans. It is all one-sided traffic. Surely, this race for deposits at any price has to stop one day.

Who is responsible for this state of affairs? Largely the banks themselves, as there is no co-ordination in their activities at all. If there are 10 branches in a town already and if a town is over-banked, the bank bent upon running the same race does not bother to pause as to whether it will be worth its while to open a branch there; it simply opens a branch and takes the consequences. Every bank for itself seems to be the motto of the day.

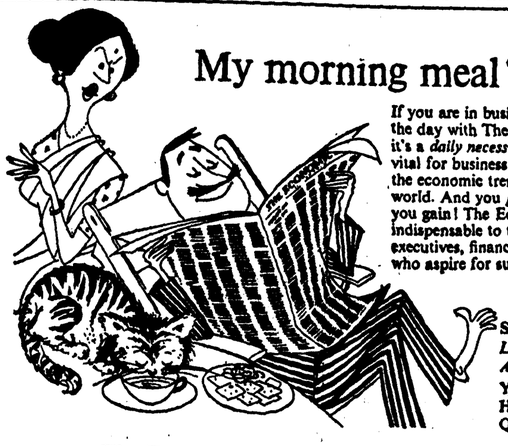
What about the Reserve Bank which has a special responsibility in the matter of banks opening branches indiscriminately? According to Section 23 of the Banking Companies Act, every bank opening a new branch has to obtain the prior permission of the Reserve Bank and the Bank has to be satisfied, if necessary, by the inspection under Section 35 or otherwise as to the financial condition, general character of the management, adequacy of the capital structure and earning prospects and even the history of the bank, before granting such permission. Besides, the Reserve Bank has also to satisfy itself that public interest will be served by the opening of a new branch bank. The Reserve Bank, before granting permission, may impose such conditions on the bank seeking permission as it thinks fit and, furthermore, even revoke the permission once granted, if, in its opinion, a banking company fails in any of the conditions imposed on it after a branch is opened. If that is so, one naturally presumes that, in all cases where branches have been permitted to open branches, the Reserve Bank has satisfied itself in all these respects and finds that the opening of a branch is in the public interest. Unfortunately, again, in practice, nothing like this has been observed and, therefore, the Reserve Bank is also equally to be blamed for the indiscriminate expansion in branch banking in certain parts of this country and by certain banks.

A closer look at Section 23 of the Banking Companies Act would show that it is one of the most important sections not only as regards branch banking, but also in many other ways. This section could easily have been utilised by the Bank as a lever to strengthen the entire banking system as such; in fact, that appears to have been the intention of the Section. The easiest way for the Reserve Bank to do so would have been to compel the bank concerned to increase its capital structure and also to improve its methods of management before granting permission to open any new branch. Why has the Reserve Bank permitted so many banks to open branches, even when they have inadequate capital structure? The Reserve Bank very well knows that initially it costs a lot of money, if not a fortune, to open branches. It looks rather strange that the Reserve Bank should have permitted comparatively weaker banks to open branches all over the place and then come out with proposals for increasing their capital structure.

In these circumstances, the report of the Karve Committee on branch expansion programme of the State Bank of India is a sort of a breath of fresh air, as it were. The details of the report are given on the following page. Out of 422 new branches opened by the State Bank till 30th September 1960, 332 branches were in places with a population of less than 50,000 and, out of these, as many as 274 were in places with a population of less than 25,000. The State Bank has mobilised deposits from these areas of over Rs. 29 crores as at the end of 1959 and they have been going up since then. It has also extended credit through these very branches to the tune of over Rs. 21 crores. In this case, therefore, expansion of branch banking has not been a question of one-sided traffic. In opening the branches, the State Bank incurred a net loss of Rs. 1.42 crores; fortunately, many of its new branches are of late paying their way and the loss is expected to be considerably reduced in the not-too-distant future; after a time, they are bound to be on a paying basis. At present, the State Bank has 917 branches and pay offices. Its subsidiaries have more than 65 branches and pay offices, making a total of 1,282. The State Bank and its subsidiaries, according to their present plan, will have opened 80 more branches during 1960-61 and a little over 200 branches are proposed to be opened in the next four years. In this task, however, the State Bank and its subsidiaries are very much hampered by lack of suitable personnel. But for this major handicap, their future programme of branch expansion could be bigger still. The most important thing to note is that, in the case of State Bank, the addition to their deposits from these branches consists, by and large, of fresh deposits and not at the expense of other banks and, what is more important, from the untapped sources of small towns. A crore of such deposits is, in my opinion, far better than 10 times this amount collected by some banks at the expense of others.

The commercial banks would naturally turn round and say: "But look at the advantages that the State Bank enjoys vis-a-vis the commercial banks! The State Bank not only gets some Government and public deposits straightaway, but also gets other assistance from the Government with regard to premises, etc., besides a special fund to which it can debit its losses. I am not denying this contention, though, to some extent, the advantages that accrue to the State Bank are a bit exaggerated. Even assuming that their argument is wholly correct, what is there to prevent the commercial banks from arriving at some sort of a gentleman's agreement among themselves by which they could eliminate the present cut-throat competition in opening branches? They may put forward, for instance, a plan to the Reserve Bank by which a bank venturing to open a branch in a semi-urban or rural area may be permitted freedom from competition from other banks for a minimum number of years, in which case the Reserve Bank may not permit other banks from going there. The banks themselves can, of their own volition, stop the rot, by refraining from opening branches in towns where there are already many banks. Some sort of planning on these lines is urgently called for. The time has come when the Indian banks will have to take stock of the situation on the problem of branch expansion, as, otherwise, they will land themselves in a situation from which they will find it difficult to extricate themselves in future. The only way in which the banks can afford to have the luxury of having more branches is through amalgamation among themselves. This is also the only solution I can think of by which commercial banks in the private sector can meet the growing competition from the State Bank.

My morning meal?



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STATE BANK'S BRANCH EXPANSION PROGRAMME

KARVE COMMITTEE FAVOURS SLOWER PACE

IT is a well-known fact that banking facilities in India have tended to concentrate in bigger cities and important commercial and industrial centres, with the result that rural and semi-urban areas have been relatively neglected. The question of extending banking to these areas has been examined several times in the past. Not satisfied with the branch expansion programme of the then Imperial Bank of India, the Committee of Direction of the All-India Rural Credit Survey specifically recommended the creation of one strong integrated State-sponsored institution with an effective machinery of branches spread over the whole country. The State Bank of India Act placed on the Bank a statutory obligation of opening 400 branches within a period of five years beginning from 1st July 1955, or such extended period as the Central Government may specify. It was also stipulated that the places where such branches were to be established should be determined in accordance with programmes drawn up by the Central Government from time to time. Following this statutory obligation, the State Bank had opened 416 branches within the specified time schedule. This brought to the fore the question of further extension of branch banking to areas which were not still served with banking facilities. Before examining this issue, it was necessary to study the results of expansion already undertaken. A Sub-Committee of the Central Board of the State Bank was, therefore, appointed last year to consider both the subjects. Prof. D. G. Karve was the Chairman of the Sub-Committee, its members being Mr. B. Venkatappiah, Mr. K. P. Mathrani, Prof. D. R. Gadgil and Mr. Hasham Premji. It was assisted by Mr. N. A. Krishnan, Secretary and Treasurer, and Mr. G. B. Kulkarni, Economic Adviser, of the State Bank. It may be noted that Mr. Venkatappiah and Prof. Gadgil were members of the All-India Rural Credit Survey Committee. The Sub-Committee was called upon to review *inter alia* the working of new branches opened by the Imperial Bank of India from 1951 onwards and by the State Bank in the first five years of its working as well as to examine the need for branches in different areas from the point of view of banking, remittance, treasury and other facilities in the quinquennium 1960-65.

Operational Results

Accordingly, the Sub-Committee made an intensive study of the operational results of the new branches opened by both the Imperial Bank and State Bank. Its findings show that the total deposits of 61 of the 63 new branches opened by the Imperial Bank rose from Rs. 20 lakhs as on 31st December 1951 to Rs. 8.57 crores at the end of 1955 and Rs. 12.57 crores at the end of 1959. The aggregate credit extended by these branches went up from Rs. 18 lakhs as on 31st December 1951 to Rs. 3.11 crores at the end of 1954 and Rs. 6.84 crores at the end of 1959. The remittance facilities provided by them also revealed satisfactory progress—the average remittances per branch rising from Rs. 49 lakhs in 1951 to Rs. 3.75 crores in 1959. Although some of the individual new branches of the Imperial Bank made losses, its branch expansion programme as a whole was in profit. The profit position experienced a marked improvement, especially after 1952. The net total profit of the new branches stood at Rs. 12.05 lakhs in 1956 as against Rs. 1.72 lakh in 1954. Subsequent to 1956, however, their profits tended to decline, mainly because of the withdrawal of the special concessionary rates on the turnover of the Government account.

State Bank's New Branches

A study of the expansion programme undertaken by the State Bank of India shows that the Bank opened in all 416 branches upto 30th June 1960, of which 79 branches were opened at district treasury centres, 305 at sub-treasury centres, and remaining 32 at places where there are no treasuries or sub-treasuries. The Rural Credit Survey Committee Report had stipulated the target that one out of every five non-banking sub-treasury centres should be covered by a branch of the State Bank. It is gratifying to note that, as a result of the opening of 416 branches by the State Bank, the number of new branches opened at the sub-treasury centres works out to about one branch for every three non-banking centres. All the non-banking district treasury centres, except 13 (which include a few newly created district headquarters after the reorganisation of States) have also been covered by the branch expansion programme. Out of the 422 new branches opened till 30th September 1960, 392 were in places with a population of less than 50,000 and out of these 274 were in places with a population of less than 25,000. The Karve Sub-Committee observes that, though the branch expansion programme has been quantitatively satisfactory, in matters of staffing and organisation, much yet remains to be done both to consolidate the present position and to prepare for a further programme of expansion.

The Sub-Committee's examination of the working results of the State Bank's new branches shows that their aggregate deposits increased substantially from Rs. 56 lakhs as at 31st December 1955 to Rs. 29.32 crores at the end of 1959. The total credit extended by the new branches also went up from Rs. 13 lakhs in 1955 to Rs. 21.47 crores in 1960. The rate of growth of the aggregate remittances issued and encashed was also quite rapid. The remittances stood at Rs. 567.43 crores in 1959 as against a bare Rs. 6.31 crores in the second half of 1955. The average amount of remittances per new branch went up from about Rs. 32 lakhs in the second half of 1955 to Rs. 1.58 crore in 1959.

The profitability of the operations of the new branches, however, is not very satisfactory as will be evident from the following table:

(Rupees in lakhs)

	Total profit of profit-making branches	Total losses of loss-making branches	Net loss*
1955 (July to December) ..	..	2.89	2.89
1956	0.51	9.13	8.87
1957	4.77	26.68	26.10
1958	11.78	53.03	47.96
1959	25.05	70.22	56.18
Total ..	43.01	163.95	142.09

* Allowance has been made for reduction in profits of neighbouring branches.

It will be clear from the table that the new branches incurred continuous losses, which rose from Rs. 2.89 lakhs for the second half of 1955 to Rs. 56.18 lakhs for 1959. This was primarily due to the very rapid rise in the number of loss making new branches which increased from 17 in 1956 to 222 in 1959. The number of profit-making branches also rose, but slowly, from 3 in 1956 to 38 in 1959.

The two major difficulties which the former Imperial Bank and the State Bank, as well as its subsidiaries have had to encounter in the matter of opening branches were shortage of suitable premises and dearth of experienced supervisory staff who could be entrusted with the charge of branches. The Sub-Committee states that it was for these reasons that the pace of expansion was rather slow in the beginning. The pace, however, gained momentum during the subsequent years when efforts were made to get over the difficulties.

Sub-Committee's Perspective

The Sub-Committee's approach to the branch expansion programme to be undertaken in future years is based partly on the experience gained in the past and partly on the needs of rural development in the third Plan period. The Sub-Committee states that the State Bank would normally expand where business immediately available in the form of deposits, advances, etc., would justify such a course. But, apart from this, there are certain other considerations of public interest which will have to be taken into account in determining the pace of expansion programme of the State Bank and its subsidiaries. The Sub-Committee is of the clear view that, in addition to the usual criteria, namely, population, turnover on Government account, adequacy or otherwise of banking facilities, etc. the following factors have to be taken into account:

1. extension of remittance facilities.
2. the need to establish branches of the State Bank of India at "sub-divisional" centres in the sense in which the term has been used in the rural Credit Survey Committee Report;
3. providing suitable banking services to co-operative marketing and processing societies;
4. offering financial services to small-scale industries; and
5. mobilisation of savings.

The need for ensuring adequate remittance facilities is acknowledged on all hands. We have already seen how the State Bank of India has provided larger remittance facilities through its branches. Establishment of currency chests and consequently the extension of remittance facilities obviate the need for physical transfer of cash from one centre to another. This process also helps commercial banks to go to centres where otherwise they would not have gone. The Sub-Committee has, therefore, rightly emphasised that the provision of cheap and adequate remittance facilities is one of the important considerations to be taken into account in determining the expansion programme of the State Bank and its subsidiaries.

Another consideration in opening branches is the need to cover the sub-treasury centres. The Rural Credit Survey Committee had recommended that one branch should be established at each of the sub-divisional centres. There are still a few sub-treasury centres in the former Part 'A' and 'C' States without a branch of the State Bank. The Sub-Committee has stressed the need for covering these centres as a part of the future expansion programme.

Needs of Co-operative Sector

The branch expansion programme should also take into account the expanding financial requirements of the co-operative marketing and processing societies. Their demand for funds are growing so rapidly that the central co-operative societies are unable to meet them. This is true especially in regard to their working capital needs. The Karve Committee has come to the conclusion that, as the number of co-operative borrowers, and the size and variety of their demand would go on increasing during the third Plan period, the State Bank would be called upon to make larger loans to co-operatives. The programme of branch banking to be chalked out for the next few years must, therefore, take into account this prospect. Obviously, the Sub-Committee thinks, that the existence of a branch of the State Bank within a reasonable distance from a centre of co-operative marketing and processing societies would assist their progress.

Needs of Small Units

Another criterion for determining the branch expansion programme in the coming years is the need for providing adequate financial resources to small-scale industries. Under the pilot scheme for assisting small-scale industries, which came into operation from April 1956, the State Bank has so far assisted 2,451 small industrial units, by sanctioning credit limits upto Rs. 7.82 crores, the amount outstanding at the end of December 1960 being of the order of Rs. 3.66 crores. In addition, its subsidiary banks have granted credit amounting to Rs. 2.67 crores to 384 units. During the third Plan period, it is proposed to set up 300 new industrial estates of varying sizes in small and medium-sized towns and selected rural areas. It is quite likely that in many of these places the industrial units will find it difficult to obtain the necessary banking and remittance facilities. Branches of the State Bank and its subsidiaries, the Sub-Committee states, must, therefore, continue to be opened wherever there is a reasonable prospect of their being useful to a sufficiently large number of industrial units.

Finally, the Karve Sub-Committee has laid stress on the need to facilitate the mobilisation of rural savings through the opening of branches of the State Bank. Its observation on this point is as under:

"The mobilisation of savings is an integral part of the formation of capital. As a result of the increase in the national wealth, there is, we believe, a larger capacity on the part of the community to save. If it is necessary, as a deliberate aim of the rural development policy, to encourage industrial growth in as many areas as possible, it is also essential that savings in the rural and semi-urban areas should be mopped up to the farthest extent possible and channelled into industries through the banking system. In the initiation and fulfilment of this effort, the State Bank and its subsidiaries through their branches must play an increasingly important part."

Target of 300 Branches

After taking into account the aforesaid factors, the Sub-Committee has recommended that, in all, 300 branches should be opened by the State Bank and its subsidiaries in the five-year period from 1st July 1960 to 30th June

(*Continued on page 326*)

RECONSTRUCTION OF BANKING STRUCTURE

GROWTH OF DEPOSITS IN THE FIRST HALF OF THIS YEAR A RECORD HIGH

AT the thirty-fourth annual general meeting of the Indian Institute of Bankers held on the 10th inst. Mr. H. V. R. Iengar, Governor of the Reserve Bank of India and President of the Institute, delivered an important speech on the immediate problems confronting the banks in this country. He dealt with three distinct aspects: (1) rationalisation and reconstruction of banking structure; (2) growth of deposits and the ratio of bank credit to deposits; and (3) the role of Bank rate. On the first, he favoured only one type of banks, namely, "licensed banks," instead of the present confusing pattern of scheduled licensed banks, scheduled unlicensed banks, non-scheduled licensed banks and non-scheduled unlicensed banks. He was also of the view that the time for decision had come on the question whether the reluctance of some small banks to face the consequences of reconstruction of the present banking structure should override the requirements of public interest which demand "that, within a short period, we should have a system of banking which the public find easy to understand and in which they have full confidence." On the second aspect, he disclosed that the adverse impact of the Palai Bank's failure on the confidence of depositors in the banking structure had been overcome and that the growth in deposits of banks in the first half of 1961 was the highest for any half-year on record. He advised the banks not to think in terms of high credit ratio and that the Japanese example of over 100 per cent of deposits was not an ideal one for India. On the third aspect, he said that the Bank rate in India had to fulfil a role which was substantially different from that in the U.K. or other advanced countries. "Unlike in many other economies," he said, "Bank rate changes in India are symptomatic of fundamental shifts in the pattern of interest rates and that is why changes are necessarily infrequent." He refuted the general impression that India had been a country of cheap money.

In view of the great importance of the three aspects discussed by Mr. Iengar not only to banks but also to business men, students of economics and politicians, the full text of his address, except the introductory paragraph, is reproduced on these pages:

I

Confusing Banking Structure

"Since I spoke last August, the question of the soundness of our banking structure and the measures necessary to enable banks efficiently to discharge their growing responsibilities has been very much in the public eye. From time to time, there are orders of moratorium issued by Government on the recommendation of the Reserve Bank; amalgamations are notified; and, in one case, recently, the Reserve Bank asked for an order of liquidation. These events make banking a subject of continuous topical interest. But the discussions that take place are not always well informed, largely, I expect, because the basic facts, though available in statistical publications, have nowhere been explained in an easily intelligible manner.

"When I spoke last year, there were 345 banks in India, of which 94 were scheduled and 251 non-scheduled. The difference between a scheduled and a non-scheduled bank was not clear to the public then and is certainly not clear today. To add to the confusion in the public mind, some scheduled banks were licensed and some not, and that was also the case with non-scheduled banks, although the vast majority of the non-scheduled banks were unlicensed. We had thus a strange conglomeration of scheduled licensed banks, scheduled banks without a licence, non-scheduled licensed banks and non-scheduled banks without a licence. This pattern arose from historical circumstances and is still in existence today. I do not propose, on this occasion, to explain the genesis of this pattern or the implications, either to a bank or its depositors of its being in one category or another, for I am hoping that a more simplified pattern will emerge fairly soon and the present confusion will then be of interest only to students of banking history. I would merely point out that one important difference between a scheduled and a non-scheduled bank is based on size, although this is not an infallible yardstick. As a general rule, a non-scheduled bank has capital and reserves of less than Rs. 5 lakhs, although some of them do have capital and reserves exceeding this amount, whereas a scheduled bank invariably has capital and reserves of over Rs. 5 lakhs. At the end of August 1960, of 251 non-scheduled banks, 69 had capital and reserves of less than Rs. 1 lakh, 144 capital and reserves of between Rs. 1 lakh and Rs. 5 lakhs, and 38 capital and reserves of Rs. 5 lakhs or over. Thus, purely from the point of view of numbers, the very small non-scheduled banks dominated the Indian banking scene. But, from the point of view of deposits, the position was quite different. About this time last year, non-scheduled banks held only 2.5 per cent of the total deposits and scheduled banks 97.5 per cent. As between licensed and unlicensed banks, the former had 94.7 per cent of the total deposits and the latter only 5.3 per cent. The question of the reconstruction of the banking system related, therefore, only to a small part of the deposits though to a large number of banking institutions.

Reserve Bank's Power

"The legal authority of the Reserve Bank in the matter of effecting a reconstruction of the banking structure was much more limited last August than now. The Bank had the right to inspect, to give directives and to appoint observers. But the operational responsibility for running the banks necessarily rested on the bank managements themselves. The only sanction in the hands of the Reserve Bank, in the case of recalcitrant institutions, was to force them into liquidation. This was a most drastic step; and the Reserve Bank did not feel that it could resort to it except where no other remedy was available to protect the interests of depositors. In the first flush of public criticism levelled at the Bank after the failure of the Palai Central Bank, the point was repeatedly made that the Reserve Bank should have asked for liquidation much earlier, instead of giving such a long rope to the institution. I have little doubt from the events of the last 12 months that, if this had been done, the criticism against the Reserve Bank would have been no less vociferous. However, in the light of the criticisms then made, it was decided that more vigorous steps should be taken to strengthen the banking structure by a process of reconstruction or amalgamation of the weaker units; and further powers were accordingly conferred on the Reserve Bank by an amendment of the law in September 1960. Previously, neither Government nor the Bank had any authority to use compulsion for the purpose of effecting mergers or reconstruction. The amending legislation conferred this authority; and, in order that the Bank may have adequate time to recommend what was the most appropriate step to take in any particular case, power was conferred to declare a moratorium. These powers, whether for declaring a moratorium or amalgamation, were to be exercised by the Central Government on the recommendation of the Reserve Bank.

"It was clearly necessary for the Reserve Bank to have a plan of operations in mind, in other words, to proceed on the basis of certain priorities. In the beginning, action was called for when there was a run on a bank which it was unable to sustain even with the aid of emergency advances from the Reserve Bank or when it was clear that a bank had suffered so large an erosion of its capital funds and deposits that its survival as a sound viable unit was in the highest degree unlikely. The earlier cases, where moratorium was declared and amalgamation effected, belonged to one or other of these categories and aroused little comment. Subsequently, the Reserve Bank moved into a region where the need for action was not equally manifest to the public mind, for example, when a bank had been limping along for years in an unsatisfactory manner and was unlikely to become a sound unit within a reasonable period of time, but was in no immediate danger of a run. A "sound" unit, in this context, may be defined in terms of the conditions prescribed in the Banking Companies Act for licensing a bank, that is to say, that "it is or will be in a position to pay its present or future depositors in full as their claims accrue" and "the affairs of the company are not being or are not likely to be conducted in a manner detrimental to the interests of its present or future depositors." The objective tests of soundness are the degree of erosion of reserves or capital or deposits, the liquidity position, the soundness of advances, and the care exercised in management generally. Naturally, although there may be a broad categorisation of banks, their quality varies from case to case and each case has to be judged individually. When action was initiated in a few cases where the situation was not immediately hopeless but where the Reserve Bank felt that there was no prospect of the bank satisfying the tests of soundness within a reasonable period, the Reserve Bank was accused by the affected banks and, in some cases, by other interests of being too quick on the draw. In other words, the Bank was criticised for having done the very thing which it had been asked to do after the Palai Central Bank crash.

Progress So Far

"In the last few months, action has been taken by Government on the advice of the Reserve Bank in regard to 35 banks. Of these, 9 had themselves asked for a moratorium and the position of 10 was considered irretrievable. The position of the remaining 16 banks was such that there were no chances of their becoming viable units in the near future. Fourteen of these banks have already been amalgamated with other banks and one has been provisionally ordered by the Court to be wound up. The schemes of amalgamation in respect of the remaining banks are in various stages of progress. The total deposits of the 35 banks amounted to Rs. 19 crores, or about 18 per cent of the deposits of all unlicensed banks as at the end of August 1960. It may be stated, therefore, that, in terms of deposits of unlicensed banks, between a fifth and a sixth of the problem is well on the way to being resolved. The question before the Reserve Bank and Government is how fast they should move in dealing with the rest of the problem.

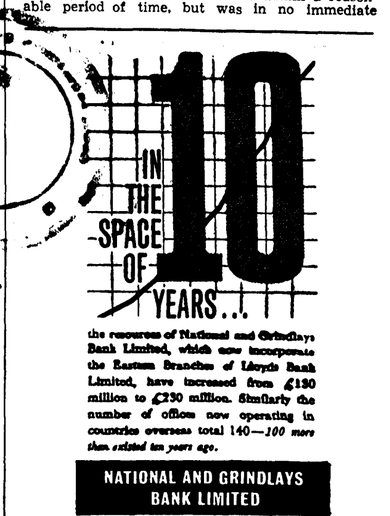
"The reconstruction of the banking structure involves in reality two somewhat different problems. First, there is the problem of banks which are run in a manner which has jeopardised or is likely to jeopardise the interests of the depositors, in other words, the sector which is unsound and which must, therefore, be dealt with if the whole structure is to be made strong and dependable. Secondly, there is the problem of institutions which, though not unsound in the sense that the depositors' interests are unsafe or likely to become unsafe, have merely acquired the respectability of the nomenclature of banks but which do not basically serve the banking needs of the community. There are certain institutions which were largely engaged in pawnbroking or money-lending and which converted themselves into banks largely for the purpose of evading the local legislation in regard to usurious rates of interest. The number of such institutions is not altogether insignificant. Moreover, even where they are engaged in legitimate banking business, their size is, in many cases, so small that there is no prospect of their ever becoming viable units.

"The view is often expressed that small banks are *per se* more worthy of encouragement than branches of banks on the ground that the managements of small banks, because of their direct and intimate touch with borrowers and local economic conditions, are in a better position to serve the banking needs of the community. On this ground, it has been suggested that the large number of small banks in our country should, if there is a prospect of their being reasonably well-run, continue and not be subjected to a process of amalgamation.

Unit Banking *versus* Branch Banking

"It is not really necessary, for the purpose of reaching a practical decision on our immediate problem, to discuss the relative merits of branch banking versus small unit banking. Unit banking is the pattern followed in the United States, whereas, in practically all other countries, branch banking is preferred. The reason why unit banking is preferred in the United States is largely historical. It is due to the fear of money trusts or of powerful business monopolies which has been one of the dominant influences on American political attitude to financial institutions. On the other hand, the U.K. runs an excellent service of banks dominated by a small number of powerful institutions with hundreds of branches all over the place. Whatever the theoretical justification may be in favour of a small unit bank as opposed to branch banking, the test in our country is whether unit banks have in fact done well or whether, on the contrary, they have failed to live up to their expectations. If a small bank, having a purely local coverage, has done well or is likely to do well, there is no reason why it should not be left alone merely because of academic views on the question of unit versus branch banking. I would merely say that, by and large, experience has shown that small unit banks have not been particularly successful in our country, although a few of them have done well and have, in fact, qualified for a licence.

"I do not think this is the right forum or the appropriate time for me to say what has been decided on the above issues. In the final analysis, the decision both about the extent of reconstruction of the banking structure and its pace rests with Government who have the ultimate statutory authority. I am here merely stating the nature and dimensions of the problem. But I think it will be generally agreed that a pattern which includes scheduled licensed banks, scheduled unlicensed banks, non-scheduled licensed banks and non-scheduled unlicensed banks is so conducive that it



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ought not to survive. We ought to have just one type of banks, namely, licensed banks. Unfortunately, it happens that any process of reconstruction would involve the elimination of a number of the banks now operating without a license, for a certificate of soundness cannot be given in their case with any degree of assurance. Such a process of reconstruction may not be to the liking of the shareholders or the directors. But the question is whether their view, which can sometimes be quite vocal, should weigh more than the requirements of public interest which demand that, within a short period, we should have a system of banking which the public find easy to understand and in which they have full confidence.

"I spoke last year about the need for a deposit insurance scheme. It has taken some time to get the concurrence of banking interests, but I am glad that this has now been done and that legislation is shortly to be introduced for the setting up of a Deposit Insurance Fund. When this is done, I am pretty certain that the pace with which amalgamations and reconstructions can be carried out could be quickened and the difficulties caused to small depositors eliminated or greatly reduced.

II

Deposits and Bank Credit

"What I have been saying about the soundness of our banking structure and the need to proceed in the matter of reconstruction of weak units is liable to give the impression that there is something wrong with banking in India. The fact of the matter is, as I have said more than once, that, in terms of deposits, over 95 per cent is held by sound and well-run institutions and the problem is confined to only a small proportion of the deposits. Fortunately, the depositing public seems to be well aware of this, as is borne out by the pattern of deposit growth.

"In the second half of last year, after the Palai Central Bank crash, there was a stagnation of deposit growth, and the general impression was created that deposits had ceased to accrue to commercial banks in India. This view was, however, true only for a limited period; and, although loss of confidence in some areas was a contributory factor, the stagnation of deposits was largely the result of broader economic factors. In recent months, deposits have continued to accrue pretty vigorously. The confusion in the public mind is, I think, partly due to the fact that figures of bank deposits in the published statistics have been distorted by the inclusion of figures relating to P.L. 480 funds. These funds, which belong to a category quite different from normal bank deposits, inflated the rate of deposit growth for some time and, because of procedural changes in banking them, gave the impression that deposits were rapidly falling in 1960-61. For a correct appreciation of the growth of deposits, it is necessary to exclude the P.L. 480 figures. The total deposits of scheduled banks in the last 5 years, excluding the P.L. 480 figures, are as follows:

	(In crores of Rs.)
1956	1,047
1957	1,186
1958	1,318
1959	1,474
1960	1,566

"We have also the figures for the first half of the current year and it would be useful to compare this with those in the corresponding periods in each of the last five years. The figures are as follows, again excluding P.L. 480 deposits:

First half	*Increase of deposits* (In crores of Rs.)
1956	50
1957	92
1958	97
1959	91
1960	93
1961	98

"It is clear from the above figures that the growth of deposits in the first half of this year has been better than during any of the previous years, showing that confidence, which had been somewhat shaken, has been fully restored. It is to be remembered that deficit financing has been on a reduced scale recently and the pressure on our external reserves has been larger, both of these being factors which tend to reduce the growth of money supply including bank deposits. In this context, it is also refreshing to recall that a phase of stagnation of bank shares in recent years has also been followed during the last year by an impressive advance, the index of bank shares having risen over the year upto 15th July from 185.9 to 225.3 as against a modest increase in the general index of variable dividend securities from 176.4 to 182.6.

III

Credit Squeeze

"I now turn to a question which has been exercising the minds of a number of banks, namely, the so-called credit squeeze by the Reserve Bank. The impression has been created that the Reserve Bank has imposed a credit squeeze and, as a consequence, genuine productive enterprise is being affected. This was neither intended nor is it in fact the case, to the best of my knowledge.

"When people talk about a credit squeeze, they have in mind the directive issued by the Reserve Bank last year by which credit provided to the commercial banks is subjected to slab rates of interest rising from 4 per cent, which is the official Bank rate, to 6 per cent. The Reserve Bank undoubtedly intended, by the use of this technique, to impose some discipline in the money market in the sense of requiring people to be more circumspect in their demand for money than before. But, subject to this discipline imposed on the commercial banks and their customers, the Reserve Bank has been liberal in regard to the total quantum of credit that it is prepared to provide. Thus, under the Bill Market Scheme, the Bank fixed limits during the last busy season of Rs. 138 crores as against Rs. 54 crores in the previous year when all accommodation from the Reserve Bank was available at 4 per cent. In actual fact, however, the highest volume of accommodation taken by the banks during any particular week under this scheme was Rs. 46 crores. Thus, the greater part of the money that the Reserve Bank was prepared to lend to commercial banks was not utilised.

"It is, of course, true that, if all that had happened was a rise in the cost of Reserve Bank credit, the practical effect would have been the same as a direct credit squeeze, because banks would not have been able to lend money with the previous margin of profit and would have, therefore, been reluctant to borrow. But this is not all that happened. Simultaneously with imposing a slab rate of interest, the Reserve Bank issued a directive making it compulsory for banks to raise their rate of interest on advances by a minimum of ½ per cent. In fact, the increase made by banks in their advance rate was generally more than ½ per cent. The significant point to be remembered in this context is that, while the banks had to pay a higher rate of interest than in the past on the marginal amounts they borrowed from the Reserve Bank—marginal in the sense that such borrowings were a very small fraction of their total deposits—they were enabled to increase their rates on *all* advances. In this situation, if productive enterprise has in fact suffered for want of bank credit, for which I see no tangible evidence, this certainly cannot be attributed to what has been widely described as the policy of credit squeeze adopted by the Reserve Bank.

Credit Ratio

"There is, of course, one genuine difficulty which banks have had to face. The ratio of their advances to their deposits has been rising in recent years and during the last busy season it went up as high as 79, excluding P.L. 480 deposits. If banks had borrowed more from the Reserve Bank for lending to their customers, the deposit figures would have remained the same but the advance figures would have gone up, and the percentage of advances to deposits would have been even higher than the figures reached during the last busy season. The point is made that such high ratios would have attracted adverse comment.

"The ratio of advances to deposits has recently been very much higher than in the U.K. or the U.S.A. In these countries, the ratio does not normally go beyond 50 to 55. On the face of it, it would appear that the limits of safety adopted by the U.K. and the U.S.A. should not be exceeded in India where banking on modern lines has been much more recent and undeveloped. There is force in this view; and, as a general proposition, it would be the correct policy for banks not to get into a highly overloaned position, as was the tendency for many of them during the last busy season.

"On the other hand, some banks are in a real dilemma. They are very well-run and have first class clientele, but their deposits are not catching up with the increasing need for credit. What are they to do? It has been suggested that the conventional wisdom of the U.K. and U.S.A. banks has been over-ridden by the experience of Japan where the advances-deposit ratio has in recent years gone up to 100 per cent and often even more.

"The Japanese example undoubtedly deserves study. But I would consider it dangerous to follow it without fully understanding the particular situation in which the Japanese banks reached a highly 'overloaned' position. Traditionally, Japanese banking has been 'mixed' in the sense that the relations between Japanese banks and industry have been more close than they are in India and industry has had recourse to banks for financing capital equipment to a much larger extent than in our country. The capital market in Japan is much narrower than here. If the Japanese had stuck to conventional limits of safety, the spectacular course of industrial development that has taken place since the war would have been impossible. But the ability of the Japanese economy to stand the risks of unconventional practices in banking is the result of special factors—the fact that Japan has had no banking failure for many years and people have consequently full confidence in their banking structure and also the tremendous impulse to repair an economy shattered by the war and the discipline of the people. Now that the Japanese economy is well-established and has acquired momentum, Japanese banking experts have begun to feel that they should revert to more conventional limits of safety. The highly 'overloaned' position in Japanese banks is likely gradually to reach more moderate levels.

"In present conditions, it would be clearly unwise for us to follow the post-war Japanese example, though I can well see that there are individual banks with exceptional strength which can safely afford to be unconventional in the matter of the advance-deposit ratio. The long range solution for the problem of expanding credit is for banks to acquire more deposits. As a short-term measure, however, recourse to the Reserve Bank for financing the growing needs of industry is legitimate, but the total extent to which such accommodation can be given would depend on the economic situation at any point of time.

Rates of Interest

"On the question of rates of interest, I think the fact has to be recognised that organised enterprise in our country has been so long accustomed to relatively cheap rates for money that it has found some difficulty in adjusting itself to the idea of an increase in rates. Inasmuch as the rates in the organised sector are the more publicised internationally, the impression has grown abroad that India is a cheap money country and that this cheapness is artificial and represents only very inadequately the severe shortage of capital. Taking the economy as a whole, this is not true. The bulk of the credit that the agriculturist in our country gets is available to him only at very high rates of interest, often at unconscionable rates of interest. The small-scale trader or the small industrialist also has to pay high rates for his money. It is big organised business enterprise and Government that get money at relatively low rates. The point has often been discussed that the starting point for a rationalisation of a somewhat lopsided interest rate structure in our country is to raise the Bank rate.

"This is a very complex question. In my speech last year, I dealt at some length with various aspects of Bank rate as an instrument of monetary policy and it is not necessary for me to go over the same ground again. But I will briefly supplement what I said last year. The significance of the Bank rate varies from country to country. It is not generally known, for instance, that, in Australia, a very highly developed country making rapid strides in industry as well as in farming, sheep-raising and dairying, there is no published Bank rate at all. If a commercial bank approaches the Reserve Bank of Australia for accommodation, the matter of the quantum of accommodation to be given and the rate of interest is discussed very confidentially, in the same way as when a private customer goes to a commercial bank. No one, other than the Reserve Bank of Australia and the commercial bank concerned, knows what rate of interest has been charged. I believe that, in actual practice, such accommodation is very limited and infrequent; however, the Australians have got along very well without a published Bank rate. The Canadians have had, for some time, a fluctuating Bank rate which follows the market rather than leads it. In the U.K., a rise in the Bank rate, particularly if steep, can have very significant short-term effects, both in arresting internal monetary pressures and on the balance of payments, but little or no effect on long-term security yields if the high rate is expected to be temporary, as it generally is. In India, the significance of changes in the Bank rate can be evaluated, not in terms of any formula of general application, but only in the context of the special conditions of the monetary economy in India. Some of these I mentioned last year and I would like to make some further observations today.

"Unlike in many other economies, Bank rate changes in India are symptomatic of fundamental shifts in the pattern of interest rates and that is why changes are necessarily infrequent. It is particularly important in India to pay attention to the impact of such changes on the prices of Government securities which play a much more important role in the capital market than in advanced countries. In this context, it has to be remembered that several institutions such as banks, insurance companies and provident funds are under statutory compulsion to invest some of their funds in Government securities. On the one hand, because of this compulsion, it is necessary to fix a remunerative rate of interest. On the other, it is necessary to avoid taking action which would have the effect of causing significant losses in security values.

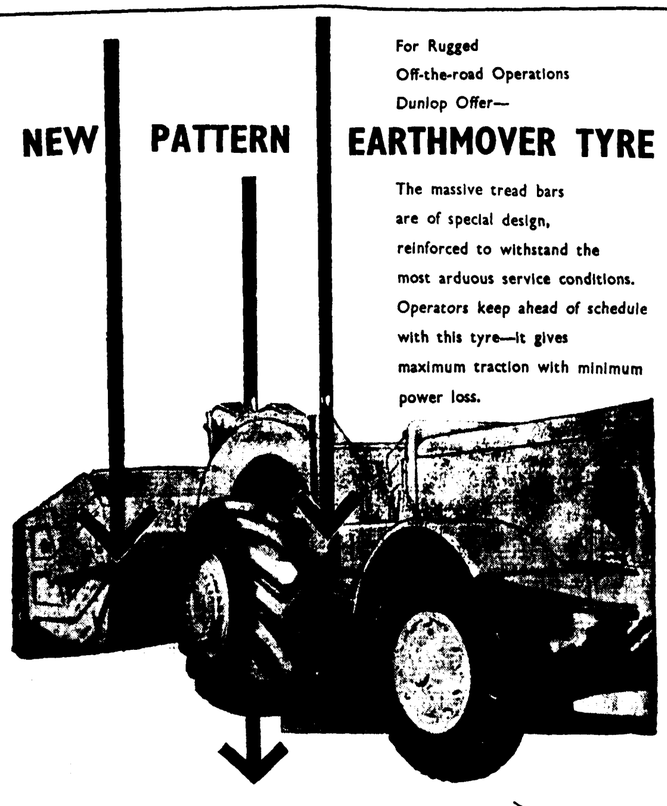
Public Debt Policy

"The evolution of public debt policy has, rightly in my opinion, been to effect changes that become necessary in such a manner as to minimise disturbances to the Government securities market. It is, perhaps, insufficiently recognised that, though there have been few and infrequent changes in the Bank rate in India during the last decade, the Reserve Bank's average lending rate has in fact, risen from about 3½ per cent towards the end of 1956 to about 5¼ per cent during the last busy season. Including the stamp duty of 0.20 per cent on usance bills, the cost of borrowing from the Reserve Bank was actually 5¼ per cent and there was a not insignificant amount of borrowing at the third slab rate of 6.2 per cent, including 0.20 per cent stamp duty. I venture to say that, by using the technique of slab rates, we have met with a considerable measure of success in bringing about suitable adjustments in the Reserve Bank's lending rates without disrupting the securities market. In this connection, I should re-iterate what I mentioned last year, that this is a subject on which no rigid policy is wise or even possible. The recent loan operations of Government suggest that they have a flexible and pragmatic policy in this matter. I am clear about one thing. Long-range policy must be so directed that the rates of interest paid by the small man must come down and this can only happen by a large-scale increase in institutional arrangements, such as banks. If, in the meanwhile, the rates of interest for organised enterprise go up, that would be part of the necessary process of having a more rational interest rate structure. The damage to the economy by a rise in interest rates would be insignificant, because in most cases the rise in costs could be absorbed by the profits of a highly protected economy.

IV

Conclusion

"There are a number of other subjects of importance on which I could make comments, but I do not want to overload this address. I will conclude with only two points. I think it should be possible, by a combination of firmness and understanding, to reorganise the banking structure within a relatively short period, say, a couple of years or thereabouts so that we will have one single type of bank in our country—both big and small, having a licence and coming within the purview of deposit insurance. But that will not, by any means, be the end of the story. Banks are a medium not only for collecting the savings of the community and for lending to people but for rendering a variety of other services in the field of commerce and industry; and they must continuously attempt an improvement in these services. This requires co-operation, in the letter and the spirit, between bank management and bank employees. I sincerely hope that when the National Tribunal has finished its labours, it will have laid the foundation for a new era unhampered by internal frustrations and conflicts which have for so many years bedevilled the functioning of our banks."



BREATHING SPACE FOR COTTON

NO FURTHER CAPITAL COMMITMENTS IN SPINNING SECTOR

From Our Special Correspondent

MANCHESTER, *1st August*

MANCHESTER LETTER

WHEREAS at one time the summer months were often called the "dog days," when nothing happened commercially or industrially, in recent years some of the most vital matters affecting the cotton trade have been formulated at the height of the holiday season. Foremost of all were the speedy negotiations which led to the reorganisation scheme when redundancy was a day-to-day topic in the summer of 1959. Two years later, outstanding events have occurred within a few days whose bearing on the future cannot yet be fully gauged. Agreement reached by nearly a score of nations in Geneva establishing a principle for trading between the developing and old-established textile industries of the world makes it clear that many countries outside Britain now recognise this to be an international problem. From that point, whatever subsequent developments occur, some gains must be made.

In such discussions, individual attitudes are often governed by the way in which suggested palliatives will affect each delegation. Hong Kong, for example, may protest that the 12-month basic period of standstill for shipments represented a lower rate of activity than a year or two earlier. Japan points to the fact that her exports to the United States have been voluntarily curbed and this action should be taken into account. Britain, on the other hand, has never before in her long history absorbed so much foreign cotton material.

Pattern of Planning

The standstill order, if accepted by all concerned, should provide the breathing space needed by the many negotiators involved to settle some pattern of international trade in the years ahead. Conditions change all too rapidly in these days, as Lancashire traders are fully aware, but long-term arrangements would enable producers and distributors to make their plans in the knowledge that a fresh flood of imports would not be encountered as a disrupting influence in the market.

It hardly seems to have been a coincidence that the result of the international talks came almost immediately before the Hong Kong textile interests reversed their former decision and announced their readiness to negotiate on the question of an extension of the present pact with Lancashire. It is doubtful, however, whether the Cotton Board will be prepared to sponsor the re-opening of discussions, as the Government took the initiative in launching the present plan. If any fresh meetings occur, they will probably be at Government level.

More to the point, there is increasing pressure from Lancashire for the imposition of anti-dumping measures on arrivals of cheap goods from Spain and other countries which can well be said to be disrupting business in the local market. Mr. W. T. Winterbottom was outspoken in his comment on this topic at the annual meeting of Fine Spinners and Doublers Ltd., when he said: "The Government possesses the measures to check this sort of thing and, in my opinion, they should use them or explain their reluctance to do so."

Modernisation Endangered

Like many others in the industry, Mr. Winterbottom fears that the re-equipment programme is in peril as a result of the lack of action taken to sweep away the obscure outlook on the import situation. The Fine Spinners Group, he said, had already applied a temporary brake on further capital commitments and it might be necessary to re-align their policy in the light of developments. The combine is certainly not the only one to be watching events closely and curtailing expenditure until future trading opportunities can be assessed. That the Government has subsequently refused to introduce anti-dumping regulations against the large supplies of Spanish corduroys entering the British market is a bitter pill for the industry.

Hong Kong's delaying tactics in attempting to turn the clock back to 1958 merely prolong the agony. The Colony, by claiming its right to one-third of the United Kingdom's grey cloth imports is, in fact, asking for a ceiling of 230 million yards a year, as against the current limit of 165 million yards and the Government's proposal for an extension to 185 million yards.

Imports Doubled in Three Years

Although imports and exports of cotton goods in the second quarter of 1961 were both lower than in the first three months of the year, the figures for the half-year provided a continuation of the trend which has been increasingly apparent since the quantity of cloth entering this country exceeded comparable exports. The gap between the two has now widened to such an extent that there is no point in re-emphasising the fact. The same adverse balance must be struck in the case of earnings. These amounted to less than £31,000,000 in the half-year, as against the cost of £40,300,000 incurred in purchasing cotton goods abroad. At the same stage last year, the value of exports was nearly £33,000,000, whereas arrivals had cost just under £32,000,000.

The following table gives the current export-import situation since the post-war shipment peak, with recent quarterly returns:

(Cloth in thousand sq. yards and yarn in million lbs.)

	Cotton cloth		Rayon, etc., cloth		Cotton yarn	
	Exports	Imports	Exports	Imports	Exports	Imports
1949 ..	903,578	348,800	160,708	51,000	82,061	1,960
1953 ..	709,905	98,640	170,828	44,400	41,920	3,360
1958 ..	384,078	386,763	84,491	47,171	26,747	14,637
1959 ..	342,837	537,145	69,722	57,764	22,921	21,522
1960 ..	327,090	727,707	64,355	58,419	21,113	38,648
1960						
1st Qtr.	87,238	180,600	14,892	13,937	5,931	8,988
2nd Qtr.	84,579	173,088	14,110	13,469	5,633	10,415
3rd Qtr.	73,858	178,393	12,912	14,641	4,954	9,853
4th Qtr.	81,415	194,781	12,442	16,372	4,595	9,514
1961						
1st Qtr.	82,891	225,207	13,019	18,137	4,606	11,781
2nd Qtr.	72,507	195,614	12,713	16,405	4,273	11,884

Reflecting to some extent the changed state of trading, imports of cloth in the second quarter were 30,000,000 yards smaller than in the first three months, but the half year's total of 420,913,000 square yards was 65,000,000 yards up on the corresponding figure twelve months previously. It is significant that the quantity of goods imported so far in 1961 is well in excess of total arrivals during the whole of 1958.

Grey cloth imports at nearly 335 million yards were 44 million yards in excess of the 1960 figure, most of which can be attributed to the much larger purchases from "other foreign countries," mainly in Europe. These increased from less than 50 million yards to 94 million yards, whereas there was no similar change in the imports from Eastern Commonwealth countries about which so much has been written in recent years.

India supplied 110 million yards, as against 129 million yards and purchases from Pakistan were more than halved at 10 million yards, as against 22 million yards. Hong Kong, despite its many protests, slightly improved shipments —from 44 million yards to 49 million yards. Other Commonwealth sources, however, supplied nearly 11 million yards, as against only 3 million yards.

In ratio, imports of finished fabrics from abroad showed a larger increase than grey cloth. The arrivals in the first half of the year reached 86 million yards, as against 64 million yards, of which the major proportion was printed and dyed fabrics.

The flow of cotton yarn into British ports continued on a substantial scale and, as in the case of cloth, well exceeded comparable exports. Imports aggregated 23,465,000 lbs., as against 19,281,000 lbs. in the first half of 1960. Doubled yarn was again the major factor in this trade, but the quantity arriving was 1 million lbs. lower than in the first half of last year. Meanwhile, much bigger purchases were made in single yarn, which reached 11,500,000 lbs., as against 6,700,000 lbs.

Further Fall in Exports

Exports of cotton cloth continued to slip away, being 154,708,000 square yards, as against 171,817,000 square yards in the first half of 1960. Australia, which for many years headed the list of buyers, has now fallen to third place after South Africa, which absorbed 19,350,000 square yards, and Nigeria with 17,397,000 square yards. Australia took 16,999,000 square yards, Ghana 13,169,000 square yards and New Zealand 12,502,000 square yards.

Cotton yarn exports were also very disappointing, being only 8,879,000 lbs. in the half-year, as against 11,563,000 lbs. in 1960. Australia, although leading consumer, took 1 million lbs. less than last year at 3,364,000 lbs. and the only other country to absorb more than 1 million lbs. was Canada with 1,164,000 lbs.

Battle for Margins

It would be easy to join the swelling chorus of disapproval which greeted Mr. Selwyn Lloyd's measures for coping with the nation's economic ills, as the cry of "Too little and too late" re-echoes once more through the national and specialist press. The absence of any direct incentive to exporters was, perhaps, the most depressing feature of the statement—more compelling even than the rise in taxation, which scarcely seems to be an effective palliative in the circumstances. That the cotton trade unions saw fit to announce their intention of compaigning for a 10 per cent increase in wages for the spinning and weaving operatives only 24 hours before the Chancellor's statement was sufficient illustration of the attitude of organised labour to the anticipated move to curb spending power. Nor are the proposals likely to discourage other approaches of a similar nature, however many requests or warnings are issued by the authorities.

Selling rates for yarn and cloth have been remarkably steady for some months past in the face of declining order lists and a running down in the rate of activity throughout practically the whole industry. During this period overheads have contnued to rise, stimulated by dearer transport charges and many other similar developments. Now that the cost of living has taken another substantial upward twist, there may well be a struggle between the buyer and seller of cotton textile products along the line of processes.—*All Rights Reserved.*

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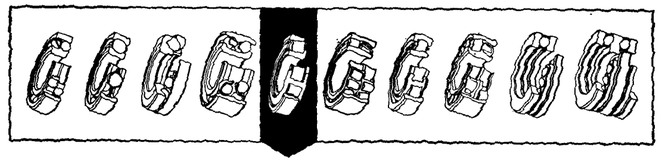

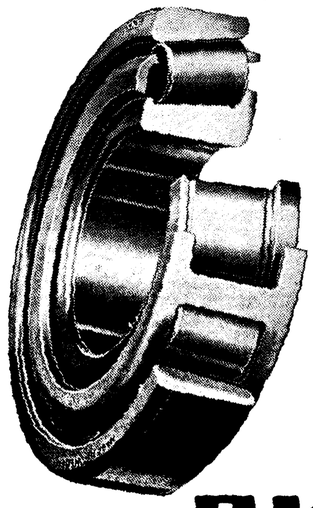

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LINKING SUGARCANE PRICE TO QUALITY

SYSTEMS IN VOGUE IN OTHER COUNTRIES

By G. Ramchander

*[The question of setting up an administrative machinery to introduce and enforce a system of linking sugarcane price to quality is still being examined by a special sub-committee of the Development Council for Sugar Industry. The Committee has been asked to submit its report before the end of next month. The findings of the Committee and the Government of India's decisions thereon are naturally awaited with much interest. The Committee will doubtless make a thorough study of systems in vogue in other countries. The salient features of some of the systems have been explained in the article below by Mr. G. Ramchander, who was one of the members of the sugar industry productivity team 1960, sponsored by the National Productivity Team under T.C.M. aid, which visited the various sugar producing countries.—*ED.]

IN all the countries visited, there is in vogue some system or other for payment of cane on quality basis and not simply the flat payment on weight basis. How far the various systems are perfect and satisfying to cane growers and factories is another matter. There is, however, a constant continuous attempt to perfect the systems.

Philippines

In the Philippines, the growers raise the cane and take it to the sugar Central for processing into sugar. There is, so to say, no purchase of cane by the Central. The Central retains towards its services 35 to 45 per cent of the recoverable sugar contained in the supplies made by the grower. This percentage distribution is decided by a milling contract between the miller and the grower of the area or each mill district as it is called. There is bargaining between the two parties and the share depends upon the strength of the party. The growers in the Philippines are all big landlords and are educated and very much advanced. Since this contract is there, what is required is to assess the available or recoverable sugar from the supplies made by individual growers in order to arrive at the amount of sugar to be distributed to the growers. This is done by the following formula I based on the analysis of first expressed juice of individual consignment, the Java ratio, sucrose extraction and the boiling house recovery for the period:

$$\text{Factor} = \frac{JR \times E \times CF \times 15{\cdot}81027 \times BHR}{PS}.$$

JR = Sucrose Java ratio
E = Sucrose extraction
CF = Correction factor to offset filter cake and undetermined losses
15.81027 = Piouls per metric ton
BHR = Boiling house recovery using the S-J-M formula; where S = is the gravity purity of sugar manufactured. J = Purity of syrup assumed as one unit lower to the purity of first expressed juice. M = Gravity purity of final molasses assumed a constant 39.
PS = Polarisation of raw sugar manufactured.

Note: 1 Pioul is equal to 139.44 lbs.

The Pol. per cent first expressed juice of the individual cane consignment is multiplied by this factor to arrive at the percentage of recoverable sugar of the consignment. This is actually an available sugar formula used in conjunction with the Java ratio and the mill extraction to estimate the factor. In working out the boiling house recovery, a fixed gravity purity of 39 is assumed for molasses.

There is a second formula used by some Centrals worked on Walker's tables but modified by Eduardo R. de Luzuriaga and known locally as Luzuriaga's formula. He assumed 39 purity for final molasses when the first expressed juice purity is 86 but has introduced a variation in the final molasses purity according to the variation in the purity of the first expressed juice, by the following formula II: Final molasses purity $= 32 + \frac{100 - J}{2}$, where J is the purity of the first expressed juice.

This purity for final molasses is introduced in the SJM formula. He also assumes a distribution constant of 0.8 to cover losses in extraction, press cake and undetermined. His formula III is: Factor $= 0.8 \times 15.81027 \times BHR$. As in formula I, the Pol. of first expressed juice is multiplied by this factor to arrive at the recoverable sugar from the individual consignment. The boiling house recovery in this case is worked with the final molasses purity arrived at by formula II. It will thus be seen that both the formulæ adopted for arriving at the recoverable sugar depend upon the boiling house recovery of the particular factory. The recoverable sugar so calculated is distributed between the Central and the grower according to the terms of the milling contract.

It is recognised by both growers and millers that evolving a complete fool-proof system for determining the recoverable sugar for distribution is a very difficult problem; but what is being done seems to satisfy both the parties and the system is working fairly satisfactorily in the Philippines. It may be stated here that periodical stock taking will reveal any over distribution. We were informed that such cases rarely arise.

The main importance in this scheme is thus based on the sampling and analysis of the first expressed juice. There are found many methods and innovations for the former from hand sampling to automatic mechanical samplers. There is also the question of adequate supplies in one lot. Lots of anything less than 50 tons are discouraged. Again, the Centrals themselves transport cane from the fields to the factories. Cane sampling and analysis stations are situated close to the milling stations. A growers' chemist is often associated along with the Central's chemist for sampling and analysis.

We may mention here that the growers are allowed free storage upto 90 days their share of sugar in the factories' godowns after which they are charged rent for warehousing. The growers either themselves sell their sugar, or the factories, in some cases, undertake to sell the sugar belonging to growers. In this sugar distribution, the growers should naturally have a share in the molasses produced also. Upto 60 per cent of the molasses produced is also distributed to the growers. Those Centrals having their own distilleries buy up the growers molasses at the ruling prices.

There is strictly no payment for sugarcane in Hawaii, as the factories have their own plantations and there are practically no individual suppliers.

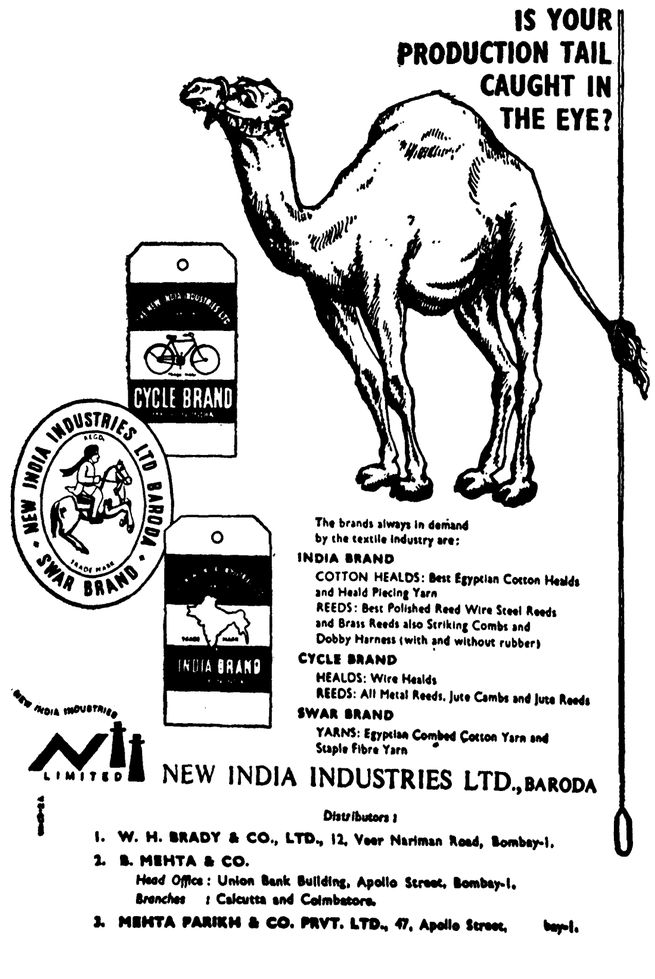
Louisiana

In Louisiana, we have the concept of a standard sugarcane. Sugarcane whose normal juice contains 12 per cent sucrose is classified as a standard sugarcane. A basic price for this standard sugarcane is statutorily fixed by the Secretary, United States Department of Agriculture, taking into account the ruling price of sugar in the New York market, which he normally pegs around 6 cents per lb. raw value. This basic price shall be $1.06 per ton of cane, if the raw sugar price is 1 cent per lb. Thus, when raw sugar sells at 6 cents per lb., the price per ton of standard sugarcane will be $1.06 × 6 or $6.36. The selling price of sugar is the weekly or the season's average selling price of sugar as adopted by factories from time to time with the approval of the Secretary of Agriculture. In arriving at the selling price, a freight difference of $0.03 cents per lb. is added or subtracted according to the zone where the factory is situated. The country is divided for this purpose into three zones. In one zone, there is no freight differential benefit. In the other two zones, there is an addition or a subtraction as indicated above.

A standard ton conversion table as shown in Table I on page 308 is published by the U.S.D.A. Agricultural Stabilisation and Conservation Committee and elaborate instructions are given for sampling, testing and reporting procedures to be followed under Sugar Act determinations.

The normal juice sucrose has to be determined to arrive at the standard cane sucrose factor. For this the crusher juice of the different consignments of cane are first analysed. The normal juice Brix is arrived at by multiplying the crusher juice Brix by factor 0.97, or this factor is determined by dry milling. The purity of the diluted juice is multiplied by the normal juice Brix to arrive at the normal juice sucrose. Against this normal juice sucrose is read the corresponding standard sugarcane quality factor from the above Schedule. The trash free net sugarcane weight is

(*Continued on page 308*)



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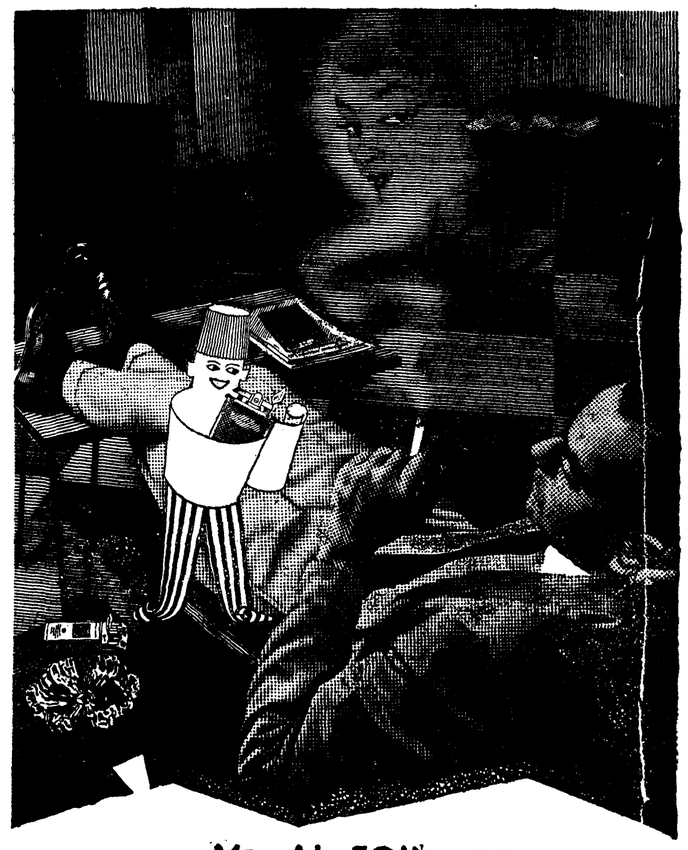
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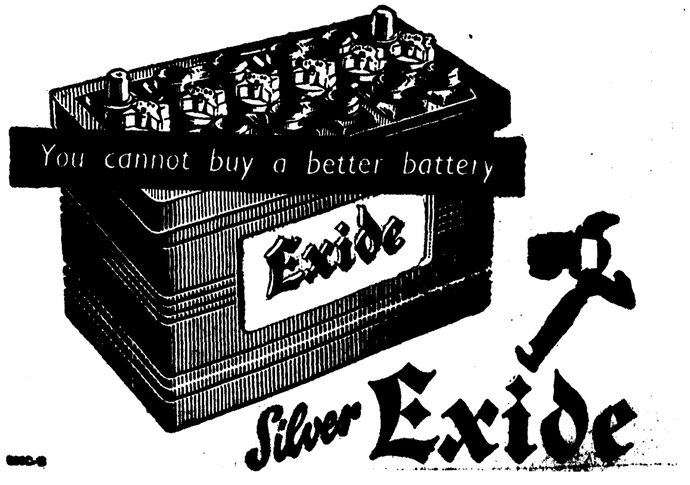


multiplied by this factor and, finally, this adjusted quantity is multiplied by the purity factor provided in the table shown in the determinations. This finally will be the total tons standard sugarcane to be paid for at the prevailing rates as already described above.

In these determinations, trash is to be accurately estimated and only trash free cane is taken as the net cane for multiplying by the quality factor. If the consignment of sugarcane is not big enough for sampling in the mill crusher, a sample laboratory mill could be used to determine the analysis of a small sample of the consignment. But correlation factors are to be worked out to convert the lab mill Brix to the crusher Brix.

An important aspect under the Sugar Act Determination in Louisiana is the deduction permitted for excess acidity resulting from freeze damaged cane as per Table II; this is not a deduction in weight but is a percentage deduction on the normal payment to be made.

Thus we find here that a cane with a higher sucrose in normal juice gets a premium over the standard cane and one with a lower sucrose content gets penalised. This will certainly give an incentive for better husbandry by planters. The penalties for the freeze affected cane is only to make the grower also share a portion of the losses on account of frosts, as this is an usual occurence in Louisiana during the crushing season. As a matter of fact, due to this, the growth period and the crushing season are both very short in Louisiana.

U.S.A.

Next we have in the U.S.A. a conditional payment to growers of sugarcane by the Government. This conditional payment has three objectives: (1) To help give growers adequate income from sugarcane and sugar beet production; (2) to assure growers and their field workers a fair share of the returns to the sugar industry; and (3) to prevent the employment of child labour in field work. This conditional payment is on a sliding scale system. The basic rate is 0.8 cents per lb. of raw sugar and is paid on the first 350 short tons produced. There is a progressive reduction in the rate as the volume of commercially recoverable sugar contained in the cane increases. This payment may be withheld if it is proved that the grower has violated the clauses of the Agricultural Act dealing mainly with the minimum wages and the non-employment of child labour.

The processor or the factory pays the grower an amount equal to the product 6.7 gallon times one half of the average price per gallon of molasses in excess of 6 cents for each ton of net sugarcane. Salvaged sugarcane and cane affected by general freeze are exempted from this molasses share.

Puerto Rico

Puerto Rico is an independent Republic in the Commonwealth of United States. It has close ties with the U.S.A. in both political and economic fields. Payment for sugarcane is, therefore, regulated by two administrative bodies—(1) The Sugar Board of Puerto Rico i.e. (S.R.) and (2) A body constituted by the Sugar Branch, Commodity Stabilisation Service of the U.S.D.A. (C.S.S.). Both bodies act together without any conflict. Generally the growers and processors or millers conform to the regulations of the two bodies.

A grower supplying cane can at his option receive his share of the sugar either in kind or its equivalent cash value. But he has to make his choice well in advance of the beginning of the season. Recoverable sugar is calculated from the analysis of the first expressed juice of the particular cane consignment. The formula used is as follows:

96 per cent. yield or recoverable sugar = (S—0.3B) F, where

S = Pol. of first expressed juice.
B = Brix. of first expressed juice.
F = Factor determined by substituting the average results for the liquidation period.

Where inferior or trashy cane is delivered, the above formula is modified as follows:

96 per cent. yield = T[(S—0.3 B) F', where

T = Trash correction factor which varies inversely with the amount of trash contained in cane, from 1.0 for cane which contains an amount of trash not in excess of 5 per cent. to 0.90075 for cane containing trash in excess of 16 per cent. on the gross weight of sugarcane.

I = Inferior sugarcane correction.

S, B and F are as above.

Table III is published as SD 877.11, Federal Register of 1/No./59—Commonwealth Law No. 426 of 1951.

Intermediate points in the above are to be interpolated to the nearest one-tenth point. For cane below 9.0 yield, the Commodity Stabilisation Service allows a minimum charge by the processor. But the Sugar Board prescribes a minimum share of 63.5 per cent to the grower. Accordingly, by referring to this table, the percentage distribution to the grower can be arrived at either according to the CSS or SB schedule, whichever the grower and the factory have agreed to adopt prior to the commencement of the season. There is only a slight difference between the two schedules. If the grower chooses to receive cash value for his sugar, the net price is determined on the average New York price for the 12 month period January to December less costs for transport and selling. We thus find in Puerto Rico the supplier of a better quality cane gets a premium. Costs of sampling trashy cane is charged to the grower either in whole or in part where the trash tolerance limit is exceeded.

Both the administrative bodies, the CSS and the SB, provide for cash payment to growers of 66 per cent of the net proceeds per gallon of molasses in excess of 5 cents per gallon times the gallons of final molasses per ton of cane. Expenses incurred in transport and selling are to be deducted in calculating the net proceeds.

It is thus seen that there is some form or other device for estimating the quality of cane supplied by growers for purposes of payment. The growers would certainly respond to proper incentives which directly affect their payments by better husbandry, provided these incentives reach them without being lost in procedural formalities. The feeling is that individual load identity is better than a few stalks for arriving at the quality. But any system of payment resorted to should aim at reduction of man-hours. It is estimated that it should not be more than 0.1 man-hour per ton (2,240 lbs.) per 24 hours.

TABLE I

Standard Ton Conversion Table

Percentage sucrose in normal juice	Standard sugarcane quality factor	Percentage sucrose in normal juice	Standard sugarcane quality factor
9.5	0.60	12.2	1.08
9.6	0.62	12.3	1.08
9.7	0.64	12.4	1.04
9.8	0.66	12.5	1.05
9.9	0.68	12.6	1.06
10.0	0.70	12.7	1.07
10.1	0.72	12.8	1.08
10.2	0.74	12.9	1.09
10.3	0.76	13.0	1.10
10.4	0.78	13.1	1.11
10.5	0.80	13.2	1.12
10.6	0.82	13.3	1.13
10.7	0.84	13.4	1.14
10.8	0.86	13.5	1.15
10.9	0.88	13.6	1.16
11.0	0.90	13.7	1.17
11.1	0.91	13.8	1.18
11.2	0.92	13.9	1.19
11.3	0.93	14.0	1.20
11.4	0.94	14.1	1.21
11.5	0.95	14.2	1.22
11.6	0.96	14.3	1.23
11.7	0.97	14.4	1.24
11.8	0.98	14.5	1.25
11.9	0.99	14.6	1.26
12.0	1.00	14.7	1.27
12.1	1.01	14.8	1.28
		14.9	1.29
		15.0	1.30

TABLE II

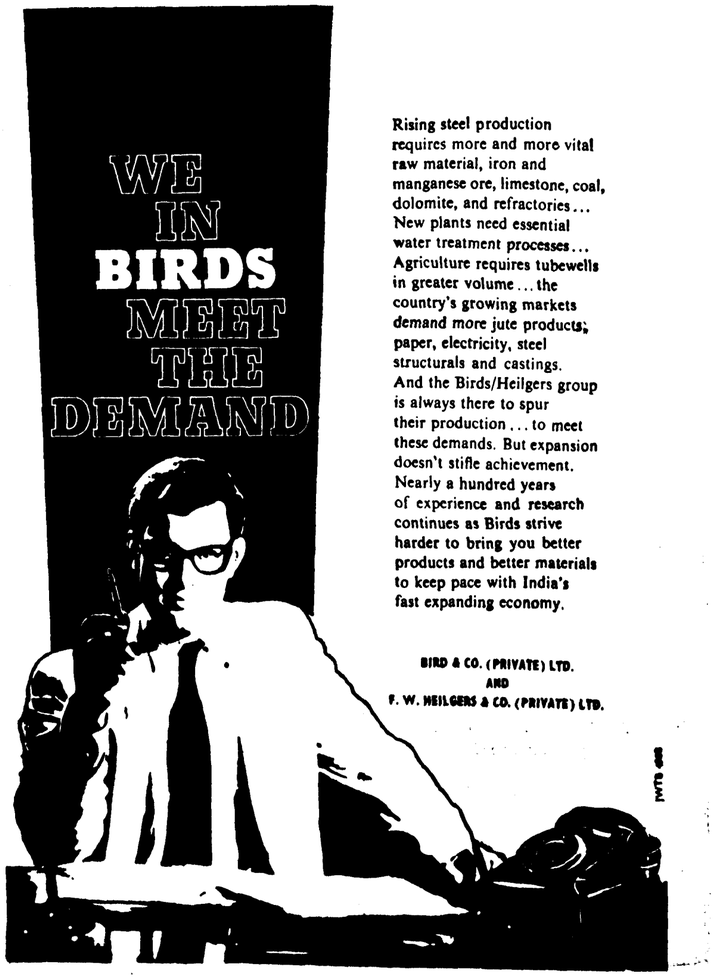
Acidity and Payment for Cane

Acidity CC's N/10 alkali	Per cent. normal payment	Acidity CC's N/10 alkali	Per cent. normal payment	Acidity CC's N/10 alkali	Per cent. normal payment
2.50	100.00	3.50	85.00	4.50	70.00
2.55	99.25	3.55	84.25	4.55	69.25
2.60	98.50	3.60	83.50	4.60	68.50
2.65	97.75	3.65	82.75	4.65	67.75
2.70	97.00	3.70	82.00	4.70	67.00
2.75	96.25	3.75	81.25	4.75	66.25
2.80	95.50	3.80	80.50	4.80	60.00
2.85	94.75	3.85	79.75		
2.90	94.00	3.90	79.00		
2.95	93.25	3.95	78.25		
3.00	92.50	4.00	77.50		
3.05	91.75	4.05	76.75		
3.10	91.00	4.10	76.00		
3.15	90.25	4.15	75.25		
3.20	89.50	4.20	74.50		
3.25	88.75	4.25	73.75		
3.30	88.00	4.30	73.00		
3.35	87.25	4.35	72.25		
3.40	86.50	4.40	71.50		
3.45	86.75	4.45	70.75		

TABLE III

Yield of Raw Sugar

Lbs. raw sugar per 100 lbs. net sugarcane	*Per cent yield of raw sugar in net sugarcane*	
	CSS.	SB.
9.0	63.0	63.5
9.5	63.5	63.5
10.0	64.0	64.0
10.5	64.5	64.5
11.0	65.0	65.0
12.0	66.0	66.0
13.0	67.0	67.0
13.5	67.5	67.5
14.0 and above	67.5	68.0



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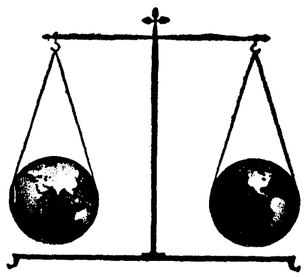

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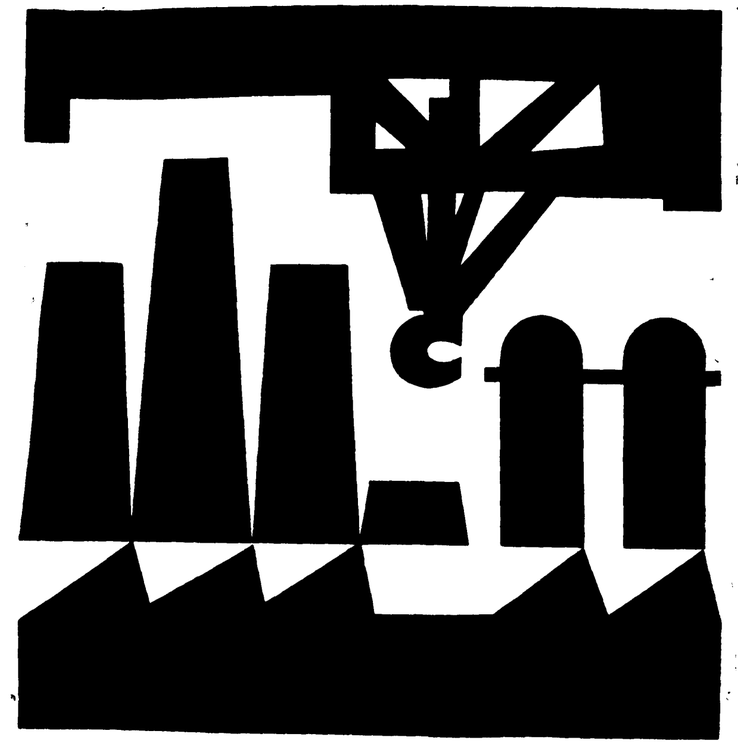

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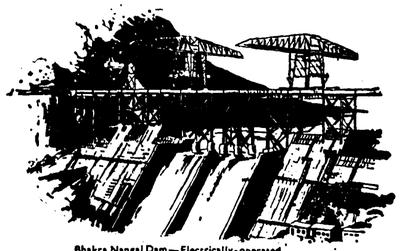

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IRON AND STEEL PRODUCTION IN W. EUROPE

E.C.S.C.'S REPORT FOR 1960 HIGHLIGHTS TRENDS

THE European Coal and Steel Community (covering West Germany, Belgium, France, Italy, Netherlands and Luxembourg) established a number of records in 1960 in so far as the iron and steel industry was concerned. First, the Community's production of crude iron ore was 95.8 million metric tons in the year under review, as compared with 65.3 million tons in 1952 and its imports of ore from third countries was 25.4 million tons in that year, as compared with 12.6 million tons in 1954. Secondly, production of pig iron in the Community amounted to 54.3 million tons in 1960 (of which 50.8 million tons represented consumption by the steelworks themselves), as compared with 41.0 million tons in 1955; the 1960 production was obtained from 409 blast furnaces and a small number of electric furnaces and it represented a 95 per cent utilisation of capacity. Thirdly, the consumption of scrap by the Community's iron and steel industry in the year under review amounted to 32.6 million tons (of which 19.1 million tons represented steelworks' own raisings and 13.1 million tons recovery from the Common Market), as compared with 24.9 million tons in 1955. And, fourthly, the Community's production of crude steel in 1960 was 72.8 million tons, as compared with 52.6 million tons in 1955; the rate of utilisation of steel production capacities in the Community as a whole in the year under review was 98.1 per cent, as compared with 95.7 per cent in 1955. These figures pertaining to the performance of the iron and steel industry are contained in the Ninth General Report on the Activities of the Community covering the period 1st February 1960—31st January 1961.

The Report has also provided a world picture—but only in respect of crude steel production. According to it, the 1960 production of crude steel in the Community represented 21.3 per cent of that year's aggregate world production of 342 million tons. This compared with the Community's 1952 production which represented 19.7 per cent of that year's total world production of 212 million tons. Crude steel consumption per head of population in the Community is, however, still well below that in the United States. If we exclude indirect imports, it is no higher than in the U.S.S.R. The following table presents the comparative picture of production in somewhat greater detail:

Production of Crude Steel (1952-60)

(In '000 metric tons)

Country	1952	1960 (Provisional)
West Germany	18,629	34,100
Belgium	5,170	7,171
France	10,587	17,294
Italy	3,535	8,219
Luxembourg	3,002	4,954
Netherlands	993	1,940
Total Community	41,896	73,808
United Kingdom	16,681	24,694
United States	84,521	90,047
U.S.S.R.	34,492	65,000
Eastern Europe	11,225	20,400
Japan	6,988	22,143
China	1,350	18,000
Other countries	14,847	23,906
Total World (estimated)	212,000	342,000

Some other interesting facts emerging from the Report also call for mention here. One fact is that, in 1960, the Community's production of crude steel by electric furnace process amounted to 7.5 million tons, as compared with 3.1 million tons in 1953. Another fact is that the Community's production of high-grade and special steels in the first nine months of 1960 amounted to 5.5 million tons, as compared with 4.1 million tons in the whole of 1955. Thirdly, the figures regarding the Community's production of finished steel by types of product are given below:

(In '000 metric tons)

Type of product	1952	1960 (first 11 months)
Permanent way material	1,432	1,284
Heavy sections	2,723	3,678
Light sections	10,033	13,309
Wire-rod	2,844	4,937
Tube seals	973	1,808
Hoop and strip	2,273	4,245
Plate 3 mm. and over	4,285	7,189
Sheet under 3 mm.	3,947	9,439
Coils (finished)	3	623
Total ..	28,515	46,546

A fourth fact is that the Community's steel exports to third countries in the first nine months of 1960 aggregated 9.9 million tons, as compared with 7.4 million tons in the whole of 1954. Fifthly, the Community's imports of iron and steel products from third countries aggregated 2.2 million tons in the first nine months of 1960, as compared with 0.9 million tons in the whole of 1954. As for steel export prices, the trends may be noted from the following figures:

(In dollars per metric ton)

Product	Community		U.K.		U.S.A.	
	May 30, 1953	Jan. 1, 1961	May 30, 1953	Jan. 1, 1961	May 30, 1953	Jan. 1, 1961
Merchant bars ..	93	100	96	113	105	134
Sections	93	94	105	109	104	132
Plate	115	99	127	115	104	127
Sheet (cold-rolled) ..	147	148	128	145	134	157

The schedule prices of most steel products in nearly all the six countries of the Community remained below the British and American home prices. Since the introduction of the Common Market, the average steel prices have, in general, shown greater stability in the Community than in the U.K. and the U.S. In terms of a constant rate of exchange, they rose by only 4 per cent in the Community, as against 18 per cent in the U.K. and as much as 40 per cent in the U.S. Over the same period, the general wholesale price index for industrial products rose in the Community (likewise in terms of a constant rate of exchange) by 8 per cent. The Community is successfully maintaining its competitive position in the world markets, for its prices of almost all products are substantially below the British and American. But competition from Japan, it is stated, is becoming increasingly keen.

In the context of plans in India for some independent pig-iron production, the Report's comments on the position of independent blast furnaces in the Community may be followed with interest. These comments are to the effect that the position of the independent pig-iron producers remains precarious, for even peak requirements of steel-making pig are being met more and more by the installation of extra capacity at the integrated works, and that they have to fall back purely on the production of foundry pig, in which sector demand is, however, stationary and imports are on the increase. Here the Report has given the finding that, in consequence of their frequently demonstrated vulnerability and one-sided pattern of production, they are finding it exceptionally difficult to adjust themselves to present market conditions.

MINERAL AND METAL PRODUCTION IN 1960

The value of mineral production in India in 1960 increased to Rs. 159 crores from Rs. 141 crores in 1959, according to the provisional estimates released by the Indian Bureau of Mines. The value does not include petroleum and atomic minerals..

Coal, with an output of 52.6 million metric tons, was the leading commodity and was valued at Rs. 109 crores, representing about 68 per cent of the total value of mineral production. Next in order of value were manganese ore (Rs. 8.2 crores), iron ore (Rs. 7.7 crores), salt (Rs. 6.7 crores), gold (Rs. 5.7 crores), limestone (Rs. 5.6 crores), mica (Rs. 2.5 crores), copper ore (Rs. 2.4 crores) and ilmenite (Rs. 1.5 crores).

The production of iron ore reached a peak figure of 10.68 million metric tons. This marked increase in output was due to the higher internal and external demand. The despatches of iron ore for consumption in the domestic iron and steel plants rose to 7.23 million metric tons, recording an increase of 27 per cent, as compared with the despatches of 5.68 million metric tons during 1959.

As a result of large expansion in the domestic aluminium, refractory and chemical industries as well as of higher overseas demand, the output of bauxite reached the all-time peak of 384,000 metric tons, representing an increase of 75 per cent over the output in the preceding year.

The output of salt at 3.44 million metric tons and crude mica at 29,003 metric tons was higher, as compared with the preceding year. Consistent with the increase in internal demand, the output of limestone, dolomite and gypsum reached new peaks. The output of limestone was 12.7 million metric tons, recording an increase of 18 per cent over the previous year. In the case of dolomite there was an increase of 90 per cent in output while the output of gypsum was higher by 16 per cent as compared with 1959.

The State-wise analysis of mineral production indicates that Bihar was the leading State and produced minerals valued at Rs. 57 crores, which is 36 per cent of the total value of mineral production in 1960. Next in order of value of mineral output were West Bengal and Madhya Pradesh, their shares in the total value of mineral production in India being 21 per cent and 12 per cent, respectively.

The total value of metal production during 1960 was estimated at Rs. 195 crores, as against Rs. 155 crores in 1959, recording an increase of nearly 25 per cent. The increase was mainly due to higher production of ferrous metals which recorded an increase of Rs. 38 crores or 27 per cent, as compared with 1959. The production of finished steel increased from 1.8 million metric tons in 1959 to 2.2 million metric tons in 1960. The production of pig iron was 4.2 million metric tons, an increase of 35 per cent over the preceding year. The output of ferro-manganese at 86,000 metric tons was higher by 26,000 metric tons, as compared with 1959. In the case of non-ferrous metals the year was marked by record output of aluminium, antimony and copper.

ASHOK-LEYLAND'S NITRIDING PLANT

A nitriding plant, newly installed at the Ashok-Leyland factory at a cost of Rs. 1,00,000, is able to impart to crankshafts about twice the hardness of a normally hardened and tempered steel shaft. The new plant, which also makes the crankshaft twice as strong in its resistance to fatigue, consists of a 58 kw. cylindrical furnace complete with temperature control gear capable of treating 20 crankshafts at a time.

From long experience, it has been found that the rate of wear of this type of crankshaft is less than 0.001 in. per 100,000 miles, regrinds being rarely required under 250,000 miles. This low wear becomes even more significant by the fact that five regrinds are permissible in stages of 0.010 in. each. After the second and fourth regrind, the shaft is again nitrided.

All crankshafts for Leyland vehicles are nitrided and the nitriding plant now installed in the Ashok Leyland Ltd. provides another instance of the progress made by the Company not only in its manufacturing activities but in providing operators with basic essentials for low operating costs and maintenance charges.

U.K. STEEL INDUSTRY'S PLANS

The British steel industry is engaged upon a programme of unprecedented technical innovation and expansion. Its plans for meeting the demand of the mid-sixties are given in a booklet just issued by the British Iron and Steel Federation in London. According to the booklet, productive capacity by the mid-sixties will be about 34 million tons. Capital expenditure in 1960 was at the record annual level of £146 million and may be about £200 million this year.

The best estimate the industry has been able to make of future prospects is that demand in the mid-sixties may be about 30 million ingot tons—25 million ingot tons for the home market and 5 million tons for direct export. It may be recalled here that home consumption last year was 20.3 million ingot tons while exports amounted to 4.3 million tons.

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NEW PRODUCTS AND PROCESSES

New Flooring Materials

TWO new flooring materials, one based on a polymer emulsion and the other on epoxy resins, have been introduced by the Stonhard Company Ltd., a member of the Berger group of companies of Britain. They are claimed to extend greatly the range of applications of the firm's flooring products. The polymer flooring is said to be immensely hard wearing and resilient and to have a high resistance to attack by oils and moisture. The epoxy flooring, while having similar durable properties, has been developed for applications where it must withstand the destructiveness of corrosive chemicals. Stonhard, as a flooring specialist, reserves the right to advise the customer on what is the best type of flooring for him and to make the actual installation itself. Whereas the firm does not hesitate to admit that the new materials are expensive in themselves, it states that the ease and quickness of their installation more than compensates for the initial cost and leads to a great saving in production time lost while the floor is relaid. The polymer flooring is capable of being laid as a concrete overlay at a thickness as low as ¼ in. The polymer emulsion, mixed with cement and granite, is used as an adhesive, which avoids the necessity for hacking and keying. The epoxy flooring contains no cement—the resin is mixed with a specially graded sand—since it is cement which breaks down most quickly under chemical attack. Both types of flooring can be supplied in a variety of colours.

New Labelling Machine

The normal method by which a semi-automatic labelling machine applies a label to a container is by pressing the gummed label onto the container from the top or from the sides by one or two press or wiping movements and in some cases, a rubber roller is employed. Faced with the problem of applying a label, gummed all over, to the top, side and bottom of a flat box, Purdy Machinery Company, Ltd., decided that this could best be achieved with a suitably modified version of their semi-automatic "Universal" machine. The problem posed was for the end sealing, with one size of label, onto boxes ranging from 17⅞" x 14⅝" x ¾" down to 3.13/16" x 2⅛" x ¾", gumming the surface of the label all over and thus providing a complete and unpilferable seal. Modification therefore, was made to the feed and wiper mechanism whereby a top and right angle press for the box together with an under wipe for the underside of the label was carried out simultaneously. The complete box size range is covered by only one adjustment on the machine. This takes the form of an adjustable guide which centralises the labels to the varying box sizes. Adjustment is a matter of seconds only. Speed of operation is naturally governed by that of the operator but speeds upto as many as 150 dozen boxes per hour can be achieved by a competent operator. Purdy tell us that to the best of their knowledge, this is the first time that a mechanism capable of carrying out these three pressings simultaneously, has been achieved by any manufacturer of a semi-automatic labeller.

Cheap Method for Acid Recovery

Hydrofluoric acid is used for many industrial processes. It is a comparatively expensive raw material. This creates problems not only in costing processes but also in the fact that the acid must be removed from the industrial effluent. A process has been developed in the U.K. which, it is claimed, not only facilitates the removal of hydrofluoric acid from industrial waste but also lowers the costs for anhydrous hydrofluoric acid. The operation of the process depends on the use of a special "pulsed column" in which the hydrofluoric acid solution in water is brought into contact with an amine. The amine takes up the acid and a little water. The water taken up by the amine is then removed by means of a "flash" evaporation process and by fractional distillation. A further process at a higher temperature is then used to separate the hydrofluoric acid from the amine. The process has the advantage that the amine can be used again since it is continuously returned to the bottom of the pulse column.

New Plating Process

An electrolytic plating technique developed in France is said to produce unusually adherent coatings. The article to be coated is first connected to an electric current supply and then immersed in a bath that includes an oxidising agent and a suitable compound of the metal to be deposited. Current is passed for less than a minute, during which time the surface of the article is coated with an oxide layer no more than a few thousandths of a millimetre in thickness. After the current has been switched off, the article is left in the bath for about an hour. When it is removed, it is coated with a thick layer of the metal previously selected for deposition. The company concerned claims that the process can be used for coating a large range of metals and alloys, but the technique is especially suited to those that are readily oxidised.

New Dumpsters for Ready-mixed Concrete

Efficient transportation of liquid concrete is a great asset to the construction engineers at factory and building sites. Keeping this in mind, the Premier Automobiles have developed a concrete dumpster to be mounted on their Dodge and Fargo 119" w.b. diesel truck chassis. The dumpster has an all-steel, welded container which can carry 2½ cub. yards ready-mixed concrete. All sides and corners of the container are radiused to prevent sticking of concrete. It has a "Telehoist," under-body, tipping mechanism operated hydraulically from driver's cabin with all controls conveniently located in the cab within driver's easy reach, which means the entire process of carrying and dumping the concrete in plastic condition is done by only one man. A great economy and time-saving feature! The 'half-egg' like shape of the container, with a narrow mouth, enables easy discharge of the contents on the site. Two of these dumpsters have been recently supplied to Messrs. Lummus & Co., Construction Engineers for Synthetics and Chemicals Ltd., Bareilly.

Plastic Milk Bottles

For an experimental period, housewives in various parts of the Netherlands are to have their milk delivered in plastic bottles. These are made from polypropylene and manufactured by a Dutch firm on an extrusion machine of its own design. Several advantages are claimed for the new plastic bottles. They are much lighter than the corresponding glass bottles and noise during stacking and transport is greatly reduced. With an average life of 400 fillings, they are also practically unbreakable and therefore safe to handle. Lastly, since their height and dimensions are the same as those of glass bottles, dairies can continue to use existing filling, cleaning and sealing machines.

New Method of Treating Wood

Treatment of greenwood with a chemical developed in the United States allows the wood to be worked without seasoning and without danger of later warping, shrinking or swelling, it is claimed. The chemical diffuses into the greenwood, replacing the natural moisture and filling the pores so that additional dampness is not absorbed. Only slight effect on the colour and working and glueing characteristics of the wood is said to result from the treatment but it does affect its reception of ordinary surface finishes and only resin-based varnishes can be used.

Robot to Help the Miner

A robot with its own built-in power supply is being developed as a by-product of fuel research work at Sheffield University. The robot could be used in working conditions dangerous to man, such as putting out fires in hot smoky conditions or mining and shovelling coal in seams too narrow and deep for miners. Professor M. W. Thring, head of the Fuel Department at Sheffield University, explained how the robot works. Its course of action is a simple chart which it scans through photoelectronic cells and impulses produced and then translated into directions to drive and steer. Prof. Thring said these impulses can also make the robot carry out set tasks at appropriate times with the aid of an electronic memory and to make corrections to the original chart from information gained on the journey.

Automatic Machine for Galvanizing

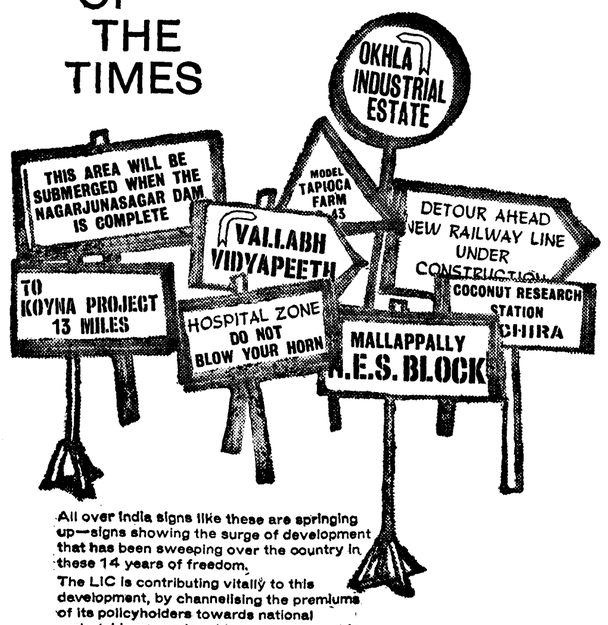
A Dutch firm has designed and started producing an apparatus which automatically performs the whole cycle of operations, namely, suspension and removal, electrolytic degreasing, cold-rinsing, acid bath, cold-rinsing, galvanizing (or cadmium- or nickel-plating), cold-rinsing, passivating (or acid bath), cold-rinsing, decolourising (or chromium- or brass-plating), cold-rinsing and finally hot-rinsing. The automatic machine has a diameter of 13' to 19½' is 8' high and divided into 16 sections. Sections 6 to 10 form one large bath in which the actual treatment of galvanizing, cadmium- or nickel-plating takes place. The mechanism for the automatic transport through the baths and over the bath rims of the racks with the articles for treatment is centrally arranged. The baths are arranged in a circle round the automatic mechanism. A lift moves up and down a central stand. A turntable round this lift consists of vertical guide faces along which move the guides carrying the rods on which the racks are suspended. The lift carries along each guide supported on a roll on the lift. The guides are then transferred in a horizontal direction over the bath rim to the next position. This cycle of raising, turning and lowering is constantly repeated.

Electrolytic Engraving

A quick and economic method for engraving trade-marks, figures or letters on hard metals and alloys in their finished condition has been patented by the Council of Scientific and Industrial Research and released free to industry. The new process has been developed at the National Physical Laboratory, New Delhi. Etching can be completed in about 20 to 30 seconds by this process. It makes use of a 12-volt battery for electricity supply. Alternating current can also be used. The process requires a heavy-duty stencil (waxed tissue paper) on which the trade-mark is stamped or typed, and a woollen felt pad in which electrolyte is soaked. The article to be etched is placed alongside the stencil, felt pad and the metal plate which complete the circuit. The available methods such as stamping or spark erosion induce undesirable stresses or involve lengthy operations.

ASP/LIC/58.16

THE SIGNS OF THE TIMES



All over India signs like these are springing up—signs showing the surge of development that has been sweeping over the country in these 14 years of freedom.

The LIC is contributing vitally to this development, by channelising the premiums of its policyholders towards national undertakings—undertakings which result in more schools, more hospitals, more roads, more bridges, more railway lines, more industries and more of everything that would ensure a good standard of living for its citizens. Thus, besides guaranteeing the financial security of an individual policyholder, the LIC is helping to erect signs of progress on the road to a better life.

Life Insurance Corporation of India

WORKERS' SUGGESTIONS IN INDUSTRY

OUTLINES OF A PRACTICAL SCHEME FOR INDIA

By Dr. J. L. Rastogi

A SUGGESTION scheme in industry is an integral part of any labour-participation programme. It is like a direct democracy in which all those constituting the firm are encouraged to offer useful suggestions. In a narrow sense it is a system whereby a firm's employees, particularly the lower grades, are encouraged to put forward ideas for improving production, equipment, handling, safety, precautions and so forth. However, the scope of a suggestion system is much wider. An opportunity is afforded to all those who can benefit the firm by using their patent and latent abilities, to help improve efficiency and production. They are also allowed to criticise freely managerial policies, decisions and actions, if they seem to be an obstacle to the firm's progress. Not only in routine matters, but even when any new scheme is chalked out or vital changes contemplated they are given a chance to express themselves. Appropriate awards are offered to those whose suggestions are found to be useful and accepted.

A suggestion scheme carries with it numerous advantages, which may not always be measured in monetary terms:—

1. As workers are allowed to offer suggestions for improvement in the working of the concern, its production, techniques and management, their latent abilities can best be utilised to benefit the firm.

2. Under such a scheme workers are free to criticise managerial policies and actions. Therefore, they can clear up their grievances, complaints and misunderstanding.

3. Such a scheme leads to better understanding on the part of the management of workers' point of view regarding production, equipment and management. Thus appropriate steps can be taken to ensure workers' co-operation.

4. Appropriate awards are given to those whose suggestions are accepted and prove beneficial. It provides a psychological satisfaction and encourages them to utilise their brain power also.

5. It broadens workers' outlook as they are encouraged to look beyond their own narrow specialised responsibilities and view the work as a whole. It leads to better understanding of firm's needs, problems and policies by the workers.

6. A suggestion scheme thus brings the parties closer, and better understanding on the part of employers and workers paves the way for harmonious relations and industrial peace, greater efficiency, low cost of production and better earnings.

Western Experience

With the growing appreciation of the benefits of a suggestion scheme, particularly in increasing productivity and reducing industrial tension, it has been recognised as an important aspect of industrial relations in the West. Each concern has its own well defined suggestion scheme. Eligibility, sphere for suggestions, procedure for measuring their effectiveness and method of calculation of awards have been clearly laid down to reduce confusion.

Generally only the workers are eligible to make suggestions. Supervisors and managerial cadres have been excluded from the jurisdiction of the scheme but they help the rank and file to express its ideas. However, with the recognition of highly specialised nature of work, supervisors and foremen are also being allowed to express their own ideas subject to certain limitations.

Generally the scope of such a scheme extends to suggestions for improving production, technique and equipment. But a suggestion to qualify for an award "(a) must not come within the scope of the person's ordinary duties; (b) must not be a repetition of an idea previously put forward either by the firm's planning office or by another suggestion. Some firms also specify that it must not come within the sphere of matters to be negotiated between the management and the unions." (Quoted from 'European Productivity' No. 33, October 1959, P. 6). Ordinarily, workers have no right to criticise management, its policies, decisions and actions. However, cases are not uncommon where proposed new methods on changes in manufacturing technique have been widely publicised to gain from workers' knowledge and experience and to ensure their co-operation.

Suggestions are to be offered on prescribed forms obtainable free. But these can also be given on any piece of paper. Each suggestion must be clearly signed by the author. The name of the suggestor is kept confidential if he so desires. For the convenience of workers suggestion boxes are placed near at hand. In certain firms suggestions may be given to foreman, or the officer concerned personally.

Each firm prescribes a set procedure for analysis and investigation of various types of suggestions. Usually a separate officer is given the responsibility of operating the scheme. Suggestions are collected periodically once or twice a month, and each of these is allotted a separate number. These are placed before the firm's suggestion committee comprising of production manager, head supervisors and an adequate number of workers' representatives. Sometimes, in bigger firms, the suggestion committee has a number of sub-committees to deal with different types of suggestions. These are then referred to appropriate departments to judge their effectiveness and the probable savings if adopted. After due consideration these are returned to suggestion committees with proper recommendations. In case any suggestion is not adopted the reason thereof is promptly communicated. Sometimes, such a suggestor is also granted an interview and is convinced of the reasons for its rejection.

Fitting Awards

Workers whose suggestions are accepted are offered appropriate awards as a token of their knowledge, ability and service to the concern. Sometimes nominal awards have also been granted for suggestions not acceptable as a recognition of initiative and efforts on the part of workers. When economy can be measured usually, award is a certain percentage of annual estimated saving. But in cases where monetary benefits cannot be directly assessed fixed awards are granted. In Germany, in cases where economic benefits can be measured, awards generally vary between 6 to 25 per cent of the amount annually saved. In certain German firms suggestions are classified on the basis of their effectiveness and awards are made accordingly; while in others, a point system has been made use of in calculating awards. In Arther Martin Co. (France), for the purposes of determining the quantum of awards, personnel covered by the suggestion scheme have been divided into (a) workers and junior staff and (b) technicians. While the former get 25 per cent of the annual savings due to their suggestions, the latter are entitled to only 10 per cent of such economy. However, for product development, office award is given on a descending scale of 10 per cent to 3 per cent according to the type of the suggestion.

In Sulzer (Switzerland) award is generally 15 per cent of the gross saving or 25 per cent of the gross saving less development costs whichever is smaller but it, in no case, can be less than 20 and more than 5,000 swiss francs. In Lucas Factories (England) the suggestion committee may award upto £100 for any adoptable suggestion. Merit awards may also be given for suggestions which, though not adopted, reveal careful and ingenious thinking.

Adopted suggestions are periodically reviewed by the Committee and, if original calculation is found to be inadequate, a supplementary award is generally recommended. Besides regular awards, additional prizes are given by certain firms to those offering a few best suggestions of the year. Sometimes annual suggestion competitions are also organised, accompanied by valuable prizes.

Success Achieved

Suggestion schemes in the West have fairly succeeded in increasing productivity and improving industrial relations. Although suggestions have been put forward for improvements in production, techniques, material and equipment handling, transport arrangement, amenities and welfare, suggestions relating to production have been more effective. In fact, workers have greatly aided in introduction of day-to-day rationalisation in industry. Very often their suggestions have afforded a saving of thousands of dollars every year. Even in cases where direct measurement has not been possible, "there is evidence of an 'invisible' but progressive activity which expresses itself in greater care of plant and tools, economy in use of consumption articles, improvement of minor details, higher average quality of manufactures, etc." (Quoted from 'Report of the Study Group on Worker Participation in Management, 1957,' P. 27).

In spite of the importance of the suggestion system in an enterprise, it remains a neglected aspect of industrial relations in India. While an increasing attention is being paid to joint consultation around the table, a beginning is yet to be made in this direction. Workers in our country are still regarded as a marketable commodity. Their role as responsible and co-operative agents has not been recognised. Even where employers have tried to introduce any such scheme, due to illiteracy and ignorance it has been generally opposed by the workers themselves.

Any scheme of labour participation in management is incomplete unless it is accompanied by a well planned suggestion scheme. In a country like India, where industrial relations are marked by frequent disputes, workers are illiterate and unorganised and management largely unenlightened, initially a suggestion scheme on an elaborate scale cannot be a success. The Indian Labour Conference should lay down broader principles and a model scheme for guidance. Within this framework each concern should lay down its own scheme according to its needs and circumstances. The purpose, scopes, benefits and features of a suggestion scheme should be clearly defined.

The suggestion scheme should have the active support of the management. The plan should be open to all types of personnel including foremen and supervisors. They should be allowed to offer suggestions on all matters which are of direct concern to them or are likely to lead to an improvement in production, technique and welfare. A certain person should be entrusted with the responsibility of operating the scheme. Suggestion boxes should be placed at short distances and special forms should be provided for the purpose.

Avoiding Delay

A definite procedure for consideration of workers' suggestions should be prescribed and a time limit for each stage should be fixed to avoid delay. Suggestion boxes should be emptied every week and the receipt of a suggestion should be immediately acknowledged. It should be placed before a joint committee of management and workers' representatives within 15 days. In a bigger concern there may be separate committees for dealing with different types of suggestions. If any suggestion calls for an expert opinion, it should be handed over to the appropriate department to judge its effectiveness and probable economies. Ordinarily such an investigation should not take more than two months.

For maintaining interest in the suggestion scheme and encouraging more and more workers to offer suggestions, the competence and efforts of those offering useful suggestions should be properly and adequately recognised. Every suggestion scheme should lay down a scientific award structure. These awards may be in cash and/or in kind. Where the probable savings can be directly measured award should be a percentage of these. However, varying percentages of awards may be prescribed for different kinds of suggestions according to their effectiveness and types of personnel making them. In cases where economies cannot be measured, fixed awards may be laid down.

Persons offering meritorious suggestions may also be provided with additional benefits like holidays with pay, better educational and training facilities, visits and excursions to religious and industrial cities, etc. However, to ensure fairness, working of each suggestion and actual economies should be periodically assessed by the factory suggestion committee and additional awards may be allowed to make up the deficiency, if any.

Moreover, in order to maintain workers' interest in the scheme, frequent suggestion competitions should be organised. Prizes for a number of best suggestions should be declared fairly in advance and be displayed at some convenient place within the factory.

A suggestion scheme cannot be effective unless workers are well-informed of their task, technique and equipment of production, financial standing of the concern and its special needs and problems. Thus they should be provided with all such information except what is likely to affect the firm adversely.

Besides, in order to make workers suggestion-conscious, the scheme should be given wide publicity within the works. Audio-visual media may be beneficially made use of. Attractive posters would go a long way in maintaining workers' interest in the scheme and inducing them to offer useful suggestions. The progress of the scheme, the number of effective suggestions made, probable economies and likely benefits to the employees should be frequently communicated to the rank and file through the factory news-bulletin or periodical progress report.

The progress of the suggestion scheme should be periodically reviewed by the Standing Labour Committee and the Indian Labour Conference. Besides, frequent seminars should be held to pool experience and solve difficulties.

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THE CONTEMPORARY CORPORATE SCENE IN INDIA—I

BROAD TRENDS OF CORPORATE GROWTH

By Dr. Raj K. Nigam, Ph.D. (Econ.) (London)

TODAY, the activities of the corporate sector in our country are as broad-based and diversified as they are seen to be in the economic life of the communities in the industrially advanced countries of the West where the productive and distributive agencies and financial institutions of the national economy have not passed under the ownership and control of the State and the citizens are free to initiate and develop industrial and business ventures individually and collectively according to their likes and resources. It is possible that, in these countries, outside the communist orbit, there might be economic laws which gave powers to the State to exercise a certain degree of surveillance over the private business. Today, even in the countries where the tenets and principles of capitalism still inspired the people to some extent and were accepted as fundamentals of business philosophy, the State is no more a bystander, watching over the activities of the private entrepreneurs passively and ineffectually. Instead, the State in those countries has armed itself with a very wide range of substantial powers to curb the exploiting tendencies of the private business and to so direct its operations that the society's welfare is steadily bettered and advanced.

In fact, the world has travelled a long way from the days when capitalism was the sole economic system prevalent in the world and when the doctrines of mercantilism and *laissez-faire* provided inspiration for the people and the governmental authorities, far from prescribing any strains and rigours for the business sector, most generously and freely responded to the requests for grant of special privileges and positions to the private entrepreneurs and trading communities which strengthened their economic status and well-being. The State was indifferent as to how the wealth accumulated in the hands of a few rich people while the economic status of the vast majority of the people remained unaffected at low levels. The State was quite satisfied with the fact that the nation as a whole became rich materially in terms of gold and treasures imported into the country in exchange for the wares and goods manufactured in the country. This policy of non-intervention in private business or of giving positive help to a few selected individuals created large pools of money in the hands of the rich core of the society and some resourceful and enterprising persons of this section in England thought about the idea of creating the institution of joint-stock companies which, within a short space of time, became powerful engines of industrial revolution and development all over the world and remained so till recently when some countries crossed the hinterland of capitalism and free economy and entered into the orbit of communist and collectivistic countries. The impact of the system of joint-stock companies has been so great upon us that, without the products and services of the corporate bodies, it is just inconceivable to think of the smooth functioning of the economic life of any country of the world today, even if it were comparatively a backward country steeped in traditional age-old pursuits.

Historical Perspective

The economic life of the people today is quite different from the one which prevailed 50 or 100 years ago, when the products of cottage industries were predominantly used by the people; and, as time moved onwards, with the progressive widening of the industrial activities in the western countries, particularly in the U.K., the people in our country started using machine-made goods turned out of factories, established, controlled and run by corporate bodies. Besides, a small beginning was also made in the direction of developing varied kinds of industrial goods in the country. The cumulative effect of this development has been that, today, an overwhelmingly large proportion of the industrial economy of the country is controlled and run by joint-stock companies, as compared with the importance enjoyed by joint-stock companies in the fifties of the last century when these were transplanted into this country as a result of the passing of the first Indian Companies Act in 1950. In the beginning in our country, the joint-stock companies were used as a device for raising capital for only such industries as tea, coal mining, jute and cotton textiles mills. Apart from these, some companies were also formed for banking and trading purposes. Alongside the indigenous companies registered under the Indian Companies Act, there were also some sterling companies incorporated in England which were predominantly concerned with tea plantations, coal mining, jute mills in this country. The whole range of industries such as chemical and engineering industries, food industries, textile other than cotton and jute manufactures, leather and leather products, iron and steel and non-ferrous metals, manufacture of transport equipment including repair, assembly and manufacture of ships, boats, railway equipment, bicycles, motor cars, aircrafts, coach building, etc., petroleum, cement, paper, plastics, photographic and optical goods and many other lines of manufacture and services as are today undertaken by joint-stock companies were either not conceived of at all at that time or could not be developed in the country as sufficient advance had not been made then in the scientific technology pertaining to these new industries. Besides this, the apathy of the alien rulers also tempered the growth and development of industries in the country. But more than the lack of interest of Government, it were the lack of faith of the country's entrepreneurial class, for a long stretch of time, in modern institutions and methods of production and the backwardness of the Indian people who unquestionably obeyed certain ancient laws, taboos and totems which were responsible for delaying the working of the process of large-scale industrialisation in the country, and placed the country behind the other industrially advanced countries of the West by at least fifty years, if not more. But, during the last decade, under the spur of the Five-year Plans, this ungratifying time lag has been narrowed down so much so that what the advanced countries of the West do today, we are able to adapt the same in our country with a time lag of five years or so.

Stimulates Industrialisation

But, notwithstanding all this, it is to be recognised that the adoption of the device of joint-stock companies in our country in the latter half of the last century liquified the hoarded wealth and attracted it for investment in industrial stocks and shares. The initial prosperity of the pioneer companies and the absence of corporate failures created deep impressions on the minds of the trading communities in the country who were further greatly emboldened in their business adventures by the tried commercial techniques of the foreign business community in the country which organised managing agency houses to run the industries. The contact with the foreign managing agency houses, which were concentrated in Calcutta, was a decisive factor in so far as it brought out a larger and larger number of Indian businessmen and traders into the open industrial field. Other boosting pressures responsible for the steady enlargement of the corporate sector were the growth and development of banking institutions, which loosened the physical hold of the people over their accumulated stocks of money, the economic compulsions introduced by the two World Wars, the growth of nationalistic sentiments in the country, the passing of the government of the country into the hands of the sons of the soil, etc. The complex patterns of forces, institutions and practices, aided by joint-stock companies, unleashed strong industrial forces in our country.

With the close of the fiscal year 1960-61, the joint-stock companies in our country have completed a life of 110 since the passing of the first Companies Act in 1850 and of 103 years since the incorporation of the principle of 'limited liability' in the Companies Act in 1857. In this series of articles, it is proposed to periscope the changing face of the corporate sector during the century-long period ended with 1960-61. In this rapid review of the vicissitudes through which the corporate sector in our country has passed during the period of the last hundred years, we have principally utilised the data available in the two important publications issued by the Department of Company Law Administration, namely, *The Progress of Joint Stock Companies in India* published in 1955, and the *Corporate Sector in India* published early this year. We have, in addition, also utilised the valuable data contained in the publication *Managing Agencies in India—Basic Facts: First Round* and those contained in the Information Broad-Sheets issued from time to time by the Research and Statistics Division of the Department.

Extent of Coverage

According to the latest information available in the official reports, the corporate sector in our country at the end of 1960-61, comprised 26,108 companies whose paid-up capital totalled Rs. 1,724.6 crores. Between 4½ to 5 lakhs of shareholders are believed to have contributed this total capital pool and the average annual dividend income of these investors is roughly estimated to range between Rs. 75 crores and Rs. 100 crores. Here we may, however, mention that the figures of the numerical strength of the shareholding democracy in our country are indeed very confusing, as, in sharp contrast to the foregoing estimated number of shareholders in the country, given in the brochure *Present and Future Role of Shareholders' Association in India*, issued by the Department of Company Law Administration, some non-official quarters have placed the total number of shareholders at around two lakhs. The size of tax-paying investing community, according to the Central Board of Revenue, is still smaller, that is, about a lakh and a quarter assessees. Similarly the employment potential of the corporate sector in terms of the number of persons employed is not very precisely known. What is known is that the company-owned factories in the 28 major industries in the country which filed returns with the Census of Manufactures Authorities employed 18 lakhs of persons, of which 16 lakhs were workers. The total amount of salaries and wages together with other concomitant pecuniary benefits paid to the employees aggregated Rs. 258 crores, of which the wage bill and allowances paid to the workers totalled a little over Rs. 200 crores a year. The annual wage bill paid by the whole of the corporate sector is placed around Rs. 350 crores a year.

Significant Role

According to the Census of Manufactures, 92 per cent of the total factory output in the 28 major industries of the country comes from factories owned by the companies. Thus, there is almost a complete control of the joint-stock companies over the industrial sector of the national economy of the country. The total turnover (including income of the non-industrial companies) resulting from the use of net assets aggregating Rs. 3,650 crores, has been estimated to be around Rs. 3,700 crores. Further, in the total net domestic output of the country, the share of companies worked out to 12 per cent in 1957-58; in the non-governmental sector of the national economy, the percentage share of the corporate sector was estimated at around 13 per cent. The output of the corporate sector is estimated to have risen by over 50 per cent during the ten-year period ended 1957-58. From the tax angle, in the total income-tax revenue of the Government, the share of corporate sector came to more than 50 per cent and, in the overall revenues of the Central Government from all source, the corporation income-tax paid by companies to the Government came to 12 per cent. The importance of the corporate sector is recognised in the Five-Year Plan as well. Of the total planned investment allocated to the private sector during the third Five-year Plan period, about 46 per cent is to be made in the corporate sector; and in the total investment and outlay proposed to be made in both the public and private sectors, the share of the corporate sector is estimated at around 18 per cent. Thus, notwithstanding the increasing emphasis placed on the expansion of the public sector, it is seen that the corporate sector, with its massive investment and overwhelming control over the industrial economy of the country built up steadily during the last one hundred years, plays a significant and decisive role in the country's economy and its pre-eminent position is assured for a long time to come in so far as sizable amounts of money are planned to be injected into the corporate sector under the Five-Year Plans.

The Overall Make-up

The corporate sector comprises several classes of companies, namely, public companies and private companies having share capital, companies limited by guarantees and associations not for profit. Apart from this, since 1957, a new element has been introduced in the corporate sector which destroys the concept of identification of the corporate sector with the private sector. The Companies Act, 1956, has created a new class of companies as per provisions of Section 617. However, notwithstanding this distinction as between the non-Government and Government companies, the official sources reveal that, in 1957-58, for which the details of the structural pattern of joint-stock companies at work in the country are available, there were 29,593 companies at work in the country, of which companies limited by shares totalled 28,280 whereas 542 companies were limited by guarantee and 771 were the associations not for profit. The total paid-up capital of the companies limited by share was reported at Rs. 1,306 crores. Out of the 28,280 companies at work, 8,296 were public companies having a total paid-up capital of Rs. 773 crores and 19,984 private companies with a total paid-up capital of Rs. 533 crores. An overwhelming number of the companies were the small companies, whose paid-up capital was below Rs. 5 lakhs. The actual proportion of such companies in the total worked out to be about 90 per cent accounting for only 12 per cent of the total paid-up capital of the entire corporate sector. At the other end of the scale, the big and giant-sized companies whose paid-up capital was Rs. 50 lakhs or more each, constituted in terms of number 1½ per cent of the total, but they accounted for nearly 60 per cent of the paid-up capital of all the companies at work. The actual number of the big-sized companies having a paid-up capital of Rs. 50 lakhs and under Rs. 1 crore each was 226, whereas that of the giant-sized companies, having a paid-up capital of Rs. 1 crore and more each was 156. A study of the structural pattern of the companies thus shows that the big and giant-sized companies have a dominant position in the corporate sector in our country and that the accentuation of trends towards industrial giantism and oligopolistic development is being engineered by powerful business interests in the country and by such business institutions and practices as the managing agency system, plural directorships, etc. The Table 1 below gives the distribution pattern of companies under the six main size groups in 1957-58. It may be mentioned here that the structural pattern of companies has developed a further slant in favour of the big and giant-sized companies.

TABLE 1

Size Pattern of Companies at Work, 1958

(Paid-up capital in crores of rupees)

Size-groups (Paid-up capital in crores)	Public Cos.		Private Cos.		Total	
	No.	Paid-up Capital	No.	Paid-up Capital	No.	Paid-up Capital
Under Rs. 5 lakhs	6,251	50	18,572	105	24,823	161
Rs. 5 lakhs to Rs. 10 lakhs	752	50	849	50	1,601	100
Rs. 10 lakhs to Rs. 25 ,,	699	106	370	51	1,075	157
Rs. 25 lakhs to Rs. 50 ,,	288	97	111	37	399	134
Rs. 50 lakhs to Rs. 1 crore	127	127	99	24	226	151
Rs. 1 crore and above ..	119	337	37	266	156	603
Total ..	8,296	773	19,984	533	28,280	1,306

The Government Corporate Sector

Of the 28,280 companies at work at the end of 1957-58, 91 companies were Government companies, in each of which the Government holdings (Central as well as State Governments together or separately) aggregated 51 per cent or more. The total paid-up capital of these companies came to Rs. 256.8 crores out of a total paid-up capital of Rs. 1,306.3 crores for the entire corporate sector. These companies constituted the Government sub-sector within the corporate sector. In the subsequent period of 3 years ended with 1960-61, the total number of the Government companies increased to 139 and their paid-up capital to Rs. 498.4 crores which came to about 30 per cent of the total capital of all the companies at work in 1960-61. As compared with this, the corresponding share of the Government companies in the total paid-up capital of the corporate sector in 1957-58 was only 20 per cent. At the time of the coming into force of the present Companies Act in April 1956, the total number of Government companies was 61 and their paid-up capital Rs. 66 crores. Thus, during the last 5 years, the number of Government companies has more than doubled, whereas the paid-up capital of these companies has become nearly eightfold. The year-to-year growth of the Government sub-sector since 1st April, 1956 to the end of 1960-61 is depicted in Table 2. The explanation for the diminution in the number of non-Government companies in recent years is given at a later place in this article.

TABLE 2

Break-up of Government and Non-Government Companies

(Paid-up capital in crores of rupees)

Year ending	Total		Government Companies		Non-Government Companies	
	No.	Paid-up Capital	No.	Paid-up Capital	No.	Paid-up Capital
31-3-1956 ..	29,874	10,24.2	61	66.0	29,813	9,58.2
31-3-1957 ..	29,357	10,77.6	74	72.6	29,283	10,05.0
31-3-1958 ..	28,280	13,06.3	91	256.8	28,189	10,49.5
31-3-1959 ..	27,479	15,09.8	103	4,24.2	27,376	10,85.6
31-3-1960 ..	26,921	15,93.1	125	4,68.4	26,796	11,24.7
31-3-1961 ..	26,108	17,24.6	139	4,98.4	25,969	12,26.2

Note: Figures for the years 1958-59 to 1960-61 are provisional.

The Growth of the Corporate Sector

The growth of the corporate sector in our country can be studied in relation to four major periods, namely, 1850-1900, the period preceding the industrial dawn in our country, 1900-1920, the period epitomising the first phase of industrialisation of the country, 1920-40, the inter-war period representing the second phase of industrialisation under the impact of the policy of discriminating protection which also led to the solidification of foundations of the major industries of the country and 1940-61, the period of Industrial Revolution and Diversification. During each of these four periods, the growth of companies proceeded with different degrees of accent and incline. During the first fifty years period ended 1900, the number of joint-stock companies in the country swelled up to 1,340 with a total paid-up capital of Rs. 34.7 crores. Of these, 505 companies (Rs. 15.7 crores) came into being during the first 25 years of the passing of the first Companies Act. By 1920, the total number of companies at work came to 3,668, with a total paid-up capital of Rs. 123.2 crores, recording net increases of 2,328 companies and Rs. 88.5 crores of paid-up capital during the period 1900-1920. The full impact of the processes of industrialisation started during the first twenty years of the present century and the effect of the changed industrial policy of the Government was reflected in the growth of companies during the inter-war period 1920-40, of which five years were marked by severe recession. By the end of 1940, the total number of companies at work came to 11,372 with a total paid-up capital of Rs. 303.7 crores, recording net increases of 7,704 companies and Rs. 180.5 crores of paid-up capital over 1920 and giving an average annual rate of net increase of capital of Rs. 9.0 crores. During the last period which was marked by several important developments such as the World War II, the attainment of Independence and inauguration of the planning era in the country, all of which had a tremendous effect upon the country's economy, there was a prodigious increase in companies and their paid-up capital during this period. The number of companies at work jumped up to 26,108 and their total paid-up capital to Rs. 1,724.6 crores at the end of 1960-61 recording net increases of 14,736 companies and Rs. 1,420.9 crores of paid-up capital over the levels of 1939-40. Thus, the 21-year period following 1939-40 has been the most spectacular one in the history of our country from the point of view of expansion of the corporate sector, which, in terms of the number of companies and their paid-up capital, far exceeded the total expansion recorded during the 90-year period, 1850-1940. The expansion during the last 21 years ended 1960-61 excelled the bulges recorded during the earlier 90 years ended 1939-40, by 30 per cent in number of companies and 370 per cent in paid-up capital. The net gain in the number of companies in the post-Independent period has been, in rounded terms, of the order of 4,300 companies and a paid-up capital of Rs. 1,245 crores. Table 3 below sets out the long-term trends in the growth of the corporate sector from the closing years of the last century to the end of financial year 1960-61. It will be seen from the table that, in 1956, the number of companies at work touched the all-time record level of 29,824 companies, which afterwards has come down to 26,108. This fall in the companies has been ascribed by the Department of Company Law Administration to the Government's policy of weeding out the dormant and moribund companies from the registers, which distorted the statistical record of the live companies and led to erroneous conclusions regarding the size and growth of the corporate sector in the country.

TABLE 3

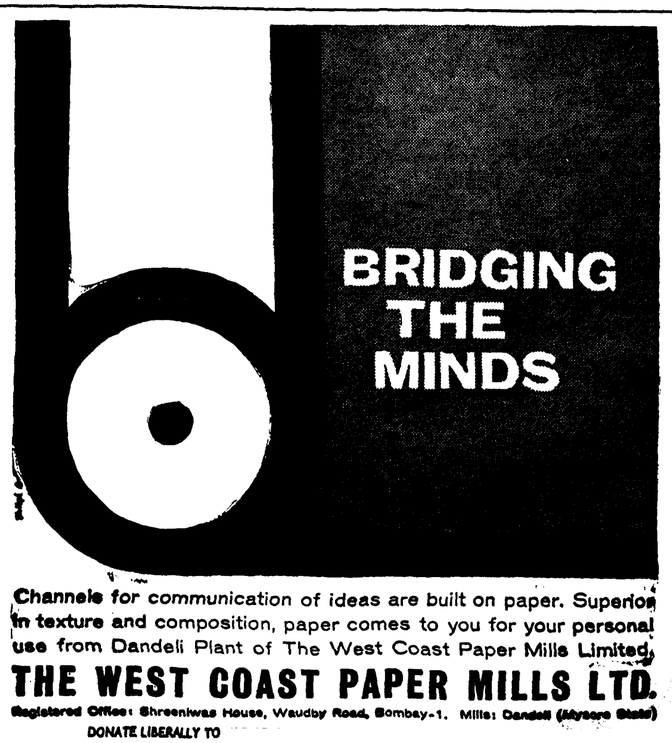
Long-term Trends in Growth of Corporate Sector in the Country

As on 31st March	No. of Cos. at work	Paid-up Capital (Rs. in crores)
1882	505	15.7
1900	1,340	34.7
1914	2,744	76.6
1920	3,668	123.2
1929	6,330	279.3
1940	11,372	303.7
1946	17,343	424.2
1947	21,853	478.7
1948	22,675	569.6
1951	28,532	775.4
1956	29,874	1,024.2
1961	26,108	1,724.6

Growth of Public and Private Companies

By their very nature, public companies are the more important component of the corporate sector, accounting for about 85 per cent of the total paid-up capital of all companies at work up to 1920, and 70 per cent at the end of 1955-56 and 51 per cent as at present. The steady increase in the share of the private companies in the total paid-up capital since the beginning of the Second World War has been due to the sharp increase in the formation of big-sized

Note: This is the first of a series of four articles. These are essentially factual articles which the author has written with a view to disseminating facts and figures relating to corporate sector in a proper context to wider circles in the country. Any views and opinions expressed in these articles are the personal views of the author and not of the organisation he belongs to.



private companies and the setting up of giant-sized Government companies as private limited companies during the period 1956-61. Excluding the paid-up capital of Government companies from the two classes of companies, the ratio between the paid-up capitals of the remaining public and private companies works out as 70 : 30 in 1960-61 which is the same as that seen during the period 1939-56. In number, the position of the two classes of companies has overwhelmingly tilted in favour of the private companies. While upto 1920, the ratio between the public and private companies was observed to be 10 : 2; this changed to 10 : 7 in 1946, to 12 : 16 in 1951 and to 10 : 20 in 1956 and finally to 7 : 20 at the end of 1960-61. The changing pattern of the public and private companies over the period from 1900 to 1961 is presented in Table 4 given below:

TABLE 4

Changing Pattern of Public and Private Companies

(Paid-up capital in crores of rupees)

Year ended 31st March	Public Companies		Private Companies		Total	
	No.	Paid-up capital	No.	Paid-up capital	No.	Paid-up capital
1920 ..	3,000	104.6	668	18.6	3,668	123.2
1939 ..	6,859	213.2	4,255	77.2	11,114	290.4
1946 ..	10,129	323.1	7,214	101.1	17,343	424.2
1951 ..	12,568	566.5	15,964	208.9	28,532	775.4
1956 ..	9,575	690.4	20,299	333.8	29,874	1,024.2
1961 ..	6,745	876.1	19,363	848.5	26,108	1,724.6
	(34)	(33.4)	(105)	(465.0)	(139)	(498.4)

Note: Figures in the brackets relate to Government Companies.

Industrial Pattern of the Corporate Sector

As said earlier, the industrial horizon of the corporate sector was restricted to only a few fields of industrial and commercial activities in the country in the initial lap of corporate development in our country. In fact, it continued to be so right up to the end of the First World War, after which new industries began to spring up in the country as a result of the change in the Government's industrial policy and also due to the adventurous spirit shown by the Indian entrepreneurs who were coaxed into investing money in industries by the experience and knowledge of huge fortunes made by foreign industrialists in India and abroad during the war. The Second World War opened up a vast vista of industrial activities in the country, particularly in the fields of chemicals and engineering products. At the beginning of the present century, six traditional industries of the country, namely, Cotton, Jute, Paper, Tea and Coffee plantations, Coal and Sugar accounted for about 88 per cent of the total paid-up capital of all companies at work in the country and at the beginning of the Second World War the overall share of these traditional industries in the total paid-up capital of the companies at work was reduced to 32 per cent, and later in 1958, which is the latest year for which detailed figures of industrial break-downs are available, it was further lowered to 22.5 per cent.

Among the industries, other than the foregoing six mentioned above, 5.1 per cent of the total paid-up capital of all companies at work in 1938-39 was accounted for by the Chemicals, Iron and Steel and Engineering Industries; and later on in 1957-58, this proportion increased to 31.8 per cent. This shift in the industrial pattern of business shows that the basic industry has come into prominence by the end of the First Five-year Plan. A further study of the industrial pattern reveals that the manufacturing industries put together accounted for 62.7 per cent of the total paid-up capital of all the companies at work in 1957-58 and this was a considerable advance over the position prevailing before the World War II. Table 5 gives the industrial pattern of companies at work based on the latest available figures for 1957-58.

TABLE 5

Broad Industrial Distribution of Companies at work in 1957-58

Main Industrial Groups	No. of Companies	Paid-up capital (in crores of rupees)	Paid-up Capital as % of total
Agriculture and Allied activities	1,186	44.1	3.4
Mining and Quarrying	935	57.1	4.4
Processing and Manufacture of Foodstuffs, Textiles, Leather and Products	8,027	289.7	22.2
Processing and Manufacture of Metals, Chemicals and products thereof	4,212	416.1	31.8
Processing and Manufacture -Not elsewhere classified	2,920	113.4	8.7
Construction and Utilities	736	56.8	4.3
Commerce (Trade and Finance)	11,121	264.7	20.3
Transport, Communication, Storage	1,509	42.4	3.2
Community, Personal, Businesses, Services	2,334	22.0	1.7
Total	22,280	1,306.3	100.0

(To be continued)

IRRIGATION AND BETTER SEEDS—II

P.E.O.'S STUDY REPORT EXAMINED

THE Programme Evaluation Organisation's study of the multiplication and distribution programme for improved seed, like its other study of the problems of minor irrigation, may have quite a few valuable lessons for the intensive agricultural districts programme with its integrated approach covering the four major factors making for higher productivity or unit-area yield, namely, secure irrigation, application of fertilisers, use of improved seeds and adoption of better cultural practices. Of these factors, irrigation by itself, other things remaining constant, can raise unit-area yield by not less than 50 per cent. Under irrigated conditions, chemical fertilisers can be used with little or no risk so as to increase the yield further. And, under conditions of secure irrigation and judicious fertilisation, improved seeds, which are generally understood in the sense of heavy yielders, can step up productivity still further without depleting soil fertility. Here again, the crucial importance of irrigation needs to be underlined. In a way, this is confirmed by some of the findings of the P.E.O. study on the improved seeds programme.

Major Limiting Factor

The relevant findings in the case of paddy (rice) cultivation are that 39 per cent of the sample cultivators and 58 per cent of the knowledgeable cultivators have used one variety or other of improved seed and that more than two-thirds of such cultivators using improved varieties have sown them on mainly or wholly irrigated land. Another related finding is that, of the cultivators not using improved strains of paddy, 34 per cent are prepared to use them, if they are provided with irrigation facilities, while 33 per cent (presumably having already the irrigation facilities) also require convincing proof of the superiority of the improved varieties. The relevant findings in the case of wheat cultivation are that 48 per cent of the sample cultivators and 67 per cent of the knowledgeable cultivators have used one variety or other of improved seed and that two-thirds of such cultivators using improved varieties have sown them on mainly or wholly irrigated land. A related finding here is that, of the cultivators not using improved strains of wheat, 45 per cent are prepared to use them if they are provided with irrigation facilities, while 46 per cent (presumably having already the irrigation facilities) also require convincing proof of the superiority of the improved varieties. It will be seen from these findings that the consideration that decisively weighs with the generality of cultivators in their current or potential use of improved seeds is availability of irrigation. That irrigation is the major limiting factor in the matter of adoption of improved seeds is also indirectly confirmed by the estimate of area covered with improved seeds of all foodgrain crops. For the country as a whole, this estimated area, as of 1960-61, represents just 20 per cent of the aggregate crop area under all foodgrains—a figure which broadly corresponds to the irrigated portion of the entire crop area.

Two Lines of Approach

If, thus, irrigation sets the broad limits to the propagation of high-yielding varieties of seeds, two different lines of approach are called for in the matter of multiplication and distribution of improved seeds. One line of approach would be to limit the dissemination of improved seeds with heavy-yielding characteristics, as far as possible, to districts (with irrigation facilities or good rainfall) coming under the 'intensive agricultural programme'. Here the improved varieties, released during the decade 1951-60 and eligible for propagation, are 12 in the case of paddy, with a yield per acre higher than 2,500 lbs.; 14 in the case of wheat, with a high yield (for which the figure is not available); 10 in the case of *jowar*, with a yield per acre higher than 1,250 lbs.; 9 in the case of cotton, with a yield per acre higher than 500 lbs.; 8 in the case of sugarcane, with a high yield (for which the figure is not available); and 8 in the case of groundnut, with a yield higher than 1,200 lbs. in terms of nuts in shell.

The other line of approach would be to propagate such improved varieties as are drought-resistant or capable of early maturity in areas of poor irrigation or low and uncertain rainfall. This approach would also be consistent with the trend, in the last decade, of a generally lesser emphasis on heavy-yielding characteristics in plant breeding work at the research stations. The result has been that, in the case of paddy and, to some extent, of wheat also, the improved varieties introduced during the last decade do not show as high a performance in respect of yield as those released earlier. If thus there has come about, at the stage of plant breeding itself, a shift in emphasis from heavy-yielding characteristics to such qualities as early maturity, resistance to pests and diseases, floods, drought, etc., it is something that is to be welcomed, for it will be more in keeping with the requirements of the Indian countryside with its preponderance of inadequately watered land. Even here, the improved varieties may well be proved to result in higher yield, if not directly, at least in the long run by preventing the decline in yields that would otherwise have taken place.

Unless these two different lines of approach —one suitable for well-watered tracts covered by the 'intensive agricultural programme' and the second for other areas—are adopted, it is doubtful whether the improved seeds programme, which is expected to account for about 25 per cent of the additional foodgrains production targeted for the third Plan, will produce the desired result. For, apart from the doubtful value of the yardsticks adopted for estimating the additional production attributable to improved seeds which are usually compared with the low-yielding local or *desi* varieties and not with the earlier improved varieties, if any, replaced by them, there is the problem of selecting the most suitable improved seeds for production in the seed farms in different localities in the first stage and for further multiplication in the farms of registered growers in the second stage. Assuming that this problem will be tackled from the point of view of the requirements of the intensive agricultural districts programme, the rest is a matter of administration and organisation. It is here that the issues raised in the P.E.O. study assume some significance.

Suggestions

These issues are in the form of suggestions for consideration by the State Governments. One suggestion is that the plans for seed multiplication and distribution should be drawn up every year so as to take account of the quantity required from year to year not only for the purpose of saturation of crop areas with improved seed but also for its periodical replacement. Secondly, it is considered desirable to include in the plan for extension of improved seed not only crops like paddy and wheat but also other foodgrain crops wherever suitable varieties of the latter are available. In the third place, it is imperative, according to the P.E.O. study, that the seed programme should be implemented with a sense of urgency. On the side of organisation, there is stated to be an urgent need for giving more attention to the operation and management of the seed farms and, in particular, to the exercise of proper supervision by technically competent officers at the district and higher levels. The system of registered growers would also need to be extended *pari passu* with the increase in the availability of foundation seed. On the distribution side, the existing arrangements leave much to be desired. If the objective of making improved seed available to the cultivators in time and close to their door is to be achieved in the third Plan period, the institutional sources of supply would have to cover a larger number of villages and cultivators than envisaged. This should be relatively easier in the districts selected for the intensive agricultural programme which places as much emphasis on adequate credit supply as on extension activities. If co-operative or other credit comes to be more fully linked with the supply of improved seeds, fertilisers and improved implements, the big results expected from this programme are most likely to be achieved. This is, of course, on the assumption that the basic or crucial factor of irrigation will be in full operation.

(The first instalment of this article was published on page 198 of Commerce *dated 29th July 1961.—ED.)*

INDUSTRY AND COMMERCE SHOULD STUDY AIR CARGO

IMMENSE SCOPE FOR DEVELOPMENT

By Wing Commander R. Vaughan-Fowler, R.A.F. (Retd.)

AIR cargo is no longer a specialist means of transport for emergency shipments or for fast transportation of perishable goods. Airlift has reached the stage when shippers use it because it cuts down their delivery costs. Naturally, this does not apply to all kinds of cargo. Nevertheless, it will surprise many industrialists and businessmen what a wide range of products can be sent by air faster and cheaper than they can be delivered by surface means of transport.

A very common mistake is to compare air freight rates with the charges made for sending goods by rail, road and sea. This bare comparison of the rates does not produce the correct answer. Obviously, the air freight rate will be much higher than the rate charged by the railway or the road transport company. This is, however, misleading, as there are other items that have to be taken into account, for example, the cost of packing.

One of the most important things in the delivery of any product is to ensure that it reaches the customer in perfect condition. The wear and tear of a journey by surface transport can cause disastrous damage to many products. Incidentally, insurance against such damage is a heavy item in the total cost of delivery, but it does not solve the problem. Packing is the only safeguard and it has to be strong enough to withstand rough handling. Radio sets and instruments are good examples of the class of goods that require costly packing for any surface journey, because the case must not only be strong but it must also contain some form of shock absorber as a lining. By air, these delicate goods can be sent in light cardboard boxes costing a fraction of the heavy reinforced wooden packing cases necessary for surface shipment. The saving on the packing cost is frequently more than the cost of the air cargo shipment.

Another very important point that has to be taken into account, is that the products damaged in transit have to be made good. Complete replacement is by no means unknown. Cost of repairs to damaged products may be claimed through insurance, but valuable business connections are endangered and manufacturing time is lost, quite apart from all the trouble and additional expense of sorting the whole thing out. Damaged goods are something every manufacturer must regard with horror, for they upset business routine. Profits soon fade away if care is not taken to avoid this kind of business hazard.

Air Freight and Air Cargo

Before going into other cash savings made possible by use of air cargo, it is necessary to explain the difference between air freight and air cargo. Air freight is really "Express Parcel Service"—this service is for the shipper despatching single packets which travel mostly by scheduled passenger air services. The rate charged for this service is much higher than that charged for air cargo. Air cargo covers bulk shipments which are usually made under special contract rates agreed between the shipper and the airline.

Booking agents often use lightweight palets, in which they pack a number of air freight parcels destined for the same place. When they have a full palet, they despatch it under air cargo contract rate, thus making a handsome profit over and above their legitimate commission. There is no real objection to this, provided the agent has sufficient business to fill a palet every day. If this is not the case, then the express parcel may be delayed in the booking agent's office till the palet for the destination is full. Shippers should ensure that they do not run this risk.

The manufacturer or large-scale distributor is strongly advised to deal direct with the airline operator. The best terms can be obtained this way. What is even more important is that despatches can be controlled, so that delays do not occur. The cargo rates can be negotiated on the basis of annual total movement, the shipper guarantees not less than 'XXX' pounds or cubic feet of cargo space if the goods are light but bulky.

Both manufacturers and distributors selling in a large territory find it necessary to maintain considerable stocks in the areas of distribution. Millions of rupee capital can be tied up in these stocks, all of which have to be housed, looked after by storemen who must keep a host of records. Even accounting and auditing costs are increased due to this stocking of products in many places. Sometimes these goods are held against bank loans on which interest has to be paid. The company that avoids bank loans must have adequate capital reserves, on which dividends have to be paid. This splits the profits and reduces the dividend per share.

Advantages

Some manufacturers who have investigated deeply into air cargo have discovered that they can reduce their distribution depots to almost vanishing points, turning them into small stockists with the main work of onward forwarding as consignments come through. The flow of consignments being constant as well as rapidly received from the factory, large reserve stocks are no longer necessary. Enormous capital and overhead savings are immediately apparent. Even reduction in the number of employees becomes possible.

Goods in transit represent capital tied up, until they reach the distributor and are sold to the retailer that capital remains locked up. Every day it is costing the producer money. Also, capital turnover being slow, much larger capital than necessary is required to produce a given amount of products per annum. The speed of delivery achieved by air cargo actually saves cash as well as time. This is not an imaginary item of saving. It can amount to a considerable sum per annum.

Two American examples in the use of air cargo are worthy of mention. Renault Incorporated, representative in America of the French automobile of that name, flies all replacement parts to its numerous distributors throughout the U.S.A. Renault adopted this method of distribution by air in 1958, because investigation into transportation costs conclusively proved that air cargo effected a substantial saving. During the course of the first two years of this air cargo delivery service, the Renault shipments have amounted to 900 tons.

The Boeing Company, whose name requires no introduction in India, commissioned Professor Stanley H. Brewer of the University of Washington to investigate the whole problem of air cargo. He prepared an extensive report which is of tremendous value as related to the U.S. air cargo development. At the same time, the report brought the Boeing Company to the realisation that it should have the engines for the aircraft it manufactured delivered by air. Astonishing as it may seem, this change from surface transport to air cargo saved the Boeing Company no less than $750,000 on the first hundred 707 airliners.

Careful Study Necessary

The use of air cargo to a manufacturer is undoubtedly an individual problem. Putting it another way, it is rather like purchasing a suit of clothes. Not only must the suit be tailored to fit the individual but the cloth from which it is made has to be carefully selected to suit the ascetic taste of the wearer, or to meet the purpose for which the suit is particularly required. The manufacturer thinking of using air cargo should not attempt to do so without having the whole matter most carefully studied and investigated.

Much depends on the class of goods manufactured or the nature of the product to be distributed. Machinery or such like equipment virtually required no packing at all, can be safeguarded with comparatively light and very cheap packing. It is essential that the detailed cost of packing is studied right down to the last naya paisa.

All large distributors of goods have to have depots spread about the country where re-distribution is carried out. Alternatively, agents may be used who have to be allowed specially high rates of commission to cover their out of pocket expenses doing this work. The annual cost of maintaining these distribution points must be thoroughly investigated, bearing in mind that they swell the whole organisation and involve large sums of capital as well as overheads.

A manufacturer of valuable instruments discovered, when thinking of air cargo, that his distribution system had been laid out to fit the railway system of the country, and actually was not in tune with his major sales areas. In other words, many years ago, to make railway transportation convenient, the directors had located the depots at places which were not in fact ideal from the re-distribution point of view. After two years of study, this manufacturer was able to revise his whole distribution system, by closing down some depots entirely and opening new ones on a much smaller scale. The annual saving during the following years amounted to millions of dollars, even allowing for the fact that the actual amount paid for air transportation was considerably more than had ever been paid to the railways.

The particular point to be noted in this case is that the manufacturer did not solve his air cargo problem and find the correct answer without studying it in relation to his whole business organisation and it required two whole years. A special team and consultants were used to obtain the answers which are now paying substantial dividends.

Return Load

One of the greatest difficulties facing the aircraft operator carrying cargo is the return load. There is obviously a substantial volume of cargo available from any big industrial centre or shipping port. This is very satisfactory, but what about the return flight, from where are loads to be found?

In some cases, there are reasonable loads to bring back, whilst, in others, a short positioning flight will enable the aircraft to reach a point where a load can be uplifted to be brought back to the airport from where the operation commenced.

The aircraft operators should concentrate their sales effort and energy in those places where there is little cargo to be collected for the return journey. There are many ways by which loads can be created. It all revolves round the closest co-operation between industrialists, business organisations and the aircraft operators. Those who are prepared to investigate air cargo in a thorough manner will undoubtedly find that it is most rewarding.

In the case of India, it is firmly believed that the real answer rests in adopting the mixed passenger-cum-cargo regular air service over all routes. Depending on the route requirements, the load is adjusted, either more passengers and less cargo and/or vice versa. In this way, the operator is assured that there will be regular movement of both passengers and cargo in reasonable quantities. Provided the right equipment is used, the number of passengers carried can be sufficient to reach what is known as the "breakeven" point. This means that the operator can cover his whole operating costs for the journey from passenger revenue. It never works out quite like that, as there will always be some cargo or mails, whilst the full complement of passengers is unlikely to be carried on every flight.

A factor peculiar to India must be taken into account. There is such a heavy demand for travel accommodation. If the air fares can be brought down to somewhere between first and second class railway fares, there is bound to be a constant overload of passengers. With industry growing and incomes rising, demand for goods will increase, distribution already a serious problem will become a direct handicap to sales. And air transport will help to resolve this difficulty.

Let us assume that flights over route "A" to "B" invariably carry capacity payloads one way, consisting of one-third passengers and two-thirds cargo. On the return journey, the flow of passengers is 60 per cent capacity, the cargo is not particularly good as far as quantity goes, slightly less than one-third being carried. Even so, there should still be a reasonable margin of profit. A very low back load will not involve a loss to the operator if both way loads are taken into account.

Reduction in Fares Possible

It is all a matter of sales and, so long as operators do not care to educate the market in how to use air cargo, there will always be difficulty in building up more air cargo over the world airline network. This should not apply in a country such as India, where there are no restrictions on developing our own domestic air services. The cargo loads can be carried at any rate the operator cares to charge, the domestic

(Continued on page 328)

RESTRICTIVE BUSINESS PRACTICES AND MONOPOLIES IN BRITAIN

SOME RECENT FINDINGS

IN a competitive economy, the consumer is considered the King. While this is theoretically true, the actual practice, the consumer's sovereignty is taken for granted and is, therefore, subject to severe limitations. The various types of "restrictive business practices" adopted by the business community in the field of industry, trade and finance have been among the important factors limiting consumer's sovereignty. The term "restrictive business practices" is defined as those actions of the industry or its associations designed to "restrain competition, limit access to markets, or foster monopolistic control," (according to Havana Charter). These restrictive practices are generally administered by those enterprises which have reached a sufficient degree of concentration to be in a predominant position, or by ententes between legally independent enterprises which are in a position to impose collective restraint of competitive forces.

The main types of restrictive business practices, according to a classic study on the question by the G.A.T.T. (1959), are those designed (1) to influence prices or conditions of sale, purchase or lease (such as concerted price fixing, and speculative manœuvres like hoarding and cornering), (2) to restrict output, productive capacity or the number of varieties produced, (3) to allocate markets, territorially or in respect of different lines of production, (4) to establish joint purchasing or sales services and profit-pooling arrangements, (5) to hinder the development or the exploitation of technical processes, or unduly to extent the use of rights arising out of patents, trade marks, etc., and (6) to eliminate outside competition. Generally speaking, the growth of restrictive practices is rapid in the case of enterprises facing a decline in demand for their products. This is evident from the fact that restrictive business practices multiplied during the depression of the early thirties. Similarly, post-war periods may prove congenial for the growth of restrictive practices in industries which expand their capacity to meet war-time demands but which find the demands of peace much smaller. Of course, the tendency to resort to restrictive practices in a bid to restrain mutual competition even in normal times is evident in several industries is almost all countries, the object being to check the threat of possible losses or to make extra profits.

Restrictive Practices Court

Several countries have been taken stern measures, either administrative or judicial, to control the growth of restrictive business practices and thereby safeguard the interests of consumers. The U.K., for instance, has established elaborate machinery to deal with restrictive practices. Under the Restrictive Trade Practices Act, 1956, the Registrar of Restrictive Trading Agreements is entrusted with the task of keeping a public register of the particulars of a wide range of restrictive agreements (including those relating to common prices, approved list of dealers and the limitation of production) which affect the supply or processing of goods in the U.K. market. The Restrictive Practices Court, set up under the Act, with a High Court Judge as President and several non-officials as members, decides whether or not an agreement, brought forward for its consideration by the Registrar, is in public interest.

Monopolies and other arrangements, which are not within the scope of the Restrictive Practices Court, may be referred by the Board of Trade to the Monopolies Commission for investigation and report. The Commission was originally set up by the Monopolies and Restrictive Practices (Inquiry and Control) Act 1948, under the title of the Monopolies and Restrictive Practices Commission, which was bifurcated in 1956. Under the present system, while the decisions of the Restrictive Practices Court have the force of law, those of Monopolies Commission are considered by the Board of Trade and implemented only with the Parliament's approval where necessary. It may be noted here that the 1956 Act provided for the abolition of collective enforcement of resale price maintenance by the use of shoplists or boycotts. But individual suppliers are exempted from this provision.

Imperial Tobacco

The findings of the Restrictive Business Practices Court and the Monopolies Commission have evoked considerable interest among businessmen all over the world, as quite a few of them have been sensational. One of the latest instances is the report of the Monopolies Commission on the position of the Imperial Tobacco Company, announced last month. Following a four-year investigation into the U.K.'s tobacco industry, the Commission observed that the Imperial's monopoly position as such "does not operate against the public interest nor may it be expected to do so." Drawing attention to the fact that the Imperial's rate of profit on capital employed had been below average, the Commission conceded that its profits were "not unreasonable in today's conditions" and that there was "no reason to think that its rates of profit in future are likely to be excessive." The Commission also felt that the Company continued to observe restraint in exercising the power derived from its still dominant position. At present the Imperial Tobacco supplies about two-thirds of cigarettes and 60 per cent of tobaccos in the U.K. market.

The Commission, however, held that the retention of the Imperial's shareholding (42.5 per cent) in Gallaher concern, a major competitor in the U.K., and the practice of giving bonuses to distributors sought to preserve the Imperial's monopoly and were, therefore, against the public interest. Discussing the Imperial's holding in Gallaher, acquired for a consideration of £1.25 million in 1932 and now worth about £40 million, the Commission refused to accept the Company's view that its disposal might tempt reentry of American competitors into the U.K. market. In fact, the Commission thought that the Imperial's investment in Gallaher "has developed into a partial insurance against loss of profit due to loss of trade to Gallaher." It wanted the Imperial Tobacco to be continuously exposed to the most strenuous competition in order to ensure maximum efficiency in its operations.

U.K. Tobacco Market

The Commission's report is significant for the revelations of several generally unknown facts, namely, that the Imperial Tobacco owns 100 per cent of the Ardath (U.K.), and Messrs. Robert Sinclair, and Bewlays (retailers with 153 shops), and 49 per cent of the equity in the Finlay retail chain of shops and railway station kiosks. Some of the general observations on the tobacco industry in the U.K. appearing in the report will be interesting to readers in India, which exports large quantities of raw tobacco to the U.K. The Commission records that, in 1959, no less than £1,061 million, or some 7 per cent of all consumer spending, was spent on tobacco goods in the U.K. There were 22.75 million smokers, including 13.75 million women as of 1957, the latest year for which data are available. Nearly 80 per cent of smokers bought proprietary brand cigarettes, another 4 per cent "handrolled their own," while only 7 per cent smoked pipes.

The type of tobacco goods smoked in the U.K. varies between age groups. In 1956, 87 per cent of pipe tobacco was smoked by men aged 35 or over and 40 per cent by men over 60. For cigarettes, the proportion smoked by men and women of 35 and over was 66 per cent and only 11 per cent by those of 60 and over. To an appreciable extent, the gradual annual increases, since 1949, in total smoking are attributed to more smoking by women. The constant increases by the British Government in the duty from 2s. 8d. per lb. in 1900 to 64s. 6d. per lb. now has reduced the value of the Commonwealth preference on tobacco from 16⅔ per cent at the time of its introduction in 1919 to 2½ per cent now. In 1958-59, tobacco duties yielded £736 million, or one-third of all customs and excise duties, and equalling over 13 per cent of the country's total revenue.

Newspaper Distribution

The decision of the Restrictive Practices Court, taken a fortnight back, declaring void an agreement relating to the distribution of London newspapers is another very recent case, which has attracted much public attention. The relevant agreement, relating to re-entrance and new applications (R.E.N.A.), was entered into between the British Newspaper Proprietors' Association and the National Federation of British Retail Newsagents, Booksellers and Stationers. The newspapers concerned include such well-known papers as *The Times*, the *Daily Telegraph*, the *Daily Express*, the *Daily Mail*, the *Daily Herald*, the *Financial Times*, etc. The agreement, which covered as many 30,000 news agents, sought mainly to restrict the entry of newcomers in the field of distribution of papers. In substance, the agreement was one under which the members of the Association agreed not to supply any of the London daily newspapers to wholesale news agents in England and Wales except upon the terms that the newspapers should (a) not be supplied to persons desirous of starting retail news agencies at any shop, stand or other place at which newspapers were not sold in June 1944, unless such persons held permits issued by the Association, and (b) should only be supplied to persons holding such permits.

The Court was not convinced of the newspapers' argument that the agreement was necessary to serve the public well. It referred to the excellent profits at present earned by the newspaper selling agents, as compared with those engaged in the sale of other goods. It refused to believe the claim of the signatories to the agreement that, if the restrictions were removed, the business of the individual retail news agent would, in general, become so unprofitable that it would affect the efficiency of distribution. The Court added that it was not satisfied that, if the restrictions were removed, and entry into the news agency trade was left to the operation of the economic forces of free competition, the public would be deprived of any specific or substantial benefit.

INDIA'S FOREIGN TRADE IN JANUARY-JUNE 1961

India's exports rose by Rs. 27 crores to Rs. 325 crores during the first half of 1961, as compared with the corresponding period in 1960, according to provisional figures released by the Department of Commercial Intelligence and Statistics, Calcutta. (Government of India). Imports, however, declined by Rs. 24 crores to Rs. 497 crores. As a result, the adverse balance of trade narrowed down by as much as Rs. 51 crores to Rs. 172 crores.

The following table shows at a glance the trend of trade from month to month in the first half of 1961, as compared with the same period in 1960, on the basis of provisional figures:

(In crores of rupees)

	Imports†	Exports (including re-exports)	Balance of trade
1961*			
January	88.79	54.34	— 29.45
February	73.60	53.43	— 20.07
March	81.38	57.32	— 24.06
April	85.90	53.86	— 32.54
May	85.57	57.12	— 28.45
June	87.84	49.88	— 37.46
Total ..	497.48	325.45	—172.03
1960†			
January	70.71	51.35	— 19.36
February	78.28	48.75	— 29.53
March	96.42	52.87	— 43.55
April	98.57	46.63	— 51.94
May	92.97	49.84	— 43.13
June	84.52	48.91	— 35.61
Total ..	621.47	298.35	—228.12

* Provisional.
† Excludes certain consignments on Government account awaiting adjustments.
‡ Revised.

Although the overall trade figures have now been announced for the period upto June 1961, detailed country-wise figures will not be available from Central Government sources for another two or three months. A broad picture can, however, be had from the foreign trade figures published by other countries, such as the U.K., which have an expeditious system for collecting, processing and disseminating such data. The pattern of India's trade with the U.K. was in line with the overall trend of trade during the period under review; its exports to the U.K. went up, while its imports suffered a modest setback. According to figures released by the British Board of Trade for the period January-June 1961, India's exports to the U.K., its major overseas market, moved up (on c.i.f. basis) to £75.04 million, from £70.02 million in the first half of 1960. Almost over ninety per cent of the increase in exports was accounted for by the major export item, namely, tea, the earnings from which were higher by £4.82 million at £28.04 million. Exports of miscellaneous textile manufactures, too, rose from £5.40 million to £6.12 million. But the U.K.'s offtake of India-made leather and leather manufactures fell by £1.68 million to £5.84 million. Export earnings from cotton yarns and woven fabrics were lower at £7.83 million, as compared with £7.94 million.

India's imports from the U.K. (on f.o.b. basis) declined by £2.75 million to £75.95 million. Almost all the major items of imports shared in this setback. Imports of general machinery items were only £22.29 million, as against £23.14 million in January-June 1960. The value of road vehicles and aircrafts bought by India moved down from £11.61 million to £8.26 million and electric machinery from £8.03 million to £6.75 million.

BENGAL PAPER MILL COMPANY LIMITED

SPEECH OF CHAIRMAN, MR. N. D. BANGUR, AT ANNUAL GENERAL MEETING

PLEA FOR UPWARD REVISION OF PAPER PRICES

ADDRESSING the annual meeting of the Bengal Paper Mill Co., Ltd., held at Calcutta on 31st July 1961, Mr. N. D. Bangur, Chairman of the Company, made an earnest plea for an upward revision of paper prices. He pointed out that, if the paper industry were to expand and modernise by ploughing back retained profits or by attracting new capital, a fair return on the existing capital was not only desirable from the economic point of view but very essential. He observed that the present price was uneconomic and too low to leave a sufficient margin for the industry to expand. Mr. Bangur expressed the hope that the Government would give consideration to the industry's needs in fixing the new selling prices.

The following is the full text of Mr. Bangur's speech:

"GENTLEMEN,

"I have great pleasure to welcome you to this Annual General Meeting of the shareholders of The Bengal Paper Mill Co., Ltd.

"The Directors' report, the balance-sheet and the audited accounts for the year ended 31st December, 1960 have been in your hands and with your permission, I take the same as read.

"During the year, the gross profit of your Company is Rs. 50,83,093, as against Rs. 49,05,060 for the previous year and production also increased from 15,927 tons in 1959 to 18,105 tons during the year 1960, thus the progress of the working of your mill can be considered quite satisfactory.

Price Policy and Cost of Production

"I would like to emphasise the urgent need for the Government to review the present price structure which is followed on the recommendations of the Tariff Commission. The Tariff Commission decided that 12 per cent would constitute a fair return on the Industry's capital and stated that this return would be sufficient to cover the following items:

(1) Labour Bonus.
(2) Interest on Debentures and Loans.
(3) Managing Agents' or Secretaries and Treasurers' Remuneration.
(4) Directors' Remuneration.
(5) Taxation.
(6) Reserves, including Development Rebate Reserve.
(7) Interest on Working Capital.

"After meeting the above liabilities, the surplus left with the Company will be hardly sufficient to make a reasonable return to the shareholders, and in my opinion the return of 12 per cent allowed by the Tariff Commission is quite inadequate particularly when the new preference shares are being issued at 9 per cent interest and the general tendency of the rate of interest being on the increase in the country. If the industry is to be kept in a position to meet all its liability and also provide for large scale expansion, modernisation and rehabilitation involving either of ploughing back of retained profits or by attracting new capital, an allowance of a fair return to it is not only desirable from the economic point of view but also essential for the industry's very survival.

"The price of manufactured goods of those industries are regulated which are of basic importance to the national economy and it does not seem logical how the development of these industries could be promoted by the enforcement of such uneconomic prices on these industries which do not allow them to have necessary saving for their modernisation and expansion. This matter of ensuring adequate and reasonable return to the basic industries, whose prices are controlled and regulated in the national interest, should be revised in a manner conducive to the proper growth and development of these industries.

"There has been considerable increase in the cost of production due to fresh levies of excise on chemicals, namely, soda caustic, and soda ash, increase in the railway freight, increase in the prices of raw materials and stores, and a further increase in the cost of coal by way of fresh levy. Whereas the paper price has not been allowed to be increased correspondingly and the paper industry has to absorb these increases with adverse affect on its economy. It is suggested that the Government should evolve some formula whereby an increase in the cost of production due to reasons beyond the industry's control is allowed to the industry to be added to its selling prices. I may also mention that the cases of old mills whose cost of production is higher due to old and worn out machines have not been given due consideration by the Tariff Commission. Due to old and worn out machines your mill is adversely affected. The profit level has, however, been maintained by increase in production and renovation of the machines.

"A memorandum to the Government of India has already been submitted by the paper industry for upward revision of the price of paper. I hope the Government will give due consideration to the industry's difficulties in deciding the new selling prices.

Raw Materials

"The year 1960 had been a difficult one as far as supplies of raw materials and their transportation was concerned. The widespread incidence of bamboo flowering all over India has already affected bamboo supply position. The supplies of sabai grass were also not upto expectation and due to various development work going on in the country, the cost of exploitation also increased. Inadequate rail transport facility resulted in depletion of raw materials stocks at your mills and it is hoped that the railway will improve the wagon supply position to help the paper industry to attain increase in production.

"Because of shortage of bamboo and sabai grass, bagasse is becoming exceedingly important as a raw material for paper making. I am glad to say that your Company has successfully used bagasse in large quantity during the year and I trust the Government will make alternative fuel available to the sugar industry to enable them to release more bagasse to the paper industry.

Sales

"I would like to point out that the increase in the levy of excise duty on certain varieties of paper is excessive. The incidence of excise duty on cheap varieties of packing and wrapping paper works out to about 32 to 35 per cent of the prices of paper. In order to improve the general pattern of packing in the country, wrapping paper has been extensively used as raw materials by the various other industries and there should not be such a heavy excise duty on the low-graded varieties of paper.

"You will be glad to know that the quality of various types of paper manufactured by your Company has been enjoying good response from the market. Your Company also undertook manufacture of special quality paper of different varieties and these special varieties too have been found quite popular with the consumers. It is the constant endeavour of your Company to maintain the high standard of quality of its products and further improvement will take place when the multi-stage bleaching plant will be installed under the expansion and modernisation scheme.

Expansion

"I have pleasure to inform you that satisfactory progress is being made in the implementation of Expansion and Modernisation scheme of the mill. During the year Brown Stock Washing Plant was put into commission and in the current year a Recausticising Plant, Water Clarification Plant and other machines also started functioning. These new additions which have been installed at a cost of Rs. 36 lakhs approximately have resulted in reducing washing losses and substantially improved caustic recovery.

"Order for the sixth paper machine has already been placed with Messrs. Walmsleys (Bury) Ltd., of England, shipment of which is expected to begin from the second half of 1962. Orders for multi-stage bleaching plant and other equipment from the U.S.A. will be finalised on receipt of approval of the D.L.F. loan.

"The third Plan sets the industry targets of 900,000 tons and 700,000 tons for capacity and production respectively, or exactly double the targets in the second Plan. The rate of industrial development, the growth of literacy and proposed implementation of free and compulsory education is expected to absorb the increased production.

Fresh Issue

"I am glad to inform you that your Company has decided to issue bonus shares for Rs. 9 lakhs in the ratio of 1 to 5 based on the existing equity paid-up capital subject to the sanction of the Controller of Capital Issue. In due course the share of Rs. 25 paid-up of your Company will be subdivided into Rs. 10 paid-up share. To finance the expansion and modernisation of the plant additional capital will have to be arranged and further capital in the form of right shares and convertible loan stock will be issued.

"Messrs. Balmer Lawrie & Co., Ltd., resigned the office of Secretaries and Treasurers with effect from 28th April, 1960 and I wish to place on record the valuable services rendered by them to the Company.

"Our Mill Manager, Dr. J. C. Aggarwal has been selected leader of the National Productivity Team on Pulp and Paper and the team is now on a foreign tour to study the development of pulp and paper industry in the other countries.

"The relation with the Staff and Worker remained cordial and I would like to express our appreciation of the services rendered to the Company by all of them."

Note: This does not purport to be a record of the proceedings of the annual general meeting.

PRINTING AND STATIONERY DEPARTMENT, CALCUTTA

TENDER NOTICE

Chief Controller of Printing and Stationery, on behalf of the President of India, invites sealed tenders from well-equipped Printing Presses which are governed by the Factories Act, 1948, as amended up to date, for the printing and binding of stock forms and books of the Indian Posts and Telegraphs Department for the requirements of the Calcutta, Madras and Bombay regions.

There are about 805 different books and forms to be produced and the annual requirements thereof involve substantial quantities running into lakhs in many cases.

A book containing the conditions of tender, conditions of contract, details of books and forms required and other relevant information can be had from the Assistant Controller, Printing, O.P. Branch, 1, Council House Street, 3rd Floor, North Wing, Calcutta-1, at Rs. 16 per copy (non-refundable). Samples of various books and forms are available for inspection at the Office of the Assistant Controller, Printing, O.P. Branch, 1, Council House Street, 3rd Floor, North Wing, Calcutta-1, or if desired, complete sets of samples can be had from the abovementioned Officer at Rs. 50 per set, refundable on return of the set in a satisfactory condition.

Paper and certain binding materials required for execution of the work under the contract will be supplied by the Government.

Each tender, whether for one or more items will have to be accompanied by a deposit receipt for Rs. 2,750 as Earnest money. Tenders received without the deposit receipt will be liable to summary rejection.

Sealed tenders for the above work prepared in the prescribed manner will be received upto 2 p.m. on 11-9-61 at the Office of the abovementioned Assistant Controller of Printing. Tenders will be opened one hour after the closing time in the presence of attending tenderers.

DA-6961/61

SOUTH MADRAS ELECTRIC

CAPITAL PROJECTS MAKE HEADWAY

BY extending its transmission lines by a further 79 miles, opening 15 new sub-stations and adding 9 more villages to those already supplied with electrical energy, all at a total cost of Rs. 17.46 lakhs, the South Madras Electric Supply Corporation Ltd. (Managing Agents: Messrs. Seshasayee Brothers Private Ltd., Tiruchirapally) has completed yet another phase of its programme of rural and urban electrification in its area of franchise. Modest as these extensions might appear, particularly in the light of increasing demand for power which is rapidly outstripping the supply, it would be relevant to recall the remarks of the Chairman, Mr. K. A. P. Visvanatham, at the last annual meeting of the Company. Speaking on the occasion he had said: "The backlog of works are heavy. Even about a crore of rupees will not suffice to completely satisfy the demand (for power) in our area of supply. And even if such a sum of money were made available, we would not be able to utilise the sum in a year for want of material and skilled manpower. It is my hope that, with our resources and loans from the Electricity Board, we may execute every year between Rs. 15 and Rs. 20 lakhs of new works, thus satisfying the consumers to the extent possible. Apart from our own difficulties, it is a well-known fact that adequate power supply is not available from the Electricity Board's existing power houses and grid. I expect it will easily take another two or three years for the supply to catch up with the demand...." Having regard to this background, the progress made by the Company in the implementation of its capital projects during the year ended 31st March 1961 appears to be quite satisfactory.

Owing to the aforesaid extensions, the sale of energy during 1960-61 has recorded an increase of a little more than Rs. 7 lakhs over its previous levels, to Rs. 96.95 lakhs. The performance of the Company could easily have been even more heartening had it not been for two factors that tended to restrict the increase in sales. First, the supply of high tension power to the factory at Dalmiapuram was taken over directly, with effect from October last, by the Madras State Electricity Board and this resulted in a 30 per cent reduction in the supply of electricity to this point. Secondly, slight adjustments were made in the Company's tariff structure, with the result that rates of supply of power to certain categories of consumers were lowered. As a consequence, the gross profit has failed to increase in consonance with the sales and shows a rise of Rs. 4.56 lakhs only to Rs. 30.25 lakhs. After deducting from this amount the essential provisions for the Managing Agents' commission (maintained at Rs. 80,000) depreciation (at Rs. 8.40 lakhs as compared with Rs. 8.20 lakhs) and taxation (at Rs. 8.70 lakhs against Rs. 6.80 lakhs), the net profit discloses a rise of Rs. 2.46 lakhs to Rs. 12.35 lakhs. Transfer to the various reserves, as required by the statute, and other provisions has been raised to Rs. 3.68 lakhs including the credit of Rs. 1 lakh to the staff gratuity reserve. This leaves a balance of Rs. 8.70 lakhs, inclusive of the carry forward from the previous year, for distribution among the shareholders.

The progress made by the Company during the past four years is presented in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds of energy	96.95	89.93	69.29	66.60
Other income	3.43	3.02	4.51	3.22
Cost of distribution	46.62	44.77	35.47	34.35
Other expenses	23.51	22.49	18.17	17.32
Gross profit	30.25	25.69	20.16	18.15
Managing Agents' commission ..	0.80	0.80	0.80	0.80
Provision for—				
Depreciation	8.40	8.20	7.61	6.77
Taxation	8.70	6.80	4.50	1.85
Net profit	12.35	9.89	7.25	8.73
Transfer from reserves ..	..	..	0.94	0.10
To reserves and provisions ..	3.68	2.60	1.57	2.98
Dividends—				
5½% Tax free preference ..	2.29	2.00	1.65	1.65
Ordinary	6.30	5.50	5.04	4.90
	(9%)*	(9%)*	(9%)	(8¾%)
Carry forward	0.11	0.03	0.04	0.11

* Subject to deduction of tax.

The controversy regarding the payment of preferred dividends having been settled by the passing of the Preference Shares (Regulation of Dividends) Act 1960, preference dividends for the year have been declared in conformity with the provisions of the said Act and absorb Rs. 2.15 lakhs. An additional amount of Rs. 14,100 has also become payable to the preference shareholders as arrears for the year 1959-60. Thus, for the year under review, the preference shareholders are to get Rs. 2.29 lakhs as compared with Rs. 2 lakhs distributed last year. The ordinary dividend has been maintained at 9 per cent subject to tax, absorbing Rs. 6.30 lakhs, leaving Rs. 11,885 to be carried forward.

The following quotation from the latest Directors' report on the effects of abolition of grossing under the 1960 Finance Act will be of interest to readers:

"The shareholders will be aware that, in terms of the Finance Act, 1960, the rate of tax payable by the Company has been reduced from 51.5 per cent to 45 per cent and the benefit of grossing up was abolished. To compensate this, the saving of 6.5 per cent in tax should formally accrue to the shareholder. Unfortunately this benefit of reduced income-tax payable by the Company will not be available to an Electricity Supply Undertaking due to restrictions imposed by Clause XVII 2 (c) ii of the Sixth Schedule to the Electricity Supply Act. The Federation of Electricity Undertakings of India have informed us that the Central Government have recommended to the State Governments to approve of the special appropriation of an amount equivalent to 6.5 per cent of the taxable income of the year. We have applied to the Madras Government to approve the special appropriation and it is hoped the necessary sanction will be obtained."

Barring an addition of Rs. 9.98 lakhs to the long-term loan taken from the Government of Madras there has been no major change in the Company's financial position, as at 31st March 1961. The paid-up capital of Rs. 1 crore made up of Rs. 70 lakhs in ordinary shares and Rs. 30 lakhs in 5½ per cent cumulative preference shares is supplemented by Rs. 25.10 lakhs of reserves and surplus. Secured loans amount to Rs. 32.17 lakhs, current liabilities and provisions for taxation and proposed dividend Rs. 68.89 lakhs, giving a total indebtedness of Rs. 101.06 lakhs.

As stated earlier, the additions during the year to fixed assets amounted to Rs. 17.46 lakhs. Inclusive of this sum, the gross block is valued in the Company's books at Rs. 222.91 lakhs and has been written down to Rs. 148.63 lakhs. Current assets, investments and loans and advances are all expected to realise Rs. 77.53 lakhs and are just sufficient to cover the current liabilities, excluding secured loans.

The present market quotation for the Company's Rs. 10 fully paid equity shares is Rs. 10.15 *cum*-final dividend of 45 nP gross. The net yield on an *ex-div.* basis works out to a little over 6.30 per cent per annum.

A NEW $5-MILLION HOTEL AT NEW DELHI

The East India Hotels Limited and the Inter-continental Hotels Corporation of New York have announced plans for the completion of a new $5,000,000 air-conditioned 350-room hotel at New Delhi. The finance for the new hotel is being provided by the Export-Import Bank, by the Finance Corporation of India, and by private sources in India and the U.S. The Export-Import Bank is financing the project in dollars and in foreign currency.

The hotel, owned by East India, will be a member of the Inter-continental group of hotels and will be named the Oberoi Inter-continental. Inter-continental, a wholly-owned subsidiary of Pan American World Airways and one of the largest operators of hotels outside the U.S., will provide technical assistance for the completion and furnishing of the new hotel and will have general supervisional responsibility for its operation and management, in addition to handling sales and reservations for the hotel on a world-wide basis. The features of the hotel will include a banquet room, grill room, night club, coffee shop, swimming pool, and large public room facilities for conferences and meetings. The hotel is in a residential area of the capital, adjoining the golf course, and a mile from the Central Secretariat and the business and shopping areas of the city at Connnaught Circus.

(Concluded from next column)

While the Company has much scope for expansion, the uncertainty, whether or not it will be allowed to remain in the private sector as at present, still stands. The Kerala Government's move to acquire the Company is being contested in the Kerala High Court.

COCHIN STATE POWER

STEADY GROWTH BEING MAINTAINED

THE progress achieved by the Cochin State Power and Light Corporation Ltd. (Managing Agents: Messrs. Chandrie & Co. (Private) Ltd., Madras) during the last twenty-five years of its existence is satisfactory. The Company was incorporated in January 1936 and commenced production on 30th August of the same year. It had to pass through a very difficult period in the early years as the demand for power was poor, but, since the end of the Second World War, the demand has been shooting up due to various development programmes under the Five-year Plans.

The sale of energy for domestic and industrial purposes, as well as for street lighting and temporary supplies, has grown steadily to touch Rs. 12.63 lakhs during the year ended 31st March 1961, as against Rs. 11.94 lakhs in the previous year, Rs. 10.85 lakhs in 1958-59 and Rs. 9.42 lakhs for 1957-58. The purchase of energy has also likewise increased to Rs. 3.48 lakhs as against Rs. 3.45 lakhs in the previous year, Rs. 2.94 lakhs for 1958-59 and Rs. 2.57 lakhs for 1957-58. The gross profit has gone up from Rs. 4.23 lakhs for 1959-60 to Rs. 4.46 lakhs for 1960-61. The ratio of gross profit to sales has been maintained at a little over 35 per cent. Out of this profit, the provisions for depreciation and taxation have been made at slightly higher levels, Rs. 1.26 lakhs and Rs. 1.28 lakhs, as compared with Rs. 1.11 lakhs and Rs. 1.12 lakhs, respectively, in the previous year. The dividend on the Rs. 10 paid-up equity shares has been maintained at 12½ per cent subject to deduction of tax, which is equivalent to a net dividend of Re. 0.875 per share.

The financial results of the Company for the last four years are depicted in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale of energy	12.63	11.94	10.85	9.42
Other income	0.72	0.69	0.67	0.62
Purchase of energy ..	3.48	3.45	2.94	2.57
Other expenses	5.41	4.95	4.47	3.88
Gross profit	4.46	4.23	4.11	3.59
Managing Agents' commission ..	0.40	0.40	0.28	0.24
Provision for—				
Depreciation	1.26	1.11	1.00	0.87
Taxation	1.28	1.12	1.30	0.90
Net profit	1.52	1.60	1.53	1.58
To reserves	0.68	0.71	0.60	0.53
Transfer from reserves ..	0.21	0.60	..	..
Tax for previous years ..	..	0.84	..	..
Dividends	1.25*	1.25*	0.90	0.90
	(12½%)*	(12½%)*	(9%)	(9%)
Carry forward	0.36	0.41	0.47	0.41

* Subject to deduction of tax.

The Directors say, in their report to the shareholders that the Kerala State Electricity Board has made excellent progress in development and generation of electric power and that, very shortly, it may have a surplus of power which could be sold to the neighbouring States. This means that the Company will be in a good position to meet the ever-growing demand for power, in contrast to shortage of power that is being experienced by electricity distributing companies in most of the other States of India.

There was no change in the tariff rates for supply to consumers during the year under review. The number of units purchased in bulk during the year rose by 4 per cent, from 10,447,018 units to 10,867,142 units. The total number of units sold increased by 5.02 per cent from 9,336,962 to 9,806,013 and the gross revenue by 5.71 per cent.

The transmission and distribution systems of the Company were maintained in good order. During the year, 4.034 kilometres at low tension mains were constructed to cater to the needs of new consumers. The capacity of the sub-stations has been increased and the aggregate capacity of the distribution transformers is 3,775 KVA.

As against the paid-up capital of Rs. 10 lakhs, all in ordinary shares of Rs. 10 each, the reserves and surplus stand at Rs. 9.10 lakhs. The total of current liabilities at Rs. 6.92 lakhs shows an excess of Rs. 0.49 lakh over the current assets of Rs. 6.43 lakhs. The gross block of Rs. 28.78 lakhs stands depreciated at Rs. 19.66 lakhs, the depreciation provided being Rs. 9.12 lakhs.

The current market quotation for the Rs. 10 paid-up ordinary shares of the Company is Rs. 13.37 *cum*-dividend. At this rate, the net yield works out to 6.5 per cent.

(Continued in previous column)

BENGAL CHEMICAL FARES WELL

RESERVES EQUAL PAID-UP CAPITAL

THE financial results of the Bengal Chemical and Pharmaceutical Works Ltd. (Chairman and Managing Director: Mr. B. N. Ghose, Calcutta) for the twelve months ended 31st March 1961 clearly reflect steady progress by the Company. The sales crossed the Rs. 2-crore mark during the year under review, the exact amount being Rs. 208.84 lakhs as against Rs. 196.90 lakhs in the previous year and Rs. 175.39 lakhs in 1958-59. The closing stocks were also higher at Rs. 26.21 lakhs, as compared with Rs. 23.05 lakhs a year before. The gross profit, however, has not registered any marked improvement. It is only a shade better at Rs. 24.28 lakhs, as against Rs. 23.99 lakhs for 1959-60 and the profit margin (the ratio of sales to gross profit) has actually declined from 12.1 per cent to 11.6 per cent. This is primarily due to the sharp rise in the value of raw materials consumed from Rs. 91.80 lakhs in 1959-60 to Rs. 101.04 lakhs, as also in other expenses from Rs. 82.78 lakhs to Rs. 88.17 lakhs.

The remuneration for the Managing Director (salary plus commission) has remained unchanged at Rs. 60,000. But the provision for taxation has been reduced from Rs. 9.53 lakhs to Rs. 8.50 lakhs. The depreciation provision has, however, been raised from Rs. 5 lakhs to Rs. 5.62 lakhs. The net profit has risen by just Rs. 70,000 to Rs. 9.56 lakhs. The amount available for distribution is of the order of Rs. 23.77 lakhs, including the large sum of Rs. 13.90 lakhs brought in. This would have enabled the Directors to distribute a much larger dividend to the ordinary shareholders, but they have chosen to transfer as much as Rs. 15.50 lakhs to reserves. In addition, a sum of Rs. 28,000 has been credited to the development rebate reserve. The preference dividends on the 4½ per cent and 7½ per cent preference shares have taken up Rs. 1.77 lakh. Out of the balance, the Directors have only been able to maintain the ordinary dividend at 10 per cent (taxable), giving a net dividend of Rs. 7 per share which is the same as that for the two previous years.

The progress of the Company since 1957-58 is shown in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	208.84	196.90	175.39	174.30
Closing stocks	26.21	23.05	23.12	26.40
Consumption of raw materials ..	101.04	91.80	79.20	88.00
Other expenses	88.17	82.78	73.39	74.93
Gross profit	24.28	23.99	21.12	15.83
Managing Director's remuneration	0.60	0.60	0.23	0.21
Provision for—				
Depreciation	5.62	5.00	5.04	5.64
Taxation	8.50	9.53	6.10	4.98
Net profit	9.56	8.86	7.75	5.04
To reserves	15.50	2.00	2.00	1.40
To development rebate ..	0.28	0.13	0.35	0.26
Excess provision written back ..	0.31	..	..	..
Dividends—				
7½ per cent Preference ..	0.88	0.96	0.67	0.67
4½ per cent Preference ..	0.69	0.77	0.54	0.54
Ordinary	6.10	4.80	3.87	2.76
	(10%)*	(10%)*	(7%)	(5%)
Carry forward	1.31	13.90	13.80	13.00

* Subject to deduction of tax.

The financial position of the Company, as disclosed by its balance-sheet as at 31st March 1961 is quite sound. The paid-up of Rs. 71.89 lakhs, comprising Rs. 9.00 lakhs in 90,000 seven and a half per cent cumulative preference shares of Rs. 10 each, Rs. 11.90 lakhs in 11,901 4½ per cent preference shares of Rs. 100 each and Rs. 50.99 lakhs in ordinary shares of Rs. 100 each is supplemented by Rs. 70.15 lakhs in reserves and surplus, a sum which is almost equal to the total paid-up capital and nearly Rs. 20 lakhs more than the equity capital. This suggests that, in future, the Company could afford to pay higher dividend, by setting aside slightly smaller amounts to reserves, granted that its profitability could be comfortably maintained in future years. The secured and unsecured loans stand at Rs. 41.27 lakhs of which Rs. 15 lakhs are debentures (at 5 per cent interest) and Rs. 21 lakhs are from the I.F.C.; in addition there are current liabilities and provisions aggregating Rs. 39.81 lakhs, bringing the total indebtedness to Rs. 81.08 lakhs. As against this, the current assets, including investments, are of the order of Rs. 146.71 lakhs. There is thus a clear surplus of current assets over total indebtedness, the exact margin being Rs. 65.63 lakhs. The total value of the block account at cost is Rs. 153.54 lakhs (as against Rs. 147.58 lakhs as at 31st March 1960), which has been well written down to Rs. 76.41 lakhs, the total depreciation built up being of the order of Rs. 77.13 lakhs.

The Company has already taken up expansion schemes for enhancing the productive capacity of its chemical manufacturing division. As regards the outlook for the current year, the Directors say that the working results for 1961-62 have so far been fair and that they expect to complete the year satisfactorily, provided other things remain the same as hitherto.

The Rs. 100 paid-up ordinary shares of the Company are currently quoted at Rs. 108 on the Calcutta Stock Exchange. At this rate, the net yield on the shares works out to Rs. 6.93 per cent per annum.

TATA OIL'S EXPANSION PLANS

In a statement addressed to the shareholders reviewing the problems confronting the Tata Oil Mills Company Ltd., Mr. J. R. D. Tata, Chairman, has given an account of the expansion projects which the Company intends to undertake in the current year. With a view to diversifying its activities, the Company has decided to set up under an arrangement with the Central Government a plant at its Bombay factory for manufacturing groundnut flour for human consumption. This plant, it may be noted, was supplied to the Government of India by the United Nation's Children Fund. It is expected to go into commission during the current year. The Government of India has also agreed to buy 75 per cent of the flour produced by the Company for distribution to flour mills. The remaining 25 per cent will be marketed by the Company directly. If this experiment proves successful, it will open for the Company a useful new field for development.

The Company has entered into an agreement with the National Research Development Corporation of India for the exploitation of a process evolved by the Central Food Technological Research Institute, Mysore, for the extraction of vegetable protein from oilseeds. The Corporation has agreed to install, at its cost, at the Tata Oil's Bombay factory a semi-commercial unit to which the Company will supply the necessary power, steam, labour and technical supervision. If the process works satisfactorily, the Tata Oils will have an option to purchase this plant and expand it. Although the venture is of a pioneering nature and will call for a certain amount of development work, the Company considers the project of great potential value not only to itself but to the country as a whole, in view of the serious protein deficiency in the diet of most Indians.

Finally, the Company proposes to set up at Tatapuram a plant to manufacture fruit juices in powder form by a process developed and in use in Japan. The Tata Oil Company has already made an application to the Government of India for permission to install such a plant at a cost of about Rs. 5 lakhs. This project, too, is deemed to be a promising one, because of the availability of a large variety of fruits in our country, combined with the difficulty involved in their transportation and storage. The success of this project, however, will obviously depend on the attitude of consumers to the new product.

At the annual general meeting of the shareholders of the Company, held on the 3rd inst. Mr. Tata struck an optimistic note regarding the outlook for the Company. He was confident that the Company's performance in the current year would turn out to be better than in 1960-61. The sales would be considerably higher when the new units were commissioned. He also revealed that the Company's new plant at Delhi would go into operation by October 1962.

Notice

THE GWALIOR RAYON SILK MFG. (WVG.) COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of Members and Transfer Books of the Equity Shares of the above Company will remain closed from 21st August 1961 to 15th September 1961, both days inclusive, for the purpose of paying dividend.

The dividend on Equity Shares when sanctioned for the year ended 31st March 1961, will be made payable at the United Commercial Bank Ltd. on or after 18th September 1961 to those Shareholders whose names stand on the register of the Company on 15th September 1961, to whom dividend warrants will be posted.

By Order of the Board,

V. N. BAGRODIA,
Secretary.

Registered Office:
BIRLAGRAM, NAGDA,
29th July 1961.

PERIAKARAMALAI TEA

DIVIDEND HIGHER

IN keeping with the general increase in tea crop in South India during the past year, the results of the Periakaramalai Tea and Produce Company Ltd. (Managing Agents: Messrs. Peirce Leslie & Co., Ltd., Coimbatore) for the year ended 31st March 1961 are highly satisfactory. The tea crop harvested by the Company in the year under review was a record high, being 2.33 million kilograms, as against the previous best of 2.23 million kilograms which was in 1957-58. As compared with the previous year the increase was 16.7 per cent and and this brought down the cost of production from Rs. 3.02 per kilogram to Rs. 2.81 kilogram. At the same time, the average price realised was higher at Rs. 4.29 per kilogram, as against Rs. 4.21 per kilogram.

Due to the substantial increase in tea crop and realisation of slightly better prices, the sale proceeds improved from Rs. 100.69 lakhs to Rs. 115.62 lakhs, or a rise of 14.8 per cent. The gross profit has improved sharply by 47 per cent from Rs. 23.01 lakhs to Rs. 33.82 lakhs. The higher profit has enabled the Directors to recommend a bigger dividend of 20 per cent subject to deduction of tax, as compared with 13.5 per cent (taxable) for the previous year.

Although the tea crop harvested by the Company was a record, the profit was not. In 1954-55, for instance, the profit before taxation was as high as Rs. 42.01 lakhs when the crop was no more than 1.80 million kilograms. In the following year, the profit was still quite high at Rs. 36.26 lakhs, when the crop was 1.81 million kilograms. These data clearly show the considerable extent to which the increases in cost of production has brought down the profit margin.

The following comparative table vividly brings out the better performance of the Company in the year under review, as compared with that in the more recent years:

(Rupees in lakhs)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales of tea	115.62	100.69	106.52	93.44
Sales of other crops ..	0.27	0.40	0.65	0.84
Other income	0.26	0.24	0.54	0.56
Closing stocks	17.38	15.79	18.39	20.41
Estate expenditure	63.95	60.84	64.04	} 75.00
Selling expenses	16.87	14.14	19.55	
Other expenses	4.09	0.74	0.91	
Gross profit	33.82	23.01	21.30	21.70
Managing Agents' remuneration	3.45	1.19	1.45	1.80
Provision for—				
Depreciation	4.52	3.41	3.31	3.06
Taxation	13.35	6.40	6.70	10.43
Net profit	13.52	12.41	10.44	6.71
Excess provisions written back and refunds	..	1.81	0.48	1.13
To reserves	2.07	1.47	2.89	3.14
Sales tax relating to previous years	..	4.69	..	..
Dividend	11.59*	7.82*	7.34	5.79
	(20%)*	(13.5%)*	(12.5%)	(10%)
Carry forward	0.65	0.80	1.46	1.18
Tea crop (in million kgms.) ..	2.33	1.99	2.21	2.23

* Subject to deduction of tax.

It will be noted that, though the gross profit is substantially higher, the net profit is markedly lower, chiefly because of the steep rise in the provision for taxation and a modest increase in the transfer to depreciation account. Nevertheless, the dividend is fully covered, as, unlike in the past year, no adjustment in regard to sales tax liability had to be made this year.

The paid-up capital of the Company is Rs. 57.95 lakhs, all in ordinary shares of Rs. 2 each fully paid. Reserves and surplus were increased during the year by Rs. 2.07 lakhs to Rs. 30.90 lakhs. As against current liabilities and provisions at Rs. 34.15 lakhs, the current assets total Rs. 47.31 lakhs. The better performance during the year is also reflected in a sharp increase in cash and bank balances from Rs. 4.20 lakhs to Rs. 15.98 lakhs. The net block of the Company stands at Rs. 75.03 lakhs, the depreciation provided so far being Rs. 39.13 lakhs.

The tea crop for the current year is estimated at 2.32 million kilograms, which is a shade lower than the crop harvested during the year under review. The cost of production and all-in-cost is expected to be higher at 284 cents and 318 cents per kilogram respectively. The capital expenditure for the year 1961-62 is estimated higher at Rs. 6.74 lakhs.

The current market quotation for the Rs. 2 paid-up ordinary shares at Rs. 3.90 gives a gross yield of a little over 10 per cent per annum.

STATISTICAL OUTLINE OF THIRD PLAN

TABLE I

OUTLAY DURING SECOND PLAN AND COST OF PHYSICAL PROGRAMMES IN THIRD PLAN

(Rupees lakhs)

Head of development	Estimated outlay in Second Plan					Estimated cost of programmes in Third Plan				
	States	Union territories	States and Union territories	Centre	Total	States	Union territories	States and Union territories	Centre	Total
1	2	3	4	5	6	7	8	9	10	11
Agricultural production	8,367	268	8,635	1,075	9,810	18,351	598	18,949	3,658	22,607
Minor irrigation	9,166	98	9,264	230	9,494	17,269	177	17,446	230	17,676
Soil conservation	1,553	8	1,561	200	1,761	5,732	246	5,978	1,295	7,273
Animal husbandry	1,869	73	1,942	200	2,142	4,592	172	4,764	680	5,444
Dairying and milk supply	958	3	961	244	1,205	3,068	21	3,110	498	3,608
Forests	1,656	122	1,778	150	1,928	4,204	268	4,472	667	5,139
Fisheries	710	26	736	170	906	2,090	102	2,192	672	2,864
Warehousing, marketing and storage	310	18	328	170	498	843	10	853	3,300	4,153
I. Agricultural programmes	**24,589**	**616**	**25,205**	**2,439**	**27,644**	**56,167**	**1,597**	**57,764**	**11,000**	**68,764**
Co-operation	3,278	55	3,333	50	3,383	6,959	151	7,110	900	8,010
Community development	18,744	463	19,207	200	19,407	28,189	578	28,767	600	29,367
Panchayats	460	30	490	1,976 (a)	2,466	2,824	56	2,880	..	2,880
II. Community development and co-operation	**22,482**	**548**	**23,030**	**2,226**	**25,256**	**37,972**	**785**	**38,757**	**1,500**	**40,257**
Irrigation	34,479	21	34,500	2,717	37,217	58,121	10	58,131	1,803	59,934
Flood control	(b)	(b)	(b)	4,800	4,800	5,995	137	6,132	..	6,132
Power	41,882	914	42,796	1,753	44,549	88,315	2,345	90,660	11,312	101,972 (c)
III. Irrigation and power	**76,361**	**935**	**77,296**	**9,270**	**86,566**	**152,431**	**2,492**	**154,923**	**13,115**	**168,038**
Industries and minerals	2,859	2	2,861	87,128	89,989	7,958	32	7,990	180,240	188,230
Village and small industries	6,949	294	7,243	10,323	17,566	13,703	425	14,128	12,300	26,428
IV. Industries and minerals	**9,808**	**296**	**10,104**	**97,451**	**107,555**	**21,661**	**457**	**22,118**	**192,540**	**214,658**
Railways	..	..	..	86,011	86,011	..	..	..	94,000	94,000
Roads	14,826	1,598	16,424	6,440	22,864	21,830	2,575	24,405	8,000	32,405
Road transport	1,502	91	1,593	225	1,818	2,044	559	2,603	..	2,603
Tourism	144	13	157	60	217	394	22	416	350	766
Ports and harbours	314	45	359	2,980	3,339	490	18	508	12,500	13,008
Shipping	..	..	..	5,268	5,268	..	263 (d)	263	5,500	5,763
Posts and telegraphs	..	..	..	5,059	5,059	..	..	..	7,900	7,900
Civil aviation	..	..	..	4,900	4,900	..	..	..	5,500	5,500
Broadcasting	..	..	..	488	488	..	..	..	1,100	1,100
Other transport	52	99	151	53	204	273	25	298	1,200	1,498
Other communications	..	..	..	327	327	..	..	..	930	930
V. Transport and communications	**16,338**	**1,846**	**18,184**	**111,791**	**129,975**	**25,031**	**3,462**	**28,493**	**136,980**	**165,473**
General education and cultural programmes	16,011	721	16,732	4,072	20,804	31,906	2,104	34,010	7,800	41,810
Technical education	2,141	31	2,172	2,600	4,772	6,986	172	7,159	7,000	14,159
Scientific and technological research	..	..	..	..	..	..	..	..	7,000	7,000
Health	13,021	566	13,587	8,047	21,634	27,114	2,566	29,680	4,500	34,180
Housing	6,411	266	6,677	1,286	7,963	9,620	2,076	11,696	2,500	14,196
Welfare of backward classes	5,080	214	5,294	2,647	7,941	7,498	389	7,887	3,500	11,387
Social welfare	327	10	337	1,181	1,518	1,048	114	1,162	1,600	2,762
Labour and labour welfare	769	12	781	1,200	1,981	2,519	189	2,708	4,400	7,108
Rehabilitation	..	..	..	6,341	6,341	..	..	..	4,000	4,000
Public co-operation and local works	..	..	..	..	..	34 (e)	..	34	5,000	5,034
VI. Social services	**43,760**	**1,820**	**45,580**	**27,444**	**73,024**	**86,725**	**7,611**	**94,336**	**473,000**	**141,636**
Statistics and research	408	7	410	} 5,066 (f)	9,980	322	27	349	500	849
Information and publicity	276	21	297			582	58	620	600	1,220
Local bodies	415	44	459			310	65	375	..	375
State capital projects	3,196	..	3,196			2,475	..	2,475	..	2,475
Others	507	25	532			1,075	933	2,008	4,100	6,108
VII. Miscellaneous	**4,797**	**97**	**4,894**	**5,066 (f)**	**9,960**	**4,744**	**1,083**	**5,827**	**5,200**	**11,027**
Grand Total	**196,135**	**6,158**	**204,293**	**256,707**	**460,000**	**384,781 (g)**	**17,487**	**402,218**	**407,025 (h)**	**809,853 (h)**

(a) Includes expenditure for local development works. (b) In the second Plan, outlay for flood control is shown at the Centre. (c) Includes part provision for D.V.C. power programme and Bandel Thermal Station. (d) For Andaman and Nicobar Islands. (e) In addition to this amount, outlay for public co-operation will have to be found within the agreed third Plan ceiling by suitable adjustment in the following states: Rs. 6 lakhs each in Andhra Pradesh, Bihar, Madras, Madhya Pradesh and West Bengal; Rs. 5 lakhs in Mysore and Rs. 1 lakh in Assam. (f) Includes also anticipated outlay on account of Department of Atomic Energy, schemes of the Ministry of Finance and office and residential buildings under the programmes of Ministry of Works, Housing and Supply. (g) The distribution of outlays in West Bengal is subject to adjustments: (i) on account of West Bengal's share in the D.V.C., and (ii) increase in resources estimated at Rs. 43 crores, which the State Government expect to raise above the level of Rs. 96 crores. (h) This excludes provision of Rs. 200 crores for Inventories.

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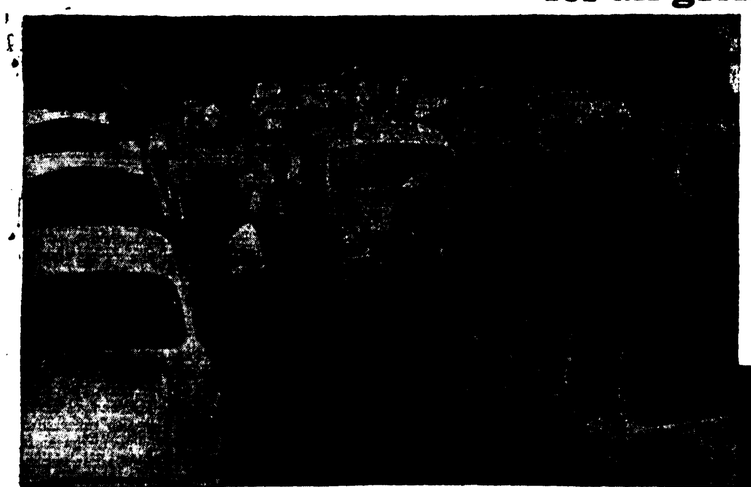

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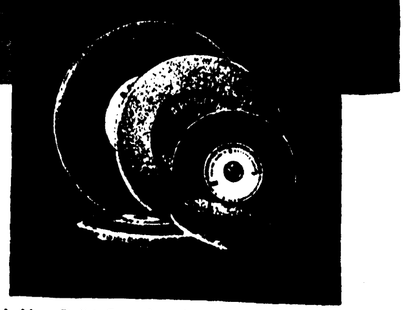

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STATISTICAL OUTLINE OF THIRD PLAN—*Continued*

TABLE II

PRODUCTION AND DEVELOPMENT: PROGRESS AND TARGETS

Item	Unit	1950-51	1955-56	1960-61 estimated	1965-66 targets	Percentage increase in 1960-61 over 1950-51	Percentage increase in 1965-66 over 1960-61
1	2	3	4	5	6	7	8
I. Agriculture and community development:							
1. *Agricultural production:*							
Foodgrains	Million tons	52.2 (a)	65.8 (a)	76.0	100.0	46	32
Cotton	Million bales	2.9	4.0	5.1	7.0	76	37
Sugarcane—*gur*	Million tons	5.6	6.0	8.0	10.0	43	25
Oilseeds	,, ,,	5.1	5.6	7.1	9.8	39	38
Jute	Million bales	3.3	4.2	4.0	6.2 (b)	21	55
Tea	Million lbs.	613	678	725	900	18	24
Tobacco	'000 tons	257	298	300	325	17	8
Fish	Million tons	0.7	1.0	1.4	1.8	100	29
Milk	,, ,,	17.1	19.3	22.0	25.3	29	15
Wool	Million lbs.	60	65	72	90	20	25
2. *Agricultural services:*							
Area irrigated (net total)	Million acres	51.5	56.2	70.0	90.0	36	29
Land reclamation (additional area) (d)	,, ,,	..	2.7	1.2	3.6	..	200
Soil conservation (additional area benefited) (d).	,, ,,	..	0.7	2.0	11.0	..	450
Nitrogenous fertilisers consumed	'000 tons of N	55	105	230	1,000	318	335
Phosphatic fertilisers consumed	'000 tons of P_2O_5	7	13	70	400	900	471
Seed farms (d)	Number	..	..	4,000	4,800	..	20
3. *Community development:*							
Blocks	Numbers	..	1,069	3,110	5,223	..	68
Villages covered	'000 numbers	..	106	368	550	..	49
Population served	Million numbers	..	69	204	359	..	76
4. *Co-operation:*							
Primary agricultural credit societies	'000 numbers	105	160	210	230	100	10
Short and medium term loans advanced	Rs. crores	22.9	49.6	200.0	530.0	773	165
II. Power:							
1. *Electricity:*							
Installed capacity	Million kw.	2.3 (c)	3.4 (c)	5.7	12.7	148	123
Generated	Million kw.h.	6,575 (c)	10,777 (c)	19,850	45,000	202	127
2. Towns and villages electrified	'000 numbers	3.7	7.4	23.0	43.0	522	87
III. Minerals:							
Iron ore	Million tons	3.2	4.3	10.7	30.0	234	180
Coal	,, ,,	32.3	38.4	54.6	97.0	69	78
IV. Large-scale industries:							
1. *Metallurgical industries:*							
Steel ingots	Million tons	1.4	1.7	3.5	9.2	150	163
Finished steel	,, ,,	1.0	1.3	2.2	6.8	120	209
Pig iron for sale	,, ,,	0.35	0.88	0.96	1.50	157	67
Alloy, tool and special steels (finished)	'000 tons	..	..	40	200	..	400
Aluminium	,,	3.7	7.3	18.5	80.0	400	332
Copper (fire refined and electrolytic)	,,	6.6	7.5	8.9	20.0	35	125
2. *Mechanical and electrical engineering industries:*							
Cement machinery	Value in Rs. lakhs	..	34 (e)	60	450	..	650
Sugar machinery	,, ,,	..	19	330	1,000	..	203
Industrial boilers	,, ,,	..	..	40	2,500	..	6,150
Machine tools (graded)	,, ,,	34	78	550	9,000	1,518	445
Ball and roller bearings	Million numbers	0.1	0.9	2.9	14.0 (e)	2,800	383
Diesel engines (stationary)	'000 numbers	5.5	10.0	40.0	66.0	627	65
Tractors	Numbers	..	..	2,000	10,000	..	400
Electric motors (200 b.h.p. and below)	'000 h.p.	100	272	700	3,500 (f)	600	257
Electric transformers (33 k.v. and below)	'000 k.v.a.	179	625	1,200	3,500	570	192
Electric cables (A.C.S.R.) conductors	'000 tons	1.7	8.7	23.0	44.0	1,194	100
3. *Railway locomotives:*							
Steam	Numbers	7	179	295	1,175 (d)	3,214	..
Diesel	,, ,,	..	..	..	434 (d)	..	..
Electric	,, ,,	..	..	..	232 (d)	..	..
4. *Rubber manufactures:*							
Automobile tyres	Million numbers	..	0.9	1.85	3.0	..	122
Bicycle tyres	,, ,,	..	5.8	11.0	31.0	..	182
5. *Chemicals:*							
Nitrogenous fertilisers	'000 tons of N	9	79	110	800	1,122	627
Phosphatic fertilisers	'000 tons of P_2O_5	9	12	55	400	511	627
Sulphuric acid	'000 tons	99	164	363	1,500	267	313
Soda ash	,,	45	81	145	450	222	210
Caustic soda	,,	11	35	100	340	809	240
Sulphia drugs	Tons	..	83 (c)	150	1,000	..	567
D.D.T.	,,	..	284	2,800	2,800	..	..
Dyestuffs	Million lbs.	..	4.0	11.5	18.0	..	57
6. *Other industries:*							
Sewing machines (organised sector) only	'000 numbers	33	111	297	700	800	136
Bicycles (organised sector) only	,,	101	513	1,050	2,000	940	90
Motor cycles and scooters	,,	..	1.5	18	50	..	178
Automobiles	,,	16.5	25.3	53.5	100.0	224	87
Shipbuilding	'000 G.R.T.	50	50 (d)	50-60	150-200	..	150-200
Cotton textiles (mill-made)	Million yards	3,720	5,102	5,127	5,800	38	13
Rayon filament	Million lbs.	0.4	16.0	47.0	140.0	11,650	198
Sugar (*g*)	Million tons	1.12	1.85	3.0	3.5	168	17
Steel structural fabrications	'000 tons	..	90	150	1,000	..	567
Cement	Million tons	2.7	4.6	8.5	13.0	215	53
Petroleum products	Million tons	..	3.6	5.7	9.9	..	74
Paper and paper board	'000 tons	114	187	350	700	207	100
Plastics	,,	..	0.7	10.0	74.0	..	640
Glass and glass-ware	,,	92	125	225	440	145	96
Industrial gases oxygen	Million c. ft.	..	..	700	1,650	..	136
V. Village and small industries:							
Khadi: Traditional	Million yards	7.3	28.9	48.0	3,500	558	49
Ambar	,, ,,	..	..	26.0			
Handloom	,, ,,	742	1,471	1,900		156	
Power loom	,, ,,	148 (c)	278 (c)	375		153	
Sericulture	Million tons	2.5 (h)	3.2 (c)	3.6 (c)	5.0	44	43
VI. Transport and communications:							
1. *Transport services:*							
Railways: Freight carried	Million tons	91.5	114.0	154.0	245.0	68	59
Roads: Surfaced including national highways	'000 miles	97.5	122.0	144.0	169.0	48	17
Road transport: Commercial vehicles on road	'000 numbers	116	156	310	565	61	74
Shipping	Lakh G.R.T.	3.9	4.8	9.0	10.9	130	21
Major ports: Handling capacity	Million tons	20	25	37	49	85	32
2. *Communications:*							
Post offices	'000 numbers	36	55	77	94	114	22
Telegraph offices	,,	3.6	5.1	6.5	8.5	81	31
Number of telephones	,,	168	280	460	660	174	43
VII. Education:							
1. *General education:*							
Students in schools	Million numbers	23.5	31.3	43.5	63.9	85	47
School-going children as percentage of children in respective age-groups:							
Primary stage	(6–11 years)	42.6	52.9	61.1	76.4	79 (i)	45 (i)
Middle stage	(11–14 years)	12.7	16.5	23.8	28.6	102 (i)	55 (i)
High/higher secondary stage	(14–17 years)	5.3	7.6	11.5	16.6	139 (i)	57 (i)
Institutions:							
Primary/junior basic schools	'000 numbers	209.7	278.1	343.0	415.0	63	21
Middle/senior basic schools	,,	13.6	21.7	29.6	57.7	191	46
High/higher secondary schools	,,	7.3	10.8	16.6	21.8	128	31
Multipurpose schools	,,	..	0.3	2.1	2.4	..	14
2. *Technical education:*							
Engineering and technology:							
Degree level (intake)	Numbers	4,120	5,890	13,856	19,137	236	38
Diploma level (intake)	,,	5,920	10,480	25,570	37,990	332	48
Agricultural colleges (intake)	,,	1,060 (j)	1,980	4,600	6,300	334	36
Veterinary colleges (intake)	,,	434 (j)	1,300	1,800	1,440	300	12
VIII. Health:							
1. *Institutions:*							
Hospitals and dispensaries	'000 numbers	8.6	10.0	13.6	14.6	47	16
Hospital beds	,,	113	138	186	240	65	29
Primary health units	Numbers	..	725	2,800	5,000	..	79
Family planning centres	,,	..	147	1,040	2,300	..	397
2. *Personnel:*							
Medical colleges (intake)	Numbers	2,500	2,500	5,000	5,000	122	33
Doctors (*k*)	'000 numbers	56	66	70	91	25	18
Nurses (*k*)	,,	15.0	18.6	27.0	42.0	80	67
Auxiliary nurse-midwives and midwives (*k*)	,,	8.0	12.6	19.9	45.5	149	144
Nurse-dais and dais (*k*)	,,	1.8	3.4	11.5	40.2	538	248
Health assistants and sanitary inspectors	,,	3.5	4.0	6.0	10.2	71	70

(a) Estimates of production adjusted for changes in statistical coverage and methods of estimation upto 1956-57. (b) Excludes meste which may provide an additional 1.5 million bales in the Third Plan. (c) Relates to calendar year. (d) Relates to five-year period. (e) By working the capacity on three shifts. (f) 500 h.p. and below. (g) Relates to crop year—November to October. (h) Calendar year 1961. (i) Worked out from enrolment figures. (j) Relates to 1961-62. (k) In practice or in service.

COMPANY MEETINGS AND DIVIDENDS

BALLY JUTE CO., LTD. Annual General Meeting, Calcutta, 16th August 1961. Dividend: 25 per cent or Rs. 25.00 per ordinary share, subject to deduction of tax. Transfer books remain closed from 1st to 16th August 1961, both days inclusive.

COCHIN STATE POWER AND LIGHT CORPORATION LTD. Annual General Meeting, Ernakulam, Kerala State, 28th August 1961. Dividend: 12½ per cent or Re. 1.25 per share, subject to deduction of tax, payable on or after 30th August 1961. Transfer books will remain closed from 21st to 28th August 1961, both days inclusive.

PULLANGODE RUBBER AND PRODUCE CO., LTD. Annual General Meeting, Calvetty, Fort Cochin, 28th August 1961. Dividend: 6 per cent or Re. 0.12 per ordinary share, subject to deduction of tax. Transfer books remain closed from 12th to 30th August 1961, both days inclusive.

SARUGAON TEA CO., LTD. Annual General Meeting, Calcutta, 29th August 1961. Dividend: Rs. 4.00 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 24th to 29th August 1961, both days inclusive.

SARAN ENGINEERING CO., LTD. Annual General Meeting, Kanpur, U.P., 29th August 1961. Dividend: 10 per cent or Re. 0.40 per share, subject to deduction of tax. Transfer books will remain closed from 16th to 29th August 1961, both days inclusive.

SUTNA STONE AND LIME CO., LTD. Annual General Meeting, Calcutta, 29th August 1961. Dividend: 27.5 per cent or Rs. 2.75 per share, subject to deduction of tax. Transfer books will remain closed from 22nd to 29th August 1961, both days inclusive.

SIMPLEX MILLS CO., LTD. Annual General Meeting, Bombay, 30th August 1961. Dividend: *Nil*. Transfer books will remain closed from 28th August to 11th September 1961, both days inclusive.

INDIA PAPER PULP CO., LTD. Annual General Meeting, Calcutta, 30th August 1961. Dividend: Re. 1.30 (includes interim dividend of Re. 0.50 per share) per share, subject to deduction of tax. Transfer books will remain closed from 18th to 30th August 1961, both days inclusive.

NEW STANDARD ENGINEERING CO., LTD. Annual General Meeting, Bombay, 30th August 1961. Dividend: 9 per cent or Rs. 9.00 per ordinary share, subject to deduction of tax, payable on or after 1st September 1961. Transfer books remain closed from 1st to 30th August 1961, both days inclusive.

KARANPURA COLLIERIES LTD. Annual General Meeting, Calcutta, 30th August 1961. Dividend: 10 per cent or Rs. 10.00 per ordinary share, subject to deduction of tax, payable on or after 15th September 1961. Transfer books will remain closed from 16th to 30th August 1961, both days inclusive.

RUBY GENERAL INSURANCE CO., LTD. Annual General Meeting, Calcutta, 30th August 1961. Transfer books will remain closed from 14th to 30th August 1961, both days inclusive.

JAIPUR METALS AND ELECTRICALS LTD. Annual General Meeting, Jaipur, 31st August 1961. Dividend: 9 per cent or Rs. 9.00 per ordinary share and 25 per cent or Rs. 2.50 per deferred share, both subject to deduction of tax, payable on and from 24th September 1961. Transfer books will remain closed from 14th to 31st August 1961, both days inclusive.

MYSORE GLASS AND ENAMEL WORKS LTD. Annual General Meeting, Yesvantapur, Bangalore-12, 31st August 1961. Dividend: 10 per cent or Re. 0.50 per share, subject to deduction of tax. Transfer books will remain closed from 16th to 31st August 1961, both days inclusive.

KUMARDHUBI ENGINEERING WORKS LTD. Annual General Meeting, Calcutta, 31st August 1961. Dividend: Re. 0.30 per ordinary share, subject to deduction of tax, payable on or after 20th September 1961. Transfer books will remain closed from 17th to 31st August 1961, both days inclusive.

WESTERN INDIA PLYWOODS LTD. Annual General Meeting, Baliapatam, 31st August 1961. Dividend: 12 per cent or Rs. 12.00 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 25th to 31st August 1961, both days inclusive.

CENTRAL INDIA COALFIELDS LTD. Annual General Meeting, Calcutta, 5th September 1961. Transfer books will remain closed from 21st August to 5th September 1961, both days inclusive.

CHEMBRA PEAK ESTATES LTD. Annual General Meeting, Calicut, 6th September 1961. Dividend: 20 per cent or Re. 0.40 per share, subject to deduction of tax. Transfer books will remain closed from 22nd August to 6th September 1961, both days inclusive.

WEST COAST ELECTRIC SUPPLY CO., LTD. Annual General Meeting, Madras, 7th September 1961. Dividend: 14.2 per cent, subject to deduction of tax, payable on or after 25th September upto 31st October 1961. Transfer books will remain closed from 21st August to 9th September 1961, both days inclusive.

GAIRKHATA TEA CO., LTD. Annual General Meeting, Calcutta, 13th September 1961. Dividend: 25 per cent subject to deduction of tax. Transfer books will remain closed from 4th to 13th September 1961, both days inclusive.

JUTLIBARI TEA CO., LTD. Annual General Meeting, Calcutta, 13th September 1961. Dividend: 30 per cent subject to deduction of tax. Transfer books will remain closed from 4th to 13th September 1961, both days inclusive.

SYNOPSES OF COMPANY REPORTS

Basanti Cotton Mills Ltd.

(*Managing Agents*: The Calcutta Agency Private Ltd.)

Annual General Meeting—Held on 29th July.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	91,79	78,09
Closing stock (finished goods)	12,09	14,21
Gross profit (+) or loss (—) (after meeting expenses)	(+) 3,43	(—) 1,28§
Transfer to depreciation	1,14	1,11
" " Managing Agents' remuneration	36	36
" " taxation	27	Nil
" " development rebate reserve	33†	...
Net profit (+) or loss (—)	(+) 1,33	(—) 1,28
Adjustments—credit (+) or debit (—)	(+) 69	(+) 53
Appropriations:		
Total available balance	(+) 2,02	(—) 75
To adjustment of loss brought forward	60	Nil
Proposed dividends (taxable) Preference	81*	...
" " " Ordinary	45	Nil
	(3%)	...
Carried forward	(—) 18‡	(—) 75

N.B.—Adjustments include balance brought forward if any and other credit items.

§ Loss after providing for depreciation and Managing Agents' remuneration.

† Includes Rs. 18,500 being provision for development rebate reserve for 1959.

* Includes dividend on preference shares for 1959—Rs. 40,625.

‡ Adjusted against reserves.

Extracts from the Directors' report: As per Tripartite agreement the wages to workers and salaries of the staff have become effective from 1st January 1960. As a result of the price cutting and implementation of the Wage Board Award the working result was much affected. In the current year however in spite of heavy load on account of the full implementation of the Wage Board Award and price cutting the working result so far is not unsatisfactory.

The directors are pleased to inform that since the report was made last year their effort in obtaining licence for installation of 4,000 spindles has materialised as the Government have been pleased to sanction installation of 4,000 additional spindles.

The company has already taken up the scheme and the building construction work for housing the machineries has started and orders for some machineries have been placed with the suppliers and steps are being taken for financing the scheme.

Under the preference shares (Regulation of Dividend Act 1960) the company has to pay 30 per cent in excess of the dividend stipulated to be paid tax-free. As the dividend on preference shares of this company is cumulative the dividend for 1959 has also to be paid along with the dividend for 1960. As the dividend is being declared after the said Act has come into force 30 per cent in excess of the dividend has also to be paid for the year 1959. The excess amount involved is Rs. 18,750.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	20,00,000	Gross block	40,82,445
Debentures	7,00,000	—Depreciation	27,11,989
Reserves†	3,32,736		
Other liabilities	22,14,463	Net block	13,70,456
		Current assets	26,47,087
		Investments	11,56,497
		Cash	73,159
	Rs. 52,47,199		Rs. 52,47,199

* Paid-up capital consists of 1,50,000 ordinary shares of Rs. 10 each fully paid up and 50,000—6½ per cent tax-free cumulative preference shares of Rs. 10 each fully paid up.

† Reserves are shown after adjusting loss.

India United Mills Ltd.

(*Chairman*: Mr. M. D. Bhat, Bombay.)

Annual General Meeting—30th August.

(Spindles=2,46,388. Looms=6,265.)

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	11,30,75	11,59,20
Closing stock	2,98,09	2,98,81
Gross profit	1,12,07	29,69
Transfer to Agents' commission	1,86†	50
" " depreciation	33,14*	Nil
" " development rebate	2,93	1,28
" " development rebate reserve	98	Nil
Net profit	73,17	27,91
Adjustments	35,34‡	10,00§
Appropriations:		
Total available balance	1,08,51	37,91
To adjustment of loss brought forward	19,79	57,70
To payment of bonus for 1958 and 1959	13,00	Nil
To expenses (for previous year)	50	Nil
To lay off compensation to workers for 1951-52	8,46	Nil
Transfer to contingency reserve	34,44	Nil
Proposed dividends (taxable) Ordinary	16,00	Nil
	(8%)	Nil
Deferred	6,62	Nil
	(13.25%)	Nil
Carried forward—credit (+) or debit (—)	(+) 9,70	(—)19,79

† Subject to adjustment.

* Includes provision for depreciation for the years 1958 and 1959.

‡ This represents refund of taxes, for assessment years 1950-51 and 1949-50.

§ This represents '*Ad hoc*' reduction in stock-in-trade, no longer required.

Extracts from the Directors' report: Managing Agents' Commission:—As the shareholders are aware, no application was made for the renewal of the managing agency and accordingly under Section 330 of the Companies Act, 1956, the managing agency expired on 15th August, 1960. In the circumstances, the managing agents' remuneration has been calculated on *pro rata* basis payable upto 15th August, 1960. The amount is subject to final adjustment when bonus and certain other items of expenditure are finalised.

Taxation:—The Income-tax Officer had increased the assessable profit for the year 1949-50 by about Rs. 76 lakhs, being, according to him, the unaccounted income for that year. This was upheld by the Appellate Assistant Commissioner. The Company had appealed against this and the directors are glad to report that the Income-tax Tribunal has decided the appeal in favour of the Company by deleting the amount of Rs. 76 lakhs added by the Income-tax Officer. Accordingly the additional tax of Rs. 34,43,843 which the Company had to pay 'on account' initially has now been refunded. The Department having preferred a reference application in the matter, the Board has set aside provisionally this amount of refund received, as contingency reserve.

The Company's appeal before the Appellate Assistant Commissioner in respect of the Assessment year 1950-51 has also been decided substantially in favour of the Company, and a refund of Rs. 90,420 has been received in respect of that appeal. This amount has been credited to the appropriation account.

The Company's appeals for the years 1950 to 1953 have similarly been decided by the Appellate Assistant Commissioner substantially in favour of the Company, and the directors are glad to report that the Company has received a refund of Rs. 13,42,478 in respect of these appeals. There are, however, some items on which the Company has preferred further appeal before the Tribunal. The amount of Rs. 13,42,478 received is, in the opinion of the directors, adequate to cover the tax liabilities for previous years. As these have been received during the current year, they are not shown in the accounts for the year under report.

The assessments for the years 1954 and 1955 are completed. Appeals have been preferred on certain items in respect of these assessments. In the opinion of the directors, the provisions already made for taxes are adequate to cover the liabilities.

Cloth Sales: Total bales packed and delivered during the year were respectively 1,16,120 and 1,08,887. The opening stock comprised of 8,087 bales sold and 5,963 bales unsold, and the closing stock 11,466 bales sold and 9,817 bales unsold. The present position is considerably improved and the stocks of bales as on 8th August 1961 were 7,274 bales sold and 1,726 bales unsold.

Machinery: The financial position of the Company is slowly improving and it is now proposed to have a phased programme for renovation and rehabilitation. One new *Stenter* and one *Yarn Mercerising Machine* have already been received. An order has been placed for one more *Stenter*. Negotiations are going on for 100 *Ring Frames* and 4 *Blow Room lines* which will cost about Rs. 65 lakhs. Lighting and humidity conditions are also being improved. The Company proposes to spend, subject to finance permitting, about one Crore of Rupees on installation and renovation of machines, during the next 12 months. If, as it is hoped, the 1961 results are encouraging, the Company has a programme to place orders for further 100 *Ring Frames*, one set of *Combers*, *Cheese Dyeing Plant* and *J-Box* for modern bleaching.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	2,50,00,000	Gross block	5,28,11,146
Reserves and surplus	51,40,495	—Depreciation	4,01,32,001
Other liabilities	3,25,70,708		
		Net block	1,26,79,145
		Block in progress	3,13,639
		Current assets	4,84,58,686
		Investments	3,13,585
		Cash	9,48,136
	Rs. 6,27,11,203		Rs. 6,27,11,203

* The paid-up capital consists of 20 lakhs of equity shares of Rs. 10 each fully paid up and 50 lakhs of deferred shares of Re. 1 each fully paid up.

Saran Engineering Co., Ltd.

(*Secretaries and Treasurers*: The British India Corporation Ltd., Kanpur, U.P.)

Annual General Meeting—29th August.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	37,42	33,85
Closing stock	4,11	4,07
Gross profit	8,41	6,81
Transfer to Managing Agents' remuneration	21	41
" " Secretaries' and Treasurers' remuneration	35	Nil
" " depreciation	1,10	1,15
" " taxation	4,00	2,60
" " development rebate reserve	*	Nil
Net profit	2,75	2,65
Adjustments	23	37
Appropriations:		
Total available balance	2,98	3,02
Transfer to reserves	2,20	2,00
To expenses (for previous years)	2	32
Proposed dividend (taxable)	60	52
	(10%)	(8.7%)
Carried forward	16	18

N.B.—Adjustments include the balance brought forward from the previous year; profit on sale of motor car if any, and provision for gratuity no longer required.

* Only Rs. 600.

Extracts from the Directors' report: It transpires that the depreciation provided by the Company on its fixed assets in the previous years, was in excess of the statutory scale by Rs. 2,22,000 which amount has, accordingly, been written back and transferred to capital reserve.

The trading conditions, during the year, have been good and the results are reflected in the accounts. The Company has uptill now stood up well to the competition offered by other sugar-mill machinery manufacturers. Due to difficult supply position of imported roller shafts, the production of new rollers by the Company has not been upto the full capacity of the Works. The import policy of the Government has had a mixed effect on the Company's trading—favourable because it led to an increase in demand for indigenous machinery and disadvantageous in as much as replacements of Works' plant and machinery have been seriously handicapped. In view of great demand for the Company's products and the contemplated expansions and rehabilitations at many sugar factories, the prospects of trading during the coming years appear to be fairly satisfactory despite competition becoming more intense.

Improvements in various directions have been effected at the Company's Engineering Works and the Company's property has been maintained in good repair.

In pursuance of Section 330 of the Companies Act 1956, Messrs. Begg, Sutherland & Co. Private Ltd., ceased to be the Managing Agents of the Company with effect from 15th August 1960 and The British India Corporation, Ltd., have, instead, been appointed as the Secretaries and Treasurers. This does not, however, involve any material change in the management of the Company as the technical and administrative set-up remains unchanged, thereby ensuring continuity of policy and efficient management.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	6,00,000	Gross block	31,20,671
Reserves and surplus	15,71,702	—Depreciation	20,15,012
Other liabilities	23,24,438		
		Net block	11,05,659
		Block in progress	1,093
		Current assets	33,04,762
		Investments	49,875
		Cash	34,751
	Rs. 44,96,140		Rs. 44,96,140

* The Company's paid-up capital consists of 1,50,000 ordinary shares of Rs. 4 each fully paid up.

Sutna Stone & Lime Co., Ltd.

(*Secretary*: Mr. S. N. Berl, Calcutta.)

Annual General Meeting—29th August.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	24,33	26,44
Closing stock (limestone)	8	2
Gross profit	6,04	4,76
Transfer to depreciation	1,27	95
" " provision for taxation	2,20	1,72
" " development rebate reserve	25	80
Net profit	2,36	1,31
Adjustments	1,04*	31
Appropriations:		
Total available balance	3,40	1,62
Transfer to reserves	1,75	30
Proposed dividend (taxable)	1,33	97
	(27.5%)	(20%)
Carried forward	32	35

N.B.—Adjustments include the balance brought forward from the previous year.

* Includes Rs. 52,669 being excess provision for taxation in previous years no longer required and Rs. 16,397 being excess provision for liabilities in previous years no longer required.

Extracts from the Directors' report: The programme of expansion both at the Factory and at the Quarries is proceeding satisfactorily. To meet heavy demands from the various Steel Works in the country the directors have intensified their drive for the complete mechanisation both at the Quarries and at the Factory in stages phased to suit the requirements of expansion. To finance such a scheme the directors have already issued right shares at par in the proportion of 2 shares for one held as on 8th May 1961. They have called only Rs. 5 per share in the first instance. The balance Rs. 5 per share will be called later when further funds are needed.

In addition to this the directors have already approached the Madhya Pradesh Financial Corporation for a loan of Rs. 10 lakhs and are hopeful to get this accommodation from the Corporation.

While the directors are pleased to report the above all round progress of the Company they regret to inform that the Company is passing through a rather difficult period. The main problem confronting the Company is transport. The Company does not get regular supply of empty wagons to fulfil its commitment to its valuable customers. Again because of inadequate wagon supply there is a constant fear of shortage of coal at the Kilns which may necessitate closure of the kilns resulting in heavy losses. On the Labour front also there are problems to face. The political parties are always anxious to serve their own ends by misguiding the innocent and illiterate workers of the Company. In spite of the best efforts of the directors to maintain cordial relations with the workers, there was tension at the quarries for a short period. This has, however, not affected the policy of the Company to look to the welfare of the workers by spending substantial amounts by way of medical aid and according facilities for their cultural and social uplift.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	4,83,840	Gross block	21,29,19[illegible]
Reserves and surplus	7,79,909	—Depreciation	8,12,00[illegible]
Other liabilities	8,54,529		
		Net block	13,17,10[illegible]
		Block-in-progress	29,75[illegible]
		Current assets	5,71,67[illegible]
		Investments	14,08[illegible]
		Cash	1,84,71[illegible]
	Rs. 21,17,278		Rs. 21,17,27[illegible]

* The Company's paid-up capital consists of 48,384 ordinary shares of Rs. 10 each fully paid up. To finance the expansion scheme the directors have already issued during the current year *Right* shares at par in the proportion 2 shares for one held as on 8th May 1961. Only Rs. 5 per share, has been called on this *Right* issue.

IMPERIAL TOBACCO CO. OF INDIA LTD. Annual General Meeting, Calcutta, 26th September 1961. Dividend: 4 per cent or Re. 0.40 per ordinary share (final dividend), subject to deduction of tax payable on 28th September 1961. With the two interim dividends each of 2½ per cent the total dividend for 1961 amounts to 9 per cent or Re 0.90 per share, subject to deduction of tax. The Directors also intent to declare a taxable interim dividend of 2½ per cent in respect of the year to 31st March 1962, payable on 28th September 1961. Transfer books will remain closed from 4th to 26th September 1961, both days inclusive.

Notices

THE IMPERIAL TOBACCO COMPANY OF INDIA LIMITED

AT A MEETING OF THE DIRECTORS HELD on 3rd August 1961, it was decided to recommend to the shareholders at the Annual General Meeting, which was fixed to be held on 26th September 1961, the payment of a final dividend for the year ended 31st March 1961, of 4% (subject to tax) on the issued Ordinary shares, payable on 28th September 1961.

The net profit for the year, after deducting all charges and expenses, and after providing for taxation amounting to Rs. 1,71,18,802, is Rs. 1,87,99,207 (previous year Rs. 1,41,62,230).

Two interim dividends, each of 2½% (subject to tax) amounting in total to Rs. 75,80,000 in respect of the year to 31st March 1961, were paid on 24th September 1960 and 12th April 1961 respectively.

After paying the final dividend amounting to Rs. 60,64,000 and allocating to Rs. 19,770 to Capital Reserves, Rs. 1,16,914 to Development Rebate Reserve and Rs. 48,00,000 to Fixed Asset and Stock Replacement Reserve, the amount carried forward will be Rs. 26,96,288.

The Directors also intend to declare a first interim dividend of 2½% (subject to tax) in respect of the year to 31st March 1962, payable on 28th September 1961.

The final dividend, if approved, and the interim dividend will be paid to the shareholders whose names appear on the register on 26th September 1961 and dividend warrants in respect thereof will be despatched to such shareholders or their mandatees on 27th September 1961. The share transfer books of the Company will be closed from 4th to 26th September 1961, both days inclusive, and transfers received in order at the registered office of the Company up to 2nd September 1961 will be in time to be passed for the payment of the dividends to the transferees.

By Order of the Board,

B. GRANGER PEARSON,
Secretary.

VIRGINIA HOUSE,
37 CHOWRINGHEE,
CALCUTTA.
4th August 1961.

CENTRAL INDIA COALFIELDS LIMITED

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at 8, India Exchange Place, Calcutta, on Tuesday, the 5th September, 1961 at 3.00 p.m. for the following purposes:—

(1) To consider and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31st March, 1961.

(2) To consider declaration of dividend.

(3) To elect Directors in place of Shri L. N. Birla and Shri N. L. Kanoria who retire by rotation but being eligible offer themselves for re-election.

Shri L. N. Birla, a Director of the Company whose period of office is liable to determination by retirement by rotation, is an Officer of the Managing Agents of the Company. Since it is desirable to avail of the valuable advice of Shri L. N. Birla by retaining him as director of the Company the following special resolution as required by Section 261 of the Companies Act, 1956 will be proposed, special notice of which has been received by the Company and is also hereby given to the Shareholders:—

As Special Resolution:

"Resolved that Shri L. N. Birla an Officer of the Managing Agents of the Company under the Companies Act, 1956, be and is hereby re-elected a director of the Company."

(4) To appoint auditors for the current year and to fix their remuneration. Messrs. Singhi & Co., the retiring auditors being eligible offer themselves for reappointment.

(5) As Special Business to consider and if thought fit to pass with or without modification the following resolutions:—

As Ordinary Resolutions:

(a) Resolved that Shri K. N. Mookerjee be and is hereby appointed a Director of the company.

(b) Resolved that Shri C. C. Dalal be and is hereby appointed a Director of the company.

(c) Resolved that the Board of Directors of the Company be and are hereby authorised to borrow from time to time moneys for the purposes of the company upto a maximum of Rs. 75 lakhs outstanding at any time on account of principal notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the company (excluding temporary loans taken from Banks in the ordinary course of business) will exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.

(d) Resolved that the Board of Directors be and are hereby authorised to contribute and/or subscribe to any institution or fund for any national, charitable, benevolent, public or general purposes, not directly relating to the business of the company or to the welfare of its employees from time to time such amounts upto a total of Rs. 50,000 in any financial year notwithstanding that such amounts in any financial year will exceed Rs. 25,000 or 5 per cent of the company's average net profits as determined in accordance with the provisions of the Companies Act, 1956 during the three financial years immediately preceding whichever is greater.

The Register of Members will remain closed from the 21st August, 1961 to the 5th September, 1961 both days inclusive.

By Order of the Board,

HINDUSTHAN INVESTMENT CORPORATION LTD.,

By Mg. Director,
R. K. CHHAOCHHARIA,
Managing Agents.

8, INDIA EXCHANGE PLACE,
CALCUTTA-1, *Dated the 1st August* 1961.

Note: (i) The dividends, if declared at the meeting, will be posted to the Registered addresses of the shareholders whose names appear on the company's register on the 5th September, 1961, or to their order or to their bankers.

(ii) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(iii) The instrument appointing a proxy shall be deposited at the Registered Office of the company not less than 48 hours before the time for holding the aforesaid meeting.

(iv) Explanatory Statement with regard to the Special Business as required under Section 173 of the Companies Act 1956 is being forwarded to the Members of the Company.

THE BENGAL PAPER MILL COMPANY, LIMITED

AN APPLICATION WAS MADE BY THE Company to the Controller of Capital Issues for issue of right shares at par. After negotiations, the Controller of Capital Issues has given consent to the Company for issue of 72,000 Equity shares of Rs. 25 each at a premium of Rs. 30 per share and to the issue of 6½% Taxable Convertible Loan Stocks of Rs. 30,00,000. The Board, however, considers it more convenient to sub-divide its equity capital into Shares of Rs. 10 each and with that in the view it has decided in its meeting held on 31st July 1961, to apply to the Controller of Capital Issues for sanction to issue Bonus Equity shares of Rs. 9,00,000 to be issued to the Equity shareholders in the ratio of 1 Equity share for every 5 Equity shares held. After issue of the Bonus shares, the aforesaid sub-division will be effected and thereafter it is intended that the Right shares will be offered to the shareholders at a premium of Rs. 12 per share in the ratio of 1 Equity share of Rs. 10 for every 3 Equity shares of Rs. 10 each. Application will be made to Controller of Capital Issues for consequential modification to the aforesaid Consent order.

By Order of the Board,

THE BENGAL PAPER MILL CO., LTD.,

H. P. DHANUKA,
Director.

Registered Office:
14, NETAJI SUBHAS ROAD,
CALCUTTA-1, *1st August*, 1961.

THE INDIAN IRON AND STEEL COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting (being the Forty-fourth Ordinary General Meeting) of the Company will be held at the Royal Exchange Hall of the Bengal Chamber of Commerce and Industry at 6, Netaji Subhas Road, Calcutta-1, at 3 p.m., on Tuesday the 5th September 1961, for the following purposes.

1. To receive and adopt the Audited Accounts for the year ended 31st March 1961, and the Directors' and Auditors' Reports thereon.

2. To declare a dividend for the year ended 31st March 1961, on the Ordinary Share Capital.

3. To appoint a Director in place of Maharajadhiraja Sir U. C. Mahtab Bahadur of Burdwan who retires by rotation and is eligible for re-appointment.

4. To appoint a Director in place of Maharaja Sir P. C. Bhanj Deo of Mayurbhanj who retires by rotation and is eligible for re-appointment.

5. To appoint a Director in place of Maharajadhiraja Sir Kameshwara Singh of Darbhanga who retires by rotation and is eligible for re-appointment.

6. To appoint Auditors and fix their remuneration.

(*Special business*). To consider and if thought fit, to pass the following resolution as a Special Resolution.

7. *Special Resolution*

That pursuant to sub-sections (4) and (7) of Section 309 of the Companies Act 1956 and subject to the limitation imposed by Clause 113 of the Articles of Association of the Company each of the Directors be and is hereby authorised to continue to receive in respect of each of the five financial years of the Company up to and including the financial year ending on the 31st March 1966 a share in a commission of one per cent of the net profits of the Company computed in the manner referred to in sub-section (1) of Section 198 of the said Act.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and a proxy need not be a member.

By Order of the Board,

MARTIN BURN LIMITED,

F. G. LIVERSEDGE,
Managing Director,
Managing Agents.

Registered Office:
12, MISSION ROW,
CALCUTTA-1,
10th August, 1961.

Note:—An Explanatory Statement is annexed to the convening notice issued to Members of the Company.

THE ALUMINIUM INDUSTRIES LIMITED

Registered Office: No. 1, CERAMIC FACTORY ROAD, KUNDARA

Annual General Meeting — Notice to the Shareholders

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company, No. 1, Ceramic Factory Road, Kundara, on Saturday the 30th September 1961, at 11-30 a.m. to transact the following business:—

1. To receive and adopt the Directors' Report and audited Balance Sheet of the Company as at 31st March 1961, and Profit and Loss Account for the year ended 31st March 1961.

2. To declare a dividend.

3. To appoint a Director in the place of Shri Parayath E. Raman Menon who retires by rotation under Article 102 of the Articles of Association of the Company, and who is eligible for re-election.

4. To appoint a Director in the place of Shri S. Narayanaswamy who retires by rotation under Article 102 of the Articles of Association of the Company, and who is eligible for re-election.

5. To appoint a Director in the place of Shri K. C. Sood who retires by rotation under Article 102 of the Articles of Association of the Company and who is eligible for re-election.

6. To appoint auditors for the Company for the year 1961-62 and to fix their remuneration. The retiring auditors Shri T. Velu Pillai, Alwaye, and Messrs. K. Venkitachalam Aiyer & Co., Trivandrum, are eligible for re-appointment.

7. To consider and, if thought fit, to pass the following resolution as an ordinary resolution :—

"Resolved that the consent of the Company be and is hereby accorded for the appointment of Messrs. Allied Engineering Corporation, New Delhi, as sole selling agents for the bare aluminium conductors and accessories manufactured by the Company for a period of two years from 1st July 1961 for the territories of the State of Gujarat on a commission of ¾ per cent (three-quarter per cent) on the F.O.R/F.O.B/Ex-factory value (excluding any rebates or allowances allowed by the Company to the customers), on orders secured by them and executed by the Company."

8. To consider and, if thought fit, to pass the following resolution as an ordinary resolution :—

"Resolved that the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time all such sums of moneys as they may deem requisite or proper for the purpose of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose.

Provided that the total amount upto which moneys be borrowed by the Board of Directors apart from the temporary loans obtained from the Company's bankers in the ordinary course of business shall not exceed Rs. 3,20,00,000."

9. To consider and, if thought fit, to pass the following resolution as a special resolution.

SPECIAL RESOLUTION.

(*a*) "A fee of Rs. 2 shall be charged for each transfer deed in respect of shares."

(*b*) "Resolved that clause 33 of the Articles of Association be altered to read as under."

"33. A fee of Rs. 2 shall be charged for each transfer deed and the said transfer fee shall be paid at the time the instrument of transfer is deposited with the Company and before the registration of transfer."

10. To consider and, if thought fit, to pass the following resolution as a special resolution :—

SPECIAL RESOLUTION :

(*a*) "Every person whose name is entered as a member in the register of members shall, without payment, be entitled to one certificate under the common seal of the Company specifying the number of share or shares held by him, the distinctive number or numbers and the amount paid on such share or shares. Any member requiring additional certificate shall pay for each additional certificate a sum of rupee one."

(*b*) "Resolved that clause 19 of the Articles of Association be altered to read as under":

"19. Every person whose name is entered as a member in the register of Members shall, without payment, be entitled to one certificate under the common seal of the Company specifying the number of share or shares held by him, the distinctive number or numbers and the amount paid on such share or shares. Any member requiring additional certificate shall pay for each additional certificate a sum of rupee one ; provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and the delivery of such certificate to the first named of the joint holders shall be sufficient delivery to all."

All shareholders are requested to be present in person or by proxy. A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself, and the proxy need not be a member.

(*By Order of the Board*)

SEshasayee Brothers (Travancore) Private Ltd.,
Managing Agents,
B. V. D. MENON,
Managing Director.

KUNDARA, 2nd *August*, 1961.

Note :—The share transfer books of the Company will be closed from the 26th to the 30th September 1961 (both days inclusive). The dividend, if sanctioned, will be made payable on or after the 30th September 1961 to those shareholders whose names stand on the Register as on the 30th September 1961.

EXPLANATORY STATEMENTS

annexed to the Notice of the Fifteenth Annual General Meeting of the Company

(*As required by Section* 173 *of the Companies Act*, 1956)

ITEM 7 : Messrs. Allied Engineering Corporation, New Delhi is a Firm engaged in the sales of engineering goods. They have been selling the products of this Company on a commission basis in the past in the territories of the States of Assam (including Manipur and NEFA territories), Bengal (including Nepal, Sikkim and Bhutan), Bihar, Jammu and Kashmir, Madhya Pradesh, Punjab (including Himachal Pradesh), Rajasthan and Uttar Pradesh. It is considered desirable in the interests of the Company to have them appointed as sole selling agents for the territories mentioned in the proposed resolution for a period of two years from 1st July 1961 to look after the work of canvassing orders, following up tenders, collecting payments and generally acting as liaison between the customer and the Company. A resolution is necessary for such appointment by Section 294 of the Companies Act, 1956.

ITEM 8 : Article 57 of the Articles of Association of the Company even now fix the limit of borrowing powers of the Directors at twice the authorised capital and free reserves. The existing article has been specifically approved by the Company in General Meeting at the Eleventh Annual General Meeting of the Company.

Section 293 (1)(*d*) read with explanation II of the Companies Amendment Act 1960 stipulates that the Board of Directors of the Company shall not borrow monies in excess of the paid-up capital and free reserves of the Company except with the consent of the General Meeting. Borrowings by the Company from the Bankers in the ordinary course of business are for financing purchase of raw materials etc., and such borrowings are outside the purview of 'borrowings' as defined by the Act. In order, however, to remove any possible doubts whether Article 57 of the Articles of Association of the Company already passed by the General Meeting is inconsistent with the provisions of the Companies Act, it is considered desirable to have an ordinary resolution passed on the subject.

"The Bankers to the Company are also expressing doubts as to whether even the cash credit arrangements with the Bank will or will not come within the purview of Section 293. Considering the installed manufacturing capacity of the Company which currently represents a raw material consumption of the order of Rs. 370 lakhs, it is necessary for the Company to have recourse to large credit facilities from Banks and other institutions. By way of abundant caution, therefore, and in order to enable these facilities to be obtained from the Banks and to ensure the smooth and prompt working of the concern, it is proposed to move the resolution appended."

ITEM 9 : At present the Company collects transfer fees calculated at 1/16 per cent of the nominal value of shares subject to a minimum of Re. 1 and maximum of rupees 2. This special resolution has become necessary in order to avoid calculations in respect of every transfer of odd lots of shares. This will help the public to assess the transfer charges without recourse to involved calculations.

ITEM 10 : The Company now charges fifty naye paise for each additional share certificate issued. On account of the increased cost of printing the share certificates, it has become necessary to enhance the fee for each additional certificate from fifty naye paise to one rupee.

(*By Order of the Board*)

SEshasayee Brothers (Travancore) Private Ltd.,
Managing Agents,
B. V. D. MENON,
Managing Director.

KUNDARA, 2nd *August*, 1961.

BANKING

(*Concluded from page* 300)

1965. In 1960-61, the Sub-Committee expects, the State Bank and its subsidiaries will have opened about 80 branches. For the next few years, the Sub-Committee wants the programme of expansion to be so paced that it will gather momentum in the last two years. It observes that it has deliberately recommended a lower rate of branch expansion during 1961-62 and 1962-63, because effective steps should be taken during these two years to improve the organisational methods, and to recruit and train up the personnel that may be required to man the old as well as the new branches. The State Bank and its subsidiaries, according to the estimate made by the Sub-Committee, would require about 300 supervisory staff, about 300 head cashiers, 600 to 700 cashiers and 600 to 700 clerks to manage the branches.

It is heartening to hear, in this connection, that the State Bank has decided to open an institution in Hyderabad for strengthening the arrangements already made for training supervisory staff and some 15 to 20 schools in each of its four circles for training raw recruits for clerical duties.

Appraisal

Judged as a whole, the programme of expansion for the five years 1960-65, laid down by the Karve Sub-Committee, is quite well conceived. It recognises the pitfalls of too rapid expansion. For one thing, the new branches opened in the past five years have not yet proved financially successful. Consolidation of efforts already made is as important as, if not more important than, the need for making further progress. For another, it is essential that adequate measures are taken to tackle the bottlenecks which experience has revealed. In accepting all the main recommendations of the Karve Sub-Committee, the Central Board of Directors of the State Bank have, therefore, done a wise thing.

The commercial banks in the private sector should have no apprehensions on account of the expansion programme stipulated by the Karve Sub-Committee, because, most of the branches planned to be established will be set up in centres where no banking facilities are available today. In fact, in can be reasonably expected that the opening of more branches by the State Bank will result in the creation of appropriate *milieu* for expansion of branch banking of other banks, as the offices of State Bank provide remittance facilities, besides blazing the trail. Some may argue that this is not quite true. They may console themselves from the fact that a slower rate of branch expansion by the State Bank and its subsidiaries in the next four years than in the previous four years means better scope for the rest of the commercial banks.

INDUSTRY AND COMMERCE SHOULD STUDY AIR CARGO

(*Concluded from page* 317)

operator is not bound by international agreements controlling air fares and cargo rates.

At no time would I advocate developing all-cargo air services, except over certain route sectors where there is a known cargo demand such as between Calcutta and Assam.

There are, of course, difficulties in handling the mixed service, but they are organisational. Efficient management can overcome the difficulties.

The most important factor is that, by developing a reasonably priced air cargo service on scheduled air services together with passengers, it immediately becomes possible to reduce the charges to both shipper and passenger. This alone induces more traffic. *Investigations so far made conclusively indicate that, if passenger-cum-cargo scheduled air services are operated throughout the whole country, a reduction of at least fifteen per cent could be offered on the present air fares.*

At the same time, the country would have an entirely new and modern transportation system which would serve the growing industrial life of the nation. This whole prospect is far too important to ignore. It must be investigated, so that its very real value can be clearly seen, not only by Government but by the country as a whole. Once the picture is there and the facts are on the table, it is a certainty that the demand for air transportation will become an ever increasing industrial activity throughout the country.—*All Rights Reserved.*

14 AUG 1961

THE INDIAN MANUFACTURING COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Shareholders of the Company will be held at its Registered Office at "Sir Vithaldas Chambers," 16, Apollo Street, Fort, Bombay, on Wednesday, the 20th September 1961, at 4-00 p.m. (S.T.) to transact the business of which details are set out in the notice that will be sent to each member individually in respect of the above Extraordinary General Meeting.

For THE INDIAN MANUFACTURING CO. LTD.,
V. M. MERCHANT,
Director.

BOMBAY, 8*th August* 1961.

THE INDIAN MANUFACTURING COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT A separate meeting of the holders of the Equity Shares of the Company will be held at its Registered Office at "Sir Vithaldas Chambers," 16, Apollo Street, Fort, Bombay, on Wednesday, the 20th September 1961, at 4-05 p.m. (S.T.) or so soon thereafter as the proceedings of the Extraordinary General Meeting of the Company to be held at 4-00 p.m. (S.T.) at the same place, to transact the business of which details are set out in the notice that will be sent to the holders of the Equity Shares individually in respect of the above separate meeting.

For THE INDIAN MANUFACTURING CO. LTD.,
V. M. MERCHANT,
Director.

BOMBAY, 8*th August* 1961.

THE INDIAN MANUFACTURING COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT A separate meeting of the holders of the Preference Shares of the Company will be held at its Registered Office at "Sir Vithaldas Chambers," 16, Apollo Street, Fort, Bombay, on Wednesday, the 20th September 1961, at 4-10 p.m. (S.T.) or so soon thereafter as the proceedings of the separate meeting of the holders of the Equity Shares of the Company called for the same day at 4-05 p.m. (S.T.) at the same place shall conclude, to transact the business of which details are set out in the notice that will be sent to the holders of the Preference Shares of the Company individually in respect of the above separate meeting.

For THE INDIAN MANUFACTURING CO. LTD.,
V. M. MERCHANT,
Director.

BOMBAY, 8*th August* 1961.

THE INDIAN MANUFACTURING COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT THE EIGHTIETH Annual General Meeting of the Company will be held at its Registered Office at "Sir Vithaldas Chambers," 16, Apollo Street, Fort, Bombay, on Wednesday, the 20th September 1961, at 4-15 p.m. (S.T.) or so soon thereafter as the proceedings of the separate meeting of the holders of the Preference Shares of the Company called for the same day at 4-10 p.m. (S.T.) at the same place shall conclude, to transact the business of which details are set out in the notice that will be sent to each member individually in respect of the above Annual General Meeting.

For THE INDIAN MANUFACTURING CO. LTD.,
V. M. MERCHANT,
Director.

BOMBAY, 8*th August* 1961.

N.B.—The Transfer Books of the Company will be closed from Friday, the 25th August 1961, to Wednesday, the 20th September 1961, both days inclusive.

The Dividends when sanctioned, will be made payable at the Company's Registered Office, on and after Thursday, the 21st September, 1961, to those shareholders whose names stand on the Registers on Wednesday, the 20th September, 1961, and the Dividend Warrants will be posted to each shareholder to his last registered address. Change of address, if any, should be notified without delay so that the Dividend Warrants may not be lost or misdirected.

THE HINDOOSTAN SPINNING AND WEAVING MILLS CO. LTD.

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Shareholders of the Company will be held at its Registered Office at "Sir Vithaldas Chambers," 16, Apollo Street, Fort, Bombay, on MONDAY, the 18th September 1961 at 4-00 p.m. (S.T.) to transact the business of which details are set out in the notice that will be sent to each member individually in respect of the above Extraordinary General Meeting.

For THE HINDOOSTAN SPG. & WVG. MILLS CO. LTD.,
DWARKADAS H. VORA,
Director.

BOMBAY, 8*th August* 1961.

THE HINDOOSTAN SPINNING AND WEAVING MILLS CO. LTD.

NOTICE IS HEREBY GIVEN THAT A separate meeting of the holders of the Equity Shares of the Company will be held at its Registered Office at "Sir Vithaldas Chambers," 16, Apollo Street, Fort, Bombay, on MONDAY, the 18th September 1961 at 4-05 p.m. (S.T.) or so soon thereafter as the proceedings of the Extraordinary General Meeting of the Company to be held at 4-00 p.m. (S.T.) at the same place to transact the business of which details are set out in the notice that will be sent to the holders of the Equity Shares individually in respect of the above separate meeting.

For THE HINDOOSTAN SPG. & WVG. MILLS CO. LTD.,
DWARKADAS H. VORA,
Director.

BOMBAY, 8*th August* 1961.

THE HINDOOSTAN SPINNING AND WEAVING MILLS CO. LTD.

NOTICE IS HEREBY GIVEN THAT A separate meeting of the holders of the Preference Shares of the Company will be held at its Registered Office at "Sir Vithaldas Chambers," 16, Apollo Street, Fort, Bombay, on MONDAY, the 18th September 1961 at 4-10 p.m. (S.T.) or so soon thereafter as the proceedings of the separate meeting of the holders of the Equity Shares of the Company called for the same day at 4-05 p.m. (S.T.) at the same place shall conclude, to transact the business of which details are set out in the notice that will be sent to the holders of the Preference Shares of the Company individually in respect of the above separate meeting.

For THE HINDOOSTAN SPG. & WVG. MILLS CO. LTD.,
DWARKADAS H. VORA,
Director.

BOMBAY, 8*th August* 1961.

THE HINDOOSTAN SPINNING AND WEAVING MILLS CO. LTD.

NOTICE IS HEREBY GIVEN THAT THE EIGHTY-EIGHTH Annual General Meeting of the Company will be held at its Registered Office at "Sir Vithaldas Chambers," 16, Apollo Street, Fort, Bombay, on MONDAY, the 18th September 1961 at 4-15 p.m. (S.T.) or so soon thereafter as the proceedings of the separate meeting of the holders of the Preference Shares of the Company called for the same day at 4-10 p.m. (S.T.) at the same place shall conclude, to transact the business of which details are set out in the notice that will be sent to each member individually in respect of the above Annual General Meeting.

For THE HINDOOSTAN SPG. & WVG. MILLS CO. LTD.,
DWARKADAS H. VORA,
Director.

BOMBAY, 8*th August* 1961.

N.B.—The Transfer Books of the Company will be closed from Friday, the 25th August 1961 to Monday, the 18th September 1961, both days inclusive.

The Dividends, when sanctioned, will be made payable at the Company's Registered Office, on and after Thursday, the 21st September 1961, to those shareholders whose names stand on the Registers on Monday, the 18th September 1961, and the Dividend Warrants will be posted to each shareholder to his last registered address. Change of address, if any, should be notified without delay so that the Dividend Warrants may not be lost or misdirected.

THE WESTERN INDIA SPINNING AND MANUFACTURING CO. LTD.

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Shareholders of the Company will be held at its Registered Office at "Sir Vithaldas Chambers," 16, Apollo Street, Fort, Bombay, on TUESDAY, the 19th September 1961 at 4-00 p.m. (S.T.) to transact the business of which details are set out in the notice that will be sent to each member individually in respect of the above Extraordinary General Meeting.

For THE WESTERN INDIA SPG. & MFG. CO., LTD.,
U. M. D. THACKERSEY,
Director.

BOMBAY, 8*th August* 1961.

THE WESTERN INDIA SPINNING AND MANUFACTURING CO. LTD.

NOTICE IS HEREBY GIVEN THAT A separate meeting of the holders of the Equity Shares of the Company will be held at its Registered Office at "Sir Vithaldas Chambers," 16, Apollo Street, Fort, Bombay, on TUESDAY, the 19th September 1961 at 4-05 p.m. (S.T.) or so soon thereafter as the proceedings of the Extraordinary General Meeting of the Company to be held at 4-00 p.m. (S.T.) at the same place to transact the business of which details are set out in the notice that will be sent to the holders of the Equity Shares individually in respect of the above separate meeting.

For THE WESTERN INDIA SPG. & MFG. CO., LTD.,
U. M. D. THACKERSEY,
Director.

BOMBAY, 8*th August* 1961.

THE WESTERN INDIA SPINNING AND MANUFACTURING CO. LTD.

NOTICE IS HEREBY GIVEN THAT A separate meeting of the holders of the Preference Shares of the Company will be held at its Registered Office at "Sir Vithaldas Chambers," 16, Apollo Street, Fort, Bombay, on TUESDAY, the 19th September 1961 at 4-10 p.m. (S.T.) or so soon thereafter as the proceedings of the separate meeting of the holders of the Equity Shares of the Company called for the same day at 4-05 p.m. (S.T.) at the same place shall conclude, to transact the business of which details are set out in the notice that will be sent to the holders of the Preference Shares of the Company individually in respect of the above separate meeting.

For THE WESTERN INDIA SPG. & MFG. CO., LTD.,
U. M. D. THACKERSEY,
Director.

BOMBAY, 8*th August* 1961.

THE WESTERN INDIA SPG. AND MFG. CO. LTD.

NOTICE IS HEREBY GIVEN THAT THE EIGHTY-FIRST Annual General Meeting of the Company will be held at its Registered Office at "Sir Vithaldas Chambers," 16, Apollo Street, Fort, Bombay, on TUESDAY, the 19th September 1961, at 4-15 p.m. (S.T.) or so soon thereafter as the proceedings of the separate meeting of the holders of the Preference Shares of the Company called for the same day at 4-10 p.m. (S.T.) at the same place shall conclude, to transact the business of which details are set out in the notice that will be sent to each member individually in respect of the above Annual General Meeting.

For THE WESTERN INDIA SPG. & MFG. CO., LTD.,
U. M. D. THACKERSEY,
Director.

BOMBAY, 8*th August* 1961.

N.B.—The Transfer Books of the Company will be closed from Friday, the 25th August 1961 to Tuesday, the 19th September 1961, both days inclusive.

The Dividends when sanctioned, will be made payable at the Company's Registered Office, on and after Thursday, the 21st September 1961, to those shareholders whose names stand on the Registers on Tuesday, the 19th September 1961, and the Dividend Warrants will be posted to each shareholder to his last registered address. Change of address, if any, should be notified without delay so that the Dividend Warrants may not be lost or misdirected.

CALL RATE HARDENS

(From Our Own Correspondent)

BOMBAY, *9th August*

After remaining quiet on the first three days, when the inter-bank call money rate among Exchange and Indian banks ruled at 2 per cent, conditions in the short-term money market distinctly turned favourable to lenders during the latter part of the week under review. On Monday the 7th inst. onwards, there was a better demand for funds and this exerted an upward pressure on the inter-bank call rate raising it first to 2½ per cent and then to 3¼ per cent at which rate it finished today. Even at this rate borrowers found it difficult to meet all their requirements. It is said that a considerable amount of floating funds moved out to Calcutta and Madras where there was a sudden rise in the demand for money. Market circles expect the rate to firm up further in the coming days. Other short-term interest rates remained steady. For reference, they are given below:

	Per cent
Notice Money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3¼
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

The results of the 91 days' Treasury Bills of the Government of India sold through weekly tenders showed no new features. As against the invitation for Rs. 2 crores, the total amount offered and accepted was the same. The average rate of accepted tenders was only a shade higher at 2.400 per cent per annum, as compared with 2.398 per cent per annum last week. 91 days' intermediate Treasury Bills sold from the 1st to the 5th inst. amounted to Rs. 1.47 crores. Their sales are being continued from the 9th inst. upto 12th inst.

The statement of affairs of the Reserve Bank of India for the week ended 4th August 1961 shows an expansion of Rs. 13.22 crores in notes in circulation as compared with the previous week. As the notes held in the Banking Department have declined by Rs. 14.27 crores, the total notes issued have receded by Rs. 1.05 crore. In refreshing contrast to the declining trend in the past few weeks, the foreign securities held by the Issue Department have gone up by Rs. 23.85 crores to Rs. 116.86 crores. Balances held abroad have also risen substantially by Rs. 30.78 crores to stand at Rs. 35.81 crores, so that the total foreign assets now stand at the impressive figure of Rs. 152.67 crores. This is mainly the result of the credit equivalent to $250 million secured by our country from the I.M.F. Since out of this credit India had to repay foreign obligations that were due to the tune of $127.5 million, the net addition to the country's foreign assets is of the order of only $122.5 million or Rs. 58.3 crores.

Deposits of banks with the Reserve Bank of India have declined albeit slightly by Rs. 27.05 lakhs. Deposits of others, however, have improved by as much as Rs. 89.15 crores, while those of the Central Government have declined by Rs. 23.83 crores. Investments held on the assets side of the Banking Department have risen by Rs. 48.39 crores. This is due apparently to the Reserve Bank's subscription to the new loans of the Central Government. Other loans and advances have improved by just Rs. 73.62 lakhs, but those advanced to scheduled banks against usance showed a small recession of Rs. 16 lakhs.

A contraction of Rs. 6.30 crores in demand deposits and an expansion of Rs. 59.77 lakhs in time deposits are disclosed by the statement of the scheduled banks for the week ended 28th July 1961. The total deposits of the State Bank also receded during that week by Rs. 3.82 crores. The borrowings of scheduled banks from the Reserve Bank of India have risen by Rs. 47.35 lakhs, but such against usance bill show a small decline of Rs. 9.50 lakhs. Their borrowings of demand nature from the State Bank of India dwindled by Rs. 54.04 lakhs, but those of time nature from the same institution went up by Rs. 1.48 crore. Advances and bills (Bank credit) have declined further by Rs. 10.46 crores to Rs. 1,235.68 crores. Of this fall, the State Bank accounted for Rs. 4.14 crores. Investment of the scheduled banks as a whole rose by Rs. 3.75 crores, but as investments held by the State Bank were lower by Rs. 6.81 crores, it is clear that investments of the scheduled banks in the private sector must have risen by Rs. 10.56 crores.

The gilt-edged market was on the whole steady. Inquiry was mainly confined to short-dated issues of both Central and State Governments. In the Central loans section the Conversion Loan gained 35 nP to Rs. 72.35. 2½ per cent 1962 gathered 15 nP to Rs. 99.25. 3 per cent 1966-68 Funding Loan, 3½ per cent 1965 second national plan bonds and 3½ per cent 1967 third national plan bonds each put on 10 nP to Rs. 96.35, Rs. 100 and Rs. 99.10, respectively. 3½ per cent 1964, 4 per cent 1972 and 1973 issues gained 5 nP to Rs. 100.05, Rs. 100.35 and Rs. 100.30. The State loan section was dull. Only the prices of 3 per cent 1962 Maharashtra, 3½ per cent 1962 Madhya Pradesh and 3¼ per cent 1962 U.P. loans registered improvement ranging from 25 nP to 50 nP. 4 per cent 1969 Gujarat, however, eased by 20 nP to Rs. 99.25, 4 per cent 1969 U.P. loan lost 15 nP to Rs. 98.75. It is learned that the Government of Gujarat is likely to float a loan of about Rs. 6 crores. The Government of Andhra Pradesh has also proposed to float a loan of Rs. 12 crores. The terms of the Gujarat loan are expected to be announced by the 14th inst.

Further improvement has taken place in the external value of the rupee *vis-a-vis* the U.S. dollar following the gain in the found sterling. Banks' selling and buying rates for ready T.T. on New York were Rs. 477.25 and Rs. 474, respectively, as compared with Rs. 478.75 and Rs. 475.25 last week. In the New York exchange market, the pound sterling appreciated further, thanks to the massive credit of $2,000 million given by the I.M.F. to the United Kingdom for meeting its balance of payment difficulties. On the 4th inst., it was quoted actually above par at 280.100-280.150 cents in the spot. On the following days, the rate rose further and was quoted today at 280.430-280.460 cents for spot and at 277.570-277.600 cents for three months' forward. As compared with the previous week, the pound sterling has gathered 0.75 cent in the spot and 0.49 cent in the forward.

BULLION LOOKS UP

(From Our Own Correspondent)

BOMBAY, *9th August*

Both gold and silver registered a further rise in values during the week under review. The rise followed good buying support which stemmed from hopes of enlarged demand for the two precious metals. The hopes were based on the ground that the massive investment programme involving Rs. 11,600 crores in the third Plan period would result in large-scale inflation and that, as a hedge against such inflation, people would prefer to keep a part of their savings in the form of bullion. There were, of course, reports suggesting some contraband arrivals, but these did not have much effect.

The daily average offtake of gold during the week was higher than in the previous week, being 4,000 tolas, as against 3,000 tolas, whole arrivals were lower at 3,700 tolas, as against 3,800 tolas. In silver, daily offtake was at an average of 5 bars, same as last week, but arrivals were larger at 30 bars, as against 22 bars. The floating stocks are estimated at 30,000 tolas of gold and 800 bars of silver.

Adjustment rates fixed today were Rs. 121.20 per 10 grams of gold and Rs. 202.25 per kilogram of silver. The corresponding rates on Wednesday last week were Rs. 120.20 and Rs. 201.05, respectively.

In gold, the *Bhadrapad* (25th September) settlement evoked excellent support and moved up from Rs. 120.70 to Rs. 122 yesterday. At this level, profit-taking set in and the settlement eased to Rs. 121.60, but recovered again to Rs. 121.90 today before finishing at Rs. 121.65. The net rise over the week was 95 nP.

Ready gold was quoted at a discount under the forward throughout the week, though the actual discount declined from 40 nP on Thursday the 3rd inst. to 15 nP yesterday and 20 nP today. The closing rate for the metal was Rs. 121.45, as against Rs. 120.45 last week-end. The highest level touched was Rs. 121.85 yesterday.

The *Bhadrapad* (26th September) settlement in silver was well favoured, the quotation moving up from Rs. 202.30 to Rs. 203.95 yesterday. After declining to Rs. 203.30, the settlement recovered to Rs. 203.06 today before closing at Rs. 203.25.

Ready silver began the week at Rs. 201.10, as against the previous close of Rs. 201.05, and edged forward to touch a high of Rs. 202.85 yesterday. Some selling ensued subsequently and the quotation was taken down to Rs. 202.20. The metal, however, rallied to Rs. 202.25 today, though towards the close it was easier at Rs. 202.25. The net gain over the week was Re. 1.20. The ready metal continued to be quoted at a discount under the forward. The actual discount today was Re. 1, as against Re. 1.25 on Wednesday last week.

The world price of gold in the London bullion market shed half a cent to $35.14 per fine ounce. In sympathy with this fall and following the distinct firmness of the pound sterling *vis-a-vis* the dollar, ready gold declined from 251*s.* 5*d.* to 250*s.* 7*d.* Ready and forward silver, however, were unchanged at 79*d.* and 80*d.*, respectively, as also silver in New York at 91.375 cents.

The following table shows the trend of prices during the week under review:

	9-8-1961 (closing)	High	Low	2-8-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	121.45	121.85	120.10	120.45
Forward: Bhadrapad* ..	121.65	122.00	120.50	120.70
Sovereign	94.00	94.00	93.75	93.75
SILVER				
Ready (.999 fine)	202.25	202.85	201.05	201.05
Forward: Bhadrapad† ..	203.25	203.95	202.25	202.30
London—				
Silver Ready	79½d.	—	—	79½d.
Silver Forward	80¼d.	—	—	80¼d.
Gold	252*s.* 7½*d.*	251*s.* 1½*d.*	250*s.* 7½*d.*	251*s.* 5½*d.*
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th September settlement. † 26th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

KIPS QUIET

(From Our Own Correspondent)

MADRAS, *7th August*

The East India kips market ruled quiet, due to annual holidays in the U.K. Certain importers tried to bring down price, but sellers were adamant. Arrivals of tanned cow hides were small with fair clearances. Tanned cow calf and buff calf ruled steady. Buff hides had better enquiries, but prices were one to two pence above U.K. buyers ideas.

Tanned superfine goat skins declined considerably. Yet they failed to evoke any interest. Prime tanned sheep skins ruled firmer. Best middle class sheep skins run, III/IV had good call from the Continent. Raw market ruled easy.

COTTON FUTURES IRREGULAR

(From Our Own Correspondent)

BOMBAY, *9th August*

The cotton futures market was in an indecisive mood during the week under review. Prices followed an uncertain course, not knowing whether to move up or down. The uncertainties regarding weather and the outcome of the survey of the lots tendered on the first and second notice days discouraged operators from entering into firm commitments either way. Early in the week, there were reports that the crop was adversely affected by the wet spell; later, however, came the news that no damage was done so far. Cotton futures see-sawed on alternate bouts of buying and selling prompted by these reports. The survey results and tenders were not such as to produce any definite trend in the market. Tenders against the August contract aggregated only 250 bales (100 bales of Laxmi "A", 100 bales of Cambodia "B" and 50 bales of Buri American) on the first notice day and 200 bales (100 bales of Surti, 50 bales of Laxmi "A" and 50 bales of Cambodia "C") on the second notice day. Tenders on both days were thus small but the survey result of the first lot of 100 bales of Laxmi "A" tendered, which was passed as 29/32" in survey.

Indicated the possibility of more tenders. This was interpreted to mean that there might be more tenders of this variety of cotton which was said to be easily available. Reacting to this survey report, the market staged a decline on Monday. Prices receded further in yesterday's trading, thanks to selling prompted by bearish crop news. The downward revision of the final third Plan targets for raw cotton (from 7.2 million bales to 7 million bales) had no effect on the market. Evidently, operators have long-eased to attach much importance to Plan targets for cotton. There was a partial recovery today. Over the week, the August contract has recorded a net fall of 25 nP and the March contract a net fall of Rs. 3.75. The following table indicate the trend of the market during the week:

(In rupees per three quintals)

	9-8-61	*High*	*Low*	2-8-61
I.C.C. August ...	568	570	563	508.45
I.C.C. March ...	587.50	592.50	585.50	591.25

Demand for ready cotton was moderate. Prices receded by Rs. 10 to Rs. 20 per candy. Popular styles like Vijay, Digvijay, Surti, 197/3, Kalyan, L.147, CO2, etc., received some attention. Ahmedabad mills were reported as buyers of L.147. Southern mills purchased fair quantities of Surti cotton.

Export demand for Bengal *Deshi* and 1" cotton continued to be meagre. Shippers are concerned over the snail-pace of utilisation of the recent quota. This is due to the absence of foreign demand. Shippers have been finding it difficult to find buyers even at substantially reduced prices. Offers from Japan are at extremely low prices. Continental countries have not so far evinced much interest. Exporters blame the delayed announcement of the quota for this poor response from overseas buyers. Many of them have been forced to liquidate stocks which has led to a sharp fall in prices. Prices of Bengal *Deshi* have declined by Rs. 20 per candy over the week under review and by Rs. 50 since the announcement was made on 27th July.

Interest in foreign cottons was confined to ready lots of East African, Sudan and U.S. growths. The Government of India is reported to be planning to import 420,000 bales of long-staple cotton, on a global basis, during the 1961-62 season beginning on 1st September 1961, in addition to importing about 200,000 to 300,000 bales of U.S. cotton (excluding short-staple) under P.L. 480.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri, the figures in brackets being last week-end closings:

Bengal *Deshi* 630 (630); Jarilla 740 (750); Vijay 930 (940); Surti 920 (920) and Kalyan 810 (810).

A divergent trend was witnessed on the Karachi cotton exchange during the week under review. While the January contract improved on scattered support, the March position receded, thanks to lack of buyers. The news that negotiations were going on for the import of a further quantity of U.S. cotton (in addition to the 10,000 bales of long-staple cotton already contracted for) discouraged buying. Export demand too was slack. In order to stimulate exports the Government has removed all restrictions on the export of raw cotton. Till now exports were subject to full payment being received in advance from consignees abroad in an appropriate manner or under a confirmed or irrevocable letter of credit. This restriction has been rescinded now. No such advance payment will henceforth be required, according to a circular issued by the State Bank of Pakistan.

While futures trading in Alexandria continued to be suspended during the week under review, report of large-scale worm attack on the crop has caused considerable concern among trade quarters. The entire crop is said to be affected. In view of the serious nature of the threat posed to the crop the Government has ordered a general mobilisation of the country's resources and energies to fight the pest.

The Sudanese Government has denied Press reports that Sudan is contemplating drastic changes in its cotton marketing policy. The Ministry of Finance and Economics has now unequivocally declared that there will be no change in its cotton marketing policy and that there is no plan to set up a selling organisation outside Sudan for selling Sudan cotton direct to spinners abroad.

Cotton futures in Liverpool scored modest gains during the week. Higher advices from New York and better local support pushed value higher. Both the American and American type contracts at Liverpool edged higher. Better activities in the yarn and piecegoods market further helped sentiment. Sudan contracts at Liverpool were quoted unchanged at last week-end levels. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: October 24.50; December 24.90; March 25.40; May 25.75.

American cotton mixed growth contract: October 24.95; December 25.35; March 25.80; May 26.15.

Sudan: September, November, January 31.25.

The most important development of the week as far as the New York cotton futures market was concerned was the publication, on the 8th inst., of the second crop (first production estimate) report for the 1961-62 season. The estimate put the crop at 13.92 million bales (500 lbs. each) as compared with last season's output of 14.27 million bales and the ten-year (1949-58) average of 13.71 million bales. The yield per acre was estimated at 427 lbs., as against 446 lbs. last season and the ten-year average of 344 lbs.

Pending the publication of the report, trading in New York cottons futures market was cautious. Prices moved narrowly in thin trading. The market's reaction to the crop estimate is not known till the time of writing.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	8-8-61	31-7-61	25-7-61
New York Spot	35.05	35.00	35.00
New Orleans Spot ...	32.90	32.90	32.75
October	34.56	34.48	34.48
December	35.08	34.97	34.90

OILSEEDS EASY

(From Our Own Correspondent)

BOMBAY, *9th August*

The oilseeds market continued to rule distinctly easy during the week under review also. For crop reports from the oilseeds growing regions were bearish and export enquiries were absent. Operators noted that the third Plan production target for the five major oilseeds (namely, groundnuts, castorseeds, linseed, sesame, and rape and mustard) had been raised to 9.8 million tons, as against 9.2-9.5 million tons originally envisaged in the Draft Outline. Although this increase is marginal, the upward revision of the target itself was considered to reflect the Planning Commission's awareness of the acute shortage of oils and fats in the country. In the Commission's own words, "increase in the production of oilseeds is one of the critical targets in the third Plan both to meet higher domestic demands and to provide surplus for export." The consumption of edible oils is proposed to be stepped up from 0.4 oz. in 1960-61 to 0.5 oz. in 1965-66. An important feature of the programme for oilseeds is the accent laid on securing an increase in yield per acre, which is to be stepped up from an average of 451 lbs. in the second Plan period to 500 lbs. by 1965-66. The Commission is of the view that, unless the development of major seeds is supplemented by other means to tap new sources of supply, exports of oils will not be feasible. In order to achieve this end, the Commission has proposed three measures, namely, (1) stepping up of the rate of cottonseed available for extraction upto at least one-half of its total output, (2) promotion of solvent extraction of expeller cakes and (3) development of non-edible oilseeds like *mahuva* and neem, as also rice bran.

Groundnuts were particularly depressed on account of persistent liquidation by Saurashtra interests. Whether reports from Gujarat and Nizam areas indicated favourable conditions for the growth of new crop groundnuts. *Vanaspati* manufacturers were hesitant buyers, in view of adequate stocks they had already accumulated and expectations of a further decline in values. Following the weakness of oils, crushers were reluctant to lend support even at lower levels. Groundnut January 1962 contract was marked down by Rs. 3.87 to Rs. 215.25. Both Coromandels and Khandesh eased by Rs. 3.25 to Rs. 50.50. Nizam bold lost Rs. 2.75 to Rs. 50.50. Oil ex-mill dropped a rupee to Rs. 21.15 and Railway receipts 75 nP to Rs. 21.15. Oil January 1962 contract declined by 45 nP to Rs. 17.80.

Castorseeds ruled easy. The easiness was due to protracted absence of U.S. and U.K. enquiries for Indian castor oil. There were, of course, scattered rumours suggesting a possible entry of France and the U.S. into the Indian castor oil market, but these rumours did not prove correct. September 1961 contract receded by Re. 1.50 to Rs. 168.62, mainly on fears of heavy tenders. January 1962 contract gave way from Rs. 170.75 to Rs. 169.87, at a loss of 88 nP over the week. Madras small lost 25 nP to Rs. 34. Oil Commercial decreased by 10 nP to Rs. 14.10 and B.S.S. by 5 nP to Rs. 15.45.

In sympathy with groundnuts and castorseeds, linseed drifted downwards. September 1961 contract fell by Re. 1.56 to Rs. 38.19. March 1962 contract was lower by 97 nP at Rs. 37.03. Bold ready eased by Re. 1.50 to Rs. 37.75. Linseed oil was done at Rs. 16.20, as against Rs. 16.80.

Cottonseeds, too, tended to look down. September 1961 contract declined from Rs. 98.25 to Rs. 94, before closing at Rs. 94.50. January 1962 contract lost Re. 1.50 to Rs. 91. Whites shed 15 nP to Rs. 20.10 (per 50 kgs.). Both Berars and Non-whites softened by 10 nP to Rs. 19.20.

Sesame bold fell from Rs. 350 to Rs. 340 (per 250 kgs.). Sesame oil decreased by Re. 1.50 to Rs. 24.50.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	9-8-1961	2-8-1961	26-7-1961
Groundnut	Rs.	Rs.	Rs.
January 1962	215.25	219.12	221.75
Nizam bold	50.50	53.25	54.00
Coromandel ready	50.50	53.75	54.25
Khandesh quality	50.50	53.75	54.25
Oil ex-mill ready*	21.25	22.25	22.50
Railway receipts*	21.15	21.90	22.50
Oil January 1962	17.80	18.25	18.55
Castorseed			
September 1961	168.62	170.12	171.12
March 1962	169.87	170.75	170.62
Ready Madras	34.00	34.25	34.25
Ready Kanpur	33.00	33.00	33.25
Oil B.S.S.†	15.45	15.60	15.60
Oil commercial†	14.10	14.20	14.50
Linseed			
September 1961	38.19	39.75	40.19
March 1962	37.03	38.00	38.81
Bold ready	37.75	39.25	39.62
Oil ready†	16.20	16.80	16.90
Cottonseed			
September 1961	94.50	96.25	95.75
January 1962	91.00	92.50	92.75
Niger seed	41.00	41.50	42.00
Kardi seed	26.00	26.00	26.75

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

GOOD DEMAND FOR TEA

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *9th August*

A total of 380,000 kilograms was offered in sale No. 31 held on Tuesday, 1st August 1961. Offerings from the Nilgiris showed a distinct improvement and there were some attractive lines on offer. From other districts the standard was about maintained. There was good general demand. Highgrowns received keen competition and some attractive prices were realised for improved quality. The few lines showing little change sold at last levels. Good mediums and mediums sold well around last rates with a few lines selling at enhanced prices. Low mediums and the plainer sorts were sometimes easier but were absorbed readily at these levels. Whole leaf grades received less support, especially F.Ps, and were slightly easier. C.T.C. and Legg-cut types sold well but at irregular rates.

Quotations were:

	1961	1960
	Rs.	Rs.
Low mediums	4.45/4.55	3.65/4.00
Mediums	4.55/4.65	4.00/4.15
Good mediums	4.65/5.20	4.10/4.55
Nilgiri B.O.P.	4.75	6.50

The average price realised in Sale No. 31 was Rs. 4.68 per kilo, as against Rs. 4.64 in the previous week and Rs. 4.14 in the corresponding sale last year.

Dust Sale No. 31: Offerings amounted to approximately 202,000 kilograms in dust sale No. 31 held on Thursday, 3rd August 1961. There was fair demand. Improved highgrowns were fully firm to dearer whilst the remaining sold well at around last levels. Medium descriptions were well supported at irregularly easier rates whilst those with fibre declined by 20 nP per kilo. Residuals continued weak. C.T.C. and Legg-cut types generally followed the downward trend of the market.

The average price realised in dust sale No. 31 was Rs. 4.62 per kilo as compared with Rs. 4.76 a week ago and Rs. 3.96 in the corresponding sale last year.

Export Quota: The market is still quoted nominally at 2½ nP per kilo at which rate there are sellers. It is understood that there are small buyers in North India at 1 to 1½ nP per kilo.

Colombo: In this week's export sale the market opened to strong demand with improved highgrowns selling at dearer rates, whilst Dimbulas were firm. Mediums declined by 5 to 10 cents with lowgrowns easier by 3 to 8 cents.

London: North Indian and other growths: In this week's North Indian sale there was fair demand for the few best liquoring Assams, but others were somewhat irregular and generally lower.

Ceylon and South Indian: 28,914 packages were offered in Tuesday's sale of which 9,786 packages originated from South India. There was fair general demand and prices were generally fully steady.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire:

"*Sale No. 32*: 341,000 kilograms. Useful demand plain and low mediums irregular and sometimes 5 to 10 nP easier. Mediums slightly easier. Poorer highgrowns easier. Improved quality dearer—particularly fannings."

YARNS IRREGULAR

(From Our Own Correspondent)

BOMBAY, *9th August*

There were two developments of import to the yarn market during the week under review. One pertained to the reported move of the State Trading Corporation to start distributing art silk yarn and nylon yarn from its stocks within the next two weeks. The other development was the announcement, by the Textile Commissioner, of a scheme governing the issue of import licences for art silk yarn under export promotion scheme immediately on shipment of art silk fabrics. The relevant details of these developments are as follows:

S.T.C. and yarn: It is understood that the S.T.C. has on hand art silk yarn and nylon yarn worth Rs. 27 lakhs and it expects to get an additional quantity valued at Rs. 10 lakhs from Hungary by the end of this month. The S.T.C. has commenced issuing circulars to allottee association asking them to make payments within two weeks in respect of allotments to which they become entitled. The allotments have been made on the basis of 30 nP per loom per shift worked during April-September 1960 and mostly in accordance with the selection made by associations on behalf of their members.

Export promotion scheme: Provisional entitlement for import of art silk under the scheme will be worked out by the Silk and Rayon Export Promotion Council. There will be a deduction of 30 per cent from the estimated entitlement for import of rayon grade wood pulp and 25 per cent for the issue of licences at a later stage after the verification of documents. The Council will then communicate to the Joint Chief Controller of Imports and Exports, Bombay, the amount of provisional entitlement. The Controller will, thereupon, issue an import licence for art silk yarn for that amount. The import licence thus issued will be subsequently adjusted against the entitlement which becomes ultimately available to the manufacturer-exporters under the export promotion scheme. The manufacturer-exporters of art silk fabrics will be granted quotas for indigenous art silk yarn to compensate them for the surrender of 30 per cent of their yarn entitlements for the import of rayon grade pulp. The allocation will be made to manufacturer-exporters of art silk fabrics at the rate of 0.75 nP per lb. of indigenous viscose yarn for every rupee of export entitlement surrendered by them in respect of actual exports effected during the April-June 1961 quarter at the following prices (ex-factory selling prices per lb. of first quality yarn, inclusive of excise duty): 100 D bright Rs. 3.65; D bright Rs. 2.20; 120 D dull Rs. 3.26; 150 D bright Rs. 3.20 and 150 D dull Rs. 3.26. The indigenous manufacturers will supply first quality yarn as far as possible. If, however, second quality yarn is supplied, the above prices will be reduced by 7 nP per lb. In case the material is supplied in cakes, instead of hanks or cones, the above prices will be lowered by 16 nP per lb.

The aforesaid developments would appear to have had no marked effect on the yarn market which presented a mixed trend during the week. Thus, imported art silk yarns attracted good support and registered a rise in values, while Cupressa Bemberg yarn (60 x 1) ruled quiet and J.P. yarn (40 x 1) suffered a setback. Staple fibre yarns drifted downward, thanks to selling induced by reports of large stocks in several consuming centres. Cotton yarns continued to be dull, in the absence of any encouraging news. Transactions put through were limited and values moved narrowly.

The following table gives the prices of rayon, staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	9-8-1961	2-8-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Cupressa Bemberg (100 kg.)—		
August	2,800.00	2,800.00
October	2,810.00	2,810.00
Spot	2,811.00	2,811.00
40 x 1 J.P.		
August	3,000.00	3,149.00
October	3,113.00	3,163.00
120 Japan (per 100 kg.)	2,112.00	2,053.00
150 Japan (per 100 kg.)	2,260.00	2,205.00
150 Italy	1,955.00	1,874.00
Staple fibre yarn (40 x 2)—		
August (per 90.72 kg.)	912.00	940.00
October	901.00	945.00
City (per kg.)	10.95	11.00
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.25	17.25
20s Gokak	22.87	22.87
30s New Great	27.00	27.00
40s Madura	32.50	32.25
60s Finlay	63.63	63.63
80s Moderns	68.25	69.00

BLACK PEPPER RECEDES

(Messrs. Parekh and Co.)

BOMBAY, *9th August*

Malabar black pepper, after moving irregularly with undertone steady but quiet during the fortnight ended the 2nd inst., developed an easy tone this week, with values going down almost daily, in view of stale liquidation by bulls. This was due to proximity of the maturing date of the August delivery contracts and continuous absence of demand from the U.S.A. The bulls were expecting pre-autumn demand during August from the U.S.A., but it did not develop, as the dealers there preferred to await development regarding the prospect of Lampong new crop. Some New York dealers tried to use cheaper offers from Brazil as a stick to soften a main holder of Lampong in Singapore. Brazilian new crop is estimated at 4,000 tons, of which half is generally used by South America, about 1,500 tons by Europe and about 500 tons by the U.S.A. Precise news as to the extent of damage to the Malabar crop by heavy rain and flood are still lacking. A section of the market men, however, is doubting the previous magnified report of damage as the trend of the market since then failed to sustain.

There are reports of dissolution of the U.S.A.-India Conference and some steamship companies are said to be nominally quoting the freight for New York at $50, but nothing is definitely known in the direction, as no new booking at the reduced rate is reported so far.

Ungarbled at Cochin, after touching the highest at Rs. 414.50, has slowly come down to Rs. 387, while garbled receded from Rs. 424 to

Rs. 396. August delivery fell from Rs. 444 to Rs. 407 and October delivery from Rs. 458 to Rs. 421. Ungarbled at Calicut dropped from Rs. 410 to Rs. 390.

At the time of writing, the undertone of the market is unsettled under the impact of bull liquidation in August delivery. Despite limited arrivals at all the terminal markets on the Coast, market remained weak, as foreign support was conspicuous by its absence.

Singapore was fairly steady. The undertone there, too, remained quiet, as foreign inquiries were few and far between. A prominent stockist of Lampong is reported to be holding back in anticipation of higher price, possibly the party is waiting for a definite news regarding the coming Lampong crop which, according to the Indonesian Government, is estimated at not more than 10,000 tons. Black at Singapore hovered between Str.$150 and Str.$152½ and white between Str.$182½ and Str.$180. Arrivals of Sarawak are improving, while arrivals of Lampong are poor.

Spot in New York, after touching $0.47, came down to $0.45¾, as grinders' demand was lacking. Grinders are said to be awaiting new development before entering the market. Interest for both, actual and forward is lacking, as New York pepper trade at present is confined to two or three regular dealers who as a rule buy hand-to-mouth and do only replacement business. They seem to have no opinion for the future. As such they remain selective buyers. One of the dealers is said to be doubting the holding capacity of the main stockist of Lampong in Singapore. As such, they try to depress the New York market by selling few cart loads here and there below the replacement cost.

The future of Malabar depends upon the buying attitude of the U.S.A. dealers or renewed inquiries from the East European countries.

Ready pepper in Bombay is nominally quoted from Rs. 218 to Rs. 225 per 50 kilos according to the quality.

TEA DECLINES

(From Our Own Correspondent)

CALCUTTA, *8th August*

The pronounced fall in demand for quality teas was a feature during the export sale held yesterday, and prices recorded sizable declines leading to heavy withdrawals. On the other hand, in the internal sale held last week, prices of quality teas were firm but those for common grades eased. Tea bookings from the Calcutta port maintained the rising trend, and, as a result, several liners meant for the United Kingdom were declared full immediately after opening for booking. The increased shipments have begun to be reflected in U.K. stocks, and for the week ended 28th July these amounted to 124 million lbs. showing a fall of only 1.78 million lbs. as compared to the week earlier.

Dusts on offer in the internal sale held last week totalled 18,777 packages, the good qualities of which met with good demand. Among C.T.Cs, prices for the bright liquoring teas rose after being firm; however, the plainer varieties were easy. Among non-wither legg-cut teas, the plain thin kinds eased, but the bright lines were firm. Plain orthodox teas eased, but prices of bright Assams improved depending on quality. Darjeelings recorded heavy losses. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.80 to Rs. 7.20, medium Assam C.T.C. dust Rs. 6.30 to Rs. 6.70, medium Assam dust Rs. 4.90 to Rs. 5.50, legg-cut dust Rs. 4.70 to Rs. 5.50, and plain orthodox dust Rs. 4.35 to Rs. 4.60.

Leaf on offer amounting to 71 packages were irregular.

Export offerings during the sale held yesterday amounted to 69,855 packages. There was a pronounced fall in demand, and as a result prices eased leading to a number of withdrawals. Tippy teas and whole leaf grades shared in the general trend. Darjeelings were irregular, and withdrawals were reported. Medium and best C.T.Cs eased up to 50 nP. Poorer and fibrous teas recorded a lesser decline. Plain orthodox brokens had buyers at prices which were lower by 10 nP; similar fannings were supported at 10 to 15 nP lower than last rates. Other orthodox teas eased in an irregular way, with medium B.O.Ps moving down by Re. 1. Legg-cut Dooars eased by 20 nP. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 7.00 to Rs. 7.50, best Assam C.T.C. B.P. Rs. 6.70 to Rs. 7.00, medium Assam C.T.C. fannings Rs. 5.80 to Rs. 6.20, clean plain pekoe Rs. 5.05 to Rs. 5.15, medium Assam C.T.C. B.P. Rs. 5.70 to Rs. 6.10, plain B.P. Rs. 4.70 to Rs. 4.55, and plain fannings Rs. 4.45 to Rs. 4.55.

JUTE STEADY

(From Our Own Correspondent)

CALCUTTA, *8th August*

Jute and jute goods were maintained steady during the major part of the week under review. But following heavy rains later in the week in several jute districts of West Bengal and availability of sufficient water for retting purposes in tanks and canals, fibre prices eased. Over the week-end, prices of goods also eased, as genuine support was not forthcoming at higher levels. Earlier, although genuine buying of goods was limited, bazar dealers showed interest in anticipation of imminent demand. A remarkable development during the week was that the crisis facing the mills took deeper roots. Representation by the Indian Jute Mills Association to the State Government to reconsider its decision not to allow mills to shut 15 per cent of looms was of no avail. The State Labour Minister, Mr. Abdus Sattar, said that fibre was available in the market in sufficient quantities and that shortage of fibre in mills' godowns was not an indication of shortage as such. Trade circles could not agree with the Minister. Although new crop might be available, quality should also be considered. Due to shortage of steeping water, quality has been affected, and in fact many a cultivator had postponed harvesting. However, it should be noted that, during the week, it rained heavily. It is expected that harvesting would now receive an impetus and that new fibre should be arriving in adequate quantities by the beginning of next month.

In the meantime, on behalf of the industry, it is contended in a statement released by the I.J.M.A. that current arrivals of the new crop, though they are higher as compared to a couple of weeks ago, are far below normal for this time of the year. It is in view of this factor that the mills have been unable to utilise their purchase quotas in full. The unutilised portion of their quotas average almost three weeks' consumption. Arrivals of the old crop have new ceased.

On Tuesday last, in the goods market, ready delivery rose, as activities in the futures market became keener. What deals took place were of an inter-bazar nature, as genuine buyers were disinclined to support the rise. Ready B. twills rose from Rs. 158.50 to Rs. 159.00 and ready hessian 40" 10 oz. from Rs. 53.00 to Rs. 53.50. The bullish trend was also aided by rumours of the move to seal looms. On Wednesday, prices recorded further gains with B. twills at Rs. 161.00 and hessian 40" 10 oz. at Rs. 54.50. This followed the news that the I.J.M.A. representatives were meeting the State Labour Minister with a view to pleading for the reconsideration of the Government's decision on the industry's plea for adjusting production. Soon, it was known that the Government rejected the Industry's plea and reiterated its earlier stand. This led to easiness in prices of goods on Thursday. B. twills declined to Rs. 160.00 and hessian 40" 10 oz. to Rs. 54.25. On Friday, the statement by I.J.M.A. in which it marshalled facts and figures to emphasise the crisis facing mills and in which it feared that the alternative to planned readjustment of production over the industry as a whole would be closure in several units owing to paucity of fibre was issued. This did not result in a hardening trend and, in fact, prices eased. It was realised that any of the course, that is, if mills as a whole reduced production or if some of the mills closed down leaving others in the current rate of working, would lead to the same result. On Friday, therefore, B. twills eased to Rs. 158.75 and hessian 40" 10 oz. to Rs. 53.60. With genuine business lacking, prices eased further over the week-end, with B. twills quoting at Rs. 157.50 and hessian 40" 10 oz. at Rs. 53.00. The highest extent of reduction in prices was in evidence during yesterday, following pronounced easiness in fibre. Ready B. twills eased to Rs. 155.00 and hessian 40" 10 oz. to Rs. 52.25.

Fibre prices, after remaining steady at opening rates for most part of the week, eased subsequently. The following table portrays the movement. There were only small offers in ready delivery jute. Sellers were eager for business for forward delivery. Heavy rains have improved crop prospects.

(In Rs. per maund, delivery 15 days)

	Opening	*Closing*	*Decline*
Daisee bottoms ...	52.50	51.00	1 50
Assam bottoms ...	50.50	48 50	2.00
Northern bottoms ...	50.50	48.50	2.00

BASE METALS FIRM

(From Our Own Correspondent)

CALCUTTA, *8th August*

Prices of base metals were maintained firm during the week under review. The feature on the London Metal Exchange was the rise in tin from £915 a ton to £921. For a time, it looked as though the price would get stabilised at £915. The forthcoming meeting of the signatories to the International Tin Agreement was keenly awaited. At this meeting the question as to whether the current floor price of £730, at which the Buffer Stock Manager is expected to buy tin, should be revised would be considered. It is, however, apparent that if producing countries should be encouraged to increase raisings, the floor price must be raised. In view of the attractive price which is ruling for tin at present in world markets, marginal producers may as well be encouraged to open new mines and/or re-work abandoned mines, if only they can be assured that in case of depression a fair price in relation to increased cost of production necessary to open new mines and/or re-work abandoned mines would be realised. In the meanwhile, current world shortage is expected to ease but the price is not expected to show any significant change in downward direction. The recent release of 500 tons by the United States along with the 10,000 tons released a few weeks ago by the Buffer Stock Manager is expected to see consumption through. It has been good news that exports from Malaya have been showing a small increase and that production in Congo is returning towards normalcy.

Copper scrap supplies were tight during the week under review in Calcutta. Prices for berry scrap and utensil scrap were maintained firm at around previous levels. Despite the grant of a stand-by credit by the I.M.F. to the country, trade circles feared that the copper ingot quota for actual users in the next licensing period would be reduced in view of Government's policy to gradually replace copper, wherever possible, by aluminium. In London, spot copper opened at £231 a ton and eased to close at £228½. This was attributed to an increase in warehouse stocks. Zinc in London eased from £78 a ton to £77½ following a fall in outside demand. The local price was maintained firm at Rs. 321.75 per 100 kgs., though demand was insignificant.

SLACK TRADING IN FOODGRAINS

(From Our Own Correspondent)

HAPUR, *7th August*

Quietly depressed conditions were witnessed in the foodgrains market during the week. Trading was slack, due to heavy rains. *Kharif* crop prospects were better, but excessive rains in some areas have damaged the standing *kharif* crops and sunny weather is now badly needed for the healthy progressing of these crops. Wheat here registered a slight decline to be quoted on Monday at Rs. 14.37 to Rs. 15 a maund for average *dara* quality and Rs. 15.50 to Rs. 16.25 a maund for better farm produce. Daily arrivals of wheat at an average of 75 to 100 maunds due to rains were being lifted by consumers and local stock of wheat with trade was put at 25,000 maunds. Despite losses to crops due to drought in east U.P. and floods in many areas, overall food position is considered to be satisfactory, as stocks with State and Central Governments were heavy and large-scale imports are to follow under previous commitments.

Rice continued to rule quiet with coarse quality recording an easy trend, as demand was slack. Sowings of new paddy have begun here, thanks to fairly heavy rains. The week-end prices were:—*mainpuri sela* Rs. 23; *ginda kutcha* Rs. 22.25; *ramajwayan sela* Rs. 24.50; *raimunia sela* Rs. 25.50; *basmati sela* Rs. 29 to Rs. 31; superior Rs. 35 to Rs. 38 a maund.

Gram recorded a fall of about 50 nP per maund during the week, thanks to heavy local stocks at 40,000 maunds and easy Punjab advices. The week-end prices were Rs. 13.87 to Rs. 14 a maund for Punjab variety and Rs. 13.50 for local inferior produce. Daily arrivals of gram were poor. Barley continued to be quoted at Rs. 11 to Rs. 11.12 a maund, *bejhar* inferior at Rs. 10.75 and *moongia* variety at Rs. 11.75 a maund. *Methi* continued steady at Rs. 27 to Rs. 28 a maund, thanks to good buying support from Calcutta and Rajasthan in the face of poor arrivals. *Juwar* drifted lower to Rs. 9 to Rs. 11 a maund and *guwar* was now quoted lower at Rs. 14 to Rs. 14.25, due to selling pressure and poor demand. Old maize was still quoted at Rs. 11 to Rs. 12 and *bajra* at Rs. 15 a maund.

In pulses, peas ruled quiet at Rs. 11 to Rs. 11.25 for *dara* green quality and Rs. 12.25 to Rs. 13 for superior white farm quality. Loading continues restricted and small arrivals were being lifted by grinders for *dal* and local stock is stationary around 77,000 maunds. Demand for *arhar* was dormant and local stock was unchanged at 45,000 maunds and prices ruled quiet during the week. Other pulses were almost stagnant and week-end prices on Monday (in rupees per maund): *arhar* 12 to 12.25; *arhar dal* 15.75; peas *dal* 13.25; gram *dal* 16.12; *urd* 21 to 21.50; *moong* 20 to 24; *moong dal* 24 to 27; *masoor* 13.25 to 15; *masoor dal* 16.50.

SUGAR DEPRESSED

(From Our Own Correspondent)

HAPUR, *7th August*

Sugar ruled depressed during the week at Rs. 105.75 per bag of 2 maunds and 30 *seers* and retail 97 nP per *seer*, thanks to easy supply position following the further release of the monthly sugar quota of 2 lakh tons. Sugar production during the season at 29.8 lakh tons, beating all previous records, has created a serious problem of disposal which can only be tackled by stepping up both exports and consumption. Export performance as yet has not been very satisfactory and the Union Government, it is reported, is soon removing most of the restrictions on the distribution of sugar as that would help bringing more supplies into market.

Sugar displayed an easy trend in the Muzaffarnagar market during the week due to comfortable supply position in face of poor offtake. Allottees of sugar quota were anxious sellers even at a discount, but buyers were not coming forth. Damaged sugar which evoked demand from *khandsari* manufacturers moved between Rs. 99 to Rs. 101 per bag. Spot prices were for Mansurpur C 29, D-29 and E-29 were quoted at Rs. 107.25, Rs. 106.50 and Rs. 106 per bag of 2 maunds and 30 *seers*, respectively. Mill delivery quotations for C-29 and E-29 were Rs. 105.94 and Rs. 104.38 a bag, respectively.

Khandsari ruled weak during the week, due to lack of adequate demand from the consuming areas of the Punjab and Rajasthan. Local stock in the great manufacturing market of Muzaffarnagar were now 15,000 maunds, the corresponding from *Galawat* was being 60,000 maunds. Production from *Galawat* was being done and week-end prices were:—*galawat* Rs. 27 to Rs. 31.50; non-crystal Rs. 32.50 to Rs. 37; crystal Rs. 35 to Rs. 38 per maund.

Ready *gur* was quietly depressed, as trading here was almost of a standstill during the major part of the week, due to heavy rains and loading restrictions by railways. Some despatches were, however, made to east U.P. and Rajasthan. Local stock is put at 15,000 maunds. Cane crop conditions were now reported fair, but initial damage due to pest has not been made good. Week-end prices were:—selected dry Rs. 17; dry-wet Rs. 15.50; wet Rs. 14.75; *shakker* Rs. 18 to Rs. 18.25 per maund.

In the absence of demand, *gur* ruled quiet in the Muzaffarnagar, due to poor demand from Gujerat side. Prices eased fractionally to be quoted at week-end at:—*Chaku kotha* medium Rs. 17.75 to Rs. 19; wet Rs. 15; dry Rs. 19.25 to Rs. 19.50; *shakker dara* Rs. 17.50 to Rs. 19.25; *masala* Rs. 21 to Rs. 23 per maund.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 4th August, 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		53,25,93,000
(2) Other Governments		18,83,17,000
(b) Banks		81,44,03,000
(c) Others		200,75,02,000
Bills Payable		20,70,26,000
Other Liabilities		10,63,80,000
	Rupees	526,02,21,000

ASSETS	Rs.	Rs.
Notes		16,88,44,000
Rupee Coin		2,62,000
Subsidiary Coin		2,80,000
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		9,72,06,000
Balances held abroad*		35,80,60,000
Loans and Advances to Governments†		42,00,01,000
Other Loans and Advances		115,53,21,000
Investments		289,50,15,000
Other Assets		17,03,32,000
	Rupees	526,02,21,000

* Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
‡The item 'Other Loans and Advances' includes Rs. 75,50,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	10,88,44,000	
Notes in circulation	1009,97,75,000	
Total Notes issued		1020,86,19,000
Total Liabilities		1020,86,19,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	116,86,07,000	
Foreign Securities		
Total of A		234,62,10,000
B. Rupee Coin		122,87,30,000
Government of India Rupee Securities		1563,36,70,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1920,86,10,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept., 1939 (pre-war)	28th July 1961	21st July 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	173.3	1890.76	1011.05	1033.41	1794.00
Notes held in Banking Department	35.05	31.15	18.05	44.81	84.41
Foreign Securities	59.50	93.01	93.01	103.01	122.01
Rupee Securities	87.89	1587.22	1507.03	1036.03	1451.57
Banking Department					
Deposits of:					
Government of India	14.89	77.09	53.02	59.68	67.05
Other Governments	..	20.56	31.35	15.18	22.62
Balances held abroad	10.06	5.03	8.47	10.78	25.29
SCHEDULED BANKS					
Demand Liabilities	134.86	832.56 (21.35)†	838.85 (20.84)†	862.49 (29.74)†	798.82 (23.95)†
Time Liabilities	103.24	1142.69 (18.70)†	1143.57 (19.27)†	1114.41 (20.04)†	1215.21 (37.66)†
Borrowings from Reserve Bank	..	2.40 (0.92)‡	1.92 (1.01)‡	15.69 (10.50)‡	24.64 (9.15)‡
Borrowings from State Bank	..	15.58	14.64	9.80	12.25
Cash in India	6.70	44.17	46.19	54.56	44.09
Balance with Reserve Bank	28.17	77.26	100.09	87.68	119.96
Balances with other banks in current account in India	..	16.24	15.91	21.72	16.86
Money at call and short notice in India	..	47.10	44.46	50.85	40.49
Investments (at book value)	..	577.62	574.06	540.01	723.86
Advances and bills	105.9	1240.81	1251.06	1275.96	1121.67
STATE BANK					
Deposits	67.76	527.49	551.31	529.72	610.91
Investments	51.99	246.10	253.91	234.95	373.81
Advances	30.35	250.69	254.83	260.73	206.42
Cash	14.69	26.42	26.32	31.77	36.02

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	3rd Aug., 1960	4	5
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	2	3
Canada †	..	2.90	2.85
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	5
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1946	7	10
Egypt	15th Nov., 1950	3.50	5
El Salvador	Jan., 1960	4	5.50
Finland	Mar., 1959	6.50	8
France	6th Oct., 1960	4	5.50
Greece	May, 1960	8	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	6
Ireland	July, 1960	4.75	5.50
Italy	June, 1958	4	3.50
Japan	21st July, 1961	6.57	6.90
Malaya	28th July, 1961	6	7
Mexico	June, 1948	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1958	3.50	3.50
Pakistan	14th Jan., 1960	5	4
Peru	Nov., 1959	6.00	9.50
Philippines	Sept., 1960	4	5.75
Portugal	12th Jan., 1944	3	2
South Africa	4th May, 1961	4.50	5
Spain	11th April, 1960	4.25	3.75
Sweden	18th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	3
Thailand	Feb., 1948	3	7
Turkey	6th June, 1958	4.50	5
United Kingdom	26th July, 1961	5	7
U.S.S.R.	1st July, 1936	3	4
U.S.A.	11th Aug., 1960	3.50	4
West Germany	8th May, 1961	3	3.50

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 4th August, 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital—		
20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up:		
5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		529,31,28,000
Borrowings from Other Banking Companies, Agents, etc.		17,00,000
Bills Payable		9,59,71,000
Bills for Collection being Bills receivable as per contra		2,38,08,000
Acceptances, Endorsements and Other Obligations per contra		1,02,88,000
Other Liabilities (including Inter-Office Adjustments)		12,97,55,000
Total .. Rs.		568,54,00,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		24,30,30,000
Balances with other Banks		2,56,49,000
Money at Call and Short Notice		3,06,67,000
INVESTMENTS:		
Government and other Trustee Securities	251,41,31,000	
Other Authorised Investments	9,41,30,000	
		260,82,61,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	234,17,80,000	
Bills Discounted and Purchased	13,87,94,000	
		248,05,74,000
Bills Receivable being Bills for Collection as per contra		2,38,08,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,02,88,000
Premises less Depreciation		1,81,65,000
Furniture and Fixtures less Depreciation		1,41,32,000
Other Assets (including Inter-Office Adjustments)		23,08,29,000
Total .. Rs.		568,54,00,000

Scheduled Banks*

Statement of Affairs for the week ended 28th July, 1961

	Rs. (Thousands)	Rs. (Thousands)
(I) Demand Liabilities in India		
(a) Demand Deposits—		
(1) From banks		46,07,22
(2) From others		713,79,18
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		21,84,68
(c) Other demand liabilities		50,74,54
(II) Time Liabilities in India		
(a) Time Deposits—		
(1) From banks		26,20,74
(2) From others		1074,94,21
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		18,79,28
(c) Other time liabilities		22,74,60
(III) Borrowings in India from the State Bank of India and/or notified banks:		
(a) Demand liabilities		6,20,37
(b) Time liabilities		9,38,00
(IV) Borrowings in India from the Reserve Bank of India (A)		2,39,70 (91,50)
(V) Cash in India		44,17,16
(VI) Balances with the Reserve Bank in India		77,26,46
(VII) Balances with Other Banks in Current Account in India		16,24,43
(VIII) Money at call and short notice in India		47,09,76
(IX) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations		577,62,22
(X) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)		1084,78,59
(b) Due from Banks in India		5,13,42
(XI) Inland Bills purchased and discounted in India		107,34,90
(XII) Foreign Bills purchased and discounted in India		43,58,79
(XIII) Total of Items (X), (XI) and (XII)		1240,80,70

Notes:—

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.

(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 28th July, 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		4,15,00,000
Rural Credit Fund		1,00,00,000
Deposits:—		
(a) Central Government		14,98,87,000
(b) Provincial Governments		63,23,000
(c) Banks		21,06,35,000
(d) Others		119,53,06,000
Bills Payable		57,50,000
Other Liabilities		16,28,94,000
Rupees		181,23,06,000

ASSETS	Rs.	Rs.
Notes		17,78,43,000
Rupee Coin		70,000
Subsidiary Coin		52,000
Bills Purchased and Discounted:—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		....
Balances held outside Pakistan*		15,56,50,000
Loans and Advances to Governments		5,40,00,000
Provincial Governments Debtor Balances		
Other Loans and Advances		40,99,47,000
Investments		91,49,66,000
Other Assets		9,07,78,000
Rupees		181,23,06,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	17,78,43,000	
Notes in circulation	352,42,61,000	
Total Notes issued		370,20,94,000
Total Liabilities		370,20,94,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion		
Foreign Securities	80,28,72,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	148,24,26,000
B. Rupee Coin	4,00,59,000	
Government of Pakistan Securities	212,06,03,000	
Internal bills of exchange and other commercial paper	....	216,06,62,000
II. Held with the Reserve Bank of India pending transfer to Pakistan:—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	5,90,66,000
Total Assets	....	370,20,94,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued: 41.56 per cent.

EXCHANGE RATES

	9th August 1961	Previous week
Bombay on London—		
Sellers T.T., D.D. Spot	s. 1-5⅛	1-5⅛
Sellers T. T. D.D. upto six months	s. 1-5⅛	1-5⅛
Buyers T.T. spot to nine months	s. 1-6	1-6
Buyers T.T. 10 to 12 months	s. 1-6	1-6
Bombay on New York—		
Sellers T.T., D.D.	Rs. 477.25	478.75
Buyers T.T.	Rs. 474.00	475.25
London on New York	s. 2.8040-2.8402	2.7966-2.7968
London on Paris	Frs. 13.7050-13.7060	13.7030-13.7060
London on Berne	Sw. Frs. 12.1125-12.1135	12.0780-12.0800
New York on London	s. 350.430-350.460	279.880-279.710

CLEARING HOUSE RETURNS

Centre	Week ended 4th August 1961		Week ended 28th July 1961	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	3,46,555	95,14,68,700	2,80,150	104,74,85,000
Calcutta	2,10,000	79,30,00,000	2,02,000	75,72,00,000
Madras	1,01,335	13,13,04,402	1,06,135	13,00,12,197
All Centres—				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,044,000	109,84,05,00,000
1960-61	..	..	54,472,000	125,13,16,00,000
June, 1960	..	..	4,227,000	956,02,00,000
April, 1961	..	..	4,912,000	1,15,64,00,000
May "	..	..	4,606,000	1,056,12,00,000
June "	..	..	4,599,000	1,084,15,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53 = 100)

Particulars	Weight	1st July 1961	24th June 1961	2nd July 1960	April 1961	April 1960	Percentage of Increase (+) or Decrease (—) in Apr., 1961 as compared with April 1960	Financial Year Average 1960-61	1959-60
Food Articles	504	122 8	122 2R	121 7	117 6R	118.6	— 0.8	120 6	118.6
Cereals	198	103 5	103 5	106.4	99.3	103.8	— 4.3	104 4	104.1
Pulses	43	91 7	91 5	98.7	87 6R	89.4	— 2.0	93.9	93.5
Fruits and Vegetables	53	135 6	131 8R	119.6	116.2	136.7	—14.9	118.5	127.8
Milk and Ghee	84	114 9	115 2	118.1	116.4R	114.7	+ 1.5	116 1	113.8
Edible Oils	47	166 7	165 2	143 5	161.2	138.2	+16 6	150.3	130 4
Fish, Eggs and Meat	77	137 3	136 7	134 1	125 1	118 0	+ 6 0	123 5	119 9
Sugar and Gur	48	125 0	125 4	119 5	125.4	120.7	+ 3.9	122.8	117 0
Others	50	182 2	182 8*E	165 4	171 1E	160 9	+ 7.0	167.8	167 9
Liquor and Tobacco	21	97 9	98 0	110 5	102 0	103 1	— 0 6	100 9	99 5
Tobacco	..	94 1	94 1	109 2	98 1	101 9	— 3 7	99 3	97 0
Fuel, Power, Light and Lubricants	38	121 6	121 5	119 7	122 5R	118.1	+ 4 0	120 5	116.5
Industrial Raw Materials	158	148 3	150 7R	127 8	133 0	134.2	+14 0	148 4	123.7
Fibres	81	148 1	151 1R	124 6	130 7	130 0	+20 7	151 6	114 6
Oilseeds	60	165 0	163 5R	146 2	157 2	161 4	+ 4 1	160 9	134.5
Minerals	3	95 2*	95 2*	98 3	98 3	....	— 3.1	97.4	97.8
Others	36	125 7*	125 6*	126 6	120 7	....	— 3.1	125.0	122 7
Manufactures	296	118 6	118 6	117 8	117 7	....	+ 7 6	123 9	117 7
Intermediate Products	41	141 3	140 7	128 5	132 2	....	+10 4	138 5	113 3
Finished Products	249	123 9	123 4	118 2	122 3	....	+ 7 2	122 8	111 3
Textiles	147	124 5	125 8	120 6	120.1	....	+11.0	125.8	107.8
Cotton	—	126 0	126 3*	120.1*	126 6	....	+ 8.1	126.1	97.9
Jute	—	122 5	125 6	106.8	142 3	....	—28.1	131.4	99.6
Woollen	—	122 7*	122 7*	110.1*	104 3	....	+ 5.7	109.1	104 2
Silk and Rayon	—	110 1*	109.7*	116.6	104 5	....	+ 1.0	104.4	103.4
Metal Products	12	146 9	146 9	146.6	148 9	....	— 0.9	147.2	144.5
Chemicals	80	108 8	108 8	102.2	105.6R	104 5	+ 1.0	104.4	106.0
Oil Cakes	10	145 6*	145 6	127.2	145 6	129 1	+ 9.8	141.2	98.6
Machinery and Transport Equipment	81	118 7	118.7	111.8	111.0	....	+ 1.4	111.8	102 0
Others	30	119 1	119.1	115.6	114.7	....	+ 3.4	116.1	115.1
All Commodities	1 000	127.1	127 1R	123.7	125.3R	120.6	+ 0.8	120.3	117.9

Note :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-groups in relation to the group index.

R—Revised.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

(1952-53=100)

Group and Sub-Group	Week ended 29th July, 1961	22nd July, 1961	1st July, 1961	30th July, 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.0	101.1	101.0	101.2
2. Government of India	100.9	101.0	100.8	101.0
3. States Government	102.2	102.1	102.1	102.7
4. Municipal, Port Trust, etc.	99.7	99.7	99.7	100.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.4	101.4	101.3	101.0
PREFERENCE SHARES—ALL INDIA.				
6. Total	83.7	83.6	83.6	86.8
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	181.5	182.8	183.2	181.0
8. *Agriculture and Allied Activities: Total**	169.2	170.2	171.2	180.6
9. Tea Plantations	165.5	166.3	165.7	173.6
10. Coffee Plantations	174.1	176.1	181.1	217.9
11. Rubber Plantations	170.5	171.9	174.1	183.8
12. *Mining and Quarrying: Total*	185.6	186.9	184.8	159.0
13. Coal	129.3	131.3	132.1	122.6
14. Other Mining	187.1	191.4	187.7	184.0
15. *Processing and Manufacturing: Total*	195.6	197.2	198.6	196.7
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	201.4	202.3	204.3	198.1
17. Sugar	158.9	159.0	162.8	195.2
18. Cotton Textiles	172.0	172.8	173.5	163.4
19. Jute Textiles	87.1	87.9	86.9	94.2
20. Silk and Woollen	1179.4	1194.4	1228.5	1140.3
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	205.8	208.9	210.0	207.0
22. Iron and Steel	172.9	177.1	177.4	165.1
23. Transport Equipment	404.7	412.2	418.4	443.0
24. Electrical Machinery	164.9	167.5	167.5	143.8
25. Machinery other than Transport and Electrical	212.6	214.0	217.7	229.1
26. Basic Industrial Chemicals	215.2	215.3	217.9	225.0
27. *Processing and Mfg. (Others): Total**	159.3	159.8	159.7	173.4
28. Cement	142.6	142.4	144.0	150.2
29. Paper	205.8	207.1	207.1	208.4
30. *Other Industries: Total**	110.0	109.7	109.6	114.6
31. Electricity Generation and Supply	84.6	83.6	81.7	83.1
32. Trading	121.9	123.1	128.0	130.0
33. Shipping and Other Transport	97.7	98.3	99.9	111.7
34. Construction	287.9	284.6	289.0	342.1
35. *Financial: Total*	202.8	202.8	197.7	178.5
36. Banks	230.0	229.6	221.9	194.8
37. Insurance	149.0	151.1	153.6	154.1
38. Investment Trusts	90.5	90.1	89.4	94.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	188.6	190.3	191.8	187.6
40. Calcutta	167.9	168.9	167.5	165.9
41. Madras	194.1	194.6	196.2	196.6
42. Delhi	244.5	247.3	246.2	244.3

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
16th May	2.25	2.00	2.25	2.750	99.310
17th to 20th May*	0.43	..	0.43	2.750	99.331
23rd May	2.00	2.00	2.00	2.750	99.310
24th to 27th May	0.33	..	0.33	..	99.331
30th May	2.00	2.00	2.00	2.750	99.310
31st May to 3rd June*	0.10	..	1.10	..	99.331
6th June	2.00	2.03	2.00	2.750	99.315
7th to 10th June*	1.27	..	1.27	..	99.331
13th June	2.00	2.00	2.00	2.750	99.310
14th to 17th June*	0.30	..	0.30	..	99.331
20th June	2.00	2.00	2.00	2.650	99.310
21st to 23nd June*	0.80	..	0.80	..	99.325
27th June	2.00	2.00	2.00	2.650	99.356
4th July	2.00	2.00	2.00	2.650	99.335
5th to 8th July*	3.50	..	3.50	..	99.335
11th July	2.00	2.00	2.00	2.650	99.335
12th to 15th July*	0.12	..	2.12	..	99.356
18th July	2.00	2.02	2.00	2.500	99.335
19th to 22nd July*	1.50	..	1.50	..	99.391
24th to 29th July*	1.26	..	1.26	..	99.391
31st July	2.00	3.49	3.49	2.398	99.410
1st to 5th August*	1.47	..	1.47	..	99.440
8th August	2.00	2.00	2.00	2.400	99.400
Total amount outstanding	36.03	..	36.03	..	..

* Intermediate Treasury Bills sold.

IRON AND STEEL PRODUCTION (In Tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1958	1,098,300	1,106,800	736,900
Do. 31st March, 1959	1,187,500	1,197,400	854,700
Do. 31st March, 1960	1,594,000K	1,555,000K	1,237,000K
Do. 31st March, 1961	1,588,000K	1,623,000K	1,263,000K
July [1960	105,700	119,800	98,000
Jan. 1961	144,200K	149,300K	117,600K
Feb. "	125,900K	126,500K	94,200K
March "	141,600K	142,300K	114,900K
April "	135,700K	136,000K	106,000K
May "	142,000K	136,800K	105,800K
June "	131,800K	134,700K	101,200K
July "	133,900K	137,200K	107,900K
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1957	695,156	532,315	441,483
Do. 31st March, 1958	733,945	507,580	410,558
Do. 31st March, 1959	959,933	668,205	496,217
Do. 31st March, 1960	1,053,612K	827,972K	662,113K
Do. 31st March, 1961	1,160,576K	914,159K	718,684K
July 1960	72,502K	62,962K	40,897K
March 1961	106,122K	82,583K	80,700K
April "	99,381K	69,710K	51,144K
May "	100,815K	70,912K	42,185K
June "	90,921K	74,225K	50,069K
July "	100,407K	77,595K	65,720K

K—Figures in Metric Tons.

INDUSTRIAL DISPUTES (All-India)

Month	Number of disputes‡	Total of Average Number of workers involved	Number of man-days lost
1957*	1,899	880,271	6,429,519
1958*	1,224	628,846	7,797,555
1959*	1,838	995,514	5,809,079
Jan. 1960	123	62,075(123)	412,797(123)
Feb. "	138	62,075(123)	412,797(123)
Mar. "	135	47,700(114)	470,258(114)
Apr. "	91	31,559(77)	210,982(77)
Dec. "	95	27,363(90)	381,513(90)
Jan. 1961	96	29,509(83)	208,796(83)
Feb. "	88	33,695(83)	270,298(82)
Mar. "	124	40,850(115)	279,087(115)

‡ In progress during the month. Figures in brackets show the number of cases for which the relevant information is available.

* Provisional. Annual totals are not necessarily additional ones as the figures of the Government other than Madras relate to calendar months.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

	All-India (1949=100)	Bombay (June (1934=100))	Ahmedabad (1949=100)	Sholapur (January (1923=100))	Kanpur (1949=100)	Nagpur (1949=100)	Calcutta (August (1939=100))	Madras City (1942=100)	Delhi (1949=100)	Ajmer (1949=100)	Gauhati (1949=100)	Jamshedpur (1949=100)	Jabalpur (1949=100)	Bangalore (1949=100)
1958 Average	116	395	110	313	98	120	384	124	113	105	103	123	109	131
1959 "	121	412	125	340	98	132	384	133	120	106	98	125	108	140
1960 "	124	420	120	357	98	136	397†	143	120	107	103	120	109	146
March 1960	121	414	116	339	97	135	392	138	119	104	100	119	109	145
April "	122	421	116	346	97	136	392	138	117	104	103	117	109	145
May "	123	421	120	344	96	135	396	140	116	104	105	117	109	145
June "	124	422	121	360	96	135	399	143	117	107	107	119	109	145
July "	126	423	122	362	101	137	406	145	121	109	108	119	109†	146
August "	126	421	123	359	101	137	410	146	121	109	102	122	108	146
Sept. "	125	418	122	364	101	138	403	146	122	108	102	122	108	147
Oct. "	125	421	123	365	102	137	396	148	122	108	105	119	108	147
Nov. "	124	423	121	367	102	135	392	150	121	110	102	122	108	147
Dec. "	124	419	120	362	100	134	385	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	385	146	122	111	103	120	109	148
February "	123	420	119	350	102	130	389	147	123	111	103	119	109	148
March "	124†	423	119	349	101	129	392	148	124	111†	104†	121†	109†	149
April "	123†	428	119	348	99	..	389	149	125	111	104†	120	109	150
May "	124†	431	..	345	..	..	..	126	112	..	..	120	110	..

† Provisional.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates C		Post Office Savings Bank Deposits	10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4½% C	15-Year Annuity Certificates G		Total Receipts	Total Outstandings H
	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings		Outstandings		Outstandings	Receipts	Outstandings	Receipts	Outstandings	
1958-59	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	—40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,06
1959-60	1,55	1,15	79,90	85,24	221,68	210,40	290,88	19,72	—41,35	50	31	41,68	10,64	21,76	66	2,90	305,70	672,26
1960-61	1,24	2,46	81,50	82,53	287,30	228,77	297,77	18,36	—42,00	1,70	95	41,41	14,16	37,34	66	3,36	329,98	770,80
June 1960	1,50	2,99	93,68	5,76	235,63	17,35	258,96	19,49	—41,51	73	43	41,41	84	25,09	5	3,04	24,13	682,95
July "	1,46	2,95	92,15	5,83	240,35	15,25	261,67	19,43	—41,55	81	48	41,32	1,11	26,00	4	3,07	22,36	689,78
Aug. "	1,44	2,88	90,74	6,78	245,88	19,75	266,75	19,37	—41,61	89	54	41,31	1,17	27,23	9	3,14	27,92	700,07
Sept. "	1,42	2,81	89,29	7,16	251,84	18,78	271,10	19,26	—41,66	98	57	41,14	1,52	28,71	6	3,18	27,54	710,80
Oct. "	1,40	2,76	87,86	7,05	257,70	16,90	272,98	19,19	—41,71	1,07	64	41,09	1,42	30,27	5	3,22	25,56	718,18
Nov. "	1,37	2,70	87,64	6,21	262,79	17,90	275,90	19,12	—41,74	1,17	68	41,02	1,49	31,73	5	3,25	25,81	726,47
Dec. "	1,33	2,63	85,25	6,75	268,27	19,04	277,76	18,97	—41,81	1,28	74	40,97	1,28	32,88	5	3,29	27,30	733,47
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,08	280,06	18,87	—41,86	1,40	80	40,90	1,04	34,15	6	3,33	25,83	740,90
Feb. "	1,28	2,52	82,71	6,43	278,70	18,05	282,82	18,44	—41,95	1,53	87	39,88	1,80	35,75	5	3,36	26,53	747,86
March "	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	—42,00	1,70	95	38,60	1,77	37,34	4	3,38	46,05	770,80
April "	1,20	2,40	80,18	5,59	290,56	20,37	295,84	18,17	—42,05	1,83	1,01	37,46	2,28	39,48	4	3,40	28,47	771,47
May "	1,16	2,34	78,90	5,33	294,43	19,28	294,04	18,09	—42,08	1,99	1,08	36,49	1,32	40,92	3	3,42	26,19	773,46
June "	..	..	..	..	..	..	..	..	..	..	..	35,45	1,89	42,43	3	3,43	..	..

Note —Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year price bonds were issued from 1st April 1960 and the total outstandings at the end of April 1961, amount to 15.82 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding	Repayable	Latest Available Quotation Rs.
		Rs.		
TERMINABLE LOANS				
3 % Loan	1938-39	116,17,46,000	1965-66	98.80
2½ % Loan	1950	80,33,10,000	1964	98.80
3 % Fg. Loan	1943	1,10,11,78,000	1966-68	96.35
3 % Dev. Loan	1945	1,15,05,83,000	1970-75	83.50
2½ % Loan	1946	14,77,48,000	1976	99.25
2½ % Loan	1947	75,86,72,000	1962	100.05
3½ % N. P. Loan	1954	1,58,17,94,000	1964	
3½ % N. P. Bonds (2nd Series)	1955	1,53,67,92,000	1965	100.00
3½ % Loan	1956	1,07,27,36,000	1962	99.90
3½ % N. P. Bonds	1956	93,81,83,000	1967	99.10
3½ % Loan	1956	66,63,53,000	1974	99.60
3½ % N. P. Bonds (1st Series)	1957	56,99,80,000	1967	100.40
4 % Loan	1957	49,17,27,000	1972	100.35
3½ % Loan	1958	58,05,92,000	1963	100.05
3½ % Loan	1958	70,00,00,000	1968	98.75
3½ % Loan N.P.B.	1958	84,33,90,000	1968	100.80
4 % Loan	1958	49,51,44,000	1973	100.25
4 % Loan	1959	1,37,90,93,000	1969	98.40
4 % Loan	1959	91,06,38,000	1979	99.25
4 % Loan	1960	97,84,00,000	1980	99.25
4 % Bonds	1960	82,66,00,000	1962	99.70
4½ % Loan	1961	65,63,00,000	1981	98.50
NON-TERMINABLE LOANS				
2 % Loan	1886-87	8,93,33,000	M.	72.00
2 % Loan	1946	2,48,91,33,000	K.	72.35
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.85
4 % Andhra	1956	6,66,15,000	3rd Sept. 1968	98.75
4 % Andhra	1958	8,45,81,000	15th July 1971	97.50
4 % Andhra	1959	6,57,72,000	19th Aug. 1971	97.75
4 % Andhra	1960	9,00,00,000	29th Aug. 1969	98.45
4 % Maharastra	1949	6,29,97,000	1st Aug. 1962	99.50
4 % Maharastra	1951	2,82,97,000	17th Sept. 1962	100.00
4 % Maharastra	1953	5,00,80,000	15th Oct. 1963	100.00
4 % Maharastra	1953	3,40,34,000	1st Aug. 1964	100.00
4 % Maharastra	1955	5,05,52,000	1st Sept. 1965	99.65
4 % Maharastra	1956	7,82,20,000	3rd Sept. 1970	99.25
4 % Maharastra	1957	6,57,23,000	16th Sept. 1969	101.20
4½ % Maharastra	1958	5,56,21,000	15th July 1970	101.50
4½ % Maharastra	1958	4,35,25,000	15th July 1971	101.20
4 % Maharastra	1959	6,58,13,000	19th Aug. 1971	99.25
4 % Maharastra	1960	10,00,00,000	29th Aug. 1969	98.50
4 % Bihar	1955	1,54,05,000	1st Sept. 1967	98.50
4 % Bihar	1956	2,13,41,000	3rd Sept. 1968	98.50
4½ % Bihar	1958	2,76,71,000	13th Oct. 1970	101.05
4½ % Bihar	1959	2,33,92,000	19th Aug. 1971	98.75
4 % Bihar	1960	3,00,00,000	29th Aug. 1969	98.50
4 % Gujarat	1960	5,00,00,000	29th Aug. 1969	99.25
3½ % Howrah Bridge (New)	1935-37	1,77,08,700	1955-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98.00
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.00
4 % Madras	1948	3,81,17,000	15th July 1968	98.00
4½ % Madras	1951	3,01,49,300	15th Sept. 1962	99.75
4 % Madras	1953	10,33,71,000	15th July 1963	100.00
4 % Madras	1953	5,24,81,200	1st Aug. 1964	99.40
4 % Madras	1955	10,47,17,000	1st Sept. 1967	99.00
4 % Madras	1956	13,83,56,000	3rd Sept. 1968	99.00
4½ % Madras	1958	5,55,57,000	15th July 1970	101.10
4½ % Madras	1959	6,72,72,000	19th Aug. 1971	98.50
4 % Madras	1960	12,00,00,000	29th Aug. 1969	98.75
4 % Mysore(f)	1933	2,95,85,200	1st Dec. 1953-63	100.50
4 % Mysore	1953	3,35,47,000	15th July 1963	100.00
4 % Mysore	1954	5,84,94,000	1st Aug. 1964	99.00
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	99.00
4 % Mysore	1957	3,34,36,000	16th Sept. 1969	101.10
4½ % Mysore	1958	5,51,01,000	15th July 1970	101.10
4 % Mysore	1959	5,43,46,000	19th Aug. 1971	98.00
4 % Mysore	1960	4,00,00,000	29th Aug. 1969	98.75
3 % M.P.	1948	2,03,29,000	15th Sept. 1964	99.60
4 % M.P.	1951	1,09,18,100	15th Sept. 1962	99.50
4 % M.P.	1953	1,10,18,000	15th July 1963	99.40
4 % M.P.	1955	1,63,12,000	1st Sept. 1967	98.50
4 % M.P.	1958	1,58,42,000	3rd Sept. 1968	98.50
4½ % M.P.	1958	2,21,30,000	15th July 1970	101.05
4 % M.P.	1959	5,27,37,000	19th Aug. 1971	98.00
4 % M.P.	1960	5,00,00,000	29th Aug. 1969	98.45
4 % Saurashtra	1955	3,50,81,000	1st Sept. 1967	98.85
4 % Saurashtra	1956	2,66,68,000	3rd Sept. 1968	98.85
4 % Orissa	1953	3,25,61,000	15th July 1963	99.50
4 % Orissa	1956	2,22,06,000	3rd Sept. 1968	98.10
4 % Orissa	1958	2,37,10,000	15th July 1970	98.50
4 % Orissa	1959	4,47,05,000	19th Aug. 1971	97.75
4 % Kerala	1960	4,00,00,000	29th Aug. 1969	98.10
3½ % U.P.Z.A.	1953	44,02,40,000	W.	44.75
3½ % U.P.	1938	1,55,81,000	15th Sept. 1961-66	92.75
2½ % U.P.	1946	2,12,62,000	1st Sept. 1961	99.75
3½ % U.P.	1951	1,86,22,000	17th Sept. 1962	100.00
4 % U.P.	1953	5,89,14,000	15th July 1963	100.00
4 % U.P.	1953	3,58,25,000	15th July 1963	100.00
4 % U.P.	1956	9,10,71,000	1st Sept. 1967	99.00
4 % U.P.	1956	8,48,26,000	3rd Sept. 1968	99.00

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
		BOMBAY		
Rs.				Rs.
85,50,000	4	1904	1964	
85,50,000	4	1905	1965	
85,50,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1968	97.00
40,00,000	4	1909	1970	
55,00,000	4	1910	1971	D
55,00,000	4	1911	1972	97.00
40,00,000	4	1912	1973	97.00
50,00,000	4	1913	1974	D
80,00,000	4	1913	1974	97.00
88,25,000	4	1914	1975	97.00
60,00,000	5	1915*	1975	
55,00,000	4	1922*	1960	
61,61,000	4	1923*	1960	
18,25,000	4	1924*	1960	
18,25,000	3½	1926*	1960	
85,00,000	3½	1929*	1959	
12,50,000	3½	1930*	1960	D
12,50,000	3½	1931*	1961	99.50
13,50,000	3½	1932*	1962	
24,58,000	3½	1935*	1975	
48,04,000	3½	1936*	1968	
48,04,000	3½	1936*	1968	
10,00,000	3½	1938*	1968	
50,00,000	3½	1941	1971	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation
		BOMBAY		
Rs.				Rs.
80,00,000	4	1901	1961	
80,00,000	4	1902	1962	
80,00,000	4	1903	1963	
80,00,000	4	1904	1964	
80,00,000	4	1905	1965	97.75
20,00,000	4	1906	1966	N
15,00,000	4	1907	1967	
30,00,000	4	1908	1968	
25,00,000	4	1912	1972	
25,00,000	4	1913	1973	
40,00,000	5	1919	1957-70	118.90
60,00,000	5	1924	1960-80	
25,00,000	5	1926	1956-86	115.00N
25,00,000	4	1927	1961-70	98.00N
10,00,000	3	1936	1966	
STERLING LOANS				
£566,600		1909	1958	£95.50
£1,000,000		1910	1970	£91.50N
Rs.		CALCUTTA		Rs.
50,00,000	4	1934	1964	99.25
85,00,000	3½	1935	1965	98.50
80,00,000	3	1936	1966	92.50
80,00,000	3	1937	1967	97.00
80,00,000	3	1938	1968	96.50
80,00,000	4	1952	1962	100.00
1,02,00,000	4	1953	1963	99.25
75,00,000	4½	1958	1968	101.00
65,00,000	4½	1959	1974	99.75
MUNICIPAL LOANS				
Rs.		BOMBAY		Rs.
20,00,000	4	1913-18	1974	97.00
11,00,000	3½	1920	1980	113.50N
2,25,00,000	3½	1917	1979	85.50
2,13,14,500	3½	1949	1979	85.50
4,00,00,000	3½	1950	1966	96.00
2,00,00,000	3½	1951	1966	96.00
2,00,34,000	3½	1951	1968	98.00
1,80,00,000	4	1953	1968	99.00
92,19,99,000†	4	1952	1964	99.00
86,87,000†	4	1954	1966	99.00
2,50,00,000	4	1955	1967	99.00
1,57,50,000	4	1956	1968	99.00
2,50,00,000	4	1957	1969	99.00
4,75,00,000	4½	1958	1970	99.50
3,30,00,000	4	1959	1971	98.00
Rs.		CALCUTTA		Rs.
10,00,000	3½	1932	1962	102.50N
33,91,000	3½	1925	1965	96.00
60,00,000	3½	1936	1966	92.50
47,50,000	3	1938	1968	93.50
21,10,000	3½	1942	1972	93.00
66,58,000	3½	1943	1973	96.50
37,36,000	4	1953	1963	99.75
73,86,000	4½	1954	1969	99.50
72,50,000	4½	1954	1979	100.00
2,22,72,000	4	1955	1988	97.50
1,67,32,000	4½	1957	1972	99.50
	4½	1958	1970	101.00
Rs.		MADRAS		Rs.
15,00,000	3½	1951	1961	107.00
15,00,000	3½	1952	1962	107.50

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½ % U.P.	1958	7,65,59,000	15th July 1970	101.10
4½ % U.P.	1959	5,88,86,000	19th Aug. 1971	98.50
4 % U.P.	1960	7,00,00,000	29th Aug. 1969	98.75
4 % Rajasthan	1956	3,14,19,000	3rd Sept. 1968	98.00
4½ % Rajasthan	1958	3,84,19,000	15th July 1970	101.05
4 % Rajasthan	1959	3,84,19,000	19th Aug. 1971	98.00
4 % Rajasthan	1960	5,00,00,000	29th Aug. 1969	98.45
4 % Orissa	1956	3,09,34,000	3rd Sept. 1968	98.00
4½ % Orissa	1958	3,25,58,000	15th July 1970	98.50
4 % Orissa	1959	5,82,30,000	19th Aug. 1971	97.75
4 % Orissa	1960	4,00,00,000	29th Aug. 1969	98.10
4 % Kerala	1956	2,22,06,000	3rd Sept. 1968	98.10
4½ % Kerala	1958	2,37,10,000	15th July 1970	98.50
4 % Kerala	1959	4,47,05,000	19th Aug. 1971	97.75
4 % Kerala	1960	4,00,00,000	29th Aug. 1969	98.10
3½ % W. Bengal	1953	44,02,40,000	W.	44.75
4 % W. Bengal	1953	1,55,81,000	15th Sept. 1961-66	92.75
4 % W. Bengal	1955	1,63,12,000	1st Sept. 1967	99.75
4 % W. Bengal	1956	1,58,42,000	3rd Sept. 1968	100.00
4 % W. Bengal	1958	2,21,30,000	15th July 1970	100.00
4 % W. Bengal	1959	5,27,37,000	19th Aug. 1971	100.00
4 % W. Bengal	1960	7,00,00,000	29th Aug. 1969	99.00
4 % Assam	1960	2,75,40,000	29th Aug. 1971	98.00
4 % Punjab	1960	2,75,87,000	19th Aug. 1971	98.00

ABBREVIATIONS. N—Nominal. (f) Income-tax free. * Loans held entirely by the Trustees. † Bombay State Transport
A—Held by Government of India. B—Taken up by State Bank of India. C—Held by Commissioners. D—Domestic Loan not marketable.
††Rate of Interest reduced from 6 to 3 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 6½ to 4 per cent with effect from 1st April 1945.
—Interest free for first 12 years. b—Interest free for first 7 years.
‡‡ Loans of the Government other than Madras relate to calendar months.
‡‡ Repayable at par by annual drawings of Rs. 5 crores commencing from 1st September 1961 and by purchase of the Government of India or

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	64,31,970	1,47,43,249	50,81,902	36,065	B. N. Elias & Co. Private Ltd.	879	Agarpara	9.75	10	0.25	0.50	1.00		3	Y.P.T.
5,00,000	13,76,400	76,16,446	46,26,917	1,71,356	McLeod & Co., Ltd.	456	Alexandra	199.00	100	10.00	15.00			12	Y.P.T.
90,00,000	5,43,950	1,41,02,373	1,01,50,589	1,16,925	McLeod & Co., Ltd.	1,264	Alliance	84.00	100	Nil	Nil	6.00		5	Y.P.
49,20,700	85,41,000	2,68,90,624	1,74,73,587	2,26,166	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	183.50	100	10.00	12.50	20.00		3	Y.P.
40,00,000	21,83,168	1,86,05,736	76,49,894	34,111	Bird & Co. Private Ltd.	810	Auckland	158.00	100	5.00	20.00	27.00		3	Y.P.T.
20,00,000	34,53,528	1,46,13,222	77,81,622	28,486	Birla Brothers Private Ltd.	959	Bally	215.00	100	6.00	10.00	25.00		3	Y.P.
£275,000	£803,923	£1,601,228	£1,066,825	—£92,599	Sir John H. Burder (Chairman)	1,889	Barnagore	121.00	£5	Nil	10sh.	£1.10sh		3	Y.P.
28,00,000	28,47,233	1,00,52,541	58,47,941	78,247	Andrew Yule & Co. Ltd.	820	Belvedere	155.00	100	7.50	12.50	5.00		12	Y.P.
45,00,000	26,61,700	70,48,057	40,86,203	1,33,355	Soorajmull Nagarmull	600	Bengal	10.00	10	0.50	0.50	0.50		6	Y.P.T.
91,25,000	3,08,27,813	5,17,05,780	2,90,00,714	1,53,905	Birla Brothers Private Ltd.	1,373	Birla	26.87	10	1.00	1.00	1.50	1.50	3	Y.P.
35,00,000	27,72,236	1,36,96,070	70,34,735	34,192	Andrew Yule & Co., Ltd.	991	Budge-Budge	117.50	100	5.00	15.00	10.00		10	Y.P.
7,43,380	4,000	45,02,280	35,10,243	—1,47,550	Dayaram & Sons	502	Calcutta Jute Mfg.	5.50N	10	Nil	Nil			12	Y.P.T.
15,00,000	29,05,059	92,72,655	5,10,612	6,22,941	M.	616	Caledonian	134.00	100	15.00	12.00	12.00		11	Y.P.
59,16,400	82,28,226	2,14,54,087	1,21,65,795	1,37,286	James Finlay & Co., Ltd.	600	Champdany	113.00	100	Nil	7.00	10.00	5.00	3	Y.
38,56,250	46,86,344	1,22,29,034	62,15,516	6,533	Andrew Yule & Co., Ltd.	1,131	Cheviot	15.50	10	0.50	1.25	Nil		11	Y.P.
30,15,000	39,53,900	1,20,98,261	66,66,975	39,326	McLeod & Co., Ltd.	500	Chitavalsah	10.81	10	1.25	1.50	0.50		7	Y.P.T.
24,00,000	9,00,000	82,12,030	61,31,308	—3,09,256	M.	969	Clive	9.00	10	Nil	Nil	Nil		3	Y.P.
31,49,200	13,05,418	1,06,95,075	64,82,315	18,142	Bird & Co. Private Ltd.	766	Dalhousie	97.00	100	Nil	Nil	1.00		3	Y.P.T.
28,00,000	41,85,474	97,98,897	51,23,570	15,632	Andrew Yule & Co., Ltd.	779	Delta	160.00	100	6.00	14.00	7.00		11	Y.P.
15,00,000	38,62,000	1,14,03,496	74,72,740	70,285	McLeod & Co., Ltd.	500	Empire	16.00	10	1.00	1.25	1.25		7	Y.P.T.
63,00,000	85,65,324	3,41,09,301	72,00,491	1,50,000	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	201.00	100 Old	20.00	20.00	25.00			Y.P.T.
21,00,000	19,81,948	1,32,23,393	76,17,723	1,94,899	Bangur Bros., Ltd.	1,014	Fort William	24.87	10	1.50	1.50	2.25		3	Y.P.T.
84,32,100	5,16,898	2,24,66,716	1,48,00,382	56,359	Lakshmipat Singhania, Esq. (Chairman)		Ganges Manufacturing Co., Ltd.	11.25	10	Nil	Nil	1.00		3	Y.P.
10,80,000	34,36,266	98,03,727	53,00,178	14,067	M.	1,709	General Ind. Society Ltd.	40.00	10	2.00	4.00	4.00		12	Y.T.
24,00,000	63,56,441	2,55,58,077	1,72,11,662	63,814	Macneill & Barry Ltd.	1,394	Gourepore	372.00	100	20.00	25.00	30.00		3	Y.P.
40,00,000	81,69,633	1,33,64,146	76,47,196	2,85,690	Bangur Bros., Ltd.	1,078	Hastings	119.00N	100	5.00	6.00	6.00		3	Y.P.
16,00,000	25,26,734	83,43,980	55,07,773	38,329	J. & R. Hutchison Private Ltd.	720	Hooghly	19.25	10	Nil	0.60	1.00		3	Y.P.
65,62,500	40,04,064	2,24,82,710	1,36,84,809	72,382	Jardine Henderson Ltd.	1,940	Howrah	19.50	10	Nil	1.00	1.25		3	Y.P.T.
52,50,000	39,25,000	3,18,43,014	1,77,68,014	1,63,176	Ramdutt Ramkissendas	2,272	Hukumchand	19.50	7.50	1.50	1.50	2.15		3	Y.P.
87,50,000	21,78,965	1,74,80,629	1,00,24,542	4,94,235	M.	790	India	14.75	12.50	15.62½	1.24	1.75		3	Y.
24,00,000 }	27,20,329	2,00,48,588	1,40,57,698	39,774	Jardine Henderson Ltd.	1,797	Kamarhatty	130.00	100	5.00	20.00	5.00		12	Y.P.T.
B 10,20,000 }								127.00	'B' 100	5.00	20.00	5.00			
30,00,000 }	.....	1,78,03,994	1,19,38,288	—14,78,469	Jardine Henderson Ltd.	1,527	Kankinarrah	70.00	Nil	Nil	Nil	Nil		12	Y.P.T.
B 24,00,000 }								68.50	'B' 100	Nil	Nil	Nil			
28,00,000	52,06,000	1,51,65,797	1,03,30,320	1,21,384	McLeod & Co., Ltd.	703	Kelvin	151.00	100	12.50	14.00'C'	15.00		5	Y.P.
54,00,000	28,62,520	2,16,94,951	1,32,38,732	74,405	Anderson Wright Ltd.	1,530	Khardah	17.12	10	0.80	2.00	2.00		3	Y.P.
59,50,150	42,30,583	1,99,48,494	1,24,97,816	87,502	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	154.00	100	5.00	10.00	20.00		3	Y.P.T.
24,48,000	10,77,201	1,06,86,990	57,13,279	—2,02,024	Bird & Co. Private Ltd.	931	Lansdowne	107.00	100	Nil	Nil	Nil		3	Y.P.
28,00,000	11,08,592	69,04,728	41,08,722	10,530	Bird & Co. Private Ltd.	840	Lawrence	168.00	100	Nil	2.00	15.00		3	Y.P.
21,65,200	34,63,931	2,70,91,429	1,55,58,005	56,999	M.	1,194	Magna	12.12	10	1.75	1.00	1.20		3	Y.
29,93,900	34,36,392	1,84,58,185	94,33,205	—11,80,635	M.	815	Naihati	66.00	100	Nil	Nil	Nil		3	Y.P.T.
20,00,000	11,82,460	36,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	8.94xd	10	0.25	0.375	0.60		10	Y.P.
35,00,000	52,63,706	1,08,02,939	25,02,498	41,329	M.	852	National	18.40	10	0.75	1.00	0.75		10	Y.P.
28,25,000	32,26,172	68,56,563	32,12,580	43,020	McLeod & Co., Ltd.	516	Nellimarla Jute	9.62	10	1.00	1.40	0.80		7	Y.P.T.
1,70,82,810	2,27,33,274	9,30,03,375	1,36,54,171		Sahu Jain Ltd.	1,755	New Central	18.87	10	1.50	1.50'C'	1.50		3	Y.P.T.
16,79,880	88,39,763	1,21,83,807	71,21,536	27,631	Bird & Co. Private Ltd.	567	Northbrook	25.50	10	Nil	1.25	3.00		3	Y.P.T.
66,79,500	38,53,004	2,50,91,345	1,21,85,728	49,497	Macneill & Barry Ltd.	1,092	Nuddea	45.00	50	2.50	3.00	4.00		3	Y.
24,00,000	11,61,170	1,06,08,033	75,93,218	23,417	McLeod & Co., Ltd.	400	Presidency	4.81	5	0.37½	0.50	0.40		7	Y.P.
20,00,000	73,604	36,55,345	14,10,449	—9,71,483	Hindustan Investment Corpn. Ltd.	305	Rameshwara	8.00	10	Nil	Nil	Nil	Nil	3	Y.P.
49,50,000	14,07,548	1,24,96,818	66,97,870	—31,44,473	Jardine Henderson Ltd.	1,576	Reliance	6.00	10	Nil	Nil	Nil		3	Y.P.T.
£400,000	£490,065	£1,405,848	£650,182	£23,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,018	Samnaggur	9.50N	£1	5%†	10%†	6%†		12	Y.P.
30,00,000	19,67,800	1,24,50,559	91,65,888	99,510	Bagaria More & Co., Ltd.	911	Shree Ambica	22.69	10	0.50	0.60			3	Y.P.
14,00,000	12,85,050	75,14,520	54,32,384	21,780	Hindustan Investment Corpn. Ltd.	401	Soorah	18.25	10	1.50	2.50	2.50		12	Y.P.
£400,000	£420,865	£1,276,185	£743,019	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	5%†	10%†	6%†		12	Y.P.
38,36,450	37,29,990	89,33,439	50,59,419	88,999	Bird & Co. Private Ltd.	1,228	Union	160.00	100	15.00	20.00	25.00		3	Y.P.T.
£400,000	£279,822	£1,283,228	£611,723	£17,815	Thomas Duff & Co. (India) Pvt. Ltd.	1,331	Victoria	9.50N	£1	5%†	10%†	6%†		12	Y.P.
2,50,000	6,70,000	82,62,806	45,53,966	1,94,094	McLeod & Co., Ltd.	447	Waverley	4.75	1	Nil	0.25	0.80		5	Y.P.T.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
6,00,000	5,52,435	16,58,812	4,21,741	2,855	Ramani & Co. Pvt. Ltd.	376	Alagewwar Estates Ltd.	3.08	2	0.20	0.15	0.15Z		3	Y.
6,78,000	1,60,627	19,03,381	2,97,284	23,572	K. N. Neelakantan, Esq. (Mg. Director)	2,082	Amalgamated Coffee Estates Ltd.	12.25	10	0.60	0.75	1.00		2	Y.P.T.
2,50,000	5,92,935	14,26,924	1,56,520	30,096	A. V. George & Co., Ltd.	589	Anandam Rubber Co., Ltd.	18.50	10	1.00	1.50	1.50		12	Y.P.
4,25,000	2,25,040	20,59,920	2,39,207	34,573	Associated Planters Private Ltd.	1,343	Anaparai Estates Ltd.	11.25	2	0.70	0.50	0.40		6	Y.P.
4,33,000	4,00,000	8,56,375	92,884	25,796	Young India Agencies Pvt. Ltd.	664	Badra Coffee Estates Ltd.	3.50xd	2	0.20	0.35	0.35		6	Y.
4,09,000	1,63,748	7,34,867	1,10,833	2,488	A. V. Thomas & Co. (Mysore)	570	Bababudin Coffee & Produce	8.00	5	1.25	0.625	0.40		3	Y.
3,00,000	2,35,000	4,24,392	50,457	533	Planting Agencies (Private) Ltd.	319	Balmadies Plantations	2.25	2	0.25	0.15	0.15		5	Y.
3,46,115	3,36,553	13,50,384	13,574	674	T. K. Oommen, Esq. (Mg. Director).	1,135	Be Be Rubber Estates Ltd.	2.70	5	0.25	0.25			3	Y.
26,91,279	18,00,000	62,49,279	8,16,788	21,669	Peirce, Leslie & Co., Ltd.	7,093	Cochin Malabar	7.50xd	2	0.30'C'	0.45	0.525		2	Y.
23,50,000	31,10,982	83,64,399	13,19,304	92,378	Cons. Coffee Estates (Secretaries)	2,799	Coffee Lands and Industries	17.75	10	2.00	2.50	0.60		6	Y.
71,15,000	66,04,394	5,58,60,000	40,89,751	60,720	C. I. Machia, Esq. (Mg. Director)	2,169	Consolidated Coffee	21.25	10	2.00	2.50	2.00		6	Y.
6,00,000	5,92,423	13,68,780	74,628	1,482	Associated Planters Private Ltd.	1,439	Cottanad Plantations	10.55	10	1.50	1.50	1.00		3	Y.
4,08,540	2,00,000	3,12,568	76,968	27,670	Peirce, Leslie & Co., Ltd.	605	Cowcoody Estates (Coffee)	4.50	2	1.30	1.00	0.50		6	Y.
18,00,000	11,10,000	32,95,321	7,48,402	37,599	A. V. Thomas & Co., Ltd.	1,251	Highland Produce	14.00	10	1.50	1.50	1.50		12	Y.
1,30,000	49,000	1,84,455	5,148	2,033	Young India Agencies Pvt. Ltd.	220	Kadur Coffee Estates Ltd.	2.25xd	2	0.15	0.15	0.15		5	Y.
11,58,700	11,77,705	31,18,425	3,48,844	31,973	A. V. George & Co., Ltd.	1,548	Kallas Rubber Co., Ltd.	5.45xd	2	0.50	0.50	0.40	0.50	3	Y.
8,00,000	8,36,553	17,97,748	3,49,814	1,380	A. V. Thomas & Co., Ltd.	1,858	Kalpetta Estates	12.20	10	1.00'C'	1.25	1.25		4	Y.
3,00,000	5,75,000	9,35,417	1,85,714	14,990	Peirce, Leslie & Co., Ltd.	974	Kumsrgode Estates Ltd.	4.55	2	0.40'C'	0.40	0.40		10	Y.
13,50,000	4,85,241	25,39,476	4,08,190	9,942	K. T. Thomas Kathanar, Esq.	1,663	Malankara Rubber	19.00	10	1.70'C'	1.60	1.50		8	Y.
2,25,000	2,50,000	7,67,594	9,954	10,168	Associated Planters Pvt. Ltd.	906	Mercara Rubbers Ltd.	8.28	5	1.00	1.00	1.00		3	Y.
40,50,000	14,31,444	90,79,614	11,84,844	66,364	A. V. Thomas & Co., Ltd.	4,682	Midland Rubber	11.50	10	1.00'C'	1.00	1.25		3	Y.
4,34,000	4,12,607	16,60,893	3,02,929	79,805	A. V. George & Co., Ltd.	1,831	Nenmany Rubber	19.00	10	1.50	1.50	1.50		12	Y.
2,00,000	4,74,543	8,94,232	55,672	2,314	Associated Planters Private Ltd.	1,056	Nilambur Rubber Co.	15.37½d	10	2.00	1.50	1.50		12	Y.
19,45,860	23,99,219	62,58,400	18,70,387	7,007	Peirce, Leslie & Co., Ltd.	4,896	Ouchterlony Valley Estates	3.75	2	0.20	0.50	1.50		12	Y.
6,50,000	5,71,464	7,75,580	67,589	42,487	Peirce, Leslie & Co., Ltd.	646	Osmoor Estates Ltd.	2.75xd	2	0.26	0.30	0.30		3	Y.
16,50,000	2,29,315	23,27,018	7,37,900	797	Aspinwall & Co., Ltd.	2,017	Pullangode Rubber	1.80xd	2	0.08	0.10	0.10	0.12	3	Y.
2,00,000	2,57,044	4,91,025	4,79,542	19,045	A. V. Thomas & Co., Ltd.	2,988	Rajagiri Rubber	18.40	10	1.50	2.00	2.00		3	Y.
1,60,000	1,14,963	3,70,345	43,569	774	Associated Planters Private Ltd.	422	Rajendra Coffee Ltd.	12.12	5	2.00	2.50	1.25		3	Y.
5,46,170	3,25,000	9,35,362	1,44,035	21,604	Peirce, Leslie & Co., Ltd.	500	Savamalai Estates Ltd.	3.15	2	0.25'C'	0.30	0.25		11	Y.
12,00,000	1,85,000	18,80,245	1,09,554	10,753	Parco Agencies	1,162	Sanganeshwar Coffee Estates.	2.08	2	0.18	0.18	0.12		3	Y.
10,00,000	3,08,190	22,50,803	1,88,357	4,534	East India Agencies Private Ltd.	1,454	Teekoy Rubber (India) Ltd.	5.20	10	0.60	0.60	Nil		3	Y.
2,50,000	2,75,000	6,28,095	51,859	22,808	A. V. George & Co., Ltd.	535	Thamarapally Rubber	16.65	10	3.00	3.00	3.00		12	Y.
9,15,000	6,66,000	24,54,548	2,10,470	14,829	Peirce, Leslie & Co., Ltd.	2,251	Thirumbadi Rubber Co., Ltd.	1.65	1	0.10	0.07	0.07		9	Y.
6,00,000	46,742	8,26,449	1,90,036	4,480	Espen Thomas, Esq. (Mg. Director)	1,841	Travancore Rubber	11.25	10	1.00	1.00	1.20		12	Y.
41,00,000	35,07,631	89,23,753	20,79,944	11,367	Aspinwall & Co. (Travancore) Ltd.	4,671	Travancore Rubber & Tea	9.62	10	0.50	0.75	0.90		12	Y.
20,00,000	1,91,000	33,45,191	9,09,434	223	P. T. Thomas, Esq. (Mg. Director)	3,157	Tropical Plantations Co.	18.95	25	1.50	2.00	2.00		12	Y.
6,00,000	4,96,000	17,68,416	1,37,428	10,653	P. I. J. Joseph, Esq. (Chairman)	1,950	Vellimalai Rubber & Co.	5.85xd	5	0.50	0.50	0.60		3	Y.
2,20,000	4,29,600	10,39,260	1,18,701	7,581	A. V. George & Co., Ltd.	503	Udayagiri Rubber Co., Ltd.	21.18xd	10	1.50	1.50	1.50		12	Y.
3,80,010	4,13,451	9,83,441	44,235	903	M.	738	Vaikundam Rubber Co., Ltd.	31.25xd	10	3.00	3.50	3.00		12	Y.
12,08,000	11,90,982	15,34,580	1,19,540	1,15,433	Peirce, Leslie & Co., Ltd.	1,067	Wattyhully Estates Ltd.	2.75xd	2	0.30	0.30	0.30		3	Y.
6,38,000	6,33,233	13,55,991	91,382	2,982	M.	844	Woodland Estates	8.00xd	10	0.50	0.50	1.00		3	Y.

J—Final dividend of Re. 1.50 is on the increased capital. V—Includes 60 nP for 30-6-1954. 'C'—On increased capital. Z—Dividend for nine months ended 31st March 1960.
* Includes bonus. M—Managed by Board of Directors. † Less Income-tax. N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP	1959 Rs. nP	1960 Rs. nP	1961 Rs. nP	Accounts Closed	Reference
ASSAM															
4,45,700	13,84,078	22,94,476	8,53,312	.....	McLeod & Co., Ltd.	325	Amlickie	25.94	10	1.50	1.50			12	Y.P.
2,76,500	5,50,000	14,17,949	5,23,091	9,512	M.	456	Ananda (Assam) Tea ..	28.00	10	2.00	2.50			12	Y.
5,50,000	5,19,389	19,41,189	6,91,215	54,204	Gillanders Arbuthnot & Co., Ltd. ..	481	Ananda Bag	30.00	10	1.00	1.75			12	Y.
5,10,000	5,12,000	14,38,941	26,06,181	10,04,021	McLeod & Co., Ltd. ..	573	Baghmari	23.25	10	1.50	1.50			12	Y.
4,95,900	3,00,000	12,36,469	20,56,092	7,60,821	Andrew Yule & Co., Ltd. ..	377	Basmatia	25.87	10	2.00	3.00	3.50		12	Y.
6,40,000	3,14,700	10,74,426	17,10,901	10,50,829	National Tea Corporation ..	624	Batell	19.12	10	0.50	1.50			12	Y.
33,00,000	18,32,500	73,96,221	31,20,921	3,83,877	Gillanders Arbuthnot & Co., Ltd. ..	612	Betjan	35.50	10	1.50	2.50			12	Y.
6,00,000	2,00,000	14,02,875	8,52,303	38,457	Octavius Steel & Co., Ltd.	479	Bokakhat	13.70	10	0.50	0.80			12	Y.
7,50,000	9,06,475	14,41,597	4,34,307	70,351	McLeod & Co., Ltd. ..	450	Bormah Jan Tea ..	19.94	10	0.75	1.25			12	Y.
85,00,000	17,26,071	94,38,743	34,17,209	2,53,984	M.	1,120	Brooke Bond B. ..	28.25	10	1.00	1.25	1.50		6	Y.P.
1,20,000	8,09,681	11,64,943	3,93,553	35,405	McLeod & Co., Ltd. ..	282	Dejoo Valley	51.00	10	2.00	4.00			12	Y.
8,40,000	3,53,773	33,58,492	20,70,146	—4,38,935	Jardine Henderson Ltd. ..	1,335	Dessai & Parbuttia ..	154.00	100	Nil	Nil	Nil		12	Y.
17,58,440	11,14,355	34,30,024	10,01,213	17,475	James Warren & Co., Ltd. ..	770	Dhelakhat	20.25	10	2.50	2.00	1.25		12	Y.
4,50,000	6,85,000	24,04,227	6,47,434	10,086	H. P. Dhanuka, Esq. (Chairman)	1,349	Dhunseri	16.44	10	2.00	2.50			12	Y.
4,73,400	12,09,644	18,71,655	3,98,875	68,960	McLeod & Co., Ltd. ..	468	Dibrugarh	32.00	10	3.00	3.00			12	Y.
7,00,620	7,15,000	17,09,184	7,81,684	1,56,884	Williamson Magor & Co., Ltd.	632	Dimakusi	27.00	10	2.50	3.00			12	Y.P.
10,00,000	60,61,235	11,51,545	58,35,226	2,50,071	Davenport & Co., Ltd. ..	635	Dufflaghur	33.75xd	10	4.50	3.50			12	Y.
5,03,760	21,63,678	29,07,689	12,14,689	86,987	Davenport & Co., Ltd. ..	1,165	East India Tea ..	20.31	10	0.50	1.00			12	Y.
6,76,000	4,90,000	17,74,219	6,37,020	8,855	M.	465	Gillapukri	26.37	10	1.00	2.50			12	Y.
23,20,085	36,34,739	67,30,725	20,38,780	61,970	Octavius Steel & Co., Ltd. ..	552	Gohpur	16.25	10	0.50	1.00			12	Y.
5,00,000	6,86,998	11,97,176	4,67,668	14,369	M.	2,494	Grob Tea	10.69	5	1.50	0.70			12	Y.
8,70,000	14,18,799	38,08,281	15,65,910	65,588	Andrew Yule & Co., Ltd. ..	488	Hoorajuli	25.25	10	0.501	2.50			12	Y.
69,97,120	78,24,618	2,04,25,435	76,25,435	58,479	Andrew Yule & Co., Ltd. ..	1,340	Hoolangooree	160.00	100	17.50	20.00	10.00		12	Y.
9,00,000	8,62,200	20,23,965	5,82,195	51,110	Jay Shree Tea & Industries	4,900	Jay Shree Tea & Industries	24.75	10	1.00	1.40	1.40		12	Y.P.
3,60,000	15,02,685	16,52,989	7,79,490	77,886	Gillanders Arbuthnot & Co., Ltd. ..	976	Jidhuri	39.00	10	1.00	1.00			12	Y.
1,80,000	14,500	11,45,503	3,98,289	—1,69,987	M.	1,226	Kingsley-Golaghat (Assam)	230.00	100	25.00	35.00			12	Y.
6,50,000	7,17,234	15,10,192	4,53,324	14,035	Duncan Brothers & Co., Ltd.	1,201	Kotamullal Tea ..	10.50	5	Nil	Nil	Nil		12	Y.P.
10,00,000	18,00,000	28,04,190	7,64,508	70,184	Octavius Steel & Co., Ltd.	634	Ledo	17.00	10	Nil	Nil	Nil		12	Y.
4,80,000	30,980	9,31,623	.....	3,881	Duncan Brothers & Co., Ltd.	643	Methoni	17.19	10	0.50	1.50			12	Y.
1,50,000	13,65,825	2,08,956	10,636	49,667	Kettlewell Bullen & Co., Ltd.	701	Moheema	11.50	10	Nil	1.00			12	Y.
1,75,000 } P.O. 2,00,000 }	7,91,947	20,39,734	7,29,730	5,827	Andrew Yule & Co., Ltd. ..	125	Mothola	509.00	100	40.00	25.00	30.00		12	Y.
5,35,000	1,75,000	13,81,374	5,76,315	13,180	M.	373	Murphulani	24.50	O. 10	2.00	2.00	0.50		12	Y.
5,00,000	.....	11,36,626	4,05,877	—1,15,165	M.	880	Namburnadi	25.25xd	P.O. 10	2.50	2.50	1.063			
2,00,000	8,91,978	16,13,439	5,68,321	47,707	Andrew Yule & Co., Ltd. ..	728	New Chumtollah ..	14.25	10	1.50	1.50			12	Y.
9,00,000	2,56,008	32,31,411	13,29,355	20,388	M.	390	Rajgarh	160.50	100	Nil	Nil	Nil		12	Y.
2,49,000	4,30,000	12,83,249	6,96,549	91,238	Williamson Magor & Co., Ltd.	958	Sapoi	28.37	10	2.50	2.50	4.00		12	Y.
5,58,000	13,64,556	19,84,492	6,32,207	7,128	McLeod & Co., Ltd. ..	501	Seajuli	20.87	10	1.50	2.00			12	Y.
5,00,000	5,97,000	14,42,247	5,27,787	64,946	Gillanders Arbuthnot & Co., Ltd.	521	Sekhjan	27.12	10	2.25	1.75			12	Y.
19,82,880	16,92,078	53,47,174	24,21,088	30,305	Shaw Wallace & Co., Ltd.	1,053	Tengpani	31.75	10	2.50	2.50			12	Y.
8,20,000	25,00,315	50,60,323	16,66,525	1,05,020	McLeod & Co., Ltd. ..	2,372	Tespore	17.75	10	1.25	2.00	2.00		12	Y.P.T.
						1,059	Tyroon	39.00	10	1.50	3.00			12	Y.P.
CACHAR															
3,00,000	5,000	5,48,677	2,03,160	41,902	M.	863	Arcutipore	7.06	10	Nil	Nil			12	Y.
7,00,000	.....	7,01,210	.....	—

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
30,00,000	....	37,43,382	16,26,068	32,615	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	10.47	10	*Nil*	*Nil*	0.60‡		3	Y.
25,50,000	11,32,441	14,00,854	7,95,406	6,159	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.62	10	2.50	2.00	....		9	Y.P.
35,35,145	19,77,395	1,61,24,989	63,22,100	1,703	Bharat Ram Bharat & Co.	Bengal Potteries	7.50	24	0.25	0.356	0.375		12	Y.
30,00,000	36,60,080	77,81,751	41,17,891	35,599	Bird & Co. Private Ltd.	Bijra Stone Lime Co.	49.37	10	1.75	1.87	3.00		3	Y.
14,17,800	10,55,247	33,58,584	15,31,858	9,761	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd. ..	160.00	100	10.00	12.86	12.86		9	Y.P.
30,80,700	14,50,852	1,25,49,403	27,84,861	—5,54,452	Sarat Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	145.00	100	*Nil*	*Nil*	8.00		12	Y.P.
£1,271,800	£2,444,266	£3,614,146	£2,081,103	£118,750	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	5.24	Sh. 2	0.24	0.36	0.36		12	Y.
₹5,20,800 }	26,84,000	45,04,655	19,23,593	2,55,462	Bird & Co. Private Ltd..	Karanpura Development	17.00xd	10	*Nil*	1.50	1.50 }		12	Y.
₹5,00,000 }	....	1,14,21,419	5,73,268	3,63,515	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd. ..	73.00	50	*Nil*	*Nil*	0.50 }		12	Y.P.
30,00,000	40,95,822	1,23,10,947	66,20,783	33,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26.00N	10	1.25	1.80	1.80		12	Y.P.T.
30,80,000	10,43,352	1,16,80,530	59,85,020	14,41,622	M.	Metal Corporation of India Ltd. ..	10.25	10	*Nil*	*Nil*	*Nil*		3	Y.P.T.
5,00,000	5,26,433	13,40,693	7,63,285	7,276	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	15.00xd	10	1.00*	1.00*	1.42‡		3	Y.
20,00,000	55,85,984	68,91,304	28,26,317	1,10,697	Bird & Co. Private Ltd.	Orissa Minerals	45.87	10	2.50	3.50	3.50		6	Y.
3,50,000	15,45,335	88,24,228	46,03,569	7,911	Ganpuje Jasani & Co.	Parshuram Pottery Works Co. Ltd.	67.00	25	3.75	3.75	5.36		7	Y.P.
10,46,590	76,44,000	1,06,55,357	44,01,792	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	95.50	10	8.00*	8.00	8.00*		11	Y.
CHEMICAL														
12,11,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers.. ..	90.00	100					12	Y.P.
25,00,000	58,58,600	2,87,87,674	78,28,566	1,17,078	Bhallal Amin & Sons (Private) Ltd.	Alembic Chemical Works Co. ..	282.50	100	12.00	16.00	14.00		12	Y.P.
3,10,00,000	1,57,00,278	6,04,78,062	1,23,50,512	1,33,819	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	40.62	10	0.80	0.95	1.20		9	Y.P.
79,00,475	58,90,045	1,04,54,606	28,87,780	18,084	Amrital & Co. Private Ltd. ..	Amar Dye-Chem. Ltd.	855.00	100	*Nil*	12.00	12.00		12	Y.P.
20,69,400	34,11,676	1,63,91,567	58,70,391	42,183	Amrital & Co. Private Ltd. ..	Anil Starch Products Ltd.	710.00	100	20.00*	28.00*	30.00*		12	Y.P.
3,24,28,775	77,58,862	4,08,77,204	1,25,84,156	4,15,428	Lalbhai Sons & Co.	Atul Products Ltd.	504.50	100	10.00	12.00	12.00		12	Y.P.
50,98,900	68,84,606	1,50,85,951	77,12,533	1,30,717	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	108.00	100	6.00	7.00	7.00		3	Y.P.T.
1,00,00,000	23,71,461	1,06,12,335	15,44,929	30,077	Ramniwas B. Rula, Esq. (Chairman)	Colour-Chem Ltd.	342.50	100	*Nil*	*Nil*	*Nil*	10.00	3	Y.
99,99,937	2,01,839	14,14,355	6,95,598	3,680	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	28.25	25	2.00	2.50	2.50	8.00	3	Y.
25,75,190	24,90,000	77,37,031	36,10,218	44,349	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	278.75	50	6.00	10.00	....	....	12	Y.
64,50,000	64,32,516	4,87,49,592	90,18,411	2,40,310	Sahu Bros. (Ramrakhiya) Private Ltd.	Dhirangadhra Chemicals	129.00	100	6.00	4.00(e)	*Nil*		3	Y.P.
3,46,06,075	86,17,000	6,56,28,587	3,06,35,610	20,13,156	Sahu Bros. (Ramrakhiya) Private Ltd.	M. K. K. Nayar, Esq. (Mg. Director)	27.50	10	0.40	0.60	0.60		12	Y.
1,49,98,200	39,44,101	43,84,456	17,55,571	75,823	F. A. C. T.	Mafatlal Gagalbhai & Sons	19.62xd	10	0.40	0.60	0.60		12	Y.
12,00,000	6,37,883	27,43,796	14,20,459	47,412	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	467.50	100	*Nil*	*Nil*	6.00	6.00	3	Y.P.
4,46,06,075	86,17,000	6,56,28,587	3,06,35,610	20,13,156	Sahu Bros. (Ramrakhiya) Private Ltd.	M. K. K. Nayar, Esq. (Mg. Director)	298.75	200	15.00	20.00	25.00		3	Y.
1,49,98,200	39,44,101	43,84,456	17,55,571	75,823	F. A. C. T.	Mettur Chemicals	14.75xd	10	0.874	0.88	1.25'C'		3	Y.P.T.
12,00,000	6,37,883	27,43,796	14,20,459	47,412	Mafatlal Gagalbhai & Sons	Mysore Chemicals and Fertilisers	11.67	10	0.50	0.50	1.00		3	Y.
50,00,000	22,30,430	1,43,65,801	73,81,045	12,716	Seshasayee Brothers Private Ltd.	Mysore Chemical Mfg.	24.00	10	2.00	2.00	2.00'C'		3	Y.
24,21,220	10,04,155	58,64,434	40,80,625	11,462	T. Shamanna, Esq. (Chairman)	Polychem. Ltd.	305.00xr	50	*Nil*	3.00	5.50	7.50	3	Y.P.
5,00,000	4,82,199	11,19,286	5,98,880	85,186	S. Ramanathan, Esq. (Mg. Director)	Phosphate Co., Ltd.	330.00	100	22.00	45.00	35.00		6	Y.
49,00,000	36,33,816	65,05,379	16,83,684	1,54,703	Ramdas Kilachand, Esq. (Chairman)	Smith Stanistreet & Co.	14.87	5	0.80'C'	1.25	1.25		3	Y.P.
12,50,000	9,22,174	32,78,588	20,68,187	2,05,216	Bangur Brothers Ltd.	Synthetics & Chemicals Ltd.	197.00	100	....	....	....	*Nil*	3	Y.
15,00,000	14,69,787	24,40,260	15,06,665	98,691	C. A. Buxton	Tata Chemicals	17.88	10Old	0.75	0.525	0.60		6	Y.
3,66,01,250	....	1,41,30,622	31,71,717	3,87,250	Tuljidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	17.50	10New	0.08	0.618	0.60		6	Y.P.T.
1,39,96,990 }	42,17,119	5,89,52,638	2,06,73,896	14,509	Tata Industries Private Ltd.	Travancore Chemical Mfg. Co., Ltd. ..	19.25xd	10	0.70	1.00	1.50	2.00	3	Y.P.
1,31,91,270 }	2,92,249	21,75,764	7,74,231	56,348	P. Krishnamoorthy, Esq. (Mg. Director)									
ELECTRIC (Bombay State)														
3,74,78,870	1,17,06,687	15,28,94,046	4,04,47,092	638	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	90.00	100	6.50	6.75	7.00		3	Y.T.
21,38,750	21,38,356	2,36,72,375	59,66,971	16,62,279	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	10.08	10	0.85	0.90	1.00*		3	Y.P.
3,82,78,350	96,81,201	9,66,08,354	2,69,10,919	22,547	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,020.00	1,000	80.00*	80.00*	85.00*		3	Y.P.T.
1,75,00,000	99,08,640	41,03,740	1,11,97,816	4,522	Killick Industries Ltd.	Bombay Suburban Electric Supply	98.00	100	7.00	7.00	8.00	8.50	3	Y.
7,97,988	1,03,987	19,97,288	870,206	1,836	Rajaputana Textiles (Agencies) Ltd.	Broach Electric Supply Development	8.24	10	0.50	0.60	0.60		3	Y.P.
46,28,000	12,54,813	1,67,72,704	61,59,509	9,547	Rajaputana Textiles (Agencies) Ltd.	Poona Electric Supply	94.00	100	7.50	8.00	9.50		3	Y.P.T.
70,00,000	31,26,526	1,72,01,519	55,35,377	1,09,914	Killick Industries Ltd.	Surat Electricity	108.50	100	7.00	7.00	7.50	8.00	3	Y.P.
2,99,99,575	1,01,57,424	7,01,96,335	1,99,09,836	25,281	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	108.50	100	8.00*	8.00*	8.00*		3	Y.P.
5,15,35,750	2,60,35,771	17,19,33,967	5,93,66,484	33,359	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,100.00	1,000	80.00*	80.00*	85.00*		3	Y.P.
West Bengal and Other Centres														
19,99,600	51,58,028	18,29,99,790	86,25,042	47,280	Martin Burn Ltd.	Agra Electric Supply Co., Ltd.	183.00	100	10.00	10.00	11.00		3	Y.T.
8,00,000	15,82,375	68,42,790	22,28,800	29,013	Martin Burn Ltd.	Bareilly Electric Supply	12.00	10	1.00	1.00	1.10		3	Y.P.
17,00,000	47,66,254	1,71,09,214	47,49,970	43,583	Martin Burn Ltd.	Benares Electric Light & Power Co.	13.81	10	1.00	1.00	1.10		3	Y.T.
5,91,485	6,95,650	24,08,757	12,04,499	39,320	Octavius Steel & Co., Ltd.	Bhagalpur Electric Supply	7.25	5	0.40	0.40	0.64		3	Y.
54,382,846	₹10,128,975	₹33,604,377	₹13,302,118	₹106,186	Harry Burn, Esq. (Chairman)	Calcutta Electric Supply	15.00	41	7%	7%	74%		3	Y.P.
8,00,000	6,72,754	31,45,791	10,61,563	76,538	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	7.62	10	0.85	0.85	0.75		3	Y.T.
48,29,000	24,88,068	1,99,17,741	76,55,705	4,88,990	Octavius Steel & Co., Ltd.	Dalmiapuram Power Supply	98.00	100	7.00	7.50	10.00		3	Y.
5,84,648	1,24,655	24,43,068	14,27,084	2,947	Octavius Steel & Co., Ltd.	Jhansi Electric Supply	8.50N	10	0.65‡	0.88	0.70		3	Y.P.
88,49,560	27,02,877	1,07,21,718	40,42,273	20,906	Martin Burn Ltd.	Jubbulpore Electric Supply	11.50	10	0.92	0.92	1.00		3	Y.
5,62,500	4,53,535	17,46,515	13,93,795	48,204	Octavius Steel & Co., Ltd.	Mouilleypore Electric Supply ..	10.00	10	1.00	1.00	1.25		3	Y.
35,07,350	40,44,300	1,41,84,880	56,06,270	78,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.75	10	0.75	0.75	1.00		3	Y.T.
9,10,000	2,87,616	12,60,884	5,84,092	5,500	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply ..	6.25	10	0.50	0.50	0.625		3	Y.
16,80,000	18,87,254	78,27,834	44,36,964	2,087	Bird & Co. Private Ltd.	Sijua (Jherriah) Elec. Supply Co.1	9.25	10	0.88	0.75	1.00		3	Y.
99,99,960	23,97,866	2,22,90,504	74,27,924	11,985	Seshasayee Bros. Private Ltd. ..	South Madras Electric Supply Corpn.	10.15xd	10	0.87	0.90	0 90'C'	0.00	3	Y.P.T.
5,00,000	11,32,456	58,92,896	12,25,884	80,698	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply	16.00	10	1.25	1.35	1.35		3	Y.
86,91,135	78,57,136	4,06,85,812	1,45,66,787	65,998	Martin Burn Ltd.	U. P. Electric Supply Co.	123.50	100	10.00	10.00	11.00		3	Y.
4,00,000	9,84,990	40,87,687	11,42,884	2,58,256	Chandrie & Co. Private Ltd. ..	Vellore Electric Corporation' ..	18.25	10	1.00	1.00	1.50		3	Y.
ENGINEERING (Bombay)														
25,48,200	50,58,026	75,87,405	31,01,878	46,100	Turner Morrison & Co. Private Ltd.	Alcock Ashdown & Co., Ltd.	273.00	100	12.50	17.00	17.00		12	Y.
12,00,000	3,10,174	21,70,022	8,07,022	19,184	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	81.00	50	3.00	3.00	5.50		12	Y.
44,19,800	25,19,443	92,32,787	44,06,267	78,742	Walchand & Co. Private Ltd. ..	Cooper Engineering Ltd.	179.50	100	10.00*	15.00*	15.00*		3	Y.
12,00,000	1,26,329	57,70,691	20,49,286	20,317	Dharamshah & Co.	Hindustan Hardware Co., Ltd. ..	104.50	100	7.00	10.00	*Nil*		6	Y.P.
58,09,900	54,22,780	2,25,78,902	1,27,51,205	70,946	Walchand & Co. Private Ltd. ..	Indian Hume Pipe Co., Ltd.	177.00	100	12.00	12.00	12.00		12	Y.P.
6,00,000	4,15,060	1,56,101	1,28,211	2,541	T. V. Sadasivy, Esq. (Chairman)	Joyti Ltd.	177.00	100	12.00	12.00	12.00		12	Y.
25,00,000	14,71,874	64,32,990	24,13,284	13,000	Kamani Services	Kamani Engineering Corporation	16.12	10	0.50	0.75	0.80		9	Y.P.
64,94,250	8,87,261	68,06,730	21,66,240	1,541	Zamagi Pipes Private Ltd.	Khirokar Bros. Ltd.	48.00	25	2.00	2.00	2.00		12	Y.
25,00,000	78,99,686	1,21,66,922	66,66,471	11,986	Khirokar Sons & Co.	Khirokar Oil Engines, Ltd.	28.00	10	1.00	1.00	1.43		3	Y.
15,00,000	15,80,000	1,06,91,000	30,10,000	....	Khirokar Sons & Co.	Khirokar Pneumatic Co., Ltd. ..	241.25	100	*Nil*	0.50	0.50 }		12	Y.P.
10,25,725	2,17,087	23,14,424	8,26,426	2,80,491	Khirokar Industries	L. & T. (Management) Private Ltd.	58.50	10	1.25	1.25	*Nil*		3	Y.P.
1,10,00,000	96,76,786	1,31,61,822	37,43,210	66,998	L. & T. (Management) Private Ltd.	Mahindra & Mahindra Ltd.	18.62	10	2.25	1.25	1.80'C'	1.80	3	Y.P.
1,25,00,000	49,17,482	1,46,20,553	36,47,976	1,10,762	M.	Man Industrial Corporation Ltd.	325.00	100	*Nil*	*Nil*	*Nil*	....	3	Y.P.
30,00,000	....	78,422	46,582,022	40,454	Prithivraj Sons	M.K.Estates	125.00	100	*Nil*	*Nil*	1.25		3	Y.P.
11,00,000	1,72,713	21,95,471	13,93,795	2,771	P. Jhamb&unwala, Esq. (Mg. Director)	Mukand Iron & Steel	26.50	100	*Nil*	*Nil*	10.00		7	Y.P.
60,15,000	49,39,000	91,37,186	69,96,978	3,259	Jeewan Private Ltd.	Mysore Kirloskar Ltd.	26.50	10	1.50	1.50*	1.50		3	Y.
60,00,000 }	40,79,797	1,04,26,418	51,59,471	6,688	Kirloskar Associates		170.00	100	7.50	12.00	12.00 }		3	Y.
15,99,750 }								100 New	....	....	6.00		6	
97,77,750 }	9,89,193	92,30,855	20,73,762	17,933	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	185.00	100	....	9.00	12.00 }	9.00	3	Y.
27,72,300 }							170.00	100			12.00 }		6	
2,50,000	1,46,85,055	9,56,956	1,76,986	12,839	Walchand & Co. Private Ltd. ..	Premier Construction	190.50	50	15.00	15.00	15.50		12	Y.P.
99,99,150	41,01,156	1,02,23,025	42,56,737	13,194	Walchand & Sons Private Ltd. ..	Structural Engineering Works Ltd.	175.00	100	15.00	17.00	17.00		6	Y.
7,56,42,550	27,66,24,572	1,65,51,78,192	66,75,78,212	34,064	Tata Industries Private Ltd. ..	Tata Iron and Steel	155.50	75 Old	6.00	6.00	6.00		6	Y.P.
1,99,97,500	2,35,57,403	24,50,95,261	11,17,31,117	2,47,350	Tata Industries Private Ltd. ..	Tata Locomotive	385.50	100	9.00	9.00	12.50	10.25*	6	Y.
3,00,000	1,82,199	22,12,116	....	17,216	T. Mandlik & Co.	Voltas Ltd.	268.50	100	10.00	14.00	18.50	14.50	3	Y.
4,00,00,000	71,75,436	1,07,45,943	26,55,537	4,84,809	R. K. Handoo, Esq. (Mg. Director)	Zenith Steel Pipes Ltd.	291.50	100	9.00	15.00	15.00		6	Y.
17,50,000	....	....	....	....	M.		6.38	5	....	....	....		6	Y.
West Bengal and Other Centres														
5,00,000	1,06,470	26,88,661	18,48,876	1,80,382	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	10.50	10	*Nil*	*Nil*	....		10	Y.P.T.
50,00,000	30,54,321	1,01,45,489	66,42,025	496	M.	Bharitia Electric Steel	11.03	10	1.25	1.00	1.00		12	Y.
64,56,700	77,67,685	86,29,182	16,49,469	2,84,446	Y. S. Tayal, Esq. (Secretary) ..	Braithwaite & Co. (India) Ltd. ..	37.75	10	1.25	2.25	2.50		12	Y.
25,00,000	56,32,754	83,37,999	34,27,000	1,07,000	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd. ..	58.25xd	10	2.00'B'	3.00	3.00		12	Y.
19,88,670	7,04,841	69,97,580	14,09,086	92,990	Hemen Wilson & Co., Ltd. ..	Britannia Building and Iron	6.94	10	0.50	0.60	....		12	Y.
40,00,000	41,48,365	98,27,511	48,05,704	1,82,491	McLeod & Co., Ltd.	Britannia Engineering	18.25	10	0.80	1.00	....		12	Y.
5,00,000	11,27,287	29,22,240	18,10,502	62,788	Balmer Lawrie & Co., Ltd. ..	Br. I. Electric Construction	38.00	10	2.00	2.50	4.50		12	Y.P.
90,00,000	2,58,58,590	5,39,79,060	3,25,00,360	1,21,244	Martin Burn Ltd.	Burn & Co.	518.00	100	20.00	28.50	28.50	28.50	3	Y.P.
1,50,00,000	11,36,322	50,36,289	6,69,254	1,63,056	M.	Calcutta Steel Co., Ltd.	17.00	10	....	....	0.50	1.50	3	Y.
1,00,00,000	12,28,228	1,99,06,744	10,15,998	6,17,174	R. L. Malhotra, Esq.	Central India Machinery Mfg. Co. Ltd.	10.00N	10	*Nil*	*Nil*	0.50	1.50	3	Y.
40,00,000	4,50,000	1,12,17,838	17,70,000	4,143	J. Vishnu, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	10.00	10	*Nil*	*Nil*	*Nil*		3	Y.
4,00,00,000	8,53,05,809	9,35,20,521	2,58,46,302	....	Guest, Keen, Williams Ltd. (Mg. Director)	Guest, Keen, Williams Ltd.	10.12	10	1.00	1.00	1.00		3	Y.
12,50,000	23,59,648	61,28,902	41,87,127	....	Martin Burn Ltd.	Hooghly Docking	110.00	50	2.00	2.40	1.60'C'		12	Y.
18,44,68,998	21,14,57,022	71,87,88,772	14,60,61,060	11,49,767	Martin Burn Ltd.	Indian Iron and Steel	26.15	10	1.00'C'	1.00	*Nil*		12	Y.
20,00,000	60,37,779	67,37,994	18,25,068	1,43,464	Martin Burn Ltd.	Indian Standard Wagon	99.50	25	5.00	5.00	7.12½		3	Y.P.
96,66,160 }	2,52,04,028	2,22,95,580	1,28,64,925	10,91,466	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products ..	31.00	10	2.00	1.62½	2.50	7.125	3	Y.
26,58,860 }	2,50,232	22,78,948	15,58,841	2,977	C. R. Srinivasan, Esq. (Chairman)	Indian Steel Rolling Mills Ltd. ..	14.00	0.1	0.40	0.45	0.25		3	Y.
62,12,500	79,99,806	3,71,15,504	1,40,36,780	6,323	Madan Mohanlall Shriram & Co. Pvt. Ltd.		11.00	10	0.70	0.70	0.50		12	Y.
20,00,000	20,00,000	77,89,723	17,92,011	91,466	J. K. Industries Private Ltd. ..	Jay Engineering Works, Ltd.	1.20	10	1.20	1.20	1 71‡		6	Y.
2,25,97,000	1,47,06,418	5,18,51,991	1,07,25,799	57,411	B. P. Singh Roy, Esq. (Chairman)	J. K. Steel Ltd.	40.50	10	1.25	1.25	2.00		6	Y.
37,84,200	48,74,988	98,13,966	29,23,454	51,223	Bird & Co. Private Ltd.	Jessop & Co.	19.75	10	0.80	0.858	0.858'C'		12	Y.P.
10,36,000	1,90,990	18,82,845	14,72,111	8,513	Marshalls (Direction) Private Ltd.	Kamardhubi Engineering Works	6.37	5	0.80	0.80'C'			11	Y.
24,00,000	13,58,599	1,87,17,076	61,10,264	—1,06,083	M.	Marshall Sons & Co. (India), Ltd.	4.56	5	0.40	0.20			6	Y.
99,00,000	24,06,843	78,36,140	24,30,819	4,85,199	S. N. Ind. Development Co., Ltd.	National Iron and Steel Co., Ltd.	6.37	10	0.62	0.75	*Nil*		6	Y.
6,00,000	16 56 000	31,70 671	20 15 012	15,503	Begg, Sutherland & Co., Private Ltd.	Richardson & Cruddas Ltd.	8 10N	10	*Nil*	*Nil*			6	Y.
1,50,00,000	55,87,152	4,86,97,471	2,12,21,161	54,787	Birla Brothers Private Ltd. ..	Saran Engineering Co.	7 44	4	0 40	0 25	0 88	0.40	3	Y.
25,24,400	34,67,788	69,49,008	26,20,291	2,066	Balasundaram & Co.	Textile Machinery Corporation, Ltd.	18 88	10	1 00	1 00	1.00		12	Y.
						Textool Co., Ltd.	181.00	100	12.00	15.00	15.00		4	Y.
INSURANCE (X)														
12,50,000	45,83,970	1,75,19,287	....	87,888	N. M. Cole, Esq. (Mg. Director)	Concord of India	11.75	5	1.00	1.00	1.00		12	Y.
24,00,000	17,46,198	28,48,380	....	66,890	M.	Devkaran Nanjee Insurance	26.50	50	2.00	2.00			12	Y.
24,00,000	74,08,388	1,04,42,160	....	3,79,756	K. V. Srinivasan, Esq. (Mg. Director)	Hercules Insurance	24.25	10	2.00	2.00	2.25		12	Y.
15,00,240	46,48,167	96,46,822	....	4,61,818†	K. M. D. Thackersey, Esq. (Chairman)	Indian Mercantile Insurance	51.00	40	3.75	5.25	5.00		12	Y.
20,00,000	71,07,731	1,80,36,880	....	96,788	M. G. Mody, Esq. (General Manager) ..	New Great Insurance	51.00	20	2.50	2.50	2.50		12	Y.
2,00,51,680 }	8,97,62,307	16,08,96,626	....	90,99,455	B. N. Shah, Esq. (Mg. Director) ..	New India Assurance Co., Ltd. ..	58.00xd	100	4.00	5.70*	5.70		12	Y.
2,00,00,000 }							59.50xd	15New	4.00	5.70*	5.70		12	
2,75,000	99,32,402	1,29,48,440	....	8,214	D. K. Setalvad, Esq. (Gen. Manager) ..	Ruby General Insurance Co., Ltd.	9.00	5	0.62	0.80			12	Y.
1,00,00,000	69,07,990	1,16,56,367	....	2,06,841	Sir John Brown (Mg. Director)	Triton Insurance	132.75xd	25	11.25	11.25	11.25		12	Y.
16,00,000	39,15,888	1,07,06,744	....	10,014	F. C. Desai, Esq. (Gen. Manager) ..	Vulcan Insurance	16.62	10	1.50	1.50			12	Y.

‡ Includes bonus. † Subject to taxation. 'C'—On Increased Capital. R.—Includes a distribution of Re. 0.75 per share for the year 1964 and Re. 1.00 for 1965.
¶—All dividends paid since 31st March 1960 are shown as taxable. M.—Managed by the Board of Directors. X.3.—Rs. 5/-
* Includes bonus. Some companies reserves include balances of various funds and under some block are given the total assets.

MISCELLANEOUS COMPANIES—*Continued*

| Paid-up Ordinary Capital Rs. | Reserves Rs. | Gross Block Rs. | Depreciation Rs. | Carried Forward Rs. | Managing Agents, Secretaries, Managing Director or Secretary | Company | Latest Available Quotation Rs. nP. | Paid-up per Share Rs. | Dividend per Share 1958 Rs. nP. | 1959 Rs. nP. | 1960 Rs. nP. | 1961 Rs. nP. | Accounts Closed |

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
62,50,000	2,08,52,495	3,95,14,452	1,19,43,389	1,13,745	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd. ..	16.31	0.10	0.90	1.00	1.20		3	Y.P.T.
30,00,000	39,88,750	1,38,71,849	58,51,223	1,52,813	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	23.50cd	10	1.25	1.25	1.50		3	Y.
30,00,000	37,04,326	37,09,127	28,34,580	2,22,752	Turner Morrison & Co. Private Ltd. ..	Angelo Bros., Ltd.	22.56	10	1.50	2.00	2.50*		3	Y.
1,05,87,870	36,35,471	2,86,28,287	85,85,256	12,625	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	9.00	5	0.30	0.40	0.40		12	Y.
30,00,000	27,88,883	41,45,355	28,39,465	1,42,995	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	21.50	10	1.25*	1.80	1.80		12	Y.
18,00,000	80,75,187	93,46,860	48,36,447	8,73,110	H. R. Gregson, Esq. (Mg. Director) ..	Associated Hattery Makers (E) Ltd. ..	34.12	10	2.40	4.00	2.50		3	Y.
20,00,000	39,46,521	1,09,70,996	44,86,334	1,55,433	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	5.00N	10	0.60	Nil	Nil		3	Y.P.T.
80,01,400	96,40,909	79,91,396	41,74,564	5,75,403	G. D. Wilson, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	244.00	100	20.00	25.00	25.00		12	Y.
12,50,000	57,37,020	72,89,286	1,48,96,574	60,07,677	K. Julian Scott, Esq. (Mg. Director) ..	Britannia Biscuits	60.12	10	1.20	1.40	2.50	3.00*	3	Y.P.T.
25,00,000	1,95,44,212	3,00,84,269	2,33,94,496	3,34,066	H. S. Chaturvedi, Esq. (Mg. Director) ..	British India Corporation Ltd. ..	7.64	5	Nil	Nil	0.30		12	Y.P.
28,36,540	30,39,609	42,37,317	22,12,125	20,721	A. V. Niblett, Esq. (Mg. Director) ..	British Paints (India) Ltd.	27.25	10	1.00	1.00	1.00		12	Y.
38,80,000	14,76,849	1,88,75,787½	....	2,52,457	Andrew Yule & Co., Ltd.	Clive Row Investment	8.31	10	0.75	0.83⅓	0.80		12	Y.
5,00,000	10,00,000	40,04,000	28,47,106	8,000	M.	Delhi Flour Mills Co., Ltd.	15.00	10	1.00	1.00	1.00		10	Y.P.T.
60,00,000	5,08,87,500	10,39,79,486	4,01,20,270	25,12,555	John Luckham, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	50.62	10	1.62	2.15	2.15		12	Y.P.T.
90,00,000	1,12,30,000	31,00,870	2,02,62,100½	4,25,721	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	158.00	100	10.00	14.00	14.00		12	Y.P.
87,37,165	1,20,49,803	59,73,067	23,80,820	26,402	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	35.37	5	0.75	0.80	1.25		3	Y.
21,26,000	59,19,702	1,63,50,496½	....	3,49,092	Bird & Co. Private Ltd.	Eastern Investments Ltd.	141.50	100	9.00	14.00	14.00		1	Y.P.
25,00,000	....	....	....	....	M.	East Anglia Plastics (India) Ltd. ..	13.00	10	....	....	....		12	Y.
24,99,000	3,52,644	43,20,791	7,18,280	4,810	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	13.00cd	10	Nil	0.50	....		12	Y.
24,00,000	22,27,552	49,20,486	9,70,166	2,477	Harparshad & Co. Pvt. Ltd.	Escorts Ltd.	24.00	10	....	2.50	1.50		12	Y.P.
48,90,137	77,72,310	95,23,776	52,36,250	4,07,338	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd.	18.37	12.50	1.50	1.50	....		9	Y.P.
14,00,000	14,46,121	37,98,175	22,68,486	70,652	Macneill & Barry Ltd.	Gangee Rope Co. Ltd.	235.00	100	15.00	17.00	17.50		3	Y.
7,50,000	4,20,000	1,51,985	43,851	5,551	Gany & Co.	General Papers Ltd.	10.12	10	1.25	1.25	....		3	Y.
65,00,000	36,24,200	30,57,967	15,91,967	1,71,222	P. E. G. Woodbine Parish, Esq. ..	Gillanders Arbuthnot & Co., Ltd. ..	14.06	10	1.00	1.00	1.00		12	Y.P.
40,00,000	5,08,500	78,33,840	44,34,526	13,37,710	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	28.00	10	2.00	2.60	4.00		12	Y.P.
30,00,000	18,10,650	58,85,436	43,28,959	21,232	B. P. R. Syndicate	Great Eastern Hotel	285.00	250	15.00	15.00	22.50		3	Y.
44,13,500	1,35,51,450	8,83,47,289	2,76,86,943	8,94,01,947	Birla Brothers Private Ltd.	Hindustan Motors	21.24	10	Nil	0.50	0.90	1.20	3	Y.P.
58,00,000	10,64,523	99,48,457	33,67,174	1,81,125	Lalukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	29.62	10	1.00	1.20	....		10	Y.
15,00,000	9,64,76,893	11,81,64,117	2,68,76,995	24,77,765	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	12.31	10	0.70	0.80	0.80		3	Y.
36,36,400	2,49,72,626	9,79,39,586	3,52,95,735	49,90,524	K. C. Mahindra, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	84.44	10	0.70	1.20	1.50		12	Y.P.T.
25,77,700	2,02,99,648	2,95,48,150	1,57,75,057	45,05,864	B. J. Woodley, Esq. (Mg. Director) ..	Indian Cables	35.50	10	1.50*	2.25	2.25		9	Y.P.T.
90,00,000	1,28,81,493	5,99,58,652	2,48,66,248	13,78,431	Amiya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	40.00	10	1.00	1.50	1.50		9	Y.
26,88,250	70,550	51,92,992	17,57,026	38,618	M.	Indian Plastics Ltd.	9.56	10	Nil	Nil	Nil		3	Y.P.
8,87,970	7,54,570	19,01,978	11,32,985	16,444	M.	Indian Rubber Manufacturers	16.44	10	1.00	1.50	1.00		12	Y.
48,06,620	....	38,01,515	1,37,693	—6,39,700	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	18.37	10	....	....	Nil		12	Y.
60,00,000	73,10,723	42,66,244	15,92,103	5,21,494	J. D. K. Brown, Esq. (Mg. Director) ..	Jardine Henderson	68.50	100	2.50	5.00	7.00		3	Y.P.
15,00,000	13,02,095	18,79,229	13,27,977	17,262	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	10.50	10	3.50	2.00	1.00		3	Y.P.
46,95,250	1,19,32,546	82,41,470	18,18,524	2,60,369	T. Leslie Martin, Esq. (Mg. Director) ..	Martin Burn Ltd.	27.94	10	2.12*	2.75	2.75		3	Y.P.
6,00,000	4,20,000	14,86,526	6,66,994	1,49,226	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	33.20	10	2.00	3.00	....		12	Y.
2,00,00,000	74,10,780	81,01,186	12,70,257	2,42,718	M.	McLeod & Co.	213.00	0.100	12.50	15.00	....		12	Y.P.
20,00,000							—	D.O.	0.10	0.75	1.00			
81,00,000	1,82,75,151	3,61,57,826	1,40,23,040	28,85,978	K. C. Mahindra, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	52.75	10	1.75	1.75	2.50	2.50	3	Y.P.
14,05,000	5,79,891	13,30,194	6,28,269	4,824	N. G. Ayyangar, Esq. (Mg. Director) ..	Mysore Electrical Industries Ltd. ..	220.00cd	100	11.00	15.00	24.00		3	Y.
6,56,250	9,18,596	12,19,894	5,55,550	3,471	Mr. J. L. D'Sa (Chairman)	Mysore Lamp Works	28.50	10	1.50	1.50	....		3	Y.
10,00,000	3,16,884	17,88,367	10,32,038	522	M. Mallaraj Urs (Mg. Director) ..	Mysore Tobacco	9.50	10	1.25	1.25	1.00		3	Y.
80,00,000	1,37,56,692	1,31,19,135	51,35,368	86,389	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	38.50	10	2.00	2.00	2.50		3	Y.P.
20,00,000	23,51,660	50,46,201	25,96,222	42,880	Do.	National Pipes & Tubes Co., Ltd. ..	32.50	10	1.25	1.50	2.00		9	Y.
40,00,000	30,19,000	83,22,477	35,76,945	1,71,195	.. ..	National Rolling Mills Steel Ropes ..	22.75	10	1.00	1.00	1.30		9	Y.
49,99,057	12,28,074	1,05,93,558	39,58,256	46,685	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd. ..	12.25	10	0.60	0.85	Nil		12	Y.
79,97,000	1,17,58,035	1,60,40,984	81,18,295	9,33,726	B. N. Elias & Co. Private Ltd. ..	National Tobacco Co.	18.37	10	1.10	1.60	1.60		12	Y.P.T.
28,32,100	11,02,391	40,60,244½	....	98,497	Barodia & Ramkissendas	New India Investment Corpn. Ltd. ..	64.00N	75	2.75	6.50	9.00		3	Y.P.T.
10,00,000	5,52,000	12,55,063	6,00,215	1,51,907	Parry & Co., Ltd.	Parrys Confectionery Ltd.	5.05	1	0.20	0.20	0.30		3	Y.P.
20,00,000	56,06,964	2,16,94,776	66,69,501	68,622	P. C. Vink, Esq. (Mg. Director) ..	Phillips India Ltd.	33.12	10	0.85	1.20	1.20		12	Y.
28,50,000	....	....	....	....	Duncan Brothers & Co., Ltd.	Phillips Carbon	19.81	5	....	....	....		12	Y.
2,00,000	1,09,481	8,89,781	2,90,184	2,558	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	2.65	5	0.375	....	....		12	Y.
34,89,344	7,27,450	88,57,051	21,89,505	21,049	T. Shamanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	21.62cd	10	1.50	1.50	2.50		3	Y.
25,00,000	6,09,614	70,38,972	33,96,189	4,46,427	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	159.00	100	Nil	Nil	4.00		3	Y.P.
1,50,00,000	2,49,55,000	14,76,98,974	6,18,18,327	12,98,065	Sahu Jain Ltd.	Rohtas Industries	18.81	10	2.00	1.50	2.00		3	Y.P.T.
70,00,000	55,67,728	2,76,12,229	73,19,561	1,17,247	K. D. Ganguli, Esq.	Sen-Raleigh Industries	24.75	10	0.60	0.80	0.80		9	Y.P.
75,00,000	56,66,000	1,97,90,210	97,65,411	6,13,906	S. M. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	23.75	10	1.00	1.50	1.50		12	Y.P.
40,00,000	37,11,000	1,21,48,295	7,58,506	7,35,678	O. W. Stephenson, Esq.	Spencer & Co., Ltd.	21.50	10	1.25	1.50	1.50		12	Y.
10,00,000	24,40,000	1,35,54,229	89,76,773	3,974	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products	16.12	10	0.75	0.90	0.90		12	Y.
15,00,000	96,24,803	1,18,49,116	39,65,182	55,431	J. K. Agents Private Ltd.	Straw Products Ltd. $	9.06	10	1.25	1.50	2.00		12	Y.
22,99,376	16,82,008	14,78,455	8,08,634	14,18,247	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	86.00	10	2.25	3.00	3.00		6	Y.
5,98,980	30,000	16,98,110	5,47,156	3,395	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	6.50	10	0.40	0.60	0.60		12	Y.
11,56,300	15,37,168	13,52,240	7,50,522	49,219	R. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	23.50cd	10	2.00	2.75	2.25*		9	Y.P.
16,98,900	1,26,10,318	3,46,05,351	66,84,797	3,64,546	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd.	260.00	100	10.00	10.00	10.00		7	Y.
15,55,958	....	20,09,664	26,85,988	17,65,333	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	8.00	10	Nil	Nil	....		3	Y.
10,00,000	1,67,65,505	6,04,41,954	1,15,69,587	2,50,497	J. B. Galloway, Esq. (Mg. Director) ..	Union Carbide India Ltd.	43.12	10	1.50	1.50	1.50		12	Y.T.
50,00,000	47,50,000	59,48,987	18,50,084	1,24,448	Vittal Mallya, Esq. (Chairman)	United Breweries	103.50	10	6.00	6.00	6.00		3	Y.
5,00,000	5,60,191	8,85,225	5,06,881	28,564	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	23.00	10	2.75	3.25	3.50		11	Y.
11,39,500	25,29,264	98,81,238	25,54,513	5,401	A. K. Mackertuity, Esq. (Mg. Director).	Western India Plywoods Ltd.	228.00cd	100	10.00	10.00	10.00		3	Y.P.
TRANSPORT														
80,00,000	95,17,850	1,23,16,309	21,49,792	23,022	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	104.00	100	3.00	7.50	5.00		10	Y.P.
30,00,000	61,32,798	4,35,99,781	2,35,57,012	—86,10,580	Dinshaw (Private) Ltd.	Bharat Line	4.96	10	Nil	Nil	1.20*		12	Y.
80,00,000	2,17,74,568	8,51,80,151	1,82,018		A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	18.76	10	1.00	1.00	1.50		6	Y.P.
25,00,000	....	....	....	—23,366	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	67.00	£10	Nil	Nil	Nil		12	Y.P.
67,50,000	2,89,74,088	22,66,81,351	4,98,14,684		Lionel Edwards (Private) Ltd.	India Steamship Co.	8.28	10	1.00	1.00	1.00		3	Y.P.
35,19,293	11,82,52,980	35,06,51,230	9,88,13,870	—16,13,456	D. M. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	18.78	50	1.50	0.60	1.25		6	Y.T.
2,40,000							2.97	O. 1	0.30	0.30	0.14			
2,10,203	24,07,482	19,85,807	6,51,970	1,66,949	R. B. Afzer, Esq. (Manager)	Walford Transport Ltd.	3.19	P.O. 1	0.15	0.30	0.12		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation	Paid-up per Share	Dividend per Ordinary Share 1958	1959	1960	1961	Accounts closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	35,44,700	1,23,77,423	80,99,858	11,999	Shaw Wallace & Co., Ltd. ..	Amalgamated Coalfields	22.75	10	1.25	1.50	1.00		3	Y.
12,00,000	2,96,388	38,08,529	34,12,329	—5,53,532	Jardine Henderson Ltd.	Barraree Coke	15.19	10	0.50	Nil	Nil		3	Y.
4,48,850	1,80,182	11,60,136	6,76,035	4,067	Kalyanji Mavji & Co.	Bengal-Bhadjdee	3.45N	10	0.25	Nil	Nil		12	Y.
1,00,00,000	2,06,32,497	7,43,29,064	4,58,40,686	10,50,539	Andrew Yule & Co., Ltd.	Bengal Coal	260.00	100	17.50	25.00	25.00		10	Y.P.
2,25,000	5,17,344	23,13,260	21,49,161	4,184	M.	Bengal-Nagpur	19.50	10	Nil	Nil	1.00		12	Y.
40,00,000	61,300	1,48,74,215	80,25,564	2,80,479	Sahu Jain Ltd.	Bharat Collieries	3.50	10	0.60	Nil	Nil		6	Y.P.
7,15,000	14,52,844	57,66,344	35,75,767	—6,98,083	M.	Bhuladeasaree	5.62N	10	Nil	Nil	Nil		12	Y.P.
7,97,500	21,75,444	48,61,642	29,83,009	91,561	Bird & Co. Private Ltd.	Borrea	23.50	10	0.75	1.00	1.50		14	Y.P.
20,92,480	1,40,21,433	4,39,66,786	2,36,76,540	1,49,232	Bird & Co. Private Ltd.	Burakur	18.12	10	0.87½	1.20	1.50		6	Y.P.
46,97,000	4,62,979	74,62,076	25,23,625	97,143	Hindustan Investment Corpn. Ltd. ..	Central India	12.44	10	0.50	0.50	0.80		8	Y.
8,00,000	19,99,400	53,54,597	24,91,364	7,908	Jain Industries	Central Kurhmad	7.00N	10	0.50	Nil	....		12	Y.
6,00,000	1,56,156	5,98,750(k)	....	7,049	F. W. Heilgers & Co. (Private) Ltd. ..	Churlia	2.62	4	0.30	0.12	0.12		12	Y.
16,00,000	....	57,81,927	23,06,925	—1,06,961	M.	Dhemo Main	7.00	10	Nil	Nil	....		12	Y.
5,840,000	£468,000	£1,124,710	£412,564	97,006	Jardine Henderson Ltd.	East Indian	25.50	£1	1.00	1.25	1.00		4	Y.
25,62,750	1,16,23,107	4,94,13,540	3,48,90,389	1,10,574	Macneill & Barry Ltd.	Equitable	99.13	10	1.00	0.75	1.50		12	Y.
10,00,000	40,000	24,88,595	8,46,350	—3,80,078	Bhatter's Agency Ltd.	Ghusick and Mealia	18.25	10	Nil	Nil	Nil		3	Y.P.
18,00,000	1,27,994	43,44,276	27,98,161	—1,87,189	Kilburn Industries Ltd.	Hingir-Rampur	23.00	50	Nil	Nil	Nil		6	Y.
2,00,000	....	24,79,230	20,13,954	—8,47,967	M.	Hurriladih	5.00	10	Nil	....	....		12	Y.
20,00,000	7,64,717	45,86,823	12,38,462	40,019	Bird & Co. Private Ltd.	Karanpura Collieries	186.00	100	5.00	5.00	7.50	10.00	3	Y.
24,86,440	15,10,178	59,54,562	41,77,354	1,35,077	Andrew Yule & Co., Ltd.	Katras Jherriah	40.87	10	6.00	6.50	9.50	4.00	1	Y.
11,00,540	68,240	7,67,900	....	—9,98,717	M.	Kuardi	2.81N	10	Nil	Nil	....		4	Y.
9,00,000	10,53,000	6,16,970	....	39,080	H. V. Low & Co. (Private) Ltd.	Lakuria	14.06N	10	1.00	0.75	1.00		4	Y.
7,48,240	2,50,000	13,59,878	10,18,358	17,160	Tantia Brothers Private Ltd.	Nasira	7.25xd	10	0.75	1.00	....		3	Y.
21,97,310	27,99,886	1,66,46,672	1,06,23,926	70,792	Andrew Yule & Co., Ltd.	New Beerbhoom	24.00	10	1.00	1.50	1.50		10	Y.
6,00,000	2,59,844	22,54,381	16,06,038	19,770	New Manbhoom	Octavius Steel & Co., Ltd.	11.94	10	0.50	0.50	0.75		3	Y.
1,15,000							28.50N	10	1.50	1.50	2.00			
1,57,500	8,84,525	15,98,998	6,60,464	23,059	M.	North West	17.87N	7.50	1.12	1.12	1.50		3	Y.
1,50,000	13,20,903	3,92,538	22,54,320(k)	85,226	P. Prashad, Esq. (Chairman)	Ondal	14.44xd	10	0.60	0.70	0.60		12	Y.
4,84,000	2,84,577	23,60,207	15,11,292	1,026	Deepchand Khemchand	Parasea	18.00	10	0.50	0.87			12	Y.
15,75,000	22,83,206	76,61,776	47,81,405	14,547	Shaw Wallace & Co., Ltd.	Pench Valley	16.81	10	1.00	1.00	1.00		6	Y.
22,50,000	24,39,203	1,52,74,203	1,05,98,177	2,664	M.	Ranegunge	16.56xdr	10	1.00	1.00	1.50		12	Y.
11,31,500	4,84,557	62,12,557	35,07,566	29,057	Shaw Wallace & Co., Ltd.	Rewa	31.00	10	1.00	1.00	0.75		12	Y.
37,50,000	38,60,570	1,13,56,561	48,46,270	24,983	M.	Samla Collieries	9.31	10	1.00	0.70	1.00		12	Y.
10,50,000	8,86,016	34,45,052	9,62,414	2,494	S. D. Sethia & Co. Private Ltd.	Selected Saigram Collieries	128.00	100	12.50	16.00	16.00	8.00	3	Y.
2,50,000	11,14,492	31,92,156	20,06,257	87,455	Andrew Yule & Co., Ltd.	Serpore	30.00	7	1.75	3.00	3.00		6	Y.
10,00,000	4,00,000	....	13,04,344(k)	1,111	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	8.19	10	Nil	0.35	0.50		12	Y.
48,51,449	1,34,58,782	7,11,84,396	3,16,11,661	99,558	Industries (A. P.) Department (Govt. of Andhra Pradesh) ..	Singareni	11.62	10	0.75	0.75	....		12	Y.
17,50,000	9,89,220	44,98,[illegible]	20,31,321	20,181	Pitt & Co. Portuge, Ltd.	South Khasspara	8.62	10	0.75	0.90	0.75		12	Y.
5,00,000	15,49,019	1,[illegible]	26,95,[illegible](k)	30,718	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	13.25	10	1.25	1.50	1.50		12	Y.
3,50,000	2,81,600	29,[illegible]	15,45,[illegible]	37,464	B. M. Varma, Esq. (Mg. Director) ..	Union	15.00	10	0.25	Nil	....		12	Y.
44,26,000	5,00,357	94,[illegible]	28,61,[illegible]	2,16,022	Hindustan Investment Corpn. Ltd. ..	Western Bengal	9.56xd	10	0.40	0.40	0.60	0.75	12	Y.
1,00,000	....	40,[illegible]	20,[illegible]	1,14,[illegible]	.. ..	West Jamuria	7.00	10	Nil	Nil	....		12	Y.

The earnings of Simor Products Ltd. include a non-distributable amount of Rs. 63,46,654 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1956. ‖ Investment of ... Tata Iron Investments—Dividend for 1960 includes additional dividends of 9 nP for the year ended 31st March 1958 and 27 nP for the year ended 31st March 1959. ... Recommended by Board of Directors. ... N.Rs.—Dividends paid since 31st March 1960 are shown as usual.

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest Available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
16,00,000	1,08,00,000	5,03,569	Allahabad Bank	329.00	100	18.00‡	18.00‡	18.00‡		12	Y.P.
14,50,000				168.00	50	9.00‡	9.00‡	9.00‡			
1,01,000	23,08,220	4,923	Andhra Bank	100.00	100	6.00	8.00	8.00	6,12	H.	
40,58,500				88.50	85	5.10	6.80	6.80			
1,50,00,000	1,61,14,860	1,09,358	Bank of Baroda	104.50	50	6.00	7.00	8.50	12	Y.	
2,50,00,000	3,10,00,000	12,84,842	Bank of India	133.50	50	8.00	8.00	10.00	6,12	R.L.Y.	
50,00,000'A'				134.00	50 'A'	8.00	8.00	10.00			
36,00,000	56,30,000	45,109	Canara Bank Ltd.	88.50	50	5.00	7.50	7.50	12	Y.P.	
12,50,000	19,35,000	11,250	Canara Banking Corporation Ltd. ..	80.00	50	5.00	7.50	7.50	12	Y.P.	
'A' 5,99,620				180.00	100 'A'	15.00‡	20.00‡	20.00			
'B' 16,00,000	42,50,471	27,708	Canara Ind. & Bkg. Syndicate Ltd. ..	18.00	10 'B'	....	2.00‡	2.00‡	12	Y.	
'C' 2,00,000				1.80	1 'C'	0.15‡	0.20	0.20			
2,62,50,000	3,68,08,635	18,81,471	Central Bank of India

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar.	Sept.	96.50	100
BREWERIES AND SUGAR							
Bharat Sugar R.C.	5,00,000	1931	5.00	Dec.	..	70.00	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April	..	84.50	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.00	Mar.	Sep.	79.50	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	6.00	Feb.	Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C. ..	7,00,000	1920	7.00	July	Apr.	5 03xd	5
East India Distilleries T.F.C. ..	£200,000	1897	7.00	Jan.	July	17.33xd	£1
Gwalior Sugar R.O.	6,75,000	1940	7.00	Dec.	..	62.00	100
Do. (Non-redeem.)	5,00,000	1940	7.00	Dec.	..	62.00	100
Puritabpore Co. C.	6,00,000	1922	10.00	Oct.	..	11.00	10
Ramnugger Cane T.F.C.	4,00,000	1933-36	6.00	Aug.	..	83.00	100
Ravalgaon Sugar C.	20,00,000	1943	6.50	Oct.	Apr.	61.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct.	..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec.	..	7.35	10
Upper Ganges T.F.C.	12,00,000	1932	6.00	Dec.	..	90.00N	100
Do. C.R.O.	15,00,000	1946	5.00	Dec.	..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April	May	114.00	100
COAL							
Borres T.F.C.	14,00,000	1896-97	6.50	Oct.	Apr.	82.00	100
Burrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr.	Oct.	99.00	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	7.00	10
Equitable T.F.	4,00,000	1895	6.00	Mar.	Sept.	72.00	100
Karanpura Collieries C.	9,89,500	1946	5.50	..	..	56.00	10
†Khas Kajora C.	1,93,000	1931	5.00	Mar.	Sept.	7.00	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan.	July	10.50	10
Dadal T.F.C.	2,00,000	1898-99	6.00	Apr.	Oct.	82.00	100
COTTON							
Ahmedabad Advance T.F.C. ..	10,00,000	1939	5.00	Apr.	Oct.	70.50	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan.	July	108.91	100
Basanti Cotton T.F.	5,00,000	1938	6.25	Nov.	..	8.50	10
Bowreah 'A' T.F.	6,00,000	1900	9.00	Feb.	Aug.	110.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb.	Aug.	71.00	100
Bradbury T.F.	14,75,000	1919	7.00	June	Dec.	51.00	50
Buckingham & Carnatic C.T.F. ..	21,80,200	1920	7.50	Jan.	July	122.00	100
Cambodias C.T.F.	1,00,000	1928	7.00	Apr.	..	58.89	100
Central India T.F.	50,00,000	1912	5.00	Apr.	Oct.	393.75	500
Century Spg. & Mfg. Co. T.F.R.C. ..	1,25,00,000	1958	6.00	Dec.	..	107.00	100
Coimbatore Pioneer C.T.F.	1,00,000	1935	6.50	June	..	76.50	100
Colin T.F.C.	11,00,000	1912	8.00	May	..	103.00	100
Colin 'B' T.F.C.	4,20,000	1943	5.00	July	..	6.50	10
Colmatore C.	25,00,000	1918	7.00	May	Nov.	66.30	100
Cooram T.F.C.	20,00,000	1919	7.00	June	Dec.	102.00	100
Dhanu Makanji (2nd) T.F.	29,92,500	1947	4.00	Nov.	..	75.00	10
Dohari C.T.F.	18,00,000	1937	6.00	Dec.	..	84.00	100
Dothari 'B' (Pref.) T.F.C.	6,00,000	....	6.00	..	..	8.75	5
Dr. Ahmi Cotton (Bombay) C. ..	16,00,000	1896	5.00	..	..	10.00N	250
Durgapur Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan.	..	151.25	100
Dyaore Spg. C.	7,45,054	1944	4.50	..	..	64.00	100
Dational Rayon C.	1,74,64,700	1947	5.00	..	..	22.76	50
Dew Great	8,00,000	1913	5.50	..	..	70.00	100
Dodar Mills T.F.C.	10,00,000	1943	4.00	Mar.	..	106.50	200
Dajalakshmi C.T.F.	2,00,000	1932	6.50	Feb.	..	63.00	100
Dkhee Niwas Cotton T.F.C.R. ..	4,80,000	1944	4.00	Apr.	..	44.50	50
Dolapoor T.F.C.R.	32,00,000	1943	4.00	..	..	64.00	100
Dradeshi T.F.C.	15,00,000	1935	8.00	..	..	78.25	100
Dradeshi (Kanpur) T.F.C.	35,00,000	1927	5.00	Apr.	Oct.	88.00	100
Dravancore Rayon C.T.F.	50,00,000	....	6.00	June	..	68.00	100
Dravancore (1st) T.F.	1,00,000	1919	5.00	May	..	7.35xd	10
Dravancore Spg. & Wvg. T.F.C. ..	3,00,000	1931	6.50	Apr.	Oct.	97.00	100
Do. (2nd) C.T.F.	1,50,000	1938	6.00	..	..	94.02	100
Dishnu C.	15,66,500	1908	7.00	Apr.	..	305.00	500
ELECTRICS							
Andhra Valley Power Supply C. ..	49,34,000	1917	7.00	May	Nov.	1,040.00	1,000
Amalgamated Electric T.F.C. ..	24,15,000	....	5.50	..	..	68.00	100
Calcutta Electric T.F.C.	19,00,000	1909-11	5.00(t)	June	Dec.	9.08	51
Poona Electric C.	4,00,000	1935	7.00	June	Dec.	107.00	100
South Madras (1st) C.T.F.	22,00,000	1940	5.50	Sept.	Dec.	{ 8.10xd	10
Do. (2nd) C.T.F.	8,00,000	1940	5.50			{ 8.25xd	10
Surat Electric Co. C.T.F.	5,00,000	1939	6.50	Apr.	..	107.00	100
Tata Hydro Electric Power C. ..	89,28,000	1907	7.00	May	Nov.	102.00	100
Tata Power T.C.	86,97,000	1918	7.50	May	Nov.	1,050.00	1,000
Vellore C.	1,25,000	1928	6.00	Dec.	..	6.28	10
ENGINEERING							
Arthur Butler (Muzaffarpore) T.F.C.	1,80,000	1919	7.00	Mar.	..	11.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	13,00,000	1895-98	7.00	Feb.	Aug.	114.00	100
Do. (2nd) T.F.C.	15,00,000	1902	6.00	Feb.	Aug.	101.00	101
Indian Iron and Steel Co., Ltd. T.F.C.	2,09,95,400	1950	5.00	Dec.	..	88.50	100
Indian Standard Wagon T.F.C. ..	19,66,500	1918	7.00	June	..	112.00	100
Jessop T.F.C.	20,00,000	1941	5.00	May	Nov.	78.00	100
Kamani Engineering C.R.	15,00,000	1945	6.50	July	Dec.	67.00	100
†††Kumardhubi Engineering T.F.C.	12,00,000	1915	4.00	June	Dec.	78.00N	100
Larsen and Toubro Ltd. T.F.R. ..	18,00,000	1946-47-51	5.00	..	..	93.00	100
Mahindra & Mahindra T.F.R.C. ..	25,00,000	1945	6.00	May	..	98.00	100
McKenzies (1st) T.F.C.	5,50,000	1907	5.50	..	..	86.00	100
Premier-Construction (1st)	10,00,000	....	6.25	..	..	73.00	100
Do. do. (2nd) C.	15,00,000	1936	6.25	..	..	68.70	100
Do. do. (3rd) C.	25,00,000	1947	6.50	..	..	6.88	10
Tata Iron and Steel (1st) C. ..	75,00,000	1908	6.00	Nov.	..	138.00	150
Do. do. (2nd) C. ..	6,92,81,900	1908	7.50	May	..	105.25	100
JUTE							
Agarpara T.F.C.	10,00,000	1927	7.00	Jan.	July	91.00	100
Alexandra T.F.C.	7,00,000	1905	7.00	Feb.	Aug.	88.00	100
Alliance T.F.C.	15,00,000	1895	6.00	Mar.	Sept.	67.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May	Nov.	90.00	100
Auckland C.	10,00,000	1909	5.50	May	Nov.	72.00	100
Do. (2nd) (j) C.	15,00,000	1945	4.50	June	Dec.	60.00	100
Bally T.F.C.	20,00,000	1918	7.00	Apr.	Oct.	94.00	100
Barnagore C.	£200,000	1896	5.00	May	Nov.	38.00	£5
†Belvedere T.F.C.	7,00,000	1926	7.00	Jan.	July	90.00	100
Birla C.	28,64,200	1919	7.50	June	Dec.	90.00	100
Budge-Budge T.F.C.	9,00,000	1894	7.00	May	Nov.	90.00	100
Calcutta T.F.C.	6,00,000	1934	6.50	Jan.	July	80.00N	100
Caledonian T.F.C.	10,00,000	1915	7.00	June	Dec.	84.00	100
Cheviot T.F.C.	10,00,000	1919	7.00	June	Dec.	89.00	100
Chitavalsah T.F.C.	5,00,000	1928	7.00	Mar.	Sept.	86.00	100
Clive (1st Pref.) T.F.C.	6,00,000	1900	6.00	May	Nov.	66.00	100
Do. (A) (2nd Pref.) T.F.C. ..	8,00,000	1905	7.00	May	Nov.	77.00	100
Dalhousie T.F.C.	15,00,000	1903-13	7.00	May	Nov.	88.00	100
Delta T.F.C.	5,00,000	1897	5.00	June	Dec.	69.50	100
Empire T.F.C.	10,00,000	1912	7.00	Feb.	Aug.	86.00	100
Fort Gloster T.F.C.	14,00,000	1899-96	7.00	May	Nov.	105.00	100
Do. (2nd Pref.) T.F.C.	7,00,000	1948	5.00	..	..	66.00	100
Fort William T.F.C.	10,00,000	1911	7.00	May	Nov.	92.00	100
Ganges T.F.C.	6,00,000	1916	8.00	June	Dec.	90.00	100
Gourepore T.F.C.	26,50,000	1895-04	6.00	May	Nov.	81.00	100
Hastings T.F.C.	25,00,000	1935	6.00	Mar.	Sept.	81.00	100
Hooghly T.F.	11,75,000	1913	10.00	May	Nov.	9.94	10
Howrah T.F.C.	8,75,000	1890	7.00	May	Nov.	93.00	100
Do. T.F.C. (f)	17,50,000	1903-06	7.00	May	Nov.	92.50	100
Kakinand T.F.C.	40,00,000	1919	7.00	June	Dec.	92.00	100
Kamarhatty T.F.C.	16,00,000	1898-04	6.00	Feb.	Aug.	71.00	100
Kankinarrah T.F.C.	10,00,000	1900	6.00	Feb.	Aug.	91.00	100

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
JUTE—*Continued*							
Kelvin T.F.C.	10,00,000	1907	7.00	Mar.	Sept.	91.00	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May	Nov.	79.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May	Nov.	91.00	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May	Nov.	92.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May	Nov.	92.00	100
Do. (B) T.F.C.	10,00,000	....	5.50	Dec.	..	70.00	100
Naihati T.F.C.	7,50,000	1905	7.00	May	Nov.	111.00	100
Do. (2nd) (j) T.F.C.R.	10,00,000	1945	4.50	June	Dec.	82.00	100
National T.F.C.	5,00,000	1917	7.00	May	Nov.	90.00	100
Nellimarla T.F.C.	5,00,000	1939	6.00	Apr.	Oct.	78.00	100
New Central T.F.C.R.	33,00,000	1915	7.00	Jan.	July	99.00	100
Northbrook T.F.C.	15,00,000	1900	5.50	May	Nov.	72.50	100
Reliance T.F.C.	20,00,000	1905-12	7.00	May	Nov.	80.00	100
Samnuggur C.	£150,000	1901	6.00	Feb.	Aug.	Sh. 21.50N	£1
Soorah T.F.C.	10,00,000	1920	7.00	Feb.	Aug.	91.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar.	Sept.	92.00	100
Titaghur C.	£150,000	1897	6.00	Feb.	Aug.	Sh. 21.50	£1
Union T.F.C.	7,00,000	1901-02	7.00	May	Nov.	91.00	100
Victoria C.	£150,000	1898	6.00	Feb.	Aug.	Sh. 21.50	£1
Waverley, T.F.C. (f)	7,50,000	1913	5.00	Mar.	Sept.	40.50	50
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov.	..	47.00	60
Calcutta Tramways C.	£250,000	1906	6.00	Apr.	Oct.	7.50	£1
Great Eastern Shipping T.F.R.C. ..	25,00,000	1948	5.50	Dec.	..	91.00	100
Indian General Nav. & Rly. C. ..	£244,030	1899	6.00	Mar.	Nov.	77.00	£10
India Steamship (w) T.F.C.R. ..	25,00,000	1928	5.00	..	..	76.00	100
TEA							
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May	Nov.	30.00	10
†††Banarhat Tea T.F.C.	4,00,000	1900-02	6.50	Jan.	July	100.00	100
Birpara T.F.C.	1,00,000	1900-02	8.00	Jan.	..	102.00	100
Choonabhutti T.F.C.	2,00,000	1914	6.50	Jan.	July	100.00	100
Glelle C.	2,00,000	1894	6.00	Sept.	..	75.00	100
Hantapara T.F.C.	50,000	1901	8.00	Jan.	..	102.00	100
Hasimara T.F.C.	3,00,000	1904	7.00	Mar.	..	97.00	100
Kingsley Golaghat T.F.	2,40,000	1897	6.00	Dec.	..	89.00	100
Moheema T.F.C.	3,20,000	1929	6.00	May	Nov.	7.00	10
New Doonre T.F.C.	2,00,000	1907	6.50	Jan.	July	100.00	100
New Samanbagh T.F.C.	1,00,000	1906	8.00	Nov.	..	90.00	100
†††Okayti T.F.R.C.	50,000	1888	7.00	Dec.	..	84.00	100
Pussimbing T.F.C.	2,05,000	1916	7.00	Jan.	..	97.00	100
Sonai River T.F.C.	1,00,000	1909	8.00	May	..	88.00	100
***Tezpore C.	2,05,000	1932	8.00	Jan.	..	10.50	10
Tirribannah T.F.C.	1,00,000	1922	10.00	May	Nov.	13.25	100
PLANTING							
Be Be Rubber C.	1,43,005	1944	6.25	..	..	2.35	5
Do. R.C.	2,85,570	1944	6.25	..	..	5.71	10
Cachin Malabar C.T.F.	1,13,300	1932	7.00	June	..	48.77	50
Coffee Lands C.T.F.	10,40,800	....	5.00	..	..	71.08	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr.,	..	83.14	100
Cottanad C.T.F.R.	1,00,000	1937	7.50	Nov.,	..	10.00	10
Devon Tea C.T.F.	2,00,000	1936	7.50	July	..	85 17xd	100
Highland Produce C.T.F.	3,00,000	....	6.00	July	Jan.	7.25	10
Neelamalai C.T.F.	18,00,000	1943	5.00	Jan.	July	6.05	10
Nilgiri Tea C.T.F.	2,81,250	1942	6.50	July	..	3.80	5
Pullangode C.T.F.	1,50,000	1943	6.00	Mar.	..	7.57	10
Teekoy Rubber C.T.F.	6,00,000	..	6.00	Mar.	Sept.	7.57	10
T. R. & T. Co. C.T.F.	16,00,000	..	6.00	June	Dec.	8.80	10
Waterfalls R.C.T.F.	5,00,000	1943	6.00	Nov.	..	8.40	10
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	..	6.25	June	..	81.00	100
Do. do. (2nd) T.F.R.C. ..	5,00,000	..	5.00	June	..	77.00	100
Alkali & Chemicals T.F.C.	31,00,000	1937	5.00	..	..	77.00	100
Aluminium Corpn. (1st) C.	20,00,000	1938	7.00(f)	..	..	92.00	100
Andhra Cement T.F.	2,48,800	1937	6.00	Feb.	June	99.00	100
Associated Hotels of India C. ..	21,67,000	1916	7.00	Mar.	Sept.	92.74	100
Bengal Chemicals T.F.C.	9,00,000	1925	7.50	Aug.	..	53.00	100
Bengal Paper Mill T.F.C.	2,00,000	1903	7.00	Mar.	Sept.	12.50	10
Do. "A" T.F.C.	4,00,000	1923	7.00	Mar.	Sept.	49.50	50
Do. "B" T.R.C.	20,00,000	1948	6.00	..	..	102.00	100
Bengal Timber Trading T.F.C. ..	3,00,000	1896	8.00	Aug.	..	63.00	100
Britannia Biscuit T.F.C.	15,450	1921	8.00	Feb.	Aug.	8.00N	100
British Ceylon Corporation C. ..	17,50,000	1913	6.00	Feb.	Aug.	14.50	10
British India Corporation T.F.C. ..	81,00,000	1920	8.00	Feb.	..	6.00N	5
Dalmia Cement (B) C.T.F.	61,58,210	1937	6.00(f)	Sept.	..	112.00	100
Dharangadhra Chemicals T.F.C.R. ..	31,91,000	1956	6.00	..	..	8.12	10
Shree Digvijay Cement T.F.R.C. ..	79,93,875	1944	5.00	Dec.	..	79.00	100
Dunlop Rubber Co. (1st) T.F.C. ..	30,00,000	1926	6.00	June	Dec.	76.50	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1936	6.00	..	..	111.00	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	6.00	Apr.	..	79.00	100
Do. do. (2nd)	1,00,000	..	5.00	Feb.	Aug.	58.00	100
Gillanders Arbuthnot(f) R.C. ..	25,00,000	..	6.00	Feb.	Aug.	49.00	100
Hindustan Motors T.F.R.C.	1,60,67,250	1956	6.00	Apr.	Oct.	58.00	100
Humayan Properties T.F.C.	12,00,000	1938	6.00	Mar.	..	196.00xd	100
India Cement C.	29,85,000	1946	7.50	..	..	6 75xd	10
Indian Aluminium (g) C.R.	40,00,000	1945	5.00	Oct.	..	79.50cd	100
Indo-Burma Petroleum C.	50,00,000	1921	7.00	June	..	89.00	100
Indian Cable (m) C.	12,87,750	1923	6.00	Jan.	July	82 00xd	33
India Rubber Mfrs. (n) T.F.C.R. ..	8,24,000	..	6.00	June	Dec.	34.00	10
Jardine Henderson C.	50,00,000	1946	6.00	Apr.	..	60.00	100
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.50	Dec.	..	57.50	100
Do. do. (2nd) C.	10,00,000	..	5.50	May	..	57.50	100
Kumardhubi Fireclay & Silica C.R. ..	2,00,000	1915	4.00	May	..	55.75	100
Martin Burn (k) T.F.C.R.	30,00,000	1946	7.00	June	Dec.	61.00N	100
McLeod and Co. (1st) C.	10,00,000	1930	5.00	Apr.	Oct.	82.00	100
Do. (2nd) F.C.	40,00,000	1936	5.00	July	Jan.	48.00	100
Metal Box Co. C.R.	30,00,000	..	5.00	July	Jan.	61.00	100
Mettur Chemicals (Old) C.T.F. ..	20,00,000	1903-18	6.00	..	..	84.00	100
Mysore Chemicals Mfrs. C.T.F. ..	2,00,000	1930	6.00	Feb.	Sept.	9.70	10
Mysore Lamps R.C.T.F.	2,50,000	..	6.00	June	..	8.50	10
National Tobacco (Old) (p) T.F.C.R.	25,00,000	..	4.00	Aug.	..	5.95	10
Do. do. (New) (q) T.F.C.R. ..	19,98,000	..	5.00	Mar.	Sept.	90.00	100
Orient Paper T.F.C.R.	20,00,000	1936	4.50	Mar.	Sept.	66.00	100
Do. (2nd) (r) C.R.	20,00,000	..	5.50	Jan.	..	81.00	100
Rohtas Industries (Old) T.F.C. ..	20,00,000	1936	6.50	Apr.	Oct.	64.50	100
Do. do. (New) T.F.C.	85,04,790	..	7.00-9.00	Apr.	..	113.00	100
†Smith Stanistreet & Co. T.F. ..	5,00,000	1920	4.25	Apr.	..	56.25	100
Spencer & Co. "A" C.	23,20,000	1898	10.00	Feb.	Aug.	65.00	50
Do. "B" C.	36,80,000	1922	6.50	Jan.	July	7 62xd	10
Standard-Vacuum C.	75,00,000	1955	8.50	Jan.	July	10 50xd	10
Star Paper T.F.C.R.	10,00,000	..	6.00	June	Dec.	88.00	100
Tata Chemicals T.F.C.	50,07,000	..	5.00	Mar.	Sept.	74.00	100
Tata Oil Mills C.	29,88,800	1946	5.00	June	..	94.00	100
Titagur Paper Mills T.F.C.	11,50,000	1899	4.50	July	..	58.50	100
Do. do. (2nd) T.F.C.	15,00,000	1934	8.00	Jan.	June	110.00	100
			4.50	Jan.	July	75.00	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of a preferential dividend at the rate of 8 per cent (of which only 5 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent if necessary and also to participate in further dividend of 2 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

§ Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) *Participating preference shares.* (g) Redeemable at Rs. 105 at any time on 3 months' notice. (h) Redeemable after 30th September 1956 at Rs. 125. (i) Redeemable at par after 9th November 1955 on 6 months' notice. (j) Redeemable after 28th July 1955 on 6 months' notice. (k) Participating upto 9 per cent. (l) Redeemable at par after 31st March 1952 on 6 months' notice. (m) Rank *pari passu* with ordinary shares after ordinary shares receive 6 per cent dividend. (n) Redeemable after 30th December 1954. (o) Redeemable at any time at Rs. 115 on one month's notice. (p) Redeemable at par after 1st January 1954. (q) Redeemable at par after 17th June 1956. (r) Redeemable at par after 1st October 1956 on 3 months' notice. (s) Participating upto 9 per cent. (t) Free of Income-tax upto 6 nP. in the £. (u) Redeemable at par on 3 months' notice. (v) Redeemable on various dates. (w) Redeemable at any time 3 years after the date of issue at a premium of Rs. 10 per share on 3 months' notice. (x) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. pp—Partly paid.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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SPEED IN PLAN IMPLEMENTATION

THE Planning Commission has laid down, in the Seventeenth Chapter of the final report of the third Plan, an imperative, as it were, that "the primary aim must be to ensure high standards of integrity, efficiency and speed in implementation." Not once has the word 'integrity,' in the sense of honesty, been repeated in the chapter, while the other two words—'efficiency' and 'speed'—have been profusely used again and again. In so far as the chapter has nothing to say about the ways and means of ensuring higher standards of integrity in administration and Plan implementation, it is itself sadly lacking in integrity in the sense of wholeness or soundness. Even that second desideratum, namely, 'efficiency,' which the planners have described as "the most important," is admitted to be "the most difficult." As for 'speed,' its fortunes could be better inferred from these words of the planners themselves: "As large burdens are thrown on the administrative structure, it grows in size; as its size increases, it becomes slower in its functioning. Delays occur and affect operations at every stage and the expected outputs are further deferred." *Speed in implementation* and efficiency (in the sense of higher productivity) are inter-related to some extent, but, in the context of *development*, the former presents difficult issues in regard to organisation and administration and the latter in regard to management of personnel. To say all this is not to suggest that the task of improving administrative efficiency is a heart-breaking one and that, therefore, it may as well be abandoned. There can be no such suggestion even by remote implication, for there is greater need now than ever before for making the administration "much more action-oriented." The administrative inadequacies and organisational shortcomings of the first two Plans and the expected greater demands of the third Plan on the structure and machinery of administration at all levels emphasise precisely this need, as will be seen from the following passage in the final report of the third Plan:

> "In the recent past, certain aspects of administration have attracted pointed attention. These include the slow pace of execution in many fields, problems involved in the planning, construction and operation of large projects, especially increase in costs and non-adherence to time schedules, difficulties in training men on a large enough scale and securing personnel with the requisite calibre and experience, achieving co-ordination in detail in related sectors of the economy and, above all, enlisting widespread support and co-operation from the community as a whole. In the larger setting of the third Plan, these problems are accentuated and gain greater urgency. It is widely realised that the benefits that may accrue from the third Plan will depend, *in particular in its early stages* (italics ours), upon the manner in which these problems are resolved."

It is a very promising development that the Government of India has just taken a series of decisions, at the beginning of the third Plan itself, for promoting this administrative efficiency, more or less on the lines suggested by the Planning Commission which itself has had the benefit of expert advice in the second report (1956) of Dr. Paul H. Appleby on administrative reform. These decisions seem to have been taken in the light of the recognition that, "while changes in organisation and procedures can go some distance to remove causes of delay and to achieve greater speed, they have to be supported by greater attention to the training of personnel, to supervision, and to reporting and evaluation." By far the most important decision pertains to the responsibility for financial management. This responsibility, according to the relevant decision, will now be given in greater measure than before to both the administrative ministries and the executive agencies. The scheme drawn up and approved for this purpose has three main features, namely, (i) formulation of a programme for intensive pre-budget scrutiny between the Ministry of Finance and the Administrative Ministry, necessitating the preparation of budget estimates earlier than usual in cases in which actuals of the last year are not an important consideration, (ii) further liberalisation of financial powers to the administrative Ministries, in order to avoid references to the Finance Ministry in the post-budget period except on vital matters, and (iii) the exercise of control of important financial aspects by the Finance Ministry through an adequate reporting system and test checks. To begin with, this scheme will shortly be tried in the Union Ministries of Commerce and Industry, Information and Broadcasting and Community Development and Co-operation and in

such internal processes as evaluation, review of progress, reduction of costs, raising productivity and checking of performance have all been duly emphasised.

The various decisions, now taken by the Government and announced by the Prime Minister in the Lok Sabha on 10th August 1961, may not necessarily mean that the suggested measures of reform will be introduced expeditiously in the specified fields. Obviously, the administrative Ministries which have been charged with the responsibility of administrative improvement will take their own time. It is here that the recently-established Standing Committee on Administration, which will be assisted by the Organisation and Methods Division of the Cabinet Secretariat, is expected to locate administrative deficiencies, facilitate decisions for their removal and assist the Ministries in speeding action on the decisions without taking over any of their functions. A high-powered Committee of the kind, reporting periodically to the Cabinet, is certainly a better arrangement than the present Central Economy Board (with its limited functions) which will be shortly abolished.

PRIVATE SECTOR AND THIRD PLAN

MR. Karam Chand Thapar, President of the Federation of Indian Chambers of Commerce and Industry, and Mr. Vallabhdas V. Mariwala, President of the Indian Merchants' Chamber, have just issued separate press statements on the final report of the third Plan. These statements are broadly alike in the welcome accorded to the overall size of the Plan and the proposed shares of the public and private sectors in the aggregate investment of Rs. 10,400 crores. They have both raised the doubt whether the private sector would be able to raise the resources required for its investment. Here Mr. Thapar's statement is confined to the private sector in industry, whereas Mr. Mariwala has dealt with the private sector as a whole, covering agriculture, power, transport, small industries, large industries and housing. Notwithstanding this difference, they are agreed on the point that, since both the public and private sectors have to draw their resources from a common pool of savings, the high allocation of investment in the former and the methods of financing it may have the effect of curtailing the quantum of resources available to the latter. The question of additional taxation has been specifically mentioned by both. Mr. Thapar's view, in this connection, is that additional taxation of the order of Rs. 1,710 crores, representing a large diversion of public savings, "may dry out an important source of finance to the organised private sector." Similarly, Mr. Mariwala is of the opinion that "there is practically little scope left for additional taxation in the sphere of direct taxes."

It may be thought that there is an element of exaggeration in the fears of the business community on the score of additional taxation, especially in the field of direct taxes. Similar fears, it may be said, were also expressed early in the second Plan period—fears which have been 'belied', partially at least, by the revised estimate of actual investment (Rs. 725 crores, excluding investment by way of modernisation and replacement) in the private sector of 'large and medium industries and minerals' in the second Plan period, as compared with the relevant original estimate of Rs. 575 crores. The revised estimates of investment in the private sector as a whole (*vide* table below) may be quoted in support of the view that the 'heavy' additional taxation in the second Plan period has not affected investment in the private sector to the extent feared earlier.

Investment in the Private Sector

(Including investment financed out of resources transferred from the public sector)

(In Rs. crores)

Group	Second Plan Estimates		Third Plan Estimates
	Original	Revised	
Agriculture (including irrigation)	375	675	850
Power	40	40	50
Transport	85	135	250
Village and small industries	100	225	325
Large and medium industries and minerals	575	725*	1,100*
Housing and other construction	925	1,000	1,125
Inventories	400	500	600
Total	2,400	3,300	4,300

* These figures do not include investment by way of modernisation and replacement.

The above estimates have been described as "exceedingly rough" in the final report of the third Plan, although the upward revision of figures pertaining to the second Plan period is supposed to have been done in the light of latest available data. Since there is no light in the report on the basis of estimation adopted in respect of each group, it is rather doubtful if the figures in the above table can be used in support of the contention that the heavy additional taxation in the second Plan period has not affected investment in the private sector. Taking the group of 'large and medium industries' alone, the improvement noted in the revised estimate (Rs. 725 crores) of investment, as compared with the original estimate of Rs. 575 crores, might well have been greater if the reliefs and concessions granted in the field of direct taxes in the latter half of the second Plan period had been less half-hearted and more generous. For, then, the incentive to save and invest would have had fuller scope and the internal resources of corporate enterprises would also have increased still further. The Planning Commission's view that the tax incentives and concessions given for investment "have contributed in no small measure to high levels of private investment over the last five years" is only partly correct, in that it ignores the fact that a good part of the private sector investment is based on borrowed funds, instead of on equity capital and retained profits.

In this context, Mr. Thapar's view that the public sector should secure the required resources "without placing any further burden on the sources from which the private sector will draw sustenance" amounts to saying that the present incidence of direct taxes is already pretty heavy. While the final report of the third Plan does recognise that, "in the field of (personal) income-tax, the scope for raising the rates generally is limited", it makes no such explicit admission in the matter of corporate tax rates. The fears of the business community on the score of additional taxation cannot, therefore, be described as exaggerated. Since the planners themselves have recognised that "all investment is in a sense financed from a common pool of savings", they should logically come to the conclusion that the resource needs of both the sectors would have to be considered together. But their statement that, "in a planned economy, private investment, especially investment that draws on the organised capital market, has to be regulated with due regard to the limitation of aggregate resources for investment and the requirements of the public sector" betrays a certain bias in favour of the public sector. It is difficult to reconcile this statement with the welcome flexibility that has been imparted in the last one year to the application of the Industrial Policy Resolution of 1956 under which "the roles of the public and private sectors are conceived of as supplementary and complementary to one another." It is to be hoped that the greater contribution expected from the private sector in the fields of fertiliser production, pig iron manufacture, coal mining, processing of bulk drugs, automobile transport, coastal shipping and, Mr. K. D. Malaviya willing, oil exploration and exploitation will lead to the realisation that the resource needs of the private sector are as crucial to the success of the Plan as those of the public sector.

TEXTILE MACHINERY

THE praise that Mr. Manubhai Shah, Union Minister for Industry, showered on the textile machinery industry, in his speech at the Second Annual Meeting of the Textile Machinery Manufacturers Association held at Bombay last week-end, is certainly well deserved. For the production performance of the industry in the past decade has been quite impressive, both quantitatively and qualitatively. The actual value of the various items of textile machinery manufactured has gone up from less than a crore of rupees ten years ago to as much as Rs. 13-14 crores (estimated) in 1961, besides the different spares, components and stores worth about Rs. 20 crores. Even after making allowance for the rise in prices, the increase in production is very substantial. The next four-five years are expected to witness a further notable rise in output. Addressing the meeting, Mr. Prabhu V. Mehta, Chairman of the Association, expressed confidence that the industry would be able to reach the third Plan production target (Rs. 16 crores worth of preparatory, spinning and weaving machinery and Rs. 5 crores worth of processing equipment) by the middle of 1964. The quality of the products is also claimed to be generally satisfactory. "Indian machines," Mr. Mehta said, "have produced satisfactorily to satisfy performance standards.... It will be our constant endeavour to ensure satisfaction to our consumer industry.... The textile industry is being supplied with the new items of machinery to replace imported ones and, in many cases, to the imported specifications and performance standards."

There is, however, a common complaint against the textile machinery industry, namely, late delivery. The delay is attributed to shortage of raw material supplies and components, indigenous as well as imported. Drawing attention to these handicaps, Mr. Mehta pleaded for higher allocation of foreign exchange for imports of materials such as special steels, stainless steels and other ancillary equipments. Apropos this plea, the Minister for Industry held out the assurance that the Government would not deny foreign exchange for any materials absolutely required, though he laid stress on the need for exports to finance imports of vital necessity. While this qualification is pertinent, it must be recognised that there is growing competition in the world textile machinery markets, especially from the U.K., Japan, W. Germany, Switzerland and Czechoslovakia. It may be noted here that the value of textile machinery exported, which had risen from Rs. 1.61 lakh in 1958 to Rs. 9.90 lakhs in 1959, declined to Rs. 3.47 lakhs in 1960. Before the Indian industry thinks of building up an export market, it will do well to concentrate on the task of meeting the domestic textile industry's expanding requirements of a wide range of machinery and accessories. Besides, constant attention must still be devoted to the improvement in quality and maintenance of reasonable prices.

It must be borne in mind that, unless the efficiency of textile machinery is of high order, the goods manufactured on it will not be able to compete effectively in the world markets and, for India, textiles constitute a vital foreign exchange earner. It is here that the importance of intensive research in textile engineering comes in. Drawing attention to this aspect, Mr. Mehta pointed out that indigenous design and research had not progressed as well as it should have. He described how, in various other countries, the manufacturers of dyes and chemicals, textile industry and other specialised manufacturers and their research organisation all co-operated together in designing the final machine. He also alluded to the latest move of the U.K. Board of Trade and the Department of Scientific and Industrial Research to carry out a study of research and development in the field of textile machinery. Commending a similar approach in India, Mr. Mehta said:

> "We in India will be very happy to co-operate with the Council of Scientific and Industrial Research as well as with the Textile Commissioner's Office and three research organisations of textile industry in this behalf. As a first step towards co-operation, I would suggest that these research organisations undertake the machine productivity studies in various textile mills and then communicate their suggestions to us. After a due study and consideration, we would be happy to meet these research organisations for further discussions in the modification of the design and the machine to achieve highest productivity. In the first instance, I believe, such a step would yield assessable results and also perhaps assist us in drawing up a further programme for the development of this particular aspect of the machinery manufacturing industry. These efforts ultimately may culminate into co-operative research organisations. I do visualise such a day in the near future."

Mr. Manubhai Shah, too, emphasised the need for a similar co-operative research organisation in this country. He gave the welcome assurance that the Government would be prepared to grant financial assistance to the extent of 50 per cent, if the Textile Machinery Manufacturers Association were to form a co-operative research institute in collaboration with other associations like the Indian Cotton Mills Federation. Equally welcome was his assurance that the help of the Council of Scientific and Industrial Research would always be available. The pace at which technological developments are being applied to the production of textile machinery is so rapid in many countries that, unless the Indian industry makes every endeavour from now alone to keep pace with such developments, the performance of men and machines in the industry cannot attain the same standards as those elsewhere in the world.

MARKET GOSSIP

THE criticism that, in recent months, the share markets were indulging in overoptimism and taking many things for granted has had further evidence this week. One of the favourable grounds of speculators for pushing up equity values was that this company or that company would soon issue either bonus shares or right shares on attractive terms. But much of this was wishful thinking. Some weeks ago, Mr. Kasturbhai Lalbhai said he had no scheme in mind for raising the paid-up capital of the Atul Products, as it would be uneconomical to do so at this stage of the Company's growth. A similar reply was given by Mr. J. R. D. Tata on Thursday last in regard to T.E.L.Co. He said, in effect, that it would be prudent to increase the size of equity capital only when the expansion schemes of the Company yielded production and profit and that, till then, it would be profitable to shareholders themselves to rely on debentures and other borrowings. This means that, at least for another two years, the Company might not go in for issue of new ordinary shares and that, in the meantime, it may be in a position to effect further modest increases in dividend. The Chairman of the Indian Copper has also discounted the possibility of issue of additional capital in the near future, as the Company has sufficient resources at its command to take care of its expansion plans. As for issue of bonus shares, he has expressed the view that even at the reduced rate of taxation on capitalisation of reserves such an alteration in capital structure is not worthwhile.

Checking Unhealthy Speculation

The report that the Government has shelved its proposals for restraining speculation in share markets, leaving the problem to be tackled by the governing boards of stock exchanges, sounds too good to be true. Even the final report of third Plan stresses the need for taking more effective steps to keep speculation under check. The stock exchange authorities would no doubt like to be left alone and they have been trying their level best for the past three months, if not more, to convince the Government that it would be best to entrust the task to themselves, with faith in their good sense. It is hard to believe they have succeeded in their attempts. It is, however, possible that, as both the Finance Minister and the Secretary for Economic Affairs (Mr. L. K. Jha) would shortly be going abroad on official work, the matter may be kept pending for some more time. It is, however, to be hoped that the present subdued temper of the markets has not been taken as a justification for not doing anything. On the contrary, a situation such as the present one, when neither the bulls nor the bears have built up a heavy position, is the most opportune for tightening the controls on speculation, for it would cause little or no dislocation. Further, both bulls and bears would know the handicaps they would be subjected to in case they choose to indulge in excessive speculation again. The popular sayings that prevention is better than cure and that a stitch in time saves nine are quite appropriate in this context. Some foresee a socialist deluge after the General Elections, if not on the eve of Elections. Others anticipate a bright future, with a further marked rise in equity values. Both may be right or both may be wrong; or only one may be right. Just as a bull phase is followed by a bear phase, so also the reverse takes place. The assumption that the stock exchange authorities have now realised the necessity for taking, on their own volition, fresh measures to prevent recurrence of unhealthy speculation, or that there would be no revival of such speculation at all is just delusion.

State Loans

Although the State Governments had failed to raise the taxes expected of them in their budgets for 1961-62, they have arranged their borrowing programme at least according to the requirements worked out in the third Plan. The provision in the Plan is for a net borrowing of Rs. 325 crores in the five-year period. Since there are maturities of the order of Rs. 88.29 crores, the gross borrowings over the Plan period should be Rs. 413.29 crores, or an annual average of Rs. 82.66 crores. As against this, the aggregate amount of new loans announced by State Governments this week is Rs. 80 crores. Since the loans that are due for repayment by the end of this month are Rs. 12.96 crores, and these have been given, as usual, the facility for convers on into the new loans of the respective States, the net intake will be a minimum of Rs. 67.04 crores, or a maximum of Rs. 75.04 crores, if the subscriptions to all State loans are sufficiently large to enable every borrowing State to exercise its option to retain an excess of 10 per cent of the notified amount.

As will be seen from the Governments' invitation to investors collectively published on the next page, thirteen out of fifteen States are borrowing, the two States not approaching the market being Assam and Jammu and Kashmir. The heavy est borrowers are Andhra, Madras and Maharashtra, each wanting Rs. 10 crores. Then come Mysore and West Bengal with Rs. 7 crores each, followed by Gujarat and Uttar Pradesh with Rs. 6 crores each. Orissa wants Rs. 5 crores and so also Madhya Pradesh. The target of Kerala and Rajasthan is Rs. 4 crores each. Bihar and Punjab are willing to be content with Rs. 3 crores each. All of them want this money for financing their development programmes. All the loans carry a uniform rate of interest—4½ per cent per annum and are of uniform duration—11 years. The issue price however, varies slightly in keeping with the preference of investors and, therefore, the yield, too. On the loans issued at par, the yield is 4.25 per cent both running and redemption. In the case of loans at Rs. 99.75 (Andhra, Madras, Mysore, Uttar Pradesh and West Bengal), the running yield is 4.26 per cent and the redemption yield 4.28 per cent, the corresponding rates in the case of loans at Rs. 99.50 (Bihar, Kerala, M.P., Orissa, Punjab, Rajasthan) being 4.27 per cent and 4.31 per cent, respectively. As in the case of Central loans floated last month and in accordance with the Government's policy of gradually adjusting the terms of borrowing to the prevailing cost of money, the terms of the aforesaid issues are slightly more favourable than they were a year ago and the yields available on the existing loans of comparable maturity. Thus, last year, the rate of interest offered was 4 per cent and the duration nine years. The yields on the existing 4 per cent 1971 loans before the announcement of the new loans ranged from 4.03 to 4.08 per cent running and 4.09 and 4.25 per cent redemption. Again, the 4½ per cent 1971 loan of Maharashtra was giving a running yield of 4.20 per cent and a redemption yield of 4.10 per cent, as against 4.25 per cent now offered. Because of the relatively higher yield as compared with that available on Central loans, the State loans are nowadays quite popular with investors who have to invest a part or a whole of their funds in gilt-edged securities. This consideration, coupled with currently prevailing comfortable money conditions, and the active canvassing that is being done by the State Governments, warrants the conclusion that the State loans will be fully subscribed, when the list opens on 4th September; it is due to close on 9th September the latest. The L.I.C. is reported to have specially prepared the ground for taking up a large block of these loans by selling last week itself some of its short-dated loans to commercial banks. This is doubtless a good arrangement, as it is to the mutual benefit of both.

Politics Dominates Sugar

There is either muddled thinking, or reluctance to face the inconvenient facts, about sugar in official circles, not excluding those who are reputed for taking a well-balanced view of things. How else is one to explain some of the contradictory statements made by Mr. S. K. Patil, Union Minister for Food and Agriculture, in Lok Sabha in the past few days? Replying to the debate on sugar situation on Thursday the 10th inst., Mr. Patil categorically declared that the Government was not contemplating any reduction in the price of sugarcane, though he confessed that the cane price accounted for as much as 70 per cent of the cost of producing sugar. Indeed, he said that it was his intention to devise a formula for the future which "would give the cane grower more money for his produce." Just two days prior to this statement, Mr. Patil had disclosed in the Lok Sabha itself that, with a view to reducing the present high cost of sugar production, the question of lowering the cane prices was under the consideration of the Government. He, however, qualified this statement by saying that the proposed reduction "would apply only to the export part of sugar." He went so far as to say that the cane grower, too, should make some sacrifice for winning export market for sugar. To quote him: "I propose to persuade cane growers to agree to a reduction and there is nothing, wrong in my doing so." The same Mr. Patil had also stated a few days earlier, while inaugurating the recent annual meeting of the Indian Sugar Mills' Association, that the Government was examining the feasibility of rationalising sugarcane prices.

Why did Mr. Patil make such conflicting statements? It is not difficult to answer this question, for the answer is quite obvious. There is too much politics in sugar. Mr. Patil, being a shrewd politician, must have quickly realised that his earlier statements were likely to be exploited by his political opponents for winning the favours of cane growers, who have a powerful say in the elections, especially in the States of Uttar Pradesh and Bihar. The Governments of these States themselves have been pleading for a further upward revision in the minimum price of cane from the present high level of Re. 1.62 per maund. He, therefore, took the earliest opportunity to take the sting out of his earlier pronouncements, even though he would look ludicrous in that process. Surely, his being ridiculed by columnists and newspaper commentators for saying one thing today and another to-morrow is less important than creating a hornet's nest for him and his party.

With hardly six months to go for the forthcoming General Elections, it is not surprising that almost every member of the Lok Sabha who participated in the brief debate sought to urge that the interests of cane growers should not be allowed to suffer at any time. The speeches of practically all members were confined only to the issue of sugarcane price and no one cared for the interest of consumers who outnumber the cane growers. Nor did any one of them offer any solution to the urgent problem of disposing of the huge sugar stocks lying unsold in the mills' godowns and locking up an enormous amount of bank finance which could be conveniently used for more gainful purposes.

The anxiety to safeguard the interests of cane growers is no doubt understandable, but it should not be extended too far to overlook completely economic considerations. In view of the heavy incidence of the price of cane in the cost of making sugar and considering that the other elements of production cost, namely, wage bill and manufacturing expenses, are very rigid, there is absolutely no scope for a reduction in production cost except through a cut in cane price and the tax on sugar consumed. The latter could be reduced to a sizable extent, but there is a limit to such a reduction because of the Government's need for more revenue. So the time has come when the cane grower, too, will have to make some sacrifice. It may be noted, in this connection, that, out of the Rs. 25.15 required to produce one maund of sugar, the cane cost accounts for over Rs. 17.60. Another point to be borne in mind is that the sugar industry has implemented the Wage Board award which entails an additional expenditure of Rs. 5-6 crores annually. Viewed thus, the statement of Mr. Shibbanlal Saksena that the Tariff Commission had increased the margin of profits for sugar mills is not convincing. Mr. Patil no doubt disputed this contention by saying that the Commission had, in fact, reduced the margin from 6.6 to 6 per cent, but expressed his readiness to ask the Tariff Commission to investigate the cost of sugar production if the members so wished. Surely, it would be waste of time and money to have another investigation. A detailed enquiry into the cost of structure of sugar was conducted by the Commission only two years ago. The facts are clear and there is no need for another enquiry.

The categorical declaration by Mr. Patil that the Government would on no account reduce the price of sugarcane is deplorable. This means that he too has not the political courage to face the hard economic facts and that the political exigencies are such that he has to tolerate the premium on inefficiency in agriculture. The old price of Re. 1.44 per maund of cane was itself very attractive as compared with the prices fetched by several other agricultural commodities. In fact, the monetary yield of cane on the basis of the enhanced price of Re. 1.62 is actually much more, because, in addition to the minimum, the growers receive a share in the prices of sugar realised by the factories in excess of what is regarded by the Government as fair ex-mill prices. The revised cane price has been so attractive that there has been a marked increase in the area devoted to this crop, from 4.81 million acres in 1958-59 to 6.10 million acres in 1960-61. Even if the minimum price of cane is reduced, the cane growers will not suffer any monetary loss, provided, of course, they endeavour their best to raise the per-acre yield of cane with higher sucrose-content. Mr. Patil himself said that, instead of enlarging the area under cane, the farmers should rely on intensive cultivation. But why should the farmers be interested in such cultivation so long as they are assured of a price that takes no account whatever of the quality aspect? If the problem of getting more sugar per acre is to be tackled successfully, it is imperative that the price of cane must be linked to both weight and the quantum of sugar recovered from it. All impediments in the way of implementing this fundamental, long overdue reform must be removed. Mr. Patil will have won an important victory and placed the sugar industry on a sound basis if he succeeds in putting through this reform. But, as he is not willing to covet this honour, the sugar muddle will continue.

India Forge: A Promising New Issue

A promising and well-planned engineering company, the India Forge and Drop Stampings Ltd., has invited subscription to a part of its preference and equity capital, *vide* the announcement appearing elsewhere in this issue. The authorised capital is Rs. 1 crore and the issued capital Rs. 50 lakhs—Rs. 40 lakhs in equity and Rs. 10 lakhs in preference. Of this, the directors and their friends have taken up Rs. 15 lakhs equity capital. The L.I.C. has agreed to subscribe to Rs. 5 lakhs of preference shares (dividend: 9.226 per cent taxable) and to Rs. 5 lakhs of ordinary shares. The present issue to the public is, therefore, only Rs. 20 lakhs of ordinary shares and Rs. 5 lakhs of preference shares; the whole issue has been underwritten.

While fuller details can be had from the announcement, the main features of this new Company may be highlighted here. The principal promoter, Mr. K. C. Sood, is a qualified metallurgical engineer, with 16 years' experience in forge shop technique. The Company has secured technical collaboration with a first class British company, Messrs. B. and S. Massey Ltd. The factory will be located near Madras City, where it has an assured market for its manufactures and obtained facilities for land and power. Foreign exchange for plant and machinery has been ensured. The Company's dependence on imported steel is only small and even that will disappear once the proposed tool and alloy steel units commence production. The Company, accordingly to promoters, is scheduled to go into production in 1962. The proportion of preference capital to the total is modest and the equity capital of Rs. 40 lakhs has an attractive gearing, in that it is related to an effective block of Rs. 63 lakhs, which indicates good earning potential and fair dividend prospects.

Select Committee On Income-Tax Bill

Even a cursory glance at the report of the Select Committee on the new Income-tax Bill, 1961, presented to the Lok Sabha on the 10th inst., would convince one that the Committee has made a commendable effort to soften the severity of a number of provisions of the Bill. Admittedly, many of the original clauses of the Bill were quite harsh to the assessees, individuals and corporations alike, and, if they had been allowed to go into the Statute Book, they would have certainly affected the process of capital formation and perpetuated many inequities. The Select Committee has suggested that, in order to accelerate the growth of industries, the list of industries which are liable to exemption from super tax should be expanded to include new industries which have assumed importance in the context of the industrial development of the country. A revised list has been

(Continued on page 364)

SHARE MARKET WEAK

ALL-ROUND FALL IN VALUES

(From Our Own Correspondents)

BOMBAY, 17*th August*

THE share market had only four working sessions during the week under review, as it remained closed on Tuesday the 15th inst. (Independence Day) and today (on account of the demise of a Jain Sadhu). This brief period witnessed an all-round decline in values of both cash and forward scrips. The sentiment of the market was affected by the note of pessimism about the future of steel industry struck by the Indian Iron and Steel Company Chairman and reports of labour troubles in T.E.L.Co. works. Fresh buying support was lacking, in view of the proximity of the end of the account period. Even the report of the Select Committee on Income-tax Bill which was considered to be on the whole favourable, especially the recommendations designed to reduce the severity of original clauses in a number of directions, failed to have any significant effect. Consequently, equities staged a retreat and finished on a distinctly weak note.

Steel shares suffered further setback in values. Tata Steels eased by Rs. 2 to Rs. 152. Indian Irons shed 30 nP to Rs. 25.70. Mukand Irons dropped 60 nP to Rs. 25.65.

Textiles, too, were depressed. Centurys fell by Rs. 14.50 to Rs. 673.50, following heavy bull liquidation. Standards declined by Rs. 36 to Rs. 1,344. Khataus were subjected to selling and receded by Rs. 21.25 to Rs. 547.50. Kohinoors softened by Rs. 7 to Rs. 286.50. Morarjees lost a like amount to Rs. 410.

Cements were neglected. Associated Cements eased by Re. 1.50 to Rs. 159. Digvijays lost Rs. 2 to Rs. 166. Orissas lost 16 nP to Rs. 14.96. Andhras were dull at Rs. 11.04.

Sugars were quiet. Belapurs were unaltered at Rs. 252, after being higher at Rs. 253.50 at one time on Saturday the 12th inst. Bhopals were dull at Rs. 24.80 and Changdeos at Rs. 23.92. Phaltans lost Rs. 4.25 to Rs. 130. Walchandnagars shed Re. 1.50 to Rs. 163.50.

A feature of trading in the engineering section was the sharp drop of Rs. 26.50 to Rs. 341.50 in the quotation for T.E.L.Cos. following heavy bull liquidation; at one time on Wednesday the rate was as low as Rs. 139. T. Manekials were hammered down from Rs. 527.50 to Rs. 505. Premier Construct ons receded by Rs. 6 to Rs. 183, despite reported buying by the L.I.C. New Standard Engineerings dropped Re. 1.50 to Rs. 186.50. Alcock Ashdowns fell by Rs. 2 to Rs. 273. Larsen and Toubros shed Re. 1.25 to Rs. 37. Mahindras lost 24 nP to Rs. 19, K rloskar Brothers by a rupee to Rs. 45 and Brady Engineerings by Re. 1.50 to Rs. 82. But Asian Cables advanced by Rs. 7.50 to Rs. 111.50 on special support.

Chemicals encountered selling and drifted downward. Indian Dyestuffs suffered a loss of Rs. 18.75 to Rs. 451.25. Colour-Chems fell by Rs. 12.50 to Rs. 327.50. Dhrangadhras receded by Rs. 5.50 to Rs. 123.50. Alembic Chemicals eased by Rs. 3.25 to Rs. 228.75. Polychems lost Re. 1.25 to Rs. 205 and Dharamsis shed a like amount to Rs. 277.50. Tata Chemicals were neglected at Rs. 17.52 and Kemps at Rs. 298.

In the shipping group, Scindias eased by 36 nP to Rs. 13.24 and Great Easterns by 28 nP to Rs. 13.48. Among automobiles, Premier Automobiles declined by Rs. 2 to Rs. 156.50, despite encouraging working results for the year ended June 1961. The total turnover of the Company for 1960-61 aggregated Rs. 22.72 crores, as against Rs. 20.95 crores in the previous year. The Company sold 6,913 cars and 6,073 trucks, as compared with 5,729 cars and 5,797 trucks. Hindustan Motors declined by 68 nP to Rs. 20.56 c.d.

Rayon shares drifted lower in keeping with the general trend of the market. South India Viscoses dropped Rs. 9 to Rs. 181. National Rayons shed Rs. 6.50 to Rs. 532. Baroda Rayons eased by Rs. 2.50 to Rs. 139.50. Gwalior Rayons lost a rupee to Rs. 48.50. But Indian Rayons put on 50 nP to Rs. 74.

Among miscellaneous industrials, Bombay Oxygens were done lower at Rs. 58.50, as against Rs. 59.50 last week, notwithstanding the statement by the Chairman of the Company that the plant would go into production by April 1962. Bombay Burmahs encountered selling and receded by Rs. 6.50 to Rs. 588. Voltas dropped Rs. 5 to Rs. 284. This scrip, too, is said to have been fancied by the L.I.C. Ceat Tyres eased by Rs. 3.75 to Rs. 207.50 and Premier Tyres by Rs. 2 to Rs. 123.50. New India Industries (not New India Fisheries as was wrongly reported last week), which had spurted by Rs. 8.75 to Rs. 388.75, remained neglected at this level. Tata Oils were quiet, losing Re. 1.80 to Rs. 74.20.

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Madras Stock Exchange

MADRAS, 16*th August*

The upward trend of equities noted last week was halted during the week under review. In fact, equities drifted lower, barring a few select scrips especially in the textile and rubber sections, which elicited good investment support. The easiness was due to lack of encouraging advices from Bombay and Calcutta. The Union Finance Minister's statement in the Lok Sabha that the foreign exchange situation was satisfactory, did not have any perceptible effect on the market. His statement on the U.K.'s possible entry into the Common Market, though it stressed the need for ensuring transitional safeguards for Commonwealth goods, chilled the enthusiasm of operators. Sugars were subdued, following the Union Food Minister's categorical statement that cane prices would not be reduced except for the export part of sugar. Coffees ruled easy in the absence of follow-up support. Teas were generally dull, but a few popular scrips came in for enlarged enquiries. Rubbers, however, were active. Among textiles, forward scrips encountered persistent selling, while a few leading cash scrips met with selective support. Miscellaneous shares were quiet.

In the planting section, Balamcor Coffees suffered a loss of 25 nP to Rs. 15.35. Cochin Malabars fell by 18 nP to Rs. 7.32. Cowcoodys eased by 15 nP to Rs. 4.45. Periakaramalais lost 9 nP to Rs. 3.88. Ouchterlony Valleys shed 5 nP to Rs. 3.70. Blue Mountains, after r sing from Rs. 3.15 to Rs. 3.18, declined subsequently to Rs. 3.14. Kadur Coffees were neglected at Rs. 2.85, reflecting the disappointment of operators over the lower dividend of 5 per cent (taxable) for the year ended May 1961, as compared with 7.50 per cent d stributed in the previous year. Badra Coffees were quiet at Rs. 3.60. The Directors of the Company have maintained the div.dend for the year ended May 1961 at the previous year's level of 15 per cent (taxable). Malankaras were featureless at Rs. 18, notwithstanding the announcement of a dividend of 16 per cent (taxable) for the year ended March 1961, which compares favourably with 15 per cent for 1959-60. Samgameshwars, however, picked up 3 nP to Rs. 2.06.

In the textile section, South India Viscoses were marked down by Rs. 9 to Rs. 184. Lakshmis receded by Rs. 2 to Rs. 168. Madurais declined by 65 nP to Rs. 37.10 and Travancore Rayons by 50 nP to Rs. 38.90. Bangalore Woollens, however, advanced by Rs. 5.50 to Rs. 213.50 and Buck.ngh.ms by Rs. 4 to Rs. 245.

Among miscellaneous industrials, Western India Plywoods gave way from Rs. 223 to Rs. 218. Tube Investments decreased by Rs. 3 to Rs. 259. Aluminium Indu tries lost 35 nP to Rs. 23. The Company has announced a final div dend of 9 per cent, making a total of 18 per cent (taxable) for the year ended March 1961, same as that paid in the previous year.

PYRITE DEPOSITS

Recent investigations by the Indian Bureau of Mines on the technical and economic aspects of utilising the pyrite deposits of Amjore in Bihar for the production of sulphuric acid are reported in the latest (July) issue of *Research and Industry*, a monthly periodical published by the Council of Scientific and Industrial Research. In India, almost all the units producing sulphuric acid are based on elemental sulphur which is now entirely imported. The projects for producing sulphur locally assume considerable importance in view of the rapidly mounting requirements of sulphur for the production of sulphuric acid. By 1965-66, it is estimated, India would be importing 400,000 tons of sulphur for product on of sulphur c acid. The Amjore pyrite deposits form the most promising source of sulphur in India. This locality is estimated to have a reserve of about 384 million tons of sulphide ore in an area of 48 square miles. About 78 million tons of these are proved reserves containing on an average 40 per cent sulphur.

4¼ per cent

STATE GOVERNMENT LOANS 1972

	Name of State	*Amount*	*Issue price per cent*
(1)	Andhra Pradesh	Rs. 10 crores	Rs. 99.75
(2)	Bihar	Rs. 3 crores	Rs. 99.50
(3)	Gujarat	Rs. 6 crores	Rs. 100.00
(4)	Kerala	Rs. 4 crores	Rs. 99.50
(5)	Madhya Pradesh	Rs. 5 crores	Rs. 99.50
(6)	Madras	Rs. 10 crores	Rs. 99.75
(7)	Maharashtra	Rs. 10 crores	Rs. 100.00
(8)	Mysore	Rs. 7 crores	Rs. 99.75
(9)	Orissa	Rs. 5 crores	Rs. 99.50
(10)	Punjab	Rs. 3 crores	Rs. 99.50
(11)	Rajasthan	Rs. 4 crores	Rs. 99.50
(12)	Uttar Pradesh	Rs. 6 crores	Rs. 99.75
(13)	West Bengal	Rs. 7 crores	Rs. 99.75

All the State Governments reserve the right to retain subscriptions upto ten per cent. in excess of the notified amount.

All the above loans will be repaid at par on 4th September 1972.

THE LOANS WILL OPEN FOR SUBSCRIPTION ON 4TH SEPTEMBER 1961 AND CLOSE ON 9TH SEPTEMBER 1961 OR EARLIER WITHOUT NOTICE AS SOON AS SUBSCRIPTIONS APPROXIMATE TO THE AMOUNT OF EACH ISSUE.

All the loans will bear interest from 4th September 1961.

Subscriptions may be in the form of CASH/CHEQUE in respect of all the loans.

Securities of 3 per cent Tapi Irrigation Development Loan 1961 and 3½ per cent Cochin Loan 1956-61 will be accepted AT PAR for conversion into the new loans of the Governments of Maharashtra and Kerala respectively. Securities of Mysore Government 3 per cent Loan 1956-61, Madras Government 2½ per cent Loan 1961 and 2½ per cent Uttar Pradesh Loan 1961 will also be accepted for conversion AT PAR into the new loans of the respective State Governments.

Interest due on the securities of the loans tendered for conversion will be paid as under:

	Name of Loan	*Rate of Interest per cent per annum*
(1)	3% Tapi Irrigation Development Loan 1961	At 3% upto and including 30th April 1961 and at 4½% from 1st May 1961 upto 3rd September 1961 inclusive.
(2)	3½% Cochin Loan 1956-61	At 3½% upto and including 31st May 1961 and at 4½ per cent from 1st June 1961 to 3rd September 1961 inclusive.
(3)	Mysore Government 3% Loan 1956-61	At 3% upto and including 19th April 1961 and at 4½% from 20th April 1961 to 3rd September 1961 inclusive.
(4)	Madras Government 2½% Loan 1961	At 2½% upto and including 31st August 1961 and at 4½% from 1st September 1961 to 3rd September 1961 inclusive.
(5)	2½% Uttar Pradesh Loan 1961	

APPLICATIONS FOR ALL THE LOANS WILL BE RECEIVED AT THE OFFICES OF THE RESERVE BANK OF INDIA AT BANGALORE, BOMBAY, CALCUTTA, MADRAS AND NEW DELHI.

APPLICATIONS will also be received at PLACES WITHIN THE RESPECTIVE STATES as follows:—

(i) At the office of the Reserve Bank of India at Nagpur in the case of Maharashtra Loan.

(ii) At the branches of the State Bank of India and at treasuries and sub-treasuries in the case of Andhra Pradesh, Bihar, Gujarat, Kerala, Madhya Pradesh Madras, Maharashtra, Orissa, Punjab, Rajasthan and Uttar Pradesh loans.

(iii) At the branches of the State Bank of India in the case of West Bengal loan.

(iv) At the branches and treasury pay offices of the State Bank of Hyderabad in the case of Andhra Pradesh and Maharashtra State Loans.

(v) At the branches and treasury pay offices of the State Bank of Mysore (except at Bangalore, Mangalore and Gulbarga), the State Bank of India, the State Bank of Hyderabad and at Government Taluk treasuries in Mysore State in the case of Mysore State Loan.

(vi) In the case of Gujarat Loan the State Bank of Saurashtra at Bhavnagar and its branches in the State of Gujarat will collect applications and forward them to the nearest receiving office.

Copies of Notifications and Application Forms may be obtained at any Receiving Office.

Applicants tendering their applications at the offices of the Reserve Bank of India at Bangalore, Bombay, Calcutta, Madras and New Delhi will, in the event of oversubscription to the loan applied for, be given the option of transferring their cash refunds to any of the other State Government loans which may not be fully subscribed by that time. To avail of this facility, the persons tendering their applications should complete the SPECIAL OPTION FORM copies of which are available on application from any of the abovementioned offices of the Reserve Bank of India.

STEPS TO PROMOTE INTEGRATION

VALUE OF ENGLISH LANGUAGE RECOGNISED

From Our Special Correspondent

NEW DELHI, 16*th August*

THE meeting of Chief Ministers of States, convened to consider the question of national integration, overshadowed the proceedings of the monsoon session of the Lok Sabha last week. The latter appeared to lack some of the usual excitement during and after question hour: this is attributed to a general preoccupation of members with the coming General Elections and the politics of tickets: further moves in regard to the Deputy Leadership of the Congress Party also diverted some interest from the House. The debates on the third Plan and foreign affairs will probably attract more attention; the debate on sugar and the discussion on the affairs of the Aligarh University generated some heat but not much light, since Ministers were kept on the defensive and had to make equivocal pronouncements to please all sections of opinion. The Finance Minister's two statements on the state of our foreign exchange reserves and on India's position in an enlarged Common Market added little that was not known already.

DELHI LETTER

The Chief Ministers' discussion, judged by the *communiques* issued at the end of the meetings, must have been non-controversial; indeed, it is surprising that, with such broad understanding and agreement on the general approach among them to the problems of integration, there is so much trouble in the country. It has taken nearly six years for such responsible men to recognise the value of the safeguards recommended by the States Reorganisation Commission. Better late, perhaps, than never. An unexpected outcome was the ready agreement among Chief Ministers for constituting all-India services for engineering, medical and forest departments, though they have resisted an extension of that principle to Education and Agriculture. In effect, this would mean the appointment to such posts of a certain proportion of persons from outside each State. State Governments, however, wish to have greater control over these officers than they now have over I.A.S. and I.P.S. personnel; this question has been skilfully shelved for the present, but the value of an all-India cadre in these departments will depend very much on the protection which the members of these services can enjoy against local pressures. The Prime Minister is reported to have stated that the I.A.S. or I.P.S. need not provide the pattern for the others. Some via media seems, therefore, likely and any step, however moderate, may be an advance over the present exclusiveness in recruitment which breeds parochialism. There is naturally a fear that some States may be over-represented on these all-India cadres and suggestions have been made for fixing quotas. In any case, these should not cause much difficulty; the present move will only revive cadres which existed before independence and the old rules should be generally acceptable.

One of the grievances of State Governments often expressed is that senior civilians seconded to the Centre from the State cadres are rarely sent back, with the result that the State administrative apparatus has to function with new and relatively untrained hands. Chief Ministers have now insisted on a regular rotation of officers, though this might have the effect of depriving the Centre of some highly experienced men. The risk is worth taking and should be taken now since the work of implementation suffers more at the State level. So far, State politicians have not been wholly averse to getting rid of senior administrators who may check their over-zealous schemes; but, now, even they realise that, without efficient execution and a clean administration, they cannot win local popularity in the face of criticisms by opposition parties. It is now up to the States to provide some attractions in emoluments to get back their men. A freer circulation of officers among the States and the Central departments will be a considerable gain at all levels of the administration and, though this will not be enough to achieve integration, it can break the present exclusiveness which has been partly encouraged by the Centre. For example, there is nothing to prevent the Centre even now from insisting on recruitment of a proportion of Judges from outside each State. It was quite common before independence and the States Reorganisation Commission had urged the revival of this practice. Difficulties of language and differences of social and other laws and customs should not prove more insurmountable than in the case of European Judges, especially those recruited from the English bar in the past, who dispensed justice to the satisfaction of the public. There has been lack of firmness in such matters and one must hope that the Chief Ministers' meeting will make a beginning of a broader recruitment policy by starting with the High Courts.

Two important steps now taken may help to check the trend towards disintegration, if not positively to promote integration. The first is intended to declare as a corrupt practice attempts to promote communal feelings for gaining electoral advantage; this is an important landmark in the history of our democracy, for it is well known that Congress party members have sinned as much as those of other groups in appealing to communal feelings. Tickets have often been given to candidates with an eye on the communal complexion of each constituency. The second step is to declare as an offence the promotion of hatred between different classes; but this is of less importance in the present context, because existing laws are quite adequate (especially preventive Detention), if there is a will to enforce them and very often those who incite communal passions are always ready for the martyrdom which a trial and imprisonment confers on them. On the other hand, a finding on the adoption of corrupt practices by an Election Tribunal will render an election invalid defeating the main object of the candidates and will, therefore, restrain them in future in their electioneering speeches, particularly in the South where the evil has so far gone unchecked. There is a further proposal that advocacy of secession from the Indian Union should also be made a penal offence after the elections are over but this also suffers from the same disadvantage as the second that punishment will not deter expression of such views if a sufficiently large body of persons are determined to propagate them.

Hindi and English

The *communique* issued by the Chief Ministers at the end of their meeting is remarkable for the recognition it shows of some of the chief dangers of the present language policy. Originally, the champions of Hindi, who wished to have it quickly substituted as the official language of the Union, thought that its claims will be accepted if linguistic States were created as a *quid pro quo* and allowed to foster their respective regional languages. The excess of zeal displayed by some States—especially Madras which has sought to make Tamil the medium of University education, has been causing some concern. Though the architects of our language policy should have known better, they realise now that India may in future be producing highly educated persons who will not be able to understand one another for want of a common medium of communication. The most straightforward and honest cause in the circumstances would have been to say that English should continue to be the common medium, since it is also recognised as the best means of communication with the outside world (as the next paragraph in the *communique* makes it clear). Instead of doing so, the Chief Ministers' *communique* states that, although English will continue as such medium for some time to come, "it is clear that urgent steps should be taken to promote Hindi so as to fulfil that purpose as early as possible."

If this means that persons educated in each State in the regional language should be familiar with the common Hindi terminology in the various sciences and humanities, their education should also be in that medium—which is a direct contradiction of the status hitherto accorded to the regional language. Also it means that, while Hindi has so far been promoted only as an *official* language under the Constitution for Union purposes, it is now being given a still higher importance and status as a national language. This will naturally provide grist to the mills of the opponents, besides being wholly unrealistic to expect Hindi to become so soon a medium of inter-State communication as to replace English. Read with the other view of the Chief Ministers that Devanagari should also become a common script for all the Indian languages, the *communique* gives ground for the criticism that, in the name of integration, everything is being made safe and convenient for Hindi-knowing people.

The value of the Chief Ministers' meeting lies in the recognition of the importance of English and the need for it being taught along with Hindi at a very early stage in a child's career. There has been a reiteration of the view (confirmed in the Presidential Order) that English will continue to be used as an associate language for all-India official purposes even after Hindi becomes the Union Official Language. In view of such declaration, it will be permissible in future for the use of English or Hindi in official correspondence between a State and District headquarters, even though the State's official language is some other language (as in Assam). There is also provision for the recognition as an official language of a particular district if one of the national languages is spoken by at least 60 per cent of its population. The public will in any case be entitled to submit petitions in all languages and to get replies to them in such languages. A very real fear, that the adoption of a State language will deprive persons not knowing it of jobs, has been removed by the proposed rule that option should be given to candidates for using Hindi or English as a medium of examination for recruitment and proficiency in the State language should be required after selection during probation.

The agreement on the medium of university education is somewhat ambiguous, since it will validate even the retrograde step recently taken in Madras, though it emphasises the importance of the common link and the immediate need to retain English as such. Instead of bluntly saying so, the *communique* reveals much equivocation, because of a desire to placate the advocates of both Hindi and the regional languages while emphasising the value of English. If these matters had been stated more plainly, the cause of integration could have been well served; one must be thankful, however, for the growing recognition that the setback to integration has been due to the hasty attempts to reduce the importance of English in education and administration.

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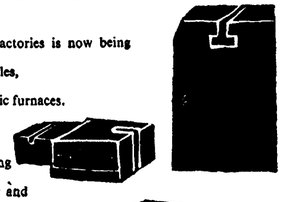

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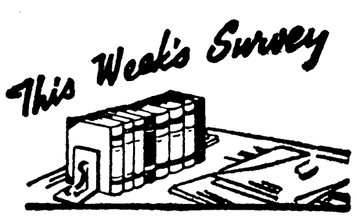

I.B.R.D. LOAN FOR PRIVATE COLLIERIES

UNDER the third Plan, the private sector in coal industry is expected to step up its production from 44-45 million tons, as of 1960-61, to 61-62 million tons in 1965-66, that is, by an additional 17 million tons per annum. As the major portion (11 million tons) of this additional production will be from existing mines, the private sector's expansion programme (covering both existing mines and new sinkings in existing leasehold areas) will involve a capital outlay of the order of Rs. 60 crores only, as compared with the investment of Rs. 103 crores required for establishing an additional annual production of 20 million tons in the public sector by the end of the third Plan. But even that outlay of Rs. 60 crores has a foreign exchange component of Rs. 28 crores. It is a gratifying, though not wholly unexpected, development that the private sector in coal industry has just been granted a loan, equivalent to $35 million and representing nearly 60 per cent of its entire foreign exchange requirement, by the World Bank. Of this loan, $30 million will be used by the private companies for importing spare parts, replacements and equipment required during the first two years of the third Plan period for the expansion of existing mines and $5 million for the opening of certain new mines which will take about four years to complete. The entire loan is for a term of 15 years bearing interest at the rate of 5¾ per cent per annum, including the customary 1 per cent commission which is allocated to the Bank's Special Reserve; its amortisation will begin in May 1966.

Although the World Bank's loan will meet only 60 per cent of the foreign exchange requirements of the private sector in coal industry, it does represent a significant achievement for which the industry's representatives (Mr. P. Prashad, Chairman, Indian Mining Association; Mr. S. N. Mookherjee, Vice-Chairman, Indian Mining Federation; Mr. U. H. Worah, Member of the Committee of the Indian Colliery Owners' Association; and Mr. F. G. Massman, Chief Mining Engineer of Andrew Yule Co., Ltd.), who had been to Washington early last month to conduct negotiations with the Bank, can justly claim the credit. Having done its part to the maximum extent possible in the matter of securing foreign assistance, the private sector will now expect the Government of India to provide the balance ($25 million) of its foreign exchange requirement in the later part of the third Plan period.

Much of the advantage expected from the availability, so early in the beginning of the third Plan, of the World Bank loan may, however, be lost, if the Government either delays the screening of the project reports submitted by the collieries and thereby the release of the foreign exchange by the World Bank or fails to implement, within the first two years of the Plan period, its programme for the construction of ropeways for sand-stowing operations. Now that the World Bank loan has been granted, it may be hoped that the Government may not unduly delay the screening of the project reports. But there is likely to be delay in the construction of the ropeways, unless, of course, the Government accords a high priority to the provision of foreign exchange for the purpose. How crucially important this "ropeways programme" is and what the element of uncertainty in its implementation is, may be seen from the following paragraph in the final report of the third Plan:

"Stowing as a measure of conservation will need to be intensified during the third Plan period since a part of the additional production is to come from existing mines by depillaring operations. While the larger collieries have their own arrangements for gathering sand and transporting it, for technical and financial reasons the smaller collieries are not able to establish these facilities. With a view to removing this handicap and to increasing the supplies of sand for stowing purpose, the Coal Board will establish seven ropeways, four in the Jharia coalfield and three in the Raniganj coalfield. Sand will be gathered from the Damodar and Ajai rivers and transported to points within convenient reach of groups of collieries which have been selected with due regard to the urgency of stowing operations, the quality of coal, etc. The cost of these ropeways has been tentatively estimated at Rs. 16 crores. The ropeways are programmed to be completed within the first two years of the Plan period, but this time schedule may be upset by foreign exchange difficulties."

The availability of sand has an important bearing on the expansion of coal production, because most of the operations of the private sector in India are underground, requiring a special technique of mining in view of the extraordinary thickness of the coal seams—some upto 100 feet. In this technique of mining, when coal is taken out, it must be replaced with sand to permit the maximum to be recovered without cavein. Unless the proposed seven ropeways are constructed as a matter of high priority, as many as 50 mines belonging to smaller collieries in the private sector will not be in a position to take the fullest advantage of the World Bank loan in the first two years of the third Plan period.

COMMONWEALTH PREFERENCES

There was hardly anything new in Mr. Morarji Desai's statement to the Lok Sabha last week on India's approach to the question of the U.K.'s possible entry into the Common Market. Neither in letter nor in spirit, Mr. Desai's observations reflected the evolution of a positive Government policy on this vitally important question. He did, of course, stress the need for suitable transitional arrangements or safeguards for Indian exports, if the U.K. were to abolish Commonwealth preferences on them. But it was surprising that he did not spell out, in specific terms, the nature and extent of the contingent safeguards needed. One would have thought that only such a clear-cut approach could stand the Government in good stead in a bargaining counter, for instance, in the event of further U.K. consultations with India and other Commonwealth countries. The only noteworthy feature of Mr. Desai's statement was his strong plea to the Common Market countries for a reduction in their tariffs on imports from developing countries like India. It was good that this plea was made, though its outcome might be uncertain, in spite of the G.A.T.T.'s well-known support to a policy of import liberalisation by the industrialised countries.

Mr. Desai, of course, held the view that the end of Commonwealth preferences would cause a setback to India's trade, although he admitted that it was difficult to assess precisely its impact on India's export at this stage. The actual effect would depend upon the kind of tariffs and commercial policies ultimately evolved. But, according to Mr. Desai, one thing which could be said with certainty was that all trade preferences now enjoyed by India in the U.K. market would disappear. Instead, while India's products would bear an import duty, similar goods from the Common Market or its associated territories would be imported duty-free; there would thus be a "reverse preference" operating against India's exports to the U.K. market.

Another difficulty is that, once the U.K. joins the Six, the Common tariff (which will be applicable in both U.K. and other member countries) will approximate to the relatively high tariffs on Indian exports prevailing in the Common Market countries. This situation will be in distinct contrast to the various advantages at present enjoyed by Indian products in the U.K. market. India, according to Mr. Desai, has three main advantages in its trade with the U.K. Firstly, as India is a member of the Commonwealth, almost all products enter the U.K. market duty-free. Secondly, India, being a member of the Sterling area, its products are free from quantitative restrictions in the U.K. market. Thirdly, a number of products enjoy preferential tariff in the U.K., partly as a result of trade agreements between the two countries and partly by virtue of the fact that, as Commonwealth products are duty-free, the imposition of any U.K. tariff on non-Commonwealth imports results in a preferential position for all Commonwealth countries. In the Common Market countries, on the other hand, India's principal exports, with a few exceptions, are subject to fairly high tariffs and other taxes. As Mr. Desai pointed out, even a commodity like tea, which is not produced in Western Europe, is subject to such impositions. In addition, there are quantitative restrictions, often of a discriminatory character, on India's manufactured goods, such as cotton textiles, jute fabrics, vegetable oils and coir mattings. If the U.K. becomes a member of the Common Market, the same high tariffs and other restrictions will automatically be extended to the former.

On the question of trade preferences, India's attitude is in consonance with principles embodied in the G.A.T.T., of which it is a member. The G.A.T.T. is against the creation of any new preferences. It has recognised that, in order not to disturb patterns of trade established through decades of preferential treatment, the preferential concessions in operation prior to the coming into force of the G.A.T.T. should be allowed to continue. Besides, if preferences are reduced, countries which benefit from such a move should offer tariff concessions. From this standpoint, Mr. Desai's plea that the Common Market should reduce tariffs and abolish quantitative restrictions is strong and sound. While it is necessary to spare no efforts in securing, if possible, such safeguards for Indian exports designed to avoid any abrupt disruption of established channels of trade, it must not be forgotten that, in the long run, the competitive capacity of Indian industry and agriculture will depend upon their productive efficiency. Mr. Desai has, therefore, done well to remind the domestic industry that the possible disappearance of preferences in the U.K. market should be considered a challenge to Indian industries to adjust themselves to face competition, "provided such competition is on equal terms and our exports do not encounter unreasonable restrictions."

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PROBLEMS OF GENERAL INSURANCE

As an authoritative survey of the problems and progress of the general insurance in the country, the speech of Mr. T. M. Telang, Chairman of the Indian Insurance Companies' Association, deserves the serious attention of every one connected with general insurance in the country. In spite of the difficulties that beset general insurance, Mr. Telang is optimistic about the future of general insurance in the country. The enlargement and diversification of the industrial structure will give, according to him, ample opportunities for insurers to extend the scope of their service. With the increasing tempo of economic activity, there will be, for instance, a growing demand for machinery erection, breakdown, contractors' guarantee or performance bonds and a number of other miscellaneous types of insurance so common in all the developed countries. There is, in his opinion, a need for an efficient field organisation which could create insurance mindedness among the public and give expert advice on the type of covers available. This organisation could be aided by a well-planned and imaginative publicity campaign to educate the public in the value and importance of general insurance as a shock absorber of industry and business and as protection against catastrophic and unforeseen risks.

Although the rate of growth of insurance in 1959, the latest year for which figures are available, was higher than that in the previous year, considering the growth of industrial production and the progress made by insurance in other countries, there was still a large leeway to be made up. There could be no room for complacency, the Chairman emphasised, when not even a fringe of the potential business in the country had been touched. He, however, felt that certain conditions were to be satisfied before such a large potential market could be tapped. The most important was the presence of an integrated market composed of financially sound, viable and healthy units operating in an atmosphere where every unit had an opportunity to expand. This called for a radical rationalisation of the working of the industry and suitable changes in the present set up of controls and regulations. Mr. Telang welcomed, in this connection, the non-diversion and mutual assistance agreement signed by 17 leading Indian general insurance companies in the country as a first step towards putting the individual units and the industry on a sound footing.

While conceding that it was primarily the responsibility of the trade to take necessary steps to place Indian insurance on a satisfactory basis, Mr. Telang also recognised that understanding on the part of the authorities and their support and guidance were of valuable assistance in the solution of the problems facing insurers. He, however, felt, along with his colleagues in the profession, that a more practical approach on the part of the Department of Insurance, without in any way compromising the spirit of the statutory regulations, would lead to the solution of many of the problems. As an instance of lack of understanding, he cited the Government's failure to act upon the recommendation of the Taxation Enquiry Commission regarding the facilities to be allowed to general insurance companies for building up their reserves and to revise the formula limiting the expenses of management with a view to bringing it in line with the enhanced cost of living and the general price levels in the country.

Referring to the amendment to the Insurance Act, which requires all insurers to make a fixed cession, up to a maximum of 30 per cent, with approved Indian reinsurers, Mr. Telang said that a hundred per cent increase overnight in the volume of premium to be ceded on account of the Government-controlled unit coming into the picture was likely to affect the profits of insurance companies, notwithstanding the provision for retrocession of premium by the reinsurers. He also warned that undue emphasis on local reinsurance arrangements might militate against the international character of general insurance business and handicap companies developing balanced portfolios based on a geographic spread of risks. Now that compulsory reinsurance has become a *fait accompli*, all that one can do is to hope that both the reinsurance companies will bear this point in mind while transacting their business.

A UNIQUE VENTURE

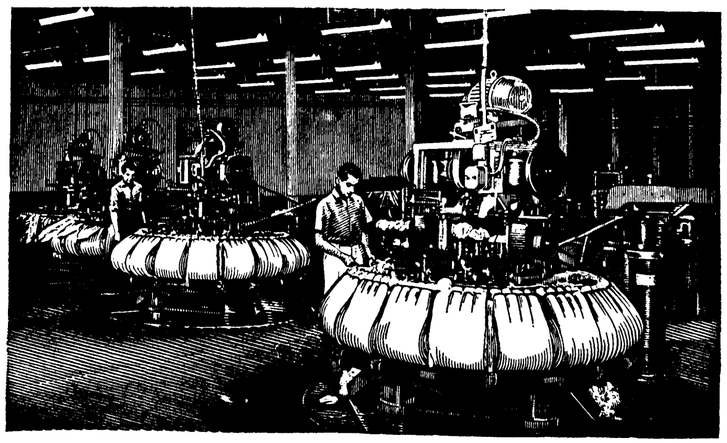
By the end of this year, a giant factory at Durgapur will be commencing manufacture of cement-making machinery, mining equipment and "Babcock" steam-raising plant. This is the heavy engineering unit that is being set up by the Associated Cement Companies Ltd. in collaboration with two well-known firms of Britain, namely, Vickers Ltd. and Babcock and Wilcox Ltd. The project is, indeed, a unique venture for three important reasons. One, the production of the items mentioned above will meet a sizable part of the country's requirements of a range of machinery (boilers, pressure vessels and ancillary equipment, cement-making machinery, general mining machinery and certain items of coal-mining machinery, thus saving for the country quite a bit of precious foreign exchange. Two, there is the scope for wide employment opportunities in relation to investment. After the completion of the first stage of the project, about 1,500 persons are expected to be employed. Three, the project is a notable example of Indo-British partnership, in that there is both financial and technical collaboration.

The licensed annual capacity of the Durgapur plant is 6,500 tons of boilers, ancillary equipment and pressure vessels and 2,230 tons of cement-making, general mining, coal mining and other general machinery. Taking the average value per ton of machinery as Rs. 2,500, the aggregate value of production comes to Rs. 2.18 crores. The total capital outlay on the project is estimated at more than Rs. 10 crores. The authorised capital of the Company is Rs. 10 crores, of which about Rs. 5.4 crores will be subscribed and fully paid-up over a period of three years, commencing from January 1959. The A.C.C's share of paid-up capital is to the extent of 49.8 per cent and the two overseas shareholding companies account for 24.9 per cent each. The balance of 0.4 per cent is to be held by the four firms which are the principal shareholders in the Cement Agencies (Private) Ltd. The total capital issued upto January 1961 was Rs. 3.0 crores (300,000 shares of Rs. 100 each).

The construction of the works is said to be well ahead of schedule. Pilot production is expected to commence by the end of this year and full-scale production from early 1962. The target of full capacity will be attained by 1965. The workshops, designed on modern lines by Messrs. Balfour Beatty and Company Ltd., a firm of British consultants, have been built partly from Indian steel and partly from steel imported from the U.K. All the shops have been so designed as to permit progressive expansion without dislocating production. The factory is being equipped with up-to-date machinery.

Although the Company is yet to commence production, it has already secured several orders for the supply of its products. One such order is for four water-tube boilers to the Maharashtra Government for the power station at Khaperkheda. These will be Babcock Radiant-type boilers fired by automatic spreader-stokers with a total steam-raising capacity of 326,000 kg. per hour at 62 kg per sq. cm. with a super-heated steam temperature of 496° C. At least 20 per cent of this order will be manufactured in India, the balance being imported from the U.K. The order, it is said, will provide the A.V.B. workshops with an "initial load." Subsequent orders will contain a much higher percentage of components manufactured in India. The Company has also secured orders for the supply of cement-making machinery which will be manufactured according to the designs developed by the A.V.B. in collaboration with the A.C.C. and Vickers Ltd. and by adopting the designs of the Fuller Company of America for certain specialised items.

THE ISAAC HOLDENS MILL AT JAGATDAL, WEST BENGAL



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ON THE ARENA

By "Archer"

Awards For Public Sector Enterprises

IN the early part of January last, we saw the announcement that the Union Government had decided to introduce annual awards by the President to industrial enterprises of the Central Government to exceed their production targets and achieve all-round performance. The awards will consist of shields in copper and silver and will be given to five undertakings for outstanding performance in financial working, cordial labour relations and special contribution made to the nation's economy through research, discovery of new processes, design of machinery or equipment, etcetera. It seems to me the time has arrived for us to take a safe bet on predicting the names of three undertakings which are in the run for the awards and also choosing, with a measure of certainty, the name of the unit which will collar the silver shield. The basis for the prognosis is not inside knowledge of their working results, but what is provided in the large-scale advertisements which have appeared in the daily papers during the last few weeks, proclaiming the spectacular achievements of the three industrial enterprises to which I refer, namely, the Hindustan Machine Tools, the Hindustan Antibiotics and the Hindustan Cables. The Machine Tools Factory splashed full-page advertisements of its progress in a number of newspapers on the occasion of the opening of its second unit. It has added a feather to its cap by acquiring a watch making plant under its roof. Its 'gift to the nation' has been applauded by the Prime Minister, and in laudatory write-ups (or should I say writes-up) in all the important newspapers. Its premier position seems well nigh unimpeachable; ergo, it should acquire the silver shield. A few days later, there appeared similar full page advertisements plashing the success story of Hindustan Antibiotics: Production target exceeded, Income Tax and Development Rebate Reserve of Rs. 65 lakhs, net surplus carried forward to reserves Rs. 79 lakhs, loan payable to Government reduced from Rs. 70 lakhs (1957-58) to *nil*, number of employees increased from 761 (1957-58) to 1,205, yearly *per capita* income of worker increased from Rs. 1,956 (1957-58) to Rs. 2,220. Well, well, what are we waiting for? It has to have a copper shield. And, a couple of days ago, we saw half-page advertisements of Hindustan Cables, announcing a net profit of 19.44 per cent on capital, a dividend of 6 per cent, repayment of Government loan of Rs. 15 lakhs, increase in the number of employees from 332 (1954-55) to 821. Why did it give evidence of some inferiority complex by reserving only half-pages for advertisements? Ah, well. It should also have a copper shield.

The prosperity of these three undertakings has resulted in some increase in the incomes of newspapers also (*Commerce*, unfortunately, is not one of them); each full page advertisement would have been paid for, I expect, at anywhere between Rs. 1,000 to Rs. 2,000 per issue. They say that 'advertisement pays'. Whom?

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On Fasts

In my column dated 8th July last, I suggested that there should be a ban on fasts undertaken for forcing political settlements, for, they were unsuited to the workings of a democratic society in which agreement is normally reached through discussion, argument and persuasion, and might eventually destroy the basis of democratic Government and lead to a dictatorship. In his address to the Youth Congress delivered on the 9th instant, the Prime Minister is reported to have stated: "We have a Parliament in which we try to explain our respective points of view to each other and come to decisions. Should we close down Parliament and put a lock on it and undertake hunger strikes to come to decisions? This would only mean that whoever was able to undertake the longer hunger strike would win and get his demand accepted. It is neither democracy nor anything else. It is an utterly wrong path." I will be guilty of brazen impertinence if I assume that the Prime Minister has had time to take note of the observations of an obscure columnist like me, but I am entitled to flatter myself that both of us seem to have said almost the same things!

And now, the Punjab Government has imposed a blanket ban on all newspapers in the State publishing any news of the fast or the controversy that precipitated it: and some leading newspapers in the country have protested against this move. No doubt, there is sufficient evidence of a general feeling that the nation's interests will be harmed and emotional integration will be greatly jeopardised if the agitation for a Punjabi Suba *in its present form* is allowed to continue. A well-informed columnist has written in a leading daily that "the fast is the meanest of all political weapons and it has done as much to vulgarise our politics as our still experimental democracy can cope with. Somewhere we must demonstrate that fasting cannot pay." And this is with particular reference to the proposed fast of Master Tara Singh. But he has not focussed attention on the imperative need for building public opinion against the use of fasts for political purposes, and, as I feel it, that it could be done by the organs of public opinion themselves. Cultured people do not need Government directives to adopt a cultured way of life.

The obvious solution, in the circumstances, would be for all newspapers in the country to arrive at a common understanding to the effect that no fast will be announced, commented on or publicised in any newspaper, and that all news relating to fasts will be blacked out. A self-denying ordinance of this type will save the situation and will remove the sting from a Governmental blanket ban like the Punjab Government's present move. Such a decision may be difficult to arrive at within the short period available on this occasion, but must be considered for the future. And, if not, the Central Government must enact legislation prohibiting public fasts and hunger strikes and all publication of news concerning them anywhere in the country. If democracy has to be saved, there is no alternative to this. The writing on the wall is quite clear.

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Dead Fish in the Water Main

The Hydraulic Engineer of the Bombay Municipal Corporation does not think that water in the city's pipe lines became harmful because of dead fish found in them. Even when the fish was eight to nine inches long and was in a decomposed state, the water was still drinkable; its objectionable feature was only in its being smelly. When that happened, immediate steps were taken to heavily chlorinate the water to, say, up to ten per cent, and it would not harm consumption. The odour of chlorine covers a multitude of other foul smells, and imparts a psychological feeling of biological security. As long as one does not actually see a dead or decomposed fish (or fowl or good red herring for that matter) in one's pail of drinking water, one does not have to bother,—at least, not after the assurance of the Hydraulic Engineer. From this angle, it would seem that, in order to ensure tranquility, those who are in the habit of drinking unfiltered water should give up the use of transparent glass tumblers and revert to the ancient habit of drinking out of narrow mouthed metal goblets. It is only when they *see* something objectionable that their psychology gets upset, and, as long as they see nothing, their serenity is undisturbed. The eye is the most mischievous of human organs, although, of course, the most useful and critical. The most sensible of the three wise monkeys was the one that refused to *see* evil.

There is, of course, the story of the canny Scotchman who refused to permit his eye interfere with his pragmatic sense. In a glass of good whiskey which his host had poured for him was noticed a dead fly, rather large and bloated with the intoxicating liquor. The host carefully lifted it out with a spoon and was going to toss it out, when the Scotchman quickly grabbed it with his thumb and forefinger, put it between his lips and sucked it dry of the whiskey and then threw it away. He knew the value of good grog and was was not particularly finicky about the composition of the container.

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The Second Cosmonaut

Seventeen times round the world, covering a distance of 435,000 miles, for a flight duration of 25 hours and eighteen minutes, during which he slept for eight hours (37 minutes longer than planned), and had three square(?) meals, spaceman Gherman Titov has done it. I shall no longer brag of my having been driven in a racing car in Germany reaching a speed of 95 miles per hour for a couple of minutes, but, unlike Titov, I had my wife with me, for we had decided to try anything once, for good or for evil, jointly and not severally. Of course, Titov explains that "in the cosmos, it is so comfortable that it is better to be without the wife." At one time, he was journeying with his feet up and his head down; his wife would probably have screamed, if she had been with him and had been tossed into the same posture. We in India know that Lord Shiva beat Goddess Parvathi in the Cosmic Dance only by demonstrating a posture impossible of assumption by a modest woman!

Immediately after Major Titov's return to earth, Mr. Khrushchev was jubilant and talked only of peace on earth and goodwill towards men. All that the Soviet Union had demonstrated by way of scientific and technical superiority would be directed towards the attainment of everlasting peace in the whole world. There was no single discordant note, and no 'But' to it. Three days later, he reverted to pattern, which was, as usual, very tiring and sickening. "We have spent money on rockets and bombs, and they are not for cutting sausages. We are not threatening anybody (sez he!), but, if anyone attacks us, we will consider it an act of suicide. We will destroy him by counter blows. We could create a bomb equal to 100 million tons of TNT—only one bomb."

Even the cosmonaut seems to have gradually acquired the belligerency of Mr. Khrushchev. For the first two days after his star performance, he was talking only of world peace and friendly greetings to all nations. He was utterly suave and affable. But, on the third day, he assumed the role of proclaimer of stern warnings. The report of reception to him in Moscow says that, after an encouraging pat on the shoulder from Mr. K., he spoke in a firm voice from the Mausoleum that, "if enemies of peace unleash war, the Soviet Union has the means to rebuff any aggressor." It was, probably, the K. pat on the shoulder that brought out the warning. And it was something that was totally unnecessary even from a Cosmonaut who did not know, for sometime, whether he was standing on his head or on his feet.

The Major thinks that the time is not far off when people would go into space on holidays and feel just as well as at the sea side. This, I venture to believe, is pure poppycock. Parodying an anonymous poem, I would say:

Spaceman, I'll drink to you or eat with you,
Or anything except travel with you;
Buy tickets worth their weight in gold
To watch you revolve round the world,
And reassure myself anew,
That you're not me and I'm not you!

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PRODUCTIVITY JOURNAL
Special issue on PERSONNEL MANAGEMENT

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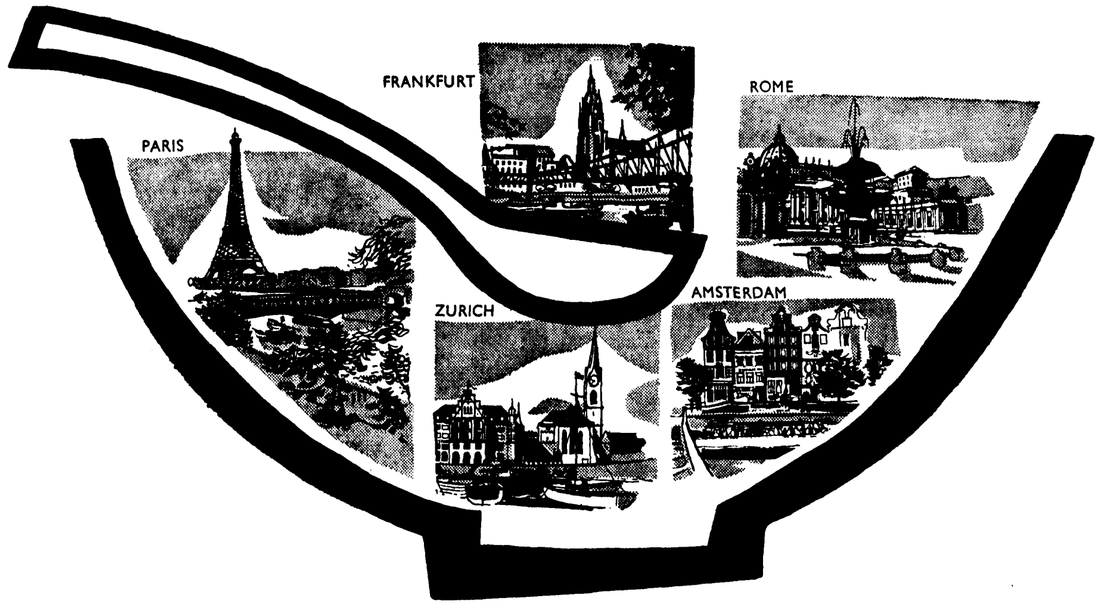

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THE INNER RESERVES

BANKS ARE SINGING AN OUTMODED TUNE

By "Kuber"

THE problem inner reserves *versus* published reserves has lately assumed considerable importance and, for the next three or four months, that is, till the Reserve Bank reaches a decision on the recent banking proposals, we will be hearing about them a great deal more. An important thing about it is that every banker seems to have his own version of what is meant by inner reserves and how to create them. My discussion with some of the bankers gave me the impression that some of them are quite excited about it, as if they have made some sort of a new discovery in the art of banking. The amazing part of it is that all these years nobody did as much loud thinking on the subject as is being done now. When I asked one of the bankers as to what prevented him from building up the inner reserves all these years while the going was good and the conditions were so favourable, he was taken aback a bit and frankly confessed to me that he was not in need of them and that it was only now that he realised the desirability of doing so! We, in India, appear to be in the habit of taking to things British, only when they become outmoded in Britain. For instance, in the last 3 or 4 years, we have been talking a lot about the bill market, when it has ceased to exist in England—the place where the bill market was born and developed is, alas, no more!

At a conference of leading bankers held in the city to consider the Reserve Bank's proposals for strengthening banking structure, several bankers are reported to have stressed the need for tax exemption in respect of profits transferred to secret reserves. According to these bankers, Government should have *no objection* whatever to their demand for the principle underlining it appears to have been conceded to industries which are granted tax exemption in respect of development rebate. They feel that transfer to inner reserves is more or less akin to the provision for development rebate and to deny the banks a similar tax exemption will be to discriminate against them. Whether the provision for inner reserves is the same thing as the provision of development rebate in the case of industries, is a debatable point. I believe that, to a large extent they are very much different, as the function of inner reserves is to provide for certain *unforeseen contingencies*, whereas the main function of the development rebate is to enable the industries to modernise their machinery and thus help them produce more.

The inner reserves, or secret reserves as they are sometimes called, are those reserves which are provided out of revenue of a bank before arriving at its published profits and without disclosing the amount so deducted. Secondly, a bank is not obliged to distinguish between reserves and provisions or to disclose transfers to and from such accounts. Thirdly, a bank need not state the market value of its investments, but can simply describe them as "at or under cost." Fourthly, a bank need not disclose the method adopted in the valuation of fixed assets. In this manner, a bank builds up reserves out of current profits by showing the values of its assets at less than the market price or, to put it differently, the bank's assets are really worth very much more than the figure disclosed in the balance sheet.

Now, why is it that only the banking companies appear to be in need of inner reserves? About ten years ago, the banks in Britain succeeded in having their stand for inner reserves recognised by the Cohen Committee in 1945 on the following grounds:

1. In the case of banks, the interests of depositors outweigh those of shareholders.

2. Unquestioning confidence in the stability of the banking system is a national asset of the first importance.

3. The earnings of the banks are subject to wide fluctuations from year to year, since the results may be much affected by changes in the value of their investment holdings and by their experience in respect of bad debts.

4. Full disclosure in the account might embarrass the banks in their policy of making large provisions in good years, while the spectacle of heavy drafts on those reserves at other times might undermine that unquestioning confidence in the stability of the banks which is acknowledged to be a national asset of the first importance.

Lately, however, another committee was appointed in the U.K., called the Company Law Committee, which was presided over by Lord Jenkins, and which went into this matter again. The British bankers more or less tried to get away, once again, by repeating the grounds put forward by them before the Cohen Committee 16 years ago. But this time they encountered heavy weather; some of the well-known bankers of the status of Sir Oliver Franks and others tried their best to put their case on behalf of the bankers, but they did not cut much ice with the new committee and the case presented by the big banks in England was found less convincing than before.

The main arguments advanced against the case for inner reserves are on the following lines:

1. The investor cannot tell if he is getting a reasonable return on his share of the Company's assets, and the power to conceal reserves and profits might be used to conceal inefficiency.

2. If the shareholders are not given sufficient information to exercise intelligent control over the banks' directors, the latter are really responsible to no one but themselves.

3. The shareholder would be at the mercy of the speculative bidder, because he would not know the value of his shares.

4. The employee is put at a disadvantage, because he cannot bargain effectively, inasmuch as he does not know how much the bank can afford to pay him.

5. The customer cannot tell if he has been charged too much for the services he receives.

6. There would really be no great harm to the bank, if it had to show the market value of its assets, even if such value were lower than the balance-sheet value.

On the whole, on every point put forward by the British banks, they appear to have come out very badly. In fact, the bankers' case is now being questioned more widely and more seriously than on any former occasion. It is felt that to allow any public interest to adopt, for whatever purposes, deliberately secret practices and to conceal their true profits would be out of harmony with the modern trend which is towards giving more and more detailed information not only in company affairs and matters of investments, but in the sphere of financial and economic statistics in general. Curiously enough, it was the financial journalists, along with various bodies of investors and trade unions who were the most vehement critics of the bankers' case. In the end, even Sir Oliver Franks was forced to admit that the bankers' case for inner reserves does not rest on any matter of principle, but is simply a question of expediency. Most of the critics conceded the bankers' view as regards the primacy of national interest, but questioned whether it could any longer be best served by concealment. Their view point was aptly summed up by one of the members of the Committee thus: "You (the British banks) are in an awkward position, because you want to look both richer than you are and poorer than you are." In fact, one of the best known financial journalists was of the opinion that "the case put forward by the banker has no merit in it whatsoever—that it is, in fact, sheer sophistry." I believe I have given enough to show that, as far as the banks in Britain are concerned, there is nothing left in their stand for inner reserves.

If that is the latest trend of thinking in Britain, why is it that suddenly it has become fashionable among the Indian bankers to talk about the inner reserves and the necessity to strengthen them? Is there anything in the Indian conditions which makes it desirable to still hang on to the concept of inner reserves in preference to published reserves? The answer is not so simple as it seems. There is no doubt whatever that the Indian banks are up against lower income, mainly because of poor yield on their investments in Government securities; the banks in Britain get twice the return which the banks in India are getting on these investments. In fact, British banks get more on their government securities than they do even on their loans and advances, supposed to be the most remunerative asset of commercial banks, and that with very much less bother and expenditure. It is also true that the Indian banks are subjected to several other handicaps, such as keener competition and risks of run, which do not hinder the progress of British banks. No one will deny for a moment the difficulties which the Indian banks have to face, particularly in these days of ever increasing costs. In these circumstances, if the Indian banks can get some tax relief on a part of their annual earnings which may be utilised by them for building up their reserves, it will do no harm to the banks; on the contrary, it may do some good to them. The Government will also not lose very much, considering the fact that the banks are compelled to invest large funds in Government securities on which they get so little.

Although conditions in India are undoubtedly different from those in Britain, I wonder whether bankers in this country have to put forward the plea for inner reserves as something which is indispensable. At best, it is a red herring. It is not going to make so much difference to the banks as they imagine. What is vitally important is the building up of reserves and not whether the reserves should be concealed or disclosed. In any case, there is not much scope left to the banks for building up inner reserves to any appreciable extent. The only source of building up inner reserves, namely, an appreciation in investments, is a thing of the past and may not recur in the foreseeable future. The banks, on the whole, will be lucky, if they make enough to pay their shareholders, wipe out their losses on Government securities which are all the time downwards in value, built up the published reserves as may be required by the recent proposal of the Reserve Bank, etc., etc. I doubt very much whether anything will be left over in their profit to build up the inner reserves after meeting all these calls. The fundamental problem of banks will still remain and that is how to increase their income and reduce their costs. Indeed, the real problem seems to be one of avoiding "inner losses" rather than augmenting inner reserves.

AMERICAN LETTER

BOOM PSYCHOLOGY BUILDING UP

PROBE INTO STOCK MARKET OPERATIONS ORDERED

From Our Special Correspondent

NEW YORK, 11*th August*

AMIDST the continuing thunder of threats of war, a boom psychology is building up in the United States. Rising stock market prices helped to fortify this sentiment, as well as falling quotations for bonds.

Expectations of a boom-to-come are easily understandable. Overall business statistics have been improving steadily. Personal income is now running at an annual rate of $416,700 million, against $406,100 million a year ago. There has been a noticeable gain in corporate profits since May and the first half-year dividends set a record, although the performance was spotty among the industrial groups.

The total of all cash dividends rose 2 per cent in the first six months of the year to $4,926,167,370. Payments to shareholders of utility companies showed the largest gain of 6.7 per cent, as compared with the first half of 1960. Other industrial groups on the upside were amusement shares, tobaccos, financial, services, foods' commodities, paper and publishing, office equipment, which includes calculating machines and computers, and petrol and natural gas.

The biggest fall-out was registered by shipbuilding and shipping companies. They paid 18.9 per cent less than last year. Smaller dividends were paid also by building companies, foreign stocks, the railroads, textile concerns, iron and steel and electrical companies.

Wall Street and the entire community of brokers buying or selling listed or unlisted securities, however, continue to be under a cloud. A committee of the House of Representatives has approved of a resolution calling for a probe into stock market operations. The investigation, if approved by the Senate, would be made by the Securities and Exchange Commission, with a special appropriation of $750,000.

A Major New Element

The outlook, as seen by the economists of the Federal Reserve system, is that the step-up in military and civilian defence spending by Washington has injected a major new element into the business picture. This is bound to be in the nature of a strong expansionary force.

No predictions can be made at this time to what extent the new proposals are likely to speed the return to full utilisation of the American economy and its resources; also, at what point, together with the recovery forces already under way, a definite upward pressure on prices will occur. At this point, capacity is still ample, deliveries prompt and prices stable.

In addition to the defence build-up, there are related measures envisaged, such as the wholesale construction of shelters throughout the country to protect millions of people from possible nuclear fall-out in the event of an attack. This alone would constitute, in effect, a government subsidised miniature national housing project. For these and other reasons, the full effect and the implications of the new appropriations will revolve on their overall impact on business and consumer expectations.

Central bank economists admit privately they were surprised about the strength of the recovery movement in the second quarter of the year and the persistent continuation of gains since then, with the exception of the usual summer lull. However, concern still exists about unemployment. Despite a larger number of people who were gainfully employed at the latest count, the number of jobless and those seeking work has crept up to 6.9 per cent of the labour force. Demands of trade union leaders are also causing concern.

Auto Workers' Threatened Strike

Despite the offer of American Motors to include a workers' profit-sharing arrangement in the next wage contract, the automobile industry as a whole is still faced with a strike deadline at the end of this month. American Motors' offer of sharing the profits was a dramatic move which caused much comment—favourable from those who are interested in long-term labour peace and non-committal, if not unfavourable, by other companies' managements who assert they could not afford to follow suit. At any rate, the pattern of the new automobile contracts will undoubtedly be the basis of negotiations next year for a new steel contract.

There is speculation how the present world tension will affect labour-management relations. President Kennedy avoided declaring a "national emergency" up to this writing, but there can be no question that the present state could be described as a "national alert," because many defence units have been placed on an 'alert' basis. When Mr. Walter Reuther, President of the Automobile Workers of America, was asked whether he felt influenced and restrained by this state of affairs, he replied: "there is no national emergency and I will cross that bridge when I come to it."

United Nations News

The crises over Berlin, Tunisia and Cuba, to mention just three major trouble spots, and their economic and political implications, continue to be the focal points of discussion here. The opinions expressed are rather interesting. The increasing number of members among the Afro-Asian bloc of nations, with very few exceptions, say, in effect, "yes, we'll support the West, if the intent is to assure the self-determination of people, but we shall not support you, if your actions are based on the allegation that Western motivation is based on the so-called rights guaranteed by previous treaties."

Also, the non-Communists in the U.N. seem to believe that Premier Khrushchev overreached himself a bit in his latest efforts. There are particularly grave questions about Major Titov's alleged feat to have flown for 24 hours in space around the Earth just to fortify the Kremlin's propaganda efforts at this time. There are too many holes in the story out of Russia about the Major's exploit, particularly his peaceful sleep for eight hours. No outside corroboration exists and circumstantial evidence points to the suspicion that all oral reports and conversations were pre-recorded and then broadcast from the satellite, while the Major was kept in hiding somewhere.

The International Bank for Reconstruction and Development, a U.N. affiliate, reported additions of $95.3 million to its reserves during the fiscal year ended 30th June 1961 to a total of $601.8 million. Additions were made up of $63.2 million of net earnings; $3.3 million from revaluations of three members' currencies and loan commissions of $28.8 million. Total loan commitments were $5,790.5 million at the mid-year term.

Juvenile Delinquency

Another topic discussed at length by the U.N. Educational, Scientific and Cultural Organisation, at its current second world conference at Montreal, covered delinquency and adult education which has strong economic undertones. Professor Adam Schaff of Warsaw University, among others, observed that juvenile delinquency is increasing all over the world and traditional systems of values and ideals are being rejected more and more by certain types of socially maladjusted young people. Alcoholism and drug addiction among youths were regarded as the major problem. Such conditions, it was pointed out, exist not only in countries beset by economic difficulties, such as Poland, but also acutely so in Sweden where, by contrast, there is excessive comfort and over-stable conditions leading to boredom and the desire for "kicks." Another paper on the subject was presented by Mr. D. V. Kulkarni, Director of Social Welfare of the New Delhi Administration, under the title "Social Maladjustment and the Role of the Social Educator."

The International Monetary Fund has agreed to a drawing equivalent to $41.25 million by the Government of Indonesia, and has entered into a stand-by arrangement which authorises additional drawings up to $41.25 million over the next twelve months. The initial drawing is to be made, $25 million in United States dollars, $10 million in deutsche mark, and $6.25 million in Italian lire.

The Indonesian Government drew $15 million from the Fund in 1954 and $55 million in 1956, and has fully repaid both of these drawings. In November 1959, the Indonesian quota was increased by $55 million to its present level of $165 million, of which 25 per cent has been paid in gold.

The International Monetary Fund has entered into a stand-by arrangement which authorises the Government of Guatemala to draw up to $15 million over the next twelve months in currencies held by the Fund.

In June 1960, the Guatemalan Government permitted an earlier stand-by arrangement with the Fund to expire without drawing upon it. During the period of this arrangement, the Guatemalan Government effected a modest increase in its international reserve position. In the face of continued strains on the country's economy, which are associated in part with conditions for the export of coffee, the Government is pursuing credit and fiscal policies aimed at maintaining internal and external equilibrium. The Fund's assistance will give support to this programme, and to the continued convertibility of the Guatemalan currency.

WANTED: A BIGGER I.M.F.

From Our Own Correspondent

LONDON, 11*th August*

LONDON LETTER

THE International Monetary Fund has been in existence for 15 years. This week it has had to support sterling by the biggest single payment it has ever made. This in turn was made necessary by the biggest single concentrated gold outflow Britain has ever had to face. The whole operation has shown that the machinery for Central Bank co-operation, whether directly between Central Banks or between individual Central Banks and the I.M.F., is inadequate.

Let us take first the British gold outflow. The record figure at the beginning of this year of British gold reserves was £1,154 million. The bottom figure recorded at the end of July was £876 million. That gives a gold drain of £278 million; but to this must be added the special receipts which the U.K. had during the past months. The special loan made by the European Central Banks to the Bank of England—known as the Basle Credits—was of some figure in excess of £200 million (this last is what the Bank of England is about to repay), but there was at least a further £50 million which is staying behind in this country to take advantage of the high interest rates. If to this is added the German debt repayment of £35 million and a similar sum drawn by Australia by way of credit from the I.M.F., then the total of outside assistance may be as high as £350 million. This means that the drawing on the reserves must be of some figure above £600 million.

The International Monetary Fund is now advancing in cash £535 million, but it will be seen that this is substantially less than the amount of the gold drain. However, Britain has got credits of nearly another £180 million with the I.M.F. to be drawn on in case of need. The cash operations taking place this week therefore add £535 million to the reserves as they stood at the beginning of this month and from this is being repaid £200 million to the European Central Banks. We thus arrive, for the time being, at a figure of £1,211 million which is a little higher than the reserves at the beginning of the year.

Fund Short of Cash

The advances by the European Central Banks in March were timely and where short-term help is required that assistance has some advantage over assistance from the I.M.F. But, in the end, large-scale long-term assistance does come back to the I.M.F. and the present operation has shown the inadequacy of the latter's resources. For one thing, the I.M.F. has had to scrape up all sorts of currencies to help the U.K. A little less than one-third of the advance has been made in U.S. dollars; about £100 million has been made in German marks, and oddly enough the same amount in French francs. Italy, Holland, Belgium, and Switzerland have all provided a quota of currencies, and finally Canadian dollars and Japanese yen have come in to help. The depletion of the Fund's liquid reserves has obliged it to sell $500 million (one-fifth of its total gold stock) in gold to replenish currency stocks. Indeed, when one considers that the total amount of aid made available to the U.K. in cash and credit is $2,000 million against the total gold stock held by the Fund of $2,500 million, the inadequacy of the latter is obvious.

It seems likely that, at the next meeting of the I.M.F. in Vienna, arrangements will be made to increase the Fund's resources by establishing lines of credit with the member-countries on which the Fund can draw at short notice when crises of the kind through which Britain has been passing require to be made.

FAITH IN CONVERTIBILITY OF CURRENCIES

I.M.F.'S SURVEY OF EXCHANGE RESTRICTIONS

THE twelfth annual report of the I.M.F. on exchange restrictions, released a few days ago, clearly shows that the majority of the free world is not only rapidly moving to a system of convertible currencies but also determined to defend the ground already covered in this direction. It will be recalled that, during 1960 and in the first quarter of 1961, as many as eleven member-countries—Belgium, France, West Germany, Ireland, Italy, Luxembourg, the Netherlands, Peru, Saudi Arabia, Sweden and the U.K., which had earlier availed themselves of the transitional period arrangements of Article XIV of the Fund Agreement (permitting member-countries to maintain and adapt exchange restrictions without the prior approval of the Fund), accepted the obligations of convertibility for their currencies as set forth in Article VIII, sections 2, 3 and 4 of the Fund's articles of agreement. Under the latter article, the member-countries are required to avoid restrictions on current payments, multiple exchange rates, and discriminatory currency practices. If at all they wish to resort to such measures, in future, the article enjoins on them the obligation to consult with the Fund and obtain its prior sanction. The removal of restrictions on current external payments by the eleven countries represented, the report under reference observes, the culmination of efforts on their part to strengthen their internal economies and to achieve balance of payments and reserve positions, which would enable them to remove restrictions on the making of payments and transfers for current international transactions. Their acceptance of the obligations of convertibility also reflected their confidence that they would be able to avoid the reimposition of restrictions in the predictable future. This conclusion has been strikingly borne out by the U.K.'s action a fortnight ago to meet the enormous stress to which the pound sterling was subjected in recent weeks. The U.K. Government did not reimpose exchange controls or place any import restrictions. Instead, it took steps designed to readjust domestic demand for consumption goods and to restrain wage demands and maintained the convertibility of sterling by borrowing from the I.M.F.

Exchange Control Eschewed

Earlier, in the first half of 1961, also, there were impressive evidence of the member-countries' determination not to return to the days of exchange controls. Thus, West Germany, followed by Holland, revalued its currency by 5 per cent to reinforce its earlier attempts to check influx of hot money. Again, the central banks of European countries met at Basle in March and decided to co-operate with one another to maintain exchange stability and convertibility of currencies. Accordingly, "the key development in 1960-61 was the successful defence of the system of convertibility" by countries whosed currencies are widely used in international trade.

Although the aforesaid eleven countries have eliminated all, or nearly all, restrictions on current payments and transfers, most of them still retain restrictions on some capital payments at official rates. Two of them, namely, West Germany and Saudi Arabia, however, permit transfer of capital also at market rates which fluctuate between official limit. It is noteworthy that these two countries became members of the Fund only a few years ago.

Except for the eleven countries mentioned above, the countries which recently established external convertibility have felt that their balance of payments prospects make it advisable for them to await further developments before assuming formally the obligations of Article VIII. Even so, virtually every currency which is used in financing international trade is now convertible in terms of the Fund Agreement, and almost the entire trade of the other members of the Fund is conducted in these convertible currencies. The Report, therefore, rightly surmises that, "though important obstacles to international trade still persist, only bilateral payment arrangements remain as a major impediment to conducting that trade on the basis of multilateral payments system."

Mere abolition of exchange controls is not sufficient, if international trade is to be on a multilateral basis. Import controls, too, must go. What has been the progress in this respect? Here is the answer as provided in the report:

"The successful maintenance of widespread convertibility has continued to provide the basis and incentive for further reductions in both trade and payments restrictions during the past year. Import restrictions were reduced or simplified in at least 17 countries scattered throughout the world. Discrimination against imports from Canada and the U.S. was virtually eliminated, in Australia, Austria, Finland, France, Greece, Japan, Malaya, Norway and Sweden. Discrimination against imports from Japan and non-dollar, non-O.E.E.C. countries, however, continues to be exercised by a number of countries. Ceylon, Cuba, Jordan, the U.A.R. (Syrian region), and Venezuela found it necessary, for various reasons, to increase or introduce restrictions on imports."

The maintenance of the progress made in regard to convertibility of currencies was also made possible by the increase in world trade which was of the order of 10 per cent. in 1960. This improvement was notable, because despite a slight weakening in the general level of raw material prices, the exports of primary producers themselves were higher by 6 per cent. Another factor that sustained the faith of nations in convertibility of currencies was the increase in the resources of the I.M.F. itself. It is a moot point whether all the eleven countries mentioned above would have abolished the exchange restrictions on current payments had they not been sure that, in times of need for short-term assistance, they could fall back on the Fund as a lender in the last resort.

The cumulative effect of several years of relaxation of restrictions on trade and payment was, the report goes on to add, manifest in the developments in foreign exchange markets. As more and more special markets for transferable currencies were eliminated, as exchange allocations were increasingly enlarged and as surrender requirements were steadily relaxed, the economic and political prospects of member-countries have come to be reflected more prominently in official exchange markets. International monetary developments, which in earlier years gave rise to intensification of restrictions or wide fluctuations in special exchange rates, can now be traced in a relatively small movements of rates in official markets (that is, within the margins specified by the Fund) and relatively large movement of liquid funds through these markets. But this exchange stability has not been possible without official intervention. Such intervention was quite frequent during 1960-61. Another significant development during the period under review was a substantial increase in trading in the so-called Euro-dollars and Euro-sterling. Short-term loans of balances held by European banks in these currencies formed at times an important element in international movements of funds.

Multiple Currency Practices

As regards multiple currency practices, the I.M.F. report records that eleven Fund members undertook major reforms of complex multiple rate systems and replaced them with single exchange rates. Most of these exchange reforms were accompanied by fundamental revisions of monetary and fiscal policies designed to bring inflationary pressures under control. As a result, the countries concerned have found that their economic activities are now better oriented and that they are able to cope with balance of payments problems without extensive reliance on restrictions on external trade and payments. This is illustrated by experience in Argentina, Chile, Spain and Thailand. Some members of the I.M.F. still maintain multiple rate systems which can be regarded as relatively complex. The report is of the view that early and substantial steps to simplify complex exchange rate systems are desirable even from the point of view of the countries concerned.

Decline in Bilateral Agreements

The continuous decline in the number of bilateral payments arrangements noted in earlier years was carried further during the year under review. Some 50 bilateral payment agreements were allowed to lapse and the payments between the countries concerned were placed on a convertible currency basis. On the other hand, 18 new bilateral payment agreements were introduced by Fund members, but, except for three agreements, the partner countries were not members of the Fund. The new agreements with non-member countries represent, in most cases, the primary producing countries' attempts to diversify their export outlets. The report notes that members still maintain some 225 bilateral agreements—75 with other members and 150 with non-members—and that the majority of members has one or more bilateral agreements, though, for most of them, the arrangements account for less than 10 per cent of their total trade. There are ten countries all relatively underdeveloped, of which India is one, each of which has more than 10 bilateral payments agreements. The Fund is opposed, in principle, to these agreements and has even helped several of its members to abolish them. In this connection, the report says:

"The Fund will continue to work with its members to achieve reduced reliance on bilateral payments arrangements, in the belief that persistence of bilateralism may detract from the benefits of convertibility and that it may involve discrimination. In cases where the partner country is a non-member, the Fund is concerned that such arrangements do not prejudice the interest of members.

Even though bilateral trade agreements are dictated by the exigencies of the situation in the developing countries, they are also encouraged to go in for them by the Communist countries. Nevertheless, nations like India should carefully study the net results of these arrangements, as they do not appear to be as favourable as is generally believed.

FOREIGN EXCHANGE SITUATION

The statement on the foreign exchange situation tabled in the Lok Sabha on the 9th inst. by the Union Finance Minister, Mr. Morarji Desai, provides a clear-cut analysis of the payment difficulties facing the country. Expressing his concern over the sharp decline in foreign balances in the past four months, which has necessitated the drawing of $250 million from the international short term lender, namely, the I.M.F. Mr. Desai pointed out that the I.M.F. credit was only in the nature of a short term relief. In order to avoid the recurrence of payment difficulties in future, long-term measures which were somewhat difficult, involving general economic policies would have to be taken. As one of the major steps in this direction, Mr. Desai announced that the Governmen of India would not permit any more deals involving short term foreign credits and similar deferred payment arrangements which create an embarrassing accumulation o repayment liabilities. This statement is on a par with recent survey of the World Bank in which the vital nee for the developing countries to eschew short-term credit has been stressed.

Mr. Desai's statement also contained a succinc account of the factors responsible for the foreign exchang difficulties, confronting the country. The rapid pace o industrialisation, he observed, was swelling the impor bill. But the country's exports had not been rising com mensurately, because increased production got absorbe in higher levels of domestic consumption. It was precisel for this reason that the statement underlined the nee for increasing exports and restraining consumption o goods and materials with a foreign exchange element.

The second major factor responsible for the deteriora tion in the country's external balances, according to th official statement, was the fact that India had to mak payments out of its own resources for a mass of import required for development for which no external aid wa available during the second Plan. As the bulk of th assistance available or promised for this Plan was onl for financing import of capital goods, the great bul of maintenance imports had to be paid for from India own resources. It is heartening to know from the state ment of Mr. Morarji Desai that this position is likely t change slightly for the better during the third Plan, a foreign loans of a flexible character would be provide by the donors.

Referring specifically to the foreign exchange com ponent of the third Plan, Mr. Desai said that, even afte taking into account the generous foreign aid that w expected to be received from the Aid-India consortiu members, there remained a good part of the foreig exchange content which would have to be financed fro export earnings. The Minister also appreciated the fa that the consortium had recognised the principle that sh development of the kind on which India had embarke could not be financed by short-term loans carrying com mercial rates of interest. It was largely because of thi recognition that the I.D.A. credits to India were grante on a long-term basis and without any interest payment It was also a happy portent that the U.K. had agreed increased the period of leading from 15 and 20 years 25 years, with a seven-year moratorium and that German was willing to accept a rate of interest of just 3 per ce on a part of the loans.

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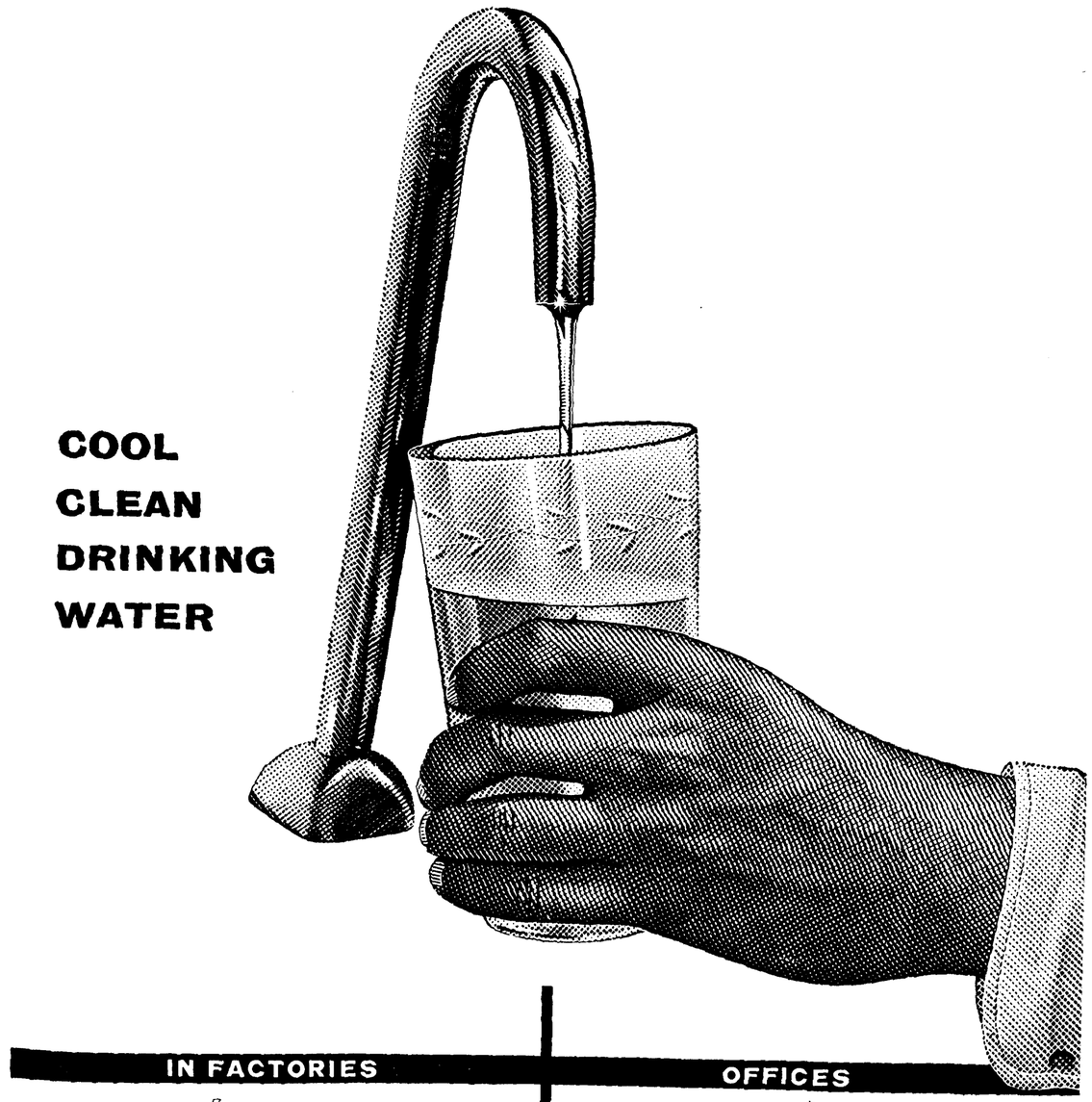

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THE CONTEMPORARY CORPORATE SCENE IN INDIA—II

REGIONAL DISTRIBUTION—MANAGING AGENCY

By Dr. Raj K. Nigam, Ph.D. (Econ.) (London)

NEXT to the industrial distribution pattern of companies, an important aspect to study is the geographical dispersal of companies over the country. The States of West Bengal, Bombay, Madras and Delhi are the old focal points of heavy concentration of companies all along the history of corporate enterprise in our country. There has, of course, been some lessening of the concentration in these areas, with the spread of the corporate enterprise in the other parts of the country, but the registration of new companies in the above States continues even today on gratifying scale. As early as in 1900, the three Presidency States of Bengal, Bombay and Madras were reported to account for nearly 93 per cent of the total paid-up capital of all companies at work in the country. After a run of over 50 years, the foregoing three Presidency provinces, which were reorganised into the States of West Bengal, Bombay and Madras, accounted for 66 per cent of the total paid-up capital of the corporate sector in 1957-58 and the Union Territory of Delhi accounted for another 15 per cent in that year. The dispersal of joint-stock enterprises has been a slow process, but, with an increased emphasis placed on the need to bring down the disparities in regard to the industrial and social developments of the States within a ponderable range, it is expected that more and more companies would come into being in the relatively backward States of the country.

Another interesting factor which is now seen on the corporate scene in the country is that, due to various facilities offered by the State Governments, the entrepreneurs are now registering companies in the State where the factories or establishments are actually to be located instead of registering them in the commercial towns of Calcutta or Bombay where the financial resources could easily be raised for the new corporate ventures. The following Table 5A gives the latest state-wise distribution of companies for the years 1957-58 and 1959-60:

TABLE 5A

State-wise Distribution of Companies

Names of States	1957-58		1959-60	
	No. of companies	Paid-up capital (Rs. in crores)	Paid-up capital as percentage of total	No. of companies
Northern Region—				
Punjab	862	17.3	1.3	790
Rajasthan	494	20.5	1.6	487
Uttar Pradesh	1,411	38.0	2.9	1,168
Himachal Pradesh	1,440	198.5	15.2	1,528
	9	0.6	..	9
Total	4,216	274.9	21.0	3,923
Eastern Region—				
Assam	365	5.4	0.4	350
Bihar	498	37.7	2.9	372
Orissa	195	8.7	0.7	206
West Bengal	12,240	349.7	26.8	11,582
Manipur	8	0.2	..	7
Tripura	12	0.8	..	7
Total	13,327	402.0	30.8	12,524
Western Region—				
Bombay	5,546	423.9	32.4	5,629
Madhya Pradesh	439	28.5	2.2	315
Total	5,985	452.4	34.6	5,944
Southern Region—				
Andhra Pradesh	524	21.8	1.7	456
Kerala	1,212	29.5	2.3	1,050
Madras	2,288	85.8	6.6	2,396
Mysore	728	39.9	3.0	629
Total	4,752	177.0	13.6	4,531
All India Total	28,280	1,306.3	100.00	26,921

Management Pattern of Companies

The saga of the growth of corporate enterprise in our country would not be complete without a mention of the managing agency system, an institution which is at present in a state of self-diminution. Truly speaking, this system deserves credit for firmly planting the institution of joint-stock companies in the country and bringing it to the present stage of the biggest centres of non-Governmental power in our society. It may well be that, besides the managing agencies, certain economic forces and compulsions which were in operation from time to time helped the joint-stock enterprises to take root and flourish in our country. But all these pressures would have, indeed, proved weak, if the managing agency system had not exercised a dynamising influence. Born of certain historical and geographical necessities, the managing agency system, for a long time, guided the destinies of the important core of the corporate sector in the country; and it was after over 80 years of free-wheeling in the corporate sector that the system was shackled by a few restrictions in 1936 and later their activities came to be closely hemmed in by a series of legal restraints and conditions detailed in the relevant provisions of the Companies Act in 1956. It is not the purpose of this article to dilate on the virtues or demerits of this system which have already come under the close focus of attention in the various official and non-official studies. In this article, we would direct the readers' attention to the statistical position of the managing agencies before and after the present Companies Act came into operation.

According to a survey conducted in 1957 to take stock of the position of managing agencies before the coming into force of the present Companies Act, there were 3,944 managing agencies at work managing 5,055 companies, having a total paid-up capital of Rs. 465.4 crores. In terms of the number of companies at work at the time to which the survey relates, the coverage of the managing agency system extended to one-sixth of the corporate sector; and in terms of the paid-up capital, nearly 48 per cent of the corporate sector was covered by managing agencies. However, excluding banking and insurance companies, which are prohibited from being managed by managing agents under the respective Acts governing them, and also excluding the Government companies which, under the present Companies Act, cannot have managing agents, the coverage of the managing agency system worked out as 54 per cent. The managing agency control was more pronounced in public companies. The survey revealed that 40.7 per cent of the total number of public companies at work, accounting for 66.3 per cent of the total paid-up capital of the total number of public companies at work was managed by managing agents. As against this, 4.9 per cent of the private companies, accounting for 8.6 per cent of the paid-up capital of all private companies at work was covered by them. Excluding the two groups of the banking and insurance companies, the proportions of number and paid-up capital of the public companies managed by them went up to 44.6 per cent and 71.2 per cent respectively.

A Waning System

Since the last survey was taken, as a result of the operation of the provisions of Section 330 of the Companies Act, 1956, the shadow of managing agency system over the corporate sector has considerably diminished. Section 330 mentioned above provided that, in the case of companies having managing agents at the commencement of the Act (i.e., before 1st April 1956) the term of office of such managing agents shall, if it does not expire earlier, expire on the 15th August 1960, unless before that date they are reappointed for a fresh term in accordance with the provisions of the Act. According to the latest available reports, measured in terms of number of companies, only 5 per cent of the corporate sector was now covered by the managing agency system. It is reported that, as on 16th August 1960, only 1,308 companies were managed by managing agencies out of which 1,105 were public companies and 203 private companies. The total number of managing agencies at work in 1960 was 919 as against 3,944 before the 1956 Act came into operation. Thus, a comparison of figures of the managing agencies at work and the companies managed by them as on the two landmark dates shows that there has been a 75 per cent reduction in respect of both the managing agencies and managed companies. Table 6 below contrasts the present position of managing agencies with that existing before the Companies Act came into force:

TABLE 6

Managing Agencies before and after the Companies Act, 1956

Class of Managing Agencies	Position before the 1956 Act came into force				Position as on 15-8-'60
	Managing Agencies		Total companies managed		Managing Agencies
	No.	Paid-up capital (Rs. in crores)	No.	Paid-up capital (Rs. in crores)	No.
Unincorporated Managing agencies.	2,522	..	2,771	95.2	474
Private Managing Agency Companies.	1,238	32.0	1,780	255.0	360
Public Managing Agency Companies.	184	44.1	504	115.2	85
Total	3,944	76.1	5,055	465.4	919

The sharp reduction in the number of managing agency managed companies is the direct consequence of the operation of the provisions of the present Companies Act which has placed many an onerous obligation and prohibition on the managing agents and their managed companies. Under the present Act, the managing agency agreements, the terms and remuneration of managing agencies, etc., are very closely fenced and these, together with other matters, are also to be approved by the Central Government. Taking all the restrictions and prohibitions together, many an agency did not feel it worthwhile to continue as managing agents of the companies and voluntarily retired from the scene, placing the companies managed by them under the alternative forms of management namely under the management of the Board of Directors, or Secretaries and Treasurers, or Managers, or Managing Directors, and so on. Also where certain managing agencies managed more than the number of companies permissible under Section 332 of the Act, that is, ten companies, they surrendered the excess agencies before the 1st August, 1960. Some of these retiring managing agents got themselves appointed as secretaries and treasurers of the companies of which they had ceased to be the managing agents. Thus, the renunciation of the agencies by managing agents changed the pattern of frequency distribution out of recognition. The following Table 7 sets out the position briefly before 1956 and as on the 15th August, 1960. It will be seen that 16 managing agencies managed more than 10 companies before the new Act came into force and the total number of companies managed by these agencies was 349.

TABLE 7

Frequency Distribution of Managing Agencies

No. of companies managed	Before 1956 No. of Managing Agencies	As on 15th August 1960
1	3,526	776
2	250	68
3	64	24
4	37	18
5	14	10
6	12	9
7	9	5
8	10	2
9	5	6
10	1	6
Over 10	16	1*
Total	3,944	919

* *Note.*—Martin Burn has 11 companies, but one of these is a private company which is not covered within the meaning of Section 332.

Position of Prominent Houses

The following Table 8 gives the number of companies managed by 25 prominent managing agencies of the country before 1956 and as on the 15th August 1960. It shows that between themselves these 25 well-known agencies managed 430 companies before 1956, as against which they acted as managing agents for only 198 companies in 1960 and in addition to these within the four corners of the Act, they acted as Secretaries and Treasurers for another 135 companies, bringing the total number of companies under their management to 333 companies. Including these 25 well-known agencies the first 50 leading managing agencies are reported to have managed 578 companies in 1956 as against which, in 1960, they were managing 452 companies in their combined capacity of Managing Agents and Secretaries and Treasurers. Thus, there is a marked diminution in the control of prominent managing agencies over the companies in 1960.

TABLE 8

Number of Companies Managed by 25 well-known Managing Agencies

Name of the managing agency	No. of companies managed before 1956	No. of companies managed as on 15th August 1960		
		As Managing Agents	As Secretaries & Treasurers	Total
1. Andrew Yule & Co.	39	10	20	30
2. McNeill & Barry*	37	10	18	28
3. McLeod & Co.	32	5	24	29
4. Bird & Co. F. W. Heilgers	40	8	12	20
5. Birla Brothers	21	10	9	19
6. Cotton Agents	9	9	..	9
7. Birla Brothers (Gwalior)	5	6	..	6
8. Duncan Brothers & Co.	28	10	8	18
9. Martin Burn & Co.	20	11	7	18
10. Karamchand Thapar & Brothers	23	9	9	18
11. Octavius Steel & Co.	23	10	7	17
12. Gillanders Arbuthnot & Co.	22	10	6	16
13. Foirce Leslie & Co.	20	9	4	13
14. Williamson Magor & Co.	11	9	2	11
15. Shaw Wallace & Co.	14	10	..	10
16. Jardine Henderson & Co.	13	9	..	9
17. Tata Industries	12	8	3	11
18. Tata Hydro Electric Agencies	4	2	..	2
19. Bajlnor Lawrie & Co.	6	7	1	8
20. Turner Morrison & Co.	8	8	..	8
21. A. V. Thomas & Co.	8	7	1	8
22. Bangur Brothers	7	4	3	7
23. Narang Brothers Co. Private	7	7	..	7
24. W. H. Brady & Co.	6	5	..	5
25. Surajmull Nagarmull	6	5	1	6
Total	430	198	135	333

* *Note.*— Includes companies managed by Kilburn & Co., Ltd.

Here we may briefly also refer to the new institution of Secretaries and Treasurers which was introduced in the present Companies Act with the sole purpose of providing a suitable substitute for the managing agencies which of late had run into heavy waters. Though the Government had not taken any decision to abruptly end this system, the business circles felt the provisions of the new Act to be too suffocating and strangulating for them to act as managing agents of companies and in the circumstances the better thing for them to do was to reconcile themselves to the policy of self-abnegation and self-effacement. To avoid the possible breakdown of industrial management structure by the withdrawal of managing agencies, the Government created the institution of secretaries and treasurers with the hope that it would provide a popular alternative for the managerial class in the country. The relaxed control over this new form of management would, it was thought, encourage a large number of Secretaries and Treasurers to spring up and fill the vacuum created by managing agencies. Unfortunately, these hopes have not been realised to any great extent as it is found that, as on 15th August 1960, there were only 45 Secretaries and Treasurers who managed a total of no more than 179 companies. It was also seen that, out of the 45 Secretaries and Treasurers, 23 were actually secretaries-cum-managing agents. In this dual role, these 23 bodies managed 290 companies of which they acted as Secretaries and Treasurers for 144 companies and as managing agents for 146 companies. The remaining 22 bodies acted as only Secretaries and Treasurers, the number of companies under their charge being only 35. It is further observed that 12 Secretaries and Treasurers managed more than 10 companies each under them in their dual capacity. However, as the managing agency system is gradually undergoing transformation, the future of the institution of Secretaries and Treasurers is to be watched with interest. The following Table 9 summarises the overall position of Secretaries and Treasurers as on the 15th August, 1960.

TABLE 9

Overall position of the Secretaries and Treasurers as on 15th August, 1960

Class of Secretaries and Treasurers	Secretaries and Treasurers		Managed Companies	
	No.	Paid-up capital (Rs. in crores)	No.	Paid-up capital (Rs. in crores)
Public companies	20	23.8	115	16.5
Private companies	15	4.2	48	8.5
Unincorporated	6	..	11	2.0
Others (including foreign bodies corporate)	2	..	5	0.3
Total	45	28.0	179	27.8

Financial Growth of Companies

The study of the growth of corporate sector would not be complete without casting a glance at the various financial indicators of their growth also. Unfortunately, a long and continuous series of data for the study of the various financial indicators of the public and private companies are not available in our country. It is only recently that attention has come to be focussed on the question of company finance and a voluminious stock of data has become available to us in the studies made by the Reserve Bank of India. A few important indicators reflecting the current financial standing of the public and private companies are set out in Table 10 below. It will be seen that the resource accumulation and assets formation have been proceeding at high rates and the corporate enterprises presented a happier picture. The index of profits for the public companies in 1958 stood at a higher level than it did at the beginning of the First Five-year Plan. The Reserve Bank Index for profits before tax for 1958 stood at 157, in relation to the 1950 level taken as 100. This state of affluence in profits is seen in almost all the principal industries of the country. The most remarkable increases in profits were noticed in shipping, paper, engineering, chemicals, silk and woollen fabrics, and vegetable oils industry. With the moving of the national economy to higher and higher gyrations of development, one could expect a prolonged spell of prosperity for the Indian industry and the setbacks which might occasionally come in the way of some industries would only be temporary and shortlived.

TABLE 10

Financial Position of Companies

	Public companies (750/1000 companies)		Private companies (333 companies) 55-58
	1950-55	1955-58	
	%	%	%
1. Paid-up capital plus free reserves	5.36	7.20	3.60
2. Gross fixed assets	9.74	16.20	11.80
3. Net fixed assets	9.40	20.16	10.18
4. Net profits	11.45	12.28	6.60
5. Gross profit as percentage of total capital employed	9.1	8.8	7.9
6. Gross profit as percentage of gross sales	9.2	9.4	7.2
7. Profits after tax per cent. of net worth	7.8	7.8	5.2
8. Dividend as percentage of paid-up capital	8.2	9.1	7.2

Notes :—(i) Figures for 1 to 4 are the average percentage increases per annum and for 5 to 8 are the average annual percentages.
(ii) The Reserve Bank study on Company Finances during 1959 is expected to be out shortly.

Trends During Post-Independence Period

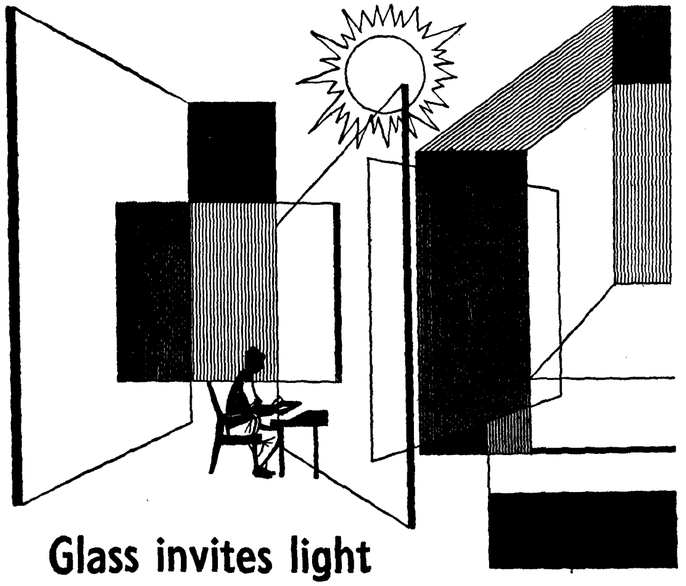
The post-Independence period is a unique phase in the history of our country. It is a period of intense, economic, political and social activity. In the annals of the corporate enterprise of our country, there was never such a burst of new company formations and a tremendous increase in the paid-up capital of companies—old and new ones—as seen during the post-Independence period. In so far as the corporate activities are concerned, the post-Independence period proved to be the most spectacular period unmatched and unequalled by any segment of time in the past. During the 13-year period following the Independence, ended with the fiscal year 1960-61, as many as 22,783 new companies were formed all over the country. Since the beginning of the present century, upto the end of 1960-61, in all a total of 58,815 new companies were incorporated in the country and, out of this, nearly two-fifths were formed during the post-Independence period of 13 years which covered one-fifth of the total span of 61 years of the present century. The new company formations of the post-Independence period exceeded the registration records of companies of the first 40 years of the present century when 20,616 new companies had been formed all over the country which included at that time also the territories now forming parts of Burma and Pakistan. In comparison with the post-Independence total, the new company registrations of the two most hectic periods of industrial activities in the country, namely, the First World War and the years immediately following it and the Second World War and the immediate post-war years, were very modest totals. During 1915-25, new company registrations totalled only 4,829, whereas, during 1936-46, they aggregated 18,281. During the Second World War years, as many as 10,254 companies had been formed and, during the period 1940 to August, 1947, 15,516 companies were formed. It will thus be seen that, in comparison with the various periods of buoyant industrial activity in the country, the post-Independence record was the most spectacular.

The Joint-stock companies, both old and new, recorded a net increase in paid-up capital to the tune of Rs. 1,155 crores during the post-Independence period. This gave an average net capital formation, inclusive of the capitalisation of reserves, by companies of Rs. 89 crores a

(*Continued on page 384*)

Note: This is the second of a series of four articles on the subject; the first instalment appeared in *Commerce* of 12th August, 1961. These are essentially factual articles which the author has written with a view to disseminating facts and figures relating to corporate sector in a proper context to wider circles in the country. Any views and opinions expressed in these articles are the personal views of the author and not of the organisation he belongs to.

21 AUG 1961



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TEXTILES AND BRITAIN'S MEMBERSHIP OF COMMON MARKET

MILLOWNERS' FEARS REGARDING EXCESS IMPORTS

From Our Special Correspondent

MANCHESTER, *8th August*

FEARS that the British home market might become "a receptacle" for excessive quantities of duty-free low-cost imports of textile goods against which the rest of the Common Market would be largely insulated if the United Kingdom is to join the European Common Market have been expressed by the United Textile Manufacturers' Association in Manchester. "It would clearly create an unfair and intolerable position if the other European countries also gained free entry into the United Kingdom," said the statement. "Such a situation in which the British industry would find itself faced with the worst of the two worlds must, of course, not be allowed to arise in the course of the forthcoming negotiations."

MANCHESTER LETTER

The Association pointed out that such a development would be entirely contrary to the intentions of the proposals for a more equitable regulation of low-cost cotton textile imports amongst all Western countries as put forward by President Kennedy and recently endorsed at the conference in Geneva in which the United Kingdom Government played a full part. The British cotton and man-made fibre manufacturing industry, it was added, had no illusions about the strength and vigour of the competition to be faced at home and in Europe from other industries, if the United Kingdom joined the Common Market. It would be prepared to accept the challenge, provided competition was on a genuinely fair and equal basis and that the declared intention about "harmonisation of taxation, social charges and working conditions" became a reality.

Hong Kong Cotton Statement

Although Lancashire traders are pleased to hear that the Hong Kong millowners have accepted in principle the proposal made by the British Government that the inter-industry pact should be extended for a further eleven months, they are directly opposed to any substantial rise in the ceiling for imports, as suggested by the Colony. "The whole situation has changed since 1958," a spokesman for one of Lancashire's big mill groups said. "Arrivals of grey cloth in the whole of that year amounted to 337 million yards, of which Hong Kong supplied 116 million yards. Now, in the first half of 1961, imports have already been 335 million yards. On that basis, the Colony wants to send us more than 230 million yards a year, as well as large quantities of garments."

Informed quarters in Lancashire believe that the question of Hong Kong's future shipments to the United Kingdom should be kept strictly on a Government-to-Government basis. Delays in reaching a settlement may cause uncertainty in the Manchester market, but, in the meantime, the possibility of Britain's participation in the European Common Market might change the complexion of the negotiations, to the Colony's disadvantage.

Egypt's Changed Policy

Across the world in Egypt, the raw cotton situation is being watched with intense interest, as the United Arab Republic is trying to recapture some of its lost business not only with Lancashire but with other countries outside the Eastern European bloc. Rumours of another deal to follow the semi-barter arrangement involving the importation of some 25,000 bales of Egyptian cotton into the United Kingdom have lately been circulating.

The negotiations are believed to be following a similar pattern to the earlier agreement and, in this case, will provide for the purchase of about 12,500 bales of cotton in exchange for manufactured goods made in this country. The reversal of policy adopted by the Egyptian Government is likely to have a marked bearing on the sales of Sudan cotton, which has lately been extensively used as a substitute for the Egyptian staple, providing the price levels are sufficiently competitive.

Users of long-staple varieties now face the possibility of a price war developing between their two chief suppliers, a trend which might create nervousness and affect the fine spinning section adversely. On the other hand, consumption of this type of cotton has fallen in recent years, partly because technical changes have made it possible to substitute cheaper medium staple varieties without impairing the finished article. Only limited opportunities for extending this trade by Egypt seem likely at the moment as the Sudan will certainly make every effort to retain her very considerable share of the market.

Low Spot Stocks

During the past four seasons, the rate of arrivals of raw cotton has fluctuated, although with some degree of regularity. Imports in 1957-58 reached nearly 1,500,000 bales, a comparable total to that achieved in 1959-60. In the alternate seasons, including that just completed, the quantity of the raw material entering British ports has been around 1,150,000 bales, reflecting, to some extent, the lower level of activity in the industry.

Although the mills in Lancashire were still actively engaged in turning out goods twelve months ago and remained reasonably busy for the rest of the season, the drying up of demand which was encountered from the beginning of this year has made users reluctant to anticipate their requirements, so that there has been no incentive for merchants to import supplies on a speculative basis. The following table shows arrivals of raw cotton by growths during the past three seasons:

(In bales)

	1960-61	1959-60	1958-59
American	450,551	566,906	259,703
Mexican	43,983	78,997	125,337
Nicaraguan	14,848	18,379	35,080
Brazilian	71,488	47,674	42,646
Argentine	13,132	9,642	2,985
Peruvian	46,017	66,750	64,297
Egyptian	9,320	19,174	9,478
Sudan	127,696	213,509	223,288
East African	30,127	36,268	37,710
Nigerian	86,366	92,071	97,991
Congo	2,821	17,794	10,344
Turkish	85,084	78,890	52,023
Syrian	11,689	16,187	18,071
Iranian	99,382	51,345	*
Pakistan	5,597	23,382	34,897
Indian	2,719	2,827	11,683
Russian	36,438	41,726	36,179
Others	76,565	73,516	104,546
Total	1,150,413	1,449,107	1,160,253

* Included in "others."

Some reduction in supplies obtained from the North American Continent was noticeable in the past season, but far more marked was the fall in the quantity of cotton taken from the Sudan. This reflects the substitution of medium quality staples for the longer varieties which were once extensively used in Lancashire. The only important examples of bigger takings were in the case of Brazil and Iran, most other countries supplying similar quantities to the previous season, although shipments from Turkey and Pakistan tended to decline.

The visible supply situation now merits some attention as the quantity of raw cotton held in stock either in Liverpool or Manchester together with cargoes in transit, is at its lowest level since statistics were revived following the reopening of the Liverpool market in 1954. The latest official figures at the end of the season show 94,000 bales in Liverpool, 16,000 bales in Manchester and 28,000 bales afloat, making a total of 138,000 bales. Only towards the middle of 1956, when the comparable figure was 142,000 bales, has this meagre supply position been approached, while at other times well over 300,000 bales have been available.

Of the stocks held, Liverpool has 22,000 bales of American, 10,000 bales of Sudan and 18,000 bales of Iranian cotton, while Manchester supplies are mainly made up of 11,000 bales of American staple. In view of the restricted call for additional cotton while the mills are working off their existing contracts, it is hardly surprising that importers are curtailing their purchases, but spot stocks are certainly very low, even for the time of the year.

Forwardings to spinners during the past season at 1,186,640 bales were some 30,000 bales larger than actual arrivals. Users took about 45,000 bales more American cotton than was imported, but the consumption of Iranian cotton was nearly 20,000 bales below arrivals.

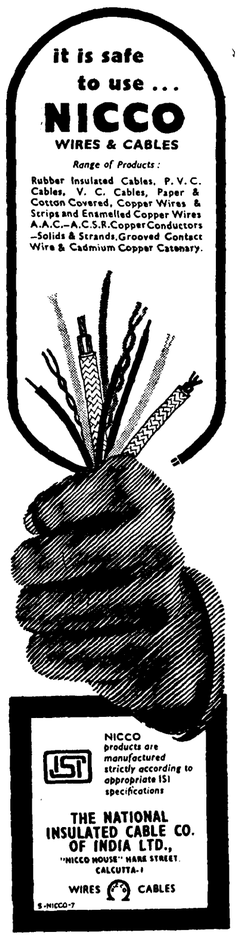
Record Plant Sales

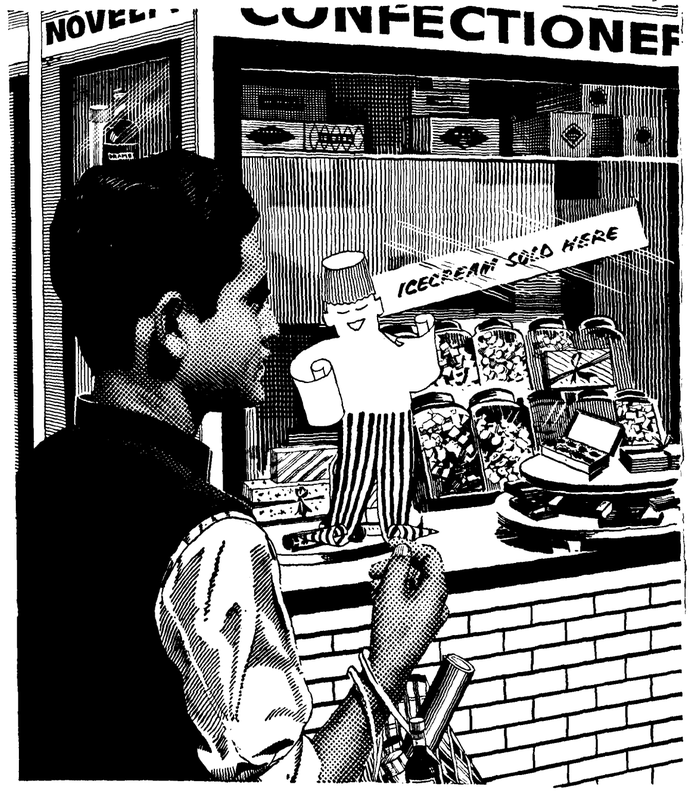
Thanks mainly to the very much larger shipments of textile machinery now being despatched to the Soviet Union, the half-year's returns covering export sales of textile plant make a far more satisfactory showing than those for the goods produced on such machines. In the first six months of 1961, exports to all countries amounted to 780,310 cwt., as compared with 694,019 cwt. in the same period last year and were nearly 200,000 cwt. higher than in 1959. Earnings from this trade for the half-year aggregated £32,169,000, a rise of over £5,000,000 on the 1960 level and nearly £11,000,000 more than in the first half of 1959. Unless there is a remarkable slump in the second half of the year, the value of textile machinery shipments will certainly set up new records by a large margin, as the 1960 total of £51,806,000 was itself a new peak.

Shipments to Russia so far this year have reached 114,000 cwt., as against 80,000 cwt. in the first half of 1960, their value exceeding £5,000,000. The other main markets have been India (67,000 cwt., as against 79,000 cwt.), Australia (54,000 cwt., as against 29,000 cwt.), Italy (33,000 cwt., as against 23,000 cwt.) and Western Germany (32,000 cwt., as against 24,000 cwt.). One of the few consuming areas which has taken smaller quantities of textile plant this year is Poland, whose imports have slumped from 41,000 cwt. to less than 3,000 cwt., but undesignated "other Commonwealth countries," outside South Africa, India, Pakistan, Australia, New Zealand and Canada, have stepped up their orders substantially. Shipments so far exceeded 40,000 cwt. against 16,000 cwt. last year.—*All Rights Reserved.*

COTTON TEXTILE PRODUCTION

The cotton textile mills' production in India during the month of June 1961 is provisionally placed at 71 million kilograms of cotton yarn and 393 million metres of cotton cloth. At the end of June, the composite mills of the cotton textile industry held an estimated stock of 132,000 metric bales (of 1,500 yards each) as unsold cloth and 159,000 metric bales as sold but not lifted.





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EXPANSION OF SUGAR INDUSTRY

GOVERNMENT SUSPENDS ISSUE OF LICENCES FOR NEW UNITS

THE decision of the Government of India not to permit the establishment of any more new sugar mills was first announced in a rather casual manner by Dr. Panjabrao Deshmukh, Union Minister for Agriculture, at Poona on Sunday the 6th inst. The Government, Dr. Deshmukh said, had suspended the issuing of licences for setting up new sugar factories, even in the co-operative sector, in view of the present surplus sugar production and the difficulties encountered in finding export markets for the commodity. He did not reveal the extent of the additional capacity to which licences had already been granted. It was, however, made known subsequently in the Lok Sabha that, including the licences given for the erection of new sugar plants and the expansion of existing ones, the aggregate sugar production capacity would come to 3.15 million tons.

The casual manner in which such important decisions are announced is, indeed, strange. It is all the more strange, because Mr. S. K. Patil, the Minister for Food and Agriculture, had an appropriate opportunity to disclose the Government's decision at the meeting of the Indian Sugar Mills Association held at New Delhi, just six days prior to Dr. Deshmukh's statement. In fact, the Association's President, Mr. D. D. Puri, had specifically raised the issue. Mr. Puri had then stated that the production target of 3.5 million tons fixed for white sugar by the Union Food Ministry (the same capacity is mentioned in the final report also) was a very liberal one and urged that the existing capacity must be reassessed. He also warned that any failure to rectify the situation would spell ruin to the sugar industry. Here is the relevant extract from his speech:

"The installed capacity of the industry is computed on a very conservative and, if I may say so, erroneous basis. Against a duration of 120 days which forms the basis of the Plan calculations, the average duration during the last five years was 136 days. That is why, against the theoretical capacity of 21.5 lakh tons in 1959-60, actual production was 24.20 lakh tons, and this year, against the estimated capacity of 22.8 lakh tons, actual production is nearly 30 lakh tons. This clearly calls for re-assessment of the existing capacity on the basis of actual duration and, in the meantime, a complete suspension of licences for new factories as well as for expansions, except in so far as these may be necessary for bringing up sub-economic capacities to minimum economic levels. We should not be in a hurry to install fresh capacity and let it follow consumption and in no case expand it in advance of consumption.

"Capacity is being licensed and installed far in excess of requirements. This is based on a threefold error, of Government having underestimated the installed capacity, overestimated consumption and added an *ad hoc* five lakh tons for exports. I respectfully submit that all these are steps in the wrong direction which, if not rectified immediately, will bring ruin to the industry."

Mr. Patil's vague reference to this subject, as reported in a section of the daily Press, gave the impression that the Government was not in favour of tampering with the target for white sugar in the third Plan.

Duration of Season

Be that as it may, it will be recalled that the Draft Outline of the third Plan envisaged a production target of three million tons. The target was subsequently raised to 3.5 million tons, in view of the need for exporting sugar arising from scarcity of foreign exchange. The target was based on a normal duration of 120 days crushing. Mr. Puri said that the basis was not correct, in asmuch as the average duration in the last five years had been 136 days. It will not, however, be strictly correct to take such an average, because the actual duration depends on both the size of the cane crop and the relative prices commanded by brown sugars (*gur* and *khamdsari*). There have been seasons when the all-India average duration was very short, as, for instance, just 86 days in 1953-54, 90 days in 1949-50 and 101 days in 1950-51.

One may justifiably contend that the years of short crushing season mentioned here belong to an era which is unlikely to be repeated, in view of the distinct advance made by the country in regard to irrigation, fertilisers, improved types of seed-cane, etc., during the past six or seven years and the consequent improvement in per-acre yields in most parts of the country. Even so, it is better to be on the safe side by taking a conservative average duration of crushing season, as the country is still very much susceptible to the vagaries of Nature, including floods. Another relevant point that must be borne in mind is that the price of sugarcane is so high that a lot of sub-marginal lands has been brought under this crop. It is not in the interest of the country as a whole to permit this unsatisfactory affairs to continue endlessly. It is better to cut the price of sugarcane to more reasonable levels, so that a part of the land may be diverted to other crops. If this is done, the size of sugarcane crop may not be as large as it has been in the past two years.

Other Factors

This aspect apart, the adequacy or otherwise of the production target for sugar should be judged largely from the point of view of domestic consumption requirements and export needs. One cannot, of course, be dogmatic about the actual level of demand—internal and export—for sugar that will prevail five years hence, since that would depend on a number of factors which cannot be sized up at present with any degree of accuracy. The chief determining factor will be the general level of prices, particularly of commodities with which sugar is consumed, such as milk, butter, ghee, coffee, tea, cocoa and other beverages. The prices of substitutes for white sugar, such as *gur* and *khandsari*, also influence the demand for crystal sugar. The offtake of white sugar for domestic consumption will decline if either the prices of milk, ghee, coffee, tea, etc., increase or the prices of *gur* and *khandsari* decline. Then, there is taxation on consumption of sugar. Any increase in it is accompanied by a fall in the offtake for sugar. Actually, all these factors have been in operation in the last two years and account, to a large extent, for the static level of white sugar consumption, despite the marked rise in population.

The I.S.M.A. President stated that the trend of sugar consumption called for a production target lower than that envisaged now (3.5 million tons). This assessment does not seem to be correct. It will be recalled that the consumption of sugar had touched as high as 2,042,000 tons in 1957-58, though the population was 393 million estimate made then for that year). Such a high level of consumption was possible chiefly because there were no controls on prices, movement and distribution (except for the fixation of ex-factory prices for North Indian sugar towards the end of June 1958). The *per capita* consumption then worked out to 11.7 lbs. Taking the average retail price of 48 nP per lb. prevailing then, the average amount of money spent on sugar by one person came to Rs. 5.62 per annum. This expenditure accounted for 2.04 per cent of the *per capita* income of Rs. 275.6 (1948-49 prices). The *per capita* income (at 1960-61 prices) is expected to rise from Rs. 330 in 1960-61 to Rs. 385 in 1965-66. The 2 per cent of this income of Rs. 385, or nearly Rs. 8, will represent the average *per capita* expenditure on sugar. Even assuming that the present level of sugar prices (average of 52 nP per lb.) will continue, the *per capita* consumption of sugar will be about 15.4 lbs. per annum. Taking the projected estimate of population, namely, 492 million in 1965-66 (as against 438 million in 1960-61), the total domestic requirement of sugar will work out to more than 3.38 million tons—3,382,500 tons, to be precise.

Consumer Preference

The estimate of 3.38 million tons will be higher still if account is taken of the continued shift in the consumer preference from brown sugar (*gur* and *khandsari*) to white sugar, as a result of the improvement in the living standards of the masses, following the implementation of the series of development schemes, the spread of urban habits to rural areas, and the increase in consumption of soft drinks. A look at the trend of consumption of the different sweetening agents over the seven-year period from 1950-51 to 1957-58 will reveal that the *per capita* consumption of sugar went up from 6.7 lbs. to 11.7 lbs., while that of *gur* declined from 21.0 lbs. to 17.0 lbs.; the consumption of *khandsari* did not show any marked variation, the figure for 1957-58 being 1.2 lb., as against 0.8 lb. in 1950-51.

Again, it is necessary to take into account the nutritional requirements of sugar, which, on the basis of experts' suggestions, come to nearly 23 lbs. (white sugar alone) *per capita*, as against 10.5 lbs. for 1960-61. Another important factor that has to be borne in mind is the vast scope that exists for increased industrial consumption of sugar, as in the U.S. and other industrially advanced countries. Then, there is the issue of exports. Replying to a question in the Lok Sabha last week, Mr. Patil declared that India aimed at exporting half a million tons of sugar annually in the near future. In view of all these factors, the production target of 3.5 million tons envisaged in the final report of the third Plan cannot be considered to be as unduly large. One of the objects of industrialisation is to exploit the raw material resources in the most efficient and economic manner. Even if the present level of acreage diverted to sugarcane is reduced, there will be plenty of sugarcane, as the yield per acre will go up. There is no exaggeration in this assumption; otherwise, all the efforts that are now being made to raise the productivity of land will be meaningless. What is to be done with this increase in sugarcane production, if it is not to be crushed into white sugar? The planners, administrators and industrialists should, therefore, think of the ways and means of exploiting the scope that exists for expanding consumption of white sugar and not in terms of restricting consumption. In saying this, we do not suggest that appropriate steps should not be taken for correcting the present excess in sugar production. This is a purely temporary phenomenon and should be viewed as such.

FOOD MINISTRY'S NOTE ON SUGAR

A special note on the sugar position with particular reference to exports prepared by the Union Food and Agriculture Ministry was presented to the Lok Sabha on Wednesday the 9th inst. The sugar position during the current season (1960-61), as assessed by the Ministry recently, is as follows:

(In thousand tons)

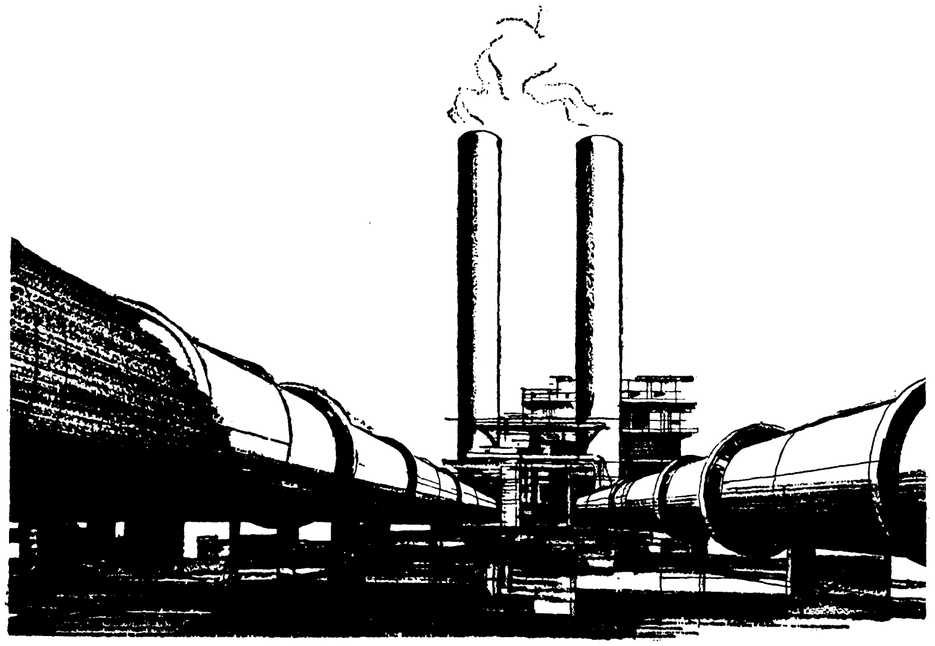
Carryover from 1959-60	540
Estimated production in 1960-61	2,980
Total available supply ...	3,520
Less—Estimated consumption ...	2,050
Balance	1,470
Less—Exports	300 or 317*
Of which quantity already sold to countries other than U.S.	100
To be sold to U.S.	187
To be sold to other countries	30
Estimated balance on 31st October 1961	1,170
Essential carryover	500
Surplus	670

*Including 17,000 tons which may be exported, during November-December 1961.

Out of the 100,000 tons already sold to countries other than the U.S., 70 per cent has been sold to the Federation of Malayan States, 20 per cent to the Middle East countries and the balance of 10 per cent to Ceylon and Burma. The average f.o.b. realisation on these exports is estimated at £31 per ton or Rs. 415 per ton, as against the f.o.b. cost of Rs. 800 per ton, after allowing drawback of excise duty and cane cess (taking the specific case of U.P. and North Bihar, the ex-factory price inclusive of excise duty and cane cess is Rs. 37.85 per maund).

It may be mentioned that the cost of cane, at the statutory minimum price of Re. 1.62 per maund, works out approximately to Rs. 17.20 per maund of sugar on the basis of recovery in the 1960-61 season. This will be roughly 68 per cent of the cost of sugar, excluding cane cess and excise duty. (To arrive at the f.o.b. cost, the excise duty and the cane cess have to be excluded, while internal freight and handling charges at ports have to be added). Considering the inadvisability of raising the consumer price and the fact that the industry would have to implement the Wage Board report, the Ministry of Food and Agriculture announced in the Lok Sabha during the budget debate on 18th April 1961 that the losses on further exports, that is, beyond the first 100,000 tons, would be borne mainly by the Government.

The Food Ministry's note points out that, since sugar prices vary from time to time, it is very difficult to estimate what price may be realised and what losses incurred on different exports. On the whole, the Government hopes to realise about Rs. 12 crores as foreign exchange on U.S. and Malayan sales, and the loss borne by the Government may be about Rs. 5.5 crores. It is proposed to try for an enhancement of the export quota under the International Sugar Agreement, as also the quota which may be given to India under the U.S. Sugar Act for the next year. The quotas allotted to exporting countries under the International Sugar Agreement will come up for review at the conference to be held in Geneva next month. India will participate in the conference. India's export quota for the current year under the Agreement works out to 112,[illegible] tons. Of this quota, India has still about 30,[illegible] tons left for export during the current year.



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INDIAN COPPER CORPORATION LIMITED

CHAIRMAN'S SPEECH AT ANNUAL GENERAL MEETING

RECORD PRODUCTION OF COPPER—NO INCREASE IN CAPITAL FOR THE PRESENT

A RECORD production of 8,769.30 long tons of copper was the outstanding feature of the working of the Indian Copper Corporation Limited, during the year ended 31st December 1960. This was highlighted by Mr. Patrick E. G. W. Parish, O.B.E., Chairman of the Company, in his speech at the Thirty-seventh Annual General Meeting of the shareholders, held at Calcutta on Wednesday, 9th August 1961. The higher production, which was partly the result of the postponement of the annual shutdown of the works for overhaul till January this year, coupled with a reasonable and stable world copper price, resulted in satisfactory financial results for 1960. Mr. Parish, however, expressed concern over the continuing shortage of power and irregular supply of coal. He ruled out the possibility of bonus shares by the Company and added that no issue of right shares was under contemplation for the present.

The following is the full text of Mr. Parish's address:

"GENTLEMEN,

"The report of your Directors and the accounts for the year ended 31st December 1960 have been in your hands for several weeks. This meeting gives me a suitable opportunity to give you some more details of the progress which your Company has made during the year, a review of copper prices and, perhaps, an indication of what lies ahead.

"As I have explained before on similar occasions, the prices at which our products are sold must inevitably follow the trend of prices of copper in the world markets. During 1960, the world price opened at about £253 per ton, rose to £279 in February, fluctuated rather sharply between £279 and £237, with an average of about £250 from March to August, whereafter it fell to about £220/230 for the remainder of the year. So far this year world prices have remained steady around £220/240, with an average of about £228, as compared to £266.6 for the whole of 1960. In comparison with some years, these fluctuations have been relatively small.

"World production of copper could very easily exceed world consumption, but during the year there have been a number of strikes in producing countries and some of the major producers have at times voluntarily reduced output in order to avoid flooding the market. These factors have had a stabilising effect on the price which consumers would pay.

"After a year of relatively stable prices but in an unstable world it is impossible to predict what eventualities may occur to influence prices during the next few months. The world price at the end of last month stood at about £230 per ton.

Production

"Production of copper in 1960 was 8,769.30 long tons, which is a record for the Company and 1,216 long tons higher than last year. This satisfactory figure is partly due to the fact that the annual shut-down at the Works for overhaul was postponed until January 1961 so that more days were worked in 1960.

"Besides mining, producing and rolling copper, your Company rolls brass and yellow metal sheets and circles. This requires a mixture of copper and zinc, of which the latter metal has to be imported. During 1960 sufficient import licences were issued by Government to maintain supplies of our requirements, but I must tell you that, in 1961, owing to the serious foreign exchange position, we have not been able to obtain our full quota of zinc with the result that output has been adversely affected in recent months and there are little prospects of any improvement at present.

"Active prospecting throughout the property has continued during the year and, although no startling discoveries have been made, your new small mine at Surda is contributing towards our efforts to increase production. Prospecting, as you well know, is a very expensive business, but it is essential for the future of the Company and is vital if we are to increase production of this metal with a view to reducing the amount of copper which has to be imported and thus save valuable foreign exchange.

"Ore reserves increased by 88,695 short tons and at the end of the year stood at 4,292,242 short tons, which is a sound and satisfactory position for a Company mining deep copper ore deposits.

"Although during 1960 we suffered no ill effects from electric power shortage, this is a matter which, since the power cuts in the early months of this year, is causing us some anxiety; but it is hoped that the substantially increasing offtake we shall need in future will be available.

"Coal supplies, partly utilised for augmenting electric power requirements, have in recent months, owing to transport difficulties, been erratic, which has resulted in stocks at times falling below a safe working level.

"Despatches of finished products, which have a direct relationship to profits, were maintained at a satisfactory level in 1960, but this year, owing to transport difficulties, heavy stocks have accumulated at the Works. However, provided the required number of wagons from the railway are forthcoming, the shortfall in despatches can be made good.

"The satisfactory financial result for 1960 is due to higher output and a reasonable and stable world copper price level. Expenses, however, continue to rise partly as a result of increased labour costs and partly because we are now mining at greater depths. I think, however, you will agree that the Company has had a successful year in 1960.

"Last year I outlined the additional plant and machinery that will be required during the next few years for the processing of the expected increased output of ore from the mine. Although investigations concerning the most suitable and up-to-date equipment have not as yet been finalised, I am pleased to report that a start has been made by the completion of modifications to the aerial ropeway to carry the anticipated output from the mine to the Works.

Satisfactory Labour Relations

"It is pleasing to report that on the whole relations with labour have been satisfactory. In November 1960 a settlement was reached with the joint mines and works unions increasing basic pay and dearness allowance, which has been favourably received.

"Although we cannot assist in the country's export drive so far as our copper is concerned, our efforts do help to conserve considerable sums of foreign exchange which would otherwise have to be spent on importing copper. On the other hand, the export of kyanite is a useful foreign exchange earner and we are doing our best to increase sales abroad. Despatches abroad during 1960 amounted to 21,242 long tons. I must mention, however, that our efforts are frequently thwarted for lack of railway wagons from the mine to Calcutta docks.

"The appeal in the Supreme Court still remains pending, but attempts are being made to arrive at a compromise settlement.

"Work has now started on the foundations of the new buildings and satisfactory progress made on the ordering of equipment. At the moment we are delayed by the shortage of cement, which is chronic throughout the country, but it is hoped that this will not prevent completion of the project on schedule.

"The profit for the year before providing for taxation, depreciation and reserves amounts to £1,307,982, as compared with a profit in 1959 of £1,202,259. Income-tax and super-tax on profits amount to £500,477. Your Directors have decided to place £175,000 to depreciation and £200,000 to general reserve. £50,625 goes to development rebate reserve.

"There is a balance available of £489,001 and your Directors are recommending that the same dividend as last year, that is, 27 per cent subject to tax, be maintained, absorbing £370,251, leaving £118,750 to be carried forward.

Bonus Share Issue

"A number of shareholders have written to us suggesting that the Company should issue bonus shares and there have been rumours in the market from time to time that your Directors were about to make such an issue. We have, of course, considered this matter, but our opinion is that for the present there is no advantage in so doing. On the contrary, it would involve the Company in paying tax of 12½ per cent on the bonus shares, which we do not think is justified as we require all the money we have got for the various expansion plans which lie before us. It is true that in this year's Budget the tax on bonus shares was reduced from 30 per cent to 12½ per cent, but even this tax is, in our opinion, unreasonable when reserves, which have been built up out of taxed profits, are converted into bonus shares. Let us rather conserve our funds for improvements and extensions which will earn increased profits in the future.

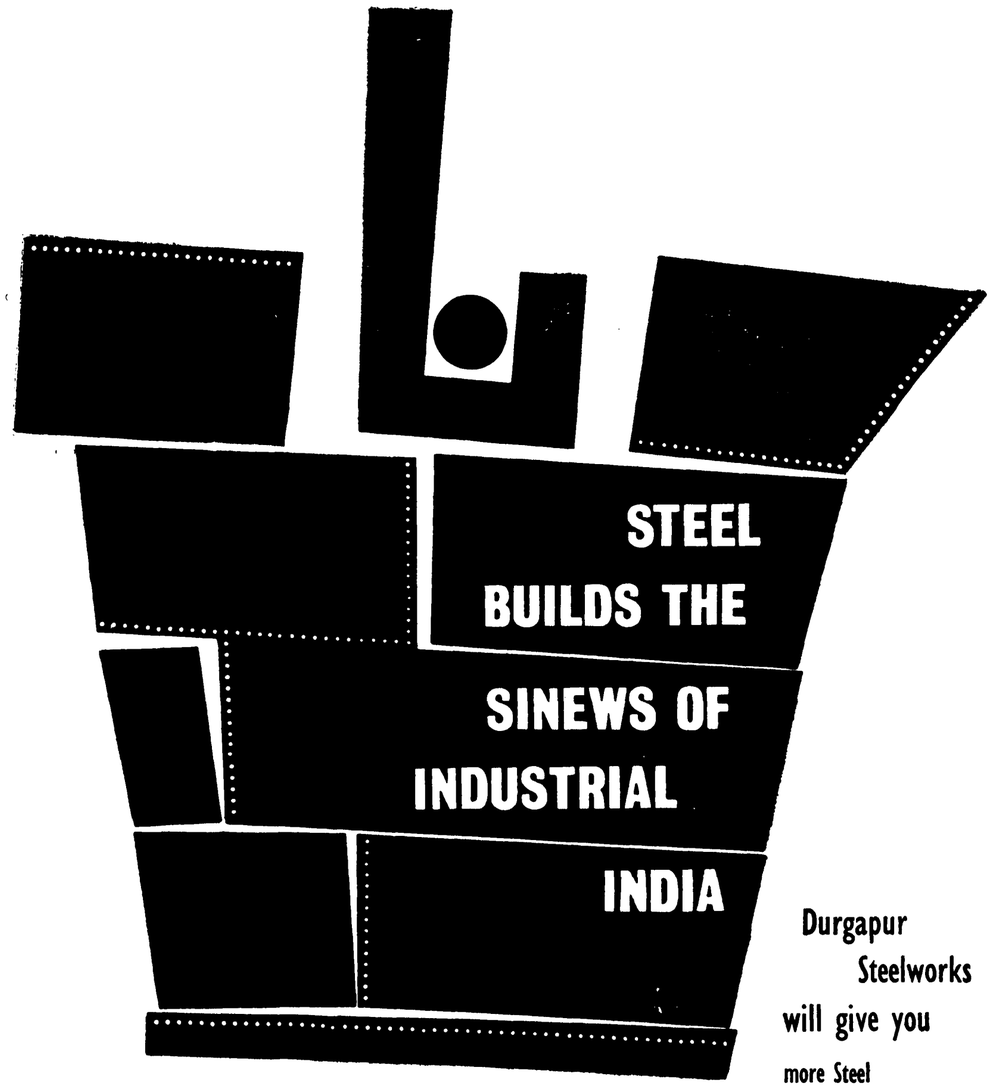
"The matter of a rights issue has also been discussed by your Directors, but the Company has sufficient cash for its immediate plans. In due course if further funds are required the question of making a rights issue will again be considered.

"I am fully aware of the reasons which prompt shareholders to hope for a bonus issue, but unless profits are increased there can be no benefit of a better yield and, as I have said, to pay out 12½ per cent in tax when the money can be profitably used in extension projects seems to us unjustifiable.

"It remains for me to thank the General Manager, Mr. N. A. B. Hill, and the staff both at the Mines and at the Works, and the workers. I am sure that I speak on your behalf in expressing our appreciation of their work which has led to another year's successful results."

Note: *This does not purport to be a record of the proceedings of the annual general meeting.*

EMC-6



ISCON

INDIAN STEELWORKS CONSTRUCTION CO. LTD.

Durgapur Steelworks will give you more Steel for Buildings and Bridges, Agricultural Implements, Sleepers and Fish Plates, Wheel Sets for Railways.

Simon-Carves Ltd. The Wellman Smith Owen Eng. Corp. Ltd. Head Wrightson & Company Ltd. Davy and United Engineering Company Limited. The Cementation Company Ltd. Associated Electrical Industries (Rugby) Ltd. The English Electric Co. Ltd. The General Electric Co. Limited. Associated Electrical Industries (Manchester) Ltd. Sir William Arrol & Company Ltd. Cleveland Bridge & Engineering Co. Ltd. Dorman Long (Bridge & Engineering) Ltd. Joseph Parks & Son Ltd. Iscon Cable Group.

BRITISH COMPANIES WORKING FOR INDIA

ISIC 29

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

A copy of the Prospectus together with the documents specified therein has been duly filed with the Registrar of Companies, Madras for registration as required by Section 60 of the Companies Act 1956.

Consent of the Central Government has been obtained to this issue by an order of which a copy is open for inspection at the Registered Office of the Company. It must be distinctly understood that in giving this consent the Government of India do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinion expressed in regard to them.

A licence bearing No. L/1-A(3) (88)/M.E.I/61 dated 18-1-1961 has been obtained from the Central Government for the establishment of this new industrial undertaking a copy of which is open for inspection at the Registered Office of the Company. It must be distinctly understood that in granting this licence, the Government of India do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinions expressed in regard to them.

THE SUBSCRIPTION LISTS WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON 24-8-1961 AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON 31-8-1961 OR EARLIER AS SOON AS SUBSCRIPTIONS APPROXIMATING TO THE AMOUNTS ISSUED TO THE PUBLIC HAVE BEEN RECEIVED, BUT NOT EARLIER THAN THE CLOSE OF BANKING HOURS ON 28-8-1961.

Applications will be made to the Madras and Calcutta Stock Exchanges for permission to deal in and for an official quotation for the shares of the Company.

INDIA FORGE & DROP STAMPINGS LTD.

(Incorporated on 27-6-1960 under the Companies Act, 1956)

SHARE CAPITAL

	Rs.	Rs.
AUTHORISED :		
7,50,000 Equity shares of Rs. 10 each ..	75,00,000	
25,000 9.286% (free of Company's tax but subject to deduction of tax at source at the prescribed rates) Redeemable Cumulative Preference shares of Rs. 100 each	25,00,000	
		1,00,00,000
CAPITAL ISSUED AND SUBSCRIBED :		
1,50,000 Equity shares of Rs. 10 each subscribed by the signatories to the Memorandum, Directors and their friends		15,00,000
PRESENT ISSUE :		
2,50,000 Equity shares of Rs. 10 each ..	25,00,000	
10,000 9.286% (free of Company's tax but subject to deduction of tax at source at the prescribed rates) Redeemable Cumulative Preference shares of Rs. 100 each	10,00,000	
		35,00,000
Out of the above, the Life Insurance Corporation of India have agreed to underwrite and subscribe for Rs. 5 lakhs nominal value of Equity shares of Rs. 10 each and Rs. 5 lakhs nominal value of Redeemable Cumulative Preference shares of Rs. 100 each, and these will be allotted to them in full		10,00,000

	Rs.	Rs.
CAPITAL OFFERED FOR PUBLIC SUBSCRIPTION :		
2,00,000 Equity shares of Rs. 10 each.. ..	20,00,000	
5,000 9.286% (free of Company's tax but subject to deduction of tax at source at the prescribed rates) Redeemable Cumulative Preference shares of Rs. 100 each..	5,00,000	
		25,00,000

Payable as follows :

EQUITY SHARES :

On application : Rs. 2.50 per share
On allotment : Rs. 2.50 per share
Balance : Rs. 5.00 per share in two equal calls with an interval of not less than 3 months between calls to be made subsequently but not earlier than 3 months after allotment.

Rs. 10.00 per share

PREFERENCE SHARES :

On application : Rs. 25.00 per share
On allotment : Rs. 25.00 per share
Balance : Rs. 50.00 per share in two equal calls with an interval of not less than 3 months between calls to be made subsequently but not earlier than 3 months after allotment.

Rs. 100.00 per share

Failure to pay allotment money or any call when due will render the shares liable to forfeiture.

THE ENTIRE ISSUE NOW OFFERED TO THE PUBLIC IS UNDERWRITTEN.

DIRECTORS

1. **Sir Dhirendra Nath Mitra**, Industrialist. 7, Ballygunge Circular Road, Calcutta. Reserve Bank of India (Director, Central Board and Chairman, Local Board, Eastern Area); Life Insurance Corporation of India (Member); Director of: Hindustan Wires Ltd. (Chairman); The Oriental Fire & General Insurance Co., Ltd. (Vice-President); Mahindra & Mahindra Ltd.; Philips Carbon Black Ltd.; Angelo Brothers Ltd.; Hindustan Motors Ltd.

2. **Sri M. A. Chidambaram**, Industrialist. "Adyar House," Madras-25. Director of: State Bank of India (Member, Local Board); The Indian Aluminium Co., Ltd.; Automobile Products of India Ltd.; Southern Industrial Corporation Ltd. (Chairman).

3. **Sri S. Narayanaswamy**, Stockbroker. "Seshadri," 6, Chittaranjan Road, Teynampet, Madras-18. Director of: The Aluminium Industries Ltd. (Chairman); Seshasayee Industries Ltd.; Mettur Chemical & Industrial Corporation Ltd.; Seshasayee Paper & Boards Ltd.

4. **Sri V. Rangachari**, Stockbroker. Mercantile Bank Buildings, Madras-1. Director of: Swinton Estates Co., Ltd.; Teekoy Rubbers (India) Ltd.; Radio & Electricals Ltd., etc.

5. **Sri G. R. Dhawan**, Merchant. 29, Jessore Road, Dum-Dum, Calcutta-28. Director of: Sudsons (Manufacturing) Private Ltd. (Managing Director); Dipak Corporation Private Ltd.; Investors Syndicate Private Ltd.

6. **Sri K. C. Sood**, Industrialist. 3, Esplanade East, Calcutta-1. Director of: The Aluminium Industries Ltd.; Seshasayee Paper & Boards Ltd.; Madras Rubber Factory Ltd.; Sudsons (Manufacturing) Private Ltd.

MANAGING AGENTS

It is proposed that **Messrs. Dipak Corporation Private Ltd.**, shall be appointed the Managing Agents of the Company. The Central Government have already accorded approval by their letter No. 9(790)-CIII/60 dated 16th March, 1961, for such appointment. Their Registered Office is at 29, Jessore Road, Dum-Dum, Calcutta.

REGISTERED OFFICE

"KUBERA BUILDINGS," 21, SUNKURAMA CHETTY STREET, MADRAS-1.

BANKERS

1. **STATE BANK OF INDIA, Madras.**
2. **THE PUNJAB NATIONAL BANK LTD., Madras.**
3. **THE UNITED COMMERCIAL BANK LTD., Madras.**
4. **THE INDIAN OVERSEAS BANK LTD., Madras.**

UNDERWRITERS

The following institutions and firms have agreed to underwrite the issue :

Underwriters	Equity shares	Preference shares
	Rs.	Rs.
1. Madras Industrial Investment Corporation Ltd., Madras ..	10,00,000	5,00,000
2. Life Insurance Corporation of India, Bombay ..	5,00,000	5,00,000
3. Concord of India Insurance Co., Ltd., Calcutta	5,00,000	..
4. Messrs. Maconochie & Co., Madras	1,00,000	..
5. Messrs. Chitra & Co., Madras..	1,00,000	..
6. Messrs. G. M. Pyne, Calcutta..	1,00,000	..
7. Messrs. Batlivala & Karani, Bombay	1,00,000	..
8. Messrs. P. R. Subramanyam, Bombay	1,00,000	..

In the opinion of the Directors the resources of the Underwriters are sufficient to discharge their obligations.

BROKERS TO THE ISSUE

MADRAS.

1. **Messrs. Maconochie & Co.**, Mercantile Bank Buildings, Post Box No. 291, Madras-1.
2. **Messrs. Chitra & Co.**, 322-323, Linghi Chetty Street, Bombay Mutual Building Annexe, Post Box No. 1557, Madras-1.

CALCUTTA.

Messrs. G. M. Pyne, 14, India Exchange Place, Calcutta-1.

BOMBAY.

1. **Messrs. Batlivala & Karani**, Union Bank Buildings, Dalal Street, Fort, Bombay.
2. **Messrs. P. R. Subramanyam**, 70/A, Stock Exchange, Apollo Street, Fort, Bombay.
3. **Messrs. A. B. Pandit & Co.** 32, Apollo Street, Fort, Bombay.

DELHI.

Messrs. Raj Paul Chadha & Co., New Delhi.

AUDITORS

Messrs. SINGHI & CO., Chartered Accountants, 1-B, Old Post Office Street, Calcutta-1.

LEGAL ADVISERS

1. **Sri T. RAGHAVAN**, 11-B, Mowbrays Road, Madras-18.
2. **Sri B. M. BAGARIA**, 6, Old Post Office Street, Calcutta-1.

UNDERWRITING COMMISSION AND BROKERAGE

The Underwriters are entitled to an underwriting commission of 2½ per cent on the Capital underwritten by them.

Brokerage at the rate of ten Naye Paise per Equity share and Re. 1 per Preference share will be paid on all allotments made in respect of applications bearing the stamp of a Bank or a recognised Broker including the Underwriters and Brokers to the issue.

OBJECTS

To start and work an up-to-date commercial Forge Shop and Drop Stamping Works near the city of Madras for mass production of commercial, steel and non-ferrous, Forgings and Stampings for supply to automobile and internal combustion engine industry, railways, motor cycle and cycle industry, defence and aircraft industry, electrical industry and all other allied industries and carry out the business of iron and steel founders, mechanical engineers, wagon and coach builders, tool and die makers, etc.

PROSPECTS

The Steel Forging industry is one of the basic industries which supplies the raw materials essential to a number of industries, viz., Automobile, Internal Combustion Engine, Defence and Aircraft, Motor Cycle and Cycle, Railways and Rail Roads, Tractors and Heavy Earth Moving Equipment, Agricultural Machinery, Electrical and General Engineering Industries, etc. The requirements of the automobile and allied industry alone are expected to be in the neighbourhood of 1,00,000 tons per annum at the end of the Third Five Year Plan. The majority of the manufacturers of engineering products, the automobile industry and others, are importing the bulk of their requirements of steel Forgings and Stampings. After a careful market research, Madras has been chosen for locating the present Factory and this has received the approval of the Government of India. Madras has also the advantage of availability of skilled labour. The proposed unit at Madras will be the first Public Limited Company to be established in the country, for mass production of commercial steel Forgings and Drop Stampings, similar to the units established in Europe and other industrially advanced countries.

FOREIGN EXCHANGE LOAN

The Industrial Credit and Investment Corporation of India Ltd., Bombay, have agreed in principle, subject to the consent of the International Bank of Reconstruction and Development, to grant to the Company a loan in Foreign Exchange to the extent of U.S. $570,000 (equivalent to Rs. 27 lakhs approximately) secured by a first mortgage of the Company's assets and repayable in 15 half-yearly instalments starting from November 1963 and ending in November 1970, which will bear interest at 7½ per cent per annum. So long as the loan or any part thereof is outstanding, The Industrial Credit and Investment Corporation of India Ltd., shall be entitled to appoint a Director on the Board of the Company, who shall not be liable to retire by rotation nor shall be required to hold qualification shares.

TECHNICAL COLLABORATION AGREEMENT

The Company with the approval of the Government of India proposes to enter into a Consultants and Technical Collaboration Agreement with Messrs. B. & S. Massey Ltd., Manchester, England, for a period of three years covering the design, erection and start-up of the plant and also for providing the technical know-how with regard to the design and manufacture of Drop Stamping Dies of various types and produce in their own Works at Manchester approximately 7,000 tons of Drop Stampings per annum.

Messrs. B. & S. Massey have a wide experience in the design and manufacture of Drop Stamping Dies of various types and produce in their own Works at Manchester approximately 7,000 tons of Drop Stampings per annum.

SITE, RAW MATERIALS, POWER AND WATER SUPPLY

Application has been made to the Government of Madras for acquiring the necessary land in Padi and Mugappar villages about 8 miles from Madras, on the Madras-Avadi Road. Acquisition proceedings are in progress.

Plain Carbon steel and medium carbon steel billets and bars will be the principal raw materials required in the next few years. Adequate supply of these is available from the Indian Steel units. Alloy steel will also be required and will have to be imported until such time as the proposed Tool and Alloy Steel plants go into production in the Third Five Year Plan.

The sanction for supply of 150 KVA electric power has already been obtained from the Madras Electricity System who have also promised to give 500 KVA by the end of 1961.

Adequate water is available at the site.

PRODUCTION AND PROFITABILITY

Production is expected to commence in 1962. The Directors have indications that the consumer demand will absorb the entire output of the proposed plant.

Adequate provision has been made in the plant layout to take care of future expansion. The estimates of profit margins are such as to ensure a reasonable return on the equity capital.

PRELIMINARY EXPENSES AND EXPENSES OF ISSUE

The Preliminary expenses incurred by the Promoters in respect of the Registration of the Company, procurement of Industrial licence, etc., etc., have amounted to Rs. 33,230 which amount has been reimbursed by the Company.

The estimated amount of expenses of this Issue including underwriting commission and brokerage is Rs. 2,00,000 and will be borne by the Company.

RIGHT OF PREFERENCE SHARES

The Preference Shares will confer upon the holders thereof the right to a fixed cumulative preferential dividend of 9·286 per cent (free of Company's tax, but subject to deduction of tax at source at the prescribed rates) on the capital for the time being paid up. The said shares are redeemable at par at Company's option at any time after 10 years but not later than 15-6-1972. Any further issue of preference shares ranking *pari passu* with this issue shall be made only with the consent of the holders of not less than three-fourths of the value of Preference Shares outstanding.

CAPITAL OUTLAY AND MINIMUM SUBSCRIPTION

The minimum subscription in respect of the public issue on which the Directors will proceed to allot is Rs. 25,00,000. Subscription of the amount is assured as the entire public issue has been underwritten. The total capital required to reach a capacity (on single shift basis) of 3,000 tons per annum of Steel Forgings and Drop Stampings is estimated to be as follows :

	Rs.
(a) Lands, Buildings and other facilities ..	6,80,000
(b) Plant and machinery including cost of erection	47,30,000
(c) Pre-operation expenses from the date of its incorporation until commencement of production	6,90,000
(d) Underwriting Commission, brokerage and other expenses of this issue ..	2,00,000
(e) Working Capital	25,00,000
Total ..	88,00,000

SOURCE OF FUNDS

	Rs.
(1) Equity shares	40,00,000
(2) Preference shares	10,00,000
(3) Loan from Industrial Credit and Investment Corporation of India Ltd.	27,00,000

It is intended that the balance of Rs. 11,00,000 and any increase in the actual cost over estimated cost, including provision for working capital will be raised by loans from the Company's Bankers or other sources.

APPLICATION FOR SHARES

Applications for equity shares must be for 50 and for preference shares for 5 or multiples thereof. Applications together with cheques/drafts must be delivered before the closing of the subscription list to the Registered Office of the Company, or the Office of the underwriters or brokers to the issue or to any of the bankers at their offices mentioned below : **Ahmedabad, Bangalore, Bombay, Calcutta, Cochin, Hyderabad, Kanpur, Mangalore, Nagpur, New Delhi, Surat, Trichy.**

INDIAN INSURANCE COMPANIES' ASSOCIATION

SPEECH OF CHAIRMAN, MR. T. M. TELANG

NON-DIVERSION AGREEMENT WELCOMED

A COMPREHENSIVE survey of the trends in, and problems of, general insurance in the country was made by Mr. T. M. Telang, Chairman of the Indian Insurance Companies' Association, in his speech at the Thirty-third Annual General Meeting of the Association held at Bombay on Monday, 14th August 1961. Mr. Telang welcomed the agreement on Non-Diversion and Mutual Assistance entered into by 17 leading general insurance companies in the country. If implemented in the right spirit, the agreement would, according to him, go far in bringing down the cost of management of the companies, enable them to consolidate their position and pave the way for the development of general insurance on sound and healthy lines.

The following are extracts from Mr. Telang's speech which, in his unavoidable absence, was read out by Mr. P. U. Patel:

"The progressive implementation of the various schemes under the third Plan and the enlargement and diversification of the industrial structure will give ample opportunities to insurance companies to extend the scope of their service, providing new kinds of insurance covers to meet the many and varied demands of rapid industrialisation. The emphasis will have to be on uncovering new insurance prospects rather than on exploiting fields that are already uncomfortably crowded. With the increasing tempo of economic activity, there will be, for instance, a growing demand, for machinery erection and breakdown insurance, contractors guarantee or performance bonds and a number of other miscellaneous types of insurances which are sold, as a matter of course, in other countries.

"To tap successfully the vast existing field which remains unexplored, the industry would require the services of an efficient field organisation who could create insurance-mindedness among the people and suggest appropriate covers to the public to suit specific needs. Another matter which deserves consideration in this context is proper publicity to spread the gospel of general insurance in the country. It could take the form of a well-planned and intelligent propaganda, designed to educate the public in the value and importance of general insurance, as the shock-absorber of industry and trade, business and profession, telling the people what facilities are available for protecting themselves against perils beyond their control.

"It would be necessary for certain conditions to be satisfied before the vast potentialities for business could be realised. A well-organised and integrated market, composed of financially sound, viable and healthy units, operating in a proper atmosphere, where every unit has an opportunity to expand, is a desideratum for this purpose. This calls for a radical rationalisation of the working of the industry in its various aspects and suitable changes in the present set up of controls and regulations governing the industry.

"I have referred to the steady growth of the share of Indian insurers as a whole in the business in India during the period 1953 to 1959. Taking the companies groupwise, however, one cannot fail to notice the wide disparity in the results achieved by the large units as compared to the small units. This is not a healthy trend in the market. The drastic reduction of the share allowed to companies in the private sector, in the business of the Indian Insurance Companies' Association Pool, as a result of the lion's share given to the Government-controlled companies, has perhaps added to the difficulties, especially of smaller companies.

Formula for Expenses of Management

"Views would naturally differ as to the factors that might be considered responsible for the present state of affairs. The existing provision linking the quantum of expenses of management permissible to companies to the gross premium income written direct in India, under Section 40C of the Insurance Act read with Rule 17E, readily comes to mind in this connection. By restricting the quantum to direct business, the provision has lead to a scramble for direct business resulting in indiscriminate underwriting by companies and heavy acquisition costs. The limits for overall expenses were prescribed in the year 1950. An examination of the cost under various heads would show that the overall expenses of companies have since gone up by as much as 20 to 30 per cent. The limits provided are not consistent with the cost of living and general price level currently obtaining. I hope the newly-constituted Executive Committee will take up the matter forthwith and suggest a more realistic basis, fair and equitable to the various sectors of the trade.

Wanted—A More Practical Approach

"We realise that it is primarily the responsibility of the trade itself to take necessary steps to place Indian insurance business on a sound footing. A sympathetic understanding on the part of the authorities and their support and guidance can however be of valuable assistance in the solution of the problem facing the trade. There have been occasions when the approach of the trade has been at variance from that of the Department of Insurance. The Department implements scrupulously the law governing the insurance trade, but we do some times feel that a more practical approach on the part of the Department in respect of our difficulties may lead to their solutions without in any manner compromising the spirit of the statutory regulations.

"I welcome, in this connection, the Scheme of Non-Diversion and Mutual Assistance recently sponsored by some leading insurance companies. Conditions in the trade have become difficult lately and the move could not have been more timely. A large number of companies, as you may know, have already become parties to the Scheme and their number is likely to grow. The idea is to create a sense of security among the members joining the Scheme. The Non-Diversion Scheme assures the members that they need entertain no fears about their business being taken away by other members. It also provides for the creation of a pool of business, to which all members are to contribute in accordance with an agreed formula, to assist those companies which do not show adequate progress during any year. Free from the fear of losing the business already on their books, companies should be able to divert their attention more profitably to the large insurance potential which remains untapped at present. The Scheme, coming into operation from 1st July 1961, offers a practical solution to the serious problems afflicting the industry for the past many years. If implemented in a true spirit, it should go far to bring down the cost of management and enable companies to consolidate their position. Given goodwill, co-operation and mutual trust, I feel confident, the Scheme would pave the way for the rapid development of general insurance companies on sound and healthy lines.

Compulsory Reinsurance

"I would now pass on to another matter of far-reaching consequence which greatly exercised the minds of general insurers in the country during recent months. The Insurance (Amendment) Bill, 1961 was passed by the Indian Parliament and the Amendment Act came into force from 1st April 1961. The new legislation requires all insurers operating in India to make fixed obligatory cession, upto a maximum of 30 per cent, with approved Indian reinsurers, namely, the India Reinsurance Corporation Ltd. and the Indian Guarantee and General Insurance Co., Ltd. The hundred per cent increase overnight in the volume of premium to be ceded, on account of the Government-controlled unit coming into the picture, is likely to affect the trading profits of insurance companies, notwithstanding the provision for retrocession of premium by the reinsurers. It is also felt that undue emphasis on local reinsurance arrangements might militate against the international character of general insurance business and handicap companies developing balanced portfolios based on a geographic spread of risks. Beyond this, I do not propose to say anything now that the industry has been confronted with a *fait accompli*, and I only hope that the professed objective of arresting the foreign exchange drain will be achieved and the two professional reinsurers will succeed in bringing to the Indian market, an increasing volume of profitable business from abroad, for the common benefit of all concerned."

BENGAL CHEMICAL AND PHARMACEUTICAL WORKS LTD.

SPEECH OF CHAIRMAN, DR. B. N. GHOSE

SHORTAGE OF RAW MATERIALS HINDERS PRODUCTIVE OPERATIONS

THE Sixty-first Annual General Meeting of the Bengal Chemical and Pharmaceutical Works Ltd. was held at Calcutta on Thursday, 10th August 1961. Addressing the meeting, Dr. B. N. Ghose, Chairman of the Company, described how the productive operations of the Company were being hampered to a considerable extent by shortage of some raw materials. Dr. Ghose stated that it was "a matter of great concern" that the Company had failed over a long period to secure even modest supplies of crude coal tar from the steel projects and Durgapur coke oven. He also alluded to the acute shortage of wagons for moving coal, as well as to the unsuccessful efforts of the Company to get licences for the import of a few replacement items of machinery which, he said, was impeding production in some plants, including manufacture of surgical dressings and printing, rotary and offset inks.

The following is the full text of Dr. Ghose's speech at the meeting:

"GENTLEMEN,

"It gives me great pleasure to extend a hearty welcome to you all to this Sixty-first Annual General meeting of your Company. The Directors' report and the audited accounts of the Company for the year ended 31st March 1961 have been with you for some time and, with your permission, I take them as read.

"The Company's working results and appropriation of profits of the year have been adequately explained in the Directors' report. I may assure you that the results of the year under review are quite encouraging, and your Directors hope to report better results next year, provided other conditions remain as before. The increase in sales by nearly Rs. 12 lakhs over the previous year's figure could not bring in proportionate profits as compared to last year for various reasons. The rate of dividend on all classes of ordinary shares has been maintained, but the dividends on tax-free cumulative preference shares have been grossed up in accordance with the provisions of Preference Shares (Regulation of Dividends) Act, 1960 which have resulted in the payment of dividends on income-tax-free preference shares at rates less than those stipulated in the Company's Articles of Association. Your Directors are, however, considering to give the preference shareholders the additional dividends to make up the deficiency for deduction of tax at source as aforesaid after all necessary formalities in this connection are duly complied with and after getting the approval of the shareholders in an extraordinary general meeting at a later date.

Memorial for P. C. Ray

"Gentlemen, as you all know, this year is the centennial birth anniversary of Acharya P. C. Ray, the founder of your Company. You may well remember that your considered opinion was invited last year regarding the amount to be donated for the purpose to celebrate the occasion in a befitting manner. To perpetuate the memory of our revered Acharya Prafulla Chandra Ray, it has been decided at the initiative of Indian Chemical Manufacturers Association, of which Acharya P. C. Ray was the Founder President, to establish Sir P. C. Ray Memorial Research-cum-Testing Laboratory in Calcutta at a capital cost of Rs. 20 lakhs. Your Directors propose to contribute a sum of Rs. 50,000 to this institution. I hope you would gladly accord your sanction to it. Besides this, your Board of Directors has also recommended payment of half month's basic salary as bonus to all the permanent employees of the Company who have served the Company for at least one year and are still on the rolls of this Company. This bonus is being given as a gesture of goodwill on this happy occasion. Of course, this is in addition to any other bonus that the Directors of your Company may be pleased to sanction after the Annual General Meeting.

"The management has all along been keen not only to modernise the plant and machinery but also to expand the different productive units of your Company. But the import restrictions and the licensing policy of the Government is standing in the way.

"Our productive operations specially at Panihati were hampered to a considerable extent due to shortage of some raw materials. In the early part of the year under review, we had to face a crisis in the production of alum because of the failure on the part of the Railways to allot wagons for moving bauxite from the Ranchi area. Strong representations were made by us to the Railway administration and the Deputy Minister for Railways, as a result of which, we are glad to say, the transport problem was eased for the time being. It is a matter of great concern to us that we have failed over a long period to secure even modest supplies of crude coal tar from the steel projects and Durgapur coke oven authorities and, in consequence, our tar distillation unit is running far short of its installed capacity.

"The acute shortage of wagons for moving coal in our area is known to all and so far the problem has baffled us. The major portion of our requirements of coal has to be transported from the coal fields by lorries at a premium of about 20 per cent which amounts to an unwarranted levy on our industries. The present state of affairs is a sad reflection on the efficiency of the Railways and the Ministry of Steel, Fuels and Mines.

Import Licences

"In the matter of import licences, the authorities concerned are not in general unhelpful so far as the grant of licences for the import of raw materials for manufacturing purposes is concerned. But we have not yet succeeded in getting licences for the import of some replacement items of machinery which is impeding production in some plants, including the plant for the manufacture of surgical dressings and the one for the manufacture of printing, rotary and offset inks. Despite a good export potentiality and consequential foreign exchange earning thereby, the manufacture of surgical cotton has been considerably suffering in the competitive market for the non-availability of import licence for certain items for replacement and other component parts. The licensing authorities are further unwilling to grant us licences in sufficient quantities for the import of carbon black, an essential ingredient for the manufacture of printing inks.

"We can at this point strike a more cheerful note regarding the future of some of our productive units. After long and sustained efforts, we have been able to secure import licences covering the requirements of plants and equipment to be obtained from abroad in connection with our projects for doubling the existing capacity of our alum plant and the installation of an additional sulphuric acid plant producing 50 tons per day. Certain minor formalities still remain to be completed and we hope that both the projects will be successfully launched within a reasonable period of time. Incidentally, we may mention that import licences for alum and sulphuric acid plants were received after about a year of filing applications for the same.

Excise Duties

"The year under review is marked by the imposition of new Central excise duties on some categories of goods which came into effect from 1st March 1961, that is (in the last month of the year) and which embrace within their sweep a very wide range of our products creating difficult problems for us in various directions. New excise duties which have affected us most in the year are those on patent and proprietory medicines not containing alcohol and on cosmetics and toilet preparations levied at the rates of 10 per cent and 25 per cent *ad valorem* respectively. Excise duties have been imposed, among other items, on glass containers, cellophane paper, etc. The incidence of excise duty on our products amounts, in fact, to much more than the *ad valorem* rates prescribed, for patent and proprietory medicines, etc., because in calculating the assessable value, the excise authorities do not allow any deductions on account of deferred discounts, rebates, etc., to which wholesale buyers of our products are entitled at the end of year nor for freight and other charges when these are included in our net selling prices. We have to pay excise duty once at the time of buying our requirements of glass containers and packing materials, such as wrapping paper, straw boards, corrugated boards and duplex boards and again on the value of these articles which forms a part in the selling prices of our finished products.

"As a result of the new excise levies, we had to add the new excise duties to the selling prices of our numerous products and we have encountered a certain degree of consumer resistance which makes us rather apprehensive about the future. It is a sore point with us that samples supplied free of charge to private medical practitioners for clinical trial have not been exempted from the excise levy and thus we have to pay a considerable amount of excise duty which cannot be passed on to consumers. In addition to excise duties, there has been substantial enhancement of customs duty on a number of items for which we have to depend wholly or partially on overseas supplies. For instance, customs duty has been increased on natural and synthetic oils from 50 per cent to 75 per cent *ad valorem*, on sulphur from 5 per cent to 10 per cent and on power-operated machines and parts thereof from 10 per cent to 15 per cent.

Overseas Business

"There has been a setback in our business in Singapore in the year (1960-61) as the Chinese products, specially absorbent cotton wool, are being sold there at competitive rates. Our exports to Kuala Lumpur have, however, improved to a certain extent. It is expected that the business in this market will be further developed in future.

"Business in Burma is not upto our expectation. The Burma Government have set up 'Burma Pharmaceutical Industry Ltd.' which have been manufacturing pharmaceutical drugs and medicines conforming to recognised standards. The Union Government of Burma issue permits for a selected number of items only.

"Since 1959, we have been experiencing difficulties in shipping our products to Colombo and there has not been any improvement in this regard as yet. Recently, a consignment containing 36 cases of medicines was lying packed in our godown for about three months. After protracted correspondence with the authorities concerned, it was possible to effect its shipment with the help of the State Trading Corporation. As a result of irregular shipments, our business in this area could not be improved.

"Some amount of business was made in East Pakistan, but, owing to strict import policy, business could not be increased. The position has not improved as yet.

Demand for Fine Chemicals

"With planned Industrial Development in our country, demand for fine chemicals is growing rapidly. The rigid control over the quality of fine chemicals manufactured by us helps consumers to manufacture better products and maintain their standard. This has resulted in an increased demand for our fine chemicals.

"To reorient our production programme, equipment specially made to order worth several lakhs of rupees has been installed in the Chemical Department Maniktala Factory, to improve the existing ones. This fact was reported to you last year. A separate unit has now been installed to produce reagent grade chemicals of the highest degree of purity. Our Analytical Laboratory has been provided with requisite apparatus to have strict control over the quality of our products. We have been so long supplying our fine chemicals, reagent quality chemicals and pharmaceutical chemicals to colleges, public institutions, Government laboratories, etc., but, very soon, we will be in a position to meet the entire demands of the country.

Alum Plant at Panihati Factory

"As I have mentioned before, expansion work at Panihati for alum plant could not progress as per schedule, due to delay in getting the import licence for foreign equipment from Government of India. It may be noted here that the percentage of foreign equipment required for the proposed alum plant and the installation of 50 TPD sulphuric acid plant is only 25 of the total cost involved. The rest will be fabricated locally. Foundations for plants and equipment are complete. Arrangement for placing indents for foreign machinery are being made and all possible steps are being taken to complete the scheme as early as possible. On completion of the scheme, capacity of the plant will increase from 30 to 60 tons a day.

"Apart from sulphuric acid, the other raw material for manufacture of alum is bauxite, annual consumption of which will increase to 9,000 tons. Substantial progress has been made during second Plan period in establishing different hydro-electric projects and more power stations will be coming into existence in the third Plan. This has increased the value of bauxite as a potential reserve for aluminium industry and it has already attracted the interest of other industrialists. It may be necessary on our part to try to secure prospecting licence for bauxite deposits from the State Governments in case good workable mines are available.

Road Tar and Non-availability of Crude Tar

"Our road tar industry is one of the oldest in the country. Its future is very uncertain. With more steel plants in the public and private sectors going into production, it was expected that enough crude tar would be available, but, instead, crude coal tar is being burnt as a fuel as it comes from coke ovens. In some factories, of course, it is burnt after recovery of naphthalene, etc. All our efforts to procure adequate quantity of tar have so far proved fruitless. The Committee on By-products of Coal Carbonisation, before whom a representation was made last year by I.C.M.A., has not yet submitted any report for safeguarding the existing industry. It is our earnest desire that the Government will give its due consideration and allow this industry in the private sector to exist and thrive.

Cotton

"Demand for surgical cotton has increased both for internal consumption as well as for export. But production has become almost static as import control has almost stopped granting licences for maintenance as well as for replacement of old machinery so vital for manufacturing quality products. This item has also got export potentialities and Government's attention is particularly drawn to the fact of changing their import policy and to grant import licences at least equivalent to the value of the goods which have been exported. Incidentally, the policy of the Government for exporting raw cotton creates an artificial seller's market and increases the price of the raw cotton in the internal market. Already the industry is facing the competition from the other countries and, unless a revision is made, the export trade of surgical cotton may have a setback.

Coal

"Panihati Branch requires a large quantity of coal, but quota has been fixed at only 36 wagons per month. Two years back, the major portion of this coal was of "B" grade quality. Now the entire quantity has been lowered to Grade No. II which has more ash. Moreover, chemical industry has been placed in the eighth place as regards supply of wagon for coal. We had to keep our factory going depending on transport of coal by road. More consideration of the authorities concerned should be shown to keep this important basic industry going.

Electricity

"Everybody is aware of restricted supply of electrical energy for the last few months. Industry had to make a sacrifice to avert national calamity. Charges of electricity due to increased price of coal has been enhanced.

"Movement of finished goods from Panihati Factory has become difficult, due to short supply of wagons. Almost in all cases, priority sanction is required to get allotment of wagons. Development of different industries in Panihati area has exceeded the capacity of the Sodepore railway station to accommodate the allotted number of wagons. As situation stands, although we are one of the oldest firms carrying on business at Sodepore station, we have recently been forced to extend our activities to Titaghur station at a greater expense.

Cement

"During the year under review, position of availability of cement has again become scarce. Even for maintenance job, cement from normal market is not available and time required for procuring a permit is rather indefinite, causing inordinate delay in our day-to-day work.

Profit and Loss Account

"I now pass on to review the annual accounts. The profit for the year after providing for depreciation, bad debts and all other charges is Rs. 18,06,053.31 to which has been added Rs. 30,744.45 brought forward from previous year's account. The distribution of profits and usual transfers to various reserves leave Rs. 1,21,106.24 which has been carried forward in the balance-sheet as undistributed profits. Your Directors have recommended a dividend of 10 per cent on all classes of ordinary shares subject to deduction of tax at 30 per cent, 9.75 per cent on 7½ per cent cumulative preference shares and 5.85 per cent on 4½ per cent cumulative II preference shares subject to deduction of tax in accordance with the provisions of the Preference Shares (Regulation of Dividend) Act, 1960. I hope this will receive your approval.

"Gentlemen, last year, I told you that a scheme to manufacture some important basic chemicals by utilising the by-products of Durgapur coke oven plants was under active consideration of the State Government. I have now pleasure in informing you that Industrial licence for implementing the project has already been obtained by the Government of W. Bengal. You will be glad to learn that Sri N. Adhikari representing your Company had recently been to Paris to negotiate the deal with the French collaborators along with Dr. B. C. Roy, the Chief Minister of W. Bengal, and Sri A. B. Ganguli, I.C.S., Administrator, Durgapur Project.

"In this connection, I may add that implementation of the proposed scheme at Durgapur having been delayed for reasons beyond our control, application for consent of Controller of Capital Issues, Government of India, to increase the share capital of the Company in terms of the special resolutions passed at the last extraordinary general meeting has not been possible. Let me assure you that attempts will duly be made in this direction as soon as our proposed scheme at Durgapur crystalises to a well-defined shape.

"The year under review has shown a better turnover in respect of the Company's branches at Bombay and Kanpur. The sales figures of both these branches have increased to a considerable extent. The factory at Kanpur has been modernised and steps are being taken to undertake there large-scale manufacture of various pharmaceutical products.

Office Building

"The extension of City office building of the Company by addition of four more floors on the existing structure which was reported to you last year is progressing. As you all know, scarcity in the supply of cement has been recently affecting the constructional work adversely. Anyway, we hope the building will be complete by the end of the current financial year.

"Lastly, I feel it my duty to express my grateful thanks to my colleagues for their ungrudging help and mature guidance. I must also recognise the unstinted co-operation that I received from all members of the staff and workers, and above all our stockists and distributors, patrons and customers without which the excellent results would not have been possible."

Note:—*This does not purport to be a record of the proceedings of the Annual General Meeting.*

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SPEECH OF CHAIRMAN, MR. A. N. HAKSAR

RELAXATION OF FINANCIAL REGULATIONS NEEDED

FUTURE development of electric supply involves considerable investment, but investment in the electric supply industry is being impeded by the financial regulations governing it. This view was expressed by Mr. A. N. Haksar, Chairman of the Bombay Suburban Electric Supply Ltd., at the Annual General Meeting of the Company held at Bombay on Wednesday, 9th August 1961. Mr. Haksar stressed that the return at present prescribed by the Electricity (Supply) Act, namely, 2 per cent over the Reserve Bank rate of 4 per cent, which again was subject to deduction of tax, was definitely inadequate for financing expansion. He, therefore, urged the need for suitably amending the Electricity (Supply) Act at least by April 1962, in order to give the necessary relief to the industry.

The following is the full text of Mr. Haksar's speech:

"The Report and Accounts already before you reflect a satisfactory record of operations during the year ended 31st March 1961. Increase in sales energy has kept up the trend of the past average of 20 per cent. The pace of increase in the coming year should, if anything, be steeper; this is, of course, assuming that bulk power in sufficient quantity will be available to meet the needs in the Company's area of supply.

Development Plan

"From a preliminary study of the power requirements in the Company's system, it is estimated that the demand by 1976 would be in the region of 200 MW. In this context, studies are, therefore, now under way to formulate a 15-year development plan. This involves appraisal, both technical and financial, of the future design of the whole system. Substantial progress in the study of the problem is expected to be made during the current year.

"All these future developments involve considerable investment; but investment in the Electric Supply Industry is being impeded by the financial regulations governing it. The fact that the return at present prescribed by the Electricity (Supply) Act, namely, two per cent over the Reserve Bank rate of four per cent, which again is subject to deduction of tax, is definitely inadequate, has been obvious for some time, and persistent efforts are being made to obtain a measure of relief. This involves important amendments to the Electricity (Supply) Act.

Electric (Supply) Act

"Indications at present are that the proposals to amend the Electricity (Supply) Act may be brought into effect from 1st April 1962, and I earnestly hope that this expectation will materialise. In the meantime, in some of the States, including Maharashtra, the State Governments have permitted undertakings, as a special appropriation, the tax saving represented by the difference between the pre-1959 tax rate of 51.5 per cent and the new rate of 45 per cent based on the Finance Act of 1959. This interim relief, is, I think, an earnest of the authorities' acceptance of the Industry's case for a fair deal.

Rehabilitation

"I would now like to make some comments on the extent of relief required to rehabilitate the industry, and enable it to raise capital for development. Two primary factors have tended to depress equity values in the Electric Supply Industry. These, in broad terms are—

"1. The change in the tax pattern introduced by the Finance Act, 1959, whereby the grossing up of dividends in the hands of shareholders was abolished and, in addition, the law provided for deduction of tax at source at the prescribed rate (currently 30 per cent.) While this is a common feature affecting industry at large, the Electric Supply Industry is placed in a position of not being able to take advantage of the tax relief offered by the Finance Act in other directions, in that whereas in other industries this relief has accrued to the benefit of the investor, in the case of the Electric Supply Industry this has not been so. This certainly is not in conformity with the scheme of the Electricity (Supply) Act. One would have thought that, with the Electricity (Supply) Act providing for all taxes on income and profits being charged up to the consumer's account, taxation in all forms on the Electric Supply Industry would have automatically become the consumer's liability. As things have shaped, this position has not been achieved. The priority from the industry's point of view, therefore, is the need for such changes in the Electricity (Supply) Act as would make the return free of all tax liability, be it to the undertaking or to the investor.

"2. The second issue has directly arisen out of the official Bank Rate (to which is linked the return permitted to the investor in the industry) lagging behind the realistic interest rates. In a capital intensive industry like Electric Supply, greater reliance has to be placed on long-term finance as the industry's requirements for development finance are, by and large, insatiable. Consequently, the return fixed from time to time should be at such level as would, firstly, arrest disinvestment and, secondly, continue to attract capital for expansion. The recent change in the Reserve Bank's lending rate to Schedule Banks as an instrument of the credit squeeze involves three-tier interest rates: first, Rs. 50 lakhs at 4 per cent, follow on Rs. 50 lakhs at 5 per cent, and the balance at 6 per cent, producing a resulting average lending rate of about 5 per cent. This, by itself, has put the official Bank Rate out of focus in relation to money market conditions. Another aspect which has significant relevance is that inflation has had its effect in diluting the limited return permitted to the investor in the industry. In the light of these considerations it is only proper that the permissible return should be upgraded suitably.

Power Supply

"I have, in my opening remarks, referred to your Company's expansion being dependent on the quantum of bulk power which would be available in the years to come. For the present, the power supply position is far from easy, and releases of power to consumers is subject to control under the Bombay Electricity (Special Powers) Act. A measure of decontrol is, however, in existence in that the licensees in the area have been empowered to connect up small demands up to 20 kW. for industries and domestic connections are permitted freely up to 5 kW. These decontrol measures provide a degree of normal growth. To what extent relief will be available after the commissioning of the first set of the Koyna Hydro-Electric Project early next year is too early to say. At one stage it was thought that the bulk of the power from the Koyna Project would be available for use in Bombay-Poona area, but currently there are indications that a sizable portion of the Koyna power will be reserved for use in Western Maharashtra. This has led to the possibility of the Tata Hydro Companies being permitted to extend their Trombay Thermal Station and, in addition, the Maharashtra Electricity Board considering installation of a new thermal station. This trend emphasises that the power needs of the Bombay-Poona area on which base area much perforce depend industrial development elsewhere in the State, will be met. Your Company's plans for expansion should, therefore, proceed on the basis that it, along with other licensees in the region, will be able to obtain sufficient bulk power releases.

Finance

"From this premise will arise the question: How best the Company can finance its future development? For the present, development has been sustained by Bank finance and before the current financial year is out, the need for raising further finance will arise in all seriousness. By that time, the proposals to modify the Electricity (Supply) Act will, we hope, have reached finality and, I hope, will produce a measure of incentive to the investor in the industry. Your Board will then be in a better position to consider this matter further.

"The large-scale development in the Company's power system, involving massive investment in the coming years, will pose the problem as to whether the rates for supply now in force will produce a sufficiency of earnings to service adequately the capital employed, and meet in addition the enlarged operational expenses inherent in development. While there is no doubt that the enlarged scope of operations will tend to spread overhead costs, one must reckon with the inflationary factor. One way to hold the price line in electric supply is to diversify the sale so as to obtain a higher-load factor, that is secure the beneficial utilisation of the power facilities more fully. There are, of course, limitations in this direction, as consumer choice is not a thing which can be rigidly endorsed. A strict watch on expenditure is yet another remedy to control operational costs, but here again there are limits beyond which a public utility cannot go. For example, in a basic service like electric supply, continuity of supply overshadows all other considerations, and no undertaking can risk diluting its service facilities for economic considerations which are marginal. The need to supply power at the lowest economic cost must, therefore, be circumscribed by the greater need to maintain reliability and continuity of supply. This assumes greater importance in your Company's area of supply which has to contend with rigorous monsoon weather and unfavourable atmospheric conditions. A higher standard of maintenance of the Company's supply system is, therefore, necessary.

Fuel Cost

"In the immediate years ahead, the distributing licensees in the Bombay-Poona area may have to face an increase in the bulk supply rate consequent to the injection of the Koyna power into the system. There is also the likelihood of higher fuel costs applicable to bulk power supply which might tend to curtail net earnings, as the Company's rate for supply do not contain an escalator clause to take care of adjustments in fuel prices. This has been so because, until recently, bulk supply in the area has been from hydro sources, but this situation has been altered by the coming into being of a larger thermal component than existed before. To what extent the first cause may have its impact on your Company's overall earnings is too early to visualise at this stage. The second cause is the more immediate one to be reckoned with, and your management is now considering how best the situation can be met. It is possible that your Company may have to consider introducing a fuel adjustment clause to ensure that the rise or fall in fuel costs applicable to bulk supply will automatically be on account of the consumer.

Appropriation to Reserves

"Dealing with the Accounts, I would like to clarify the Reserve created to augment production facilities, and the appropriations so far made to that Reserve. The first instalment of appropriation to this Reserve was made in the year 1959-60 consequent to the Maharashtra Government permitting the Company, along with other licensees in the State, a special appropriation of 6¼ per cent of the tax saving about which reference has been made earlier. When the accounts for 1959-60 were finalised, it was not certain as to what form the relief available would take. It was then thought that the amount permitted as special appropriation would be available for distribution to shareholders, but as events developed the scope of the sanction was limited to ploughing back the sum into the business without deduction from the Capital Base. It was in this context that the sum of Rs. 1,01,656 was taken into the Dividend Equalisation Reserve in the Accounts for 1959-60 and which amount has since been transferred to a Reserve to augment production facilities in the light of the subsequent Government sanction. This Reserve now stands at Rs. 2,06,130 taking into account the sum of Rs. 1,04,474 appropriated for the year under review, for which the sanction of the State Government is yet to be secured. Although the amount standing in this Reserve is not available for distribution, the benefit which will be derived by the shareholders is not slight, as the assets acquired will remain the property of the Company and the return on the amount ploughed back will also be available for the benefit of the shareholders."

Note: *This does not purport to be the proceedings of the annual general meeting which can be seen by any shareholder on request.*

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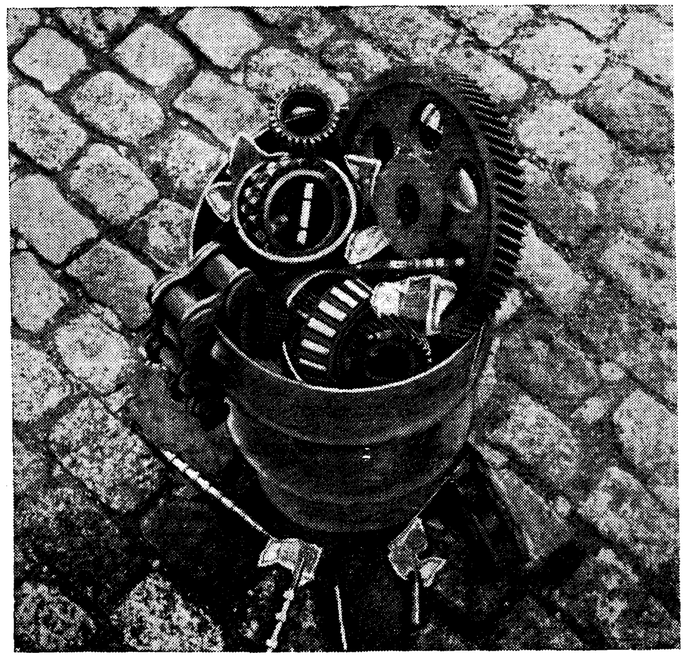

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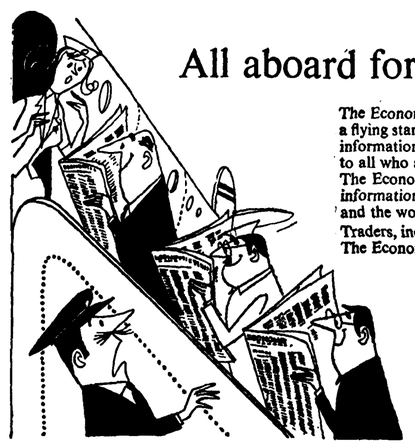

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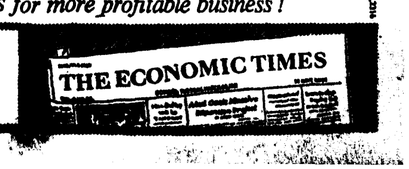

RAISING RATE OF PROVIDENT FUND CONTRIBUTION

MEHER COMMITTEE'S REPORT

THE report of the five-man Technical Committee (Chairman: Mr. M. R. Meher, President, Industrial Court, Bombay), which was appointed in May last year to make an assessment of the capacity of four industries, namely, iron and steel, paper, cigarettes and engineering to bear the additional burden involved in the proposed enhancement of the rate of provident fund contribution from the present 6¼ per cent of 'total earnings' of workers to 8⅓ per cent was placed on the table of the Lok Sabha last week. The Committee has recommended that these four industries have the capacity to bear the higher rate. The profit position of all of them, according to the Committee, was favourable during 1958 and 1959.

Even the relatively small units employing less than 250 persons were in sound financial position. The Committee has estimated that the additional burden will not amount to more than 0.2 per cent of the total sales in any of the four industries. It is of the view that none of the units, which made profits in 1959, would be adversely affected by the proposed increase. For purposes of convenience in calculation in decimals, the Committee has suggested that the rate of contribution be increased to 8 per cent, instead of to 8⅓ per cent, and that the enhanced rate should be applicable only to units employing 50 persons and more. Smaller units should be brought within the purview of the higher rate only after ascertaining that they too are in a position to pay the increased rate. There is no justification, in the Committee's opinion, for exempting any unit from the proposed enhanced rate on the ground that it has a gratuity scheme. But it adds that, when the increase is given effect to, workers should bear that in mind while making demands for raising the benefits of the existing gratuity schemes. The existence of production bonus or other incentive schemes should not be recognised, the Committee goes on to say, as an adequate ground for claiming or granting exemptions from the applicability of enhanced rates. Its line of reasoning is that, in as much as these schemes benefit the employers and the employees alike, they cannot be said to affect the financial capacity of the industries.

Employers' Stand

The employers' representative on the Committee, Dr. R. C. Cooper, has, however, disagreed with the views of the majority. In a minute of dissent, Dr. Cooper has argued that, except for the cigarette industry, the other three industries are not in a position to bear the additional burden. Obviously, his views have failed to carry conviction to the majority of members of the Committee.

It may be recalled here that the Ministry of Labour originally wanted the Committee to assess the capacity of six industries, namely, textiles, engineering, iron and steel, paper, cigarettes and cement, that is, the industries initially covered by the Employees' Provident Fund Act, 1952. The cotton textile millowners opposed the inclusion of the cotton textile industry in the scope of the Committee's investigation on the very valid ground that the question of an equitable wage structure for these industries was considered by the Wage Board for textile industry and that there was, therefore, no justification for an additional impost on them by way of enhanced provident fund contribution. The position was clearly explained by Mr. Krishnaraj M. D. Thackersey, the then-Chairman of the Indian Cotton Mills' Federation, in a letter addressed to Mr. G. L. Nanda, Union Minister for Labour, as under:

"So far as the textile industry is concerned, its condition has been examined by the Central Wage Board which submitted its report on 27th November 1959, which approached the problems referred to it 'in a spirit of calm investigation,' and which reached unanimous decisions as to its recommendations. The composition of the Board was as strong as that of the proposed Expert Committee. It had the Chairman of the Labour Appellate Tribunal, as the Chairman, two independent members one of whom is in-charge of the Department of Economics in the Rajasthan University, and two members representing employers and workers respectively. The facts that such a Board should have unanimously taken the view that, in the present state of the industry, it is not possible, for financial considerations, to go beyond the recommendations contained in the report, and that for a period of five years from 1st January 1960, no claim for further revision of minimum wages should be made by either the employers or the workmen, are very significant. In view of this unanimous and categorical finding, it would be wrong in principle and undesirable in practice to refer substantially the same question to an Expert Committee not very materially different in composition. It would be equally wrong in principle to conduct *ad hoc* enquiries into the financial condition of the industry for limited purposes when an overall investigation has already taken place so recently. Such a course will raise expectations on the part of workers, which it may be difficult to fulfil in the event. This might very well be a disturbing factor in the situation which is difficult enough in all conscience."

The same argument was advanced with equal force for the exclusion of the cement industry also. The Government was obviously impressed by the argument, for it asked the Committee to drop these two industries from the scope of its study.

More Problems Thrown Up

Now that the Committee has examined the capacity of the four industries and submitted its recommendation, the question is whether the Government would make the increased rate of contribution statutorily binding. Does the exclusion of textiles and cement industries means that all those industries, for which wage boards have been constituted, would be similarly exempted or will another Committee be asked to assess their capacity. If they are excluded altogether from the liability to pay the enhanced rate, then it cannot be denied that such a distinction as between one section of workers and another is invidious. The fairness of more and more benefits being given to a small section of working class, when millions and millions are unemployed or underemployed is also open to serious question. It must be remembered that, ultimately, the cost of this additional benefit has to be borne by the mass of consumers, including those who have no jobs or have only unremunerative jobs.

Then there is the question of prices being competitive in the world markets. An increase in the cost of provident fund contribution, as now proposed, would have an adverse effect on the prospects for exports of manufactures of the industries concerned. Indeed, a host of problems has been thrown up by the Government's decision to implement the suggestion for raising the rate of provident fund contribution piecemeal. For instance, if the 8⅓ per cent is deemed to the basic minimum, all the industrial units to which the Act has been made applicable, irrespective of their capacity, should be asked to pay that rate just as the present rate of 6¼ per cent is payable by all units in covered industries. But such a course would only add to the country's wage bill without bringing about a proportionate increase in production. The present is by no means the opportune time for heaping one more burden on the community.

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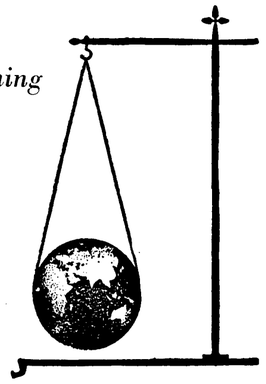

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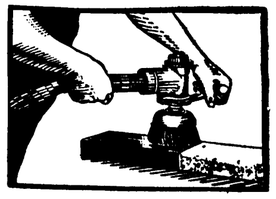

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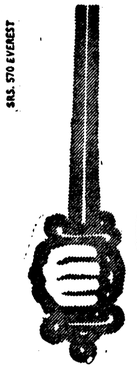

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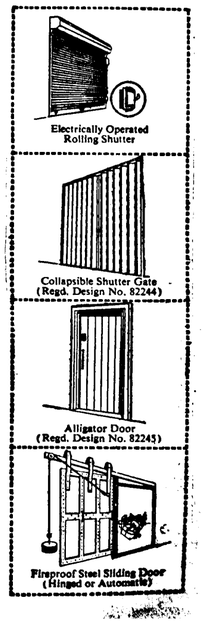


CRISIS IN WEST EUROPE'S COAL INDUSTRY

EFFORTS TO ACHIEVE RATIONALISATION

THE pattern of consumption of primary energy (hard coal, brown coal, oil, natural gas and methane, and water power and terrestrial heat) in the European Coal and Steel Community (covering West Germany, Belgium, France, Italy, the Netherlands and Luxembourg) has undergone a striking change in recent years. The transformation has come about by way of a steady decline in the share of coal, at a rate of approximately 2 per cent a year since 1950, in the Community's overall consumption of primary energy. This trend is highlighted in the ninth General Report on the Activity of the Community covering the period 1st February 1960-31st January 1961. Coal consumption, it is stated, has been affected by a certain tendency to use fuel oil as a substitute. Oil consumption, on the other hand, has risen absolutely as well as relatively. The growing demand for liquid fuels is due in part to the change in price relations as between the competing forms of energy to the advantage of oil. These trends are noted in the following table, giving figures of consumption of primary energy by sources:

(In million metric tons hard-coal equivalent)

Energy sources	1950	1955	1960 (provisional)	1961 (estimated)
Hard coal	210.3 (71.7)	253.7 (62.8)	243.7 (52.4)	239.0 (50.0)
Brown coal	24.5 (8.4)	31.7 (7.9)	33.0 (7.1)	33.0 (6.9)
Oil	37.6 (12.8)	83.5 (20.7)	137.2 (29.5)	158.0 (32.0)
Natural gas and methane ..	1.0 (0.3)	5.5 (1.4)	13.0 (2.8)	13.9 (2.9)
Water power and terrestrial heat	19.9 (6.8)	29.2 (7.2)	38.1 (8.2)	39.1 (8.2)
Total ..	293.3 (100.0)	403.7 (100.0)	465.0 (100.0)	478.0 (100.0)

N.B.—Figures within brackets are percentages of the respective totals.

The figures reflect the keen competition that has been in operation for several years now, especially between coal and oil. The Community coal producers have accordingly pursued their endeavours to meet competition by making full use of all the means open to them in the operating conditions of the European coal mining industry. These include mechanisation of operations, in order to offset the rise in costs caused by wage increases; concentration of coal-winning on the most economic collieries and pits, so as to lower production costs, and closure of pits which have no prospect of ever becoming genuinely competitive. Thanks mostly to mechanisation, productivity in the industry has registered a substantial increase since 1954 when the underground output per man shift was 1,438 kg. in the Community as a whole. In 1960, the output per man shift was 1,894 kg.

Nothwithstanding these efforts of the coal mining industry to become more efficient and competitive, there has been a serious crisis for the last three years. All the coal-producing countries of the Community have been hit in varying ways by this crisis, the structural aspects of which have been aggravated and attenuated in turns by cyclical developments. The scale of the crisis may be seen from the figures of pithead stocks. In 1957, these amounted to 1.5 million metric tons of hard coal and 1.1 million tons of coke for the Community as a whole. In 1958, they shot up to a total of 17.3 million tons of hard coal and 5.4 million tons of coke. If, to gain a true picture of the position, the 6 million tons deliberately forfeited by short-time working are added to these figures, the total imbalance is seen to have been over 30 million tons of hard coal equivalent. In 1959, the disproportion between production and sales lessened, but a further 8.7 million tons of hard coal had to be put to stock and 12 million not produced at all as a result of short-time working, making a total of over 21 million tons. In 1960, however, the position underwent some improvement.

Initially, this crisis in the Community's coal industry was rendered even more serious by the fact that many producers had embarked on programmes for stepping up production, in order to keep pace with the steep rise in energy requirements, the share of which to be covered by coal was expected to increase in actual tonnage if not in proportion. During this period, imports of coal from third countries were also at a high rate—31.8 million tons in 1958 and 19.2 million tons in 1959. Though determined efforts have been made to readjust the volume of imports, they have failed to restore the balance and a substantial part of the tonnage purchased has gone not to cover real consumption but to build up unduly large consumer stocks. Although the position in the industry has shown some improvement in the last year, as already stated, the E.C.S.C.'s Report emphasises the fact that the structural factors underlying the crisis still persist.

Accordingly, the main objective of the high authority, the Governments and the heads of the coal mining industry in the Community is, as before, to increase the competitive capacity of coal *vis-a-vis* other sources of energy. To achieve this aim, a thorough and accelerated overhaul of coal production is considered essential. Such a reorganisation is considered absolutely indispensable within the context of the Community's energy policy. The reorganisation measures are the following:

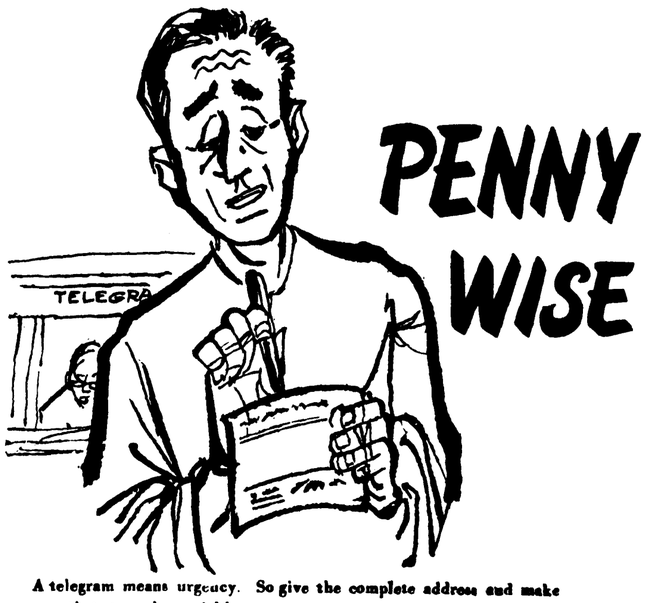
1. The concentration of coal-winning with the object either of reducing the number of pits at a given colliery so as to employ the available men and equipment in the most productive pits, or of working the most economic seams in a particular pit.

2. The modernisation of coal-winning methods and rationalisation of surface installations.

3. The closure of certain pits, namely, the permanent discontinuance of activity at pits which, owing to technical operating difficulties and failure to sell their production, are, or are likely to become, uneconomic.

Although the enterprises have been applying some measures of this kind, there is need to do so at an accelerated pace now. But this may lead to some difficulties in the social field. The E.C.S.C.'s Report, however, is of the view that the elimination of the marginal workings and the process of concentration and rationalisation will strengthen the competitive position of the remaining collieries and pits and that this should, in itself, enable them to offer their personal greater stability of employment. It is, of course, recognised that, at the same time, the closure of the weakest production units and the increase in productivity in the remainder is naturally bound to involve manpower cuts to begin with. The successful completion of the reorganisation programme is, therefore, dependent on measures for the "readaptation" of redundant workers and, in certain cases, for the industrial redevelopment of the areas concerned.

Moreover, according to the Report, if the reorganisation is to be judiciously planned, it is necessary to make an assessment of the demand which the Community's coal mining industry will be called upon to meet in the short, medium and long term. This is stated to be one of the reasons for the precautions which have to be observed prior to any operation involving actual pit closures. Already an expert committee has been set up to assemble data which would enable it to work out more or less what the Community's coal production is likely to be by 1965 on the basis of the investment and rationalisation programmes now in progress or approved. Its views, when available, on production potential, the probable increase in productivity, the size of the labour force required both above and below ground, and the likely effects of the programmes on production costs may be expected to help the Community achieve a long-term energy balance, without unduly drastic corrections in respect of coal. Otherwise, a persistent downward trend in the coal sector, if it is not arrested or slowed down, may bring into play the factor of declining demand due to widespread unemployment. It may be noted, in this connection, that the Community's coal mining industry employs, as of September 1960, a considerably smaller labour force (884,000), as compared with 971,000 in September 1959. Already, thus, the crisis in the industry has led to a substantial reduction in employment. The High Authority of the Community, therefore, seems to be anxious to bring about the coal industry's re organisation, without causing undue unemployment and within the framework of a co-ordinated energy policy.



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A TOOL steel, which will, it is claimed, cut virtually all other known metals or metal alloys, has been developed in Britain. Tests carried out with the new high-speed alloy steel, have shown that it will keep its cutting edge up to ten times as long as previous standard tool steels. The steel contains chromium, vanadium, tungsten, molybdenum, and cobalt, together with a very small percentage of carbon. It is said to enable metal alloys from steels of types which have hitherto been difficult to machine, to be readily processed. It is also said to be relatively inexpensive and not to cost more than conventional high-speed tool steels. As a result, because of its greatly increased working life, it is claimed, it will greatly decrease the cost of production where hard and difficult-to-machine materials are employed. It also enables components to be manufactured which have hitherto not been made because of the high cost and difficulty of their manufacture. Another even harder tool steel is under development in the same laboratory.

Adhesive Paper with Many Uses

An adhesive paper designed for protecting electrical and many other types of industrial equipment has been developed in the U.K. It consists of a specially but lightly impregnated paper of the flatback type to which a rubber-based adhesive is attached. The rubber latex resin of this adhesive is said to give a low but even adhesion to virtually any type of smooth surface. At the same time it is specially designed so that it leaves no stain. Moreover, the nature of the adhesive and the exceptionally good abrasion-resistant properties of the paper surface enable drawing, pressing and other types of forming operations to be carried out while the surface is still fully protected by the paper. One reason for this is the fact that if in, say, a drawing operation, the paper should split, a resilient and cohesive film is left which is said to give the surface full protection, but which can yet be readily removed. The paper can, it is claimed, be readily written on, or for that matter, rubber stamped.

High-speed Machines for Non-ferrous Metals

To demonstrate the progress made in techniques for high-speed machining of non-ferrous metals, a U.K. firm will be showing two machines at the 7th European Machine Tool Exhibition at Brussels in September (3-12). One is a continuous rotary miller (type L.H.R.) and the other an articulated arm router (type L.C. 6). The rotary miller, designed for rapid continuous milling of light alloy components, is being installed in the production lines of the U.K.'s motor industry and in other leading engineering firms where large-scale production on milling operations is required. The head unit has speeds up to 4,000 r.p.m. obtained by means of a 6 h.p. two-speed motor and two-step pulley. The high-speed head is mounted on precision slides incorporating a 12-inch vertical adjustment. The table is arranged for three selective speeds of 1 r.p.m., ½ r.p.m. and ¼ r.p.m. corresponding to peripheral feeds of 150 ins. a minute, 100 ins. a minute and 50 ins. a minute. Alternatively, infinitely variable speeds from 10 to 100 ins. a minute are available.

The articulated arm router is an inexpensive medium capacity machine for high speed milling of light alloy components. It will take a large proportion of the work now being done on heavier duty machines and, being more versatile, the cost of many set-ups is reduced. The articulated arm, pivoting from the column, covers the whole surface of the 24-inch square main table and the 36 ins. × 24 ins. base surface. Incorporating a four speed 5 h.p. motor the routing head normally fitted to the machine has spindle speeds of 18,000; 12,000; 9,000 and 6,000 r.p.m. Alternatively, the machine is available with a four speed heavy duty router head rated at 12, 8, 6, 4 h.p. giving similar speeds.

Electronic Spectrograph

Detailed analysis of steel which at one time occupied four metallurgists for about an hour can now be carried out in four minutes by a new electronic spectrograph—the first of its kind in Britain. The machine was recently installed at Richard Thomas and Baldwins' Redbourn Laboratory. In operation, a small piece of steel is placed in position at one end of the £12,000 machine. The steel is subjected to a spark in an atmosphere of argon gas and the light is transmitted to a prism which breaks it up into different colours, each representing various elements in the steel. The intensity of each colour in measured and transmitted electronically to a typewriter which records it automatically and types out a detailed analysis of the steel under examination. Capable of coping with 1,500 samples a week, it is estimated that the spectrograph will be invaluable with the advent of the new rotor furnace at Redbourn, which is now nearing completion.

Knitted Paper

A new development in the field of paper-making is a twisted, knitted paper that can be boiled, washed, dry cleaned, and reused as many as 30 times. The knitted paper was developed by Roland H. Marks of Dallas, Texas, U.S.A. It is produced by a patented, single mechanical operation that converts paper into yarns narrow enough to be knitted into fabrics for a wide variety of products. Much of the paper is chemically treated for durability by applying a wet strength resin. This keeps the paper strong even when it is soaking wet. Some possible uses for the knitted paper, it is believed, may be; substitutes for burlap, parachutes, decorative wallpapers, hats and bags.

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CONSERVATION OF FERROUS SCRAP

PLEA FOR FURTHER RESTRICTION ON EXPORTS

A STRONG plea for progressively curtailing export of ferrous scrap has been made by the Steel Furnace Owners' Association, in a memorandum submitted to the official Scrap Committee, which held its first round of enquiries in Bombay last week. The Committee it may be recalled, has been set up by the Government of India to investigate into the supply-and-demand position of ferrous scrap in the country. The last enquiry into the question was made in 1956. Drawing attention to the rapid development that has taken place, since 1956, in the iron and steel industry, which is the major consumer of scraps, the Association has expressed the view that heavy melting scrap, No. 1 sheet cuttings, steel turnings and borings are in short supply in the country at present. The Association has, therefore, urged the Government that its policy should be so designed as to cause a total ban on these categories by the end of the third Plan, in addition to maintaining the existing ban on the export of re-rollable and industrial scraps.

According to furnace owners, the annual supply of scrap in the country is of the order of 1,125,000 tons in 1961 and will go up to 1,725,000 tons per annum by 1965, taking into consideration the scope for increase in processed scrap in view of the development of steel industry, and also the rate of obsolescence of plant and machinery, etc. The principal consumers of melting scrap are the integrated steel plants, both in the public and private sectors, steel melting furnaces, and re-rollers. The Association estimates that the total demand from all these consumers in the country will go up from 745,000 tons in 1961 to 1.42-1.52 million tons by 1965. On this basis, the exportable surplus of ferrous scraps will be 380,000 tons in the current year and will decline to about 205,000-305,000 tons by 1965.

Naturally, the exporters of scrap do not see eye to eye with consumers on the question of the availability of scrap. The Scrap Traders' and Exporters' Association estimates that the annual exportable surplus of ferrous scrap is about 900,000 tons, that is, three to four times the figure worked out by furnace owners. Exporters resent the consumers' plea for abolition of exports. Instead, the Exporters' Association calls upon the Government to liberalise exports, in order to earn more foreign exchange. Actually, the exporters have condemned the restrictive export policy for scrap for the period July-December 1961, which was announced a few days back. Under this policy, strict measures of control are sought to be introduced, including total ban on heavy melting scrap and stainless steel scrap, drastic reduction in the incentives for certain items and new levies on exports. The opposition from scrap exporters is understandable, for restrictions and bans affect their earnings. But they are fighting a losing battle. Conservation of vital raw materials required by the basic industries in this country is necessary. The exporters of scrap will, therefore, do well to switch over their activities to supplying the requirements of domestic steel re-rollers, foundries and other secondary iron and steel units. The latter, too, should try to make use of the services of exporters so that there may be no unemployment among them.

Exports

It is true that ferrous scrap is an important export item, the foreign exchange earnings from which amounted to Rs. 5.80 crores in 1960, as against Rs. 4.70 crores in 1959. But one has to appreciate the full implications of the rapidly changing pattern of industrial structure in India. Steel and steel-based industries have been developing fast, particularly during the last five years, and are bound to expand further during the third Plan period. It is, therefore, essential that all available resources of scrap should be conserved to the maximum extent, in order to feed the domestic industries (and thereby to maintain employment) which themselves, in turn, offer scope for more valuable exports. Precise data on the collection of scrap and the exportable surplus are at any rate difficult to obtain. The work of the Scrap Committee has been made still more difficult by the wide divergencies in the estimates of surplus scrap arrived at by consumers and exporters. It is, however, to be hoped that the Scrap Committee will make an exhaustive investigation into the supply and demand position of each category of ferrous scrap in every region and, on this basis, suggest measures for export control. The Committee must make sure that none of the iron and steel factories that can use scrap is starved of raw material as a result of its recommendations.

There is much substance in the scrap consumers' stand against the abolition of the existing statutory price control. So long as there is control on finished steel, it would, according to them, be necessary to control the price of scrap —which is the basic raw material for the manufacture of steel. Unless it is made sure that there is no shortage of scrap in the country, it would be unwise to remove price control. If the Scrap Committee finds it necessary to revise the statutory prices, the Furnace Owners' Association feels that the Committee should take into consideration its impact on prices of finished steel and also upon steel castings and other manufactured products.

It is, no doubt, necessary to maintain prices at a level attractive enough to encourage scrap collection. But it is equally necessary to recognise the importance of adequate incentives for the rapid expansion of domestic steel-melting capacity. A vital point that must be borne in mind while fixing the prices of scrap is that prices should not be so high as to encourage "manufacture" of scrap at the expense of finished products. It is obvious that a high price for scrap will serve as an incentive to inefficiency and waste in manufacturing establishments where a certain amount of scrap is inevitable.

LIBERALISATION OF IMPORT CURBS

The next round of G.A.T.T. consultations on the question of reducing import restrictions maintained for balance-of-payments reasons will be held in October next. During these consultations, Austria, Burma, Denmark, Finland, Israel, Japan, Norway and New Zealand, have agreed to submit themselves to a "cross-examination" of their restrictions on imports. It may be recalled that, at the Tokyo session of the G.A.T.T., held in November 1959, there was general agreement among Contracting Parties on the question of abolishing quantitative restrictions. At that time, the Contracting Parties reaffirmed their intention to abolish restrictions imposed as soon as their balance-of-payments position permitted. Since then, several countries have taken steps in this direction. According to a Press release of the G.A.T.T., the countries which ceased during the past two years to claim balance-of-payments justification in G.A.T.T. for retaining import restrictions include Australia, France, Ghana, Federation of Malaya, Federation of Rhodesia and Nyasaland, Sweden and the U.K. It has been found that such consultations throw a light on balance-of-payments or other problems which give rise to the restrictions and provide perspective on any difficulties arising from such action encountered by exporting countries. Many countries have simplified their import procedures as a result of suggestions submitted by other Contracting Parties during the balance-of-payments consultations. The most recent example of this is the case of Japan which has reverted from an extensive positive to a reduced negative list of restricted imports, effective from 1st July 1961.

It is a basic principle of the G.A.T.T. that countries maintaining quantitative import restrictions of any description must justify their prolongation under the relevant articles of the G.A.T.T. The Agreement sets out precisely the conditions under which deviations from the general rules can be permitted, and provides the essential machinery for consultations on these matters on a regular basis, mainly under the provisions of Articles XII and XVIII. Besides, countries introducing new restrictions or substantially intensifying import controls are required to consult promptly on such action. Instances in this connection are the consultations with Ceylon held in February 1961 and talks arranged to take place this autumn with New Zealand.

Initially, the removal of restrictions in many countries was confined largely to the industrial sector of trade, yet gradually and with caution a number of countries have advanced towards the position whereby a certain portion of their trade in agricultural products has also been liberalised. One by one, important trading nations such as the U.K., West Germany, France, Japan, Australia, Uruguay, and recently Italy and Norway, have run the gauntlet to remove restrictions on a wide range of raw materials and manufactured products. For example, on 1st July 1961, Denmark liberalised a further list of products when imported from the

(*Continued on page* 384)

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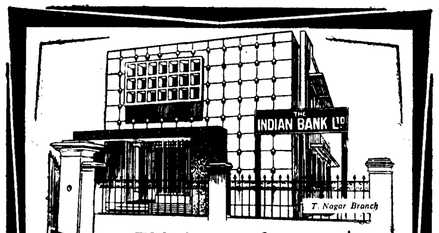

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DIVERSIFICATION STANDS BIRLA JUTE IN GOOD STEAD

FURTHER EXPANSION PLANNED

COMPANIES which have effected a sufficiently wide diversification of their main line of activity are looked upon, in investment circles, with a special favour, since it is generally believed that such enterprises are equipped to withstand better possible declines in the fortunes derived from their principal interests. True, instances are not wanting where branching out has failed to produce the anticipated results but such cases are, in the main, exceptional and merely reflect errors of judgment in planning. There are companies on the other hand which have gained definite advantages through diversification and have produced in any year better results than other single-purpose companies when beset with a recession in their chief sphere of activity. The Birla Jute Manufacturing Company Ltd. (Managing Agents: Messrs. Birla Brothers Private Ltd., Calcutta), is a progressive unit belonging to the latter group of companies. The gratifying results which it has been able to achieve for the year ended 31st March 1961, notwithstanding the difficulties facing the jute mill industry, are a testimony to the fact that the Company's well-thought-out diversification has indeed stood it in goood stead. Unfortunately, the Directors have found it advisable to present the year's working in a single profit and loss account instead of separately for each unit as was done in previous years with the result that no evidence can be produced in support of our conclusion. Nonetheless, the overall results of the Company, judged against the difficult conditions through which jute industry has been passing through, largely substantiate it.

As the readers are no doubt aware, the jute industry in which the Company's principal interest lies, has been passing through a serious crisis. The unprecedented and disproportionate rise in the price of raw jute, the increase in the number of looms sealed for operation and the reduction in working hours have affected the profit earning capacity of the industry while the high prices of jute goods have acted as a deterrent to a larger world consumption of jute manufactures. Under such conditions, the working results of the majority of jute companies have been adversely affected. This Company itself would not have been an exception to this rule, had it not been for the fact that any large deficit from its jute mills could be more than fully absorbed through the improved and profitable working of its other units. After the teething troubles experienced in the previous year, the Company's cement plant, for example, worked smoothly during the year under review. The total clinker produced amounted to 184,920 tons, as against 145,937 tons during the previous year. The production of cement has also been higher by approximately ten thousand tons at 173,238 tons. Similarly, the staple fibre spinning mills, the capacity of which has been increased to 30,000 spindles, worked entirely satisfactorily. In the like manner, the working of the plant belonging to the calcium carbide factory has been efficient throughout, with the daily output reaching the increased rated capacity of 25 tons.

The following comparative table substantiates, to a large extent, the conclusion we have drawn regarding the Company having generally benefited through diversification:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales proceeds	799.51	589.68	474.73	486.06
Other income	32.06	23.95	18.55	15.92
Closing stock of finished goods	27.59	26.32	21.48	10.59
Raw materials, stores and finished goods consumed	469.05	313.39	287.43	312.06
Salaries, wages and bonus	103.27	93.88	77.76	76.75
Other expenses	120.44	98.57	58.21	49.55
Gross profit	140.06	112.33	80.44	44.68
Managing Agents' remuneration	7.11	6.83	6.08	3.15
Provision for—				
Depreciation	64.86	42.28	17.69	13.57
Taxation	21.30	16.10	5.00	8.02
Net profit	46.81	47.12	51.67	19.94
Transfer to reserves	22.78	23.16	35.78	6.64
Dividends—				
Preference	9.43*	9.63*	6.71	6.59
Ordinary	13.69	13.69	9.13	9.13
	(15%)*	(15%)*	(10%)	(10%)
Carry forward	1.84	0.93	0.29	0.24

* Subject to deduction of tax.

The combined figure of sales of jute goods, staple fibre yarn, calcium carbide and cement has improved substantially by Rs. 209.83 lakhs to Rs. 799 51 lakhs despite difficult trading conditions in jute. Gross profit also shows a rise of as much as Rs. 27.75 lakhs to Rs. 140.08 lakhs, which, in the aforesaid circumstances, is to be considered as satisfactory. Net profit at Rs. 46.81 lakhs has recorded a slight fall of about Rs. 31,000 or so, but this has been due to much larger provisions for depreciation (Rs. 64.86 lakhs as against Rs. 42.28 lakhs in the previous year) and taxation (Rs. 21.30 lakhs as compared with Rs. 16.10 lakhs during 1959-60). Transfer to reserves has been slightly reduced from Rs. 23.16 lakhs to Rs. 22.78 lakhs. Of this Rs. 12.78 lakhs have been credited to the development rebate reserve and Rs. 10 lakhs for the general reserve. Preference dividends which have been calculated on the revised basis recommended by the Preference Shares (Regulation of Dividends) Act, 1960, take up Rs. 9.43 lakhs. Ordinary dividends, which have been maintained at the previous year's level of 15 per cent, subject to deduction of tax, absorbs Rs. 13.69 lakhs, leaving a carry forward of Rs. 1.84 lakh.

There has been no change in the Company's share capital during the year under review. It stands at Rs. 215.94 lakhs, as at 31st March last, made up of Rs. 91.26 lakhs in equity capital and Rs. 123.64 lakhs in preference capital. This is backed by as much as Rs. 310.12 lakhs in reserves and surplus. There has been a further addition to the borrowings from the State Bank and, as a result, the secured loans stand higher by Rs. 14.15 lakhs at Rs. 127.38 lakhs. A slight increase of Rs. 4.23 lakhs to Rs. 45.62 lakhs has also taken place in the unsecured loans. Other current liabilities and provisions aggregate Rs. 106.62 lakhs.

On the assets side, the written value of the fixed assets amounts to Rs. 531.30 lakhs, against a book value of Rs. 817.04 lakhs. New assets worth Rs. 91.08 lakhs have been acquired during the year, the addition being more or less evenly distributed amongst the jute mill, the staple fibre mill and the cement plant. Investments, including those in the two fully-owned subsidiaries have a book value of Rs. 80.58 lakhs while current assets, loans, and advances aggregate Rs. 193.80 lakhs.

Since the close of the financial year 1960-61, the Company has raised the equity capital to Rs. 159.56 lakhs, by (*a*) issuing 456,300 new shares of Rs. 10 each at a premium of Rs. 6 per share in the proportion of one new share for every two shares held and (*b*) capitalising a part of the reserves and issuing 228,150 bonus shares in the proportion of one for four existing shares. This has reduced, to some extent, the great imbalance between the paid-up capital and the net block.

Prospects for the current year must perforce remain unpredictable in view of the Company's diversified activities where favourable factors in one field may be neutralised by unfavourable happenings in others. As regards the Company's main field of activity, namely, jute manufacture, the Directors have reasons to be optimistic and express themselves as follows:

"It is, however, hoped that the situation may improve to some extent, if expectations of a bumper jute crop in the coming season, both in India and Pakistan, materialise. Weather conditions have been excellent and prices during sowings in the months of March and April 1961 were attractive. If these expectations ultimately materialise, then it is hoped that prices of jute goods will soon return to normalcy and the various restrictions imposed on production by the Association will also be gradually removed."

As regards cement, the outlook depends on the Tariff Commission's (and also Government's) verdict on a fair return on the capital employed. Meanwhile, the Company has received the Government's permission to expand the capacity of its cement plant from 750 tons per day to 1,750 tons per day. This expansion programme is expected to be completed by the middle of 1963.

Profits for the current year from the staple fibre spinning mill are expected to be lower, to some extent, owing to introduction of statutory price control.

The calcium carbide factory has been working quite efficiently, with a daily output of 25 tons. Here, again, the future profit-margin will depend very much on the recommendations of the Tariff Commission and Government's action thereon.

The Company proposes to diversify its activities further. It has already received a licence for the manufacture of oxygen and acetylene gas and the whole project is receiving the careful attention of the Directors.

The present market quotation for the Rs. 10 fully paid ordinary shares of this well diversified Company is Rs. 26.62. On this basis, the net return works out to a little over 4 per cent per annum.

CHEMBRA PEAK REPEATS DIVIDEND

RESERVES GET MORE

A SUBSTANTIAL increase in both tea and coffee crop has yielded better financial results for the Chembra Peak Estates Ltd. (Managing Agents: Messrs. Peirce Leslie & Co., Ltd., Calicut, Kerala) during the year ended 31st March 1961. The tea crop for the year is the highest on record at 1.82 million lbs., as against 1.55 million lbs. for the previous year and the previous highest of 1.69 million lbs. in 1958-59. The coffee crop, too, has sharply increased from 61.481 metric tonnes to 225.000 metric tonnes. The higher tea crop and better price realised on tea coupled with a bigger coffee crop, have neutralised the effects of lower prices fetched by coffee. The gross profit of the Company has staged an impressive rise of Rs. 5.32 lakhs to Rs. 13.21 lakhs, raising the ratio of gross profit to sales from 25.3 per cent in the previous year to 36.3 per cent. The provision for depreciation has been increased from Rs. 0.79 lakh to Rs. 1.21 lakh and that for taxation has been doubled from Rs. 3.00 lakhs to Rs. 6.01 lakhs. The net profit at Rs. 5.07 lakhs reveals an increase of Rs. 1.50 lakh over that for the previous year.

The following comparative table shows at a glance the working results of the Company for the last four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds of tea	36.34	31.07	28.08	26.07
,, ,, ,, coffee	2.88	5.68	3.97	4.32
Closing stocks	6.77	4.48	3.62	8.22
Estate and other expenditure	28.58	23.91	28.68	27.85
Gross profit	13.21	7.89	6.88	3.98
Managing Agents' commission	0.92	0.63	0.45	0.25
Provision for—				
Depreciation	1.21	0.79	0.65	0.63
Taxation	6.01	3.00	2.74	1.47
Net profit	5.07	3.57	2.99	1.58
Excess provisions written back	..	..	0.12	0.60
To reserves	3.23	1.07	1.70	1.09
Dividend	2.80*† (20%)*†	1.87† (20%)†	1.40 (15%)	0.93 (10%)
Carry forward	0.44	1.89	0.75	0.75
Crop harvested—				
Tea (in lbs.)	1,817,668	1,549,547	1,686,903	1,618,887
Coffee (in metric tonnes)	225.000	61.481	273.877	139.477
Cost of production of tea (per lb. in Rs.)	1.20	1.20	1.13	1.24
Average price realised—				
Tea per lb. (in Rs.)	2.00	1.88	1.74	1.86
Coffee per point (in Rs.)	1.90	2.22	2.45	2.51

* On increased capital from Rs. 9.33 lakhs to Rs. 14 lakhs.
† Subject to deduction of tax.

The Directors have transferred Rs. 3.23 lakhs to reserves which is exactly half of the profit available for distribution at Rs. 6.46 lakhs. The dividend on ordinary shares is maintained at 20 per cent, subject to deduction of tax, but on an increased capital, following the bonus issue of one share for two shares during the year under review. A larger amount is, therefore, required to cover this dividend.

The financial position of the Company is sound. Following capitalisation of reserves as stated earlier the paid-up has increased by 50 per cent from Rs. 9.33 lakhs to Rs. 14.00 lakhs, all in ordinary shares of Rs. 2 each fully paid. The reserves and surplus at Rs. 14.86 lakhs are still higher than the paid-up capital. The current assets of Rs. 22 lakhs are nearly double the current liabilities at Rs. 11.36 lakhs. The gross block of the Company at Rs. 27.60 lakhs is written down to Rs. 18.23 lakhs.

The tea crop for the current year is estimated at 7,71,000 kgs. (or 1.7 million lbs.) to be harvested at an all in cost of Rs. 2.96 per kg. The coffee crop to be harvested seems to be a record at 300 metric tonnes, at an all in cost of Rs. 1,240 per tonne.

The current quotation of Rs. 2 paid-up shares of the Company is Rs. 4.03 *cum-dividend*. On an *ex-dividend* basis, the net yield is as high as 7.4 per cent. This is quite a good return, considering the sound financial position of the Company and the able hands in which its management rests.

SIMPLEX MILLS EARN MORE

COMPANY TO ISSUE BONUS SHARES

BY switching over from coarse and grey cloth to higher medium varieties, the Simplex Mills Company Ltd. (Managing Director: Mr. S. R. Damani, M.P., Bombay) has been able to effect a substantial improvement in its sales during the year ended 31st March 1961 to Rs. 378.26 lakhs from Rs. 354.69 lakhs in the previous year and Rs. 285.62 lakhs in 1958-59. The rise would have been higher but for the voluntary reduction in prices of cloth in the latter half of calendar year 1960 in compliance with the Government's wish. Reflecting larger offtake of cloth and yarn, the closing stocks have shown a welcome decline of Rs. 22.59 lakhs to Rs. 40.36 lakhs. A notable feature of the expenses side, is the substantial fall in the value of raw materials, stores, spares, etc., consumed of Rs. 23.37 lakhs to Rs. 170.74 lakhs. Other expenses, however, have risen by Rs. 23.54 lakhs to Rs. 184.79 lakhs, thereby completely neutralising the saving noted in the previous item of cost. Nevertheless, the gross profit has almost trebled itself from Rs. 11.93 lakhs to Rs. 34.81 lakhs. The provision for depreciation has been raised from Rs. 12 lakhs to Rs. 16.21 lakhs. In view of the accumulated losses of the previous year, the Company has not made any provision for taxation. The remuneration to managing agents is just Rs. 3,000, being the minimum payable up to 30th May 1960, on which date the managing agency of Messrs. Forbes, Forbes, Campbell & Co., Ltd. was terminated. The net profit amounts to Rs. 18.57 lakhs, as against an actual loss of Rs. 32,000 suffered by the Company in the preceding year.

After deducting the loss amounting to Rs. 3.50 lakhs brought in from 1959-60 and writing back Rs. 48,000 being excess provisions made in previous years, the amount available for distribution aggregates Rs. 15.55 lakhs. But, in spite of this substantial sum and contrary to expectations, the Directors have decided to skip the dividend for the year under review, on the ground that the Company's rehabilitation and modernisation plan warrants larger resources. Last year, it may be noted, the Company had paid 15 per cent taxable, out of reserves. In their report to shareholders, the Directors state that they are of the opinion that the entire profits of the Company for 1960-61 should be ploughed back to meet at least a part of the demand for additional finance. This sudden dawning of wisdom on the Directors is in refreshing contrast to the depletion of reserves in the previous two years for payment of dividends even though the Company had suffered losses.

The shareholders, however, need have no cause for disappointment, because the Directors have decided to issue, subject to permission from the Government, one bonus share for every five shares held by capitalising Rs. 10.08 lakhs out of the general reserve. The only snag in this decision is that the Company will have to pay the Government a tax on this issue at 12.5 per cent which will deplete the Company's funds by Rs. 1.26 lakh.

The marked progress made by the Company during the year under review is fully reflected in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales (gross)	378.26	354.69	285.62	286.76
Other income	12.08	12.61	9.19	6.82
Closing stock	40.36	62.95	64.33	58.35
Raw materials, stores, etc., consumed	170.74	194.11	158.19	173.85
Other expenses	184.79	161.25	131.56	107.90
Gross profit	34.81	11.93	5.06	11.80
Managing Agents' commission	0.03	0.25	0.25	0.83
Provision for—				
Depreciation	16.21	12.00	9.02	3.43
Taxation	..	..	0.55	1.58
Net profit (+) or loss (—)	18.57	—0.32	—4.76	+5.96
Excess provisions less expenses written back	0.48	2.33	..	..
Transfer from reserves	..	7.56	4.20	7.14
To reserve	12.00	..	..	5.96
,, development rebate reserves	2.80	..	..	..
,, gratuity	0.36	0.36	0.46	..
Dividend	..	7.56	4.20	7.14
		(15%)*	(10%)	(17½)
Carry forward	0.39	—3.50	—5.14	0.08

* Subject to deduction of tax.

As already stated the production pattern of Company's mill has undergone considerable changes. Previously, the Company was producing coarse and grey cloth; the production of these varieties has been replaced by that of higher medium varieties. During the year under review, the Company made important additions to its fixed assets, involving a capital expenditure of Rs. 11.66 lakhs. The additions to machinery included one hopper, one Dronsfield automatic grinding machine, one Whitin combing plant, five roving frames, two Lessona cone winding machines, one Cimmco cone winding machine, one Manton Gaulin Homogeniser, three heat sealing machines and one double plaiting and folding machine.

The financial position of the Company, as disclosed by its balance-sheet as at 31st March 1961, is quite sound. The paid-up capital, which had been raised by the issue of right shares to the tune of Rs. 8.40 lakhs in 1958-59 stands unchanged at Rs. 50.40 lakhs. As the Company has ploughed back the entire profits of the year under review, the reserves and surplus have risen from Rs. 15.54 lakhs to Rs. 34.22 lakhs. The Company's secured loans have increased from Rs. 123.19 lakhs in 1959-60 to Rs. 131.89 lakhs, but the unsecured loans have fallen from Rs. 24.08 lakhs to Rs. 7.96 lakhs. The Company has repaid a clean loan of Rs. 5 lakhs secured from a bank besides reducing its secured loans from another bank. The other current liabilities and provisions aggregate Rs. 33 lakhs. Its total liabilities are in all Rs. 172.85 lakhs, while the total current assets are of the order of Rs. 135.28 lakhs only, of which investments amount to Rs. 1.11 lakh. Thus the total indebtedness is not matched by floating assets. But it must be noted that the secured loans mentioned above include debentures to the tune of Rs. 66.43 lakhs, a long-medium term obligation repayable any time after March 1969 but not later than March 1974. The gross block of the Company at Rs. 239.26 lakhs has been well written down to Rs. 122.19 lakhs, the aggregate depreciation provided being of the order of Rs. 117.07 lakhs. It will be noted that the gap between the paid-up capital and the net block account is wide and that only a fraction of it will be covered by the proposed capitalisation of reserves.

The Rs. 50 paid-up ordinary shares of the Company are currently quoted at Rs. 191.50 on the Bombay Stock Exchange; earlier in the year (on 19th June 1961), they had touched a high of Rs. 216 which compares with a peak of Rs. 187 registered in 1960.

(*Concluded from next column*)

new source of income to large numbers of agriculturists who cultivate jute, and for whom jute sticks hitherto have had virtually no commercial value."

As it is advantageous for the country as a whole to get this new source of raw material for paper industry fully exploited, the Government will do well to concede the Company's request for permission to import the necessary machinery and to extend any further assistance that may be needed for making a success of its project.

The Company's balance-sheet as at 31st March 1961 reflects a strong financial position. The paid-up capital of Rs. 88.20 lakhs is supported by an almost equal amount of Rs. 85.06 lakhs in the reserves and surplus. The Company has no outstanding loans, either secured or unsecured. The current assets at Rs. 100.47 lakhs are well in excess of current liabilities and provisions amounting to Rs. 41.57 lakhs showing a margin of Rs. 58.90, or over 100 per cent. In addition, the Company has investments of Rs. 1.34 lakh in Assam Paper Mills and East India Clinic Limited. A sum of Rs. 3.76 lakhs was spent on fixed assets during the year raising the gross value thereof to Rs. 245.29 lakhs. As the depreciation provided is of the order of Rs. 132.53 lakhs, the net block stands at Rs. 112.76 lakhs. In addition, there is capital expenditure in progress of Rs. 26,000.

The Directors have stated that the difficulties over obtaining import licences for wood pulp are still persisting and may necessitate a further curtailment of production during the year.

The Rs. 10 fully paid shares of the Company, currently priced at about Rs. 18, yield a net return of 5 per cent per annum.

The Government of India has issued an industrial licence to the Mysore Fertiliser Company for the manufacture of endrin, heptachlor and chlordane in collaboration with an American firm, Velsicol Chemical Corporation, Chicago Inc. (U.S.A.), which is the patent holders for the manufacture of these chemicals. The licenced capacity for the manufacture of endrin is 500—600 tons per year when the plant goes into production. At present, a large quantity of endrin is used in pest control programme, especially for the control of insect pests on paddy, sugarcane, cotton, tobacco, etc. The capital outlay on the project is estimated at Rs. 2.5 crores.

INDIA PAPER PULP SUFFERS SETBACK

JUTE STICKS TO SERVE AS RAW MATERIAL?

THE results of working of the India Paper Pulp Company Ltd. (Managing Agents: Messrs. Andrew Yule & Co., Ltd., Calcutta) during the twelve months ended 31st March 1961 are clearly less satisfactory than those for the previous year. They reflect the severe burden placed on the paper industry by the unrealistic price structure introduced by the Government of India on the recommendations of the Tariff Commission. Notwithstanding the fact that the Company sold a higher tonnage of paper during the year under review, its sale proceeds declined by Rs. 21.31 lakhs or 8.4 per cent to Rs. 229.27 lakhs. At the same time, its manufacturing expenses rose by Rs. 7 lakhs or 7.5 per cent in 1959-60 to Rs. 97.90 lakhs. Excise duty paid was a shade lower at Rs. 31.73 lakhs, as against Rs. 32.17 lakhs in the preceding year and other expenses, too, declined, albeit marginally, from Rs. 63.93 lakhs to Rs. 61.43 lakhs. Even so, the Company's profit-margin suffered an appreciable shrinkage. The gross profit has contracted by as much as 39 per cent, from Rs. 63.19 lakhs for 1959-60 to Rs. 44.56 lakhs for the year under review. Net earnings have dwindled even more sharply by 43 per cent to Rs. 15.86 lakhs. Because of lower profit, the provision for taxation has naturally gone down, by as much as Rs. 7.30 lakhs to Rs. 12.10 lakhs. Only a modest cut of about Rs. 2 lakhs has been made in the transfer to depreciation account. It will be interesting to note that, as a result of lower ex-factory paper prices, the Government itself has suffered by way of lower revenue from the Company on account of both excise duty and income-taxation, as will be seen from the following table depicting the Company's progress:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales of paper	2,29.27	2,50.58	1,54.75	1,05.86
Sale of by-products and other income	2.65	1.58	0.89	1.89
Closing stocks	11.78	7.99	11.02	3.72
Manufacturing expenses	97.90	92.88	62.98	37.02
Excise duty	31.73	32.17	20.20	14.55
Other expenses	61.43	63.93	44.49	41.60
Gross profit	44.56	63.19	27.97	14.57
Managing Agents' commission	2.84	5.29	2.02	1.18
Provision for—				
Depreciation	13.76	15.73	14.70	5.47
Taxation	12.10	19.40	0.74	4.05
Net profit	15.86	22.77	10.50	3.86
Transfer from reserves	..	..	7.64	2.39
Excess provisions written back	..	0.06	..	..
To reserves	3.45	5.00	11.59	..
,, development rebate reserves	0.66	4.75	..	..
Dividend	11.47 (13%)*	13.23 (15%)*	6.80 (10%)	6.80 (10%)
Carry forward	0.69	0.40	0.55	0.29
Paper produced in metric tonnes	14,406	N.A.	N.A.	N.A.

* Subject to deduction of tax. N.A. = Not available.

The shareholders, too, have been subjected to a cut in the dividend. Inclusive of an interim dividend of 50 nP paid on 20th January 1961, the total dividend for 1960-61 is only Re. 1.30 per share of Rs. 10 each, as compared with Re. 1.50 for 1959-60 both subject to deduction of tax. The amount ploughed back to reserves is also less at Rs. 4.11 lakhs, as against Rs. 9.75 lakhs a year ago.

The Company's production of paper during the year under review reached the level of 14,406 metric tons. It is not possible to indicate the increase in production over the year, as figures for previous years are not available. The Directors say that production would have been higher still but for the shortage of imported wood pulp. The Company is, however, trying hard to secure paper pulp from indigenous sources, as will be evident from the following extract from the Directors' report:

"In last year's report, the members of the Company were advised that, owing to widespread flowering, and consequential death, of the bamboos in the areas leased by Assam Pulp Mills Ltd. it had been necessary to defer the proposed pulp mill until such time as the leased areas had regenerated, or until alternative areas could be obtained. An alternative bamboo forest area in Kachar is now under reservation for Assam Pulp Mills Ltd., and a new site for the Mill has been secured at Monacherra. However, difficulties over the raising of loan capital for this project have not yet been resolved.

"Meanwhile, experiments at our Company's Mill have proved that a good quality of paper can be made by the existing Magnesium Sulphite process from pulp manufactured from jute sticks, but additional pulp making plant will be necessary. The potential use of jute sticks is a favourable development, and it is hoped that Government will grant the licences to install the necessary plant. This will not only reduce the Company's dependence on imported wood pulp, but also provide an entirely

(*Continued in previous column*)

SURAT ELECTRIC REPORTS ENCOURAGING RESULTS

BETTER DEAL FOR SHAREHOLDERS

AS a result of the quickening pace in power development in its area of supply and a spurt in the consumption of electricity, particularly by low tension consumers, the Surat Electricity Company Ltd. (Managing Agents: Messrs. Killick Industries Ltd., Bombay) has been able to report to its shareholders a further improvement of over 8 per cent in the total consumption of power for the year ended 31st March 1961. Although certain restrictive measures to regulate the supplies to consumers were introduced by the Government of Gujarat due to acute shortage of power, such became effective only in the concluding month of the year. The full effect of these measures was not felt during the period under review. Net earnings from sale of energy, therefore, improved by Rs. 10.24 lakhs to Rs. 90.91 lakhs. The consistent rise in full adjustment charges payable for the supplies purchased from the State Electricity Board, which was not passed on to the consumers, continued to eat into the already small profit-margin of the Company, with the result that the gross profit has improved at a much slower pace than sales, that is, by Rs. 3.30 lakhs to Rs. 19.47 lakhs.

The net profit for the year, however shows a slightly better rate of improvement, such having gone up from Rs. 5.60 lakhs to Rs. 8.95 lakhs, after charging Rs. 1.61 lakh (Rs. 1.58 lakh) for the Managing Agents' remuneration, Rs. 5.01 lakhs (Rs. 4.76 lakhs) for depreciation, Rs. 3.90 lakhs (Rs. 4.23 lakhs) for taxes on income and profits, and writing off Rs. 2,540 as part of the expenses in connection with the issue of new share capital. The figures within brackets relate to the corresponding provisions in the past year.

Transfers to the various reserves as required by the statute have been lowered a little from Rs. 3.41 lakhs to Rs. 2.96 lakhs. Of this latter sum, Rs. 2.05 lakhs have been credited to the development reserve, as against Rs. 26,191 during the previous year, while the balance has been apportioned between other reserves. Preference dividends, which have been declared in accordance with the modified method of computation, are expected to absorb Rs. 42,250, subject to the deduction of tax, leaving Rs. 5.62 lakhs for the payment of ordinary dividend. With a larger sum thus available, the rate of ordinary dividend has again been raised by a half per cent to 8 per cent, subject to deduction of tax. This is inclusive of the interim dividend at 2½ per cent paid earlier during the year under review.

The following table presents the steady progress made by the Company during the past four years:

(Value in lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales of energy	90.91	80.67	72.24	67.98
Other income	3.61	3.40	3.27	3.13
Cost of energy purchased	55.96	48.87	39.50	40.49
Salaries, wages and bonus	12.25	11.62	10.64	9.70
Other expenses	6.84	7.41	9.12	6.94
Gross profit	19.47	16.17	16.25	14.08
Managing Agents' remuneration	1.61	1.58	1.43	1.31
Provision for —				
Depreciation	5.01	4.76	4.45	4.25
Taxation	3.90	4.23	5.13	2.49
Net profit	8.95	5.60	5.24	5.96
Transfer to reserves and provisions	2.96	3.41	0.66	1.44
Dividends—				
Preference	0.42*	0.46*	0.88	0.88
Ordinary	5.60	5.13	4.24	4.24
	(8%)*	(7½%)*	(7%)	(7%)
Carry forward	0.02	0.06	0.06	0.04

* Subject to deduction of tax.

With the full recovery of the calls in arrears, amounting to Rs. 2,525, the issued and subscribed share capital of the Company, as at 31st March 1961, equals its authorised share capital of Rs. 70 lakhs in equity shares and Rs. 5 lakhs in 6½ per cent tax-free cumulative preference shares. This is backed by Rs. 31.28 lakhs in reserves and surplus giving an equity of Rs. 144.40 per share. Borrowings from banks amount to Rs. 20.67 lakhs, in addition to current liabilities and provisions aggregating Rs. 29.47 lakhs.

During the year the Company expended Rs. 20.61 lakhs on additions to fixed assets, the gross value of which stands at Rs. 172.02 lakhs as at the date of the balance-sheet. After deducting from this Rs. 56.35 lakhs being the amount of depreciation provided so far and adding Rs. 2.47 lakhs being the cost of capital work-in-progress, the total net block works out to Rs. 118.14 lakhs. Investment against the contingency reserve stands at Rs. 4.40 lakhs and other current assets at Rs. 33.72 lakhs. Miscellaneous expenditure relating to the issue of new share capital which is yet to be written off is carried at Rs. 16,670.

As mentioned earlier, there has been a further improvement in power development in the Company's area of supply. Its application for extension by the inclusion of four villages has been sanctioned by the Government. 1,457 new consumers were connected to the mains and four new sub-stations were added to the system during 1960-61.

Currently, the Rs. 100 fully paid ordinary shares of the Company are quoted at Rs. 98 *cum*-final dividend of Rs. 5.50 (gross). On an *ex*-dividend basis, the net yield works out to 5.7 per cent per annum.

INDUSTRIAL PAPERS LTD.

A new Company by the name of Industrial Papers Limited is being incorporated at Calcutta for the purpose of manufacturing all kinds of insulating paper, cable paper, condenser paper and transformer paper. These papers are not produced in India and the country's entire requirements are being met from imports. With the increasing production of cables, transformers and condensers, the requirement of insulating paper is expected to increase considerably. The Company has been licensed to manufacture 1,500 tons of insulating paper annually (750 tons of cable paper, 450 tons of transformer paper and 300 tons of condenser paper). The production, it is claimed, will not only meet the country's entire requirement but also effect a foreign exchange saving of about Rs. 1.25 crore annually. The Company is planning to expand production of insulating paper and take up manufacture of tissue paper which is in short supply, as well as toilet paper which is not produced in India. The importance of this paper can be well realised from the fact that the production of condensers, insulating paper alone accounts for 60 per cent of the cost of manufacture.

The scheme of Industrial Papers to manufacture insulating paper will be accomplished in two stages. To start with, the Company will import pulp and make paper from imported pulp. In about three years time, it will manufacture both pulp and paper. The Company has finalised collaboration with the world's leading manufacturer of this paper which will not only be providing the know-how required for its manufacture in India but also invest in this project.

A plant capable of manufacturing 1,500 tons of insulating paper annually will involve a total investment of Rs. 55 lakhs. It is proposed to raise Rs. 20 lakhs in equity shares, out of which the foreign collaborating firm will take Rs. 5 lakhs and Rs. 35 lakhs will be obtained through loans. The Company has already secured the permission of the Controller of Capital Issues for raising the required capital and is expected to come to the market "very shortly." It is learnt that the entire issue will be underwritten.

The Company has already acquired land and building for the purpose and almost finalised the selection of machinery. It is expected that the factory will start production some time during the middle of 1962.

SHREE VALLABH GLASS WORKS

The Directors of Shree Vallabh Glass Works Ltd. have announced the details of the allotment of shares in regard to application received against the issue of 37,255 shares of the total value of equity shares of Rs. 37,25,500. The total numbers of shares applied was about ten times the number of shares offered. In view of the large number of applications received, the Directors, in consultation with the authorities of Stock Exchange, Ahmedabad, have decided to allot shares on the following basis:

No. of shares applied	*Shares to be allotted*
2 to 25	1
26 to 50	2
51 to 75	3
76 to 100	6
101 to 150	10
151 to 300	20
301 to 500	26
501 to 1,000	30
1,001 to 1,500	50
1,501 and above	100

The subscription list of the issue was closed on 8th July 1961. Allotment letters and cheque for refund amount are expected to be despatched within the shortest time.

COMPANY MEETINGS AND DIVIDENDS

PULLANGODE RUBBER AND PRODUCE CO., LTD. Annual General Meeting, Calvetty, Fort Cochin, 28th August 1961. Dividend: 6 per cent or Re. 0.12 per ordinary share, subject to deduction of tax. Transfer books remain closed from 12th to 30th August 1961, both days inclusive.

INVESTMENT AND FINANCE CO., LTD. Annual General Meeting, Calcutta, 30th August 1961. Dividend: 7½ per cent or Rs. 7.50 per ordinary share, subject to deduction of tax, payable on or after 7th September 1961. Transfer books remain closed from 17th to 30th August 1961, both days inclusive.

GENERAL INVESTMENT AND TRUST CO., LTD. Annual General Meeting, 30th August 1961. Dividend: 5 per cent or Rs. 3.75 per ordinary share, subject to deduction of tax, payable on or after 7th September 1961. Transfer books remain closed from 17th to 30th August 1961, both days inclusive.

SRI KRISHNARAJENDRA MILLS LTD. Annual General Meeting, Bangalore, 30th August 1961. Dividend: 11 per cent or Rs. 5.50 per share, subject to deduction of tax, payable on or after 11th September 1961. Transfer books will remain closed from 23rd to 30th August 1961, both days inclusive.

GROB TEA CO., LTD. Annual General Meeting, Calcutta, 31st August 1961. Dividend: Re. 0.60 per share, subject to deduction of tax. Transfer books will remain closed from 25th to 31st August 1961, both days inclusive.

INDIA CEMENTS LTD. Annual General Meeting, Madras, 4th September 1961. Dividend: 12 per cent or Re. 0.60 per share, subject to deduction of tax. Transfer books remain closed from 11th August to 4th September 1961, both days inclusive.

CENTRAL INDIA COALFIELDS LTD. Annual General Meeting, Calcutta, 5th September 1961. Transfer books will remain closed from 21st August to 5th September 1961, both days inclusive.

RAJAPALAYAM MILLS LTD. Annual General Meeting, Rajapalayam, 6th September 1961. Dividend: 16 per cent or Rs. 16.00 per share, subject to deduction of tax. Transfer books will remain closed from 24th August to 6th September 1961, both days inclusive.

HINDOOSTAN SPINNING AND WEAVING MILLS CO., LTD. Annual General Meeting, Bombay 18th September 1961. Dividend: 50 per cent or Rs. 500 per whole ordinary share (includes interim dividend) and 50 per cent or Rs. 125 per quarter ordinary share (includes interim dividend), both subject to deduction of tax. Transfer books will remain closed from 25th August to 18th September 1961, both days inclusive.

WESTERN INDIA SPG. AND MFG. CO., LTD. Annual General Meeting, Bombay, 19th September 1961. Dividend: 50 per cent or Rs. 500 per ordinary share, subject to deduction of tax (includes interim dividend). Transfer books will remain closed from 25th August to 19th September 1961, both days inclusive.

INDIAN MANUFACTURING CO., LTD. Annual General Meeting, Bombay, 20th September 1961. Dividend: 25 per cent or Rs. 250 per whole ordinary share (includes interim dividend) and 25 per cent or Rs. 125 per half ordinary share (includes interim dividend), both subject to deduction of tax. Transfer books will remain closed from 25th August to 20th September 1961, both days inclusive.

ALUMINIUM INDUSTRIES LTD. Annual General Meeting, Kundara, Kerala State, 30th September 1961. Dividend: 18 per cent or Re. 1.80 per share (includes interim dividend of 9 per cent or Re. 0.90 per share), subject to deduction of tax. The final dividend of 9 per cent (taxable) will be made payable on or after 30th September 1961. Transfer books will remain closed from 26th to 30th September 1961, both days inclusive.

GWALIOR RAYON SILK MFG. (WVG.) CO., LTD. Taxable dividend of Rs. 2.25 per ordinary share, for the year ended 31st March 1961, payable on or after 18th September 1961. Transfer books will remain closed from 21st August to 15th September 1961, both days inclusive.

AUCKLAND JUTE CO., LTD. Taxable final dividend of Rs. 5.00 per ordinary share (making a total dividend of Rs. 12.00 per share, taxable) for the year ended 31st March 1961.

KINNISON JUTE MILLS LTD. Taxable final dividend of Rs. 2.00 per ordinary share (making a total of Rs. 7.00 per share, taxable), for the year ended 31st March 1961.

LAWRENCE JUTE CO., LTD. Taxable final dividend of Rs. 8.00 for ordinary share (making a total of Rs. 15.00 per share, taxable), for the year ended 31st March 1961.

NORTHBROOK JUTE CO., LTD. Taxable final dividend of Rs. 2.25 per ordinary share (making a total of Rs. 3.00 per share, taxable), for the year ended 31st March 1961.

UNION JUTE CO., LTD. Taxable final dividend of Re. 1.00 per ordinary share (making a total of Rs. 6.00 per share, taxable), for the year ended 31st March 1961.

DUFFALGHUR TEA CO., LTD. Taxable final dividend of 15 per cent or Re. 1.50 per ordinary share (making a total of 25 per cent or Rs. 2.50 per share for the year), for the year ended 31st December 1960.

METONI TEA CO., LTD. Taxable dividend of Re. 0.50 per share, for the year ended 31st December 1960.

KALASA TEA AND PRODUCE CO., LTD. Taxable dividend of 25 per cent or Re. 0.50 per ordinary share, for the year ended 31st March 1961.

LINGAPUR ESTATES LTD. Taxable final dividend of 15 per cent or Rs. 0.30 per share (making a total of 25 per cent or Rs. 0.50 per share), for the year ended 31st March 1961.

OSBOOR ESTATES LTD. Taxable final dividend of 10 per cent or Re. 0.20 per ordinary share (making a total of 15 per cent or Re. 0.30 per share), for the year ended 31st March 1961.

SYNOPSES OF COMPANY REPORTS

Belvedere Jute Mills Co., Ltd.

(*Managing Agents*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—31st July.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	1,49,63	1,30,86
Closing stock	7,68	6,88
Gross profit	3,73	14,84
Transfer to Managing Agents' remuneration	50	1,05
,, ,, depreciation	1,84	1,85
,, ,, taxation	1,15	5,80
,, ,, development rebate reserve	...	2
Net profit	24	6,11
Adjustments	2,58	35†
Appropriations:		
Total available balance	2,82	6,46
Transfer to reserves	...	1,71
Proposed dividends (taxable) Preference	64*	49
,, ,, Ordinary	1,40	3,78
	(5%)	(13½%)
Carry forward	78	48

N.B.—Adjustments include the balance brought forward from the previous year; excess provision for wealth tax written back; E.P.T. Post-war Refund and the amount drawn from contingencies reserve.

* Dividend is worked at 9.1 per cent in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

† Adjustments under 1959 column are shown providing Rs. 14,700 for supplementary dividend for the year 1959 on preference shares at 2.1 per cent.

Extracts from the Directors' report: Trading conditions were difficult during the year. Prices of raw jute fluctuated widely and during the course of the year increased by nearly 70 per cent. Unfortunately, prices of manufactured goods generally failed to keep in parity with the price of the raw material, and profitable simultaneous business was rarely possible.

The prospects for the current year are poor. The lower level of production ensuing from the restrictions in working has inevitably increased overhead costs; and direct costs have also been raised by the substantial increase in dearness allowance payable to workers which has been recommended by the Wage Board for the Jute Industry. In addition, costs will be further increased by the loss of production on account of the block closures and the lay-off compensation which will be paid to the labour under the terms of the Industrial Disputes Act.

Shareholders were advised by a circular letter dated 27th February, 1961, that the Company's Board and the Board of Delta Jute Mills Co., Ltd., are of the opinion that the profitability of both Companies would be increased by concentrating the working of the two Mills in Delta Mill, and that this should be done under a Scheme of Arrangement whereby this Company would be absorbed by Delta Jute Mills Co., Ltd. Delta Jute Mills Co., Ltd., has received the consent of the Controller of Capital Issues to the issue of shares necessitated by the proposed scheme and the members of Delta Jute Mills Co., Ltd., have approved the scheme and have authorised the Board of that Company, subject to the consent of the Calcutta High Court being received to the scheme, to issue shares in that company to the holders of Belvedere shares. The petition to the Court for its sanction to the scheme of arrangement will be filed shortly and thereafter the Court will convene meetings of the preference and ordinary shareholders at which they will be asked to approve the scheme. Members will be kept advised from time to time of the progress made.

The Central Government have approved the reappointment of Andrew Yule & Co., Ltd., as managing agents of the Company for a period of 5 years from 15th August, 1960, and the formal re-appointment was made by the Company at an Extraordinary General Meeting held on 17th August, 1960.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	35,00,000	Gross block	1,00,52,541
Reserves and surplus	29,25,480	—Depreciation	58,47,041
Other liabilities	27,19,508		
		Net block	42,04,500
		Current assets	48,14,575
		Investments	1,13,959
		Cash	11,824
	Rs. 91,44,988		Rs. 91,44,988

Birpara Tea Co., Ltd.

(*Managing Agents*: Messrs. Duncan Brothers and Co., Ltd., Calcutta.)

Annual General Meeting—11th August.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Gross sales	19,96	22,12
Closing stock (unsold tea)	12,41	11,85
Gross profit	5,46	7,70
Transfer to Managing Agents' remuneration	61	79
,, ,, depreciation	87	93
,, ,, taxation	2,53	2,91
Net profit	2,45	3,07
Adjustments	97	1,50
Appropriations:		
Total available balance	3,42	4,57
Transfer to reserves	1,30	2,06
Proposed dividends (taxable) 8% Preference	10*	6
,, ,, Ordinary	1,58	2,03
	(17½%)	(22½%)
Carried forward	44	40

N.B.—Adjustments include the balance brought forward from the previous year; amount transferred from contingency reserve; interest earned on deposits, etc.; profit on sale of investments and other credit items.

* Calculated at 8.97 per cent in accordance with the Preference Shares (Regulation of Dividends) Act, 1960. This also includes the additional dividend on preference shares (at 0.97 per cent) for 1959.

Extracts from the Directors' report: Tea crop was 5,43,381 kgs. as compared with 6,03,301 kgs. in 1959. Early season drought and excessively wet and cold conditions in July as well as heavy red spider attack despite spraying and dusting, account for the shortfall in the crop harvested. The average selling price realised was Rs. 5.32 per kg. as against Rs. 4.96 per kg. in the previous year.

Estimates for 1961 provide for a crop of 5,80,000 kilograms at an outlay of Rs. 23,85,230 including inland freight and sale charges.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,00,000	Gross block	29,89,157
Reserves and surplus	19,18,470	—Depreciation	10,94,016
Other liabilities	12,14,427		
		Net block	18,94,241
		Block in progress	44,010
		Current assets	17,05,090
		Investments	3,49,225
		Cash	1,40,313
	Rs. 41,32,897		Rs. 41,32,897

* Paid-up capital consists of 9,000 ordinary shares of Rs. 100 each fully paid up and 1,000—8 per cent cumulative preference shares of Rs. 100 each fully paid up.

Devon Tea and Produce Co., Ltd.

(*Managing Agents*: Young India Agencies Private Ltd., Madras.)

Annual General Meeting—31st July 1961.

Working Results:

	For the year eded 31st March (In thousand rupees)	
	1961	1960
Sales (tea, coffee and minor produce)	7,43	7,65
Gross profit	1,65	72
Transfer to Managing Agency commission	13	5
,, ,, depreciation	27	24
,, ,, development rebate reserve	1	*
,, ,, taxation	24	24
Net profit	1,00	19
Adjustments	4	67†
Appropriations:		
Total available balance	1,04	86
Proposed dividends (taxable) Preference	17	15
,, ,, Ordinary	74	67
	(12½%)‡	(15%)
Carried forward	13	4

N.B.—Adjustments include the balance brought forward from the previous year.

* Only Rs. 411.

† This includes Rs. 30,000 transferred from dividend equalisation reserve.

‡ Dividend on the increased ordinary capital of Rs. 6,74,650.

Extracts from the Directors' report: *Crop and Cost*: The crop for the year was 1,38,386 kgs. (2,98,476 lbs.) as against the previous year's crop of 3,01,910 lbs. All-in-cost of production was Rs. 3.58 per kgm. and the average sale price realised Rs. 4.26 per kgm.

The coffee crop during the year was 111 tons as against the previous year's crop of 37.898 tons.

Estimate for 1961-62: The Tea crop is estimated at 1,36,100 kgms. and Coffee crop at 77½ tons.

Plastic Factory: Steps are being taken for working this factory acquired during the year.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	8,74,650	Gross block	11,60,946
Reserves and surplus	3,44,286	—Depreciation	2,46,302
Other liabilities	4,23,928		
		Net block	9,14,644
		Current assets	5,57,295
		Investments	9,905
		Cash	1,61,010
	Rs. 16,42,844		Rs. 16,42,844

* Paid-up capital consists of 67,565 ordinary shares of Rs. 10 each fully paid up and 2,000—7½ per cent. tax-free cumulative preference shares of Rs. 100 each fully paid up. The paid-up ordinary capital as on 31st March 1960 was only Rs. 4,49,630 made up of 44,963 shares of Rs. 10 each.

Jaipur Metals and Electricals Ltd.

(*Managing Agents*: Poonamchand and Brothers Private Ltd., Jaipur.)

Annual General Meeting—31st August.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	959
Sales	1,46,79	1,42,37
Closing stock	67,95	66,04
Gross profit	11,79	12,03
Transfer to Managing Agents' remuneration	72	90
,, ,, depreciation	3,82	3,67
,, ,, development rebate reserve	61	99
,, ,, taxation	3,58	3,60
Net profit	2,86	2,87
Adjustments	7	34*
Appropriations:		
Total available balance	2,93	3,21
Transfer to gratuity reserve	10	20
,, ,, general reserve	Nil	50
Proposed dividends (taxable) 6% Preference	47†	38
,, ,, Ordinary	1,80	1,66
	(9%)	(8½%)
,, ,, Deferred	50	40
	(25%)	(19.9%)
Carried forward	6	7

N.B.—Adjustments include the balance brought forward from the previous year.

* This includes Rs. 24,566 being excess provision for sales tax made in prior years.

† Preference dividend is calculated at 6.66 per cent in accordance with the provisions of the Preference Shares (Regulation of Dividend) Act, 1960. This also includes provision for additional dividend at 0.66 per cent. in respect of the year 1959.

Extracts from the Directors' report: *Operations*: *Meters Division*: The working of the Meters Division during the year under review has shown marked improvement over previous years. The production for the year was 1,34,500 meters against 1,00,500 meters produced during the previous year. This is the highest figure of production so far attained in the Meters Division. The Company is making further efforts to increase the production of meters.

Besides the production of 'Jaipur' H.S. Electricity Meters on Japanese pattern the Company will commence production of 'Siemens' meters under collaboration with Siemens-Schuckertwerke A.G. of West Germany in the near future.

Metals Division: 2,024 metric tons of material was produced during the year under review as against 2,355 metric tons in the previous year. This decrease is mainly due to the cuts made by the Government in the quota of raw material, owing to stringent position of foreign exchange. The Company is now contemplating to diversify its manufacturing activities so that the available capacity of the plant and machinery may be profitably utilised.

Expansion and Development: The implementation of the scheme for the manufacture of 'Siemens' type of electric meters is now nearing completion. More machinery and equipments have arrived and the construction of new factory sheds to house the same is in progress. The Company has obtained Industrial Licence for the manufacture of magnet which is an important component of the meter.

The Company has redeemed the Debentures of Rs. 10 lakhs during the year under report. A further loan of Rs. 15 lakhs has been obtained from the Industrial Finance Corporation of India for implementation of 'Siemens' type of meter, and in addition, a loan of Rs. 4.75 lakhs in foreign currency is agreed to be given to the Company by the said Corporation. Further equity capital of Rs. 5 lakhs has been issued and fully paid-up.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	30,00,000	Gross block	52,93,710
Reserves and surplus	9,30,925	—Depreciation	23,02 530
Other liabilities	1,03,39,483		
		Net block	29,91,180
		Block in progress	9,31,311
		Current assets	96,78,051
		Investments	2,92,045
		Cash	3,77,821
	Rs. 1,42,70,408		Rs. 1,42,70,408

* Paid-up capital consists of 20,000 ordinary shares of Rs. 100 each fully paid up; 20,000 deferred shares of Rs. 10 each fully paid up and 8,000 six per cent. cumulative preference shares of Rs. 100 each fully paid up.

Jaybirpara (Dooars) Tea Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Andrew Yule and Co., Ltd., Calcutta.)

Annual General Meeting—14th August.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	11,29	12,28
Closing stock	3,07	3,81
Gross profit	1,24	1,50
Transfer to Managing Agents' commission	6	13
,, ,, Secretaries' and Treasurers' commission	4	Nil
,, ,, depreciation	21	23
,, ,, taxation	12	Nil
,, ,, development rebate reserve	*	†
Net profit	81	1,14
Adjustments credit (+) or debit (—)	(+) 18	(—) 61
Appropriations:		
Total available balance	99	53‡
Proposed dividend (taxable)	70	35
	(10%)	(5%)
Carried forward	29	18

N.B.—Adjustments include only the balance brought forward from the previous year.

* Only Rs. 260. † Only Rs. 600.

‡ Total amount available for disposal after deducting the loss brought forward of Rs. 60,919.

Extracts from the Directors' report: Crop was affected by the drought that occurred in the first part of the year and amounted to 2,151 quintals (5,928 maunds) compared with 2,435 quintals (6.711 maunds) secured in 1959. However, total rainfall for the year was 342 cms. (135 inches) compared with an average of 373 cms. (147 inches) for the previous 10 years. The crop sold satisfactorily at an average price of Rs. 4.91 per kg., an increase of 13 nP on the sale average for the previous year.

Estimates for the current season have been framed for a crop of 2,540 quintals (7,000 maunds) and, if favourable conditions continue during the season, it is hoped that the estimated crop will be secured. The rainfall and crop figures to the end of May this year were: rainfall 61 cms., crop 239 quintals compared with 41 cms. and 161 quintals respectively to the end of May 1960.

Messrs. Andrew Yule & Co., Ltd., ceased to act as managing agents of the Company on 15th August 1960, and at an extraordinary general meeting of the Company held on 16th August 1960, they were appointed secretaries and treasurers of the Company with effect from 15th August 1960.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	7,00,000	Gross block	11,17,118
Reserves and surplus	5,41,648	—Depreciation	5,54,731
Other liabilities	2,24,002		
		Net block	5,62,387
		Current assets	5,08,407
		Investments	2,494
		Cash	8,96,368
	Rs. 14,65,650		Rs. 14,65,650

* Paid-up capital consists of 70,000 ordinary shares of Rs. 10 each fully paid up.

Kailas Rubber Co., Ltd.

(*Managing Agents*: Messrs. A. V. George and Co., Ltd., Kottayam, Kerala State.)

Annual General Meeting—19th August.

Working Results:

	For the year ended 28th February (In thousand rupees)	
	1961	1960
Sales (rubber, latex, rubber seeds and minor produce)	16,59	16,62
Closing stock (rubber and latex)	2,75	1,71
Gross profit	8,62	7,01
Transfer to depreciation	60	51
,, ,, Managing Agents' remuneration	81	65
,, ,, taxation	3,20	2,25
Net profit	4,01	3,00
Adjustments	27	33
Appropriations:		
Total available balance	4,28	3,93
Transfer to debenture redemption reserve	1,00	1,00
Proposed dividend (taxable)	2,96	2,66
	(25%)	(22½%)
Carried forward	32	27

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: *Estates*: Paalali, Pathanapuram and Kutikul Estates are reported to be in good condition. 10 acres in Pathanapuram estate and 20 acres in Kutikul estate have been replanted during 1960-61 with high yielding rubber, under the subsidy scheme of the Rubber Board. 5 acres in Pathanapuram estate and 20 acres in Kutikul estate will be replanted during 1961-62.

Crop and Prices: The rubber crop secured during the year was 10,17,998 lbs. at an estate cost of 69.98 nP per lb. against an estimate of 9,35,000 lbs. at 76.04 nP per lb. The rubber was sold at an average price of 171 nP per lb. A portion of the Kutikul crop was sold as *Sole crepe*.

The rubber crop estimated for 1961-62 is 9,35,000 lbs. (4,25,000 kg.) at an estate of 76.46 nP per lb. or 167.83 nP per kg.

Accounts in brief as at 28th February 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	11,85,700	Gross block	31,18,425
Debentures	3,75,000	—Depreciation	3,48,844
Reserves and surplus	12,09,678		
Other liabilities	6,52,699	Net block	27,69,581
		Current assets	3,28,274
		Investments	17,500
		Cash	3,07,722
	Rs. 34,23,077		Rs. 34,23,077

* Paid-up capital consists of 5,92,850 shares of Rs. 2 each fully paid up.

Mysore Glass and Enamel Works Ltd.

(*Director-in-charge*: Shri Shankar Rao P. Ogale, Bangalore.)

Annual General Meeting—31st August.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960*
Sales (glassware)	6,19	1,04
Closing stock	26	26
Gross profit	77	55
Transfer to depreciation	12	9
,, ,, development rebate	Nil	8
Net profit	65	44
Appropriations:		
Transfer to reserves	20	25
,, ,, provision for ex-gratia bonus to employees	11	Nil
Proposed dividend (taxable)	32	19
	(10%)	(6%)
Carried forward	2	†

* Most of the figures for the year 1960 are for a period of 3 months as manufacturing operations were resumed by the Company from 1st January 1960, on the termination of the licence.
† A small sum of Rs. 329 was carried forward.

Extracts from the Directors' report: *Excise Duty*: The Finance Bill for 1961-62 imposed an excise duty of 10 to 15 per cent on the company's production of glass, effective from 28th February 1961, which is being passed on to our clients.

Maintenance and Building Improvement: A programme of major repairs and improvements of the Factory buildings has been taken up and a large portion thereof has been completed by now. With a view to maintain the quality of the company's products and improve it further, the old machinery and plant is being replaced by new machines and equipment. Similarly, the present old *Annealing Chambers* are being replaced by modern type of *Annealing Lehr*, which will result in better annealing of the products and greater recovery of articles produced.

No provision for income-tax has been made for the accounting period since there is a set off against carried forward amount of arrears of loss and depreciation.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	3,19,975	Gross block	5,54,993
Reserves and surplus	46,672	—Depreciation	3,87,018
Other liabilities	1,36,419		
		Net block	1,71,975
		Block in progress	12,499
		Current assets	2,41,236
		Cash	77,356
	Rs. 5,03,066		Rs. 5,03,066

* Paid-up capital consists of 63,122 shares of Rs. 10 each—reduced to 63,122 shares of Rs. 5 each (as per High Court Order No. 543/59 of 29th February 1960). This also includes Rs. 4,355 being amount on forfeited shares.

New Standard Engineering Co., Ltd.

(*Managing Director*: Mr. J. V. Patel, Bombay.)

Annual General Meeting—30th August.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (gross)	1,24,15	96,22
Closing stock	18,09	7,12
Gross profit	18,04	11,67
Transfer to depreciation	5,92	2,23
,, ,, development rebate reserve	4,50	1,35
,, ,, taxation	3,10	3,90
Net profit	4,52	4,19
Adjustments	92	25
Appropriations:		
Total available balance	5,44	4,44
Transfer to bad and doubtful debts reserve	Nil	25
To income-tax paid (for earlier years)	Nil	37
Proposed dividends (taxable) 6·3% tax-free Preference	1,55*	9
,, ,, ,, Ordinary	3,72† (9%)	2,81 (12½%)
Carried forward	17	92

N.B.—Adjustments include only the balance brought forward from the previous year.
* Dividend is calculated at 9 per cent in accordance with the Preference Shares (Regulations of Dividends) Act, 1960.
† Includes dividend on equity shares (new issue) at the rate of 9 per cent *pro rata*.

Extracts from the Directors' report: There has been marked progress in the operations of the Company during the year, which is reflected in increased sales (net) amounting to Rs. 1,19,09,106 as against the previous year's sales of Rs. 92,82,886. The construction work of the Steel Structural Plant at Goregaon has been completed to schedule and it has also gone into production.

During the year under review, two calls of Rs. 25 per share each, were made in September and December 1960 respectively on the newly issued preference as well as equity shares, making them fully paid up. These calls were made in connection with the requirement of funds for completion of the first phase of the Company's expansion and development programme at Goregaon, viz., Steel Structural Plant.

It is proposed to classify the present unissued, unclassified 25,000 shares of Rs. 100 each as 25,000 equity shares of Rs. 100 each. The directors have also recommended that the authorised capital of the Company be increased from Rs. 1,00,00,000 to Rs. 5,00,00,000. The shareholders are also being requested to authorise the Board to borrow moneys upto a total undischarged limit of Rs. 2,00,00,000 as required by Section 293 of the Companies Act, 1956, as amended by the recent Companies (Amendment) Act, 1960.

Goregaon Project: It is gratifying to record that the first phase of the Company's Goregaon project, viz., Steel Structural Plant, for which new capital was recently raised, has been completed according to schedule during the year under review.

While the construction work was being carried out and completed, manufacturing work was also started since October 1960. It will be realised that the working at Goregaon during the year has not been at full capacity, since construction work was under way and machinery was received and installed at various times.

Manufacturing Activities: The first batch of *Pneumatic Power Hammers* of 2 cwt., 3 cwt., and 5 cwt. capacity was made in the Company's Works out of imported components received from the Collaborators, Messrs. B. & S. Massey Ltd., England. The first *Trutzschler-NSE Blow-room line* to be manufactured in the country came out of the Company's Byculla Works and was successfully commissioned at Rani Lakshmi Mills, Coimbatore. The production of other established items of manufacture was maintained.

Foreign Collaboration: A new collaboration agreement was concluded with Messrs. Forni Elettrici A. Tagliaferri, Italy, for the manufacture of their entire range of Electrical Furnaces and Receivers. Another noteworthy development during the year has been the satisfactory conclusion of a supplementary agreement with Messrs. B. & S. Massey Ltd., England, for the manufacture of their extended range of *Pneumatic Power Hammers* as well as *Drop Forges*. It has not been possible for the Company to conclude the final agreement with Messrs. Deprag, West Germany, for the manufacture of their *Air Compressors*, as the terms approved by the Government did not prove acceptable to the Collaborators.

Current Year: The order book of the Company is satisfactory. The production and assembly lines for the two new items of manufacture, viz., *Massey Pneumatic Power Hammers* and *Trutzschler Blow-room line* will be well established during the current year and their production is expected to show further progress. Preparatory work for the manufacture of *Electric furnaces and receivers* is expected to be completed during the current year. The next phase of the Company's Goregaon project, which envisages the establishment of a large modern foundry with an annual capacity of melting 15,000 tons of *grey iron castings* and 3,600 tons of steel castings will also get under way during the current year.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	74,50,750	Gross block	93,30,855
Reserves and surplus	10,07,126	—Depreciation	20,73,762
Other liabilities	67,52,790		
		Net block	72,57,093
		Current assets	78,49,558
		Investments	43,774
		Cash	60,241
	Rs. 1,52,10,666		Rs. 1,52,10,666

* Paid-up capital consists of 50,000 equity shares of Rs. 100 each fully paid up (calls in arrears amount to Rs. 49,125) and 25,000—6·3 per cent tax-free cumulative redeemable preference shares of Rs. 100 each fully paid up (calls in arrears amount to Rs. 125).

Notices

THE METTUR CHEMICAL AND INDUSTRIAL CORPORATION LTD.

Registered Office:

Mettur Dam R.S.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE register of members of the Company will be closed from 25th August 1961 to 9th September 1961, both days inclusive, in connection with the Twenty-fourth Annual General Meeting of the Company convened to be held at the Registered Office of the Company at Mettur Dam R.S. on Saturday the 9th September 1961 at 4 p.m. to transact the ordinary and special businesses set out in full in the notices of the meeting, which have been posted individually to the Members.

The Directors at their meeting held on 6th August 1961 have recommended the payment of the following dividends to the members for the year ended 31st March 1961.

6¼ per cent subject to tax final dividend on equity shares, which with the 6¼ per cent subject to tax interim dividend already paid makes a total dividend of 12½ per cent subject to tax on equity shares.

3 per cent tax-free on the preference shares as per provisions of the Preference Shares (Regulation of Dividends) Act, 1960, final dividend which together with the 3 per cent tax-free interim dividend on preference shares as per provisions of the Preference Shares (Regulation of Dividends) Act, 1960 already paid makes a total dividend of 6 per cent tax-free on preference shares as per provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

The above dividends are subject to the approval of the Industrial Finance Corporation of India.

Members are requested to attend the meeting either in person or by proxy. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

By Order of the Board of Directors,

SESHASAYEE BROTHERS (PRIVATE) LTD.

Managing Agents

METTUR DAM R.S.,

7th August, 1961.

Note: The dividends, if sanctioned, subject to the approval of the Industrial Finance Corporation of India, will be payable on or after 20th September, 1961.

ORIENT PAPER MILLS LIMITED

Registered Office:

Brajrajnagar (ORISSA)

NOTICE

THE SHARE REGISTERS AND TRANSFER Books of the Company will be closed from the 29th August to 14th September, 1961, both days inclusive, for the purpose of payment of due course of dividends on Shares in the Company for the year ended 31st March, 1961. The dividends when declared, will be paid to those Shareholders whose names appear on the Company's Register of members on the 14th September, 1961, or to their mandatees.

By Order of the Board,

B. K. VYAS,
Secretary

"EASTERN HOUSE,"
14, RADH
CALCUTT

SHARP DROP IN CALL RATE

(*From Our Own Correspondent*)

BOMBAY, 16*th August*

Following the inflow of notice money from Madras and Calcutta on Saturday the 12th inst. and the tapering off of the demand for inter-bank accommodation, conditions in the short-term money market in Bombay turned distinctly easy in the latter part of the week under review. Accordingly, call money rate which had remained steady at 3½ per cent on the first two days of the week dropped to 2½ per cent on Saturday. It eased further to 2 per cent on Monday, at which level it finished today. Thanks to plentiful supply of funds, borrowers had no difficulty in obtaining their requirements. Term-money rates, however, remained unchanged.

The results of the 91 days' Treasury Bills of the Government of India sold through weekly tenders disclosed that, as against an invitation for Rs. 2 crores, the total amount offered and accounted was the same. The average rate of accepted tenders was also unchanged at 2.400 per cent per annum. 91 days' intermediate Treasury Bills sold from the 9th to 12th inst. aggregated Rs. 69 lakhs, as against Rs. 1.47 crore in the previous week. Their sales are being continued from the 16th inst. upto the 19th inst.

An expansion of Rs. 9.29 crores in notes in circulation is disclosed by the statement of affairs of the Reserve Bank of India for the week ended 11th August 1961, as compared with the previous week. As the notes held in the Banking Department have dwindled by Rs. 9.36 crores, the total notes issued have receded by just Rs. 6.35 lakhs. The foreign securities held by the Issue Department are unchanged at Rs. 116.86 crores, but, as balances held abroad have receded by Rs. 3.85 crores, the aggregate foreign assets are lower by that amount at Rs. 148.82 crores.

The statement of the scheduled banks for the week ended 4th August 1961 discloses an expansion of Rs. 23.74 lakhs in demand deposits and a recession of Rs. 47.08 lakhs in time deposits. The deposits of the State Bank of India improved by Rs. 1.82 crore in that week. Borrowings of the scheduled banks from the Reserve Bank of India dwindled slightly by Rs. 20.90 lakhs and such against usance bills by Rs. 16 lakhs. Their borrowings of demand nature from the State Bank, however, went up by Rs. 38.82 lakhs, but borrowings of time nature from the same institution shrunk by Rs. 89 lakhs. Investments of scheduled banks, as a whole, rose by Rs. 13.48 crores but, as those of the State Bank went up by as much as Rs. 14.72 crores, it is clear that investments of scheduled banks other than the State Bank must have actually declined by Rs. 1.24 crore. Advances and bills discounted (Bank credit) expanded by Rs. 2.58 crores to Rs. 1,238.26 crores, but those of the State Bank alone receded by Rs. 2.64 crores.

The major development of the week in the gilt-edged market was the announcement of loans by thirteen States aggregating Rs. 80 crores. All the loans will bear a uniform rate of interest at 4½ per cent and have a maturity of eleven years, being repayable in 1972. Except for the loans of Gujarat and Maharashtra, which are being issued at par, the rest are being offered at a discount. The terms of these loans are more favourable than those of existing comparable loans. All loans will open for subscription on 4th September 1961 and close on 9th September 1961 or earlier without notice as soon as subscriptions approximate to the amount of each issue. All the Governments have reserved the right of retaining subscriptions upto ten per cent in excess of the notified amount. Subscription may be in the form of cash/cheque in respect of all the loans. Securities of 3 per cent Tapti Irrigation Development Loan 1961 and 3½ per cent Cochin loan 1956-61 will be accepted at par for conversion into the new loans of the Governments of Maharashtra and Kerala, respectively. Mysore, Madras and U.P. loans maturing this year are also afforded conversion facilities.

In the foreign exchange section, the rupee declined slightly, largely in sympathy with the pound sterling. Banks' selling and buying rates for ready T.T. on New York were Rs. 477.75 and Rs. 474.50, respectively, as against Rs. 477.25 and Rs. 474 last week. In the New York exchange market, the pound sterling eased slightly in relation to the dollar. The latest available rates are 280.160-280.200 cents per £ for spot and 277.160-277.200 cents per £ for three months' forward. Over the week, the pound sterling shed 0.27 cent in the spot and 0.41 cent in the forward.

METALS STEADY

(*From Our Own Correspondent*)

CALCUTTA, 14*th August*

With greater demand, prices of base metals in Calcutta were steadier during the week under review. On the London Metal Exchange, copper remained steady while tin recorded a further advance. The price for copper opened in London at £230 a ton and after easing to £229½ recovered to close higher at £230½. The changed labour situation for the better in Chilean mines caused the easiness in London. Demand for copper scrap in Calcutta was keen, and prices for berry scrap and utensil scrap gained. The rise in price of tin in London to £926 a ton from £923 followed higher advices from Singapore. The local quotation at Rs. 1,669 per 100 kgs. was a few points higher. At Rs. 336.50 electrolytic zinc gained Rs. 10. This followed greater demand. In London the price of zinc at £76¾ a ton closed fractionally lower. Virgin lead remained unchanged here at Rs. 135.75. The London price for lead after moving up to £64½ a ton receded to £64¼.

BULLION FIRM

(*From Our Own Correspondent*)

BOMBAY, 16*th August*

The bullion market continued to rule firm during the week under review also. Gold met with good support prompted by reports of further seizure of contraband metal in sizable quantity. On Monday the 14th inst., the Anti-corruption and Prohibition Intelligence Bureau seized about 35,730 tolas worth Rs. 50 lakhs in a village near Versova, a suburb in Bombay. The gold, it was stated, had been smuggled from Kuwait. This report, together with fears that the contraband arrivals would dwindle for some time to come, induced some parties which had sold in anticipation of heavy inflow to cover at higher rates. However, at every rise in prices, there was also profit-taking by bulls. Even so, today's closing rates were well above those prevailing a week ago. In sympathy with the yellow metal, silver also ruled firm, though, over the week, no gains were recorded. To some extent, the upward trend in silver was checked by reports suggesting heavy arrivals in certain North Indian centres.

The daily average arrivals of gold were lower than in the previous week (3,500 tolas, as against 3,700 tolas), while those of silver were higher at 37 bars, as against 30 bars. The average offtake of gold and silver was of the order of 3,000 tolas (4,000 tolas last week) and 5 bars (5), respectively. The floating stocks are estimated at 30,000 tolas of gold and 1,000 bars of silver.

Adjustment rates fixed today were Rs. 122.50 per 10 grams of gold and Rs. 202.55 per kilogram of silver. The corresponding rates on Wednesday last week were Rs. 121.20 and Rs. 202.25, respectively.

The *Bhadrapad* (25th September) settlement in gold began the week at Rs. 121.70, as against the previous close of Rs. 121.65, and rallied to touch a high of Rs. 123.30 today. Towards the close, it was a shade lower at Rs. 123.15. The net gain over the week was Re. 1.50.

Ready gold evoked good buying enquiries and moved up from Rs. 121.45 to Rs. 122.90 today before finishing at Rs. 122.75. At this level, the discount under the forward was 40 nP, as against 20 nP last week-end. On Friday the 11th inst., the ready rate was on a par with the forward Rs. 122.15.

In silver, the *Bhadrapad* (26th settlement), which stood at Rs. 203.25 on Wednesday last week, rose to Rs. 203.60 at one time on Thursday. After receding to Rs. 202.45 on the 12th inst., the settlement recovered subsequently and touched Rs. 203.25 today, before finishing at Rs. 203.15.

The discount at which ready silver was quoted under the forward declined in the course of the week from Re. 1 to 60 nP. The metal opened firm at Rs. 202.30 and rose to Rs. 202.70 in the first two sessions. After easing to Rs. 201.15 on Saturday, it moved up again to Rs. 202.65 today, though it closed lower at Rs. 202.55.

The world price of gold in the London bullion market improved from $35.14 to $35.16½ per fine ounce. In sympathy with this rise and owing to the easiness of the pound sterling *vis-a-vis* the dollar, ready gold advanced from 250*s.* 7½*d.* to 251*s.* 1½*d.* Ready and forward silver, however, continued unaltered at 79½*d.* and 80½*d.*, respectively, as also silver in New York at 91.375 cents.

The following table shows the trend of prices during the week under review:

	16-8-1961 (closing)	High	Low	9-8-1961 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready (.99 fine)	122.75	122.90	121.55	121.45
Forward: Bhadrapad*	123.15	123.30	121.70	121.65
Sovereign	94.00	—	—	94.00
SILVER				
Ready (.995 fine)	202.55	202.70	201.65	202.25
Forward: Bhadrapad†	203.15	203.60	202.45	203.25
London—				
Silver Ready	79½d.	—	—	79½d.
Silver Forward	80¼d.	—	—	80¼d.
Gold	251*s.* 1½*d.*	251*s.* 1½*d.*	250*s.* 7*d.*	250*s.* 7½*d.*
New York—				
Silver	91.875 cents	—	—	91.875 cents

* 25th September settlement. † 26th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

KIPS QUIET

(*From Our Own Correspondent*)

MADRAS, 14*th August*

The tanned kips and calf skin markets generally continued to rule quiet during the week under review with a few selective inquiries. The top and medium class cow hides and also good FAQ marks ruled rather firm, in spite of small business from overseas. Inferiors had fair call locally and business with overseas was not easy.

Tanned cow calf remained unchanged. Inquiries for tanned buffalo were better and prices ruled firmer. Tanned buffalo calf remained more or less unwanted by the U.K., but demand from the U.S. was good, particularly for 2½ lbs. and over. Prices generally were unchanged to firmer.

Superfine tanned goat skins 8/9 lbs. and 11/12 lbs. were in demand from the Continent, but the undertone was definitely weak. The U.S. showed interest in middle class goat 11/12 lbs. and 13/14 lbs. all grades. Goat skins declined to some extent, while raw sheep skins ruled firm to better.

The clearance of market quality tanned sheep skins locally by shippers was rather large last week and prices as a consequence, advanced. Shippers were hesitant to commit themselves.

COTTON FUTURES RALLY

(*From Our Own Correspondent*)

BOMBAY, 16*th August*

After a week of indecision and hesitancy, the cotton futures market staged a smart rally during the week under review. The small volume of tenders on the two tender days during the week, namely the 10th and 14th inst. (100 and 150 bales respectively, bringing the total to date to a mere 700 bales) coupled with bullish crop news imparted strength to the market. Under pressure of persistent buying, the August 1961 contract spurted from Rs. 568 last week-end to Rs. 585 at close today, the highest for the week. The new crop March 1962 contract recorded a sympathetic rise from Rs. 587.50 to Rs. 589.50 today, after having touched a peak of Rs. 591.75 on Saturday. News of wet weather in the Khandesh, Moglai and Vidarbha region and reports that compulsory survey might be abolished with effect from next season beginning on 1st September although the mill quota system would be retained, further aided sentiment. Uncertainty about the crop, however, acted as a restraining influence on trading in the new crop contract. The following table indicated the trend of the market during the week:

(In rupees per three quintals)

		16-8-61	*High*	*Low*	9-8-61
I.C.C.	August 1961	585	585	571	568
I.C.C.	March 1962	589.25	591.75	585.50	587.50

Ready rates, in contrast, tended to recede. Mill interest was generally lacking. As most of mills has covered their immediate requirements, they were inclined to wait and watch the progress of new crop. Short-staples, particularly cottons spinning 28/30 counts, however, received good attention. Staple varieties such as Digvijay, 197/3, Vijay Co2 and L. 147 also found buyers.

Shippers reported better inquiries for Bengal *Deshi* from the Continent and U.S.A. But prices receded, thanks to low offers. Kala and Wagad also evoked some export attention. The cut in export duty on *Deshi* cotton from Rs. 40 to Rs. 25 per bale in Pakistan, thus bring it on a par with that in India, has had no effect on prices here because the cut was anticipated and discounted in advance. Meanwhile, the East India Cotton Association, Bombay, is understood to have sought an extension of the shipping period in respect of Bengal *Deshi* and ¾" cotton, which is due to expire this month, on the ground that the expected demand from the Continent and Japan has not been forthcoming to the desired extent.

Following the news of damage to Egyptian crop, spinners showed much interest in Sudan cotton as a possible substitute. Sizable business passed in choice growths. Sudan G4S was done at Rs. 1,515 per candy and G2L at Rs. 1,830 per candy. Selected E. African varieties attracted attention. B.P.52 f.a.q. changed hand at Rs. 1,325 and Jinja at Rs. 1,190.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri, the figures in brackets being last week-end closing:

Bengal *Deshi* 610 (630); Jarilla 930 (940); Kalyan 810 (810); Surti 920 (920); Vijay 930 (930).

The Karachi cotton futures market had a short trading week of only three days during the week. The market was closed on 9th, 11th and 12th instants. During this brief period, futures values drifted downwards on persistent selling prompted by bearish weather news and slackness in overseas demand. The abolition of export duty on Comilla cotton and the reduction in export duty on *Deshi* cotton from Rs. 40 to Rs. 25 per bale, announced on the 14th inst., had little effect on the market because both the measures were expected and discounted in advance. Moreover, there was no change in the duty of staple varieties. The N.T.R.G. January receded from Rs. 73.70 to Rs. 72.90. The March position dropped 70 nP to Rs. 72.25.

Futures trading in Alexandria continued to remain suspended during the week. Prevailing weather is reported to be unfavourable to the crop. The latest news is that the damage to the crop on account of insect pests is about 20 per cent in the case of lower grades and 5 to 7 per cent in respect of higher grades.

Easy conditions prevailed in the Liverpool cotton futures market during the week under review. Lower advices from New York coupled with unencouraging news from the yarn and piecegood markets prompted selling which found buyers reserved. Both the American and American type contracts at Liverpool were marked down. Sudan cotton contracts were, however, quietly steady. Values were unchanged. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: October 24.35; December 24.80; March 25.30; May 25.65.

American cotton mixed growth contract: October 24.80; December 25.20; March 25.65; May 26.05.

Sudan: September, November, January 31.25.

The New York cotton futures market ruled subdued during the week. Inspite of the continued firmness of the spot market and some scattered buying influenced by the expectation that a large quantity of cotton would go into the Government loan programme, the futures values drifted lower, thanks to speculative selling by spot and commission houses.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	15-8-61	8-8-61	31-7-61
New York Spot	35.15	35.05	35.00
New Orleans Spot ...	32.90	32.90	32.90
October	34.50	34.56	34.48
December	35.03	35.08	34.97

OILSEEDS RECOVER

(From Our Own Correspondent)

BOMBAY, 16*th August*

There was a marked revival of activity in the oilseeds market during the week under review. Under the leadership of groundnuts, seeds and oils generally staged a smart recovery from the low levels reached last week. The statement of Mr. S. K. Patil, Union Minister for Food and Agriculture, at the annual meeting of the Central Organisation for Oil and Industry, held at Bombay last week, that people should not expect any fall in food prices and that prices were bound to go up in the years to come was bullishly interpreted by the trade. It was felt that the Government would not consider any immediate measures to curb price increases in oilseeds and oils. The market, however, turned subdued later in the week, on account of profit-taking and absence of follow-up support. Nevertheless, the closing prices were still higher than those a week ago. Groundnuts staged a strident rally on reports of pest attack of the standing crop in some parts of Andhra Pradesh. They, however, drifted down subsequently in the absence of persistent apathy of *vanaspati* manufacturers and crushers. Saurashtra interests were once again sellers on reports of larger sowings in Gujarat in the current season. Castorseeds moved up, thanks to the support extended by some North Indian operators as well as U.K. enquiries for Indian castor oil. Linseeds put on a cheerful appearance, owing mainly to firmness of rape and mustard in North Indian markets induced by reports of crop damage in certain parts of the Punjab. In sympathy, cottonseeds ruled fully steady. Sesame, however, was neglected in the absence of fresh support.

Groundnuts January 1962 contract rallied from Rs. 215.25 to Rs. 217.37 before winding up the week at Rs. 216.62. Both Khandesh quality and Coromandels rose by Re. 1.75 to Rs. 52.25. Nizams hardened by Re. 1.50 to Rs. 52. Oil ex-mill gathered 35 nP to Rs. 21.60. Oil January 1962 contract improved by 10 nP to Rs. 17.90.

Castorseed September contract spurted by Re. 1.75 to Rs. 170.37. March 1962 contract put on 88 nP to Rs. 170.75. Kanpur bold picked up 12 nP to Rs. 33.12. Oil B.S.S. was higher by 5 nP at Rs. 15.50. Commercial, however, shed 5 nP to Rs. 14.05.

Among linseeds, September 1961 contract gathered Re. 1.37 to Rs. 39.56. March 1962 contract put on by 53 nP to Rs. 37.56. Bold ready rose by Re. 1.25 to Rs. 39. Linseed oil gained 70 nP to Rs. 16.90.

Cottonseed September 1961 contract firmed up by a rupee to Rs. 95.50. March 1962 contract, was increased by 75 nP to Rs. 91.75. Both Berars and Non-whites were fully maintained at Rs. 19.20, and Whites at Rs. 20.10.

Sesame ruled easy. Bold variety was marked down by Rs. 10 to Rs. 330 (per 250 kgs.). Sesame oil was quiet at Rs. 24.50.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	16-8-1961	9-8-1961	2-8-1961
	Rs.	Rs.	Rs.
Groundnut			
January 1962	216 62	215 25	219 12
Nizam bold	52 00	50 50	53 25
Coromandel ready	52 25	50 50	53 75
Khandesh quality	52 25	50 50	53 75
Oil ex-mill ready*	21 60	21 25	22 25
Railway receipts*	21 40	21.15	21.90
Oil January 1962	17.90	17.80	18.25
Castorseed			
September 1961	170 37	168 62	170 12
March 1962	170 75	169 87	170.75
Ready Madras	34 00	34 00	34 25
Ready Kanpur	33 12	33 00	33 00
Oil B.S.S.†	15 50	15 45	15 50
Oil commercial†	14.05	14.10	14.20
Linseed			
September 1961	39 56	38 19	39.75
March 1962	37 56	37 03	38.00
Bold ready	39 00	37 75	39 25
Oil ready†	16.90	16.20	16.80
Cottonseed			
September 1961	95 50	94 50	96 25
January 1962	92 00	91 00	92 50
Niger seed	41.00	41 00	41 50
Kardi seed	25.00	26.00	26.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—*All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.*

BLACK PEPPER WEAK

(Messrs. Parekh and Co.)

BOMBAY, 16*th August*

The last week's weakness in Malabar black pepper was extended during the week, in view of complete absence of overseas demand and under pressure of nervous liquidation by bulls who collected sizable quantity of August contracts in the hope of higher prices resulting from the pre-autumn demand from the U.S.A. Ungarbled pepper at Cochin climbed down to Rs. 385.50 and garbled touched a low of Rs. 400. August was liquidated at as low of Rs. 402. The weakness of the bulls was fully exploited by the bears who successfully tried to bear the market by manipulations. Calicut was comparatively steady at Rs. 390.

There are unconfirmed reports that some Non-Conference Lines are willing to book freight for the U.S.A. ports even at $40, but nothing is definitely known.

Singapore, which was ruling comparatively steady, also became weak in sympathy with India, the latest price for black and white pepper being Str.$147½ and Str.$177½, respectively.

Spot in New York gave way under pressure of sales of stored unsold consignments of Malabar black pepper. It came down to $0.45 to improve to $0.46, as cheaper offers from Singapore were not forthcoming as expected by New York dealers. Indian dealers at times were offering competitive prices to test the market. Neither Singapore nor India was willing to offer big quantities.

The future of the market depends on the size of the new crop of Lampong and Malabar and the buying attitude of East European countries and the U.S.A.

Inventories with both grinders and dealers in the U.S.A. are running down. As such, sooner or later, they shall have to come to replenish their stocks. Dealers in New York are haggling for lower price and the coming two/three weeks will show who wins in this tug-of-war. Stray offers from India even at $0.43½ on the basis of reduced freight from Non-Conference were refused. The deterioration in the political situation on Berlin issue has proved a supporting factor to Malabar black which at the time of writing has improved to Rs. 387½ and Rs. 404 for ungarbled and garbled respectively. October delivery on the ring improved from Rs. 416 to Rs. 422.

Ready pepper in Bombay is nominally quoted at Rs. 216 per 50 kilos.

ADVANCE ALLOCATION OF ART SILK YARN

(From Our Own Correspondent)

BOMBAY, 16*th August*

A distinctly easy trend was in evidence in the yarn market during the week under review. Art silk yarns were quiet as operators felt that the stock position would improve in the coming weeks. This belief stemmed largely from the Press note pertaining to advance allocation of art silk yarn issued early in the week by the Office of the Textile Commissioner. The Press note stated as follows:

"The State Trading Corporation is importing art silk yarn from Italy valued at Rs. 150 lakhs under the C.O.G.I.S. Link Agreement which is to be distributed to all actual users of art silk yarn as an advance allocation for October 1961-March 1962 licensing period. All the consumers of art silk yarn are requested to submit their applications for allocation of this yarn to the Joint Secretary, Distribution Committee for art silk yarn, 78, Veer Nariman Road, Resham Bhavan, Bombay-1, along with a fee of Rs. 5 per application as early as possible in any case to reach that office not later than 10th September 1961."

Thanks to the aforesaid announcement as well as following rumours of the S.T.C. releasing soon Rs. 2 lakhs worth of yarn out of its stocks and expectations *that manufacturer-exporters would be granted* import licences in a couple of weeks, the unofficial premium for import licences for art silk yarn fell from 175-180 per cent to 145-150 per cent. Consequently, rayon yarns were subjected to selling and prices tended to look down generally. No business was reported in forward Cupressa Bemberg yarn (60 x 1), in view of limited stocks.

Staple fibre yarns also encountered selling of reports that the supply position had improved and

4¼ PER CENT

GUJARAT STATE

DEVELOPMENT LOAN 1972

ISSUE PRICE Rs. 100/- PER CENT

OPENS FOR SUBSCRIPTIONS ON 4TH SEPTEMBER 1961

The loan will be closed as soon as a total of approximately Rs. 600 lakhs has been subscribed, and in any case not later than the close of business on 9th September 1961.

THE LOAN WILL BE UTILISED TOWARDS THE DEVELOPMENT PROGRAMME OF THE NEW STATE OF GUJARAT. ALL ARE REQUESTED TO SUBSCRIBE GENEROUSLY TO THE NEW LOAN.

The applications will be received at offices of the Reserve Bank of India at Bombay, Calcutta, New Delhi, Madras and Bangalore, and at branches of the State Bank of India and Treasuries and sub-treasuries in the State of Gujarat.

Applications will also be collected by the State Bank of Saurashtra at Bhavnagar and its branches within the State and forwarded to the nearest receiving office.

FULL PARTICULARS CAN BE OBTAINED AT ANY OF THE ABOVE OFFICES

was likely to improve further in the next few weeks. There were, besides, reports that "cut" fibre was being used by many spinners who were willing to make available supplies at lower prices. Further, offtake from consuming centres was not encouraging. It was stated that several weavers were gradually switching over to the production of art silk fabrics, in view of the revised export incentive scheme, under which import licences for yarn would be given only against exports of art silk piecegoods. On top of these factors, there were rumours of a possible official intervention to check the persistently high level of prices. A delegation of the Bombay Yarn Merchants' Association and Exchange is expected to meet the Textile Commissioner and discuss the staple fibre yarn supply-demand position and trend of prices. One of the specific suggestions which the Association is understood to put forward relates to the upward revision in the controlled rate of 2/40 yarn from Rs. 771 to Rs. 871 per bale.

Cotton yarns continued to rule dull. Enquiries from consuming centres were poor. Nor was export demand encouraging. Turnover, as a consequence, was small, with prices of most yarns remaining unchanged.

The following table gives the prices of rayon staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	16-8-1961	9-8-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Cupressa Bemberg (100 kg.)—		
Spot	2,798.00	2,811.00
40 x 1 J/P		
August	3,103.00	3,090.00
October	3,134.00	3,113.00
120 Japan (per 100 kg.)	2,121.00	2,112.00
150 Japan (per 100 kg.)	2,205.00	2,260.00
120 Italy	1,929.00	—
Nat. Ray. 150 Bt. 1	15.20	15.72
Nat. Ray. 120 Bt. 1	18.15	18.70
Staple fibre yarn (40 x 2)—		
August (per 90.72 kg.)	896.00	912.00
October	872.00	901.00
City (per kg.)	10.45	10.95
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.25	17.25
20s Gokak	23.00	22.87
30s New Great	27.00	27.00
40s Malura	32.50	32.50
60s Finlay	63.63	63.63
80s Moderns	68.25	68.25

GOOD DEMAND FOR TEA

(From Our Own Correspondent)

CALCUTTA, 14*th August*

Although the general demand at the internal sale held last week strengthened as the sale progressed, prices recorded a mixed pattern. Shipments of tea were again satisfactory, and it would appear that gardens in North-East India producing more tea now than last year would not face the problem of a glut in supplies.

Production in North-East India in this year is expected to reach a record figure. Already production up to July increased by 40 million lbs. Noting Mr. Morarji Desai's statement in Parliament, according to which the Government of India, in the event of U.K.'s entry in the E.C.M., would ask for a substantial liberalisation of the import policies of the E.C.M. countries, the abolition of all quantitative restrictions on Indian exports to the U.K. and suitable transitional arrangements for a gradual ending of the preferences, trade circles said that so far as Indian tea was concerned, the British entry into the E.C.M. would prove to be a blessing in disguise.

Dusts on offer at the internal sales held in the last week aggregated 25,906 packages, which met with good general demand. Plain orthodox teas eased by 10 nP, but bright Assams were steady. Legg-cutt teas recorded an irregular trend, but prices followed quality. In C.T.Cs, the plain teas eased, but all others added gains. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.90 to Rs. 7.30, medium Assam C.T.C. dust Rs. 6.40 to Rs. 6.80, medium Assam dust Rs. 4.90 to Rs. 5.50, legg-cut dust Rs. 4.85 to Rs. 5.50, and plain orthodox dust Rs. 4.35 to Rs. 4.55.

Leaf on offer amounting to 97 chests met with a good general demand.

TEA IRREGULAR

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, 16*th August*

Sale No. 32: 341,000 kilograms were offered in Sale No. 32 held on Tuesday, the 8th August 1961. Quality of Nilgiri teas was irregular but there were some improved quality invoices on offer. The quality from other districts was irregular but generally maintained. There was useful demand for most descriptions. Highgrowns were well supported and those invoices which showed improved quality realised dearer prices. Poorer highgrowns however, came to an easier market. Good mediums and mediums were in fair demand but sold at slightly easier rates. Low mediums and plainer sorts came to an easier market and sometimes sold at rates about 5 to 10 nP below last. Whole leaf grades were in less demand and sold at easier rates. Black leaf teas although in good demand were only about steady. C.T.Cs were in less demand and were easier. C.T.C. types met with strong support and sold at around last rates.

Quotations were:	1961	1960
	Rs.	Rs.
Low mediums	4.45-4.55	3.65-4.00
Mediums	4.50-4.60	4.00-4.15
Good mediums	4.60-5.20	4.10-4.55
Nilgiri B.O.P.	4.65	6.15

The average price realised in sale No. 32 was Rs. 4.63 per kg. [illegible] week ago and Rs. 4.43 in [illegible] year.

Dust Sale No. 32: Approximately 215,000 kilograms were on offer in dust sale No. 32 on Thursday, the 10th of August 1961. There were strong general demand. Highgrowns were in good demand and sold at fully firm rates. Other mediums were steady. Poorer descriptions and residuals were irregular and sometimes lower. C.T.C. and C.T.C. types were fully firm.

The average price realised in dust sale No. 32 was Rs. 4.63 per kilo, as compared with Rs. 4.62 a week ago and Rs. 4.60 in the corresponding sale last year.

Export Quota: The market has been quiet with no business transacted. Sellers reported at 2¼ nP with no buyers.

Colombo: There was lower demand in the main grade sale this week. Western highgrowns were irregularly lower but the few improved. Uvas on offer sold at dearer rates. Low mediums eased 5 to 10 cents. Liquoring fannings were dearer. Lowgrowns eased slightly. Best liquoring off-grades and dusts were slightly dearer and others were irregular and generally lower.

London: There was no auction this week due to the August Bank Holidays.

As we go to press, Messrs. Forbes Ewart and Figgis (Private) Ltd., wire:

"*Sale No.* 33:—460,000 kilograms. Good demand. Plain and low medium brokens 10 to 15 nP easier. Similar fannings also steady. Mediums 10 to 15 nP lower. Highgrowns brokens fully firm to dearer with quality. Similar fannings considerably dearer."

FOODGRAINS FIRM

(From Our Own Correspondent)

HAPUR, 14*th August*

After ruling quiet during the major part of the week, foodgrains firmed up towards the week-end following heavy rains which have damaged standing *kharif* crops—maize, *bejra* and *guwar-juwar*. The overall food situation, however, would not be affected, as stocks with Union and State Governments are reported to be heavy and large imports are to follow under previous commitments. Wheat recorded modest gains to be quoted at Rs. 15 to Rs. 15.12 a maund for *dara* quality and Rs. 15.75 to Rs. 16.25 for better farm produce. Daily arrivals during the week were nominal due to rains, and local stock was almost stationary around 25,000 maunds, as demand, too was slack.

Rice ruled quietly steady, as stocks with trade were small. Large-scale sowings of paddy are being done, thanks to heavy rains. The week-end prices of rice here were:—*mainpuri sela* Rs. 22.75; *gainda kutcha* Rs. 22.25; *ramajawayan sela* Rs. 24; *raimunia sela* Rs. 25; *basmati sela* Rs. 29 to Rs. 31; superior Rs. 35 to Rs. 39 per maund.

Gram also sought higher levels when Punjab quality was quoted at Rs. 14 to Rs. 14.12 and local inferior at Rs. 13.87 a maund. Gram was not reaching here from the Punjab and local stock was put at 40,000 maunds. Barley continued to be quoted at Rs. 11.25, *bejhar* inferior at Rs. 10.75 and *mongia* variety at Rs. 11.75 a maund. Standing *kharif* crops of maize and *bajra* in grains and *juwar* and *guwar* as fodder crops have been very adversely affected, due to continued heavy rains for over a fortnight. *Juwar* was quoted at Rs. 10 to Rs. 11.50 and *guwar* at Rs. 14.25 per maund. Stocks of *juwar* were put at 7,000 maunds. Old maize continued to be quoted at Rs. 11 to Rs. 12 and *bajra* at Rs. 15 per maund. Maize stocks were put at 35,000 maunds. *Methi* continued to attract demand from Rajasthan and Calcutta side at Rs. 27 to Rs. 28 per maund.

In pulses, peas, after an early fall due to slack demand in the face of loading difficulties, improved later in the week in sympathy with grain prices. Local peas stock was put at 7,000 maunds and arrivals were nominal. *Arhar* and dal drifted to lower levels, as demand was almost dormant and local stock of *arhar* was put at 45,000 maunds. Other pulses were almost stagnant in small scale trading and week-end prices (in rupees per maund) were: peas *dara* 11.25 to 11.37; farm 12 to 12.75; peas *dal* 12.50; *arhar* 11.50 to 12.50; *arhar dal* 15.62; gram *dal* 16; *urd* 21 to 21.50; *urd dal* 25; *moong* 20 to 24; *moong dal* 24 to 27; *masoor* 13.25 to 15; *masoor dal* 16.25; moth 20; *dal* 23.

SUGAR DEPRESSED

(From Our Own Correspondent)

HAPUR, 14*th August*

Sugar was depressed during the week due to easy supply position. The week-end prices were Rs. 105.50 per bag and retail 97 nP per *seer*. Huge stocks with factories following the all-time high record production of 29.8 lakh tons is now a problem and, despite Government's efforts, export performance has not been very satisfactory. Some restrictions on sugar movement are likely to be withdrawn soon in order to help increase local production.

Sugar was easy in the Muzaffarnagar market, following selling pressure from allottees. Prices declined by 25 nP to 50 nP a bag in spot section, while mill delivery prices which had improved earlier reacted at close on reports that bulk allotment was being made for this centre for the current months.

FROM THE TROMBAY PLANT OF UNION CARBIDE INDIA

UNION CARBIDE TRADE MARK

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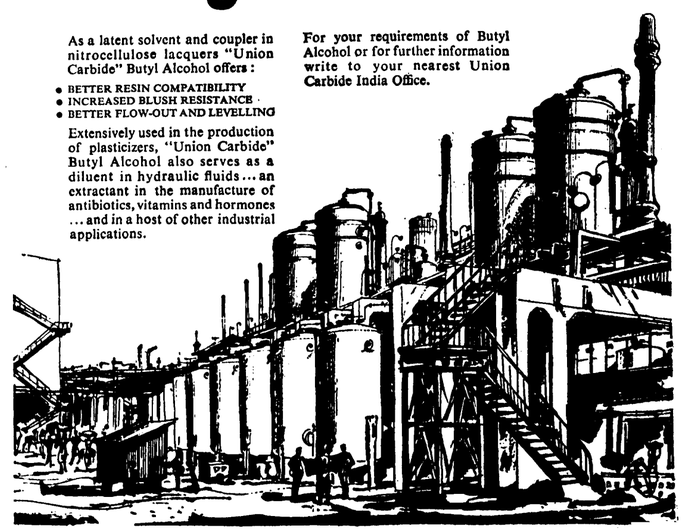

INDUSTRIAL PRODUCTS SALES DIVISION

UNION CARBIDE UNION CARBIDE INDIA LIMITED

Week-end prices were:—Crystal spot delivery damaged Rs. 95 to Rs. 101; dry Rs. 105.50 to Rs. 107 per bag. Factories holding last year's stocks were now finding buyers even at lower prices.

On persistent reports of early decontrol of sugar and removal of inter-State movement ban, the *khandsari* market showed a declining tendency. The traders were reluctant to make any commitments until the announcement of Government's policy. Week-end prices of *khandsari* were:—*gala-wat* Rs. 27 to Rs. 31; non-crystal Rs. 32.50 to Rs. 37; crystal Rs. 34.50 to Rs. 37.50; old Rs. 29 to Rs. 32 per maund.

Ready *gur* was depressed during the week on slack demand. Cane crop prospects have improved due to heavy rains, by gusty winds with heavy rains have also damaged the cane crop. Local *gur* stock is put at 18,000 maunds. Some despatches were made by road during the week to east U.P. and one wagon to Hyderabad. Week-end prices of *gur* here were:—selected dry Rs. 16.50; *kotha* dry-wet Rs. 15.37; wet Rs. 14.76; *shakker* Rs. 18.25 per maund.

JUTE PRICES DECLINE

(From Our Own Correspondent)

CALCUTTA, 14*th August*

The feature during the week under review in the jute markets was a sizable decline in prices of both raw jute and jute goods. The decline in fibre prices followed a small increase in arrivals. Acceleration of harvesting operations have been made possible as a result of the recent heavy rains improving the water level in tanks and canals for steeping. It is, however, said that the improvement in retting facilities cannot be immediately reflected in increased arrivals or an improvement in quality. That possibly explains the difficulties which the mills are experiencing due to limited fibre stocks in their godowns. During the week, some of the biggest mills sealed 18 per cent of looms, and at least one mill, in addition to sealing of looms, reduced working hours also from 42½ hours to 40 hours a week. Following labour troubles arising from dissatisfaction among workers on reduction of production and in turn their earnings, a mill declared lock-out. It will be remembered that, on the Government's disapproval of the Indian Jute Mills' Association's proposal to seal 18 per cent of looms as on 1st August over the industry as a whole, the I.J.M.A. left to individual mills to solve any difficulty arising from fibre shortage. Following the breakdown of negotiations between the Government and the I.J.M.A., the State Labour Minister, Mr. Abdus Sattar, appealed to mills to work in a spirit of accommodation, adding that new crop arrivals were averaging about 50,000 maunds a day. He also said that these arrivals would soon reach 100,000 maunds a day if only buyers showed a keen interest to purchase the same.

In the course of a statement, the I.J.M.A. says that the daily fibre consumption of mills in West Bengal in July averaged 90,000 maunds. Thus, it can be seen that the present rate of arrivals (about 50,000 maunds)—this figure is accepted by the Labour Minister—is far below the needs of mills, the fibre stocks of which at the end of July were about two weeks' consumption. The Association, in an attempt to remove any misunderstanding, has also explained the reasons why it had been necessary for the industry to curtail production by sealing looms and reducing working hours in the 1960-61 season, and later by closing down completely for a week each in June and July. Trade circles agreed with the I.J.M.A. when it stated that, in a competitive market such as the goods market abroad is, the industry must be assured of raw materials at stable and reasonable prices. Stating that consumption and supply must be equated to enable the industry to carry on in an orderly fashion and to promote as far as possible a balanced market, the Association concludes: "*It is under these conditions that,* as visualised by the Association, mills individually have recently taken further steps to conserve jute consistent with their supply position in each case. In the negotiations that took place with the State Government, it was explained that this method of adjustment would be forced on the mills as the only alternative to concerted action by the industry, to which the Government was opposed." Meanwhile, labour resentment at the action of the units in the industry to reduce production has become grave, and several demonstrations have already taken place. Trade circles noted with interest the analysis of the fibre position in the *Jute Bulletin* of the Indian Central Jute Committee, according to which the fibre supply position is grave.

The question of fixing a minimum price for jute appeared in the forefront again during the week. Some organisations representing cultivators have demanded that the floor price be fixed at Rs. 45 a maund. The State Government thinks that the question is not very urgent now, as the fibre is realising a price as demanded by farmers. Trade circles thought that, considering the prices of goods in foreign markets, the suggested floor price of Rs. 45 was too high. According to some quarters, farmers had, indeed, been more prosperous in the last season; but, on the other hand, the high prices for fibre led to losses for mills. That being the position, these quarters suggest that, even if farmers sacrificed something to place the jute industry on a healthy basis, such a sacrifice would be worth its while.

Trade circles also thought that the talk of floor price was meaningless so long as there was no organisation to purchase if the price moved down the floor price. In the final analysis, the price must be governed by the law of supply and demand. It would be prudent to leave to economic forces to determine the price. There is no law of the land to force mills to produce at a loss. Mills would be prepared to pay such a price as to make their operations economic and profitable. In this connection, trade circles pointed to a report from Dundee to the effect that prices of jute yarn have been reduced by £5 a ton. The fall in medium and common wove yarns will be £2½ a ton. Cloth prices will be correspondingly reduced. It should be realised by all concerned that it is in the reduction of prices of both goods and fibre the prosperity of both the industry and farmers depend. During the week, the Pakistan Government announced its new jute policy. Accordingly, the price of jute will be £100 a ton c.i.f. for export firsts. The Government considered this a fair price for the growers. It also announced that the mills could import capital goods other than looms and spindles to the extent of 50 per cent of the industry's bonus earnings from June.

Trade circles were disappointed at the low fall in the stocks of goods with mills as at the end of July. Considering the lower production in the month as a result of a week's closure, the decline in stocks by 6,400 tons to 71,200 tons did not reflect any increased level of trading interest. Production in July at 64,400 tons represented a fall of 2,900 tons as compared with the previous month and a fall of 23,900 tons as compared with July 1960. Adding the June-end stocks of 77,600 tons to July output of 64,400 tons, the total availability for the month was 142,000 tons. Stocks at the end of July being 71,200 tons, it should be presumed that demand in the month was of the order of 70,800 tons. The stock position, healthier than earlier expected, would only encourage foreign buyers to postpone entering into any large commitments. Reflecting these fears, on Tuesday last, when the figures relating to stocks were released, ready B. twills eased from Rs. 155 to Rs. 151.50 and ready hessian 40" 10 oz. from Rs. 52.25 to Rs. 50.75. In the futures market, the bearish pull was too pronounced. At this abrupt decline in prices, overseas buyers refrained from buying even against meeting day-to-day needs. Fibre prices recorded a four-point decline on Tuesday and Wednesday combined, and, in sympathy, ready B. twills moved down further to Rs. 149.00 on Wednesday and hessian 40" 10 oz. to Rs. 50.75. The futures market came under selling pressure and, despite some support by Australian buyers for corn sacks on Thursday, B. twills eased to Rs. 149. In sympathy, hessian 40" 10 oz. fell to Rs. 49.75. A further decline in prices occurred on Friday, B. twills touching as low a rate as Rs. 131 in the futures market. Some Cuban interest was subsequently reported and ready B. twills closed better at Rs. 147 on Friday and hessian 40" 10 oz. at Rs. 50.00. However, conditions were easy over the week-end, with B. twills sagging to Rs. 145.25 and hessian 40" 10 oz. to Rs. 49.50. Prices were quiet during yesterday also. The market will remain closed tomorrow.

There have been more offers of fibre for forward deliveries. Ready fibre commanded prices above ruling quotations, and the improvement in arrivals failed to alleviate the supply position. More rains were reported during the week and harvesting is being speeded up. It is expected that, by the beginning of next month, the daily arrivals would equal to mills' consumption. The week's movement in prices is depicted in the following table:

(In Rs. per maund, 15 days delivery)

	Opened	*Closed*	*Loss*
Daissee bottoms	48.50	48.00	0.50
Northern bottoms ...	46.00	43.00	3.00
Assam bottoms	46.00	42.00	4.00

4¼ per cent
MAHARASHTRA STATE DEVELOPMENT LOAN, 1972

ISSUE PRICE AT PAR

OPEN ON THE 4th SEPTEMBER 1961

The loan will be closed as soon as total of approximately Rs. 10 crores has been subscribed and in any case not later than the close of business on the 9th September 1961.

The applications for the loan will be received at—

(a) the offices of the Reserve Bank of India, Bombay, Calcutta, New Delhi, Madras, Nagpur and Bangalore,

(b) the branches of the State Bank of India within the State of Maharashtra, except at Bombay and Nagpur and at places mentioned in (c) below,

(c) the branches and Treasury Pay Offices of the State Bank of Hyderabad within the State of Maharashtra, except at Bombay.

(d) the Government treasuries and sub-treasuries in the State of Maharashtra at places where there is no branch or Treasury Pay Office of the aforesaid Bank.

Full particulars can be obtained at any of the offices mentioned above.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 11th August, 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	60,69,34,000
(2) Other Governments	13,88,86,000
(b) Banks	80,03,52,000
(c) Others	202,33,01,000
Bills Payable	21,60,87,000
Other Liabilities	11,19,87,000
Rupees	530,75,47,000

ASSETS	Rs.
Notes	7,52,80,000
Rupee Coin	1,21,000
Subsidiary Coin	3,10,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	220.00
(c) Government Treasury Bills	19,82,95,000
Balances held abroad*	31,95,84,000
Loans and Advances to Governments†	47,59,28,000
Other Loans and Advances	117,38,18,000
Investments	289,17,01,000
Other Assets	17,15,01,000
Rupees	530,75,47,000

* Includes Cash and Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 1,80,00,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	7,52,80,000	
Notes in circulation	1913,26,05,000	
Total Notes issued	....	1920,79,84,000
Total Liabilities		1920,79,84,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	116,86,07,000	
Total of A		234,62,10,000
B. Rupee Coin		122,75,94,000
Government of India Rupee Securities		1563,41,80,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1920,79,84,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept. 1939 (Pre-war)	4th August 1961	28th July 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	178.8	1903.98	1890.76	1949.26	1812.32
Notes held in Banking Department	35.05	10.88	31.15	27.46	14.45
Foreign Securities	59.50	116.86	93.01	93.01	128.01
Rupee Securities	87.39	1563.37	1587.22	1646.93	1451.57
Banking Department					
Deposits of:					
Government of India	14.89	53.26	77.09	54.51	57.38
Other Governments	...	18.88	20.56	8.90	17.85
Balances held abroad	10.06	35.81	5.03	16.54	19.85
SCHEDULED BANKS					
Demand Liabilities	134.36	838.11 (20.06)†	832.86 (21.35)†	855.27 (27.91)†	782.60 (19.42)†
Time Liabilities	102.24	1143.90 (20.48)†	1142.69 (18.70)†	1119.82 (20.30)†	1220.70 (24.01)†
Borrowings from Reserve Bank	...	2.19 (0.70)‡	2.40 (0.92)‡	9.45 (6.64)‡	39.99 (10.85)‡
Borrowings from State Bank	...	15.08	15.58	11.78	11.41
Cash in India	6.70	45.99	44.17	49.43	43.18
Balance with Reserve Bank	25.17	78.88	77.28	86.72	118.75
Balances with other banks in current account in India	...	15.46	16.24	16.06	14.49
Money at call and short notice in India	...	53.14	47.10	48.83	35.31
Investments (at book value)	...	591.30	577.82	547.55	788.14
Advances and bills	105.9	1243.07	1240.81	1272.25	1125.00
STATE BANK					
Deposits					
Investments	87.76	520.31	527.49	531.84	600.97
Advances	31.99	200.83	249.10	232.82	289.29
Cash	30.35	248.06	250.69	261.49	209.51
	14.69	26.87	26.42	23.05	25.79

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks *excluding the Reserve Bank* and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	3rd Aug., 1960	4	5
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	2	3
Canada	13th Aug., 1960	3.50	2.85
Ceylon	Feb., 1957	2.50	4
Chile	25th Jan., 1960	4.50	6
Denmark	8th May, 1948	5	5.50
Ecuador	15th Nov., 1952	7	10
Egypt	Jan., 1960	3.50	3
Finland	Mar., 1959	4	5.50
France	6th Oct., 1960	6.50	6
Germany	May, 1956	4	3.50
Greece	16th May, 1957	9	10
Iceland	1st April, 1946	3.50	4
India	July, 1960	4	3
Indonesia	7th June, 1958	4.75	5.50
Iran	21st July, 1961	6	8.50
Iraq	26th July, 1960	6.57	6.90
Ireland	4th June, 1942	6	7
Netherlands	16th Nov., 1959	4	4.50
New Zealand	24th Mar., 1961	2.75	3.50
Norway	14th Feb., 1958	6	7
Pakistan	14th Jan., 1959	2.50	3.50
Portugal	Nov., 1959	3	4
Rhodesia	Sept., 1960	6.00	6.50
Sweden	12th Jan., 1944	6	5.75
South Africa	4th May, 1961	2	3
Spain	11th April, 1960	4.50	5
Sweden	16th Jan., 1960	6.25	5.75
Switzerland	26th Feb., 1959	4.50	6
Thailand	Feb., 1946	2.50	3
Turkey	6th June, 1956	4	7
United Kingdom	26th July, 1961	4.50	6
U.S.A.	18th July, 1958	3	7
U.S.S.R.	11th Aug., 1960	3	4
West Germany	16th May, 1961	3.50	4

* Bank Rate in Canada fluctuates in line with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 11th August, 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		524,51,10,000
Borrowings from Other Banking Companies, Agents, etc.		17,00,000
Bills Payable		9,60,66,000
Bills for Collection being Bills receivable as per contra		2,53,66,000
Acceptances, Endorsements and Other Obligations per contra		93,36,000
Other Liabilities (including Inter-Office Adjustments)		13,14,64,000
Total	Rs.	563,97,92,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		19,47,75,000
Balances with other Banks		2,92,93,000
Money at Call and Short Notice		1,53,33,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	241,09,07,000	
Other Authorised Investments	9,43,30,000	
		250,52,37,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	235,49,88,000	
Bills Discounted and Purchased	13,49,61,000	
		248,99,49,000
Bills Receivable being Bills for Collection as per contra		2,53,66,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		93,36,000
Premises less Depreciation		1,81,93,000
Furniture and Fixtures less Depreciation		1,42,22,000
Other Assets (including Inter-Office Adjustments).		33,80,88,000
Total	Rs.	563,97,92,000

Scheduled Banks*

Statement of Affairs for the week ended 4th August, 1961

		(Thousands)
(i) Demand Liabilities in India		
(a) Demand Deposits—		
(1) From banks		46,74,12
(2) From others		712,59,25
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		26,66,49
(c) Other demand liabilities		52,11,31
(ii) Time Liabilities in India		
(a) Time Deposits—		
(1) From banks		21,46,04
(2) From others		1075,30,61
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		20,48,38
(c) Other time liabilities		23,65,82
(iii) Borrowings in India from the State Bank of India and/or notified banks:		
(a) Demand liabilities		6,59,10
(b) Time liabilities		8,49,00
(iv) Borrowings in India from the Reserve Bank of India (A)		2,18,80 (75,50)
(v) Cash in India		45,08,80
(vi) Balances with the Reserve Bank in India		78,87,57
(vii) Balances with Other Banks in Current Account in India		15,45,86
(viii) Money at call and short notice in India		53,13,53
(ix) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations		591,30,49
(x) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)		1085,12,64
(b) Due from Banks in India		5,71,05
(xi) Inland Bills purchased and discounted in India.		109,11,83
(xii) Foreign Bills purchased and discounted in India		44,01,15
(xiii) Total of items (x), (xi) and (xii)		1243,96,67

Notes:—

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.

(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

EXCHANGE RATES

		16th August 1961	Previous week
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5⅛	1-5⅛
Sellers T. T. D.D. upto six months	s.	1-5⅛	1-5⅛
Buyers T.T. spot to nine months	s.	1-6¼	1-6¼
Buyers T.T. 10 to 12 months	s.	1-6¼	1-6¼
Bombay on New York—			
Sellers T.T. D.D.	Rs.	477.75	477.25
Buyers T.T.	Rs.	474.50	474.00
London on New York	s.	2.8013-2.8016	2.8140-2.8402
London on Paris	Fcs.	13.7590-13.7610	13.7060-13.7060
London on Berne	Sw. Fcs.	12.0880-12.0900	12.1125-12.1135
New York on London	s.	280.160-280.200	280.480-280.460

CLEARING HOUSE RETURNS

Centre	Week ended 11th August 1961		Week ended 4th August 1961	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	4,08,117	97,18,40,000	3,42,353	95,14,48,000
Calcutta	2,08,000	75,05,00,000	2,10,000	79,80,00,000
Madras	1,06,007	11,88,42,072	1,01,335	13,18,04,492
All Centres—				
1958-59	..	..	46,172,000	97,87,12,00,000
1959-60	..	..	50,064,000	109,98,00,00,000
1960-61	..	..	54,472,000	125,13,16,00,000
June, 1960	..	..	4,227,000	956,02,00,000
April, 1961	..	..	4,012,000	1,164,64,00,000
May "	..	..	4,606,000	1,068,12,00,000
June "	..	..	4,592,000	1,004,16,00,000

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 16th August 1961.

	Closing quotations 10-8-1961	High	Low	Closing quotations 16-8-1961
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	188.50	—	—	188.50
Apollo (2)	1.98	1.94	1.90	1.90
Baroda Rayon (100)	142.00	142.00	138.50	139.50
Bombay Dyeing (25)	68.00	67.80	66.50	67.00
Bradbury (50)	140.00	—	—	140.00
Central India (100)	123.00	121.50	118.00	121.00
Century Mills (100)	688.00	684.00	665.00	673.50
Coorla Sp. (100)	185.00	—	—	185.00
Dawn (50)	138.25	138.00	133.50	134.00
Edward Textile (200)	297.50	—	—	297.50
Elphinstone (50)	87.00	87.50	85.00	87.50
Finlay (100)	320.00	318.00	315.00	316.50
Gokak (100)	189.50	188.00	185.00	186.00
Gold Mohur (100)	257.50	—	—	257.50
Gwalior Rayon (10)	49.50	49.25	48.25	48.50
Ind. Untd. Defd. (1)	1.96	1.94	1.86	1.88
Ind. Untd. Ord. (10)	15.24	15.20	15.08	15.08
Indian Rayon (75)	73.50	74.00	72.00	74.00
Indore Malwa (100)	154.00	158.00	153.00	158.00
Khatau (100)	568.75	565.00	547.50	547.50
Kohinoor (100)	293.50	294.00	285.00	286.50
Lakshmi (250)	598.75	—	—	598.75
Mafatlal (100)	835.00	835.00	825.00	827.50
Minerva Mills (100)	80.00	—	—	80.00
Model Nagpur (250)	70.00	—	—	70.00
Morarji (100)	417.00	415.00	407.00	410.00
Mysore (50)	69.00	69.80	69.00	69.80
National Rayons (100)	538.50	536.50	525.00	532.00
New City (100)	145.00	—	—	145.00
New Great (100)	225.00	227.00	221.00	225.00
Phenix (100)	164.00	163.50	161.50	163.50
Podar Mills (100)	144.00	—	—	142.00
Raymond Woollen (100)	112.00	113.00	111.50	112.00
Sassoon Silk (10)	15.88	—	—	15.88
Sassoon Spg. (10)	60.00	60.30	59.80	60.00
Shrinivas (100)	258.00	256.00	253.00	255.00
Simplex (50)	193.00	191.50	189.50	191.00
Standard (100)	1,380.00	1,380.00	1,337.00	1,344.00
Svadeshi (100)	254.50	253.50	248.00	251.50
Swan (100)	612.50	612.50	610.00	612.50
S. I. Viscose (100)	190.00	189.50	180.00	181.00
Tata Mills (25)	64.50	64.20	62.00	63.20
Vishnu (100)	141.00	—	—	141.00
Western India (1,000)	3,725.00	—	—	3,725.00
BANKS				
Bank of India (50)	132 00xd	131.50	131.00	131.50
Do. (New) (50)	134.00xd	—	—	134.00
Bank of Baroda (50)	104.50	104.50	104.00	104.50
Central (25)	63.80	63.00	62.70	63.50
Central 'A' (25)	65.00	65.00	64.20	64.50
Dena Bank (50)	62.00	—	—	62.00
Punjab National (10)	24.00	—	—	24.00
Union Bank (5)	7.08	7.08	6.92	6.96
United Com. (50)	91.50	92.00	91.00	91.30
ELECTRIC COS.				
Ahmedabad (100)	90.00	90.30	89.30	89.80
Amalgamated (10)	10.08	10.08	10.04	10.04
Andhra Valley (1,000)	1,022.50	1,025.00	1,022.50	1,025.00
Bom. Sub. El. (100)	98.50	99.00	98.00	98.50
Surat (100)	98.00	98.00	97.50	98.00
Tata Hydro (100)	108.50	108.00	107.50	108.00
Tata Power (1,000)	1,097.50	1,100.00	1,085.00	1,087.50
INSURANCE COS.				
British India (10)	12.16	12.16	11.24	11.24
Indian Mercantile (50)	51.00	—	—	51.00
New India (15)	57.20	57.30	56.20	56.20
New India 'A' (15)	59.30	59.30	58.50	58.50
Vulcan (10)	16.52	—	—	16.52
STEEL COS.				
Ind. Iron (10)	26.00	25.95	25.60	25.70
Mukand Iron (10)	26.25	26.25	25.25	25.65
Tata Steel Ord. (75)	154.00	153.75	151.50	152.00
SUGAR COS.				
Belapur (50)	252.00	253.50	250.00	252.00
Bhopal (10)	24.75	—	—	24.80
Chandsi (12.50)	23.92	—	—	23.92
Phaltan (50)	134.25	133.00	129.00	130.00
Walchand Ind. (100)	165.00	160.00	163.50	163.50
CEMENT COS.				
Associated Cts. (100)	160.50	160.00	158.75	159.00
Digvijay (100)	168.00	168.00	164.00	166.00
Orissa (10)	15.12	15.12	14.88	14.96
MISCELLANEOUS				
Alcock Ashdown (100)	275.00	275.00	272.00	273.00
Bom. Burmah (125)	594.50	596.00	582.00	588.00
Do. (New) (50)	218.75	216.25	213.75	215.00
Br. B. Petrol (1½ sh.)	1.22	1.22	1.18	1.20
Br. I. Corpo. (5)	7.64	7.76	7.44	7.44
Cooper Eng. (100)	179.00	178.00	176.00	176.50
Colour Chem. (100)	340.00	337.50	327.50	327.50
Hind Cycle (100)	91.00	—	—	91.00
Hindustan Lever (10)	47.75	47.75	47.25	47.50
Hindustan Motors (10)	21.24	21.04	20.48	20.56
I. C. & Invest. Corporation (100)	85.00	—	—	85.00
Indian Dyestuff (100)	470.00	468.75	445.00	451.25
Indian Iron (2 sh.)	5.20	5.10	4.90	5.00
Ind. Inv. Tr. (100)	74.50	74.50	73.50	73.50
Killick (100)	99.00	99.00	98.50	98.50
Larsen & Toubro (10)	38.25	38.50	36.50	37.00
Mahindra & Mahindra (10)	19.24	19.24	18.76	19.00
New Central Jute (10)	19.00	19.00	17.60	17.60
Polson (100)	165.00	165.00	162.00	162.00
Pre. Automobiles (100)	158.50	159.00	155.75	156.50
Premier Con. (80)	189.00	189.00	183.00	183.00
Scindia (250)	13.80	13.72	13.20	13.24
G. E. Shipping (10)	13.76	13.76	13.48	13.48
Shivrajpur (10)	95.00	95.00	92.00	93.00
Birpur Paper (10)	14.28	14.24	13.92	14.00
Tata Chemicals (10)	17.84	17.84	17.32	17.36
Tata Locomotive (100)	368.00	361.50	341.00	341.50
Tata Oil (25)	76.00	76.20	74.00	74.20
Texmaco (10)	18.40	18.40	18.00	18.20
Voltas (100)	288.00	288.00	281.00	284.00
W. I. Match (100)	271.50	272.50	270.00	272.50
W. Coast Paper (100)	171.00	172.00	167.50	171.00

GOVERNMENT SECURITIES	10-8-1961	Gross Yield Earlier Redemption	Gross Yield Later Redemption	16-8-1961
	Re			Rs.
2½% 1962	99.50	—	3.15	99.25
2½% 1976	83.50	—	4.23	83.50
3% 1964	98.95	—	3.34	98.95
3% 1963-65	98.75	3.53	3.30	98.85
3% 1966-68	96.35	3.79	3.59	96.40
3% 1970-75 1st Dev.	90.95	4.19	3.83	90.95
3% 1986 Con. Loan	72.50	—	4.14*	72.45
3½% 1964 N. P. Loan	100.10	—	3.49	100.05
3½% 1965 N. P. Bonds	100.00	—	3.50	100.00
3½% 1962	99.95	—	3.30	99.95
3½% 1967 N.P. Bonds	99.10	—	3.68	99.10
3½% 1974	99.60	—	3.79	99.60
3½% 1967 N.P. Bonds	100.50	—	3.66	100.50
3½% 1969 Loan	98.40	—	3.73	98.40
3½% 1968	98.75	—	3.70	98.75
3½% 1968 N.P. Bonds	100.10	—	3.45	100.10
3½% 1968 N.P. Bonds	100.40	—	3.67	100.40
4% 1972 Loan	100.35	—	3.98	100.35
4% 1973 Loan	100.25	—	3.98	100.25
4% 1979 Loan	100.00	—	4.00	100.00
2½% 1986 Bonds	99.70	—	4.20	99.70
4% 1990 Loan	99.20	—	4.03	99.20
4% 1991 Loan	99.50	—	4.02	99.50

* Current Income.

MARKET GOSSIP

(*Concluded from page 343*)

drawn up for this purpose and included in a new schedule to the Bill. Another amendment seeks to make additional super tax payable only on the balance of distributable income after deducting not only dividends actually distributed but also other items of *bona fide* expenditure incurred by a company but are not allowable as expenditure, such as payment of bonus or gratuities, legal charges, remuneration or benefits or amenities paid to directors or persons having interest in a company or expenditures or allowances in respect of any assets of a company used by such persons and any expenditure claimed as a revenue expenditure but not allowed to be deducted as such and not resulting in the creation of an asset or enhancement in the value of an existing asset.

The Committee has also sought to amend Clause 109 in the Bill, which concerns the computance of distributable income. The amendment recommends that losses under the head "capital gains" which are not allowed to be set off against general business income should be allowed in computing the distributable income. The exemption from assessable income of interest on loans advanced for the purchase of raw materials abroad will also benefit businesses. The inclusion of all cesses in computing business expenses is also calculated to reduce the tax burden. Another welcome feature is the relief accorded to income earned abroad but not allowed to be remitted by the foreign country.

On the subject of development rebate, the changes suggested by the Committee should go a long way towards encouraging capital expenditure and building up of productive capacity. The Committee has expressed the view that the benefit of development rebate should be available to a company irrespective of whether it is private or public on its conversion from its status of a firm, if all its shareholders were partners in that firm immediately before succession. The Committee has further suggested that the condition stipulated in the original Bill that all shareholders immediately before the amalgamation should become shareholders of the amalgamated company should be so changed as to bring this provision in conformity with the provision relating to amalgamation in the Companies Act. The Committee has also suggested a liberal loss offset provision. For example, it has advocated that profits assessed after the closure of a firm should be set off against any losses incurred in the year of closure and only the balance should be taxed.

As regards reassessment proceedings, the Committee has proposed that no reassessment proceedings shall be initiated beyond 16 years. The Committee has also disapproved of some of the penal provisions in the Bill which were intended to deter tax evasion and expedite recoveries. The Committee, for example, does not want the powers of enhancement to vest in the Appellate Tribunal because, if such a power were granted to the Tribunal, there would be no opportunity for the appellate to have the order considered by a higher court.

The Committee's proposal about tax holiday benefit is also designed to help industries. It is of the view that, where a minor part, not exceeding 20 per cent of the assets of a new industrial undertaking consisted of secondhand items, the benefit of tax holiday should not be denied *in toto*, but that in computing the capital employed, the value of such assets should be excluded. There is, however, at least one suggestion pertaining to companies which is of a retrograde nature. This suggestion is that directors alone should be held responsible for the tax unrecovered from the Company. In a trenchent dissenting note, Mr. M. R. Masani has attacked this clause as a violent departure from the well-settled principles of Indian jurisprudence. He writes:

"For the first time in the history of Indian Law, Clause 179 seeks to unsettle the well settled law that directors or shareholders of a limited company are not personally liable for the debts of the company. If today such a provision is enacted in Income-Tax Law, it may be enacted tomorrow in the Excise Law, the Customs Law, the Sales Tax Law and the wide variety of other laws. It is basically wrong to cut at the very root of the juristic concept of limited liability merely to get at a few dishonest directors. The only effect of such a provision would be to scare away honest people from the directorship of private companies, for fear of unlimited personal liability."

Mr. Masani is perfectly right in holding this view.

On two other points, however, the Select Committee's suggestions are praiseworthy and would grant well-deserved relief. The first is the provision relating to gratuities. The Committee has rightly recommended that the benefit of exemption from tax at present available in respect of gratuities payable to employees of Government should be extended to persons in private employment also. Accordingly, it is proposed that a sum equal to half a month's salary for each year of completed service, calculated on the basis of average salary for the three immediate years, preceding the year in which the gratuity is paid, subject to a maximum of Rs. 24,000 or 15 months pay, whichever is less, should be exempted. The balance, if any, would be subject to relief under clause 89(1) of the Bill which pertains to lump sum receipts by an employee by way of advance payment of salary or arrears of salary, or a share in the profit of the Company, etc. The other relief recommended is for small charitable trusts. It is proposed that small trusts with an annual income of less than Rs. 10,000 should not be hit by the restrictions relating to accumulation. The Committee is also of the view that so long as a trust spends its income for a genuine charitable purpose, property held under trust for the purpose should also include a business undertaking held under trust. But tax exemptions conferred on new charitable trusts should only be applicable to those trusts which are not for the benefit of any particular race, religious community, or caste.

Bengal Chemicals

Shortages of raw materials and fuels are by no means confined to chemical industries located in places like Bombay and Madras. For even in West Bengal, despite its proximity to coal-bearing regions and its other natural advantages, the chemical industry has not been immune to problems of the kind. One of the major problems facing the industry in that region, according to Dr. B. N. Ghose, Chairman of the Bengal Chemical and Pharmaceutical Works Ltd., Calcutta, is the difficulty in securing adequate and regular supply of good quality coal. Dr. Ghose, in his address at the annual meeting of the Company, the text of which appears elsewhere in this issue, has drawn particular attention to the acute shortage of railway wagons for moving coal to chemical factories in the area. The major portion of the coal requirements of the Company have to be transported from coalfields by lorries at a premium of 20 per cent which amounts to "an unwarranted levy" on the chemical industry. Even the quota of 36 wagons of coal allotted to the Panihati branch of the Company has fallen far short of demand. Besides, the entire quantity of coal now consists of Grade No. II, which has more ash-content than the "B" grade quality which had been available to the Company until two years back. Apart from coal, there is shortage of electricity, which has aggravated the difficulties of the chemical industry. The price of electricity has also gone up, following the increase in coal prices.

The productive operations of the Company, particularly in the Panihati unit, have also been seriously affected by the shortage of some important raw materials. Dr. Ghose has referred, in particular, to the crisis which developed in the Company early last year owing to shortage of bauxite for the production of alum. This was due to the failure of the railways to allot sufficient wagons for moving bauxite from the Ranchi area. Of late, the situation seems to have eased. But, it should not be forgotten that the Company has plans to double the present capacity of the alum plant, which will lead to larger demand for bauxite. So, the Railways will have to plan for a substantial increase in the wagons allotted to the Company for movement of bauxite. Of course, the demand for bauxite itself is bound to go up fast, in view of the increase in the production of aluminium envisaged in the third Plan. It is, incidentally, gratifying to hear that the Company proposes to secure exclusive prospecting licences for bauxite deposits from State Governments.

Coal tar is another raw material which has been in short supply. This has forced the Company to run its tar distillation unit far below installed capacity. It is surprising to hear that the Company has failed to get sufficient crude coal tar from coke oven plant at Durgapur.

Dr. Ghose's regret is that, while the Government was "not in general unhelpful" in granting import licences for raw materials, the import of certain replacement items of machinery has not been permitted. According to him, this has impeded production in some of the Company's plants, particularly the one engaged in the manufacture of surgical dressings and another in that of printing, rotary and offset inks. In view of the prospects for expanding exports of certain products like surgical cotton to some of the neighbouring countries, the Company has a legitimate claim for import licences covering machinery for replacement, without which it cannot face competition in world markets effectively. Already, the Company is facing serious difficulties in some of the foreign markets, partly on account of the difficulties in the way of modernising its plant and machinery and partly on account of the increased incidence of excise duty on chemicals and customs duties on some of their raw materials. The Company's exports to Singapore, for instance, particularly of absorbent cotton wool, have, of late, been priced out of market by Chinese products. If this trend is to be reversed, the Government should consider sympathetically the industry's plea for imports of modern equipment, apart from granting tax concessions in respect of products which have a potential market abroad.

THE CONTEMPORARY CORPORATE SCENE IN INDIA

(*Concluded from page 355*)

year. In this total, the respective shares of the private sector and public sector companies came to Rs. 657 crores and Rs. 498 crores, respectively. The annual average net increase of the paid-up capital in the two sectors worked out as Rs. 51 crores and Rs. 38 crores, respectively. The total net increase of paid-up capital of companies during the period 1900-61 aggregated Rs. 1,690 crores, out of which, as will be seen from the figures given above, 68 per cent accrued during the post-Independence period. During the period 1900-40, a total amount of only Rs. 269 crores was added to the paid-up capital of companies at work, that is to say, there was an annual net increase of Rs. 6.7 crores. Almost an equal quantum of paid-up capital, namely, Rs. 256 crores accrued during 1940-48 and, out of this, Rs. 121 crores belonged to the World War II period.

The annual rate of net increase of paid-up capital of companies during the post-Independence period was the highest during the entire period of corporate enterprise, and the earlier highest annual rate of increase noticed during the quinquennium ended 1924, looked pretty small as compared with the net increase of the post-Independence period. During 1924-34, Rs. 159 crores were added to the paid-up capital base of companies giving an annual rate of increase of Rs. 32 crores which came to one-third of the overall annual net increase of all companies and one-half of the net annual addition recorded by companies in the private sector alone during the post-Independence period. The following Table presents the trends in net increase in the paid-up capital of companies before and after the Independence:

TABLE 11

Net Increase in Paid-up Capital of Companies

(Figures in crores of rupees)

Period	Total net increase	Average annual increase
1900-04	4.1	0.8
1904-09	18.2	3.6
1909-14	19.6	3.9
1914-19	30.0	6.0
1919-24	158.7	31.9
1924-29	14.0	2.8
1929-34	21.5	4.3
1934-39	—10.0	—2.1
1939-44	63.3	12.7
1944-48	215.9	54.0
1948-51	205.8	68.6
1951-56	248.8	49.8
1956-61	700.4	140.1
Government companies	432.4	86.5
Non-Government companies	268.0	53.6

It will be seen from the table that the annual rate of net increase in capital of companies has been further improved during the Second Plan Period over that of the First Plan period. Excluding the paid-up capital raised by the Government companies, it is seen that the private sector companies, on an average, added to their capital resources by Rs. 49.8 crores a year during the First Plan period, whereas, during the Second Plan Period, the average worked out to a higher figure of Rs. 53.6 crores a year. The net increase in the case of the public sector companies during the First Plan Period has been very small, indeed, and this was quite naturally so, as has been said in the Plan Report that the scope and size of the public sector was to be larger and larger in each succeeding Five-year Plan in pursuance of the adoption of the aim of establishing a socialist pattern of society in the country. The bulge in paid-up capital noticed in the case of Government companies during the Second Plan period provides evidence of the implementation of the above policy.—*All Rights Reserved.*

(*To be continued*)

COMMERCE AND INDUSTRY

(*Concluded from page 372*)

E.P.U. or dollar area countries. The list of items freed from restriction includes natural yeast, different kinds of powder and explosives, natural cork, leather footwear, acid-proof tiles and building bricks, and sport and pleasure boats. Under its import policy for the period July-December 1961, the Government of Pakistan placed forty-nine items under Open General Licence. Among the new items on the O.G.L. list are asphalt, various building and engineering materials, drugs and medicines, laboratory glassware, surgical instruments, tractors, motor cycles, tyres and tubes. Recently, the Government of Norway announced that, on 1st January 1962, it would liberalised a number of products including puffed rice, cornflakes, certain soups and broths, household soaps, building board of wood pulp and vegetable fibre and soil pipes of iron and steel.

An important development during 1960 and 1961 has been the removal of the previous substantial element of discrimination against imports from dollar countries. This too was an outgrowth of the Tokyo session when Contracting Parties agreed that the remaining discrimination applied under Article XIV of the General Agreement should be quickly eliminated. No less than eighteen Contracting Parties to the General Agreement took action during 1960-61 to remove discrimination against imports from dollar countries.

New procedures have been introduced by the G.A.T.T. which are designed to eliminate the hard-core of restrictions. During 1961, Contracting Parties agreed to provide lists of their import restrictions which in their judgment are contrary to the provisions of G.A.T.T. and for which no authorisation has been obtained. Once these notifications have been received, a review will be carried out of all residual import restrictions maintained by Contracting Parties to the G.A.T.T. A pattern has been established for further advancement in all directions; thus it is expected that progress made in this field in recent months will gather further momentum so as to provide an answer to remaining problems of hard-core restrictions and discrimination against imports from Asian and less-developed countries.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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MR. MALAVIYA'S LATEST DEALS

MR. K. D. Malaviya, Union Minister for Mines and Oil, seems to have been very active in recent weeks, giving the finishing touches to the deals he has negotiated—one with a French Government undertaking and the other with the Italian State-owned oil combine. Under the first deal, the Oil and Natural Gas Commission and the French Petroleum Institute will form an Indian-French collaboration team for carrying out oil exploration in the Jaisalmer area in Rajasthan for a period of three years. It is envisaged here that the French undertaking will function merely as technical advisers and assistants to the Oil and Natural Gas Commission which will bear the entire risk of exploration. The foreign exchange expenditure involved in this work of exploration, it is stated, will be Rs. 4 crores, and this will be covered by a credit from the French Government. On the very face of it, this deal seems to be unsatisfactory, for the foreign exchange represented by the credit would be patently insufficient for extensive exploration in the particular area. Even that involves unnecessary risk-taking by the Government—the kind of risk-taking which could have been left to a private oil company like the Esso Standard which had originally submitted a proposal for oil exploration in the same Jaisalmer area and that, too, on a reasonable partnership basis with the Government of India. It is also unfavourable for the reason that it probably carries with it the implication that, if the exploration turns out to be successful, the subsequent process of exploitation could be undertaken exclusively in the public sector. But this next phase will be a highly capital-intensive one, involving a heavy foreign exchange commitment for which the country does not possess the necessary resources, nor can command them in the foreseeable future.

Mr. Malaviya's stubborn idea seems to be that exploration and exploitation should go together in the public sector itself, rather than in the private sector. His failure to-date to reach a satisfactory agreement with any big international oil company is due not only to his tenacious clinging to the fifty-fifty formula in respect of exploration but also to his refusal to recognise the wisdom of giving an assurance in regard to exploitation. He is probably calculating that his deals with the French and Italian State-owned undertakings in respect of exploration will bring the big private companies round to agreeing to his terms. This calculation of his may well go awry, for no big international company, which is able to operate effectively precisely because it has integrated the processes of exploration, transport, refining and distribution, would agree to be partly ineffective by undertaking to invest in the process of exploration only without the assurance of participation in exploitation and marketing as well.

The second deal—that with the Italian State-owned E.N.I.—involves a 12-year $120 million credit, carrying 6 per cent interest, from that foreign body for a variety of purposes. One of these is oil exploration in collaboration with the Oil and Natural Gas Commission and for this only $20 million are earmarked. Here, again, it is stated that the E.N.I. will merely provide specialised services on a contract basis for the amount, and the risk of exploration will be entirely borne by the Government of India. This is doubtless an unnecessary risk for the Government to take, but it has the saving merit that it is part of a package deal which will provide foreign credit for other purposes such as the setting up of a refinery, [illegible]ing of two products pipelines—one connecting the public sector refinery at Barauni with Calcutta and the other connecting the refinery with Delhi—and the putting up of a gas separation plant in Assam, a petrochemical project and a lubricating oil unit. Even here, the last-mentioned purpose of putting up the three plants could well have been achieved, without any credit commitment on the part of the Government, by agreeing to the proposals of the relevant oil companies. But the most unfavourable part of the deal is that it will be for a relatively short period of 12 years and will, therefore, queer the pitch for the Finance Ministry's negotiators who have been trying to persuade the Aid-India Consortium members to provide their promised credits on a long-term basis at low rates of interest.

Apart from the undesirable features of the two deals negotiated by Mr. Malaviya, there is the point that deals with "newcomer" companies such as the E.N.I. are not prudent. The financial resources of these "newcomers" do not match those of larger, well-established oil companies. Their need to recover exploration and development expenditures is thus correspondingly greater and they generally have no extensive investments in refining and marketing to protect them against losses. But it is precisely such "newcomer" companies which may offer terms of dubious value to Mr. Malaviya who may be taken in by them. It is here that the present U.S. Ambassador, who is held in high esteem by the Government of India, may be in a position to enable Mr. Malaviya to recognise the realities of oil business and reach satisfactory agreements with the big oil companies which alone will be in a position to do full justice to the immense work of exploration and exploitation.

SURPLUS FOOD UTILISATION

"DEVELOPMENT through Food" is the title of a brief but pregnant report just issued by Mr. B. R. Sen, Director-General of the Food and Agriculture Organisation of the United Nations. Its sub-title—"A strategy for Surplus Utilisation"—carries the happy implication that the days of "surplus food disposal" have ended and that a period of "surplus food utilisation" for economic and social development in the world at large is being ushered in. So indeed it will be, if the Director-General's ideas on some important multilateral activities, which will be in addition to bilateral surplus transactions, are ultimately endorsed by the Economic and Social Council of the United Nations. The recommended multilateral activities include assistance by the F.A.O., where desired, in the preparation of additional bilateral surplus transactions, through contacts with recipient and donor countries concerned. The development of this activity would have the effect of providing a multilateral setting for bilateral transactions in surplus utilisation. This itself would be of great advantage to potential recipient countries, in that such countries can have the assistance and advice of the F.A.O. and other U.N. agencies not only in the programming of surplus food utilisation and its integration with plans for general economic development but also in the establishment and operation of institutions for enlarged programmes of surplus food utilisation. The immediate question that arises here is whether this recommendation will be acceptable to the United States, which, for all practical purposes, is the only country which can make available large quantities of surplus food and which it has been doing so far on a bilateral basis.

This question is relevant for more than one reason. In the first place, the United States which has given food aid to the tune of 27 million metric tons in the three-year period 1957-60 alone mainly under Public Law 480, has been giving non-food aid on a far larger scale. Its International Co-operation Administration, which has its technical co-operation missions in the recipient countries, has been presumably discharging the function of co-ordinating food aid with non-food aid and assisting and advising the recipient countries to integrate their general economic development programmes with surplus food utilisation. The U.S. national agencies concerned should have by now acquired a good deal of experience in the field of "assistance and advice" of the kind which, according to the Director-General of the F.A.O., can be discharged by the F.A.O. and other U.N. agencies on the request of recipient countries. It is doubtful if the United States, giving massive food aid on a bilateral basis, will readily agree to give up its right to advise the recipient countries on the best methods of utilising such aid.

Secondly, it is the United States that is again expected to make available, during the next five years, very large quantities of surplus food for use outside commercial channels. The estimate here is that, in the United States alone, over the five years 1960-65, a total of about $12,500 million worth of surplus food would become available. This estimate envisages uses in underdeveloped countries over the same period, amounting to about the same figure—$8,000 to $8,800 million in economic programmes (including land reform) and $4,000 to $4,500 million in social development (excluding land reform) and welfare distribution. Potential supplies from surplus countries other than the United States have not been estimated in this connection, for it is not known to what extent their stocks may become available for distribution on special terms as aid. The very fact that the United States alone is expected to provide most or all of the surplus food aid on a bilateral basis is more likely to weaken the F.A.O. case for providing a multilateral setting for bilateral transactions in surplus utilisation.

Thirdly, the United States itself seems to have a different conception of multilateralism in the context of surplus food utilisation. It may be recalled that, as recently as in April 1961, Mr. George S. McGovern, Director of the Food for Peace Programme in the Executive Office of the U.S. President, told the Intergovernmental Advisory Committee of the F.A.O. Council that the United States favoured "a multilateral approach for the use of agricultural commodities as a supplement to bilateral arrangements" and that "this should be a truly multilateral programme with the widest possible contribution by member countries." Mr. McGovern then proposed an initial programme, on a multilateral basis, of $[illegible] million in

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commodities and cash contributions for use over a three-year period, adding that the United States, for its part, would be prepared to offer $40 million in commodities and, possibly, a supplementary cash contribution. His idea was that the multilateral programme should not be confined to emergency food distribution but should also test approaches in such fields as school-lunch or labour-intensive projects. Presumably this U.S. proposal still stands, for Mr. B. R. Sen himself has expressed the hope that it may "provide a basis for discussion and decision, so that a beginning can be made with a multilateral programme without delay." The U.S. proposal means, in effect, that the multilateral programme of surplus food utilisation will have to operate as a supplement to, and independently of, bilateral arrangements and to test, on its own, different approaches to utilisation in the recipient countries.

In the circumstances, what may be found feasible will be the F.A.O. Director-General's recommendation pertaining to "the holding of pledges of surplus foods committed by surplus-owning countries for utilisation for development through multilateral channels, and the administration to recipient countries of food aid so pledged." Recipient countries preferring this channel, it is envisaged, would also, on request, be provided with multilateral assistance in the formulation of their surplus utilisation programmes. "To the extent that sufficient supplies have been pledged, this would allow all underdeveloped countries, who wished to do so, to participate without discrimination in an expanded programme of surplus food use on a basis of equality, that is, solely on the basis of the technical requirements of their economic development plans and their readiness to use surplus food effectively." As this proposal is substantially the same as the one proposed by the United States, the chances are that it will be endorsed by the Economic and Social Council of the United Nations. But, unfortunately, the multilateral programme will be relatively negligible in size, as compared with the massive bilateral food aid programme of the United States, for the only country which can offer large surpluses has proposed to contribute no more than $40 million in commodities for use over a three-year period. Since there is no likelihood of multilateral food aid overshadowing bilateral food aid in the foreseeable future, neither the question of assigning a bigger role to the F.A.O. in the world food aid programme as a whole nor that of improving co-ordination between the multilateral agencies and national aid-administering agencies has anything more than an academic interest at the present time.

Whatever be the prospects of multilateralism in the matter of world food aid, its advantages, though partly theoretical, need hardly be over-emphasised. Under a possible expanded multilateral programme, it should also be possible for the richer countries to absorb the surpluses, such as those in coffee and cocoa, of some underdeveloped countries. The absorption of such surpluses, if any, by the stronger economies as a transitory measure would also help in creating a healthier situation in the markets, although the price of the commodities for such transfers would be very low. All this, perhaps, is a far cry. It will be something in the right direction if a positive programme, albeit small and experimental, for surplus utilisation is begun under the U.N. auspices at an early date.

T.I.S.CO.'S RESULTS

IT is not surprising that the share markets are disappointed with the Directors' report and statement of accounts of the Tata Iron and Steel Co., Ltd. for the year ended 31st March 1961, supported by a detailed statement by the Chairman, Mr. J. R. D. Tata, which was reviewed in this journal a fortnight ago. Operators had pitched their expectations too high, and that despite the Company's production performance not being a secret, thanks to the prompt publication of monthly returns. The drop in the market value of T.I.S.Co.'s ordinary shares from a peak of about Rs. 167 to a low of Rs. 150, all within a space of a few weeks, is indicative of the extent to which speculators had manipulated the market, even though it was pretty clear even months ago that the Company's results for 1960-61 would not be encouraging.

The adverse reactions of share markets apart, it is very distressing to find that the T.I.S.Co. has not been able to hit the production target of two-million tons of ingot steel, even though this performance was overdue. In 1960-61, the production of steel ingots and finished steel was 1.62 million tons and 1.26 million tons, as against the rated capacity of 2 million tons and 1.5 million tons respectively, the shortfall being 19 per cent in the former and 16 per cent in the latter. Worse still is the prospect. The Chairman has clearly stated that the Company is not yet in sight of the full production of two million tons of ingot (or 1.5 million tons of finished steel) and that one may have to wait for another two years. The result is a loss of income not only to the Company and its shareholders but to the nation as a whole. The major factors responsible for the non-attainment of rated capacity are already well known. It is clear from them that the failings of the public sector are largely responsible for the Company's plight. But there are persistent reports that the Company's project itself has not been free from defects. If this is true, the Tariff Commission, or the Government, if not both, may have something pertinent to say when the decision further to increase the retention price comes to be taken. In any case, it would appear that the public sector cannot be held responsible for the defects in the production and supply of iron ore or lime stone. For that, the Company itself has to take the blame, though it can be argued that, to the extent transport shortages handicapped the movement of these materials, the public sector, too, cannot escape blame in this respect also.

As Mr. J. R. D. Tata has stated, what is exasperating is not so much the failure of the

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds (less rebate)..	79,10.64	73,46.51	53,45.01	45,40.49
Other income	3,25.95	2,81.24	2,66.93	2,68.77
Raw materials consumed..	16,13.63	14,13.99	11,01.02	9,89.22
Adjustments in retention prices	4,71.44	..	..	..
Other expenses	51,35.08	48,16.40	36,68.25	28,23.89
Gross profit	20,94.68	13,97.38	8,42.07	9,86.15
Managing Agents' commission	..	..	..	33.67
Provision for—				
Depreciation	13,92.39	8,46.72	5,53.44	3,90.53
Taxation	..	..	17.00	90.00
Net profit	7,02.29	5,50.66	2,71.63	4,71.96
Recovery of income-tax on preference dividends ..	Nil	17.81	17.81	17.81
Transfer from reserves ..	5,02.04	3,76.47	2,27.08	2,33.43
Transfer to reserves ..	6,44.00	5,68.32	2,84.00	2,79.00
Provision for bad and doubtful reserve ..	Nil	0.15	1.47	0.17
Loss on devaluation of D. Mark, etc.	58.29	..	..	..
Dividends—				
Preference	84.39	63.47	56.54	56.54
Ordinary (old) ..	380.65 (D. 9.72)	2,98.37 (Rs. 9.72)†	1,22.16 (Rs. 6.80)	1,06.01 (Rs. 8.25)
Ordinary (new) ..	+ B. 0.64)†	14.62† (Rs. 2.43)†	86.52* (Rs. 6.80)	96.00* (Rs. 7.56)
Rate per share ..				
Carry forward	0.34	8.47	8.47	4.50
Ratio of net profit to sales..	7.17%‡	7.73%	5.39%	11.37%
Ratio of net profit to capital employed	4.18%‡	3.97%	2.05%	4.47%
Production of—		(In metric tons)		
Pig iron	1,586,000	1,591,000	1,149,000	1,109,000
Steel ingots	1,622,000	1,555,000	1,166,000	1,122,000
Saleable steel	1,263,000	1,237,000	899,000	799,000

* Includes interest at 4 per cent. per annum paid out of capital.
† Proportionate dividend for three months on the new ordinary shares from 1st January 1960. D.=Dividend. B.=Bonus.
‡ These ratios are worked out on the basis of net profit indicated in the Directors' report. § Subject to deduction of tax.

Company to attain the full rated capacity in 1960-61, but the very small increase in steel production. As compared with 1959-60, the increase in output during 1960-61 was only 4.3 per cent in steel ingots and 2.1 per cent in finished steel. There was actually a fall of 0.3 per cent in the production of pig iron. In the face of such physical performance in a year of continuously rising costs and inadequate increase in retention prices, it is no wonder that the financial achievements of the Company were far from satisfactory. Because of adjustments in retention prices by the Government with retrospective effect for the five years 1955-56 to 1959-60, the profit figures are a little complicated from the point of view of comparison. After making allowance for them, the profit is, of course, a little higher, but the improvement is small, as will be seen from the accompanying comparative table.

It is gratifying to find that, in the allocation of profits, the Directors of the Company have not allowed themselves to be influenced by the skilful propaganda and pressure tactics resorted to by the operators in share markets who have been agitating for bigger dividends. Being the biggest joint-stock undertaking in the private sector, the T.I.S.Co. has a special responsibility for setting an example to others and the Directors seem to be fully alive to it. No company which has a large ratio of debt to equity capital, as a result of heavy borrowings for financing expansion plans, can afford to be liberal in payment of dividends. It will have to set aside a part of the profits for meeting repayment obligations and provide the maximum amount for depreciation allowed by the Income-tax Act if and when the profit level permits such full provision. This is precisely what the Directors of T.I.S.Co. have done. They have stepped up the provision for depreciation by about Rs. 5.5 crores by utilising (a) the payment received by way of increases in retention prices pertaining to the preceding five years and (b) the increase in gross profit as a result of the operations in 1960-61. If they had not done so, the Company would not have had the full benefit of tax relief to which it is entitled under the Income-tax Act. A part of the modest increase in net profit has been used to strengthen the reserves and another to write off the increase in the rupee cost of loans, taken from the World Bank in German and Dutch currencies, consequent upon the revaluation (by 5 per cent) of D. Mark and D. Guilders. Incidentally, this provision serves to confirm the point of view urged by this journal on the revaluation of these currencies, namely, that this remedy was highly unfavourable to capital goods importing countries like India, though it might have been favourable to the developed countries.

Genuine investors, however, have no cause for grouse, for the Directors have not been unmindful of the interests of shareholders. There has, of course, been no spectacular increase in the rate of dividend, but the amounts distributable by way of dividends has gone up by Rs. 135 lakhs in the past four years, because the new capital of Rs. 8.32 crores, issued in 1959, has ranked for dividend for the full year, as against for only 3 months in 1959-60. It is an irony of the Government's price control policy that, whereas investments in industries of primary importance that produce the basic needs of the people such as steel, cement and power are permitted to earn only a small rate of return, those in industries of secondary importance, as, for instance, rayon, are enabled to make large profit-margins and declare high dividends. This grave defect in the Government's policy is not only leading to an unhealthy boom in share markets but also diverting capital to the less essential industries at the expense of basic industries and services. Further, it has pushed out the equities of these first class industries from their legitimate place and been the cause of much unfavourable criticism and comparison of the industries concerned by the disgruntled investors.

There has been a distinct improvement in the financial strength of the Company over the year. Despite additions of the order of about Rs. 8 crores to the block account, raising the value of gross block to Rs. 185.52 crores, the net block stands some Rs. 6 crores lower at Rs. 117 crores, thanks to the large sum set aside for depreciation. Investments are unchanged at Rs. 8.85 crores, while current assets are only fractionally better at Rs. 38.48 crores, as against Rs. 38.37 crores a year before. The Company's indebtedness to the World Bank has been reduced approximately by Rs. 5 crores to Rs. 45.64 crores. Secured loans from banks in India have also been brought down by Rs. 1.33 crore to Rs. 10.99 crores. Unsecured loans, too, are lower by over a crore of rupees at Rs. 12.42 crores, though current liabilities and provisions are higher by Rs. 1.40 crore at Rs. 28.42 crores. The paid-up capital is unchanged at Rs. 38.97 crores, while reserves and surplus have grown by only Rs. 57 lakhs to Rs. 27.66 crores. The debt-equity ratio which was 50 : 50 a year before has improved to 47 : 53. A shrewd investor will not fail to appreciate that, though the current working of the Company is not upto expectations, its position is steadily gathering strength from the long-term point of view. As years go by, the Company will be able to reduce its borrowings quite sizably and effect a significant saving on interest charges. It should be undue pessimism if one were to assume that the position in regard to transport and raw materials would not improve at all to enable the Company's production to reach its full rated capacity even after an interval of another two years. The Company's case for a realistic upward revision of the retention prices is strong enough to evoke a fair measure of response from the authorities. All told, therefore, there is sufficient ground for taking the view that the difficulties confronting the Company, formidable though they are, constitute only a passing phase and that an investor (at the current market value of Rs. 150.75 cum-dividend, the ordinary shares give a tax-free yield of 8 per cent per annum) with patience will be amply rewarded.

MARKET GOSSIP

THE downward trend in the share market continues. Although profit-taking by bears and some selective buying by bulls cause a rise in prices occasionally, the basic trend is perceptibly weak. The bulls find no new developments which they could exploit to their advantage, while the bears have quite a few. The continued reluctance of bulls is itself a sufficient encouragement to them to try their luck. The Calcutta Stock Exchange authorities have tried to restrain the bears by imposing margins on short-sales in four* leading forward scrips—Indian Iron, Rohtas, Burrakur and Hindustan Motors—but this step has not prevented the market from drifting to lower levels. The authorities of the Bombay Stock Exchange have not thought it fit to emulate the steps taken at Calcutta. Instead, they have removed the handicaps on bulls in some of the scrips in the form of special margins and reduced them further in the case of one of them. It can be argued that the aim of both the stock exchanges has been the same, namely, to check an abrupt fall in values, though one has sought to do this by restraining the bears and the other by taking away the handicaps placed on the bulls. But the authorities of both the exchanges could have acted in unison at least in regard to such scrips as Hindustan Motors and Indian Irons that are listed in both the centres.

In the absence of such simultaneous action, the restraint placed by one market will only divert the business to the other. If an operator, for instance, finds it more expensive to go short in Indian Irons at Calcutta, there is nothing to prevent him from using the equally active market in Bombay for that purpose. Surely, there would be no room for such anomalous positions, if the control on speculation were exercised by the Stock Exchange Directorate of the Government of India, as is being done by the Forward Markets Commission in regard to commodities. This incident clearly shows that the Controller of Stock Exchanges, who has now a deputy at Calcutta, should play a more active role than hitherto. Was he consulted by the governing board of the Calcutta Stock Exchange before it instituted the margin against the bears and, if so, why did he not think that a similar step be taken at least in the Bombay market? Be that as it may, if the authorities of stock exchanges wish to retain the freedom of action they are now enjoying, they should get together, form a federation of stock exchanges and think and act on an all-India basis. Almost every section of commercial interests in this country has an all-India organisation. Why not the stock exchanges? It is not enough if they join hands only to lead occasional deputations to the Finance Minister. There are many things that an all-India body can do, including public relations and service to investors.

The levy of a margin on short-sales in the active scrips in Calcutta signifies a distinct change in the sentiment of share markets. It does not mean that the authors of this measure think that the fall in equity values from their recent peak levels has been overdone. All that it means, in our opinion, is that the time has come for ensuring, as far as possible, that the readjustment of values to more normal levels takes place in an orderly fashion, without encouraging big speculators to exploit the change in sentiment to make huge profits. It is common knowledge that a recession in share prices is more painful than a boom, as its adverse effects are felt by a larger number of operators.

Another Snub To Bulls

Chairmen of two more leading companies, the shares of which are highly popular, have made it clear that it will not be advantageous for their companies and their shareholders to raise the paid-up capital by issue of right shares. The companies concerned are the Calico Mills, Ahmedabad, and the Indian Dyestuff Industries, Bombay. Mr. Gautam Sarabhai, Chairman of the Calico Mills, stated that the Company was in a position to finance its expansion projects from its internal resources and short-term borrowings from banks. Similarly, Mr. Arvind N. Mafatlal, Chairman of the Indian Dyestuff Industries, told the shareholders that he was not in favour of issuing additional capital, as it would affect the return to shareholders. Further, the Controller of Capital Issues might compel the Company to issue the new shares at a heavy premium. He was confident that the funds required for implementing the Company's new schemes could be found from its earnings and from banks, as well as others. Thus, speculators who had played up the possibility of rights issues to suit their ends have received a further snub. It is only new companies, recently formed and had raised capital in the course of the past 24 to 30 months, are coming out with requests for fresh capital, in order to expand their productive capacity. This they have to do, as they are not in the favourable position in which the existing companies find themselves. The latter have vast assets against which they can borrow, besides sufficient current earnings for part self-financing. The new companies, however, have not these advantages. In addition, almost every one of them has already a high proportion of debt-equity ratio.

Jute Industry

The efforts of jute mills to curtail production operations with a view to conserving raw jute supplies have been referred to elsewhere in this issue (vide page 402). Since that article was written, the Indian Jute Mills Association has asked the member-mills to resume as early as possible the normal operations, that is, revert to the level of production in force prior to the 1st instant. Welcoming this decision, Dr. B. C. Roy, Chief Minister of West Bengal, has stated that questions as to whether the jute mills should not work full 48 hours and whether they should not unseal some of the looms should be investigated and decided upon as quickly as possible.

Although the anxiety of Dr. Roy to safeguard the interests of workers and jute growers is understandable, there is no need for him and his colleagues to force a decision on the jute industry. The industry itself will lose heavily, if it continues to restrict production in spite of plentiful supplies of raw jute at reasonable prices. Issuing the directive to member-mills, the I.J.M.A. has clearly observed that the rate of jute arrivals has shown an improvement and that it is uneconomic for the mills to maintain the cuts in production any longer than is strictly necessary. This approach is quite sincere and it is, indeed, unfortunate that the industry was misunderstood by the West Bengal's Labour Minister, Mr. Abdus Sattar, who has been primarily responsible for the unnecessary controversy between the industry and the authorities.

* At the time of going to press comes the report that Dunlop Rubber Co., has been brought under the margin system. A margin of Rs. 4 is payable on every fresh sale of this scrip.

Forward Trading in Commodities

With wide and arbitrary powers for regulation and control of futures market vested in the Forward Markets Commission, which has seldom hesitated to use them, it is no wonder that, during such a year as 1960, when scarcity conditions prevailed in many commodities the total volume of futures transactions, the average net open position and tenders in all regulated commodities had suffered a marked decline. The volume of trading in the regulated commodities in 1960, according to the latest annual report of the Forward Markets Commission, registered a decline of 14 per cent as compared with the previous year, the net open position dropped by 22 per cent, and the volume of tenders receded by 15 per cent.

The data compiled by the Forward Markets Commission on the volume of futures trading make interesting reading. The total turnover in hedge contracts in all the commodities declined from a little over 65 million metric tons in 1959 to 56 million metric tons in 1960. Though this decline was shared by most of the commodities under regulation, it was marked particularly in the case of cotton (71.4 per cent), groundnut kernels (31.5 per cent), ground nut oil (19.3 per cent), cottonseed (48.7 per cent), coconut oil (31.1 per cent,) and pepper (66.6 per cent). On the other hand, there was an increase in the volume of trading in castorseed (8 per cent), linseed (16 per cent), turmeric (179.4 per cent), and *gur* (146.4 per cent). The striking increase in the case of the latter two are due to the suspension of trading in both the commodities for some time in 1959.

The hedge markets in jute and jute goods, which were subject to heavy margins throughout the year and were in fact closed during the last quarter, however, presented a different picture. While the total turnover in raw jute showed a decline of about 20 per cent. from the previous year, the turnover in hessian remained practically unchanged, while in B. Twills it actually increased by 10.5 per cent.

The following table gives the commodity-wise breakdown of the total volume of trading, average net open position and tenders during 1960:

(In thousand metric tons)

Commodities	Volume of transactions	Net open position (average)	Volume of tenders
Cotton	2,429.8	20.8	0.88
Raw jute	1,793.7	4.9	6.34
Hessian	1,526.1	5.3	0.11
B. Twills	9,361.5	12.4	1.59
Groundnut	8,984.9	21.0	4.67
Groundnut oil	3,613.2	7.0	3.58
Castor seed	10,579.1	42.8	5.17
Linseed	729.2	11.9	4.29
Cottonseed	2,700.0	23.2	3.83
Rapeseed/Mustard seed ..	7,194.0	25.2	3.99
Coconut oil	123.6	1.4	2.16
Turmeric	474.9	4.3	0.59
Pepper	28.0	0.6	0.51
Gur	6,375.8	21.2	19.85
Total for 1960..	55,913.8	201.74	57.56
Total for 1959..	65,008.0	259.30	63.31
Total for 1958..	59,300.0	220.80	52.86

Among the different regulated commodities, the volume of trading was by far the highest in castorseed in absolute terms as well as in relation to output. The aggregate turnover in castorseed futures was nearly a fifth of the total turnover in all commodities. B. twills ranked second, the monthly average turnover for the first ten months of 1960 (during which the jute market was open) having been 935,000 tons. The total turnover of 9.36 million metric tons in B. Twills is over 17 times its production during the year. In cotton, the volume of trading declined sharply since 1958, as prices had pierced the ceilings fixed for the respective varieties of cotton; further, the various regulatory measures that were in operation had a restraining influence. The total turnover in cotton was only three and a half times the size of the crop. The volume of trading in groundnut kernels dropped from nearly 170,000 metric tons in 1958 to less than 90,000 metric tons in 1960—a net decrease of 47 per cent. Nevertheless, the total turnover in groundnut during 1960 was, as in the case of cotton, more than three times its output. Among the other commodities, the volume of trading in rapeseed/mustard seed was nearly seven times the crop, in turmeric it was about six times and in hessian more than three and a half times, in groundnut oil over three times and in cottonseed almost twice. In raw jute and linseed, however, the volume of trading was relatively small, having been only 1¾ times their respective outputs. Similarly, it was 1¼ times the production in the case of *gur*, same as output in case of pepper and less than production (only 70 per cent, to be precise) in respect of coconut oil.

Thanks to the decline in the volume of transactions and heavy margins, the averages of the month-end net open positions in different regulated commodities also recorded an appreciable fall. Thus, the combined net open position in the different commodities declined from 259,000 metric tons in 1959 to 201,700 tons in 1960, a net decline of 22 per cent. The actual fall in the annual average net open position for individual commodities ranged between 15 and 49 per cent, depending upon the regulatory measures adopted in the case of different commodities. It was lowest, at 15 per cent, for *gur* and highest, at 49 per cent, for raw jute. The net open position had declined in cotton by more than 47 per cent, in groundnut kernels by 27 per cent, in hessian by 37 per cent, and in pepper by 34 per cent. B. Twills, groundnut oil, cottonseed and coconut oil, all of them recorded decreases of 40 per cent over the year. On the other hand, there was only a slight increase (less than 2 per cent) in the total net open position in rapeseed/mustard seed. Notable increases were, however, recorded for castorseed (18 per cent), linseed (30 per cent) and turmeric (40 per cent).

As in the case volume of trading, the net open position in castorseed was the highest among all the commodities in which forward trading was regulated. At 42,800 metric tons, it represented more than a fifth of the combined total net open position in all the commodities. Rapeseed/mustard seed, cottonseed, *gur*, groundnut kernels and cotton followed in that order, with average net open positions of 25,200, 23,200, 21,000 and 20,800 metric tons, respectively.

As already noted, the volume of tenders issued against futures contracts in all the regulated commodities, too, declined in 1960, as compared with the previous year. At a little over 57,000 metric tons, as against 67,300 metric tons in 1959, total tenders issued during the year formed 0.1 per cent of total transactions during the year. Such a low level of tenders was due to two reasons. First, the shortage of supply of many commodities naturally reduced the volume of tenders. Secondly, stringent margins and other regulations, which kept futures prices of many commodities below their ready rates, also discouraged the tendering of large quantities on the docket.

It is evident from the above analysis that the regulatory measures taken by the Commission had a restrictive effect on transactions in futures markets which, together with short supplies of some commodities, resulted in a decline in the volume of futures trading. In the course of the year, the F.M.C. has had occasions when it found it necessary to resort to such drastic steps as imposition of stringent margins, fixation of limits to daily fluctuations, closure of markets, prohibition of fresh trading and even compulsory termination of contracts in respect of trading in some commodities. While it is arguable whether such controls are the ones calculated to foster self-discipline in the trade, which alone can make for healthy trading, there is no doubt that a shrinkage in the volume of business, by making futures prices sensitive to relatively small transactions, defeat the very object the F.M.C. seeks to achieve, namely, prevention of violent fluctuations in price. The utility of a futures market, which is hedged in with too many restrictions, is also open to question. The net result of these restrictions has been to keep futures prices unduly down. Whatever may be the virtues of a steady market, if futures prices are not allowed to reflect the traders' estimate of the prospect for the commodity traded in and are completely divorced from the prices of the spot material, they can do nobody any good. The curbs on futures prices, instead of acting as a steadying and restraining influence on the spot prices (this is the justification sought to be advanced for futures trading in conditions of short supply), will, in practice, only serve to widen the gap between the spot and futures prices and render the futures market worthless as a hedging medium.

It is not suggested here that the imposition of carefully calculated handicaps on speculators is unnecessary. It is quite possible that, but for these handicaps, there would have been a larger volume of speculation and the upward trend in prices might have been aggravated. But the real question is whether, in a scarcity economy like that of India, there is any need at all for futures markets and that, too, a number of them for a single commodity. Since a hedge contract circumscribed in by all sorts of conditions serves no good purpose, nothing will be lost by abolishing them. A caged hedge contract is better than no contract at all only to those who are dependent upon speculation as a means of living.

Indirect Taxes

It is abundantly clear that, since the limit of direct taxation has already been reached and even exceeded, the bulk of additional tax resources (estimated at Rs. 1,710 crores) for the third Plan must come from increases in indirect taxation. This is a point on which the planners, Government spokesmen and economists, barring a few extreme leftists, seem to be agreed. The final report of the third Plan clearly says: "The third Plan will involve a substantial increase in indirect taxation. The number of assessees paying direct taxes in India is very small. Although collections of direct taxes are expected to improve in the course of the Plan, the total of resources required cannot be raised without taxation of consumption through indirect taxation over a wide range." While greater reliance on indirect taxation is necessary, it has to be pointed out that the dose of such taxation should not be so heavy as to have a serious impact on the price levels and, consequently, the cost of living. This is an important condition, because, even now, the incidence of enhanced indirect taxes is falling heavily, particularly on urban households. The main findings of the Union Finance Ministry's Tax Research Unit presented to the Lok Sabha on Tuesday this week reveal that, over the period 1953-54 to 1958-59, the proportion of indirect taxes in the total consumer expenditure rose from 5.6 to 8.7 per cent on urban households and from 2.8 to 4.1 per cent on rural households, the all-India figure itself having gone up from 3.4 to 5.3 per cent, owing largely to the rise in the incidence of Central excise duties, sales taxes, tax on motor spirits and motor vehicles taxation.

The report of the Tax Research Unit covers all indirect taxes levied and collected by both the Centre and the State Governments with the exception of exoort duties, registration and stamp duties, electricity duties and a few minor taxes. In terms of yield, the coverage accounted for 81 per cent of the total yield of Rs. 433 crores from indirect taxes in 1953-54 and for 88 per cent of the yield of Rs. 748 crores in 1958-59.

Reflecting the steeper incidence of indirect taxes in cities and towns is the increase in the

(Continued on page 428)

FURTHER FALL IN EQUITIES

BANKS AND SUGARS, HOWEVER, FAVOURED

(From Our Own Correspondents)

BOMBAY, 23rd *August*

BARRING banks, sugars and a few other select scrips which elicited some investment enquiries, equities continued to drift downward during the week under review. In spite of encouraging news from some companies and *small badla charges at the last settlement*, the market lacked support. There was tired bull liquidation and scattered bear pressure. There was also selling by Calcutta interests in the Bombay market, as a sequel to the imposition by the Calcutta Stock Exchange authorities of high margins on Indian Irons, Hindustan Motors, Rohtas and Burrakur coals. Buyers were not inclined to enter into fresh commitments on a large-scale, thanks to tense Berlin situation and persistent reports of damage caused by floods in the various parts of the country. Even at lower levels, support was lacking, as some bulls continued to press sales. Following the further fall in values, the Stock Exchange authorities have abolished the system of special making-up prices for Tata Locomatives and National Rayons; the only scrip for which such prices continue to be applied is Centurys. Even in the case of this share, the special deposit which buyers have to keep with the Stock Exchange has been reduced from Rs. 95 to Rs. 65 per share. These steps, however, have not evoked any fresh response from the bulls.

During the week under review, the share market received encouraging reports regarding the working of a few textile companies. The Bradbury Mills' gross earnings for 1960-61 have nearly doubled from Rs. 8.95 lakhs to Rs. 17.32 lakhs. The Directors have stepped up the dividend on Rs. 50 paid-up shares from Rs. 5 to Rs. 12.5 per share, subject to deduction of tax. The turnover of Phoenix has also recorded a substantial rise in 1960-61 and the Company has proposed a dividend of Rs. 20 per share, which is Rs. 5 more than what was distributed in 1959-60. The Bombay Dyeing and Manufacturing Company has announced an interim dividend of Re. 1 per share, subject to deduction of tax, for the year 1961. The Company is expected to maintain the total dividend for the current year at the previous year's level of Rs. 3.50 without drawing on past reserves. The gross profit of Dawn Mills, however, has suffered a slight setback from Rs. 32.56 lakhs for 1959-60 to Rs. 31.29 lakhs for 1960-61. Nevertheless, the Company has decided to maintain the dividend at Rs. 15 per share of Rs. 50, subject to tax. The Chairman of the Colour-Chem Ltd. has struck a note of optimism regarding outlook for the current year. The trend of both production and sales are said to be upward. The Indian Dyestuffs has decided to implement an integrated scheme of expansion at a total cost of Rs. 4.50 crores to Rs. 5 crores. The hopes of any fresh capital issue have been belied by the latest statement of Mr. Arvind Mafatlal, Chairman of the Company.

Steel shares continued to rule easy. Tata Steels opened the week at Rs. 151.75, as against the previous close of Rs. 152, and declined to Rs. 150.75 the same day. After recovering to Rs. 153 yesterday, they declined again thereafter and touched Rs. 150.75 today. The net loss over the week was Re. 1.25. Indian Irons dropped 70 nP to Rs. 25. Mukand Irons fell by 89 nP to Rs. 24.76.

Textile shares encountered selling and suffered a setback in values. In the forward list, Khataus were hammered down from Rs. 547.50 to Rs. 485. Standards slumped by Rs. 36 to Rs. 1.308, Centurys which had rallied from Rs. 673.50 to Rs. 676 yesterday, came in for selling today and moved down to Rs. 664.50. The net loss over the week was Rs. 9. Morarjees dropped Rs. 12 to Rs. 398 and Swans Rs. 10 to Rs. 602.50. Swadeshis eased by Rs. 6.50 to Rs. 245. Kohinoors by Rs. 5.50 to Rs. 281, New Greats by Rs. 3.75 to Rs. 221.25. In the cash list, Mafatlals receded by Rs. 7.50 to Rs. 320.

Sugar shares, as stated at the outset, evinced interest. Belapurs firmed up by Rs. 5 to Rs. 257; they were higher still at Rs. 259 at one time today. Maharashtra Sugars jumped up by Rs. 24 to Rs. 190, following the news of the grant of official consent to the Company for the issue of bonus shares of the total value of Rs. 27 lakhs to existing shareholders in the ratio of two shares for every five held. Ravalgaons advanced by Re. 1.30 to Rs. 64.30. Phaltans were firm at Rs. 130. Walchandnagar were well maintained at Rs. 163.50, despite the report that the Company had obtained permission to issue third debentures of the total value of Rs. 60 lakhs carrying interest not exceeding 7 per cent and repayable after 15 years for cash at par.

In the engineering section, T.E.L.Cos. were marked down by Rs. 7 to Rs. 334.50 on top of a decline of Rs. 28.50 last week. Maneklals slumped by Rs. 32.50 to Rs. 472.50. Asian Cables declined by Rs. 2.50 to Rs. 109. Premier Constructions shed Re. 1.50 to Rs. 181.50. Texmacos eased by 52 nP to Rs. 17.68. Coopers lost 24 nP to Rs. 177. Kamanis fell by 64 nP to Rs. 14.76. Mahindras were dull at Rs. 19, Kirloskar Brothers at Rs. 45 and Khandelwals at Rs. 72. Alcock Ashdowns, on the other hand, picked up Re. 2 to Rs. 275. Kirloskar Oils put on 25 nP to Rs. 28.75.

With the exception of Colour-Chems and Dhrangadhras, chemical shares were subjected to selling pressure and suffered setback in values. Indian Dyestuffs receded by Rs. 16.25 to Rs. 435, reflecting disappointment of operators over the decision of the Company not to issue fresh capital. Amar Dyes fell by Rs. 26.25 to Rs. 300. Polychems eased by Re. 1.25 to Rs. 203.75. Alembics lost 75 nP to Rs. 228. But Colour-Chems induced by the brighter outlook for the year, held out by the Chairman, put on Rs. 15 to Rs. 342.50.

Among shippings, Scindias encountered selling on rumours that the Company might skip over dividend for the past year and declined by Re. 1.08 to Rs. 12.16. Great Easterns were subdued at Rs. 13.48. In the automobiles section, Premier Automobiles declined by Rs. 2 to Rs. 194.50. The agreement covering the grant of D.L.F. loan of Rs. 3.4 crores ($7.2 million) was signed at New Delhi on Monday this week. Hindustan Motors shed 56 nP to Rs. 19.16 ex-div.

Rayon shares also suffered losses. National Rayons eased by Rs. 7 to Rs. 525. Baroda Rayons shed Re. 1.50 to Rs. 138. Indian Rayons lost a like amount to Rs. 72.50. Gwaliors dropped 50 nP to Rs. 48. South India Viscoses were dull at Rs. 181.

In the miscellaneous section, Bombay Burmahs declined by Rs. 7.50 to Rs. 580.50. Voltas lost Rs. 4 to Rs. 280. Wimcos eased by Rs. 1.50 to Rs. 71. Killicks receded by a like amount to Rs. 97. B. Oxygens softened by Re. 1.50 to Rs. 57. Tata Oils shed Re. 1.68 to Rs. 68.50 ex-div. Premier Tyres finished a rupee lower at Rs. 122.50. Wimcos softened by Re. 1.50 to Rs. 271. A few other miscellaneous industrials, however, elicited special buying support and tended to move up. Anil Hardboards provided a bright spot, the quotation jumping up by Rs. 21.25 to Rs. 256.25, following rumours of an increase in dividend from Rs. 6 to Rs. 9 free of tax for the past year.

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Madras Stock Exchange

MADRAS, 22nd August

Fluctuations in equity values were confined to a narrow range during the week under review, with undertone remaining easy. Professional interest in most of the shares was at a low ebb, as advices from Bombay and Calcutta were not encouraging. The imposition of margins on bears sales in four counters at Calcutta failed to have any perceptible effect. Sugars ruled listless, in view of the continued uncertainty regarding exports. Teas were generally quiet, due to lack of inspiring reports from auction centres. Coffees were neglected. Rubbers, however, came in for some buying. Indeed, a few shares made handsome gains. Textiles were depressed, barring a few popular shares which elicited investment support. There was stale liquidation in engineering, chemical and a few other miscellaneous industrials.

In the sugar group, United Breweries fell by Rs. 2 to Rs. 101.50. Cauverys declined by Re. 1.50 to Rs. 120.50. Deccans eased from Rs. 13.15 to Rs. 13. East India Distilleries were dull at Rs. 38.75 and Mysores at Rs. 57.75.

Among teas, Chembras encountered selling and dropped 18 nP to Rs. 3.87. Haileyburias receded by 10 nP to Rs. 13.65. Blue Mountains closed lower at Rs. 3.10, as against Rs. 3.14. Kil Kotagiris shed 3 nP to Rs. 4.65. Periakaramalais lacked support and lost 2 nP to Rs. 3.86.

Among coffees, Coffee Lands lost 10 nP to Rs. 17.65. Consolidated Coffees were subdued at Rs. 21.25, Ouchterlony Valleys at Rs. 3.70, Cowcoodys at Rs. 4.45, Rajendras at Rs. 12.12 and Anaparais at Rs. 3.95. Badras were unchanged at Rs. 3.60 and Kadurs at Rs. 2.85. The Boards of Directors of these two coffee estates have agreed to a scheme of amalgamation. Alageshwars put on 10 nP to Rs. 3.15, following the announcement of a higher dividend of 15 per cent (taxable) for the year ended March 1961, as compared with only 7½ per cent distributed in the previous year.

Rubbers, as already pointed, ruled steady. Vaikundams hardened by 25 nP to Rs. 32.75. T.R. and Ts. rose by 12 nP to Rs. 9.80. Midlands improved by 5 nP to Rs. 11.65. Malankaras were fully maintained at Rs. 18. The Directors of both Malankaras and Midlands have maintained the dividends for the year ended March 1961 at the previous year's level of 12.50 per cent (taxable) each.

In the textiles group, South India Viscoses fell by Rs. 2 to Rs. 182. Dhanalakshmis lost a rupee to Rs. 240. Travancore Rayons gave way from Rs. 38.90 to Rs. 38.45. Coimbatore Spinnings declined by 25 nP to Rs. 56.25 and Madurais by 20 nP to Rs. 36.90. Kotharis shed 15 nP to Rs. 12.45 and Radhakrishnas 12 nP to Rs. 32.25. Lakshmis changed hands at Rs. 168. Coimbatore Cottons were subdued at Rs. 188. Coimbatore Pioneers at Rs. 270, Janardanas at Rs. 69.35, Metturs at Rs. 382 and Premiers at Rs. 289.

Among miscellaneous industrials, Western India Plywoods fell by Rs. 4 to Rs. 214. Textools suffered a setback of Rs. 3 to Rs. 178. In the chemicals group, Travancores softened by 25 nP to Rs. 19.75. Metturs shed 15 nP to Rs. 14.45. F.A.C.Ts were neglected at Rs. 9.75, Mysore Chemicals at Rs. 23.85 and Mysore Fertilisers at Rs. 11.60. Among cements, Dalmias shed 10 nP to Rs. 11. Indias shed 3 nP to Rs. 6.54. Travancores were dull at Rs. 7.50. But Orissa strengthened by 35 nP to Rs. 14.90 and Andhras by 12 nP to Rs. 9.72. Among others, Indian Steel Rollings lost 15 nP to Rs. 10.65, despite the announcement of a final dividend of 7.50 per cent (taxable) making a total of 12.50 per cent for the fifteen months ended March 1961. In 1959, the Company had distributed a dividend of 7 per cent.

4¼ PER CENT

ANDHRA PRADESH STATE DEVELOPMENT LOAN, 1972

Issue Price Rs. 99.75 per cent

Open on the 4th SEPTEMBER, 1961

The Loan will be closed without notice as soon as the subscriptions amount to Rs. 10 Crores approximately, and in any case not later than the close of the business on the 9th SEPTEMBER, 1961.

The applications will be received at the Offices of the Reserve Bank of India, Bombay, Calcutta, New Delhi, Madras and Bangalore; at the Branches of the State Bank of India and the Branches and Treasury Pay Offices of the State Bank of Hyderabad within the State of Andhra Pradesh, and the Government Treasuries and Sub-Treasuries in the State of Andhra Pradesh at places where there is no Branch of the State Bank of India or Branch or Treasury Pay Office of the State Bank of Hyderabad.

FULL PARTICULARS CAN BE OBTAINED

at any of the Offices or Branches mentioned above or at any Treasury or Sub-Treasury in the State of Andhra Pradesh.

ROLE OF MR. MANUBHAI SHAH IN INDUSTRIALISATION

A MINISTER WHO DRIVES BUSINESSMEN TO ACTION

By An Observer

TO no single person India owes its industrial development in the last eight years as much as it does to Mr. Manubhai Shah, the Union Minister for Industry, in whose portfolio a change was recently proposed but has not materialised so far. This is, therefore, an opportunity to recognise publicly his contribution to the country's industrialisation. Both in regard to the content of the Plans and in regard to their effective implementation, the dynamic role which Mr. Manubhai Shah has played is significant. He has virtually personified in himself planning of industrial development in the public and the private sector alike. It must, of course, be said that Mr. T. T. Krishnamachari, to whom goes the credit for "discovering" Mr. Manubhai Shah, had done considerable spade work and laid the foundations. But Mr. Manubhai has assiduously followed the lead given by T.T.K.

The magnitude of India's problem of industrialisation and its complexities have baffled the tallest among us, but they have provided a field of operation for Mr. Manubhai's outstanding abilities. It is difficult to think of any other person in the Government, who has his vision and close understanding of the many complex and baffling problems involved in a massive programme of industrialisation. His knowledge of technology, his industrial experience and his quick grasp have all been of great advantage both to the Government and the people.

From the production of consumer goods, the country is now rapidly advancing to provide capital goods in all their diversities. The comprehensiveness of planning needed for this purpose and its integrated character are by no means an easy matter. Mr. Manubhai has not only understood the problem but has worked hard to solve it with the fervour of a missionary. Without the imprint of his forceful personality, the remarkable success achieved and planned for would hardly have been possible.

The stupendous progress of the chemical industry in India in its varied manifestations such as dyes, petro-chemicals, pharmaceuticals, etc., and the rapid strides which the heavy engineering and electrical industries are making are in no small degree the result of Mr. Manubhai's drive, energy and unbounded enthusiasm. "Build machines, build India" is a slogan which he has not only given to the people but one to which he is dedicating his life.

Man of Foresight

It is usual for businessmen to claim for themselves the spirit of enterprise. It is also customary for them to feel that Government and bureaucracy are the restraining influence on their spirit of adventure and risk-taking. But in Mr. Manubhai the country has found a Minister who "drives" businessmen to action, who pushes them forward to conquer new heights of industrialisation almost in a whirlwind fashion. His energies are directed to enabling officials and businessmen alike to reach newer industrial frontiers as old ones are crossed. So great has been the influence of his passion for development on the thinking and action of entrepreneurs, small and large, that it has become customary for them to give the impression that they have gone in for certain schemes, because Mr. Manubhai wanted them to do so rather than because they thought that they were profitable propositions. This is a compliment to Mr. Manubhai, who not only feels intensely about industrialising the country rapidly but makes that possible by inspiring entrepreneurs to take bold action.

It is said that the difference between a politician and a statesman is that, while the former thinks of the next election, the latter thinks of the next generation. Mr. Manubhai obviously belongs to the latter category. He cannot escape being a politician, but he is concerned most about the building of the country's industrial edifice on an enduring and broad-based foundation. If the "take-off" stage of the country's industrial development is no longer a distant goal, considerable credit for it should go to Mr. Manubhai.

Mr. Manubhai's impatience in forcing the pace of industrial growth is well-known. He is in such hurry to march forward that he regards as of lesser importance how this should be achieved. He is not a doctrinaire person. His approach is pragmatic. Since he is anxious above all to race against time, he is willing to utilise the services of small as well as big entrepreneurs for carrying out schemes of development. Businessmen have the necessary background and experience, however imperfect that may be, and he is rightly of the view that they should be encouraged to maximise their efforts by impelling them to take up new industries. His efforts in this direction should not be misunderstood as an attempt to entrench capitalists and capitalism. He is inclined to apply a utilitarian test as to who can deliver the goods and do so the quickest. In many fields of enterprise, particularly medium-sized enterprises, businessmen have an advantage over Government, in that they can put in concentrated effort to achieve a goal, while Government has too much on hand already and the responsibility for taking a decision is dispersed over a large number of authorities.

Friend of Enterprise

Mr. Manubhai's reliance on businessmen should not be regarded as a matter of blind faith. He is too shrewd not to know the many failings of businessmen, but he also knows only too well how governmental machinery moves. It is no easy choice to make between private and public enterprise and Mr. Manubhai's choice is dictated largely by his sense of urgency in achieving the goals. For him the essence of planning lies in accomplishment. Where private enterprise can do a project, let it be allowed to handle that job. If, however, a project is too large for private enterprise or if there are special considerations to be borne in mind, then let the State take up the new enterprise. This is his attitude. The classic case is that of automobile industry, where, in the face of opposition from the whole automobile industry, he is endeavouring to establish a new unit in the public sector for manufacturing a cheap small car. In this controversial issue, he may or may not be right, but this does indicate that Mr. Manubhai's primary concern is to expand production to take care of our growing needs and also to warn the private manufacturers that they cannot hope for a sheltered market which they can exploit at will. He is a friend of enterprise first and then only of private enterprise. Even when a change in his portfolio was proposed a few weeks ago, it was made clear that the new public sector enterprises now under construction would continue to be under his care.

Mr. Manubhai's restlessness or impatience is his strength, but that is also his weakness. It is doubtful whether he can be popular with his colleagues in the administration, either ministers or secretaries. He is unlikely to have any truck with ideological or partisan approach of other Ministers or the red-tape of the bureaucrats. He wants to take quick decisions on his own responsibility which would probably involve treading on the corns of other dignitaries in Government. He is no respecter of persons, whoever they may be. Although the declared policy of the Government is to attract foreign capital into India, Mr. Manubhai is known at times to have offended foreign entrepreneurs by his seeming indifference or lack of interest when he sees them. Such an attitude is hardly helpful to the cause he holds dear and creates an unfavourable impression in certain circles. It may well arise out of Mr. Manubhai's instinctive reaction to some proposal of collaboration and know-how. This may also be due to his aversion for the businessman's cautious attitude in considering schemes involving heavy risks.

To pay one's tribute to a distinguished public servant who has dedicated himself to the cause of industrialisation is to recognise how rare such gifted talents are in our land. From the national angle, Mr. Manubhai's personal failings, whatever they be, are of little consequence, while the contribution he is making will be of inestimable value to posterity. Among the builders of modern India, his name will be in the forefront for a long time to come.

4¼ per cent

ORISSA GOVERNMENT LOAN, 1972

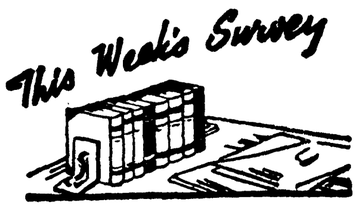
ISSUE PRICE Rs. 99·50 PER CENT

Opens on the 4th September, 1961

The loan will be closed as soon as a total of approximately Rs. 500 lakhs has been subscribed and in any case not later than the close of business on the 9th September, 1961.

The applications will be received at the offices of the Reserve Bank of India, Bombay, Calcutta, New Delhi, Madras and Bangalore, at the branches of the State Bank of India in Orissa and at the Treasuries and Sub-Treasuries in the State of Orissa at places where there is no branch of the State Bank of India.

Full particulars can be obtained at any of the offices of the Reserve Bank of India or branches of the State Bank of India or at any treasury or sub-treasury in the State of Orissa.



IRON AND STEEL INDUSTRY

THE annual statements made by Mr. Biren Mookerjee in his capacity as Chairman of the Indian Iron and Steel Co., Ltd., it is well known, are usually characterised by a vigorous practical approach to the problems of the iron and steel industry. This approach finds ample expression in his latest statement (the full text of which is published elsewhere in this issue), for the practical difficulties encountered by his company, as, indeed, by other integrated steelworks in varying degree, cry out for practical remedies. By far the most pressing difficulty, about which Mr. Biren Mookerjee had much to say in his last year's statement too, is the extremely high and varying ash content in currently available metallurgical coal, coupled with its erratic supplies. How the ridiculously high ash content, which sometimes is as high as 27 per cent, and its variation from day to day in the supplies of coal affect production, are better explained in Mr. Biren Mookerjee's own words:

"A high ash content in the coke means increased consumption of coke to attain the blast furnace operating temperature and, in consequence, a larger volume of slag produced. Since the cubic capacity of a blast furnace is constant, a larger volume of slag means in turn a reduced volume of iron produced. . . .

"The plea of our operational executives is that, if the quality of raw materials must be bad, then at least let it be regularly bad, for, in that case, whatever the difficulties, some measure of consistency of operation could be achieved. This, however, the erratic transport position effectively precludes and, with the daily fluctuations, it becomes impossible to produce a standard grade of iron, a position which is still further prejudiced by the present severe deterioration in the quality of limestone supplies, the percentage of free lime varying between 42 per cent and 24 per cent."

No wonder, then, that foundries and engineering industries have been complaining, of late, about the varying and generally poor quality of pig iron supplied to them. But the engineering industries may have to console themselves with the thought that the steel industry itself has to suffer most from this situation. Here, again, Mr. Biren Mookerjee's description of the consequential difficulties to the steel melting shops in the integrated steelworks may be quoted in extenso:

"The tale then moves to the Melting Shop where consistency of quality of steelmaking iron is an essential for efficient working. With this consistency lacking, with some inevitable carry-over of slag from the blast furnaces and with excessive impurities, in particular sulphur, in the hot metal, production difficulties become acute. Furnace time per melt is increased with consequent loss of production and operational temperature has to be increased, leading to burning out of refractories and a consequent increase in the time the furnaces are out of commission for re-bricking. The excessive sulphur content of the hot metal is a source of serious difficulty in the Melting Shop practice."

No wonder, again, that the quantity and quality of steel production have lately belied expectations and the I.I.S.Co. in particular, with its output of 9.14 lakh metric tons of steel ingots in the year ended 31st March 1961, has still not found it possible to attain the full production potential of 10 lakh tons of ingot steel envisaged under its expansion programme. It has been the same story in the case of the T.I.S.Co. and the public sector steel plants, with the result that the second Plan has ended with a shortfall of 2.1 million tons in the targeted finished steel production of 4.3 million tons from all the plants. This position of actual production falling short of the potential created is likely to continue for some years to come, for the raw materials position, accentuated by the transport bottleneck, is not expected to improve overnight. Apart from the delay in executing the coal washeries programme, under which alone can the steelworks hope to get adequate quantities of washed coal with its lower ash content, there is bound to be delay in producing more wagons of the type required for the steel industry. Such wagons are 4-wheeler open wagons for bringing coal and BOBS wagons for bringing iron ore, and they alone can be quickly handled by mechanical equipment at the steelworks. The overall transport problem itself is stupendous in the case of iron and steel industry which, for producing six million tons of steel ingots and one million tons of foundry iron, will require 35 million tons of raw materials. Mr. Biren Mookerjee himself is rather pessimistic about the immediate prospects of the industry in the context of the continuing shortage of coking coal and transport.

The case he has so cogently presented for winning an export market for steel products like 'light bars' and 'structurals' in neighbouring countries would, therefore, seem to be premature. If Mr. Mookerjee thinks that there will be a surplus in bars and structurals, the planners expect a deficit in flat products. The proposal made by the planners, in this connection, is that the margin between the demand and the indigenous supply of steel products in short supply should be narrowed down by free inter-change of steel ingots between the public sector plants so as to achieve the most intensive use of the rolling mill facilities for flat products. If this proposal were carried out, there would be correspondingly less of steel ingots for making light bars and structurals, and that would mean that a sizable surplus in these categories may not emerge for export purposes.

S.T.C.'S EXPORT PERFORMANCE

The State Trading Corporation's fourth annual report, circulated this week by the Press Information Bureau of the Government of India, covers only the nine-month period from 1st July 1959 to 31st March 1960, whereas the financial year for its previous reports used to be from July to June. The present change in coverage has been necessitated by the decision of the Government of India that a common financial year from April to March be adopted by all public sector undertakings. Whatever be the reason for the change, the more relevant point to be noted here is that the latest report's figures pertaining to the Corporation's trading performance and financial results are not strictly comparable with those, for instance, of the third annual report which covered the twelve-month period from 1st July 1958 to 30th June 1959. Notwithstanding this limitation in respect of comparability, it could be broadly inferred from the figures of trading performance that the S.T.C. has increased its business by more than 50 per cent, as compared with 1958-59. The relevant figures of total turnover of direct trade in goods (exports and imports together) are Rs. 43 crores for the 9-month period ended 31st March 1960 and Rs. 36 crores for the 12-month period ended 30th June 1959.

But nowhere in the report is to be found a break-up of these figures into exports and imports. In the absence of such a break-up, it is difficult to say how much better the Corporation's export performance has been in the period under review, as compared with the period covered by the third annual report. Of course, the quantity figures given in the report in respect of individual commodities figuring in the Corporation's export trade throw some light on the question. These figures pertaining to the more significant commodities on the export side are given below:

Exports	Unit	Quantity exported in 9-month period ended 31st March, 1960	Quantity exported in 12-month period ended 30th June, 1959
Iron ore	Lakh tons	23.36	25.76
Manganese ore ..	"	3.94	3.82
Mica	Lakh lbs.	1.03	0.29
Chrome ore ..	Lakh tons	0.41	0.23
Tobacco	Million lbs.	5.13	16.46
Shoes	Lakh pairs	3.72	4.14
Raw jute	Lakh bales	0.93	0.12
Gunny bags ..	Million Nos.	4.62	4.35
Woollen fabrics ..	Lakh yards	2.65	5.20

It will be seen from the figures pertaining to mineral exports (iron, manganese and chrome ores and mica) that the S.T.C.'s performance in the period ended 31st March 1960 showed a substantial increase proportionate to the period, as compared with the previous year. As mineral ores have always constituted the larger part of the Corporation's export business, the very fact of improvement in their exports brings some credit to that trading body. In particular, the improvement, howsoever slight, in the export of manganese ore, in the unfavourable conditions of world trade in that ore, has come about because the S.T.C. was able to negotiate several deals under which exports of manganese ore were made possible in exchange for imports of steel products in particular. That the cumulative total of manganese ore sold (upto 31st March 1960) against imports of steel products was Rs. 11.7 crores in value terms, is something of which the S.T.C. seems to be proud. But it may be said, as the Economist Intelligence Unit's report on the S.T.C.'s export performance has done, that such 'canalised' barter deals are detrimental to India's interests, in that the price of the Indian goods is reduced or the price of the foreign goods raised above the normal level so as to enable the foreign partner to the transaction to make his legitimate profit. There may be some truth in this criticism, for the S.T.C.'s report itself has admitted that a major cause of the decline in gross profits—from Rs. 3.3 crores in the total turnover of Rs. 36.0 crores in 1958-59 to Rs. 3.1 crores in the total turnover of Rs. 42.8 crores in the 9-month period of 1959-60—was the loss in the sale of manganese ore. On the whole, however, a harsh judgment on the S.T.C.'s performance is not possible, for the conditions in world trade pertaining to manganese ore have been beyond its control. What is important is that some markets for manganese ore should somehow be sustained in the difficult conditions of world trade.

PETROLEUM PRODUCTS PRICES

The Government's policy in regard to prices of petroleum products leaves much to be desired from the point of view of both the oil marketing companies and the consumers of petroleum products. While the oil companies have been compelled to effect reductions in their basic prices from time to time, on the basis of an *ad hoc* formula, the consumers continue to be denied the benefit of such reductions, as the Government has mopped up the amounts by levying *ad hoc* additional duties on all petroleum products (motor spirit, refined diesel oils and vaporising oil, diesel oil, and furnace oil). Since the first reduction was announced in May 1958, the Government has collected several crores of rupees in this manner. The actual collection is estimated at Rs. 5.4 crores for 1958, Rs. 15.1 crores for 1959, Rs. 23.6 crores for 1960 and Rs. 30.0 crores for 1961, or a total of over Rs. 74 crores for the period May 1958 to December 1961. This is on top of the usual excise duties and sales taxes on petroleum products which fetched a sum of Rs. 150 crores to the Central and State Governments in 1960 alone.

The reductions in prices offered by the oil companies and their absorption by the levy of *ad hoc* additional duties, it will be recalled, are in accordance with the terms of the *ad hoc* agreement in force since April 1959 between the oil companies and the Government. When the agreement was signed, the Government had stated that the agreement would terminate immediately after the Government completed its enquiry into the pricing structure of petroleum products. The agreement is due to expire by the end of this month, but the Government is reported to have written to the oil companies suggesting the extension of the period by some months more. This move is somewhat surprising, considering that the Damle Committee on Oil Prices, which itself took a much longer time than was expected, has already submitted its report (in the middle of July 1961). Surely, the period of more than one month should be sufficient for the Government to study the report and take a decision. Why has the Government still not taken a decision on the Damle Committee's report. Perhaps the Government is not pleased by the findings of the Committee. In fact, it is reported that the Committee has recommended reductions in the prevailing prices of petroleum products for the consumers.

The Government, as already stated, has collected by way of *ad hoc* additional duties several crores of rupees in the last three years and more, a sufficiently long period for an *ad hoc* arrangement to continue. Is not the consumer of petroleum products justified in asking for at least a part of the benefit accruing from the reductions in prices effected by oil companies? In the past, the Government used to say that the saving obtained from the oil companies was not large enough to be passed on to any significant extent to the millions of consumers of oil products. But this argument cannot hold water now, as a sizable reduction can be effected. It is, for instance, calculated by competent persons that the sum of Rs. 30 crores expected to be collected in 1961 will be sufficient to lower the consumer prices of certain products to the extent of 23 nP per gallon on motor spirit, 12 nP on kerosene, 15 nP on high speed diesel oil and 20 nP on furnace oil. Alternatively, the price of kerosene can be cut by 47 nP per gallon or that of motor spirit reduced by Re. 1.11 per gallon. It is thus clear that the responsibility for the present high prices of petroleum products rests entirely with the Government and not, as is mistakenly believed in some quarters, with the oil companies.

CURB ON U.K.'S CAPITAL OUTFLOW

Britain has, of late, been resorting to a wide range of monetary and fiscal devices to tide over its balance-of-payments difficulties. The sharp increase in the Bank rate from 5 to 7 per cent, announced last month, is only an instance in point. Presumably because these measures have been deemed insufficient for the object in view, the Government has now decided to apply direct restrictions on the flow of private capital to non-sterling area countries. Accordingly, British companies, which want to embark upon major expansion plans, will not get permission for them from Government. If, however, the projects can be shown to benefit the U.K. balance of payments within a year or so, such applications will be exempted from this restriction. This will mean that overseas investment on such projects as new sales organisations, which would yield an immediate return, will be permitted. Exemption from this new control is also given to small investments upto a maximum of £25,000.

It may be noted here that the aforesaid restrictions will not be applicable to the flow of private capital to the Sterling Area, of which India is a member. Certain British observers, therefore, have pointed out that the new control is more likely to divert than stop the export of capital. But, of course, there is no reason to believe that this will *ipso facto* encourage a steady flow of British capital to Sterling Area countries. For this will depend mainly on the expected rate of returns on investment, and not just on the availability of resources alone. Therefore, any hope of a large increase in the flow of British capital to such underdeveloped countries of the Sterling Area as India is to be discounted. Private capital has, of course, moved from Britain to certain non-Sterling Area countries in the recent past, particularly to Common Market countries, but certainly with due regard to the profitability of the enterprises. The new measure, incidentally, will put a stop to ambitious schemes now planned by several British companies to gain an entry into Western Europe. There is thus an element of contradiction in the British Government's policy *vis-a-vis* Western Europe, in that, while it is making determined, though cautious, efforts to join the Common Market itself, which will lead to integration of the economies of the C.M. countries eventually, it has now introduced a measure which will virtually prevent any British company from investing in the E.E.C. Already, a major British company, which was planning, in conjunction with an American Company, to invest around £1 million in Italy, has been refused permission for doing so. The future of the largest programme, conceived by the Imperial Chemical Industries, involving an investment of £100 million at Rotterdam (in the Netherlands), is also uncertain. Several other investment plans are also to be shelved.

There is no doubt that an influential section of British industrialists is not happy over the present restriction in so far as it affects investment in Western Europe. The London *Financial Times* is of the opinion that the measure is unjustifiable on "rational grounds." Editorially commenting on this measure, it observes as follows:

"So far as Western Europe is concerned, the next year or so will be a vital period, a period in which British industry has to get itself into shape to meet the challenge, and exploit the opportunities, of membership of the Common Market. Ground which is lost now may conceivably never be made up. The Treasury's action is hardly calculated to help industry hold its own against the Six, or to speed up the sluggish rate of expansion.

"Nor can it legitimately be argued that British membership of the Common Market (and this cannot incidentally be taken for granted as yet) will make investment on the Continent unnecessary. Many industrialists who are putting in new capacity in Europe have taken their decisions in the belief that Britain will join the Common Market; in fact, most industrialists foresaw the necessity of our applying for membership long before the Government did. All of them, it is safe to say, took the possibility into account in their calculations.

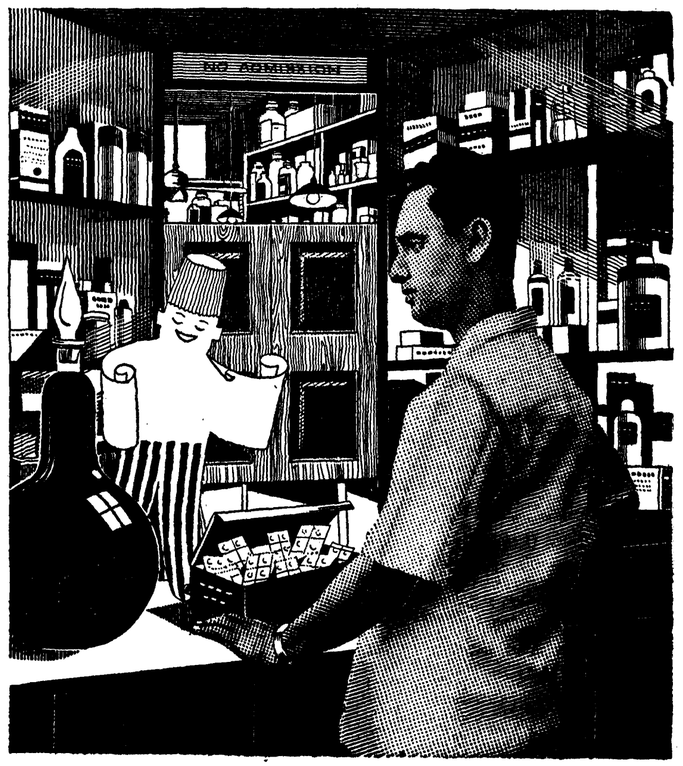
"The fact is that the rush to invest in Europe did not spring primarily from the desire to get inside the tariff wall. It has been based much more on such factors as the availability of labour, access to raw materials and markets, different production costs, and so on. A policy which forces industrialists to put their new plant in Scotland and Northern Ireland and forbids them to put it in Germany or Italy may have certain social merits, but it is hardly the best way to get costs down and make industry competitive in the Common Market."

The British Government has also started implementing its proposal that companies operating abroad should bring home a larger portion of their profits than hitherto. This move is based on the belief that the U.K.'s receipts by way of interest and dividends on investments abroad have not been commensurate with the large amounts of British private capital invested in the fifties. The U.K. Government has already directed certain selected British companies abroad to send home more of their profits. The Bank of England is also reported to be considering a proposal to scrutinise the account books of such companies and determine the scope for remitting a larger proportion of their profit to the U.K. This action, if applicable to sterling area also, will have the effect of restricting re-investments out of profits in countries such as India where the U.K. companies have large investments.

MARKET DEVELOPMENT INSURANCE

In a bid to encourage the exploration of new export markets, the Export Risks Insurance Corporation has decided to underwrite the risks involved in market research and publicity campaigns undertaken by Indian exporters in other countries. The decision reflects a welcome, though rather belated, recognition by the Government of the crucial importance of organised sales drive in boosting exports. It may be recalled here that the suggestion was made as early as in 1956 by the Export Credit Guarantee Committee, which was presided over by Mr. T. C. Kapur, now Managing Director of the Corporation. The Export Promotion Committee (1957), in fact, gave its blessings to the Corporation's proposed plan for overseas market development and expressed the hope that it would go a long way towards helping exporters to find new markets and in developing them. The scheme, however, had been kept in cold storage for the last five years. It is possible that, since the Corporation has been trying to consolidate its position in respect of its main activities, namely, credit guarantee against commercial and political risks, it has not found it advisable to take up new lines of business of a special nature till now.

Under the present scheme, the Corporation will issue three new types of policies to cover non-recoupment expenses incurred on market surveys, stockholdings and other measures for promotion of exports, with the Corporation functioning as agents of Government. The new fields of business are: (1) market survey, (2) advertisement and/or sales promotion, and (3) stocks. The market survey policy provides that, if expenses incurred on getting the market survey done by an export agency approved by the Corporation are not recouped by the sale of a pre-determined volume of goods, the insured will be paid 50 per cent of the expenses



MEDICINE MAN MR. AL FOIL F.G.S.P.P. . . .

". . . Fellow of the Grand Society for the Protection of Pills" said Mr. Foil, greatly impressing the awed Chemist who had never heard of the degree before. "That is just one of many honours conferred on me", continued Mr. Foil modestly, "by Pharmacists for having rendered valuable packaging service to the medicine manufacturing industry. Whatever the pharmaceutical product, be it pills or potions, aluminium foil wrapping safely seals in the prophylactic and curative properties for long periods and effectively protects them from contamination, moisture and dirt . . . And that," finished Mr. Foil, "is just what the doctor ordered."

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not so recouped. In the case of the other two types of policies, too, the Corporation guarantees to compensate for 50 per cent of the possible loss, if any, the rest being borne by the party concerned. In the second type of policy, the Corporation will share the loss, if expenses incurred on advertisements or other sales promotion, in accordance with a plan approved by the Corporation, are not recouped by sales as anticipated. The third policy relates to unexpected loss arising from maintaining stocks in foreign countries in the interests of export promotion. If the expenses involved in exporting the goods, as well as the incidental and the consequential outgo, are not recouped by the volume of expected sale, then the Corporation will indemnify the exporter to the extent of half of the expenses not so recouped. Sales of goods under these policies mean either goods sold from stocks abroad or sales of goods to agents and buyers in the foreign market and sale of goods to parties in India for exports to that market.

Since the provision of these covers constitutes an entirely new venture, the Corporation is justified in making them applicable only to selected goods and selected markets, to begin with. These policies will be issued only for those goods which have patents, licences, trade marks or trade names and for which the manufacturer has exclusive rights, and for those markets which are not developed, or are underdeveloped. The details of the nature of commodities and markets will be decided on the basis of recommendations of the Export Promotion Councils and the Commodity Boards concerned and after securing the approval of the Government of India. In respect of those products for which no such collective body has been constituted so far, the manufacturer can approach the Corporation directly.

In view of the compelling urgency to step up India's exports, these new insurance policies assume much significance. In several overseas markets, Indian exporters have to start from the scratch, whereas their competitors have already gained a strong foothold. Market surveys and other sales promotion work, as was pointed out several times in these columns ere now, are, perhaps, the most effective instruments to ensure a breakthrough in such markets. These measures deserve the widest support, as they are designed to grapple with the root of the export promotion problem, unlike such artificial incentives as subsidies which are only short-term remedies. It is to be hoped that the commitment of the Corporation to share the element of any loss upto 50 per cent will serve as a stimulus to manufacturers and exporters in organising effective sales campaigns abroad. These efforts will, however, bear fruit only if Indian producers strive at the same time their utmost to improve their competitive capacity in terms of price and quality in general, and provide facilities for after-sales service, particularly in the case of a large number of new engineering goods entering the export trade.

FUEL UTILISATION

A suggestion for the establishment of a Fuel Efficiency Service, modelled on the National Industrial Fuel Efficiency Service of Britain, has been made by Mr. C. A. J. Plummer and Mr. B. R. Addicot, two British fuel experts, currently in India at the invitation of the Government to study the pattern of fuel utilisation in the country. They were asked to advise selected industries regarding the efficiency of fuel utilisation and report to the Government the steps that might be taken for careful husbandry in the use of all forms of fuel. In their preliminary report, the experts have expressed the view that, as a result of development and expansion of industries during the first and second Plans, a situation has emerged wherein efficiency in fuel utilisation was a "must" for future industrial development in the country.

The experts, after a study of the pattern of fuel utilisation in this country, have found considerable scope for fuel saving. It is not generally realised in the country, according to them, that fuel is really a tool for industry and that its correct use serves the twin objectives of saving fuel (coal, oil, etc.) and reducing pressure on its transport. A judicious use of fuel resources also helps in securing higher productivity, better quality for the product and lower cost of production. The experts have suggested that Indian industries should be provided with better instruments, better maintenance of machinery and mechanisation of certain fuel burning processes either by imports or, preferably, by indigenous manufacture.

As the present coal shortage and the difficulties in transporting coal form part of the larger problem of adequate supply of fuel, these aspects naturally attracted the attention of the experts. They have suggested certain measures to improve the general pattern of coal supplies to industries. One suggestion is that each industry should be dealt with on the basis of complete technical organisation of its fuel requirements both in terms of quality and size. The present technical resources of the Coal Controller of the Government of India, in the opinion of the experts, are "totally inadequate." The establishment of a Fuel Efficiency Service will, in their opinion, supplement and strengthen the measures aimed at improving the conditions of fuel utilisation in the industries on a country-wide basis. Besides, it will also be able to supply massive technical information regarding specific requirements of different types of plant in terms of "coal type." Such an organisation, the experts feel, should march alongside the developments planned within the coal industry itself. The experts have also underlined the fact that efficient organisation of fuel utilisation in the existing plant will reduce the necessity for incurring expenditure on new items of capital equipment. Efficient utilisation of steam, in their opinion, will save over a third of the total fuel and eliminate the need for installation of additional boiler capacity.

Fuller and economical utilisation of the available fuel resources will be a continuing problem in this country as industrial expansion gathers further momentum. The difficulties arising from scarcity of coal clearly underline the need for ensuring optimum utilisation of fuel supplies. It is to be hoped that serious attention will be given to the experts' suggestions. There is a lot that India can learn in this respect from Britain which has devoted an enormous amount of labour and money on this important problem.

TRADE WITH S.E. ASIA

The report of the British trade delegation that visited eight countries in the South East Asian region (Burma, Indonesia, Malaya, North Borneo, the Philippines, Sarawak, Singapore and Thailand) in April last is quite an interesting one as much from the point of view of India as that of Britain. For the report is said to have not only assessed the varying conditions and prospects for trade in these countries but also offered several suggestions which are of relevance to both the U.K. and India. The details of the suggestions are not available, but, from the brief review of the report as made by a British commentator, Mr. Charles Willard, it would appear that the implementation of the suggestions will go a long way towards augmenting Britain's trade and improving commercial relations with the countries concerned. It may be noted here that the eight countries referred to above together account for a population of over

(Continued on page 428)

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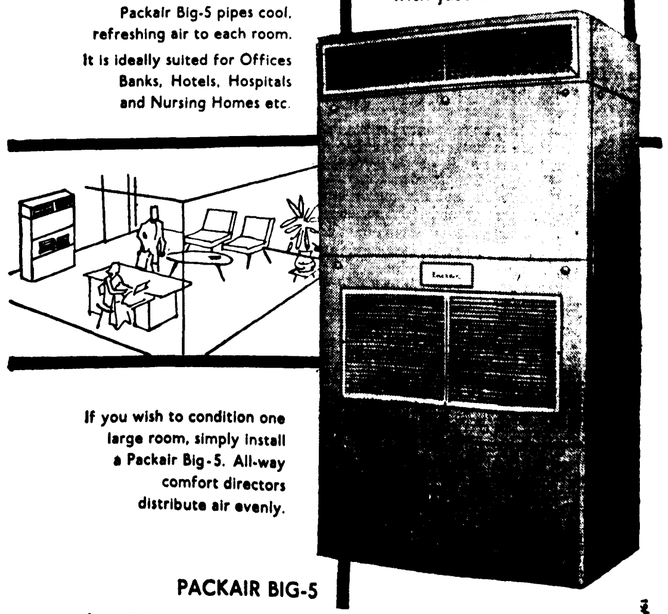

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SOME ASPECTS OF TAX LAW IMPROVED

SELECT COMMITTEE HAS DONE GOOD WORK

From Our Special Correspondent

NEW DELHI, 21st *August*

THE debate on the Income Tax Bill as now amended by the Select Committee is still unfinished. The good work done by the Committee in improving many aspects of this measure for consolidation of the existing law proves, however, that the scope for liberalisation is never exhausted. Some more specific issues may arise when the Lok Sabha starts clause-by-clause consideration of the Bill; if the Finance Minister shows the same resilience as he has obviously done in the Committee, it may still be possible to get through a few more changes for the better. The Select Committee has laid the entire evidence before the House and among the 117 memoranda received and processed by it there will still be some which may be worthy of consideration if members have the time to sift them. But the Select Committee has done excellent work in record time and received a well deserved tribute from Mr. Morarji Desai for its "promptness and thoroughness". The work of the Law Commission in providing the basic structure of the revised income-tax law, by regrouping its provisions and simplifying its drafting, has proved to be enduring, despite some of the departures later necessitated by the recommendations of the Direct Taxes Administration Enquiry Committee. The main threat to the comparative tidiness of the present Income Tax Bill will arise from future Finance Bills, if they seek to amend it through cumbrously drafted clauses; one must hope that such disfiguration will be avoided.

DELHI LETTER

Not Ordinarily Resident

One of the changes made by the Select Committee which indicates an open-minded approach to some of the issues is the restoration of the category of assessees described as "not ordinarily resident." This was deleted in the Bill, following the concurring recommendations of the Income-tax Investigation Commission, Taxation Enquiry Commission and the Law Commission, favouring such omission on the ground that this category of assessee derived a double advantage under the law. His foreign income was not taxed, unless derived from a business or profession in India or unless his foreign profits were brought to India; the rate of tax applicable to him on his Indian income was determined on the basis of that income, whereas for both residents and non-residents their world income formed the basis. Indian settlers abroad and foreign technicians in India mostly fell within this category and, in view of representations from them, the Select Committee has restored the category of not ordinarily resident and defined their liability to be that of a non-resident. The Select Committee has not only retained the old rule against inclusion of foreign income, unless it is derived from a business or profession in India, but also provided a further important safeguard to the effect that it cannot be deemed to have so accrued or arisen on the basis that it is received or deemed to be received in India.

The tests relating to residence in India have also been liberalised to eliminate the possibility of persons visiting India for only brief periods being regarded as residents. At present, any one maintaining a house in India for six months and visiting the country for any period in a year is regarded as "resident"; the Select Committee has specified the minimum duration of a visit for such purpose to be 30 days; in respect of persons who have been in India for 365 days in the preceding four years, the minimum stay needed in the assessment year has been increased from 30 days to 60 days.

Charitable Trusts

The Select Committee has also wisely reconsidered the provisions relating to charitable trusts and effected some changes to remove possible harshness resulting from the acceptance of the Tyagi Committee's report. By permitting accumulation of funds by Trusts with an annual income below Rs. 10,000 and also in the case of those which intimate in advance the specific object of such accumulation (provided the funds are spent within a period not exceeding 10 years), it has provided flexibility; the Committee has also added the condition that such funds should be invested in Government or approved securities. In view of these safeguards, the Committee has felt that there will be no danger of abuse if a trust were to derive its income from a business undertaking held under the trust, though it may not be its primary object.

The controversial part of the Committee's amendment lies in the introduction of a new provision that these exemptions will apply to charitable trusts created in future only if they are not for the benefit of any particular race, religious community or caste. Such a rule may be in keeping with the current mood of resentment against factors which affect unity and emotional integration; but, in India, many charitable acts also cover and are often connected with religious purposes and this has been well recognised in the Income Tax law hitherto. For example, provision of facilities to pilgrims of one sort or another is not a strictly religious purpose like building a temple, mosque or church, but they are necessarily restricted in their benefits to one community or another and there is much wisdom in Mr. Masani's view that it is better that the law should encourage some charity to be given even if it is not wholly secular than not at all. The Committee has introduced some safeguard against abuse by defining "charitable purpose" so as to exclude all activity for profit even if it results in public benefits.

The substance of Mr. Morarji Desai's arguments in favour of the new restriction regarding future trusts was that removing an exemption or privilege was not the same as imposing a disadvantage on such charities and that the law was entitled to discriminate against any behaviour which is harmful because of its sectarian character. But the real point is that any law which recognises the validity of religious trusts cannot question discrimination in favour of an entire religious community even under charitable trusts (though it may prohibit racial or caste discrimination), in a vast country with several religions. For example, the Select Committee was not wrong in making the provision in clause 88 of the Bill that only donations to institutions or funds not expressed to be for the benefit of a particular race, religious community or caste should be allowed exemption. There are many who will be pleased if this clause could also explicitly provide that donations for the benefit of any political party will not secure exemption since such donations are also considered to be pernicious by a section of the public.

Section 23A Companies

The major changes relating to company taxation have been already reported in the columns of this journal last week. One of the disabilities that will be felt under the new law when it comes into force is that it will no longer be possible to speak of Section 23-A Companies—that eloquent convenient abbreviation which aptly described private companies which were not foreign companies or subsidiaries of public companies. The super-tax payable by such companies on the balance of "distributable income" is to be levied not only after deducting dividends actually distributed, but also after deducting *bona fide* expenditure incurred by the Company on bonus or gratuity to employees, legal charges, losses under the head "capital gains" which are not set off against business income and income arising outside India the remittance of which is prohibited. Mr. Masani's dissenting note pleads for a revival of the old provision for exemption from super-tax if non-declaration of dividend was due to the business requirements of the Company, though this was abolished in 1957 as an extraordinary discretion conferred on an income-tax officer which may defeat the main object of this method of taxation. The Tyagi Committee was opposed to its revival; in the case of private industrial companies there is already a concession in the shape of a lower percentage (45 instead of 60) of profits required to be distributed. There are some, like Kaldor, who would like a still lower percentage to enable capital accumulation at this stage of industrial development even if it results in being held in a few hands; but the present time, when there is much anxiety about concentration of wealth, is hardly propitious for a favourable consideration of this view.

Even so, the Select Committee has been generous enough to consider relaxations, where it felt them to be justified as in the carry-forward of losses where a substantial change in shareholding has occurred. The Tyagi Committee considered this a loophole which facilitated avoidance of tax through the practice of buying up concerns which had incurred losses; but the Select Committee has exempted cases where there is a genuine change-over of business control through inheritance or succession on the death of a shareholder—where there is obviously no intention of reducing tax liability.

Private Limited Companies' Tax Liability

While different views prevail with regard to the liability of the Directors of a private company for unrecovered tax, the Select Committee seems to have felt that Directors are responsible for mismanagement to the extent of making taxes irrecoverable. Mr. Masani's protest that this introduces a new principle has been countered by Mr. Morarji Desai. His argument, was that, under Section 542 of the Company Law, limited liability did not exclude personal liability of any one who carried on the business of a company with a view to defrauding creditors. It must also be remembered, he pointed out, that this applies only to cases where private companies earn taxable income but go into liquidation before paying the tax due.

That the Select Committee has throughout maintained a fairly liberal approach is proved by the enlargement of the scope of development rebate to include more types of amalgamations and conversions and the inclusion of new industries for purposes of exemption from super tax on dividends received by companies (Clause 99) if they are started during the third Plan period. A limit of 16 years has been prescribed for re-opening past assessments; the powers of the Appellate Tribunal have been circumscribed in regard to imposition of penalties and enhancement of tax and the power to punish abetment of tax offences has been taken away from tax authorities and professional associations and given to magistrates.

Human Aspects

Though it appears that business interests have received much attention, the Select Committee has not ignored certain human aspects. It has recommended a special provision by way of higher rebate on insurance premia paid by authors, playwrights, artists, musicians or actors as they have a short working life and has also suggested further liberalisation of the rules for treating lump sum receipts like royalties and copyright fees of authors and artists. One of the surviving injustices of the tax law will end with the exemption now proposed of gratuities paid to persons in private employment within certain limits. Capital gains arising from the transfer of house property used by an assessee or his parent for purposes of residence will be reduced by the amount of the money spent on purchasing or building a new residence.

One of the improvements made by the Committee relates to the omission of the term "necessarily" in regard to (1) whether an expenditure has been "wholly, necessarily and exclusively" expended for a business or profession; (2) for expenditure incurred in transfer of assets resulting in capital gains and (3) for deductions in respect of "income from other sources." This omission will remove a fruitful source of controversy and litigation between the tax authorities and assessees, because it is not always been possible to determine whether an expenditure was necessary. It will be sufficient if it is expended wholly and exclusively for the particular purpose in order to become eligible for exemption. Lord Evershed, Master of the Rolls, observed in a very recent British case that the anomalies were shocking and made income-tax "a sort of a game, a battle of ingenuity unrelated to any principle or commensense or ethical considerations and it is extremely bad respect for the law." The question there was whether a Bank Manager had necessarily to be a member of a club for the performance of his duties to claim exemption for his subscription; in future, Indian courts will have only to decide whether such expenditure is incurred exclusively for business or professional purposes. This may not be easy, but will perhaps be less difficult than at present.

PERILS OF THE PAUSE

EXPORT DRIVE MAY SUFFER

From Our Own Correspondent

LONDON, 19*th August*

THE production figures for the month of June struck new high levels at about 5 per cent above their level of a year ago. The adjusted index shows a rise of nearly 3 per cent since the beginning of this year. Manufacturing industry shows even higher increases. On the overseas trade side, the gap between imports and exports diminished in July and, if allowance is made for freight costs on imports, there was actually an export surplus; the figures are, on a f.o.b. basis, exports and re-exports £323 millions and imports £315 millions. These figures are after making certain seasonal adjustments but then that is the only way in which true comparisons with earlier periods can be made. On the crude unadjusted figures, exports reached £323 millions and imports £311 millions, so that the favourable balance is even greater.

LONDON LETTER

Yet it is in this context that a wage freeze is being applied to all industries over which the Government has any control, it is being applied to a wide range of industries for which wage councils exist to make recommendations to the Minister of Labour, and it will obviously be adopted by every manufacturer's association as far as the latter find it expedient. This process has already begun and there are not unnatural fears that these measures, combined with the credit squeeze, will set back production.

The reason for the Chancellor's pause is of course his worry about the balance of payments. In the first quarter of this year, on a f.o.b. basis and making seasonal adjustments, exports were running at £321 millions per month and imports at £343 millions per month, giving a gap of £22 millions per month. But, in the second quarter, exports dropped to £319 millions and imports to £322 millions, narrowing the gap to a mere £3 millions per month. The trend is, therefore, right all the way. Furthermore, there is every reason to suppose that the upsurge in imports which began in the latter part of 1959 and continued through all last year is now finished, as stock building has been completed. The trouble with the push and pull of financial policy on industry is that it is bound to create repercussions on imports; as soon as credit restrictions are relaxed, imports are bound to move up—this is why after a short interval there is again a request for more credit restrictions. If the surmise is right that the import decline will continue, then a favourable balance of payments on visible account will begin to emerge, and nowadays this is the only balance on which it seems possible to place reliance—invisible items seem to have adopted the habit of cancelling each other out.

But the emergence of a favourable balance is partly based on the expectation that, with a rise in production, exports will also rise. The Chancellor is listening to the advice of those who say that, if the Home Market is limited, then more goods will be sold abroad. But that is not the kind of advice that many industrial leaders will give in the context of restrictions on production. The industry whose product is steadily expanding will be pushing for export outlets, while the industry which is obliged to start living on its stocks as a result of credit restriction and beginning to run into labour troubles is not going to divert its energies on finding export markets. Thus, the Chancellor's pause may lead to exports stubbornly refusing to rise, and possibly beginning even to decline.

In this context a new export drive is being envisaged. There was certainly never greater need for one, but is not the Chancellor making it as difficult for himself as possible?

WAGE "PAUSE" IN BRITAIN

"A drastic remedy for a desperate situation." Only thus can one describe the suggestion of Mr. Selwyn Lloyd, the British Chancellor of the Exchequer, that nearly all wages and salaries in Britain should be completely freezed for at least the next seven months. The Chancellor prescribed this remedy for the critical position in which Britain finds itself now, in the course of his discussion with representatives of the Staff Side of the National Whitley Council, the representative body for negotiation and joint consultation on the conditions of service affecting the civil servants. The Government, on its part, will set an example for private industry by not allowing any pay rises to its employees during the period of the wage "pause." Existing negotiating machinery in the civil service and for workers in Government industrial establishments will continue to function. But, while the pause lasts, no settlement for higher wages will be implemented. Any such settlement would be put into effect only when circumstances permit and even then the benefits will not be with retrospective effect. The Government will also withhold the power of arbitration bodies concerned with the employees of the State to fix the operative date of their awards.

It is the Chancellor's intention that this "object lesson" should be noted and acted upon not only by the nationalised industries but also by employers in the private sector. The Government has no objection to wage increases being negotiated by employers and unions or awarded by arbitrators, provided they are not put into the wage packets during the pause. It, however, does want the actual payment of any settlement to be held over until national productivity has risen sufficiently to absorb them. The position will be reviewed early next year and a decision to continue or discontinue the pause taken.

The exigencies of Britain's current economic position have made the wage freeze inevitable, according to the Chancellor. Increases in personal income in Britain, in the Chancellor's opinion, have generally outstripped the increase in national production, so that a breathing space is necessary to allow production to catch up and to provide an interval during which a more satisfactory system could be devided for ensuring that, in future, increases in income are more appropriately related to increases in national productivity than is the case now. The result of the increase in personal incomes far in advance of national productivity has been rising prices and increasing pressure upon the balance of payments. Britain, the Chancellor maintains, must face the fact that the next six months will be critical for British competitiveness and for the development of its economy. The dangers are very great and it is in the national interest and in the long-term personal interest of all wage and salary earners that there should be a pause in increases in personal incomes.

Reactions to this decision of the Government have been as sharp as they have been prompt. Much more than the principle of the wage freeze, it is the Government's decision not to implement any negotiated settlements during the next seven months and to retain control of the "timing" of arbitration awards for its own employees that has evoked the bitterest attack. Trade union leaders are unanimous in their view that the Government's decision, if implemented, would mean virtually the end of confidence on the part of employees in the present negotiating machinery. Even the sedate *Financial Times*, London, comments:

"The reason for choosing this device is plainly to try to reconcile the maintenance of independent arbitration—the basis on which civil service salaries have been negotiated for the last 35 years—with the requirements of a positive wage policy. As an attempt to square the circle, it is hardly convincing. . . . The Government has, in fact, jettisoned the principle of arbitration and this is a step which may have incalculable consequences in the future. That it should be driven to such a drastic move, despite the obvious, long-term dangers and disadvantages (not the least of which is the precedent set for other people), is a measure of the seriousness with which it views the short-term situation."

Will private industry follow the lead given by the Government and resist the pressure from union for more wages? Will the Government itself take a strong line and enforce its decision? If not what alternative measures it will adopt to deal with the threat to Britain's competitive capacity? The next few months will provide the answer to these questions. Meanwhile, we admire the courage of convinction displayed by the Chancellor of the Exchequer. This show of firmness is in refreshing contrast to the weaknesses displayed by the Government of India in regard to holding the price line.

* * * *

Reports received from London since the above lines were written indicate that, with the commencement of negotiations this week on the demand of railwaymen for a substantial increase in wages, the Chancellor's plan to impose a wage pause has entered a new and critical stage. Preliminaries for a conflict between the Government and workers, in the nationalised undertakings could be deemed to have begun. Railwaymen are not the only ones to be entering the ring. No doubt they did enter first but others such as workers of electricity supply undertakings, London busmen and miners are expected to follow suit shortly. The crucial question is whether the Government and union leaders will risk a clash. There are too many imponderables in the situation to warrant a definite answer to the question at this stage.

Meanwhile, the Government has made explicit its intention to extend the wage pause to 3.5 million workers in the private industry whose minimum wages are fixed by statutory Wage Councils appointed by the Minister of Labour. In a letter to Wage Councils, Mr. John Hare, the Labour Minister, has asked them to take full account of the Chancellor's statement while considering submission of proposals for higher pay. The Minister, it may be noted, has the power under the Wages Council Act, 1959, to withhold approval for higher pay and ask the Councils to reconsider their proposals.

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RESERVE BANK ON ECONOMIC TRENDS

GROWTH IN MONEY SUPPLY NOT EXCESSIVE

AS an authoritative reference work, the Reserve Bank of India's *Report on Currency and Finance* has always been a very useful annual publication. The latest report, covering the financial year 1960-61 (Price: Rs. 5.50 or $1.50; publication date: 21st August 1961) is more informative than any of its predecessors, containing as it does a mass of data, on the trends and developments in the Indian economy during 1960-61. The Report presents, apart from a brief survey of the world economic situation, a tremendous amount of statistical material in the form of 107 statements and 15 graphs setting out in a compact form economic and financial data pertaining to the second Plan period.

The year 1960-61 witnessed, according to the Report, an impressive rise in industrial and agricultural production and a marked improvement in aggregate investment in India. Thus, industrial production went up by as much as 12.1 per cent during 1960-61, as against a rise of 8.7 per cent in 1959-60. It is noteworthy that capital goods and intermediate products industries made a significant contribution to the rise in industrial output; the consumer goods industries, however, showed rises of smaller dimensions. The increase in industrial output was considerably facilitated, the Report states, by the high priority accorded by the Government for the import of essential raw materials, which enabled fuller utilisation of existing capacity in a number of units. The Report notes that the main problem faced by the industry continued to be one of rising raw material costs and labour charges. Since the commencement of 1961, production in some of the industries, including steel, has been affected by coal and power shortages mainly on account of transport bottlenecks. As regards agricultural production in 1960-61 crop year, the Report points out that, despite floods and heavy rains in parts of Assam, Orissa, the Punjab and U.P. and drought conditions in Andhra Pradesh and Mysore, the production of foodgrains is expected to be appreciably higher than even the record production of 75.5 million tons in 1958-59, reflecting the cumulative effect of the various measures taken by the Government during the last few years. Among commercial crops, production of groundnuts, cotton, and sugarcane is estimated to have increased in 1960-61.

The tempo of development activity, the Report records, was further stepped up in the final year of the second Plan both in the public and private sectors. The total Plan outlay in the public sector is estimated to have risen from Rs. 1,006 crores in 1959-60 to Rs. 1,160 crores in 1960-61. From the available figures of capital issues and imports of capital goods, investment in the private sector, too, appears to have been at a high level. Private investment activity, which had shown a distinct revival in 1959-60, continued with great vigour during the major part of 1960-61. The new issue market was very active, as judged by the spate of new flotations.

Price Situation

Discussing the price situation, the Report states that there was a further deterioration during the year under review. The general index of wholesale prices (1952-53=100) registered a net rise of 7.2 per cent during 1960-61 on top of an increase of 5.8 per cent in 1959-60 and of 6.6 per cent in 1958-59. The main groups which contributed most to the rise in prices during 1960-61 were "industrial raw materials" and "manufactures" which recorded even larger increases than in the preceding year. The group "food articles" continued to be relatively stable, due mainly to larger imports and expectations of a record foodgrains crop in 1960-61. The deterioration in the price situation during the year under review, the report explains, was partly on account of the shortfalls in the output of certain raw materials, particularly cotton, raw jute and oilseeds during 1959-60. Partly it reflected the fact that total production in the economy was inadequate in relation to the pressure of monetary demand. The year 1960-61, therefore, witnessed a further reinforcement of the official policy to hold the price line through appropriate measures both in the monetary and non-monetary spheres. The Report records that the general and selective credit controls were intensified where necessary. Endeavour was also made to secure larger imports of foodgrains and the raw materials in short supply. At the same time, action was also taken to keep the price rise within limits through efforts directed towards the control of speculative tendencies in the various commodity markets.

The high level of monetary demand, consequent on the higher tempo of developmental activity, caused a distinct deterioration in external payments position of the country. The country's foreign exchange reserves receded by Rs. 59 crores during 1960-61 on top of a decline of Rs. 16 crores in the preceding year. Since the close of the year, there has been a further depletion of the reserves which touched a new low of Rs. 282 crores (including gold holdings) on 30th June 1961. This is primarily the result of a sharp rise in imports particularly of food and capital goods, coupled with a sluggish expansion in exports due partly to a fall in the output of some commodities like raw cotton, raw jute and tea and partly to growing foreign competition.

Money Supply

In the monetary sphere, both bank credit and money supply showed a further marked expansion, reflecting the continuing excess liquidity in the economy resulting from growing levels of spending in the public and private sectors. During 1960-61, money supply with the public recorded an expansion of Rs. 201 crores to Rs. 2,902 crores, bringing the total expansion in money supply during the second Plan period to Rs. 722 crores or 33.1 per cent as compared with Rs. 199 crores, or 10.1 per cent, in the first Plan period. Over the two plan periods, money supply expanded by Rs. 921 crores or by 46.6 per cent. It may be noted here that the national income at constant prices rose by about 41.6 per cent during the same period. Thus, making allowance for the increasing needs of monetisation of the economy, the expansion in the money supply of 46.6 per cent cannot be considered as excessive.

The major portion of the expansion in money supply during 1960-61 was accounted for by the rise in currency with the public amounting to Rs. 167 crores. The rise in deposit money was smaller at Rs. 34 crores. The share of currency in total money supply, therefore, increased further from 68.9 per cent at the end of 1959-60 to 69.6 per cent in 1960-61. In the latter year, bank credit to the private sector, adjusted for excess of inter-bank assets over inter-bank liabilities, showed a record expansion of Rs. 246 crores, as against Rs. 138 crores in 1959-60 and Rs. 47 crores in 1958-59. The extension of bank credit to Government, adjusted for P.L. 480 counterpart funds, amounted to Rs. 109 crores. A comparison of similar figures for the preceding years shows that the extension of bank credit to Government progressively declined, since 1957-58, from Rs. 405 crores in that year to Rs. 246 crores in 1958-59 and Rs. 174 crores in 1959-60. In 1960-61, the balance of payments deficit exerted a contractionist influence on money supply. The deficit, as measured by the decline in net foreign assets of the Reserve Bank and other banks, amounted to Rs. 64 crores in 1960-61, as against an actual small surplus of Rs. 3 crores in 1959-60. The year 1960-61 witnessed a record expansion in credit extended by the scheduled banks, a small decline in their deposits and a sharp fall in their investment and cash reserves. The trends in deposits and investments were, however, obscured by the changes in the arrangement for the holding of P.L. 480 funds. Making allowance for this factor, it is seen that, over the year, the aggregate deposits (exclusive of the P.L. 480 funds) actually showed a rise; only, there was a considerable slowing down in the rate of growth. An important reason for the slower growth of deposits (exclusive of P.L. 480 funds) in 1960-61, says the Report, appeared to be the small order of deficit financing (as measured by the extension of bank credit to Government) in 1960-61 than in 1959-60. It was also partly due to the fact that there were net sales of sterling during 1960-61 in contrast to the net purchases in the previous year. Other reasons given for the sluggish growth of deposits are the closure of two scheduled banks and the diversion of deposits to industrial companies which offered higher rate of interest. In contrast to the slow pace of the deposit growth, the schedule bank credit, however, showed a record increase of Rs. 208 crores or 18 per cent to Rs. 1,336 crores, reflecting the enlarged investment activity both in the public and private sectors, the need for financing larger stocks of goods with industry and trade, and rising prices, especially of industrial raw materials and manufactures.

Credit Policy

It was against this background of increasing pressure of demand for credit in the face of limited resources available with banks that the Reserve Bank had to reorient its credit policy with a view to restraining excessive credit expansion while making available credit for essential purposes. The report records that for correcting the generally tight position of the banking system, the Reserve Bank took a series of general credit control measures. These included (i) a further increase in additional reserve requirements, (ii) fixing of a limit on the borrowings from the Reserve Bank by scheduled banks at the Bank rate, any borrowings above these limits being allowed only at a higher slab rates of interest, and (iii) a directive to banks requiring them to raise the average lending rate by at least one half of one per cent with a minimum of 5 per cent. The Report notes that, apart from these regulatory measures, the Bank continued to give close attention to its developmental and promotional functions through measures designed further to strengthen the institutional machinery for credit to agriculture and industry as well as to consolidate and strengthen the banking system.

MONEY SUPPLY AND WHOLESALE PRICES

	Variation during the First Plan period 1951-52 to 1955-56	Money Supply Variations During					Variation during the Second Plan 1955-56 to 1960-61	Outstanding on the last Friday of March, 1961
		1956-57	1957-58	1958-59	1959-60	1960-61		
(1) Currency with the Public ..	+ 166 (+13.0)	+ 52 (+3.4)	+ 51 (+3.3)	+118 (+7.3)	+139 (+8.0)	+167 (+9.0)	+ 527 (+35.0)	2,027
(2) Deposit Money	+ 33 (+ 5.0)	+ 77 (+11.4)	+ 26 (+3.4)	— 8 (—1.0)	+ 66 (+8.5)	+ 34 (+4.1)	+ 195 (+26.8)	875
(3) Money Supply with the Public ..	+199 (+10.1)	+129 (+5.9)	+ 77 (+3.3)	+110 (+4.6)	+205 (+8.2)	+201 (+7.5)	+722 (+33.1)	2,902

Note :—Figures in brackets are percentage variations.

Base : 1952-53=100 **CHANGES IN WHOLESALE PRICES 1956-1961**

Groups and Sub-Groups	Weight	March, 1956	March, 1959	March, 1960	March, 1961	Percentage change of		
						4 over 3	3 over 2	4 over 1
		1	2	3	4	5	6	7
All commodities	1,000	98.1	112.4	118.9	127.5	+ 7.2	+ 5.8	+30.0
Food Articles	504	92.8	113.8	117.0	117.5	+ 0.4	+ 2.8	+26.6
Liquor and Tobacco	21	78.7	100.3	96.4	113.4	+17.6	— 3.9	+44.1
Fuel, Power, Light and Lubricants ..	30	96.8	116.0	117.8	122.7	+ 4.2	+ 1.6	+26.8
Industrial Raw Materials	155	109.4	116.2	131.9	159.1	+20.6	+13.5	+45.4
Manufactures	290	103.9	108.6	116.9	129.4	+10.7	+ 7.6	+25.8
(a) Intermediate Products ..	(41)	110.5	109.4	121.3	137.3	+13.2	+10.9	+24.3
(b) Finished Products	(249)	101.6	108.5	116.1	128.2	+10.4	+ 7.0	+26.2
All-India Cost of Living Index (Base : 1949=100) ..	..	100	117	121	124	+ 2.5	+ 3.4	+24.0

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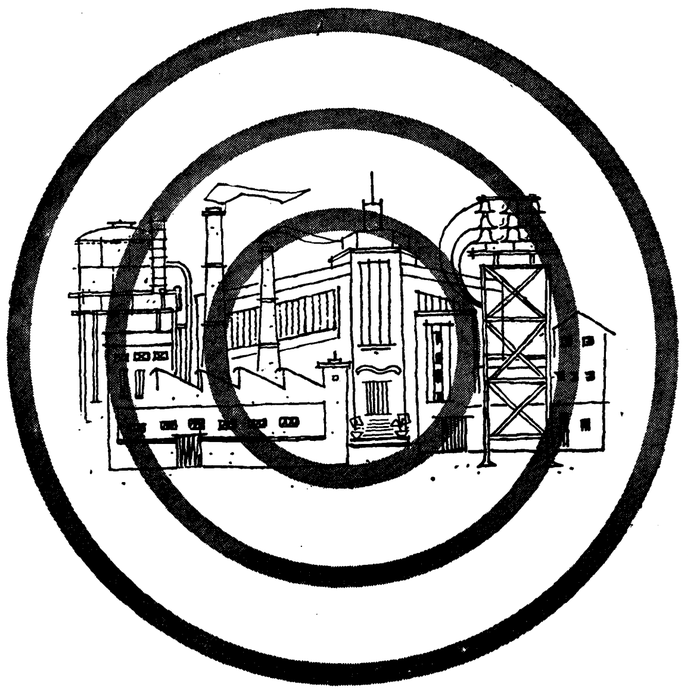

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COTTON TEXTILES IN THIRD PLAN

PRODUCTION TARGET FOR CLOTH INADEQUATE

THE final report of the third Five-year Plan has confirmed the production targets fixed for cotton textiles in the Draft Outline, namely, 9,300 million yards of cloth and 2,250 million lbs. of yarn. The target for cloth is based on the estimated requirements of 8,450 million yards for domestic consumption and 850 million yards for export. The figure for domestic consumption provides for an increase of about 20 per cent over the estimated level of demand in 1960-61; in other words, it allows for an annual rise of 2 per cent in population and 2 per cent in *per capita* consumption. For the purpose of this calculation, the demand in 1960-61 has been assumed to be about 7,000 million yards, though the actual availability of cloth for domestic consumption in that year was of the order of 6,750 million yards only. The Planning Commission's explanation for this lacuna is that the relatively low figure of 6,750 million yards was due mainly to a shortage of raw cotton consequent on a poor cotton crop in 1959-60 and that it cannot be taken to reflect the actual level of demand in 1960-61. This view, it is said, is also supported by the high prices "which have had a restrictive effect on the offtake."

Whatever be the basis on which the cloth production target has been fixed, it would appear that the estimate of annual domestic demand for 1965-66, namely, 8,450 million yards errs on the low side. Taking the projected population of 492 million, the *per capita* availability of cloth will work out to just 17.20 yards which is well below what many competent observers, including this journal, consider necessary, namely, 21 yards. It is, therefore, to be feared that, unless the target is revised upward and effective steps taken to reach it, the actual available supply of cloth by the end of the third Plan will be much lower than the actual requirements, estimated at 11,182 million yards (inclusive of 850 million yards for export), resulting in an acute shortage, if not famine, of cotton piecegoods.

Gravity of Situation

It would be worthwhile to recall here the observations of Mr. Krishnaraj M. D. Thackersey, a leading millowner of India, on the subject. In the course of his speech at the third annual general meeting of the Indian Cotton Mills Federation held at Bombay some time ago, he said:

"The availability of cotton textiles, which was 15¾ yards pre-war, has, after 21 years and two Plans, remained static at the same level, the actual figure for 1960 being 15¾ yards, taking the population of that year at 430 million. In this context, one might consider the minimum clothing supply that should be aimed at, consistent with a reasonable standard of living. If only one pair of shirts and one pair of *dhotis* can, with continuous use, be made to last eight months, a man will require 14 yards in eight months, that is 21 yards in a year. If a pair of *saris* and a pair of blouses can similarly be made to last eight months, a woman will also need 21 yards per year. There can be many regional variations in the clothing requirement, depending upon climatic conditions, the custom and usage, the type of clothing used by various strata of society, etc. But providing for other items like underwear, bedsheets, chaddars, headwear, towels, etc., the minimum requirement for a reasonably modest standard of living may, by and large, be put down at 21 yards *per capita*.

"It is easy to imagine the gravity of a situation in which, against a requirement of 21 yards, the availability, and perhaps also the purchasing capacity, is limited to only 15¾ yards. It is small wonder, therefore, that the problem of supplies and prices of cotton textiles does not remain within the confines of economics, but attracts attention and interest on a very wide scale. The situation has been made more complicated by the existence of such widely varying means of production, ranging from the most modern mills at one end of the scale, to *ambar charkha* and *khadi* at the other—where the humanitarian aspect transcends all canons of normal economic principles."

Apart from the conservative nature of the production target, there is good reason to doubt the capacity of the decentralised sector (handloom, powerloom and *khadi*) to fulfil the target of 3,630 million yards assigned to it, as against the target of 5 800 million yards allocated to the mill sector. The 3,500-million-yard target represents a rise of 1,150 million yards as compared with the output of 2,360 million yards in 1960-61. The major portion of the additional production is expected to come from the handloom industry, but no precise allocation of it between the different sections has yet been made. The position, we are told, will be reviewed from time to time in the light of the progress made in each sector. It is significant that the authors of the third Plan have now softpedalled on the issue of handlooms *versus* powerlooms. By not separately indicating the targets for these two sections of decentralised sector, the Planning Commission has impliedly conceded the doubts raised by the millowners about the actual performance of the handlooms. Another implication is that the Commission is not opposed to the growth of powerlooms section. By not reducing the target meant for the decentralised sector even when the capacity of handlooms to deliver the goods is not beyond doubt, the Planning Commission has disagreed with the stand of the Federation of cotton millowners, namely, that the powerlooms section should not be allowed to expand and that the Government's assistance to the decentralised sector should be confined only to the handlooms.

Mills' Capacity Underrated

The production target allocated to the mill sector, as already noted, is 5,800 million yards, as against the current level of output and estimated effective capacity of about 5,000 million yards. One wonders whether the mill sector is not capable of achieving a much higher target than this. Actually, in 1957, it will be recalled, as much as 5,317 million yards of cloth had been produced. A larger production of cloth in the mill sector as compared with the decentralised sector will also mean enhanced revenues to the exchequer in the form of excise duty, income-tax, corporation tax and various other taxes and levies. Besides, it will also tend to keep the prices of cloth at relatively lower levels and thereby check the upward trend in cost of living.

Be that as it may, in order to achieve the additional production of 800 million yards in the mill sector, it is envisaged that about 25,000 automatic looms will have to be installed during the third Plan period. The basis on which these looms will be allotted has still not been decided. The final report of the Plan merely says that "a substantial proportion of the additional loomage shall be export-oriented."

On the basis of a cloth production target of 9,300 million yards and taking into account also the yarn required for purposes other than weaving cloth, as, for example, hosiery and newar, the yarn production target has been fixed at 2,250 million lbs. This represents an increase of 500 million lbs. as compared with the actual output of 1,750 million lbs. in 1960-61. For securing this additional quantity, it is considered necessary to expand the "active" spindleage of mills from 12.7 million at the end of the second Plan (1960-61) to 16.5 million by 1965-66. The third Plan report says:

"The addition that may be secured through the activisation of idle spindles as a result of modernisation programmes will ultimately determine the number of spindles required to be installed through new units and expansions. The implications of the general observations made in para 21 regarding investment on replacements have to be further examined and the contributions towards additional effective spindleage, which may be obtained through modernisation programmes and through the establishment of new mills, assessed on realistic basis. The estimated gross investment will, however, remain substantially the same whether the bulk of the additions to spindleage comes from modernisation or from new units."

The para 21 referred to above is as follows:

"The estimate of investment on replacement (Rs. 150 crores) ... falls short of the minimum requirements of the cotton textile, jute textile and woollen textile industries in regard to which special studies have been made recently. The backlog of replacement in these three industries alone has been estimated at about Rs. 169 crores. The estimate that investment on replacement account in the third Plan will be of the order of Rs. 150 crores is more or less a projection of the actual performance during the second Plan. Even so, it is on the optimistic side, in view of (a) the pressure on the available resources of private enterprise and institutional agencies for new investment, (b) the fact that mills with large backlogs of replacement are in no position to provide resources for renovation commensurate with needs, and (c) the small allocation made in the Plan to enable the N.I.D.C. to assist these programmes financially."

Four Million More Spindles

The number of additional spindles that will be installed during the third Plan period is thus nearly four million. An idea of the basis on which licences will be given for the installation of these spindles was given by Mr. K. C. Reddy, Union Minister for Commerce and Industry, when he addressed the Informal Consultative Committee of his Ministry at New Delhi last week. According to Mr. Reddy, two million spindles will be licensed on a regional basis. Another one million spindles are reserved for giving to those mills that require to be raised to units of economic size and/or to mills which need their spinning capacity to be balanced with weaving capacity. The remaining one million spindles are to be kept in reserve to meet any readjustment that may be necessary at a later date. In determining the allocation for each State, careful consideration, Mr. Reddy said, would be given to relevant factors such as current production of yarn and cloth, existing distribution of spindleage, concentration of handlooms, and the overall needs of the decentralised sector. Wherever licences previously granted had been revoked, steps would be taken to re-allot such revoked capacity in the same State. The Minister is also reported to have disclosed that the Government proposed, in accordance with the suggestion put forward by the Working Group, to license five model mills, with modern machinery and having a capacity of 500 looms and 25,000 spindles each, the entire production of which would be earmarked for export. Incidentally, the Minister gave the following particulars regarding mill closures:

Of the 17 mills closed, six have been found on technical appraisal of their machinery to be fit for being scrapped. Three mills are expected to reopen shortly as a result of the financial assistance extended by the National Industrial Development Corporation. Six more mills will start functioning before long with the financial assistance either from the N.I.D.C. or from other sources. The remaining two mills are in the hands of the courts and, as such, the Government cannot interfere in the matter. The Government has decided to set up a small representative committee to keep under constant review the causes of closures and to recommend timely steps to be taken to enable marginal units to tide over their temporary difficulties.

The Minister's statement that it is proposed to license new capacity to the extent of two million spindles in the various parts of India has caused surprise among mill interests who have all along been urging that, in the matter of allocating new spindles, preference must be given to the existing mills to expand their capacity, instead of allowing the establishment of new units. This view is based on two considerations. In the first place, both the capital outlay and the recurring average expenditure per spindle will be lower. Secondly, the installation of additional spindles in existing mills will be speedier than in the setting up of new units. The mill interests do not, of course, object to the preference being given to deficit areas such as Andhra Pradesh and Rajasthan, as also to the economically backward regions like Assam and Kashmir, provided this could be done consistent with economic considerations, that is, if locational disadvantages could be neutralised by other factors such as ready availability of markets and employment potentialities. As for Mr. Reddy's emphasis on the need for increased utilisation of the existing capacity by working three shifts, the mill interests point out that such imperative utilisation of capacity over a long period of time would quicken the wear and tear of machinery and aggravate the problem of replacement at a time when the country's capacity to provide the required plant and machinery may not be adequate.

"Model" Mills for Export

The decision of the Government to license the establishment of five model mills to produce cloth for export is believed to have been prompted by "the urgency of meeting the challenge from Japan and China as well as to giving a fillip to textile exports." It is not known whether these five mills will be in the private or the public sector, though the Working Group had suggested that they should be left to the private sector, provided the entrepreneurs concerned were willing to abide by the conditions specified by it (*vide* page 628 of *Commerce* dated 8th April 1961). One would, however, ask: Where is the need for spending an enormous amount of money on the setting up of five new so-called model mills when the same objective can be achieved better by encouraging and assisting the existing mills to embark upon modernisation, rationalisation and expansion programmes? What will these five mills do with their production, when, for some reason or other, they are unable to export the bulk of it? Will they be in a position different from the existing mills? Again, of the 400 and odd mills which India has, are there no units that are fit enough to be regarded as a model for others? Did the Government do everything it could and that in good time to gear this country's textile industry, or at least those units that were anxious to gear themselves, to face the growing competition in world markets? Having committed many blunders in the past, the Government now thinks of solutions that would cost the country more sums of money than need be. It is needless to add that the industry as a whole must be allowed to bring its productive equipment to the same high pitch of efficiency as that of its counterparts in countries like the U.S., Japan, Hong Kong and China. It is only then that the industry can be expected to improve quality and lower the cost of production, thereby competing successfully in the markets abroad and giving satisfaction to the consumer at home.

The Government of India has decided to grant an *ad hoc* rebate of excise duty on woollen yarn, cotton yarn and dyes derived from coal tar used in the manufacture of woollen carpets. The rate of rebate has been fixed at 20 nP per kilogram of carpet exported. The manufacturers of woollen carpets desirous of exporting them under claim of the *ad hoc* rebate are required to contact the Collector of General Excise in whose jurisdiction their factory is situated, for detailed information.

4¼ PER CENT

GUJARAT STATE

DEVELOPMENT LOAN 1972

ISSUE PRICE Rs. 100/- PER CENT

OPENS FOR SUBSCRIPTIONS ON 4TH SEPTEMBER 1961

The loan will be closed as soon as a total of approximately Rs. 600 lakhs has been subscribed, and in any case not later than the close of business on 9th September 1961.

THE LOAN WILL BE UTILISED TOWARDS THE DEVELOPMENT PROGRAMME OF THE NEW STATE OF GUJARAT. ALL ARE REQUESTED TO SUBSCRIBE GENEROUSLY TO THE NEW LOAN.

The applications will be received at offices of the Reserve Bank of India at Bombay, Calcutta, New Delhi, Madras and Bangalore, and at branches of the State Bank of India and Treasuries and sub-treasuries in the State of Gujarat.

Applications will also be collected by the State Bank of Saurashtra at Bhavnagar and its branches within the State and forwarded to the nearest receiving office.

FULL PARTICULARS CAN BE OBTAINED AT ANY OF THE ABOVE OFFICES

GOVERNMENT OF UTTAR PRADESH

FINANCE DEPARTMENT

Dated Lucknow, August 14, 1961

PRESS NOTE

4¼ per cent Uttar Pradesh State Development Loan, 1972

THE Government of Uttar Pradesh are floating a loan of Rs. 6 crores in order to finance development schemes particularly those relating to electricity, irrigation and industries. The loan will open for subscriptions on September 4, 1961 and will close on September 9, 1961 unless closed earlier. The main terms of the loan are that the issue price will be Rs. 99.75 for every Rs. 100 of the loan applied for; the loan will have a currency of 11 years from September 4, 1961 and will be repaid at par on September 4, 1972; the loan will carry interest at the rate of 4¼ per cent per annum from September 4, 1961, payable half-yearly on March 4 and September 4, the payments being subject to tax under the Indian Income Tax Act, 1922. Subscriptions for the loan can be made in the form of cash or cheque or securities of 2¾ per cent U. P. Loan, 1961 and will be received at the branches of the State Bank of India in Uttar Pradesh, the Government treasuries and sub-treasuries in the State of Uttar Pradesh where there is no branch of the State Bank of India and at the offices of the Reserve Bank of India at Bombay, Calcutta, New Delhi, Madras and Bangalore.

Full details of the terms of the loan are contained in Finance Department notification No. B-7879/X—88-1961, dated August 14, 1961, copies of which, along with the application form are obtainable at the receiving offices mentioned above.

2. Financial position of the Government of Uttar Pradesh—

Revenue position—The revenue receipts and expenditure and the surpluses for the last ten years are as follows:

(Figures are in lakhs of rupees)

	Revenue receipts	Revenue expenditure	Surplus (+)
1951-52	5,556	5,550	+6
1952-53	6,483	6,483	..
1953-54	7,564	7,281	+283
1954-55	7,819	7,713	+106
1955-56	8,553	8,423	+130
1956-57	8,996	8,984	+12
1957-58	10,493	9,942	+551
1958-59	11,723	11,614	+109
1959-60	12,955	12,816	+139
1960-61	14,794	14,437	+357

The major portion of the revenue surpluses was put into various reserve funds. During 1952-53, revenue expenditure exceeded revenue receipts because of large expenditure on Development Schemes and the gap in that year was covered by withdrawal from the Revenue Reserve Fund.

Balances in the Reserve Funds.—The balances at the credit of the various reserve funds at the end of 1960-61 were 380 lakhs in the U.P. Road Fund, 7 lakhs in the Hospital Fund, 21 lakhs in the Famine Relief Fund, 1,428 lakhs in the Revenue Reserve Fund, 2,237 lakhs in Zamindari Abolition Fund, 198 lakhs in the Depreciation Reserve Fund—Irrigation, 339 lakhs in the Depreciation Reserve Fund—Government Bus Services, 431 lakhs in the Depreciation Reserve Fund—Electricity, 21 lakhs in the Contingency Reserve Fund—Electricity and 187 lakhs in the Depreciation Reserve Fund—Cement Factory. Some of these are invested in Government of India Securities. The total balance in these Reserve Funds amounts to 5,249 lakhs.

Debt Position.—On March 31, 1961, the debt of the Uttar Pradesh Government amounted to 27,374 lakhs consisting of 925 lakhs representing the consolidated debt due to the Central Government, 19,598 lakhs taken from that Government for development purposes and 373 lakhs for Relief and Rehabilitation Schemes plus 5,895 lakhs representing the amount of public loans floated by this Government from time to time, 142 lakhs as Uttar Pradesh Encumbered Estates Act Bonds, 206 lakhs from the Reserve Bank of India, 109 lakhs from the Life Insurance Corporation of India, 43 lakhs from the National Co-operative Development and Warehousing Board for expansion of Co-operative Institutions and Marketing Societies and 83 lakhs from the Khadi and Village Industries Commission. Apart from this, the State Government have also issued Zamindari Abolition Compensation Bonds and Rehabilitation Grant Bonds, the outstanding balance of which on March 31, 1961 amounted to 8,195 lakhs. Sinking Funds have been constituted for all the public loans and the balances at the credit of these funds which amounted to 2,133 lakhs on March 31, 1961 are mostly invested in Government of India Securities. Besides this a sum of 1,958 lakhs is also available in the Sinking Fund built up for the amortization of loans obtained from Government of India, which are repayable in lump sums.

Assets of the Government.—Against the outstanding debt of 27,374 lakhs there are assets in form of the Ganga, Yamuna and Sarda Canals, various other small canals, and the State Tubewells, Cement Factory, Government Bus Services and Electricity Schemes, in which about 22,100 lakhs have been invested. Another asset is the balance due to Uttar Pradesh Government on account of loans and advances amounting to 13,161 lakhs. Besides these, there are a large number of buildings and roads for which no separate capital accounts are maintained.

FOOTNOTE.—The accounts for 1960-61 have not yet been closed finally. The figures for 1960-61 mentioned in the Press Note are based on the March (Supplementary) 1961 Accounts.

U.K.–HONG KONG TEXTILE PACT

OFFICIAL TALKS ON EXTENSION OF PERIOD

From Our Special Correspondent

MANCHESTER LETTER

MANCHESTER, 15*th August*

MORE day-to-day cables from Hong Kong have stepped up the temperature surrounding the talks which are taking place between the official delegation from the Colony and Government representatives in London. After the apparently firm determination to reject the earlier proposal that the pact should be maintained until the end of 1962, it now seems that the textile interests in the Colony have been persuaded to agree to the extension, although the actual terms of the arrangement may be open to some discussion. The British Government has made it clear that negotiations are unlikely, despite the pressure from Hong Kong for a return to the proportion of Britain's import market enjoyed by the Colony prior to the self-imposed voluntary curb on shipments. Putting the clock back in this way would raise the ceiling from its current level of 164 million yards annually to around 230 million yards, as against the Government's proposal of 185 million yards.

Lancashire traders, meanwhile, are keeping quiet on the subject, which they contend is now a matter for the Government to settle. In particular, they feel that any argument over how the available business should be apportioned between the varying interests in Hong Kong is entirely a question for local arrangements and has no bearing on Lancashire's attitude to the import situation as a whole.

Cotton Pay Talks Adjourned

Representatives of 180,000 cotton spinning and weaving workers in the Lancashire cotton industry have put forward a claim for a 10 per cent wage advance at a joint meeting with the employers in Manchester. Talks lasted for little more than half-an-hour after which discussions were adjourned and a further meeting will be held within a month.

Sir Alfred Roberts, Secretary of the Card-room Workers' Amalgamation said that the claim was based on four grounds. The trade unions contended that the cost of living had increased since the last advance of 7½ per cent was conceded 16 months ago. In the meantime, there had been a further increase in the differential between the wages of cotton workers and those employed in other manufacturing industries. The profitability of the industry, he added, was such that the employers could offer a wage rise, while the need to attract new entrants was of paramount importance and this could only be done if wage levels were brought into line with other trades.

Common Market Warning

Fears that the British home market might become "a receptacle" for excessive quantities of duty-free low-cost imports of textile goods against which the rest of the Common Market would be largely insulated if the United Kingdom is to join the European Common Market have been expressed by the United Textile Manufacturers' Association, in Manchester. "It would clearly create an unfair and intolerable position if the other European countries also gained free entry into the United Kingdom," the statement declared. "Such a situation in which the British industry would find itself faced with the worst of the two worlds must, of course, not be allowed to arise in the course of the forthcoming negotiations."

The Association said that such a development would be entirely contrary to the intentions of the proposals for a more equitable regulation of low-cost cotton textile imports amongst all Western countries as put forward by President Kennedy and recently endorsed at the conference in Geneva in which the United Kingdom Government played a full part. The British cotton and man-made fibre manufacturing industry, it was added, has no illusions about the strength and vigour of the competition to be faced at home and in Europe from other industries if the United Kingdom joined the Common Market. It would be prepared to accept the challenge provided competition was on a genuinely fair and equal basis and that the declared intention about "harmonisation of taxation, social charges and working conditions" became a reality.

How Much to Come ?

Now that the full statement issued after the recent Geneva textile talks has been published, the salient points of which had been outlined in earlier messages, statisticians are busily engaged in trying to establish the volume of shipments which can pass between the participating countries on the basis of the standstill agreement covering the 12 months to the end of June. In Britain's case, this would seem to set a figure of nearly 800 million yards for imports—a phenomenal total by any reckoning.

Such a settlement as that reached in Geneva must cover so many eventualities that it is difficult to assess its true importance. The short-term arrangement for the year beginning in October provides that any country participating in the talks can request any other so involved to restrain its imports at a level not lower than that prevailing in the year to the end of June 1961. This action, however, can only be taken if unrestricted imports are causing, or threatening to cause, disruption of its domestic market. Failing agreement within 30 days, further imports beyond the maximum level can be rejected.

Urgent action of this nature can even be taken while the request is under discussion "in critical circumstances." Who is to decide what constitutes a critical situation is not explained. As a final variation to this paragraph in the agreement, the statement adds: "Nothing in this arrangement shall prevent the negotiation of mutually acceptable bilateral arrangements on other terms." This procedure, it is emphasised, will only be used sparingly and to avoid disruption of a domestic industry arising from an abnormal increase in imports. Again, there would undoubtedly be arguments between participating countries as to what constitutes "an abnormal increase."

Lancashire would certainly have just cause for contending that arrivals of cotton cloth into British ports during the past few years have risen to very abnormal heigths. Unfortunately, it seems that the level of the last year or two is to be taken as a basic rate of imports, setting the pattern for the future. In such circumstances, our negotiators must be working from a position of weakness rather than strength.

Production : Back to 1959

Comparisons can now be drawn between the rate of output in the Lancashire spinning and weaving trades during the first half of the current year and earlier periods. These show that production was somewhat lower than in the first six months of 1960, but that the existing level is on very similar lines to that ruling in the first half of 1959. Twelve months ago, the position was, of course, affected by the very heavy demand then being encountered and the additional impetus given to output during the final stages of the redundancy programme when even those mills whose owners had decided to shut down were working flat out to cope with the almost unprecedented activity.

Although this pressure slackened in the second quarter of 1960, its mark was made of the half-year's totals. These startled some outside observers who had automatically assumed that the wholesale destruction of machinery under the scrapping programme would lead to a sharp decline in the quantity of goods produced. The following table shows the situation, by sections, covering the first half of the last three years:

	January-June		
	1961	1960	1959
Cloth (in million yds.)—			
Cotton	659.53	674.61	680.33
Man-made	273.35	272.93	253.85
Mixtures	41.98	45.78	42.35
Total ..	974.86	993.32	976.53
Yarn (in million lbs.)—			
Cotton	241.61	252.32	253.63
Spun rayon	50.25	58.52	51.92
Mixtures	20.01	16.64	18.32
Waste	51.52	58.07	53.94
Total ..	363.39	385.55	377.81

From the above figures, it can again be seen that the output of cloth produced from man-made fibres has at least held its ground, although some reduction is apparent in the cotton sector. Considering the recent state of the market, however, the fall in the aggregagte is relatively small and, given a sudden surge in activity later in the year, could well be recovered. In the spinning branch, the returns collated by the Cotton Board have been slightly adjusted this year.

Due to the incidence of holidays in the mill towns, the June statistics show some irregularity. Yarn output was distinctly lower than a year ago, but cloth production exceeded the 1960 figure by 1,500,000 yards weekly. These variations will be straightened out during subsequent periods and accurate comparisons can only be secured over a longer time of reckoning.

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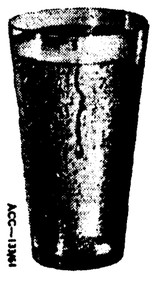

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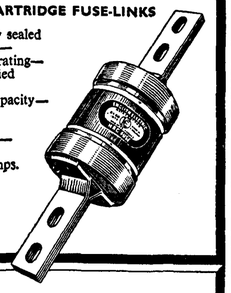

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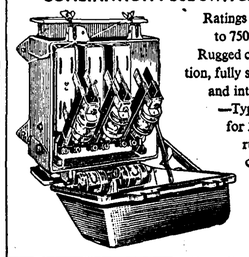

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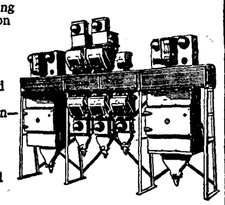

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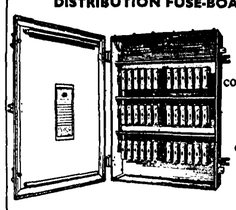

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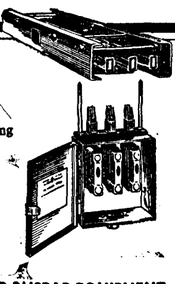

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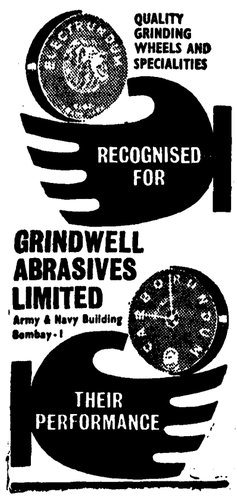

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CRISIS IN JUTE INDUSTRY PERSISTS

PROPOSALS FOR FIBRE BUFFERSTOCK AND FLOOR PRICE

THERE is a lot of confusion about the conditions obtaining in the jute industry at present. The Indian Jute Mills Association says that the raw jute supply position continues to be very critical and that several mills have individually taken steps to conserve jute consistent with their supply position in each case. Some of the biggest mills have sealed an additional 18 per cent of their looms, bringing the total sealing to 30 per cent. A few units have also reduced working hours from 42½ hours to 40 hours a week. One mill has even declared a lock-out, following labour troubles arising from dissatisfaction among workers on reduction of production and, in turn, their earnings. The spokesmen of the West Bengal Government, however, have reiterated that the new season's jute crop has already started arriving in the markets in large quantities, but the industry is not lifting the supply, as it wants the prices to decline markedly. The Chief Minister of West Bengal, Dr. B. C. Roy, is reported to have stated recently: "Jute is gradually flowing into the market. In view of the non-lifting of jute by mills, prices are going down and may drift further, unless immediate action is taken to check the trend." It is understood that Dr. Roy has addressed a communication to the Union Labour Minister, urging him to intervene. He has commended for acceptance two suggestions: (1) creation of a bufferstock to be managed and controlled by a joint body representing the State Government and the I.J.M.A., and (2) fixation of a floor price for raw jute. On its part, the labour has made an earnest plea for the promulgation of an Ordinance by the State Government to resolve the stalemate. The I.J.M.A., it is pointed out, is not only hampering the country's foreign trade but also robbing the farmers of their means of subsistence.

All this confusion would disappear if one were to think calmly of an answer to a simple question: Will any jute mill or mills want to suffer a cut in earnings by curtailment of production if it is assured of adequate raw material supplies? In the course of a statement issued to the Press recently, the I.J.M.A. said that the present rate of jute arrivals in Calcutta is far below the rate of consumption. What is worse, it adds, the quality-wise distribution of arrivals is very uneven with a fairly high proportion of top quality jute and a lack of the lower grades which are essential for blending purposes. "It is not," to quote the I.J.M.A., "in the national interests to suggest that mills should try to maintain production at a level which raw jute supplies from the point of view of quality or quantity manifestly do not warrant. Demand and supply must be equated to enable the industry to function in an orderly way and to promote a balanced market."

Scarcity of Raw Jute Supplies

The statement of the I.J.M.A. seems to be quite convincing. The Indian Central Jute Committee has also admitted that the fibre supply position is grave. Viewed thus, it is rather surprising that the West Bengal's Labour Minister, Mr. Abdus Sattar, has criticised the I.J.M.A.'s stand. And he is not justified in saying: "It is the responsibility of the jute millowners to see that both the mill workers and the cultivators are encouraged to contribute to the prosperity of the jute industry; this task can only be achieved by abandoning the practice of loom sealing at this juncture."

How can one expect the jute industry to shoulder such a responsibility especially when it is passing through a period of great crisis. The working results of many jute companies for the past year are disappointing and, in a number of cases, dividends have been pruned. The disappointing results are due to a drastic cut in the production of jute goods, thanks to the decline in raw jute output from 4.61 million bales (of 400 lbs. each) in 1959-60 to 4.03 million bales in 1960-61. The shortage of raw jute was more acutely felt in the second half of the season, that is, January-June 1961. The quantity of jute goods actually produced in this period was no more than 4.75 million tons (equal to jute consumption of 2.71 million bales), as against 5.36 million tons (3.14 million bales) in January-June 1960. The decline was accounted for by both hessian and sacking, the output of the former receding from 2.22 million tons to 1.66 million tons and that of the latter from 2.61 million tons to 2.44 million tons. The production of other jute goods, however, rose from 531,000 tons to 649,000 tons. The table below gives the month-by-month output of jute goods during the first half of 1961 and 1960, as well as in the whole of the calendar years 1960 and 1959:

(In thousand tons)

	Hessian	Sacking	Others	Total	Equivalent of jute consumption (000 bales)
1961—					
January	30.9	46.9	8.4	86.2	503
February	25.2	41.7	10.5	77.4	456
March	29.4	46.2	11.9	87.5	500
April	27.5	40.4	11.3	79.2	468
May	28.5	38.2	11.6	78.3	440
June	24.3	30.7	11.2	66.2	355
Total Jan.-June 1961	165.8	244.1	64.9	474.8	2,712
1960—					
January	36.7	42.9	7.1	86.7	506
February	36.2	41.6	8.2	86.0	512
March	37.0	45.0	9.1	91.1	543
April	37.0	44.4	9.6	91.0	538
May	37.7	44.5	9.5	91.7	535
June	37.4	42.1	9.6	89.1	508
Total Jan.-June 1960.	222.0	260.5	53.1	535.6	3,142
Whole of 1960 ..	422.2	540.7	104.2	1,067.1	6,236
Whole of 1959 ..	458.0	503.7	89.8	1,051.5	6,127

Despatches

Consequent on the (*a*) decline in production, (*b*) increase in prices following the sharp rise in raw jute prices, (c) keener competition from Pakistan, and (*d*) greater use of alternative packaging materials and bulk handling in foreign countries, despatches of jute goods for export purposes have suffered a setback. The total despatches in the first half of 1961 amounted to 3.30 million tons, as against 3.70 million tons in the same period last year, while those for internal consumption were slightly higher, as will be seen from the table below:

(In thousand tons)

	January-June		Whole of	
	1961	1960	1960	1959
Total despatches	476.2	509.5	1,038.0	1,096.4
For export purpose :				
Hessian	150.0	198.0	383.1	427.6
Sacking	194.4	140.7	317.1	379.0
Others	45.1	37.7	71.3	57.7
Total ..	329.5	370.4	771.5	864.3
For internal consumption :				
Hessian	17.7	17.0	32.7	25.1
Sacking	114.2	110.5	208.5	180.5
Others	14.8	11.6	25.3	26.5
Total ..	146.7	139.1	266.5	232.1
Grand total of despatches ..	476.2	509.5	1,038.0	1,096.4

An idea of the destination-wise shipments of jute goods can be had from the following statement:

(In thousand metric tons)

	January-March		Whole of	
	1961	1960	1960	1959
U.K.	8.0	11.4	50.0	50.3
Europe	17.2	20.3	65.6	57.6
Near East	1.0	1.6	9.7	11.6
Far East	13.4	26.2	96.5	130.6
Africa	18.0	14.4	82.8	82.0
U.S.A.	57.2	47.8	190.0	213.0
Canada	9.0	9.5	39.8	39.6
Argentina	0.9	12.5	37.8	53.5
Rest of America	17.5	6.5	63.0	59.8
Australia	13.7	11.4	74.0	72.0
New Zealand	1.3	1.9	17.0	15.0
Others	4.4	3.2	13.4	17.3
Total of hessian and sacking ..	163.5	165.8	739.6	802.8
Total of all jute manufactures. .	179.4	177.3	810.4	860.2

The downward trend in jute goods output and despatches noted during the first half of 1961 persisted in the month of July, as a result of the block closure of mills for the second week (the first week closure was in June). The actual output was 64,400 tons, as against 66,200 tons in the previous month and 86,800 tons in the corresponding month of 1960, and despatches aggregated 70,800 tons, as against 81,700 tons and

(*Continued on page 422*)

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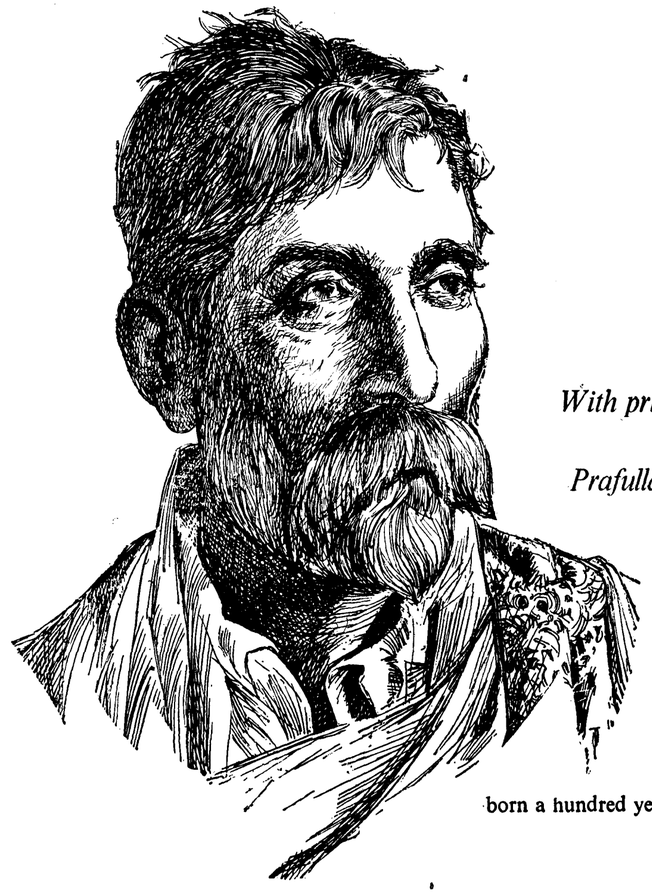

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HEALTH AND MEDICAL CARE OF PLANTATION WORKERS

U.P.A.S.I. STUDY REVEALS COMMENDABLE ACHIEVEMENTS

THE planters are not only the pioneers of one of India's major export industry but also one of the earliest employers to recognise the need for what has now come to be known as the promotion of occupational health and preventive medicine. Environmental factors, coupled with the realisation that a healthy worker was as much an asset to the employer as to the country, induced them to organise an adequate system of medical aid in plantations, which is not only far superior to those available elsewhere in the plantation areas but also compares favourably with the best in the country. A fairly clear idea of what the planters in South India are doing about workers' health and medical aid in plantations can be had from an attractive brochure published by the United Planters' Association of Southern India (U.P.A.S.I.), Coonoor. The brochure traces the early history of medical aid in South Indian plantations, briefly outlines the various phases it passed through, and describe the present position with the help of charts and tables and compares it with the standards of medical care available in the country in general. It should, as Lt.-Col. V. Srinivasan, Director-General of Health Services, Government of India, points out in a brief foreword, serve to dispel the wrong notions current in some quarters about the attitude of planters towards the health and welfare of their workers.

The brochure is based on information collected from questionnaires issued to 115 public limited companies, 31 partnerships and 91 proprietory estates (all are members of the Association) with a total planted area of 279,480 acres. The returns represented 52.6 per cent of the total area sought to be covered by the survey and 130,056 workers out of a total labour population (workers and their families) of 239,463. There were 31 group hospitals, 61 estate hospitals and 124 dispensaries in the estates covered by the survey which reveals that there is a close relationship between the size of the estate and the distribution of hospital facilities: the larger the estate the more numerous, larger and better equipped the medical establishments in them. If the total number of medical establishments is related to the total working population of the units covered, the plantation industry is found to have a density of medical establishments unmatched by any other industry of its size anywhere in the country.

Comparison Favourable

Both in respect of the number of medical establishments and number of medical staff per thousand of population, plantations compare very favourably with the rest of the country. The total number of medical establishments, including the smallest of dispensaries in the country, is only 9,958 or one for every 40,000 of the population, whereas there are one medical unit for every 1,157 of the population in the plantations covered by the survey. Relative to the working population on the reporting estates, as of 1958, there was one doctor to every 1,831 persons, one compounder to every 752 persons, one nurse to every 1,102 persons and one midwife to every 1,355 of the working population. These figures compare well with those for the country as a whole and the standards laid down by Dr. Lloyd Jones, a former Deputy Director-General of Public Health, Government of India, in his report on plantation medical service published in 1947. The following table bears out this claim:

	Medical staff in plantations, 1958		
	Lloyd Jones standards	Actual for reporting estates	Actual for India*
Doctors	1/2,500	1/1,831	1/5,714
Midwives	1/2,500	1/1,355	1/12,045
Nurses	1/1,000	1/1,102	1/14,260

* The ratio has been calculated on an estimated Indian population of 400 million at the end of 1958.

The question of labour welfare could be approached from several angles, one of them being the trend of incidence of illness among workers necessitating their attendance at hospitals and dispensaries. The frequency of attendance at hospitals or dispensaries as in-patients or out-patients provides a reliable indication of the state of health of workers. The U.P.A.S.I. survey shows that the average number of times any one of the labour population appeared for treatment as an out-patient was only five in a year, or once in 73 days. The average of in-patients treated was as few as and less than one person in four once a year. The occupancy rate of the available bed facilities in plantations was an average of less than 60 per bed per annum or a utilisation rate of only once in five days.

A good percentage of plantation labour consists of women (30 per cent in the case of estates covered by the survey). Hence maternity benefits form a major component of the medical aid in plantations. In the case of reporting estates, nearly two out of every eleven women workers were recipients of maternity benefits. The average amount per maternity case paid by way of cash benefit was Rs. 58.88. This excluded the cost of medicine or confinement and care in hospital.

Preventive Measures

Apart from the arrangement for the care of the sick, the estates' medical organisation is also keenly interested in preventive measures. Terrain, altitude, practicability and acceptance or otherwise, etc., determine the nature of preventive medicine practised in each area or estate. On most estates, the medical department is responsible for environmental hygiene and it undertakes eradication measures against flies, mosquitos, bugs and fleas.

A comparison of the cost of medical care for head of population on the estates and in the states in which they are situated shows that plantations spend much more per head of population than the State Governments do. Thus, the annual recurring expenditure per head of worker on the reporting estates amounted to as much as Rs. 26.12 in 1958, as against Rs. 18.36 in 1953 and Rs. 11.94 in 1949. In other words, in ten years, this expenditure had more than doubled. As compared with this performance of planters, the per capita outlay on medical and public health by the Governments was a mere Re. 1.48 for all the States in 1958; the relevant figures for the major plantation States of the South (as of 1958-59) being Kerala Rs. 2.13, Mysore Re. 1.55 and Madras Re. 1.59.

Medical care is, no doubt only a part, albeit an important one, of plantation labour welfare. Apart from provisions made obligatory by statute, plantation managements, especially the smaller ones, says the brochure, are making a determined effort to improve and better organise medical aid for their workers. One recent example is the finalisation of plans for a district-wide medical system to which managements represented by the Shevaroys Planters Association have agreed. They have decided to subscribe Rs. 25 per acre towards the capital cost of establishing four estate hospitals and a recurring contribution of Rs. 8 per acre for medical service.

The aforesaid facts and figures indeed give a very encouraging picture of the state of health and medical aid in plantations in Southern India. It is true that no amount of staffing or construction of hospitals or fitting them with medical equipment or facilities would, by themselves, provide a safe and reliable indication of the standard, quality and effectiveness of medical care. They are, surely, far above those available outside the plantations. But they do indicate that, even in hard physical terms, the plantation industry provides to its workers medical staff and facilities far above the standards available in the country as a whole or in the States in which the plantations are situated.

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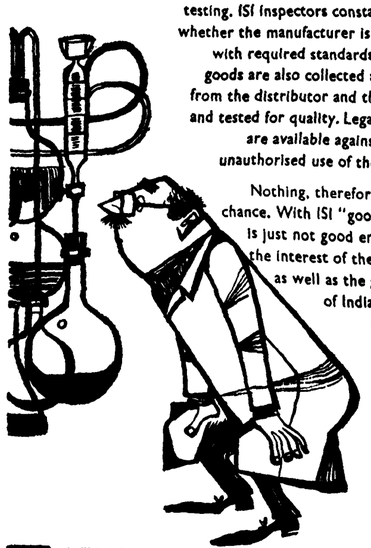

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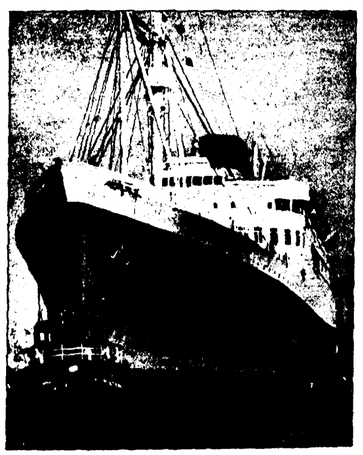

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INADEQUATE POWER TARGET

CONSUMPTION REQUIREMENTS EXPECTED TO BE HIGHER

THE experience of planning thus far in the power sector has been that development has fallen short of targets. The first Plan, it may be recalled, had targeted for an additional generating capacity of 1.40 million kw. so as to raise the aggregate installed capacity in the country to 3.70 million kw. Actually, however, the aggregate capacity at the end of that Plan fell short of the target by 0.28 million kw. The second Plan had targeted for an additional capacity of 3.48 million kw. so as to raise the aggregate capacity to 6.90 million kw. But actually the aggregate capacity at the end of that Plan fell short of the target by 1.20 million kw. No wonder, therefore, that the position was generally one of power shortage in the country, especially in the last year of the second Plan. As this shortage is continuing, the planners have accorded priority to the execution, in the early years of the third Plan, of the continuing power schemes of the second Plan numbering 94 and of the continuing power schemes of the first Plan numbering 14. If most of the 184 new schemes included in the third Plan were also executed on a high-priority basis, the aggregate installed capacity in the country would be of the order to 13.40 million kw. in 1965-66. But, according to the final report of the third Plan, the aggregate capacity that is expected to be in commercial operation by the end of the Plan will be only 12.69 million kw.—that is, the figure laid down as the target for 1965-66. It is stated that even here there is a number of uncertain elements. Still, the Planning Commission has suggested the likely phasing of benefits during the third Plan on the following lines:

(In million kw.)

Year	Additions to generating capacity during the year	Aggregate generating capacity by the end of the year
1961-62	0.60	6.80
1962-63	0.78	7.08
1963-64	1.05	8.08
1964-65	2.07	10.15
1965-66	2.54	12.69

The target of 12.69 million kw. by way of aggregate generating capacity is made up of 9.82 million kw. (as against 3.32 million kw. in 1960-61) in State-owned public utilities, 1.45 million kw. (as against 1.36 million kw. in 1960-61) in company-owned public utilities, and 1.42 million kw. (as against 1.02 million kw. in 1960-61) in self-generating industrial establishments. This target will correspond to 45,000 million kw.h. in terms of energy generated, according to the final report of the third Plan. That this amount of energy expected to be generated will fall short of consumption requirements may be seen from the following zone-wise estimates of energy requirements recently made by the Central Water and Power Commission:

Zone	Energy requirements in million kw.h. 1960-61	1965-66
Northern (Delhi, Punjab, Rajasthan, Himachal Pradesh, Jammu and Kashmir) ..	2,990	6,900
Western (Gujarat, Maharashtra, Mysore)..	5,890	14,100
Southern (Pondicherry, Kerala, Madras, Andhra)	4,740	11,000
Eastern (Assam, Andamans and Nicobar, Manipur, Tripura, Bihar, Orissa, West Bengal)	6,250	14,700
Central (Uttar Pradesh, Madhya Pradesh)..	2,430	7,400
Total ..	21,600	54,100

It would appear from the above estimates of energy requirements in 1965-66 that the target (12.7 million kw.) of generating capacity may have to be increased to about 15.2 million kw. so as to correspond to 54,100 kw.h. of aggregate energy requirement. Such an upward revision, incidentally, would nearly correspond to the estimate made by the Associated Chamber of Commerce at the end of last year. If this is not done, there will be a continuing power shortage even by the end of the third Plan. It is well known that the installed generating capacity in India has not been keeping pace with the increase in the power demands arising from rapid industrialisation, particularly of basic and heavy industries. And it is equally well known that the initial availability of power in an area acts as the best stimulus for industrial development and that, once the process starts, power demand rises very fast. The following projection of energy consumption contained in the final report of the third Plan would have to be taken as very much of an under-estimation, as compared with the broadly identical estimates of the Central Water and Power Commission and the Associated Chamber of Commerce:

Category	Anticipated energy consumption in 1965-66 (Mill. kw.h.)	Per cent of total generation in 1965-66
Domestic light and small power	3,400	7.6
Commercial light and small power ..	1,900	4.2
Industrial power	28,400	63.1
Traction	1,800	4.0
Public lighting	400	0.9
Irrigation	1,900	4.2
Public waterworks and sewage pumping ..	900	2.0
Transmission losses, consumption in auxiliaries, etc.	6,300	14.0
Total ..	45,000	100.00

In the above estimate, industrial power consumption in 1965-66 represents an increase of 16,100 million kw.h. over 1960-61. As this increase will not obviously meet the entire power requirements of industry, it should be the responsibility of the private sector not only to plead for a higher target for aggregate generating capacity but also to canvass proposals for a bigger role for company-owned public utilities in power generation. If the public sector outlay of Rs. 1,039 crores (composed of Rs. 661 crores for hydro and thermal schemes, Rs. 51 crores for atomic power, Rs. 222 crores for transmission and distribution schemes and Rs. 105 crores for rural electrification) for power in the third Plan cannot be increased, the only alternative would be to get the private sector to invest substantially more than the outlay of Rs. 50 crores allotted to it. There is no reason why the private sector should not be called upon at least to double its generating capacity which, as of 1960-61, is only 1.36 million kw. What is required as a pre-condition is that the provisions of the Electricity (Supply) Act under which the licensees' finances are rigorously controlled would have to be liberalised. It should not be difficult for the State Governments concerned to permit the expansion of the company-owned public utilities as, for instance, in the case of the Trombay plant of the Tata system. This latest instance of prompt permission by the Maharashtra Government for the expansion of the Trombay plant is in refreshing contrast to the stand of the former Bombay Government which was initially reluctant to license the construction of the Trombay project itself. The following paragraphs from the Chairman's statement (7th August 1961) contained in the 45th annual report of the Andhra Valley Power Supply Co., Ltd. (belonging to the group of Tata Electric Companies) will be read with interest in this context:

"After a review of the projected capacity of the Tata-Koyna Railway grid *vis-a-vis* demand and energy forecasts right up to 1975, a report was sent to the State Government in October last, in which it was apprehended that an energy shortage was likely to occur in 1965, followed by a capacity shortage a few years later. We then told Government that the Tata system would be prepared to do what it could towards meeting the shortage, provided difficulties mainly relating to finance could be overcome. From a purely technical standpoint, the installation of a fourth unit at Trombay seemed the simplest to plan and quickest to execute; compatible with the facilities which exist at the site, it was considered that the new unit should be of 125 m.w. rated capacity.

"As a result of certain meetings held at the highest level with the State Government, the Companies have been informed that Government would like them to proceed with the project for expansion at Trombay. A preliminary estimate indicates that the cost will be about Rs. 12 crores, of which roughly 70 per cent would be required in foreign currencies. The financial difficulties in undertaking the expansion are well-known to our shareholders as the Companies are limited by law to a return on the capital base of 6 per cent (Reserve Bank rate plus 2 per cent). A further relevant point in securing long-term borrowings concerns the 'assured life' of the Tata Electric Companies, whose licences are valid only upto 1975. In discussions with the State Government, we were informed that, in order to meet our difficulty, it might be possible for Government to consider a short extension of our licences.

"Following these talks, we explored the possibility of obtaining a loan from the U.S. Development Loan Fund for the foreign exchange component of our estimate for the Trombay fourth unit project. We believe that such a loan will be made available to us on satisfactory terms. We are, therefore, forwarding our application for it, and are requesting the Government of India to sponsor it. Simultaneously, we are proceeding with the technical examination of the project and the preparation of specifications. Our aim is to bring the fourth unit at Trombay into operation, before the end of 1964.

"We are not without hope, too, that an amendment of the Electricity (Supply) Act will come about, improving the return to utilities such as ours. I appreciate, till such amendments are finally passed, there cannot be any support from shareholders for raising additional equity capital. Electricity share prices, for reasons well known to all of us, continue to stagnate in the otherwise buoyant conditions that prevail on the Stock Exchange."

If other State Governments, particularly that of West Bengal, adopt the kind of imaginative and far-sighted approach that has characterised the Maharashtra Government's policy towards the electricity industry, it will be certainly possible to think in terms of a higher aggregate generating capacity than the target of 12.7 million kw. proposed under the third Plan. At the same time, the return to electricity undertakings would need to be improved by amending the Electricity (Supply) Act. Thanks to the increasing indigenous production of machinery and equipment for power projects, the foreign exchange component will be relatively much less than in the second Plan. Already the foreign exchange component of Rs. 320 crores works out to less than a third of the entire cost (Rs. 1,089 crores) of the third Plan's power programme as now proposed. If the size of the power programme is increased by a fifth, it will add only about Rs. 60 crores to the foreign exchange component. As more rupee finances can conceivably be made available from the sale proceeds of P.L. 480 foodgrains, it should also be possible to allot some more foreign exchange to power projects by reducing the foreign exchange commitments of some less essential projects.

NATIONAL BUILDINGS ORGANISATION

The main function of the National Buildings Organisation, according to a written reply to a question in the Lok Sabha, is to ensure a rational approach to the problem of housing and to achieve reduction in building costs through promotion and co-ordination of research in building materials, techniques and designs. The Organisation has prepared type designs of rural houses suitable for the States of Assam, Uttar Pradesh, Madhya Pradesh, Andhra, West Bengal and Rajasthan and is now constructing one experimental house in each of these States for observation and demonstration purposes.

The Organisation has conducted a number of studies in respect of certain building materials, both traditional and non-traditional. The more important of these studies pertain to heavy clay products (including hollow bricks and tiles) and their mechanised production. Light weight aggregates from blast furnace slag (a waste product of the steel plants) and from fly-ash (a waste product of modern thermal power plants using powdered coal as fuel); lightweight partitions etc. from low grade gypsum; cement roofing tiles; asphaltic corrugated roofing sheets; wire bound reed-boards and hollow cinder concrete blocks (utilising furnace cinder).

D.L.F. LOANS FOR POWER PROJECTS

Agreements, covering three D.L.F. loans totalling $62.9 million (Rs. 30 crores), were signed between the Government of India and the U.S. Government on 16th August 1961. These loans, repayable in rupees like other D.L.F. credits previously given to India, are intended to meet the foreign costs of three major power projects, namely, the second stage of the Sharavati Hydro-Electric Project (Mysore), a thermal station at Talcher (Orissa) and a thermal station at Amlai (Madhya Pradesh). The rupee costs, totalling Rs. 32.3 crores, of these projects will be financed by loans from the sale proceeds of agricultural commodities supplied to India under P.L. 480.

The Sharavati Project-II Stage, now under construction, will generate 445,000 kilowatts. U.S. loans it may be recalled, had partly financed the cost of the first stage of this Project for the generation of 180,000 k.w. The Talcher thermal station will generate 250,000 kilowatts. The Amlai thermal station will have a generating capacity of 60,000 kilowatts; its power will be supplied to cement, pulp and paper, coal mining and aluminium enterprises.

NEOPRENE-COVERED WIRE AND CABLE

Neoprene synthetic rubber is known to be tough, flexible, lightweight and long-lasting. This versatile man-made rubber has been particularly successful in the wire and cable field, thanks to a combination of properties which give it outstanding resistance to all forms of cable deterioration. Apart from its ability to defy cracking, abrasion, ozone, soil acids and alkalis, this Du Pont elastomer has an exceptional resistance to oil. Where ships in particular are concerned, its resistance to flame, and high temperature is an important factor. This quality, more than anything else, seems to have influenced the choice of neoprene for the numerous uses of wire and cable for lighting and power on the new 45,000-ton P. & O. passenger liner "Canberra," now on her maiden voyage to Sydney. The liner carries nearly one million metres of neoprene-covered wire and cable.

NEW PRODUCTS AND PROCESSES

New Type of Bleaching Agent

A NEW solid bleaching agent is now available in the U.K. marketed by the Pfizer Group, Sandwich, Kent. Like other bleaching agents it is chemically a hypochlorite, but the metal part is lithium. The special points about this lithium hypochlorite are that, being a solid in granular form, it is more readily transportable, especially in small packages, than liquid bleach, and having lithium as the metal (as distinct from the calcium in the well-known "chlor.de of lime") it causes no precipitation in hard water or detergents. Further[illegible] is not as deliquescent as [illegible]. The oxygen equivalent [illegible] that does the bleaching—or in other [illegible] of the industry, the chlorine figure—is very high, being 35 per cent in the marketed product, which has solid diluents in it, and 121 per cent in the undiluted salt. Unlike some newer organic liquid bleaches, lithium hypochlorite does not release chlorine or other harmful gases in very alkaline solution, such as that of soap. Lithium hypochlorite bleach is more expensive than other hypochlorites and so the market is more likely to be the domestic one than industrial, though the laundering industry may well be interested.

Fire-resistant Paint

A unique paint with fire-retardant qualities of Class I in the British Standard 476 is now introduced by the Timber Fire-proofing Company, 13a, Old Burlington Street, London, W. 1. The result of research spread over 2½ years, it is called Oxylene P.V.A. Intumescent Fire-Retardant Paint. The research was led by Mr. J. H. Dyer, technical manager of the Oxylene Boram Divis on of the company and an acknowledged authority on fire-proofing problems. The uniqueness of this paint lies in the fact that it is a true paint, is ready for use in one tin, can be produced in the 100 or so colours of B.S. 2660, and, above all, is *intumescent*. That is to say, it swells on application and so produces a thick cellular blanket over the surface painted on, whether timber, plywood, acoustic tile or anything else. This insulating film prevents oxygen getting to the wood surface and so holds up combustion. The paint is a copolymer of polyvinol acetate (P.V.A.) resins and is similar in general structure to emulsion paints, though modified to produce the fire-retardant properties. It is decorative and durable and can be applied by brush, roller or spray. It can be washed and is resistant to abrasion.

"Pro-Set" For Wood Working

A new device which creates a major change in wood working tool room practice by eliminating trial and error in cutter profile developing and grinding, has been produced by a U.K. firm, Thomas Robinson and Son Ltd. The accurate profile development, grinding and eventual setting of moulding cutters on their parent machines, is one of the problems in many planning and moulding mills and while development and grinding need not interfere with a machine's running time, in the majority of cases a machine is idle while the cutters are being set on its blocks. After investigating the problem, the firm has produced a device, named the Pro-Set. It cuts machine "down-time" to a minimum by guaranteeing first time accuracy in cutter setting on the parent machine. The Pro-Set provides an ingenious method of mechanically developing the true shape of cutter required for any normal size of straight-cut block using a drawing or sample section of the original. The shape is developed onto a template which, after being used when grinding the cutters, can also be used as a guide when setting them on the cutter block. The device can be quickly adjusted to suit any size of cutter block and, being small and completely portable one Pro-Set can serve several machines.

Electricity—Conducting Glass

A process for making electricity conducting glass has been developed in Russia. In the process the glass is heated almost to its melting point and then treated with tin chloride. This process, it is claimed, causes the glass to become a permanent conductor of electricity. Glass treated in this way loses some of its transparency and a slight irridescence becomes noticeable. Tests show that it may be used for the production of the windscreen of motor cars and aeroplanes enabling the glass to be heated by a small electric current thereby preventing the formation of ice. The glass may also be used for heating of rooms and offices. Tests have shown that the application of heat has very little effect on the conductivity of the glass and as a result the glass can be used effectively as a resistance material in electronic equipment. It may also be used in advertising and instrument panels. The process is said to be cheaper and in many ways simpler than that used so far for the production of electrically conductive films on the surface of glasses. The electrical conductivity is caused by formation of a thin film of tin oxide anchoring itself to the silica network on the surface of the glass.

Pocket Tape-recorder

A tape-recorder of Swiss make (the Fi-cord 101) will go into the pocket. It is completely transistorised, has a printed circuit and is powered by two small dry batteries that give up to 20 hours of working. The machine measures 6⅛ inches by 3¼ inches by 1⅛ inches. The tape speed is 1⅞ inches per second, and each tape gives 30 minutes of recording time by the use of the reverse side. Re-recording automatically erases previous signals so that the tape can be used indefinitely. The spool used fits all standard tape-recorders. The controls are simple press buttons and an extra is a lapel microphone, which enables the machine to act as a sort of pocket notebook of speeches and conversations. Other accessories available are a desk transcriber, a stethophone, a foot pedal control and a desk stand.

Electronic Spectrograph

Detailed analysis of steel which at one time occupied four metallurgists for about an hour can now be carried out in four minutes by a new electronic spectrograph—the first of its kind in Britain. The machine was recently installed at Richard Thomas and Baldwin's Redbourn Laboratory. In operation, a small piece of steel is placed in position at one [illegible] the £12,000 machine. The steel is subjected [illegible]rk in an atmosphere of argon gas and the [illegible]s transmitted to a prism which breaks it up into different colours, each representing various elements in the steel. The intensity of each colour is measured and transmitted electronically to a typewriter which records it automatically and types out a detailed analysis of the steel under examination.

Fire-proof Furniture

Two French organisations have developed a technique claimed to enable exceptionally good fire-resistant properties to be given to furniture, plywood and insulation panels. The wood is immersed in a chemical solution but the secret of success is said to lie mainly in treating the wood when it has the right (but very slight) degree of dampness and the fibres are suitably dilated. It is stated that treated wood remains as water-repellent as before and there is no risk that nails or screws driven into it will become corroded.

New Device to Warn Brake Failure

A welcome safety device in this age of fast motorised transport is being manufactured by a South Australian firm, Hanson Brake Safety Cylinder Company, of Adelaide, Australia, invented by an Australian, Mr. W. Amos, it warns of hydraulic brake trouble on motor vehicles through loss of oil. A feature of the device is that when the warning is given—by means of a flashing red light on the vehicle's dashboard—the master cylinder of the brake system is still full of oil. This means that the brakes are still intact when the warning light comes on. The Hanson Brake Safety Cylinder Company has patented the invention which comprises a safety reservoir fitted with a copper float and an electrical circuit coupled with the vehicle's battery. The safety reservoir, which has a capacity of about six fluid ounces, is fitted to the vehicle's scuttle and is connected to the master brake cylinder, either directly or with a *plastic hose*. Thus, the driver has ample warning that there is an oil leak in the brake system and is given time to check the source of the trouble before the brakes fail. The device, which can be fitted to about 90 per cent of all cars and trucks, also has a sludge trap at the bottom of the safety reservoir which stops all foreign matter from entering the hydraulic circuit.

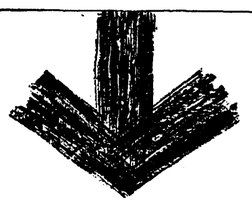
Moth-proofing Jute

An insecticidal formulation and a process for impregnating the gunny bags used for storage of foodgrains have also been developed at the Central Food Technological Research Institute, Mysore. The formulation contains lindane plus D.D.T., Dutrex (a petrolium by-product) and groundnut oil in the oil-in-water type emulsion. The fixed oils in the formulation increase the persistence of lindane on treated bag surface. The process may be used with efficacy for large-scale insect-proofing of gunny bags and fabrics.

Flying Automobile

The first step towards the manufacture of a flying automobile named the Aerocar has been taken in the United States, and production may begin this year. Ling-Temco Electronics, Inc., of Dallas, Texas, has signed a contract to begin manufacturing the unusual vehicle if there are enough orders to justify quantity production. The Aerocar is a two-place, pusher type plane when in flight. Disassembled for road travel, the wings and tail are folded and towed behind the automobile section. The vehicle can be converted from airplane to automobile, or *vice versa*, in five to 10 minutes with the aid of a single hand crank.

As an automobile, the Aerocar has a practical road speed of 60 miles per hour. As an aircraft, it cruises at 100 miles per hour, and has a range of 300 miles.



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THE CONTEMPORARY CORPORATE SCENE IN INDIA—III

TRENDS DURING TWO PLAN PERIODS

By Dr. Raj K. Nigam, Ph.D. (Econ.) (London)

THE economic and industrial progress made by the country under the first and second Plan periods is as distinctly seen in the corporate sector as in other fields of socio-economic activities in the country. The two Plan periods saw not only the formation of a large number of corporate enterprises in the country but also witnessed the strengthening of the capital base of the existing companies in the country in a pretty big way. During this period, not only big companies, with massive capital structures, came into being, but also an overwhelmingly large number of small companies came into existence, showing that the small entrepreneurs and business elements were getting a reasonable opportunity for coming up alongside the big and experienced entrepreneurs in the country. The formation of the big and small companies simultaneously also proved that the two Plan periods were an epoch of ample opportunities for all those who wanted to set up small or big business in the country in the old as well as in the new industrial and commercial fields. The two Plan periods also saw the demarcation of a new sub-sector in the corporate sector, namely, Government sub-sector which received statutory recognition in 1956 under the Companies Act 1956. This sub-sector developed in a mighty way during the momentous years of the second Plan period during which the number of Government companies was doubled and the paid-up capital base widened by nearly 8 times. During the ten years under review, particularly after 1956, the management pattern of the companies also underwent big changes resulting in the shrinkage of the area of influence of the managing agencies and the filling up of the vacuum created by them by other alternative forms of management. The latter phase of the second Plan period also saw the entry of foreign entrepreneurs in the corporate field in the country in large numbers, having been persuaded by the Indian entrepreneurs to join hands with them in establishing new companies in the new and diverse industrial directions in the country. This large-scale foreign collaboration with Indian business was also greatly facilitated by the change in the attitude of the Government. The foreign collaboration was realised as an important solvent of the foreign exchange difficulties increasingly faced during the second Plan period. The need for obtaining foreign exchange from foreign business sources became urgent, as the foreign exchange reserves of the country touched the bottom and as the normal foreign exchange earnings through export did not show any improvement due to the stickiness of exports and the swelling tide of the imports, despite the controls imposed on the non-essential items of imports. It became, therefore, a dire need to make dour attempt to get increasing volume of foreign exchange for sustaining and further accelerating the progress of industrial development of the country.

Apart from the question of foreign collaboration in the corporate sector, other trends, relating to the structure, management and finances of joint-stock companies in the country, during the second Plan period in particular, have to be read in the context of the new Companies Act 1956, which brought in a more purposive control and direction of the corporate activities in the country on the lines of sound business practices and in consonance with the current socio-economic thinking of the State slanted towards establishing a socialist pattern of society in the country. To a certain extent, some of the important provisions of the new Act attempted to break up the control of economic power in the hands of the managing agents and company managements, and to restrict the quantum of the managerial remuneration and other pecuniary gains, apart from cleansing the corporate activities of the various unsavoury practices which led to a lot of distrust against company management in the country. Above all, the new Act has been enacted to reduce the cost of promotion and management of companies also. How far success has been achieved in this direction would require, indeed, a detailed survey at a later date when full impact of the Act has been felt by the corporate sector. But some indications of the achievement in this direction are available in the annual reports on the working of the administration of the Companies Act presented by the Department of Company Law Administration to Parliament from 1957 onwards. It may be mentioned here that the provisions of the Companies Act are still far away from placing corporate enterprises in a social framework, and, perhaps, in future it may be in the interest of the society, as well as of the corporate enterprises, if, instead of prescribing mere prohibitory provisions in the Act, more positive directions are given to the corporate enterprises to realise the socio-economic objectives of the State policy. As at present, the ambit of the Companies Act is not so wide as to bring the corporate enterprises under the full focus of State policies for establishing a socialistic State in the country. In its new form, with its restrictive provisions and over-charged with governmental powers, the Companies Act, soon after its passage in Parliament, came to be regarded in industrial circle as an instrument of oppression which, instead of inducing the private entrepreneurs to set up new corporate businesses in the country, might shy them off even from expanding the old established businesses, much less to talk of setting up new companies. Had these fears been realised, it would have, indeed, condemned the new Companies Act as an ill-conceived piece of legislation introduced at a time, when the industrial development of the country needed strong stimulating legislation administered with foresight and vision. The period of 1956-61 cannot be said to be one of disenchantment for the private sector, as the operation of the Act has not, in any manner, slowed down corporate activities in the country. On the contrary, it is, to a certain extent, creditable for the Act and the administration in-charge of it that the corporate sector has gained in strength since the Act came into force.

The administrative action to remove non-working companies in the corporate sector, which for years had given a bloated impression of the corporate sector to all of us, was started by the Department of Company Law Administration soon after its inception in 1955. Since then up to the end of 1960-61, the administration has removed nearly 9,000 inactive companies, which account for nearly 17 per cent of the total number of new registrations of approximately 58,800 during the period 1900-61.

At the Beginning of the First Plan

At the commencement of the first Plan period, the corporate sector in our country comprised 28,532 companies with a total paid-up capital of Rs. 775.4 crores. This total was made up of 12,568 public companies with a total paid-up capital of Rs. 566.5 crores and 15,964 private companies with a total paid-up capital of Rs. 208.9 crores. That is to say, 44 per cent of the total number of companies at work were public companies, accounting for 73 per cent of the total paid-up capital of all the companies at work at the beginning of the first Five-year Plan period. The remaining 56 per cent and 27 per cent represented the share of the private limited companies in the total number and paid-up capital of companies at work, respectively. In other words, the public companies were the far more important constituent of the corporate sector in the country, in so far as the bulk of the total paid-up capital of the corporate sector was accounted for by them. The paid-up capital of these companies was 1½ times that of the private companies, though, in number, the latter exceeded the public companies by nearly one-fourth.

During the ten-year period ended 1960-61, the corporate sector underwent a very significant change in its overall size as represented by the number and size of paid-up capital of the companies at work and their composition. At the end of 1960-61, that is to say, at the end of the second Plan period, the total number of companies at work was reduced to 26,108, recording a net decrease of 2,424 companies over the number of companies at work at the commencement of the first Plan period. Notwithstanding this fall, during the same period, the paid-up capital of companies increased by Rs. 949.2 crores to Rs. 1,724.6 crores. Thus, it will be seen that, while in terms of number, the overall size of the corporate sector was reduced by nearly 9 per cent, the paid-up capital resources recorded a very impressive increase, the actual net increase being of the order of 122 per cent. The two constituents of the corporate sector, namely, the public and private limited companies at the end of 1960-61 had 6,745 companies and 19,363 companies, respectively. The total paid-up capital of these two classes of companies came to approximately Rs. 876.1 crores and Rs. 848.5 crores, respectively. Thus, it will be seen that, as against the position existing before the commencement of the first Plan period, when private companies exceeded the public companies by nearly one-fourth in number, at the end of the second Plan period, the private companies were nearly 3 times the number of the public companies. The paid-up capitals of the two classes of companies also underwent a similar radical change and the relative importance of the public companies was nearly gone. The paid-up capital of the private companies, which was about one-third that of the public companies at the beginning of the first Plan period came at par with that of the public companies at the end of 1960-61.

The following table 1 sets out the statistical position of companies at work at the beginning and end of the first and second Plan periods:

TABLE 1

Overall Position of Companies in 1950-51, 1955-56 and 1960-61

(Paid-up capital in crores of rupees)

Year	Total No. of companies at work	Paid-up capital	Public companies at work		Private companies at work	
			No.	Paid-up capital	No.	Paid-up capital
1950-51 ..	28,532	775.4	12,568	566.5	15,964	208.9
1955-56 ..	29,874	1,024.2	9,575	690.4	20,299	333.8
1960-61 ..	26,108	1,724.6	6,745	876.1	19,363	848.5

Trend of New Registrations

During the first and second Plan periods together, a total number of 13,082 new companies were registered in the country, with a combined authorised capital base of Rs. 1,832 crores. Of these, 7,043 companies, with a total authorised capital of Rs. 787 crores were floated during the first Plan period and 6,039 companies with a total authorised capital of Rs. 1,045 crores during the second Plan period. Of the 7,043 companies formed during the first Plan period, 1,456 were public companies with a total authorised capital of Rs. 354 crores and 5,587 were private companies with a total aggregate authorised capital of Rs. 433 crores. The corresponding figures of the number of public and private companies for the second Plan period are 447 companies and 5,592 companies, respectively, and the total authorised capital for these two classes of companies are Rs. 390 crores and Rs. 655 crores, respectively.

The first Plan registrations are to be studied in the context of the high tide of new registrations during the post-World War II period 1946-1951. The lifting up of the various controls after the World War II and the impetus given to the indigenous industries and businesses following the installation of the National Government and the attainment of Independence by the country sparked off a period of strong nationalistic industrial revivalism in the country. Reference to this phenomenon has been made in an earlier section dealing with the new registrations during the post-Independence period in the country. The mushrooming of corporate bodies came to an end during the first year of the first Plan and, thereafter, the formation of new companies took a more realistic trend; the new registrations thereafter numbered 1,200 to 1,300 a year, except during the last year of the first Plan period when there was once again an unusual bulge caused by certain prognostications of the entrepreneurs regarding the new Companies Act which was to come into force on the 1st April, 1956 with certain stringent clauses. The new Act, no doubt, depressed the level of new registrations during the first year of the second Five-year Plan. But, as the air of uncertainty and hesitancy disappeared from the minds of the promoters and as the forces behind the high levels of investment contemplated to be made during the second Plan period came into play, the new company registrations once again started their upward journey from 1957-58 onwards. Finally, at the end of the second Plan period, the level of new registrations was nearly double that of the first year of the second Plan period and considerably higher than the annual registrations of the first Plan period excepting the first year of the first Plan which was marked by the tapering end of the inflated level of registrations of the post-World War II period. Thus, while the trend of the first Plan period was downwards, it was distinctly upward during the second Plan period. The annual trend in the new company registrations during the first and second Plan periods is shown in table 2 given below:

TABLE 2

New Registrations During the First and Second Plan Periods

(Authorised capital in crores of rupees)

Period	Public companies		Private companies		Total	
	No.	Authorised capital	No.	Authorised capital	No.	Authorised capital
		Rs.		Rs.		Rs.
1951-52	568	72.10	1,298	80.20	1,866	152.30
1952-53	287	21.10	1,046	75.30	1,333	96.40
1953-54	204	22.90	989	132.50	1,193	155.40
1954-55	211	160.50	992	50.50	1,203	226.00
1955-56	186	67.90	1,202	89.00	1,448	156.90
1st Plan Total ..	1,456	353.50	5,587	433.50	7,043	787.00
1956-57	84	54.10	764	156.50	848	210.60
1957-58	65	52.70	896	50.00	961	102.70
1958-59	58	58.70	1,037	225.70	1,095	284.40
1959-60	87	67.10	1,365	93.40	1,452	160.50
1960-61	163	157.20	1,530	129.50	1,693	286.70
2nd Plan Total ..	447	389.80	5,592	655.10	6,039	1,044.90
1st and 2nd Plan Total ..	1,903	743.30	11,179	1,088.60	13,082	1,831.90

Note:—Figures of authorised capital of newly registered companies in this table and elsewhere in these articles relate to the tune of registration of companies and do not cover subsequent increases.

Quantum of Capital Raised by New Companies

Unlike the World War II and post-war floatations, the new companies set up during the two Plan periods set about raising the requisite capital for their business in right earnest. Detailed statistical information on this point is available for the second Plan companies. During the second Plan period, as said above, there has been a maximum increase in the paid-up capital of all companies at work to the tune of Rs. 700 crores, of which Rs. 268 crores were raised by the private sector companies and Rs. 432 crores by the Government companies. Of the total increase of Rs. 700 crores, Rs. 161 crores have been raised by the companies formed during the second Plan period, that is to say, a little over one-fifth of the total increase in the paid-up capital was raised by the new floatations and four-fifths by the companies established earlier to the second Plan period. Out of this total amount of capital raised by the second Plan period companies, Rs. 85.3 crores were effected by the private sector companies and Rs. 75.7 crores by the Government companies. Thus, in the total capital raised by the second Plan period companies, the shares of the private sector companies and the Government companies work out to 53 per cent and 47 per cent, respectively; and in the total overall increase in capital effected by the private sector companies and the Government companies at work at the end of 1960-61, the shares of the second Plan period companies belonging to the two categories work out at 32 per cent and 18 per cent, respectively.

Giant Floatations

Out of 13,082 newly formed companies during the first and second Plan periods, 304 were giant incorporations formed with an authorised capital of Rs. 1 crore or more, each. The total authorised capital of these giant floatations aggregated Rs. 1,278 crores accounting for nearly 70 per cent of the total authorised capital of all companies floated during the two Plan periods. The number of giant floatations during the first Plan period totalled 106, whereas in the second Plan period their number was 198. The respective authorised capital of these giant floatations totalled Rs. 510 crores and Rs. 768 crores, respectively. Of the 304 giant floatations, 205 were public floatations, of which 78 were incorporated during the first Plan period and 127 during the second Plan. The total number of private companies of such size during the 10-year period was 99, of which 28 were incorporated during the first Plan period and 71 during the second Plan. The largest number of giant public floatations was registered during the last year of the second Plan period, namely, 1960-61, when they numbered as many as 67. Likewise, the number of private floatations of such size was also highest in the same year, the number being 22. Giant-sized public and private companies together totalled 89 during the year 1960-61 which was double the number of the earlier highest total of such floatations during the planning decade. The following tables 3 and 4 summarise the statistical position of giant floatations during the first and second Plan periods:

TABLE 3

Giant Floatations During First Plan

(Authorised capital in crores of rupees)

Period	Number of companies and authorised capital					
	Public		Private		Total	
	No.	Authorised capital	No.	Authorised capital	No.	Authorised capital
		Rs.		Rs.		Rs.
1951-52	16	41.2	5	34.0	21	75.2
1952-53	4	5.0	6	45.0	10	50.0
1953-54	3	8.1	4	106.0	7	114.1
1954-55	34	153.0	8	25.0	42	178.0
1955-56	21	51.0	5	42.0	26	93.0
Total ..	78	258.3	28	252.0	106	510.3

TABLE 4

Giant Floatations During the Second Plan

(Authorised capital in crores of rupees)

Period	Number of companies and authorised capital					
	Public		Private		Total	
	No.	Authorised capital	No.	Authorised capital	No.	Authorised capital
		Rs.		Rs.		Rs.
1956-57	16	44.0	12	124.5	28	168.5
1957-58	17	48.0	11	18.0	28	66.0
1958-59	9	59.0	13	187.2	22	246.2
1959-60	18	63.0	13	34.5	31	97.5
1960-61	67	187.0	22	58.8	89	195.8
Total ..	127	345.0	71	423.0	198	768.0
Total for 2 Plan periods ..	205	603.3	99	675.0	304	1,278.3

Of the 304 giant-sized companies floated during the first and second Plan periods, 43 were Government companies incorporated with a total authorised capital of Rs. 689.0 crores which accounted for 54 per cent of the total authorised capital of all the giant-sized floatations during the two Plan periods and for 38 per cent of the total authorised capital of all the newly formed companies of the period. Of the 43 giant-sized Government companies, 14 companies were set up during the first Plan period and their total authorised capital aggregated Rs. 405.50 crores out of the total authorised capital of Rs. 510.3 crores for all the giant-sized companies of the first Plan period. Twenty-nine giant-sized Government companies were formed during the second Plan period and their combined authorised capital came to Rs. 283.5 crores out of Rs. 768.0 crores for all the giant-sized companies formed during the second Plan period. It will thus be seen from these figures that the attempts of the Government to enlarge the size of the public sector became quite conspicuous during the second Plan period. It may be pointed out here that the "Government colossus" of the corporate sector, namely, the Hindustan Steel Private Limited was formed during the first Plan period initially with an authorised capital base of Rs. 100 crores which was subsequently raised to Rs. 300 crores. Apart from the Hindustan Steel Private Limited, the other important new giant-sized companies in the first Five-year Plan period were Nangal Fertilisers and Chemicals, the Sindri Fertilisers and Chemicals, the Durgapur Iron and Steel Works, Burmah-Shell Refineries, Industrial Credit and Investment Corporation of India. Of these, the first two were promoted and set up by the Government, while the other three by the private sector. The first two companies have recently merged into one single company. It may be mentioned that, in the formation of the last one, Central Government took a very active interest. Durgapur Iron and Steel Works was later put into liquidation. Each of these five companies had an authorised capital of Rs. 25 crores and more.

The most conspicuous instances of giant floatations in the second Plan period are Heavy Engineering Corporation, National Coal Development Corporation, Heavy Electricals, Neyveli Lignite Corporation, Refinance Corporation for Industry and Oil India Company. Each of the above companies has been registered with an authorised capital of Rs. 25 crores or more. Excepting one company, namely, the Oil India Company in which the Government's share was limited to one-third (now raised to 50 per cent under the recent agreements signed with the Burmah Oil Company) and the Refinance Corporation for Industry, all other companies mentioned above were set up by Government. Thus, it is clear that the biggest among the giant floatations during the two Plan periods were State creations and the size of the biggest in the private corporate sector was considerably smaller than that of the Government companies. During the second Plan period, the big private promotions are India Re-Insurance Corporation, India Rayon Corporation, South Indian Viscose, Baroda Rayon Corporation Ltd., Hindustan Aluminium Corporation, A.C.C.-Vickers-Babcock, Greater Mysore Rayon Grade Pulp and Paper Mills, Synthetics and Chemicals Ltd., Seshasayee Paper and Boards, Madras Aluminium Company, Cibatul and Chemicals and Fibres of India.

Note: This is the third of a series of four articles on the subject; the first instalment appeared in *Commerce* of 12th August and the second in the issue of 19th August, 1961. These are essentially factual articles which the author has written with a view to disseminating facts and figures relating to corporate sector in a proper context to wider circles in the country. Any views and opinions expressed in these articles are the personal views of the author and not of the organisation he belongs to.

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THE INDIAN IRON & STEEL COMPANY LIMITED

RECORD OUTPUT, BUT NO POSSIBILITY OF ACHIEVING PLAN TARGET

RAW MATERIAL SHORTAGE—SIR BIREN MOOKERJEE'S SUGGESTIONS FOR DEVELOPING EXPORT MARKET

The following statement by Sir Biren Mookerjee, Chairman of the Indian Iron and Steel Company Ltd., dealing with the Company's working for the year ended 31st March 1961, has been issued to shareholders. The Annual General Meeting of the Company will be held on Tuesday, the 5th September 1961, at 3 p.m., at the Royal Exchange Hall of the Bengal Chamber of Commerce and Industry, 6, Netaji Subhas Road, Calcutta-1.

"PRODUCTION of iron for the year at 1,160,576 tonnes and of steel ingots at 914,159 tonnes showed an improvement over the previous year and constituted a fresh record for the Company. As will be seen from the report of your Directors, there are however no grounds for complacency for with the serious deterioration in the quality of raw materials, there can, under existing conditions, be no possibility of achieving the output envisaged at the time the expansion of our plant was planned, and in fact serious difficulties are foreseen even in maintaining production at the 1960-61 level.

Accounts

"In a consideration of the financial accounts for the year under review it should be borne in mind that the results disclosed are based on provisional steel sales realisation figures which are subject to revision according to the decision of Government on the pending enquiry by the Tariff Commission as to the steel retention prices to apply from the 1st April, 1960. To obviate hardship while the matter is under reference, Government have granted a provisional price increase as from the 1st April, 1960, but the true results for the year can naturally not be known until the final revised steel retention prices have been determined.

"Nor can too much be built on any comparison of the provisional profit for the year with the profit of the previous year for previous sales figures, and in consequence previous profits, were distorted by the method adopted under the five-year price fixation that expired at the 31st March, 1960 of compensating the limited items of cost increases for which the Company, under its agreement with Government, could claim adjustment. Under this method, with the exception of the increase of the steel excise duty, compensation for an increase of cost was effected not by increasing correspondingly the retention prices from the date of such increase, but by averaging the incidence of the increase over the whole five-year period with retrospective effect. The result was accordingly that, while in total full compensation was effected, a part of the compensation was in fact assigned to a period before the increase in cost took place with corresponding reduction of the benefit to the subsequent period. The tendency was therefore to increase the profits of the earlier years and decrease those of the later years, the effect being of course most marked in the last year of the price fixation period, namely, the year 1959-60.

Retention Prices

"It will also be appreciated that, while giving a correct result in total, the effect of averaging the price increases over the five years was that the adjusted retention prices current from time to time during the period did not reflect the full amount of the cost increases, the shortfall gradually increasing over the period to a maximum in 1959-60. The new retention prices to be fixed from the 1st April 1960 must naturally include the full amount of the cost increases and from that date there must therefore on this account alone be a considerable apparent increase in the retention prices which in fact represents no additional benefit to the Company. Viewed against this background it will be seen that, so far as the Company is concerned, the provisional price increase granted by Government pending enquiry by the Tariff Commission represents an effective increase falling far short of the amount by which the retention prices have actually been raised. In the opinion of your Directors, a larger increase is warranted by the circumstances of the case and the matter will be fully represented to the Tariff Commission in the course of its enquiry.

Production Difficulties

"In view of my opening remarks regarding the present impossibility of achieving the iron and steel output envisaged under our expansion programmes and the difficulties of maintaining production even at the 1960-61 level, I should perhaps explain, in as simple terms as possible, what in fact are these difficulties with which we have to contend.

"The main difficulty is the extremely high and varying ash content in presently available metallurgical coal coupled with erratic supplies and the fact that, owing to the transport position, our stock of coal is diminishing so severely that, unless the position rapidly improves, we shall be forced to curtail the production of iron. Even given adequate quantity of coal in total, regularity of supply and transport from the no less than twenty-three different collieries over which our requirements have now been compulsorily spread is a further essential without which we are unable to blend the coal to effect some measure of consistency in working conditions. The consequence is that not only is the ash content of our coke ridiculously high but that this ash content varies widely from day to day with inevitable prejudicial effect on production. Under normal circumstances, we would select our coal supplies to give the lowest ash consistent with the desired volatile content to suit the designed operation of our coke ovens. Conditions are such, however, that we have been forced in large measure to disregard volatile content and to concentrate on ash content, having regard to blast furnace practice. This position is most unsatisfactory as regards the operation of our coke ovens and is necessarily a cause of considerable concern on this account.

"A high ash content in the coke means increased consumption of coke to attain the blast furnace operating temperature and in consequence a larger volume of slag produced. Since the cubic capacity of a blast furnace is constant, a larger volume of slag means in turn a reduced volume of iron produced. This high ash content makes additionally for very difficult operational conditions, and I think I may claim that in the history of blast furnace operation we have the doubtful honour of being pioneers for never before, to my knowledge, has such high and fluctuating ash coke been charged to blast furnaces as is at present the case at Burnpur.

Quality of Raw Materials Not Uniform

"The plea of our operational executives is that, if the quality of raw materials must be bad, then at least let it be regularly bad, for in that case, whatever the difficulties, some measure of consistency of operation could be achieved. This, however, the erratic transport position effectively precludes and, with the daily fluctuations, it becomes impossible to produce a standard grade of iron, a position which is still further prejudiced by the present severe deterioration in the quality of limestone supplies, the percentage of free lime varying between 42 per cent and 24 per cent.

"The tale then moves to the Melting Shop where consistency of quality of steelmaking iron is an essential for efficient working. With this consistency lacking, with some inevitable carry over of slag from the blast furnaces and with excessive impurities, in particular sulphur, in the hot metal, production difficulties become acute. Furnace time per melt is increased with consequent loss of production and operational temperature has to be increased leading to burning out of refractories and a consequent increase in the time the furnaces are out of commission for re-bricking. The excessive sulphur content of the hot metal is a source of serious difficulty in the Melting Shop practice. This perhaps could, at a price, be overcome by adoption of the expensive soda ash refining process but the position is that adequate supplies of soda ash are not locally available.

"Until therefore the raw materials position improves, which, I fear, cannot be for some years to come, operation must perforce be carried on under extremely difficult and restrictive conditions. In fact, it would seem that, before improvement takes place, the position must yet further deteriorate, for there remain still three more blast furnaces to be brought into operation in the public sector plants. I view with the greatest disquiet the consequences of this impending further demand in relation to the existing shortage of coal and transport.

"I would make it clear that we have abundantly proved that, given working conditions in any way approaching those assumed at the time the extensions were planned, our plant, as now expanded, possesses the full designed output potential. This has been conclusively demonstrated on those unfortunately rare occasions when a combination of fortuitous circumstances has enabled us to operate temporarily under reasonably normal conditions.

Export of Steel

"India, at present, stands on the threshhold of a golden opportunity to secure a place for herself in the world market for steel. It is now for the Government advantageously to utilise this position and thereby tap a vast source for earning the foreign exchange which is so vital to the progress of the country. I shall therefore attempt briefly to describe the difficulties to be surmounted in marketing Indian steel even in the nearest neighbouring countries, for unless adequate measures are taken immediately there is, in my opinion, grave danger of allowing this opportunity to escape.

"In most of the underdeveloped or developing countries there is almost a greater hunger for iron and steel, judging by the policy of their leaders, than for food and many other necessities of life. East of Suez and in most parts of Africa, there is a vast and growing demand for iron and steel at present. India is in an enviable position to meet these requirements, being basically one of the cheapest producers of iron and steel in the world, having been abundantly endowed by nature with practically all the essential raw materials and the manpower. This position is, however, obscured by the inflation of production costs by the large contributions which directly or indirectly are levied on the industry for the benefit of Governmental revenues.

"Our iron ore resources are said to be not only practically inexhaustible but also of the highest quality. Yet, for the reason I have mentioned, we find ourselves in the unfortunate position of being outpriced in so far as our competitive position is concerned *vis-a-vis* the other exporting countries of the world except, perhaps, the U.S.A. I will illustrate my remarks with facts for your information so that it may be judged how we stand in regard to export. Taking two of the common categories, which India can immediately afford to export, namely, 'Light Bars' and 'Structurals,' the build-up of the approximate landed cost of these materials at Karachi, Colombo or Singapore from various sources is as follows:

TABLE No. 1

Comparison of Indian Steel Prices with Domestic Prices Abroad

(Rs. per metric tonne)

	U.K.	Germany	Belgium	U.S.A.	Japan	India
	1	2	3	4	5	6
Light bars ..	520	507	513	709	470	636
Structurals ..	502	515	521	686	518	645

Prices 1 to 4 are based on the (U.K.) Iron and Steel Board's Annual Report, 1960, published on 30th June 1961. Japan's price is based on Metal Bulletin, March 30, 1961.

TABLE No. 2

Approximate Average Freight rate to Karachi, Singapore or Colombo from the following exporting countries

1. U.K., Germany, Belgium ..	£4.5	= Rs. 60/-	per tonne
2. U.S.A.	$20	= Rs. 90/-	"
3. Japan		= Rs. 70/-	"
4. India		= Rs. 50/-	"

TABLE No. 3

Indian Steel Prices effective from April 1960

(Rs. per metric ton for tested quality)

	Light bars Rs. (M. ton)	Structurals Rs. (M. ton)
1. Selling price to consumers at all railheads in India	636	645
2. Government surcharge including freight equalisation amount	100	126
3. Retention price allowed to main producers (1—2)	536	519
4. Freight including adjustment for the equalisation fund, from works to docks ..	40	40
5. Incidental charges	5	5
6. Approximate freight from Calcutta to Colombo, Singapore, Karachi	60	60
*7. Landed cost at Karachi, Colombo or Singapore	641	624
8. Rebate of excise duty allowed to main producers in prices for export	53	53
9. Landed cost less rebate allowed at present.	588	571

* Shipping and hoisting charges, river dues and other Port Commissioners' charges are not included.

TABLE No. 4

Approximate C. & F. prices of Steel from various countries to Colombo, Singapore or Karachi

(Rs. per metric ton)

	U.K.	Germany	Belgium	U.S.A.	Japan	India
1. Light bars ..	580	567	573	805	540	641 (unrebated) 588 (rebated)
2. Structurals ..	562	575	581	782	588	624 (unrebated) 571 (rebated)

"In this comparison, retention prices have been used for Indian steel as these prices are realisable and reflect the minimum prices at which producers can afford to export. Additionally, remuneration has to be allowed for agents and/or producers' representatives or branch offices to cover the expenses, if they are to handle the business. Furthermore, the retention prices quoted in the above comparisons are current provisional prices only which must be increased, on finalisation, due to increased cost of production and overheads. It will thus be seen that, even after deducting the rebate of excise duty of Rs. 53 per metric ton allowed to the exporters in India, they are not at all happily placed in comparison with the U.K., Germany, Japan and Belgium. It is therefore very important that the gravity of the situation should be realised and that suitable steps should be taken by Government to stabilise conditions to create and increase competitive power so that it will be possible and practicable for the producers of steel in India to export. We must aim to enter the export market before our competitors have time to monopolise it and it may be that the country should, if necessary, starve itself temporarily and export rather than wait for the not-far-distant-time when surplus production is available. Opportunity may not knock at our door again in future.

Incentive for Export

"The Government at present allows an export rebate of approximately Rs. 53 per metric ton of finished steel equivalent to the excise duty levied on the steel ingot. From the figures quoted above, it will be seen that, even after taking advantage of the rebate so allowed by Government, the Indian producer cannot compete with the prominent steel exporting countries, namely the U.K., Japan, Belgium and Germany. To strengthen the position of the Indian producer, I feel that Government should give serious consideration to the adoption of measures which will enable the producers to reduce their production cost as much as is possible under present working conditions. These measures would include improvement of transport facilities, establishing of coal washeries, stabilisation of labour costs and regularisation of supply of raw materials and fluxes—matters which I will refer to in more detail at a later stage. Further incentives might be offered by way of rebate in the railway freight, remission of certain levies and taxes imposed by the State and Central Governments and reduction in the Port Commissioners' charges. The Government Inspectorate (D.G.S. & D.) might also be required to inspect the materials for export expeditiously and at nominal cost. The exporters should be allowed to retain any additional money they are able to realise over and above the incentives offered by the Government by virtue of their business acumen. This would enable the producers to establish and maintain their offices abroad or to appoint agents. It must be borne in mind that for every ton of steel that is exported, foreign exchange, which is needed so badly, would be earned to the extent of £40 to £45. It is not with any motive for profit that I am suggesting increase in the incentives. The effective incentives will provide a cushion against the possibility of intensified competition by our foreign rivals. I would add that since regularity of supply would be a pre-requisite to the building up of an export market there should be no limitation to the export of certain categories of steel for which India has established adequate and probably surplus capacity, namely structurals and bars.

Labour

"I referred last year to the persistent rise in our works cost despite the increase in our production. Much of this increased cost is due to the severe Governmental revenue imposts inflicted on industry in the shape of excise duties, increased customs duties, cesses, sales tax and the like, which, either directly as in the case of the steel excise duty, or indirectly by their effect on the delivered cost of goods, enter into our cost of production. Outside these items, however, perhaps the most serious single factor is the persistent and inflationary rise in labour costs which again reflects directly or indirectly on our cost of production.

"Labour in the Indian steel industry is better off, by and large, than similar labour employed in other industries in the private sector and in all industries in the public sector. As I pointed out in my statement last year, we in India suffer from a malignant disease which thwarts our efforts even for the stabilisation, much less the reduction of labour costs, namely, the system of automatic annual increments, as opposed to an assigned pay for each job, and of enforced increases in the rates of wages, allowances and incentive bonus. It must be remembered that any increase in basic wages is not confined to the amount of such increase, for the effect snowballs by reason of consequential increase in overtime, incentive bonus, provident fund, bonus, retiring gratuity, State insurance contributions etc. If the Government fails to stabilise labour costs at this juncture, it will perhaps be impossible for the country even to be in a position to export any sizable quantity of steel.

"Coupled with and directly bearing on the pay to be assigned to a job is the question of manning. In our own case, we are at present compelled to employ at least twice as many men as are necessary having regard to the almost complete mechanisation of our plant, and to keep them in employment irrespective of our needs or of our costs.

Ceiling on Labour Cost

"I would make it clear that I do not for one moment suggest the imposition of a ceiling on the income of any workman. What I do suggest however is in effect a ceiling on the labour cost per ton of output, which is a vastly different matter. If Industry is to continue to suffer from over-manning and low productive effort, then wages cannot be increased without inflation and loss of competitive power in world markets. Given the opportunity the Indian workman can hold his own with the workman of any other country and with reasonable manning and a link of wages with production, there is scope for very great improvement in individual earning power. Without this link, however, chaos only can result and yet it would appear that this essential has up to now been overlooked and that industrial labour, which forms only a fractional part of the population of the country, has been singled out for the conferrment on it of benefit after benefit irrespective of productive effort or economic manning.

Transport

"The present shortage of transport is one of the most serious causes standing in the way of achievement of the planned targets for industry, impairing productive efficiency and raising all production costs. It is the primary duty of Government to develop as expeditiously as possible the availability of transport. Heavy industries, particularly the iron and steel industry, have to follow a continuous process of manufacture. Any shortage, interruption, irregularity or disorder in the transportation and delivery to the works of the necessary materials in proper sequence leads to heavy loss of production. It is our bitter experience that raw materials are not received at the Works to our scheduled programme because of the shortage of railway rolling stock. Deficit of wagon placements builds up and is corrected by a sudden inflow congesting the internal traffic arrangements of the Works and taxing our unloading facilities to the utmost. The position is at all times aggravated by the number of wagons of unsuitable type that are allotted. Although our mechanised coal handling plant was, with the concurrence of the Railway Board, laid down on the understanding that at least 90 per cent of our coal supplies would be in open 4-wheeler wagons, we now receive approximately 60 per cent only in open wagons and the balance in covered wagons, with the result that our mechanised equipment stands partly idle and we have to revert to the outdated method of handling coal by manual labour. By giving us more covered wagons than we can handle each day, the Railways create periodic congestion in the Exchange Yard and advantage is at times taken of this congestion as an excuse to apply a cut on further allotments. It is clear that there is a very grave shortage of open wagons in the transport system.

"Similarly, when iron ore should be brought in BOBS wagons we are forced to accept BOX wagons which disrupts the internal handling and transport arrangements in our Works and increases our cost of handling. BOBS wagons were designed for bringing iron ore to our Works and our mechanical handling equipment in turn was, again with the approval of the Railway Board, designed to handle these wagons only. There are instances when only 60 per cent of our requirements of BOBS wagons have been met in a month and we have had manually to unload and load to and from stock extremely heavy quantities of iron ore, putting a tremendous strain on our labour resources. It is essential that immediate steps be taken by the Railways to increase the number of BOBS wagons in service.

Wagon Shortage

"The railway staff have a very difficult task to perform and I willingly acknowledge that they have been doing their best to endeavour that supplies to the steel works do not suffer. But what can they do when the wagons are physically not there? Pressure on carrying capacity is so great that it appears that, in an endeavour to meet requirements, large numbers of condemned wagons are being retained in service for we ourselves receive many with mechanical defects and in a bad general state of repair, with the result that either we are unable to utilise these wagons for outward traffic or can only so utilise them after effecting emergency repairs ourselves.

"It is for Government to take suitable and immediate measures to make good the shortage of wagons in general and in particular of wagons of the right type for the steel industry. In this connection I understand that some of the wagon manufacturing concerns are working only to 40 per cent of their capacity due to shortage of matching steel and some bought out steel castings such as axle boxes. This is a position which in the national interest should obviously be corrected so that the indigenous wagon building capacity may be utilised to the fullest extent to meet the emergency.

"The magnitude of the transport problem can be easily visualised in so far as the iron and steel industry is concerned, if it is kept in mind that under present day conditions the total quantity of raw materials to be transported to each works in order to produce one ton of ingot steel is in the neighbourhood of five tons Taking six million tons of ingots as the estimated present installed annual production capacity of the main producers, this means that 30 million tons of raw materials are to be transported annually to their works. To this must be added the transport requirement for the production of one million tons of foundry iron, say an additional five million tons of raw materials per annum. In addition, there will be about 4.5 million tons of semis and finished steel together with one million tons of pig iron to distribute all over the country. I have not taken into account the transport required for movement of foodgrains and other consumable items and stores, bricks, cement and sand which are all essential for those persons dwelling in the surroundings of the steel works, who constitute a large and fast growing population.

Coal

"So many complaints have been made by the consumers of coal and so many unfulfilled promises have been made by the Government to meet such complaints that it is not necessary for me now to repeat them in this statement. All I say is that, before launching on such a vast scale development of the iron and steel industry and the inclusion of some State collieries, steps should have been taken to see that sufficient coking coal would be available to meet the requirements of these plants.

"Simultaneously with the shortage of the quantity of coal there has also been a continuous deterioration in its quality, the ash content sometimes reaching as high as 27 per cent. This has, on the one hand, considerably increased the cost of iron by larger consumption of the consequently inferior coke per ton of iron, and, on the other,

has retarded the productivity of the Blast Furnaces and thereby reduced the available productive capacity of iron and steel in this country.

"I gratefully acknowledge the assistance that has at all times been afforded by the Coal Controller who has been doing his utmost to help the industry in the face of a series of adverse circumstances over which he has but little control. The inadequate supply of wagons to the collieries by the railways, the collieries not supplying the proper grade of coal they are expected to, the inadequacy of sufficient washed coal to meet the requirements of the steel works, are some of the problems which confront the industry. A further review by Government of these problems and also of the overall development of the coal resources of the country is essential if the steel works both now and under the third Five-year Plan are to have normal facilities to enable them to achieve their planned production capacities.

Coal Washeries

"In this connection, I have to emphasise that there has been a lamentable delay in the provision of coal washeries so necessary for reducing the quantity of ash and otherwise improving the quality of coking coal. We ourselves are particularly adversely placed in regard to supply of washed coal as the washed coal received by us at present constitutes only 7 per cent of our total requirements of coking coal, whereas, it is understood, the programmed figures for other producers are as follows:

(Percentage of total requirement of coking coal)

T.I.S.Co.	...	...	...	55
Durgapur	...	...	...	37
Rourkela	...	...	...	37
Bhilai	...	...	...	34

The programmed quantity in our case is only 10 per cent compared to the other steel works. By and large, even the unwashed coal received by the other steel works is by fortuitous circumstances of a better quality than that which we receive despite the co-operative assistance of the Coal Controller. The importance of establishing additional washeries of adequate capacity cannot, therefore, be over-emphasised.

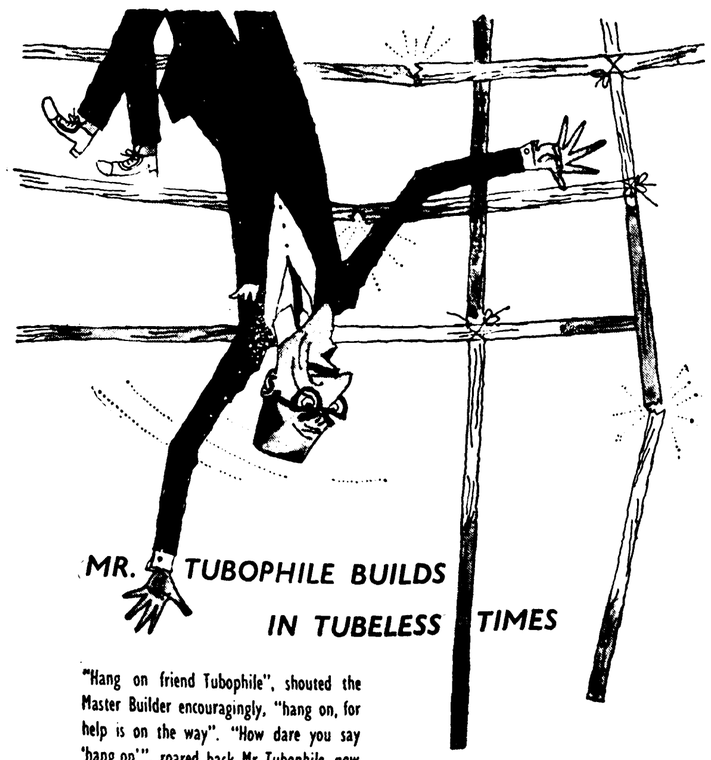
Fluxing Materials

"It is regrettable that competition has recently developed for supplies of limestone for fluxing purposes brought about by the lack of planning on the part of the public sector steel plants which has created a position of scarcity for this material. Due to these circumstances, even inferior grade material, with a high percentage of insolubles, which normally would not have been acceptable by the steel works, has perforce had to be consumed. Difficulties are intensified partly due to the railways not providing adequate transport to the regular suppliers and partly because of the indifferent attitude of the suppliers to meet their commitments. There are ample reserves of good quality fluxing materials in India though away from present railheads and if steps had been taken by the Government to develop these sources and install the necessary transport facilities the position would not have deteriorated to the present extent. Recently, there was a case in which the public sector entered into competition with the private sector for the purchase of limestone and agreed to pay a price much higher than that being paid by the private sector. This naturally resulted in the producers of limestone asking the latter for a corresponding increase. Unthoughtful actions of this nature on the part of the public sector can lead only to a spiralling of prices of raw materials and intensification of inflationary trends.

Acknowledgments

"In conclusion I would express, on behalf of your Directors, our appreciation of the services rendered by the General Manager, Mr. J. McCracken, and his executive staff throughout the year. The production achieved in the face of the constant operational difficulties I have outlined is itself testimony to these services, and while it is perhaps invidious to make distinction where so much depends on team-work, I feel I should make special mention of the Blast Furnace and Steel Melting Shop supervisory staff who have so ably faced up to the problems with which they have been, and continue to be, confronted in the maintenance of production under existing conditions."

The above statement is not a document purporting to be a report of the proceedings of the annual general meeting.



"Hang on friend Tubophile", shouted the Master Builder encouragingly, "hang on, for help is on the way". "How dare you say 'hang on'", roared back Mr Tubophile, now beginning to purple, "that's precisely what I am doing—hanging on—and that for dear life, from your rotten scaffoldings. By the sacred crocodiles of the Nile, never again will I undertake a building job in tubeless times. No future in it, except a chance to break your neck. Call yourself a Master Builder! The cheek of it when you haven't the wit to use safe and sound tubular steel scaffolding. Could have done the job in half the time and no risks attached. Lucky for you Master Builder, there are no Workers' Unions in your tubeless Egyptian times. Or you would have been for the high jump too. As for me, no more building without tubular steel scaffolding. Now get me down from here."

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EMPLOYMENT AND LABOUR POLICIES IN THIRD PLAN

FULL EMPLOYMENT STILL A FAR OFF GOAL

EMPLOYMENT and labour policies, as enumerated in the final version of the third Plan, broadly conform to the general pattern sketched in the Draft Outline. Barring a minor revision in the employment target necessitated by the latest census and some shift of emphasis in certain matters of detail rather than of principle, there is no major modification in the policies and programmes embodied in the Plan. Hence, the employment position at the end of the Plan envisaged by its authors is no more encouraging than that visualised in the Draft Outline. In fact, should there be a shortfall in the employment target, as was the case with the second Plan, the Plan should end up with a backlog of unemployment very much larger than the 12 million envisaged therein, as against 9 million remaining unemployed at the end of the second Plan, not to speak of 15-18 million persons remaining underemployed.

It was estimated in the Draft Outline that new entrants to the labour force during the third Plan period would be of the order of 15 million and it was pointed out therein that, if deterioration in the employment situation were to be avoided, additional employment opportunities of this order would have to be found during the Plan period. The latest census proved this calculation to have been an underestimate. Based on such data as were available to them, the authors of the Plan have now estimated that the addition to the labour force during the Plan period might be of the order of 17 million. The backlog of unemployment at the end of the second Plan is reckoned at 9 million comprising 5.3 million remaining unemployed at the beginning of the Plan, 1.7 million being the larger increase in labour force during the second Plan period than had been anticipated earlier and the estimated shortfall in the employment target originally proposed for the second Plan of 2 million. Additional employment needed during the Plan period to wipe out the backlog of unemployment and to absorb the new entrants to the labour force, therefore, works out to 26 million. Creation of employment opportunities of such a magnitude is next to impossible and the authors of Plan do not profess to set that as the objective. Their aim is more modest, to prevent the unemployment situation from deteriorating further. Even this is not an easy task. It calls for the creation of employment opportunities sufficient to absorb the 17 million persons entering the work force during the plan period. It is estimated that, as a consequence of the Plan programmes, employment opportunities of order of 14 million (3.5 million in agriculture and 10.5 million outside agriculture) will be created. Additional employment for 3 million persons will still have to be found during the Plan period to absorb the new entrants to the labour force completely, leaving aside the backlog of unemployment at the end of the second Plan. This is considered to be an essential objective in the third Plan.

Three Approaches

The problem is proposed to be approached along three main directions. First, within the framework of the Plan, efforts would be made to ensure that the employment efforts are spread out more widely and evenly than in the past. Secondly, a fairly large programme of rural industrialisation would be undertaken, with special emphasis on programmes of rural electrification, development of rural industrial estates, promotion of village industries and effective re-deployment of manpower. Thirdly, in addition to other measures for increasing employment through small industries, rural work programmes, which will provide work for an average of, say, 100 days in the year for about 2.5 million persons or more, will be organised. These programmes, especially the proposal for rural works, will assist the general mass of the population and will also provide increased job opportunities for the educated unemployed. Even if it were possible to provide part-time jobs for three million people in the ways mentioned above, it is needless to add, the backlog of unemployment at the end of Plan period would still be 9 million persons, assuming—this is a big assumption—that the employment objectives of the Plan were fully realised.

Provision of employment opportunities to all those who are able and willing to work is only a part of the problem of optimum utilisation of the resources of the country. Unless peaceful conditions of work are also created, the Plan objective of increasing output and improving the standard of living would not be achieved. It is for this purpose that a rational labour policy needs to be pursued. In order to create conditions for the peaceful functioning of industries, the Government has, over a decade, taken upon itself the responsibility of providing facilities for amicable settlement of industrial disputes and has assumed powers of intervention for the purpose of maintaining industrial peace. Provision has been made for conciliation of disputes and for enabling the State to refer unresolved differences to tribunals set up for the purpose. Stoppages of work after a reference and any contravention of awards and agreements have also been made illegal. This system has helped to check the growth of industrial unrest and has brought for the working class a measure of material advancement and a sense of security. At the same time, the spirit of litigation has grown and delays attendant on legal processes have given rise to widespread dissatisfaction. In the course of the second Plan, a new approach was introduced to counteract this unhealthy trend and give a more positive orientation to industrial relations based on moral rather than legal sanctions.

Code of Discipline

A Code of Discipline in Industry, voluntarily accepted by all the central organisations of workers and employers, has been in operation since 1958. The Code lays down specific obligations for the management and workers with the object of promoting constructive co-operation between their representatives at all levels, avoiding stoppages as well as litigation, securing settlement of disputes and grievances by mutual negotiation, conciliation and voluntary arbitration facilitating the free growth of trade unions and eliminating all forms of coercion and violence in industrial relations. The stress now is on prevention of unrest by timely action at the appropriate stages and giving adequate attention to root causes.

Two lines of advance made during the second Plan period deserve special mention. They are: (1) the scheme of labour participation in management to give workers a sense of belonging and to stimulate their interest in higher productivity; and (2) the programme of workers' education, comprising training of teacher-administrators and worker-teachers.

The development of industrial relations during the third Plan, the authors of the Plan point out, rests on the foundations created by the working of the Code of Discipline which has stood the test of time during the last three years. In spite of the fact that the Code has been fairly successful in creating some awareness among the employers and workers of their obligations towards each other, a full awareness of the obligations under the Code has to extend to all the constituents of the central organisations of employers and workers and it has yet to become more and more a living force in the day-to-day conduct of industrial relations. In order to make the Code more effective, sanctions on which it is based will have to be reinforced with the consent of the parties. The Plan envisages the following measures for promoting better industrial relations during the Plan period.

Proposed Measures

1. Ways should be found for increasing the application of the principle of voluntary arbitration for resolving differences between workers and employers. Steps will be taken to remove hindrances in the way to a fuller recourse to voluntary arbitration. The same protection would be extended to proceedings in this case as is now applicable to compulsory adjudication. Government would take the initiative in drawing up panels of arbitrators on a regional and industry-wise basis.

2. The scheme of workers' participation should be extended to all establishments in the public as well as private sector in which conditions favourable to the success of the scheme exist. A primary test of eligibility is presence of goodwill on both sides. Wherever a representative union exists, a Joint Council should come into being as a matter of course. An intensive programme of workers' education should be undertaken in all the establishments when such Councils are set up.

3. Works Committees should be strengthened and made an active agency for the democratic administration of labour matters.

4. The programme of workers' education should be expanded on a large-scale.

The authors of the Plan have stressed the need for considerable readaptation in the outlook, functions and practices of trade unions to suit the conditions which have arisen and are emerging. Trade union leadership, it is pointed out, has to grow progressively out of the ranks of workers and this progress will be greatly accelerated as the programme of workers' education gathers momentum.

Productivity

There has been a welcome recognition of the value of higher productivity in the Plan as the following words clearly indicate:

"Neither the exercise of their organised strength in industrial conflicts, nor laws and the intervention of the State can help the workers much in realising their aspirations. Their gains can arise only out of the strength and dynamism of the economy, the only enduring basis of which is a rising level of productivity. No increase in profits, which does not come out of improvements in productivity but has its origin in current scarcity and the stresses of development, can be regarded as a sign of prosperity. Productivity has many facets and it suffers because of the one-sided and rigid approach which is frequently adopted in dealing with it both by the employers and the workers. Rationalisation of effort in every direction is the true basis of productivity. The term has often been wrongly associated with increase in workloads and added strain on workers in order to swell the volume of private gains. Large gains in productivity and an appreciable reduction in unit costs can be secured in many cases without causing any detriment to the health of the workers and without incurring any large outlays. . . ."

". . . For the workers no real advance in their standard of living is possible without a steady increase in productivity, because any increase in wages generally beyond certain narrow limits would otherwise be nullified by a rise in prices. Workers have, therefore, to insist on and not resist the progress of rationalisation in their own interest and in the larger interest of the country."

The pace of development as well as the volume of employment, the authors of the Plan go on to add "rests, to a considerable extent, on the capacity to export in the face of increasing competition. This can be achieved primarily through higher productivity and a measure of sacrifice by the employer, the worker and the rest of the community."

Agricultural Labour

In contrast to the comparative neglect of agricultural labour in the Draft Outline, an entire chapter is devoted in the final version of the Plan to agricultural labour. No spectacular programmes are, however, proposed, nor is the hope of the immediate solution of unemployment among agricultural labour held out. In fact, the planners do seem to have an acute awareness that there is no quick or ready made solution to the problem of agricultural labour. This is evident from their observation that, ultimately, it is by achieving rapid and intensive development in the rural areas as part of the process of development for the country as a whole that the landless section of the population can be substantially benefited. It was found during the first and second Plans that, while special schemes in the interest of agricultural labourers are useful, they could touch only the fringe of the problem. The Plan makes a provision of Rs. 92 crores for *khadi, ambar charka* and village and small-scale industries. All towns and villages, with a population exceeding 5,000 and nearly 50 per cent of villages with a population range of 2,000 to 5,000 are expected to be electrified. The village and small industry programme as a whole is estimated to provide part-time or fuller employment for eight million persons and whole-time employment for about 900,000 persons. Agricultural labourers are expected to benefit from these.

In some ways the most significant development proposed in the third Plan, the benefits of which will go largely to agricultural labour, is the programme for undertaking works projects in rural areas. Under this programme, it is hoped to provide additional wage-employment in rural areas for about 100 days in the year for about 2.5 million persons by the last year of the programme. In a real sense, conclude the authors of the Plan, the problems of agricultural labour are to be traced to be long period of stagnation in the rural economy and the persistence of a rigid social structure largely based on caste. These basic deficiencies, it is claimed, are being removed and the processes of social and technological change are being hastened. A close watch on the progress of agricultural labour would be maintained through special studies and review by the Central Advisory Committee on Agricultural Labour and similar bodies are proposed to be set up in the States also.

THIRD PLAN'S INDUSTRIAL PROGRAMMES

OBJECTIVES AND PRIORITIES ANALYSED

THE third Plan marks the beginning of a new momentous phase in the industrialisation of the Indian economy. It seeks to build up a resilient industrial superstructure on the foundations already laid during the last decade of planning. In the first Plan, it may be recalled, the development programme for industries was mainly directed towards ensuring fuller utilisation of capacities in the already existing industries. Following the successful outcome of the first Plan, a distinctly larger role was assigned to the development of industries in the second Plan. Judged from the progress so far achieved by the metallurgical, mechanical and electrical engineerings as well as chemicals in augmenting industrial potential, and also from the development of heavy machine-building industries under way, it must be conceded that some of the basic conditions required for accelerated growth towards the goal of a self-reliant economy have been established, notwithstanding shortfalls, as compared with the second Plan targets, in several industries like iron and steel, cement, fertilisers, etc. The emphasis in the third Plan, appropriately enough, will be on the development of those industries which will help make the economy self-sustaining, such as steel, machine-building and the manufacture of other producer goods, and reduce as early as possible the need for external assistance to purchase these goods and also ensure a broadening of the export base. The output of consumer goods will also be expanded substantially, mainly in the private sector.

Foreign Exchange

Certain important considerations have weighed with the Planning Commission in assigning priorities both for development of new industries and expansion of existing ones. As regards development of new industries, emphasis has been laid on projects which, by contributing to exports, will earn or, by replacing imports, will save foreign exchange. In the sphere of expansion, priorities are decided on the basis of two factors. In the first place, where there are wide gaps between capacity and production, or where by multi-purpose shift operation or the addition of balancing equipment, it is possible to secure greater output at diminishing cost, fuller utilisation of existing capacity must take precedence over expansion or the setting up of new units. Secondly, expansion of existing units will be given preference over establishment of new units since the creation of additional capacity in this manner will not only be quicker, but will also assist in bringing down the investment cost per unit of output. It is said, for instance, that expansion of the Bhilai, Rourkela and Durgapur steel plants will lower the investment from about Rs. 2,000 to Rs. 1,500 per ton of finished steel which will have a "beneficial effect on the level of retention prices."

Subject to these general considerations, the emphasis on industries will be given on the basis of following priorities:

1. Completion of projects envisaged under the second Plan which are under implementation or were deferred during 1957-58 owing to foreign exchange difficulties.

2. Expansion and diversification of capacity of the heavy engineering and machine-building industries, castings and forgings, alloy tool and special steels, iron and steel and ferro-alloys and step-up of output of fertilisers and petroleum products.

3. Increased production of major basic raw materials and producer goods like aluminium, mineral oils, dissolving pulp, basic organic and inorganic chemicals and intermediates inclusive of products of petrochemical origin.

4. Increased production from domestic industries of commodities required to meet essential needs like essential drugs paper, cloth, sugar, vegetable oils and housing materials.

Public and Private Sectors

The relative roles of the public and private sectors in industrial development will continue to be governed by the Industrial Policy Resolution of April, 1956. There are, however, certain marginal relaxations in industrial policy in favour of the private sector. For example, in the case of nitrogenous fertilisers, where the public sector has already assumed a dominant role, it is envisaged that, during the third Plan, the private sector will be permitted to enter the field in a bigger way than in the past and thus supplement the efforts of the public sector. In the case of pig iron, the policy has been relaxed to allow the establishment of plants in the private sector with a maximum capacity of 100,000 tons per year, as compared with only 15,000 tons permitted so far. Besides, programmes for the manufacture of dyestuffs, plastics and drugs in the private sector are expected to be largely complementary to the programme for the manufacture of primary aromatic compounds as by-products at the steel works and of organic intermediates to be undertaken in the public sector. Similarly, while the manufacture of bulk drugs will be taken up in the public sector, the further processing of such drugs will be undertaken by the private sector.

In pursuance of the declared objective of Government to establish a "socialist pattern of society," in encouraging and approving industrial programmes for the private sector, due attention is sought to be given to guard against excessive concentration in a few hands, leading to complete or partial monopolies. Steps taken to counter the tendency towards concentration of economic power are, first, extension of the public sector into fields requiring the establishment of large-scale units and heavy investments, secondly, widening opportunities for new entrants and for medium and small units and industries organised on co-operative lines, and, thirdly, effective exercise of Government's powers of control and regulation and use of appropriate fiscal measures.

Investment

The development programmes for industries and minerals in the third Plan is expected to entail in all about Rs. 2,993 crores of investment in both the sectors together, including the foreign exchange component of Rs. 1,338 crores. Of this total investment, industries alone will account for Rs. 2,455 crores, involving Rs. 1,110 crores in foreign exchange. Investment on industries by the public sector will be Rs. 1,330 crores and by the private sector Rs. 1,125 crores. The following table shows the investment targets set for industries and minerals in the third Plan, along with their foreign exchange cost, both in the public and private sectors.

(Rs. crores)

	New investment		Replacement
	Industries	Minerals	
Public sector—			
Total	1,330	478	..
Foreign exchange	660	200	..
Private sector—			
Total	1,125	60	150
Foreign exchange	450	28	50
Public and private sectors—			
Total	2,455	538	150
Foreign exchange	1,110	228	50

An important point to be noted here is the relatively meagre amount of Rs. 150 crores set apart for investment on replacement. It is conceded by the Planning Commission itself that this amount falls short of the minimum requirements of the cotton, jute and woollen textiles. The backlog of replacements in these three industries alone is estimated at Rs. 169 crores. But the provision of Rs. 150 crores in the third Plan is itself considered to be beyond the capacity of the industries concerned, in view of (1) the pressure on the available resources of private enterprise and institutional agencies for new investment, (2) lack of sufficient resources with factories for the purposes and (3) the small allocation made available to the N.I.D.C. which is meant for assisting these industries.

LANTERNS INDUSTRY

In spite of the increasing tempo of electrification, both in urban and rural areas, the demand for hurricane lanterns does not seem to have been adversely affected. The total number of hurricane lanterns produced in the country is more or less maintained at the rate of about 5 million annually, valued at about a crore of rupees, although the number of units manfacturing them has declined from twelve to seven in the last few years. Despite the shortage and high cost of raw materials, the industry is currently in a position to meet the entire demand of the country leaving a fair quantity of surplus for exports. There is no room for pessimism in regard to the prospects of the industry considering the rapid growth of population and the absence of pukka houses in rural areas suitable for electrification. Moreover, these lanterns have been found useful for various outdoor jobs in the night and also as a stand-by in case of electricity breakdowns. To some extent, this explains why the lantern industry continues to make headway in such advanced countries as the U.K. and West Germany.

The following table shows the trend of production of hurricane lanterns during the last six years:

	Output (million tons)
1960	5.15
1959	4.96
1958	3.38
1957	4.35
1956	5.18
1955	5.49

Although production has recovered from the low level of 1958, the industry has not attained the target set in the second Plan. The Planning Commission expected that the output of hurricane lanterns would touch 6 million units by 1960-61. The actual production in the calendar year 1960 fell short of the target by 15 per cent. Mr. M. Hruska, in his presidential speech at the sixth annual meeting of the Lantern Manufacturers Association held at Calcutta on the 17th inst., attributed this shortfall in production to the shortage of raw materials. The principal raw materials required by the industry are tin-plates black sheets and steelwire. The industry's demand for tin-plates is said to be about 6,000 tons annually. The industry seems to be finding it difficult to procure tin-plate of suitable quality, sizes and gauges.

As the domestic manufacturers of tin-plates are not in a position to meet the complete requirements of the industry, some imports are permitted. But the licences are issued for the import of tin-plate "waste" only from countries with which India has rupee payment agreements. According to Mr. Hruska, these countries are not in a position to supply tin-plate waste. Soviet Russia, however, has prime tin-plate for export. But owing to the prohibitive price of prime tin-plate, lantern manufacturers have not been able to utilise these licences, which have been returned to the Development Wing. Mr. Hruska urged the Government of India to grant dollar area licences for importing waste in adequate quantities. This claim is undoubtedly reasonable in view of the fact that the lantern industry is exempted from the schedule of industries for which the Iron and Steel Controller secures bulk procurements from the U.S. against the D.L.F. loan.

Galvanised wire is another raw material which is in short supply. Mr. Hruska complained that although lantern manufacturers were getting their quota certificates for galvanised wire, the producers namely, the Indian Steel and Wire Products Ltd., Tatanagar, had not been able to meet the industry's requirements. Two new units have, however, now started production of galvanised wire, which, it may be hoped, will solve this problem.

It is quite disheartening to hear from Mr. Hruska that the quality of lanterns "has not improved and is far from satisfactory." He attributed the poor quality to the non-availability of (1) soft quality tin-plate of good tensile, (2) soft quality wire of regular coating and (3) good quality globes cut to proper size. Perhaps the poor quality of the products has led to the decline in India's exports of these products to such countries as East Africa, Malaya, Ceylon, Burma and Persian Gulf countries. Exports of lanterns fell gradually from Rs. 2.35 lakhs in 1956 to Rs. 10,275 in 1960. If, however, cheap and good quality raw materials are made available to the industry and if workmanship pertaining to the burner is also improved, there is a fair chance that it can meet the competition from such countries as Japan, Hong Kong, the U.K. and West Germany in the world lantern markets.

VANASPATI AND HEART DISEASE

There is at present "no definite evidence" to show that consumption of high amounts of hydrogenated vegetable fats alone can produce coronary heart disease. This is the conclusion reached by studies conducted at nutrition research laboratories on the effect on monkeys of consumption of hydrogenated vegetable oils and fats, according to a statement by Mr. D. P. Karmarkar, Union Minister for Health, in the Lok Sabha on 11th August 1961. He added that "all that could be said was that a high intake might produce one of the factors known to be associated with coronary heart disease." The main conclusions of the study are:

1. The intake of hydrogenated vegetable fats at moderate or low levels (10 to 15 per cent of total calories in the diet) was associated with no significant increase in serum cholesterol levels.

2. If consumed in high amounts (that is, supplying nearly 40 per cent of the total calories in the diet), hydrogenated vegetable fats tended to increase serum cholesterol concentrations significantly.

3. If, however, 20 to 30 per cent of the total hydrogenated fat intake was replaced by unhydrogenated vegetable oils which were rich in polyunsaturated fatty acids, the increase in serum cholesterol brought about was considerably less.

4. Distribution of hydrogenated vegetable fat equally in all the meals of the day results in considerably less increase in serum cholesterol than consuming the same amount all at one sitting.

LEIPZIG AUTUMN FAIR

India will be represented by over thirty firms in the East German Leipzig Autumn Fair which will be held from 3rd to 10th September 1961. In the Autumn Fair, which is devoted to the exhibition of consumer goods industry India will hold a collective display of a wide range of its traditional export products, such as tea, coffee, jute, coir products, chemicals and hides and skins. Indian handicrafts will be included in a special handicrafts pavilion, known as *Grassi Museum*, set up in the fairgrounds. An Indian delegation, consisting of about

(Continued on page 422)

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A MESSAGE

As Industry expands, and becomes more complicated both by reason of its size and by reason of the introduction of technology, the role of Management Personnel becomes more onerous. While machines can be kept under control once the technique of handling them has been mastered, the men and women who labour in factories do not lend themselves so easily to management by rules. The handling of human beings calls for much tact, skill and above all, sympathy—sympathy not so much with them as individuals but with their needs and requirements as dictated by the circumstances in which they function.

It is therefore imperative that the persons who are chosen to manage and get the best out of workers should themselves first be trained in the art and science—for it is both—of management. I, therefore, welcome the efforts of the Bombay Labour Bureau. On Management Executives devolves the delicate and difficult task of extracting the maximum out of industrial units without at the same time straining them too much—without, in a word, killing the goose that lays the golden eggs.

Hon'ble Shri Y. B. CHAVAN,
(Chief Minister, Maharashtra).

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An Investment

INDIAN IRON'S RESULTS ENCOURAGING

BOTH PROFIT AND DIVIDEND BETTER

AFTER going through the Directors' report and statement of accounts of the Indian Iron and Steel Co., Ltd., and the Chairman's statement, we get the impression that the Company did pretty well in the year ended 31st March 1961, despite a number of handicaps that stood in the Company's way to raise its production to the capacity created under the 1953 and 1955 plans for expansion. Under these plans, the Company's production of finished steel should have reached 809,000 metric tons per annum by the end of the second Plan period. All major items of plants under the expansion programmes were completed by June 1960. In their latest annual report, the Directors actually say that "the 1953 and 1955 expansion programme may accordingly now be regarded as completed, although considerable capital expenditure still remains to be incurred on those of the plant improvements that are included in these programmes." In the three months ended March 1961, the Company's production of finished steel was 223,296 metric tons or an annual rate of 893,000 metric tons. The Company had thus actually hit the target. Even if the whole of 1960-61 is taken into account, it is seen that the Company's performance on the production front was not unsatisfactory, as the output of finished steel was 722,034 in tons, as compared with 672,707 metric tons in 1959-60 and 508,000 metric tons in 1958-59. Not only did the upward trend in production continue but also that in sales, profit and dividend. Only, the growth was not as large as had been expected and that for reasons beyond the control of the management. In the first place, the strike by Government employees in July 1960 resulted in loss of output as it led to curtailment of rail transport. Secondly, the Company was compelled to carry out blast furnace operations under difficult conditions due to the extremely high and varying ash content of the coke consequent upon the poor quality and erratic supplies of metallurgical coal. And, thirdly, the quality of limestone supplies and steel-making iron also suffered marked deterioration, affecting both the quality and quantity of iron produced.

Coming to the financial side, the accounts for the year under review show that sale proceeds went up by Rs. 6.10 crores to Rs. 61.78 crores, a rise about 11 per cent over the previous year. As the value of raw materials, stores and spares consumed increased less sharply by Rs. 173.89 lakhs to Rs. 21.27 crores, or by 8.9 per cent, and other manufacturing expenses by Rs. 255.49 lakhs to Rs. 30.45 crores or by 9.1 per cent, the gross profit has registered a handsome rise of Rs. 1.29 crores, or 14.3 per cent, to Rs. 10.27 crores. Accordingly, the profit margin (the ratio of gross profit to sales) has improved, albeit slightly, from 16.1 per cent in 1959-60 to 16.6 per cent. It is, however, much below the profit-margin of 26.3 per cent that was witnessed in 1955-56.

Appropriations

The provision for taxation has been stepped up substantially from Rs. 64.28 lakhs to Rs. 166 lakhs. The depreciation which is calculated on the "straight line" basis provided under Section 205(2) (b) of the Companies Act amounts to Rs. 296.47 lakhs, as compared with Rs. 300 lakhs last year. The commission to managing agents is also lower at Rs. 30.95 lakhs, as against Rs. 37.22 lakhs. After these provisions, the net profit works out to Rs. 533.81 lakhs, as against Rs. 497.16 lakhs for the preceding year. This is supplemented by (a) Rs. 15 lakhs being the amount transferred from taxation contingency reserves, (b) Rs. 66.59 lakhs being the amount written back from general development reserve and (c) Rs. 11.50 lakhs, being the unallocated surplus of the previous year brought forward, making available for distribution a sum of Rs. 626.90 lakhs. The reason for withdrawing an amount of Rs. 66.59 lakhs from the general development reserve, is explained by the Directors in their report to the shareholders as follows:

"In order to qualify for tax remission in respect of development rebate claimable on new plant installed, a sum of Rs. 1,66,57,251 has been set aside in development rebate reserve (Statutory) representing 75 per cent of the amount of development rebate allowable. The actual tax remission amounts to Rs. 99,98,302 and the balance of Rs. 66,58,949 compulsorily included in the allocation to the reserve which would otherwise fall as a dead charge against available profits has accordingly been compensated by the write back to the credit of profit and loss account of a similar amount from general development reserve, the effective and logical result thereby being a net setting aside to the development reserves of the actual saving in taxation."

Out of the amount available for distribution and appropriations, Rs. 51.15 lakhs had been credited to the reserve for plant rehabilitation as required by the Government under the Tariff Commission Scheme. In addition, a sum of Rs. 175 lakhs has been transferred to the general reserve, in view of the necessity to conserve the Company's resources to meet repayment of the heavy borrowings from the World Bank, Government, etc. for financing the expenditure on extension account and on capital works. Further, the Directors have made a provision of Rs. 166.57 lakhs for development rebate reserve. Of the balance, a sum of Rs. 18.71 lakhs is absorbed by the preference dividend. In view of the heavy transfer to reserve accounts, it is not surprising that the Directors have been able to raise the dividend to ordinary shareholders only by a fraction from 15 per cent to 16 per cent, taxable, representing a tax-free dividend of 11.2 per cent only. This dividend is only a shade higher than the tax-free dividend of 10 per cent distributed for 1957-58 and 1958-59 and 10.5 per cent for the previous year.

Results Compared

The following comparative table shows at a glance the progress of the Company in the last four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	61,78.21	55,67.85	45,02.31	35,04.53
Other income	21.15	73.55	43.67	51.64
Raw materials, stores and spares consumed	21,26.84	19,52.95	14,71.39	11,53.23
Other expenses	30,45.29	27,80.80	23,73.89	17,13.59
Gross profit	10,27.23	8,98.66	7,01.63	6,89.35
Managing Agency commission	30.95	37.22	26.51	27.71
Provision for—				
Depreciation	2,96.47	3,00.00	2,00.00	1,40.00
Taxation	1,66.00	64.28	18.62	1,61.65
Net profit	5,33.81	4,97.16	4,56.50	3,59.99
Transfer from reserves	81.59	1,58.92	2,16.60	1,84.06
To reserves	3,26.15	1,92.66	3,89.93	2,61.70
„ development rebate reserve	1,66.57	2,59.26	3,14.67	1,04.64
Dividends—				
5 per cent. preference	16.71	16.39	13.50	13.50
Ordinary	1,99.05 (16%)*	1,86.61 (15%)*	1,08.67 (10%)	1,08.67 (10%)
Carry forward	16.42	11.50	10.27	9.94
	Metric tonnes	Metric tonnes	Long tons	Long tons
Production of—				
Pig iron	1,160,576	1,070,470	959,933	733,945
Steel ingots	914,159	840,305	608,205	507,580
Saleable steel	722,034	672,707	497,551	412,042
Despatches of—				
Pig iron	928,613	889,729	622,828	519,589
Steel	704,967	678,330	506,141	408,978

* Subject to deduction of tax.
Note:—One long ton = 1.016 metric tonne.

In comparing the figures of sales and gross earnings for the year 1960-61 with the preceding years, it should be borne in mind that the results disclosed in the profit and loss account for the year under review are based on provisional steel sales realisation figures which are subject to revision according to the decision of the Government on the Tariff Commission's recommendations on the steel retention prices which will be with retrospective effect from 1st April 1960. True results will naturally not be known until the final revised steel retention prices have been determined. The Chairman of the Company, Mr. Biren Mookerjee, has, in the meantime, expressed the view that the provisional price increase granted by the Government is far short of the rise in production costs. If this reasoning is conceded by the Government, the financial results for 1960-61 would appear to be much better retrospectively.

All the major items of plant under the Company's expansion programme were completed with the commissioning of the New Bar and Rod Mill on 10th June 1960. The Company is now concentrating its efforts on the provision of the many items of subsidiary services designed to improve the efficiency of the expanded plant. Work has already commenced on the modernisation of 34" mill stands by the provision of new manipulators and roller tables and is being carried out mainly during the week-end shut down of the mills. The Directors expect to complete this work by October or November 1961.

Balance Sheet

The Company's balance sheet as at 31st March 1961 does not show any diminution in its dependence on borrowed funds. Thus, over the year, its total outstandings of secured and unsecured loans have gone up by Rs. 1.65 crore to Rs. 36.52 crores and are almost equal to the total of paid-up capital at Rs. 15.14 crores and reserves and surplus at Rs. 24.43 crores. But current liabilities and provisions have come down by Rs. 2.45 crores to Rs. 19.39 crores so that the total indebtedness has shrunk a little to Rs. 55.91 crores. The gross value of the block account has increased by Rs. 9.88 crores to Rs. 81.17 crores. The net block stands at Rs. 63.82 crores, the depreciation provided so far being of the magnitude of Rs. 17.35 crores. In addition, there are capital works-in-progress aggregating Rs. 104.68 lakhs. The current assets stand at Rs. 30.07 crores and are just adequate to cover short-term (unsecured) loans and current liabilities and provisions amounting to Rs. 29.57 crores.

Short-range Prospects Not Promising

Ever since the publication of the Directors' report and the Chairman's statement, the share market has taken a bearish view of the near-range outlook for the Company. The Company's production of steel in the first four months of its current fiscal year was only about 210,000 metric tons or annual rate of 630,000 metric tons. The Chairman's statement, published elsewhere in this issue, clearly shows that there is little prospect of the Company being able to achieve the planned target production for some time to come.

The Rs. 10 paid-up ordinary shares of the Company are currently quoted on the Bombay Stock Exchange at Rs. 25.15 *cum-div.* On an *ex-div.* basis, the net yield on them works out to 4.66 per cent, per annum. It may be noted that, not long ago, these shares had touched a high of Rs. 28.70, as compared with a low of Rs. 23 earlier in the year.

ASIAN CABLES CORPORATION

All the plant and machinery ordered out by the Asian Cables Corporation Ltd. have already arrived and been practically erected. The work of installing the various services such as water, steam and electricity is in the finishing stage. A very competent project engineer from the Company's collaborators, Messrs. Enfield Cables Limited, U.K., is already here and work is being carried out under his able supervision. Trial runs are expected to commence within three or four weeks and full-scale production from October next. The annual production target of the Company in its first stage is about 40 million core yards of rubber insulated cables, covering not only ordinary building and industrial wiring cables but also special cables such as arc welding cables, inter-vehicular coupling cables and trailing cables for mines. Selling arrangements have already been made and orders booked in advance. The Company has obtained an industrial licence to manufacture 800 miles of H.T. power cables. Details are being worked out to implement the scheme at the earliest with foreign collaboration.

POWER CABLES (PRIVATE) LTD.

The plant for the manufacture of insulated wires and cables for voltages upto 1,000V with an installed capacity of 21 million yards of finished wires having aluminium as its core, in technical collaboration with a Canadian Company, installed at Vithalwadi in Bombay by the Power Cables (Private) Ltd., has now gone into commercial production. Both PVC and polyethylene insulated wires and cables are being manufactured. Polyethylene insulated cables with aluminium conductors manufactured by the firm have already been tested at the Government Test House, Alipore, and the results are satisfactory. The firm has received several enquiries from various Electricity Boards for the supply of such cables. Several export enquiries have also been received. The Company has already supplied over 40,000 miles of ACSR and AAC conductors to Electricity Boards all over India.

FOREIGN COLLABORATION IN INDUSTRIES

The broad principles followed by the Government in regard to majority foreign capital participation in new enterprises in the country were stated in the Rajya Sabha on the 18th inst. by the Minister of Industry, Mr. Manubhai Shah. He was replying to a question by Mr. Babubhai Chinai. According to the statement, when foreign collaborators seek majority foreign capital participation in new enterprises, it is considered only when three conditions are satisfied. First, the project has a high priority for the fulfilment of Plan targets. Secondly, the main contribution of the project is in a field of technology where little progress has so far been made and a great deal of additional development is essential. Lastly, where the amount of foreign exchange needed for the project is such that, unless the foreigners are allowed to have a majority, the Government will itself have to find a substantial amount of foreign exchange from its resources and when no alternative method of long-term finance is found practicable.

Mr. Shah emphasised that, as a rule, the Government preferred that major interest in ownership and effective control should be in Indian hands. And he added that, in 1960, majority capital participation by foreign collaborators was allowed in 26 cases. During the first half of 1961, the number of such cases approved was 11.

INDIA CEMENT PRODUCES AND SELLS MORE

BUT PROFITABILITY DECLINES

IT is sufficiently well-known in market circles that higher sales by the cement industry have not brought any prosperity to individual units due to increase in cost of labour charges, packing material and fuel charges, and unremunerative retention prices. The Tariff Commission has taken up the question of revising the retention prices of cement and it is to be hoped that the Commission will take into account the various factors leading to increase in cost. The rapid increase in production made by the industry in the last ten years can be accelerated only if a reasonable rate of return is ensured for the industry.

The sales of cement by the India Cements Limited (Managing Agents: Messrs. Essen Private Ltd., Madras) for the year ended 31st March 1961 increased by 31.2 per cent from Rs. 270.87 lakhs to Rs. 355.59 lakhs. The pace of expansion in sales has been rapidly rising in the last few years and have actually doubled in two years. The increase in sales has, however, been offset by the sharp rise in manufacturing and other expenses. The increase in the year under review alone is of the order of 48.2 per cent. It would appear that this is much more than the growth in production, as is evident from the fall in the ratio of gross profit to sales from 27.0 per cent to 21.3 per cent. The absolute figure of gross profit has, however, risen by Rs. 2.46 lakhs, that is, from Rs. 73.32 lakhs to Rs. 75.78 lakhs. But the net profit is sharply lower by Rs. 14.73 lakhs, from Rs. 48.00 lakhs to Rs. 33.27 lakhs, due to the higher provision for depreciation and taxaton. Nevertheless, the dividend to shareholders has been stepped up by just 1 per cent to 12 per cent subject to deduction of tax. Even this fractional increase has meant an increase of Rs. 4.08 lakhs or about 25 per cent in the amount required to pay the proposed dividend because the final dividend of 6 per cent is payable proportionately on the new capital also. Of course, the dividend is comfortably covered by the net profit. Only, the share of profit retained in business has gone down from Rs. 23.87 lakhs to Rs. 8.74 lakhs, as will be seen from the progress table given below:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Cement sales	355.59	270.87	176.90	143.24
Closing stocks of cement	1.22	0.08	0.03	0.85
Manufacturing and other expenses	240.41	169.22	109.62	106.96
Gross profit	75.78	73.32	44.85	29.84
Managing Agents' remuneration	3.21	5.57	5.78	3.15
Provision for—				
Depreciation	30.10	18.68	11.68	11.90
Taxation	9.20	1.07	11.00	8.82
Net profit	33.27	48.00	18.49	15.49
To donations	0.89	0.69	4.38	0.30
„ reserves	22.74	38.87	0.21	4.20
Excess provisions written back	..	0.05	..	..
Transfer from reserves	24.00	5.00	..	..
Dividends—				
Preference	2.03†	2.28†	2.24	2.24
Ordinary	20.19†‡ (12%)†	16.11† (11%)†	11.67* (9%)*	9.85 (9%)
Carry forward	1.19	0.79	0.70	0.71

* On increased capital and on shares split up in five of Rs. 5 paid up.
† Subject to deduction of tax.
‡ On increased capital.

The factory worked almost to its rated capacity during the year under review. The factory had to curtail production from August 1960 onwards as the procurement of coal was very difficult even by the sea-*cum*-rail route. In order, however, to maintain production, the Company had to resort to oil firing in one of their kilns at prohibitive cost. This is reflected, to some extent, in the sharp increase in power and fuel consumption from Rs. 69.01 lakhs to Rs. 99.39 lakhs. The arrangement for the sale of Company's cement with the Cement Marketing Company of India Limited is said to be working satisfactorily.

The Company was the first cement unit to implement in full the recommendations of the Central Wage Board for the Cement Industry with effect from 1st January 1960. The retention price allowed to the Company was correspondingly enhanced by the Government from the date of implementation of the recommendations of the Wage Board.

Of the Company's paid-up capital of Rs. 258.14 lakhs, preference shares account for Rs. 33.35 lakhs, the balance of Rs. 224.79 lakhs being in equity shares of Rs. 5 each. The equity capital was raised during the year by a right issue of one share for every two shares held at par. The reserves and surplus have increased from Rs. 60.78 lakhs to Rs. 68.72 lakhs. The balance of Rs. 24 lakhs standing in the Mortgage Loan Redemption Reserve has been transferred to the Profit and Loss appropriation account in view of the repayment of the entire loans outstanding of the Industrial Finance Corporation of India. The repayment of this loan was made possible by an arrangement from a bank of a loan of Rs. one crore secured by a charge on certain movable and immovable properties of the Company. In addition, there is a secured loan of Rs. 65.60 lakhs, as well as a liability of Rs. 71.42 lakhs is due to machinery suppliers under deferred payments agreement. The total indebtedness of the Company is thus Rs. 286.76 lakhs. The gross block of Rs. 466.64 lakhs stands written down at Rs. 333.29 lakhs, following the provision of Rs. 133.35 lakhs by way of depreciation. The total of trade and other investments of Rs. 9.90 lakhs comprises of Rs. 7.94 lakhs in quoted investments, the market value of which is Rs. one lakh lower at Rs. 6.94 lakhs. Over the year the total of current assets have grown from Rs. 170.49 lakhs to Rs. 269.47 lakhs.

As regards the Company's scheme for establishing a cement factory at Vizag, the Government of Andhra Pradesh has agreed to grant the mining lease. The detailed survey of the area by engineers and geologists is in progress. The application for the establishment of cement factory in Salem district, Madras State, is still pending before the Government of India.

The benefit derived by the shareholders by way of exemption from income-tax under Section 15C is negligible. It has been found that the profit earned on the expansion unit after setting off the unabsorbed depreciation pertaining to that plant in the previous year is very small and no income-tax is due on that portion of the profit.

The current market quotation of the Rs. 5 paid-up equity shares of the Company is Rs. 6.56. At this rate, the net yield works out to 6.4 per cent, taking the net dividend at 48 nP.

(*Concluded from next column*)

down to normal working of the whole plant, having overcome the teething troubles.

At the Mysore Mills, a winding and warping unit of Barber Colman equipment imported from the U.S. has been installed at a cost of Rs. 6.24 lakhs and put into service during the year. With the addition of 48 automatic looms during the year, the total automatic looms working now is 96. The Textool and Toyoda spinning departments and the entire automatic weaving shed have been humidified by the installation of three units of humidification plants. It has been decided to install humidification plants for the old weaving shed also. Under the scheme for the progressive replacement of the old spindles, it is proposed to replace 12,180 spindles and also to install new Simplex and high-speed drawing frames. This replacement programme is expected to be completed by the end of July 1962 at an estimated cost of Rs. 15.34 lakhs. In addition, a printing plant of the value of Rs. 4,78,000 has been ordered and this is expected to go into production within a period of six months. It is also proposed to place orders for a continuous peroxide bleaching plant at a total cost of about Rs. 5 lakhs. The construction of a building for housing the printing plant and the bleaching plant, estimated to cost Rs. 1,66,000, is progressing according to schedule.

The Rs. 50 paid-up ordinary shares of the Company are currently quoted at Rs. 80 *cum-dividend*. On an *ex-dividend* basis, the net yield works out to a little over 5 per cent per annum on a net dividend of Rs. 3.85 per share. It will be noted from the aforesaid account of the expansion plans that the Company has a bright future and that the results for the current year will reflect the production of the new mill at Chitradurga as well as of the larger capacity of automatic looms. Another point worthy of note is that the Company is rather undercapitalised, the block account being some Rs. 31 lakhs above the paid-up capital.

SRI KRISHNARAJENDRA MILLS

ALL-ROUND IMPROVEMENT IN RESULTS

THE results of Sri Krishnarajendra Mills Ltd. (Managing Director: Mr. H. N. Pallegar, Mysore) for the year ended 31st March 1961 are quite satisfactory, in that they show an all-round improvement. Sales are higher and so also gross and net profits. Dividend has been comfortably maintained at 11 per cent taxable and a substantial amount has been ploughed back into the Company's business. This satisfactory performance by the Company is very creditable for its management in view of the fact that the year under review was a difficult one for the textile industry. The prices of cotton, stores, spare parts and chemicals all rose steeply and labour cost increased. On the other hand, there was an appreciable reduction in the prices of finished products in the latter half of the year, as per the directive of the Government of India. All these should have reduced the profit margin of the Company, but the actual working reveals the contrary, partly because of the great economy exercised in other expenses and partly because of increased production.

The sale proceeds improved only slightly from Rs. 131.94 lakhs to Rs. 137.40 lakhs. But the production must have been larger, because the closing stocks are as high as Rs. 38.41 lakhs, as against Rs. 29.64 lakhs in the previous year. The gross profit has increased from Rs. 9.89 lakhs, to Rs. 14.92 lakhs, that is by 51 per cent, and the ratio of profit to sales has advanced from 7.4 per cent to 10.8 per cent. The net profit has jumped up from Rs. 3.17 lakhs to Rs. 8.94 lakhs, after providing for depreciation Rs. 4.53 lakhs (as against Rs. 5.35 lakhs last year) and for taxation Rs. 1.45 lakh (as against Rs. 1.37 lakh). The dividend to ordinary shareholders is, however, maintained unchanged at 11 per cent, subject to deduction of tax, because the Directors have chosen to conserve a good part of the net profit. This is undoubtedly the right thing to do, especially as the Company has resorted to large borrowings for modernising and expanding the mills.

The following comparative table shows at a glance the main features of the results of the Company for the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	137.40	131.94	134.21	108.43
Closing stocks of finished goods and in process	38.41	29.64	27.18	43.01
Cotton and stores consumed	89.38	82.46	71.99	75.84
Other expenses	42.67	42.87	39.01	36.87
Gross profit	14.92	9.89	9.27	5.18
Provision for—				
Depreciation	4.53	5.35	5.08	6.68*
Taxation	1.45	1.37	0.60	..
Net profit	8.94	3.17	3.65	5.18
By refunds and provisions written back	..	0.02	1.96	0.67	..
By premium on surrender of cotton import quota	..	0.67	0.85	..	..
Transfer from reserves	..	2.50	..	..	..
To reserves and provisions	..	6.24	1.80	1.54	1.70
Dividend	..	4.04†	4.04†	3.96	3.80
		(11%)†	(11%)†	(8%)	(9%)
Carry forward	..	0.14	0.81	0.28	0.38

* Provided out of excess provision of Rs. 7.50 lakhs made during 1952-53.

† Subject to deduction of tax.

The entire paid-up capital of the Company at Rs. 36.70 lakhs is in ordinary shares of Rs. 50 each. The reserves and surplus have increased by Rs. 5.58 lakhs to Rs. 28.89 lakhs. The secured loans have increased from Rs. 17.98 lakhs to Rs. 39.70 lakhs and so also current liabilities and provisions from Rs. 24.27 lakhs to Rs. 42.54 lakhs. Thus, the total liabilities amount to Rs. 82.84 lakhs and are higher than the current assets of Rs. 72.76 lakhs by Rs. 10.08 lakhs. Besides the Company has investments of Rs. 7.47 lakhs, of which Rs. 7.21 lakhs are in quoted investments, the market value thereof being Rs. 7.17 lakhs. The major change on the assets side is provided by the big growth in the value of fixed assets from Rs. 35.31 lakhs to Rs. 67.60 lakhs. This expansion in the value of net block mainly reflects the cost of the Company's new spinning mill at Chitradurga planned some four years ago. This new mill has a total complement of 12,180 spindles at a cost of Rs. 36.50 lakhs including the building. Of these, 10,080 spindles went into production in March 1961. The Company has now settled

(*Continued in previous column*)

HOWRAH JUTE'S PROFIT LOWER

DIVIDEND PRUNED—NEAR OUTLOOK DIM

THE note of caution struck by the Directors of Howrah Jute Mills Company Ltd. (Managing Agents: Messrs. Jardine Henderson Ltd., Calcutta) about the near-term outlook for the Company in their report for the year 1959-60 has been fully borne out by the working of the Company during the year ended 31st March 1961. Scarcity of raw jute, which persisted throughout the year and caused a sharp rise in prices, particularly in May and October last year, in disproportion to the price of jute manufactures compelled the Company to refrain from purchasing the raw material between 8th and 28th October in accordance with the request of the Indian Jute Mills Association, which was endorsed by the Jute Commissioner. Prices, however, continued to rule high and, ultimately, the Company re-entered the market and obtained the supply at very high and uneconomic prices to avert the threatened closure due to lack of jute. Later sales of manufactured goods against the secured supply of jute showed a satisfactory profit but for which the Company would have really been in the red. Again, because of the very high October prices, deliveries of earlier market purchases were not forthcoming, with the result that contracts for raw jute were either cancelled or extended with the payment of prices differences by sellers. The Company, however, had to meet the manufacturing requirements and sale commitments, and this it could do only by securing supplies of the raw material at greatly increased prices.

Sales turnover during the year under review increased substantially to Rs. 4.60 crores from Rs. 3.40 crores in the previous year, but failed to push up the gross profit which is almost maintained at Rs. 29.09 lakhs, against Rs. 27.50 lakhs in the previous year. This was primarily due to difficult trading conditions resulting in higher manufacturing costs at Rs. 435.09 lakhs, as compared with Rs. 319.91 lakhs in the previous year. The net profit has actually contracted from Rs. 14.06 lakhs to Rs. 12.43 lakhs. Consequently, the Directors have pruned the gross taxable dividend on ordinary shares to 10 per cent from 12.5 per cent, subject to deduction of tax, for the previous year, giving a net dividend of 7 per cent per share, against 8.75 per cent previously. The allocation to reserves has also been reduced from Rs. 3.87 lakhs in the previous year to Rs. 2.67 lakhs during the year under review. Provision for taxation is substantially higher at Rs. 5.05 lakhs, as compared with only Rs. 62,527 in the previous year, while that for depreciation is lower by a lakh at Rs. 9.82 lakhs. The heavier allocation to taxation has been chiefly responsible for the setback in the net profit.

The following comparative table discloses the progress of the Company in the four years ended 31st March 1961:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	460.07	339.89	376.75	408.12
Other income	4.11	7.52	0.35	4.36
Expenses	435.09	319.91	345.53	382.66
Gross profit	29.09	27.50	31.48	29.81
Managing Agents' commission	1.79	1.88	1.71	0.50
Provision for—				
Depreciation	9.82	10.94	12.84	14.10
Taxation	5.05	0.62	0.70	0.60
Net profit	12.43	14.06	16.73	8.41
Transfer from reserves				84.50
Transfer to reserves	2.67	3.87	8.08	14.84
Dividends—				
7% tax-free preference	1.19*	1.34*	1.34	2.67
Ordinary	6.56	8.20	6.56	..
	(10%)*	(12½%)*		
Carry forward	0.98	0.72	0.58	0.33

* Subject to deduction of tax.

The gross block of the value of Rs. 225.18 lakhs has been adequately written down to Rs. 80 lakhs: land and buildings from Rs. 67.94 lakhs to Rs. 20.43 lakhs and plant, machinery and equipment from Rs. 157.24 lakhs to Rs. 59.57 lakhs. During the year under review, no change was made in the share capital of the Company which stands at Rs. 91.87 lakhs, comprising Rs. 65.62 lakhs in ordinary and Rs. 26.25 lakhs in cumulative preference shares. The reserves and surplus stand at Rs. 43.60 lakhs. Current assets, including book debts, have gone up to Rs. 177.51 lakhs from Rs. 102.36 lakhs, largely as a result of a substantially larger stock-in-trade and work-in-progress at Rs. 111.63 lakhs, as compared with Rs. 57.03 lakhs in the previous year. These far exceed the current liabilities and provisions amounting to Rs. 139.19 lakhs. It will be noted from this summary of the balance-sheet as at 31st March 1961 that the Company's financial position is satisfactory.

While the results achieved during the year under review are disappointing, the Directors state that they were actually better than at one time seemed likely. The prospects for the immediate future are, however, "far from encouraging". The working of the Company during the first three months of the current financial year has resulted in a large loss and the prospects for the second quarter are that a "further substantial loss" will be incurred. Much would depend on the new crop arrivals. Notwithstanding the present difficulties in regard to supplies and prices, the prospect of an adequate jute crop this season would bring the market back to normal later in the year; but it is too early to predict, say the Directors, whether the profits which it is hoped may be earned in the second half of the year, namely October 1961 to March 1962, can offset the losses which will undoubtedly be incurred in the first half, that is, upto 30th September 1961. If prices revert to the levels which buyers consider more reasonable, there will be a certain backlog in demand to be satisfied and, provided raw jute is available in adequate quantity, there should be some prospect of an increase in working hours later in the year and of resultant lower costs of the mills.

The Rs. 10 fully paid-up ordinary shares are being currently quoted at Rs. 20, at which rate the net yield on them works out to 3.5 per cent per annum, free of tax.

COMPANY REGISTRATION IN SOUTHERN REGION

During the quarter ended 30th June 1961, 92 companies with an authorised capital of Rs. 2,732.47 lakhs, have been registered in the Southern Region comprising the four States of Andhra Pradesh, Kerala, Madras and Mysore. Out of them, 12 are public companies, with an authorised capital of Rs. 472.20 lakhs. 78 are private companies with an authorised capital of Rs. 2,260.27 lakhs and 2 are Associations not for profit.

Transport companies continue to form the bulk of the newly-registered companies in the State of Madras. The total investment by way of increase in paid-up capital of the companies was of the order of Rs. 1,271.85 lakhs. Of these, there are six giant companies with an authorised capital of more than Rs. 50 lakhs. The companies are: (1) Bimetal Bearings Private Limited, for the manufacture of automobile bearings; (2) Metal Powder Company Limited for the manufacture of basic industrial chemicals such as metal powder, etc., (3) Zenith Lamps and Electricals Limited for the manufacture of electric lamps etc., (4) Sakthi Sugars Limited for the manufacture of sugar, (5) Thanjavur Textiles Limited for the manufacture of cotton textiles, and (6) Trichy Steel Rolling Mills Private Limited for the erection of steel rolling mills. One giant company, by name, Mysore Iron and Steel Limited, for taking over the iron and steel works at Bhadravathi was floated in the State of Mysore with an authorised capital of Rs. 20 crores. This is a Government concern owned by the State of Mysore. Two giant companies by name Lakshmi Lines Limited and Glovelola-Binny Private Limited for doing the business of carriers and common carriers by land, water and air etc. and for carrying on the business of manufacturers of pen-stocks and other allied products for the generation of hydro-electric power etc., were started in the State of Kerala with an authorised capital of Rs. 1 crore and 50 lakhs, respectively.

During the quarter under report, 29 companies were struck off the register of companies as defunct, the total paid-up capital of which is Rs. 4.30 lakhs and 17 companies went into liquidation, the total paid-up capital of which is Rs. 7.40 lakhs. 92 prosecutions were launched during the period under report in the region against certain companies and their officers, mostly for not holding the annual general meeting and for non-filing of the annual returns and the balance-sheets as required by law. 61 cases were disposed of resulting in conviction of the accused in 74 cases, in the acquittal in 7 cases. One foreign company, namely, Domington Parswhit Ltd., incorporated in U.S.A. and having its principal place of business in Madras, was registered in the State of Madras. The total amount of fines imposed accounted to Rs. 7,945 during the quarter under report.

UNITED WIRE ROPES

The Directors of the United Wire Ropes Limited have finalised details of the allotment of equity and preference shares in regard to applications received against the Company's recent offer of 22,500 equity shares and 5,000 preference shares of the total value of Rs. 22.50 lakhs and Rs. 5.00 lakhs, respectively. In view of the large number of applications received for equity shares, the Directors, in consultation with the authorities of Stock Exchange, Bombay, have decided to allot them on the following basis (number of shares applied and number allotted):

5—5; 10—10; 15—15; 20—15; 25—20; 30—25; 40—30; 45—30; 50—35; 55—40; 60—45; 75—60; 80—60; 100—60; 105—60; 110—65; 150—75; 200—100; 305—125; 400—160; 500—180; and 1,000 and above not less than 180.

In the case of preference shares, all applicants will get amount of shares applied for.

WESTERN INDIA PLYWOODS

DIVIDEND STEPPED UP

THE Western India Plywood Limited (Managing Director: A. K. Kaderkutty) is the largest manufacturer of plywood and also the biggest supplier of plywoods to Indian Railways. The standard of quality and production of plywood has been well maintained. In addition to manufacturing plywood, the Company recently erected a hardboard factory at a considerable cost of Rs. 62 lakhs, which commenced production from early 1960. Thus, the full effects of the working of the hardboard factory were felt in the results for the year ended 31st March 1961.

The sale proceeds of finished goods and raw materials in 1960-61 were higher at Rs. 63.19 lakhs and Rs. 4.68 lakhs, respectively, as compared with Rs. 55.26 lakhs and Rs. 2.74 lakhs in the previous year. The total sale proceeds have thus gone up by 16.9 per cent. But the production during the year seems to have moved up even more, as is evident from higher closing stocks of finished goods and work-in-progress amounting in all to Rs. 12.75 lakhs as against only Rs. 2.92 lakhs a year earlier. The gross profit has perceptibly improved by 23.7 per cent, from Rs. 16.09 lakhs to Rs. 19.91 lakhs. It is heartening to note that the ratio of gross profit to sale proceeds has steadily improved to 29.3 per cent from 27.7 per cent in the preceding year and 26.2 per cent during 1958-59. The better performance has prompted the Directors to step up the dividend from 10 per cent, taxable, to 12 per cent, taxable.

The following comparative table reveals at a glance the working results of the Company for the last four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds of finished goods and raw materials	67.87	58.01	59.22	56.64
Closing stocks of work-in-progress and finished goods	12.75	2.92	1.66	2.82
Cost of raw material	30.40	22.35	27.68	26.29
Other expenses	28.05	21.08	17.34	16.59
Gross profit	19.91	16.09	15.54	15.70
Provision for—				
Depreciation	10.05	2.02	1.46	2.41
Taxation	3.75	..	7.48	7.00
Net profit	6.11	14.07	6.60	6.29
Transfer to reserves	1.85	11.00	3.26	3.78
Dividends—				
Preference	0.48*	0.37*	0.37	0.24
Ordinary	3.77*	2.81*	2.70	2.26
	(12%)*	(10%)*	(10%)	(10%)
Carry forward	0.07	0.05	0.16	0.20

* Subject to deduction of tax.

As will be seen from the above table, a substantial increase has been effected in the provision for depreciation, from Rs. 2.02 lakhs to Rs. 10.05 lakhs. The amount set aside for taxation is Rs. 3.75 lakhs, as against nil in the previous year. The transfer to reserve, however, has gone down markedly.

The paid-up capital of the Company which was last increased in November 1959 by a right equity issue of one share for six shares at Rs. 25 premium now stands at Rs. 37.64 lakhs, consisting of Rs. 31.46 lakhs in ordinary shares of Rs. 100 each and Rs. 6.18 lakhs in 6 per cent tax-free preference shares of Rs. 100 each. The reserves and surplus have steadily increased to Rs. 28.52 lakhs. The loan from the Industrial Finance Corporation, taken presumably for financing the hardboard factory, now stands at Rs. 27.50 lakhs against Rs. 30 lakhs in the previous year. As against the total of current liabilities of Rs. 52.08 lakhs (including the I.F.C. loan), the current assets stand at Rs. 51.02 lakhs. The gross block of the Company, which was standing at Rs. 32.27 lakhs only on 31st March 1958, has been multiplied by more than three times to Rs. 102.79 lakhs in a period of three years. After depreciation amounting to Rs. 35.59 lakhs, the net block account stands at Rs. 67.20 lakhs.

The current quotation of Rs. 100 paid-up shares is Rs. 217.50 cum-dividend. At this rate, the net yield works out to 3.8 per cent on a net dividend of Rs. 8.40 per share.

NEWS IN BRIEF

THE first full cargo bulk shipment of sugar from Calcutta to the U.S. was made on Wednesday, the 23rd inst.

India's first oil refinery in the public sector at Nunmati in Assam will go into production by the end of this year.

The World Bank loan of $21 million to the Commissioners of the Port of Calcutta, which had been approved last month, has now been signed.

India has agreed to meet the cost of a multi-storeyed building in New Delhi to serve as the regional offices of the numerous U.N. Organisations.

The total value of sewing machines exported from India rose from Rs. 15 lakhs in 1958 and Rs. 24 lakhs in 1959 to as much as Rs. 53 lakhs in 1960.

A High-Power Committee has been appointed by the Government of India to select a site for the proposed atomic power station in the Punjab-Delhi-Rajasthan-U.P. region.

The Government of India has decided not to proceed with the Planning Commission's proposal for public participation in the capital of State-owned industries at this stage.

The first thermal unit in Neyveli in the Madras State will be commissioned by the end of 1961 as originally scheduled. The entire power station will be completed by the middle of 1963.

The Government of India has no intention of putting any restriction on the remittance of profits abroad, according to Mrs. Tarakeshwari Sinha, Union Deputy Minister for Finance.

The Geological Survey of India proposes to undertake shortly detailed studies on the possibility of exploiting gold from the Wynaad "gold belt," extending both in Madras and Kerala States.

A proposal to set up two inter-university nuclear centres, one in North India and the other in South India, during the third Plan period is under the consideration of the Government of India.

The proposal of the Hindustan Steel Ltd. to recruit upto 225 West German technicians for the operation and maintenance of the Rourkela steel plant for a period of about three years has been approved of by the Central Government.

Two uranium deposits in Rajasthan, one at Umra and the other at Udaisagar in Udaipur District, have been found. Detailed investigations have already been taken in hand, and drilling and mining work on these two deposits is in progress.

The recommendation of the Central Silk Board seeking the abolition of the excise duty on power-loom silk fabrics has been rejected by the Government of India. The rejection is on the score that all fabrics made of cotton, art silk, staple fibre and wool produced on powerlooms are now subject to excise duty.

The Central Government proposes to set up a Rs. 2-crore fund for assisting those workers who become unemployed on the closure of industrial undertakings in all States. A Committee, consisting of the Labour Ministers of Maharashtra, Madhya Pradesh and Rajasthan, has already been constituted to draw up details of the scheme.

In pursuance of the recommendation made by the Thacker Committee, the Government of India has decided to set up an institute for machine tool technology and design as an autonomous organisation at Bangalore. The Government of Czechoslovakia has agreed to bear the costs of the capital equipment estimated at Rs. 40 lakhs, as well as to make available services of experts.

The terms of foreign collaboration for the expansion of the titanium factory at Trivandrum, Kerala State, are still under negotiations, according to Mr. Manubhai Shah. The factory was given a licence in April last for expanding its capacity of titanium dioxide from 6,500 tons per annum to 24,500 tons. The expansion is envisaged for the rutile grade of titanium dioxide only.

The American Bureau of Shipping has been recognised by the Government of India as a load-line assigning authority to Indian ships. A committee, consisting of Mr. K. Parthasarathy, Deputy Chief Surveyor, Government of India and Mr. Sydney G. Schaefter, Exclusive Surveyor to the American Bureau of Shipping, will advise the Bureau and Government on matters concerning the survey and assignment.

The number of assessees assessed till 31st March 1961 on individual wealth of Rs. 50 lakhs and above is 102. The total number of assessees declined from 7,022 at the end of 1958-59 to 6,771 at the end of 1959-60 in Calcutta, from 10,420 to 10,412 in Bombay, from 1,056 to 980 in Madras, from 1,773 to 1,554 in Ahmedabad and from 1,452 to 1,278 in Delhi. Only in Kanpur there was an increase from 285 to 318.

Under an agreement signed between India and Japan at Tokyo last week, India will receive a yen credit of the value of over Rs. 38 crores, for the first two years of the third Plan. The credit, which carries an interest of 6 per cent per annum, is to be repaid in twenty equal instalments, beginning with February 1967. The yen credit will be extended by the Japanese Export-Import Bank, along with private banks.

The Government of India is not likely to agree to the expansion of the refining capacity of existing oil companies in India unless the present terms of agreement are radically changed. This was disclosed in the Lok Sabha by Mr. K. D. Malaviya, Union Minister for Mines and Oil. He added that the Government had received proposals from certain Western countries agreeing to majority partnership by the Government.

The National Instruments Ltd., Calcutta, has entered into a technical collaboration agreement with the Japanese firm, the Nippon Kogapu, for the manufacture of medium-priced cameras and other instruments. The collaboration agreement, which will be for a period of ten years, provided for payment to the Japanese firm of a technical fee of £12,000 (in four instalments) and a royalty of 2 per cent on the ex-factory price of the camera (exclusive of Indian taxes).

A new scheme for the training of both civil and military engineers in Defence establishments was inaugurated by Mr. V. K. Krishna Menon, Union Defence Minister, at New Delhi last week. Under the scheme, part-time courses consisting of lectures and tutorial classes will be given in various subjects for the sections A and B examinations of the Institution of Engineers (India), which is recognised by the U.P.S.C. as equivalent to an engineering degree. Students who have passed Intermediate Science examination will be eligible to join the course, which is of a duration of three-and-a half years.

Production of oil commenced at Ankleshwar in Gujarat on the 15th inst. This is the first time that oil is produced in an oilfield discovered by the Oil and Natural Gas Commission. From next month onwards, the Commission will send about 200 tons of crude oil everyday from Ankleshwar to the Burmah-Shell refinery in Bombay. The daily rate of output is expected to be raised to 1,500 tons by the end of this year when the Burmah-Shell will refine 900 tons and the Stanvac 600 tons. This arrangement will continue until the two-million ton State-owned refinery is set up at Baroda with the help of the Soviet Union.

An agreement has been entered into between the National Mineral Development Corporation and the Western Machinery Company of the U.S. for consultancy services for the Khetri Copper project in Rajasthan, which is expected to produce about 10,000 tons of electrolytic copper annually. The U.S. consultancy company will assess the ore reserves, prepare project report for mining, smelting and refining of copper and recovery of by-products, etc., apart from constructing the plant and helping in the initial operation of the plant. Out of the total installed cost of the Khetri project amounting to $14.4 million, the consultants will receive $864,000.

The College of Engineering and Technology, Delhi, was formally opened in New Delhi on the 17th inst. This is one of the major Indian training establishments being assisted by British aid under the Technical Co-operation Scheme of the Colombo Plan. The U.K. Government will provide ten or more professors and two workshop supervisors for a period of five years for the institute. Equipment is being provided to the extent of £250,000, supply being organised by co-operation between the Federation of British Industries and four professional institutions in the U.K. (the Institutions, respectively, of Civil, Mechanical, Electrical and Chemical Engineers). The Government of India is providing the bulk of the teaching staff, items of equipment locally available and the funds for the building of the college.

* * * *

From Abroad

West Germany has offered a credit of DM 200 million to Persia for completing some of the important projects of the seven-year plan due to end in September 1962.

Ghana has signed a formal contract with an Italian consortium to build a £16-million dam, with its attached power house, which constitutes the initial phase of the Volta River Scheme.

The British Government has given direct grants amounting to over £28 million to Commonwealth countries and £86 million to dependent Commonwealth territories since April 1958.

Exports of Russian cotton to non-communist countries during 1960 amounted to 109,000 tons. West Germany was the largest buyer, accounting for 29,300 tons, followed by Italy (12,000 tons) and France and the U.K. (10,000 tons each).

The Kaiser Steel Corporation of California in the U.S. has signed a ten-year contract for the sale of 10 million long tons of iron ore to the Mitsubishi Shoji Kaisha Ltd. of Japan. The ore will be produced at the Kaiser Steel's Eagle Mountain mine located in Riverside County in Southern California, and shipments will begin by the end of 1962 at the rate of 1 million tons per year. The iron ore will be shipped to Japan in 50,000-ton ore vessels which will be constructed in Japan.

President Kennedy's "alliance for progress" plan for the economic development of Latin America has been officially launched. The official representation of the U.S. and nineteen Latin American countries affixed their signatures to the Charter of Punta Del Este (Uruguay) on the 17th inst. The plan envisages foreign aid amounting to $2,000 million a year for the next decade in order mainly to enable the Latin American countries to have 45 million more children in schools and to give each child a minimum of six years' free compulsory education.

Britain's adverse trade balance narrowed in July, when it was reduced to £27.8 million, as compared with £41.0 million in June. Exports in July amounted to £308.6 million, imports £350.8 million and re-exports £14.4 million. Comparable figures for June were: exports £316.3 million, imports £371.1 million and re-exports £13.8 million. On a seasonally adjusted basis, British exports in May, June and July were ¼ per cent more than in the previous three months; the rate of exports in the first seven months of the year was 4 per cent more than the average for 1960.

The World Bank has announced the grant of a loan equivalent to $23.5 million to the Territory of Trinidad and Tobago. The loan will help finance the construction of a 100,000-kilowatt thermal power plant at the capital, Port-of-Spain, the construction of a 41-mile natural gas pipeline to supply fuel for the plant, and the expansion of transmission and distribution facilities. Thirteen private financial institutions are participating in the loan, without the World Bank's guarantee, for a total amount of $14.81 million. The loan is for a term of 20 years and bears interest at the rate of 5¾ per cent annually, including the 1 per cent commission which is allocated to the Bank's Special Reserve. Amortisation will begin on 15th January 1966. The loan is guaranteed by the U.K.

The Government of Ceylon has signed an agreement with China for the setting up of a cotton spinning and weaving mill in Ceylon. The mill is expected to produce annually ten million yards of popular varieties of cotton fabrics, like poplins and printed fabrics, working on two shifts, and also supply one million lbs. of yarn to cottage industry workers and other private consumers. Meanwhile, the Government has decided to restrict all future cotton textile development to the public sector and the handloom industry, and permit private enterprise in synthetic fibre manufacture only. Plans are afoot to set up a new Rs. 55-lakh textile weaving and finishing mill to produce nylon, rayon and terylene. In another contract, the Government is understood to have accepted a tender from a firm in Czechoslovakia to erect a second leather factory for the State-owned Leather Corporation. The offer includes supply of machinery and equipment. The factory is designed to produce 170,000 pairs of shoes annually.

The representatives of a consortium of nine American universities and institutes of technology will assemble at Cambridge, Massachusetts (the U.S.), on 5th September to discuss plans for collaboration with the Indian Institute of Technology, Kanpur, to enable it to become one of the best of its kind in Asia. The Massachusetts Institute of Technology, the Princeton University, the Carneigie Institute of Technology, the Case Institute of Technology, the Purdue University, the Ohio State University, the University of Michigan, the California Institute of Technology and the University of California (Berkeley) are the members of this consortium. The consortium will make available to the Kanpur Institute ten American professors to teach and guide research projects. It will also enable Indian faculty members to receive advanced training in the U.S. Besides, considerable quantity of laboratory equipment and machines and devices for research will be provided. The U.S. Technical Co-operation Mission has so far given to the Kanpur Institute grants amounting to Rs. 1.5 crores, both in foreign exchange and in rupees.

PERSONAL

MR. B. K. Nehru, India's Ambassador-Designate to the U.S., has left for Washington.

Mr. Donald T. Shea has assumed charge as Director of U.S. Information Service in Bombay with effect from the 16th inst. vice Mr. Daniel P. Oleksiw.

Dr. Sudhir Sen, Director, Programme Division of the U.N. Technical Assistance Board, has been appointed Resident Representative of the Board at Accra, Ghana.

Mr. Per Jacobsson, Managing Director of the International Monetary Fund has been granted an extension of appointment till 5th February 1964. He has already served in this capacity for about five years, beginning from 21st November 1956. As Managing Director of the Fund, Mr. Jacobsson acts as Chairman of its Executive Board.

Mr. G. L. Mehta, Chairman, Industrial Credit and Investment Corporation of India, left for the U.K. to attend a conference of "Tensions in Development" at Oxford. Mr. Mehta will later proceed to the U.S. to attend the International Industrial Conference to be held at San Francisco next month and also to organise a branch office of the Indian Investment Centre at New York.

Mr. P. U. Patel, Managing Director of the Universal Fire and General, has been elected Chairman of the Indian Insurance Companies' Association, Bombay, for the year 1961. The other members of the Committee are: Mr. M. S. Dastur (The British India), Mr. D. N. Desai (The Union Co-operative), Mr. K. C. Desai (The Vulcan), Mr. H. V. Gandhi (The Devakaran Nanjee), Mr. G. V. Jannah (The Oriental), Mr. M. G. Mody (The New Great), Mr. P. M. Shroff (The Ruby), Mr. C. M. Telivala (The Indian Mercantile), Mr. T. M. Telang (The Indian Trade) and Mr. P. A. Advani (The New India).

SYNOPSES OF COMPANY REPORTS

Andhra Valley Power Supply Co., Ltd.

(*Managing Agents*: Tata Hydro-Electric Agencies Ltd., Bombay.)

Annual General Meeting—12th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Revenue from power supply	2,32,51	1,97,87
Other income	4,24	3,39
Gross profit	71,72	71,45
Transfer to Managing Agents' remuneration	1,57*	4,02
" " depreciation	22,82	21,32
" " taxation	Nil	36
Net profit	47,34	45,75
Adjustments	22	33
Appropriations:		
Total available balance	47,56	46,08
Transfer to development reserve	4,97	9,28
" " other reserves	10,55	5,21
" " consumers' benefit account	2,24	40
" " arrears of depreciation	1,21	1,24
To amounts written off (intangible assets and other expenditure)	56	54
To Managing Agents' remuneration (adjustment for previous year)	2	Nil
To licence commission payable (adjustment for previous year)	4	Nil
To dividends (taxable) 7% Preference	3,45	3,45
" " " Ordinary	24,22†	25,74‡
	(D. 7½% +B. 1½%)	(D. 7½% +B. 1½%)
Carried forward	30	22

N.B.—Adjustments include the balance brought forward from the previous year and other credit items written back.
B.=Bonus. D.=Dividend.
* Subject to adjustment.
† This includes interim dividend of Re. 30; final dividend of Rs. 45 and bonus of Rs. 5.
‡ This includes interim dividend of Re. 30; final dividend of Rs. 45 and bonus of Rs. 10.

Extracts from the Directors' report: *Operation*: Over 2,372 million units of energy were generated during the year to meet the energy requirements of the system, reflecting an increase of approximately 11 per cent over that of 1959-60. Purchase of energy from Chola was 65 million units compared to 57 million units in the previous year. At Trombay the third 62.5 MW unit was placed in commercial operation in June 1960 and the total generation from the thermal station rose to 1,028 million units compared to 720 million units in the previous year. Hydro generation was limited to 1,344 million units compared to 1,418 million units in the previous year, due to insufficient rainfall during the 1959-60 monsoon. The total energy sales for the three Tata Hydro Companies amounted to 2,161 million units compared to 1,939 million units or 11.5 per cent above last year's sale. This increased rate of sale compared to the 11 per cent increase in the rate of generation reflects the improvement in transmission efficiency, brought about partly by raising the system voltage by about 7 per cent and partly by increased generation at Trombay which is nearer to the load centre.

Revenues and Expenses: As compared to last year, both revenues and expenses for the year have gone up. While the increase in revenues is mainly due to sale of more units of energy and higher collection of fuel adjustment charge this year, the increase in expenses was principally on items like salaries and wages, fuel consumed, interest etc. which is partly offset by decreases in cost of thermal power purchased, retiring gratuities, repairs and maintenance, managing agents' remuneration etc.

The excess of clear profit of the Company over the reasonable return has been appropriated in the manner specified in the Electricity (Supply) Act.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	8,88,13,000	Gross block	11,78,06,745
Debentures (issued for cash)	96,28,000	—Depreciation	2,80,17,570
Reserves and surplus	1,02,95,794	Net block	8,92,89,175
Other liabilities	4,86,77,070	Block in progress	32,57,373
		Current assets	88,86,027
		Investments	27,09,060
		Cash	5,58,258
		Miscellaneous expenditure	7,67,962
	Rs. 10,42,41,864		Rs. 10,42,41,864

* Paid-up capital consists of 20,277 ordinary shares of Rs. 1,000 each fully paid up and 4,934—7 per cent cumulative preference shares of Rs. 1,000 each fully paid up.

Tata Hydro-Electric Power Supply Co., Ltd.

(*Managing Agents*: Tata Hydro-Electric Agencies Ltd., Bombay.)

Annual General Meeting—12th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Revenue from power supply	1,76,23	1,56,73
Other income	6,46	7,23
Gross profit	90,52	80,23
Transfer to Managing Agents' remuneration	3,18*	5,04
" " depreciation	15,39	14,88
" " taxation	Nil	20,78
Net profit	50,95	39,78
Adjustments	3,62	29
Appropriations:		
Total available balance	54,57	40,07
Transfer to development reserve	7,72	1,90
" " general reserve	9,00	7,50
" " other reserves	10,13	1,97
" " consumers' benefit account	1,56	23
To amount of depreciation (equated instalment)	37	37
To amount written off (intangible assets and other expenditure)	98	91
To dividends (taxable) 7% C. Preference	6,25	6,25
" " " Ordinary	19,50†	20,40‡
	(D. 7½% +B. 7½%)	(D. 7½% +B. 7½%)
Carried forward	55	55

N.B.—Adjustments include the balance brought forward from the previous year and other credit items written back.
* Subject to adjustment.
† This represents interim dividend of Re. 9 per share; final dividend of Rs. 4.50 per share and bonus of Rs. 6.50 per share.
‡ This represents interim dividend of Re. 9 per share; final dividend of Rs. 4.50 per share and bonus of Rs. 1 per share.

Extracts from the Directors' report: *Revenues and Expenses*: As compared to last year, both revenues and expenses for the year have gone up. While the increase in revenues is mainly due to sale of more units of energy and higher collection of fuel adjustment charge this year, the increase in expenses was principally on items like salaries and wages, fuel consumed, interest etc. which is partly offset by decreases in cost of thermal power purchased, retiring gratuities, repairs and maintenance, managing agents' remuneration and provision for taxes.

The excess of clear profit of the Company over the reasonable return has been appropriated in the manner specified in the Electricity (Supply) Act.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	3,29,27,875	Gross block	8,51,66,079
Reserves and surplus	1,23,29,653	—Depreciation	2,03,75,169
Other liabilities	3,63,09,867	Net block	6,47,92,910
		Block in progress	84,00,129
		Current assets	70,65,961
		Investments	47,97,780
		Cash	2,60,236
		Miscellaneous expenditure	12,50,329
	Rs. 8,15,67,395		Rs. 8,15,67,395

* Paid-up capital consists of 2,40,000 ordinary shares of Rs. 100 each, fully paid up (calls unpaid Rs. 125 only) and 80,280—7 per cent cumulative preference shares of Rs. 100 each, fully paid up.

Coorla Spinning and Weaving Co., Ltd.

(*Managing Agents*: Messrs. Cowasjee Jehangir & Co. Private Ltd., Bombay.)

Annual General Meeting—11th September.

(Spindles=31,460; Looms=680)

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales of cloth, yarn and waste (gross)	1,84,33	1,63,33
Closing stock—cloth, yarn and waste	9,57	10,93
Gross profit	20,52	11,50
Transfer to Managing Agents' commission	1,45	54
" " depreciation	5,92	5,55
" " development rebate reserve	2,57	10
" " taxation	4,75	2,40
Net profit	5,83	2,91
Adjustments	1,12	1,86
Appropriations:		
Total available balance	6,95	4,37
To expenses (salaries, wages, bonus, tax, etc., relating to previous years)	33	65
Transfer to general reserve	1,65	Nil
" dividend reserve	1,76	Nil
Proposed dividend (taxable)	2,66	2,86
	(11½%)	(11½%)
Carried forward	55	76

N.B.—Adjustments include the balance brought forward from the previous year and credit items relating to previous years written back.

Extracts from the Directors' report: During the year further progress was made in the reorganisation and modernisation of the Company's Mill and it will be observed that a sum of Rs. 14,01,060 has been spent on new machinery and other fixed assets during the year. Under the U.S. Exim. Bank Loan, the Company imported during the year one set of *Within's Combing Equipment* comprising of one *drawing frame*, one *super-lap machine* and eight *combers* and *Barber-Colman Winding* and *Warping Machinery* which were all installed about the end of the year and are now working satisfactorily.

Accounts in brief as at 31st March 1961 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	26,00,000	Gross block	1,26,00,429
Reserves and surplus	55,47,767	—Depreciation	84,16,840
Other liabilities	55,86,983	Net block	41,83,589
		Current assets	63,90,688
		Investments	36,569
		Cash	43,804
	Rs. 1,17,06,750		Rs. 1,17,06,750

* Paid-up capital consists of 26,000 ordinary shares of Rs. 100 each, fully paid up. Of this 18,000 shares are allotted as fully paid up by way of bonus shares by capitalisation of reserves.

Tata Power Co., Ltd.

(*Managing Agents*: Tata Hydro-Electric Agencies Ltd., Bombay.)

Annual General Meeting—12th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Revenue from power supply	4,90,18	3,58,21
Other income	7,07	5,67
Gross profit	1,58,31	1,54,56
Transfer to Managing Agents' remuneration	5,48*	8,33
" " depreciation	40,21	38,18
" " taxation	Nil	20,54
Net profit	1,13,12	87,57
Adjustments	2,11	42
Appropriations:		
Total available balance	1,15,23	87,99
Transfer to development reserve	24,06	13,37
" " general reserve	11,50	9,30
" " other reserves	36,40	13,95
" " consumers' benefit account	4,09	67
To amount written off (intangible assets and other expenditure)	99	94
To arrears of depreciation (equated instalment)	9	10
To Managing Agents' remuneration (adjustment for previous years)	2	Nil
To dividends (taxable) 7½% C. Preference	6,25	6,25
" " " Ordinary	41,25†	42,50‡
	(D. 7½% +B. 1½%)	(D. 7½% +B. 1½%)
Carry forward	53	54

N.B.—Adjustments include the balance brought forward from the previous year: refund of income-tax and corporation tax in respect of previous years and other credit items written back.
* Subject to adjustment.
† This amount includes the interim dividend of Re. 30 per share; final dividend of Rs. 45 per share and a bonus of Re. 5 per share.
‡ This amount includes the interim dividend of Re. 30 per share; final dividend of Rs. 45 per share and a bonus of Re. 10 per share.

Extracts from the Directors' report: *Operation*: Over 2,372 million units of energy were generated during the year to meet the energy requirements of the system, reflecting an increase of approximately 11 per cent over that of 1959-60. Purchase of energy from Chola was 65 million units compared to 57 million units in the previous year. At Trombay the third 62.5 MW unit was placed in commercial operation in June 1960 and the total generation from the thermal station rose to 1,028 million units compared to 720 million units in the previous year. Hydro generation was limited to 1,344 million units compared to 1,418 million units in the previous year, due to insufficient rainfall during the 1959-60 monsoon.

Revenues and Expenses: As compared to last year, both revenues and expenses for the year have gone up. While the increase in revenues is mainly due to sale of more units of energy and higher collection of fuel adjustment charge this year, the increase in expenses was principally on items like salaries and wages, fuel consumed, interest etc. which is partly offset by decreases in cost of thermal power purchased, retiring gratuities, managing agents' remuneration and provision for taxes.

The excess of clear profit of the Company over the reasonable return has been appropriated in the manner specified in the Electricity (Supply) Act.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	6,02,33,000	Gross block	20,78,53,061
Debentures (issued for cash)	2,97,78,000	—Depreciation	4,31,56,636
Reserves and surplus	2,10,67,268	Net block	16,46,96,425
Other liabilities	8,16,34,460	Block in progress	73,29,763
		Current assets	2,44,00,334
		Investments	46,00,997
		Cash	3,48,534
		Miscellaneous expenditure	12,41,495
	Rs. 20,27,07,743		Rs. 20,27,07,743

* Paid-up capital consists of 51,586 ordinary shares of Rs. 1,000 each fully paid up and 8,697—7½ per cent cumulative preference shares of Rs. 1,000 each fully paid up.

Enfield India Ltd.

(*Managing Director*: Mr. S. Sankaran, Madras.)

Fifth Annual General Meeting—31st August.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales (motor cycles, three-wheelers, accessories, etc.)	90,59	82,80
Job order receipts	31,54	16,66
Closing stock	36,32	22,16
Gross profit	6,49	6,99
Transfer to depreciation	3,19	3,64
Net profit	3,30	3,35
Adjustments	5	5
Appropriations:		
Total available balance	3,35	3,40
Transfer to reserve for development rebate	1,85	1,88
To brokerage on shares written off	Nil	8
" preliminary expenses written off	Nil	37
Proposed dividends (taxable) 7% P.R.E.C. Preference	1,10*	63
" " " Ordinary	66	74
	(5%)	(5%)
Carried forward	4	5

N.B.—Adjustments include the balance brought forward from the previous year and excess provision for dividend written back if any.
* Calculated at 9.10 per cent in accordance with the Preference Shares (Regulation of Dividends) Act, 1960. This amount also includes supplemental dividend worked at 2.10 per cent in respect of the year 1959.

Extracts from the Directors' report: *Operation and Development*: The working of the Company during the year under review has been satisfactory. The production and the sales of the Company's products recorded a further increase.

During the year, the Company's issued 1,00,000 equity shares of Rs. 10 each which were subscribed in full by the members to whom the new shares were offered for subscription. In order to provide funds to finance the purchase of the balance of the fixed assets for the motor cycle scheme, a further loan of Rs. 9,00,000 was obtained from The Industrial Finance Corporation of India. Most of the remaining plant and machinery for the scheme was received and put into operation. As a result, a further increase in the indigenous content of the motor cycles was achieved and by the middle of 1961, the phased programme as originally given to the Government has been for all practical purposes fulfilled. The Company is, therefore, in a position hereafter to concentrate in accelerating the output of vehicles.

Increased productivity and efficiency in the manufacturing operations were achieved as a result of work-study and the incentive scheme to which a reference was made in the last year's report and these have contributed to a great extent in offsetting the increase in the cost of raw materials and the larger amount provided for depreciation. Necessary steps were and are being taken to expedite the Company's expansion programme for the manufacture of scooters.

At the extraordinary general meeting in February 1961, the authorised capital of the Company was increased from Rs. 50,00,000 consisting of 10,000 7 per cent tax-free redeemable cumulative preference shares of Rs. 100 each and 4,00,000 equity shares of Rs. 10 each to Rs. 1,00,00,000 by the creation of 5,00,000 equity shares of Rs. 10 each. The present authorised capital of the Company stands as stated hereunder: 10,000 7 per cent tax-free redeemable cumulative preference shares of Rs. 100 each Rs. 10,00,000 and 9,00,000 equity shares of Rs. 10 each Rs. 90,00,000.

In April 1961 the Company issued 2,33,300 equity shares of Rs. 10 each of the face value of Rs. 23.33 lakhs. Out of the above said shares, 33,300 equity shares of Rs. 10 each of the face value of Rs. 3.33 lakhs are reserved for allotment to the Villiers Engineering Co., Ltd., Wolverhampton, U.K., against supply of plant and machinery and the balance of 2,00,000 equity shares of the face value of Rs. 20,00,000 was offered for subscription to the existing members holding equity shares. The above 2,00,000 equity shares were fully taken up by the members of the Company.

A technical collaboration agreement has been concluded subject to the approval of the Government, with the Villiers Engineering Co., Ltd., U.K., for the manufacture of their engines for industrial and agricultural applications. The Company has submitted an application to the Government for a licence under the Industries (Development and Regulation) Act for undertaking this project by a subsidiary of the Company to be formed.

Accounts in brief as at 31st December 1960 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	34,98,776	Gross block	59,44,050
Reserves and surplus	4,91,364	—Depreciation	12,33,911
Other liabilities	65,24,774	Net block	47,10,139
		Block in progress	34,970
		Current assets	56,09,013
		Investments	250
		Cash	1,60,542
	Rs. 1,05,14,914		Rs. 1,05,14,914

* Paid-up capital consists of 2,50,000 ordinary shares of Rs. 10 each, fully paid up (allotment money in arrears Rs. 1,224) and 10,000—7 per cent tax-free redeemable cumulative preference shares of Rs. 100 each, fully paid up.

Central India Coalfields Ltd.

(*Managing Agents*: Hindusthan Investment Corporation Ltd., Calcutta.)

Annual General Meeting—5th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (gross)	92,60	77,19
Closing stock	1,34	1,35
Gross profit	21,27	17,50
Transfer to Managing Agents' remuneration	1,43	1,36
" depreciation	5,85	5,04
" taxation	6,40	4,91
Net profit	7,54	5,19
Adjustments	28	9
Appropriations:		
Total available balance	7,82	6,28
Transfer to development rebate reserve	1,45	1,25
" contingencies	25	75
Proposed dividend (taxable) Equity	5,00 (10%)	4,00 (8%)
Carried forward	1,12	28

N.B.—Adjustments include the balance brought forward from the previous year and excess provision for wealth tax if any.

Extracts from the Directors' report:

Raisings and Workings:

	1959-60 Tonnes	1960-61 Tonnes
Raisings	3,80,734	4,38,804
Despatches	3,79,866	4,25,572
Colliery consumption	7,860	8,168

As will be seen from the above figures, the working of the Company showed a satisfactory improvement during the year. At the Orient Colliery, construction of the railway siding was completed and the siding put in operation during the year under report. The working at the Pure Chirimiri Colliery continued to be difficult due to bad roof conditions. There was a fire in one section of its working and the section had to be sealed off; there is no danger to the rest of the mine. The reserves of coal at this colliery are fast depleting and according to estimates, the colliery is expected to work only upto the end of this year, after which it shall have to be closed down. The directors have under active consideration proposals to replace the output of this colliery, by gradually increasing the output at its other collieries. The working of Badjna seam at the Khas Badjna colliery was also difficult due to several intrusions in the seam and bad roof conditions. A quarry has been opened at that colliery in the Brindabanpur seam and the coal has been graded as IIIB.

The Company has submitted plans for increase of production during the third Five-year Plan at its mines and these have received the general approval of the Government.

Working at the collieries after the end of the year, continues to be as before. The inadequacy of wagon supplies is causing a setback at the Orient colliery, due to accumulation of stock.

Accounts in brief as at 31st March 1961 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	49,97,750	Gross block	82,38,293
Reserves and surplus	7,44,849	—Depreciation	31,00,614
Other liabilities	32,95,101	Net block	51,37,679
		Current assets	34,76,642
		Investments	2,84,311
		Cash	1,39,068
	Rs. 90,37,700		Rs. 90,37,700

* Paid-up capital consists of 4,99,700 equity shares of Rs. 10 each, fully paid up.

Rajapalayam Mills Ltd.

(*Managing Agents*: Ramco Agencies Co., Rajapalayam.)

Twenty-fifth Annual General Meeting—6th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (finished goods)	1,17,84	98,57
" (dyes and chemicals)	18	Nil
" (waste, cotton seeds, etc.)	1,75	2,25
Closing stock	19,07	22,18
Gross profit	20,05	14,98
Transfer to Managing Agents' remuneration	1,01	1,15
" " depreciation	4,52	4,68
" " development rebate reserve	27	4,85
" " provision for taxation	5,76	1,90
Net profit	9,09	2,77
Appropriations:—		
To donations	25	16
" wealth tax and income-tax paid	Nil	16
" bonus paid for the year 1960	2,99	Nil
Transfer to reserves	5,07	1,00
Proposed dividend (taxable)	2,68 (16%)	1,45 (9%)
Carried forward	Nil	Nil

Extracts from the Directors' report: In respect of the loans from The Madras Industrial Investment Corporation Limited, the Company had to repay during the year under report only Rs. 1,66,667 being the first instalment of the second loan. But the Company has paid Rs. 3,99,375.

Trade Conditions: Fortunately, there was no power cut. Both the old and new Mills worked for 304 days on double shift basis. The Company's relationship with workers were cordial throughout the year and the Mill had a smooth running with their co-operation. By the implementation of Wage Board recommendations, the wage bill this year has gone up by about Rs. 1,50,000.

Both foreign and Indian cotton were purchased within the quota limits fixed by the Textile Commissioner. The Company could not therefore freely purchase the local cotton according to market conditions. For the import of foreign cotton the Company had to pay heavy premium for the release of import licence.

The old unit engaged in spinning of counts upto 40s earned good profits, but the earnings of the New Unit using mostly imported cotton and spinning fine counts were not so satisfactory on account of payment of heavy premiums for imported cotton and generally weak market conditions for fine counts.

Though the earnings of the year would have permitted to recommend a higher dividend, it has been restricted to 16 per cent with a view to plough back good portions of the profits for the rehabilitation of the old Mill and to invest on machines to produce doubling and cone yarns etc. Further, the directors propose to equip the Mills with an up-to-date quality control laboratory with modern instruments. By these measures they reasonably expect that the Mills will be assured of steady income under various trade conditions.

Accounts in brief as at 31st March 1961 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	16,14,300	Gross block	66,06,845
Reserves	22,11,000	—Depreciation	32,18,566
Other liabilities	37,39,965	Net block	33,88,279
		Current assets	37,13,083
		Investments	30,600
		Cash	4,33,303
	Rs. 75,65,265		Rs. 75,65,265

* Paid-up capital consists of 16,143 equity shares of Rs. 100 each, fully paid up. Of this 10,762 shares are allotted as fully paid up by way of bonus shares issued by capitalisation of reserves.

Mysore Electrical Industries Ltd.

(*Chairman*: Mr. R. D. Char, Bangalore.)

Sixteenth Annual General Meeting—31st August. Dividends payable on or after 11th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (gross)	79,43	75,88
Closing stock	4,00	1,79
Gross profit	11,29	10,21
Transfer to depreciation	1,13	1,13
" " development reserve	66	71
" " provision for taxation	4,91	4,40
Net profit	4,59	3,97
Adjustments	4	4
Appropriations:		
Total available balance	4,63	4,01
Transfer to loan redemption fund	80	70
" " rehabilitation fund	65	50
Proposed dividend (taxable) Ordinary	3,15* (20%)	2,77 (24%)
Carried forward	3	4

N.B.—Adjustments include only the balance brought forward from the previous year.
* This includes dividend on 14,050 old ordinary shares at the rate of Rs. 20 per share and dividend on 3,450 new ordinary shares at the rate of Rs. 10 per share.

Extracts from the Directors' report: During the year under report, the demand for all the types of the Company's products had shown a marked upward trend and during the current year this trend has further accelerated. Electrical Engineers all over the country have recognised the reliability of all the types of equipment produced by this Company. Every effort is being made to keep up with the demand in spite of difficulties in obtaining some of the essential raw materials and delay in receipt of component parts from sub-contractors.

With the increasing manufacturing activities in the country of products similar to those produced in the Company's factory, the directors have taken active steps to improve the facilities in the manufacturing process and also diversify by taking up other allied lines of products. Negotiations have been finalised for the production of heavy duty type contractors, *Automatic Motor Controlgears*, *Air Break Circuit Brakers*, *Low Voltage Capacitors* and various types of relays with technical collaboration from well known manufacturers in France and West Germany. For some of them, Government approval has already been obtained and for others approval is being awaited.

The new No. II Factory building at Rajajinagar Industrial Suburb is nearing completion and is expected to be occupied in October this year. The administrative, drawing and design buildings will be ready in December this year. With this increased manufacturing facilities, it is hoped to take care of the heavy demand for the Company's products which are very popular and also add the new lines of manufacture mentioned above.

In view of the expansion and diversification programme the Company has undertaken, the directors have thought it prudent to conserve the resources of the Company and have therefore recommended a dividend of Rs. 20 per share subject to tax as against Rs. 24 in the previous year, inspite of the fact that the net profits during the year has been higher than that of the previous year.

The Company has received import licence to the extent of about Rs. 2½ lakhs for machinery and equipment to be supplied by its Technical Collaborators Messrs. SAPAG, Switzerland, against issue of equity shares and orders have been placed on them.

With the issue of Rs. 2½ lakhs worth of shares to the Company's technical collaborators Messrs. SAPAG, the present authorised capital of Rs. 20 lakhs would be fully issued. The directors therefore recommend that the authorised capital of the Company be increased from Rs. 20 lakhs to Rs. 50 lakhs to take care of any eventual further issue as and when it becomes necessary.

The loan of Rs. 6½ lakhs from the Refinance Corporation for Industry through the Company's Bankers reported in the directors' last year's report was availed of during the year under review. Machine tools to the extent of Rs. 73,917 were added during the year.

Accounts in brief as at 31st March 1961 are as under:

Liabilities	Rs.	Assets	Rs.
Capital	17,50,000	Gross block	16,14,284
Reserves and surplus	7,92,943	—Depreciation	7,39,760
Other liabilities	30,18,905	Net block	8,74,524
		Current assets	46,38,917
		Cash	48,407
	Rs. 55,61,848		Rs. 55,61,848

Rameshwara Jute Mills Ltd.

(*Managing Agents*: Hindusthan Investment Corporation Ltd., Calcutta.)

Annual General Meeting—16th August.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	1,26,01	1,00,75
Closing stock	5,14	2,48
Gross profit (+) or loss (—)	(—) 9,92*	(+) 6,67
Transfer to Managing Agents' remuneration	36	90
" " depreciation	2,09	2,10
" " development rebate reserve	21	24
" " taxation	Nil	45
Net profit (+) or loss (—)	(—) 9,92	3,48
Adjustments	21	3
Appropriations:		
Total available balance	(—) 9,71	(+) 3,51
Transfer to dividends (taxable) Preference	Nil	3,30†
" " Ordinary	Nil	Nil
Carried forward	(—) 9,71	(+) 21

N.B.—Adjustments include only the credit balance brought forward from the previous year.
* This represents loss after providing Rs. 36,000 for Managing Agents' remuneration but includes provisions for depreciation and development rebate reserve.
† This represents preference dividends for the period from 1st October 1950 to 31st March 1956 (i.e., for 5½ years); subject to deduction of tax.

Extracts from the Directors' report: There remains a net loss of Rs. 9,71,483 which is carried forward to the next account. In addition to the above deficit, there remains a further sum of Rs. 9,37,302 as unabsorbed depreciation upto the end of the year under report which has got to be provided in future years. There also remains a contingent liability of Rs. 2,99,950 in respect of arrears of dividend on the cumulative preference shares upto 31st March 1961.

The working results for the year have not been satisfactory and, therefore, they have been unable to recommend payment of dividend even on the preference shares. The loss during the year has been due to the extremely difficult trading conditions in the jute industry throughout the year under review. After the disappointing jute crop in the previous season, it was hoped by the directors, as mentioned in their report last year, that the 1960-61 crop would be satisfactory; but unfortunately, on account of the drought in the jute growing areas in India and Pakistan during the months of April and May last year, sowings were adversely affected, resulting in very small crops in both the countries. Consequently, two successive seasons of bad crops created conditions of scarcity and the price of raw jute rose sharply, resulting in a wide disparity between the prices of raw jute and jute manufactures, which in turn adversely affected the profitability of the entire industry.

The Company's production is confined mainly to the manufacture of cement bags, which are sold to the cement industry under an open price annual contract. For this reason the Company was comparatively more adversely affected by the steadily rising trend of raw jute prices. Coal supply to the Mills was also restricted due to shortage of wagons.

The directors referred in their last report to the question of modernising the Company's mill machinery upto the Spinning Department. Satisfactory progress has been made in this direction and it is expected that the modernisation programme will be completed by April next year. This should result in considerable improvement in production efficiency and also in economy in labour. In view of the Company's forward sales under the open price contracts for supply of bags to the cement industry, the decline in raw jute prices this year should partly compensate for the loss, which the Company suffered last year.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	27,00,000	Gross block	36,55,345
Reserves	73,604	—Depreciation	14,10,449
Other liabilities	32,15,971	Net block	22,44,896
		Block in progress	55,556
		Current assets	26,33,070
		Investments	72,869
		Cash	13,201
		P. L. a/c (deficit)	9,71,483
	Rs. 59,89,575		Rs. 59,89,575

* Paid-up capital consists of 2,00,000 ordinary shares of Rs. 10 each fully paid up and 70,000—8.57 per cent cumulative preference shares of Rs. 10 each fully paid up.

COMPANY MEETINGS AND DIVIDENDS

CENTRAL INDIA COALFIELDS LTD. Annual General Meeting, Calcutta, 5th September 1961. Dividend: 10 per cent or Re. 1.00 per share, subject to deduction of tax. Transfer books remain closed from 21st August to 5th September 1961, both days inclusive.

MARSHALL SONS AND CO. (INDIA) LTD. Annual General Meeting, Calcutta, 6th September 1961. Dividend: *Nil*. Transfer books remain closed from 23rd August to 6th September 1961, both days inclusive.

DIMAKUSI TEA CO., LTD. Annual General Meeting, Calcutta, 7th September 1961. Transfer books will remain closed from 30th August to 7th September 1961, both days inclusive.

TATA IRON AND STEEL CO., LTD. Annual General Meeting, Bombay, 7th September 1961. Dividend: Rs. 10.36 per share (includes a bonus of Re. 0.64 per share), subject to deduction of tax. This works out at Rs. 7.25 per share net (including a bonus of Re. 0.45 per share net). The dividend will be made payable on or after the 8th September 1961.

BENARES ELECTRIC LIGHT AND POWER CO., LTD. Annual General Meeting, Calcutta, 7th September 1961. Dividend: 11 per cent or Re. 1.10 per share, subject to deduction of tax. Transfer books will remain closed from 31st August to 7th September 1961, both days inclusive.

BAREILLY ELECTRIC SUPPLY CO., LTD. Annual General Meeting, Calcutta, 7th September 1961. Dividend: 11 per cent or Re. 1.10 per share, subject to deduction of tax. Transfer books will remain closed from 31st August to 7th September 1961, both days inclusive.

UPPER JUMNA VALLEY ELECTRIC SUPPLY CO., LTD. Annual General Meeting, Calcutta, 7th September 1961. Dividend: 13¾ per cent or Re. 1.35 per share, subject to deduction of tax. Transfer books will remain closed from 31st August to 7th September 1961, both days inclusive.

CHAMONG TEA CO., LTD. Annual General Meeting, Calcutta, 7th September 1961. Dividend: *Nil*. Transfer books will remain closed from 4th to 7th September 1961, both days inclusive.

DUFFLAGHUR TEA CO., LTD. Annual General Meeting, Calcutta, 7th September 1961. Dividend: 15 per cent or Re. 1.50 per share, final (making a total of 25 per cent or Rs. 2.50 per share, for the year 1960), subject to deduction of tax. Transfer books will remain closed from 31st August to 7th September 1961, both days inclusive.

GOHPUR TEA CO., LTD. Annual General Meeting, Calcutta, 7th September 1961. Dividend: *Nil*. Transfer books will remain closed from 4th to 7th September 1961, both days inclusive.

SOOM TEA CO., LTD. Annual General Meeting, Calcutta, 7th September 1961. Dividend: 25 per cent or Rs. 2.50 per share, final (this makes a total dividend of 50 per cent or Rs. 5.00 per share, for the year 1960), subject to deduction of tax. Transfer books will remain closed from 31st August to 7th September 1961, both days inclusive.

JOGTA COAL CO., LTD. Annual General Meeting, Calcutta, 15th September 1961. Dividend: *Nil*. Transfer books will remain closed from 1st to 14th September 1961, both days inclusive.

NAGAISUREE TEA CO., LTD. Annual General Meeting, Calcutta, 8th September 1961. Dividend: 25 per cent or Rs. 25.00 per share, subject to deduction of tax. Transfer books will remain closed from 29th August to 8th September 1961, both days inclusive.

COORLA SPG. AND WVG. CO., LTD. Annual General Meeting, Bombay, 11th September 1961. Dividend: Rs. 11.00 per share, subject to deduction of tax, payable on and after 13th September 1961. Transfer books remain closed from 19th August to 11th September 1961, both days inclusive.

DAVANGERE COTTON MILLS LTD. Annual General Meeting, Davangere, 25th September 1961. Dividend: 12 per cent or Rs. 12.00 per share, subject to deduction of tax, payable on or after 25th September 1961. Transfer books will remain closed from 12th to 25th September 1961, both days inclusive.

METTUR CHEMICAL AND INDUSTRIAL CORPORATION LTD. Annual General Meeting, Mettur Dam R.S., 9th September 1961. Dividend: 12½ per cent or Re. 1.25 per ordinary share (includes the interim dividend of 6¼ per cent or Re. 0.625 per share), subject to deduction of tax. Transfer books remain closed from 25th August to 9th September 1961, both days inclusive.

ANDHRA VALLEY POWER SUPPLY CO., LTD. Annual General Meeting, Bombay, 12th September 1961. Dividend: 8 per cent or Rs. 80.00 per ordinary share (this includes the interim dividend of Rs. 30 per share and a bonus of Rs. 5 per share), subject to deduction of tax.

TATA HYDRO-ELECTRIC POWER SUPPLY CO., LTD. Annual General Meeting, Bombay, 12th September 1961. Dividend: 8 per cent or Rs. 8.00 per ordinary share (this includes the interim dividend of Rs. 3.00 per share and a bonus of Rs. 0.50 per share), subject to deduction of tax.

TATA POWER CO., LTD. Annual General Meeting, Bombay, 13th September 1961. Dividend: 8 per cent or Rs. 80.00 per ordinary share (this includes the interim dividend of Rs. 30.00 per share and a bonus of Rs. 5.00 per share), subject to deduction of tax.

WEST COAST ELECTRIC SUPPLY CORPORATION LTD. Annual General Meeting, Madras, 7th September 1961. Dividend: 14.29 per cent or Rs. 1.429 per ordinary share, subject to deduction of tax, payable on and from 7th September 1961. Transfer books will remain closed from 1st to 7th September 1961, both days inclusive.

CELLULOSE PRODUCTS OF INDIA LTD. Second Annual General Meeting, Kathwada, District Ahmedabad, 18th September 1961. Dividend: *Nil*.

DHUNSERI TEA CO., LTD. Taxable dividend of 20 per cent or Rs. 2.00 per ordinary share, for the year ended 31st December 1960.

Notices

THE VELLORE ELECTRIC CORPORATION, LIMITED

NOTICE

THE 32ND ANNUAL GENERAL MEETING of the Shareholders of THE VELLORE ELECTRIC CORPORATION, LTD., will be held at the Registered Office of the Company at No. 20, Second Line Beach, Madras 1 on Monday the 25th September 1961 at 12 Noon to transact the following business, viz.

1. To receive and adopt the Directors' Report and the Audited Statements of Accounts for the year ended 31st March 1961.
2. To declare a Dividend on Preference and Ordinary Shares for the year 1960-61.
3. (*a*) To appoint a Director in the place of Sri C. Gopalan who retires by rotation.

   (b) To appoint a Director in the place of Sri T. T. Srinivasamurti who retires by rotation.
4. To appoint Auditors for the year 1961-62 and to fix their remuneration.
5. To transact any other business that may be brought up before the meeting.

The Share transfer Books of the Company will remain closed from Monday the 18th September, 1961 to Monday the 25th September, 1961 both days inclusive.

By Order of the Board,
FOR CHANDRIE & CO. (PRIVATE) LIMITED,
S. VENKATARAMAN,
Director,
Managing Agents.

MADRAS,
16*th August* 1961.

Note:—1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company.

2. The Dividend when sanctioned at the Meeting will be paid on the 30th September, 1961 to those Members whose names stand on the Register of Members on the 17th September 1961.

THE TITAGHUR PAPER MILLS COMPANY LIMITED

Final Dividends for the Year Ended 31st March 1961

AT A MEETING OF THE DIRECTORS HELD on Wednesday the 16th August 1961, the following Dividends were recommended subject to deduction of Tax under Section 18(3D) of the Indian Income Tax Act.

On First Cumulative Preference Shares at 5.2 per cent making a total of 10.4 per cent per annum.

On Second Cumulative Preference Shares at 2.925 per cent making a total of 5.85 per cent per annum.

On Preferred Ordinary Shares at 6.76 per cent making a total of 13 per cent per annum.

On 'A' and 'B' Ordinary Shares at Re. 1 per share making a total of Rs. 2 per share per annum.

By Order of the Board,
F. W. HEILGERS & Co. (PRIVATE) LTD.,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA-1.

17*th August* 1961.

JUTE

(*Concluded from page 402*)

80,300 tons, respectively. Total stocks of jute goods lying with mills as of 31st July 1961 are of the order of 70,100 tons (23,100 tons of hessian, 37,500 tons of sacking cloth and 9,500 tons of others), as compared with 88,100 tons (31,700 tons of hessian, 46,500 tons of sacking and 9,900 tons of others) a year before.

Despite the fall in stocks, prices of jute goods have suffered a sharp decline. Ready hessian (40" 10 oz.) is now quoted at Rs. 47.00 per 100 yards and sacking (B. twill) at Rs. 133.75 per 100 bags, as against as high as Rs. 69.75 and Rs. 216.00, respectively, touched sometime in February 1961. Similarly, raw jute prices have tended to fall, the latest available quotation for Assam bottom being Rs. 37 per maund, as against the highest level of Rs. 66.50 reached in February. These falls reflect the belief that the current jute crop will be a bumper one. But even the present prices are pretty high by normal standards. Meanwhile, the declining tendency in raw jute prices has prompted the West Bengal Government to urge the Centre to fix a floor price for raw jute. There may be need for such a price, but it has to be stressed, once again, that, in fixing a minimum price, due consideration must be given to the likely effect on the jute industry. As this journal emphasised only two weeks ago, the jute industry, which is predominantly export-based, has to sell in world markets in highly competitive conditions.

COMMERCE AND INDUSTRY

(*Concluded from page 414*)

twenty businessmen, will be at Leipzig for trade negotiations and for concluding contracts with the participants from East Germany and other countries.

Taking part in the Leipzig Autumn Fair are firms and trade organisations from 43 foreign countries, including the U.S., Japan and West Germany, and several others from Africa and Latin America. From the Communist bloc Soviet Russia, Czechoslovakia, Poland, Hungary, Rumania, Bulgaria, China and Yugoslavia will take part in the Fair and display "a convincing picture of the intensification of their consumer goods production."

The next Leipzig Spring Fair will be held in March 1962. India is expected to participate in this fair on a much larger scale.

PAKISTAN'S IMPORT POLICY

The Pakistan Government has informed the G.A.T.T. Secretariat that the import policy for the period July-December 1961 seeks to liberalise further the import of industrial raw materials and spare parts and essential consumer goods according to a well-defined scheme of priorities.

Under the import policy for period July-December 1961, forty-nine items have been placed on Open General Licence, leaving fourteen items under automatic licensing. Among the items added to the Open General Licence list are the following: asphalt, pitch and tar, building and engineering material of all sorts (with specified exceptions), drugs and medicine (allopathic), coal-tar dyes, dyeing and tanning substances, laboratory glassware, vacuum flasks, electric insulating material, needles, scientific instruments and apparatus, surgical instruments, ball bearings, tractors and spare parts, cinematographic and X-ray films, sago, tyres and tubes, crepe rubber sheets, motor cycles and motor scooters, duplicating stencils and vegetable and flower seeds. With this addition, imports of industrial raw materials and spare parts for 173 industries will now be licensed on the basis of the amounts asked for by them.

During the second half of 1960, it may be recalled, the Government extended automatic licensing to twenty-seven items. In the first half of 1961, ing of sixty-two items on automatic licensing, followed by the introduction of a regulated Open General Licence for eleven important items.

PRIVATE CAPITAL FOR DEVELOPING COUNTRIES

The Economic Committee of the U.N. Economic and Social Council, which concluded its thirty-second session at Geneva on the 2nd inst., adopted a resolution on the promotion of the flow of private capital to developing countries. The resolution calls upon the U.N. Secretary-General to make exhaustive studies on the economic, legal and administrative, means which may help the less-developed countries to secure private capital "for promoting their economic development and their advance towards self-sustaining growth, bearing particularly in mind the special problems of those countries with currently inadequate economic and social infrastructure." It urges the Secretary-General to submit the report on the question during the next session of the Committee, covering, among others, the progress made in relation to concrete proposals for encouraging the flow of private capital. The Committee noted with appreciation the Secretary-General's interim reports on the promotion of international flow of private capital.

UNDER SECRETARY TO GOVT. OF INDIA 29 AUG 1961 PUBLICATIONS

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 11th August, 1961

BANKING DEPARTMENT

Liabilities	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		60,09,84,000
(2) Other Governments		18,88,86,000
(b) Banks		80,03,55,000
(c) Others		202,38,01,000
Bills Payable		21,80,87,000
Other Liabilities		11,10,87,000
	Rupees	530,75,47,000

Assets	Rs.	Rs.
Notes		7,52,89,000
Rupee Coin		1,21,000
Subsidiary Coin		8,10,000
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		19,62,95,000
Balances held abroad*		81,96,84,000
Loans and Advances to Governments†		47,50,23,000
Other Loans and Advances		117,38,18,000
Investments		289,47,01,000
Other Assets		17,15,01,000
	Rupees	530,75,47,000

* Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 1,80,00,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	7,52,89,000	
Notes in circulation	1913,26,95,000	
Total Notes issued	....	1920,79,84,000
Total Liabilities	....	1920,79,84,000

Assets	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	....	
Foreign Securities	116,86,07,000	
Total of A		234,62,10,000
B. Rupee Coin		122,75,94,000
Government of India Rupee Securities		1563,41,80,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1920,79,84,000

COMPARATIVE BANKING STATISTICS
(In crores of rupees)

	1st Sept. 1939 (pre-war)	11th August 1961	4th August 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	173.3	1913.27	1908.98	1937.98	1812.13
Notes held in Banking Department	35.05	7.53	16.88	19.85	14.99
Foreign Securities	59.50	116.86	116.86	98.01	122.01
Rupee Securities	37.39	1568.42	1563.37	1626.98	1455.57
Banking Department					
Deposits of:					
Government of India	14.89	60.09	58.26	49.88	55.99
Other Governments	1.00	18.89	18.88	19.37	16.18
Balances held abroad	10.06	81.96	85.81	9.89	21.48
SCHEDULED BANKS					
Demand Liabilities	134.86	833.72 (85.61)†	888.11 (26.66)†	847.23 (26.66)†	789.86 (23.55)†
Time Liabilities	103.24	1147.48 (19.80)†	1143.90 (20.48)†	1130.97 (19.39)†	1225.64 (23.33)†
Borrowings from Reserve Bank	..	3.46 (1.80)‡	2.19 (0.70)‡	4.85 (3.42)‡	22.35 (10.90)‡
Borrowings from State Bank	..	16.54	15.06	13.22	11.78
Cash in India	6.70	44.88	45.99	47.04	45.15
Balance with Reserve Bank	25.17	76.80	76.88	90.86	110.16
Balances with other banks in current account in India	..	15.55	15.46	15.68	15.60
Money at call and short notice in India	..	51.52	53.14	48.77	40.68
Investments (at book value)	..	582.52	591.30	551.06	732.17
Advances and bills	105.9	1241.86	1248.97	1263.38	1119.16
STATE BANK					
Deposits	87.76	584.51	589.31	582.35	614.31
Investments	51.99	250.52	260.83	234.97	388.99
Advances	80.35	248.99	249.06	259.67	204.87
Cash	14.69	28.41	26.87	27.35	25.52

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	3rd Aug., 1960	4	3
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	3	2
Canada †		2.50	3.65
Ceylon	13th Aug., 1960	3.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	4.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1958	3.50	5
El Salvador	Jan., 1960	4	3.50
Finland	Mar., 1960	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	10th May, 1957	6.00	4
Indonesia	1st April, 1946	4	3
Ireland	July, 1960	4.75	3.50
Italy	7th June, 1958	4	3.50
Japan	21st July, 1961	6.57	6.00
Malaya	28th July, 1961	6	7
Mexico	4th June, 1948	4	4.50
Netherlands	16th Nov., 1959	3.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1946	3.50	3
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1960	6.00	6.50
Philippines	Sept., 1960	6	5.75
Portugal	12th Jan., 1944	3	2
South Africa	4th May, 1961	4.50	5
Spain	11th April, 1960	4.25	5.75
Sweden	15th Jan., 1960	4.50	4
Switzerland	20th Feb., 1960	3.50	3
Thailand	Feb., 1949	3	2
Turkey	6th June, 1960	4.50	6
United Kingdom	20th July, 1961	5	7
U.S.S.R.	1st July, 1938	3	2
U.S.A.	11th Aug., 1960	3.50	4
West Germany	1st Sept., 1957	3.50	5

† Bank Rate in Canada fluctuates in line with Treasury Bill Rate, the latest available rate is shown here, or compared with that for the preceding.

State Bank of India

Statement of Affairs for the week ended 11th August, 1961

Capital and Liabilities	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		7,45,00,000
Borrowings from Other Banking Companies, Agents, etc.		524,51,10,000
Bills Payable		17,00,000
Bills for Collection being Bills receivable as per contra		9,60,86,000
Acceptances, Endorsements and Other Obligations per contra		2,53,66,000
Other Liabilities (including Inter-Office Adjustments)		93,36,000
		13,14,64,000
Total	Rs.	563,97,92,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		19,47,75,000
Balances with other Banks		2,92,98,000
Money at Call and Short Notice		1,53,33,000
INVESTMENTS:		
Government and other Trustee Securities	241,09,07,000	
Other Authorised Investments	9,43,30,000	
		250,52,37,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	235,49,88,000	
Bills Discounted and Purchased	13,49,01,000	
		248,99,49,000
Bills Receivable being Bills for Collection as per contra		2,53,66,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		93,36,000
Premises less Depreciation		1,81,93,000
Furniture and Fixtures less Depreciation		1,42,22,000
Other Assets (including Inter-Office Adjustments)		33,80,88,000
Total	Rs.	563,97,92,000

Scheduled Banks*

Statement of Affairs for the week ended 11th August, 1961

	Rs.	(Thousands)
(i) Demand Liabilities in India		
(a) Demand Deposits—		
(1) From banks		45,37,63
(2) From others		710,17,88
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		25,61,21
(c) Other demand liabilities		51,55,29
(ii) Time Liabilities in India		
(a) Time Deposits—		
(1) From banks		23,32,38
(2) From others		1080,23,19
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		19,79,72
(c) Other time liabilities		25,68,08
(iii) Borrowings in India from the State Bank of India and/or notified banks:		
(a) Demand liabilities		5,45,28
(b) Time liabilities		11,08,50
(iv) Borrowings in India from the Reserve Bank of India (A)		2,45,25 (1,80,00)
(v) Cash in India		44,88,14
(vi) Balances with the Reserve Bank in India		75,79,56
(vii) Balances with Other Banks in Current Account in India		15,54,55
(viii) Money at call and short notice in India		51,51,90
(ix) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations		582,51,93
(x) (a) Loans, Cash Credits and Overdrafts in India (excluding dues from Banks)		1086,82,03
(b) Due from Banks in India		5,58,89
(xi) Inland Bills purchased and discounted in India		106,90,95
(xii) Foreign Bills purchased and discounted in India		42,54,23
(xiii) Total of Items (x), (xi) and (xii)		1241,86,10

Notes :—
* *Provisional figures incorporated in respect of such banks as have not been able to submit final returns.*
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 11th August, 1961

BANKING DEPARTMENT

Liabilities	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		4,15,00,000
Rural Credit Fund		1,00,00,000
Deposits :—		
(a) Central Government		23,36,88,000
(b) Provincial Governments		75,84,000
(c) Banks		18,45,51,000
(d) Others		111,65,26,000
Bills Payable		20,42,000
Other Liabilities		16,85,01,000
	Rupees	179,43,92,000

Assets	Rs.	Rs.
Notes		7,28,96,000
Rupee Coin		72,000
Subsidiary Coin		55,000
Bills Purchased and Discounted :—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		....
Balances held outside Pakistan*		16,65,89,000
Loans and Advances to Governments		4,90,00,000
Provincial Governments' Debtor Balances		....
Other Loans and Advances		46,50,11,000
Investments		94,84,30,000
Other Assets		9,63,30,000
	Rupees	179,43,92,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	7,28,96,000	
Notes in circulation	357,57,70,000	
Total Notes issued	....	364,86,66,000
Total Liabilities	....	364,86,66,000

Assets	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	....	
Foreign Securities	78,44,79,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	146,40,33,000
B. Rupee Coin	3,66,32,000	
Government of Pakistan Securities	208,39,95,000	
Internal bills of exchange and other commercial paper	....	212,56,27,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,85,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	364,86,66,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 41.66 per cent.

EXCHANGE RATES

		16th August 1961	Previous week
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5⅜	1-5⅜
Sellers T. T. D.D. upto six months	s.	1-5⅜	1-5⅜
Buyers T.T. spot to nine months	s.	1-5⅜	1-5⅜
Buyers T.T. 10 to 12 months	s.	1-5¼ (1-80,00)	1-5¼
Bombay on New York—			
Sellers T.T. D.D.	Rs.	477.75	477.25
Buyers T.T.	Rs.	474.50	474.00
London on New York	s.	2.8013-2.8016	2.8040-2.8043
London on Paris	Fcs.	13.7590-13.7610	13.7050-13.7060
London on Berne	Sw. Fcs.	12.0980-12.0990	12.1195-12.1196
New York on London	s.	350.150-350.200	350.450-350.460

CLEARING HOUSE RETURNS

Centre	Week ended 18th August 1961		Week ended 11th August 1961	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	8,86,914	77,47,80,000	4,08,147	97,18,40,000
Calcutta	1,78,000	69,55,00,000	2,08,000	78,00,00,000
Madras	85,784	11,05,83,278	1,06,077	11,28,42,077
All Centres—				
1958-59	..	..	45,172,800	97,67,13,00,000
1959-60	..	..	50,064,000	106,98,00,00,000
1960-61	..	..	54,478,000	126,13,16,00,000
June, 1960	..	..	4,227,000	856,08,00,000
April, 1961	..	..	4,913,000	1,156,54,00,000
May	..	..	4,894,000	1,054,19,00,000
June	..	..	4,566,000	1,054,19,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	22nd July 1961	15th July 1961	23rd July 1960	May 1961	May 1960	Percentage of Increase (+) or Decrease (—) in May 1961 as compared with May 1960	Financial Year Average 1960-61	1959-60
Food Articles	684	125.6	125.6R	124.8	117.2	122.8	— 2.3	120.0	119.0
Cereals	196	104.7	104.4R	100.9	99.5	100.8	— 3.0	104.6	104.1
Fruits and Vegetables	42	91.8	91.8	96.8	87.8R	89.0	— 5.9	96.8	99.5
Milk and Ghee	88	153.9	146.8	130.1	122.0R	132.0	— 7.6	118.5	120.8
Edible Oils	84	128.3	132.7	118.4	113.0	118.4	— 4.5	116.0	118.5
Fish, Eggs and Meat	47	165.4	166.0	150.5	159.6R	158.0	+ 1.0	150.3	150.3
Sugar and Gur	17	144.9	136.9	136.6	127.3	119.2	+ 6.8	129.2	130.4
Others	46	123.5	123.1	120.1	116.3	116.3	—	122.1	118.0
Liquor and Tobacco	50	155.0	156.5	156.7	147.4	144.4	+ 2.1	147.0	147.0
Tobacco	21	99.6	99.2	100.0	104.7	107.2	— 2.3	107.8	107.8
Fuel, Power, Light and Lubricants	110	94.5	94.5	107.6	100.0	106.7	— 6.5	103.3	99.5
Industrial Raw Materials	230	121.8	121.8	126.2	111.2R	113.8	— 2.3	109.3	97.0
Fibres	145	124.4	125.5	130.7	116.2R	118.1	+ 1.6	112.8	97.8
Oilseeds	51	127.4	129.7	128.3	118.1R	120.7	— 2.2	108.9	96.5
Minerals	60	108.1	108.1	120.1	104.6R	107.8	— 2.9	111.4	98.4
Others	5	95.2*	95.2	95.2*	98.4	98.4	— 3.2	104.6	102.7
Manufactures	182	139.7*	139.5*	139.4*	139.5R	139.5	+ 0.1	140.9	134.5
Intermediate Products	290	138.5	137.8R	138.5	138.4R	138.5	+ 2.8	139.0	132.7
Finished Products	41	141.9	142.5	131.8	131.8	131.8	+ 8.4	128.9	111.7
Textiles	248	128.2	125.6R	119.5	124.7R	118.0	+ 5.8	120.6	113.8
Cotton	147	127.5	127.5R	121.1	127.5	122.5	+ 4.1	122.8	117.3
Jute	11	139.0*	127.8R	127.8	127.8	120.2	+ 6.3	125.8	107.2
Woollen	11	124.0	124.0	124.8	124.8	124.8*	— 1.4	125.1	116.8
Silk and Rayon	11	116.1*	105.7R	107.1	117.2	117.2	+ 17.0	121.4	98.8
Metal Products	11	119.1*	119.1R	110.1*	119.1	110.1	+ 14.3	109.1	98.0
Chemicals	11	147.1	147.1	146.6	146.6	147.1R	— 0.3	146.5	134.5
Oil Cakes	11	110.4	110.7R	108.8	107.5	104.7	+ 2.7	107.8	104.7
Machinery and Transport Equipment	10	146.6	146.6	146.1R	148.8	138.7	+ 7.4	141.1	138.7
Others	30	130.6	130.6	115.3	119.1	114.6	+ 4.0	113.7	109.8
All Commodities	1,000	129.9	129.8R	126.2	126.3R	122.8	+ 2.8	122.8	116.8

Note :—Weight shown against the sub-groups under each of the groups are then assigned to the respective subgroups in proportion to their weight in the group.

R—Revised.

MISCELLANEOUS STATISTICAL INFORMATION—*Contd.*

CROP FORECASTS

Crop	Forecast	(In thousand acres) 1959-60	(In thousand acres) 1958-59	(In thousand tons) 1959-60	(In thousand tons) 1958-59
Cereals—					
Rice	final	83,335†	82,829††r	33,700†	30,963††r
Wheat	final	31,751†	32,543††r	10,584†	10,089††r
Jowar	final	41,602	42,354	7,966	8,714
Bajra	final	26,699	27,999	3,484	3,789
Barley	final	3,220	3,242	2,505	2,672
Maize	final	10,457	10,467	3,615	3,331
Ragi	final	5,760†	5,964††r	1,640†	1,904††r
Small millets ..	final	12,340	12,417	2,012	2,072
Total cereals ..	final	216,880	220,470	60,514	62,631
Pulses—					
Gram	final	25,046	24,855	5,390	6,881
Tur	final	5,843	5,931	1,589	1,671
Other Kharif pulses	final	14,952†	15,791††r	1,455†	1,532††r
Rabi pulses† ..	final	13,788	12,992	2,690	2,761
Total pulses ..	final	59,752	59,385	11,236	12,872
Total foodgrains ..		276,132	279,855	71,750	75,503
Oilseeds—					
Groundnut ..	final	15,455†	14,864††r	4,354†	3,942††r
Castorseed ..	final	1,135†	1,168††r	98†	106††r
Sesamum ..	final	2,510	2,500	292	311
Rape and Mustard ..	final	7,167	6,021	1,037	1,025
Linseed	final	2,921	3,065	425	447
Total oilseeds ..	final	33,081	31,263	6,352	6,907
Fibres—					
Cotton*	final	19,252	19 926	3,235	4,664
Jute A.	final	1,529†	1,585††	4,030†	4,605††r
Mesta A.	final	694†	704††	1,147†	1,118††r
Sannhemp	final	813	807	80	81
Other crops—					
Potato	final	855	859	2,719	2,327
Sugarcane	final	5,178	4,983	78,098	70,464
Ginger (Dry) ..	final	44†	41††	16†	15††r
Pepper (Black) ..	final	235†	234††r	20†	20††r
Chillies (Dry) ..	final	1,402†	1,472††	383†	337††r
Tobacco	final	934	897	281	261

Source: Ministry of Food and Agriculture. ‡ Excluding Tur
* In thousand bales of 392 lbs. each. Gram and Tur
A.—In thousand bales of 400 lbs. each. R.—Revised
†Refers to 1960-61. ††Refers to 1959-60

INDIAN JUTE STATISTICS

Particulars	Period	Quantity
	JUTE MANUFACTURES	(In 000 tons)
Production ..	During June 1961	66.2
	Corresponding month, 1960 ..	89.1
	Twelve months ended June 1961 ..	1,063.3
	Corresponding period, 1960 ..	1,074.2
Stocks	At the end of June, 1961 ..	76.7
	Corresponding month, 1960 ..	82.0
	DESPATCHES OF GUNNIES	(In 000 tons)
For Export Purpose ..	July-June, 1959-1960	854.9
	July-June, 1959-1960	833.5
	July-June 1960-1961	730.6
	June 1960	70.5
	June 1961	59.8
For Internal Consumption ..	July-June, 1958-1959	220.0
	July-June, 1959-1960	248.3
	July-June 1960-1961	274.1
	June 1960	18.7
	June 1961	21.9
	RAW JUTE	(In 000 bales)
Consumption by Mills	June 1961	355
	Corresponding month, 1960 ..	508
	Twelve months ended June 1961 ..	5,906
	Corresponding period, 1960 ..	6,291R
	1957-58	6,134
	1956-57	6,014

R—Revised

NATIONAL INCOME*

Country	Year	Population (In millions)	National Income (In millions)	In terms	Income (Crores)	*Per capita* Income (Rs.)
India† ..	'59-'60	424.74	..	..	12,840	302.3
Pakistan ..	'58-'59	86.80	..	..	2,064	240
Burma	1959	20.6	Kyats	4,587	435	228
Ceylon	1959	9.6	..	..	538	560
Japan	1959	92.7	Y.	9,991,000	12,217	1,426
Philippines ..	1959	24.7	Ps.	9,768	2,337	946
New Zealand ..	1959	2.38	£(N.Z.)	1,045	1,392	5,974
Australia ..	1960	10.2	£(A.)	5,368	5,964	5,847
U.K.	1959	52.7	£	12,340	24,340	4,583
U.S.A.	1960	180.5	$	419,400	200,888	11,118
Canada	1959	17.4	$	26,230	12,785	7,319
France	1959	45.0	F. Fr.	192,400	18,936	4,206
W. Germany ..	1959	53.8	Dm.	191,100	21,982	4,149
Italy	1959	49.0	Lr.	13,914,000	10,724	2,189
Norway	1959	3.5	Kr.	22,293	1,557	4,448
Sweden	1959	7.4	Kr.	58,530	8,424	7,329
Netherlands ..	1959	11.3	Grs.	31,860	4,083	3,569
Denmark ..	1959	4.5	Kr.	31,170	2,158	4,795
Switzerland ..	1959	5.2	Sw. Fr.	29,800	3,296	6,338

* National income at factor cost—the aggregate of all income earned in the production of goods and services in the course of a year including net income from abroad.

Source :*International Financial Statistics* 31st March, 1961.

Based on the eighth issue of the Annual Paper on National Income (at current price prepared by the Central Statistical Organisation. Figures are based on the 1941, 1951 and 1961 population census.

ELECTRIC ENERGY GENERATED AND SOLD*
(In millions of kilo-watt-hours)

		No. of Concerns	Units Generated‡	Total Units Sold
1953-54		715	8,966.8	7,186.8
1954-55		749	9,577.3	8,166.1
1957-58		834	11,178.9	9,671.1
1958-59		813	12,857.0	10,960.7
1959-60		850	15,029.2	12,130.3
March	1960	850	1,224.4	1,071.0
April	,, ..	850	1,218.3	1,061.7
May	,, ..	850	1,287.7	1,119.4
June	,, ..	850	1,279.8	1,113.8
July	,, ..	850	1,260.5	1,106.0
August	,, ..	1,013	1,348.2	1,140.9
December	,, ..	1,013	1,506.0	1,314.5
January	1961 ..	1,013	1,422.3	1,216.1
February	,, ..	1,013	1,400.0	1,151.9
March	,, ..	1,013	1,596.1	1,362.7

* Excluding railway, military and isolated power stations. Chain Power Scheme being implemented with the Thal Power Systems has been included. ‡ Including generation from non-electric stations. †At the end of period. Source:—Central Water and Power Commission.

RAILWAY TRAFFIC—WAGON LOADINGS
(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manu-factures	Raw Jute	Jute Manu-factures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manga-nese Ore
1957-58	8,856	1,319	811	148	67	31	145	17	138	315	25	259	35	108
1958-59	8,835	1,468	850	143	58	21	146	16	129	206	21	279	33	66
1959-60	9,388	1,483	874	136	53	19	149	16	129	369	44	284	36	77
1960-61	9,757	1,592	837	132	51	16	116	15	128	401	56	357	32	79
June ,, ..	1,023	242	155	28	9	2	14	2	21	43	10	47	2	13
February ,, ..	8,850	1,450	771	117	46	14	108	13	114	364	50	283	32	72
March ,, ..	9,757	1,592	837	132	51	16	116	15	128	401	56	317	32	70
April ,, ..	856	138	66	14	5	1	6	2	11	33	6	29	—	7
May ,, ..	1,701	280	139	24	9	3	12	2	20	68	10	58	2	15

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source* :—Ministry of Railways.

INDUSTRIAL PRODUCTION *

Industries.		1959	1960	September 1960	October 1960	November 1960	December 1960	December 1959
Major industries—								
Coal	million metric tons	47.78	52.61	4.21	4.34	4.64	5.09	4.30
Steel (ingots and Metal for castings) ..	thousand metric tons	2,468	3,287	283	306	308	330	250
Yarn	million lbs.	1,728	1,727	146	142	150	160	155
Cloth	million yds.	4,925	5,048	425	409	427	451	435
Cement	thousand tons	6,826	7,840K	595K	689K	643K	733K	666
Jute	thousand metric tons	1,068	1,086	91	86	87	92	94
Paper and paper boards ..	thousand tons	794	845K	68 K	80 K	79K	80K	80
Matches†	thousand cases	649	663	54	50	58	62	59
Sugar	thousand metric tons	2,117	2,325	16	39	239	487	431
Engineering and Electrical industries—								
Machine tools	Value in lakhs of Rs.	439	600	59	58	58	64	44
Electric lamps	.. millions	24.84	41.38	3.19	3.56	4.06	4.02	3.20
Dry cells	.. millions	187.8	207.4	17.4	16 5	21.05	26.3	19 4
Power transformers ..	.. K.v.a.	1,014,844	1,248,000	120,300	130,100	132,800	137,600	101,900
Electric Motors	thousand H.P.	576	680	63	62	66	67	52
Electric fans	.. Nos.	726,000	990,000	77,900	78,500	95,400	100,800	71,200
Radio receivers	.. Nos.	213,364	262,870	24,177	23,500	27,800	37,056	21,878
Storage batteries	.. tons	442,800	509,500	36,900	38,300	44,600	44,600	41,700
Copper conductors ..	.. tons	6,624	9,972K	934 K	846 K	958K	988K	839
Wire rods	.. tons	2,332	4,188K	334 K	346 K	390K	370K	257
Winding wires	.. tons	166.08	206.007	17.41	17.5 J	21.6J	19.4J	14.3
Rubber and plastic ins. cables and flexibles	million ins.	982,800	2,277,600K	197,000K	183,000K	193,000K	176,000K	100,600
Insulators—H.T.	.. Nos.	6.25	3,538,800K	262,000K	275,000K	223,000K	251,000K	1.07
Insulators—L.T.	.. Nos.	8,712	9,708	858	897	10,46	1,074	—
Diesel engines—Vehicular ..	.. Nos.	30,336	98148	3,795	3,734	3,604	3,221	2,716
Diesel engines—Stationary ..	.. Nos.						0.17	
Chemical industries—								
Salt	million metric tons	3.18	3.44	0.13	0.13	0.13	0.13	0.05
Caustic soda	.. metric tons	69,876	31,656	7,803	8,123	8,002	8.861	7,904
Soda ash	.. metric tons	95,328	5,928	12,252	12,183	12,746	15,439	8,344
Chlorine liquid	.. metric tons	24,780	5,556	2,537	2,788	2,695	2,812	2,652
Bleaching powder	.. metric tons	5,184	5,928	430	397	540	642	7
Bichromates	.. tons	4,404	5,556	457	457	508	508	0
Sulphuric acid	.. tons	292,164	356,740	28,965	23,753	28,766	31,000	31,198
Superphosphate	.. metric tons	251,652	322,320	23,856	19,512	24,657	26,416	24,361
Non-ferrous Metals—								
Aluminium	.. metric tons	17,526	18,428	1,547	1,507	1,464K	1,546	1,578
Antimony	.. tons	664	809K	71K	50 K	75K	68K	50
Copper (virgin metal) ..	.. metric tons	7,776	7,754	747	780	730	780	377
Lead (virgin metal) ..	.. metric tons	3,958	3,775	276	315	375K	435	310
Gold	.. ozs.	165,812	4,992Kgs	428Kgs.	407Kgs.	465 Kgs.	427Kgs.	14,146ozs.
Miscellaneous (Misc) industries—								
Sewing Machines	.. Nos.	282,612	295,788	21,778	21,506	23,320	28,552	26,856
Bicycles	.. Nos.	990,744	1,050,744	77,305	85,043	103,236	101,140	104,254
Automobiles	.. Nos.	36,468	51,660	4,181	4,167	4,881	5,073	4,387
Cycle tyres and tubes ..	.. million Nos.	19.57	23.52	1.82	1.56	2.23	0.50	1.41
Motor tyres and tubes ..	.. million Nos.	2.26	0.21	19	16	0.26	0.25	0.21
Cigarettes	.. million Nos.	32,166	38,351	3,120	3,100	3,509	3,566	3,199
Plywood—Tea chests ..	.. million sq. ft.	58.68	9,672S	657S	725	668S	734S	6.80
Plywood—Commercial ..	.. million sq. ft.	54.06	4,924S	373S	435	378S	266S	4.09
Sheet glass	.. million sq. ft.	80.57	81.19	7.01	8.58	8.04	7.53	6.06
Footwear—Canvas type (Rubber)	million pairs	15.04	15.25	1.22	1.36	1.37	1.35	1.77
Footwear—Indigenous type (Leather)	.. million pairs	29.59	27.80	2.63	2.28	2.10	2.32	2.10
Alcohol—Industrial	million Bulk galls.	12.72	58.33M	5.15 M	5.14M	5.62M	5.96M	5.86
Alcohol—Power Absolute ..	million Bulk galls.	3.07	49.42M	2.79 M	2.68 M	2.97M	3.84M	701
Railway Wagons	.. Nos.	10,044	7,320	318	645	984	937	—
General Index—(Base 1951=100 Revised)	.. ..	161.9	170.3	168.9	174.9	166.2	183.5	164.5

* Figures are subject to revision month to month. § Includes figures for Jammu and Kashmir. —Not Available.
K—Figures in metric tons. Kgs—Kilograms. J—In million metres. S—In thousand square metres. M.—In million litres.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES
(Base : 1952-53=100)

Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Raw	Raw Cotton	Raw Jute	Groundnut	Sesamum (Gingelly) seed	Coal	Jute Manufactures	Cotton Manufactures	Iron & Steel Manufactures
1954-55	82	75	77	78	84	255	94	104	122	90	107	117	98	114	100	102	107	110
1955-56	78	73	67	84	69	276	94	96	100	80	97	117	79	116	101	96	108	110
1956-57	97	88	123	123	71	295	104	94	100	80	111	126	111	97	116	98	116	121
1957-58	106	88	114	126	68	264	109	110	107	92	106	128	108	98	118	117	127	125
1958-59	105	105	105	126	96	269	113	121	121	98	106	122	121	152	120	97	118	145
1959-60	105	96	119	156	75	286	116	124	121	98	106	122	145	152	120	97	118	146
1960-61	106	90	122	130	87	296	118	127	126	111	123	146	148	141	131	123	147	147
June 1960	114	97	127	132	89	287	125	127	144	111	115*	167	148	132	140	102	127	148
July ,,	115	92	126	132	89	297	126	127	143	111	115	156	150	130	140	107	129	149
August ,,	115	90	127	129	86	212	121	127	143	107	115	166	149	130	140	116	131	148
Sept. ,,	114	90	129	129	90	216	127	127	143	104	112	184	152	130	141	116	133	147
October ,,	111	90	125	127	91	217	117	127	141	120	111	222	159	130	141	142	139	147
November ,,	106	90	126	126	92	218	111	127	141	120	111	226	165	126	141	143	129	147
December ,,	102	89	119	131	93	210	111	127	127	114	110	226	145	126	141	143	129	147
January 1961 ..	99	91	114	132	94	208	108	127	120	113	111	248	151	125	141	156	132	147
February ,, ..	100	91	110	130	92	208	108	127	116	113	110	230	153	124	141	158	126	147
March ,, ..	101	91	110	128	90	208	119	127	112	114	111	271	159	123	141	162	127	147
April ,, ..	101	88	110	130	79	215	120	127	114	111	110	243	165	122	141	162	127	147
May ,, ..	101	86	109	134	76	198	115	127	116	101	110	245	162	128	141	137	127	147
June ,, ..	106	86	118	141	81	206	114	127	122	95	110	208	167	151	141	125	126	147

† Estimated.

RAW COTTON STATISTICS

Particulars	Details of Period	In Quintals of 100 kilo-grams	Particulars	From 1st Sept. to 31st July, 1960-61 In quintals of 100 kilograms	From 1st Sept. to 31st July, 1959-60 In quintals of 100 kilograms
Bombay Island—			From Bombay		
Cotton Receipts ..	Week ended 3rd Aug., 1961 ..	14,706(J)	Cotton Shipments to—		
	Corresponding week, 1960 ..	27,077(J)	United Kingdom ..	5,064	2,961
	1st Sept. to 3rd Aug., 1960-61 ..	3,572,219*	Continent	24,031	16,919
	Corresponding period, 1959-60 ..	2,976,708*	Hongkong	26,886	10,282
			China		
Cotton Exports ..	Week ended 3rd Aug., 1961 ..	2,773	Japan	312,889	254,642
	Corresponding week, 1960 ..	5,155	U.S.A.	8,911	12,269
	1st Sept. to 3rd Aug., 1960-61 ..	541,108	Other countries	590	2,265
	Corresponding period, 1959-60 ..	432,125A	Total to all foreign countries ..	382,421	301,438
Mill Consumption (Estimated)	1st Sept. to 3rd Aug., 1960-61 ..	2,113,013	Coastal Ports ..	156,470 (a)	97,223(b)
	Corresponding period, 1959-60 ..	1,996,560	Total	538,891	398,661
Stock (with exporters, dealers and Mills) in Bombay (Estimated)	On 3rd Aug., 1961	1,088,629			(Bales of 180 Kgs.)
	Corresponding date, 1960 ..	1,035,136	Cotton Exports from Bombay (by sea)	During March, 1961	94,190
		In Bales of 392 lbs. nets.		During March, 1960	78,990
Consumption of Cotton—				1st Sept. to 31st March, 1961 ..	1,025,851
Indian	April 1961	2,717,455		1st Sept. to 31st March, 1960 ..	113,455
Foreign	Eight months ended April 1961	783,067			(Bales of 392 lbs.)
Indian	Same Period, 1960 ..	3,356,393	Cotton Pressed in India † (In running bales)	Week ended 14th July, 1961 ..	121
Foreign		863,042		Corresponding week, 1960 ..	20,183
		1,519,306		1st Sept. to 14th July, 1960-61 ..	3,640,516
Foreign		354,231		Corresponding period, 1959-60 ..	3,262,104
Stocks (Mills and Elsewhere)—			Karachi (Pakistan)— Receipts	1st Sept. to 13th July, 1960-61 ..	538,606
Indian	As on 30th April 1961 ..	1,401,871		Corresponding period, 1959-60 ..	683,578
Foreign		884,709			
Indian	As on 30th April 1960 ..	995,266	Exports	1st Sept. to 13th July, 1960-61 ..	406,182
Foreign		236,970		Corresponding period, 1959-60 ..	636,994

(J) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. (a) From 1st Sept. to 31st May, 1961. (b) From 1st Sept. to 31st July 1960
—Not Received. A—Adjusted.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

	All-India (1949=100)	Bombay June (1934-100)	Ahmedabad (1949=100)	Sholapur January (1928-100)	Kanpur (1949=100)	Nagpur (1949=100)	Calcutta August (1939-100)	Madras City (1942=100)	Delhi (1949=100)	Ajmer (1949=100)	Gauhati (1949=100)	Jamshedpur (1949=100)	Jabalpur (1949=100)	Bangalore (1949=100)
1958 Average ..	116	305	110	313	98	120	364	124	113	105	103	123	109	131
1959 ,, ..	121	412	125	340	98	132	384	133	120	106	98	125	108	140
1960 ,, ..	124	420	120	357	98	136	397†	143	120	107	103	120	109	146
May 1960 ..	123	421	120	344	96	135	396	140	116	104	105	117	109	145
June ,, ..	124	422	121	360	96	135	399	143	117	107	107	119	109	146
July ,, ..	126	423	122	362	101	137	406	145	121	109	108	119	109†	146
August ,, ..	126	421	123	359	101	137	410	145	121	109	102	122	108	148
Sept. ,, ..	125	418	122	364	101	138	403	146	122	108	102	122	108	147
Oct. ,, ..	125	421	123	385	102	137	396	148	122	108	105	119	108	147
Nov. ,, ..	124	423	121	397	102	135	392	150	121	110	102	122	108	147
Dec. ,, ..	124	419	120	382	100	134	385	151	121	110	102	121	108	148
January 1961 ..	123	419	119	358	100	131	385	146	122	111	103	120	109	148
February ,, ..	123	420	119	350	102	130	389	147	123	111	103	119	109	148
March ,, ..	124†	423	119	349	102	129	392	148	124	111†	104†	121†	109†	149
April ,, ..	123	419	119	348	99	..	389	149	125	111	104†	120	109	150
May ,, ..	124†	431	119	345	..	..	..	149	126	112	..	120	110	..
June ,, ..	..	433	..	349	..	..	..	..	..	..	..	..	..	..

† Provisional.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A Out-standings	National Savings Certificates 7-Year B Out-standings	National Savings Certificates 12-Year B Out-standings	12-Year National Plan Savings Certificates C Receipts	12-Year National Plan Savings Certificates C Out-standings	Post Office Savings Bank Deposits Receipts	Post Office Savings Bank Deposits Out-standings	10-Year National Plan Certificates D Out-standings	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J Out-standings	Cumulative Time Deposits 10-Year J Out-standings	10-Year Treasury Savings Deposit Certificates 3½% F Out-standings	10-Year Treasury Savings Deposit Certificates 4% C Receipts	10-Year Treasury Savings Deposit Certificates 4% C Out-standings	15-Year Annuity Certificates G Receipts	15-Year Annuity Certificates G Out-standings	Total Receipts	Total Out-standings H
1956-57 ..	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	—40,67	3	2	42,67	6,35	11,68	67	2,41	286,27	590,08
1959-60 ..	1,55	3,15	98,99	83,34	221,68	210,40	260,68	19,79	—41,35	50	31	41,68	10,64	21,76	66	2,90	395,70	972,99
1960-61 ..	1,24	2,46	81,50	82,53	287,30	228,77	297,77	18,36	—42,00	1,70	95	38,80	16,14	37,34	69	3,38	329,98	1,770,80
June 1960 ..	1,60	2,99	93,68	5,76	235,63	17,35	268,96	19,49	—41,51	73	43	41,41	84	25,09	5	3,04	24,18	682,95
July ,, ..	1,46	2,85	92,15	5,83	240,35	15,25	261,07	19,43	—41,55	81	48	41,32	1,11	26,09	4	3,07	22,86	689,78
Aug. ,, ..	1,44	2,88	89,74	6,78	245,88	19,75	265,75	19,37	—41,61	89	54	41,21	1,17	27,23	9	3,14	27,22	700,07
Sept. ,, ..	1,42	2,81	89,29	7,16	251,84	18,76	271,10	19,26	—41,66	98	57	41,14	1,52	28,71	6	3,18	27,54	710,80
Oct. ,, ..	1,40	2,76	87,86	7,05	257,70	16,90	272,93	19,19	—41,71	1,07	64	41,09	1,42	30,27	5	3,22	25,56	718,18
Nov. ,, ..	1,37	2,70	87,64	6,21	262,79	17,90	275,00	19,12	—41,74	1,17	68	41,02	1,49	31,73	5	3,25	25,81	725,47
Dec. ,, ..	1,33	2,63	85,25	6,75	268,27	19,04	277,86	18,97	—41,81	1,28	74	40,97	1,28	32,88	5	3,29	27,30	733,47
Jan. 1961 ..	1,31	2,57	84,04	6,47	273,48	18,08	280,06	18,87	—41,86	1,40	80	40,90	1,04	34,15	6	3,32	25,33	740,90
Feb. ,, ..	1,28	2,52	82,71	6,43	278,70	18,05	282,82	18,84	—41,95	1,53	87	39,88	1,80	35,75	5	3,36	26,53	747,86
Mar. ,, ..	1,24	2,46	81,50	11,17	287,30	22,82	297,77	18,36	—42,00	1,70	95	38,80	1,77	37,34	4	3,38	46,05	770,80
Apr. ,, ..	1,20	2,40	80,18	5,59	290,56	20,37	295,84	18,17	—42,05	1,83	1,01	37,46	2,28	39,42	4	3,40	28,47	771,47
May ,, ..	1,16	2,34	78,90	5,33	294,43	19,28	294,64	18,09	—42,08	1,99	1,08	36,49	1,32	40,02	3	3,42	26,19	773,46
June ,, ..	..	..	..	..	..	..	..	..	..	..	..	35,45	1,89	42,43	3	3,43	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities : repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of April 1961, amount to 15.82 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
$ ¾ Loan	1938-39	116,17,46,000	1965-66	98.80
$ ¾ Loan	1950	30,33,10,000	1966	98.80
$ Fg. Loan	1943	1,01,11,79,000	1966-68	98.95
Dev. Loan	1945	1,15,05,83,000	1970-75	90.95
2½% Loan	1946	14,77,48,000	1976	83.50
2½% Loan	1947	75,86,72,000	1962	90.10
2½% N. P. Loan	1954	1,56,17,94,000	1964-3	100.05
2½% N. P. Bonds (2nd Series)	1955	1,53,67,92,000	1965	100.00
2½% N. P. Bonds	1956	1,07,27,36,000	1962	99.90
2½% N. P. Bonds	1956	93,81,83,000	1967	99.10
2½% Loan	1956

MONEY EASY

(From Our Own Correspondent)

BOMBAY, 23rd *August*

No new developments have occurred in the short-term money market during the week under review. The demand for funds was on a moderate scale as in the previous week, but, the supply position remained comfortable throughout. Borrowers were able to obtain their requirements without difficulty. In fact, there was a surplus of funds left over. It is believed in market circles that the inter-bank call money rate, which has been steady at 2 per cent, may even decline to 1½ per cent in the coming week, but that it may harden again to 3 and 4 per cent when the lists for State loans open on 4th September. Bankers are, of course, keeping funds ready for meeting the calls for support to these loans but the demand may turn out to the larger than their build up of cash resources. The term money rates remain unchanged at the rates quoted below:

	Per cent
Notice Money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3½
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3½
(v) 12 months	4

The results of the 91 days' Treasury Bills of the Government of India sold through weekly tenders showed no new features. As against an invitation for Rs. 2 crores, the amount offered, as well as accepted, was the same. Similarly, the average rate of accepted tenders remained unchanged at 2.400 per cent per annum. 91 days' Intermediates Treasury Bills sold from the 16th to 19th inst. amounted to a fairly sizable amount of Rs. 2 55 crores, as against just Rs. 69 lakhs in the previous week. Their sales are being continued from the 23rd inst. to the 26th inst. both days inclusive.

A fall of Rs. 13.41 crores in notes in circulation is disclosed by the Statement of affairs of the Reserve Bank of India for the week ended 18th August 1961, as compared with that for previous week. As the notes held in the Banking Department have gone up by Rs. 4.71 crores, the total notes issued have fallen by Rs. 8.70 crores only. The foreign securities held by the Issue Department are unchanged at Rs. 116.86 crores, but, as the balances held abroad have fallen by Rs. 2.44 crores, the total foreign assets are lower by that amount at Rs. 146.38 crores.

A decline of Rs. 3.34 crores in demand deposits and an expansion of Rs. 4.26 crores in time deposits are disclosed by the statement of the scheduled banks for the week ended 11th August 1961. The deposits of the State Bank of India have shrunk by Rs. 4.80 crores. Borrowings of the scheduled banks from the Reserve Bank of India went up by Rs. 1.27 crore and such against usance bills also rose by Rs. 1.05 crore. Their borrowings of time nature from the State Bank of India, too, recorded an expansion of Rs. 2.59 crores, but those of demand nature from the same source, receded by Rs. 1.14 crore. Investments of the Scheduled banks as a whole, dwindled by as much as Rs. 8.79 crores. But as investments of the State Bank alone declined by Rs. 10 31 crores only, it is clear that investments of other scheduled banks must have actually risen by Rs. 1.52 crore. Advanced and Bills discounted (Bank Credit) by the scheduled banks shrank by about Rs. 2 crores to Rs. 1.236.27 crores. The advances of the State Bank, however, increased by Rs. 93 lakhs.

The gilt-edged market ruled dull with turnover severely restricted. The conversion loan gained 20 nP to Rs. 72 60. But 3½ per cent 1964 National Plan Loan and 3½ per cent 1965 Loans eared by 10 nP each to Rs. 99 95 and Rs. 99 90, respectively. 3 per cent 1963-65, 3½ per cent 1967, 1968 and 4 per cent 1980 each lost 5 nP to Rs. 98.80, Rs. 99 05. Rs. 98.70 and Rs. 99.20, respectively. In the State Loan section, the downward adjustment in the prices of the existing 4½ per cent State issue to the yields available in the new issues now on offer to the public has already started. Accordingly, 4½ per cent 1969, 1970, 1971, loans of Maharashtra, 4½ per cent 1970 loans of West Bengal, Madras Andhra and Uttar Pradesh have suffered losses ranging between 20 nP to 70 nP. In the foreign exchange section, the rupee improved slightly, following the rise in the external value of the pound sterling. Banks' selling and buying rates for ready T.T on New York were Rs. 477 25 and Rs. 474, respectively, as against Rs. 477.75 and Rs. 474 50 last week. In the New York Exchange, the pound sterling was marked up *vis-a-vis* the U.S dollar. The latest available rates are 280 430-280.470 cents per £ for spot and 277.660-277 700 cents per £ for three months' forward. Over the week, the pound sterling gained 0.27 cent in the spot and 0.50 cent in the forward.

LINSEED FIRM

(Messrs. A. Bradley and Co.)

CALCUTTA, 21*st August*

There is virtually no change in the linseed market and firm prices have been maintained. Arrivals from upcountry are still scarce. Turnover is rather limited. Crushers are in the market daily for seeds, but sellers are very reserved.

The oil market is keeping steady but business is only on a small scale for ready deliveries. Sellers are not interested for forward business, owing to shortage of seeds supply.

August-Sept. delivery is quoted at Rs. 30 per maund.

BULLION FIRM AGAIN

(From Our Own Correspondent)

BOMBAY, 23*rd August*

The bullion market depicted a firm trend during the week under review too. The renewed firmness was engendered by reports of enlarged offtake in North Indian centres, reduced arrivals of contraband metals and fears regarding world-wide shortage of silver. There was good buying by spot houses. The daily average offtake amounted to 3,500 tolas of gold and 7 bars of silver, as against 3,000 tolas and 5 bars, respectively, in the previous week. Arrivals of silver were markedly lower at 17 bars, as against 37 bars, while those of gold were higher at 4.750 tolas, as against 3,500 tolas. The floating stocks are reported to be around 25.000 tolas of gold and 1,000 bars of silver.

Adjustment rates fixed today were Rs. 122.40 per 10 grams of gold and Rs. 203.35 per kilogram of silver. The corresponding rates on Wednesday last week were Rs. 122.50 and Rs. 202.55, respectively.

In gold, the *Bhadrapad* (25th September) settlement, which had declined from Rs. 123.15 to Rs. 122.75 on Friday the 18th inst., recovered subsequently and touched Rs. 123.35 yesterday. After easing to Rs. 122.90 on profit-taking, the settlement moved up again to Rs. 123.15 today before finishing at Rs. 122.80.

Ready gold began at Rs. 122.75, same as last week, and rallied to Rs. 123.10 yesterday. After receding to Rs. 122.65, it recovered to Rs. 123.00 today. The closing was a shade lower at Rs. 122.65. The discount under the forward declined from 40 nP last week-end to 20 nP today.

The *Bhadrapad* (26th September) settlement in gold was well supported, the quotation advancing from Rs. 203.15 to Rs. 204.35 yesterday. At this level, there was liquidation by some tired bulls and the settlement drifted down to Rs. 204. Today, it improved again to Rs. 204.20 but closed lower at Rs. 203.55.

Ready silver continued to be quoted at a discount under the forward, though the actual discount receded from 40 nP last week-end to 20 nP today. The closing rate for the metal was Rs. 203.35, as against Rs. 202.55 on Wednesday last, the highest and lowest levels touched being Rs. 204.35 (yesterday) and Rs. 202.30 (Friday 18th), respectively.

The world price of gold in the London bullion market softened from $35.16¼ to $35.16 per fine ounce. Ready gold also receded from 251s. 1½d. to 250s. 9½d., owing to the firmness of the pound sterling *vis-a-vis* the dollar. Ready and forward silver, however, were unchanged, the former at 79½d. and the latter at 80⅛d. Silver in New York was unaltered at 91.375 cents.

The following table shows the trend of prices during the week under review:

	23-8-1961 (closing)	High	Low	16-8-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	122 65	123 10	122 35	122.75
Forward: Bhadrapad* ..	122.80	123 35	122 75	123.15
Sovereign	94.25	94.25	94.00	94.00
SILVER				
Ready (.996 fine) ..	203.35	204.35	202.30	202.55
Forward: Bhadrapad† ..	203.55	204.55	203.90	203.15
London—				
Silver Ready	79½d.	—	—	79½d.
Silver Forward	80⅛d.	—	—	80⅛d.
Gold	250s. 9½d.	251s. 1½d.	250s. 9½d.	251s.1½d.
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th September settlement. † 26th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.35 tola) and that for silver is per kilogram (35.7 tolas). London and New York quotations are per ounce.

SUGAR DEPRESSED

(From Our Own Correspondent)

HAPUR, 22*nd August*

Sugar ruled depressed during the week, thanks to easy supply position. The factories were reported to be anxious sellers following accumulations of heavy stocks. According to latest reports, sugar will not be decontrolled nor would there be any reduction in the price of cane, but in order to increase internal consumption in the country, there would be only removal of inter-State movement and relaxation in the distribution system of sugar. Although exports to the extent of 100 000 tons have been arranged to Malaya, Ceylon, Burma and other West Asian countries at a loss of about Rs. 3 crores, it was further contemplated to export 187,000 tons of sugar to the U.S. and about 30,000 tons to other countries. Week-end prices of sugar here were:—Rs. 105.50 per bag of 2 maunds and 30 *seers* and retail 97 nP per *seer*.

Owing to inclement weather, trading in *khandsari* was at a standstill and enquiries from consuming centres were absent. Some business was done for destination in the Punjab. Stocks in Muzaffarnagar market were small at about 15.000 maunds, the corresponding figure last year being 50.000 maunds. *Galawat* and *dana minja* were being manufactures and week-end prices were:—non-crystal Rs. 32.50 to Rs. 37; crystal Rs. 34.50 to Rs. 37.25; *galawat* Rs. 27 to Rs. 31.50; *dara minja* Rs. 17 to Rs. 20.50 a maund.

In the futures section *gur fagun* moved both ways in heavy speculative turnover. It opened at Rs. 13.39 last Monday and touched the highest and lowest of the week in mid-session at Rs. 13.48 and Rs. 13.33. It was quoted today at Rs. 13.42.

JARILLA AUGUST EXPIRES

(From Our Own Correspondent)

BOMBAY, 23rd *August*

The last hedge contract of the 1960-61 season, namely, I.C.C. August 1961, closed down today at Rs. 645, the room rate fixed for the settlement of outstanding contracts. In fact, there was no transaction in the contract today. The rate fixed for the previous contract was higher at Rs. 678. The lower room rate for the August contract perhaps reflects the current levels of spot prices which are below those prevailing three months ago. The lower spot prices also account for the larger volume of tenders against the contract. Total tenders, including the 500 bales issued today, the last tender day, aggregated 1,750 bales, as against 1,050 bales issued against the April 1961 contract.

Trading in the new crop contract, I.C.C. March 1962, was unaffected by these developments. Although it is true that, with the expiry of the August contract, the March position has become the centre of attractions, business in it was guided almost solely by weather report and crop news. Early in the week, news of damage to the quality and quantity of new crop in some areas touched off a wave of speculative buying which resulted in a spurt in the quotation for the contract from the last week-end rate of Rs. 589.25 to Rs. 594.75 on Thursday the 17th inst. The estimated damage to the crop proved to have been exaggerated and the market tended to ease in subsequent sessions. Rumours of the possibility of some quantity of Pakistan cotton being imported in the near future also imparted weakness to the market. The contract consequently receded steadily from the peak of Rs. 594.75 to Rs. 592.25 today. The finish was, however, a shade higher at Rs. 593.75. Over the week, the contract showed a net rise of Rs. 4.50.

In the spot market prices ruled barely steady. Spinner demand was evident in staple styles such as CO2, Surti, L 147, Laxmi, Vijay, Digvijay and 197/3. Some prominent Bombay mills showed interest in new crop for November-December delivery.

With the completion of the ceiling (shippers' share) in respect of the latest Bengal *Deshi quota*, export interest naturally shifted to ¾" cotton. Kala, Wagad, and Kalyan cotton attracted shippers' attention. Following the reported recommendation of the East India Cotton Associations, Bombay, that a further export quota should be issued for Bengal *Deshi*, renewed inquiries were evident. But actual business put through was negligible.

Demand for foreign cotton was subdued. Stray deals in ready lots of U.S. cottons at Rs. 1,100 per candy were reported. East African and Sudanese growths too attracted attention. Busoga (U.N U.G.) was done at Rs. 1,285; B.P. 52 (F.A.Q.) changed hands at Rs. 1,305.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri, the figures in brackets being last week's closing prices: Bengal *Deshi*: 600 (610); Jarilla 930 (930); Surti 920 (920); Kalyan 810 (810); Vijay 925 (930).

Cotton futures in the Karachi cotton market scored handsome gains during the week under review. Revival of foreign inquiries for Pakistan cotton following the reduction in export duty and renewed interest showed by domestic spinners set off a general buying movement which found offerings limited. Future values consequently hardened. N.T.R.G. January firmed up from Rs. 72.90 to Rs. 73.95. The March position hardened by 75 nP to Rs. 73.

Weather and crop conditions continued to be satisfactory throughout last month. Sind and Punjab areas experienced fairly heavy and widespread rains which proved to be very timely. Rains in Tharparkar were, however, too heavy. Clear and sunny weather was required. Middle Sind and Punjab had moderate rainfall.

In the Alexandria cotton future market, future trading continued to be suspended. The Government is reported to be taking all possible steps to check the spread of the leaf-worm attack that threatens to destory the crop. Menoufi crop is said to be the worst affected.

Quiet conditions prevailed in the Liverpool cotton future market during the week. Values tended to recede in their trading characterised mainly by inter-month switching and some hedge selling. Fresh support was lacking, thanks to sluggishness in the yarn and piecegoods market. Over the week, both the American and American type contracts recorded small losses. Sudan cotton futures contracts were quietly steady.

The following are the latest available quotations—in pence per lb. from Liverpool:

American cotton one inch staple contract: October 24.30; December 24.75; March 25.20; May 25.60.

American cotton one inch staple contract: October 24.75; December 25.15; March 25.55; May 26.00.

Sudan: September, November, January 31.25.

Firm conditions prevailed on the New York Cotton Exchange during the week. Good trade and Commission House demand prompted by the strength of the spot market and the prospects for large quantities of cotton moving into the Government loan programme resulted in a mild rally in prices. Exports during the 1960-61 season are estimated at 6 635.771 bales, of 500 lbs. as compared with 7.182,191 bales in the previous season. Total C.C.C. controlled stocks on 31st July 1961 aggregated 1.508.918 bales comprising 8.918 of 1961 loan and 1 500,000 bales of 1960 and earlier crop.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.

	22-8-61	15-8-61	8-8-61
New York Spot ...	35 15	35.15	35 05
New Orleans Spot ...	33 00	32 90	32 90
October	34 65	34 50	34.56
December	35.17	35.03	35.08

STAPLE FIBRE YARN DECLINES

(From Our Own Correspondent)

BOMBAY, 23*rd August*

Traders in yarn are awaiting the outcome of the discussions on staple fibre yarn prices now being held between the Bombay Yarn Merchants Association and the Textile Commissioner. On Friday the 18th inst., two representatives of the Association met the Textile Commissioner in response to the latter's letter and sought to explain as to why the currently ruling prices of staple fibre yarn were higher than the stamped prices. They are understood to have stated that the main cause for the rise in prices lay in the incentives granted under the Export Promotion Scheme. They are also believed to have put forward a plea for changing the present system of incentives, which is based on export value or on weight, to either invoice value or local purchase value. No decisions were arrived at at the meeting and it is said that the Association's spokesmen will shortly meet the Textile Commissioner again.

Although there was nothing in the above report to suggest official intervention in the market, traders seemed to be apprehending that the Textile Commissioner might ask the Association to take some stern measures to check speculation in staple fibre yarn. Thanks to these apprehensions and to rumours that several powerlooms in Surat, Salem, Bangalore, etc., were contemplating to reduce consumption of staple fibre yarn in view of competition from cotton cloth, some bulls were anxious to liquidate as large a part of their holdings as possible. Consequently, prices suffered a setback. 40 x 2 August contract climbed down from Rs. 896 to Rs. 851. October position fell by Rs. 41 to Rs. 831. Spot Hinds receded by 53 nP to Rs. 9.77. Citys declined by 29 nP to Rs. 10.16. Kohinoors shed 16 nP to Rs. 10.71.

Art silk yarns ruled firm, notwithstanding the announcement that the Rayon Mills Corporation, which is appointed the S.T.C.'s authorised distributors of art silk yarn, had begun distribution to actual users of viscose and nylon yarns valued at Rs. 60 lakhs. There was good support from a group of bull operators and enlarged enquiries from South Indian centres. 120 Italy spurted by Rs. 55 to Rs. 1,984. 120 Japan picked up Rs. 15 to Rs. 2,136. 150 Japan was fully maintained at Rs. 2,205, as also spot Cupressa Bemberg yarn (60 x 1) at Rs. 2,798. Among indigenous yarns, National Rayons 150 Bt. cones 1st grade gathered 7 nP to Rs. 15.27. JP yarn (40 x 1) August delivery hardened by Rs. 7 to Rs. 3,110. October contract strengthened by Rs. 9 to Rs. 3,143.

Cotton yarns continued to rule dull. Twenty counts Gokaks were neglected at Rs. 23, as also thirty counts Simplex at Rs. 27. Forty counts Minaxis dropped 25 nP to Rs. 33. Sixty counts Finlays were quiet at Rs. 63.63. Eighty counts Moderns lost 25 nP to Rs. 68. Ten counts Podars, however, attracted special support and rose by 12 nP to Rs. 17.37.

The following table gives the prices of rayon, staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	23-8-1961	16-8-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Cupressa Bemberg (100 kg.)—		
Spot	2,798.00	2,798.00
40 × 1 J P		
August	3,110.00	3,103.00
October	3,143.00	3,134.00
120 Japan (per 100 kg.)	2,136.00	2,121.00
150 Japan (per 100 kg.)	2,205.00	2,205.00
120 Italy	1,984.00	1,929.00
Nat. Ray. 150 Bt. I	15.27	15.20
Nat. Ray. 120 Bt. I	17.47	18.15
Staple fibre yarn (40 × 2)—		
August (per 90.72 kg.)	851.00	896.00
October	831.00	872.00
City (per kg.)	10.16	10.45
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.37	17.25
20s Gokak	23.00	23.00
30s New (Greek)	27.00	27.00
40s Minaxi	33 00	33.25
60s Finlay	63.63	63.63
80s Modern	68.00	68.25

OILSEEDS FIRM

(From Our Own Correspondent)

BOMBAY, 23*rd August*

Distinctly buoyant conditions prevailed in the oilseeds market during the week under review, thanks to enlarged speculative support, though there was a slight setback towards the close as a result mainly of profit-taking. Groundnuts staged a smart rally on reports that some damage had been done to the standing crop by weevils in Saurashtra and in the South. Operators were also expecting a new incentive scheme for exports of groundnut oil, as well as a new export quota for H.P.S. groundnuts. Linseeds ruled firm. The supply position was tight and consistent support was lent even at higher levels. Cottonseeds attracted good attention. Castorseeds and castor oil, too, edged upward following persistent cornering by a powerful operator. But towards the closing session of the week, stale liquidation brought down futures prices. There were rumours suggesting that Brazil offered a sizable quantity of groundnut oil to the U.S. at competitive prices.

The Bombay Oilseeds and Oils Exchange has adopted by-laws regarding ready and delivery contracts for oilcakes. This will enable the Exchange to commence trading in delivery and hedge contracts for oilcakes.

Replying to a question in Lok Sabha on the increase in prices of edible oils, Mr. M. V. Krishnappa, Union Deputy Minister for Food, attributed the rise in prices of edible oils in the recent past mainly to decline in production of groundnut oil during the year 1959-60 and 1960-61, increasing demand for edible oils due to rise in population as well as incomes, and speculative activities. After detailing the short-term measures taken to meet the shortages, Mr. Krishnappa stated that the production of oilseeds, including both edible and minor oilseeds, was proposed to be stepped up at accelerated pace during the third Plan.

Groundnut January 1962 contract rose from Rs. 216.62 to Rs. 219.25 before closing at Rs. 218.50. Nizam bold spurted by 50 nP to Rs. 52.50. Both Khandesh quality and Coromandels put on 25 nP to Rs. 52.50. Oil railway receipts scored a gain of 20 nP to Rs. 21.60. Oil ex-mill improved by 15 nP to Rs. 21.75. Oil January 1962 contract hardened by 20 nP to Rs. 18.10.

Linseed September 1961 contract moved up from Rs. 39.56 to Rs. 40.75 but finished lower at Rs. 40.12. The net gain over the week was 56 nP. March 1962 contract strengthened by 13 nP to Rs. 37.69. Bold ready advanced by a rupee to Rs. 40. Linseed oil picked up 15 nP to Rs. 17.05.

Castorseed March 1962 contract declined from Rs. 170.75 to Rs. 169.87; it had, of course, touched a high of Rs. 172.12 early in the week. September 1961 contract rose from Rs. 170.37 to Rs. 172.12 on Monday, but eased later and finished at Rs. 170.12. The spot section was, however, active. Ready Madras gathered 50 nP to Rs. 34.50 and Kanpurs 25 nP to Rs. 33.37. Oil B.S.S. put on 10 nP to Rs. 15.60. Commercial was unchanged at Rs. 14.05.

Cottonseed March 1962 contract strengthened by 75 nP to Rs. 92.50. September 1961 contract, however, closed lower by Rs. 2 to Rs. 93.50, after fluctuating between Rs. 97 and Rs. 94. Both Berars and Non-whites gathered 20 nP to Rs. 19.40.

In contrast, Sesame bold was marked down by Rs. 5 to Rs. 325. Sesame oil shed 25 nP to Rs. 24.50.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	23-8-1961	16-8-1961	9-8-1961
Groundnut	Rs.	Rs.	Rs.
January 1962	218.50	216.62	215.25
Nizam bold	52.50	52.00	50.50
Coromandel ready	52.50	52.25	50.50
Khandesh quality	52.50	52.25	50.50
Oil ex-mill ready*	21.75	21.60	21.25
Railway receipts*	21.60	21.40	21.15
Oil January 1962	18.10	17.90	17.80
Castorseed			
September 1961	170.12	170.37	168.62
March 1962	169.87	170.75	169.87
Ready Madras	34.50	34.00	34.00
Ready Kanpur	33.37	33.12	33.00
Oil B.S.S.†	15.60	15.60	15.45
Oil commercial†	14.05	14.05	14.10
Linseed			
September 1961	40.12	39.56	38.19
March 1962	37.69	37.56	37.08
Bold ready	40.00	39.00	37.75
Oil ready†	17.05	16.90	16.20
Cottonseed			
September 1961	93.50	95.50	94.50
January 1962	92.50	92.00	91.00
Niger seed	40.75	41.00	41.00
Kardi seed	25.00	25.00	26.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

BLACK PEPPER QUIET

(Messrs. Parekh & Co.)

BOMBAY, 22*nd August*

Malabar black pepper moved irregularly with quiet tendency and uncertain undertone during the week. Continued lack of foreign demand often brought forth tired long sellings which depressed both ready and forward rates. Ungarbled at Cochin was quoted at Rs. 383.50 and garbled at Rs. 398.50. October delivery, after touching the highest at Rs. 428, came down to Rs. 412 for lack of fresh support. December was quoted at Rs. 396, the highest being Rs. 415. Bulls in the ring are reported to be sufficiently long in October delivery. As such, unless new development, they are chary to commit afresh. Consequently, even a small selling either by bears or by stale bulls is enough to bring down the prices.

New York dealers are reported to have bought a small quantity of Malabar pepper at $0.43½. Small business at reduced price by India made New York dealers all the more suspicious regarding the holding capacity of the Indian dealers. They reduced their buying limit. They are now bidding at not more than $0.42½. The present apathy of New York buyers is a paradox to bazar analysts who were all expecting sizable demand from New York, in view of the limited stocks in the hands of both dealers and grinders. New York dealers are reported to be trying to put one against the other in the hope of getting price reduction either from Singapore or from India.

Singapore is quiet with foreign demand lacking. Black was nominally quoted at Str.$145 and white at Str.$175. A prominent holder is sticking to his guns, despite manœuvring by New York buyers who want to knock out a bargain once Lampong holder showed signs of nervousness.

Spot in New York is steady but quiet, as demand from grinders is discouraging, since they are living upon their own inventories until some new development forces them to come out as aggressive buyers. Berlin news seems to have been discounted though it acts as a deterrent for any short selling by bears at these lower prices.

The future of the market appears to be uncertain and will remain so until inland demand which the trade is expecting after a week or so or the renewal of foreign buying which is already overdue, in view of the approaching autumn season in the consuming countries.

Ready pepper in Bombay is nominally quoted at Rs. 215 per 50 kilos, with demand discouraging.

TEA EASY

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 22*nd August*

A total of 461,000 kilograms was on offer in Sale No. 33 held on Monday, the 14th August, 1961. Quality from the Nilgiris was generally well maintained and a few invoices showed some improvement. From other districts a slight decline was noticeable. There was good general demand. Highgrown brokens were well supported but prices were generally slightly easier although improved quality lines were quoted firm. Fannings from this district were a strong feature and sold at irregularly dearer rates. Good mediums and mediums met fair enquiry although prices were easier by up to 10 nP. Low mediums and the plainer kinds were taken up at lower levels with the more stalky descriptions being discounted by 10 to 15 nP per kilo. Nilgiri whole leaf grades sold well but others followed the lower trend of the market. Black leaf teas were again a strong feature although prices were only barely steady. Tippy teas were lower. C.T.C. descriptions met restricted enquiry and were again easier. C.T.C. types and legg-cut kinds sold well at last levels and sometimes at dearer rates.

Quotations were:

	1961	1960
	Rs.	Rs.
Low mediums	4.40/4.50	3.65/4.00
Mediums	4.45/4.60	4.00/4.15
Good mediums	4.60/5.10	4.10/4.55
Nilgiri B.O.P.	4.70	6.30

The average price realised in Sale No. 33 was Rs. 4.75 per kilo, as against Rs. 4.82 a week ago and Rs. 4.40 in the corresponding sale last year.

Dust Sale No. 33: A total of 235.000 kilograms was offered in Sale No. 33 held on Thursday, 17th August 1961. There was strong and active demand. Highgrowns were well supported but prices were generally only barely steady at last levels. Good colourey mediums came to a strong market and tended dearer whilst other mediums were fully firm at last rates. Poorer descriptions and residuals were irregular although little change in price was noticeable. C.T.C's and C.T.C. types sold at firm rates.

The average price realised in Dust Sale No. 33 was Rs. 4.71 per kilo, as compared with Rs. 4.63 a week ago and Rs. 3.98 in the corresponding sale last year.

Export Quota: There are sellers in Calcutta at 1½ nP but buyers are scarce and the quotation remains nominal.

Colombo: Approximately 6½ million lbs. were offered in this week's export sale. There was quieter demand except for the best Dimbulas, which were firm and improved Uvas which sold at dearer rates with quality. Lesser highgrowns and mediums were 5/15 cents lower whilst lowgrowns followed the easier trend of the market.

London: North Indian and other growths: There was good general demand for all useful liquoring teas and the best sold well. The Room was, however, considerably quiet for all other descriptions, and low medium and plain teas were again easier.

Ceylon and South Indians: 27,387 packages were on offer in Tuesday's sale of which 11,916 packages originated from South India. There was good demand for all teas with prices ruling about fully firm.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire:

"*Sale No. 34*: 480.000 kilograms. Fair demand. Plain and low mediums brokens 10 to 15 nP easier. Similar fannings about 5 nP lower. Better mediums steady. Fannings 10 to 15 nP easier. Highgrowns irregular, with best dearer."

TEA SLIGHTLY LOWER

(From Our Own Correspondent)

CALCUTTA, 21*st August*

This week's fall in export demand leading to easier prices as well as irregular conditions at the internal sale were not altogether unexpected, as, in view of the impressively higher trend of production in North-East Indian gardens, buyers anticipated increased arrivals. It was believed that there would be no problem of poor supply as in the last season and that, therefore, buyers need be in no hurry to make advance commitments for subsequent requirements of the year. That explains for the number of withdrawals that took place at the last two export auctions.

During the week, tea shipments to the U.K. showed a further increase, with shipments to various other destinations being fair. U.K. tea stocks increased to 123.26 million lbs. in the week ended 11th August from 122.54 million lbs. in the previous week.

Tea circles in Pakistan expect that this year's output in that country would touch 60 million lbs. and, together with the carryover of about 8 million lbs., the availability this year is placed around 65 to 68 million lbs. They apprehend that the present rates of export as well as excise duties (As. 6 and As. 10 per lb., respectively) are too high, and that, unless these are revised, Pakistan may be unable to export all the surplus in excess of that country's internal consumption, which is placed at about 40 million lbs. In view of lower output, last year's export quota was reduced to 5 million lbs. So far, Pakistan has not announced any increase in the export quota, but it is likely to do so in the near future. Average

prices realised in the recent Pakistan auctions for internal sale has been Rs. 2.02 a lb., as against Rs. 2.35 which was the average price for the whole of last year.

Weather conditions in North-East India continue to be excellent, and the increasing output trend is likely to be maintained in the coming months. Trade circles feel that prices are likely to fall further. However, overseas demand will be maintained and no problem of a glut in supplies is anticipated. Fortunately, for India, Iran has intensified its purchases of Indian tea, since the trade agreement between Ceylon and Iran has already expired, and Ceylon has not so far been able to conclude a fresh agreement. Iran usually purchases a considerable portion of its tea requirements from Ceylon, but it has this year turned to India for the reason already stated.

In the internal sale held in last week, dusts on offer aggregated 23,586 packages. Prices were irregular, though there was a good and general demand. C.T.Cs met with keen attention, but, prices following the general trend, were irregular. However, the bright liquoring teas were fully steady and added a small gain. Orthodox teas were irregular, with the bright lines being often dearer. Keen competition was offered to legg-cut teas, and prices were fully firm. Selected lots were fully absorbed. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.90 to Rs. 7.30; medium Assam C.T.C. dust Rs. 6.40 to Rs. 6.80; legg-cut dust Rs. 4.90 to Rs. 5.60; medium Assam dust Rs. 4.90 to Rs. 5.50; and plain orthodox dust Rs. 4.35 to Rs. 4.55.

Leaf on offer amounting to 97 packages met with good demand.

A fall in quality was one of the reasons leading to easier conditions during last week's export auctions, when offerings amounted to 65,723 packages. Darjeelings were a weak feature, as were tippy teas. Medium and poorer Darjeelings were liberally withdrawn. Medium and better orthodox teas eased. Plain orthodox teas gave way by 20 nP. and similar fannings by 10 nP. Medium and better C.T.Cs recorded a decline of 30 to 60 nP and those of poorer kinds up to 30 nP. Legg-cut teas, clean plain pekoes and stylish leaf grades all recorded a liberal decline in prices. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 6.70 to Rs. 7.20; best Assam C.T.C. B.P. Rs. 6.50 to Rs. 7.00; medium Assam C.T.C. fannings Rs. 5.60 to Rs. 5.80; medium Assam C.T.C. B.P. Rs. 5.50 to Rs. 5.70; clean plain pekoe Rs. 4.85 to Rs. 5.00; plain B.P. Rs. 4.60 to Rs. 4.70; and plain fannings Rs. 4.45 to Rs. 4.55.

RAINS DAMAGE "KHARIF" CROPS

(From Our Own Correspondent)

HAPUR, 21*st August*

Steadier conditions were witnessed in the foodgrains market during the week. It was reported that continued heavy rains in the past three weeks had damaged the *kharif* crops of maize, *bajra* in foodgrains and *juwar* and *guwar* as fodder crops. Arrivals in the markets were poor and trading was virtually at a standstill. Paddy crops, however, were very bright, as sowings had been on a large-scale and standing crop conditions were excellent following heavy rains. Wheat here recorded modest gains to be quoted on Monday at Rs. 15.37 a maund for average quality and upto Rs. 16.62 for better farm produce. Arrivals in the markets were poor and, as demand was also absent, local wheat stock was stationary at 25,000 maunds. Heavy rains have not only damaged *kharif* crops but have also hampered the preparation of land for *rabi* sowings.

Rice ruled quiet. Although local stock was poor, demand was also slack and week-end prices were:—rice *mainpuri sela* Rs. 22.75; *gadda kutcha* Rs. 22.12; *ramajwayan sela* Rs. 24; *raimunia sela* Rs. 25; *basmati sela* Rs. 29 to Rs. 31; superior Rs. 35 to Rs. 39 per maund.

After mid-session gains on firm Punjab advices influenced by reports of losses to *kharif* crops, gram eased slightly towards the week-end on poor demand and selling pressure by stockists as local stock was heavy at 40,000 maunds. *Bejhar* and barley were quiet during the week. Although the local stocks of these coarse grains were poor, demand was slack. *Methi* continued to attract demand at unchanged price levels, while *juwar* and *guwar* were depressed, due to selling pressure in the face of poor demand. Old maize improved during the week, and week-end prices (in rupees per maund) were:—gram Punjab 13.87 to 14, local inferior 13.50; barley 11.25; *bejhar* 11; superior *moongia* variety 11.50; *methi* 27 to 28; *juwar* 11.50; *guwar* 14.35; maize 12; *bajra* 15.

TIN JUMPS UP

(From Our Own Correspondent)

CALCUTTA, 21*st August*

The impressive rise in the price of tin was the feature of trading in the metal market during the week under review. Encouraging overseas advices and seasonal increase in demand were the factors that led to the hardening trend. The price of tin at Rs. 1,687 per 100 kgs. recorded a thirty-point rise. In London, tin jumped to as high a rate as £942 a ton, closing firm at £938. The Singapore price also continued to rise. It was felt that, unless producers were encouraged by assuring them, a reasonable buffer-stock price having regard to higher cost of production in working abandoned mines, production was unlikely to increase.

In London, electrolytic copper receded to £229½ a ton, after being higher at £230¾. In Calcutta, copper scrap was difficult to be located and berry scrap and utensil scrap were firm.

Electrolytic zinc opened here at Rs. 334.75 per 100 kgs. and after easing to Rs. 326.75 recovered to close at Rs. 330.75. The quotation in London opened at £76⅛ a ton and, after being higher at £76⅜, [illegible] to £76⅛.

SHARP FALL IN JUTE PRICES

(From Our Own Correspondent)

CALCUTTA, 21st August

There was a sharp fall in the prices of raw jute and jute goods during the week under review. New crop was available in larger quantities, and the quality showed a remarkable improvement. The decline in goods prices was far greater than that in raw jute. Mills displayed little interest in buying for some time, and it was stated on their behalf that fibre prices must decline further to make production of goods economic. While fibre prices recovered after the fall, no recovery in the case of goods was in evidence, but the falling trend took deeper roots. What the mills needed at present, it was said, was not good quality jute but fibre suitable for batching. It was on account of this factor that support to new crop by mills was niggardly. Along with the fall in fibre prices, prices of goods also drastically declined. Despite this, buyers of goods were in no mood to enter into large commitments against replenishment of stocks. Noting this feature, trade circles stated that overseas buyers were not expected to show any interest unless prices touched rock-bottom levels. At lower levels, prices of goods must get stabilised, and there should be no wide fluctuations. These are the conditons which according to trade circles, would encourage overseas buyers to respond to offers. In recent months, in view of high prices, U.S. consumers were believed to have taken to more and more of bulk handling, and it was apprehended that, unless normalcy prevailed in the prices of jute goods spread over a period, bulk handling methods might not be abandoned.

No information is available in Calcutta as to what the State Government will consider a fair ceiling price for the fibre. Dr. B. C. Roy, the Chief Minister, told a deputation of workers that fixation of floor price would mean the creation of a bufferstock, to which all fibre offering at the floor price should be bought. He felt that the bufferstock should be managed by a joint body, representatives of the State Government and the I.J.M.A. However, he did not indicate the agency which would finance the purchases. Trade circles seem to agree with the official view that new crop arrivals had now risen to about 70,000 maunds a day from 50,000 maunds a week ago. The State Labour Minister, Mr. Abdus Sattar, said that there were few buyers and that not even the allotted quotas were being lifted by the mills. A conference with a view to considering the State Government's demand to fix a minimum price is scheduled to be held at New Delhi in the next few days.

With sparse interest shown by buyers, dull conditions were in evidence in the goods market. On Wednesday last, ready B. twills declined from Rs. 146.00 to Rs. 141.75 and ready hessian 40" 10 oz. from Rs. 50.00 to Rs. 48.50. The news of satisfactory burlap consumption in the U.S. during the month of July was encouragingly noted, but for this the fall in price would have been greater. There was, indeed, only a little measure of support, as overseas buyers anticipated that the declining trend would continue in view of the rapid fall in fibre prices. Prices in the futures market fluctuated widely, with December Assam bottoms at Rs. 30.96, November B. twills at Rs. 124.10 and November 40" 10 oz. hessian at Rs. 43.84, as against the week's lowest levels of Rs. 31.90, Rs. 128.70 and Rs. 45.14, respectively. This was on Thursday last, when, in the ready goods market, B. twills fell to Rs. 140.50 while, on moderate buying interest, ready hessian 40" 10 oz. recovered to Rs. 48.75. On Friday, these levels were maintained for ready goods, and a small recovery was also in evidence in the futures market. Prices dropped heavily on Saturday. Selling pressure added gravity to the current of the easing trend. B. twills touched as low as Rs. 136.00. Hessian 40" 10 oz. dropped to Rs. 47.75. During the week, there were only poor bookings of gunnies in export liners. The week was highlighted by the announcement by the Calcutta U.S. Conference that the rates of freight on jute goods, temporarily reduced as at present, would be increased as from 11th January 1962.

Fibre prices fell more rapidly than goods prices. Offers increased impressively, and, although earlier in the week mills showed little interest and sellers were anxious for business, subsequently mills turned active and purchased moderate quantities. Prices also recovered. Harvesting operations are now in full swing, and arrivals are daily on the increase. Quality has decidedly improved. Prices in Pakistan markets fell more markedly than in Calcutta. Arrivals in the Narayanganj market are stated to have increased to 35,000 maunds a day; however, there are complaints about a deterioration in quality. Prices of *pucca* bales for export in Pakistan markets fell by £10 a ton. Cuttings were wanting buyers at as low a rate as Rs. 135 a bale. Firsts were depressed at Rs. 265 a bale, hearts at Rs. 160 and lightnings at Rs. 210. The Pakistan mills as well as overseas buyers were only buying sparingly, in order to allow the prices to fall further. A shortage of baling facilities was reported in the northern areas of East Pakistan, and the Government has called upon the jute trade to set up more baling presses. According to current indications, the freight war in respect of exports of Pakistan raw jute is again being forced to appear. It would be remembered that the Bank Line which until recently was carrying all shipments of Pakistan raw jute to African ports was ousted by the Japanese firm of Nissen Line. The Bank Line, it was reported during the week, has now offered to carry raw jute to East, South and West African ports at 80s and 90s, as against the current Japanese rate of 102s. The Bank Line was previously charging 152s. when the Nissen Line cut the rate to 102s and entered into an agreement with the Pakistan Jute Association. Meanwhile, the recent decision by the Conference Lines to increase freight from the U.K. and Continental ports to India and Pakistan is causing concern. Price movement in Calcutta are noted below:

(In Rs. per maund ready delivery, new crop)

	Opened at	Declined to	Closed at
Daisee bottoms ...	42.00	40.00	43.50
Northern bottoms	39.00	37.00	39.00
Assam bottoms ...	38.50	36.00	37.50

SURVEY

(Concluded from page 392)

170 million, inhabiting an area of about 1.28 million square miles. During the financial year 1960-61, India exported goods worth Rs. 6.52 crores to Burma, Rs. 3.09 crores to Indonesia, Rs. 5.66 crores to Malaya, Rs. 7.12 crores to Singapore, Rs. 3.24 crores to Thailand, Rs. 82 lakhs to the Philippines, Rs. 10 lakhs to Sarawak and Rs. one lakh to North Borneo.

The British trade delegation has impressively highlighted the fact that South East Asia is a region with new demands, requiring new methods of approach. It has also warned that lax or old-fashioned business methods cannot meet what it calls "the stimulating and exciting challenge." The delegation has stressed that new markets must be studied and underlined the importance of personal contacts. British business men, it is pointed out, should seek to establish the closest possible co-operation with the people of the countries with which they wish to do business, for "only with their help can commercial enterprises succeed." The delegation has also emphasised the need for foreign investment and technical knowledge which will help greatly the South East Asian countries successfully to implement their plans for economic development. These countries, as readers are aware, are faced with the most pressing problems of finding the requisite resources as well as technical knowledge to bring about a rapid rise in the woefully low living standards of the masses.

Commending the delegation's report, Mr. Charles Willard says that, since trade is a two-way business, the most successful commercial arrangements are always those in which both partners benefit. Britain, according to him, has much to gain by trading with the countries of South East Asia, just as those countries have much to gain from trading with Britain. In his opinion, the report of the delegation stresses the determination that "Britain shall approach these markets with vigour and efficiency."

The U.K. is not the only country which is anxious to expand trade with the aforesaid countries in South East Asia; a number of other countries are also equally anxious. In fact, some of them, especially those in the Communist bloc, have already launched upon a vigorous export drive. If, therefore, India is to secure for its goods a reasonable portion of the markets in South East Asia, it is imperative that energetic steps should be taken without delay to enhance the competitive capacity of the exporting industries. Further, the exporters must scrupulously adhere to sound business practices and make every effort to establish the closest possible contacts with their counterparts in foreign markets.

MARKET GOSSIP

(Concluded from page 387)

ratio of urban to rural incidence which, in 1958-59 was 2.12 : 1, as against 2 : 1 in 1953-54. The increase indicates that a slightly larger share of the extra burden of indirect taxes imposed during the five years ended 1958-59 was borne by urban households, thanks mainly to sales taxes. It may be noted here that the total revenue from sales taxes doubled from Rs. 63.6 crores in 1953-54 to Rs. 127.3 crores in 1958-59. The incidence of this increase fell, by and large, on the urban households.

Some of the indirect taxes do affect the poorer classes, but a great many of them fall on those who have comparatively high incomes. In other words, there is an element of progression even in indirect taxes. This conclusion of the Planning Commission has been borne out by the study under reference which gives the following data:

(Percentage of total monthly expenditure)

Monthly expenditure group (Rs.)	Urban household 1958-59	Urban household 1953-54	Rural household 1958-59	Rural household 1953-54
1— 50 ...	5.4	3.5	2.4	2.1
51—100 ...	6.7	4.3	3.4	2.3
101—150 ...	7.6	4.9	3.9	2.5
151—300 ...	8.4	4.9	4.6	2.7
Above 300 ...	13.0	7.8	6.5	3.9

It will be seen from the aforesaid figures that the burden of indirect taxes on middle income urban households has gone up steeply. Some of the economists in this country who have been arguing that the incidence of indirect taxation on the middle classes is not high enough will do well to bear this point in mind.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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PARLIAMENTARY CONTROL OVER PUBLIC CORPORATIONS

THE task of the public administrator in India's planned economy is increasingly becoming an unenviable one. For, more than in any other country (communist or non-communist), it is in India that the scope of the public administration has been and is being extended, as the U.S. Ambassador, Prof. John Kenneth Galbraith, put it in his address at the Indian Institute of Public Administration at New Delhi the other day, "to embrace the production and distribution of economic goods, while, at the same time, retaining the full substance of parliamentary democracy." This, in his view, is a difficult and taxing experiment, for the problems of public administration take on new form and new dimension in the field of economic production. In analysing these problems and suggesting their solutions, Prof. Galbraith has rendered a timely service to this country. It is a timely service, because the Government's recent "decisions" pertaining to the administration of public corporations (*vide* leading article entitled "Speed in Plan Implementation" in *Commerce* dated 19th August, 1961) are not going to be implemented overnight. Nor will the reported decision to constitute a separate parliamentary committee for exercising control over public undertakings be implemented before the next General Elections. How much democratic control can be blended with freedom for the public corporation can, therefore, continue to be debated with some profit.

There are two powerful voices in this debate—the voice of the planners and that of Prof. Galbraith. The final report on the third Plan has the following to say on the question of public accountability:

"Democratic control of publicly owned industries is very important. At the same time, it is generally agreed that a public enterprise, if it is to be run successfully, must possess a sufficient degree of autonomy from Government and Parliament. When day-to-day decisions of a public enterprise become the subject of parliamentary interpellations and discussions, the Ministers will find it necessary to ask for advance knowledge and approval of all decisions. Moreover, exposed to constant public scrutiny, the management will be afraid of making the day-to-day decisions necessary in commercial undertakings, and an ostensibly autonomous enterprise will be virtually stifled by red tape and bureaucracy. The need has, therefore, been felt for a Committee of Parliament which would enable informed parliamentary criticism to be brought to bear on public enterprises."

Whether such a committee, which, in terms of the Government's latest decision, may be constituted after the next General Elections, will be able to blend control with freedom in the right proportion is arguable. To this question we shall revert in the latter part of this article. But, before doing that, we would refer to Prof. Galbraith's arguments relating to the question of public accountability. His analysis of the problem is as follows:

"The public enterprise in the parliamentary democracy is publicly owned for a purpose. The obvious purpose is the exercise of a measure of democratic control over the enterprise. This control insures that the firm's procedures and decisions will be in the public interest.... If there is no effort to exercise this control, there is no purpose in public ownership.

"So it will be said and so it is said. But plausible and innocent though this sounds, especially when we interject the magic word 'democratic' into the discussion, we have here a serious and unsuspected contradiction. If individuals within the corporate organisation are servants of a force outside the organisation, they will no longer think automatically of the goals of the organisation. They have, at best, a dual obligation: one part runs to the firm and the other to the external authority.... The multitude of decisions will not automatically be attuned to the needs of the Corporation....

"The external authority has an even more damaging effect on the time-dimension of decision-making. I have stressed the importance of timeliness as compared with precision in industrial decisions.... Moreover, parliaments are ordinarily concerned not with late decision but with wrong decision. ...

"The problem, I repeat, is not of wisely-motivated or of ill-motivated intervention. Rather, it is of anything that interferes with or distorts and destroys the firm or corporate personality."

Prof. Galbraith's arguments have a compelling logic of their own, based as they are on his insight into the corporate personality which, like the individual, will be effective only if it has the liberty to pursue specified goals. It would be more appropriate for Parliament to specify firmly these goals for the corporations than to interfere with their decision-making process. Prof. Galbraith's suggestion, in this connection, is that the prime goal of the public sector firm should be its own expansion, in the given or related field and within the framework of Plan. The most successful firm, according to him, would be the one which, by its efficiency and drive, finds the earnings that allow it the greatest growth. If the outside authority clearly lays down such a measure for performance for the publicly-owned corporation in the developing country, it should not grudge the nearly absolute autonomy in every-day decision-making which the corporate personality, derived from the subtle relationships of different types of skilled personnel, requires for getting results. That autonomy, Prof. Galbraith explains, extends to the right to make mistakes, for error will often be the price, and a small one, for expedition; it is required by the very nature of the corporation in all systems. Even Soviet factory managers, it is said, stress the importance of such autonomy for the effective discharge of their responsibilities. In a final clarification, Prof. Galbraith has this to say:

"Autonomy does not mean less public accountability. If anything, it means more—but it is accountability not for method, procedure or individual action but for the result."

There is, of course, an implied recognition of the need for such autonomy in the Government's recent (10th August 1961) statement of objectives relating to administrative reform. For instance, it has been laid down that "individuals and organisations should be judged strictly by the test of results" and that, "for this purpose, they should be given a clear statement of tasks, means, obligations, time sequence of operations and the assumptions on which they are based" and "the necessary measure of support and trust." But this objective is not quite in evidence in the latest decision which the Government is reported to have taken in pursuance of the Planning Commission's recommendation that a separate parliamentary committee be constituted for the purpose of examining the working of public enterprises. According to the Government's decision, this committee, which will take over the functions now exercised by the Estimates Committee and the Public Accounts Committee in relation to public enterprises, will have jurisdiction over such statutory undertakings as Indian Airlines, Air-India International, Damodar Valley Corporation, Life Insurance Corporation, Central Warehousing Corporation, Industrial Finance Corporation and Oil and Natural Gas Commission; all State undertakings which are Government companies under the Companies Act; and other projects (such as Bharat Electronics or Hindustan Aircraft) to be decided upon in consultation with the various Ministries concerned. Although it is stated that this committee will not investigate matters of day-to-day administration, the objective of autonomy will be largely nullified when it exercises the specified functions.

One of the functions to be discharged by the committee will be to examine whether the affairs of the undertakings are being managed in accordance with sound business principles and prudent commercial practices. The financial outcome of operations, devolution of authority within, managerial efficiency, recruitment and training of technical and managerial staff, relations with the public as also other undertakings of a similar nature in the private sector and with the Minister and the Government Department, economies, and improvements in organisation will all be examined by the proposed committee. When these functions are discharged by the committee, it will certainly amount to interference with the day-to-day decision-making process of public enterprises. There is, therefore, no point in saying that the committee will not investigate "matters of day-to-day administration." Things will be pretty difficult for the managements of public enterprises when the committee sends for persons, papers and documents and issues long detailed questionnaires to be answered [illegible] one eye on the organisation and the [illegible] on Parliament and its "vigilant" [illegible] the chief executive of the public enterprise [illegible] be inevitably led to centralising authority and delay decisions. Since he must answer [illegible]

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parliamentary committee or brief a minister, he will always reserve to himself, as Prof. Galbraith rightly says, the right to review the decisions that he must later defend. In his perpetual anxiety to avoid a "wrong" decision, he will fail to take a "timely" decision. How supremely important this "timeliness" in industrial decisions is may be seen from this lucid passage in Prof. Galbraith's address: "In the industrial firm, a bad decision made on time will not usually be as costly as a good decision made too late. The bad decision can often be reversed at low cost. The time lost in waiting for the good decision can never be retrieved." It may even be that a chief executive, whose mind is constantly distracted by outside interference or by its prospect, will fail to make a good decision even if it be late.

A standing committee of Parliament does not, therefore, seem to be necessary. On the other hand, the specific goals of a public enterprise can be laid down within the framework of the Plan. Arrangements for internal auditing can be introduced in such an enterprise. Its annual report and balance-sheet can also be drawn up in greater detail, audited in time and submitted promptly to Parliament. Where the enterprise is a company with a competent board of directors, it can be subjected, if necessary, to more effective control and auditing under the Companies Act. Where the enterprise is a statutory corporation, its external auditing by the Comptroller and Auditor General of India can be expedited. If all this is done, there can be both effective autonomy for the enterprise and judicious control over its working. And there can be parliamentary control, too, if it is laid down that, whenever Parliament is not satisfied with the results as revealed in the annual report and statement of accounts of a Corporation or with the explanation given by the Minister concerned, it can recommend the appointment of a purely technical enquiry committee to examine the working of the enterprise concerned and suggest remedial measures. With the best will in the world, parliamentary members of a standing committee like the Estimates Committee cannot hope "to master complex facts" pertaining to modern industrial enterprises, as the Planning Commission wants them to do. This committee is bound to need, at every turn, technical advice and briefing to understand "complex facts" and take "a specialised interest in these matters." A possible need of the kind is itself a clinching argument in favour of a purely technical enquiry committee as and when necessary. Parliamentary scrutiny, supervision and guidance through a standing committee will inevitably have the effect of circumscribing the autonomy of public enterprises and prejudicially affecting their performance sooner or later. In any case, the proposed committee is not likely to have any greater success in improving the performance of public enterprises than the Estimates Committee and the Public Accounts Committee have had. It will be no exaggeration to say that, although these committees have been scrutinising the affairs of public sector corporations for several years now, they have not been able to improve the working of such enterprises in any spectacular manner. They have, however, produced some excellent reports, as, for instance, the one on the L.I.C., which have been useful to the Press for focussing public attention on the achievements and shortcomings of the Corporations.

L.I.C.'S RECORD

THE Chairman of the Life Insurance Corporation of India, Mr. P. A. Gopalkrishnan, I.C.S., has given an encouraging picture of the working of the Corporation in his annual statement, published on pages 444 and 445 of this issue. New business done during 1960 rose by Rs. 69 crores to Rs. 498 crores, bringing the total business in force at the end of 1960 to Rs. 2,285 crores, as against Rs. 1,958 crores at the end of the previous year. Premium income increased by Rs. 13 crores to Rs. 97 crores. Claims paid to policyholders by way of maturity and death benefits amounted to Rs. 31 crores, as against Rs. 28 crores in 1959. Life fund increased from Rs. 495 crores to Rs. 560 crores and total assets of the Corporation swelled from Rs. 554 crores to Rs. 622 crores. In spite of the general rise in costs, the overall expense ratio of the Corporation declined, though only fractionally, from 28.7 per cent in 1959 to 28.4 per cent in 1960 and the renewal expense ratio remained practically constant at 12.9, the same as in the previous year. An improvement in the efficiency of the administrative and field staff is noticeable, as witness the decline in the number of complaints received and the increase in the average output per head of new business. There were, however, some disquieting developments, too, such as the increase in lapse ratio from 6 per cent to 6.6 per cent, the spurt in loans granted to policyholders and the rise in outstanding premiums by as much as two and a half times. All these features apparently reflect the increasing difficulty experienced by policyholders to save enough and keep their policies alive. But the Chairman seems to suggest that these unfavourable trends are offset by the favourable developments listed earlier, so that the overall picture is a bright one. This, however, is a matter of opinion. On a closer scrutiny, one may be inclined to feel that the total picture is considerably less encouraging.

Take, for instance, new business done. Despite the increase of Rs. 69 crores in such business, the total, at Rs. 498 crores, is still Rs. 27 crores below the Corporation's own five-year plan target for the year of Rs. 525 crores and less than half the target of Rs. 1,000 crores fixed for achievement by 1963. Will the Corporation be able to hit the target in the remaining three years?

A disturbing development is the upward trend of lapse ratio. Those who might have thought that the reversal of the downward trend (the ratio increased from 5.1 per cent in 1958 to 6 per cent in 1959) witnessed in 1959 was a temporary phenomenon and that downward trend would soon be resumed have been proved wrong. While the rise in cost of living might have been an important cause for the increase in lapse ratio, a possible deterioration in the quality of business done, following the drive for securing record new business, and slackness in the efforts to get at the defaulting policyholders and persuade them to pay the premia in arrears might have also been equally important causes. In any case one finds it difficult to share the satisfaction expressed by the Chairman that even the latest lapse ratio is well below the lapse ratio of 7.6 per cent in the last year of life insurance in the private sector. For the latter figure represented the combined ratio for all companies, good, bad and indifferent. The best among the Indian and foreign companies had lapse ratios very much below that of the Corporation. For instance, among foreign companies operating in India, Sun Life of Canada had a lapse ratio of only 0.4 per cent in 1955. Norwich Union's ratio was 2 per cent and Prudential's 4.3 per cent. The combined ratio for the aforesaid foreign insurers was only 2 per cent. It is true that Indian companies generally had a higher lapse ratio. Even so, the lapse ratio of Oriental was 5.4 in 1954 and that of Bombay Mutual 4.4 in 1955.

The position in respect of expense ratio is also not satisfactory, though one cannot blame the management for it. The Chairman listed the various factors that go to inflate expenses and pointed out that, by effecting economies, wherever possible, and keeping a strict control on the recruitment of staff, the Corporation was able to keep down expenses. The overall expense ratio thus declined from 28.7 per cent in 1959 to 28.4 per cent in 1960. But what is more significant is the trend of the renewal expense ratio, which is the real index of economy in management; this ratio remained unchanged at 12.9 per cent, indicating that the effects of the economy measures were nullified by the general rise in expenses or that they were far too inadequate to make themselves felt. The fact that the renewal expense ratio of 12.9 per cent is well below the statutory limit of 15 per cent is no proof of efficiency of management, for, on Mr. C. D. Deshmukh's own admission, the statutory limit is on the high side. Moreover, some of the best-managed Indian companies had a much lower renewal expense ratio. For instance, the ratio was only 9.1 per cent in the case of New India for the year 1954. It is pertinent to recall here that the representative of the Finance Ministry had told the Estimates Committee of the Lok Sabha that the Ministry wanted the Corporation to bring down the expense ratio to 8 or 9 per cent. The Committee, too, had thought that there was scope for lowering the limit.

The fractional improvement in the gross yield on investments (from 4.54 per cent in 1959 to 4.58 per cent in 1960) and the excess of only Rs. one crore in the market value of the Corporation's investments in securities and shares over the book value of Rs. 471 crores cannot be attributed to any exceptional skill in the handling of investments for the simple reason that the improvement in yield and the capital gains are neither striking nor spectacular, considering the dearer money conditions and the buoyancy of equities. It must, however, be borne in mind, in this connection, that nearly 80 per cent of the Corporation's Stock Exchange investments are in Government securities, the value of which had fallen during the year by about one per cent. Further, there was a fall of about one per cent in the value of debentures and a marked drop of 7.4 per cent in the value of preference shares due to the abolition of grossing and the consequent changes. If allowance were made for these facts, the capital gain (only in the books of the Corporation, of course) on equity investments must have been much more than Rs. one crore. Another point to be borne in mind is that the extent of increase in the index number of equity values over the year 1960 was only 3.2 per cent. There is thus no reason to feel dissatisfied with the management of the Corporation's investments.

The Chairman referred to the phenomenal growth of life insurance in the country and pointed out that the life business in force had almost trebled during the ten years 1950-60. Since nationalisation, life business in force, expressed as a percentage of national income, has increased from 11 per cent (in 1955) to 17 per cent (in 1960). This is surely a good record of which the present management can really be proud. But where does this country stand in the insurance map of the world? The ratio of life insurance to national income is as high as 157 per cent in Canada, 135 per cent in the U.S.A., 94 per cent in New Zealand and 63 per cent in the U.K. (all as of 1958). The ratio must surely have risen further since then. If this ratio is taken as an index of insurance protection provided, it will give one an idea of the enormous leeway which yet remains to be made up to achieve the objective of nationalisation.

In the copy of the Chairman's statement which we received, the following observation of the Chairman has been played up: "In a world of ever increasing commodity prices, life insurance policies in India cost less today than at any time during the last 15 years or so." The prominence given to this statement tempted us to reflect a little on it. This statement, we feel, is rather misleading, in that it gives the impression that, when the price of every other commodity and services has gone up, that of life insurance alone has remained static. It is true that the premium rates have not been increased even though costs have gone up all round. It is also very likely that, if life insurance had remained in the private sector, the cost inflation might have been used as an excuse for pushing up the premium rates. But there are other factors which have nullified the effect of the rise in costs and enabled the Corporation to continue to charge the same premiums. It is well known that the basic elements that enter into the computation of premium rates are the rate of mortality, return on investment and expenses. Only in respect of expenses has the Corporation's experience been a little adverse. On the other hand, the return on investments has been higher and the mortality rate highly favourable. In fact, the L.I.C.'s premium rates are lower by only one rupee per thousand sum assured as compared with the rates of the Oriental, which were computed from the mortality table based on actuarial investigations during the period 1925-35. It is common knowledge that mortality rate has markedly improved since then and a corresponding adjustment has not been made in the premium rates. Further, there is the immense advantage of having a streamlined, vast, single corporation with no competition from other insurers. Hence, the L.I.C. premium rates are by no means as low as they are made out to be, though it is slightly lower than those charged by private insurers on the eve of nationalisation. Indeed, they could be lower still.

MARKET GOSSIP

Why Blame The Jute Industry?

IT may be a trite to say that industrialists are the much maligned people in this country, but, for that reason, it is not untrue. No year passes without some section of millowners being blamed for some reason or other for which they themselves are not responsible. One year, it may be sugar millowners; another year, it may be cotton millowners and the third year, it may be jute millowners. Last year, the cotton millowners were very much in the picture, for shortage of cloth and the consequent higher prices were held against them. Nowadays, the jute millowners are being accused of many sins of omission and commission. Last week (on 25th August), a Member of Parliament went so far as to say that the Indian Jute Mills' Association was "the devil incarnate," surely, the most unkind cut of all for an organisation which has been doing its best for the country by earning a substantial amount of foreign exchange despite heavy odds. The attack on them has come from those who claim to represent the interests of labour and growers of raw jute. As the jute industry is dependent upon export markets for the major portion of its production, domestic consumers of jute goods are rarely the cause of campaign against jute industry.

There has been a marked fall in the production of raw jute in the 1960-61 season; this is the second successive setback. Unlike in the case of raw cotton, a shortfall in which could be made good by imports from elsewhere with the help of borrowed funds, there was nothing that could be done to overcome the shortage of raw jute. The only other source of raw jute, namely, Pakistan, had also dried up, for the drought was common to both the countries. There was, therefore, no escape from cutting down production of jute goods to suit the availability of raw jute. It is here that the I.J.M.A. has performed a valuable service. By taking concerted steps and planning the quantum of production in advance, it has avoided the chaotic conditions which would have prevailed had the law of supply and demand been allowed to prevail in the raw jute market. Its action protected the relatively less strong units of the industry and their workers. It is gratifying to find that Mr. Nityanand Kanungo strongly refuted the unmerited charge against the I.J.M.A. He said that neither the Association was the devil incarnate nor was the Government of India a tool in the hands of the devil. He recognised the good work that is being done by the Association when he added that he would welcome the I.J.M.A. to be a strong and influential organisation. This remark by the Union Commerce Minister should be some consolation to jute millowners, in that it shows that the Central Government at least is not unappreciative of the hardships that had been their lot in the past twelve months and of their efforts to tide over the raw material crisis in an orderly manner.

A surprising feature of the controversy, which fortunately is coming to an end now, is the understanding and support that were all along being given to jute industry by both labour and the State Government (Bengal) melted away in the last two months, yielding place to suspicion and wild allegations. All this because the industry wished to continue the stringent restrictions on production for a few days more, with a view to ensuring adequate supply of new jute crop which had just started moving. Of course, the theory of last straw on the camel's back is there. But the ministers and labour leaders are not camels. The facts were there for all to see and they could have easily verified them. Apparently, political exigencies got the better of them and it suited them to make the jute millowners the scapegoat.

Sir John Brown's Able Defence

An able defence of the steps taken by the jute industry to tide over the emergency caused by shortage of raw jute and a well-reasoned refutation of the allegations against the industry have been provided by Sir John Brown, Chairman of the Howrah Mills Co., Ltd., in a statement made at the annual general meeting of the Company held at Calcutta last week. The full text of this statement appears on pages 456 and 457 of this issue. We commend it to the attention of all those who are interested in the economic well-being of this country. Contrary to popular notion, the jute industry is not a mere processing industry. It is a key industry for this country, in general, and for Bengal, in particular. In 1960, it accounted for over Rs. 140 crores of foreign exchange out of a total of Rs. 635 crores earned through exports. Any serious setback to this vital export industry will have repercussions on the entire economy of India. It behoves the authorities at the Centre and in the States, and the leaders of workers and millowners to see that this industry does not become a victim of either sectional interests or of political opportunism.

The impression that millowners are exploiters of labour and agriculturists which is sought to be fostered from time to time is not well founded. The jute millowners are not so shortsighted as not to realise the importance of ensuring adequate supply of raw jute or well contented labour force. The very fact that the I.J.M.A. itself has expressed its readiness to work a bufferstock arrangement for raw jute is sufficient proof of their good intentions towards farmers, if any proof were needed. There is also further evidence of it in the statement of Sir John Brown, an acknowledged leader of the industry. As for workers, the statement of Sir John that "a reduction in labour wages is unthinkable" will, we are sure, be unreservedly endorsed by all his colleagues in the industry. There is really no justification for condemning the jute industry as the villain.

All the hardships which jute growers, jute millworkers and jute millowners have undergone this year will have been in vain again, if no lessons are learned and steps taken to prevent, as far as is humanly possible, a recurrence of jute famine and its aftermath. There is enough food for thought and action on this issue in Sir John's statement referred to above. In brief, the farmer should be assured of a fair minimum price, bearing in mind the fundamental point that jute manufactures do not enjoy a protected domestic market but have to face keen competition from substitute packaging materials as well as from other countries, especially Pakistan which is more favourably placed than India. A minimum price on paper is no good. It has to be enforced when the market tends to dip to the bottom. In other words, when the jute crop is plentiful, the excess supply should be absorbed into the bufferstock. Thus, a buffer stock scheme is an inevitable part of minimum price. When there is a shortage of raw jute and prices tend to go up to uneconomic heights, the bufferstock can have a restraining influence and impart a steadiness to markets. The right party to operate such a scheme is the Government and not the millowners and/or the traders, as suggested by the Bengal Chief Minister, Dr. B. C. Roy. Since the Government fixes the minimum price, it is only but fair that the Government should hold and nurse the baby. It is only then that the Government will realise that it must be reasonable and responsible when fixing the minimum price. Otherwise, the sad story of sugar industry, where the minimum price for sugarcane has turned out to be more than a maximum price, will be repeated here also. A bufferstock scheme on the U.S. lines is the best for this country in the present circumstances. The industry would be well advised to keep aloof from the bufferstock business, conserving its resources, talent and time to improve its efficiency and marketing of jute goods. This does not mean that it should not give its views on the subject and try to see that the minimum prices are determined in a realistic manner.

Just as one swallow does not make a summer, an excellent jute crop in one season does not mean that the problem of adequate jute supply has been overcome for all times. The per acre yield of jute has to be raised by intensive culture and painstaking husbandry. That is the best and healthy way of making the farmer to earn more, without rendering jute goods uneconomic in world markets. It is needless to add that the problem here is not merely one of raising the yield per acre; it also includes provision of facilities for retting, storage and movement to markets. All this is the job of Dr. B. C. Roy and his Cabinet colleagues. Have they done this job well so far? If not, why not? They must see that no room is left for such questions at least before the third Plan period is over.

If the jute mill worker is to be well paid, as, indeed, he must be, and if at the same time the industry is to pay a good price for raw jute, it must improve its efficiency further by keeping pace with the technological improvements in the machinery employed by its competitors. This requires additional capital expenditure and the powers that be owe an obligation to the industry in this respect. Their fiscal, labour and agricultural policies should be so framed and executed as to ensure that jute mills are left with a margin of profit adequate to take care of this important requirement, besides meeting the need for remunerating the investors at a rate that will be consistant with trends in the capital market.

Raw Cotton Policy

The raw cotton policy for the new season 1961-62 commencing on 1st September is yet to be announced at the time of writing, that is, on Thursday, 31st August 1961. Cotton growers, traders and mills are eagerly awaiting the announcement which is expected at any moment. Nobody, however, expects any surprises in the new policy, but certain modifications of the existing cotton control regulations are considered likely. The consensus of opinion among traders is that, barring minor adjustments, there will be no major revision in the ceiling prices for cotton. Nevertheless, some are inclined to think that such a change is not altogether unlikely, in view of the agitation by growers, especially in Gujarat, for higher basic minimum and maximum prices for cotton. But in the opinion of the majority, this is wishful thinking, as it ignores the need for arresting the inflationary trends in the economy. It is anticipated in some quarters that, instead of a general upward revision of the basic minimum and maximum prices, the floor and ceiling prices of only those varieties the prices of which have become unrealistic might be revised. It may be noted, in this connection, that a deputation consisting of representatives of cotton interests in Gujarat recently met Mr. K. C. Reddy, Union Minister for Commerce and Industry and presented the growers' point of view. They were said to have argued that, while all organised sections of the community benefited by the rise in price and profits, the farmers, being unorganised, did not gain by it, although they had to share equally the burden of the higher cost of living. The current ceiling and floor prices, they further pointed out, were fixed in 1951-52 taking into account the conditions and cost of production at that time. They had remained practically unchanged since then and had consequently become thoroughly unrealistic now when prices and costs had gone up all round. They, therefore, wanted the Government to raise the floor and ceilings by at least 15 per cent, so that the resultant rise in the price of cotton would enable the grower to cover his increased cost of operations and leave a small margin of profit. Unless this was done, the representatives pointed out, the farmers might switch over to some other more profitable crop and the third Plan target of 7.2 million bales for cotton would not be achieved.

There is a basic flaw in the above argument and that is the equation of actual price with the ceiling price. When the current floors and ceilings were fixed in 1951-52, neither of them was meant to be the ruling prices. They were the limits within which the actual prices were to be determined by the interplay of supply and demand. The floor was to protect the farmer from a slump in prices and the ceiling to safeguard mills against a sharp spurt in the price of raw material. The actual price was expected to find a level mid-way between the two which, while ensuring a fair return to the farmers, enabled mills to get cotton at an economic price. The actual price could be as low as the floor or as high as the ceiling. Is it suggested that even the ceiling prices are so slow as not to cover the cost of production or that the costs of cultivation have gone up so much as to make the ceiling prices themselves unremunerative? In view of the insistent demand by the self-styled representatives of growers for an upward revision of ceiling, it is desirable to investigate the costs of cultivation. If the contention is that the ceiling prices of certain varieties of cotton, due perhaps to improvement in the quality and staple length, have become unrealistic, it is an entirely different matter. The remedy for it is not a general increase in the floor and ceiling prices of all varieties but selective revision.

New Delhi's reaction to the representation made by growers is not known. It will be reflected in the new cotton policy. Indications are that the Government does not favour a general upward revision of ceiling and floor prices. The Government is also reported to be in favour of abolishing the system of compulsory survey enforced last season under which all Indian cotton has to be surveyed at the ginning and/or pressing stage. Although the trade wants the quota system also to be abolished, it looks as though the Government doubts the wisdom of dispensing with it at this stage when the statistical position of cotton is still in favour of sellers.

I.M.F. To Be Expanded Further?

The forthcoming annual meeting of the International Monetary Fund (I.M.F.), scheduled to commence at Vienna in Austria on the 15th inst., will certainly be as momentous as the one held at New Delhi three years ago, when the decision to raise the capital of the Fund by 50 per cent was taken. For the deliberations of this meeting and the decisions taken thereat may lead to a further strengthening of the Fund's capacity to assist its member-countries in tackling their balance of payments problem. Hopes are expressed to the effect that agreement on principles will be reached at the meeting on the issue of "overhauling" the Fund's functions so as "to promote its ability to ease the international liquidity shortage."

It is now clear that the "reform" of the I.M.F. will be on the lines suggested in what is familiarly known as the Bernstein Plan subject to certain modifications as proposed by Mr. Per Jacobsson, the Managing Director of the I.M.F. In brief, the Bernstein Plan seeks to bring into the Fund the currencies of countries with large external reserves, so that they may be lent to countries losing reserves. This is proposed to be done by asking each of a select number of member-nations to accept, in addition to its present paid-up quota, a standby commitment to give to the Fund, when requested, medium-term credit up to an agreed limit. Mr. Jacobsson has endorsed the Plan, though he has suggested two notable amendments. One, the drawing rights of members should not be made automatic. Two, no separate agency need be formed to handle the Fund's new borrowing arrangements, as they can well be covered within the existing framework of the Fund, in accordance with Article VII.

The above Plan seems to have found favour with most countries. Even some of the countries in Western Europe, including France, which had criticised the move to increase international credit facilities, are now said to be inclined to lend support to the Plan. It is reported that the I.M.F. Administration has drawn up a draft plan for consideration at the Vienna meeting. After it obtains the approval of the Governors, the draft plan will need the ratification of the legislatures of the countries concerned, as was the procedure in the case of the 50 per cent increase in member-quotas three years ago. Assuming that the plan will not undergo any major changes, it may be said that the implementation of the Plan will enable the I.M.F. to expand its lending operations considerably. It is estimated that the total amount involved in the new credit lines will be at least $6.000 million. Of this amount, $2,000 million will be contributed by the U.S. and $1,000 million each by Britain and West Germany, the balance of $2,000 million being shared jointly by France, Italy, Belgium, Netherlands, Luxemburg, Canada, Japan, Sweden and Austria.

The need for strengthening the resources of the Fund is urgent, since the Fund's total stock of currencies suitable for inclusion in lending operations are well below the levels at which it is accustomed to keep them. The I.M.F. has recalled, recently granted credit facilities amounting to as much as $2,000 million to the U.K. and

(Continued on next page)

EQUITIES RECOVER AT CLOSE

SMART RISE IN CENTURY

(From Our Own Correspondents)

BOMBAY, *31st August*

THE share market had only three working sessions during the week under review, as it remained closed on Friday (*Coconut Day*), yesterday and today (on account of *Parsi New Year*). In the first two sessions, the market displayed a weak tone and several active counters suffered a setback in values. The revival of modest speculative buying and bear-covering noted on the Calcutta Stock Exchange following the tightening of the already high margins on short sales in five leading scrips (Indian Iron, Hindustan Motor, Rohtas, Burrakur Coal and Dunlop Rubber) failed to have any perceptible impact on the local market. Even at lower levels, there was lack of support. Genuine investment buying, *too*, was restricted. The sentiment of operators, however, changed a little for the better on Tuesday, 29th August, on hopes that the Investment Committee of the Life Insurance Corporation would provide some selective support to the market. There was also short-covering by cautious bears. Consequently, equities staged a recovery. The recovery gathered further momentum in kerb trading yesterday, especially in the textile and steel sections. In particular, Centurys jumped up from Rs. 658 to Rs. 684 following the announcement of a higher interim dividend of Rs. 12 per share, as against Rs. 10 last year.

Steel shares evinced interest and made modest gains. Tata Steels began at Rs. 150.50, as against the previous close of Rs. 150.75, and fluctuated in a narrow groove to close at Rs. 151 on Tuesday, 29th August. In kerb trading yesterday, they touched a high of Rs. 152. Indian Irons firmed up from Rs. 24.96 on Saturday to Rs. 25.10 before finishing at Rs. 25. Mukand Irons received good support on the news of a three-year expansion programme for its foundry at the Kurla Works and advanced from Rs. 24.76 to Rs. 25.50.

Textiles were generally depressed, with the exception of a few select scrips—Century, Kohinoor, Svadeshi, Tata and India United. Thanks to bull liquidation and scattered bear offerings, Standards slumped by Rs. 163 to Rs. 1,145. Morarjees fell by Rs. 18 to Rs. 380. Khataus receded by Rs. 15 to Rs. 470. Swans lost Rs. 12.50 to Rs. 590. In the cash list, Mafatlals shed a like amount to Rs. 307.50. Gold Mohurs were marked down by Rs. 9.50 to Rs. 248. Finlays and Ahmedabad Advances dropped Rs. 6 each to Rs. 311 and Rs. 182.50, respectively. Elphinstones and Phœnix eased by Rs. 2.50 each, the former to Rs. 82 and the latter to Rs. 165.50. Indores were quiet at Rs. 158, Apollos at Re. 1.82, B.R. Cottons at Rs. 45 and Simplex at Rs. 191. But Svadeshis hardened by Rs. 2 to Rs. 247. Kohinoors picked up Re. 1.50 to Rs. 282.50. In the cash section, Indian Manufacturings spurted by Rs. 55 to Rs. 2,660. Laxmis advanced by Rs. 2.50 to Rs. 602.50.

Sugar shares continued to be well supported during this week. After easing from Rs. 257 to Rs. 255 on Saturday, 26th August, Belapurs were in keen demand on rumours of bonus issue and jumped up to Rs. 272 on Tuesday. The net rise over the week was Rs. 15. Kesar Sugars also received good support and advanced by Rs. 4.50 to Rs. 222. Phaltans rose by Rs. 2 to Rs. 132. Walchandnagars put on 50 nP to Rs. 164. Maharashtra Sugars which had gained Rs. 24 last week were fully maintained at Rs. 190. But Ravalgaons shed Re. 1.30 to Rs. 63.

Chemicals remained depressed. Indian Dyestuffs encountered heavy selling and slumped by Rs. 19.25 to Rs. 411.25 *ex-div.* Colour-Chems dropped Rs. 8.75 to Rs. 333.75. Polychems eased by Rs. 7.50 to Rs. 196.25. Synthetics and Chemicals receded from Rs. 183 to Rs. 177, Citrics shed Re. 1.50 to Rs. 71.50. Adarshas lost a like amount to Rs. 93. Amar Dyes declined by Re. 1.25 to Rs. 298.75. Ultramarines shed a rupee to Rs. 107. In the forward section, Tata Chemicals eased by 75 nP to Rs. 16.40 on fears of lower dividend for the past year. Alembics lost 50 nP to Rs. 227.50. Chemo Pharmas were dull at Rs. 26.25.

In the Engineering section, Telcos began at Rs. 332, as against the previous close of Rs. 334.50 and receded to touch a low of Rs. 325.50 on Tuesday. They, however, recovered to Rs. 330.50 on the same day. In kerb trading on Wednesday, they hardened further to Rs. 335. T. Manekials fell by Rs. 7.50 to Rs. 465. New Standard Engineerings lost Rs. 6.50 to Rs. 180. Asian Cables shed Rs. 2 to Rs. 107. Jost Engineerings dropped a rupee to Rs. 98.50. Kirloskar Oils eased by a like amount to Rs. 27.75. Larsen and Toubros decreased by 75 nP to Rs. 34.75. Texmacos declined by Re. 1.16 to Rs. 16.52 and Mahindras by 40 nP to Rs. 18.60. But Brady Engineerings were neglected at Rs. 83, as also Greaves Cottons at Rs. 185.50. Alcocks Ashdowns, however, received good support and jumped up by Rs. 12 to Rs. 287. Cooper Engineerings gained 50 nP to Rs. 177.50.

With the exception of Gwalior Rayons, which rose by a rupee to Rs. 49 on hopes of encouraging prospects, the rayon section continued to remain weak. National Rayons fell by Rs. 11 to Rs. 614. Straits India Viscoses dropped Rs. 7 to Rs. 174. Baroda Rayons lost Rs. 2.50 to Rs. 135.50. Indian Rayons shed a like amount to Rs. 70.

In the miscellaneous section, Bombay Burmahs began at Rs. 578, as against the previous close of Rs. 580.50, and hardened to Rs. 580 on the following day. After receding to Rs. 571 on Tuesday they finished higher at Rs. 579. Voltas eased by Rs. 4 to Rs. 276. Ceat Tyres fell by Rs. 12.50 to Rs. 200 and Premier Tyres by Rs. 2.75 to Rs. 119.75. Anil Hardboards dropped Rs. 6.25 to Rs. 250. Jayant Papers lost Rs. 2.50 to Rs. 83.50. Tata Oils eased by 50 nP to Rs. 68. Permanent Magnets lost Rs. 2 to Rs. 84. Bombay Oxygens shed a rupee to Rs. 56. Killicks eased by a similar amount to Rs. 96. Hindustan Levers declined by 50 nP to Rs. 47.50. But Wimcos gained a rupee to Rs. 272 and Escorts 24 nP to Rs. 23.36.

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Madras Stock Exchange

MADRAS, *29th August*

Equities ruled easy during the week under review, barring some rubber shares which elicited special support. The easiness was due to lack of buying by both investors and professional operators. Advices from Bombay and Calcutta were also not encouraging. Several textile shares drifted lower on account of larger offerings. Teas were subdued on reports of lower prices at the auction centres. Coffees were dull, as operators preferred to await details of reports suggesting that the Government was considering the question of joining the International Coffee Agreement. Sugars continued to display weakness since traders were apprehensive of the problem of disposing of surplus sugar stocks, notwithstanding the recent shipment to the U.S. from the Madras port. There was a perceptible decline in the values of miscellaneous industrials, particularly cements and engineerings.

Among textiles, South India Viscoses suffered a loss of Rs. 6, today's closing rate being Rs. 176. Cananores fell by Rs. 3.50 to Rs. 157, Janardanas by Rs. 3.35 to Rs. 66 and Lakshmis by Rs. 2 to Rs. 156. Coimbatore Spinnings shed Re. 1.75 to Rs. 54.50. Travancore Rayons gave way from Rs. 38.45 to Rs. 36.05. Maduras softened by 20 nP to Rs. 36.70. Buckinghams were quiet at Rs. 249, despite the announcement of an interim dividend of 8 per cent taxable, for 1961. Coimbatore Cottons were dull at Rs. 188.

In the tea group, Haileyburias declined by 25 nP to Rs. 13.40. Nonsuchs were lower by 10 nP to Rs. 28.60. Nilgiris shed a like amount to Rs. 8.80, despite higher dividend. The Directors of the Company have declared a dividend of 10 per cent, taxable, for the year ended March 1961, as compared with only 8 per cent paid in the previous year. Neelamalais lost 3 nP to Rs. 4.30. Blue Mountains shed 2 nP to Rs. 3.08; they were lower still at Rs. 3.05 earlier in the week. Chembras shed 2 nP to Rs. 3.85 and Waterfalls 1 nP to Rs. 2.95. Highlands were neglected at Rs. 14, as also Kil Kotagiris at Rs. 4.65. Parksides at Rs. 29.62 and Peermades at Rs. 23.25. Cconoors were unchanged at Rs. 28.12. The Company has announced an interim dividend of 7.50 per cent for the year ending October 1961. Cottanads were quiet at Rs. 10.65. The Directors of the Company have maintained the dividend for the year ended March 1961 at the previous year's level of 10 per cent, taxable. Talayars, however, put on 2 nP to Re. 1.90, following the news that the Company had stepped up its dividend from 8 per cent (taxable) for the year ended March 1960 to 10 per cent (taxable) for 1960-61.

Among coffees, Consolidated Coffees fell by 20 nP to Rs. 21.05. Rajendras were subdued at Rs. 12.12. The Company has announced a dividend of 25 per cent for the year ended March 1961, same as that distributed in the previous year. The Mysore Coffees has also maintained the dividend for the year ended March 1961 at the previous year's level of 15 per cent, taxable. The quotation was unchanged at Rs. 5.50.

A further drop of Rs. 2.50 to Rs. 117 in the quotation for Cauverys was a feature in the sugar section. East India Distilleries lost 50 nP to Rs. 38.25. Indias shed 20 nP to Rs. 12. Deccans eased by 5 nP to Rs. 13. United Breweries were neglected at Rs. 101.50.

Among miscellaneous industrials, Textools came in for selling and dropped Rs. 3 to Rs. 175. Tube Investments fell by Rs. 2 to Rs. 258. Among cements, Orissas softened by 15 nP to Rs. 14.75, Andhras by 12 nP to Rs. 9.50, Dalmias by 10 nP to Rs. 10.90 and Indias by 7 nP to Rs. 6.47. In the chemicals group, F.A.C.Ts decreased by 25 nP to Rs. 9.50. Mysore Chemical Manufacturings were unchanged at Rs. 23.85. The Company has repeated the dividend for the year ended March 1961, namely, 20 per cent taxable. Metturs were unaltered at Rs. 14.45 and Mysore Fertilisers at Rs. 11.60. Among others, Aluminium Industries eased by 30 nP to Rs. 22.70 and Ashok Leylands by 25 nP to Rs. 8.42. Indian Steel Rollings dropped 10 nP to Rs. 10.55. Binnys, however, advanced by Rs. 5 to Rs. 230, following the announcement of an interim dividend of 8 per cent (taxable) for the year 1961.

JUTE INDUSTRY—A CORRECTION

In the article entitled "Crisis in Jute Industry Persists," appearing in our last issue (*vide page 402*), the production and despatches of jute goods were expressed by mistake, in million tons, whereas they are actually in lakh tons, as correctly shown in the table on that page. The output of other jute goods should be read as 53,100 tons in January-June 1960 and 64,900 tons in January-June 1961 and not as 551,000 tons and 649,000 tons, respectively.

MARKET GOSSIP

(Concluded from previous page)

$250 million to India. It has also been giving a large number of standby credits to Asian, Latin American and African countries. The total of these commitments is quite sizable. The need for reinforcing the holdings of scarcer currencies (such as French Franc, D.Mark, Italian Lira and Japanese Yen) has become paramount, because the Fund cannot lean heavily on the U.K. and the U.S. which are themselves in payment difficulties.

An increase in the resources of the I.M.F., however, is only a palliative at best. It is no solution to the disequilibrium in the economies of major developed countries. On the contrary, it will only postpone the evil day which will reassert itself with greater force than is threatened now, if appropriate steps are not taken in good time by the big countries to correct the disequilibrium, which is mainly the result of heavy expenditure on armaments and excessively high standards of living.

In the context of the proposed reforms of the I.M.F., the publication of the report of the U.S. Congressional Economic Sub-Committee on International Exchange and Payments is significant. Its findings and recommendations may greatly influence the attitude of the U.S. Governor and Executive Directors of the Fund. From the brief Press summary of the report, one finds three important recommendations. These are:

1. The I.M.F., which now gives only temporary and short-term credit, should extend credit on a five-year basis. The Committee has clearly warned that the free world economic objectives are in jeopardy because of the Fund's current procedure. It has also recommended that the U.S., Japan, Canada and the leading European nations must negotiate a supplementary credit system for the Fund.

2. There should be no devaluation or revaluation of the principal currencies. It has urged the repealing of the present U.S. 25 per cent gold reserve requirement on federal reserve notes.

3. The question of establishing a free world common market to replace regional groups, such as the European Economic Community, which divide the free world should be considered.

On the whole, these three suggestions appear to be quite sensible. The problem of establishing a multilateral system of trade and payments, free from restrictions on current payments, multiple exchange rates and other discriminatory currency practices, can be tackled more speedily and effectively only on a world-wide basis and not through regional economic groups. Further, stability of exchange rates is important and is the corner stone of the Fund's objectives. Any change in the exchange value of principal currencies will be detrimental to the growth of world trade and will only perpetuate the disparities between the developed and developing countries. It would, indeed, be a good thing if the I.M.F. meeting at Vienna were to endorse the suggestions of the U.S. Congressional Committee.

Baroda Electric Meters

The Baroda Electric Meters Limited, a newly registered public limited company, has just entered the capital market to raise Rs. 22.50 lakhs by public subscription for putting up and commissioning an electric meter manufacturing plant, capable of producing 60,000 pieces of single-phase electric meters per year and 24,000 pieces of polyphase meters per year. The list opens on Wednesday 6th September 1961 and closes on 19th September or earlier but not before 9th September 1961. The issued capital of the Company amounts to Rs. 40 lakhs all in equity shares of Rs. 100 each. Of these, the Directors and their friends have agreed to take up 12,500 shares of the value of Rs. 12.50 lakhs. The Life Insurance Corporation has underwritten, with firm allotment, 5,000 equity shares of the value of Rs. 5 lakhs. Accordingly, only the balance of 22,500 equity shares of the value of Rs. 22.50 lakhs are available for public subscription.

The amount payable in respect of the issue is Rs. 25 per share with application and Rs. 25 per share on allotment. The balance of Rs. 50 per share is payable in two equal instalments, the first of which shall not be earlier than three months from the date of allotment and the second not earlier than three months from the first call.

The prospects for the Company are promising. With the extensive programme of electrification envisaged in the third Plan, the demand for electric meters is bound to rise continually. Even now production of single-phase meters within the country hardly aggregates 500,000 units. It was only 480,000 units during the year ended 30th June 1961, whereas the present annual demand for single-phase meters is estimated at over one million. It is expected to go up to 2.1 million pieces by the end of third Plan. The gap is only partially filled by imports which amounts to 489,000 annually. In addition to single-phase meters, the Company proposes to manufacture poly-phase meters (24,000 per year) also, the annual demand for which is currently estimated at 250,000 pieces. The Company has secured the technical collaboration of a world-famous W. German electrical manufacturing firm Messrs. Deutsche Zahler-Gesellschaft, Hamburg, which has agreed to train Indian engineers in West Germany. The firm has offered 25 years' guarantee for the meters produced with its help. This compares with the guarantee of five to 12½ years offered by others.

The Company has a Board of Directors, comprising well-known business men and industrialists, with Mr. Jehangir P. Patel, as the Chairman of the Board.

NEWS IN BRIEF

INDIA will give Nepal financial aid amounting to Rs. 18 crores during the third Plan period. The total aid granted in the last nine years is Rs. 11 crores.

The State Trading Corporation exported goods worth Rs. 36.53 crores in 1960-61, as against Rs. 24.47 crores in 1959-60, Rs. 23.37 crores in 1958-59 and Rs. 20.99 crores in 1957-58.

The next general election in India will be held between 22nd and 28th February 1962 and results will be announced by 4th March, according to Mr. K. V. K. Sundaram, Chief Election Commissioner.

A watch factory with a capacity to produce 12,000 watches annually will be set up in the private sector in Himachal Pradesh shortly. The proposed plant, which will cost about Rs. 3 lakhs, is expected to go into production next year.

The view that there are good prospects of exporting railway coaches to Pakistan, Ceylon and Argentina has been expressed by the delegations of Railways and the State Trading Corporations which visited these countries recently.

A proposal to provide training facilities to Ceylonese technicians in the steel plants is being considered by the Government of India. Meanwhile, two Indian experts have already been sent to Ceylon to examine the proposal for establishing a steel mill there.

A sum of Rs. 16.7 crores has been realised through the sale of Prize Bonds up to the end of July 1961, according to the Union Minister for Finance. The question of any profits accruing to the Government does not arise, as the principal of the bonds is to be repaid in full on or after 1st April 1965 and as the interest is distributed by way of prizes.

The award of the Wage Board for textile industry has been implemented by 406 mills out of the 439 mills in the country. Less than 3 per cent of the 900,000 textile workers have still not received the benefits of the award. The Government of India has started an investigation to find out as to why the remaining 33 mills have not accepted the recommendations.

The Government of India is considering the question of determining the nature of autonomy that should be given to public sector undertakings regarding recruitment, particularly in respect of highly-paid jobs. It is also considering the desirability of associating a member of the Union Public Service Commission with the selection of candidates to public sector units.

The cotton textile mills' production in July 1961 is provisionally placed at 72 million Kgs. of cotton yarn and 410 million metres of cotton cloth. The total production in the first seven months of this year was 487 million Kgs. of cotton yarn and 2,745 million metres of cotton cloth. At the end of July 1961, the composite mills of the cotton textile industry held an estimated stock of 142,000 metric bales of cloth as unsold and 1,69,000 metric bales of cloth as sold but not lifted.

Four firms have been granted licences to manufacture tractors with a total capacity of 11,000 tractors a year. One unit has already gone into production and two more units are expected to commence operation shortly. Another scheme envisaging an annual production of 3,000 tractors has been approved of by the Government. The current annual requirements of agricultural tractors are estimated at 8,000, and are likely to go upto 10,000 by the end of the third Plan.

An Indian firm has entered into an agreement with the Yamason Machinery and Tools of Japan to establish a tool factory at Calcutta. The Japanese firm will have 49 per cent of the capital outlay of 80 million yen. The proposed plant is expected to produce 40,000 monkey wrenches and spanners valued at 15 million yen a month, to start with. Semi-finished tools are expected to be brought from Japan and finished at Calcutta. The services of two Japanese experts will be made available to the Company for technical consultations.

The National Mineral Development Corporation has prepared two project reports for the exploitation of diamond deposits in the Majhawan and Ramkherya areas of Panna district in Madhya Pradesh. The reports reveal that the Majhawan area is expected to yield an annual diamond output of 30,000 ratties and the Ramkherya area 12,000 ratties. The estimated cost of the former project is Rs. 90 lakhs (including Rs. 29 lakhs in foreign exchange) and the latter Rs. 46 lakhs (Rs. 27.9 lakhs).

A licence has been granted to a private party for the establishment of an aluminium factory in the Koyna area in Maharashtra State. Negotiations to secure foreign collaboration for the project have been practically completed. Besides the Koyna factory, there are three other proposals under consideration of the Government for the development and expansion of the aluminium industry during the third Plan period, in addition to the public sector project for the manufacture of 25,000 tons of aluminium. The three parties that have applied for licence are: (1) Mr. Morarji Vaidya (Bombay) for a 30,000 tons aluminium smelter in Mysore with the technical collaboration of the Reynolds of the U.S., (2) Messrs. J. K. Industries Ltd., Calcutta, for a 20,000 tons aluminium smelter in Madhya Pradesh with Swiss collaboration, and (3) the Hindustan Aluminium Corporation Ltd., Bombay, for expanding its smelter capacity at Rihand from 20,000 tons to 50,000 tons per year.

A more positive approach to the problem of improving workers' health was recommended at the twentieth meeting of the Employees' State Insurance Corporation held at New Delhi recently. For this purpose, it was felt that a health education programme should be carried out on a pilot basis at three or four centres. To begin with, the scope of the programme is to be confined to the domestic environment, as against the working environment. It is also decided to grant extended sickness and medical benefits to insured persons in case of fracture of lower extremity. The meeting expressed general satisfaction at the progress of programme of construction of hospitals all over the country. The meeting also recommended that certain provisions of the Employees' State Insurance Act might be amended so as to make the administration of the scheme simpler and eliminating, as far as possible, lengthy and complicated formalities for drawal of benefits under the Act.

A contract has been signed between the Hindustan Steel Ltd. and the West German firm, the Koppers Export GmbH of Essen, for the supply and construction by the latter of an iron ore sintering plant for the Rourkela steel works in Orissa. Koppers, Essen, will erect the plant in collaboration with Koppers Company Inc., Pittsburgh, the U.S. The plant will have a daily capacity of 4,000 tons of blast furnace sinter. The value of the contract is estimated at Rs. 4.0 crores. The new sintering plant, to be completed within two years, will constitute a further addition to the existing modern installations in the Rourkela steel works. The Koppers installations will make it possible to use fine-grained ores in the Rourkela blast furnaces which otherwise would go to waste. Thus, mine output at Barsua nearby and blast furnace processes at Rourkela will be rationalised considerably. A great part of the structures and installations needed for the Rourkela sintering plant will be manufactured in India and Indian firms will be entrusted with civil engineering and construction work.

The Government of India has reconstituted the Import Advisory Council and the Export Promotion Advisory Council for a period of two years. The Minister for Commerce and Industry will continue as Chairman of both the bodies and the Minister for Commerce as Vice-Chairman. The Presidents of the Federation of Indian Chambers of Commerce and Industry and of the Associated Chambers of Commerce of India will be ex-officio members of both the Councils, with option to send a nominee each, if they so choose. The Secretary-General of the Federation of Indian Chambers of Commerce and Industry will also be a member of both the Councils. In addition, there will be 21 non-official members nominated by the Government of India on the Import Advisory Council and 32 on the Export Promotion Advisory Council. The first meeting of the reconstituted Import Advisory Council will be held on the 11th inst. and that of the Export Promotion Advisory Council on the 12th inst. at New Delhi.

The all-India final estimate of gram for 1960-61 shows that, in spite of a decrease in acreage, the production of the crop has increased as compared with 1959-60, thus showing a higher yield per acre. The area and production of gram for 1960-61 are estimated at 23,483,000 acres and 6,207,000 tons, respectively. As compared with the partially revised estimate of 25,372,000 acres and 5,502,000 tons for 1959-60, the estimates for 1960-61 showed a decrease of 1,889,000 acres or 7.4 per cent in area but an increase of 705,000 tons or 12.8 per cent in production. The average yield per acre of gram for the country as a whole works out at 592 lbs., as compared with 486 lbs. for 1959-60. The increase in production during 1960-61 is accounted for mainly by Punjab, Uttar Pradesh and Rajasthan and is attributed to favourable weather conditions during the growing period of the crop. Madhya Pradesh has, however, registered a slight decrease in production due to shrinkage in the area sown to the crop.

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From Abroad

The United Air Lines of the U.S. has bought six more British Vickers Viscount turboprop airliners bringing its total fleet of Viscounts to 47.

Cyprus will launch a £62—million five-year development Plan from 1962. About £25 million will be spent on development of agriculture, £11 million on harbour improvement, £10.5 million on electrification and £5.5 million on expansion of roads.

West German exports rose by 3.4 per cent to DM 29,300 million during the first seven months of 1961, as compared with the corresponding period last year. Imports went up by 3.4 per cent to DM 26,200 million. Trade surplus increased by DM 1,400 million to DM 4,100 million.

A trade delegation from Communist China will visit Canada this month to examine the scope for expanding trade between the two countries. The mission will be concerned mainly with grain purchases from Canada, though it is expected to ask Canada to buy more of Chinese goods to finance grain sales.

PERSONAL

PRIME Minister Nehru left for Belgrade on Wednesday this week.

Mr. P. N. Sharma, Manager of the Bomas Ltd., Bombay, has been appointed the first Indian Director of the Company.

Mr. Bharat Ram, Chairman of the Delhi Cloth and General Mills Ltd., has been elected Chairman of the Indian Society of Advertisers for 1961-62.

Mr. J. O. De M. Hopper, overseas representative of the Expandite Ltd., London, is expected to visit India this month as part of his business tour of the countries of South Asia and the Far East.

Mr. E. J. Fielden, Managing Director, Messrs. J. Walter Thompson Company (Private) Ltd., Bombay, has been awarded the I.S.A.—Khatau Gold Medal of the Indian Society of Advertisers for the current year.

Dr. K. S. Basu, Director, Hindustan Lever Ltd. and President of the Bombay Management Association, has been elected Fellow of the International Academy of Management of the International Association of National Movements for Scientific Management.

Mr. Morarji R. Desai, Union Finance Minister, will lead the Indian delegation to the forthcoming conference of Commonwealth Finance Ministers at Accra (Ghana) and the annual meetings of the Boards of Governors of the World Bank and the I.M.F. at Vienna (Austria).

Mr. P. A. Gopalkrishnan, Chairman of the Life Insurance Corporation, will be the Chairman of the re-constituted Investment Committee of the L.I.C. The other members of the Committee are, Mr. N. R. Mody, Mr. Amolakh Chand, M.P., Mr. A. N. Shah, Mr. C. Ramasubban, Mr. K. C. Maitra and Mr. B. K. Dutt.

Major-General Geoffrey Cheetham of Britain will arrive in India shortly to act as chairman of a committee to be set up by the Indian Government to review the work done by the Survey of India and National Atlas Organisation. The services of General Cheetham, who was Director-General of Britain's Ordnance Survey from 1943 to 1949, have been made available to India under the Technical Co-operation Scheme of the Colombo Plan for a period of six months.

The United Arab Republic and the Sudan have reached a preliminary agreement for the formation of a joint company to market surplus U.A.R. petroleum products in the Sudan and also to undertake prospecting there. The Company will have a capital of at least £ El million, of which the Sudan will hold 51 per cent.

The Hong Kong Cotton Advisory Board has agreed to accept the U.K.'s new proposal for the eleven-month extension of the Hong Kong-Lancashire ceiling pact. Under the proposal, the quota will be raised by ten million sq. yards to 174 million sq. yards for the current year upto the end of January 1962, and another 11 million sq. yards for the remaining eleven months of 1962.

The Air Ceylon has decided to suspend its international air services to Europe and the Far East, from 1st November 1961. The main reason for this move is that the Ceylon's two airports cannot accommodate the long-range pure jet aircraft that the K.L.M. Dutch airlines, with which Ceylon has been participating for running its international services, proposes to put into operation replacing Electras. It is learned that the Air Ceylon is negotiating with the Air-India International and the B.O.A.C. for re-entering international services.

The total U.S. private assets and investments abroad rose by $5,000 million to $50,000 million during 1960, as compared with the previous year. Of this rise, the Common Market countries accounted for $430 million, including $280 million provided by U.S. sources and $150 million from invested earnings. Two-thirds of the increase in Common Market countries represented investment in manufacturing enterprises. American capital flow to the U.K. was also at an extraordinarily high level of $600 million in 1960. The projected rise in plant and equipment expenditures of the U.S. companies in 1961 and 1962 indicates a continuation of the large capital outflows to Western Europe.

The International Finance Corporation has decided to invest $1.5 million in Fabrica Argentina de Engranajes S.A.I.C., an Argentine subsidiary of Oerlikon Machine Tool Works Buehrle and Co., Switzerland. Its investment will help finance the establishment of a plant for the manufacture of fully assembled transmission units and gears for tractors. The Company has also plans to manufacture transmissions and gears for trucks and automobiles. It will be the first company to specialise in the manufacture of these products in Argentina. The Fabrica Argentina de Engranajes S.A.I.C. will initially be wholly owned by the Oerlikon-Buehrle concern, which manufactures a wide range of machine tools, business machines, air-brake equipment for railways, textile machines and welding electrodes. The total cost of the project is estimated at $4.3 million. The International Finance Corporation's investment will be represented by unsecured dollar notes, half of which will be convertible. The notes, bear 7 per cent interest, are payable in dollars, and mature between 1968 and 1973.

PATENTS AND DESIGNS

RECENT trends in the development of industrial inventions in India leave much to be desired. The number of applications for both patents and designs of Indian origin was smaller in 1960 than in 1959, despite the stimulus offered by the growing tempo of overall industrial expansion. The latest annual report of the Patents Office, Government of India, reveals that the total number of applications for patents submitted by Indian inventors declined from 671 in 1959 to 663 in 1960. In fairness to Indian inventors, it must be admitted that the decline was only marginal, which can be made up, if not improved upon, easily in the course of a year or so. Besides, it should not be forgotten in this context that, a decade ago, the demand for patent rights from Indians was as low as 350. Judged thus over a longer period, it becomes clear that the secular trend in the development of Indian patents has been upwards, albeit with occasional setbacks. The large majority of the applications (over 85 per cent) for patents, however, continues to originate from foreign sources. The number of applications received by the Patents Office from abroad in 1960 was 4,503, as against 3,965 in 1959 and only 1,851 in 1950. There were, in addition, 58 applications from non-Indians residing in India, the corresponding figures for 1959 and 1950 being 55 and 47, respectively. Thanks exclusively to the larger demand for patent protection from foreign sources, the total number of patent applications was higher in 1960 at 4,503, as compared with only 3,965 in 1959 and 1,851 in 1950.

State-wise, Maharashtra accounted for the largest number of patents in 1960, with its contribution of 204 applications, or about 28 per cent of the total applications of Indian origin. West Bengal, Delhi, Madras, Mysore, Uttar Pradesh, Andhra, the Punjab, Bihar, Gujarat and Kerala contributed 159, 86, 45, 23, 21, 19, 18, 17, 14 and 12 applications, respectively; the remaining applications originated in the other States of India. The former State of Bombay had contributed 89 applications during the period 1st January 1960 to 30th April 1960, before its bifurcation. Among foreign applications, there was an appreciable increase in the number of those originating from the U.S., West Germany, Switzerland, the Netherlands, Italy, Sweden and Japan. The number of applications originating from the U.K., Canada, France, Czechoslovakia, Poland, Finland and certain other European and Latin American countries also recorded a slight increase.

It is unfortunate that the Patent Office should have kept pending for examination as many as 4,668 applications at the end of the year, or well over the total number received in the whole year 1960. Of course, in the beginning of 1960, the carry-over of applications from the previous year had aggregated 3,262 applications. The office "accepted" 2,953 applications as in order. Of these, as many as 2,854 applications were from among those made in 1958 and 1959. In due deference to the demands of the country's industrial development, the Patent Office would be well advised to ensure expeditious processing of patent applications.

The majority of the applications for patents, industry-wise, related to chemicals as in the previous years. There were several applications for patents in the manufacture of dyestuffs, particularly water-insoluble and disperse azo-dyes and phthalocyanine dyes. Inventions originating in India were concerned with the production of cu-phthalocyanine, indrathrone dyestuffs, iso-estrosterone, benzene sulphonyl urean, lactic acid (from molasses), certain synthetic resins, etc. In the sphere of metallurgical industries, there were several inventions belonging to the U.K. and West Germany relating to improved processing of steel, production of nodular cast iron, smelting of titaniferrous iron ore and uranium-bearing steel. There were two inventions of Indian origin which related to production of iron and steel by direct method. Among engineering items, the majority of inventions was from abroad. There were, of course, some Indian contributions, particularly in the manufacture of door shutters, window frames, pre-stressed and re-inforced concrete constructions, devices for preventing derailing of railway vehicles, lifting pumps, internal combusion engines and typewriters in Indian languages. The other important Indian inventions related to telephone apparatus for preventing railway collision, telephone cradles and railway traffic semaphore signals. In the field of textile technology, Indian inventions included those for mechanical wrap stop motions in looms, pickers and wrap shedding carding engine, blow-room machinery, ring spinning frame, *charkha*, and fibre and yarn testing machines. Indian inventors showed considerable interest in a variety of domestic appliances, such as pressure stoves and kerosene wick stoves, tiffin carriers, cookers, coffee percolators, vacuum flasks and its accessories, rice bowls, cooking pots, cooking cabinets, domestic water heaters, and also in the manufacture of confectionary, treatment of sugar, preparation of white pepper from black pepper as well as extraction-refining of oils and fats.

Unlike in the case of patents, Indians provided the largest number of design applications, including those from a few ladies. The total number of design applications fell from 5,175 (of which 5,145 originated in India) in 1959 to 4,789 (4,713 of Indian origin) in 1960. About 78 per cent of design applications fell in the category of textiles, most of them from Maharashtra and Gujerat. In passing, it may be mentioned that the total income of the Patent Office from the fee on patents and designs in 1960 amounted to Rs. 12.22 lakhs and total expenditure Rs. 6.65 lakhs, as against Rs. 10.97 lakhs and Rs. 5.81 lakhs, respectively, in 1959. It may be added in conclusion that, in view of the vital contribution of patents towards development of industries and trade, much more incentives than what has been done so far needs to be given for Indian inventors. Unless such encouragement is given to Indian inventors, the domination of foreign patents will continue, with the result that much precious foreign exchange will be lost to India by way of royalty given for the use of foreign patents. Besides, several valuable recommendations for the reorientation of patent and design systems have been recommended by Mr. Justice N. Rajagopala Ayyangar, in his report on the question submitted to the Government of India a year ago. The earlier these recommendations are enacted and implemented, the better.

U.S. FOREIGN AID BILL

The Kennedy Administration, which has all along recognised and emphasised the need for making long-term aid commitments without having to apply to Congress each year for funds for development loans, has thus far failed to pursuade the Congress to accord its approval to the relevant Foreign Aid Bill. This Bill, in its original form, was designed to grant authority to the President, for a period of five years, to draw directly on the Treasury, without further reference to the Congress during that period, for giving long-term, low-interest loans aggregating $8.8 billion to underdeveloped countries. In recent weeks, the Bill has been debated in both the Houses. The Senate has amended the Bill in such a way as to meet the Administration half-way. Its amendment, based on a compromise formula to which the Administration had reluctantly agreed, requires all loans of more than $5 million to be submitted to the foreign aid and appropriations committees of both Houses for approval within 30 days; this is accompanied by a cut of $800 million from the original $8.8 billion plan. But the House of Representatives, which has always been less enthusiastic about foreign aid and more particular about exercising its power over the purse than the Senate, has passed a surprise motion denying, for the present, the authority sought by the President to draw directly on the Treasury for giving long-term loans. Even the Administration's compromise offer to have the period (during which the President could have the authority to draw directly on the Treasury) reduced to three years has failed to influence the House in its vote on the motion. Nor its promise to "tie" 80 per cent of the long-term loans to purchases of American goods has been of any avail.

But there seems to be still some hope that the relevant House motion might be reversed in the final vote on the Bill as a whole. President Kennedy and Secretary of State Rusk have both appealed to the House to reconsider the question and demonstrate that the U.S. is still united in its determination to meet its responsibilities. It may be that a compromise with the House will still be possible and the Administration will secure the approval for its revised $5 billion three-year aid programme. But no one can be sure, for the ways of the U.S. Congress are unpredictable. Even if the final outcome turns out to be a hundred per cent disappointment to the Kennedy Administration in so far as the three-year authority to draw directly on the Treasury is concerned, it will not be anything like a tragedy, for there is no reason to believe that the U.S. Congress, which has generally accorded its approval to the annual aid programmes after some cuts here and there, does not share the Administration's anxiety to make available long-term loans to developing countries in Asia, Africa and Latin America. As far as India is concerned, there is not much uncertainty, for the U.S. Government, as the leading member of the Aid-India Consortium, has already committed itself to providing $1,045 million for the first two years of the third Plan. Of course, this is subject to authorisation by the U.S. Congress. Even if there is an element of uncertainty here, it will not be more than what may be expected under a possible arrangement of the kind suggested by the Senate amendment to the Foreign Aid Bill—the amendment which is to the effect that all loans of more than $5 million be submitted to the foreign aid and appropriations committees of both Houses for approval within 30 days. By and large, the quantum of U.S. economic aid, which has been steadily increasing year by year during the last decade, is more likely to increase than to decrease during the sixties even under conditions of annual authorisations by the Congress. There is, therefore, no need to take an unduly pessimistic view of aid possibilities.

NATIONAL INCOME IN 1960-61

The Central Statistical Organisation released last week its preliminary estimate of national income in 1960-61 at 1948-49 prices. According to this estimate, real national income in the end-year of the second Plan was of the order of Rs. 12,530 crores, as compared with Rs. 8,850 crores in 1950-51, that is, the year immediately preceding the inauguration of the first Plan. The increase in national income over the decade was thus 42 per cent. The final report of the third Plan, too, it may be recalled, has given the same figure of percentage increase in real national income. But there is one big (!) difference between the C.S.O's national income series at 1948-49 prices and the third Plan report's national income series at 1960-61 prices. For lack of a better word, this may be called a psychological difference. A real national income of Rs. 14,500 crores or a *per capita* real income of Rs. 330 in 1960-61, as given in the final report of the third Plan, creates the psychological illusion of superiority, as compared with a national income of Rs. 12,530 crores at 1948-49 prices or a corresponding *per capita* real income of Rs. 280 in 1960-61. If the planners think that the national income series at 1948-49 prices are not psychologically satisfying either to them or to the public at large, they should instruct the C.S.O. to discard the 1948-49 series and construct and maintain the 1960-61 series in the interests of uniform comparability of figures. Otherwise, when the planners say that *per capita* real income in 1960-61 was Rs. 330 and the C.S.O. says that it was Rs. 289, the unwary lay public is apt to be confused and bewildered by the apparent, not real, difference between the two figures.

To avoid this kind of confusion, we would rather relegate the C.S.O. series to a table at the end. But the absolute figures, as worked out by us from the C.S.O. statistics given in percentages, of sectoral contributions to national income (at 1948-49 prices) in 1959-60 and 1960-61 are given immediately below:

(In crores of rupees)

Sector	1959-60	1960-61
Agriculture	4,563	4,878
Mining and factory establishments	1,035	1,158
Communications	47	50
Railways	306	327
Organised banking and insurance	106	118
Commercial and transport ..	1,799	1,939
Other sectors	3,904	4,060
All sectors ..	11,760	12,530

In percentage terms, real national income in 1960-61 had increased by 6.5 per cent, as compared with 1959-60. Of this increase, agriculture was responsible for nearly two-fifths. The final estimates of foodgrains production in 1960-61, with which another note on page 431 deals, broadly confirm the improved performance in the sector of agriculture. But, relatively speaking, the performance in the industrial sector during the year was even more impressive, for the percentage increase in that sector was 11.9 as compared with 1959-60, while the increase in the agricultural sector was 6.9 per cent.

Year	National income at 1948-49 prices (Rs. crores)	*Per capita* income at 1948-49 prices (In Rs.)
1950-51	8,850	247.5
1955-56	10,480	267.8
1956-57	11,000	275.6
1957-58	10,890	267.4
1958-59	11,650	280.2
1959-60	11,760	276.9
1960-61 (Preliminary) ..	12,530	288.8

URBAN CO-OPERATIVE BANKS

Although the Reserve Bank's report on the survey of urban co-operative banks for 1957-58 just published relates to a period more than three years old, its findings nevertheless are of considerable value. For the report not merely assesses the place of these banks in the banking system and reviews the progress achieved in recent years but also focusses attention on a number of disquieting features of their working and suggests remedies for their removal. The urban co-operative banks, if efficiently managed, honestly run and developed in a spirit of service, will doubtless prove to be one of the most effective institutional arrangements for promoting thrift and savings among the members of the public, for catering to the increasing credit needs of people, and for channelling finance to small-scale industries. The qualifications made by us, it must be emphasised, are vital, for two reasons. One, as will be presently shown, the urban co-operative banks are found wanting in quality. And, two, since commercial banks, which are relatively more efficient than the co-operatives, are rapidly expanding their coverage in urban areas, the co-operative banks will not be able to attract the attention of the economically solvent people into their fold, unless they can offer better service. Indeed, there is good ground for being sceptical about the outlook for co-operative banks in urban areas, because of growing competition and the difficulty in finding the right type of co-operators.

The aforesaid survey was conducted by the Reserve Bank in 1958. It covered a representative sample of 93 urban banks in ten States and one Union Territory, as well as a sample of both industrialist and non-industrialist members of each of these banks. The general picture emerging from the survey is described as "one of a fairly widespread, financially sound, expanding and useful framework of banking institutions that have their own place of importance in the banking structure of a large part of the country." This is surely an exaggeration, though it is understandable coming as it does from persons whose task is to spread Co-operation. The average working capital of the banks works out to no more than Rs. 5.55 lakhs, owned funds accounting for 21.8 per cent, deposits for 71.4 per cent and borrowings (from co-operative financing agencies and other sources) for 6.8 per cent. The total number of urban banks in 1955-56 was 1,585; this is not too many for a country of the size of India. The following table, compiled from the survey under reference, shows at a glance the quantitative growth of urban banks:

(Amount in crores of rupees)

	1955-56	1950-51	1948-49
No. of banks	1,585	894	815
Membership (in thousands)..	1,139	644	535
Owned funds	8.71	5.29	4.48
Deposits	32.39	19.69	16.66
Working capital	43.95	27.54	22.26
Advances	31.57	23.78	19.08
Outstandings	22.54	14.72	11.66
Overdues	3.45	1.63	1.09

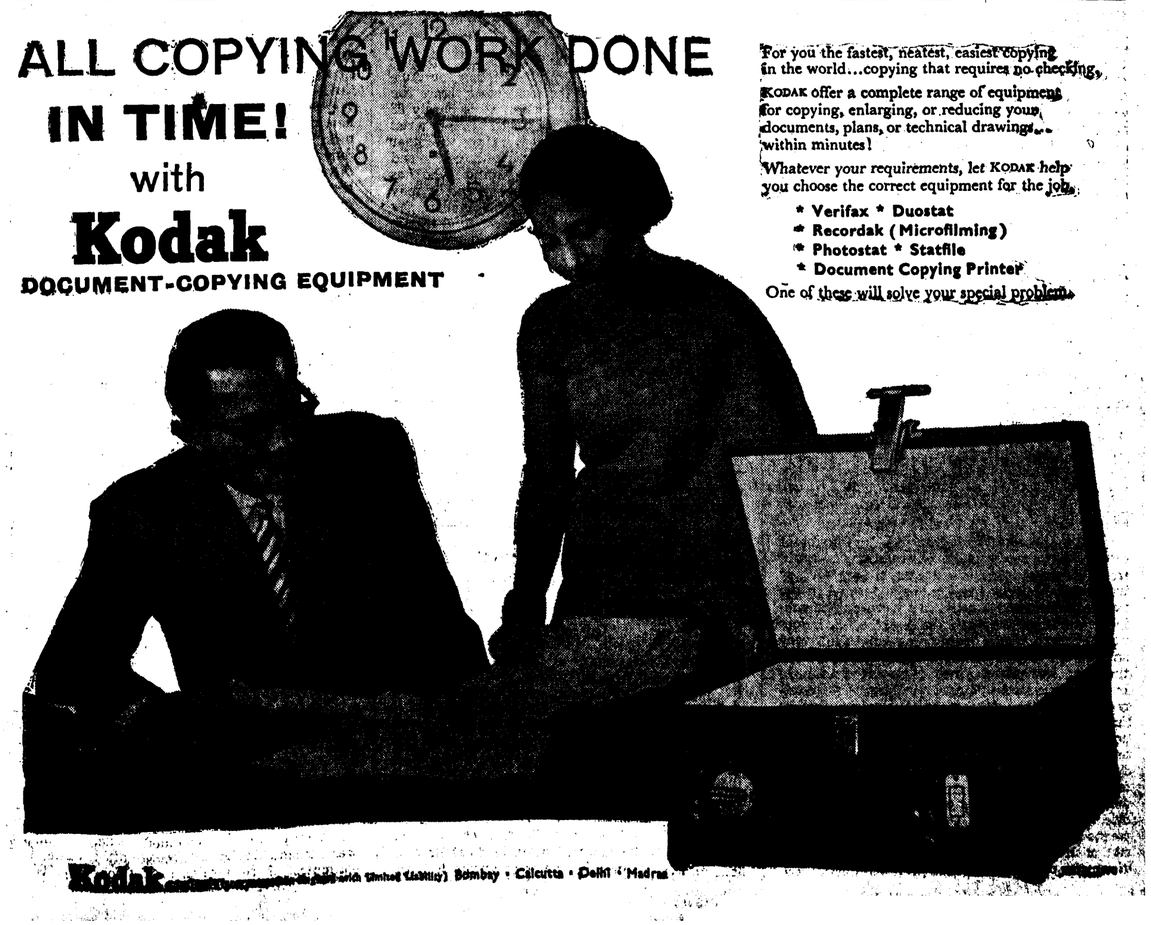
Note :—The above data are said to be subject to various limitations and provide only a rough basis for comparison.

The Reserve Bank's survey further reveals that the development of urban banks is uneven and that they have not made much headway outside the States of Maharashtra, Gujarat, Andhra Pradesh and Mysore. In certain large regions, including an important State such as Uttar Pradesh, their position is practically insignificant. Even where urban banks exist, their membership constitutes only a small proportion of the total population of the towns served.

Apart from the uneven development, there are, the report candidly admits, quite a number of defects in the organisation and working of urban banks. Mention, for instance, may be made of the common complaint that, in several cases, a small and influential group try to keep the management of the banks in their own hands by excluding many persons from full membership. Consequently, the banks are deprived of the opportunity to collect and retain, on a continuing basis, the additional capital which would otherwise have been derived from these members. In fact, the managements of most co-operative banks have developed their own vested interests and it is not easy to dislodge those who are corrupt, for, by being soft to borrowers, they can always manoeuvre sufficient votes in their favour. Several urban banks do not provide facilities for withdrawal of savings deposits by means of cheques. In some of the banks, there are no special schemes for mobilising savings. Loans for industrial purposes account for only a very small proportion of the total, except in West Bengal where they account for 46 per cent. Overdues are heavy and effective steps do not seem to have been taken to reduce them. The average of overdues per bank at the end of 1957-58 was over Rs. 54,000. This is a serious defect, especially as persons in urban areas have a more regular income than those in rural areas.

Most of the urban banks studied during the survey had no buildings of their own, with the result that the arrangements for keeping cash were found to be not quite satisfactory. While the arrangements for audit of banks are adequate in most of the States, those for supervision are neither adequate nor uniform. There are no uniform or systematic arrangements for regular inspection, too. Instances of defects in quality of administration found by the Reserve Bank's investigators are: heavy overdues, misappropriation of funds, *benami* loans, improper spending of money, inadequate or improper

(*Continued on page 470*)



ON THE ARENA

By "Archer"

Indian Banks In Foreign Countries

THE news that restrictions are to be placed on the business undertaken by foreign banks operating in Ceylon has naturally caused a good deal of concern in this country. That such a move was possible and could have been anticipated is not mere hindsight; the chauvinistic utterances of those in authority and the steadily increasing animus towards Indian settlers in the Island were portents that could not have escaped notice. In the wake of the news that restrictions are to be placed on the activities of foreign banks has come the announcement of the proposal to nationalise foreign banks operating in Ceylon. Full details are lacking, but my first reaction is one of immense relief. Provided the compenstion is equitable, this would be the best solution of what was threatening to be an increasingly difficult situation in which Indian banks, shorn of opportunities for competitive business, were likely to live in a state of suspended animation. Even under the best of conditions, banking operations in Ceylon were tricky enough, what with the disabilities of a legal system that does not afford optimum protection to the creditor. In this context, the fiat of nationalisation would force a decision which many banks would have been tardy in arriving at.

The news from Ceylon may be the precursor of similar news from neighbouring countries as well, Malaya being an obvious example. It may not be long before Indian banks operating in that country find themselves in a difficult situation. It would be evidence of wise foresight if Indian banks were to review the position and decide to bale out of Malaya before being told "Must you stay, won't you go?"

To ruminate further in this posture, it occurs to me that, instead of Indian banks establishing branches overseas, they have, by and large, only the local Indian business to look to for their sustenance—it would be a good idea if they were to examine the feasibility of stationing representatives in countries where our foreign trade can prosper. This would be less costly than the full panoply of a branch, working, perhaps, under difficult competitive conditions, and with bare survival as its major aim. These representatives could liaise with our local consular and trade authorities and, eventually, help foster Indian export trade with the countries in which they are stationed. Many of the bigger Indian banks have correspondents overseas and our representatives could maintain cordial relationships with these correspondents in the interest of mutual benefit, besides acting as purveyors of authoritative information concerning Indian export trade. This is certainly a matter worth investigating at this time, when there is so much palaver about our export performance.

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Is The L.I.C. Fund Static Or Dynamic?

The Estimates Committee of Parliament has recommended that Government should take over the entire life fund of the Life Insurance Corporation and administer it effectively consistent with the original objectives of nationalisation. The question was referred to the L.I.C. for its comments, and, although full details are not available, it would seem that the Chairman has indicated that he would welcome the take over, for it would "rid the L.I.C. of a lot of bother." A very sensible observation, I should say, considering the enormous controversy which its investment policy has generated in the past, and the fact that the last word on the subject has not yet been said. In fact, the L.I.C. does not seem to have been doing anything very spectacular in the matter of investments during the past few years, for it is reported to have been only buying but never selling. Its Investment Committee appears to have interpreted its functions very literally, confining its activities only to investing, and not turning its attention to selling scrip at peak prices and making profits for insurers. Admittedly, it has been securing a return of only a measly 3.5 per cent on its funds (exclusive of tax), and, considering the wide range of its operations, it could have made heaps more if it had operated on the stock market with a measure of alacrity and circumspection. It sounds strange that the Finance Ministry's representative contended, as is reported, that, if the Estimates Committee's recommendation was accepted, it would tend to make the operations of the L.I.C. static and keep down the bonuses. What else is it, if they are not static already, with its single track utilisation of surplus funds, and resultant masterly inactivity?

Having considered all the relevant factors —to use a phrase very much used in Government resolutions—it would be a sound idea to ask the L.I.C., with its expert body of actuaries, to confine its activities to selling insurance, and rendering prompt service to policyholders, and turn over the funds to Government which, in turn, may earmark a portion of it for assistance to the private sector through a high-powered committee which will administer the funds in accordance with Plan priorities—Government may let the L.I.C. have a six per cent return on the funds, leaving it exactly where it now is, but without all the "bother."

There is another recommendation of the Estimates Committee which suggests that the L.I.C. should maintain its banking accounts only with the State Bank. This is impracticable. The collection accounts which the L.I.C. maintains with various other banks were opened for facilitating the collection of premia, and although the residual funds at any given time might aggregate to sizable amounts, it is not as though they confer undue benefit to the banks concerned without corresponding benefit to the Corporation or the policyholders. Underlying this suggestion is the usual fallacy that a collection account with an average balance of a few thousands can be equated with a deposit account of similar quantum, which is not the case if the number of transactions are numerous (as they are bound to be) and the balances are remitted weekly to the Corporation's main account.

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A Major Innovation In Recruitment And Training

Colin McDonald, the Australian opening batsman, veteran of 47 test matches for Australia and a first class test cricketeer, fears the end of his brilliant career when he is barely 33 years old, because of an injury to his left wrist which he sustained while working the gear lever of a new motor car. And we have the sad case of the young Nawab of Pataudi who has suffered grievous injury to his eye and it may be a whole year before specialists can say definitely whether he will be able to continue his cricket career. Such are the imponderables in the careers of sportsmen all over the world, and, as the tendency keeps on increasing to accelerate the tempo of games, the risks of being permanently incapacitated by physical injury are also greater. And yet, among the major innovations of the past ten or fifteen years is the development of systematic and organised methods of recruiting sportsmen to all grades of the staff of modern business corporations, banks and commercial enterprises, whose economic and social roles are considered to be so complex and of such magnitude that they can be successfully dealt with only by men with "big" minds and a liberal outlook. In developing the concept, two assumptions have been accepted, namely, that those that are good at games have large and liberal minds and that, if they are not already equipped with academic competence, they could be trained to assimilate them through a liberal education which can be covered by a series of refresher courses, programmes, lectures, discussions and seminars dovetailed with lunches, teas, cocktails, dinners and suppers.

I have used the word 'innovation' because, till about thirty years ago, banks and corporations recruited men mainly on the basis of their family respectability and academic achievement. It was believed to be rare that a man could combine in himself a high order of merit both in studies and in sports, hence the accent on the latter was negligible. Further, excellence in sports was generally equated with mis-spent youth, and sportsmen were considered unsuitable for jobs which called for hard work and sustained application. Something of this prejudice still lingers in some quarters, especially in regard to games like golf, billiards and cricket. But, during the last ten or fifteen years, great changes have taken place, establishing the conviction that sporting activities develop areas of training "which enlarge the understanding and deepen the insights of men with regard to men themselves and men in their social relationships, and which, at their highest levels, assist them to develop the capacity successfully to deal with these abstract ideas that illuminate and allow them more wisely to control the world in which they live." This quotation is from a highly sophisticated book on modern business training; it is quite pompous, as you will notice, but has to be so for selling such a silly idea on so wide a scale!

The result has been that many of our banks and corporations maintain, encourage and subsidise A, B and C teams for cricket, hockey and football, continuously look after the players, give them soft jobs, if necessary, and boost them in every possible way. It almost looks as though, in the years to come, the several sporting activities may have to be included in the Memorandum and Articles of Association of the institutions concerned as they already add up to a sizable business activity.

Directors and senior executives practise the aristocratic and expansive accomplishments of golf (outdoor) and billiards (indoor). Tennis is still the game for the middle tier of executives, the club-wallahs, the busy chaps who combine social engagements with physical activity, play flood-light tennis, relax in swimming pools, dine at the club, and play bridge or rummy till the early hours of the morning. With all these hectic activities from sunset to, perhaps, 2 a.m., most of these chaps are bound to feel groggy during the day, and yet, sophisticated assessment would aver that these men are the bright heroes of the future, the contact men, public relations men, pep-talk men, and what-not-men, who constitute the colourful collection of personalities which each institution claims as its hall-mark of individual distinction.

The major innovation to which I have referred is most visible, in the weightage accorded to competence in playing hockey, cricket and football. In recruiting clerical and subordinate staff, especially peons, a youngster who is good at any of these games gets condonation of many deficiencies if he can be a useful member of an A team. I believe such recruits do make good in kicking and hitting (balls), but I do not believe they show any proficiency in work, nor do they team up with their colleagues in day-to-day relationship. They develop a superiority complex towards their compeers and an aggressive attitude to their superiors, except, of course, the top boss. But, when demonstrations and union activities are on, they do not spare anyone, and shout more lustily than others slogans of damnation and perdition to the very heads of the institutions who displayed the greatest of solicitude in their recruitment. And so it seems to me that the expected display of sportsmanship is all becoming mythical, and it is only the aggressiveness, which is one feature of modern team games, that is being seen uppermost.

There is, of course, no doubt that these sporting teams in banks, corporations and business establishments, do constitute good showpieces for the top managements, providing them with periodical occasions for inviting V.I.Ps to distribute cups and medals and entertain them at tea parties; occasionally, the wife of the head of the institution gets a chance to preside graciously and be garlanded. A social purpose can be discovered in almost any extravagance or indiscretion!

REPORT OF THE
SPECIAL COMMITTEE FOR
COMMERCE EDUCATION
July 1961

This is the report of the committee set up by the All-India Council for Technical Education under the chairmanship of Dr. V. K. R. V. Rao, Director, Institute of Economic Growth, Delhi to enquire into the position of COMMERCE EDUCATION in India.

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PATTERN OF INDIAN BANKING

By "Kuber"

IN his address to the Institute of Bankers, the Reserve Bank Governor said quite a great deal about the present pattern of banking in India. According to him, although non-scheduled banks, numbering 251 at the end of August, 1960, dominated the Indian banking scene, numerically speaking, they held only 2.5 per cent of the total deposits as against 97.5 per cent held by scheduled banks. As between licensed and unlicensed banks, the former had 94.7 per cent of the total deposits and the latter, that is, the non-licensed banks, only 5.3 per cent. By implication, therefore, the non-scheduled banks and unlicensed banks do not matter very much, except that they are often the cause of a storm and public criticism. Further, they made the picture of Indian banking very confusing, as, to quote him, "the difference between a scheduled and a non-scheduled bank was not clear to the public then, and is certainly not clear today. To add to the confusion in the public mind, some scheduled banks were licensed and some not, and that was also the case with non-scheduled banks, although the vast majority of the non-scheduled banks were unlicensed. We had thus a strange conglomeration of scheduled licensed banks, scheduled banks without a licence, non-scheduled licensed banks and non-scheduled banks without licence." The Reserve Bank's prescription, as has always been the case in the last decade, is to ask for further powers which it has succeeded in getting by a further amendment to the law in September 1960. Under this amended law, it will be possible for the Reserve Bank to take steps in the case of an erring bank for declaring a moratorium or amalgamation. In this manner, the Reserve Bank Governor has, once again, promised us that there will be "in a relatively short time, say, a couple of years or thereabout, one single type of bank in our country, both big and small, having a licence." The Reserve Bank hopes to reorganise the banking structure by a combination of "firmness and understanding."

Reasons for Confusion

The Reserve Bank attributes the confusion to "historical circumstances" and leaves it at that, whatever the term may signify. If, however, we look into this problem a little more closely, we find that, historically speaking, there were only two cases of banks, scheduled and non-scheduled and things were quite simple. The scheduled banks were and are even now those which have a paid-up capital and reserves of over Rs. 5 lakhs and which were, therefore, included in the Second Schedule to the Reserve Bank of India Act and which could get certain advantages in regard to borrowings, remittances, etc., from the Reserve Bank. The non-scheduled banks, on the other hand, were those who fell short of the requirement in regard to capital structure. That was all there to it. Then, the Reserve Bank found that many worthless banks had got into the schedule. Although their balance sheet showed that their capital and reserves were more than Rs. 5 lakhs, in actual fact that was not so, as their good assets were hardly sufficient, if at all, to meet their outside liabilities of deposits and in such cases, really speaking, the banks had no capital and reserves worth the name. To remedy this situation (although the Reserve Bank at first was not at all keen about it), it asked for powers of inspection which it succeeded in getting through an amendment to Section 42 of the Reserve Bank of India Act and Section 35 of the Banking Companies Act in 1950. The Reserve Bank has thus been having long innings for over 10 years at this game of inspection of both scheduled and non-scheduled banks. As we all know, nothing much has happened in the last 10 years, except that we were told periodically in the Bank's Annual Reports and other publications that, basically, there was nothing wrong with the banking system.

As the scheduled banks control 97.5 per cent of total deposits, let me deal with the problem of scheduled banks first. According to Section 42(6) of the Reserve Bank of India Act, the Bank shall direct the inclusion in the Second Schedule of any bank which (1) satisfies the Bank that its affairs are not being conducted in a manner detrimental to the interests of its depositors and (2) has paid-up capital and reserves of an aggregate value of not less than Rs. 5 lakhs. The expression "value" means the real or exchangeable value and not the nominal value which may be shown in the books of the banks concerned. Conversely, the Bank *shall* (italics mine) direct the exclusion of any scheduled banks, if a bank does not fulfil these two conditions and the Bank comes to that conclusion, after making inspection under Section 35 of the Banking Companies Act or otherwise. However, the Bank may, on application by the scheduled bank concerned and subject to such conditions, if any, as it may impose, defer its decision for excluding the bank for such period as the Bank considers reasonable, to give the scheduled bank an opportunity of increasing the aggregate value of its paid-up capital and reserves to not less than Rs. 5 lakhs or, as the case may be, of removing the defects in the conduct of its affairs.

Any one can see that the powers conferred on the Reserve Bank, under the above section are unambiguous and clear cut, except that it gives a discretion to the Reserve Bank, to give *reasonable time* (italics mine) to the scheduled banks to mend their ways before they are excluded. In simple terms, therefore, so long as a bank continues to be a scheduled bank, it is presumed by the public that the Reserve Bank is satisfied that the bank is conducting its affairs in the interests of the depositors and the real value of its paid-up capital and reserves is over Rs. 5 lakhs and that means, if it means anything at all, that its good assets exceed its liabilities by Rs. 5 lakhs. The problem of the bank being able to meet its liabilities at all times, considered as an important condition of soundness of a bank for the purpose of licensing (to which I shall refer later on), does not arise here in the case of a scheduled bank, for the simple reason that, if its good assets, as scrutinised by the Reserve Bank, do exceed its outside liabilities by Rs. 5 lakhs and the affairs of the bank are not being conducted in a manner detrimental to the interest of the depositors, then the bank is presumed to be always in a position to pay its depositors in full.

Licensed Banks

Now let us see what is meant by licensed banks. According to Section 22 of the Banking Companies Act, before granting any licence, the Reserve Bank has to be satisfied, by an inspection of the books of the bank or otherwise, (1) that the affairs of the bank are not being or are not likely to be conducted in a manner detrimental to the interest of its present or future depositors, (2) that the bank is, or will be, in a position to pay its present or future depositors in full as their claims accrue. Conversely, of course, it means that, if a bank is already licensed and does not at any time fulfil these conditions later on, then its licence can be cancelled. The reader will thus see that the first condition is the same as in the case of scheduled banks and the second condition, as I have already argued, does not arise. The reason is simple. If the real value of the paid-up capital and reserves is more than Rs. 5 lakhs which, in other words, means that it has good assets exceeding its deposit liabilities by Rs. 5 lakhs, then, obviously, it is in a position to pay its depositors in full. The simple conclusion, therefore, which any student of banking will reach—and he will not be blamed for it—is that, so long as a bank continues to be a scheduled bank, it should be automatically licensed. In short, there can be no unlicensed scheduled banks. The second conclusion which can easily be drawn—and, again, no one can be blamed for it—is that, if a scheduled bank is unlicensed, then the Reserve Bank has not been doing its job in terms of Section 42. I will go further and say that there is a conflict between these two sections. A scheduled bank is something more than a licensed bank and, therefore, it includes licensing. A proper reading of the relevant sections can leave no room for any doubts about it. So long as a bank continues to be scheduled and the Reserve Bank has taken no steps, within a reasonable time to exclude it, the public would be entitled to conclude that the provisions of the above sections have been and are being fulfilled by scheduled banks.

That is exactly what is generally believed by the investing public and rightly so. And that is also why the word "scheduled bank" has acquired a hall mark of solvency among the public and that is also, if I may say so, the impression conveyed by the banks to the public by advertising all over the country of the fact that they are scheduled; the Reserve Bank is also fully aware of the implications of this fact or is presumed to be so, as every advertisement by a bank includes the word "scheduled" in bold letters. The people naturally put in their money in the scheduled banks on the above assumptions, believing that their money is absolutely safe. From the common sense point of view also, everything is in their favour. The bank is being regularly inspected by the Reserve Bank and the fact that it has not been descheduled implies that everything is all right with that bank. When, therefore, a scheduled bank fails, without being descheduled in the first instance, the people are taken aghast and no wonder.

A Curious View

The Reserve Bank's view, though not expressed in so many words, is very curious. The Bank does not guarantee the soundness or even the solvency of scheduled banks. The Bank might even say that, in a particular case, a bank, though scheduled, was not licensed and so on and so forth. In my opinion, the Reserve Bank cannot justify its stand on either legal or moral grounds. It is not playing the ball. What was the object of getting all these vast powers, including those for inspection of these banks, if the Reserve Bank guarantees nothing? On the contrary, the Reserve Bank is misleading people. What is the justification for the Reserve Bank going in for legislation every now and then, if it cannot guarantee even these elementary basic standards of banking? The Bank, on the contrary, is giving a chance to the banks to mislead the public. People would not have lost money in the case of Lakshmi Bank and Palai Central Bank, if the Reserve Bank had followed the spirit, if not the letter, of the law. The Reserve Bank had clearly bungled on this issue, in the case of the above two banks and also in the case of New Citizen Bank, though, in the latter case, the Bank of Baroda has been good enough to oblige the Reserve Bank by taking over the Bank. All the three banks were known to have no capital at all for several years and, what is more important, the Reserve Bank was aware of it. The Reserve Bank simply refused to act and people have lost crores. It is no use for the Bank to maintain that, had it taken "firm" action, it might have precipitated matters, as that sort of eventuality is bound to arise whenever the Bank takes any action at all. What is not generally realised is that sort of action was implied when the Bank undertook the responsibility of inspecting banks to find out their true state of affairs. Indeed, that is the reason why the Act made it obligatory for the Bank to exclude a bank from the scheduled list, if it did not satisfy the required conditions.

Non-Scheduled Banks

The same sort of argument applies to non-scheduled banks and their inspection under Section 35 of the Banking Companies Act. In the case of every bank which is granted a licence, it is presumed that its affairs are being conducted in the interests of depositors. Similarly, so long as a bank continues to function as a bank for any length of period, it is also presumed that its affairs are not being conducted in a manner detrimental to the interest of depositors. It is curious that, although over 100 non-scheduled banks have been carrying on, what the Reserve Bank calls, "in a limping fashion", and although they have been known to be worthless either from the point of view of their capital structure or from that of their management, nothing has been done so far. The Reserve Bank, it may be noted, has vast powers under Sections 35 and 36 of the Banking Companies Act. It can dictate changes in management, appoint observers, and prescribe such conditions as it may deem fit, to compel the erring banks to mend their ways, even assuming that the Bank did not want to go the whole hog of winding them up. It was only after the failure of the Palai Central Bank, which raised a storm of criticism against the Reserve Bank, that the Reserve Bank woke up to the realisation of its responsibilities in the matter and the first thing it did was to ask for further powers. Had it been alive to its responsibilities in the last decade, the Bank's reputation would not have suffered so badly, as it did last year. I would go further and say that the Reserve Bank wakes up to its responsibilities only when a bank fails. It was the failure of the Travancore National and Quilon Bank which was responsible for the Banking Companies Act and the Reserve Bank was really shaken up to do something tangible to control the banking situation. About two decades later, it was the failure of the Palai Central Bank which, once again, roused the Reserve Bank to its responsibilities.

It will thus be seen who is responsible for creating the type of confusion the Reserve Bank Governor complained of the other day. The Reserve Bank itself appears to have been lazy about its responsibilities. Or perhaps in

(Continued on next page)

DEBATE ON THIRD PLAN DISAPPOINTING

SWATANTRA PARTY'S APPROACH OUT OF DATE

From Our Special Correspondent

NEW DELHI, 29*th August*

DELHI LETTER

THE debate in Parliament on the third Plan has been a disappointing one. There was hardly any sign of the interest shown when the Draft Outline was discussed at about this time last year nor of the keenness over details displayed in the proceedings of the five Committees of Parliament set up later to consider various aspects of the Plan. This lack of enthusiasm was due not only to the thin attendance in the House during most of the speeches; except for a brief intervention by the Minister for Steel, Mines and Power in the Lok Sabha, Mr. Nehru and Mr. Nanda expounded and defended the Plan each in his own characteristic way while none of the principal Ministers who are to implement the Plan—in respect of say, raising resources or increasing exports—came forward to reassure doubters or reveal their strategy, if they had any. There was thus a seeming lack of interest all round in justifying the contents of the third Plan.

An unfortunate aspect of the debate on planning was the Swatantra attack which sidetracked the issues and enabled Ministers to feel heroic by dismissing that party's criticisms as old-fashioned, even though they had no real answers to the more important objections to the structure or phasing of the Plan. Mr. Masani provided enough of such distracting arguments to Mr. Nanda, even though it is now too late to question the general approach to planning, especially when Mr. Selwyn Lloyd's current discussions with employers and trade unions regarding the setting up of a planning machinery in the U.K. show that this country may have some very useful precedents to offer to others about the appropriate type of organisation necessary for the objectives in view. In the Rajya Sabha, Mr. Bhupesh Gupta has been more than usually vehement in his condemnation of the Plan, though the Communist Party has generally been less opposed than the Swatantra to the plans.

Pre-requisites for Joint Effort

It was, however, clear that, though the Prime Minister put forward the Plan as a joint effort and pleaded for a non-party approach to a national Plan, there was not much chance of a favourable response. If that plea should be heeded, some changes will be necessary. The Planning Commission consists predominantly of persons belonging to one party and each Five-year Plan comes conveniently on the eve of General elections for Congress Party members to claim credit for all its intentions; State plans are usually inflated to accommodate various local interests with an eye on political advantage rather than according to available resources or technical feasibility. There are no indications that this coincidence of five-year planning periods with elections will be avoided in future; nor is it likely that the Planning Commission will become much more of an expert body (which it was at an earlier stage) or the National Development Council more representative of other shades of opinion in the country. In view of such drawbacks in the planning process, it was natural that the Prime Minister's appeal should appear somewhat naive.

A less partisan and a more broadbased Plan is all the more necessary if planning is to be extended to the preparation of a detailed perspective plan for the next 15 years, which can be accepted as the basic framework of policy even if there are political changes in the country. So far, there seems to be some divergence of opinion within the Planning Commission itself (at the secretariat level, between those whose business is to define the perspective and others who are more concerned with immediate problems; the curiosity of the Press has resulted in exposing some of the differences. The 15-year plan may now give the perspective planners an edge over the rest, though, ultimately, it cannot prevent the realities of economic development from asserting themselves.

Mr. Nehru, for example, quoted the figures of investment in each plan beginning from the first. Mr. Ashok Mehta's question whether they were expressed in constant prices did not elicit a satisfactory answer. Mr. Nehru agreed that there would be no point in giving figures if they were not based on some stability in price. But he should have known, however, that the outlay now proposed in the third Plan is not, in real terms, the same as that indicated in the perspective plan prepared in 1956, because of the subsequent rise in prices. The same holds good for the proposed rupee outlay in future Plans. Perspective planning may be meaningful in terms of certain physical targets to be aimed at in future years, but, so long as price stability is uncertain, investment and financial targets will not have much importance.

Mr. Nanda's Reply

Mr. Nanda was confident that prices will be held during the third Plan, as he was quite certain that the mistake (or was it absolute necessity?) of heavy deficit financing will not recur. This answer passed unquestioned, though press reports had appeared by then of the Reserve Bank Governor having pointed out to the Government that subscriptions to the recent loans of the Central Government were made almost wholly by the Reserve Bank because of inadequate public response. Though the Budget for this year has kept down deficit financing, the result of such Central Bank financing of Government borrowing is to increase deficit financing indirectly: The third Plan admits that "whatever support the Reserve Bank may have to give to the loan programme has of course to figure under deficit financing." During the second Plan period, the net absorption of market loans by the public was about Rs. 300 crores and, as against this, the estimate of Rs. 800 crores for the third Plan is very much on the high side. The latter is based on the hope that investment by the L.I.C. and provident funds will increase but the most optimistic estimates on this account cannot exceed Rs. 400 crores. It is clear that Mr. Nanda's assurance on deficit financing had little value, being actually contrary to what was happening outside. There was, however, no one to point this out.

Nor was more light thrown on the most important change in the Plan (after the Draft Outline was published) regarding the progressive increase in exports to about Rs. 1,400 crores at the end of ten years. It should have been interesting to hear from Mr. Nanda about the details of his programme for keeping down costs in industry, especially after Mr. S. K. Patil had dashed to the ground whatever hopes existed about tackling the problem of reduction of sugar prices for export.

The most noticeable gap in the debate was the non-appearance of Mr. Morarji Desai; in view of many earlier rumours about the differences between the Finance Minister and the State Governments on the question of resources, this was, indeed, significant. Also, it is known that he has been actively resisting attempts to include many new schemes in the Plan for which no provision has been made, partly because it will not be proper to do so after a certain picture had been presented for purposes of foreign aid. Nor can he be enthusiastic about raising further resources to fulfil the physical plan of Rs. 8,300 crores in the public sector, though both Mr. Nehru and Mr. Nanda are hopeful: Mr. Desai must be acutely conscious of the performance of State Governments hitherto in respect of additional taxation and of the very doubtful assumptions behind the estimates of profits from public sector enterprises.

Mr. Nehru emphasised the importance of social objectives and Mr. Nanda also waxed eloquent about avoiding concentration of wealth and power about which there has been a great deal of controversy for over a year. So far, the Committee specially appointed to throw light on the trends in the distribution of income, has been unable to present any coherent data on the subject, though if it had concentrated its attention on the strictly relevant aspects of distribution, it should not have been difficult to indicate the broad trends which have a bearing on this problem. A practical question which went unasked was how this objective will be reconciled with the need for effecting economy in investment through expansion of existing undertakings and reduction of costs through large-scale production for building up exports.

The contents of the Plan and the manner of their integration have thus received little attention. If the Swatantra Party had been more restrained, it could have confined its attack to the problem of misdirected investment which both slows down progress and causes inflation. By questioning the fundamentals of planning, the party's spokesmen not only invite derisive comment on their attitude but also allow official spokesmen to get away with cheap retorts, without facing the really difficult issues of implementation.

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The Union Finance Minister is preparing himself for his tour abroad during which he will participate in two major conferences. At the Commonwealth Finance Minister's meeting in Accra, it is expected that the problem of Britain's entry into the Common Market will be discussed again, though no new points have emerged. Negotiations will not start in Brussels until late in September and Britain will not be in a position to give more specific assurances to the Commonwealth than those indicated earlier.

There should be greater interest in the annual meeting of the Fund-Bank at Vienna in the middle of the month, where the world monetary situation may be discussed, with a view to improving the I.M.F. and providing a more active role for it in dealing with current payments problems. The continuance of Mr. Per Jacobsson in his present office for another three years indicates, perhaps, that no revolutionary proposals will be adopted but the discussions should be interesting. It is not known whether India has any opinions at all on these issues now being actively and openly discussed in the world's monetary centres. Apparently there are none in New Delhi (or for that matter in Bombay).

PATTERN OF INDIAN BANKING

(*Concluded from previous page*)

the question of licensing for which there was hardly any justification and which, again, was of its own making, the Bank has created unnecessary complications for itself, which it did not know how to solve or handle. Historically speaking, Indian banking was divided into scheduled banks and non-scheduled banks in a very simple and straightforward manner and there was sufficient legislation to enable the Reserve Bank to control banking, good and proper.

Had the Reserve Bank taken steps during the last decade to insist on the non-scheduled banks increasing their capital structure to the extent of fall in the value of money, all of them would have had the minimum real paid-up capital of Rs. 5 lakhs by now and we would really have had only one class of banks. Moreover, if during the last decade, had the Reserve Bank carried out its policy of "firmness and understanding" as it intends to do now, we would have been spared of the failures of the Palai Central and other banks. In fine, all this talk of reorganising the banking structure within a couple of years and promising us "one single type of banking in our country, both big and small," is not very convincing when viewed against the background of the past. People know that they have been let down, in spite of the vast powers enjoyed by the Reserve Bank. Let us, however, wait and see the "end of the story" this time.

ITALIAN CREDIT FOR OIL INDUSTRY IN INDIA

An agreement providing for Indo-Italian cooperation in the establishment of petroleum industries in India was signed at New Delhi on 29th August 1961. Mr. K. K. Sahni, Joint Secretary, Department of Mines and Fuel, signed on behalf of the Government of India and Dr. Giuseppe Ratti on behalf of the E.N.I.—Italian Government undertaking. Under the agreement, the E.N.I. will make available to the Government of India a credit upto 60 billion Italian lire (equivalent to nearly Rs. 46 crores) for the supply of plants, equipment and technical services for the public sector petroleum projects in two categories. The first category includes projects for which the general provision has already been made in the third Plan, such as transport pipeline for petroleum products from Barauni to Delhi and Barauni to Calcutta, gas fractionation plant, liquid petroleum gas bottling plant and distribution facilities, lubricating oil plant, supply of crude oil production equipments and also distribution equipments. The list of projects also includes contract drilling for any areas specified by the O. and N.G.C. In the second category will come additional projects like petro-chemicals and some others which will be considered by the Government. In due course, the Government of India will consult E.N.I. for the finalisation of the projects.

The agreement will now be followed by separate agreements in regard to the projects in the first category between E.N.I. companies and the concerned Government undertakings in India after the finalisation of the project reports. E.N.I. experts will be arriving in the country shortly to undertake the preparation of the project reports.

4 SEP 1961 PUBLIC DEPARTMENT

AMERICAN LETTER

THREAT OF WAR TAKEN SERIOUSLY

COST OF CIVIL DEFENCE HUGE—BOOM IN STEEL EXPECTED

From Our Special Correspondent

NEW YORK, 25*th August*

THE American people are taking the threat of war quite seriously. This is evidenced by an incipient civil defence boom. I had occasion recently to interview civic officials who are charged with the responsibility of defence precautions for the population.

Defence centres in the cities are swamped with inquiries from people in all walks of life, wanting to know as to how they can provide shelter for their families. At this point, no central authority in this field exists. There are no laws, for example, which can compel a landlord to provide a basement shelter for his tenants. People who own their own homes have to foot the bill of building a shelter themselves, although they may apply for insured loans of the Federal Housing Administration.

On the Federal Government level, Congress has appropriated several hundred million dollars to make surveys and build shelters for employees. In the ensuing years, annual expenditures by Washington for this purpose alone are now projected to run between $1,000 to $2,000 million yearly.

Similarly, the State Governments have appropriated civil defence funds which presently are used mainly for surveys. New York State, for example, has given New York City $300,000 for this purpose and the city Government provides engineers and other facilities to survey the local situation.

The Magnitude

The magnitude of the civil defence project, nationally, may be gleaned from President Kennedy's appeal that shelter be provided for about 45 million people—eventually. This is a big order and amounts to a colossal housing programme and all that goes with it.

Its fulfilment will require millions of man-hour of work, large amounts of steel, lead as a protective material, untold quantities of cement, furnishings, clothing, ventilators, radios, radiation detecting equipment, canned food supply for two weeks, drugs and other equipment, as well as chemical toilet facilities, to mention just the bare necessities. Obviously, all this cannot be done overnight but the boom potential is somewhat staggering.

In addition to the civilian preparedness picture, there are military defence needs. Under the impact of the Berlin crisis, requirements in this area are being stepped up constantly. Expansion of Government spending has eradicated the setbacks of the mild recession of 1960 and early 1961 in most sectors of the American economy, just as prepardness spending in the late 1930's pulled the United States out of the depression.

Business Conditions

Indeed, business conditions have been improving rapidly since the early months of the year. Industrial output and non-agricultural employment have recouped all of their previous losses. Higher incomes have led to greater personal spending, particularly for durable goods. Residential building activity is improving and the liquidation of inventories has terminated.

Private outlays for plant and equipment has begun to turn up moderately in response to anticipated higher demand for goods. There is much psychology involved in anticipation of things to come. Of the gain of about $15,000 million in the rate of national output from the first to the second quarter of this year, Government spending accounted for only $2,000 million. Yet, the climate under which business decisions are being made these days is highly favourable in view of things to come.

To illustrate of what I meant about "climate," it may be interesting to note what the magazine *Iron Age*, which is the bible of the steel industry, has to say: "pressures for an explosion of the steel market are building up. The mounting potential will lengthen steel delivery promises in the early fall and threatens to create a short-term steel shortage."

Three reasons for the pressure are cited—inventories are low and must be rebuilt and too many large users have been relying on fast delivery; Berlin and other international problems are creating pressures, both real and psychological and, finally, the general economy is rising at a faster rate than expected.

Steel Prices Up

Steel prices in the "grey" markets have been rising and there is much ado now over the prospect that the industry, as a whole, will establish higher base factory prices in the near future. The latter issue has become a political football in Congress. The deadline for higher factory steel costs is 1st October and much hedging of contracts is taking place.

At present, orders are coming into steel mills at a rate to sustain operations at nearly 70 per cent of capacity, but the automobile industry is expected to step up its orders in September.

The ultimate dimensions of the coming expansion are difficult to gauge. There is hesitancy in both Governmental and private quarters to go "all out" in this respect. In a number of industries, considerable margins of idle capacity still exist. Profit margins in some of these sectors make it difficult to justify new investments.

This is offset, to a degree, by the pressures to modernise which, in trade parlance, is known as "the tooling out of high labour and material costs" *via* mechanisation and automation. Record investment in research and development are eloquent proof of this pressure which, in turn, is apt to generate an increasing volume of investment opportunities.

In a few days, the U.S. will again celebrate "Labour Day," the first Monday in September. It is what "May Day" is to workers in other lands. The first Labour Day was celebrated in New York on 5th September 1882. Today, it is a national holiday marked by parades, family picnics, relaxation and rest. After that, schools reopen and the autumn season begins, even though, by calendar, there are three more weeks of summer. The beginning of September usually is a signal of greater economic activity.

This year, Labour Day is of special significance. Under 1961 amendments to the Fair Labour Standards Act, national minimum wages will be raised in progressive steps to $1.25 an hour. In addition, the protection of the Act will be extended to 3.6 million workers in the retail and service trades, who will receive their first pay boosts on the payday following the national holiday.

United Nations News

A special session of the General Assembly of the United Nations wrestled with the problem of Bizerta, Tunisia. Perhaps, the most significant result of the proceedings was that the U.S. and Great Britain neither condemned nor condoned the position of France. Both countries may have alienated sentiment in the now powerful Afro-Asian bloc of delegates.

Yet, with their apparent timidity, they did score a victory over Soviet demands for annihilation of capitalist imperialism by pointing out that the enslavement of peoples behind the Iron Curtain was the worst kind of imperialism in existence with the division of Berlin as a topical example. Outside of that, nothing much was accomplished, but the verbal "letting off steam" procedure has one element in its favour—the boiler does not explode and the economic and political muddling-through process can continue "in peace," while progress is made in lethal weapons and shelters are being built.

I.F.C. INVESTMENT IN COLOMBIA

The International Finance Corporation has announced a commitment to invest U.S. $500,000 in Electromanufacturas, S.A. (E.M.S.A.), of Bogota, Colombia, to help finance the expansion of electrical equipment manufacturing. Since 1958, the E.M.S.A. has been producing welding electrodes under license from the Westinghouse Electric International Company. The I.F.C. investment of $500,000 will be repayable partly in U.S. dollars and partly in Colombian pesos. It will be represented by unsecured notes yielding 8 per cent interest. The dollar notes will mature between 1965 and 1968; the peso notes, between 1968 and 1970. The I.F.C. will also receive an option to purchase shares in the parent company.

TOWARDS CONSERVATIVE PLANNING

From Our Own Correspondent

LONDON, 24*th August*

LONDON LETTER

IN his economic distress, Mr. Selwyn Lloyd, Chancellor of the Exchequer, has decided to steal the Labour Party clothes. Having carefully dismantled their opponents' machinery for economic control, the Conservatives have now decided to begin to re-erect it. There is already in existence a joint Advisory Economic Council to bring together both sides of industry to advise the Government. There is also a National Production Advisory Council. Both these bodies meet every three months and provide the Chancellor with an opportunity to make a speech or deliver an exhortation, but not perhaps much more. Then there are also the "three wise men" who issue unpopular reports every three months. But the Chancellor has decided that none of this is what he needs. He is not, admittedly, quite sure what he does need, but clearly somebody has been prodding him to get national planning away from the dead hand of Treasury control. The Chancellor has argued that he cannot be responsible for the nation's finances, if somebody else is going to spend the money.

The suggested solution seems to be to appoint another Council, consisting of employers and the Trade Unions but with his own staff competent to prepare reports on the state of the nation. The Chancellor would then have much more precise advice from this body than he can possibly have at present. He will undoubtedly have to argue the advice of his new Council against that of his Treasury staff. But, if this planning body turns out to be worth its salt, it would really provide that kind of impartial and yet practical advice which the Chancellor must surely need. However, everybody concerned has gone away to think about these long-term proposals and we are not likely to hear more until the autumn.

The rest of the Chancellor's exchanges with the Trade Unions this week have not been very productive. The Unions were not at all impressed with the Chancellor's accounts of the state of the nation; they said they knew it already. They were very doubtful about the possibility of having a wage pause and said that the T.U.C. had already warned that there would be industrial unrest. The trouble is that the Unions are out of sympathy with the Chancellor, as a result of his earlier budget policy. They resent more than anything the Chancellor's destruction of wage arbitration machinery: he has done this by telling the arbitration bodies, in short, that they are not to look at the justice of individual claims but to shelve everything for six months.

But the T.U.C. told Mr. Lloyd that, although he had made co-operation as difficult as possible, magnanimously they would do their best to work with him. This means that they will prepare a report for their General Council to discuss. The holidays will pass quietly away, but, when people turn back seriously to work in October, it will be seen whether the Trade Unions can really do more than suggest wage restraint until the following spring; provided—and this is where they will part company with the Chancellor—that the wage earners concerned do not have a special claim to consideration. And, of course, long before any such action can become effective, the Trade Unions will have had their own Annual Conference and so will the Labour Party. All this is going to make very rough water over which the Chancellor must sail his belated ship of economic planning.

BRITAIN PROBES SEA BED FOR COAL

Coal from under the sea bed off the north-east England coast is helping the British steel industry produce more steel while using less coke. According to the chairman of the National Coal Board, Lord Robens, the steel industry is now producing, in its blast furnaces, one ton of steel with 11 cwt. of metallurgical coke where 25 cwt. were used before.

Lord Robens was speaking after returning from a visit to the boring-tower which stands two-and-a-half miles off the mouth of the River Tyne in north-east England. The crew of 16 in the tower is probing strata below the sea bed to find the extent of coal seams which can be worked from coastal collieries. The operations, said Lord Robens, had proved that there were reserves of at least 300,000,000 tons of high-class coking coal—some of the finest in the world.

PROFIT MARGIN OF BANKS BETTER

TAXATION ABSORBS THE MAJOR SHARE

A RECORD expansion in bank credit by Rs. 202.18 crores to Rs. 1,248.49 crores, a slackening in the rate of growth of deposits and a perceptible improvement in the profit-margin of banks, scheduled and non-scheduled alike, are the main features of the working of banking system in India during the year 1960, as revealed by the latest issue of the *Statistical Tables Relating to Banks in India* published by the Reserve Bank of India on 26th August 1961. The *Statistical Tables* (Price: Rs. 8) constitute a valuable supplement to the report on the *Trend and Progress of Banking in India* issued earlier. The publication under review is more comprehensive than its predecessors, providing, as it does, detailed information pertaining to earnings, expenses, profits, allocations, assets, liabilities and disposal of funds for each sector of the banking system, separately.

The total bank credit made available by all the banks in India went up from Rs. 1,046.31 crores to Rs. 1,248.49 crores. With the exception of non-scheduled banks, all categories of banks shared in this expansion. The loans and advances and bills discounted by the State Bank of India rose by Rs. 65.36 crores to Rs. 232.24 crores. The bank credit provided by the other Indian scheduled banks increased by Rs. 97.84 crores to Rs. 774.05 crores and that provided by foreign scheduled banks went up by Rs. 40.08 crores to Rs. 211.17 crores. Only the advanced and bills discounted by the non-scheduled banks suffered a setback, albeit slightly, from Rs. 32.13 crores in 1959 to Rs. 31.03 crores in 1960.

Deposits

The deposits of all banks witnessed only a modest expansion of Rs. 20.29 crores to Rs. 2,001.85 crores. The deposits of the State Bank of India actually dropped by Rs. 4.76 crores to Rs. 577.35 crores, and those of non-scheduled banks by Rs. 2.76 crores to Rs. 48.46 crores. The deposits of other Indian and foreign scheduled banks, however, went up during the year under review. The former by Rs. 15.07 crores to Rs. 1,137.09 crores and the latter by Rs. 12.74 crores to Rs. 238.95 crores. It would have been useful if the authors of the publication had separated the influence of P.L. 480 funds on the deposit figures of the State Bank of India and those of the banks as a whole. To the extent separate figures are given for the other Indian scheduled banks and foreign scheduled banks, it is, however, possible to show clearly the extent of fall or rise in the pace of deposit growth and this we have done below:

(In crores of rupees)

	Other Indian Scheduled Banks	Foreign Scheduled Banks
1957	+131.79	+ 16.60
1958	+122.39	— 8.38
1959	+142.51	+ 30.45
1960	+ 15.07	+ 12.74

It will be seen from the foregoing figures that the fall in the growth rate of deposits of Indian scheduled banks other than the State Bank of India was drastic. As compared with this decline, the foreign scheduled banks had fared relatively better.

Effect of P.L. Funds

It is common knowledge that, since July 1960, the State Bank has been transferring to the Reserve Bank P.L. 480 funds at the rate of Rs. 12 crores by reducing its investments in Government securities.. As a result its deposits must have fallen in 1960 by Rs. 72 crores. But, actually, they reveal as already noted, a fall of only about Rs. 5 crores. This implies that the commercial deposits of the State Bank must have gone up by some Rs. 67 crores—a commendable performance indeed.

As the data pertaining to the State Bank of India are fouled by the variations in the P.L. 480 funds held by the State Bank, the total for the banks as a whole are also equally affected. Little purpose will be served by referring to the credit and investment ratios to deposits for the system as a whole, especially as they have already been dealt with in an early issue of this journal, *vide* page 1172 *Commerce* dated 24th June, 1961. It would be more useful to our readers if we confine ourselves to other Indian scheduled banks and foreign banks. Again, we present these key data in a tabular form:

(Amount in crores of rupees)

	Deposits Bank credit			Investments	
	Amount	Amount	Ratio*	Amount	Ratio*
Other Indian Scheduled Banks—					
1956	725.32	478.39	66.04	270.43	37.28
1957	867.13	530.34	61.41	279.49	32.51
1958	979.51	568.92	58.08	351.64	35.90
1959	1,122.03	676.51	60.37	483.00	38.81
1960	1,137.09	774.05	68.07	276.30	33.14
Foreign Scheduled Banks—					
1956	167.84	201.88	107.04	48.14	28.67
1957	224.14	194.23	86.17	48.30	21.21
1958	185.78	139.09	81.78	47.39	24.10
1959	226.21	171.09	75.63	45.36	20.06
1960	238.95	211.17	88.37	46.37	17.06

* Ratio to deposits in percentage.

It will be seen that the credit ratio (to deposits) of Indian scheduled banks other than the State Bank of India, after going down from 65.94 per cent in 1956 to 58.08 per cent in 1958. was as high as 68.07 per cent in 1960. Conversely, their investment ratio after rising from 37.28 per cent to 38.96 per cent dropped to 33.14 per cent. They were, however, still better than in 1957 when they stood as low as 32.61 per cent.

Banks' Profit-margin

A notable feature of the *Statistical Tables is* the considerable light they throw on the profitability of operations of different categories of banks. The profits of Indian scheduled banks as a whole (including the State Bank) rose by Rs. 3.77 crores to Rs. 17.44 crores. *Indian non-scheduled* banks, with a paid-up capital and reserves of more than Rs. 5 lakhs, also improved their profits, albeit modestly, from Rs. 17 lakhs in 1959 to Rs. 20 lakhs. The foreign scheduled banks also found 1960 more profitable, their profits having advanced by Rs. 1.15 crores to Rs. 3.79 crores. The improvement in the profit-margin of banks during the year under review is clearly the result of a larger volume of advances at higher interest rates and a reduction in interest rates paid on savings and fixed deposits. The data on interest rates given in the publication under review show that the average annual interest charged on loans and advances by all scheduled banks increased from 5.705 per cent during the half-year ended December 1959 to 5.992 per cent during the corresponding half-year of 1960. During the same period, the average rates on inland bills, too, was stepped up by banks from 6.572 per cent to 6.615 per cent and on foreign bills from 9.235 per cent to 10.072 per cent. This increase *synchronised* with the reduction in interest rates on different types of deposits. Thus, the average interest paid by all scheduled banks on saving deposits declined from 1.944 per cent to 1.901 per cent and on fixed deposits from 3.252 per cent to 2.860 per cent. Only the average interest paid on current deposits rose fractionally from 0.124 per cent during the six months ended 31st December 1959 to 0.126 per cent in the corresponding half-year of 1960.

Thanks to the aforesaid factors, the current operating earnings of Indian scheduled banks rose substantially by Rs. 9.24 crores to Rs. 92.41 crores, on top of an expansion of Rs. 11.37 crores last year. The earnings of foreign scheduled banks, too, went up by Rs. 2.48 crores to Rs. 18 crores, in contrast to a decline of Rs. 66 lakhs to Rs. 15.52 crores in the preceding year. The current operating expenses of Indian scheduled banks rose less sharply in 1960, by Rs. 4.95 crores to Rs. 74.18 crores, as compared with the marked increase of the order of Rs. 8.10 crores in 1959. The operating expenses of foreign scheduled banks, too, went up by Rs. 1.20 crores to Rs. 14.07 crores.

Composition of Earnings

Reflecting the higher ratio of bank credit to deposits and the decline in the securities portfolio, the composition of earnings of banks witnessed a *significant* change in 1960. The earnings of Indian scheduled banks from loans and advances went up sizably by Rs. 5.96 crores to Rs. 45.90 crores, as compared with a rise of Rs. 3 crores in the previous year. On the other hand, earnings from investments from Government and other securities dropped by Rs. 23 lakhs to Rs. 22.32 crores. In 1959 the earnings from this source had actually gone up by Rs. 6.70 crores to Rs. 22.09 crores. It is needless to add that these variations in the income from investments mainly reflect the State Bank's transfer of securities brought with P.L. 480 funds.

As a result of the reduction in interest paid to depositors (and also as a result of loss of P.L. *480 deposits by the State Bank) the expenses side* shows that the outgoing on this account increased only modestly by just Rs. 67 lakhs to Rs. 34.79 crores, as against a rise of Rs. 7.09 crores in 1957, Rs. 9.17 crores in 1958 and Rs. 3.64 crores in 1959. The outgo by way of interest paid on borrowings from other banks has gone up further by Rs. 96 lakhs to Rs. 2 crores, on top of a rise of Rs. 60 lakhs in the preceding year. *This is clearly the* result of the increased reliance of banks on outside funds. The establishment expenses continued to increase during the year under review, the actual rise in 1960 being of the order of Rs. 2.41 crores. *Other working expenses also went up by* Rs. 1.05 crore to Rs. 8.18 crores.

A percentage-wise analysis of earnings discloses that the share of earnings from bank credit in the *current operating earnings rose from 58.9* per cent in 1959 to 58.6 per cent in 1960, thus reversing the trend in the past two years, when such proportion had actually fallen. The ratio of earnings by way of interest on securities declined from 24.1 per cent to 21.5 per cent over the same period. In this case, too, the trend has been changed. The share of earnings of Indian scheduled banks from other sources went up from 15.6 per cent to 16.3 per cent.

On the expenses side, the ratio of establishment expenses of Indian scheduled banks to their *current operating earnings fell only fractionally* from 30.9 per cent to 30.4 per cent. The outgo by way of interest paid on deposits as a proportion of total earnings in the case of the Indian scheduled banks dropped further from 41 per cent to 37.6 per cent. This is due, in part, to the *reduction in the average interest paid on fixed* and saving deposits. Even so, the ratio of interest on deposits to total operating earnings is still *higher than the ratio of establishment expenses* to total earnings.

Appropriations

Out of the Indian scheduled banks' gross profit of Rs. 18.40 crores, for the year under review, Rs. 7.31 crores, or 41.9 per cent, have been absorbed by the provision for taxes, as compared with Rs. 3.96 crores or 29 per cent last year. This sharp increase in the provision for taxation may be due to the fact that actual profits in 1960 were larger than published profits which suggests that banks must have set aside some part of the profits for building up their inner reserves. It is also possible that the declared profit for 1959 had been exaggerated a little by some banks. The transfer to general re*serve has, in any case, been increased from Rs. 1.48* crore in 1959 to Rs. 2.67 crores, raising their share of profits from 10.8 per cent to 15.3 per cent. This *strengthening of the banks' reserves* was at the cost of distribution to shareholders. While the total amount distributed to them by way of dividend, bonus, etc., went up by Rs. 48 lakhs to Rs. 4.38 crores, the proportion of such distribution to total sum available for appropriations actually dropped from 28.5 per cent in 1959 to 25.1 per cent in the year under review.

Trend of Earnings and Expenses of Scheduled Banks

(In lakhs of rupees)

	Indian Scheduled Banks					Foreign Scheduled Banks				
	1956	1957	1958	1959	1960	1956	1957	1958	1959	1960
Number of banks	70	73	76	76	75	17	17	16	16	16
Earnings :										
Interest, dividend, commission and exchange earned on—										
(a) Bills purchased and discounted	4,67.7	6,57.7	6,49.8	7,37.9	8,28.5	3,69.6	4,24.6	3,14.8	2,56.7	3,11.5
(b) Loans and advances	23,88.6	28,66.4	36,96.0	39,93.7	45,89.8	7,46.9	8,60.5	9,00.0	8,46.5	9,85.6
(c) Investments—										
(i) Government securities (Central and State)	9,38.1	9,60.0	13,79.1	20,03.8*	19,91.1*	1,18.8	1,07.7	1,05.0	1,81.7*	1,66.6*
(ii) Others	95.8	1,14.8	1,60.4	2,06.4*	2,41.4*	3.0	3.1	3.8	3.7	3.6
(d) Other sources	10,84.6	11,80.3	12,84.6	13,75.9	15,59.9	2,96.1	2,99.1	2,95.9	2,83.4	3,43.4
Total current operating earnings	49,14.8	61,80.7	71,79.8	83,17.2	92,40.7	15,53.5	16,95.3	16,19.5	15,83.0	18,00.1
Other income	17.0	15.8	58.4	65.0	85.1	5.9	14.1	24.0	13.0	6.0
Total earnings ..	49,31.8	61,99.0	72,85.2	83,82.2	92,72.8	15,57.4	17,09.8	16,43.5	15,96.0	18,06.1
Expenses :										
Interest, commission and brokerage paid on—										
Deposits	14,21.3	21,30.6	20,47.6	24,11.7	24,78.3	3,57.3	3,84.9	4,04.4	3,85.0	4,16.3
Borrowings	1,49.0	1,37.5	44.1	1,06.7	2,00.3	2,01.0	2,52.7	2,45.0	1,46.3	1,81.5
Other accounts	38.3	36.4	43.1	90.4	60.3	61.7	66.3	45.3	47.0	61.0
Establishment expenses	17,20.0	19,68.9	22,54.6	25,73.5	28,15.7	4,54.0	4,55.0	4,92.7	4,82.6	4,99.9
Other expenses	5,50.5	6,18.3	6,94.9	7,74.0	8,58.1	2,10.3	2,34.5	2,23.9	2,23.6	2,34.6
Total current operating expenses ..	38,78.0	48,94.7	51,13.3	60,33.3	74,18.3	11,84.3	13,84.3	14,06.2	13,86.6	14,07.3
Depreciation written off and loss incurred on sale of assets	47.6	66.0	71.6	91.6	1,10.1	18.8	11.6	14.8	14.0	20.0
Total expenses ..	39,25.5	49,48.7	51,84.9	70,14.9	75,28.3	12,03.1	13,75.9	14,23.0	13,00.6	14,27.3
Balance of net profit or loss before taxes ..	10,06.3	12,50.3	10,50.3	13,67.3	17,44.5	3,54.3	3,33.4	2,19.5	2,94.4	3,78.9
Surplus or deficit brought forward from previous year	94.7	1,06.3	98.5	1,03.3	94.0	5.3	1.9	2.3	—10.3	—4.1
Taken from reserves	8.1	0.2	1.6	2.7	1.3	..	7.5	2.3	2.3	14.2
Total ..	11,01.1	13,56.8	11,50.4	14,73.3	18,39.8	3,60.1	3,42.8	2,20.0	2,86.3	3,89.0
Allocation of sums made available :										
Provision for taxes on profits	2,96.7	4,07.4	3,35.6	3,96.5*	7,31.2*	1,06.6	1,54.3	1,06.3	1,09.3*	2,20.6*
Carried to reserves	1,48.1	1,89.0	1,55.3	1,47.8	2,66.8	10.9	8.4	..	..	..
Dividend, bonuses, etc., to shareholders ..	3,23.6	3,17.2	3,30.6	3,89.8	4,37.6	..	..	..	..	..
Employees' share in the profit	1,48.5	1,61.1	1,50.5	1,97.5	2,40.1	27.8	30.6	21.2	27.3	31.0
Allocated to other special purposes	1,30.0	1,08.9	1,27.3	2,53.9	28.7	14.3	5.0	13.3	4.0	..
For payment of gratuity in future years ..	..	13.5	24.5	27.0	32.1	..	2.0	0.6	0.2	0.3
Balance carried forward to next year's account ..	1,05.5	1,04.5	80.5	90.5	98.5	1,48.5	1,40.8	80.7	82.5	1,26.2
Total ..	11,01.1	13,56.8	11,50.4	14,73.3	18,39.8	3,60.1	3,42.8	2,20.0	2,86.3	3,89.0

* Inclusive of taxes paid at the source.

Notice

THE MYSORE CHEMICAL MANUFACTURES, LIMITED

Chikbanavar P.O. (Bangalore Dist.)

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-third Annual General Meeting of the Shareholders of THE MYSORE CHEMICAL MANUFACTURES LTD., will be held at the Registered Office of the Company at Chikbanavar P.O., Bangalore District, on *Friday*, the 29th September 1961, at 10 a.m., to transact the following business:—

1. To receive and adopt the Directors' Report, the Audited Balance-sheet and Profit and Loss Account for the year ended 31st March 1961 and the Auditor's Report thereon.
2. (a) To sanction payment of an additional Dividend of 18 nP per Share on 20,000 6 per cent Preference Shares for the year ended 31st March 1960 in terms of Preference Shares (Regulation of Dividends) Act 1960.
   (b) To declare Dividend on Preference Shares.
   (c) To declare Dividend on Ordinary Shares.
3. To elect Directors in place of:—
   (i) Sri S. Mani, B.A., B.L., who retires by rotation and being eligible offers himself for re-election;
   (ii) Sri V. S. Ramakrishnan, B.A., B.L., who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditor/s for the year 1961-62 and to fix his/their remuneration.

The Share Transfer Books of the Company will be closed from 16th to 29th September 1961, both days inclusive.

By Order of the Board,
S. RAMANATHAN,
Managing Director.

BANGALORE,
26th August 1961.

The Board of Directors have recommended payment of a Dividend of 7.80 per cent on Preference Shares and 20 per cent on Ordinary Shares for the year, both subject to deduction of tax. The Dividends, when declared, will be made payable at the State Bank of Mysore, Bangalore, Mysore, Bombay and Madras, on and after 15th October 1961. The Dividend Warrants will be posted to those Shareholders whose names stand on the Register as on 16th September 1961.

Shareholders, whose income is not taxable, are requested to obtain a Certificate from the Income-tax Officer of their respective Circle and to send the same to the Company before 20th September 1961, otherwise the applicable Income-tax will be deducted.

Shareholders are requested to notify the Company of any change in their address.

Note.—A Member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member.

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

Applications are invited on the basis of the Prospectus, copies whereof are available from the Company's Bankers, Underwriters and Brokers mentioned herein.
A copy of the Prospectus together with the documents required to be attached thereto has been duly filed with the Registrar of Companies, Bombay for registration. Consent of the Central Government has been obtained to this issue. An Industrial Licence has been obtained from the Central Government for the establishment of this new industrial undertaking. An application will be made to the Bombay Stock Exchange for permission to deal in and for quotations of the Shares of the Company.
The Subscription List will open at the commencement of Banking hours on the 4th September 1961 and will close on the 12th September 1961 or earlier at the discretion of the Directors but not before the close of Banking hours on 7th September 1961.

CAMPHOR AND ALLIED PRODUCTS LIMITED

(Incorporated on the 29th March, 1961 under the Companies Act, 1956)

AUTHORISED CAPITAL :

	Rs.	Rs.
1,00,000 Shares of Rs. 100 each as under :		
50,000 Equity Shares of Rs. 100 each	50,00,000	
10,000 Cumulative Redeemable Preference Shares of Rs. 100 each carrying a dividend of 9.23% per annum free of Company's income-tax, but subject to deduction of taxes at source and at the prescribed rates as applicable	10,00,000	
40,000 Unclassified Shares of Rs. 100 each	40,00,000	
		1,00,00,000
ISSUED SHARE CAPITAL :		
(1) 50,000 Equity Shares of Rs. 100 each		50,00,000
(2) 10,000 Cumulative Redeemable Preference Shares of Rs. 100 each carrying a dividend of 9.23% per annum free of Company's income-tax, but subject to deduction of taxes at source and at the prescribed rates as applicable		10,00,000
		60,00,000
OUT OF THIS ISSUE :		
(1) Promoters, Directors, their Associates, friends and nominees have already subscribed and/or agreed to subscribe 19,520 Equity Shares of Rs. 100 each		19,52,000
(2) Messrs. American Hydrotherm Corporation, New York, have agreed to subscribe 1,920 Equity Shares of Rs. 100 each subject to necessary sanction from the Government of India		1,92,000
(No underwriting commission or brokerage is payable on the above 21,440 Equity Shares.)		
(3) The Company has agreed to the firm allotment to the Life Insurance Corporation of India, Bombay, against underwriting arrangements with them of :		
(i) 5,000 Equity Shares of Rs. 100 each of the nominal value of		5,00,000
(ii) 5,000 Cumulative Redeemable Preference shares of Rs. 100 each of the nominal value of		5,00,000
(4) NOW OFFERED FOR PUBLIC SUBSCRIPTION AT PAR FOR CASH IN TERMS OF THE PROSPECTUS		
23,560 Equity Shares of Rs. 100 each		23,56,000
5,000 Cumulative Redeemable Preference Shares of Rs. 100 each, carrying a dividend of 9.23% per annum, free of Company's income-tax but subject to deduction of taxes at source and at the prescribed rates as applicable		5,00,000
Total Rs. ..		60,00,000

BOARD OF DIRECTORS

1. Shri C. C. Desai (*Chairman*), 44, Friends Colony, New Delhi, Industrialist.
2. Shri N. K. Petigara, C/o Mulla & Mulla and Craigie Blunt and Caroe. 51, Mahatma Gandhi Road, Fort, Bombay-1. Solicitor.
3. Shri Rohit Chinubhai Mehta, Ellis Bridge, Ahmedabad. Industrialist.
4. Shri Shrenik Kasturbhai Lalbhai, Shahibaug, Ahmedabad. Industrialist.
5. Dr. Gastao Etzel (*Special Director*), Research Chemist, Park View Apts., 414 B, Collingswood, New Jersey (U.S.A.).
6. Shri Chinubhai Chimanlal Dalal, 73, Marine Drive, Bombay-1. Share Broker.
7. Shri Damu Babubhai Jhaveri, 3, Vatchhagandhi Road, Bombay-7. Businessnan.
8. Shri Jayant Shivlal Dalal, 12, Belvedere Court, 148, Queen's Road, Bombay-1. Industrialist.

MANAGING AGENTS

Messrs. Dalal & Jhaveri Private Ltd.
Khetan Bhavan, 10, Jamshedji Tata Road, Bombay-1.
(Appointed subject to the sanction of the Central Government under the provisions of the *Companies Act, 1956.*)

TECHNICAL COLLABORATORS

Messrs. E. I. Du Pont de Nemours & Co. (DU PONT) Wilmington, Delaware, U.S.A.

ENGINEERS AND CONSTRUCTORS

Messrs. American Hydrotherm Corporation, 10-55, Jackson Ave, Long Island City 1, *New York, N.Y.*

REGISTERED OFFICE

KHETAN BHAVAN, 10, JAMSHEDJI TATA ROAD, BOMBAY-1.

BANKERS TO THE ISSUE

1. State Bank of India, Apollo Street, Bombay-1.
2. The Bank of India Ltd., Mahatma Gandhi Road, *Bombay-1.*
3. The Central Bank of India Ltd., Mahatma Gandhi Road, Bombay-1.
4. The Bank of Baroda Ltd., Apollo Street, Bombay-1.
5. The United Commercial Bank Ltd., Hornby Road, Bombay-1.
6. Devkaran Nanjee Banking Co. Ltd., Horniman *Circle, Bombay-1.*

SOLICITORS

Messrs. Mulla & Mulla and Craigie Blunt & Caroe, 51, Mahatma Gandhi Road. Bombay-1.

AUDITORS

Messrs. Batliboi & Purohit, 204, Dadabhai Naoroji Road, Bombay-1.

UNDERWRITERS AND BROKERS

1. Life Insurance Corporation of India, Bombay-1.
2. Industrial Finance Corporation of India, New Delhi.
3. U.P. State Industrial Corporation Ltd., Kanpur.
4. Messrs. Chimanlal J. Dalal & Co., Bombay-1.
5. Messrs. Navalchand T. Shah & Co., Bombay-1.
6. Messrs. Batlivala & Karani, Bombay-1.
7. Messrs. Devkaran Nanjee & Co., Bombay-1.
8. Messrs. A. B. Pandit & Co., Bombay-1.
9. Messrs. Harkisondass Lukhmidass, Bombay-1.
10. Messrs. Rasiklal Manekial, Bombay-1.
11. Messrs. Dhirajlal Maganlal Purshotamdas, Bombay-1.
12. Messrs. Bhaidas Maganlal, Bombay-1.
13. Messrs. Narandas & Sons, Bombay-1.
14. Messrs. P. R. Subramanyam, Bombay-1.
15. Messrs. Vandravandas Harjivandas, Bombay-1.
16. Messrs. G. M. Pyne, Calcutta-1.
17. Messrs. Place, Siddons & Gough (Pvt.) Ltd., Calcutta-1.
18. Messrs. Chandrakant Keshrisinh, Ahmedabad.
19. Messrs. Chinubhai Chimanlal Dalal, Ahmedabad.
20. Messrs. Raj Paul Chadha & Co., New Delhi.
21. Messrs. Maconochie and Co., Madras-1.

TERMS OF PAYMENT

(1) Rs. 25 per share on application.
(2) Rs. 25 per share on allotment.
(3) The balance of Rs. 50 per Share in such call or calls as may be determined by the Directors, provided that no call shall exceed Rs. 25 and that there shall be an interval of at least 3 months between any two calls.

OBJECTS OF THE COMPANY

The Company was incorporated on 29th March 1961 at Bombay to establish a factory for the manufacture of Synthetic Camphor with an annual capacity of 900 tons.

SCOPE AND PROSPECTS

The proposed factory of the Company will be the first of its kind in India to manufacture Synthetic Camphor. The Directors are, of the opinion that on the basis of the existing prices and market conditions and in the absence of any unforeseen circumstances, the Company should be in a position to make sufficient profits so as to pay reasonable dividends on the invested capital.

IMPORT LICENCE AND RAW MATERIALS

The Company has received the Import Licence for the import of machinery and equipment of the value of Rs. 32.1 lakhs.

The main raw material required for the manufacture of Synthetic Camphor is Turpentine. The U.P. State Government Turpentine and Rosin Factory will supply the Turpentine produced by the said Factory. Most of the other raw materials will be readily available in India.

TECHNICAL COLLABORATION

The Company is obtaining the technical know-how and process designs for the plant from the world renowned "DU PONT" (Messrs. E. I. Du Pont de Nemours and Company), Wilmington, Delaware, U.S.A. Messrs. Du Pont are one of the leading manufacturers in the world in the field of chemicals. Messrs. Du Pont will be deputing one of their experienced engineers to supervise the commissioning of the plant. It has also been arranged to get the Company's technicians trained by Messrs. Du Pont in U.S.A. The terms of payment to Messrs. Du Pont have been approved by the Central Government and the Reserve Bank of India.

One of the seniormost Chemists with Messrs. E. I. DU PONT DE NEMOURS & CO., Dr. Gastao Etzel, who is considered as one of the world's leading experts in the production of Camphor, is to retire in the year 1962 and the Company has secured his services for a period of two years. The services of Dr. Gastao Etzel are expected to start during the engineering and construction phases of the Plant, so that his expert advice will be available to the Company during planning as well as the operation of the plant.

SITE OF THE FACTORY

The Factory will be located at Clutterbuckganj, near Bareilly in Uttar Pradesh. The location selected adjoins the Government controlled Turpentine & Rosin Factory at Clutterbuckganj near Bareilly. Negotiations for acquisition of approximately 30 acres of land from the authorities concerned are at a very advanced stage. The area of the land will meet not only the immediate requirements of the factory proposed to be erected, but also the needs of the future expansion.

COMMENCEMENT OF BUSINESS

The factory is expected to go into production by the end of 1962.

LOANS FROM I.C.I.C.I. & I.F.C.

The Company has been sanctioned, in principle, a loan of Rs. 24 lakhs payable in foreign currency and a loan of Rs. 6 lakhs in Indian currency (total Rs. 30 lakhs) by Industrial Credit & Investment Corporation of India Ltd.

The Company has also been sanctioned, in principle, a loan of Rs. 18 lakhs for meeting the payment for indigenous equipments from Industrial Finance Corporation of India.

INSPECTION OF DOCUMENTS

Copies of Prospectus and the necessary documents mentioned therein are open for inspection at the registered office of the Company during business hours, until the subscription list is closed.

APPLICATION FOR SHARES

Application forms properly completed must be lodged together with the amount payable on application before the closing date of the subscription list with the Bankers to the Issue or with their existing main Branches at Bombay, Calcutta, Delhi, Madras, Ahmedabad, Poona, Kanpur, Lucknow, Nagpur, Bangalore, Hyderabad, Baroda, Surat, Rajkot, Bhavnagar and Patna.

STRONG BUDGET MOVES TO CONTROL BRITISH ECONOMY

THEIR POTENCY UNDERESTIMATED

By W. T. C. King

EDITOR OF "THE BANKER", LONDON

THE United Kingdom Government's "little budget" of emergency measures, which I foreshadowed, made its appearance in the final week of July. It had, as expected, awaited the passing of the Finance Act, with its new powers to the Government to impose between-budgets changes in indirect taxes.

In the week since the Chancellor's prescription became known it has had its intended first effect in the foreign exchange markets. It has stopped the run on Sterling and produced a welcome rebound of exchange rates, evidently enabling the authorities to repurchase some modest fraction of the quantities of foreign exchange they have found it necessary to sell in the six months or so since the tide of short money movements began to ebb strongly from Britain's shores.

The first clear indication of the extent of this pressure has been given as I write. The Sterling area's central reserves of gold and convertible currencies dropped during July by a net £114,000,000, carrying them to £876,000,000, their lowest since early in 1958, and bringing the drop since the end of February, on the eve of the D-mark revalution, up to £265,000,000. This latest movement is not, however, comparable with those shown in recent months, since it is known that it reflects some net repayments of credits previously granted to the Bank of England under the so-called Basle agreement between the European central banks, whereas the earlier drain on the reserves was being understated to the extent of net drawings on such credits. The total disclosed loss up to date is, however, a formidable one; and, given the earlier understatement, it is well that the Government's measures had had time to impress themselves upon the owners of internationally mobile funds before this figure became known.

Disinflationary Prescription

Although the measures had this salutary effect on the exchange markets, in London generally and in the Press they have had a rather mixed reception and in some quarters a hostile one. In my own view, however, comments that dismiss the prescription as the "mixture as before" do it less than justice. Admittedly, most of the ingredients used have figured in the medicines administered on former Post-World War II crisis occasions; but they have never all been prescribed simultaneously and certainly not in such strong doses. There are also some new lines of treatment, but these, it has to be admitted, are more in the nature of hints of future intentions and aims than of clearly discernible processes.*

The immediately visible prescription is a strongly disinflationary one. The Chancellor has used to the maximum extent his new power to raise, by statutory order, all "revenue" customs and excise duties and purchase tax by ten per cent (that is, a 50 per cent duty becomes 55 per cent and a five per cent one five-and-a-half per cent)—a change that falls with particular weight on tobacco, beer, wines and spirits, petrol, motor vehicles, consumer durables and certain luxury consumer goods, and is also spread over a wide segment of other forms of consumption.

This impost is estimated to bring in an additional £130,000,000 of revenue to the Exchequer in this current fiscal year and, if the surcharge is maintained beyond that (new powers are needed to sustain it beyond August 1962), it would provide £210,000,000 in a full year. This is the biggest dose of new taxation that has been imposed in any single batch of measures (including, of course, the annual budgets) for many years, and is much the largest ever imposed by a Conservative Chancellor.

At the same time, the authorities have taken monetary action that matches in intensity the shock tactics of 1957. The re-discount rate of the Bank of England has been raised, just as it was then, in one leap from five per cent to the penal level of seven per cent. One measure of the severity of this action is the fact that this is only the fourth peacetime occasion this century that Britain's Bank rate has stood so high—before 1957 there had been no such rate for 36 years. The psychological shock produced by the move has naturally been decidedly less this time, however, than it was four years ago. Though its effect on bank lending rates have been much the same, on bill rates and on gilt-edged yields the impact was diminished by the fact that these were already at higher levels than had obtained before the crisis of 1957.

Bank overdraft rates for private borrowers now range from seven-and-a-half per cent to nine per cent, the three months' Treasury bill rate is around 6-11/16 per cent, and yields on long Gilt-edged stocks range up to 6-13/16 per cent.

This increase in Bank rate was officially stated to have been decided upon partly in view of the unsettled international situation—by which was apparently meant not only the underlying strains on Britain's balance of payments but also the political uncertainties surrounding Berlin—and partly because of the need to restrain credit internally. For this second purpose, however, the authorities have not been content to rely on the increase in interest rates alone.

Somewhat to the surprise of many City circles, the Bank of England made further recourse to the new instrument of direct control over bank liquidity, and has called from the clearing banks additional Special Deposits (which rank as non-liquid assets, being immobilised on special interest-bearing accounts at the Bank of England) equivalent to one per cent of their own gross deposits. This new call, which will bring the total Special Deposits up to three per cent, has to be transferred in two instalments by the August and September make-up dates.

Stiffer Lending Standards

The Chancellor has said that he intends the impact of this pressure on bank liquidity to fall on bank advances. This presumably means that the authorities would feel entitled to protest if there was evidence that any bank was running down its Gilt-edged portfolio with the specific objective of enabling it to meet the Special Deposit call while continuing to expand its advances; though it is debatable whether it also means that they would be reluctant to afford market support if the banks do attempt further sales.

There is no doubt, however, that, in most instances, its immediate effect will be to cause the banks to stiffen up their lending standards. And though they may regret the return to the policy of Chancellor's "requests" to them in the matter of their lending, there is equally no doubt that they will do their best to meet the requirement that they should be "particularly severe" on loan proposals related to personal consumption, including hire purchase finance, as well as finance for speculative building, property development, or other speculative purposes.

It has also been emphasised that the aim of restraint at these points is to leave room for finance for exports and productive industry—with the implication that advances for these purposes may rise but that any such rise ought to be more or less offset, in the short run at least, by contraction in other spheres. A major characteristic of this whole batch of measures, by contrast with most other post-war drives for disinflation, is, indeed, that no direct restraint—apart from that which may result from the rise in interest rates—is being put on productive investment.

As part of the parallel effort to limit expenditures in the public sector, it is recognised, however, that a number of "desirable", if not productive, capital schemes of the local authorities may have to be abandoned or postponed. It is hoped to ensure that the total of capital outlays of these authorities in 1962-63 will not significantly exceed the total for the current fiscal year. Similarly, a new drive for economy in the "Supply" expenditures of the Central Government has, as its target, the limiting of the "natural" growth in the total of such requirements to two-and-a-half per cent per annum in real terms, or the equivalent of an increase of about £125,000,000 in 1962-63 as compared with the estimates for 1961-62.

Given the extent of the gap in Britain's balance of external payments, the search for means of reducing Governmental outgoings has had to be particularly rigorous in the field of governmental expenditure overseas. These expenditures—embracing defence costs overseas, aid for underdeveloped countries, and expenditure on administrative and diplomatic services—have been rising extremely fast. They are running this year at about £450,000,000 and next year threaten to rise to £480,000,000 or even £500,000,000, compared with £330,000,000 in 1958-59. The aim now is to keep next year's bill down to £400,000,000.

Economy is not, however, to be sought at the expense of existing grant or loan aid programmes. The cost of these is likely to rise this year to the large total of about £180,000,000, compared with £150,000,000 last year and £80,000,000 four years back. The present aim is broadly to stabilise these outgoings at around their current high level. It is, therefore, in the spheres of overseas defence costs and administration that any outright savings have to be sought.

Calling Earnings Home

As for private outlays overseas, it has been decided that new investment involving remittances to countries outside the Sterling area must pass more stringent tests before sanction by the Exchange control: applicants will have to show that the outlays projected will produce "clear and commensurate benefits to U.K. export earnings and to the balance of payments". In addition, British companies operating overseas are being asked to review their financial policies to ensure that a due proportion of their overseas earnings is remitted home; and companies operating outside the Sterling area will have to face a "selective" examination of their accounts to ensure that due remittances do take place.

Such are the main lines of the specific measures of disinflation. Together, they add up to a formidable programme. The critics have protested, however, that measures of monetary disinflation and Government retrenchment have been prescribed before without producing any lasting solution to the problem of inflation, and that the dose of extra (indirect) taxation this time, strong though it looks, is "merely" calculated to raise prices and thus may in the end give a new impetus to the wage-price spiral of cost-inflation. Only time can show how far such criticisms are justified on this occasion.

My own view is that many of those who have argued on these lines have tended to underestimate the probable potency of these measures in the short run. But they also rightly draw attention to the critical fact that, in the slightly longer run, everything depends on whether the restraint exerted by the rise in indirect taxation is overtaken and offset by any undue rise in personal incomes and especially in wages, as has happened on some former occasions.

"Pause" in Wages

The Chancellor himself has laid great stress on the need for restraint in this sphere and has called for a "pause" in increases in wages and salaries (and also in dividends) until a rise in productivity has caught up with them. In the past, mere exhortations to wage restraint have had little effect—except for such period as a clear disinflationary atmosphere has pervaded the economy; but this time the Government has said that it will itself operate this "pause", wherever it has direct responsibility for wage settlement.

If this attitude is, indeed, firmly adopted over the whole range within which the Government could "directly" assert itself, it could give to this potentially strong disinflationary effort a toughness and an enduring influence such as has not been seen from any such effort in the past.

The great question, which only time can answer, is whether the Government, in the face of the opposition that is certain to be offered by labour, will indeed stand firm on this crucial issue this time. Not until that question has been answered will it be possible to assess the likely worth of the longer-term plans that are now being put forward for the future regulation of demand and for keeping personal incomes in better step with productivity.

In the meantime, the position of Sterling for the short run is being further buttressed by a massive drawing of foreign exchange from the International Monetary Fund for the purpose of strengthening reserves.

*Since this article was written, the Chancellor has invited representatives of both sides of industry to preliminary discussions aimed at a joint examination of the economic prospects of the country stretching over a period of five or more years.

SHORT-TIME WORKING BEGINS

TEXTILE STOCKS INCREASING

From Our Special Correspondent

MANCHESTER, 22nd August

MANCHESTER LETTER

FOR the first time since the scrapping of nearly half the productive capacity of the Lancashire cotton industry in the 1959 Reorganisation Scheme, short-time working on an extended scale has begun. At present, as estimated, 1,500 workers from the spinning section of the industry are affected by short-time working in Bolton—between one-sixth and one-seventh of the spinning labour force. Several spinning firms have posted warning notices of possible extended holidays in September. So far, the weaving section of the industry has not been affected.

The Secretary of the Bolton and District Cardroom Workers' Association, Mr. W. Prescott, said: "Security of employment is essential to the cotton industry, particularly when there are so many opportunities available in other industries. I had hoped that, with the reorganisation of the industry, employment in textiles would have been made more stable than in the past." At present, the short-time stoppages are mainly confined to branches of three big spinning combines in the area. The volume of imports and Government financial measures are among the reasons given for the recession. The increased costs of bank overdrafts is said to be discouraging firms from keeping large stocks of yarn if they can avoid it.

Cycle Examined

Reference was made to the three-yearly cotton trade cycle at the annual meeting of Taylor and Hartley (Textiles) Ltd., last week when Mr. W. T. Shackleton, the Managing Director, pointed out how, since the war, the accumulation of supplies had brought a dearth of demand, first in 1952, then in 1955 and 1958 and now in 1961. The curve of the graph, however, varies somewhat, in that, during the current year, the mills have been very busy on their existing orders, although replenishment buying has been virtually at a standstill. The fear in the minds of most traders is that these conditions will persist into 1962.

The build-up of stocks is not necessarily the only factor involved when the trade is moving from prosperity into reverse. In 1958, for instance, the hesitation so widespread among buyers was occasioned by doubts over the outcome of the investigation into the system of price regulation in spinning and doubling as well as the uncertainty surrounding the introduction of inter-industry trade pacts with Lancashire's Eastern rivals which had then begun to ship large quantities of cloth into the United Kingdom.

So many varying aspects of the situation can be produced to substantiate any particular argument that traders can easily become bemused by the background of facts and figures. Mr. Shackleton, for example, drew a comparison between the scale of importation of cotton cloth into the United States and the United Kingdom.

Dealing with the Geneva trade talks and the arrangement to base future arrivals on the quantities involved in the year to the end of June 1961, he pointed out that, in this period, Britain had accepted nearly 800 million yards of foreign cloth—its highest ever—while the United States, the instigator of the conference, had imported less than half this volume—into a market far greater in size than Britain's domestic trade.

No Reciprocation

Mr. W. T. Sutcliffe, the Chairman of the group, was particularly vehement in his condemnation of India's attitude to the import-export situation. The Indian Government, he observed, refused to permit shipments of cloth from Lancashire, while rationing their own countrymen to something like 17 yards each per annum. At the same time, they claimed the right under Commonwealth comradeship to export very large quantities to the United Kingdom and aimed under their successive Five-year Plans to encourage overseas trade, with its valuable currency earnings.

"We are the dumping ground of the world," Mr. Sutcliffe exclaimed dramatically. "It does not matter what modern machinery we use, we cannot compete with these developing countries." On re-equipment—now a major topic of controversy, as more firms state publicly their unwillingness to modernise "without strings"—he said: "If we go in, we want to see daylight. We have to be extremely cautious in planning our future programme because the outlook remains so obscure."

On the Slippery Path

However much the theoretical approach to business may be condemned from time to time, the apparent inevitability of the trade cycle in the cotton and allied industries cannot be escaped. Barely six months ago, the balance of supplies situation was creating fears that a danger point was at hand. In the intervening period, the position, as is well known, has deteriorated still further and the build-up of available stocks has continued without respite.

Purely on an arithmetical basis, the virtual maintenance of domestic production, coupled with ever-increasing imports and the steady fall in shipments abroad, can only result in more goods being offered for sale at a time when buyers are doing their best to make themselves inconspicuous. The accumulation of supplies in the pipe-line and beyond has followed a similar and regular pattern without interruption since post-war trading was resumed.

The following table provides a comparison between the situation in recent years, from which it is all too easy to assess when booms and slumps can be predicted. The availability of supplies of cotton and rayon cloth is shown below:

(In million yards)

Year	Output	Imports	Total	Exports	Balance for home trade
1937	4,122	75	4,197	2,001	2,196
1949	2,592	400	2,992	1,078	1,914
1950	2,840	342	3,182	1,017	2,165
1951	2,960	476	3,436	1,105	2,331
1952	2,192	210	2,402	871	1,531
1953	2,632	143	2,775	895	1,880
1954	2,775	335	3,110	812	2,298
1955	2,479	365	2,844	688	2,156
1956	2,314	380	2,694	595	2,099
1957	2,257	490	2,777	567	2,210
1958	2,030	434	2,464	468	1,996
1959	1,927	675	2,502	411	2,091
1960	1,911	786	2,697	388	2,314
First 6 months—					
1955	1,350	200	1,550	351	1,199
1956	1,215	201	1,416	301	1,115
1957	1,212	250	1,462	295	1,167
1958	1,105	229	1,334	257	1,077
1959	977	257	1,234	201	1,033
1960	993	382	1,375	201	1,174
1961	975	455	1,430	180	1,250

Even a glance at these statistics is sufficient to determine the reason why so many traders in this part of the world are increasingly apprehensive about the import situation. Yet Lancashire producers have been accused of having an anxiety neurosis about this topic and their constant pleas for protection have angered the free traders in our midst. It is small wonder that the vulnerable nations of the West wish to guard themselves against such inroads on their domestic markets when they can see the example laid so clearly before them. The international talks at Geneva can scarcely be anything but long and tortuous, but, if the traditional suppliers of cotton goods are to retain any business worth mentioning, some degree of regulation of imports is regarded as essential.

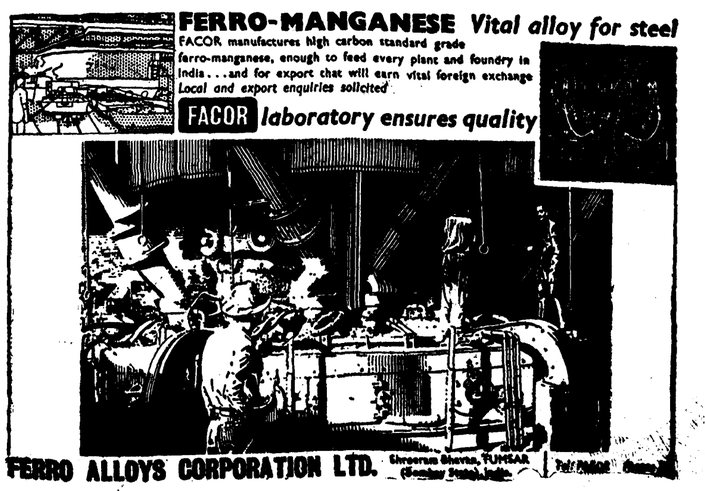
Supplies at a Peak

At the end of the first half of this year, available supplies of cotton and rayon goods for the home trade were at their highest level since the war, a situation caused by the prolonged absence of buyers from the market. For not far short of a year, spinners and weavers have been turning out goods from machines running at over 90 per cent of capacity and, although deliveries have been well taken up, the eventual disposal of supplies has not been on the scale achieved during the past two summers.

The Wholesale Textile Association has reported that total stocks at the end of June were 14.4 per cent higher than 12 months previously. It must be made clear, however, that these figures cover all types of textiles, including woollen goods, millinery, gloves and even floor coverings.

From exhaustive inquiries made in various distributive centres, it appears that stocks held at wholesale and retail level are distinctly higher than during the past year or two, but they can scarcely be described as overwhelmingly large. The mills themselves are carrying somewhat bigger quantities of goods in process, but instances of contracts being cancelled have been rare.

The trade a a whole has not yet reached the stage of making substantial supplies for stock, but, unless there is a marked change in the mood of the customers in the next few weeks, many producers will face the unhappy alternative of deliberately slowing output or completing goods without a waiting customer.



ATLAS
ASSURANCE CO., LTD.
The liability of Members of the Company is limited
Incorporated in England

A.D. 1808

Bombay Agents:
N. SIRUR & CO. PRIVATE LTD.
TULSIDAS KHIMJI.
MACKENNON MACKENZIE & CO. PRIVATE LTD.
GEORGE OAKES PRIVATE LTD.
LALLJI THAKERSEY & CO.

Branch Offices:
Dougall Road, Ballard Estate, Bombay.
Indra Palace, Connaught Place, Delhi.
2-L, Mahatma Gandhi Road, Bangalore.
Vijaya Bank Building, Mangalore.
7, Armenian Street, Madras.
4, Clive Row, Calcutta.

FIRE — MARINE — ACCIDENT

PROGRESS OF LIFE INSURANCE CORPORATION

NEW BUSINESS DONE TOUCHES FRESH PEAK

HIGHER LAPSE RATIO REFLECTS INFLATIONARY PRESSURES—EXPENSE RATIO, HOWEVER, CONSTANT

CHAIRMAN, MR. P. A. GOPALKRISHNAN'S REVIEW

IN his statement at the Fifth Annual Meeting of the Life Insurance Corporation of India, the Chairman, Mr. P. A. Gopalkrishnan, I.C.S., highlighted the outstanding features of the working of the Corporation during the year ended 31st December 1960. Despite the rise in the general price level, which hit hard the middle classes with fixed incomes who till now formed the bulk of the policyholders and notwithstanding the ravages of floods, drought and other calamities that adversely affected business in several States, the Corporation, the Chairman pointed out, wrote a record new business of Rs. 498 crores in 1960, that is, Rs. 69 crores more than in the previous year. Referring to costs, he said that, while the price of every other commodity had been rising, life insurance policies cost less today than at any time during the past fifteen years.

The following is the full text of the Chairman's statement:

"GENTLEMEN,

"I have great pleasure in welcoming you all to this fifth anniversary meeting of the Corporation. We have assembled here today to consider the draft of the annual report and audited accounts of the Corporation to be submitted to Government under Section 27 of the Life Insurance Corporation Act. These have already been circulated to all the Members.

New Business

"The Corporation is now five years old. During this period, the second Five-year Plan of the country has come to a close and considerable progress has been made in all fields of economic activity. The national income at current prices has risen from Rs. 9,980 crores in 1955-56 to Rs. 12,840 crores in 1959-60. On the other hand, the general price level has also increased, hitting middle-classes with fixed incomes. These classes form the bulk of our policyholders and we have been finding it extremely hard to get business from them. To add to our difficulty, there were, in 1960, widespread floods in Punjab, Uttar Pradesh, Bihar and Orissa, drought in Mysore and Andhra Pradesh and linguistic disturbances in Assam. Our business in these areas was adversely affected by these factors. We had also to contend with rival demands made by the various forms of savings propagated by banks and the Government.

"In spite of all the above factors, our new business last year was Rs. 498 crores, covering 1.26 million policies, as compared with Rs. 429 crores in 1959, covering 1.15 million policies. The premium income increased from Rs. 84 crores in 1959 to Rs. 97 crores in 1960 and the total income, exclusive of refund of tax, from Rs. 105 crores to Rs. 122 crores. In 1955, the year immediately preceding nationalisation of life insurance, the premium income of all the companies was only Rs. 58 crores and the total income Rs. 74 crores.

Rural Development

"We have been able to achieve these results and hope to improve upon them during the current year owing to our policy of systematically expanding business in the rural area. Field Officers have been allotted exclusive rural territories in which they are building up a network of agency force. In some States, we have been utilising the agency of *panchayats* and co-operative societies for securing rural business. Rural publicity has been intensified and life insurance literature is now distributed through Community Development Blocks and village *panchayats*, in addition to our normal channel of distribution through our own branch and sub-offices. Jeeps have been supplied to all divisions and a mobile publicity van equipped with projector and films has been provided to each zone as an experimental measure. These vans visited over 3,400 centres in 1960 and secured spot business of about Rs. 37 lakhs. Approximately, 26 lakhs of people attended the meetings convened by the officers-in-charge of these vans. Seeing the future prospects for rural business revealed by this mobile van publicity, we have supplied an additional van to each Zone during the current year. The spot business secured by these vans during the first half of 1961 is as much as Rs. 61 lakhs. In the Southern Zone, we have gone a step further by converting the mobile publicity van into a mobile insurance office. This Office underwrites business and issues policies on the spot. The experiment has been recently extended to the Northern Zone also and will be extended to other areas if it proves a success.

Non-medical Business

"Another significant step that we have taken in the current year is to extend non-medical business, i.e., insurance without medical examination, to all those within certain age groups whose total insurance does not exceed Rs. 2,000. This will help us to secure more and more business from the rural areas. Non-medical business to special categories of persons in civil employment has been increased upto a limit of Rs. 5,000 and to category 'A-I' of the Commissioned Officers in the Armed Forces upto a limit of Rs. 10,000.

Foreign Business

"In the foreign countries, where we operate, conditions were not quite favourable for life insurance business in 1960. Political uncertainty in East Africa led to a flight of capital and fall in the business secured from the Indian community. In 1960, however, we started insuring African lives and we got a certain amount of business from this source. There was considerable damage in Mauritius by a cyclone and in Fiji Islands by a prolonged strike of cane growers. Nevertheless, we completed in all Rs. 9.7 crores of new business during the year, as against Rs. 9.47 crores in the previous year.

Foreign Exchange Earnings

"Although our foreign business is very small compared to the business that we are doing in India, it is very important from the point of view of foreign exchange. Our net earnings of foreign exchange per year amount approximately to Rs. 2.5 crores.

Business In Force

"The total business in force at the end of 1960 was Rs. 2,285 crores covering 7.7 million policies, as compared with Rs. 1,958 crores, covering 6.9 million policies at the end of 1959. These figures include the business outside India which increased from Rs. 103 crores in December 1959 to Rs. 109 crores at the end of 1960. In this connection, I would like to refer to the phenomenal growth of life insurance in India during the last ten years and, particularly, after nationalisation of the industry five years ago. The life business in force in India has almost trebled during this period. To this remarkable increase, the contribution made by the private sector companies during 1950-55 was Rs. 380 crores. During the following five years, the increase has been as much as Rs. 1,048 crores. Expressed as a percentage of the national income, life business in force has increased in the country from about 11 per cent in 1955 to 17 per cent at the end of 1960. As these figures do not include the comparatively small amounts of business on the books of the Postal Department and a few State Governments, the percentage of business in force at the end of 1960 should be more than 17.

Yield From Investments

"The income from interest, dividends and rents before deduction of income-tax rose to Rs. 23.96 crores from Rs. 20.98 crores in 1959. During the five years from 1955 to 1960, the income from this source has more than doubled. The gross interest yield on the Life Fund was 4.58 per cent as compared with 4.54 per cent in 1959 and 4.52 per cent in 1958. This steady increase in the yield on our investments has been brought about mainly by the judicious manner in which we are making investments from year to year.

"The Corporation's Life Fund has registered a significant increase from Rs. 495 crores in 1959 to Rs. 560 crores in 1960. The total assets have similarly increased from Rs. 554 crores in 1959 to Rs. 622 crores in 1960. Net investments of all kinds made in 1960 amounted to Rs. 63.62 crores, as compared with Rs. 35.04 crores in the previous year. The total Stock Exchange investments, as on 31st December 1960, had a book value of Rs. 471 crores. Their market value on the same date was higher by nearly a crore of rupees. There is, moreover, a reserve of Rs. 13.41 crores to offset any future fall in the market value of these investments and it is proposed to keep this reserve in tact for the present.

Housing

"Owing to the acute housing shortage in the country, the Corporation decided to build its own staff and officers' quarters at different places and step up housing loans to State Governments, Co-operative Housing Finance Societies and other institutions. Besides, in granting mortgage loans against the security of buildings, the Corporation shows special consideration to applicants wanting loans for constructing or completing residential buildings for their own use. From the commencement of these schemes within the last two years up to March of this year, the total housing loans sanctioned by the Corporation amount to Rs. 23.05 crores. These loans have not yet been fully utilised by the agencies which received them. According to information available with us, the State Governments have so far sanctioned loans for the construction of 3,859 middle class houses and 4,238 State employees' houses. The Co-operative Housing Finance Societies and other institutions have disbursed loans for the construction of 2,795 houses and the Corporation itself has constructed 264 quarters in India besides sanctioning loans to its employees' co-operatives for building 116 houses. The number of houses, for whose construction or completion mortgage loans have been sanctioned is, 95. Thus, the total number of houses constructed or under construction in the country with the aid of L.I.C. funds is 11,367. The Corporation has also indirectly helped the relief of housing shortage by putting up or completing office buildings worth Rs. 3.91 crores during the last five years.

Expenses of Management

"Turning to expenses of management, 1960 was a difficult year. The cost of administration has been going up owing to various reasons such as increase in the prices of stationary and printing and of conveyances and their maintenance. Higher rates of conveyance and travelling allowances had to be sanctioned for certain categories of touring officers. The penetration of the rural area and organisation of publicity in the villages are costing more than the procuration of business in the cities and towns. Above all, we had to sanction from 1st April 1960 an *ad hoc* increase of Rs. 15 in the dearness allowance paid to all our officers and staff drawing upto a salary of Rs. 500 per month. This alone increased our expenditure in 1960 by Rs. 46.44 lakhs. However, by effecting economies, wherever possible, and keeping a strict control on recruitment of staff, it has been possible for us to keep down our expenses of management. The overall expense ratio of the Corporation fell from 28.7 per cent in 1959 to 28.4 per cent in 1960 but the renewal expense ratio, which is the real indicator of economy of management, remained practically constant at 12.9 per cent. Had it not been for the factors mentioned above, the renewal expense ratio might have been nearer 12 per cent than 13 per cent.

Claims Paid

"Maturity benefits to owners of policies amounted during the year to Rs. 23 crores and death benefits to Rs. 8 crores. The total claims during the year thus amounted to Rs. 31 crores as compared with Rs. 28 crores during 1959. During the four years and four months ended with December 1960, the total benefits to our policyholders and their beneficiaries by way of claims amounted to Rs. 113 crores.

Premium Rates

"There has been a suggestion in certain quarters that since competition has been eliminated after nationalisation of life insurance and overheads have been reduced, the Corporation should examine the possibility of reduction in premium rates. I would like to point out in this connection that the premium rates charged by us are much lower than those charged in the past by Indian companies. For example, the rates charged by the Oriental Government Security Life Assurance Co., Ltd. from 1947 to 1953 under main insurance plans were 5 per cent to 35 per cent higher than the Corporation's rates. In 1954, there was a drastic reduction in premium rates by all the Indian companies, including 'Oriental,' and these reduced rates continued upto the date of nationalisation. In spite of this drastic reduction, the 'Oriental' reduced rates were higher than the Corporation's rates by one Rupee per thousand sum assured or anything from one per cent to 5 per cent under various plans. Thus, while the price of every other commodity has been increasing, life insurance policies cost less today than at any time during the last fifteen years or more. It is true that our mortality experience has been showing steady improvement and death claims have been going down, as compared with the volume of business in force. While these factors should enable premium rates to be reduced, inflation and the resultant increase in the cost of administration and the higher cost involved in the expansion of rural business work in the opposite direction. All these problems are constantly under study in our Actuarial Department and if and when we find it possible, we shall certainly consider further reduction of premium rates.

Lapse Ratio

"During the second Plan period, the general price level is estimated to have increased by 30 per cent and the working class cost of living index by 24 per cent. Inflationary pressures thus generated have begun to be reflected in the net lapse ratio of the Corporation. The lapse ratio, which was 9.1 per cent in 1956, came down to 6.4 per cent in 1957 and to 5.1 per cent in 1958. In 1959, it rose to 6.0 per cent and in 1960 to 6.6 per cent. The abnormal drop in the ratio of 1958 is partly accounted for by a necessary alteration in our system of treating policies as lapsed. Even so, it is clear that the net lapse ratio, which gradually fell after nationalisation, has begun to rise again. There are also certain other disquieting signs which show that some policyholders with fixed incomes and increasing commitments are finding it difficult to save enough and keep their policies alive. Loans to policyholders, which used to increase by roughly Rs. 1 crore per year till 1959, increased by Rs. 3 crores in 1960. Outstanding premiums, which similarly used to increase by Rs. 1 crore per year, have increased in 1960 by Rs. 2.5 crores. If inflationary pressures increase during the period of the third Five-year Plan, it is bound to accentuate these tendencies and make it extremely difficult for the Corporation to keep down its lapse ratio. The only gratifying fact is that the 1960 lapse ratio of 6.6 per cent is still well below the lapse ratio of 7.6 per cent in the last year of life insurance management by the private sector companies.

Administrative Efficiency

"The efficiency of our administrative offices has been steadily improving as a result of our training programmes and better supervision and control by the officers-in-charge. Practically, every Divisional Office has one or more instructors to train newly-recruited assistants and also existing assistants who need training. Our Officers' Training College at Nagpur has already trained 536 officers and supervisory personnel. As more and more of our administrative staff are trained at these institutions, further improvement of the efficiency of our offices may be expected to take place. The improvement that has already resulted is evident from the big drop in the number of complaints received and also from the increase in the average output of our offices. In 1959, the monthly average of the number of complaints received in our various Divisional Offices and major I.H.O. Units was 3,274. In 1960, the number fell to 2,171, representing a fall of 33.7 per cent, despite the increase in the number of policies. Similarly, the increased output of our offices will be evident from the fact that, while between 1957 and 1960, the number of new policies increased by 55 per cent and the total number of policies on our books increased by 36 per cent, the total staff of the Corporation increased only by 30 per cent. Further steps are being taken to improve our systems and procedures for more expeditious despatch of business and also to assess the minimum staff requirements of each office on a more scientific basis than hitherto. These steps are bound to bear fruit in future years.

Field Efficiency

"The Development Training Centres, which we have started in all the Zones, have been systematically training our field officers and agents. The number of persons trained so far is 5,214 field officers and 4,844 agents. This training as well as the experience gained by the field officers during the last five years have enabled them to increase their average output of new business from year to year. The average output in 1957 was Rs. 4.9 lakhs and it has increased by 60 per cent to Rs. 7.8 lakhs in 1960. The average output of an active agent has increased by 55 per cent from about Rs. 31,000 in 1957 to about Rs. 47,900 in 1960. This improvement in average output is only partly accounted for by a 14 per cent increase in the average size of a policy issued between 1957 and 1960.

Income-Tax

"The Corporation pays tax to Government just as the life insurance companies in the private sector used to pay in the past. Assessments upto the end of 1958 have been completed and the tax assessed amount to Rs. 4.36 crores. During 1959 and 1960, tax deducted at source amounted to Rs. 10.19 crores which will be adjusted against future tax assessments.

Dividend to Government

"The capital invested by Government in the Corporation is Rs. 5 crores and, under Section 28 of the Life Insurance Corporation Act, upto 5 per cent of the surplus that emerges at each valuation may be utilised for such purposes and in such manner as the Government may determine. The Government have indicated that in respect of 1957 and 1959 Valuations the entire 5 per cent should be credited to them. At the 1957 Valuation, the share of Government was Rs. 1.45 crore. Deducting from this figure an amount of Rs. 71.5 lakhs, which Government have agreed to contribute in respect of the policies of deficit companies taken over by the Corporation, the return to Government amounts to 11 per cent per annum on their capital. In respect of the 1959 Valuation it is estimated that the Government's share of the surplus would give them a dividend of 13 per cent for each of the years 1958 and 1959.

Bonus Announcement

"Our policyholders have been making anxious enquiries about the bonuses that would attach to their policies as a result of the 1957 and 1959 Valuations. Our field officers and agents have also been experiencing difficulty in securing with-profit proposals since bonuses have not yet been declared by the Corporation. I had hoped that it would have been possible for us to declare bonuses on the different groups of policies on our books by the middle of this year. The work involved took a slightly longer time, but everything was finalised sometime back and the regulations framed in this respect were submitted to Government for their approval. As soon as the approval is received, it will be possible for the Corporation to make its bonus announcement.

"Five years is too short a period in the life of a new institution but we can be justifiably proud of what we have achieved during this period. We are aware of our deficiencies and are constantly trying to overcome them. If we persist in our endeavour in a spirit of dedication, a day will soon come, much sooner than we expect, when we will be able to announce that we are much nearer the goals promised at the time of nationalisation than we are today. All that I can say is that we must hope and strive.

"Before I close this statement, I sincerely thank all the Members of the Board and of the Investment Committee for their unstinting co-operation during the last three years and more that I have been Chairman of this organisation. My thanks are also due as Chief Executive of the Corporation to all the senior officers who have loyally co-operated with me and performed their duties. Above all, I am indebted to the thousands and thousands of our field officers and agents, without whose unrelenting efforts, the Corporation would not have been able to show such remarkable results during the last five years. Last but not the least, I am grateful to all those steady workers in the Corporation's offices who have not only kept up but improved upon the efficiency of the Corporation."

Notice

THE SINGARENI COLLIERIES COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fortieth Annual General Meeting of the Shareholders of the Singareni Collieries Company Limited will be held on Saturday the 30th September 1961, at 12 noon at the Registered Office of the Company, "Meher Manzil," Khairatabad, Hyderabad-(A.P.), to transact the following business:—

1. To confirm the minutes of the Thirty-ninth Annual General Meeting of the Shareholders of the Company held on 26th September 1960.
2. To receive and adopt the Directors' Report and the Audited Statement of Accounts for the year ended the 31st December 1960.
3. To sanction the declaration of a Dividend.
4. To note the Charities and Donations paid by your Directors.
5. (*a*) To appoint Director in place of Shri P. M. Nayak who retires in accordance with Section 256(1) and (2) of the Companies Act, 1956 and Article 93 of the Articles of Association of the Company. He is eligible for re-election.
   (*b*) To appoint Directors in place of Shriyuts M. A. Abbasi and Balwant Singh who retire under Article 98 of the Articles of Association of the Company and are eligible for re-election.
6. To note that the sanction of the Central Government, under Section 619(2) of the Companies Act, 1956, has been received for the re-appointment of Messrs. S. B. Billimoria & Co., as Statutory Auditors of the Company for the year 1961, on a remuneration of Rs. 7,000 plus Travelling and other expenses as may be approved by the Board of Directors.
7. To pass the following as an Ordinary Resolution:—
   "RESOLVED that the appointment of Shri N. K. Guruswamy, I.A.S. as Managing Director of the Company, for a period of three years with effect from 3rd April 1961, on the following terms for which approval of the Government of India is being obtained, be confirmed:—
   (1) The term of appointment is for a period of three years but the Government of Andhra Pradesh will be at liberty to recall him with due notice at any time.
   (2) While on deputation as Managing Director, Shri Guruswamy will be paid by the Company, a starting salary of Rs. 1,800 p.m. in the scale of Rs. 1,600-100-2,000.
   (3) He will be allowed to use the Company's car for the purposes of the work relating to the Company only.
   (4) He will be entitled to Medical facilities from the Company not inferior to those admissible to him as a Member of the Indian Administrative Service under the All-India Services (Medical Attendance) Rules, 1954.
   (5) Leave and Pensionary contributions will be recovered from the Company at the usual rates.
8. To transact any other business that may be brought forward by the Chairman.

Notes:—1. The Transfer Books of the Company will remain closed for the purpose of Dividend from 16th September 1961 to 30th September 1961 (both days inclusive).

2. Subject to the Director's recommendation being accepted, Dividend Warrants will be posted by 30th October 1961.

3. Shareholders are requested to give immediate notice to the Company of any change of address.

4. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote, instead of himself and that such proxy need not be a member.

By Order of the Board,

R. DWARKA PERSHAD,
Secretary.

"MEHER MANZIL,"
KHAIRATABAD, P.O.,
HYDERABAD (A.P.),
Dated, 30th July 1961.

Explanatory statements to the above Resolutions as required by Section 173 of the Companies Act, 1956 will be sent to all Shareholders separately.

FIRST BULK SHIPMENT OF SUGAR TO U.S.

MR. S. K. PATIL CONFIDENT OF INDIA GETTING BIGGER QUOTA

THE Kidderpore Docks at Calcutta put on a festive appearance on Wednesday last week when a ceremony was held to mark the despatch of the first full-cargo bulk shipment of 11,000 tons of sugar to the U.S. under the arrangement for supplying 225,000 tons during the calendar year 1961. The function was inaugurated by Mr. S. K. Patil, Union Minister for Food and Agriculture, and presided over by Dr. B. C. Roy, Chief Minister of West Bengal. Although the quantity involved in the bulk shipment is small, the function was not only symbolic as was remarked by Mr. S. S. Kanoria, Chairman of the Indian Sugar Mills Association's Export Agency Division, of the spirit of progress that inspires the organisation of sugar exports but also marked, as Prof. J. K. Galbraith, U.S. Ambassador to India, said in his message sent on the occasion, "the beginning of increased exports of other Indian products to outside markets."

Speaking at the function, Mr. Patil described the first bulk shipment of sugar as symbolic of India's entry into export market where "we will stay for times to come" and said: "For the first time, the U.S. imports sugar from India. By selling this first U.S. quota, India earns $25 million. Now we are on the map of sugar exporting countries where we will stay and sell sugar which the United States will like and buy more." Indeed, he declared that there should be no scepticism about American buying which could be expected to rise to 400,000 tons next time. Mr. Patil was also confident that, under the International Sugar Agreement, India would have a quota of at least half a million tons. India's aim at selling 500,000 tons of sugar to the U.S., according to him, would be realised, if the I.S.M.A. Export Division could keep to its contract, to maintain quality and to deliver in time.

Importance of Sugar Exports

The quota allotted by the U.S. to Indian sugar for 1961 is 225,000 short tons (of 2,204 lbs. each). Of this quota, about 143,000 tons have already been sold. By the 15th of this month, about 100,000 tons will have actually been shipped and the balance is expected to be shipped by 31st October next. Considering that India will deliver its quota fully and in time, the claim for a bigger and permanent U.S. quota will, as Mr. Kanoria said, be strengthened. Stressing the importance of sugar exports, Mr. Kanoria observed:

"Already this year, with production at about 30 lakh tons and consumption of about 21 lakh tons and an estimated carry-over of 12 lakh tons, there is a large exportable surplus. It is against this background that I would consider it imperative that we should plan to achieve in a few years an export target of 10 lakh tons, which would bring about Rs. 50 crores to Rs. 60 crores foreign exchange a year. While it may not be possible to export more than 5 lakh tons next year, I would commend the target of 10 lakh tons for sugar export to our dynamic Food Minister to be reached in a few years. For this we will need a quota of five lakh long tons from the United States and the balance wil have to be exported to other countries. If we fail to achieve this, curtailment of productive capacity will become impossible to avoid."

It is true that large-scale exports of sugar will provide the country with much needed foreign exchange, besides relieving the industry of a portion of heavy stocks. But the question is whether such large-scale exports are, in fact, possible, what with a number of uncertainties in the air. Will India, for instance, really succeed in securing as large a quota as 500,000 tons in the U.S. market? It will be recalled that, when the issue of alloting a quota to India was discussed some weeks ago, there were many countries, particularly some of the U.S. neighbours in Central and South America, as well as the representatives of the U.S. domestic sugar beet and sugarcane industries who presented strong arguments for increasing the size of their quota in the U.S. market. Drawing attention to this aspect, Prof. Galbraith said in his message that "it was not an easy question for our (U.S.) officials in Washington to resolve." Again, will the International Sugar Council concede India's plea for an export quota of 500,000 tons? After all, the Council will have to give first preference to countries which have been in the export field for decades and where the sugar industry forms the mainstay of their economy.

Granting that the answers to the aforesaid two posers are in the affirmative, there arises the problem of meeting the sizable losses on sugar exports, even after the full remission of excise duty and cane cess. Alluding to this aspect, Mr. Kanoria commended for acceptance the following suggestions:

1. Export of sugar should be linked to the import of certain industrial raw materials. These linked or commodity exchange deals are already in existence and are relied upon for the export of some items. In fact, there have been enquiries from abroad regarding the feasibility of such deals for sugar and, if official permission were granted, a substantial volume of sugar export at the current Indian price could definitely be effected.

2. There is a clear case for lower railway rates on sugar exported. The ocean freight on sugar carried over some 10,000 miles is about Re. 1.25 per maund. The railway freight from the factories about 1,000 miles away to Calcutta comes to Rs. 3 a maund.

3. If cane growers can be persuaded to accept, on the proportion of their crop that corresponds to exported sugar, a price equivalent to that realised from *gur* and if some sacrifice were made by every other section, including the manufacturers, the cost could be brought down substantially.

Permanent Solution

The above suggestions are at best only palliatives and do not provide a permanent solution to the problem of building up a solid and secure export market for Indian sugar. The permanent solution lies in producing sugar at least at the special price which the U.S. is prepared to pay. We have advisedly pitched this qualification at the lower key, for it must be conceded that the so-called free market price for sugar in the world is a depressed one, in that it invariably represents the cut price at which surpluses left over with producing countries, after meeting the firm commitments with large importing countries under special arrangements, are sought to be disposed of. That price is, therefore, not a fair price, besides being subject to wide fluctuations depending upon a number of factors, but primarily on the domestic supply position of the principal importing countries. It may be noted that less than 10 per cent of world production passes through this market. Accordingly, it would not be quite fair to measure the competitive capacity of Indian sugar in terms of the world free market price. Nor can it be contended that export of sugar in normal periods will be possible without a certain amount of subsidy. The real questions to be decided are, therefore, the quantum of subsidy and who should bear the cost of it and in what proportion.

There is no justification in asking the domestic consumer to bear the cost of any export subsidy on sugar. The Government cannot expect to collect any tax on sugar exported in the form of excise duties and cane cess, which is really an excise on sugarcane paid by the consumer. The only other way is through a reduction in the cost of sugar production and such a reduction will be possible only if the incidence of cane cost, which accounts for as much as 70 per cent of the total cost, is lowered. It is this factor that invests the need for a rational approach to the question of fixing the price of sugarcane with urgency. The problem of getting more sugar per acre cannot be tackled so long as the present defective system of minimum cane prices continues.

Raising Domestic Consumption

Be that as it may, Mr. Kanoria did well to highlight the importance of raising the domestic sugar consumption. He put forward two pertinent suggestions designed to ensure the achievement of this goal. One, the present irksome restrictions on distribution of sugar at the State level and on inter-State movements, which are stifling consumption, increasing stocks and resulting in a higher price than is necessary, should be removed without further delay. Secondly, the rates of excise duty and of cess on cane must be lowered. Such a reduction need not involve any big loss of revenue, because the increase in consumption will broaden the base of these taxes, so that lower rates may well result in more revenue. The Union Food and Agriculture Minister has himself realised the need for abolition of distribution controls on sugar and reduction in the tax burden. But he has not been able so far to give effect to his ideas. It is, however, gratifying to learn from Mr. Patil that restrictions on the retail sale of sugar have been removed in most of the States. Thus, the wholesalers in Uttar Pradesh and Bihar have been allowed to sell in the free market such sugar as is not lifted by authorised retailers within a specified period. The West Bengal and Orissa Governments have permitted wholesalers to sell sugar that is in surplus or is not required for distribution through controlled channels. Besides, the Rajasthan Government has withdrawn restrictions on sales at the wholesale stage.

The piecemeal relaxation of restrictions on sugar distribution and movement is not sufficient. What is wanted is the complete abolition of controls on an all-India basis. Mr. Kanoria certainly put the finger on the nub of the problem when he declared: "The sugar problem has assumed such formidable proportions and the policies and actions of the various Ministries of the Central Government as well as the State Governments are so divergent that I think the time has come for this matter to receive attention at the highest level at a national conference attended amongst others by the Prime Minister and the Chief Ministers of important sugar producing States." It is only at a conference of this nature that a clear cut definite line of action can be chalked out for tackling the high cost of sugar.

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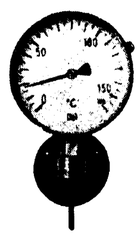
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COMPULSORY APPRENTICESHIP SCHEME

EMPLOYERS' APPREHENSIONS ILL-FOUNDED

EMPLOYERS need not throw up their hands in despair at the Apprentices Bill introduced in the Lok Sabha last week. For it only seeks to accomplish, in their own interest as also in the interest of the country in general, what voluntary, unplanned effort and Governmental persuasion had failed to achieve. The Bill seeks to regulate the terms and conditions of apprenticeship training and to compel employers to train a certain number of apprentices every year, the actual number to be fixed by the Government in accordance with a predetermined ratio for each trade or industry. It is the latter aspect which has been opposed by employers. Their views were embodied in a memorandum submitted by the Employers' Federation of India to the Director-General of Resettlement and Employment of the Ministry of Labour. The Federation stated therein that, while it was not opposed to legislation for regulation of apprenticeship training with a view to raising standards of training and for the protection of both the apprentice and the employer (in fact it welcomed such regulation), it was firmly of the view that any kind of compulsion was not only unwarranted and undesirable but against the interest of the country. The Federation did not agree with two major premises on which the proposal for legislation was apparently based, namely, (1) that voluntary methods had failed, and (2) that the future requirements of skilled personnel in the various trades during the third Five-year Plan period would be so heavy that compulsion was the only answer to the problem. According to it, voluntary methods had not failed and that, where employers had been properly approached by the Government, they had not failed to respond. It was wrong, the Federation maintained, to suppose that compulsion could succeed where voluntary effort, had, if at all it did, failed.

Best Judge

As regards the requirements of the third Plan, the Federation maintained that these had been estimated on the high side. Even during the second Plan period, it added, when the output of trained tradesmen was said to have been much below the requirements of the industry, there was the strange spectacle of thousands of men listed on the live registers of employment exchanges unable to get suitable jobs. An analysis of the figures in the Bombay State alone in 1959 showed that, of the 1,376 ex-technical trainees registered in the employment exchanges, only 158 (or 11.5 per cent) could be found employment. The quarterly employment survey published by the Director-General of Resettlement and Employment showed that, of the unemployed craftsmen who were registered at employment exchanges, 50 per cent had received training at training institutes and 10 per cent had Certificates of Apprenticeship. Apart from these factors, the industry itself was, according to the Federation, the best judge of the number of skilled men it required or was likely to require. The Federation, therefore, genuinely apprehended that, if a large number of apprentices were drafted for training merely on the basis of the "so-called requirements" of the third Plan, it might lead to considerable frustration among those trained when they found that there were not enough jobs to go round.

Compulsion and Standards

Another objection of the Federation was that compulsion was bound to lower standards and perhaps encouraged the abuse of apprenticeship system. The Federation also listed the following further reasons why compulsion was not considered desirable.

(i) Any kind of compulsion (even when the number is fixed in accordance with a pre-determined ratio, for each trade) is bound to lead to the induction of a larger number of trainees on industrial establishments than they can afford to train. This would entail serious loss in production, as a large number of machines will have to be set apart for training.

(ii) There are many industries which are not appropriate for training apprentices of the type contemplated, e.g., the cigarette industry and the petroleum refining industry. In certain establishments (e.g., electrical supply undertakings), the training which can be given to apprentices has to be limited to repair and maintenance of their own plant: and no other training can be given.

(iii) There are other industries (e.g., the mining industry) which have already centralised training schemes of their own which provide all the trained personnel they require. Such industries are not suitable for integration in a general apprenticeship training scheme.

(iv) Again, there are industries (e.g., cotton textile industry) where no great expansion is likely in the foreseeable future. It would be undesirable to increase the number already receiving training in such industries under the existing schemes.

Divergent Estimates

These arguments of the Federation have obviously not carried conviction to the Government which has decided to go ahead with the Bill. While the Government is not prepared to concede that legislation is unnecessary, it has accepted many of the suggestions made by the Federation in regard to the principles of the legislation and they have been incorporated in the Bill. The employers have, therefore, no cause for complaint that they were not consulted or that their suggestions were not given adequate consideration. It is true that, on the basic question, namely, whether legislation was necessary or not, the Government has not been able to see eye-to-eye with the employers. This is, perhaps, because the Government wished to go by the estimates of the Planning Commission as to the demand for skilled personnel during the third Plan period. The Federation considers this estimate on the high side. We are not sure whether the Federation has made its own estimate of the requirements of technical personnel during the third Plan period to be able to say that the estimate of the Planning Commission is an overestimate. It merely seems to have arrived at its conclusion on the basis of figures collected from the employment exchanges. But it must be pointed out that this conclusion is not very firmly based. For the figure refers to only one State and to one year and cannot be taken as indicative of the present and prospective demand for trained personnel. Further, it is quite possible that those who remained unemployed were those who had received training in trades in which the supply of technical personnel was plentiful. Such surpluses could be avoided if training is properly planned in keeping with the needs of the country. According to the third Plan, about 1.3 million craftsmen or skilled workers would be required during the third Plan period of which about 810,000 would be required in the engineering trades and the balance in non-engineering trades. The Bill seeks to provide training facilities for 200,000 apprentices yearly, bringing the total available to one million for the whole Plan period.

The employers are right in their contention that compulsion is best avoided. But if the choice is between getting things done by an element of coercion, legal or otherwise, and letting things to drift, we for one would prefer the former. Proper training of industrial personnel has been neglected for too long in this country. Employers, barring a few, would appear to have regarded it as the responsibility of the Government. The latter has no doubt been doing what it can to increase the facilities available for technical training of skilled workers and operatives. As a result, the capacity has increased from 10,500 at the end of the first Plan to 42,000 at the end of the second Plan. This is expected to go up to 100,000 at the end of the third Plan. But measured in relation to the needs these facilities are far short of the requirements.

If employers are opposed in principle, as they are, to making apprenticeship compulsory, it is up to them, as we had suggested in one of our previous issues *vide Commerce* dated 15th October 1960), to present an alternative scheme for training, on a voluntary basis, an agreed number of apprentices by a specified date.

The argument that the advanced countries of the West have not resorted to compulsion for the purpose of training is not valid to this country. The situation in those countries is entirely different. There a combination of circumstances, including shortage of manpower, has led to a situation, in which almost every employer worth the name trains young men well in advance. Further, in this country, the pace of economic development is being forced up under the five-year Plan. It is necessary to make sure that progress in this direction is not retarded by want of trained technicians of all sorts. The Government is, therefore, justified in calculating the needs of both the public and private sectors in advance, and drawing up a plan for fulfilling them. It is, of course, assumed here that the Government will use the power of compulsion diligently and see to it that apprentices are not trained for lines in which there is a surplus or which does not need any expansion in the supply of skilled workers in the foreseeable future.

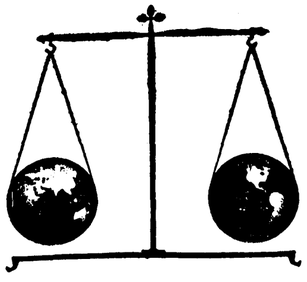
Argument Unconvincing

The argument that, in the present state of acute unemployment, a craftsman will be generally reluctant to train "outsiders" (that is, those who are not in a particular family or common group) is silly. If the craftsman is made to understand that the training of the apprentice put under his charge is part of his job and that the employers take the scheme seriously, there is no reason to suppose that the workman will cold shoulder it. If he does, it should at his cost. Apprenticeship scheme or no apprenticeship scheme, let the employers not encourage "closed shop" practices.

The contention that there are special difficulties in training apprentices such as shortage of machine tools and other appliances for training in the more highly skilled engineering trades, shortage of raw materials and lack of suitable personnel to supervise the trainees, etc., is far more valid. But the question is whether training should be neglected because of these difficulties. If it is neglected, by the time raw materials, appliances, etc., become available in plenty, there would not be sufficient number of skilled workers to put them to productive use. The aim should be to give such training as is possible within the limitations imposed by the prevailing shortage of raw materials, tools, etc., if these handicaps cannot be overcome. In any case, the Government can be trusted to help employers to get over these difficulties. Other apprehensions, such, for instance, as the fear that individual units may be asked to train more persons than they have the facility and that discrimination will be practised against larger firms, could be removed, if both the Government and employers co-operate with each other in evolving a system which will entail no particular difficulties to any one. After the trades are classified and the training programmes settled, a survey could be made of the available and potential facilities and the number of apprentices to be trained by a unit could be determined, making due allowance for the number of apprentices, if any, already being trained by it. All these are matters of detail which can satisfactorily thrashed out, given the will, by discussion between the employers, trade unions and the Government.

I.L.O. CONVENTION ON SOCIAL SECURITY

The Government of India has informed the International Labour Office that it is not in a position to ratify the Social Security (Minimum Standards) Convention of 1952 for the present. This is not because of any lack of desire, but on account of some of the conditions laid down which are difficult to fulfil.



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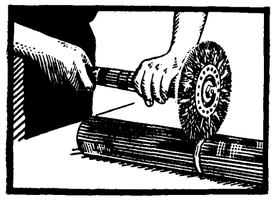

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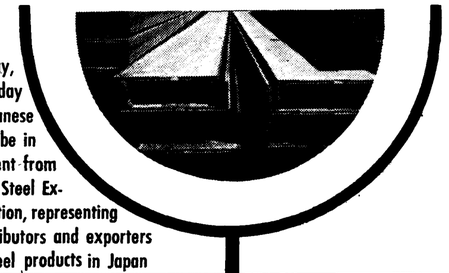

Starting 5th August, Saturday, and each Saturday thereafter, Japanese folk music will be in the air, a present from Japan Iron & Steel Exporters' Association, representing producers, distributors and exporters of steel and steel products in Japan

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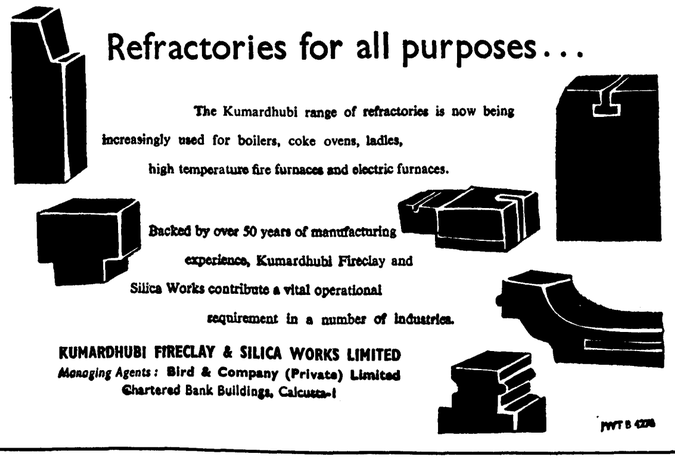

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Enquiries are invited from Banks, Commercial Concerns and Tourists for information regarding Prospects, Procedure and Regulations in Nepal.

NO NEED FOR ROAD-RAIL CONTROVERSY

DR. L. P. MISRA'S PLEA FOR A BIGGER OUTLAY ON TRANSPORT

IT has been estimated that, by the end of the third Plan, the country's transportation system will have to haul about 320 million tons per annum in terms of originating goods traffic. Of this, the railways are expected to lift 245 million tons. The balance of 75 million tons will have to be lifted by other forms of transport. Coastal shipping, inland navigation and civil air transport may, together, account for a minimum of 5 million tons, or a maximum of 10 million tons at the most optimistic estimate. The share of road transport, then, will be 65-70 million tons, as compared with the 15-20 million tons it handles at present. In other words, road transport will be called upon to move nearly three times more traffic than it does now, whereas the railways will be handling just 60 per cent more traffic, as compared with the 154 million tons actually hauled by them in 1960-61. The crux of the problem, therefore, is, as Dr. L. P. Misra, Chairman of the Calcutta Branch of the Indian Roads and Transport Development Association, said, in his address at the annual general meeting of the Branch held on 26th August 1961, "how to make the roads take over the additional lift of about 50 million tons, thrown on them after all other modes of transport have been saturated with the traffic offering and have carried all that they can." Dr. Misra's suggestions are:

1. Increasing the mileage of roads, so as to open up new and neglected tracts now developing under the impetus of the Plans.

2. Improving the capacity of the existing roads by better surfacing, bridging the gaps which are preventing their full utilisation.

3. Strengthening the weak bridges which are now reducing the loads to be carried per vehicle.

4. Increasing the use of trailers.

5. Quicker disposal of applications for registrations of new commercial vehicles.

6. Increasing the outturn of the existing automobile factories to what is needed to meet the country's requirements.

The first three suggestions pertain to road development. According to the Central and State Chief Engineers, who had drawn up a 20-year plan of road development, the normal needs of the country would require an outlay of about Rs. 600 crores on roads in the five-year period of the third Plan. But, according to the final report of the third Plan, the cost of road development programmes included in the Plan will be about Rs. 270 crores, as compared with the actual outlay of Rs. 224 crores in the second Plan period. This outlay, it is thought, will be insufficient for the purpose of developing roads to the point of enabling the transport industry to handle about 50 million tons of additional traffic per annum by the end of the third Plan. Dr. Misra's suggestion, therefore, is that the third Plan outlay on roads should be Rs. 600 crores. The additional outlay (Rs. 600 crores minus Rs. 270 crores), in his view, can be made available from the proceeds of motor vehicles taxation. It is recalled, in this connection, that motor vehicles of all kinds on the road contributed in 1960-61 Rs. 142 crores to the Exchequer. This works out to an average contribution of Rs. 2,600 per vehicle. In fact, however, the average contribution of a commercial vehicle comes to between Rs. 5,400 and Rs. 6,000 a year. Since the contribution of a vehicle tends to grow more and more as its use increases and the number of motor vehicles on road will be increased by 3 to 3.5 lakhs over the next five years, it should be possible to finance the additional outlay required for roads.

Room for Expansion

Even on the basis of the existing capacity of roads, there is room for further expansion of automobile transport. The position by the end of the third Plan will also leave room for still further expansion of road transport. The mileage of surfaced roads, for instance, will be 164,000 in 1965-66, as compared with 144,000 in 1960-61. The third Plan outlay on automobile transport will be Rs. 25 crores in the public sector and about Rs. 225 crores in the private sector. With this outlay, the cars per mile of surfaced roads in the country will be 2.22 and the commercial vehicles per mile of such roads 2.39 in the last year of the third Plan, as compared with 1.67 cars per mile and 1.36 commercial vehicles per mile, respectively, in 1955-56, and as compared with 28 cars and 9 commercial vehicles per mile of surfaced roads in Great Britain in the latter year. According to Mr. B. V. Vagh, Executive Vice-President of the I.R.T.D.A., who has calculated these figures, even the existing capacity of surfaced roads is not fully utilised. His argument runs as follows:

"Taking the traffic capacity of our roads at half that in Great Britain on account of the known deficiencies in our road system, it would appear that on the basis of traffic in Great Britain there was room on our roads in that year for over eight times the number of cars (14.0 ÷ 1.67) and over three times the number of commercial vehicles (4.5 ÷ 1.36) on our roads. Against this, the estimated number per mile on our surfaced roads in 1965-66 will be about 1.33 times the 1956 number of our cars (2.22 ÷ 1.67) and about 1.75 times the 1956 number of our commercial vehicles (2.39 ÷ 1.36) against over eight and three times respectively on the basis of half the traffic in Great Britain. This shows the extent to which we have still to make headway."

According to Mr. Vagh, there will be a deficiency of 30,000 cars and jeeps and 40,000 commercial vehicles by the end of the third Plan. This deficiency in production will be found to be greater still, if vehicles supplied to the Defence Services are excluded. If his analysis is accepted, it would mean that there is need for additional investment in the automobile manufacturing industry so as to increase the production of vehicles to the required level and for additional investment in the automobile transport industry. The last three suggestions made by Dr. Misra would also involve precisely this. But all this additional investment will have to take place in the private sector. An all-round reduction of 50 per cent in vehicle taxation, according to one view, may provide the incentive to the transport industry to expand to the point of carrying three times more traffic by the end of the third Plan. When that much traffic is handled by the road transport industry, the Central and State Governments will have 50 per cent more income from motor vehicles taxation even after the 50 per cent reduction in the rate of such taxation. At the same time, if the severe restrictions on payload are removed and truck-trailer combinations are permitted, the road transport industry will have an additional incentive to expand.

Answer to Controversy

Unfortunately, however, official thinking is still unable to rise above the road-rail controversy in the sense of competition between the two modes of transport. For instance, while the final report of the third Plan recognises that there is a general shortage of transport in the country today and that this shortage is likely to continue for some time, it says, at the same time, that "this will not necessarily preclude competition between rail and road transport over certain routes and in respect of certain commodities." The best answer to this controversy is contained in the following paragraph of Dr. Misra's address:

"To sum up, the present position is that during the third Plan, each form of transport will have more traffic to carry than what it can take over. There is no justification for the apprehension that the railways and roads will compete with each other, for competition starts only when the supply is more than the demand. But when the demand is more than the supply, there should be no apprehension about competition. Some idea of the developments which must occur on our railways will be gained from the fact that they are loading 22,000 wagons a day, while in one division of approximately 1,000 miles, in West Germany, the railways are loading 42,000 wagons a day. This gives some idea of how much traffic has to come on railways with the development of industries, commerce and agriculture. There is also no cause for any apprehension of reduction of railway revenues as they have been increasing steadily from year to year. It is hardly desirable, in these circumstances, to waste any time over the merits or demerits of each form of transport. ... The interest of the country demands that each form of transport should be developed to the maximum capacity for carrying the traffic brought to it. Safeguarding one form of transport against the other would be justified only when the supply exceeds the demand. As far as India is concerned, we are fortunately living in a generation in which there is no need for such controversies for at least ten years to come."

The question has been posed by the Neogy Committee whether there should not be integration of rail and road services on the long-distance routes. This question has been posed because the railways seem to be insisting on a monopoly of such routes. That the country will benefit by freer scope for long-distance road transport in the conditions of continuing transport shortage should be recognised. The above passage in Dr. Misra's address lends support to this approach.

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General Manager.

STANVAC'S OPERATIONS IN INDIA

The Standard-Vacuum Oil Company recently brought out an illustrated review of the Company's operations (refining, marketing and exploration) in India. The review for 1960 shows that the Company suffered a net loss of Rs. 13 lakhs last year, though the gross operating income from sales of products and services was Rs. 87.8 crores. This loss worked out to 0.2 nP per imperial gallon or 0.29 per cent of the total capital (Rs. 44.8 crores) employed. The publication, which is more notable for the decade review it contains, brings out that, in the period 1951-60 as a whole, Stanvac's net income (profit) had averaged 5.67 per cent of the total capital employed. The decade review highlights the fact that Stanvac investments during the period include all the Company's net income in India, all the funds accumulated as depreciation reserves and other charges against income and nearly Rs. 5 crores of additional capital supplied in foreign exchange. The relevant figures for the 10-year period are given below:

	(Rs. crores)
Net income (after taxes and depreciation)	17.85
Depreciation reserves	10.57
Other reserves	9.15
Foreign exchange from Stanvac overseas	4.94

Reference is also made in the ten-year review to the illfated Indo-Stanvac (Exploration) Project in West Bengal. This Project, which involved a total investment of Rs. 7.2 crores, was abandoned last year. With the exception of the proceeds from the sale of the drilling rig, the entire investment was totally lost. Stanvac's share (including all the foreign exchange supplied by it) in this loss was 75 per cent and the Government of India's 25 per cent. It is noteworthy that, notwithstanding the losses suffered, the Standard-Vacuum has applied for licence for doing prospecting in Rajasthan and continues to express its desire to participate further in the search for oil in India.

STEEL IMPORTS AND EXPORTS

The supply position of such steel products as bars, rods, light and medium structurals has improved in recent months, according to the testimony contained in the presidential address of Mr. P. L. Master at the fourth annual general meeting of the Steel Importers Association, held at Calcutta on 24th August, 1961. But the shortages of several other categories, particularly plates and sheets of thinner gauge, continue to be acute, resulting in great inconvenience to the engineering and processing industries. There is also the continuing shortage of tool, alloy and special steels, bright drawn free-cutting steel, class IV and other quality steels for forgings. The exports of some steel products to the tune of 50,000 metric tons in 1959-60 and 115,000 tons in 1960-61, according to Mr. Master, were made possible only by the fortuitous delay in the starting of the finishing mills of the public sector steel plants and should not be taken to be a regular feature of the economy.

BRITISH FURNACE MODELS FOR DELHI FAIR

It is learnt that the Incandescent Heat Co., Ltd., of Smethwick, Birmingham, one of Britain's leading industrial furnace builders, will be exhibiting three furnace models at the Indian Industries Fair, to be held at New Delhi this winter. One of these will be a large oil-fired bogie hearth furnace for the normalising, stress-relieving and annealing of mill rolls, forgings and fabricated structures. Another model will show a furnace for sheet mills, which heats 10 tons of bars each hour for feeding into a breakdown mill. The third model is of a metal electric direct-arc melting-plant and shows the furnace, control room and transformer house; this type of furnace can melt up to 100 tons of steel at a time, using electricity. Scale models and photographs of other types of plant used in heavy industries will also be in display at the British Pavilion to which more than 1,500 British firms interested in the Indian market have been invited by the U.K. Board of Trade.

NEW PRODUCTS AND PROCESSES

Collapsible Tanks

LIGHTWEIGHT tanks made of synthetic rubber and nylon which can be filled and dismantled in a few minutes are solving the water supply problems for companies operating in the Sahara desert. Easy to transport and designed to preserve drinking or industrial water over long periods, they enable water to be stored at supply points in the desert or moved rapidly over long distances. The tank walls are made of a neoprene/nylon sandwich in five layers with a coating of aluminium-pigmented synthetic rubber sprayed on the surface. This prevents the accumulation of static electricity and guards against heat penetration. Filling and draining the tanks is done very rapidly by means of two valves with firehose-type connections. Dimensions of the containers, which range in capacity from 500 to 30,000 litres, are designed to make them easy to set up on the platform of a truck. When emptied, they can be rolled up into a small pack and easily stored away. Although principally supplied for carrying water the tanks can also be used for the storage of petrol, fuel oils and various chemical liquids.

Automatic Fuel Oil Register

Lockheed Electronics Company is appointing franchised distributors for a new addition to its product line—the fuel oil industry's first fully automatic computing register. The new Lockheed Register automatically prints a customer invoice at the point of delivery by itemising the number of gallons delivered, price per gallon, sales tax, and the total amount of the transaction. The computation and printing operation is accomplished in one second by a turn of the Register's handle after the delivery is made. The new Register is the most thoroughly designed and tested commercial product we have ever introduced, according to Mr. D. F. Sanders, Lockheed Electronics Company President. The Company is now in production after a two-year development programme. A major innovation in the Register is its ability to compute tenths of a gallon which allows dealers to charge for every drop of oil delivered. Previously, dealers lost tenths below a half gallon in the customer's favour, particularly on fixed-gallonage deliveries. The Lockheed Register also incorporates a preset counter. Another unique feature is offered by a totaliser that displays accumulated gallons delivered, total sales tax, and the total value of all deliveries. This feature makes it easy for supervisors and drivers to tally daily deliveries. The new unit, weighing less than 15 pounds and measuring 10 inches high by 9 inches square, is interchangeable with all previous registers or can be adapted to all existing fuel oil meters used for consumer deliveries. Adapters will be furnished for all non-standard installation. The changeover from old to new register can be accomplished with a wrench and screw-driver in 15 minutes, including adjustment of the gear ratio where required.

Welding Transformer

A Vienna enterprise specialising in welding equipment, whose production programme includes welding transformers, rectifiers, other transformers and spot welders, is turning out a small, light and highly efficient welding transformer for work on the site and in the workshop. It is particularly suitable as additional piece of equipment with low current consumption. In spite of its extremely low connected load and operational costs, the transformer is remarkable for its noiseless operation and constant ignition tension at all steps. Owing to the dimensioning of the coils, no heating occurs, even in case of continuous operation. Transformers provided with a thin-sheet step are remarkable for their high ignitability. A second type manufactured by the firm differs from the aforementioned one because it may be operated on the lighting main as well as on a 380V power line. A selector switch makes it possible to switch from one current to the other without touching the terminals of the cable. The transformer has a thin-sheet step for the welding of thin-sheets of a maximum of 0.8 mm. As it is more powerful when operated on a 380V current than on the lighting current and has a maximum welding amperage of 150 Amp., it suffices even for medium-sheathed electrodes of 4 mm. The enterprise is manufacturing many other bigger and more powerful welding apparatus, as well as hand-operated spot-welding tongs with automatic control.

Safety Poultry

A system using special mirrors and infra-red beams has been developed in the U.K. for use in protecting poultry and other farmyard animals against thieves. It might also be adapted for use in giving warning against attack by foxes. The operation of the system depends on the use of an infra-red beam source. Mirrors are then placed round the chicken house in such a fashion that the infra-red beam is reflected so as to cover every possible means of ingress. When the beam is broken, this is detected by a special photo-electric system and an alarm is sounded. Photo-electric relays and a series of electronic timers, coupled with a modulated light source, switch light on and off to give additional warning and also possibly to scare the invader. The alarm can be sounded at virtually any reasonable distance from the chicken houses and can be readily sited in the farmer's bedroom, or in whatever other part of the house may be convenient. The switching on and off of the light also serves to identify immediately the particular chicken house which is being attacked. The system is expected to be especially useful in large chicken farms where the houses are spread over a large area, or where they are placed at a considerable distance from the farmhouse.

New Plastic Putty

A plastic putty has been developed in the U.K. which, it is claimed, can readily be shaped in any desired form and yet will set hard enough to be machined, drilled or tapped. Tests are said to have shown that the material has an ultimate compressive strength of 11,200 lbs. per square inch and a tensile strength of 700 lbs. per square inch. At the same time, it has a relatively low water absorption of 2.7 per cent and is said to have excellent dielectric, or electrical insulation properties. The material is also said to have excellent adhesion to other surfaces and will cure at room temperature in from 1½ to 18 hours, depending on the temperature existing at the time of curing. Rapid curing may be obtained by the use of heat at temperatures of up to 100 degrees Centigrade. When such heat is applied, the curing time is reduced to several minutes. The putty consists of an epoxy-based resin and a special hardening material. These two compounds are coloured black and blue respectively. Before use they should be mixed together until an even colour is obtained throughout the putty. During its soft stage the putty is said to handle much like plasticine. It is expected to find widespread applications not only in industry, but also in do-it-yourself operations at home.

Casting Nylon

A process for casting nylon plastics in massive parts has been developed by an American company. The purpose is to encourage the use of plastics instead of metal in machine construction. The chief novelty in the process is that the nylon is cast as a monomer, a rather thin liquid, and then converted by chemical action into the polymer, the long, linked chemical chain which gives the plastic its characteristics. This method is claimed to eliminate the need for pressure-filling the mould as in injection casting. The company also says that direct conversion of the raw materials in the moulds reduces the costs by half. It claims that the expense of nylon castings is now lower than similar brass or stainless-steel castings.

Low-cost Road-marking Machine

The Department of Main Roads in Queensland, Australia, has overcome the problem of economically and efficiently painting small stretches of white dividing lines on roads with low density traffic. The marking is done by a small, three-wheeled motorised machine operated by one man. It is powered by a 2-cylinder petrol-driven air-cooled engine, developing 8 horse-power and capable of 20 m.p.h., cruising at 4 m.p.h. while marking. The engine also drives an air-compressor to supply 100-lb. pressure to two spray guns. The compressor is mounted at the rear of the machine together with 10-gallon paint container fitted with a built-in mixer. The economy of the three-wheeled marker can be gauged by the fact that large line markers, commonly used on roads where heavy traffic density demands continuous marking, has as its prime mover a 3-ton truck.

New Building Material

A new building material made of asbestos and cement coated with plastic is now being marketed by the Johns-Manville Company in the United States. It is expected that it will be chiefly used as an exterior house trim. Called Permatone Flexboard, the new material looks and wears like stone, but handles and is worked like wood. It can be nailed, sawed, and mitered. Unlike painted wood, however, it is non-combustible and termite-proof and will not rot, crack or peel.

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The loan will be closed as soon as a total of approximately Rs. 10 crores has been subscribed and in any case not later than the close of business on the 9th September, 1961.

The applications for the loan will be received at—

(a) the offices of the Reserve Bank of India, Bombay, Calcutta, New Delhi, Madras, Nagpur and Bangalore.

(b) the branches of the State Bank of India within the State of Maharashtra, except at Bombay and Nagpur and at places mentioned in (c) below.

(c) the branches and Treasury Pay Offices of the State Bank of Hyderabad within the State of Maharashtra, except at Bombay.

(d) the Government treasuries and sub-treasuries in the State of Maharashtra at places where there is no branch or Treasury Pay Office of the aforesaid Bank.

FULL PARTICULARS CAN BE OBTAINED AT ANY OF THE OFFICES MENTIONED ABOVE

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

Consent of the Central Government has been obtained to this issue by an order of which a complete copy is open to public inspection at the Registered Office of the Company. It must be distinctly understood that in giving this consent, the Government of India do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinions expressed in regard to them.

Industrial Licence No. L/15(1)/N-6/60 dated 12th August, 1960 for Single-phase and Licence No. L/15(1)-8/EEI/60 dated 15th December, 1960 for Polyphase for establishing a Single-phase and Polyphase Electric Meter plant have been obtained from the Central Government, the Copies of which are open for public inspection at the Registered Office of the Company.

A copy of the prospectus together with the documents specified therein has been delivered for Registration to the Registrar of Companies, Gujarat State, as required by Section 60 of the Companies Act, 1956.

An application will be made in due course to the Stock Exchanges of Bombay and Ahmedabad respectively for a permission to deal in and for official quotation of the shares of the company.

The Subscription List will open at the commencement of banking hours on the 6th September 1961 and will close at the close of banking hours on the 19th September 1961, or earlier at the discretion of the Board of Directors, but not before the banking hours on the 9th September, 1961.

BARODA ELECTRIC METERS LIMITED

(Incorporated under the Companies Act, 1956 on 23rd March, 1961)

SHARE CAPITAL—AUTHORISED CAPITAL—

75,000 Equity Shares of Rs. 100 each	Rs.	75,00,000
25,000 Un-classified Shares of Rs. 100 each	Rs.	25,00,000
	Rs.	1,00,00,000

ISSUED CAPITAL—

40,000 Equity Shares of Rs. 100 each	Rs.	40,00,000

CAPITAL AGREED TO BE TAKEN UP—

(a) By Directors and their friends—12,500 Equity Shares of Rs. 100 each	Rs.	12,50,000
(b) By Life Insurance Corporation of India—5,000 Equity Shares of Rs. 100 each	Rs.	5,00,000

NOW OFFERED AT PAR FOR PUBLIC SUBSCRIPTION—

22,500 Equity Shares of Rs. 100 each .. .. .. Rs. 22,50,000

The amount payable in respect of shares comprising the present offer is as follows :—

(a) **With application** .. .. Rs. 25 per share

(b) **On allotment** .. .. Rs. 25 per share

(c) **The balance of Rs. 50 per share shall be payable in two equal calls of Rs. 25 each, the first of which shall not be earlier than three months from the date of allotment and the second not earlier than three months from the first call.**

No shares are issued for consideration other than cash.

APPLICATION FOR SHARES

Application for shares should be made on the printed application form accompanying Prospectus and delivered before the close of the subscription list at any office of the Bankers set out on the application accompanied by the full amount payable on application. Applications must be for a minimum of five shares or multiple thereof.

BOARD OF DIRECTORS

1. SHRI JEHANGIR PESTONJI PATEL, *Chairman*, Cotton Merchant, Goolestan, 37, Cuffe Parade, Bombay-5.
2. SHRI SIDDHARTH KASTURBHAI, Mill Agent, Pankore's Naka, Ahmedabad.
3. SHRI PRATAP BHOGILAL, Businessman, 26, Ridge Road, Malabar Hill, Bombay-6.
4. SHRI JAYANTILAL JAGJIWAN MULJI, Businessman, Anand Bhuvan, Babulnath, 2nd Cross Lane, Bombay-7.
5. SHRI OCHCHHAVLAL HARKISONDAS GHEEWALA, Director, Fair Lawn, Queen's Road, Bombay-1.
6. SHRI BHOGINDRA (BACHUBHAI) THAKORDAS MUNIM, Solicitor, C/o. Bachubhai Munim & Co., 4 Alli Chambers, Medows Street, Bombay-1.
7. SHRI RAMBHAI AMBALAL PATEL, Commercial Manager and Chief Accountant of Scindia Steam Navigation Co., Ltd., 61-A, B. Desai Road, Bombay-26.
8. SHRI MAGANBHAI SHANKERBHAI PATEL, Electrical Engineer, 13, Jaya Mahal, French Bridge, Bombay-7.

UNDERWRITING

Underwriters	Total amount underwritten	Shares reserved for firm allotment to underwriters.	Now unconditionally offered for public subscription
	In lacs of Rs. Equity	In lacs of Rs. Equity	In lacs of Rs. Equity
Life Insurance Corporation of India, Jeevankendra, Jamshedji Tata Road ..	5.00	5.00	Nil
Canara Industrial & Banking Syndicate Ltd.	5.00	Nil	5.00
The Industrial Credit and Investment Corporation of India Ltd., ICICI Building, 163, Backbay Reclamation, Bombay-1 ..	5.00	Nil	5.00
The Bank of Baroda Ltd., Apollo Street, Fort, Bombay-1	5.00	Nil	5.00
Messrs. R. R. Nabar & Co., 31, Dalal Street, Bombay-1	5.00	Nil	5.00
Messrs. Valji Dhanji, 19, Stock Exchange Building, Bombay	2.50	Nil	2.50

BANKERS FOR THE ISSUE

1. THE BANK OF BARODA LIMITED.
2. THE CANARA INDUSTRIAL & BANKING SYNDICATE LTD., and
3. THE CENTRAL BANK OF INDIA LIMITED.

BANKERS

1. THE BANK OF BARODA LIMITED, and
2. THE CANARA INDUSTRIAL & BANKING SYNDICATE LTD.

SOLICITORS

1. MESSRS. BACHUBHAI MUNIM & COMPANY, 4, Alli Chambers, Medows Street, Bombay-1.

AUDITORS

1. MESSRS. K. S. AIYAR & CO., Chartered Accountants, East and West Building, Apollo Street, Bombay-1.
2. MESSRS. APAJI AMIN & CO., Chartered Accountants, 3120/2, Gandhi Road, Ahmedabad.

BROKERS

1. MESSRS. HARKISONDASS LUKHMIDAS, 5, Hamam Street, Fort, Bombay-1.
2. MESSRS. R. R. NABAR & CO., 31, Dalal Street, Bombay-1.
3. MESSRS. VALJI DHANJI, 19, Stock Exchange Building, Bombay.
4. MESSRS. DEVKARAN NANJEE & CO., 5, Hamam Street, Fort, Bombay-1.
5. MESSRS. BATLIVALA & KARANI, Union Bank Building, Dalal Street, Bombay-1.
6. MESSRS. DHIRAJLAL MAGANLAL PURSHOTAMDAS, Share Bazar, Bombay-1.
7. MESSRS. CHIMANLAL J. DALAL & CO., 107, Stock Exchange Building, Dalal Street, Bombay-1.
8. MESSRS. NARANDAS & SONS, Union Bank Building, Dalal Street, Bombay-1.
9. MESSRS. D. S. PRABHUDAS, Stock Exchange, Dalal Street, Bombay-1.
10. MESSRS. RASIKLAL MANEKLAL & CO., Old Stock Exchange Building, Bombay-1.
11. MESSRS. CHIMANLAL MANECKLAL, 45, Tamarind Lane, Bombay-1.
12. MESSRS. GORDHANDAS BHAGWANDAS, 20-C, Dalal Street, Bombay-1.
13. MESSRS. MERWANJEE BOMANJEE DALAL, Allahabad Bank Building, Apollo Street, Bombay-1.
14. MESSRS. JASHWANTLAL BHAGAT, 5, Hamam Street, Bombay.

AHMEDABAD

15. MESSRS. UPENDRARAY JAICHANDBHAI SANDESARA, 2330/13, Stock Exchange Building, Maneck Chowk, Ahmedabad.
16. MESSRS. CHINUBHAI CHIMANLAL DALAL, Naneck Chowk, Ahmedabad.

CALCUTTA

17. MESSRS. PLACE, SIDDONS AND GOUGH (PVT.) LTD., 6, Lyons Range, Calcutta.

MADRAS

18. MESSRS. KOTHARI & SONS, Oriental Buildings, Armenian Street, Madras.
19. MESSRS. MACONOCHIE & CO., Mercantile Bank Building, Madras.

DELHI

20. MESSRS. HARBANS SINGH MEHTA & CO., 33, Regal Buildings, Parliament Street, New Delhi.

BANGALORE

21. MESSRS. M. NANJAPPAIAH JAHAGIRDAR, 181, Cavalry Road, Bangalore-1.

REGISTERED OFFICE

535, TILAK ROAD, AHMEDABAD.

BOMBAY OFFICE

SHREEJI BHUVAN, LOHAR CHAWL, BOMBAY-2.

The consent of the above-named Bankers, Brokers, Solicitors and Auditors to act in their respective capacities have been obtained and filed with the Registrar of Companies, Gujarat State along with the prospectus as required by Section 60 (3) of the Companies Act, 1956 and the same have not been withdrawn.

BROKERAGE

Brokerage at the rate of 1 per cent on the nominal value of each equity share will be paid to the recognised Brokers or Banks on allotment being made in respect of applications bearing the stamp of such Brokers or the Banks. Further Brokerage on the same basis will be paid by the Company to the underwriters in addition to the underwriting commission on allotment in respect of applications made or procured by them provided that the relative forms of applications bear their stamps.

OBJECTS OF THE COMPANY

The Company was incorporated on the 23rd March 1961 with the objects or purposes mentioned in the Memorandum of Association and in particular to manufacture electric house service and polyphase meters.

COMMENCEMENT OF BUSINESS

The Commencement of Business Certificate dated 17th April, 1961 has been obtained by the Company from the Registrar of Companies, Gujarat State, Ahmedabad.

PROSPECTS AND ESTIMATE OF PROFITS

At present the annual demand for the electric meters is as follows:

Single-phase meters about 1,000,000 pcs. per year; and Polyphase meters about 250,000 pcs. per year.

Owing to extensive electrification in the country, the demand for Electric Meters will increase considerably and as mentioned in the Journal of Industry and Trade issued by the Central Government, the demand according to the third Five-year Plan will be about 2,100,000 in 1965.

Till recently Polyphase meters were not manufactured in India, but now the Government of India have requested all the existing units and the new units to manufacture Polyphase meters also.

Production of Single-phase meters as mentioned in the Journal of Industry and Trade, Ministry of Commerce and Industry, is as follows:

Year ended 30th June	*Production of Single-phase Meters per year Nos.*
1956	230,304
1957	230,540
1958	348,240
1959	370,428
1960	449,960
1961	480,000

Import against actual users' licences about 489,000.

It is proposed to put up the plant with the following capacity:—

Single-phase Meters A.C.	60,000 pcs. per year
Polyphase Meters A.C.	24,000 pcs. per year

The Industrial Licences for both types of meters issued by the Ministry of Commerce and Industry are held by the Company and they can be inspected at the Registered Office. In view of the existing demand and the expected rise, there will be good scope for the sale of these meters with reasonable profits. The Company hopes to complete construction of its factory by the end of 1962 and will go into production by the same time.

TECHNICAL-KNOW-HOW

The Company has made the Technical-know-how arrangement and the collaboration with Messrs. Deutsche Zahler-Gesellschaft, Hamburg, one of the oldest manufacturing concerns in West Germany and known for the quality of meters throughout the world. Messrs. Deutsche Zahler-Gesellschaft under the said collaboration arrangement have agreed to loan their experience and research for a period of 10 years. Further, Messrs. D.Z.G. will help the Company to establish the factory in the manufacture of Single-phase as well as Polyphase Meters as per their latest design and also according to I.S.I Specification. They have also agreed to give their advice in the matters of construction and planning by supplying a complete set of designs, drawings of all components, specification for the raw materials, quality and quantity of every part of meters. They have also agreed to prepare a floor plan and lay-out of the works and train some engineers and technicians in their works in Germany, at the same time, sending their personnel to set up the plant and bring it to proper working condition.

FOREIGN EXCHANGE

The Government of India have sanctioned the foreign exchange against Import Licence No. 997646 dated 24th February 1961 from West Germany for Rs. 6,57,050 and Licence No. 997647 dated 24th February 1961 for Rs. 3,98,564 from Eastern European Countries.

A credit loan of Rs. 5 lakhs in foreign exchange currencies equivalent to $105,000 has also been granted by The Industrial Credit and Investment Corporation of India Ltd., Bombay.

SITE

Negotiations are going on for the purchase of land at Vallabh Vidyanagar near Anand.

WATER SUPPLY AND ELECTRIC POWER

Water required by the Company will be provided by Company's own tube-well or wells at site.

The Gujarat State Electricity Board have guaranteed Electric Power of 150 K.V.A. from May 1962, *vide* their letter No. P3N-416/25187 dated 2nd August 1961.

CAPITAL OUTLAY AND MINIMUM SUBSCRIPTION

The minimum amount which in the opinion of the Directors must be raised by the present issue of shares upon which the Directors will proceed to allot shares offered by this prospectus is 7,500 Equity Shares of the nominal value of Rs. 7,50,000; the subscription of this amount is assured by reason of the Underwriting referred to herein.

Capital required to start production of —

(i) Single-phase Meters	60,000 pcs. per year
(ii) Polyphase Meters	24,000 pcs. per year
Land, Factory buildings and Staff Colony	Rs. 5,60,000
Plant, Machinery and Installation ..	Rs. 20,00,000
Technical-know-how fees to Collaborators	Rs. 1,33,000
Miscellaneous Charges	Rs. 85,000,
Preliminary expenses, promotional expenses	Rs. 1,20,000
Issue expenses such as brokerage and underwriting commission	Rs. 96,250
Training of Indian Engineers in Germany and remuneration to personnel of collaborators and other expenses ..	Rs. 93,750
Contingencies	Rs. 25,000
Working Funds	Rs. 13,87,000
	Rs. 45,00,000

The above amount will be provided out of Rs. 12½ lakhs Equity Shares already subscribed and Rs. 27½ lakhs of the present issue offered to the public and loan in foreign currencies granted by I.C.I.C.I. equivalent to Rs. 5 lakhs.

PRELIMINARY EXPENSES

Preliminary expenses (other than expenses of this issue such as underwriter's commission and brokerage) including expenses for Technical and Commercial investigations abroad in connection with arranging foreign collaboration and Technical-know-how terms, legal expenses, registration charges, printing, advertisement, etc., expenses incurred for travel in India are estimated at Rs. 120,000 (One lakh and twenty thousand only).

The expenses of this issue, being the brokerage and underwriters' commission, will be about Rs. 96,250 (Ninty-six thousand two hundred and fifty only).

DIRECTORS AND THEIR INTERESTS

Shri Maganbhai Shankerbhai Patel is interested in the reimbursement of all preliminary and other expenses incurred by him. He is not charging any remuneration for services rendered in the promotion of the Company.

The said Maganbhai Shankerbhai Patel is a Director of the Company and is as such interested in the proposed agreement whereby he is to be appointed the Managing Director to the extent of the remuneration to be received by him thereunder.

Shri Bhogindra Thakordas Munim is a member of Messrs. Bachubhai Munim and Co. who are legal advisers of the Company and as such is interested in any fees to be paid by the Company to the said firm.

The Directors are interested as such in the sitting fees and to the extent of the share holding and any other remuneration or allowance payable to them in terms of the Article.

INSPECTION OF DOCUMENTS

Copies of Prospectus and Documents mentioned therein can be inspected at the Registered Office of the Company during the hours from 11.00 a.m. to 5 p.m. on any working day for the period and subscription list remains open.

4¼ Per Cent

ANDHRA PRADESH STATE DEVELOPMENT LOAN, 1972

Issue Price Rs. 99·75 per cent

Open on the 4th September, 1961

The Loan will be closed without notice as soon as the subscriptions amount to Rs. 10 Crores approximately, and in any case not later than the close of the business on the 9th September, 1961.

The applications will be received at the offices of the Reserve Bank of India, Bombay, Calcutta, New Delhi, Madras and Bangalore; at the branches of the State Bank of India and the branches and Treasury Pay Offices of the State Bank of Hyderabad within the State of Andhra Pradesh, and the Government Treasuries and Sub-Treasuries in the State of Andhra Pradesh at places where there is no branch of the State Bank of India or branch or Treasury Pay Office of the State Bank of Hyderabad.

Full particulars can be obtained at any of the Offices or Branches mentioned above or at any Treasury or Sub-Treasury in the State of Andhra Pradesh.

THE ANDHRA BANK LTD.

(*Head Office:* MASULIPATNAM)

have pleasure to offer

ATTRACTIVE RATES OF INTEREST ON ALL TYPES OF DEPOSITS

SAVINGS DEPOSITS:	3% on Monthly Minimum balances.
FIXED DEPOSITS:	For periods ranging from 3 days to 5 years: Interest from 3½% to 5% allowed.
3 AND 5 YEARS CASH CERTIFICATES:	For each Certificate of Rs. 100/- Paid-up values are Rs. 88/- and Rs. 80/- respectively.
RECURRING DEPOSITS:	Rs. 10/- per month yields Rs. 250/-, Rs. 520/- and Rs. 820/- in 24, 48 and 72 months respectively.

ALL TYPES OF BANKING BUSINESS INCLUDING FOREIGN EXCHANGE TRANSACTED.

S. R. Y. SIVARAMA PRASAD BAHADUR, *Chairman.*

T. R. BHAGAVAT, *General Manager.*

CHARL A.B./24

THE CONTEMPORARY CORPORATE SCENE IN INDIA—IV

MORE ABOUT TRENDS DURING TWO PLAN PERIODS

By Dr. Raj K. Nigam, Ph.D. (Econ.) (London)

AS said earlier, companies with a majority shareholding by the Central and State Governments were formally recognised as a separate class and formally called as Government companies under the present Companies Act of 1956. These companies are governed by a special set of Sections, namely, 617 to 620, which impose certain distinct obligations and restrictions upon such companies. The creation of Government companies, in the legal sense, was the outcome of prolonged discussions within the Government on the various alternative forms and structures of State enterprises, which took place at the time of the drafting the Companies Bill in 1954-55. Taking note of Government's policy to enlarge the horizon of the public sector in the country in various diversified directions in the industrial and commercial spheres, the Company form of management was preferred for the State industrial ventures. By the passing of the Companies Act, 55 companies in which either the Central or State Governments had a majority shareholding (51 per cent) became Government companies as on 1st April 1956, in pursuance of Section 617 of the Companies Act. Of these 55 companies, 34 companies had been formed before the first Plan period and 21 companies during the first Plan period. During the course of the second Plan period, 87 Government companies were incorporated and set up by the Central and the State Governments with and without private participation. Thus, 108 Government companies were formed during the first and second Plan periods and the total authorised and paid-up capitals of these Plan period companies aggregated Rs. 696 crores and Rs. 446 crores, accounting for 90 per cent to 95 per cent of the total authorised and paid-up capitals of all the Government companies at work at the end of 1960-61.

Of the 108 Government companies set up during the planning decade ended 1960-61, 71 have been set up by the State Governments and, out of this, 5 were set up during the first Plan period and 66 during the second Plan period. The remaining 37 Government companies were brought into existence by Central Government during the second Plan period and, out of these, 16 were formed during the first Plan period and 21 during the second Plan period. Table 1 below gives the amounts of total capital raised by these companies as against the total authorised capitals of these companies:

TABLE 1

New Government Companies

(Authorised and paid-up capital in crores of rupees)

	No. of companies	Authorised capital	Paid-up capital
First Plan—			
1951-52	4	41.5	23.4
1952-53	4	16.8	7.0
1953-54	4	306.0	303.5
1954-55	3	11.5	5.5
1955-56	6	31.8	17.0
Total : 1st Plan ..	21	407.6	356.4
Second Plan—			
1956-57	13	119.9	64.4
1957-58	18	8.6	1.6
1958-59	16	98.3	4.6
1959-60	23	30.1	0.4
1960-61	17	31.4	N.A.
Total : 2nd Plan ..	87	288.3	71.0
Total : I and II Plans ..	108	695.9	427.4

Note :—Paid-up capital as on 31st March 1960.

A further detailed study of the Government companies formed during the second Plan period reveals that the largest number of these companies has been formed in the State of Orissa, the actual number being 44. All of them were set up during the second Plan period; and, excepting one, whose authorised capital exceeded Rs. 50 lakhs, all others were incorporated with small authorised capital bases. Next to Orissa, the largest number of Government companies have been registered in the State of Delhi, the number being 15 out of which 8 were formed in the first Plan period and 7 in the second Plan period. In the State of Bombay, 12 new Government companies were registered, of which 5 were found in the first Plan period and 7 in the second Plan period. Among the other States, Andhra Pradesh registered 3 companies, Assam 2 companies, Bihar 4 companies (of which 2 were in the first Plan period), Kerala 4 companies (of which 1 was in the first Plan period), Madhya Pradesh 1 company, Madras 4 companies, Mysore 5 companies (of which 2 belonged to the first Plan period), Punjab 2 companies (both formed during the first Plan period), U.P. 2 companies and West Bengal 5 companies (of which 1 was formed in the first Plan period).

Important Government floatations of the first Plan period are: Asoka Hotel, Bharat Electronics, Hindustan Antibiotics, Hindustan Cables, Nangal Fertilizers, Sindri Fertilizers and Chemicals, Hindustan Machine Tools, Hindusthan Shipyard, Hindustan Steel, Hindustan Insecticides, National Industrial Development Corporation, National Small-scale Industries Corporation, and its subsidiaries and Travancore Fertilizers and Chemicals. The important State incorporations of the second Plan period are the S.T.C., Western Shipping Corporation, Heavy Electricals, National Coal Development Corporation, Neyveli Lignite Corporation, Export Risk Insurance Corporation, National Instruments, Heavy Engineering Corporation, Indian Refineries, National Mineral Development Corporation, Hindustan Organic Chemicals, National Buildings Construction Corporation, and Hindustan Teleprinters.

Geographical Distribution

The joint-stock companies in our country have a long tradition of forming heavy concentrations in the States of West Bengal (formerly Province of Bengal) and Bombay (which, after the States Reorganisation Commission's recommendation, became an enlarged bi-lingual State and later on was reorganised and renamed as the State of Maharashtra). In comparison with these two States, the new registrations in the other States of the country have been indeed very, very small. The concentration trends continued all along the first Plan period when these two States accounted for over 55 per cent of the total registrations all over the country of that period, the individual share of the States of West Bengal and Bombay being 38 per cent and 17 per cent, respectively. During the second Plan period, there was an easing of the concentration tendencies and the two States together accounted for 50 per cent of the total registrations all over the country. The number of new company registrations in the State of Bombay remained almost at the level of the first Plan period, the total number of new companies set up during 1956-61 being 1,225 (plus 75 for the State of Gujerat) as against 1,222 during the first Plan period. There was, however, a drop of 821 companies in the State of West Bengal during the second Plan period when only 1,854 companies were incorporated in that State as against 2,675 companies during the first Plan period. Among the other States trailing behind the States of West Bengal and Bombay, though by a wide margin, are the States of Madras and Delhi. In the case of Delhi, the new registrations marginally edged up by 50 companies during the second Plan period over the first Plan period, the actual number of new registrations during the latter period being 697, as against 647 during the earlier period. In the case of Madras, the new registrations jumped up to double the figure during the second Plan period over the first Plan period. As against 854 new companies of the first Plan period (including 57 companies formed in the State of Andhra Pradesh created in 1957), 1,867 companies were registered during the second Plan period. This shows that the State of Madras was in the grip of an industrial revolution during the second Plan period.

The disparity in new company registrations tended to narrow down not only in the four principal States of the country but also among the four regions of the country. The Eastern Region comprising the States of Bihar, West Bengal, Assam, Orissa, Manipur and Tripura had 2,813 companies during the first Plan period, while the Western Region comprising the States of Bombay (bi-lingual State) and M.P. had 1,505 companies, the Northern Region comprising Punjab, Delhi, Rajasthan and U.P. 1,408 companies and Southern Region comprising the States of Andhra Pradesh, Mysore, Madras and Kerala 1,317 new companies during the same period. The corresponding figures of new registrations for the four regions for the second Plan period are 2,114, 1,376, 1,159 and 1,390. This levelling up process, as between the four regions and particularly the shift in favour of the Southern Regions was specially visible during the second Plan period, when the total number of new registrations in the Southern Region jumped up from 147 in the first year of the second Plan to 452 during the last year of the second Plan. The rise has been continuous year by year. The numbers of registrations for the five years are: 147, 152, 206, 433 and 452. The new registrations in the other regions during the second Plan as compared with that of the first Plan are depicted in table 2 given below:

TABLE 2

Regional Distribution of New Companies

	Eastern Region	Western Region	Northern Region	Southern Region	Total
Total 1st Plan Period	2,813	1,505	1,408	1,317	7,043
1956-57	334	175	192	147	848
1957-58	420	198	191	152	961
1958-59	424	254	211	206	1,095
1959-60	459	318	242	433	1,452
1960-61	477	431	323	452	1,683
Total 2nd Plan Period	2,114	1,376	1,159	1,390	6,039

The following small table 3 depicts the level of new company registrations in the four States of Bombay, West Bengal, Madras and Delhi during the first year of the first Plan and last year of the second Plan and the numbers of registrations in the four States in the Southern Region, viz., Madras, Andhra Pradesh, Mysore and Kerala during each of the five years of the second Plan period. The table shows how steady and continuous improvement in the new company registrations has taken place in the Southern States, except in Kerala, during the period 1956-61. A possible reason for the slowing down of new registrations in the State of Kerala during the second Plan period could be the formation of a non-Congress Government which presumably led the private business interests to think that the policies of that Government might change the complexion of the economy of the State.

TABLE 3

New Registration in certain Principal States and Southern States

	Bombay	West Bengal	Madras	Delhi
1951-52 ..	324	621	219	146
1960-61 ..	410	431	343	197

	Madras	Andhra Pradesh	Mysore	Kerala
1956-57 ..	91	9	5	42
1957-58 ..	80	18	15	29
1958-59 ..	188	19	27	67
1959-60 ..	345	28	28	32
1960-61 ..	343	32	31	46

Size-pattern of New Companies

The following table 4 which gives the size-pattern of new companies discloses rather vividly how opportunities were available to small entrepreneurs in forming companies as they were to the big industrialists. It is seen that, out of 13,082 new companies set up during the two Plan periods, as many as 11,296 small-sized companies, with an authorised capital base of less than Rs. 10 lakhs each, were set up. Out of these 11,296 companies, 3,101 have been incorporated with an authorised capital of less than Rs. 1 lakh, 5,134 with authorised capital between Rs. 1 lakh and Rs. 5 lakhs and 3,061 between Rs. 5 lakhs and Rs. 10 lakhs. All the 3 categories of companies account for 86 per cent of the total number of companies formed during the two Plan periods. The number of big-sized and giant-sized companies totalled 518 accounting for less than 4 per cent of the total incorporations during the two Plan periods. In terms of authorised capital, however, 304 giant-sized incorporations, having an authorised capital of Rs. 1 crore or more each, accounted for nearly 70 per cent of the total authorised capital of all the new companies for the same period. The number of super-giant-sized new registrations with an authorised capital of Rs. 5 crores or more each came to 69 companies. Thus, the bulk of the investments raised in the capital markets of the country would be cornered by the big incorporations. But this would not very seriously scare off the small companies, as the latter largely do not go to the capital markets for funds, and, instead, depend on the private capital pools of a small group of people. It is, indeed, a significant fact to notice that the big businesses have so far not shut these small promoters out of business; and, by and large, the country's economy could be said to be a free competitive economy. A break-up of the first and second Plan companies according to the size-groups is as follows:

TABLE 4

Size-pattern of New Companies

	1st Plan			2nd Plan			Two Plans		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Below Rs. 1 lakh	155	1,576	1,731	18	1,352	1,370	173	2,928	3,101
Between Rs. 1–5 lakhs	503	2,393	2,896	65	2,173	2,238	568	4,566	5,134
,, Rs. 5–10 lakhs	436	1,177	1,613	79	1,369	1,448	515	2,546	3,061
,, Rs. 10–25 lakhs	162	275	437	60	438	498	222	713	935
,, Rs. 25–50 lakhs	79	97	176	44	113	157	123	210	333
,, Rs. 50 lakhs–Rs. 1 crore ..	42	42	84	55	75	130	97	117	214
Rs. 1 crore and above	79	27	106	126	72	198	205	99	304
Total ..	1,456	5,587	7,043	477	5,592	6,039	1,903	11,179	13,082

Management Pattern

There was a lot of discussion on the role played by business managements, particularly the managing agency system, during the period 1948-1955. The managing agency system came under a very close study of the Company Law Committee and, subsequently, of Parliament at the time the Companies Bill was discussed in 1953-55. As a result of new provisions written in the Companies Act, 1956, relating to company managements, new trends in company managements became discernible during the second Plan period. Various restrictions and obligations imposed on the managing agents under the new Act made this form of management relatively unattractive. Of the 6,039 newly set-up companies during the second Plan period, it was noticed that only 71 companies proposed to appoint managing agents and as many as 4,166 decided to be run directly by Board of Directors and 1,779 by Boards of Directors with Managing Directors at the top. The new Companies Act provided two other alternative forms of management also, namely, secretaries and treasurers, and managers, who were to fill the void likely to be created by the withdrawal of the managing agents from the corporate scene. Contrary to the expectations of the Government that, in the years to come, the secretaries and treasurers and managers would play an increasingly important role in the corporate sector, these two new forms somehow did not find much favour with the company promoters. It was seen that only 13 and 10 companies out of 6,039 new companies formed during the second Plan period proposed to have secretaries and treasurers, and managers, respectively. Even after taking into account the other companies switched over from managing agency to secretaries and treasurers, the position of secretaries and treasurers yet remains quite far from satisfactory. These trends, however, deserve further close study. A study of the new incorporations which were to have managing agency form of management discloses that a very small number of old managing agents have made available their services to the new companies.

Industrial Pattern of Companies

A comparison of the industrial distribution of new companies is rendered somewhat difficult because of the change in the industrial classifications. Data for the second Plan are tabulated on the basis of the new standard industrial classification designed on the lines of the International Standard Industrial Classification Scheme whereas those for the earlier years are based upon the industrial classification scheme which had been in vogue since 1922-23. Because of the diversity in the industrial groups, data for the first Plan period cannot be compared with those for the second Plan period. For instance, under the old industrial classification scheme, industrial group for cement industry included clay, stone and lime manufactures also. Like this, there were many other omnibus classifications which create difficulties for studying industrial trends.

Apart from this difficulty, another point which has to be borne in mind while studying the industrial pattern of new companies, is that, in so far as the companies mentioned a large number of objects in their Memoranda of Associations, it is not possible to place very correctly a company under any particular industrial group, unless, of course, an attempt is made to get the classification direct by informal enquiries from the promoters of the company at the time of the registration. The various publications in the Department of Company Law Administration have referred to this difficulty and the Department has now asked its field offices to get the information relating to the principal business of the company informally from the representatives of the company. Notwithstanding this, however, we have made an attempt to collate and present the data relating to new companies for a few important industrial groups.

Table 5 below sets out the industrial pattern of the new companies under 10 broad Industrial groups for the second Plan period. It will be seen that about 44 per cent of the new companies were formed for 'processing and manufacturing' purposes, the actual number of companies being 2,690 out of a total of 6,039. Trading and financial companies represented 27 per cent of the total incorporations, the actual number of such companies being 1,666. Thus, the trading, financial and manufacturing companies together represented 71 per cent of the total new registrations. These figures show the intensification of the industrial activities in the country as also the passing of the distributive business into the hands of corporate bodies. Similarly, for transport, communications and storage business, as also for commercial and business services, etc., corporate form of management was preferable to proprietory and partnership management, as never before has such a large number of companies as 800 for transport, communicating and storage and 447 for commercial business and miscellaneous services have been registered in the country.

Coming to greater details, we find (*vide* Table 6) that, during the first and second Plan periods, 140 companies had been formed for carrying on plantation activities, 79 for coal mining, 58 for manufacturing sugar, 145 for cotton manufactures, 20 for jute manufacture, 69 for setting up paper mills, 15 for match industry, 808 for chemicals and allied trades, 1,458 for iron and steel and engineering businesses and 149 for manufacturing cement, etc. Thus, it will be seen that there has been a marked thrust towards the widening of engineering and chemical manufacturing activities in the country. In the chemical group, there is a very broad-based development ranging from heavy chemicals to pharmaceutical goods. There has also been a very marked rise in the formation of transport and transit companies whose number rose to such a high level as 1,249 companies during the second Plan period.

(*Concluded*)

TABLE 5

Broad Industrial Pattern of New Companies

Industries classification	1956-57	1957-58	1958-59	1959-60	1960-61	Total
Agricultural and allied activities	28	39	33	40	37	177
Mining and quarrying	31	17	22	21	21	112
Processing and manufacture—foodstuffs, etc. ..	75	76	90	88	91	420
Processing and manufactures—metals and chemicals	162	250	295	373	544	1,624
Processing and manufactures—others	93	101	117	153	182	646
Construction and utilities	17	37	26	30	37	147
Commerce (trade and finance)	292	281	302	367	424	1,666
Transport, communication and storage	66	70	104	283	277	800
Community and business services	23	23	30	27	28	131
Personal and other services	61	67	76	70	42	316
Total—All Groups ..	848	961	1,095	1,452	1,683	6,039

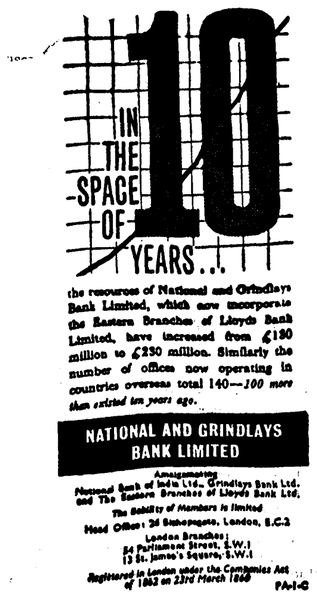
TABLE 6

New Registration in Certain Principal Industries.

	First Plan						Second Plan						
	1951-52	1952-53	1953-54	1954-55	1955-56	Total	1956-57	1957-58	1958-59	1959-60	1960-61	Total	I & II Plans
Tea Plantations	19	8	10	13	22	72	7	12	6	11	14	50	122
Rubber Plantations ..	..	..	2	3	1	6	2	2	1	2	5	12	18
Coal Mining	12	9	17	12	10	60	5	3	3	3	5	19	79
Sugar Industries	4	6	3	14	4	31	4	4	9	3	7	27	58
Cotton Mills	16	14	14	18	29	91	16	1	2	15	20	54	145
Jute Mills	7	1	..	1	1	10	6	..	1	2	1	10	20
Paper Mills	3	2	..	4	4	13	3	9	9	23	22	66	69
Match	2	..	..	5	6	13	..	1	..	1	..	2	15
Chemicals and Allied Trades	107	58	61	62	90	378	37	59	74	75	185	430	808
Iron and Steel and Engineering	138	105	92	93	125	553	85	141	184	169	326	905	1,458
Transit and Transport ..	121	104	94	67	63	449	66	70	104	283	277	800	1,249
Cement, Clay, Stone and Lime, etc.	17	25	12	22	18	94	6	7	16	11	15	55	149

Note :—Industrial classifications are based on the principal objects stated in the Memoranda of not determined on the actual lines of business.

Note: This is the fourth and final part of a series of four articles on the subject; the first three parts appeared in *Commerce* of 12th, 19th and 26th August 1961, respectively. These are essentially factual articles which the author has written with a view to disseminating facts and figures relating to corporate sector in a proper context to wider circles in the country. Any views and opinions expressed in these articles are the personal views of the author and not of the organisation he belongs to.



HOWRAH MILLS COMPANY LIMITED

ALLEGATIONS AGAINST JUTE MILLOWNERS BASELESS

RETURN ON INVESTED CAPITAL IN JUTE INDUSTRY LOW

SIR JOHN BROWN ON REQUIREMENTS FOR EXPORTING MORE

AN able defence of the jute millowners against the charge of attempting to oppress labour and depress jute prices by refraining to purchase the fibre from the cultivators was made by Sir John Brown, Chairman of the Howrah Mills Company Ltd. in his address to shareholders at the Hundred and Thirty-sixth Annual General Meeting of the Company held at Calcutta on Wednesday, 23rd August. Dismissing the charge as baseless and entirely unwarranted, Sir John declared that millowners were not so short-sighted as to see any advantage in bringing ruin to cultivators and thereby jeopardising future supplies of raw jute, leading inevitably to further increase in prices. Sir John also defined out what he considered to be two outstanding requirements for boosting exports.

The following is the full text of Sir John's statement:

"GENTLEMEN,

"Before I move the first resolution, I feel it is appropriate in the circumstances facing the Mills today that I should supplement the information regarding the Company's working contained in the report of the Directors dated the 7th July, which has been in your hands for some time.

Restricted Production

"From the report you will have seen that from May 1960, there have been successive reductions either in working hours or in the number of looms being worked. In view of statements which have been made from many quarters and which have recently received a wide currency in the daily press, I should make it clear that every cut in production means an increased cost of production to mill owners on account of increased overheads per ton and therefore either a smaller profit or a larger loss. It is difficult, in the circumstances, to understand the criticism which is directed at mill owners as it must be obvious that no one will willingly increase his cost of production of an article which, to a very great extent, has to be disposed of in the world's markets in competition not only with the jute industries of other countries but also with substitute packaging materials. What then is the reason which has forced the member mills of the Indian Jute Mills Association to restrict production? For two successive years the jute crop both in India and Pakistan has been a short one with the result that supplies of raw material reaching the mills in Calcutta have dwindled and naturally have increased in price in accordance with the ordinary laws of supply and demand. As a matter of fact, the total stocks of raw jute with mills at the 30th June in each of the last five years were as follows:

	(lakh bales)
1957	10.96
1958	10.95
1959	16.70
1960	12.46
1961	4.48

"Supplies at 30th June 1961, represented barely four weeks' consumption on the basis of working then in force. Our own stocks were the equivalent of three and a half weeks' consumption and, when I tell you that we normally regard eight weeks' stock actually in the mill as a safe working minimum, you will get some idea of the extent of the deficiency and the practical difficulties facing the staff and our operatives. Since the end of June, the new season's crop has started to reach up-country markets and also Calcutta but as yet supplies are restricted and, even now, they do not match consumption. This situation was foreseen by the Committee of the Indian Jute Mills Association and, in agreement with the Central and State Government authorities, arrangements were made for a block closure of the mills for one week in each of the months of June and July. While there is no doubt that this action was instrumental in avoiding a scramble for material which was in hopelessly short supply, and resulted in spreading the burden of the loss involved over the workers as a whole and the mill companies, it is unfortunate that more recently an acute controversy has developed in regard to the necessity or otherwise for a further cut in production between the beginning of August and the time when the mills can reasonably expect to start to replenish short stocks from arrivals.

Critics Answered

"Criticism of the mills is mainly on two counts; namely, that they are using coercive measures to inflict loss and suffering on the workers engaged in the industry with a view to influencing the decisions of the Wage Board which is now considering the wage structure of the industry, and secondly, that they are attempting, by refraining from purchasing jute, to depress its price and thereby inflict loss on the cultivators. The mills are also accused of a failure to have regard to what is described as the national interest in this matter.

"Let me say rightaway that, speaking for the Board and management of your Company and I am sure for the managements of all the other mills in the membership of the Indian Jute Mills Association, the first criticism, namely, that we are trying to harass and cause loss to our workers, is totally unfounded. The losses suffered by our operatives are much to be deplored, but they are only a small part of the loss suffered by the industry as a whole in recent months. I read recently a criticism that the wages in this industry were low. It is true that they are by no means the highest wages paid in this State, but any criticism on this score should take account of the fact that ours is an industry which has to dispose of its output largely in foreign markets and we have to accept the price which the foreign buyer is prepared to pay; and he is not obliged to buy our goods unless it suits his convenience.

Exports—Two Requirements

"We read a great deal these days, both in the daily press and in the financial journals, of India's need to increase her exports in order to meet the country's mounting foreign exchange liabilities and the increasing demands of her expanding industry. We in this trade and industry have a long experience of the economics of export and we are, therefore, I believe, in a position to express a responsible opinion on this subject. The export trade requires a very considerable attention to detail on the part of those engaged in it; but its two outstanding requirements are, firstly, to produce an article which the overseas buyer wants and secondly, to produce it at a price which he is prepared to pay. Looking at the Indian scene today, I think there are many who would agree with me that we are more likely to succeed in the first of these objectives than in the second. The price at which a manufacturer can afford to sell his goods is determined by his costs and the need to service his capital. In the jute mill industry, the two largest single items of cost are raw material and labour and I have seen it suggested in some of the many press reports on meetings concerning the present situation in the industry that mill owners, instead of allegedly adopting oppressive tactics against their labour and the cultivators, should reduce the expenses of management. In industry the battle to reduce costs is a constant one and I can assure you that, so far as this Company is concerned, it is not confined to reducing labour costs and the price at which we buy jute, which is, in any case, determined by supply and demand in the market. Those responsible for the comment to which I have just referred are almost certainly not aware of the fact that, for many mills engaged in the production of standard constructions of cloth and bags, in the past three months, losses would have been incurred even if management and overhead expenses, including depreciation, had been eliminated altogether; in other words, the cost of the raw material plus the labour cost alone exceeded the price at which the goods produced could be sold. It will be appreciated that this is a state of affairs which clearly cannot last for long if the industry is to survive at all and continue to contribute any significant part of India's foreign exchange earnings.

"The suggestion that mill owners are attempting to oppress the cultivator by withholding purchases and thereby artificially depressing the price of raw jute is equally unwarranted. Such figures as are available indicate that arrivals of raw jute in Calcutta at the present time do not match consumption even on the basis of present restricted working. It would be a simple matter, no doubt, for one or two of the bigger groups to enter the market and buy up all the jute that was offering and thereby leave all other groups without any source of raw material. I cannot see, however, how that would in any way improve the situation from the point of view of the production of the industry as a whole and therefore of its workers. What the mills have done is to attempt to regulate their working to the amount of the raw material of the qualities required which is in hand or in sight in the immediate future and to avoid, as far as possible, the total closure of individual units which, I suggest, would entail far greater hardship to the workers involved. In the case of this Company, we have had to seal temporarily a further 322 looms, representing 15 per cent of our registered complement. It is indeed unfortunate that notwithstanding the efforts of managements certain mills were forced to close completely last week due to a shortage of raw material. I do not think that it can be seriously suggested that mill owners are so short-sighted as to see any advantage in bringing ruin to cultivators, as some of the more exaggerated press reports suggest is their object, and thereby jeopardising their future supplies of raw jute, leading in turn inevitably to further price increases.

Stability of Prices

"Jute goods are not a luxury but an essential packaging or process material used in many other industries and, from the buyer's point of view, while naturally he would wish to get his goods as cheaply as possible, most buyers whom I have met and with whom I have discussed this matter agree that stability of price is very nearly just as important as the actual price level. The question then is: at what level is stability to be determined? I have seen it suggested recently that the Central or the State Government should somehow or other lay down a minimum price of Rs. 50 per maund for jute. This may sound fantastic to you, as it was to me to read it; but it does serve to indicate how far away from reality are some of the present critics of our industry.

"I have already referred to the necessity for us to compete with the jute mill industries of other countries and, in today's terms, that means particularly Pakistan. On the day on which I drafted this statement the difference between the price of raw jute in the Calcutta market and the price in the Narayanganj market was as much as Rs. 10 per maund; in other words, the Pakistan mills were getting their raw material at a price which was 24 per cent less than the Indian mills had to pay for a fibre of what is generally admitted to be inferior quality. From the mill owner's point of view, it is indeed immaterial what price he pays for his raw material as long as he can sell his goods at a price which covers his costs and leaves him some margin of profit to put back into his business after paying a modest dividend to the shareholders. Other things being equal, it is in his interest to see that the grower is well rewarded for his efforts as this will ensure an adequate supply of raw material for the future. We inevitably get back, however, to the question of how much the buyer abroad is prepared to pay, since we do not live in a protected internal market where demand exceeds supply. Therefore, the question of a minimum price for jute has to be considered in relation to the price at which our production can be sold. Although it is admittedly not easy, I am sure that it is not beyond the wit of all the interests involved to devise a system of minimum price fixation which takes all these considerations into account and ensures that the positions of the mills on the one hand and the cultivator on the other are equitably regarded. Such a system might well be linked with a scheme for the setting up of a buffer stock of raw jute in the mutual interests of mills and growers. This is a matter which I understand is currently engaging the attention of the Indian Jute Mills Association and the Central and State Governments and I am sure we must all hope that a speedy solution acceptable to both the cultivators and the mills will be found.

Exporting at a Loss

"Among the many exhortations to industry generally these days is an appeal to be prepared to export, even at a loss. This is exactly what the jute mill industry has been doing for some time: and it is not just a loss incurred in respect of simply a small portion of its production which can be absorbed in the higher profits which are obtainable in many other industries on the internal market. Nevertheless, if we are to survive and keep our mills running, we have to be prepared to incur such losses, as indeed we have not infrequently had to do, from time to time in the past. I would, however, suggest that it would be not unreasonable to expect that, in these circumstances, we should be entitled to at least some sympathy instead of being pilloried by sectional interests in the raw jute trade as well as by labour leaders generally. It appears to have been overlooked in recent controversies that, as far back as December last year, the mills agreed to reduce working hours rather than to seal more looms in order to lessen the impact of the situation on the workers and this has resulted in additional losses to the mills during the intervening months, thus aggravating the already difficult position arising from the disparity between raw jute and manufactured goods prices, the only reason for which is the high price of jute caused by a physical shortage of fibre.

"I have already referred to criticism of mills and their managements for an alleged failure to consider the national interest in this matter of adjustment of production in line with available supplies of raw material. Such criticism, I feel, is greatly to be deplored. The term 'national interest' may be interpreted in a variety of ways but to me a factor which must always find a place in any consideration of its meaning is the contribution which the particular policy which is advocated is going to make to the future of this country, the building up of its industry and an increase in the standard of living of its people. Who is it who is looking to the national interest in considering the solution of the present difficulties of our industry? Is it those who are clamouring for a jute price of Rs. 45 per maund or even Rs. 50 per maund when our competitors in foreign markets can buy their raw material at Rs. 32 per maund at present with a prospect of a substantial further fall? Is it those who claim to be representing our workers and who demand higher wages without any change in work loads and without any reduction in the numbers presently employed? Or is it those who look ahead five or ten years and who on the basis of the history of the past thirty or forty years realise that, while the world's consumption of packaging materials has gone up enormously, consumption of jute goods has not risen proportionately and, furthermore, that a major jute industry is being built up right on our doorstep so that international competition can only be intensified, leading to keener and keener prices and demanding reduced costs with ever increasing efficiency at all levels if the future of the Indian cultivator, the mill worker and the shareholder are to be safeguarded? It is no use blaming the foreign buyer and complaining that he should pay more for his goods. The remedy is to be found much nearer home. It is in the hands of all those who have an interest in this industry, whether as growers of the raw material, as workers in the mills, as managements or as shareholders, not forgetting the Central and State Governments whose overall interest is to see that a broad equity is maintained as between all those engaged in the industry while, particularly so far as the Central Government is concerned, ensuring that the industry's capacity to earn foreign exchange for the country is not impaired in the long-term by sectional interests.

Return on Capital Low

"Criticism of the mills, particularly by raw jute and labour interests, seems to overlook the fact that, as a class, shareholders in jute mill companies have not only not as yet benefited in terms of income from the heavy capital expenditure which has already been incurred on modernisation but, practically alone among equity holders, have also seen a substantial decline in the value of their investment, not only since the partition of the country in 1947 but even since 1952-53, on which year the Reserve Bank of India's indices are based. This is indeed a poor reward to those who have provided the financial sinews of what was last year once again the country's leading export industry in terms of foreign exchange earnings.

Prospects Not So Grim

"If this industry is to continue to occupy the place in the country's economy which it has made for itself, and if it is to expand its production to anywhere near the limit of the present installed capacity, it is absolutely essential that all of those who are concerned in it, whether they represent capital, management, labour or the Central or State Governments, should examine closely the probable trend of events over the next ten years or so. I am one who believes that the outlook is not nearly so grim as it is sometimes painted; but my belief is subject to one important reservation and that is that our costs of production are reduced, and reduced very substantially. Nothing will be gained, I am sure, from evading this issue. The cultivator will have to get his reward from an increased outturn per acre; in other words, with the aid of fertilisers and improved seeds he will have to produce more jute without having to himself employ more labour, either his own or his neighbour's.

"It is unthinkable that labour wages can be reduced and, therefore, if a solution satisfactory in the long-term is to be found to this question of wage rates, it must be by the employment of improved mechanical methods as a result of which higher wages can be paid to a reduced number of workers. From the point of view of the mills, the majority of them are still endeavouring to amortise the heavy capital expenditure incurred in recent years in modernising the preparing and spinning departments. Technological advances indicate that a stage will shortly be reached when, in order to compete in the world's markets, the mills will have to face further heavy capital expenditure on the modernisation of their weaving departments. While some companies are relatively well-found financially, I fear that the financial burden involved in this further expenditure may be beyond the capacity of the majority of companies, at least immediately. I suggest, however, that the true national interest demands that means be found to enable mills to shoulder the further liabilities to which I have referred. This can only be done if the cost structure of the industry is such that it can operate efficiently at such a profit as will enable it to amortise not only existing debt but also the fresh debt which it will have to incur. In the case of your own Company, since the date of the Directors' report, the Board has sanctioned further capital expenditure in the factory and it will be our policy to continue to do so as far as we can within the resources at our disposal. I cannot, however, conclude this statement without making it clear that the Company has suffered very severe losses since the month of May and this setback will undoubtedly result in a slowing down of the modernisation process. I and my colleagues, however, feel that this is not a time to stand still and with faith in our ultimate future we intend to equip ourselves to be as competitive as we can in the years ahead."

Note: *This does not purport to be a record of the proceedings of the annual general meeting referred to.*

MATHEMATICS MADE EASIER

The Associated Electrical Industries (Manchester) Limited has produced an illustrated full-colour 44-page booklet on visual aids which have been designed to give an understanding of simple arithmetical, algebraical and geometrical relationships. These aids will be helpful in the teaching of mathematics in secondary schools and technical colleges, and to young craft apprentices. The information upon which this booklet is based was most generously given by the Siemens and Halske Works School in Berlin, which provided facilities for two staff members of the A.E.I. Manchester Works School to study a comprehensive range of visual aids. Copies of the booklet can be obtained on application to the Education Manager, Group Personnel Services, Associated Electrical Industries (Manchester) Limited, Trafford Park, Manchester 17.

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INDUSTRIAL AND MINERAL PROJECTS IN PUBLIC SECTOR

EMPHASIS ON EXPANSION OF CAPITAL GOODS

ORGANISED industries and minerals constitute the largest item of outlay in the public sector programmes in the third Plan, accounting, as they do, for Rs. 1,520 crores out of the total outlay of Rs. 7,500 crores. It may be recalled that, in the second Plan, they came (with Rs. 900 crores) second only to transport and communications (Rs. 1,300 crores), for which the third Plan outlay is Rs. 1,486 crores. Of the third Plan outlay of Rs. 7,500 crores in the public sector, investment will be of the order of Rs. 6,300, the balance of Rs. 1,200 crores being current outlay representing expenditure on staff, subsidies, etc. As compared with this investment total, the share of organised industries and minerals is, therefore, higher. As compared with the second Plan in terms of percentage, however, it is not appreciably higher; the exact figures are 24.1 per cent in the third Plan and 23.8 in the second Plan. It may be noted here that the total cost of industrial and mineral projects included in the Plan is estimated at Rs. 1,881 crores (exclusive of Rs. 20 crores expected from non-Government sources for two projects), though the financial provision made is only Rs. 1,520 crores (Rs. 1,450 crores at the Centre and Rs. 70 crores in States) for the present. The share of the public sector in the net output of organised industries is expected to increase from less than one-tenth in 1960-61 to about one-fourth in 1965-66. In order to enable readers to get a full picture of the public sector projects, the relevant tables from the Plan are reproduced on the opposite page.

Table I shows the total investment and the foreign exchange component of industrial projects of the Central Government in the third Plan, along with their location and the capacity target. Table II relates to industrial projects of States. Tables III and IV give details of the mineral development programmes of the Centre and States, respectively. It will be seen from the table that industrial projects have been grouped in three categories, namely, (1) projects under execution and carried over from the second Plan, (2) new projects for which external credits are already assured wholly or partly, and (3) new projects for which external credits have yet to be arranged. Most of the industries falling in the first two categories, it may be hoped, will be completed during the third Plan period. The Planning Commission itself confesses, however, that even in these groups, "some of the projects may spill-over to some extent into the fourth Plan." It is in regard to the third category that "the largest element of uncertainty," to quote the Commission, prevails. Falling in this group are several major projects, including the Bokaro steel plant, alloy and tool steels plant at Durgapur the second shipyard at Cochin, expansion of Hindustan Shipyard at Visakhapatnam and the expansion of Bhopal heavy electrical plant.

Producer Goods Industries

The emphasis in the public sector programmes is on the development of those industries which will help to make the economy self-sustaining, such as steel, machine-building and the manufacture of producer goods. The ambition underlined by this emphasis on capital goods is to "reduce as rapidly as possible the need for external assistance to purchase these goods and also permit a broadening of the export base." Reflecting this purpose, the major industrial projects in the public sector included in the third Plan are in the fields of metallurgy, industrial machinery, machine tools, fertilisers, basic chemicals and intermediates, essential drugs and petroleum refining.

The capacity target under the iron and steel industry is placed at 10.2 millions of steel ingots and 1.5 million tons of pig iron. These targets are proposed to be attained by the expansion of Bhilai, Durgapur and Rourkela steel plants, as well as Mysore Iron and Steel Works, and also by the establishment of a new steel plant at Bokaro. In addition, a project for a pig iron plant based on low shaft blast furnace techniques and the use of coke from the Neiveli lignite, is proposed to be established in the southern region. It will have a capacity of about 500,000 tons. The expansion programme of the Mysore Iron and Steel Works comprises mainly the spill-over of expenditure on the ferro-silicon plant and provision for steel-making by the L. D. process and for a light structural mill. The layout of the steel plant at Bokaro is being planned for a capacity of two million tons of steel ingots, but, in the first phase, it is proposed to install facilities for the production of one million tons only. This plant is expected to specialise in the production of different types of flat products. The overall investment required for the public sector steel development programmes is Rs. 525 crores.

Special Steels

Another important project proposed in the public sector is the establishment of an alloy, tool and special steels plant at Durgapur, with an annual capacity of 48,000 tons, with built-in capacity in certain primary units, so that it could be rapidly expanded to 100,000 tons. The projected Durgapur plant will incorporate some of the latest equipment and processes. Thus, it is proposed to install electric soaking pits in preference to gas fired pits. The desirability of using sponge iron, instead of scrap as the starting raw material and of introducing continuous casting facilities, is expected to be kept in view in connection with the further expansion of this plant. The outlay on the project is estimated at Rs. 50 crores, of which Rs. 20 crores will be the foreign exchange element. The ordnance factories of the Union Ministry of Defence are expected to function as a second source of supply of alloy steels in the public sector. The combined output of the Ishapur and Kanpur ordnance factories, mainly in the category of constructional steels but including some output of spring steels as well, is estimated at 50,000 tons.

In view of the expansion envisaged in the development of pig iron and steel, it will be possible to undertake large-scale development of engineering industries. The public sector will mainly concentrate on projects for the production of heavy machinery and heavy machine building. The facilities being planned in this connection are as follows: capacity for 45,000 tons of steel castings, 38,000 tons of grey iron castings and about 70,000 tons of steel forgings will be created in the foundry-forge which is being set up at Ranchi. Further capacity will become available from foundries attached to the steel plants at Durgapur, Bhilai and Rourkela, to the Heavy Electricals at Bhopal, to the Mining Machinery Project at Durgapur and to the Hindustan Machine Tools at Bangalore. A steel foundry is under construction at the Chittaranjan Locomotive Works. The projects are designed to attain by the end of the third Plan an annual capacity of 139,000 tons of grey iron castings, 76,000 tons of steel castings and 76,700 tons of steel forgings.

Industrial Machines

The development of industrial machines assumes considerable importance in the public sector programmes. The principal projects in this field are the Heavy Machinery Plant near Ranchi, the Mining Machinery Project, Durgapur, the Heavy Electrical Equipment Plant, Bhopal, and two other heavy electrical projects, for which locations are currently under study by an expert committee. The heavy machinery plant, which is being set up near Ranchi, on its expansion to 80,000 tons output per year, will be able to supply the bulk of the equipment required for adding to steel making capacity at the rate of about one million tons annually. The expanded mining machinery project at Durgapur is being designed for an annual output of 45,000 tons of equipment. The three heavy electrical equipment projects are designed to ensure from indigenous sources a wide range of electrical equipment sufficient to enable power generation to be increased at an annual rate of two million kW. per year from 1971 onwards. They will also produce heavy motors, rectifiers and control equipment. Manufacture of high pressure boilers for thermal power plants with an annual capacity of about 28,000 tons (2,500 tons of steam per hour) is another heavy engineering project tied with assistance from Czechoslovakia. Though it was originally visualised as a part of a composite heavy electrical equipment project, it is now proposed to develop it as an independent plant specialising in manufacture of high pressure boilers.

In the sphere of machine tools industry, a new heavy machine tools plant will be set up near Ranchi. Another machine tool works of the same type and size as the Hindustan Machine Tools will be located in the Punjab. In addition, expansion plans are at hand for the H.M.T. and the Praga Tools. It is estimated that the value of the combined output of these machine tool works in the public sector, inclusive of the contribution expected from the proto-type factory of the Union Defence Ministry at Ambernath, will go upto about Rs. 15 crores annually.

Railways and Shipping

In the field of railway rolling stock, the most important development in the public sector will be the diversification of the Chittaranjan Locomotive Works so as to include the production of electric locomotives. The traction motors for these electric locomotives are proposed to be manufactured at the Heavy Electricals Ltd., Bhopal. The project for the manufacture of diesel electric and diesel hydraulic locomotives included in the Railway Plan will make a major contribution towards the achievement of self-sufficiency in respect of railway equipment. The Rs. 12-crore diesel loco project will have an annual capacity of 140 units with a turnover value of Rs. 10.0 crores. The diesel hydraulic engines would also make use of the Suri transmission, an improved design developed recently by an engineer of the Indian Railways which has been licensed for exploitation in West Germany.

The programmes under this head include the expansion of Hindustan Shipyard Ltd. and the construction of a drydock at Vishakhapatnam. With the completion of these developments, the Vishakhapatnam Shipyard will be capable of producing ships of a total tonnage of 50,000-60,000 D.W.T. per year. A second shipyard at Cochin and a scheme for the manufacture of marine diesel engines also form part of the public sector programme. The former is estimated to cost Rs. 20 crores and the latter Rs. 5 crores.

Among the other important engineering industries, mention may be made of a scheme costing Rs. 10 crores, seeking to establish a heavy structural works (with an annual capacity of 10,000 tons) and a plate and vessel works (18,000-20,000 tons per year on single-shift basis) in the Nagpur-Wardha area.

With the exception of the following projects in the public sector, the expansion of capacity under other engineering industries is expected to be secured through the efforts of private enterprise: (a) Precision Instruments Project; (b) expansion of Precision Instruments Factory, Lucknow; (c) expansion of Hindustan Cables, Rupnarainpur; (d) expansion of the Government Electric Factory, Bangalore; (e) heavy Compressors and Pumps Project; (f) ball and Roller Bearings project; (g) surgical instruments project, Guindy. Manufacture of control instruments and equipment with an ultimate annual turnover of about Rs. 20 crores is envisaged under the Precision Instruments Project. The surgical instruments plant near Guindy has been planned for the manufacture of 25 groups of instruments valued at about Rs. 2.7 crores per year. The expansion of the Hindustan Cables is, like the Diesel Loco Project, linked with the growing demands of Government in the field of communications.

Fertilisers

The role of public sector is, of course, not confined to large-scale engineering goods alone. In the sphere of fertilisers, for instance, the public sector is expected to have a capacity of about 730,000 tons of N by the end of the third Plan. Another major public sector project is the Basic Chemicals and Intermediates Plant proposed to be set up near Panvel, Maharashtra.

An important scheme in the field of petroleum refining is the one for the establishment of a Rs. 30-crore oil refinery in Gujarat, with an annual capacity of about two million tons of crude oil. In the pharmaceuticals group, the public sector will have three projects, namely, antibiotics plant near Rishikesh, Uttar Pradesh (Rs. 26 crores), synthetic drugs project at Sanatnagar in Andhra (Rs. 6.4 crores), and the phytochemicals plant in Kerala (Rs. 0.77 crores). The Rs. 8-crore plant for the manufacture of raw films, X-ray films and sensitised papers proposed to be set up at Ootacamund (Madras) with French collaboration is another major public sector project.

The Tables III and IV show the financial allocations made for the development of minerals to be undertaken by the Centre and States. The Central Government's outlay amounts to Rs. 467 crores and States' Outlay Rs. 11 crores. The development programmes for coal in the public sector will claim Rs. 149 crores. The target for additional production of coal in the public sector is laid at 20 million tons. Of this, three million tons will be obtained by the expansion of the Singareni Collieries in Andhra, and the balance of 17 million tons will be raised by the National Coal Development Corporation. Oil exploration in the Plan is expected to cost Rs. 115 crores. The third Plan also includes a project, with an estimated outlay of Rs. 12.5 crores for the mining and concentration of the copper at Khetri and Daribo (Rajasthan) and for smelting the concentrates at a smelter to be established at Khetri. It may be noted here that, apart from the direct outlay on industries and minerals, the Central Government will give assistance to institutional agencies, etc., to the tune of Rs. 74.6 crores. Besides, a sum of Rs. 25.6 crores is expected to be spent by the States by way of participation in private industries and other measures of assistance.

TABLE I—Industrial Projects of Central Government

	Location	Total investment (Rs. crores)	Foreign exchange component (Rs. crores)	Capacity in 1965-66 (final capacity in the case of expansion)
*A. Projects carried over from the second Plan**				
Completion of the 3 steel plants	Rourkela Bhilai Durgapur	50.0	20.0	3 million tons of steel ingots and 700,000 tons of pig iron for sale.
Fertiliser factory	Rourkela			120,000 tons of N.
Heavy machinery plant	Ranchi			45,000 tons finished machinery.
Foundry forge shop	Ranchi	80.0	55.0	94,000 tons castings and forgings.
Mining machinery plant	Durgapur			30,000 tons machinery.
Heavy electrical plant	Bhopal	16.0	7.0	Equipment worth Rs. 12.5 crores.
Drug projects:				
(a) Antibiotics plant	Rishikesh (U.P.)			Rs. 25.8 crores worth of products.
(b) Synthetic drugs plant	Sanatnagar (Andhra)	30.0	15.0	Rs. 6.4 crores worth of products.
(c) Surgical instruments plant	Guindy (Madras)			Rs. 2.8 crores worth of products.
(d) Phyto-chemicals plant	Munnar (Kerala)			Rs. 77 lakhs worth of products.
Organic Intermediates plant	Panvel (Maharashtra)	11.0	6.0	25,000 tons.
Expansion of Hindustan Antibiotics.	Pimpri	0.5	..	45,000 kgs. of streptomycin and 1.5 tons of tetracyclines.
Trombay fertiliser factory	Trombay	25.0	13.0	90,000 tons of N.
Nahorkatiya fertiliser factory	Assam	12.0	7.0	32,500 tons of N.
Neiveli fertiliser factory	Neiveli (Madras)	15.7	11.6	70,000 tons of N.
Briquetting and Carbonisation plant		18.8	8.6	380,000 tons briquettes.
Thermal power plant		9.7	5.9	250 M.W.
Nunmati oil refinery	Assam	2.5	4.9	0.75 million tons crude oil.
Barauni oil refinery	Bihar	23.0	7.5	2 million tons crude oil.
Total	....	295.2	161.4	....
B. New projects for which external credits are already assured, wholly or partly				
Expansion of heavy machinery plant.	Ranchi	14.0	11.0	30,000 tons of finished machinery.
Expansion of foundry forge	Ranchi	10.0	5.5	153,000 tons castings and forgings.
Expansion of mining machinery plant.	Durgapur	15.0	10.0	45,000 tons machinery.
Second and third heavy electrical projects.	Not finalised	69.0	45.0	Scope yet to be decided of the third project.
Heavy machine tool project	Ranchi	11.0	9.0	Rs. 3-4 crores worth tools.
Precision instruments project	Not finalised	8.0	6.0	Rs. 20 crores worth instruments.
Ophthalmic glass project	Durgapur	2.8	2.0	300 tons of glass.
Raw film project	Ootacamund	8.0	5.0	6.3 million sq. meters of raw films, photo paper, etc.
Watch factory	Bangalore	2.5	1.5	360,000 watches.
Expansion of Bhilai steel plant	Bhilai	138.0	56.0	2.5 million tons of steel ingots and 300,000 tons pig iron for sale.
Expansion of Durgapur steel plant.	Durgapur	56.0	27.0	1.6 million tons of steel ingots and 300,000 tons pig iron for sale.
Expansion of Rourkela plant	Rourkela	90.0	50.0	1.8 million tons of steel ingots.
Expansion of Hindustan Machine Tools.	Bangalore	3.0	2.0	Rs. 7 crores worth of tools.
Basic refractories project	Bhilai	3.0	1.5	Scope yet to be decided.
New machine tool works	Punjab	5.0	3.0	1,000 tools (Rs. 3.5 crores).
Gujarat oil refinery	Gujarat	30.0	15.0	2 million tons crude oil.
Expansion of Praga Tools	Secunderabad (Andhra)	1.0	0.5	10,000 tons of heavy structurals (single-shift).
Heavy structural works	Not finalised	6.0†	4.0	10,000 tons structurals (single-shift).
Heavy plate and vessel works				18,000-20,000 chemicals plant machinery (single-shift).
Gorakhpur fertiliser factory	Gorakhpur	18.0	8.0	80,000 tons of N.
Security Paper mill	Hoshangabad (M.P.)	5.5	4.0	1,500 tons of security paper.
Expansion of Hindustan Cables	Rupnarainpur (W. Bengal)	8.5	1.2	2,000 miles of dry core cables and 500 miles of plastic insulated city cables on double-shift.
Total	....	499.1	267.2	....
*C. Other Projects***				
Bokaro steel plant	Bokaro	200.0	100.0	1 million tons of steel ingots and 350,000 tons of pig iron for sale.
Alloy and tool steels plant	Durgapur	50.0	20.0	48,000 tons.
Expansion of Bhopal heavy electricals plant.	Bhopal	19.0	8.0	Rs. 25 crores worth of electrical equipment.
Hindustan Shipyard expansion and subsidy.	Visakhapatnam	10.0	1.5	
Dry dock project of H.S.	Visakhapatnam	2.0	0.5	50,000–60,000 D.W.T.
Second shipyard	Cochin	20.0	5.0	
Expansion of F.A.C.T.	Alwaye	8.0	5.6	60,000 tons of N.
Expansion of Nepa Mills	M. P.	4.0	3.0	60,000 tons of newsprint.
Salt development	....	3.0	0.8	....
Heavy compressors and pumps project.	Not finalised	15.0	10.0	Scope yet to be decided.
Ball and roller bearing project	Not finalised	8.0	6.0	2 million bearings.
Additional capacity for machine tools.				
Second heavy structural works	Not finalised	15.0	10.0	Scope yet to be decided.
Second plate and vessel works				
Marine diesel engine factory	Not finalised	3.0	1.5	....
Expansion of the alkaloid factory.	*Ghazipur (U.P.)*	0.4	..	....
Lubricating oil plant	....	12.0	6.0	100,000 tons of H.V.I. lubricants
Low temperature carbonisation plant.	....	22.0	15.0	2.2 million tons of coal.
Neiveli lignite high temperature carbonisation plant and other facilities for pig iron production.	Neiveli	25.0	13.0	One million tons of lignite.
Township	At project sites	50.0	..	....
Total	....	466.4	205.9	....
Grand Total	....	1,260.7	634.5	....

* Figures of total cost and foreign exchange are the amounts expected to spill over into the third Plan.

** Figures of cost and foreign exchange represent estimated outlays for the execution of the schemes. In the case of some of the listed projects, part of the expenditure would spill over into the fourth Plan having regard to the gap between the provision for industries and minerals and outlay requirements.

† According to latest estimates, these two projects will cost Rs. 10.1 crores and will need foreign exchange expenditure of Rs. 6.4 crores.

TABLE II—Industrial Projects of State Governments

	Location	Investment (Rs. crores)	Foreign exchange component (Rs. crores)	Annual capacity in 1965-66 (final capacity in the case of expansion
Schemes with a total outlay of Rs. 50 lakhs or more				
A. Projects spilling over from the second Plan				
Expansion of Andhra Paper Mills.	Rajamundry (Andhra)	4.00	2.49	18,000 tons of paper.
Expansion of Iron and Steel Works—	Bhadravati (Mysore)			
(a) Steel expansion programme.		..	..	100,000 tons of steel ingots.
(b) Expansion of ferrosilicon plant.		0.95	0.87	20,000 tons of ferrosilicon.
Expansion of Government electric factory.	Bangalore	0.90	0.48	Electric transformers 200,000 K.V.A., electric motors 60,000 h.p., switch gear and switch boards worth Rs. 40 lakhs.
Durgapur coke ovens—	Durgapur			
(a) Gas grid		2.25	..	7.5 million c. ft. of gas daily.
(b) Tar distillation plant		0.50	0.17	100 tons of tar daily, coke 650,000 tons, benzene 0.725 million gallons.
(c) Doubling coke ovens and by-products plant.		4.20	..	Toluene 0.235 million gallons naphthalene 1,200 tons, and road tar.
B. New Projects in third Plan				
Natural gas distribution	(Assam)	1.65	0.80	....
Gas fractionation and transmission scheme.	(Assam)	1.50	0.50	....
Expansion of Bihar superphosphate factory.	Sindhri (Bihar)	0.50	0.15	45,000 tons of superphosphate.
Expansion of high tension insulated factory.	Ranchi	0.58	0.17	4,800 tons of insulators.
Fertiliser project	....	20.00	10.00	80,000 tons of N.
Cotton spinning mill	Samba (Kashmir)	0.50	0.25	12,000 spindles.
Pilot iron and steel plant	(Madras)	0.75	..	
Steel rolling mill	(Madras)	1.00	..	20,000 tons of rolled products.
Distribution of gas	(Bombay)	0.50	..	20 million c.ft. of gas daily.
Reorganisation of Workshop at Nangal.		0.50	..	....
Refractories plant	Churk (U.P.)	0.85	0.30	24,000 tons of refractories.
Expansion of Precision instruments factory.	Lucknow	0.69	0.22	....
Organic Chemicals Scheme	*Durgapur*	*4.00*	*2.00*	*Caustic soda (6,600 tons)*, phenol (6,600 tons), chlorine (5,800 tons), phthalmic anhydride (6,600 tons), formaldehyde (5,000 tons), petrochlorophenol (1,000 tons).
Cotton spinning mill	(W. Bengal)	0.65	0.08	25,000 spindles.
Miscellaneous schemes costing less than Rs. 50 lakhs each.	....	15.61	4.00	....
Grand Total	....	64.98	24.98	....

TABLE III—Mineral Projects of Central Government (Rs. crores)

	Total outlay	Foreign exchange component
A. Projects under execution and carried over from second Plan		
Coal—		
Coal programme of N.C.D.C.	8.00	..
Washeries at Bhojudih, Patherdih and Dugda	7.50	4.00
	15.50	4.00
Oil—		
Oil India—		
Crude pipeline	8.00	..
Share capital in Oil India	1.48	..
	9.48	..
Lignite—		
Neiveli lignite project—		
Mining scheme	3.29	1.80
Housing	3.00	..
	6.29	1.80
Iron ore—		
Kiriburu	6.00	3.93
Total	37.21	9.23
B. New projects for which external credits are already assured, wholly or partly		
Coal—		
Additional coal (17 million tons) from the N.C.D.C.	57.00	28.00
Singareni expansion (three million tons)	20.00	5.00
Maintenance of production	16.00	10.00
Central workshop	8.00	2.70
Drills for prospecting	2.00	1.40
Advance action for the fourth Plan	10.00	7.00
Central ropeways	16.00	8.00
Additional washing capacity for coking coal	20.00	11.90
	149.00	74.40
Oil—		
Oil exploration	215.00	68.58
Iron ore—		
Bailadila iron ore project	17.00	8.55
Copper projects—		
Khetri copper project	10.00	6.96
Daribo copper project	2.50	
Grand Total	393.50	142.84
C. Other Projects		
Coal—		
Non-coking coal washeries	12.00	7.00
Neiveli lignite project—		
Expansion of mine output	3.80	1.45
Oil—		
Oil distribution programme	10.00	..
Oil India	8.00	..
Crude oil pipelines	4.00	..
Oil products pipelines	67.00	10.00
Other minerals—		
Sikkim copper project	2.50	1.80
Panna diamond project	1.50	0.60
Manganese ore beneficiation plants	5.00	1.00
Project for sulphur from pyrites	5.00	3.50
Kolar gold mines	1.50	0.84
Hutti gold mines	0.50	0.30
Expansion of Kirburi	6.00	3.00
Uranium mining, fabrication and plutonium extraction plants	34.00	8.17
	46.00	17.61
Surveys—		
G.S.I. expansion	10.00	3.19
I.B.M. expansion	5.00	1.89
	15.00	5.08
Grand Total	456.51	198.21

TABLE IV—Mineral Projects (States)

	Total outlay
New schemes with a total outlay of Rs. 50 lakhs or more	
Kalakot coal mining project (Kashmir)	
Rajasthan Mining Corporation (exploitation [illegible] and flourspar at Dungarpur)	
Board of Mineral Development of Mysore [illegible] iron and manganese ores in the State)	
Miscellaneous schemes costing less than Rs. [illegible]	

"INDIAN SUGAR" ANNUAL NUMBER

The 1961 Annual Number of *Indian Sugar* (Editor: Mr. J. S. Mehta), published by the Indian Sugar Mills Association, India Exchange, Calcutta 1, contains several interesting articles on the different aspects of sugar industry written by persons who can speak with authority on their respective subjects. The aspects covered include a review of the expanding sugar industry, problems of technology, sugarcane and its problems, sugar confectionery, and by-products of sugar—the position in foreign countries. The statistical section gives, as usual, detailed figures relating to sugar production, consumption, prices, acreage under and outputs of cane, etc. Special mention must be made of the four tables pertaining to (a) retail prices of sugar in selected countries as at 1st January 1959 and 1960, (b) recent trends in sugar production in the different countries, (c) *per capita* consumption (1959) and (d) world net exports and imports of sugar during the years 1957, 1959 and 1960.

GWALIOR RAYON FORGES AHEAD

DIVIDEND RAISED—PULP PROJECT TAKEN UP

THE shareholders of the Gwalior Rayon Silk Manufacturing (Weaving) Company Ltd. (*Managing Agents: Birla Gwalior Private Ltd.*, Gwalior) have every reason to feel gratified at the results of the Company for the year ended 31st March 1961. For the progress during the year was quite impressive. Thus, the production of staple fibre rose from 4.61 million lbs. to 4.87 million lbs. on top of an expansion of 1.08 million in 1959-60. Reflecting the growing popularity of "Gwalior Rayon," sales have recorded a substantial improvement of Rs. 117.81 lakhs to Rs. 10.89 crores, representing an increase of more than 12 per cent over the previous year. The gross and net earnings are also higher at Rs. 379.38 lakhs and Rs. 318.62 lakhs respectively, as against Rs. 350.49 lakhs and Rs. 277.45 lakhs last year. The Directors are, therefore, fully justified in raising the dividend on ordinary shares from 20 per cent taxable for 1959-60 to 22.5 per cent taxable for the year under review, giving a tax-free dividend of 15.75 per cent.

The gross profit at Rs. 379.38 lakhs, represents an increase of Rs. 28.89 lakhs over that for the previous year. The profit margin (the ratio of gross profit to sales turnover) has, however, declined, albeit slightly, from 36.1 per cent to 34.8 per cent. This is mainly the result of the sharp rise in other manufacturing expenses from Rs. 195.63 lakhs in 1959-60 to Rs. 252.59 lakhs. It may be noted that, in the previous year, the other manufacturing expenses had actually witnessed a decline of Rs. 24.68 lakhs from Rs. 220.31 lakhs in 1958-59. Of the rise in other manufacturing expenses aggregating Rs. 56.96 lakhs in 1960-61, the share of payments to and provisions for employees is of the order of Rs. 7.13 lakhs. The expenses under the head 'power, fuel, stores, spares and repairs' have also risen sharply by Rs. 29.33 lakhs to Rs. 116.31 lakhs.

The Commission to managing agents is lower at Rs. 19.42 lakhs, as compared with Rs. 29.34 lakhs for 1959-60, because the latter included Rs. 6.33 lakhs in respect of 1957-58 and 1958-59. The provision for depreciation is slightly lower at Rs. 41.34 lakhs, as against Rs. 43.70 lakhs last year. During the year under review, too, the Directors have not made any provision for taxation. As stated in the Directors' report for 1959-60, the Madhya Pradesh High Court has accepted the Company's claim for exemption from income-tax and super tax for a period of 12 years under the agreement executed by the Gwalior Government. The Government of India has, however, appealed against the decision of the High Court and the matter is pending before the Supreme Court. The Company's tax liability on this score upto 31st March 1961 is of the order of Rs. 280 lakhs which is adequately covered by appropriations to general reserve both this year and last year. Incidentally, it may be noted that the 12-year period of tax concession expires at the end of March 1965.

As stated earlier, the net profit works out to Rs. 318.62 lakhs, as against Rs. 277.45 lakhs for 1959-60. The Directors have transferred Rs. 205 lakhs to general reserves, in addition to Rs. 15 lakhs to preference shares capital redemption account and Rs. 7.33 lakhs to the development rebate reserve. The dividend on ordinary shares absorbs Rs. 56.25 lakhs and on preference shares Rs. 12.92 lakhs, leaving Rs. 42.93 lakhs to be carried forward.

The progress of the Company in the past four years is fully reflected in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales (gross)	10,88.54	9,70.73	8,36.63	3,70.86
Other income	19.67	12.99	6.72	3.96
Closing stocks	56.76	55.76	41.40	99.74
Raw materials consumed	4,76.53	4,37.13	3,71.48	2,34.68
Other expenses	2,52.59	1,95.63	2,20.31	72.18
Gross profits	3,79.38	3,50.49	2,51.55	68.02
Managing Agents' remuneration	19.42	29.35	11.95	0.71
Provision for—				
Depreciation	41.34	43.70	2,04.44	32.50
Taxation			14.75	
Net profit	3,18.62	2,77.45	†20.41	†34.81
To reserves	2,20.00	1,65.00		2.75
To development rebate	7.33	1.12	59.60	3.75
Dividends—				
6 per cent preference	12.92	53.14*	28.67	..
Ordinary	56.25	50.00	25.00	..
	(22.5%)†	(20%)†	(10%)†	..
Carry forward	42.93	20.81	12.68	1,00.49

* For the period 1-1-1955 to 31-3-1960.
† Subject to deduction of tax.

The Weaving Division of the Company at Gwalior is working satisfactorily. The Company has applied for permission to install additional looms. Suitings and other products made by the Company are being well patronised by the customers and many new fabrics were introduced during 1960-61. The Company is also making efforts to develop export markets. Several varieties of the Company's fabrics have already become popular with foreign consumers. In order to develop export markets more intensively, the officials of the Company visited Middle East and Far East countries and made valuable contacts.

The research work in connection with staple fibre of higher dry and wet strength, entrusted to the Birla College at Pilani, has been continued and the results are stated to be satisfactory. Further equipment required for the research project has already been installed and trials are expected to take place during the latter part of 1961-62. Meanwhile, good progress has already been made in improving fibre tenacity. It is estimated that the improvement in 1960-61 was nearly 120 per cent, an increase of one-fifth over the past six years.

The Company is going ahead with its project for making rayon grade pulp in the country. The licence for the wood pulp plant has been amended by the Government raising the production capacity from 100 tons to 150 tons per day. The construction work at the site at Mavoor near Calicut in the Kerala State is in full swing and some of the machinery have already reached the plant site. The plant is expected to commence production in the latter half of 1962.

The Company has decided to take to the manufacture of rayon machinery also. It has secured a licence for setting up a plant having an annual capacity to manufacture the complete staple fibre plant of 15 to 18 tons per day capacity or one complete filament rayon plant of 7½ tons per day capacity. A senior official of the Company recently visited foreign countries for securing technical collaboration. It is stated that the negotiations have resulted in a draft agreement which has been forwarded to the Government for approval. The Company has also applied for licence to import necessary machinery and equipment.

The financial position of the Company as disclosed by the balance-sheet as on 31st March 1961 is quite strong. The total paid-up capital of Rs. 400.76 lakhs, comprising Rs. 250 lakhs in ordinary shares of 2,500,000 of Rs. 10 and Rs. 150.76 lakhs in 8.57 per cent 150,765 redeemable cumulative preference shares of Rs. 100, is well supported by free reserves of Rs. 229.73 lakhs. In addition, there are reserves of Rs. 280 lakhs for meeting the contingency regarding the tax liability referred to above. The secured loans are small, being no more than Rs. 7 lakhs, as against Rs. 3.73 lakhs last year. Current liabilities and provisions have declined by Rs. 42.16 lakhs to Rs. 177.51 lakhs, as against which the cash balances alone aggregate Rs. 586.18 lakhs, out of the total current assets amounting to Rs. 824.46 lakhs. Besides there are investments of the value of Rs. 10.43 lakhs. The gross block has increased from Rs. 650.02 lakhs in 1959-60 to Rs. 713.29 lakhs. As the depreciation written off upto 31st March 1961 amounts to Rs. 453.18 lakhs, the book value of fixed assets is only Rs. 260.11 lakhs. It will thus be noted that the Company has sufficient resources of its own to take care of the pulp project.

The Rs. 10 fully paid-up ordinary shares of the Company are highly fancied by investors and touched a high of Rs. 57.50 in the first week of July 1961. They are currently quoted on the Bombay Stock Exchange at Rs. 48 c.d. and offer a net yield of 3.38 per cent per annum on ex-div. basis and at the proposed rate of dividend.

(Concluded from next column)

1952, has been made to the Central Government and the licence is awaited.

Currently, the Rs. 100 fully paid ordinary shares of the Company are being quoted at Rs. 128 cum-div. On an ex-div. basis and taking the dividend only at 12 per cent per annum, the net yield works out to 7 per cent per annum. The conditions in cotton textile industry so far during the current year have been satisfactory and it should be possible for the Company to repeat the highly encouraging performance in the year under review.

DAVANGERE COTTON'S RESULTS QUITE ENCOURAGING

FINANCIAL POSITION IMPROVES

THE Davangere Cotton Mills Ltd. (Managing Agents: Messrs. R. Hanumanthappa & Son, Davangere) has recorded further substantial improvement in turnover and profits for the year ended 31st March 1961, although cotton prices generally ruled high and price reductions in manufactured goods were effected in deference to the Government's request. However, "there was no material change in the cloth prices by such reductions," the Directors state in their report to the shareholders, "as the Company always took care to maintain the rates at fair levels." The value of sales reached a new record figure of Rs. 1.68 crore, being 19 per cent higher than during the previous year, the actual increase being Rs. 26.46 lakhs. The gross profit shows a much sharper rise of Rs. 15.77 lakhs, or 59 per cent to Rs. 36.94 lakhs. With higher profits, provisions for the managing agents' remuneration and taxation have perforce been higher, the former having been stepped up from Rs. 1.56 lakh to Rs. 2.91 lakhs and the latter from Rs. 4.60 lakhs to Rs. 12.50 lakhs. The provision for depreciation has also been raised by Rs. 3.51 lakhs to Rs. 10.78 lakhs. A substantial portion of this increase, amounting to no less than Rs. 3.28 lakhs, represents the additional amount that is required to be set aside to bring the written down value of fixed assets in the Company's books to the level under the Income-tax Act. After making these essential provisions, the net profit stands improved by Rs. 3.01 lakhs or nearly 40 per cent to Rs. 10.75 lakhs. Transfer to the development rebate reserve has been reduced by Rs. 70,000 to Rs. 95,000, while that to the reserve for repayment of mortgage loan has been maintained at Rs. 2.50 lakhs. The general reserve has been credited with Rs. 2.15 lakhs, as against a mere Rs. 9,664 last year. The ordinary dividend has been maintained at 12 per cent per annum, subject to deduction of tax. This will absorb Rs. 3.58 lakhs. In addition, a special bonus of 5 per cent per annum (requiring Rs. 1.50 lakh from the profits of the year under review) has been recommended in commemoration of the Silver Jubilee of the Company. The total amount distributable to the shareholders this year thus works out to Rs. 5.08 lakhs, as compared to Rs. 3.56 lakhs a year ago.

The following comparative table present the progress made by the Company during the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	1,67 86	1,41 39	1,35 39	97 45
Other income	1 68	1.14	0.89	0.07
Closing stocks of yarn, cloth and waste	9.87	10.04	10.96	22.89
Raw materials and stores consumed	98 60	90 02	80 65	68.48
Salaries, wages and bonus	22 82	18 00	16 84	14 27
Other expenses	11.00	11 83	9 50	8.09
Gross profit	36 94	21 17	17.35	11.97
Managing Agents' remuneration	2 91	1.56	1.00	0.70
Provision for—				
Depreciation	10 78	7 27	7.19	4.88
Taxation	12 50	4 60	1 85	
Net profit	10.75	7 74	7.31	6.39
Transfer to reserves	5 60	4 25	4.75	4.06
Ordinary dividends	5.08	3 56	2 62	2 25
	(12%+ B. 5%)*	(12%)*	(9%)	(9%)
Carry forward	0.15	0.09	0.15	0.23

* Subject to deduction of tax.

The financial position of the Company, as disclosed by its balance-sheet as at 31st March 1961, is fairly strong. The share capital of Rs. 29.99 lakhs, all in 30,000 equity shares of Rs. 100 each is backed by Rs. 34.43 lakhs in reserves. Secured and unsecured loans have been sharply reduced from Rs. 63.03 lakhs to Rs. 30.82 lakhs. Current liabilities and provisions at Rs. 36.20 lakhs are no doubt higher by Rs. 17.31 lakhs, but the total indebtedness is down by Rs. 15.22 lakhs at Rs. 67.02 lakhs which are nearly balanced by current assets of the order of Rs. 66.89 lakhs. Additions to fixed assets during the year amounted Rs. 11.77 lakhs bringing the book value of such assets to Rs. 132.03 lakhs which has been written down to Rs. 64.55 lakhs.

During the course of the year, the Company purchased in court auction the erstwhile Narayandas Chunilal Mills, Gadag, costing in all Rs. 7 lakhs. It comprises of 12,000 spindles and 218 looms. Necessary application under the Industries (Development and Regulation) Act,

(Continued in previous column)

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METTUR CHEMICAL PLANS EXPANSION

ANOTHER RIGHT ISSUE IN THE OFFING

SHAREHOLDERS of the Mettur Chemical and Industrial Corporation Ltd. (Managing Agents: Messrs. Seshasayee Brothers Private Ltd., Mettur Dam R. S.) have every reason to be satisfied with the Company's performance during the year ended 31st March 1961. Production of the main chemicals was maintained at satisfactory levels, as will be evident from the following figures, those in brackets referring to the previous year:

Caustic soda 5,760 tons (5,066 tons),

Bleaching powder 5,535 tons (4,489 tons),

Liquid chlorine 1,207 tons (1,142 tons).

Consequent on this improvement in output and the sustained demand particularly for bleaching powder, the sale proceeds have risen by Rs. 16.57 lakhs to Rs. 133.89 lakhs, thus completely making good the small setback suffered during the previous year. With the continuance of Governmental control on the prices of the Company's main chemicals, however, the working of the bleaching powder plant during the major part of the year under review was at an uneconomic level. But, owing to the commencement of working of the potassium chlorate plant and satisfactory returns from lime and vegetable oil products, the Company was able to make up for the shortfall in the working of its main lines of manufacture. The gross profit, accordingly, shows a modest increase of Rs. 3.27 lakhs to Rs. 28.36 lakhs, the highest on record so far. Provision for managing agents' remuneration which had absorbed Rs. 2.05 lakhs for 1959-60 has, for the year in review, taken a lower amount, namely, Rs. 1.58 lakh. With a bigger depreciable block, provision for depreciation has had to be increased by Rs. 2.51 lakhs to Rs. 9.47 lakhs while that for taxation has also gone up to Rs. 6.60 lakhs from Rs. 4.75 lakhs a year ago.

With the small improvement in gross profit thus more than fully compensated by substantial increases in essential provisions, the net profit has actually gone down from Rs. 11.33 lakhs to Rs. 10.71 lakhs. Transfer to reserves has, nevertheless, been maintained at Rs. 3.50 lakhs, with Rs. 2.50 lakhs going to the development rebate reserve and Rs. 1.00 lakh to the general reserve. With a view to maintaining dividends at the same rates as those for the previous year's, it has been found necessary to draw back Rs. 2.80 lakhs from the reserves. Out of the sum available, preference dividends have been declared as per the provisions of the Act governing such dividends at the rate of 6 per cent per annum, subject to deduction of tax, and absorb Rs. 1.56 lakh. Ordinary dividend proposed at 12½ per cent, subject to the deduction of tax, claims Rs. 8.41 lakhs, leaving a small sum of Rs. 16,000 as carry forward to the next accounting period. Although the rate of ordinary dividends has remained unchanged, such is, however, payable on increased capital, following the issue of new shares.

Results of operations of the Company during the past four years are set forth in the comparative table below:

(Value in lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	133.89	117.32	121.37	117.03
Other income	2.49	1.95	1.31	1.61
Closing stocks of finished goods	5.78	5.41	4.83	3.76
Raw materials and stores and packing charges	62.34	52.89	59.26	51.52
Salaries, wages and bonus	14.93	13.86	12.98	12.09
Other expenses	31.12	28.01	28.58	25.90
Gross profit	28.36	25.09	22.99	24.86
Managing Agents' remuneration	1.58	2.05	2.00	2.18
Provision for—				
Depreciation	9.47	6.96	6.55	5.76
Taxation	6.60	4.75	7.25	9.48
Net profit	10.71	11.33	7.19	7.44
Withdrawals from reserves	2.80	..	..	..
Transfer to reserves	3.50	3.50	2.54	3.49
Dividends—				
Preference	1.56*	1.61*	1.20	1.20
Ordinary	8.41 (12½%)*	6.28 (12½%)*	3.56 (8-4/5%)	3.54 (8¾%)
Carry forward	0.16	0.13	0.19	0.30

* Subject to deduction of tax.

Against an authorised share capital of Rs. 3.00 crores, the Company has an issued and subscribed share capital of Rs. 1.00 crore consisting of Rs. 20.00 lakhs in 6 per cent tax-free cumulative preference shares and Rs. 80.00 lakhs in equity shares of Rs. 10 each. A year before, the equity capital was Rs. 60 lakhs. The paid-up capital is supplemented by Rs. 26.54 lakhs in various reserves. Loans, secured as well as unsecured, aggregate Rs. 58.01 lakhs in addition to current liabilities and provisions of Rs. 25.11 lakhs. With the addition of Rs. 14.52 lakhs during the year, the gross block has a book value of Rs. 156.18 lakhs which has been well written down to Rs. 74.61 lakhs. To this sum is to be added Rs. 27.26 lakhs being the cost of machinery pending erection to get a net block of Rs. 101.87 lakhs. Current assets, inclusive of investments and loans and advances, total Rs. 107.79 lakhs and are sufficient to cover fully all liabilities with the exception of share capital and reserves.

As regards the Company's plans for expansion and development, it is well to reproduce here what the Directors themselves say in their report to the shareholders:

"Our expansion scheme to step up production of caustic soda from 20 to 40 tons per day has been making good progress and we expect to complete the erection of the plant and start higher rated production by October this year.

"With a view to keeping abreast of development elsewhere, the Directors have decided to step up production of caustic soda in a big way to 100 tons per day and to commence manufacture of organic chemicals based on chlorine. The additional production of caustic soda (60 tons per day) will be of rayon grade quality.

"With the increasing requirements of caustic soda in the third Plan period and the target of 3,50,000 tons per year which has been set in the third Plan, most of the existing caustic soda factories are effecting substantial expansion. In line with such expansion and in pursuance of our programme, we applied for and have secured a licence to expand our capacity of caustic soda from 40 to 100 tons per day, and for manufacture of other chemicals mentioned above. This expansion of caustic soda production and the manufacture of new lines of organic chemicals will entail a further capital expenditure of Rs. 2.5 crores. It is absolutely necessary to seek foreign collaboration in the production know-how of these organic chlorine chemicals and, if possible, also obtain capital participation. It will, therefore, be necessary to find, in the near future a part of this capital by the issue of shares, equity and/or preference, besides loan capitals. The shareholders will be approached regarding such an issue at the appropriate time as soon as we are able to estimate exactly our capital requirements and ascertain how much we would raise as loan capital."

It will thus be noted that a right issue is pending.

The present market quotation for the Company's Rs. 10 fully paid ordinary share is Rs. 14.55 *cum-div.* The yield works out to 6.4 per cent per annum net, on an *ex-div.* basis.

CAMPHOR AND ALLIED PRODUCTS LTD.

The Camphor and Allied Products Ltd. (Chairman: Mr. C. C. Desai), floated recently to undertake manufacture of camphor for the first time in India, has announced that it will enter the market for raising capital in the first week of next month: the subscription list is due to open on 4th September. The Company has been promoted by Messrs. Jayant Dalal, Damu Babubhai Jhaveri and Chinubhai C. Dalal. It will put up at Clutterbuckganj, near Bareilly in U.P., a factory with a capacity to produce 900 tons of synthetic camphor and about 60 tons of thymol per annum. It has secured the technical collaboration of that well-known U.S. chemical firm, the Du Pont. The terms of collaboration include an initial payment of $25,000 and a royalty for a period of eight years at the rate of 1.4 cent per lb. of camphor produced. Another American firm, the American Hydrotherm Corporation of New York, will supply and erect the plant and machinery, the total cost of which is estimated at Rs. 62 lakhs, including a foreign exchange component of Rs. 25 lakhs.

The overall capital outlay on the project is placed at Rs. 130 lakhs, of which Rs. 60 lakhs, made up of 50,000 equity shares of Rs. 100 each and 10,000 cumulative redeemable preference shares (9.23 per cent) of Rs. 100 each, will be met in the form of paid-up capital. The promoters, directors and their friends have agreed to subscribe Rs. 19.52 lakhs to equity capital and the American Hydrotherm Corporation Rs. 1.92 lakh. The Life Insurance Corporation has agreed to undertake equity shares and preference shares of the value of Rs. 5 lakhs each on firm allotment basis. The balance of Rs. 23.56 lakhs represents the equity shares that will be offered to the public, besides the preference shares worth Rs. 5 lakhs. Of the remaining portion of the outlay, that is, Rs. 70 lakhs, a sum of Rs. 48 lakhs will be found by way of long-term loans and Rs. 22 lakhs in the form of deposits and customary bank loans on raw materials.

The Company has secured sanction for a long-term loan of Rs. 18 lakhs from the Industrial Finance Corporation and another loan of Rs. 30 lakhs (Rs. 24 lakhs in foreign exchange and Rs. 6 lakhs by way of rupee loan) from the Industrial Credit and Investment Corporation of India.

The factory is expected to go into production by the end of next year. The total value of production is estimated at about Rs. 1 crore annually. The factory is assured of complete road and rail facilities, as well as power and water supply. The major portion of the main raw material, namely, turpentine, will be supplied by the leading manufacturing firm, the Indian Turpentine and Rosin Co., Ltd., Bareilly.

COMPANY MEETINGS AND DIVIDEND

GAIRKHATA TEA CO., LTD. Annual General Meeting, Calcutta, 13th September 1961. Dividend: per cent or Rs. 25.00 per share, subject to deduction of tax, payable on or after 29th September 1961. Transfer books will remain closed from 4th to 14th September 1961, both days inclusive.

JUTLIBARI TEA CO., LTD. Annual General Meeting, Calcutta, 13th September 1961. Dividend: per cent or Rs. 3.00 per share, subject to deduction of tax, payable on or after 29th September 1961. Transfer books will remain closed from 4th to 13th September 1961, both days inclusive.

BETJAN TEA CO., LTD. Annual General Meeting, Calcutta, 14th September 1961. Dividend: 40 per cent or Rs. 4.00 per share, subject to deduction of tax, payable on or after 29th September 1961. Transfer books will remain closed from 4th to 14th September 1961, both days inclusive.

TENGPANI TEA CO., LTD. Annual General Meeting, Calcutta, 14th September 1961. Dividend: 30 per cent or Rs. 3.00 per share, subject to deduction of tax, payable on or after 29th September 1961. Transfer books will remain closed from 4th to 14th September 1961, both days inclusive.

ANANDA-BAG TEA CO., LTD. Annual General Meeting, Calcutta, 14th September 1961. Dividend: 30 per cent or Rs. 3.00 per share, subject to deduction of tax, payable on or after 29th September 1961. Transfer books will remain closed from 4th to 14th September 1961, both days inclusive.

GWALIOR RAYON SILK MFG. (Wvg.) CO., LTD. Annual General Meeting, Birlagram, Nagda, 15th September 1961. Dividend: Rs. 2.25 per ordinary share, subject to deduction of tax, payable on or after 18th September 1961. Transfer books remain closed from 21st August to 15th September 1961, both days inclusive.

INDIAN CABLE CO., LTD. Annual General Meeting, Calcutta, 27th September 1961. Dividend: Rs. 2.25 per ordinary share, subject to deduction of tax, payable on or after 30th October 1961. Transfer books will remain closed from 12th to 27th September 1961, both days inclusive.

JARDINE HENDERSON LTD. Annual General Meeting, Calcutta, 28th September 1961. Dividend: Rs. 7.00 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 14th to 28th September 1961, both days inclusive.

TITAGHUR PAPER MILLS CO., LTD. Taxable final dividend of Re. 1.00 per share, on 'A' and 'B' ordinary shares and at 6.76 per cent on preferred ordinary shares, for the year ended 31st March 1961.

SANGAMESHWAR COFFEE ESTATES LTD. Taxable dividend of 6 per cent or Re. 0.12 per ordinary share, for the year ended 31st March 1961. Transfer books will remain closed from 18th to 25th September 1961, both days inclusive.

MYSORE CHEMICALS AND FERTILISERS LTD. Taxable dividend of 10 per cent or Re. 1.00 per ordinary share, for the year ended 31st March 1961. Transfer books will remain closed from 8th to 22nd September 1961, both days inclusive.

T. STANES & CO., LTD. Taxable dividend of 15 per cent or Re. 1.50 per ordinary share, for the six months ended 31st March 1961. (Financial year changed). Transfer books will remain closed from 10th to 26th September 1961, both days inclusive.

OSSOOR ESTATES LTD. Taxable final dividend of 10 per cent or Re. 0.20 per share (making a total of 15 per cent or Re. 0.30 per share), for the year ended 31st March 1961. Transfer books will remain closed from 4th to 18th September 1961, both days inclusive.

WARTYHULLY ESTATES LTD. Taxable final dividend of 10 per cent or Re. 0.20 per share (making a total of 15 per cent or Re. 0.30 per share) for the year ended 31st March 1961. Transfer books will remain closed from 4th to 18th September 1961, both days inclusive.

INDIAN STEEL ROLLING MILLS LTD. Taxable final dividend of 7½ per cent or Re. 0.75 per ordinary share (making a total of 12½ per cent or Re. 1.25 per ordinary share), for the period of 15 months ended 31st March 1961. Transfer books will remain closed from 6th to 20th September 1961, both days inclusive.

ALAGESWAR ESTATES LTD. Taxable dividend of 15 per cent or Re. 0.30 per share, for the year ended 31st March 1961. Transfer books will remain closed from 15th to 25th September 1961, both days inclusive.

VELLORE ELECTRIC CORPORATION LTD. Taxable dividend of 14.29 per cent or Re. 1.429 per ordinary share, subject to deduction of tax, for the year ended 31st March 1961. Transfer books will remain closed from 18th to 25th September 1961, both days inclusive.

UNITED NILGIRI TEA ESTATES CO., LTD. Taxable final dividend of 12 per cent or Re. 1.20 per share (making a total of 22 per cent Re. 2.20 per share), for the year ended 31st March 1961. Transfer books will remain closed from 11th to 27th September 1961, both days inclusive.

ATHIMATTAM RUBBER CO., LTD. Taxable dividend of 5 per cent or Re. 0.10 per share, for the year ended 28th February 1961. Transfer books will remain closed from 21st to 28th September 1961, both days inclusive.

FOREST INDUSTRIES (TRAVANCORE) LTD. Taxable dividend of 12 per cent or Re. 0.24 per share, for the year ended 31st March 1961. Transfer books will remain closed from 23rd to 28th September 1961, both days inclusive.

KALPETTA ESTATES LTD. Taxable dividend of 12½ per cent or Re. 1.25 per share, for the year ended 30th April 1961. Transfer books will remain closed from 7th to 14th October 1961, both days inclusive.

SYNOPSES OF COMPANY REPORTS

Marshall, Sons and Co. (India) Ltd.

[*Managing Agents*: Marshalls (Direction) Private Ltd., Calcutta.]

Annual General Meeting—6th September.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1960	1959
Sales (machinery, etc.)	2,27,10	2,62,44
Closing stock	75,98	77,62
Gross profit (+) or loss (—)	(—) 9,35†	(+) 2,18
Transfer to Managing Agents' remuneration	6	6
" " depreciation	1,00	88
" " development rebate reserve	10	11
" " taxation	Nil	1,00
Net profit (+) or loss (—)	(—) 9,35	13
Adjustments—credit (+) or debit (—)	(+) 3,31	(+) 2,32
Appropriations:		
Total available balance	(—) 8,27	(+) 2,45
To gratuities paid	91	1,02
To adjustment (in respect of previous years).	22	30
Proposed dividend (taxable)	Nil	1,05
	Nil	(10%)
Carried forward (+) or (—)	(—) 8,27*	(+) 8

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

* This is the final debit balance carried forward after taking into account adjustments and after making provisions for depreciation; development rebate reserve; payment of gratuities and adjustments relating to previous years. It will be noted that this debit balance has been adjusted against reserves as shown in balance sheet.

† After providing for Managing Agents' commission.

Extracts from the Directors' report: The results are extremely disappointing but it was reported by the directors at the last annual general meeting that measures being taken to overcome the restricted imports due to foreign exchange difficulties would not be effective in the accounting year 1959-60 and this has come to pass.

The directors would also like to bring to the shareholders' notice that in this time of transition the managing agents decided that new ideas and new thinking with a stricter measure of control were necessary, and during this period senior changes in Executive control have been made. Naturally with the various obligations entered into a period of time must elapse before an improvement in results is shown.

It is obvious that the future of this Company is dependent upon a development in its sales attachment to indigenous products and the year under review has been one of steady advancement in this regard, but of necessity this is also a long term issue.

Accounts in brief as at 30th June 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,50,000	Gross block	19,41,679
Reserves†	10,86,338	—Depreciation	15,38,707
Other liabilities	1,46,80,125	Net block	4,02,872
		Current assets	1,59,60,737
		Investments	1,06,613
		Cash	3,66,239
	Rs. 1,68,16,461		Rs. 1,68,16,461

* Paid-up capital consists of 5,25,000 ordinary shares of Rs. 2 each, fully paid up.

† Reserves are shown after deducting the debit balance of Rs. 8,20,589 in the profit and loss account.

Benares Electric Light and Power Co., Ltd.

(*Managing Agents*: Messrs. Martin Burn Ltd., Calcutta.)

Annual General Meeting—7th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Revenue from light and power loads	54,17	50,53
Gross profit	8,88	12,30
Transfer to Managing Agents' remuneration	62	94
" " depreciation	4,14	3,85
" " statutory contingency reserve	89	85
" " provision for taxation	Nil	32
" " development reserve	71	91
" " National tax relief reserve	Nil	7
" " rebate to consumers	Nil	28
" " tariffs and dividends control reserve	Nil	28
Net profit	2,47	4,80
Adjustments	3,09	1,17
Appropriation:		
Total available balance	5,56	5,97
Transfer to bonus (in respect of previous year)	1,22	1,42
" " taxation (in respect of previous year)	Nil	10
" " reserve for redemption of debentures	Nil	88
" " general reserve	1,00	1,25
Proposed dividend (taxable) Ordinary	1,87 (11½%)	1,87 (11½%)
Carried forward	47	45

N.B.—Adjustments include the balance brought forward from the previous year; amount transferred from deferred taxation reserve and amount transferred from tariffs and dividends control reserve if any.

Extracts from the Directors' report: At present the power supply position at Benares is very unsatisfactory, as the steam plant at the Company's power station is loaded to capacity and the diesel plant hired from the State Government is insufficient to cater for all the demands for the supply of energy in the area. Control of electric supply has been enforced under the U.P. Electricity (Temporary Powers of Control) Act, 1947, and as the existing plant is operating at full capacity due to restrictions and the staggering of loads, saturation point in respect of supply has almost been reached.

The State Electricity Board has undertaken to augment the availability of electrical energy by affording the Company a supply to the extent of 4,000 kw. from the Rihand System as from early 1962 and arrangements to take the supply are already in hand.

Operating expenses have increased principally on account of the hire of the diesel plant, the high cost of diesel generation and the increased cost of steam generation due to the insistence of the Government of India that power stations should utilise larger quantities of inferior grades of coal. In view of the present limited plant capacity, it has not been possible to offset these additional operating costs by increased production. As a result, the Company has not earned the full amount of reasonable return permitted under the provisions of the Electricity (Supply) Act, 1948. To meet these additional expenses and to enable the Company to earn the prescribed return, it has been found necessary to raise the rates for supply to consumers as from the 3rd October 1961. The requisite notices have already been sent to the State Government and the State Electricity Board.

Owing to Income-tax depreciation allowances the Company has no liability on account of taxation on the profits for the year in question, and no provision has accordingly been made in the accounts in respect thereof.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	17,00,000	Gross block	1,78,08,355
Debentures	12,15,690	—Depreciation	51,62,951
Reserves and surplus	49,23,313		
Other liabilities	94,64,805	Net block	1,26,45,404
		Current assets	26,12,434
		Investments	6,67,441
		Cash	13,45,332
		Miscellaneous expenditure	33,197
	Rs. 1,73,03,808		Rs. 1,73,03,808

* Paid-up capital consists of 1,70,000 ordinary shares of Rs. 10 each, fully paid up.

Cellulose Products of India Ltd.

(*Managing Director*: Mr. Laxmikant Bhaghubhai.)

Registered Office: Kathwada (Dist. Ahmedabad.)

Second Annual General Meeting—18th September.

Extracts from the Directors' report: The accounts for the year ended 31st March 1961 shows a debit balance of Rs. 8,591 after adjusting expenses of Rs. 2,42,557 which are capitalised. Expenses of Rs. 59,522 for the year 1959-60 have also been capitalised during the year and net debit balance of Rs. 30,861 shown and carried forward in income and expenditure during construction account last year, is converted into a profit of Rs. 28,661 to which the loss of Rs. 8,591 for the year 1960-61 has been adjusted, leaving a net credit balance of Rs. 20,070 carried forward.

Operations: The directors have pleasure in reporting that the first production programme of the factory envisaged in the prospectus has been attained. Company's Cellulose Pulp Plant started on 18th March 1961 and thereafter the trial operations of C.M.C. Plant was commissioned on 15th June, 1961. After due consideration it has been decided to accelerate the manufacturing programme, in order to reach as early as possible the rated capacity. The directors, therefore, hope that by about October 1961, the Company will be in a position to bring out quality products for all various grades of technical C.M.C. It must, however, be cautioned that in the initial stages teething troubles may come in the way but the modern plant and machinery which has been set up should enable the Company to achieve the normal production in the not too distant future.

Simultaneously the directors are actively thinking of going ahead with the construction and erection of machineries concerning purified C.M.C. project. Orders for all required machineries—indigenous as well as foreign—have been ordered out and no endeavour will be spared to accelerate the setting up of the plant. The Government of India have granted the Company further imports of machinery worth Sw. Krs. 2,00,000 (about Rs. 1,85,200) for this, on Loan Account basis from Messrs. Skandinaviska Banken, Stockholm, Sweden.

Expansion: The Company is in the possession of an Industrial Licence to manufacture *Rayon Grade Dissolving Pulp* at the rate of 20 tons/day. The said licence was received in the month of May, 1960. Since the issue of this licence, it has collected all required statistics, data and information. The indigenous supply of raw material of the required quality is in very scarce supply and a series of similar licences have also been issued by the Government of India. After carefully considering all relevant details, the directors feel that it would be unwise to proceed further with this project.

Calls: Since last annual general meeting, two further calls of Rs. 35 and Rs. 30 each were made on the preference shares of the Company and the preference shares have now become fully paid-up.

Accounts in brief as at 31st March 1961 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	34,67,420	Gross block	21,31,871
Reserves and surplus	20,070	—Depreciation	26,595
Other liabilities	8,90,726	Net block	21,05,276
		Block in progress	5,95,178
		Current assets	6,62,156
		Cash	6,10,221
		Miscellaneous expenditure	4,05,383
	Rs. 43,78,216		Rs. 43,78,216

* Paid-up capital consists of 20,000 equity shares of Rs. 100 each (calls in arrears amount to Rs. 4,750) and 15,000—6½ per cent tax-free cumulative redeemable preference shares of Rs. 100 each (calls in arrears amount to Rs. 27,880).

Pullangode Rubber and Produce Co., Ltd.

(*Managing Agents*: Messrs. Aspinwal & Co., Ltd., Fort Cochin, Kerala State.)

Annual General Meeting—28th August.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	10,84	9,04
Gross profit	3,64	2,21
Transfer to Managing Agents' remuneration	29	18
" " depreciation	41	41
" " provision for rubber rehabilitation	52	26
" " taxation	1,50	76
Net profit	92	60
Adjustments	17	72
Appropriations:		
Total available balance	1,09	1,32
Transfer to additional provision for rubber rehabilitation	Nil	17
To sales tax paid (in respect of previous year).	Nil	3
To dividends (taxable) 8% T.F.C. Preference.	9	18
" " Ordinary	99 (6%)	82 (5%)
Carried forward	1	17

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: The crop harvested during the year amounted to 313,433 kgs. as against the estimate of 281,227 kgs. or an increase of 32,206 kgs. 1960-61 has established a record in crop since the formation of the Company. During the year a new system of tapping was introduced and this coupled with Stimulex application accounted for the major portion of increase in crop.

Expenditure and average sale prices are compared below:—

Year	Crop (Kgs.)	All-in cost (nP. per kg.)	Average sale price (nP. per kg.)
1957-58	2,65,805	328.87	341.86
1958-59	2,94,041	313.90	339.71
1959-60	2,61,978	336.08	345.11
1960-61	3,13,433	334.09	344.77

It is conservatively estimated that a crop of 294,835 kgs. of rubber will be collected during 1961-62 at an Estate expenditure of 252.04 nP per kg.

Replanting: All the work connected with replanting the 75 acres as mentioned in the last year's report has been completed and the growth of plants is satisfactory. The slaughter-tapping of the 100 acres is completed and the area will be replanted during the current year. In addition to the further 150 acres mentioned in the last report, the directors have decided to progressively replant low yielding and old rubber areas, and a further 200 acres are now being slaughter-tapped with a view to replanting 50 acres in 1963 and 150 acres in 1964. During 1962 an additional 128.60 acres will be slaughter-tapped for replanting in 1965.

During the year under review, 75 acres of the immature budded area of 100.58 acres 1952-53 planting were brought into tapping. During the coming year a further 125 acres will be tapped, namely the 42 acres planted in 1953-54, and part of the 183.32 acres planted in 1954-55.

New Planting: The directors have decided to clear 102.80 acres from the uncultivated reserve land and undertake new planting of rubber during 1962.

Pepper Clearing: With intensive manuring the pepper area has been kept well and a useful crop can be expected in future years.

The controlled price of rubber remained unchanged. Although costs of production has risen, it is regrettable that the Tariff Board who enquired into the price structure did not recommend any increase in rubber price. However the Government have substantially increased the rehabilitation subsidy for replanting, which will assist in the replanting programme referred to above.

Accounts in brief as at 31st March 1961 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	18,00,000	Gross block	23,57,018
Reserves and surplus	2,30,112	—Depreciation	7,87,890
Other liabilities	4,11,729	Net block	15,69,128
		Current assets	2,94,477
		Investments	2,00,791
		Cash	4,17,445
	Rs. 24,41,841		Rs. 24,41,841

* Paid-up capital consists of 8,35,000 ordinary shares of Rs. 2 each, fully paid up and 15,000—6 per cent tax-free cumulative preference shares of Rs. 10 each, fully paid up.

Notice

THE MYSORE CHEMICAL MANUFACTURES LIMITED

Registered Office:

Chikbanavar P.O. (Bangalore Dist.)

NOTICE

NOTICE IS HEREBY GIVEN THAT A General Meeting of the shareholders of THE MYSORE CHEMICAL MANUFACTURES LTD., will be held at the Registered Office of the Company at Chikbanavar P.O., Bangalore District, on Friday the 29th September 1961 at 9-30 a.m., to consider and, if thought fit, to pass special and ordinary resolutions as per notice together with explanatory statement separately issued to shareholders.

The Share Transfer Books will remain closed from 16th to 29th September 1961, both days inclusive.

A Member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member.

By Order of the Board,

S. RAMANATHAN,
Managing Director.

BANGALORE,
26th August 1961.

Notices

GREAVES COTTON AND COMPANY LIMITED

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE Forty-first Annual General Meeting of the Shareholders of GREAVES COTTON AND COMPANY LIMITED, will be held on Wednesday the 27th September 1961 at 4-30 p.m. (I.S.T.) at the Registered Office of the Company, 1, Forbes Street, Bombay, to transact the following business:—

1. To receive and adopt the Directors' Report and Audited Balance-sheet and Profit and Loss Account for the year ended 31st March 1961.
2. To declare dividends on Preference and Equity shares.
3. To elect a Director in place of Mr. J. H. Langdon who retires by rotation and, being eligible for re-election under Article 148 of the Articles of Association, offers himself for re-election.
4. To elect a Director in place of Mr. H. D. Varma who retires by rotation and, being eligible for re-election under Article 148 of the Articles of Association, offers himself for re-election.
5. To consider and, if thought fit, to pass with or without modifications the undernoted Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to subsection (1) of Section 293 of the Companies Act 1956, and Article 173 of the Articles of Association of the Company and all other enabling provisions (if any), consent be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money, from time to time, from any one or more of the Company's Bankers or from any one or more other persons, firms, bodies corporate or financial institutions, by way of cash credit, advances or other loans whether unsecured or secured by mortgage, charge, hypothecation or pledge of the Company's assets and properties whether movable or immovable or stock-in-trade (including raw materials, stores, parts and components in stock or in transit) and work-in-progress, notwithstanding that the sum or sums so borrowed, together with the moneys, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves which have not been set apart for any specific purpose, but that the total amount up to which the money may be so borrowed by the Board of Directors shall not at any time exceed Rupees Three Crores Fifty Lacs."

6. To consider and, if thought fit, to pass with or without modifications the undernoted Resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the Notice No. Com. IV(1)/13-g/61-62 dated 2nd August 1961 served on the Company by the Income-tax Officer, Companies Circle IV(1), Bombay, under Section 23A of the Indian Income-tax Act, 1922, for the assessment year 1952-53, a dividend of Rs. 60,345 at the rate of 90 nP per share subject to deduction of tax be and is hereby declared payable, out of the profits of the year ended 31st March 1952 to the holders of 67,050 ordinary shares whose names stood on the Company's Register on 20th November 1952 and that the said dividend of Rs. 60,345 be paid by transferring an equivalent amount from the General Reserve."

7. To appoint Auditors to hold office for the period from the conclusion of the meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

Notes:—(a) The relative Explanatory Statement as required by Section 173 of the Companies Act, 1956, in regard to the special business under items 5 and 6 set out above has been forwarded to the members of the Company.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

According to Article 118 of the Articles of Association, the instrument appointing a proxy and the power-of-attorney or other authority (if any), under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Registered Office of the Company not later than forty-eight hours before the time for holding the meeting; in default the instrument of proxy shall not be treated as valid.

(c) The Share Transfer Books of the Company will be closed from the 11th day of the September 1961 to the 25th day of September 1961 both days inclusive.

(d) The dividend under item 2 when sanctioned at the Annual General Meeting will be payable at National and Grindlays Bank Ltd., Lloyds Branch, Bombay, to those members whose names have been registered on the Company's Registers on 11th September 1961 and Dividend Warrants will be despatched to them on and after 23rd October 1961.

The dividend under item 6 when sanctioned as aforesaid will be similarly payable to those persons whose names stood on the Company's Register on 20th November 1952.

By Order of the Board of Directors,
N. M. WAGLE,
Managing Director.

1, FORBES STREET,
BOMBAY 1, *28th August*, 1961.

JARDINE HENDERSON, LIMITED

NOTICE IS HEREBY GIVEN THAT THE Fifteenth Annual General Meeting of the Members will be held at the Registered Office of the Company, No. 4, Clive Row, Calcutta-1, on Thursday 28th September 1961 at 11 a.m., for the following purposes:

1. To receive and consider the Audited Accounts for the year ended 31st March, 1961, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the Dividends already paid on the Preference Shares and to declare a Dividend on the Ordinary Shares of the Company.
3. To appoint a Director in place of one retiring and in this connection to consider and, if thought fit, to pass the following resolution of which special notice as required by Section 281 of the Companies Act, 1956 has been received by the Company, viz. :—

"That pursuant to the provisions of Section 281 of the Companies Act, 1956, Sir Asoka Kumar Roy, who has attained the age of 75 years and who retires from the Board by rotation, be and is hereby reappointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed by Section 280 of the said Act shall not apply to him and that he be remunerated by way of a fee of Rs. 600 for each meeting of the Board attended subject to a maximum in the aggregate of Rs. 6,000 per annum."

4. To appoint Auditors and to fix their remuneration.
5. (*As a special resolution*): To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution, viz. :—

"That approval be accorded to the execution of an agreement between the Company and Mr. John Valentine Jardine Paterson, one of the Managing Directors of the Company, such agreement being supplemental to the agreement dated the 24th day of September 1959, a copy of which draft supplemental agreement has been submitted to this meeting and which for the purposes of identification has been signed by the Chairman thereof, the effect of such supplemental agreement being to increase the maximum limit of commission payable to Mr. J. V. Jardine Paterson, for the year 1st April 1961 to 31st March 1962 from the existing maximum limit of Rs. 16,000 to Rs. 25,000, the terms and conditions of the agreement dated the 24th day of September 1959 remaining unaltered in all other respects."

Notice is also given that the Transfer Books of the Ordinary Shares of the Company will be closed from the 14th September to the 28th September 1961, both days inclusive.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company.

By Order of the Board,
D. FORDWOOD,
Secretary.

4, CLIVE ROW,
CALCUTTA-1, *11th August* 1961.

Note:—An Explanatory Statement is annexed to the Convening Notice issued to Members of the Company.

THE INDIAN CABLE COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Forty-second Annual General Meeting of the Shareholders of The Indian Cable Company Limited will be held at the Registered Office of the Company, 9, Hare Street, Calcutta, on Wednesday, 27th September 1961 at 11 O'clock in the forenoon for the following purposes:

(1) To receive and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March 1961.
(2) To declare Dividends.
(3) To re-appoint a Director who retires by rotation.
(4) To re-appoint the firm of Messrs. Lovelock & Lewis of 4, Lyons Range, Calcutta, Auditors of the Company for the current year and to fix their remuneration.

AS SPECIAL BUSINESS

(5) To consider resolutions in relation to the following matters and things:
  (a) In pursuance of Section 228(1) of the Companies Act, 1956 to appoint the firm of Messrs. A. F. Ferguson & Co. of Bombay for the purpose of auditing the accounts of the Factory at Tatanagar and the Branch Offices of the Company at Bombay, Ahmedabad, Jamshedpur, Kanpur, Nagpur, New Delhi and Secunderabad, and to fix their remuneration.
  (b) In pursuance of Section 228(1) of the Companies Act, 1956 to appoint the firm of Messrs. Fraser & Ross of Madras for the purpose of auditing the accounts of the Branch Offices of the Company at Madras, Bangalore and Coimbatore, and to fix their remuneration.

The Share Transfer Books of the Company will be closed from the 12th September 1961 to 27th September 1961, both days inclusive.

Dividends, if any, declared at this meeting will be payable on or after 30th October 1961 to Shareholders registered on the Company's Books on the 27th September 1961 or to their mandatees.

On behalf of the Board,
J. D. K. BROWN,
Chairman.

9, HARE STREET,
CALCUTTA, *27th July*, 1961.

N.B.—A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

THE INDIAN CABLE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT A General Meeting of the Members of the Company will be held at the Registered Office of the Company, 9, Hare Street, Calcutta, on Wednesday, the 27th day of September, 1961, at 10.45 a.m. to consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as a special resolution:—

"RESOLVED that subject to the sanction of the Central Government under the provisions of the Companies Act, 1956, being received, the Articles of Association of the Company be altered in the manner following:—

(1) The word 'seven' in Article 88 be substituted by the word 'nine'.

(2) After Article 90 the following Article numbered 90A be inserted:

'90A. So long as any moneys borrowed by the Company from the Industrial Credit and Investment Corporation of India Limited shall remain outstanding, the Industrial Credit and Investment Corporation of India Limited shall be entitled to appoint one director acceptable to the Company to the Board of Directors of the Company and to remove any director so appointed and appoint another in his place or in the place of a director so appointed who resigns or otherwise vacates his office. Such director shall be an ex-officio director within the meaning of these Articles and shall not be required to hold any qualification shares.'

(3) The following proviso be added to the first paragraph of Article 95:

'Provided that the director appointed by the Industrial Credit and Investment Corporation of India Limited shall not be entitled to participate in any commission hereinbefore mentioned.'"

By Order of the Board,
P. S. SHAVAKSHA,
Managing Director.

Registered Office:
9, HARE STREET,
CALCUTTA, *18th August*, 1961.

N.B.—A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company.

THE IMPERIAL TOBACCO COMPANY OF INDIA LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE Fiftieth Annual General Meeting of The Imperial Tobacco Company of India Limited will be held at Virginia House, 37 Chowringhee, Calcutta, on Tuesday, 26th September 1961 at 3.30 p.m. for the transaction of the following business:—

To receive and adopt the Accounts for the year ended 31st March 1961 and the Reports of the Directors and Auditors thereon.

To declare a dividend.

To elect and re-elect Directors.

To appoint Auditors and fix their remuneration.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:—

"that, in accordance with the Proviso to Rule 5(1) of the Companies (Branch Audit Exemption) Rules, 1961, the Company apply to the Central Government to exempt the branch offices of the Company from the provisions of Sub-Sections (1) and (3) of Section 228 of the Companies Act, 1956, with effect from the financial year ending 31st March 1962."

The share transfer books of the Company will be closed from 4th to 26th September 1961, both days inclusive, and transfers received in order at the registered office of the Company by 2nd September 1961 will be in time to be passed for payment of the dividend, if approved, to the transferees.

The dividend, if approved, will be paid on 28th September 1961 to the Shareholders whose names appear on the Company's Register on 26th September 1961, or to their mandatees.

By Order of the Board,
B. GRANGER PEARSON,
Secretary.

VIRGINIA HOUSE,
37 CHOWRINGHEE,
CALCUTTA.
3rd August 1961.

Note:—(1) A member entitled to attend and vote at the General Meeting may appoint a proxy, who need not be a member, to attend and on a poll to vote on his behalf.

(2) In accordance with Sections 269 and 412 of the Companies Act, 1956, notice is hereby given that application will be made to the Government of India for approval of the election and re-election of Mr. S. D. Gupta, Mr. R. K. Banerjee and Mr. C. N. Kirkus.

(3) An Explanatory Statement has been sent to all members in accordance with Section 173 of the Companies Act, 1956.

CALTEX OIL REFINING (INDIA) LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of the Company's 5¼% Debenture Stocks 1966-70 will be closed for transfers from 18th September 1961 to 30th September 1961, both days inclusive.

N. A. KRISHNAN,
Secretary & Treasurer, State Bank of India, Agents for Caltex Oil Refining (India) Ltd., for the management of the Debenture Stocks.

STATE BANK OF INDIA,
MUNICIPAL LOANS SECTION,
APOLLO STREET, FORT,
BOMBAY, *30th August* 1961.

THE MYSORE CHEMICALS AND FERTILISERS, LIMITED

MYSORE

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FIFTH Annual General Meeting of the Shareholders of the Mysore Chemicals and Fertilisers, Ltd., Mysore, will be held at 4-30 p.m. on Friday the 22nd September 1961 at the Registered Office of the Company at 1129, Vanivilasa Road, Mysore, to transact the following business:—

1. To receive and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March 1961 with the Auditor's Report.
2. To declare a dividend.
3. To elect Directors in the place of—
   (i) Dharmaprakasha Sri. L. S. Venkaji Rao
   (ii) Sri N. Narayanappa
   (iii) Sri G. Sivappa
   who retire by rotation and are eligible for re-election.
4. To appoint Auditors for the year 1961-62 and to fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass the following resolution as SPECIAL RESOLUTION with or without modifications.

RESOLVED that Article No. 109 of the Articles of Association of the Company be and is hereby amended so as to read as follows:—

"AT THE FIRST ORDINARY GENERAL MEETING OF THE COMPANY AND AT EVERY GENERAL MEETING IN EVERY SUBSEQUENT YEAR ONE-THIRD OF THE DIRECTORS FOR THE TIME BEING AS ARE LIABLE TO RETIRE SHALL RETIRE FROM OFFICE BY ROTATION."

Under Article 29 of the Articles of Association of the Company the Share Transfer Books of the Company will be closed from 8th September 1961 to 22nd September 1961, both days inclusive.

Note:—Every member entitled to attend and vote is entitled to appoint a Proxy or Proxies to attend and vote instead of himself and a proxy need not be a member.

4 SEP 1961

By Order of the Board,
(Sd.) A. GANESH,
Secretary.

1129, VANIVILASA ROAD,
MYSORE, 5th August, 1961.

The relative Explanatory Statement in respect of the special business is being posted to all the Shareholders.

Note:—The dividend when sanctioned will be made payable at the Indian Bank, Ltd., Bangalore city and branches on and after 20th October 1961. The dividend warrants will be posted to those shareholders whose names appear on the Register of the Company on 8th September 1961.

The Directors have recommended payment of 10% dividend or Re. one subject to deduction of tax, on every share of Rs. 10, for the year.

ORIENT PAPER MILLS LIMITED

Registered Office:
BRAJRAJNAGAR (ORISSA)

NOTICE IS HEREBY GIVEN THAT THE Forty-third Annual General Meeting of the ORIENT PAPER MILLS LIMITED will be held at the registered office of the Company at Brajrajnagar in the district of Sambalpur (Orissa) on Friday, the 29th September, 1961 at 3 p.m. for the following purposes:—

(a) To receive and consider the report of the directors and to adopt the audited accounts of the Company for the year ended 31st March, 1961.
(b) To declare dividends on Preference and Ordinary Shares.
(c) To elect Directors in place of Shri Shavax A. Lal who retires by rotation and in place of Shri R. K. Somany who retires by rotation as well as under Section 261 of the Companies Act, 1956.

Shri R. K. Somany is an associate of the Managing Agents and has been on the Board of Directors since almost the inception of the Company. It is considered desirable to avail of his valuable advice by retaining him as a director of the Company. The Company has received the requisite special notice from a shareholder and accordingly the special notice is hereby given to the shareholders for passing the following special resolution for re-appointment of Shri R. K. Somany, as a director of the Company.

"RESOLVED that Shri R. K. Somany, an associate of the Managing Agents, be and is hereby re-elected as a director of the Company."

(d) To appoint Auditors for the current year and to fix their remuneration.

By Order of the Board,
B. K. VYAS,
Secretary.

8, INDIA EXCHANGE PLACE,
CALCUTTA, *the 21st August*, 1961.

N.B.—(i) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

(ii) The Share Registers and Transfer Books of the Company, will remain closed from the 29th August to 14th September, 1961, both days inclusive.

(iii) The dividends, when declared, will be payable to registered shareholders as on the 14th September, 1961 on or after the 25th October, 1961.

GANNON DUNKERLEY AND COMPANY LIMITED

NOTICE

THE THIRTY-EIGHTH ANNUAL GENERAL Meeting of the Company will be held at its Registered Office, Chartered Bank Building, Fort, Bombay, on Thursday, the 28th September, 1961 at 4.00 p.m. to transact the following business:—

1. To receive and adopt the Directors' Report for the year ended 31st March, 1961 together with the audited statement of accounts for the period.
2. To declare a dividend.
3. To elect a Director in place of Shri J. Steffens who retires by rotation but being eligible offers himself for re-election.
4. To appoint a Director in place of Shri Niranjan Narottam Lalbhai who was appointed a Director by the Board of Directors of the Company from 17th August, 1961 and who holds this office only upto the date of the Annual General Meeting but is eligible for election. And to consider and if thought fit to pass the following resolution as an ordinary resolution of which notice as required by Section 257 of the Companies Act, 1956 has been received by the Company:

   "RESOLVED that Shri Niranjan Narottam Lalbhai be and is hereby appointed a Director of the Company."
5. To appoint Auditors for the financial year ending 31st March, 1962.
6. To consider and if thought fit to pass, with or without modifications, if any, as may be agreed upon at the meeting, the following resolution:

   The conditions of the Company's Memorandum of Association read with the Bombay High Court minute dated 29th March, 1954 filed with the Registrar of Companies be and are hereby altered as follows:

   (a) The 1,00,000 Deferred shares of the Company of Re. 1 each which, at the date of the passing of this resolution, have not been taken up or agreed to be taken up by any person stand cancelled and the amount of the authorised share capital of the Company diminished by Rs. 1,00,000.

   (b) Simultaneously the capital of the Company be increased to Rs. 1,00,00,000 by the creation of further 50,000 Ordinary Shares of Rs. 100 each.

   (c) Accordingly the first sentence of Clause V of the Memorandum of Association of the Company and of the said minute be deleted and be substituted by the following:

   "The capital of the Company is Rs. 1,00,00,000 divided into 1,00,000 Ordinary Shares of Rs. 100 each."
7. To consider and if thought fit to pass the following as special resolutions, with or without modifications, if any, as may be agreed upon at the meeting:

   (a) "Article 3 of the Articles of Association of the Company be and is hereby altered by deleting the same and substituting therefor the following: 'The present capital of the Company is Rs. 1,00,00,000 divided into 1,00,000 Ordinary Shares of Rs. 100 each numbered 1 to 1,00,000.'

   (b) "The amendment to Article 99 made by the special resolution passed at the Extraordinary General Meeting of the Company held on 4th May 1950 be and is hereby rescinded and this Article restored as existing prior to the said amendment."
8. To consider and if thought fit to pass the following as a special resolution, with or without modifications, if any, as may be agreed upon at the meeting:

   "The subscribed capital of the Company be increased by Rs. 64,00,000 by the allotment of 64,000 Ordinary Shares of Rs. 100 each numbered 11001 to 22000, 26593 to 29592 and 50001 to 100000 and the Directors do offer these shares for subscription at par to the public (whether or not these include the persons who at the date of the offer are the holders of the Ordinary Shares of the Company) by means of an appropriate prospectus and the Directors are hereby authorised to decide and settle in any manner they think expedient such difficulties as may arise pertaining to these offers to be made in regard to fractions and to determine the appropriate date for making the offer, the other terms of payment for the shares taken up, the date from which the right to dividend on these respective shares will accrue and the disposal of the shares, if any, that remain unsubscribed."

By Order of the Board,
R. MORARKA,
Governing Director.

BOMBAY, 23rd *August* 1961.

N.B.—(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

(ii) The Transfer Books of the Company will be closed from 21st September, 1961 to 5th October, 1961 both days inclusive.

Annexure to the Notice dated 23rd August, 1961

EXPLANATORY STATEMENT

Item 4: With the proposed expansion schemes of the Company and the consequent increase of the capital, it is desirable that the Company's Directorate is also enlarged and the Company has the advantages and benefits of the experience of Shri Niranjan Narottam Lalbhai.

Item 6: In the light of the subsequent items referred to hereinbelow it is obviously necessary for the Company to exercise the powers conferred by Sections 94 and 103(5) of the Companies Act, 1956 read with Article 54 of the Articles of Association of the Company. It may be mentioned that the Deferred Shares of the Company have never been issued and allotted and it is thus a mere matter of formality to cancel these shares and thereby diminish the authorised capital which is to be simultaneously increased to Rs. 1,00,00,000. Both the Memorandum of Association and the Court minute are alterable in the manner proposed and the Board recommends that this be done.

Item 7: This relates to amendments to the Articles of Association of the Company consequent upon the proposed changes in the capital of the Company. For the convenience of members Article 99 as it stands at present * and as it stood before the 1950 amendment ** are reproduced below:

* Article 99 as amended by special Resolution passed at the Extraordinary General Meeting held on 4th May 1950.

In Article 99 after the words "Rs. 5,000" the words "or deferred shares in the Company of the nominal value of Rs. 500" shall be inserted and the Article so amended shall be read as Article 99.

** The qualification of a Director (other than an Ex-officio, Debenture or Alternate Director) shall be the holding of ordinary shares in the Company, of the nominal value of Rupees five thousand. A Director may act before acquiring his qualification but must acquire the same within two months after his appointment or election.

Item 8: The Directors recommend that the subscribed share capital of the Company be increased from Rs. 36,00,000 to Rs. 1,00,00,000. This recommendation is necessitated by the business requirements of the Company. The present funds and resources of the Company are not commensurate with its many sided activities, future commitments and plans and their efficient operations. The Company has its offices at Bombay, New Delhi, Calcutta, Madras, Ahmedabad, Kanpur and Coimbatore and construction activities throughout India. The Company is also the agent for many foreign and Indian manufacturers and maintains a large specialised staff for their business. The Company has in recent years undertaken various expansion projects such as the Cylinder Factory and the Engineering Workshop at Mahul near Trombay. The Company has further floated (i) a wholly owned subsidiary called Gannon Dunkerley (Orissa) Ltd., which has established a structural engineering workshop at Cuttack Industrial Estate; (ii) a subsidiary called Gannon Electrolytics Ltd., which has a plant at Mahul for the manufacture of Electrolytic Capacitors and other radio and electronic components and (iii) a subsidiary called Gannon Norton Metal and Diamond Dies Ltd., for the manufacture of diamond and tungsten carbide and other metal dies particularly for the Wire Drawing Industry with a factory also at Mahul. All these factories are either already in production or are about to go into production. The Company also has further plans to expand and undertake other manufacturing activities. Moreover, the additional capital is not only required for these expansions and projects but also as working capital for all the many sided departments of the Company, since the Company has been working with limited financial resources. It may be mentioned that a considerable amount of financial liquidity is necessary since the Company is a leading contractor and its investments have to be lodged with Government against execution of contracts.

Directors propose that the increase of issued capital be by Rs. 64,00,000 made up of 64,000 Ordinary Shares of Rs. 100 each. The Directors further propose that the 64,000 Ordinary Shares of Rs. 100 each should be offered for public subscription (whether or not the subscribers under this public offer include the persons who at the date of the offer are the holders of the Equity Shares of the Company). But all these are matters entirely for the shareholders to determine and hence this item 8 of the Notice.

The attention of the shareholders may be drawn to Section 81 of the Companies Act, 1956 which provides that where it is proposed to increase the subscribed capital of the Company by the allotment of further shares then such further shares must first be offered to the persons who at the date of the offer are the holders of the Equity Shares of the Company. But this section itself provides that such further shares may be offered to any persons (whether or not those persons include such aforesaid holders of the Equity Shares of the Company) and in any manner whatsoever if a Special Resolution to that effect is passed by the Company in General Meeting.

The Directors of the Company are obviously interested in the items Nos. 6 to 8 of their Notice as directors and shareholders of the Company.

ALUMINIUM CORPORATION OF INDIA LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-third Annual General Meeting of the members of THE ALUMINIUM CORPORATION OF INDIA LIMITED, will be held at the Registered Office of the Company at 7, Council House Street, Calcutta, on Thursday, the 28th September, 1961, at 4.30 p.m., for the following purposes:

1. To receive and adopt the Audited Accounts for the year ended 31st March, 1961 and the Directors' Report and Auditors' Report thereon.
2. To declare dividends.
3. To elect Directors in place of those retiring by rotation and in this connection to consider and, if thought fit, to pass, the following resolutions in respect of which special notices have been received by the Company and relative explanatory statements have been annexed hereto.

(a) AS SPECIAL RESOLUTION:

RESOLVED that pursuant to the provisions of Section 261 of the Companies Act, 1956 Sri Hari Shankar Singhania, a Director of the Company who is an associate of J. K. Industries Private Limited the Managing Agents of the Company and who retires by rotation be and is hereby re-appointed a Director of the Company.

(b) AS ORDINARY RESOLUTION:

RESOLVED that Sir A. Ramaswamy Mudaliar, K.C.S.I., D.C.L. (Oxon), a Director, retiring by rotation, who has attained the age of 74 years be and is hereby re-appointed a Director of the Company and it is specifically declared that the age limit prescribed under Section 280 of the said Act shall not apply to him.

4. To appoint Auditors and to fix their remuneration.

AS A SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification, the following as a Special Resolution.

   RESOLVED THAT in accordance with the provisions of Section 360 of the Companies Act, 1956, the Company do sell its products to and purchase the products from the following companies who are or are deemed to be, associates of the Managing Agents of the Company on terms and conditions that the rates receivable or payable for the transactions shall be not less favourable to the Company than the rates prevailing in the market for the time being or they shall otherwise be reasonable and payments in respect of each transaction shall be received or paid, as the case may be, within one month of the respective supply.

   (a) J. K. Steel Limited.
   (b) Hoyle's Paints Limited.
   (c) Bihar Mines Limited.
   (d) Straw Products Limited.
   (e) Madhya Pradesh Industries Ltd.
6. To consider and, if thought fit, to pass, with or without modification, the following as an Ordinary Resolution:

   RESOLVED THAT the Board of Directors be and they are authorised to borrow moneys from time to time for carrying on the business of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company apart from temporary loans obtained from the Company's Bankers in the ordinary course of business will exceed the aggregate of the Paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided the total amount remaining outstanding at any time on account of principal shall not exceed Rs. 5 (five) crores.
7. To consider and, if thought fit, to pass, with or without modification, the following as an Ordinary Resolution:

   RESOLVED THAT the Board of Directors be and they are hereby authorised to contribute to charitable and other funds, not directly relating to the business of the Company or the welfare of its employees, such amounts upto a total of Rs. 2 (two) lakhs, in any financial year notwithstanding that such amounts in any financial year will exceed Rs. 25,000 (Rupees twenty-five thousand) or 5 per cent of the Company's average net profits as determined in accordance with the provisions of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater.
8. To consider and, if thought fit, to pass, with or without modification, the following as an Ordinary Resolution:

   RESOLVED THAT the Board of Directors be and are hereby authorised to contribute to any political party or for any political purpose, to any individual or body, any amount or amounts which or the aggregate of which will, in any financial year not exceed Rs. 25,000 (twenty-five thousand rupees) or 5 per cent of the average net profits of the Company as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater.

The Registers of Members and Transfer Books of the Company will be closed from 11th to 28th September, 1961, both days inclusive.

By Order of the Board,
J. K. INDUSTRIES PRIVATE LIMITED,
Managing Agents,
B. H. SINGHANIA,
Director.

7, COUNCIL HOUSE STREET,
CALCUTTA, *the 28th August*, 1961.

Note: (1) Dividend as recommended by the Directors, if approved at the Annual General Meeting, will be paid to those members whose names are on the Company's Registers on the 28th September, 1961 or to their mandatees. Payments will be made on or after 26th October, 1961.

(2) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

An explanatory statement is annexed to the Convening Notice issued to Members of the Company.

THE MYSORE PAPER MILLS LTD.

BANGALORE

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY-SIXTH ORDINARY GENERAL MEETING of the Company will be held on Friday the 29th September 1961 at 2-30 p.m., at the Mysore Chamber of Commerce Buildings, Kempegowda Road, Bangalore City to transact the following business:

1. To receive and adopt the Audited Accounts and Balance Sheet for the year ended 31st March 1961 and the Reports of the Directors and Auditors.
2. To declare a Dividend.
3. To elect Directors:

   (i) To appoint a Director in place of Sri M. Ct. Muthiah who retires under Art. 109 of the Articles of Association of the Company read with Section 256 of the Indian Companies Act and being eligible offers himself for re-election.

   (ii) To appoint a Director in place of Sri G. Sivappa who retires under Art. 109 of the Articles of Association of the Company read with Section 256 of the Indian Companies Act and being eligible offers himself for re-election.
4. To appoint Auditors for the current year and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

   "RESOLVED that in accordance with the provisions of Sec. 293 (1) (d) of the Companies Act 1956, as amended by the Companies (Amendment) Act 1960, the Board of Directors, in supercession of Resolution No. 2 passed at the Extraordinary General Meeting of the Company held on 31st March 1956 be AUTHORISED AND EMPOWERED to borrow monies (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) and sums both in foreign currencies as well as in rupee currency but not exceeding in the aggregate Rs. 300 lakhs and notwithstanding that such borrowings may exceed the aggregate of the paid-up Capital of the Company and its free reserves."
6. To consider and if thought fit to pass with or without modification the following Resolution as a Special Resolution:

   "RESOLVED that pursuant to Section 31 of the Companies Act 1956, the revised Articles of Association submitted to this meeting and for the purpose of identification subscribed by the Chairman thereof be approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles of Association thereof."

Explanatory statement is annexed to the Notice posted to the Shareholders separately.

"Copies of the draft amendments to the Articles of Association are kept at the Registered Office of the Company for inspection by members during working hours of the office."

Note: (1) The Share Transfer Books of the Company will be closed from 1st September to 29 September 1961 (both days inclusive).

(2) Kindly note that the share transfer books of the Company shall be closed also for purposes of determining the rights of shareholders regarding issue of additional shares. Only shareholders whose names appear on the register of the Company on 31st August 1961 shall have the right to receive the right shares.

(3) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a Proxy need not be a member of the Company.

By Order of the Board,
C. V. RAMACHANDRA RAO,
Secretary.

ASIATIC BUILDINGS,
KEMPEGOWDA ROAD,
POST BOX No. 570,
GANDHINAGAR P.O.,
BANGALORE 9,

Dated 23rd June, 1961.

N.B.—The Board of Directors have recommended payment of dividend at 15 per cent or Re. 1.50 nP subject to deduction of tax, on every share of Rs. 10 for the year.

The dividend when declared will be made payable at the State Bank of Mysore, Bangalore, or its Branches, on and after the 20th October 1961.

The Dividend Warrants will be posted to those shareholders whose names stand on the Register on 31st August 1961. Shareholders, whose income is not taxable, are requested to obtain a Certificate from the Income-tax Officer of their respective Circle and to send the same to the Company before 20th September 1961.

THE MYSORE COFFEE ESTATES LIMITED

18-Second Cross Road, Shankarapuram, BANGALORE-4

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE Eighteenth Annual General Meeting of the Shareholders of THE MYSORE COFFEE ESTATES LIMITED, will be held on Thursday, the 28th September 1961 at 3 p.m., in the premises of The Mysore Chamber of Commerce, Kempegowda Road, Bangalore City, to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31st March 1961 with the Auditors Report thereon.
2. To declare a dividend.
3. To elect Directors.
4. To appoint auditors for the year 1961-62 and to fix their remuneration.

Messrs. Sankaran and Raman, Chartered Accountants, Madras, retire and are eligible for re-appointment.

The Share Transfer Books of Company will be closed from 15th September 1961 to 28th September 1961 (both days inclusive).

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of himself, and the proxy need not be a member. Such proxy should be registered with the Company at least 48 hours before the time fixed for the meeting.

By Order of the Board,
K. SRINIVASA IYER,
Secretary.

BANGALORE,
Dated 21st August 1961.

N.B.—The Board of Directors have recommended payment of Dividend at 15 per cent subject to deduction of tax on the paid up Capital of the Company. The Dividend if sanctioned by the General Body will be made payable at the State Bank of Mysore, Bangalore or its Branches on and after 15th October 1961. The Dividend warrants will be posted to those shareholders whose names stand on the register as on 15th September 1961.

Shareholders are requested to notify immediately any change in their address for incorporation in the Books of the Company.

Shareholders in possession of Income-tax Exemption Certificates should lodge the same immediately with the Company.

CALL RATE UNCHANGED

(From Our Own Correspondent)

BOMBAY, 30*th August*

Thanks to plentiful supply of money with banks, and moderate demand for loanable funds, conditions in the short-term money market were distinctly comfortable throughout the week under review. Borrowers had no difficulty in obtaining their requirements. In fact, there was a surplus of funds left over. The inter-bank call money rate both among Indian and Exchange banks ruled at 2 per cent throughout the week. The other rates remained unchanged. For purposes of record, they are given below:

		Per cent
Notice Money:		
3 days or more	... ...	3
Term deposits:		
(i)	3 to 30 days (inclusive)	3
(ii)	31 to 60 days	3¼
(iii)	61 to 90 days	3½
(iv)	91 days and more but less than 12 months	3¾
(v)	12 months	4

The results of the 91 days' Treasury bills of the Government of India sold through weekly tenders showed that, as against an invitation for Rs. 2 crores, the amount offered and accepted was the same. The average rate of accepted tenders stood at 2.400 per cent, same as last week. 91 days' intermediate Treasury bills sold from 23rd August to 26th August were of the order of Rs. 1.29 crore. Their sales are being continued from 30th August to 9th September, both days inclusive.

The statement of affairs of the Reserve Bank of India for the week ended 25th August 1961 discloses a sharp fall of Rs. 22.47 crores in notes in circulation, as compared with that for the previous week. As the notes held in the Banking Department have gone up by Rs. 4.33 crores, the total notes issued have receded by Rs. 18.14 crores. The foreign securities held by the Issue Department have not undergone any change, but, as the balances held abroad have dropped by Rs. 2.91 crores, the total foreign assets have shrunk by that amount to Rs. 143.47 crores. On the liabilities side of the Banking Department, deposits of Central Government have declined by Rs. 18.44 crores, the deposits of other Governments have, however, improved by Rs. 6.76 crores. Deposits of banks show a sharp rise of Rs. 15.02 crores to Rs. 102.96 crores. On the assets side, other loans and advances which include loans to scheduled banks against usance bills have shrunk by Rs. 1.15 crore.

An expansion of Rs. 7.25 crores in demand deposits and of Rs. 20.95 lakhs in time deposits is disclosed by the statement of Scheduled banks for the week ended 18th August 1961. The deposits of the State Bank of India went up by Rs. 48 lakhs to Rs. 524.99 crores. Borrowings of the scheduled banks from the Reserve Bank of India shrank by Rs. 1.92 crore of which those against usance bills accounted for Rs. 1.29 crore. Their borrowings from the State Bank of India of demand and time varieties, however, went up by Rs. 1.68 crore and Rs. 28.50 lakhs, respectively. Investments of the scheduled banks, as a whole, improved by Rs. 3.33 crores and those of the State Bank by Rs. 13 lakhs. Advances and bills discounted (bank credit) declined further by Rs. 4.78 crores to Rs. 1,231.49 crores, on top of a contraction of Rs. 2 crores in the preceding week. Of the fall of Rs. 4.78 crores in the advances of all scheduled banks, the share of the State Bank was as high as Rs. 4 crores.

The gilt-edged market remained depressed, with small sellers predominating in most of the issues. In the Central loans' section, only the Conversion Loan gained 10 nP to Rs. 72.70. 2¾ per cent 1962, 3 per cent 1963-65, 3 per cent 1970-75 first development loan, 3½ per cent 1963, 3½ per cent 1969 and 4 per cent 1979 each shed 5 nP to Rs. 83.50, Rs. 98.75 Rs. 90.90, Rs. 100, Rs. 98.40 and Rs. 99.20, respectively. 3 per cent 1966-68 funding loan eased by 10 nP to Rs. 96.30 and 3½ per cent 1974 dropped a like amount to Rs. 99.55. In the State loans' section, the downward adjustments in the values of existing loans, consequent on the announcement of better terms of the new State issues, continued. Accordingly, 4 per cent 1968, 1969 and 1971 Madras loans, 4 per cent 1967, 1968 and 1969 Andhra loans, and 4 per cent 1968, 1969 and 1971 U.P. loans suffered a further setback in values, ranging from 15 nP to 35 nP.

In the foreign exchange market, rupee recorded only a modest improvement. Bank's selling and buying rates for ready T.T. on New York were Rs. 477.25 and Rs. 473.75, respectively, as against Rs. 477.25 and Rs. 474 last week. In the New York Exchange, the pound sterling hardened in relation to the U.S. dollar. The latest available rates are 280.540-280.570 cents per £ for spot and 277.980-278.010 cents per £ for three months' forward. As compared with the last week's rates, the pound sterling put on 0.11 cent in the spot and 0.32 cent in the forward.

KIPS BUOYANT

(From Our Own Correspondent)

MADRAS, 28*th August*

Arrivals of tanned kips and calf skins were as usual during the week under review. Market conditions, however, were buoyant due mainly to the reported advance in the prices for raw hides in Argentine to the extent of 15 to 20 per cent. Tanners' quotations were unworkable and often fantastic. U.K. inquiries continued to be selective and centred around lower ends. Prices advanced by a penny. Buffs were firmer with limited arrivals, so also buff calf. Cow calf remained unchanged. Raw hides and calf skins registered a further rise in prices.

Inferior fifths kips were in very good demand locally and U.K. prices were unworkable.

Tanned goat superfine lights were in good call and prices advanced by 3d. per lb. 8/9 lbs. were quoted at 19s. 6d. to 20s. 6d. and 11/12 lbs. 18s. 6d. to 19s. Middle classes had limited inquiries.

Tanned sheep skins were steady and superfine classes were quoted at 38s. 6d. to 39s. Middle classes continued firm but the wide difference in price between the marks rendered overseas business difficult.

BULLION PRICES RISE FURTHER

(From Our Own Correspondent)

BOMBAY, 30*th August*

Both gold and silver scored further handsome gains during the week under review. The gains followed renewed buying support induced by the Berlin crisis, reports of "gold rush" at London and enlarged offtake in upcountry centres. Advices from Calcutta were also quite encouraging. There was, of course, frequent profit-taking at higher levels. Nevertheless, today's closing rates were well above those prevailing a week ago. The undertone of the market was distinctly firm.

Arrivals of gold during the week were smaller than in the previous week, the daily average being 3,750 tolas, as against 4,750 tolas. The offtake, too, was slightly lower at 3,000 tolas, as against 3,500 tolas. In the case of silver, the daily average arrivals were higher at 21 bars (17 bars last week), whereas offtake was less at 5 bars (7 bars). The floating stocks are estimated at 25,000 tolas of gold and 900 bars of silver.

Adjustment rates fixed today were Rs. 124.50 per 10 grams of gold and Rs. 204.30 per kilogram of silver. The corresponding rates on Wednesday last week were Rs. 122.40 and Rs. 203.35, respectively.

Replying to a question in the Lok Sabha on 22nd August, Mr. Morarji Desai, Union Finance Minister, disclosed that a sum of Rs. 7.52 crores was paid as a grant-in-aid to the Government of Mysore on the purchase of gold from Kolar and Hutti mines during the three years 1958-59, 1959-60 and 1960-61. The entire gold produced by these mines since July 1958, he said, had been acquired by the Centre. The Government acquired 5.28 million grammes in 1959-60 and 4.95 million grammes in 1960-61.

The *Bhadrapad* (25th September) settlement in gold began the week at Rs. 122.80, same as last week, and swiftly advanced to Rs. 124.30 on Saturday the 26th inst. After declining to Rs. 123.75 on Monday, the settlement moved up again and touched a high of Rs. 124.55 today before finishing at Rs. 124.50. The net gain over the week was Re. 1.70.

Ready gold, which was quoted at a discount under the forward to the extent of 15 nP on Thursday and 5 nP on Saturday, commanded a premium in the subsequent sessions. The actual premium today was 25 nP, when the spot rate stood at Rs. 124.75, as against Rs. 122.65 on Wednesday last week. The rate was higher still at Rs. 124.80 at one time today.

In silver, the *Bhadrapad* (26th September) settlement met with good support and rallied from Rs. 203.55 to Rs. 205.45 yesterday. At his level, profit-taking set in and the settlement softened to Rs. 204.80. It, however, recovered to Rs. 205.20 today, though it closed a shade easy at Rs. 204.90.

Ready silver continued to be quoted at a discount under the forward, the actual discount increasing in the course of the week from 20 nP to 60 nP. The ready metal began at Rs. 203.55, as against the previous close of Rs. 203.35, and moved up to Rs. 204.70 before finishing at Rs. 204.30 today.

The world price of gold in the London bullion market advanced from $35.16 to $35.18¾ per fine ounce, the highest level touched since early this year. The price is much higher than the U.S. official parity price of $35.08¾. The rise in price is attributed to good buying influenced by Berlin and other international political uncertainties. Some, however, attribute the rise to demand arising from nervousness about currencies rather than world tension. In sympathy with world gold and owing to the weakness of the pound sterling *vis-a-vis* the dollar, ready gold improved from 250*s.* 9¼*d.* to 251*s.* ¼*d.* early in the week, though it moved down later and touched 250*s.* 11*d.* today. Ready and forward silver were unchanged at 79¼*d.* and 80⅛*d.*, respectively, as also silver in New York at 91.375 cents.

The following table shows the trend of prices during the week under review:

	30-8-1961 (closing)	High	Low	23-8-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	124 75	124 80	122 65	122 65
Forward : Bhadrapad* ..	124 50	124 55	122 80	122 80
Sovereign	95.00	95.00	94.25	94.25
SILVER				
Ready (.996 fine)	204.80	204.70	203.40	203.35
Forward : Bhadrapad† ..	204.90	205.45	203.60	203.55
London—				
Silver Ready	79¼d.	—	—	79¼d.
Silver Forward	80⅛d.	—	—	80⅛d.
Gold	250*s.* 11*d.*	251*s.* 0¼*d.*	250*s.* 11*d.*	250*s.* 9¼*d.*
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th September settlement. † 26th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

COTTON FUTURES LOOK UP

(From Our Own Correspondent)

BOMBAY, 30*th August*

The cotton futures market had a short week of only four trading days. The market was closed on 24th and 25th inst. on account of *Id-Milad* and *Coconut Day*, respectively. A firm trend was in evidence when the market reopened after the holidays on Saturday. Large-scale buying prompted by reports of adverse weather (excessive rains in some areas and lack of rain in some others) and strong rumours that the Government will release a fresh export quota for Bengal *Deshi* as recommended by the East India Cotton Association, Bombay, resulted in a mild rally in prices. The March contract rose from the last week-end rate of Rs. 593.75 to Rs. 595.25. The expectations that the ceiling prices for cotton would be revised upwards, following the representations made by growers, also aided sentiment. But this level could not be maintained for long. Failure of the export quota to materialise and subsequent report that a change in ceiling prices was unlikely induced tired bull liquidation and profit-taking. The contract receded to Rs. 591.25 on Monday. The market turned bullish again yesterday, thanks to renewed reports of adverse weather. The upward trend gained further momentum today. The contract rose to Rs. 595, as against last week-end quotation of Rs. 593.75. The next few weeks are the most crucial period for the new crop.

Mill demand for ready cotton was slack due to the intervening holidays. Needy mills, however, showed interest in such popular styles as Co2, Surti, L. 147, Vijay, Digvijay, Kalyan, 197/3 and Kalyan. The Union Minister for Commerce and Industry is reported to have told a deputation of Gujarat cotton interest that the system of compulsory surveys would be done away with, as from the next season. The quota system would, however, be retained and that mills will be allocated 50 per cent of their quota of domestic cotton at the beginning of the season itself and the balance according to their needs.

Moderate interest continued to be shown by shippers in Bengal *Deshi*. Some business passed on a subject-to-license basis, in anticipation of a quota. ⅞" cotton was practically neglected due mainly to the difference between the price quoted by shippers and those offered by foreign buyers. In response to the request from the trade, the shipping period in respect of the last Bengal *Deshi* quotas has been extended from 31st August 1961 to 15th September 1961 and that in respect of ⅞" cotton till 30th September.

There was good demand for foreign cotton from Ahmedabad mills. East African cotton, current and new crop, was booked for December delivery. B.P. 52, Busoga (U.N.U.G.) and Jinja were well favoured. Higher and lower grade Sudans also attracted the attention of spinners. The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewrl:

Bengal *Deshi* 600; Jarilla 925; Surti 925; Kalyan 820; Vijay 935; Busoga (U.N.U.G.) 1,290; Sudan XG2L 1,500.

Firm conditions prevailed in the Karachi cotton futures market during the week. Better foreign demand and good domestic mill buying pushed futures values up. The N.T.R.G January spurted from Rs. 73.95 to Rs. 74.95. The March position firmed up by 90 nP to Rs. 73.90. Spot rates too hardened.

Business in the Alexandria cotton futures market continued to be suspended during the week. The Egyptian Government has made it clear that it would participate in the share capital of cotton export firms in Egypt to the extent of 50 per cent and not 35 per cent as originally contemplated. The Egyptian Cotton Commission has decided temporarily to suspend all new contracts for the Giza 47 cotton. The reason given is the uncertainty concerning the present position of this variety of new crop. Exports of Egyptian cotton from 1st September 1960 to 2nd August 1961 aggregated 949,166 lbs. of 720 lbs. each. The quality-wise breakdown is as follows:

	Bales
Menufi	398,934
Karnak & G.45	141.399
Giza 47	53,457
Dandar, Giza 31	137,089
Ashmouni	151 564
Others	4.694
Total ...	949,166

Cotton futures in Liverpool ruled firm during the week under review. Fresh support in the wake of scarcity of offering and buying attributed to American interest led to a hardening of values. Both the American and American type contracts were marked up. Sudan contracts too firmed up in sympathy. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: October 24.45; December 24.90; March 25.35; May 25.75.

American cotton mixed grouth contract: October 24.90; December 25.30; March 25.70; May 26.15.

Sudan: September, November, January 31.50.

Cotton futures on the New York Stock Exchange tended to recede during the week as a natural reaction to the firmness noted last week. Selling prompted by an improvement in the crop situation led to a recession in values. Many prominent trade sources now predict that the September crop estimate will be higher than the August estimate of 13.92 million bales and might exceed 14 million bales.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	29-8-61	22-8-61	15-8-61
New York Spot	35.20	35.15	35.15
New Orleans Spot ...	33.00	33.00	32.90
October	34.48	34.65	34.50
December	35.02	35.17	35.03

YARNS DULL

(From Our Own Correspondent)

BOMBAY, 30*th August*

Dull conditions prevailed in the yarn market during the week under review. Business put through was considerably restricted and values moved narrowly, the general tendency being downward. Art silk yarn ruled easy, thanks to reduced offtake by mills which recently secured supplies of viscose and nylon yarns from the Rayon Mills Commercial Corporation, the authorised distributors of the State Trading Corporation. Apprehensions of a further setback to demand from the Punjab side in case unrest developed in that State on the issue of *Punjabi Suba* also acted as a damper. Staple fibre yarn encountered selling on renewed fears of official intervention. Cotton yarn continued to rule quiet.

J. P. yarn (40 x 1) August delivery receded by Rs. 30 to Rs. 3,080. Spot Cupressa Bemberg yarn (60 x 1) was dull at Rs. 2,798. 150 Japan changed hands at Rs. 2,205, same as last week. 120 Japan, however, met with special support and improved by Rs. 14 to Rs. 2,150. Among indigenous yarns, National Rayons 150 Bt. cones 1st grade fell by 35 nP to Rs. 14.92, while 120 Bt. cones 1st grade hardened by 20 nP to Rs. 17.67.

Staple fibre yarn (40 x 1) August settlement came in for selling and declined by Rs. 23 to Rs. 828. October position eased by Rs. 7 to Rs. 824. Spot Citys lost 4 nP to Rs. 10.12. Hinds were neglected at Rs. 9.77. But Kohinoors strengthened by 29 nP to Rs. 11.

In the cotton yarn section, ten counts Podars were dull at Rs. 17.37, as also Prahlads at Rs. 16.75. Twenty counts Gokaks were unchanged at Rs. 23. New Greats were on offer at Rs. 21.25. Thirty counts New Greats softened by 25 nP to Rs. 26.75. Forty counts Maduras and Minaxis were quiet at Rs. 32.50 and Rs. 33, respectively. Sixty counts Finlays moved down from Rs. 63.63 to Rs. 62.87. Moderns were done at Rs. 59. Eighty counts Finlays were unaltered at Rs. 81.62, while Moderns gathered 25 nP to Rs. 68.25.

The following table gives the prices of rayon, staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	30-8-1961	23-8-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Cupressa Bemberg (100 kg.)—		
Spot	2,798.00	2,798.00
40×1 JF		
August	3,080.00	3,110.00
October	3,134.00	3,145.00
120 Japan (per 100 kg.)	2,150.00	2,136.00
150 Japan (per 100 kg.)	2,205.00	2,205.00
120 Italy	—	1,984.00
Nat. Ray. 150 Bt. I	14.92	15.27
Nat. Ray. 150 Bt. I	17.67	17.47
Staple fibre yarn (40×2)—		
August (per 90.72 kg.)	828.00	851.00
October	824.00	881.00
City (per kg.)	10.12	10.16
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.37	17.37
20s Gokak	23.00	23.00
30s New Great	26.75	27.00
40s Minaxi	33.00	33.00
60s Finlay	62.87	63.62
80s Modern	68.25	68.00

NEW GROUNDNUT EXPORT QUOTA

(From Our Own Correspondent)

BOMBAY, 30*th August*

An important event of the week in so far as the oilseeds market is concerned was the release of a fresh H.P.S. groundnut kernels export quota amounting to 10,000 tons for the period ending 30th June 1962. Shipments will be allowed to all permissible destinations, except South Africa, South West Africa and Portuguese possessions in India. The exports by all shippers, including established shippers and co-operative societies, will, however, be only against registration of contracts in the form of cable offer or acceptance on first-come-first-served basis. The exporters will have to furnish a bank guarantee to the extent of 10 per cent of the f.o.b. value of contracts as an earnest deposit for completing shipments.

The release of new quota was welcomed by the trade, although the immediate prospects for exports were not considered to be bright, in view of the current Indian prices being out of parity with world prices. In fact, groundnuts suffered a distinct setback, following to heavy bull liquidation, on reports of favourable weather conditions in producing areas which brightened the outlook for the next crop. Saurashtra figured as a prominent seller. There was, however, a modest improvement towards the close on rumours that the Government of India would introduce some incentive schemes for the export of groundnut oil. The other oilseeds and oils, too, were depressed as a result of better crop forecasts and absence of any export enquiries. Castorseeds ruled easy. There was no support from shippers. Linseeds and cottonseeds were subdued in sympathy.

The Groundnut January 1962 contract fell by Rs. 3.88 to Rs. 214.16. The August contract went off the board today. The due date rate is fixed at Rs. 210 per kg., with a penalty of Rs. 5 per day payable by persons who fail to give delivery. Nizam bold moved down from Rs. 52.50 to Rs. 49. Both Coromandels and Khandesh quality dropped Rs. 3.25 to Rs. 49.25. Oil railway receipts eased by Re. 1.10 to Rs. 20.50. Ex-mill lost a rupee to Rs. 20.75. Oil January 1962 contract declined by 48 nP to Rs 17.62.

In the castorseed section, the March 1962 contract receded by Rs. 2 to Rs. 167.87. The September 1961 contract softened by a rupee to Rs. 169.12. Ready Madras shed 13 nP to Rs. 34.37 and Ready Kanpur 12 nP to Rs. 33.25. Oil Commercial closed lower at Rs. 13.75, as against Rs. 14.05. B.S.S. decreased by 20 nP to Rs. 15.40.

The Linseed September 1961 contract declined by 81 nP to Rs. 39.31. The March 1962 contract eased by 32 nP to Rs. 37.37. Bold ready lost Re. 1.50 to Rs. 38.50 and oil 60 nP to Rs. 16.45.

Among cottonseeds, the March 1962 contract fell by a rupee to Rs. 91.50. The September 1961 contract was lower by 25 nP at Rs. 92.25. Both Berars and Non-whites shed 20 nP to Rs. 19.20.

Sesame bold fell from Rs. 325 to Rs. 310 (per 250 kgs). Sesame oil eased by Re. 1.50 to Rs. 23.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	30-8-1961	23-8-1961	16-8-1961
Groundnut	Rs.	Rs.	Rs.
January 1962	214.62	218.50	216.62
Nizam bold	49.00	52.50	52.00
Coromandel ready	49.25	52.50	52.25
Khandesh quality	49.25	52.50	52.25
Oil ex-mill ready*	20.75	21.75	21.60
Railway receipts*	20.50	21.60	21.40
Oil January 1962	17.62	18.10	17.90
Castorseed			
September 1961	169.12	170.12	170.37
March 1962	167.87	169.87	170.75
Ready Madras	34.37	34.50	34.00
Ready Kanpur	33.25	33.37	33.12
Oil B.S.S.†	15.40	15.60	15.50
Oil commercial†	13.75	14.05	14.05
Linseed			
September 1961	39.31	40.12	39.56
March 1962	37.37	37.69	37.56
Bold ready	38.50	40.00	39.00
Oil ready†	16.45	17.05	16.90
Cottonseed			
September 1961	92.25	92.50	95.50
January 1962	91.50	92.50	92.00
Niger seed	40.50	40.75	41.00
Kardi seed	25.00	25.00	25.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

BLACK PEPPER QUIET

(Messrs. Parekh and Co.)

BOMBAY, 29*th August*

Malabar black pepper ruled quiet but steady with fluctuations narrow during the week, as the major part of the selling by growers who wanted cash for their *Onam* celebrations were well absorbed by exporters who were reported to have sold about 200 tons to East Germany at about Rs. 220 per cwt. f.o.b. Ungarbled moved between Rs. 383.50 and Rs. 389.50 and garbled from Rs. 399 to Rs. 403. October delivery on the ring fluctuated between Rs. 414 and Rs. 420 and December between Rs. 393 and Rs. 398. Calicut moved between Rs. 380 and Rs. 390. There appears a good resistance at around Rs. 1,200 from growers.

The internal unsettled condition of Brazil and the political situation in Berlin are supporting factors. But the recent agitation by the Sikhs for a separate State and the recent floods in U.P. and Bihar are said to be responsible for the present poorer offtake from the Punjab, U.P. and Bihar.

Singapore remained unchanged, as export inquiries proved disappointing.

New York is quietly steady at $0.45. There is some patchy but selective buying during the week, but it failed to stimulate either the exporters or the dealers at the origins to action.

The future of the market is uncertain, in view of the poor demand from both overseas and inland and also due to the harvesting season in Sumatra and the proximity of new season in India.

Ready pepper in Bombay is nominally quoted at Rs. 215 per 50 kilos with demand poor.

FAIR DEMAND FOR TEAS

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 22*nd August*

A total of 487,000 kilograms was on offer in Sale No. 34 held on Tuesday, the 22nd inst. Quality of Nilgiri teas was irregular, but some invoices showed improvement. Quality from other districts was about maintained, though a little irregular. There was a fair demand for most teas. Highgrown brokens met with good support. Prices were irregular and sometimes easier but best sorts were dearer. B.O.P.F. from this district were generally lower. Good mediums and mediums evoked fair demand at rates about 10 to 15 nP below last. Plain and low medium brokens, although meeting fair enquiry, were 5 to 10 nP easier. Similar B.O.P.F. were better supported than their equivalent brokens. Whole leaf grades were a little irregular. Best sorts were fully firm to sometimes dearer with lower kinds about steady. Black leaf teas met good support at slightly easier rates. Tippy teas came to an irregular market. F.O.B.Ps. being a little easier, but flowery fannings being dearer. C.T.C. descriptions elicited restricted enquiry and were generally easier except for bright liquoring sorts. C.T.C. types were barely steady. The quotations (per kg.) were:

	1961	1960
	Rs.	Rs.
Low mediums	4.40-4.50	3.85-4.15
Mediums	4.40-4.55	4.25-4.40
Good mediums	4.55-5.10	4.50-4.90
Nilgiri B.O.P.	Rs. 4.70-6.50	

A total of 175,000 kilograms was offered in Sale No. 34 held on Friday, the 25th inst. There was strong and active demand. Highgrowns met with good support with prices about steady on last rates. Low mediums attracted strong and active demand at rates about 15 nP above last. Good mediums were also well supported and were fully firm to dearer. Poorer descriptions and residuals met more demand at dearer rates. C.T.C. and C.T.C. types were irregular but sold at firm rates.

Export Quota: There are sellers at 1½ nP per kilo with no buyers.

Forthcoming Auctions: Export Sale No. 35—Tuesday, 29th August —351,000 kgs.; Dust Sale No. 35—Thursday, 31st August—111,000 kgs.; Export Sale No. 36—Tuesday, 5th September—362,000 kgs.; Dust Sale No. 36—Wednesday, 6th September—117,000 kgs.

Colombo: Approximately seven million lbs. were on offer in this week's export sale. There was more enquiry and improved demand. Highgrowns, except for poorest sorts, came to an active market and were dearer. The improved Uvas on offer were in good demand and were much dearer. Mediums met more demand and gained about 10 to 15 cents but lowgrowns and price-teas were lower.

London: *North Indian and other growths*: There was a good demand for most teas. Best liquoring Assams were in more demand and were generally dearer. All other sorts, although meeting fair support, came to an easier market.

Ceylon and South Indians: Of the total of 31,769 packages on offer in Tuesday's sale 11,081 packages originated from South India. All teas came to a weaker market with prices easier especially towards the close.

As we go to Press, Messrs. Forbes, Ewart and Figgis Ltd., wire as follows:

"In Sale No. 35 held on Tuesday the 29th inst., 350,000 kilograms were offered. Demand was fair. Plain and low medium brokens were easier by 15 to 20 nP, similar fannings and good mediums by 5 to 10 nP, and lower fannings by 10 to 20 nP. But highgrowns were active and dearer. C.T.C. and C.T.C. types were neglected."

TIN TOUCHES A NEW HIGH

(From Our Own Correspondent)

CALCUTTA, 29*th August*

The metal market ruled steadier during the week under review. Advices from overseas countries continued to be encouraging and, on the London Metal Exchange, the feature was that tin reached a new high at £966 a ton, as against the week's opening of £943. For a time, it looked as though the London price was going to give way when it was announced that the proposed meeting of the International Tin Council had been postponed to take place towards the end of September instead of end of August. As stated earlier, the meeting would consider the question of fixing a new floor level, and it would appear that the Council had not yet received full production cost details from the different producing countries to enable it to come to a decision on the question of a ceiling price. However, there is little doubt that the new floor price would be higher than the present ceiling, since, unless it is so, production is not expected to increase. In Calcutta, tin quoted firm at Rs. 1,696.75 per 100 kgs.

Recently, the Union Industry Minister, Mr. Manubhai Shah, stated in Parliament that the difficult foreign exchange situation would not permit the Government to issue licences for the import of non-ferrous metals on an annual basis. Trade circles said that the price trend of non-ferrous metals in world markets is subject to wide fluctuations from time to time and that, if it were only possible for the trade and industry to enter into commitments when the situation was favourable, much saving in the foreign exchange could be effected.

There was greater demand for copper scrap during the week, and the prices of copper scrap were steadier. On the London Metal Exchange, electrolytic copper closed at £231½ a ton, after declining to £228½ from £232. In London, electrolytic zinc eased to £74¼ a ton from £76; the price in Calcutta also recorded a small easing tendency due to a seasonal fall in demand. Virgin lead was quiet.

FOODGRAINS RECEDE

(From Our Own Correspondent)

HABUR, 28*th August*

Quietly depressed conditions prevailed in the foodgrains market during the week under review, thanks to the beginning of the harvesting of new *kharif* crop and heavy stocks of imported grains. Foodgrain production in India during 1960-61 has reached an all-time record of 79.3 million tons, representing an increase of 4.6 million tons or 6.1 per cent over the partially revised estimate of 74.7 million tons for 1959-60. It also exceeds the previous record of 75.5 million tons touched in 1958-59 by 3.8 million tons.

Superior wheat here eased by about 50 nP per maund during the week to Rs. 15.75 to Rs. 16 per maund, following arrivals of about 2,000 maunds from the Punjab. Average quality, however, was stationary around Rs. 15.25. Demand was quiet and local wheat stock was put at 25,000 maunds. Wheat average quality was quoted at Rs. 17 per maund on the corresponding date last year.

Rs. 19.50 in 1959. Consequent on the losses to *kharif* crops due to very heavy rains and consequent floods and waterlogging over wide area, *rabi* sowing preparatory operations were also delayed. But increased acreage in *rabi* sowings was expected, as land vacated from *kharif* crops would be available for such sowings.

Rice ruled quiet. The condition of paddy crop was reported to be satisfactory, thanks to heavy rains. The week-end prices of rice (in rupees per maund) were:—rice *mainpuri* 22.75; *gadda kutcha* 22.12; *ramajwayan sela* 23.50; *raimunia sela* 25; *basmati sela* 29 to 31; superior 35 to 38.

Gram eased fractionally on selling pressure by stockists, as local stocks around 40,000 maunds were heavy. Advices from the Punjab also were weak. Barley and *bejhar* were stagnant, while new maize, which was reaching the markets in small quantities, was being lifted at higher prices. The quality offered being damp and poor. *Juwar* and *guwar* were not in demand and prices eased by Re. 1 per maund on poor buying support at higher price levels. Week-end prices (in rupees per maund): gram Punjab 13.75 to 13.87; barley 11; *bejhar* 10.50 to 11.50; *juwar* 11.50; *guwar* 14.25; *methi* 26; maize 12; new 13; *bajra* 15.

Among pulses, peas ruled easy in the face of heavy stocks now put at 75,000 maunds. Week's offtake was poor at two wagon-loads, as loading facilities were not available. *Arhar* also sought lower levels, as demand was almost dormant and local stocks heavy around 45,000 maunds. *Moong* eased on good crop reports from South and *urd* was depressed in sympathy. Week-end prices (in rupees per maund): peas *dara* 11; farm 12; peas *dal* 12.50; *arhar* 11 to 11.50; *arhar dal* 15.75; *gram dal* 16; *urd* 21; *urd dal* 24; *moong* 17 to 21; *moong dal* 23 to 24; *massoor* 13.25 to 15.50; *massoor dal* 16.

SUGAR STEADY

(From Our Own Correspondent)

HAPUR, 28*th August*

Sugar ruled steady during the week, thanks to better demand on account of the festive season. The supply position, however, continued to be satisfactory and sugar quota allottees were anxious sellers, as sugar prices were quoted lower than controlled rates in open market. Week-end prevailing prices here were:—Rs. 106 per bag of 2 maunds 30 *seers* and 97 nP per *seer*.

Better demand from east U.P. and good festival support accounted for steady conditions in sugar prices in Muzaffarnagar market during the week under review. Spot and mill delivery prices hardened by 50 nP and 12 nP per bag, respectively. Damaged sugar also registered a gain of about Rs. 2 per bag on keen demand from *khandsari* manufacturers. Week-end prices were:—Dry C-29 at Rs. 107.50, E-29 at Rs. 106 a bag, while mill delivery quotations for these qualities were Rs. 106.25 and Rs. 104.69 per bag. Damaged sugar was quoted at Rs. 100 to Rs. 101 per bag.

Khandsari was easy during the week, due to slack demand from the Punjab. The other consuming centres also did not show any interest. Prices suffered a fall of 25 nP a maund. Production of *dana minja* and *galawat* was still continuing by centrifugal units and week-end prices were: non-crystal Rs. 32.50 to Rs. 36.75; crystal Rs. 34.50 to Rs. 37; *galawat* Rs. 27 to Rs. 31; and *dana minja* Rs. 17 to Rs. 20 per maund.

Trading in *gur* was almost at a standstill here during the week, as demand was slack, following continued loading restrictions. Local stock was around 22,000 maunds. Wet quality, however, eased by 25 nP per maund, as stockists were now anxious sellers at the fag-end of the season. Cane crop prospects, however, were bright and fairly heavy crop can be predicted. Week-end prices here were:—dry selected Rs. 16.37; dry-wet Rs. 15.50; wet Rs. 14.75; *shakker* Rs. 18.12 per maund.

Owing to heavy rains, little activity was witnessed in the *gur* market at Muzaffarnagar during the week. Prices declined by 19 nP to 50 nP per maund according to quality. Chaku dry was now quoted at Rs. 18.50 to Rs. 19 and *ruskat* Rs. 5 to Rs. 6.75 a maund. *Shakker* eased by 25 nP per maund to Rs. 18 to Rs. 21 according to quality. *Gur* stocks at Muzaffarnagar were about 84,000 maunds.

Gur futures ruled both ways during the week. After an early rise, prices drifted lower towards the week-end. *Fagun* opened at Rs. 13.42 last Monday, touched the highest and lowest at Rs. 13.63 and Rs. 13.40, and was quoted today at Rs. 13.47.

TEAS RECEDE DESPITE GOOD ENQUIRIES

(From Our Own Corespondent)

CALCUTTA, 29*th August*

Good demand was in evidence at both the export sale held yesterday and the internal auction that took place last week. The fall in prices should be attributed to increased arrivals following larger production. Increased output means lower cost of production per unit, and it is only meet and proper that such a benefit is also passed on to consumers. However, trade circles only feel that prices should not fall to uneconomic levels.

During the week, tea bookings to the U.K. were impressively higher, indicative of increased arrivals. Tea production in N-rth-East India up to July this year amounted to 214 million lbs., representing an increase of 40 million lbs. over the corresponding period of 1960. Output in 1960 was affected by drought and hence comparison with the 1959 figure would be more representative. As compared with 1959, production this year represents an increase of 12.5 million lbs. Weather conditions continues to be good, and the higher trend of production will in all probability be maintained in the coming months. Preliminary figures for August from gardens indicate the maintenance of the higher trend September is also expected to register a record figure.

That explains for the easier trend in prices. Bidders are adopting a hesitant tendency, and th downward trend in pr.ces is likely to be maintained until a few weeks when the climax of production would have been reached. However, it should be noted that what has increased is the quantity of common cheaper teas fit for internal consumption, and the percentage of good teas has been low. Trade circles are inclined to feel that, unless internal consumption increases, the problem of a glut in supplies will arise. Viewed thus, the outlook for tea gardens producing common teas is by no means assured. Other producing countries have also recorded increased output, as will be evident from the report according to which world production so far has amounted to 656.6 million lbs. or higher by 57.4 million lbs. as compared with the corresponding previous figure. Apart from increased production in other countries, especially Pakistan, Ceylon and Africa, production in the U.S.S.R. and China is also believed to have increased.

Noting the proposed plan of the Assam Government to develop an auction centre in Pandu in Assam where all Assam teas would be sold instead of as at present in Calcutta, trade circles say that the Calcutta centre has been fully developed and to create one in Assam with all facilities as in Calcutta appears to be a waste of funds. The proposal was disclosed by the Assam's Finance Minister, Mr. Fakruddin Ali Ahmed, who said that the State Government would soon appoint a committee to go into the question and find ways for development of an internal market for the industry in Assam. Auctions are at present held in Calcutta and Cochin, and it would be against national interests to start auction centres at each tea growing State. Mr. Ahmed was on firmer ground when he said that, if an auction centre was developed in Assam, Assam teas would be freed from the Calcutta entry tax as well as Assam's carriage tax. Although trade circles do not suggest that these points should not be construed as denoting the Assam Government's eagerness to provide tax concessions to the industry, it may be noted that the same will very well serve as political planks. For, surely, if Assam teas are freed from both these taxes, the State finding the loss as being too much for it, can lay greater claims on the tea industry and, what is more, swallow the Calcutta tax also by some other levy.

During last week's internal sales, dusts on offer aggregated 25,748 packages. Prices eased. Good demand was in evidence for the plain orthodox teas, but prices of these declined by 10 nP. Leafy Assam teas also eased, but the small bright teas were firm. Among C.T.Cs, the few bright lines were in good demand, but all other varieties in this category eased. An irregularly easier trend was recorded in legg-cut teas, while the bright teas were about firm. The quotations per 1 kg. inclusive of excise duty were: medium Assam C.T.C. dust Rs. 6.10 to Rs. 6.40, good Assam C.T.C. dust Rs. 6.60 to Rs. 7.00, legg-cut dust Rs. 4.75 to Rs. 5.45, medium Assam dust Rs. 4.80 to Rs. 5.40, and plain orthodox dust Rs. 4.30 to Rs. 4.55.

Leaf on offer amounted to 131 packages, which met with a good demand.

Conditions during yesterday's export sale were easier. Offerings amounted to 77,950 packages. A fall in quality was reflected in prices receding. Legg-cut teas eased by 20 nP. Darjeelings were taken at lower rates. Support to tippy teas was limited to selected lots, and, as a result, prices of all varieties in this grade fell. Support to C.T.C. teas was meagre, and this was reflected in a number of withdrawals towards the close. Prices eased up to 70 nP. Plain orthodox brokens declined by 10 to 15 nP, and similar fannings by 15 to 25 nP. B.O.Ps lost as much as a rupee. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 5.40 to Rs. 6.00; best C.T.C. B.P. Rs. 5.40 to Rs. 5.70; medium Assam C.T.C. fannings Rs. 5.00 to Rs. 5.40; medium Assam C.T.C. B.P. Rs. 5.00 to Rs. 5.30; clean plain pekoe Rs. 4.50 to Rs. 4.70; plain B.P. Rs. 4.35 to Rs. 4.50; and plain fannings Rs. 4.15 to Rs. 4.25.

JUTES DECLINE AGAIN

(From Our Own Correspondent)

CALCUTTA, 29*th August*

A further decline in the prices of fibre and goods was the feature in the jute markets during the week under review. However, despite the fall in prices, business that took place in both was meagre. It is but natural that only unavoidable commitments of an immediate nature are entered into in a declining market. Foreign buyers of goods thought that prices would continue to decline. Meanwhile, the decline in fibre prices has alarmed the State Government, and the Government of India has been pressed to fix a minimum floor price at which cultivators would be able to tender their produce to a bufferstock agency which should be created. The Indian Jute Mills Association, which is also eager to fix a ceiling price so that growers can be ensured a fair return and transfer of land from jute to other cash crops does not take place in the next season, has also represented its own point of view to the Government of India, which is shortly expected to announce a mechanism for fixation of minimum prices. In a subject of this type, which bristles with difficulties—it is not possible to find a unanimous agreement among growers, mills and the State Government—the Government of India has necessarily to proceed with as much consent as possible among all concerned. A desirable step would be to find a floor level having understood thoroughly the problems facing the industry. Mills alone have the storage capacity for fibre at present. Any agency that would be set up for the bufferstock would have to depend on the mills for storage.

On Tuesday last, there was selling pressure in the futures market, as a result of which ready B. twills fell from Rs. 132.00 to Rs. 130.00 and ready hessian 40" 10 oz. from Rs. 46.75 to Rs. 46.00. Overseas buying was reported, but the quantities were only small and they failed to arrest the declining trend. Prices on Wednesday were further affected, as bearish activity in the futures market continued. Ready B. twills dropped to as low a rate as Rs. 125.00. At Rs. 45.00, the drop in hessian 40" 10 oz. was less marked. Small purchases of hessian were made by the U.S. At this stage, there was a good measure of covering business in ready goods, as a result of which B. twills recovered to Rs. 128.75 and hessian 40" 10 oz. to Rs. 45.50 on Thursday. Buying interest in hessian was signified by the U.S. and Argentina and, on Friday, this led to good covering business in ready goods. B. twills recovered to Rs. 129 and hessian 40" 10 oz. to Rs. 45.65. Over the week-end, B. twills eased to Rs. 127, while hessian 40" 10 oz. was firm at Rs. 45.75. On rumours that Argentina would soon enter the market for hessian, the ready 40" 10 oz. ruled firmer yesterday at Rs. 45.85. This was some short covering. However, ready B. twills were quiet at Rs. 126.25.

Support to the fibre market was nominal. Signifying the increased nature of fibre arrivals, it has been decided by the I.J.M.A. to abolish the quota system and as such mills would be at liberty to purchase as much as they would like. The Jute Commissioner would check purchases by the mills. However, it is emphasised that the mills cannot be expected to buy in a big way until simultaneous business in fibre and goods becomes profitable and attractive. This week's recession in prices of goods, as in the last week, has been disproportionate to that of fibre prices, i.e. to the disadvantage of mills. It was reported during the week that arrivals of fibre in the Narayanganj (Pakistan) market received a setback and prices rose by Rs. 2 to Rs. 3 a maund, following interested propaganda among farmers to hold on to their produce until price rose. The week's price movements in Calcutta is indicated in the following table:

(In Rs. per maund delivery within 10 days)

	Opening	*Closing*	*Loss*
Daissee bottoms ...	39.50	35.50	4.00
Northern bottoms ...	34.50	32.00	2.50
Assam bottoms ...	34.00	32.00	2.00

SURVEY

(Concluded from page 435)

maintenance of records, and infrequent meetings of boards.

All these defects should be removed at the earliest, if the potentialities of urban banks are to be fully utilised for the benefit of the community as a whole. But the crucial question is: How are these defects to be removed? Co-operation being a State subject, it is the State Governments which have to be alert and ruthlessly eliminate dishonesty in co-operative banking. Experience so far, however, does not warrant the conclusion that State Governments will effectively supervise and regulate the co-operatives. The authors of the Reserve Bank's report under review have put forward the following suggestions for improving the quality and utility of urban co-operative banks.

1. An assessment may be made of the scope for the establishment of urban banks in new centres.

2. Active efforts may be made by the management of urban banks to expand their membership, diversify their activities, and offer a wider range of facilities to their members (as, for example, introduction of cheque system, adoption of new types of savings scheme (including recurring deposits and chit funds), provision of specialised services to members in regard to payment of insurance premia, taxes, etc., and increased offer of loan facilities to small-scale industries.

3. In their loan policy, the urban banks should adopt a sufficiently wide and diversified system of lending to suit the needs of the different categories of members.

4. The working of urban banks must be placed on sound and efficient lines by reducing emphasis on trading activities, by the toning up of accounting and operational efficiency and by reduction and avoidance of overdues.

5. There should be a continuous building up of member-relations.

6. The banks must be better housed in order to enhance their popularity and promote public confidence in them.

7. State Governments should ensure adequate arrangements for audit, inspection and supervision of the banks and, where necessary, extend special facilities and aids to them, such as those recommended by the Sub-Committee set up by the Small-scale Industries Board in 1956 and by the Seminar held at Hyderabad in 1959.

All these are certainly constructive suggestions which, if implemented in right earnest, will ensure the development and working of urban banks on sound and satisfactory lines. In conclusion the Reserve Bank's report piously observes:

"The development of urban banks cannot take place either entirely or mainly on the initiative of the State Governments. The banks themselves should adopt a progressive attitude and make arrangements to examine their own problems, pool their experience and help each other in various ways."

This is a platitude, though quite a sound one.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 25th August, 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	64,59,54,000
(2) Other Governments	19,92,78,000
(b) Banks	102,05,73,000
(c) Others	158,19,26,000
Bills Payable	22,25,47,000
Other Liabilities	12,99,01,000
Rupees	521,92,19,000

ASSETS	Rs.
Notes	16,57,07,000
Rupee Coin	1,19,000
Subsidiary Coin	3,51,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	13,03,20,000
Balances held abroad*	26,60,95,000
Loans and Advances to Governments†	48,75,07,000
Other Loans and Advances	115,71,14,000
Investments	284,51,37,000
Other Assets	16,68,69,000
Rupees	521,92,19,000

* Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 11,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	16,57,07,000	
Notes in circulation	1877,39,41,000	
Total Notes issued	....	1893,96,48,000
Total Liabilities	....	1893,96,48,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,08,000	
(b) Held outside India	116,86,07,000	
Foreign Securities		
Total of A		234,62,10,000
B. Rupee Coin		125,78,89,000
Government of India Rupee Securities		1533,55,49,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1893,96,48,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept., 1939 (pre-war)	18th August 1961	11th August 1961	A month ago*	A year ago R.
RESERVE BANK					
Issue Department					
Notes in circulation	173.3	1899.86	1913.27	1911.95	1796.39
Notes held in Banking Department	35.05	12 24	7.53	18.05	21 98
Foreign Securities	59 50	116 86	116.88	93.01	123 01
Rupee Securities	37.39	1553 49	1563.42	1597.03	1446.65
Banking Department					
Deposits of:					
Government of India	14.39	83.03	60.69	53 02	65.73
Other Governments		13 17	13.89	31.35	29 51
Balances held abroad	10.06	29.52	31.96	8.47	21.74
SCHEDULED BANKS					
Demand Liabilities	134.36	839.47 (24.11)†	833.72 (25.61)†	838 35 (20 84)†	795 23 (21.75)†
Time Liabilities	109.24	1146 47 (18.57)†	1147 48 (19.80)†	1142 57 (19 27)†	1215 50 (23.12)†
Borrowings from Reserve Bank	..	1.54 (0.61)‡	3.46 (1.80)‡	1 02 (1.01)‡	25 01 (10.85)‡
Borrowings from State Bank	..	18 51	16 54	14 64	9.88
Cash in India	6.70	46.77	44.88	46.19	47.03
Balance with Reserve Bank	25.17	80.53	75.80	100.09	118.51
Balances with other banks in current account in India	..	16.32	15.55	15.91	16.61
Money at call and short notice in India	..	50 83	51.52	44.46	36.71
Investments (at book value)	..	585 85	582.52	574.08	729 54
Advances and bills	105.9	1238.21	1241.86	1251.06	1110.72
STATE BANK					
Deposits	87.76	524 09	524 51	531 31	606 20
Investments	51 99	250 05	250.52	252 31	382 02
Advances	30 35	244 99	248.09	254 83	201 27
Cash	14.69	25.66	22 41	26 32	31 66

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	3rd Aug., 1960	4	5
Bolivia	30th Sept., 1950	6	6
Burma	Feb., 1948	..	3
Canada †		2.50	2.85
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	Jan., 1960	4	5.50
Finland	Mar., 1959	6.50	6
France	6th Jan., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	July, 1960	4.75	5.50
Italy	7th June, 1958	4	3.50
Japan	21st July, 1961	6.57	6.90
Malaya	28th July, 1961	4	5
Mexico	4th June, 1942	4	4.50
Netherlands	18th Nov., 1959	3.75	3.50
New Zealand	24th Mar., 1961	5	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	5	4
Peru	Nov., 1950	6.00	9.50
Philippines	Sept., 1960	6	5.75
Portugal	12th Jan., 1944	..	4
South Africa	4th May, 1961	4.50	5
Spain	11th April, 1960	6.25	5.75
Sweden	15th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	2
Thailand	Feb., 1945	..	7
Turkey	6th June, 1956	4.50	6
United Kingdom	26th July, 1961	5	7
U.S.S.R.	1st July, 1936	3	4
U.S.A.	11th Aug., 1960	3.50	4
West Germany	8th May, 1961	3.50	3

†Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 18th August, 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		524,99,16,000
Borrowings from Other Banking Companies, Agents, etc.		27,00,000
Bills Payable		8,58,88,000
Bills for Collection being Bills receivable as per contra		2,59,96,000
Acceptances, Endorsements and Other Obligations per contra		93,02,000
Other Liabilities (including Inter-Office Adjustments)		13,68,37,000
Total	Rs.	564,13,89,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		22,62,17,000
Balances with other Banks		3,03,51,000
Money at Call and Short Notice		1,53,33,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	241,28,03,000	
Other Authorised Investments	9,37,11,000	
		250,65,14,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	231,70,76,000	
Bills Discounted and Purchased	13,27,81,000	
		244,98,57,000
Bills Receivable being Bills for Collection as per contra		2,59,96,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		93,02,000
Premises less Depreciation		1,81,67,000
Furniture and Fixtures less Depreciation		1,41,89,000
Other Assets (including Inter-Office Adjustments)		34,54,63,000
Total	Rs.	564,13,89,000

Scheduled Banks*

Statement of Affairs for the week ended 18th August, 1961

	Rs.	(Thousands)
(I) Demand Liabilities in India		
(a) Demand Deposits—		
(1) From banks		50,50,40
(2) From others		713,68,07
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		24,10,86
(c) Other demand liabilities		51,17,56
(II) Time Liabilities in India		
(a) Time Deposits—		
(1) From banks		23,62,75
(2) From others		1080,81,90
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		18,56,87
(c) Other time liabilities		23,44,95
(III) Borrowings in India from the State Bank of India and/or notified banks;		
(a) Demand liabilities		7,18,58
(b) Time liabilities		11,87,00
(IV) Borrowings in India from the Reserve Bank of India (A)		1,54,30 (51,00)
(V) Cash in India		46,77,02
(VI) Balances with the Reserve Bank in India		80,52,61
(VII) Balances with Other Banks in Current Account in India		16,32,12
(VIII) Money at call and short notice in India		50,83,42
(IX) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations		585,85,41
(X) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)		1081,57,65
(b) Due from Banks in India		6,71,65
(XI) Inland Bills purchased and discounted in India		106,51,26
(XII) Foreign Bills purchased and discounted in India		43,40,10
(XIII) Total of Items (X), (XI) and (XII)		1238,20,66

Notes :—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 18th August, 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,15,00,000
Rural Credit Fund	1,00,00,000
Deposits :—	
(a) Central Government	18,31,14,000
(b) Provincial Governments	2,91,43,000
(c) Banks	17,84,84,000
(d) Others	113,99,31,000
Bills Payable	28,75,000
Other Liabilities	15,66,06,000
Rupees	177,16,53,000

ASSETS	Rs.
Notes	12,38,56,000
Rupee Coin	75,000
Subsidiary Coin	57,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	16,16,26,000
Loans and Advances to Governments	1,88,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	46,26,15,000
Investments	91,01,23,000
Other Assets	9,45,01,000
Rupees	177,16,53,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs
Notes held in the Banking Department	12,38,56,000	
Notes in circulation	352,55,91,000	
Total Notes issued	....	364,94,47,000
Total Liabilities	....	364,94,47,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion		
Foreign Securities	75,11,63,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	143,07,17,000
B. Rupee Coin	3,74,13,000	
Government of Pakistan Securities	212,23,11,000	
Internal bills of exchange and other commercial paper	....	215,97,24,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets	....	364,94,47,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 40.74 per cent.

EXCHANGE RATES

	30th August 1961	Previous week
Bombay on London—		
Sellers T.T. D.D. Spot	1-5⅛	1-5⅛
Sellers T. T. D.D. upto six months	1-5⅛	1-5⅛
Buyers T.T. spot to nine months	1-6⅛	1-6⅛
Buyers T.T. 10 to 12 months	1-6¼	1-6¼
Bombay on New York—		
Sellers T.T. D.D.	477.25	477.25
Buyers T.T.	473.75	474.00
London on New York	2.8049-2.8051	2.8038-2.8041
London on Paris	13.7050-13.7070	13.7050-13.7025
London on Berne	12.1015-12.1035	12.1005-12.1025
New York on London	280.540-280.670	280.430-280.470

CLEARING HOUSE RETURNS

Centre	Week ended 25th August 1961		Week ended 18th August 1961	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	3,39 032	84,88,60,000	3,36 014	77,47,89,000
Calcutta	2,15 000	80,33,00,000	1,73,000	69,51,00,000
Madras	99,270	12,56,45,422	85,784	11,63,88,278
All Centres—				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,064,000	109,98,05,00,0000
1960-61	..	..	54,472,000	125,13,16,00,000
June, 1960	..	..	4,227,000	956,02,00,000
April, 1961	..	..	4,912,000	1,156,54,00,000
May "	..	..	4,804,000	1,056,12,00,000
June "	..	..	4,599,000	1,054,15,00 000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53 = 100)

Particulars	Weight	12th Aug. 1961	5th Aug. 1961	13th Aug. 1960	May 1961	May 1960	Percentage of Increase (+) or Decrease(—) in May 1961 as compared with May 1960	Financial Year Average 1960-61	1959-60
Food Articles	364	124.0	124 1R	124 5	117.2	120.0	— 2.3	120.0	119 0
Cereals	192	105.1	104 9R	109.4	99.5	105.8	— 6.0	104.4	104.1
Pulses	43	91 8	91 7R	93.9	87 3R	89.9	— 2.9	92.5	93.5
Fruits and Vegetables	23	135 2	135 5R	135.1	132.0R	132.0	+ 0.0	118.5	122.0
Milk and Ghee	84	114 7	115 9	122 6	113 9	117 4	— 3.0	116.0	113.5
Edible Oils	47	157 4	160.9	148 8	159 6R	138 0	+15.7	150.8	130.4
Fish, Eggs and Meat	17	141 1	141 2R	124.7	127.3	119.2	+ 6.8	125.5	112.6
Sugar and *Gur*	48	126 2	123.1	139 0	120.1	138.3	—13.2	132.8	147 0
Others	50	182 0	183.5R	170 2	167.4	164.4	+ 1.8	167.8	167 9
Liquor and Tobacco	21	100 1	100 1	106.1	107.3	106.1	+ 1.1	108.9	99.8
Tobacco	—	96 6	96 6	107.2	100.9	105.7	— 4.5	108.2	97.9
Fuel, Power, Light and Lubricants	30	121 5	121 5	119.6	121 4R	119 2	+ 1.8	120.0	116 5
Industrial Raw Materials	116	140 1	139.8R	137 0	132.9R	140 1	+ 9.1	145.6	123 7
Fibres	61	144 1	143.6	133.6	125 1R	147 2	+12 2	151.4	131 6
Oilseeds	60	160 2	162.0R	147 8	166.6R	139 9	+11 9	149.9	134.5
Minerals	2	94 8	95 2	98 2	95.4	98 2	— 2.9	97.4	97.8
Others	33	127 0*	127 0*	129.5	126.5R	129 5	+ 2.8	123.0	108.2
Manufacture	290	128.1	127 5	122.3	126 4R	119 9	+ 5 4	123 9	117 7
Intermediate Products	41	140 5	141 6	130 8	136 9	128 4	+ 9 2	130 8	113 8
Finished Products	449	123 7	123 7R	119 0	119 0	116 8	+ 4 8	122 8	115 3
Textiles	147	124.8	127 2	123 0	127.8	120.2	+ 6.3	125.8	107.8
Cotton	—	126 6*	126 6*	130 0*	126.6	124.8*	+ 1.4	128.1	116.8
Jute	—	122 5	133 3	114.1	137.1	117.2	+17.0	131.4	90.6
Woollen	—	123 1*	123.1*	110 1*	110.1	104.2	+ 5.7	109.1	104.8
Silk and Rayon	—	118 0*	118 0*	102.7*	115.3	104 3*	+10.5	104.4	96.4
Metal Products	18	147.1	147 1	146.8	147.1R	148.8	— 0.8	147.2	144.4
Chemicals	30	112 0	111.9	103.7	107.5	104.7	+ 2.7	104.4	106.9
Oil Cakes	10	145 9	146 7R	187 1*	142.3	133.7	+ 6.4	141.3	143.8
Machinery and Transport Equipment	81	112 8	113 8	111 5	112.8	110 0	+ 1.6	111.9	106.5
Others	80	120 9	120 9R	116.0	119.1	114.6	+ 3.9	116.1	113.4
All Commodities	1,000	127.5	128 6R	125 3	125.3R	122.8	+ 2.0	124.8	117.1

Note :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.
R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

(1952-53 = 100)

Group and Sub-Group	Week ended			
	19th Aug., 1961 §	12th Aug., 1961	22nd July, 1961	15th Aug., 1960,
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.2	101.1	101.1	101.2
2. Government of India	101.1	101.0	101.0	101.0
3. State Government	102.3	102.3	102.1	102.7
4. Municipal, Port Trust, etc.	99.7	99.7	99.7	100.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.5	101.4	101.4	100.9
PREFERENCE SHARES—ALL INDIA.				
6. Total	83.5	83.6	83.6	86.9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	178.2	180.4	182.8	180.3
8. *Agriculture and Allied Activities : Total**	186.8	188.2	170.2	177.7
9. Tea Plantations	192.3	193.9	166.1	171.6
10. Coffee Plantations	173.1	173.5	176.1	215.3
11. Rubber Plantations	172.0	170.8	171.9	181.7
12. *Mining and Quarrying : Total*	158.5	161.3	166.9	169.1
13. Coal	126.1	127.1	131.3	123.4
14. Other Mining	180.7	184.7	191.4	185.2
15. *Processing and Manufacturing : Total*	191.9	194.3	197.2	195.6
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total**†	188.7	201.1	202.3	195.6
17. Sugar	157.9	159.7	159.0	192.7
18. Cotton Textiles	171.5	172.7	172.8	161.2
19. Jute Textiles	85.0	86.0	87.9	98.1
20. Silk and Woollen	1146.5	1168.3	1194.4	1114.8
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total**	188.6	202.1	208.9	206.7
22. Iron and Steel	164.5	167.8	177.1	168.5
23. Transport Equipment	387.9	397.0	412.2	485.8
24. Electrical Machinery	163.0	163.9	167.5	144.8
25. Machinery other than Transport and Electrical	207.8	210.2	214.0	228.7
26. Basic Industrial Chemicals	209.4	212.5	215.3	223.3
27. *Processing and Mfg. (Others): Total**	156.8	159.9	159.9	172.8
28. Cement	141.5	143.4	142.4	149.9
29. Paper	203.0	205.1	211.2	235.6
30. *Other Industries : Total**	109.3	110.3	109.7	113.7
31. Electricity Generation and Supply	85.4	85.7	83.6	84.1
32. Trading	117.2	120.9	123.1	125.0
33. Shipping and Other Transport	98.0	98.3	98.3	110.7
34. Construction	285.6	290.3	284.6	327.0
35. *Financial : Total*	292.1	292.5	298.9	177.6
36. Banks	230.1	230.2	229.0	194.4
37. Insurance	145.3	146.7	151.1	153.2
38. Investment Trusts	88.4	89.5	90.1	92.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	184.9	187.6	190.3	185.8
40. Calcutta	164.6	166.5	168.9	165.2
41. Madras	194.8	194.6	194.6	196.0
42. Delhi	335.8	340.2	347.3	345.5

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	March 1961	March 1960	Twelve months ended March 1961	Twelve months ended March 1960
Exports	56.89	52.45	632.89	629.90
Re-exports	43	44	9.90	9.76
Total Exports	57.32	52.89	642.79	639.66
Imports	80.53	96.19	1070.16	960.77
Overall Balance of Trade	−23.21	−43.30	−427.37	−321.11
Exports—				
Tea	6.79	5.74	123.59	129.09
Jute yarns and manufactures	12.22	17.79	135.02	119.76
Cotton yarns and manufactures	4.45	3.89	62.04	60.02
Metallic ores and metal scrap	3.76	3.61	39.00	35.35
Cotton, raw and waste	1.74	55	13.57	14.49
Oils—vegetable, mineral and animal	85	1.31	18.85	19.17
Fruits and vegetables	2.73	2.54	36.08	21.67
Tobacco	4.46	4.46	15.74	14.54
Hides	96	91	10.15	9.83
Wool and other animal hair	76	98	7.74	12.21
Gums, resins and lac	57	56	5.61	5.74
Spices	1.30	1.76	15.54	14.45
Hides and skins, raw	90	1.14	10.02	11.58
Imports—				
Machinery of all kinds	22.49	18.32	237.46	207.96
Iron and Steel	8.12	6.03	120.80	84.29
Oils—vegetable, mineral and animal	3.91	12.20	74.02	91.87
Chemicals, drugs and medicines	5.13	7.32	85.86	92.46
Electrical goods and apparatus	4.58	4.19	56.15	53.15
Vehicles (excluding aircraft, ships and boats)	7.87	3.62	59.49	55.60
Cotton, raw and waste	3.24	4.85	31.77	41.34
Fruits and vegetables	1.31	1.70	20.29	17.65
Paper, pasteboard, etc.	66	97	11.74	11.23
Dyes and colours	83	91	12.95	10.01
Spices	11	9	1.88	2.35
Woollen and worsted fabrics	2	3	21	26
Cotton fabrics	4	6	70	1.15
Rice	31	4.78	18.86	16.34
Wheat and spelt	9.76	18.31	121.17	129.78

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
6th June	2.00	2.03	2.00	2.750	99.315
7th to 10th June*	1.97	—	1.97	—	99.321
14th to 17th June*	2.00	2.00	2.00	2.750	99.310
20th June	2.00	—	2.00	—	99.321
21st to 22nd June*	2.00	2.00	2.00	2.750	99.326
27th June	2.00	2.00	2.00	2.750	99.315
4th July	2.00	2.00	2.00	2.750	99.326
5th to 7th July*	2.00	—	2.00	—	99.326
11th July	2.00	2.00	2.00	2.750	99.326
12th to 22nd July*	2.00	—	2.00	—	99.326
25th July	2.00	2.03	2.00	2.750	99.326
26th July to 31st July*	1.80	—	1.80	—	99.321
1st to 7th July*	1.39	—	1.39	—	99.321
21st July	2.00	2.49	2.00	2.826	99.310
1st to 8th August*	1.67	—	1.67	—	99.316
9th August	2.00	2.00	2.00	2.400	99.400
10th to 14th Aug.*	0.62	—	0.62	—	99.416
15th August	2.00	2.00	2.00	2.400	99.400
16th August Aug.*	0.62	—	0.62	—	99.416
17th August	2.00	2.00	2.00	2.400	99.400
23rd August	2.00	2.00	2.00	2.400	99.400
24th to 30th Aug.*	1.38	—	1.38	—	99.416
31st August	2.00	2.22	2.00	2.400	99.400
Total amount outstanding	39.45	..	39.45	..	..

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

	All-India (1949=100)	Bombay June (1934-35=100)	Ahmedabad (1949=100)	Sholapur January (1952-53=100)	Kanpur (1949=100)	Nagpur (1949=100)	Calcutta August (1949=100)	Madras City (1949=100)	Delhi (1949=100)	Ajmer (1949=100)	Gauhati (1949=100)	Jamshedpur (1949=100)	Jabalpur (1949=100)	Quarter (1949=100)
1958 Average	116	395	110	313	98	120	384	124	113	105	103	125	109	121
1959 "	121	412	125	340	98	132	384	133	120	106	98	125	108	116
1960 "	124	420	120	357	98	136	397†	143	120	107	103	120	109	116
May 1960	123	421	120	344	96	135	396	140	116	104	105	117	109	116
June "	124	422	121	360	96	135	399	143	117	107	107	119	109	116
July "	126	423	122	362	101	137	406	145	121	109	106	119	109†	116
August "	126	421	123	359	101	137	410	146	121	109	102	122	108	116
Sept. "	125	418	122	364	101	138	403	146	122	108	102	122	108	117
Oct. "	125	421	123	365	102	137	396	148	122	108	105	119	108	117
Nov. "	124	422	121	367	102	135	392	150	121	110	102	122	108	117
Dec. "	124	419	120	362	100	134	385	151	121	110	102	121	108	116
January 1961	123	419	119	358	100	131	385	146	122	111	103	120	109	116
February "	123	420	119	350	102	130	389	147	123	111	103	119	109	116
March "	124†	423	119	349	101	129	392	148	124	111†	104†	121†	109†	116
April "	128†	428	119	346	99	..	389	149	125	111	104†	120	109	116
May "	124†	431	119	345	..	..	..	..	125	112	..	120	110	..
June "	433	..	349	..	..	..	..	..	..	..	..	..	..	..

† Provisional.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A Out-standings	7-Year B Out-standings	12-Year B Out-standings	12-Year National Plan Savings Certificates C Receipts	Post Office Savings Bank Deposits Out-standings	10-Year National Plan Certificates D Out-standings	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J Out-standings	10-Year J Out-standings	10-Year Treasury Savings Deposit Certificates 2½% F Receipts	4% C Out-standings	15-Year Annuity Certificates G Receipts	Out-standings	Total Receipts	Out-standings
1958-59	1.76	3.80	119.10	87.45	158.78	191.75	224.91	21.08	−40.57	3	2	43.57	6.86	11.68	67	2.41	285.37	490.08
1959-60	1.55	3.15	99.99	83.24	221.69	210.40	250.58	19.75	−41.51	50	51	41.58	10.64	15.46	68	2.80	385.72	573.25
1960-61	1.24	2.46	81.50	82.58	287.80	228.77	297.77	18.36	−42.00	1.70	86	38.80	16.14	27.84	69	2.58	539.86	779.89
June 1960	1.50	2.99	93.68	5.76	225.83	17.85	253.96	19.49	−41.51	73	48	41.41	84	25.09	5	2.04	24.18	682.85
July "	1.46	2.95	92.15	5.83	240.35	18.35	261.67	19.43	−41.56	81	48	41.32	1.11	26.09	4	2.07	22.82	680.77
Aug. "	1.44	2.88	90.74	5.78	245.88	19.75	266.75	19.37	−41.61	1.17	57	41.31	1.17	27.23	5	2.14	27.72	700.87
Sept. "	1.42	2.81	89.29	7.16	261.84	18.76	271.10	19.26	−41.66	96	57	41.14	1.53	28.71	6	2.18	27.64	710.99
Oct. "	1.40	2.76	87.85	7.05	257.70	15.90	274.58	19.15	−41.71	1.07	64	41.08	1.43	30.27	5	2.25	25.56	718.19
Nov. "	1.37	2.70	87.64	6.21	262.79	17.90	275.00	19.12	−41.74	1.17	68	41.02	1.49	31.73	5	2.25	25.81	723.47
Dec. "	1.33	2.63	86.35	6.75	268.47	19.04	277.86	18.97	−41.81	1.28	74	40.97	1.28	32.88	5	2.29	27.30	732.47
Jan. 1961	1.31	2.57	84.04	5.47	275.48	18.08	280.06	18.87	−42.00	1.40	80	40.90	1.04	34.15	5	2.33	25.33	740.94
Feb. "	1.28	2.52	82.71	6.48	278.70	18.06	282.82	18.44	−41.95	1.58	87	39.88	1.80	35.75	5	2.36	26.53	747.58
Mar. "	1.24	2.48	81.50	11.17	287.80	32.82	297.77	18.36	−42.00	1.70	99	38.80	1.77	37.34	4	2.38	46.05	770.56
Apr. "	1.20	2.40	80.15	5.69	290.56	20.37	295.84	18.17	−42.06	1.88	1.01	37.46	2.28	39.42	4	2.40	28.47	777.47
May "	1.16	2.34	78.90	5.33	294.43	19.28	294.64	18.09	−42.08	1.99	1.08	36.49	1.32	40.92	3	2.42	26.19	779.65
June "	..	..	..	..	..	..	..	..	..	..	..	35.45	1.89	42.43	3	2.43	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities : repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of April 1961 amount to 15.83 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding	Repayable	Latest Available Quotation Rs.
		Rs.		
TERMINABLE LOANS				
2½ % Loan	1938-39	116,17,46,000	1963-65	98.75
2½ % Loan	1950	30,58,10,000	1964	98.35
2½ % Fg. Loan	1943	1,10,11,79,900	1966-68	96.30
2½ % Def. Loan	1943	1,15,08,36,700	1970-75	90.90
2½ % Loan	1946	14,77,48,000	1976	83.50
2½ % Loan	1947	75,89,72,000	1966	89.15
2½ % N. F. Loan	1954	1,56,17,94,000	1964	99.05
2½ % N. F. Bonds (2nd Series)	1955	1,58,67,92,000	1965	99.90
2½ % Loan	1956	1,07,27,38,000	1962	99.80
2½ % N. F. Bonds	1956	99,31,80,000	1967	99.05
2½ % Loan	1956	56,99,80,000	1967	100.40
2½ % N. F. Bonds (4th Series)	1957	49,17,27,000	1972	100.85
4 % Loan	1957	55,00,00,000	1977	100.80
2½ % Loan	1958	68,05,92,000	1963	100.00
2½ % Loan	1958	34,39,90,000	1968	100.80
2½ % Loan N.P.B.	1958	34,39,90,000	1968	100.80
4 % Loan	1958	49,51,44,000	1973	100.25
4 % Loan	1959	82,66,00,000	1969	98.40
4 % Loan	1959	81,05,88,000	1979	99.20
4 % Loan	1960	97,84,00,000	1980	99.20
4 % Bonds	1960	82,66,00,000	1965	99.70
4 % Loan	1961	65,63,00,000	1981	98.50
NON-TERMINABLE LOANS				
3 % Loan	1896-97	2,93,52,000	M.	72.90
2½ % Loan	1949	2,45,91,53,000	K.	72.70
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.70
4 % Andhra	1956	5,66,15,000	3rd Sept. 1968	98.55
4 % Andhra	1956	5,58,21,000	15th July 1970	100.50
4 % Andhra	1959	5,67,72,000	19th Aug. 1971	97.75
4 % Andhra	1960	9,00,00,000	29th Aug. 1969	98.30
4 % Andhra	1960	9,00,00,000	1st Aug. 1972	99.50
2½ % Maharastra	1951	2,62,97,000	17th Sept. 1962	100.00
4 % Maharastra	1955	5,00,80,000	15th July 1962	100.00
4 % Maharastra	1955	5,40,84,000	1st Aug. 1964	100.00
4 % Maharastra	1955	5,56,29,000	1st Sept. 1967	99.65
4 % Maharastra	1956	7,82,50,000	3rd Sept. 1970	99.25
4 % Maharastra	1956	6,57,72,000	16th Sept. 1969	101.00
4 % Maharastra	1958	6,58,21,000	15th July 1970	100.50
4½ % Maharastra	1958	4,85,25,000	15th July 1971	100.50
4½ % Maharastra	1959	5,58,15,000	19th Aug. 1971	99.25
4 % Maharastra	1960	10,00,00,000	29th Aug. 1969	99.60
4 % Bihar	1955	1,64,02,000	1st Sept. 1967	98.50
4 % Bihar	1956	2,19,43,000	3rd Sept. 1968	98.35
4 % Bihar	1956	2,76,71,000	15th Oct. 1970	100.50
4 % Bihar	1959	2,82,86,000	19th Aug. 1971	98.40
4 % Bihar	1960	5,00,00,000	29th Aug. 1969	98.60
4 % Gujarat	1960	5,00,00,000	29th Aug. 1969	99.25
2½ % Howrah	1956-57	1,77,06,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98.00
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.00
4 % Madras	1951	1,77,77,000	3rd Sept. 1961	99.75
4 % Madras	1951	2,01,49,800	17th Sept. 1962	99.75
4 % Madras	1953	10,33,71,000	15th July 1968	100.00
4 % Madras	1955	4,54,81,800	1st Aug. 1964	99.35
4 % Madras	1955	10,47,17,000	1st Sept. 1967	99.00
4 % Madras	1956	12,82,56,000	3rd Sept. 1968	98.85
4 % Madras	1956	4,54,57,000	15th July 1970	100.50
4 % Madras	1959	5,72,72,000	19th Aug. 1971	98.40
4 % Madras	1960	12,00,00,000	29th Aug. 1969	98.60
4 % Mysore(J)	1953	2,96,88,300	1st Dec. 1953-68	100.50
4 % Mysore	1953	2,32,47,000	15th July 1962	100.00
4 % Mysore	1954	2,54,94,000	1st Sept. 1967	99.00
4 % Mysore	1954	4,11,11,000	3rd Sept. 1968	98.85
4 % Mysore	1957	2,54,56,000	16th Sept. 1969	100.50
4 % Mysore	1956	5,61,61,000	15th July 1970	100.50
4 % Mysore	1956	4,54,44,000	15th July 1971	98.00
4 % Mysore	1960	4,00,00,000	29th Aug. 1969	98.40
4 % M.P.	1955	2,00,39,000	15th Nov. 1962	98.60
4 % M.P.	1956	2,00,39,000	15th Nov. 1963	98.60
4 % M.P.	1956	1,35,15,100	15th July 1962	99.40
4 % M.P.	1956	1,12,12,000	15th July 1963	99.40
4 % M.P.	1956	1,35,15,100	1st Sept. 1967	98.50
4 % M.P.	1956	1,58,43,000	3rd Sept. 1968	98.35
4 % M.P.	1956	2,51,30,000	15th July 1970	100.50
4 % M.P.	1956	2,27,27,000	15th Aug. 1971	98.00
4 % M.P.	1960	5,00,00,000	29th Aug. 1969	98.40
4 % Maharashtra	1956	2,50,51,000	1st Sept. 1967	98.85
4 % Maharashtra	1956	2,56,56,000	3rd Sept. 1968	98.85
4 % Kerala	1956	2,25,31,000	15th July 1970	99.10
4 % Kerala	1956	2,25,05,000	3rd Sept. 1968	99.10
4 % Kerala	1956	2,27,10,000	15th July 1970	100.00
4 % Kerala	1959	2,47,96,000	19th Aug. 1971	97.75
4 % Kerala	1960	4,00,00,000	29th Aug. 1969	98.10
3½ % U.P.S.A.	1958	44,98,89,000		43.25
4 % U.P.	1955	1,85,31,000	15th Sept. 1961-66	98.75
4 % U.P.	1956	2,13,85,000	1st Sept. 1961	98.75
4 % U.P.	1956	1,96,32,000	17th Sept. 1962	99.00
4 % U.P.	1956	2,14,10,000	3rd Sept. 1968	98.60
4 % U.P.	1956	4,18,26,000	15th July 1970	100.50
4 % U.P.	1956	3,19,71,300	15th Aug. 1971	98.00
4 % U.P.	1956	4,12,12,000	3rd Sept. 1968	98.60

PORT TRUST LOANS

Amount	Interest payable per cent.	Year of Issue	Repayable	Market quotation Rs.
		BOMBAY		
Rs.				Rs.
85,50,000	4	1904	1964	
1,00,00,000	4	1905	1965	
18,00,000	4	1906	1966	
44,00,000	4	1907	1967	
50,00,000	4	1908	1968	97.00
40,00,000	4	1909	1970	
55,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
14,85,000	4	1913*	1960	D
80,00,000	4	1913	1974	97.00
88,35,000	4	1914	1975	97.00
10,00,000	4	1915*	1960	
55,00,000	4	1915	1975	
61,61,000	4	1923*	1960	
11,51,000	4	1924*	1960	
18,25,000	3½	1926*	1960	
35,00,000	3½	1929*	1959	
12,50,000	3½	1930*	1960	
12,50,000	3½	1931*	1961	
13,50,000	3½	1932*	1962	
24,56,000	3½	1935*	1965	
15,00,000	3½	1936*	1966	
48,04,000	3½	1936*	1960	
10,00,000	3½	1940*	1960	
7,00,000	3½	1941	1971	
		CALCUTTA		
Rs.				Rs.
90,24,800	4	1914	1974	98.25
75,00,000	4	1915	1975	98.25
50,00,000C	2½†	1921	1961	98.00
68,02,800C	4½	1921	1961	144.00N
50,00,000	4	1921	1961	98.00
60,00,000	3½	1925	1965	98.00
25,00,000	3	1928	1963-68	99.00
50,00,000	3	1935	1965	94.00
50,00,000	3	1940	1976	84.75
50,00,000	3	1941	1976	84.75
50,00,000	3	1946	1976	84.75
50,00,000	3	1946	2006	74.00
50,00,000	2½	1947	1977	79.50
50,00,000	3	1948	1978	83.75
50,00,000	3	1949	1979	83.75
50,00,000	3	1951	1981	81.75
1,50,00,000	3½	1958	1961	99.75
50,00,000	4	1958	1988	97.25
50,00,000	4	1958	1988	97.25
90,00,000	4	1958	1988	97.25
77,00,000	4	1958	1988	97.25
78,00,000C	4	1958	1988	97.25
1,24,00,000	4½	1957	1987	99.50
1,00,00,000	4½	1958	1988	99.00
50,00,000	4	1959	1989	99.00
50,00,000	4½	1959	1989	99.00
1,00,00,000	4	1960	1990	98.50
1,00,00,000	4	1960	1970	98.50
		STERLING LOANS		
£392,600	5	1922	1942-62	66
£901,600	5	1924	1954-64	66
£835,100	5½	1925	1962	196½
		MADRAS		
Rs.				Rs.
25,45,875	3½	1947	1977	
9,55,000F	3	1949	1979	A
45,00,000H	4½	1954	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest payable per cent.	Year of Issue	Repayable	Market quotation Rs.
		BOMBAY		
Rs.				Rs.
50,00,000	4	1961	1981	
50,00,000	4	1962	1982	
50,00,000	4	1963	1983	
50,00,000	4	1964	1984	
50,00,000	4	1965	1985	
50,00,000	4	1966	1986	
50,00,000	4	1967	1987	
50,00,000	4	1968	1988	
25,00,000	4	1969	1989	
40,00,000	5	1919	1957-79	118.90
25,00,000	5	1920	1958-80	
25,00,000	5	1926	1958-68	116.00N
25,00,000	4	1927	1961-70	98.00N
10,00,000	3	1936	1966	
		STERLING LOANS		
£566,000		1909	1968	486.50
£338,900		1910	1969	486.50N
		CALCUTTA		
Rs.				Rs.
50,00,000	4	1934	1964	99.25
25,00,000	3½	1935	1965	99.00
50,00,000	3	1936	1966	99.00
50,00,000	3	1937	1967	97.00
50,00,000	3	1938	1968-69	95.50
50,00,000	3	1939	1969	95.50
1,00,00,000	4	1954	1968	100.00
75,00,000	4	1955	1968	101.00
50,00,000	4½	1958	1974	99.75

MUNICIPAL LOANS

Rs.				Rs.
BOMBAY				
20,00,000	4	1913-18	1974	97.00
10,00,000	5	1920	1980	113.90N
2,25,00,000	3½	1947	1977	85.50
2,19,14,500	3½	1949	1976	85.50
1,00,00,000	3½	1950	1976	85.50
4,74,00,000	4	1952	1964	99.00
2,00,14,000	3½	1951	1966	99.00
1,00,00,000	4	1952	1964	99.00
92,19,00,000†	4½	1952	1964	99.00
86,87,000†	4	1954	1966	99.00
2,00,00,000	4	1955	1966	99.00
1,87,50,000	4	1956	1966	99.00
1,74,00,000	4½	1956	1966	99.00
1,00,00,000	4	1956	1966	99.00
3,50,00,000	4	1956	1972	99.00
CALCUTTA				
Rs.				Rs.
10,00,000	3½	1922	1962	103.50N
23,91,000	3½	1923	1963	99.00
25,00,000	3½	1924	1964	99.00
47,50,000	3	1938	1968	95.50
21,10,000	3½	1942	1972	95.50
66,88,900	3½	1943	1973	95.50
37,35,000	4	1952	1962	99.75
72,50,000	4½	1954	1979	101.00N
2,22,72,000	4	1955	1968	97.50N
75,56,900	4½	1956	1966	100.50
1,67,32,000	4½	1956	1976	101.00N
		MADRAS		
Rs.				Rs.
15,00,000	3½	1941	1961	107.00N
15,00,000	3½	1953	1963	107.00N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½ % U.P.	1958	7,85,56,000	15th July 1973	100.50
4 % U.P.	1959	8,58,56,000	19th Aug. 1971	97.75
4 % U.P.	1960	7,00,00,000	29th Aug. 1969	98.10
4 % Rajasthan	1956	3,14,19,000	15th July 1970	100.50
4½ % Rajasthan	1956	3,79,28,000	15th July 1971	100.50
4 % Rajasthan	1956	3,84,19,000	15th Aug. 1971	98.00
4 % Rajasthan	1960	5,00,00,000	29th Aug. 1969	98.30
4 % Orissa	1956	3,84,56,000

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	64,51,970	1,47,47,249	50,81,902	36,065	B. N. Elias & Co. Private Ltd.	879	Agarpara	8.56	10	0.25	0.50	1.00		3	Y.F.
6,00,000	15,76,460	76,14,446	46,26,917	1,71,356	McLeod & Co., Ltd.	456	Alexandra	211.00	100	10.00	15.00			12	Y.
30,00,800	5,43,940	1,41,05,272	1,01,90,589	1,16,925	McLeod & Co., Ltd.	1,284	Alliance	83.00	100	*Nil*	*Nil*	6.00		5	Y.
49,20,700	88,41,000	2,63,90,624	1,74,75,587	2,36,188	Duncan Brothers & Co., Ltd.	2,541	Anglo-India	171.00	100	10.00	12.50	20.00		3	Y.
46,00,000	21,83,168	1,86,05,786	76,49,994	54,111	Bird & Co. Private Ltd.	1,000	Auckland	145.00	100	5.00	20.00	27.00		3	Y.
30,00,000	34,54,417	1,47,00,374	85,10,664	1,00,757	Birla Brothers Private Ltd.	859	Bally	185.00	100	6.00	10.00	25.00	25.00	3	Y.
£275,000	£805,923	£1,91,228	£1,065,225	—£92,299	Sir John H. Burder (Chairman)	1,886	Barnagore	115 00	£5	*Nil*	10sh.	£1 10sh		3	Y.F.
33,00,000	28,47,223	1,00,52,541	58,47,941	78,547	Andrew Yule & Co., Ltd.	650	Belvedere	150.00xd	100	7.50	18.50	5.00		12	Y.
45,00,000	24,91,700	70,44,057	40,86,208	1,33,355	Scoris[mull Nagarmull	660	Bengal	10 00	10	0.50	0.50	0.50		12	Y.F.
91,26,900	3,08,27,513	5,17,05,700	2,00,00,714	1,83,906	Birla Brothers Private Ltd.	1,378	Birla	24.81	10	1.00	1.00	1.50	1.50	3	Y.
56,00,000	27,72,236	1,34,94,076	70,84,735	84,192	Andrew Yule & Co., Ltd.	991	Budge-Budge	108 50	100	5.00	15.00	10.00		10	Y.
7,43,350	4,000	48,02,280	35,10,243	—1,47,560	Dayaram & Sons	502	Calcutta Jute Mfg.	5.50N	10	*Nil*	*Nil*			12	Y.F.
18,90,000	29,06,089	78,75,645	5,10,612	6,22,941	M.	616	Caledonian	134.00	100	15.00	12.00	12.00		12	Y.
59,16,400	33,28,226	2,14,54,087	1,21,64,795	1,37,286	James Finlay & Co., Ltd.	600	Champdany	114.00	100	*Nil*	7.00	10.00	5.00	3	Y.
35,56,250	46,86,344	1,22,29,034	62,15,516	6,533	Andrew Yule & Co., Ltd.	1,131	Chariot	15.50	10	0.50	1.25	*Nil*		11	Y.
30,15,000	22,53,800	1,20,98,261	66,66,975	39,326	McLeod & Co., Ltd.	500	Chitavalsah	11.25	10	1.25	1.50	0.50		7	Y.
24,00,000	9,00,000	85,15,099	61,31,299	—3,00,256	M.	968	Clive	9.00	10	*Nil*	*Nil*	*Nil*		3	Y.
31,49,200	13,05,418	1,06,95,075	64,82,315	18,142	Bird & Co. Private Ltd.	766	Dalhousie	97.00	100	*Nil*	*Nil*	1.00		3	Y.
28,00,000	41,85,474	97,96,897	51,22,570	15,622	Andrew Yule & Co., Ltd.	779	Delta	160.00	100	6.00	14.00	7.50		11	Y.
15,00,000	28,62,000	1,14,09,496	74,72,740	78,235	McLeod & Co., Ltd.	506	Empire	14.37	10	1.00	1.25	1.25		7	Y.F.
42,00,000	33,65,324	3,41,69,961	1,66,04,474	73,060	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	279.00	100	20.00	20.00	25.00		12	Y.
24,23,100	19,81,948	1,32,23,293	78,17,722	1,84,599	Bangur Bros., Ltd.	1,014	Fort William	85.37	10	1.50	1.50	2.25		3	Y.F.
10,80,000	5,16,896	2,24,66,716	1,48,00,382	56,289	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	10.81	10	*Nil*	*Nil*	1.00		3	Y.F.
16,80,000	84,36,266	98,03,737	53,00,178	14,007	M.	607	General Ind. Society Ltd.	86.00xd	10	2.00	4.00	4.00		12	Y.
24,00,000	63,56,441	2,55,58,077	1,72,11,662	68,814	Macneill & Barry Ltd.	1,894	Gourepore	372 00	100	20.00	40.00	40.00		12	Y.
40,00,000	21,89,153	1,93,73,146	1,47,47,196	2,86,690	Bangur Bros., Ltd.	1,078	Hastings	119.00N	100	5.00	6.00	6.00		3	Y.
16,80,000	25,26,234	83,48,980	53,07,778	58,329	J. & R. Hutchison Private Ltd.	730	Hooghly	19.25	10	*Nil*	0.80	1.00		3	Y.
68,92,500	40,04,064	2,24,62,710	1,35,84,809	72,582	Jardine Henderson Ltd.	1,940	Howrah	20.62	10	*Nil*	1.00	1.00		3	Y.
62,50,000	82,25,000	2,15,43,014	1,77,62,014	1,62,178	Ramdutt Ramkissendas	2,272	Hukumchand	19.50	7.50	1.50	1.50	2.15		3	Y.F.
87,30,000	31,78,985	1,74,46,036	1,00,54,542	4,94,256	M.	790	India	14.75	12.50	15.62½	1.24	1.75		3	Y.
24,00,000	27,20,329	2,00,48,588	1,40,57,698	39,774	Jardine Henderson Ltd.	1,797	Kamarhatty	122.00	100	5.00	20.00	5.00		12	Y.F.
*'B'10,80,000								122.00	100	5.00	20.00	5.00			
30,00,000								122.00	'B'100	5.00	20.00	5.00			
*'B'24,00,000	....	1,78,02,894	1,19,32,288	—14,78,469	Jardine Henderson Ltd.	1,527	Kankinarrah	58.00	100	*Nil*	*Nil*	*Nil*		12	Y.F.
								58.00	'B'100	*Nil*	*Nil*	*Nil*			
28,00,000	52,06,000	1,51,65,797	1,02,30,320	1,21,384	McLeod & Co., Ltd.	702	Kelvin	143.00	100	12.50	14.00'C'	15.00		5	Y.
24,00,000	22,62,329	2,10,84,651	1,52,86,782	74,406	Anderson Wright Ltd.	1,580	Khardah	17.12	10	0.80	2.00	2.00		3	Y.F.
59,80,150	43,90,589	1,99,43,494	1,34,97,816	87,502	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	140.00	100	5.00	10.00	20.00		3	Y.F.
24,48,000	10,76,201	1,06,86,990	67,18,279	—2,02,024	Bird & Co. Private Ltd.	931	Lansdowne	58.00	100	*Nil*	2.00	*Nil*		3	Y.F.
28,00,000	11,08,592	98,04,726	61,03,722	10,530	Bird & Co. Private Ltd.	840	Lawrence	159.50	100	*Nil*	2.00	15.00		3	Y.F.
81,65,200	84,53,981	2,70,91,429	1,55,68,005	98,999	M.	1,894	Megna	10.75	10	1.75	1.00	1.20		3	Y.
29,99,900	24,36,322	1,64,58,185	94,33,205	—11,60,685	M.	816	Nahati	66.00	100	*Nil*	*Nil*			3	Y.F.
20,00,000	11,82,460	86,57,072	57,63,449	8,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	8.94xd	10	0.25	0.375	0.60		10	Y.
28,00,000	52,63,708	1,06,02,929	25,09,496	41,229	M.	852	National	18.06	10	0.75	1.00	0.75		10	Y.F.
28,25,000	22,36,172	85,66,883	32,12,580	45,020	McLeod & Co., Ltd.	816	Nellimarla Jute	9.62	10	1.00	1.40	0.30		7	Y.F.
1,70,82,810	2,27,33,274	9,30,98,375	1,36,54,171	....	Sahu Jain Ltd.	1,765	New Central	17.19	10	1.50	1.50'C'	1.50		3	Y.F.
18,79,880	28,39,763	1,21,23,807	71,21,536	27,621	Bird & Co. Private Ltd.	567	Northbrook	25.50	10	*Nil*	1.25	3.00		3	Y.F.
48,79,800	38,35,004	2,90,01,345	1,81,85,752	44,497	Macneill & Barry Ltd.	1,092	Nuddea	44.50	50	2.50	5.00	4.00		3	Y.
25,00,000	11,41,170	1,06,08,633	75,23,215	22,417	McLeod & Co., Ltd.	400	Presidency	4.37	5	0.37½	0.50	0.40		7	Y.F.
20,00,000	73,604	86,55,345	14,10,449	—9,71,488	Hindustan Investment Corpn. Ltd.	305	Rameshwara	8.00	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.F.
49,50,000	....	1,34,38,157	67,33,274	—29,32,351	Jardine Henderson Ltd.	1,376	Reliance	5.19	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.F.
£600,000	£490,065	£1,49,548	£850,162	£23,007	Thomas Duff & Co. (India) Pvt. Ltd.	3,011	Samnaggur	9.50N	£1	5%†	10%†	6%†		12	Y.F.
90,00,000	19,67,300	1,24,50,559	91,66,688	69,510	Bagaria More & Co., Ltd.	911	Shree Ambica	23.69	10	0.50	0.60	1.00		3	Y.F.
14,00,000	13,85,050	75,14,520	54,32,354	21,730	Hindustan Investment Corpn. Ltd.	401	Soorah	18.25	10	1.50	2.50	2.50		12	Y.F.
£600,000	£420,865	£1,376,168	£745,019	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	5%†	10%†	6%†		12	Y.F.
£6,96,600	£7,29,990	£9,38,439	£0,59,464	£5,993	Bird & Co. Private Ltd.	1,226	Union	185.00	100	15.00	20.00	25.00		12	Y.F.
£400,000	£279,225	£1,283,223	£611,723	£17,815	Thomas Duff & Co. (India) Pvt. Ltd.	1,231	Victoria	9.50N	£1	5%†	10%†	6%†		12	Y.F.
2,50,000	6,76,000	82,52,856	45,53,966	1,94,094	McLeod & Co., Ltd.	447	Waverley	4.75	1	*Nil*	0.25	0.30		5	Y.F.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
10,00,000	4,89,541	17,75,041	8,77,362	16,618	Young India Agencies Private Ltd.	870	Balasoor Tea and Rubber	15.25	10	1.75	1.50	1.50	1.20	3	Y.F.
15,00,000	12,51,307	79,01,776	15,65,987	2,85,908	Kothari & Sons (Agn.) Pvt. Ltd.	1,229	Blue Mountain	3.05	2	0.25	0.25	0.25		6	Y.
6,00,000	9,09,961	1,04,00,000	46,46,408	18,587	K. Ananteraman, Esq. (Mg. Director).	548	Chandramalai Estates Ltd.	2.76	2	0.24	0.24	0.20		6	Y.
14,00,100	14,42,552	27,59,906	9,86,841	45,655	Peirce, Leslie & Co., Ltd.	1,714	Chambers Peak Estates	3.87xd	2	0.20	0.30	0.40	0.40	3	Y.
8,66,436	12,30,978	33,20,478	1,95,467	32,288	Matheson Bosanquet & Co. Pvt. Ltd.	962	Ceylon Tea	29.18	10	2.00	2.00	2.00		3	Y.
4,80,000	5,19,389	19,74,921	2,43,244	2,310	Srinivas Agencies	661	Coorg Tea	5.15	2	0.40	0.40	0.40		3	Y.
6,60,000	4,81,318	18,81,928	3,69,201	660	P. G. Krishna Iyer, Esq. (Mg. Director)	865	Devashola (Nilgiri) Tea	20.25	10	2.50	2.50	3.00		12	Y.F.
6,74,650	3,51,040	11,00,946	2,46,208	12,226	Young India Agencies Private Ltd.	466	Devon Tea	19.75xd	10	1.75	1.50	1.75	1.50	3	Y.F.
2,00,000	1,56,502	4,04,217	48,286	5,057	Parkina Private Ltd.	196	Emerald Valley Estates	5.50	5	0.30	0.40	1.50		3	Y.F.
15,00,000	19,25,000	58,71,856	18,31,736	17,158	Parkina Private Ltd.	1,506	Haileybury	18.65	10	3.00	1.25'C'	1.50	1.20	12	Y.F.
6,00,000	7,05,998	14,87,744	3,33,844	48,223	Peirce, Leslie & Co., Ltd.	466	Kalaas Tea	6.52xd	2	0.25	0.30			6	Y.
17,17,676	12,12,545	33,18,748	5,71,179	15,600	Peirce, Leslie & Co., Ltd.	1,575	Kil Kotagiri Tea	6.65	2	0.30	0.30	0.50		12	Y.
11,48,800	8,10,000	17,44,998	96,722	9,287	Ipe Oommen & Co. Pvt. Ltd.	800	Kurchemalai Plant. Ltd.	5.00	10	0.625	0.80	*Nil*		12	Y.
5,00,000	1,80,648	8,61,484	1,61,624	87,180	Matheson Bosanquet & Co. Pvt. Ltd.	287	Leaky Valley	11.90	10	1.00	1.00	1.00		12	Y.
3,50,000	7,800	3,48,587	18,739	....	Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	2.68	2	0.24	0.10	0.20		12	Y.
6,00,000	6,18,504	14,45,967	5,15,782	1,746	Nagoo Thomas, Esq. (Mg. Director).	500	Mimmalay	26.25cd	25	1.75	6.00	2.75	3.50	3	Y.F.
26,00,000	21,22,000	91,98,144	14,06,223	1,00,233	A. V. Thomas & Co. (India) Ltd.	2,099	Neelamalai	4.80	5	0.37	0.37	0.37		3	Y.
12,00,000	5,87,626	27,61,627	5,74,549	5,658	A. V. Thomas & Co., Ltd.	1,131	Nellithanthy	5.45	5	0.30	0.30	0.30		3	Y.
14,04,250	7,44,344	29,87,186	4,82,261	26,786	A. V. George & Co., Ltd.	1,228	Nilgiri Tea	3.80	10	0.80	0.80	0.88		3	Y.
12,10,800	9,42,000	33,15,549	5,83,145	25,571	Harrisons & Crosfield Ltd.	856	Nonsuch Tea	8.50	10	0.50	0.50	0.80		3	Y.
14,58,940	17,58,295	29,49,997	5,53,349	47,611	F. S. M. Molyneux, Esq. (Chairman)	879	Parkside	29.00	10	2.50	2.00			3	Y.
6,00,000	9,04,564	9,47,666	63,186	54,227	S. Sivaramakrishna Aiyar, Esq.	500	Peninsular Plantations Ltd.	29.62	10	2.50	2.75	2.75		3	Y.
12,00,000	11,57,727	47,67,475	15,91,245	57,042	Aspinwall & Co. (Travancore) Ltd.	1,564	Peermade	23.25	10	1.50	2.00			3	Y.
27,94,880	20,54,711	1,19,51,288	60,13,293	65,407	Peirce, Leslie & Co., Ltd.	2,716	Pettakaramalai	3.65xd	2	0.25	0.25	0.25	0.25	12	Y.
18,50,000	3,06,500	11,46,782	1,34,986	907	A. V. Thomas & Co. (India) Ltd.	595	Sherwood Estates Ltd.	1.67	2	0.50'C'	0.25	0.37	0.40	12	Y.
9,00,000	18,42,927	28,45,323	3,34,068	2,199	T. Stanes & Co., Ltd.	1,131	Stanes Amalgamated	9.16	5	0.25	0.125	0.16		3	Y.
1,25,000	1,38,000	1,98,541	7,083	4,289	M.	216	Swinton Estates	16.65	10	0.80	0.65	1.70		3	Y.
12,50,000	10,57,328	36,51,157	2,55,157	987	Srinivas Agencies	1,787	Talayar Tea	8.00	2	0.15	0.15	0.25		3	Y.
12,75,000	16,60,500	32,54,520	2,47,047	42,193	Parkina Private Ltd.	1,308	Twyford	1.90	2	0.12	0.10	0.16		3	Y.
31,25,000	21,75,000	1,07,41,575	12,57,577	1,62,000	T. Stanes & Co., Ltd.	1,771	United Nilgiri	11.12xd	10	1.50	1.00'C'	1.00		12	Y.
57,35,000	13,42,545	63,62,910	5,97,362	1,94,033	Kothari Madras & Co. Pvt. Ltd.	927	Waterfall	26.20cd	10	1.00	1.00	2.10		3	Y.
1,00,000	52,797	2,51,061	89,991	686	Goodall & Co.	92	Woodcote Estates Ltd.	2.95	2	0.25	0.25	0.25		9	Y.
RUBBER AND OTHERS															
5,00,000	5,66,415	14,66,615	4,21,741	8,845	Ramani & Co. Pvt. Ltd.	878	Alagewar Estates Ltd.	3.15cd	2	0.20	0.15	0.15		3	Y.
6,75,000	1,00,527	19,06,351	2,97,284	23,572	K. N. Neelakantan, Esq. (Mg. Director)	2,062	Amalgamated Coffee Estates Ltd.	12.25cd	10	0.60	0.75	1.00		3	Y.
2,50,000	3,92,985	14,36,984	1,56,530	30,006	A. V. George & Co., Ltd.	689	Anandam Rubber Co., Ltd.	13.50	10	1.00	1.00	1.00		12	Y.
18,07,325	3,58,040	20,99,020	2,33,207	24,375	Associated Planters Private Ltd.	1,343	Anaparai Estates Ltd.	3.95	2	0.70	0.50	0.40		3	Y.
4,23,000	4,00,000	8,96,975	96,884	58,799	Young India Agencies Pvt. Ltd.	554	Badra Coffee Estates Ltd.	8.60cd	2	0.25	0.25			3	Y.
6,00,000	1,89,746	7,44,567	1,10,883	5,022	A. V. Thomas & Co. (Mysore)	570	Bababudin Coffee & Produce	2.00	2	0.25	0.25	0.40		3	Y.
3,00,000	2,35,000	4,54,385	50,457	685	Planting Agencies (Private) Ltd.	319	Balmadies Plantations	2.25	2	0.25	0.25	0.15		3	Y.
3,00,118	2,90,383	13,50,384	12,974	674	T. K. Oommen, Esq. (Mg. Director).	1,195	Be Be Rubber Estates Ltd.	2.25	2	0.25	0.25			3	Y.
20,01,000	20,55,511	55,50,015	9,62,337	10,145	Peirce, Leslie & Co., Ltd.	6,203	Cochin Malabar	7.25cd	2	0.30'C'	0.45	0.525	0.60	3	Y.
22,50,000	21,10,988	61,19,504	13,19,304	92,379	Cons. Coffee Estates (Secretaries)	2,799	Coffee Lands and Industries	17.68	10	1.00	1.00	1.00		3	Y.
71,56,000	66,04,294	5,50,00,000	40,20,751	99,730	O. I. Machie, Esq. (Mg. Director)	2,160	Consolidated Coffee	21.10	10	2.00	2.50	3.00		3	Y.
4,00,000	3,82,425	12,42,760	74,923	1,482	Associated Planters Private Ltd.	1,489	Cotteaud Plantations	30.46	10	1.00	1.00	1.00		3	Y.
2,00,000	1,80,000	7,15,566	76,966	27,670	Peirce, Leslie & Co., Ltd.	626	Cowcaudy Estates (Coffee)	4.45	5	0.30	0.30	0.50		3	Y.
16,62,500	11,10,939	23,50,321	7,48,408	37,599	A. V. Thomas & Co., Ltd.	1,281	Highland Produce	14.00	10	1.50	1.50	1.50		12	Y.
1,50,000	49,000	1,64,450	5,148	2,053	Young India Agencies Pvt. Ltd.	330	Kadur Coffee Estates Ltd.	2.85cd	2	0.15	0.15	0.15		3	Y.
11,58,750	11,77,000	31,15,425	3,48,544	31,973	A. V. George & Co., Ltd.	1,540	Kallar Rubber Co., Ltd.	17.75cd	10	0.50	0.50	0.50	0.50	12	Y.
4,00,000	3,75,000	9,82,417	1,85,014	1,830	A. V. Thomas & Co., Ltd.	1,266	Kalpetta Estates	12.80	10	1.00'C'	1.00	1.00		3	Y.
12,50,000	4,80,241	25,39,476	4,06,190	9,943	Peirce, Leslie & Co., Ltd.	674	Kanagoodu Estates Ltd.	4.60	2	0.40'C'	0.40	0.40		10	Y.
3,50,000	3,50,000	7,07,594	9,944	10,182	T. T. Thomas Kaikaran, Esq.	1,488	Kandaparai Estates Ltd.	15.00	10	1.75'C'	1.00	1.00		3	Y.
40,50,000	14,51,444	99,79,614	11,94,444	6,984	Associated Planters Pvt. Ltd.	2,288	Mayman Rubber Co.	8.25	5	0.40	0.40	0.50		3	Y.
3,00,000	4,12,607	16,80,602	3,09,293	79,200	A. V. Thomas & Co., Ltd.	4,000	Midland Rubber	11.80	10	1.00'C'	1.00	1.00		3	Y.
12,50,000	4,76,848	8,94,332	50,873	2,814	A. V. George & Co., Ltd.	1,251	Mimmalay Rubber	19.60	10	1.50	1.50	1.50		3	Y.
3,00,000	46,96,319	56,96,400	18,70,297	7,007	Associated Planters Private Ltd.	1,243	Mimmalay Rubber Co.	19.30xd	10	3.00	1.50	1.50		12	Y.
2,50,000	3,71,464	7,77,722	58,076	46,714	Peirce, Leslie & Co., Ltd.	1,200	Oodakkayam Valley Estates	9.75	5	0.50	0.50	0.50		3	Y.
12,50,000	4,99,818	25,37,915	7,37,200	797	Macneill & Barry Ltd.	2,617	Oomer Estates Ltd.	2.85cd	2	0.25	0.30	0.30		3	Y.
12,50,000	3,14,992	48,01,644	4,79,548	10,048	A. V. Thomas & Co., Ltd.	2,268	Pallaguddi Rubber	1.80cd	2	0.08	0.10	0.10	0.12	3	Y.
2,00,000	1,14,992	4,52,000	1,44,000	1,044	Associated Planters Private Ltd.	422	Rajendra Coffee Ltd.	10.50	10	1.00	1.00	1.00		3	Y.
2,50,170	1,53,000	3,10,382	1,44,000	21,000	Peirce, Leslie & Co., Ltd.	600	Savannahai Estates Ltd.	12.12	5	0.50	0.50	0.50		3	Y.
12,50,000	4,00,000	23,80,343	1,00,254	16,755	Srinivas Agencies	1,166	Segamanivayal Coffee Estates	2.15	2	0.25'C'	0.30	0.30		3	Y.
2,50,000	2,75,000	6,91,000	1,00,000	4,584	Rani India Agencies Private Ltd.	1,484	Teakay Rubber (India) Ltd.	5.75	5	0.25	0.25	0.25		3	Y.
3,15,000	6,00,000	24,84,542	9,10,476	14,888	A. V. George & Co., Ltd.	556	Thamaraipady Rubber	5.90	10	0.50	0.60	*Nil*		3	Y.
4,00,000	44,75,000	1,20,00,000	1,20,000	4,480	Peirce, Leslie & Co., Ltd.	2,341	Thirumedi Rubber Co., Ltd.	16.70	10	0.00	0.00	0.00		12	Y.
41,00,000	15,07,631	39,50,718	20,79,948	11,207	Aspinwall & Co. (Travancore) Ltd.	1,541	Travancore Rubber	1.78	1	0.10	0.07	0.07		12	Y.
20,00,000	1,91,000	29,66,191	9,09,484	225	T. V. Thomas, Esq. (Mg. Director)	4,671	Travancore Rubber & Tea	11.37	10	1.00	1.00	1.00		12	Y.
2,50,000	2,50,000	11,40,167	1,37,698	10,959	T. V. Joseph, Esq. (Chairman)	1,560	Tropical Plantations Co.	9.85	10	0.75	0.75	0.80		12	Y.
2,50,000	4,39,000	10,39,300	1,11,701	7,551	Vellanal Rubber & Co.	1,000	Vellanal Rubber & Co.	18.96	25	1.50	2.00	2.00		12	Y.
3,80,010	4,18,451	9,88,441	45,288	903	Udayagiri Rubber Co., Ltd.	1,000	Udayagiri Rubber Co., Ltd.	14.50	10	0.50	0.50	0.50		12	Y.
12,00,000	12,40,988	18,18,977	1,66,169	1,19,013	Vaikuntam Rubber Co., Ltd.	1,000	Vaikuntam Rubber Co., Ltd.	21.12xd	10	1.00	1.00	1.00	1.00	12	Y.
6,00,000	6,23,228	12,54,991	91,288	2,048	Waverley Estates Ltd.	844	Woodland Estates	32.75cd	10	0.50	0.50	0.50	0.50	12	Y.
								7.50cd	10	0.50	0.50	0.50	0.50	12	Y.

J—Final dividend of Re. 1.50 is on the increased capital. V—Includes 50 nP for 30-6-1961. 'C'—On increased capital. 2—Dividend for nine months ended 31st March 1960.
* Includes bonus. M—Managed by Board of Directors. † Less Income-tax. N.B.—All dividends paid since 31st March 1960 are shown as taxable.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP	1959 Rs. nP	1960 Rs. nP	1961 Rs. nP	Accounts Closed	Reductions
ASSAM															
4,45,700	13,84,978	22,94,476	8,53,312	....	McLeod & Co., Ltd.	325	Amluckie	25.94	10	1.50	1.50			12	Y.F.
2,78,500	5,50,000	14,17,949	5,23,091	9,512	M.	456	Ananda (Assam) Tea	28.00	10	2.00	2.50			12	Y.F.
7,08,250	8,07,224	17,30,420	5,78,959	84,181	Gillanders Arbuthnot & Co., Ltd.	481	Ananda Bag	30 00	10	2.00	2.50			12	Y.
5,50,000	10,74,429	28,08,241	10,04,921	19,953	McLeod & Co., Ltd.	573	Bazhmari	21 22	10	1.00	1.75	3.00		12	Y.
8,10,000	12,36,469	20,56,692	7,60,321	44,554	Andrew Yule & Co., Ltd.	577	Basmatia	28 06	10	1.50	1.50			12	Y.
4,95,900	8,14,700	17,10,901	10,50,822	56,445	National Tea Corporation	624	Batell	19 06	5	1.50	1.50			12	Y.
8,40,000	10,74,429	28,08,241	5,91,306	37,706	Gillanders Arbuthnot & Co., Ltd.	612	Betjan	35.50	10	1.50	2.50			12	Y.
22,00,000	18,32,500	73,96,221	31,20,921	3,83,877	Williamson Magor & Co., Ltd.	3,425	Bishnauth	26.44	10	*Nil*	1.80			12	Y.F.
6,00,000	2,00,000	14,02,075	5,52,303	38,457	Octavius Steel & Co., Ltd.	479	Bokakhat	13.70	10	0.80	0.80			12	Y.
35,00,000	17,28,071	14,41,597	4,34,307	70,351

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
30,00,000	....	27,43,382	16,26,068	32,615	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	9.75	10	*Nil*	*Nil*	0.60		3	Y.
25,50,000	11,32,441	14,00,954	7,06,406	6,159	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.52	10	3.50	2.00	....		9	Y.P.
25,23,146	19,77,896	1,61,24,989	63,22,100	1,703	Bharat Ram Bhagat & Co.	Bengal Potteries	7.50	2½	0.25	0.356	0.375		12	Y.
30,00,000	56,69,080	77,31,761	41,17,891	35,599	Bird & Co. Private Ltd.	Biora Stone Lime Co.	49.37	10	1.75	1.87	3.00		3	Y.
14,12,900	10,55,247	25,55,554	15,31,858	9,761	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd. ..	180.00	100	10.00	12.86	12.86		9	Y.P.
99,80,700	14,50,859	1,25,49,403	27,84,861	—5,54,452	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	138.00	100	*Nil*	*Nil*	8.00		12	Y.P.
$1,871,380	£3,444,266	£3,614,146	£2,081,108	£118,750	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	4.96	Sh. 2	0.24	0.36	0.36		12	Y.
₹1,50,000 }	26,84,000	45,04,655	18,23,593	2,55,452	Bird & Co. Private Ltd..	Karanpura Development	16.75	10	*Nil*	1.50	1.50 }		12	Y.
₹15,00,000 }									*Nil*	0.50	0.50 }			Y.P.
50,00,000	....	1,14,21,419	5,73,268	3,63,515	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	71.00	50	*Nil*	*Nil*	*Nil*		12	Y.P.F.
30,00,000	40,95,222	1,23,10,947	66,20,783	33,170	Bird & Co. Private Ltd.	Komardhubi Fireclay and Silica Works.	26.00X	10	1.25	1.80	1.80		12	Y.P.T.
66,00,000	19,43,352	1,16,80,580	59,35,620	14,41,622	M.	Metal Corporation of India Ltd. ..	10.00	10	*Nil*	*Nil*	*Nil*		3	Y.P.T.
5,00,000	5,26,483	18,40,693	7,63,285	7,276	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries ..	15.00cd	10	1.00*	1.00*	1.42S		3	Y.
20,00,000	85,85,984	68,91,804	28,26,317	1,10,697	Bird & Co. Private Ltd.	Orissa Minerals	47.00	10	2.50	3.60	3.60		6	Y.
3,50,000	15,45,335	88,54,238	46,05,569	7,011	Ganpule Jasani & Co.	Parshuram Pottery Works Co. Ltd. ..	67.00	25	3.75	5.36	5.36		7	Y.P.
19,46,890	76,44,000	1,06,55,257	44,01,702	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	89.00	10	8.00*	5.00	8.00*		11	Y.
CHEMICAL														
12,11,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers	93.00	100	....	....	....		12	Y.P.
25,00,000	58,58,600	2,37,57,674	76,25,566	1,17,072	Bhailal Amin & Sons (Private) Ltd.	Alembic Chemical Works Co.	227.50	100	12.00	16.00	14.00		12	Y.P.
3,10,00,000	1,57,00,278	6,04,78,062	1,23,50,512	1,88,819	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	39.37	10	0.80	0.95	1.20		9	Y.P.
79,90,475	55,90,045	1,04,54,605	28,87,730	18,084	Amrital & Co. Private Ltd.	Amar Dye-Chem. Ltd.	298.75	100	*Nil*	12.00	12.00		12	Y.P.
29,89,400	34,11,676	1,63,91,567	58,70,991	42,183	Kasturbhai Lalbhai & Co.	Anil Starch Products Ltd.	710.00	100	20.00*	28.00*	80.00*		12	Y.P.
2,24,98,775	77,58,362	4,06,77,204	1,25,34,156	4,15,423	Lalbhai Sons & Co.	Atul Products Ltd.	504.50	100	10.00	12.00	12.00		12	Y.
50,98,900	68,84,606	1,50,86,951	77,12,533	1,30,717	Dr. B. N. Ghose (Managing Director) .	Bengal Chemical and Phar.	102.00	100	6.00	7.00	7.00	10.00	3	Y.P.
1,09,78,000	23,71,461	1,06,12,355	15,44,929	30,077	Ramniwas R. Ruia, Esq. (Chairman) .	Colour-Chem Ltd.	388.75	100	*Nil*	*Nil*	*Nil*	8.00	3	Y.
9,99,937	2,01,339	14,14,355	6,92,598	3,680	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	26.25	25	2.00	2.50	2.50	..	12	Y.
22,78,150	28,90,000	77,57,051	36,10,218	44,345	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd. ..	272.50	50	6.00	10.00	8.00		3	Y.P.
64,50,000	64,22,516	4,87,49,892	96,18,411	2,40,210	Sahu Bros. (Saurashtra) Private Ltd.	Dhrangadhra Chemicals	122.50	100	6.00	4.00(c)	*Nil*		9	Y.P.
3,46,06,075	88,17,000	6,56,28,587	3,05,35,610	26,18,156	M. K. K. Nayar, Esq. (Mg. Director) .	F. A. C. T.	9.75	10	0.40	0.60	0.60		12	Y.P.
1,49,98,200	39,44,101	43,84,456	17,55,671	75,323	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	411.25	100	*Nil*	*Nil*	6.00	6.00	3	Y.P.
12,98,988	6,37,382	27,43,796	14,20,459	47,412	Jal H. Mehta	Kemp & Co.	298.00	200	15.00	20.00	25.00		3	Y.
80,00,000	24,37,965	1,56,17,773	81,56,950	15,829	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	14.65cd	10	0.87½	0.88	1.25'C'	1.25	3	Y.P.T.
24,21,220	10,04,155	55,64,484	40,80,626	11,462	T. Shamanna, Esq. (Chairman)	Mysore Chemicals and Fertilisers ..	11.60cd	10	0.50	0.50	1.00		3	Y.
3,00,000	4,58,189	13,12,289	5,98,880	85,186	S. Ramanathan, Esq. (Mg. Director) .	Mysore Chemical Mfg.	23.85cd	10	2.00	2.00	2.00'C'		3	Y.P.
40,00,000	36,35,316	65,05,379	16,88,684	1,54,703	Ramdas Kilachand, Esq. (Chairman) ..	Polychem. Ltd.	196.25	50	*Nil*	3.00	5.50	7.50	3	Y.P.
12,50,000	9,22,174	32,78,588	20,63,157	2,06,216	Bangur Brothers Ltd.	Phosphate Co., Ltd.	328.00	100	25.00	45.00	35.00		6	Y.
15,00,000	14,69,787	24,40,280	15,95,855	92,591	C. A. Buxton	Smith Stanistreet & Co.	15.25	5	0.80'C'	1.25	1.25		6	Y.
3,56,91,250	....	1,41,20,622	31,717	3,57,250	Tulsidas Kilachand, Esq. (Chairman) .	Synthetics & Chemicals Ltd.	197.00	100	....	....	....	*Nil*	3	Y.
1,39,95,900 }	42,17,119	5,89,52,588	2,06,78,886	14,509	Tata Industries Private Ltd.	Tata Chemicals	{ 16.40	100Old	0.75	0.525	0.60		} 6	Y.P.T.
1,41,91,270 }							{ 17.52	10New	0.08	0.618	0.60			
13,00,000	2,92,249	21,75,764	7,74,231	56,348	P. Krishnamoorthy, Esq. (Mg. Director) .	Travancore Chemical Mfg. Co., Ltd. ..	19.75cd	10	0.70	1.00	1.50	2.00	3	Y.P.
ELECTRIC (Bombay State)														
9,74,78,270	1,17,08,657	16,28,94,046	4,04,47,092	688	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	88.70	100	6.50	6.75	7.00		3	Y.T.
41,12,750	21,05,394	2,56,72,275	89,65,971	16,09,279	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.52	10	0.85	0.90	1.00*		3	Y.P.
3,02,77,000	1,01,95,442	11,73,06,745	2,80,17,570	80,342	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,022.50	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.T.
1,75,00,000	99,08,640	461,08,740	1,11,97,816	4,522	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	97.00	100	7.00	7.50	8.00	8.50	3	Y.T.
7,97,980	1,03,967	14,97,246	2,70,506	1,536	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Development ..	6.24	10	0.50	0.60	0.66		3	Y.P.T.
48,38,900	12,58,513	1,57,75,704	61,59,500	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	94.00	100	7.50	8.00	9.50	..	3	Y.P.
70,00,000	31,26,526	1,72,01,519	56,35,377	1,914	Killick Industries Ltd.	Surat Electricity	98.50	100	7.00	7.00	7.50	8.00	3	Y.P.
2,39,99,875	1,23,03,557	8,51,68,079	2,08,75,169	26,096	Tata Hydro-Electric Agencies Pvt. Ltd.	*Tata Hydro-Electric Power Supply* ..	108.50	100	8.00*	8.00*	8.50*	8.00*	3	Y.P.
5,15,36,000	3,10,34,482	20,78,58,061	4,81,56,686	32,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,090.00	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.
West Bengal and Other Centres														
19,99,600	51,38,028	13,39,99,790	89,55,042	47,889	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	138.00	100	10.00	10.00	11.00		3	Y.T.
8,00,000	15,46,067	65,82,610	24,21,813	24,137	Martin Burn Ltd.	Bareilly Electric Supply	12.00	10	1.00	1.00	1.10	1.10	3	Y.P.
17,00,000	48,76,469	1,78,08,355	51,02,951	46,544	Martin Burn Ltd.	Benares Electric Light & Power Co. ..	12.87	10	1.00	1.00	1.10	1.10	3	Y.P.
5,81,455	6,95,059	34,06,757	24,46,577	2,824	Octavius Steel & Co., Ltd.	Bhagalpur Electric Supply	7.25	5	0.40	0.40	0.64		3	Y.
84,393,846	210,129,975	233,604,377	213,202,118	62,05,138	Harry Burns, Esq. (Chairman)	Calcutta Electric Supply	14.94	4½	7%	7%	74%		3	Y.P.T.
5,60,000	6,73,784	31,45,761	10,61,558	76,338	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	9.62	10	0.45	0.55	0.75		3	Y.
48,50,000	24,35,093	1,02,37,171	37,46,115	4,88,980	Andrew Yule & Co., Ltd.	Dalhousie Power Supply Co.	98.00	100	7.00	7.50	10.00		3	Y.
1,24,640	1,24,638	84,43,088	14,37,084	2,947	Meenna Lall & Sons	Jhansi Electric Supply	8.50N	10	0.62½	0.62	0.70		3	Y.
52,49,550	27,02,277	1,07,81,716	40,42,278	80,296	Martin Burn Ltd.	Jubbulpore Electric Supply	11.00	10	0.92	0.93	1.00		3	Y.
5,85,200	4,92,331	37,46,115	15,59,725	48,204	Octavius Steel & Co., Ltd.	Moen Fergoss Electric Supply	11.00	10	1.00	1.00	1.25		3	Y.
46,27,350	40,44,800	1,41,84,880	56,06,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.75	10	0.75	0.75	....		3	Y.
9,10,000	3,87,618	19,60,524	5,84,022	5,200	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6.81	10	0.50	0.50	0.625		3	Y.
16,80,000	12,12,284	72,27,852	44,56,002	2,037	Bird & Co. Private Ltd.	Sitapur (Oudh) Elec. Supply Co. ..	9.25	10	0.60	0.75	1.00		3	Y.P.
99,99,950	23,97,955	2,90,90,594	74,27,924	11,885	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	10.12cd	10	0.87	0.90	0 90'C'	0.90	3	Y.P.
5,00,000	12,50,396	57,75,615	18,66,443	36,126	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	16.00	10	1.25	1.35	1.35	1.35	3	Y.
66,01,185	78,87,186	4,06,85,812	1,49,66,727	85,399	Martin Burn Ltd.	U. P. Electric Supply Co.	122.00	90	10.00	10.00	11.25		3	Y.
4,00,000	9,34,990	40,87,337	11,62,884	2,88,209	Chandra & Co. Private Ltd.	Vallere Electric Corporation	18.35cd	10	1.00	1.00	1.50		3	Y.
ENGINEERING (Bombay)														
28,48,280	50,58,624	78,87,402	61,01,878	46,100	Turner Morrison & Co. Private Ltd. ..	Alcock Ashdown & Co., Ltd.	287.00	100	12.50	17.00	17.00		12	Y.
15,99,500	8,10,174	31,70,096	16,37,207	19,184	W. H. Brady & Co. Ltd.	Brady Engineering Co., Ltd.	88.00	50	6.00	6.00	6.50		12	Y.
45,12,800	25,08,443	92,25,747	46,96,997	75,742	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	177.50	100	10.00*	12.00*	18.00*C'		4	Y.
46,00,000	1,26,589	57,20,491	20,49,325	40,617	Dharamsinh & Co.	Hindustan Electric Co., Ltd.	104.50	100	7.00	10.00	*Nil*		4	Y.P.T.
99,99,900	84,82,780	2,25,73,963	1,27,51,502	90,946	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	177.50	100	9.00	12.00	13.00*C'		3	Y.P.
6,00,000	4,15,000	....	1,55,191	5,288	T. V. Baddeley, Esq. (Chairman) ..	Josi's Engineering	98.50	50	5.00	5.00	4.00		3	Y.
40,00,000	14,71,874	65,38,880	22,18,255	15,090	Adnem Services	Jyoti Ltd.	175.00	100	12.00	12.00	12.00		12	Y.P.
44,96,250	3,67,891	68,08,733	31,66,548	2,251	Kamani Bros. Private Ltd.	Kamani Engineering Corporation ..	14.76	10	0.50	0.774	0.80		9	Y.
14,99,975	79,99,668	1,21,80,922	66,96,471	11,886	Kirloskar Bros. Ltd.	Kirloskar Bros. Ltd.	45.00	25	0.25	0.25	0.80		9	Y.P.
37,50,000	15,59,000	1,02,91,000	29,85,000	....	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	27.75	10	1.00	1.00	1.48		3	Y.P.
10,58,725	2,17,087	22,14,424	2,62,486	2,80,491	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	250.00	100	....	....	*Nil*		3	Y.P.
1,10,00,000	26,76,774	1,31,01,828	37,43,204	96,546	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	84.75	10	1.25	1.25	1.50'C'	1.80	3	Y.P.
1,22,00,000	42,57,088	1,59,29,933	46,47,975	1,10,709	M.	Mahindra & Mahindra Ltd.	18.60	10	2.20	1.25	1.25		10	Y.P.
20,00,000	78,422	46,82,026	16,73,677	40,424	Prithivraj Sons	Man Industrial Corporation Ltd. ..	125.00	100	*Nil*	*Nil*	*Nil*		3	Y.
11,98,000	1,72,713	41,59,211	25,55,145	2,771	T. Ramjhunmwala, Esq. (Mg. Director) .	McKenzies	125.00	100	*Nil*	*Nil*	10.00	..	3	Y.
1,50,15,000	45,16,000	1,21,27,185	46,92,376	5,233	Jeewan Private Ltd.	Mukand Iron & Steel	25.50	10	1.20	1.00*	1.20		3	Y.
85,00,000 }	40,76,797	1,06,26,418	51,58,671	6,625	Kirloskar Associates	Mysore Kirloskar Ltd.	172.50	100	7.50	12.00	12.00 }		6	Y.P.
14,99,250 }								100New	..	..	12.00 }			
2,27,27,700 }	9,89,193	92,30,855	20,78,762	17,933	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	165.00	100	..	9.00	12.00	9.00	3	Y.P.
2,72,300 }							180.00	100	..	..	0.50	..		
25,50,000	1,46,82,066	9,80,956	1,76,939	12,839	Walchand & Co. Private Ltd.	Premier Construction	181.00	50	12.00	18.00	12.50	..	12	Y.P.
29,98,150	41,31,156	1,09,23,331	45,56,757	12,134	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd. ..	175.00	100	18.00	17.00	12.00	..	12	Y.P.
27,55,42,550	27,66,24,572	1,85,51,78,192	68,75,78,212	34,084	Tata Industries Private Ltd.	Tata Iron and Steel	151.00	75 Old	8.25	6.00	9.72'C'	10.86*	3	Y.P.
7,99,97,800	2,88,57,403	24,50,95,291	11,17,81,117	2,47,359	Tata Industries Private Ltd.	Tata Locomotive	330.50	100	9.00	9.00	12.50	14.50	3	Y.P.
10,00,000	3,25,000	23,97,720	6,10,944	17,216	T. Mukerjee & Co.	T. Mukerjee Mfg., Co.	455.00	100	10.00	14.00	18.00		3	Y.
2,25,00,000	71,75,426	1,07,45,548	24,35,557	4,24,809	S. K. Handoo, Esq. (Mg. Director) ..	Voltas Ltd.	276.00	100	9.00	13.00	18.00		3	Y.
17,50,000	....	....	....	....	M.	Zenith Steel Pipes Ltd.	5.88	5	..	..	..		3	Y.
West Bengal and Other Centres														
5,00,000	1,06,470	26,89,661	16,46,876	1,80,882	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	14.06	10	*Nil*	*Nil*	....		10	Y.P.T.
5,00,000	80,54,221	1,01,45,489	65,62,025	496	M.	Bharata Electric Steel	11.06	10	1.25	1.50	1.00		12	Y.
24,75,780	77,87,825	58,29,182	16,49,459	2,84,448	Y. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd.	10.00	10	1.25	2.25*	2.50		12	Y.
12,00,000	35,52,754	58,87,611	14,71,993	1,87,999	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	55.25xd	10	2.00'B'	3.00	3.00		12	Y.
12,00,000	7,04,141	34,97,530	14,03,835	82,996	Holmes Wilson & Co., Ltd.	Britannia Building and Iron	4.94	10	0.50	0.60	....		12	Y.P.
48,00,000	41,45,345	98,27,511	48,02,704	1,82,491	McLeod & Co., Ltd.	Britannia Engineering	18.00	10	0.60	1.00	1.00		12	Y.P.
5,00,000	11,27,387	26,52,140	16,10,302	51,732	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	33.00	10	2.00	2.00	4.50		12	Y.
84,00,000	2,55,35,589	5,20,79,050	3,35,00,340	1,21,244	Martin Burn Ltd.	Burn & Co.	520.00	100	20.00	25.50	28.50	28.50	4	Y.
1,00,00,000	11,36,222	50,39,989	6,53,254	16,031	M.	Calcutta Steel Co., Ltd.	16.37	10	*Nil*	*Nil*	0.80	1.50	3	Y.
1,00,00,000	12,83,028	1,32,66,744	10,15,006	3,17,174	J. Dalmia, Esq. (Chairman)	Central India Machinery Mfg. Co. Ltd.	10.00N	10	*Nil*	*Nil*	*Nil*		3	Y.
40,00,000	1,55,000	1,18,12,631	17,91,990	4,443	H. M. L. Williams (Mg. Director) ..	Dalmia Iron & Steel Ltd.	9.94	10	*Nil*	*Nil*	1.00		3	Y.
4,00,00,000	6,63,05,939	8,20,19,521	2,52,46,302	....	Hooghly Docking	Guest, Keen, Williams Ltd.	37.75	10	2.00	2.40	1.60'C'		12	Y.
12,50,000	23,59,648	61,38,962	41,87,127	....	Martin Burn Ltd.	Hooghly Docking	110.00	50	6.00	6.00	*Nil*		12	Y.
12,44,08,990	24,26,87,682	81,16,88,664	17,34,44,265	16,41,911	Martin Burn Ltd.	Indian Iron and Steel	25.00	10	1.00'C'	1.00	1.50	1.60	3	Y.P.
20,66,075	67,87,984	1,21,14,677	70,25,098	58,186	Martin Burn Ltd.	Indian Standard Wagon	96.00	25	5.00	5.00	7.125	7.125	3	Y.
1,03,53,160 }	2,52,04,628	2,22,95,589	1,52,64,925	10,91,465	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	{ 14.00	O. 1	0.40	0.16	0.92		3	Y.
20,580 }							10.55cd	10	0.70	0.70	0.50		12	Y.P.
23,78,580	2,50,222	32,73,943	15,58,341	2,977	C. R. Srinivasan, Esq. (Chairman) ..	Indian Steel Rolling Mills Ltd.								
5,01,12,500	75,99,209	3,71,18,564	1,40,36,750	6,322	Madan Mohanlall Shriram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	28.62	10	1.20	1.20	1.715		3	Y.P.
					J. K. Industries Private Ltd.	J. K. Steel Ltd.	38.25	10	1.25	1.25	2.00		6	Y.P.
20,00,000	35,00,500	77,83,782	17,92,011	91,460	J. K. Industries Private Ltd.	Jessop & Co.	19.12	10	0.60	0.858	0.858'C'		10	Y.P.
2,25,00,000	1,47,06,415	8,18,81,991	1,02,58,799	57,411	B. P. Singh Roy, Esq. (Chairman) ..	Komarhubi Engineering Works	6.10	5	0.30	0.30'C'	0.30		3	Y.P.
27,64,800	42,28,268	95,25,077	38,24,562	57,543	Bird & Co. Private Ltd.	Marshall Sons & Co. (India), Ltd. ..	8.47	2	0.40	0.20	*Nil*		6	Y.P.
10,50,000	10,56,336	19,41,879	15,58,707	—8,26,589	Marshalls (Direction) Private Ltd. ..	National Iron and Steel Co., Ltd. ..	5.85	10	0.62	0.75	*Nil*		6	Y.
48,90,000	13,25,489	1,37,17,026	31,10,264	—1,06,083	M.	Richardson & Cruddas Ltd.	8.10N	10	*Nil*	*Nil*	*Nil*		3	Y.
40,00,000	24,06,943	76,55,140	24,16,818	4,85,183	S. S. Ind. Development Co., Ltd. ..	Saran Engineering Co.	8.06	4	0.40	0.25	0.35	0.40	3	Y.P.
6,00,000	15,56,099	31,20,671	20,15,012	15,603	The British India Corpn. Ltd.	Textile Machinery Corporation, Ltd.	16.40	10	1.50	2.00	1.00		12	Y.P.
1,80,00,000	56,57,158	4,98,97,471	2,16,37,161	58,787	Birla Brothers Private Ltd.	Textool Co., Ltd.	175.00	100	12.00	15.00	15.00		4	Y.
39,84,400	14,67,758	69,49,005	26,20,291	4,566	Balasundaram & Co.									
INSURANCE (X)														
12,50,000	45,63,970	1,75,15,237	....	57,338	N. M. Cole, Esq. (Mg. Director) ..	Concord of India	11.75	5	1.00	1.00	1.00		12	Y.
10,00,000	11,85,196	28,43,080	....	66,890	M.	Devkaran Nanjee Insurance	26.50	50	3.00	2.00	2.25		12	Y.
24,00,000	74,65,388	1,64,42,100	....	3,78,785	E. K. Srinivasan, Esq. (Mg. Director) .	Hercules Insurance	50.00	40	3.75	5.35	6.00		12	Y.
10,92,240	42,46,147	98,46,926	....	4,21,3184	K. M. D. Thackersey, Esq. (Chairman).	Indian Mercantile Insurance	21.00	20	2.00	2.50	2.50		12	Y.
30,00,000	1,87,87,731	1,80,80,787	....	36,786	M. G. Mody, Esq. (General Manager) ..	New Great Insurance	57.50	15	4.00	5.70*	5.70		12	Y.
1,36,81,590 }	8,97,62,807	16,98,28,698	....	30,09,455	B. K. Shah, Esq. (Mg. Director) ..	New India Assurance Co., Ltd.	{ 57.50	15New	4.00	5.70*	5.70		12	Y.
25,60,585 }							6.12	5	0.62	0.80	0.80			
15,99,270	40,70,395	1,05,96,078	....	80,231	V. C. Setalvad, Esq. (Gen. Manager) ..	Ruby General Insurance Co., Ltd. ..	132.75xd	25	11.25	11.25	11.25		12	Y.
5,75,000	69,07,990	1,16,88,857	....	2,05,841	Sir John Brown (Mg. Director) ..	Triton Insurance	16.62xd	10	1.00	2.00	....		12	Y.
32,00,000	1,10,55,561	2,41,52,099	....	1,00,078	K. P. Modi, Esq. (Gen. Manager) ..	Vulcan Insurance Co., Ltd.								

* Includes bonus † Subject to taxation. 'C'—On Increased Capital. B.—Includes a distribution of Re. 0.75[per share for the year 1954 and Re. 1.00 for 1955. X.R.—Ex. Right.

N.B.—All dividends paid since 31st March 1960 are shown as taxable.

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
62,50,000	2,08,52,495	3,95,14,452	1,19,43,889	1,13,745	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd...	15 25	10	0.90	1.00	1.20		$	Y.P.T.
80,00,000	39,83,750	1,38,71,849	55,51,223	1,52,818	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	22 75cd	10	1.25	1.25	1.80		8	Y.
30,00,000	37,04,326	37,09,127	26,34,530	2,22,752	Turner Morrison & Co. Private Ltd. ..	Angelo Bros., Ltd.	22 62	10	1.50	2.00	2.50*		12	Y.
3,02,87,870	36,35,471	2,86,28,267	56,85,256	12,525	A. K. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	8 45	5	0.30	0.40	0.40		12	Y.
30,00,000	27,88,863	41,63,859	23,39,465	1,42,995	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	22 50	10	1.25*	1.80	1.80		8	Y.
1,18,00,000	80,75,137	93,46,580	48,06,447	5,73,110	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E) Ltd. A. .	34 50	10	2 40	4.00	2.50		3	Y.P.T.
20,00,000	39,46,521	1,09,70,996	44,86,334	1,55,433	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	5.00N	10	0.60	Nil	Nil		12	Y.
30,01,400	96,40,909	79,91,396	41,74,564	5,75,403	G. D. Wilson, Esq. (Chairman).. ..	Balmer Lawrie & Co., Ltd.	227.00	100	20.00	25.00	25.00		12	Y.
12,00,000	25,38,976	37,24,157	31,81,357	1,88,199	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	44 62	10	2.50	4.50	4.00		9	Y.P.
20,00,000	7,81,688	64,37,324§§	....	56,711	Lovelock & Lewis	Birds Investment Ltd.	13 12	10	1.20	1.40	2.50	3.00*	3	Y.P.T.
45,97,020	72,59,286	1,48,06,874	60,07,677	2,84,279	K. Julius Scott, Esq. (Mg. Director) ..	Britannia Biscuits	58 00	10	1.20	1.40	2.50		12	Y.P.
3,25,00,000	1,95,44,212	3,00,84,669	2,33,94,496	3,34,066	H. S. Chaturvedi, Esq. (Mg. Director).	British India Corporation Ltd. ..	7 08	5	*Nil*	*Nil*	0.20		12	Y.P.
28,36,540	30,39,609	42,37,317	22,12,125	20,721	A. V. Niblett, Esq. (Mg. Director) ..	British Paints (India) Ltd.	26 75	10	1.00	1.00	1.25		12	Y.
1,88,30,000	14,76,849	1,88,75,787§§	....	2,52,457	Andrew Yule & Co., Ltd.	Clive Row Investment	7 81	10	0.75	0.83H	0.80		12	Y.
8,95,000	10,00,000	40,04,009	28,47,166	8,600	M.	Delhi Flour Mills Co., Ltd.	15.00	10	1.00	1.00	1.00		12	Y.P.T.
3,00,00,000	5,08,87,500	10,39,79,436	4,01,20,270	25,12,555	John Luckham, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	45 56	10	1.02	2.15	2.15		12	Y.P.T.
90,00,000	1,12,80,000	31,00,870	2,02,62,100§§	4,25,721	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	153 00	100	10.00	14.00	14.00		12	Y.P.
27,27,185	1,20,49,803	50,73,067	23,80,820	20,402	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	24 00	5	0.75	0.80	1.25		3	Y.
51,26,000	59,19,702	1,63,50,496§§	....	3,49,092	Bird & Co. Private Ltd...	Eastern Investment Ltd.	138 00	100	9.00	14.00	14.00		12	Y.P.
25,00,000	....	....	....	....	M.	East Anglia Plastics (India) Ltd. ..	13.37	10	....	....	....		1	Y.
24,98,776	4,87,249	59,44,050	12,33,911	4,115	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	12 25cd	10	*Nil*	0.50	0.50		12	Y.P.
56,00,000	22,27,652	49,26,966	9,79,166	2,477	Harparshad & Co. Pvt. Ltd.	Escorts Ltd.	23 75	10	....	2.60	1.60		12	Y.P.
48,90,137	77,72,310	95,23,776	52,36,250	4,07,338	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd.	19 00	12.50	1.50	1.60	....		9	Y.P.
14,00,000	14,48,121	37,98,175	22,68,486	70,652	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	20 50	10	1.25	1.25	....		3	Y.
7,50,000	4,20,000	1,21,085	43,251	5,551	Ganju & Co.	General Papers Ltd.	10 00	10	1.00	1.00	1.00		8	Y.P.
65,00,000	36,24,200	80,57,755	15,91,667	1,71,222	P. E. G. Woodbine Parish, Esq. ..	Gillanders Arbuthnot & Co., Ltd. ..	14 12	10	1.00	1.00	1.00		12	Y.P.
40,00,000	5,08,500	78,33,840	44,34,526	13,37,710	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	28 00	10	2.00	2.00	4.00		12	Y.
30,00,000	19,16,650	58,85,495	24,29,272	31,292	H. P. R. Syndicate	Great Eastern Hotel	235 00	250	15.00	15.00	22.50		3	Y.
4,96,13,350	1,35,51,450	8,83,47,837	8,84,91,947	2,75,652	Birla Brothers Private Ltd.	Hindustan Motors	19 08	10	*Nil*	0.50	0.90	1.20	3	Y.P.
80,00,000	16,64,523	99,48,437	33,67,174	1,31,125	Lalukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	23 00	10	0.60	1.20	..		10	Y.
11,40,000	....	1,00,469	....	....	Ramparsad Murlidhar & Co.	Hindustan Twyfords Ltd.	10 81	10	..	..	..	*Nil*	3	Y.P.
14,36,000							10 81	5	..	..	..			
15,16,00,000	9,64,76,893	11,31,66,117	2,88,76,995	24,77,765	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	11 94	10	0.70	0.60	0.80		3	Y.
3,93,59,480	2,49,73,620	9,79,03,586	3,53,95,735	49,00,524	K. C. Mahindra, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	33 75	10	1.00	1.00	1.50		12	Y.P.T.
2,35,77,700	2,02,39,648	2,95,48,176	1,37,70,530	45,64,364	B. J. Woodley, Esq. (Mg. Director) ..	Indian Cables	38 75	10	1.50*	1.50*	2.25		3	Y.P.T.
2,00,00,000	1,28,81,493	5,99,68,052	2,48,66,248	13,78,431	Amiya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	38 75	10	1.00	1.50	1.50		9	Y.
20,88,250	70,550	51,92,992	17,57,026	33,618	M.	Indian Plastics Ltd.	9 56	10	*Nil*	*Nil*	*Nil*		3	Y.P.
3,27,970	7,54,870	19,61,878	11,61,643	1,32,665	M.	Indian Rubber Manufacturers	16 44	10	1.00	1.50	2.00		3	Y.P.
48,08,620	....	88,01,515	1,37,093	—6,30,700	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	18 81	10	....	....	....	*Nil*	12	Y.
2,00,00,000	78,10,723	42,66,244	15,92,103	5,21,494	J. D. K. Brown, Esq (Mg. Director) ..	Jardine Henderson	64 25	100	2.50	5.00	7.00		3	Y.P.
15,00,000	12,02,095	18,70,279	13,27,077	17,262	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	10 50	10	3.50	2.00	1.00		3	Y.P.
1,46,96,250	1,19,32,546	82,41,470	18,18,524	2,60,389	T. Leslie Martin, Esq. (Mg. Director).	Martin Burn Ltd.	27 50	10	2 12*	2 75	2.75		3	Y.P.
6,00,000	4,20,000	14,85,526	6,66,994	1,49,226	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	33 20	10	2 00	3 00	..		12	Y.
40,00,0000	74,10,730	31,01,156	12,70,257	2,42,718	M.	McLeod & Co.	213 00	O. 100	12.50	15 00	..		12	Y.P.
5,00,0001							—	D.O.10	0.75	1.00				
3,61,00,000	1,82,75,151	3,61,57,826	1,40,23,040	28,85,973	K. C. Mahindra, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	54 00	10	1.75	1.75	2.50	2 50	3	Y.P.
20,00,000	7,90,391	16,14,284	7,39,760	2,552	N. G. Ayyangar, Esq. (Mg. Director) ..	Mysore Electrical Industries Ltd. ..	220.00cd	100	11.00	15.00	24.00	20.00	3	Y.
6,56,250	9,18,698	12,10,354	6,85,650	3,471	Mr. J. L. D'Sa (Chairman)	Mysore Lamp Works	27 25	10	1.50	1.60	..		3	Y.P.
3,10,00,000	3,13,9384	17,58,367	10,32,038	622	M. Mallaraj Urs (Mg. Director)	Mysore Tobacco	9.50	10	1.25	1.25	1.00		3	Y.
90,00,000	1,37,56,092	1,31,19,135	51,35,368	86,389	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co.	37 12	10	2.00	2.00	2.50		3	Y.P.
30,00,000	23,51,660	50,44,201	26,06,232	42,880	Do.	National Pipes & Tubes Co., Ltd. ..	27 37	10	1.00	1.00	1.50		3	Y.P.
40,00,000	30,19,000	83,22,477	35,76,949	1,31,135	Do.	National Rolling & Steel Slopes ..	20 87	10	1.00	1.00	1.30		6	Y.P.
49,99,057	14,28,074	1,05,93,558	39,58,256	46,685	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd. ..	11 19	10	0 60	0 85	*Nil*		12	Y.
79,07,000	1,17,55,035	1,50,40,984	81,18,295	9,33,725	B. N. Elias & Co. Private Ltd.	National Tobacco Co.	10 00	10	1 10	1 60	1.60		12	Y.P.T.
23,32,100	11,02,391	40,65,244§§	....	45,497	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	44 00N	75	3.75	5.50	..		12	Y.
10,00,000	5,52,000	12,55,093	6,00,215	1,61,067	Parry & Co., Ltd.	Parrya Confectionery Ltd.	4 97	1	0 20	0 20	0.30		3	Y.
1,20,00,000	56,08,056	2,16,94,776	66,69,501	63,022	P. C. Vink, Esq. (Mg. Director) ..	Phillips India Ltd.	32 75	10	0.85	1.20	1.20		12	Y.
92,50,000	....	....	....	....	Duncan Brothers & Co., Ltd.	Phillips Carbon	10 81	5	....	....	....		12	Y.
15,00,000	1,09,431	8,39,731	2,90,134	2,558	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	2.05	5	0.375	....	....		12	Y.
24,80,344	7,27,450	58,37,051	21,60,505	21,649	T. Shamanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	21 62cd	10	1.60	1.60	2.30		3	Y.P.
1,25,00,000	6,09,614	70,38,972	33,98,180	4,49,497	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	138.50	100	*Nil*	*Nil*	4.00		3	Y.P.
1,50,80,000	2,49,85,000	14,76,38,674	6,18,95,237	1,93,085	Sahu Jain Ltd.	Rohtas Industries	16 06	10	2 00	1.50	2.00		3	Y.P.T.
70,00,000	56,67,626	72,10,851	2,76,761	1,17,247	K. D. Bangur, Esq.	Sen-Raleigh Industries	24 75	10	0 60	0.80	0.80		9	Y.P.
75,00,000	56,68,000	1,37,00,319	37,63,411	5,13,608	S. M. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	23 06	10	1.00	1.50	1.50		12	Y.P.
40,00,000	91,26,201	1,53,82,019	78,19,485	7,56,803	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	23 50	10	1.50	1.80	1.80		9	Y.P.
47,00,000	24,40,000	1,35,84,029	89,78,778	2,974	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products Ltd.	16 00	10	0 75	0.90	0.90		12	Y.
15,00,000	95,24,802	1,14,49,118	28,55,183	53,431	J. K. Agents Private Ltd.	Straw Products Ltd. S.	8 65	10	1 25	1.50	..		12	Y.
22,89,270	16,82,008	14,78,453	8,03,604	14,13,847	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	80 00	10	2 25	3.00	3 00		6	Y.
9,98,980	30,000	16,08,410	7,47,136	3,288	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	6 50	10	0 40	0 60	0 60		12	Y.
11,58,300	15,37,168	13,02,490	7,38,502	40,519	E. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	32 59cd	10	2 00	2 75	3 25*		9	Y.P.
1,40,98,600	1,26,10,316	3,46,95,851	65,94,797	3,04,545	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd.	258 00	100	10 00	10.00	10.00		7	Y.
20,58,950	29,686	66,68,938	17,66,838	56,308	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	7 56	10	*Nil*	*Nil*	..		12	Y.T.
1,80,00,000	1,67,66,505	6,01,17,004	1,15,53,837	....	F. R. Holoway, Esq. (Mg. Director) ..	Union Commercial India Ltd.	49 31	10	1 40	1 80	1.80		12	Y.T.
20,00,000	47,50,000	59,48,967	18,88,024	1,24,443	Vital Mallya, Esq. (Chairman)	United Breweries	101 50	10	6 00	6 00	6.00		2	Y.
5,00,000	6,60,191	8,85,222	5,93,831	28,594	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	82 00	10	3 75	5 25	3.50		11	Y.
21,40,200	27,60,459	1,02,78,928	35,59,149	6,384	A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd.	214.00cd	100	19.00	10.00	10.00	12.00	3	Y.P.
TRANSPORT														
20,00,000	98,17,850	1,23,16,209	21,49,792	23,023	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	108.00	100	6.00	8.00	7.50		10	Y.P.
1,00,00,000	61,32,793	4,35,99,781	2,33,57,012	—88,10,580	Dinshaw (Private) Ltd.	Bharat Line	4.96	10	1.20*	*Nil*	*Nil*		12	Y.
60,00,000	2,17,74,568	8,51,80,151	2,15,53,555	1,32,013	A. H. Shiwaniwalla & Co. (Bombay) Private Ltd. ..	Great Eastern Shipping Co.	13 00	10	1.80	1 50	1 00		6	Y.P.
25,00,000							6.00	5(New)	0.00	0.525	0.50			
455,580	£1,242,443	£5,811,271	£3,638,891	—£3,866	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	67 00	£10	*Nil*	*Nil*			12	Y.P.
2,47,50,000	2,93,74,088	22,06,81,851	4,06,14,634	....	Lionel Edwards (Private) Ltd.	India Steamship Co.	7 12	10	1.00	1.00	1.00		3	Y.P.
1,28,19,293	11,32,52,989	25,02,81,320	9,83,12,870	—16,13,456	D. M. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	12 32	20	1 25	1.30	0 60		6	Y.T.
0.3,40,800							2.97	O. 1	0 14	0 20	0.30			
0.2,10,200	24,07,422	13,85,807	9,51,870	1,60,969	R. B. Aiyer Esq. (Manager)	Walford Transport Ltd.	3.19	F.O. 1	0.12	0.15	0.20		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Ordinary Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts closed	Reference
25,50,000	25,44,700	1,23,77,423	80,99,858	11,999	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	23 12	10	1.25	1.50	1.00		3	Y.
12,00,000	2,96,858	38,08,529	24,12,329	—5,53,532	Jardine Henderson Ltd.	Barraree Coke	15.19	10	0 50	*Nil*	*Nil*		3	Y.
4,49,350	1,30,132	11,60,186	6,76,085	4,947	Kalyanji Mavji & Co.	Bengal-Bhatdee	3 48N	10	0 25	*Nil*			10	Y.P.
1,00,00,000	2,06,23,467	7,45,29,664	4,86,40,636	10,60,529	Andrew Yule & Co., Ltd.	Bengal Coal	371 00	100	17.50	25.00	25.00		12	Y.
2,25,000	5,17,844	23,13,206	21,40,082	4,134	M.	Bengal-Nagpur	19 50	10	*Nil*	*Nil*	1.00		12	Y.P.T.
40,00,000	61,200	1,48,74,215	80,25,554	2,30,479	Sahu Jain Ltd.	Bharat Collieries	3 25	10	0 60	*Nil*	*Nil*		12	Y.P.T.
7,15,000	14,93,844	57,66,346	36,78,757	—6,96,032	M.	Bhutanbararee	5 00N	10	*Nil*	*Nil*			12	Y.P.
7,50,000	21,72,444	49,42,043	23,03,008	31,381	F. W. Heilgers & Co. (Private) Ltd.	Borea	23 00	10	0 75	1.00	1.50		12	Y.P.T.
90,22,480	1,40,21,423	4,32,66,766	2,28,76,540	1,40,292	Bird & Co. Private Ltd.	Burrakur	19 12	10	0 875	1.30	1.30		6	Y.P.T.
49,97,750	6,32,979	82,38,203	31,00,614	1,11,870	Hindustan Investment Corpn. Ltd.	Central India	12 87	10	0 50	0 50	0.80	1.00	12	Y.
8,00,000	12,99,490	53,54,257	34,91,864	7,603	Jain Industries	Central Kurkend	7 00N	10	0 50	0 50			12	Y.
6,00,000	1,55,159	5,98,750(k)	....	7,043	F. W. Heilgers & Co. (Private) Ltd.	Churlia	2 50	4	0 20	0 12	0.12		12	Y.
16,00,000	....	57,61,927	33,65,625	—1,06,301	M.	Dhemo Main	6 75	10	*Nil*	*Nil*	....		12	Y.
£240,000	£352,069	£1,114,710	£812,966	27,006	Jardine Henderson Ltd.	East Indian	1 00	1	1.25	1.00	1.00		4	Y.
29,63,760	1,16,29,107	4,94,12,596	2,68,60,839	1,10,574	Macneill & Barry Ltd.	Equitable	30 12	10	1 50	0.75	1.50		12	Y.P.T.
10,00,000	....	40,000	24,58,595	—5,80,078	Bhatter's Agency Ltd.	Ghusick and Mudla	12 50	10	*Nil*	*Nil*	*Nil*		3	Y.
12,00,000	1,27,964	43,44,376	27,68,441	—1,87,129	Killick Industries Ltd.	Hingir-Rampur	24 76	50	*Nil*	*Nil*	*Nil*		6	Y.P.
8,00,000	....	24,79,228	20,12,806	—3,47,057	M.	Hurriladih	7 00	10	*Nil*	....	....		12	Y.
20,00,000	7,64,717	45,86,982	40,019	1,09,624	Bird & Co. Private Ltd.	Karanpura Collieries	175 00	100	5.00	5.00	7.50	10.00	3	Y.P.
14,88,460	16,10,178	59,54,523	41,77,254	1,88,677	Andrew Yule & Co., Ltd.	Katras Jherriah	48 12	10	6.50	*Nil*	9.50	4.00	1	Y.
11,00,240	68,243	7,07,900	....	—3,20,717	M.	Kuardi	8 75N	10	1.00	0 75			4	Y.
9,00,000	10,22,772	6,10,570	....	99,090	H. V. Low & Co. (Private) Ltd. ..	Lakurka	14 00N	10	0 75	1.00			12	Y.
7,45,240	2,50,000	13,59,878	10,13,888	17,140	Tantia Brothers Private Ltd.	Nazira	6.87	10	1.00	1.50	1.60		12	Y.P.
31,97,210	27,39,886	1,62,48,573	1,06,23,096	79,798	Andrew Yule & Co., Ltd.	New Beerbhoom	23.50	10	0 50	0 50	0 75		3	Y.
6,00,000	2,88,645	28,54,261	19,79,034	56,603	Octavius Steel & Co.	New Manbhoom	13 75	10	1 50	1 50	2.00		3	Y.
1,15,000	3,84,825	12,96,998	9,60,464	23,053	M.	North West	20 09N	10	1 50	1 50	1.50		12	Y.P.
3,57,500							17 87N	7.50	0 50	0 70	0.60			
7,50,000	13,20,908	2,92,538	22,84,209(k)	35,296	P. Prashad, Esq. (Chairman)	Ondal	14 40cd	10	0 50	0 62			12	Y.P.T.
8,34,000	1,82,527	28,59,307	12,11,226	1,026	Deverhand Kishenlall	Parasea	18 00	10	2 00	1.00	1.00		3	Y.
15,79,000	22,85,200	76,91,776	47,81,408	14,547	Shaw Wallace & Co., Ltd.	Peuch Valley	20 06	10	1 00	1 50	1 50		3	Y.
22,39,900	54,80,902	1,52,74,203	1,05,98,171	8,664	M.	Ranegunge	15 75	10	1 00	1.00	0 75		12	Y.
13,50,000	11,81,590	52,62,257	35,97,256	29,537	Shaw Wallace & Co., Ltd.	Rewa	30 00	10	1 50	0 70	1 00		12	Y.
97,50,000	88,50,570	1,12,26,841	38,46,379	26,993	M.	Samla Collieries	8 50	10	12 50	16 00	14 00	8.00	12	Y.
19,50,000	3,86,010	84,60,068	9,62,414	3,494	S. D. Sethia & Co. Private Ltd. ..	Selected Saigram Collieries.	116.00x-int	100	7	1.75	3 00	3 00	12	Y.
3,80,000	11,14,420	$1,03,158	20,06,227	67,582	Andrew Yule & Co., Ltd.	Seebpore	99 00	10	*Nil*	0 35	0.50		12	Y.P.
3,00,000	4,69,848	35,740	13,04,563(k)	1,111	F. W. Heilgers & Co. (Private) Ltd.	Sendra	8 19	10					12	Y.
65,21,460	1,24,58,755	7,11,84,167	3,19,11,631	90,858	Industries (I. F.) Department (Govt. of Andhra Pradesh) ..	Singareni	11 50	10	0 75	0 75			12	Y.P.
					Bird & Co. Private Ltd.	South Karanpara	8 56	10	0 75	0 90	0 25		3	Y.
17,50,000	9,09,220	44,92,231	20,81,911	20,181	F. W. Heilgers & Co. (Private) Ltd.	Standard	18 20	10	1 25	1 50	1.50		3	Y.
5,00,000	18,40,019	1,53,707	26,68,229(k)	20,718	B. M. Varma, Esq. (Mg. Director) ..	Union	12 75	10	0 25	*Nil*			12	Y.
3,50,000	2,81,000	20,49,870	15,40,057	28,484	Hindustan Investment Corpn. Ltd. ..	Western Bengal	9 31	10	0 40	0.40	0.60	0.75	3	Y.
49,98,000	5,00,557	96,20,910	38,51,921	15,622	Shaw Wallace & Co., Ltd.	West Jamuria	7 00	10	*Nil*	*Nil*			12	Y.
7,00,000	....	60,41,420	30,68,310	—2,48,408	M.									

§—The reserves of Straw Products Ltd. include a non-distributable amount of Rs. 63,40,664 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1955.

M—Clive Row Investment—Dividend for 1960 includes additional dividends of 9 nP for the year ended 31st March 1956 and 27 nP for the year ended 31st March 1956.

M—Managed by the Board of Directors.

A—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent. approximate, as the final dividend of 10 per cent. was paid on the increased capital of Rs 118 lakhs, whereas the interim dividend of 15 per cent. was on a paid-up capital of Rs. 55 lakhs only.

N.B.—Dividends paid since 31st March 1960 are shown as taxable.

§§ Investment at cost.

* Includes bonus.

(k) Investments.

BANKS

Paid-up Ordinary Capital Rs. or £	Reserve Fund Rs. or £	Carried Forward Rs. or £	Name of Bank	Latest Available Quotation Rs. or £	Paid-up per Share Rs. or £	Dividend per Share 1958 Rs. nP	1959 Rs. nP.	1960 Rs. nP	1961 Rs. nP.	Accounts Closed	Reference
16,00,000	1,08,00,000	5,03,569	Allahabad Bank	329.00	100	18.00‡	18.00‡	18.00‡		12	Y.P.
14,50,000				183.00	50	9.00‡	9.00‡	9.00‡			
1,01,000	23,08,220	4,923	Andhra Bank	100.00	100	6.00	8.00	8.00		6,12	H.
40,56,000			

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	96.50	100
BREWERIES AND SUGAR						
Bharat Sugar R.C.	5,00,000	1931	5.00	Dec. ..	70.00	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April ..	84.50	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.00	Mar. Sept.	79.50	100
Cawnpore Sugar Works T.F.C.	10,00,000	1905-24	8.00	Feb. Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C.	7,30,000	1920	7.00	July Apr.	5.03	5
East India Distilleries T.F.C.	£200,000	1897	7.00	Jan. July	13.25	£1
Gwalior Sugar R.C.	6,75,000	1940	7.00	Dec. ..	62.00	100
Do. (Non-redeem.)	5,00,000	1940	7.00	Dec. ..	62.00	100
Puritabpore Co C.	6,00,000	1922	10.00	Oct. ..	11.00	10
Ramnuggar Cane T.F.C.	4,00,000	1933-36	6.00	Aug. ..	83.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct. Apr.	61.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct. ..	20.00N	100
Travancore C.T.F.	15,00,000	1948	5.00	Dec. ..	7.30	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec. ..	90.00N	100
Do. C.R.O.	15,00,000	1946	5.00	Dec. ..	70.00N	100
Walchandnagar T.F.C.	8,50,000	....	10.00	April May	115.50	100
COAL						
Borrea T.F.C.	14,00,000	1896-97	6.50	Oct. Apr.	82.00	100
Burrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr. Oct.	99.00	100
Do (2nd) C.	4,50,000	1946	6.00	.. ..	7.00	10
Equitable T.F.	4,00,000	1895	6.00	Mar. Sept.	72.00	100
Karanpura Collieries C. ..	9,99,500	1946	5.50	.. ..	66.00	10
††Khas Kajora C.	1,03,000	1931	5.00	Mar. Sept.	7.00	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan. July	10.50	10
Ondal T.F.C.	2,00,000	1898-99	6.00	Apr. Oct.	82.00	100
COTTON						
Ahmedabad Advance T.F.C. ..	10,00,000	1939	5.00	Apr. Oct.	70.50	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan. July	108.91	100
Basanti Cotton T.F.	5,00,000	1938	6.25	Nov. ..	8.50	10
Bowreah 'A' T.F.	6,00,000	1900	8.00	Feb. Aug.	110.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb. Aug.	71.00	100
Bradbury T.F.	14,75,000	1919	7.00	June Dec.	51.00	50
Buckingham & Carnatic C.T.F. ..	21,50,290	1920	7.50	Jan. July	122.00	100
Cambodias C.T.F.	1,00,000	1928	7.00	Apr. ..	90.00	100
Central India T.F.	50,00,000	1912	5.00	Apr. Oct.	397.50	500
Century Spg. & Mfg. Co. T.F.R.C. ..	1,25,00,000	1958	6.00	Dec. ..	106.75	100
Coimbatore Pioneer C.T.F.	1,00,000	1935	6.50	June ..	78.50	100
Elgin T.F.C.	11,00,000	1912	8.00	May ..	103.00	100
Elgin 'B' T.F.C.	4,20,000	1943	5.00	July ..	6.50	10
Elphinstone C.	25,00,000	1919	7.00	May Nov.	66.50	100
Kesoram T.F.C.	20,00,000	1919	7.00	June Dec.	104.00	100
Khatau Makanji (2nd) T.F. ..	29,02,500	1947	4.00	Nov. ..	76.30	10
Kothari C.T.F.	18,00,000	1937	6.00	Dec. ..	8.75	5
Kothari 'B' (Pref.) T.F.C. ..	6,00,000	....	6.00	.. ..	8.80	250
Lakshmi Cotton (Bombay) C. ..	16,00,000	1896	5.00	.. ..	151.25	100
Morarjee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan. ..	73.00	100
Mysore Spg. C.	7,45,050	1944	4.50	.. ..	22.75	50
National Rayon C.	1,74,64,700	1947	5.00	.. ..	69.50	100
New Great	8,00,000	1919	5.50	Mar. ..	106.50	200
Poddar Mills T.F.C.	10,00,000	1943	4.00	Feb. ..	62.50	100
Rajalakshmi C.T.F.	2,00,000	1922	6.50	Apr. ..	44.50	50
Shree Niwas Cotton T.F.C.R. ..	4,80,000	1944	4.00	.. ..	64.00	100
Shujaupur T.F.C.R.	32,00,000	1943	8.00	Apr. ..	78.25	100
Svadeshi T.F.C.	15,00,000	1935	6.00	Apr. Oct.	80.00	100
Svadeshi (Kanpur) T.F.C.	35,00,000	1927	6.00	June ..	70.00	100
Travancore Rayon C.T.F.	60,00,000	....	5.00	May ..	7.15	10
Vasanta (1st) C.T.F.	3,00,000	1931	6.50	Apr. Oct.	97.00	100
Do. (2nd) C.T.F.	1,50,000	1938	6.00	.. ..	94.00	100
Vishnu C.	15,86,500	1908	7.00	Apr. ..	995.00	500
ELECTRICS						
Andhra Valley Power Supply C. ..	49,34,000	1917	7.00	May Nov.	1,040.00	1,000
Amalgamated Electric T.F.C. ..	24,15,000	....	5.50	.. ..	66.00	100
Calcutta Electric T.F.C.	18,00,000	1909-11	5.00(t)	June Dec.	6.19	51
Poona Electric C.	4,00,000	1935	7.00	June Dec.	101.00	100
South Madras (1st) C.T.F.	22,00,000	1940	6.50 }	Sept. Dec.	{ 6.10cd	10
Do. (2nd) C.T.F.	8,00,000	1940	6.50 }		{ 6.35cd	10
Surat Electric Co. C.T.F.	5,00,000	1939	6.50	Apr. ..	107.00	100
Tata Hydro Electric Power C. ..	89,28,000	1907	7.00	May Nov.	108.00	100
Tata Power T.C.	88,97,000	1918	7.50	May Nov.	1,060.00	1,000
Vellore C.	1,35,000	1928	6.00	Dec. ..	6.25cd	10
ENGINEERING						
Arthur Butler (Muzaffarpore) T.F.C.	1,20,000	1916	7.00	Mar. ..	11.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	15,00,000	1898-99	7.00	Feb. Aug.	114.00	100
Do. (2nd) T.F.C. ..	15,00,000	1902	6.00	Feb. Aug.	101.00	100
Indian Iron and Steel Co., Ltd. T.F.C.	2,66,96,400	1958	5.00	Dec. ..	91.50	100
Indian Standard Wagon T.F.C. ..	19,50,500	1918	7.00	June ..	110.00	100
Jessop T.F.C.	29,50,000	1941	6.00	May Nov.	97.00	100
Kamani Engineering C.R.	15,00,000	1946	5.50	July ..	57.00	100
††Kumardhubi Engineering T.F.C. ..	12,00,000	1915	4.00	June Dec.	78.00N	100
Larsen and Toubro Ltd. T.F.S. ..	15,00,000	1943-47-51	5.00	.. ..	93.00	100
Mahindra & Mahindra T.F.R.C. ..	25,00,000	1945	6.00	May ..	98.00	100
McKenzies (Ist) T.F.C.	5,50,000	1907	5.50	.. ..	88.00	100
Premier-Construction (1st)	10,00,000	....	6.25	.. ..	72.50	100
Do. do. (2nd) C. ..	15,00,000	1950	6.25	.. ..	66.75	100
Do. do. (3rd) C. ..	58,25,000	1947	4.50	.. ..	4.85	10
Tata Iron and Steel (1st) C. ..	75,00,000	1908	6.00	Nov. ..	120.00	100
Do. do. (2nd) C. ..	6,92,81,900	1908	7.50	May ..	160.00	100
JUTE						
Agarpara T.F.C.	10,00,000	1937	7.00	Jan. July	91.00	100
Alexandra T.F.C.	9,00,000	1905	7.00	Feb. Aug.	85.00	100
Alliance T.F.C.	25,00,000	1895	6.00	Mar. Sept.	97.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May Nov.	91.50	100
Auckland C.	10,00,000	1909	5.50	May Nov.	72.00	100
Do. (2nd) (j) C.	15,00,000	1946	4.50	June Dec.	60.00	100
Bally T.F.C.	20,00,000	1918	7.00	Apr. Oct.	94.00	100
Barnagore C.	£200,000	1898	5.00	May Nov.	38.00	£5
Belvedere T.F.C.	7,00,000	1906	7.00	Jan. July	90.00	100
Birla C.	32,64,200	1919	7.50	June Dec.	90.00	100
Budge-Budge T.F.C.	7,00,000	1894	7.00	May Nov.	90.00	100
Calcutta T.F.C.	8,00,000	1894	6.50	Jan. July	80.00N	100
Caledonian T.F.C.	10,00,000	1915	7.00	June Dec.	94.00	100
Cheviot T.F.C.	10,00,000	1919	7.00	June Dec.	89.00	100
Chitavalsah T.F.C.	5,00,000	1923	7.00	Mar. Sept.	86.00	100
Clive (1st Pref.) T.F.C.	9,00,000	1905	6.00	May Nov.	88.00	100
Do. (A) (2nd Pref.) T.F.C. ..	5,00,000	1908	7.00	May Nov.	88.00	100
Dalhousie T.F.C.	15,00,000	1908-18	7.00	May Nov.	89.50	100
Delta T.F.C.	5,00,000	1897	5.00	June Dec.	59.50	100
Empire T.F.C.	10,00,000	1912	7.00	Feb. Aug.	96.00	100
Fort Gloster T.F.C.	14,00,000	1905-06	7.00	May Nov.	105.00	100
Do. (2nd Pref.) T.F.C. ..	7,00,000	1948	5.00	.. ..	65.00	100
Gen. William T.F.C.	10,00,000	1911	7.00	May Nov.	92.00	100
Ganges T.F.C.	6,00,000	1918	8.00	June Dec.	90.00	100
Gouripore T.F.C.	22,50,000	1893-04	6.00	May Nov.	81.00	100
Hastings T.F.C.	25,00,000	1935	6.00	Mar. Sept.	81.00	100
Hooghly T.F.	11,76,000	1918	10.00	May Nov.	92.00	10
Howrah T.F.C.	9,75,000	1890	7.00	May Nov.	92.00	100
Ind. T.F.C. (f)	17,50,000	1903-08	7.00	May Nov.	96.00	100
Kelvin T.F.C.	10,00,000	1907	7.00	Mar. Sept.	91.00	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May Nov.	79.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May Nov.	91.00	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May Nov.	92.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May Nov.	92.00	100
Do. (B) T.F.C.	10,00,000	....	5.50	Dec. ..	70.00	100
Naihati T.F.C.	7,50,000	1905	7.00	May Nov.	111.00	100
Do. (2nd) (j) T.F.C.R.	10,00,000	1945	4.50	June Dec.	82.00	100
National T.F.C.	5,00,000	1917	7.00	May Nov.	90.00	100
Nellimarla T.F.C.	5,00,000	1939	6.00	Apr. Oct.	78.00	100
New Central T.F.C.R.	33,00,000	1915	7.00	Jan. July	90.00	100
Northbrook T.F.C.	15,00,000	1900	5.50	May Nov.	72.50	100
Reliance T.F.C.	20,00,000	1905-12	7.00	May Nov.	79.00	100
Samnuggur C.	£150,000	1901	6.00	Feb. Aug.	Sh. 21.50N	£1
Soorah T.F.C.	10,00,000	1920	7.00	Feb. Aug.	91.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar. Sept.	92.00	100
Titaghur C.	£150,000	1807	6.00	Feb. Aug.	Sh. 21.50	£1
Union T.F.C.	6,00,000	1901-02	7.00	May Nov.	91.00	100
Victoria C.	£150,000	1898	6.00	Feb. Aug.	Sh. 21.50	£1
Waverley, T.F.C. (f)	7,50,000	1918	5.00	Mar. Sept.	40.50	50
RAILWAYS; STEAMSHIP AND TRAMWAYS						
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov. ..	47.00	50
Calcutta Tramways C.	£250,000	1906	6.00	Apr. Oct.	7.50	£1
Great Eastern Shipping T.F.R.C.	25,00,000	1948	5.50	Dec. ..	91.00	100
Indian General Nav. & Riy. C. ..	£244,030	1899	6.00	Mar. Nov.	77.00	£10
India Steamship (w) T.F.C.R. ..	25,00,000	1928	6.00	.. ..	76.00	100
TEA						
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May Nov.	30.00	10
†††Banarhat Tea T.F.C.	4,00,000	1900-02	6.50	Jan. July	100.00	100
Birpara T.F.C.	1,00,000	1900-02	8.00	Jan. ..	102.00	100
Choonabhutti T.F.C.	2,00,000	1914	8.50	Jan. July	100.00	100
Glelle C.	2,00,000	1894	6.00	Sept. ..	75.00	100
Hantajara T.F.C.	50,000	1901	8.00	Jan. ..	102.00	100
Hasimara T.F.C.	3,00,000	1904	7.00	Mar. ..	97.00	100
Kingsley Golaghat T.F.	3,20,000	1929	6.00	Dec. ..	99.00	100
Mohurma T.F.C.	10,00,000	1907	6.00	May Nov.	7.00	10
New Bocare T.F.C.	2,00,000	1908	8.50	Jan. July	100.00	100
New Samanbagh T.F.C.	1,00,000	1888	8.00	Nov. ..	90.00	100
†††Okayti T.F.R.C.	60,000	1888	7.00	Dec. ..	84.00	100
Pussimbing T.F.C.	2,05,000	1916	7.00	Jan. ..	97.00	100
Sonai River T.F.C.	1,00,000	1909	8.00	May ..	88.00	100
***Tezpore C.	2,25,000	1932	8.00	Jan. ..	10.50	10
Tirilbannah T.F.C.	1,00,000	1922	10.00	May Nov.	13.25	100
PLANTING						
Be Re Rubber C.	1,43,005	1944	6.25	.. ..	2.85	5
Do. R.C.	2,85,570	1944	6.25	.. ..	5.75	10
Cochin Malabar C.T.F.	1,13,300	1932	6.00	June ..	49.77	50
Coffee Lands C.T.F.	10,40,000	....	5.00	.. ..	71.08	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr. ..	83.14	100
Cottanad C.T.F.R.	1,00,000	1937	7.50	Nov. ..	9.60cd	10
Devan Tea C.T.F.	2,00,000	1936	7.50	July ..	85.17	100
Highland Produce C.T.F.	3,00,000	....	6.00	July Jan.	7.25	10
Neelamalai C.T.F.	18,00,000	1943	5.00	Jan. July	6.10	10
Nilgiri Tea C.T.F.	2,81,250	1942	5.00	July ..	5.80	5
Pullangode C.T.F.	1,50,000	1943	5.00	Mar. ..	7.57	10
Teekoy Rubber C.T.F.	6,00,000	..	6.00	Mar. Sept.	6.80	10
T. K. & T. Co. C.T.F.	16,00,000	..	6.00	June Dec.	8.95	10
Waterfalls R.C.T.F.	5,00,000	1943	6.00	Nov. ..	6.40	10
MISCELLANEOUS						
Alembic Chemicals (1st)	5,00,000	..	6.25	June ..	81.00	100
Do. do. (2nd) T.F.R.C.	5,00,000	..	5.00	June ..	77.00	100
Alkali & Chemicals T.F.C.	21,00,000	1937	5.00	Apr. ..	66.00	100
Aluminium Corpn. (1st) C.	20,00,000	1938	7.00(f)	.. ..	99.00	100
Andhra Cement C.T.F.	2,50,000	1937	6.00	Feb. June	92.74	100
Associated Hotels of India C. ..	21,87,000	1916	7.00	Mar. Sept.	63.00	100
Bengal Chemicals T.F.C.	9,00,000	1925	7.50	Aug. ..	12.50	10
Bengal Paper Mill T.F.C.	3,00,000	1925	7.00	Mar. Sept.	48.50	50
Do. "A" T.F.C.	4,00,000	1923	7.00	Mar. Sept.	102.00	100
Do. "B" T.R.C.	20,00,000	1948	6.00	.. ..	63.00	100
Bengal Timber Trading T.F.C. ..	3,00,000	1936	8.00	Aug. ..	5.00N	10
Britannia Biscuit T.F.C.	18,45,450	1921	8.00	Feb. Aug.	14.50	10
British Ceylon Corporation C. ..	17,50,000	1918	6.00	Feb. Aug.	6.00N	5
British India Corporation T.F.C.	81,00,000	1920	8.00	Jan. ..	100.00	100
Dalmia Cement (Bharat) C.T.F. ..	21,58,310	1937	6.00(f)	Sept. ..	7.60	10
Dhrangadhra Chemicals T.F.C.R. ..	21,01,900	1956	6.00	.. ..	79.00	100
Shree Digvijay Cement T.F.R.C. ..	79,98,870	1944	6.00	Dec. ..	115.00	100
Dunlop Rubber Co. (1st) T.F.C. ..	40,00,000	1926	6.00	Mar. Dec.	110.00	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1936	8.00	Apr. ..	79.00	100
General Investment Trust (1st) T.F.C.	1,00,000	1948	8.00	Feb. Aug.	58.00	100
Do. do. (2nd)	1,00,000	..	6.00	Feb. Aug.	49.00	100
Gillanders Arbuthnot(f) R.C. ..	25,00,000	..	5.00	Apr. Oct.	56.00	100
Hindustan Motors T.F.R.C.	1,80,67,250	1956	6.00	Mar. ..	190.00	100
Humayun Properties T.F.C.	12,00,000	1933	6.00	.. ..	6.75	10
India Cement C.	29,58,000	1946	7.50	Oct. ..	79.50cd	100
Indian Aluminium (g) C.R.	40,00,000	1945	5.00	June ..	69.00	100
Indo-Burma Petroleum C.	67,07,750	1921	7.00	Jan. July	82.00xd	88
Indian Cable (m) C.	1,37,750	1923	6.00	June Dec.	54.00	10
India Rubber Mfrs. (z) T.F.C.R. ..	8,28,000	..	5.00	Apr. ..	60.50	100
Jardine Henderson C.	50,00,000	1946	5.50	Dec. ..	57.50	100
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.50	May ..	57.00	100
Do. (2nd) C.T.F.C.	10,00,000	..	5.50	May ..	55.75	100
Kumardubbi Fireclay & Silica C.R. ..	2,00,000	1915	7.00	June Dec.	61.00N	100
Martin Burn (k) T.F.C.R.	30,00,000	1946	5.00	Apr. Oct.	62.00	100
McLeod and Co. (1st) C.	10,00,000	1930	5.00	July Jan.	48.00	100
Do. (2nd) F.C.	40,00,000	1936	5.00	July Jan.	61.00	100
Metal Box Co. C.R.	30,00,000	..	6.00	.. ..	84.00	100
Mettur Chemicals (Old) C.T.F. ..	20,00,000	1903-18	6.00	Feb. Sept.	9.00cd	10
Mysore Chemicals T.F.C.	9,00,000	1930	6.00	June ..	8.50	10
Mysore Lamps R.C.T.F.	2,50,000	..	4.00	Aug. ..	5.95	10
National Tobacco (Old) (p) T.F.C.R.	25,00,000	..	5.00	Mar. Sept.	90.00	100
Do. do. (New) (q) T.F.C.R. ..	10,00,000	..	5.50	Mar. Sept.	86.00	100
Orient Paper T.F.C.R.	20,00,000	1936	5.50	Jan. ..	81.00	100
Do. (2nd) (r) C.R.	20,00,000	..	5.50	Apr. Oct.	81.50	100
Rohtas Industries (Old) T.F.C. ..	20,00,000	1936	7.00-9.00	Apr. ..	115.00	100
Do. (New) T.F.C.	4,25,000	..	4.25	Apr. ..	50.00	100
†Smith Stanistreet & Co. T.F. ..	5,00,000	1920	10.00	Feb. Aug.	65.00	50
Spencer & Co. "A" C.	25,00,000	1898	6.50	Jan. July	7.65	10
Do. "B" C.	25,00,000	1923	6.50	Jan. July	10.25xd	10
Standard-Varunm C.	75,00,000	1955	6.00	June Dec.	88.50	100
Star Paper T.F.C.R.	10,00,000	..	5.00	Mar. Sept.	74.00	100
Tata Chemicals T.F.C.	50,97,000	..	5.00	June ..	86.50	100
Tata Oil Mills C.	29,58,800	1946	4.50	Jan. ..	54.00	100
Titagur Paper Mills T.F.C.	11,50,000	1899	8.00	Jan. June	110.00	100
Do. do. (2nd) T.F.C.	15,00,000	1934	4.50	Jan. July	75.00	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of 9 preferential dividend at the rate of 8 per cent (of which *only* 8 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent per annum and also to participate in further dividend of 3 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

(f) Capital and dividend unconditionally guaranteed by the Bombay Dyeing Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 3 months' notice, redeemable after 30th September 1966 at Rs. 125. (l) Redeemable at par after 9th November 1955 on 6 months' notice. (j) Redeemable after 24th July 1955 on 6 months' notice. (k) Participating upto 9 per cent, redeemable at par after 31st March 1952 on 6 months' notice. (m) Rank pari passu with ordinary shares, ordinary shares receive 6 per cent dividend. (n) Redeemable after 20th December 1954. (u) Redeemable at any time at Rs. 115 on one month's notice (p) Redeemable at par after 1st January 1954. (q) Redeemable at par after 17th June 1954. (r) Redeemable at par after 1st October 1956 on 3 months' notice. (s) Participating upto 9 per cent. (t) Free of Income-tax upto 6.4% in the £. (u) Redeemable at par on 3 months' notice. (v) Redeemable on various dates. (w) Redeemable at any time 3 years after the date of issue at a premium of Rs. 10 on 3 months' notice. (z) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. per cent paid.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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INSURANCE OF BANK DEPOSITS

AT long last, insurance of bank deposits has reached the stage of being an accomplished fact in the near future. The first step in the final stage was taken on 31st August 1961, when the Deposit Insurance Corporation Bill was introduced in the Lok Sabha by the Finance Minister, Mr. Morarji Desai. The Bill seeks to provide for the establishment of a statutory institution for insuring deposits in commercial banks. The scheme envisaged in the Bill is more modest than was advocated by this journal, though it is a little better than that contemplated by the Reserve Bank early this year. It is nevertheless welcome, for something is better than nothing and one can now hope that, after some experience is gained and the funds of the proposed Corporation expand, the amount of each deposit account to be covered by insurance will be raised to a respectable size. Much valuable time has already been lost. Eleven years ago, insurance of bank deposits was advocated and was conceded as desirable by the Rural Banking Enquiry Committee (Chairman: the late Mr. Purshotamdas Thakurdas), though the Committee had stated that the time was not opportune. Three years later, the Shroff Committee gave conditional support to the idea, though one of its members, Mr. B. K. Dutt, Managing Director of the United Bank of India, had entered a powerful plea for its implementation forthwith, a plea which this journal fully endorsed. Commercial banking in this country would have been in a much better shape than it is today had the Reserve Bank and the powers-that-be the foresight to appreciate the merit of this plea. Instead, they put the suggestion in cold storage and they were encouraged to do so by the big banks, including the foreign banks, which were so short-sighted as to allow the incidence of cost to weigh against the proposal. These banks did their best to sidetrack the issue by putting forward the argument that they could not be expected to pay for the mismanagement and inefficiency of others and that the elimination of weak banks should precede the introduction of deposit insurance. It required the crash of a fair-sized scheduled bank and a heavy run on one of the old well-established big banks, with country-wide ramifications, to open their eyes. The Palai Bank, as readers will recall, failed on 9th August 1960 and the consequent suffering of the public could have been minimised, if deposit insurance had been in force then.

Much of the opposition to deposit insurance was the result of the failure of big banks to appreciate its value as a stabilising factor. This failure was, in turn, the result of following British methods and thoughts, which are good for a country like Britain but not sufficient for a vast country like India, with a large number of banks of varying quality and strength. The primary idea of this insurance is, of course, to provide a certain amount of security to depositors. But it helps banks also. However strong and good a bank may be, it cannot be completely free from the disturbing effects of the failure of another bank or a run on another, both of which affect the confidence of depositors and tend to drive deposits to other channels. This became clear beyond doubt in the past twelve months. Loss of deposits tells on the profit-earning capacity of banks, besides making them to depend on the Central banking institution to a greater extent than would be necessary. The price they have to pay by way of a small premium to the Deposit Insurance Corporation will be negligible as compared with the benefits of stability in the confidence of depositors. It is not suggested here that insurance of deposits can, by itself, prevent bank failures, but it can, if ably conducted and administered, reduce the number of failures, as the insurer will keep an eye on the working of banks. Further, such failures as may still happen are unlikely to cause any rude disturbance to peace in the banking world as a whole. There is ample evidence in the U.S. experience to support this conclusion.

It is particularly gratifying to find from the Bill now before the Lok Sabha that the State Bank of India and its subsidiaries also have been brought within the scope of the scheme. It will be recalled that, some time ago, a Government spokesman said that the scheme would not be applied to these banks in the public sector. Later, the Chairman of the State Bank observed that his banks would participate in it voluntarily as a gesture of their interest in the well-being of banking in the private sector. This attitude resembled that of a person who was willing to give charity to a worthwhile cause and was certainly not an agreeable one. The explanation of the State Bank Chairman was that, as the solvency of State Bank and its associates was guaranteed by the Government of India, buying insurance cover for their depositors was meaningless; it would only tantamount to Government guaranteeing its own guarantee, in that the Deposit Insurance Corporation would be nothing but a Government organisation. The logic of this argument cannot be denied. But logic is not everything in life. To leave out the State Bank and its subsidiaries would be an act of discrimination against the other banks and, perhaps, also *ultra vires* the Constitution. To bring them into the scheme as voluntary participants smacks of patronage. Surely, some of the foreign banks, as well as most of the big Indian banks, also could have argued that their reputation and financial strength were by no means inferior to that of the State Bank and definitely far superior to that of any of its associates, and that, therefore, they, too, should be given the privilege of being only the patrons of the Deposit Insurance Corporation. The Government, therefore, deserves to be complimented on its decision to drop its earlier approach and to bring the State Bank and its associates straight into the scheme. The exemption given to the deposits belonging to the Central, State and foreign Governments, as well as to those of insured banks (inter-bank deposits for instance) is also a sensible action. Equally sensible is the exclusion of the State Financial Corporations and their like from the scheme.

Although it was stated at the outset of this article that something was better than nothing, we feel that it is not too late to raise the amount of deposit of an account covered by insurance from Rs. 1,500 mentioned in the Bill to at least Rs. 2,500, if not Rs. 5,000, as the sum of Rs. 1,500 is too small in the present day conditions of inflated value of money. The ultimate aim should be to cover up to Rs. 10,000 in a few years. It has been calculated by competent persons that the average deposit per account of the larger Indian banks is no less than Rs. 4,700. So long as the amount covered per account is low, a person who deserves to take full advantage of the scheme will try to spread his funds over a number of banks, there

Further, in the event of liquidation, the liquidator will be required to pay to the Corporation, instead of to the depositors concerned, any sums which may become due for disbursements to such depositors individually after the Corporation has discharged its liability to them. There is little in these details with which one can quarrel. On the whole, they seem to be well conceived.

Nor can much objection be raised to the wide powers of inspection sought to be given to the Corporation. The object of deposit insurance is to infuse confidence among depositors in the ability of banks to honour their obligations. The Corporation is, therefore, in duty bound to work as the sentinel of depositors. Only, it has to exercise these powers diligently and in strictest secrecy, without causing inconvenience to the day-to-day work of the banks insured and infringing on their legitimate and *bona fide* activities. Since the Reserve Bank has already enormous powers of inspection and accumulated considerable experience in using them, the Corporation and the Bank can and, indeed, must work in close collaboration with each other, if only to avoid unnecessary duplication.

THE CONTINUING COAL CRISIS

THE coal distribution crisis, which set in some eight months ago, shows no signs of abating. The dimensions of the crisis are such that the Union Ministry of Steel, Mines and Fuel has decided to convene a conference, to be held at New Delhi on the 13th instant, of representatives of the State Governments, Planning Commission and major consumer interests. At this conference are to be discussed the various measures, already instituted or currently proposed, for moving coal in 'adequate' quantities to different parts of the country. The official approach to the forthcoming discussions is provided by the Ministry's stand that "the demand for coal has very much outstripped the transport planned for and, therefore, the need to plan for distribution of coal in an appropriate manner has arisen." Implicit in the Ministry's stand is the expectation of a continuing overall shortage in transport facilities. Given this transport shortage, it is difficult to see how any plan of distribution will be able "to ensure (both) adequate and regular supplies of coal to various industries and other consumers in different parts of the country." It will, indeed, be a big achievement if an agreed plan of distribution, emphasising 'regularity' more than 'adequacy,' emerges from the deliberations of the New Delhi conference. The criterion of 'regularity' is any day more important than the criterion of 'adequacy,' because irregular and uncertain supplies may cause shut-down of production in the industrial units concerned, whereas inadequate (but still regular) supplies will only mean some under-utilisation of the production capacities of such units. So long as the bulk of coal supplies has to come from the Bihar-Bengal area which is in one corner of the country, industries in other parts cannot hope to have both 'adequate and regular' supplies in the given conditions of transport shortage. But this does not mean that there is not much scope for a better and more rational plan of coal distribution even within the limitations of the current transport bottleneck.

Already the Government has taken in the last few months, or proposed to take, some measures to ease the situation. These are listed below:

1. The rail transport capacity for coal movement above Moghulsarai from the Bengal-Bihar fields has been increased by 200 wagons per day since July last.

2. Movement of a million tons of coal (in addition to the usual million tons) per annum to southern and western parts of the country has been planned by the rail-cum-sea route *via* Calcutta Port; the additional cost on freight on account of this coal moved by coastal shipping is to be subsidised to the consumer from the proceeds of an additional excise duty of 80 nP which has recently been imposed on all coal leaving the collieries.

3. In urgent cases, special and preferential allotments of coal are given.

4. Movement in block rakes to selected stations is being arranged so as to cater to industries having low priorities such as brick-burning and small-scale industries.

5. Coal dumps are being set up at suitable consuming centres by the various State Governments.

6. Coalfields in Central India (Madhya Pradesh) are being developed so that nearby States may get their supplies from these fields and the long haulage from the Bengal-Bihar fields may be avoided.

7. Diversion to road t[illegible]ng by rail from nearby coal[illegible] consumers in West Bengal [illegible] stopped except in the [illegible]

These measures do add up to a plan of distribution. But the plan seems to be coming up against difficulties because either some of the measures are not working satisfactorily or they are being strenuously opposed by industrial consumers and coal merchants. The working of each individual measure would need to be examined here. Firstly, the actual increase in the number of coal wagons in the above-Moghulsarai direction in July last, according to the Railway Minister's claim, was 250 wagons per day, as compared with the 200 wagons originally proposed. But the movement in this direction is still short of the target (2,600 wagons a day) by 450-500 wagons. As there is no immediate prospect of a further increase in the number of coal wagons in the above-Moghulsarai direction, any improvement here can be expected only from a possible uniform adoption of Sunday loading at all collieries, whether in the public or in the private sector.

The measure pertaining to movement of coal by coastal shipping, necessitated by the inability of the Railways to make good the shortfall of 400 wagons in the required aggregate number of wagons in the Bombay and Madras directions, does not also seem to be working very well. The Coal Controller, Mr. A. Zaman, has admitted that, because of the dearth of ships, the movement of coal by sea has not yet come up to expectation. The Government is, therefore, actively pursuing the question of either chartering some foreign ships or acquiring second-hand ships for the purpose. When the coastal fleet is so augmented, it may be expected that coal supplies by sea to western and southern parts of the country will become more regular, if not adequate. Industrial consumers in these areas will also derive satisfaction from the subsidy arrangement, under which the costs of coal delivery by sea will remain more or less the same as the costs of coal delivery by rail. The latter costs, incidentally, are: Rs. 28 per ton from collieries to Madras; Rs. 34 to Cochin; and Rs. 28 to Bombay.

The scheme for movement of coal in block rakes and half rakes for the use of brick-burning and small-scale industries, brought into operation since 1st September 1961, has been criticised by coal merchants. Such rakes will be mostly consigned to District Magistrates with the ultimate objective of channelling the distribution of coal through dumps from a few selected stations. The coal merchants had originally accepted the scheme on the strength of the official assurance that they would not be displaced from the coal trade. But they seem to be disillusioned now, for, according to them, the scheme of distribution through dumps owned by a small number of State-nominated dealers would mean that numerous big and small units of the coal trade will be deprived of most of their normal business which used to account for about 50 per cent of the total raisings of coal. There is probably some exaggeration in the angry representations made on behalf of the coal merchants. The Coal Controller's view is that some of the middlemen have been taking undue advantage of the difficult transport situation and dictating their own terms to supplying collieries which are compelled to make distress sales presumably because of accumulating pithead stocks. His disclosure that coal merchants have rejected his advice that they should either form a co-operative society of their own for coal distribution purposes or have their Association as the agent of the State Governments, is significant. It signifies that the normal channels of coal trade dislike the prospect of regulation of any kind. So long as coal scarcity caused by transport scarcity continues, the all-too-natural tendency for profiteering that may manifest itself in some sections of the trade would have to be kept in check.

If the forthcoming conference at New Delhi revises the scheme of distribution in a manner that will subserve the interests of consumers and producers even while employing the normal trade channels in a regulated manner, it will be a happy end to the controversy between the coal merchants and the Coal Controller. Neither the view that middlemen should be totally eliminated from the sphere of coal distribution through a system of coal dumps, State nominees and central marketing nor the view that the normal channels of coal trade should be left totally free and unregulated in the prevailing conditions of scarcity seems to be fair or reasonable. The stand of the Federation of Indian Chambers of Commerce and Industry in this connection is that the assistance of normal trade channels should be available to collieries as well as to industrial consumers. It should be possible to modify the scheme of distribution in such a way as to ensure the continued assistance of coal merchants, if the authorities discard their bias against 'middlemen.' If the normal trade channels are retained, major industrial consumers, who can get their coal moved in block rakes, need not depend on the zonal coal dumps. In that case, the dumps, too, can be much smaller and thus less unwieldy.

Another question, which the New Delhi conference may have to consider in the light of a representation just made by the Bengal Chamber of Commerce and Industry, pertains to the requirement that consumers of coal (other than priority consumers like thermal stations, waterworks and steel plants) in West Bengal and Bihar should get their coal supplies by road. It is stated that industrial users like jute mills, engineering works and paper mills in the Calcutta area are being forced to take almost all their coal requirements by road. These factories are situated at distances of 100 miles and more from the nearest coalfields, and the cost of road transport works out to an average of Rs. 28 per ton to Calcutta, as compared with the cost of about Rs. 9 per ton to that city through rail transport and with about Rs. 28 per ton by rail or by the subsidised sea route to Madras and Bombay. The locational advantage, represented by a lower cost of coal transport, will cease to operate in the case of industries in Eastern India, as compared with the industries in western, northern and southern India. To equalise the coal freight incidence as between the various regions in this manner is rather unfair to the eastern industries which have all along taken the lower cost of coal transport for granted and based their structure of production on it. The higher cost of coal transport by road will make them less competitive in world markets and increase the prices of their goods to domestic consumers. None gains by this aggravation of cost inflation and it is irrelevant to argue that it will serve to balance the handicaps suffered by industries in other parts of India. What is relevant is that the *status quo* is being disturbed. Any such disturbance should entail some compensation. In this case, partial compensation by way of a subsidy towards the freight cost by road could be given from the proceeds of the additional excise duty of 80 nP per ton of coal produced—proceeds which are not going to be entirely used up in subsidising the freight cost by sea. This is an issue worthy of consideration, at the New Delhi conference next week, purely as an emergency measure. The real remedy lies, it is needless to add, in taking steps to increase the capacity of railways to carry more coal and in practising fuel efficiency, a much neglected aspect of coal consumption in this country.

COTTON TEXTILE EXPORTS

WHAT are the causes for the persistently disquieting performance on India's cotton textile export front? And how should they be removed? These are questions which have been discussed in detail time and again on platform and in the Press, not to speak of the reports of several delegations and enquiry committees. But still the textile policy of the Government continues to be faulty and halting. The result is that the potentialities of cotton textiles as an earner of valuable foreign exchange are being greatly undermined. Indeed, the trends in the textile export trade are disturbing to a degree and, unless energetic action is taken right now, Indian textiles are bound to be priced out of world markets in the years to come. By saying this, we are, of course, not crying "wolf!" For the object is to reiterate the urgency of the whole problem. This aspect will be widely appreciated by the powers-that-be if only they care to peruse the brief but pointed speech that Mr. Neville N. Wadia, Chairman of the Cotton Textiles Export Promotion Council, delivered at the seventh annual general meeting of the Council held at Bombay on Wednesday, the 6th inst. Mr. Wadia's observations, which are based on his deep understanding of the problems of both industry and trade, merit the most serious consideration, because he is, perhaps, one of the few millowners in India who have been rendering signal service in the cause of textile export promotion against heavy odds.

That the world markets are offering stiff resistance to India's cotton textile export prices is clearly reflected in the disturbingly low level of shipments. The aggregate exports of piece-goods in the current calendar year are expected to be much below the previous year's figure of 695 million yards which itself was lower by as much as 14.7 per cent as compared with the 815 million yards shipped in 1959. The estimated shipment of 695 million yards falls considerably short of the second Plan target of 1,000 million yards and the peak level of exports amounting to 1,120 million yards touched in 19[illegible]. Even this performance has been due in a large measure to the Export Incentive Scheme of the Government. Things might have been worse had such a scheme not been introduced at all. But this is not a satisfactory solution to the problem. Export incentives are at best only palliatives, particularly helpful in sudden upsets, or abnormal trends either in the domestic economy, as was the case last year owing to an acute shortage of cotton and the consequent high prices for the raw material, or in world trade, as, for instance, the unfair competition offered by Communist China a couple of years ago. Mr. Neville Wadia was, therefore, certainly right when he declared that, while incentives must always be considered a remedy for difficult periods, it was essential that the cotton mill industry should be placed on a sound footing for the future. It was in this context that he described the conditions presently obtaining in the industry. Here is what he said:

"I regret to say that, looking at the developments which are taking place in other countries, we are lagging miles behind. When compared to our competitors abroad, it can truly be said that our industry is tied hand and foot with curbs on production and expansion, resistance to rationalisation and modern machinery and numerous other impositions of excise duties on finished products, as well as on a large number of the items used in the course of manufacture. The restriction on increase in capacity of industry, on the one hand, and voluntary price control, on the other, has brought progress to a standstill. The industry cannot earn money with which to renovate its equipment or expand the production to meet the ever-increasing demand at home and abroad. It is, indeed, sad that a country blessed with its own supply of raw cotton should be outstripped by the industries in countries not so fortunately placed. It is due to the fact that they are unfettered that they have been able to achieve such remarkable results."

These are hard facts which cannot be disputed by any one. It must, however, be admitted that the blame for the discouraging trends in cotton textile export trade does not lie entirely with the Government. For the industry and trade also have to share the blame to some extent. Mr. Wadia, who is both a manufacturer and an exporter, was quite candid when he observed:

"The analysis of our performance glaringly brings out the fact that our undue reliance on grey goods to muster our performance has its serious limitations. Many underdeveloped countries of Africa and Asia are strengthening their infant textile industries, whereby the door for our bread and butter lines is slowly being shut. As against this, the door to printed goods is wide open and progress in this field is disheartening, running at a meagre 4 per cent of our annual exports. Our industry has shown little enterprise in developing exports of finished goods."

Gone are the days when Indian textiles enjoyed the unique advantages of low-priced cotton and low wages *vis-a-vis* the other textile producing countries. This point is driven home by the following extract from Mr. Wadia's speech:

"The emergence of new supplier countries like Spain, Portugal, East European countries, Turkey and Egypt, which are making all-out bid to carve markets for themselves, has affected us severely. This has in no small measure disturbed the equilibrium of international trade. With the stabilisation of the European Common Market, France and Germany have expanded their exports of cotton textiles. . . .

"Many new factors are coming into play in the international trade of cotton textiles and these will require constant vigilance by all concerned. While the extension of the agreement between Lancashire and Hong Kong till the end of 1962 will increase our quota for that calendar year for goods to be retained in the U.K., the application of Her Majesty's Government to join the Common Market causes particular anxiety for the export of cotton textiles from India. While the effects of her joining may be gradually felt by us, nevertheless, they are likely to be of a permanent nature when the final stages of economic union is reached. As England is our largest market taking one-third of our exports, it is not difficult to see how seriously we can be affected. . . . "

The foregoing account gives an idea of the magnitude of the task involved in stepping up exports of cotton textiles. Unless the Government, industry, labour and trade play their part properly, fully conscious of the difficulties ahead, no worthwhile results can be achieved. The key to export promotion lies partly in reducing the cost of production and partly in supplying the types of goods that suit the tastes of overseas customers. In this context, the reported decision of the Cabinet Committee on Export Promotion to allocate sufficient foreign exchange to enable mills to undertake rationalisation and modernisation programmes is a step in the right direction. Simultaneously, the Government must also abolish curbs on production and export and reduce the burden of taxation. On its part, the industry must adopt (*a*) measures to ensure production of acceptable quality fabrics at an economic cost, (*b*) undertake market study for assessing the demand potential and the types of goods required, and (*c*) conduct design research with a view to promoting originality and fashion.

MARKET GOSSIP

THE share markets are, once again, having jitters. War scare and renewed threat of restrictions on speculation are the fresh factors of the week which have induced the bulls to make a hasty retreat and the bears to indulge in another bout of selling. The withdrawal of margins against bears on the Calcutta Stock Exchange gave new strength to bears in that market. It is not known why the authorities of the Calcutta market so quickly reversed their earlier decision, and that, too, when there were unmistakable signs that the downward trend was not over. But we do not blame them, for the step taken by them was not followed by their confreres in Bombay and a considerable amount of business must have been diverted from the Lyons Range to Dalal Street.

Check on Speculation

The impression that the Government of India has shelved its proposals for restraining speculation on Stock Exchanges has been belied. It is now common knowledge that there is going to be a high level conference this week-end between the heads of Stock Exchanges and the Finance Minister. The conference will also be attended by one of the Deputy Governors of the Reserve Bank, the Chairmen of the State Bank of India and the L.I.C., and the concerned officials of the Union Finance Ministry. It is presumed that the subject of discussion will be the proposals put forward by the Stock Exchange Directorate for regulating speculation. According to knowledgeable circles, some of the leading and influential industrialists have lent their support to the contention that there has been no unhealthy speculation in the stock markets and that a buoyant share market is necessary for helping new companies and expansion schemes of existing companies to get capital from investors. To cut a long story short, the Presidents of Stock Exchanges have received the active support of industrial leaders for their view that they have already been taking such measures as are necessary for checking unhealthy speculation, that they should be allowed to enjoy the freedom of action they have so far had and that they could be relied upon to take further measures if and when they thought them to be necessary. It remains to be seen whether Mr. Morarji Desai will merely give a lecture to the Stock Exchange Presidents on the evils of speculation and the necessity to keep the bulls and bears within reasonable bounds, or tell them firmly that, as they have not done enough to prevent violent fluctuations in equities due to excessive speculation, the Government has decided to enforce certain measures. At the time of writing, there are many who are inclined to believe that the former is very likely. This perhaps accounts for the smart spurt in some of the speculative scrips today from the lowest levels touched earlier.

While we have no desire to anticipate the outcome of the meeting, we have no hesitation in saying that the following are the lines—and they are the minimum—on which healthier stock exchanges could be ensured:

1. The establishment of a permanent Stock Exchange Security Commission on the lines obtaining in the U.S. The need for such a watch dog of the type was conceded in principle by Mr. C. D. Deshmukh, when he was the Finance Minister, while piloting the comprehensive Company Law reform. The present one-man Stock Exchange Directorate has been inadequate and will be unequal to the heavy tasks ahead. In saying this, we cast no reflections on the ability of the officer concerned.

2. Determination and enforcement of minimum brokerage, coupled with heavier deposits from brokers, are quite desirable. Both in Calcutta and Bombay there are too many stock brokers of slender means and intellectual equipment. A certain amount of pruning of membership will be conducive to toning up quality.

3. A permanent system of margins on both purchases and short-sales should be applied, without any exemption limits. These margins should be of varying type which will automatically move up or down with the trend of values. They should not be on the net outstanding position of a broker, but on the daily outstandings of each of his clients. Adequate precautions must be taken to make sure that speculation is not carried on under the guise of spot transactions.

4. If any particular scrip in the cash list enjoys a consistently large volume of turnover, it should be transferred to the forward list, so that transactions in it may be subjected to margins and other controls.

5. Periodical surprise inspection of the books of brokers should be carried out by the Government's controlling authority and those who are found to be guilty of not observing the rules and regulations should be severely dealt with.

Jute Bufferstock

The decision in regard to the creation of a raw jute bufferstock, arrived at the meeting of the representatives of the Central and West Bengal Governments and the Indian Jute Mills' Association spokesmen held at Calcutta on Sunday this week is surprising. By entrusting the work of establishing and operating the bufferstock to the jute industry, the Government of India has only shirked its responsibility. Just last week, we urged in these columns that the right party to operate such a scheme is the Government and not the millowners and/or the traders. The decision is all the more surprising because the industry itself has volunteered to undertake the task, instead of concentrating attention on the more important and pressing problems of production and marketing of jute goods.

The details of the proposed bufferstock, such as those pertaining to the structure of the agency, methods of financing, storage, turnover and re-sale of stock, as well as the price at which raw jute will be bought, are yet to be finalised. All that is now known is that the bufferstock agency will be either an independent company incorporated under the Indian Companies Act or a society registered in accordance with the Registration of Societies Act. It is stated that the agency will work under the supervision of the Union Government. It is further stated that at least 75 per cent of the finances required for the authority's price support operations will be available through the banking system, but the authority is not expected to buy all the jute in the market. To quote a spokesman of the West Bengal Government: "It will operate as a price support scheme, greater stress being laid to match the arrivals by regular purchases by the jute mills."

Contrary to expectations, the Calcutta meeting did not take any decision on the question of a statutory floor price for raw jute. It is believed that the representatives of West Bengal Government pleaded for statutory fixation of a floor price at Rs. 35 per maund, but the plea would appear to have not found favour with the Central Government which feels that the minimum price of Rs. 30 is quite reasonable and it will take steps to see that the price does not go below this level.

Meanwhile, it is heartening to learn that conditions in the jute industry are improving gradually and, if the pace of improvement were to persist, the industry would be out of the crisis again in the not-too-distant future. Arrivals of raw jute have increased lately and they will rise further following the abolition of the import duty on raw jute with effect from the 1st inst. The prices of raw jute are to be maintained at reasonable levels and the bank credit restrictions on jute mills have been withdrawn. One report has it that the industry is contemplating to revert to the normal 48-hour week, in the place of the present 42½-hour week, besides unsealing as many looms as possible.

British Banks to Help Small Exporters

It is, perhaps, indicative of the recognition of the importance of small and medium producers in the export trade of Britain that new and better facilities are now being offered to enable them to export more. The British Export Credit Guarantee Department (E.C.G.D.) gave the lead by announcing, in April last, new covers and more liberal credit terms for small and medium-sized firms as an inducement to them to enter the export field. Many private financing institutions followed suit by offering liberal credit terms for the small and medium exporter. The latest is an export credit scheme jointly formulated by Messrs. S. Japhet and Co., London Merchant Bankers, the Hongkong and Shanghai Banking Corporation, and the National and Grindlays Bank. A new company, called Exports Refinance Corporation, has been formed by them for the purpose. It has an issued capital of £750,000, held equally by the three partners.

The scheme is operative from the 1st inst. It is, as noted above, meant primarily for providing short-term credit for small and medium exporters. The maximum lending period will be five years, to start with. The scheme will be worked in close co-operation with the E.C.G.D. Loans will be given only to exporters who have E.C.G.D. cover. The sponsors of the scheme expect that there will be sufficient demand, even at a comparatively high rate of interest, for credit from small exporters to make the scheme a success.

The idea behind the scheme is that it is not the business of the manufacturers to finance their customers, even if they are abroad. The growing demand for credit from overseas buyers of the products of even the small exporter is also probably one of the reasons why the banks found that there is scope for this kind of business.

Freight Rates and Export Trade

Dr. A. Ramaswami Mudaliar, Chairman of the India Steamship Company Ltd., has circulated a statement to shareholders, along with the Directors' report and accounts, in advance of the Annual General Meeting of the Company scheduled to be held at Calcutta on the 26th inst. In this statement, he has dealt at length with the dilemma facing the shipping companies, especially those operating on the India-U.K.-Continent line. The present freight rates on this line, he points out, are uneconomic; they have remained practically unchanged since 1957, notwithstanding the fact that costs in every direction, including wages of staff, have gone up. A corresponding increase in freight rates would have been the obvious solution, but for the fact that a freight increase could not be readily equated to the increased costs. This is because of its probable adverse effect on exports and the balance of payments position of the countries whose exports they carry. Most of the countries, whose trade formed the bulk of the business of the shipping lines operating the India-U.K.-Continent line, are anxious to promote exports of commodities and manufactured goods in a desperate attempt to earn foreign exchange and to keep their payments position in balance. Conflicting considerations such as these have, to a large extent, prevented an upward revision of freight rates to meet the increased costs.

There [illegible] and even more serious, factor [illegible] which Mr. Ramaswami Mudaliar has again [illegible] the unhealthy, and in-

UNCERTAIN TREND IN EQUITIES

SMALL RECOVERY AT CLOSE

(From Our Own Correspondents)

BOMBAY, *7th September*

AFTER showing some signs of recovery in the initial days of the week, the share markets have shown signs of weakness again. Although here and there some scrips have managed to record some gains due to bargain hunting, the general trend is downward. Confidence of bulls is shaky, while the bears are still in an aggressive mood.

Sentiment on the Stock Exchange was quite cheerful on Friday the 1st inst. and several counters registered handsome gains. The main stimulant was provided by reports suggesting institutional investment in Tata Locomotives, Voltas, Svadeshis, Sirpur Paper and a few other scrips. Turnover improved significantly in some select counters. The upward trend of prices gathered further momentum on Monday, when, following short-covering and fresh support, a number of shares touched the peak levels of the week. At high levels on the same day, profit-taking set in and equities developed a sagging tendency which persisted yesterday, too, thanks to persistent fears of possible restrictions on speculation. It is reported that the Union Finance Minister would meet the Stock Exchange Presidents at Bombay on Saturday the 9th inst. to discuss the steps to be taken for curbing speculation. There was also absence of institutional support with the opening of the subscription lists for State loans. Besides, enquiries from individual investors were at a low ebb, in view of the proximity of end-of-account period (8th September). Even the statement of the Finance Minister at the informal consultative committee of Parliament that there was no possibility of raising the Bank rate in the near future failed to have any effect. The downward trend continued today, though, later in the day, lower levels attracted some support and a small recovery was in evidence.

The shareholders of the Ahmedabad Electricity Company Ltd. have some encouraging news. The working results of the Company for the year ended March 1961 show that the sales of electricity have gone up by 8.2 per cent to 755.5 million units and the gross profit from Rs. 134.89 lakhs to Rs. 140.17 lakhs. The Directors have decided to maintain the dividend for the year ended 31st March 1961 at the previous year's level of 7 per cent gross. The investors in the shares of Machinery Manufacturers Corporation will be happy to know that the Company has made a net profit of Rs. 21.93 lakhs for the year ended 31st March 1961, as against the loss of Rs. 4.97 lakhs incurred in the preceding year. In order to finance its programme of expansion, the Gannon Dunkerley proposes to raise its capital from Rs. 30 lakhs to Rs. 1 crore by offering 64,000 shares of Rs. 100 each to the public. The Guest, Keen and Williams is likely to receive official sanction to expand the capacity of its screw making plant from 1.56 million gross to 2.25 million gross. The Shivrajpur Syndicate proposes to issue bonus shares in the ratio of one for one by capitalising Rs. 10.50 lakhs out of the general reserves. The new issues market would appear to be still buoyant. The recent issue of the Chemicoat Limited has been oversubscribed by nearly 25 times.

In the steel section, Tata Steels began at Rs. 151 and firmed up to Rs. 152.25 on the following day. The general depressed mood of the market brought down the quotation to Rs. 148.50 on Wednesday and further to Rs. 148 today. Indian Irons, after improving from Rs. 25 to Rs. 25.45 on Monday, declined subsequently and touched Rs. 24.52 today before finishing at Rs. 24.84. Mukand Irons which opened at Rs. 25.75 on Friday, received sustained support and rose to Rs. 26.65 on the 4th inst. Thereafter, they drifted lower and reached Rs. 25.75 today.

Among textiles, Centurys met with good support and jumped up from Rs. 684 in Kerb trading on Wednesday to Rs. 690 on the first day. At this level, profit-taking set in and the share moved down to Rs. 665 yesterday but recovered again to Rs. 681 today. Khataus spurted by Rs. 7.50 to Rs. 477.50. Morarjees gained Rs. 6 to Rs. 386. Shree Niwas gathered a like amount to Rs. 264. Finlays and Phoenix rose by Rs. 4 each to Rs. 315 and Rs. 169.50 respectively. Sassoons put on Rs. 2.50 to Rs. 62.50. Elphinstones were bid Rs. 2 higher at Rs. 84. Tata Mills picked up Re. 1.30 to Rs. 63. Simplex opened at Rs. 190, as against the previous close of Rs. 191, and moved up to Rs. 193 on Monday. In the subsequent session, they declined on account of stray bull liquidation and finished at Rs. 191 today. Gokaks were quiet at Rs. 185, as also Indores at Rs. 158 and India Uniteds at Re. 1.88. In the cash section, Mafatlals fell by Rs. 17.50 to Rs. 790. Kohinoors eased by Rs. 3.50 to Rs. 279. Standards dropped Rs. 3 to Rs. 1,142. Bombay Dyeings were well supported in the earlier sessions, the quotation rising from Rs. 65.40 to Rs. 66 on Monday the 4th inst. Thereafter, they gradually receded and touched a low of Rs. 64.90 today.

Thanks to encouraging results of some companies, the cement section displayed a firm trend. Associated Cements evoked speculative investment support and advanced from Rs. 167 to Rs. 160 on Monday, but, in the subsequent sessions, owing to profit-taking they declined and finished at Rs. 158.50. Over the week, the scrip gained Re. 1.50. Digvijays moved up from Rs. 163.50 to Rs. 165.50. Orissa Cements gathered 36 nP to Rs. 15.16. Jaipur Udyogs put on 48 nP to Rs. 11.36. Dalmia Cements changed hands at Rs. 10.96, showing a gain of 20 nP over the week.

In the shipping section, Scindias opened lower at Rs. 12.28 as against the previous close of Rs. 12.32, and rose to Rs. 12.44 on Monday. Later, however, they were neglected and closed lower at Rs. 12.20 today. Great Easterns received some support and hardened by 12 nP to Rs. 13.12. Automobile shares were depressed. Hindustan Motors lost 80 nP to Rs. 18.20. Premier Automobiles shed 25 nP to Rs. 153.25.

Chemicals ruled irregular. Amar Dyes were hammered down by Rs. 18.75 to Rs. 280. Dhrangadhras (new) lost Re. 1.50 to Rs. 105, Kemps eased by 50 nP to Rs. 297.50. Citric shed a like amount to Rs. 71. A few other shares, however, attracted keen attention. Indian Dyestuffs jumped up by Rs. 18.75 to Rs. 430. Poly-Chems advanced by Re. 1.25 to Rs. 197.50. Colour-Chems rose by an equal amount to Rs. 335. Ultra Marines rose by a rupee to Rs. 108. Tata Chemicals gained 52 nP to Rs. 16.92.

With the solitary exception of Maharashtra Sugars, which eased by Re. 1 to Rs. 189, the sugar section presented a firm trend. Belapurs opened higher at Rs. 275, as against the previous close of Rs. 272, and spurted to Rs. 285 on Monday. At this stage, profit-taking ensued and the scrip fell to Rs. 271 today but finished higher at Rs. 274. Phaltans advanced by Rs. 4 to Rs. 136. Ravalgaons and Walchandnagars were firm at Rs. 63 and Rs. 164, respectively.

The engineering section ruled generally firm during the week, though the gains recorded were modest. Tata Locomotives were well supported in the first two sessions and advanced from Rs. 332 to Rs. 341 on Monday. Thereafter, they receded and touched Rs. 328.25 today before recovering to Rs. 334 at the close. Over the week, the gain was Rs. 3.50. Larsen and Toubros rose by Rs. 2 to Rs. 36.75. Cooper Engineerings gained a rupee to Rs. 178.50. T. Maneklal Olds jumped up by Rs. 25 to Rs. 490, while the new shares slumped by Rs. 115 to Rs. 475. But Alcock Ashdowns lost a rupee to Rs. 286. Khandelwals shed an equal amount to Rs. 70. New Standard Engineerings dropped Rs. 8 to Rs. 177.

In the rayon section, the trend was mixed. National Rayons opened at Rs. 516, as against the previous close of Rs. 514, and rose to Rs. 526 on Monday. On the following days, bull liquidation brought down the value to Rs. 508 today. Towards the close, the scrip was firm at Rs. 514.50. Baroda Rayons were keenly bid and advanced by Rs. 2.75 to Rs. 138.25. Indian Rayons firmed up by Rs. 2 to Rs. 72. South India Viscoses gathered a rupee to Rs. 175. But Gwalior Rayons eased by a rupee to Rs. 48.

In the miscellaneous section, Bombay Burmahs evoked good enquiries early in the week and advanced from Rs. 580 to Rs. 586. Subsequently, however, there was persistent profit-taking which took the value down to Rs. 573. The closing was a shade better at Rs. 576. But Voltas maintained a steady front at Rs. 276. Following the announcement of bonus issue, Shivrajpurs improved by Rs. 3.50 to Rs. 92.50. Wimcos gained Rs. 2 to Rs. 274. Killick Industries put on a rupee to Rs. 97.

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Madras Stock Exchange

MADRAS, *6th September*

Mixed trends prevailed on the Stock Exchange during the week under review. Thus, while sugars, coffees and rubbers ruled listless, textiles, teas and miscellaneous industrials were somewhat favoured. The business actually transacted was limited, as fresh buying support was lacking, in the absence of any new incentives. Operators were awaiting Government's final decision on the question of restricting speculation in shares. They welcomed the Central Licensing Committee's approval of the Enfield's expansion programme (in Madras), and other industrial schemes in the South, but this did not have any perceptible effect on the market trend. Textiles ruled steady on account of some upcountry support. Teas were well maintained, despite reports that tea exports from Cochin were running at a lower level. The easiness of sugars was due to the persistent uncertainty regarding export prospects. Coffees were neglected, notwithstanding the news that a coffee export promotion delegation, led by the Chairman of the Coffee Board would leave shortly for the U.K. and other European countries to explore the ways and means of promoting India's shipments of coffee. There was some activity in selected miscellaneous shares, particularly cements and engineerings.

In the textile section, Coimbatore Cottons rose by Rs. 3 to Rs. 191. South India Viscose and Vasantas advanced by a like amount to Rs. 179 and Rs. 270, respectively. Metturs strengthened by Rs. 2 to Rs. 384. Loyals put on a rupee to Rs. 45.50. Travancore Rayons improved from Rs. 38.05 to Rs. 38.65 before closing at Rs. 38.45, the net increase being 40 nP. Madurais hardened by 5 nP to Rs. 36.75; the quotation had touched Rs. 37 earlier in the week. Lakshmis, which had declined from Rs. 156 to Rs. 154 in the earlier sessions, recovered to the opening level of Rs. 156 towards the close. Bangalore Woollens were fully steady at Rs. 216. The Company has announced an interim dividend of 6 per cent, taxable, for 1961.

Among teas, Nonsuchs gathered 10 nP to Rs. 28.70. Kil Kotagiris picked up a like amount to Rs. 4.75. Waterfalls were higher by 5 nP at Rs. 3.00. But Haileyburias were maintained at Rs. 13.40, Highlands at Rs. 16 and Parksides at Rs. 29.62. Kurchermalas were firm at Rs. 5, following the news that the Directors had recommended a dividend of 4 per cent, taxable, for the year ended March 1961. The Company, it may be recalled, had passed over the dividend in the previous year.

Coffees ruled easy. Coffee Lands declined by 15 nP to Rs. 17.50. Consolidated Coffees eased by 10 nP to Rs. 20.95. Anaparais lost a like amount to Rs. 3.85. Cowcoodys were dull at Rs. 4.45, Rajendras at Rs. 12.12 and Balanoors at Rs. 15.35. Mysore Amalgamateds were quiet at Rs. 5.90, reflecting disappointment of operators over the maintenance of the dividend for the year ended March 1961 at the previous year's level of 10 per cent (taxable).

Among rubbers, Midlands fell by 20 nP to Rs. 11.60. T. R. and Ts dropped 5 nP to Rs. 9.85. Malankaras were subdued at Rs. 18 and Travancore Rubbers at Rs. 11.87. Teekoys were dull at Rs. 5.20, despite the announcement of a dividend of 4 per cent (taxable) for the year ended March 1961; no dividend had been paid in the previous year.

Among sugars, Cauverys suffered a setback of Rs. 6 to Rs. 111. Indias lost 25 nP to Rs. 11.75. Deccans shed 5 nP to Rs. 12.95. Mysores were quiet at Rs. 57.75. United Breweries, however, moved up by Rs. 5 to Rs. 106.50 on good dividend news. The Directors of the Company have recommended a final dividend of 35 per cent, making a total of 60 per cent (taxable) for the year ended March 1961, same as that distributed in 1959-60. In addition, an interim dividend of 25 per cent has been declared for the year. The Company also proposes to issue 50,000 equity shares of Rs. 10 each at par on *pro rata* basis to shareholders as on 30th December 1961.

In the miscellaneous section, Orissas and Dalmia Cements rose by 10 nP each, the former to Rs. 14.85 and the latter to Rs. 11. Indias were fully maintained at Rs. 6.47 and Travancores at Rs. 7.50. Andhras, however, shed 10 nP to Rs. 9.40. Aluminium Industries hardened by 25 nP to Rs. 22.95. India Steel Rollings strengthened by 10 nP to Rs. 10.65. Ashok Leylands picked up 3 nP to Rs. 8.45. Textools were firm at Rs. 175, as also Tube Investments at Rs. 258.

MARKET GOSSIP

(Concluded from previous page)

fair means by which some of the shipping companies or their agents try to obtain cargo by undercutting freight rates through larger rates of rebate to shippers than are permissible under Conference rules. The effect of these and other practices, such as the manner in which some of the forwarding agents, particularly on the Continent of Europe, try to corner cargoes have had disastrous effects on the profits of shipping companies. A solution for this state of affairs is the allocation of freight earnings of the Conference in certain proportion, over a term of years, providing, at the same time, for the growth and development of the fleets of underdeveloped countries through a defined and reasonable escalation of the rate of allocation during the period. After protracted discussions and negotiations, an agreement was arrived at in November last, defining the percentages of earnings which the lines under different flags would be allocated every year. This arrangement is considered as beneficial by all the Lines concerned, especially because it removes unhealthy competition, various kinds of malpractices and ensures the better working of the Conference system. At the same time, according to Dr. Ramaswami Mudaliar, shippers would not be inconvenienced to the slightest extent. In fact, the cargo movement to and from the Continental ports will be better facilitated.

This, of course, is only a partial solution. The question of revision of freight, Dr. Mudaliar observes, is being studied objectively and scientifically and an effort is being made to see whether freight may be increased on commodities which can bear the increase and still maintain their competitive position in world markets. In fact, a blanket increase of 10 per cent in freight, with effect from 1st October 1961, has already been proposed by the India-U.K.-Continent Shipping Conference. The proposal has been opposed by the Government of India, because it is sure to hit India's export trade. It is pointed out, in support of this contention, that, since the Government's policy of export promotion is bound to increase the volume of cargo available for shipment from India, it is short-sighted and unbusinesslike to increase the burden on such cargo. Representatives of the Conference contend that operation on the aforesaid routes is uneconomic, owing to the delays in ports, increase in wages and other costs and an increase in freights is, therefore, imperative. They are expected to have a fresh round of talks with the representatives of the Union Ministry of Transport shortly when they are likely to suggest freight increases commodity-wise so that those commodities, which can bear an enhanced freight, may be charged more and those that cannot be exempted are probably charged a lower freight. It may be recalled here that a reduction in the freight rate of some commodities has already been agreed to by the Conference.

The crux of the problem is to strike a balance between the need for keeping the freight rates at a reasonably low level in the interest of exports and fixing them at level which will prove economic to the shipping companies. Beneficiaries of higher freight will be not only the foreign companies operating on the India-U.K.-Continent line but also the Indian shipping companies, both State-owned and private, that participate in this trade. It is to be hoped that the talks will prove fruitful and a fair adjustment of freight rates would be possible.

NEWS IN BRIEF

THE Tariff Commission has taken up for investigation the question of fixing fair ex-mill prices of cotton yarn and cloth.

As many as 16,737 smuggled watches, valued at about Rs. 12.65 lakhs, were seized by customs authorities during the six months ended June 1961.

The Central Advisory Council of Industries will meet at New Delhi on 28th October, 1961, under the chairmanship of Mr. K. C. Reddi, Minister for Commerce and Industry.

After taking into account the supply position of raw jute and in order to promote exports of jute manufactures, the Union Government has removed the existing import duty of 35 per cent on raw jute with effect from the 1st inst.

In response to the global tenders invited for the construction of an atomic power station of 300 MW. capacity near Tarapur, sixty miles north of Bombay, seven tenders have been received from four countries, namely, Canada, France, the U.K. and the U.S.

The question of setting up a central machinery to clarify points of doubt in regard to implementation of the recommendations of the Sugar Wage Board is being considered by the Government of India.

Necessary formalities for the merger of the State-owned Eastern and Western Shipping Corporations into one company, under the name Shipping Corporation of India Ltd., are nearing completion. The new Corporation will come into being on the 2nd of next month.

Out of the 88 jute mills, 83 have implemented the interim award of the Jute Wage Board. The two Kanpur mills, which have not accepted the award, have gone to Court. Meanwhile, the Central Government has asked the U.P. Government to persuade the two mills to withdraw cases and implement the award.

A separate unit in charge of the development of backward areas is proposed to be set up in the Planning Commission. The unit, it is said, will not merely function as a study group, but will also pursue the implementation of various development schemes in the backward areas.

India's adverse balance of trade declined to Rs. 18.23 crores in July 1961, from Rs. 37 crores in the previous month. Exports (including re-exports) rose from Rs. 49.88 crores in June to Rs. 50.74 crores in July, while imports declined from Rs. 87.34 crores to Rs. 69 crores.

A heavy pilot plant for upgrading low-grade manganese ore is being established at the National Metallurgical Laboratory, Jamshedpur. This plant, claimed to be one of the biggest of its kind, will provide valuable economic and design data for the establishment of the commercial upgrading plants.

An Indo-Swiss training centre for precision mechanics will be established at Chandigarh. The Governing Council of the U.N. Special Fund has granted a sum of $9,35,500 to the Central Scientific Instruments Organisation for the project. Equipment for the proposed Centre will be provided by the Swiss Foundation.

A second telephone producing plant will be set up in the country shortly, but no decision has yet been taken on its location. This was disclosed by Dr. P. Subbaroyan, Union Minister for Transport and Communications, while inaugurating the Rs. 125-lakh 8,000-mile new central automatic exchange at Madras on the 2nd inst.

The Government of India has acceded to the International Convention to facilitate imports of commercial samples and advertising materials. The samples of goods, which are exempt from import duties under the International Convention, drawn up at Geneva on 7th November 1952, will now be allowed clearance free of duty and without import restrictions.

The foundation-stone for a new calcium carbide plant, with a capacity of 30 tons per day, was laid by Mr. V. V. Giri, Governor of Kerala, at Chingavanam in Kottayam. The plant is being set up by the Electro-Chemical Industries, and is expected to go into production next year. The machinery for the project is being supplied by the S.I.A. Invest Export of Berlin in West Germany.

An official Bill, seeking to enforce quality control on export goods, is expected to be introduced during the ensuing Parliament session. The move follows a recommendation to this effect made by an expert committee (Chairman: Mr. Lal C. Verman, Director of the Indian Standards Institution). The Government is understood to have accepted another suggestion of the Committee to constitute a statutory body for enforcing quality control.

A factory for the manufacture of cable is proposed to be set up shortly at Digha in West Patna at a cost of about Rs. 2 crores, by a private firm in collaboration with the Government of Bihar and an East German firm. The factory is expected to produce enough cable to meet the requirements of the State Electricity Board and also for export. The Bihar Industrial Development Corporation has decided to purchase shares worth Rs. 5 lakhs in the new company.

India has secured orders for another 110,000 pairs of shoes from Russia and for 28,000 pairs from East Germany, according to Mr. Manubhai Shah, Union Minister for Industry. At Agra alone, the total production is about 4 to 5 million pairs annually. The National Small Industries Corporation has established a procurement centre at Agra to assist shoe fabricators with export orders.

With effect from 29th August, the Reserve Bank of India has withdrawn margin restrictions on advances by scheduled banks against raw jute and ceiling limits on advances against jute goods following the improved supply position of raw jute. Meanwhile, some jute mills in the Calcutta area have started gradually unsealing looms additionally sealed at the beginning of last month.

The Government of India has accepted and been acting on the major recommendations of Mr. H. A. Longden, Director-General (Production) of the U.K. National Coal Board, who visited the National Coal Development Corporation's collieries a year ago. As a result of his suggestions, the N.C.D.C's organisation has been decentralised in order to put chief mining engineers or joint mining engineers directly in local charge of various mining areas. Two senior posts, namely, directors of production and planning, have also been created to strengthen planning and ensure co-ordination.

The total cost of printing currency notes during the year 1960-61 was Rs. 238.41 lakhs, as against Rs. 185.88 lakhs in 1959-60. The cost of printing notes worth Rs. one crore face value works out to Rs. 81,000 for one-rupee notes, Rs. 45,000 for two-rupee notes, Rs. 25,200 for five-rupee notes, Rs. 15,530 for ten-rupee notes and Rs. 2,543 for hundred-rupee notes. The production cost of minting one million pieces of decimal coins at the Alipore Mint is estimated at Rs. 74,190 for 25 nP coins, Rs. 47,880 for 10 nP coins, Rs. 42,890 for 5 nP coins, Rs. 34,360 for 2 nP coins and Rs. 19,990 for 1 nP coins.

The Government of India has decided that there should be no modification in regard to application of the Employees' Provident Fund Act to hotels and restaurants. The Act was made applicable to these establishments from 30th June 1961. The All-India Hotels' Federations, Bombay, and the Federation of Hotels and Restaurants of India, Delhi, had made representations to the Union Labour Minister that either the extension of the Act to hotels and restaurants should be withdrawn or the application of its provision be restricted to establishments employing 50 or more employees' instead of 20 as at present. The Employees' Provident Fund Act, 1952, now covers 59 industries comprising 2,133 establishments and benefits about three million workers.

Exports of cotton textiles to the U.K. from 1st December 1961 onwards will be licensed from India. Quota certificates will be issued by the Cotton Textiles Export Promotion Council, Bombay, on the strength of which export licences will be issued by the Joint Chief Controller of Imports and Exports, Bombay. The quotas issued will be (1) for retention of cloth in U.K., and (2) for re-export. The quotas for the purpose of retention of cloth in the U.K. will be subject to a quantitative limitation. Such quotas to exporters will be given on the basis of the annual average of actual shipments effected by them to the U.K., in such proportion as shall be determined during any of the two combined calendar years, namely, 1957-58, 1958-59 and 1959-60. Exporters intending to apply for quotas should enrol themselves under the Enrolment Scheme immediately.

Important recommendations concerning soil survey, soil conservation, soil fertility and fertiliser projects have been made at the eighth annual meeting of agricultural chemists, soil conservation officers, agronomists, statisticians and regional fertiliser officers just concluded in New Delhi. The soil survey session of the conference reviewed the progress of soil survey in the country. It was decided that there should be uniformity in the methods of soil survey in the various States and greater co-ordination right from the planning to the implementation stage. The need was felt for increasing the tempo of survey work in the country. The soil conservation session of the conference recommended extensive trials of different types of bunds with different specifications. It was recommended by the Fertiliser section of the conference that composite fertiliser demonstrations, including the use of fertilisers and other improved agricultural practices should be started in every State to obtain a maximum production.

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From Abroad

In 1959, there were 280 millionaires in the U.S. Their taxable income amounted to $425 million, of which they paid $268 million to the Treasury.

The International Monetary Fund has agreed to a proposal by Costa Rica to devalue its currency from 5.50 to 6.25 colones to the U.S. dollar.

Australia's exports of wheat in 1960-61 touched a record of 183.5 million bushels valued at £96.9 million, as compared with about 116 million bushels valued at about £62 million in 1959-60. China was the largest buyer.

Malaya will soon have its first oil refinery with a capacity of 20,000 barrels a day. It will be put up by the Standard-Vacuum Oil Company of the U.S. at Port Dickson, near Kuala Lumpur, at a cost of about $17 million.

The British Leyland Motors has secured from the Argentine Government a £3.75-million contract for buses. The contract includes 390 complete buses and 100 bus chassis which will join a fleet of over 1,000 Leyland buses now operating in Buenos Aires.

The Swedes spent about Kr. 870 million (£61 million) on horse race stakes, football betting and lotteries in 1960, according to a survey in the Swedish periodical, *Liv*. This sum represents Kr. 115 (£8) per head of the country's 7.5 million population.

Production of tea in East Pakistan during 1961 is estimated at 57 million lbs., or about 15 million more than what was produced last year. Following the improvement in the supply position, the Pakistan Government has introduced its programme of export auctions. An allocation of five million lbs. has also been announced for export for 1961-62.

Hungary has fixed higher tariffs against imports from member-countries of the Common Market and the E.F.T.A. in order to put pressure on them which pursue a discriminatory tariff and trade policy towards Hungary. Hungary is the first Communist country to introduce tariff restrictions against the West European trade blocs. The other Communist countries, it is said, may follow suit.

A British team, located near Leicester, England, has started work on compiling a register of world production-engineering research to help production engineers all over the world to keep fully informed about investigations carried out in research organisations, industrial firms, universities and colleges. The work is being done by the British Production Engineering Research Association. This is the first time that such a survey is being undertaken.

Norway, Denmark, Finland, Iceland and Sweden are jointly working on projects to co-ordinate their technical assistance to developing countries. Special emphasis is being placed on aid in the educational field. Plans for the establishing of a joint Nordic educational centre in an African country are now being considered—either a school for general education or for vocational training. The final proposal for such a project will be submitted to the next meeting of the Nordic Council in February next year.

Austria had a record foreign trade deficit of Sch.3,970 million, during the first half of 1961, an increase of 11 per cent over the corresponding period of 1960. Imports rose by 9 per cent to Sch. 19,110 million and exports increased by 8 per cent to Sch. 15,140 million. Despite the slight upward trend, the E.F.T.A.'s share of Austrian exports was only 13 per cent, as compared with 49 per cent for the Common Market. The E.F.T.A. accounted for 13 per cent of Austrian imports, as against the Common Market's share of 49 per cent. The total trade deficit, however, was more than offset by the growing [illegible] invisible earnings, mainly from tourism.

PERSONAL

MR. G. R. Chandrasekariya and Mr. P. R. Arunachalam have been elected President and Vice-President, respectively, of the Madras Stock Exchange for 1961-62.

Mr. K. P. S. Menon has returned from Moscow after the expiry of his term of office as India's Ambassador to Soviet Russia.

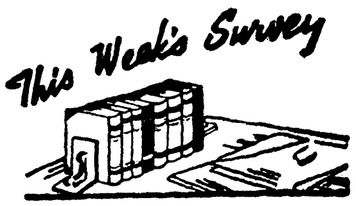
Mr. M. S. Muthanna, a former Director of Posts and Telegraphs, Assam Circle, Shillong, assumed charge as the General Manager of Bombay Telephones on Monday this week.

Mr. Harry Curran, Resident Representative of the World Bank in India, has been transferred to France. He is due to leave for Paris shortly. For the time being, Dr. Stokes Talbot will officiate till a successor is appointed.

Mr. B. K. Kaul, Joint Secretary, Union Ministry of Finance, is reported to have been appointed Chairman of the Life Insurance Corporation *vice* Mr. P. A. Gopalkrishnan. He is expected to take up the new assignment on 1st March 1962.

Mr. P. C. Bhattacharya, Chairman of the State Bank of India, has been appointed Governor of the Reserve Bank of India, with effect from 1st March 1962 on the expiry of the term of appointment of Mr. H. V. R. Iengar. Mr. S. Ranganathan, at present Secretary in the Union Ministry of Commerce and Industry, will succeed Mr. Bhattacharya as the Chairman of the State Bank.

Mr. A. D. Pandit, formerly Chief Commissioner of Delhi, has been appointed an officer on special duty in the Planning Commission. He will be in charge of the rural works programme, which seeks to provide partial employment to the unemployed in the rural sector.



COTTON MILLS' EXPANSION

THE Press note pertaining to the licensing of additional capacity in the cotton mill sector, issued by the Union Ministry of Commerce and Industry a few days ago, is not only incomplete but also vague. It merely says that the Government has decided to license three million additional spindles immediately towards achieving the targets of cotton textiles production envisaged in the third Plan, but does not mention anything about the balance of one million spindles out of the total four million spindles which the Government is reported to have decided to permit. Nor does the Press note give the breakdown of allocations among the different States. There is also no information as to the number of additional looms, if any, that will be permitted and the basis on which they will be allotted. Even in the case of the three million spindles for 'immediate' allotment, the official notification is silent on the basis of licensing. All that the notification says is this:

"Out of this (three million spindles), a *portion* (Italics ours) will be reserved for grant of additional spindles to the existing units on grounds of balancing the spinning capacity with reference to the weaving capacity or increasing the spindleage, so as to make the spinning unit an economic one. The rest will be allocated among the States on a regional basis for the establishment of new spinning mills. In making the regional allocation, the Government of India have taken all relevant facts into consideration such as the population of the States, current production of yarn and cloth in the States, the existing distribution of spindleage, the concentration of handlooms, and the overall needs of the decentralised sector. Government have also decided that a *few* (Italics ours) model mills should be set up to cater exclusively for the export market. These mills will have a capacity of 25,000 spindles and 500 looms each, and will be equipped with the latest machinery, including automatic looms. The State Governments have been informed of the additional spindleage allocated to them."

One wonders whether the Commerce and Industry Ministry could not have been specific and given the exact details regarding the measures to fulfil the third Plan production target fixed for the mill sector (2,250 million lbs. of yarn and 5,800 million yards of cloth). This is another instance of vascillation in the Government's textile policy. If the targets set in the Plan, which are rather conservative, are to be achieved successfully, the Government must clearly spell out its textile policy and take the steps required now alone. The delay in the announcement of policy is all the more regrettable because more than two months have elapsed since the Indian Cotton Mills Federation had made detailed recommendations bearing on the allocation of spindles and looms during the third Plan period.

The priorities for the allotment of spindles suggested by the Federation appear to be well conceived. According to it, preference must first be given to mills the spindleage of which is less than the economic size, followed by unbalanced mills, units which have been allotted additional automatic looms under the Export Incentive Scheme, new units, and expansion of existing mills. The Federation has also examined the question of priority in regard to the execution of orders for spindles by machinery manufacturers. Its suggestion is that the orders so far firmly booked with the machinery manufacturers should be left undisturbed and any scheme of reservation of spinning frames for expansion as well as for replacement should apply only to future orders. As for looms, the Federation has rightly urged an early announcement of policy for the replacement of ordinary looms and the grant of additional automatic looms for the years 1962 onwards. It may be noted here that 9,000 automatic looms have already been allotted for 1959, 1960 and 1961 for replacement of ordinary looms, besides the 3,000 looms sanctioned for export purposes on certain conditions. The Federation is of the view that the progress allowed in the three years 1959, 1960 and 1961 has been on a very conservative basis and a bolder programme for the installation of automatic looms should be drawn up, so that the industry should not fall in decay but retain its vitality to meet the challenge of supplying better and cheaper cotton textiles to the domestic and export markets.

An important point made by the Federation is that, as between new and existing cotton mills, at least 50 per cent of additional spindles must be reserved for the expansion of existing mills "in the interests of securing speedy increase in production at a lower cost." The merit of this plea lies in the fact that many of the existing mills will not require additional buildings—an important point in these days of shortages of cement, steel and bricks—nor will they have to undergo the delays inevitable in the setting up of a new unit. The same holds good in the case of looms also.

U.S. AID BILL IN FINAL FORM

Since we last commented on the U.S. Foreign Aid Bill (*vide* page 434 of *Commerce* dated 2nd September, 1961), there has come about a significant turn in its fortunes. The turn is by way of a compromise on the Bill in the Senate House Conference Committee. Under the Compromise Bill which has just been passed by the two Houses without further debate or serious amendment, the five-year programme of long-term foreign aid will be for $7.2 billion, instead of the $8.8 billion which the Kennedy Administration had originally asked for; but the President will not have the authority to draw directly on the Treasury for making long-term loans. In effect, therefore, the Compromise Bill will allow the President to make commitments for long-term development programmes, though these will be subject to annual appropriations by the Congress. While the rejection of the principle of Treasury borrowing, that is, authority for the President to draw on the Treasury for the five-year period without having to obtain the permission of the Congress every year, pleases the opponents of the Administration, it may not prejudicially affect the President's ability to make long-term commitments. That the Kennedy Administration will be able to go ahead with such commitments in the certain hope that they would be honoured by the Congress, could be inferred from the following provision in the Compromise Bill.

"Whenever the President determines that it is important to the advance of U.S. interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interests of the orderly and effective execution of long-term plans and programmes of development assistance, he is authorised to enter into agreements committing, under the terms and conditions of this title, funds authorised to be apropriated under this title, subject only to the appropriation of such funds."

It will be seen from the wording of this new provision that the annual appropriation of what has been authorised may not cause undue headache to the Administration, for it carries the implication that the Congress intends, as of today, to honour Presidential commitments by actually supplying the money. As the Administration itself has expressed satisfaction over this compromise, it may be recognised that President Kennedy's personal efforts at lobbying have not gone wholly unrewarded. As one who has had long legislative experience and known the strength of the coalition of Southern Democrats and Conservative Republicans in the Congress, he seems to have accepted the compromise as something not too bad in the circumstances. In one respect, the compromise represents an improvement over the earlier offer of the Administration to reduce the duration of the aid programme from five to three years, now that the five-year period has been agreed to. In another respect, however, it is unfortunately less satisfying, in that the quantum of aid has been reduced by $1.6 billion. It may be noted, in this context, that President Kennedy has still to persuade Congress to provide $1.1 billion a year in long-term loans to Latin America under the "Alliance for Progress." If even in respect of long-term assistance to Latin America—a neighbouring region in which the United States has bigger stakes—it is not all smooth sailing for the Kennedy Administration, it is not difficult to see that the compromise on Foreign Aid Bill is the best that can be had from the Congress.

Now that the Bill has been passed, not only India, Pakistan and other developing non-communist countries in Asia but many of the newly independent countries in Africa will have a reasonably fair assurance of long-term aid. Particularly in Africa, where aid from the Communist world to the newly independent nations is stated to have touched the $300-million mark, American aid under the five-year programme of the Compromise Bill may well play the kind of decisive role that it has played in some other areas by holding Communism at bay. The very fact that Communist credits are generally repayable in full in seven to ten years will render the long-term credits from the U.S. more attractive and psychologically significant. That the Kennedy Administration is determined to do its utmost for economic development in Africa as in Latin America, is well known.

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AGRICULTURAL RESEARCH

Even before Independence, agricultural research, with particular emphasis on plant breeding, had reached a high standard in India. In the period covered by the first two Plans, it registered further remarkable progress under the ægis of the Indian Council of Agricultural Research. In recent years, the Council has commanded an annual budget of about Rs. 2 crores (as compared with its annual budget of Rs. 5 lakhs thirty years ago) for its research schemes covering evolution and development of new varieties of seeds and plants, experiments in the use of fertilisers, introduction of scientific cultivation practices and implements and sound development of cattle breeding. In 1960-61 alone, for instance, the I.C.A.R. had some notable achievements to its credit. The development of new wheat strains (N.P. 710, N.P. 718, C. 281 and C. 591) resistant to rust diseases in the field is one of them; the possible wide propagation of these rust-resistant seeds alone would arrest the annual loss, ranging from 5 to 10 per cent, in wheat production. Another achievement is the evolution of mechano-chemical methods for increasing the output of jute fibre by anything upto 60 per cent. Thirdly, four new maize hybrids, which can give yield increases ranging from 20 to 40 per cent have been successfully evolved; 7,000 pounds of seeds of these hybrids have already been distributed for multiplication. The release of three new cotton strains (giving better yields) for cultivation in Uttar Pradesh, Madhya Pradesh, Andhra Pradesh and Mysore is yet another achievement. The record of 1960-61, like that of every year over the last decade, is thus one of discoveries and evolutions which *can* increase output. The I.C.A.R. can rightly look back on their achievements with a sense of satisfaction.

But the record of research is one thing, the transmission of research results to the field quite another. The Council is not unaware of the vast field of unfulfilled missions and the promising openings lying ahead of it. It will now be for the research workers and agricultural graduates to fulfil that promise and place at the disposal of the cultivator in the field still greater openings for progress through practical application of the results of research. One encouraging trend in this context is the spread of agricultural education. The increase in the number of agricultural colleges during the second Plan period from 30 (with an intake capacity of about 2,000 students) to 53 (with an intake capacity of 5,600) represents a very significant advance. The recent establishment of an Agricultural University in Uttar Pradesh may also be recalled here.

The I.C.A.R. has clearly reached a stage at which the practical application of the results of research should receive greater attention at its hands. It is, therefore, good to know that the Council's Governing Body has just allotted Rs. 25 lakhs to pilot projects for testing the results of researches on a commercial scale. Another noteworthy decision of the Governing Body is that the I.C.A.R. should make the preliminary arrangements in respect of an Improved Seeds Corporation which the Government of India has decided to set up for producing, in the first instance, seeds of hybrid maize and hybrid *jowar*. Programmes for breeding paddy varieties resistant to drought and certain insects have also been approved for 1960-61. Another important decision, announced by Mr. S. K. Patil at the meeting of the Governing Body, is to set up a Cashewnut and Spices Commodity Committee which can devote adequate attention to the production, processing, marketing and export of these crops which earn for the country substantial amounts of foreign exchange. The I.C.A.R.'s approach to fertiliser use will also become more scientific, when the *ad hoc* committee set up for correlating manurial recommendations with soil types, soil tests and crop needs begins to function actively. All these developments show that the I.C.A.R. is bringing agricultural research to the threshold of future progress on systematic and practical lines.

EXPORT PROMOTION

There is every indication that the Government of India is getting impatient, for understandable reasons, with the insufficient rate of growth of exports. The Planning Commission has set an export target of about Rs. 3,700-Rs. 3,800 crores during the five years of the third Plan, or an annual rate of about Rs. 740-Rs. 760 crores. This is going to be an uphill task, considering the fact that the annual average of exports during the second Plan period was no more than Rs. 614 crores, or just Rs. 5 crores more than the average level of exports during the first Plan period. The British proposal to join the Common Market has rendered the prospects for any sizable increase in India's exports uncertain. There are no two opinions on the vital need to take sufficient measures to safeguard Indian exports. But the major question is: What are the steps to be taken to attain the objective?

While winding up the debate on the third Plan in the Rajya Sabha last week, Mr. Gulzarilal Nanda, Minister for Planning, sounded the possibility of enforcing compulsory exports in the case of certain commodities. It would appear that the Government is examining the question of introducing legislation to set physical limits to the quantum of internal sales allowed to individual manufacturing units, so that the rest of their output will be available for exports. The introduction of compulsory exports is, however, likely to do more harm than good to the cause of India's export promotion. All and sundry cannot be relied upon to compete in world markets. Even in industrially advanced countries, only a few selected industrialists, who have sufficient financial resources and whose products are of competitive quality, take an active part in export business. If all manufacturers are compelled to export a part of their goods, it is quite likely that sub-standard goods will enter the export markets, thereby spoiling the long-term prospects for India's exports.

Apart from this, it is doubtful whether it will be practicable at all to introduce a scheme for compulsory exports now. For there is no adequate administrative machinery yet to execute such a scheme. Besides, the scheme of compulsory exports will have some chance of success only if production is running at such a high level as to leave a surplus for exports. But Indian conditions do not conform to this criterion, except in the case of a few commodities. Another important defect in compulsory exports, against the background of distinctly higher domestic prices, is that the domestic consumer will ultimately have to share the burden of exports to a still greater extent than at present. What is needed at the moment is the creation of such conditions in the economy as will step up production, reduce costs and improve the quality of domestic products. Measures like compulsory exports will only defeat the very purpose for which they are designed.

Proposals for tax remissions, Mr. Nanda disclosed, are also being considered by the Government. Even if tax remissions are allowed, within limits set by the provisions of the G.A.T.T., such measures will only be short-term remedies, and they will not serve to remove the basic defects in India's industrial structure. Before entering into prolonged consideration of overall tax remissions, the powers-that-be would do well, in the meantime, to remove export duties on such traditional items as tea, which have to face severe competition from other suppliers. Any delay in this respect will mean avoidable loss of precious foreign exchange.

Some of the other proposed steps, according to Mr. Nanda, are that, in allocating foreign exchange, priority will be given to industries producing for export or producing substantial surplus for exports, and that an undertaking to export an agreed quantity will be required for being permitted to import vital components and raw materials. These measures are generally acceptable. But, unless they are made flexible, the development of several industries will be adversely affected.

AN INFRUCTUOUS CONFERENCE

It is not surprising that the tripartite conference on plantations held at Trivandrum on 30th August failed to arrive at an agreement regarding wages covering the entire plantation industry in South. For, with a Central Wage Board for Plantation Industry having already commenced its work on the question of wages in plantations on an all-India basis and the presence in the estates of a multiplicity of unions owing allegiance to different political parties, the very concept of a negotiated wage settlement was bound to prove controversial. And so it did. Consequently, the hope expressed by Mr. V. V. Giri, Governor of Kerala, in his inaugural address, that the deliberations at the conference would prove fruitful was belied.

The Conference was unique, in that it was attended by Labour Ministers of three southern States, namely, Madras, Mysore and Kerala and representatives of plantation workers and management from the three States. Its principal objective was to explore the possibilities of finding an agreed or negotiated long-term settlement of wages of plantation labour, both staff and workers, if possible, outside the Wage Board to cover the southern States.

There was naturally no unanimity of opinion among the participants on the desirability of a negotiated wage settlement. While the representatives of some unions were anxious for a rough and ready settlement, others were not. Thus, the Estate Staff Union of South India wholeheartedly welcomed a settlement. The representatives of I.N.T.U.C. were in favour of a negotiated settlement, if it were fair and reasonable and provided wages were linked to the cost of living index. The representatives of A.I.T.U.C. were against a settlement, unless it be for a period of two or three years till the Wage Board award was published, on the ground that the A.I.T.U.C. itself had asked for the Wage Board and was, hence, committed to it.

The planters' representatives expressed the view that, since the employers also had accepted the Wage Board, it was better to await the Board's award. They were opposed to an interim agreement. They further felt that, unless there was the assurance that a negotiated settlement would be accepted by the Union Labour Ministry and the Wage Board, the effort put in by all in arriving at a settlement would be wasted. It was specially stressed by them that any agreement, interim or long-term, should link wages to work and that all unions should agree to abide by it.

It is obvious from what has been said above that there was no general recognition by the representatives of workers and the management that a negotiated settlement could be a feasible proposition, pending the Wage Board's findings. The Conference itself seems to have been called not because the Labour Ministers or the parties wanted a voluntary settlement, but because some unions and workers pressed for some immediate benefit. Evidently, with the General Election only round the corner, the demand could not be turned down easily.

Under orders of the Central Government, Tezpur Industrial Bank Ltd., Tezpur, and the Cuttack Bank Ltd., Cuttack, have been merged with the United Bank of India Ltd., on Monday, announces the Secretary of the United Bank. In the case of the first bank, the transferee bank has accepted in full the liabilities with regard to deposits, in the case of the other deposit liabilities for amounts up to Rs. 250 or below have been taken over in full; of the balance, up to 76 per cent is being taken over by the transferee bank immediately.

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ON THE ARENA

By "Archer"

Optimism About Exports

OUR Planning Minister has stated that Government intends to undertake legislation to fix limits for internal sales of certain commodities, in order to squeeze an exportable surplus out of a seller's market at home, as, for instance, coffee, tea, vegetable oil, raw cotton, cashew kernel and sugar. Additional incentives will be given to step up production, such as concessions in railway freight charges, reduction in the prices of raw materials needed for the production of export commodities, facilities for modernisation of machinery, and acquisition of more ships to carry Indian goods. The Minister realises that a "weak spot" in the economy is the price structure, but that, if the assumptions of the third Plan with regard to targets, production and stepping up of the rate of savings are realised, there was no reason to fear a wide fluctuation in prices. Strategic controls will be enforced to hold the price line, and if they were not effective, "other methods will have to be devised." He pleaded for a reduction in the cost structure and for improvement in labour productivity, and asked the private sector to effect economies in overheads, and labour to produce more for which better tools had to be supplied. (The plea sounds somewhat pathetic and involved!) I am reminded of a passage from H.D. Thoreau in *A week on the Concord and Merrimack rivers* which quotes a speaker shouting "There's a good time coming, boys," and turning to one of the audience, asks in good faith "Can you fix the date? I would also recall, in this context, a saying that "optimism is the state of mind which believes that matrimony will be cheaper than engagement." I daresay that, in some extreme cases, the saying can be too true.

Our major difficulty is our ability to attain production objectives at a cost which does not keep us out of the export markets. This difficulty is particularly noticeable in the case of durable consumer articles and light engineering goods where we have attained a noticeable degree of good quality, but not significant volume of production to be able to reduce costs, especially overheads. Most of our manufacturers suffer from an unchecked desire for achieving a high degree of sophistication in the appearance of articles, in imitation of high priced foreign—especially American—designs. They thus keep prices high, much higher than their utility and purpose would warrant. As an illustration, I would mention my search for an electric toaster in the shops in Bombay last week, one that will toast bread to a healthy brown in a matter of a few seconds. I had the choice of two toasters, one with an open grill, simple in design and solid in appearance through which one could see the bread, and the other with a lot of metal casing, very rotund and buxom in appearance, and therefore, arresting to the eye. The former was priced at Rs. 21, the latter at Rs. 36. The heating elements in both were of identical quality. The shopkeeper, who extolled the virtues of the latter, drew my attention to the "shape," and I was glad he did not refer to its "contours," or I would have thought him to be vulgar. Someday, I believe, the man who manufactured the simple design would sell more and more of his product, and embark on improving the appearance without increasing the price by the simple technique of "slowly, slowly catchee monkey." Unfortunately, however, very few of our manufacturers realise the wisdom of doing things in stages: quality, first; establishing reputation in the market, second; increasing sales, third; improving design and appearance, fourth; and keeping prices steady, all the time. This lack of wisdom is particularly noticeable in the manufacture of articles like electric heaters, hot plates, stoves, kettles, water boilers, fans and the like, for which there is a continuously increasing internal demand, but at moderate prices, and a potential export demand, if prices can be lowered.

There is a growing tendency among industrialists and manufacturers to establish the theory that every little increase in cost of manufacture should be reflected by a corresponding increase in the sale price to the consumer. This should not be necessary in a growing economy where demand is steadily on the increase. Increase in costs can be mopped up by increase in volume, and it should be the endeavour of all entrepreneurs to keep on increasing output and sales, with a view to absorbing higher costs arising out of all factors including improvement in design and quality. Before taking positive steps to promote exports, industry should be tutored and encouraged to lower costs by increasing output and sales; sales promotion inside the country will eventually generate an exportable surplus and indicate a sure way to prosperity through competition.

In this context, although not strictly relevant to export promotion, I would refer to a statement made by the Chairman of Premier Automobiles Ltd. in Hyderabad that he had offered to reduce the price of Fiat Cars by Rs. 1,000 per car, provided the Company was given facilities to increase production from 7,000 cars to 25,000 cars per year. Apparently, the offer was not accepted, as it involved release of foreign exchange to the extent of Rs. ten crores. However, it indicates how the economics of the automobile industry, or of any industry for that matter, works. I have no doubt that the Chairman of Premier Automobiles was on firm footing when he made the offer, although I should think that even a greater reduction may perhaps be possible with a 250 per cent increase in output. What is possible in automobiles is possible in almost all classes of manufacture.

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The Paradox Of Soaring Cloth Prices

Cloth dealers in Ahmedabad are reported to be joining forces to formulate suggestions to the Tariff Commission in regard to the fixation of fair ex-mill prices of cloth and cotton yarn. At present, they are collecting samples of new varieties of cloth introduced by textile mills since August 1960 as well as those of comparable old varieties. The allegation is that mills have succeeded in securing higher stamped prices over comparable old varieties by slight manipulation in varieties, that they have discontinued supplying "popular" varieties of cloth and have been introducing new varieties with minor changes in old ones in order to secure a price-rise. It would seem that the loop-hole in the price stamping system has resulted in a price-rise of about six to eight per cent over those of comparable old varieties.

If these allegations are substantiated before the Tariff Commission, the Commission will find a strange and familiar similarity between the alleged operations of textile manufacturers during the last one year and the methods adopted by paper manufacturers in 1958-59. In paragraph 8.1 of the Tariff Commission's Report on the fair ex-works and fair selling prices of Paper and Paper Boards (1959), it is stated:

> "Further, there was in evidence a tendency among some mills to increase the prices of such types, often at frequent intervals, under the guise of improvement in quality, with new names fastened to them for claiming distinction. In many cases, according to the evidence received by us, the claims to superior quality or distinctiveness are reported to have been without substance. Signs are now visible of the tendency spreading out to such an extent that superior nomenclatures are fastened even to certain common varieties of paper for demanding higher prices."

The problem of fixing prices for a commodity, in which several types are manufactured with variations both in design and quality, is an extremely complicated one; indeed, it is so complicated that any scheme of price fixation, however carefully evolved, may be defeated at every stage by clever manipulation. If the scheme involves an attempt at simplification by restriction of the types to a few, there is bound to be a hue and cry that quality has deteriorated and that the superior types are not available. Again, if the scheme involves stoppage of further diversification, attempts will continue to be made to realise higher prices by resorting to the blatant subterfuge of upgrading the common varieties, just by giving them the superior nomenclatures. As stated by the Tariff Commission in its Paper Report, quality may well be a casualty in any scheme of price fixation wherein a price structure is evolved for several types of a product none of which can be marketed or purchased on the basis of precise and recognisable standard specifications. The force of competition alone can remedy such a situation and price fixation will never achieve what increased production and competition can.

The Reserve Bank Of India In London

There are many questions for which I manage to find an answer—not perhaps a convincing or satisfactory one, but good enough to cease getting intrigued about—by delving into the historical past, asking questions of knowledgeable persons, and sorting out things generally. But one question for which I have no satisfactory answer is why should the Reserve Bank of India continue to maintain a branch in London. As far as I know, it is the only central banking institution in the world which has a branch functioning outside its country, and engaging itself predominantly in commercial banking activities. This office was opened initially for taking over the management of India's sterling loans from the former Imperial Bank of India. These loans were repaid after India obtained independence, and yet the Reserve Bank of India has stayed on in London. Its present functions are, I am informed, confined to handling the transactions of the Indian High Commission and the India Stores Department in London, but these are primarily of the type that could be well, and perhaps better, handled by the State Bank of India or even by other commercial banks having branches in London. These banks have wide experience of commercial banking and of foreign exchange transactions and have the requisite facilities for obtaining competitive rates for the purchase and sale of foreign currencies. I am not sure that the small office of the Reserve Bank of India in London has adequate machinery to undertake such business and it is quite conceivable that it is missing quite a few opportunities to earn sizable profits on exchange transactions, which, for instance, a comparatively more versatile institution like the State Bank of India will not. Again, I doubt if the Reserve Bank of India invests the funds of the High Commission and the Stores Department in Discount Houses in London, which a commercial bank could, with profit. I believe a central banking institution is not in a position to do this kind of business. Circumscribed as it is by limitations of this type and unable to embark on commercial banking in a purposeful manner, the Reserve Bank of India in London is perpetuating duplication of an avoidable type by continuing to stay on in London by the side of the State Bank of India. The expenditure on its staff and maintenance adds to our foreign exchange expenditure at a time when every little counts, and our scarce resources should not be spent on maintaining redundant offices outside the country. District Treasuries and Taluk Treasuries are abolished when the State Bank of India opens its branches, but the Reserve Bank of India stays on in London. Why? Is it because it is in England?

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Refreshing And Forthright

Mr. P. V. G. Raju, the Health Minister of Andhra, was born a Rajah; his great grandfather held the personal title of Maharajah. One might expect (I say *might*, not should) a person of his type to hold a few feudal ideas on the subject of affording opportunities to people solely on the basis of merit. It is very refreshing to see that he does not suffer from cramping inhibitions. Presiding over the college day celebrations of the Nursing College in Hyderabad, Mr. Raju is reported to have said that there should be no restrictions or limitations in the field of education, that everybody should be admitted to the pre-professional course in medicine and candidates should, later, be selected in examination by merit. It was his view that there should be no caste barriers, that the right of education should not be denied to any class or community, and that, while everybody should be given equal opportunity, it was a great crime to identify intellectuals with a particular caste. To quote his words as reported: "It was a false notion that, in certain classes, there were intellectuals and that in certain others there were not." If I understand him correctly, I presume that what he intended to convey was that the current practice (adopted in some States) of elbowing out even deserving candidates with merit because they belong to a particular class or community already pre-judged to be predominantly intellectual, and choosing less deserving candidates with lower order of academic performance in order to uplift them in a synthetic way, is not proper, and not for the good of the country. I am afraid Mr. Raju is going to be very unpopular for his utterances, especially among the powers that be in the neighbouring States of Mysore and Madras, where synthetic emancipation is very much in vogue. But he will do a lot of good for Andhra, if he can carry his colleagues with him all along the line.

THE HUMAN FACTOR IN ECONOMIC DEVELOPMENT—I

EMERGENCE OF A NEW SOCIAL STRUCTURE

By Professor C. N. Vakil

[Various aspects of human factor in the economic development of India and the importance of taking timely, appropriate measures for raising the efficiency of leadership in the country were examined by Professor C. N. Vakil, who needs no introduction to our readers, in the Seventh Annual Lecture delivered by him under the auspices of Harold Laski Institute of Political Science, Ahmedabad on 26th August 1961. We have divided this lecture into two parts; while the first part appears on this page, the second will be published in our next issue.—Ed.]

IN the third Plan, we find chapters devoted to Human Resources. Similar chapters were embodied in the first two Plans. The expenditure on Social Services was 18 per cent during the second Plan and is expected to be 17 per cent during the third Plan. We may assume that the item Social Services would cover the various steps taken under the Plan by the Government to develop human resources directly or indirectly. The broad items which are included in this heading are (1) general education, (2) technical education, (3) health, (4) housing, (5) welfare programmes, (6) training programmes, and (7) scientific and technological research. Here, I am concerned mainly with arrangements for education, training and research. The expenditure on education, training and research is 9 per cent of the total under the third Plan. The relative position of this provision can be seen from the following table:

Third Plan—Percentage Distribution of Proposed Expenditure.

Agriculture and Community Development	14
Major and Medium Irrigation	9
Power	13
Village and Small Industries	4
Organised Industry and Minerals	20
Transport and Communications	20
Social Services and Miscellaneous (including Education, Training and Research)	17
Inventories	3
	100

This shows the awareness of the Planning Commission and the Government about the importance of utilising the human factor in an appropriate manner in connection with the development programme. The question, however, is whether the steps taken under the Plans in this connection are adequate and whether the results are satisfactory. One of the main objectives of the third Plan is that we should strive to have a self-generating economy as soon as possible. Whereas progress in the production of different types of goods, and increase in the capacity to save and invest will be important in connection with the effort to achieve a self-generating economy, it is, perhaps, not fully realised that the major share in such process would be that of the human factor. Some of the defects of Planning during the last decade can be ascribed to our deficiencies in the quality of the human factor; with more ambitious planning ahead of us, we can no longer tolerate such deficiencies. It is the way in which the people put forth their efforts intelligently and systematically that will determine the effective utilisation of the material resources which the Plan proposes to undertake. We may have large amounts of resources raised both internally and externally but, if we are not able to make an effective use of these resources because of weakness in the human factor, the success of the Plan will be limited.

Training Facilities

Competent observers have emphasised the need for an efficient system of administration and the need for training institutions, where appropriate training suited to our requirements can be given as pre-requisites or important adjuncts to the development process. No country can succeed in having a self-generating economy, if it has to depend continuously not only on foreign aid but also on foreign experts. Whereas it is refreshing for a young man from a country to go abroad for study in foreign universities to have a wider vision and better understanding, such a process should be in both directions. This means that it should be possible for us to attract foreign students to our Universities and to send out, at the same time, our own students to foreign countries. If, on the other hand, the tendency is that we have continuously to send our students in large numbers for training abroad, because we do not have adequate training facilities in the country, we are presented with a situation in which the quality of our educational institutions will continue to be of an inferior character. This is obviously not consistent with the objectives of a self-generating economy.

We have a large population which is increasing rapidly. It is considered a serious handicap in the development process, inasmuch as the increased production has to be shared between increasing numbers, thus making it difficult for the *per capita* income to rise. Whereas the solution is found in schemes of family planning and so on, the question is whether adequate attention is paid to utilise more effectively, the vast human resources that we have in the country for the purposes of development. It is known that we have not been able to solve the grave problem of unemployment during the last decade and that the third Plan is not likely to improve upon this situation. As against this quantitative deficiency, we have not asked the question whether the quality of the work of those who are employed is of the right character, and whether substantial improvement in the same is not possible.

Efficiency

We have bodies like the National Productivity Council and its agents in different parts of the country. They do some work regarding the training of persons in different industries, partly by conducting some courses, occasionally by holding some seminars and also by sending teams of suitable persons on tours to other countries, so that they may observe the work of institutions in which they are interested and profit thereby. It is possible that this effort may have resulted in some advantages. But the question is whether there is awareness in the country regarding the urgent need to raise the general level of efficiency of the average person in the country. It is possible, for example, for us to say that, in any walk of life, we are likely to have Indians at the top, who can stand comparison with corresponding persons in other parts of the world. Whereas we may be proud of the fact that we have persons like a Nehru in Politics, a Raman in Science and a Radhakrishnan in the Humanities, we must admit the fact that the efficiency of the average citizen of the country is much below the corresponding average in other countries. It is not possible to have statistical measurements of the qualities of the people and thereby come to the conclusion regarding the contribution that they would be able to make towards progress by improving the quality, in terms of figures. The fact, however, remains that even some limited improvement in the efficiency of the average citizen in the country would add tremendously to the national progress. In other words, if substantial steps are taken for an all-round development of the human factor in the country, the effort to achieve a self-generating economy would be within sight, which otherwise may be rather remote.

Before making suggestions in this connection, we shall consider briefly the nature of the emerging social structure under Independence, which has close connection with the problem of improvement of the human factor, with particular reference to equality of opportunity. In making the following observations, I would like to say that they are made from the point of view of a Social Scientist and in the larger interests of the country. There is no intention to criticise any individual or group, though an effort is made to view contemporary events in a detached way, anticipating, to some extent, the task of the future social historian of the country.

The Privileged Classes: The Politician and the Administrator

We have rightly blamed the caste system and our traditional social arrangements as obstacles to economic progress. We are taking steps to remove the same and, though the old order is gradually disappearing, we do not have a clear idea of the new order which we are establishing. The question is whether the human factor has the fullest opportunities to develop under the new order which is emerging in the country. The Constitution provides for equality of opportunity to all. But whether the new order is conducive to such an equality is a question which may well be asked. In order to find some answer to this question, we may, in the first instance, make an attempt to examine the nature of the New Indian Society which is emerging. There is a new class consciousness coming into existence. This is taking the form of a social hierarchy. If this crystalises, we may have a new class structure as against the old caste system. At the top of this hierarchy, we have the politician. Though we have a parliamentary democracy, we do not have an effective two party system or an effective opposition. In consequence, members of the ruling party form as it were a class by themselves, with certain rights and privileges, with certain assumptions of knowledge and wisdom, and with certain consciousness of superiority over the rest. Next in order is the administrator, particularly the officer class. With the increasing tasks of Government under a Welfare State, the planning system and a growing public sector, the functions and powers of Government go on rapidly increasing. There are many more spheres of life in which we feel the impact of Government machinery than we did before. The politician or the administrator feels that he is able to control and regulate the lives and actions of many persons. Under a long period of British rule, we were taught to respect authority. The representative of the British authority, whether an Englishman or an Indian even in remote villages, was held in high esteem and awe. In spite of the advent of representative democracy, we have transferred such respect and such a sense of awe now in an increasing degree to the politician and the administrator. So much importance is given to this class that there is not a function, however trivial, where a Minister does not participate and there is not an occasion, however small, where the administrator is not flattered. In consequence, the fact that the politician or the administrator is a servant of the people, whose object should be to respect and help the people and not dominate or boss over them, is being forgotten.

No one would object to give respect to a person whose inherent qualities are such that he is bound to command such respect. For example, no one would grudge the universal respect which persons like the Prime Minister are able to command. It is, however, unfortunately true to say that, barring a few persons of eminence at the top of the political ladder, the average politician and administrator in the country must be classed as mediocre*. He is, however, able to command more respect and more authority than he deserves because of the class to which he somehow belongs.

Absence of a True Leader

The Father of the Nation had the wisdom to see the inherent danger of this type in the continuation of the Congress Organisation after the achievement of Independence. He had realised that the heroes of the political revolution, whom he created by his inimitable technique of fighting the power of the British, should not take over the responsibility of ruling and administering the country after Independence. He, therefore, suggested the dissolution of the Congress after Independence, even as there is demobilisation of the Army at the end of a War. But events took a different turn. The conversion of the Congress organisation into the dominant political party of the country after Independence has made the emergence of other well-balanced political parties based on well-defined economic and social policies which act as correctives to each other, difficult. The non-violent military [illegible] of the Congress worked

*Mr. Sri Prakasa, Governor of Maharashtra, in his speech at the University of Nagpur on 12th August, 1961, made some important observations. The following extracts from the report of the speech as given in the *Times of India* of 13th August 1961, are instructive: "Making an implied reference to the oft-repeated question, 'After Nehru, who?' Mr. Sri Prakasa said that it was unfortunate that even after 13 years of freedom a 'second line' of leadership had not been developed in the country. It was because of the absence of a 'second line' that such a question was being posed. In no other democracy were people faced with such a question, he pointed out. In a democracy, Mr. Sri Prakasa said, the people were always in a position to choose from the 'second line' the successor to the leader. The system of 'Shadow Cabinet' evolved in the U.K. helped develop such second line of leadership. In India, the Governor said, when any member of the Union Cabinet resigned, the Prime Minister had to hold his portfolio until a suitable person was found to replace him."

ANOTHER RESOLUTION ON PROHIBITION

MR. MORARJI DESAI READY TO SACRIFICE Rs. 150 CRORES

From Our Special Correspondent

NEW DELHI, 5*th September*

DELHI LETTER

A COMBINATION of circumstances has helped to focus attention this week on the Government of India's policy on prohibition which has found a cosy niche towards the end of the third Plan document among many welfare programmes listed there. Though there have been many declarations on the subject from time to time, since a special committee of the Planning Commission reported on the programme to be carried out under the second Plan, the progress of prohibition so far has not been enough to satisfy its ardent supporters. It is estimated that about 36 per cent of the country's area and 28 per cent of the population have been covered by prohibition, total and partial. Critics might argue that evasion, through illicit distillation and smuggling, makes even these figures suspect. Evasion, however, has not seriously deterred the enthusiasts who more often prefer moral victory for the State than its virtual defeat at the hands of law-breakers. What annoys them most is the apparent lack of enthusiasm of several State Governments which have refused to copy the example of the pioneers in this field, Madras and Bombay. Time has helped us to forget that, in the wake of the formation of Andhra Pradesh, a proposal was put forward by the Ramamurthy Committee and then seriously considered by the State Government for the repeal of prohibition. Other State Governments who were not deeply committed to prohibition, except to the extent of formal conformity to the Congress Party's creed, have been warily treading a different path; they have shown no anxiety to make their problems worse by sacrificing revenue and have wisely felt that, so long as they can implement schemes of development and welfare, the electorate, if, indeed, it was prohibition-minded, will readily overlook the omission.

A rude reminder of this generally lukewarm approach of States to the policy of prohibition came last week, when a member drew the attention of the Lok Sabha to the mention in the Orissa Governor's address to the State Assembly of a proposal for the State Government to supply liquor to Government-owned shops. This practical evidence of a State Government's anxiety to reap profits through State trading might be consistent with the Plan objective of raising resources through such profits. But the question whether it was Government's policy to supply liquor was highly embarrassing and the situation was temporarily retrieved by protests from official benches against the question on the ground that it was "insinuating." The occasion brought forth the clarification from the Home Ministry that "there will be no more committees to draw up an all-India programme of complete prohibition." Union Ministers have since then utilised the opportunity provided by the All-India Convention on Prohibition and the meeting of the Central Prohibition Committee, both held at New Delhi in the last few days, to make declarations of their unswerving devotion to the cause and to suggest some ways and means of achieving prohibition which have occurred to them.

Mr. Morarji Desai, appropriately enough, inaugurated the Convention and expressed the view that the phase of propaganda is over and that liquor shops should be closed first. Though the Union Finance Minister is reported to be taking up a somewhat stiff attitude to the States on some of their demands in connection with plan schemes and their inability to raise enough resources of their own, he has been quite generous on prohibition. The Centre has offered to make up revenue losses of States caused by prohibition to the extent of 50 per cent; this is expected to cost the Centre Rs. 75 crores, which means that the total revenue loss is about double that figure. But the States have not been swept off their feet by this show of generosity; shrewdly sensing the scope for driving a bargain on this [illegible] (U.P., Mysore and Bih[illegible] reported to have asked for a full subsidy equal to the loss. When the State Ministers, constituting the Central Prohibition Committee, go back to their States, the moral pressure brought on them at the recent meeting in New Delhi may not remain strong and, in any case, the coming elections will claim more of their attention than prohibition, unless the latter is also a vote-catching device—which obviously it is not.

There is thus a practical problem of implementing an objective which has been accepted as a Directive Principle of the Constitution and supported by a resolution of the Lok Sabha passed as early as March 1956. It was only at the end of last year that the Home Ministry constituted the Central Prohibition Committee; the Third Plan, with its characteristic equivocation on difficult issues, observes that "financial considerations, although of great practical importance, are not to be treated as decisive in character." It dilates on this theme in the following manner:

"The possible loss of resources on account of prohibition may itself be a temporary rather than a permanent effect and on balance may turn out to be smaller than is sometimes reckoned. If the movement for prohibition proceeds on the right lines—and this is the assumption on which proposals for prohibition should rest—it should make for a healthier life for the individual and the community, should help make the individual worker and his family more productive, and should augment national savings. Nevertheless, in the initial stages, it may be that, as a result of measures introduced in pursuance of prohibition, the revenue from excise may fall below the estimates which States have taken into consideration while formulating their plans. This aspect should be considered further by the Central and State Governments. Obviously, financial reasons alone could not lead to a fundamental break in carrying out a social programme which is considered necessary in the interest of the mass of the people throughout the country."

Following this passage, the Planning Commission shows much circumspection in stating that States were *not* expected to fix target dates for introducing complete prohibition, as such targets are in practice difficult to work out or adhere to. So it recommends implementation of the earlier limited and "practical" nine-point programme (drawn up for the second Plan period) during the next two or three years, and suggests a periodical evaluation of progress before considering further measures. Two important conditions specified in this context are: (1) respect for the customs and traditions of the tribal people; and (2) attention to the convenience and requirements of foreign missions, visitors and tourists.

The Ministers who spoke at the meeting of the Central Prohibition Committee had either not read all these carefully enough or were not in agreement with it. The former is more probable. Mr. Shriman Narayan, a Member of the Planning Commission, pleaded for nation-wide prohibition by the end of the third Plan (i.e. March 1966), but Mr. Datar, Minister in the Ministry of Home Affairs (which has to implement any such declaration of a deadline) was even more enthusiastic and called for total prohibition by 1964, though he hastened to add that it was only his personal view. How his personal views were relevant when the Committee was considering an all-India policy is not clear, but the capacity for mischief of such overzealous reformers was evident when he followed it up with the suggestion that the Government servants' conduct rules can be amended to compel officials to give up drinking, so as eventually to extend the rule to Armed Forces. He also added that the Union Government was considering some restriction on the supply of liquor to foreign embassies "without affecting their liberty." Amidst this confusion about the prohibition programme, Mr. Shriman Narayan had to explain to the all-India Prohibition Convention that the Prime Minister was not against prohibition but that he wanted social workers, not the police, to undertake the work. This may give a clue to current official thinking; the same idea has been clearly stated in the Plan which says that the main reliance should be on the creation of a growing public opinion, work by voluntary organisations emphasis on prohibition in development programmes and creation of other facilities for community activity and availability of cheap food and beverages. Government assistance is envisaged for all such schemes. In spite of this obviously wise and practical approach, it is a pity that the whole issue was confounded by a good deal of nonsense.

Even the legitimate case which can be made out for prohibition has been ignored in this excess of enthusiasm. Mr. Shriman Narayan deplored the bargaining attitude of the State Governments in the matter of their revenue loss but he showed no recognition of the fact that, while the States lost revenue from excise, the main beneficiary was the Centre which gained from its excises on other commodities, when the reformed addict spent his money on tea, coffee, cloth, sugar, soap, tobacco or matches. It is only when the saving on drink is spent on food items, handloom cloth or cinemas that there is no gain to the Centre, though even then State Governments may often get more by way of entertainments tax. Whether the money is fully saved or spent in other less harmful ways, there is thus a gain to the State: the only danger lies in evasion, which involves both loss of revenue and principle; in this respect, no real advance has been made in devising improved enforcement techniques.

The common assumption that there is a dead loss of revenue from prohibition has not been corrected. Business men, who were at first opposed to prohibition because it meant more taxes to compensate revenue loss, have been quick to see the advantage of a steadily expanding market for consumer goods as a result of prohibition. Some of the satisfaction and smugness of the State Governments of Madras, Gujarat and Maharashtra is due to such indirect gains but others who cannot enforce the law even with that degree of efficiency may have reason to feel that the gain in revenue or well-being may be less pronounced because of smuggling activity. On the other hand, it is also true that smugglers are the most enthusiastic supporters of prohibition because of the large gains they can secure; reports say they even have a political lobby and can offer help in elections.

For the large majority of people who are not hopeless addicts and will not evade the law wilfully to indulge in consumption of alcohol, economic well-being can be a substantial gain. It is in respect of these, however, that the moral problem also arises, whether State-enforced abstinence is desirable. The Indian Press has generally been consistent in putting forward this view even after business men have given up their objections after seeing their advantage in terms of widening markets. The individual's right to indulge in his moderate doses—without the politician coming forward to preach his ethics and interfere with it—is hardly likely to be appreciated by obtuse and obstinate reformers in positions of authority. Their readiness to enforce their ideas in regard to civil servants before prohibition is extended to the rest of the population is an example of improper use of authority in respect of their employees. There are already rules to deal with civil servants who take liquor in a manner likely to affect their duties, but what Mr. Datar had in mind was enforcement of virtuous conduct as he saw it. And Mr. Desai excelled himself when he argued at the Convention that banning drinking was no more a curtailment of rights than sending people to jail for theft or murder; to him, it was a plain and simple case of preventing people from doing wrong.

RECORD FOODGRAINS OUTPUT

Production of foodgrains in India touched an all-time record of 79.3 million tons in 1960-61, according to the summary of final estimates just released by the Directorate of Economics and Statistics of the Union Ministry of Food and Agriculture. It exceeds the previous record of 75.5 million tons in 1958-59 by 3.8 million tons. This means that the shortfall in foodgrains production in the second Plan, as compared with its revised target of 80.5 million tons, is not as much as has been expected by the Planning Commission which, in its final report on the third Plan has given an estimate of 76 million tons for 1960-61. It may also be noted here that, although official final estimates are generally announced only after the season is well over, the subsequent partially revised estimates show substantial deviation from the final estimates. The partially revised estimate for 1959-60, now released, for instance, shows that food production in that year was 74.7 million tons, as against the relevant final estimate of only 71.8 million tons. If it is assumed that for 1960-61, too, the partially revised estimate will exceed the final estimate by an identical margin, the planners may well claim that foodgrains production in 1960-61 had exceeded the second Plan target of 80.5 million tons.

The increase in output in 1960-61 was shared by all the important cereals and pulses, except *bajra* and *ragi*. As compared with the partially

(Continued on page 538)

UPS AND DOWNS IN THE MARKETS

From Our Own Correspondent

LONDON, 2*nd September*

LONDON LETTER

WE are now at the very bottom of the holiday season, when the whole financial world appears comatose. The Stock markets with very little doing are bumping along what may be the bottom with a *Financial Times* index figure of 309 for Industrial shares (against the May peak of 366), only one point down over the fortnightly account but seven points up on the lowest previously touched in mid-July. Even the advent of trustee buyers—now allowed to invest in equities—has caused no more than a few days' stir.

There is no selling pressure, but in spite of bargain prices there is no buying demand either —with investors either away on holiday or too worried about Berlin. Though it is not only about Berlin, the present dominant factor, that they need to worry. If that were all, they could reflect that if Berlin is quickly resolved, or quietly drags on indefinitely, the markets will recover; while if there is war over Berlin, no stockholding is likely to be of much use anyway.

Wages

But behind Berlin is the Chancellor of the Exchequer. All the company news is of increased output and sales, but if the Chancellor's measures are successful these are bound to suffer, while rising wages will further squeeze profit margins. Of course wages may be held down by the "pause," but in that case industrial disputes are likely to cut production and profits just as effectively.

And beyond the Chancellor of the Exchequer is the shadow of the Common Market with its promises of fiercer competition looking rather larger than the prospect of increased sales possibilities.

Yet in taking a view of the Stock Markets there must be a sense of proportion. It is in the nature of these markets that they are looked at as day-to-day affairs by persons seeking capital gains: but when we look at them as economic indices a longer view is necessary and it is encouraging to realise that the present low prices are relative only to the Spring boom. The current bottom is not as low as the prices touched in both the Spring and Winter of 1960.

Effects of Credit Squeeze

On the domestic money market the credit squeeze has had curious results: banks have been cutting down credit, local authorities have been temporarily inconvenienced, but now the short-term market outside the banks is full of funds between 7¼ and 7½ per cent. Investors who got out of the falling stock markets, stockbrokers, returned foreign depositors and anyone else with loose money have found this sort of rate most attractive. These new sources of funds for the money market are described as "hot," because they are not normal and are likely to disappear and pour into equities once that market revives. Yet by then the Bank squeeze may be over and so all be for the best. Though it may perhaps sadden the Chancellor of the Exchequer to find that the Money Market is rather like a pillow too large to sit on all at once—and if you sit on one end the other end puffs up.

On the external front the £ sterling is continuing at a premium against the dollar and the gold outflow of hot money appears to have come to an end. As we are reaching the time of year when sterling weakens on commodity account the tide has turned just in time. And "tide" is an apt word—for what is this ebb and flow of hot money so disturbing to Treasuries but a tide? Just as the tide of the sea cannot recede indefinitely, so hot money cannot flow out indefinitely.

It is estimated that the gross outflow of gold (that is the total amount withdrawn without taking account of what was poured in from the European Central Banks and latterly from the I.M.F.) was £600. Of course, on another occasion more may come in and then more will have to go out. But international provision for meeting such international flows should not be impossible. This last exercise has already demonstrated that.

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TRANSFORMING THE FUND

INDIA MUST TAKE THE LEAD

By D. Krishnaswami Rao, M.A.

THE recurrent balance of payments difficulties of the United Kingdom, last October's dramatic flight from the U.S. dollar into gold, and our own chronic impecunious foreign exchange position give force to a line of thought that should have prevailed ere now but for the illusory effect of the much-publicised increase in International Monetary Fund quotas agreed upon at the New Delhi meeting of the Fund three years ago.

The Board of Governors of the World Bank, which met at the same time in New Delhi, also resolved to double the authorised capital of the Bank: but, in regard to this decision, it was admitted even then that it would involve no actual additional subscription by members as what was contemplated was to increase their "reserve" or "uncalled" liability which would serve as backing for increased borrowing by the Bank in the world's capital markets. What is less well known, on the other hand, is that the general fifty per cent increase in Fund quotas authorised at New Delhi in October 1958 —and since implemented—would merely bring into the hands of the Fund additional stocks of some three score and ten currencies most of which the Fund had never needed for lending to any member and might not need in the foreseeable future.

For, in the first twelve years of its operation—that is, till the time of the New Delhi meeting—the Fund had lent only six currencies: U.S. dollars, German marks, Canadian dollars, Belgian francs, Dutch guilders and pounds sterling. Of these, again, only the first three had been lent on a net basis: the largest total among them being, of course, loans of U.S. dollars. It would be no exaggeration to say that, if the Fund had to give up its holdings of all currencies except one, it could have unhesitatingly given up all other than its U.S. dollar holdings without noticeable inconvenience to any member.

No Meaningful Contribution

To give the Fund command over additional subscriptions of unusable currencies—currencies, for instance, of the underdeveloped countries of Latin America, Asia, and of the lesser countries of Western Europe—was, therefore, no meaningful contribution to the free world's problem of a shortage of international means of payment. The grand total of quotas of the Fund has risen from $9.2 billions to some $14.9 billions, but the effective lending power of the Fund, in the sense of its holdings of gold and U.S. dollars, has risen only from about $3.75 billions to about $5.6 billions. It would give us a correct idea of the comparative magnitudes involved if one were to mention that, in the year 1960, the U.S. surplus of exports of goods and services over imports amounted to $5.8 billions.

The recent increases in Fund quotas, therefore, do not possess the potentialities that they have come to be associated with in the lay mind. In fact, they provide no more than a breathing-space during which members of the Fund must think out and carry through a real transformation of the capital structure and functions of the Fund.

The transformation that would seem best fitted to meet the needs of the situation is not on lines hitherto not conceived of, but amounts rather to a switch-back to the type of organisation that the late John Maynard Keynes had envisaged for the Fund and which was presented in the proposals of the British Government to the Bretton-Woods International Monetary Conference.

Keynes had suggested the setting up of an International Clearing Union with its own unit of account called Bancor which all members had to accept, in lieu of payment in gold and without any limit whatsoever, in full settlement of balances due to them from other members. The I.C.U. would thus possess unlimited powers of lending: this feature of the scheme made it unacceptable, because it gave ground for the fear that the proposed Clearing Union might lend on a scale that would unleash inflation on the world.

The basic feature of Keynes's Plan, namely, the "internationalisation" of national monetary reserves, has, however, been resuscitated in a scheme which has been pressed in the last two years for the attention of Governments and Central Bankers by Professor Robert Triffin of Yale University, an economist with an international reputation in the monetary field and the one who pioneered the idea of the European Payments Union.

Triffin points to the obvious weaknesses of an international payments system in which the world's monetary gold reserves do not grow apace with the normal growth of world trade and manufacturing activity and in which, therefore, so many countries have to hold foreign exchange—primarily U.S. dollars and pounds sterling—for the greater part as their monetary reserves. Not only is the value of reserves thus held dependent on the pursuit of sound monetary policies by the countries whose currencies are held as reserves; but the "key currency" countries themselves are exposed to the danger of sudden shifts of confidence in the future of their currencies on the part of the holders of the reserves. Planet and satellite (using the latter word in no derogatory sense) alike are, therefore, in a position of great vulnerability.

A New System Suggested

In place of such an inherently unstable system, Triffin suggests that all countries should give up the holding of other countries' currencies as monetary reserves, but hold instead balances with the I.M.F. along with gold as their reserves. The balances thus held at the Fund would be fully usable for international settlements, any member being able to acquire the currency of any other by payment through its deposit at the Fund—more or less as the commercial banks in a country settle their clearing balances with each other by payment through their deposits at the Central Bank of the country. The Fund would thus become a true international Central Bank, a Central Bank for Central Banks, accepting deposits from its members, effecting transfers of balances between them, and granting advances to members falling short of the means of international payment. Such advances are to be governed by the same criteria as determine present Fund sales of currencies to members and are intended to secure that Fund lending does not tend to be excessive and does not relieve the borrowing member of responsibility for the pursuit of sound internal financial and economic policies. As a further safeguard against possible excessive credit creation by the Fund, Triffin would limit its net lending in any consecutive twelve months to an amount which, taken together with current increases in the world's reserves of monetary gold, would not increase the level of international liquidity by, say, more than 3 to 5 per cent a year—that is, a rate not higher than the annual rate of growth of world production and trade.

Other Proposals

There have been other proposals, besides Triffin's for the enlargement of the Fund's range of useful functioning and to meet the problem of world liquidity, notable among them being the suggestions put forward by Mr. Edward M. Bernstein, a former Research Director of the I.M.F. and by the Hon. Maxwell Stamp, a former British Director of the Fund. But these are less far-reaching than Triffin's plan which, while it has the disadvantage of appearing to be "too much and too soon" (to quote his own words), and hence harder to put through against the known conservatism of the heads of the world of finance, yet is a better basis for a reform of present international monetary arrangements than *ad hoc* remedies which are necessarily less comprehensive.

There are indications that the wind of change has already begun to blow. The Radcliffe Committee, which reported two years ago on the working of the monetary system in the United Kingdom, saw "great merit as a long-term objective" in the proposal "for a transformation of the International Monetary Fund, along the lines originally proposed by the United Kingdom, into an international central bank." President Kennedy, in his special message to the U.S. Congress last February, promised "to consider ways in which international monetary institutions—especially the International Monetary Fund—can be strengthened and more effectively utilised." Mr. Per Jacobsson, the Managing Director of the I.M.F., in his annual address last May to the Economic and Social Council of the United Nations, referred to proposals to enable the Fund to borrow from the main industrial countries if it were to fall in need of additional supplies of certain currencies.

The time is opportune, therefore, for India to move at the coming annual meeting of the I.M.F. for a reform of the organisation that would enable herself and other developing countries to be more sure of foreign exchange support in the imbalances that a big developmental effort implies than the present rigid system of quotas, "tranches" and drawing rights would permit. After all, for some quinquennia to come, India will have to face deficits on current as well as capital account in her balance of payments. Let her then take the lead in a change that will improve the position for debtor and creditor countries alike. It would not be the first time in history were she to succeed, that the importunity of the debtor prevailed against the conservatism of the banker and the financier.

Notice

THE ALEXANDRA JUTE MILLS LIMITED

ANNUAL GENERAL MEETING

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from 15th September, 1961 to 28th September, 1961, both days inclusive.

By Order of the Board,
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31st August, 1961.

AMENDMENT TO I.F.C. CHARTER

The President of the International Finance Corporation (I.F.C.), Mr. Robert L. Garner, has announced that the required votes have been received from the Board of Governors for adoption of a resolution amending the charter of the Corporation. The amendment will enable the I.F.C. to make equity investments. This will not change the Corporation's established policy of exercising no control over, and not participating in, the management of any enterprise in which it invests. With the right to invest in equity as well as make loans, the I.F.C. expects to be able to provide increasing flexibility of financing to meet the varying needs of private enterprise in the developing countries and to a greater degree attract private investors to participate in its investments. It will also permit the I.F.C. to assist directly in the growth of capital markets in these countries by underwriting share issues pending their sale to the public. Thus the ability to do equity financing, where appropriate, will substantially assist in increasing the scale of the I.F.C.'s operations, and thus increase its contribution to economic development.

ANNUAL MEETINGS OF I.M.F., WORLD BANK, I.F.C. AND I.D.A.

The 1961 Annual Meetings of the World Bank, International Monetary Fund, International Development Association and International Finance Corporation will be held at the Hofburg Palace in Vienna (Austria) from the 18th to 22nd inst. Mr. Sunthorn Hongladarom, Minister of Finance of Thailand, is Chairman of the Boards of Governors of the four organisations, and he will preside over the meetings.

The Boards of Governors will assemble at the Hofburg Palace for the opening ceremonies on Monday the 18th inst. The President of Austria, Dr. Adolf Schærf, will speak. Mr. Hongladarom will address the Boards at the opening session. Following this, Mr. Per Jacobsson, Managing Director of the International Monetary Fund, will make his annual address and present the Fund's Annual Report to the Fund's Board of Governors. Discussion by the Fund Governors will take place on Wednesday, the 20th inst. On Tuesday, the 19th inst., Mr. Eugene R. Black, President of the World Bank and the International Development Association (I.D.A.) will address the Boards of Governors of the Bank and the I.D.A. and present the Annual Reports of the two institutions. Discussion of the activities of the Bank and the I.D.A. will follow immediately. On Thursday, the 21st inst., Mr. Robert L. Garner, President of the International Finance Corporation, will make his annual address and present the Corporation's Annual Report to the Board of Governors. The discussion of the I.F.C's activities will follow immediately. The Boards of Governors will convene for the closing session on Friday, the 22nd inst.

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TRENDS IN WORLD COTTON TEXTILES

I.C.A.C. ANALYSES POSSIBLE EFFECTS OF G.A.T.T. SHORT-TERM ARRANGEMENT

THE short-term arrangement for staggering competition in international trade in cotton textiles as a result of increasing exports by the so-called low wage countries, drawn up at the G.A.T.T. World Textile Conference held at Geneva from 17th to 21st July 1961, will come into effect on 1st October next. The details of the arrangement were given in these columns five weeks ago (*vide* page 260 of *Commerce* dated 5th August). What will be the effects of the new arrangement? It is somewhat difficult to give a definite answer to this question. Even a broad assessment of the position is not easy. But the Secretariat of the International Cotton Advisory Committee (I.C.A.C.), Washington, has sought to explain, in broad general terms, the significance of the new arrangement in its latest monthly review of *Cotton*. The Committee feels that, for the cotton textile exporting countries with large manpower, the arrangement assures an export market in the U.S., Canada and Western Europe at least as large as that in 1960-61, with the possibility of some increase. It, therefore, concludes that the agreement should have a positive effect on prospects for cotton consumption in the low-wage exporting countries. This view is based on two assumptions—one, barriers to import into some of these countries will be lowered and, two, bilateral agreements do not dictate otherwise.

As for the textile industries in the U.S., Canada, the U.K. and some of the Continental European countries, the Committee is quite confident that the new agreement should mean greater certainty in the short-term future which should act positively on prospects for cotton mill consumption. It, however, warns against over-optimism. For it says: "... Imports will continue at least at the level of 1960-61, unless restricted by bilateral arrangements, and it remains to be seen if the long-term arrangement allows some increase in the future. For some of the countries in Western Europe, it may mean greater competition from imports depending on how much of an increase in imports is agreed upon."

More Mills Being Started

The I.C.A.C. has reviewed the recent trends in the world cotton textile economy. The review shows that the percentage of cotton textiles produced in the traditional manufacturing areas, as, for instance, India, Japan, the U.S. and West European nations, continues to decline slowly, though these areas still account for 80 per cent of the world output (excluding Eastern Europe, U.S.S.R. and China). More and more cotton mills, however, are being built in other countries, where this industry is widely known as one of the most attractive industries. The countries usually have an abundance of labour and many of the jobs in textile manufacturing do not require a high level of skill. They also usually possess rapidly increasing populations with low standards of living in so far as textiles are concerned but with some increase in per capita incomes slowly taking place. In this connection, the I.C.A.C. makes the following observations:

"If a newly industrialising country produces cotton, it can take advantage of the domestic supply of raw material and, in fact, it may wish, by converting the raw cotton into textiles, to capture somewhat more of the ultimate consumers outlay. If the country is seeking to earn more foreign exchange, and what country isn't, cotton textiles seem to be a relatively easily manufactured product for which there is a large international demand. It also can be debated that the well-developed countries can put their resources and manpower to better use than in cotton textiles."

All the above arguments, the I.C.A.C., however, points out, are not in favour of starting new cotton mills where none existed before. For, according to it, the establishment of a new domestic textile industry is accompanied by raising barriers against imports which may force domestic consumers to finance the new industry via inordinately high prices. Indeed, the Committee doubts whether a country, which does not have a large market and a large textile industry, can get the "long runs" on a particular construction so necessary to obtain maximum efficiency. Further, the Committee says that, sometimes, the cotton producing countries, in their desire to use their own cotton in their own mills, may use cotton the quality of which is too high or too low for the kind of textiles produced with a consequent economic loss. To quote it: "In a world where there is already a surplus of spindles and looms, adding new ones may simply aggravate the knock-down drag-out type of international competition already characteristic of one of the world's most highly competitive industries. And it is conceivable that, with the development of more automatic equipment, the advantage of low-wage countries in producing cotton textiles could lessen in the future."

A common item of news in recent years has been the construction of new textile mills in the Middle East, Africa, Latin America and the Far East. Recently, a survey was undertaken by the All Japan Cotton Spinners' Association of the extent of the expansion now going on in some of the Far Eastern countries and its findings are indicated in the following table:

(In thousands)

Country	Spindles installed		Spindles in course of erection or projected over 1960
	1955	1960	
Ceylon	26.0	26.0	..
Burma	N.A.	40.8	20.0
Malaya	..	..	10.0
Singapore	..	16.0*	4.0
Thailand	38.0	65.0*	208.0
Cambodia	..	11.8	..
South Vietnam ..	10.0	44.8	91.6
Hong Kong	232.0	494.0	55.9
Indonesia	N.A.	127.0*	232.0
Philippines	38.0	381.0	..
Taiwan	207.0†	298.0*	220.0
Korea	364.0	477.0	..
Total ..	915.0	1,987.4	841.5

* 1959. † 1956.

The I.C.A.C. has drawn attention to the contraction in the aggregate number of spindles and looms elsewhere following the expansion in the newly developing countries. The statistical data furnished at the bottom of this page show that, in the U.K., there has been a marked reduction in spindles, mostly mule spindles whose days of efficiency had long been over. The number of spindles has also gone down in Italy, France, Switzerland, the U.S. and Canada. As regards looms, there has been a substantial contraction in the U.K., the U.S., France, West Germany and Canada.

Record Output of Textiles

The world production of cotton textiles during the calendar year 1960 was at the all-time record level of 5,915,500 metric tons, as against 5,765,700 tons in 1959 and 5,404,600 tons in 1958. The improvement was accounted by both the free world and the Communist bloc as is evident from the figures given at the bottom. The upward trend in output would appear to have been generally maintained in the current year.

The world trade in cotton yarn has registered a notable expansion. The aggregate exports are said to have nearly doubled from 1958 to 1960. The increase has been mainly from Japan, Pakistan, France, Portugal and Spain. Japanese exports rose from 11,000 metric tons in 1959 to 39,100 tons in 1960, the quantity shipped to Indonesia alone rising from 2,984 tons to 27,786 tons. Imports of cotton yarn into W. Germany and the U.K. nearly doubled, the former increasing from 10,400 tons in 1959 to 19,400 tons in 1960 and the latter from 9,700 tons to 17,500 tons. Much of the increase in imports into the U.K. was from Spain and that into W. Germany came from Egypt, Belgium, Switzerland and Italy.

Cloth Exports

In keeping with the high level of production, the world exports of cotton cloth recovered in 1959 from the recession of 1958 and touched a new high of 728,700 metric tons in 1960. The rise was shared by all countries excepting India, China, the U.K. and the U.S. Spain's exports tripled, Pakistan's doubled and Portugal's increased by 50 per cent. Exports from Hong Kong continued their uninterrupted rise, as did Egypt's and those from Japan, which continues to be by far the largest textile exporter, surpassed the 1957 peak. Cotton cloth shipments from China declined somewhat during 1960, because of a cut of one-third in shipments to the U.S.S.R., while exports to non-Communist destinations were well maintained.

The biggest importers of cotton piecegoods during the year 1960 were, as usual, the U.K., the U.S., W. European countries and African nations. The quantity, in thousand metric tons, actually imported into these countries is given below, the figures in brackets relating to the imports in 1959 and 1958:

U.K. 80.9 (59.7 and 43.0); U.S. 51.7 (25.8 and 14.2); W. Europe (excluding U.K.) 121.1 (99.3 and 88.0); Africa 170.0 (155.0 and 153.4); Canada 27.0 (27.0 and 25.6); U.S.S.R. 17.4 (23.1 and 2.9); Australia 38.0 (33.3 and 33.3); Hong Kong 35.7 (31.2 and 28.6); Malaya 18.2 (17.0 and 16.7).

The I.C.A.C.'s survey has highlighted the fact that cotton textile exports to underdeveloped countries are still important, but more and more of these countries are developing textile industries of their own and, in the last few years, a

(Continued on page 510)

Cotton Industry's Capacity

Country	Spindles (In millions)		Looms (In thousands)	
	Dec. 1959	July 1957	1st Jan. 1960	31st Jan. 1957
Free World:				
India	13.3	12.4	205.7	205.3
Japan	13.0	9.0	360.9	373.1
Pakistan ..	1.9	1.7	30.0	27.9
Other Asian Countries	3.9	2.8	97.9	72.0
U.S.A.	20.1	21.2	326.2	360.1
Other N. America	2.4	2.4	59.5	58.7
South America ..	5.9	5.6	179.7	166.2
U.K.	14.1	22.5	216.0	283.7
France	6.1	6.3	120.2	129.0
W. Germany ..	5.9	5.9	120.3	132.0
Italy	4.9	5.6	103.2	121.6
Spain	2.6	2.2	69.2	66.1
Other W. Europe ..	7.1	7.2	175.0	186.3
Egypt (U.A.R.) ..	1.0	0.8	19.5	17.3
Other Africa ..	0.5	0.4	11.7	9.5
Total Free World ..	102.7	106.0	2,095.0	2,208.8
Communist bloc:				
U.S.S.R.	11.0	10.1	225.2	219.0
China	9.6	7.8	150.0	85.0
Eastern Europe ..	6.2	5.4	162.9	154.1
Total Communist bloc ..	26.8	23.3	538.1	458.1
Grand total ..	129.5	129.3	2,633.1	2,666.9

Trend of Production and Exports

(In thousand metric tons)

Country	Production				Exports		
	1961*	1960	1959	1958	1960	1959	1958
Free World:							
India	574.0	527.0	527.6	523.5	80.0	96.4	70.8
Japan	422.3	414.3	352.1	337.7	150.3	134.7	128.2
Pakistan	80.0	71.3	70.3	66.3	10.0	4.7	0.6
Hong Kong	—	51.3	40.0	30.3	34.7	26.1	24.5
Other Asia	..	101.1	100.0	98.2	6.0	2.6	1.3
U.S.	1,318.3	1,369.4	1,405.3	1,317.3	55.0	59.4	63.5
Other N. America ..	—	83.6	82.2	75.8	4.0	2.1	2.5
South America ..	..	95.0	90.0	94.0	—	—	—
U.K.	166.1	183.4	189.5	202.5	41.2	43.8	48.4
France	242.2	241.2	213.5	217.2	53.9	41.5	32.9
W. Germany	—	280.0	263.2	269.3	28.0	23.6	16.8
Italy	142.0	133.6	120.4	114.4	11.7	9.1	11.0
Other W. Europe ..	—	385.6	352.4	344.6	124.2	90.0	73.0
Egypt (U.A.R.) ..	63.0	63.0	61.8	61.2	10.0	6.2	5.0
Other Africa	—	25.0	24.7	23.8	1.0	0.7	1.1
Total Free World ..	—	4,025.0	3,893.0	3,775.1	610.0	540.9	480.6
Communist bloc:							
U.S.S.R.	—	738.5	709.5	703.4	23.7	20.6	20.1
China	—	885.0	911.2	692.5	55.0	62.7	40.3
Eastern Europe ..	—	267.0	252.0	233.6	40.0	39.0	33.0
Total Communist bloc ..	—	1,890.5	1,872.7	1,629.5	118.7	122.3	93.4
Grand total ..	—	5,915.5	5,765.7	5,404.6	728.7	663.2	574.06

1 metric ton = 8,813 yards. * Based on the actual for the first quarter of 1961. — Not available.

HONG KONG ACCEPTS U.K.'S PROPOSALS

REACTIONS OF LANCASHIRE MILLOWNERS

From Our Special Correspondent

MANCHESTER, 29th August

HONG KONG'S decision to accept Britain's proposals for an 11-month extension of the voluntary agreement which limits the Colony's textile shipments to Lancashire was welcomed by Lancashire mill leaders. The Cotton Board said that it would encourage the industry to press on with future plans and would give a breathing-space in which to discuss arrangements on import levels over a longer term.

MANCHESTER LETTER

Full details of the extended agreement, and how it will work, are, however, still awaited.

Meanwhile, the Cotton Board, in an official statement, described the extension of the Hong Kong undertaking up to the end of 1962 as "a positive step which should give some encouragement to the industry in formulating its further plans." As well as bringing the period for which the agreement will run into line with the pacts with India and Pakistan, the Board observed that it would provide a period for discussion and preparation of further long-term arrangements to come into effect in 1963. Discussions of this kind, said the statement, would seem to be increasingly important in the light of the G.A.T.T. talks at Geneva on international trade in cotton textiles, and the U.K.'s decision to explore the possibility of entering the Common Market. The Board recalled that the Government had already indicated that, although the extension of the Hong Kong agreement only covered the period up to the end of 1962, it was the Government's view that restraint on imports of duty-free Commonwealth cloth into the U.K. would undoubtedly be needed for the whole period of the re-equipment and reorganisation of the Lancashire cotton industry.

Some Modifications Necessary

Some modifications of the agreements with India and Pakistan will now be necessary. These will be announced in due course. Reactions elsewhere in the Lancashire cotton industry were guarded. On Manchester Royal Exchange, an executive said: "We are still waiting for details of the new agreement and want to know how it will work."

It is generally believed that the new pact includes a novel feature—the level of Hong Kong's shipments to Britain in 1962 will be governed by the volume of orders on the books of Lancashire mills. If the mills have 15 or fewer weeks work in hand, Hong Kong will be kept down to a basic 185 million yards of cloth shipments to Britain, which represents an increase of about 20 million yards on the current period. But if Lancashire order books lengthen Hong Kong will be able to ship more on the basis of a sliding scale.

Big Lancashire Cotton Mill to Close

A big Lancashire cotton spinning mill—the Lumb Mill at Ashton-under-Lyne, owned by Fine Spinners and Doublers—is to close down and between 300 and 350 workers are to lose their jobs. Leaders of 180,000 cotton workers decided in Manchester to call a meeting as soon as possible of all the unions in the spinning and weaving industry to consider the present trade situation in the industry and to demand compensation for workers who lose their jobs. Mr. James Milhench of Oldham, Secretary of the United Textile Factory Workers Association, said: "We feel this might be the forerunner of more mill closure."

The Lumb Mill was one of those which Fine Spinners decided not to scrap under the cotton reorganisation scheme but to continue as a unit in the streamlined and modernised cotton industry. Mr. William Winterbottom, the group Chairman, said in Manchester that every effort would be made to find alternative work for the workers at Lumb Mill.

There are two basic reasons for the closure. The only way mills could survive in Lancashire today was by working double-shifts, but, at the Lumb Mill, it had been impossible to attract a balanced labour force to facilitate this. The second reason was the flow of imported cotton goods into Britain. Mr. Winterbottom averred that the position had been left so long without any build-up in confidence that the mills could not carry on any longer. Referring to the last week's decision by the Hong Kong cotton industry to curb its shipments to Britain for a further period, he said: "The extension has come too late. It has taken so long and the position has deteriorated all the time." There would be widespread short-time working in mills in the Bolton area next week and it could be anticipated that the same thing would happen at Oldham the following week, he forecast.

Alderman Harold Chorlton of Rochdale, President of the United Textile Factory Workers' Association, pointed out that the unions wanted a definite compensation scheme for workers who lost their jobs. This was established under the Government's streamline plan for the industry and must be continued. Referring to the new Hong Kong pact, he stated that the unions were "cheered" by it. "I think that trade will pick up a little bit now that we are more certain about the position."

Overseas Trade Lower

The second half of 1961 gives no promise of providing any more encouraging export returns in the first six months of the year. Shipments of cotton yarns and manufactures up to the end of July had earned £35,296,390, while imports on the same basis had cost £45,815,951. Shipments of cotton cloth in July, at 23,433,000 square yards, were a little below the average for the year and the same could be said of comparable imports. These aggregated 55,950,000 square yards, bringing the seven months arrivals to 476,826,000 square yards, as against 409,957,000 square yards in the same period last year.

Exports of yarn failed to reach the 1,000,000-lb. mark for the first time since the months immediately following the end of the war. A marked reduction has occurred in shipments in the past few months and the total at the end of July was only 9,827,191 lbs., as against 13,073,492-lb. in the same period last year.

Prolonged Uncertainty?

Opinion in Lancashire textile circles regarding the acceptance of terms covering an extension of the import pact with Hong Kong regards the fresh arrangement as only an interim measure. But it will probably establish a principle on which subsequent "understandings" are established with the leading Commonwealth suppliers. The whole problem is inextricably bound up with any international settlements evolved by the participating countries concerned in the talks at Geneva, which may well last for nearly six months.

It is clear that the existing uncertainty about the future volume of imports cannot be swept away this year or next year. Long before the end of 1962, there will have to be further negotiations with India, Pakistan and Hong Kong, irrespective of the attitude of other countries.

Under the short-term programme drawn up by importers and exporters of cotton goods, arrivals can be curtailed at a level not exceeding the quantity supplied in the 12 months to the end of June, provided disruption of the home market is established. On this basis, India's shipments to the United Kingdom could be fixed at not more than 214 million yards, Pakistan's at 28 million yards and Hong Kong's at 140 million yards. The agreement provides for bilateral arrangements and the pact with Hong Kong clearly comes within this category.

One of the major talking points in the course of the negotiations with Commonwealth countries must be the progress made by other suppliers to the British market in recent years, notably Spain. In the basic 12-month period, nearly 69 million yards of Spanish cloth were shipped to this country, while the total volume of goods absorbed from all quarters was 794 million yards, of which 640 million yards were grey cloth.

Reactions On Geneva

Although the reaction of Hong Kong to the latest proposals by the British Government on the importation issue remains the focal point so far as Lancashire traders are concerned, the whole question of foreign cloth arrivals into the traditional manufacturing areas is now getting a thorough airing following the Geneva conference. Reports from a number of centres have indicated varying, and sometimes conflicting, viewpoints, but all the comments recognise the vital nature of the problem and the need for some form of solution to be found—and found quickly.

The American Cotton Manufacturers' Institute has described the agreement as falling far short of meeting the views of the United States industry, but emphasised the significance of the proposed pact in recognising the need for limitations of exports to the United States. "Its effectiveness will depend upon how well it is administered by the Government," the Institute stated.

Out of Touch?

This year's Cotton Board conference at Harrogate does not appear, on the face of the programme, to present any vital, up-to-the-minute approach to the industry's immediate problems. Omitted for the first time for several years is the Saturday afternoon "question-and-answer" session, which at least provided the delegates with a safety valve for letting off steam by putting the spokesmen of the various sections in the witness box.

The experience gained by Mr. A. G. B. Burney as Director of Reorganisation at the Cotton Board gives him more than sufficient authority to discuss the structure of the industry and its effect on distribution. Mr. D. R. B. Mynors, a Director of Courtaulds, has the task of describing the modern link-up between the natural and man-made fibres in relation to the finished article, while representatives of the Federation of British Industries are to give papers on sales and promotional problems at home and overseas. At the Sunday morning session, Sir Roy Harrod follows a distinguished line of speakers; his theories on the economic outlook must command considerable respect. How much the immediate prospects for the cotton trade itself are debated depends to a large extent on what facts are provided by Lord Rochdale in his opening address.—*All Rights Reserved.*

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RAW COTTON POLICY FOR 1961-62 SEASON

FLOOR PRICES RAISED—CEILING UNCHANGED

AS was anticipated, the raw cotton policy for the 1961-62 season, announced on 31st August 1961, contains no surprises. It has been generally welcomed by traders and mills, as realistic in the prevailing raw cotton situation. Although those who had expected a general upward revision in the ceiling prices may be disappointed, they could derive comfort from the upward adjustment made in respect of the basic ceiling prices of Westerns and Kalyan. The raising of the floor prices of all varieties in line with the increase in the floor price of Jarilla Fine 25/32" from Rs. 139 per quintal (Rs. 495 per candy) to Rs. 168.57 per quintal (Rs. 600 per candy) announced in June last was a foregone conclusion. The abolition of the system of compulsory survey was also expected. The other salient features of the policy are as follows:

1. Appropriate changes have been made in the grouping of certain varieties and in the differentials.

2. A uniform premium of Rs. 14 per quintal (Rs. 50 per candy, approximately) has been allowed for certain cottons which are certified to have been grown in areas reserved by the Agricultural Department for the purpose of procuring pure seed, provided the crop has been duly rogued by removing off-type plants.

3. Provision has been made for an increase in the prices of Bengal *Deshi* by Rs. 9 per quintal, if it is saw-ginned.

4. Since it was observed during the last season that some cottons were deliberately watered or mixed at the ginning stage, it has been provided that the minimum and maximum prices in such cases shall be reduced by an appropriate amount to be determined by the Textile Commissioner's *Ad Hoc* Committee.

5. The exportable varieties, which had no minimum prices hitherto, have been allowed to enjoy that distinction.

6. The quota system of allocation of cotton to mills will be continued.

Explaining the reasons for the abolition of the compulsory survey, the Press note issued by the Textile Commissioner avers that, in view of the comfortable supply position that is likely to obtain in the current season (1961-62), there is no need for this regulation. With a good crop estimated at over 5.25 million bales during the last (1960-61) season and imports of large quantities of cotton stapling 1" and below under P.L. 480 programme the carryover stocks of Indian and short-staple foreign cotton, as at the end of August 1961, are estimated at 1.8 million to 1.9 million bales. Weather conditions during July and August 1961 were generally satisfactory over the major parts of the cotton-growing areas in the country. Hence, prospects for the 1961-62 Indian cotton crop are considered to be bright. In view of this position, adds the Textile Commissioner's Press note, the Government has decided to cancel the system of compulsory survey of cotton introduced during the previous season.

Wise Decision

Detailed schedule of the floor and ceiling prices for the different varieties of cotton have been published. The upward adjustment of the ceiling price of Kalyan and Westerns has been made in response to representations made by representatives of agriculturists, traders, mills and State Governments that, in view of the improvement in the quality of these varieties, they deserve a higher price. The Government has obviously not favoured the plea for a general upward revision of the ceiling probably on the ground that it will add to the inflationary pressure, by putting up the cost and therefore the price of cloth (higher price will surely hit cloth exports) without bringing any corresponding advantage to cultivators. The raising of the floor prices is a step in the right direction. It will not only not involve an immediate rise in the prices of cotton paid by the buyer but will be of immense help to farmers in times of a bumper crop and the consequent possibility of a slump. A higher minimum price is the best and, perhaps the only, guarantee that a Government could and ought to give to cultivators. As we pointed out in an earlier issue (*vide* page 422 of *Commerce* dated 11th March 1961), the plea made in some quarters for higher ceiling prices ignores the basic fact that a higher return can be assured to the cultivator (and that is the only justification for higher ceiling) by enabling him to raise the yield per acre and quality of the crop. The advantage of the latter course is that the cultivator benefits from a higher net return per acre of cultivated land while the consumers of cloth (who include the cotton growers also) benefit from the lower price of cotton and cloth that flows from it.

COTTON YEARBOOK

The Twenty-eighth International Yearbook, 1960-61, published by the *Cotton Trade Journal* of Memphis, U.S.A., presents a world-wide survey of cotton—its culture, trade and manufacture. It has been aptly named this year "Changing World Number" in recognition of the changes—social, political and economic—taking place throughout the world. The Yearbook carries articles from acknowledged authorities covering every country which grows, trades or processes cotton. Of particular interest to Indian readers are four articles about Indian conditions entitled "Food and Fibres First" (by Shantilal H. Shah, Maharashtra's Minister for Law and Labour), "Production Stalls Cotton Industry" (by Mr. J. V. Saraiya), "Cotton Remains King of Fibres" (By Mr. G. R. Shah) and "Government Help Sought to Keep Mills Running" (by Mr. K. V. Warrier).

HIGHER COTTON YIELD

The yield of cotton per acre has risen to 111 lbs. in the last season, as against 77 lbs. in the preceding season, an increase of 44.2 per cent, according to the all-India final estimate of cotton for 1960-61 season, just ended, issued by the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture. As compared with the partially revised estimates of 18.80 million acres and 3.67 million bales for 1959-60, the estimates for 1960-61 at 18.97 million acres and 5.39 million bales show an increase of 167,000 acres or 0.9 per cent in area and 1,716,000 bales or 46.7 per cent in production.

Increase in production of cotton during the season as compared with the previous, is shared mainly by Maharashtra, Gujarat and Madhya Pradesh. This is attributed partly to increase in acreage and partly to favourable climatic conditions during the period of growth of the crop.

As compared with the average of preceding five years' estimates, there is an increase of 1,032,000 bales or 23.7 per cent in production despite a decrease of 734,000 acres or 3.7 per cent in area during 1960-61.

MR. TUBOPHILE GOES WATER DIVINING IN TUBELESS TIMES

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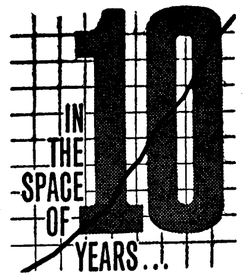

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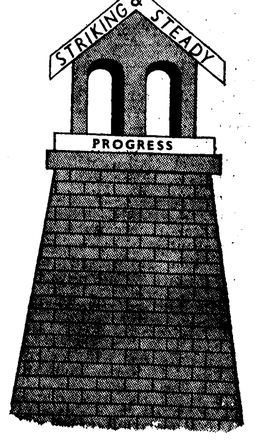

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SUGAR AND "GUR" CONSUMPTION IN RURAL HOUSEHOLDS

EFFECTS OF CHANGE IN INCOME LEVELS

AN attempt to project the requirements of sugar for domestic consumption and exports in the next few years was made in these columns three weeks ago (*vide* page 358 of the issue dated 19th August 1961). It was stated then that, on the basis of estimated population, nutritional requirements, rise in income levels, shift in consumer preference from brown sugar (*gur* and *khandsari*) to white sugar as a result of the improvement in the living standards of the masses, scope for increased industrial consumption of sugar, and the necessity for exporting some sugar in order to earn foreign exchange, the production target of 3.5 million tons to be reached in 1965-66 (end of the third Plan) could not be considered to be as unduly large. That the present low levels of sugar (and *gur*) consumption suggest vast potentialities for expansion, especially in rural areas is brought out in a special study of the income levels and consumption of sugar (and *gur*) in some South Indian villages prepared by the Agricultural Economic Research Centre, University of Madras, Madras. Although the findings are based on a survey conducted by the Centre during the period August 1956-June 1958, they nevertheless indicate a broad pattern which is of great value.

The survey was confined to three villages in Madras State (Madigai, Sengipatti and Rajagambiram), two in Andhra Pradesh (Pathikonda and Chembedu), two in Kerala (Pallipuram and Keezchery) and one in Mysore (Deshwara). The villages were not just randomly selected, but they represented case studies of economies with varying levels of development. The results of the study, therefore, broadly indicate the range of consumption in South India. The major object of the study was to know the effect of changes in income on the quantum of sugar and *gur* consumption in villages with diverse economic characteristics and dietary habits and among households within the same village. The study was also intended to throw light on the possible level of expansion in consumption.

Use of Sugar

The details relating to consumption of sugar and *gur* and *per capita* income level in four villages are given in the following table:

	Madigai (Madras)	Pathikonda (Andhra)	Pallipuram (Kerala)	Deshwara (Mysore)
Sugar consumption reporting households (%)	25	14	73	..
Gur consumption reporting households (%)	44	55	4	11
Per capita consumption per month (oz.)—				
Sugar	5.0	15.2	8.1	..
Gur	8.1	55.5	10.7	7.9
Per capita income (Rs.)	257	166	147	185
Annual income per household (Rs.)	1,122	1,029	909	990
Annual expenditure on sugar and gur (Rs.)	9.58	26.21	11.66	1.26
Ratio of expenditure to income	0.97	2.74	1.50	0.18

From the above table, it will be evident that the variations in the spread of use of sugar cannot be explained by the levels of income alone and that the villages show differing consumption habits. It can, however, be inferred that, though there is a positive and significant correlation between income and *per capita* consumption of sugar and *gur*, there are other factors besides, such as caste, occupation and dietary habits, which influence the consumption of these commodities. With this limitation of low correlation between the variables, three broad conclusions have been arrived at in the study under reference. One, sugar is a luxury for a minority of rural households in South Indian villages. Two, there is no consistent relationship between *per capita* income of the village and the percentage of households reporting sugar consumption. Three, Kerala shows a better record of sugar consumption.

The findings of the survey reveal that consumption of sugar varies between 15.2 ounces in Pathikonda in Andhra and 5.0 ounces in Rajagambiram in Madras. But, in Pathikonda, the percentage of sugar consumers is the lowest. If we exclude this village for purposes of analysis, the range gets narrower, varying between six ounces and nine ounces per month. With regard to *gur* consumption, the figure for Pathikonda is again exceptionally high. Pallipuram reports a relatively high consumption of *gur*. The range of *gur* consumption in the rest of the villages is between six ounces and eight ounces approximately. The combined consumption of both sugar and *gur* even among the reporting families is between a quarter and one-third of the standard requirements.

Influence of Income

Income, it is pointed out, has more decisive influence in sharing the pattern of consumption within a village than between villages, for the impact of extraneous factors such as urban influences on individual households can be expected to be less varying than between households. The table below indicates the percentage of households consuming sugar and *gur* as well as *per capita* consumption per month, in each income bracket (reporting and non-reporting) in the Madigai village in Madras State:

Annual income bracket (Rs.)	Percentage of households		*Per capita* consumption per month (oz.)	
	Sugar	*Gur*	Sugar	*Gur*
Below 250	21	14	5.0	3.0
251—500	6	25	0.8	2.5
501—750	18	35	1.2	3.2
751—1,000	24	59	2.5	5.0
1,001—2,500	42	63	3.0	4.7
2,501—5,000	86	79	8.7	7.3
Above 5,000	83	83	6.1	3.7

In the case of all villages, there is a general tendency for the sugar and *gur* consumption to rise with the increase in incomes. According to the report, in Madigai, the percentage of sugar consumers is higher in the group below Rs. 250 per annum than in the succeeding two groups. But the total number of families in the group is low and, among them, only three use sugar. In all income brackets, the percentage of sugar consumers is high in Kerala villages than in other villages. This is due to the absence of *gur* consumption in these villages and strong tea drinking habits. More than 50 per cent of the households in the villages have income between Rs. 250 and Rs. 1,000. It is these income brackets that are crucial for the analysis. The quick rise in the percentage of consumers as we move up from one bracket to another within the range is noticeable except in Kerala villages, even at lower levels of income, we see a fairly high percentage of sugar users and, in Pathikonda, the most interior of the villages under study, the spread effect of income is low. The percentage of *gur* users also increases with the level of income, but the rate of increase is not as fast as in sugar, for, even at the lower income levels, there are many more *gur* users.

High Food Value

By way of a general observation, the report says that sugar and *gur* are commodities with high food value. The standard requirement of these sweetening agents for balanced diet per adult is two ounces per day. But for many in rural India, the two commodities are only "occasional delights" and South India shows a much poorer record of consumption than many other parts of India. The National Sample Survey 1950-51 and the subsequent surveys reveal that, both in terms of absolute values and as a percentage of total expenditure, South India ranks low in sugar consumption. But the low levels of current consumption of sugar and *gur* are known to be most responsible to changes in incomes. Rise in incomes brings about changes in the quantum of consumption in two ways. Consumption will spread to families whose incomes hitherto did not permit the purchase of these commodities—the spread effect of income. Or, a rise in incomes will enable a family to make greater provision for sugar and *gur* in the budget—the intensity effect of income. An increase in income may also operate on the quantum of consumption through both these effects.

Applying the aforesaid yardstick, the report concludes that the intensity effect of income on sugar and *gur* consumption is negligible in South Indian villages, since the reporting families do not show much response to income. The spread effect is, however, great. In other words, the much talked about high income elasticity of demand for the two commodities operates through the spread effect. But, once the spread effect gets exhausted, income elasticity of demand will, perhaps, be low.

I.S.M.A. ON SUGAR TARGET

Apropos our article entitled "Expansion of Sugar Industry" appearing on page 358 of *Commerce* dated 19th August 1961, Mr. M. N. Pittie, Vice-President of the Indian Sugar Mills Association, Calcutta, observes as follows:

"The article published in your esteemed journal is, indeed, very interesting and I venture to offer a few comments. My own view on this subject is that the installed capacity should be such so as to meet the likely sugar demand, which in turn should be analysed on the basis of (a) export possibilities and (b) internal consumption.

"As far as exports are concerned, India has today an export quota of about 1,35,000 long tons (refined value) under the International Sugar Agreement and has been authorised to supply about 1,87,000 tons to the United States. Thus the total exports of India are today limited to 3,22,000 tons. How much could this be increased is very difficult to predict, but we should keep in mind that our exports to the United States are almost a windfall and that countries that export sugar have been curtailing their production. Our entry into the export markets would obviously meet with the strongest opposition. Taking an overall view, it is difficult to visualise if India would be permitted to export more than 5,00,000 tons. This should be a fair estimate of our export possibilities.

"There are several bases on which the internal consumption of sugar could be estimated. I would confine myself to a realistic basis as far as possible, related to actuals rather than based on several factors that are very difficult to be determined exactly. It is true that the population is increasing, the standards of living are rising and there is shift in consumer preference from *gur* to *khandsari*, but all these are not new factors and they were very much in existence during the last quinquennium as well. On the basis of realities, it would be observed that the sugar consumption during 1955-56 was 19,40,000 tons and is estimated to be 20.50 lakh tons during 1960-61. I would concede that perhaps had there been no controls the consumption would have been about 21.75 lakh tons during 1960-61, instead of the expected 20.50 lakh tons. Thus the total increase during the last five years works out at 2,35,000 tons. Taking this as the basis and projecting the same, I would estimate the likely consumption by 1965-66 around 24,50,000 tons.

"Thus the total demand for sugar for internal consumption and possible exports would be 29,50,000 tons.

"The installed capacity should not be very much higher than the likely demand for sugar. Moreover, the installed capacity in the case of the sugar industry is very elastic—depending on the number of days the factories work. So far the capacity is being calculated on the assumed figure of 120 days, whereas the actual working days have been much higher than that. This year alone though the installed capacity was supposed to be only 22.8 lakh tons, the actual production was nearly 30 lakh tons and is estimated to be still higher during 1961-62. Under the circumstances it is hardly desirable to divert the scant resources of the country for unduly increasing the installed capacity of the sugar industry which is today facing acute problem of surplus. I would suggest that no further increase should be permitted and the situation watched closely as we go along, during the third Five-year Plan. It may well be that the capacity already licensed would meet our requirements."

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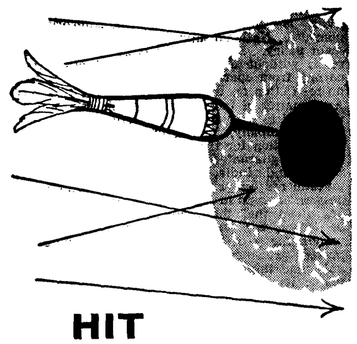

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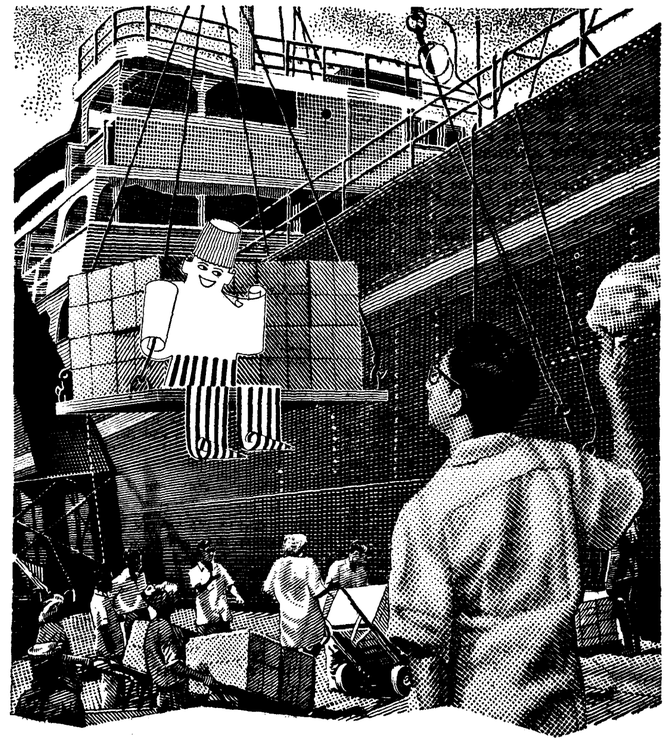

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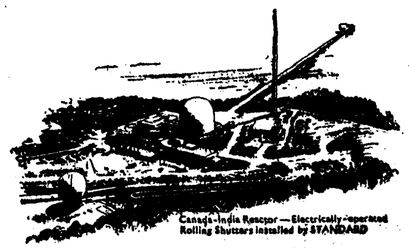

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FOREIGN INVESTMENTS IN INDIA

U.S. COMMERCE DEPARTMENT'S SURVEY OF CONDITIONS AND PROSPECTS

THE U.S. Department of Commerce surely deserves to be congratulated on its continuing efforts to promote a better understanding of India among American businessmen and to stimulate two-way trade and investment. Indicative of these efforts is the revised handbook, entitled *Investment in India** brought out by the Department. The handbook, which supersedes the earlier edition published in 1953, brings together basic economic and commercial information on India which investors, exporters and importers will find helpful. Even a cursory glance through the fifteen chapters in the publication will give one a clear idea of (1) the overall trends in Indian economy; (2) the outlook and climate for private trade and foreign investment; (3) the extent of present foreign investment; (4) basic marketing and trade data with emphasis on U.S. interests; (5) significant economic activities which provide a guide to opportunities for new or expanded productive enterprises; and (6) industrial, labour, financial and taxation policies and legislation of importance to business. The information furnished is, of course, not intended to eliminate altogether the need for the detailed legal, financial and business investigations which have to be carried out before definite action is taken by businessmen. But, as a reference book, the publication will, as Mr. Rowland Burnstan, Assistant Secretary for International Affairs, U.S. Department of Commerce, says in his foreword, be helpful in these investigations.

The handbook impressively highlights the considerable scope that exists in India for fresh overseas investments on a large-scale. India today, it says, is a country that demands the attention of American businessmen who are interested in world markets. The quickening tempo of economic activities, according to it, has opened up numerous fields for the potential investor and trader. India's Five-year Plans point to great opportunities for them to get in on the ground floor of a young but vigorous industrial development. The Government of India has repeatedly conceded India's great need for foreign capital and indicates its desire for foreign collaboration. It has gone further and taken steps to make it easier for foreign investors to conclude arrangements. The large potential of the Indian market, the country's adaptability as a manufacturing base, and the need to safeguard traditional trade connections are some of the "compelling reasons" for the growing interest of a number of businessmen to investigate investment opportunities in India.

Climate Favourable

Drawing attention to the inflow of new private foreign capital into India at a steadily increasing rate during the last few years, the handbook observes:

"Much of the increased interest in India as a place to invest is attributable to a generally favourable and improving investment climate which stems from continued economic progress and a more receptive attitude by the Government of India towards private investment—domestic and foreign. This improvement has manifested in broadened fields for private industrial activities, tax incentives, agreements assuring investors of profit remittance and capital repatriation, as well as compensation in the event of nationalisation, plans to establish investment centres in India and the United States to assist potential investors, and general encouragement. It is also reflected in a generally bullish attitude on the part of Indian businessmen."

The handbook has listed the series of tax incentives offered to new investors, in general, and foreign investors, in particular. The following are the most important of the incentives:

Five-year tax holiday from income-tax and super-tax on taxable income up to 6 per cent of the capital employed in industrial undertakings established before 1st April 1966.

Dividends paid to parent companies from these tax-exempt profits are also tax exempt. Dividends received from any Indian company in 20 specified industries established after 31st March 1952, are exempt from the super-tax on dividends. These industries are of the producer-goods type, including iron and steel, heavy chemicals, and dyestuffs. If dividends paid to a parent company do not qualify for the foregoing exemptions, they are subject to super-tax at a concessional rate of 10 per cent.

Tax free development rebate. A company may take a tax deduction of 25 per cent of the cost of new plant and machinery in the year of installation, thus permitting depreciation at 125 per cent of the cost of the new investment. Other depreciation allowances may permit the new enterprise to write off its investment in a few years. The development rebate may be carried forward as long as 8 years, if profits are not large enough to take full advantage of the rebate.

Business expenditures on scientific, statistical, or social research may be deducted for tax purposes or amortised over a five-year period.

Technical service fees are usually tax free, if they pertain to services rendered outside India, but experience in this matter is varied and prospective investors have been asked to explore this point carefully.

Tax exemption for interest payable on a foreign loan or a purchase on credit of capital plant and equipment abroad by an industrial undertaking in India with approval by the Government.

Exemption of income-tax for foreign technicians. A foreign technician whose contract of service is approved by the Government of India is exempt from tax during the financial year of his arrival in India and the two succeeding years. If not approved, his exemption extends for one year only.

Numerous Deterrents

In contrast to the aforesaid favourable aspects of the Indian tax system, there are still numerous deterrents to which the handbook has drawn pointed attention. The most obvious deterrent is said to be the high income-tax rate on personal company income. Further, it is stated that the tax on royalties and certain technical assistance fees are high. The concept of what constitutes a business connection in India (and the tax liability under such a relationship), it is said, also tends to restrict certain trading activities that may actually enhance or facilitate buying or selling operations in India. The handbook no doubt admits that there may be cogent reasons for the present levels of taxation in India, but remarks that they, in effect, tend to discourage to some extent the basic ingredients for a developing economy, namely, capital and technical know-how. Besides the tax deterrents, the handbook alludes to certain other disquieting features which are affecting the inflow of private foreign investments. These include the following:

1. The tedious screening procedure has been a source of annoyance for many potential foreign investors. The processing of investment proposals has been time-consuming and, along with the need to negotiate with the Government on the various aspects of investment, has hindered consummation of the proposal.

2. The growing participation of the Government in the business life of India has been a source of concern to many prospective investors.

3. There is a tremendous shortage of highly skilled workers.

4. Labour absenteeism is higher and productivity lower than in many other parts of the world. Consequently, the total labour cost to the firm may prove to differ only slightly from costs even in such a high-wage country like the U.S.

Apropos fears of increased Government activity in industry, the handbook has sought to impress upon the American businessmen the fact that there is ample opportunity for private industry to participate in India's development. To quote it:

"What escapes the casual observer is that India is essentially a private-enterprise economy. ... Nationalisation *per se* is not a Government policy. ... Permission is generally granted to remit without difficulty profits and other income earned from operations in India. There has been no restriction on the amount of profits transferred. As a matter of fact, most companies in India have preferred to reinvest a good portion of their profits in the company, instead of remitting abroad. ... An attraction for the American investor is the investment guarantee agreement between the United States and India, designed to encourage new investments by private American capital in business enterprises in India. ... Ordinarily, assurances are given that the required import licences will be issued for an approved project. ... Labour unions, many of them communist dominated, may present problems, but often not any more formidable than those with which firms may be faced at home. It pays to employ a good man to handle labour relations. There is legal machinery for settlement of labour disputes, but it may prove time consuming and costly."

Personal Element

The handbook has rightly emphasised that, in a very real sense, the personal element is a most important factor affecting investment in India. In its considered opinion, patience and tact are qualifications absolutely necessary for doing business successfully in India or other parts of the Far East. Americans, particularly must learn to adjust to a slower concept of time whether it be in negotiating a business deal or in actual daily working or social contacts. What may seem the wrong way of doing things stemming from experience in the United States may be right in India. Innovations must be presented in a prudent manner and should be preceded by some familiarity with the country itself. A willingness to understand and appreciate India's rich cultural heritage and great hopes for the future cannot but have favourable consequences.

The data furnished in the handbook reveal that about 100 American companies have branch or subsidiary offices in India engaged principally in manufacturing and trading enterprises. The U.S. total direct investment as at the end of 1959 amounts to $136 million. Unofficial estimates, however, place investments in India by U.S. companies at approximately $300 million as of 1960. About 70 per cent of U.S. investments is in the petroleum exploration, refining and marketing fields. The remainder is in a wide variety of products, including pharmaceuticals, office equipment, flashlight cases and batteries, aircraft parts, jute products, tyres and tubes, chemicals, and food and beverages items. In addition, many American firms have licensing, royalty or technical assistance agreements with Indian firms without involving any capital investment.

*Investment in India. By Celia I. Herman. Published by the U.S. Department of Commerce, Washington. Price: $1. Pages: 272.

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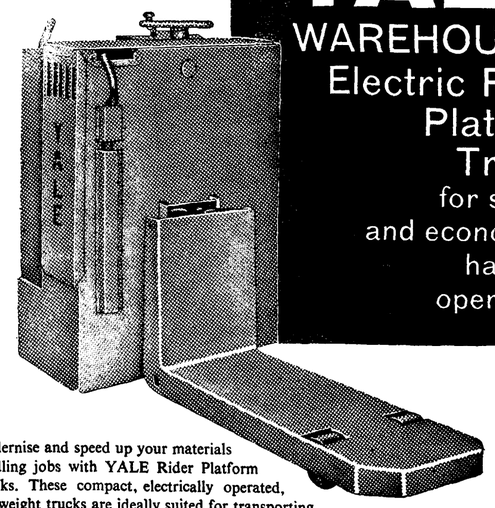

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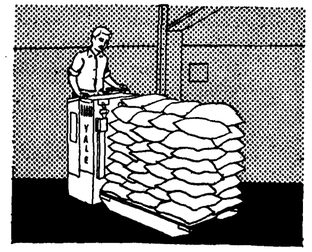

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NEW STANDARD ENGINEERING CO. LTD.

CHAIRMAN, MR. R. G. SARAIYA'S SPEECH

COMPANY'S EXPANSION PROGRAMMES IN FULL SWING

ADDRESSING the shareholders of the New Standard Engineering Company, Ltd., at the the Annual General Meeting held in Bombay on Wednesday, 30th August 1961, Mr. R. G. Saraiya, Chairman of the Company, informed the shareholders that the Company had successfully completed the first phase of expansion of its steel structural plant and that the plant was currently in full operation. The Company's sales had gone up substantially by Rs. 26.26 lakhs to Rs. 119.09 lakhs, resulting in a gross profit of Rs. 18.05 lakhs. Mr. Saraiya, however, complained that the scarcity of some raw materials like coke and pig iron had affected the working of the Company during 1960-61. Especially, the shortage of matching sections of steel had caused bottlenecks and loss of valuable production capacity. As regards the working of the Company in future years, Mr. Saraiya stated that a new modern foundry was expected to be commissioned in the first quarter of 1962. He welcomed the development programmes contained in the third Five-year Plan, but warned the planners that, unless supplies of power, coal, cement and transport facilities were adequately ensured, industrial development of the country would be held up.

The following are extracts from Mr. Saraiya's speech:

"GENTLEMEN,

"It is my happy privilege to welcome you to this meeting. This meeting provides me an opportunity to give more details of the progress of the Company during the last year and perhaps an indication of the 1962 outlook.

"The Statement of Accounts was adopted by the Board of Directors on 3rd June 1961, soon after which your Managing Director, Mr. J. V. Patel, on invitation, led the National Productivity Team on Machine Building to the U.S.S.R. and Czechoslovakia. We consider this an honour to the Company and its Managing Director and believe that this visit will contribute significantly to the increase of productivity in the machine building industry of the country.

Solid Accomplishment

"Measured against the prevailing conditions and the history of growth of the Company in the past, 1961 was a year of solid accomplishment for the Company. The total sales of the Company during the year increased by Rs. 26,26,220 to Rs. 1,19,09,106 resulting in a gross profit of Rs. 18,04,704, an increase of 54.68 per cent over the last year. The percentage of gross profit to sales works out to 15.15 per cent, as against 12.56 per cent for the previous year. Provisions of Rs. 5,92,481 and Rs. 4,50,000 have been made out of the gross profits for depreciation and development rebate reserve, respectively, and a provision of Rs. 3,10,000 has also been made for taxation.

"The Board has recommended a dividend of 9 per cent on ordinary shares, subject to deduction of tax, as against 12 per cent, subject to taxation declared last year. You will appreciate that the dividends declared are on a larger capital than during the previous years and the total proposed distribution of the dividends this year amounts to Rs. 5,26,716, as against Rs. 2,90,560 in the previous year. Your Directors consider that for the rate of growth the Company has achieved during the last year, as indicated in the rise of sales with the increase of fixed assets by Rs. 46,08,865, the cut in the dividend may be looked upon as a fair and reasonable price. The Directors have proposed a resolution to change the rate of preference shares dividends from 6.3 per cent tax-free to 9 per cent, subject to deduction of tax per annum. This has been necessary due to the amendment in the Finance Act, 1960, in regard to Section 18 of the Income-tax Act and your Directors have thought it equitable that the preference shareholders should receive a net dividend of 6.3 per cent.

Development and Expansion

"This year witnessed intense activity in the field of development and expansion, and this tempo is expected to continue during the next three years. The first phase of the expansion project, namely, Steel Structural Plant has been completed according to schedule and is in full operation now. It is also worthy to mention that the capital expenditure of the project was within the budgets estimated at the time of issue of new capital. This year also witnessed successful commissioning of the first Trutzschler-NSE Blow Room line to be manufactured in the country. The manufacturing activity of this line is now well set-up for line production after the initial teething troubles that are common to new projects of such complexity and magnitude.

"In the year under review, the availability of important raw materials continued to be unpredictable. Coke and pig iron have been in short supply and deliveries have been irregular affecting output of the foundry. The shortage of matching sections of steel has often caused certain bottlenecks and loss of valuable production capacity. For this reason, it is necessary to keep larger stocks and lock up extra finance and storage space. Your Directors are at the same time aware of the need to control inventory.

Labour

"During the year under review, a four-year labour agreement was reached with the workers. One of the high-lights of the agreement is a clause which provides the setting of norms of production with scientific methods and its acceptance by the workers. As a result of this agreement, which also settles the important issues of wage-scales, dearness allowance, etc., and the earlier three-year agreement on bonus, we expect to have industrial peace and stability during the crucial period of the Company's expansion and development programmes. Some minor issues have been referred to adjudication by mutual consent.

"The year under review witnessed the successful conclusion of the collaboration agreement with Forni Elettrici A. Tagliaferri of Milan, Italy, for the manufacture of low frequency furnaces. Two of our trained engineers would commence advanced training in Italy from 1st September 1961.

Modern Foundry

"NSE Engineers have now completed, in consultation with several foreign technical experts, the design of a modern foundry, which is expected, to be one of the largest of its kind in India. Designs of the structural shed is now under progress and it is hoped that the Foundry will be commissioned in the first quarter of the calendar year 1962. I would like to mention, however, that the continued shortage of cement is causing us some anxiety due to the uncertainty, even at present as to its availability.

"The Company is fully aware that for an industry, engineering 'know-how' and skills are vital and indeed, form the backbone of financial success which are reflected in the balance-sheets. The training facilities at NSE have been intensified and at present 60 apprentices are receiving basic practical training and within a period of three to six months they are expected to be available.

Higher Targets for 1962

"In line with the increased production during the last year and the previous years, we have set for ourselves even higher targets for the year 1962. In order to achieve these higher targets the Company has emphasised time, method and motion studies in all important production departments. The Company's progress in this direction will be greatly assisted by the transfer of more and more of our manufacturing activities to Goregaon where under a centralised command, NSE will be able to forge ahead at a rapid rate of growth. The various projects under planning and execution would also require additional finances and your Directors are constantly reviewing the various means of meeting financial requirements. The Directors have recommended classification of Rs. 25,00,000 of unissued capital as 25,000 equity shares of Rs. 100 each and also increase of authorised capital from Rs. 1 crore to Rs. 5 crores. The decision to issue new capital will be taken at an appropriate time.

Third Plan

"The third Five-year Plan has now been published, and has by and large been welcomed by the country. The basic challenge of the Plan to the people of India is to raise the standard of living of a population of 438 million by 1966. It will necessitate not only hard work and sacrifice all round, but also proper co-ordination at all levels. The third Five-year Plan will impose a severe strain on our economy unless there is proper effective and detailed co-ordination between the various elements composing it. There is a general complaint of power shortages already; unless supplies of powers are planned well ahead of the actual demand arising for it, industrial development is likely to be held up. Shortage of transport is already hampering production and movement of, for example, coal and cement. All forms of transport—rail, road and water—will have to be developed adequately so as to ensure the proper movement of increased agricultural production, raw materials and finished products.

"In the third Five-year Plan the total cost of completing all programmes in the public sector exceeds Rs. 8,000 crores, and is estimated at Rs. 4,300 crores in the private sector including Rs. 200 crores transferred from the public sector. Out of these amounts, the total requirements of capital for modernisation and replacement in industry and mining come to Rs. 1,350-1,400 crores. According to the planners themselves, 'the resources available would appear to be somewhat short relatively to the needs.' The question to be seriously examined is whether the diversion of resources to the Public sector by taxation and other methods will leave enough available for industrial development in the private sector. The development visualised in the third Five-year Plan will require larger credit facilities for industry. This requirement does not seem to have been appreciated adequate with the result that we might well be faced with a situation where the installed capacity may have to remain idle or partially utilised for want of necessary financial resources at reasonable rates.

"Lastly, I should like to thank the Managing Director, Mr. J. V. Patel and all the staff and workers for executing our development programmes and the satisfactory working of the Company during the year."

Note: This does not purport to be a record of the proceedings of the annual general meeting.

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SOUTH MADRAS ELECTRIC SUPPLY CORPORATION LIMITED

DIVERSIFICATION OF ACTIVITIES—ENTRY INTO MANUFACTURING LINE

CHAIRMAN, MR. K. A. P. VISVANATHAM'S SPEECH AT ANNUAL GENERAL MEETING

ADDRESSING the Twenty-first Annual General Meeting of the South Madras Electric Supply Corporation Ltd., held at Tiruchirapalli on 30th August, 1961, Mr. K. A. P. Visvanatham, Chairman of the Corporation, disclosed that, in course of time, the Company would diversify its activities by manufacturing switch gear and domestic electrical appliances. Efforts were being made to secure foreign collaboration for the purpose. From the long-range point of view, the Chairman said, this was the right thing to do. The following is the full text of Mr. Visvanatham's speech:

"LADIES AND GENTLEMEN,

"I have great pleasure in welcoming you to this twenty-first annual general meeting of the Company.

"I believe you have studied the Directors' report and the balance-sheet and accounts which have been in your hand for some time. I shall take these documents as read with your leave. I shall invite your comments on them later.

Satisfactory Progress

"The capital expenditure during this year on rural and urban extensions amounted to Rs. 17.46 lakhs, as against an expenditure of Rs. 10.35 lakhs incurred in the previous year. You will find the progress is satisfactory in spite of the difficulties of getting materials like posts, hardware and cement for the extensions.

"The Government of Madras had sanctioned a loan of Rs. 12 lakhs for rural electrification schemes of which we were able to draw a sum of Rs. 9,97,860 only due to certain procedural difficulties connected with capital issues. The balance of Rs. 2,02,140 is expected to be received this year. We have also applied to the Government of Madras for a loan to cover schemes estimated to cost over Rs. 45 lakhs. We are hoping to get about Rs. 20 lakhs to take up schemes specified by the Government as it is understood that a larger allocation is proposed to be made this year for financial assistance to licensees. The demand for electric power supply is ever increasing and there is therefore no dearth for work. We have drawn up a programme to take up works amounting to Rs. 20 to Rs. 25 lakhs a year having regard to availability of materials and power supply from the Electricity Board's power generating plants and I believe this will be realistic.

Flood Havoc

"The great flood havoc, which seriously affected the agricultural and domestic economy of the Tiruchirapalli and Tanjore districts, fortunately left us with light damages. The villages Ayyampalayam, Amur, Gunaseelam, Peramur, Evur, Kodunthurai and Thinnakonam in the Tiruchirapalli district were without supply for about a week and the villages of Palamaneri, Tirukkattupalli, Budalur, and Sengipatti in Tanjore district were affected for a day. Supply was promptly restored by the ceaseless and indefatigable energy of the staff, with the least possible delay.

"Mr. H. K. Ramaswami, Director of the Managing Agency House, and Ex-officio Director of this Company, had been abroad between April and July and, among other things, he has been examining the possibility of securing reputed foreign collaboration for switch gear and domestic electrical equipment manufacture. Though no concrete proposals have been secured, it is likely that, in course of time, the Company may be in a position to suggest to you a diversification of its activities, by entering into manufacture, as the Directors believe that as a long range policy it would be the right thing to do.

"I would like to draw your special attention to the reserve of Rs. 1,26,000 created on the basis of the notional difference in income-tax levels prevailing now and previously. The Federation of Electricity Undertakings is striving to get this money available to us either for dividends or for augmenting our capital sources. It may take some time to have this settled and I hope the Government's decision will be favourable to you. I may also add that the Federation has been actively trying to secure modification to the Sixth Schedule to the Electricity Supply Act so as to enable undertakings to pay more attractive dividends and thus attract capital to this industry which is necessary if the power development plans envisaged in the third Plan are to succeed.

Power Supply

"Power supply position was satisfactory except for a short period of restriction due to low water conditions. A 50 per cent cut in consumption of all H.T. and L.T. industrial consumers, excepting rice mills and cement factories and essential services, was ordered to be enforced by the Government with effect from 16th May, 1961 and new connections for industrial or agricultural purposes were also ordered to be stopped with effect from that date. But due to improved conditions the cut was reduced from 50 to 25 per cent from 27th May, 1961 and it was completely relaxed with effect from 1st June, 1961 owing to the onset of the monsoon. Also, restrictions on temporary supplies, etc. and on connecting up of new services was lifted from that date. Though this had no effect on our revenue for that month it had caused some inconvenience to our consumers which is beyond our control.

"The revenue earnings this year has nearly touched a crore and we have been able to maintain the usual 9 per cent dividend on equity shares, subject to tax. As regards dividend on preference shares an extra 30 per cent over and above the stipulated dividend will be paid as required under law. The gross dividend works out to 7.15 per cent in terms of the Preference Shares Regulation Act, 1960.

"The staff relations continued to be very cordial.

"I am glad to inform you that the Central Government have decided to establish a Regional Engineering College in Tiruchi with a strength of 250 students to start with. The college is expected to function from the next academic year. In view of this, the proposal to start a private college in Tiruchi, as indicated in my last year's speech, is dropped. However, the Seshasayee Institute of Technology, is being carefully nursed to grow in its stature and to keep its pride of place among polytechnics in the State—a distinction it has achieved. The Government have sanctioned a larger intake of students, thus providing for 180 students, as against 120 hitherto admitted. A junior polytechnic to train middle school boys as skilled craftsmen is also sanctioned and this is now under implementation.

Two New Projects

"I have also pleasure in informing you that the Central Government have decided to locate one of the heavy electrical industries in Tiruchirapalli, near Tiruverumbur and there is also a move to establish a Steel Rolling Mill near Ariamangalam.

"It is thus gratifying to note that the industrial development of this district is growing rapidly and we hope to play our part in this achievement.

"I now move that the Directors' Report and Audited Balance Sheet as on 31st March 1961 and the Profit and Loss Account for the year ended 31st March 1961 be approved and adopted."

N.B.—*The above does not purport to be the report of the proceedings of the 21st annual general meeting of the company held on 30th August* 1961.

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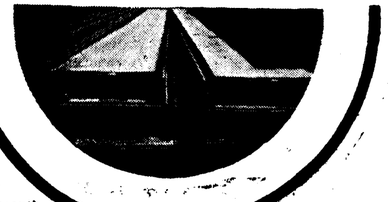

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THE INDIA UNITED MILLS LIMITED

RENOVATION PROGRAMME TO BE IMPLEMENTED WITH CONFIDENCE

CHAIRMAN, MR. M. D. BHAT'S SPEECH AT ANNUAL MEETING

A NOTE of optimism that the India United Mills Limited had turned the corner and could look forward to a period of steady progress was struck by its Chairman, Mr. M. D. Bhat, when he addressed the Forty-first Annual General Meeting of shareholders of the Company held at Bombay on Wednesday, 30th August 1961. Mr. Bhat stated that the Mills had been working to the full capacity and that, if the rest of 1961 continued to be as encouraging as it had been so far, the Company would be able to build up its reserve position substantially and go ahead with confidence with its programme of renovation. The Board, however, realised, he added, that it would not be sufficient to be merely complacent and that it was essential to adopt a dynamic policy, to revitalise the management, to effect economy wherever possible and to increase the tempo of production.

The following is the full text of the Chairman's speech:

"GENTLEMEN,

"I have great pleasure in extending to you a cordial welcome to the Forty-first Annual General Meeting of the Company. The Directors' report and the audited balance-sheet and profit and loss account for the year ended 31st December 1960 have been in your hands for some time and, with your permission, I propose to take them as read.

"The working results for the year show a profit of Rs. 112 lakhs. This is subject to depreciation. I invite your attention to the appropriations under different heads in the Directors' report. After wiping out the previous losses and after providing for arrears of depreciation and bonus amounts, etc., there has been a surplus of Rs. 32.32 lakhs and I am glad that it has been possible for your Directors to recommend dividends at the rate of 80 nP per share subject to deduction of tax on ordinary shares and 13.25 nP per share subject to deduction of tax on deferred shares. The Indu Mills are thus back in the dividend list and, if the cloth market remains favourable, I feel hopeful that we will be able to maintain the ground we have recovered and continue to make steady progress.

Unavoidable Compromise

"Owing to failure of the cotton crop, there was acute shortage of Indian cotton. It was evident in the beginning of the year that adequate quantities of suitable cotton would have to be imported, but it appears that timely supplies could not be planned in advance and it was feared that the Mills would not be able to maintain their production in the last few months of the cotton year. This led to a brisk movement of cloth stocks and sudden but temporary rise in cloth prices. The Central Government stepped in, and negotiations took place between them and the Federation of Indian Cotton Mills. Ultimately the Mills agreed to adopt a certain formula to calculate the prices and the stamping of prices on cloth according to this formula was introduced in September 1960. This formula had no scientific basis or relation to facts of individual units. The *ad hoc* price cuts and margins were, if I may say so, a sort of unavoidable compromise.

"So far as Indu Mills are concerned, I regret to say that this price structure has had an inequitable effect. The basic period of the formula was a period of distressed sales for Indu Mills. The prices of Indu cloths had not risen during the controversial period of price fixation to the levels stated to have been generally reached by the coarse and medium counts mills. Indu Mills had, however, to fall in line with others and they have since been trying to do their best in the difficult situation in which they have been placed.

Outlook Reasonably Promising

"There is, however, cause to take a reasonably promising view of the future. Your Mills have now been working to the full capacity. The entire spinning section is working in three shifts and all the looms are working two shifts. Mill No. 5 is working its looms in the third shift as well. The dye house production, especially the prints and khaki varieties, has substantially increased and there is good demand from the powerloom sector for Indu yarns. Every effort is being made to improve the quality and, if the year 1961 continues to be as encouraging as it has been so far, we will be able to build up steady reserves and go ahead with confidence with our programme of renovation.

"Your Mills require annually over one lakh of bales of Indian and foreign cotton. The production during the year was over 14 crores of yards of cloth and the total number of employees more than 16,300. The wages and salaries bill was Rs. 3.92 crores and the excise duty paid was Rs. 1.4 crore. These figures will give you some idea about the volume and scope of the activities of your Mills and will also indicate the important position which these Mills hold in the industrial and economic life of the State of Maharashtra.

Machinery and Equipment

"In his speech last year, my predecessor had referred to the unsatisfactory condition of the machinery and the chronic trouble the Company had of inadequate finance. The plant and machinery of which the original value was Rs. 340 lakhs was written down as on 31st December 1960 to Rs. 44 lakhs, that is to nearly one-eighth of the original cost. Replacement of the old plant and machinery and renovation are urgently needed and in the dye works especially an almost complete overhaul is overdue. The Directors are alive to this problem, as can be seen from the balance-sheet which shows that, during 1960, nearly Rs. 17.80 lakhs were spent on additions to the machines.

"Three hundred and forty-one looms and one set of American combers were received and put into operation during 1960. One modern stenter, two drying ranges, one cropping machine, one yarn merceriser, and certain other machines have been recently received. Two cropping machines and one more modern stenter have been ordered some time back and orders for one hundred ring frames have been placed with the manufacturers only a few days ago. Negotiations are in progress for four blow room lines, one cheese dyeing plant and J-box equipment and, subject to getting an import licences, orders for these will be placed in the near future.

"With a favourable climate due to the increased tempo of the third Five-year Plan, it is expected that the financial position of your Company would steadily improve, enabling the management to pay reasonable dividends and also to execute a phased programme of rehabilitation which is being planned. The machinery manufacturers are heavily booked and deliveries against new orders are distant. This factor and the limited internal resources of your Company affect the speed of rehabilitation, but, in view of the improvement in our financial resources, it is proposed to incur a capital expenditure of approximately Rs. 1 crore per year for purchasing new machines and to complete the renovation of certain sections of spinning and dye works in the next three years. Major repairs and overhaul of machines which are not to be replaced for the present are receiving close attention of the Board and a substantial amount is being spent on such work every year.

"As mentioned in the Chairman's speech last year, the differences between the partners of the Managing Agents firm precluded any application being made for reappointment of the same Managing Agents, or appointment of new Managing Agents after 15th August 1960 and, under the provisions of the Companies Act, the office of the Managing Agents terminated on that date. The affairs of the Company have been conducted since then by the Board of Directors who have been assisted very ably in their arduous task by the Chief Executive Authority.

"In the latter half of the year 1960, the differences between the partners of the Managing Agents culminated in the filing of suits in different Courts in Uttar Pradesh and at Bombay, and the Company was made a party to some of these suits. The validity of the election or the co-option of some of the Directors was challenged and injunctions issued by some of the Courts prevented the Directors concerned from functioning in that capacity. In consequence, the administration of your Company's affairs was carried on by a smaller Board.

Harmonious Working of Board

"An application was also made to the Government of India under Section 18A of the Industries Development and Regulation Act, 1953 and also under Section 408 of the Companies Act. Upon this application, an order dated 15th November 1960 was passed by the Central Government under Section 408 of the Companies Act directing the Company (1) to amend its Articles in the manner provided in Section 265 of the Companies Act, and (2) to make fresh appointment of Directors in pursuance of the Article so amended within 90 days from the date of the Order. On the same day, another order was passed by the Central Government appointing Shri S. G. Nevatia and Shri N. K. Petigara as additional Directors of the Company until new Directors were appointed in pursuance of the Article so amended. I do not wish to bother you with further details which have been outlined in the notice for an extraordinary general meeting and its annexure. I am making a passing reference to these developments in order that you may appreciate the necessity for harmonious working of the Board.

"As mentioned in the Chairman's speech last year, the matter relating to the remuneration of Shri S. A. Kher, Chief Executive Authority, is still under correspondence and discussion with the Company Law Department and the Department has been intimated that should it become necessary to make any adjustment, the same will be made in compliance with the Government's decision in due course. Since his appointment as Chief Executive Authority three years ago, Shri S. A. Kher has been striving hard to raise the output and to increase the efficiency of working of your Mills and to improve the quality of their products. He has also been devoting his attention to the problem of rehabilitation of the plant and machinery and of strengthening of the sales organisation. The result of his ceaseless efforts can be seen in increased production, better earnings and reduced stocks. I should like to express my warm appreciation of the magnificent work that he has been doing for the benefit of your Mills.

"I can imagine what tremendous task it must have been for Shri D. M. Khatau to shoulder the responsibilities as Chairman during the preceding two years. As Chairman of the Board and of the Committee of Management, he has rendered most valuable services to the Company and all were hoping that he would continue to guide the affairs of the Company. It is unfortunate, however, that he should have found himself unable to do so. The services rendered by the independent Directors Shri N. K. Petigara, Shri S. G. Nevatia and Shri Gajadhar Somani have also been equally valuable and our thanks are due to Shri D. M. Khatau, Shri N. K. Petigara, Shri S. G. Nevatia and Shri Gajadhar Somani for giving so much of their precious time and attention to the affairs and management of this Company during the tenure of their office. It was largely due to the efforts of these four gentlemen that the Company was able to overcome the difficulties which had beset it three years ago.

"Shri N. K. Petigara and Shri S. G. Nevatia were appointed as Directors by the Central Government in November 1960. I am glad that they are back amongst us and have given their consent to be on the Board if elected. Shri Ramkumar Poddar being ex-officio Director ceased to be Director of the Company from 15th August 1960. Shri R. P. Bagla who like Shri Ramkumar Poddar was associated with the Company since 1943 and the other Directors are retiring today to enable election by the method of proportional representation as directed by the Central Government to be held. Some of them have offered themselves for reappointment. To all of them I express my sincere gratitude for the unstinted co-operation and assistance which they have always given to the Company and to me.

Taxation

"May I invite your attention to the paragraph in the Directors' report dealing with taxation matters? I am glad that the Income-tax Tribunal has decided the Company's appeal for the assessment year 1949-50 in its favour and ordered the refund of Rs. 34,43,843 in taxes for that year. Refund of this amount has already been obtained. The Income-tax Department, however, has made a reference application for permission to proceed further. That application has been heard by the Tribunal and its decision is awaited. Pending disposal of the Department's application and the probable reference, the Board has set aside this amount provisionally as contingency reserve.

"The Company's tax appeals for the years 1950 and 1951 have been decided by the Appellate Assistant Commissioner substantially in favour of the Company and I am glad that the Company has recently received a refund of Rs. 13,42,478 in respect of these appeals. As mentioned in the Directors' report, the provisions made for taxes are believed to be adequate to cover the tax liabilities.

"The above income-tax appeals involved very important issues. The tax amounts ran into lakhs. Our Counsel and Solicitors had to handle a very complicated case and the thanks of the Company are due to them for all that they have done for the Company. For the preparation of the Company's case, they required facts and figures from various past records and it is indeed creditable to the staff of our Accounts Department that they were able to supply at this distance of time the material required by the Solicitors.

"The Punjab National Bank has been very helpful to us in the past. It readily helped us to tide over the difficulties which faced the Company three years ago. The position has now changed, and I feel sure that the Bank will extend its full support to us in our future programme also.

Labour Relations

"Our relations with the Trade Unions have been very cordial and, although there are occasions when we differ, we are able to appreciate these differences and we endeavour to arrive at an amicable settlement of our disputes.

"Our merchant friends deserve a special mention. In the days of uncertainty of prices and of depressed markets, difficult problems arise from time to time. We are, however, able to settle these in a spirit of mutual accommodation. Fair deal and fair play have been the policy of management and, like my predecessor, I feel confident that this must evoke full response from all quarters.

"We are conscious of our responsibilities. Not only the shareholders of the Company but the Central and State Governments would all keenly desire that this group of Mills should continue to work smoothly. Higher production and increased employment are the objectives set before the industry, for its own benefit as well as the benefit of the country. The following figures will indicate what your Mills have done in various directions:

	1958	1959	1960	1961 Jan-June
Spindles worked (in lakhs) ..	1,649.88	1,566.75	1,889.85	1,045.00
Looms worked (in lakhs) ..	87.67	85.96	86.88	18.92
Cotton consumed (in lakhs lbs.).	880.39	889.20	887.79	208.38
Average workers employed ..	16,400	15,808	16,815	17,488
Yarn produced (in lakhs lbs.) ..	336.50	320.75	333.93	183.94
Cloth produced (in lakhs yards).	1,425.38	1,386.76	1,458.51	747.93
Market yarn (in lakhs lbs.) ..	14.02	18.01	21.47	15.82
Cloth exports (in lakhs yards)..	81.06	199.43	194.91	111.30
Excise duty (in lakhs Rs.) ..	240.97	198.00	140.67	108.56

"These figures are illuminating. They signify that the Company has turned the corner and can look forward to a period of steady progress. The Board realises, however, that it would not be sufficient to be merely complacent and that it is essential to adopt a dynamic policy, to revitalise the management, to effect economy wherever possible and to increase the tempo of production.

Election of Directors

"Since only eleven nominations have been received, it appears likely that all these eleven gentlemen will be elected. The Company is, therefore, entitled to expect that the Board of Directors who will take office presently will function as a homogeneous team and that, during their tenure of office, the financial resources will be consolidated and progress will be achieved in every field of activity.

"In our task, we have received valuable support from Shri Nityanand Kanungo, Minister of Commerce of the Central Government, and we are grateful to him for it. We have been always getting necessary guidance and assistance from the Ministry of Commerce and Industry and the Textile Commissioner and his organisation and we are also thankful to them for the help which they have been readily giving.

"Shri Shantilal H. Shah, Minister for Labour of the Government of Maharashtra, takes a keen interest in the working of your Mills. His advice whenever we have approached him in our difficulties has been of immense value to us. We are deeply indebted to him for all the advice and guidance we have received.

"I also take this opportunity to recognise the loyal co-operation that has been extended to your Directors by the officers, staff and workers and the hard work that they have put in throughout. I should like to convey our thanks to all of them.

"It remains for me to thank you all for coming here and listening to me. If there are any questions in respect of any matter where I can properly give information, I shall be happy to answer them."

N.B.—*This does not purport to be the record of the proceedings of the meeting.*

Notice

ROHTAS INDUSTRIES LIMITED

Registered Office:
Dalmianagar (BIHAR)

THE DIRECTORS OF ROHTAS INDUSTRIES Ltd. in today's Board Meeting have recommended to the forthcoming Annual General Meeting of the Company following dividends on Preference and Ordinary Shares (subject to statutory deduction of tax) in respect of the financial year ended 31st March 1961.

'A' Preference Shares Rs. 11.10 per share.

'B' Preference Shares Rs. 5.52 per share.

Ordinary Shares Re. 1 per share.

The Share Transfer Books and Members Register will remain closed from 26th September, 1961 to 30th September, 1961, both days inclusive.

By Order of the Board,
For ROHTAS INDUSTRIES LTD.,
J. P. SAXENA,
Secretary.

CALCUTTA, *30th August*, 1961.

As you need two hands to clap, so the country needs
the combined efforts of man and machine
to bring about industrial growth and prosperity.

Today, through the Five-Year Plans, the country is
striving to create such a unity of effort
where all will have enough.

It is our privilege to participate in this
historic adventure of building a new India.

MAHINDRA & MAHINDRA LTD.
BOMBAY · CALCUTTA · DELHI · MADRAS

GENERAL ASSURANCE SOCIETY LTD.

CHAIRMAN, MR. B. L. JALAN'S SPEECH AT ANNUAL GENERAL MEETING

NON-DIVERSION AGREEMENT A WELCOME MOVE

TO the chorus of welcome received by the Non-Diversion Agreement signed by some leading general insurance companies in the country has been added the weighty voice of Mr. B. L. Jalan, Chairman of the General Assurance Society Ltd. Addressing the shareholders of the Company at the Annual General Meeting held at Calcutta on 28th August 1961, Mr. Jalan said that the agreement represented a welcome move on the part of insurers to put the industry on a sound footing and that, if implemented in the right spirit, would usher in an era of prosperity to general insurance business. He, however, felt that it needed certain modifications and suggested the lines along which they should be made.

The following are extracts from Mr. Jalan's speech:

"The proposed entry of the U.K. into the European Common Market, when seen in the background of the economic power enjoyed by Great Britain during the eighteenth and nineteenth centuries, seems to be a rather curious, amazing, development. We may recall that, only last year, the U.S. gold-drain had assumed an alarming proportion and the dollar had become so weak that its devaluation was considered imminent. In the course of the last few months, the things have changed a lot. The U.S. economy has staged a recovery and the sterling has become weaker than ever before. The situation has been temporarily saved by the I.M.F. loan of the order of 2,000 million dollars to the U.K.

"Nevertheless, these events are not isolated problems and the repercussions which they produce on the economies of other countries have also to be reckoned with. Thus, while it has, perhaps, become necessary for the U.K. to join the European Common Market, it will have very adverse effects on the Commonwealth trade, and, in particular, on our exports of tea, cotton textiles, and others. The U.K. continues to be by far the largest single supplier of our imports and consumer of our exports. The withdrawal of the preferential treatment, if not properly phased and counterbalanced, will be a setback to our exports, foreign exchange earnings and eventually development programmes. This may be viewed in the light of the very encouraging foreign assistance exceeding $2 billion promised by the Aid-India consortium led by the U.S.A. Foreign exchange was perhaps the most important impediment in our scheme of resources for the third Plan. The promised aid has largely solved the problem in one sweep so that the bold, although essential, goals set by the planners for the next five years, appear to be within reach. Any deterrent, which might jeopardise this position, has to be avoided.

Epoch-making Experiment

"As you are aware, we have, in March last, completed ten years of our planned growth. Meanwhile, the third Plan has commenced functioning. The rates of progress achieved during the last ten years and the pointers of the future show that India has been successful in launching a new epoch-making experiment in economic growth. An accelerated rate of growth has been achieved under democrate framework.

"During the first two Plans, the national income of the country increased by 42 per cent. The rate of growth in the United States, in real terms, was also of the same order during the same period. While it should be realised that the rate of growth in the U.S.A. is bound to be slow as she has already attained a high degree of maturity and the progress is measured from a very high level of economic advancement, the low standards of living, consumption and savings prevailing in India have also to be reckoned with. This does not, however, overlook the fact that other countries like Germany, Japan, France, Turkey, secured a higher rate of growth during the last decade.

"It is not merely a question of quantitative increases in productivity and gross or net product. Revolutionary transformation has been brought about in the institutional framework while adhering, as far as possible, to democratic methods. The regulated economic operations have left some indelible marks on the basic structure of our economy. While the economy is still vulnerable to severe operational jolts, it is well geared to an accelerated growth rate.

"These results have brought the country to the threshold of a new era of self-sustaining economy which we should be able to achieve by the end of the fourth Plan. It might take another decade to achieve a fair degree of maturity. We might say, in other words, that over a perspective of 30 years, we will have passed through three stages of economic growth—laying the foundation for a growth economy, organisation of a self-sustaining economy, and attainment of a degree of maturity. In the context of our population growth at a rate of 2 per cent per annum, this would be an accomplishment of which the country and its leaders could be well proud. The projection, no doubt, of the past into the next two decades, is dependent on an assumption that the country will continue to be committed to hard work and austerity.

Financial Resources

"The paramount problem is of finding enough capital resources. The problem, again, is not one of the availability of total quantum as that of the means to be employed to raise such resources. The capital market, having manifested a few new bullish features during the last two years or so led to a misleading impression about its vitality and intrinsic strength. What is ignored is that it witnessed equally alarming periods, as at present, of bearish tendencies. There is no doubt about an increasing interest being taken by the foreign investors, specially from the U.S.A., in new industrial ventures in India. It is left to us either to make the best use of the opportunity or to frighten them away once again. Many new features of our Indian Companies Act and the remodelled Indian Income-tax Bill need modification when seen from this perspective. In our zeal for orderly growth, the objective of rapid industrialisation should not be sacrificed. If we need regulation devices it is in respect of price movements such as those witnessed by the jute industry and in foodgrains. The prices in jute industry can be very well regulated by operating buffer stocks through the mills by encouraging buying of raw jute by means of reduction in bank margins.

"There have also been some other disquieting features affecting the new confidence which has been built up. Recently, the Reserve Bank, following certain bank failures, has been considering measures by which the capital base of banks is sought to be raised and advance-deposit ratio reduced appreciably. Considering the rate at which deposits are growing and, therefore, also the requirements of industries, this will further restrict bank credit and facilities available to industry. The measures may not be necessary in view of the deposit insurance being very rightly sponsored by the Reserve Bank and the Government.

"The history of industrially advanced economies has a lesson for us. We might even look at the spectacular advances made by countries like Western Germany after the War. What is desired is a policy of 'incentives-based regulated growth.' It is possible, perhaps, to work out mathematically by means of forecasting and projections that a given amount of incentives such as relief in taxation, subsidisation of exports, and similar other measures would be more than offset by a higher rate of national product and thus not only not reduce the total revenues to the national exchequer but in fact raise it. Planning does not simply mean a diversion of resources to more economic uses: may be from consumption—by means of indirect taxation—to productive channels on the basis of a catalogue of programmes and projects. It is something more. This additional function of planning is to contemplate and provide for conditions of more rapid and more balanced economic development. A lot has been achieved by means of diversion of resources—say from the private to the State sector. A lot also has been achieved by instituting a system of regulated development by a scientific cataloguing of plans and projects. But, we are constrained to believe, a lot remains to be achieved by deliberate and purposive creation of incentives consistent with and leading to a higher rate of national productivity and prosperity at the least cost possible.

"Assuming the public sector investment as 100 units, the investment in the private sector in first Plan was 111 units, in the second 85 units and will be only 65 units in the third. What is more important is the fact that the change is more spectacular in the industrial sector with the result that, while the Government is taking a larger and larger share in programmes which could well be taken care of by private industry, development of basic sinews of progress, in the form of economic overheads, does not receive the attention it deserves. I believe there is a unanimity of opinion that our progress would have been faster and smoother if transport bottlenecks were avoided, supply of cheap power was more adequate and the Governmental machinery for regulation of economic activities was more efficient and speedier.

"Another objective to be gained by means of planning is a kind of stable, steady, system of economic operations. One serious aspect, which is generally ignored about the rise in prices, is the fact that as and when such rises outstrip the international price movements, the international value of rupee is undermined, which in turn affects export and foreign exchange earnings. Exports, in fact, have not kept pace with the growth in the economy. Thus, while the national income increased by 42 per cent and industrial production by 94 per cent, exports remained constant. Many industrial proposals had to be or are being abandoned since the same could not satisfy certain assumed foreign exchange criteria. You are aware that, not long ago, it was necessary to justify import of capital equipment to obtain some kind of deferred credit arrangements. Later on five years credit arrangements were insisted on. This period was gradually lengthened. Today, not deferred credits, but direct capital participation by foreign parties is considered imperative. Foreign exchange regulations and requirements of our industrial policy have thus become one of the principal impediments to our industrial expansion.

"It is necessary, I would believe, to have now an independent Commission to review the progress, assess the achievements and suggest ways and means to rectify and regulate unbridled trends in our economic operations. While this has to be independent of both the Planning Commission and the Government, this would function in close collaboration with both. This Commission will become the watch-dog of our planned progress.

General Insurance

"Coming to our own general insurance industry, in my address to you in September last, I had made a plea for the appointment of a high-powered Commission of Inquiry to assess the results of the Code of Conduct and to suggest new ways and means to curb the internecine competition. I reiterate that the need of such a Commission is greater today than ever before. In elaborating the suggestion I had also pointed out the need for doing away with the irksome controls and to initiate effective ways for mutual co-operation and understanding. I am glad to say that the industry in Bombay has initiated such a move in the form of an agreement for non-diversion of business. I believe that this is a welcome move which the industry needed for a long time. If the move is implemented in the right spirit, it will usher in an era of prosperity for the industry.

"However, it is necessary that all companies operating in India, whether Indian or foreign, should be made to join the consortium. The agreement perhaps needs certain revisions and modifications. Thus the provision for surrendering all business in excess of 20 per cent of the previous year's business to a common pool will be harsh for those companies which have not caught up a self-sustaining level of business from the point of view of cost. So long as such companies do not attain an economic level of business, they should not be required to cede business secured by them even in excess of 20 per cent of the previous year's businss. I hope that amendments like these will be made and all companies will join the agreement and will demonstrate that the industry, left to its own, could, by means of self-government, introduce means of healthy regulation and growth. The one big malady which has afflicted the industry is cut-throat competition."

Note: *This does not purport to be a record of the proceedings of the annual general meeting.*

SIMPLEX MILLS COMPANY, LIMITED

FINANCE A STUMBLING BLOCK IN THE WAY OF MODERNISATION OF MILLS

CHAIRMAN, MR. S. R. DAMANI, ON PROBLEMS OF COTTON TEXTILE INDUSTRY

"MODERNISATION is a real problem for the textile industry. It is not merely a problem of installation of latest machinery, but a problem of finance, which constitutes a stumbling block." In these words, Mr. S. R. Damani, M.P., Chairman of the Simplex Mills Ltd., described the number one problem of the cotton mill industry in his speech at the Forty-ninth Annual General Meeting of the Company *held at Bombay on Wednesday, 30th August* 1961. He said that the long time taken by the National Industrial Development Corporation, the principal agency for financing modernisation and rehabilitation, in considering applications caused much hardships to mills. During the next five years, more and more units would be approaching the Corporation for help and, unless procedural delays were avoided, Mr. Damani added, the delay would adversely affect the pace of modernisation.

The following is the full text of Mr. Damani's speech:

"Gentlemen,

"I have great pleasure in welcoming you today to the Forty-ninth Annual General Meeting of the Company. I would like to state at the very outset that the object of holding this meeting here is to give you an opportunity to have a look at the Mills and see for yourselves the new plant and machinery that have been erected and are in operation, and the extent to which improvements have ben effected in various departments.

"The Directors' report and audited accounts for the period 1st April 1960 to 15th May 1960 as well as for the year ended 31st March 1961 have been with you for some time and, with your permission, I shall take them as read.

Working Results

"You may have observed that the working results shows a substantial improvement over last year, so much so that the gross profit has trebled and has been practically the highest since the post-war period. The net profit for the year, after providing for depreciation of Rs. 16,20,608, development rebate reserve of Rs. 2,80,000, gratuity of Rs. 35,970 and, after making adjustment for bonus for 1956 and carried forward loss, comes to Rs. 12,39,044. The net profit has been arrived at after adjusting the loss of Rs. 1,24,433 incurred by the Company for the period 1st April 1960 to 15th May 1960. Consumption of cotton and stores has been reduced by Rs. 18.96 lakhs and Rs. 4.41 lakhs respectively. A sizable saving under the head salaries and wages would have been effected but for the various additional payments made on account of retirement gratuity and retrenchment compensation amounting to Rs. 2.63 lakhs, Mills Manager's termination expenses of Rs. .24 lakhs, additional wages, during the period of closure from November 1951 to July 1952 due to power shortage of Rs. 1.60 lakhs, bonus for 1958 of Rs. 1.34 lakhs and reimbursement of expenses to the ex-Managing Agents of Rs. .81 lakhs—aggregating to Rs. 6.62 lakhs.

"It is significant that the closing stocks of finished goods are substantially lower at Rs. 40.18 lakhs, a virtual reduction of 36 per cent over the previous year.

Production

"Every effort was made by the management to streamline the production as pointed out by me last year and I am happy to state that a good measure of success was achieved in this direction. Total production during the year comprised of 36 per cent wearable qualities, 41 per cent industrial qualities and 23 per cent yarn.

Capital

"During the year, further Debentures of the face value of Rs. 6.46 lakhs were taken up by the shareholders and by the public.

"With a view to conserve the profits of the Company, your Directors have decided not to recommend dividend for the year. However, they have recommended issue of bonus shares in the ratio of one share for every five shares held, thus reducing the existing imbalance between the equity share capital and the net block. I am glad to inform you that the Central Government has since accorded its consent to our *application for the issue of bonus shares.*

Modernisation

"Modernisation has assumed a real problem for the textile industry. It is not merely a problem of installation of latest machinery, but a problem of finance, which constitutes a stumbling block in the way of modernisation. The National Industrial Development Corporation, which is the principal agency for financing modernisation and rehabilitation, takes a long time, which naturally causes great and untold hardships. During the next five years, more and more units will be approaching The National Industrial Development Corporation and other financing agencies to obtain an amount aggregating to Rs. 100 crores out of the total of Rs. 180 crores envisaged by the Working group for the textile industry. Unless procedural delays are avoided it would affect the textile industry to a great extent.

"Your Company is continuously replacing its outmoded plant and machinery with modern equipment, for attaining improved and economic working.

"The following new machinery costing about Rs. 22,00,000 is expected to be commissioned during this year:

(1) 5—Master Cleaners.

(2) 45—Units of Augusta Broken-end collectors.

(3) 12—Texmaco Ring Frames totalling 6,720 Spindles.

(4) 2—Units of overhead cleaners.

(5) 1—Lessona Roto Cone Winding Machine.

(6) 4—Warping Machines.

(7) 1—Cocker High Speed Sizing Machine.

(8) 48—Sakamoto Automatic Looms.

(9) 6—Benninger Maneklal Automatic Jiggers.

(10) 1—Famatex Hot Air Stenter.

Labour Relations

"The relationship between management and workers remained most cordial. I am confident that these relations will further improve, which will enable both to devote the time and energies much needed for improved productivity and efficient working.

Rising Cost

"Since recent past there has been a sharp increase in the cost of production. Although the cotton crop was much higher than last year at 52 lakh bales (against 37.50 lakhs), yet the industry was forced to buy foreign cotton at a much higher price. Increased payment made to the workers pursuant to the recommendation of the Wage Board added the burden to the industry, which would be further increased by Rs. 2 crores from 1st January 1962.

"At the end of 1960 Government referred the question of cost structure of the cotton mill industry to the Tariff Commission, which is to submit its recommendations for ascertaining fair ex-mill prices for various types of cloth and yarn. The task to be handled by the Commissions is by no standard simple. Though it has commenced its work on the problem, it would take adequate time if the question is to be tackled satisfactorily. I hope it would take into consideration the question of marginal and uneconomic units and the need for modernisation.

Export

"A new situation may confront textile exporters on Britain's joining the European Common Market. The efforts to promote exports to achieve the targets assigned to the industry may be hampered unless the incentive scheme is suitably modified. One condition laid down under the Export Incentive Scheme compels individual mills to increase export over its past performance to be entitled to the maximum benefits. This has seriously affected our exports which has declined to 6.17 per cent against 15.66 per cent in the previous year.

Industry and Third Plan

"The mill industry has been assigned a target of 5,800 million yards output during the third Five-year Plan. This is only 800 million yards more than the target of the second Five-year Plan and it would easily be achieved. The existing units should be allowed to increase their capacity in preference to new units, so as to enable them to achieve higher production and improved quality at lower cost and with the least capital investment. I am still of the opinion that the targets assigned to the decentralised sector of powerloom and handloom may not be accomplished and there may arise a need to revise the target of the mill sector to clothe the country's ever-growing population.

Prospects

"I am happy to inform you that the working results for the few months of the current year is encouraging and much higher than the average of last year. Your Company may be required to pay a little tax on the income of the current year after providing for the arrears and the current year's depreciation and development rebate reserve, aggregating to approximately Rs. 50 lakhs.

"I heartily thank the members of the staff of the Mills and the Selling Agents who deserve all praise and appreciation for their hard and efficient work."

OIL INDUSTRY IN CANADA AND INDIA

REVEALING CONTRAST IN GROWTH

THE rapid growth of Canada's oil industry in less than ten years following the Leduc discovery in 1947 provides a striking contrast to the slow and halting progress of India's oil industry over the same period. Production of crude oil in Canada mushroomed from a comparatively insignificant 20,000 barrels per day to over 500,000 barrels per day in 1957. The value of production in the latter year was in excess of $450 million. By the end of that year, proven reserves of oil and gas liquids had risen to 3.3 billion barrels; an impressive network of pipelines had been laid across the country and into certain nearby areas of the United States; Canadian refinery capacity had virtually tripled; and a notable beginning had been made in the establishment of a petrochemical industry. In the years since 1957 growth has continued in many directions—in extension of oil reserves, of refinery capacity, and of petrochemical facilities. In addition, the spectacular development in natural gas in this period has brought many benefits, as well as new competition, to the oil industry. It may be interesting to note that the discovery and development (including marketing) of Canadian oil have involved, as of 1959, an aggregate investment of about 5.6 billion dollars. This, incidentally, gives an idea of the magnitude of capital that will be required by a country like India which can, at best, hope to be a relatively small producer of petroleum products in the world.

In highlighting the facts bearing on the growth of Canada's oil industry since 1947, the *Monthly Review of the Bank of Nova Scotia*, in its issue of June 1961, has drawn pointed attention to the less vigorous pace of exploration and production in the period 1958-60, as compared with the pace in the period 1947-57. The Federal Government of Canada has, therefore, formulated a national oil policy designed to stimulate more rapid growth of production. Under this policy, a production target of 800,000 barrels per day of crude oil and natural gas liquids has been laid down for 1963, as compared with the 1960 average of some 543,000 barrels per day. The programme will be on a voluntary basis, though all companies are required to make monthly returns regarding their imports of crude oil and petroleum products to the National Energy Board, which is periodically to report on the progress made. If this progress suggests that voluntary efforts are not producing the results anticipated, the Government will then take, it has been announced, whatever steps the circumstances may require to ensure the success of its policy, including regulation of imports and exports of oil.

Areas of Expansion

According to the *Monthly Review* of the Bank of Nova Scotia, there are three main areas where the expected expansion can be achieved —firstly, the normal growth of demand in present domestic markets; secondly, displacement in the Ontario market of most of the oil products now supplied from Montreal refineries using foreign crude; and, thirdly, increased exports to the United States. To reach the 1963 target, these areas should be absorbing an added 250,000 barrels per day. Growth of domestic demand, now generally estimated at 3 to 4 per cent a year, could account for around 50,000 barrels per day, and displacement of foreign oil in Ontario for about 70,000 barrels per day. On such assumptions, it is stated that achievement of the target level in 1963 will greatly depend on expansion of exports, perhaps of the order of 130,000 barrels per day over and above the average of 113,000 barrels per day last year.

It is stated that response from Canada's oil industry to the Government initiative by way of a national oil policy has been encouraging and that there are signs of an appreciable quickening of growth in the industry. But the fact that Canada's proven oil reserves are geographically land-locked in the heart of the continent effectively limits that country's participation in the international oil trade. At the same time, the Canadian oil industry is relatively vulnerable to shifts in world supply and demand—a condition which has become particularly apparent with the development of surplus world supplies over the past few years. As of today, however, the prospects for continued progress are encouraging, for the mid-1961 target level of oil production (625,000 barrels per day) has been well achieved. This recent increase in production is strong evidence testifying to the usefulness of the kind of persuasive direction embodied in the national oil policy—a policy which, as the Government argues, has been designed "to achieve national objectives with the least possible disruption of normal trade patterns."

If that is the picture of Canada's growing oil industry, it is quite different in India where the growth of a public sector in oil, especially since 1956, has disrupted normal trade patterns in all the stages of oil business—exploration, refining and marketing. Indigenous production of crude oil in India is hardly 10,000 barrels per day at present. With the reserves already established in Assam and Gujarat, production of crude may reach a level of 60,000 barrels per day in the next few years. But the estimated crude oil requirement of about 300,000 barrels per day by 1965 to sustain the then domestic demand for petroleum products underlines the urgent need for energetic exploration. Already much valuable time has been lost because of the failure of the Union Oil Ministry to reach agreements with the oil companies. The Government's Oil and Natural Gas Commission—a relatively small organisation—is virtually alone in the vast sedimentary area of 400,000 sq. miles. Much might have been achieved in the last five or six years, if opportunity and incentives had been given to get ten international oil companies to look for oil and gas. It is, of course, recognised in official circles that, in spite of the Rs. 115-crore oil exploration programme in the public sector during the third Plan period, there will be a gap between what can be achieved through the public sector and what the country may need in terms of crude oil production. The following passage from a recent authoritative article by Mr. K. K. Sahni, Joint Secretary, to the Department of Mines and Fuel, Government of India, to *Capital's* midyear supplement, may be read with interest in this context:

"It is, therefore, the Government's avowed policy to seek the collaboration of international oil explorers. This is not a new policy nor does it constitute a shift from the earlier policy. The Industrial Policy Resolution of 1956 contemplates association of private capital in oil ventures if national interests so warrant. It was after 1956 that negotiations with the Burmah Oil Company resulted in the signing of an agreement which promoted the incorporation of a joint company in partnership with the Government. It must, however, be understood that any collaboration with private companies has to be related to the national objectives and policies. This brings one to the consideration of a vital issue which needs to be resolved in any scheme of collaboration—namely, participation. The international companies had for long been accustomed in working in isolation, because more often than not, the only interest of the producing countries was merely to collect revenues from the operating companies. Times have changed and the producing countries are becoming more and more convinced of the need for their own participation in oil ventures. How else are these countries going to develop their skills, learn to manage oil affairs and also to be convinced that the operations are really compatible with the national objectives and policies? Some of the producing countries have even had the unfortunate experience of mortgage licences, which enabled the private companies to keep substantial acreage with them, but in an undeveloped state, for strictly commercial reasons, which were surely incompatible with national objectives. During the past few years, there have been witnessed some arrangements which contemplate sharing of control and responsibility by the operating company with the Government of the producing country. These arrangements have worked to the satisfaction of both parties, and there is no reason why more and more such arrangements should not be arrived at. These arrangements will generate goodwill and both parties will benefit from this."

In refining, the barriers against private capital are firmly up. The state is already building two refinery plants (Barauni and Gauhati) and will be building a third one in Gujarat. But the existing foreign refineries are not to be allowed to expand. State-owned refining capacity will total nearly 5 million tons in a few years. If the present total capacity of the three privately owned refineries (6.3 million tons) is not increased, refinery capacity in 1966 will total about 11.5 million tons, as against the then consumption requirement of 14.14 million tons a year. There will thus be a gap which must be filled by imports if the refineries in either sector are not to be further expanded. If the Government thinks it can expand the public sector refineries, it will mean further investment in "*Do-it-Yourself*" ventures in a highly capital-consuming industry.

In the field of oil distribution, too, the Government will be locking up an enormous amount of capital on account of the state-owned marketing company, namely, the Indian Oil Company Ltd., formed in 1959 to market Russian oil products of the order of 1.5 million to 2.0 million over four years, as well as the products of the public sector refineries now being built. And this in spite of the circumstance that the country is already adequately served, on the distribution side, by Burmah-Shell, Stanvac, Caltex and Burmah Oil.

Thus, in all the three fields—exploration, refining and marketing—the emphasis in India's oil policy is on the "Do-it-Yourself" approach. Such an approach in a vast sphere like the oil industry is, to say the least, short-sighted, for it will divert scarce capital from social projects which only the State can carry out. Even the maximum amount of capital that the State can divert to the field of oil business in its three stages of exploration, refining and marketing would not meet the requirements of the country. Unless a larger measure of co-operation with private capital is achieved, it may turn out that India's oil industry will not have registered, over the 1956-66 period, even a third of the growth achieved by Canada's oil industry (which is exclusively in the private sector) in the 1947-57 period.

STANVAC'S GEOLOGICAL DATA ON BENGAL BASIN

Mr. R. G. Prough, the head of Stanvac's Exploration Operations in India, recently handed over to Mr. K. D. Malaviya, Union Minister for Mines and Oil, an exhaustive study of the geology of the entire Bengal basin. The vast volume of information collected by Standard-Vacuum for oil exploration purposes in West Bengal has been correlated with the data available in the past and interpreted in a new and overall perspective in this study. The exhaustive nature of the study can be seen from the fact that the text, maps and illustrations cover three massive volumes. The interpretation and integration of the data compiled over a period of ten years has been done by the internationally known Indian palaeontologist, Mr. Buddhadeb Biswas.

Another very important facet of petroleum exploration is covered in a second report which has been submitted to the Minister. This is a manual for well-site geologists, setting forth in one comprehensive volume the system and techniques employed by the Indo-Stanvac Petroleum Project for the rapid and complete evaluation of oil and gas productive possibilities encountered in the drilling of wildcat (or test) wells. This compendium will make it possible for the geologists of the Oil and Natural Gas Commission to employ any of the techniques described therein in performing their own jobs on the Commission's exploratory wells.

CRUDE OIL FROM ANKLESHWAR

September 1, 1961, is a landmark in the progress of India's oil industry. On that day, the first consignment of one hundred tons of crude oil from the public sector oilfield at Ankleshwar in Gujarat was despatched to the Burmah-Shell refinery, Bombay. It may be remembered that oil was struck at Ankleshwar in the first well in May 1960 and that trial production started in August this year. Out of 16 wells drilled so far in the area, 14 are oil producing wells.

The supply from this oilfield can be increased to 1,500 tons a day by the end of December, 1961. But it is stated that the rate of production will depend upon the intake capacities and demand from the Bombay refineries. Already the Burmah-Shell refinery is constructing the necessary facilities for handling 900 tons of Ankleshwar oil a day. This is the quantity which the Oil and Natural Gas Commission is trying to sell to the Burmah-Shell refinery alone.

BRIGHT ANNEALING OF STAINLESS STEELS

The A.E.I.-Birlec Ltd. has developed the prototype of a new furnace for bright annealing stainless strip and tube. It needs no muffle and will not, therefore, have the severe limitation of recurrent muffle repair or replacement costs. This new Birlec furnace, it is claimed, offers important advantages to producers of stainless alloys in the elimination of pickling and mechanical cleaning plant. Bright annealed material can have the mirror finish which is essential to many of the common uses in which their decorative aspect is important. The possibility of achieving this result on material of almost any type and section with the help of the new furnace—the present furnaces with muffles give acceptable results only in certain cases like wire and narrow, thin strip—may contribute significantly to the wider use of stainless materials in all fields.

A.E.I. GUIDE TO ARC WELDING

The Associated Electrical Industries, Ltd., Britain, has issued a new publication—"The A.E.I. Arc Welding Guide"—which replaces previous "Metrovick Electrode Guides". In addition to the latest data on the wide range of A.E.I. Welding Electrodes, this enlarged booklet contains a considerable amount of technical information on welding, providing a comprehensive guide for the welding fabricator. Included in the new sections are a complete list of British Standard Specifications relating to the welding processes and applications. Copies of this publication, No. 1891-71, may be obtained free on request from the Associated Electrical Industries, Ltd., Heating and Welding Department, Trafford Park, Manchester 17.

NEW PRODUCTS AND PROCESSES

Wire Galvanising Process

A VALUABLE new process for galvanising steel wire has been introduced in the United Kingdom by Aei-Birlec Limited, the furnace manufacturing organisation of Associated Electrical Industries Limited. Originally developed in France, the new process, offers both economic and technical advantages over the conventional sequence of annealing, pickling, fluxing and dipping. Essentially, the Birlec process eliminates the pickling and gluxing stages, both of which are costly and highly undesirable procedures. Instead, the wire is annealed in such a way as to permit its direct entry to the zinc bath at a correct temperature, thus greatly reducing the heat input needed to keep the bath hot. Besides the cost savings implicit in this simplification of the process, the running speed of the wire can be much higher than with the older method. This gives greater production from a given floor space and provides a much improved zinc coating on the wire with virtually no intermediate layer of zinc-iron alloy. Wire galvanising by the Birlec process will withstand re-drawing or other severe forms of working which would cause flaking of a conventionally produced coating. The quality of the product is not only high but consistent and both the thickness of coating and the hardness of the wire can be controlled to suit a range of specifications. The first Birlec plant to operate this process is at present under construction: it will handle approximately 1½ tons of wire per hour. Two similar installations have already been ordered for an overseas plant and it is expected that a large section of the wire industry can benefit from the new process.

Lagging Material

Polyzote expanded plastics, a lagging material suitable for domestic heating systems, claimed to be low in cost, light in weight, and to have high thermal insulation properties, is now available in the form of rigid pipe section. Excellent mechanical strength and ease of installation are two further advantages claimed for Polyzote in this form; and it is moisture resistant. In the system designed by Expanded Plastics Ltd. in Britain, the two half sections with ¾ in. wall thickness are held together either by white cotton scrim or japanned clip-on bands. The sections do not need to be adhered to the pipes, which thus reduces maintenance problems to an absolute minimum and allows the sections to be removed as quickly as they are fitted. After fixing, the sections may be finished with plastics emulsion paint, oil-bound distempers or paints which are free from ketone, ester or aromatic hydrocarbon solvents. The sections are stocked in nominal 3 ft. lengths for the following copper and iron pipe bore sizes: ½ in., ¾ in., 1 in. and 1¼ in. Other sizes can be supplied to order. In the system, bends are lagged by either of two methods, both extremely simple. The Polyzote may be cut and mitred to fit the specific requirement; or the bend may be covered using segments of Polyzote cut or broken to size, and bound in position with cotton scrim, or with any material to hand.

Contour Grinding Machine

An electronically-controlled contour grinding machine, which works to an extremely high degree of accuracy, has been installed at the Royal Aircraft Establishment, Farnborough. It is for producing templates used in the manufacture of aerofoil sections for aircraft models. These models, which are employed in high-speed flight simulation tests in wind tunnels, are scaled-down copies of proposed aircraft which are still on the drawing board, so the models must be made to very fine accuracies in order to retain the same proportional accuracy as the aircraft. This ensures that the models will behave in the same way in the wind tunnel as the aircraft would under flight conditions. The grinding machine is tape-controlled and the system is designed for an accuracy of +0.0005 in. on a template which may be up to 30 inches long. Previously, tape-controlled machines were equipped with a safety system which stopped the machine immediately an error had been made. The big advantage of the system employed on the grinder is that the machine is stopped before any programme fault has affected the workpiece. Immediately the irregularity has been investigated and if necessary corrected, cutting can continue.

Cement-bonded Asbestos

Cement-bonded asbestos board is widely used as a non-inflammable, heat resistant electrical insulating material. In many applications, however, its high rate of water absorption with consequent loss of insulating properties is a serious limitation. This disability can be overcome by impregnation of the board with a suitable *silicone resin*. Midland Silicones Ltd. of the U.K. has recently developed a new resin especially for impregnating asbestos board. This is DP 2728, supplied as a low-viscosity solution in toluene. Asbestos cement board impregnated with DP 2728 will retain good electrical insulating properties for very long periods even in conditions of 100 per cent relative humidity, whereas under similar conditions untreated board will soon show a serious loss of insulation resistance. Silicone-impregnated asbestos board is widely used for arc chutes in air-break switchgear or as spacing insulation on electrical apparatus where Class C (over 180°C—BS 2757 and IEC Publication No. 85) performance is required. It is particularly useful in the construction of dry-type transformers, in domestic appliances and as a substitute for paper/phenolic boards where heat or flame resistance is needed.

Plastic Grey Jointing Compound

A chemical products factory at Holland manufactures a lasting plastic grey jointing compound largely consisting of butyl rubber and intended for filling and sealing joints in concrete, steel, aluminium, glass, etc. The butyl compound is highly resistant to ageing, airtight and contains no oil, thus preventing hardening or staining. The product is also proof against wide temperature fluctuations; at 75°C the filling is still unable to flow from a vertical joint. It does not harden at low temperatures. About an hour after being applied to the joint the compound forms a film in the surface as a result of which a large loss in volume is prevented. The film protects the underlying layer from outside influences and is non-sticky, so that no dust adheres to it. The butyl compound is ready for instant use. For good results a clean, dry surface is required. For applying the compound with a manual or pneumatic gun it is supplied in approx. 600-gram plastic bags fitting into the nozzle. For applying the compound with a spatula it is supplied in tins of 2.2 lbs. upward.

Rotary Creasing Machines

Two new H.B. rotary machines for the high speed creasing of folders, catalogue covers, company reports and such others are now being produced by Hampson, Bettridge & Co. Ltd., Belmont Works, Belmont Street, London, N.W.1. They accommodate sheets up to 24 ins. in width. One model has a single beam and the other, which is particularly designed for creasing narrow centres, has a double beam. A special application for the latter is the creasing of paper-back books. Both models incorporate a precision carrier assembly to hold the sheets or cards absolutely square and ensure perfect accuracy of the job when folded on the crease. The creasing assembly employs solid steel instead of rubber inserts to produce lasting depression and consistency of product. Both the assemblies can be adjusted for different sizes of sheet.

Cushioning Material for Packaging

After extensive research A. Latter & Co. Ltd., of 43, South End, Croydon, Surrey, have developed "Lignatex," a new cushioning material consisting of selected strands of seasoned timber bonded with a special formulation to give a new packaging material which is claimed to be more resilient and flexible than wood wool moulds and pads. It will be shown for the first time at the International Exhibition, London, 5th to 15th September. Also on show will be fabrications made of cane fibre-board and marketed under the trade name "Latcocel." The board is manufactured in five standard thicknesses ranging from 5/16" to 1". It combines rigidity with good cushioning qualities which make it an effective packaging material for a wide variety of articles from paint tins and accumulators to watches and cosmetics.

New Method of Preserving Foods

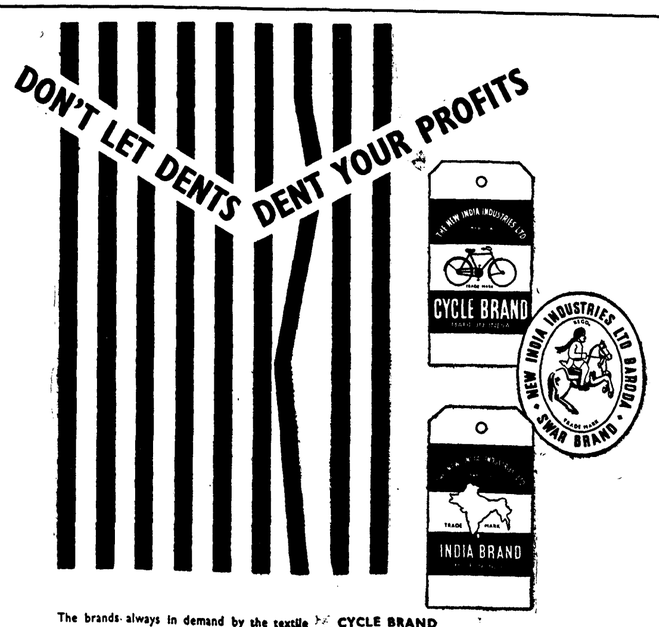
A new method of preserving foods by freezing them at extremely low temperatures has been patented in the United States. Frozen foods packed by this method have already been shipped from New York to such far-distant lands as Japan and Ceylon, and have arrived in perfect frigid condition as much as six weeks after the time they were frozen. The process employed, which is relatively simple, uses liquid nitrogen, which boils at the extremely low temperature of 320 degrees below zero Fahrenheit. Filtering through the wrapping material, the nitrogen evaporates when it touches the relatively warm surfaces of the food. The resulting nitrogen gas drives all the air from the food's airtight container, and the frozen food is then sealed.

Plastic Shoe Lasts

Plastic shoe lasts, said to be the first to be made available on a commercial scale, have been introduced in the United States by the Sterling Last Corporation, Long Island City, New York. The lasts are said by the manufacturer to supply improvements not possible with the conventional wooden lasts that have been used in making footwear for more than 2,000 years. The last is of great importance in making shoes, since it is the form, shaped like a foot, over which the shoe is made. It plays a major role in determining the fit, shape, style and performance of the shoe. The plastic lasts should make possible greater precision, the manufacturer says, since wood shrinks and swells under the influence of moisture and temperature changes, whereas plastic does not.

Building Blocks from Fuel Ash

Pulverized fuel ash—the waste product left over after burning fuel in power stations—is being used as building material in two 14-storey blocks of flats nearing completion in London. It is believed that this is the first time this hitherto almost useless by-product has been used on buildings of this size. The fuel ash has been made into hollow blocks to make wall panels against which supporting reinforced structure was cast. The blocks are fireproof, are lighter, and claimed to have better thermal insulation than the ordinary brick. The exterior cladding has been made of a "skin" of normal brickwork placed in front of pulverized fuel ash walls as the latter should not be exposed to weather.



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MASS POLICIES TO BOOST LIFE BUSINESS

L.I.C. CHAIRMAN'S NOVEL SUGGESTION

SPEAKING on "Layman's Statistical Approach to Life Insurance Administration," under the auspices of the Bombay Insurance Institute, Mr. P. A. Gopalkrishnan, I.C.S., Chairman of the Life Insurance Corporation, suggested the introduction of mass policies to boost life insurance business. Instead of individual policies with different rates of premia depending on the age of the proposer and duration of the policy, mass policies, he said, could be issued to commercial and industrial establishments, Army personnel and Government employees at a uniformly lower rate of premium. For such a policy, he went on to say, there would be no medical examination; no proof of age would be required, nor even the mention of the policyholders' names, but only the mention of the number of workers in the establishment, the policy amount to be paid on the death or retirement of each worker and the premium to be paid by the establishment. If a claim arose, the establishment had only to certify the death or retirement of the worker and the policy amount would then be paid to it. There would be no payment of first year's or renewal commission, no administrative work dealing with field officers and no payment of medical fees. This would, the L.I.C. Chairman observed, revolutionise the present methods of life insurance administration and reduce considerably the expense ratio. The premium rates would also be reduced to "astonishingly low levels."

Revolution in Actuarial Technique!

The Chairman observed that introduction of mass policies should be matched by a revolution in actuarial techniques. The present actuarial technique of using averages based essentially on individualistic approach had to be transformed into a mass approach in order to secure mass business. The Life Insurance Corporation of India had a special responsibility in working out this method which alone, he felt, would enable it to increase its business. The present rate of expansion of new business, based on an individualistic approach, though satisfactory, would not enable the Corporation to take a big leap. A mass revolution in the business of life insurance could, Mr. Gopalkrishnan averred, be brought about only by a similar revolution in actuarial technique.

The Chairman's suggestion is as novel as it is revolutionary. On the face of it, it sounds attractive. Whether it is actuarially sound or not or practically feasible we do not presume to know. It is possible that the Chairman might have consulted his actuaries before putting forward the suggestion. While congratulating him on making an unconventional suggestion, which would at least stimulate thinking on new ways of popularising life insurance, we would suggest that, before resorting to new and revolutionary techniques of underwriting, the scope for conventional underwriting should be fully exploited.

Failed Experiments

Experience in respect of the some of the new forms of insurance pioneered by the Corporation has not been so encouraging as to warrant yet another novel experiment. For instance, the *Janata Scheme*, which was ushered in with much fanfare and publicity, has not proved a success and the scheme itself, on the Chairman's own admission, would have to be dropped ultimately, except in a few places where it is said to be working satisfactorily. Again, the practice of issuing joint-life policies, covering the lives of husband and wife, had also to be discontinued, because they lent themselves to speculative insurance by unscrupulous persons. The easiest way of making life insurance cheaper would be to abolish the system of endowment policies and issue only whole-life policies. That way, the real purpose of life insurance could be eminently served and more families enabled to enjoy the benefit of cover against the premature death of their bread-winners. In these days of perpetual inflation and falling purchasing power of money, life insurance as a means of saving is unsuitable and Government could think of other ways and means of helping people to save. But, having tasted the advantages of endowment policy, which thrives only because most individuals lack the will to set aside periodically a part of their savings and to resist the temptation to spend them away, the Government is unlikely to heed this advice. Consequently, it is better that improvement of the existing systems and methods as far as possible is effected.

There are many aspects of the Corporation's working, including better service to policyholders, which call for vigilance and vigorous action. The adverse turn in the trend of lapse ratio, which began in 1959 and gathered further momentum last year, it is not something which can be lightly brushed aside. As pointed out in our last issue, the ratio, which was 5.1 per cent in 1958, rose to 6 per cent in 1959 and 6.6 per cent in 1960. If this is indicative of a definite trend, as it seems to be, it calls for immediate corrective action. The position in respect of lapses must surely be more serious than that conveyed by the lapse ratio, because the figure of lapse ratio published represents the gross lapse ratio and is, therefore, highly deceptive. For it does not indicate the trend of lapses of new business. Lapses are heaviest at the early duration of policies. Lapse ratios, calculated without taking into account the distribution of business according to duration do not provide a reliable index of the trend of lapses from year to year. The best method of studying lapses is to take the new business done during a particular year and follow it up during the next few years and see how much of it lapsed during the current year and how much in the next and so on. This was the method followed by the Controller of Insurance in presenting the statistics of lapses of private insurance companies. It is to be hoped that such an analysis would form a permanent feature of the annual report of the Corporation. It is also desirable, as suggested by the Estimates Committee, that lapses from the business written in the last quarter of every year should be worked out separately for each month and published in the annual reports of the Corporation.

Rush Business

The purpose of this suggestion is to give an insight into the quality of the rush business done in the last quarter of the year. In fact, the rush business during the closing months of the year should be eliminated, not only from the point of view of quality of business but also from that of the strain on administration. An idea of the heavy concentration of business in the last quarter, especially in the month of December, can be had from the fact that, in 1959, as much as 44.4 per cent of the new business done by the Corporation in that year was brought to the books in December, whereas only 0.4 per cent was done in the month of January. As compared with this, in the U.S., only 11.3 per cent of new business transacted during the year was done in December, the rest having been more or less equally distributed over the other eleven months. The Estimates Committee, it will be recalled, had suggested the fixation of new business targets for each quarter, instead of annual targets, as a remedy for the uneven distribution of business.

In the ultimate analysis, higher lapse ratio is a reflection of the higher costs of living and a deterioration of the quality of business. The latter is due partly to the undue emphasis laid by the Corporation on quantity rather than on quality of business. As agents and field officers are required to show a specified volume of business at the end of every year, they are forced to bring, in the closing months of the year, business of poor quality. If the fact that the quality of business is as important as the quantity is impressed upon the field staff and sufficient inducements are given only to those bringing in first class proposals, the business of the Corporation is sure to show a perceptible improvement in quality and the lapse ratio a corresponding decline.

A close watch also needs to be kept on the trend of premium as well as the total business in force to ensure that these rise in proportion to the new business. For it is not difficult for ingenious agents to show spectacular increases in new business by inducing the insuring public to make their earlier policies paid up and take new ones. This practice, which is said to be growing, and the poor quality of business are partly attributable to the overemphasis laid on securing new business. This is also responsible for the appointment of part-time agents who, being interested only in their commission, do not render proper service to policyholders. The evil of rebating also stems from the existence of part-time agents. The quality of new business and service to policyholders could be considerably improved if, as in the U.S., only those who are prepared to work full-time are selected and appointed as agents. They could be given intensive training in the basic principles of underwriting and servicing at the Corporation's own expense.

Group Insurance

Speaking of mass insurance policy, one is reminded of a similar scheme introduced by the Corporation, namely, group insurance, which is very popular in western countries. This scheme enables employers to provide insurance protection and retirement benefits for their employees at a low cost. In spite of the many attractions of the scheme, it has made little headway. In fact, business under the group insurance was only 0.5 per cent of the total business of the Corporation in 1959, as compared with 33 per cent in the U.S. in 1958. Group insurance, like mass policies suggested by the Chairman, rules out lapses and makes for lower expenses. It is worth investigating why the scheme has not been a success so far. Before launching on new and untried programmes and experimenting with new-fangled ideas, the Corporation should make sure that it has fully exploited all the conventional fields.

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TEXTILES

(*Concluded from page 494*)

number of countries, including Spain and Portugal in Europe, Hong Kong, Pakistan and China in Asia and the United Arab Republic, have become competitors in the textile markets of the world. At the same time, these countries, with lower wage rates and sometimes an advantage in the price of cotton, are, it is stated, "finding themselves increasingly able to compete with the old established industries even in their own domestic markets." It is this factor which, according to the I.C.A.C., has given rise to pleas by the textile industries in industrialised countries for measures to protect themselves from the vigours of international competition. Since this issue has been adequately dealt with by us on more than one occasion in recent weeks, it is unnecessary to go into it again. Suffice it to say that any move on the part of the developed countries to restrict imports of cotton textiles (and other traditional commodities) from the developing countries is beset with three disquieting consequences. One, it will reduce the markets for goods produced in the Western countries and check the outflow of private capital (as well as technical know-how) to the developing countries where it is badly needed. Two, it will deny the developing countries the kind of help that is needed to overcome what is described as the "special infant industry disadvantages" attaching to industrial export production. And, three, the move may force the underdeveloped countries to trade more and more with countries which are willing to enter into bilateral arrangements.

11 SEP 1961
PUBLIC DEPARTMENT

TARIFF INQUIRY INTO SODA ASH

PROGRESS OF THE INDUSTRY DURING 1950-60 STRIKING

A CALL for reducing prices of soda ash to the maximum extent possible was made by Mr. K. R. P. Aiyangar, Chairman of the Tariff Commission, in his opening speech at the public enquiry into the continuance of protection to the industry held at Bombay on 29th August 1961. He added that this, however, could not be achieved at the cost of other commercialised services. What was necessary, therefore, was that the industry should take concerted efforts to ensure better utilisation of installed capacity, increase its efficiency and reduce its cost of manufacture. Drawing attention to another aspect of the industry, namely, the need for diversification of production, Mr. Aiyangar urged the industry to undertake the manufacture of heavy soda ash as expeditiously as possible so as to reduce dependence on imports and, thereby, help solving India's foreign exchange difficulties. The demand for both light and heavy soda ash is steadily going up, and will grow faster in the years to come, in view of the substantial expansion of soda-ash-consuming industries in the third Plan. The soda ash industry, therefore, has to consolidate its position and expand its capacity. Prospects for the industry are admittedly bright, considering the sizable progress it has already accomplished during the last decade. Some units have made substantial expansion and improved the quality of their products. Nevertheless, the industry wants continuance of protection for another three to four years and also restriction on imports. It feels that at least another four years are needed for establishing itself on a sound footing. Besides continuance of protection, the industry has asked for other measures of assistance also, such as higher selling prices for soda ash and reduction in railway freight on raw materials.

History of Protection

The industry has been enjoying protection for over the past 10 years, that is from April 1950, by means of a duty-cum-subsidy scheme. The tariff duty was first fixed at 40 per cent *ad valorem* preferential and 50 per cent *ad valorem* standard, which was reduced, in 1951, to 30 per cent and 40 per cent, respectively. The subsidy was Re. 1 per cwt., which was discontinued in 1951. The next tariff enquiry was held in 1955, as a result of which protection was continued till 31st December 1958. In order to obviate the need for adjustments necessary whenever *ad valorem* duty rates were applied to changed tariff values, the duty in 1955 was fixed at specific rate of Rs. 4.19 per cwt. preferential and Rs. 5.62 per cwt. standard. By the Finance No. (2) Act, 1957, these rates of duty were revised, respectively, to Rs. 4.25 and Rs. 5.75 per cwt. The last enquiry into the industry was held in 1956, and, consequently, protection was continued at the same rates of duty upto December 1961. By the Finance Act 1961, a countervailing duty to the extent of the excise duty of Rs. 2 per quintal (100 kgs.) imposed on soda ash was levied on imported soda ash.

Under the stimulus of protection, the industry has recorded steady progress. As against only two units in 1950, there are now four units, namely, the Tata Chemicals Ltd., Mithapur, the Dhrangadhra Chemical Works Ltd., Dhrangadhra, Saurashtra Chemicals Ltd., Porbander, and Messrs. Sahu Chemicals and Fertilisers, Varanasi. A fifth unit, namely, Messrs. Khan Bahadur H. M. D. H. Bhiwandiwalla and Co., Bombay, licensed in 1957 to undertake manufacture of soda ash, has not gone into production, but expects to complete its collaboration terms soon and start production by October 1963. The annual installed capacity is now 268,000 tonnes, as against only 46,800 tonnes ten years ago. The four established units have schemes for substantial expansion on hand.

Production

The total production of soda ash rose from 30,759 tonnes in 1950 to 96,288 tonnes in 1959 and 145,012 tonnes in 1960. In the first six months of 1961, output was 90,386 tonnes, representing an annual average of 180,772 tonnes. It will be seen that, towards the close of the second Plan, production rose to more than four-and-a-half times the pre-production level. It is, however, very much below the installed capacity. No explanation is found in Mr. Aiyangar's speech for this wide gap. The output at present is exclusively of light soda ash. Only one of the units commenced manufacture of heavy ash from April 1961, but production so far has been very small. Two producers have now installed capacity of 67,000 tonnes for heavy soda ash. The other units, too, are contemplating to embark upon the production of heavy soda ash.

Sizable expansion of soda ash industry is expected to take place in the third Plan. The Plan envisages a capacity target of 530,000 tonnes by 1965-66. Of this, 160,000 tonnes will be heavy soda ash. The total production is expected to be stepped upto 450,000 tonnes by 1965.

Domestic Demand

The apparent consumption of soda ash in 1960, according to the Tariff Commission, was 242,000 tonnes. The Commission had expected, in 1958, that demand in 1960 would be about 239,000 tonnes. In connection with the present enquiry, the Commission has received varying estimates of the country's total requirements (present and future) from the Development Wing, producers and other interests. The estimates range from 226,000 to 260,000 tonnes for the current year.

The Development Wing expects the annual demand to rise from 260,000 tonnes in 1961 to 450,000 tonnes by 1965. It expects that the demand for soda ash from the glass industry will go up from 75,000 tonnes in 1961 to 140,000 tonnes by 1965, for washing purposes from 97,000 tonnes to 120,000 tonnes, from the silicate industry from 25,000 tonnes to 45,000 tonnes, and from textiles from 11,000 tonnes to 16,000 tonnes. Besides, the demand from caustic soda is expected to rise from 15,000 tonnes to 50,000 tonnes, from paper from 8,000 tonnes to 20,000 tonnes, bichromates from 5,000 to 12,000 tonnes, bicarbonate of soda from 9,000 tonnes to 20,000 tonnes and miscellaneous purposes from 14,000 tonnes to 27,000 tonnes. The demand estimates of consuming industries and producers vary.

Raw Materials

The basic raw materials required for the manufacture of soda ash are salt, limestone and coke. Salt of requisite quality is available in adequate quantities, but the industry has pleaded for facilities in regard to open wagon movement and at concessional freight rates. Availability of limestone is also satisfactory, but the manufacturers of soda ash have contended that they have hardly any control over its quality and price. They have also complained about the enhanced freight rate on limestone consequent upon the recommendation of the Railway Freight Structure Inquiry Committee. In regard to coke, the industry is not experiencing any difficulty in regard to its procurement. In accordance with the recommendation made by the Commission in its 1958 Report, superior high grade coke is being produced by the coke ovens attached to the Durgapur Industries Board in West Bengal and the Works of Hindustan Steel. But, according to producers, the coke supplied contains a high percentage of ash and is not of graded size and that they would be willing to pay a slightly higher price if better grade coke is made available. Besides, the cess and the excise duty on coke have been raised. Among the important process chemicals needed by the industry, ammonium sulphate is partly obtained by imports and partly from indigenous sources. Sulphur is also imported. The industry has expressed concern over the quality, prices and availability of coal, which is the main fuel and in some cases the source of power.

Mr. Aiyangar revealed that consumers and their associations have, by and large, expressed satisfaction with the quality of the indigenous soda ash. According to the manufacturers, their products conform to standard specifications laid down by the Indian Standards Institution. There have, however, been some complaints of dull colour and low sodium carbonate content.

Imports

Since the domestic demand is much higher than the domestic output, imports of soda ash are allowed. In 1960, imports of soda ash amounted to 108,880 tonnes (valued at Rs. 195.50 lakhs), which compare with 128,584 tonnes (Rs. 237.10 lakhs) in 1959 and 51,670 tonnes (Rs. 106.97 lakhs) in 1958. Since the licensing period, October 1958-March 1959, imports of light soda ash as well as those of natural synthetic heavy soda ash (of a purity not less than 98 per cent Na_2Co_3 are made through the State Trading Corporation of India. Since April-September 1959, licences are also being granted to cotton textile mills, registered cloth processors and exporters to import, among other items, soda ash against the exports of cotton textiles and yarn. But imports against such licences are effected through the S.T.C. As regards the actual quantities to be imported, the S.T.C. operates in consultation with the Development Wing which, together with the Development Council for Alkalies and Allied Industries, reviews the position every half year.

Although soda ash is not subjected to any statutory price control, a ceiling has been imposed on its selling prices. In 1958 report, the Commission worked out the fair selling price on the basis of then existing factories, namely, Tatas and Dhrangadhra. The Government of India fixed ceiling prices at Rs. 18.50 per cwt. ex-works and Rs. 19.00 per cwt. ex-ports, with effect from 16th February 1959. With the imposition of excise duty in March last, the selling price was increased by Rs. 20 per tonne. The ceiling prices were further raised by Rs. 10 per tonne, following representation by soda ash manufacturers.

According to the present distribution arrangements, the State Trading Corporation undertakes the distribution of imported light soda ash through four selling agents, namely, (1) The Imperial Chemical Industries (India) Ltd., Calcutta, (2) the Tata Oil Mills Co., Ltd., Bombay, (3) the India United Chemical Distributors Private Ltd., Calcutta, and (4) the Chemical and Alkali Distributors, Bombay. Heavy soda ash is distributed to actual users by the Imperial Chemical Industries and the Chemical and Alkali Distributors as per instructions from the S.T.C. As regards indigenous soda ash, the manufacturers have their own distribution system and selling arrangements.

"INDUSTRIAL INDIA" ANNUAL 1961

There are as many as seventy-six interesting feature articles on a wide range of economic problems in the 1961 Annual of *Industrial India* (Editor: Mr. S. T. Chary. Published by Messrs. A. MacRae and Co. (Private) Ltd., United India Building, Sir Phirozeshah Mehta Road, Bombay 1. Price: Rs. 7.50. Pages: 310). The articles are classified under five broad sections, namely, general, technical and review, atomic energy, Indo-foreign economic collaboration, and Japanese section. The well-known contributors of articles to the Annual include, among others, Mr. Robert L. Garner (President of the International Finance Corporation) who has written on "Finance for Development," Mr. Michael Linsay Hoffman (Director of the World Bank's Economic Development Institute) on "Interest Rates and Development Policies," Prof. Jan Tinberjen (Professor of Development Planning, Netherlands School of Economics, Rotterdam) on "The Appraisal of Investment Projects," and Mr. U. Nyun (E.C.A.F.E.'s Executive Secretary) on "Regional Co-operation in Industrial Development." There are, besides, three editorials: (1) Theories of Development—A New Look; (2) International Economic Co-operation; and (3) Regional Disparities and National Progress. The miscellaneous section gives an idea of the tentative programme of rotational displays of Indian goods in the showrooms-trade centres abroad during the year 1961-62, details of external assistance received by India up to 9th September 1960, and a list of industrial projects involving foreign collaboration approved during the calendar year 1960.

"CAPITAL"—A SURVEY OF INDUSTRIES 1961

The latest mid-year Survey of Industries brought out by our Calcutta contemporary, *Capital* (Price: Rs. 5), contains, as usual, a number of interesting articles. Special mention may be made of two articles, one by Sir Percival Griffiths, C.I.E., I.C.S. (Retd.), and the other by Mr. K. K. Sahni, Joint-Secretary, Department of Mines and Fuel, Union Ministry of Steel, Mines and Fuel. Sir Percival Griffiths has sought to assess the foreign investment prospects in Indian industry. He has highlighted certain discouraging factors not in a spirit of what he calls "captious criticism" but in the belief that their removal would help the economic progress of India. These factors, he concludes, "do not alter the fact that India's achievements since independence are remarkable and that the political and economic foundations are such as to make India worthwhile from the point of view of a foreign company in search of fields for investment." Mr. K. K. Sahni has examined the rationale of State participation in Indian oil industry. The other articles in the survey cover fertilisers, rubber, small-scale industries, industrial gases, automobiles, iron ore, sewing machines, lamp, watches, steel furniture, refrigerators, heavy chemicals, food canning, diesel engines and foodwear.

SMART RISE IN KIRLOSKAR ENGINES' SALES

RESERVES STRENGTHENED—DIVIDEND RAISED

A MUCH higher level of demand, following the increasing popularity of its products both within the country and abroad, and ability to meet this demand have been responsible for the excellent results of the Kirloskar Oil Engines Ltd. (Managing Agents: Messrs. Kirloskar & Sons Ltd., Kirloskarwadi, Sangli) for the year ended 31st March 1961. The Company's sales have jumped up by Rs. 160 lakhs to Rs. 338.60 lakhs, representing an expansion of more than 89 per cent over the previous year, when they amounted to Rs. 178.60 lakhs. The gross profit has risen almost five-fold from Rs. 17.50 lakhs to Rs. 86.23 lakhs. Consequently, the profit-margin (the ratio of gross profit to sales) has increased from 9.8 per cent in 1959-60 to 25.5 per cent. It is much higher than the profit-margin for 1958-59 at 10.1 per cent and for 1957-58 at 15.6 per cent. Such a marked improvement in the profit-margin in the year under review is due to expansion in turnover and the modest expansion in the costs of production. Thus, as against the expansion of about 90 per cent in sale proceeds, the value of raw materials consumed, for example, went up by only Rs. 50.11 lakhs or 51 per cent to Rs. 148.36 lakhs and other manufacturing expenses, which include salaries and wages to the staff, by Rs. 45.57 lakhs or about 66 per cent to Rs. 114.37 lakhs.

A large part of the gross profit has, however, been absorbed by the provision for taxation which amounts to Rs. 32 lakhs, as against just Rs. 3.50 lakhs last year. In keeping with larger profits, the remuneration to managing agents is higher at Rs. 6.09 lakhs, as against Rs. 1.20 lakh in 1959-60. Depreciation takes up Rs. 8.88 lakhs, as compared with Rs. 5.45 lakhs in the previous year. After deducting these essential provisions, the net profit amounts to Rs. 39.26 lakhs, representing an increase of Rs. 31.91 lakhs over the preceding year. In spite of the spectacular rise in net profit, the Directors have decided to step up the equity dividend only in a modest manner, from 14.3 per cent (taxable) for 1959-60 to 16 per cent (taxable), giving a net dividend of 11.2 per cent. The amount required for this dividend is Rs. 5.94 lakhs, equal to only 15 per cent of the net profit. The major portion of the profit has been utilised by the Directors to strengthen the Company's financial position. Thus, the amount transferred to reserve fund is as much as Rs. 28.60 lakhs, as compared with a mere Rs. 1.25 lakh provided last year. In addition, the development rebate reserve is credited with Rs. 4.40 lakhs, an increase of Rs. 1.60 lakh over last year.

The progress of the Company during the last four years is depicted in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	338.60	178.60	103.84	133.87
Closing stocks	28.44	22.17	18.05	16.45
Raw materials consumed	148.36	98.25	99.59	60.98
Other expenses	114.37	68.86	76.58	59.72
Gross profit	86.23	17.50	19.76	20.99
Remuneration to Managing Agents	6.09	1.20	1.62	1.85
Provision for—				
Depreciation	8.88	5.45	3.48	2.37
Taxation	32.00	3.50	8.00	8.62
Net profit	39.26	7.35	6.66	8.08
Transfer from reserve		1.78	0.20*	
Transfer to reserves	28.60	1.25	2.70	4.30
To development rebate reserve	4.40	2.80	1.95	
Provision for doubtful debt	0.10	0.05		
L. K. Kirloskar Memorial				1.25
Ordinary dividend	5.94 (16%)†	4.90 (14.3%)†	2.65 (10%)	2.42 (10%)
Carry forward	0.38	0.16	0.64	0.17

* Excess provision of previous year. † Subject to deduction of tax.

The Directors' report does not throw any light on the expansion in the Company's output, beyond the bare statement that the Company produced more and sold more. It would have been better if the report had given some figures of the number of oil engines produced, etc. The Company's export performance during the year under review is claimed to have been highly gratifying; the number of Kirloskar engines exported being said to be twice that for 1959-60.

The Company's arrangement with the International Finance Corporation for a loan of $850,000 concluded in 1959 was not availed of. Instead, the Company issued in February 1961 250,000 cumulative participating redeemable preference shares of Rs. 10 each to finance its expansion plans. These are repayable on three months' notice after 31st March 1975 and not later than 31st March 1980. A second issue of these preference shares, which are entitled to a dividend varying between a minimum of 8 per cent taxable and a maximum of 10 per cent taxable depending upon the level of equity dividend, was made this week for a sum of Rs. 15 lakhs.

As at 31st March, 1961, the Company's paid-up capital consisted of only equity capital of Rs. 37.50 lakhs in 375,000 shares of Rs. 10 each. The preference issue of February was still in the process of being called up, a sum of Rs. 14.38 lakhs having been received as application money. The Company's reserves and surplus are strong, being as much as Rs. 50.06 lakhs. The secured and unsecured loans amount to Rs. 61.11 lakhs, as against Rs. 77.04 lakhs a year before and current liabilities and provisions are of the order of Rs. 82.89 lakhs. As against the total indebtedness of Rs. 144 lakhs, the current assets stand at Rs. 164.18 lakhs, showing a clear margin of Rs. 20.18 lakhs over the liabilities. The gross block has risen from Rs. 100.74 lakhs in 1959-60 to Rs. 114.27 lakhs, which has been well written down to Rs. 76.11 lakhs.

The outlook for the Company is bright. Formed in June 1946, for manufacturing on a large scale small diesel engines essential for agricultural and industrial development of the country in collaboration with the largest diesel engines manufacturing company in Britain (now called the Hawker Siddeley Brush International, Ltd.), the Company has been making notable progress in the last few years.

"It has developed, to quote from the latest prospectus issued in connection with the second offer of preference shares, a 3 BHP engine of its own design, which is greatly in demand in this country. This engine will be put on the market on a larger scale shortly. This will satisfy the long-felt need of this country for a small and economical engine. The Company has also developed thin-walled bi-metal bearings and bushes. In the beginning these were manufactured to meet the Company's own requirements in the manufacture of oil engines. Later, however, emboldened by its success in this line of manufacture, the Company took up their manufacture for automotive and industrial stationary type engines. Visualising the prospects which this new line of manufacture held out, the Company decided to develop it so as to meet a large portion of the demand in this country. With this end in view, the Company concluded an agreement with Glacier Metal Co., Ltd. of England, the largest manufacturer of bearings and bushes in Europe. The manufacture of Glacier type bearings and bushes, which are in great demand in the Indian market and enjoy wide popularity, is now well established in the Company's factory at Kirkee. This part of the expansion scheme of the Company promises considerable addition to the prosperity of the Company.

"The demand for engines is fast growing and unless the Company steps up its present production of engines it will not be able to meet the demand. The Company has, therefore, planned to double its present production in stages. This will require more men, more machines and more material. Moreover, the manufacture of 3 BHP engines on a commercial scale for the market is also underway.

"The Company has also entered into an agreement with Maschinenfabrik Augsburg-Nurnberg AG of Augsburg, West Germany, for technical collaboration in the manufacture of M.A.N. type diesel engines in the range of 80 to 440 B.H.P. in the Company's factory at Kirkee. The demand for these engines in India is substantial. The engines are suitable for diesel locomotion as well as marine vessels and the Company is well assured of a ready market. . . .

"These expansion schemes have been sanctioned by the Government of India under the Industries (Development and Regulation) Act 1951, and steps in furtherance of these expansion schemes are already being taken. . . . Judging by the orders on hand, and the prevailing market conditions and trends, the expansion schemes underway are well-timed and are expected to be to the best advantage of the Company in every respect."

The only fly in the ointment is shortage and irregular supply of coal and coke. The Directors of the Company feel that, unless the Government takes suitable measures in time to assure the foundries of continuous and adequate supplies of coal and coke, the Company will be hard hit and will not be in a position to maintain its target of production.

After remaining neglected for a long time in the neighbourhood of Rs. 20, the Company's ordinary shares came into sudden performance in the last week of July, when they leaped forward to touch a high of Rs. 30.52. Since then, they have receded a little to Rs. 28.50 *cum-div.* at the time of writing. The net yield at this rate works out to 4 per cent per annum.

KUMARDHUBI ENGINEERING

PROFIT LOWER, BUT OUTLOOK BETTER

THE Kumardhubi Engineering Works Ltd. [Managing Agents: Bird & Co. (Private) Limited, Calcutta] is an important unit engaged in the manufacture of steel and alloyed castings and fabrication of steel structures, ropeways, bridges and heavy constructional work for the Government, Railways and private industrial consumers. The Works include two five-ton open hearth steel furnaces, one 1.6 ton electric furnace, together with comprehensive foundry and machine shop facilities and a large structural fabrication shop with a capacity for all types of light and heavy steel fabrications.

The statement of accounts of the Company for the year ended 30th November 1960 was adopted at the annual meeting held on 31st August 1961. The results for 1959-60 are satisfactory from the production point of view but not from that of profit. Sales and profits were clearly lower than in the previous year. The net profit was barely sufficient to maintain the equity dividend at 10 per cent, taxable, after meeting the liability on preference dividend. The reason: "Severe competition early in the year," to quote the Directors' explanation. The following table provides a synoptical view of the Company's results for the past four years:

(In lakhs of rupees)

	For the year ended 30th November			
	1960	1959	1958	1957
Sales	1,58.80	1,61.70	1,33.18	1,38.16
Work in progress	68.72	59.02	63.16	51.69
Consumption of raw materials, stores and spares	64.19	61.11	48.93	48.85
Other expenses	48.60	33.10	32.13	27.58
Gross profit	11.53	14.39	14.15	18.23
Managing Agents' commission	1.07	1.03	1.13	1.56
Provision for—				
Depreciation	5.10	4.48	3.05	3.86
Taxation	2.54	3.23	4.33	5.14
Net profit	3.12	5.61	5.14	5.67
Transfer to reserves	2.62	5.24	1.95	3.48
Excess provisions written back	3.12	0.57	0.02	0.10
Dividends—				
Preference	0.78†	0.86†	0.60	0.60
Ordinary	2.76† (10%)†	2.76†* (10%)†	1.84 (10%)	2.76 (15%)
Carry forward	0.87	0.51	1.09	0.33

† Subject to deduction of tax.
* On increased capital from Rs. 18.43 lakhs to Rs. 27.65 lakhs.

The working conditions experienced by the Company and its production performance are adequately described by the Directors and one can do no better than quote them:

"The Company faced severe competition early in the year and as a result of a vigorous sales drive a fairly large volume of sales were made. The benefits of the expansion undertaken in earlier years were seen last year, as the output in the Foundry showed a substantial increase. This resulted in a full recovery of overheads, despite the fact that a substantial tonnage of castings had to be sold at or below cost to keep the Foundry fully loaded throughout the season. The output showed an increase of 20.45 per cent over the previous year.

"In structural steelwork production increased by 51.34 per cent but difficulties continued to be experienced throughout the year regarding the availability of matching steel. Supplies of steel, however, showed some improvement towards the end of the year."

Financially, the Company's position is strong. As at the end of November last, the paid-up capital of the Company at Rs. 39.65 lakhs consists of Rs. 12 lakhs in 5 per cent cumulative preference shares of Rs. 100 each and Rs. 27.65 lakhs in ordinary shares of Rs. 3 each. The reserves and surplus stand at the impressive figure of Rs. 48.92 lakhs, of which Rs. 6.26 lakhs are in share premium account raised on right shares issued in 1955. The secured loans standing at Rs. 65.10 lakhs include Rs. 10 lakhs of 4 per cent First Mortgage Debentures, unsecured loans are shown at Rs. 1.02 lakh and current liabilities and provisions at Rs. 68.76 lakhs, giving a total indebtedness of Rs. 134.87 lakhs which are well covered by current assets, inclusive of investments standing at Rs. 165.34 lakhs. The fixed assets stand at a net figure of Rs. 58.11 lakhs, after deduction of Rs. 38.25 lakhs being depreciation provided so far. From what the directors say in their report, the Company's prospects for the current year are fairly good. "Due to the general impetus given by the third Plan, the demand for the Company's products," they observe, "has shown a marked increase in 1961 and sales in both castings and structural steel work have so far been good."

At the current market quotation of Rs. 5.81 and on a net dividend of 21 nP per share, the Company's equity gives a net yield of 3.68 per cent. This relatively low yield reflects the confidence of investors that the Company would be able to fare much better in the coming years and pay higher dividends.

N.I.C.CO.'S PERFORMANCE BRIGHT

RESERVES STRENGTHENED FURTHER

THE implementation of the well conceived, imaginative policy of expansion in new lines and modernisation, during the past two years has been yielding a rich reward to the National Insulated Cable Company Limited [Managing Agents: Associated Industrial Development Company (Private) Ltd., Calcutta], as is evident from the Company's performance during the year ended 31st March 1961, when production, sales and profits established new records. Coming in succession to a year of all-round substantial progress, the results are particularly welcome as they go to vindicate the management's progressive policy.

During the year under review, sale proceeds increased from Rs. 349.14 lakhs to Rs. 467.52 lakhs; gross profit has improved from Rs. 82.88 lakhs to Rs. 96.41 lakhs and net profit from Rs. 41.72 lakhs to Rs. 46.44 lakhs. Rise in production is reflected in larger consumption of raw materials, stores and spares at Rs. 307.91 lakhs, as compared with Rs. 217.92 lakhs in the previous year, as also in the higher closing stocks at Rs. 55.18 lakhs, as against Rs. 36.07 lakhs a year before. The Directors have ploughed back Rs. 24.30 lakhs to reserves against Rs. 18.31 lakhs last year and have wisely created an initial reserve of Rs. 6 lakhs for expansion and modernisation. Dividend on equity capital is maintained at the handsome rate of 25 per cent, subject to deduction of tax, resulting in a net return of 17.5 per cent.

The comparative table below gives an idea of the progress made by the Company:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	467.52	349.14	192.50	284.96
Closing stocks	55.18	36.07	19.91	16.88
Consumption of raw materials, stores and spares	307.91	217.92	108.97	140.92
Other expenses	65.17	49.01	41.11	76.82
Gross profit	96.41	82.88	48.16	67.52
Managing Agents' commission	7.05	7.86	4.09	6.56
Provision for—				
Depreciation	6.42	4.28	2.80	1.95
Taxation	36.50	29.02	20.77	32.40
Net profits	46.44	41.72	16.01	26.61
Excess provision written back				
To short provision for previous years		0.50	0.16	0.14
To reserves	24.30	18.31	4.00	16.56
Dividend	22.50 (25%)*	23.50 (25%)*	11.99 (30%)	11.99 (30%)*
Carry forward	0.51	0.86	0.46	0.60

* Subject to deduction of tax.

The Company's non-ferrous hot rod rolling mill was put into successful continuous production of black copper rods. Following the Government's policy to substitute aluminium for copper wherever technically feasible, the Company started a first stage of conversion from 1st January 1962, comprising the bigger sizes of V.I.R. and P.V.C. cables of 19/.004 and above, and also tried the new mill on rolling of aluminium with satisfactory results. According to the Directors, the Company is in an advantageous position to import copper or aluminium in primary forms as wirebars and undertake all further processing. As the Company's requirements will not engage the mill for even a single shift, there is abundant spare capacity left for rolling copper or aluminium for other cable manufacturing units.

Due to this substitution of copper by aluminium as also because of the slackness of demand, production of hard drawn bare copper conductor went down, but the Company's troll-rod machine was engaged in meeting the entire requirement of the railway electrification projects for grooved copper conductors for traction. The rubber and plastic insulated cable sections marked an increase in output and the products remained in good demand. There was a spurt in demand for A.C.S.R. and all-aluminium conductors during the year, but full capacity for A.C.S.R. could not be engaged owing to inadequate supplies of materials like aluminium and high tensile galvanised steel wires.

The policy of expansion and modernisation finds a further extension, as the Company has ordered the necessary plant for the manufacture of armoured cables which are in large demand for railway signalling and other special purposes. Plants for drawing aluminium wires for [illegible] sizes and the latest P.V.C. extrusion lines are also on order. These items are expected to go into production this year. The management has confidently turned its attention to exploring the potential export market for the Company's products and its representative may visit the Middle East to make an on the spot study of the markets there.

While all this underlines a bright outlook for the Company in the near future, the Directors caution that the earlier situation of demand exceeding production has changed. The years to follow would see severe competition from some new units already in production and some more to come into the market shortly. Inadequate supplies of materials leading to unused capacity for A.C.S.R. should be a cause for concern, particularly as the demand for A.C.S.R. and all-aluminium conductors will increase, as a result of additional power generating capacity in the third Five-year Plan. Moreover, the change over from copper to aluminium might affect production.

Financially, the Company is in a sound position. The paid-up capital of Rs. 90 lakhs is nearly twice covered by reserves and surplus aggregating to Rs. 160.60 lakhs. Bank borrowings have declined from Rs. 104.81 lakhs to Rs. 71.93 lakhs and are secured by hypothecation of the stock of raw materials, finished products and stores. Loans from the Managing Agents are, however, shown at Rs. 3 lakhs against *nil* in the previous year. Current liabilities and provisions are higher at Rs. 166.69 against Rs. 135.06 lakhs a year before. They are, however, quite adequately balanced by current assets, loans and advances of Rs. 420.72 lakhs (against Rs. 398.65 lakhs previously). Cash and bank balances are lower at Rs. 7.01 lakhs as compared with Rs. 11.36 lakhs in the previous year. Investments are unchanged at Rs. 8,490; those quoted being Rs. 1,998. The gross block has been further increased from Rs. 131.19 lakhs to Rs. 139.45 lakhs and is adequately written down to Rs. 81.71 lakhs.

At the current market value of Rs. 37.19 *ex-div.*, the yield on the Company's Rs. 10 fully-paid ordinary shares works out to 4.7 per cent per annum, free of tax.

(*Concluded from next column*)

has raised the paid-up capital by 50 per cent to Rs. 18.75 lakhs. The Rs. 100 fully paid shares touched a high of Rs. 235 *cum*-right on 18th July 1961, an increase of Rs. 79 from the lowest level for the year touched in January last. They are currently quoted at Rs. 170 *ex*-right cum-dividend on the Bombay Stock Exchange. This is Rs. 20 less than *ex*-right equivalent of the peak touched earlier, namely, Rs. 190. At the proposed rate of dividend and on *ex-div.* basis, the shares offer a net yield of 6.11 per cent per annum. In view of the increasing demand for starches and the export potentialities of its products, the shares are likely to be well favoured again by investors. Even the level of profit made in 1960-61 is sufficient to enable the Company to repeat the dividend of 13 per cent gross on the increased capital. It is needless to add that the dividend cover will broaden when the new project goes into production.

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LAXMI STARCH FARES WELL

SAME DIVIDEND—GOOD PROSPECTS

THE financial results of the Laxmi Starch Factory Limited (Secretary: Mr. A. N. Pandya, Kundara, Kerala), one of the important manufacturers of starches, dextrines, British gum and such other derivatives, for the year ended 31st March 1961, are quite encouraging. Its sales show a handsome rise of Rs. 14.22 lakhs to Rs. 65.55 lakhs, representing an increase of more than 27 per cent over the previous year's level. The gross profit has also jumped up from Rs. 5.29 lakhs to Rs. 7.11 lakhs. In keeping with the larger output, the value of raw materials consumed has increased sharply from Rs. 32.27 lakhs to Rs. 41.49 lakhs. Other manufacturing expenses, which include salary, wages and bonus for the staff, have risen by Rs. 2.97 lakhs to Rs. 17.12 lakhs.

The net profit works out to Rs. 3.34 lakhs, as against Rs. 2.36 lakhs for 1959-60, after providing Rs. 1.07 lakh for depreciation (Rs. 95,000 in 1959-60) and Rs. 2.70 lakhs for taxation (Rs. 1.98 lakh last year). In spite of the higher amount available for distribution at Rs. 4.19 lakhs, inclusive of Rs. 85,000 being the unappropriated surplus brought forward from the previous year, the Directors have followed the cautious policy of maintaining the dividend on the ordinary shares at the previous year's level of 13 per cent, subject to deduction of taxation. This would give a tax-free dividend of 9.8 per cent. A slightly larger amount has been ploughed back. Thus, the Directors have appropriated Rs. 1.25 lakh for general reserve and Rs. 21,000 for development rebate reserve, as compared with Rs. one lakh and Rs. 12,000, respectively, last year. The amount carried forward is also larger than the amount brought in, as will be seen from the following comparative table which sums up the Company's progress in the three years ended 31st March 1961:

(In lakhs of rupees)

	For the year ended 31st March		
	1961	1960	1959
Total sales	65.55	51.33	65.98
Closing stocks	5.20	3.05	3.09
Raw materials and stores consumed	41.49	32.27	45.44
Other manufacturing expenses	17.12	14.15	16.53
Gross profit	7.11	5.29	6.86
Provision for—			
Depreciation	1.07	0.95	0.97
Taxation	2.70	1.98	1.98
Net profit	3.34	2.36	1.96
To reserve	1.25	1.00	
development rebate	0.21	0.12	0.39
Dividend—			
Ordinary	1.63 (13%)*	1.63 (13%)*	0.99 (9%)
Carry forward	1.10	0.84	0.41

* Subject to tax deduction at 20 per cent.

The Company secured good export business in manioc meal, following the announcement of the import policy for the period October 1960-March 1961, under which imports of betelnuts, cloves, mace, cassia and other spices were linked with the exports of manioc meal.

The Company's plans for expansion of its productive capacity are going apace. In this connection, it has obtained an industrial licence to set up another unit for the manufacture of 25 tons per day of starch, glucose, dextrose and other starch products, involving a capital outlay of Rs. 55 lakhs. The application for import licence for the necessary plant and machinery has already been made. It is noteworthy that the Company has given an undertaking to the Government to the effect that it will make its own arrangements for the foreign exchange required for the project.

The balance-sheet as at 31st March 1961 discloses a satisfactory financial position considering that it is a relatively young undertaking, still in its teens. The paid-up capital of Rs. 12.50 lakhs, all in 12,503 equity shares of Rs. 100 each, is supplemented by reserves and surplus of Rs. 4.71 lakhs. The outstanding amount of secured and unsecured loans is Rs. 7.63 lakhs; besides, there are current liabilities and provisions of the order of Rs. 5.24 lakhs. As against this total indebtedness of Rs. 12.87 lakhs, the current assets, inclusive of loans and advances, amount to Rs. 22.33 lakhs, and more than adequately cover current liabilities—the margin being as much as Rs. 9.46 lakhs. The gross value of the block account increased during the year from Rs. 19.93 lakhs in 1959-60 to Rs. 22.28 lakhs and has been well written down to Rs. 6.21 lakhs, the amount provided by way of depreciation being of the order of Rs. 16.07 lakhs.

Since the close of 1960-61, in July last to be precise, the Company issued right shares at par in the ratio 1:2 for financing its capital expenditure on the new project referred to above. This

(Continued in previous column)

ORISSA CEMENT REPORTS BETTER RESULTS

DIVIDEND CUT RESTORED

THE financial results disclosed by the annual report of Orissa Cement Ltd. (Managing Agents: Messrs. Dalmia Agencies Private Ltd., New Delhi) for the year ended 31st December 1960, are in refreshing contrast with those for the previous year. Production and despatches of both cement and refractories have registered a handsome improvement, the sale of the former having risen by Rs. 84.43 lakhs to Rs. 257.67 lakhs and that of the latter by as much as Rs. 74.35 lakhs to Rs. 163.73 lakhs. The production of fireclay brisks, on the other hand, had to be regulated, depending upon the inflow of orders which was not encouraging, so that the sale of cement products has declined by Rs. 1.93 lakh to Rs. 5.54 lakhs. Overall increase in sales is thus of the order of Rs. 160.14 lakhs to Rs. 434.23 lakhs inclusive of the rise in the departmental consumption of cement, cement products and refractories. It is particularly noteworthy that this satisfactory results has been achieved notwithstanding the fact that the production in the cement department could not be matched to the rated annual capacity of the plant.

A substantial portion of the improvement in sales has been neutralised by a disproportionate rise in the cost of raw materials and services and the heavy incidence of related expenses. The gross profit as a result stands improved by only Rs. 36.32 lakhs to Rs. 116.47 lakhs. Essential provisions have also been raised, that for Managing Agent's commission by Rs. 1.86 lakhs to Rs. 6.93 lakhs, that for depreciation marginally by Rs. 0.96 lakh to Rs. 38.65 lakhs and that for taxation by as much as Rs. 18.65 lakhs to Rs. 28.50 lakhs. The net profit shows a rise of Rs. 14.85 lakhs to Rs. 42.39 lakhs. Transfer to the statutory development reserve has been slashed by Rs. 7.00 lakhs to Rs. 3.42 lakhs, but, the general reserve has been credited with Rs. 10.00 lakhs against nothing in the previous year. Preference dividends for the year under review actually claim Rs. 2.34 lakhs, but an additional amount of Rs. 54,000 stands payable for the previous year in terms of the requirements of the Preference Shares (Regulation of Dividends) Act, 1960. The total distribution to preference shareholders for the year thus amounts to Rs. 2.88 lakhs. With a comfortable profit position, the rate of ordinary dividends has again been restored to 15 per cent from 11 per cent a year ago, both subject to deduction of tax. At this rate, the ordinary dividend absorbs Rs. 33.75 lakhs, leaving Rs. 52,158 to be carried forward.

The following comparative table presents the progress made by the Company during the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sale proceeds (including internal consumption)	4,84.23	2,74.09	2,81.50	2,02.82
Other income	7.91	7.75	2.41	1.96
Closing stocks	45.76	58.79	33.00	21.80
Raw materials and stores consumed	1,48.91	95.04	83.90	58.16
Salaries, wages and bonus	54.79	48.96	42.44	32.04
Other expenses	98.94	88.48	84.35	62.69
Gross profit	1,16.47	80.15	84.42	65.00
Managing Agents' commission	6.93	5.07	5.78	6.06
Provision for—				
Depreciation	38.65	37.69	33.10	19.49
Taxation	28.50	9.85	19.87	6.00
Net profit	42.39	27.54	25.67	33.45
Excess provisions written back	...	0.16	0.99	11.20
To reserves	14.01	11.10	21.23	1.32
Dividends—				
Preference	2.88*	1.80*	1.80	1.80
Ordinary	33.75	24.75	22.50	15.00
	(15%)*	(11%)*	(15%)	(15%)
Carry forward	0.52	8.77	18.89	37.56

* Subject to deduction of tax.

According to the balance sheet as at 31st December 1960, the financial position of the Company is sound. The share capital, comprising of Rs. 40.00 lakhs in preference shares and Rs. 225.00 lakhs in ordinary shares, is supplemented by Rs. 79.85 lakhs in reserves and surpluses. Loans, both secured and unsecured total Rs. 131.60 lakhs in addition to current liabilities and provisions amounting to Rs. 181.90 lakhs. Additions to the gross block during the year amounted to Rs. 28.26 lakhs where upon the book value of the gross block stands at Rs. 563.66 lakhs. This has been well written down to Rs. 339.58 lakhs. To this sum is to be added Rs. 25.81 lakhs being expenses on construction in progress and machinery in transit, so that the net depreciated block on the date of balance sheet is worth Rs. 365.39 lakhs. Current assets, investments, loans and advances, aggregate Rs. 292.95 lakhs.

The Company has been granted a licence for expansion of the refractory plant by increasing the capacity for manufacture of burnt basic refractories from 19,000 to 38,000 tons per annum. Besides, it has been licensed to manufacture 10,000 tons of chemically bonded refractories per annum. The expansion programme is estimated to cost Rs. 80.00 lakhs and the Directors propose to finance it from internal resources of the Company and borrowings. No fresh capital is proposed to be raised for this purpose. Their expanded basic refractory section is expected to be ready by the middle of 1962.

The present market quotation for the Company's Rs. 10.00 fully paid ordinary share is R. 15.18 *cum-div.* The net return on an *ex-div.* basis works out to a little over seven per cent per annum.

A.C.C.-VICKERS-BABCOCK LTD.

In the article on the Durgapur plant of the A.C.C.-Vickers-Babcock Ltd., appearing in our issue dated 19th August 1961 (*vide* page 347), the average value per ton of machinery to be manufactured by the factory was shown as Rs. 2,500 on the basis of enquiries made in reliable circles. The Company, however, has written to us saying that the average value will be approximately between Rs. 5,000 and Rs. 6,000 per ton, depending on the type of machinery. Incidentally, the Company has furnished the following information regarding its expansion programme:

"We have now applied, under the Industries (Development and Regulation) Act, 1951, for an increase in the licensed capital of our Works. This increase will be achieved by further utilisation of plant and machinery and the addition of a few machine tools and by working three shifts. We now propose to manufacture yearly 12,000 tons of boiler plant and pressure vessels, exclusive of 4,000 tons of bought-out components, in addition to 2,230 tons of cement and general machinery, exclusive of imported specialised items. Our application is under consideraton and we hope to receive Government's reply shortly."

(Concluded from next column)

of the year's business was accounted for by portable diesel driven compressors, of which over six hundred are operating at various altitudes in different parts of the country. A sizable number of these machines, mounted on a baseplate and driven by an electric motor, was also put in the market successfully during the year. The Company has also commenced building small reciprocating stationary compressors and a modest number of these has already been sold.

Towards the end of the year under review, the Government of India granted a licence to the Company for substantial expansion of the undertaking, with a view to increasing the production of air compressors and rock drills and to manufacture pneumatic tools and sump pumps. The Company is already engaged in developing a wide range of reciprocating stationary compressors, ranging from 100 c.f.m. to 600 c.f.m. capacity, and a portable rotary diesel driven machine of 325 c.f.m. output and these should be in the market during the second half of the current year.

The Company has received a licence for manufacture of refrigeration compressors and further a licence for manufacture of air conditioning units. Negotiations for licence and technical assistance agreements with two eminent foreign manufacturers are already at an advanced stage and the proposed agreements may be expected to be concluded in the next few months.

On the declaration of the maiden ordinary dividend, the market price of the Company's Rs. 100 fully paid share spurted to Rs. 255 from Rs. 150 a year ago. The present quotation is unchanged at Rs. 255 *cum-div.* On an *ex-div.* basis, the net return works out to 3.5 per cent per annum.

The Vishnu Cotton Mills Limited, Bombay, has been granted a consent to the issue of further capital of Rs. 73,60,000 divided into 57,600 equity shares of Rs. 100 each and 6,400 first cumulative preference shares of Rs. 250 each, carrying a dividend of 5½ per cent (subject to deduction of taxes at the prescribed rates). The shares will be issued for consideration other than cash in terms of the scheme of amalgamation of the Lakshmi Cotton Manufacturing Company Limited with the Vishnu Cotton Mills Limited.

KIRLOSKAR PNEUMATIC

MAIDEN DIVIDEND PROPOSED

A STRIDENT advance from Rs. 22.57 lakhs t Rs. 120.81 lakhs in sales and an equally im pressive rise of Rs. 18.71 lakhs to Rs. 21.81 lakh in gross profit make the annual report o Kirloskar Pneumatic Company Ltd. (Managin Agents: Messrs. Kirloskar Industries, Poona for the year ended 31st March 1961, happy reading. Whereas the improvement in turnove has been due to the year under review being the first year of full production and sales, th increase in gross profit can be attributed to fuller utilisation of installed capacities, th spreading over of related fixed expenditure o a larger output and consequently declining uni costs. The percentage of gross profit to sale has accordingly risen to 18 per cent from 14 pe cent just a year ago. In view of the difficultie experienced in procuring the right quality o raw materials and the teething troubles in evitable in a developing industry, the above re sults are no doubt highly satisfactory.

With the improvement in the Company' profit position, the provision for Managin Agency commission has ben stepped up t Rs. 1.77 lakh from Rs. 12,000 for the previou year. Provision for depreciation has been raise by Rs. 2.05 lakhs to Rs. 4.19 lakhs, while a pro vision of Rs. 7.01 lakhs for taxation has bee found necessary in view of the Company's pro fits becoming liable for taxation for the firs time. Despite these heavier provisions and th writing off of preliminary and formation ex penses amounting to Rs. 27,911, the net profi shows a tenfold increase from Rs. 83,953 t Rs. 8.84 lakhs. From this amount stands deduct ible Rs. 2.50 lakhs being the net loss brough forward from the previous accounting period Transfer to reserves has been raised from Rs. 59,191 to Rs. 2.37 lakhs of which Rs. 51,90 have been credited to the statutory developmen rebate reserve, Rs. 75,000 to development re serve, Rs. 50,000 to general reserve and Rs. 60,000 to the machinery replacement re serve. With a bigger distributable profit, the Directors have declared and paid the arrears o preference dividends upto the year ended 31s March 1960 amounting to Rs. 1.37 lakh. Pre ference dividends for the year under review have been proposed at Rs. 8.88 per share, subject to deduction of tax and inclusive of the enhance ment in terms of the Preference Shares (Regu lation of Dividends) Act, 1960; they absorb Rs. 88,800. A maiden ordinary dividend has been declared at 12.5 per cent, subject to deduc tion of tax, and claims Rs. 1.65 lakh, leaving a carry forward of Rs. 5,583.

The above salient features of operations of the Company during the year ended 31st March 1961, are compared in the table below with corresponding figures for the previous year:

(In lakhs of rupees)

	For the year ended 31st March	
	1961	1960
Sales	1,20.81	22.57
Other income	1.10	1.52
Closing stocks of finished goods	0.11	...
Raw materials and stores consumed	78.23	15.78
Salaries, wages and bonus	7.55	2.82
Other expenses	14.43	4.99
Gross profit	21.81	3.10
Managing Agents' remuneration	1.77	0.12
Provision for—		
Depreciation	4.19	2.14
Taxation	7.01	...
Net profit	8.84	0.84
Transfer to reserves	2.37	0.59
Dividends—		
Preference	2.27*	...
Ordinary	1.64	...
	(12½%)†	
Carry forward	0.06	—2.50

* Rs. 1,37,557 for the period upto 31st March 1960. Preference dividends for 1960-61 are subject to deduction of tax.
† Subject to deduction of tax.

With the writing off of the preliminary expenses and the recoupment of previous losses, the balance sheet as at 31st March 1961, has been shorn off of all intangibles and presents a clean picture. The share capital of Rs. 24.99 lakhs consists of Rs. 10.00 lakhs in preference shares and Rs. 14.99 lakhs in equity shares and is modestly backed by Rs. 4.60 lakhs in reserves. Secured loans amount to Rs. 9.50 lakhs, in addition to current liabilities and provisions at Rs. 35.16 lakhs. The gross block is valued at Rs. 25.19 lakhs and yields, on deduction of Rs. 6.78 lakhs as accumulated depreciation, a net block worth Rs. 18.41 lakhs. Current assets, loans, and advances aggregate Rs. 55.83 lakhs and are more than sufficient fully to cover all liabilities to outsiders.

The Company, it will be recalled, manufactures air compressors and other pneumatic equipment in technical collaboration with Messrs. Broomwade of England. A large

(Continued in previous column)

MYSORE CHEMICALS AND FERTILISERS

SALES BETTER, BUT PROFIT LOWER

LARGER sales but lower profit has been the tale of the Mysore Chemicals and Fertilisers Limited (Chairman: Sri T. Shamanna, I.A.S.) for the year ended 31st March 1961. For the third year in succession, the sales increased, the amount realised in 1960-61 being Rs. 50.52 lakhs, as against Rs. 47.55 lakhs in the previous year, and Rs. 31.73 lakhs in 1958-59. The higher sales have not resulted in an increase in profit due to several handicaps and the profitability has fallen to 17.1 per cent from 23.8 per cent in the previous year and 27.5 per cent in 1958-59. The gross profit was as much as Rs. 8.67 lakhs, as against Rs. 10.85 lakhs for 1959-60, though it is Rs. 4 lakhs more than that for 1957-58.

A number of factors has contributed to a fall in profit. The selling rate of superphosphate fixed by the Government of India was reduced. The Company had to pay heavy clearing charges at Madras and Cochin ports on account of non-availability of sufficient wagons for the movement of raw materials. There was a steep rise in the prices of certain chemicals. The cost of electricity payable by the Company on the energy consumed by it was high and unworkable. The Directors, however, say that they have managed to reduce the effect of all these adverse factors to the minimum possible extent by prudent efforts. But this is not the end of the story, for the Government of Mysore has enhanced the tax to be paid on electricity from 0.7 nP to 1.5 nP per unit with effect from 1st April 1961. This extra levy will aggravate the already difficult position. The Directors have made representations for securing a reduction in the power charges, but the chances of success, according to their own admission, appear to be remote. This is a very disquieting thought, indeed, as the cost of power is a major element in the expenses account of a fertiliser factory.

The main features of the working of the Company during the last four years are shown at a glance in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	50.52	47.55	31.73	26.17
Closing stock of finished goods	3.95	4.53	5.73	4.07
Raw materials consumed	17.91	14.37	10.05	11.15
Other expenses	24.14	21.56	14.39	13.05
Gross profit	8.67	10.85	8.74	4.62
Provision for—				
Depreciation	2.81	3.02	3.04	1.32
Taxation	2.64	3.61	2.17	1.98
Net profit	3.22	3.62	3.53	1.42
To reserves	0.77	1.14	2.47	0.18
Provisions no longer required written back	0.03	...	0.11	...
Dividend	2.48*	2.48*	1.24	1.24
	(10%)*	(10%)*	(5%)	(5%)
Carry forward	0.08	0.11	0.11	0.17

* Subject to deduction of tax.

It will be seen from the table that, thanks to slightly lower provisions for depreciation and taxation, the net profit has suffered only a modest fall and is adequate to maintain the dividend at 10 per cent, subject to deduction of tax.

The paid-up capital of the Company has remained stationary at Rs. 24.81 lakhs all in equity shares of Rs. 10 each. The authorised capital was, however, raised last year from Rs. 25 lakhs to Rs. 50 lakhs consequent on the decision to expand the activities of the Company in several directions such as increasing the output of sulphuric acid and other allied chemicals and fertilisers for which there is a ready demand. The reserves and surplus stand at Rs. 10.56 lakhs. As against the current liabilities and provision totalling Rs. 25.14 lakhs, the current assets amount to Rs. 47.82 lakhs. The gross block of the Company at Rs. 56.23 lakhs has been written down to Rs. 12.70 lakhs.

The Company has, as part of its expansion plans, placed an order for a 50-ton per day capacity plant for producing sulphuric acid, the delivery of which will be completed by the end of December 1961. The plant is expected to be commissioned by the end of March 1962. The Government of India has granted an industrial licence to the Company for putting up a fully mechanised superphosphate plant which will increase the production of this type of fertiliser to 33,000 tons per annum.

In view of the increase in the authorised capital and the expansion programme on hand, the prospects of a right issue in the near future are reasonably bright. The current market quotation for the Rs. 10 paid-up ordinary share is Rs. 11.60. At this rate the net yield works out to 6.0 per cent, taking the net dividend at 70 nP per share.

COMPANY MEETINGS AND DIVIDENDS

NEW COMMERCIAL MILLS CO., LTD. Annual General Meeting, Ahmedabad, 18th September 1961. Dividend: Rs. 50 per ordinary share, subject to deduction of tax, payable from 25th September 1961. Transfer books remain closed from 4th to 23rd September 1961, both days inclusive.

BADRA COFFEE ESTATES LTD. Annual General Meeting, Bangalore, 18th September 1961. Dividend: 15 per cent or Re. 0.30 per ordinary share, subject to deduction of tax, payable on 20th September 1961.

MUKAND IRON & STEEL WORKS LTD. Annual General Meeting, Bombay, 22nd September 1961. Dividend: Re. 1.20 per old ordinary share; Re. 0.60 per new ordinary share and Rs. 21.78 (approx.) per deferred share, all subject to deduction of tax, payable on or after 23rd September 1961.

MYSORE CHEMICALS & FERTILISERS LTD. Annual General Meeting, Mysore, 22nd September 1961. Dividend: 10 per cent or Re. 1.00 per share, subject to deduction of tax, payable on or after 20th October 1961. Transfer books remain closed from 8th to 22nd September 1961, both days inclusive.

BIRLA COTTON SPG. & WVG. MILLS LTD. Annual General Meeting, Subzimandi, Delhi, 23rd September 1961. Dividend: Rs. 2.00 per share, subject to deduction of tax. Transfer books will remain closed from 10th to 23rd September 1961, both days inclusive.

INDIA STEAMSHIP CO., LTD. Annual General Meeting, Calcutta, 26th September 1961. Dividend: *Nil.* Transfer books will remain closed from 11th to 26th September 1961, both days inclusive.

AMLUCKIE TEA CO., LTD. Annual General Meeting, Calcutta, 27th September 1961. Dividend: *Nil.* Transfer books will remain closed from 20th to 27th September 1961, both days inclusive.

BARAREE COKE CO., LTD. Annual General Meeting, Calcutta, 25th September 1961. Dividend: *Nil.* Transfer books will remain closed from 19th to 25th September 1961, both days inclusive.

HIND CYCLES LTD. Annual General Meeting, Bombay, 27th September 1961. Dividend: *Nil.* Transfer books will remain closed from 18th September to 3rd October 1961, both days inclusive.

TELIAPARA TEA CO., LTD. Annual General Meeting, Calcutta, 27th September 1961. Dividend: 22½ per cent or Rs. 22.50 per share, subject to deduction of tax (payable when funds are available in *India). Transfer books will remain closed from* 17th to 27th September 1961, both days inclusive.

DEJOO VALLEY TEA CO., LTD. Annual General Meeting, Calcutta, 27th September 1961. Dividend: 15 per cent or Re. 1.50 per ordinary share, subject to deduction of tax, payable on or after 10th October 1961. Transfer books remain closed from 20th to 27th September 1961, both days inclusive.

MARGARET'S HOPE TEA CO., LTD. Annual General Meeting, Calcutta, 27th September 1961. Dividend: 15 per cent or Re. 1.50 per share, subject to deduction of tax, payable on or after 10th October 1961. Transfer books will remain closed from 20th to 27th September 1961, both days inclusive.

RANICHERRA TEA CO., LTD. Annual General Meeting, Calcutta, 27th September 1961. Dividend: 15 per cent or Re. 1.50 per share, subject to deduction of tax, payable on or after 10th October 1961. Transfer books will remain closed from 20th to 27th September 1961, both days inclusive.

SUNGMA TEA CO., LTD. Annual General Meeting, Calcutta, 27th September 1961. Dividend: 15 per cent or Re. 1.50 per ordinary share, subject to deduction of tax, payable on or after 10th October 1961. Transfer books will remain closed from 20th to 27th September 1961, both days inclusive.

JOST'S ENGINEERING LTD. Annual General Meeting, Bombay, 28th September 1961. Dividend: 10 per cent or Rs. 5.00 per share, subject to deduction of tax, payable on and after 29th September 1961. Transfer books remain closed from 7th to 28th September 1961, both days inclusive.

AMALGAMATED ELECTRICITY CO., LTD. Annual General Meeting, Bombay, 28th September 1961. Dividend: Re. 0.90 per ordinary share, subject to deduction of tax, payable on or after 5th October 1961. Transfer books will remain closed from 15th September to 4th October 1961, both days inclusive.

MYSORE CHEMICAL MANUFACTURES LTD. Annual General Meeting, Chikbanavar P.O., Bangalore District, 29th September 1961. Dividend: 20 per cent or Rs. 2.00 per ordinary share, subject to deduction of tax, payable on and after 15th October 1961. Transfer books will remain closed from 16th to 29th September 1961, both days inclusive.

MADRAS SAFE DEPOSIT CO., LTD. Annual General Meeting, Madras, 29th September 1961. Dividend: 5 per cent subject to deduction of tax. Transfer books will remain closed from 22nd to 29th September 1961, both days inclusive.

DIBRUGARH CO., LTD. Annual General Meeting, Calcutta, 29th September 1961. Dividend: 40 per cent or Rs. 4.00 per share, subject to deduction of tax, payable on or after 12th October 1961. Transfer books will remain closed from 20th to 29th September 1961, both days inclusive.

TYROON TEA CO., LTD. Annual General Meeting, Calcutta, 29th September 1961. Dividend: 10 per cent or Re. 1.00 per share, subject to deduction of tax, payable on or after 12th October 1961. Transfer books will remain closed from 20th to 29th September 1961, both days inclusive.

RAJENDRA COFFEES LTD. Annual General Meeting, Balehonnur, Mysore, 30th September 1961. Dividend: 25 per cent or Re. 1.25 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 23rd to 30th September 1961, both days inclusive.

Notices

THE CALCUTTA TRAMWAYS COMPANY, LIMITED

(Incorporated in England)

THE DIRECTORS OF THE CALCUTTA TRAMWAYS COMPANY LIMITED announce that subject to final audit, the result of the working for the year ended 31st December, 1960 was as follows:—

The Revenue for the year after transferring £100,000 to Renewals and Replacements Account was	..	£146,289
Against this has been debited Provision for Income Tax and Wealth Tax	£73,569	
Debenture Interest	20,820	
	£94,389	
Less—Income Tax deducted from Debenture Interest, less Tax deducted from Investment Income	8,019	
		86,370
Leaving a balance for the year of		£59,919
In accordance with the Agreement dated 30th August, 1951, between the Governor of the State of West Bengal and the Company, the above balance has been credited to Shareholders' Account		£59,919
Out of which is payable:—		
1st Debenture Stock Redemption	£3,983	
2nd Debenture Stock Redemption	8,048	
Preference Dividend, less Tax	7,656	
Proposed Ordinary Dividend of 5% f.o.t.	35,000	
		54,687
Leaving to be added to the amount carried forward on Shareholders' Account		£5,232

The Annual General Meeting will be held in London at twelve o'clock noon on Wednesday, the 11th October, 1961, on which day warrants for the Ordinary Dividend, if sanctioned, will be posted.

The Ordinary Share Transfer Books will be closed from the 28th September to 11th October, 1961, inclusive.

By Order of the Board,
R. W. TURNBULL,
Agent.

P-4 MISSION ROW EXTENSION,
CALCUTTA, *29th August*, 1961.

McLEOD AND COMPANY, LIMITED

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of this Company will be closed from 16th to 29th September, 1961, both days inclusive and that the Annual General Meeting will be held on the latter date.

By Order of the Board,
S. K. CHATTERJEE,
Acting Secretary.

Registered Office:
"McLEOD HOUSE,"
3, NETAJI SUBHAS ROAD,
CALCUTTA, *31st August*, 1961.

SYNOPSES OF COMPANY REPORTS

Batala Engineering Co., Ltd.

(*Managing Director*: Mr. Jayant H. Shah.)

Registered Office: Grant Trunk Road, Batala, Punjab (India.)

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (gross)	50,19	40,17
Closing stock	16,34	19,48
Gross profit	5,24	4,41
Transfer to depreciation	75	74
,, ,, taxation	2,15	1,65
Net profit	2,34	2,02
Adjustments	16	9
Appropriations:		
Total available balance	2,50	2,11
Transfer to development rebate reserve	71	15
,, ,, general reserve	78	50
,, ,, other reserves	31	3
Proposed dividends (taxable) 6% C. Preference	8*	7
,, ,, ,, Ordinary	1,22	1,20
	(11.50%)	(11.50%)
Carried forward	Nil	16

N.B.—Adjustments include only the balance brought forward from the previous year.

* Preference dividend is worked out at 6.66 per cent in accordance with the provisions of Preference Shares (Regulation of Dividends) Act, 1960.

Extracts from the Directors' report: The first call of Rs. 2.50 was made on the second equity shares. The directors have decided to pay proportionate dividend on the called up amount received on or before 28th February 1961.

Despite shortage of power, the output of the Rolling Mills showed an improvement. However, from the commencement of the current financial year the billet supply position has deteriorated sharply. The directors hope that the Government of India will take steps to meet the critical situation before long.

Production in machine tool department has also risen. The directors have decided to still further expand the machine tool manufacturing capacity. The Company's expansion programme has been approved by the Government of India, and the directors have entered into technical collaboration with Messrs. Gatti & Co. and Officina Meccanico Favreto, Torino, Italy.

The Company has placed orders for some of the machinery. Orders for the remainder will be placed as soon as import licences have been received. The plan for the modernisation of the Rolling Mills is being implemented and it expected to complete the work by the middle of 1962. The Company's Foundry is being expanded and plans have ben drawn up with this in view. The new assembly shop and laboratory buildings have been completed.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	15,24,041	Gross block	18,19,061
Reserves and surplus	3,59,750	—Depreciation	7,96,676
Other liabilities	18,14,290		
		Net block	7,22,485
		Current assets	27,19,133
		Investments	41,850
		Cash	24,013
Rs.	36,08,081	Rs.	36,08,081

* Paid-up capital consists of the following: (i) 33,765 first equity shares of Rs. 10 each fully paid up; (ii) 37,050 second equity shares of Rs. 10 each fully paid up, and (iii) 66,190 second equity shares of Rs. 10 each—Rs. 7.50 per share called up. (iv) 1,197 six per cent cumulative preference shares of Rs. 100 each fully paid up.

Rampur Distillery and Chemical Co., Ltd.

[*Managing Agents*: Messrs. Govan Bros. (Rampur) Private Ltd., Rampur, U.P.]

Annual General Meeting—21st September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	15,35	9,35
Closing stock (manufactured stock)	2,92	2,06
Gross profit	2,96	2,40
Transfer to Managing Agents' remuneration	20	20
,, ,, depreciation	88	71
,, ,, development rebate reserve	13	15
,, ,, taxation	85	14
Net profit	1,39	1,20
Adjustments	2	1
Appropriations:		
Total available balance	1,41	1,21
Transfer to reserves	60	30
Proposed dividend (taxable)	80	80
	(4%)	(4%)
Carried forward	1	2

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: *Working Results*: The working results of the Company have been better during the year under review due to higher production resulting in reduction of production costs and better sale realisation from the rectified spirit. But for the irregular movement of coal due to which the Distillery lost nearly 95 days of production, the results would have been still better.

Production: During the year under review the Distillery had a run of 228 (214) days and processed 4,64,643 (3,26,406) maunds of *molasses* producing a total quantity of 8,79,990 (6,20,889) bulk gallons of *rectified spirit*. The average daily production improved to 3,851 bulk gallons from 2,895 in the last year. It has not been possible as yet to achieve the rated capacity of 5,000 gallons per day due to certain defects in the newly installed unit, but a settlement has been reached with the supplier for effecting certain modification in this unit and it is expected that with the improvements the target of 5,000 gallons per day should be achieved.

Power Alcohol: Industry's case for a suitable increase in the price of *Power Alcohol* had been pleading with the Government of India for the last few years. Instead of raising the price of *Power Alcohol* as demanded by the Industry, Ethyl Alcohol (Price Control) Order, 1960 issued 3rd May, 1961 has been promulgated by the Government of India, fixing sale prices of *Absolute Alcohol*, *Rectified Spirit* and *Denatured Spirit*, which are a little higher than the price of *Power Alcohol*. All India Distillers' Association has strongly represented to the Government to also revise the price of *Power Alcohol* in accordance with the *Ethyl Alcohol* (Price Control) Order, 1961 and the matter is receiving consideration of the Government.

Indian Made Foreign Liquors: The supplies of *Rum* to the Defence Services through the Ministry of Food and Agriculture, Government of India have improved while supplies to Canteen Stores Department (India) were adversely affected due to change in their purchase policy.

Country Spirit: The Company has retained the contract for the supply of country spirit till 31st March 1962 to the Warehouses serviced by it in the past in Uttar Pradesh, i.e., Rampur, Bijnoor, Dhampur, Pauri Garhwal, Mathura and Haldwani.

In response to the Company's application for an industrial licence to increase the production capacity of the plant to three million gallons a year, the Government of India has sanctioned a production capacity of two million gallons per year. The matter has been represented for reconsideration.

With the coming up of the synthetic Rubber Factory at Bareilly, sizable production of the Distillery is expected to be utilised by them. Pending completion of this factory it was considered necessary to have sound selling arrangements for the disposal of the Company's production in the market particularly in view of surplus production in the country. The sale arrangements as approved by the directors are being placed separately before you for your approval.

Accounts in brief as at 31st March 1961 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	20,00,000	Gross block	26,21,410
Reserves and surplus	3,65,870	—Depreciation	15,54,476
Other liabilities	4,69,570		
		Net block	10,66,932
		Block in progress	15,177
		Current assets	11,90,910
		Investments	5,31,999
		Cash	30,422
Rs.	28,35,440	Rs.	28,35,440

* Paid-up capital consists of 2,00,000 ordinary shares of Rs. 10 each, fully paid up.

Machinery Manufacturers Corporation Ltd.

(*Managing Agents*: Messrs. Mahindra and Mahindra Ltd., Bombay.)

Fifteenth Annual General Meeting—27th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	1,13,78	87,08
By outside contract jobs	4,00	1,71
Closing stocks	42,85	41,35
Gross profit (+) or loss (—)	(+)34,42	(—) 0.4
Transfer to Managing Agents' remuneration	1,82	Nil
,, ,, depreciation	8,96	8,11
,, ,, development rebate reserve	2,21	Nil
Net profit (+) or loss (—)	21,94	(—) 0.4
Adjustments—credit (+) or debit (—)	1,38*	(—)24,38
Appropriations:		
Total available balance	(+)23,32	(—)24,39
Transfer to depreciation (for previous years)	15,78	Nil
Transfer to depreciation	7,32	Nil
To adjustment of loss brought forward	22	(—)24,39†
Carried forward		

N.B.—Adjustments include only the debit balance brought forward if any.

* This represents only the amount transferred from capital reserve account, being depreciation applicable to revaluation of plant and machinery.

† From this final debit balance as at 31st March 1960 the following adjustments are made: (i) An amount of Rs. 22,11,450 has been written off on reduction of capital confirmed by order of the Court dated 22nd June 1960. (ii) An amount of Rs. 5,04,960 out of this debit balance has been transferred to compromise or arrangement account. (iii) The remaining debit balance of Rs. 7,82,685 has been adjusted against 1961 profits as shown in the table above.

Extracts from the Directors' report: In last year's report mention was made of the capital reorganisation and the scheme of compromise or arrangement, which were approved by the shareholders and sanctioned by the High Court of Bombay. The balance sheet for the year under review shows the reduction in capital and necessary provision has been made to implement the scheme of compromise or arrangement as soon as certain formalities are completed. Discussions are proceeding with the Controller of Capital Issues in this matter and it is hoped that a decision will soon be forthcoming.

Unlike in the previous years, it has been possible to provide for the current as well as for arrears of depreciation. Owing to insufficiency of profits during the last two years, no reserve for development rebate as required by the Indian Income Tax Act could be provided in the accounts. The Income-tax authorities have allowed development rebate applicable to these two years to be carried forward. Provision has been made in the current accounts for covering the statutory reserve for these two years. Development rebate reserve applicable to the current year will be carried forward. After making these adjustments and writing off the instalments of preliminary expenses and underwriting commission there is a small surplus of Rs. 21,749 which is carried forward.

Operation: Throughout the year under review the Company's Factory at Sonai Works suffered no interruption. Total sales for the year amounted to over Rs. 112 lakhs. Production and despatch of *Cards* during the year were the highest so far achieved by the Company. Production of *Cards* increased to 777 as against the previous highest figure of 648 in 1957-58. Similarly, 789 *Cards* were despatched during the year as compared to the previous highest figure of 613 in 1957-58. The order book position was encouraging; new orders for 928 *Cards* were secured during the year.

The Company's earnings for the current year include substantial amount of commission on sale of *Whitin's equipment*. This has been particularly welcome as it was earned during the last two difficult years and helped the Company to tide over the crisis of finance. Sales of American machinery are entirely dependent upon the allocation of D.L.F. funds and grants received by the Government of India from U.S.A.

Diversification: The prototype Speed Frame for which the Company holds manufacturing licence was exhibited at the Ahmedabad Textile Exhibition held in March 1961. Owing to the delay in obtaining import licences for additional machine tools, batch production of *Speed Frames* is not expected to commence till next year. Manufacture of diesel engine components will begin from the third quarter of 1961.

For the first 3 months of the current year, the average level of production and despatch in 1960-61 has been maintained. A total of 203 *Cards* have been booked in the first quarter. There has, however, been a substantial fall in these months in the sales for *Whitin's machinery*, because of delay in finalisation of D.L.F. arrangements by the Government of India.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	58,66,875	Gross block	1,45,11,797
Compromise or arrangement account	5,04,960	—Depreciation	65,88,948
Reserves and surplus	2,88,925	Net block	81,28,855
Other liabilities	1,10,95,145	Current assets	94,47,013
		Investments	30,800
		Cash	1,10,675
		Miscellaneous expenditure	48,562
Rs.	1,77,55,405	Rs.	1,77,55,405

* Paid-up capital consists of: (a) 1,90,720 equity shares of Rs. 10 each as reduced and reconstructed from 38,144 equity shares of Rs. 100 each and confirmed by order of the Court dated the 22nd June 1960. (b) 25,000—4½ per cent tax-free special cumulative preference shares of Rs. 100 each, fully called up, issued to the Government of India. (c) 13,955—4 per cent tax-free cumulative preference shares of Rs. 100 each, fully called up. (d) The amount of Rs. 63,675 on account of shares forfeited is also included in the capital.

Soom Tea Co., Ltd.

(*Managing Agents*: Messrs. Williamson Magor & Co., Ltd., Calcutta.)

Annual General Meeting—Held on 7th September.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales (gross proceeds of tea)	10,42	7,98
Closing stock	1,16	2,19
Gross profit	3,34	5,48
Transfer to depreciation	15	14
,, ,, Secretaries' and Managing Agents' commission	22	24
,, ,, provision for taxation	1,35	97
Net profit	1,65	1,13
Adjustments	1,79	2,02
Appropriations:		
Total available balance	3,44	3,15
Transfer to reserves	50	50
To payment of dividends (taxable)	1,50	90
	(50%)	(30%)
Carried forward	1,44	1,75

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

Extracts from the Directors' report: The following are comparative statistics for the past three years—

	Kg.	Average price per kg.
1958	141,702	Rs. 7.69
1959	141,687	Rs. 6.99
1960	168,998	Rs. 7.44

The estimate for 1961 provides for a crop of 139,400 kg. of tea at a cost of Rs. 5.86 per kg.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	3,00,000	Gross block	7,73,247
Reserves and surplus	6,15,151	—Depreciation	2,65,047
Other liabilities	6,21,151		
		Net block	4,08,200
		Current assets	5,44,382
		Investments	2,00,547
		Cash	5,86,983
Rs.	15,40,302	Rs.	15,40,302

* Paid-up capital consists of 30,000 ordinary shares of Rs. 10 each, fully paid up.

Sangameshwar Coffee Estates Ltd.

(*Secretaries and Treasurers*: Patco Agencies, Madras.)

Annual General Meeting—25th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
By coffee crop	10,66	7,86
Gross profit	2,55	2,64
Transfer to Secretaries' and Treasurers' remuneration	11	12
,, ,, depreciation	49	41
,, ,, taxation	55	64
Net profit	1,40	1,47
Adjustments	11	16
Appropriations:		
Total available balance	1,51	1,63
Transfer to development reserve	Nil	50
,, ,, debenture redemption reserve	50	Nil
Proposed dividend (taxable) 7% Preference	25	30
,, ,, ,, Ordinary	73	73
	(6%)	(6%)
Carried forward	3	11

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: *Crop and costs*: A total of 403,012 metric tonnes was harvested during the year 1960-61 and delivered to the Coffee Board. This has been valued at Rs. 1.99 per point. It is believed that the actual realisation will be slightly higher at nearer Rs. 2 per point. The comparative statement of production and costs for the last four years is as under:

Year	Coffee crop in tonnes	Estate expenditure per metric tonne	No. of cards per acre
1957-58	432,142	1 889	2.62
1958-59	271,470	2,170	1.64
1959-60	177,858	2,632	1.07
1960-61	403,012	1,911	2.43

Final payment on 1958-59 Season crop has been received making the total for the year Rs. 2.45 per point. Since the said crop was valued at Rs. 2.40 per point in 1959-60 accounts, the difference on account of 5 nP per point has been included in the receipts for the year 1960-61. 1959-60 season coffee was valued at Rs. 2.25 per point; the figure so far disbursed by the Coffee Board, however, being Rs. 2.15 per point only, valuation has been accordingly revised and the loss on that account charged to the account for the year under report.

1961-62 *Season Crop*: The estimate for the current year is placed at 200 tonnes as follows:—Arabica 135 tonnes and Robusta 65 tonnes. Apart from the normal reduction in the crop to be expected after a year of larger harvest, inadequate blossom showers causing poor set have contributed to this much smaller crop estimated.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	5,00,000	Gross block	19,78,850
7% debentures	5,04,000	—Depreciation	1,58,066
Reserves and surplus	2,39,075		
Other liabilities	4,90,483	Net block	18,20,784
		Block in progress	2,500
		Current assets	8,80,600
		Cash	79,674
Rs.	27,83,558	Rs.	27,83,558

* Paid-up capital consists of 6,00,000 ordinary shares of Rs. 2 each, fully paid up and 35,000—7 per cent cumulative preference shares of Rs. 10 each, fully paid up.

Wartyhully Estates Ltd.

(*Secretaries*: Messrs. Peirce, Leslie and Co., Ltd., Mangalore.)

Sixth Annual General Meeting—18th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
By coffee crop	9,37	5,75
Gross profit	3,89	3,19
Transfer to Secretaries' remuneration	10	10
,, ,, depreciation	32	31
,, ,, taxation	1,20	89
Net profit	2,27	1,89
Adjustments	1,15	1,56
Appropriations:		
Total available balance	3,42	3,45
Transfer to general reserve	50	50
To payment of dividend (taxable)	1,80	1,80
	(15%)	(15%)
Carried forward	1,12	1,15

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: *Crop and Costs*.—A total crop of 321.525 metric tonnes was harvested during the year and delivered to the Coffee Board. This has been valued at Re. 1.90 per point or Rs. 2,821 per metric tonne. A comparative statement of production and costs for the past 3 years is given below:

Year	Crop (metric tonnes)	Estate expenditure (per metric tonne)	All-in-cost (per metric tonne)
1958-59	314.500	Rs. 1,875	Rs. 2,095
1959-60	171.045	,, 2,914	,, 3,260
1960-61	321.525	,, 1,825	,, 1,977

A further payment of 5 nP has been received on 1958-59 crop making the total for the year Rs. 2.45 per point and this is equivalent to Rs. 3,582 per metric tonne. The 1959-60 season's crop has been revalued at Rs. 2.22 per point which is approximately what can be expected. There has been however no loss on account of this reduction in value as the total points finally awarded by the Board exceeded the estimates made in last year's Accounts. The 1961-62 crop has been estimated at 250 metric tonnes and the all-in-cost of production at Rs. 2,267 per metric tonne.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,00,000	Gross block	16,15,277
Reserves and surplus	13,52,994	—Depreciation	1,52,156
Other liabilities	7,00,401		
		Net block	14,63,121
		Current assets	7,32,289
		Investments	7,56,825
		Cash	3,01,160
Rs.	32,53,395	Rs.	32,53,395

* Paid-up capital consists of 6,00,000 ordinary shares of Rs. 2 each, fully paid up.

Vellore Electric Corporation Ltd.

[*Managing Agents*: Messrs. Chandrie and Co. (Private) Ltd., Madras.]

Annual General Meeting—25th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
By sale of energy	21,47	15,76
Gross profit	6,01	4,19
Transfer to Managing Agents' remuneration	41	22
,, ,, depreciation	1,73	1,57
,, ,, contingencies reserve	12	10
,, ,, development rebate reserve	56	1
,, ,, staff gratuity reserve	6	30
,, ,, special reserve	19	12
,, ,, provision for taxation	1,32	85
Net profit	1,62	1,02
Adjustments	3,02	2,85
Appropriations:		
Total available balance	4,64	3,87
Transfer to tariff and dividend control reserve	7	16
To additional dividend on preference shares	1	Nil
To reserve for rebate to consumers	Nil	15
Proposed dividends (taxable) 6% T. C. Preference	8*	8
,, ,, ,, Ordinary	1,14	60
	(14.29%)†	(15%)†
Carried forward	3,34	2,88

N.B.—Adjustments include the amount brought forward from the previous year; excess provision for taxation for previous year and the amount transferred from tariff and dividend control reserve.

* Calculated at 6.66 per cent in accordance with the provisions of Preference Shares (Regulation of Dividends) Act, 1960.

† On the increased ordinary capital of Rs. 8 lakhs.

‡ On a paid-up ordinary capital of Rs. 4 lakhs.

Extracts from the Directors' report: *Progress*: As indicated in the last report the directors have allotted Rs. 4 lakhs equity share capital and the directors have embarked on major rural electrification programme. The Government have also sanctioned Rs. 2 lakhs. The Company has been able to extend electricity to the following villages during the current year:—Kandipedu, Serkadu, Eranthangal, Brahmapuram, Gudinallur, Mangadu-Old and Mangadu-New.

During the year the Company has erected 9.58 miles of H.T. lines, 38.09 miles of L.T. lines and 9 sub-stations and this has enabled us to connect up 1,146 L.T. consumers and 2 H.T. consumers, thus bringing the total number of consumers to 13,800.

The following comparative statement will show the progress made during the year.

	1959-60	1960-61
Total units purchased in kw.h.	1,86,63,432	1,94,64,638
Total units sold in kw.h.	1,64,46,194	1,69,15,388
Cost of units purchased in rupees	7,61,503	9,83,757
Gross revenue in rupees	17,62,565	22,58,506
No. of villages electrified	58	65
No. of towns electrified	5	5
No. of L.T. consumers connected	12,648	13,794
No. of H.T. consumers connected	4	6
Maximum demand in kw.—		
Vellore	2,140	2,880
Ranipet	1,530	2,150

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	9,25,000	Gross block	46,63,814
Reserves and surplus	14,75,487	—Depreciation	13,15,572
Other liabilities	26,06,939		
		Net block	33,48,242
		Current assets	7,50,322
		Investments	1,11,195
		Cash	7,95,139
		Miscellaneous expenditure	2,528
Rs.	50,07,426	Rs.	50,07,426

* Paid-up capital consists of 12,500—6 per cent taxable cumulative preference shares of Rs. 10 each fully paid up and 80,000 ordinary shares of Rs. 10 each fully paid up. The paid-up ordinary capital at the end of March 1960 was only Rs. 4,00,000 made up of 40,000 shares of Rs. 10 each.

Ossoor Estates Ltd.

(*Secretaries*: Messrs. Peirce, Leslie & Co., Ltd., Mangalore.)

Annual General Meeting—18th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
By coffee crop	4,09	3,86
Gross profit	1,58	2,23
Transfer to Secretaries' remuneration	5	5
,, ,, depreciation	16	14
,, ,, taxation	35	61
Net profit	1,02	1,42
Adjustments	42	4
Appropriations:		
Total available balance	1,44	1,46
Transfer to general reserve	Nil	5
Proposed dividend (taxable)	98	98
	(15%)	(15%)
Carried forward	46	42

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: *Crop and Costs*: A total crop of 145.996 metric tonnes was harvested during the year and delivered to the Coffee Board. This has been valued at Re. 1.90 per point or Rs. 2,680 per metric tonne. A comparative statement of production and costs for the previous 3 years is given below:

Year	Crop (metric tonnes)	Estate expenditure (per metric tonne)	All-in-cost (per metric tonne)
1958-59	110.471	Rs. 2,552	Rs. 2,914
1959-60	135.230	,, 1,970	,, 2,225
1960-61	145.996	,, 1,821	,, 1,990

A further payment at 5 nP per point has been received on 1958-59 crop making the total for the year Rs. 2.45 per point and this is equivalent to Rs. 3,329 per metric tonne.

The 1959-60 season's crop has been revalued at Rs. 2.22 per point which is approximately what can be expected. There has been however no financial loss on account of this reduction in value as the total points finally awarded by the Board exceeded the estimate made in last year's accounts.

The 1961-62 crop has been now estimated at 155 metric tonnes and the all-in-cost of production at Rs. 1,806 per metric tonne.

Proposed Purchase of Sulgodu Shares:—The Central Government whose approval was sought under Section 372 have now accorded their approval for the purchase at Rs. 7 per share and the sellers have agreed to this price. It may be recalled that the shareholders agreed to the purchase at Rs. 7.50 per share. Although it is not clear whether it is essential as the price agreed by Government is less than that approved by shareholders, the directors have thought it proper to obtain the formal approval of shareholders to the lower price and the necessary resolution is accordingly being placed before shareholders.

Accounts in brief as at 31st March 1961 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	6,50,000	Gross block	7,97,732
Reserves and surplus	5,18,178	—Depreciation	88,078
Other liabilities	3,14,026		
		Net block	7,14,654
		Current assets	3,85,041
		Investments	94,889
		Cash	4,84,620
Rs.	15,82,204	Rs.	15,82,204

* Paid-up capital consists of 3,25,000 ordinary shares of Rs. 2 each fully paid up.

Notices

THE NAIHATI JUTE MILLS COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the abovenamed Company will be held at the Registered Office, No. 33, Netaji Subhas Road, Calcutta-1, on Saturday the 30th September, 1961 at 12-30 p.m., for the following purposes:—

1. To consider and approve the Audited Accounts of the Company for the year ended 31st March, 1961, and to receive the Directors' and Auditors' Reports thereon.
2. To declare dividend on the Preference Shares out of the Profits of the Company.
3. To appoint Auditors and fix their remuneration.
4. *To appoint a Director in place of a retiring Director.*

The Share Transfer Registers of the Company will be closed from 17th September, 1961 to 30th September, 1961, both days inclusive.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy, who need not be a member, to attend, and on a poll, to vote instead of himself.

By Order of the Board,
K. C. BHAGAT,
Chairman.

33, NETAJI SUBHAS ROAD,
CALCUTTA-1,
8th September, 1961.

ANGLO-INDIA JUTE MILLS COMPANY LIMITED

THE DIRECTORS AT THEIR MEETING held on 26th August, 1961 decided to recommend to the Shareholders that the following dividends be declared at the Annual General Meeting to be held on 30th September, 1961 for the year ended 31st March 1961.

On Preference Shares at 9.1 per cent per annum (Rs. 9.10 per share) subject to deduction of income-tax.

On Ordinary Shares at 7½ per cent per annum (Rs. 7.50 per share) subject to deduction of income-tax.

The Register of Members and Share Transfer books of the Company will remain closed from 18th September to 30th September 1961, both days inclusive.

By Order of the Board,
DUNCAN BROTHERS & CO., LTD.,
Managing Agents.

CALCUTTA, *30th August*, 1961.

THE RAGHUVANSHI MILLS LIMITED
BOMBAY-13

NOTICE IS HEREBY GIVEN THAT THE Thirty-second Annual General Meeting of the Company will be held at 3.30 p.m., on Saturday, the 30th September 1961, at the Registered Office of the Company, 11-12 Haines Road, Mahalaxmi, Bombay-13, to (*a*) receive and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March *1961*; (*b*) declare a dividend on Ordinary Shares; (*c*) elect Directors; (*d*) appoint auditors upto the conclusion of the next Annual General Meeting and fix their remuneration; and (*e*) as and by way of Special Business to consider and, if thought fit, to pass with or without modification, an Ordinary Resolution specifying the amount upto which the Board of Directors may borrow moneys.

Copies of the Notice together with the Explanatory Statement and the Audited Balance Sheet and Profit and Loss Account for the year ending 31st March 1961 have been posted to the Members at their last given addresses.

The Register of Members of the Company will be closed for transfers from Monday the 25th September 1961 to Monday the 9th October 1961 (both days inclusive).

By Order of the Board of Directors,
FOR THE RAGHUVANSHI MILLS LIMITED,
FOR RAVINDRA MAGANLAL AND CO. PRIVATE LTD.,
RAVINDRA MAGANLAL,
Managing Director,
Managing Agents.

BOMBAY,
September 8, 1961.

Notices

INDIA STEAMSHIP COMPANY LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Members of the India Steamship Co., Ltd., will be held at the Registered Office of the Company, "India Steamship House," 21, Old Court House Street, Calcutta on Tuesday the 26th September, 1961 at 3-30 p.m., in order to transact the following business:—

1. To receive the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1961.
2. To sanction payment of dividend on Preference Shares as recommended by the Directors for the year ended 31st March, 1961.
3. To appoint a Director in place of Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon), who retires by rotation and is eligible for re-appointment and to consider and, if thought fit, to pass the following resolution of which a Special Notice as required by Section 281 of the Companies Act, 1956 has been received by the Company and the relative Explanatory Statement concerning which is annexed hereto as required by Section 173 of the said Act.

   RESOLVED that pursuant to the provisions of Section 281 of the Companies Act, 1956, Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon), who has attained the age of 73 years and who retires by rotation be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for the Directors prescribed under Section 280 of the said Act shall not apply to him.
4. To consider and, if thought fit, to pass the following resolution as Special Resolution, in respect of Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon), a Special Notice for which as required by Section 261 of the Companies Act, 1956, has been received by the Company and the relative Explanatory Statement concerning which as required by Section 173 of the said Act is annexed hereto.

   RESOLVED that pursuant to the provisions of Section 261 of the Companies Act, 1956, Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon), a Director of the Company who is also a Director and Member of Messrs. Lionel Edwards, (Private) Ltd., the Managing Agents of the Company and thereby an associate of the Managing Agents, be and is hereby re-appointed a Director of the Company.
5. To appoint a Director in place of Sir B. P. Singh Roy, K.C.I.E., who retires by rotation and is eligible for re-appointment and to consider and, if thought fit, to pass the following resolution of which a Special Notice as required by Section 281 of the Companies Act, 1956, has been received by the Company and the relative Explanatory Statement concerning which is annexed hereto as required by Section 173 of the said Act.

   RESOLVED that pursuant to the provisions of Section 281 of the Companies Act, 1956, Sir B. P. Singh Roy, K.C.I.E., who has attained the age of 67 years and who retires by rotation be and is hereby reappointed a Director of the Company and it is hereby specifically declared that the age limit for the Directors prescribed under Section 280 of the said Act shall not apply to him.
6. To consider and, if thought fit, to pass the following resolution as Special Resolution in respect of Sir B. P. Singh Roy, K.C.I.E., a Special Notice for which as required by Section 261 of the Companies Act, 1956, has been received by the Company and the relative Explanatory Statement concerning which as required by Section 173 of the said Act is annexed hereto.

   RESOLVED that pursuant to the provisions of Section 261 of the Companies Act, 1956, Sir B. P. Singh Roy, K.C.I.E., a Director of the Company who is also the Managing Director and Member of Messrs. Lionel Edwards, (Private) Ltd., the Managing Agents of the Company and thereby an associate of the Managing Agents be and is hereby reappointed a Director of the Company.
7. To appoint a Director in place of The Rt. Hon'ble Lord Sinha of Raipur, who retires by rotation and is eligible for re-appointment and to consider and, if thought fit, to pass the following resolution of which a Special Notice as required by Section 281 of the Companies Act, 1956, has been received by the Company and the relative Explanatory Statement concerning which is annexed hereto as required by Section 173 of the said Act.

   RESOLVED that pursuant to the provisions of Section 281 of the Companies Act, 1956, The Rt. Hon'ble Lord Sinha of Raipur who has attained the age of 74 years and who retires by rotation be and is hereby reappointed a Director of the Company and it is hereby specifically declared that the age limit for the Directors prescribed under Section 280 of the said Act shall not apply to him.
8. To elect Mr. R. G. Abbhi, I.A.S., a Director of the Company, who retires by rotation and is eligible for re-election.
9. To appoint Auditors for Head Office and Branch Office, Bombay, and fix their remuneration.

The Share Transfer Register of the Company will remain closed from Monday the 11th September, 1961 to Tuesday the 26th September, 1961, both days inclusive.

By Order of the Board,
A. MUKERJI,
Secretary,
INDIA STEAMSHIP CO., LTD.

CALCUTTA, 10*th August*, 1961.

The dividend, if sanctioned, will be payable on and from 28th September, 1961 to those Shareholders whose names stand on the Register of the Company on Monday the 11th September, 1961.

N.B.—Member entitled to attend and vote is entitled to appoint a Proxy and the Proxy so appointed need not be a member of the Company.

Note: The Explanatory Statement as required under Section 173 of the Companies Act, 1956, is annexed to the convening notice issued to the members of the Company.

THE TITAGHUR PAPER MILLS COMPANY LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE TITAGHUR PAPER MILLS COMPANY, LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, at 3 p.m., on Friday, the 29th day of September, 1961, for the following purposes:

1. To consider and approve the Profit and Loss Account of the Company for the year ended 31st March, 1961, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Directors in the place of the retiring Directors.
4. To appoint Auditors and to fix their remuneration.

Special Business

5. As special business to consider and, if thought fit, to pass the following resolutions including (*a*) which will be proposed as a special resolution:—
   (*a*) (*As a Special Resolution*) "That, in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the continuance of a payment to the Directors of the Company of a commission (to be divided between them in such manner as they shall from time to time determine) of 1 per cent of the net profits of the Company in each financial year over the period of five years extending upto and including the financial year of the Company ending on 31st March, 1966."

   The Share Transfer Registers of the Company will be closed from 11th September, 1961 to 27th September, 1961, both days inclusive.

   By Order of the Board,
   BIRD & CO. (PRIVATE) LIMITED,
   Managing Agents.

CHARTERED BANK BUILDINGS,
CALCUTTA, 19*th August*, 1961.

Note: (*a*) A Member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself.

A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after 25th October, 1961, to those shareholders whose names appear in the Company's books on the 27th September, 1961, or to their mandatees. No application for Dividend Warrants will be necessary.

Explanatory Statement pursuant to Section 173 of the Companies Act 1956 is being sent to all members.

UNION JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of UNION JUTE COMPANY, LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, at 10.20 a.m., on Wednesday, the 27th day of September, 1961, for the following purposes:—

1. To consider and approve the Audited Accounts of the Company for the year ended 31st March, 1961, and to receive the Directors' and Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Directors in the place of retiring Directors and in this connection to consider and, if thought fit, to pass the following resolution of which a special notice as prescribed by Section 281 of the Companies Act, 1956, has been given to the Company.

   "THAT, Sir Asoka K. Roy who has attained the age of 75 years and who retires from the Board by rotation be and is hereby reappointed a Director of the Company and it is hereby specifically declared that the age limit prescribed by Section 280 of the Companies Act, 1956, shall not apply to him."
4. To appoint Auditors and fix their remuneration.

As Special Business

5. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

   (As a special resolution) "THAT, in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the continuance of a payment to the Directors of the Company of a commission (to be divided between them in such manner as they shall from time to time determine) of 1 per cent of the net profits of the Company in each financial year over the period of five years extending upto and including the financial year of the Company ending on 31st March, 1966."

The Share Transfer Registers of the Company will be closed from 11th September, 1961 to 27th September, 1961, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Managing Agents.

CHARTERED BANK BUILDINGS,
CALCUTTA, 19*th August*, 1961.

Note: (*a*) A Member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself.

A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after 25th October, 1961, to those shareholders whose names appear in the Company's books on the 27th September, 1961, or to their mandatees. No application for Dividend Warrants will be necessary.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is being sent to all members.

THE AUCKLAND JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE AUCKLAND JUTE COMPANY, LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, at 10-10 a.m., on Wednesday, the 27th day of September 1961, for the following purposes:—

1. To consider and approve the Audited Accounts of the Company for the year ended 31st March, 1961, and to receive the Directors' and Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Directors in the place of retiring Directors.
4. To appoint Auditors and fix their remuneration.

As Special Business

5. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

   (As a special resolution) "THAT, in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the continuance of a payment to the Directors of the Company of a commission (to be divided between them in such manner as they shall from time to time determine) of 1 per cent of the net profits of the Company in each financial year over the period of five years extending upto and including the financial year of the Company ending on 31st March, 1966."

The Share Transfer Registers of the Company will be closed from 7th to 29th September 1961, both days inclusive.

By Order of the Board,
F. W. HEILGERS & CO. (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, 21*st August*, 1961.

Notes.—(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after the 31st October, 1961, to those shareholders so entitled whose names appear in the Company's books on the 29th September, 1961, or to their mandatees. No application for Dividend Warrants will be necessary.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is being sent to all members.

THE DALHOUSIE JUTE COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE DALHOUSIE JUTE COMPANY, LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, at 10 a.m. on Wednesday, the 27th day of September, 1961, for the following purposes:—

1. To consider and approve the Audited Accounts of the Company for the year ended 31st March, 1961, and to receive the Directors' and Auditors' Reports thereon.
2. To declare dividend recommended by the Directors.
3. To appoint Directors in the place of retiring Directors and in this connection to consider and, if thought fit, to pass the following resolution of which a special notice as prescribed by Section 281 of the Companies Act, 1956, has been given to the Company.

   "THAT Khan Bahadur D. E. Avari, M.B.E., who has attained the age of 67 years and who retires from the Board by rotation be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit prescribed by Section 280 of the Companies Act, 1956, shall not apply to him."
4. To appoint Auditors and fix their remuneration.

As Special Business

5. To consider and, if thought fit, to pass with or without modification the following ordinary resolution of which a notice has been given to the Company under Section 257 of the Companies Act, 1956.

   "THAT Sir Walter Michelmore, M.B.E., be and is hereby appointed a Director of the Company."
6. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

   (As a special resolution) "THAT, in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the continuance of a payment to the Directors of the Company of a commission (to be divided between them in such manner as they shall from time to time determine) of 1 per cent of the net profits of the Company in each financial year over the period of five years extending upto and including the financial year of the Company ending on 31st March, 1966."

The Share Transfer Registers of the Company will be closed from 11th September, 1961 to 27th September, 1961, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries & Treasurers.

CHARTERED BANK BUILDINGS,
CALCUTTA, 19*th August*, 1961.

Note:—(*a*) A Member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself.

A proxy need not be a member of the Company.

(*b*) The Dividend, if declared, will be paid on or after 25th October, 1961, to those shareholders whose names appear in the Company's books on the 27th September, 1961, or to their mandatees. No application for Dividend Warrants will be necessary.

Explanatory Statement pursuant to Section 173 of the Companies Act 1956 is being sent to all members.

THE LAWRENCE JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE LAWRENCE JUTE COMPANY LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, at 11-10 a.m., on Wednesday, the 27th day of September, 1961, for the following purposes:—

1. To consider and approve the Audited Accounts of the Company for the year ended 31st March, 1961, and to receive the Directors' and Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Directors in the place of retiring Directors.
4. To appoint Auditors and fix their remuneration.

As Special Business

5. To consider and, if thought fit, to pass with or without modification the following ordinary resolution of which a notice has been given to the Company under Section 257 of the Companies Act, 1956.

   "THAT Sir Walter Michelmore, M.B.E., be and is hereby appointed a Director of the Company."
6. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

   (As a special resolution) "THAT, in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the continuance of a payment to the Directors of the Company of a commission (to be divided between them in such manner as they shall from time to time determine) of 1 per cent of the net profits of the Company in each financial year over the period of five years extending upto and including the financial year of the Company ending on 31st March, 1966."

The Share Transfer Registers of the Company will be closed from 11th September, 1961 to 27th September, 1961, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries & Treasurers.

CHARTERED BANK BUILDINGS,
CALCUTTA, 19*th August*, 1961.

Note: (*a*) A Member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself.

A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after 25th October, 1961, to those shareholders whose names appear in the Company's books on the 27th September, 1961, or to their mandatees. No application for Dividend Warrants will be necessary.

Explanatory Statement pursuant to Section 173 of the Companies Act 1956 is being sent to all members.

THE LANSDOWNE JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE LANSDOWNE JUTE COMPANY, LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, at 11 a.m. on Wednesday, the 27th day of September, 1961, for the following purposes:—

1. To consider and approve the Audited Accounts of the Company for the year ended 31st March, 1961, and to receive the Directors' and Auditors' Reports thereon.
2. To confirm the payment of interim Dividend.
3. To appoint Directors in the place of retiring Directors.
4. To appoint Auditors and fix their remuneration.

As Special Business

5. To consider and, if thought fit, to pass with or without modification the following ordinary resolution of which a notice has been given to the Company under Section 257 of the Companies Act, 1956.

"THAT, Sir Walter Michelmore, M.B.E., be and is hereby appointed a Director of the Company."

6. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

(As a special resolution) "THAT, in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the continuance of a payment to the Directors of the Company of a commission (to be divided between them in such manner as they shall from time to time determine) of 1 per cent of the net profits of the Company in each financial year over the period of five years extending upto and including the financial year of the Company ending on 31st March, 1966."

The Share Transfer Registers of the Company will be closed from 11th September, 1961, to 27th September, 1961, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries and Treasurers.

CHARTERED BANK BUILDINGS,
CALCUTTA, *19th August*, 1961.

Note:—A Member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself.

A proxy need not be a member of the Company.

Explanatory Statement pursuant to Section 173 of the Companies Act 1956 is being sent to all members.

THE NORTHBROOK JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE NORTHBROOK JUTE COMPANY, LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, at 10-50 a.m., on Wednesday, the 27th day of September, 1961, for the following purposes:—

1. To consider and approve the Audited Accounts of the Company for the year ended 31st March, 1961, and to receive the Directors' and Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Directors in the place of retiring Directors.
4. To appoint Auditors and fix their remuneration.

As Special Business

5. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

(*As a Special Resolution*) "That, in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the continuance of a payment to the Directors of the Company of a commission (to be divided between them in such manner as they shall from time to time determine) of 1 per cent of the net profits of the Company in each financial year over the period of five years extending upto and including the financial year of the Company ending on 31st March, 1966."

The Share Transfer Registers of the Company will be closed from 11th September, 1961, to 27th September, 1961, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Managing Agents.

CHARTERED BANK BUILDINGS,
CALCUTTA, *19th August*, 1961.

Note: (a) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself.

A proxy need not be a member of the Company.

(b) The Dividends, if declared, will be paid on or after 25th October, 1961, to those shareholders whose names appear in the Company's books on the 27th September, 1961, or to their mandatees. No application for Dividend Warrants will be necessary.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is being sent to all members.

THE STANDARD JUTE COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE STANDARD JUTE COMPANY, LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, at 11-20 a.m. on Wednesday, the 27th day of September, 1961, for the following purposes:

1. To consider and approve the Audited Accounts of the Company for the year ended 31st March, 1961, and to receive the Directors' and Auditors' Reports thereon.
2. To appoint Directors in the place of retiring Directors.
3. To appoint Auditors and fix their remuneration.

As Special Business

4. To consider and, if thought fit, to pass with or without modification the following ordinary resolution of which a notice has been given to the Company under Section 257 of the Companies Act, 1956.

"That Sir Walter Michelmore, M.B.E., be and is hereby appointed a Director of the Company."

5. To consider and, if thought fit, to pass with or without modification the following resolutions which will be proposed as Special Resolutions namely:—

(a) "Resolved that the existing maximum lending facility of Rs. 30,00,000 to the holding Company The Kinnison Jute Mills Co., Ltd., be increased to Rs. 40,00,000 on the same terms and conditions as at present."

(b) "Resolved that in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the continuance of a payment to the Directors of the Company of a commission (to be divided between them in such manner as they shall from time to time determine) of 1 per cent of the net profits of the Company in each financial year over the period of five years extending upto and including the financial year of the Company ending on 31st March, 1966."

The Share Transfer Registers of the Company will be closed from 11th September, 1961, to 27th September, 1961, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries & Treasurers.

CHARTERED BANK BUILDINGS,
CALCUTTA, *19th August*, 1961.

Note: A Member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself.

A proxy need not be a member of the Company.

Explanatory Statement pursuant to Section 173 of the Companies Act 1956 is being sent to all members.

THE KINNISON JUTE MILLS COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE KINNISON JUTE MILLS COMPANY, LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, at 10-35 a.m. on Wednesday the 27th day of September, 1961, for the following purposes:—

1. To consider and approve the Audited Accounts of the Company for the year ended 31st March, 1961, and to receive the Directors' and Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Directors in the place of retiring Directors.
4. To appoint Auditors and fix their remuneration.

As Special Business

5. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

(As a special resolution) "THAT, in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the continuance of a payment to the Directors of the Company of a commission (to be divided between them in such manner as they shall from time to time determine) of 1 per cent of the net profits of the Company in each financial year over the period of five years extending upto and including the financial year of the Company ending on 31st March. 1966."

The Share Transfer Registers of the Company will be closed from 11th September, 1961, to 27th September, 1961, both days inclusive.

By Order of the Board,
F. W. HEILGERS & CO. (PRIVATE) LTD.,
Managing Agents.

CHARTERED BANK BUILDINGS,
CALCUTTA, 19*th August*, 1961.

Note: (a) A Member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself.

A proxy need not be a member of the Company.

(b) The Dividends, if declared, will be paid on or after 25th October 1961, to those Shareholders whose names appear in the Company's books on the 27th September, 1961, or to their mandatees. No application for Dividend Warrants will be necessary.

Explanatory Statement pursuant to Section 173 of the Companies Act 1956 is being sent to all members.

ROHTAS INDUSTRIES LIMITED

NOTICE

THE TWENTY-EIGHTH ANNUAL GENERAL Meeting of the Shareholders of Rohtas Industries Ltd. will be held at the Registered Office of the Company at Dalmianagar on Saturday, the 30th September, 1961 at 11 a.m. to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31st March, 1961.
2. To declare dividends.
3. To elect a Director in place of Shri N. L. Poddar, who retires by rotation but, being eligible, offers himself for re-election.
4. To elect a Director in place of Shri E. R. Meyer, who retires under Clause 107 of the Company's Articles of Association but, being eligible, offers himself for re-election.
5. To appoint Auditors for the current year and to fix their remuneration. The retiring Auditors, Messrs. K. N. Gutgutia & Co., being eligible, offer themselves for reappointment.

AS SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification, the following resolution, which will be proposed as a Special Resolution:—

"Resolved that pursuant to sub-sections (4) and (7) of Section 309 of the Companies Act, 1956, and subject to the provisions of Articles of Association of the Company, the members of the Company hereby authorise payment to the Directors of the Company and each of the Directors be and is hereby authorised to continue to receive in respect of each of the five financial years of the Company upto and including the financial year ending on 31st March, 1966 a share in a commission of one per cent of the net profits of the Company computed in the manner referred to in sub-section (1) of Section 198 of the said Act."

The Share Transfer Books and Members Register of the Company will remain closed from 26th September, 1961 to 30th September, 1961, both days inclusive.

By Order of the Board,
For SAHU JAIN LTD.,
A. K. JAIN,
Managing Director,
Managing Agents.

CALCUTTA, *2nd September*, 1961.

N.B.—A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.

Explanatory Statement for the Special Business as required under Section 173 of the Companies Act has been forwarded to the Members of the Company.

THE BRADBURY MILLS, LIMITED

State Bank Building, Bank Street, Fort, BOMBAY.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Forty-eighth Annual General Meeting of the shareholders of the Bradbury Mills, Ltd. will be held on Tuesday the 26th September 1961 at 4-30 p.m. (S.T.) at the Registered Office of the Company, State Bank Building, Bank Street, Fort, Bombay, to transact the following business:

1. To receive and adopt the Directors' Report and the Audited Balance Sheet as on and Profit and Loss Account for the year ended 31st March 1961.
2. (a) To declare a Dividend on Preference Shares for the year ended 31st March 1961.
   (b) To declare an additional Dividend on Preference Shares for the year ended 31st March 1960 as required by the provisions of Section 3(4)(b) of the Preference Shares (Regulation of Dividends) Act 1960.
   (c) To declare a Dividend on Ordinary Shares.
3. To elect a Director in place of Mr. N. B. Jeejeebhoy who retires by rotation but offers himself for re-election.
4. To elect a Director in place of Mr. Radhakrishna Ramnarain Ruia who retires by rotation but who offers himself for re-election, and to consider and, if thought fit, to pass the following resolution as a Special Resolution of which special notice as required by Section 261 of the Companies Act 1956 has been received by the Company.

"Resolved that Mr. Radhakrishna Ramnarain Ruia who retires by rotation from his office as Director and who is a Director and member of Messrs. Ramnarain Sons Private Ltd., the Managing Agents of the Company, be and he is hereby appointed a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation."

To consider and, if thought fit, to pass either with or without modifications, the following Resolutions as Special Resolutions.

"Resolved that the contracts respectively entered into between the Company and Messrs. Vinaya Trading Co. Private Ltd. Dawn Mills Co. Ltd., and Phœnix Mills Ltd., who are associates of Ramnarain Sons Private Ltd., The Managing Agents of the Company, during the year 1960-61 pursuant to approval of the Company granted by the Special Resolutions passed at the Extraordinary General Meeting of the Company held on 5th December, 1958 and particulars whereof are entered in the Register of Contracts maintained under the provisions of Section 360 of the Companies Act 1956 be and they are hereby ratified and confirmed."

6. "Resolved that the Company hereby approves of contracts being entered into with Indokem Ltd. an associate of Ramnarain Sons Private Ltd. the Managing Agents of the Company for the period from the date of this meeting upto the date of the Annual General Meeting of the Company to be held in the year 1966, for the purchase and/or supply of dyes, colours and chemicals on terms of ready or forward delivery and either for cash or on credit in such quantity or quantities as may from time to time be required for the business of the Company at prevailing market rates, such purchase and supply not to exceed in any one financial year of the Company Rs. 1,00,000."
7. "Resolved that the Company hereby approves of contracts being entered into with Vinaya Trading Co. Private Ltd. an associate of Ramnarain Sons Private Ltd, the Managing Agents of the Company for the period from the date of this meeting upto the date of the Annual General Meeting of the Company to be held in the year 1966, for the purchase and/or supply of Indian or foreign cotton and Staple Fibre on terms of ready or forward delivery and either for cash or on credit in such quantity or quantities, as may from time to time be required for the business of the Company at prevailing market rates and/or for the supply of or rendering of service by them as cotton brokers and/or as insurance agents, such purchase and supply together with charges for supply or rendering of services not to exceed in any one financial year of the Company Rs. 30,00,000 and the Company hereby authorises the said Vinaya Trading Co. Private Ltd. to retain any commission or other remuneration earned or to be earned by them from the aforesaid business of supply of Indian or Foreign cotton and Staple Fibre or the aforesaid business of cotton brokers and/or insurance agents."
8. "Resolved that the Company hereby approves of contracts being entered into with Phœnix Mills Ltd. an associate of Ramnarain Sons Private Ltd. the Managing Agents of the Company for the period from the date of this meeting upto the date of the Annual General Meeting of the Company to be held in the year 1966, for the sale, purchase or supply of any goods on terms of ready or forward delivery and either for cash or on credit in such quantity or quantities as may from time to time be required for the business of the Company at prevailing market rates or for the supply of or rendering of service as dyers, and/or processors, such purchase and supply together with the charges for supply or rendering of services not to exceed in any one financial year of the Company Rs. 20,00,000 and on the terms that in respect of any goods supplied or sold or any service supplied or rendered by the Company to the said associate Company, the associate Company shall make payment to the Company within one month from the date of the supply or sale of the goods or for the supply or rendering of service as the case may be."
9. "Resolved that the Company hereby approves of contracts being entered into with Dawn Mills Co. Ltd. an associate of Ramnarain Sons Private Ltd. the Managing Agents of the Company for the period from the date of this meeting upto the date of the Annual General Meeting of the Company to be held in the year 1966, for the sale, purchase or supply of any goods on terms of ready or forward delivery and either for cash or on credit in such quantity or quantities as may from time to time be required for the business of the Company at prevailing market rates, or for the supply or rendering of service as dyers and/or of processors, such purchase and supply together with the charges for supply or rendering of services not to exceed in any one financial year of the Company Rs. 10,00,000 and on the terms that in respect of any goods supplied or sold or any service supplied or rendered by the Company to the said associate Company, the associate Company shall make payment to the Company within one month from the date of the supply or sale of the goods or for the supply or rendering of service as the case may be."
10. "Resolved that the consent of the Company be and is hereby accorded under the provisions of Sections 293(1)(d) of the Companies Act, 1956, [as amended by the Companies (Amendment) Act, 1960] to the Board of Directors of the Company borrowing from time to time all such sums of money as they may deem requisite or proper for the purpose of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose; Provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rs. 1,00,00,000 at any one time."
11. To appoint Auditors for the current year and to fix their remuneration.

The relative explanatory statement concerning the above special business as required by Section 173 of the Companies Act, 1956 is annexed hereto and forwarded to the members of the Company.

The Share Transfer Books of the Company will be closed from Monday the 21st August 1961 to Saturday the 16th September 1961, both days inclusive.

By Order of the Board,
For RAMNARAIN SONS PRIVATE LTD.,
RAMNIWAS RAMNARAIN,
Director,
Agents.

BOMBAY, *Dated 18th August*, 1961.

Notes:—(1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

(2) The Register of contracts referred to in special resolution No. 5 above is open for inspection of the shareholders at the Registered Office of the Company during office hours.

(3) Dividend, if sanctioned, will be payable at the United Commercial Bank Ltd., Bombay, on and from 29th September, 1961 to those shareholders whose names stand on the Register on 21st August 1961. Intimation of any change of address should be given to the Company immediately.

THE DAWN MILLS COMPANY LIMITED

State Bank Building, Bank Street, BOMBAY 1.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Forty-eighth Annual General Meeting of the shareholders of the Dawn Mills Co., Ltd., will be held on Thursday, the 28th September, 1961 at 4-30 p.m. (S.T.) at the Registered Office of the Company, State Bank Building, Bank Street, Fort, Bombay, to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Balance Sheet as on and Profit and Loss Account for the year ended 31st March 1961.
2. To declare a Dividend.
3. To elect a Director in place of Mr. Radhakrishna Ramnarain Ruia who retires by rotation but who offers himself for re-election and to consider and, if thought fit, to pass the following resolution as a Special Resolution of which special notice as required by Section 261 of the Companies Act 1956 has been received by the Company.

"Resolved that Mr. Radhakrishna Ramnarain Ruia who retires by rotation from his office as Director and who is a Director of Messrs. Ramnarain Sons Private Ltd., the Managing Agents of the Company, be and he is hereby appointed a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation."

4. To elect a Director in place of Mr. Shriyansprasad Jain who retires by rotation but who offers himself for re-election.

To consider and, if thought fit, to pass either with or without modifications, the following Resolutions as Special Resolutions.

"Resolved that the contracts respectively entered into between the Company and Messrs. Indokem Ltd., Vinaya Trading Co. Private Ltd., Bradbury Mills Ltd., and Phœnix Mills Ltd. who are associates of Ramnarain Sons Private Ltd., the Managing Agents of the Company, during the year 1960-61 pursuant to approval of the Company granted by the Special Resolutions passed at the Extra-ordinary General Meeting of the Company held on 4th December, 1958 and particulars whereof are entered in the Register of Contracts maintained under the provisions of Section 360 of the Companies Act 1956 be and they are hereby ratified and confirmed."

"Resolved that the Company hereby approves of contracts being entered into with Indokem Ltd, an associate of Ramnarain Sons Private Ltd., the Managing Agents of the Company for the period from the date of this meeting upto the date of the Annual General Meeting of the Company to be held in the year 1965 for the purchase and/or supply of dyes, colours and chemicals on terms of ready or forward delivery and either for cash or on credit in such quantity or quantities as may from time to time be required for the business of the Company at prevailing market rates, such purchase and supply not to exceed in any one financial year of the Company Rs. 2,50,000."

"Resolved that the Company hereby approves of contracts being entered into with Vinaya Trading Co. Private Ltd. an associate of Ramnarain Sons Private Ltd., the Managing Agents of the Company for the period from the date of this meeting upto the date of the Annual General Meeting of the Company to be held in the year 1965, for the purchase and/or supply of Indian or foreign cotton and Staple Fibre on terms of ready or forward delivery and either for cash or on credit in such quantity or quantities as may from time to time be required for the business of the Company at prevailing market rates and/or for the supply of or rendering of service by them as cotton brokers and/or as insurance agents, such purchases and supply togegther with charges for supply or rendering of services not to exceed in any one financial year of the Company Rs. 30,00,000 and the Company hereby authorises the said Vinaya Trading Co. Private Ltd. to retain any commission or other remuneration earned or to be earned by them from the aforesaid business of supply of Indian or Foreign cotton and Staple Fibre or the aforesaid business of cotton brokers and/or insurance agents."

"Resolved that the Company hereby approves of contracts being entered into with Phœnix Mills Ltd. an associate of Ramnarain Sons Private Ltd. the Managing Agents of the Company for the period from the date of this meeting upto the date of the Annual General Meeting of the Company to be held in the year 1965, for the sale, purchase or supply of any goods on terms of ready or forward delivery and either for cash or on credit in such quantity or quantities as may from time to time be required for the business of the Company at prevailing market rates or for the supply of or rendering of service as dyers, and/or processors, such purchase and supply together with the charges for supply or rendering of services not to exceed in any one financial year of the Company Rs. 10,00,000 and on the terms that in respect of any goods supplied or sold or any service supplied or rendered by the Company to the said associate Company, the associate Company shall make payment to the Company within one month from the date of the supply or sale of the goods or for the supply or rendering of service as the case may be."

"Resolved that the Company hereby approves of contracts being entered into with Bradbury Mills Ltd. an associate of Ramnarain Sons Private Ltd. the Managing Agents of the Company for the period from the date of this meeting upto the date of the Annual General Meeting of the Company to be held in the year 1965, for the sale, purchase or supply of any goods on terms of ready or forward delivery and either for cash or on credit in such quantity or quantities as may from time to time be required for the business of the Company at prevailing market rates, or for the supply or rendering of service as dyers and/or processors, such purchase and supply together with the charges for supply or rendering of services not to exceed in any one financial year of the Company Rs. 10,00,000 and on the terms that in respect of any goods supplied or sold or any service supplied or rendered by the Company to the said associate Company, the associate Company shall make payment to the Company within one month from the date of the supply or sale of the goods or for the supply or rendering of service as the case may be."

10. "Resolved that the consent of the Company be and is hereby accorded under the provisions of Sections 293(1)(d) of the Companies Act, 1956, [as amended by the Companies (Amendment) Act, 1960] to the Board of Directors of the Company borrowing from time to time all such sums of money as they may deem requisite or proper for the purpose of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose; Provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rs. 75,00,000 at any one time."

11. To appoint Auditors for the current year and to fix their remuneration.

The relative explanatory statement concerning the above special business as required by Section 173 of the Companies Act 1956 is hereto annexed, and forwarded to the members of the Company.

The Share Transfer Books of the Company will be closed from Monday, the 21st August 1961 to Saturday, the 16th September, 1961, both days inclusive.

By Order of the Board,
For RAMNARAIN SONS PRIVATE LTD.,
RAMNIWAS RAMNARAIN,
Director,
Agents.

BOMBAY, 18*th August*, 1961.

Notes: 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

2. The Register of Contracts referred to in Special Resolution No. 5 above is open for inspection of the shareholders at the Registered Office of the Company during office hours.

3. Dividend, if sanctioned, will be payable at the State Bank of India, Bombay, on and from Tuesday the 3rd October, 1961 to those shareholders whose names stand on the Register on 21st August, 1961. Intimation of any change of address should be given to the Company immediately.

THE PHOENIX MILLS, LIMITED

State Bank Building, Bank Street,
BOMBAY 1.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fifty-sixth Annual General Meeting of the shareholders of the Phœnix Mills Ltd., will be held on Wednesday, the 27th September 1961, at 4-30 p.m. (S.T.) at the Registered Office of the Company, State Bank Building, Bank Street, Fort, Bombay, to transact the following business:

1. To receive and adopt the Directors' Report and the Audited Balance Sheet as on and Profit and Loss Account for the year ended 31st March 1961.

2. To declare a Dividend.

3. To elect a Director in place of Mr. Radhakrishna Ramnarain Ruia who retires by rotation but who offers himself for re-election, and to consider and, if though fit, to pass the following resolution as a Special Resolution of which special notice as required by Section 261 of the Companies Act 1956 has been received by the Company.

"Resolved that Mr. Radhakrishna Ramnarain Ruia who retires by rotation from his office as Director and who is a Director and member of Messrs. Ramnarain Sons Private Ltd., the Managing Agents of the Company, be and he is hereby appointed a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation."

To consider and, if thought fit, to pass either with or without modifications, the following Resolutions as Special Resolutions.

4. "Resolved that the contracts respectively entered into between the Company and Messrs. Indokem Ltd., Vinaya Trading Co. Private Ltd., Bradbury Mills Ltd., Dawn Mills Co. Ltd., and Shri L. V. Bhave who are associates of Ramnarain Sons Private Ltd., the Managing Agents of the Company, during the year 1960-61 pursuant to approval of the Company granted by the Special Resolutions passed at the Annual General Meeting of the Company held on 22nd September 1959 and particulars whereof are entered in the Register of Contracts maintained under the provisions of Section 360 of the Companies Act 1956 be and they are hereby ratified and confirmed."

5. "*Resolved that*, the consent of the Company be and is hereby accorded under the provisions of Sections 293(1)(d) of the Companies Act, 1956, [as amended by the Companies (Amendment) Act 1960] to the Board of Directors of the Company borrowing from time to time all such sums of money as they may deem requisite or proper for the purpose of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose; Provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rs. 1,50,00,000 at any one time."

6. To appoint Auditors for the current year and to fix their remuneration.

The relative explanatory statement concerning the above special business as required by Section 173 of the Companies Act 1956 is annexed hereto and forwarded to the members of the Company.

The Share Transfer Books of the Company will be closed from Monday, the 21st August 1961 to Saturday, the 16th September 1961, both days inclusive.

By Order of the Board,
For RAMNARAIN SONS PRIVATE LTD.,
RAMNIWAS RAMNARAIN,
Director
Agents

BOMBAY, 18*th August*, 1961.

Notes: 1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

2. The Register of contracts referred to in special resolution No. 4 above is open for inspection of the shareholders at the Registered Office of the Company during office hours.

3. Dividend, if sanctioned, will be payable at the Bank of India Ltd., Bombay, on and from Tuesday, the 3rd October 1961 to those shareholders whose names stand on the Register on 21st August 1961. Intimation of any change of address should be given to the Company immediately.

GOOD RESPONSE TO STATE LOANS

(From Our Own Correspondent)

BOMBAY, 6*th September*

Following the opening of the lists for the 4½ per cent 1972 State Loans on Monday the 4th inst., conditions in the short-term money market, which had remained comfortable for the past few weeks, turned distinctly stringent. The inter-bank call money rate among both Indian and Exchange banks went up sharply by 1½ per cent to 3½ per cent on Monday the 4th inst. Today, the borrowing banks had difficulty in obtaining funds even at 3½ per cent and transactions were done at 3¾ per cent at the close of the market. The call rate is expected to harden further in the coming days. The term rates, however, remained unchanged as under:

		Per cent
Notice Money:		
3 days or more	... ...	3
Term deposits:		
(i)	3 to 30 days (inclusive)	3
(ii)	31 to 60 days	3½
(iii)	61 to 90 days	3½
(iv)	91 days and more but less than 12 months	3¾
(v)	12 months	4

In order probably to facilitate subscriptions to the State loans, there were no sales of 91 days' Treasury Bills of the Government of India under the tender system during the week under review. 91 days' intermediate Treasury Bills sold from the 30th August to the 2nd inst. amounted to Rs. 71 lakhs as against Rs. 129 lakhs in the previous week.

A further contraction of Rs. 4.78 crores in notes in circulation is disclosed by the statement of affairs of the Reserve Bank of India for the week ended 1st September 1961, as compared with the previous week, during which the notes in circulation had declined by as much as Rs. 22.47 crores. As the notes held in the Banking Department have gone up by Rs. 5.24 crores, the total notes issued have advanced by Rs. 46.36 lakhs. The foreign securities held by the Issue Department are unchanged at Rs. 116.86 crores, but, as the balances held abroad have fallen by Rs. 7.02 crores, the aggregate foreign assets have shrunk by that amount to Rs. 136.45 crores. On the liabilities side, the deposits of the Central Government have declined sharply by Rs. 12.09 crores. Deposits of banks dropped by Rs. 1.71 crore only. The assets side shows that other loans and advances, which include loans to scheduled banks against usance bills, went up by Rs. 1.06 crore.

The statement of affairs of the scheduled banks for the week ended 25th August 1961 shows an expansion of Rs. 4.56 crores in demand deposits and of Rs. 9.85 crores in time deposits. The deposits of the State Bank of India rose by just Rs. 19 lakhs. Borrowings from the Reserve Bank dropped by Rs. 27.35 lakhs, and such against usance bills by Rs. 40 lakhs. The borrowings from the State Bank of India of time nature were also down by Rs. 85 lakhs, while those of demand nature from the same institution went up by Rs. 1.11 crore. On the assets side, investments improved by Rs. 12.45 crores, of which the rise on account of the State Bank of India was as much as Rs. 11 crores. Advances and bills discounted (bank credit) contracted further by Rs. 7.63 crores to Rs. 1,223.86 crores, in addition to the fall of Rs. 4.78 crores witnessed in this portfolio previous week. Advances of the State Bank of India declined by as much as Rs. 6.54 crores, which suggest that the contraction in bank credit of the private scheduled banks was only of the order of Rs. 1.09 crore.

The major development in the Government securities market during the week under review was the opening of the subscription lists for 4½ per cent State loans maturing in 1972. The response to the new loans was, indeed, excellent. The lists for five loans, namely, of Orissa, U.P., Bihar, Maharashtra and West Bengal were closed on Monday the 4th inst., itself. The Gujarat Loan was closed yesterday on having been fully subscribed. The loans of the remaining seven States were closed today on having been fully subscribed. Of the thirteen States that entered the market, the issues of Orissa and Uttar Pradesh alone are stated by the Reserve Bank as having been "oversubscribed." while those of the remaining 11 States are said to have been "fully subscribed." The downward adjustment in respect of 4½ per cent 1970 State issues witnessed in the past two weeks persisted during the week under review. 4½ per cent Madras, Andhra, U.P., Madhya Pradesh, Orissa, Mysore loans suffered losses ranging from 25 nP to 50 nP.

The Central loans section was on the whole quiet. The Conversion Loan put on 10 nP to Rs. 72.80. But 3½ per cent 1967 3rd National Plan Bonds shed 5 nP to Rs. 99. All other Central loans were unchanged.

In the foreign exchange section, the rupee appreciated further in relation to the U.S. dollar. Banks' selling and buying rates for ready T.T. on New York were Rs. 476.50 and Rs. 473.25 respectively, as against Rs. 477.25 and Rs. 473.75. In the New York Exchange, the pound sterling gained further *vis-a-vis* the dollar. The latest available rates are 281.000-281.040 cents per £ for spot and 278.320-278.360 cents per £ for three months' forward. As compared with the last week's rates, the pound sterling has gathered strength by 0.46 cent in the spot and by 0.34 cent in the forward.

BULLION EASY

(From Our Own Correspondent)

BOMBAY, 6*th September*

This was a short week of only four working sessions for the bullion market which remained closed on Saturday (*Gokul Astami*) and yesterday (*Khordad Sal*). During this brief period, as well as in the kerb, the market ruled distinctly easy. The easiness was due to heavy arrivals, while offtake was relatively less. The daily average arrivals amounted to 6,335 tolas of gold and 27 bars of silver, as against 3,750 tolas and 21 bars, respectively, in the previous week. The average rate of offtake was of the order of only 3,665 tolas and 9 bars, though the figures are higher than those for the previous week (3,000 tolas and 5 bars).

When the market opened on Monday the 4th inst. silver was subjected to nervous liquidation by bulls following the reported sale of 120 bars of silver by the Reserve Bank a few days before. Subsequently, a recovery was, of course, in evidence, on the news that the silver sold was only the balance of refined silver (or *bhusa*) that was with the Bank and that the Bank had rejected the low price offered by some buyers. But the recovery was not marked enough to make up for earlier loss. Today, the market presented a dull appearance in the absence of fresh support. Business put through was restricted and values moved narrowly, the general tendency being downward. The closing rates for both gold and silver were lower than those prevailing a week ago.

Adjustment rates fixed today were Rs. 122.85 per 10 grams of gold and Rs. 202.55 per kilogram of silver. The corresponding rates on Wednesday last week were Rs. 124.50 and Rs. 204.30, respectively.

In gold, the *Bhadrapad* (25th September) settlement encountered selling and moved down from Rs. 124.50 to Rs. 123.40 today, before finishing at Rs. 123.45.

Ready also declined in the course of the week from Rs. 124.75 to Rs. 123.10. At this rate, the discount under the forward was 35 nP, as against 25 nP last week-end. Actually, ready gold commanded a premium of 10 nP on Friday the 1st inst., but it proved short-lived.

The *Bhadrapad* (26th September) settlement in silver began the week at Rs. 204.85, as against the previous close of Rs. 204.90, and touched a low of Rs. 202.60 on Monday. After recovering to Rs. 203.30 the same day, the settlement eased again to Rs. 202.85 today, though it closed better at Rs. 203.20.

Ready silver continued to be quoted at a discount under the forward throughout the week. The actual discount today was 65 nP, as against 60 nP on Wednesday last week. The ready metal fell from Rs. 204.30 to Rs. 202 on the 4th inst. At this level, there was some support and the rate improved to Rs. 202.70, but declined again today to Rs. 202.20 before finishing at Rs. 202.55.

The world price of gold in the London bullion market improved by one-eighth cent to touch $35.19 per fine ounce. The persistent firmness of gold was engendered by international political tension and reported buying by some European central banks. The sterling price of gold, however, declined from 250s. 11d. to 250s. 6¼d., owing to the strength of the pound sterling *vis-a-vis* the dollar. Ready and forward silver were unchanged at 79¾d. and 80⅜d., respectively, as also silver in New York at 91.375 cents.

The following table shows the trend of prices during the week under review:

	6-9-1961 (closing)	High	Low	30-8-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	123.10	124.75	123.05	124.75
Forward : Bhadrapad* ..	123.45	124.60	123.40	124.50
Sovereign	95.25	95.25	95.00	95.00
SILVER				
Ready (.996 fine)	202.55	204.25	202.00	204.30
Forward : Bhadrapad† ..	203.20	204.95	202.60	204.90
London—				
Silver Ready	79¾d.	—	—	79¾d.
Silver Forward	80⅜d.	—	—	80⅜d.
Gold	250s. 6¼d.	250s. 11¼d.	250s. 6¼d.	250s. 11d.
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th September settlement. † 26th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.35 tola) and that for silver is per kilogram (35.7 tolas). London and New York quotations are per ounce.

KIPS FIRM

(From Our Own Correspondent)

MADRAS, 2*nd September*

Arrivals of kips during the week were moderate. Contrary to expectations, U.K. inquiries were limited and very selective. Consequently, more reasonable offers were available. The response from the U.K., however, was poor. The local markets continued to rule firm, particularly inferior fifths all weights.

Raw markets were reported to be still uneconomical. Tanned buff calf and cow calf remained unchanged and inquiries were not many. Tanned buffs continued to be firm with limited stocks. Tanned goat all tannages and marks had only limited inquiries with buyers rather particular about reduction in price. The Continent and the U.S.A. were inquiring for lower selections and some business resulted at previous prices.

Tanned sheep skins superfine classes had only limited inquiries at previous prices, but middle classes had good call from the U.K. and the Continent. Fair business resulted. Clearances by shippers from local market were moderate. Local prices were firm and uneconomical compared to c.i.f. rates.

COTTON FUTURES STEADY

(From Our Own Correspondent)

BOMBAY, 6*th September*

For the second week in succession, the cotton futures market had a short session. There were only three trading days during the week. During this short period the market ruled steady. The steadiness, in the context of higher carryover stocks of cotton and the prospect of a good crop, is attributed to the bullish interpretation of some of the changes made in the cotton policy for the new season. No doubt, the upward adjustment in the ceiling prices of Kalyan and Westerns was a bullish factor. The alterations made in the groupings of certain varieties and in the differentials were also regarded as such as to make the realisation of higher price possible. The abolition of compulsory survey and the hope that 50 per cent of the quota for Indian cotton would be released to the mills in the first instance (this hope materialised as is indicated below) also imparted strength to the market. Though the crop was expected to be a good one, the fact that the present is a critical period, which can make or mar the harvest, acted as a restricting influence. The continued delay in giving permission for trading in delivery contracts was also a damper. Under the influence of pulls from either side, futures values ruled steady. The Jarilla March contract is currently quoting at Rs. 596, the same as the last week-end rate.

Demand for ready cotton was subdued early in the week. Most of the mills were expecting the announcement of their first quota for Indian cotton which came off only yesterday. As was anticipated, mills have been permitted to purchase new or old crop up to 50 per cent of their total consumption of Indian and foreign 'B' cotton (that is, foreign cotton of 1" and below staple) during the season ended 31st August last. The quota, however, will not be available to those mills which have not fulfilled their obligations to import American 'B' cotton allotted to them during the 1960-61 season. Such mills are advised to approach the Textile Commissioner through the Indian Cotton Mills' Federation for necessary permission to buy Indian cotton against the above quota.

Following the announcement of the quota, spinners showed keen interest in popular styles. Prices tended to rise.

Demand for exportable styles continued to be slow. Shippers are anxiously awaiting the first export quota announcement for the new season. Meanwhile, they are reported to have submitted proposals for a more helpful and realistic export policy in respect of cotton for the consideration of the Export Advisory Council scheduled to meet in New Delhi next week. Release of a sufficiently large quantity of Bengal *Deshi* early in the season without any grade stipulation or other restrictions and a uniform policy in respect of issue of licences (the trade favours the-first-come-first-served basis of licensing) are said to be two of the main suggestions made by trade quarters.

Interest in foreign cotton was confined mainly to Sudan, Egyptian and East African growths. Ready lots of U.S. growths too evoked attention. Jinga was done at Rs. 1,150 per candy. Busoga (*U.N.U.G.*) was traded at Rs. 1,245 for January-February shipment. B.P. 52 was quoted at Rs. 1,245 for February-March shipment. Sudan P.L. found buyers at Rs. 1,509 per candy for prompt shipment.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri:

Bengal *Deshi* 600; Jarilla 925; Surti 930; Laxmi 935; Digvijay 920.

Easy conditions prevailed in the Karachi cotton futures market during the week. In a market predominated by sellers, the report that Hong Kong had purchased Brazilian cotton in preference to Pakistan cotton induced a fresh wave of selling. The continued poor demand from abroad, and the news that earlier fears of damage to the crop was exaggerated aided the bearish sentiment. The N.T.R.G. January contract receded from Rs. 74.95 last week-end to Rs. 73.65. The March contract too declined from Rs. 73.90 to Rs. 72.90.

The first official estimate of cotton for the 1961-62 places the area under the crop at 3.27 million areas, an increase of 2.3 per cent over last year.

Futures trading in Alexandria continued to be suspended during the week under review also. Russia was by far the largest buyer of Egyptian cotton during the 1960-61 season, followed by the U.S. Yugoslavia, Poland, India, Rumania, Japan, People's China and East Germany, in that order, according to official figures just released. The most favoured cotton variety was Menufi, 3,053,501 kantars of which were exported during the season, as against 3,852,447 kantars in the previous season. Other varieties in demand in order of popularity were Karnak, Ashmouni, Giza 30, Giza 47 and Giza 45.

Precise figures of carryover stocks as on 1st September 1961 are not available at present. Stocks are, however, not expected to exceed those on the corresponding day of the previous season.

Cotton futures in Liverpool suffered a setback during the week. Values tended to recede in thin trading characterised by light hedge selling and scattered Commission House liquidation. Both the American and American type contracts declined. The Sudan cotton contract at Liverpool were, however, unchanged, thanks to steady Khartoum advices.

The following are the latest available quotations—in pence—per lb. from Liverpool:

American cotton one inch staple contract: October 24.30; December 24.75; March 25.20; May 25.60.

American cotton one inch staple contract: October 24.75; December 25.15; March 25.55; May 26.66.

Sudan: September, November, January 31.50.

New York cotton futures market ruled quiet during the week. Uncertainty about the crop and farm policies curbed large-scale activity. Values moved in a narrow groove in routine dealings. Prices showed little change over the week.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	5-9-61	29-8-61	22-8-61
New York Spot	35.25	35.20	35.15
New Orleans Spot ...	33.00	33.00	33.00
October	34.00	34.48	34.65
December	35.00	35.02	35.17

YARNS STEADY

(From Our Own Correspondent)

BOMBAY, *6th September*

The yarn market depicted a fully steady trend during the week under review. Although the volume of transactions put through was not large, prices were well maintained. This was due to hopes of enlarged demand from consuming centres in the next few weeks, as is usual after the monsoon. Even reports that the State Trading Corporation might offer for sale a further quality of yarn failed to have any effect. Nor were rumours of selling by some weavers in upcountry centres of any avail.

JP (40 x 1) October contract in the art silk yarn section met with good support and advanced by Rs. 62 to Rs. 3.196. December contract was firm at Rs. 3,168. Spot Cupressa (60 x 1) were done at Rs. 2.798, same as last week. No forward business was done in this yarn, in view of shortage of supplies. National Rayons 150 Bt. cones A grade spurted by 20 nP to Rs. 15.11. Among imported yarns, 150 Japan rallied from Rs. 2,205 to Rs. 2,231. But 120 Japan came in for selling and fell by Rs. 29 to Rs. 2,121.

Staple fibre yarn (40 x 1) October settlement picked up Rs. 5 to Rs. 829. December contract was fully maintained at Rs. 829. Spot Hinds hardened by 13 nP to Rs. 9.90. Citys gathered 4 nP to Rs. 10.16. Kohinoors were firm at Rs. 11.

In the cotton yarn section, ten counts Podars were unchanged at Rs. 17.37, as also Pralads at Rs. 16.75. Twenty counts New Greats strengthened by 25 nP to Rs. 21.50. Gokaks were steady at Rs. 23. Thirty counts New Greats, however, dropped 25 nP to Rs. 26.50. Forty counts Maduras put on 12 nP to Rs. 32.62, while Minaxis eased by 50 nP to Rs. 32.50. Sixty counts Finlays were unaltered at Rs. 62.87. Eighty counts Finlays were done at Rs. 81.62, same as last week. Moderns rose by 25 nP to Rs. 68.50.

The following table gives the prices of rayon, staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	6-9-1961	30-8-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Cupressa Bemberg (100 kg.)—		
Spot	2,798.00	2,798.00
40 x 1 JP		
October	3,196.00	3,134.00
120 Japan (per 100 kg.)	2,121.00	2,150.00
150 Japan (per 100 kg.)	2,231.00	2,205.00
Nat. Ray. 150 Bt. I	15.11	14.92
Staple fibre yarn (40 x 2)—		
October (per 90.72 kg.)	829.00	824.00
City (per kg.)	10.16	10.12
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.37	17.37
20s Gokak	23.00	23.00
30s New Great	26.50	26.75
40s Madura	32.62	32.50
60s Finlay	62.87	62.87
80s Modern	68.50	68.25

OILSEEDS DEPRESSED

(From Our Own Correspondent)

BOMBAY, *6th September*

There was a landslide in prices of oilseeds and oils during the week under review, thanks to heavy long liquidation. Groundnuts were particularly depressed. Saurashtra and Nizam interests were prominent sellers. Further crop reports from the major producing centres indicated possibility of a bumper crop in the 1961-62 season. Crushers and *vanaspati* manufacturers were reluctant to enter into any large fresh commitments in expectation of a further drop in prices. Another bearish factor was the decline in world prices of groundnut oil, following comfortable supply position in Nigeria and Argentina, large stocks held by both the U.K. and the Netherlands, and fears that Brazil would release a further quantity of groundnut oil for exports. There were, besides, rumours of a possible devaluation of Brazilian currency. Latest estimates of world groundnut crop (excluding China) for the 1960-61 season places the aggregate output at the record level of 10.3 million tons, representing an increase of 1.1 million tons over the previous season. Castorseed lost ground in the absence of fresh support. Shippers were not hopeful of any immediate revival of overseas buying of Indian castor oil. Apprehensions regarding heavy tenders against the maturing contracts, too, depressed the sentiment. Linseeds and cottonseeds were also subjected to heavy selling. Sesame suffered a sizable setback, the price touching a new low for the season.

Groundnut January 1962 contract was marked down by Rs. 6.87 to Rs. 207.75. Both Coromandels and Khandesh quality lost Re. 1.25 to Rs. 48. Nizam bold dropped a rupee to Rs. 48. Oil Railway receipts shed 15 nP to Rs. 20.35. Oil January 1962 contract receded by 72 nP to Rs. 16.90.

Castorseeds September 1961 contract fell by Rs. 4 to Rs. 165.12. March 1962 contract gave way from Rs. 167.87 to Rs. 164.12. Ready Madras declined by 37 nP to Rs 34. Oil B.S.S. closed lower at Rs. 15, as against Rs. 15.40 a week ago. Oil commercial softened by 25 nP to Rs. 13.50.

Linseed March 1962 contract decreased by Re. 1.12 to Rs. 36.25. September contract retreated from Rs. 39.31 to Rs. 38.25. Bold ready lost 38 nP to Rs. 38.12. Linseed oil shed 10 nP to Rs. 16.35.

Cottonseed September 1961 contract suffered a loss of Rs. 3 over the week, today's closing rate being Rs. 90.25. January 1962 contract receded by Re. 1.50 to Rs. 90. Whites decreased by 75 nP to Rs. 19.25. Both Berars and non-Whites declined from Rs. 19.20 to Rs. 18.75.

Sesame *bold* were hammered down from Rs. 310 to Rs. 270 (per 250 kgs.). Sesame oil lost a rupee to Rs. 22.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	6-9-1961	30-8-1961	23-8-1961
	Rs.	Rs.	Rs.
Groundnut *			
January 1962	207.75	214.62	218.50
Nizam bold	48.00	49.00	52.50
Coromandel ready	48.00	49.25	52.50
Khandesh quality	48.00	49.25	52.50
Oil ex-mill ready*	20.60	20.75	21.75
Railway receipts*	20.35	20.50	21.60
Oil January 1962	16.90	17.62	18.10
Castorseed			
September 1961	165.12	169.12	170.12
March 1962	164.12	167.87	169.87
Ready Madras	34.00	34.37	34.50
Ready Kanpur	33.12	33.25	33.37
Oil B.S.S.†	15.00	15.40	15.60
Oil commercial†	13.50	13.75	14.05
Linseed			
September 1961	38.25	39.31	40.12
March 1962	36.25	37.37	37.50
Bold ready	38.12	38.50	40 00
Oil ready†	16.35	16.45	17.05
Cottonseed			
September 1961	90.25	93.25	93.50
January 1962	90.00	91.50	92.50
Niger seed	39.50	40.50	40.75
Kardi seed	24.50	25.00	25.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PEPPER MOVES NARROWLY

(Messrs. Parekh and Co.)

BOMBAY, *6th September*

Malabar black pepper ruled quiet but steady during the week, with prices fluctuating within a narrow groove, despite sizable purchases by New York. The week was short on account of intervening holidays in both India and the U.S. New York dealers preferred to take up all offers of Malabar for afloat to be shipped by the Non-Conference at prices ranging from $0.44 to $0.44½ before the long week-end holidays, as they wanted to remain covered against the political uncertainty on the Berlin issue.

Garbled at Cochin moved between Rs. 405 and Rs. 410 and ungarbled between Rs. 390 and Rs. 394. October delivery fluctuated within a narrow range of Rs. 4 per 100 kilos, the highest and the lowest being Rs. 421 and Rs. 417, respectively. December was quoted lower by Rs. 20 than October. Calicut was done at Rs. 385.

Though the market is fairly steady, it lacks any noticeable bull fervour, as the speculators who have already gone long do not want to commit further unless a new development takes place. New York is buying hand to mouth, despite deterioration in political situation on the Continent, as most of the dealers there do not expect any major development on the Berlin issue.

Spot in New York was steady at $0.46. After the labour holidays, generally considered to mark the beginning of demand from grinders, the dealers in New York expect good buying order from grinders who are not fully covered for their autumn requirements. But they do not want to excite the sellers. As such, they buy only after a higgle-haggle and at their prices.

Singapore is reported to be fairly steady with sellers reserved, as they expect some new development in Indonesia. There is neither short sales nor strong speculative long position anywhere in either the supplying or the consuming centres of the world. It, therefore, seems that the improvement in the prices of pepper will be very slow unless the political situation deteriorates further. Most of the bull speculators having suffered losses during the last year, they do not want to take a plunge unless they are sure of shortage of pepper in the world's production or that there is some bushfire before the end of the present cold war psychosis.

Ready pepper in Bombay is nominally quoted at Rs. 215 per 50 kilos.

TEA IRREGULAR

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *29th August*

Offering totalled 351,000 kilograms in Sale No. 35 held on Tuesday, 29th August, 1961. Quality from the Nilgiris was irregular although a useful selection was on offer. From other districts, the standard was about maintained. There was fair general demand. Highgrowns came in for keen competition at generally dearer rates and some attractive prices were realised for some of the brighter lines. Mediums and good mediums, although well supported, were irregular and generally lower upto 10 nP. Enquiry for low mediums and plainest sorts was more restricted and prices declined by 10 to 15 nP. Whole leaf grades came to a lower market. Legg-cut and C.T.C. types were neglected and there were withdrawals in the latter category.

The quotations (per kg.) were:

	1961	1960
	Rs.	Rs.
Low mediums	4.35/4.45	3.85/4.15
Mediums	4.45/4.55	4.25/4.40
Good mediums	4.50/5.50	4.50/4.90
Nilgiri	5.00	7.00

The average price realised in Sale No. 35 was Rs. 4.79 per kilo as against Rs. 4.75 in the previous week and Rs. 4.58 in the corresponding sale last year.

Dust Sale No. 35: Just over 100,000 kilograms were offered in Dust Sale No. 35 held on Thursday 31st August 1961. Demand was good but less general. Highgrowns were irregular but generally about steady. Low mediums met fair support but were easier by 10 and sometimes 15 nP per kilo whilst good mediums were up to 10 nP lower. Poorer descriptions and residuals were a weak feature registering a decline of 15 to 20 nP. C.T.C. and C.T.C. types sold well but followed the lower trend of the market.

The average price realised in Dust sale No. 35 was Rs. 4.78 per kilo as compared with Rs. 4.77 a week ago and Rs. 4.21 in the corresponding sale last year.

Export Quota: Some business has been transacted at 1½ nP per kilo.

Colombo: The market opened to strong demand with Uva teas selling at dearer rates following quality. Dimbulas declined by 10 to 20 cents per lb whilst mediums and lowgrowns were also somewhat easier.

London: North Indian and other growths: In Monday's North Indians sale demand was selective. Best C.T.C's were firm and tippy teas often dearer. The remainder, however, were irregular with the poorer types following a lower trend.

Ceylon and South Indian: In Tuesday's sale when 31,859 packages were on offer, 13,014 came from South India. Although receiving fair demand and market was generally easier for all types with many withdrawals.

As we go to Press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire:

"*Sale 36*: 360,000 kilograms. Less general demand. Plain and low mediums declined irregularly about 10 nP. Mediums 15 to 20 nP easier. Highgrown brokens easier. Fannings fully firm. Prices eased further towards close."

FOODGRAINS QUIET

(From Our Own Correspondent)

HAPUR, *4th September*

Quietly depressed conditions prevailed in the foodgrains market during the week. Trading was poor due to inclement weather. Despite losses to *kharif* crops following heavy rains for more than a month, the overall food situation in the country was reported to be satisfactory, as there were heavy stocks with both the Centre and the State Governments, and heavy imports were expected to follow under previous commitments. Wheat at Hapur ruled quiet at Rs. 15 per maund for average quality, while wheat imported from Punjab was being sold lower at Rs. 14.25 per maund. Farm quality, however, was steady upto Rs. 16.25 per maund. Daily arrivals were poor at an average of 75 maunds, and stocks with the trade were put at 25,000 maunds.

Rice was depressed, as crop prospects were again reported to be bright and last year's rice crop was a bumper one. Demand was also slack, and week-end prices were: *Mainpuri sela* Rs. 22.37; *Ramajwayan sela* Rs. 23.50; *Raimunia sela* Rs. 25.00; *Basmati sela* Rs. 29.00 to Rs. 31.00; superior Rs. 35.00 to Rs. 38.00 per maund.

Gram drifted lower on easy Punjab advices and selling pressure from stockists, as local stocks were reported to be heavy at about 40,000 maunds. Barley and *bejhar* were stagnant in the absence of demand and some imports were reported from Punjab. New maize also eased by Re. 1 per maund, as quality reaching the market was still poor due to inclement weather. *Jowar* and *guwar* lay flat. Demand for them was negligible. *Methi* also drifted lower due to poor demand at higher price levels. Week-end prices were: Gram Punjab Rs. 13.50 to Rs. 13.75; inferior Rs. 13.37; barley Rs. 10.75 to Rs. 11.00; *bejhar* Rs. 10.25 to Rs. 11.25; *jowar* Rs. 11.50; *guwar* Rs. 14.25; maize Rs. 11.00 to Rs. 12.00; *bajra* Rs. 15.00; oats Rs. 12.00 and *methi* Rs. 26.00 per maund.

In the pulses section, peas was quiet. Despite heavy local stocks with trade at 74,000 maunds, stockists were reluctant sellers at prevailing prices. Week's offtake was only two wagonloads in the form of *dal*. *Arhar* was also stagnant, as demand was slack, and local stocks were put at 45,000 maunds. *Moong*, however, sought lower levels on good crop reports from producing areas of the South and *urd* was also depressed in sympathy. Week-end prices were (in rupees per maund) peas *dara* 11.00; *khatti* 11.25; farm 12.00; *khatti* 12.25; pens *dal* 12.75; *arhar dal* 15.50, gram *dal* 15.75; *urd* 21.00; *urd dal* 24.00; *moong* 20.00 to 21.00; *moong dal* 23.00 to 24.00; *masoor* 13.00 to 16.00; *dal* 16.00.

Fairly heavy rains for over a month and the consequent floods and water logging over wide area have not only damaged the *kharif* crop immensely but the preparation of land for *rabi* sowings has also been delayed.

THE HUMAN FACTOR IN ECONOMIC DEVELOPMENT—I

(Concluded from page 489)

with military discipline under the leadership of Mahatma Gandhi in the fight for freedom. The same habit continues under different conditions, inasmuch as it is the leadership of Pandit Jawaharlal Nehru, combined with the hero-worship for, as well as faith in his integrity and capacity by the people at large, that enables the Congress organisation to work as a unit, in spite of the diverse forces working in the opposite direction. The absence of a leader who can inspire such universal respect after him is already felt, with possibilities which cannot be easily foreseen.

During the interval, other anomalous situations are growing. For example, while we seem to be anxious to remove caste and other distinctions in the country, we have the paradox of having created new privileged classes, such as those of the politician and the administrator. The paradox is all the greater, when we notice that, whereas efforts are made to eliminate concentration of economic power in the hands of the capitalist, we have the spectacle of concentration of both political and economic power in the hands of this new privileged class.

The Capitalist

Among these privileged classes must also be included the capitalist. The policy of the Government has led to some increase in the number of capitalists, though it has not reduced their power or status. Consistently with the goal of a Socialistic Pattern of Society and the decentralisation of industries, more opportunities have been afforded to those few who are able to take advantage of the same. This was natural, because the limited number of capitalists that we had could not possibly cope with the new tasks of industrial development only by themselves. The privileged class of ruling princes and big landlords has disappeared; this has, however, been partly responsible for the addition to the number of the capitalist class. Though the capitalist group has thus increased in number to some extent, it has not been adversely affected by the policy of the Government to eliminate concentration of economic power. Legal, as well as administrative, measures have been taken to some extent in this direction. But the capitalist class has shown, in spite of loud complaints, remarkable capacity of adjustment to the changing political and economic climate in the country. The detached observer may find plenty of food for thought in the game between the politician and the capitalist for power and profit, which is a feature of the political and economic arena of the country.

The Neglected Elite

As against these privileged classes, we have the unfortunate group of the neglected elite of the population. The intelligentsia constitute the group of persons who are capable of doing better, but who are denied the opportunity to do so under the present state of affairs. In any well-ordered society, leadership is usually drawn from the intelligentsia of the population. The fact that we generally complain of the non-availability of suitable leadership in different walks of life shows that the intelligentsia is in a bad way, not able to penetrate the walls of the privileged classes. In this group may be included members of the teaching profession, the managerial and technical personnel in the growing industrial activity and such other persons. Research workers in different fields of knowledge or experts would also belong to this category. The national loss involved in the relatively lower status given to the elite of the population, particularly to the teachers, may be a good subject for statistical calculations.

The Under-privileged Classes: The Agriculturist —"the Favoured Hopeful"

Besides these two classes, we have the large mass of the people who may be broadly described as under-privileged. Among the under-privileged class, however, certain groups are discernible who seem to receive special treatment. For example, we have the large number of people who can be included under the category of the agriculturist. For various reasons, partly economic and partly political, the agriculturist may be described as "the favoured hopeful" of the present regime, who has, however, been so-far unable to utilise fully the new opportunities created for him. Perhaps, his numbers are too large to be affected in a short time by the new effort. Perhaps, his capacity to seize the opportunity is too low. He has begun to feel the change in the atmosphere; the extent to which he has benefited by the same is not known. He has not yet fully realised that he has to contribute his own efforts in order to reap the benefits of the new environment.

The Industrial Worker—"the Pampered Boy"

Another important group is that of the organised industrial worker whose numbers are on the increase under a system of rapid industrialisation. Though the industrial worker has received substantial benefits in recent times, the complaint is that he has not made adequate efforts to deserve the additional benefits. In other words, it is believed that his efficiency has not increased in proportion. The employer feels that it is possible to give increased advantages to the industrial worker, even greater than now, provided the worker is able to show greater efficiency in his work. Apart from other weaknesses in the situation, the desired improvement may not be possible so long as the industrial worker is "the pampered boy" of all political parties. The industrial worker is conscious that all political parties are anxious to woo him and are competing to shower benefits on him irrespective of his performance. In consequence, he is willing to bargain with the party which offers to help him most, irrespective of his efficiency.

The Frustrated Lower Middle Class

The third large group in the category of under-privileged class is what we may broadly describe as the lower middle class, mostly with fixed incomes such as the clerical population. Whereas in other countries, it is possible for a person who starts at the bottom in any field of work to rise to the top, if he shows capacity and merit, ordinarily it is not possible to do so under our conditions. The opportunities for members of this class to get recognition for their merit are so few that they have very little incentive to do better. At the same time, they are deprived of the ordinary cheers of life by rising prices, which make it necessary for them to have a hand to mouth existence with their limited income. The growing class of educated unemployed belongs to this category. The frustration experienced by the members of this class inevitably leads to discontent, which takes a variety of forms and in some cases which may lead to serious trouble.

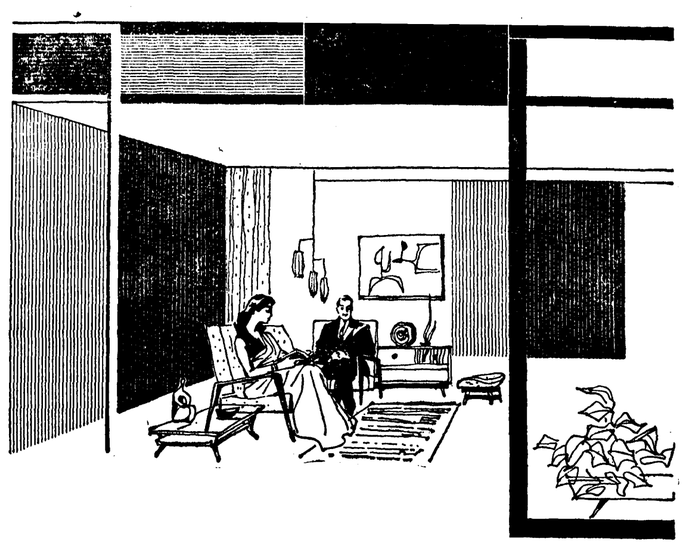
There is no intention to suggest that the new Indian Society can be divided into such clear cut divisions. Nor is there an intention to suggest that the general description given above with reference to each category is of universal application. What is suggested, however, is that a new social structure is coming into existence, which can be better understood by such a broad classification, each category having certain broad characteristics, distinguishable from those of others. There are bound to be grades in each category; besides, some persons may be difficult to place. In other words, it may be possible to improve upon this classification as well as the description of each category. Any effort in this direction by competent social scientists will help at a better understanding of the social change in the country.

(To be continued)

COMPUTER TO KEEP PENSION RECORDS

Britain's largest electronic computer system is to be used to keep the records of the Government's graduated pension scheme which came into operation earlier this year. It will be able to read information from magnetic tape at the rate of 20,000 letters or figures a second, record contributions, and produce an annual statement for every contributor, says the report for 1960 of the Ministry of Pensions and National Insurance.

Every year, the Ministry's central office at Newcastle receives some 30,000,000 pay-as-you-earn deduction cards giving details of graduated contributions paid. The cards will be microfilmed and the information transferred to punched cards and then to magnetised tape. This information will be sorted and credited to the account of each contributor by the computer.



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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 1st Sept., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		52,50,85,000
(2) Other Governments		19,33,20,000
(b) Banks		101,25,02,000
(c) Others		158,65,51,000
Bills Payable		25,74,00,000
Other Liabilities		14,09,06,000
	Rupees	513,07,84,000

ASSETS	Rs.	Rs.
Notes		21,81,21,000
Rupee Coin		2,20,000
Subsidiary Coin		3,75,000
Bills Purchased and Discounted—		
(a) Internal		.....
(b) External		.....
(c) Government Treasury Bills		9,16,52,000
Balances held abroad*		19,58,64,000
Loans and Advances to Governments†		53,31,60,000
Other Loans and Advances		116,77,58,000
Investments		275,42,67,000
Other Assets		16,03,47,000
	Rupees	513,07,84,000

* Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 36,00,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	21,81,21,000	
Notes in circulation	1872,61,63,000	
Total Notes issued	.....	1894,42,84,000
Total Liabilities	.....	1894,42,84,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	.....	
Foreign Securities	116,66,07,000	
Total of A	.....	234,62,10,000
B. Rupee Coin	.....	126,24,67,000
Government of India Rupee Securities	.....	1533,56,07,000
Internal Bills of Exchange and other commercial paper	.....	.....
Total Assets	.....	1894,42,84,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept. 1939 (pre-war)	25th August 1961	18th August 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	173.3	1877.39	1899.86	1890.76	1776.59
Notes held in Banking Department	35.05	16.57	12 24	31.15	27 99
Foreign Securities	59.50	116.86	116 86	93 01	123 01
Rupee Securities	87.89	1533.55	1553.49	1587.22	1431.65
Banking Department					
Deposits of:					
Government of India	14.39	64.60	83.03	77.09	62.67
Other Governments	...	19.93	13 17	20 56	28.46
Balances held abroad	10.06	26.61	29.52	5.03	23.52
SCHEDULED BANKS					
Demand Liabilities	134.86	839 64 (19 72)†	889.47 (24.11)†	832 56 (21 35)†	802 78 (21.53)†
Time Liabilities	102.24	1156 13 (18.89)†	1146.47 (18.57)†	1142 69 (18.79)†	1213 01 (22.30)†
Borrowings from Reserve Bank	..	1.27 (0.11)‡	1.54 (0.51)‡	2 40 (0.92)‡	17.05 (7.25)‡
Borrowings from State Bank	..	18.77	18.51	15.58	12.65
Cash in India	6.70	45.81	46.77	44.17	45.52
Balance with Reserve Bank	25.17	97.29	80.53	77.26	111.85
Balances with other banks in current account in India	..	16.36	16.32	16.24	17.48
Money at call and short notice in India	..	48.22	50.33	47.10	35.39
Investments (at book value)	...	598.31	585.85	577.82	745.88
Advances and bills	105.9	1231.50	1238.21	1240.81	1102.93
STATE BANK					
Deposits	87.76	525.18	524 09	527.49	503.98
Investments	21.90	261.36	250 65	246.10	207 14
Advances	30.35	238.45	244 99	250 09	199 49
Cash	14.69	30 61	25.66	26 42	22.94

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	24th Aug., 1961	5	4½
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	2	3
Canada†		2.50	2.85
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1961	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	Jan., 1960	4	5.50
Finland	Mar., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5.51
Italy	7th June, 1958	4	3.50
Japan	21st July, 1961	6.57	6.90
Malaya	28th July, 1961	6	7
Mexico	4th June, 1948	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	2.50
Pakistan	14th Jan., 1961	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	Nov., 1960	5.75	5.00
Portugal	12th Jan., 1944	3	2
South Africa	4th May, 1961	4.50	5
Spain	11th April, 1960	6.25	5.75
Sweden	18th Jan., 1960	4.50	5
Switzerland	25th Feb., 1959	2.50	2
Thailand	Feb., 1945	4	7
Turkey	6th June, 1958	4.50	6
United Kingdom	20th July, 1961	5	7
U.S.S.R.	1st July, 1936	3	4
U.S.A.	11th Aug., 1960	3.50	4
West Germany	5th May, 1961	3.00	4

†Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that of the preceding week.

State Bank of India

Statement of Affairs for the week ended 1st September, 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		7,45,00,000
Borrowings from Other Banking Companies, Agents, etc.		525,83,32,000
Bills Payable		17,00,000
Bills for Collection being Bills receivable as per contra		9,34,17,000
Acceptances, Endorsements and Other Obligations per contra		3,02,60,000
Other Liabilities (including Inter-Office Adjustments)		91,54,000
Total	Rs.	14,52,94,000
		567,89,07,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		26,27,47,000
Balances with other Banks		2,76,72,000
Money at Call and Short Notice		1,33,33,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	261,27,37,000	
Other Authorised Investments	9,36,63,000	270,64,00,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	223,68,35,000	
Bills Discounted and Purchased	12,78,04,000	236,46,39,000
Bills Receivable being Bills for Collection as per contra		3,02,60,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		91,54,000
Premises less Depreciation		1,82,15,000
Furniture and Fixtures less Depreciation		1,42,33,000
Other Assets (including Inter-Office Adjustments)		23,22,54,000
Total	Rs.	567,89,07,000

Scheduled Banks*

Statement of Affairs for the week ended 25th August, 1961

		Rs.	Rs.
(I)	Demand Liabilities in India		(Thousands)
	(a) Demand Deposits—		
	(1) From banks		51,11,94
	(2) From others		715,50,35
	(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		23,54,02
	(c) Other demand liabilities		1090,55,17
(II)	Time Liabilities in India		
	(a) Time Deposits—		
	(1) From banks		19,71,91
	(2) From others		53,20,80
	(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		16,38,03
	(c) Other time liabilities		23,64,21
(III)	Borrowings in India from the State Bank of India and/or notified banks:		
	(a) Demand liabilities		8,24,58
	(b) Time liabilities		10,52.00
(IV)	Borrowings in India from the Reserve Bank of India (A)		1,26.05 (11.00)
(V)	Cash in India		45,81,00
(VI)	Balances with the Reserve Bank in India		97,29,17
(VII)	Balances with Other Banks in Current Account in India		16,35,61
(VIII)	Money at call and short notice in India		48,22,22
(IX)	Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations		598,30,76
(X)	(a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)		1072,18,58
	(b) Due from Banks in India		7.64,31
(XI)	Inland Bills purchased and discounted in India		106,99.89
(XII)	Foreign Bills purchased and discounted in India		44,66.75
(XIII)	Total of items (X), (XI) and (XII)		1231,49,53

Notes :—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53 = 100)

Particulars	Weight	19th Aug. 1961	12th Aug. 1961	20th Aug. 1960	June 1961	June 1960	Percentage of Increase (+) or Decrease (−) in June 1961 as compared with June 1960	Financial Year Average 1960-61	1959-60
Food Articles	504	124.1	124 8R	122 3	120 6	120.3	+ 0 2	120 0	118 0
Cereals	192	105 0	105 1	108 6	101.9	107.3	+ 5 0	104.4	104.1
Pulses	48	90.0	90 8R	93.1	90.6	89.7	+ 1 0	92.9	93.5
Fruits and Vegetables	23	169.0	165 5R	134 4	126.1	122.3	+ 3 0	118.5	127.8
Milk and Ghee	84	114 5	119.6R	118 6	118 6	119 9	— 5.3	116.0	118.8
Edible Oils	47	158 9	157.4	147 0	168 8	139 7	+ 16.9	150.8	130.4
Fish, Eggs and Meat	17	143.3	141.1	126.9	122 2	119 8	+ 7.0	123 5	112.0
Sugar and *Gur*	28	125 2	126.3	139.2	123 7	137 7	−10.2	132.8	147 0
Others	50	182 4	182.1R	168 0	181.1	161 2	+12.3	167.8	167 9
Liquor and Tobacco	21	98 4	100 1	104 7	100 5	100 5	— 2 0	103 9	98 8
Tobacco	—	95 4	96 6	106 0	96 6	108 0	−10 6	103 3	97.9
Fuel, Power, Light and Lubricants	39	121 5	121 5	119 7	121 7	118 1	+ 2 2	120.9	118 3
Industrial Raw Materials	155	142 8	146.1	138 9	139 7	148.8	+ 6 5	145 4	133 3
Fibres	61	132 4	144 1	132.9	150 6	142 6	+ 5 6	151.6	114.5
Oilseeds	60	163 6	160 2	145 8	160.5	144 4	+11 1	149.9	134.8
Minerals	2	94 8	94 8	98 2	95 2	98 0	— 2 9	97.4	97.3
Others	32	126 7*	127 0*	126 0*	126 0	126 0	+ 1 0	128.0	125.7
Manufactures	290	128 2	128 1	128 8	126 0	126 0	+ 4 7	123 9	111 7
Intermediate Products	41	140 3	140 5	139 9	139 7	127 2	+ 9 8	130 8	113 2
Finished Products	249	127 7	127 7	121 2	122 3	118 8	+ 3 0	122 8	111 4
Textiles	147	123 8	123 8	124 8	124 8	119.9	+ 4.1	125.5	107.4
Cotton	—	126 6*	126 6*	131.6*	126 2	126 0	+ 0 2	128.1	116.8
Jute	—	117 8	123 5*	114.7	125 1	118.1	+10 6	131.4	97.0
Woollen	—	123.1*	123.1*	110.1*	123 7	110.1	+12.4	119.7	102.0
Silk and Rayon	—	—	—	—	116.5	102 7	+ 13 4	104 4	96.9
Metal Products	72	147.1	147 1	146.8	147 1	148 3	— 0 8	144.7	106.7
Chemicals	20	112.0	112 0	104 2	109 4	104 6	+ 4 6	104 4	103 8
Oil Cakes	10	145 1	145.9	137.1*	148 4	126 0	+ 17 8	138 5	108 8
Machinery and Transport Equipment	31	113 8	112 8	111 5	113.8	111 3	+ 1 8	113.8	111.2
Others	80	120 9	120 9	116.0	120 8	114.7	+ 4.9	114.7	111.2
All Commodities	1,000	128.7	127 9R	126 0	128.0	123.0	+ 2.4	124.9	114.9

State Bank of Pakistan

Statement of Affairs for the week ended 18th August, 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,15,00,000
Rural Credit Fund	1,00,00,000
Deposits :—	
(a) Central Government	18,31,14,000
(b) Provincial Governments	2,91,43,000
(c) Banks	17,84,84,000
(d) Others	113,90,31,000
Bills Payable	28,75,000
Other Liabilities	15,66,06,000
Rupees	177,16,53,000

ASSETS	Rs.
Notes	12,38,50,000
Rupee Coin	75,000
Subsidiary Coin	57,000
Bills Purchased and Discounted :—	
(a) Internal	.....
(b) External	.....
(c) Government Treasury Bills	.....
Balances held outside Pakistan*	16,16,26,000
Loans and Advances to Governments	1,88,00,000
Provincial Governments' Debtor Balances	.....
Other Loans and Advances	46,26,15,000
Investments	91,01,23,000
Other Assets	9,45,01,000
Rupees	177,16,53,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,38,50,000	
Notes in circulation	352,55,91,000	
Total Notes issued	.....	364,94,47,000
Total Liabilities	.....	364,94,47,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	.....	
Foreign Securities	75,11,63,000	
Indus Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	143,07,17,000
B. Rupee Coin	8,74,13,000	
Government of Pakistan Securities	212,23,11,000	
Internal bills of exchange and other commercial paper	.....	215,07,24,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	20,51,000	5,00,06,000
Total Assets	.....	364,94,47,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 40.74 per cent.

EXCHANGE RATES

	6th September 1961	Previous week
Bombay on London—		
Sellers T.T. D.D. Spot	s. 1-5 11/32	1-5 11/32
Sellers T. T. D.D. upto six months	s. 1-5 3/32	1-5 3/32
Buyers T.T. spot to nine months	s. 1-6 1/32	1-6 1/32
Buyers T.T. 10 to 12 months	s. 1-6 1/32	1-6 1/32
Bombay on New York—		
Sellers T.T. D.D.	Rs. 476.50	477.25
Buyers T.T.	Rs. 473.75	473.75
London on New York	s. 2.8095-2.8097	2.8095-2.8051
London on Paris	Fcs. 13.8200-13.8225	13.7950-13.7970
London on Berne	Sw. Fcs. 12.1215-12.1235	12.1015-12.1035
New York on London	s. 281.000-281.040	280.640-280.570

CLEARING HOUSE RETURNS

Centre	Week ended 1st Sept. 1961		Week ended 25th August 1961	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	3,30 603	88,44,40,000	3,30,082	84,68,90,000
Calcutta	1,70,800	65,51,00,000	2,15 000	80 33,00,000
Madras	92,000	12,70,00,000	99,270	12,56,45,422
All Centres—				
1958-59	..	..	45,172,000	97,67 12,00,000
1959-60	..	..	50,064,000	100,88,05,00,000
1960-61	..	..	54,472,000	125,18,16,00,000
June, 1960	..	..	4,227,000	956,02,00,000
April, 1961	..	..	4,912,000	1,156,54,00,000
May	..	..	4,806,000	1,056,12,00,000
June	..	..	4,590,000	1,054,15,00,000

COMMERCE, 9TH SEPTEMBER 1961

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

	All-India	Bombay	Ahmedabad	Sholapur	Kanpur	Nagpur	Calcutta	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
	(1940=100)	June (1934=100)	(1949=100)	January (1928=100)	(1949=100)	(1949=100)	August (1939=100)	(1942=100)	(1949=100)	(1949=100)	(1949=100)	(1949=100)	(1949=100)	(1949=100)
1958 Average	116	395	110	313	98	120	384	124	113	105	103	123	109	131
1959 "	121	412	125	340	98	132	384	133	120	106	98	125	108	140
1960 "	124	420	120	357	98	136	397†	143	120	107	103	120	109	146
May 1960	122	421	120	344	96	135	396	140	116	104	105	117	109	145
June "	124	422	121	360	96	135	399	143	117	107	107	119	109	146
July "	126	423	122	362	101	137	406	145	121	109	108	119	109†	146
August "	126	421	123	359	101	137	410	146	121	109	102	122	108	148
Sept. "	125	418	122	364	101	138	403	146	122	108	102	122	108	147
Oct. "	125	421	123	365	102	137	396	148	122	108	105	119	108	147
Nov. "	124	423	121	367	102	135	392	150	121	110	102	122	108	147
Dec. "	124	419	120	362	100	134	385	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	385	146	122	111	103	120	109	148
February "	123	420	119	350	102	130	389	147	123	111	103	119	109	148
March "	124†	423	119	349	101	129	392	148	124	111†	104†	121†	109†	149
April "	123†	428	119	348	99	..	389	149	125	111	104†	120	109	150
May "	124†	431	119	346	..	..	..	..	126	112	..	120	110	..
June "	..	433	..	349	..	..	..	..	..	..	..	..	..	..

† Provisional.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A		National Savings Certificates 7-Year B		National Savings Certificates 12-Year B		12-Year National Plan Savings Certificates C		Post Office Savings Bank Deposits		10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits E	Cumulative Time Deposits 5-Year J		Cumulative Time Deposits 10-Year J		10-Year Treasury Savings Deposit Certificates 3½% F		10-Year Treasury Savings Deposit Certificates 4% C		15-Year Annuity Certificates G		Total	
	Outstandings	Outstandings	Outstandings	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Outstandings	Outstandings	Outstandings	Outstandings	Outstandings	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings H
1958-59	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	—40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08				
1959-60	1,55	3,15	98,99	83,24	221,68	210,40	260,68	19,79	—41,35	50	81	41,68	10,64	21,76	66	2,90	305,70	672,99				
1960-61	1,24	2,46	81,50	82,53	287,30	228,77	297,77	18,36	—42,00	1,70	95	33,80	16,14	37,84	69	3,38	329,98	770,80				
June 1960	2,99	93,68	5,76	235,83	175,35	258,96	19,49	—41,51	73	43	41,41	84	25,09	5	3,04	24,13	682,95					
July "	1,46	2,95	91,15	5,82	240,35	15,25	261,07	19,43	—41,61	81	48	41,32	1,11	26,20	4	3,07	22,36	689,78				
Aug. "	1,44	2,88	90,74	6,78	245,88	19,75	266,75	19,37	—41,61	89	54	41,21	1,17	27,23	9	3,14	27,92	700,07				
Sept. "	1,42	2,81	89,29	7,16	251,84	18,76	271,10	19,26	—41,66	98	57	41,14	1,52	28,71	6	3,18	27,64	710,30				
Oct. "	1,40	2,76	87,86	7,05	257,70	16,90	272,98	19,19	—41,71	1,07	64	41,09	1,42	30,27	5	3,22	25,56	719,18				
Nov. "	1,37	2,70	87,64	6,21	262,79	17,90	275,00	19,12	—41,74	1,17	68	41,02	1,49	31,73	5	3,25	25,81	726,47				
Dec. "	1,33	2,63	85,25	6,75	268,27	19,04	277,86	18,97	—41,81	1,28	74	40,97	1,28	32,88	5	3,29	27,30	733,47				
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,08	280,06	18,87	—41,86	1,40	80	40,90	1,04	34,15	6	3,32	25,83	740,90				
Feb. "	1,28	2,52	82,71	6,43	278,70	18,05	282,82	18,44	—41,95	1,53	87	39,88	1,80	35,75	5	3,36	26,53	747,36				
Mar. "	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	—42,00	1,70	95	38,80	1,77	37,34	4	3,38	46,05	770,80				
Apr. "	1,20	2,40	80,14	5,59	290,56	20,37	295,84	18,17	—42,05	1,68	1,01	37,46	2,28	39,42	4	3,40	28,47	771,47				
May "	1,16	2,34	78,90	5,33	294,43	19,23	294,64	18,09	—42,08	1,99	1,08	36,49	1,32	40,02	3	3,42	26,19	773,46				
June "	..	..	..	..	..	..	..	..	..	..	..	35,45	1,89	42,43	3	3,43	..	..				

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from May 10 1954 to May 30, 1957. E.—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of April 1961, amount to 15 82 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Loan	1938-39	116,17,46,000	1963-65	98.75
3 % Loan	1950	80,33,10,000	1964	98.85
3 % Fg. Loan	1943	1,10,11,78,000	1966-68	96.30
3 % Def. Loan	1945	1,15,05,83,000	1970-75	90.00
2½% Loan	1946	14,77,48,000	1976	85.50
3 % Loan	1947	75,86,72,000	1962	99.15
3 % N. P. Loan	1954	1,58,17,94,000	1964	99.95
3 % N. P. Bonds (2nd Series)	1955	1,53,67,02,000	1965	99.90
3 % N. P. Bonds	1956	1,07,27,36,000	1962	99.90
3 % N. P. Bonds	1956	1,03,81,83,000	1967	99.90
3 % Loan	1956	86,63,53,000	1974	99.55
3 % N. P. Bonds (4th Series)	1957	56,99,30,000	1967	100.40
3 % Loan	1957	49,17,27,000	1972	100.35
3 % Loan	1958	58,05,92,000	1963	100.00
3 % Loan	1958	70,00,00,000	1968	99.70
3 % Loan N.P.D.	1958	34,33,00,000	1968	100.30
3 % Loan	1958	49,51,44,000	1973	100.25
3 % Loan	1959	1,37,00,93,000	1969	98.40
3 % Loan	1959	91,00,38,000	1979	99.00
3 % Loan	1960	97,64,00,000	1980	99.20
4 % Bonds	1960	82,86,00,000	1966	99.70
4 % Loan	1961	65,63,00,000	1981	98.80
NON-TERMINABLE LOANS				
3 % Loan	1896-97	8,03,33,000	M.	72 00
3 % Loan	1946	2,48,91,33,000	K.	72.80
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.70
4½% Andhra	1956	6,56,15,000	3rd Sept. 1968	98.05
4 % Andhra	1958	14,81,00,000	15th July 1970	100.00
4 % Andhra	1959	6,57,72,000	10th Aug. 1971	97.75
4 % Andhra	1960	9,00,00,000	20th Aug. 1969	98.30
3½% Maharastra	1949	5,29,97,000	1st Aug. 1962	99.50
4 % Maharastra	1951	2,82,97,000	17th Sept. 1962	100.00
4 % Maharastra	1953	5,00,80,000	15th July 1963	100.00
4 % Maharastra	1954	5,29,97,000	1st Aug. 1964	100.00
4 % Maharastra	1955	9,56,29,000	1st Sept. 1967	99.65
4 % Maharastra	1956	7,82,20,000	3rd Sept. 1969	99.25
4 % Maharastra	1957	6,57,23,000	15th Sept. 1969	101.00
4½% Maharastra	1958	14,58,51,000	15th July 1970	100.50
4 % Maharastra	1958	4,35,25,000	15th July 1971	100.50
4 % Maharastra	1959	6,58,13,000	19th Aug. 1971	99.25
4 % Maharastra	1960	10,00,00,000	20th Aug. 1969	99.00
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	98.50
4 % Bihar	1956	2,13,41,000	3rd Sept. 1968	98.85
4 % Bihar	1957	2,67,71,000	15th Sept. 1969	98.40
4 % Bihar	1959	3,33,22,000	19th Aug. 1971	98.00
4 % Gujarat	1960	3,00,00,000	20th Aug. 1969	98.30
3½% Mowrah Bridge (New)	1960	5,00,00,000	20th Aug. 1969	99.25
4 % Hyderabad	1936-37	1,77,08,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98.00
4 % Madras	1956	2,18,02,000	3rd Sept. 1968	98.00
4 % Madras	1951	3,01,49,300	17th Sept. 1962	99.75
4 % Madras	1953	10,33,71,000	15th July 1963	100.00
4 % Madras	1952	5,24,81,200	1st Aug. 1964	99.95
4 % Madras	1955	10,47,17,000	1st Sept. 1967	99.00
4½% Madras	1956	13,83,56,000	3rd Sept. 1968	98.85
4 % Madras	1956	5,58,57,000	15th July 1970	98.50
4 % Madras	1959	5,72,72,000	19th Aug. 1971	98.40
4 % Madras	1960	12,00,00,000	20th Aug. 1969	98.40
4 % Mysore	1953	2,95,85,200	1st Dec. 1953-63	100.50
4 % Mysore	1953	8,53,47,000	15th July

IMPLEMENTING BRITAIN'S NEW ECONOMIC MEASURES

DETAILED PLANNING IS NOT BEING THOUGHT OF

By W. T. C. King
EDITOR OF "THE BANKER", LONDON

EVENTS of far-reaching significance in the economic sphere have followed thick and fast in Britain in recent weeks—normally a period of holiday, quiet alike for Ministers and civil servants and leaders of finance and industry.

Britain has taken the momentous decision that it will join the European Economic Community—the Common Market—if this can be done on acceptable terms. She has already lodged a formal application for admission in accordance with the Treaty of Rome, as the means of discovering, as rapidly as possible, what those terms may be, and whether they are consistent with Britain's obligations to the Commonwealth, to the European Free Trade Association ("the Seven"), and to domestic agriculture.

The International Monetary Fund (I.M.F.) has mounted its biggest-ever operation on Britain's behalf, and has thereby given international monetary experts throughout the Western world additional grounds for urgently studying the problem of extending the world's resources of international liquidity—a problem due to play a central part in the important discussions associated with the annual meeting of the Fund at Vienna this month.

On Britain's home front, action has been urgently proceeding in many sectors simultaneously to implement the measures and proposals announced by the Government at the end of July—and outlined in my last letter—to correct the disequilibrium in the balance of payments and in the domestic economy, and to try to maintain a better balance in the longer run. And just before the parliamentary recess, there was passed into law the long-awaited Act that gives to trusts a degree of freedom to invest beyond the range of Gilt-edged fixed-interest securities (to which trustees not specifically granted wider powers by the terms of their appointing trust deeds were otherwise confined)—an event that has produced some considerable movement of funds from Gilt-edged into equities, and then an even more interesting movement in the reverse direction, when investors decided that the short-run effects of the new freedom had probably been overdiscounted.

Massive Buttressing of Reserves

To put Britain's immediate ability to defend the pound beyond all possible doubt—given the drain of short-term funds that London has sustained this year on top of the strains on the current balance of payments—the request to I.M.F. was for a buttressing of the reserves to the extent of no less than $2,000 million. Of this, $1,500 million were granted by way of immediate drawing, rights in the prescribed currencies and $500 million in the form of a standby credit.

The extraordinary size of this operation emphasised the massive extent of the resources now available for the defence of sterling; the actual drawing, as distinct from the standby credit, will bring the central reserves of gold and convertible currencies of the Sterling Area from the end-July level of £876,000,000 to £1,411 million—a record amount.

The operation also drew attention, however, to the extent of the preceding strain, since the British authorities disclosed simultaneously that some £200,000,000 of these resources would be used within the ensuing month or two to repay short-term credits granted by European central banks under the so-called Basle agreement, reached after the disruption of the international exchange markets by the D-Mark revaluation last March. It has been generally understood in banking circles that this would leave some of the Basle credits still outstanding; and, as there had been some net repayment before the I.M.F. drawing was arranged, it became evident that the whole scale of support under these arrangements had been a good deal larger than had been previously supposed.

No other indication has been given officially, but the assumption in market circles now is that, after allowing for certain other special support for the reserves this year (e.g., in consequence of Australia's drawing on I.M.F.), the total strain on Britain's reserves position must have been more than twice as large as the decline shown in actual holdings over the six months since the movement started last February. This is a striking indication of the huge pressures to which an international reserve currency can be subjected; but, paradoxically, it is also, in some measure, an indication of the strength of the present technical position.

A considerable part of this movement reflected either the outflow of highly mobile funds (so that sterling is, to that extent, less vulnerable), or the running down of working balances, or the creation of "short positions" otherwise—operations that are now in the course of being reversed.

New Sense of Urgency

While sterling has been thus underpinned for the short-term, it is very clear that the period during which the resources from the I.M.F. are available (they have to be repaid within an outside limit of three to five years) must be used to stop, and then reverse, the underlying drain represented by the excess of Britain's net export of long-term capital in the form of Government grants and loans and private investment over net current earnings (which in the past two years have been negative).

Fortunately, the shock of the strains of recent months has brought a new sense of urgency in tackling the whole range of problems involved—first, in devising and implementing immediate correctives; secondly, in seeking new methods to stop the recurrence of these spasms of inflationary disequilibrium. The consequential actions witnessed in this past month, following the "little Budget" of end-July, have all of them tended to emphasise this urgency and the firmness with which unpalatable action is being taken.

This does not guarantee, of course, that the measures will succeed, or even that they will all be implemented according to plan, for some of them have aroused strong opposition, and some depend, in any case, on co-operation with the Government from both sides of industry, and on the sanction of due support from public opinion. The requisite political and psychological conditions cannot be taken for granted, but the response at some points has not been unpromising and the Government, for its part, has made a good start.

Inevitably, the main opposition has been aroused by the Government's plan to support its fiscal and monetary restraints upon rising demand by a "pause" in increases in personal income ("until productivity catches up") and by its actions to implement this policy in the public sector.

It has indicated to civil servants that, except for certain settlements already in train, no increase in salaries or wages will take effect until the Government ends the "pause"—not before a review of the economy expected to take place in February or March next year. It has also brought this policy officially to the notice of all wage-fixing bodies (notably including some concerned with the private sector) with which it has a formal relationship—for example, those whose recommendations for settlement are subject to the approval of a Minister.

For both these lines of action it has aroused the indignation of organised labour—not merely on the grounds that wage increases are to be restrained, but also, and perhaps especially, because of its interference with the accustomed machinery and procedures for wages settlement.

Salutary Jolt

The very fact that the Government has been prepared to risk this odium is, of course, a measure of its sense of the gravity of the situation and of its determination to administer a salutary jolt, partly as a means of getting short-term restraint of demand and consumption, and partly to drive home its case for a new approach to the longer-run problems.

The first broad indications of what the Government has in mind for this latter purpose have recently been given by the Chancellor of the Exchequer in separate meetings he has had with representatives of the principal employers' organisations on the one hand, and of the trade unions on the other. He hopes that both sides of industry will join with the Government in an effort to establish new and permanent machinery for forward planning, over periods of five or more years ahead, of what may be possible in growth of output considered in terms of all the principal interrelated quantities—investment, exports, Government spending, consumption, and so on—by relating the broad programme of the principal industries in the private sector to the programmes of the public sector.

It is emphasised that the aim will not be to formulate any rigid or overdetailed master plan, still less one that the Government would seek to impose by controls, but rather to give a clearer idea over a wide range of the economy of what may or may not be attainable when hopes or intentions are brought together and related to the resources likely to be available. Such a continuing exercise, it is suggested, would show up inconsistencies, provide the possibility of co-ordinated decisions, and probably ensure that many changes indicated as necessary would be made by voluntary agreement. Much more will, obviously, be heard of these ideas in the next few months, for the Government is anxious to get early agreement on the shape of this machinery and then to press on with its establishment.

Lending Standards Tightened

Meanwhile, the new measures are already beginning to bite in the financial sector. Some bankers claim that the squeeze on their liquidity for some time past, combined with the heavy sales of investments they have been obliged to make and the rise in the ratio of their advances to their deposits to nearly 50 per cent—the highest ratio for 30 years—would, in any case, have compelled them to have followed increasingly discriminating and conservative lending policies, even without the new call to make "special deposits" at the Bank of England and the new official "request" for such policies.

However that may be, lending standards have been tightened since end-July, especially towards applications for property development (which are likely to be rejected except in special circumstances) and from consumers. Credit lines from the banks to hire-purchase finance companies are to be cut by not less than one-fifth by end-January, and the companies have been asked not to try to support further expansion of their operations by seeking additional deposits from the public. Owing to the strains facing them as a result of their over-rapid expansion during the lending boom, those companies had already decided upon a tightening-up in their credit terms, notably by raising the minimum down payment on cars, and they have since also raised their maximum interest charges.

A significant contraction of business therefore seems likely. The "outside" and overseas banks in London and the accepting houses and insurance companies have been asked to follow principles in their lending similar to those requested from the clearing and Scottish banks.

DELHI LETTER

(Concluded from page 490)

revised estimate of 1959-60, production of rice rose by 2.7 million tons, wheat by 0.6 million tons, *jowar* 1.1 million tons, gram 0.7 million tons and *tur* 0.4 million tons. *Bajra*, however, fell by 0.4 million tons and *ragi* by 0.3 million tons. Of these, rice, wheat, *jowar* and *tur* touched record levels of output. Surprisingly enough, details of figures relating to total production of each individual food crop have, however, not been made available yet for both 1959-60 (partially revised) and 1960-61 crop years. Among the States which have contributed to the increase in foodgrains production are West Bengal, U.P., Bihar, the Punjab, Maharashtra and Madras.

The output of cash crops too, was generally higher than the previous anticipations for the 1960-61 season. Production of cotton is placed at 5.39 million bales, or an increase of 46.7 per cent over the partially revised estimate of 1959-60. This, of course, compares unfavourably with the second Plan target of 6.5 million bales. Sugarcane output touched a new high of 8.69 million tons (in terms of *gur*), which represents an increase of 13.3 per cent over the previous year, and compares well with the second Plan target of 7.8 million tons. The production of the five major oilseeds amounted to 6.53 million tons, an increase of 11 per cent over 1959-60. This, however, is still below the second Plan target of 7.6 million tons. While production of groundnut rose by 10.5 per cent and rape and mustard by 31.8 per cent, as compared with 1959-60, there was a decline in the output of sesamum, castorseed and linseed. A depressing feature was the decline in raw jute production by 12.5 per cent in 1960-61. This was mainly the result of unfavourable weather during the season. As the absolute figure of jute production either in the final estimate for 1960-61 or in the partially revised estimate for 1959-60 is not available, it is not possible to figure out the extent of actual shortfall as compared with the second Plan target for this fibre crop. The overall conclusion, however, is that, while commercial crops like cotton, jute and oilseeds had failed to reach their second Plan targets of production, foodgrain crops have generally come up to expectations.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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IMPORT AND EXPORT POLICIES

A CERTAIN sombre background to the proceedings, at New Delhi this week, of the Import Advisory Council and the Export Promotion Advisory Council was provided as usual by the big gap between merchandise imports and exports. The gap, of course, was less big this time, for, with imports at Rs. 566 crores and exports at Rs. 376 crores in the first seven months (January to July) of 1961, the adverse balance of trade was only of the order of Rs. 190 crores, as compared with a deficit of Rs. 248 crores in the corresponding period of 1960 when imports stood at Rs. 595 crores and exports at Rs. 347 crores. The net improvement in the balance of trade picture was thus brought about by a fall in imports and a rise in exports, the relevant figure in either case being Rs. 29 crores. Figures available for the first eight months of 1961 showed a still greater increase (about Rs. 40 crores) in export earnings, as compared with the corresponding period of 1960. While the improvement indicated by the provisional figures of imports and exports may or may not be reflected in the final figures for the whole year, it was certainly suggestive, within limits, of a welcome uptrend in the field of exports. But, as against this improvement, there was the disquieting fact that the foreign assets held by the Reserve Bank of India, even after the latest borrowing from the International Monetary Fund, were now round Rs. 135 crores only. This fact, by itself, was quite sufficient to impart a sense of vigour and urgency to some of the ideas and suggestions canvassed at the meetings of the two Councils. Neither at the official nor at the non-official level was to be found any sense of complacency, for the import bill was still stupendous on account of the high level of demand for industrial raw materials and components, and capital equipment, not to speak of the Defence needs.

Mr. K. C. Reddy, Union Minister for Commerce and Industry, while inaugurating the Import Advisory Council's meeting, was, therefore, forthright on some points. He did not mince words when he pointed out that India would have to depend *mainly* on current export earnings for financing maintenance imports (that is, imports of industrial raw materials, spares and components for maintaining current production), inasmuch as a *substantial* portion of the promised foreign aid would be tied to specific projects. Since larger 'untied' credits—substantially larger than what the United States and some other countries have proposed to provide—are not possible partly because of the anxiety of the aid-giving countries to be identified with new development projects and partly because of our own Government's anxiety to have assured foreign finances for completing such projects to schedule, Mr. Reddy did well to drive home the twin point that Indian industries should display greater initiative and enterprise in exploring fresh fields for export and that they should patronise, to a greater extent, domestic sources for the supply of industrial raw materials, components and equipment. This general advice was unexceptionable for its basic importance, for it presupposed a psychological change on the part of Indian business men in two ways. First, they should restrain their own tendency to think in terms of catering to a seller's market within the country as an easier and more profitable alternative to the patient process of exploring fresh foreign markets and establishing a network of agencies abroad. Secondly, they should discard some of their 'bias' in favour of imported goods (whether industrial raw materials or equipment and machinery) on the ground of their real or supposed better quality. Since under conditions of protection—which is rarely conducive to high quality of production in the early stages of industrialisation—most industries are certainly not producing goods of the same high quality as in other advanced countries, some of them requiring manufactured products would not be justified in refusing to patronise some others on the ground that the latter are not producing high quality goods. For, then, it would be a case of pot calling the kettle black.

While it is true that materials substitution has come about in several industries in recent years and the Development Wing can claim some credit for it, it is also obvious that, in the context of diversified industrialisation, there should be greater scope for such substitution. Unless replacement of imported contents by indigenous raw materials or substitutes takes place on a far larger scale over the third Plan period, an increase of as much as Rs. 200 crores in the present annual bill (about Rs. 600 crores) on account of maintenance imports would be inevitable if existing industrial capacity is to be more fully utilised. If the Ramaswami Mudaliar Committee on import and export policy is able to suggest practical ways and means of meeting the additional requirements of industrial raw materials and components partly through additional export earnings and partly through materials substitution, it will be a significant contribution to the evolution of an integrated trade policy. Of course, 'untied' credits, howsoever small, may also be expected to ease the situation to some extent. But it would be too much to expect any relief from cutting down 'development' imports like capital goods and machinery. The debate at the meeting of the Council pertaining to development imports *versus* maintenance imports seems to have overlooked the point that imports of capital goods are already at a bare minimum level (Rs. 153 crores as of 1960-61) and imports of industrial goods at a far higher level (Rs. 669 crores, again as of 1960-61). The scope for reducing development imports further so as to increase maintenance imports correspondingly would appear to be extremely limited.

In the immediate future, that is, in the coming licensing period (October 1961 to March 1962) the situation will, therefore, continue to be tight. While as many as 70 suggestions have been made to the Import Advisory Council for liberalisation of import policy in respect of a wide range of industrial raw materials, components and intermediate products (such as steel pipes and tubes, bolts and nuts, machine screws, non-ferrous metals, ball bearings, spare parts of diesel engines, component parts of textile machinery and printing machines, printing and packing papers, piston assembly and rings, motor vehicle parts, garage tools, hosiery needles and water meters), it is difficult to believe that some of these products cannot be obtained locally. In any case, since the Minister has held out no immediate hope of import liberalisation all along the line, some of the industries requiring particular maintenance imports might have to make a more diligent search for indigenous materials and substitutes. The suggestions made to the Council for restricting or banning the imports of some industrial raw materials and intermediates show, on the other hand, that the scope for materials substitution is steadily increasing. As hundreds of different products in different specifications are involved, there will, of course, be continuing need to import many of them.

It is here that the powers-that-be can be more helpful even within the limits set by foreign exchange availability for maintenance imports. They can, for instance, extend the validity of actual user licences to one year from the present six months. There are some practical reasons that would justify this procedural change. When the validity of licences is only six months, the manufacturers have to import the raw materials and accessories required by them in bulk, with the result that not only a considerable amount of their capital is locked up but the country also suffers, as release of foreign exchange, which can easily be postponed, has to be made earlier. The limited period of validity, it is further stated, makes it difficult for the manufacturers to obtain their raw materials and accessories at a reasonable price from the foreign suppliers. Again, in the case of some of the machinery spares, the foreign suppliers start manufacturing them only after a firm order has been placed for the same, and it is not possible for them to supply the goods within the period of six months. Above all, there is need for the timely issue of actual user licences. The suggestion made in this connection is that the essentiality certificates should be issued to the manufacturers within two months of the expiry of the last date for submission of applications to the sponsoring authority and the licences should be issued to them by the licensing authority within one month of the receipt of the essentiality certificates from the sponsoring authority. These procedural changes in respect of actual user licences seem to be necessary, because such licences have been much bigger in terms of aggregate value than those of established importers. The more recent figures, for instance,

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show that, for the licensing period October 1960–March 1961, the actual user licences issued by the C.C.I. & E. Organisation had an aggregate value of about Rs. 139 crores, as compared with the aggregate of Rs. 22 crores in the case of licences to established importers. It is to be hoped that the suggested procedural changes will be introduced for the coming licensing period in the interests of maintaining industrial production for domestic consumption as well as for export in a number of lines.

But more exports cannot be taken for granted even in a situation of greater domestic production or of restraint on domestic consumption, for export promotion calls for sustained energetic measures. Since such measures, involving incentives, tax concessions and the like, would have to be initiated by the Government, it is a very promising development that official policies have just taken on a more vigorous and urgent aspect in the context of the generally expected setback to India's exports to Western Europe in the event of Britain's entry into the Common Market. Mr. K. C. Reddy's address to the Export Promotion Advisory Council was thus notable for the note of determination in the Government's proposals for export promotion. The measures he outlined were quite impressive. First, a Committee of Cabinet Committee on Exports had recently been set up and this Committee would deal with all problems in the field of exports quickly and take decisions promptly. Secondly, the Government would help non-official organisations in the matter of developing an organisation for after-sales service. Thirdly, the Government had decided to implement the recommendations of the *ad hoc* committee (Chairman: Dr. Lal C. Verman) pertaining to quality control and pre-shipment inspection of export goods. The imposition of compulsory quality control on specific export goods would go a long way in sustaining and even enhancing the reputation of Indian goods in foreign markets. Fourthly, the Government was also actively considering the recommendations of the Kapoor Committee pertaining to the provision of credit facilities to exporters. This Committee, it may be recalled, had suggested the extension of long-term credit for capital goods and some engineering goods, the granting of advances against export bills, and modification of the working of the Finance Corporations so as to enable them to grant export credits for medium-term exports. Fifthly, the Government had made strong representations in regard to the recent announcement by the Conference Lines of their intention to increase the freight from India to other countries by 10 per cent. Sixthly, there was the likelihood of a scheme being launched for the grant of long-term loans to tea estates for replanting old and worn-out areas. Seventhly, the Government had decided to invite competitive tenders for the export of groundnut oil with a view to ensuring that larger quantities of it were exported.

The Government has, however, not taken any definite decision on the proposal to compel industries to export a certain percentage of their production. The scheme of compulsory exports, according to the Minister, would be introduced only with the consent of industries. Whether the scheme could safely cover all industries was not clarified by the Minister. A rather controversial proposal of this kind would certainly run up against practical difficulties. Mr. S. P. Jain's suggestion that the scheme should be introduced in a few selected industries in the first instance represented a compromise which might ultimately find favour with the Government. The feasibility of giving income-tax rebate for export earnings has also been under the consideration of an official committee under the chairmanship of a Joint Secretary of the Ministry of Finance. Obviously, the Government will be slow to take decisions on the question of tax concessions, for they will mean some loss of revenue. Perhaps, it will not mind losing some revenue, if industries also are willing to bear some loss on account of exports to highly competitive markets. Whether a higher development rebate and a longer tax holiday are possible in the case of export industries may well be considered in this connection. Whatever tax concessions are finally decided upon, they would have to be sufficiently generous to export industries. But, at the same time, they should not be so excessively generous as to breed inefficiency in the utilisation of productive resources. A balanced approach to tax concessions is, therefore, called for. Above all, the efficiency of Indian ports is called for, in order to enable Indian shipping to quote competitive rates. If the steel plants and fertiliser factories could be worked to their full capacity at an early date, the shortage of foreign exchange can be considerably reduced.

DEFEATISM AMONG TEA PLANTERS

APPROPRIATELY enough, Mr. H. C. Kothari, the retiring President of the United Planters' Association of Southern India, gave great prominence, in his address at the sixty-eighth annual meeting of the Association held at Coonoor on the 11th inst., to the production and export targets for tea in the third Plan. Tea is the biggest of all the plantation products of India and the main problem confronting it today pertains to the ways and means of reaching the goals laid down in the Plan. But, unfortunately, Mr. Kothari's approach was uninspiring. Indeed, it will be no exaggeration to say that it was characterised by defeatism and contradiction. By devoting a good part of his speech to prove the contention of the planters that the targets were too high to be feasible, Mr. Kothari missed the opportunity of impressing upon the Government the urgent need for creating the appropriate climate and conditions for hitting the targets. On the contrary, he gave an opportunity to the Union Minister who graced the occasion, namely, Mr. S. K. Patil, to defend the targets, an action of no avail to planters.

Targets in the case of an agricultural crop like tea reflect the Government's desires and intentions and are more flexible than industrial targets, as actual performance is governed to a considerable extent by the behaviour of Dame Nature. The fixation of targets at levels which the planters consider as too high reflects the great significance the Government attaches to tea as a foreign exchange earner and a refreshing beverage within the reach of common man. This attitude, which is in refreshing contrast to the one displayed in the first and second Plans, should have been welcomed by the planters. Instead of trying to prove, even after the finalisation of third Plan, that the targets were too high on imaginary fears of overproduction in the world and of heavy competition from other countries, the proper thing to do would be to think of ways and means of raising production to levels that would avoid unpleasant restrictions on domestic consumption and enable the country to earn as much foreign exchange as possible. The fact that the country has now reached a stage where the Government has come to feel that it is necessary to restrain domestic consumption of tea in order to secure sufficient quantities for export does not redound to the credit of tea planters. It shows that they were not far-sighted enough; and this is not surprising, because, in the past 10 years, they were always haunted by fear of surpluses and slumps. Virtually, not a year passed without some leader or other of the planters wanting to renew the International Tea Agreement for regulating tea production. As a result of this defeatist mentality, it is only India's competitors in tea that have benefited. It is obvious that any restriction or restraint which India imposes on itself in regard to tea provides a direct encouragement to its competitors to produce more and sell more tea. In the last 10 years, the world trade in tea has gone up, but India's share in it has declined. This trend will continue, so long as India does not follow aggressive production and export policies.

In the Draft Outline of the third Plan, the targets for production and export of tea had been fixed at 850 million lbs. and 550 million lbs., evidently on the basis of the recommendations of the Working Group appointed by the Planning Commission. The Ministry of Commerce and Industry strongly felt that these were on the low side in relation to the swift pace of increase in domestic demand and the need for exporting more tea in order to earn foreign exchange. Apparently, its views must have prevailed with the Planning Commission when the Plan was finalised, for the production target has been raised to 900 million lbs. and so also the export target to 610 million lbs. The grounds on which Mr. Kothari considers these targets as being unduly high are as follows:

1. The production target of 900 million lbs. means an average increase of about 40 million lbs. a year over the next five years. This rate of increase compares with an annual average of only 12 million lbs. since 1954. Considering the relatively small increase in planted acreages in recent years, new planting offers little prospect of adding greatly to production.

2. India has several powerful competitors in world markets. It is a matter for serious concern that, in spite of our best efforts, we have been yielding ground to our rivals. There is no real advantage in planning for a high production when the country is losing in world market at current production levels.

3. The Food and Agricultural Organisation of the United Nations has, in its report on "World Tea Trends and Prospects," envisaged a surplus of 100 to 110 million lbs. by 1965.

The first reason is rather misleading. One does not know why Mr. Kothari took 1954 as the base for comparison. Between 1953 and 1954 India's production increased by very nearly 100 million lbs. to 715 million lbs., a figure which is only 195 million short of the target of 900 million lbs. Since 1958, the area under tea has gone up to some extent and more area of replanted tea must be reaching production stage. In other words, the average rate of increase in production in the past was higher than that suggested by Mr. Kothari, while the leeway to be made up, under ideal weather conditions, is less than 200 million lbs. The issue whether India can raise its production to 900 million lbs. per annum by 1965 was examined in great detail in these columns as early as on 12th March 1960. A reference to that article will show that there is plenty of scope for raising the yield per acre of the medium-sized gardens of, say, 300 to 500 acres each, let alone gardens of smaller size. An interesting point to be noted is that even now yields of individual estates vary from below 500 lbs. to over 1,500 lbs. per acre of matured tea. Any substantial progress in the yield levels of estates above 300 acres to those already achieved by the most efficiently run among them would itself easily yield an additional production of 100 million lbs. An analysis of new plantings and replantings since 1950-51 reveals that about 18,300 acres of new planting, some 66,300 acres of replanting and about 8,000 acres of replacements would reach varying stages of maturity during the third Plan period. All these new plantings, replantings, etc., have been done with new selections capable of yielding more tea per acre. Calculations made by an expert show that a minimum increase through stimulation of old stands, coupled with crops from the new bushes planted during the past eight years, will easily yield a crop of not less than 900 million lbs. per annum in the next five years. Thus, given confidence and earnest attempts by planters to raise the yield per acre, the production target of 900 million lbs. is not unattainable. The Government must, of course, play its part. It has to assist the industry by providing financial assistance in the form of low interest-bearing loans, replanting subsidies and other appropriate fiscal reliefs, and by enabling it to secure sufficient fertilisers, as well as plant and machinery to expand the capacity of tea factories.

The grave doubts about India's ability to attain the export target of 610 million lbs. and the consequent fear of a huge surplus pressing on domestic markets, which are reflected in the second and third reasons mentioned above, are more imaginary than real. The domestic consumption of tea has been expanding at the average rate of 14 to 15 million lbs. per annum in the past three years. In 1960-61, it was of the order of 250 million lbs. Even at the present rate of growth—in actual fact, it may turn out to be more—the domestic demand will easily be of the order of 310 to 325 million lbs. five years hence, leaving a surplus of 575 to 590 million lbs. for export, assuming that the production target is reached. It should not be difficult for tea industry, which had exported 508 million lbs. in 1958, to ship this entire surplus in 1965-66. If the Government and the industry were to put their heads together and work in close partnership and if labour were to extend a helping hand for improving the quality of tea and the production per worker, it should surely be possible for raising the competitive capacity of Indian tea. It is not correct to say, as Mr. Kothari did, that everything has been done by this country to promote exports of tea. The export duty on tea, for instance, is still sizable and can be reduced with advantage. If more tea per acre is produced, as, indeed, it could be in many of the estates, the cost of production per lb. will also go down. There is a lot of room for improvement in export promotion drives and, if they are to be a success, they must be backed by plentiful supplies at home. The F.A.O.'s forecast approvingly quoted by Mr. Kothari and other planters, may well turn out to be as defective as the predictions of some of the planters did in the past. It is quite conceivable that consumption of tea in Asia (including China) and Africa, not to mention Russia and the East European countries, may expand at a much faster pace than was assumed by the F.A.O. The consumption growth in recent years in some of these countries, including India, fully supports this statement. It is high time Indian planters gave up their age-old habit of looking at only the dark side of the picture, ignoring or understressing the bright side. Such an outlook is not conducive to success in the battle for more exports.

MARKET GOSSIP

A SLIGHT improvement in the sentiment of share markets is discernible. Credit for this must be given to the Union Finance Minister, who has ended the uncertainty about imposition of fresh restraints on speculation. He has left the whole matter to the good sense of the presidents of stock exchanges. Speculators have been quick in realising that none of the so-called stern measures talked about for the last four months will be introduced, at any rate not for some months to come. The bears have, therefore, hurried to book their profits and the bulls feel that they can re-enter the market without the fear of being called upon to pay burdensome margins. Since the exemption limits to whatever modest margins that are already in force will continue, they can, whenever the climate turns out to be in their favour, play in the ring to their hearts' content by operating through a large number of brokers who are ready to oblige them; some of the brokers are prepared to do business for them even on a consolidated fee, as though they are their paid servants. As margins are payable only on net positions and there is nothing to prevent their evasion through collusion, any member of the stock exchange who does not want to pay a margin at all, even when his real position warrants it, can easily manage to do so. Thus, the flood gates continue to remain open and there is no hindrance to the tidal wave sweeping through the markets again.

So far, of course, there are no signs of re-emergence of a strong bull market of the type witnessed in the summer months and whatever improvement there has been during the past one week is chiefly due to bear-covering and bargain hunting by investors. There are, however, some exceptions so far as individual scrips are concerned, as, for instance, Hindustan Motors, Sirpur Paper, Dunlop Rubber* and Indian Cable. There are reports of inspired buying in these scrips on expectations of something quick happening. The general feeling in market circles is that, if the bull momentum does not gather strength in the next few days, the trend will again be quiet.

Committee On Stock Exchanges

The outcome of the Union Finance Minister's meeting with the presidents of seven stock exchanges in India—Bombay, Calcutta, Madras, Ahmedabad, Delhi, Indore, Hyderabad—is more or less on lines anticipated in these columns last week. Mr. Morarji Desai gave a short speech to the gathering, which included, besides the stock exchange presidents, the Reserve Bank Governor-designate Mr. P. C. Bhattacharyya, Reserve Bank Deputy Governor Mr. M. V. Rangachari, L.I.C. Chairman Mr. P. A. Gopalkrishnan, Mr. A. Bakshi, Joint Secretary, Ministry of Finance, and Mr. P. S. Nadkarni, Director of Stock Exchanges, Ministry of Finance. The following is the official summary of the Finance Minister's speech:

"He (Mr. Morarji Desai) said the share market in India was an important link in the economic structure of the country and had a useful role to play. But there were certain forces which led to unhealthy speculation in the market resulting in wide fluctuations in share prices. He also spoke of the difficulties caused by kerb trading and asked the members present to see how this could be stopped. The Finance Minister said that the interests of real investors should not suffer. The Government wanted more and more people to invest both in old and new shares and this was possible only in a healthy climate.

"The Finance Minister called for the utmost co-ordination on the part of the various stock exchanges in the country and said that their procedure should be such that they did not work in water-tight compartments. Government would be glad to advise the Stock Exchanges whenever its help was sought. Government had no intention of interfering with the day-to-day working of the Exchanges, for they were autonomous bodies. There would be no legislation, he said, unless it became necessary. If any action by Government became necessary, he would like to have prior consultations with them."

What happened after the Minister's speech is described in the Press Note thus:

"At his (the Minister's) suggestion, the presidents of the seven stock exchanges formed themselves into a committee which will meet periodically to consider problems relating to unhealthy speculation in the share markets and evolve solutions for the development of sound share market operations. The Committee will particularly go into the question of kerb trading, the need for adequate margins and evolving a procedure which could guide the activities of all the stock exchanges and thus ensure greater co-operation among them. At the suggestion of the Presidents who have formed the committee, Mr. P. S. Nadkarni, Deputy Secretary, Ministry of Finance, in charge of Stock Exchange Division in Bombay, will be the convenor of the Committee."

The first meeting of the Committee—it will be noted that no name has yet been given to it—is expected to be held in Bombay early next month. The immediate tangible outcome of last week-end meeting will be more revenue for either the Indian Airlines Corporation or the railways or both, an increase in the consumption of petrol by a few gallons and a quicker wear and tear of some half a dozen cars. It remains to be seen whether the utilisation of all these scarce resources will be worthwhile.

It is now clear that (a) the Government does not want to get involved in the control of stock exchanges; (b) despite the heavy speculation in the past months and the failure of stock exchange authorities to check it, the Government has sufficient reason to respect the autonomy of stock exchanges and allow the stock exchange presidents themselves to evolve measures for restraining speculation; (c) the Government itself believes in the theory that a boom in stock exchanges is necessary for enabling new companies and old companies to raise capital; and (d), for the present at any rate, the Government has no intention of establishing a powerful machinery for keeping a close watch over the capital markets and taking timely steps to prevent manipulations by interested parties both within and outside the stock exchanges. In fine, this is a policy of drift and drift.

At the same time, the Finance Minister's short speech implies that the presidents of stock exchanges have so far not done all that they should have to minimise unhealthy speculation and that they must take additional measures to safeguard the interests of investors. Here is one more chance for the stock exchange authorities to set their house in order and to safeguard their autonomy. Let us wait and see what they do. Will they merely whitewash and add a few more frills or effect some fundamental reforms, such as, introduction of minimum brokerage, enforcement of automatic margins, abolition of free limits, and prompt publication of vital statistical information on trading in stock exchanges?

Gwalior Rayon—Hind Cycles

The reported decision of Birla Brothers to merge the Hind Cycles, a losing concern, with the Gwalior Rayon, a prosperous concern, both of which are under their management with complete controlling interest in their hands, has come as an unpleasant shock to market circles. If Birlas have a good case for taking this unusual step, they have spoiled it by leaking the news to the Press. No official press note has been issued, nor a press conference held, so that the full story is not known. From what has appeared so far in the daily Press, investors in Gwalior Rayon are unable to see the advantages they will get by the take-over of Hind Cycles. The explanation that the factory of Hind Cycles will be useful for making rayon machinery for which a licence has been secured by the management is not convincing. In fact, one shareholder of Gwalior Rayon went so far as to say that the management could have easily got the licence for manufacturing rayon machinery transferred to Hind Cycles instead of foisting on him the lame duck. He said: "If Birlas want to help the shareholders of Hind Cycles, I have no objection to their handing over the benefits of rayon machinery project to Hind Cycles. But I do object to their move to give 2.5 shares of Gwalior Rayon, valued at Rs. 125 at the current market price, for every share of Hind Cycles (face value: Rs. 100) which was standing at a discount of 10 per cent before the news had trickled to the market." He went on to express the hope that the Department of Company Law Administration will promptly look into this move and refuse its consent before it is too late. He recalled, in this connection, that the proposal of Birlas to merge Sirsilk with Sirpur Paper did not ultimately go through, presumably because the Department of Company Law objected to it.

It would appear that not all the shareholders of Hind Cycles also are happy over the proposed move. They are intrigued to find that, whereas the other two big producers of bicycles have been able to work satisfactorily, their own company—a pioneer in the field—should have been losing money during the last five years and unable to pay even a small dividend. They feel that, if Birlas are unable to put their company on the feet again, they could hand it over to more competent hands by inviting tenders. That way, they think, they can get a better deal than the 2.5 shares of Gwalior Rayon now proposed. Apparently, their assumption is that the real break-up value of their shares is much higher than Rs. 125.

In view of the acute sense of dissatisfaction that prevails among the shareholders of at least Gwalior Rayon, if not both the companies, and the doubts that are raised in share market circles, Birlas will do well to issue a statement, showing how their decision to merge the two companies will be to the benefit of their shareholders.

State Loans

The borrowing programmes of all the thirteen States, which entered the capital market last week, have been successfully completed. As against the total issue of Rs. 80 crores, the actual amount offered aggregated Rs. 91.84 crores, of which Rs. 86.89 crores represented cash and Rs. 4.95 crores conversions. The loans of Orissa, Bihar, U.P. and Andhra were oversubscribed and those of the remaining States fully subscribed. Wherever subscriptions were large enough to permit the exercising of option to retain excess subscription to the tune of 10 per cent of the amount invited, the States did so—an indication of their hunger for capital. Consequently, the total amount accepted was higher than the amount invited by Rs. 5 crores. The net borrowings, after deducting Rs. 12.96 crores on account of the repayment of maturing loans of the States of Kerala, Maharashtra, Madras, U.P. and Mysore, are of the order of Rs. 73.93 crores.

TABLE I—*State Loans*

(Amount in crores of rupees)

Year	No. of States	Amount of issues	Amount subscribed	Amount accepted	
				Cash	Conversion
1956 ..	15	64.00	74.23	65.53	2.18
1957 ..	2	9.00	12.52	8.58	1.93
1958 ..	11	50.00	65.34	49.18	5.24
1959 ..	13	61.50	100.35	60.85	0.57
1960 ..	12	75.00	85.33	73.26	6.44
1961 ..	13	80.00	91.84	80.05	4.95

TABLE II—*Subscription to State Loans*

(In crores of rupees)

Name of State	Amount invited	Amount offered	Amount accepted		Net borrowing
			In cash	In conversion	
Andhra	10.00	12.13	11.00	..	11.00
Bihar	3.00	4.09	3.30	..	3.30
Gujarat	6.00	6.07	6.07	..	6.07
Kerala	4.00	4.04	3.98	0.06	3.74
Madhya Pradesh ..	5.00	5.04	5.04	..	5.04
Madras	10.00	10.36	8.42	1.94	6.54
Maharashtra ..	10.00	10.77	10.75	0.02	10.09
Mysore	7.00	7.48	5.82	1.66	1.48
Orissa	5.00	7.80	5.50	..	5.50
Punjab	3.00	3.13	3.13	..	3.13
Rajasthan	4.00	4.45	4.40	..	4.40
Uttar Pradesh ..	6.00	9.18	5.33	1.27	4.44
West Bengal ..	7.00	7.31	7.31	..	7.31
Total ..	80.00	91.85	80.05	4.95	72.04

The States of Kerala, Madras, Maharashtra, Mysore and U.P. have repaid Rs. 80 lakhs, Rs. 3.82 crores, Rs. 68 lakhs, Rs. 6 crores [illegible] during the current year.

The above achievement compares quite favourably with the success of the borrowing programmes of States during the past five years covering the second Plan period, as will be seen from Table I on this page, showing the composite picture. The details of response to this year's offer of individual States are indicated in Table II. It will be seen from Table I that, in only one year—1959-60—were the States able to borrow more than they have done this year.

Considering that the target for net borrowing by States in the third Plan period is Rs. 320 crores, the States have fared well in the first year of that Plan. At Rs. 72.04 crores, the net borrowings this year are well above the average of Rs. 65 crores per annum. This augurs well for the fulfilment of the targets laid down in the States section of the third Plan. Only, it is to be hoped that the success of the borrowing programme will not lead to a slackening of the efforts of State Governments to raise additional resources through taxation. It must be remembered that the States have to raise a much larger amount by way of taxation than they did in the second Plan period.

The success of State loans this year must be attributed to (a) appropriate timing—conditions in the money market were quite favourable when the lists opened—(b) more favourable terms to the lender, (c) energetic steps to publicise the terms of loans throughout the country, and (d) intensive canvassing, an art in the practice of which most State Governments have now acquired considerable proficiency.

Prof. Clark On Taxing Agriculture

Prof. Colin Clark, the well-known British economist, suggested at New Delhi this week that land tax in India should be raised as much as was politically feasible to induce farmers to produce more. A high rate of tax on agricultural land, according to him, would make the farmer produce more. The only tax that had no adverse effect was, in his opinion, the tax on land and mines. Hence his advice to all other countries of Asia was the same, namely, tax agricultural land as much as possible.

The learned professor cited example of Japan to prove that tax on agricultural land had no disincentive effect. He pointed out that land tax in Japan was very high. Still the yield per acre was four times that in India. This indicated that higher tax on land did not result in a fall in production. On the other hand, as more tax had to be paid on the same land, the farmers were forced to exploit their lands in full, with the use of better manures and improved agricultural practices, so that sufficient profit-margin was left after paying the taxes, to support them and their family.

The suggestion is bound to prove controversial. However sound in theory, raising of land tax to the maximum extent is certain to be politically unpopular. And in a democratic country like India, where agriculture is the major occupation and the largest source of employment, the political implication of high land taxes are too inconvenient to be overlooked by any political party which aspires to get itself elected to rule the country. Even where there is a clear case for bringing down prices of agricultural commodities, which had sky-rocketed in the last season on the strength of scarcity, the present Government is very reluctant to act. But there is no doubt that Prof. Clark's argument will strengthen the hands of those who feel that there is much scope for raising the tax on land cultivated by individuals, a tax which has remained practically unchanged all these years, despite the sharp rise in prices of commercial and food crops.

Britain's First Export Centre

No visitor to London will fail to notice a neon sign up above the Piccadilly Circus which warns ominously: "Either exports go up, or Britain goes down." This sign, which instantly calls to one's mind the slogan 'export or perish" coined in this country, underlines the crucial need of British economy today. In fact, in one respect at least Britain and India face the same predicament: both desperately need to export more. It is well known that concern for export is a powerful factor in Britain's growing desire for direct partnership with the European Economic Community, even at the risk of loosening its ties with the Commonwealth countries to a considerable extent.

A nation of shrewd, pragmatists, Britain's anxiety for export does not stop with coining slogans and displaying them prominently. It is backed by a vigorous, dynamic drive for translating the slogan into concrete reality. To export more is regarded as a national need and a common challenge. Managements and labour and the general public are as much concerned with it as is the Government.

As part of the employers' contribution to the export effort, the Sundridge Park Management Centre (near Kent) has established an Export Centre, the first of its kind in the U.K., to help the country's export drive by providing comprehensive training facilities for managing directors, export directors and senior sales executives concerned with export business. The Centre, which is being run on a no-profit basis, was officially opened on the 7th inst. Speaking at the inauguration of the Centre, Sir Richard Powell, Permanent Secretary of the Board of Trade, said that the British export potential was very great, provided the cost of production was brought down and the design and technique of British products were bettered. The knowledge imparted by the training at the Centre would, according to him, be valuable in achieving these objectives. The training course of the Centre covers selection of markets, market surveys, control of overseas sales force, advertising, etc. Special attention will be paid to Common Market trading and selling to Communist countries.

Although the obstacles in the way of exporting more is far more formidable in the case of India than in Britain, this country too can take a leaf from the experience of Britain. Export promotion in India calls for more vigorous and imaginative sales effort than has hitherto been made. Could not some such training be offered to senior executives in export business in this country too?

*At the time of going to press comes the report that the Directors of the Company have decided to issue, subject to Government's sanction, one bonus share for every two shares.

SMART RALLY IN EQUITIES

TEXTILES AND STEELS WELL FAVOURED

(From Our Own Correspondents)

BOMBAY, *13th September*

EQUITIES staged a smart rally during the week under review. The statement clarifying the Government's policy regarding stock market regulations which the Union Finance Minister, Mr. Morarji Desai made at a meeting of the Government representatives and the presidents of the Stock Exchanges held at Bombay on Saturday the 9th inst, removed the fears of official intervention to curb speculation. Mr. Desai stated that the Government of India did not intend to interfere with the day-to-day working of the stock exchanges. A Committee of the presidents of the Exchanges was constituted at the meeting to frame regulations for checking unhealthy speculation and violent fluctuations in prices. Reflecting the satisfaction of operators over Mr. Desai's remarks, equities showed a distinctly hardening tendency in kerb trading on Monday and this gathered further momentum yesterday and today. Further, the *badla* charges at the last settlement were in line with market expectations, the bulls having to pay only normal charges. The note of pessimism with regard to immediate prospects for steel industry struck by Mr. J. R. D. Tata at the annual meeting of the T.I.S.Co. on Thursday last week and the removal of margins (payable by bears) on Indian Iron, Hindustan Motors, Rohtas, Burrakur Coal and Dunlop Rubber at Calcutta failed to have any significant effect on the local market.

In the steel section, Tata Steels began higher at Rs. 148.75 on Friday, as against the previous close of Rs. 148, and advanced to Rs. 149.50 on the same day following short-covering. On Tuesday, they were quoted at Rs. 144 *ex-div.* After moving narrowly, they finished at Rs. 143.50. Making allowance for the change due to ex-div rate, the net gain over the week amounted to Rs. 2.75. Indian Irons spurted from Rs. 24.84 to Rs. 25.15 *cum-div.* on Friday the 8th inst. and closed at Rs. 24.20 ex-div. today, showing a net gain of 48 nP. Mukand Irons advanced by Re. 1.60 to *Rs. 27.35; at one time today, they were higher* still at Rs. 27.75.

Among textiles, Centurys moved up from *Rs. 681 last week-end to Rs. 692 on* Friday. Yesterday, the shares were quoted at Rs. 571 *ex-right.* As fresh buying support was lacking, the scrip receded to Rs. 564.50 today. The special making-up price for Centurys continued to be in force throughout the week, though *the deposit amount payable* by bulls was reduced from Rs. 65 to Rs. 60 per share, following the increase in the normal making-up price from Rs. 600 to Rs. 630. In Khataus and Standards, however, the Stock Exchange authorities fixed special *hawala* rates against bears with effect from Friday the 9th inst., the sellers being obliged to keep a deposit of Rs. 35 and Rs. 140, respectively. *Despite this move, Khataus were* subjected to renewed selling and dropped Rs. 6.25 to *Rs. 471.25, whereas Standards met with good* buying support and jumped up from Rs. 1,180 to Rs. 1,202. Simplex advanced from Rs. 191 to Rs. 198 on Friday. In the subsequent sessions, they were quoted at Rs. 165 *ex-right.* Today's closing quotation was Rs. *166. Swadeshi recorded* a handsome gain of *Rs. 10 to Rs. 257.50.* Swans hardened by Rs. 7.50 to Rs. 612.50 and Central Indias by *Rs. 6.50 to Rs. 125.* Kohinoors advanced by *Rs. 6 to* Rs. 285. Gokak put on a like amount to Rs. 191. Finlays and Podars *gained Rs. 4* each, to Rs. 319 and Rs. 139, respectively. In the cash list, Mafatlals received good investments-*cum*-speculative support and shot up from Rs. 773 to Rs. 813. Models rose by Rs. 25 to Rs. 95. Phœnix gathered Rs. 6.50 to Rs. 176.

In the cement section, Associated Cements opened at *Rs. 160,* against the last week's closing of Rs. 158.50. After touching a high of Rs. 161, they declined on account of profit-taking to Rs. 159.50 on *Friday. In the subsequent sessions,* however, renewed support was extended to the scrip which moved up to Rs. *162* today before closing at Rs. 161.50. Over the week, the net gain was *Rs. 3.* Digvijays spurted by Rs. 7 to Rs. 172.50. Orissa *Cements put on 16 nP to Rs. 15.32. Dalmia* Cements gained 24 nP to Rs. 11.20.

Sugar shares were firm. Belapurs evoked good *demand and gathered Rs. 2 to Rs. 276. Phaltans* hardened by Rs. 2.50 to Rs. 138.50. In the cash section, Kesars jumped up by Rs. 5 to Rs. 230. Maharashtras increased by Re. 1.50 to Rs. 190.50. But Walchandnagars dropped a rupee to Rs. 163. The shipping section did not display any new features. After opening higher at Rs. 12.24, as against the *previous close of Rs. 12.20, Scindias spurted* to *Rs. 12.48 today* before finishing at Rs. 12.32. Great Easterns were neglected at *Rs. 13.12 same* as last week. Among automobiles, *Premier Automobiles met with good buying support* and improved by Rs. 3 to Rs. *156.25. Hindustan* Motors picked up Re. 1.20 to Rs. 19.48.

In the rayon section, National Rayons were keenly bid and advanced by Rs. 18.50 to Rs. 532.50. South India Viscose gained Rs. 7 to Rs. 182. After going up from Rs. 48 to Rs. 50, Gwalior Rayons declined to Rs. 49 on reports that the Company intended to take over Hind Cycles. Baroda Rayons put on 75 nP to Rs. 139 and Indian Rayon 50 nP to Rs. 72.50.

Chemical shares were generally firm. Indian Dyestuff climbed up from Rs. 430 to Rs. 450, Colour Chems by Rs. 8.75 to Rs. 343.75. Synthetics spurted by Rs. 6.50 to Rs. 183.50. Alembics gained Rs. 5 to Rs. 232.50. Polychems rose by an equal amount to Rs. 202.50. Amar Dyes strengthened by Rs. *2.50* to *Rs. 282.50* and Dhrangadhras by *Re. 1.50* to Rs. 106.50. But Kemps remained depressed at Rs. 290, as against Rs. *297.50* last week. Ultramarines also *eased by Rs. 2 to Rs. 106 and Zandus* by Re. 1.50 to Rs. 109.50.

In the engineering section, *Telcos opened* distinctly higher at Rs. 339 (as against the previous close of Rs. 334), thanks to the statement of Mr. J. R. D. Tata that the turnover of the Company would exceed that of Tisco, in a few years. Continuous support by operators raised the value further to Rs. 346. On Tuesday the 12th inst. they closed at Rs. 344.50 *ex-div.* Profit-taking, however, brought down the *value to Rs. 342.50* today. Over the week, the share has gained as much as Rs. 19.82. *Alcock Ashdowns* were keenly bid Rs. 8 higher at Rs. 294. *Cooper* Engineerings gained Rs. 4 to Rs. 182.50. *In* the cash section T. Maneklals old *rose* by Rs. 20 to Rs. 510. *New Standard Engineering* hardened by Rs. 8 to Rs. 185. Fit Tights put on Rs. 2 to Rs. 54, Greaves a rupee to Rs. 186. Kamanis gathered a like amount to Rs. 15.76.

Among miscellaneous industrials Bombay Burmah rose by Rs. 12 to Rs. 588. Voltas received good support and advanced by Rs. 8 to Rs. 284. Permanent Magnets gained Rs. 3.50 to Rs. 86. Indian Hume Pipes strengthened by a rupee to Rs. 178. Ceat Tyres were marked up by Rs. 3.75 to Rs. 206.25. Wimcos put on Rs. 3 to Rs. 277, Tata Oils Rs. 2 to Rs. 70 and Hindustan Levers 25 nP to Rs. 47.75.

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Calcutta Stock Exchange

CALCUTTA, *12th September*

Although business on the Stock Exchange was limited during the week under review, a modest recovery generated by the abatement of selling pressure was the outstanding feature of *trading. Following* signs of recovery the Exchange authorities removed the margins on selling of Indian Irons, Burrakurs, Rohtas Industries, Hindustan Motors and Dunlop Rubbers. These margins, it will be remembered, had been imposed in an attempt to reduce selling pressure. The earlier report that the Finance Minister would discuss Stock Exchange reform proposals with all those concerned, *including the* Presidents of the Stock Exchanges, introduced caution during mid-week, but the *week-end report* that at the meeting Mr. Morarjee Desai had left the initiative for reform to the stock exchanges themselves pleased market circles.

Interest in coals was of a selective nature, with Bengals recovering from Rs. 359 to Rs. 362.

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Offices in San Francisco and Los Angeles

Burrakurs hovered around Rs. 18.19, as against Rs. 18.06 previously. On interested buying, Seebpores scored Rs. 5 at Rs. 44, Raneegunges being firm at Rs. 15.37. Western Bengals were steady at Rs. 9.37, as were New Manbhooms at Rs. 13.69. On the other hand, Amalgamated fractionally sagged to Rs. 22.50, and Central Indias to Rs. 11.68. New Beerbhooms were unchanged at Rs. 23.37.

A small recovery was in evidence in jutes. On active dealings, Baranagores gained from the previous rate of Rs. 116 to Rs. 127. Bally made thirteen points at Rs. 210. Agarparas picked a fractional gain at Rs. 9.37, as did Indias at Rs. 14.62. Anglo-Indias were better at Rs. 173. Cheviots, on the other hand, lost one point at Rs. 14.50, Ganges being quiet at Rs. 11.25. Naihattis were Rs. 2 weaker at Rs. 64. Lawrences were forced down by Re. 1.50 to Rs. 158 and Unions by Rs. 18 to Rs. 160.

Engineerings were steadier at lower levels. Thus, Guest Keen Williams encountered support to push the rate up from Rs. 38.06 to Rs. 38.62. Jessop and Cos. gained half a point at Rs. 19.50. Indian Irons opened at Rs. 24.82 and closed substantially higher on balance at Rs. 25.24. Texmacos were also better at Rs. 16.80. Braithwaite & Cos. were firm at Rs. 37.44. Indian Standard Wagons recovered from Rs. 90 to Rs. 91.

A good recovery on investment support was in evidence in miscellaneous industrials. The very impressive recovery from Rs. 47.62 to Rs. 50.90 in Dunlop Rubbers highlighted activity. Indian Cables were pushed up from Rs. 35.81 to Rs. 36.25. National Pipes were better at Rs. 27.94. Imperial Tobaccos, in respect of which a good working report has been released and the dividend has been raised from 8 to 9 per cent taxable, were unchanged at Rs. 12.12. Karanpura Developments recovered from Rs. 16.75 to Rs. 17.12. Goodyears were unchanged but firm at Rs. 37.25.

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Madras Stock Exchange

MADRAS, *12th September*

There was a modest rally in the values of several scrips during the week under review, thanks to better professional support. The outcome of the meeting which the Union Finance Minister had with the Stock Exchange Presidents at Bombay this week was welcomed, as it disproved the worst fears of official measures to control speculation. Further, operators took note of the optimistic assessment of prospects for plantations made by Mr. S. K. Patil at the annual meeting of the United Planters Association of Southern India on Sunday the 10th inst., though they were somewhat disappointed that Mr. Patil did not hold out any assurance regarding the pleas for tax concession put forward by Mr. H. C. Kothari, the retiring President of the Association. The report that, at a meeting held in Coimbatore today, the leaders of plantation workers in Kerala, Madras and Mysore had decided to resort to direct action from the 30th of this month, if their demands for higher wages and bonus were not conceded by that time, failed to have any marked effect. Plantation shares were well maintained. Textiles ruled firm as a result of enlarged upcountry buying. Sugars attracted some attention, following Mr. Patil's indication of the possibility of the immediate removal of controls on sugar. Miscellaneous industrials, particularly cements, were quite active.

In the planting section, teas tended to look up. Peermades rose by 12 nP to Rs. 23.37. Waterfalls put on 6 nP to Rs. 3.06. Blue Mountains hardened by 5 nP to Rs. 3.14 and Periakaramalais by 3 nP to Rs. 3.62. Nonsuchs were fully steady at Rs. 28.70. Parksides at Rs. 29.62 and Haileyburias at Rs. 13.40. In the coffee group, Consolidated Coffees gathered 5 nP to Rs. 21. Ouchterloney Valleys were firm at *Rs. 3.78 and Rajendras at Rs. 12.12. But* Consolidated Coffees encountered selling and fell by 25 nP to Rs. 17.25. As for rubbers, Midlands improved by 5 nP to Rs. 11.65. Travancore Rubbers were firm at Rs. 11.87 and Malankaras at Rs. 18.

Among textiles, Coimbatore Cottons advanced by Rs. 2 to Rs. 193. Dhanalakshmis gathered a rupee to Rs. 241. Coimbatore Spinnings rose by a like amount to Rs. 55, although the Company has passed over the dividend for 1960, for the third year in succession. Madurais strengthened by 50 nP to Rs. 37.25. Loyals gained a similar amount to Rs. 46. *Travancore Rayons* picked up *35 nP to Rs. 38.80.* Radhakrishnas improved from Rs. 32.37 to Rs. 32.50. Lakshmis were maintained at Rs. 156, Buckinghams at Rs. 249 and Cannanores at Rs. 156.

The feature of trading in the sugar section was the spurt in the quotation for Cauverys from Rs. 111 to Rs. 113. Deccans increased by 13 nP to Rs. 13.08 and Travancores by 10 nP to Rs. 10.60.

Among miscellaneous industrials, Orissa Cements rallied from Rs. 14.85 to Rs. 15.20. Dalmias were higher by 10 nP to Rs. 11.10. India Cements put on 5 nP to Rs. 6.52. Mettur Chemicals rose by 10 nP to Rs. 14.55, Mysore Chemicals were fully steady at Rs. 23.85. Ranes hardened by 15 nP to Rs. 7, following the announcement of a dividend of 14 per cent, taxable, for the year ended March 1961, same as that distributed in the previous year. Standard Motors too scored a gain of 15 nP to Rs. 16.15. Aluminium Industries rose by 10 nP to Rs. 23.05. Ashok Leylands put on 5 nP to Rs. 8.50. *Textools were firm at Rs. 175,* notwithstanding the strike call by workers with effect from Wednesday, the 13th inst.

PRIVATE ENTERPRISE IN DEVELOPING ECONOMIES

SURVIVAL DEPENDS ON ITS SOCIAL UTILITY

By G. L. Mehta

[The atmosphere in which private enterprise works in India and the prospects for it, with particular reference to foreign capital, formed the main theme of the address which Mr. G. L. Mehta, Chairman of the Industrial Credit and Investmen Corporation of India, delivered before the International Industrial Conference held at San Francisco on Thursday the 14th inst. He impressively highlighted the fact that private enterprise would be judged by—and its survival depended upon—its social utility to the economy; this cast a heav responsibility on those who sponsored, organised, financed and operated private enterprise. In view of the excellent treatment, and topical importance, of the subject, the full text of Mr. Mehta's speech is reproduced here.—ED.]

ABOUT two years ago, to be precise in October 1959, I used the forum of the Far East—America Council of Commerce and Industry—to speak on the *Prospects for Private Foreign Investment in India.* Today's subject is wider in scope. However, some of the considerations are relevant to both. With this common ground, I propose to use my previous address as the base for my "take-off."

"Take-off," no doubt, is common to speakers, to spacemen and to economies. And all these require a strong base. When one looks at the Indian economy, one does become aware of a subtle change in the atmosphere, no less real because it has few external manifestations. We have not seen during the last two years any change in the broad frame-work within which the economy has to work: the industrial policy, enunciated in 1956, has not in any way been modified; the concrete measures for advance which we call the Five-year Plans remain the same—our Government have just brought out the economic horoscope for the next five years under the title of the third Five-year Plan; no broad legislative measures affecting the private sector have been brought forward—the Companies Amendment Act, enacted in 1960, was in gestation for quite long; the Income-tax Act, now in the throes of birth, is basically a tidying-up measure: its major impact may be on lawyers' income rather than on the private sector's growth.

As I said earlier, therefore, in the broad fields of industrial and economic policy, of planning, of legislation—in these fields, there has been little change. At the same time, there have been changes, almost innumerable, in the details which affect private enterprise—many of such changes have been for the better, changes which account for the improvement in the atmosphere within which private enterprise works. I should like to enumerate here some of these changes, leaving it to you to evaluate their importance.

Foreign Exchange Situation

Firstly, I would like to refer to the change in the foreign exchange situation in the country. When I spoke in 1959, we were trying to work our way out of the foreign exchange crisis by appraising and re-appraising the second Plan. Today, the situation is different. I do not say we have got over our foreign exchange difficulties or that our third Plan is less voracious of foreign exchange. But, thanks to the initiative of the World Bank and the imaginative approach of friendly Western countries—and, among these, I would particularly like to single out the U.S.A.—, as I said, thanks to these, we are better equipped to face the problems of the next five years.

Much of the proposed aid is, of course, on Government-to-Government level and you will naturally ask me: How does this help the private sector? I should straightaway say, in many ways. Firstly, it has enabled us to get rid of deferred payment terms. Deferred payment terms which private enterprise had to arrange, when foreign exchange shortage was acute, had many disadvantages in the short run as well as in the long run. In the short run, it tended to shift the responsibility of obtaining foreign exchange from the Government to the Indian entrepreneur and through him to the plant supplier. This necessarily restricted the freedom of action of the Indian entrepreneur—his choice of equipment was limited and his bargaining power weakened. Often, he had to pay more for a piece of equipment which he did not consider the best. This, in its turn, reduced, in the long run, his ability to produce at a low cost and, therefore, his capacity to compete. And while he may hope to be protected in the home market from external competition, it acted unfairly on the Indian consumer and reduced the export capacity of an enterprise—which, we are now beginning to realise, is vital for the success of our development effort.

One of the consequences of the easing of the foreign exchange situation is the greater willingness on the part of the Government to give cash import licences. This, of course, does not solve the problems of an Indian entrepreneur; he still has to find rupees to pay for the import licence—but, as I shall mention later, this is not very difficult these days; he has still to negotiate at New Delhi for the import licence—but this is a fact of life to which we have all become accustomed in the last ten years; and, because Government aid is "tied," his choice for purchase may still be restricted—but to a country rather than to a company as before. The Indian entrepreneur's path to setting up an enterprise is not all roses still, but it is not as frustrating as it used to be only three or four years back.

Capital Market

A second development is what I might call the unclogging of the capital market in the country, as reflected in the response to new issues offered to the public. This phenomenon has to be understood more clearly—both in India and abroad. To any economic observer, it is apparent that this does not represent a sudden increase in the propensity to save. Nor is India unaware of sudden frenzies of speculation or transient fancy for industrial investment—we have known all this before: in the sixties and seventies of the last century when there was speculation in cotton and real estate and in the first decade of this century when Indians, believing in the enterprise and management of Tatas, came forward to invest in capital which could not be raised in London. What distinguishes the present boom is its strength—it has now lasted almost two years and, while the earlier excesses have tended to disappear, its innate momentum still continues to lead to over-subscription, at earthlier levels, of worthwhile issues.

This trend, as I mentioned earlier, needs a closer look. Since it is not based on a wider base of saving, it reflects a shift in people's investment preference. This is a transformation through which all advanced economies have passed at one stage or another and one which we have possibly just reached. Such a shift, making people conversant with modes of investment in industry, has a more enduring value, whatever the temporary setbacks caused by market forces.

This increasing public interest in industrial investment has eased the task of entrepreneurs in raising capital. Provided complementary resources are available—and, as I mentioned earlier, the foreign exchange situation has improved to some extent—there appears to be enough scope for rapid industrial advance in the economy.

Entrepreneurship

You will no doubt remind me that industrialisation also requires entrepreneurship—do we have enough of it? This is one of those intangibles where economic *pundits* differ. I personally feel that, given the atmosphere, there is no lack of entrepreneurship in India. Industry on factory lines is more than a hundred years old in India. Indian entrepreneurs ventured into such advanced lines as iron and steel manufacture and shipping in the first two decades of this century. Before the Second War began, India was self-sufficient—no doubt at the relatively low levels of consumption then prevailing—in cloth, sugar, cement and jute. What was lacking was not entrepreneurship but conditions requisite for its exercise. A national government and planning have provided these.

Prospects for Foreign Capital

I have so far not spoken on the prospects for foreign capital in India—not because it is not important to us. I have not done so mainly because foreign enterprise, as much as Indian enterprise, is subject to the influence of the climate for investment—a climate which has turned for the better. Owing to the foreign exchange crisis, foreign enterprise is coming to be increasingly recognised as supplementing the foreign exchange resources available to the economy. The investing public has also come to associate foreign enterprise with advanced management techniques; consequently, over-subscription, to which I referred a little while ago, has been particularly heavy in cases where there is financial and technical collaboration with a good foreign company. Finally, as new and difficult lines are being taken up, foreign enterprise is seen as an important adjunct to indigenous entrepreneurship.

These advantages are recognised not only by our entrepreneurs but also by our Government, which has recently taken various measures to encourage the flow of foreign capital and know-how. In the last Budget of the Union Government, the effective rate on royalties was reduced from 63 per cent to 50 per cent. The Government always insists on royalty agreements being entered on taxable terms, and foreign collaborators have generally sought to obtain a certain carry-home return for the supply of know-how. The revised tax-rate should help to remove one of the main obstacles to the development of the trade in technique between advanced countries and India.

A second change introduced by the recent Budget is the equalisation of tax burden on companies which are subsidiaries or have minority participation of foreign companies. This equalisation has been brought about mainly by a reduction in the rate of taxation. I would like you to note that the opportunity to rationalise the tax structure was not used to raise the tax rates—as so often happens these days.

Indian Investment Centre

A third matter of interest to foreign investors is the establishment of the Indian Investment Centre. Its primary function is to encourage the flow of foreign capital into India by helping prospective foreign investors in various ways—in their dealings with the Government, finding suitable Indian parties to collaborate with, in putting Indian industrialists in touch with their foreign counterparts, by providing information on the Indian economic situation. I am almost tempted to say that the Investment Centre will provide to foreign investors technical know-how—the know-how relating to problems of operating in India.

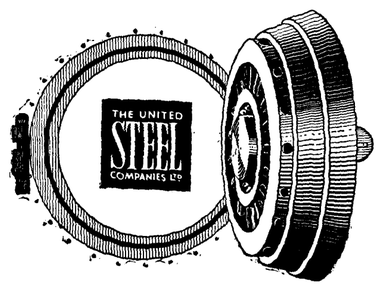
I should, therefore, say that both the receptivity of the Government and the Indian entrepreneurs in relation to foreign capital and the conditions under which it can come in and operate have considerably improved in recent times. Many foreign firms—small as well as large, U.S. as well as non-U.S.—have come in during the last couple of years. In the first quarter of 1961 alone, the Government of India approved 101 technical collaboration agreements. The Investment Centre is also handling a large number of inquiries for foreign participation and collaboration.

In this connection, I should like to mention, particularly before this gathering, that capital flows need not necessarily be associated with the flow of technical "know-how." In the past, particularly before the First World War, capital used to flow across national frontiers according to profitability. While today individuals may not be expected to undertake investment in companies in underdeveloped economies both because the political and economic risks are too great and they may not have the necessary expertise in judging investment, I suggest that investment institutions—insurance companies, investment trusts, and so on—should examine the possibility of investing in such companies. Such institutions have the necessary expertise to judge the long-term prospects of stocks and the necessary resources to absorb any shocks that may arise out of political and exchange risks. Such stocks have, besides higher profitability very favourable growth prospects; such investment will also help to diversify the portfolio of the investment institutions. I feel that a small beginning can be made in such investment;

(Continued on page 571)

Bank vaults are always made of steel . . .
because steel is so dependable!

symbol of security!



Through the years Steel has come to be considered the symbol of security . . . not merely physical security, but economic security as well! The larger the amount of steel a country produces, the higher the rung she occupies on the ladder of economically stable countries . . . the greater her credit in the international market. And that is why India today is striving so hard to raise her output of steel —Steel that will endorse her claim to economic stability . . . Steel that she can hold up to the world as a symbol of her security.

THE UNITED STEEL COS. (INDIA) PRIVATE LTD.

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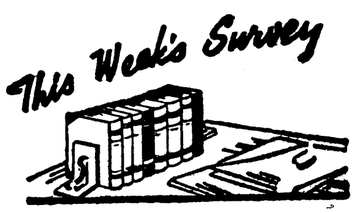
Plants US-27A



RAW MATERIALS FOR STEEL PLANTS

WHEN Sardar Swaran Singh, Union Minister for Steel, Mines and Fuel, stated in the Lok Sabha last week that the problems of supply and transport of coal and limestone were common to all steel plants both in the public and private sectors, he was entirely in the right. He was also right in saying that the high-level committee—consisting of the representatives of steel works, coal industry and principal limestone suppliers, and the Coal Controller, the Iron and Steel Controller and the Secretaries of the Ministries of Railways and Steel, Mines and Fuel—has contributed in no small measure in maintaining production in the developing steel industry in recent months. That this committee has kept a continuous watch over the situation and been able to deal with the supply and transport problems in a practical manner may be true. But it would be an exaggeration to think that it has tackled the problems so effectively as to bring about a more rapid increase in production and, thus, a fuller utilisation of installed capacities. It has only to be recalled, by way of illustration in this connection, that Mr. Biren Mookerjee's recent statement to the shareholders of the Indian Iron and Steel Company Ltd., referred to the unsolved problems of the industry—namely, the inadequate supply of wagons to the collieries by the Railways, the inability of collieries to supply the proper grade of coal, and the inadequacy of washed coal to meet the requirements of the steel works.

Sardar Swaran Singh had, of course, something to say on each of these problems by way of explanation or justification. On the question of railway transport of coal and other raw materials, the Minister said:

"Railway transport for the steel industry at present forms approximately 15 per cent of the total goods traffic and will be about 30 per cent. in the next few years. The sharp increase in traffic on account of the steel plants, all confined to one part of the country, has thrown a great strain. Government has taken various steps to meet the situation. Several long sections of railway line have had to be doubled and new yards constructed. Certain sections have been electrified. New special types of heavy wagons have been introduced so that each train will carry more than double the quantity it used to. It takes time for the collieries, the steel works and the railways themselves to adjust to these new innovations, the new methods of working and the new equipment. These teething troubles, if I may so call them, have disturbed, to some extent, the rhythm of movement of coal and limestone to the plants in the private sector but they have not led to any dislocation of production."

This explanation, though largely valid, overlooks some relevant details regarding the performance of the railways, besides ignoring the fact that, while planning, the Government had failed to anticipate all the difficulties mentioned above and take appropriate steps to eliminate them. How unsatisfactory this performance has been can be known from the experience of the I.I.S.Co., as described by Mr. Biren Mookerjee:

"It is our bitter experience that raw materials are not received at the Works to our scheduled programme because of the shortage of railway rolling stock. Deficit of wagon placements builds up and is corrected by a sudden inflow, congesting the internal traffic arrangements of the Works and taxing our unloading facilities to the utmost. The position is at all times aggravated by the number of wagons of unsuitable type that are allotted. Although our mechanised coal handling plant was, with the concurrence of the Railway Board, laid down on the understanding that at least 90 per cent of our coal supplies would be in open 4-wheeler wagons, we now receive approximately 50 per cent only in open wagons and the balance in covered wagons, with the result that our mechanised equipment stands partly idle and we have to revert to the outdated method of handling coal by manual labour. By giving us more covered wagons then we can handle each day, the Railways create periodic congestion in the Exchange Yard and advantage is at times taken of this congestion as an excuse to apply a cut on further allotments. It is clear that there is very grave shortage of open wagons in the transport system.

"Similarly, when iron ore should be brought in BOBS wagons we are forced to accept BOX wagons which disrupts the internal handling and transport arrangements in our Works and increases our cost of handling. BOBS wagons were designed for bringing iron ore to our Works and our mechanical handling equipment in turn was, again with the approval of the Railway Board, designed to handle these wagons only. There are instances when only 60 per cent of our requirements of BOBS wagons have been met in a month and we have had manually to unload and load to and from stock extremely heavy quantities of iron ore, putting a tremendous strain on our labour resources."

It would appear that practical difficulties of the above kind are additional to the "teething troubles" referred to by Sardar Swaran Singh. As for the problem of inadequate supplies of better quality metallurgical coal, it is again a question more of transport than of adequacy or otherwise of metallurgical coal reserves. Sardar Swaran Singh's view that it is a problem of sharing the "limited" resources of metallurgical coal equitably by the steel industry as a whole is not quite convincing, for it is well known that, even though such reserves are relatively limited, they will last for a good number of decades to come. The remedy will partly lie in developing the canal system between Durgapur and Calcutta for coal movement from the Raniganj field which contains the better quality metallurgical coal. Hydraulic transport of coal to steel plants situated within a distance of 150 miles of the Jharia coalfield, as suggested by the Indian Coal Productivity Team which recently studied coal mining industries in the U.S., the U.K., France and West Germany, may also have to be utilised for easing the situation.

The third problem represented by the inadequacy of washed coal can be solved only by executing the washeries programme in the public sector more expeditiously. Sardar Swaran Singh disclosed that, of the five new washeries covered by the programme, two had been completed, another was nearly complete and the remaining two would be ready in 1962 and 1963. But he also admitted that, while the commissioning of the new washeries would improve the quality of inferior coals to some extent and render them more suitable for metallurgical purposes, the demand for washed coal would also go up in the coming years. There was, however, no indication in his statement that the Government had any proposals under consideration for setting up additional washeries. Whether more washeries could be constructed in either sector as a matter of high priority with D.L.F. aid or with loans from the World Bank is a matter for immediate consideration. The importance of establishing additional washeries of adequate capacity, it may be recalled here, has also been emphasised by the chairmen of steel companies in the private sector.

CUSTOMS AND EXCISE

Since customs and excise duties are collected at the source, they must be administered in such a way as to cause minimum hardship to taxpayers, for inexpert handling gives rise to much avoidable sense of grievance. It is true that the authorities are aware of the need for a continuous improvement in administration and that several steps have been taken in this direction. But there are still a number of complaints of irregularity, delay and harassment. Mr. Shriyans Prasad Jain, Vice-President of the Federation of Indian Chambers of Commerce and Industry, certainly voiced the opinion of the business community when he urged, at a meeting of the Customs and Central Excise Advisory Council, held at New Delhi last weekend, that the basis of, and procedure for, fixing tariff values for various commodities should be reviewed and that the excise rules must be so modified as to help development of industries, besides safeguarding Government revenues.

A disquieting feature in regard to customs duties is the seemingly arbitrary manner in which tariff values are computed. There have been cases, we are told, when the duty (which is being charged on tariff values that are themselves much inflated) alone works out to 186 per cent of the actual c.i.f. value. In some cases, components imported as a part and parcel of machinery attract a higher rate of duty than the machinery rate, notwithstanding the clarifications issued by the Central Board of Revenue. This is an anomaly which was conceded by Mr. Manubhai Shah himself at the meeting of the Import Advisory Council this week and must be set right at the earliest. What is wanted is a clear, common understanding among the various Collectorates. Also, expressions such as "component parts" and "inter-changeability" need to be clearly defined. Further, there is the need for eliminating undue delays in decisions on appeals and revision petitions, as well as in getting the imported goods released.

Viewed thus, the statement of Mr. B. R. Bhagat, Union Deputy Minister for Finance, that the Sea Customs Act would be suitably amended is, indeed, reassuring. Mr. Bhagat said: "Considerable work has been done during the last few months regarding the amendment of the Sea Customs Act. I hope it would be possible to introduce the Bill in the next session of Parliament." Equally reassuring is his statement that the Government is anxious to bring down arrears of refund and drawback claims; special drives have also been carried out in the Customs Houses to get rid of the accumulations of confiscated goods, to finalise pending cases where show cause notices have been issued, and to simplify and improve in all possible ways the procedure for the clearance of passenger baggages. In this connection, the Government's move to eliminate the need for prior confirmations of the Reserve Bank when a scheduled bank stands surety for bonds, or when guarantees are given to the Customs Department, is a step in the right direction.

As for excise duties, three common complaints were mentioned by the F.I.C.C.I. Vice-President. They are: (1) The number of physical checks carried on at present only hamper the smooth functioning of factories. (2) The method of fixing the quantum of rebate on excise duties in respect of exercisable commodities required for use in a factory itself is arbitrary. (3) There are items where the excise duty is levied on both the components and the whole machinery without any provision for rebate of duty paid earlier on components. It is to be hoped that the Central Excise Reorganisation Committee will suggest concrete measures designed to remove these and other complaints.

That the Government of India is fully alive to the urgency of streamlining the Excise Administration especially in the context of export promotion is evident from the observations made by Mr. Bhagat. It is gratifying to learn that orders have been issued for granting full refund of excise duties on all such commodities that are exported. Detailed procedures have been worked out for most of these, one of them being the grant of refund on the yarn component of woollen carpets exported. Suitable instruction has been issued authorising the Collectors of Excise to grant the facility of paying duty by cheques to manufacturers whose annual payment of Central excise duty is not less than Rs. 25,000. These measures and the anxiety of the powers-that-be suitably to modify excise rules and regulations are proofs of Government's readiness to redress the genuine grievances of the trade and industry.

TRANSPORT NEEDS

In his recent address at the annual general meeting of the Calcutta Branch of the Indian Roads and Transport Development Association, Dr. L. P. Misra, Chairman, put forward a concrete suggestion for the purpose of assessing the transport requirements from year to year during the third Plan period. This suggestion is to the effect that transport 'cells' should be set up in the Planning Commission as well as in the Ministries of Transport and Railways to estimate the annual growth of traffic and devise suitable measures for handling the additional traffic. As a practical suggestion, its value can hardly be called in question. If the transport maladjustments of the kind which arose in the latter part of the second Plan were to continue in the third Plan period and if industries were to work at much less than their capacity for want of adequate facilities for transporting raw materials, it would be a distinct setback to economic growth. Dr. Misra's suggestion is certainly worthy of consideration by the powers-that-be in the context of the current transport bottleneck. It is almost a transport crisis that is now on, and its crippling effects are to be seen by way of a crisis in coal distribution, to mention only one instance.

A year-to-year assessment of transport facilities is called for, because the third Plan targets for the end-year are not quite meaningful in the absence of more realistic staggering of transport development. Any such staggering would be realistic only in the light of facts and figures bearing on the expected transport requirements in each year of the third Plan period. For instance, the Railways have decided to develop their capacity for a maximum freight traffic of 245 million tons in 1965-66, but they do not seem to know precisely what will be the additional traffic offerings in each year and what should be the appropriate rate of development per year for reaching the target in respect of lift. Similarly, the Transport Ministry does not seem to have so far devoted thought to the subject of year-to-year transport requirements. It is, therefore, not in a position to know what freight traffic will have to be handled by roads and inland waterways from year to year. Unless transport cells of the kind suggested by Dr. Misra are set up in the two Ministries and their activities are co-ordinated for continuously appraising the traffic developing in the country throughout the Plan period, ways and means cannot be found for creating timely transport facilities so as to deal, in the most economic manner possible, with the traffic offering in each year of the Plan. The powers-that-be should bestir themselves immediately, for the maximum traffic offering to all modes of transport in the end-year of the third Plan may easily exceed the provisional estimate of 320 million tons. And they would also do well to enlist the co-operation and assistance of non-official bodies like the I.R.T.D.A. by associating them with the suggested transport 'cells'.

PUBLIC DEPARTMENT

AGRICULTURAL LABOUR

Andhra Pradesh has joined the list of . . . States which have already fixed minimum wages for agricultural workers under the Minimum Wages Act, 1948. For the purpose of wage fixation, the State is divided into three zones to which different rates are applicable. In zone one, which covers the fertile Krishna-Godavari deltaic area, the minimum wage for farm servants or attached workers is fixed at Rs. 500 per annum for an adult worker and Rs. 250 per annum for a child. For casual labour on daily wages, different rates, depending upon the nature of the work, are prescribed, ranging from Rs. 4.50 for ploughing (with plough team) to Re. 1.37 (for men) and Re. 1 (for women) for weeding. In zone two, which covers the dry Andhra districts of the former Madras State such as Cuddapah, Kurnool and Anantapur, the minimum wage for farm servants or attached workers is fixed at Rs. 400 per annum for an adult worker and Rs. 200 per annum for a child. Casual workers on daily wages are to get Rs. 4 for ploughing (with plough team) and Re. 1.25 (for men) and 87 nP (for women) for weeding. In zone three, covering the dry and the relatively backward areas of the former Hyderabad State and agency areas in West Godavari and East Godavari, the minimum wage for farm servants or attached workers is Rs. 300 per annum per adult worker and Rs. 150 for [illegible] wages for casual workers have been fixed at correspondingly lower rates, the lowest being 75 nP for women engaged in weeding operations.

What is important is not the detailed schedules of minimum wages for the different categories of workers in different zones but the manner in which and the machinery through which the minimum wages are sought to be enforced. If the experience of the States in which minimum wages for agricultural labour are already fixed is any guide, the minimum wage in Andhra, too, may remain in force only on paper. This is due partly to the nature of agricultural labour itself and partly to the defects in the enforcement machinery. Agricultural labour is largely unorganised and work is carried on in scattered fields which make any kind of supervision on inspection practically impossible. The enforcement of minimum wage legislation is lax even in respect of some of the scheduled industries, where conditions are far more favourable than in agriculture. When that is the case, one can easily imagine how effective can be the administration of this law in an occupation such as agriculture. Non-maintenance of registers and records, payment of wages less than the minimum, non-payment of wages, etc., are common even in industrial establishments. Inspection and prosecution have not prevented or minimised the practice of these irregularities on an extensive scale. According to an official review of the working of the Minimum Wages Act, in 1960 alone, as many as 55,000 irregularities in respect of minimum wages were detected by the enforcement staff and 1,122 prosecutions launched against defaulting employers. As these figures cover both industry and agriculture and separate data are not available, it is not possible to say how many of these lapses pertain to agriculture. Enforcement is the number one problem and, unless it is effectively tackled, the law in regard to agricultural wages will remain a dead letter.

It is not suggested by what has been said above that agricultural workers do not deserve the protection of law to maintain a minimum standard of living. Far from it. In fact, agricultural workers are among those who deserve such protection most, because they are least benefited by the Plan. According to the Second Agricultural Labour Enquiry Report, between 1950-51 and 1956-57, the average wages of agricultural labour actually declined, while there was a rise in unemployment and indebtedness. The *per capita* income of agricultural labour declined from 104 in 1950 to 99 in 1956. This was only about one-third of the national *per capita* income of Rs. 291 in 1956-57. There are, of course, many even in Government and the Planning Commission who doubt the accuracy of these estimates. Even assuming that the actual wages received by workers in rural areas are far above than these statistical averages, none can deny that these workers are so ill paid that they cannot afford two square meals a day. But the remedy for this unsatisfactory state of affairs lies not in the fixation of unenforceable minimum wages but in the provision of (*a*) more employment opportunities outside agriculture, (*b*) greater facilities for raising the productivity of agriculture and farming. The low level of wages of agricultural workers is the result of a long period of stagnation in the rural economy and there is no solution to it apart from the vigorous development of the country sides.

ISOTOPE-POWERED WEATHER STATION

As a result of co-operative scientific work of the U.S. Department of Commerce Weather Bureau and the U.S. Atomic Energy Commission, and with the interest of the Department of Transport of Canada, the world's first isotope-powered automatic weather station will soon go into operation in the Canadian Arctic. It will operate for about two years, and it won't require a single human being to take care of it! Power to operate the station, one of the major problems which has hindered such a development, will be provided by an isotope of strontium-90. The station and power source are housed in a cylindrical, insulated container approximately eight feet long. The lower five feet will be buried in the permanently frozen ground of the Arctic. A rugged anemometer, thermometer, and barometer will measure wind direction and speed, temperature, and barometric pressure, and feed these readings into a data processing system from which they will go to the station's radio transmitter for relay every three hours to permanent weather facilities further south.

JWTGF 54

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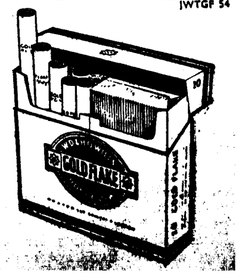

ON THE ARENA

By "Archer"

Economics for the Exasperated

SEVERAL years ago, there was an uncle of mine who was both a hedonist and a gourmand, but was never happy in the biological sense. When his digestive functions were normal, as occasionally they were, he ate well and much too unwisely, resulting in flatulence and a great deal of discomfort. He would then treat himself with massive doses of ayurvedic carminatives, as a result of which he would develop stomatitis and ulcers in the mouth, to cure which he would swallow butter, ground almonds and milk, and then start flatulence all over again. With a little moderation, he could have lived a happy life, but alternating between two extremes of indulgence and denial, he spent several years of his later life with a perpetual feeling of unsatisfied desires, a confirmed cynic.

The difficult and disappointing features of our economy are somewhat similar to the travails of my late lamented ancestor. We believe in increasing the standards of living of our people, and, for that purpose, we are asked to increase production, increase employment, increase earnings, increase savings, increase investments, in short, increase everything which indicates prosperity. We succeed in some efforts, and don't succeed in others. To correct the resultant imbalances, we are asked to reverse gears in certain directions. The desires and hopes of the common man remain unsatisfied, and our economic expostulations irritate and exasperate him.

In spite of massive investments over a period of eight years, we still suffer from chronic shortage of steel, cement, coal, fertilisers and all the good things of an industrial life. We have failed in achieving the projected targets of production in all these items. On the top of these troubles, our export earnings are much below our estimates of foreign exchange receipts which we envisaged under this head.

The boost to production of sugar promulgated over a year ago worked, but we cannot sell our surplus of the commodity outside the country except at a loss. The position regarding coffee is the same. Our heroic efforts to export these commodities will result in much loss to the exchequer, while our decision to sell them overseas at world parity prices will eventually amount to subsidising the foreign consumer at the expense of the domestic consumer. Mr. S. K. Patil has promised liberalisation of curbs on the movement and distribution of sugar, and hopes that there would be spurt in consumption, and a corresponding increase in fiscal revenues through excise duty. He would justify a loss of Rs. 5.5 crores in subsidising exports of sugar to Malaya and the U.S.A., as the increased excise revenue from internal sales might reach a figure of Rs. 50 crores per year. But the Sugar Directorate has a mind of its own on the question and has released only two lakh tons for the current month. Apparently the Directorate is afraid that the country may not metabolise a higher quota. It is, of course, very doubtful that internal demand will increase when the excise duty is maintained at the current level, but there is no harm in trying, and the Directorate will not even try.

The Chairman of the Tea Board has announced that the Board has embarked on some "negative methods of export promotion", like withdrawing all the propaganda units in the country, in order to restrict internal consumption of tea and release more of the commodity for export. It would seem that, as against an export of 159 million pounds of tea last year, we have actually despatched 176 million pounds till the end of July last, resulting in a rise of about Rs. 7 crores by way of foreign exchange. The Tea Board thinks that we should do even better and would therefore like us to forget all the nice things that they said about tea in the past. 'The cup that cheers' will not be available to many a consumer as frequently as before.

In the meantime, the Cabinet Committee on export promotion has approved of a comprehensive export incentive scheme (with a provision of Rs. 10 crores) which will include lower railway freights for ores, subsidy for vegetable oils, fertilisers for tea, rationalisation for textile mills and so on. It is not as though all these measures were unknown to us in the past; it is just that we did not think them to be necessary as and when each industry wanted some boosting when it was down and out. Now they are all down and out, and there is going to be an all-out omnibus boosting to exports of all exportable commodities, which might result in the indigenous consumer being asked to tighten his belt until he snaps into two. This can develop into a very disturbing trend at a later date, but we may then think of a few bright ideas to boost internal consumption all over again.

To the common man any economic explanation of these conflicting phenomena is exasperating. He believes it is just a lot of abracadabra.

* * * *

Deposit Insurance

The decision to insure bank deposits up to a limit serves a commendable social purpose, but it does not ensure (*a*) development of efficient and safe banking and (*b*) the prevention of sudden and unforeseen runs on banks. The pursuit of efficient and safe banking methods depends on the kind of tradition that has been followed, and, as we all know, lousy tradition takes a long time and strenuous efforts to be eradicated. Runs are unpredictable and unforeseeable, and, in most cases, irrational. In the past, many of them have been brought about by evil tongued slanderers engaged in whispering campaigns, by disgruntled constituents who have been refused accommodation, by dissatisfied employees with a sense of grievance, by the loose talk of overjealous canvassors of competing banks, and by wilful or exaggerated rumours of losses or bad advances. The effect of a run on a bank is similar to what happens to a human being when an artery is severed. Paradoxically, however, survival depends on the manifestation of the greatest strength and stamina to resist the drain. Such a phenomenon is never self-generated; so, a bank in distress has to be the recipient of assistance in full measure from the central banking institution until the run stops. The question, therefore, is: will the Reserve Bank of India get ready to offer such assistance in future, now that deposit insurance provides cover for an estimated 75 per cent of the six million deposit accounts in commercial banks and about 20 per cent of the entire deposits, or will it restrict providing emergency funds only to the extent of the available secured drawing power allocated to a bank in distress? Deposit insurance should generate confidence in depositors, and perhaps will, in a matter of some years, make the majority of them see the utter stupidity of giving way to panic and joining a run. But there is no guarantee that bank runs will be banished, certainly not so long as our banking system is as loosely knit as it is at present.

There are three endemic evils in our country which require strong measures to be eradicated; irrational bank runs, illegal labour strikes and irresponsible hunger strikes. All of them require firm and courageous handling. The latter two evils must be resisted with the utmost authority, while the first one can be met only by the provision of financial assistance, speedy, effective and in full measure. A clear-cut policy has to be formulated, blue-printed and kept in readiness for implementation in future, at the shortest available notice.

* * * *

A Calculated Risk

A news correspondent from New Delhi reports that an export quota of 50,000 tons of groundnut oil expeller cake may be allowed during this year and that, if it is found that the export does not exert undue pressure on internal prices, an additional quota of the same size may be permitted. It is understood that the Government is willing to take a calculated risk in this regard, in view of the urgent need to maximise exports and earn foreign exchange.

Admission of the fact that a "calculated risk" is being taken is only another way of saying "we know there will be a hell of a mess, but we are going to shut our eyes and ears to it, and suggest that you had better stop whining". Under the excuse that there is urgent need to maximise exports and earn foreign exchange, many a calculated (cold-blooded?) risk is being taken in utter disregard of the chain reactions that are sure to start, with their inevitable impact on the prices of foodstuffs and cost of living of the lower middle classes. What is most amusing is the statement that, if it is found that the first export does not exert undue pressure on internal prices, an additional quota of the same size may be permitted. The apparent presumption is that prices are normal now, and the supply position even and easy. In any case, the announcement has already appeared in many of the language newspapers and prices are sure to be put up by dealers long before the export takes place. In most parts of South India, groundnut oil cake is used extensively as manure and also as cattle fodder. The miserable quadrupeds which have been getting a few ounces of cake till now will have to revert to subsisting on dry leaves and discarded newspaper. Even the latter sells at 37 nP per pound, if it is not crumpled.

The way that export quotas are established and tinkered with reminds me of the old saying "A jovial tinker stops one hole and makes three." The quotation in old English from English drama before Shakespeare (Brand I) runs as follows:

"Hoie tiftie toftie tinkers, good fellows thei bee,

In stoppyng of one hole, thei vse to make three".

* * * *

The Lesser of Two Evils

A tired old man who had two wives living, and suffered a lot of cruelty from both of them, was asked which of the two was less of a terror. He replied naming the younger, for she was prepared to sit up and eat her food, while the senior termagant insisted on being fed while she was reclining in bed.

Soviet Russia has set about detonating her nuclear bombs in the atmosphere, setting in motion deadly radioactivity, poisoning the air and food in areas far away from the scene of explosion. The United States has replied to this by blasting the bombs underground, avoiding (we hope!) the genetic and biological hazards of radioactive contamination. The parable of the old man with two wives indicates a parallel if the uncommitted nations are equated with the old man, the senior wife with Russia and the junior with the U.S.A.

It may be that the Berlin crisis started a whole series of inflammatory situations, and it is interesting to hear Premier Khrushchev blaming the U.S.A. for embarking on massive re-armament, and all the Western Powers for breaking the *de-facto* moratorium on nuclear tests by permitting France to stage four explosions in the Sahara, creating panic in all the West African countries. General de Gaulle has been doing things with a mighty and cynical disdain for world opinion and the directives of the United Nations. Neither Mr. Kennedy nor Mr. Macmillan screwed the ears of the General for being naughty, but, of course, he was too tall for both of them (physically) and they would have had to climb on stools to reach his ears.

The Uncommitted Nations have done their best in Belgrade (the barbecue must have been enjoyable), and the world awaits the result of their endeavours to get Russia and America together to resolve the tangle. In the meantime, General Montgomery (Monty) is doing his piece all on his own in Peking, declaring that One China, The China, should be recognised as China, and that the two Berlins should also be accepted as separate entities. It looks as though everybody means well; only, there are no signs yet of the return to tranquility.

Amidst all this din of recrimination and controversy, the people of Bombay are going to have 'darshan' of Major Yuri Gagarin, the first cosmonaut, in the first week of October. The second cosmonaut (but the first American), Commander Shepard, seems to have receded into obscurity, apparently because he only did the pole vault into cosmos and came back in fifteen minutes. But what of Gherman Titov? He did much more than Gagarin, staying out in circumlocution for 25 hours against Gagarin's 108 minutes, and had three meals and eight hours of sleep and even skidded into topsy-turveydom for sometime. How is it that the Indo-Soviet Cultural Society has not thought of inviting Titov to join Gagarin? Does being the first man who circled the earth make so much of difference?

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CAN EXPORTS BE DOUBLED IN TEN YEARS?

REVIEW OF THIRD PLAN TARGETS

(Contributed)

THE problem of our exports is as much a long-term problem as it is a short-term one. The immediate danger arises from the U.K. Government's decision to join the European Common Market which will immediately affect our exports to U.K. as the biggest consumer of our traditional exports. In the long term, an increase in our exports is the very basis of our Five-year Plans. We have started with targets which are difficult to scale down. Having started with such high targets, we have explored all means of external aid and there is still a substantial gap to be met by exports which have to increase substantially if any of the targets are to be realised.

The Planning Commission has a 10-year export promotion plan which will take effect from the beginning of the third Five-year Plan. According to the needs for the required increase in exports, the present level of exports has to be doubled to Rs. 1,300-Rs. 1,400 crores by the end of the fourth Plan, i.e., 1970. If this is achieved, it should ensure a self-sustained growth of the economy thereafter. It is against this background that the object in achieving export earnings of not less than Rs. 3,700-Rs. 3,800 crores over the third Plan has been set. This would mean that the annual level of exports during the course of the third Plan should rise by about Rs. 200 crores and the overall annual exports for the third Plan period should be about Rs. 150 crores more than the average during the second Plan.

Doubling our exports within a space of 10 years would mean that the present 5 per cent of our national income which is being utilised for exports will have to be raised to 6 per cent at the end of ten years, after taking into account the expected increase in our national income. This, from the point of view of national income, is not very difficult provided the income increases as planned. The increase in exports, however, has to be viewed against the fact that during the course of the last ten years, the proportion of India's trade to total world trade has fallen from 2 per cent to 1 per cent, which means that world trade has doubled and the quantum of our trade has remained constant. This of course, does not mean that doubling one's exports within a period of ten years is impossible. In the past, this has been achieved by Ireland, Germany, Japan, Israel and Yugoslavia. It is inevitable, however, that special means should be considered for commodity-wise and country-wise increase in our exports. As the total proportion of our trade with our neighbouring countries and with African countries is proportionately small, it might be advisable to increase this systematically with the aid of competent Trade Commissioners.

Promotion Measures

The Planning Commission has announced that the measures suggested for export promotion would include restraints on internal consumption, reduction in the costs of the products, increase in production and greater export consciousness in the public. The Commission has also suggested that licensing policy for industry should take due account of economies of larger scale in the case of export industries. In these industries, the level of costs has overriding importance and national interest requires that this consideration should receive precedence over certain other considerations such as balanced regional development and dispersion of economic power.

The biggest problem facing our export industry at present is probably the rising demand and good prices obtainable in India in the present inflationary situation which acts as a disincentive to exports. The Planning Commission has also given some thought to the necessity of setting physical limits to the total internal sales of individual manufacturing units so as to make surpluses available for exports. The more successful means, however, can only be various export incentives which have so far been only in the form of linking exports with preferential import licences. The bait of import licences can be useful only if they are not used for less essential industries and only if the leakage of the foreign exchange by under or over-invoicing can be checked. It is the *net* amount of foreign exchange earned which should always be a major consideration. The best export incentive would be to offer tax concessions to export industries. This may take the form of tax holidays for new undertakings, development rebate for newly installed machinery and the additional depreciation allowance equal to normal depreciation which was allowed to lapse two years ago. It is, however, necessary to go a step further and introduce priorities in the taxation structure for the export industries. Either the uniform development rebate may be converted into a higher development rebate and allowing longer tax holiday for export industries or special treatment for output set aside for exports.

The c.i.f. price of most of our exports tend to be higher than the world prices. In the case of sugar, the world price per bag is about Rs. 40 per bag, while the Indian c.i.f. price is about Rs. 110 per bag. So, even if the excise duty of Rs. 30 per bag was completely taken off, there would still be need for other financial incentives for exports. This is inevitable as the export need in some cases might be as high as 20 per cent to 25 per cent of the total output, which is an amount on which no industry can afford to bear a loss. In order to give a favourable tax structure to an export industry, any assistance by way of cheaper raw materials would not be substantial as the percentage costs of raw materials in a heavily capitalised industry will not be very much. Japanese competition to our textile exports shows that shipping and freight is one of the important factors in reducing the c.i.f. prices. It might therefore be advantageous to follow up the recent beginning in the reduction of export freights by systematic negotiations with foreign conference lines. In some of the industries, the export prices have to be anything upto 25 per cent lower than the internal prices and this can be best done by allowing exports losses set off against taxable profits in India. Exports to the less developed countries in Africa and the Far East can also be promoted by loans for specific exports or credits for the machinery for new industries to be established in the lesser developed countries. India is in a position to export cement manufacturing machinery and other engineering goods which have shown a most promising rate of growth.

Non-traditional Exports

The third Plan is based on the assumption of a substantial increase in our traditional exports like tea and cotton textiles to the traditional markets like the more developed Western countries. While the traditional exports offer the surest exports which have stood the test of time it is argued that they might not increase by more than 20 per cent over the next five years. Under the circumstances, we have to think of the non-traditional exports like cement and machinery to non-traditional countries with centrally planned economies. Something can be done in this direction provided the defects of the rupee payment agreements are corrected so as to provide for competitive quotations and conversion of the unrequited exports into convertible currencies. Some people have gone even to the length of recommending devaluation which will increase substantially the certain costs of the inevitable imports as against the possible hope of an increase in our exports which have inelastic demands. The immediate result of such a step can be suicidal because our exports may not rise except to a small extent.

One aspect which is often lost sight of is the need for quality controls in the exports especially of cotton textiles where we have lost markets permanently to our competitors by not sticking to the quality as per sample. As the Planning Commission would be going into the possibility of exports for each industry, it will surely look into information such as the enquiry made by the Tariff Commission in respect of the relative labour costs of 62 industries. It was noticed that 25 per cent of the industries had a labour cost below that of our competitors. Cheaper labour can sometimes be really cheaper and these small advantages need to be pressed home.

AMERICAN LETTER

BOOM PSYCHOLOGY SPREADING

KENNEDY ADMINISTRATION STOPS BANK MERGERS

From Our Special Correspondent

NEW YORK, *8th September*

DESPITE gathering war clouds, or perhaps because of them—it is difficult to pinpoint the reason—a boom psychology is developing in the United States. The general expectation is that the fourth quarter of the year will be shaping up as the best three months' period of 1961 and, possibly, the best ever.

The steel market has recovered. New orders have been gaining across a wide range of products at an accelerating pace. Now that the wage negotiations in the automobile industry have been settled without a strike, spokesmen predict a boom. This is one of the supporting elements in the steel picture, of course.

Home appliance manufacturers are equally optimistic. They are ordering more steel in anticipation of an upturn in the autumn. Even farm equipment manufacturers, who had been expected to suffer from this year's severe drought in some areas, registered little more than a seasonal decline in their steel orders.

Another part in the overall picture is the defence build-up for the armed forces and the civilian population. While all this is going on, business and industry are trying to adjust themselves to higher minimum wages which became effective in the beginning of this month to coincide with Labour Day. These higher minimum wages now cover also additional groups of workers not included heretofore.

Steel workers will get another—the third—pay boost next month under the last wage contract signed in January, 1960. Steel prices were not raised after the first two wage and fringe benefit raises and political pressure is now being brought to bear to make the steel industry refrain from upping prices next month.

Steel prices have not been too firm anyway, owing to foreign competition which has retained its supply position acquired during the last long steel strike. Except the major producers, most of the smaller steel companies have been labouring under reduced earnings which has not helped labour or Treasury tax revenue.

Bank Mergers Blocked

Interference in business matters by the Federal Government is becoming more and more symptomatic of the methods applied by the Kennedy Administration. Robert Kennedy, the brother of the President, as Attorney-General of the United States, is using the entire machinery of the Department of Justice in these doings.

Latest attempts have centered around the blocking of bank mergers which had been approved by the various Federal and State supervisory authorities and upheld by State Supreme Courts. The official excuse for such actions were the anti-trust laws and charges of monopoly. All this is absurd. In the 1930s, there were some 40,000 banks in the United States. The majority were small and established by local merchants who had made their money in the lush and speculative 1920s.

Most of these bankers knew nothing about banking. The net result was that, after the bank holiday, declared by President F. D. Roosevelt in 1933, only about 15,000 banks were able to reopen. Mergers have since reduced this number, but not materially. As a whole, the country is still overbanked. Canada, for example, has less than 10 banks with their large network of branches which, of course, serve a population much smaller than that of the U.S. where branch banking is frowned upon, except in a few States such as California which is blanketed by Bank of America. That, too, is a matter of politics and "politics" in the American sense has become the hand-maiden of special interests. There are many of these and they often serve cross-purposes.

A Social Problem

New York City has just emerged from one of the dirtiest primary elections for Mayor. Charges and counter-charges were ghastly, because corruption and abuse of power by public officials were rampant. Members of the Board of Education were unpleasant on television not only to eyes but to the ears in their incorrect use of the language and all this is super imposed on the racial integration problem which is almost as acute in the industrial East of the U.S. as it is in the South with its large Negro population. The protection of the latter by Washington under devout humanitarian phrases does not distract from the fact that a substantial number of potential votes are involved.

Similarly immune from prosecution is the motion picture colony in Hollywood, or at least a large number of its members, as well as members of the gambling syndicates in the States which permit casinos to operate. The reason there is that millions and millions of dollars have been spent by these groups to elect "safe" candidates. None of this makes for public confidence in Government and all of this has strong economic implications. Thus, meritorious projects, conceived in the public interest, fall often by the wayside, if the proper persons can be "persuaded" to veto them. This, of course, has gone on throughout recorded history, but something of a zenith in this area has been reached here.

G.N.P. Jumps Up

It may be one of the luxuries of prosperity. The gross national product in the fourth quarter is now projected to reach the $540,000 million mark. This is $10,000 million higher than the previous estimate and compares with $516,000 million in the first quarter of 1961. Inventories are rising slowly and factory sales have been increasing for the sixth consecutive month. There are no signs of abatement in the upward curve.

The longer-term outlook is such that some economists predict a $600,000 million economy by the end of 1962 and a reduction in the unemployment rate from the present level of a little less than 7 per cent to 4 per cent of the labour force. If war comes, there may be no unemployment at all and fewer people to satisfy statistical purists.

United Nations News

There were two major topics of discussion at United Nations headquarters in New York. One was the meeting of the heads of uncommitted nations at Belgrade and Prime Minister Nehru's subsequent—and from all reports—depressing talk with Chairman Khrushchev. The other was the splendid co-operation of Western central banks in helping the Bank of England in its difficulties to bring about a better balance of international payments.

The International Monetary Fund came in for praise, too, for the part it has played in alleviating the British crisis. This U.N. affiliate announced, incidentally, that New Zealand, which has voiced strong opposition to Britain's decision to join the European Common Market, has become the Fund's newest member. That country also joined the World Bank and the International Finance Corporation. Seventy-two nations are now members of the Fund, with total quotas of $15,002,600,000.

There is a great deal more concern among U.N. delegates about the possibility of war than there is among the American people, generally. The situation certainly is much more serious now than it has been for some time. Mr. Adlai Stevenson, the U.S. Ambassador to the U.N., is no longer as flippant as he used to be after having been exposed to the realities of international politics and international economics. Rebellious voices around the globe are too loud and too strong to be ignored even amid the materialistic prosperity which only a short time ago was believed to be the answer to ideological difficulties with other lands.

(Concluded from next column)

a commercial display—in which British firms and Indian firms with British connections will stage individual displays of their products on stands provided by the Board of Trade. This section will cover about 26,000 square feet and accommodate 48 firms indoors and two out-of-doors. Ten other firms with British connections will exhibit independently in their own pavilions on adjacent sites. Their exhibits will bring the area devoted to exhibits of goods deriving from Britain up to a total of 112,000 square feet.

PLANNING DILEMMA

REACTIONS OF TRADE UNIONS

(From Our Own Correspondent)

LONDON, *9th September*

LONDON LETTER

THIS week the Trades Union Congress (T.U.C.) has been holding its Annual Conference. The most important report before it was that on economic affairs, with particular reference to the Chancellor's request that the trade unions should assist him in planning.

The chief spokesman for the General Council said scathingly: "The Chancellor's difficulty is that he has waited until he put himself and his Government and ourselves into an impossible mess before he has come to us for co-operation. And when he does come for that co-operation, he holds us at arm's length by his actions in connection with his wage pause and by destroying the machinery of arbitration."

The point is the unions want to be consulted; they regard themselves as a serious and important body of men, but the Chancellor's imposition of a wage pause first and a plea for consultation afterwards strikes them as the wrong way round to do things!

The T.U.C.'s Economic Advisers have taken the view that the Chancellor has been altogether too much dominated by the surges in and out of hot money. They are not, of course, alone in this, for, on the employers' side, too, the Chancellor has been condemned for not providing a more stable basis on which to further the nation's economy. The view that these external money movements ought to be divorced from domestic policy is thus gaining ground.

The T.U.C. spokesman went on to criticise the *laissez faire* policy of the Chancellor "who is now so bewildered by its result that he turns to socialist policies, and, if, in planning, he stumbles and does not know quite what to do, do not let us blame him too hardly. A Conservative Chancellor carrying out socialist policy is bound to be bewildered."

But it also emerged during the Conference that, although the employers were enthusiastic about the idea of a National Planning Council, the Unions have become suspicious of it. The reason for this is that they are afraid that to the Chancellor planning might mean not more than a wage pause. They are particularly indignant at the Chancellor's decision to override the Wage Boards—that is the conciliation machinery which helps the smaller and weaker unions to negotiate wages. The road haulage workers have a claim before their Wages Council at the moment and the T.U.C. has declared that it will fight on their behalf. The trade unions have an especial veneration for the machinery for settling wages and industrial disputes. That is why they are quite genuinely shocked by the weakening of this machinery.

It seems that the Chancellor had in mind a Planning Committee of 25, representing employers, unions and Government, but the T.U.C. has declared that it could have no confidence in such a body. Its size would mean that everybody would make set speeches; it could not possibly form a consultative committee. But the T.U.C. of course favours planning and, in spite of all that has been said this week against the Chancellor's proposals culminating in a resolution denouncing his policy, it is unlikely that the trade unions would stand out against co-operating in a committee of such size and composition as would be truly consultative and truly at the centre of power.

BRITISH PAVILION AT INDIAN INDUSTRIES FAIR

"Britain as India's Industrial Partner" will be the major theme of the British exhibit at the second Indian Industries Fair to be held in Delhi from 14th November to 1st January 1962. The exhibit, which will be the most ambitious Britain has ever had in India, is being designed to give an overall picture of the extent and variety of the British contributions to the industrial development of India.

The British Pavilion, designed by Mr. Charles Munro, one of Britain's leading exhibition designers, has designed the Pavilion, will be in two major sections. The first is to be devoted to the official exhibit, "Britain: India's Industrial Partner," and will cover about 11,000 square feet. The object of this exhibit will be to outline Britain's continuing contribution to the industrialisation of India and it will include sections on finance, transport, communications, power, industrial production, health and knowledge. This will lead into the second section—

(Continued in previous column)

INSURANCE OF BANK DEPOSITS

LOK SABHA ADOPTS THE BILL

THE Lok Sabha gave its consent to the Deposit Insurance Corporation Bill, 1961 on 8th September, 1961, after a brief debate. The Bill was generally welcomed by the House. Some of the members offered a few constructive suggestions; none of them, however, was acceptable to the Government. As is only to be expected, the Communist members availed themselves of this opportunity to voice, once again, their favourite themes, namely, condemnation of the private sector and nationalisation of banking. Notable among the suggestions made were: (1) the amount payable by the Corporation in the event of failure of a bank should be raised from Rs. 1,500 to Rs. 3,000, if not Rs. 5,000; (2) the low amount covered might lead to splitting of accounts over a number of banks; and (3) co-operative banks should be brought within the scheme.

Moving the Bill for adoption by the House, the Deputy Minister of Finance, Mr. B. R. Bhagat, explained at length the objectives of the measure and its salient features. The Minister stated at the very outset that there was a consensus of opinion among those interested in the banking industry that the time was now opportune for the establishment of a deposit insurance scheme. It was now generally agreed on all hands that the scheme would increase still further the protection which was now being provided by the provisions of the Banking Companies Act and that it would strengthen and improve the banking and financial system of the country. Dispelling the apprehension that the scheme was being introduced at this juncture because of the prevalence of a crisis in the banking sector, Mr. Bhagat hastened to add that the progress of the banking system was quite satisfactory. He observed that whether one took into consideration the number of institutions or the amount of loss to depositors, bank failures in India had been neither frequent nor very significant in comparison with the experience of several other countries, including the U.S. The deposits of banks which might be regarded even by pessimists as vulnerable did not constitute 4 per cent of the total deposits of commercial banks at the present time. Mr. Bhagat stressed that, in actual quantum, the loss or erosion even in the case of these deposits was not so great as to cause any serious concern.

Complacent Optimism

These observations of Mr. Bhagat are rather too optimistic and complacent. Similar observations made by his predecessors were not borne out by events. Take for instance the shock received by the country as a whole on the failure of the Palai Bank. The amount of deposits involved here (about Rs. 10 crores) was only a small fraction of total deposits, but the repercussions of the failure were enormous. Another point to be borne in mind here is that the sufferings of persons who lose as a result of bank failures are immeasurable, as, in several cases, it may mean the loss of savings of a life time. In a way, the last mentioned point was conceded by Mr. Bhagat when he said that the primary objective in framing the present legislation was to remove the anxiety on the part of individual depositors regarding the safety of the funds. For its smooth functioning and growth, the banking system, the Minister added, must be able to offer a guarantee or assurance of protection, in respect of every deposit, whatever the position or the status of the bank or depositor might be and further the depositor should be in a position to obtain as large a portion as might be possible of the amounts due to him, in the event of any unforeseen loss, without waiting for the process of liquidation, or the realisation of the assets of the bank, to be completed. This was the rationale, remarked Mr. Bhagat, behind the deposit insurance scheme incorporated in the Bill.

Alluding to the salient features of the measure, the Deputy Minister of Finance pointed out that the main intention of the Bill was that the deposits in all commercial banks, excluding Government deposits and deposits of the insured bank themselves, should get the benefit of insurance cover within thirty days of the commencement of the Act. As regards the extent of protection which would be afforded by the Bill, the Minister informed the Lok Sabha that, on the basis of the estimates made by the Government, 75 per cent of the accounts, or 4.5 million accounts in absolute number, and 20 per cent of the entire deposits, excluding P.L. 480 funds, were likely to be covered by the scheme. He also disclosed that, to begin with, the actual rate of the premium would be fixed at 5 nP per Rs. 100 of deposit amount. This is a low rate, lower than even the most optimistic expectation in the banking world. Such a low rate of premium is possible, because the amount insured per deposit account is fixed at a very low level, a clear evidence of the half-hearted manner in which the Government is implementing the scheme. The Minister was not very convincing when he said that the small cover provided under the scheme would not induce a person to keep deposits with a number of banks in order to get full protection for his funds, as people deposited money only in banks in which they had confidence. His reasoning ignores the force of human nature. Hitherto no cover at all was available. But now that some protection will be available, depositors, especially the small and medium, will naturally try to take full advantage of it. Again, so long as the amount of deposit covered by insurance is as low as it is at present, the scheme will not be of much use as a factor minimising the possibility of runs on banks.

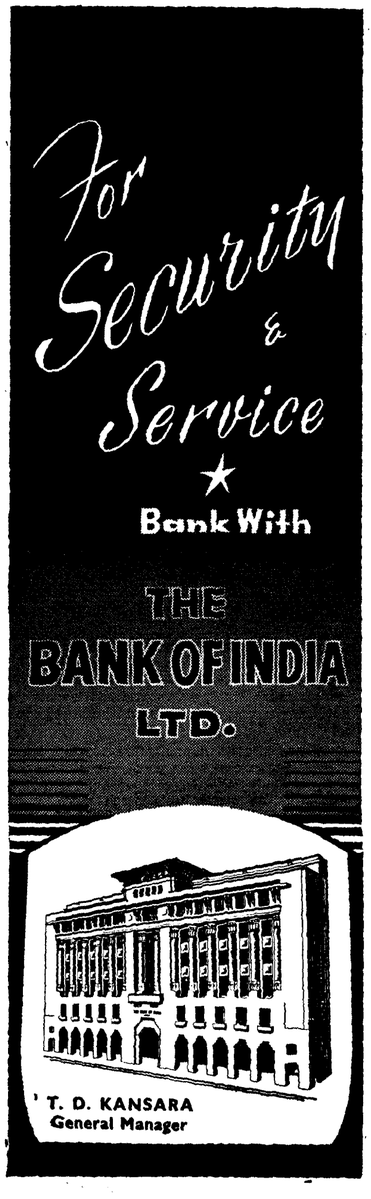
Mr. Bhagat also explained the reasons that prompted the Government to give up its original proposal for excluding the State Bank and its subsidiaries from direct participation in the scheme. His observations on this point deserve to be placed on the record of this journal:

"The State Bank and its subsidiaries are constituted as public corporations by the Central Government under special charters. This distinguishes them from other commercial banks, and it is not necessary to cover the deposits of these banks by an insurance scheme, the primary object of which is the restoration of the confidence of the depositors. However, certain legal and other difficulties have been encountered in implementing the decision in the form in which it was originally announced. Accordingly, the deposits of the State Bank of India and its subsidiaries have also been formally included in the scheme and the contributions which these banks would have made in accordance with the previous decision will now be made by them in the shape of premia."

The foregoing quotation clearly shows that the Government had taken its decision earlier without realising the constitutional implications. This does not redound well to the credit of the Government.

Co-operative Banks

Explaining the grounds for excluding the co-operative banking sector from the deposit insurance scheme, Mr. Bhagat said that, as the co-operative banking societies were exempted from the provisions of the Banking Companies Act, they were not subject to the same degree of control as the commercial banks. Also, as their number was very large, the Corporation would have difficulties in entering into agreements with them. Furthermore, the size of insurable deposits with these societies was, however, not very considerable. Nevertheless, he proceeded to say, reassuringly to Co-operators, that the Government was alive to the possible adverse repercussions that such exclusion would have on the co-operative banking sector and that the position would be reviewed in future when the Corporation had built up adequate financial resources for enlarging the scope of its activities. This statement of Mr. Bhagat, despite the difficulties involved in extending the facilities of the Corporation to co-operative banks, is typical of the Government's ideological attachment to the Co-operative Movement.



SECOND I.D.A. LOAN TO INDIA

The International Development Association (I.D.A.) extended this week a development credit equivalent to $6 million to India for the expansion of tubewell irrigation in the State of Uttar Pradesh, one of the country's most important agricultural regions. The project which the I.D.A. credit is helping to finance provides for the drilling and equipping of 800 tubewells during the first three years of the Plan period for the irrigation of 320,000 acres of land in Uttar Pradesh. The cost of the project is estimated at the equivalent of $12 million of which one-half would be covered by the I.D.A. credit.

The credit is for a term of 50 years, interest-free. It is repayable in foreign exchange, amortisation to begin, after a ten-year period of grace, on 1st November 1971. Thereafter, 1 per cent per annum of the principal will be repayable for 10 years and 3 per cent will be repayable each year for the final 30 years. A service charge of ¾ of 1 per cent per annum on the amounts withdrawn and outstanding will be made to meet I.D.A.'s administrative costs. This is the second I.D.A. credit to India; one of $60 million was granted in June 1961 to assist a programme of road construction and improvement.

The proceeds of the I.D.A. credit will be lent by the Indian Government to the State of Uttar Pradesh, whose Irrigation Department will build and operate the project. The Department has had long and successful experience with tubewell irrigation, and, by 1960, had a total of 6,000 tubewells in operation. Wherever it can be used, tubewell irrigation has certain obvious advantages. Construction time is short, as compared with major irrigation works; water is under the control of the user and is available when needed; and it can reach areas which cannot be irrigated by gravity from canals. Moreover, although tubewells are more costly to operate, they are cheaper to construct than large projects for canal irrigation. Each of the 800 new wells will irrigate about 400 acres. They will be drilled to an average depth of 300 to 400 feet and have an average capacity of 35,000 gallons per hour. The pumps will be driven by electric power to be supplied from the State grid system, and will discharge into about two miles of canal. The farmers themselves will provide ditches between the outlets of the Government canals and their farms.

NEPAL JOINS FUND AND BANK

Nepal became a member of the International Monetary Fund and the World Bank on the 6th inst., when the Articles of Agreement of the two institutions were signed at Washington by Nepal's Ambassador in the U.S., Mr. Matrika Prasad Koirala. The quota of Nepal in the International Monetary Fund is $7,500,000. Nepal's subscription to the capital stock of the Bank is 100 shares with a total par value of $10,000,000.

Seventy-three nations are now members of the Fund and the total of members' quotas is $15,011,900,000. The Bank now has 71 members and a total subscribed capital of $20,279,800,000.

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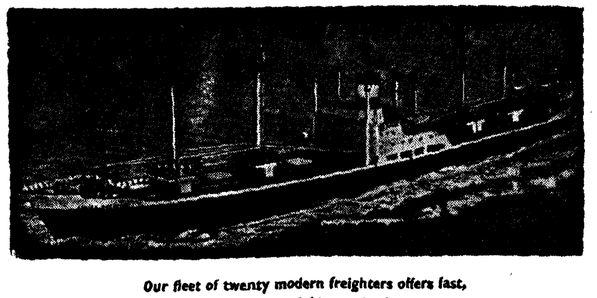

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ENQUIRY INTO COTTON MILL CLOSURES

SPECIAL COMMITTEE PROPOSED—DETAILS OF SPINDLES ALLOCATION

TWO important considerations invest the need for enabling the marginal mills to avoid closure and the closed cotton mills to resume production with urgency. One, the domestic clothing requirements of the country are increasing steadily, not to speak of the necessity of earning foreign exchange through exports. Two, there will be an expansion in employment opportunities, both direct and indirect. Viewed thus, the latest decision of the Union Government to constitute a small representative committee to keep under constant review the causes of mill closures and to suggest timely steps in order to enable the marginal units to tide over their temporary difficulties is to be welcomed, though it can be asked whether such work cannot be entrusted to the Office of the Textile Commission which has quite a large staff and which gets whatever information it wants from the individual mills. The decision to set up the committee was disclosed by Mr. K. C. Reddy, Minister for Commerce and Industry, where he addressed a meeting of the Informal Consultative Committee of Parliament at New Delhi on Wednesday last week.

The Minister was confident that most of the seventeen mills which had suspended operations were likely to reopen in the near future. Mill closures—total, partial and shift-wise—may, of course, be a feature of normal existence in the cotton mill industry, but it has to be stressed that the closures of individual units should not be for an unduly long period. According to Mr. Reddy, a certain number of mills in the different parts of the country either do not work to their full capacity or remain closed at sometime or other, owing to various factors. The main causes of closures are uneconomic working or financial difficulties. The closure is also brought about sometimes by other factors such as gross mismanagement, imbalance in production and the resultant losses as a result of accumulation of stocks, labour strikes, etc.

Government Assistance

The speech of Mr. Reddy and the discussions at the aforesaid meeting brought out the following information:

The mills which suffer from financial difficulties can get assistance from institutions such as the National Industrial Development Corporation and the Industrial Finance Corporation. If it is a case of uneconomic working, the mills can avail of the services of the Survey Organisation in the Textile Commissioner's Office for conducting the survey of mills and for suggesting technical improvements necessary for efficient working. Besides, the Government has since April 1957 taken up for investigation 25 mills under Section 15 of the Industries Act 1951. Of these, investigation in respect of one mill has been given up and the report in respect of another is awaited. Of the remaining 23 mills, the affairs of 12 units have improved either with or without actual Government intervention and, as such, the necessity of having further action does not arise. Directions under Section 16 of the Industries Act were issued in the case of two mills, requiring them to reopen on or before an appointed date. One mill reopened and the other had to be taken over by the Government for non-compliance with its directions.

While the Government would be justified in taking energetic steps to re-open mills that can be successfully salvaged, it will not be justified in doing so in the case of mills which are not economically viable. There is no point in reviving dilapidated units at a heavy cost to the tax-payer or at considerable sacrifice by workers. Similarly, while trying to prevent closures of marginal mills, care must be taken to see that no premium is placed on inefficiency, whether it be of management or workers. Units of this nature deserve to be helped only if appropriate steps are taken in advance to remove their basic defects.

New Spindles

In his speech, Mr. Reddy also announced details regarding the State-wise allocation of 2.1 million additional spindles out of the 3.0 million which the Government has decided to license "immediately." Accordingly, the States have been divided into five categories. The first category comprises the highly deficit States of Andhra Pradesh, Bihar and Uttar Pradesh, the allotment made being 225,000 each. Assam, Kerala, Madhya Pradesh, Orissa, Punjab and Rajasthan come under the classification of middle deficit States, with an allocation of 150,000 each. Mysore and West Bengal have been allotted 100,000 each. Gujarat, Maharashtra and Madras are considered as surplus States, their individual share being 75,000. Fifty thousand spindles have been allotted to Manipur and an equal number to Tripura.

The allotment of 225,000 additional spindles made to Andhra Pradesh has caused dissatisfaction to the State Government. The State's Chief Minister, Mr. D. Sanjivayya, stated recently that the allotment was "too meagre." The State Government, he declared, would urge the Centre for more spindleage. In support of this plea, he referred to the numerous applications received from private industrialists whose demand exceed one million spindles and said: "Andhra being a leading State in regard to the handloom industry, it requires about two million spindles. Andhra is a major producer of cotton. It is the policy of the Government also to start a spinning mill of 18,000-spindle capacity in each district by the end of the third Plan period." The Chief Minister added that the State had at present only 200,000 spindles, as against 7.0 million in the undivided Bombay State and 3.0 million in Madras.

First Preference

Some other States may also be expected to press their claims for more liberal allotments of spindles. Before the Centre thinks of conceding these demands, it will do well to bear in mind one important fact, namely, that preference must first be given to the expansion of existing units *vis-a-vis* the establishment of new mills. Preference must also be given to the mills the spindleage of which is less than the economic size, the unbalanced units and the mills that have been allotted additional automatic looms under the Export Incentive Scheme. This aspect has been emphasised by the Indian Cotton Mills Federation in the course of a communication addressed to the authorities, a reference to which was made in this journal last week (*vide* page 486).

The Federation is of the view that, having regard to the increased cost of production, a mill will be in a position to maintain the managerial and sales staff of the requisite calibre only if the minmum economic size is increased to 25,000 spindles. The immediate implementation of such a proposal, it is stated, will require the allocation of some 2.5 million spindles to about 250 mills which have less than 25,000 spindles each. The Federation does not, therefore, consider it feasible to implement the proposal in the immedite future, and, in its opinion some gradualness will be necessary in raising the minimum economic size of a unit from 12,000 spindles to 25,000 spindles. The Federation refers next to the mills which are unbalanced in two ways: (1) between spinning frames and the back process; (2) between spindles and looms. The following criteria are suggested to determine whether a mill is unbalanced:

(*a*) The basis should be the average count spun by a mill in the last three years. If the average count is below 22s, the mill may be allowed to claim to go finer to the extent of another two counts, for ascertaining whether it is balanced or unbalanced.

(b) As regards imbalance between back process and spinning frames for the average count determined as above, no general criteria can be laid down, and technical examination of the claim made by each mill will be necessary. There should, however, be a limit of 3,000 spindles to be given to any mill for imbalance of this nature.

(c) In the case of imbalance between looms and spindles, the ratio that should be taken into account on the average count of the mill determined as suggested above is: up to average count of 17s: 1 loom to 40 spindles; 18s-34s: 1 loom to 45 spindles; above 35s: 1 loom to 50 spindles. The same ratios should be applied for determining additional spindles to mills which have been allotted additional automatic looms under the Export Promotion Scheme.

Automatic Looms

As for the allotments of automatic looms for replacement purposes, the Federation has commended for acceptance the following method:

Each applicant mill should, in the first instance, be allowed 48 automatic looms. A period of six months be given for taking effective steps for acquiring the allotted looms. If a mill fails to acquire the looms in time its allotment be cancelled. The balance of looms as well as cancelled looms be distributed *pro rata* as supplementary allotments on the basis of export performance in the following manner:

Average export performance of the three preceding years expressed as percentage of the total cloth production	Looms to be allotted				
	upto 1,000	1,001 to 1,500	1,501 to 2,000	2,001 to 2,500	2,501 to 3,000
0—14	Nil	Nil	Nil	Nil	Nil
15—25	24	36	48	60	72
26—37½	48	72	96	120	144
38—50½	72	108	144	180	216
51—62½	96	144	192	240	288
63—75	120	180	240	300	360
76—87½	144	216	288	360	432
88—100	168	252	336	420	504

Apart from the need for ensuring equitable distribution of spindles and looms, there is also the need for eliminating unnecessary delay on the part of the authorities in the issue of licences, as well as the release of the required foreign exchange and provision of other facilities in order to enable the mills to go ahead with their expansion programmes speedily. It is to be hoped that the Government will promptly attend to this need.

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RESUMPTION OF TALKS ON WAGES

RESTRAINT APPEAL REJECTED—RENEWED PLEA FOR 10 PER CENT RISE

From Our Special Correspondent

MANCHESTER, *5th September*

THE National Union of Dyers, Bleachers and Textile Workers, with a membership of 50,000, has rejected the Chancellor of the Exchequer's wage restraint appeal, and submitted an application for more pay to the employers' negotiating body, the Textile Finishing Trades Association, Manchester. The basic time rate was increased in March last year, when men and women on the basic rate received an extra 5s. and 3s. 6d. a week, respectively, for those engaged in dyeing and finishing. The increase did not apply to operatives earning more than the basic rate or to piece rates.

MANCHESTER LETTER

Mr. Leonard Sharp, Secretary of the Union, said that the executive had received many letters of protest from branches about the Chancellor's economic measures. "We believe the measures will cause a serious deflationary situation which will result in the slowing down of production and demand, and may well result in unemployment in many industries.

Wages—A Critical Phase

Joint talks on the wages claim submitted by the spinning and weaving trade unions are to be resumed next week when the employers' reply to the demand for a 10 per cent increase will be presented to the operatives' leaders. Without wishing to pre-judge the issue, it would certainly appear that the millowners have a strong incentive to resist the application, in view of the call by the Chancellor of the Exchequer to avoid further advances and the standstill imposed on the various sectors of the economy which are controlled by the Treasury. Moreover, the state of trade in the mill towns at the moment, which extended holiday stoppages, seems scarcely the time to contemplate another upward twist to the wages spiral.

On the other hand, the union representatives still contend that cotton lags behind its competitors as a form of employment when wages are the sole criterion. They believe that earnings have not kept pace in recent years with the general rise in the cost of living. Recruitment of labour presents a problem, particularly when shift work is involved, so that there is something to be said for the argument that inducements in the way of higher pay might prompt more workers to return to cotton as a career.

Further documentary evidence has now come to hand about the trend of wage rates throughout British industry, provided by the Ministry of Labour in its half-yearly returns. These show that, in the six months to the end of April, a further sharp rise occurred in general earnings as well as in the various textile industries, not excepting spinning and weaving:

	Men (over 21)	Youths (under 21)	Women (over 18)	Girls (under 18)
Man-made fibre output	s. d.	s. d.	s. d.	s. d.
April, 1960 ..	284 0	133 9	144 8	100 0
October, 1960 ..	295 0	138 6	146 1	101 6
April, 1961 ..	305 9	151 0	156 8	102 10
Spinning and doubling				
April, 1960 ..	236 9	126 8	146 8	109 0
October, 1960 ..	238 2	135 4	148 3	114 4
April, 1961 ..	251 2	142 0	152 6	117 7
Weaving				
April, 1960 ..	247 11	120 2	154 4	101 2
October, 1960 ..	255 7	128 4	158 0	105 6
April, 1961 ..	263 9	135 1	160 8	109 7
Hosiery and Knitwear				
April, 1960 ..	297 9	125 1	146 5	98 0
October, 1960 ..	318 7	136 8	154 4	107 9
April, 1961 ..	319 2	137 8	157 1	110 2
Narrow fabrics				
April, 1960 ..	247 6	117 8	132 10	93 4
October, 1960 ..	249 8	120 2	135 10	103 4
April, 1961 ..	254 7	123 5	139 8	102 6
Made-up textiles				
April, 1960 ..	220 6	110 4	114 5	83 4
October, 1960 ..	229 11	119 5	124 10	90 1
April, 1961 ..	245 2	118 8	122 11	88 3
Textile finishing				
April, 1960 ..	250 11	127 6	130 6	98 7
October, 1960 ..	261 1	134 9	136 11	101 0
April, 1961 ..	275 10	144 8	139 9	105 4
All textiles				
April, 1960 ..	253 6	124 3	143 3	100 1
October, 1960 ..	266 4	131 7	148 0	106 5
April, 1961 ..	277 0	137 10	151 6	108 10
All industries				
April, 1960 ..	252 0	123 1	145 0	98 1
October, 1960 ..	260 6	130 0	148 4	96 10
April, 1961 ..	301 4	150 0	158 6	99 11

The above figures for actual earnings speak for themselves. As compared with 12 months previously, men in spinning and doubling were receiving an extra 15s. a week in April and the wages of male weavers had increased by nearly 16s. Similar advances had also been secured by youths, but the gains for women and girls had not been as extensive.

The last direct wage advance occurred in March 1960, so that the upward movement in earnings now disclosed must to a large extent be attributable to the keen rate of activity in the mills, where every effort was being made to expedite deliveries of yarn and cloth in the face of continuing demand. But some commentaries made on the pending wage claim have failed to recognise that, in effect, the operatives secured an advance of nearly six per cent when the working week was reduced from 45 hours to 42½ hours at the beginning of this year, without loss of earnings.

Some idea of the pressure for supplies then being encountered can be gained from the fact that the tables showing the average number of hours worked in April had not reflected the full reduction of 2½ hours negotiated at the end of 1960. In the weaving section, the latest returns show men operating looms for 44.7 hours, as against 45.7 hours six months previously and 45.9 hours in April last year. In the case of women, the figure was 40.5 hours, as against 41.7 hours in October 1960. In the textile finishing trade, average hours worked by men fell from 51 in April 1960 to 49.5 hours a year later, the average reduction over the six months being one hour. The number of hours being worked by men in spinning and doubling in April was 47.5, as against 47.3 in October and 48.3 in April 1960. Women workers in this section were employed for 40 hours, as against 41.8 hours in October 1960.

Continued imports of cotton cloth and yarn into the United Kingdom represent an "unrelieved threat to the textile industry" says the quarterly report of the Operative Spinners' Amalgamation issued in Manchester. "These imports do not come here unsought," the report continues, "and their entry is being assisted without regard to its effect upon the home producers and, more important to us, the security of employment of the Lancashire cotton operative."

This grave situation, which is continuing to develop in a most alarming way, cannot be allowed to continue, the report adds. "An ordered import policy is an absolute need, if the same wretched chaos experienced in the 1950's is not again to overtake the industry."

New Textile Scholarship Plan

Up to £2,000 are to be spent annually by the Cotton Board in providing scholarships for textile designers—the first scheme to offer substantial awards for established designers already working for the British cotton industry. Applications for the 1961 scholarships must be submitted before the end of the next month, enabling the successful candidates to undertake their projects in the spring of 1962. The object is to provide designers with the opportunities to travel abroad to refresh their creative abilities and stimulate their enthusiasm, enlarge their knowledge of design and design trends likely to be of importance in those markets in which the British cotton industry has a substantial interest, and to study the requirements and potentialities of a particular market from the design viewpoint.

Candidates must be practising designers with a minimum of five years experience in working for the British cotton industry and will be expected to continue working in or for the British cotton industry on the completion of the scholarship. They will submit an illustrated report of their activities to the Cotton Board who will be able to use the information in whatever way is considered to be in the best interests of the industry as a whole.—*All Rights Reserved.*

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TRENDS IN BRITISH TRADE UNION MOVEMENT

COMMUNIST INFLUENCE VANISHES

A UNIQUE event in the history of the trade union movement in Britain happened this week. The Communist-controlled Electrical Trades Union (E.T.U., membership: 243,000) was expelled from the Trades Union Congress, the national centre of the British trade union movement, by an overwhelming majority vote of ten-to-one at the annual conference of the T.U.C. currently being held at Portsmouth. The expulsion was in pursuance of the recommendation by the General Council of the T.U.C., after an investigation into charges, against the executives of the E.T.U., of ballot-rigging at union elections and fraud which have been pending for about three years. Action on the part of the T.U.C. became imperative after a recent High Court judgment which held top E.T.C. executives guilty of ballot-rigging and collusion with communists. As one London commentator has pointed out, the expulsion of the E.T.C. is "only the last or latest act in a drama which began back in December 1958, when the General Council wrote its first letter to the E.T.U. about the ballot-rigging charges, and which finished a week or two ago in the High Court, with Justice Winn sacrifying the Union's communist executive for having fiddled the Union's elections in a fashion both blatant and unashamed."

The E.T.U. is the seventh largest member union of the T.U.C. The last time a major union was expelled from the T.U.C. was as long ago as 1928, the union expelled being the National Union of Seamen. This time, banishment from the T.U.C. is likely to be followed by expulsion from the Labour Party itself. It is significant that the vast majority of the members of the E.T.U. are not communists. But the Union's communist executives manœuvred the elections each time in such a way as to produce "communist victories out of a predominantly non-communist vote."

Two Alternatives

What will be the effect of the banishment of the E.T.U. from the T.U.C.? How long will the E.T.U. remain in the wilderness? These questions are being repeatedly asked in trade union circles throughout Britain. The E.T.U. can, of course, return to the fold, provided it satisfied either of the following two conditions: (1) a change of heart on the part of the communist leaders of the Union and a willingness to obey at least some of the instructions about debarring officials implicated in the recent ballot-rigging case or (2) a victory by the anti-communists in the vital E.T.U. executive elections later this month.

The hard blow struck at Communists did not stop with the expulsion of the E.T.U. Mr. Will Paynter, the solitary Communist member on the General Council, which is the executive body of the T.U.C., lost his membership of the Council in the election held on the 6th inst., thus breaking a long tradition that, once elected, a General Councillor never loses his seat. It may be noted here that it was by sheer accident (death of a non-communist candidate) that Mr. Paynter got himself elected to the General Council last year.

British observers read into these developments clear signs of a wind of change in trade union politics. Some go even to the extent of saying that it is indicative of a definite swing of British trade unions to the right. Whatever that may be, there is no doubt that the successive defeat of the Labour Party in the general elections and the fruits of an affluent society have had a decisive influence on the political colour of trade union thinking.

Recent Developments

Apart from the eradication of the last vestige of communist influence, a few other noteworthy, but less welcome, trends have also emerged in the British trade union movement. One is the growing estrangement between the officials of trade unions and their members. This indiscipline has accounted for many unofficial stoppages of work. Explaining this trend in an article in the August (1961) issue of the *Westminster Bank Review*, Dr. E. W. Evans, observes:

"The existence of many rival unions within some industries obviously adds to the problem of maintaining contact between the leadership and the rank and file. In other cases, the officials' failure to make the system of industrial relations work is contributory cause. Perhaps more important, however, is the simple matter of inadequate communications within the organisation, which is partly an inevitable result of increasing size. The vast and impressive extent of the unions has made the leaders remote from and perhaps out of contact with, the ordinary member. . . . Full employment in an affluent society may have contributed to the growing apathy. At the same time, this lack of enthusiasm itself reduces the union's appeal and effectiveness, and thus increases the number of apathetic members. Moreover, it seems probable that many existing unions, at least against the prevalent background of industrial prosperity, have very little attraction for the younger generation. The same is certainly true of the non-manual workers, whose numbers have increased roughly three times as rapidly as total employment since the war. It should be recognised that the "white-collar" workers have rarely constituted the vanguard of organised labour, if only for reasons of status. Nevertheless, the failure of most existing unions to attract the newly-created army of clerical, administrative and technical staff has deprived them not only of potential members but also of potential office-holders and officials. Undoubtedly a high proportion of these non-manual workers are women, who are traditionally difficult to organise, but this is only one aspect of a broader problem. There are now some eight million women at work in Britain, about half a million more than ten years ago. Indeed, in the age group between 15 and 21 years, women actually outnumber men in the labour force. Even more important, over half of the women at work are married, their numbers having increased by a million since 1911. Here again many unions have failed to adapt themselves to the growth in female employment, especially part-time employment."

Another notable development is the declining membership of the T.U.C. It was eight million in 1952 but has failed to rise substantially since then. In fact, between 1959 and 1960 total membership of the T.U.C. declined by nearly a quarter of a million. This fall may well have been due to the unemployment in certain industries which would clearly affect trade union strength. But the movement's inability to grow during the fifties seems to be a firmly established trend, according to Dr. Evans.

Revitalising Unions

How to revitalise the unions is a question which is agitating the minds of labour leaders in Britain. Opinions differ on the measures to be taken for making the movement a dynamic one. Dr. Evans suggests that professional advertising and effective guidance in public relations are two lessons which the trade unions might, and indeed need to, learn from management. "Many unions," he says, "will have to reorganise their internal structure, not only to attract and absorb new recruits, but also to satisfy present members." The problem, in his opinion, is not merely one of disciplining trouble-makers. Substantially greater efforts will have to be made in many cases to improve communication and contact between the leadership and the members in every possible way. "In the broader aspect," Dr. Evans concludes, "the effectiveness of all these plans will hinge upon the developments made in the general system of industrial relations in Britain." But, unless such changes are brought about, it is obvious according to him, that the sixties will present for organised labour in Britain problems far more serious than those it faced in the past decade.

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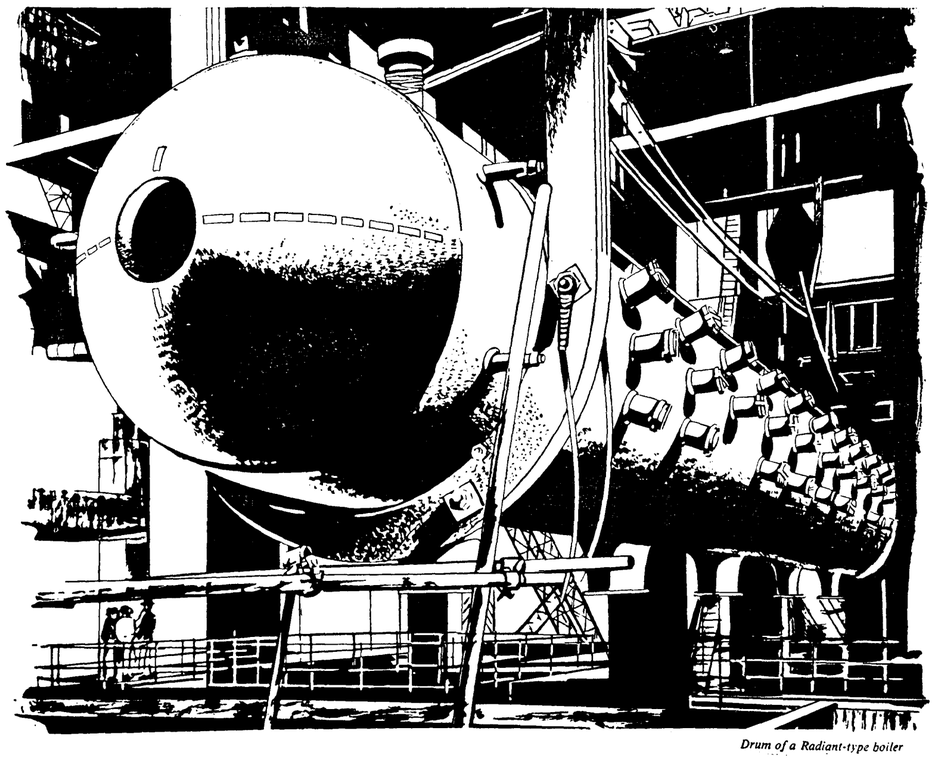

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THE HUMAN FACTOR IN ECONOMIC DEVELOPMENT—II

NEED FOR RAISING STANDARD OF EDUCATION ALL ROUND

By Professor C. N. Vakil

[In this, the second and final instalment of Professor C. N. Vakil's lecture at the Harold Laski Institute of Political Science, Ahmedabad, the author has impressively brought out the importance of raising the standard of education, right from the primary classes up to the Universities, as an urgent prerequisite for building up efficient leadership in all walks of life and for fostering a keen sense of national unity. He has also examined the conditions necessary for raising the standard of education. Another important point made by the author which deserves the attention of business men and administrators, in particular, pertains to the value to be attached to university degrees while selecting youngsters for jobs.—ED.]

OUR immediate object is not so much to attempt an analysis of the social structure, but to use this broad classification to understand the way in which the human factor in the country can play its part in the process of development. For example, it is obvious that more systematic efforts are necessary to remove some of the weaknesses in the life of the underprivileged classes and to provide incentives and opportunities for them to improve their lot. The amount of national loss due to the existing situation of the under-privileged class would be colossal, if it were possible to statistically measure the same.

It does not require any elaborate argument to prove that the neglect of the elite is inconsistent with the growth of the country. A society in which the Teacher has the lowest social status, in which the Research Worker is patronised by those who offer him assistance, in which the Expert has to flatter those in power before he can use his expert knowledge, and in which the trained and experienced Executive of a concern must be ready to take orders from 'an inexperienced young boss'—such a society is wasting valuable human resources and is definitely not working towards a self-generating economy. The task of managing the affairs of this large country in various walks of life has to be organised in such manner that we have a continuous flow of leadership and trained persons in all spheres. The fact that we are not yet organised to have such a continuous flow is one of the greatest weaknesses of our planning system. The fact that we have not shown the necessary awareness to organise such a continuous flow is most reflected in the low status of the Teacher. The task of building the character of and imparting training to future leaders of society is given to the Teachers in any country. It is not possible to expect that we shall have the requisite leadership when the Teachers who are supposed to train them are themselves kept in a position which is far from satisfactory. In consequence, the quality of the human factor suffers and the average capacity of the large population that we have, to do better, does not grow, with inevitable loss to the process of development.

Equality of Opportunity

In order to develop the human factor, so that it will be able to play its part in the process of development, prompt steps should be taken to remove all obstacles in the way of equality of opportunity to all concerned. The obstacles inherent in our existing social system as well as in the new social structure that is emerging, should be removed and conscious efforts should be made to see that every one is able to do his best in the cause of national progress. The concept of equality of opportunity should not merely adorn the Constitution; every effort must be made particularly by the privileged classes to translate it in practice, by greater humility and sense of service to others. Unless this is done, the Socialist Pattern of Society will remain a dream.

Recognition of Merit

One of the things that strikes in this connection is that we should have suitable arrangements for recognition of merit without influence or personal considerations. It is well known, for example, that, in the selection of persons for various posts, small or big, in Government departments or in private employment, there is a mechanical recognition of certain degrees, irrespective of the intrinsic merit of the candidate to do a particular job. A reference to advertisements in newspapers for posts, particularly in Government Departments and Undertakings or in Universities, makes amusing reading inasmuch as an elaborate set of qualifications are laid down, such as the types of degrees that the person should have, the classes in such degrees that he should have obtained, the amount of experience that he should possess and so on. Appointing authorities take a legalistic view of their duties, and try to judge the merits of candidates on the ground of the fulfilment of the conditions so laid down. This implies that a person who has obtained certain academic qualifications as rigidly laid down, is automatically fit for the type of work in question. No one wishes to enquire about the misfits that thus arise. No one enquires whether these elaborate qualifications are intended to describe a candidate that the appointing authority has already in view so as to exclude other competitors, thus making the appointing procedure a formal farce. Even after people are appointed to certain positions, promotions are on mechanical lines, namely, on the ground of seniority, irrespective of the quality and capacity for work. Even in Universities, recognition of teachers as research guides depends on the number of years of teaching experience, with the consequence that old Teachers who cannot guide research are recognised, and young Teachers who can do so, are denied the opportunity. Instances can be found where capable young persons who have found this system obnoxious have left important careers to take up other work, where their merit can find better scope. With the growing work in Government Departments as well as in the private sector, unless the employing authorities are able to judge the intrinsic merits of a person and give him opportunities to utilise his capacity, instead of following a routine method of selection and promotion or a corrupt method of favouritism, we shall find that the present wastage of human resources by which the growth of so many capable persons is stunted, may develop into a serious menace to society.

Suggestions to Overhaul Machinery of Education

So far as the main approach to the development of the human factor is concerned, we may venture to make a few broad suggestions to overhaul the machinery of higher education and training as well as of primary and secondary education. It is not possible to work out all the details of such suggestions in a lecture. But an attempt is made to give in broad outline a scheme which may serve as a basis of discussion and help in the evolution of a well considered scheme of reform, which is urgent and overdue.

Higher Education: Central Universities

In the first place, the Central Government should undertake to have Central Universities, at least one located in each State. These should not be replicas of the existing Central Universities. In fact, some of the existing Central Universities may require a complete overhaul. It may be possible to convert one of the existing universities in each State into such a Central University. We shall, thus, have fifteen or more Central Universities in the country. The object should be to limit the numbers in each such University so that it may be possible for the Teachers to give personal attention to each student. Each University should be a fully Residential University, where it would be possible for Teachers and students to lead a corporate life, and develop teaching and research at a high level on the one hand, and character on the other. It should be possible for students from each of these Universities to get transfers to others, and at the same time there should be an exchange of professors between these Universities from time to time. They should be in a position to develop on a level, high enough in quality, to attract foreign students who may wish to study in India. Teachers at the highest level in such Universities should be trusted to have the necessary national consciousness to develop leadership in various fields of life among the younger generation committed to their care. The question whether some of the specialised Central Institutions like the Indian Institute of Technology at Kharagpur and at Pawai should not be treated as Central Universities of this category with suitable modifications may be considered. The medium of instruction in such Universities should be Hindi and/or English.

State Universities

The existing Universities in the different States should be asked to concentrate on the improvement of their quality by appropriate methods such as limitation of numbers, improvement in the quality and standard of Teachers, improvement in the equipment and other facilities, including residential facilities, for the students. The colleges affiliated to Universities are included in this change. In order that the available human and material resources can be better utilised towards this effort at improvement of quality, additions to such Universities and colleges should not be made, till such time that they have reached a suitable standard of efficiency.

Every effort should be made, on the one hand, to attract the best Teachers both in Central and State Universities and to ensure that their status is raised as soon as possible. Interference in University affairs by politicians or even by politically-minded academicians should be avoided. Nor should political influence of any character be allowed in the work of Universities directly or indirectly. It should not be difficult to devise a system of University Administration in which academic persons of high standard shall have the dominant voice and be free to manage their affairs without outside interference. The fact that, in some of the existing Universities, some academic people have been known to organise intrigues and cliques is more a reflection of their low status and the desire to make up for it by other means, than an argument in favour of non-academic rule in Universities. We can learn plenty from the experience of well known universities in Western countries, whose model we often hold before us, but fail miserably in adopting the essentials thereof.

Vocational Training

The question will naturally arise that, if Universities and institutions such as colleges affiliated to Universities have to limit their numbers, there will be difficulties in providing facilities for higher education for which there is an increasing demand. The pressure for admission to institutions of higher learning from the highest quarters is known to all heads of institutions, who are forced to become instruments of lowering of standards. Instead of turning the Universities into coaching classes or marginal institutions at a low level, it would be preferable, in the national interest, to see that only deserving persons who can profit by real university education are allowed to work in Universities, and at the same time other provision is made for the large number of young men who wish to have training for a career. We have already some Institutions like Polytechnics and Agricultural and Commercial schools. These could be developed and even multiplied and institutions in similar other fields also brought into existence without delay. It should be open to existing colleges to convert themselves into such vocational institutions, if they so desire. The object should be that those young men who wish to have practical training for a particular career or vocation should have the opportunity to do intensive work in such Institutions, say, for two or three years, after they have finished their work in the secondary school. This would mean that the enormous waste now involved in large numbers of young persons seeking degrees in Universities at a low level, and finding themselves unfit at the end of their university career for suitable work will be avoided. Those who have the aptitude for a given vocation will have the opportunity to learn the same, and, having learned the same, they will have the opportunity to get employment in the same field, because they will be qualified for it and because there is a growing demand for such persons. Instead of having large masses of young persons filling the classes in colleges, not able to do anything effective, except waste valuable time of their life, we would have a limited number who are willing and capable of profiting by advanced studies and research. In order to ensure this, the premium on University degrees which is now current, should be removed. A University degree by itself should no longer be a passport to careers in life. The intrinsic qualities of a person should be judged and he should be given opportunities to utilise them effectively. Unless we cater to the needs of the growing number of young persons for suitable training for different careers by providing suitable institutions and facilities, we shall be gradually lowering University standards to still lower levels. The function of Universities as centres of higher learning and research must be distinguished from those of institutions in which training for different careers can be imparted.

Secondary Education

This pre-supposes that the standard of our education at the secondary school stage should be substantially improved. There is no reason why it should not be possible for us to see that a young boy who passes the School Leaving Examination, should not have the mental equipment and the general basic knowledge of certain subjects, that is characteristic of a corresponding person in England or America. If this requires the addition of a year to the secondary school, it would be worthwhile considering the same. But the more important requirement is to take far-reaching steps to improve the standard of work in secondary schools. The number of students in a given class, the number of teachers with reference to the number of students, the quality and status of teachers, the facilities by way of equipment and all other requirements of a sound basic education must be gone into thoroughly by those who understand the problem. The continuous tinkering of even courses and curricula of secondary education by changing politicians in different States have resulted in experiments on the younger generation, in overburdening the young mind and in reducing the quality of instruction in these institutions. If the politicians confine their activities to their own field, and leave education to those who know their job, it will be better for all concerned.

Primary Education

At the primary school stage, we have rightly accepted the principle of free and compulsory primary education and we are taking steps to put this idea into practice as soon as possible. In this case also, the attention is more on quantity than on quality. It is easy to find cases of young pupils who have under compulsion attended the primary schools for some time, and have thereafter lapsed into illiteracy, or have not been able to follow up their limited education. In other words, unless there is a mass consciousness in favour of acquiring even primary education, there will be difficulties in implementing this idea fully. It is, therefore, desirable to see that the principle of free and compulsory primary education is put into operation with due regard to quality. This may mean that the progress may be somewhat slower, but it would be sounder.

Average Efficiency and Leadership

If we wish to see that the efficiency of the average boy or girl in the country shows a substantial improvement, we must make determined efforts to improve the quality of our education from the bottom upwards. If we wish to have that continuous flow of leadership in all spheres of life which is essential for sound national progress, we should have real Universities as the centres of learning and character, which may find recognition all over the world, and which may help the progress of the country. In other words, the Universities should cease to be factories where we mass produce clerks. Besides raising the level of efficiency of the human factor, an educational system so re-orientated can be a better instrument for National Integration, instead of the type of situation in which fissiparous tendencies are encouraged even in educational institutions, because of linguistic fanaticism.

Common Languages—Hindi and English

(1) *Proposed Scheme*: In order to remove the poison of linguistic fanaticism as well as to introduce greater efficiency in our educational system, I have made suggestions elsewhere, see the *Times of India*, 13th and 14th July, 10th and 21st August, 1961, on the question of the common language for the country. The suggestions made by me may be summarised as under:

(a) The goal of having Hindi as the common language should be maintained.

(b) Meanwhile, the tendency to give up the study of English or to relegate it to such a position that it may be gradually given up should be checked.

(c) Students will do their work in the first instance through the mother tongue or the regional language; they should, however, have a *compulsory* second language to be learnt as efficiently as the regional language, for which there should be an option between Hindi and English.

(d) In place of the *optional second language*, which students have to take when they enter the upper classes in secondary schools, it should be open to them to take classical languages like Sanskrit; or Indian languages other than one's own, including Hindi; or modern languages like English or French.

(2) *Chief Ministers' Scheme*: The decisions of the Chief Ministers' Conference on this question as announced in the *Press Note* of 12th August 1961 are as under:

"The language subjects for teaching at the secondary stage of education should be as follows:

(a) The regional language and mother tongue when the latter is different from the regional language.

(b) Hindi or in Hindi-speaking areas, another Indian language, and

(c) English or any other modern European language.

In any event, the standard of teaching both in Hindi and English should be improved and maintained at a high level in schools and colleges."

It is not clear in the above decision, whether "the optional second language" which students have to take at present in upper classes at the secondary stage will continue. If it does, students will have to learn a fourth language before they have obtained mastery over the three languages referred to above, besides learning other subjects. If "the optional second language" is to be removed from the syllabus of secondary schools, the decision of the Chief Ministers is an improvement on my scheme. If, however, the optional second language is to continue, my scheme is better, in as much as it provides for the same objectives, while leaving it to students to take some other languages, if they so desire, and at the same time reduces the burden involved in studying four languages. The object of improving and maintaining the teaching of Hindi and English at a high level cannot be carried out, if the students are burdened with too many subjects.

Instrument of Efficiency and Integration

The Chief Ministers have overlooked the fact that they met for the purposes of achieving National Integration. They have blessed the present tendency to introduce the regional languages as media of instruction at the University stage. In the same breath, they wish that Hindi and English should be the All-India languages, and that the standard of these languages should be raised. They have not realised the inherent contradiction in their stand. If they want that Hindi and English should be the All-India languages and that their standard should be raised, they should have agreed as a corollary that the medium of instruction at the University stage throughout the country should be either Hindi or English or both. They should realise that, in the absence of such a decision, National Integration will not be possible. At the same time, they should know that the standard of education is already suffering in those places where the regional language has been adopted at the University stage. The Chief Ministers are aware that Hindi, on the development of which so much effort has been made all these years, has not yet become an effective medium of instruction for the University stage. They should know that what we have not achieved for one language all these years will not be possible to achieve for 14 languages, when the effort for each can be on a scale much smaller than for Hindi. They should be bold enough to decide that Hindi or English should be the medium of instruction at the University stage in the national interest, and should use their power and position to implement the same before it is too late. Besides being more effective instruments in raising the efficiency of the average citizen under present conditions, the introduction of Hindi and English as common languages for the country will help substantially in bringing about National Integration, in the absence of which the human factor will not be able to function adequately for economic development.

Conclusion

The aggregate effect of the various suggestions made by me would be as follows:

(a) The standard of education received by the average boy or girl in the country will be raised with a capacity to utilise it more effectively.

(b) Suitable facility will be provided for training for a career to the growing number of young persons who now crowd the Universities without adequate capacity, thus making them more efficient citizens enabling them at the same time to obtain a higher standard of living.

(c) A continuous flow of leadership in different walks of life will be ensured through the Universities.

(d) The process of National Integration by the adoption of Hindi and English as the two common languages of the country and as the media of instruction at the University stage, would be facilitated.

(e) Discipline and hard work which are lacking in our educational system will be ensured, thus making it possible for the younger generation to be accustomed to such disciplined work for the progress of the country.

Unless we improve the capacity of the human factor to put forth its contribution at the highest level in the progress of the country by means of measures such as those described above, we cannot hope to achieve the self-generating economy which is the main objective of the third Plan. We may raise hundreds of crores of rupees of investment resources within the country; we may obtain billions of dollars of foreign assistance, but, unless we are able to take care of the real investment in human resources, our progress cannot be sound and cannot be sustained. The way small countries like West Germany and Japan after the general destruction in the Second World War could come to the top, in a short period of 15 years, shows how the human factor can play the most important role in the development of a country. With forces of disintegration facing us all around within the country and with dangers of aggression from two powerful enemies from the hitherto impregnable North, we should realise that immediate concentration on the development of the human factor in preference to all others is the urgent need for the fight against poverty, disease and squalor and for the orderly progress of the country in all spheres.

• *Special on South Indian Plantations*

INDIA AND INTERNATIONAL COFFEE AGREEMENT

By P. S. Subramaniam

SECRETARY, UNITED PLANTERS' ASSOCIATION OF SOUTHERN INDIA

THE report that the Government of India is considering the question of India's participation in the International Coffee Agreement in response to an invitation from the Secretariat of the I.C.A. Organisation will be of interest to coffee producers in this country. India is one of the few coffee producing countries which remain outside of this Agreement. Others remaining outside of the Agreement are Indonesia, Yemen, Ethiopia, Congo and Guinea.

India's participation in the Agreement was not considered seriously so far for one important reason. Until recently, our coffee crop was of a size that did not permit of a large allocation for the export market. But now the crop has grown to such proportions that a sizable part has to be disposed of in foreign markets. This situation has unfortunately coincided with a world slump in coffee due to over-production.

The main object of the International Coffee Agreement is to establish a balance between world supply and world demand. In broad principles, it is framed on the lines of the International Tea Agreement, which worked successfully for many years until 1955 and was not renewed thereafter due to lack of agreement among the tea producing countries. However, in the matter of details, the Coffee Agreement widely differs from the Tea Agreement.

Stiff Competition

Although India's share of the world's exportable coffee is less than one per cent., it meets with stiff competition in the export markets. The difficulties experienced by India are similar to those experienced by other producers, notwithstanding the fact that the bulk of our exportable coffee is of a very high quality.

The purpose of this note is to give the reader an outline of the working of the International Coffee Agreement, in order to enable him to consider whether, under present and prospective conditions it would be to India's advantage to become a participant.

The agreement was first signed in September 1959 by fifteen Latin-American countries, representing over 80 per cent of the world's exportable production of coffee. At the end of the first year, more producing countries, including the British East African territories and the French overseas territories, came into the scheme, bringing the total number of participating countries to 28, together representing over 90 per cent of the world's exportable production.

A Departure

The factors leading to the signing of this Agreement are clearly set out in the Preamble. It mentions in particular the risks present in the imbalance between coffee production and consumption, and in the growing accumulation of the stocks in the producing countries whose economies and standards of living are dependant mainly on the coffee trade. It agrees to the necessity to effect studies that would permit reaching a long-term agreement capable of providing adequate solutions to the situation, and to charge the Coffee Study Group to effect such studies with the co-operation of competent international institutions like the U.N. Food and Agricultural Organisation. It is significant that the Preamble urges the participation of consuming countries in the studies to consider the problems of production, consumption, stocks and international trade, because in this respect it follows a line different from the International Tea Agreement with which consuming countries were not associated.

The first International Coffee Agreement was meant to be a short-term agreement for one year only to meet what was thought to be a temporary problem. Its purpose was to adjust the supply of coffee to the demand for it, to insure the orderly placement of the product in the world markets and to foster its consumption throughout the world.

Article 3 authorises the appointment of a Board of Directors which shall be composed of a representative from each signatory country. In addition to the duties and powers established by the Agreement, the Board of Directors is given power to approve its own budget, issue reports on its activities and settle special questions arising from the application of the Agreement but not covered by it.

The headquarters of the Board shall be Washington and the Board shall meet at least once every two months or as and when required by a majority of the signatory countries.

It is provided that every act of the Board of Directors shall reflect the opinion of the majority of the signatory countries. The consent of each country shall be required in every instance for it to be bound by the decisions of the Board.

Export Quotas

The most important aspect of the Agreement is the acceptance of export quotas. It is provided in Article 6 that the signatory countries bind themselves to limit their coffee exports for one year beginning from 1st October 1959 in accordance with the quotas fixed. These quotas were established on the basis of (*a*) a figure of 90 per cent of the exports that took place during the best calendar year of the ten years 1949 to 1958 or (*b*) a maximum figure of 88 per cent of the actual exportable production, according to the estimates of the U.S. Department of Agriculture. Alternative (*b*) shall only apply to countries with an exportable production of less than two million bags.

The export quotas fixed for the participating producer countries in accordance with the above provision for 1959-60 were as follows:

(*In thousands of 60 Kilo bags*)

Brazil	17,431
Columbia	5,969
Costa Rica	694
Cuba	312
Dominican Republic	398
Equador	435
El Salvador	1,259
France and the Community	638
Guatemala	1,088
Haiti	500
Honduras	176
Mexico	1,303
Nicaragua	344
Panama	10
Peru	251
Portugal	1,165
Venezuela	660

It is to be noted that the quotas shall be applicable only to countries considered to be traditional consumers. Exports to "new markets" shall not be charged to the quota account of the exporting countries. The countries specified as "new markets" consist of Bulgaria, Ceylon, mainland China, Taiwan, Korea, the Philippines, Poland, Rumania, Thailand, U.S.S.R., Viet Nam and East Germany. In order to see that shipments made to a new market are not diverted or re-exported to the traditional market, it is provided that the exporting country shall require from the importing country banking or contractual guarantees necessary for this purpose.

By Article 7, the Agreement provides that the signatory countries may maintain their own export rate, but they bind themselves to combine their efforts so that the total export quota shall be proportionately and equitably distributed quarterly, in order to balance supply and demand.

Each signatory country also binds itself to adopt all measures necessary to produce a substantial increase in its internal consumption.

Publicity Campaign

The need for an effective publicity organisation also has been recognised and a work programme has been laid out for increasing the demand for coffee in the consuming countries. Towards this object each signatory country agrees to pay a contribution of up to 25 cents for each 60 Kilo-bag exported during the year beginning 1st October 1958.

The Agreement, while in force, is open to signature by the other producing countries that have not joined so far, but only under such conditions that the Board of Directors may establish for this purpose .

An interesting study of the actual working of the Agreement during 1959-60 and 1960-61 is contained in a recent number of *Annual Coffee Statistics* published by the Pan American Coffee Bureau. The method of operating the quotas is interesting.

Working of the Agreement

As already stated, the quotas, in general, correspond to 90 per cent of the largest exports that an individual country had made in any calendar year of the period 1949-58. Member countries with exportable production of less than 2 million bags per year can have an annual quota equal to 88 per cent of its exportable production.

Where a country's exportable production rises, but does not come to two million bags, it is permitted to revise its annual quota upward. With the quotas of all other countries remaining constant, upward revisions resulting from the application of the 88 per cent clause will raise the global quota of the I.C.A. This, in fact, was what occurred in 1959-60 and again 1960-61.

Prior to March 1960, the global quota for members of the I.C.A. was 32,650,000 bags. Subsequently, by reason of certain participating countries availing of the upward revision provided in 88 per cent the clause, the global quota was raised by 4 per cent to 33,952,040 bags.

The global quota, therefore, is the total volume of coffee that the I.C.A. potentially will make available to traditional world markets, and it is the sum of the individual country quotas described above. In conditions of declining production—which at present is a hypothetical consideration only—it would be more advantageous for all countries to opt for the 90 per cent of best-year-in-10 formula.

As a matter of operating procedure, the Board of the I.C.A. sets quotas for each quarter, or two quarters together, but countries that have not been able to ship their respective quarterly quotas are permitted to add the unused balance in the ensuing quarter. During the one year beginning October 1959, the actual exports fell short of the aggregate quarterly quotas by only 66,600 bags, or less than one quarter of one per cent. Each quarterly quota was agreed upon in the light of estimates of world demand, in traditional markets, for the coffees of the participating countries.

The experience of the first year has shown that it is possible to estimate closely, quarter by quarter, the volume of the demand for the coffee of participating countries in traditional markets, and that the global quota coincided closely with export results, in spite of the increases permitted to those countries who availed of the 88 per cent clause. It was also found, on the other hand, that certain countries did not have the coffee available to exercise their quota allocations.

New Markets

Another interesting fact was that the countries participating in the Agreement shipped 782,859 bags of coffee to new markets in 1959-60. Most of this was accounted for by Brazil and Columbia. In November 1959 and September 1960, various countries were added to the list of "new markets," but, in general, these were countries which absorbed little coffee in the past but which might offer some potential for increased purchases in future.

In June 1960, the Board of the International Coffee Agreement decided to extend the Agreement through the Coffee Year 1960-61 and fixed the global quota at 37,856,320 bags.

Apart from dealing with the key function of quotas, the Board of the I.C.A. concerns itself with a number of other questions related to the well-being and development of the coffee industry. The World Coffee Promotion Committee, which is a standing committee of the Board, collects funds from members for promotional work and allocates funds to various organisations. In addition, the Committee approves and selects national promotional organisations, either official or private, which are considered capable of conducting effective promotional campaigns in importing countries in which there are good possibilities for increasing coffee consumption. For instance, the Pan-American Coffee Bureau, which has been in existence for almost a quarter of a century, is the Agency recognised by the Committee in the U.S.A. and Canada.

Achievements

The present Agreement is due to expire by the end of September 1961 but efforts are being made to continue it on a long-term basis and to invite all the non-signatory countries to come within its scope. Proposals have been made to place the present stockpile and future surpluses under the control of an international organisation to be financed by both the consuming and producing countries and to invite importing countries to become members of the Agreement. It is stated that the United States of America will itself become a member and lend financial assistance for the effective working of the Scheme.

It is claimed that, during the two years it has been in force, the Agreement has succeeded in a relative stabilisation of coffee export earnings through the operation of the quota system and also established a working scheme for coffee promotion in many parts of the world. A Working Document issued by the Board of Directors of the Agreement emphasises the need for encouraging the individual consumer to drink more and better coffee and for dealing with the fiscal obstacles to the expansion of coffee consumption. It is pointed out that the Agreement will have these for its main objectives in the future.

The question of India's participation in the Agreement may be considered in the light of the following facts. The first is as regards the export quota. It would be interesting to know whether, on the renewal of the Agreement beyond the 30th September 1961, there would be any revision of the basis of allocation of export quotas, or whether it will continue on the present basis. If there is to be no change, it would be open to India either to accept the figure of 90 per cent of the exports that took place during the best year of 1949-58 or avail of the option given to countries having an exportable production of less than 2 million bags, namely 88 per cent of the actual exportable production. It is not clear, however, as to what year's production can be taken for calculating the 88 per cent. In respect of the countries already within the Agreement, the 88 per cent is calculated on the exportable production as estimated by the U.S. Department of Agriculture in March 1960. The fixation of a quota on the basis of 90 per cent of the best year of 1949-58 would seem to be of no advantage to India, since our exportable production of that period was far below the current levels.

The second point is how our participation in the Agreement will serve the national policy of maximising the exports of coffee. India's export allocation out of the 1960-61 crop is 34,250 tonnes out of a total crop of 67,000 tonnes. The next season's crop is estimated at the much lower figure of 48,000 tonnes, of which the export allocation may not be more than 16,000 tonnes. Here, again, the question is on what basis the limit of 88 per cent will be calculated. If it is to be on any other basis than the 1960-61 exportable crop, it might not meet the present requirements of the Government of India.

A third and most important point is whether international regulation of exports would be of any real value without an international regulation of crops. So far there has been no attempt to include any proposals for crop regulation by any of the major producing countries. A proposal has been made by the Coffee Study Group that production should be reduced by a system of incentives and disincentives at the individual discretion of each country but to what extent this would be feasible and generally acceptable remains to be seen.

GENERAL K. S. THIMMAYYA

General K. S. Thimmayya, D.S.O., assumed charge of the office of the Deputy President of the United Planters' Association of Southern India on 5th September, 1961.

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ORGANISATION OF INDUSTRIAL ASSOCIATIONS

NEED FOR A NEW PERSPECTIVE

By C. S. Krishnaswami

SECRETARY, THE ASSOCIATION OF PLANTERS OF THE STATE OF MADRAS

INDUSTRIAL associations were first formed in India in the 1870s and 1880s. It was, however, only after World War I, when the trade union movement was born, that they assumed special importance. According to the Royal Commission on Labour, "the growth of trade unionism may be said to have been one of the factors in bringing home to associations of employers the need for common action, not only as regards working time and output, but also in respect of wages and other matters affecting the lives of their workers." When this was written, trade unionism in this country was still in its infancy. Today, though the movement is split into three or four major national federations, trade unionism has come to be firmly established as an important factor in the economic life of the nation. Whatever the initial motivation of employers in combining themselves in the face of the new phenomenon, they have come to be realistic and constructive in their approach to and recognition of the place of the trade union movement.

Two Sides of the Same Coin

Industrial associations and trade unions are the obverse and the reverse of the same coin. They have a common objective, namely, the continual improvement of the economic well-being of the nation. There may be differences on the best approach to the goal and such differences are only healthy and to be welcomed. In a pluralistic democratic society, the clash of ideas is the best guarantor of the wisdom of the ultimate decision.

Labour policy and labour legislation in the post-war and post-independence era have been constantly reviewed at all-India level by the Indian Labour Conference and the Standing Labour Committee in which the three all-India Employers' Organisations, namely, the Employers' Federation of India, the All-India Organisation of Industrial Employers and the All-India Manufacturers' Organisation are represented alongside the trade union counterparts.

Problems peculiar to specific industries are considered by the Industrial Committees in which the appropriate industrial associations are represented. In the case of plantation industry, for instance, the Industrial Committee on Plantations (which incidentally was the first of such committees to be constituted) has been functioning since 1947. On this body, the Indian Tea Association, the Indian Tea Planters' Association and one or two other Associations in the North-East India represent the tea industry in the North while the United Planters' Association of Southern India represents the plantation industry in South India comprising tea, coffee, rubber and minor products like cardamom.

Policy in the Third Plan

The nation is on the threshold of the Third Five-year Plan, which, *inter alia*, has outlined the labour policy to be pursued in the next five years. The keynote of the policy aimed at a socialist society is to be found in this statement:

"Economic activity has not to be conceived of solely in terms of output and return; the principal test of this would be the good of all those who are engaged in it, the quality and growth of the individual human being and the service and happiness of the entire community. The surpluses that are generated are a social product, to which neither the employer nor the working class can lay exclusive claims; their distribution has to be according to the worth of the contribution of each, subject to the requirements of further development and the interests of all the sections of society, in particular the satisfaction of the basic needs of all its members."

The future of industrial associations would depend on their success in adapting themselves to the objective of the planned society which is envisaged by the Third Plan. In the immediate post-war and post-independence years, labour policy was posited on the theory that the workers being the exploited class were in need of governmental protection from the omnipotent employers—an unfortunate impression which survived in spite of the enlightened and constructive role played by industrial associations. Professor Charles A. Myers in his well-known book on *Industrial Relations in India*, observes: "Although the business federations have helped to create a more favourable climate for private business enterprise in India, one of the major problems still facing Indian business today is the negative and sometimes hostile attitude towards it held by other segments of the community, and even by Government." It is, therefore, a welcome opportunity for private industry that the Third Plan proposes to place industry and labour on the same footing and judge them only by their contribution to the community at large. This is, indeed, a challenge which industrial associations should accept and fulfil with credit.

Defensive Role Alone Not Sufficient

As in other industrialised countries, employers' associations in India were 'combative' in origin, having been formed or strengthened in response to the rise of trade unions. They had the limited purpose of opposing what they considered the undesirable features or defects of various labour measures proposed from time to time. Their duties were primarily to advise members on various labour problems, make unilateral recommendations for the guidance of constituents and represent members in industrial disputes and other cases before the appropriate statutory authorities. This is at best a defensive role, which would be found to be progressively out of place in the future. Industrial Associations must break new ground if they are not to become effete. They should reckon with the fact that, in this shrunken world, all developments in India are bound to be influenced by the trends and innovations in other countries faster than ever before. In the field of industrial and labour relations, the tendency would progressively be to draw on the experience of advanced industrialised countries and adapt techniques and methods such as collective bargaining, arbitration, Joint Consultation, profit-sharing, work study, etc. It would be unwise and even dangerous to brush them aside as fads, for the dynamics of social change has often shown that what was once rejected as fanciful or impracticable had become eminently workable and desirable. Industrial Associations should not fall into the error of self-complacency. On the contrary, they should show initiative and undertake daring experimentation, thereby demonstrating what is really useful and what is worthless. The assertion "It wouldn't work" would carry little conviction. But "It hasn't worked" will be incontrovertible.

Research

Experimentation means continual research. An Industrial Association is better fitted for this task than an individual employer. The best and largest of companies cannot have the sweep or the reach of a large association with a variety of members. The few notable autonomous institutions like the Ahmedabad Textile Research Association and the S.I.T.R.A., Coimbatore, are the exceptions than the rule. The expansion of research in industrial relations and human relations should be pursued for its own sake as one of the principal endeavours of industrial associations.

Research requires expertise which is a scarce commodity. With the growing public sector, there would be acute competition from that quarter for the available experts. It would be sensible under the circumstances for private enterprises to make use of their respective industrial associations for procuring the services of experts for the collective benefit of all members. Talent could be shared at a minimum cost, but to the maximum advantage. The Associations should also maintain close liaison with Universities and other research institutions in the country.

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With the shift in emphasis from individual services such as representation in trade disputes to projects of collective utility, Industrial Associations might safely leave members to look after themselves so far as purely local problems are concerned or decentralise such services as much as possible. By effective co-ordination, industrial associations should be able to gather and publish complete statistical data on all aspects of industry. In this connection, the unique example of the Employers' Association in Denmark is worth mentioning. The statistical department of that Association collects and processes all wage data which are then published as the official Government statistics. According to Professor Walter Galenson, "this provides an interesting example of the manner in which the Employers' Association (and the Federation of Labour as well) has been evolving towards the status of a quasi-public institution." Industrial Associations in India should aim at a similar status, notwithstanding the contemporary prejudices and handicaps.

The scope of Industrial Associations would go beyond labour-management relations. Many of the associations started only for the limited purpose of safeguarding commercial interests, but proceeded to tackle labour problems as well. In some cases, the commercial and industrial relations portfolios became bifurcated, the former being dealt with purely by trade associations and the latter by employers' associations. In other cases, the same body continued to look after both branches. In the future, it would be necessary for industrial associations to have a comprehensive view of all aspects of industry, for they are all closely interlinked and would be much more so in a planned economy. Specialisation and an integrated approach should therefore go hand in hand.

Standard-setting and the Like

Standard-setting and policing the observance of standards should be among the important functions of industrial associations of the future. For instance, the Code of Discipline has been ratified by the All-India Employers' Federations who have consequently an obligation to ensure implementation by their constituents. Such responsibilities would progressively increase and associations should prepare themselves to face them.

Effective co-ordination and integration are very essential if Industrial Associations are to be strengthened. At present, in many industries there is more than one association at the same level. At the All-India level also, there are two major organisations of commerce and three organisations of employers. Although there is some formal machinery for mutual consultation, the multiplicity of institutions only results in wasteful duplication. Nothing could be more damaging to the position and prestige of industrial associations than the lack of unity of purpose and approach. Yet instances are not lacking in which employers have spoken in many voices on identical issues at all-India conferences and elsewhere. Co-ordination is also not satisfactory between the various industrial associations and the Central organisations. Early steps should be taken to reorganise and integrate the existing industrial associations and the all-India federations, so that they might play an effective part in the future.

A Goal Worth Aiming

A strong and well-knit structure composed of the various industrial associations would necessarily command respect and attention from the community at large, which, according to the Third Plan, would be the arbiter on all issues affecting the common weal. Industrial Associations could, therefore, stay away from the main stream of national life only at their peril. In their own interest, therefore, they should take a positive interest in all public issues and actively participate in the promotion of public welfare. Under State planning in India which aims at a mixed economy, Government would necessarily play a large part in developing and regulating countervailing power. The different powers and forces will, therefore, have to co-exist and strive towards the achievement of the national aspirations from within their respective areas of action and interaction. To the extent Industrial Associations succeed in playing the role assigned to them, they are bound to be acclaimed as an important segment of the "popular movements," which term is used in the Scandinavian countries to denote all voluntary organisations, including employers' associations, in token of the affection and public esteem in which they are held.

Notice

THE EAST INDIAN COAL COMPANY LIMITED

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NOTICE IS HEREBY GIVEN THAT THE One Hundred and Ninth Annual General Meeting of the Company will be held at the Head Office of the Company, 4, Clive Row, Calcutta, on Friday, the 13th October, 1961 at 11 a.m. for the following purposes:—

1. To receive and consider the audited Accounts for the year ended 30th April 1961, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of the one retiring.
4. To fix the Auditors' remuneration.

Notice is also given that the Share Transfer Books of the Company will be closed from the 29th September to the 13th October, 1961, both days inclusive.

A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.

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PRODUCTIVITY AND MANAGEMENT

SOME MISCONCEPTIONS AND MISUNDERSTANDINGS

By J. B. Soutar

"IN the final analysis, the level of productivity of a country determines its national wealth and *per capita* income and standard of living of the people."

This is an important statement, to which we are so accustomed by now that most of us probably accept it without question.

"Higher productivity is not an end in itself but a means of promoting social progress and strengthening the economic foundations of human well-being."

This assertion removes productivity from its usual commercial connotation, but again we are probably conditioned to agree that productivity is a factor of great social significance.

Productivity is one of the key words of our times, and, therefore, it is a pity that there are so many misconceptions as to what it means.

Misunderstandings lead to the opposite, but equally erroneous, reasonings that workers must base their case for higher wages on higher productivity, and that an increase in productivity justifies a demand for more wages.

Definition

It will be noted that the misunderstandings which I have cited are both in the context of relation of productivity to the particular case of wages, whereas this article began with very wide generalisations on the subject of productivity, and it is from the restriction of the meaning of "productivity" to "productivity of labour" that wrong conclusions result.

Formally, the word "productivity" stands for the ratio between the "output" of wealth produced, in the form of goods and services, and the "input" of resources used up in the process of production. In the broadest concept, productivity may be taken to constitute the ratio of all available goods and services to the potential resources of the group, community or the country.

From these statements one is tempted to take refuge in Benjamin Disraeli's aphorism, "I hate definitions," and to leave the whole thing to professional economists, but that temptation should be resisted.

An important consequence of the difficulty of understanding what productivity means, in its broad and fundamental sense, is that attention is directed to the limited, and apparently easier, concept of productivity of labour. Thence one can progress by easy stages, first to forgetfulness of the other very important factors concerned in productivity, and, secondly, to the idea that all that matters in productivity is the productivity of labour. Very serious trouble arises once this conclusion is reached, which can be explained with reference to the theories of the economists of whom I hopefully said that we should remain independent.

Locke and Marx

In the classical school of British economists, Locke first outlined the theory that private property could be defended on the ground that a man was entitled to that to which he had given value by his labour, and the British school thus made labour the criterion of value.

Marx, and other champions of labour, seized upon this theory of value, and turned it to ends which its sponsors had not foreseen. For, if the value of a commodity was due to the labour which had gone into it, why, they asked, should not the whole value be paid to the men who had produced the commodity?

Marx's theory of "surplus value" is often taken to be his distinctive contribution to economic theory, although all that he did was to say that the part of the whole value of a commodity which was not paid to the worker who produced it was fraudulently taken from him in the guise of "profit."

In the first volume of Capital Marx argues that, as profit is created solely by surplus value, and as labour is the sole value-producing agency, the rate of profit will depend on what he calls the "organic composition of capitals," that is, the proportion of labour (variable capital) to machinery (constant capital) employed in a given undertaking; and that it will thus tend to fall as technological improvements lead to the employment of less labour.

Yet although this conclusion logically follows from its premises, it is demonstrably false in practice. Marx was aware of the difficulty, and referred to it in a letter to Engels in August 1862. But he did not face it at the time, and set it aside for further treatment. There the matter rested until 1883, when he died.

This fallacious theory of value is the cornerstone of the Marxist economic system.

Keynes has described *Capital* as "an obsolete economic textbook . . . not only scientifically erroneous, but without interest or application for the modern world."

However, if the greatness of a book is to be measured by its influence, *Capital* must be accepted as one of the most important ever written, and it will be seen that the prevalent idea that the productivity of labour is all-important is an obvious extension of the Marxian fallacy that a worker must be paid the full value of the commodity which he produces.

Value of Good Management

A number of things begin to fall into place when the implications of this situation are considered. Good management is not, generally speaking, accepted by Government and by public opinion in India as "a means of promoting social progress and strengthening the economic foundations of human well-being." Why should it be so considered, if the function of management is looked upon as solely to provide a structure and organisation within which labour can exercise its exclusive function of productivity? If management's functions are thus misunderstood, it is easy to follow why it is thought that private business can be taken over and run with equal efficiency by bureaucrats, or, for that matter, by committees of workers with Government support.

The mechanistic theory that manual labour is, in the last resort, the only productive resource, is now discredited in advanced industrial countries as an eighteenth century superstition.

An example is the concentration of Soviet economic effort on the creation of heavy industry, while their political emblem remains the hammer and sickle.

The truth is that increased production, in a modern economy, is never achieved by muscle effort. It is, in fact, never achieved by the labourer. It is always the result of doing away with muscle effort, of substituting something else for the labourer. One of these substitutes is, of course, capital equipment, that is, mechanical energy.

At least as important but unexplored is the increase in productivity achieved by replacing manual labour, whether skilled or unskilled, by educated, analytical, theoretical personnel—the replacement of 'labour' by managers, technicians and professionals, the substitution of 'planning' for 'working.' The basic factor in an economy's development is not the 'rate of capital formation' to which the economists give so much value, but the rate of 'brain formation,' the rate at which a country produces people with imagination and vision, education, theoretical and analytical skill.

Importance of Managers

Recent studies show that the productivity differential between Western Europe and the United States is not a matter of capital investment. In many European industries capital investment and equipment are fully equal to those of America; yet productivity is as much as two-thirds below that of the corresponding American industry. The only explanation is the lower proportion of managers and technicians and the poor organisational structure of European industry with its reliance on manual skill.

Mr. J. R. D. Tata has something very pertinent to say in his speech as Chairman of Tata Engineering and Locomotive Co., Ltd., for the year 1960-61:—

"It should be noted that it took the Company some fifteen years of hard work to achieve its present stage of maturity and efficiency. There is a tendency in our country to believe that the establishment of new industries requires little more than the provision of the necessary buildings, plant and equipment, and to criticise the lack of immediate results. We have ourselves had our share of such criticism. Enterprises such as ours are not, however, made up merely of buildings and machines. These are the mere bones of industry; the flesh, muscles, blood and nerves essential to productive effort, which in industry are represented by materials and money, management and staff, take nearly as long to build up as it takes for a child to develop into a grown and productive human being. Productivity and efficiency can be achieved only step by step with sustained hard work, relentless attention to details and insistence on the highest standards of quality and performance. I trust that this important aspect of industrial growth will not be ignored in the implementation of the great plans of industrial development on which the country has embarked."

It may well be that it is the refusal to accept that "sustained hard work, relentless attention to details and insistence on the highest standards of quality and performance" by management is essential to improvement in productivity which results in the poor record of growth of the Indian economy shown in the World Economic Survey and the Economic Survey of Europe in 1960.

Of 19 underdeveloped economies, India's growth rate, at an average of 3 per cent from 1950 to 1959, is, with that of Egypt, second from the bottom of the list.

All managers know from their experience in negotiating on labour matters in India, how little attention is paid to pleas for "the highest standards of quality and performance."

I would not wish it to be thought that I am endeavouring to turn the Marxian fallacy inside out and to show that labour, as a material resource, has no potential for adding to productivity. What I do wish to say is that that potential lies in recognition of the fact that many rank-and-file jobs are in effect managerial in their nature. When the managerial function in any job is identified, and steps taken to free initiative and planning in execution of the managerial function in the job, the way is opened for increase in productivity.

Management is Not Parasitical

It follows that an important feature of management, at all levels, is to manage managers. We are now getting away from the old idea, still tenaciously held in this country, that all that is required to make an enterprise out of resources is to put them together in logi-

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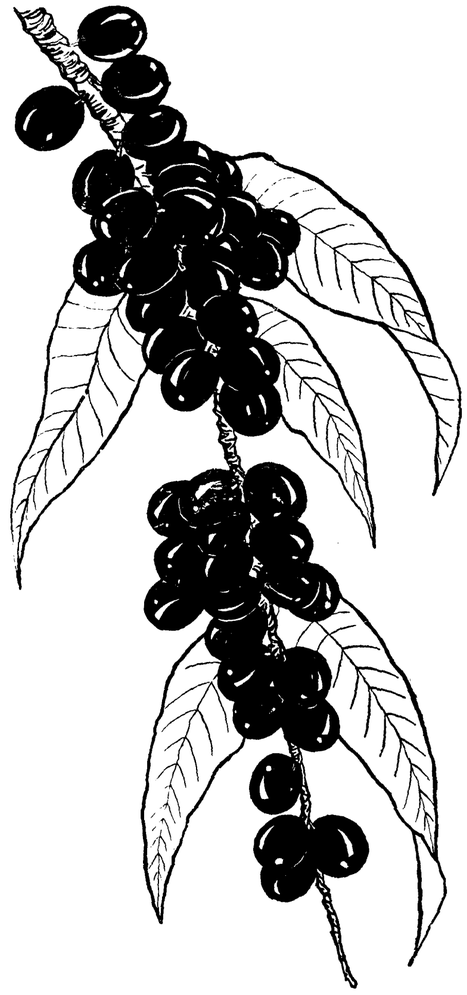

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Peirce Leslie & Co. Ltd., are also Secretaries and Treasurers of: The Savamalai Estates Limited; The Thirumbadi Rubber Company Limited; Cowcoody Estates Limited and Lingopur Estates Limited.

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PL-111-A

cal order and then open the factory gates.

Management, in its relation to productivity, is not just passive, adaptive, behaviour. The concept that success in business means rapid and intelligent adaptation to events occurring outside, in an economy shaped by impersonal, objective forces, has to be abandoned. Management is not parasitical, nor is its contribution purely the shifting of resources to more productive use. What is needed is a transmutation of resources, and the resources capable of enlargement can only be human resources. To make a whole that is greater than the sum of its parts requires the directed, focussed, united effort of free human beings.

This means that another function of management, that of managing workers and work, is a highly important one.

Management, and management alone, can provide to the worker motivation, participation, satisfactions, incentives and rewards, leadership, status and function. These requirements can only be satisfied through work and within the enterprise, and management is the directing force of the enterprise.

How does a manager manage a business, manage managers, and manage workers and work, while balancing and harmonising these three major functions?

A Thought-provoking Quotation

Mr. Peter F. Drucker, in his remarkable book "The Practice of Management" gives the following as the basic operations in the work of a manager:

"A manager, in the first place, sets objectives. He determines what the objectives should be. He determines what the goals in each area of objectives should be. He decides what has to be done to reach these objectives. He makes the objectives effective by communicating them to the people whose performance is needed to attain them.

"Secondly, a manager organises. He analyses the activities, decisions and relations needed. He classifies the work. He divides it into manageable activities. He further divides the activities into manageable jobs. He groups these units and jobs into an organisation structure. He selects people for the management of these units and for the jobs to be done.

"Next a manager motivates and communicates. He makes a team out of the people that are responsible for various jobs. He does that through the practices with which he manages. He does it in his own relation to the men he manages. He does it through incentives and rewards for successful work. He does it through his promotion policy. And he does it through constant communication, both from the manager to his subordinate, and from the subordinate to the manager.

"The fourth basic element in the work of the manager is the job of measurement. The manager establishes measuring yardsticks—and there are few factors as important to the performance of the organisation and of every man in it. He sees to it that each man in the organisation has measurements available to him which are focused on the performance of the whole organisation and which at the same time focus on the work of the individual and help him do it. He analyses performance, appraises it and interprets it. And again, as in every other area of his work, he communicates both the meaning of the measurements and their findings to his subordinates as well as to his superiors.

"Finally, a manager develops people. Through the way he manages he makes it easy or difficult for them to develop themselves. He directs people or misdirects them. He brings out what is in them or he stifles them. He strengthens their integrity or he corrupts them. He trains them to stand upright and strong or he deforms them."

Every one of these categories can be divided further into sub-categories, and each of the sub-categories could be discussed in a work of its own. The work of the manager is complex, and everyone of its categories requires different qualities and qualifications.

Qualities Required of A Manager

What makes a manager? The standard definition is that a man is a manager if he is in charge of other people and their work. That definition is too narrow. The first responsibility of a manager is to the enterprise of which he forms a part. His relations with his superior are as essential to his performance as are his relations and responsibilities to the people under him.

Another definition—though one that is usually implied rather than given formal expression—is that importance defines a manager. But in the modern enterprise no one group is more essential than another. It is not importance, but function, that differentiates the various groups within an enterprise.

The most common concept of what defines a manager is rank and pay. This is not only wrong, but it is destructive. Unless we can give adequate pay to engineers and scientists, salesmen and statisticians, as examples, and can provide for them status, dignity and self-respect, we will simply not be able to manage the ever-increasing numbers of such specialists who must be employed if productivity is to be increased.

What a manager is can be defined only by his function and by the contribution he is expected to make. The one contribution he is uniquely expected to make is to give others vision and ability to perform. It is vision and moral responsibility that, in the last analysis, define the manager.

In fulfilling his responsibility in all these varied ways to the enterprise which employs him, it will be appreciated that the good manager is the prime factor in increasing productivity, and that every restriction which is placed on his activities, so long as these activities are fulfilled with integrity, is a deterrent to increased productivity.

Conversely, a manager who interprets his function as that of merely keeping men at work is not a manager at all. However he deals with them, all the operations in Mr. Drucker's list present themselves to a manager as challenges, whether he knows it or not, and, if he fails to meet these challenges, he is depriving the economy of the country of an increase in productivity.

A Recognition Long Overdue

Public recognition of the value of good management is, in my submission, long overdue. Management has, so far, been treated in India as a "necessary evil" by reason of a faulty appreciation of what its functions are. It is my argument that poor management constitutes a bottleneck which will stultify all attempts to increase productivity, and that good management can create a torrential increase in productivity if it is encouraged to do so. If increases in productivity are to be obtained, a fundamental change in the approach to production is necessary, and an essential to that approach is that management must be recognised as the most important factor affecting production. Management can no longer just be permitted to survive on sufferance.

On the other hand, it is the duty of management to do everything it can to fulfil its responsibilities. Nothing less than a very high standard of performance can possibly be accepted, in view of the onerous nature of these responsibilities.

If public recognition of the value of good management is accorded, with all that that implies in the field of Government policy making, and if management takes advantage of this "New Deal" to invigorate business enterprise while contributing to the stability, strength and harmony of society, the way lies open to an increase in productivity which will release a cumulative process of improvement in conditions of human welfare.

LABOUR PRODUCTIVITY

"It is believed by many that the increase in production achieved by the (plantation) industry is due largely to labour. This is, of course, a labour-intensive industry and might give the impression that labour is responsible for the rise in output. On the other hand, many of us who are concerned with the future of the industry are distressed about the steadily falling output of work by our labour. Increased production has been achieved by greater bush productivity. In a survey which was recently made, we found that we have been applying more capital resources and the output in relation to each invested rupee was falling not rising. This is, indeed, a disturbing trend, although it is generally also true of manufacturing industries in the country."—H. C. KOTHARI, *President, U.P.A.S.I.*

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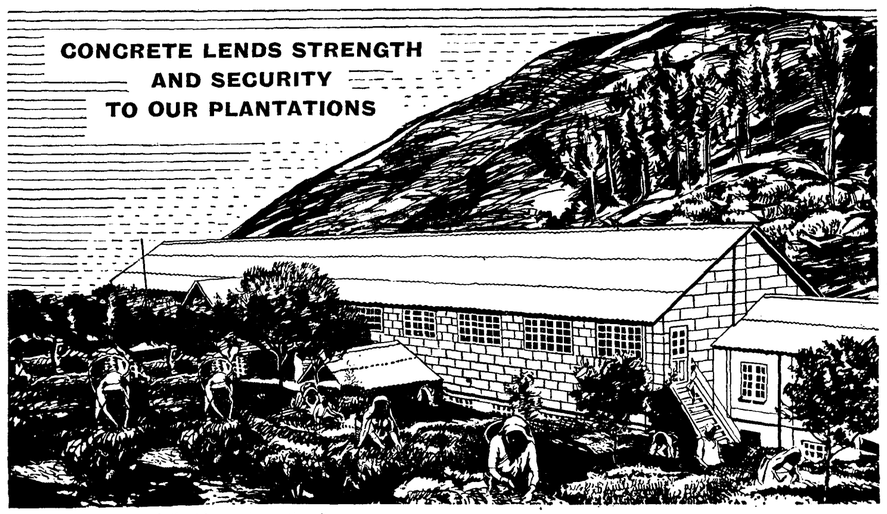

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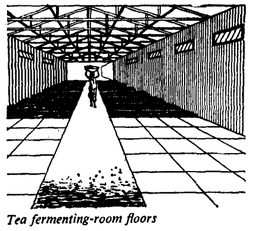
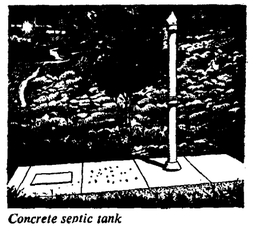


Tea fermenting-room floors



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FUTURE REQUIREMENTS OF RAW RUBBER IN INDIA

HEAVY INCREASE EXPECTED—TIMELY EXPANSION NEEDED

By S. P. MALHOTRA, M.A.

PLANTATIONS generally take 5 to 7 years before the trees or the plants start bearing fruits. Since rubber belongs to this category, it is essential to estimate well in time its demand at some future period, so that timely action is taken to augment its supply. An attempt has been made here to estimate the requirements of raw rubber—natural, synthetic and reclaimed—in India at the end of 25 years. The demand for rubber is a derived demand, since it is utilised in the manufacture of a variety of industrial goods. These goods consist of (1) tyres and tubes of all kinds, (2) rubber footwear, and (3) miscellaneous goods. The last category consists of abonite rod and sheet, latex-foam cushioning and sponge, hoses of all types, belts, water-proof rubberised fabrics, etc. Demand for rubber at the contemplated period will depend on the rate of expansion expected in these industries.

Although rubber is used for manufacturing various goods, listed above, it is principally the transportation industry such as motor vehicles, bicycles, etc. which has been responsible for placing a heavy demand on it. It is estimated that 65-70 per cent of the total consumption of raw rubber in India is accounted for by this industry alone.

Rubber footwear industry probably comes next in importance, its share being 15 per cent of total consumption. These two industries combined, therefore, take away a major portion of rubber consumed in the country. The remaining 15-25 per cent is consumed for the manufacture of miscellaneous goods mentioned above.

Steady Rise in Demand

Internal consumption of rubber has risen steadily. Whereas prior to 1939, India was exporting 50 per cent of her raw rubber out of a meagre total production of 14,000 tons, she is today importing an equivalent of the home production, namely, 24,000 tons.

Table I below shows the rate of growth in the production of rubber industries during the first and second Plan periods, and the targeted increase for some of these industries during the coming 5 years:

TABLE I

	Percentage increase in		
	1956 over 1950	1960 over 1956	1965 over 1960
1. *Tyres*—			
(a) Automobiles ..	47.0	42.3	124.7
(b) Bicycles	90.0	70.9	187.0
2. *Tubes*—			
(a) Automobiles ..	31.6	47.6	195.3
(b) Bicycles	51.6	116.3	129.7
3. Rubber footwear ..	130	17	Not available
4. Miscellaneous goods* ..	93	30	Do.

* Increase in weighted index on the basis of production.

Automobile Industry

During the last decade, production of automobile tyres and tubes has gone up by 109 and 94 per cent, respectively, as against 47 and 32 per cent during the first Plan and 42 and 48 per per cent in the second Plan period. However, the third Plan envisages a considerable step up in the rate of production of these goods. This is natural, since, in India, there exists a vast scope for road transport. Even if we presume that, by 1985, the country may be able to have a well spread out network of railways, there is hardly any likelihood of any competition between the two. It is, indeed, becoming rather difficult to cope with the increasing demand for both of them. It is estimated that about 20 million tons of long distance traffic generated during the second Plan could not be carried by the railways. This gap is bound to increase rapidly, as industrial development in the country gets into stride. There will still be left areas, which, for long, will depend only on road service.

The additional purchasing power expected to be generated during the coming two and a half decades is likely to make a heavy demand both on goods and passenger transport. On the basis of Road Development Plan for India, the long distance traffic would grow to more than five times the present traffic.

Besides this, more than 600 million tons will have to be carried over short distances. All this would need an annual production of 250,000 trucks against the present figures of 12,000.

An increased demand for motor transport will also increase the demand for rubber required in the manufacture of tyres and tubes. In addition to increase in income and employment, the rapid pace of urbanisation and spread of metalled roads in rural areas may also help in expanding the demand for road transport. This trend may be further accentuated by the commercialisation of agriculture.

As for the motor vehicles, their number increased by 20 per cent during the first Plan. In order to meet the requirement of greater demand for transport which will be generated because of higher tempo of development, it may be estimated that, by 1985, we will require about 3,000,000 automobiles as against 600,000 required by the end of the second Plan.

Increase in the number of automobiles works out to 400 per cent over the 1961 level. Tractors for agricultural purposes during this period will also go up. Similar may be the position with regard to animal driven vehicles. If even half of the existing iron-tyred carts are converted to pneumatic ones, the demand for rubber on this account will show a 400 per cent rise. Thus, the production of automobile tyres and tubes may increase at the rate of 16 per cent per annum during the next 25 years. This increase may be expected, in view of the fact that the rate of increase per annum is estimated to go up from 8 to 12 per cent and 9 to 25 per cent in the case of automobile tyres and tubes, respectively, during the third Plan.

With all the anticipated expansion in the automobile industry, tractors and carts etc., a minimum increase of 400 per cent in the consumption of rubber can be expected during the next 25 years period. In absolute terms, the total consumption of rubber for these items by 1985 comes to 160,000 tons.

Bicycle Industry

The demand for bicycle, the cheapest means of personal transport, has increased considerably during the recent past. With the increased number of bicycles on road, replacement demand for tyres and tubes has also gone up. Home production of bicycles in India during the 10 years of post-independence decade has multiplied 13 times. Along with this, the production of cycles tyres and tubes during the last decade has also gone up by about 224 and 228 per cent, respectively.

The demand for cycles on account of urbanisation and road development is likely to go up further during the coming 25 years. The minimum that may be expected is that the mancycles ratio in India may reach near about 20 by 1985 as against 80 in 1956 and 58 in 1960-61. This would mean that there would be over 40 million cycles on road by 1985 as compared with the second Plan target of the order of 6 millions.

If the number of cycles on road by 1985 is 40 million, annual production of new cycles by that year should be of the order of 5 million. The requirements of bicycle tyres and tubes would then be about 60 million, against an annual production of 31 million during the third Five-year Plan—10 million each of tyres and tubes would be required for new cycles and 50 million each for replacement purposes at the rate of 1.5 (tyres and tubes) per year. Thus, the cycle industry would require roughly 35,000 tons of raw rubber.

Footwear

Another item of importance from the point of view of consumption of rubber is the rubber footwear. The production at the end of the second Plan was 42 million pairs. With more of purchasing power being made available to an average Indian, an upward trend can be expected. If the masses are enabled to purchase footwear, the first preference is no doubt for durable and economical but not fancy material. In spite of this, the market for cheaper goods such as rubber footwear is likely to expand appreciably; more so in a country like India where most of the people do not have any type of shoes at all. Prejudice of some people not to wear leather footwear may also favourably affect the production of rubber footwear.

Production of rubber footwear went up by about 170 per cent during the years 1950 to 1960, but a considerable expansion occurred during the first Plan, the percentage increase in production as revealed in Table I being 130, as against only 17 per cent increase during the second Plan. The slow progress during the later period is attributed to the non-availability of raw rubber in the country. But, in estimating the demand for some future period, it is imperative to assume that there will be no shortage of the basic raw material.

In the light of all this, it may be expected that demand for rubber shoes in the coming 25 years may go up by about 10 per cent per annum or 250 per cent by 1985.

Rubber footwears are also exported in large quantities while imports are negligible. Exports of rubber footwear during the past few years have been quite encouraging. The whole of South East Asia, Middle East and East Africa, is a potential market where larger quantities can be exported. Some exports were also made to Norway and Belgium in recent years. It may not be possible to lay down any specific target for export of footwear after 25 years, but the possibility of a sufficient expansion in this direction cannot be ruled out.

As in the case of home consumption, exports of rubber footwear may also go up by about 250 per cent. This industry is estimated to have consumed about 7,000 tons of raw rubber at the end of second Plan. The demand for 25 years hence may be of the order of 30,000 tons.

Miscellaneous Rubber Goods

This head which accounts for the manufacture of various types of rubber goods, mentioned earlier, is estimated to have consumed 11,000 tons or 20 per cent of raw rubber in 1960.

The demand for these items is directly related to the industrial progress of the country. Prior to first Plan, most of these goods were not produced in the country. That is why the index of these goods, with base year 1950, went up rapidly during the first Five-year Plan, by about 93 per cent. But the pace during second Plan, with base year 1956, slowed down. Firstly because most of these goods were being produced in the country and, secondly, production of a few goods such as vacuum hoses and rubber components of railway fittings which were found to be below standard declined during the second Plan. The index of miscellaneous goods thus went up by only 30 per cent. For the future, it is assumed that this handicap will be overcome.

Huge expansion in the development of major industries, particularly steel and coal, is going to enlarge the scope for the production of conveyor and transmission belting, V-belts and other mechanical products. Expansion in the automobile industry will put a corresponding demand for latex foam cushioning and sponage. Several specialised items which are not manufactured in India at present are also likely to be taken up.

The country today has reached a state of self-sufficiency in most of the rubber products. The industry will now have to turn its attention increasingly to exports.

Since India has the geographical advantage of having no other advanced manufacturing country nearby, our cost of distribution of finished article will be far cheaper as compared with consignments from the U.S. or Europe. The supply of labour is also plentiful here which may help in making the cost of production competitive. Now that the Indian factories are replacing worn-out and out-of-date machinery, the industry will be well set for any competition.

In the light of all this, a 250 per cent increase in production in this sector is a minimum that can be expected. This would mean that the demand for raw rubber for the manufacture of these miscellaneous items may go up from 11,000 tons in 1960 to 40,000 tons in 1985.

The total demand for raw rubber by 1985 thus comes to 265,000 tons as shown below:

Raw Rubber Targets for 1985

	1960	1985	Percentage rise in 1980-1981
	(Thousand tons)		
Transport Industry—			
Automobile and others ..	32	160	400
Bicycle	7	35	400
Rubber footwear	7	30	328
Miscellaneous	11	40	250
Total ..	57	265	365

Consumption of raw rubber in India, in 1960 was estimated at 57,200 tons. During the last decade, consumption increased by 160 per cent. It is estimated that, by the end of third Plan, we will require about 94,000 tons of rubber. Estimated demand at the end 1965 represents 183 per cent increase over demand in the second Plan period. Our production at the end of third Plan would be about 95,000 tons, consisting of 45,000 tons of natural rubber and 50,000 tons of synthetic rubber. In addition to this, about 20,000 tons would be available from the reclaimed rubber. But the thing is that we will not be in a position to absorb this much quantity of synthetic rubber, since, at present, we are consuming hardly 11 per cent of synthetic rubber. Except for the U.S., where synthetic rubber accounts for 55 per cent, percentage consumption of this rubber ranged between 22 and 24 per cent in case of other industrially advanced countries such as Germany, U.K. and France. Thus, some of the synthetic rubber will have to be exported to the South East Asian Countries and in its place natural rubber will have to be imported.

Rubber experts are of the view that of the total consumption of rubber, 30 per cent will be the minimum in natural rubber. Thus, considerable reliance will to be placed on the reclaimed and synthetic rubber.

All this means that India should aim at the production of at least 85,000 tons or more, if possible, of natural rubber by 1985. Since a rubber plant takes about 8 years before it can become productive, a decision about the future plantation programme has got to be taken now. It is estimated that the production area under rubber at the end of the third Plan would be of the order of 300,000 acres. Distribution of this area under different varieties and age is given in Table II below:

TABLE II

Area planted under different varieties, replanted areas, area required to be replanted

(Acres)

Period	Area planted				Area replanted	Area needed to be replanted
	Ordinary unselected seedlings	Clonal seedlings	Budded plants	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Before 1938 ..	92,034	407	7,510	99,951	1,908	..
1938 to 1958..	120,989	46,269	32,791	200,049	21,918	..
Total..	213,023	46,676	40,301	300,000	23,826	78,033

Of the total area of 300,000 acres, more than 200,000 acres is under ordinary unselected varieties, clonal seedlings and budded plants accounting for the remaining 90,000 to 100,000 acres only. As many as 105,000 acres of the total area came under new plantations during the years 1954-58. But nearly 55 per cent from this also was under the ordinary varieties. When the yield of ordinary varieties is less than one-third of the improved ones, all new plantations should be of improved types. There is actually no purpose in planting new areas under ordinary varieties. The third Plan programme aims at the planting of 120,000 acres of new areas. Of this, 105,000 acres are in Kerala alone and only 13,600 acres in Andamans. Before this programme is launched, we must make sure that we have sufficient seedlings of improved varieties to cope with this programme. Annual requirements of the clonal seedlings should be worked out and a provision made for the supply of the same. Timely attempts should be made in this direction so as to augment production and ensure that sufficient supply of raw rubber is made available to our expanding industries.

19 SEP 1961 PUBLIC DEPARTMENT

Notice

THE BURRAKUR COAL COMPANY LIMITED

NOTICE OF INTERIM DIVIDENDS

AT A MEETING OF THE BOARD HELD ON the 31st August, 1961, the Directors have decided to pay the following Interim Dividends subject to deduction of tax in respect of the Company's financial year ended 30th June, 1961.

ON 1st Preference Shares at the rate of Rs. 4.55 per cent.

ON 2nd Preference Shares at the rate of Rs. 2.66 per cent.

The above Dividends will be paid on or after 7th October, 1961 to those Shareholders (or their mandatees) whose names appear in the Company's books as the registered shareholders of the above shares on 16th September, 1961.

The Share Transfer Registers of the Company will be closed from 13th September to 16th September 1961, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, *31st August*, 1961.

With Best Compliments from

MESSRS. JAY SHREE TEA & INDUSTRIES LIMITED

Owners of

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Kallyar T. E. (,,)
Merchiston T. E. (Kerala)
Towkok T. E. (Assam)
Nahor Habi T. E. (,,)
Risheehat T. E. (Darjeeling)

Woodcrafts, Assam (Mariani)
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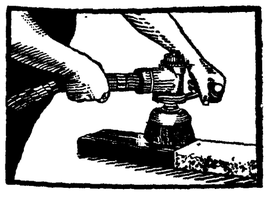

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ROLE OF TEA IN INDIA'S ECONOMY

STATISTICS FOR 1960 ANALYSED

INDIA can look forward to a substantial increase in its exports of tea in the coming years; the crop position during 1961 has been quite good, a "very hopeful pointer" to better export. This was the note of optimism struck by the Chairman of the Tea Board, Mr. A. S. Bam, at Madras last week. While this forecast is encouraging, it must be stressed that its materialisation will depend to a great extent on the Government's policy, especially in regard to taxation on tea. In view of the vital role played by tea in the country's economy, the industry has a right to expect fair treatment at the hands of the authorities. Tea is the largest earner of foreign exchange, next only to jute manufactures. The actual value of exports during the calendar year 1960 was Rs. 121.05 crores, which represented as much as 20 per cent of the aggregate exports of all commodities, amounting to Rs. 634.39 crores. Besides being an earner of precious exchange, the tea industry contributes to the Central Exchequer sizable sums of money by way of export duty (Rs. 12.00 crores in 1960-61) and excise (Rs. 7.65 crores) and gives direct employment to more than a million persons; the daily average of labourers employed in the industry was 980,238 in 1958 and 1,004,257 in 1957.

The need for utilising the vast potentiality of tea as foreign exchange earner by enabling the industry to weather the growing competition in world markets is urgent. The past few years have witnessed a distinct setback to export trade in tea. The quantity actually shipped during 1960 was 195.11 million kgs. (1 kg.=2.2 lbs.), valued at Rs. 121.05 crores, as against 214.32 million kgs. (Rs. 126.39 crores) in 1959 and 237.48 million kgs. (Rs. 142.82 crores) in 1956, according to *Tea Statistics* 1960, published by the Tea Board.* The drop in foreign exchange earnings from tea exports during 1960 as compared with the year preceding it would have been steeper but for the rise in the average value of teas exported, from Rs. 5.90 per kg. in 1959 to Rs. 6.20 per kg. in 1960.

Losing Ground

India is steadily losing ground in the world tea map. This point was well brought out by Mr. J. N. A. Hobbs, Chairman of the Periakaramalai Tea and Produce Company Limited, in his speech at the last annual meeting of the Company. He said:

"Competition from the new tea producing areas of Africa, coupled with a lack of appreciation by Government of the value of propaganda in popularising tea overseas, have contributed to the loss of markets long regarded as outlets for Indian tea. It is pertinent to mention that, during the past ten years, the production of Ceylon, Africa and other tea producing has increased by nearly 40 per cent, but the Indian output rose by 20 per cent only. World shipments increased by nearly 30 per cent during this period, but the proportionate increase is no more than 8 per cent in the case of India.

"The Planning Commission has set a production target of 900 million lbs. (and an export target of 610 million lbs.) during the third Plan which compares with 694.2 million lbs. produced in 1960 and 714.5 million lbs. in 1959. But expansion of the size envisaged requires a great deal of funds and the industry does not possess the necessary finance. If fresh investments are to be attracted, it is essential that they are made more remunerative. At present, the profitability of the industry has been hampered by high taxation which also contributes to making the Indian commodity uncompetitive in foreign markets. The Central budget for 1961 increased the excise duties for tea, and reduced the export duty from 53 nP per kilogram to 44 nP per kilogram with the declared object of encouraging exports. It would appear, however, that any benefit out of the reduction in export duty went to the foreign buyer and not the producer."

The decline in tea exports during 1960 was due to some extent to the fall in output. The total quantity actually gathered in that year was 325.96 million kgs., as against 320.40 million kgs. in 1959. The fall was accounted for entirely by production in North India which was lower by 12.74 million kgs. at 242.20 million kg., whereas that in South India was higher by 7.18 million kgs. at 78.20 million kgs. The setback to N.E. Indian tea crop was due to a prolonged draught during the early part of the year which also resulted in a marked deterioration in quality. Since both quality teas and common teas were in short supply, the prices realised were appreciably higher. The trend of tea output in different States for the past four years is shown in the following table:

(In million kgs.)

States	1960	1959	1958	1957
Assam	157.58	171.05	171.16	161.36
W. Bengal	81.36	80.11	76.19	75.40
Kerala	38.17	35.60	37.03	35.56
Madras	37.37	33.01	34.75	32.82
Tripura	2.11	2.48	2.41	2.09
Mysore	1.69	1.53	1.66	1.55
Punjab	1.01	1.03	1.03	1.10
Uttar Pradesh ..	0.94	0.95	0.81	0.74
Himachal Pradesh	0.13	0.15	0.12	0.08
Bihar	0.04	0.05	0.07	0.10
Total	320.40	325.96	325.23	310.80

How Indian production and exports of tea during the years 1959 and 1960 compare with the other tea producing countries is indicated in the following table:

(In million kgs.)

Country	Production		Export	
	1960	1959	1960	1959
India	320.40	325.96	195.11	214.32
Of which:				
N. E. India ..	242.20	254.94	155.60	175.56
S. India ..	78.20	71.02	39.51	38.76
Pakistan	19.03	25.93	1.83	5.85
Ceylon	197.18	187.39	185.88	173.95
Indonesia	45.44	43.74	36.14	32.34
Kenya	13.78	12.64	11.60	10.60
Uganda	4.67	4.43	3.98	3.39
Tanganyka ..	3.72	3.70	3.34	2.86
Nyasaland	11.83	10.56	11.13	10.18
Mozambique ..	..	..	7.37	7.99
China	N.A.	152.86	47.63	46.27
Formosa	18.05	16.96	N.A.	14.37
Malaya	..	..	1.61	1.72
Japan	N.A.	79.48	9.81	7.68
Brazil	N.A.	—	0.76	0.80

Tea exports from India to traditional consumer countries such as the U.K., the U.S. and Canada are declining owing to increased competition from other exporting countries. Fortunately, however, some of the countries in West Asia appear to have been taking greater interest in Indian teas. The table below shows the trend of actual shipments from India to the major importing countries in the past four years:

(In million kgs.)

	1960	1959	1958	1957
United Kingdom	122.18	128.17	150.10	136.86
Irish Republic ..	6.24	7.46	7.19	8.82
Netherlands ..	1.43	1.53	1.29	0.86
U.S.S.R.	10.25	12.41	11.47	7.23
Afghanistan ..	3.36	2.59	1.28	0.68
Iraq	2.14	1.66	0.05	0.02
Iran	3.55	3.45	5.45	4.51
Kuwait	0.94	1.05	1.24	1.45
Turkey	2.43	4.75	3.73	3.23
Egypt	14.38	11.70	11.58	7.63
Sudan	3.93	10.72	6.33	1.98
Canada	7.00	7.27	8.64	7.66
U.S.A.	8.60	10.73	11.56	10.59
Australia	2.43	2.88	3.31	3.58
New Zealand ..	0.67	0.74	0.53	0.74
Other countries ..	5.58	17.21	5.75	5.15
Total ..	195.11	214.32	229.50	200.79

The table clearly brings out the importance of the U.K. for Indian tea. What are the prospects of retaining this major market for our tea in the context of the U.K.'s move to join the Common Market? The observations of Mr. Hobbs mentioned above are worth being recorded here, as they are quite relevant to the question:

"During the past few weeks, we have seen a lot in the papers about Britain's entry into the European Common Market. The crux of the whole question, as far as we are concerned, is the extent to which Indian exports of tea to the U.K., valued at Rs. 75 crores, and amounting to about 70 per cent of total exports, would be effected if we have to deal with the U.K. as a member of the Common Market. It must be realised that the U.K. is by far the largest consumer of Indian tea, whereas consumption in the E.C.M. countries is relatively small. It may well be that, if Britain becomes a member of the E.C.M., a tariff will be placed on our teas, and this may affect prices to some extent. However, our main worry would be on the competitive aspect of our teas and, in this respect, there are not likely to be any serious repercussions, as the major suppliers of tea to the U.K.—namely, Ceylon, Pakistan, Kenya, Uganda and Tanganyika—are all in the Commonwealth and would be similarly affected. The future will, therefore, depend mainly on the concessions which the U.K. is able to obtain from the E.C.M. for Commonwealth produce, such concessions being in the nature of *quid pro quo* for the concessions which the Six have already allowed to the produce of their own Colonies and Associates. The result could, perhaps, be that tea prices in Europe would be reduced and consumption in these countries increased. If so, that would be a most welcome result in the light of our increasing production.

"It has been argued that, since the U.K. is a confirmed tea drinking country, an import duty will not make much difference to the tea consumption there and that, in any case, India will be no worse off than her Commonwealth competitors. This tends to overlook the question as to whether India would be able to maintain its present level of sales to the U.K. by retaining a high export duty in India, while a fairly high import duty may be imposed in the U.K. In this respect, East Africa, in particular, may gain some advantage over India by virtue of there being no export duty on tea in that country.

"This brings me to what I consider to be a matter of prime importance, namely, publicity and propaganda for our teas. For too long we have relied on traditional habits to sell our teas in Britain, but the pattern is now changing. Production is increasing rapidly in other countries, and they are sparing no effort to widen their markets. As can be seen from the figures I have mentioned earlier, India is already getting left behind in the race. Although the Government has recently taken certain steps to promote publicity in the U.K., no time must be lost in stepping up the tempo of Indian tea propaganda, and it will be of vital necessity to conduct an intensive campaign in the E.C.M. countries—especially if tariffs are reduced and tea drinking in Europe becomes cheaper than it is today."

Demand for Tea

There is a good scope for augmenting tea exports from India, provided the quality and price compare favourably with those of other supplying countries. An idea of the demand for tea in other countries can be had from the following table which gives the tea imports for consumption in various countries:

(In million kgs.)

	1960	1959	1958	1957
United Kingdom ..	220.84	217.70	252.13	253.23
United States ..	51.78	49.11	46.56	46.00
U.S.S.R.	28.12	29.03	25.58	20.87
Australia	28.46	26.76	26.40	27.52
Egypt	20.34	19.42	22.89	15.73
Canada	19.44	20.26	19.82	20.83
Iraq	17.77	15.50	12.29	13.27
South Africa ..	13.86	12.54	13.26	12.46
Ireland	9.80	10.09	8.67	12.51
Netherlands ..	9.06	8.99	8.95	8.09
Iran	8.55	9.39	11.62	13.32
New Zealand ..	7.21	6.98	7.45	7.93
Arabia and Bahrein	7.12	5.35	6.43	4.78
W. Germany ..	6.42	6.38	6.26	6.09
Italy	1.51	1.44	1.31	1.05
Denmark	1.26	1.16	1.28	1.20
Switzerland ..	1.20	1.11	1.07	1.10
Sweden	1.01	1.04	1.14	1.07
Belgium and Luxemburg ..	0.34	0.31	0.36	0.33

It may be noted, in this connection, that the total world supply of tea during 1960 was 702 million kgs., while total absorption was 701 million kgs., thus leaving a surplus of one million kgs., according to the provisional estimate prepared by the International Tea Committee. The table below gives the relevant details:

(In million kgs.)

	1960	1959	1958	1957
Supply—				
Production ..	613	615	615	584
Export	89	85	77	79
Total supply ..	702	700	692	663
Absorption—				
U.K.	229	228	235	232
Other importing countries ..	306	301	299	288
Producing countries ..	166	165	160	156
Total absorption	701	694	694	676
Balance	1	6	—2	—13
Closing stocks at the end of the year	37	36	30	32

The world's biggest consumer of tea is the U.K. Its actual consumption in 1959 is estimated at 498.38 million lbs., the *per capita* consumption being 9.57 lbs. The other important tea consuming countries are India, Japan, Eire, U.S.S.R., Russia, Canada, Australia, New Zealand, Egypt, Libya and Iraq. The actual total consumption and *per capita* consumption of tea in these countries as well as in a few others during 1959 is indicated below:

Countries	Total consumption (In thousand lbs.)	*Per capita* consumption (In lbs.)
India	254,026	0.63
United Kingdom	498,380	9.57
Eire	22,236	7.85
Netherlands	19,821	1.75
Denmark	2,557	0.56
West Germany	14,083	0.27
Iraq	34,162	5.18
Iran	20,710	1.06
Saudi Arabia	6,450	1.07
Pakistan	41,410	0.48
Ceylon	28,479	1.26
Japan	160,730	1.73
U.S.A.	108,261	0.61
Canada	44,663	2.55
Chile	19,234	2.64
Union of South Africa ..	27,639	1.88
Libya	6,587	5.63
Morocco	20,247	1.93
Egypt	42,805	1.89
Sudan	20,690	1.87
Tunis	9,875	2.48
Australia	58,985	5.86
New Zealand	15,338	6.58
U.S.S.R.	64,000	0.31
Fiji Island	817	2.16

It will be seen from the above figures that the *per capita* consumption of tea in India is rather low. The total consumption of tea, however, has steadily gone up in recent years, from 79 million kgs. in 1954-55 to 109 million kgs. in 1958-59 and 115 million kgs. in 1959-60. The total domestic consumption of tea in the calendar year 1960 is estimated at about 120 million kgs. The annual average increase has been of the order of 6 million kgs. which may be expected to be more marked in the coming years, what with the rising population and the higher demand for hot beverages as a result of the improvement in living standards.

Tea Auctions

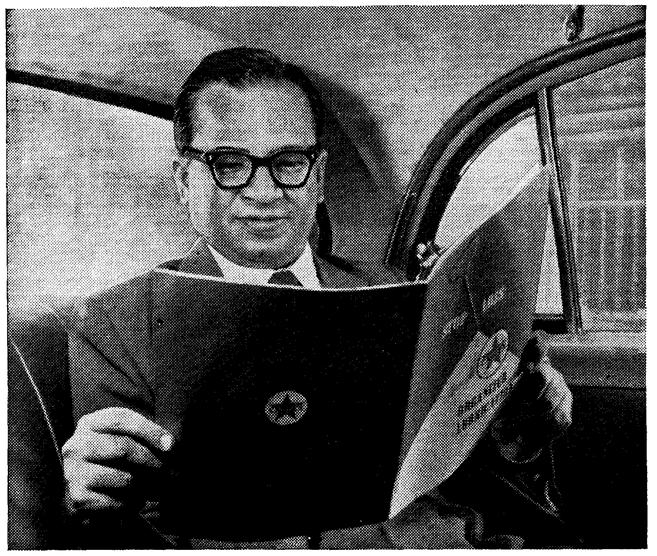
The total quantity of tea sold at Cochin during 1960 was higher at 32.1 million kgs., as against 26.8 million kgs. in 1959. The average price per kg. obtained during 1960 was lower at Rs. 4.71 for export leaf and Rs. 4.02 for internal leaf, as against Rs. 4.82 and Rs. 4.36, respectively, in 1959, while that of internal dusts was higher at Rs. 4.31, as against Rs. 3.96. At the London auctions, 59.9 million kgs. of North Indian teas and 16.9 million kgs. of South Indian teas were sold, the corresponding figures for 1959 being 83.4 million kgs. and 15.3 million kgs., respectively. The average prices per kg. obtained were higher at 10s. 10.49d. and 8s. 9.09d., as against 10s. 8.02d. and 8s. 2.02d. The total quantity of tea sold at Calcutta auctions during the 1960-61 season was 98.0 million kgs. (105.5 million kgs. in 1959) for export, the average price being Rs. 5.34 per kg. (Rs. 5.05 in 1959-60). About 37.6 million kgs. (39.0 million kgs. in 1959-60) were sold for internal consumption at an average price of Rs. 5.11 for internal dusts and Rs. 4.30 internal leaf (Rs. 4.66 and Rs. 3.96 in 1959-60).

The total area under tea crop in India as on 31st March 1960—more recent figures are not available—was 329,153.78 hectares (0.40468 hectare=1 acre), of which North India accounted for 2,55,173.60 hectares and South India for 73,980.18 hectares. The area under tea in the different States was 160,390.41 hectares in Assam, 82,289.79 hectares in West Bengal, 39,693.40 hectares in Kerala, 32,484.25 hectares in Madras, 5,215.79 hectares in Tripura, 3,763.16 hectares in Punjab, 2,369.72 hectares in Uttar Pradesh, 1,802.53 hectares in Mysore, 724.72 hectares in Bihar and 420.01 hectares in Himachal Pradesh. The average yield per hectare is higher in India than elsewhere, being 990 kgs. (the figure relates to 1959), as against 799 kgs. in Ceylon, 814 kgs. in Pakistan, 787 kgs. in East Africa and 606 kgs. in Indonesia. The average yield of 990 kgs. for 1959 compares favourably with 955 kgs. secured in the years 1956 and 1957.

The total number of tea estates in India registered with the Licensing Committee as on 31st March 1960 was 8,923, of which more than half—4,604 to be precise—was in the Madras State. The number of estates in other States was 1,723 in Kerala, 1,159 in the Punjab, 791 in Assam, 300 in West Bengal, 226 in Himachal Pradesh, 56 in Tripura, 47 in Uttar Pradesh, 13 in Mysore and 4 in Bihar.

Tea Statistics 1960. Issued by the Statistics Branch, Tea Board of India, 14, Brabourne Road, Calcutta 1. Price: Rs. 2. Pages: 126. The publication contains 93 tables and 12 charts. Five tables are devoted to the most important items of information collected through the random sample surveys conducted by the Statistics Branch during 1960. The tables included in this article have been compiled on the basis of figures given in the publication.

TOP MANAGEMENT FINDS OUT



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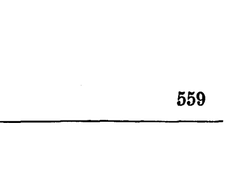

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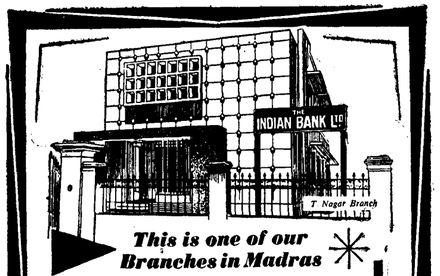

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SAVING AND INVESTMENT IN INDIA

RESERVE BANK'S ESTIMATES FOR 1950-59

AUTHORITATIVE estimates of saving and investment in India in the period 1950-51 to 1958-59, prepared by the Division of Development and Planning of the Economic Department of the Reserve Bank of India, are contained in the latest (August, 1961) issue of the Bank's *Bulletin*. The earlier estimates made for the period 1950-58 and published in the *Bulletin* in March last year have been revised in the latest estimates in the light of fresh data which have since become available. The sector-wise estimate of the volume of national saving covers the three sectors—Government, Domestic Corporate and Household; the Household sector is broken up into Rural Household and Urban Household sectors. Table I-A in this article gives the relevant estimates of savings for each year in the period 1950-59 at current prices; Table I-B gives the estimates at constant (1948-49) prices so as to correlate them to the national income series at constant (1948-49) prices. The aggregates in the latter table are more meaningful, as they provide an idea of the variations in saving, from year to year, in real terms. When they are correlated to figures of real national income in the respective years, the results appear as follows:

Year	National Saving as per cent. of National Income at constant prices
1950-51	6.7
1951-52	5.1
1952-53	6.0
1953-54	5.7
1954-55	7.1
1955-56	9.1
1956-57	8.8
1957-58	7.2
1958-59	7.7
Average Saving-Income ratio for the period 1950-59	7.1

The major findings of the study are represented by the above figures of saving-income ratios for the economy as a whole and by the sector-wise aggregates of saving at current and constant prices in Tables I-A and I-B. The researchers of the Reserve Bank have not claimed a hundred per cent accuracy for the estimates, for the data on which these estimates are based are known to be inadequate. For instance, the estimates of saving of the Central and State Governments are based on their respective income accounts. But these basic data suffer from the limitation that the classification of receipt and expenditure items as between the current account and the capital account is not precise. Secondly, the saving estimates of the Local Authorities are based on surveys which are not comprehensive. Thirdly, the depreciation allowances for the corporate sector (private and Government) are taken from their respective accounts and may not reflect the actual depreciation of assets on the basis of their replacement costs. Moreover, the data regarding assets, including inventories, of both these sectors, are also taken from their respective accounts and include valuation changes. Fourthly, the saving estimates of the non-financial corporate sector are based on sample studies of their accounts and these samples may not be truly representative of the respective sectors. Fifthly, some of the liquid and financial assets of the household sector, too, are estimated partly on the basis of such sample studies. Particularly some of the assets of the household sector are estimated on the basis of data which were collected for a different purpose, and on the basis of survey results which are not comprehensive and, in some cases, are available only for one year and are subject to important limitations. Lastly, the accounting years of the different units belonging to the Government as well as the private corporate sector are different, and the survey results, too, are not available uniformly for the financial year; in all such cases, the accounting as well as the survey year data are assumed to hold good for the financial year. While referring to these limitations of the data on which the saving estimates have been based, the authors of the Reserve Bank's study have also admitted that certain arbitrary estimation procedures have had to be adopted. Accordingly, they say, no precision can be claimed for the estimates. The estimates, in their view, are likely to be much more reliable for a period of years than for any single year.

Apart from the limitations of the basic data used in the estimates, the latter themselves are by no means complete. This is what the authors say:

"These estimates do not include the household sector's saving in the form of inventories in agriculture and trade, non-monetised investment, and consumers' durables. Further, the saving in the form of urban non-corporate investment is probably underestimated because of the particular estimation procedure adopted. On the basis of such fragmentary information as is available, and taking a qualitative view, it appears that the aggregate saving-income ratio may be about *two* percentage points higher than that estimated in this study, if these items of saving are also fully taken into account."

In other words, the average saving-income ratio for the economy as a whole in the period 1950-59 may be taken to have been around 9 per cent. Of course, the average saving-income ratio for the period, based on the incomplete estimates, is only 7.1 per cent. But neither this average for the whole period nor the year-to-year ratio is quite meaningful. So the whole period 1950-59 has been conveniently divided in the study into three sub-periods of three years each. As the saving-income ratios are presented for these sub-periods, namely 1950-53, 1953-56 and 1956-59, comparisons of trends in such periods become more meaningful. Such a division into sub-periods has also the advantage that the data for the last three years of the first Plan—years when the development programme had gathered momentum—can be compared with the data for the first three years of the second Plan. The marginal saving-income ratio, that is, the rate of saving out of additions to income, has also been calculated for each of the two latter periods with reference to the preceding period. But the marginal ratios, the authors of the study have taken the precaution to emphasise, merely seek to describe the relationship between saving and income as it existed during the period with reference to a base period. No predictive value is, therefore, attached to these ratios. The aggregate and sector-wise average saving-income ratios in terms of percentages are given below:

	1950-59 (Whole period)	Sub-period I (1950-53)	Sub-period II (1953-56)	Sub-period III (1956-59)
Government sector	9.7	13.5	7.4	8.8
Domestic Corporate Sector	35.8	34.2	41.0	32.5
Household Sector	5.8	4.3	6.3	6.7
(i) Rural Household	2.6	2.6	2.6	2.7
(ii) Urban Household	14.1	9.5	16.0	16.9
Aggregate saving	7.1	5.9	7.3	7.9
Aggregate Marginal Saving-income Ratio	..	..	19.1	14.5

The above figures call for some explanation. The income-estimates for each sector, on the basis of which the saving ratios for the corresponding sector have been worked out, have been made in the following manner:

(1) For the Government sector, the data in respect of current revenue for the Central as well as the State Governments are obtained from the relevant Budget papers. The Reserve Bank's profits retained for the purpose of operating the National Agricultural Credit Funds are added to the income of the Central Government. For the State Governments, their income is estimated by deducting from their current revenue the grants-in-aid and such other contributions from the Central Government. (The manner in which the current income of local authorities and the disposable income of Government companies have been estimated is also explained in the study).

(2) The disposable income of the corporate sector is estimated on the basis of the current accounts of the constituent units of the sector. From the total disposable income of the corporate sector, the disposable income of the subsidiaries of foreign companies is deducted to derive the income of the domestic corporate sector.

(3) The income of the household sector is estimated on the basis of figures of private income given by the Central Statistical Organisation in its *Estimates of National Income*. From this private income, retained earnings of the domestic corporate sector and branches and subsidiaries of foreign companies, as well as taxes paid by the corporate sector are deducted; the disposable income of the household sector is then estimated by deducting direct taxes paid by the household sector from its income.

(4) Within the household sector, the disposable income of the rural household sector is obtained by adding to the estimated rural consumers' expenditure the saving of the rural household sector; the urban household sector's disposable income is also derived in a similar manner. For this purpose, the entire household sector's consumption expenditure is first estimated by deducting its saving from its disposable income; its consumption expenditure is then divided into the consumption expenditure of the rural household sector and that of the urban household sector on the basis of the proportion of rural consumers' expenditure to the urban consumers' expenditure as estimated from the relevant *National Sample Survey* data.

The sector-wise saving-income ratios are otherwise self-explanatory. The variations in the figures from one period to another may be noted. The two figures which call for comment are 19.1 per cent (being the aggregate marginal saving-income ratio in Sub-Period II with reference to Sub-Period I) and 14.2 per cent (being the aggregate marginal saving-income ratio in Sub-Period III with reference to Sub-Period II). The substantial fall in the ratio in the first three years of the second Plan, as compared with the ratio in the last three years of the first Plan, probably signifies that the rise in prices and costs of living in the first three years of the second Plan had stood in the way of saving a larger proportion of the additions to income in that period, as compared with the preceding period. But neither the trends relating to marginal saving-income ratio nor the ones relating to average saving-income ratio have been projected in the Reserve Bank's study to provide an insight into the future. The reasons for not doing any projections are given in the following paragraph:

"No attempt is made to estimate either the average or the marginal saving-income ratio by fitting a trend on the basis of the saving and income estimates, for the following reasons. Firstly, the number of observations is quite small; for such a short period, it is hardly possible to attach much meaning to trend-fitting, especially in view of the considerable year-to-year fluctuations. Secondly, the year-to-year estimates themselves are admittedly not quite reliable; any trend, therefore, on the basis of these year-to-year estimates can hardly be meaningful."

Still the authors have ventured to suggest that the marginal saving-income ratio may well be higher in future. Their reasons for this view are to be found in the following passage:

"The distribution effects of gestation lags in future would be progressively smaller and may even disappear if the lags become shorter: they would, in fact, be shorter as, with more experience, the avoidable lags would be eliminated. Further, the food prices are not likely to rise as much as they did in period III, if the more recent trends in agricultural output continue, and in view of the larger stocks. The marginal saving-income ratio may, therefore, be expected to be higher in future than in period III."

As for investment in the period 1950-59, the study has made some estimates. Here aggregate investment is defined as the increase in the aggregate reproducible capital stock of an economy. It is derived by adding the estimated capital-inflow from abroad (as worked out from the balance of payments statistics) to the estimated saving. The estimates of aggregate investment at current as well as constant (1948-49) prices are given below:

Year	Aggregate investment (Saving + net capital inflow) (In crores of rupees)		Investment as per cent of National Income (at constant prices)
	at current prices	at constant prices	
1950-51	607	564	6.4
1951-52	693	633	7.0
1952-53	550	530	5.6
1953-54	583	553	5.6
1954-55	714	765	7.4
1955-56	951	998	9.5
1956-57	1,349	1,313	11.9
1957-58	1,273	1,217	11.2
1958-59	1,347	1,246	10.7
1950-59 Annual Average	—	869	8.5

TABLE I-A. *Volume and Pattern of National Saving*
(In Crores of Rupees at current prices)

Sector	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
Government	94	192	88	71	82	70	129	114	103
Domestic Corporate	32	57	4	23	39	54	54	17	34
Household (total)	510	255	493	505	562	786	810	687	838
(a) Rural	190	195	187	206	169	176	214	205	243
(b) Urban	320	60	306	299	393	610	596	482	595
Total Saving	636	504	585	599	683	910	993	818	975

TABLE I-B. *Volume and Pattern of National Saving*
(In Crores of Rupees at constant—1948-49—prices)

Sector	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
Government	87	176	85	68	88	73	125	109	95
Domestic Corporate	30	51	4	22	42	57	52	17	32
Household (total)	474	233	475	483	601	825	789	656	775
(a) Rural	177	178	180	197	181	184	209	196	224
(b) Urban	297	55	295	286	420	641	580	460	551
Total Saving	591	460	564	573	731	955	966	782	902

TABLE II-A. *Volume and Pattern of Saving of the Household Sector*
(In Crores of Rupees at current prices)

	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
Currency	81	—117	—21	27	64	207	50	47	113
Net Bank Deposits	4	—55	9	—3	12	55	—32	—25	86
Gold	20	35	18	13	12	13	23	32	23
Insurance Policies	8	24	18	21	23	15	35	15	34
Provident Funds	24	29	34	63	69	71	75	83	89
Net claims on Government Sector	18	24	26	31	32	50	56	44	57
Corporate and Co-operative Shares and Securities	12	10	10	6	13	33	61	59	36
Physical Assets	343	304	399	348	338	343	542	431	400
Total Saving of the Household Sector	510	255	493	505	562	786	810	687	838

TABLE II-B. *Volume and Pattern of Saving of the Household Sector.*
(In Crores of Rupees at constant—1948-49—prices)

	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59
Currency	75	—107	—21	25	68	217	49	45	104
Net Bank Deposits	4	—50	9	—3	13	58	—31	—24	80
Gold	19	32	18	13	12	13	22	31	22
Insurance Policies	7	22	17	20	25	15	34	14	31
Provident Funds	22	26	33	60	74	74	73	79	82
Net Claims on Government Sector	17	22	25	29	34	53	54	42	53
Corporate and Co-operative Shares and Securities	11	10	10	6	14	35	60	57	36
Physical Assets	319	278	384	333	361	360	528	412	370
Total Saving of the Household Sector	474	233	475	483	601	825	789	656	775

The sub-period classification in the study shows that the average investment-income ratio has risen from 6.3 per cent in Sub-Period I to 7.5 per cent in Sub-Period II and 11.3 per cent in Sub-Period III. It may be recalled here that the saving-income ratio, on the other hand, has risen from 5.9 per cent in Sub-Period I to 7.3 per cent in Sub-Period II and just 7.9 per cent in Sub-Period III. The steep rise in the investment-income ratio of the third sub-period corresponding to the first three years of the second Plan is explained chiefly by the large volume of foreign aid during that period.

It would be interesting to make a brief comparison of the main findings of the Reserve Bank's survey with those of the National Council of Applied Economic Research which published in May last its monograph *Saving in India* in the ten-year period 1948-58. The estimates of the two bodies are not strictly comparable, for the following reasons:

(1) In the N.C.A.E.R. study saving at constant prices has been estimated on the basis of 1952-53 prices, whereas in the Reserve Bank's study the estimates have been done in terms of 1948-49 prices.

(2) In the Reserve Bank's study the estimates do not include the household sector's saving in the form of non-monetised investment in agriculture and trade, whereas in the N.C.A.E.R.'s study the latter type of saving has been estimated at least partially.

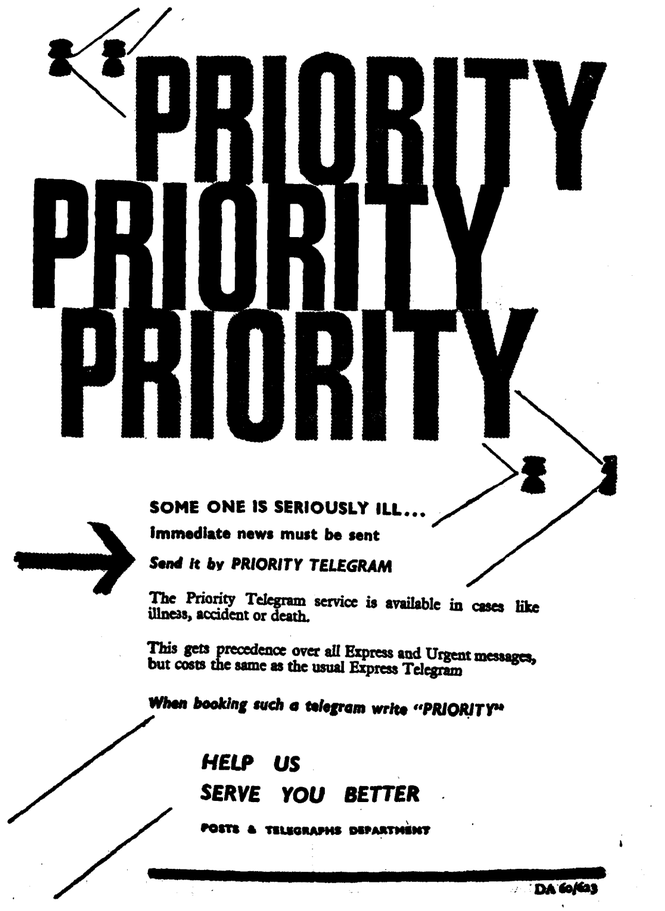
The N.C.A.E.R.'s finding is that the saving-income ratio for the economy as a whole was about 9 to 10 per cent in the first two years of the second Plan. The marginal annual saving-income ratio in the early part of the second Plan period, according to the N.C.A.E.R., "appears to be in the neighbourhood of 20 per cent, which may be compared with the marginal saving-income ratio of 17.3 per cent worked out in the Reserve Bank's study for the first three years of the second Plan in comparison with the first Plan period. Since the period for calculation of the ratio and the base reference period are not uniform in the two studies, the two ratios are not strictly comparable. However, in one respect, namely, corporate saving-income ratio, the estimates in the two studies happen to be more or less the same, being an average of 32 per cent in the first three years of the second Plan according to the Reserve Bank's study and around an average of 30 per cent in the first two years of the second Plan according to the N.C.A.E.R. study. Both the studies recognise the limitations of their estimates due to data deficiencies, but provide a basis for further research on the subject.

I.D.A. CREDIT TO REPUBLIC OF CHINA (TAIWAN)

The International Development Association (I.D.A.) has extended a development credit amounting to the equivalent of $4.4 million to the Republic of China for financing the expansion and improvement of water supply facilities in Taipei, the capital of Taiwan, and in eight suburban communities. The credit is for a term of 50 years, interest-free. It is repayable in foreign exchange, amortisation beginning, after a ten-year period of grace, that is, on 15th March 1972. Thereafter, 1 per cent per annum of the principal will be repayable for 10 years and 3 per cent each year for the final 30 years. A service charge of ¾ per cent per annum on the amounts withdrawn and outstanding will be made to meet the I.D.A.'s administrative costs.

The proceeds of the credit will be re-lent by the Chinese Government to the Taipei Water Works an agency established under the jurisdiction of the Taipei City Municipal Council to supply water in the Taipei area. The Taipei Water Works will repay this loan to the Chinese Government over a period of 23 years, on conventional terms. Water rates to be charged to consumers will be sufficient to cover operating costs, debt service and a portion of future expansion costs. The project provides for a river water pumping station and pipeline, a new filtration plant with an estimated capacity of 200,000 cubic metres per day, reservoirs at two sites, a substantial increase in the distribution system, and at least three new deep wells. The credit will cover about 38 per cent of the total cost of the project, estimated at the equivalent of about U.S. $11.4 million. Goods financed by the I.D.A. credit will be procured on the basis of international competitive bidding.

This is the third credit to be extended to the Republic of China by the I.D.A., bringing the total commitments to $10.3 million. The previous two credits, for tubewell irrigation and harbour dredging projects, were signed on 30th August 1961.



NEW PUBLICATIONS

The New Issue Market and the Stock Exchange. By A. K. Sur. Published by the author through the Indian Institute of Social Welfare and Business Management, Calcutta. Pages: 179. Price: Rs. 12.50.

THERE seems to be some obvious confusion in defining the scope of this book between the author and Dr. B. C. Roy who has contributed a foreword. The West Bengal Chief Minister has introduced the book as the outcome of a research project undertaken by the Indian Institute of Social Welfare and Business Management, Calcutta, to enquire into the question whether the new issue market, which has so far had a very smooth run, would continue to enable the public and the private sectors to raise the funds required by them. Mr. Sur, however, has preferred to make only modest claims and has clearly indicated in his preface that this work is based upon the author's previous work on the subject—dating back to 1949—but that he has taken every care to bring the study up-to-date. In the latter objective, he has only partially succeeded.

This book is at best a reasonably clear description of the evolution of the new issue market in India and of the utility of stock exchanges in fostering investment habits. Familiar and beaten track has been covered and a substantial part of the book is elementary in character. This is regrettable, as the book is said to have been written by one who has been introduced as "India's foremost authority on the subject." This is neither a full-fledged book on the Indian Capital Market nor a penetrating analysis arising out of intensive research on any one of the individual aspects of it.

Part I of the book deals with the various aspects of the new issue market; thus the sources of demand for and supply of funds, the role of the institutional investors like Banks, L.I.C., Provident Funds, etc., are discussed in a comprehensive way. This is followed by a description of the types of securities marketed and of the purposes, methods and techniques of new issues. There is also a review of the trends in new floatations over the past decade. The author points out that, despite the progress made in the field of underwriting, thanks to the L.I.C., I.C.I.C.I. and I.F.C., one cannot quite yet aver that an integrated new issue market has already come into operation in this country; the real test of progress in this direction lies in the support of institutional and professional underwriters which the market can get even at times of recession in stock values.

While discussing the role of the L.I.C. in the long-term capital market, Mr. Sur shares the opinion held in several financial circles that the present law relating to the investment of life insurance funds is very stringent and argues that, if only this law is relaxed, the L.I.C. can supply larger amounts of venture capital to private business and industry. But Mr. Sur has not offered any concrete suggestion about the direction in which such relaxation can be made. On the other hand, he seems to have fully understood the limitations of following any bolder investment policy. He concedes that the L.I.C. *has* to invest its funds in such a way as to secure the maximum yield consistent with the security of such funds and gives his tacit approval to the cautious investment policy pursued by the Corporation since the Mundhra Scandal of 1957. In this part of the discussion, if one looks for an examination of the suggestion made by the 134th Report of the Estimates Committee of the Parliament that the Government itself should take over the entire investible funds of the L.I.C. as an "unfunded debt," one will be disappointed.

In the paragraph on finance corporations (page 45) it is stated that such corporations do not have to deal with funds received from the public. The author seems to have missed the point that State Financial Corporations are empowered to receive long-term deposits from the public and that, in fact, in Kerala and Madras some progress in this direction has already been made.

On Provident Funds, all that is stated in the book (page 47) is that the bulk of the funds of recognised provident funds has been invested in Government bonds and that they have not any role to play in the new issue market for corporate securities. With the rapid expansion of compulsory provident fund schemes, more and more funds are mobilised every year from the private sector and an issue which could have been usefully examined by the author is whether the investment law regarding provident funds should be amended not to ensure the flow of some of these funds to private business but also to give a better yield to the contributors.

Part II of Mr. Sur's book deals with the Stock Exchange and contains basic information about the utility of a stock exchange, the constitution of stock exchanges in India, the functions of a stock exchange, its internal organisation, trading practices, etc. One is surprised to see that among the measures listed for controlling excessive speculation on the stock exchanges, there is no mention about the role of the Reserve Bank and its directives to banks regarding advances against shares and for purposes of cornering the shares of companies. Nor has he critically examined the impact of stock exchange legislation and company law on the future growth of new issue market.

Part III of the book is devoted to an epilogue, running to a little over three pages. Mr. Sur is on the whole optimistic about the future for the security market in India, but is of the firm opinion that mere legal provisions for the protection of investors alone would not create confidence in the minds of the investors and thinks that the country's tax system which is now acting as a great disincentive should be modified. But his research project has not indicated the directions in which the tax structure should be amended. He only points out that it must be the concern of the Government to formulate its fiscal policy in such a manner as would stimulate the development of the domestic capital market.

Finally, a word about the select bibliography. In a book essentially devoted to the study of the Indian Capital Market, one is really surprised to see that not a *single book* published by Indian authors on Indian conditions is mentioned.

The Public Sector in India: By Dr. Nabagopal Das. Published by Asia Publishing House, Bombay. Pages: 180. Price: Rs. 11.25.

This book appears in its second edition in a new garb. It is almost a new one, bigger in size, more comprehensive in content and coverage and up-to-date in the facts and data presented. The rapid expansion of the public sector in India since 1955, when the first edition of the book was published, and its present, prominent position in the economic landscape of the country, merit the exhaustive and detailed treatment which Dr. Das has given it. Consequently, the book has emerged as a fuller and more satisfying monograph on a subject in which, barring some official reports and appraisals, very little objective, independent studies have been made in this country.

Public sector has been defined in this book not in the wider sense of the entire range of Governmental activities but in a narrower sense, so as to cover only commercial and industrial undertakings. Such activities, as are not essentially economic in their objectives (e.g. defence, education, public health, etc.), have been excluded from the scope of the study. Even so, the field is sufficiently large and important enough to make any discussion of it of vital public importance.

The book may be conveniently divided into three parts. The first part, covering chapters one to four, traces the evolution of the public sector in India and briefly surveys the results of the experiments in State management of industrial and commercial undertakings in communist as well as democratic countries. This forms a suitable background to a discussion of public sector in India. This is done in the second part (chapters five to eleven), which is the kernel of the book. Issues such as organisation and management, accountability, financing, price-fixing, labour relations and personnel, which have a vital bearing on the successful functioning of public undertakings, are dealt with in this part. Particularly interesting and topical is the discussion relating to price-fixing and profits of public undertakings in view of the fact that much store is set by the profits of public undertakings for financing the third Plan. Dr. Das vigorously assails the concept of "planned profit" propounded by Dr. V. K. R. V. Rao at the Ooty Seminar and argues, with considerable force, that, in the conditions of monopoly under which most State enterprises function, it can be so stretched as to justify artificially inflated prices of the products of public enterprise with all the attendant evils which such a course might lead to. He is not opposed to public enterprises making profits; his contention is only that it will be highly undesirable and positively harmful if prices are so manipulated as to yield a predetermined level of profit. It would have been helpful if the author had given instances, if any, of excessive profits made by the public sector units so far.

What the future holds for the public sector and the related question of the role of private enterprise are discussed in the last section. The question is no longer whether the public sector should or should not exist. It has come to stay, whether one likes it or not. The extent to which it should expand and the manner in which it should function are the real issues. In the emerging circumstances of developing countries like India, no one, of course, can say in advance the precise, mathematical proportion of the economy which must be publicly owned. These are matters on which honest differences of opinion are possible. The author's views are commendably pragmatic and free from doctrinaire considerations. The public sector is bound to grow and should grow, in the author's opinion, but the private sector, too, he believes, will continue to flourish. There is ample scope, he maintains, for both to co-exist and function in the larger interest of the country.

Dr. Das does not, however, think that a mere extension of the public sector will automatically bring economic gain or serve social purpose. There is no magic in the words "public enterprise"; nor does public ownership provide an answer to the problems of *entrepreneurship*, production and fair deal to consumers.

The author's treatment of the subject is scholarly but simple, the language refreshingly free from jargon and the approach pragmatic. The book is certainly an estimable addition to the scanty literature on the subject in this country.

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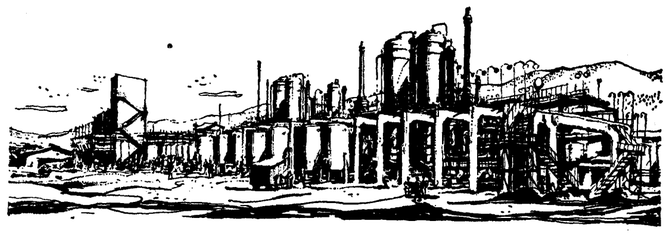

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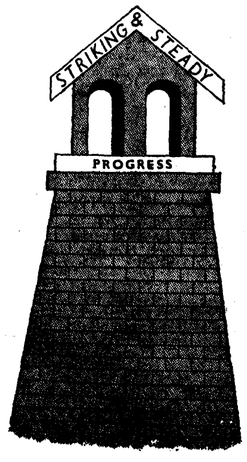

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SUPPLY OF PAPER LIKELY TO EXCEED DEMAND BY 1965

CHAIRMAN, SIR WALTER MICHELMORE, EXPRESSES CONCERN OVER COAL SUPPLIES

THE view that the demand for paper is not likely to double every quinquennium and that, by 1965, there might well be an excess of supply over demand is expressed by Sir Walter Michelmore, Chairman of the Titaghur Paper Mills Company Ltd., in a statement circulated to shareholders along with the Directors' report and statement of accounts for the year ended 31st March 1961. The third Plan target for production of paper, at 700,000 tons, is double the present output, but the total capacity licensed or approved by the Government is over 1.2 million tons. This very high figure seems to indicate, says Sir Walter, the expectation that not much more than half the schemes would reach completion. Dealing with the problems of paper industry, the Chairman observes that the imposition of a cess of 80 nP per ton on coal, on top of the higher cost involved in moving coal by road, following the failure of the Railways to haul sufficient quantities by rail, is a gross discrimination.

The following is the full text of Sir Walter's statement:

"It gives me pleasure once more to review the Company's affairs and to comment on the state of the paper industry.

"*The results for the year ended 31st March* 1961 have been somewhat disappointing and the fall in profit has resulted from a combination of lower selling prices, increases in the cost of chemicals and coal and a loss sustained at No. 3 Mill. Your Directors have, therefore, decided to declare a final dividend of one rupee on the ordinary shares, making a total of two rupees for the year. To do so it has been necessary to transfer to the credit of the profit and loss account the sum of Rs. 7 lakhs from dividend equalisation reserve.

"Your Company has this year felt the full force of the cuts in selling prices recommended by the Tariff Commission which has resulted in a drop of 3.8 per cent in the value of sales. The prices of our raw materials, chemicals and coal, however, show no signs of going down and since my last statement your company has had to suffer an excise duty on caustic soda of Rs. 40 per tonne, an increase in the cost of coal of 78.7 nP per tonne, an increase in the cost of power supplied by the Calcutta Electric Supply Corporation arising out of the higher coal price and, as I write, there is a probability that the Company's contributions to the Employees' Provident Fund will be increased from 6¼ per cent to 8⅓ per cent. Your Directors are alive to the necessity of making economies to offset the slow but steady rise in costs, and some success has been achieved. I trust, nevertheless, that *Government will show some sympathy with* the predicament in which the industry at present finds itself and give due consideration to the modification of paper selling prices where it is clear that they are too low.

Teething Troubles

"The results at No. 3 Mill during the year have been disappointing, as the teething troubles, inescapable in a project of this size and complexity, have not been overcome as quickly as had been hoped, and a loss has again been incurred. The Mill was started up with a single machine and it was considered advisable not to hurry the transfer of the second machine from No. 2 Mill until the workers at No. 3 Mill, most of whom were recruited locally and were, therefore, unskilled in the operation of a paper mill, had become reasonably proficient. Since the Mill was designed to produce 1,000 tonnes per month, one-machine operation could not be economic. Your *Managing Agents* felt, however, that this disability should be accepted in the initial stages and the second machine used to the best possible advantage at No. 2 Mill during the intervening period. This was done, and therefore part of the profit at No. 2 Mill can be considered in a manner of speaking to be attributable to No. 3 Mill. Trade Unionism is well developed in Orissa, even in its infant industries, and it was not long before inter-union rivalry developed at No. 3 Mill. This has unsettled the workers and has greatly affected the efficiency of the Mill. Despite this disability, however, it was considered that the transfer of the second machine could no longer be delayed; this is, therefore, now well in hand and the machine should be in operation shortly, after which we anticipate that, before long, the Mill will be on a profit-making basis.

"The Mills in West Bengal ran satisfactorily in the year under review and continue to do so in the current year. At one stage stocks of both bamboo and coal were dangerously low and it was necessary to supplement bamboo by using paddy straw and bagasse and to bring in coal by lorry which is extremely expensive. The Railways, still contending with major transport difficulties, have done their best to help us and have staved off any serious closure due to lack of supplies.

Problem of Coal Supply

"A special reference is necessary to the problem of the supply of coal to the Mills. We have not, during the period under review, experienced any major shut-down in the Mills in West Bengal owing to shortage of coal. But it must be realised that this has been achieved solely by the extremely costly expedient of *moving to the Mills by* road coal which it is the duty of the Railway to have been able to move by rail. A new and remarkable feature of this failure by the Railways to implement their obligations is the imposition by the Central *Government* of a cess of 80 *naye* paise per ton on all despatches of coal to all consumers wherever situated. The purpose of this cess is that for coal consumers in Southern and Western India to whom the Railways cannot convey their coal by rail the 'difference between the actual freight by the rail-cum-sea route and the freight by the all-rail route will be made good to the consumer in the form of a subsidy.' (My quotation is from a recent answer by a Union Minister to a question in the Lok Sabha). So we have the position in our Company that, on the one hand, we are paying as much as Rs. 100,000 per month extra in transport charges for coal brought to the Mills by road and, at the same time, we are now paying something like Rs. 16,000 per month extra cess on all our coal receipts, the benefit of which goes entirely to other companies—including no doubt some of our own competitors—located in South and West India. This gross discrimination seems to require much more attention than it has yet received from the industrialists, and indeed the Governments concerned, in North East India.

Excise Duty

"Another point I should like to make is on the subject of the excise duties. The correct purpose of these duties is to spread the taxation net more widely among the teeming millions of the country and to bring into it some of those who escape the very limited numerical scope of corporate and personal taxation. I therefore do not quarrel with the excise duty on paper, provided it is kept at a reasonable rate and within the capacity of the consumer to pay. Excise should not, however, be used to increase the already high cost of manufacturing industries. A case in point is the excise duty on caustic soda to which I have already referred and which is a heavy burden on your Company. Basic materials such as caustic soda, whose sole use is as a raw material in other industries, are *not*, I suggest, a suitable subject for excise duty as their imposition serves only to increase manufacturing costs which are already high.

"In view of the vital importance of economies and operational efficiency, Messrs. Urwick Orr and Partners, as I mentioned in my last statement, made a survey of the organisation of the Company and of the costing system, and their recommendations are in process of being implemented.

Third Plan Targets

"The paper industry is now at the commencement of the third Plan period, having virtually achieved the targets set for the first and second Plans. The target for the third Plan is a production of 700,000 tons, double the present output, and this is supposed to be achieved by the creation of additional mills or expansion of existing units to bring the total capacity to 900,000 tons. Against this, the total capacity licensed or approved by Government is just *over 1,200,000 tons. This very high figure seems* to indicate the expectation that not much more than half the new schemes will reach completion.

"With the output of paper having doubled during the *second Five-year Plan, there are* indications that the supply position has eased considerably. It seems to me doubtful that demand will continue to double each five years and, as I said last year, there may well be an excess of supply over demand by 1965. While in general the supply position has eased beyond anything thought possible two years ago, our Mills remain heavily committed. A consistent policy of quality and service, in good times and bad, is undoubtedly responsible for our full order books. The severe shortage of railway wagons has seriously hampered despatches, but all possible steps have been taken to deliver supplies in time for various seasonal requirements. I have no doubt that, in the light *of recent experience*, our Mills will be able to improve their performance still further. Our sales force is being strengthened and expanded solely with a view to improving liaison between the Mills and our customers.

Staff

"Although a reference to the efforts of the staff generally closes a Chairman's statement, this does not mean they are last in importance and I am sure you will wish me to thank them for the very hard and constructive work they continue to do on your behalf, often under *circumstances of considerable difficulty*. I should like to mention, in particular, the staff of the bamboo forest organisation who are responsible for the *cutting and extraction* of bamboo from an area covering large tracts of jungle in Orissa, Bihar and Assam. This is a lonely and exacting task carried out in conditions never easy and often of extreme discomfort, if not danger, and you will agree with me that their efforts on your behalf are highly valued."

Note: *The above statement is not a report of the proceedings of the annual general meeting, which will be held on the 29th September,* 1961.

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IMPERIAL TOBACCO SHOWS EXCELLENT RESULTS

RISE IN DIVIDEND, HOWEVER, SMALL

THE rapid growth of the smoking habit in India and the increasing popularity of the various brands of cigarettes manufactured by the Imperial Tobacco Company of India Ltd. (Chairman: Mr. F. A. Collett, Calcutta) are fully reflected in the financial results of the Company for the year ended 31st March 1961. Thus, its sale proceeds have jumped up from Rs. 36.88 crores in 1959-60 to Rs. 42.18 crores, representing an expansion of 14.3 per cent. The gross profit also shows an impressive rise of Rs. 60.58 lakhs or 17.7 per cent to Rs. 403.23 lakhs and is only Rs. 12.47 lakhs less than the peak of Rs. 415.71 lakhs established in 1955-56. The profit margin has improved, albeit slightly, from 9.3 per cent in 1959-60 to 9.55 per cent but is still much lower than that at 13.7 per cent for 1955-56. The main reasons for the lower profit margin in the year under review, in contrast with that for 1955-56, are the high incidence of commodity taxation and the rapid increase in the costs of production and in the advertisement outlay necessitated by the keen competition from the other tobacco manufacturers. As compared with the previous year itself, the burden on account of customs and excise duties has gone up from Rs. 15.47 crores to Rs. 18.09 crores. Similarly, the value of raw material consumed has been up by Rs. 1.87 crore or 19.7 per cent to Rs. 11.32 crores. Other manufacturing expenses, which include salaries and wages, however, have risen only moderately to stand at Rs. 9.37 crores, as against Rs. 9.08 crores in 1959-60.

The provision for taxation has been stepped up from Rs. 156.22 lakhs to Rs. 171.19 lakhs. Depreciation, however, is actually a shade lower at Rs. 44.05 lakhs, as against Rs. 44.81 lakhs last year. After deducting these provisions, the net profit works out to Rs. 187.99 lakhs, representing an increase of Rs. 46.37 lakhs or 32.7 per cent over the previous year. The Directors have sharply raised the appropriation to reserves from Rs. 20.20 lakhs in 1959-60 to Rs. 49.37 lakhs. As a consequence, the dividend to shareholders has been stepped up only slightly from 8 per cent taxable for 1959-60 to 9 per cent taxable giving a net dividend of 6.3 per cent only. This dividend is only a shade better than the tax free dividend of 6 per cent distributed in 1958-59 and is actually lower than the tax free dividend of 7 per cent for 1957-58. It is difficult to understand why the Directors have kept the dividend so low.

It is not surprising therefore that the Company's ordinary shares of Rs. 10 are currently quoted at no more than Rs. 12.12 *cum*-final dividend. At the proposed rate of dividend and on an *ex-div.* basis, they offer a net yield of 5.32 per cent per annum.

The salient features of the working of the Company during the past four years are depicted in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	42,17.62	36,88.07	34,20.40	32,61.20
Other income	62.85	54.46	63.06	66.16
Closing stocks	2,50.98	2,29.51	2,56.92	2,92.07
Raw materials consumed	11,31.91	9,45.02	9,04.75	9,14.53
Customs and excise duties	18,08.67	15,47.27	13,69.15	12,99.13
Other expenses	9,36.65	9,07.60	8,76.20	7,58.87
Gross profit	4,03.23	3,42.65	3,33.35	3,56.79
Provision for—				
Depreciation	44.05	44.81	46.17	46.09
Taxation	1,71.19	1,56.22	1,72.20	1,78.58
Net profit	1,87.99	1,41.62	1,14.98	1,32.12
To reserves	48.20	15.13	18.29	23.07
Development rebate	1.17	5.07	5.13	3.03
Dividend	1,36.44	1,21.28	90.96	1,06.12
	(9%)*	(8%)*	(6%)	(7%)
Carry forward	26.96	24.78	24.64	24.05

* Subject to deduction of tax.

The financial position of the Company, as disclosed by its balance-sheet as on the last day of March 1961, is quite strong. Only, its capital is unduly high, quite out of proportion to its fixed assets. This is one reason why the Company's shares have not staged any significant capital appreciation all these years, in contrast to several other equities of consumer goods industries. As against the paid-up capital of Rs. 15.16 crores, which is supported by reserves and surplus at Rs. 10.02 crores, the gross value of the block account is only Rs. 11.57 crores and its net value is Rs. 8.30 crores, the depreciation provided being Rs. 3.27 crores. It may be noted here that the block account includes goodwill and trade marks valued at Rs. 4.90 crores. This item is not being written down at all. The additions to buildings, plant and machinery, etc. during 1960-61 were Rs. 59.13 lakhs, while withdrawals and transfers were Rs. 33.51 lakhs. The current assets and liabilities show that the Company has a big margin of current assets over its indebtedness, which is relatively small. The Company has no secured loans. Its unsecured loans are no more than Rs. 2.88 lakhs. Current liabilities and provisions are Rs. 3.28 crores. As compared with these, the current assets without investments are of the magnitude of Rs. 18.87 crores, showing a clear margin of Rs. 15.59 crores over total indebtedness to outsiders. In addition, there are investments of the value of Rs. 1.32 crore, of which Rs. 1.22 crore are in Government securities and Rs. 4.42 lakhs are in the shares of Molins of India Ltd., a new Company formed for the manufacture of spare parts of cigarette making machinery.

The above review of the financial position of the Company seems to suggest that the best way for the Company to improve its fortunes in coming years would be to diversify its manufacturing activities by taking up some new lines. If a jute or cotton mill can take to cement, rayon and chemical industries, there is no reason why a tobacco company such as this, with sizable surplus assets and large borrowing capacity, should not take up one of the big industrial projects included in the third Plan.

(*Concluded from next column*)

newed upto 30th September 1961 at a higher rate of commission. Negotiations are now in the course of finalisation for the extension of the agency arrangement for a further period.

The production of fans and so their sales are expected to increase in the current year.

There has been a revival in the business of transformers due to growing electrification in the country, but the prices continue to be keenly competitive as there is a substantial production capacity in the country.

The demand for electrical and scientific instruments continues to be good and, therefore, an expansion in the Company's capacity is envisaged. The Company has received a further licence for manufacture of insulation testers.

Striking features of the Company's financial position are its heavy dependence on borrowings, the small level of reserves and the low level of fixed assets. Out of the balance-sheet total of Rs. 198.41 lakhs, borrowings from outside aggregate Rs. 150.77 lakhs (made up of Rs. 84.37 lakhs secured loans, Rs. 35.16 lakhs unsecured loans and Rs. 31.24 lakhs current liabilities and provisions). These are, of course, well covered by current assets (excluding investments at Rs. 28.80 lakhs) standing at Rs. 155.57 lakhs. The reserves and surplus amount to Rs. 6.24 lakhs, as against a paid-up capital of Rs. 40.36 lakhs, excluding call money paid in advance of Rs. 1.07 lakh. The total investments of Rs. 28.80 lakhs are mostly in trade investments which are not quoted. The gross block account has risen from Rs. 17.33 lakhs to Rs. 21.20 lakhs and stands depreciated at Rs. 14.07 lakhs, which is equal to about only one-third of the paid-up capital. The features reflect the predominantly trading character of the Company's business and its participation in manufacturing activities through subsidiaries.

In view of the expected increase in the activities of the Company in the coming years and the consequent need for additional capital, the Directors propose to raise the authorised capital from Rs. 50 lakhs to Rs. 2 crores, of which Rs. 50 lakhs will be in preference shares. The Directors are of the view that the Company should participate in the plans of N.V. Phillips to manufacture in India tungsten filament wire and allied products. At present, India is dependent upon imports for tungsten filament, an essential component in the manufacture of electric lamps, fluorescent tubes, etc. The Phillips are planning to establish a separate company with a capital of Rs. 25 lakhs for making these products.

The current market quotation for the Rs. 100 paid-up shares is Rs. 115 *cum*-dividend at which rate, the net yield works out to 5.5 per cent per annum on a net dividend of Rs. 6.30 per share.

BAJAJ ELECTRICALS

PERFORMANCE ENCOURAGING

THE performance of the Bajaj Electricals Ltd., till recently known as Radio Lamp Work Ltd. (Managing Agents: Jamnalal Sons Private Ltd., Bombay) during the year ended 31st March 1961 is quite encouraging. The financial results show an all-round improvement. Sales were higher; profits are better; a sizable amount has been put into the reserves; and the equity shareholders have been allowed a slight increase in the dividend. The appropriation policy adopted by the directors is conservative, with an eye on the future development requirements of the Company.

The sales of the Company have more than doubled in last four years to Rs. 239.11 lakhs during the year ended 31st March 1961. The sales of various items continue to show improvement except those of fans as can be seen from the comparative figures for the last two years:

	1959-60 (Rs. in lakhs)	1960-61 (Rs. in lakhs)	Percentage change
Lamps and lighting equipment	89.52	116.11	+29.7
Fans	98.58	83.11	—15.6
Transformers	12.85	20.59	+60.2
Instruments and others	11.62	19.29	+66.0
Total	212.57	239.10	+12.4

The main income of the Company which was from fans till last year has given place to lamps and lighting equipments. The income from transformers, instruments and others also continues to grow. The decline in sales of fans is due to the shifting of the fan manufacturers factory from Delhi to Poona which had an adverse effect on production.

The gross profit as jumped up by 60.3 per cent, that is, from Rs. 9.48 lakhs to Rs. 15.20 lakhs. The ratio of gross profit to sales, though still very low, has increased from 4.4 per cent in the preceding year to 6.3 per cent. This is probably because the main function of the Company has continued to be trading. The expenses on goods sold and materials consumed is 65 per cent and other expenses account for nearly 29 per cent of the sales, thus leaving only 6 per cent for gross profit and only 1.5 per cent for shareholders. The dividend to shareholders has been raised from 8.10 per cent, taxable, to 9 per cent per annum taxable.

The following comparative table reveals at a glance the steady improvement in the working results of the Company during the last four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	2,39.11	2,12.56	1,74.99	1,12.69
Other income	3.74	3.96	3.84	3.97
Goods sold and materials consumed	1,57.29	1,51.51	1,24.99	69.00
Other expenses	69.97	56.30	48.32	39.56
Gross profit	15.20	9.48	5.34	7.97
Managing Agents' commission	1.37	0.83	0.47	0.71
Provision for—				
Depreciation	1.41	1.18	1.02	0.89
Taxation	5.40	3.15	1.85	3.28
Net profit	7.02	4.32	2.00	3.09
Transfer from reserves			0.94	
Refund of tax for previous years				
To reserves	0.24			
Taxes paid and expenses for previous years	3.20	1.00	0.40	0.10
Dividends—	0.24	0.21	0.94	0.37
Preference	0.48*	0.53*	0.37	0.37
Deferred	0.42*	0.31*		0.33
Ordinary	2.25*	2.02*†	1.25	2.25
new shares	0.56*	0.33*†		
	(9%)*	(8.1%)*	(5%)	(9%)
Carry forward	0.19	0.07	0.14	0.12

* Subject to deduction of tax. † On increased capital from.

In view of the fifty per cent interest in the Hind Lamps Ltd., the Company is supplied half of the latter's production of electric miniature and fluorescent lamps. With the expansion programme of the Hind Lamps nearing completion, the Company will have a larger volume of goods for sale during the current and future years. The Hind Lamps is now planning a further expansion programme for implementation during the third Plan period.

The Company has recently introduced in the Indian market Rotaflex shades for which it holds exclusive selling rights. It has also added electrical appliances and accessories and annodised aluminium hardware to the lines handled by it.

The sole selling agency for Kassels which expired on 31st December 1960 was

(*Continued in previous column*)

TITAGHUR PAPER SUFFERS A SETBACK

PROFITS DECLINE—DIVIDENDS PRUNED

THE somewhat disappointing results of the Titaghur Paper Mills Company Ltd. (Managing Agents: Messrs. F. W. Heilgers and Co. Private Ltd., Calcutta) for the year ended 31st March 1961 are to be ascribed, in the ultimate analysis, to the combined effect of three factors. In the first place, the year under report has been the first full year during which the reduced prices of paper and paperboard have taken effect. This change in price has been instrumental in reducing the value of sales by Rs. 33.74 lakhs to Rs. 952.44 lakhs, notwithstanding an increase in the actual production for the year of no less than 1,723 tonnes. Secondly, the working of the Company's newly started mill in Orissa has been disappointing, as the teething troubles, inescapable in a project of the magnitude and complexity of the mill, could not be overcomed as quickly as had been hoped. This has not only restricted the output but also reduced the available profit margins. And, finally, the mounting costs of raw and essential materials, power and fuel, transport and services have led to a further worsening of the profit position. The percentage of gross profit to sales has deteriorated from 12.6 in 1959-60 to 11.1 in 1960-61, while, in absolute terms, the gross profit has decreased by Rs. 18.52 lakhs to Rs. 106.07 lakhs.

Provision for the Managing Agents' commission has been lowered from Rs. 9.62 lakhs to Rs. 4.35 lakhs and that for taxation by Rs. 7.04 lakhs to Rs. 20.05 lakhs. Consequent to the large-scale additions to fixed assets during the previous year, the provision for depreciation has been stepped up by as much as Rs. 25.29 lakhs to Rs. 57.75 lakhs. With a lower gross profit and higher depreciation, it is but natural that the net profit should show a decline. Accordingly, the net profit stands reduced by 56.8 per cent, that is, from Rs. 55.42 lakhs to Rs. 23.92 lakhs. Transfer to the statutory development rebate reserve has been curtailed from Rs. 24.90 lakhs to Rs. 6.26 lakhs only.

In view of the enactment of the Act governing the payment of preference dividends, an additional amount of Rs. 60,975 towards preferred dividends for the previous year has become payable. Inclusive of this, the total sum payable to preference shareholders during the current year amounts to Rs. 3.26 lakhs. This leaves a balance of Rs. 16.89 lakhs for distribution among the equity shareholders. Of this an interim dividend of Re. 1.00 per share of Rs. 10 each, absorbing Rs. 11.20 lakhs, has already been paid. A final dividend of like amount has now been proposed. In order that the final dividend could be paid, a sum of Rs. 7.00 lakhs has been transferred from the dividend equalisation reserve to the profit and loss account. Thus, the profit for the year under review has not been sufficient to maintain the dividend.

An idea of the progress made by the Company during the past four years can be had from the comparative table that follows:

(Value in lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	952.44	986.18	942.44	810.43
Other income	3.52	3.47	3.38	7.00
Closing stock of finished paper	24.11	7.55	6.96	6.70
Raw materials, stores etc. consumed	314.27	389.61	310.74	258.57
Power and fuel	106.63	91.03	84.82	78.97
Excise duty	126.91	127.96	124.40	111.02
Salaries, wages and bonus	153.96	147.20	146.24	123.06
Other expenses	164.66	159.85	130.11	119.81
Gross profit	106.07	124.59	149.77	116.19
Managing Agents commission	4.35	9.62	12.14	9.08
Provision for :				
Depreciation	57.75	32.46	29.06	24.62
Taxation	20.05	27.09	62.56	48.05
Net Profit	23.92	55.42	46.01	34.43
From reserves and other funds	7.00	1.00	..	9.73
To reserves and other funds	6.26	24.90	16.12	15.21
Dividends:—				
Preference and preferred Ordinary	3.26	2.03	2.03	2.03
Ordinary	22.41 (220%)†	28.01 (225%)†	28.01 (171% +B7½%)	26.67 (171% +B6¼%)
Carry forward	1.49	2.49	1.01	1.17

† Subject to deduction of tax.

As disclosed by its balance-sheet as at 31st March 1961, the financial position of the Company is extremely sound. Against a paid-up share capital of Rs. 142.92 lakhs, reserves and surplus amount to as much as Rs. 352.59 lakhs. Secured loans, comprising of 5½ per cent registered debenture bonds and cash credits from banks amount to Rs. 220.32 lakhs while current liabilities and provisions aggregates Rs. 370.80 lakhs. The gross block of the Company as at the date of the balance-sheet stands at Rs. 955.90 lakhs inclusive of the transfer of Rs. 54.62 lakhs from capital work-in-progress outstanding at the close of the previous year. This has been written down to Rs. 463.32 lakhs to which must be added Rs. 23.53 lakhs as capital work-in-progress to get a net block of Rs. 486.85 lakhs. Current assets, loans and advances and investments, all amount to Rs. 599.78 lakhs and more than fully cover all current liabilities.

With a ceiling on the selling prices of paper and paperboard, any increase in profit-margin must come only through increased production and operational efficiencies. It is heartening to note that the management proposes to take steps for attaining these objectives, first by putting the working of the mill No. 3 on a profit-making basis and second by introducing a system of cost control. As regards the prospects for the paper industry in the years to come, it is best to reproduce the views expressed by the Chairman, Sir Walter Michelmore in his statement to the shareholders. He says:

"The paper industry is now at the commencement of the third Plan period, having virtually achieved the targets set for the first and second Plans. The target for the third Plan is a production of 700,000 tons, double the present output, and this is supposed to be achieved by the creation of additional Mills or expansion of existing units to bring the total capacity to 900,000 tons. Against this, the total capacity licensed or approved by Government is just over 1,200,000 tons. This very high figure seems to indicate the expectation that not much more than half the new schemes will reach completion.

"With the output of paper having doubled during the second Five-year Plan, there are indications that the supply position has eased considerably. It seems to me doubtful that demand will continue to double each five years and, as I said last year, there may well be an excess of supply over demand by 1965. While, in general, the supply position has eased beyond anything thought possible two years ago, our Mills remain heavily committed. A consistent policy of quality and service, in good times and bad, is undoubtedly responsible for our full order books. . ."

The current market quotation for the Company's Rs. 10 fully paid ordinary share is Rs. 33.25 *cum-div.* On an *ex-div.* basis, the net yield works out to 4.1 per cent per annum.

(*Concluded from next column*)

large measure to the satisfactory working of its manufacturing projects and that of its associated and subsidiary companies. The cone and tube plant improved its production substantially and made a useful contribution to the Company's increased turnover. The present position of the order book indicates that the position would be maintained during the current year. The turnover and profit of Crompton Parkinson (Works) Ltd. for the year ended 30th June 1960 showed a marked improvement and this has resulted in the Company receiving a higher net dividend of Rs. 3.01 lakhs as against Rs. 1.48 lakh during the previous year. In spite of the severe competition in the electrical field, Greaves Cotton and Crompton Parkinson Ltd. was able to secure a substantial increase in turnover during its year ended 31st December 1960, and this improvement is being maintained during the current year. Rustom and Hornsby (India) Ltd. secured a considerable expansion in production during its financial year ended 31st December 1959, as a result of which it was possible for that company, after a lapse of several years, to pay a net dividend of Rs. 2.07 lakhs to the Company. The Directors report that, if allowance were made for prior deductions of tax, the comparable investment income for the year would be Rs. 14.99 lakhs as against Rs. 9.25 lakhs for the previous year.

Besides enhancing the production capacity of its associated and subsidiary companies and adding to their product lines, the Company has taken steps to diversify further its own activities. Technical collaboration agreement has been concluded with Messrs. Mindrill Ltd. of Australia for the manufacture of diamond drilling bits. In the light of the increasing demand for this product and the high reputation enjoyed by the technical collaborators, there should be a ready demand for the products which are expected to come out of the factory this year.

The Rs. 100 fully paid ordinary share of the Company is currently quoted at Rs. 185.50 *cum-div.* and offers, on an *ex-div.* basis a net yield of 5.2 per cent.

GREAVES COTTON'S SALES HIGHER

DIVIDEND STEPPED UP—OUTLOOK PROMISING

A SUBSTANTIAL expansion in turnover, despite increasing restrictions on imports and mounting competition, has been reported by Greaves Cotton and Co., Ltd, (Managing Director: Mr. N. M. Wagle, Bombay) for the year ended 31st March 1961. Sales which had amounted to Rs. 495.13 lakhs during the previous year have increased by as much as Rs. 165.98 lakhs to Rs. 661.11 lakhs. This expansion, however, could only be achieved through sacrificing even the normal profits on several very large orders which were secured in the face of stiff competition. This deterioration in profit margins worsened further by the rise in the establishment expenses following large-scale expansion in the marketing and sales organisation of the Company. Consequently, the gross profit shows an improvement of a mere Rs. 4.69 lakhs to Rs. 52.25 lakhs, or 9.9 per cent, as compared with the substantial rise of over 33 per cent in the total turnover. After providing a higher amount for depreciation at Rs. 1.62 lakh against Rs. 1.24 lakh for 1959-60, and Rs. 20.25 lakhs for taxation against Rs. 18.50 lakhs, the net profit stands improved by Rs. 2.56 lakhs to Rs. 30.38 lakhs. A small amount of Rs. 0.82 lakh has been written back to the profit and loss account, while Rs. 10.35 lakhs have been transferred to reserves as against Rs. 9.12 lakhs a year ago. These adjustments leave a sum of Rs. 21.29 lakhs for distribution among the shareholders.

Payment of dividends on preference shares in respect of the year under review, is governed by the provisions of the Preference Shares (Regulation of Dividends) Act 1960, and claims Rs. 3.57 lakhs against Rs. 3.92 lakhs, subject to deduction of tax. After making this provision, the Directors have recommended a dividend of Rs. 13.00 per share, subject to deduction of tax on equity shares, absorbing Rs. 17.55 lakhs. In view of the several expansion projects now in hand, demanding a larger plough-back of profits, the Directors would have been justified in maintaining equity dividends at the previous year's rate of 11 per cent subject to deduction of tax. However, as in the past, the Company has been adjudged a section 23A Company in the terminology of Income-tax Act and its changed status since the issue of new capital in 1958 has not been sucessfully established with the authorities. In these circumstances, therefore, the Directors have found it prudent to recommend a rate of dividend for the year which would comply with the requirements of the said section of the Act.

The following comparative table depicts the progress made by the Company during the past four years:

(Value in lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	661.11	495.13	450.98	453.36
Other income	34.03	31.49	24.37	19.87
Closing stocks of finished goods and work-in-progress	148.15	131.19	89.43	98.69
Materials and stores consumed	576.87	447.97	366.68	333.25
Salaries, wages and bonus	42.82	39.08	34.44	30.57
Other expenses	40.36	32.87	25.25	23.90
Gross profit	52.25	47.50	39.72	35.22
Provision for—				
Depreciation	1.62	1.24	0.99	0.80
Taxation	20.25	18.50	18.25	17.00
Net profit	30.38	27.82	20.48	17.42
Transfer from reserves	0.82	1.23	..	..
Transfer to reserves	10.35	9.12	6.58	4.77
Pension and gratuity provisions	..	1.01	1.00	0.93
Dividends—				
Preference (5% and 6%)	3.57	3.92	2.75	2.75
Ordinary	17.55 (13%)*	14.85 (11%)*	10.12 (7½%)†	8.84 (10%)
Carry forward	0.17	0.44	0.35	..

* Subject to deduction of tax.

† On increased capital of Rs. 135 lakhs raised by the issue of additional capital of Rs. 40.6 lakhs in 1958.

For successful operation, a trading company must have a strong financial position with adequate working capital. A perusal of the Company's balance-sheet as at 31st March 1961, reveals that its financial position is sound. The share capital aggregates Rs. 185.00 lakhs, supported by Rs. 62.99 lakhs in reserves. Secured and unsecured loans total Rs. 138.15 lakhs; in addition, there are current liabilities and provisions of Rs. 186.41 lakhs, raising the total current liabilities to Rs. 324.56 lakhs. Against these, current assets, investments, loans and advances together amount to Rs. 556.64 lakhs, leaving a net working capital of Rs. 232.08 lakhs. Fixed assets possess a gross value of Rs. 24.11 lakhs which has been written down to Rs. 15.91 lakhs.

The progress made by the Company during the year under review is to be attributed in a

(*Continued in previous column*)

GANNON DUNKERLEY FARES BETTER

CAPITAL TO BE RAISED

THE financial results of the Gannon Dunkerley and Company Ltd. (Chairman: Mr. M. R. Morarka, Bombay) for the year ended 31st March 1961 are only a shade better than those for the previous year. Although the gross income of the Company from all the three sources together, trading, manufacturing and contracts, has gone up by Rs. 73.43 lakhs, or by 39.2 per cent, to Rs. 260.58 lakhs, the gross profit has risen by just Rs. 1.04 lakhs to Rs. 13.31 lakhs. This disproportionately small rise in profit is mainly the result of the sharp rise in the total expenses by Rs. 77.12 lakhs to Rs. 266.40 lakhs, an increase which has more than neutralised the entire expansion in the gross income. As, however, the closing stocks are higher at Rs. 78.99 lakhs, as against Rs. 62.55 lakhs in the year 1959-60, the gross profit is better as noted above.

After providing a slightly higher amount of Rs. 2.88 lakhs for depreciation (Rs. 2.35 lakhs last year) and of Rs. 3.60 lakhs for taxation (Rs. 3.50 lakhs in 1959-60), the net profit amounts to Rs. 6.83 lakhs; this is only fractionally better than that (Rs. 6.38 lakhs) for the previous year. But the amount actually available for allocations is much higher at Rs. 11.95 lakhs, as the net profit is supplemented by (*a*) Rs. 2.08 lakhs, being the refund of tax for 1947-48 and 1948-49, (*b*) Rs. 2.02 lakhs, being the provisions of previous years written back, and Rs. one lakh, being the transfer from provision for taxation of earlier years. The Company's tax liability for the years 1951-52 to 1954-55, it may be noted, has been reduced as a result of the favourable disposal of its appeal to the Income-tax Tribunal.

Out of the amount of Rs. 11.95 lakhs available for distribution and appropriations, the Directors have judiciously conserved as much as Rs. 8.13 lakhs, by transferring it to reserves, as against a small sum of Rs. 1.63 lakhs last year. As the total amount ploughed back is in excess of the amounts withdrawn by Rs. 3 lakhs, nearly 50 per cent of the profit for 1960-61 has been utilised to strengthen the finances of the Company. Hence, the Directors could only maintain the dividend at the previous year's level of 10 per cent gross or 7 per cent net.

The following comparative table gives a synoptic view of the Company's progress in the last four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Gross income	260.58	187.15	161.48	185.50
Closing stock	78.99	62.55	56.80	53.97
Expenses	266.40	189.28	165.44	202.13
Gross profit	13.31	12.27	7.35	8.25
Provision for—				
Depreciation	2.88	2.35	1.26	0.91
Taxation	3.60	3.50	2.20	4.75
Net profit	6.83	6.38	3.89	2.59
Transfer to reserve	8.13	1.63	2.66	1.10
Excess provisions written back	4.12	..	..	..
Transfer from reserve	1.00	..	0.55	..
Expenses of previous years	0.25	..	..	..
Dividend	3.60 (10%)*	3.60 (10%)*	2.16 (6%)	2.16 (6%)
Carry forward	0.08	0.10	0.05	0.30

* Subject to deduction of tax.

In their report to the shareholders the Directors have stated that the turnover of the General Department has improved further, as the Company has expanded the marketing of products made in India. Thanks, however, to prohibitive foreign exchange situation and the difficult import restrictions, the indent business for foreign manufactures has declined. The books of the civil and mechanical engineering departments showed considerable expansion, but the rapid increase in the cost of materials and labour charges kept the net earnings from these lines at a low level.

As readers are aware, the Company has been diversifying its activities in order to offset the loss in its trading business on account of import restrictions. The Company has undertaken in the past few years a number of manufacturing lines and established three small subsidiaries the total investments in which (as of 31st March last) are Rs. 4.05 lakhs. It now proposes to establish one more subsidiary under the name of Indore Wire Company Ltd. for starting at Indore a wire drawing unit, with a capacity of 3,900 tons per annum. The necessary Industrial Licence has already been obtained. The application for licence to import plant and machinery for this venture is, however, still under the consideration of the Government of India,

INDIA STEAMSHIP GOES OFF THE DIVIDEND LIST AGAIN

RESERVES DEPLETED—OUTLOOK OBSCURE

WHEN the shipping industry as a whole, where the boom periods are few and lean ones many, runs into heavy odds, how difficult it is even for a well managed and firmly established company to keep its head above water is obvious from the working results of the India Steamship Company Limited (Managing Agents: Messrs. Lionel Edwards [Private] Ltd., Calcutta) for the year to 31st March 1961. The Company has incurred a loss of Rs. 41.05 lakhs, which, on top of the previous year's deficit of Rs. 42.85 lakhs, is, indeed, huge and has compelled the Directors to pass over the dividend on equity capital. For 1959-60, the Company had paid a 10 per cent taxable ordinary dividend, against 10 per cent tax-free for the preceding year.

The Company had no escape from the industry's past two years' problem of a decline in international trade and the available shipping freight. This decline not only persisted but became sharp during the year under review, resulting in yet severe competition among shipping companies in the liner trade as also in the calling at an even greater number of ports in the tramp service in search for the cargo. That this was done with most of the freight rates unchanged over their 1957 levels is common knowledge. It only led, therefore, to much larger costs of operations without a proportionate increase in the freight earnings. This apart, the problem was further aggravated by the excessive berthing delays at different Indian and foreign ports.

Though freight earnings rose during the year to a record level of Rs. 863 lakhs (thanks to prudent management) from Rs. 838.59 lakhs in 1959-60, this was at a cost of the Company's fleet completing 49 round voyages in the liner service and seven in the coast, as against 47.5 and 9, respectively, in the previous year and 39 and six in the year 1958-59, which earned a total freight of Rs. 804.04 lakhs in that year. The record freight earnings made no impression on the Company's net profit position due to increased costs of operations, with port expenses rising to Rs. 337.27 lakhs and other expenses to Rs. 474.80 lakhs from Rs. 314.42 lakhs and Rs. 432.15 lakhs, respectively, in the previous year and Rs. 281.09 lakhs and Rs. 375.33 lakhs, respectively, in the year 1958-59.

As against a loss of 85 days on account of berthing delays in the previous year in the liner services taken together, no less than 332 days were lost during the year under review. Considering that the daily expenses of a ship (in port) approximate Rs. 10,000, the huge financial loss suffered during the year due to such delays can easily be imagined. After providing for depreciation at Rs. 118.20 lakhs as against Rs. 91.29 lakhs previously, and deducting all other charges, the result is a loss of Rs. 41.05 lakhs. This and the previous year's debit balance of Rs. 40.76 lakhs in the profit and loss account are set off against the general reserve which now stands depleted at Rs. 58.19 lakhs.

A glance at the comparative table below will show how badly has the Company suffered during the past two years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Freight earned	863.00	838.59	804.04	775.04
Other income	40.61	7.74	9.87	13.63
Port expenses	337.27	314.42	281.09	209.86
Charter line	13.90	10.83	14.68	..
Other expenses	474.80	432.15	375.33	324.19
Gross profit	77.65	48.94	142.82	253.63
Managing Agents' commission	0.50	0.50	6.59	19.29
Depreciation	118.20	91.29	75.56	59.87
Net profit (+) or loss (—)	—41.05	—42.85	+60.67	+174.97
To reserves	..	..	60.67	148.58
Transfer from reserves	4.67	26.54	20.00	..
Dividends—				
5 per cent. preference	1.68*†	1.79†	1.25	1.25
Ordinary	..	24.75 (10%)†	24.75 (10%)	24.75 (10%)‡
Carry forward	—41.05	—40.76	2.09	8.09

* Grossed up.

† Subject to deduction of tax.

‡ On increased capital of Rs. 247.50 lakhs, raised by the capitalisation of Rs. 22.50 lakhs from the share premium account during 1957-58.

Retrospectively, the Company has been placed in a worse position than what obtained in the year 1954-55, a year described by the directors as "the most disastrous," when the ordinary dividend was passed over for a second time in succession and the net profit was only of Rs. 0.80 lakh, and, in fact, lower as compared with Rs. 0.99 lakh in the preceding year. Between 1955-56 and 1957-58, the Company prospered and the net profit increased impressively from Rs. 38.73 lakhs to Rs. 174.97 lakhs. It has suffered reverses again, however, as already noted.

During last year, the Company also suffered the tragic loss of s.s. "Indian Navigator" and the 13 officers and crew of s.s. "Indian Navigator" who gallantly boarded the fire-bound ship to salvage it. The Company has recovered the entire amount, Rs. 35,90,879, for which the vessel had been insured.

In order to surmount the present difficult conditions, the Company has joined a money pool arrangement agreed to by all the Conference Lines operating on the India-U.K.-Continent route. It is expected that the pooling arrangement will put an effective stop to the unhealthy competition among the participating member Lines, the outcome of which, it is hoped, will have a beneficial effect on the trading results of the Company. But there is no way out of the problem of rising costs of operations except proposing an increase in freight structure, which solution, however, has its own difficulties and demerits. The future outlook for the shipping industry, in general, continues to be obscure and uncertain. How idle and fruitless is all talk of further expansion of Indian Shipping!

On account of depletion of reserves, there has been a perceptible setback in the financial position of the Company and the reserves and surplus need to be augmented at the first available opportunity. Against the issued capital of Rs. 272.50 lakhs, the reserves and surplus total Rs. 246.52 lakhs. Loans from the Government of India are shown at Rs. 13.15 crores and are secured by mortgage of ships and a bank guarantee for Rs. 8.48 lakhs. Unsecured loans and advances total Rs. 4.44 lakhs against Rs. 2.28 lakhs in the previous year. Current liabilities and provisions at Rs. 266.70 lakhs exceed current assets, loans and advances at Rs. 192.21 lakhs. Investments are higher at Rs. 20 lakhs as compared with Rs. 13.51 lakhs in the previous year, with the quoted investments of Rs. 19.55 lakhs commanding a market value of Rs. 19.46 lakhs. The gross block increased during the year from Rs. 22.69 crores to Rs. 30.57 lakhs, after providing Rs. 13.75 lakhs as depreciation.

but the Directors have been advised that the application would receive favourable consideration as soon as the next credit from the United Kingdom is finalised.

The Company's efforts to explore new avenues of technical collaboration are being vigorously pursued and the Directors are hopeful of achieving substantial progress in the current year. As the diversification and expansion require more and more capital resources, the Company has decided to increase the subscribed capital from Rs. 36 lakhs to Rs. one crore, that is, by Rs. 64 lakhs. The necessary sanction for this has already been received from the Controller of Capital Issues. The Company will shortly be entering the capital market with an offer of 64,000 equity shares of Rs. 100 each at par for public subscription. The Company's shares are not yet listed in any of the Stock Exchanges.

The Company's balance-sheet as on 31st March 1961 shows that the paid-up capital of Rs. 36 lakhs is supported by reserves and surplus of the order of Rs. 15.48 lakhs (as against Rs. 7.37 lakhs last year). The Company's secured and unsecured loans amount to Rs. 20.22 lakhs. In addition, there are outstanding current liabilities and provisions aggregating Rs. 70.78 lakhs. As against this total indebtedness of Rs. 91 lakhs, current assets stand at Rs. 105.70 lakhs, showing a clear surplus of Rs. 14.70 lakhs. Further, the Company has investments of the order of Rs. 6.21 lakhs of which Rs. 1.36 lakhs are in Government securities and Rs. 4.05 lakhs in the subsidiaries of the Company. The gross block of the Company has increased from Rs. 40.31 lakhs in 1959-60 to Rs. 44.32 lakhs and has been well written down to Rs. 30.57 lakhs, after providing Rs. 13.75 lakhs as depreciation.

SYNOPSES OF COMPANY REPORTS

Amalgamated Coffee Estates Ltd.

(*Managing Director*: Mr. K. N. Neelakantan, Seetagundy Estate, Sitharkunda P.O., *via* Kollengode, Palghat Dist.)

Annual General Meeting—28th September. Dividend payable on or after 28th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Coffee sales	10,62	6,97
Cardamom sales	12,52	5,17
Timber sales	3	13
Closing stock (coffee and cardamom)	6,12	10,92
Gross profit	4,15	3,17
Transfer to depreciation	53	56
,, ,, taxation	1,92	1,41
Net profit	1,70	1,20
Adjustments	23	57
Appropriations:		
Total available balance	1,93	1,77
Transfer to debenture redemption reserve	75	Nil
,, ,, development reserve	Nil	50
Proposed dividends (taxable) 6% Preference	36	36
,, ,, ,, Equity	67	67
	(10%)	(10%)
Carried forward	15	24

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: Crop and Price: A total crop of 8,96,282 litres of coffee which gave an outturn of 227 tonnes and 464 kgs. cured Coffee and 1,49,337 pounds of Cardamom were harvested during the year ended 31st March, 1961. Coffee was produced at a cost of Rs. 203.41 per 50 kgs. and Cardamom at Rs. 2.15 per pound. The average price realised on Coffee was Rs. 132.69 per 50 kgs. and that of Cardamom was Rs. 9.02 per pound.

Estimates: The estimates for the year ending 31st March 1962 provide for 100 tonnes of Coffee and 1,50,000 pounds of Cardamom.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,75,000	Gross block	19,88,033
6% debentures	4,75,000	—Depreciation	3,50,665
Reserves and surplus	2,50,324		
Other liabilities	7,21,108	Net block	16,37,368
		Current assets	10,27,337
		Investments	1,000
		Cash	55,727
	Rs. 27,21,432		Rs. 27,21,432

* Paid-up capital consists of 60,000 six per cent tax-free cumulative preference shares of Rs. 10 each, fully paid up and 67,500 equity shares of Rs. 10 each, fully paid up.

Birla Cotton Spinning and Weaving Mills Ltd.

(*Managing Agents*: Messrs. Birla Brothers Private Ltd., Delhi.)

Annual General Meeting—23rd September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (finished goods)	4,95,28	4,29,44
Miscellaneous sales	1,27	1,63
Closing stock	86,14	64,43
Gross profit	46,06	22,94
Transfer to Managing Agents' remuneration	3,91	1,68
,, ,, depreciation	7,80	6,50
,, ,, provision for taxation	18,50	6,00
Net profit	15,85	8,81
Adjustments	83*	1,45†
Appropriations:		
Total available balance	16,68	10,26
Transfer to development rebate reserve	85	4,75
,, ,, general reserve	7,00	Nil
To adjustment of loss brought forward	Nil	1,94
Proposed dividend (taxable) Ordinary	7,99	3,50
	(20%)	(10%)
Carried forward	1,84	7

* This amount represents the balance of profit forward.
† This is the amount transferred from general reserve.

Extracts from the Directors' report: Trading Conditions: During the year under review the cost of production in the Textile Industry further increased as a result of a steep rise in the prices of cotton, a substantial increase in the wages of workers under the recommendation of the Wage Board and several other factors. Consequently, the prices of cloth also began show an upward trend. To bring the prices down to a reasonable extent and to keep them under check, the Government of India and the representatives of the Indian dustry held negotiations in August, 1960 and it was decided that the Industry should make a voluntary reduction in prices of cloth taking into consideration the prices ruling in the month of August 1959, which were fair, and after making a reasonable allowance for various factors. Accordingly, the first reduction in the prices was made in the month of September 1960. Then again a second voluntary reduction of 5 per cent in the prices was made from 1st January 1961. For the convenience of consumers, a system of stamping of prices on each piece of cloth was also introduced and it is working satisfactorily.

The Finance Act 1961 has increased certain excise duties on cotton cloth and has also imposed a new levy of excise duty on cotton yarn. The Finance Act also increased the rates and enacted new levies of custom duty and excise duty on various items like machinery, stores, colours, chemicals etc., which are required by the textile industry. The cost of production in the industry has consequently gone up without any corresponding increase in the prices of cloth which were agreed to be charged by the industry before the imposition of these duties.

On the whole the working results of the Company's Textile mill have been satisfactory during the year under review. The company have added the latest type of winding and warping machines namely the *Barber Colman* type to the textile mill. Several other machines have also been ordered for replacement of old machinery or for improving the various processes. An application has also been made to the Government of India for permission to install additional spindles for balancing the existing ratio of looms to spindles. The permission is awaited.

The Ginning and Pressing Factory at Malout could not work well this year due to the uncertainty in cotton trade which resulted owing to a very poor crop of cotton. One more ginning and pressing factory has been put by the company at Kesrisingpur (Rajasthan) which also started working during the later part of the financial year, but no substantial business could be done by this factory.

The Tent Factory was unable to utilise its full capacity on account of paucity of orders from the Government of India. Orders worth Rs. 50 lakhs, however, were received at the end of the financial year and the deliveries against these orders are to be completed by December 1961. During the current year, therefore, the work is going on in full swing.

Amalgamation: As reported last year, the two companies, Messrs. Merchandise and Stores Ltd. and Rajputana General Dealers Ltd. were amalgamated with this company during the year under review and their assets and liabilities taken over. As a result of amalgamation, the reserves of the company have increased by Rs. 19,06,046 which represents the excess of assets over liabilities and capital issued to the shareholders of these companies.

Accounts in brief are as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	39,95,950	Gross block	1,75,41,824
Reserves and surplus	1,13,91,207	—Depreciation	1,27,42,738
Other liabilities	1,83,13,134		
		Net block	47,99,086
		Block in progress	9,38,433
		Current assets	2,17,21,104
		Investments	53,21,995
		Cash	9,19,673
	Rs. 3,37,00,291		Rs. 3,37,00,291

* Paid-up capital consists of 3,99,595 ordinary shares of Rs. 10 each, fully paid up, including 117 shares remaining to be allotted against surrender of shares of Merchandise and Stores Ltd.

Hind Cycles Ltd.

(*Secretaries and Treasurers*: Messrs. Birla Brothers Private Ltd., Bombay.)

Annual General Meeting—27th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (gross)	1,67,00	2,25,71
Closing stock	18,21	19,13
Gross profit (+) or loss (—)	(+) 8,73	(—) 4,67*
Transfer to Secretaries' and Treasurers' remuneration	14	Nil
,, ,, depreciation	5,05	5,32
,, ,, development rebate	91	1,20
Net profit (+) or loss (—)	2,08	(—) 4,67
Adjustments	501†	2,02‡
Appropriations:		
Total available balance	2,53	(—) 9,49‡
Proposed dividends (taxable) Preference	2,37	2,02
,, ,, ,, Ordinary	Nil	Nil
To adjustment of loss brought forward	16	Nil
Carried forward (loss)	(—) 9,33	(—) 9,49

* Loss for the year after providing for depreciation and development rebate.

† This represents unclaimed balances written back.

‡ This is the amount transferred from dividend equalisation reserve for the purpose of paying preference dividends of all classes.

‡ This is the total loss carried forwarded on 31st March 1960 including the loss brought forward from the previous year, i.e., 1959 of Rs. 4,82,050.

Extracts from the Directors' report: In view of the previous losses incurred by the Company, the Secretaries and Treasurers have agreed at the request of the directors to forgo the balance of Rs. 36,500 of the minimum remuneration for the year, Rs. 13,500 having been already paid.

As the directors had reported in the previous year, the important contributing factor for the unsatisfactory results was the high labour cost. The question of labour cost was referred to a joint arbitration and the award of the arbitrator was also received. The workers have, however, not implemented the award in proper spirit and have adopted "go slow" tactics, with the result that the production during the last year suffered greatly and therefore, the results for the year were unsatisfactory.

The Company is negotiating for technical "know-how" collaboration with a foreign firm and it is expected that the agreement will be finalised very shortly. The directors hope that the necessary approval of the Central Government will be available for the same.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	63,57,065	Gross block	1,25,61,022
Reserves†	4,97,204	—Depreciation	79,69,414
Other liabilities	87,12,686		
		Net profit	45,91,608
		Current assets	1,08,92,888
		Investments	4,000
		Cash	78,659
	Rs. 1,55,66,955		Rs. 1,55,66,955

* Paid-up capital consists of:—(*a*) 31,070 ordinary shares of Rs. 100 each; (*b*) 5,000—5 per cent. redeemable cumulative preference shares of Rs. 100 each; (*c*) 7,000—5½ per cent redeemable cumulative redeemable preference shares of Rs. 100 each; (*d*) 1,926—5½ per cent. redeemable cumulative preference shares of Rs. 25 each; and (*e*) 20,000—8.57 per cent redeemable cumulative preference shares of Rs. 100 each. There is also an amount of Rs. 1,916 being forfeited shares (amount paid up).

† Reserves are shown after deduction of the debit balance of Rs. 9,33,453 in the profit and loss account.

Indian Plastics Ltd.

(*Secretary*: Mr. B. S. Verdia, Bombay.)

Annual General Meeting—29th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (gross)	84,78	89,35
Closing stock	16,72	15,33
Gross profit	5,02	3,60
Transfer to depreciation	3,72	1,64
Net profit	1,30	1,96
Adjustments	34	2
Appropriations:		
Total available balance	1,64	1,98
Transfer to development rebate reserve	36	41
Proposed dividends (taxable) 5½% C. R. Preference	1,24	1,24
,, ,, Ordinary	Nil	Nil
Carried forward	4	34

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: The working during the year under review was better in comparison with the previous year in spite of heavy competition in *Plastics*, as well as *P. F. Moulding Powders*. The Central Excise Duty came into force with effect from 1st March 1961. Since then, the demand for *P. F. Moulding Powder* has gone down considerably. At the increased rates on account of addition of duty, there is buyers' resistance. The price of raw material has further increased due to Central Excise and cost of production has further gone up but the price of finished goods has not gone up in the proportion to the increase in the cost of production as a result of levy of the Central Excise. The directors are trying their best to improve the working results and it is hoped that in the near future, working will improve.

The Company could not avail themselves of collaboration with Messrs. Bakelite Gesellschaft M.B.H. of West Germany, as permission from the Central Board of Revenue to remit the first payment intimating the amount considered as taxable was received only recently. Money is being remitted now.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	52,43,375	Gross block	54,89,157
Reserves and surplus	1,09,737	—Depreciation	21,21,520
Other liabilities	45,67,683		
		Net block	33,67,637
		Current assets	65,25,192
		Cash	27,966
	Rs. 99,20,795		Rs. 99,20,795

* Paid-up capital consists of 22,500—5½ per cent cumulative redeemable preference shares of Rs. 10 each, fully paid up and 2,98,825 ordinary shares of Rs. 10 each, fully paid up. The paid-up capital also includes Rs. 5,125 being amount paid up on ordinary shares forfeited.

Jost's Engineering Co., Ltd.

(*Chairman*: Mr. T. V. Baddeley, Bombay.)

Annual General Meeting—28th September. Dividend payable on and after 29th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	21,93	17,35
Closing stock	2,85	3,73
Gross profit	1,51	88
Transfer to depreciation	9	7
,, ,, development rebate reserve	7	Nil
,, ,, provision for gratuities	10	15
,, ,, ,, taxation	43	25
Net profit	82	31
Adjustments	3	20
Appropriations:		
Total available balance	85	51
To allowances, etc., to customers in respect of previous years	23	Nil
To sales tax	*	Nil
Proposed dividend (taxable)	60	48
	(10%)	(8%)
Carried forward	2	3

N.B.—Adjustments include the balance brought forward from the previous year and excess provisions for taxation, etc., no longer required written back.

* Only Rs. 321.

Extracts from the Directors' report: Review of the year's working: Despite the difficult trading conditions on account of continuation of import restrictions, the sales during the year under reference are 25 per cent higher than those in the previous year. The order book of the Company also shows an improvement in the current year, compared to the same period last year, and if the present trend continues, it should have a more satisfactory year.

Factory: Since April 1961, the Company undertook the manufacture of some of the goods in which it has been dealing and material results may be expected by the year end. The Company also acquired, in July last, a plot of land admeasuring 8,300 sq. yds. near Thana, with a view to construct a factory building of its own.

Collaboration Arrangement: Negotiations with a foreign Company for the collaboration arrangement in regard to the manufacture in India of certain products imported in large quantities, are still in progress.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	6,00,000	Gross block	2,05,518
Reserves and surplus	4,58,829	—Depreciation	1,38,653
Other liabilities	8,73,781		
		Net block	66,865
		Current assets	16,64,401
		Investments	9,100
		Cash	1,92,235
	Rs. 19,32,610		Rs. 19,32,610

* Paid-up capital consists of 12,000 ordinary shares of Rs. 50 each, fully paid up. Of the above 12,000 ordinary shares 4,000 shares were allotted fully paid up by way of bonus shares.

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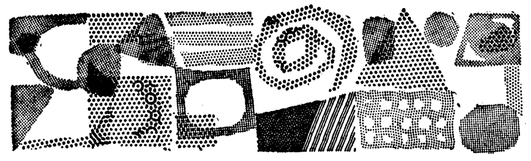

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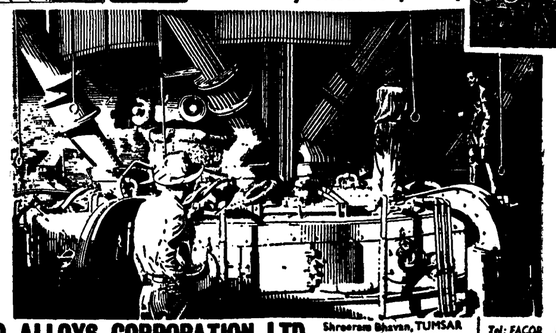

FERRO ALLOYS CORPORATION LTD. Shreeram Bhavan, TUMSAR (Bombay State), India. Tel: FACOR Phone: 25

ATLAS

ASSURANCE CO., LTD.

The liability of Members of the Company is limited

Incorporated in England

A.D. 1808

Bombay Agents:

N. SIRUR & CO. PRIVATE LTD.

TULSIDAS KHIMJI.

MACKINNON MACKENZIE & CO. PRIVATE LTD.

GEORGE OAKES PRIVATE LTD.

LALLJI THAKERSEY & CO.

Branch Offices:

Dougall Road, Ballard Estate, Bombay.

Indra Palace, Connaught Place, Delhi.

2-L, Mahatma Gandhi Road, Bangalore.

Vijaya Bank Building, Mangalore.

7, Armenian Street, Madras.

4, Clive Row, Calcutta.

FIRE — MARINE — ACCIDENT

Notices

SONE VALLEY PORTLAND CEMENT COMPANY, LIMITED

Registered Office:

11, Clive Row, CALCUTTA-1

NOTICE

THE ANNUAL GENERAL MEETING OF THE Shareholders of Sone Valley Portland Cement Company Limited will be held on Saturday the 30th September, 1961 at 10.30 a.m. at the Registered Office of the Company at 11, Clive Row, Calcutta, to transact the following business:

1. To receive and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st December, 1960.
2. To declare dividend.
3. To elect a Director in place of Shri B. N. Chaturvedi, who retires by rotation, but, being eligible, offers himself for re-election.
4. To appoint Auditors for the current year and to fix their remuneration. The retiring Auditors, Messrs. Lovelock & Lewes, Chartered Accountants, being eligible, offer themselves for reappointment.

AS SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modifications the following resolutions, which will be proposed as Ordinary Resolutions:

(i) "RESOLVED that pursuant to clause (d) of sub-section (1) of Section 293 of the Companies Act, 1956, the consent of the Company be and is hereby granted to the Board of Directors of the Company borrowing moneys for the purposes of the Company, from time to time, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but so that the total amount up to which moneys may be borrowed by the Board of Directors shall not at any time exceed Rupees two crores."

(ii) "RESOLVED that pursuant to sub-section (1)(e) of Section 293 of the Companies Act, 1956, the Board of Directors be and they are hereby authorised on behalf of the Company to contribute and/or subscribe from time to time in any financial year to any body, institution, society, person, trust or fund for any charitable or other purposes not directly relating to the business of the Company or to the welfare of its employees upto a total amount of Rupees one lac or five per cent of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act during the three financial years immediately preceding, whichever is greater; provided however that any contributions to any political party or for any political purpose to any individual or body will be subject to the restrictions in Section 293A of the Companies Act."

(iii) "RESOLVED that the Books, Registers and other documents required to be maintained by the Company and kept open for inspection under the provisions of the Companies Act, 1956, and particularly under Sections 49, 118, 144, 163, 196, 301 302, 304, 307, 362 and 372 of the said Act, shall be available at the Registered Office of the Company for inspection to the persons entitled thereto, to the extent and in the manner and on payment of fee, if any, specified in the aforesaid provisions between the hours of 11 a.m. and 1 p.m. on each business day.

Provided, however, that the register required to be maintained under Section 307 of the Act shall be open for inspection of the persons entitled thereto between the times abovementioned only during the period prescribed by sub-section 5 (a) of Section 307."

Share Transfer Books and Register of Members of the Company will remain closed from the 25th September 1961 to 30th September 1961, both days inclusive.

By Order of the Board,
For SONE VALLEY PORTLAND CEMENT CO. LTD.,
For SAHUJAIN SERVICES LIMITED,
S. SRIKRISHNA AYYAR,
Director,
Secretaries.

4th September, 1961.

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company.

Explanatory Note as required under Section 173 of the Companies Act, 1956, has been forwarded to the members of the Company.

ASHOKA CEMENT LIMITED

Registered Office:

DALMIANAGAR (Bihar)

NOTICE

THE ANNUAL GENERAL MEETING OF THE Shareholders of Ashoka Cement Limited will be held at the Registered Office of the Company at Dalmianagar on Saturday, the 30th September 1961 at 10-30 a.m. to transact the following business:

(1) To receive and adopt the Directors' Report and audited Statement of Accounts for the year ended 31st March 1961.

(2) To declare dividend.

(3) To elect a Director in place of Shri S. P. Jain, who retires by rotation, but being eligible offers himself for re-election.

(4) To appoint auditors for the current year and fix their remuneration. The retiring auditors, Messrs. N. C. Jain & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

AS SPECIAL BUSINESS

(5) To consider and, if thought fit, to pass with or without modification the following resolutions which will be proposed as Ordinary Resolutions:

(i) "Resolved that, pursuant to clause (d) of sub-section (1) of Section 293 of the Companies Act, 1956, the consent of the Company be and is hereby granted to the Board of Directors of the Company borrowing moneys for the purposes of the Company, from time to time, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), will or may exceed the aggregate of the paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but so that the total amount up to which moneys may be borrowed by the Board of Directors shall not at any time exceed Rupees two crores."

(ii) "Resolved that pursuant to sub-section (1) (e) of Section 293 of the Companies Act, 1956, the Board of Directors be and they are hereby authorised on behalf of the Company to contribute and/or subscribe from time to time in any financial year to any body, institution, society, person, trust or fund for any charitable or other purposes not directly relating to the business of the Company or to the welfare of its employees upto a total amount of Rupees one lac or five per cent of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act during the three financial years immediately preceding, whichever is greater, provided, however, that any contributions to any political party or for any political purpose to any individual or body will be subject to the restrictions in Section 293A of the Companies Act."

Share Transfer Books and Register of Members of the Company will remain closed from the 25th September to 30th September 1961, both days inclusive.

By Order of the Board,
For ASHOKA CEMENT LIMITED,
For SAHUJAIN SERVICES LTD.,
S. SRIKRISHNA AYYAR,
Director,
Secretaries.

CALCUTTA, *5th September* 1961.

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself and such proxy need not be a member of the Company.

Explanatory Note as required under Section 173 of the Companies Act has been forwarded to the members of the Company.

THE JAIPUR UDYOG LIMITED

Registered Office:

SAWAI-MADHOPUR (W.Rly.)

NOTICE

THE ANNUAL GENERAL MEETING OF the Shareholders of The Jaipur Udyog Ltd. will be held at the Registered Office of the Company at Sawai-Madhopur on Saturday, the 30th September, 1961 at 4 p.m. to transact the following business:

1. To receive and adopt the Directors' Report and the Audited Statements of Accounts for the financial year ended 31st March, 1961.
2. To declare dividends.
3. To elect a Director in place of Shri Ramnath A. Poddar, who retires by rotation but, being eligible, offers himself for re-election.
4. To appoint Auditors for the current year and to fix their remuneration. The retiring Auditors, Messrs. R. D. Joshi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

As Special Business

To consider and, if thought fit, to pass with or without modifications the following resolutions, which are proposed as Ordinary Resolutions:—

5. "Resolved that, pursuant to clause (d) of sub-section (1) of Section 293 of the Companies Act, 1956, the consent of the Company be and is hereby granted to the Board of Directors of the Company borrowing moneys for the purposes of the Company, from time to time, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but so that the total amount up to which moneys may be borrowed by the Board of Directors shall not at any time exceed Rupees five crores."

"Resolved that, pursuant to sub-section (1) (e) of Section 293 of the Companies Act, 1956, the Board of Directors be and they are hereby authorised on behalf of the Company to contribute and/or subscribe from time to time in any financial year to any body, institution, society, person, trust or fund for any charitable or other purposes not directly relating to the business of the Company or to the welfare of its employees upto a total amount of Rupees two lakhs or five per cent of the Company's average net profits as determined in accordance with the provision of Sections 349 and 350 of the Companies Act during the three financial years immediately preceding, whichever is greater, provided however that any contributions to any political party or for any political purpose to any individual or body will be subject to the restrictions in Section 293A of the Companies Act."

The Share Transfer Books and Members' Registers of the Company will remain closed from Saturday, the 23rd September, 1961, to Saturday, the 30th September, 1961, both days inclusive.

By Order of the Board,
For THE JAIPUR UDYOG LIMITED,
M. L. RATHI,
Secretary.

CALCUTTA,
2nd September, 1961.

N.B.—A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

The Explanatory statements under Section 173 of the Companies Act relating to the Special Business have been forwarded to the members of the Company.

THE DEHRI-ROHTAS LIGHT RAILWAY COMPANY LIMITED

NOTICE

THE ANNUAL GENERAL MEETING OF THE Shareholders of the Company will be held on Saturday, the 30th September, 1961 at 10 a.m. at the Registered Office of the Company at Dalmianagar to transact the following business:

To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31st March, 1961.

To declare a dividend.

To appoint a Director in place of Shri S. N. Banerjee, who retires by rotation and has attained the age of 65 years on 3rd March, 1961 and to consider and, if thought fit, to pass the following resolution of which a special notice as required by Section 281 of the Companies Act, 1956, has been received by the Company and is hereby given by the Company to its members:

"Resolved that pursuant to the provisions of Section 281 and other applicable provisions, if any, of the Companies Act, 1956, Shri S. N. Banerjee, who has attained the age of 65 years and retires by rotation, be and he is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply for him."

4. To appoint Auditors for the current year and to fix their remuneration. Messrs. Lovelock & Lewis, retiring Auditors, being eligible, offer themselves for re-appointment.

As special business:

5. To consider and if thought fit, to pass with or without modification the following resolution, which will be proposed as Special Resolution:—

"Resolved that pursuant to sub-sections (4) & (7) of Section 309 of the Companies Act, 1956, and subject to the provisions of Articles of Association of the Company, the members of the Company hereby authorise payment to the Directors of the Company and each of the Directors be and is hereby authorised to continue to receive in respect of each of the five financial years of the Company upto and including the financial year ending on 31st March, 1966 a share in a commission of one per cent of the net profits of the Company computed in the manner referred to in sub-section (1) of Section 198 of the said Act."

The Share Transfer Books of the Company will remain closed from 25th September, 1961 to 30th September, 1961, both days inclusive.

By Order of the Board,
For SAHU JAIN LTD.,
A. K. JAIN,
Managing Director,
Managing Agents.

CALCUTTA, *4th September*, 1961.

N.B.—A member entitled to attend and vote at the meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of himself and the proxy need not be a member.

Explanatory Note as required under Section 173 of the Companies Act has been forwarded to the members of the Company.

THE MYSORE SPINNING AND MANUFACTURING COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Sixty-eighth Annual General Meeting of the Shareholders of the above Company will be held at the Registered Office of the Company, Temple Bar Building, 70, Forbes Street, Fort, Bombay, on Friday, the 29th September, 1961 at 4-30 p.m. for the purpose of transacting the following business:—

1. To receive and adopt the Directors' Report and Audited Statements of Accounts for the year ended 28th February, 1961.
2. To declare a dividend.
3. To appoint Directors in place of those who retire but are eligible for re-appointment.
4. To appoint Auditors for the current year and to fix their remuneration.
5. To appoint Auditors for the current year for doing the local audit of the account books of the Company's Mills at Bangalore and to fix their remuneration.

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(The holders of the 4½ per cent Cumulative Preference Shares of the Company have no right to be present or to vote either in person or by Proxy in respect of their holdings of such Preference Shares at the above Annual General Meeting.)

The Registrar of Companies, Maharashtra, has pursuant to the provisions of the second proviso to Section 166(1) of the Companies Act 1956 (as amended), granted to the Company one month's extension of time upto 30th September, 1961 for holding the Sixty-eighth Annual General Meeting of the Company for the year ended 28th February, 1961.

By Order of the Board,
N. SIRUR & COMPANY, PRIVATE LTD.,
Managing Agents,
N. D. SIRUR,
Managing Director.

BOMBAY, *16th August*, 1961.

N.B.—The Dividend when declared will be made payable at the State Bank of India, Bombay, on and after Monday, the 9th October, 1961, to those Shareholders whose names stand on the Register of Members on the 1st September, 1961. The Dividend Warrants will be made collectable at par at the State Bank of India, Bangalore. Shareholders are requested to intimate change of address, if any.

PRIVATE ENTERPRISE IN DEVELOPING ECONOMIES

(*Concluded from page 533*)

if this is fruitful, I believe it can be an important source of a free supply—free in the sense of not being attached to technical or other control—of foreign exchange to underdeveloped countries.

Economic Policy Decisions

Summing up, I would say that, while the broad structure of economic policy has remained unchanged, its implementation has become more flexible and in many ways more favourable to the exercise of the private sector, both indigenous and foreign. I would not, of course, deny that the Government still has considerable power over economic policy decisions. The very scale of Government operations has increased considerably under the Plans: the Government invested in industry about Rs. 60 crores during the first Plan period and is scheduled to invest Rs. 1,500 crores during the third Plan period. In many lines, to name a few, iron and steel, machine tools, antibiotics, fertilisers, coal, cement—the Government and the private sector operate side by side as competitors; in some of these, the relationship is that of buyer-and-seller.

Many fields of enterprise—a recent addition to this is oil—still remain closed to private enterprise. On the other hand, Government has shown greater flexibility in its attitude towards participation and expansion of private enterprise in some others, for example, fertilisers and basic chemicals. If licensing has ceased to be an obstacle, it still remains an irritant to a prospective investor.

I should like to emphasise that, in most underdeveloped economies, private enterprise is on probation. In many ex-colonial countries, private enterprise has been under suspicion mainly because it was identified with the imperial power. The newly developing economies are like people in a hurry—they are keen to reach the destination as quickly as possible irrespective of the means adopted to achieve the end.

In India, much water has flowed under the bridge during the last ten years. As events have shown, Government's attitude towards private enterprise has been more understanding. However, as I mentioned earlier, the Government still retains in its armoury a wide range of powers which, if circumstances or attitudes change, may be sought to be used.

Social Utility of Private Enterprise

The milieu within which private enterprise functions today is far different from that prevailing in the eighteenth and the nineteenth centuries. Private enterprise is no longer taken for granted, and its justification is no longer sought to be measured only by the profit-rate it is able to earn. Private enterprise will be judged by—and its survival depends upon—its social utility to the economy. This casts a heavy responsibility upon those who sponsor, organise, finance and operate private enterprise.

Private enterprise has, indeed, to play a role which has to be in consonance with the social philosophy of the times. In the nineteenth century, private enterprise was able to bring about, consistent with its own objective of individual profit, rapid development of the economies, considerable improvement in the living standards of the common people, and tremendous growth in the social and cultural development of the community. These were often by-products of the growth of private enterprise in the advanced economies. These goals will need to be kept more consciously in view in the future. Private enterprise in India has not always been unconscious of these requirements. Many educational institutions in India owe their existence to the munificence of private industrialists. Even today, a considerable portion of the dividend income from the largest steel company in India goes to finance charitable purposes.

Responsibility always goes with power. The advantage of private enterprise has been to share this power and this responsibility—to bring about its wider distribution. To every individual's power—whether it be the power of ownership of means of production or of employment of individuals—there exists under private enterprise the countervailing power of another who is a competitor or a customer, and, ultimately, of the State which acts as arbiter in case of conflict of interests.

Private enterprise, in brief, cannot expect to be a vested interest in itself. Like any social institution, it must stand ready to be judged by the results it produces. By its nature, it is dynamic and resilient as phenomenal developments in your country, in the U.K., in West Germany and other countries show. I am sure that it will not be found wanting in the challenge it faces in the emergent economies.

THE INDIA CEMENTS LIMITED

SPEECH OF CHAIRMAN, MR. P. SURYANARAYANA

THE view that the cement industry has a bright future was expressed by Mr. P. Suryanarayana, Chairman of the India Cements Limited, in his speech at the Fifteenth Annual General Meeting of the Company held at Madras on Monday, 4th September 1961. The recent trends in the demand for cement, Mr. Suryanarayana said, indicated that the estimated requirements for 1960-61 might have been somewhat on the low side. He felt that the possibility of having to revise the production target upwards could not be ruled out, if the construction activities, besides the need to repair the damages caused by the recent floods all over the land, were allowed to have their way.

The following is the full text of Mr. Suryanarayana's speech:

"GENTLEMEN,

"On behalf of the management and on my own behalf, I extend to you all a cordial welcome to the Fifteenth Annual General Meeting of your Company and place before you the annual accounts of the Company and the report of the Board of Directors for the year ended 31st March 1961. Printed copies of these have been circulated to all the members and, with your kind permission, I will take them as read.

"You are aware that the third Five-year Plan, which marks a vital phase in India's progress towards a self-generating economy, was presented to the nation on 7th July 1961 with a call for an overall investment of Rs. 10,400 crores. The final report of the Plan says that the range and magnitude of the task will strain the country's resources to the utmost. One of the principal objectives of the third Plan is to expand basic industries like steel, fuel and chemicals to accelerate industrialisation. To attain the objectives, this Plan report has prescribed a total investment of Rs. 10,400 crores in the next five years, which represents a 54 per cent increase over the second Plan investment of Rs. 6,750 crores. Of the proposed investment, Rs. 6,300 crores are to be in the public sector and Rs. 4,100 crores in the private sector. The roles of the public and private sectors are conceived of as complementary to each other. The planners look forward to the stepping up of the industrial output by 70 per cent. In 1965-66, the general index of industrial production is expected to reach the level of 329 (1950-51 base), as against 194 provisionally estimated for 1960-61 and 139 for the last year of the first Plan.

Bright Future

"In this new set up, the cement industry has an assigned place. It has made considerable progress. The installed capacity of cement industry at present is 8.93 million tonnes per annum. This is to be raised to 15 million tonnes in the third Five-year Plan. Its production was 7.89 million tonnes in 1960-61 and is expected to go up by 1 million tonnes this year. All these show that the industry has a bright future before it. Recent trends in the demand for cement indicate that the estimated requirements for 1960-61 might have been somewhat on the low side. This matter is expected to be reviewed in the subsequent year. The possibility of having to revise the cement target upwards cannot be ruled out, if the construction activities—besides the need to repair the damages caused by the recent floods all over the land—are allowed to have their way.

"As regards the working of your Company during the year under review, you would have noted that the gross profit (without deducting depreciation and Managing Agents' commission) has increased only by 3.52 lakhs, as compared to the previous year.

"Production of clinker, cement and sales were higher at 451,540 metric tonnes, 464,295 metric tonnes and 462,083 metric tonnes, respectively. This was due to the fact that the benefit of higher production arising out of the operation of our third unit was available to the Company throughout the year as against a partial period during the previous year. There has thus been a 27 per cent increase in the production of clinker during the year under review, though, however, there has been no proportionate increase in the profits earned.

"This is particularly due to the fact that the cost of production had gone up during the current year, for instance, coal was not only not available in required quantities, but a much higher quantity had to be moved by sea-cum-rail route which, in effect, had increased the cost of coal delivered at the Factory. Due to the extremely difficult position in regard to coal supplies, we had to switch on to the use of furnace oil for one of the kilns. The use of furnace oil was quite prohibitive from the point of view of cost and was not covered in the existing retention price available for our factory. In order to maintain production to the extent possible, we have had to resort to this mode of usage of fuel.

"Wages and salaries for various categories of staff were also revised during the year in conformity with the recommendations of the Central Wage Board for Cement Industry, but the increase on this account was, however, reimbursed to the Company by way of enhancement of retention price. The cost of spare parts and stores have registered substantial increases.

Packing Charges

"The cost of gunnies required for packing cement had spurted considerably in the latter half of 1960 and, in spite of this abnormal increase in rates, the Government of India did not choose to effect an upward revision in the quarterly packing charges till 20th January 1961. The Government of India, by this time, had reversed their previous decision and permitted the use of old gunnies so as to offset the increase in the price of new bags. However, this sudden decision of the Government was of no immediate benefit, inasmuch as the revival of the organisation set up for the collection of gunnies had necessarily to take some time to yield results.

"Subsequently, from the third week of February 1961, the Government also enhanced the packing charges though by this time, the Company had already sustained losses on this account. In effect, therefore, it may be noted that, for a very small increase in the gross profit, an increase of production of 27 per cent as compared to the previous year was necessary to offset the increases in cost under various items.

Cement Prices

"The Tariff Commission have now taken up the question of revision of cement prices and your Company have made necessary representation to the Commission in this regard. It is hoped that the Commission would take into account all matters pertaining to the cost of production in the case of your Factory and fix a reasonable price for cement produced.

"I am pleased to inform you that the Government of Andhra Pradesh have issued orders sanctioning mining rights over the area applied for by us. Your Company has also submitted an application to the Central Government for the issue of a licence to start a cement factory in Salem District.

"The State Government have been pleased to accord sanction to construct 450 tenements under the Subsidised Industrial Housing Scheme and work in this connection is in progress.

"I am indeed happy to report that our relation with labour continues to be very cordial as usual. Before I conclude, I should, both on your behalf and on my own, like to tender our sincere thanks for their co-operation and hard work. The Company looks forward to their devoted service in the years to come."

Note: *This does not purport to be the full proceedings of the annual general body meeting.*

opportunity for those that take it

AN important feature of the educational facilities at Jamshedpur is the leisure-time training of employees. Instruction provided, after hours, helps steelmen like J. P. Pathak to acquire wider knowledge and new skills.

Pathak, who started his career in Tata Steel as an office boy in 1929, passed his matriculation examination from the Company night school in 1944. Pathak next took up an evening course in basic mechanical drawing at the Jamshedpur Technical Institute. In 1957, he was selected for overseas training, and went to Canada, the U.S.A., West Germany and Holland, to learn techniques of operating a sinter plant. Today, Pathak is operator-in-charge of the sinter plant added under the two million ton expansion programme.

Notwithstanding initial handicaps, enterprising men like Pathak have the opportunity to better their prospects through further education and training at Jamshedpur, where industry is not merely a source of livelihood but a way of life.

JAMSHEDPUR

THE STEEL CITY

JWTTN 4660

The Tata Iron and Steel Company Limited

MISCELLANEOUS STATISTICAL INFORMATION

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 2nd Sept. 1961	26th Aug. 1961	5th Aug. 1961	3rd Sept. 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.2	101.0	101.1	101.2
2. Government of India	101.1	101.0	101.0	101.0
3. State Government	102.2	102.2	102.3	102.7
4. Municipal, Port Trust, etc.	99.7	99.7	99.7	100.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.4	101.5	101.4	100.8
PREFERENCE SHARES—ALL INDIA.				
6. Total	83.7	83.5	83.7	86.9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	175.8	176.8	180.4	178.8
8. *Agriculture and Allied Activises: Total**	165.1	165.8	168.4	173.2
9. Tea Plantations	160.3	161.1	164.6	166.6
10. Coffee Plantations	172.9	172.5	173.0	213.0
11. Rubber Plantations	173.2	173.7	169.6	175.2
12. *Mining and Quarrying: Total*	156.7	157.5	162.2	156.7
13. Coal	125.0	125.0	127.7	123.7
14. Other Mining	178.4	179.3	185.9	179.2
15. *Processing and Manufacturing: Total*	188.9	190.0	194.3	194.0
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	196.0	197.4	200.0	194.8
17. Sugar	159.1	158.1	159.3	195.3
18. Cotton Textiles	168.7	170.3	170.9	160.3
19. Jute Textiles	83.2	83.9	86.2	95.0
20. Silk and Woollen	1131.0	1141.2	1170.1	1114.3
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	195.5	196.8	203.7	205.6
22. Iron and Steel	161.9	162.5	170.5	169.6
23. Transport Equipment	378.5	382.5	400.1	429.8
24. Electrical Machinery	160.5	161.3	164.1	141.5
25. Machinery other than Transport and Electrical	203.3	205.3	210.5	218.0
26. Basic Industrial Chemicals	205.7	207.6	212.5	229.9
27. *Processing and Mfg. (Others): Total**	154.8	155.1	159.1	170.1
28. Cement	140.8	140.8	142.8	148.2
29. Paper	200.5	200.0	206.4	234.4
30. *Other Industries: Total**	108.1	108.4	109.9	112.1
31. Electricity Generation and Supply	84.9	85.0	85.1	82.0
32. Trading	111.8	113.4	120.6	118.9
33. Shipping and Other Transport	91.9	93.0	97.0	108.4
34. Construction	285.0	285.5	287.7	333.4
35. *Financial: Total*	200.0	200.9	202.8	179.6
36. Banks	227.7	228.7	230.5	199.2
37. Insurance	143.2	144.2	146.5	143.9
38. Investment Trusts	89.0	88.5	90.4	91.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	182.3	183.4	187.7	186.1
40. Calcutta	162.5	163.2	166.8	162.6
41. Madras	192.1	193.0	193.4	196.0
42. Delhi	229.3	231.2	241.5	236.4

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	April 1961	April 1960	Twelve months ended March 1961	Twelve months ended March 1960
Exports	53,34	46,20	632,89	629,90
Re-exports	48	47	9,90	9,76
Total Exports	53,82	46,67	642,79	639,66
Imports	85,66	98,80	1070,16	960,77
Overall Balance of Trade	−31,84	−52,13	−427,37	−321,11
Exports—				
Tea	3,05	2,85	123,50	129,09
Jute yarns and manufactures	14,89	9,07	135,02	119,76
Cotton yarns and manufactures	5,04	5,33	62,04	69,02
Metallic ores and metal scrap	3,13	4,50	39,00	35,35
Cotton, raw and waste	1,03	93	11,57	14,40
Oils—vegetable, mineral and animal	77	80	13,85	10,17
Fruits and vegetables	2,43	1,84	20,08	21,07
Tobacco	3,45	3,62	15,74	14,54
Mica	72	65	10,15	9,82
Wool and other animal hair	82	93	7,74	12,21
Gums, resins and lac	36	79	8,61	8,74
Spices	1,61	1,34	16,64	14,46
Hides and skins, raw	69	1,19	10,02	11,58
Imports—				
Machinery of all kinds	28,40	21,55	257,46	207,98
Iron and Steel	8,99	9,89	120,80	84,29
Oils—vegetable, mineral and animal	5,81	5,61	74,02	91,87
Chemicals, drugs and medicines	7,82	7,07	85,86	92,48
Electrical goods and apparatus	8,51	5,28	66,15	53,15
Vehicles (excluding aircraft, ships and boats)	3,22	4,60	59,49	55,60
Cotton, raw and waste	6,10	7,98	81,77	41,34
Fruits and vegetables	1,01	1,42	20,39	17,68
Paper, pasteboard, etc.	87	92	11,74	11,23
Dyes and colours	99	1,01	12,95	10,01
Spices	14	5	1,83	2,35
Woollen and worsted fabrics	3	3	21	26
Cotton fabrics	6	6	70	1,15
Rice	81	3,41	18,88	16,34
Wheat and spelt	4,17	16,73	121,17	129,78

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
20th June	2.00	2.00	2.00	2.650	99.310
21st to 23nd June*	0.80	—	0.80	—	99.335
27th June	2.00	2.00	2.00	2.650	99.356
4th July	2.00	2.00	2.00	2.650	99.335
5th to 8th July*	3.50	—	3.50	—	99.335
11th July	2.00	2.00	2.00	2.650	99.335
12th to 15th July*	0.12	—	2.12	—	99.356
18th July	2.00	2.02	2.00	2.500	99.335
19th to 22nd July*	1.50	—	1.50	—	99.391
24th to 29th July*	1.28	—	1.28	—	99.391
31st July	2.00	3.49	3.49	2.398	99.410
1st to 5th August*	1.47	—	1.47	—	99.416
8th August	2.00	2.00	2.00	2.400	99.400
9th to 12th Aug.*	0.59	—	0.59	—	99.416
14th August	2.00	2.00	2.00	2.400	99.400
16th to 19th Aug.*	2.55	—	2.55	—	99.416
22nd August	2.00	2.00	2.00	2.400	99.400
23rd to 26th Aug.*	1.29	—	1.29	—	99.416
29th August	2.00	2.00	2.00	2.400	99.400
30th August to 2nd September	0.71	—	0.71	—	99.416
4th to 9th Sept	1.28	—	1.28	—	99.416
12th Sept	2.00	2.10	2.00	2.400	99.400
Total amount outstanding	37.17	..	37.17	..	..

* Intermediate Treasury Bills sold

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept. 1939 (pre-war)	1st Sept. 1961	25th August 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	173.37	1872.62	1877.39	1903.98	1795.33
Notes held in Banking Department	35.05	21.81	16.57	16.88	8.51
Foreign Securities	59.50	116.86	116.86	116.68	123.01
Rupee Securities	37.39	1533.56	1533.55	1563.37	1431.66
Banking Department					
Deposits of:					
Government of India	14.39	52.51	64.60	53.26	52.90
Other Governments	..	19.83	19.93	18.83	46.68
Balancesheld abroad	10.06	19.59	26.61	35.81	20.34
SCHEDULED BANKS					
Demand Liabilities	134.36	844.73 (22.85)†	839.64 (19.72)†	838.11 (26.66)†	792.59 (18.76)†
Time Liabilities	102.24	1154.14 (18.59)†	1156.13 (18.39)†	1143.90 (20.48)†	1192.07 (21.07)†
Borrowings from Reserve Bank	..	1.55 (0.36)‡	1.27 (0.11)‡	2.19 (0.76)‡	54.85 (10.10)‡
Borrowings from State Bank	..	19.77	18.77	15.08	17.80
Cash in India	6.70	45.16	45.81	45.99	48.32
Balance with Reserve Bank	25.17	94.00	97.29	78.88	107.89
Balances with other banks in current account in India	..	17.32	16.36	15.46	16.14
Money at call and short notice in India	..	49.61	48.22	53.14	33.65
Investments (at book value)	..	607.84	598.31	591.30	750.29
Advances and bills	105.9	1227.86	1231.50	1243.97	1129.98
STATE BANK					
Deposits	87.76	526.83	525.18	529.31	609.86
Investments	51.99	270.64	261.65	260.83	395.33
Advances	30.85	236.46	238.45	248 00	213.98
Cash	14.69	29.04	30.61	26.87	27.18

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

Scheduled Banks*

Statement of Affairs for the week ended 1st September, 1961

	Rs. (Thousands)
(i) Demand Liabilities in India	
(a) Demand Deposits—	
(1) From banks	50,03,17
(2) From others	720,34,76
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	22,85,21
(c) Other demand liabilities	51,49,43
(ii) Time Liabilities in India	
(a) Time Deposits—	
(1) From banks	22,18,83
(2) From others	1089,69,45
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	18,58,78
(c) Other time liabilities	23,66,82
(iii) Borrowings in India from the State Bank of India and/or notified banks:	
(a) Demand liabilities	8,66,86
(b) Time liabilities	11,31,00
(iv) Borrowings in India from the Reserve Bank of India (A)	1,55,40 (36,00)
(v) Cash in India	45,16,12
(vi) Balances with the Reserve Bank in India	94,00,27
(vii) Balances with Other Banks in Current Account in India	17,31,91
(viii) Money at call and short notice in India	49,61,25
(ix) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations	607,84,17
(x) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)	1067,17,77
(b) Due from Banks in India	7,92,38
(xi) Inland Bills purchased and discounted in India	107,43,20
(xii) Foreign Bills purchased and discounted in India	45,33,12
(xiii) Total of items (x), (xi) and (xii)	1227,86,47

Notes:—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

CROP FORECASTS

Crop	Forecast	(In thousand acres) 1960-61	(In thousand acres) 1959-60	(In thousand tons) 1960-61	(In thousand tons) 1959-60
Cereals—					
Rice	final	83,335	82,829r	33,700	30,963r
Wheat	final	31,751	32,542r	10,648	10,089r
Jowar	final	40,62‡	41,602	8,966	7,866
Bajra	final	25,339†	26,699	3,084	3,484
Barley	final	8,108†	8,220	—	2,605
Maize	final	9,803†	10,457	—	3,615
Ragi	final	5,760	5,964r	1,640	1,904r
Small millets	final	10,666†	12,340	—	2,012
Total cereals	final	....	220,653	....	62,538
Pulses—					
Gram	final	23 483	25,372r	6 207	5,502r
Tur	final	5,721†	5,843	1,989	1,589
Other Kharif pulses‡	final	14,952	15,791r	1,455	1,532R
Rabi pulses‡	final	11,284†	12,788	—	2,690
Total pulses	final	....	59,794	....	11,313
Total foodgrains		....	280,447	79,300†	74,700r
Oilseeds—					
Groundnut	final	15 455	14,864r	4,354	3,942r
Castorseed	final	1,135	1,168r	98	106r
Sesamum	final	4,904‡	5,510	—	392
Rape and Mustard	final	7,265	7,151r	1,880	1,047r
Linseed	final	3,165†	3,921	425	
Total oilseeds	final	....	32,614	65,300	5,912r
Fibres—					
Cotton*	final	18 971	18,804r	5,894	3,678r
Jute A.	final	1,539	1,695r	4,030	4,695r
Mesta A.	final	694	704r	1,147	1,118r
Sannhemp	final	688	813	—	80
Other crops—					
Potato	final	—	—	—	2,719
Sugarcane	final	5,702	5,178	—	75,038
Ginger (Dry)	final	44	41r	16	15r
Pepper (Black)	final	235	234r	26	26r
Chillies (Dry)	final	1,492	1,472r	363	337r
Tobacco	final	881	934	—	281

Source: Ministry of Food and Agriculture. ‡ Excluding Tar. † In thousand bales of 392 lbs. each. ‡ Excluding Gram and Tur. A.—In thousand bales of 400 lbs. each. R.—Revised.
† As per latest estimates available.

INDIAN JUTE STATISTICS

Particulars	Period	Quantity
	JUTE MANUFACTURES	(In 000 tons)
Production	During July 1961	63.4
	Corresponding month, 1960	86.8
	Twelve months ended June 1961	1,006 8
	Corresponding period, 1960	1,074 2
Stocks	At the end of July, 1961	70.1
	Corresponding month, 1960	88.1
	DESPATCHES OF GUNNIES	(In 000 tons)
For Export Purpose	July-June, 1958-1959	854.9
	July-June, 1959-1960	833 5
	July-June 1960-1961	730 6
For Internal Consumption	July 1960	65.7
	July 1961	60 0
	July-June, 1958-1959	220 0
	July-June, 1959-1960	248 3
	July-June 1960-1961	274.1
	July 1960	14.6
	July 1961	18.8
	RAW JUTE	(In 000 bales)
Consumption by Mills	July 1961	854
	Corresponding month, 1960	496
	Twelve months ended June 1961	5,806
	Corresponding period, 1960	6,291
	1957-58	6,134
	1958-59	6,014

ELECTRIC ENERGY GENERATED AND SOLD*

(In millions of kilo-watt-hours)

	No. of Concerns§	Units Generated‡	Total Units Sold
1956-57	769	9,877.8	8,102.1
1957-58	834	11,178.9	9,011.1
1958-59	818	12,837.0	10,360.7
1959-60	850	15,029 2	12,130.8
1960-61	1,013	17,037.3	13,831.8
May 1960	850	1,387.9	1,119.4
June „	850	1,379.8	1,113.9
July „	850	1,360.5	1,106.0
August „	1,012	1,404.2	1,140.9
December „	1,013	1,503.0	1,214.5
January 1961	1,013	1,482.3	1,216.1
February „	1,013	1,400.0	1,151.9
March „	1,013	1,500.1	1,223.7
April „	1,013	1,556.2	1,283.9
May „	1,013	1,612 8	1,329.1

* Excluding railway, military and factory power stations. Chola Power Station being interconnected with the Tata Power System, has been included. ‡ Including purchases from non-electric utilities.
§ At the end of period. *Source*:—Central Water and Power Commission.

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	19th Aug. 1961	12th Aug. 1961	20th Aug. 1960	June 1961	June 1960	Percentage of Increase (+) or Decrease (−) in June 1961 as compared with June 1960	Financial Year Average 1960-61	Financial Year Average 1959-60
Food Articles	504	124.1	124.8R	122 3	120 6	120.3	+ 0.2	120.0	119 0
Cereals	192	105 0	105.1	108.6	101.9	107.8	+ 5.0	104.4	104.1
Pulses	43	90.0	90.8R	93.1	90.6	89.7	+ 1.0	92.9	93.5
Fruits and Vegetables	25	169.0	165.5R	134.5	126 1	122.2	+ 3.2	118.5	127.8
Milk and Ghee	84	114.5	119.6R	113.6	113.6	119 0	− 4.5	116.0	113.3
Edible Oils	47	158.9	157.4	147.0	163.3	139.7	+ 16.9	150.3	130.4
Fish, Eggs and Meat	17	142.3	141.1	120.9	123.2	119.8	+ 7.0	123.5	112.0
Sugar and *Gur*	48	125.2	126.2	139.2	123.7	137.7	−10.2	132.8	147.0
Others	50	182.4	182.1R	168 0	181.1	161.2	+12.3	167.6	167.0
Liquor and Tobacco	21	98 4	100.1	104.7	102.1	109 5	− 6.8	109.9	99.5
Tobacco		95 4	96 6	108.0	96.6	108.0	−10.6	108.3	97.9
Fuel, Power, Light and Lubricants	36	121.5	121.5	119 7	121.7	119 1	+ 2.2	120.0	116 5
Industrial Raw Materials	155	142.8	143.1	135 9	145.1	137 7	+ 5.4	145.4	123.7
Fibres	61	132.4	144.1	132.9	150.6	142 6	+ 5.6	151.6	114.6
Oilseeds	60	163.6	160.2	145.8	160.5	144.4	+11.1	149.9	134.5
Minerals	2	94.8	94.8	98 2	95.2	98.0	− 2.9	97.4	97.8
Others	32	124.7*	127.0*	125.2*	126.9	128.2	− 1.0	128.0	122.7
Manufacture	280	126.2	126.1	122 6	125 6	120 6	+ 4.7	123 9	111.7
Intermediate Products	41	140.2	140.5	130 9	139.7	127 5	+ 9.6	130 6	113 8
Finished Products	248	122 7	123.7	119 8	121.2	123.3	− 1.7	122 6	111.3
Textiles	147	123.3	124.8	123.6	124.8	119.9	+ 4.1	125.8	107.8
Cotton	—	126.6*	126.6*	131.6*	126.2	126.0	+ 0.2	128.1	116.8
Jute	—	117.3	123.5*	114.7	125.1	113.1	+10.6	121.4	90.6
Woollen	—	123.1*	123.1*	110.1*	123.7	110.1	+12.4	109.1	104.2
Silk and Rayon	—	—	—	—	116.5	102.7	+13.4	104.4	98.4
Metal Products	19	147.1	147.1	146.8	147.1	148.3	− 0.8	147.2	144.4
Chemicals	20	112.0	113.0	104.3	109.4	104.6	+ 4.6	104.4	106.9
Oil Cakes	10	145.1	145.9	137.1*	145.4	139.0	+ 5.4	141.3	143.8
Machinery and Transport Equipment	31	112.8	112.8	111.5	112.8	111.3	+ 1.3	111.9	106.5
Others	80	120.9	120.9	116.0	120.3	114.7	+ 4.9	116.1	113.4
All Commodities	1.000	126.7	127.0R	124.6	126.6	125.0	+ 2.4	124.8	117.1

Note:—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that

CALL RATE HARDENS FURTHER

(From Our Own Correspondent)

BOMBAY, 13*th September*

Thanks to the heavy subscriptions to State loans, which stripped off the banks of liquid resources, stringency in the short-term money market increased further during the week under review. Borrowers encountered severe difficulties in obtaining their requirements and it is stated that some of the banks had to approach the Reserve Bank for accommodation. As a sequel to the tight supply position and the rising demand, the inter-bank call money rate among Indian and Exchange banks which stood at 3½ per cent per annum last week went up gradually from that level to as high as 4½ per cent today. The term rates, however, were unchanged, as under:

	Per cent
Notice Money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3½
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

The sales of 91-day Treasury Bills of the Government of India through weekly tenders were resumed on the 12th inst. Their results showed that, as against an invitation for Rs. 2 crores, the actual amount offered was *Rs. 2.10 crores*. The total amount accepted was, however, Rs. 2 crores only. The average rate of accepted tender stood unchanged at 2,400 per cent 91 days' intermediate Treasury Bills sold from the 4th inst. to the 9th inst. aggregated Rs. 1.28 crores. Their sales are being continued from 13th September to 16th September, both days inclusive.

A sharp rise of Rs. 26.25 crores in notes in circulation is disclosed by the statement of the Reserve Bank of India for the week ended 8th September 1961, as compared with that for the previous week. As the notes held in the Banking Department have declined by Rs. 12.89 crores, the total notes issued have gone up by Rs. 13.36 crores only. The foreign securities held by the Issue Department are unchanged at Rs. 116.86 crores, but as the balances held abroad have dropped by Rs. 85.81 lakhs, the aggregate foreign assets have declined by that amount to Rs. 135.59 crores. On the liabilities side of the Banking Department, the deposits of the Central Government have improved by Rs. 10.99 crores as well as those of other Governments by Rs. 12.11 crores. But deposits of banks have declined by as much as Rs. 25.40 crores. On the assets side, other loans and advances, which include loans advanced to scheduled banks against usance bills, have risen by Rs. 17.97 crores. Investments have shrunk by Rs. 14.27 crores.

An expansion of Rs. 1.95 crore in demand deposits and a contraction of Rs. 2.19 crores in time deposits are disclosed by the statement of the scheduled banks for the week ended 1st September 1961. The deposits of the State Bank of India rose by Rs. 1.65 crore. Borrowings from the Reserve Bank of India increased by just Rs. 28.45 lakhs of which the share of those against usance bills was Rs. 25 lakhs. The scheduled banks also borrowed larger amounts from the State Bank. Their borrowing of demand nature went up by Rs. 41.78 lakhs and of time nature by Rs. 79 lakhs. Investments of the scheduled banks, as a whole, improved by Rs. 9.53 crores, of which the share of the State Bank alone was as large as Rs. 8.99 crores. Advances and bills discounted (bank credit) declined further by Rs. 3.92 crores to Rs. 1,219.94 crores, on top of a contraction of Rs. 7.63 crores in the preceding week. Of the fall of Rs. 3.92 crores in advances of all scheduled banks, the State Bank accounted for Rs. 1.99 crores.

The Gilt-edged market was, on the whole, steady. In the Central loans section, the Conversion Loan gathered 20 nP to Rs. 73. 3½ per cent 1965 second National Plan bonds rose by 5 nP to Rs. 99.85. But 3 per cent 1966-68 funding loan dropped 5 nP to Rs. 96.25 and 3½ per cent 1964 National Plan loan eased by a like amount to Rs. 99.90. In the State loans section, some selling was in evidence in the newly acquired 4¼ per cent 1972 securities. Such issue of Andhra Government eased by Re. 1.50 to Rs. 98.25. 4¼ 1972 Uttar Pradesh dropped a rupee to Rs. 98.75. New loans of the Bihar and Orissa Governments also declined by a rupee to Rs. 98.50.

In the foreign exchange section, the rupee improved further in relation to the U.S. dollar. Banks' selling and buying rates for ready T.T. on New York were Rs. 476.00 and Rs. 472.50 per 100 dollars, respectively, as against Rs. 476.50 and Rs. 473.25 last week. In the New York Exchange, the pound sterling recorded a modest recovery *vis-a-vis* the U.S. dollar. The latest available rates are 281.200-281.240 per £ for spot and 278 350-278.390 per £ for three months' forward. As compared with the last week's rate, the pound sterling put on 0.20 cent in the spot and 0.03 cent in the forward.

HIDES WELL SUPPORTED

(From Our Own Correspondent)

MADRAS, 11*th September*

The tanned cow hides market ruled firm due to good demand for lower grade kips suitable for inland trade. Export trading, however, was small. Buffalo hides remained firm. Demand for cow calf was negligible. Inquiries for buff calf were fair sized, but the volume of business booked was poor.

Better grades of tanned goat skins were held firm except in light weights. Tanned sheep ruled unchanged.

BULLION PRICES RECEDE AFTER EARLY RISE

(From Our Own Correspondent)

BOMBAY, 13*th September*

The bullion market ruled distinctly firm in the first three sessions of the week under review, but developed a sagging tendency yesterday which persisted today also. In earlier sessions, there was good buying by spot houses and advices from upcountry centres were also quite encouraging. Fresh offerings were scarce, thanks to reduced arrivals, the daily average arrival rate being 4,600 tolas of gold and 23 bars of silver, as against 6,335 tolas and 27 bars, respectively, last week. The rate of offtake was higher at 4,400 tolas (3,665 tolas last week) and 10 bars (9 bars). Consequently, both gold and silver scored handsome gains. The upward trend was somewhat halted yesterday (Tuesday the 12th inst.), following heavy arrivals—7,000 tolas of gold and 35 bars of silver—and rumours regarding further sales by the Reserve Bank. Values, therefore, suffered a setback and the declining trend gathered further momentum today. The closing rate for gold today was well above that prevailing a week ago, whereas the white metal was a shade lower.

Adjustment rates fixed today were Rs. 124.10 per 10 grams of gold and Rs. 202.50 per kilogram of silver. The corresponding rates on *Wednesday last* week were Rs. 122.8§ and Rs. 202.55, respectively.

A notable event of the week was the commencement of business in *Margashir* (December) settlement on Monday the 11th inst. The starting rate was Rs. 124.85 for gold and Rs. 205.50 for silver. There was a large switching over of outstanding business in gold from the *Bhadrapad* (25th September) to *Margashir* settlement. Since the distant settlement was quoted at a discount under the nearby settlement, the bears had to pay *budli* to bulls (backwardation rate), though the actual rate today was lower at 5 nP, as against 30 nP on Monday. The reverse was the position in silver, the *budli (contango)* being payable by bulls to bears; the actual rate was as high as Re. 1.05 on Monday and Tuesday which widened further to Re. 1.20 today.

Both ready gold and silver were quoted at a discount under the forward (*Bhadrapad* settlement) throughout the week. The actual discount today was 35 nP in gold (same as last week) and 60 nP in silver (65 uP).

The following table shows the trend of prices during the week under review:

	13-9-1961 (closing)	High	Low	6-9-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	124.35	125.25	123.25	123.10
Forward: Bhadrapad* ..	124.70	125.55	123.45	123.45
Margashir ..	124.65	125.55	124.70	124.85§
Sovereign	96.00	96.00	95.25	95.25
SILVER				
Ready (.996 fine)	202.50	203.95	202.00	202.55
Forward: Bhadrapad† ..	203.10	204.60	202.60	203.20
Margashir ..	204.20	205.55	203.70	205.50§
London—				
Silver Ready	79½d.	80¼d.	—	79½d.
Silver Forward	79¾d.	80¼d.	—	80¼d.
Gold	250s. 8d.	250s. 6¼d.	250s. 3d.	250s. 6¼d.
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th September settlement. † 26th September settlement.

§ Rate at which business commenced on 11-9-1961.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

SAGGING TENDENCY IN PEPPER

(Messrs. Parekh and Co.)

BOMBAY, 13*th September*

Malabar black pepper showed a sagging tendency during the week, in view of poor export inquiries and liquidation by stale bulls who took sizable long position in October delivery. Ready ungarbled and garbled remained comparatively steady, but the weakness in the forward had its reflection and, as such, holders of ready stock became at times soft sellers. Some parcels of ungarbled changed hands at Rs. 387.50-Rs.389.50, while garbled found sellers at price ranging from Rs. 403 to Rs. 398. October delivery came down to Rs. 404 under pressure of selling by bulls who became anxious sellers as the *star-gazers and the chart-readers forecast easy* market for the future. December delivery moved down to Rs. 388, in sympathy with October which is being pressed by demoralised bulls.

Singapore also showed quiet tendency for want of export business and under pressure of arrivals from Sarawak. Arrivals of Lampong were poorer and a major stockist of Lampong in Singapore was an unwilling seller at the present level, as the crop of Lampong under harvest is very much less than the production last year. Black pepper in Singapore came down from Str.$147 to Str.$142½ and white from Str.$180 to Str.$175.

New York was *continuously buying* at progressively lower prices. Fair-sized purchases were reported done at prices ranging from $0.44 to $0.43. New York dealers are buying steadily but slowly as they do not want to excite the market as otherwise sellers may withdraw. Spot in New York is *fairly steady* at $0.45½.

Brazil crop is reported to be late and there are *chances of Malabar crop also being delayed* by a month, in view of the prevailing uncertain weather. Crop reports from Malabar are conflicting. Most of the traders now forecast an average crop of about 25,000 tons, while the growers are *estimating it at about 20,000 tons. The market*, however, is treating the estimate of the growers with reserve.

Ready pepper in Bombay is nominally quoted at Rs. 214 per 50 kilos, with demand poor.

COTTON FUTURES FIRM

(From Our Own Correspondent)

BOMBAY, 13*th September*

Distinctly firm conditions prevailed in the cotton futures market during the week under review. The firmness was due mainly to large-scale buying induced by reports of adverse of weather in many parts of the cotton growing tracts and the fear of the consequent damage to the crop. The apprehension that the untimely rains and floods might delay the movement of new crop sparked off brisk mill buying in the spot market which imparted strength to futures. Under pressure of persistent buying by both local and upcountry operators, the March contract spurted early in the week and crossed the Rs. 600 mark to quote at Rs. 605 on Friday. Later reports, however, indicated that the damage to the crop had been exaggerated. A wage of selling ensued as a reaction to this news. The March contract declined to Rs. 603.50 on Monday. Profit-taking and liquidation by weak holders accelerated the downward trend. This trend was, however, again revised yesterday, thanks to renewed news of unwanted rain and damage to the crop. The expectation that an export quota for Bengal *Deshi* will be announced soon after the meeting of the Export Promotion Advisory Council (held at New Delhi yesterday) favourably influenced sentiment and the contract firmed up to Rs. 608.50 on Tuesday. The market ruled steady today. The March contract is currently priced at Rs. 607.25, as compared with the last week-end quotation of Rs. 595.75.

In the sot market, mill demand for ready cotton was greatly enlarged. Last week's announcement of Indian cotton quota for mills and reports of crop damage and delay in the movement of new crop induced spinners to make extensive purchases. Both current and new crop were in good demand. Popular varieties such as Co2, L.147, Digvijay, Khandesh, etc., were easily picked up. Prices went up by Rs. 10 to Rs. 15 per candy.

There was a revival of interest in Bengal *Deshi* in anticipation of quota. Other exportable varieties were comparatively neglected. Preliminary figures indicate that exports of cotton during the 1960-61 season aggregated 300,000 bales, comprising 190,000 bales of Bengal *Deshi*, 50,000 bales of cotton stapling 23/32" and below, 30,000 bales of cotton stapling 24/23" and 30,000 bales of yellow pickings, Assam and Comilla. Total value of cotton exports is estimated at Rs. 12 crores.

In addition to moderate interest in Sudan, *Egyptian and U.S.* cottons, good mill buying was evident in current and new crop East African cotton. B.P.52 was done at Rs. 1,240 per candy. Busoga (U.N.U.G.) changed hands at Rs. 1,235 per candy for prompt shipment. Sudan G5S was absorbed at Rs. 1,425 per canly for prompt shipment and XG2L at Rs. 1,500 per candy for October-November shipment. The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri:

Bengal *Deshi* 610; Gadag Laxmi 925; Digvijay 933; Cambodia (New) 930; L.147 955.

In contrast to the easy trend witnessed last week, Karachi cotton futures market ruled firm during the week under review. A revival of export inquiries, coupled with good domestic mill support prompted by reports of adverse weather, touched off a general buying movement which resulted in a smart rally in prices. The N.T.R.G. over the week. The March contract was also markhardened on good spinner demand and overseas interest.

Alexandria cotton futures continued to remain closed.

Steady conditions prevailed in the Liverpool cotton futures market during the week. Inspite of the higher September U.S. forecast, futures prices in Liverpool did not register any appreciable fall. The lower ginning figures and the expectation that a good part of the crop will move into Government loan imparted steadiness to the market. Both the American and American type contracts remained practically unchanged. Sudan contracts, however, were firm, thanks to higher Khartoum advices. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: October 24.30; December 24.80; March 25.25; May 25.65.

American cotton mixed growth contract: October 24.70; December 25.15; March 25.55; May 25.95.

Sudan: September, November, January 31.75.

The most important development of the week as far as the New York cotton futures market was concerned, was the September crop report published this week by the U.S. Department of Agriculture. The Department estimated the crop at 14.26 million bales, as against 13.92 million bales forecast a month ago and the 1960 crop of 14.27 million bales. The rise in production is due mainly to the increase in yield which at 437 lbs. per acre, is 10 lbs. more than last month's estimate and compares with last season's yield of 446 lbs. per acre. The higher yield indicates the favourable development of the crop during the past few weeks.

New York cotton futures market ruled subdued early in the week in anticipation of the crop estimate which, when published, turned out to line with general trade expectation. Consequently its effect on prices was negligible. In fact, prices tended to move up towards the close of the week, on report of hurricane in certain parts of the cotton belt which gave rise to the fear that the crop will be damaged. The anticipation that a good percentage of the crop will move into Government loan also an influencing factor.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	12-9-61	5-9-61	29-8-61
New York Spot	35.30	35.25	35.20
October	34.77	34.00	34.48
December	35.26	35.00	35.02
March	35.90	—	—

ADDITIONAL VISCOSE YARN QUOTA

(From Our Own Correspondent)

BOMBAY, 13*th September*

All art silk powerloom units which have received allocation cards for indigenous yarn for the July-September 1961 quarter will get an additional viscose yarn quota to the extent of 30 per cent of their total allocation. An announcement to this effect was made early in the week by the Art Silk Yarn Distribution Committee. The powerloom units have been asked directly to approach the viscose spinners whose names are endorsed on their cards for the additional allotment. If, however, such spinners do not have stocks, then the card-holders may approach other spinners in their respective regions. In case the cards are endorsed only for acetate yarns, their holders have to approach the viscose spinners in their region for additional allocation. The viscose spinners have been requested to honour the cards when presented by granting additional quota (30 per cent). When any card is also endorsed for acetate yarn, the spinners are required to make a reference to the Committee for instruction before releasing the quota.

Thanks largely to the aforesaid release of additional quota to weavers and on fears that demand from upcountry centres (Surat, for instance) would suffer a setback following curtailment of production in view of heavy rains and floods, art silk yarns encountered selling, with prices showing a declining tendency. J.P. Bemberg yarn (40 x 1), however, ruled distinctly firm on renewed bearcovering due to scarcity of supplies. The categorical declaration by the Union Minister for Commerce and Industry at the Import Advisory Council meeting that there was no question of liberalising the import policy also imparted strength. In sympathy with these yarns, staple fibre yarns tended to move up. Cotton yarns continued to present a dull appearance, notwithstanding reports suggesting better offtake of cloth. Export enquiries were poor. Consequently, business put through was restricted and values moved narrowly.

The following table gives the prices of rayon, staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	13-9-1961	6-9-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Oxpressa Bemberg (100 kg.)—		
October	2,870.00	—
December	2,850.00	—
Spot	2,798.00	2,798.00
40 x 1 JP		
October	3,320.00	3,196.00
December	3,225.00	3,168.00
120 Japan (per 100 kg.)	1,984.00	2,121.00
150 Japan (per 100 kg.)	1,984.00	2,121.00
Nat. Ray. 150 Bk. 1	14.92	15.11
Staple fibre yarn (40 x 2)—		
October (per 90.72 kg.)	824.00	829.00
December	844.00	829.00
Kohinoor (per kg.)	11.00	11.00
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.87	17.87
20s Gokak	22.75	23.00
30s New Great	28.75	29.50
40s Madura	32.62	32.62
50s Finlay	62.87	62.87
80s Modern	68.00	68.50

GROUNDNUTS GIVE WAY

(From Our Own Correspondent)

BOMBAY, 13*th September*

The feature of trading in the oilseeds market this week was the sharp decline in prices of groundnuts and groundnut oil, the futures contracts touching the lowest levels of the season. The decline followed nervous liquidation by some stockists who feared a bumper crop during the current (1960-61) season. One estimate placed the total output at as high as 2.8-3.0 million tons (kernels), as against only 2.3 million tons gathered in the previous season. Even the rumours that Government would soon announce an incentive scheme for groundnut oil exports in view of Government's anxiety to promote exports, as revealed during the discussions at the Export Promotion Advisory Council meeting at New Delhi, failed to enthuse the market. For operators felt that the world prices, too, would come down further in view of the anticipated substantial increase in world groundnut crop. In the meantime, the Oilseeds Exchange has addressed communication to the Union Ministry of Commerce and Industry, opposing any move to ban exports of groundnut expeller oilcake. The Exchange is of the view that exports of expeller cake should continue to be allowed on a quota basis as at present. The communication followed a meeting held on the 8th inst. at New Delhi under the auspices of the Ministry of Commerce and Industry whereas the possibility of imposing a ban on expeller cake exports was indicated, presumably as a sequel to the plea put forward by solvent extraction industry for the reservation of the entire indigenous expeller cake supplies to itself.

Castorseeds, too, ruled easy on account of the persistent bleak prospects for castor oil exports. The reports that the U.S. Government proposed to release as much as about 70,000 tons of castor oil *from out of* the stockpile ruled out the possibility of the revival of large scale buying of Indian castor oil by the U.S. The domestic production of castorseeds is also expected to be larger this season. In contrast, linseeds were held firm, thanks mainly to tight supplies and good demand, partly from certain industries, and partly for the purpose of mixing it with more costly edible oils. Cotton seeds ruled quietly steady.

Groundnut January 1962 contract were moved down from Rs. 207.75 to Rs. 203, before finishing at Rs. 205. Nizam bold fell by Rs. 3 to Rs. 45. Both Coromandels and Khandesh quality dropped Rs. 2 to Rs. 46. Oil ex-mill and railway receipts declined by 60 nP each to *Rs. 19.75 and Rs. 16.55*, respectively. Oil January 1962 contract shed 35 nP to Rs. 16.55.

Castorseed March 1962 contract receded by Re. 1.87 to Rs. 162.25, after fluctuating between Rs. 161.87 and Rs. 163.25. Ready Kanpur lost 87 nP to Rs. 32.25. Madras quality eased by 38 nP to *Rs. 33.62*. Oil B.S.S. slipped from Rs. 15 to Rs. 14.80.

Linseeds September 1961 contract picked up Re. 1.50 to Rs. 39.75. Bold ready advanced by Re. 1.13 to Rs. 39.25 and oil by 40 nP to Rs. 16.75.

Among cottonseeds, September 1961 contract strengthened by Rs. 2.75 to Rs. 93. March 1962 contract gathered 50 nP to Rs. 90.50. Whites were maintained at Rs. 19.25. Both Non-Whites and Berars, however, *lost 25 nP to Rs. 18.50*.

Sesame bold were hammered down from Rs. 270 to Rs. 240. Sesame oil fell by Re. 1.20 to Rs. 20.80.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	13-9-1961	6-9-1961	30-8-1961
Groundnut	Rs.	Rs.	Rs.
January 1962	205.00	207.75	214.62
Nizam bold	45.00	48.00	49.00
Coromandel ready	46.00	48.00	49.25
Khandesh quality	46.00	48.00	49.25
Oil ex-mill ready*	20.00	20.60	20.75
Railway receipts*	19.75	20.35	20.50
Oil January 1962	16.55	16.90	17.62
Castorseed			
September 1961	166.75	165.12	169.12
March 1962	162.25	164.12	167.87
Ready Madras	33.62	34.00	34.37
Ready Kanpur	32.25	33.12	33.25
Oil B.S.S.†	14.80	15.00	15.40
Oil commercial†	13.50	13.60	13.75
Linseed			
September 1961	39.75	38.25	39.31
March 1962	39.25	38.25	37.87
Bold ready	39.25	38.12	38.50
Oil ready†	16.75	16.35	16.45
Cottonseed			
September 1961	92.00	90.25	93.25
January 1962	90.50	90.00	91.50
Niger seed	39.50	39.50	40.50
Kardi seed	24.00	24.50	25.00

* Rates include *excise duty but exclude sales tax*.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

TEA IRREGULAR

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 5*th September*

At sale No. 36 held on Tuesday, 5th September a total of 362,145 kilograms was on offer. Nilgiri quality was irregular with only one or two invoices showing improvement. From other districts quality showed little change. There was less general demand with prices declining as the sale progressed. Highgrowns met with good support. Brokens were generally *easier* but the one or two invoices showing improved quality were fully firm to dearer. Similar B.O.P.F. were irregular and sometimes dearer. Plain and low mediums came to an irregular market and were lower by about 10 to 20 nP. Mediums were *in less demand than previously and* declined by up to 25 nP per kilo. Black leaf teas were slightly easier. Whole leaf grades came to an easier market although the best sold well. C.T.C. and C.T.C. types met weak support and were generally lower.

The quotations (per kg.) were:

	1961	1960
	Rs.	Rs.
Low mediums	4.20/4.40	4.00/4.25
Mediums	4.25/4.45	4.30/4.55
Good mediums	*No quotation*	4.55/5.15
Nilgiri B.O.P.	5.00	7.70

The average price realised in sale No. 36 was Rs. 4.66 per kilo, as against Rs. 4.79 in the previous week and Rs. 4.80 in the corresponding sale last year.

Dust Sale No. 35: In dust sale No. 36 held on Wednesday, 6th September 17,311 kilograms were on offer. There was good general demand. Low mediums and poorer sorts met good but irregular demand with prices about steady but sometimes easier. Mediums were well supported with the coloury types selling well at firm rates but others often selling easier. The few highgrowns on offer sold well with prices barely steady. C.T.C. and C.T.C. types were slightly easier to buy.

The average price realised in dust sale No. 36 was Rs. 4.69 per kilo as compared with Rs. 4.78 a week ago and Rs. 4.35 in the corresponding sale last year.

Export Quota: Some business was reported in Calcutta at 1 nP per kilo. There are now sellers at this price with no buyers.

Colombo: 6.7 million lbs. were on offer in this week's sale. The market opened on an easier note for Westerns but was dearer at the close. Best mediums were easier whilst others were slightly dearer. Uvas met fair demand and were irregular following quality. Lowgrowns were barely steady.

London: North Indian and other growths: In Monday's sale there was good demand for nearly all types except plainest sorts. The best teas on offer met strong and active demand. In Wednesday's sale best Assams met good support and showed a dearer tendency. Other sorts came to a firm market.

Ceylon and South Indians: In Tuesday's sale when 33,746 packages were offered, 8,831 originated from South India. All teas came to an irregular market with fair demand. The trend of the market was considerably easier.

TEA HARDENS

(From Our Own Correspondent)

CALCUTTA, 11*th September*

Increased demand at the internal sale held here in the last week pushed up prices of dusts. Arrivals of teas from upcountry areas to Calcutta port received a setback, and it is apprehended that the heavy rains which Eastern India is experiencing now, would result in hold-ups all along the route. Nevertheless, tea bookings to the United Kingdom during the week were satisfactory, but the smooth progress of the season has been affected. That explained for the trend of higher prices in the internal sale held in the last week.

Prices in export auctions, too, are expected to improve. It was noted that in the last week's sales in Mincing Lane keener demand pushed up prices of Assams. African good liquorings were keenly competed for but support for other Africans being poor there were a number of withdrawals, prices of South Indian teas on offer declined, and that Ceylon teas met with poor demand. Trade circles felt satisfaction that while teas from other producing areas including South India fared badly Assam teas were in the forefront, *scoring a modest* gain in price. That explained for the expectation that prices in export auctions here would move up. Tea stocks in London amounting to 125.5 million lbs. in the week ended 1st September are almost the same as in the previous week.

At the internal sale held in Calcutta on Wednesday last, offerings of dusts amounted to 25,320 packages. Demand showed a rise and prices realised were higher. Among C.T.Cs, the small and bright teas were firm and occasionally dearer, while the fibrous teas found no buyers. The small *powdery teas were in good demand*, but the plain leafy teas eased by 10 nP. The bright liquoring Assams met with increased demand. Non-withered-cut teas were generally a weak feature, but a few selected lines sold well. The quotations per 1 kg. including excise duty were: good Assam C.T.C. dust Rs. 6.50 to Rs. 6.90, medium Assam C.T.C. dust Rs. 5.70 to Rs. 6.10, legg-cut dust Rs. 4.50 to Rs. 5.20, medium Assam dust Rs. 4.40 to Rs. 5.00, and plain orthodox dust Rs. 4.10 to Rs. 4.40.

Prices of leaf offerings amounting to 223 packages eased.

JUTE GOODS ADVANCE

(From Our Own Correspondent)

CALCUTTA, 11*th September*

On good support, both raw jute and jute goods were well maintained during the week under review. In fact, hessian scored modest gains, as there was buying on behalf of both the U.S. and Argentina. In view of increased production, mills require more fibre. The bufferstock authority is expected to come into being by the end of this month. However, there is at present no intention to fix minimum prices. Appreciating this view of the Government, trade circles point out that, now that mills have started buying in increased quantities, there can be no question of fibre prices moving down. The creation of bufferstocks is a step in the right direction, as this will prove to be in the interests of mills as well as growers, and keep down speculative manipulation. As experience has shown, it is in the initial months of the season that fibre prices fall and, towards the end of the season, prices shoot up to unrealistic levels. Both these can be avoided through bufferstocks. When prices of goods move up, overseas buyers withdraw from the markets causing a decline in exports and leading to a fall in the country's earnings of foreign exchange. In the interests of the fibre trade and the jute mills industry, it is essential that conditions in the markets should be stabilised, and it is realised that bufferstocks of fibre will substantially contribute to such an aim.

It is a well-known fact that prices of raw jute and goods are often fluctuating widely, in view of large speculative manipulations. The recent high levels touched was in no small measure due to speculation. As such, the reduction of trading hours of the East India Jute and Hessian Exchange and imposition of a daily limit of transactions on its ring members in sacking bags with effect from 9th September have been hailed as steps in the right direction. A ring member cannot now put through transactions in sacking bags for more than 6,000 bales. No such limit has, however, been fixed in hessian and raw jute contracts. Ring members are required to submit daily returns showing business done on own account and that done on behalf of non-ring member clients. These steps followed recent discussions by the Forward Markets Commission with the I.J.M.A. representatives and the Exchange. The Commission also proposed to take stringent measures to prevent kerb trading. The Commission has made no secret of its plan to take more stringent measures, if the steps taken now do not lead to fruitful results. It should be noted that the steady conditions in fibre markets during the week had been in no small measure due to the Commission's loud thinking on the subject of stabilising the conditions in the market.

The publication of details of goods in stock with mills as at the end of August was one of the factors which caused prices of goods to firm up. For these details showed that stocks had now touched low levels. Stocks at the end of August were as low as 84,100 tons, representing a decline of 7,100 tons as compared with the previous week. Sacking

fell by 3,600 tons, hessian by 3,400 tons and miscellaneous constructions by 3,400 tons. Output in August was no doubt affected by the shortage of fibre. There was good covering business reported on Tuesday last in both hessian and sacking against ready delivery. There was also keen activity in the futures. The result was the price of ready hessian 40" 10 oz. steadied around Rs. 49.25 and that of ready B. twills around Rs. 132.25. On Wednesday, prices fluctuated widely as a result of activities in the futures market. Mills utilised the opportunity to sell as prices advanced. However, profit-taking intervened to reduce gains to Rs. 133 in respect of B. twills and to Rs. 49.75 in respect of hessian 40" 10 oz. The stock figures were announced on Thursday and, although they revealed a heavy fall in August, the decline in fact failed to come up to earlier expectations in the market. The immediate reaction, therefore, was a decline in goods prices, with B. twills quoting at Rs. 132 and hessian 40" 10 oz. at Rs. 49.25. But, soon, it was realised that the statistical position had reached the danger level and that, in the interests of stabilisation of prices and greater business from export agencies, production in mills should be increased. At this stage, fair business in hessian with the United States and Argentina took place, and on Friday ready hessian 40" 10 oz. was marked higher at Rs. 51. B. twills rose to Rs. 133.00. Although during the week export business had not been as much as anticipated, there was brisk covering business. Over the week-end, covering business was again a feature pushing up ready hessian 40" 10 oz. to Rs. 32.00. In sympathy, B. twills hardened to Rs. 135.00.

Mills showed greater interest in fibre. Prices were well maintained. Heavy rains during the week have further accelerated harvests. Arrivals are on the increase and are expected to go up week by week. However, there have been complaints as regards quality. While Northern bottoms recorded a fractional rise to Rs. 36.00 a maund, Assam bottoms and Daissee bottoms were unchanged and firm at Rs. 35.50 and Rs. 39.00, respectively.

Firmer conditions were also reported in Pakistan markets. This followed higher Calcutta advices, and a fall in arrivals into baling centres. For middlemen who had purchased fibre in the mofussil markets at rates lower than those existed at that time in Narayanganj had sustained losses, since by the time the fibre moved to baling centres prices had further declined. As a result of this, those who had sustained losses are slowing down arrivals now. Arrivals in Narayanganj were about 10,000 to 15,000 maunds a day during the last week, as against 30,000 to 40,000 maunds a day at this time in the last year. As a result, prices of cuttings and loose jute have gained by a few points. The firm announcement by the Pakistan Jute Board Chairman that there would be no further cut in the E.P.C. price led to the feeling in Narayanganj that the worst phase of the slump was now over. That explained for this week's recovery. In the export market in Pakistan, buyers paid little attention; however, now that prices have begun to move up, chances of raising E.P.C. prices are not ruled out. Overseas buying is expected to get accelerated. During the week, exporters showed greater interest at the rise, and Pakistan mills were also active buyers. The feature was the good business done in *pucca* bales with Poland and Czechoslovakia.

BASE METALS FIRM

(From Our Own Correspondent)

CALCUTTA, 11*th September*

Base metals were maintained firm at higher levels earlier during the week under review. However, a subsequent reaction set in following a break in prices on the London Metal Exchange, where tin opened at £972 a ton and gradually receded to close at £950. At Calcutta, there was a seasonal fall in demand owing to the consideration of impending *Pooja* holidays. It was reported that the Madras Government was opposed to any further expansion of industries using non-ferrous metals as raw materials in view of the shortage. An acute shortage of copper scrap contributed to the firmness of berry quality scrap at Rs. 480.25 per 100 kgs. and utensil scrap at Rs. 442.75 in the local market. A prominent cable factory in the Calcutta area reported the apprehension that Government's insistence on cable plants to gradually replace copper by aluminium for producing cables might result in a setback to its production programme. A Government tender for substantial quantity of copper wire was a feature of the week.

In London, copper closed lower at £231½ a ton, after opening higher at £234½. The fall was attributed to the increased stock position in London, despite the difficult strike situation in Chilean copper mines. Continental inquiry on London was on a modest scale. The forthcoming meeting of International Tin Council, now scheduled to take place in mid-September, was awaited with keen interest. For the meeting would consider and announce the floor price of the bufferstock manager. A higher floor price was anticipated, as on that depended prospects of increased production. Producing countries, namely, Malaya, Congo, Bolivia, and Indonesia, look forward for a higher ceiling price in order to compensate them for increased cost of production in the event of a glut in supplies and a reaction in open market conditions. It was estimated that world consumption of tin was running in the order of 188,500 tons, while production this year is not expected to be more than 151,000 tons. Floods have hampered production in Bolivia, whereas that in Congo cannot be estimated due to the continuing political uncertainties. Bolivia has announced its intention to produce as much as 18,000 tons, but whether this figure will be realised is doubted by market circles. Malaya, the largest producer of tin, is eager to increase production if it is assured of compensation for increased cost of production in working abandoned and marginal mines. The break in London price just on the eve of the meeting of the Council would only add to Malaya's apprehensions. The release of 1,000 tons of Longhorn grade tin by the U.S. Government, market circles noted, preceded the fall in London.

Electrolytic zinc in London opened at £75 a ton and, in sympathy with copper and tin, moved down to close at £73¼ a ton. Lead in London was unchanged at £64 a ton. In Calcutta, in view of high prices, demand for zinc declined, but the price was firm at Rs. 328.75 per quintal. There was no change in the price of lead at Rs. 135.75 per 100 kgs.

FOODGRAINS ARRIVALS SMALL

(From Our Own Correspondent)

HAPUR, 11*th September*

Steadier conditions were witnessed in the foodgrains market during the week under review. Arrivals were small and reports of heavy losses to *kharif* crops as a result of floods continued to pour in. The flooded areas are evincing good demand. Wheat recorded fractional gains to be quoted on Monday at Rs. 15 to Rs. 15.25 a maund for *dara* quality and Rs. 15.50 to Rs. 16.25 for better farm produce. Daily arrivals of wheat continued to be small at an average of 75 maunds which were being lifted by consumers and local stock with trade was almost stationary at 25,000 maunds.

Preparation of land for *rabi* sowings is now in full swing, thanks to clear weather in the last few days. As the land recently vacated from *kharif* crops is now available for cultivation, it is gathered that *rabi* sowing acreage would increase on that account.

Rice ruled quietly depressed. Following last year's bumper crop, prospects this year are also bright, thanks to fairly heavy rains. Week-end price were:—rice *mainpuri sela* Rs. 22.25; *gadda kutcha* Rs. 22.12; *ramajwayan sela* Rs. 24; *raimunia sela* Rs. 25; *basmati sela* Rs. 29 to Rs. 31; superior Rs. 34 to Rs. 38 a maund.

Gram recorded modest gains on firm Punjab advices. It was again reaching here from the Punjab and reports of damage to *kharif* crop was the only hardening factor. The local stock was still heavy around 40,000 maunds. Barley and *bejhar* also recorded fractional gains on better buying support in the face of poor arrivals of new maize crop. Harvesting of maize had been done on a large-scale but arrivals of new produce were being hampered due to cloudy weather, though they were expected to rise soon. Maize was quiet, as quality reaching the market was damp. *Juwar* and *guwar* were listless on poor demand. *Methi* was much in request from Calcutta and Rajasthan side and prices were steady. Week-end prices (in rupees per maund) were:— gram Punjab 13.50 to 14; barley 11.25; *bejhar* 11.25 to 12; *juwar* 11.50; *guwar* 14.25; maize 12; *bajra* 15; *methi* 27; oats 12.

U. P. REMOVES CONTROL ON SUGAR

(From Our Own Correspondent)

HAPUR, 11*th September*

After ruling quiet during the major part of the week, sugar sought lower levels towards the week-end, thanks to the removal of sale and distribution restrictions from sugar in the U.P. Mill delivery was quoted at Rs. 104.50 per bag. The supply position of sugar was easy and became more comfortable, following the fresh monthly release of 200,000 tons for sale. Exports were still far from satisfactory and a heavy carryover was expected at the beginning of new season on 1st November. Prevailing prices were: Rs. 105.50 per bag spot delivery and retail 97 nP per *seer*.

Sugar also drifted lower in the Muzaffarnagar market, owing to the withdrawal of curbs on sugar movement in the State. Damaged sugar registered a sharp decline of Re. 1 to Re. 1.50 per bag, due to slack demand from *boora* manufacture. Week-end prices were:—spot delivery dry C-29 and E-29 at Rs. 107.75 and Rs. 106 per bag, respectively. Damaged sugar was done at Rs. 100.50 to Rs. 102.50 per bag.

Quiet conditions were witnessed in the *khandsari* market. *Galawat* lost a rupee per maund following depressed prices in the crystal section. *Dana minja* attracted good buying support from east U.P., Jammu and Kashmir and week-end prices were: *galawat* Rs. 25 to Rs. 30, non-crystal Rs. 32.50 to Rs. 36.50, crystal Rs. 34.50 to Rs. 36.50 per maund; *dana minja* Rs. 17 to Rs. 20.50 a maund.

Dry *gur* attracted good buying support, while inferior wet stuff was not at all in demand. Stocks here as well as in other *mofussil* markets were better than last year and, as the week's offtake was five wagonloads, local stock declined to 16,000 maunds. Cane crop prospects were bright and, as factories were not going to increase their purchasing bonds and cane crop would be a bumper one following increased acreage and heavy rains, it was gathered that *gur* production would increase in the coming season which would begin early in October. Week-end prices were: dry selected *gur* Rs. 16; *kotha* Rs. 14 to Rs. 15; wet Rs. 12.75; *shakker* Rs. 18.

Buyers from Gujarat were hesitant to make bulk purchases in the Muzaffarnagar market during the week, owing to commencement of new *gur* in the South and Punjab dealers only purchased dry stuff. Week-end prices were: *Chaku* dry Rs. 19; *shakker dara* Rs. 17 to Rs. 20; *masala* Rs. 21 to Rs. 23.

Gur futures ran down sharply during the week, as bears predominated the market. Fagun opened at Rs. 13.29 on Monday and, after touching the highest of the week the same day at Rs. 13.37 and declining in successive sessions, was quoted at the lowest level of Rs. 12.95.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 13th September 1961.

	Closing quotations 7-9-1961	High	Low	Closing quotations 13-9-1961
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	182.50	182.75	181.50	182.75
Apollo (2)	1.84	1.88	1.82	1.88
Baroda Rayon (100)	138.25	141.00	139.00	139.00
Bombay Dyeing (25)	64.00	66.00	64.50	65.00
Bradbury (50)	143.00	—	—	141.50
Central India (100)	118.50	125.00	118.00	125.00
Century Mills (100)	681.00	692.00	563.00	564.50xr
Coorla Sp. (100)	135.00	—	—	135.00
Dawn (50)	131.50	132.50	132.00	132.00
Edward Textile (200)	301.00	305.00	304.00	305.00
Elphinstone (50)	84.00	87.00	83.00	86.00
Finlay (100)	315.00	319.00	315.00	319.00
Gokak (100)	188.00	192.50	188.00	191.00
Gold Mohur (100)	250.00	252.50	250.00	252.50
Gwalior Rayon (10)	48.00	50.00	48.25	49.00
Ind. Untd. Defd. (1)	1.88	1.90	1.86	1.88
Ind. Untd. Ord. (10)	15.24	15.28	15.20	15.24
Indian Rayon (75)	72.00	72.50	72.00	72.50
Indore Malwa (100)	158.00	160.50	157.00	160.00
Khatau (100)	477.50	492.50	470.00	471.25
Kohinoor (100)	279.00	288.00	279.25	285.00
Lakshmi (250)	602.50	606.25	602.50	606.25
Mafatlal (100)	790.00	832.50	798.75	832.50
Minerva Mills (100)	80.00	—	—	80.00
Model Nagpur (250)	70.00	95.00	70.00	95.00
Morarji (100)	386.00	392.00	380.00	388.00
Mysore (50)	67.00	—	—	67.00
National Rayons (100)	514.50	535.50	513.00	532.50
New City (100)	145.00	—	—	145.00
New Great (100)	225.00	—	—	225.00
Phoenix (100)	169.50	176.00	170.00	176.00
Podar Mills (100)	135.00XR	139.00	133.00	139.00
Raymond Woollen (100)	113.00	117.00	115.00	117.00
Sassoon Silk (10)	15.08	—	—	15.08
Sassoon Spg. (10)	62.50	67.00	63.00	66.50
Shrinivas (100)	264.00	271.00	266.00	267.00
Simplex (50)	191.00	198.00	165.00	166.00xr
Standard (100)	1,142.00	1,225.00	1,139.00	202.00
Svadeshi (100)	247.50	259.00	248.00	1,257.50
Swan (100)	605.00	612.50	600.00	612.50
S. I. Viscose (100)	175.00	182.00	178.00	182.00
Tata Mills (25)	63.00	65.20	63.00	65.00
Vishnu (100)	138.00	140.00	138.00	140.00
Western India (1,000)	3,725.00	—	—	3,725.00
BANKS				
Bank of India (50)	132.50	133.00	132.50	133.00
Do. (New) (50)	133.50	134.50	134.00	134.50
Bank of Baroda (50)	102.50	103.00	102.00	103.00
Central (25)	62.00	62.50	62.00	62.50
Central 'A' (25)	62.80	63.50	62.00	63.00
Dena Bank (50)	61.50	—	—	62.00
Punjab National (10)	24.00	—	—	15.52xr
Union Bank (5)	6.88	7.00	6.88	7.00
United Com. (50)	90.00	91.00	90.00	91.00
ELECTRIC COS.				
Ahmedabad (100)	90.00	90.80	89.30	90.50
Amalgamated (10)	11.12	11.12	11.00	11.12
Andhra Valley (1,000)	1,027.50	1,030.00	1,027.50	1,030.00
Bom. Sub. El. (100)	97.50	98.50	98.00	98.50
Surat (100)	98.00	—	—	98.00
Tata Hydro (100)	108.50	108.50	108.00	108.00
Tata Power (1,000)	1,097.50	1,110.00	1,100.00	1,110.00
INSURANCE COS.				
British India (10)	12.24	—	—	12.24
Indian Mercantile (20)	50.00	—	—	50.00
New India (10)	57.20	57.80	57.20	57.80
New India 'A' (15)	58.50	59.00	58.50	59.00
Vulcan (10)	16.52	—	—	16.52
STEEL COS.				
Ind. Iron (10)	24.84	25.30	24.08	24.20xd
Mukand Iron (10)	25.75	27.75	26.00	27.35
Tata Steel Ord. (75)	148.00	149.50	143.00	143.50xd
SUGAR COS.				
Belapur (50)	274.00	278.00	271.00	276.00
Bhopal (10)	24.80	—	—	24.80
Changdeo (12.50)	22.92	—	—	22.92
Phaltan (50)	136.00	138.50	136.00	138.50
Walchand Ind. (100)	164.00	165.00	162.00	163.00
CEMENT COS.				
Associated Cts. (100)	158.50	162.00	158.50	161.50
Digvijay (100)	165.50	173.00	167.50	172.50
Orissa (10)	15.16	15.40	15.16	15.32
MISCELLANEOUS				
Alcock Ashdown (100)	286.00	297.00	286.00	294.00
Bom. Burmah (125)	576.00	592.00	576.00	588.00
Do. (New) (50)	216.25	220.00	215.00	220.00
Br. B. Petrol (1 sh.)	1.18	1.18	1.16	1.18
Br. I. Corpo. (5)	7.12	7.24	7.16	7.20
Cooper Eng. (100)	178.50	182.50	178.50	182.50
Colour Chem. (100)	336.00	343.75	335.00	343.75
Hind Cycle (100)	92.50	110.00	95.00	109.50
Hindustan Lever (10)	47.50	48.00	47.50	47.75
Hindustan Motors (10)	18.28	19.48	18.28	19.48
I. C. & Invest. Corporation (100)	84.80	—	—	84.80
Indian Dyestuff (100)	430.00	455.00	430.00	450.00
Indian Copper (2 sh.)	4.04	4.08	4.76	4.80xd
Ind. Inv. Tr. (100)	73.00	—	—	73.00
Killicks (100)	97.00	97.00	96.30	97.00
Larsen & Toubro (10)	36.75	37.90	36.75	37.50
Mahindra & Mahindra (10)	18.36	18.56	18.32	18.32
New Central Jute (10)	17.40	—	—	17.40
Polson (100)	163.00	—	—	164.25
Pre. Automobiles (100)	153.25	157.00	153.00	156.25
Premier Con. (80)	182.00	188.00	182.00	186.50
Scindia (20)	12.20	12.48	12.16	12.32
G. E. Shipping (10)	13.12	13.40	13.12	13.12
Shivrajpur (10)	92.50	97.00	93.00	96.00
Sirpur Paper (10)	14.04	15.20	14.08	15.04
Tata Chemicals (10)	16.92	17.08	16.60	16.92
Tata Locomotive (100)	334.00	347.00	339.00	342.50xd
Tata Oil (25)	68.00	70.00	67.80	70.00
Texmaco (10)	16.52	17.24	16.48	17.08
Voltas (100)	276.00	286.00	277.50	284.00
W. I. Match (100)	274.00	277.00	274.00	277.00
W. Coast Paper (100)	169.50	170.25	169.00	169.50

GOVERNMENT SECURITIES	7-9-1961	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	13-9-1961
	Rs			Rs.
2½% 1962	99.15	—	3.47	99.15
2½% 1963	83.50	—	4.23	83.50
3% 1964	98.95	—	3.34	98.95
3% 1963-65	98.70	3.60	3.33	98.70
3% 1966-68	98.30	3.82	3.61	98.25
3% 1970-75 1st Dev	90.95	4.10	3.85	90.90
3% 1986 Con. Loan	72.70	—	4.11*	72.80
3½% 1964 N. P. Loan	99.95	—	3.53	99.90
3½% 1965 N. P. Bonds	99.95	—	3.53	99.90
3½% 1962	99.95	—	3.53	99.90
3½% 1967 N.P. Bonds	99.10	—	3.80	99.05
3½% 1969 Loan	99.55	—	3.66	99.10
3½% 1974	98.75	—	3.79	99.60
3½% 1967 N.P. Bonds	100.50	—	3.70	100.50
3½% 1969 Loan	98.45	—	3.66	98.45
3½% 1972	98.75	—	3.73	98.05
3½% 1968 N.P. Bonds	100.10	—	3.72	100.10
3½% 1968 N.P. Bonds	100.40	—	3.45	100.40
4% 1973 Loan	100.30	—	3.67	100.30
4% 1975 Loan	100.35	—	3.96	100.35
4% 1979 Loan	99.75	—	3.97	99.75
2½% 1966 Bonds	99.70	—	4.02	99.70
4% 1960 Loan	99.20	—	3.57	99.20
4% 1981 Loan	98.50	—	4.06	98.50
		—	4.11	

*Current Income. xd—Ex-dividend. XR.—Ex-Right.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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I.M.F. AND DEVELOPING COUNTRIES

OF the Bretton Woods Twins and their offspring, it is the I.M.F., the short-term lender in the last resort, that has stolen the show this year. At the annual meetings of these specialised U.N. agencies, currently being held at Vienna under depressing international political atmosphere heightened by the Congo tragedy resulting in the death of the widely-respected U.N. Secretary-General, Mr. Dag Hammarskjoeld, it is Mr. Per Jacobsson, and not Mr. Eugene R. Black, who is the central figure. It has fallen to the lot of Mr. Jacobsson to conduct some delicate negotiations, particularly with the French, German and Italian delegations, for expanding the Fund's resources. And it is equally true to say that, of the annual reports of the I.M.F., the World Bank, the I.F.C. and the I.D.A., all released this week, that of the Fund holds the interest of readers more than those of the remaining three. This report contains some significant admissions and suggestions, on top of the customary review of world economic trends, which serve as a useful background for the discussions now taking place at Vienna on world payments situation and maintaining the stability of foreign exchanges. There is, for the first time, perhaps, an increasing recognition in the I.M.F's annual report of the importance of primary producing countries, an expression used to cover the underdeveloped areas. The report, for instance, concludes its description of the world payments situation thus: "The Fund has been able to extend financial assistance to a number of countries which have adopted programmes aimed at economic stability; it is equally anxious to contribute, within the powers given to it, as its Articles of Agreement stipulate, 'to the development of the productive resources of all members.'" This reaffirmation is in refreshing contrast to the impression given by the earlier reports of the I.M.F. that its primary concern was with the developed countries.

Almost all the borrowers of the Fund's resources in the fiscal year 1960-61 were the developing countries, while the developed countries repaid their earlier borrowings. The Fund lent currencies equivalent to $577 million during the year ended 30th April 1961, while it received, by way of repayment, $659 million, quite a good part of which represented advance payments. This picture of outgo on account of developing countries and receipts from industrial countries reflects the pattern of balance of payments situation in 1960-61. The liquidity position of the latter countries experienced a distinct improvement, while that of the former deteriorated. The Fund's report shows that the international reserves of the industrial countries other than the U.S. increased from $19.6 billion at the end of 1959 to $24.2 billion at the end of 1960. So far as the U.S. was concerned, the crisis of confidence in the dollar came to an end as the year drew to a close and a return of confidence was in evidence even during the first quarter of 1961, thanks to the firm stand taken by the Kennedy Administration and a large trade surplus. The primary producing countries as a whole suffered a balance of payments deficit of $1.25 billion, as their imports expanded faster than exports. As this deficit was in excess of the inflow of capital and economic aid, their foreign exchange reserves suffered a net fall. Although the high level of economic activity in the developed countries enabled the developing countries to export more, the terms of trade were unfavourable to them. It is true that, notwithstanding an increase in wages in industrial countries, price levels there were substantially stable due to large increases of productivity, but as against this stability in import prices, the developing countries had to accept lower prices on their exports due partly to keener competition among them and absence of strong demand from the U.S.

This trend has continued so far in the current year also. While the prospects of an improvement in the terms of trade of underdeveloped countries are remote, thanks to a variety of factors such as expansion in the productive capacity of primary products, domestic inflationary pressures and the increasing self-sufficiency of industrial countries in many directions, their import needs are bound to grow, because of their understandable and legitimate desire to raise their living standards through industrialisation. So what is the solution? The Fund's annual report faithfully reflects the desires of the developing countries when it says:

> "The primary producing countries are naturally eager not only to have the upward trend in economic activity in Europe continue, but also to have recovery in the United States gather momentum and lead to increased U.S. imports. For them, it is a matter of vital importance to find satisfactory outlets both for their traditional products and for such other commodities as they may produce by diversification of their economies. In particular, the primary producing countries ask the industrial countries not to seek solutions for the problems of their farmers, miners, or industrial producers, by means of policies that transfer the weight of adjustment on to the economically weaker producers in the other countries. The strength and wealth of the industrial countries should be used not only to give economic aid to the countries with lower *per capita* incomes, but also to absorb more readily the growing diversity of their products."

The point made in the last sentence of the quotation above was reiterated in the speeches of many Governors of the Fund and the Bank at Vienna, including Mr. Morarji Desai, India's Finance Minister. At the same time, the underdeveloped countries have to help themselves by following prudent economic policies and practices. Drawing attention to this requirement in a gentle and unassuming manner, the Fund's report says:

> "These less developed countries will wish to put themselves in a position where their own economies produce more effectively, and where their economic and financial policies will create a climate that will encourage domestic saving, attract foreign capital, and permit the channelling of these resources into the most productive lines of investment."

None can disagree with the relevancy of this advice. Nor can one say that all underdeveloped countries have already been following it to the fullest extent possible. There are many instances in this country itself which can be quoted to justify this remark. The powers that-be in India and other underdeveloped countries will do well to realise (1) that the developed countries, at least the vast majority of them, have succeeded in mastering inflation and are determined not to allow it to raise its head again, and (2) that their faith in multilateral trade and free convertibility of currencies is stronger than ever before in the post-war period. These features constitute both a welcome development for, and a challenge to, the underdeveloped countries. It is welcome because maintenance of monetary stability in the developed countries is an advantage for the developing countries too, as it means stable prices for their imports and exports alike. It is a challenge because it is necessary for them also to endeavour the attainment of economic growth with stability. Surely, the underdeveloped countries cannot afford to mismanage their economic affairs continuously and then expect the developed countries to pay for their mistakes also.

The I.M.F.'s direct help to underdeveloped countries can only be of a limited nature for the simple reason that, in the case of most of them which have large, continuing deficits on their international payments account, the main cause is their endeavours for a rapid economic development; the provision of loans repayable in a few years is no solution for their problems. Nevertheless, they have a vital stake in the I.M.F. as an organisation meant for ensuring stability of exchange rates, avoiding discriminatory currency practices and facilitating increase in world trade on competitive lines. In this respect, the Fund has to concern itself chiefly with the big industrial countries which have given up exchange controls, abandoned most of the import restrictions, and accepted the obligations of multilateral convertibility. Accordingly, the I.M.F. is essentially a lender to big powers. Since economic stability and growth of big powers are important for the well-being of small powers, a strong I.M.F. that can effectively help the former in overcoming their balance of payments difficulties is also to the latter's benefit. Naturally, therefore, they cannot but wish success to the serious attempts that are being made to enhance the resources of the Fund further. It is gratifying to find that the lines along which this is sought to be done are realistic and modest, the aim being to use the large accumulation of foreign exchange reserves by the Continental countries and Japan for financing the growing volume of world trade and checking speculative attacks on international reserve currencies more effectively than is the case at present. Some of the ambitious proposals—Triffin, Stamp and Bernstein—which envisage radical changes in the powers and functions of the Fund have rightly been kept out of the Vienna meeting, as [illegible] ready for them yet.

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QUALITY CONTROL FOR EXPORTS

AMONG the various export promotion measures that are being currently discussed, there is one that is of significant value. This pertains to a more systematic process of quality control (through standardisation, certification, grading or other means) and pre-shipment inspection. 'Quality control' here is to be understood as a deliberate and planned activity, having for its object the determination of the quality of a product with a view to accepting it as such in case it satisfies the stipulated requirements, or, to taking necessary measures to correct the quality appropriately in case it does not satisfy those requirements. Such control of quality (which includes statistical quality control) is best exercised during the course of production of an article, actually starting with the raw materials, going through the various processing stages and ending up with the final product, paying due attention to packing, storage and transport. Germane to this process of quality control are: 'standardisation' which establishes a level of comparison (a standard) for judging the quality or suitability of an article for a particular purpose; 'certification' by which a third party, not directly concerned with the purchase or sale of an article, may be called upon to vouchsafe the quality of that article; and 'grading' under which a given produce (particularly natural produce) may be classified into different grades in accordance with agreed standard specifications for the grades. 'Pre-shipment inspection,' which is the process of inspecting a batch of goods just prior to shipment to determine whether it satisfies the conditions for shipment concerned with quality or weight, packaging or contraband character, etc., also forms part of the process of quality control.

The basic and long-range importance of such quality control is all the greater now, for elimination of complaints from overseas buyers about the quality of goods exported from India and their packing so as to maintain enduring trade connections and popularise Indian goods in the foreign markets will, by itself, make for export promotion over the next decade during which the country will need more export earnings. Quite a few relevant factors, which emphasise the need for stricter quality control, have also come into operation in recent years. First, the post-war boom conditions which continued right up to 1953, when overseas buyers used to seek the largest quantity rather than appropriate quality, have ceased to operate since, with the result that the question of quality has assumed importance in the context of keen competition. Secondly, India has reached a stage of development, where it is in a position to export, besides the usual primary products, a variety of manufactured items to the neighbouring countries in Asia and Africa, the communist countries and the industrially advanced countries for the first time. The effect of this shift in the pattern of trade, in so far as quality is concerned, is that the country has now to cater to new specifications other than those traditionally known to the trade. Such diversification of trade, both in commodities and in destinations, is already having a considerable impact on aspects relating to maintenance of the quality of goods exported from the country. Thirdly, the stage has now been set for a big effort to increase the country's exports during the next few years through a series of incentive measures. This is verily the most opportune time to organise maximum possible control of quality of the export products for sustaining and even enhancing their reputation and thereby stabilising the markets for those goods. Special care will have to be taken in the matter of quality control and pre-shipment inspection of both traditional and new export goods, particularly because the Indian exporter will have to face the twin disadvantages of higher internal price and consumer preference abroad for the established brands of other countries.

If this special care is to be exercised, the Government must implement, at the earliest, its decision to accept the recommendations of the *Ad Hoc* Committee on Quality Control and Pre-shipment Inspection (Chairman: Dr. Lal C. Verman). In making its recommendations, the Committee has also been guided by the success which has flowed from the enforcement of the Export Inspection Law which the Japanese Government enacted in 1948. In the light of this Japanese experience and also of our own limited effort so far at quality control and pre-shipment inspection as under the Tea Act, 1953, the Coffee Act, 1942, the Coir Industries Act 1953, and the Drugs Act 1940, the Committee has categorised the types of controls which should be exercised on goods exported from the country. The recommended types of controls are:

1. There should be a prohibition on the export of articles intended for human consumption or applications and those affecting the health and safety of persons, unless they conform to rigid quality standards. Items which fall within this category are drugs and medicines, toilet articles, food articles, poisonous substances, explosives, cosmetic goods, electrical appliances, etc.

2. Where a buyer stipulates, in the contract or in the order, certain specifications for goods, provision should be made to prevent the export of articles which are not certified by an inspection agency as conforming to those specifications. This would require official recognition of many private and public sector agencies which are in a position to issue test certificates for a miscellaneous array of commodities. What is to be guarded against in this, as in the case of any other category of goods, is the element of delay of which the exporter often complains.

3. In respect of those items where standard specifications have been or could be laid down, it should be required that they be inspected and certified before export through the appropriate agency concerned at the time of manufacture or packing. This includes a large category of goods covered (and which could be covered) by the I.S.I. Certification Marks, Agmarks, Itex Mark and several Q-Marks of the States.

4. In regard to some of the other commodities, which are not considered important enough for trade, provision may be made for certification under one or other of the schemes as evidence of conformity to standard specifications. But it may not be necessary to prohibit the export of non-certified goods in this category immediately, until a definite need arises as a result of complaints received.

5. Regarding certain other commodities where standard specifications may not exist or where it may not be advisable to formulate such specifications, it would be useful to introduce a factual inspection of goods before export and to issue a report regarding the actual condition of the goods so that the overseas importer is made aware of the nature of the consignment. Normally, this procedure may not be required to be made compulsory, but, where the pattern of trade is such that there is a possibility of collusion between the importer and the Indian exporter, it may be found useful to require compulsory labelling of goods with factual data.

Having so categorised the types of controls necessary, the Committee has proceeded to make certain recommendations pertaining to organisation. While no violent changes are considered necessary in the existing facilities and operations, there is, according to the Committee, the need for exercising an overall co-ordination of all efforts at quality control and pre-shipment inspection through a central authority established under Parliamentary legislation. It is also recommended that an appeal procedure should form part of the overall scheme for quality control and pre-shipment inspection. On the side of organisation, the recommendations made by the Committee would, however, increase the problem of training the necessary inspection personnel. It has, therefore, uttered a note of caution to the effect that the decision whether a new scheme of quality control and inspection for export should be made compulsory or remain voluntary would have to depend not only on the needs of the trade at the time but on the facilities and personnel available for inspection.

In all cases where quality control and pre-shipment inspection are to be made compulsory, it would, of course, be necessary to introduce I.S.I. Certification Mark or Agmark. For instance, there is immediate need for formulating Indian standards for jute manufactures and for prescribing a procedure for inspection within the mills at the stage of production in accordance with the I.S.I. Certification Marks Scheme. Similarly, national standards are considered necessary for such items of export trade as coir, handloom products and certain handicrafts. An Indian Standard for tea would also need to be evolved by the Indian Standards Institution and the Tea Board together. Cashew kernels shipped from India should be compulsorily graded by the Cashew Export Promotion Council; similarly, pepper should come in for compulsory grading under Agmark. Groundnut oil, linseed oil, castor oil and oilcakes are other export products for which compulsory grading under the Agmark would be necessary. These and some other export commodities which are expected to hold their own in foreign markets would thus have to be brought under appropriate schemes of standardisation and grading. If, at the same time, seaworthy packing standards for individual commodities are also specified, it will go a long way towards promoting exports. All this, of course, cannot be done overnight. But they would need to be done sooner than later, for export promotion today depends as much on the quality of Indian goods as on their competitive costs and the availability of surpluses for export.

MR. H. P. MODY, AN OUTSTANDING INDIVIDUALIST

MR. Homi P. Mody, who completes 80 years today, can proudly look back upon a remarkable career of usefulness to the economic life of the country, generally, and to the Indian cotton mill industry, in particular. If it was in his capacity as the President of the Employers' Federation of India that he served the cause of Indian industry, it was as Chairman of the Millowners' Association, Bombay, that he did yeoman service to the mill industry. In both these capacities, it is noteworthy, Mr. Mody had the enviable distinction of holding office for a considerably long period. His association with the Millowners' Association, Bombay, began in 1927 and, except for the interruption of but one year, he was Chairman consecutively for six years. And, after his election as the first President of the Employers' Federation of India, he held that office for over a generation. That a chairman of the Millowners' Association should have held office as President of the Employers' Federation for so long a period is no chance coincidence. It represents the recognition by the members of the Federation of the pioneering efforts of Bombay millowners, as also of Mr. Mody, in establishing the Federation.

Mr. Mody had ample opportunities, thanks to his long association with the Bombay Municipal Corporation (for over 30 years) and his membership of the Central Legislature (from 1929 to 1943) to serve the business community. But his unremitting service to the cotton mill industry is bound to be gratefully remembered for all time. Commencing with the valiant struggle for the abolition of the excise duty on Indian mill-made cloth and yarn imposed by an alien government in 1896, he ably championed the cause of the industry both before the Tariff Board of 1927 and before the Government of India as the head of a deputation in July 1932 to seek protection against the effects of the depreciation of the yen on the prices of cloth and yarn imported from Japan to the detriment of the Indian cotton mill industry. Nor can a student of the Indian cotton mill industry afford to forget the Mody-Lees Pact of 1933. Although, at the time it was concluded, there were severe criticisms, the pact came to be vindicated eventually by its restrictive effects on imports of foreign textiles into this country. In short, by helping both to reduce imports of textiles into this country and to secure broad-based protection to the indigenous industry, Mr. Mody has served the Indian cotton mill industry to a degree that cannot but evoke respect and recognition.

Mr. Mody's interests were not, however, confined to the cotton mill industry alone. By reason of his association with the House of Tatas, with which, again, he had a long connection of about 27 years, he was in a position to study and appreciate the problems of a number of other industries, including iron and steel, hydro-electric and cement. For a number of years, as Chairman of the Associated Cement Companies Ltd., Mr. Mody used to regale the shareholders at annual meetings with his sparkling wit and innocuous humour. In fact, few chairmen at company meetings have got on as well as Mr. Mody with the shareholders. Mr. Mody has also been associated with insurance and banking. In fact, he is still the Chairman of the Central Bank of India Ltd.

Besides his interest in industry and finance, Mr. Mody is a connoisseur of the liberal arts and a distinguished member of several social bodies and clubs in the City. In political field, he has been a true disciple of Sir Pherozeshah Mehta. He was a member of the Indian Legislative Assembly, of the Constituent Assembly, and of the First Round Table Conference. He was a member of the Viceroy's Executive Council, even which high position he hastened to resign when Lord Linlithgow refused to release Mahatma Gandhi during the latter's fast in jail in 1943. Mr. Mody was also Governor of two States—the U.P. for a full term and Bombay, his home State, for a short while.

The high esteem in which Mr. Mody is held by everybody is the result of his exceptionally amiable disposition, coupled with an unerring sense of humour. There was no field to which he did not import his utter good sense and easy cheerfulness. No better tribute can be paid to Mr. Mody than that paid to him by Mr. J. R. D. Tata at the time of his retirement from the Board of Tata Sons Ltd., in May 1959. Mr. Tata is reported to have then stated: "Sir Homi could consider himself as the chief adviser of Tatas on any and every subject under the sun for as long as he likes or thinks us worthy of his advice." It will be in the fitness of things if we wish this outstanding individualist many happy returns of the day.

MARKET GOSSIP

THE beating of election drums has begun in right earnest, for the General Elections to be held in February-March 1962 are not very far off. Already the Jan Sangh, which aspires for the role of a main national opposition to the Congress Party, has issued its manifesto to the electorate. The Congress has just issued its draft manifesto which has been drawn up broadly in the light of the basic principles laid down early in January last by the Bhavnagar session of that Party. Some of these principles, especially the controversial ones, on which we commented at that time, seem to have been twisted or stretched in the draft manifesto to convey meanings different from what they originally conveyed. Not that these principles, such as the ones pertaining to the role of the public sector, egalitarian taxation and even distribution of economic power, seemed to be good when they were laid down at Bhavnagar; they were bad enough even then. But now they appear worse and still more controversial in the kind of paraphrasing to which they have been subjected in the draft manifesto.

For instance, the directive principle laid down at Bhavnagar said no more than that "taxation should be so devised as to aim at lessening disparities of income and increase the resources available for development." Any further egalitarian twist to the country's tax system which had already its egalitarian bias, we then pointed out, would have the certain effect of vitiating the climate for enterprise and investment and, thereby, of lessening the chances of greater production on which alone would depend the attainment of greater economic equality through additional social services and increases in real incomes and, thus, in real standards of living. To those who could then easily visualise the ill-effects of ill-conceived egalitarian taxation, the following passage in the draft manifesto has come as a painful reminder that, basically, the Congress Party is a doctrinaire socialist organisation, the Prime Minister's disavowals of dogmatism notwithstanding:

"Taxation should be so devised as to aim at lessening disparities of income and increasing the resources available for development. In view of ceiling on land being fixed in rural areas, the question of having a similar ceiling on urban incomes has been raised. The same principle is not *wholly* applicable to urban incomes. But, it is *necessary* to have some limitations on high urban incomes through taxation and *other means* in order to lessen (italics ours) the great disparities that exist today."

The italicised words in the above passage have a disquieting significance. It was said at one time by no less a person than Mr. Nehru himself that ceiling on landholding did not amount to a ceiling on rural income. What was then sought to be conveyed was that land ceilings would not logically lead to ceilings on urban incomes. We had our own misgivings then, for we thought that land ceilings would inevitably generate left-wing pressures for limitation of urban incomes too. That our fear was not exaggerated is now unfortunately proved true, for the draft manifesto conveys that the principle of land ceiling is partly applicable to urban incomes also. It goes a step further and underlines the necessity for some limitations on urban incomes through means other than taxation.

This is, indeed, a disturbing development, even though it is now rather vague and only in the stage of talking. Its ill-effects are already reflected in the share markets where, while it has luckily not caused a scare or a landslide in values, it has certainly checked the recovery from the recent bearish tendencies. As election drums are more loudly beaten in the months to come over the length and breadth of the country, this particular point in the manifesto is bound to have a more chilling effect on the markets. And that will be an ill wind that will do nobody any good. The man-in-the-street, who may be taken in by this 'vision' of greater income equality, will never care to know that an individual (who is not an agriculturist) getting an annual income of about Rs. 50,000 pays a third of it by way of income-tax alone and an individual (who is again not an agriculturist) getting an annual income of about Rs. 20 lakhs pays as much as four-fifths of it as income-tax. If the incidence of wealth tax and other direct taxes are taken into account, the net income will be much less. If this is not already a crippling ceiling on urban incomes, what else is it? To contemplate anything worse would be to generate damaging repercussions in the economy of private enterprise which draws its life blood from private savings.

As for the "dominant" role visualised for the public sector and the proposal to prevent the growth of 'monopolist' tendencies and the 'concentration' of economic power, readers of *Commerce* should be pretty familiar with the views expressed in its columns in January and April last. It has only to be added here that the latest idea that "larger enterprises should normally be in the public sector" is, to say the least, astounding. If this idea were to be implemented, it would mean nationalisation of such big units as T.I.S.Co., I.I.S.Co. and T.E.L.Co., to mention only a few. Is this what the Congress High Command has in mind? If the public sector is to become 'dominant' and if 'larger enterprises' are also to be concentrated in that sector, will not the State become the largest monopoly sector with the heaviest concentration of economic power? Is there any reason to believe that State capitalism will be more humane and beneficent than private capitalism? It would be utterly unwise to revive an unseemly conflict between the public sector and the private sector in a mixed economy in which the two sectors are expected to be, as in fact they are, complementary to each other. As the manifesto itself recognises that the national interest requires harmony between the two sectors, it is folly to give the impression to the general voter that it would be feasible and desirable to enlarge the public sector at the expense of the private sector. Somewhere the line will have to be drawn, so that the growth of the public sector will be strictly limited to the 'infra-structure' and some basic or heavy industries requiring enormous capital outlays which cannot be easily raised by the private sector in the context of the prevailing high rate of taxation and other disincentives.

Jute Industry

It is, indeed, the misfortune of jute industry that it has been subjected to a lot of uncharitable criticism. The criticism is, of course, understandable, if it comes from either the jute growers or the workers in jute mills, both of whom have a direct stake in the fortunes of the industry, but not when it is hurled by some politicians who have styled themselves as the spokesmen of growers and workers. The criticism is all the more uncharitable, inasmuch as it is levelled against the industry by the spokesmen of the West Bengal Government and responsible members of the State Legislative Assembly. The perusal of the Press version of speeches made by some members during the debate on the jute situation in the Assembly on Friday last week betray either an utter lack of understanding of the problems confronting the jute industry or a desire to fish in troubled waters with political gains as the motive. How else is one to explain certain funny suggestions put forth by some members, such as State trading in raw jute, full-fledged controls on jute goods, fixation of price for raw jute at the fantastically high level of Rs. 55 per maund and taking over by Government of jute mills which refuse to implement the Special Committee's recommendations?

None of the aforesaid suggestions was, however, accepted by the West Bengal Assembly. The resolution adopted by it merely commended for acceptance a fivefold approach: (*a*) fixation of a minimum price for raw jute each year, the same being announced before the new crop comes to the market; (*b*) buying of raw jute through an independent agency to weaken the grip of monopolists and speculators and to ensure a fair price for farmers; (*c*) compulsion on mills to set up a buffer stock under the supervision of the Jute Commissioner; (*d*) intensive research work on production of jute goods; and (*e*) provision of adequate loans through co-operative societies to farmers in order "to strengthen their hands against speculators."

Excepting for the suggestion pertaining to the compulsion on mills to establish a raw jute buffer stock, the responsibility for which should be shouldered by the Central Government, the other measures urged by the Assembly are quite sensible. Evidently, the Assembly was convinced by the reply of Dr. B. C. Roy, Chief Minister of West Bengal. Dr. Roy certainly deserves praise for having sought to dispel some of the misgivings expressed by certain members and to put the whole problem in its proper perspective. Here is the Press version of what he said:

"The position of jute growers must be stabilised, if the industry itself is to be stable. I would not countenance the allegation that mills manipulate prices and cause heavy ups and downs in jute production. The millowners are an intelligent lot of people who understand—or who at any rate ought to understand—that stable jute production is in their own interests. . . . I cannot understand how one can suggest that the industry should not modernise installations. This is being done all over the world, and India's jute industry cannot stay in a rut. . . . The mills must be mechanised as far and as quickly as possible. . . . Its (Special Committee's) main recommendations have to be investigated further. . . . To give price support to farmers, State trading may not be very helpful judging by experience in other fields."

Unmindful of the allegations made against it, the jute industry, it must be said to its credit, is endeavouring to maintain a high level of output. The industry has already restored the production cuts effected last month and proposes to enhance the working hours per week from 42½ to 45, with effect from Monday the 25th inst. Indeed, it is felt that it will not take too long to restore the normal 48-hour week, in addition to the progressive unsealing of looms as in 1959-60. But much will rest on the position in respect of supply and prices of raw jute and the demand for jute goods. The preliminary estimates of the current (1961-62) season's crop are very encouraging. The estimates place the aggregate jute and mesta output at 6.5-7.0 million bales, as compared with the 5.2 million bales harvested in the previous season (1960-61). The jute crop in Pakistan also is said to be a high one. In view of the prospects of adequate raw jute supply and of encouraging reports about offtake of jute goods by overseas countries, it looks as though the jute industry has got out of the crisis caused by scarcity of raw jute, though there are some who are forecasting the possibility of the reverse happening, namely, a crisis induced by overproduction.

Indo-U.K. Textile Pact

Simultaneously on behalf of the textile industry in India and Britain, a statement has just been issued announcing a revision in the agreement which imposes a ceiling on exports of cotton textiles from this country to the U.K. The statement says:

"As a result of the acceptance by the Hong Kong cotton industry of the U.K. Government's proposals for an extension of the Hong Kong industry's undertaking to the end of 1962, certain changes are to be introduced in the understandings with India and Pakistan. The changes involve a supplementary quota for India for 1961 of 11 million square yards and for Pakistan of 2.3 million yards. For 1962, the Indian ceiling figure will be increased from 175 million yards to 195 million yards (this ceiling does not apply to imports meant to be re-exported subsequently) and the Pakistan ceiling from 38 million yards to 42.4 million yards. Both countries will receive their proportionate share of any supplementary quotas which may become available in 1962. The Board of Trade will be going ahead at once with arrangements to issue supplementary quotas for 1961. Next year, the administration of the licensing control will be carried out in India and Pakistan and not in the U.K. as hitherto, and detailed arrangements for the transfer, which will be worked out between the respective Governments, will be announced in due course. . . ."

The increase of 20 million yards in the ceiling on Indian cloth exports to Britain for 1962 (the third and final year of the agreement, unless the agreement is extended by a further period) is less by a million yards as compared with the increase of 21 million yards (from 164 million yards to 185 million yards) allowed for Hong Kong textiles. Once again, in allocating quotas, no account has been taken of the respective productive capacities of India and Hong Kong. The quota allotted to Hong Kong is over-generous, considering that this Colony is, as was pointed out by us on an earlier occasion, a tiny island of a bare 391 square miles with a population of no more than 2.75 million, that the Colony does not grow any cotton at all, and that a sizable part of the cotton goods exported by Hong Kong represents goods imported from China and Japan and processed within the Colony. Surely, it is difficult to resist the conclusion that the spokesmen of the Indian cotton textile industry have failed to bargain effectively for a more liberal ceiling with their counterparts in Britain.

World Sugar

Another United Nations Sugar Conference is now in session at Geneva; it began on Tuesday the 12th inst. The main task before the Conference is to make additions and amendments to the International Sugar Agreement, with a view to achieving its primary objective which is twofold: to provide both a fair and a stable price for sugar producers. The plenary session of the Conference ended early this week and the general debate at the Conference proper concluded on the 20th inst. No information is available as to the duration of the Conference, though the general indication is that it may extend upto 4th or 5th of next month.

The outcome of the Conference is awaited with utmost interest by all sugar interests the world over, which is not surprising, for it is on this outcome that will depend the future of the Sugar Agreement, nay, the very existence of the Agreement. So marked are the changes that have occurred in the pattern of world sugar trade since 1958 when the current Agreement was drawn up that the provisions of the Agreement as they stand at present have ceased to be effective in holding the price between 3.25 cents per lb. (minimum) and 3.45 cents (maximum), a price range considered to be equitable for both producers and consumers. Raw sugar in world markets is currently quoted at not more than 2.60 cents per lb.; a few weeks ago, it had touched its lowest level recorded since the war.

The failure of the Sugar Council to bring effective demand and supply into balance must be attributed to the following three factors, besides the Cuban-U.S. sugar impasse:

1. Some countries sell sugar outside the free market under special bilateral and barter agreements with the only purpose of getting the sugar resold later at highly discounted prices, as, for example, Cuban sugar sales by Soviet Russia.

2. There have been sizable sales of sugar by countries which are not members of the Sugar Agreement.

3. A few European producers have been selling semi-refined beet sugar at a depressingly low price of £25 per ton which is well below the actual production cost of £50, the balance being covered by subsidies of various sorts.

These are the conflicting forces at work which will have to be properly reconciled, if the Sugar Agreement is to ensure market stabilisation. Happily, the importance of this aspect was well recognised in the speeches of the representatives of almost all the countries at the plenary session of the Conference. It is particularly gratifying to find that the Russian and Cuban delegates offered the full co-operation of their countries in this task. The maintenance of a balance between the supply of and, the demand for sugar is absolutely necessary but, at the same time, one should, as the U.K. representative, Sir George S. Dunnett, aptly stressed, look to *constructive* marketing policies by exporting countries and domestic policies by importing countries.

The deliberations of the Geneva Sugar Conference are of special interest to India, in particular, because of its emergence as a regular exporter of this commodity. India, it will be recalled, became a member of the Sugar Agreement only recently and was allocated a quota of 112,500 long tons. The quota is, however, too small in relation to the available exportable surplus. In his speech at the Conference, Mr. A. M. Thomas, Union Deputy Minister for Food and leader of the Indian delegation, did well to plead for suitable upward revision in the quota. In support of this plea, he pointed to the "great concern" caused as a result of high produc-

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EQUITIES ERRATIC

UNDERTONE UNCERTAIN

(From Our Own Correspondents)

BOMBAY, *21st September*

THE share market was distinctly erratic during the week under review. Under the impact of a revival of bull support, equities staged a recovery on Friday the 15th inst. But, on the following day, the recovery was halted, with final quotations recording widespread losses, quite marked in some cases. In the subsequent two sessions, the market again resumed the upward march only to be followed by a break on Wednesday. This was mainly due to the socialistic overtones of the Congress Election Manifesto. Further, the proximity of end of account, coupled with the unusual stringency in the money market, induced the bulls to lighten their commitments. Today, the market once again displayed a slightly better tone, probably due to bear covering. There was also some selective buying on reports of L.I.C. support and imminence of an increase in the ex-factory price of cement. Market circles believe that the L.I.C. made sizable purchases of Associated Cements, Larsen and Toubros, Svadeshis, Bombay Dyeings, and Tractors Ltd.

The basic trend of the market is still uncertain. Neither the bulls nor the bears are aggressive. Reports of strike and lockout in the works of Hindustan Motors at Calcutta have reminded the operators that labour troubles will be a factor to be reckoned with in judging the near-range outlook for the market, especially for shares of companies which have not concluded agreements with workers for a period of years. The tense international situation is also having a restraining effect on the bulls. Another factor is shortage of money for speculators and the possibility of revival of many big new issues in the coming weeks. Again, the discussion on the election manifesto of the Congress Party at the forthcoming A.I.C.C. meeting at Madura may also have a disturbing effect on the bulls. Moreover, the stock exchange presidents are under an obligation to evolve new regulations for keeping speculation under control. All in all, therefore, the odds are still heavily against a bull market.

In the steel section, Tata Steels opened steady at Rs. 143.50 on Friday and after spurting to Rs. 143.75 in initial dealings swiftly came down to Rs. 140.75 on Saturday. In the subsequent sessions bear covering and some fresh buying raised the value. Today's closing quotation was Rs. 142.50. Over the week, the share has suffered a loss of one rupee. Indian Irons put on 4 nP to Rs. 24.24 and Mukand Irons gathered 5 nP to Rs. 27.40.

In the textile section, Khataus were a bright feature of the market. They evoked good support induced by the proximity of dividend and reports about the possibility of a bonus issue. They gained Rs. 21.25 during the week to finish at Rs. 492.50. Central Indias improved by Rs. 8 to Rs. 133. Morarjees advanced by Rs. 6 to Rs. 394 and so also Standards to Rs. 1,208. Svadeshis hardened by Rs. 7 to Rs. 264.50 on account of investment support, probably from the L.I.C. In the cash list, Kohinoors gained Rs. 3.50 to Rs. 288.50 after going down to Rs. 279.50. Laxmis rose by Rs. 8.75 to Rs. 615. Bombay Dyeings were marked up by Re. 1.30 to Rs. 67.20; the lowest level touched this week was Rs. 65.90. Centurys, however, were hammered down by Rs. 13.50 to Rs. 551. They opened at Rs. 564.50 on Friday the 15th inst., and moved up to Rs. 569 in initial dealings, but, in the subsequent sessions, the scrip was neglected and declined gradually to finish at Rs. 543 yesterday. Today, however, lower levels attracted considerable fresh support and the share closed at Rs. 551. Simplex encountered some selling pressure and lost Rs. 2 to Rs. 164.

Electric shares were active. Tata Powers jumped up from Rs. 1,110 to Rs. 1,155. Andhras improved by Rs. 10 to Rs. 1,040. Tata Hydros gained Rs. 2.50 to Rs. 110.50. Bombay Suburbans put on Rs. 2 to Rs. 100.50. Not long ago, they were standing at an appreciable discount. Ahmedabad Electricity, however, moved up only fractionally by 30 nP to Rs. 90.80.

Cement shares, too, received good investment-*cum*-speculative support. Operators were influenced by reports that the Government of India had decided to raise the retention prices of cement. Another favourable factor at work was the buying support given by the L.I.C. to Associated Cements. These shares opened at Rs. 162, as against the previous close of Rs. 161.50 and advanced steadily in subsequent dealings to touch a high of Rs. 166.75 today. At close they were slightly lower at Rs. 166, the net gain over the week being Rs. 4.50 Digvijay Cements spurted in sympathy from Rs. 172.50 to Rs 180 Orissa Cements gathered 16 nP to Rs. 16 16 and Dalmia Cements 28 nP to Rs. 11 48. Only Bagalkots remained neglected at Rs. 7.84.

In refreshing contrast to the usual trend, shipping shares evoked good buying enquiry and made some gains. The upturn is said to have been induced by reports that coastal freight rates were likely to be raised in the near future.

In the automobile section, Premier Automobiles met with bull liquidation and were marked down by Rs. 2.75 to Rs. 153.50. Hindustan Motors, which were being well fancied in the past two weeks and had gone up from about Rs. 18 to the neighbourhood of Rs. 20, have suffered a setback and retreated to Rs. 19.20 due to unfavourable labour reports.

Rayon shares on the whole remained quiet. National Rayons opened fractionally higher at Rs. 533 on Friday and after spurting to Rs. 534, declined gradually to finish at Rs. 523.50 yesterday. Today the scrip looked up again and advanced to Rs. 530. Over the week, the loss amounted to Rs. 2.50. Gwalior Rayons were marked down further this week, the loss being Rs. 2.92 to Rs. 44.50 *ex-div.* Not long ago, these shares had stood as high as Rs. 57. India Rayons shed 50 nP to Rs. 72. But S.I. Viscose were keenly bid and spurted from Rs. 182 to Rs. 185, following the report that the Company had commenced production on a commercial scale. Baroda Rayons gained a rupee to Rs. 140.

In the chemical section, a mixed trend was in evidence. Amar Dyes received good support and shot up by Rs. 11.25 to Rs. 293.75. Colour-Chems were marked up by Rs. 4.25 to Rs. 340 *ex-div.* and Synthetics by Rs. 4.50 to Rs. 188. Dhrangadhras (new) advanced by Re. 1.50 to Rs. 108. But Indian Dyestuffs encountered heavy selling and were hammered down by Rs. 17.50 to Rs. 432.50. Citrics shed a rupee to Rs. 69. Polychems slipped by Re. 1.25 to Rs. 201.25. Alembics were quiet at Rs. 232.50 and so also United Dyestuffs at Rs. 52.

In the engineering section T.E.L.Cos. opened firm at Rs. 343.50 and rose fractionally to Rs. 344. Subsequently the scrip was neglected and fell to Rs. 332.50 on Monday. Lower levels attracted good support and the share improved to close at Rs. 339.50 today. Alcock Ashdowns received good buying support and spurted by Rs. 9 to Rs. 303. Larsen and Toubros gained Re. 1.50 to Rs. 39 and Texmacos just 28 nP to Rs. 17.36. Coopers were neglected and shed 50 nP to Rs. 182. T. Manekalals (old) were keenly bid and shot up by Rs. 40 to Rs. 550. Hind Electricals were also a bright feature and advanced by as much as Rs. 29.50 to Rs. 135. Kirloskar Pneumatics gathered Rs. 15 to Rs. 253.75. Jyotis put on Rs. 3 to Rs. 177. Mahindras rose by 56 nP to Rs. 18.88. But Kamanis were quiet at Rs. 15.76. Structurals, were actually slashed down by Rs. 7 to Rs. 168. Hind Cycles declined by Rs. 7.50 to Rs. 102.

In the miscellaneous section, Bombay Burmahs evoked good speculative support. After opening at Rs. 590, as against the previous close of Rs. 588, they moved up to Rs. 598 in initial dealings. On Saturday, they declined to Rs. 587. In subsequent sessions they moved in a narrow range and finished at Rs. 595 today, showing a net gain of Rs. 7. Voltas were also highly favoured and advanced by Rs. 6 to Rs. 290. Wimcos received good support and staged a rise of Rs. 15 to Rs. 292. Hingir Rampur Coals improved by Rs. 2.24 to Rs. 27. Indian Hume Pipes put on a rupee to Rs. 179. Hindustan Levers gained an equivalent amount to Rs. 48.75. Escorts gathered Re. 1.40 to Rs. 24.52. But Bombay Safe Deposits lost Rs. 30 to Rs. 375.

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Madras Stock Exchange

MADRAS, *20th September*

The upward trend in values noted on the Stock Exchange last week gained further momentum during the week under review. There was notable rise in the volume of business put through in all counters excepting coffees which encountered selling due to persistent uncertainty over the disposal of accumulated stocks. Textiles staged a smart rally, following good domestic offtake of piecegoods and yarn. Teas were well favoured, despite reports of reduction of export duty on Pakistan tea and allocation of a bigger export quota for it. Active conditions prevailed in the rubber section as well.

In the textile section, South India Viscose attracted speculative support and spurted by Rs. 6 to Rs. 185. Lakshmis advanced by Rs. 2 to Rs. 158. Coimbatore Spinnings rose by a like amount to Rs. 57. Loyals strengthened by Re. 1.75 to Rs. 47.75. Coimbatore Cottons moved up from Rs. 193 to Rs. 194.50. Buckinghams gathered a rupee to Rs. 250. Madurais gained 75 nP to Rs. 88 and Radhakrishnas 50 nP to Rs. 33. Travancore Rayons rose from Rs. 38.80 to Rs. 39.20 before closing at Rs. 38.85. Kotharis improved by Rs. 12.50.

Among teas, Haileyburias gathered 20 nP to Rs. 13.60. Peermades increased by 13 nP to Rs. 23.50. Highlands hardened by 12 nP to Rs. 14.12. Chembras by 10 nP to Rs. 3.56. Parksides by 8 nP to Rs. 29.70. Waterfalls by 6 nP to Rs. 3 and Neelamalais by 5 nP to Rs. 4.30. Periakaramalais edged upward from Rs. 3.62 to Rs. 3.68, but closed lower at Rs. 3.65. Devasholas were maintained at Rs. 30.25. Nonsuch Teas, however, declined by 8 nP to Rs. 28.62. Blue Mountains shed 6 nP to Rs. 3.08.

Among rubbers, Cochin Malabars moved up from Rs. 7.10 to Rs. 7.43; they were higher still at Rs. 7.55 earlier in the week. Midlands and T.R. and Ts. improved by 10 nP each to Rs. 11.75 and Rs. 9.95, respectively. Malankaras were firm at Rs. 18, as also Travancore Rubbers at Rs. 11.87 and Valkundams at Rs. 32.20.

Unlike other plantation shares, coffees ruled easy. Balanoors suffered a setback of 60 nP. today's closing rate being Rs. 14.75. Coffee Lands dropped 50 nP to Rs. 16.75. Consolidated Coffees shed 35 nP to Rs. 20.65. Ouchterlony Valleys were dull at Rs. 3.78, Cowcoodys at Rs. 4.45 and Rajendras at Rs. 12.12.

Sugars continued to show signs of good recovery. Cauverys evoked buying enquiries and firmed up by Rs. 7 to Rs. 120. East India Distilleries strengthened by 37 nP to Rs. 38.12, following news that the Reserve Bank of India had given permission to transfer the 188,112 rights shares of £1 each issued on the London Register in September 1960 to the Madras Register after the 18th inst. Andhra Sugars were fully steady at Rs. 26.85. The Company proposes to issue 100,000 equity shares of Rs. 10 each at par at the rate of one share for every three held to holders as on 25th October 1961. The new shares will rank *pari passu* with the existing equity shares in all respects except for dividend which will be proportionate from the date of payment. United Breweries were steady at Rs. 106.50. Indias at Rs. 11.75 and Mysores at Rs. 57.75. But Travancores declined by 10 nP to Rs. 10.50, reflecting the disappointment of operators over the reduction of dividend from 10 per cent (taxable) distributed during the year ended April 1960 to only 7½ per cent (taxable) for 1960-61.

Among miscellaneous industrials, Orissa Cements spurted by 92 nP to Rs. 16.12. Dalmias rose by 60 nP to Rs. 11.70 and Travancores by 10 nP to Rs. 7.40. India Cements picked up 8 nP to Rs. 6.60. In the chemicals group, Travancores hardened by 37 nP to Rs. 18.62 and F.A.C.Ts. by 15 nP to Rs. 9.50. Mysore Chemicals were firm at Rs. 23.85 and Mysore Fertilisers at Rs. 11.60. Among others, Tube Investments gathered Rs. 3.50 to Rs. 260 on hopes of a bigger dividend. Textools advanced by a rupee to Rs. 175. Ashok Leylands gathered 32 nP to Rs. 8.82 and Aluminium Industries 25 nP to Rs. 23.30. Western India Plywoods were done at Rs. 200 and Indian Steel Rollings at Rs. 10.65.

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Calcutta Stock Exchange

CALCUTTA, *20th September*

Following investment support and replacement buying, a slow but sure recovery was in evidence on the Stock Exchange during the week under review. The recovery was, however, interrupted by occasional profit-taking, revealing the caution exercised by operators. The official indication that the question of stock exchange reforms would be left to the exchanges themselves continued to inspire market circles. Obviously, if reforms are forthcoming from below the foundation will be solid, and both the Government and the exchanges stand to gain. Support from the L.I.C., though meagre as it was, also contributed to making confidence. At a time such as this, when surplus funds have been mopped up by new issues, a full-stage recovery could hardly have been expected. But the fact that, despite tight money market conditions, new issues attracted support should be construed as a shift in the investment habit from purchasing old shares at a premium to purchasing newly-floated shares at par. Such a shift has sprung from the improved industrial prospects, the increased output costs and growing difficulties for transport and raw materials notwithstanding.

Notices

THE MYSORE PAPER MILLS LIMITED
BANGALORE-9

NOTICE

SHAREHOLDERS ARE HEREBY INFORMED that Letters of Offer regarding issue of additional Shares, together with Forms, viz., 'A' form for Right Shares; 'B' form for Renunciation of Right Shares, and 'C' form for additional Shares; and Balance Sheet for the year ended 31st March 1961, have been posted on 2nd September 1961. The last date for receiving the sum of Rs. 3 being the application and allotment money and a premium of 50 nP is 16th October 1961 and the balance will be collected in three equal instalments later after giving due notice. Shareholders who have not received the letter of offer on account of change of address etc., are requested to correspond with the Registered Office of the Company regarding their Right Shares.

C. V. RAMACHANDRA RAO,
Secretary.

ASIATIC BUILDINGS,
KEMPEGOWDA ROAD,
POST BOX NO. 570,
GANDHI NAGAR P.O.,
BANGALORE-9.

THE RAJA BAHADUR MOTILAL POONA MILLS LIMITED

NOTICE

TRANSFER BOOKS OF THE COMPANY will be closed from Monday the 9th October 1961 to Wednesday the 18th October 1961 (both days inclusive).

G. D. MAKIM,
Secretary.

NEWS IN BRIEF

A PROPOSAL to establish port trusts at Visakhapatnam, Cochin and Kandla ports is under the consideration of the Central Government.

The total tax revenue of the Central Government during the first four months (April-July) of 1961-62, amounted to Rs. 269.60 crores, as against Rs. 231.48 crores in the corresponding period of 1960-61.

The Government of Mysore has entered into an agreement with the State Trading Corporation for sharing the profit earned on exports of manganese and iron ores, its share being two-thirds of the total.

The Government of India is contemplating to set up a 30,000-ton newsprint factory in Kashmir in the public sector. Two Russian experts have already started conducting an on-the-spot survey on the availability of raw materials, etc.

All public sector undertakings, except Railways, Posts and Telegraphs and also Defence establishments, will be governed by the recommendation of the Bonus Commission. A decision to this effect is reported to have been taken by the Central Government.

The construction of the Indian Oil Company's oil installation at Kandla port, the first of its kind designed in India, has been completed. The new installation has a capacity to store about 12,000 tons of refined oil products. The present capacity will be expanded further to 60,000 tons by 1962.

The all-India final estimates of tobacco for 1960-61 puts the area and production of tobacco at 968,000 acres and 294,000 tons, respectively, as against the partially revised estimates of 914,000 acres and 281,000 tons for 1959-60. This shows an increase of 54,000 acres, or 5.9 per cent, in area and 13,000 tons, or 4.6 per cent, in production, as compared with the previous year.

The extraction of lignite in bulk at Neyveli in Madras State was inaugurated on Saturday last. The Rs. 90-crore Neyveli Project is designed to exploit the rich lignite resources estimated at about 2,000 million tons spread over an area of hundred miles. The lignite is being sent to foreign countries for detailed testing in low-shaft furnaces and electro-chemical process for production of iron.

An agreement has been signed between the State-owned oil organisations of India and France for carrying out oil exploration in the Jaisalmer area in Rajasthan. Under the agreement, the French Government will give a credit for Rs. 4 crores to meet the foreign exchange expenditure involved in this exploration by oil experts of the State-owned French Petroleum Institute. The entire risk, however, will be borne by the Oil and Natural Gas Commission of India. The Agreement provides for the formation of an Indo-French collaboration team for carrying out the exploration in Jaisalmer.

Loan assistance under the middle-income group housing scheme, which is being financed from funds provided by the L.I.C., can now be availed of by persons with incomes up to Rs. 15,000 per annum, as against the previous limit of Rs. 12,000 per annum. In order to encourage the construction of comparatively smaller houses, the minimum floor area to be built under the scheme has also been reduced from 700 sq. ft. to 400 sq. ft. The Government has further decided that the amount of loan to be granted for construction of a house should be 80 per cent of the cost including the cost of land, subject to a maximum of Rs. 20,000 per house.

The number of collieries working during the month of June 1961 was 861, with an average daily employment of 391,995 workers. The corresponding figures for the previous month were 861 and 389,575, respectively. The output of coal per man-shift was estimated at 1.17 metric tons for miners and loaders, 0.61 metric tons for all workers below ground and in open-cast workings and 0.42 metric tons for all persons employed including above-ground workers, as compared with 1.18, 0.44, respectively, for May 1961. The percentage of absenteeism was of the order of 14.20, as against 14.03 in the preceding month. The overall cash earnings of workers per week for the whole of the Indian Union was Rs. 23.32, the figures for Jharia and Raniganj fields being Rs. 23.69 and Rs. 22.76.

Fish production in India during 1960 was the highest ever recorded, with 1.4 million tons. A production target of 1.8 million tons has been fixed for the third Plan. A sum of about Rs. 30 crores has been provided for schemes in the Central and State sectors in the Plan. Mechanisation of fishing craft, introduction of improved gear and marine fishing techniques, location of new fishing grounds and encouragement for the setting up of Indian companies for fishing and fish processing, if necessary with foreign collaboration, are some of the measures to increase marine fish production. So far as inland fisheries are concerned, the programme of work includes the setting up of demonstration and fish farms, and the reclamation of estuarine areas and marshy lands. About 1,200 million additional fry and fingerlings will also be stocked in ponds, lakes and reservoirs.

An agreement covering a credit of DM. 170 million (Rs. 20.24 crores) from the Government of West Germany to India was signed at Bonn last week, as further assistance from that country for the third Plan. The entire credit is untied and the bulk of the amount will be paid to the Government of India account in the next few days. The rate of interest is 3 per cent per annum and the credit is repayable in twenty years, including a period of seven years during which no repayments are required to be made. This amount is part of the W. German assistance amounting to DM. 1,700 million (Rs. 202.38 crores) indicated by West Germany at the last meeting of the Consortium of Governments and institutions interested in development assistance to India. Together with the sum of DM. 330 million for which credit agreement was signed in April this year, the total assistance received from W. Germany this year comes to DM. 500 million (Rs. 59.52 crores).

A two-month training course for warehousemen and technical assistants, organised by the Central Warehousing Corporation, began at New Delhi last week. The first batch of 67 trainees from the Central Corporation and the State Warehousing Corporations of Punjab, Mysore, Andhra Pradesh, Kerala, Madras, West Bengal, Rajasthan and Assam will undergo training in storage and preservation, marketing, banking, co-operation and allied subjects up to 16th October. The second batch of 82 candidates from various State Corporations, co-operative societies and private persons will commence their training on 9th October. The new warehousemen and technical assistants will man warehouses being opened in the country by the Central and State Warehousing Corporations. More than four hundred persons have been trained at the five courses organised by the Corporation so far.

The Government of India has accepted a recommendation, made at the Housing Ministers' Conference, held at Udaipur in December 1960, for liberalising the conditions under which ownership of houses, built under the subsidised industrial housing scheme, could be acquired by workers on a hire-purchase basis. An industrial worker will now be able to buy a house, built either through a co-operative society or the State Government, on a hire-purchase basis, at any time, on payment of the cost of the house, irrespective of his length of service, period of actual stay in or age of the house. The ownership of the house cannot, however, be transferred by the new owner, except to the society or the Government, nor can he rent the house to another industrial worker, without obtaining prior permission for it. The Government has also asked the States to utilise a good proportion of their allocation under the scheme to acquire suitable sites and develop them either for constructing houses themselves or for selling the developed sites to employees of co-operative societies of industrial workers on a no-profit-no-loss basis.

The Government of India is examining the possibility of transferring to the Directorate-General of Supplies and Disposals in Delhi much of the work at present being done by the India Store Department, London, and the India Supply Mission, Washington. Small units, however, will continue to be maintained at London and Washington for specialised purchases, to be made from sterling and dollar area countries, respectively. It is expected that this step, primarily aiming at reorganisation of the scope of work and set up of the overseas purchase missions, will lead to a substantial saving in foreign exchange. Yet another important consideration weighing with the Government is the application of its declared policy to effect purchases, as far as possible, on the basis of tenders issued from India, thereby encouraging foreign manufacturers to appoint agents in India, who, in collaboration with their principals, may in course of time set up manufacture in the country of goods at present imported. As a first step in this direction, it has been decided to undertake studies of the categories of stores and equipment, the procurement of which could be transferred to the D.G.S. and D., and to draw up a phased programme for it. Mr. T. Sivasankar, Secretary, Union Ministry of Works, Housing and Supply, has left for London and Washington to make recommendations to the Government in this connection.

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From Abroad

The Ceylon Government has received offers from the British Shell Company, the Italian E.N.I. and a Yugoslavia firm for the establishment of an oil refinery in the country.

The Government of Pakistan has fixed the export quota for tea at 10 million lbs., which is double the quota allocated three months ago. It has also reduced the export duty on tea from 38 paise to 25 paise per lb.

The number of motor vehicles manufactured in West Germany during the first eight months of 1961 was 1,418,589, representing an increase of 7.6 per cent, as compared with the corresponding period of 1960. Exports rose by 9.7 per cent to 683,919 vehicles.

The Japanese Government is reported to have decided to impose certain restrictions on imports from the U.K., South Africa, and various European countries as a measure of retaliation against restrictions maintained by these countries on Japanese goods.

British exports in August were valued provisionally at £305 million, imports at £359 million and re-exports at £13·4 million. The rate of exports in the first eight months of the year was 4½ per cent more than the average for 1960, but imports were lower by 3½ per cent.

The weekly consumption of chocolate confectionery per head in Britain is 2·3 ozs., which is nearly double that in the U.S. and West Germany

PERSONAL

MR. K. R. K. Menon, till recently Chairman of the Industrial Finance Corporation of India, has been appointed a Director of Messrs. Tata Industries Ltd.

Mr. R. Krishnaswamy, Senior Deputy General Manager, Western Railway, has been appointed General Manager of the Chittaranjan Locomotive Works, Calcutta.

Dr. Mohamed Abdul Rauf, Ambassador of India to Belgium and Luxembourg, has been appointed Indian Ambassador to Switzerland and concurrently Minister to the Vatican.

Mr. R. Fell, hitherto an Assistant Secretary in the Tariff and Import Policy Division of the Board of Trade in London, has arrived in New Delhi to take up his new assignment as the British Trade Commissioner in India.

Mr. K. B. Lall, I.C.S., has left for Bangkok. He will be the Chairman of the three-man Commission proposed by the E.C.A.F.E. to examine the possibility of forming an Asian Common Market. The other members represent Japan and Thailand.

Mr. Mathuradas M. Parekh, Chairman of Mangaldas Group of Mills, and Mr. Baidyanath Banerji, who is associated with the Bihar Fire Bricks and Potteries Ltd., have been co-opted to the Board of Directors of the Selected Satgram Collieries Ltd., Calcutta.

Mr. Pierson Dixon, British Ambassador in Paris, has been appointed official head of the British delegation in the negotiation arising out of Britain's application to join the European Common Market. Mr. Eric Roll, a Deputy Secretary in the U.K. Ministry of Agriculture, Fisheries and Food, will be his deputy.

and far above the level of consumption in several developed countries, according to Mr. Paul S. Cadbury, Chairman of Messrs. Cadbury Bros. in the U.K.

Exploration for nickel and cobalt is due to start at the end of this year in Dutch New Guinea by the Pacific Nikkel Maatschappij N.V. which will be formed by three leading Dutch enterprises as a joint venture with an American firm, the United States Steel Corporation, and its associated Navegen Company at Nassau in the Bahama Islands.

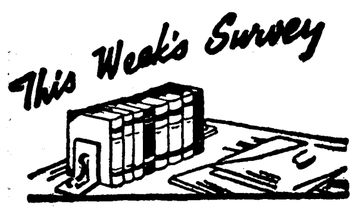
The Imperial Chemical Industries (U.K.) has commissioned a pilot plant for producing the new high-tenacity polypropylene filament yarn—*Ulstron*—in its Wilton Works at North Yorkshire. The yarn, which can be used for fishnetting, twines and ropes, is expected to be on the market early next year. It is claimed to be stronger than any other polypropylene yarns currently being produced anywhere in the world.

A total of DM. 10,400 million has been raised by West Germany as financial aid to lesser developed countries between 1957 and 1960. This is about one per cent of its gross national product in each year during the period under review. In 1961, West German development aid is expected to amount to DM. 4,300 million almost 70 per cent more than in the preceding year and about 30 per cent more than in 1959, the year in which its development assistance reached its peak.

The well-known British firm of Elliott-Automation Ltd., which has recently supplied several equipments for the Indian Refineries Ltd. near Gauhati, Assam, has created a new Directorate of Overseas Operations as part of its policy of expanding its export business. Specialists in the industrial control and measurement instruments field, the E-A group has ten operating subsidiary Companies abroad. Over one-third of the Company's products are exported. The group already has manufacturing interests in India, and is seeking expansion now.

Proposals for tightening anti-trust legislation are expected to come up in the next year's session of the U.S. Congress. The Justice Department has already asked for powers to demand company records without a subpoena. It has also supported a suggestion of Senator Kefauver, Chairman of the Senate Anti-Trust Committee, to increase criminal penalties for violations of the Act. The Chairman has suggested, among others, that the Court should be allowed to levy fines upto $100,000 for each separate violation and remove the existing ceiling level for a fine of $50,000.

The International Finance Corporation and the Pakistan Industrial Credit and Investment Corporation Ltd. have announced financial commitments of $4 million and $3 million, respectively, to the Ismail Cement Industries Ltd., for the construction and operation of a Portland cement plant near Gharibwal, West Pakistan. The Bank of America National Trust and Savings Association, San Francisco, is participating in the I.F.C. investment to the extent of $172,000. The I.F.C. investment commitment is in two parts: one of $2,750,000 in dollar debentures bearing 7½ per cent interest, maturing between 1966 and 1973 the balance of $1,250,000 being in convertible dollar income notes entitled to income, in rupees, equal to dividends on an equivalent amount of common stock; these mature between 1974 and 1976, and are fully convertible into common shares at par any time prior to maturity. The P.I.C.I.C. commitment, of Rs. million, will be in debentures bearing [illegible] interest, repayable in rupees with a [illegible] value clause maturing between [illegible] and 1973.



CODE OF DISCIPLINE

AT a meeting of the Central Implementation and Evaluation Committee, a top tripartite body appointed by the Union Ministry of Labour to keep a close watch over the effective implementation of the Code of Discipline in Industry, held at New Delhi on the 15th inst., representatives of both workers and employers expressed the opinion that the Code had generated a sense of discipline towards decisions taken by tripartite conferences and that industrial relations had considerably improved as a consequence of the adoption of the Code. This opinion, coming as it does, from the two parties most directly concerned with the Code, can be taken as an authoritative and favourable verdict on the Code, about which much misgivings had been expressed earlier by some sections of employers and is a tribute to the foresight of the Union Ministry of Labour which had evolved the Code and worked with zeal and dedication to ensure that it developed into an effective instrument for promoting industrial peace. Since the development of cordial and fruitful industrial relations in the third Plan period is regarded by the authors of the Plan as resting on the foundations created by the Code, it is necessary to strengthen these foundations. This calls for an examination of the working of the Code, with particular reference to the practical difficulties in the way of its implementation. The Seminar on Code of Discipline organised jointly by the Employers' Federation of India and the All-India Organisation of Industrial Employers this week at New Delhi, has this object in view.

Although it is agreed that, by and large, the Code has been a success, there is no doubt that the degree of success would have been much greater had certain difficulties in its implementation been removed. It is common knowledge that the Code partakes the form of an agreement between employers and employees, but, in fact, it is not a bilateral agreement. It is only a declaration of obligations and responsibilities by employers and trade unions in the interest of industrial peace. The spirit underlying the Code is, therefore, more important than its letter and, when attempts are made to interpret the latter in a way which runs counter to its spirit, the object of the Code is defeated.

Lack of precision in the wording the Code has also given rise to difficulties. The Code, for instance, lays down that "no unilateral action should be taken in connection with any industrial matter." Differences of opinion have frequently arisen as to what is "unilateral" action. Instances are not lacking of certain actions which are solely within the province of management but which have been questioned by unions on the ground that they were unilateral.

A second difficulty relates to recognition of unions. The Code enjoins on management to recognise a union in accordance with the criteria for recognition evolved at the sixteenth session of the Indian Labour Conference. According to the criteria, a union which had been functioning for at least one year and which covered 15 per cent of the workers in an establishment should be recognised, provided it had not committed a breach of the Code for one year immediately preceding the time when recognition was claimed. It is not easy, according to employers, to prove a breach of the Code by a union, especially if the spirit of the Code is violated and, so long as proof is not given, the employer is bound to recognise the union's claim for recognition or continue recognition of unions already recognised, though, in fact, they do not deserve the privileges of recognition. A further difficulty arises from the fact that the criteria for recognition of unions are not clear as regards unions recognised on an all-India basis which are confined to one establishment and do not represent the entire industry.

A third difficulty springs from the contradiction between clause (ii) of Section II of the Code which urges management and workers to "utilise the existing machinery for the settlement of disputes with the utmost expedition" and from clause (iv) of the same section which binds both parties to settle all disputes through mutual negotiation, conciliation and voluntary arbitration. Since adjudication has not been mentioned in clause (iv), it has been contended by trade unions that employers should not resort to adjudication whereas the term "existing machinery" in clause (ii) includes adjudication also.

In spite of these difficulties, the Code would have worked more smoothly and successfully had the implementation machinery at the State level functioned with as much zeal as the Central Implementation and Evaluation Committee. It is no doubt true that the successful functioning of the Central Committee is due to the fact that it is presided over by no less a person than Mr. G. L. Nanda, Union Minister for Labour. Even after making allowance for this, the fact remains that the working of the implementation machinery at the State level leaves much to be desired. The Implementation Officers of State Governments are burdened with so many other duties that they are not able to pay attention to ensuring the observance of the Code by the employers and workers. Further, the Implementation Committees in some of the States, instead of confining themselves to their legitimate work of fixing responsibility for the violation of the Code, assumed functions akin to conciliation and mediation in certain disputes under a mistaken notion of their duties and responsibilities. Special attention to such practice was drawn by Mr. H. C. Kothari, the retiring President of the U.P.A.S.I., in his presidential address to the recent annual conference of the U.P.A.S.I. held at Coonoor. As Mr. Kothari pointed out, the procedure laid down in the Industrial Disputes Act should be followed in the case of disputes between management and workers and, except when both parties agree, the Implementation Committee should not intervene in such disputes.

The defects in the working of the Code enumerated above could be corrected without much difficulty, through suitable amendments to the Code, if the representatives of Government, employers and workers were to get together in a spirit of understanding and genuine co-operation. There is no reason to feel disheartened at the difficulties or failures. As the authors of the third Plan themselves remarked, a new concept, with far-reaching aims in a difficult field, requires a considerable period of earnest endeavour before it gets firmly established." What is important to note here is that not only has a good beginning been made but the results achieved so far are encouraging. Better results are sure to come if all the parties genuinely desire and work for it.

BOMBAY GAS PRICE

There is no justification whatever for the persistent refusal of the Maharashtra Government to concede the oft-reiterated plea for a suitable increase in the price of gas supplied by the Bombay Gas Company. The anxiety of the authorities to avoid an additional burden on the consumer is no doubt understandable, but it is utterly wrong to deny the supplier of this fuel a basic economic price which covers the mounting costs and yields a minimum fair return to investors. Pegging of prices at artificially low levels amounts to subsidising consumers at the expense of capital. Such capital erosion will ultimately undermine the capacity of the concern even to maintain the normal level of production and supply, let alone to expand in order to take care of the growing requirements of gas in the city. The price of gas in Bombay, it may be noted, continues to be pegged at the unconscionably low level of Rs. 3.94 per thousand cubic feet, which is lower than that prevailing 35 years ago, whereas the price of every other commodity has gone up several-fold. How incongruous is the Maharashtra Government's gas price policy was convincingly explained at some length by Mr. B. L. Jalan, Chairman of the Bombay Gas Company Ltd., in the course of his speech at the annual meeting of the Company last week; extracts from his speech appear elsewhere in this issue (*vide* pages 600 and 601).

It will be noted from Mr. Jalan's observations that the need for a suitable upward revision in gas price is long overdue and urgent. The costs of raw materials (coal and diesel oil) are increasing and the trend of wage bill continues to be upward. As compared with 1926, the price of coal has risen by 97 per cent (from Rs. 26.53 to Rs. 52.36 per ton) and the wage bill by 60 per cent. On top of this, there is the problem of irregular and inadequate supply of coal. The price of diesel oil has recently risen by Rs. 24.01 per kilo-litre. Again, the increase in excise duty on coal from Re. 1 to Rs. 4 per ton has cost the Company a further sum of Rs. 3 lakhs annually. The cumulative increase of costs without a corresponding rise in the sale price of gas has seriously cut into the Company's profit-margin. Incidentally, it may be noted that the effective price allowed by the Company, namely, Rs. 3.94 per thousand cubic feet, is much less than what is allowed (Rs. 5.25) to the Oriental Gas Company at Calcutta. The disparity is all the more glaring considering that the Bombay Gas Company has to get its coal supplies at a delivered price of Rs. 52.36 per ton, as against Rs. 35 paid by its counterpart at Calcutta. The price of gas is also ludicruously low *vis-a-vis* the price charged by the petroleum refineries in Bombay for the gas supplied by them in cylinders. We would like to invite here the attention of the Maharashtra Government to the following clear-cut statement of the Planning Commission on the price policy for the third Plan:

"Price rigidity is incompatible with development. ... Price regulation involves action at various points. The necessary incentives to larger production have to be preserved."

Viewed thus, it is certainly regrettable that the Bombay Gas Company is being prevented from charging an economic price to its consumers. And this state of affairs has gone on for several years. If the question of gas price had been referred to an impartial and autonomous body like the Tariff Commission for investigation, the Company would have doubtless had the benefit of a higher price long back. Such is the logic of facts of the case that this assertion is not unjustified. Even now, it is not too late to request the Commission to examine this issue as a special case and recommend a price for gas that will be fair enough to both the Company and the consumers. If the Maharashtra Government is unwilling to let the issue be examined by an impartial expert committee, it would only mean that it wants to force the Company out of existence by starving it. That would be an unfair means of nationalising a concern.

CAUSTIC SODA

The current term of tariff protection to the caustic soda industry is due to expire at the end of this calendar year. The industry had recently put forward a plea for continuance of protection beyond that period. The customary public inquiry into the claim for protection was held on Friday the 15th inst., with Mr. K. R. P. Aiyangar, Chairman of the Tariff Commission, presiding. The industry has been enjoying protection for over six years now, the relevant existing duty being 30 per cent *ad valorem* preferential and 40 per cent *ad valorem* standard on tariff values of Rs. 56 per quintal for fused solid grade and Rs. 70 per quintal for other sorts.

Under the shelter of protection, the industry has given a good account of itself. There are at present 18 units in operation, of which 11 produce for sale and seven for self-consumption. As against this, the total number of units was only 15 in 1958 and 12 in 1955. The three new units which have come into existence since the previous inquiry (1958) are: (1) the Saurashtra Chemicals, Porbander; (2) the Dhrangadhra Chemicals Ltd., Sahupuram and (3) Messrs. J. K. Chemicals Ltd., Bombay. Out of the 18 units, one unit employs the chemical process, another both chemical and electrolytic processes. All the other units have adopted electrolytic process.

The rated annual capacity of the industry has risen from 39,946 tonnes in 1954 to 68,270 tonnes in 1958 and 131,630 tonnes in 1961. The present capacity of the self-consuming units is 25,630 tonnes. The actual output has gone up from 29,457 tonnes in 1954 to 58,311 tonnes in 1958 and further to 97,402 tonnes in 1960. During the six months ended June 1961, production aggregated about 58,000 tonnes, or an annual average of well over 100,000 tonnes, representing a fourfold increase in about eight years. The industry has several schemes for development and expansion. Ten of the existing units themselves have been permitted to expand their capacities substantially. In addition, industrial licences have been issued to 14 new units. When these plants are commissioned, the aggregate annual capacity of the industry will increase to about 366,500 tonnes. This will come within a close range of the capacity target of 400,000 tonnes laid down in the third Plan. It may be added here that the quality of the domestic product is said to be satisfactory. Manufacturers claim that they have been adhering to standards specified by the Indian Standards Institution.

The major consumers of caustic soda are soap, textiles, paper, *vanaspati*, rayon, aluminium and certain ancillary chemicals. The total domestic demand for the product, according to the Development Wing, is now 195,000 tonnes annually and is expected to go up to 300,000 tonnes by 1964.

A disconcerting feature of the development of the caustic soda industry is that the extent of utilisation of chlorine, a joint product, continues to be at a very low level. This factor is very important to the growth of caustic soda in that, unless sufficient demand is created for chlorine, it is difficult to reduce the prices of caustic soda. It is said that 78 per cent of the aggregate "theoretical capacity" for chlorine had been utilised in 1958. But this proportion came down to 68 per cent in 1959 and still further to 57 per cent in 1960. Licences, of course, have been granted for establishing plants for certain chlorine based products, such as chlorinated organic chemicals, solvents, insecticides and plastics. As a result, the demand for chlorine, it is estimated, will go up from about 51,000-67,000 tonnes annually at present to 130,000 tonnes by 1964.

In the electrolytic process of production, common salt is the main raw material for caustic soda. Manufacturers do not appear to have any difficulty in obtaining salt in adequate quantities. Some of them, however, have complained about the quality of salt supplied to them, its high cost and difficulties in transporting it. The quality of salt supplied from the Kutch-Saurashtra area is reported to be quite satisfactory. In the electrolytic process, which is power-intensive, the cost of electricity accounts for a significant portion of the cost of production of caustic soda. The basic raw materials required in the manufacture of caustic soda by the chemical process are soda ash and limestone. The two producers of chemical caustic soda use their own soda ash and, except for transport bottlenecks, they have not experienced any difficulties in obtaining their requirements of suitable quality limestone and coke.

The domestic production of caustic soda is still insufficient for the country's requirements. Some imports are, therefore, permitted. Generally, imports are channelled through the State Trading Corporation. In terms of value, imports rose from Rs. 395 lakhs in 1958 to Rs. 985 lakhs in 1959. But, in 1960, they fell to Rs. 281 lakhs. Judged from the planned expansion of the industry, it would appear that the reliance on imports will gradually diminish. But it looks as though the difficulties of consumers of caustic soda will not be over, since the industry has, once again, requested the Tariff Commission to allow an increase in the existing ceiling prices. While it is essential to take into account the increase in cost of production, this protected industry should, at the same time, realise its obligation to domestic consumers and rely mainly on efficiency and better utilisation of chlorine to neutralise the rise in cost of production.

COAL DISTRIBUTION POLICY

At New Delhi last week, the Union Ministry of Steel, Mines and Fuel discussed the Government's coal distribution policy with the representatives of State Governments, coal industry, coal merchants and major consumer interests. The discussions were held against the shortage of transport facilities—a shortage which has already led to a fall in coal production to the tune of 300,000 to 400,000 tons a month. The Ministry's scheme for supplying coal from zonal dumps was defended on the ground that it would reduce the number of destination points on the railways and thereby ensure expeditious wagon movement. The view expressed on behalf of consuming industries that handling of coal under the new system would raise production costs was not accepted by the Ministry. It was obvious that the authorities would stick to the scheme in spite of the opposition which came from consuming industries as well as from most State Governments. The discussions, however, ended with the hope that the Government might revise at least one feature of the scheme—the feature pertaining to allocation of coal supplies on the basis of quotas moved last year by the railways—in the light of views expressed by the State Governments and the consuming industries. These views were to the effect that coal supplies last year were irregular and inadequate and that allocations now on the basis of such supplies would aggravate the coal shortage further. Any substantial increases in coal allocations to industries would, however, appear to be difficult, in view of the high priorities governing coal supplies to railways, steel plants, power stations and defence establishments in that order. Since no formal decisions have been taken at the New Delhi Conference, there is still a chance that the requirements and representations of industries will be given fuller consideration by the authorities in their measures for improving the turnround of wagons and creating zonal coal dumps.

Whatever revision is made in the scheme of coal dumps, it looks as if the scheme as such will be unpopular with the industries. Quite a few practical difficulties may arise in the working of the scheme. First, the selection of collieries by an agency other than the consumers (who have been doing such selection all along with the help of normal trade channels) will not be a workable proposition from the point of view of the required quality of coal. Secondly, drawing of coal from dumps will add to its cost, and this additional cost of handling will have to be borne by the consuming industries. Thirdly, the quality of coal will go down as a result of deterioration and double handling at the consumers' end; it is stated, in this connection, that the wastage of broken and dust coals in the dumps will add to the loss. Fourthly, thousands of trucks will be required to transport coal from the dumps to the factory sites; there will, thus, be the additional cost of road transport. Fifthly, the elimination of middlemen who used to afford credit facilities to industries will create financial difficulties for some of them. Sixthly, as the system of dumps is for all consumers, it will particularly affect smaller industries, because of the expected higher cost of coal. These, then, are the chief practical difficulties envisaged in the working of the coal dumps scheme. According to one estimate, these difficulties will be responsible for ultimately increasing the landed cost of coal by as much as 25 per cent. There is, therefore, some force in the stand of consuming industries that they should be mostly supplied with coal directly from collieries, instead of from dumps, in block rakes and box-type wagons by the railways. If at least the bigger industries which account for about 80 per cent of coal consumed by all industries, are not forced to depend partly or wholly on the dumps, there will be no need for making the dumps themselves unduly large and unwieldy or for centralising marketing on a large-scale. The powers-that-be would not be in the right if they were to reject completely many of the practical views expressed on behalf of industries in the light of their actual experience of coal supply problems.

WOOL EXPORTS

Almost half the total wool output of about 72 million lbs. in India is sold abroad, the foreign exchange earned every year being Rs. 10 crores. The current annual rate of raw wool exports is over 35 million lbs., which compares very favourably with the actual shipment of only 20 million lbs. in 1953-54. Although the export performance is thus quite encouraging, it should not engender any sense of complacency among wool interests. It is true that Indian wool, the bulk of which consists of carpet type, is well known for its resilience and durability. Even so, the need for exploring possibilities for expanding exports to the traditional customers as well as for finding new markets is urgent in the context of (*a*) the importance of earning foreign exchange, (*b*) the anticipated rise in domestic production, and (*c*) the growing competition in world wool markets. Dr. Punjabrao Deshmukh, Union Minister for Agriculture, certainly struck a note of realism when he declared, in his inaugural speech at the tenth annual conference of the All-India Wool Trade Federation held at Bombay on Monday this week, that the necessity of maintaining quality standards was "absolute and imperative."

Compulsory Agmarking has been introduced on all exports of raw wool and it is gratifying to learn that the results of such control have been very encouraging. Recently, the specifications were made a little more rigid, following the persistent demands of overseas consumers. Alluding to this development, Dr. Deshmukh assured the wool trade that it was not the intention of the Government to cause any unnecessary hardship to the trade. While the trade must appreciate the need for such

(*Continued on page* 586)

ON THE ARENA

By "Archer"

"*Obsecro, Tuum Est? Vetus Credideram*"

THIS is a Latin gibe at a plagiarist meaning, "Really, is it yours? I had supposed it was something old."

Casually browsing through the *Journal of Infectious Diseases*, Vol. 108, No. 3 (May-June 1961), published for the John Rockefeller McCormick Memorial Fund of the University of Chicago, I came across "An Apology" which ran as follows:—

"We have learned that at least five of the six figures in the paper by P. G. Pande, P. C. Sekariah and P. H. Ramachandran, entitled 'Studies on Toxoplasmosis. 1. Histological demonstration of pseudocysts in the brain of hill cattle, together with a note on the isolation of *Toxoplasma gondii* from a Himalayan flying squirrel, PATAURISTA INORNATUS GEOFFREY, a new natural host,' which appeared in the January-February 1961 number of this journal (Vol. 108, No. 1, pp. 68-74) were taken from the previously published works of other authors. The sources of these illustrations are:

Figures 4 and 5—Frenkel, J. K. 1956, Ann NY Acad. Sci. 64: 215-251.

Figures 2, 3 and 6—Lainson, R. 1958, Trans. Roy. Soc. Trop. Med. Hyg. 52: 396-407.

"We offer our sincerest apologies to Dr. Frenkel, to Dr. Lainson and to the readers of our journal for our unwitting participation in this regrettable incident.

THE EDITORIAL BOARD."

I then got hold of the offending paper in Vol. 108, No. 1, of the *Journal* and read through it with some considerable effort which was occasioned by the presence of a large number of scientific terms with which even a liberally educated person like me is not usually familiar. I must say that the paper had all the look of authenticity. In the section dealing with "Methods," the sources of materials were mentioned, namely, that the hill bull was purchased from a village in the neighbourhood of Mukteswar and the flying squirrel was trapped in the adjoining reserve forest. In the section dealing with "References," the paper by J. K. Frenkel dated 1956 was specifically mentioned, though not the one by R. Lainson, although two other papers by this scientist published in 1955 and 1958 were referred to. And the three joint-authors of the offending article are stated to be responsible members of the Staff of the Division of Pathology and Bacteriology in the Indian Veterinarian Research Institute, Mukteswar—Kumaon, Uttar Pradesh.

It is amazing that a "regrettable incident" of this type, alleging plagiarism, has had to be publicised in a foreign scientific journal with world-wide circulation. The pride of many an Indian scientist and research worker will be greatly hurt by the allegation (which, apparently, has been proved, as is implied in the apology) of intellectual dishonesty against research workers of one of our old and well-known National Laboratories. What its reputation is going to be in the future is a million Naye Paise question.

* * * *

Introspection Among Policemen

Even from the somewhat sketchy reports that came out in the papers about the proceedings of the All-India Police Science Congress which took place in Bombay last week, it would seem that the members of the force present there must have had an interesting and thought-provoking meet. Mr. B. N. Mullick, Director of the Central Intelligence Bureau, is reported to have asked a number of provocative questions, answered some himself, and, as for the rest, encouraged the policemen present to subject themselves to a lot of introspection. A very important question that he asked was why policemen were not generally popular with the people, for which, it would appear, no clear answer was forthcoming from the panel (of the Congress) which dealt with it. He criticised the tendency to shift the blame to historical reasons (that is, by reference to the fact that policemen were still identified with association with British rule), as also to the tendency to "relate unpopularity to the pay scales, circumstances and the law as administered." In his view, the main reason for any unpopularity can only be some defect in the treatment given to the common man in the discharge of day-to-day duties.

In common with the majority of our countrymen, I am scared of the policemen; and it is fear complex that is the basis of the policeman's unpopularity with most people of my type—the common type. The fear is not physical but mental; detention by a policeman even for a trivial or technical offence brings visions of endless harassment and indignity totally out of proportion to the seriousness of the offence itself. The average policeman is needlessly stern, officious and difficult in dealing with people whether they are offenders or suspects or even witnesses; may be because he is overworked and harassed, but that can be no excuse for the pomposity which is characteristic of almost every police officer in uniform. Sometime ago, a servant of mine was nabbed by a traffic constable for riding a bicycle the wrong way in a one-way street. He was marched off to a police station, about a mile away, his cycle was impounded, and he was asked to be present at a magistrate's court the next day at noon. When he returned home after a delay of three hours, during which time I had made up my mind to believe that he had been killed in a traffic accident and that nothing else could have accounted for his delay, he held no receipt for the bicycle and no slip of paper to indicate which court he should attend the next day. There were half a dozen magistrates dealing with "nuisance and traffic cases" and their methods were summary. And so I had to take my servant along to the police station to get all the facts, only to get cheeky answers from the police officials present there that, if I expected them to be entering particulars in registers and handing over receipts for impounded property and serving written summonses, I was the biggest booby in creation. May be, I was, and may be, there was no point in blaming the officer and not the system under which he worked, for it is the system that contributes to the unpopularity of the policeman. At the same time, it is not the policeman alone (among public servants) who is unpopular; almost all persons who are clothed in brief authority in exercising which some imagination is not expended and suavity is not ensured by the formulation of methods which would avoid annoyance, will be unpopular, if not positively despised. A stamp vendor at a Sunday post office was seen berating a mild old gentleman a few days ago for asking for stamps of different denominations for a total value of seven rupees, for, so the vendor stated, sales on Sundays were to be restricted to small requirements, the exact limit of which he was not able to define, but believed was subject to his discretion. Apparently, there was a stupid circular which had given him discretion to decline fantastic demands. Instances of this nature can be multiplied to indicate that the unpopularity of many officials dealing with "common men" is, by and large, due to lack of system, lack of imagination, and overworked conditions, all of which, incidentally, is due to the fact that the top officials and policy makers do not usually acquaint themselves with the manner in which the trivialities of day-to-day business are handled by the harassed employees who deal directly with the public.

When will the policeman be more understanding or, at least, less pompous is the question often asked. The obvious answer is when he is treated the way he treats others, when he is told off, asked to take his place in the queue, stand aside, get off his perch, asked not to be silly or pompous, and so on; but that is just a lot of wishful thinking. For a policemen is almost always and everywhere in uniform and enjoys priority and deference on that score. As for a police officer in mufti, he is invariably escorted by or is accompanied by or followed by a uniformed "orderly," and that factor elevates him to the status of a V.I.P. almost automatically. And thus, alas, most of the people employed in the police force are denied the opportunity to learn things the hard way, which most of us have.

* * * *

Confused Thinking Plus *Avarice*

One of the most amusing things nowadays is the way stock exchange commentators and market surveyors make their observations on the viability of new flotations. Many of them, however, do not stop with being amusing. They become provocative and disseminate positively harmful theories with a display of economic jargon. This kind of harmful trend is particularly visible in dealing with the cases of companies which embark on a process of rebirth through expansion of capacity and output. Some of these companies with small capacities have been operating successfully in the past with considerable profitability due to fortuitous circumstances such as lack of competition in their area of operations, a fairly good demand from Governmental and institutional sources, steady flow of raw materials, and confinement to a compact area of distribution. With increasing competition and the need to extend activities over a wider market as also to diversify production, such companies have been finding it necessary to increase their capacities and enlarge their production. Indeed, during the last two years, most of such companies have discovered that the only way to maintain profits and dividends at a consistent level without increases in selling price is to enlarge and widen output and absorb rising costs of raw materials and labour. They thus find the need to issue fresh capital, in some instances, aggregating four to five times their existing capital, and offer rights shares to existing shareholders. Inevitably, of course, the return to shareholders after the issue will result in a precipitous fall for a period of three to five years, partly because the new plant and equipment will take that much time to reach full productivity, and, in the meantime, there may be teething troubles to face. Provision will also be required for larger depreciation, development rebate, etc. In these circumstances, a company which embarks on a fourfold or sixfold expansion should be considered to be almost a new concern which will be reborn with added strength and viability in a matter of three or four years. It should not be looked down upon, if, for instance, its dividend payment goes down from, say, 20 per cent or 15 per cent to a small 5 or 6 per cent, or even if it has to pass over dividend in the course of expansion for one or two years. As far as the original shareholders are concerned, they should reconcile themselves to smaller returns for a few years, for the very good reason that the alternative, in the present period of expanding economy and increasing competition, *plus* rising costs, is extinction. It would be good wisdom to support the rights issue and wait for prosperity, which is a factor of greater certainty in the case of an old company expanding its output than in the case of an entirely new venture. The former's experience, established distribution system and goodwill should be taken as assured intangible assets. As regards new subscribers to the issue who are offered the left over in the rights, they have no cause to complain as their investment will be in a growth equity of established merit at lower than market prices.

Unfortunately, however, the general attitude to such issues has been carping and unduly critical, mainly because such companies have chosen the difficult, albeit wise, policy of scaling down dividends for a period of years in their expectations of profitability. The result will of course, be that the market value of the shares will suffer depression, and the yield for those who bought them at peak prices in the past will go down. But no company can function in a reasonably economic way, if it keeps on being unduly solicitous about share market operators. It has to consider its very existence and economic viability as of greater importance than the approbation of those who buy and sell their shares only to collect capital gains.

Notice

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NOTICE UNDER SECTION 154 OF THE COMPANIES Act, 1956 is hereby given that the Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 20th October to Thursday, the 9th November, 1961 (both days inclusive) in connection with the issue of right shares, which will be offered to those persons whose names will appear on the Register of Members on 9th November, 1961.

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P. L. JAITLY,
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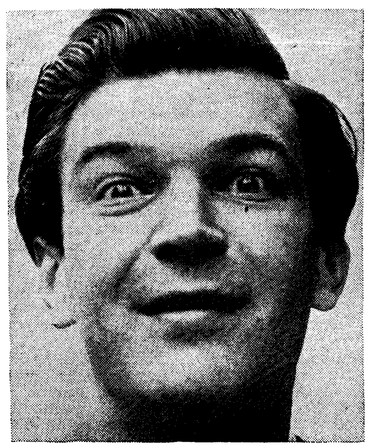
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TIGHT-ROPE WALKING BETWEEN AUTONOMY AND ACCOUNTABILITY

WHY EXEMPT O.N.G. COMMISSION FROM CONTROL?

From Our Special Correspondent

NEW DELHI, 19*th September*

DELHI LETTER

PARLIAMENTARY control of the State undertakings is a vexed subject on which the Government of India has not yet formulated a comprehensive set of principles, though it has already taken a decision to set up a Committee of Parliament which would substitute its jurisdiction for that now exercised by the Public Accounts Committee and the Estimates Committee. That there should be more autonomy and greater freedom for the managements of these undertakings is, in theory at least, readily conceded. The recommendations of the Krishna Menon Sub-Committee of the Congress regarding pricing policy, budgeting and accountability (*vide* paras 110-116 of that Report) also appear to have been fully accepted. Thus, the principle of charging "what the traffic can bear" will be a guiding factor in price fixing; a second will be the system of price equalisation, when several units produce goods at different costs, through a special fund and a part of the consequent benefits from low-cost factories will be passed on to the workers to provide incentive. A common financial year for all State undertakings (the same as the Government's) and the preparation of a performance budget were among the other suggestions of the Krishna Menon Committee which are now favoured.

The implementation of these decisions through a comprehensive resolution in Parliament has been delayed, though most of the other details have been settled by a Cabinet Sub-Committee. It is understood that all State undertakings governed by the Companies Act will be brought under the purview of the Parliamentary Committee. But the two State-controlled Banks, Control Boards (Bhakra-Nangal, Chambal, and Nagarjuna Sagar), Commodity Boards (for coffee, tea, coir, silk and rubber), Commissions (Oil and Natural Gas Commission and Khadi and Village Industries Commission), Port Trusts, Local authorities and departmental undertakings will all be excluded from the jurisdiction of the proposed Parliamentary Committee. While all statutory corporations will be subject to the Committee's scrutiny, the Krishna Menon Committee's special pleading on behalf of the two major Defence establishments—Hindustan Aircraft and Bharat Electronics—seems to have prevailed and, in view of their importance for national security, the Committee will be asked to deal with them according to special procedures suited to their character.

It seems that Government will take no chances in regard to the scope of the Committee's activity and would seek to define its powers of control and supervision in such a way that conflict of purposes between the Government and the Committee is avoided. The Estimates Committee's reports have undoubtedly proved very embarrassing sometimes when they made suggestions for changes in policies on which the Government was committed one way or another and had no intention of changing its attitude. One such was the recommendation regarding the Planning Commission and its composition made some years ago; there was another recent instance in regard to the investment of funds of the L.I.C. In the 80th Report of the Estimates Committee, a sweeping change was suggested to the effect that public undertakings should be normally constituted into statutory Corporations and that the system of establishing joint-stock companies should be adopted only in emergencies or when an enterprise is started in association with private capital or with a view to transferring it eventually to private management.

Such suggestions for drastic changes have not found favour with the Government and to avoid possible repetition of similar situations, it is proposed to exclude both matters of major policy and also of day-to-day administration relating to State enterprises from the scope of the future Parliamentary Committee's scrutiny. The former is necessarily a matter for the Minister to decide and take responsibility for in Parliament; the latter is a field in which autonomy should be fully conceded to managements. Besides these two aspects, any matter for which special formal machinery is set up under the statutes or articles of association creating an undertaking will not be the subject of a probe by the Parliamentary Committee; also excluded will be wages and service conditions of public sector units which are subject to collective bargaining or negotiation between the managements and unions.

Obviously, such tight-rope walking between autonomy and accountability will not be easy. Ultimately, sound conventions set up by the Committee and the good sense of its members will determine whether supervision can be usefully exercised without subject managements to harassment or without being put off by evasive replies from the latter under the pretext of their autonomy. The Committee will be in a position to collect much information and learn about the working of the enterprises so as to be in a position to guide discussions in Parliament into useful channels. Personal contacts with those in charge of enterprises will also remove the growing sense of injustice felt by many of them when criticisms are based on misconceptions without any opportunity being provided to them for furnishing explanations. The setting up of the Parliamentary Committee will not, however, be an answer to the pressing need for increasing efficiency or profitability of the public sector; it can only help to make parliamentary control less sporadic and capricious and better informed than when it is exercised almost wholly through formal questions and answers in the Houses.

The reasons for the proposed exclusion of the Oil and Natural Gas Commission from the Committee's restricted purview are not clear. As a statutory Corporation, it stands on no different footing and should neither be denied autonomy nor relieved of accountability. If excluded, a situation similar to that of the British Air Corporations may arise; the Select Committee on Nationalised Industries in the U.K. observed that the Minister's unofficial powers of advice added up "to a degree of control far in excess of that envisaged by the statutes under which B.O.A.C. and B.E.A. were created." There is no reason why in respect of all Corporations there should not be a clear-cut division of responsibility, so that, when a Minister wishes his orders to have overriding priority, he is compelled to make them so only through a special directive. The Employees' State Insurance Corporation seems to be yet another candidate for special exemption like the O. & N. G. and the Khadi Commission.

The setting up of the Parliamentary Committee may have to be postponed, however, until after the General Elections, since there can be no assurance of continuity in its membership, if one is set up now. The proposal is for a Joint Committee of both Houses, with 10 members from the Lok Sabha and five from the Rajya Sabha chosen for a period of three years (though 2½ years seems preferable in view of the quinquennial elections).

• • • •

Conference on Coal

New Delhi has been concerned in the last few days with more down-to-earth matters like coal and exports than the broader policies of the third Plan. At a conference of consumers and producers of coal, there was much heated discussion of the proposal to create coal dumps at important centres, for distribution to consumers who can be served by each. The Railways were again in the pillory and Sardar Swaran Singh, Minister for Steel, Mines and Fuel (who personified in himself both producer and consumer) made it clear that there was no shortage of production but only difficulty in movement of coal. The demand for imports was thus ruled out, though it was in any case an unreasonable one, in view of the foreign exchange shortage; the Minister's answer was not, however, specific as to whether output of all the desired grades of coal is now adequate.

The main objection of representatives of industry to coal dumps was that they would increase transport charges and make coal costlier; also the prospect of increased congestion of goods traffic on the roads in industrialised cities of Calcutta and Bombay is not, indeed, a very pleasing one. Whether road transport has been built up to the level at which it can cater to this additional demand is also another issue which has not been squarely faced: perhaps the establishment of coal dumps will relieve the two Ministries—Railways and Fuel—of their responsibility for supplies and transfer some of it to the industrial users who may have to make their own arrangements for transport from the dumps. The Railways have held out the distant hope that, at the end of the third Plan, when they get their 20,000 box cars, one-fourth of this number would be reserved for moving additional coal other than that needed by the steel plants.

Two advantages are claimed for the system of coal dumps; by reducing destination points, it offers the possibility of speedier movement; it will also facilitate movement in the slack season when wagons are available. Against these advantages are some serious drawbacks; one is the likelihood of deterioration of quality and the other higher cost of transport.

Theoretically, the critics are right. If Railways had turned out to be as efficient as they were expected to become as a result of the investments made so far, the need for dumps may not be urgent, though the scale of requirements under the third Plan would still necessitate some special devices. But practical considerations have to be taken into account and the major one among them is the proved incapacity of the Railways to work at their maximum efficiency. The reasons have been discussed before without anyone approaching a clear finding; the two Ministries responsible for coal and transport have so far been blaming each other but have now called a truce, since their wrangles were becoming too open and unseemly. An increasing tendency to attribute all shortcomings to the "pangs of economic growth" helps the cause of inter-Ministerial amity, if not of close co-ordination of their policies.

As these lines are being written, the Coal Council of India is engaged in a detailed review of the third Plan target of coal production of 97 million tons, including the financial resources required for achieving them. The field-wise and grade-wise break-up of this target is being examined as also the gap in the development of coal washeries, technical personnel and their training, besides the fourth Plan schemes for prospecting and drilling of coal-bearing areas. The private sector is represented in the Council and, while it has several major problems—like mining leases for development of contiguous areas and adequate return on its investments—the question of transport will remain inseparable from these perspective plans.

While a system of priorities in transport will be unavoidable, the proposal to make allocations on the basis of the distribution in 1960—admittedly a bad year—has been assailed by representatives of industry and of State Governments. The former have stated that their actual needs are about 15 per cent larger; subject to better organisation of wagon supplies, these additional requirements can be met at least partially; but no definite assurances have been forthcoming. When such is the planning of coal supplies for the immediate future, it may be difficult for the Coal Council to approach its task of long-term planning with any sense of realism.

Meanwhile, the Labour Ministry has decided to embark on a departmental inquiry on the entire question of labour-management relations in coal mines, which would cover the law and order situation, non-implementation of awards and agreements and breaches of the (now increasingly popular) Code of Discipline. This inquiry may prove to be as important to the future of coal as the other discussions.

SURVEY

(*Concluded from page* 583)

rigid specifications in the interest of sustaining the markets already established and finding new ones, it has to be borne in mind that there are some hurdles in the way of wool exports which should be removed at the earliest. To these a brief reference was made by the President of the Federation, Mr. Jayantilal K. Anjaria. He wants the abolition of the new grading rules. Wool exports can be allowed, Mr. Anjaria suggests, on the basis of checking yields and testing lots to be free from ginned and limed wools. Another suggestion which deserves to be implemented relates to the setting up of a carbonising plant at Bikaner for the removal of burrs and thorns in raw wool. It is, however, difficult to understand the rationale behind Mr. Anjaria's plea for incentives in the form of import licences for raw wool and wool tops against exports of wool from India.

EARNING AND SPENDING

PERSONAL SAVINGS LARGER THAN COMPANY SAVINGS

(*From Our Own Correspondent*)

LONDON, 15*th September*

LONDON LETTER

THE Treasury has produced this week its annual budget for the nation, that is, its estimates of the income earned by the nation as a whole and the corresponding expenditure and savings. The figures naturally relate to the year 1960.

The total of national income has now reached the astronomical figure of £22,300 million. To those familiar with the levels of income ruling in the years after the war this figure appears enormously inflated. It is in fact 90 per cent greater than the figure for ten years before. However, as soon as one makes a check on the rise in prices, one discovers that, in terms of the real income, that is the total quantity of goods and services produced, the rise is instead 29 per cent only. In other words, real income has been rising at an average of only about 3 per cent per annum.

Recently, the rise has been a little faster and money income rose twice the normal rate between 1959 and 1960, that is, 6 per cent, and, in terms of production, real income rose some 5 per cent.

The increases in expenditure covered all the categories over the past year; for example, fixed investment rose by 10 per cent, public consumption (that is expenditure by public authorities) rose by 6½ per cent, private consumption rose by 4½ per cent and exports rose by 6 per cent. A cursory glance at these figures show that expenditure has risen a great deal more than the 6 per cent rise in the total national income. The difference was financed by a 13 per cent increase in imports. This is the measure of the extent to which the United Kingdom as a nation was living beyond its means in 1960 and running up a deficit on the balance of payments.

Incomes Nearly Double

And yet it is difficult to blame the private income earner and spender. Personal incomes were nearly double what they had been ten years before and were 7½ per cent higher than in 1959. Since private consumption only rose by 4½ per cent—less than the increase in consumption in any other sector of the economy—the result was a big rise in personal saving which totalled nearly £1,500 million. Compared with 1959 the percentage of the average person's income saved rose from 6 to 8. Incidentally, all these figures can be taken as representing real income and expenditure, since very little of the rise in consumption was absorbed by higher prices.

In the matter of saving, we find that the private saver did a good deal better than the company saver. Company saving rose by 12½ per cent (against the one-third increase in private saving), but more than this amount was earmarked for tax reserves and dividend reserves. The savings left over were actually rather less in 1960 than in 1959.

There is an interesting piece of information available about the distribution of incomes through the different classes of the community. Before allowing for tax, 41 per cent of the income earners received less than £500 a year and 2 per cent received over £2,000. After taxation, 44 per cent received less than £500 nett and only 1 per cent of the income earners received over £2,000. The total number of income earners is a fraction under 11 million (eleven million) people. We thus have a total of about 100,000 people with incomes in excess of £2,000, after tax.

Turning to overseas investment, the picture is distorted by the movements of hot money, since nett investment is the same as the current surplus in the balance on international payments, and, in 1960, there was a nett investment in the United Kingdom of £334 million by foreigners, as compared with a net investment outside the U.K. of £51 million in 1959. These figures naturally conceal the steady stream of fixed investment overseas as well as the inflow and outflow of short-term foreign capital. Britain is still lending long and borrowing short.—*All Rights Reserved.*

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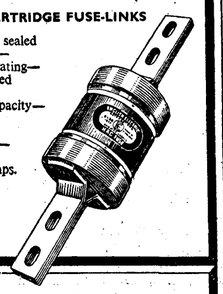

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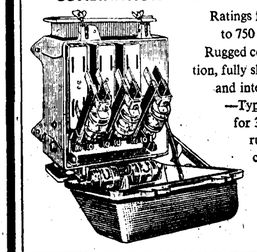

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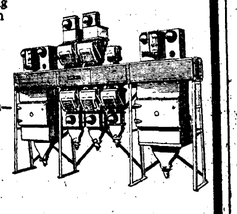

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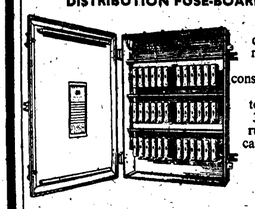

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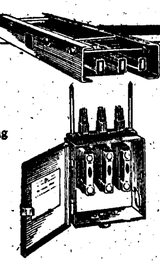

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SCHEME FOR ENROLMENT

The Scheme for Enrolment as announced by the Government of India, is to be introduced from a date not later than 1st October, 1961.

Manufacturers, Processors and Exporters of Art Silk fabrics are advised to enrol themselves under the Scheme with the Council, as the facilities provided under the Export Promotion Scheme will be available from that date onwards only to those who are enrolled.

Application Forms and particulars can be obtained from the Council's Office.

The Silk & Rayon Textiles Export Promotion Council,

Resham Bhavan, 78, Veer Nariman Road, Bombay-1.

ACTIVITIES OF INTERNATIONAL FINANCE CORPORATION

PROBLEMS OF INDUSTRIAL OPERATIONS DISCUSSED

FORMED in July 1956, as an affiliate of the World Bank, the International Finance Corporation (I.F.C. for short) has completed the first five years of its working on 30th June 1961. As is well known, its main purpose is to further economic development of its developing member-countries by investing, without Government guarantee, in productive private enterprises in association with private capital and management. Essentially, the I.F.C. is an investing rather than a lending institution. It judges projects on the basis of their merits and participates in investment, without exercising any control on management. The I.F.C. has so far invested in productive enterprises in 18 countries. It has not only supplemented much larger amounts of private business capital but has begun to draw private investment funds into participation.

The annual report of the I.F.C., covering the year ended 30th June 1961, does not provide a comparative study of its activities; it gives the figures of its operations only for 1960-61 and the cumulative totals for the five years. A comparison with the annual report for the previous year shows that the Corporation made very poor progress during 1960-61. It made new investment commitments of the order of only $6.2 million, covering 10 projects in eight countries, as against $21.75 million on 13 projects in nine countries. No explanation is available in the report for this marked contraction in its activities. It was probably due to the change in the character of the I.F.C.'s investments which was in the process of finalisation. As readers are aware, I.F.C. was originally investing in the form of debentures with a right to convert a part or the whole of the bonds into equity capital at a later date. An amendment was proposed last year to enable the I.F.C. to participate in equity capital of a concern straightaway. This amendment has been favourably received and the I.F.C. can now make investments in such form or forms as it may deem appropriate in the circumstances. It must be added here that, even if the I.F.C. takes up equity capital in a concern, it shall not exercise voting rights for such purpose or for any other purpose which, in its opinion, properly is within the scope of marginal control.

India was one of the eight countries in which the I.F.C. made a new investment in 1960-61, the others being Argentina, Chile, Columbia, Finland, Jamaica, Mexico and Venezuela. It will thus be seen that the Latin American countries continue to be the major area of the Corporation's activities. The investment made in India was a small one, $210,000, in a new enterprise with a total capital outlay of $630,000. The enterprise concerned is the K.S.B. Pumps Ltd., which is building a plant near Poona for manufacturing pumps designed for a variety of local needs. It will be interesting to note here that the Corporation's first two investments in this country, which were in Kirloskar Oil Engines Co., Ltd. ($850,000) and the Republic Forge Co., Ltd. ($1.5 million) did not fructify, as the Companies had cancelled the arrangement. The report of the I.F.C. does not say as to why these two arrangements fell through. Anyway, the I.F.C.'s total investments in India so far are only two, the other being in Assam Silliminite Ltd. for a sum of $1.36 million.

Terms not Attractive

Inclusive of the commitment of $6.2 million made in 1960-61 the cumulative total of I.F.C. investments, net of cancellations and expirations, is of the magnitude of $44.40 million. The effective operational investments held by the Corporation amounted to $27.9 million, as on 30th June 1961, of which $24.4 million were actually disbursed. It may be noted that, with a capital stock of $96.57 million and a reserve of $10.56 million, the Corporation has still plenty of loanable resources. That it should be so even after five years of its existence and at a time when the demand for risk capital is pretty high in the underdeveloped countries is proof of the contention in this country, as well as elsewhere in Asia, that the I.F.C.'s terms of investment are not attractive to private entrepreneurs.

It is interesting to find that the I.F.C. has already started receiving repayment of principal. During the year 1960-61 it received $91,250 by way of repayments on two of its investments, one in Australia and the other in Mexico. Further, it received more than $288,000 in excess of fixed interest attributable to payment of contingent interest and profit-sharing.

The gross income of the I.F.C. during the fical year 1960-61 amounted to $4.4 million, of which $2.5 million were derived from investment in U.S. Government securities and $1.9 million from operational investments. As the operating expenses were of the order of $2 million, the net income for the year was $2.4 million. The entire net income has been allocated to the reserve against probable losses.

Another interesting bit of information gleaned from the I.F.C.'s latest annual report is that, during 1960-61, I.F.C. sold its entire holdings in three operational investments, of the value of $2.457 million, situated in Brazil and Thailand. In addition, it sold participations aggregating $1 million in two investments, one in Colombia and the other in Finland. The Corporation, however, repurchased the investments in Peru of $572,000.

A Valuable Feature

A valuable feature of the latest annual report of the I.F.C. is the observations on problems of industrial operations in developing countries. Thanks to the competent staff, highly qualified and experienced in examining investment projects situated in widely different economic settings, the I.F.C.'s analysis of the difficulties confronting the promoters of new ventures is, indeed, excellent and deserves to be carefully studied not only by our businessmen but also by the planners.

Industrial operations in the newly developing countries, the authors state, present a number of problems which do not exist or are of minor importance in highly developed industrial societies. The I.F.C. has found that some of these problems are typical from country to country and company to company. The first problem facing every new enterprise is one of knowing the probable size of the potential market for its goods. It is usually more difficult to make such an appraisal in the less developed countries, for want of statistical and other information. The more uncertain the political and financial stability of a country, the more difficult it is to estimate its potentials for economic growth and probable changes in the disbursement of income, the standard of living and consequent purchasing power of its people. The I.F.C.'s experience is that it is the rule rather than the exception that both local and foreign businessmen, tend to overestimate potention markets or at least to underestimate the time required for the markets to materialise. It was found by the I.F.C. that, in several companies in which it had invested, importers had stocked up goods in anticipation of an increase in tariffs or imposition of quotas, so that, when the new local production began, it found a market oversupplied with competing imports. Thus, the demand for the local products is slow in building up. The authors, therefore, advise businessmen investing in import-substitution lines to make the most careful estimate of the market, and to allow, in the financial set-up, for an ample margin of error in their expectations.

Indivisibilities

Another problem pertains to indivisibility of fixed assets. There may be an unquestioned market for, say, 50,000 tons of cement which is being imported. But, if a cement plant of less than 100,000-ton capacity is uneconomical to build and operate, the question which needs careful analysis by a sponsor of a cement plant is whether he is in a position to make the investment in the larger plant and accept a minimum return during the period when his operations are likely to be 50-60-70 per cent of capacity. The authors of the report, accordingly, caution businessmen to appraise this problem before embarking on the venture.

Dealing with the problems of getting into production by a new venture or by one of the existing units undertaking a large expansion programme, the report says:

"Even assuming good engineering and selection of proper equipment, the amount of time required to get things done is often much greater than in more highly developed countries. There are more frequent delays in obtaining necessary governmental approvals, in arranging financing, in selecting, purchasing and securing delivery of materials and equipment, particularly those which must be imported. Supervisory personnel is apt to be scarce. There are likely to be fewer skilled and semi-skilled workmen available, so that longer training periods for the operating force are required.

"If, in the planning, some piece of equipment has been overlooked, or if some minor piece of machinery does not operate satisfactorily, or if a spare part is needed, months may pass before it can be obtained from abroad.

"In most of the developing countries, power and transport are either in short supply or subject to frequent interruptions.

"It is, therefore, reasonable to assume that the time required from the planning stage to the time when the plant can operate at reasonable capacity will be considerably longer than, say, in the United States or Western Europe."

Financial Planning

Referring to financial problems facing new businesses in developing countries, the I.F.C. report recognises that there are inevitable uncertainties and errors in calculating costs for physical facilities. But the I.F.C. has found in its scrutiny of investment projects sent for its approval that there is also inadequate provisions for working capital. On this point, the observations of the I.F.C. should prove immensely helpful to entrepreneurs. To quote the relevant portion from the report:

"Even if there is reason to rely upon a relatively stable value for the currency, problems of working capital should not be pushed aside with happy confidence that the commercial banks will be willing and able to provide the required credits. Bankers live on loans, and if the financial climate permits, they will serve their good customers year in and year out. But the decision may not be wholly in their hands. A tightening in the general economic and financial situation may well force them to restrict rather than expand credits. Inflation and the consequent decrease of purchasing power make the problem of maintaining adequate working capital even more acute.

"There is no way of avoiding the problem of working capital. It is a constant one and demands careful attention in establishing and maintaining a sound financial structure. To the extent that the basic requirements for working capital are provided in the form of equity the problem is minimised. Frequently, a balanced capital structure is sacrificed for an undue proportion of debt in order to improve the prospective value of the equity."

Both the extracts given above are true of the experience of industrialists in this country.

Another subject on which the I.F.C. has offered some valuable guidance in its latest annual report pertains to technical collaboration agreements with foreign businessmen. Viewing them from the point of view of domestic entrepreneurs, the report observes:

"The value of such arrangements varies greatly—from a minimum of a formal contract with a few blueprints, formulas and instruction manuals to a realistic working partnership in which the licensor provides the guiding hand of experience in determining the scope of the operation, designing the factory, selecting the equipment and the most suitable suppliers, supervising the progress of construction and installation, training of personnel and probably supplying a few key supervisors during the period of initial operations. In many cases a most valuable aspect of such relationships is that the local company will have the rights to improved processes or new products developed by the licensor.

"It is obvious that broad arrangements such as outlined above require that the licensor should assume very considerable responsibilities and expend substantial effort and manpower. It is likely that the licensor will not voluntarily offer such a wide range of services, and satisfactory arrangements may involve considerable negotiation. The amount of royalties and similar payments needs to be carefully appraised in relation to the value of the services to be rendered. It may be well worth the cost to the local businessmen to obtain the advice of lawyers or others experienced in these matters in working out the arrangements.

"That good technical operation is necessary to successful industrial enterprise is widely recognised. What is more often overlooked is the importance of competent and experienced executive direction, effective administration and operation, financial planning and control, and effective selling organisation. It is in these fields that we see the greatest weakness in business operations in the newly developing countries. If the businessmen in these countries would more fully appreciate the importance of these elements for successful management, they could draw on the experience of their friends in the industrialised countries for help along these lines as well as in purely technical fields."

On the question of joint enterprises, the I.F.C. report avers that, if industrialisation is to proceed to any substantial extent, there must be considerable adjustment between the use of machines and the habits of the peoples. "This successful merging of these unfamiliar elements," it concludes, "calls for broad knowledge and understanding on the part of both national and foreign businessmen."

The Canara Bank Ltd. has opened two more branches in Bombay City this week, one at Parel and the other at Kurla, bringing the total number of offices in the City to 17 and in the whole of India to as many as 117.

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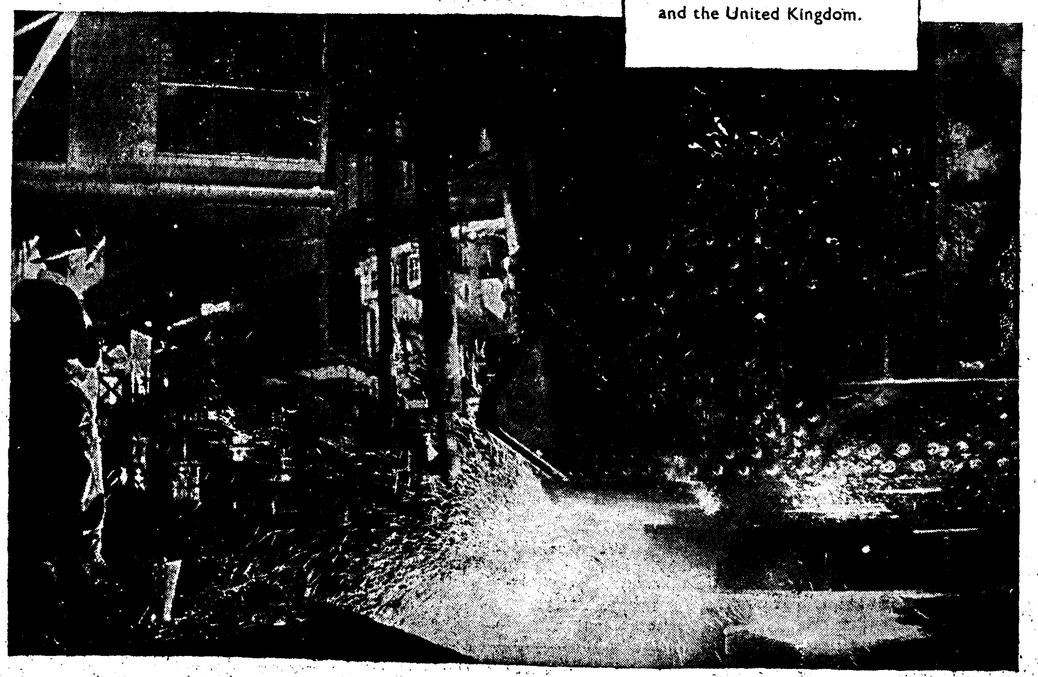

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UNDER SECRETARY TO GOVERNME... 25 SEP 1961 PUBLIC DEPARTMENT

EXPORT TRADE IN COTTON TEXTILES

SOME USEFUL SUGGESTIONS BY DELEGATION TO AFRICA

ALTHOUGH there is not much that is new in the report of the Indian cotton textile delegation to North and West Africa, sponsored by the Cotton Textiles Export Promotion Council, it is nevertheless of considerable value in the context of the urgent need for energetic action to step up the exports of such a staple earner of foreign exchange as cotton textiles. The perusal of the report indicates the competent manner in which the delegation has performed its task which could not, of course, be otherwise, considering that the delegation consisted of three textile experts, namely, Mr. Chinoobhai C. Javeri (leader), Mr. Prabhu V. Mehta and Mr. P. Nagersheth (Secretary of the Council), besides six other delegates who concentrated on spot-selling of Indian textiles in addition to a study of the markets. Indeed, there is no exaggeration in the claim of Mr. Javeri that the delegation "made every endeavour to do justice to the terms of reference that were given to it," the limitation of time notwithstanding. The terms of reference were:

Study the general economic conditions prevailing in the countries (Nigeria, Libya, Tunisia, Ghana, Ivory Coast, Senegal, Morocco and Gibraltar); study the market conditions with particular reference to availability of foreign exchange, duties and other charges levied on textile imports, etc.; make an on-the-spot study of the cotton textiles requirements and report on the types of cloth generally in demand in these countries; study the competitive capacity of Indian textiles *vis-a-vis* the product of other countries; report on the improvements necessary in both organisation of trade and presentation of Indian cotton textiles to make them more competitive in the various markets; study the prospects of exporting Indian cotton yarn, readymade garments and hosiery to these markets; and to promote the exports of Indian cotton textiles, yarn, readymade garments and hosiery of all sorts to the countries to be visited.

Vigorous Export Drive

In its report, the delegation has impressively highlighted the urgency of a vigorous drive to promote cotton textile exports. Appropriately enough, the delegation describes this task as "The challenge" and observes:

"Cotton textiles constitute one of the major items of our export and the bulk of the cloth exported has been greys. Since Indian cotton was cheap, the greys manufactured from it withstood foreign competition. Now that advantage is lost and, for a variety of other reasons, Indian greys are slowly losing ground. On the other hand, most of the consuming countries have started manufacturing greys and have either banned or imposed restrictions on their imports to give protection to the local industry.

"... Take away the figure of our export to the U.K. and the balance will indicate the sorry figure of our total exports to the rest of the world. It is an eye-opener. This warrants that we cannot remain complacent. The writing on the wall is very clear and it is high time we took it seriously and looked danger in the eye. Besides, every year more and more textile mills are coming up in the consuming countries for the manufacture of greys and they have expansion schemes under way for increasing the production of greys and for the manufacture of processed cloth. It is true that the consumption of cloth is mounting up on account of growing population and the rise in the standard of living of the people throughout the world; but, at the same time, the international competition is gaining strength and the production of cloth in the consuming countries is on the increase. Today, we are faced with global competition even in greys, drills and bleached longcloth in these territories, particularly from Spain and Communist countries, namely, East Germany, Poland, China, Bulgaria, Czechoslovakia, who having no price basis, undersell their textiles. The recent increase in the use of synthetic fabrics will further accentuate competition. Already they have replaced cottons in many sorts. That struggle is further intensified by the emergence of trading blocks in Europe."

The assessment of the outlook for exports to countries visited by the delegation as contained in the report reveals that the countries are potential and promising markets for cotton textiles, especially printed, fancy and quality cloths. Despite the keen competition offered by the other supplying countries, India can certainly sell these types of fabrics, if, as the delegation has rightly stressed, a concerted, organised and determined effort is made by mills to cater to the specific requirements of the markets. The consumers in most of these countries, as elsewhere in the world, have, we are told, become increasingly selective in their choice and exacting in regard to price and quality. Although price is the main criterion, most of the discriminating consumers whose number is fast increasing prefer to pay a little more to buy quality material.

Viewed thus, it is somewhat disquieting to hear from the delegation that the textile mills in India are apathetic towards export promotion. They are, according to it, unwilling to sell for export, if they get a slightly better price in the local market. There are frequent complaints from foreign buyers that Indian mills, unlike their competitors, do not maintain continuity of supply nor of quality, nor take pains to produce what they want nor adhere to their contractual obligations. Likewise, there is lethargy in responding to inquiries and unwillingness to manufacture qualities in accordance with buyers' requirements, lack of quality control, and inefficient make-up of goods as against extremely aggressive approach of other competitors. "These things," to quote the delegation, "irritate buyers and cause them great annoyance and inconvenience. At times, they are even put to a loss. Ultimately, the complaints give Indian cloth a bad name, and buyers turn to alternative sources of supply for their requirements."

Modernisation and Rationalisation

It is against this background that the delegation has put forward quite a number of valuable suggestions. At the very outset, the delegation has urged the Government and the industry to take immediate steps to implement the scheme for modernisation and rationalisation as recommended by the N.I.D.C. Study Group. In particular, it has called upon the Government to encourage mills to install automatic looms. The following are the other suggestions addressed to the Government:

The Government should seriously examine the balance of trade position between the countries visited and ourselves, and having regard to the adverse trade balance, endeavour to find out a suitable basis for concluding trade agreements with them.

Having regard to the misconception that persists in Senegal and Ivory Coast that the Indian textile industry is a low wage industry, the Government should take steps to convince the Governments of Senegal and Ivory Coast as to the correct position.

The Government should sponsor an industrial mission to these countries at an early date to investigate the opportunities for our industrial and technical collaboration for the setting up of new industries there.

The Government should appoint Trade Commissioners in the newly independent countries of West and North Africa for fostering our trade in these countries.

Many of the countries visited by the delegation enjoy the privileges of Associate Members of the European Common Market and thus import textiles from the E.C.M. nations at preferential rates of duty. Drawing attention to this aspect, the delegation says that our export promotion scheme should be examined and necessary modifications effected, so that the country will be able to sell textiles at competitive prices. The Export Promotion Council has been specially asked to keep the Indian representative at the G.A.T.T. informed of this position.

The delegation has also commended for acceptance the following other general suggestions:

Important export qualities which have been exported for many years and internationally accepted "printers' greys" should be classified by the ITEX respectively under distinct chaps or numbers and thereby protect the interests of our trade in India and the importers abroad.

In the context of our developing the exports of finished goods a Design Centre, on the lines of a similar organisation in Japan and the U.K., should be established in Bombay for undertaking studies of modern designs and colour schemes, registration of designs and other related problems.

The three Textile Research Institutions in India should undertake research for developing techniques and finishes for meeting specialised export demand.

The future of our export trade in cotton textiles to these countries lies in our adaptability to cater to their specific demands as to colour, design and finish at competitive prices. Manufacturers in India should make all-out efforts in this direction.

Both mills and exporters should appoint agents in foreign countries to handle their sales. They should frequently send out salesmen experienced in international trade to sell and to undertake spot-studies of markets and gauge the extent of foreign competition.

A textile trade delegation should be sent once a year to different countries by rotation.

Due to the persistence of complaints about numerous markings on Indian bales, the Council should reconsider the present packing and marking standards for further improvement.

The piece packing of textiles from India still being considered unattractive, it is recommended that the pieces of finished fabrics which are double folded should be wrapped in cellophane paper and, in the case of single folded pieces of finished fabrics, the quality of the kraft paper should be improved.

The stamping on pieces of finished fabrics should be transfer printed in gold ink.

The Indian trade samples continue to be poor, clumsy and frugal as compared with those of other countries and do not represent the character of the quality being offered. Immediate steps should be taken to remedy this situation.

Arrangements should be made with the Government of India for periodical and frequent displays of representative cotton textiles at the Trade Centres and showrooms. Fashion Parades may be organised in different countries for effective propaganda for our finished fabrics.

The salient features of our schemes to create confidence in the trade and other changes in our policies and procedures should be circulated to the various chambers of commerce in the territories visited by the delegation.

Industrial supplements on cotton textiles should be brought out periodically in important centres. The cost of such supplements should be largely met from advertisements by mills.

While the aforesaid suggestions are important, one wonders whether, even if all these were implemented, the export trade in cotton textiles would be placed on a sound footing. For much will depend on the actual available supplies of cloth in the coming years. This aspect has to be specially stressed, because the third Plan production target of 5,800 million yards fixed for mill cloth may fall short of the total consumption requirements, what with the continuously rising trend of population and the expected increase in the *per capita* consumption of cloth. The Chinoobhai delegation has done well to make special mention of this point, with a warning against a possible acute shortage of cloth and the consequent runaway prices. Such a development is bound to have far-reaching repercussions on exports. What is, therefore, wanted is the immediate adoption of measures designed to step up production of mill-made cloth, in order to ensure sufficient availability for exports at competitive prices.

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DIVERSIFICATION OF INDUSTRIAL ACTIVITY IN LANCASHIRE

TRADE UNIONS PLEAD FOR DIRECT MEASURES TO CURTAIL IMPORTS

From Our Special Correspondent

MANCHESTER LETTER

MANCHESTER, 12th September

DIVERSIFICATION of industrial activity in North-West England—formerly the undisputed home of the Lancashire cotton industry—has been one of the major features of post-war development, despite the tendency for textiles to play a smaller part in the working life of the region. Historically, the tremendous change in the comparatively short period of less than a decade provides the most remarkable story of development in any area, a point often emphasised by Mr. Eric Allen, Director of the Lancashire and Merseyside Industrial Development Association.

Writing in the latest issue of the *District Bank Review*, Mr. Allen describes how 550 cotton mills went out of business between 1951 and 1960. "It was fortunate for Lancashire that the closing date under the cotton reorganisation scheme, 31st March 1960, occurred during a period of industrial expansion and the expected unemployment did not materialise," he says. "Various local authorities in the cotton belt, the Lancashire County Council, the millowners and their agents were very active, and where land for industrial development was in short supply, these ready-made factories proved valuable in attracting new industries into towns which previously were almost entirely dependent on spinning and weaving."

Although admitting the difficulty of giving an accurate assessment of the number of people now employed in former cotton mills working in other types of industry, Mr. Allen suggests that the total is approximately 130,000. About 160 mills are still available and this number will be increased as firms close under the cotton finishing scheme.

Migration Halted

During the 1960's North-West England lost 37,000 workers by migration, which represents 90,000 people when the families which accompanied them are included. Mr. Allen contends that this drift has now been halted and, with improved employment opportunities now available, many families can return, confident of the area's ability to provide them with work in the future.

The general policy of encouraging industry to move to areas of high unemployment should be supported, he adds, but it is important at the same time to maintain the economic strength of the areas from which that industry must be transferred. "Surely it is a little early for firms in the North-West to be asked to move to areas of high unemployment when only three years ago many parts of the region were qualifying to receive industry by Government measures," he asks.

Town redevelopment schemes should be pushed forward as quickly as possible, Mr. Allen urges, in order to improve the appearance of the area. "The older industries left many scars which must be healed, so that industrial growth may be matched and encouraged by improvements to the surroundings and amenities."

Trade Union Fears

Much has been said and written by Lancashire company chairmen and spokesmen of various trade associations about the depressing effect of foreign cloth imports, and in particular the Hong Kong agreement. Throughout the negotiations the cotton trade unions have been equally insistent that action should be taken to provide safeguards against arrivals which threaten to overwhelm the flow of locally-produced yarn and cloth and create havoc in the Lancashire industry.

Mr. J. W. Whitworth, Secretary of the Operative Spinners' Amalgamation, has voiced the fears of many workers in the trade about the prospects unless direct measures are taken to curtail this flood. "To say that we in the trade unions are unhappy about the outlook would be a gross understatement," he says in his latest quarterly report.

"Whilst imports are bounding, and in consequence building up a surplus to requirement, there is an obvious danger to reasonable profitability in the home producing trade which would make it exceedingly difficult to maintain and recruit the type of labour required."

The original plan of the Cotton Board, he discloses, was to secure an agreement with the Hong Kong industry to extend the existing undertaking for at least four years ahead at virtually the same global ceiling, adjusted, if necessary, by the experience of the past three years. As is known, the result of the inter-Government discussions between Britain and the Colony has been an extension only until the end of 1962.

On the other hand, the British Government has officially indicated that some control should be maintained over purchases of Commonwealth cloth during the re-equipment phase of the Lancashire industry. Presumably, the intention is to re-open negotiations—perhaps on a round-table basis—between Lancashire and representatives of the three Eastern countries involved before the extended pact expires at the end of next year. Any further moves in this direction must await wider deliberations at Geneva which start next month.

New Manpower Drop

Nearly 800 workers have left the Lancashire cotton industry in a month without being replaced, and figures issued in Manchester last week by the Cotton Board show that mill manpower is now down to 178,160. The number of operatives is 5,000 fewer than a year ago.

Output of cotton and mixture yarns in July averaged 11,770,000 lbs. weekly, compared with 12,350,000 lbs. in the corresponding period.

Cloth production was higher than a year ago, however, reaching a week-end average of 24,620,000 yards a week, as against 23,900,000 yards.

Production of both cloth and yarn was affected by holidays.

Textile Scholarship Plan

Up to £2,000 is to be spent annually by the Cotton Board in providing scholarships for textile designers—the first scheme to offer substantial awards for established designers already working for the British cotton industry.

Applications for the 1961 scholarships must be submitted before the end of October enabling the successful candidates to undertake their projects in the spring of 1962. The object is to provide designers with the opportunity to travel abroad to refresh their creative abilities and stimulate their enthusiasm; enlarge their knowledge of design and design trends likely to be of importance in those markets in which the British cotton industry has a substantial interest and to study the requirements and potentialities of a particular market from the design viewpoint.

Candidates must be practising designers with a minimum of 5 years experience in working for the British cotton industry and will be expected to continue working in or for the British cotton industry on the completion of the scholarship. They will submit an illustrated report of their activities to the Cotton Board which will be able to use the information in whatever way is considered to be in the best interests of the industry as a whole.

Meanwhile, the Productivity Centre of the Cotton Board is sponsoring further courses on modern management techniques. The first concerns foremen in the finishing section and, spread over a period of four weeks starting this month, will deal with the appreciation by foremen of management controls and work study methods.

A new course on mathematics for mill testing is being introduced to train young laboratory or testing room staff for particular types of calculation. This will start next week and will be completed before the month-end.—*All Rights Reserved.*

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COTTON EXPORT POLICY

TRADE'S PLEA FOR EARLY LARGE QUOTA

THE cotton trade is anxiously awaiting the first export quota for the current (1961-62) season which began on the 1st inst. Although more than two weeks have now passed since the season started, no quota announcement has been made till the time of writing (Tuesday afternoon). This has left the trade in a state of animated suspense. The delay is attributed, in some quarters, as due probably to the fact that the Government is finalising a comprehensive export policy in respect of cotton. Some feel that the announcement will be made only after the meeting of the Cotton Advisory Board which is scheduled for the 25th inst. In any case, there is a consensus of opinion among trade circles that the present export policy in respect of cotton should be revised. It has been repeatedly demanded by the trade, and the plea was again reiterated at the recent meeting of the Export Advisory Council, that export quota for cotton should be released early in the season and in bulk, so that the traders could take advantage of the conditions in world markets and sell the cotton at the best possible price. It was suggested at the above meeting by representatives of the trade that the initial quota for the current season should not be less than 150,000 bales in view of the strong possibility of a larger crop. It was also urged that there should not be any link up of exports with sales to domestic mills as was the case with some quotas released during the last season and that the basis of licensing, once announced, should hold good for the entire season.

It was pointed out that the untimely issuance of quota and the frequent changes in the procedure of export and the basis of licensing were responsible for India losing some of its traditional customers. Not only was the export quota released during the last season less than that warranted by the size of the crop but the quota releases were ill-timed, so that the country earned less foreign exchange than it could otherwise have earned had a more realistic policy been followed by the Government. It is pointed out, for instance, that though it was clear even as late as in April 1961 that there would still be a sizable surplus of Bengal *Deshi* cotton, the fourth export quota for 30,000 bales of such cotton was announced as late as the end of July last. The fact that applications against the third quota of 60,000 bales aggregated as much as 85,000 bales was a clear indication that the foreign demand was brisk at the then ruling price. But by the time the fourth quota was announced at the end of July, foreign buyers had either turned to Pakistan and covered their requirements or revised their price ideas downwards, so that the cotton had to be sold at a much lower price than that prevailing in April. The total export quota for Bengal *Deshi* issued during the season amounted to only 190,000 bales. The crop during the season, however, was as much as 400,000 bales which, together with a carry-over on 1st September 1960, of 25,000 bales made an aggregate supply of 425,000 bales. Of this, domestic consumption, it is estimated, would not have exceeded 160,000 bales. Even allowing for a carryover of 30,000 bales, there was still a surplus of 45,000 bales. The country could have easily spared this surplus for export and earned valuable foreign exchange.

Exports Higher

As it is, foreign exchange earnings from exports of all varieties of cotton, including yellow pickings and Assam/Comillas, but excluding cotton waste, amounted to only Rs. 12 crores in the 1960-61 season. The quantity exported during the season amounted to 288,806 bales as compared with 198,433 bales in the previous season. The following table gives the destination-wise break-down of exports:

(In bales of 400 lbs. each)

	1960-61	1959-60
United Kingdom	6,765	1,810
Continent	23,524	10,640
Hong Kong	19,575	7,568
Japan	228,008	160,945
U.S.A.	10,238	7,238
Other countries	396	1,208
Total ..	288,806	198,433

It is evident from the above table that, as in the 1959-60 season, Japan was the largest single buyer during the 1960-61 season also, accounting for 228,008 bales. The Continent of Europe ranked second, followed by Hong Kong, the U.S. and the U.K. in that order.

While it is true that more appropriately timed and liberal export quotas will enable the country to sell the cotton it can afford to spare more profitably, the emphasis should not be on exporting cotton at any cost. Bengal *Deshi* and other short staples in which India, along with Pakistan, enjoys a virtual monopoly is in demand abroad because they are special quality cottons which lend themselves to mixing with other fibres. Why should not this country do what others are doing with this cotton and then export the finished product? By so doing not only more employment is created within the country but the value of exports is also increased. It has been suggested in some quarters that, if the entire Bengal *Deshi* crop grown in this country is earmarked for export, Rs. 20 crores could be earned therefrom instead of Rs. 12 crores earned at present from exports of all varieties of cotton. Although, from the point of view of the immediate need for foreign exchange, this proposition is attractive, it is a shortsighted policy from the long-term point of view. The aim, therefore, should be to find ways and means of converting Bengal *Deshi* into finished goods to the maximum extent possible and exporting such goods.

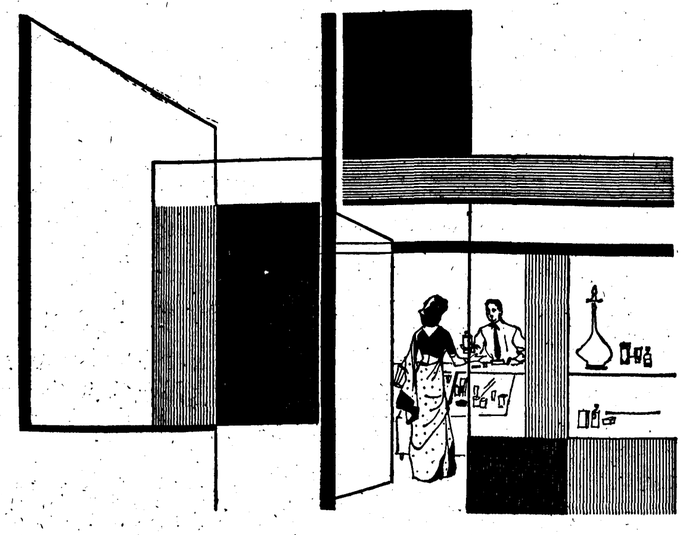
This does not, of course, mean that export of raw cotton as a foreign exchange earner has no future whatsoever, or need not be encouraged at all. On the contrary, a time may come in the forseeable future when export of raw cotton may have better prospects than that of manufactured goods, in view of the fact that every country in the world, especially the newly-independent nations of Asia and Africa, wants to have cotton mills of its own rather than be dependent on imports of piecegoods. Most of these countries do not grow cotton or grow only a small quantity and they will have to import raw cotton to feed their mills. It will pay India to keep a keen watch on these developments and to make sure that, if it cannot sell cotton manufactures to these countries, it is able to supply their requirements of raw cotton at least, so that its foreign exchange earnings do not suffer a permanent setback.

ARBITRATION ON U.S. COTTON

The East India Cotton Association, Bombay, has made arrangements for carrying out arbitrations, including appeals, in Bombay in respect of the quality of imported American cotton, according to a Press note issued by the Association. Till now, disputes regarding quality of American cotton were mostly forwarded to the Liverpool Cotton Association. Arbitrations and appeals could be now carried out in Bombay by the East India Cotton Association if the contracting parties agreed. In order to meet the wishes of the American Cotton Shippers' Association, a special provision has also been made in the by-laws of the Association to the effect that if the contracting parties so desire at the time of entering into a contract, appeals against arbitration awards in Bombay could be lodged with the Liverpool Cotton Association up to 31st July 1962 or later if mutually agreed upon by the Associations.

The East India Cotton Association became a signatory to the Universal Cotton Standards Agreement in the year 1951, thereby entering into an agreement with the United States Department of Agriculture for use of Universal Cotton Standards for grade. The Association's representatives are regularly attending the Universal Cotton Standards Conference since 1953, for the purpose of passing Universal Cotton Standards for grade.

The Universal Standards for grade, as prepared by the United States Department of Agriculture and last approved by the Conference in 1959, are kept in the rooms of the Association at Sewri. Imported American Cotton has to be examined against these standards. All the six sworn surveyors of the East India Cotton Association Ltd. have been designated as Board of Cotton Examiners by the United States Department of Agriculture in the year 1959 and they are authorised to carry on arbitrations and appeals on quality of American cotton since then. The East India Cotton Association has also framed by-laws to govern c.i.f., c. & f. and f.o.b. contracts and contracts for cotton imports to arrive and for forward delivery, and the same have also been approved by the American Cotton Shippers' Association. The by-laws have also been approved by the Government of India.



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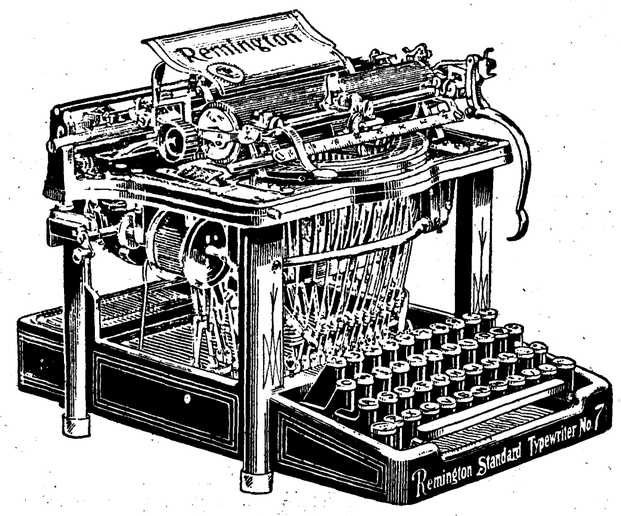

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WORLD BANK'S OPERATIONS IN 1960-61

HIGHLIGHTS OF ANNUAL REPORT

THE fifteenth year of operations of the International Bank for Reconstruction and Development (World Bank) had several outstanding highlights. These have been reviewed in the Bank's annual report, just released, for 1960-61. First, the Bank's new affiliate, the International Development Association, began its operations during the year when it provided the equivalent of $101 million in the form of 50-year interest-free development credits to four countries. Its first annual report is dealt with separately elsewhere in this issue. Secondly, the Inter-American Development Bank began its operations during the year; and the first pre-investment survey financed by the U.N. Special Fund was completed, with the World Bank acting as Executing Agent. Thirdly, the Bank took a leading part in evolving the programmes of aid to India for the first two years of its third Plan and to Pakistan for the first year of its second Plan by a consortium consisting of Canada, France, West Germany, Japan, the United Kingdom, United States, World Bank and the I.D.A. The proposed consortium aid to India is $1,295 million for 1961-62 and $930 million for 1962-63; that to Pakistan for 1961-62 is $549 million. Fourthly, thanks to the sustained effort of the Bank, the Indus Basin Settlement passed from negotiation to action during the year and the Indus Waters Treaty was formally signed, on the 19th September 1960, by the Prime Minister of India, the President of Pakistan and the Vice-President of the World Bank. Simultaneously with the signing of the Treaty, an international financial agreement was executed by representatives of the Governments of Australia, Canada, West Germany, New Zealand, Pakistan, the United Kingdom and the United States. This agreement created an Indus Basin Development Fund to finance the construction of irrigation and other works in Pakistan consequent on the Treaty Settlement. Action began during 1960-61 on the ten-year task of constructing the works included in the Settlement Plan at a total cost of about $900 million. Fifthly, another milestone was reached in 1960-61, with the total of sales of the Bank's bonds having crossed the $1,000-million mark. The amount of loans provided by the Bank during the year, however, was a shade lower at $610 million, as compared with $659 million in 1959-60.

The Bank's annual report under reference is notable, as usual, for the review of its financial operations. The new loans ($610 million) made during the year 1960-61 brought the cumulative total of Bank's lendings, net of cancellations and refundings, to $5,669 million, of which $4,320 million had been disbursed by 30th June 1961. Of the latter amount, $1,452 million had been repaid to the Bank or sold to other investors. The effective loans were $3,996 million. A classification of the loans given by the Bank by purpose and area is provided in Table I on this page. It will be seen from this table that development loans given upto 30th June 1961 were largely for electric power projects ($1,741 million) and transportation projects ($1,823 million).

The Bank's net income (exclusive of receipts from the 1 per cent annual commission payable on all Bank loans) during the year was $63 million. This was derived as under:

(In million dollars for 1960-61)

Income from investments	48.4
Income from loans:	
Interest	114.4
Commitment charges	7.7
Commissions	28.8
Other income	1.1
Gross income	195.4
Deduct—Amount equivalent to commissions appropriated to special reserve	28.8
Gross income less reserve deduction	166.6
Administrative expenses	12.0
Interest on borrowings	86.2
Bond issuance and other financial expenses	1.9
Discount on sale of loans	3.4
Gross expenses	103.4
Net Income—Appropriated to supplemental reserve against losses on loans and guarantees.	63.2

The Bank's total reserves, as on 30th June 1961, stood at $602 million, as compared with $507 million at the end of 1959-60. The reserves consist of two parts. One, the Supplemental Reserve accumulated from net earnings and net gains from exchange revaluations, stood at $406 million at the end of the fiscal year, compared with $341 million a year earlier. The increase consists of the $63 million of net earnings and $3.3 million representing net profit resulting from revaluation of the Bank's holdings of the currencies of various member-countries, credited directly to the Supplemental Reserve. The other, the Special Reserve to which are credited receipts from the 1 per cent annual loan commission, increased by $29 million to a total of $194 million.

All borrowings during the year took place outside the United States, with Germany continuing for the third consecutive year to be the largest single supplier of borrowed funds for the Bank. Most of the borrowing transactions were for the purpose of lengthening the term of the outstanding debt: refunding operations amounted to $466 million. New borrowings totalling $321 million were arranged, of which less than $139 million had been drawn down and added to the outstanding debt at the end of the year. The net result of these and other developments affecting the funded debt was to increase the total of the Bank's outstanding obligations by $155 million. At 30th June 1961, the funded debt amounted to $2,228 million, of which about 53 per cent was held outside the United States by investors in more than 40 countries.

The financial highlights of the Bank's operations in 1960-61, as compared with 1959-60, are presented as follows to round off this review:

(In $ million)

	1959-60	1960-61
Loans made	659	610
Sales of parts of Bank loans	243	202
Repayments of loans to Bank	74	101
Gross income	151	167
Net income	59	63
Total of supplemented reserve	341	408
Total of special reserve	165	194
Total reserves	506	602
Banks's borrowings (gross)	375	787
Net increase in Bank's funded debt	168	155
Subscribed capital	19,308	20,093

Apart from its lending activities, the World Bank continued to provide during the year technical assistance in various ways. For instance, its general economic surveys of Libya, Tanganyika and Venezuela were published during the year and its general survey of Uganda had reached the stage of a draft report; a large general economic survey mission was sent to Spain, and recruitment began for a similar mission to be sent to Kenya in September 1961. Development advisory missions were sent to Kuwait, the Philippines and Chile, and the mission to study agricultural problems in Ireland completed its field work during the year. The Bank also continued to provide advisory assistance in other forms to the extent that its personnel resources permitted; for instance, staff members of the Bank remained as resident representatives in Thailand, Pakistan, Ethiopia and India. An important development in technical assistance during the year was the Bank's agreement to finance from its own funds a part of the foreign exchange costs of transportation studies in Colombia and Peru. The Bank also continued its close co-operation with the U.N. Special Fund. Its final report of the survey of electric power needs and potential of Argentina was submitted to the Government of that country and to the Special Fund early in the year under review. The other Special Fund projects, which are being executed by the Bank, are in British Guiana, Nigeria, Surimam, Thailand, Gautemala and Peru, and these are connected with surveys of natural resources, power and irrigation potentialities, transportation, etc. Above all, the Bank has continued to assist member-countries in the establishment or reorganisation of industrial development banks and has also provided training at headquarters for key staff members of several development banks.

TABLE I

Bank Loans Classified by Purpose and Area

(Millions of U.S. dollars, net of cancellations and refundings)

Purpose	Total	Areas				
		Africa	Asia and Middle East	Australia	Europe	Western Hemisphere
Grand Total	5,668.8	799.8	1,938.3	317.7	1,411.5	1,201.5
Development Loans: Total	5,172.0	799.8	1,938.3	317.7	914.7	1,201.5
Electric Power—						
Generation and distribution	1,740.9	186.4	479.3	29.3	388.0	657.9
Transportation	1,823.3	418.2	816.5	132.3	68.4	387.9
Railroads	956.0	263.2	520.9	37.3	2.3	132.3
Roads	480.6	87.8	112.0	50.9	..	229.9
Shipping	12.0	..	..	..	12.0	..
Posts and waterways	253.8	17.2	164.0	..	46.9	25.7
Airlines and airports	56.9	..	5.6	44.1	7.2	..
Pipelines	64.0	50.0	14.0	..	..	..
Communications—						
Telephone, telegraph and radio	23.9	1.5	..	..	0.2	22.2
Agriculture and Forestry	496.3	50.7	169.5	103.4	87.8	84.9
Farm mechanisation	121.1	..	..	89.4	2.0	29.7
Irrigation and flood control	308.5	35.0	154.9	6.0	73.3	37.3
Land clearance; land and farm improvement	40.9	13.7	13.6	6.0	2.1	5.5
Crop processing and storage	7.0	1.0	..	..	4.2	1.8
Livestock improvement	12.6	1.0	1.0	..	..	10.6
Forestry	8.2	..	..	2.0	6.2	..
Industry	882.6	103.0	398.0	52.7	280.3	48.6
Iron and steel	350.3	..	314.2	13.4	22.7	..
Paper and pulp	113.7	..	4.2	1.1	88.4	20.0
Fertilizer and other chemicals	57.0	..	..	0.3	56.7	..
Other industries	94.0	..	5.2	23.7	58.8	6.3
Mining	149.0	101.0	..	14.2	12.0	21.8
Development banks	118.6	2.0	74.4	..	41.7	0.5
General Development	205.0	40.0	75.0	..	90.0	..
Reconstruction Loans: Total	496.8	..	..	..	496.8	..

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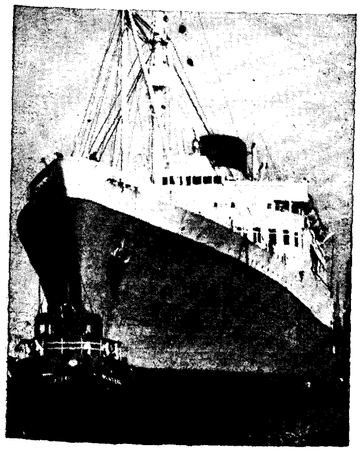

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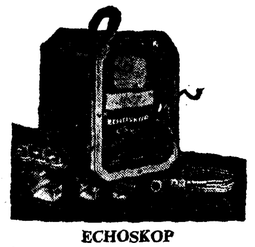

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FIRST NINE MONTHS OF I.D.A.

WIDE GEOGRAPHIC DISTRIBUTION OF DEVELOPMENT CREDITS AIMED

THE first annual report of the International Development Association—I.D.A. for short—gives a resume of its activities during the first nine months of working, that is, from 24th September 1960 (the date on which the Articles of Agreement came into force) to 30th June 1961 (the date on which the fiscal year ends). The review reveals that the I.D.A. has made quite a notable beginning in the direction of achieving its aims: "To provide economic development, increase productivity and thus raise standards of living in the less developed areas of the world." The establishment of this body as an affiliate of the World Bank, it may be recalled here, was the outcome of, many years' discussions of the desirability of accelerating economic growth in the less developed areas by adding international funds, repayable on other than conventional terms, to the flow of development capital. I.D.A. credits are of particular significance to countries such as India whose foreign debt service burden over the short- and medium-term is already so high that they cannot prudently borrow, on conventional terms, all the external capital they require to carry out their priority programmes. The I.D.A. has certainly "begun its work at an opportune time," as will be evident from the following extract from the annual report:

"In the era of economic growth and political change which has followed the war, the demand for development capital has markedly expanded. In a growing number of developing countries, however, the need for, and the ability to make effective use of, outside capital is increasing faster than the ability to service conventional loans; some countries have already begun to draw close to the limit of the debt they can prudently assume on conventional terms. The problem is confounded by the circumstances of many newly independent countries; they are not able to rely to the same extent as before on the financial support of the metropolitan powers, including guarantees on loans floated abroad; but they have not yet developed a credit standing of their own sufficient to enable them to borrow on the scale they require."

Resources Small

The aforesaid quotation underlines the need for the type of development capital that the I.D.A. can provide and indicates its sphere of operations. But in relation to these, its resources are small, the total subscriptions amounting to no more than $906 million, including $7.56 million which the I.D.A. may convert as required for its operations. The annual report itself admits this fact, but makes no mention of any move to augment the resources. All that it says is this: "The Articles of Agreement require I.D.A. to keep the adequacy of its resources under regular review. The first review is to take place within the first five years of operation, with reviews at five-year intervals thereafter. The Articles of Agreement also provide, however, that general or individual increases in the subscriptions of member-Governments may be authorised at any time."

Since it is on the size of resources at its disposal that will depend the success of the I.D.A. to venture further than the World Bank is able to do in countries that have only a limited capacity to service conventional foreign debt and support development projects that hold out promise, there is the pressing need for enlarging the size of resources. The I.D.A. can, of course, enter into arrangements to receive from any member or members supplementary resources in the currency of another member.

Be that as it may, the I.D.A. has no policy of allocating its funds in advance. It is, however, stated in the annual report that an effort is being made to ensure a wide geographical distribution of development credits, taking into account the priority which should be given to the poorer countries. At the same time, it is considered necessary to observe a limit on credits for some countries that can quickly present enough suitable projects to absorb a disproportionate amount of I.D.A. funds. The I.D.A., we are told, has a "lengthening list" of proposals under investigation all over the world. They include projects for the development of electric power, transport, agriculture and other activities of a kind traditionally financed by the World Bank, as well as projects of a kind not hitherto financed by the Bank, such, for instance, as municipal water-supply and technical training.

During the first eight months of its operations (8th November 1960—30th June 1961), the I.D.A. extended development credits aggregating $101 million to four countries. The first country to receive I.D.A. credit was Honduras in Latin America (the credit was signed on 12th May 1961), followed by Sudan (14th June 1961), India (21st June 1961) and Chile (28th June 1961). More recently—on 10th September 1961—the second I.D.A. loan to India was announced. The actual amounts of the credits and the purposes for which they have been made available are indicated below:

India: First loan of $60 million for covering half the cost of improvements to national highways. Second credit of $6 million for expansion of tube-well irrigation in Uttar Pradesh.

Honduras: $9 million for financing a programme of highway development and maintenance.

Sudan: $13 million for the construction of Roseires Dam on the Blue Nile. This is a joint loan of the aggregate value of $32.5 million, the balance of $19.5 million being made available by the World Bank.

Chile: $19 million, extended jointly with a World Bank loan of $6 million, for road maintenance equipment.

The terms and conditions of the aforesaid loans are all similar. The loans are interest-free and are repayable after a ten-year period of grace. Thereafter, one per cent of the principal will be repayable annually for ten years and 3 per cent per annum over the next thirty years. The loans bear a service charge of ¾ per cent on the outstanding amount. Repayment is to be made in foreign currency and not in local currency.

By the end of June 1961, the I.D.A. had member-Governments with total initial subscriptions equivalent to $905.56 million. Of this total, the 15 economically more advanced countries (classed as Part I members) together account for 81.65 per cent, actual subscriptions being $739.36 million. The balance of 18.35 per cent ($166.20 million) represents the share of the less developed countries (classed as Part II members). Included in this category is India with a subscription of $40.35 million, representing 4.46 per cent of the total.

Part I countries, it may be noted here, make an initial payment of 23 per cent, the balance being payable in four equal annual instalments. All these funds are convertible and usable by the I.D.A. for development credits. Part II countries make payments on the same instalment basis, but, of the total, only 10 per cent—half paid initially and the rest in four instalments—is in convertible funds. The remaining is paid in the members' own currencies and may not be used by the I.D.A. without the consent of the member concerned. Part I countries are to be contributors for the I.D.A. purposes, though credits may be extended for projects in their dependent and associated territories. All Part II countries are eligible to receive I.D.A. credits; those assisted may receive a blend of Bank loans and I.D.A. credits and still others, depending on the circumstances, may be assisted by I.D.A. credits only.

The biggest member of the I.D.A. is the United States, the subscription of which accounts for as much as 35.37 per cent of the aggregate—$320.29 million. Next in order comes the United Kingdom with a subscription of $131.14 million—14.48 per cent of the total. The other large members, together with their subscriptions in million $ and percentage share of the total in brackets, are: W. Germany 52.96 (5.85 per cent); France 52.96 (5.85 per cent); Canada 37.83 (4.18 per cent); Japan 33.59 (3.71 per cent); Taiwan 30.26 (3.34 per cent); Netherlands 27.74 (3.06 per cent); Australia 20.18 (2.23 per cent); Italy 18.16 (2.01 per cent).

The gross income of the I.D.A. during the period 24th September 1960 to 30th June 1961 amounted to $913,383, the bulk of which, namely, $892,475 was accounted for by interest on investments. Excluding the expenses of $558,658, the net income was $354,725.

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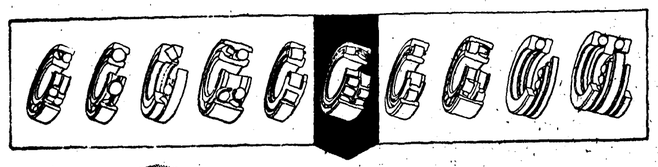

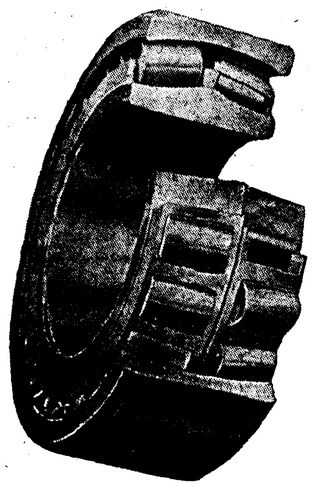

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"*Rule 18 (a)*. Contravention of the Provisions of Rules 3 and 5 by making more than two withdrawals in a week, or by making withdrawals in excess of Rs. 5,000/- in a week, may at the Bank's sole discretion, be penalised by forfeiture of interest for the month during which the contravention takes place."

T. R. KRISHNASWAMI
General Manager.

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management executive

edited by

K. S. GUPTA

Director, Bombay Labour Bureau
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* What are your responsibilities to the worker?
* How can you maintain discipline?
* How can you develop team work?
* How can you make sure your workers get a square deal?
* What can you do to build morale among your workers?
* How would you break in a new worker?

2. Salient Features of:

* Factories Act, 1948
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3. List of Factories in Greater Bombay and Thana District with names, factory addresses and telephone numbers (in alphabetical order);

4. List of Public and Private Limited Companies in Greater Bombay with names, office addresses and telephone numbers (in alphabetical order);

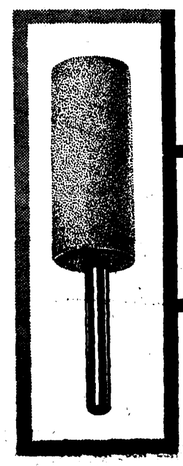
5. Revised Procedure for Industrial Licensing in India.

A MESSAGE

As Industry expands, and becomes more complicated both by reason of its size and by reason of the introduction of technology, the role of Management Personnel becomes more onerous. While machines can be kept under control once the technique of handling them has been mastered, the men and women who labour in factories do not lend themselves so easily to management by rules. The handling of human beings calls for much tact, skill and above all, sympathy—sympathy not so much with them as individuals but with their needs and requirements as dictated by the circumstances in which they function.

It is therefore imperative that the persons who are chosen to manage and get the best out of workers should themselves first be trained in the art and science—for it is both—of management. I, therefore, welcome the efforts of the Bombay Labour Bureau. On Management Executives devolves the delicate and difficult task of extracting the maximum out of industrial units without at the same time straining them too much—without, in a word, killing the goose that lays the golden eggs.

Hon'ble Shri Y. B. CHAVAN,
(Chief Minister, Maharashtra).



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AUTOMOBILE IN DEVELOPING COUNTRIES

HIGH TAXES STIFLE GROWTH

IT is generally conceded that the motor car has become an object of desire wherever people are living above a subsistence level. The reasons are obvious and universal: mobility, speed, convenience, enjoyment, and perhaps also prestige. What, however, is not so generally recognised is that in underdeveloped and developing countries motoring can carry with it valuable assets beyond the immediate benefits of improved transport facilities. If simply constructed, highly functional cars—of which the 2 h.p. Citroën is an outstanding example—can be made available cheaply on a large-scale, activity and income will be generated while a valuable incentive to work and save will be provided.

A rather different approach to the question of car ownership from the conventional western one is involved. The scale of priorities in which a car is something of a luxury and is therefore placed below other amenities is not the only valid one. There are environments in which the climate is such that housing is relatively unimportant, in which social security is taken care of by close family relationships and in which the more sophisticated pleasures of life are not available. In such a society a car will be significantly higher on the scale of priorities than it is in Europe.

Low Costs Imperative

Motoring in underdeveloped countries is, however, of a rather different order from that in the developed countries. First, because of a low level of income, cars need to be cheap to permit any spread of ownership. Thus in India the Jha Committee on the Automobile Industry had, as one of its terms of reference, to examine the feasibility of producing a car within the price-range Rps. 5,000/7,000 (£375-£525) which is considerably below the cost of current models in India but still within the price range of the cheaper smaller car in Europe which enjoys the advantage of large-scale production. It is open to the question how far the price of a very simple car may be brought down. Government co-operation on the question of any taxation of both vehicles and fuel is needed to keep the cost of motoring to a minimum, but not only must the cars be basic and simple, they must also be strong and roomy to meet the conditions of poor roads and large families obtaining in many developing areas. There is therefore need for a specially designed car, which means that underdeveloped countries cannot be regarded as a vast potential overspill market for established models designed for wealthier and different markets. This is one of the reasons why such countries may find it beneficial to set up their own industries.

The idea of widespread private motoring is not acceptable to some Governments in underdeveloped countries who point out that resources for improving transport facilities can be spent more economically on, for instance, buses which can be used far more intensively than private cars. The attitude can be taken, as in the U.S.S.R., that the development of capital goods should have the highest priority and to this end self-denial must be imposed. Car ownership is made difficult as well as costly, and there are few roads. Despite all this the Russian people, like people elsewhere, want cars. Their hopes are now pinned on the Zaporozhyets baby car which came on to the market towards the end of last year, and which is to reach an output level of 100,000 in 1965—to western minds, a slow development considering the state of technological progress in Russia. But a bad climate greatly restricts the attractions of private motoring in large parts of the U.S.S.R.

There is undoubtedly very great potential scope for expansion in the developing countries. At the beginning of this year one country, the United States, had almost two-thirds of the world's cars. The same country also has by far the highest ratio of cars to population, there being only about half the number of people per car than the number an average American car can hold. Although American conditions have become exceptional, the density of cars in many other countries is getting greater and, for example, France, U.K. and Germany now have the same density of cars in relation to population as the U.S.A. had in the early 1920s. It should be noted that a large proportion of these cars are run for business purposes. However, the very great differences in car densities does afford some indication of the long-term prospects in developing countries.

Car Population in Selected Countries 1961 *and* 1940.

	No. of cars (a) (thousands)		Population (millions)		People per car (c)	
	1961	1940	1960 (b)	1940	1961	1940
Argentina	433	195	21	13	48	65
Australia	2,003	606	10	7	5	11
Belgium/Luxembourg	281	159	9	9	11	55
Brazil	502	113	68	43	131	382
Egypt	80	29	26	16	326	512
France	4,971	1,885	45	42	9	22
Germany	4,680	1,515	53	80	11	53
India	234	75	408	353	1,746	4,904
Japan	345	106	94	72	271	681
Pakistan	50	—(d)	87	—(d)	1,736	—(d)
Sweden	1,157	158	7	6	6	40
U.S.S.R.	638	102	214	170	336	1,651
U.K.	5,550	1,847	52	47	9	25
U.S.A.	61,270	26,087	181	131	3	5

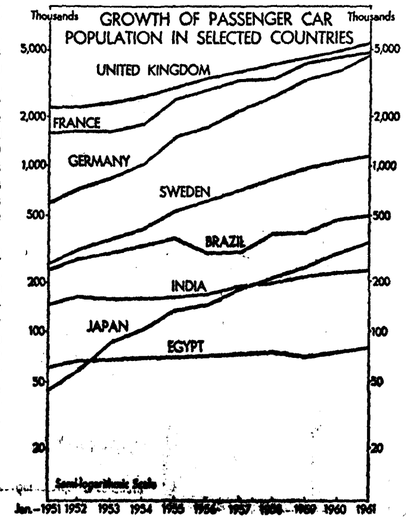
(a) Beginning of 1961 from the American Automobile; 1940 from Automobile Facts and Figures.
(b) Latest United Nations figures.
(c) Estimated to nearest whole number.
(d) Pakistan included in India in 1940.

The Income Factor

It is generally recognised, however, that an economy must have reached a certain stage of development before car ownership can spread beyond a few privileged people. It is obvious that those countries where there is a high income per head are also those with a high ratio of cars to population. In a developing country it is difficult to show how the number of cars increases with rising prosperity because the trend is obscured by factors such as inflation and the growth of population, while car ownership may be held down artificially by measures such as import regulations, and high vehicle or fuel taxes. Moreover, the number of cars in a country is cumulative in a way that income cannot be. In India, during several years of difficult economic conditions, the number of cars has been rising much faster than real income per head, but the disparity in the scale of the figures prevents any useful generalisation being made from them. In this instance, the growth of the relatively very small governing layer of the population and rising commercial uses for motor cars are sufficient to account for the growth.

The most important prerequisite for expanding motoring is that income per head should have risen some way above subsistence level, while some progress must also have been made in a more equitable redistribution of it. In other words, there should be an emerging middle class, as is happening in some urban areas of Asia and Africa, the members of whom have regular jobs in Government or business and who are therefore credit-worthy. A financial structure, including facilities for purchasing out of income, which will hasten the spread of ownership, and facilities for saving the deposit or even the whole sum are also necessary.

The more specific conditions relating to the running of cars present no significant problems.



Although cars do better on hard surfaced road they can run, but more slowly and with mor wear and tear, on unmade roads. Cars spec fically designed for rougher conditions woul need to be generally tougher and have a highe road clearance. European miniature cars are for example, often unsuited to roads in tropica conditions. In the underdeveloped areas c Africa it has been estimated that traffic mus reach an average of 300 vehicles a day before taking into account wear and tear of vehicles it is economic to replace gravel roads, whic easily become corrugated, by hard-surface roads. The necessary ability to repair and ser vice motor vehicles is usually a quickly acquire skill and this offers no obstacle to expansion.

Domestic Manufacture

Since the manufacture of cars economically must be a large-scale operation, any deman arising in an underdeveloped country must b satisfied initially by imports. The setting-up o local production will usually begin with assembly, and gradually build up toward self-sufficiency. There are many reasons why a country may wish to take this step. One o the most compelling reasons will be a desir to save foreign exchange; but if the plant an a large number of components have to be im ported initially, the strain on the reserves may in the short run be greater. If the import o a large quantity of parts continues for any length of time and is accompanied by increase imports of fuel this objective may not be achieved. However, the setting up of a car industry will act as a spur to industrialisation and diversification since a car needs a very large number of components calling upon the skills of many industries, some of which can be developed locally. For its value in industrialisation projects a car industry could well be set up somewhat in advance of demand, assuming that its products, if suitably priced, will create the necessary demand. Another advantage is that designers can concentrate on producing a car particularly suited to local conditions. Again, prestige is involved—a car industry is a significant mark of progress for a developing country.

Although a country setting up its own car industry may aim at producing cars more cheaply than comparable imported vehicles, it is unlikely to be able to do so immediately. The scale of output required to make really cheap cars may be far too great for the market, and a smaller, relatively more expensive one has to be chosen. This difficulty could be reduced to some extent by concentration on one model and by the standardisation and common manufacture of parts which might also be used for other vehicles such as vans; or possibly by centralising production. Lack of skilled labour may also be an initial handicap, but one which can often be overcome surprisingly quickly. The high capital cost of the plant might well be a deterrent but this is frequently undertaken by foreign car manufacturers.

Assembly of imported unassembled cars represents a certain saving on the foreign exchange cost of imported cars while not requiring very great capital expenditure. Again, in many cases the assembly plants are set up by major foreign producers; in Australia most of the assemblers are subsidiaries of British, North American or Continental producers. A year ago, a report by the German motor industry showed that German manufacturers had by then established 34 assembly plants in ten or more undeveloped countries. From France a recent report suggests that Citroën may set up an assembly plant in Algeria following Renault who have just produced the first Dauphine from a new assembly plant near Algiers. In 1960 the United Kingdom exported some 148,000 unassembled cars (including station wagons)—over a quarter of total car exports. This was some 28,000 more than in 1959 in which year the main customers were, however, developed countries—South Africa, New Zealand and Eire, followed by Australia which has had assembly plants since 1925 and now has its own car industry.

Subsidiary companies of the world's major car producers are often closely associated with the initiation of a domestic car industry in a developing country. Thus, in Australia the "Big Four" are General Motors Holden, Ford, B.M.C. and Volkswagen, while others concerned in the market include Standard, Renault and Daimler. Similarly in Brazil and Argentina, where the motor industry is still fairly new, production is in the hands of foreign owned-subsidiaries. The Egyptian Ministry of Industry has chosen the Italian Fiat Company to set up a plant for medium-sized cars to supplement the existing

(Continued on page 614)

NEW PRODUCTS AND PROCESSES

Oil Burners

HOT oil heaters, which first brought automation to the boiler room, have now eliminated the oiler room from factory layouts. The heaters, which have cheapened and simplified many manufacturing processes, are now being manufactured so that they can be installed in the open and operated by remote control from the factory or workshop. The simplicity of use, the improved thermal efficiency and high thermal storage which initially made heated oil such an attractive alternative to steam, has now been developed to the stage where hot oil is the main source of indirect heat for a multiplicity of manufactures. Radco Boilers Ltd., of Sydney, a leading Australian boiler manufacturer, has in six years seen its output of hot oil heaters exceed boiler production and it is anticipated that within two years the heaters will account for two-thirds of total production. Radco's chief engineer, on a recent inspection tour of the United States, United Kingdom, Scandinavia, France and Germany, found that Australia was making the most rapid advances in the development of hot oil heaters. Research by oil companies which resulted in development of heat transfer oils of only one-third the viscosity of those originally available, opened the way for the new economy, efficiency and versatility of hot oil heating. One main use of hot oil heaters has been for road and for airfield construction, for which they have won universal acceptance because there is no cheaper permanent road surface than one sealed with hot bitumen. There is no cheaper way of laying hot bitumen than by hot oil heaters, which have superseded steam heating for road construction.

Dirt-resistant Finish for Textiles

Synthetic textiles such as nylon and Terylene can be provided with an anti-static and therefore dirt-resistant finish which is strongly bonded chemically to the fibres of the fabric. It lasts as long as the garments made from the treated fabric, however savagely they may be washed. Applied to the fabric at the finishing stage, it consists of impregnation with the anti-static agent followed by treatment of the bolts of cloth with gamma rays. These produce the cross-linking between molecules at the surface of the textile fibres and those of the anti-static substance which ensures the permanence of the finish. The treatment reduces the surface resistivity and the static charge on synthetics to below the figure for cotton. One immediate application has been the processing of hospital blankets made from synthetic fibres to eliminate any danger of sparking in cases where inflammable anæsthetic vapours are present. With coloured fabrics it improves dye take-up, so that smaller amounts of dyestuffs are needed. The process has passed beyond the laboratory stage and is awaiting semi-industrial scale trials by a leading manufacturer in Britain. At the present stage, with irradiation carried out in a pilot plant, it costs about 2d. to process one pound weight of cloth. With an irradiation plant designed to suit the job, and used solely for textile operations, it would probably be possible to cut this figure by half. One-eighth of a penny per garment would seem a reasonable cost estimate for the process.

Automatic Saw Mill

Equipment which it is claimed puts primary timber preparation for the first time on a conveyor system has been developed by a British company. The equipment includes an entirely new design of tilting, travelling unloader hoist and completely orthodox mechanised tables for the cross-cut which allow the use of automatic feed and take-off devices. The hoist is able to lift a half standard timber sett, or a whole one, unaided, from a truck, tillage or floor chains in the yard and then take the load through a door opening into the mill before discharging it layer by layer on a side delivery conveyor. The latter spaces the timber lengths and delivers them, one by one, onto the cross-cut infeed table. The cross-cut saw is a hydraulic straight-line saw and there are up to 16 adjustable stops provided for length-gauging. Hydraulic kickers push the cut piece clear of the stop tongues as the saw completes its cutting stroke. The cut pieces are then automatically fed into a moulder via constant-running belt conveyors and nipping rollers. The conveyors may be arranged to feed round a bend or in a straight line into the moulder. The conveyor can be arranged to feed more than one machine. The transfer equipment makes possible fully efficient machine utilisation and eliminates production bottlenecks present with conventional unit machines.

Power Station Waste Ash as Fertiliser

Land in the English Midlands which 10 years ago was a waste of worked-out gravel pits is today producing crops comparable with the best in the area. The reclamation came about as a result of an electricity-generating station in the area producing waste ash at a rate of 2,000 tons a day and there being no easy way to dispose of it. Birmingham University was asked to consider the problem and, as a result of experiments, the ash was used to fill the gravel pits, which were then covered with a layer of topsoil and the land returned to agriculture. There were difficulties to overcome. The ash was difficult to handle and transport, so it was sluiced into lagoons and allowed to dry out before being removed to the pits in a moist condition. In some areas a pipeline took the ash direct from power station to pits. One thousand acres of land scarred by gravel pits are being restored to agriculture in the county of Warwickshire alone. Farmers report that the restored land has given very good results. Because it drains easily, it is particularly useful in very wet weather when other fields become unusable, and yet in dry weather the fields remain green because the ash permits moisture to be drawn to the surface.

Photography in Relief

Photography giving a relief effect by direct viewing without any optical aids such as polarised glasses, binocular viewers, etc., has just been launched by a Swiss firm. Mr. Jean Bourguignon, inventor of the "Vidireal" process, explains that it has been possible to achieve a stereoscopic effect from the direct viewing of a single plane surface—hitherto considered to be completely impossible—by means of an optical imitation of the physiological process which enables us to see in relief an image that the retina of our eyes sees only in two dimensions. Such a result is now perfectly feasible in all fields of photography, whether films, slides or typographic reproductions (book illustrations, postcards, posters, advertising leaflets, etc.). In addition, this process opens up a new mode of artistic expression —that of three-dimensional painting. With the stereoscopic effect, the "Vidireal" process combines two others: overall sharpness at all depths and a very wide field of view. Any camera can be used to obtain these results, provided it is fitted with a special patented lens, which can be screwed on in the same way as a telephoto lens, for example. A photograph taken in this way can be printed or projected by ordinary apparatuses. The "Vidireal" process has already been put to commercial use, both in Switzerland and abroad, in particular for touristic and advertising slides.

Synthetic Gems

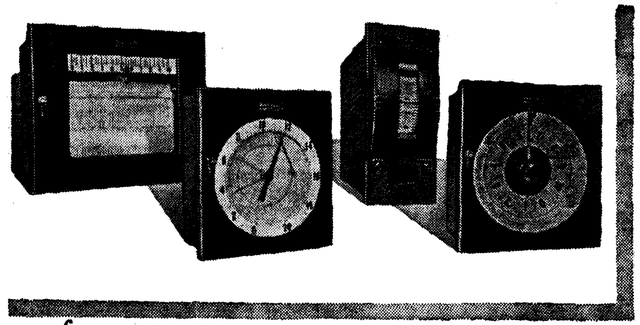
A new method of making synthetic rubies suitable for use in optical masers is being perfected in Britain. Ruby is an aluminium oxide in which some aluminium atoms have been replaced by chromium atoms. The maser (microwave amplification by stimulated emission of radiation), first investigated some 12 months ago, can produce virtually non-diverging beams of almost pure monochromatic light with an intensity such that it can heat a target to a temperature of 3,000 degrees C. in the 2,000th part of a second, delivering power at a density of 100,000 kw. per square centimetre. Uses envisaged include space communication, telephony, accelerating chemical reactions and investigation of highly refractory materials. The well-known method of flame-fusion used to produce synthetic gems for jewel bearings and gramophone styli is not very satisfactory for this new application because the crystals grown in this way are not homogeneous. The new method consists in producing the crystals from a solution of aluminium oxide in lead fluoride contained in a platinum crucible which is heated in an ordinary laboratory furnace. Crystals have been produced in the form of hexagonal plates two to three centimetres in diameter and up to one centimetre thick. For maser use, rubies are generally machined to rods some four centimetres long and half a centimetre in diameter.

Adaptable Car Port

A lightweight structure which offers a new approach to covered parking and which is also adaptable for numerous other applications is the "Unispan Carport"—a 21-ft. span "drive-under" cover made in England. The Unispan is architecturally designed to provide a modern and æsthetically pleasing covered area for the protection of parked vehicles and is also available in the form of a washbay, showroom, canopy and car valet unit. Essentially it is a translucent curved awning open at both ends and near ground level at the back and is supported by cantilevered metal trusses anchored in a concrete base. The roofing is made of a new resin bonded glass fibre material, light in weight but very strong. Claimed to be non-corrosive and crackproof it is supplied in a range of colours including blue, red, green, violet and orange. Alternatively aluminium sheeting can be used. There are no horizontal joints and the trusses are made from rolled hollow rectangular sections suitably stiffened with gusset plates and are supplied as complete units ready for bolting to base mounting. They are 21 ft. span and give 9 ft. 9 ins. headroom at the extremity.

Anti-corrosion Plastic Tape

A plastic adhesive tape of polyvinyl chloride (P.V.C.) is being increasingly used as a protection against corrosion. One company that has specialised in technical tapes and whose P.V.C. tape is widely used is Rotunda Ltd., Denton, Manchester. Such tape wrapped on pipes and joints takes the place of several coatings of paint, which in any case takes time to harden and is vulnerable to certain corrosive atmospheres. One large gas-producing plant in the North of England had just such a problem with acidic atmosphere. Metal handrails along gangways kept a full-time painter occupied all the time in repainting these rails. Then black P.V.C. plastic adhesive tape was wound on spirally. It has lasted two years without apparent deterioration. A pressure-sensitive version of the tape is now being used for buried pipeline joints and overhead pipelines in the chemical industry. The tape is about eight thousandths of an inch thick and is available in several widths and colours. It is waterproof, moistureproof and resistant to many chemicals.



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CHAIRMAN, MR. B. L. JALAN'S SPEECH AT ANNUAL MEETING

PLEA FOR HIGHER GAS PRICE REITERATED

ONCE again, Mr. B. L. Jalan, Chairman of the Bombay Gas Company Limited, reiterated the plea for raising the price of gas when he addressed the Annual General Meeting of the Company held at Bombay on Friday, 15th September 1961. Mr. Jalan pointed out that, while there was a clear and strong case for providing incentives for further expansion of the Company by allowing a reasonable price so as to enable it to create its own resources for expansion, it had been denied even a basically economic price which would cover its mounting costs and yield a minimum fair return to investors. The gas price chargeable by the Company, he added, had been rigidly held at a level lower than that of 1926, whereas the general level of prices had increased fivefold since the beginning of the Second World War. He said: "I am not aware of any such instance in any other industry."

The following are extracts from Mr. B. L. Jalan's speech:

"GENTLEMEN,

"In a recent address in Calcutta, I had traced the three distinctive stages of economic growth which the country will have passed through in a relatively very short span of three decades. As I said then, what we should aim at is a kind of 'incentives-based regulated economy.' Much of the progress which we have achieved would not have been possible but for such incentives. At the same time, it is true that a lot more could be achieved if we relied more on incentives rather than on restrictive regulations. To satisfy the growth-hunger of our economy, as perhaps of all developing economies, we will have to devise an ingenious system of incentives without permitting the growth of a lop-sided economic system. The objective of orderly and balanced development should not interfere with the larger objective of acceleration of the growth rate.

Incentives-based Regulated Economy

"The incentives take many forms: positive and negative; direct and indirect; financial and non-financial; and tangible and notional. Sometimes negative incentives in the form of removal of deterrents to industrial production, such as shortages of feed stocks, fuel, power and transport facilities, may be as effective in the promotion of industrialisation as direct, positive and financial incentives.

"During the last few months, disquieting news flashes regarding such shortages have appeared. Steel production, which is so vital to the country's industrialisation and general progress, was hampered by non-availability of coal which again was due to transport bottlenecks. In fact, transport difficulties and production and distribution of coal have become the subject of an ominous controversy in the official and non-official quarters. We are aware of the power failure in Calcutta and Delhi. These failures only aggravated the chronic power shortage in the country. Many industrial proposals in several States could not be promoted owing to non-availability of power or cheap power.

"My object in pointing out the specific instances is merely to establish that there is a great scope for the State to provide increasingly and to strengthen the basic sinews of industry and thus accelerate the pace of industrial and economic growth in the country. While it is true that the national income in the country increased by 42 per cent during the first decade of planning, we are conscious of the great leeway which we have to make in order to catch up with the economic standards of more advanced countries. Owing to the population growth at a rate of over 3 per cent per annum, the *per capita* income during the first two Plan periods could increase by only 18 per cent. We are still ranked among the lowest group, our *per capita* income being Rs. 302 in 1959-60, as against Rs. 1,426 in Japan, Rs. 4,863 in the U.K. and Rs. 11,118 in the U.S.A.

"An attempt has been made recently to recodify our tax law by passing a new Income-Tax Act. While there is, no doubt, a lot of scope for differences of opinion on the changes which this new Bill has or has not brought about, one thing is patent: it has not gone far enough in simplifying or rationalising our tax system. The adherence to a system of multiple taxes such as expenditure tax and wealth tax has been guided by doctrinaire approach rather than by pragmatic approach to economic problems. While these taxes have not been given up, the highest rate of individual income-tax continues to be as high as 84 per cent, while Prof. Kaldor, on whose suggestions the so-called integrated tax system was adopted, desired the rate to be reduced to 45 per cent only.

"As regards a liberal credit system, we may refer to the proposal being discussed at present among the banking circles to reduce the advance-deposit ratio. In support of the proposal, it is mentioned that the ratio is higher as compared to those prevailing in advanced countries such as the U.K. and the U.S.A. One would easily see the futility of comparing such ratios with those of advanced countries, if the basic objective of accelerated rate of growth is kept steadily in view. First, our ratio is lower as compared to rapidly developing countries such as Japan where it is as high as 100 per cent. Secondly, the banking habit in countries like the U.K. and the U.S.A. is so widespread that even a lower ratio would meet the requirements. Thirdly, our deposit-advance ratio has not been growing appreciably in the past. While it was 64.42 per cent at the end of 1951 and rose to 71.63 per cent at the end of 1956, it was as low as 52.79 per cent at the end of 1959. If in March 1961 it was 72.12 per cent, it fluctuated between 56 per cent and 72 per cent during the preceding 12 months, depending on seasonal requirements of the money market. Moreover, the insecurity to which the bank depositor is exposed will be well taken care of by deposit insurance which is very rightly being sponsored and by a more vigilant policy followed by the Reserve Bank.

Gas Price: A Case of Disincentive

"When we think of incentives, the case of our Company for raising the price of gas sold by it comes to my mind in bold relief. If one were to mention a glaring case of disincentives by restrictive regulations, one could easily cite the example of our own Company. While there is a clear and strong case for providing incentives for further expansion of the Company by allowing a reasonable price so as to enable it to create its own resources for expansion, it has been denied even a basically economic price which would cover its mounting costs and yield a minimum fair return to the investors. While the general level of prices has increased fivefold since the beginning of the Second War, the gas price chargeable by your Company has been regidly held at a level lower than that of 1926. I am not aware of any such instance in any other industry. The rates and prices charged by public utilities, such as railways, road transport services and air lines run by the Government have been increased from time to time.

"The increasing costs of raw materials—coal and diesel oil—and the continuous upward trend in salaries, wages and dearness allowance have resulted in a precipitate fall in net revenues. Since the close of accounts, the cost of diesel oil has increased by Rs. 24.01 per kilo-litre. The increase in the excise duty on coal from Re. 1 to Rs. 4 on acebunt of the Coal Mines Amendment Act will cost your Company a further sum of Rs. 3 lakhs annually.

No Surplus Left

"The cumulative increase of costs without a corresponding rise in the sale price of gas has resulted in yielding negligible, if any, profits from the main operations of the Company, namely, production and distribution of gas. Leaving out the income from investments and providing for taxation, the net profit from the main operations of the Company comes to the meagre amount of Rs. 20,694, which means practically no profit.

"The prices of basic commodities like steel have been increased from time to time, on the recommendation of the Tariff Commission, in view of the increased costs. The Government of India have similarly granted repeated increases in prices in the case of many other basic and important industries such as cement, caustic soda, paper, coal and the like. The hydel companies in Bombay regularly levy in their bills 'fuel adjustment charge' on account of increases in the cost of fuel. Likewise, in the case of the Calcutta Electric Supply Corporation, the coal surcharge on the rates for electricity is raised automatically by the Corporation so as to cover increases in the pithead price of coal and/or in freight. There have also been increases in prices levied by several public utility concerns such as electricity, water, telephones, railways, post and telegraphs, airlines, and the like. The Tariff Commission is presently engaged in an inquiry relating to the price of cement, pursuant to a representation made by the cement industry to the Government of India that the price of cement fixed in 1958 was uneconomic today. You can view this factor in juxtaposition with the authorised price of town gas payable to your Company, which is lower today than the 1926 level. The price of coal has gone up from Rs. 26.53 per ton delivered at factory in 1926, as against Rs. 52.36 per ton in 1960. This represents a 97 per cent increase. Similarly, the wage bill during the same period increased by about 60 per cent per thousand cubic feet of gas sold.

"We may also compare the cost of coal to and price of gas charged by the Oriental Gas Company, Ltd., in Calcutta, which is a directly comparable case. While the Calcutta Company gets its coal at a delivered price of approximately Rs. 35 per ton (against the price paid by your Company at Rs. 52.36 per ton) and charges an effective gas price of Rs. 5.25 per thousand cubic feet (against the price allowed to your Company of Rs. 3.94 per thousand cubic feet).

"It has to be impressed on the Government than an industry subjected to price regulation should be enabled to provide substantial funds for rehabilitation, modernisation and expansion from internal sources, and that the return on investment in such an industry should have some relationship with the return in other industries, so that it might be in a position to compete effectively for new funds in the capital market.

Increasing Production and Efficiency

"In spite of all sorts of adverse factors affecting the growth of the Company, I am proud to inform you, gentlemen, that your Company has kept up the tradition of increased production from year to year, to meet the increasing demand of the existing customers.

"At this juncture, it would not be out of place to mention that your Directors do not wish to rest content by meeting only the increased needs of existing customers with increased production, but have a keen desire to expand its present capacity by installing additional plant and equipment so as to meet the greater requirements of those who do not enjoy the benefit of this cheap and highly convenient fuel. The greatest factor inhibiting this growth, as you know, is the uneconomic selling price of gas. We cannot, you will appreciate, approach investors to invest more funds in an industry which does not permit an adequate and fair return, more particularly in view of the many competing and growing demands on the limited financial resources available in the country.

Summing Up

"I may now sum up the case of the Company for an adequate rise in the price of gas:

1. The Company continues to get the price lower than that prevalent in 1926.

2. The prices of all components of cost have risen phenomenally.

3. The gas price received by the Company is about the lowest town gas price in the world.

4. While the Company pays 50 per cent more for coal delivered ex-factory, as compared to the Oriental Gas Company, Ltd., Calcutta, it is allowed a price which is 25 per cent lower than that being charged by the Calcutta Company.

5. The price received by the Company is only a fraction of the price of bottled gas, which is only a by-product now being sold in the town by large companies.

6. The Company has, in spite of the meagre or no profit earned, maintained perfect service by supplying quality gas to its consumers.

7. Since 1946, the Company has increased the production of gas by over 60 per cent.

8. The Company has been denied the benefit of an escalator clause which is allowed to electricity and public utility companies in Bombay, Calcutta and elsewhere.

9. The Company has been denied also the necessary margin in price for creating internal revenue for financing an expansion programme, which is a feature of price-fixation by the Tariff Commission in other industries such as steel and which is invariably an important factor in industrial expansion in all the fast-advancing countries of the world.

10. The Company has practically ceased to earn any profit from its operations of gas production and distribution.

11. By denying compensatory allowance for meeting the rising costs, in spite of continued good services and expansion in production, efficiency has been penalised and the investors denied a fair return on the capital invested.

12. Without an adequate return on capital, investors are not interested for further investments to expand the capacity of the Company to keep pace with the ever-increasing demand and to replace the use of costlier gases by some 33,000 Bombay consumers, which is about double the number of the existing consumers of your Company.

"We have again moved the Government of Maharashtra for allowing us a reasonable and adequate rise in the price of gas in order to cover increases in the manufacturing costs, and also to enable us to launch a programme of expansion in gas connections. As you are aware, rapid industrialisation is the sheet-anchor of the present economic policy and programmes of Government. We have every hope that the Government will make a realistic reappraisal of the Company's case this time, and allow the Company to make an adequate increase in the price of gas.

Coal Supplies

"The Company has recently been experiencing considerable difficulties in securing full or regular supplies of coal: the total wagon allotment during the first six months of this year was only 2,118 wagons, as against a quota of 2,520 wagons.

"The coal supply position showed further and marked deterioration from July this year. The total loadings in July were only 308 wagons (as against the quota of 420 wagons). But, as most of these were loaded in the second half of the month, the actual deliveries during July were only 227 wagons. The shortage of coal was so acute that the fuel gas supply to the consumers had to be drastically reduced during the period from 23rd to 30th July.

"In spite of continuous representations from the Company to all competent State and Central Government authorities, the supply position during August deteriorated alarmingly. The Company was compelled to cut down gas supplies to the extent of 15 to 20 per cent to all its consumers except for public lighting with effect from the 22nd August. The inconvenience caused by such a cut to important consumers like hospitals and maternity homes and to major industries like the Government Mint can be easily imagined. The shortage of coal results in reduced coke production, which also causes widespread inconvenience to those using coke for domestic purposes.

"A study of the causes of the present sharp fall in the coal supplies reveals

1. that there is a downgrading of the priority of supplies to this public utility concern by the Coal Controller;

2. that alternate supplies from other collieries programmed for the Company during the third week of August, were diverted to other shipments, thereby causing a further delay in loading for the Company; and

3. that the Company's allotted and programmed supplies from the colliery scheduled to load in box wagons, were diverted to the railways and steel plants at the last moment.

"An examination of the question as to how far the present difficulties with regard to coal supplies can be solved by the movement of coal by the rail-*cum*-sea route from Calcutta to Bombay would show:

1. that sea transport is open to a variety of risks and delays due to labour troubles, port detentions and weather conditions;

2. that movement by sea with the completion of necessary formalities may take about 8 to 12 weeks and is of no help in improving the present position; and

3. that the landed cost of coal at the Gas Works by the rail-*cum*-sea route may involve an additional financial burden of about Rs. 10 to Rs. 15 per ton, over and above the subsidy offered by the Government.

"Moreover, the proposed mode of transport being in an experimental stage, it is not appropriate that the fuel supplies to a public utility concern, playing a vital part in the civic and industrial life of Bombay, should be exposed to the risks and uncertainties of an altogether new experiment.

"Your Directors feel that, when the selling price of the major product of this Company, town gas, has been frozen at an uneconomic level by the State Government, the imposition of any additional burden on the Company at this stage would further aggravate the critical financial position with which it is faced."

Note: *This does not purport to be the proceedings of the annual general meeting.*

STEEL FURNACE ASSOCIATION

The first meeting of the Executive Council of the Steel Furnace Association of India was held in Bombay on the 16th inst. It was attended by representatives of the furnace owners from Kanpur, Calcutta, Madras and Bombay (Messrs. J. K. Iron and Steel Co. Ltd., Kanpur; Textile Machinery Corporation of India, Calcutta; Messrs. K. C. P. Limited, Madras; Messrs. Dalmia Iron and Steel Ltd., Calcutta; Messrs. Kumardhubi Engineering Works Ltd., Calcutta; Messrs. Singh Engineering Works, Kanpur; and Messrs. Mukand Iron and Steel Works, Bombay). Mr. Viren J. Shah of the Mukand Iron and Steel Works Ltd., Bombay and Mr. N. S. Gilani of Messrs. Kumardhubi Engineering Works, Calcutta, were elected Chairman and Vice-Chairman, respectively, of the Association.

The Association expressed grave concern at the shortage of scrap prevailing in all parts of the country and expressed the hope that the Government of India would take suitable steps to prevent indiscriminate export of those qualities of scrap for which melting capacity already existed within the country whilst indigenous furnaces suffered from want of raw materials. It was of the opinion that there was considerable scope for expansion for electric furnace industry within the country. It noted that the Government of India had recently issued a number of industrial licences for setting up electric furnaces. It was expected that, during the next 10 years, the steel furnaces would grow at a phenomenal rate in keeping with the country's increasing demand for various types of steel and steel products.

The establishment of the Scrap Committee by the Government of India was welcomed and hope was expressed that the Committee would investigate thoroughly all aspects relating to scrap generation, utilisation, distribution, exports and imports. The Association urged that a long-term ferrous scrap policy should be evolved which would give prime importance to the need for further industrial progress of the nation, and create a proper atmosphere conducive to rapid expansion of steel-melting capacity within the nation. It pleaded for continuance and tightening of price control on ferrous scrap so long as the prices of most categories of finished steel were controlled. In this context, it requested the Government of India to consider the imposition of an export levy on scrap, so that internal prices of scrap were stabilised, relatively free from fluctuations in remote overseas export markets, and at the same time provide a useful source of revenue to the national exchequer. It felt that ferrous scrap should be utilised as far as possible within the country and that the export drive in respect of finished products made out of scrap may be pursued vigorously whilst export of cheap raw materials like scrap may be progressively curtailed. Welcoming the latest announcement by the Iron and Steel Controller of ferrous scrap policy for July 1961, the Association felt that, though this policy took a few steps in the right direction, it was necessary to go further and impose a total ban on export of heavy melting scrap, sheet cuttings No. 1 and steel turnings and borings.

A decision was taken at the meeting to examine the possibilities of standardisation of refractories, so that its manufacturers could streamline their production programmes and help the country to utilise its limited resources to the greatest advantage.

I.O.C. OIL FOR NORTHERN RAILWAY

The Indian Oil Company, a Government of India oil marketing body, has just inaugurated, at New Delhi, the first diesel fuelling service for the Northern Railway Deluxe trains. The Company will now supply high speed diesel oil to the Northern Railway through this as well as another fuel station to be set up at Delhi. It is stated that the I.O.C. intends to set up progressively many more such fuel stations to take over the Northern Railway's entire requirements of high speed diesel oil all over the Punjab and U.P.

According to the Press Information Bureau of the Government of India, the I.O.C. already supplies large quantities of high speed diesel oil to the Central and Western Railways and expects to sell about 11 lakh tons of oil in the coming year. It has finalised plans to construct 50 inland bulk depots at big ports and cities in the country.

AIRCRAFT INDUSTRY AND AIR TRANSPORT

SOME DIFFICULT YEARS AHEAD

By Wing Commander R. Vaughan-Fowler, R.A.F. (Retd.)

THE rapid progress of aviation during the last 58 years, culminating in exceptional technical advances during the last 20 years, has produced a situation in both aircraft manufacture and operation that may well defeat those engaged in the business of aviation.

Aircraft manufacture has throughout its whole history been founded on military orders. As a result, performance has been given top priority as the effectiveness of military aircraft depends entirely on their ability to outclass their enemy in the air. Unfortunately, commercial air transport has always had to take second place and, almost without exception, Governments have had their eye on air transport as a reserve for military airlift. This has produced an uncommercial brand of air transports due to ignoring the essential business factor that the price of the product is all-important. In the case of air transport, it is the price of the ticket that counts.

In 1957, a very curious theory was officially expounded by responsible authorities in both the United States of America and the United Kingdom. It is conceivable that Russian propaganda was responsible for this theory. The Russians claimed considerable success with their guided missiles, they visualised that any future war would be exclusively carried on with this type of weapon, thus eliminating the need for manned aircraft. Both America and Britain hastened their missile programmes. The British Government issued a White Paper in which it virtually laid down the policy that, in future, Britain's air defences would be based on missiles and manned aircraft were going out of date.

The impact of this White Paper on the British aircraft industry has been little short of disastrous. At the same time, the British Government formulated a merger policy for the manufacturers; this was forced upon the industry under the threat that future orders would only be placed with the merged groups of companies.

America approached this new policy somewhat differently but did cut back all military aircraft orders, and, in fact, brought to a stop the development of the supersonic B-70 bomber Valkyrie, on which the U.S. Air Force was depending for its most important strategic weapons system.

Faced with reduced military aircraft orders, manufacturers naturally placed their faith in air transports as the only way of filling their factory space and keeping their skilled labour employed. Even the considerable orders that have been placed for air transports do not fill the factories and, as will be shown, production of air transports has already far exceeded actual requirement. Also, it is questionable if the types produced are, in fact, the most suitable for commercial air transport.

Missiles

The manufacture of missiles is a comparatively simple undertaking, Even though, technically, these weapons require extremely delicate guidance systems, the total volume of work to produce missiles is very much less than the work required in the manufacture of military or commercial aircraft.

As a result of work starvation, many aircraft manufacturers have engaged in other lines of manufacture by no means closely associated with aviation. A fantastic situation has arisen in the British aircraft industry, the total number employed increasing, whilst skilled aircraft technicians are actually being discharged as redundant. What is happening is that this diversification of manufacturing effort is bringing into the factories semi-skilled labour for commercial manufacture. The ranks of the aircraft industry are swollen with semi-skilled labour, which, in fact, is no longer solely concerned with aircraft manufacture. This creates an entirely wrong impression of the strength of the aircraft industries as well as their prosperity.

Missile design and development are still in the experimental stage and, unfortunately, there is no clear cut policy regarding this new class of weapon. In America, progress with missiles has been comparatively slow and there has been a number of failures, because all three Defence Services have been developing missiles on their own, under their individual budgets. There is conflict of opinion as to which of the three Defence Services should control missiles. As their sphere of operation is in the air space, it would seem logical that their development and control should be the responsibility of the Air Force. This would immediately create a powerful lever in the hands of the Air Force leaders which they could use to direct and influence both Army and Navy operations. Naturally, there is considerable opposition from the two surface Defence Services.

Manned Military Aircraft

The policy announced in 1957 that manned military aircraft were not to be further developed has just been reversed, so that frantic efforts are being made to recover the years lost in the research and development departments of the manufacturers. Fortunately, there have been some new scientific advances which have produced an entirely new type of military aircraft. Generally referred to as VTOL (vertical take-off and landing), a fighter with supersonic performance has been produced by the Hawker Siddeley Group in the United Kingdom, which is capable of taking-off vertically on its deflected jet streams. On reaching suitable altitude, the jet thrust is re-directed so as to give the aircraft forward speed. The aircraft is undoubtedly the most revolutionary design development to appear so far. If it proves successful operationally, it will completely change the whole procedure of air war, as aerodromes as we know them today will no longer be a necessity.

It is quite probable that this new use of jet power to give aircraft vertical take-off will be applied to air transport aircraft. In the first instance, as the cost will be considerable, military transports will be the first to use VTOL. It will be appreciated that, once successful application is achieved economically, commercial air transport will benefit tremendously.

Jet Air Age

With the introduction of jet turbine power plants for commercial air transports, the world has come to regard this era of aviation as the jet air age. The speed with which jet air transports were produced and rushed into airline service has been the subject of strong criticism. Such an enormous change in a commercial transport undertaking did not appear practical to the commercially minded. The critics advocated a much slower introduction of jet airliners, leaving adequate time for the operators to utilise their existing equipment, much of which had only just been purchased, and depreciate it over a reasonable period.

Economists warned that the enormous seating capacity being introduced would far exceed the public demand for air travel. The situation was further complicated by the realisation that jet aircraft are extremely critical vehicles. Their tremendous efficiency with near supersonic speed means that, to achieve their economy, they must operate according to programme; also they must be kept in the air for as many hours per day throughout the year as it is possible. The moment the air services become dislocated due to weather or poor communications, or faulty air traffic control, or technical and traffic handling congestion, the economic advantages of the jet aircraft are destroyed.

The operators having purchased large fleets of 130-seaters soon began to realise the complications with which they were faced. They have yet to find solutions to their problems and last but not least, they must discover a way of filling the seats they now offer.

The North Atlantic air route has proved to be the world's most popular and profitable air route, and it acts as an indicator for all other international air routes. The number of passengers travelling since 1950 steadily increased up to the year 1955, after which the annual increase climbed at a fantastic speed passing the one million passenger mark in 1957 and reaching close on 2 million by the middle of 1959. At this point, the increase showed a very considerable drop and is now barely 4 per cent. Seat capacity has increased by at least a third and, what is so alarming, *before the end of* 1962, *another* 270 *large jets will be added to the operators' fleets and, during the year* 1963, *a further* 150 *will join the services.* This means that, unless some inducement is offered to get passengers into the air, the majority of the jet airliners will be operating with revenue loads well below their breakeven point.

North Atlantic operators, accustomed to 70 per cent revenue loads, have been operating their big jets with revenue loads as low as 38 per cent. Not even the most economically operated jet can be expected to return profits with such poor loads.

The losses liable to be incurred may be appreciated, when it is realised that, without taking into consideration the cost of passenger service and administration charges, operating a big jet comes to Rs. 6,552 per hour, which means approximately Rs. 46,000 for a one-way Atlantic crossing. Administration is usually estimated at 100 per cent of the direct operating costs, so if all the costs are to be covered, the figure is little short of Rs. 1,00,000.

Already this depressing situation is drawing the attention of the Press on both sides of the Atlantic and important financial journals are devoting considerable space to dealing with the whole air transport business.

The London *Financial Times*, on 30th August 1961, went so far as to suggest that at least one helpful move would be to delay the delivery of any more jet aircraft to the airline operators. It is probable that some operators will not be able to take delivery of the aircraft they have on order, because their finances will not enable them to meet the payments. Refusal to take delivery of aircraft on order is not a total solution. Besides, it is only shifting the financial burden from the operators to the manufacturers.

Assuming that the situation does not improve and the operators are forced to cancel or postpone the acceptance of the aircraft still building for them, the question immediately arises—what is going to be the result on the aircraft industries involved? The American, the British and the French aircraft industries are all heavily involved. Such a sudden change could well produce a crisis that would wreck many manufacturers.

Aircraft, 420 of them costing millions of dollars each, are due for delivery before the end of 1963. They are already building and all raw materials are being worked. The contracts not only concern the big names in the aircraft industry, but also hundreds of sub-contractors who are directly concerned, as well as all those who supply accessories and systems for both the airframe and the power plant. The magnitude of the danger ahead is positively staggering. This situation has undoubtedly been produced by the anxiety on the part of operators to get into the jet air age with the minimum of delay. It has to be admitted that they were considerably encouraged by the manufacturers themselves, who were anxious to fill their empty workshops with commercial orders. The whole aviation industry is virtually to blame, but, to cry over spilt milk, is not going to help solve the situation.

Lower Air Fares

The only logical way out of the tangle is to lower the air fares substantially. This is quite possible but it will require a good deal of reorganisation on the ground so as to handle a much larger number of passengers at all airports. At present, although some operators favour lowering the air fares, as also the cargo rates, others are opposed. If reductions are mac over the North Atlantic, it will not be mo than 12 months before similar reductions ha to be introduced over the rest of the world a routes.

There are interlinking problems, as wor capitals are so crowded that they are not ab to accommodate hoards of travellers. In Indi the situation is quite deplorable and, during th coming winter season, more than 20,000 foreig tourists are expected to visit the Industries Exh bition in Delhi, but how they are going to b accommodated nobody seems to know. Wit drastic lowering of international air fares, th number of visitors would undoubtedly increa tremendously. The airlines' problems would b solved. But would they be able to justify th way out, if the related facilities for handlin international travellers do not exist? In fac lack of available accommodation might kill th air passenger increase after the first rush ha suffered through lack of accommodation, a others would refrain from booking.

In October, the International Air Transpo Association is going to hold its annual gener meeting at Sydney, Australia. It is believed tha the I.A.T.A. Director General, Sir William Hi dred, in his report, is going to announce som important suggestions. Whether the operator will listen to this advice is quite another matte

(*Continued on page* 605)

U.K.'S BID TO JOIN COMMON MARKET

SIR PAUL GORE-BOOTH ON REASONS AND POSSIBLE RESULTS

AT the meeting of Commonwealth Finance Ministers held at Ghana's capital, Accra, from 12th to 14th September, Britain's application for membership of the European Economic Community, popularly known as European Common Market, came in for stringent opposition from all the other members of the Commonwealth. The latter were unanimously of the view that Britain's membership of the E.C.M. would adversely affect their economic fortunes and fundamentally alter the relationship between the U.K. and the Commonwealth countries. There are grave misgivings in this country, as well as in the rest of the Commonwealth, barring, perhaps, Pakistan, because of the widespread belief that the existing Common Market countries will not permit Britain to safeguard the interests of the Commonwealth and that a compromise, satisfactory to the Commonwealth countries the economies of which will be jeopardised by Britain's participation in the Common Market, will not be a feasible proposition. While these misgivings were being expressed in unequivocal language at Accra, Sir Paul Gore-Booth, the British High Commissioner in India, elucidated at New Delhi, on 14th September, to be precise, Britain's case and outlined the possible advantages of its membership of E.C.M. to the whole Commonwealth, in particular, and the free world, in general. This he did in the course of a lecture on "Relationship between Britain and Europe," under the auspices of the Indian Council of World Affairs. In view of the topical nature of his observations, we give below the relevant extract from Sir Paul Gore-Booth's address.

After tracing the background to the formation of the Common Market and E.F.T.A., Sir Paul said:

"We must look, in a moment, at some Commonwealth, and specifically Indian, interests, but I should like to interpose a general observation. I have told this story at some length because there is about it something of the impersonal process of history. Economic and political events have moved in such a way that, while the British public of 1951 would almost certainly have greeted the Government's present initiative with hesitation, if not suspicion, in 1961, there is widespread agreement that this is something that ought to be tested by negotiation. Britain does not *need* to join the Common Market and, curiously enough, persuasion from outside to do so is somewhat less persistent than it used to be. But it is now widely accepted that Britain's economic health, while sound, would be invigorated by closer integration with the European economy. It now seems that in a closer relationship with Europe a national interest and a wider interest may coincide. Such coincidence of interests is, after all, the prerequisite for a successful foreign policy.

Object of Negotiations

"If we enter the European Common Market, we shall work towards a common tariff, a common commercial policy and a common agricultural policy with our fellow-members. If we entered without negotiation (which is, of course, unthinkable), we should find ourselves imposing tariffs, sometimes of considerable height, on Commonwealth products—Indian tea for instance—of a kind to which our Commonwealth friends and the British public would strongly and rightly object. Again, if no special arrangement were made in respect, for instance, of butter, we should be in danger of completely upsetting the New Zealand economy—something which would be quite unacceptable in Britain and which I am sure our European friends would not for a moment expect of us.

"On such obvious issues, there will no doubt be negotiations and there must be some success. More difficult, however, are situations such as the following. There are a number of goods on which the European Common Market has a *nil* tariff and the U.K., while at present giving free entry to Commonwealth products, has a tariff against third countries. If we equate our tariff in such a case to that of the Common Market, we are not treating Commonwealth goods any worse, but competitors from elsewhere will be given equal opportunities in the British market which they do not have at present. In such cases, Commonwealth countries will have to mind their competitiveness. More difficult still may be the case of manufactured items exported from the advanced, industrialised Commonwealth countries.

No Overnight Change

"It is important, however, to remember that, even in those cases where a Commonwealth interest cannot be preserved absolutely intact, there will not be an overnight change. The process would be gradual. It would allow time for readjustments in production and marketing policy. Not only that, but compensating changes should occur such as a strengthening of the United Kingdom economy and a better access to the markets of the Six. Much of the worry about these developments comes from the unconscious assumption that everything will happen overnight.

"We, in Britain, are very conscious of the special case of Indian textiles, on which I am glad to see that the inter-industry agreement has just been prolonged. Again, until negotiations take place, we do not know what we can do, but I think we can assume from the general European attitude to aid and to the needs of developing countries that all Governments are aware of your need for foreign exchange and the importance to this of sustained and increased exports. In any case I understand that we are likely to have an able and vigilant Indian official at our elbows as we negotiate, and we shall welcome his advice and help.

Broader Outlook

"These matters of which I have just spoken are very important, but they are technical. Today, we have promised ourselves the broader look. Are these developments going to weaken the Commonwealth? The short answer is that that depends on all the members. If we all find that the Commonwealth, as an institution transcending all bounds of race, colour and creed is of value to the world—and this is what we have affirmed this very year—then we shall not let it be weakened. It will evolve. Britain, participating in a common commercial policy with Europe, will speak in Commonwealth economic gatherings with part of the collective voice of the Community and not freely as Britain—a Britain, be it remembered, limited already by many international commercial engagements. On the other hand, when Britain speaks in the councils of Europe from an 'outward-looking' point of view and in full knowledge of Commonwealth interests and feelings, it will speak with the moral status and the voting strength of a member, and not with the relatively uninfluential voice of an outsider, however friendly and respected.

"Moreover, these developments are not new or sudden. The strictly economic preferences which the U.K. enjoys in the Commonwealth have gradually weakened since 1932 with the reductions in preferential rates in the Commonwealth, the effect of exchange restrictions, and for other reasons. But the real links of the Commonwealth are not measured by mathematics. Past preferential advantages have been important, and the great flow of supply and demand within the Commonwealth will continue. But the Commonwealth is not just a superior market-place. It has other ties and other responsibilities to the world which, I would think, the members would not wish to abandon or repudiate.

"It has been suggested that we should seek a Commonwealth's Common Market. Politically and sentimentally, this would be attractive. Economically, the developing countries could never accept it, for it would render impossible the building up in those countries of new industries which must have tariff protection in order to get started.

"This inescapable conclusion again leads us to acknowledge that there are things other than pure economics which bind the Commonwealth together, certain ideals and aspirations, for example, which we believe to be constructive and good. It will certainly be our object to maintain these principles just as much in the European Common Market as out of it.

Covert Form of Imperialism?

"Another frequent question is whether Britain joining the Common Market is not some covert form of imperialism. We can, I think, drop the overworked slogan, but we must look at the genuine worry which lies behind it. Could this action in some way impede the real independence of the States benefiting from close economic contact with the enlarged community? I believe this fear to be misplaced, though it is up to Europe to dissipate it. There are technical reasons for this view, but there is also one very simple and general one. In the present political state of the world, I just do not believe that any politically independent State would fail to notice and to stop any tendency to limit its genuine independence, no matter whence it came. Let me add that no one in the enlarged European community would be disposed to try to reverse history in this way; even if they were, the attempt would be vain.

"I have heard occasionally the political objection, why does Europe need to form itself into a bloc? There is a debating answer to this of which I have first-hand experience. In the early years of the United Nations, there were several blocs—the Communist bloc, the Latin American bloc, the Arab bloc and the first signs of an Asian bloc. The only people who voted all over the place according to the individual or national conscience were the Commonwealth and Western Europe. Sooner or later there was bound to be a tendency by Western Europe to come together, if only in self-defence.

"But the basic reasons are much more constructive than this. One does things in the end *not because one can answer the reasons for not* doing them, but because one sees advantage in doing them. I should like therefore in the concluding part of this talk to face two reasons why we consider that there is advantage to us and to the world in closer relations between Britain and Europe.

Ample Scope for Growth

"There is first a good economic reason. Recent economic experience has shown that there is ample prospect of growing trade between industrialised countries—our own trade with Germany is a good example. Such trade creates wealth, not for the few these days, but for the many. This wealth becomes available as purchasing power and as money for investment. While there is division between neighbouring countries in Europe, this wealth is artificially limited, and resources for investment are wasted in attempts to jump tariff barriers which would be better removed. On both these scores, a wider unity between these expanding markets could benefit not only the inhabitants thereof, but also the rest of the world. Greater European purchasing power would benefit the sellers of goods elsewhere in the world, tariff or no tariff, and at least part of the increased investment would flow towards developing countries.

"But there is more to it than this.

"In announcing in the House of Commons the British Government's decision to apply for membership in the European Common Market, Mr. Macmillan spoke in terms of strengthening and upholding freedom.

"This is a bold proposition: It is important to understand it and to realise that it is basically not controversial. In the difficult world in which we live, certain ideals persist. One of these is an ideal which enjoyed a spectacular, if imperfect, springtime in the ancient Greek city-states, which disappeared from history for long periods and found its rebirth in Europe, particularly Britain, and in the United States. This Western ideal, with its emphasis on the status of the individual man and woman, has expressed itself in the phrase 'liberty under the law.'

"Loyalty of Free Men"

"Now we know that not all of us in the West are equally good representatives of liberty under the law. Not everybody living in a democratic country is necessarily a democrat. All of us human beings, as individuals and groups, fall short of what we would like to think we are. But because there is in the West, despite all shortcomings, inequalities, vulnerabilities and procrastinations, a basic belief in this ideal, this liberty under the law, and because we know that Britain would not be the country it is without it, we also believe that greater unity between Britain and Europe will lead to that ideal being upheld and strengthened.

"Liberty under the law, or as one American writer has so well expressed it, the "loyalty of free men," means the most idealistic and therefore the most difficult system of government that mankind has yet devised. It is the most difficult because it seeks for and depends on the best in man and rejects the organisation of mass hatreds and conflicts. It demands a courageous and not a despairing view of mankind; it needs faith if it is to be won, and patience (a somewhat unfashionable virtue) if it is to be maintained. It has taken us in Britain many hundreds of years to reach somewhere near this ideal; there is much still to be done. Fortunately it is no monopoly of ours or of anybody's. Indeed, all the evidence is that there is a desire for it which is universal. But, because this ideal of liberty under the law exists, there is a mission to be performed in upholding and realising it. We believe that, in closer unity with a Europe which has contributed so much to the philosophy of that ideal, we can promote its stability and its continued acceptance. . . . I do think that, at this immensely troublous moment in world history, it is a wise exercise to look both at the wood and the trees, to see what, technically, we may be trying to do, and what the relation, not always conscious, may be between that action and the bigger ideas and events around us. If we in Britain fail in our approach to Europe, it will be discouraging but not fatal. If we succeed, if we and Europe can do this business right, not only will the rest of the world have nothing to fear, but it can in fact derive from it a greater prosperity, a more real freedom."

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COMMERCE EDUCATION COMMITTEE REPORT X-RAYED

PRACTICAL TRAINING DISCOUNTED—ADMINISTRATIVE ASPECT IGNORED

By Prof. S. S. Jhanwar

GOVT. ARTS AND COMMERCE COLLEGE, INDORE

A SPECIAL Committee for Commerce Education was appointed in April 1958 under the chairmanship of Dr. V. K. R. V. Rao, "*to enquire into and report on the present position of commerce education in India in all its aspects, and to suggest measures for its reorganisation and improvement, so that a sound and reasonably uniform system of commerce education suited to the needs and resources of our developing economy may be provided for the whole country.*" The Committee submitted its Report to the Hon'ble Minister for Scientific Research and Cultural Affairs, Government of India, in July 1961.

The Report is divided into 11 small chapters. It is, in the words of the Committee itself, a brief document and not a comprehensive volume on commerce education. It appears that the Committee has not examined the problem in all its aspects and hence it has not been able to present a well-studied, full and comprehensive report. This might not help us to the desired extent in evolving a sound, reasonably uniform and properly reorganised system of commerce education as required by our developing economy.

The Committee has, of course, done a good job, by focussing attention to the growing importance of commerce education. The Committee is very right in stating that "it must be recognised that commerce and management education is a twin sector to technical education in determining the pace and volume of industrial progress; and it is high time that commerce education received Government and public attention comparable at least in some measure to that received by technical education." With this end in view, the Committee has strongly recommended the establishment of an All-India Council for Commerce Education, on the lines of the All-India Council for Technical Education. The proposed council "should be concerned exclusively with the subject of commerce and management education. It should have advisory functions for maintenance and co-ordination of standards, registration, recognition and inspection of institutions, evaluation of courses and examinations, and making of grants." This is an important recommendation and should be implemented by the Government as early as possible. It is extremely necessary that all-India importance and recognition are accorded to commerce education and the proposed body can certainly do some good work in this direction.

However, this will depend more on the content of our commerce courses and the system and method of commerce education in our universities. Here, the Committee has not given us the desired effective lead. The Committee does not appear to tread a new path or to give us new ideas or plans in this regard. More attention and thought should have been bestowed on these matters.

An Incongruous Proposal

It is difficult to agree with the views of the Committee that "*it is quite unsound to introduce commerce in the IXth class.*" The Committee would wish to see 'commerce' group abolished from the Higher Secondary course. This view of the Committee not only goes against the views expressed by the Secondary Education Commission, but would also, if accepted, belittle the importance of commerce education. Here the Committee comes to destroy what it was expected to nurture and uphold! And the Committee is not clear about its own stand, because, after doubting the utility of the 'commerce stream' at the secondary school level, it proceeds to recommend that "*commerce*, as a group, should be taught only in the XIth class and that this should consist of only two subjects, namely, commercial geography and elements of book-keeping." Then, the Committee does not suggest what the student should read in the IXth and Xth classes in lieu of the existing commerce subjects in these classes. It seems the subject could not be studied by the Committee in its entirety and hence a thorough examination is not available in their Report. Commerce ought to remain as a group at the secondary education level and should be taught well. At present, commercial practice, book-keeping, commercial geography, elements of economics and civics, and stenotyping (a student offering any three) are taught in the commerce group and all these are useful subjects. One wonders why commercial practice, stenotyping, and elements of economics and civics should have failed to get justice at the hands of the Committee (the other two subjects the Committee is prepared to teach but only in the XIth class!) Their apprehension that the students are not able to understand properly the other subjects or are not able to benefit by their study is ill-founded. When elements of economics and civics, and commercial practice are taught, these do develop their mental ability and knowledge and definitely give them an advantage in acquiring commerce education at the university level. And, we all know, stenotyping assists them in getting a job. If, at the university level, the students are not able to reveal their brilliance or latent capacities, that is due to the general decline in our standards—it is no fault of the commerce subjects as such. With large numbers, meagre resources, lack of studious habits in the students, and not-upto-the mark-teaching—this state of affairs is found in all the Faculties and is no special disability of commerce education. One very much wishes the Committee had realised this fact.

Changing of Labels

The existing National Diploma in Commerce should, according to the Committee, be abandoned and, instead, a new Diploma in Commercial Practice be instituted. Let us see whether this changing of labels will help us very much. Truly speaking, if there is proper study of the commerce group at the higher secondary level, we shall not very much need this new Diploma, as other similar Diplomas are already in existence.

While examining university courses in commerce, the Committee remarks; "Commerce courses started—with a strong bias for economics subjects, because the professors who were in charge were mostly men with their university training in economics. This lingered on for a long time." Quite correct—so much so that, even now, commerce education has not been permitted to come to its own and the Special Committee has also not been able to assign the proper place to effective commerce education and practical training. The Committee wants to reduce the subjects taught at the B.Com. level and would not like us to teach even such important subjects as planning, public finance, advanced accountancy, and banking. It is not possible to agree with these views of the Committee. Their contention is that more opportunities should be given to the students for the cultivation of logic and intelligence. No one denies this. But the cultivation of logic and the capacity for thinking can be developed by adopting the questions-and-answers method in the class, by having more written work and by organising tutorials and seminars. The sacrificing of the above important commerce subjects will not, *ipso facto*, lead to the development of logic or correct thinking. This, again, is essentially a question of proper teaching and active and intelligent student-participation. That is also the essence of the 'Case Method' of study and we should develop these discussions and seminars rather than abolish or relegate to the background the teaching of important commerce subjects. That might otherwise be tantamount to suggesting an operation for yellow fever!

It is heartening to note that the Committee agrees that M.Com. should be a specialised course and should train specialists for employment in business and industry, on the one hand, and the academic profession, on the other. The Committee has also, in effect, agreed that there should be two Departments for Commerce studies. I had suggested in an earlier article* that the Faculty of Commerce, in which are taught 36 papers today, should consist of 4 Departments. The Science Faculty consists of more than 4 Departments and each one of them—Physics, Chemistry, Mathematics, Botany, Zoology, etc.—is important. And this setting up of these Departments has also added to their recognition and development. The Committee has not been able to give due consideration to this aspect and to the creation of the necessary administrative structure. Yet, the Committee suggests that another Department—the Business Administration Department—should be established. They recommend that "Business Administration should be treated as a separate discipline and should be allowed to develop in the university but with sufficient freedom and flexibilty." This is a welcome recommendation. The degree to be awarded should, however, not be M.B.A. but M.Com. (Bus. Adm.). I would only like to add that besides this Business Administration Department under the Faculty of Commerce, there should also be these three other Departments—the Trade and Industries Department, the Applied Economics and Finance Department, and the Accounts and Income Tax Department. Each of these Departments should be headed by a Professor. Specialised teaching, practical training and advanced research work ought to be their forte. These departments deserve to be set up soon and the earlier it is done the better for Commerce Education.

I entirely agree with the findings of the Committee that the present attainment of the students in English and in the regional languages is very poor. Their communicative ability and the power to express themselves effectively and clearly must be developed and for this a much greater attention not only to the teaching and learning of English and a regional language but also to acquiring a sound knowledge of our national language ought to be paid by all. The Committee has recommended that English and a regional language should be taught at the B.Com level—to this should be added the teaching of Hindi (or a neighbouring State language in Hindi areas) in keeping with the spirit and requirements of our Constitution and the desirability of every student to learn it. The Committee should have given due consideration to this requirement. This will also give a larger share to Humanities and liberal education which the Committee has repeatedly advocated. Much greater attention ought to be paid to the proper learning of languages at the secondary school level also.

Practical Training

According to the Committee, "there should be a well-organised scheme of practical training for commerce teachers." This is good so far as it goes. The Committee, however, thinks that there is no scope for practical training for B.Com. students and that even for the M. Com. students "practical training will have to follow the completion of academic instruction and may be a condition to be fulfilled before the actual conferment of the degree." The Committee adds, "Apart from this, we feel that practical training has no place in commerce education." And yet the Committee wants to "introduce a practical bias in commerce education." All this means that half-hearted support is given to the need for practical training or that there is not a clear appreciation of the needs and requirements of commerce education and of our developing economy. I strongly feel that there is not only much scope for but actual need of practical training both for our B.Com. as well as M.Com. students. And this actual observation, visits to factories, offices and establishments and talks with business and other executives, etc., should be arranged for all these students. That would enable them to better understand the working of our trade and industry and to appreciate the various problems and the different types of people a manager is required to tackle and handle. And this scheme of practical training should be properly correlated with our teaching and courses and should form an integral part of an organic whole. It should not just be an appendix as suggested by the Committee. The desired practical bias can then be imported in our studies; else the dread of water might come in our way of learning to swim. A clear cut and effective approach is again called for here.

This would, of course, mean limiting the size of the class and the Committee has rightly held that admissions to B.Com. and M.Com. classes should be restricted and be based on merit. But, in the same breath, the Committee suggests that, at some places, evening classes for M.Com. (with 3 years' duration instead of 2) may be opened. This is neither proper nor necessary. For those B.Coms. who are actually in service, their work in their establishments alone will pay them and what they need is not another degree but a refresher course or good seminars, etc.

The Committee recommends the establishment of commerce workshops in colleges and universities for making the student familiar with the appliances, forms and documents that are used in industry and trade. This, together with surveys, field work, problem study and practical training (or call it actual observations, analysis and description, etc., of business and business problems and some actual work there) is what is urgently needed. More and better research work is also called for. "High priority be given to the development of research of a practical character in the field of commerce and management."

There is also the need for more co-operation between the Industry and the University, and a mutually appreciative liaison should be established and developed not only between the two but also between the professional commerce institutes and the Universities.

Done A Good Job

On the whole, the Committee has tried to do a good job and some of its recommendations are quite satisfactory. The establishment of the All-India Council for Commerce Education and the creation of a separate department for Business Administration (under the Faculty of Commerce) should go a long way towards giving due recognition to commerce education. The moral drawn by the Committee from the establishment of an All-India Council for Technical Education and the subsequent growth of technical education should also have been drawn from the creation of four or more Departments under the Faculties of Science and Medicine. They should also have recommended the constitution of four Departments under the Commerce Faculty and should have suggested specialised courses for these (as they have done for Business Administration). To this aspect and to its administrative details the Committee should have given more thought. Not merely practical bias but actual practical training should also have been recommended in keeping with the requirements of our developing economy. With such training, we would be in a better position to provide our planned economy with the executive, managerial, secretarial and ministerial personnel at different levels. The approach should, therefore, have been more practical rather than general and should have been such as would have assisted and enabled Commerce Education to be duly recognised and respected. We must, of course, appreciate the fact that it is the first Report of its type on commerce education and so probably the Committee could not go ahead as much as one might wish. The Report can, therefore, be welcomed only with mixed feelings. A subsequent committee would be able to tread the path with more confidence, with new ideas and with a much larger information and study at its command.

*"Commerce Education in India" published in *Commerce* dated 6th June, 1959.

AIRCRAFT INDUSTRY AND AIR TRANSPORT

(*Concluded from page 602*)

The I.A.T.A. is a most curious organisation, for to make any change in its air fare policy, the voting of the members has to be unanimous. One tiny member with perhaps only a few aircraft can refrain or vote against an otherwise unanimous decision, and the whole work of the meeting becomes void and nothing can be done. This has happened on many occasions in the past, usually a group of airlines holding out against the larger operators who are anxious to reduce air fares.

The situation is very far from healthy and it remains to be seen which way aviation is going to turn. Will it find a sensible solution to its present manufacturing and air transport problems? Finally, what is to be the answer to the introduction of supersonic air transport? This is yet another problem which has been referred to as a ghastly nightmare. It is still under consideration by Governments. If supersonic travel is to be introduced before 1975 at the very earliest, the situation regarding the operators and their seat capacity is going to be worsened many times, as their present fleets of subsonic jet aircraft will become surplus long before they have been written off the

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PROMOTION OF TECHNICAL TRAINING

EMPLOYERS MUST CO-OPERATE WITH GOVERNMENT

INDIA, along with other countries of the British Commonwealth, celebrated its National Technical Training Week from 17th to 23rd September. Although the actual dates of observance vary from country to country for reasons of climate and other factors, every country in the Commonwealth is expected to observe National Technical Training Week. The idea of the Technical Training Week was conceived by Prince Philip, the Duke of Edinburgh, who, during his visit to Australia, was so impressed by a scheme which was in operation in that country for a number of years and the Apprenticeship Week being observed every year in that country that he wanted every country in the Commonwealth to follow suit, so that national consciousness about the value and importance of technical training may be promoted and young workers and apprentices in industry encouraged to take full advantage of the training facilities available in their respective countries.

The Week is also intended to draw attention to the various apprentice training schemes and the technical training programmes in the country and to drive home to employers, workers and the citizens in general, the importance of technical training. During the period, visits to training centres will be open to parents of students, teachers of schools and colleges and the general public. The idea behind this is to bring together the parties most directly interested in technical education, namely, parents, teachers and employers and to facilitate mutual exchange of views and experience. As Mr. G. L. Nanda, Union Minister for Labour, pointed out, while inaugurating the Week at New Delhi on the 17th inst., this annual drive should create a sense of urgency about the need for training among our young men and women, on the one hand, and among the industrialists and other employers, on the other, so that the training programmes could be organised on a co-ordinated basis at different levels of skilled workers, whether operatives, foremen, supervisors or managers. Further, through the celebration of the Technical Training Week, the message should reach all concerned and make them realise that a single purpose ran through the variety of training programme organised in different fields in the country.

Requirements of Technical Personnel

Manpower requirements of the various training programmes are among the most important aspects of any plan of economic advancement. The National Training Week will give an opportunity for all concerned to ponder this important problem. Matching of natural and material resources with human resources with as much precision as possible calls for an examination of the requirements of trained and capable persons equipped with knowledge of the various processes of production and modern developments in science and technology. Along with engineers and technologists, who are required for designing and carrying out research programmes and executing big projects, a large number of technicians and craftsmen or skilled workers are also required.

No precise estimates of the requirements of skilled workers or craftsmen are available. However, the demand during the third Plan period is estimated by the authors of the Plan at 1.3 million and during the fourth Plan period at 1.8 to 2 million. These estimates, which are very rough and need to be checked up periodically, are arrived at as follows:

The ratio between engineers and craftsmen or operatives is estimated to have been 1:32 at the end of the first Plan on the basis of the calculation that there were 31,200 engineers and about one million craftsmen in engineering and non-engineering trades. The ratio improved to 1 : 25 at the end of the second Plan. It is assumed that the ratio will remain unchanged during the third Plan period. The additional number of engineers required during the third Plan period is placed at 51,000. The number of craftsmen and operatives required, therefore, works out to 1,275,000 or roughly 1.3 million. It has been estimated that, during the fourth Plan, about 80,000 additional engineers would be needed. Additional craftsmen and operatives required would, on that basis, be about 2 million.

At present craftsmen or skilled workers and operatives are trained in several types of institutions and in different ways. These include, according to the third Plan: (1) industrial training institutes under the scheme of the Ministry of Labour and Employment; (2) Government Departments or agencies having their own facilities such as Defence, Railways, Posts and Telegraphs, and individual public enterprises; (3) facilities for training provided by the State Department of Industries and the Ministry of Commerce and Industry for small-scale industries; (4) centres for training rural artisans under the Community Development programme; (5) privately-run industrial schools; and (6) the traditional methods of transmission of skill from father to son.

Training on the Job

The majority of workmen required in industry are operatives and skilled craftsmen who must be given training on the job. The only place where tools, machines, materials and processes are available is where the work is being done and relatively only a small percentage of jobs can be reproduced in a training centre or a school room. What the Government does and is potentially capable of doing in this regard will touch only a fringe of the training needs in the country. It is, therefore, evident that, if industrial output is to be expanded, if standards of quality are to be improved and if wastage of human and material resources is to be prevented, industry must come forward to organise intensive training programmes on the job itself for the vast army of workers in industry. The example of industry in advanced countries is worthy of emulation. There, industry plays a very important role in imparting technical training to young people. The State does its part of the job by setting up technical schools, institutions and colleges and the industry does its own part by admitting for training boys from vocational and general schools. In Britain, for instance, most firms have well-organised courses of training and the trainees are expected, under the terms of their indenture, to attend vocational, evening or one day-a-week release classes. The latest trend has been for establishments to have their own pre-apprenticeship whole-day classes or to allow boys to attend the nearest school for one day a week till they attain the age of 18. Thereafter, for the rest of the period of apprenticeship, the boys are enabled to attend technical schools or institutions in the evenings to study for their vocational certificate or diploma. In fact, in Britain, training in actual practice of the craft continues to rest with the employers, although it is usual to supplement this by regular study which includes the basic science and technology.

In West Germany, we are told, there is a high degree of Governmental control over apprenticeship backed by statutes. The associations or federations of industry have organised apprenticeship schemes and almost every employer admits and trains a number of young boys. Regular tests and examinations are held and certificates of proficiency are granted. The employers pick the best among the apprentices, who have shown aptitude and ability to gain by further experience to qualify themselves for a master certificate, and give them the required training facilities. Some of the more promising of them would eventually become supervisors, superintendents, and may even rise higher up in the ladder and hold top technical positions in due course. In Australia, too, apprenticeship of technical workers is regulated by legislation.

Advani Committee's Recommendation

The apathy of employers in India, barring, of course, a few, to the training of young men and the slow progress of the National Apprenticeship Scheme introduced by the Union Ministry of Labour (so far only 1,215 apprentices have been trained under the scheme) have forced the Government to introduce legislation to make training of apprentices compulsory for employers. It may be recalled here that legislation for this purpose was also recommended by the Advani Committee on Apprentice Training as appointed by the Small-scale Industries Board. The purpose of the Bill now before Parliament is to ensure full utilisation of the training facilities available and to regulate the programmes of practical training in industry. Although, to start with, employers were opposed to making apprenticeship compulsory by law, they have been persuaded to give their consent to the broad lines on which legislation has been proposed.

Legislation can at best result in an increase in the number of young men given training every year. The quality and standard of training, which are important if the trainees are to be an asset to the industries, depend largely on the facilities and opportunities provided by the employers. If the latter do not implement the training programme wholeheartedly but consider it only as another imposition by the Government, the standards of training are bound to go down. The worst sufferers of this outcome will be the employers themselves. Every employer should, therefore, regard such training as of the utmost importance and the facilities provided in his establishment as his personal contribution to national development and to the preservation of the system of private enterprise. It is to be hoped that the Technical Training Week will have helped in promoting a healthy awareness of the importance of training and will inspire an intensive effort to improve and expand the facilities available in the country.

GAINS OF U.S. LABOUR

On Monday, 4th September, the United States observed its annual celebration of Labour Day, the American holiday dedicated to honouring the working men and women of the nation. This year the holiday had special meaning for millions of workers who benefit from the 1961 amendments to the Fair Labour Standards Act, raising the national minimum wage in progressive steps to $1.25 an hour and extending the protection of the Act to 3.6 million workers in the retail and service trades. The amendments came into force on 3rd September, the day preceding Labour Day, and the workers affected received their first pay increases on the payday following the national holiday.

Upward revision of the minimum wage had long been advocated by organised labour as a means of increasing the purchasing power of the people. It was one of the measures proposed by President Kennedy in his legislative programme for spurring the nation's rate of economic growth and combating unemployment. Other major legislation urged by the President provided for extension of unemployment compensation for workers who had exhausted their benefits; loans and grants to depressed areas to stimulate new industry and train workers in new skills; improvements in social security benefits; federal aid to education; federal programmes for expanding low and middle-income housing and a Government-supported re-training programme for workers displaced by technological change.

Labour strongly supported the Administration's proposals, finding in them the promise of fulfilment of many of its own economic and social goals. Most of the measures have been approved by Congress and enacted into law.

Apart from these legislative gains, labour's progress ledger for 1961 showed both plus and minus signs as the year approached the halfway mark. By May, recovery from the mild recession of earlier months was well on the way. Production, led by the steel and automobile industries, was expanding, employment was gaining and labour income was on the rise. In June average weekly earnings of factory workers rose to a record level of $94.24, an increase of $1.34 over the May average and $2.64 above a year ago.

In collective bargaining, wage rates continued to advance but at a slower rate than previously. Average wage settlements at the year's midpoint provided increases of about eight cents an hour. Emphasis in labour-management negotiations was on long-range job security. A number of major contracts included provisions for severance pay, for re-training of workers displaced by technological advance, and for moving workers to other plants.

On the minus side of the ledger, unemployment as usual lagged behind recovery and continued at a relatively high level. Much of it was of the hard core type usually referred to by the economists, as technological or structural unemployment. It results from the displacement of jobs by machines and the development of new production methods for which the worker is untrained.

In a vigorous attack on this problem, President Kennedy laid before Congress a Government-sponsored plan to set up "a new manpower development and training programme, to train or re-train several hundred thousand workers in new occupational skills over a four-year period, in order to replace those skills made obsolete by automation and industrial change with new skills which the new processes demand." The legislation provides for training allowances, including subsistence and relocation allowances for the long-term unemployed. Another move in the same direction was initiated by Labour Secretary, Mr. Arthur J. Goldberg. He established within the Labour Department an Office of Automation and Manpower to plan educational and guidance programmes that will help workers displaced by automation find new employment. The new office will develop proposals for training and placement of workers coming into the economy, and for re-training and replacement of those who must change their places within it.

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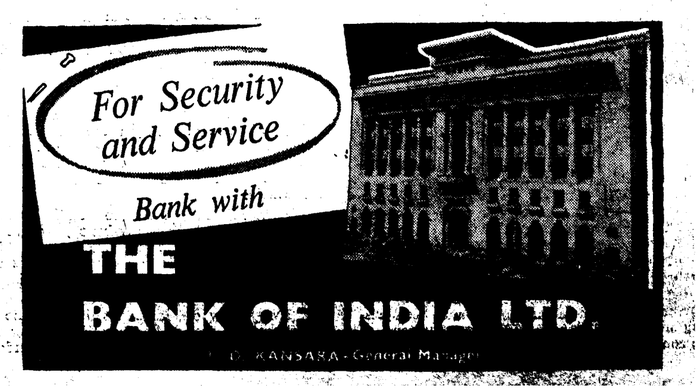

PROTECTION FOR TITANIUM OXIDE EXTENDED

LARGE EXPANSION PLANS UNDER WAY

TITANIUM dioxide is a lustrous, white and non-toxic pigment, which, because of its competitive opacity and chemical stability, is fast displacing traditional colouring materials, such as lithophane, while lead and zinc oxide. The importance of this industry had not been fully realised in the initial stages of its development in the country a decade ago; consequently, when the factory belonging to the Travancore Titanium Products Ltd., the only producer of titanium in India, commenced production in 1952, the Company found it difficult to sell even 300 tons of pigment annually. But, of late, the situation has changed for the better, with the current demand for this chemical from industries like paints, rubber and textiles estimated at about 6,000 tons annually. The development of the industry is in no small measure due to tariff protection, which it has been enjoying since 1953 onwards. Following an enquiry earlier this year, the Tariff Commission recommended continuance of protection to the industry for a further period of three years beyond the end of 1961 at the existing rate of 35 per cent *ad valorem* (preferential) and 45 per cent *ad valorem* (standard). This suggestion has now been endorsed by the Government of India.

The Tariff Commission has pointed out, in its report on the industry, that, during the seven years of protection, the industry has shown good progress in production and succeeded in improving operating efficiency and bringing down costs. The Commission has, however, accepted the industry's argument that, in view of its programmes for expansion and diversification, it has a legitimate claim for continuance of protection.

Installed Capacity

At the time of last enquiry (1957), the installed capacity of Travancore Titanium was 1,830 tonnes annually. It had then a plan to expand its capacity to 3,660 tonnes at a cost of Rs. 76 lakhs. The first stage of expansion programme had been completed at the time of the latest enquiry, bringing the total capacity to 2,900 tonnes. The second stage of expansion is scheduled to be completed this year, thus, raising the total capacity to 3,660 tonnes, which include about 900 tonnes for rutile variety. A sulphuric acid plant, with a daily capacity of 50 tonnes, has also been commissioned by the Company. In addition, the Company has taken up another expansion scheme to raise its capacity to 6,600 tonnes per annum. The scheme, which will be undertaken next year, will entail an additional capital outlay of Rs. 22.23 lakhs, and this will be met from the Company's own resources.

As readers are already aware, the Travancore Titanium will lose, in the not distant future, the distinction of being the sole producer of this modern pigment. A new undertaking of Messrs. Nowrosjee Wadia and Sons Ltd., Bombay, has been granted a licence for the establishment of a new titanium dioxide unit in the name of Botanium Ltd., with an annual capacity of 4,470 tonnes, as against 6,600 tonnes which the Travancore Titanium is expected to attain in a couple of years from now. This proposed new unit of Wadias is expected to secure the technical collaboration of the British Company, the *Laporte* Titanium Ltd. It will also put up a sulphuric acid plant, with a capacity of 100 tonnes daily. The new company proposes to produce 3,300 tonnes of anatase grade and 1,100 tonnes of rutile grade of titanium dioxide per annum. Its factory, which is expected to go into production by 1963, will be located near Thana (Maharashtra State). The total capacity for the production of titanium dioxide will thus rise to 11,070 tonnes per annum by the end of 1963.

Production

The production of titanium dioxide has been steadily going up in recent years. Thus, the total production rose from 1,701 tonnes in 1957 to 1,743 tonnes in 1958, 1,872 tonnes in 1959 and 2,721 tonnes in 1960. In 1961, the Company expects to produce 2,700 tonnes of anatase, and for the first time 900 tonnes of rutile from the middle of the year. During the years 1962 and 1963, the Company expects to produce about 1,800 tonnes each of anatase and rutile.

According to the Development Wing, the current demand is about 5,080 tonnes (comprising anatase 3,861 tonnes and rutile 1,219 tonnes), as compared with about 2,600 tonnes in 1957 and no more than about 400-500 tons in 1953. It expects the demand to go up to 6,096 tonnes (anatase 4,572 tonnes and rutile 1,524 tonnes) in 1962 and further to 8,128 tonnes (6,096 tonnes of anatase and 2,032 tonnes of rutile) in 1963. The producer's estimate, however, is 5,588 tonnes for 1961 and 6,706 tonnes for 1962 and 8,738 tonnes for 1963. The sole selling agents of the product, Messrs. T. T. Krishnamachari and Co., have placed the demand at 6,060 tonnes for the current year and 7,482 tonnes for 1962 and 8,685 tonnes for 1963. A broad picture of the pattern of demand for this pigment can be had from the breakdown figures furnished by the selling agents. The major consumers:

(Estimates in tonnes)

	1961	1963
Paints	3,674	5,299
Rubber	918	1,230
Textiles	436	581
Vitreous enamels ...	224	325
Printing ink	183	265
Rayon	147	256
Plastics	156	243
Paper	67	109
Soap	94	122

Consumption

The Tariff Commission has estimated the total demand for titanium dioxide at 6,000 tonnes for 1961 and 8,500 tonnes for 1963. On the basis of sales and imports, the apparent consumption of titanium dioxide was 3,279 tonnes in 1959 and about 4,335 tonnes in 1960. The total imports, despite the restrictive import policy, rose from 552 tonnes in 1957 to 1,635 tonnes in 1960. The entire demand for rutile has so far been met by imports. The following table shows the value of imports in 1960, as compared with the previous three years:

(In Rs. lakhs)

	Anatase	Rutile	Total
1960	15.53	24.56	40.09
1959	14.99	19.27	34.26
1958	10.09	9.64	19.72
1957	6.49	8.26	14.75

The imports of titanium are bound to come down in the years to come in view of the expansion in domestic production, particularly the development of the rutile grade pigment. The prospects for the growth of the industry in India are quite bright. For its major raw material, namely, ilmenite, is available abundantly from indigenous sources. The beach sands of certain parts of Kerala are rich in ilmenite. The new unit to be established near Thana will "in the beginning use ilmenite from Kerala." This unit, according to the Tariff Commission, expects to utilise the deposits at Ratnagiri, "when they are proved."

Raw Materials

Ilmenite sand is supplied by the Travancore Minerals Ltd., a Government Company, the shares of which are held by the Central Government and State Governments of Kerala and Madras. It is supplied to the manufacturer at naked ex-works price which at present is about Rs. 59 per tonne. This is the same as the export price. In this connection, the Tariff Commission has reiterated its recommendation in its previous report that ilmenite should be made available to indigenous producers at a lower rate than at present. In the resolution on the report, the Government of India simply says that the attention of the Travancore Minerals is drawn to this recommendation for "examination and such action as may be feasible." Since this Company is in the public sector, it lies in the power of the Government to make this raw material available to the domestic industry at a cheaper rate than that charged for exports. It is not clear, therefore, as to why there should be such a long delay in coming to a decision on this vital point. After all, the requirements of ilmenite by the domestic industry are only a fraction of the total export of ilmenite. And, if the price of the raw material is reduced, the export prospects for titanium dioxide itself will become more favourable.

Besides ilmenite, there are certain other raw materials required by the industry, such as sulphuric acid, scrap iron and also some auxiliary chemicals. All the basic raw materials as well as most of the auxiliary chemicals are indigenously available.

The quality of indigenous titanium dioxide is said to be quite satisfactory. The product conforms to the specification of the Indian Standards Institution. The Tariff Commission has, however, struck a note of warning that the industry should not content itself with present quality of its products but must carry out research and make reasonable diversification of the grades produced, so that, when there is a substantial demand for any grade, indigenous production might be started.

The price of domestic product compares well with that of imported variety. Fair ex-works price (inclusive of freight and delivery charges) of the domestic product is Rs. 2,173 per tonne for anatase and Rs. 2,588 per tonne for rutile. For anatase, the c.i.f price per tonne of the U.K. product is Rs. 2,320-2,373, that from West Germany Rs. 2,195-2,453. The price of the Japanese product only is lower than the Indian quotation, the former being Rs. 2,040. If the clearing charge of Rs. 102 is added, the Japanese price comes to Rs. 2,142. This means that the excess of fair ex-works price over landed cost is so small as Rs. 31 or 1.52 per cent for anatase. For rutile grade made in India, ex-works price works out at Rs. 2,588, which is, however, pretty high as compared with the c.i.f. price of Rs. 2,090-2,186 for the pigment from Japan, and Rs. 2,200-2,500 for that from the U.K. When the delivery charge of Rs. 104 is added to the lowest quotation (Japanese), the landed cost without duty comes to Rs. 2,184 per tonne, the excess over ex-works price being Rs. 404, or about 20 per cent. On this basis, a protective duty of 20 per cent for rutile alone would have been sufficient. But the Commission has preferred to maintain the duty at the higher existing rate on both the varieties since it feels that extension of protection at that level will enable the industry to increase its capacity and operational efficiency so necessary for taking care of the future needs of the country. Larger production, it is needless to add, will ultimately enable the producer to bring down the price for the consumer.

CENTRAL WAREHOUSING CORPORATION

The Central Warehousing Corporation, the annual general meeting of which was held at New Delhi on the 17th inst., has made striking progress during 1960-61. There was an all-round increase in the number of Central and State warehouses established, their storage capacity, stocks handled, revenue received from storage charges and advances made by the banks to depositors on the basis of warehouse receipts. The number of Central warehouses rose from only 27 in 1959-60 to 40 in 1960-61, thus fulfilling the second Plan target. The number of warehouses opened by the State Corporations increased to 266, as against 148 at the end of 1959-60. New Central warehouses were opened at Hyderabad, Tenali and Adoni (Andhra Pradesh), Nadiad (Gujarat), Trichur (Kerala), Virudhunagar (Madras), Sainthia and Sheoraphulli (West Bengal), Gulbarga (Mysore), Bhatapara (Madhya Pradesh), Gauhati (Assam), Theog (Himachal Pradesh) and Delhi.

The storage capacity of Central warehouses rose from 14,040 tons to 79,020 tons. The revenue collected from storaged increased from Rs. 3,81,198 to Rs. 7,87,505. At the end of the year, outstanding advances made on the basis of warehouse receipts stood at Rs. 5 crores, as against Rs. 2.86 crores a year ago.

The Corporation has approved project reports for the construction of additional warehouses at 34 centres, with a total storage capacity of 163,400 tons at an estimated cost of Rs. 231.27 lakhs. Warehouse, buildings, with a storage capacity of nearly 27,000 tons, have been completed so far at Amravati and Sangli (Maharashtra). Warangal (Andhra Pradesh), Davangere (Mysore), Sriganganagar and Kota (Rajasthan) and Morena (Madhya Pradesh). The Corporation is said to have taken steps to accelerate its construction programme, so that warehouses at present located in hired accommodation may be shifted to new buildings constructed on modern and scientific lines. The State Corporations have also undertaken construction of their own buildings at more than 20 centres in the country so far.

LEIPZIG AUTUMN FAIR

The one-week International Autumn Fair of consumer goods held at Leipzig, East Germany, came to a close on the 10th inst. On display in its pavilions were over 850,000 exhibits from 45 countries, including India, Soviet Russia, the U.S., the U.K., France, Italy, Czechoslovakia and China. The foreign trade organisations of East Germany concluded contracts worth 2,923 million marks with trading organisations and firms which participated in the fair. Among the East German exhibits, there was wide range of consumer goods, including household articles and agricultural products. Exhibits in the Indian pavilion were, *inter alia*, tea, coffee, jute, coir products and handicrafts.

HANOVER FAIR 1962

The next Hanover Trade Fair will be held from 29th April to 8th May 1962. Several highly industrialised and developing countries are expected to take part in the Fair. It may be recalled here that the 1961 Hanover Fair attracted 5,120 manufacturers, of which 1,015 were from abroad. The range of exhibits included clocks and watches, fine chemicals, optics, electrical and mechanical engineering products.

MARKED RISE IN SALES OF INDIAN CABLE

IMPROVEMENT IN PROFIT, HOWEVER, SMALL

DESPITE a large-scale improvement of Rs. 156.84 lakhs to Rs. 948.20 lakhs in sales during the year ended 31st March 1961, the gross profit of the Indian Cable Company Ltd. (Chairman: Sir John Brown, Calcutta) has risen very nominally by Rs. 5.84 lakhs to Rs. 173.78 lakhs. The reasons for this apparent disparity are, in the words of the Chairman, threefold. In the first place, the downward trend in world copper prices resulted in a loss on the Company's stocks which had to be dealt with in the year's account, whereas a profit had arisen under this head during the previous year. Second, the marked increase in the stocks of finished goods, from Rs. 50.88 lakhs to Rs. 76.13 lakhs, on account of the failure to effect deliveries as a result of transport deficiencies, affected the profit-ratio. And, third, the price reductions effected towards the close of the preceding year led to a further fall in profits. In view, particularly of the last mentioned reason, the net profit stands slightly improved by Rs. 5.18 lakhs to Rs. 85.46 lakhs.

The above figure of the net profit has been arrived at after providing Rs. 3.95 lakhs for Directors' commission, Rs. 17.37 lakhs for depreciation, and Rs. 67.00 lakhs for taxation, the comparative figures for the preceding year being Rs. 3.92 lakhs, Rs. 17.24 lakhs, and Rs. 66.50 lakhs, respectively. The relatively smaller charge for taxation arises mainly from the increase in the development rebate admissible against the year's profits. The cost of financing the expansion, to which a reference is made later in this review, and particularly the provision for a greatly increased working capital which will be required, has imposed the necessity to continue to conserve resources for the time being. It is in these circumstances that, notwithstanding the slight increase in net profit, the Directors have been obliged to recommend the same rate of dividend, namely, Rs. 2.25 per share, subject to deduction of tax, on both the preference and ordinary shares as was declared in respect of the previous year. This has enabled the Company to transfer Rs. 28.43 lakhs, as against Rs. 20.58 lakhs last year, to reserves and provisions and carry forward Rs. 48.73 lakhs, against Rs. 45.64 lakhs brought in.

The progress made by the Company during the past four years is presented synoptically in the table that follows:

(Value in lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	948.20	791.36	720.36	688.52
Internal consumption of goods	12.69	17.89	9.76	1.43
Other income	5.71	7.23	7.59	9.55
Closing stocks of finished goods	76.13	50.88	47.32	45.90
Raw materials, finished goods and stores consumed	600.88	463.89	405.00	407.53
Salaries, wages and bonus	148.52	128.00	109.45	94.46
Other expenses	69.17	60.71	79.88	83.41
Gross profit	173.78	167.94	144.80	111.32
Directors' commission	3.95	3.92	2.61	2.06
Provision for—				
Depreciation	17.37	17.24	17.15	16.99
Taxation	67.00	66.50	48.00	55.00
Net profit	85.46	80.28	77.04	36.72
Provisions no longer required	2.03	1.06	13.34	13.22
Miscellaneous write offs	0.03	0.08	26.76	0.38
To reserves and provisions	28.43	20.58	27.62	18.58
Dividends—				
Preference	2.00*	2.00*	1.93	1.93
Ordinary	53.05 (D. 22½%)*	53.05 (D. 22½%)*	35.37 (D.12½% + B. 2½%)	22.93 (D.12½% + B. 2½%)
Carry forward	48.73	45.64	40.00	41.30

* Subject to deduction of tax.

The continued policy of ploughing back a large portion of available profits into business has enabled the Company to build up a financial position of formidable strength. As compared with the issued and subscribed capital of Rs. 248.65 lakhs as on 31st March 1961, the reserves and surplus amount to as much as Rs. 277.91 lakhs. Secured loans stand at Rs. 97.80 lakhs, in addition to current liabilities and provisions of Rs. 310.79 lakhs, giving total current liabilities as Rs. 408.59 lakhs. Against these, current assets, loans and advances, and investments aggregate Rs. 771.37 lakhs. The gross block is carried in the books of the Company at Rs. 317.93 lakhs inclusive of the addition of Rs. 23.14 lakhs made during the year, and has been written down to Rs. 163.79 lakhs.

The full production which was planned to be obtained from the extended plant having been achieved, the Directors, after reviewing the prospects for the industry over the next decade in the light of the indicated expansion of electric power generation and supply throughout the country, came to the conclusion that it would be appropriate to undertake a further expansion in the Company's manufacturing capacity. Licence applications were accordingly submitted for substantial expansion in the production of paper insulated power cables, plastic insulated cables and flexibles, enamelled copper wires, and cotton and paper covered wires and strips. The required licences have now been received and the Company has reached agreements with the I.C.I.C.I. in regard to a foreign exchange loan while negotiations are in progress with the Commonwealth Development Finance Co. Ltd., London, for a similar loan. These two loans should take care of the foreign exchange element in the cost of the latest expansion. The balance of expenditure in rupees, including the additional working capital requirement, is to be met from internal resources and as such the Company does not find it necessary to approach the shareholders for any further finance for the time being.

As regards the prospects for the Company, the Chairman, Sir John Brown, expresses himself as follows:

"....we are now facing greatly increased competition from a number of factories which have commenced production and this will further increase during the next year or two as other new factories come into production. You will naturally be concerned to know the effect which this competition is likely to have on the Company's profits during the coming years. My colleagues and I believe that, provided Government's plans for the expansion of electricity generation and supply during the next five years are implemented, the demand for our manufactures will be such that cable-makers operating at a reasonable level of efficiency should not experience undue difficulty in disposing of their output at a fair margin of profit. The extent of expansion in the generation and supply of electricity throughout the country is undoubtedly the governing factor: it seems reasonable to suppose that, if the lessons of the second Plan have been learnt and if the effects of recent power-shortage throughout the country have been fully appreciated, every effort will be made by those in authority to maintain the planned scale of expansion in electricity supply throughout the third Plan period even if expenditure in other directions has to be cut back or deferred from time to time. If this view is correct, the prospects for shareholders is fair. The latest expansion schemes to which I have referred will involve a reorganisation of certain departments at the factory and this opportunity is being taken of carrying out the replacement of some old plant in the V.I.R. insulated cable section. The reorganisation is bound to result in interruption to production for a time which in turn must be reflected in net profits which, therefore, are unlikely to rise further to any substantial extent until the reorganisation and expansion programme has been completed. Nevertheless, with our long experience in the industry and having regard to the position of financial strength which has been built up over the years, it is reasonable to look forward with sober confidence to a further period of steady growth in the value of our undertaking to the ultimate advantage of shareholders."

The present market quotation for the Company's Rs. 10.00 fully paid-up share is Rs. 37.50 *cum-div.* The net yield on an *ex-div.* basis works out to 4.4 per cent per annum.

(*Concluded from next column*)

has obtained during the year a loan of Rs. 13.06 lakhs, which is secured by the balance in cash credit account with the State Bank of Mysore, Bhadravati. Other current liabilities and provisions total Rs. 48.83 lakhs, giving a total indebtedness of Rs. 61.95 lakhs. This is well covered by current assets, loans and advances of Rs. 68.04 lakhs. The gross block has been well written down from Rs. 166.15 lakhs to Rs. 55.50 lakhs. On the whole, the financial position of the Company leaves nothing to be desired.

Considering the big expansion programme on hand on top of a scheme of replacements, renovation and improvements undertaken in the previous year to secure uninterrupted, maximum efficiency and economy, the future outlook for the Company is bright. The financial position is also balanced properly. However, the new loans and fresh capital issue will have to be supplemented adequately by reserves and surplus. In other words, more profits after taxation and depreciation, will have to be ploughed back to reserves in the years to follow than ever before. At the same time, the Directors will have to keep in mind the need for an adequate return to the investors.

At the current market value of Rs. 20.62, the Company's Rs. 10 fully paid ordinary share offers a return of slightly more than 5 per cent, free of tax.

PROFIT OF MYSORE PAPER SUFFERS SETBACK

OUTLOOK, HOWEVER, PROMISING

REDUCED prices for paper and paper products, fixed by the Union Government from 1st January 1960, in accordance with the Tariff Commission's recommendations, have slightly affected the working results of the Mysore Paper Mills Limited, Bangalore (Chairman and Managing Director: Mr. M. D. Shivananjappa), for the year to 31st March 1961. Sales realisation is lower at Rs. 123.22 lakhs as compared with Rs. 141.31 lakhs in the previous year and so is gross profit at Rs. 21.53 lakhs, as against Rs. 23.71 lakhs previously. The net profit is a little higher at Rs. 8.34 lakhs as against Rs. 8.08 lakhs in the previous year, but this is because of relatively smaller provisions for depreciation and taxation. The dividend on equity capital is, however, maintained at 15 per cent, subject to tax, and gives a net dividend of 10.5 per cent.

Taking the figures for raw materials, stores and spare parts consumed at Rs. 53.70 lakhs against Rs. 60.44 lakhs previously and the closing stock of Rs. 4.67 lakhs against Rs. 1.96 lakh, production during the year under review appears to have been lower. Total expenses declined from Rs. 129.56 lakhs to Rs. 104.13 lakhs, though the essentials like power and fuel cost Rs. 25,000 more at Rs. 17.25 lakhs and salaries, wages and bonus increased from Rs. 21.06 lakhs to Rs. 22.00 lakhs. Income from other sources at Rs. 1.94 lakh is nearly the same as in the previous year.

SECRETARIAT LIBRARY 25 SEP 1961 GOVT. OF KARNATAKA PUBLIC DEPARTMENT

The comparative table below gives an idea as to how the Company has fared over the recent years:

(In lakhs of rupees)

	1961	1960	1959	1958
Sales	123.22	141.31	125.35	108.58
Other income	1.94	1.06	1.76	1.85
Closing stocks	4.67	1.96	4.01	3.13
Raw materials, stores and spares consumed	53.70	60.44	56.05	46.03
Other expenses	50.43	59.12	53.79	44.54
Gross profit	21.53	23.71	17.28	19.81
Provision for—				
Depreciation	6.69	7.63	8.04	10.00
Taxation	6.50	8.00	1.00	1.30
Net profit	8.34	8.08	7.24	8.51
To reserves	4.20	3.64	3.24	5.43
gratuity fund	0.55	0.60	0.80	0.80
Dividend	3.75 (15%)*	3.75 (15%)*	3.12 (10% +2½%)	2.50 (10%)
Carry forward	0.37	0.52	0.44	0.37

* Subject to deduction of tax.

Equipment ordered for the installation of the recausticising unit was received during the year under review, and the machinery was installed and put into service. Improvement is expected now in the working of the soda recovery plant, and the bamboo pulp plant will operate smoothly, with the result that the percentage of caustic soda recovery will increase and the costs will be minimised. Necessary import licences for the machinery needed for stepping up production from 8,000 tons to 18,000 tons have been obtained and negotiations with foreign suppliers have been completed. Negotiations for securing loans of Rs. 200 lakhs—Rs. 70 lakhs from the Commonwealth Finance Company, Ltd., London; Rs. 70 lakhs from the Industrial Credit and Investment Corporation of India Ltd., Bombay, in foreign currencies to cover expenditure for importing plant and machinery; and Rs. 60 lakhs from the Industrial Finance Corporation of India to cover part of local expenditure—have been successfully concluded, the three institutions having agreed to lend the requisite amounts. The necessary permission for the foreign exchange loans has also been secured. The Controller of Capital Issues has sanctioned the Company's proposal to issue 10 lakh ordinary shares of Rs. 10 each at a premium of Rs. 2 per share, and steps are being taken to issue the shares to the existing shareholders.

Meanwhile, the last instalment of Rs. 4 lakhs due to the Industrial Finance Corporation of India for a Rs. 50-lakh loan has been paid. The Redemption Fund for the loan has been closed and the amount of Rs. 12.50 lakhs transferred to the general reserve which now stands at Rs. 25 lakhs. Reserves have been augmented by transferring Rs. 4.20 lakhs during the year, as against Rs. 3.64 lakhs previously, from the profits available for appropriation. (Dividend equalisation fund gets as much as Rs. 2.50 lakhs and the reserve for development rebate Rs. 1.70 lakh, against Rs. 0.63 lakh and Rs. 0.80 lakh respectively in the previous year.) Reserves and surplus now total Rs. 37.49 lakhs and cover adequately the issued capital of Rs. 25.00 lakhs, all on equity shares of Rs. 10 each. The Company

(Continued on previous column)

MUKAND IRON FORGES AHEAD

EXPANSION PLANS MAKE SATISFACTORY PROGRESS

THE financial and production results of the Mukand Iron and Steel Works Ltd. (Managing Agents: Jeewan Ltd., Bombay) for the year ended 31st March 1961 make impressive reading. Thanks, in the main, to the comfortable supply position of billets, the Company's total output of steel castings and rolled products witnessed a substantial expansion during the year under review. Thus the production of rolled products shot up from 46,299 tonnes in 1959-60 to 69,552 tonnes, representing an increase of 50 per cent, and that of steel castings from 4,284 tonnes in 1959-60 to 5,624 tonnes or by 31 per cent. The Directors have, in fact, stated in their report to the shareholders that the Company's mills could have rolled half as much more of rolled products, if the supplies of billets had been still more abundant.

On the financial side, too, the performance of the Company is quite excellent. Sales have advanced by as much as 51 per cent from Rs. 422.11 lakhs to Rs. 637.45 lakhs. Reflecting partly the higher level of output and the increased costs of materials, the value of raw materials, stores, power, etc. consumed has risen very sharply from Rs. 299.29 lakhs in 1959-60 to Rs. 460.90 lakhs or by 53 per cent. But, as the other manufacturing expenses, which include salaries and wages to staff, have expanded only modestly by Rs. 25.60 lakhs to Rs. 109.73 lakhs, the gross profit was able to expand by 69.7 per cent to Rs. 68.64 lakhs, as compared with that for 1959-60 at Rs. 40.43 lakhs. The increase in net profit, however, is only modest; at Rs. 21.68 lakhs, the net profit shows a rise of no more than Rs. 3.43 lakhs or just 18 per cent. This relatively small growth in net profit is principally due to the fact that the Company had to provide Rs. 18.25 lakhs more for taxation at Rs. 31.50 lakhs and Rs. 4.38 lakhs more for depreciation at Rs. 9.74 lakhs. In keeping with the enhanced gross earnings, the commission to Managing Agents has risen from Rs. 3.57 lakhs to Rs. 5.72 lakhs.

It is noteworthy that, out of the net profit of Rs. 21.68 lakhs, the Directors have conserved as much as 55.3 per cent or Rs. 11.99 lakhs for financing future expansion and utilised only Rs. 10.40 lakhs for distribution to different classes of shareholders. The dividend on 5 per cent preference shares absorbs Rs. 46,000 and that on deferred shares Rs. 2.72 lakhs. The dividend on ordinary shares has been maintained at the previous year's level of 12 per cent gross or 9.4 per cent net but on a higher paid-up capital. Thus, as the dividend on a *pro rata* basis on 409,033 partly paid shares takes up Rs. 2.46 lakhs, as against only Rs. 61,335 last year, the aggregate sum required for paying the dividend on ordinary shares amounts to Rs. 7.22 lakhs, as compared with Rs. 5.38 lakhs last year. The net dividend of 8.4 per cent for the year under review is, it may be noted, lower than the tax-free dividend of 10 per cent for 1958-59 and much less than that for 1957-58 at 12 per cent.

The progress of the Company in the past four years is presented in a nutshell in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	6,37.45	4,22.11	3,56.10	3,03.01
Closing stocks	30.55	23.69	21.68	23.48
Raw materials, stores, power, etc., consumed	4,60.90	2,99.29	2,50.87	2,31.78
Other expenses	1,09.73	84.13	70.61	66.14
Gross profit	68.64	40.43	37.32	24.44
Managing Agents' commission	5.72	3.57	3.40	2.21
Provision for—				
Depreciation	9.74	5.36	3.87	2.87
Taxation	31.50	13.25	15.00	..
Net profit	21.68	18.25	14.95	..
Excess provisions written back	0.57	..	..	..
To reserves	10.29	10.55	10.00	..
Development rebate	1.70	..	..	..
Dividends:				
5 per cent. preference	0.46	0.50	0.84	0.50
Ordinary	7.22 (D. 12%)*	5.38 (D. 12%)*	8.97 (D. 8% +B. —2%)	2.92 (D. 8% +B. —4%)
Deferred	2.72 (217.6 %)	2.10 (D. 168.6 %)	1.11 (D. 25% +B. 63.6%)	1.29 (D. 25% +B. 78%)
Carry forward	..	0.03	0.34	0.59

* Subject to deduction of tax.

It is heartening to note that the Company has commenced regular supplies of centre buffer couplers to the Indian Railways. The progress of the output of roller-bearing, axle-boxes, automobile components and steel castings for sugar machinery manufacturers is stated to be quite satisfactory.

The Company's expansion programme was held up as a result of a dispute regarding the acquisition of land at Kalwe, Thana. This dispute has been fully settled and the preliminary work has commenced at the site. During the pendency of the land acquisition proceedings, the Directors accorded a more thorough consideration to the entire project and have decided to specialise in the production of wire rods of various qualities. In accordance with this decision, the Company intends to set up a wire rod mill in addition to the originally planned installation of equipment for increasing substantially the steel milling capacity of the works. Furthermore, the Company has planned a three-year expansion programme for its foundry at the Kurla Works, which is scheduled to be completed in two stages. In the first stage, covering the initial two years, the capacity of the foundry will be increased to 750 tonnes per month and in the second stage to 1,000 tonnes per month.

The outlook for the current year will be primarily governed by the supply position of billets. In this connection, the Directors have stated that, though the Government of India had indicated that billets would be allocated to the re-rolling industry in the current year on the basis of its performance in the year ended 31st March 1961, the supplies are not in keeping with this criterion. It may be underlined that if the re-rolling industry has to complete its targets of production and satisfy the requirements of the railways and engineering industries like machinery manufacturers which are quite vital to the rapid industrialisation of the country, the allocation of billets to the Mukand Iron and Steel Works and other similar units must be adequately carried out.

The balance-sheet as on 31st March 1961 discloses a sound financial position. As the Company had redeemed the entire block of 1,000 five per cent cumulative preference shares of Rs. 100 each on the last day of March 1961, the paid-up capital is lower by Rs. 10 lakhs at Rs. 61.43 lakhs comprising Rs. 60.17 lakhs in 806,439½ ordinary shares of Rs. 10 each and Rs. 1.25 lakh in 12,483 deferred shares of Rs. 10 each. The reserves and surplus at Rs. 57 lakhs, constitute more than 92 per cent of the paid-up capital. As against the paid-up capital and reserves of Rs. 118.43 lakhs, the gross block of the Company is valued at Rs. 138.14 lakhs and is well written down to Rs. 87.71 lakhs. The Company's secured loans have been reduced by Rs. 32.41 lakhs to Rs. 15.32 lakhs, of which the loan from the Industrial Finance Corporation accounts for Rs. 12.95 lakhs. In addition, it has outstanding current liabilities and provisions of Rs. 84.60 lakhs. Against this total indebtedness to outsiders of Rs. 99.92 lakhs, the current assets, exclusive of investments of Rs. 10.61 lakhs, amount to Rs. 120.03 lakhs, showing a comfortable surplus of Rs. 20.11 lakhs.

The Rs. 10 fully paid shares of the Company are currently quoted on the Bombay Stock Exchange at Rs. 27.60 *cum-div.* On an *ex-div.* basis and at the proposed rate of dividend, the net yield works out to 3.7 per cent per annum. These shares are held in high esteem by investors and enjoy a ready market even at the current low yield. There are strong expectations in market circles that the Company has a further big expansion scheme and that right shares may be offered in the not distant future.

(Concluded from next column)

present capital of Rs. 56.94 lakhs, comprising 500,000 ordinary shares of Rs. 10 each and 6,948 9.1 per cent taxable cumulative preference shares is sizably supplemented by reserves and surplus of Rs. 46.71 lakhs. Secured loans have increased during the year from Rs. 129.85 lakhs to Rs. 165.97 lakhs and are secured variously by fixed assets, debenture trust deed and stocks, stores and book debts. Current assets, loans and advances at Rs. 257.46 lakhs, however, far exceed these and other current liabilities and provisions at Rs. 66.96 lakhs. Miscellaneous expenditure, shown at the previous year's level of Rs. 2.24 lakhs, is yet to be written off. Gross block account increased during the year by Rs. 5.01 lakhs to Rs. 103.29 lakhs and has been adequately written down to Rs. 76.92 lakhs.

At the current market value of Rs. 13.87 *ex-div.*, the yield on the Company's Rs. 10 fully paid ordinary shares works out to a little more than 5 per cent per annum, free of tax.

BRITANNIA ENGINEERING

ALL-ROUND PROGRESS

A FURTHER all-round progress in the face of nearly Rs. 10-lakh rise in costs of operations highlights the working results of the Britannia Engineering Company Limited (Managing Agents: Messrs. McLeod and Company Ltd., Calcutta) for the year ended 31st December 1960. Sales turnover has increased sizably from Rs. 185.64 lakhs to Rs. 198.79 lakhs, and so has gross profit from Rs. 18.86 lakhs to Rs. 22.10 lakhs and net profit from Rs. 6.53 lakhs to Rs. 9.19 lakhs. Relatively, production must have gone up modestly, considering the small increase of Rs. 2 lakhs to Rs. 179.46 lakhs, in the cost of raw materials and stores consumed and stocks and work-in-progress at the close of the year. Other expenses have risen to Rs. 77.42 lakhs from Rs. 70.18 lakhs in the previous year and Rs. 49.70 lakhs in the year before that. While practically all items cost more, wages, commission and royalty together account for an increase of more than Rs. 3.50 lakhs. Last year, the Directors stepped up the dividend on equity capital from 6 per cent, free of tax, to 10 per cent, subject to deduction of tax, or 7 per cent, tax-free, and the same is maintained for the year under review, albeit on the increased capital of Rs. 50 lakhs, absorbing Rs. 5 lakhs against Rs. 4 lakhs previously. The 6 per cent tax-free preference shares now get a dividend of 9.1 per cent, subject to deduction of tax, and accordingly additional dividend of Rs. 2.10 per share has been recommended for the previous year. In consonance of improved results, the Directors have transferred Rs. 3.35 lakhs, against Rs. 1 lakh last year to development rebate reserve.

The recent progress of the Company is brought out in the comparative table below:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1959
Sales and work done	1,98.79	1,85.64	1,57.94	1,22.85
Closing stocks and work-in-progress	79.08	78.35	76.02	62.10
Raw materials and stores consumed	1,00.88	99.17	96.56	66.74
Other expenses	77.42	70.18	49.70	45.59
Gross profit	22.10	18.86	13.23	10.18
Managing Agents' commission	1.48	1.52	1.00	0.55
Provision for—				
Depreciation	7.23	5.49	5.23	4.92
Taxation	4.20	5.32	4.39	1.13
Net profit	9.19	6.53	2.61	3.58
To reserves	3.35	1.00	1.06	..
Dividends—				
9.1 per cent. preference	0.78*†	0.49	0.36	0.05
Ordinary	5.00 (10%)*‡	4.00 (10%)*	2.40 (6%)	2.40 (6%)
Carry forward	1.88	1.82	0.78	1.98

* Subject to deduction of tax.

† Including Rs. 0.15 lakh paid at Rs. 2.10 per share for the previous year.

‡ On increased capital of Rs. 50 lakhs.

Note.—The Company's preference shares originally carried a dividend of 6 per cent, per annum, tax-free, but it has been raised from the last year to 9.1 per cent., subject to deduction of tax, and the previous year's dividend has accordingly been paid now.

Last year's plans for further diversification of the Company's activities have come to fruition, with the finalisation of a collaboration agreement with Messrs. Machine Outils Somua, Paris, France, for the manufacture of milling machines, which has also been approved by the Government of India. Planning has begun and production is expected to start in the near future. A few additional lines of production in collaboration with some well-known foreign firms will be taken up soon at the Company's plants at Titaghur and Mokameh and, with these, the unit is expected to assume a much bigger size than what it commands at present. This programme of diversification and expansion is to be financed by a Rs. 50-lakh loan from the Industrial Finance Corporation of India. The Company has also received the consent from the Controller of Capital Issues for raising the capital by Rs. 50 lakhs. The authorised capital has already been raised from Rs. 1 crore to Rs. 2 crores.

With the completion of an educational order for 250 wagons, the wagon factory at Mokameh has effectively overcome the teething troubles. With proper manufacturing methods and technique, smooth flow of production has been achieved. The factory has received a further order for 575 Nos. CF type BG wagons from the Railway Board, and indications are that orders for more wagons for metre-gauge will come through in the near future. The Company is well set on the road to prosperity.

However, future profits will have to go to consolidate the financial position of the Company, particularly in the light of the new I.F.C. loan and the proposed increase in capital, a part of which may be issued in the near future. The

(Continued in previous column)

RUIA COTTON GROUP REPORT GRATIFYING RESULTS

BRADBURY AND PHŒNIX RAISE DIVIDENDS

HIGHER sales and increased gross profits characterise the working of the three cotton mills under the management of Messrs. Ramnarain Sons Private Ltd., namely, the Bradbury Mills Ltd., the Dawn Mills Ltd., and the Phœnix Mills Ltd., for the year ended 31st March 1961. This improvement is all the more noteworthy since it has been effected despite a voluntary cut in prices of certain counts of yarn and all varieties of cloth. With the exception of Dawn Mills, the other two have raised the rates of ordinary dividends.

The working of the Bradbury Mills has resulted in an increase of more than 25 per cent in sales, from Rs. 155.80 lakhs to Rs. 196.15 lakhs, and a rise of as much as Rs. 8.36 lakhs to Rs. 17.31 lakhs in gross profit. After providing a higher amount for the agents' commission (Rs. 1.21 lakh, against Rs. 0.52 lakh) and depreciation (Rs. 4.51 lakhs against Rs. 4.20 lakhs) and making a provision of Rs. 5.00 lakhs (against *nil* for 1959-60) for taxation, the net profit shows a rise of Rs. 2.36 lakhs to Rs. 6.59 lakhs. It will be recalled that, during the previous year, no provision for taxation was found necessary. As such, the improvement in net profit during the year under review is really substantial.

Despite a rise of Rs. 10.25 lakhs in sales, the gross profit of the Dawn Mills has improved only marginally from Rs. 30.46 lakhs to Rs. 31.29 lakhs. The explanation for this is afforded by the fact that, unlike its sister concerns, the Dawn Mills is engaged mainly in the manufacture of yarn. The prices of certain counts of yarn were reduced during the year, leading to a lowering of the profit-margin, and, although the position was alleviated partially by increased sale of hosiery goods, the net effect was still adverse.

During the year under review, the Phœnix Mills increase the sale of yarn, cloth and waste by Rs. 17.42 lakhs to Rs. 314.90 lakhs and the gross profit by Rs. 5.34 lakhs to Rs. 36.62 lakhs. After providing Rs. 2.75 lakhs, as against Rs. 2.64 lakhs for agents' commission, Rs. 6.78 lakhs as against Rs. 6.75 lakhs for depreciation, and Rs. 12.00 lakhs as compared with Rs. 10.50 lakhs for taxation, the net profit stands improved by Rs. 3.70 lakhs to Rs. 15.09 lakhs.

With a larger profit available, the Directors of the Bradbury Mills have recommended a higher ordinary dividend of 25 per cent subject to deduction of tax, as against 10 per cent, subject to deduction of tax, a year ago. On a tax-free basis, the proposed dividend works out to 17.5 per cent and compares quite favourably with 10 per cent, free of tax, for 1958-59 and 15 per cent, free of tax, for 1957-58. The cut in dividend in the previous years has thus been more than fully restored.

Due to the unsatisfactory profit position, the Directors of the Dawn Mills, however, have been constrained only to maintain the ordinary dividend at 30 per cent, subject to deduction of tax. A higher dividend would have been permissible, had it not been for the fact that tax liabilities for a previous year amounting to no less than Rs. 4.50 lakhs had to be provided for from the profit for the year under review. In any case, a dividend of 30 per cent itself is quite handsome and its maintenance alone is sufficient for satisfaction among shareholders.

For the second year in succession, the Directors of the Phœnix Mills have raised the rate of ordinary dividend for the year from 15 per cent, subject to deduction of tax, to 20 per cent, subject to deduction of tax. This has been done only after transferring Rs. 4.31 lakhs to reserves, as against Rs. 1.73 lakh last year. The balance left to be carried forward is still substantial at Rs. 4.01 lakhs, as against Rs. 2.83 lakhs brought in.

The results of operation of the three companies during the past three years are set forth in the accompanying table from which it will be observed that there has been a consistent improvement in the working of all the three units. With an increase in the offtake of cloth and demand for yarn in the internal markets as a result of an improving standard of living, this trend can be expected to continue, other things remaining the same.

Under the scheme of modernisation and renovation, all the three mills continued to make sizable additions to plant and machinery. The Bradbury Mills have spent Rs. 3.51 lakhs towards addition to fixed assets, over and above Rs. 7.94 lakhs spent during the previous year. The Dawn Mills have added new machinery worth Rs. 4.74 lakhs and the Phœnix Mills have increased the book value of their assets quite sizably by Rs. 8.83 lakhs through the purchase of new equipment.

A glance at the following table, presenting a synopsis of the latest balance-sheets will show that the financial position of each mill is fairly strong. In all cases, the reserves exceed the subscribed share capital by a fair margin. The current liabilities are more than fully covered by current assets and the gross block has been well written down.

(In lakhs of rupees)

	Bradbury	Dawn	Phœnix
LIABILITIES	Rs.	Rs.	Rs.
Paid-up capital	24.85	28.00	48.00
Reserves and surplus	35.98	31.10	99.31
Borrowings	56.50	27.86	89.58
Other current liabilities and provisions	32.10	77.18	91.02
	Rs. 149.43	164.14	297.86
ASSETS			
Gross block	89.54	102.39	189.78
Less—Depreciation	57.46	68.42	129.96
Net block	32.08	33.97	60.42
Investments	4.20	3.80	5.52
Current assets, loans and advances	113.15	126.37	232.58
	Rs. 149.43	164.14	297.86

The current market prices of the Rs. 50.00 fully paid shares of Bradbury and Dawn and the Rs. 100.00 fully paid share of Phœnix are Rs. 141.50, Rs. 132.00, and Rs. 178.00 respectively, *cum-div.* On an *ex-div.* basis, these yield a net annual return of 6.6, 8.6 and 8.5 per cent, respectively.

ASHOK LEYLAND'S GEAR CUTTING SECTION

Another major development in the manufacturing programme of Ashok Leyland Ltd. is the commissioning of the new gear cutting section. Covering an area of over 7,000 sq. ft., the new gearbox section is equipped with a battery of lathes, gear shapers, hobbing and grinding machines costing over Rs. 30 lakhs which are installed on vibration-proof foundations. The important machines employed are the famous Swiss "Maag" gear grinding precision machines for grinding the involutes of the spur and helical gears in almost all the gears involved in the gearbox to very fine limits, Potter and Johnston automatic machines fitted with pneumatically operated chucks and special capstan lathes of the Herbert No. 7 and No. 2D types for turning operations and the "Orcutt" spline grinders for accurate machining.

The type of gearbox taken up for manufacture is the GB-241 5-speed constant mesh, heavy-duty type as fitted to Ashok Leyland Comets. This gearbox has earned a name for quietness of operation and has withstood the toughest treatment over a number of years. Consistent with the manufacture of the gearbox is the training of operators and setters by two technicians, one from Albion Motors Ltd. and the other from Leyland Motors Ltd.

(Value in lakhs of rupees)

	Bradbury			Dawn			Phœnix		
	1960-61	1959-60	1958-59	1960-61	1959-60	1958-59	1960-61	1959-60	1958-59
Sales (gross)	1,96.15	1,55.80	1,28.66	1,90.48	1,80.23	1,72.54	3,14.90	2,97.48	2,99.08
Other income	2.67	2.40	0.27	0.83	0.66	0.50	18.83	13.80	11.01
Cotton consumed	79.49	62.70	60.32	81.39	75.94	76.20	1,20.65	1,09.24	1,21.09
Other expenses	1,02.02	86.47	68.88	79.68	75.89	76.59	1,75.99	1,70.76	1,70.85
Gross profit (+) or loss (—)	+17.31	+ 8.95	+ 0.27	+31.29	+30.45	+22.06	36.62	+31.28	+15.75
Agents' commission	1.21	0.52	0.25	2.57	2.30	1.84	2.75	2.64	1.85
Provision for—									
Depreciation	4.51	4.20	3.66	4.74	4.59	5.00	6.78	6.75	7.06
Taxation	5.00	..	..	11.50	15.00	9.80	12.00	10.50	6.75
Net profit (+) or loss (—)	+ 6.59	+ 4.23	+ 4.18	+ 12.48	+10.97	+ 5.43	+15.09	+11.39	+ 8.59
Transfer from reserves and provisions	..	..	9.00	..	2.09	..	..	..	..
Transfer to reserves	1.70	2.03	2.36	1.16	1.13	0.36	4.31	1.73	2.02
Expenses relating to previous years	..	..	..	4.50	..	..	..	..	..
Dividends—									
Preference	1.65	1.08*	1.08	..	..	..	..	..	..
Ordinary	3.55 (35%)*	1.00 (10%)*	1.00 (10%)	5.40 (30%)	5.40 (30%)	5.80 (30%)	5.60 (20%)*	7.20 (16%)*	5.60 (10%)
Carry forward	1.68	0.64	0.47	2.07	3.66	0.13	4.01	2.83	0.36

* Subject to deduction of tax.

MYSORE CHEMICAL MANUFACTURES

PROFIT LOWER, BUT DIVIDEND SAME

THE Mysore Chemical Manufactures Ltd. (Managing Director: Mr. S. Ramanathan) is the first company to manufacture copper sulphate in India which is an excellent fungicide for spraying coffee, rubber, grape, paddy, cotton, coconut and other crops. Besides the manufacture of this heavy chemical, the Company is also producing sulphate of alumina and alum.

During the year ended 31st March 1961, the production of copper sulphate increased by 6.1 per cent to 1,433 tons, but that of sulphate of alumina, alum, etc. dropped by 48.7 per cent to 1,219 tons. The receipts from sale of finished goods, excluding fertilisers, fell slightly for the second year in succession to Rs. 28.29 lakhs from Rs. 28.89 lakhs in the previous year and Rs. 29.85 lakhs in 1958-59. The small fall in receipts is attributed to competition, but it seems remarkable that, despite a sharp reduction of 48.7 per cent in production, sale proceeds have suffered only a fractional decline. The income from sale of fertilisers, which had increased sharply in the previous year from Rs. 1.13 lakh to Rs. 4.95 lakhs, went up further to Rs. 5.15 lakhs during the year under review. The gross profit of the Company has dropped by nearly Rs. 1 lakh from Rs. 6.19 lakhs to Rs. 5.22 lakhs on account of increase in the cost of raw materials and manufacturing expenses. The net profit, however, is a shade better, due chiefly to lower provision for taxation. The credit to depreciation account, however, has been stepped up a little. The dividend on ordinary shares has been comfortably maintained at 20 per cent per annum, as will be seen from the comparative table below showing the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale of finished goods	28.29	28.89	29.85	23.85
Sale of fertilisers	5.15	4.95	1.13	0.04
Handling charges on fertilisers	0.23	0.86	..	..
Work in process	0.49	0.44	0.66	0.42
Stock of finished goods	3.20	2.87	5.52	6.66
Raw materials consumed	16.43	15.59	14.28	16.52
Other expenses	7.31	6.86	6.06	4.85
Gross profit	5.22	6.19	5.25	3.08
Provision for—				
Depreciation	0.73	0.65	0.74	0.58
Taxation	2.06	2.50	3.50	1.50
Net profit	2.43	3.04	2.31	1.15
To reserves	0.03	0.18	0.88	1.56
Dividends—				
Preference	0.19*†	0.12*	0.12	0.12
Ordinary	1.60 (20%)*	1 60 (20%)*	1.20 (20%)	1.20 (20%)
Carry forward	1.45	0.85	0.41	0.25

* Subject to deduction of tax.

† Includes Rs. 0.04 lakhs for previous years.

The Company's financial position is strong. The paid-up capital, which was increased by a bonus equity issue of one for three shares in 1959-60 stands at Rs. 10 lakhs (Rs. 2 lakhs in 6 per cent cumulative tax-free preference shares of Rs. 10 each and Rs. 8 lakhs in ordinary shares of Rs. 10 each). The reserves and surplus are higher at Rs. 6 lakhs as compared with Rs. 5.37 lakhs a year earlier, due to the larger amount carried forward. The secured and unsecured loans have risen from Rs. 15.93 lakhs to Rs. 18.56 lakhs in view of the need for financing large quantities of nitrogenous and other fertilisers allotted by the Coffee Board for marketing. The total of all current liabilities and provisions is Rs. 27.48 lakhs; these are well covered by the current assets at Rs. 37.61 lakhs. The gross block of the Company of Rs. 12.57 lakhs is heavily written down to Rs. 5.87 lakhs, following the provision of Rs. 6.70 lakhs for depreciation.

The current market quotation of the Rs. 10 full-paid ordinary shares of the Company is Rs. 23.85 *cum-dividend*. On an *ex-dividend* basis, the net yield works out to 6.2 per cent., taking the net dividend at Re. 1.40 per share.

STURDIA CHEMICALS

The Sturdia Chemicals Limited, Bombay, has been granted consent to issue capital of the nominal value of Rs. 30 lakhs in equity shares of Rs. 10 each for cash at par. The proceeds will be utilised for establishing the manufacture of precipitated and activated calcium carbonate, in collaboration with Messrs. John E. Sturge, Ltd., of Birmingham, U.K., who will be offered shares of the value of Rs. 9 lakhs, partly for cash and partly for consideration other than cash.

ROHTAS INDUSTRY SUFFERS SETBACK

REASONS NOT OF ITS MAKING

INADEQUATE and irregular supply of power, *transport bottlenecks, enhanced production* costs and unremunerative prices fixed by the authorities for sugar, cement and paper have adversely affected the working results of the Rohtas Industries Ltd. (Managing Agents: Messrs. Sahu Jain Ltd., Calcutta) for the year ended 31st March 1961. Power supply from the D.V.C. was interrupted as many as 64 times on account of tripping of the D.V.C's equipment. The Company's internal power generation was also obstructed by shortage of good quality coal. Despatches of finished products, especially paper and paper boards, were held up due to inadequate provision of wagons. Again, the year under review was the first full accounting year, in which the impact of the Tariff Commission's recommendations was felt on realisation from the Company's products. As a cumulative result of the aforesaid factors, the sale proceeds dropped sharply from Rs. 17.64 crores to Rs. 16.24 crores, representing a fall of as much as 7.9 per cent and the closing stocks rose by Rs. 40 lakhs to Rs. 260.39 lakhs. The decline in sales turnover is only partly due to the fall in production. It chiefly reflects the un*remunerative prices fixed by the Tariff Com*mission for cement, sugar and paper. Only in the case of three commodities, namely, paper and paper boards, sugar and caustic soda, did the output suffer a setback. The production of cement, clinker, asbestos cement and *vanaspati*, however, actually registered a rise as will be evident from the following comparative figures for 1958-59, 1959-60 and 1960-61:

(In tonnes)

	1958-59	1959-60	1960-61
Paper and paper boards	47,884	54,021	50,936
Cement	330,576	305,456	314,945
Clinker	274,743	268,658	286,981
Asbestos cement	10,618	9,937	15,510
Sugar	15,175	16,186	14,809
Vanaspati	9,018	10,424	10,655
Caustic soda	5,072	5,071	5,484

In view of lower sales, realisations and heavier cost of production, the gross earnings have declined very precipitately from Rs. 230 lakhs in 1959-60 to Rs. 124.32 lakhs. In spite of the decline in output of sugar, caustic soda and paper, the value of raw materials, stores and spares consumed went up by Rs. 37.85 lakhs to Rs. 842.33 lakhs, or by 4.75 per cent. Other manufacturing expenses which include wages and salaries to staff rose by Rs. 51.80 lakhs to Rs. 465.24 lakhs. In keeping with the reduced output, the outgo under royalty, cess and duties is lower by Rs. 9.61 lakhs at Rs. 261.01 lakhs.

A comparative picture of the working of the Company in the past four years can be had from the following table:

(In lakhs of rupees)

	For the year ended March			For 17 months ended 31-3-58
	1961	1960	1959	
Sale proceeds	16,24.47	17,64.05	15,10.74	14,90.63
Other incomes	38.46	28.57	31.95	41.64
Stocks	2,60.39	2,20.43	2,33.56	1,90.05
Raw materials, stores and spares consumed	8,42.33	8,04.48	6,76.47	7,06.60
Royalty, cess and duties	2,61.01	2,70.62	2,40.48	2,08.60
Other expenses	4,65.24	4,13.44	3,88.90	
Gross profit	1,24.32	2,60.00	2,99.75	1,05.91
Managing Agents' commission	...	13.20	15.50	7.24
Provision for—				
Depreciation	58.22	76.03	86.06	83.31
Taxation		52.00	55.00	10.00
Net profit	66.00	1,18.77	1,33.19	95.26
Transfer from reserves			1.50	54.72
To reserves	5.05	29.10	64.05	96.27
,, bonus to employees	...	30.94	28.50	...
Dividends—				
Preference	6.92	6.92	5.41	7.67
Ordinary	50.00 (10%)*	80.16 (15%)	37.82 (15% p.a.)	48.60 (14.1% p.a.)
Carry forward	5.08	7.93	0.04	0.93

* Subject to deduction of tax at 30 per cent.

The Company has *not to pay any managing* agents' commission. The amount provided under depreciation has been reduced by Rs. 17.71 lakhs to Rs. 58.32 lakhs. The Directors have not provided any sum for taxation in view of the relief available to the Company under Section 15C of the Income-tax Act. After deducting the depreciation from gross profit, the net profit works out to Rs. 66 lakhs, as against that of Rs. 118.77 lakhs in the previous year. Because of such a sharp setback to net profit, the amount transferred to reserves has been drastically reduced from Rs. 29.10 lakhs in 1959-60 to Rs. 5.05 lakhs. It may be noted here that the Company had ploughed back as much as Rs. 64.05 lakhs in 1958-59 and Rs. 96.27 lakhs in 1957-58. This comparison clearly shows how the unremunerative ex-factory prices fixed by the Government without any realistic relationship to production costs are impairing the Company's capacity to accumulate adequate funds for financing expansion and unforeseen contingencies. The Directors have also not been able to pay any bonus to employees, who had received Rs. 30.94 lakhs in the previous year. The dividend to ordinary shareholders has been cut down from Re. 1.50 per share, free of tax, for 1959-60 to Re. 1 per share subject to deduction of tax, giving a net amount of 70 nP per share of Rs. 10 each. But, as the Company's ordinary capital had been nearly doubled, from Rs. 250.80 lakhs to Rs. 498.81 lakhs to be precise, during 1960-61 by the issue of 2,480,090 rights shares of Rs. 10 each at par, the amount required for paying even this reduced dividend is Rs. 50 lakhs, which is only a shade lower than that for the preceding year at Rs. 50.16 lakhs.

The Directors have provided a comprehensive review of the difficulties confronting the various manufacturing lines that are being handled by the Company. In fact, their report reflects fully the lack of co-ordination in official policies in the sphere of power supply, transport, provision of raw materials and maintenance imports, and fixation of fair prices.

As stated at the outset, power supply from the D.V.C. was irregular. As cement and paper are processing industries, requiring a continuous flow of electric energy, any interruption in it causes great dislocation and loss of production. On top of the irregularity, the D.V.C. also reduced the quantum of energy for various reasons from time to time. Another serious handicap affecting the profitability of operations of the Rohtas Industries was the imposition of statutory control on ex-factory prices of sugar in South Bihar, which was not in accordance with the costs of manufacture. The quality of sugarcane was also poor.

While the ex-factory price of paper was reduced, the cost of manufacture rose on account of higher prices that had to be paid for stores, chemicals, power and transport. Whatever improvement was secured through greater efficiency was more than neutralised by this adverse development.

During the year under review, the capacity of paper machines was improved, but the same could not be utilised fully for want of pulp. Import licences were not granted to the Company for requisite quantities of pulp to utilise its paper manufacturing capacity although the Government otherwise permitted import of paper involving the use of a larger amount of foreign exchange. Production of paper was also affected by the stoppage of the main board machine on account of fire in one of the sections. Yet another factor that had an unfavourable effect on sales realisation was the rise in excise duty on paper and boards from 22 nP to 35 nP per kilogram of common varieties and 35 nP to 50 nP on other varieties.

In the cement division, costs of manufacture rose sharply, again due to higher costs of coal, stores, spares, increased railway freight and inflated packing charges. The recommendations of the Central Wage Board were implemented with effect from 1st January 1960 and the consequent additional burden was not fully neutralised by an appropriate increase in the retention price of cement.

In spite of the aforesaid difficulties, the Company is going ahead with its plans for expansion, with conndence in the future. It has already received an industrial licence for the manufacture of slag cement. As the demand for asbestos cement is rising rapidly, the Company is actively considering steps to expand the capacity of its plant. In order to meet the shortage of pulp, steps have been taken to expand the capacity of pulp and bleaching plants. Orders have been placed for some of the equipments required for this project. It is also proposed to remodel the existing paper machines, with a view to *expanding the capacity and improving* further the quality of production.

The outlook for the Company in coming years will be governed primarily by the policies followed by the Government in the determination of controlled prices. The Directors anticipate that there will be improvement in the working results if the expected increase in retention price for cement is granted by the authorities. They also expect that, with the increased production resulting from expansion of pulp capacity and improvement in prices and through remodelling of the existing paper machines the position should improve.

The Company's balance-sheet, as on 31st March 1961, discloses a satisfactory financial position. Its share capital increased from Rs. 355.37 lakhs in 1959-60 to Rs. 603.58 lakhs. This comprises Rs. 20 lakhs in 7-9 per cent cumulative preference shares of Rs. 100 each, Rs. 85.05 lakhs in 85,047 4½ per cent cumulative preference shares of Rs. 100 each and Rs. 498.81 lakhs in 4,988,090 ordinary shares of Rs. 10 each. This is supported by reserves and surplus of the order of Rs. 260.57 lakhs. In addition there is share application money of Rs. 9.44 lakhs. The Company's secured loans amount to Rs. 590.49 lakhs. Further, there are outstanding current liabilities and provisions of Rs. 300.98 lakhs. As against a total indebtedness to outsiders of Rs. 891.47 lakhs, current assets, loans and advances aggregate Rs. 770.42 lakhs. Besides, there are investments (at cost) of the value of Rs. 162.72 lakhs. The gross value of the block account rose from Rs. 14.76 crores in 1959-60 to Rs. 15.08 crores. As depreciation provided so far amounts to Rs. 6.76 crores, the net block stands at Rs. 8.32 crores.

Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 15.87 *cum-div.* on the Calcutta Stock Exchange. On an *ex-div.* basis and at the proposed net dividend of 70 nP per share, the net yield on them works out to 4.6 per cent per annum.

COMPANY MEETINGS AND DIVIDENDS

PENCH VALLEY COAL CO., LTD. Annual General Meeting, Calcutta, 28th September 1961. Dividend: 10 per cent or Re. 1.00 per share subject to deduction of tax. Transfer books will remain closed from 18th to 28th September 1961, both days inclusive.

ALEXANDRA JUTE MILLS LTD. Annual General Meeting, Calcutta, 28th September 1961. Dividend: Rs. 44.00 per ordinary share, subject to deduction of tax payable on or after 15th October 1961. Transfer books remain closed from 15th to 28th September 1961, both days inclusive.

AGRA ELECTRIC SUPPLY CO., LTD. Annual General Meeting, Calcutta, 28th September 1961. Dividend: 11 per cent or Rs. 11.00 per share, subject to deduction of tax. Transfer books will remain closed from 21st to 28th September 1961, both days inclusive.

JUBBULPORE ELECTRIC SUPPLY CO., LTD. Annual General Meeting, Calcutta, 28th September 1961. Dividend: 10 per cent or Re. 1.00 per share, subject to deduction of tax. Transfer books will remain closed from 21st to 28th September 1961, both days inclusive.

SEJAULI TEA CO., LTD. Annual General Meeting, Calcutta, 28th September 1961. Dividend: 22½ per cent or Rs. 2.25 per share, subject to deduction of tax. Transfer books will remain closed from 21st to 28th September 1961, both days inclusive.

PRAGA TOOLS CORPORATION LTD. Annual General Meeting, Hyderabad, Andhra Pradesh, 28th September 1961. Dividend: *Nil*. Transfer books will remain closed from 22nd to 28th September 1961, both days inclusive.

JARDINE HENDERSON LTD. Annual General Meeting, Calcutta, 28th September 1961. Dividend: 7 per cent or Rs. 7.00 per ordinary share, subject to deduction of tax. Transfer books remain closed from 14th to 28th September 1961, both days inclusive.

AMALGAMATED COALFIELDS LTD. Annual General Meeting, Calcutta, 29th September 1961. Dividend: 12½ per cent or Rs. 1.25 per share, subject to deduction of tax. Transfer books will remain closed from 19th to 29th September 1961, both days inclusive.

HOWRAH-AMTA LIGHT RAILWAY CO., LTD. Annual General Meeting, Calcutta, 29th September 1961. Dividend: 5 per cent or Rs. 5.00 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 20th to 29th September 1961, both days inclusive.

DISHERGARH POWER SUPPLY CO., LTD. Annual General Meeting, Calcutta, 29th September 1961. Dividend: Rs. 10.00 per ordinary share, subject to deduction of tax. Transfer books remain closed from 15th to 29th September 1961, both days inclusive.

ORIENT PAPER MILLS LTD. Annual General Meeting, Brajrajnagar, District-Sambalpur, Orissa, 29th September 1961. Dividend: Rs. 2.25 per ordinary share, subject to deduction of tax, payable on or after 25th October 1961.

ESTRELA BATTERIES LTD. Annual General Meeting, Bombay, 29th September 1961. Dividend: 10 per cent or Rs. 5.00 per ordinary share, subject to deduction of tax, payable on and after 12th October 1961. Transfer books remain closed from 8th to 29th September 1961, both days inclusive.

BISRA STONE LIME CO., LTD. Annual General Meeting, Calcutta, 29th September 1961. Dividend: Rs. 3.00 per share (includes interim dividend of Re. 1.25 per share), subject to deduction of tax. Transfer books remain closed from 15th to 29th September 1961, both days inclusive.

TALAYAR TEA CO., LTD. Annual General Meeting, Kottayam, Kerala State, 30th September 1961. Dividend: 10 per cent or Re. 0.20 per ordinary share, subject to deduction of tax, payable on or after 15th October 1961. Transfer books will remain closed from 23rd to 30th September 1961, both days inclusive.

SONE VALLEY PORTLAND CEMENT CO., LTD. Annual General Meeting, Calcutta, 30th September 1961. Dividend: 4 per cent or Re. 0.20 per share, subject to deduction of tax. Transfer books will remain closed from 25th to 30th September 1961, both days inclusive.

HINDUSTAN WIRES LTD. Second Annual General Meeting, Calcutta, 30th September 1961. Dividend: *Nil*. Transfer books remain closed from 15th to 30th September 1961, both days inclusive.

BENGAL LUXMI COTTON MILLS LTD. Annual General Meeting, Calcutta, 30th September 1961. Dividend: 5 per cent on ordinary shares subject to deduction of tax. Transfer books remain closed from 16th to 30th September 1961, both days inclusive.

SYNOPSES OF COMPANY REPORTS

McLeod and Co., Ltd.

(*Board of Directors*: Mr. C. L. Bajoria; Mr. D. N. Jalan; Mr. A. T. Doig; Mr. J. L. Esplen; The Rt. Hon'ble Lord Sinha of Raipur; Mr. H. J. Silverstone and Mr. W. Ure.)

38th Annual General Meeting—29th September.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	2,72,15	2,62,22
Agency commission and allowances, etc.	20,05	21,75
Dividends and interest on investments (net)	10,15	9,58
Other income	6,09	6,74
Closing stock	10,10	9,00
Gross profit	19,43	20,57
Transfer to depreciation	98	88
,, tax	5,20	6,65
Net profit	13,25	13,09
Adjustments	3,32	17,50*
Appropriations:		
Total available balance	16,57	30,59
Transfer to convertible notes redemption reserve	2,00	2,00
,, ,, investment reserve	1,75	1,00
,, ,, general reserve	1,00	Nil
To ,, development rebate reserve	9	23
To loss on sales of investments	Nil	7
To amount written off goodwill	Nil	15,00
To dividends (taxable) 5% 1st Preference	44†	50
,, ,, ,, 5% 2nd Preference	2,60†	2,86
,, ,, ,, Ordinary	6,00	6,00
	(15%)	(15%)
,, ,, ,, Defd. Ordinary	50	50
	(10%)	(10%)
Carried forward	2,19	2,43

N.B.—Adjustments include the balance brought forward from the previous year and other credit items, like excess provisions, etc.

* This includes a sum of Rs. 15,00,000 transferred from general reserve.

† Preference dividends are calculated in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

Extracts from the Directors' report: Trading.—The profit for the year shows little variation from that of the previous twelve months, although earnings from the Tea and Engineering Departments were lower and the working results of the Shipping Department continued to be unsatisfactory. Dividend income and revenue from the Jute, Insurance and Agency Departments, however, showed improvement. Income from the Railway Department and miscellaneous trading remained practically unchanged.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	95,00,000	Gross block	21,96,009
Reserves and surplus	80,95,908	—Depreciation	13,63,603
4% Convertible Notes	45,00,000		
Other liabilities	1,47,95,748	Net block	18,32,406
		Current assets	31,35,179
		Investments	2,63,84,693
		Cash	5,42,278
	Rs. 3,68,94,556		Rs. 3,68,94,556

* Paid-up capital consists of: (a) 10,000—5 per cent taxable cumulative first preference shares of Rs. 100 each; (b) 40,000—5 per cent. cumulative second preference shares of Rs. 100 each; (c) 50,000 deferred ordinary shares of Rs. 10 each, and (d) 40,000 ordinary shares of Rs. 100 each. Out of the 40,000 ordinary shares, 5,000 ordinary shares were allotted as fully paid bonus shares by way of capitalisation of reserves.

Malankara Rubber and Produce Co., Ltd.

[*Managing Agents*: John Sons' Estates and Agencies (Private) Ltd., Kotayam, Kerala State.]

Annual General Meeting—29th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (rubber and cocoanuts, etc.)	11,88	11,30
Closing stock (rubber, cocoanut and pepper)	67	1,08
Gross profit	5,21	5,20
Transfer to Managing Agents' remuneration	37	37
,, ,, depreciation	33	33
,, ,, taxation	2,72	2,36
Net profit	1,79	2,09
Adjustments	37*	11
Appropriations:		
Total available balance	2,16	2,20
Transfer to general reserve	Nil	5
Proposed dividend (taxable) Ordinary	2,16† (D. 14% +B. 2%)	2,03 (15%)
Carried forward	‡	10

N.B.—Adjustments include the balance brought forward from the previous year.

* This includes an amount of Rs. 37,000 transferred from general reserve.

D = Dividend. B = Bonus.

† In view of the Golden Jubilee year the directors have recommended payment of an extra 2 per cent as Jubilee Bonus.

‡ A small amount of Rs. 46.93 is carried forward.

Extracts from the Directors' report: *Rubber*: The crop harvested during the season was 3,20,254 kg. (7,06,038 lbs.) including conversion difference at an estate cost of Rs. 4,38,700.20 i.e. 151.97 nPs per kg. compared to 3,03,986 kg. at 157.58 nP per kg. during the previous season. The average crop was 247 kg. (545 lbs.) per acre which is the highest so far obtained. The average price received for the season's rubber was 324.88 nP per kg.

Cocoanut: The crop for the season was 3,96,528 nuts as compared to 5,56,222 nuts obtained during the previous season. The average price realised for the season's crop was Rs. 25.98 per 100 nuts as compared to Rs. 22.39 for the previous year's crop. The lower crop was mainly owing to conversion of about 50 acres of cocoanut area into rubber plantation and also due to rapid spreading of cocoanut disease in our estate also.

Pepper: A crop of 3,447 lbs. pepper including rejections was collected during the season. This crop and the crop for the previous year have not yet been sold.

Capital expenditure incurred during the year was Rs. 83,291.10 of which Rs. 42,067.90 was spent for replanting and new planting of rubber and other development, Rs. 40,313.04 was spent for new buildings etc. and Rs. 914.06 for furniture, fittings, etc.

The amount of subsidy at the enhanced rate received from the Rubber Board during the year was Rs. 49,424 which has also been transferred to development reserve account. Thus the total amount transferred to development reserve account during the year was Rs. 83,215.10. The details of Rs. 31,752.89 shown as deduction in the schedule against land value and development are (1) Rs. 6,665.11 received for the electricity department of the State as compensation for trees cut down by them and (2) Rs. 25,087.78 received by sale of rubber trees, cocoanut trees and other timber cut down from areas intended for replanting or new planting of rubber.

The estimate for the current season is for a crop of 6,50,000 lbs. (2,94,835 kg.) dry rubber at an estate cost of 84.87 nP per pound (187.11 nP per kg.). An area of 69.11 acres is being replanted with rubber under the Rubber Board subsidy scheme during the current year. The estate is reported to be in good condition and it is expected that the actual rubber crop during the year will exceed the estimate. During the year under report an experiment in aerial spraying on rubber trees was conducted on Malankara Estate as a combined effort of Messrs. Cambatta Aviation Ltd., Bombay and Messrs. I.C.I. and Burmah-Shell Companies. This experiment was considered to be satisfactory as fairly good penetration of the spray on the foliage was observed. During May this year about 600 acres of the Company's rubber area was sprayed from the air with oil bound copper fungicides using a helicopter. It took only 1½ days to complete this spraying operation and from the results so far found, aerial spraying could be considered a success in spite of the unusually heavy rainfall this year. As an experiment the Company had a major part of its cocoanut area also sprayed from the air with oil bound copper fungicides.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	13,50,000	Gross block	22,23,838
Reserves and surplus	5,41,503	—Depreciation	4,40,673
Other liabilities	5,33,396		
		Net block	17,83,165
		Current assets	1,91,824
		Cash	4,49,910
	Rs. 24,24,899		Rs. 24,24,899

* Paid-up capital consists of 1,35,000 ordinary shares of Rs. 10 each, fully paid up. Of this 90,000 ordinary shares were allotted as fully paid bonus shares by way of capitalisation of reserves.

Raghuvanshi Mills, Ltd.

(*Managing Agents*: Messrs. Ravindra Maganlal & Co., Private Ltd., Bombay.)

Annual General Meeting—30th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (gross)	1,28,67	1,17,84
Closing stock	13,21	8,52
Gross profit	29,34	22,14
Transfer to Managing Agents' remuneration	1,64	1,65
,, ,, depreciation	6,23	5,78
,, ,, provision for taxation	6,47	5,65
Net profit	9,00	8,08
Adjustments	21*	8
Appropriations:		
Total available balance	9,21	8,11
Transfer to development rebate reserve	1,96	1,17
,, ,, gratuity reserve	1,25	58
,, ,, general reserve	Nil	2,00
Proposed dividend (taxable)	4,20 (10½%)	4,20 (10½%)
Carried forward	1,80	21

N.B.—Adjustments include the balance brought forward from the previous year.

* This includes a sum of Rs. 20,000 being the amount of proposed dividend for the year ended 31st March 1960, reduced from Rs. 11.00 to Rs. 10.50 per share at the adjourned annual general meeting of the Company held on 24th March 1961.

Extracts from the Directors' report: The working of the Mills during the year under report and also after the end of the last financial year todate has been quite satisfactory. The position regarding imports of long-staple cotton and art silk yarn continues to be difficult due to acute shortage of foreign exchange. The Company has availed itself of the incentives offered under the Export Promotion Scheme by exporting art silk fabrics and cotton yarn to the extent possible.

The Company has been continuing a policy of progressive modernisation of the Mills so as to make it a modern mills and thus be able to compete successfully with the other manufacturers. The blow room has been completely modernised with the installation of new *Rieter's Blow Room Machinery*. A bye-passing arrangement has also been ordered which is expected shortly. A major part of the *Soinning Frames* have already been converted into *High Draft* and the conversion of the balance frames is also in progress. The old *cards* are being replaced by new *NMM Cards*. So far 20 *Cards* have been replaced by new ones. 40 more *Cards* are on order and further orders will be placed in due course. The Combing Department is equipped with *Rieter's High Speed Combing Machinery*. The Sewing Thread Department is also equipped with modern machines. The *Warping, Winding* and *Sizing* departments have also been equipped with new machineries. A new *Hank to Cone/Cheese Winding Machine* is also on order. Rep'acement of old *art silk looms* with new ones is also under active consideration. The art silk preparatory department is already equipped with modern machinery. Further orders for new machinery are also under consideration. As a result of the above policy of modernisation, it is expected that the working of the Mills will *considerably improve*.

Members are aware that the scheme of amalgamation between the Company and the Sidhpur Mills Co. Ltd. was considered by the Board of Directors and approved. Thereupon, application was made by the Company under Section 391(1) of the Companies Act, 1956 to the High Court of Bombay for orders and direction for summoning of a general meeting for the purpose of considering and if thought fit for approving with or without modification the said *scheme of amalgamation*. Due to judicial delays the scheme of amalgamation has not yet become effective and operative.

The working of Messrs. Emsons Bleaching Dyeing and Printing Works, of whom the Company is a Partner, during the period ended 31st March 1961 has resulted in a loss of which the Company's share comes to Rs. 3,637. This loss is due to the fact that the firm has been newly established and had a working of only three and a half months during this period and it has not been possible to consolidate and achieve full working within such a short time. A *Cloth Mercerising Machine* has been purchased recently by the firm and it is being put into commission making it a complete *Processing Plant*. They expect that during the current year the working would be satisfactory.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	40,00,000	Gross block	1,11,49,244
Reserves and surplus	13,78,824	—Depreciation	64,30,817
Other liabilities	87,89,635		
		Net block	47,18,427
		Block in progress	2,56,330
		Goodwill	77,700
		Current assets	79,77,820
		Share in Messrs. Emsons Bleaching, Dyeing and Printing Works	10,46,888
		Investments	61,269
		Cash	29,970
	Rs. 1,41,68,459		Rs. 1,41,68,459

* Paid-up capital consists of 40,000 ordinary shares of Rs. 100 each, fully paid up. Of this 20,000 ordinary shares of Rs. 100 each, were issued as fully paid up as bonus shares, by capitalisation of reserves.

United Breweries Ltd.

(*Chairman*: Mr. Vittal Mallya, Bangalore.)

46th Annual General Meeting—30th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (*less returns*)	45,83	39,74
Closing stock	1,80	1,84
Dividend from subsidiary companies	1,50	2,44
Other income	2,50	2,19
Gross profit	25,80	20,23
Transfer to depreciation	2,14	2,29
,, ,, taxation	10,00	7,00
Net profit	13,84	11,08
Adjustments	9,20	15,09
Appropriations:		
Total available balance	23,04	26,13
Transfer to development rebate reserve	15	440
,, ,, general reserve	12,35	15,10
To additional taxes (paid in respect of previous years)	Nil	8,17
To dividends (taxable) Ordinary	10.00* (60%)	6,20 (60%)
Carried forward	54	1,25

N.B.—Adjustments include the balance brought forward from the previous year; excess provisions in previous years no longer required and other credit items.

* This consists of an interim dividend at 25 per cent, or Rs. 2.50 per share, on 1,20,000 ordinary shares and a final dividend at 35 per cent. or Rs. 3.50 per share, on 2,00,000 ordinary shares. Thus it will be noted that while the interim dividend of Rs. 2.50 per share was paid on a paid-up capital of Rs. 12,00,000; the final dividend proposed at Rs. 3.50 per share is on the increased capital of Rs. 20,00,000.

Extracts from the Directors' report: *Capital*: During the year the subscribed capital was increased to Rs. 20 lakhs with the allotment of 80 000 equity shares of Rs. 10 each. The directors are recommending the issue of equity share capital to the extent of Rs. 5 lakhs to be offered for subscription at par to the holders of the existing equity capital *pro rata* to their holdings.

Extracts from the Chairman's Statement: *Operations*: With *uninterrupted working*, production increased appreciably and sales of bottled beer rose by 16.3 per cent as compared with the previous year, the total turnover and profit being the highest so far achieved. Selling prices in Mysore State, which had been reduced by 14.3 per cent in September 1959, were restored to their former level on 1st July 1960. Thus the benefit of the increased rates was available during nine months of the year only. Selling prices to customers outside the State, which had remained unaltered over a long period, were increased in February 1961 to allow for a change in the basis of calculating the drawback of duty. This change, however, came into effect from October 1959 and the benefit of the compensatory increase in price was available for only two months in the year. In the circumstances the results achieved may be considered very *satisfactory*.

Prospects for the current year: During the first four months of the current year sales have increased by approximately 14 per cent as compared to the corresponding period of the previous year. Profits have shown a similar trend and the directors have decided to declare an interim dividend at the rate of Rs. 2.50 per share, subject to deduction of tax which will be payable to shareholders in February 1962.

The new machinery on order has just been shipped and it is expected that it will be installed in October 1961. This will enable the Company to further increase the production of first class bottled beers. Specifications for the new maltings to be installed are being finalised.

To meet part of the capital commitments, the directors have recommended an increase in the capital by Rs. 5,00,000 and the new shares which will rank *pari passu* in all respects with the existing shares, will be offered in due course for subscription at par to shareholders *pro rata* to their holdings.

The Company as well as the several Companies in which it has a substantial interest continue to make steady progress and although the threat of prohibition is always present, the Company can look forward to the future with confidence.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	20,00,000	Gross block	58,86,994
Reserves and surplus..	60,53,924	—Depreciation ..	19,50,050
Other liabilities ..	35,96,156		
		Net block	39,36,944
		Current assets ..	21,30,858
		Investments	55,31,357
		Cash	50,921
	Rs. 1,16,50,080		Rs. 1,16,50,080

* Paid-up capital consists of 2,00,000 ordinary shares of Rs. 10 each, fully paid up. (Of the above, 56,680 shares are allotted as paid up to the extent of Rs. 7.50 per share without payment being received in cash).

Sree Meenakshi Mills, Ltd.

(*Managing Agents*: Messrs. Thiagaraja Chetty & Co., Madurai).

Annual General Meeting—28th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales—yarn, cloth and waste (less freight) ..	4,53,89	3,90,00
Sales—dyes and chemicals	87	Nil
Closing stock—cloth, yarn, dyes and chemicals, etc.	12,95	23,08
Gross profit	68,49	55,30
Transfer to Managing Agents' remuneration ..	4,42	4,36
" " depreciation (including development rebate)	12,34	14,17
" " taxation	24,00	15,70
" " taxation (arrears)	7,25	Nil
Net profit	20,48	21,07
Adjustments	6,34*	Nil
Appropriations:		
Total available balance	26,82	21,07
Transfer to gratuity reserve	1,00	1,00
" " dividend equalisation reserve ..	1,00	1,00
" " machinery renewal and replacement reserve	6,00	6,00
" " general reserve	4,00	Nil
Proposed dividends (taxable) 7½% Preference.	30†	29
" " Equity ..	14,29	10,99
	(32½%)	(25%)
Carried forward	17	Nil

* This represents Rs. 6,33,530 transferred from general and taxation reserve.

† Preference dividend is calculated at 8.325 per cent. (less tax) under Preference Shares (Regulation of Dividends) Act, 1960, and includes additional dividend for the year ended 31st March 1960 of Rs. 3,202.

Extracts from the Directors' report: During the year under report, the Company has acquired 88,557 equity shares of the paid-up value of Rs. 10 each of The Alagappa Textiles (Cochin) Ltd., out of a total of 1,50,000 for a consideration of Rs. 18,03,877. By virtue of this purchase, The Alagappa Textiles, with a working spindleage of 38,296 has become a subsidiary of this Company. After taking over this unit, the Company has been able to obtain sanction for additional 7,680 spindles for installation there towards replacement of idle spindles.

There was a voluntary cut in yarn prices in accordance with the decision of Tamil Nad Millowners' Association with effect from September, 1960. There was a further reduction in January, 1961. The Company had also to face an acute shortage of indigenous cotton and hence had to switch over part of the production to superfine counts out of high priced foreign cotton. Even so, the Mills have been able to make substantially larger profits than in the previous year.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	49,05,030	Gross block ..	2,57,22,558
Reserves and surplus..	88,26,112	—Depreciation	1,32,27,590
Other liabilities ..	2,87,56,461		
		Net block ..	1,24,94,968
		Current assets	1,66,87,572
		Investments ..	33,48,440
		Cash	50,06,623
	Rs. 3,74,87,603		Rs. 3,74,87,603

* Paid-up capital consists of—(a) 2,19,804 ordinary shares of Rs. 20 each, fully paid up—of which 1,64,846 ordinary shares of Rs. 20 each, are issued by way of bonus shares; (b) 34,258—7½ per cent. cumulative preference shares of Rs. 20 each, fully paid up, and (c) a sum of Rs. 28,790 being forfeited shares (amount paid up).

New Manbhoom Coal Co., Ltd.

(*Managing Agents*: Messrs. Octavius Steel & Co., Ltd., Calcutta.)

Annual General Meeting—28th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	27,71	28,78
Closing stock	2,26	2,10
Gross profit	2,31	2,68
Transfer to Managing Agents' remuneration ..	23	24
" " depreciation	60	61
" " development rebate reserve ..	1	10
Net profit	1,47	1,73
Adjustments	58	1,06
Appropriations:		
Total available balance	2,05	2,79
To sundry adjustments	*	16
To payment of salaries, wages, etc. (for previous year)	Nil	11
To transfer to general reserve	1,00	1,50
Proposed dividend (taxable)	54	45
	(9%)	(7½%)
Carried forward	51	57

N.B.—Adjustments include the balance brought forward from the previous year; excess provision for taxation for previous years and provision for development rebate reserve in respect of previous year if any.

* Only a small sum of Rs. 21.

Extracts from the Directors' report: *Raisings and Despatches*: The raisings and despatches for the year ended 31st March 1961, amounted to 1,47 702 tonnes and 1,24,954 tonnes respectively as against 1,42,220 tonnes and 1,18,432 tonnes respectively for the previous year.

Prospects: Although there has been increase in raisings as compared to last year, it has not been possible to achieve the Company's target of increased raisings. Due to acute shortage of wagons specially during the last few months of the accounting year despatches were far less than the raisings resulting in accumulation of heavy stock at the pithead. On account of unavoidable reasons the installation and operation of the second Stowing and Crushing Plant has unfortunately been delayed but it is hoped that the machinery will start operation by the end of this year. With effect from 1st June, 1961, the prices of coal and soft cake were raised by 6 nP per tonne and 8 nP per tonne respectively. So far this year despatches have shown an improvement.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	6,00,000	Gross block ..	32,74,155
Reserves and surplus..	4,41,436	—Depreciation	24,17,216
Other liabilities ..	11,33,641		
		Net block ..	8,56,939
		Current assets	12,37,422
		Investments ..	500
		Cash	80,216
	Rs. 21,75,077		Rs. 21,75,077

* Paid-up capital consists of 60,000 ordinary shares of Rs. 10 each, fully paid up.

Kemp & Co., Ltd.

(*Chairman*: Mr. Jal H. Mehta, Bombay.)

Annual General Meeting—28th September. Dividend payable on or after 1st November.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (gross)	56,29	56,40
Closing stock	7,98	9,29
Gross profit	3,21	3,37
Transfer to depreciation	68	66
" " development rebate	4	10
" " taxation	1,10	1,45
Net profit	1,39	1,66
Adjustments	1,23	31
Appropriations:		
Total available balance	2,62	1,97
Transfer to general reserve	50	Nil
" " dividend equalisation fund ..	6	Nil
Proposed dividend (taxable) Ordinary ..	1,50	1,50
	(12½%)	(12½%)
Carried forward	56	47

N.B.—Adjustments include the balance brought forward from the previous year; excess provision for taxation for previous years no longer required and reserve against investment no longer required.

Extracts from the Directors' report: The directors consider the provision for taxation as sufficient to meet this liability, and the depreciation on fixed assets as adequate. The Company's properties and stocks have been insured against fire, riot and civil commotion. Since the end of last financial year premises have been acquired on ownership basis on the Linking Road at Khar to open another retail shop of the Company.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,00,000	Gross block ..	27,89,148
Reserves and surplus..	7,06,528	—Depreciation	14,86,985
Other liabilities ..	14,43,085		
		Net block ..	13,02,163
		Current assets	19,19,799
		Investments ..	10,836
		Cash	1,16,815
	Rs. 33,49,613		Rs. 33,49,613

* Paid-up capital consists of 6,000 ordinary shares of Rs. 200 each, fully paid up.

Notice

THE KALPETTA ESTATES LIMITED

ALLEPPEY

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 25th Annual General Meeting of the Company will be held at the Registered Office at W-15/9847 Beach Road, Alleppey, at 3 p.m. on Saturday the 14th October 1961 to transact the business as set out in the Notice sent to the members of the Company, individually.

The Directors have recommended a dividend of 12½ per cent on the Equity Shares for 1960-61, subject to deduction of tax under Section 18(3D) of the Income-tax Act, and the same if approved by the General Body, will be paid to those Equity Shareholders whose names stand registered in the Books of the Company on the 14th October 1961.

The Dividend Warrants will be posted to the Shareholders on or about the 28th October 1961.

The Share Transfer Books and Registers of Members of the Company will remain closed from 7th to 14th October 1961 (both days inclusive) during which period no transfer of shares will be registered.

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead; a proxy need not be a member.

By Order of the Board,

A. V. THOMAS & CO., LTD.,
Managing Agents.

ALLEPPEY,
15th September 1961.

AUTOMOBILE IN DEVELOPING COUNTRIES

(*Concluded from page 598*)

output of 60 a month of the small Ramses car in which a large proportion of German parts is used. It is to start with assembly next year and to work towards full local production of cars at an ultimate rate of 12,000 a year.

Self-sufficiency

Progress towards self-sufficiency can be made in three directions simultaneously: an increase in the number of cars being produced, an increase in their indigenous content, and the gradual change from assembly to production. Significant growth thus has been achieved in several countries where vehicle assembly or production began comparatively recently. Australia, which first appeared in world statistics as a producer in 1948 with only 163 passenger cars, produced nearly 29,000 eleven years later, and many manufacturers have in hand plans which will increase substantially production in the near future. Similarly India, which produced 1,640 cars in 1953, reached 19,100 in 1960 of which a large proportion were made by the Indian concern, Hindustan Motors, followed by Fiat (Premier) while the remainder were Standards. Future production depends on many factors including the probable introduction of a small car; one estimate is for output of cars to reach 25,000 by 1963 and 40,000 by 1965. In Brazil development has been very rapid; a flourishing industry which now supplies a large proportion of the country's needs has been built in the last four years.

Progress towards a high indigenous content, which depends to a considerable extent on the development of ancillary industry, is also difficult to measure, but some estimates have been made. Thus in Brazil in 1959 it was estimated that only 40 per cent of car components were made in the country, although the proportion was 90 per cent for Volkswagen cars. By mid-1961 local production accounted for 90-95 per cent by weight, while Volkswagen expects to cease importing parts altogether next year. In India the Jha Committee found that considerable progress had been made recently, and that more was planned. In the period October 1959 to March 1960 the car with the highest indigenous content was the Hindustan Ambassador with just over 70 per cent, followed by the Fiat with less than half indigenous content, while the Standard 10 had less than one-third. The indigenous content of all passenger cars reached 65 per cent last year, and the industry expects to achieve an overall indigenous content of 85-90 per cent by the end of next year.

There is no doubt at all that the production and use of the motor vehicle is a powerful agent of economic development, creating local skills, promoting new needs and activities and, in the case of the motor car, giving also a high incentive to effort. Developing countries seeking to promote activity without overemphasis on heavy industries, should not, as is so often done, stifle the growth of the use of motor vehicles by high taxes on vehicles and/or their fuels. On the contrary, there is a good case for positively promoting motor transport and motoring, and seeking to make the reality of car ownership as widely spread as the desire undoubtedly is. —*By Special Arrangement with Petroleum Press Service.*

U.S. LOANS TO RIVER VALLEY PROJECTS

The U.S. Government has concluded an agreement with the Government of India for a loan of Rs. 45 crores to the Chambal, Nagarjunasagar, Kosi, Bhadra and Tungabhadra river valley projects. This amount will come out of the sums earmarked as loans to the Government of India from the sale proceeds of agricultural commodities supplied to India under U.S. Public Law 480. The loan is repayable in rupees.

By previous agreements the U.S. Government had made available Rs. 85.1 crores to these five projects and also the Hirakud, Damodar Valley, Mahi, Kakrapar, Mahanadi, Kunda and Koyna projects. Rs. 3.9 crores has been saved from this allocation. This amount is being added to the sum of Rs. 45 crores covered by the latest agreement.

It may be recalled that the five agreements between India and the United States under Public Law 480 provided for the sale of agricultural commodities worth Rs. 1.113 crores ($2.337 million). Of this, Rs. 517 crores is reserved for loans to the Government of India for economic development. Rs. 375 crores for grants, Rs. 77 crores for loans to private enterprise under the Cooley Amendment, and Rs. 143 crores to meet the expenses of the American Government in India.

MONEY EXTREMELY STRINGENT

(*From Our Own Correspondent*)

BOMBAY, *20th September*

The short-term money market is in the grip of ite stringency. Borrowers are finding it extreme- difficult to obtain their requirements. As a con- quence, the call money rate among exchange and lian banks has shot up further from the al- ady high level of 4½ per cent to 5 per cent. The nds locked up in the recent State loans have not t returned to the market. Meanwhile, a larger mand for credit is reported from Calcutta for ancing tea and jute. This had led to diversion funds to the Calcutta market. Exchange banks' pendence on local resources has increased, as ey cannot bring money from London on account much higher interest rates there. The term oney rates are at the following levels:

	Per cent
Notice Money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3½
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

The results of 91-days Treasury Bills of the overnment of India sold through weekly tenders lowed that, as against an invitation for Rs. 2 ores, the total amount offered and accepted was ie same. The average rate of accepted tenders, eflecting the stringent conditions in the market ent up from 2.4 per cent per annum to 2.5 per nt 91-day intermediate Treasury Bills sold from ie 13th inst. to the 16th inst. amounted to Rs. 5 akhs only, as against Rs. 1.28 crores in the pre- ding week. Their sales are being continued from 0th September to 23rd September, both days clusive.

A contraction of Rs. 9.40 crores in notes in circulation is disclosed by the statement of affairs of he Reserve Bank of India for the week ended 15th eptember 1961. As the notes held in the Banking epartment have gone up by as much as Rs. 10.36 rores, the total notes issued show a modest rise of s. 95.70 lakhs. The foreign securities are unhanged at Rs. 116.86 crores, but, as the balances eld abroad have fallen by Rs. 96.82 lakhs, the total oreign assets have shrunk by that amount to s. 134.62 crores. On the liabilities side of the anking Department, deposits of Central Governents have improved by Rs. 10.03 crores and those f other Governments by Rs. 6.22 crores, deposits f banks are higher by Rs. 1.26 crores only, on the ssets side, other loans and advances, which in- lude loans to scheduled banks against usance ills, have gone up by Rs. 2.22 crores.

A contraction of Rs. 3.18 crores in demand depoits and of Rs. 14.75 crores in time deposits is disclosed by the statement of the scheduled banks for he week ended 8th September 1961. The depoits of the State Bank of India, too, have shrunk by Rs. 2.81 crores. Reflecting the stringency in the money market, borrowings from the Reserve Bank of India have shot up from Rs. 1.55 crores in the week ended 1st September 1961 to Rs. 14.98 crores or by Rs. 13.43 crores, of which the share of advances against usance bills was as much as Rs. 5.13 crores. The scheduled banks, however, borrowed less from the State Bank. Their borrowings from that institution of demand nature shrunk by Rs. 19.78 lakhs and those of time nature by Rs. 56 lakhs. Investments of the scheduled banks, as a whole, went up by Rs. 2.83 crores, but those of the State Bank of India actually declined by Rs. 1.97 crores. Advances and bills discounted (bank credit) rose by Rs. 11.47 crores to Rs. 1,231.41 crores, in contrast to the fall of Rs. 3.92 crores last week. Of the aggregate improvement in advances of Rs. 11.47 crores, the State Bank accounted for as much as Rs. 8.83 crores.

The Gilt-edged market was dull. The turnover was limited. Because of keen demand for money, some sellers were anxious to unload their holdings of some securities, but buyers were scarce. The Conversion Loan shed 20 nP to Rs. 72.80. 3½ per cent 1967, third National Plan bonds and 3½ per cent 1969 eased by 5 nP each to Rs. 98.95 and Rs. 98.35, respectively. Other central issues were unchanged. In the State loans' section new issues of some States recovered a small part of the ground lost last week. Thus 4½ per cent 1972 Andhra hardened by 25 nP to Rs. 98.50 and 4½ per cent 1972 put on 5 nP to Rs. 98.85.

In the foreign exchange section, the rupee gained only slightly *vis-a-vis* the U.S. dollar. Banks' selling rate stood at Rs. 475.75 per 100 dollars, as against Rs. 476 last week. The buying rate was unaltered at Rs. 472.50 per 100 dollars. In the New York foreign exchange market, the pound sterling appreciated further in relation to the U.S. dollar. The latest available rates are 281.380-281.420 cents per £ for spot and 278.490-278.530 cents per £ for three months' forward. Over the week, the pound has improved by 0.18 cent in the spot and 0.14 cent in the forward.

TIN EASY

(*From Our Own Correspondent*)

CALCUTTA, *19th September*

While copper scrap and zinc were maintained firm at around previous levels, tin eased in consonance with lower overseas advices. On the London Metal Exchange, electrolytic copper opened quiet at £231½ a ton under the impact of better news from Chilean mines, where earlier the strikes were suspended. At lower levels, there was active demand in London and this, coupled with the new developments in Katanga, pushed up the price to £232½. The higher level could not however, be maintained, and the news that Phelps Dodges were proposing greater production as a temporary expedient was followed by a decline in the rate to £231½. In the local market, scarcity in copper scrap maintained the price of utensil scrap at Rs. 442.75 per 100 kgs. and that of berry scrap at Rs. 490.25 per 100 kgs.

In London, tin recovered from £935 to £944 a ton. It was thought that the price was likely to touch a new high, as a decline in the Singapore price had already set in. Also, there was the news that it was likely that the U.S. Congress would waive the six months' waiting period for the release of 10,000 tons of stockpiled tin. Locally, there was little demand for the ready metal which eased from Rs. 1,657.50 per 100 kgs. to Rs. 1,653.50. Forward metal was quoted at a premium.

Electrolytic zinc was unchanged at Rs. 319.00 per 100 kgs. There was little demand. In London, the price eased from £73¾ to £73 a ton.

Lead was quoted here quiet at Rs. 134.75 per 100 kgs.

SPURT IN BULLION

(*From Our Own Correspondent*)

BOMBAY, *20th September*

Both gold and silver recorded a handsome improvement in values during the week under review. The improvement followed good buying induced by tense world situation, seizure of large parcels of contraband gold in Bombay and some other places in the past few days, and expectations of better offtake in the coming weeks. Calcutta advices were also quite encouraging. There were, of course, reports suggesting sales of some gold by a bank and of silver by the Reserve Bank, but these reports did not have any significant effect. The undertone of the market was distinctly bullish.

Arrivals of the two precious metals during the week were lower than those last week, the daily average rate being 3,500 tolas of gold and 16 bars of silver, as against 4,600 tolas and 23 bars, respectively. The rate of offtake, too, was lower at 3,750 tolas and 8 bars, as against 4,400 tolas and 10 bars. The floating stocks in the city are reported to be around 25,000 tolas of gold and 1,200 bars of silver.

Adjustment rates fixed today were Rs. 125.25 per 10 grams of gold and Rs. 203.45 per kilogram of silver. The corresponding rates on Wednesday last week were Rs. 124.10 and Rs. 202.50, respectively.

The *Bhadrapad* (25th September) settlement in gold began at Rs. 124.60 (on Friday the 15th inst.), as against the previous close of Rs. 124.70, and gradually moved up to touch a high of Rs. 125.75 today before finishing at Rs. 125.30. The *Margashir* (December) settlement advanced from Rs. 124.65 to Rs. 125.75, though the closing was a shade lower at Rs. 125.35. The rate payable for transferring commitments from the *Bhadrapad* to *Margashir* settlement, which was against bears last week, turned in their favour to the extent of 5 nP on Friday and Saturday. Subsequently, both the settlements were quoted on par. Today, it was again in favour of bears to the tune of 5 nP.

Ready gold attracted excellent support and rose from Rs.124.95 to Rs. 125.90 today before closing at Rs. 125.50. At this level, the premium over the forward (*Bhadrapad* settlement) was 20 nP, as against a discount of 35 nP on Wednesday last week.

In silver, the *Bhadrapad* (26th September) settlement encountered selling on Friday and declined from Rs. 203.10 to Rs. 202.40. But, thereafter, the settlement staged a recovery, today's closing rate being Rs. 203.65. The *Margashir* settlement registered a net gain of 50 nP over the week, the actual value improving from Rs. 204.20 to Rs. 204.70. Since the nearby settlement was quoted at a discount under the distant settlement, the bulls had to pay the *budli* for getting their commitments transferred. The actual *budli* was as high as Re. 1.05 throughout the week excepting on Saturday when it stood at Re. 1.10.

Ready silver continued to be quoted at a discount under the forward (*Bhadrapad* settlement) though the actual discount declined from 60 nP last week-end to 20 nP today. The closing rate was Rs. 203.45 today, as against Rs. 202.50 a week ago; at one time today, it was higher still at Rs. 203.45.

The world price of gold in the London bullion market eased from $35.18⅞ to $35.18⅛ during the week. The sterling price of gold also declined from 250s. 3d. to 250s. 1½d. Ready and forward silver, however, were unchanged at 79¼d. and 80⅛d., respectively. Silver in New York, too, was unaltered at 91.375 cents.

The following table shows the trend of prices during the week under review:

	20-9-1961 (closing)	High	Low	13-9-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	125.50	125.90	123.75	124.35
Forward: Bhadrapad* ..	125.30	125.75	124.05	124.70
Margashir ..	125.35	125.75	124.25	124.65
Sovereign]	96.50	96.50	96.00	96.00
SILVER				
Ready (.996 fine)	203.45	203.70	201.90	202.50
Forward: Bhadrapad† ..	203.65	203.90	202.40	203.10
Margashir ..	204.70	204.95	203.50	204.20
London—				
Silver Ready	79¼d.	—	—	79⅛d.80⅛d.
Silver Forward	80⅛d.	—	—	79⅛d.80⅛d.
Gold	250s. 1½d.	250s. 5½d.	250s.1½d.	250s. 3d.
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th September settlement. † 26th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.35 tola) and that for silver is per kilogram (35.7 tolas). London and New York quotations are per ounce.

FURTHER RISE IN COTTON

(*From Our Own Correspondent*)

BOMBAY, *20th September*

Weather news continued to dominate the cotton futures market during the week under review also. Reports of untimely rains and floods in many areas and a possible delay in the movement of the new crop fanned the bullish fervour noted last week. Extensive mill purchase of ready cotton and the sharp rise in price of some of the popular varieties, particularly Khamgaon, prompted large-scale covering by local and upcountry operators. The announcement made on Monday, that Rs. 1.50 crores worth of Pakistan cotton, having a staple length of one inch and below, would be allowed for import had no bearish effect on the market. This was because (1) Pakistan cotton was not considered attractive price-wise *vis-a-vis* comparable varieties of East African cottons, said to be superior in quality. Even if the price and quality factors are not taken into account, it was feared that new crop Pakistan cotton would not be available for immediate shipment. Considering all these, operators were inclined to discount the announcement. The Jarilla March contract met with keen bidding and rallied from Rs. 607.50 (per three quintals) last week-end to Rs. 614.50 yesterday. The trend of the market was steady today and the Jarilla March contract ruled round Rs. 614.

Favourable weather during the rest of September and the early part of October is of crucial importance to the cotton crop. A prominent firm of cotton traders sums up weather conditions as at mid-September as follows:

"Weather reports from all over the country are generally not encouraging. Kalyan area had rainfall in general but a break in the weather is urgently required; otherwise progress would be retarded. Broach and Surat areas had sunshine with intermittent rains and so far crop accounts are satisfactory. Part of Berar had very heavy rains and some damage is apprehended, especially in Wardha and Nagpur districts. The extent of damage, however, could be ascertained only after the weather had cleared up. Gaorani area in the Moglai reported heavy rains. Madhya Bharat also reported a heavy downpour and plants are waterlogged resulting in stunted growth. Bhatinda circle in the Punjab requires bright clear weather. The prevalent cloudy weather, with easterly winds, is hampering progress. On the Ganganagar line, the condition of the crop so far is satisfactory. Westerly winds now will accelerate progress."

The spot market at Sewri reported a further burdening of mill demand. There was good demand for cotton spinning fourteen to sixteen counts. Staple varieties such as Vijay, Digvijay and L.147 were also well favoured. There was a spurt in the price of new crop Khargaon on fears that movement of the crop would be delayed. Thus variety of cotton was traded at round the ceiling price.

Export demand was confined to Bengal *Deshi*. Some business was done on a subject-to-licence basis. Shippers are anxiously awaiting the first export quota for the new season. The announcement is expected to be made before the expiry of September, probably after the meeting of the Cotton Advisory Board scheduled to be held on the 25th inst.

Import of Pakistan cotton having a staple length of one inch and below worth Rs. 1.50 crores will be allowed under the Indo-Pakistan Trade Agreement signed on 28th March 1961, according to a Trade Notice issued by the Joint Chief Controller of Exports and Imports in Bombay. Import licences issued in this connection will be valid for shipment up to 1st March 1962.

The varieties of Pakistan cotton permitted to be imported are Punjab American 289F (124F, 199F, 289F/43), Punjab American Sind N.T., Punjab American L.S.S. and Punjab American 4F.

Licences to import the cotton mill be issued to the trade and/or mills on "first-come-first-served" basis on application against offer and acceptance. The trade may sell this quantity to any mill of its choice.

Applicants should produce a certificate from the Karachi Cotton Association Limited, indicating that the cotton proposed to be imported is one of the varieties allowed for import.

The trade welcomed the announcement especially because a chance has at last been given to it to participate in it. This is probably the first time since the introduction of the export incentive scheme for textiles that the trade has been given an opportunity to participate in an import quota on its own. Interest in foreign cotton centred mainly around East African and Sudan cotton. At the auction held yesterday at Kampala for East African cotton, no bids were forthcoming as the reserve prices were considered too high. Nevertheless, there were offers from shippers at Rs. 20 per candy below the reserve prices. Sudan cotton too evoked attention of spinners. Demand for Egyptian cotton was slow, thanks to the upward revision by the Egyptian Cotton Commission of the sales price for Egyptian cotton with effect from the 17th inst.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri.

Bengal *Deshi* 600; Gadag Laxmi 920; Khamgaon 861; East African B.P. 52 1,220; Buiaga (U.N.U.G.) 1,225; Jinga (new) 1,115; American 1" 1,115; Sudan G3L 1,455.

Firm conditions continued to prevail in the Karachi cotton futures market during the week under review also. The main influencing factor was weather which threatened possible damage to the crop in some areas. Better demand from

from foreign countries also imparted strength to the market. The N.T.R.G. January contract spurted on keen bidding from Rs. 73.30 last week-end to Rs. 77.50. The March contract too, was marked up from Rs. 74.15 to Rs. 76.60. Spot Values also improved.

Alexandria cotton futures market continued to remain closed during the week. Shippers quoted higher prices from Karnak and Menufi cotton, thanks to the upward revision in official export selling price effective from the 17th inst. bullish interpretation of new crop prospects. Foreign demand for Sudan cotton was brisk at the recent auctions. Shippers offers were reported to be at annual auction levels.

Quiet conditions prevailed in the Liverpool cotton futures market during the week. Values tended to look down in thin trading. Operators were inclined to await a precise picture of the damage due by hurricane Carla to the U.S. crop. A limited volume of commission house selling was the main feature of trading. Both the American and American type contracts receded. Sudan cotton contracts in Liverpool were subdued.

The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: October 24.20; December 24.70; March 25.15; May 25.60.

American cotton mixed growth contracts: October 24.60; December 25.05; March 25.45; May 25.90.

Sudan: September, November, January 32.00.

In spite of the announcement of a higher mid-August parity price of 38.83 cents, as against the mid-July price of 38.70 cents and reports of damage to the crop owing to hurricane in certain parts of the cotton belt, cotton futures in New York eased during the week. The bullish effect of these developments were more than counterbalanced by the speculative selling by some prominent Commission and spot houses based on the calculation that the damage to the crop would not be as large as was anticipated earlier and that the season's crop would not, in any case, fall far short of last season's 14.27 million bales. Spot prices, however, tended to hardened on good spinner demand.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	19-9-61	12-9-61	5-9-61
New York Spot	35.40	35.30	35.25
October	34.56	34.77	34.00
December	35.10	35.26	35.00
March	35.80	35.90	—

FURTHER FALL IN BLACK PEPPER

(Messrs. Parekh and Co.)

BOMBAY, 20*th September*

Last week's weakness in Malabar black pepper was extended during the week and October delivery took a further dip to Rs. 390, with buyers conspicuous by their absence. December delivery moved down to Rs. 375, in sympathy with October. In ready section, the market remained comparatively steady, as New York continued to pick up a few parcels at about $0.42½. Growers who were withholding till now became sellers, in view of the proximity of the new season, and fair quantity of ungarbled was sold at Rs. 380. Garbled was sold at Rs. 392. Inland demand failed to pick up, as the Punjab, one of the biggest consumers of pepper, remained cautious buyers in view of the political uncertainty stemming from the *Punjabi Suba*. Calicut came down to Rs. 380.

Singapore remained quiet for lack of foreign demand. Values there moved within narrow brackets. Black was quoted at Str.$142½ and white at Str.$175. Despite higher check price of Lampong in Indonesia, Singapore traders are willing sellers below the replacing parity, but no important business to overseas was reported as India continued to undersell.

Spot in New York remained steady at $0.45½. Dealers there remained selective buyers at $0.42½. Most of the dealers having gone to the Annual Outing of the Spice Trade Association, market remained quiet with small business. Some of the traders expect revival of demand after their return from the outing. But everything depends on the attitude of the sellers in India. If they become soft sellers, buyers will withdraw. If they remain firm, New York after haggling will come out to pay sellers' price, as stocks with the dealers and grinders in the U.S.A. are running low and are considered to be insufficient for the autumn requirements.

The future of the market depends upon the prospect of new crop Malabar and the selling policy of Lampong by both Singapore and Indonesia.

Ready pepper in Bombay is nominally quoted at Rs. 212 per 50 kilos with demand poor.

BEMBERG YARNS RISE FURTHER

(From Our Own Correspondent)

BOMBAY, 20*th September*

There was a further rise in the prices of Bemberg yarns during the week under review, thanks to renewed buying support. It was stated that some bulls had cornered whatever stocks that were available on fears of an acute scarcity of supplies developing in the coming weeks. Reflecting these fears was the high level of import licence premium rates. Staple fibre yarns also tended to move up, following good demand from certain consuming centres. Imported and indigenous 120 and 150 denier art silk yarns, however, drifted downward. The decline followed selling by indigenous producers. Cotton yarns continued to rule dull in the absence of any fresh encouraging news.

The Committee of the Indian Cotton Mills' Federation, at its meeting in Bombay last week-end, reviewed the working of the industry's voluntary scheme relating to the stamping of prices on yarn and cloth. In order to ensure that the stamped prices were not frequently changed, it was felt that the introduction of new sorts should be restricted. To achieve this end, production of new sorts by any mills would be restricted to one variety per month for every 200 looms installed.

J.P. Bemberg yarn (40 x 1) December delivery advanced from Rs. 3.225 to Rs. 3.270. October contract strengthened by Rs. 20 to Rs. 3,340. Cupressa Bemberg yarn (60 x 1) October position spurted by Rs. 30 to Rs. 2,900. December settlement gathered Rs. 10 to Rs. 2,860. Spot Cupressa was fully maintained at the last week's level of Rs. 2,798. Among imported art silk yarns, 120 Japan climbed down from Rs. 1,984 to Rs. 1,874. 150 Japan was neglected at Rs. 2,205 and 120 Italy at Rs. 1,900. Among indigenous yarns, National Rayons 120 Bt. cones 1st grade fell by 51 nP to Rs. 17.36. 150 Bt. cones 1st grade dropped 16 nP to Rs. 13.82.

Staple fibre yarn (40 x 1) October contract hardened by Rs. 6 to Rs. 850. December settlement improved by Rs. 2 to Rs. 846. Spot hinds were firm at Rs. 9.90. Centurys were done at Rs. 10.09 and Coimbatore Spinnings at Rs. 9.48.

In the cotton yarn section, 10 counts Podars were fully steady at Rs. 17.37, as also Moderns at Rs. 19.75. Twenty counts Gokaks picked up 25 nP to Rs. 23. Moderns changed hands at Rs. 23, Maduras at Rs. 23.50 and Podars at Rs. 21.37. Thirty counts New Greats were unchanged at Rs. 26.75. Forty counts Minaxis were firm at Rs. 34 and Maduras at Rs. 32.62. Sixty counts Finlays were unaltered at Rs. 62.87. Business was put through at Rs. 60 in Moderns. Sixty counts Moderns shed 50 nP to Rs. 67.50. Finlays were dull at Rs. 81.62 and Mahendras at Rs. 69.37.

The following table gives the prices of rayon, staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	20-9-1961	13-9-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Cupressa Bemberg (100 kg.)—		
October	2,900.00	2,870.00
December	2,860.00	2,850.00
Spot	2,798.00	2,798.00
40 x 1 P		
October	3,340.00	3,320.00
December	3,270.00	3,225.00
120 Japan (per 100 kg.)	1,871.00	1,984.00
150 Japan (per 100 kg.)	2,205.00	2,205.00
120 Italy (per 100 kg.)	1,900.00	1,900.00
150 Italy (per 100 kg.)	1,819.00	—
Nat. Ray. 150 Bt. I	13.82	14.92
Staple fiber yarn (40 x 2)—		
October (per 90.72 kg.)	850.00	824.00
December	846.00	844.00
Hind (per kg.)	9.90	9.90
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.37	17.37
20s Gokak	23.00	22.75
30s New Great	26.75	26.75
40s Madura	32.62	32.62
60s Finlay	62.87	62.87
80s Modern	67.50	68.00

GROUNDNUTS RALLY

(From Our Own Correspondent)

BOMBAY, 20*th September*

Barring castorseeds which ruled distinctly easy, the oilseeds market depicted a firm trend during the week under review. Groundnuts, which suffered a sharp setback last week, staged a notable rally this week. The rally followed reports from Saurashtra and Hyderabad suggesting that the output in the current season would not be as large as was anticipated earlier. There were also hopes of some export quota for groundnut oil and expeller cake, as a sequel to the representation made by the Oilseeds Exchange to the Union Ministry of Commerce and Industry. The Exchange has pointed out that this is the opportune moment for announcing export policy, which, it is emphasised, should be on a long-term basis. Further, traders noted the stress laid on the execution of package programmes for groundnuts and other integrated oilseeds development schemes, at the half-yearly meeting of Central Oilseeds Committee, held at Hyderabad from the 12th to 15th inst. In sympathy with groundnuts, linseed, cottonseed and sesame tended to move up. The bullish fervour of the market was also fanned by the release of a quota of 50,800 metric tonnes of linseed oilcake and 15,240 metric tonnes of coconut oilcake for export outside Africa, South West Africa and Portuguese possessions in India during October 1961-May 1962. Castorseeds, however, encountered selling, due to apprehensions regarding a possible decline in the world prices of castor oil.

The Forward Markets Commission has decided to remove the existing special margins and limits on long open position in respect of rape and mustard forward contracts of the 1961-62 crop at Delhi, Agra, Kanpur and Bhatinda exchanges. Instead of margins, the Commission will impose a limit on the daily rise in prices. At Delhi, the limit for the daily rise will be 50 nP for 40 kgs., whenever the price exceeds Rs. 32 per 40 kgs. The same limit has also been imposed at the other centres but the price limit is Rs. 32.25 for Agra, Rs. 32.75 for Kanpur and Rs. 31.25 for Bhatinda. Trading in the next season's crop will be permitted at the different centres in the month of October 1961, as soon as the Association complies with the requisite formalities.

Groundnut January 1962 contract rose from Rs. 205 to Rs. 210.37 (on Monday) before winding up the week at Rs. 205. Nizam bold spurted by Rs. 3 to Rs. 48. Oil ex-mill picked up 65 nP to Rs. 20.65 and Railway receipts 50 nP to Rs. 20.25. Oil January 1962 contract hardened by 45 nP to Rs. 17.

Linseeds March 1962 contract forged ahead from Rs. 36.25 to Rs. 37.12 initially, but declined subsequently to Rs. 36.59. The net gain over the week was 34 nP. Linseed oil put on 15 nP to Rs. 16.90. Bold ready, however, eased by 25 nP to Rs. 39.

Cottonseed March 1962 rose from Rs. 90.50 to Rs. 93.50 on firm advices from raw cotton markets. Berars improved by 40 nP to Rs. 16.90.

Castorseeds March 1962 fell from Rs. 162.25 to Rs. 161.37. Ready Madras declined by 37 nP to Rs. 33.25. Oil Commercial lost 15 nP to Rs. 13.35.

Sesame bold firmed up by Rs. 10 to Rs. 250 (per 250 kgs.). Sesame oil, however, picked up 20 nP to Rs. 21.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	20-9-1961	13-9-1961	6-9-1961
	Rs.	Rs.	Rs.
Groundnut			
January 1962	208 00	205 00	207.75
Nizam bold	48 00	45 00	48 00
Coromandel ready ..	48 00	46 00	48 00
Khandesh quality ..	48 00	46 00	48.00
Oil ex-mill ready* ..	20 65	20 00	20.35
Railway receipts* ..	20 25	19 75	20.35
Oil January 1962	17.00	16.55	16.90
Castorseed			
September 1961	—	166 75	165 12
March 1962	161 37	162 25	164 12
Ready Madras	33 25	33 62	34 00
Ready Kanpur	31 75	33 25	33 12
Oil R.S.S.†	14 80	14 80	15 00
Oil commercial†	13.35	13.50	13.50
Linseed			
September 1961	89 50	89 75	88.25
March 1962	36 59	36 25	36.25
Bold ready	39 00	39 25	38.12
Oil ready†	16.90	16.75	16.85
Cottonseed			
September 1961	93 25	93 00	90 25
January 1962	90 50	90.50	90 00
Niger seed	39 50	39 50	39.50
Kardi seed	23.00	24.00	24.50

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 80 kilograms and-oil per 10 kilograms.

TEA SLIGHTLY EASY

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 14*th September*

Dust Sale No. 37: Offerings amounted to approximately 141,000 kilograms in dust sale No. 37 held on Thursday, 14th September 1961. There was less general demand. Mediums came to an irregular market and were generally easier, with the more fibrous kinds declining by up to 20 nP per kilo. Highgrowns came in for better support and sold well at fully firm rates. C.T.Cs and legg-cuts received good support and can be quoted about firm.

The average price realised in dust sale No. 37 was Rs. 4.67 per kilo as compared with Rs. 4.69 a week ago and Rs. 4.52 in the corresponding sale last year.

Export Quota: Small business is being transacted at 1½ nP per kilo, at which rate there are sellers.

Colombo: There was strong general demand particularly for improved quality teas. The Best Dimbulas realised rates which were 10 cents below last. The plainest sorts received better support and were quoted firm to dearer, whilst mediums were fully firm.

London: North Indian and other growths: In Monday's North Indian sale there was an improved tone and best Assams came to a market which was fully firm to dearer. The remainder of the offerings were irregular and realised rates which were similar to the previous week.

Ceylon and South Indians: The 26,470 packages (of which 7,974 originated from South India) on offer on Tuesday met fair demand at about steady rates. The exception to this was the poorer liquoring fannings which met enquiry.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"*Sale* 38: 515,000 kilograms. Less demand. Plain and low mediums irregularly about 20 nP easier. Fibrous sorts discounted. Mediums and good mediums 10 to 15 nP easier. Highgrowns very irregular and easier. Only best selling dearer."

TEA RECEDES DESPITE GOOD DEMAND

(From Our Own Correspondent)

CALCUTTA, 19*th September*

Although there was greater demand at the tea export sale held yesterday, the prices realised were lower. Such a trend reflects current thinking among foreign buyers that with production outpacing demand, prices must come down in favour of buyers. North-east Indian production up to the last month at 147 million kgs. has been higher by 25 million kgs. as compared with the corresponding period last year. The other producing countries have also increased their output and have been able to put up more tea in the export market.

Considered against the above background, trade circles point out that it is unfortunate that the Tea Board is not paying any attention to increasing the internal market. The country needs more foreign exchange, and as such the Tea Board has called upon all concerned to export more, even at the cost of a decline in internal consumption. It has accordingly withdrawn all internal propaganda units. In this connection, trade circles have read with much enthusiasm the studied and fact-filled speech of Mr. H. C. Kothari at the annual meeting of the United Planters' Association of Southern India which he delivered in his capacity as the Association's President at Coonoor last week.

During the week there was the announcement in Pakistan reducing the export duty on tea from 38 to 25 per cent, that is, a reduction of 34 per cent. This has been done, trade circles have no hesitation in stating, with a view to enabling Pakistan to export all the surplus and earn foreign exchange. India should be able to draw a lesson from Pakistan's example, and the trade demands that, considering that the revenue loss in the concession in export duty granted earlier in this year has been made good by the increase in excise duty, the Government of India should consider the drawback of excise duty on tea exports. The U.P.A.S.I. President has also made a justifiable plea in this regard. The more correct course would no doubt be the abolition of the export duty *in toto*.

It cannot be expected that, at a time when world production is tending higher, overseas buyers would buy some of the poorer qualities of Indian tea, including rains tea. These can best be disposed of within the country and, with increased industrial activity if only efforts at propaganda are resumed, internal consumption can be increased and can serve as a buffer against increased production and greater competition in world markets.

Mr. Kothari's fear of the U.K.'s entry in the E.C.M. and of the possibility of tea being subjected to import duty in the U.K. is not shared by the trade here. For trade circles say that, even if the U.K. imposed a duty on tea India's exports to that country would not fall, considering that such a duty would be levied on teas of all origins. However, in which event, the British consumer would have to pay more for his tea and, considering that tea has become a national drink in Great Britain and that tea there like bread is a commodity in inelastic demand, the British Government may not afford to risk its popularity by pushing up the cost of tea. Viewed thus, trade circles hope that, even after the U.K.'s entry in the E.C.M., tea from the Commonwealth would be allowed entry into the U.K. duty-free.

In the internal sale held last week, dusts on offer amounted to 26 325 packages. There was fair demand at lower rates. Legg-cut teas eased in an irregular trend. Plain orthodox dusts recorded a fall of 20 nP to 30 nP. There were heavy withdrawals of the Assam varieties without a bid. C.T.Cs were generally easy, but the few bright liquoring teas met with better support. Fibrous teas failed to find bidders. The quotations per 1 kg. (inclusive of excise duty) were: good Assam C.T.C. dust Rs. 6.30 to Rs. 6.50; medium Assam C.T.C. dust Rs. 5 50 to Rs. 5.80; legg-cut dust Rs. 4.30 to Rs. 5.00; medium Assam dust Rs. 4.30 to Rs. 4.70; and plain orthodox dust Rs. 4.00 to Rs. 4.25.

Leaf offerings amounting to 227 chests met with good demand at firm prices. Green teas were much in the forefront.

Bidding was keen and prices gained at the Pakistani internal sale held on 13th September at Chittagong. Offerings aggregated 14,361 chests of leaf and 3,675 chests of dusts, in addition to the supplement of 98 chests. Withdrawals aggregated 323 chests. Green teas and polished varieties, among the leafy teas, were in good demand. Legg-cut fannings, on keener competition, were quoted at Rs. 2.35 to Rs. 2.40 a lb. Stalky residue teas eased by 20 nP to 30 nP per lb., while best liquoring teas realised valuations. Dusts on offer eased by 10 nP. The quotations per lb. were: O.F. Rs. 2.10 to Rs. 2.15; P.F. Rs. 2.00; B.O.P. Rs. 2.10; B.Ps Rs. 2.00 to Rs. 2.10; B.P. Re. 1.85; and dust Rs. 2.00 to Rs. 2.20.

Offerings at the next internal sale in Pakistan, scheduled for 27th September, are expected to amount to 4,300 chests of dust and 15,320 chests of leaf.

In the export sale held here yesterday, offerings aggregated 66,307 chests which met with good general demand, albeit at lower prices. An irregular trend was recorded by plain orthodox teas, while well-made teas free from stalk and fibre were about firm. Most other teas eased. Darjeelings eased, as did whole-leaf grades. Tippy teas met with fair demand. Medium and orthodox teas recorded an irregular trend, but useful liquoring teas and O.Fs were subjected to keen competition. Among C.T.Cs a few selected best liquoring teas were dearer. The balance of C.T.Cs eased by 20 nP. B.Ps met with fair demand. Generally teas with useful liquors were in good demand. The quotations per 1 kg (inclusive of excise duty) were: best Assam C.T.C. fannings Rs. 5.30 to Rs. 5.90; best Assam C.T.C. B.P. Rs. 5.30 to Rs. 5.70; medium Assam C.T.C. B.P. Rs. 4.80 to Rs. 5.20; clean plain Pekoe Rs. 4.20 to Rs. 4.40; plain fannings Rs. 3.90 to Rs. 4.10; plain B.P. Rs. 4.10 to Rs. 4.30; and medium Assam C.T.C. fannings Rs. 4.80 to Rs. 5.20.

JUTE MILLS TO RAISE WORKING HOURS

(From Our Own Correspondent)

CALCUTTA, 19*th September*

Both raw jute and jute goods fluctuated within narrow limits during the week under review. With fibre arrivals showing a further improvement, sellers were anxious for business and offered more freely. Fair business was reported with mills. In both hessian and sacking, although export business continued to be limited, there was greater buying on local consumption accounts and there was also good covering demand against anticipated orders from foreign markets. As a result, fibre and goods finished for the week with small gains. According to New York burlap market reports, the mid-week gains in prices could not be sustained, in view of resistance from buyers. Purchases were limited to immediate and nearby requirements. Thus the 40" 10 oz. hessian gave way from 13.10 cents a yard to 12.75 cents (duty paid) and the 7½ oz. hessian from 10.50 cents to 10.35 cents. Market circles here realised that an improvement in the statistical position of goods with mills was essential for stability in prices and to revive confidence among foreign buyers.

Against this background, the announcement that the mills have decided to raise working hours from the existing 42½ a week to 45 from the week commencing from 25th September has been hailed with satisfaction. This increased production will enable mills to purchase more fibre, and thus contribute to stability in fibre prices. Since fibre is quoting at Rs. 35 and above, it is believed that there is no question of fixing any minimum price now. Purchases by mills have been so satisfactory as to lead to the inference that they are building up stocks to the extent possible. It will be remembered that the Governments of West Bengal and Bihar had considered Rs. 35 to be a justifiable minimum price, but the Government of India officials had thought that Rs. 30 would be a more agreeable figure. So long as the price remains above Rs. 30 as at present, the demand for fixation of a minimum price would not be pressed. It is stated that New Delhi will issue import licences for 600,000 bales of Pakistan cuttings.

A glance at the production and stock figures of mills for the month of August brings forth the need for increasing production in mills. The output of all constructions was higher, the total at 78,300 tons showing a rise of 13,900 tons as compared with July. It should, however, be remembered that production in July was affected by the acute shortage of fibre. Stocks at the end of July being 71,200 tons, the total availability of goods in August was 149,500 tons. The demand in the month was of the order of 85,400 tons, stocks at the end of August being 64,100 tons. Foreign demand had been confined to small quantities, and it was thus clear that purchases against internal consumption were satisfactory. It is believed that the declining trend in prices of both fibre and goods has been arrested. Foreign consumers are, therefore, expected to lend active support to the market in the coming weeks. Judging from increased arrivals of fibre and the improvement in crop prospects, it cannot be stated that fibre prices may not at all fall. Mills are paying little attention to buying forward fibre.

As demand was slack on Tuesday last, prices of goods eased. Mills exhibited eagerness to do simultaneous business in immediate and nearby goods, as this was profitable. Forward goods were considerably lower than nearby goods and, with the trend of fibre prices remaining uncertain, mills were disinclined to accept orders for forward deliveries. Ready B. twills eased from Rs. 134.00 to Rs. 132.50 and ready hessian 40" 10 oz. from Rs. 50.50 to Rs. 50.00. In the first half of Wednesday, prices declined further. But as at lower levels local dealers showed keen interest towards the end of the day, a recovery was in evidence. Thus B. twills at Rs. 132.00 and hessian at Rs. 49.75 closed higher than the lowest levels of the day, though on balance the loss was maintained. With the market remaining officially closed on Thursday, B. twills at Rs. 131.50 and hessian 40" 10 oz. at Rs. 49.75 were quiet. Demand revived at lower levels and, on Friday, B. twills recovered to Rs. 133.50 and hessian 40" 10 oz. to Rs. 50.50. Over the week-end, the recovery continued and B. twills was pushed up to Rs. 134.00 and hessian 40" 10 oz. to Rs. 50.70. Quiet conditions were in evidence yesterday and, with no fresh overseas business taking place, hessian 40" 10 oz. eased to Rs. 50.50 and B. twills to Rs. 133.00.

Fair business was done in fibre with mills. In the agencies, arrivals increased and sellers were eager for business. However, since in the mofussil areas growers showed no inclination to sell at lower rates, prices, in fact, recorded small gains. This week's price movements are indicated below:

(In Rs. per maund, delivery 15 days)

	Opening	*Closing*
Assam bottoms	35.50	35.50
Northern bottoms	35.50	36.00
Daissee bottoms	39.50	39.00

COARSE GRAINS STEADIER

(From Our Own Correspondent)

HAPUR, 18*th September*

A mixed trend was witnessed in the foodgrains market during the week. Wheat sought lower levels, thanks to better arrivals, while coarse grains were steadier on reports of losses to *kharif* crops. The overall food situation, however, was satisfactory, as heavy imports had yet to follow from U.S. under previous commitments and stocks were heavy with Government. Wheat here recorded a fall of 25 nP per maund during the week to Rs. 14.75 to Rs. 15 a maund for *dara* quality and Rs. 15.50 to Rs. 16 for better farm produce. Daily arrivals mounted to an average of 200 maunds and some quantity reached here from Aligarh side. The entire arrivals were being lifted by consumers and local stock was stationary around 25,000 maunds. Ploughing operations for *rabi* sowing were in full swing, thanks to absence of rains in the last ten days and increased acreage expected as land vacated from *kharif* crops would be available for such sowing.

Rice was depressed during the week on expectations of good crop following last year's bumper crop and week-end prices were: rice, *sela*, *basmati* Rs. 27 to Rs. 30; superior Rs. 23 to Rs. 28; *mainpurisela* Rs. 22; *gaddakutcha* Rs. 22; *ramajwayansela* Rs. 23.50; *raimuniasela* Rs. 25 per maund.

Gram recorded fractional gains to be quoted at the week-end at Rs. 14.12 a maund for Punjab produce, while local inferior quality was quoted at Rs. 13.62 a maund. Some quantity reaching here from the Punjab to be lifted by consumers and local stock with trade also ran down to 35,000 maunds. Barley was quoted slightly higher at Rs. 11.25, *bejhar* inferior at Rs. 10.75 and *moongia* variety at Rs. 11.75 a maund. New maize arrivals continued to be small, at an average of 100 maunds, and, with old stocks put at 2,500 maunds, new maize was quoted at Rs. 12 to Rs. 12.50 a maund. *Juwar* and *guwar* were listless at Rs. 11.50 and Rs. 14.25 a maund, while *methi* was steady at Rs. 26 to Rs. 27 a maund, thanks to demand from Rajasthan and Calcutta side. Other sections were quiet at: oats Rs. 12, *bajra* Rs. 15.

Among pulses, peas was steady at Rs. 11.50 per maund for *dara* quality and *khati* was quoted at Rs. 11.75, thanks to good demand from Calcutta side. The week's offtake was seven wagonloads of peas and *dal* and local stocks were lower at 65,000 maunds. Farm quality superior peas quoted at Rs. 12 and peas *dal* at Rs. 13 per maund. Demand for *arhar* was small in the form of *dal*. The week's offtake was three wagonloads and as stocks were heavy at 44,500 maunds, *arhar* lay flat. *Moong* ran down further on reports of good crop from the producing areas of the South and other pulses were depressed in sympathy to be quoted in week-end (in rupees per maund) at: *arhar* 12 to 12.25; *arhar dal* 15.50; *urd* 19 to 20; *urd dal* 22; *moong* 18 to 19; *moong dal* 20 to 21; *massoor* 13 to 16; *massoor dal* 16; *moth* 18; *moth dal* 21.

SUGAR QUIET

(From Our Own Correspondent)

HAPUR, 18*th September*

Sugar ruled quiet during the week, thanks to easy supply position, following removal of some curbs from sugar trade by the State Government. It was further gathered that the Union Government might soon lift inter-State movement restrictions on sugar in order to encourage consumption in the country. In view of the heavy carryover from the previous season, the sugar factories were reported to be reluctant to start crushing earlier in the coming season. Week-end prices here were: wholesale Rs. 105.50; mill delivery Rs. 104.50 per bag; retail 97 nP per *seer*.

Sugar also ruled easy in the Muzaffarnagar market due to lack of buying interest, coupled with easy supply position. Damaged sugar eased by 50 nP per bag for want of support. Although inter-State movement restrictions on sugar have been lifted by the State Government, these orders were not being implemented and tenders from non-licensees were not yet being accepted. Week-end prices of sugar were: damaged Rs. 100 to Rs. 102 per bag. Dry C29 and E29 were quoted at Rs. 107.50 and Rs. 105.75, respectively, while deliveries at Mansurpur gate were Rs. 104.69 to Rs. 106.25 per bag. Retail prices ranged from 97 nP to Re. 1 per *seer*.

Khandsari was depressed during the week, owing to slack interest. Week-end prices were: *galawat* Rs. 25 to Rs. 29; non-crystal Rs. 32 to Rs. 36; crystal Rs. 34.50 to Rs. 36.50; crystal *boora* Rs. 39; and *dana minja* Rs. 17 to Rs. 20 per maund.

Trading in *gur* was poor, as only dry selected stuff was in demand. The week's offtake included some truckloads to east U.P. and three wagons to South consuming areas: Local *gur* stock ran down to 13,500 maunds. Cane crop prospects were bright and, as supplies of cane to factories in the coming season was not likely to show any increase over last year, a rise in *gur* and *khandsari* production is predicted. Production in the next season would begin early next month. Latest prices here were: dry selected Rs. 16.25, *kotha* dry-wet Rs. 14 to Rs. 15.25; wet Rs. 12.50; *shakker* Rs. 17 to Rs. 17.50 a maund.

Gur futures were firm on vigorous bull support. *Fagun* was quoted today at Rs. 13.21, as against the week's opening of Rs. 12.94 and the highest of Rs. 13.25 and the lowest of Rs. 12.84.

LINSEED FIRM AGAIN

(Messrs. A. Bradley and Co.)

CALCUTTA, 18*th September*

Firm conditions continued to prevail in the linseed market during the week, due mainly to shortage of supplies from upcountry, and several mills have stopped crushing linseed for the time being. The price of oil has firmed up a bit, as supplies are limited, local buyers are showing more interest due to the rise in prices of other oils, but sellers are reserved.

The oilcake market is keeping steady due to local requirements and small stocks available.

Ready September is quoted at Rs. 29.75 per maund.

HIDES ARRIVALS LARGE

(From Our Own Correspondent)

MADRAS, 18*th September*

Arrivals of E.I. tanned cow hides were larger than last week, and clearances were fair sized. Inquiries from importers were brisk and important quantities, especially in light and medium weight kips, were sold. Other sections were unchanged.

Demand for tanned goat skins 8/9 lbs. and 11/12 lbs. was insistent, as also for prime sheep top grades. Importers were offering higher prices for special selections. Inquiries for middle class sheep were good.

Raw market ruled firm.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 15th Sept., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		73,52,81,000
(2) Other Governments		38,16,33,000
(b) Banks		78,66,20,000
(c) Others		158,02,72,000
Bills Payable		23,07,86,000
Other Liabilities		14,25,32,000
Rupees		526,71,24,000

ASSETS	Rs.
Notes	19,28,38,000
Rupee Coin	2,17,000
Subsidiary Coin	3,29,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	24,08,06,000
Balances held abroad*	17,76,01,000
Loans and Advances to Governments†	49,44,54,000
Other Loans and Advances	136,06,41,000
Investments	261,16,47,000
Other Assets	17,05,05,000
Rupees	526,71,24,000

* Includes Cash and Short-term Securities.

†Includes Temporary Overdrafts to State Governments.

The item 'Other Loans and Advances' includes Rs. 6,50,00,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	19,28,38,000	
Notes in circulation	1889,46,43,000	
Total Notes issued		1908,74,81,000
Total Liabilities		1908,74,81,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	116,86,07,000	
Total of A		234,62,10,000
B. Rupee Coin		125,48,13,000
Government of India Rupee Securities		1548,64,58,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1908,74,81,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept. 1939 (pre-war)	8th Sept., 1961	1st Sept. 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	173.37	1898.86	1872.62	1913.27	1808.22
Notes held in Banking Department	25.05	8.93	21.81	7.53	14.79
Foreign Securities	59.50	116.86	116.86	116.88	123.01
Rupee Securities	87.89	1548.57	1533.56	1563.42	1451.66
Banking Department					
Deposits of:					
Government of India	14.39	63.50	52.51	60.60	62.63
Other Governments	....	31.95	19.83	13 89	27.25
Balances held abroad	10.06	18.73	19.59	31.96	22.67
SCHEDULED BANKS					
Demand Liabilities	134.36	885 38 (16 69)†	844.78 (22 85)†	893 72 (25.61)†	774 18 (15 34)†
Time Liabilities	102.24	1138 92 (18.12)†	1154 14 (18.59)†	1147 48 (19 80)†	1193 70 (20 28)†
Borrowings from Reserve Bank	..	14.98 (5.49)‡	1.55 (0.36)‡	3 46 (1.80)‡	52 04 (10.67)‡
Borrowings from State Bank	..	19.21	19 77	16.54	15.05
Cash in India	6.70	44.60	45.16	44.88	46 45
Balance with Reserve Bank	25.17	73.87	94.00	75.80	111.72
Balances with other banks in current account in India	..	16 95	17.82	15.55	15.56
Money at call and short notice in India	..	44.42	49.61	51.52	26 38
Investments (at book value)	..	610.67	607 84	582 52	736 68
Advances and bills	105.9	1248 27	1227.86	1241 86	1125.49
STATE BANK					
Deposits	87.76	524.02	526 83	524 51	605 12
Investments	51 99	268 67	270 64	250 52	377 78
Advances	30 35	245 29	236 46	248 99	212 81
Cash	14.69	24.85	29 04	22.41	35.01

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.

† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.

‡ Borrowings against usance bills and/or promissory notes.

R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	24th Aug., 1961	5	4½
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	....	3
Canada †	....	2.50	2.55
Ceylon	13th Aug., 1960	4.50	6
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1962	3.50	3
El Salvador	Jan., 1960	4	5.50
Finland	Mar., 1959	4.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1916	4	3
Ireland	2nd Nov., 1960	5.50	5.51
Italy	7th June, 1958	4	3.50
Japan	21st July, 1961	6.57	6.90
Malaya	25th July, 1961	6	4.50
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th May, 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6 00	9 00
Philippines	Nov., 1960	6.75	9 00
Portugal	18th Jan., 1944	3	3.50
South Africa	4th May, 1961	4.50	5
Spain	11th April, 1960	6 25	5.75
Sweden	15th Jan., 1959	4 50	5
Switzerland	26th Feb., 1932	2.50	2
Thailand	Feb., 1945	3	2
Turkey	6th June, 1958	4 50	6
United Kingdom	26th July, 1961	5	7
U.S.S.R.	1st July, 1936	2	4
U.S.A.	11th Aug., 1960	2 50	3
West Germany	5th May, 1961	3 50	3

†Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week

State Bank of India

Statement of Affairs for the week ended 15th September, 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		523,88,28,000
Borrowings from Other Banking Companies, Agents, etc.		17,00,000
Bills Payable		9,19,56,000
Bills for Collection being Bills receivable as per contra		2,95,08,000
Acceptances, Endorsements and Other Obligations per contra		90,40,000
Other Liabilities (including Inter-Office Adjustments)		17,30,24,000
Total Rs.		567,48,06,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		26,00,61,000
Balances with other Banks		3,02,28,000
Money at Call and Short Notice		1,66,67,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	251,19,03,000	
Other Authorised Investments	9,29,63,000	
		260,48,66,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	235,09,24,000	
Bills Discounted and Purchased	12,74,74,000	
		247,83,98,000
Bills Receivable being Bills for Collection as per contra		2,95,08,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		90,40,000
Premises less Depreciation		1,83,46,000
Furniture and Fixtures less Depreciation		1,47,62,000
Other Assets (including Inter-Office Adjustments)		21,21,50,000
Total Rs.		567,48,06,000

Scheduled Banks*

Statement of Affairs for the week ended 8th September, 1961

	Rs.	(Thousands)
(I) Demand Liabilities in India		
(a) Demand Deposits—		
(1) From banks		49,72,09
(2) From others		716,61,07
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		16,66,57
(c) Other demand liabilities		52,35,95
(II) Time Liabilities in India		
(a) Time Deposits—		
(1) From banks		21,47,14
(2) From others		1075,38,53
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		18,12,33
(c) Other time liabilities		23,98,97
(III) Borrowings in India from the State Bank of India and/or notified banks:		
(a) Demand liabilities		8,46,58
(b) Time liabilities		10,75,00
(iv) Borrowings in India from the Reserve Bank of India (A)		14,97,65 (5,40,00)
(v) Cash in India		44,60,03
(vi) Balances with the Reserve Bank in India		73,86,60
(vii) Balances with Other Banks in Current Account in India		16,94,64
(viii) Money at call and short notice in India		44,42,12
(ix) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations		610,67,30
(x) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)		1076,64,13
(b) Due from Banks in India		11,84,93
(xi) Inland Bills purchased and discounted in India		110,40,33
(xii) Foreign Bills purchased and discounted in India		44,37,14
(xiii) Total of items (x), (xi) and (xii)		1243,26,53

Notes :—

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.

(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 18th August, 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,15,00,000
Rural Credit Fund	1,00,00,000
Deposits :—	
(a) Central Government	18,31,14,000
(b) Provincial Governments	2,91,43,000
(c) Banks	17,84,84,000
(d) Others	113,99,31,000
Bills Payable	28,75,000
Other Liabilities	15,66,66,000
Rupees	177,16,53,000

ASSETS	Rs.
Notes	12,38,56,000
Rupee Coin	75,000
Subsidiary Coin	57,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	16,16,26,000
Balances held outside Pakistan*	1,88,00,000
Loans and Advances to Governments	
Provincial Governments' Debtor Balances	
Other Loans and Advances	46,28,15,000
Investments	91,01,23,000
Other Assets	9,45,01,000
Rupees	177,16,53,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs
Notes held in the Banking Department	12,38,56,000	
Notes in circulation	352,55,91,000	
Total Notes issued		364,94,47,000
Total Liabilities		364,94,47,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion		
Foreign Securities	75,11,63,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	143,07,17,000
B. Rupee Coin	3,74,13,000	
Government of Pakistan Securities	212,23,11,000	
Internal bills of exchange and other commercial paper	....	215,97,24,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	364,94,47,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 40.74 per cent.

EXCHANGE RATES

		20th September 1961	Previous week
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5 11/16	1-5 11/16
Sellers T. T. D.D. upto six months	s.	1-5 11/16	1-5 11/16
Buyers T.T. spot to nine months	s.	1-6 1/16	1-6 1/16
Buyers T.T. 10 to 12 months	s.	1-6 1/16	1-6 1/16
Bombay on New York—			
Sellers T.T. D.D.	Rs.	475.75	476 00
Buyers T.T.	Rs.	472 50	472 50
London on New York	s.	2.8190-2.8188	2.8119-2.8121
London on Paris	Fcs.	13.8425-13.8450	13.8225-13.8275
London on Berne	Sw. Fcs.	12.1390-12.1410	12.1315-12.1335
New York on London	s.	281.380-281.420	281.200-281.340

CLEARING HOUSE RETURNS

Centre	Week ended 15th Sept. 1961 Number of Cheques	Week ended 15th Sept. 1961 Amount Rs.	Week ended 8th Sept. 1961 Number of Cheques	Week ended 8th Sept. 1961 Amount Rs.
Bombay	3,93,422	88,51,62,000	3,31,014	1,01,54,45,000
Calcutta	2,21,000	94,36,00,000	2,16 000	87 93,00,000
Madras	98,542	13,54,22,068	99,153	14,69,15,549
All Centres—				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,064,000	100,88,05,00,000
1960-61	..	..	54,472,000	125,18,16,00,000
July, 1960	..	..	4,210,000	952,50,00,000
May "	..	..	4,806,000	1,068,16,00,000
June "	..	..	4,660,000	1,034,75,00,000
July "	..	..	5,088,000	1,112,59,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	2nd Sept. 1961	26th Aug. 1961	3rd Sept. 1960	June 1961	June 1960	Percentage of Increase (+) or Decrease(—) in June 1961 as compared with June 1960	Financial Year Average 1960-61	Financial Year Average 1959-60
Food Articles	504	123.2	124.8R	124 0	120 6	123.3	+ 0 2	120.6	119 0
Cereals	192	104.1	104 9	108.9	101 9	107 8	+ 5 0	104.4	104.1
Pulses	43	88 5	89 9R	98.0	91 1	123.1	+ 0.9	118.5	127.8
Fruits and Vegetables	23	140.8	155 5	134 9	136 0	118 3	+ 14 9	132.6	120.8
Milk and Ghee	84	118 7	115 4R	120 9	119 9	119 9	+ 15 6	120.3	120.4
Edible Oils	47	155 7	158.4	147 2	145 0	119 8	+ 7 0	128.5	113.0
Fish, Eggs and Meat	17	137 2	142 1R	130 0	129.5	137 7	+ 10 2	134.2	125.8
Sugar and Gur	48	124 5	123 8	140 6	123 7	141 1	+ 12.3	167.8	167.4
Others	50	140 4	145 7R	164 7	161 1	169 5	— 5 6	159.9	99 5
Liquor and Tobacco	21	100.0	100.0	104.5	106.1	108 0	— 10 6	108 3	97 9
Tobacco		96 5	96 5	102 7	96 6	107 2	— 9 5	120.0	116 5
Fuel, Power, Light and Lubricants	29	121 5	121 6	119 3	121 7	133 7	+ 8 8	145.4	123 7
Industrial Raw Materials	152	128 7	128 8	127 6	128 6	142 6	+ 5 6	151 6	114 6
Fibres	61	125 3	121 2	135 8	135.5	144 4	+ 11 1	149.9	134.5
Oilseeds	60	160 6	163 9	145.8	160.5	146 0	— 2 9	97.4	97.8
Minerals	2	94.8*	94 8*	98 8	98 8	99 0	— 1.0	128.0	122.7
Others	29	125 5	126 9	126 9	126 9	120 6	+ 4 7	122 9	111 7
Manufactures	296	124 7	124 6	123 9	123 7	127 2	+ 2 8	122 8	113 8
Intermediate Products	41	140 7	141 0	122 4	119 4	115 8	+ 3 8	122 8	111 3
Finished Products	249	121 7	121 5	123 1	124 8	119 0	+ 4 1	125.8	107.8
Textiles	147	122 2	121 5	121 7*	124 7	122 0	+ 0 2	122.1	116.8
Cotton		119 2	118 6*	121 6*	121 7*	124 2	+ 0 1	121.4	90.6
Jute		118 0	110 2	110 2	118 9	110 1	+ 10 6	109.1	104 2
Woollen		122 1*	123 1*	123 1*	110 1*	123 7	+ 13 4	104.4	98.4
Silk and Rayon		118.0*	118 0*	100.8*	116 5	102 7	+ 13 4	104.4	98.4
Metal Products	12	147 1	147 1	140 8	147 1	140 8	+ 4 6	104.4	106.9
Chemicals	93	112 0	112 0	104.6	109 4	104 6	+ 4 6	104.4	106.9
Oil Cakes	10	144 3	146 1	138 3*	143 4	132 0	+ 8.4	141.8	145.8
Machinery and Transport Equipment	51	112 8	112 8	111 9	112 8	111 3	+ 1 3	111.9	106.9
Others	90	120 9	120 9	115 8	120 3	114 7	+ 4 9	116.1	113.4
All Commodities	1 000	125 5	125.9	125.1	125.9	123.9	+ 2 4	124.8	117.7

Note :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.

R—Revised. * Estimated

MISCELLANEOUS STATISTICAL INFORMATION—*Contd.*

CROP FORECASTS

Crop	Forecast	(In thousand acres) 1960-61	(In thousand acres) 1959-60	(In thousand tons) 1960-61	(In thousand tons) 1959-60
Cereals—					
Rice	final	83,335	82 829R	33,700	30,963R
Wheat	final	31,751	32,542R	10,648	10,089R
Jowar	final	40,862†	41,502	8,966	7,866
Bajra	final	25,339†	26 699	3,084	3,484
Barley	final	8,087†	8,220	—	2,605
Maize	final	9,803†	10,457	—	3,615
Ragi	final	5,760	5,964R	1,640	1,904R
Small millets	final	10,666†	12,340	—	2,012
Total cereals	final	....	220,653	....	62,538
Pulses—					
Gram	final	23 483	25,372R	6 207	5,502R
Tur	final	5,721†	5,843	1,989	1,589
Other Kharif pulses	final	14,952	15,791R	1,455	1,532R
Rabi pulses	final	11,234†	12,788	—	2,690
Total pulses	final	....	59,794	....	11,313
Total foodgrains	....	....	280,447	79,300†	74,700R
Oilseeds—					
Groundnut	final	15 455	14,864 R	4,354	3,942R
Castorseed	final	1,135	1,168R	98	196R
Sesamum	final	4,904†	5,510	—	992
Rape and Mustard	final	7,265	7,151R	1,380	1,047R
Linseed	final	3,165†	3,921	—	425
Total oilseeds	final	....	32,614	65,800	5,912R
Fibres—					
Cotton*	final	18,971	18,804R	5,894	3,678R
Jute &	final	1,529	1,685R	4,030	4,605R
Mesta &	final	694	704R	1,147	1,113R
Sunnhemp	final	668	813	—	80
Other crops—					
Potato	final	—	885	—	2,719
Sugarcane	final	5,702	5,178	—	75,038
Ginger (Dry)	final	44	41R	16	26R
Pepper (Black)	final	235	234R	26	33?R
Chillies (Dry)	final	1,402	1,472R	263	231
Tobacco	final	881	934	—	231

Sources : Ministry of Food and Agriculture. § Excluding Tur
* In thousand bales of 392 lbs. each. ‡ Excluding Gram and Tur
A.—In thousand bales of 400 lbs. each. R. = Revised
† As per latest estimates available.

INDIAN JUTE STATISTICS

Particulars	Period	Quantity
	JUTE MANUFACTURES	(In 000 tons)
Production	During July 1961	63.4
	Corresponding month, 1960	58.8
	Twelve months ended June 1961	1,006.3
	Corresponding period 1960	1,074.2
Stocks	At the end of July, 1961	70 1
	Corresponding month, 1960	88.1
	DESPATCHES OF GUNNIES	(In 000 tons)
For Export Purpose	July-June, 1958-1959	854.9
	July-June, 1959-1960	833 5
	July-June 1960-1961	730.6
	July 1960	65.7
	July 1961	70 0
For Internal Consumption	July-June, 1958-1959	220 0
	July-June, 1959-1960	244.3
	July-June 1960-1961	274.1
	July 1960	14 6
	July 1961	18.8
	RAW JUTE	(In 000 bales)
Consumption by Mills	July 1961	354
	Corresponding month, 1960	496
	Twelve months ended June 1961	5,806
	Corresponding period, 1960	6,291
	1957-58	6,184
	1958-59	6,014

NATIONAL INCOME*

Country	Year	Population (In millions)	National Income (In millions)	In terms of rupee (Crores)	*Per capita* Income (Rs.)
India†	'59-'60	424.74	..	12,840	302.3
Pakistan	'58-'59	86.80	..	2,084	240
Burma	1959	20.4	Kyats 4,687	465	228
Ceylon	1959	9.6	..	538	560
Japan	1959	92.7	Y. 9,991,000	13,217	1,426
Philippines	1959	24.7	Ps. 9,768	2,837	946
New Zealand	1959	2.38	£(N.Z.) 1,045	1,392	5,974
Australia	1960	10.3	£(A.) 5,368	5,964	5,847
U.K.	1959	51.9	£ 18,930	25,240	4,863
U.S.A.	1960	180.5	$ 419,400	200,883	1,113
Canada	1959	17.4	$ 26,230	12,735	7,319
France	1959	45.0	F. Fr. 193,400	18,935	4,208
W. Germany	1959	52.8	Dm. 191,400	21,962	4,159
Italy	1959	49.0	Lr. 18,914,000	10,724	2,189
Norway	1959	3.5	Kr. 23,250	1,557	4,448
Sweden	1959	7.4	Kr. 58,530	5,424	7,329
Netherlands	1959	11.8	Grs. 31,800	4,033	3,569
Denmark	1959	4.5	Kr. 31,170	2,158	4,795
Switzerland	1959	5.2	Sw. Fr. 29,800	3,296	6,338

* National income at factor cost—the aggregate of all income earned in the production of goods and services in the course of a year including net income from abroad.

Source : *International Financial Statistics*, 31st March, 1961.

Based on the eighth issue of the Annual Paper on National Income (at current price prepared by the Central Statistical Organisation. Figures are based on the 1941, 1951 and 1961 population census.

ELECTRIC ENERGY GENERATED AND SOLD*

(In millions of kilo-watt-hours)

	No. of Concerns‡	Units Generated‡	Total Units Sold
1956-57	760	9,877.8	8,108.1
1957-58	834	11,179.9	9,211.1
1958-59	812	12,587.6	10,299.7
1959-60	850	15,039.2	12,120.8
1960-61	1,018	17,037.3	13,851.8
May 1960	850	1,387.9	1,119.4
June " "	850	1,279.8	1,118.9
July " "	850	1,360.2	1,106.0
August " "	1,013	1,404.3	1,140.9
December "	1,013	1,503.0	1,214.5
January 1961	1,013	1,423.8	1,216.1
February "	1,013	1,400.0	1,151.9
March "	1,013	1,508.1	1,238.7
April "	1,013	1,356.3	1,208.0
May "	1,013	1,512.8	1,259.1

* Undertakings railway, military and factory power stations. Ghats Private Station being interconnected with the Tata Power System, has been included. † Including purchases from non-electric utilities. ‡ At the end of period.

Source : Central Water and Power Commission.

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1957-58	8,856	1,319	811	143	67	31	145	17	133	315	25	259	35	108
1958-59	8,835	1,468	850	143	58	21	146	16	129	206	21	279	33	66
1959-60	9,388	1,433	874	136	53	19	149	16	129	369	44	284	38	77
1960-61	9,757	1,592	837	132	51	16	116	15	128	401	56	357	32	79
June 1960	2,379	364	244	38	14	5	18	3	34	99	15	72	4	20
March 1961	9,757	1,592	837	132	51	16	116	15	128	401	56	317	3	70
April "	856	138	66	14	5	1	6	2	11	38	6	29	32	7
May "	1,701	280	139	24	9	3	12	2	20	68	10	58	—	15
June "	2,475	413	212	34	12	4	16	3	29	98	15	86	3	23

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source :*—Ministry of Railways.

INDUSTRIAL PRODUCTION *

Industries		1959	1960	September 1960	October 1960	November 1960	December 1960	December 1959
Major Industries—								
Coal	million metric tons	47.78	52.61	4.21	4.34	4.64	5.09	4.30
Steel (Ingots and Metal for castings)	thousand metric tons	2,468	3,287	283	306	308	330	250
Yarn	million lbs.	1,723	1,737	146	142	150	160	155
Cloth	million yds.	4,925	5,048	425	409	427	451	435
Cement	thousand tons	6,826	7,840K	595K	689K	733K	838K	666
Jute	thousand metric tons	1,068	1,085	91	86	87	92	94
Paper and paper boards	thousand tons	294	345K	28 K	30 K	29K	30K	30
Matches‡	thousand cases	54	663	54	50	58	62	59
Sugar	thousand metric tons	2,117	2,325	16	39	239	487	431
Engineering and Electrical Industries—								
Machine tools	Value in lakhs of Rs.	439	600	59	58	58	64	44
Electric lamps	millions	34.84	41 38	3.19	3.66	4.06	4.02	3.20
Dry cells	millions	187 3	207 4	17.4	18 5	21.06	26 2	19 4
Power transformers	k.v.a.	1,016,400	1,248,000	120,300	130,100	132,800	137,900	101,900
Electric Motors	thousand H.P.	576	690	63	62	66	67	52
Electric fans	Nos.	726,000	900,000	77,900	76,500	95,400	100,800	71,200
Radio receivers	Nos.	213,864	262,879	24,177	23,300	27,800	27,056	21,578
Storage batteries	Nos.	442,800	509 600	36,900	38,300	44,600	44,600	41,700
Copper conductors	tons	6,624	9,972K	934 K	846 K	958K	988K	8,39
Winding wires	tons	2,832	4,188K	334 K	346 K	390K	370K	227
Rubber and plastic Ins. cables and flexibles	million yds.	166 08	208 00	17 4J	17 6J	21 6J	19 4J	14 3
Insulators—E.T.	Nos.	952,800	2,277,000K	137,000K	183,000K	193,000K	176,000K	100,600
Insulators—L.T.	million Nos.	6 25	3,538,800K	262,000K	275,000K	223,000K	251,000K	1 07
Diesel engines—Vehicular	Nos.	8,712	9,708	858	897	10,46	1,074	—
Diesel engines—Stationary	Nos.	30,336	98148	3,795	3,734	3,604	3,221	2,716
Chemical Industries—							0.17	
Salt	million metric tons	3.18	3.44	0 13	0.13	0.13	0 14	0 05
Caustic soda	metric tons	69,876	81,656	7,808	8,123	8,002	8 861	7,004
Soda ash	metric tons	95,228	5,092	13,252	12,183	12,746	15,439	8,344
Chlorine liquid	metric tons	24,780	5,556	2,537	2 768	2,695	2,812	2,692
Bleaching powder	metric tons	5,184	5,928	430	397	540	542	0
Bichromates	metric tons	4,404	5,555	457	457	508	508	0
Sulphuric acid	tons	292 164	355,740	28,965	23,753	28,766	31,000	21,198
Superphosphate	metric tons	251,852	322,320	23,856	19,512	24,057	26,416	24,361
Non-ferrous Metals—								
Aluminium	metric tons	17,526	18,428	1,547	1,507	1,464K	1,546	1,578
Antimony	tons	664	809K	71K	50 K	75K	68K	50
Copper (virgin metal)	metric tons	7,776	7,754	747	780	750	877	577
Lead (virgin metal)	metric tons	3,958	3,775	276	315	375K	435	310
Gold	ozs.	165,312	4,992Kgs	428Kgs.	407Kgs.	465 Kgs.	427Kgs.	14,146ozs.
Miscellaneous (Minor) Industries—								
Sewing Machines	Nos.	252,612	295,788

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

[1952-53 = 100]

Group and Sub-Group	Week ended 9th Sept., 1961	2nd Sept., 1961	12th Aug. 1961	10th Sept., 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.2	101.2	101.1	101.2
2. Government of India	101.1	101.1	101.0	101.0
3. State Government	102.2	102.2	102.3	102.6
4. Municipal, Port Trust, etc.	99.6	99.7	99.7	100.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.4	101.4	101.4	100.8
PREFERENCE SHARES—ALL INDIA.				
6. Total	83.8	83.7	83.6	87.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	179.0	178.8	180.4	174.3
8. *Agriculture and Allied Activities : Total**	164.7	165.1	168.2	170.4
9. Tea Plantations	159.7	160.3	163.9	163.9
10. Coffee Plantations	173.1	172.9	173.5	210.8
11. Rubber Plantations	172.3	173.2	170.8	172.8
12. *Mining and Quarrying : Total*	156.7	156.7	161.3	151.7
13. Coal	123.4	125.0	127.1	121.5
14. Other Mining	179.6	178.4	184.7	172.4
15. *Processing and Manufacturing : Total*	189.4	188.9	194.3	189.0
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	196.8	196.0	201.1	189.0
17. Sugar	159.6	159.1	159.7	192.4
18. Cotton Textiles	170.0	168.7	172.7	155.6
19. Jute Textiles	82.9	83.2	86.0	93.4
20. *Silk and Woollen*	1138.2	1131.0	1163.3	1065.6
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total**	196.0	196.5	202.1	200.4
22. Iron and Steel	161.4	161.9	167.8	165.4
23. Transport Equipment	374.4	378.5	397.0	409.4
24. Electrical Machinery	160.0	160.5	163.9	137.0
25. Machinery other than Transport and Electrical	208.1	203.3	210.2	213.7
26. Basic Industrial Chemicals	205.1	205.7	212.5	225.7
27. *Processing and Mfg. (Others): Total**	166.2	164.6	168.0	166.8
28. Cement	142.5	140.8	143.4	145.0
29. Paper	202.2	200.5	205.1	230.7
30. *Other Industries : Total**	108.6	108.1	110.3	110.3
31. Electricity Generation and Supply	85.1	84.9	85.7	81.0
32. Trading	113.4	111.8	120.9	115.8
33. Shipping and Other Transport	91.9	91.9	96.8	106.4
34. Construction	283.8	285.0	290.3	323.4
35. *Financial : Total*	198.9	200.9	202.5	173.3
36. Banks	224.8	227.7	230.2	192.4
37. Insurance	143.3	143.2	146.7	138.7
38. Investment Trusts	90.0	89.0	89.5	87.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	183.2	182.3	187.6	180.0
40. Calcutta	161.6	162.5	166.1	159.1
41. Madras	193.3	193.1	194.9	193.9
42. Delhi	229.1	229.3	240.2	228.6

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	April 1961	April 1960	Twelve months ended March 1961	1960
Exports	53.24	46.20	632.89	629.90
Re-exports	48	47	9.90	9.76
Total Exports	53.82	46.67	642.79	639.66
Imports	85.66	98.80	1070.16	960.77
Overall Balance of Trade	—31.84	—52.13	—427.37	—321.11
Exports—				
Tea	3.05	2.85	123.59	129.09
Jute yarns and manufactures	14.89	9.07	135.02	119.76
Cotton yarns and manufactures	5.04	5.33	62.04	69.02
Metallic ores and metal scrap	3.13	4.50	39.00	35.35
Cotton, raw and waste	1.03	93	11.57	14.49
Oils—vegetable, mineral and animal	77	86	13.35	19.17
Fruits and vegetables	2.43	1.84	26.08	21.67
Tobacco	3.45	3.62	15.74	14.54
Hides	72	65	10.15	9.83
Wool and other animal hair	52	52	7.74	12.21
Gums, resins and lac	36	79	8.61	8.74
Spices	1.31	1.34	16.64	14.46
Hides and skins, raw	59	1.19	10.02	11.58
Imports—				
Machinery of all kinds	28.40	21.55	257.46	207.96
Iron and Steel	8.99	9.89	120.30	84.20
Oils—vegetable, mineral and animal	5.31	5.61	74.02	91.87
Chemicals, drugs and medicines	7.82	7.07	85.86	92.48
Electrical goods and apparatus	3.51	5.28	56.15	53.15
Vehicles (excluding aircraft, ships and boats)	3.22	4.80	59.49	55.60
Cotton, raw and waste	6.10	7.93	81.77	41.34
Fruits and vegetables	1.01	1.42	20.89	17.68
Paper, pasteboard, etc.	97	92	11.74	13.23
Dyes and colours	99	1.01	12.95	10.01
Spices	14	5	1.83	2.35
Woollen and worsted fabrics	3	3	21	26
Cotton fabrics	6	6	70	1.15
Silks	3.41	1.18	18.88	16.84
Wheat and spelt	4.17	16.73	121.17	129.78

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
27th June	2.00	2.00	2.00	2.650	99.356
4th July	2.00	2.00	2.00	2.650	99.332
4th to 5th July*	2.50	—	2.50	—	99.335
11th July	2.00	2.00	2.00	2.650	99.332
12th to 18th July*	0.12	—	0.12	—	99.356
18th July	2.00	2.02	2.00	2.500	99.368
19th to 22nd July*	1.50	—	1.50	—	99.391
24th to 28th July*	1.26	—	1.26	—	99.391
31st July	2.00	2.49	2.00	2.395	99.416
1st to 8th August*	1.47	—	1.47	—	99.416
8th August	2.00	2.00	2.00	2.400	99.400
9th to 14th Aug.*	0.69	—	0.69	—	99.416
14th August	2.00	2.00	2.00	2.400	99.400
16th to 19th Aug.*	2.56	—	2.56	—	99.416
22nd August	2.00	2.00	2.00	2.400	99.400
23rd to 26th Aug.*	1.22	—	1.22	—	99.416
29th August	2.00	2.00	2.00	2.400	99.400
30th August to 2nd September	0.71	—	0.71	—	99.416
4th to 9th Sept*	1.89	—	1.89	—	99.416
12th Sept.	2.00	2.10	2.00	2.400	99.416
13th to 16th Sept.*	0.05	—	0.05	—	99.416
19th Sept	2.00	2.00	2.00	2.500	99.375
Total amount outstanding	36.42	..	36.42	..	..

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

	All-India (1949=100)	Bombay (June 1934=100)	Ahmedabad (1949=100)	Bhola-pur (January 1923=100)	Kanpur (1949=100)	Nagpur (1949=100)	Calcutta (August 1939=100)	Madras City (1942=100)	Delhi (1949=100)	Ajmer (1949=100)	Gauhati (1949=100)	Jam-shedpur (1949=100)	Jabal-pur (1949=100)	Kan-pur (1946=100)
1958 Average	116	395	110	313	98	120	384	124	113	105	103	123	109	131
1959 "	121	412	125	340	98	132	384	133	120	106	98	125	108	140
1960 "	124	420	120	357	98	136	397†	143	120	107	103	120	109	146
July 1960	126	423	122	362	101	137	406	145	121	109	108	119	109†	148
August "	126	421	123	359	101	137	410	146	121	109	102	122	108	147
Sept. "	125	418	122	364	101	138	403	146	122	108	102	122	108	147
Oct. "	125	421	123	365	102	137	396	148	122	108	105	119	108	147
Nov. "	124	423	121	367	102	135	392	150	121	110	102	122	108	148
Dec. "	124	419	120	362	100	134	385	151	121	110	102	121	108	146
January 1961	123	419	119	358	100	131	385	146	122	111	103	120	109	144
February "	123	420	119	350	102	130	389	147	123	111	103	119	109	143
March "	124	423	119	349	101	129	392	148	124	111	104†	121	109†	143
April "	123†	423	119	348	99	130	389	149	125	111	104†	120	109	140
May "	124†	431	119	345	97	132	..	148	126	112	106†	120	110	140
June "	125†	433	119	349	99	132	..	148	127	112†	104†	121	110	142
July "	126†	437	122	..	..	..	..	..	130	113	106	122	110	150

† Provisional.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A Out-standings	7-Year B Out-standings	12-Year B Out-standings	12-Year National Plan Savings Certificates C Receipts	Out-standings	Post Office Savings Bank Deposits Receipts	Out-standings	10-Year National Plan Certificates D Out-standings	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J Out-standings	10-Year J Out-standings	10-Year Treasury Savings Deposit Certificates 3½% F Out-standings	4% C Receipts	Out-standings	15-Year Annuity Certificates G Receipts	Out-standings	Total Receipts	Out-standings H
1958-59	1,76	3,80	119,10	87,45	162,78	191,75	234,91	21,02	—40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	98,99	83,34	221,55	210,40	260,66	19,79	—41,35	50	31	41,68	10,84	21,76	66	2,90	305,70	672,99
1960-61	1,24	2,46	81,50	82,53	287,30	228,77	297,77	18,36	—42,00	1,70	95	38,80	16,14	37,34	69	3,38	329,98	770,36
July 1960	1,46	2,95	92,15	5,83	240,35	15,25	261,67	19,43	—41,55	81	48	41,32	1,11	26,09	4	3,07	22,36	680,78
Aug. "	1,44	2,88	90,74	6,78	245,88	19,75	266,75	19,37	—41,61	80	54	41,21	1,17	27,23	9	3,14	27,92	700,07
Sept. "	1,42	2,81	89,29	7,16	251,84	18,76	271,10	19,31	—41,86	98	57	41,14	1,52	28,71	6	3,18	27,54	710,20
Oct. "	1,40	2,76	87,86	7,05	257,70	16,90	272,98	19,19	—41,71	1,07	64	41,09	1,42	30,27	5	3,22	25,56	718,18
Nov. "	1,37	2,70	87,64	6,21	262,79	17,90	275,00	19,12	—41,74	1,17	68	41,02	1,49	31,73	5	3,25	28,31	726,47
Dec. "	1,33	2,63	86,25	6,75	268,27	19,04	277,56	18,97	—41,81	1,22	74	40,97	1,28	32,88	5	3,29	27,30	735,47
Jan. 1961	1,31	2,57	84,04	6,47	273,43	18,08	280,06	18,87	—41,86	1,46	90	40,90	1,04	34,15	6	3,32	25,83	740,90
Feb. "	1,28	2,52	82,71	6,43	278,70	18,05	282,82	18,44	—41,95	1,53	87	39,88	1,80	35,75	5	3,36	26,53	747,96
Mar. "	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	—42,00	1,70	95	38,80	1,77	37,34	4	3,38	46,05	770,36
Apr. "	1,20	2,40	80,13	5,59	290,56	20,37	295,84	18,17	—42,05	1,83	1,01	37,46	2,28	39,42	4	3,40	27,47	771,47
May "	1,16	2,34	78,90	5,33	294,43	19,28	294,64	18,09	—42,08	1,99	1,08	36,49	1,32	40,02	3	3,42	26,19	772,46
June "	1,13	2,29	77,64	6,57	299,52	19,27	294,43	18,01	—42,13	2,18	11,5	35,45	1,89	42,43	3	3,43	28,02	777,66
July "	..	..	..	..	..	..	..	..	..	..	..	34,15	1,59	44,33	5	3,46	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked E are not included. I—Commenced from 2nd January 1959. N.B.—Five-year prize Bonds were issued from 1st April 1960 and the total outstandings at the end of May 1961 amount to 16.03 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Loan	1938-39	116,17,46,000	1963-65	98.75
3 % Loan	1950	90,33,10,000	1964	98.85
3 % Fg. Loan	1943	1,10,11,75,000	1966-68	99.25
3 % Def. Loan	1945	1,15,05,83,000	1970-75	90.90
2½% Loan	1946	14,77,46,000	1976	85.50
2½% Loan	1947	75,86,72,000	1969	99.10
2½% Loan	1954	1,58,17,94,000	1964	99.90
2½% N. P. Bonds (2nd Series)	1955	1,53,67,92,000	1965	99.85
3½% Loan	1956	1,07,27,36,000	1962	99.90
3½% N. P. Bonds	1956	1,03,81,83,000	1967	98.95
3½% Loan	1956	86,63,53,000	1974	99.55
3½% N. P. Bonds (4th Series)	1957	56,99,30,000	1967	100.40
4 % Loan	1957	49,17,27,000	1972	100.35
4 % Loan	1958	58,05,92,000	1973	100.30
4 % Loan	1958	70,00,00,000	1968	98.70
3½% Loan N.P.B.	1958	94,33,90,000	1968	100.30
4 % Loan	1958	49,81,44,000	1978	100.25
4 % Loan	1959	1,87,90,93,000	1969	98.35
4 % Loan	1959	51,06,38,000	1979	99.20
4 % Loan	1960	97,64,00,000	1980	99.20
4 % Bonds	1960	62,56,00,000	1977	99.70
4 % Loan	1961	65,63,00,000	1981	98.50
NON-TERMINABLE LOANS				
3 % Loan	1896-97	8,93,33,000	M.	72.00
3 % Loan	1946	2,48,91,33,000	K.	72.80
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.70
4 % Andhra	1956	6,56,15,000	3rd Sept. 1968	98.65
4½% Andhra	1958	5,48,81,000	15th July 1970	100.00
4 % Andhra	1959	6,57,72,000	15th Aug. 1971	97.75
4½% Andhra	1960	6,57,72,000	15th Aug. 1972	98.25
3 % Maharastra	1949	5,29,97,000	1st Aug. 1962	99.50
3½% Maharastra	1951	2,82,97,000	17th Sept. 1962	100.00
3½% Maharastra	1953	5,00,80,000	15th July 1965	100.00
4 % Maharastra	1953	3,45,34,000	1st Aug. 1964	100.00
4 % Maharastra	1955	9,56,29,000	1st Sept. 1967	99.35
4 % Maharastra	1956	7,82,20,000	3rd Sept. 1970	99.20
4½% Maharastra	1957	5,57,23,000	15th July 1970	101.00
4½% Maharastra	1958	6,58,21,000	15th July 1970	100.50
4½% Maharastra	1958	4,85,25,000	15th July 1971	100.50
4½% Maharastra	1959	6,58,11,000	15th Aug. 1971	98.25
4½% Maharastra	1960	10,00,00,000	29th Aug. 1969	99.30
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	98.50
4 % Bihar	1956	2,13,41,000	3rd Sept. 1968	98.50
4 % Bihar	1957	2,76,71,000	15th Oct. 1970	100.00
4 % Bihar	1959	3,33,22,000	19th Aug. 1971	98.00
4 % Bihar	1960	3,00,00,000	29th Aug. 1969	99.50
4 % Gujarat	1960	5,00,00,000	29th Aug. 1969	99.30
4 % Howrah Bridge (New)	1956-57	1,77,08,700	1956-66	94.50
4 % Hyderabad	1955	2,12,45,000	1st Sept. 1967	98.00
4 % Hyderabad	1956	2,12,02,000	3rd Sept. 1968	98.00
4½% Madras	1951	2,01,49,300	17th Sept. 1962	99.75
4 % Madras	1953	10,38,71,100	15th July 1965	99.85
4 % Madras	1953	6,54,81,200	1st Aug. 1964	99.85
4 % Madras	1956	10,47,17,000	1st Sept. 1967	98.75
4 % Madras	1956	13,85,56,000	3rd Sept. 1968	98.80
4½% Madras	1957	8,55,57,000	15th July 1970	100.25
4 % Madras	1959	5,72,72,000	19th Aug. 1971	98.40
4 % Madras	1960	12,00,00,000	29th Aug. 1969	99.80
4 % Mysore(J)	1953	2,05,85,200	1st Dec. 1963-68	100.00
4 % Mysore	1953	3,33,47,000	15th July 1963	100.00
4 % Mysore	1953	3,54,94,000	1st Sept. 1967	98.75
4 % Mysore	1954	4,11,11,000	2nd Sept. 1968	98.85
4 % Mysore	1956	4,34,34,000	16th Sept. 1969	100.25
4 % Mysore	1956	5,51,61,000	15th July 1970	100.25
4 % Mysore	1958	5,48,46,000	29th Aug. 1971	98.90
4 % Mysore	1959	4,60,50,000	29th Aug. 1969	99.80
4 % M.P.	1953	2,03,29,000	1st Sept. 1964	98.60
4 % M.P.	1953	1,02,18,100	15th Sept. 1962	100.00
4 % M.P.	1953	1,10,19,000	15th July 1965	99.85
4 % M.P.	1955	1,63,12,000	1st Sept. 1967	98.50
4 % M.P.	1956	1,58,42,000	3rd Sept. 1968	98.50
4 % M.P.	1956	2,31,30,000	15th July 1970	98.25
4 % M.P.	1958	2,27,37,000	19th Aug. 1971	98.00
4 % M.P.	1960	5,00,00,000	29th Aug. 1969	99.80
4 % Saurashtra	1955	2,50,61,000	1st Sept. 1967	98.85
4 % Saurashtra	1956	2,56,68,000	3rd Sept. 1968	98.85
4 % Orissa	1953	3,25,61,000	15th July 1963	99.50
4 % Orissa	1956	2,22,04,000	3rd Sept. 1968	98.10
4½% Kerala	1957	3,27,10,000	15th July, 1970	100.00
4 % Kerala	1958	4,47,05,000	19th Aug., 1971	97.75
4 % Kerala	1960	4,00,00,000	29th Aug. 1969	99.10
4½% U.P.Z.A.	1952	44,09,49,000		93 25?
3 % U.P.	1949	1,33,51,000	15th Sept. 1961-66	99 75
3½% U.P.	1951	1,86,22,000	17th Sept. 1962	100.00
4 % U.P.	1952	5,89,14,000	1st Aug. 1964	99 90
4 % U.P.	1953	5,54,25,000	15th July 1965	100.00
4 % U.P.	1954	5,10,71,000	1st Sept. 1967	98 75
4 % U.P.	1956	8,48,26,000	3rd Sept. 1968	98.85

PORT TRUST LOANS

Amount	Interest Per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				Rs.
Rs.				
86,50,000	4	1904	1964	98.75
85,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	97.00
70,00,000	4	1908	1968	
40,00,000	4	1909	1970	
66,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
14,85,676	4	1913	1960	D
80,00,000	4	1914	1974	97 00
88,25,000	4	1914	1975	97.00
10,00,000	4	1915*	1960	
55,80,000	4	1915*	1975	
12,50,000	4	1931*	1961	
13,50,000	3½	1932*	1962	
24,58,000	3½	1935*	1975	
15,00,000	3½	1936*	1976	
48,04,000	3½	1936*	1956	D
10,00,000	3½	1938*	1968	
7,00,000	3½	1941	1971	
CALCUTTA				
Rs.				Rs.
90,24,800	4	1914	1974	98 25
1,50,00,000	3½	1921	1981	97.75
50,00,000C	3½	1921	1981	82 00
68,02,800C	4	1921	1981	144 00D
50,00,000	3½	1924	1984	98 00
60,00,000	3½	1935	1985	99 00
25,00,000	3	1938	1963-68	98 00
50,00,000	3	1945	2005	74 00
50,00,000	3	1946	2006	75 00
50,00,000	3	1947	2007	74 00
50,00,000	3	1948	2008	73 75
50,00,000C	3	1950	1980	82 00
50,00,000C	3	1951	1981	82 00
50,00,000	3½	1952	1964	98 00
1,50,00,000	3½	1952	1984	98 00
50,00,000	4	1953	1963	100 00
50,00,000	4	1953	1983	97 00
50,00,000	4	1954	1974	97 25
77,00,000	4	1956	1986	97 25
78,00,000C	4	1956	1986	97 25
1,50,00,000	4	1957	1967	99 50
1,50,00,000	4½	1958	1988	99 00
1,00,00,000	4	1959	1969	99 50
1,00,00,000	4	1960	1970	98 50
1,00,00,000	4	1960	1970	98.50
STERLING LOANS				
£592,600	5	1923	1963-83	£63
£901,000	5	1924	1964-84	£63
£835,100	5½	1952	1962	£964
MADRAS				
Rs.				Rs.
28,46,275	3½	1947	1977	▲
9,58,000‡	3	1947	1977	
3,00,000‡	3	1949	1979	
45,00,000‡	4½	1954	1984	

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½% U.P.	1958	7,85,59,000	15th July 1970	100 00
4 % U.P.	1959	5,88,86,000	19th Aug. 1971	98.40
4 % U.P.	1960	7,00,00,000	29th Aug. 1969	99.80
4 % Rajasthan	1958	3,14,19,000	15th July 1970	100 00
4½% Rajasthan	1958	2,79,89,000	15th July 1970	100.00
4 % Rajasthan	1959	3,54,19,000	19th Aug. 1971	98.00
4 % Rajasthan	1959	5,00,00,000	29th Aug. 1969	99.80
4 % Orissa	1956	2,28,34,000	3rd Sept. 1968	98.10
4 % Orissa	1958	3,28,58,000	19th Aug. 1971	98.00
4 % Orissa	1958	3,82,30,000	29th Aug. 1969	99.80
4 % Orissa	1959	3,82,30,000	29th Aug. 1969	99.80
4 % Orissa	1960	5,00,00,000	29th Aug. 1969	99.80
4 % M. Bharat†	1955	1,11,25,000	3rd Sept. 1968	97 75
4 % M. Bharat†	1956	1,11,25,000	3rd Sept. 1968	97.75
4 % W. Bengal	1951	2,75,00,000	17th Sept. 1962	100 00
4 % W. Bengal	1952	2,00,00,000	1st Aug. 1964	100.00
4 % W. Bengal	1953	3,60,23,000	15th July 1965	100 00
4 % W. Bengal	1956	2,58,77,000	1st Sept. 1967	98.50
4 % W. Bengal	1956	3,25,58,000	3rd Sept. 1968	98.50
4 % W. Bengal	1958	5,10,50,000	15th July 1970	100.00
4 % W. Bengal	1958	7,68,62,000	19th Aug. 1971	98.00
4 % W. Bengal	1960	7,00,00,000	29th Aug. 1969	99.80
4 % Assam	1959	2,76,40,000	19th Aug. 1971	98.00
4 % Punjab	1960	2,18,47,000	19th Aug. 1971	98.00

IMPR. TRUST LOANS

Amount Sanctioned	Interest Per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				
50,00,000	4	1902	1962	
50,00,000	4	1903	1963	
50,00,000	4	1904	1964	
50,00,000	4	1905	1965	97.75
50,00,000	4	1906	1966	N
15,00,000	4	1907	1967	
50,00,000	4	1908	1968	
50,00,000	4	1912	1972	
50,00,000	4	1913	1973-79	118.90
50,00,000	4	1914	1974	97.50
25,00,000	4	1918	1978	N
15,00,000	4	1919	1961-70	98.00
66,00,000	4	1920	1958-80	
25,00,000	5	1926	1956-80	116.00?
50,00,000	5	1927	1951-70	98.00?
10,00,000	3	1936	1966	
STERLING LOANS				
£566,600		1909	1968	£95 50
£338,000		1910	1970	£95.50D
CALCUTTA				
Rs.				Rs.
50,00,000	4	1904	1964	98 00
25,00,000	3½	1935	1965	92 50
50,00,000	3	1937	1962	97 00
50,00,000	3	1938	1963-68	92 00
50,00,000	4	1943	1963	100 00
7,02,00,000	4½	1944	1968	98 50
75,00,000	4	1958	1968	101.00
85,00,000	4	1959	1974	99.75
MUNICIPAL LOANS				
Rs.				Rs.
BOMBAY				
20,00,000	4	1913-18	1974	97 00
10,00,000	5	1920	1980	118 00
8,25,00,000	3½	1947	1972	85.50
4,00,00,000	3½	1947	1977	85.50
4,00,00,000	3½	1950	1965	95.00
2,74,00,000	4	1952	1964	98.00
1,30,00,000	4	1953	1963	99.00
92,19,90,000‡	4	1952	1964	99.00
88,87,000‡	4	1954	1967	99.00
2,50,00,000	4	1955	1967	99.00
1,57,50,000	4	1956	1966	99.00
1,74,00,000	4	1957	1969	99.50
4,75,00,000	4	1958	1968	99.50
3,30,00,000	4	1959	1973	98.00
CALCUTTA				
10,00,000	5½	1922	1962	102 50?
88,21,000	5½	1923	1963	99 00
60,00,000	5	1926	1966	98 00
97,00,000	5

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	65,16,166	1,52,12,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd.	879	Agarpara	10.19	10	0.25	0.50	1.00	0.25	3	Y.P.
6,00,000	16,40,000	77,47,320	49,41,324	2,22,048	McLeod & Co., Ltd.	456	Alexandra	238.00	100	10.00	15.00	44.00		12	Y.P.
$0,00,000	5,42,950	1,41,02,373	1,01,60,589	1,16,925	McLeod & Co., Ltd.	1,264	Alliance	84.00	100	Nil	Nil	6.00		5	Y.
49,20,700	35,71,000	2,80,85,747	1,84,94,034	3,74,363	Duncan Brothers & Co., Ltd.	2,551	Anglo-India	172.00	100	10.00	12.50	20.00	7.50	3	Y.
40,00,000	28,14,827	1,46,86,173	83,52,153	45,981	Bird & Co. Private Ltd.	810	Auckland	144.00	100	5.00	20.00	27.00	12.00	3	Y.P.
$0,00,000	$4,94,417	1,47,00,374	$5,10,664	1,00,757	Birla Brothers Private Ltd.	959	Bally	220.00	100	6.00	10.00	25.00	25.00	3	Y.P.
£275,000	£803,923	£1,601,226	£1,065,825	—£22,399	Sir John H. Burder (Chairman)	1,889	Barnagore	126.00	£5	Nil	10sh.	£1 10sh		3	Y.P.
28,00,000	23,47,233	1,00,52,541	58,47,941	78,247	Andrew Yule & Co., Ltd.	820	Belvedere	143.00	100	7.50	13.50	5.00		12	Y.P.
45,00,000	24,91,790	79,48,067	40,86,203	1,33,355	Soorajmull Nagarmull	600	Bengal	10.00	10	0.50	0.50	0.50		6	Y.P.
91,28,000	3,08,27,813	8,17,09,760	2,90,00,714	1,83,995	Birla Brothers Private Ltd.	1,878	Birla	25.31	10	1.00	1.00	1.50	1.50	3	Y.P.
$6,00,000	27,72,236	1,36,96,070	70,34,735	34,192	Andrew Yule & Co., Ltd.	991	Budge-Budge	126.00	100	5.00	15.00	10.00		10	Y.P.
7,43,580	4,000	45,02,280	35,10,243	—1,47,560	Dayaram & Sons	502	Calcutta Jute Mfg.	5.50N	10	Nil	Nil			12	Y.P.
18,00,000	29,09,099	92,72,655	5,10,612	6,22,941	M.	616	Caledonian	182.00	100	15.00	12.00	12.00		11	Y.
59,16,400	82,28,226	2,14,54,087	1,21,65,795	1,37,286	James Finlay & Co., Ltd.	600	Champdany	125.00	100	Nil	7.00	10.00	5.00	3	Y.
38,56,250	46,36,344	1,22,29,034	62,15,516	6,533	Andrew Yule & Co., Ltd.	1,131	Cheviot	14.44	10	0.50	1.25	Nil		11	Y.
30,15,000	39,53,900	1,20,38,351	65,58,975	29,328	McLeod & Co., Ltd.	500	Chitavalsah	10.00	10	1.25	1.50	0.50		7	Y.
24,00,000	9,00,000	82,12,030	61,31,208	—3,09,256	M.	969	Clive	10.00	10	Nil	Nil	Nil		3	Y.
31,49,200	14,68,891	1,10,14,699	69,67,313	9,802	Bird & Co. Private Ltd.	766	Dalhousie	97.00	100	Nil	Nil	1.00	1.00	3	Y.P.
28,00,000	41,55,474	97,08,897	51,23,570	15,632	Andrew Yule & Co., Ltd.	779	Delta	143.00	100	6.00	14.00	7.50		11	Y.
15,00,000	38,62,000	1,14,09,496	74,72,740	70,235	McLeod & Co., Ltd.	500	Empire	15.44	10	1.00	1.25	1.25		7	Y.
68,00,000	33,85,324	3,41,69,981	1,69,04,491	72,060	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	295.00	100 Ltd	20.00	20.00	25.00		3	Y.P.
21,00,000	19,81,948	1,32,23,393	76,17,722	1,94,899	Bangur Bros., Ltd.	1,014	Fort William	27.00	10	1.50	1.50	2.25		3	Y.P.
$4,32,100	5,16,899	2,24,65,716	1,48,00,382	56,359	Lakshmipat Singhania, Esq. (Chairman)		Ganges Manufacturing Co., Ltd.	11.62	10	Nil	Nil	1.00		3	Y.P.
10,80,000	84,36,266	98,03,727	53,00,178	14,067	M.	709	General Ind. Society Ltd.	35.00	10	2.00	4.00	4.00		12	Y.P.
24,00,000	71,35,723	2,74,15,455	1,81,06,760	82,035	Macneill & Barry Ltd.	607	Gourepore	371.00	100	20.00	25.00	30.00	25.00	3	Y.P.
40,00,000	31,69,633	1,38,54,146	85,80,196	2,85,990	Bangur Bros., Ltd.	1,394	Hastings	119.00N	100	5.00	6.00	6.00		3	Y.P.
16,80,000	25,26,234	83,48,980	55,07,773	38,329	J. & R. Hutchison Private Ltd.	1,078	Hooghly	14.94	100	0.50	1.00	1.00		3	Y.
66,52,500	40,04,094	2,24,82,710	1,35,84,809	72,382	Jardine Henderson Ltd.	1,940	Howrah	20.25xd	10	Nil	1.00	1.25		3	Y.P.
52,50,000	38,23,000	3,19,13,031	1,77,68,014	1,83,175	Ramdutt Ramkissendas	2,272	Hukumchand	17.25	7.50	1.50	1.50	2.15		3	Y.P.
67,30,000	21,78,965	1,74,80,629	1,00,24,542	4,94,235	M.	790	India	15.12	12.50	1.00	1.24	1.75		3	Y.
24,00,000 }	27,20,329	2,00,48,588	1,40,57,698	39,774	Jardine Henderson Ltd.	1,797	Kamarhatty	{ 125.00	100	5.00	20.00	5.00		12	Y.P.T.
*B 19,20,000 }								{ 122.00	*B'100	5.00	20.00	5.00			
30,00,000 }	.....	1,78,03,394	1,19,38,288	—14,78,469	Jardine Henderson Ltd.	1,527	Kankinarrah	59.00	*B'100	Nil	Nil	Nil		12	Y.P.T.
*B 24,00,000 }								57.00	*B'100	Nil	Nil	Nil			
$0,00,000	52,06,000	1,51,85,797	1,03,30,320	1,21,384	McLeod & Co., Ltd.	703	Kelvin	150.00	100	12.50	14.00'C'	15.00		5	Y.P.
54,00,000	23,62,520	2,16,94,951	1,32,38,732	74,405	Anderson Wright Ltd.	1,550	Khardah	17.00	10	0.80	2.00	2.00		3	Y.P.
59,85,800	47,39,756	2,07,21,456	1,33,78,784	62,406	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	149.00	100	5.00	10.00	20.00	7.00	3	Y.P.
24,48,000	6,04,572	1,08,23,825	71,08,446	—3,54,448	Bird & Co. Private Ltd.	931	Lansdowne	89.00	100	Nil	Nil	Nil	Nil	3	Y.P.
28,00,000	14,13,430	95,77,836	62,23,242	54,949	Bird & Co. Private Ltd.	840	Lawrence	157.00	100	Nil	2.00	15.00	15.00	3	Y.
31,65,200	24,63,931	2,70,91,429	1,55,68,005	56,999	M.	1,294	Megna	11.55	10	1.75	1.00	1.20		3	Y.P.
29,98,900	24,86,892	1,54,58,185	94,33,205	—11,60,635	M.	815	Naihati	63.00	100	Nil	Nil			3	Y.P.T.
25,00,000	11,82,460	39,57,772	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	9.00	10	0.25	0.375	0.50		10	Y.P.
35,00,000	52,63,706	1,09,02,939	25,02,498	41,329	M.	852	Nellimarla	17.75	10	0.75	1.00	0.75		10	Y.P.
26,25,000	32,36,172	68,66,663	32,19,580	49,020	McLeod & Co., Ltd.	316	Nellimarla Jute	9.50	10	1.00	1.40	0.30		7	Y.P.T.
1,70,82,810	2,27,33,274	9,30,93,375	1,30,54,171	.....	Sahu Jain Ltd.	1,765	New Central	17.50	10	1.50	1.50'C'	1.50		3	Y.P.
16,79,880	51,09,817	1,30,21,348	77,30,582	32,274	Bird & Co. Private Ltd.	567	Northbrook	26.25	10	Nil	1.25	3.00	3.00	3	Y.P.
66,79,500	41,28,238	2,29,60,331	1,19,31,974	1,08,322	Macneill & Barry Ltd.	1,092	Nuddea	50.00	50	2.50	3.00	4.00	3.00	3	Y.
25,00,000	11,41,170	1,06,06,833	76,93,215	23,417	McLeod & Co., Ltd.	400	Presidency	4.81	5	0.37½	0.50	0.40		7	Y.
20,00,000	73,604	56,55,345	14,10,449	—9,71,483	Hindustan Investment Corpn. Ltd.	305	Rameshwar	6.60	10	Nil	Nil	Nil	Nil	3	Y.P.T.
49,50,000		1,24,88,157	67,33,074	—26,82,381	Jardine Henderson Ltd.	1,276	Reliance	5.06	10	Nil	Nil	Nil	Nil	3	Y.P.
£400,000	£490,055	£1,490,548	£850,162	£23,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnagpur	9.50N	£1	5%†	10%†	6%†		12	Y.P.
$0,00,000	19,97,300	1,24,50,859	91,65,668	69,510	Bagaria More & Co., Ltd.	911	Shree Ambica	24.00	10	0.50	0.50			3	Y.
14,00,000	13,85,050	75,14,520	54,32,894	21,730	Hindustan Investment Corpn. Ltd.	401	Soorah	19.44	10	1.50	2.50	2.50		12	Y.P.
£600,000	£420,865	£1,276,188	£748,019	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	3%†	10%†	6%†		12	Y.P.
35,98,500	27,94,656	1,18,19,797	56,10,023	8,800	Bird & Co. Private Ltd.	1,226	Union	146.00	100	15.00	20.00	25.00	6.00	3	Y.P.
£400,000	£279,822	£1,283,222	£811,723	£17,515	Thomas Duff & Co. (India) Pvt. Ltd.	1,221	Victoria	9.50N	£1	5%†	10%†	6%†		12	Y.P.
2,50,000	6,70,000	$2,62,805	45,58,966	1,94,094	McLeod & Co., Ltd.	447	Waverley	3.75	1	Nil	0.25	0.30		5	Y.P.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
					ASSAM										
4,48,700	13,84,078	22,94,476	3,53,312	.....	McLeod & Co., Ltd.	325	Amluckie	22.94	10	1.56	1.56			12	Y.P.
2,76,500	5,50,000	14,17,049	5,23,091	9,512	M.	456	Ananda (Assam) Tea	28.00	10	2.00	2.50			12	Y.
7,03,250	8,07,224	14,37,420	5,78,959	84,181	Gillanders Arbuthnot & Co., Ltd.	481	Ananda Bag	30.00	10	1.00	1.75	3.00		12	Y.
5,50,000	14,38,941	26,06,181	10,04,021	19,953	McLeod & Co., Ltd.	573	Bashmari	28.00	10	1.50	1.50			12	Y.
4,10,000	12,36,469	20,56,692	7,60,821	44,554	Andrew Yule & Co., Ltd.	377	Basmatia	28.06	0	2.00	3.00	3.50		12	Y.
4,95,900	3,14,700	17,10,901	10,50,829	56,445	National Tea Corporation	624	Batell	19.00	5	1.50	1.50			12	Y.
6,40,000	10,74,426	15,66,305	5,64,306	37,706	Gillanders Arbuthnot & Co., Ltd.	612	Betjan	28.00	10	1.50	2.50			12	Y.
33,00,000	18,32,500	73,96,221	31,20,921	2,83,877	Williamson Magor & Co., Ltd.	3,425	Bishnauth	28.00	10	Nil	1.30			12	Y.
6,00,000	2,00,000	14,02,575	3,52,303	38,457	Octavius Steel & Co., Ltd.	479	Bokakhat	13.70	10	0.50	0.80			12	Y.
7,50,000	9,06,475	14,41,597	4,34,307	70,351	McLeod & Co., Ltd.	450	Bormah Jan Tea	15.75	10	0.75	1.25			12	Y.P.
85,00,000	17,26,071	94,38,743	34,17,209	2,53,984	M.	2,334	Brooke Bond R.	15.75	10	1.00	1.25	1.50		6	Y.
1,20,000	8,09,581	11,64,943	3,93,552	35,405	McLeod & Co., Ltd.	282	Dejoo Valley	50.50	10	3.00	4.00			12	Y.
8,40,000	3,53,778	33,58,492	20,70,146	—4,38,935	Jardine Henderson Ltd.	1,335	Dessai & Parbuttia	150.00	100	Nil	Nil			12	Y.
17,52,440	11,14,355	34,30,624	10,01,213	17,475	James Warren & Co., Ltd.	770	Dhalakhat	19.31	10	2.50	2.00	1.25		12	Y.P.
7,00,000	5,85,000	24,04,227	6,47,434	10,086	H. P. Dhanuka, Esq. (Chairman)	1,349	Dhunseri	16.80	10	2.00	2.30			12	Y.
4,50,000	12,09,844	19,71,655	3,98,875	69,980	McLeod & Co., Ltd.	458	Dibrugarh	37.75	10	3.00	3.00			12	Y.P.
4,73,400	7,15,000	17,09,184	7,61,684	1,58,584	Williamson Magor & Co., Ltd.	632	Dinaknul	24.44xd	10	2.50	3.00			12	Y.P.
7,00,620	11,86,000	27,54,322	14,59,122	3,83,571	Williamson Magor & Co., Ltd.	635	Duffaghur	31.44xd	10	4.50	3.50			12	Y.
10,00,000	12,09,844	18,71,655	3,98,875	1,50,584	Williamson Magor & Co., Ltd.	1,106	East India Tea	13.44	10	0.50	1.00			12	Y.
10,00,000	9,57,000	25,06,749	12,68,049	1,81,213	M.	1,055	Gillanurkri	28.62	10	2.50	2.50			12	Y.
5,03,780	6,42,879	17,74,219	6,37,020	8,855	M.	552	Gohpur	15.00	10	0.50	1.00	Nil		12	Y.
6,76,000	4,77,500	24,27,541	10,97,541	1,49,350	Williamson Magor & Co., Ltd.	1,106	Grob Tea	9.37	5	1.50	0.70			12	Y.
22,24,085	36,34,739	67,35,725	20,38,780	61,970	Octavius Steel & Co., Ltd.	2,494	Hoograjull	24.00N	10	0.50	2.50			12	Y.
5,00,000	6,86,998	11,97,176	4,67,668	14,369	M.	433	Hoolungooree	150.00	100	17.50	20.00	10.00		12	Y.
8,70,000	14,18,799	33,08,281	15,65,910	65,588	Andrew Yule & Co., Ltd.	1,340	Jay Shree Tea & Industries	18.06	10	1.00	1.40	1.40		12	Y.P.
69,97,120	78,24,518	2,04,35,435	72,23,493	88,479	Birla Brothers Private Ltd.	4,900	Jutlibari	30.00xd	10	1.00	1.00			12	Y.
9,00,000	8,62,200	20,23,905	5,82,195	51,110	Gillanders Arbuthnot & Co., Ltd.	876	Kingsley-Golaghat (Assam)	39.00	100	25.00	35.00			12	Y.P.
3,60,000	15,02,635	16,52,939	7,79,490	77,886	M.	1,220	Kotamulial Tea	10.75	5	Nil	Nil	Nil		12	Y.P.
1,80,000	14,500	21,46,503	3,98,997	—1,59,987	Duncan Bros. & Co., Ltd.	1,201	Ledo	17.00	10	Nil	Nil	Nil		12	Y.
5,50,000	7,17,754	15,10,992	4,53,324	14,035	Duncan Bros. & Co., Ltd.	634	Mazengah	16.87	10	1.50	1.50	0.50		12	Y.
10,00,000	13,00,000	23,97,978	8,14,738	45,981	Octavius Steel & Co., Ltd.	646	Meleoni	18.37	10	1.50	1.50			12	Y.P.
4,80,000	30,980	9,31,023	.....	3,331	Duncan Bros. & Co., Ltd.	701	Moheema	12.00	10	Nil	1.00			12	Y.
1,50,000	13,65,825	2,09,956	10,536	46,667	Kettlewell Bullen & Co., Ltd.	125	Mothola	509 00	100	40.00	25.00	30 00		12	Y.
1,75,000 }								25.00	O.	1.00	2.00	2.00	0.50		
P.O. 2,00,000 }	7,91,947	20,39,784	7,29,780	5,827	Andrew Yule & Co., Ltd.	373	Murphulani	25.25	P.O.	2.00	2.50	2.563	1.063	12	Y.
5,00,000 }	1,75,000	18 81,374	4,76,315	12,180	M.	330	Namburnadi	13.62xd	10	1.50	1.50	Nil		12	Y.
5,00,000		11,36,628	4,05,877	—1,15,165	M.	728	New Cinnatolliah	92.00	100	Nil	Nil	Nil		12	Y.
2,00,000	8,91,978	16,13,439	5,88,321	47,707	Andrew Yule & Co., Ltd.	390	Rajgarh	25.00	10	2.50	3.50	4.00		12	Y.
2,00,000	2,56,006	32,31,411	13,29,355	20,383	M.	958	Saipol	21.00	10	1.50	2.00			12	Y.
9,00,000	4,49,000	4,30,000	6,96,549	91,288	Williamson Magor & Co., Ltd.	501	Scajull	25.31	10	2.25	1.75			12	Y.
5,98,000	13,64,556	19,34,492	6,32,207	7,128	McLeod & Co., Ltd.	495	Teloljan	31.75	10	2.50	2.50			12	Y.
3,00,000	5,97,055	14,42,247	5,27,787	64,646	Gillanders Arbuthnot & Co., Ltd.	521	Tengapani	38 00N	10	1.50	1.75			12	Y.P.T.
20,82,880	18,92,078	53,47,154	24,21,083	36 305	Shaw Wallace & Co., Ltd.	2,372	Texpore	16.50	10	1.25	2.00	2.00		12	Y.
5,27,000	25,00,815	50,60,323	16,66,525	1,05,020	McLeod & Co., Ltd.	1,059	Tyroon	33.25	10	1.50	3.00			12	Y.P.
					CACHAR										
3,00,000	5,000	5,43,677	2,03,160	41,902	M.	362	Arcuttipore	7.00	10	Nil	Nil			12	Y.
7,00,000	.....	7,01,210	.....	—5,58,951	M.	596	Eastern Cachar	2.25	10	Nil	Nil			12	Y.
12,60,000	13,00,800	31,80,534	14,40,004	42,558	Octavius Steel & Co., Ltd.	2,208	Hattikhira	9.31	10	0.50	0.50	Nil		12	Y.
3,60,000	90,000	6,48,924	2,69,020	4,067	P. B. Datta, Esq. (Mg. Director)	628	Kunchunpore	7.00	10	Nil	1.00			12	Y.
7,00,000	8,71,960	21,37,533	9,96,015	1,87,903	Assam Trading Co.	2,205	North-Western Cachar	180.00N	100	20.00	30.00			12	Y.
2,50,000	3,32,179	12,34,475	3,70,987	—76,413	McLeod & Co., Ltd.	638	Roopachorra	13.00	10	Nil	Nil			12	Y.
5,25,000	11,52,014	15,47,025	5,07,894	16,902	Duncan Bros. & Co., Ltd.	731	Rungamatee	9.00	10	Nil	0.50			12	Y.
4,00,000	1,04,557	10,58,284	3,58,708	41,399	M.	686	Sonai River	8.00	10	Nil	Nil			12	Y.P.T.
					DARJEELING										
2,79,000	1,30,000	4,85,766	1,00,466	47,950	Williamson Magor & Co., Ltd.	408	Chamong	8.75	10	Nil	Nil	Nil		12	Y.
2,00,000	1,72,521	3,78,781	1,78,817	139	M.	488	Dilaram	107.00	100	7.50	5.00			12	Y.
3,00,000	2,18,765	5,07,218	3,43,216	—32,998	Davenport & Co., Ltd.	507	Glella	10.50	10	Nil	Nil			12	Y.P.
1,59,000	3,72,229	5,81,607	2,42,540	15,577	Andrew Yule & Co., Ltd.	453	Mim	210 00	100	Nil	10.00	22.50		12	Y.
3,99,900	4,43,000	7,80,361	2,14,781	1,29,955	Williamson Magor & Co., Ltd.	690	Nagari Farm	29.00	10	3.00	2.00			12	Y.
1,00,000	1,11,500	4,70,736	2,49,237	4,140	Duncan Bros. & Co., Ltd.	505	Okayti	500.00	100	32.50	32.501			12	Y.P.
8,00,000	.....	5,92,848	2,47,405	—97,137	Davenport & Co., Ltd.	570	Pussimbing	7 75	10	Nil	Nil			12	Y.P.
3,05,000	2,07,203	5,13,360	79,393	20,701	Duncan Bros. & Co., Ltd.	341	Rungliee Rungliot	886.00	100	80.00	10.00	35.00		12	Y.
1,40,000	5,43,000	4,72,085	2,07,057	2,934	M.	389	Seayok	10.00	10	1.50	1.50			12	Y.
3,00,000	3,43,902	5,50,875	1,96,085	1,983	Goenka & Co.	582	Singtom	5.00	10	0.75	0.50			12	Y.P.
9,00,000	18,275	11,65,737	2,58,715	1,44,181	Williamson Magor & Co., Ltd.	554	Soom	42.25xd	10	5.00	3.00	5.00		12	Y.
8,00,000	4,73,000	7,73,247	3,05,047	58,721	McLeod & Co., Ltd.	745	Sungma	13.99	10	1.50	1.00			12	Y.
4,25,000	9,54,000	17,64,113	5,20,111	—80,294	Davenport & Co., Ltd.	718	Teesta Valley	13.75	10	Nil	Nil			12	Y.
3 20,000	7,28,815	14,29,114	3,98,614	59,574	Williamson Magor & Co. Ltd.	1,656	Tukvar	7.00	10	Nil	Nil			12	Y.
8,01,350	2,50,000	.....	.....												

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation Rs.	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
					TEA COMPANIES										
10,86,000	4,58,541	17,73,941	3,77,363	16,618	Young India Agencies Private Ltd.	879	Balanoor Tea and Rubber	15.35	10	1.75	1.50	1.50	1.20	3	Y.P.
15,00,000	15,91,207	76,01,776	13,45,987	2,80,908	Kothari & Sons (Agn.) Pvt. Ltd.	1,329	Blue Mountain	3.08	2	0.25	0.25	0.25		6	Y.
5,50,000	5,09,091	1,46,47,784	3,40,384	18,637	K. Anantaraman, Esq. (Mg. Director)	848	Chamrajnuggal Estates Ltd.	2.76	2	0.20	0.24	0.24		6	Y.P.
14,00,100	14,42,652	27,59,605	9,36,841	45,653	Peirce, Leslie & Co., Ltd.	1,714	Chembra Peak Estates	3.50xd	2	0.20	0.30	0.40	0.40	9	Y.
6,56,420	13,20,975	28,20,475	1,05,667	82,886	Matheson Bosanquet & Co. Pvt. Ltd.	892	Coonoor Tea	27.50xd	10	2.00	2.00	1.75		9	Y.P.
4,80,000	5,19,389	13,74,267	2,42,244	2,319	Srinivas Agencies	661	Coorg Tea	5.50	2	0.40	0.40	0.40		3	Y.
6,00,000	4,81,315	12,81,926	3,69,201	656	P. G. Krishna Iyer, Esq. (Mg. Director)	852	Devashola (Nilgiri) Tea	30.25	10	2.50	2.50	2.00		12	Y.
6,74,650	3,31,040	11,60,946	2,46,302	13,226	Young India Agencies Private Ltd.	465	Devon Tea	18.75	10	1.75	1.50	1.50	1.20	3	Y.
9,00,000	1,26,500	54,04,217	65,295	3,027	Parkina Private Ltd.	198	Emerald Valley Estates	5.00	5	0.30	0.40			12	Y.
25,00,000	18,55,500	56,71,656	10,31,843	77,185	Parkina Private Ltd.	1,506	Halleyburia	15.50	10	2.00	1.25'C'	1.50		12	Y.P.
6,00,000	8,86,159	15,77,488	3,94,129	69,573	Peirce, Leslie & Co., Ltd.	469	Kaisaa Tea	5.72xd	2	0.25	0.30	0.40	0.50	3	Y.P.
17,17,076	5,71,179	29,15,719	8,15,743	18,500	Peirce, Leslie & Co., Ltd.	1,375	Kil Kotagiri Tea	4.78	2	0.30	0.70	0.50		10	Y.P.
9,99,000	2,14,272	12,97,080	1,15,811	579	Ips Oommen & Co. Pvt. Ltd.	862	Kurchermala Plant. Ltd.	5.25xd	10	0.25	0.80	Nil	0.40	12	Y.P.
5,00,000	1,80,556	9,61,424	78,039	37,180	Matheson Bosanquet & Co. Pvt. Ltd.	267	Lucky Valley	11.75	10	1.00	1.00	1.00		12	Y.
3,50,000	7,000	5,48,537	1,38,729	.....	Vasantha & Co. (Trichy) Pvt. Ltd.	256	Manar Estates Ltd.	2.63	2	0.24	0.10	0.20		3	Y.
3,00,000	6,18,504	14,42,787	3,15,782	1,740	Kapon Thomas, Esq. (Mg. Director)	550	Mlamallay	32.25xd	25	3.75	5.00	3.75	3.50	3	Y.P.
20,00,000	21,22,880	51,98,144	14,03,832	5,225	A. V. Thomas & Co. (India) Ltd.	2,039	Neelamalai	4.80	5	0.37	0.37	0.37		3	Y.P.
12,00,000	6,27,686	27,51,637	5,74,548	5,656	A. V. Thomas & Co., Ltd.	1,648	Neilliampathy	2.51	2	0.30	0.20	0.26		6	Y.
10,00,250	7,45,344	29,97,153	6,33,351	16,790	A. V. George & Co., Ltd.	1,822	Nilgiri Tea	10.00xd	10	0.60	0.50	0.80		3	Y.P.
28,10,000	9,22,806	52,15,849	3,63,585	35,875	Harrisons & Crosfield Ltd.	836	Nonsuch Tea	29.62	10	2.50	2.50			3	Y.
14,85,960	17,53,325	25,40,997	5,58,948	47,411	F. S. M. Molyneux, Esq. (Chairman)	579	Parkside	29 70	10	2.50	2.75	2.75		6	Y.
6,00,000	3,06,256	67,87,668	62,166	64,227	S. Sivaramakrishna Aiyar, Esq.	500	Peninsular Plantations Ltd.	22.00	10	1.50	2.00			6	Y.
17,00,000	11,87,787	45,52,475	15,91,546	37,065	Aspinwall & Co. (Travancore) Ltd.	1,564	Peermade	23.50	10	2.00	2.50	2.25		12	Y.P.
57,94,880	30,24,711	1,13,81

MISCELLANEOUS COMPANIES—*Continued*

CERAMIC; MINING AND QUARRYING

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Ref-erence
20,00,000	....	37,43,382	16,26,068	32,615	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	10 12	10	*Nil*	*Nil*	0.60		3	Y.
14,40,000	11,32,441	14,00,854	7,95,406	6,169	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21 24	10	3.50	2.00	....		9	Y.
45,28,146	19 77 396	1,01 24 989	63,22 100	1,703	Bharat Ram Bhagat & Co.	Bengal Potteries	7 00	2½	0.25	0.356	0.375		12	Y.P.
10,00,000	52,26,517	92,22,366	45,37,866	59,420	Bird & Co. Private Ltd.	Bijora Stone Lime Co.	49 37	10	1.75	1.87	3.00	3.00	3	Y.
14,17,800	10,55,247	33,55,684	15 31 488	9,761	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd. ..	174 00	100	10.00	12.86	12.86		9	Y.
39,80,700	14,50,359	1,25,49 423	27,84,261	—5,54,452	Saraf Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd.	186 00	100	*Nil*	*Nil*	8.00		12	Y.
£1,371,800	£2,444,266	£3,614,146	£2,081,103	£118 750	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	4.80xd	Sh. 2	0.24	0.36	0.36		12	Y.
7,50,000 } 0,15,00,000 }	26,54,000	45,04,655	13,23,593	2,55,452	Bird & Co. Private Ltd...	Karanpura Development	16.75	10	*Nil*	1.50	1.50 }		12	
50,00,000	....	1,14,21,419	5,73,268	3,63,515	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd.	71.00	50	*Nil*	*Nil*	*Nil*		12	
20,00,000	40,95,322	1,23,10,947	66,20,733	39,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26 00 N	10	1.25	1.80	1.80		12	Y.
50,00,000	10,43,352	1,16,80,580	59,85,620	14,41,622	M.	Metal Corporation of India Ltd. ..	10.50	10	*Nil*	*Nil*	*Nil*		3	Y.
6,00,000	6,29,433	12,40,682	7,72,226	7,276	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries ..	15.00cd	10	1.00*	1.00*	1 428		3	
20,00,000	55,85,984	68,91,804	28,26,317	1,10,697	Bird & Co. Private Ltd.	Orissa Minerals	46.00	10	2.50	3.60	3.60		6	
3,50,000	15,45,335	88,24,228	46,08,569	7,911	Ganpule Jasani & Co.	Parshuram Pottery Works Co. Ltd. ..	67.00	25	3.75	3.75	5.36		7	
10,46,390	76,44,000	1,06,55,357	44,01,792	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	96.00	10	8.00*	5.00	8.00*		11	

CHEMICAL

12 11,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers ..	92 00	100	....	....	....		12	Y.
5,00,000	58,53,600	2,37,87,674	78,28,556	1,17,078	Bhallal Amin & Sons (Private) Ltd. ..	Alembic Chemical Works Co.	280 60	100	12.00	16.00	14.00		12	Y.
3,10,00,000	1,57,00,278	6,04,75,062	1,23,50,512	1,38,819	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	38.44	10	0.80	0.95	1.20		9	Y.P.
70,90,475	55,90 045	1,04,54,605	28,87,780	18,054	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	201 25xr	100	*Nil*	12.00	12.00		12	Y.P.
29,89,400	84,11,676	88,70,891	42,183	Kasturlhal Lalbhai & Co.	Anil Starch Products Ltd.	675 00	100	20.00*	28.00*	30.00*		12	Y.P.
2 24 98 775	77 58 862	4 08 77 204	1,26 84,156	4,15 423	Lalbhai Sons & Co.	Anil Products Ltd.	491 00	100	10.00	12.00	12.00		12	Y.
50,98,000	68 84 605	1,50 85 951	77,12,533	1,30,717	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar.	104 40	100	6.00	7.00	7.00	10.00	3	Y.P.
1,00,00,000	23,71,461	1,06 12 335	15,44,329	80,027	Ramniwas R. Ruia, Esq. (Chairman) ..	Colour-Chem Ltd.	341 25xd	100	*Nil*	*Nil*	*Nil*	8.00	3	
9,99,937	2,01,839	14,14,355	6,02,598	3,680	Kulkarni & Co.	Chemo-Pharm Laboratories Ltd. ..	26 25	25	2.00	2.50	2.50	..	12	Y.
22,73,150	26 99 000	77,57 031	36,10,218	44 849	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	280 50	50	6 00	10.00	....		12	Y.
64,50,000	84,82 516	4,87,49,592	90,18,411	2,40,316	Sahu Bros. (Saurashtra) Private Ltd.	Dhrangadhra Chemicals	123 00	100	6.00	4.00(e)	*Nil*		3	
3,46,06,075	38,17,000	6,29,29,857	3,05,85,510	26,13,156	M. K. K. Nayar, Esq. (Mg. Director) ..	F. A. C. T.	5 50	10	0.40	0.60	0.60		12	Y.
1,49,98,200	39,44 101	48 84 456	17,56,571	75,323	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	437 50	100	*Nil*	*Nil*	6 00	6.00	3	Y.P.
12,00,000	6,50,911	27,89,148	14,86,985	55,617	Jai H. Mehta	Kemp & Co.	290 00	200	15.00	20.00	25 00	25.00	3	Y.
80,00,000	24,37,995	1,56,17,773	81,56,950	15,829	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	14 55cd	10	0.87½	0.88	1 25'C'	1.25	3	Y.P.
24 81 220	10,47,778	55,45,879	43,63,267	8,514	T. Shamanna, Esq. (Chairman) ..	Mysore Chemicals and Fertilisers ..	11 66cd	10	0.50	0.50	1.00	1.00	3	Y.
8 00,000	4,55,261	12,57,587	6,70,322	1,45,072	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemical Mfg.	23 85cd	10	2.00	2.00	2.00'C'	2.00	3	Y.P.
40,00,000	36 33 816	66 05 3 9	16 62 634	1,54,708	Ramdas Kilachand, Esq. (Chairman) ..	Polychem. Ltd.	201 25xr	50	*Nil*	8.00	5 50	7.50	3	Y.P.
12,50,000	9,22,174	32,78,588	20,63,157	2,06,316	Bangur Brothers Ltd.	Phosphate Co., Ltd.	330 00	100	25.00	45.00	35.00		6	Y.
15 00,000	14,69,787	24 40 260	15,06,555	98,501	C. A. Buxton	Smith Stanistreet & Co.	15 25	5	0.80'C'	1.25	1.25		6	Y.P.
3,96,91,250	....	1,41,20,622	81,717	3,87,250	Tulsidas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	180 00	100	....	....	....	*Nil*	3	Y.
1,21,91,270 }	42,17,119	5,89,52,538	2,06,78,886	14,509	Tata Industries Private Ltd.	Tata Chemicals	{ 17 00	10old	0.75	0.525	0.60		3	Y.P.T.
13,00,000	2,92,249	21,75,764	7,74,231	56,348	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co., Ltd. ..	16 26	10New	0.02	0.618	0.60		6	Y.P.
							18 02xd	10	0.70	1.00	1.50	2.00	3	Y.P.

ELECTRIC (Bombay State)

8,74,78,895	1,47,38,524	16,04,61,688	4,52,57,864	422	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	91 00	100	6.50	6.75	7.00	7.00	3	Y.
1 41 28 750	21 88 888	2,88 72 875	88 66 971	15,69,279	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	11 12	10	0.85	0.90	1.00*		3	Y.
3,02,77,000	1,01,05,442	11,73,06,745	2,80,17,570	50,842	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,040 00	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.T.
3,75,00,000	99,08,040	41,03 740	1,11,97,816	4,522	Killick Industries Ltd.	Bhira Tail Race Power Supply	1,165 00	100	7.00	7.00	8.00	8.50	3	Y.
7,07,820	1,03,967	16,97,265	8,70,206	1,686	Rajputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Development ..	6 24	10	0.50	0.50	0.66		3	Y.
48,89,000	12,56,813	1,57,72,704	61,66,809	3,647	Rajputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	85 00	100	7.50	8.00	9.50		3	Y.P.
70,00,000	31 26 626	1,72 01 515	54,85,377	1,014	Killick Industries Ltd.	Surat Electricity	165 00	100	7.00	7.00	7.50	8.00	3	Y.
1,39,99,875	1,23,03,557	8,51,68,079	2,03,75,169	26,066	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	110 00	100	8.00*	8.00*	8.50*	8.00*	3	Y.P.
5,15,36,000	3,10,34,482	20,78,83,061	4,81,56,636	32,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,155.00	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.

West Bengal and Other Centres

19 99,000	49,57,883	1,79,22,370	42,63,962	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd.	130.00	100	10.00	10.00	11.00	11.00	3	Y.
8,00,000	15,46,067	66,82,610	24,21,813	24,137	Martin Burn Ltd.	Bareilly Electric Supply	12 87	10	1.00	1.00	1 10	1.10	3	Y.
17,00,000	48,76,469	1,78,08,855	51,62,951	46,844	Martin Burn Ltd.	Benares Electric Light & Power Co. ..	12 87	10	1.00	1.00	1.10	1.10	3	Y.
5,91,485	6,92,059	24,08,757	12,04,489	59,920	Octavius Steel & Co., Ltd.	Bhagalpur Electric Supply	7 25	5	0.40	0.40	0.64		3	Y.
84,362,645	810,126,973	823,626,777	823,626,777	6108,138	Barry Burn, Esq. (Chairman)	Calcutta Electric Supply	14 94	21	7½	7½	7½		3	Y.
8 60 000	6 78 784	31 45 781	10,61 553	76 888	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	8 00	10	0 68	0.75	0.75		3	Y.
43,20,000	27,18,468	1,05,87,869	40,08,012	4,06,119	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	98 00	100	7.00	7.50	10 00	10.00	3	Y.P.
5 34 448	1 24 616	3 43 100	1,43 100	2 047	Mosonna Lall & Sons	Jhansi Electric Supply	6.50N	10	0.62½	0 62	0.70		3	Y.
22,49,700	28,00,194	1,12,04,249	42,93,573	32,593	Martin Burn Ltd.	Jubbulpore Electric Supply	11 50	10	0.92	0 93	1.00	1.00	3	Y.
8,82,240	4,52,535	27,46,515	13,98,792	49,204	Octavius Steel & Co., Ltd.	Mozufferpore Electric Supply	11 06	10	1.00	1.00	1.25		3	Y.
40,07,280	40,44,800	1441,84,880	88,06,270	76,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	11 00	10	0 75	0.75	0.75		3	Y.
9 10 700	2 37 000	12 60 584	5,84,002	5,290	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6 81	10	0.50	0.50	0.625		3	Y.
16,80,000	14,98,612	80,57,155	46,54,591	11,620	Bird & Co. Private Ltd.	Sijuah (Jherriah) Elec. Supply Co. ..	9 25	10	0.68	0.70	1.00	0.90	3	Y.
69,99,000	23,97,866	2,22,00,594	74 27 24	11,885	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	9 80xd	10	0.87	0 90	0 90 C*	0.90	3	Y.P.T.
5,00,000	12,50,000	13,66,443	57,75,615	86,126	Martin Burn Ltd.	Upper Amma Valley Elec. Supply ..	15 25	10	1.25	1.25	1.35	1.35	3	
56,00,000	78,01,913	4,20,48,755	1,54,85,172	89,174	Martin Burn Ltd.	V. P. Electric Supply Co.	124 50	100	10.00	10.00	11.00	11.00	3	Y.P.
8,00,000	11,41,474	46,63,814	18,15,572	3,34,013	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	18.75cd	10	1.00	1.00	1.50	1.429	3	Y.P.

ENGINEERING (Bombay)

23,42,200	50,53,626	75,87,402	61,01,876	46,100	Turner Morrison & Co. Private Ltd. ..	Alcock Ashdown & Co., Ltd.	299 00	100	12.50	17.00	17.00		12	Y.
19,99,080	2,10,174	21,70,025	8,07 602	19,184	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	83 00	50	3.00	3.00	5.50		12	Y.P.
48,19,500	23,09,443	93,35,787	46,94,997	75,742	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	181 50	100	10 00*	15 00*	18.00*'C'		6	
40,00,000	1,26,639	57,20 491	20 49 385	20 817	Dharamshih & Co.	Hindustan Electric Co., Ltd.	170 00	100	7.00	10 00	*Nil*		4	Y.P.
59,99,900	84 82 780	2,25 78 862	1,27 51 802	70,946	Walchand & Co. Private Ltd.	Indian Burma Pipe Co., Ltd.	170 00	100	9.00	13.00	13.00'C'		3	Y.P.T.
6,00,000	4,57,222	8,06,518	1,38,658	4,607	T. V. Baddeley, Esq. (Chairman) ..	Jost's Engineering	97 50	50	5 00	5 00	4.00	5.00	3	Y.
40,00,000	16,51,107	65,38,000	22,16,256	1,05,085	Adarsh Services	Jyoti Ltd...	175 50	100	12.00	12.00	12 00		12	
44,96,250	3,87,891	68,03,732	31,66,348	8,381	Kan and Tirca Private Ltd.	Kanpazi Engineering Corporation ..	16.00	10	0 80	0 775	0 80		7	Y.
42 94 928	78 89 668	1 21 85 028	66 66 471	11 568	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	16.00	10	0 80	0 80	0 80		7	Y.
87,25,447	49,67,710	1,14,26,098	38,15,088	88,460	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	28 00	10	1.00	1.00	1.40	1.60	3	Y.P.
18,00,000	4,58,946	25,18,944	6,77,694	5,583	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	238 75	100	*Nil*	*Nil*	*Nil*	12.50	3	Y.P.
10,00,000	26,76,765	3,21,61,582	87,43,[illegible]	98,848	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	88 00	10	1.25	1.25	1.40*C*	1.80	3	Y.P.
32 00 000	42,57,085	1,69,28,933	46,47,[illegible]	1,10,709	M.	Mahindra & Mahindra Ltd.	18 24	10	2.00	1.25	1.25		10	Y.P.
80,00,000	78,422	46,62,026	40,424	10,78,077	Prithivraj Sons	Man Industria l Corporation Ltd. ..	325.00	100	*Nil*	*Nil*	*Nil*		3	Y.P.
11 00 000	1 72 712	41 60 471	25 [illegible]	2,771	P. Bhimji unwala, Esq. (Mg. Director)	McKenzies	185.00	100	*Nil*	*Nil*	10.00		7	Y.P.
61,42,910	57,00,000	1,38,14,615	50,[illegible]	.....	Jeewan Private Ltd.	Mukand Iron & Steel	27.35	10	1.20	1.00*	1.20	1.20	3	
33,00,000 } 14,99,250 }	40,76,797	1,06,26,418	51,58,671	6,625	Kirloskar Associates	Mysore Kirloskar Ltd.	172.50	100	7.50	12.00	12 00		6	Y.
22,27,700 } 27,72,300 }	9,89,193	92,30,855	20,78,702	17,033	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	187 00	{ —	100 New	....	9.00	12 00	9.00	3
32,50,000	1,46,82,085	9,86,056	1,76,929	12,889	Walchand & Co. Private Ltd.	Premier Construction	184 50	100	12.00	18.00	18.50		12	Y.P.
29,98,100	41,01,156	1,02,83,025	42,98,746	12,184	Bharat & Sons Private Ltd.	Structural Engineering Works Ltd. ..	175.00	100	10.00	17.00	12 00		6	Y.P.
55,42,550	27 66 54 572	1,85,51,78 192	68,75 73 212	84 084	Tata Industries Private Ltd.	Tata Iron and Steel	141 75xd	75 Old	8 25	6 80	9 72'C'	10.86*	3	Y.P.
1,99,97,300	2,35,57,408	24,05,76,291	11,17,21,177	2,47,359	Tata Industries Private Ltd.	Tata Locomotive	886.00	100	9.00	9 00	12.50	14.50	3	Y.P.T.
10,00,000	3,36,000	78,97,720	8,10,644	17,016	T. Mankilal & Co.	T. Mankilal Mfg., Co.	610.00	100	10.00	14.00	18.00		6	Y.
35,00,000	71,76,426	1,07,45,948	24,35,557	4,24,809	A. K. Bandoo, Esq. (Mg. Director)	Veltas Ltd.	286 00	100	9.00	18.00	18.00		6	Y.
17,50,000	....	....	....	....	M.	Zenith Steel Pipes Ltd.	11.00	10	....	....	....			

West Bengal and Other Centres

6,60,000	1,06,470	26,89,661	18,48,876	1,80,882	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	14.06	10	*Nil*	*Nil*			10	Y.P.T.
50,00,000	90 51 721	1,01 45,489	65 12 025	416	M.	Bhartia Electric Steel	14 06	10	1.25	1.50	1.00		12	Y.
14,58,750	77 67 925	18 29 192	15 40 450	2,84,448	Y. S. Tayal, Esq. (Secretary) ..	Braithwaite & Co. (India) Ltd... ..	88 50	10	1.25	2.25	2 50		12	Y.
13,00,000	35,52,754	83,27,611	54,73,023	1,87,099	Palmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	55.25xd	10	2.00'B'	3.00	3.00		3	Y.
18 88 676	7,04,841	39,97,780	14,08,885	89,006	Holmes Wilson & Co., Ltd.	Britannia Buildings and Iron	4 04	10	0.50	0.60	....		3	Y.P.
50,00,000	44,88,365	1,51,00,380	65,16,684	1,88,352	Mel.od & Co., Ltd.	Britannia Engineering	14 62	10	0.60	1.00	1.00		12	Y.
2,40,000	11,27,857	29,82,142	16 10 502	81,788	Palmer Lawrie & Co., Ltd.	Fr. I. Electric Construction	18 00	10	2.00	2.50	4 50		3	Y.P.
84,00,000	2,55 85 869	5 20 79 050	3,25 00 240	1,21 244	Martin Burn Ltd.	Firm & Co.	520.00	100	20.00	25.00	25.00	28.50	4	Y.P.
60,00,000	11,36,232	50 32 989	6 03,024	1,63,056	M.	Calcutta Steel Co., Ltd.	16 25	10	*Nil*	*Nil*	0 50	1.50	3	Y.P.T.
60,00,000	12,58,028	1,85,75,744	10,15,000	41,788	R. L. Maharia, Esq.	Central India Machinery Mfg. Co., Ltd..	10 00N	10	*Nil*	*Nil*	*Nil*		3	
40,00,000	4,50,000	1,12 17 838	17 70 980	4,142	J. Harris, Esq. (Chairman)	Indiana Iron & Steel Ltd.	10 00	10	*Nil*	*Nil*	*Nil*		12	Y.P.
60,00,000	6,53,05,809	3 26 20 821	2,52 46 702	.....	H. M. L. Williams (Mg. Director) ..	Guest, Keen, Williams Ltd.	40 25	10	2.00	2.40	2 60'C'		12	Y.P.
25,00,000	25,50,648	41 39 562	41 87 127	.....	Martin Burn Ltd.	Hoogbly Docking	170 00	50	5.00	6.00	6.00		12	Y.
44,08,990	24,26,37,682	81,16,88,664	17,24,44,[illegible]	16,41,011	Martin Burn Ltd.	Indian Iron and Steel	24 50	10	1.00'C'	1.00	1.00	1.60	3	Y.P.
29,66,075	67,87,984	1,21,14,677	76,23,093	58,466	Martin Burn Ltd.	Indian Standard Wagon	24 50	10	5.00	5.00	7.125	7.125	3	Y.
96,53,160 } 26,560 }	2,62,04 622	2,22,95,589	1,52,64,925	10,91,465	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	{ 45.25	0.10	4.00	1.00‡	6 50		3	Y.
							14 00	0.1	0.70	0.70	0.50		12	Y.P.
23,78,580	2,50,222	32,73,943	15,88,341	2,077	C. R. Srinivasan, Esq. (Chairman) ..	Indian Steel Rolling Mills Ltd.	14 00	10	0.70	0.70	0.50		12	Y.P.
61,12,500	75 99 306	5,71,15 864	1,40 36 750	6,822	Madan Mohanlal Shriram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	26 50	10	1.25	1.25	1 75		3	Y.P.
30,00,000	32 00 500	77 83 733	17 92 011	91,460	J. K. Industries Private Ltd.	J. K. Steel Ltd.	21 12	10	1.25	1.25	2 00		6	Y.P.
66,97,000	1,47 08 415	2,18,81 961	1,02,58 799	57 411	B. P. Singh Roy, Esq. (Chairman) ..	Jessop & Co.	19 50	10	0 60	0 858	0 858'C'		11	Y.
27,84,800	42,28,268	96,25,077	38,24,562	37,843	Bird & Co. Private Ltd...	Kumardhubi Engineering Works ..	5 81	5	0 80	0 80'C'	0 80		11	Y.
10,50,000	10,46,586	19,41,079	15,38,707	—6,26,589	Marshalls (Direction) Private Ltd.	Marshall Sons & Co. (India), Ltd. ..	4 00	2	0 40	0 20	*Nil*		3	Y.P.T.
49,96,000	13,58,998	1,44,34,142	66,32,008	—7,05,889	M.	National Iron and Steel Co., Ltd. ..	5 61	10	0 62	0.75	*Nil*		3	Y.P.
60,00,800	24 08 943	46 56 140	24 16 818	4,85 188	P. N. Pnd Development Co., Ltd.	Richardson & Cruddas Ltd.	8 19N	10	*Nil*	*Nil*			6	Y.
1,00,00,000	15 16 000	1,10 0 671	10 15 012	18,608	The British India Corpn. Ltd. ..	Saran Engineering Co.	7 94	4	0 40	0 25	0 35	0.40	12	Y.P.
50,00,000	56,57,153	4,86,97,471	2,18,21,161	58,727	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd. ..	17 10	10	1.50	2 00	1.00		12	Y.P.
29,84,400	14,67,750	69,49,005	26,20,291	4,666	Balasundaram & Co.	Textool Co., Ltd.	176.00	100	12.00	15.00	15.00		4	Y.

INSURANCE (X)

23,50,000	48,68,970	3,75,12,227	....	57,223	N. M. Cola, Esq. (Mg. Director) ..	Concord of India	11.75	5	1.00	1.00	1.00		12	Y.
10,00,000	11,84,196	29,48 080	....	66,890	M.	Devkaran Nanjee Insurance	26 50	10	2.00	2.00	....		12	Y.
24,00,000	74 03 852	2,64 42 160	....	2 78 [illegible]	R. K. Srinivasan, Esq. (Mg. Director)	Hercules Insurance	24 25	10	2.00	2.00	2 25		12	Y.
15,92,500	42,45,167	4,23,[illegible]	....	4,21,2[illegible]	K. M. D. Thackersey, Esq. (Chairman)	Indian Mercantile Insurance	50 00	10	2.00	2.75	2 75		12	
25,00,000	71 07 731	1,20 36 200	....	34 786	M. G. Mody, Esq. (General Manager) ..	New Great Insurance	20 88	20	2.00	2.50	2 50		12	
20,00,000 } 25,00,000 }	8,07 02 207	18 28 30 [illegible]	....	90,96,486	B. N. Shah, Esc. (Mg. Director) ..	New India Assurance Co.	50 00	15	4.00	5.70*	5 70		12	
39,00,270	40,70,305	1,66,98,078	....	89,221	Y. C. Setalvad, Esq. (Gen. Manager) ..	Ruby General Insurance Co., Ltd. ..	62 00	15New	4.00	5.70*	5 70		12	
1,75,000	69,27,990	1,36,88,357	....	2,56,841	Sir John Brown (Mg. Director) ..	Tellos Insurance	8 12	5	0 62	0.40	0 80		12	
25,00,000	1,10,53,561	2,61,52,008	....	1,00,079	K. P. Modi, Esq. (Gen. Manager) ..	Union Insurance Co., Ltd.	188 50	25	11 25	11 25	11 25		12	
							16 48	10	1.50	2 00	2.00		12	

‡ Includes bonus. † Subject to taxation. 'C'—On Increased Capital. B.—Includes a distribution of Re. 0.75[per share for the year 1954 and Re. 1.00 for 1955. X.B.—Ex

N.B.—All dividends paid since 31st March, 1959 are shown as taxable. M.—Managed by the Board of Directors.

COMMERCE, 23RD SE

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
65,50,000	2,03,52,495	3,95,14,452	1,19,43,889	1,13,745	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd...	16.56	10	0.90	1.00	1.20		3	Y.P.
60,00,000	39,88,760	1,88,71,849	55,61,238	1,52,818	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd. ..	23.30xd	10	1.25	1.25	1.80		3	Y.
30,00,000	37,04,326	37,09,127	28,34,530	2,22,752	Turner Morrison & Co. Private Ltd. ..	Angelo Bros., Ltd.	22.96	10	1.50	2.00	2.50*		8	Y.
3,02,87,870	36,85,471	2,86,28,267	85,85,256	13,525	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	8.86	5	0.30	0.40	0.40		12	Y.
30,00,000	27,88,862	41,63,859	23,89,465	1,42,995	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	22.50	10	1.25*	1.50	1.50		12	Y.
1,18,00,000	80,75,137	99,95,580	48,96,447	5,78,110	H. B. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E) Ltd. A.	35.75	10	2.40	4.00	2.50		8	Y.
20,00,000	39,46,521	1,09,70,996	44,86,234	1,55,433	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	5.00N	10	0.60	Nil	Nil		3	Y.P.
80,01,400	96,40,909	79,91,396	41,74,564	5,75,408	G. D. Wilson, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	249.00	100	20.00	25.00	25.00		12	Y.
12,00,000	25,38,978	37,24,187	21,31,357	1,58,199	Balmer Lawrie & Co., Ltd. ..	Bengal Flour Mills Co., Ltd. ..	44.62	10	2.50	4.50	4.00		12	Y.
20,00,000	7,61,688	64,37,324‡‡		56,711	Lovelock & Lewis	Birds Investment Ltd.	13.12	10	0.70	1.10	0.95		9	Y.P.
9,25,50,000	72,69,286	1,48,96,874	80,07,677	2,84,279	K. Julian Scott, Esq. (Mg. Director) ..	British India Corporation Ltd. ..	58.75	10	1.20	1.40	2.50	3.00*	3	Y.P.
23,96,540	1,96,44,212	8,00,84,669	2,33,94,496	3,34,066	H. S. Chaturvedi, Esq. (Mg. Director)..	British India Corporation Ltd. ..	7.36	5	Nil	Nil	0.20		12	Y.P.
1,25,80,000	80,39,509	49,2,37,317	22,12,125	20,721	A. V. Niblett, Esq. (Mg. Director) ..	British Paints (India) Ltd.	27.25	10	1.00	1.00	1.25		12	Y.
5,96,000	14,76,849	1,88,75,787‡‡		2,53,457	Andrew Yule & Co., Ltd.	Clive Row Investment	6.25	10	0.75	0.83‡‡	0.80		12	Y.
3,00,00,000	10,00,000	40,04,009	28,47,106	8,600	M.	Delhi Flour Mills Co., Ltd.	15.50	10	1.00	1.00	1.00		10	Y.P.
90,00,000	5,08,87,500	10,35,79,486	4,01,20,270	25,12,555	John Luckham, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	53.31	10	1.62	2.15	2.15		12	Y.P.
27,27,185	1,20,49,803	59,73,087	23,50,820	26,402	N. N. Mohan, Esq. (Mg. Director) ..	Duncan Brothers & Co., Ltd. ..	153.00	100	10.00	14.00	14.00		12	Y.P.
81,25,000	59,19,702	1,63,50,496‡‡		3,49,092	Bird & Co. Private Ltd.	Dyer Meakin Breweries	34.75	5	0.75	0.80	1.25		3	Y.P.
25,00,000	....	....	....	....	....	Eastern Investment Ltd.	140.00	100	9.00	14.00	14.00		12	Y.
24,98,776	4,87,249	....	....	....	....	East Anglia Plastics (India) Ltd. ..	13.31	10	....	....	....		1	Y.P.
66,00,000	22,27,652	59,44,050	12,33,911	4,115	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	11.70xd	10	Nil	0.50	0.50		12	Y.P.
45,00,127	77,72,810	49,28,966	9,79,166	2,477	Harparshad & Co. Pvt. Ltd. ..	Escorts Ltd.	24.12	10	....	2.60	1.60		12	Y.P.
14,00,000	14,46,121	37,98,175	22,68,486	4,07,338	Satya Narain Gupta, Esq. (Chairman)..	Ganesh Flour Mills Co., Ltd. ..	19.00	12.50	1.50	1.60	....		9	Y.P.
7,50,000	4,20,000	1,21,085	43,631	5,551	Macneill & Barry Ltd.	Ganges Rope Co. Ltd.	236.50	100	15.00	17.00	17.50		3	Y.
65,00,000	26,24,296	30,57,755	15,91,567	1,71,222	Gany & Co.	General Papers Ltd.	10.37cd	10	1.25	1.25	....		3	Y.
40,00,000	5,08,500	5,98,750	1,58,436	13,27,710	P. E. G. Woodbine Parish, Esq. ..	Gillanders Arbuthnot & Co., Ltd.	14.12	10	1.00	1.00	1.00		3	Y.
30,00,000	18,10,650	88,55,436	43,28,959	21,282	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd. ..	28.00	10	2.00	2.50	4.00		12	Y.P.
4,94,13,550	1,35,51,450	8,33,47,837	8,84,91,947	2,75,652	B. P. R. Syndicate	Great Eastern Hotel	236.50	250	15.00	15.00	22.50		3	Y.P.
80,00,000	16,04,523	99,48,347	35,67,174	1,31,125	Birla Brothers Private Ltd. ..	Hindustan Motors	19.16	10	Nil	0.50	0.90	1.20	3	Y.P.
11,40,000		1,00,469	....	....	Lalukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	23.00	10	0.60	1.20	....		10	Y.
14,30,000					Ramparsad Murlidhar & Co. ..	Hindustan Twyfords Ltd.	10.69	5	....	....	....	Nil	3	Y.P.
18,15,000	9,75,09,562	11,57,27,807	3,27,09,953	26,96,288	Mr. F. A. Collett (Chairman) ..	Imperial Tobacco Co. of India Ltd.	12.56	10	0.70	0.60	0.80	0.90	3	Y.
2,86,77,780	2,29,18,801	3,17,93,518	1,04,14,358	49,90,524	K. C. Mahindra, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	18.44	10	0.70	1.20	1.50		12	Y.P.
3,00,00,000	1,28,81,492	3,99,89,552	2,48,66,248	48,72,642	Sir John Brown, C.A. (Chairman) ..	Indian Cables	37.62	10	1.50*	1.50*	2.25	2.25	3	Y.P.
29,93,375	1,06,104	54,85,157	21,21,520	18,78,431	Amiya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	30.25	10	1.00	1.50	1.50		9	Y.P.
8,27,970	7,54,870	19,61,878	11,61,648	1,32,665	M.	Indian Rubber Manufacturers	9.56	10	Nil	Nil	Nil	Nil	3	Y.P.
48,08,620	....	38,01,515	1,37,093	—6,39,700	Duncan Brothers & Co., Ltd. ..	Isaac Holdens (India) Ltd.	10.37	10	1.00	1.50	2.00		3	Y.
2,00,00,000	74,12,017	43,77,077	17,14,757	5,09,716	Sir John Brown, C.A. (Chairman) ..	Jardine Henderson	68.50	100	2.50	5.00	7.00	7.00	3	Y.P.
15,00,000	12,02,095	18,79,279	13,27,977	17,282	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	10.50	10	3.50	2.00	1.00		3	Y.P.
1,46,96,250	1,19,82,546	82,41,470	18,18,524	2,60,389	T. Leslie Martin, Esq. (Mg. Director)..	Martin Burn Ltd.	28.12	10	2.12*	2.75	2.75		9	Y.P.
19,00,000	8,60,000	23,46,291	3,49,181	14,953	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	32.25	10	2.00	3.00	3.00		12	Y.
5,00,000	78,79,891	31,96,009	13,63,603	2,18,017	M.	McLeod & Co.	213.00	0. 100	12.50	15.00	15.00		12	Y.P.
1,51,00,000	1,82,75,151	3,61,57,326	1,40,23,040	28,85,973	K. C. Mahindra, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	54.00	D.0.10	0.75	1.00	1.00		12	Y.P.
20,00,000	7,90,391	16,14,284	7,39,760	2,552	N. G. Ayyangar, Esq. (Mg. Director) ..	Mysore Electrical Industries Ltd. ..	12.00xd	10	1.75	1.75	2.50	2.50	3	Y.P.
6,56,250	9,18,696	12,19,354	6,85,850	3,471	Mr. J. L. D'Sa (Chairman)	Mysore Lamp Works	27.50	10	11.00	15.00	24.00	20.00	3	Y.
10,00,000	3,16,884	17,88,367	10,32,088	622	M. Mallaraj Urs (Mg. Director) ..	Mysore Tobacco	9.40	10	1.25	1.25	1.00		3	Y.
90,00,000	1,60,09,310	1,39,45,356	57,73,981	50,820	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	88.00	10	2.00	2.00	2.50	2.50	3	Y.P.
30,00,000	23,51,660	50,44,201	26,96,232	42,880	Do.	National Pipes & Tubes Co., Ltd. ..	29.62	10	1.25	1.50	2.00		9	Y.P.
40,00,000	30,19,000	88,22,477	35,76,949	1,31,135	Do.	National Rolling & Steel Ropes ..	22.31	10	1.00	1.00	1.80		6	Y.
49,50,457	12,38,074	1,05,93,558	39,58,258	46,685	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd. ..	12.19	10	0.60	0.85	Nil		12	Y.
79,97,000	1,17,55,085	1,50,40,984	81,18,295	9,83,725	B. N. Elias & Co. Private Ltd. ..	National Tobacco Co.	16.62	10	1.10	1.60	1.60		12	Y.
28,52,100	11,02,291	40,65,244‡‡		45,497	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	44.00N	75	5.75	6.50			12	Y.
10,00,000	5,52,000	12,55,068	6,00,215	1,51,607	Parry & Co., Ltd.	Parrys Confectionery Ltd.	4.83xd	1	0.20	0.20	0.30		3	Y.
2,20,00,000	56,08,956	2,16,94,776	66,69,501	68,622	P. C. Vink, Esq. (Mg. Director) ..	Phillips India Ltd.	33.12	10	0.85	1.20	1.20		12	Y.
62,50,000	....	1,09,481	8,39,731	2,90,184	Mr. A. Hydari and Mr. S. Gothberg ..	Phillips Carbon	19.00	5	....	....	....	Nil	12	Y.
15,00,000	1,09,481	8,39,731	2,90,184	2,558	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	2.60	5	0.375	....	....		12	Y.
2,25,00,000	6,09,614	37,85,057	21,69,505	21,649	T. Shamanna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd. ..	21.62cd	10	1.60	1.60	2.30		3	Y.
4,98,80,000	2,54,60,000	15,98,24,741	6,70,33,625	5,96,527	Sahu Jain Ltd.	Rohtas Industries	15.31	10	2.00	1.50	2.00	1.00	9	Y.P.T.
70,00,000	55,67,726	2,76,12,629	78,19,861	1,17,247	K. D. Gangull, Esq.	Sen-Raleigh Industries	24.75	10	0.60	0.80	0.80		9	Y.P.
75,00,000	56,58,000	1,37,90,819	57,68,411	8,18,606	S. M. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	28.12	10	1.00	1.50	1.50		12	Y.P.
40,00,000	91,26,201	1,31,29,019	75,19,485	7,65,868	C. W. Stevenson, Esq.	Spencer & Co., Ltd.	23.62	10	1.00	1.50	1.50		12	Y.P.
47,00,000	24,40,000	1,35,84,029	39,73,773	2,974	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products	16.05	10	0.75	0.90	0.90		12	Y.P.
15,00,000	95,24,802	1,16,49,116	28,52,182	58,431	J. K. Agents Private Ltd.	Straw Products Ltd. S.	8.66	10	1.25	1.50	....		3	Y.
22,89,270	16,33,008	6,98,894	1,74,734	14,15,847	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	38.00	10	2.25	3.00	3.00		6	Y.
9,98,980	30,000	16,98,410	7,47,136	3,288	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	6.20	10	0.40	0.60	0.60		12	Y.
11,58,500	15,87,168	13,62,490	7,38,592	40,519	E. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	32.55xd	10	2.00	2.75	3.25*		9	Y.P.
2,49,98,500	1,20,10,316	3,46,93,951	85,94,707	9,04,545	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd. ..	258.00	100	10.00	10.00	10.00		7	Y.
80,58,950	29,656	1,65,04,938	66,08,238	66,908	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd.	7.56	10	Nil	Nil	....		9	Y.T.
2,80,00,000	1 67,85,505	6,04,41,004	1,16,66,887	....	J. R. Galloway, Esq. (Mg. Director)	Union Carbide India Ltd.	52.00	10	1.40	1.80	1.80		12	Y.T.
20,00,000	60,00,000	58,86,994	19,50,050	53,924	Vittal Mallya, Esq. (Chairman).. ..	United Breweries	106.50cd	10	6.00	6.00	6.00	6.00	2	Y.
5,00,000	9,60,191	5,85,222	5,98,331	28,594	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd	92.00	10	5.00	5.25	5.50		11	Y.
21,46,200	27,60,459	1,02,78,928	35,59,149	6,884	A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd.	200.00xd	100	19.00	10.00	10.00	12.00	3	Y.P.
TRANSPORT														
20,00,000	95,17,850	1,23,16,909	21,49,792	23,023	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	108.00	100	6.00	3.00	7.50		10	Y.P.
1,00,00,000	61,32,798	4,35,99,781	2,88,57,012	—38,10,589	Dinshaw (Private) Ltd.	Bharat Line	4.96	10	1.20*	Nil	Nil		12	Y.
60,00,000	2,17,74,568	8,51,80,151	2,15,53,555	1,32,013	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	13.52	10	1.80	1.50	1.00		6	Y.P.
35,00,000							6.00	5(New)	0.90	0.525	0.50		12	Y.P.
£558,580	£1,242,443	£5,811,271	£3,538,891	—£3,866	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	67.00	£10	Nil	Nil			3	Y.P.
2,47,50,000	2,48,51,885	23,76,87,991	5,76,03,817	—41,04,534	Lionel Edwards (Private) Ltd.	India Steamship Co.	7.37	10	1.00	1.00	1.00	Nil	3	Y.T.
1,29,19,293	11,32,53,989	35,06,21,320	9,35,12,870	—16,13,456	D. M. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	12.72	20	1.25	1.30	0.60		6	Y.T.
0,8,40,800							3.22	0. 1	0.14	0.20	0.20		12	Y.
P.O.2,10,200	24,07,422	18,85,807	9,51,870	1,60,969	R. R. Alyer Esq. (Manager)	Walford Transport Ltd.	3.19	F.O. 1	0.12	0.15	0.20		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Ordinary Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts closed	Reference
25,50,000	39,20,700	1,39,22,812	85,35,843	28,149	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields ..	22.50	10	1.25	1.50	1.00	1.25	3	Y.
12,00,000	6,09,272	41,29,674	34,78,442	—2,55,124	Jardine Henderson Ltd.	Barraree Coke	15.19	10	0.50	Nil	Nil	Nil	3	Y.
4,49,850	1,30,182	11,80,126	5,76,035	4,967	Sri Vasudi Mavli & Co.	Bengal-Bhaldee	3.48N	10	0.25	Nil	Nil		12	Y.
1,00,00,000	2,06,23,467	7,45,29,864	4,86,40,636	10,50,529	Andrew Yule & Co., Ltd.	Bengal Coal	366.00	100	17.50	25.00	25.00		10	Y.P.
2,25,000	5,17,344	23,13,260	21,49,161	4,134	M.	Bengal-Nagpur	19.50	10	Nil	Nil	1.00		12	Y.P.T.
40,00,000	61,200	1,48,74,215	80,25,554	2,30,479	Sahu Jain Ltd.	Bharat Collieries	3.50	10	0.60	Nil	Nil		3	Y.T.
7,15,000	14,98,844	57,66,346	36,78,757	—6,96,082	M.	Bhulanbararee	5.00N	10	Nil	Nil	Nil		12	Y.P.
7,50,000	21,72,444	48,45,363	29,88,008	31,361	F. W. Heilgers & Co. (Private) Ltd.	Borrea	28.69	10	0.75	1.00	1.50		12	Y.P.
90,92,480	1,40,21,423	4,32,66,766	2,28,76,540	1,49,292	Bird & Co. Private Ltd.	Burrakur	19.12	10	0.875	1.30	1.30		3	Y.
49,97,750	6,32,979	82,38,293	31,00,614	1,11,870	Hindustan Investment Corpn. Ltd.	Central India	11.75	10	0.50	0.50	0.80	1.00	3	Y.
2,50,000	12,99,490	53,54,237	34,91,884	7,605	Jain Industries	Central Kurkend	7.00N	10	0.50	Nil			12	Y.
6,00,000	1,65,159	5,98,750(k)		7,048	F. W. Heilgers & Co. (Private) Ltd.	Churia	2.44	4	0.20	0.12	0.12		12	Y.
16,05,000	....	57,61,927	33,05,025	—1,06,301	M.	Dhemo Main	6.50	10	Nil	Nil			12	Y.
£840,000	£252,069	£1,124,710	£612,966	27,006	Jardine Henderson Ltd.	East Indian	35.50	£1	1.00	1.25	1.00		4	Y.P.
59,65,760	1,16,32,107	4,94,15,596	3,48,50,859	1,10,574	Macneill & Barry Ltd.	Equitable	28.00	10	1.50	0.75	1.50		12	Y.P.
10,00,000	40,000	2,56,56,595	4,45,300	—5,80,078	Bhaiseth Agency Ltd.	Ghusick and Mualia	12.50	10	Nil	Nil	Nil		3	Y.
18,00,000	1,27,964	43,44,376	27,69,441	—1,87,129	Killick Industries Ltd.	Hingir-Rampur	27.00	50	Nil	Nil	Nil		3	Y.P.
3,00,000	....	24,79,238	20,12,806	—8,47,957	M.	Hurriladih	7.00	10	Nil	....	....		12	Y.P.
20,00,000	7,84,717	40,96,822	12,98,582	40,019	Bird & Co. Private Ltd.	Karanpura Collieries	175.00	100	5.00	5.00	7.50	10.00	3	Y.
14,88,460	15,10,178	59,54,623	41,77,254	1,38,677	Andrew Yule & Co., Ltd.	Katras Jharriah	46.25	10	6.50	6.50	6.50	4.00	3	Y.
11,00,240	88,248	7,07,900	....	—2,39,717	M.	Kuardi	6.44	10	Nil	Nil			6	Y.
9,00,000	10,32,763	5,16,970	....	39,080	H. V. Low & Co. (Private) Ltd. ..	Lakurka	8.75N	10	1.00	0.75			4	Y.
7,46,240	2,50,000	13,59,878	10,13,353	17,140	Tantia Brothers Private Ltd. ..	Nazira	14.00N	10	1.00	1.00			12	Y.
81,97,210	27,39,886	1,02,48,573	1,06,23,096	79,798	Andrew Yule & Co., Ltd.	New Beerbhoom	6.87	10	1.00	1.50	1.50		10	Y.P.
6,00,000	3,90,206	12,87,138	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Manbhoom	22.87	10	0.50	0.50	0.75	0.90	3	Y.
1,18,00,000	9,84,525	12,96,898	9,50,464	23,053	M.	North West	18.75	10	0.50	0.50	0.75		3	Y.
1,57,500							20.09N	10	1.50	1.50	2.00		8	Y.
7,50,000	13,20,908	2,92,538	22,84,209(k)	35,298	P. Prashad, Esq. (Chairman) ..	Ondal	17.87N	7.50	1.13	1.12	1.50		12	Y.P.
4,34,295	1,37,202	35,04,745	13,15,937	1,617	Deepchand Kishenlall	Parasea	14.40	10	0.50	0.60	0.60		12	Y.P.
15,00,000	10,00,000	83,92,350	51,27,970	52,139	Shaw Wallace & Co., Ltd.	Pench Valley	18.00	10	0.50	0.75	1.00	1.00	3	Y.
90,00,000	39,45,121	1,59,19,235	1,10,16,981	50,804	M.	Ranegunge	18.00	10	1.00	1.00	1.50	1.70	3	Y.
15,50,000	11,81,690	52,62,257	35,97,256	29,537	Shaw Wallace & Co., Ltd.	Rewa	18.44	10	1.00	1.00	0.75		12	Y.
97,34,000	93,34,370	1,13,58,341	33,46,379	26,993	M.	Samla Collieries	30.00	10	0.50	0.70	1.00		12	Y.
16,56,080	3,86,010	34,85,093	9,62,414	3,494	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries.	8.50	10	0.50	0.70	1.00	8.00‡	12	Y.
2,90,000	11,14,420	31,08,158	20,96,227	57,582	Andrew Yule & Co., Ltd.	Seebpore	122.00	100	12.50	16.00	8.00		12	Y.
8,00,000	4,46,948	35,740	19,04,568(k)	1,111	F. W. Heilgers & Co. (Private) Ltd.	Sendra	44.00	7	1.75	3.00	3.50		12	Y.
69,31,450	1,24,58,755	7,11,84,157	3,19,11,031	90,858	Industries (A. P.) Department (Govt. of Andhra Pradesh) ..	Singareni	8.19	10	Nil	0.35	0.50		12	Y.
17,50,000	9,06,220	44,92,231	20,81,911	20,181	Bird & Co. Private Ltd.	South Karanpura	11.50	10	0.75	0.75	0.25		3	Y.
5,00,000	15,49,019	1,54,707	96,62,229(k)	29,716	F. W. Heilgers & Co. (Private) Ltd.	Standard	8.69	10	0.75	0.90	0.25		3	Y.
3,50,000	2,61,000	20,49,970	15,40,067	25,434	B. M. Varma, Esq. (Mg. Director) ..	Union	14.00	10	1.25	1.50	1.50		12	Y.
49,38,000	5,00,557	96,30,910	26,51,821	15,862	Hindustan Investment Corpn. Ltd.	Western Bengal	15.75	10	0.75	0.75	0.75	0.75	3	Y.
7,00,000	....	60,41,480	30,68,510	—2,48,408	M.	West Jamuria	9.56	10	0.40	0.40	0.60		3	Y.
							7.00	10	Nil	Nil			12	Y.

B.—The reserves of Straw Products Ltd. include a non-distributable amount of Rs. 63,40,654 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1955. ‡‡ Investment at cost.
H.—Clive Row Investment—Dividend for 1958 includes additional dividends of 9 nP for the year ended 31st March 1956 and 87 nP for the year ended 31st March 1956. * Includes bonus.
B.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1960 are shown as taxable. (k) Investments.
K.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent. approximate, as the final dividend of 10 per cent. was paid on the increased capital of Rs 118 lakhs, [redacted] interim dividend of 15 per cent. was on a paid-up capital of Rs. 50 lakhs only.

MARKET GOSSIP

(*Concluded from page 579*)

tion, as well as to the urgency of earning valuable foreign exchange for its development plans. It had become essential for India, he declared, to export large quantities of sugar. And he added: "The quota fixed should be in relation to the size of our industry and the export surplus that we have."

The chances of India's plea being conceded appear to be quite bright. though it cannot be said now as to what exactly would be the size of the quota.

French Economic "Miracle"

The popularity of the West German Deutschemark and the strain it imposed on the payments position of other countries have held the attention of world currency experts for so long that the gathering strength of the French franc, which is pregnant with serious payments difficulties, has received little notice. In fact, the developments in the French economy have been so remarkable that the franc, which only a few years ago was regarded as the sickest currency in Europe, bids fair to be one of the strongest currencies in the world. According to one London commentator, "if there is any worry about European currency movements at present, it is that the French franc may replace the D-mark as an overstrong currency and as a deflationary influence on the rest of the world."

The credit for strengthening the French economy should be laid mainly at the door of the French Government, headed by President de Gaulle, which, by following bold and realistic policies, has transformed the erstwhile crisis-ridden State into one of the most economically strong and politically stable countries in Europe. To quote the latest O.E.E.C. assessment of the French economy: "The external position is excellent, the Exchequer has seldom had such abundant resources available and France is in a position to encourage further expansion." The rate of economic growth in France has been higher than in the U.K. or the U.S. The rise in gross national product during the current years is estimated at 5 per cent. as against the average annual growth of 2.5 per cent in the U.K. and 3.3 per cent in the U.S.

This buoyancy of the French economy is reflected in the growing surplus in its external payments which is causing concern for other European countries, especially Britain as well as the U.S. It is true that the franc is not as yet a source of major

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar.	Sept.	96.50	100
BREWERIES AND SUGAR							
Bharat Sugar R.C.	5,00,000	1931	5.00	Dec.	..	70.00	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April	..	84.50	100
Carew & Co. T.F.R.C.	8,00,000	1876	6.00	Mar.	Sep.	80.50	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb.	Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C.	7,00,000	1920	7.00	July	Apr.	5.03	5
East India Distilleries T.F.C. ..	£200,000	1897	7.00	Jan.	July	18.00	£1
Gwalior Sugar R.C.	6,75,000	1940	7.00	Dec.	..	62.00	100
Do. (Non-redeem.)	5,00,000	1940	7.00	Dec.	..	62.00	100
Partabpore Co. C.	6,00,000	1922	10.00	Oct.	..	11.00	10
Ramnuggar Cane T.F.C.	4,00,000	1935-36	6.00	Aug.	..	83.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct.	Apr.	61.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct.	..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec.	..	7.40	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec.	..	90.00N	100
Do. C.R.O.	15,00,000	1946	5.00	Dec.	..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April	May	115.50	100
COAL							
Borrea T.F.C.	14,00,000	1896-97	6.50	Oct.	Apr.	82.00	100
Burrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr.	Oct.	101.00	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	7.00	10
Katrihle T.F.	4,00,000	1895	6.00	Mar.	Sept.	72.00	100
Karanpura Collieries C.	9,89,500	1946	5.50	..	..	56.00	10
††Khas Kajora C.	1,93,000	1931	5.00	Mar.	Sept.	7.00	10
New Beerbhoom T.F.C.	3,00,000	1920	7.00	Jan.	July	10.50	10
Oudal T.F.C.	2,00,000	1898-99	6.00	Apr.	Oct.	85.00	100
COTTON							
Ahmedabad Advance T.F.C. ..	10,00,000	1939	5.00	Apr.	Oct.	70.50	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan.	July	168.91	100
Basanti Cotton T.F.	4,00,000	1938	6.25	Nov.	..	5.50	10
Bowreah 'A' T.F.	6,00,000	1900	8.00	Feb.	Aug.	110.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb.	Aug.	71.00	100
Bradbury T.F.	14,75,000	1919	7.00	June	Dec.	51.00	50
Buckingham & Carnatic C.T.F. ..	21,80,200	1920	7.50	Jan.	July	122.00	100
Cambodias C.T.F.	1,00,000	1928	7.00	Apr.	..	90.00	100
Central India T.F.	50,00,000	1912	6.00	Apr.	Oct.	402.00	100
Century Spg. & Mfg. Co. T.F.R.C. ..	1,25,00,000	1958	6.00	Dec.	..	107.00	100
Coimbatore Pioneer C.T.F.	1,00,000	1935	6.50	June	..	78.50	100
Elgin T.F.C.	11,00,000	1912	8.00	May	..	103.00	100
Elgin 'B' T.F.C.	4,20,000	1913	5.00	July	..	6.50	10
Elphinstone C.	25,00,000	1919	7.00	May	Nov.	66.50	100
Elleram T.F.C.	20,00,000	1919	7.00	June	Dec.	104.00	100
Khatau Makanji (2nd) T.F.	29,92,500	1947	4.00	Nov.	..	75.00	10
Kothari C.T.F.	18,00,000	1937	6.00	Dec.	..	8.75	5
Kothari 'B' (Pref.) T.F.C.	6,00,000	....	6.00	..	..	8.50	250
Lakshmi Cotton (Bombay) C. ..	15,00,000	1896	6.00	..	..	151.25	100
Morarjee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan.	..	78.00	100
Mysore Spg. C.	7,45,050	1944	4.50	..	..	22.76	50
National Rayon C.	1,74,66,700	1947	5.00	..	..	70.50	100
New Great	2,00,000	1913	5.50	Mar.	..	105.50	200
Podar Mills T.F.C.	10,00,000	1943	4.00	Feb.	..	68.00	100
Rajalakshmi C.T.F.	2,00,000	1923	6.50	Apr.	..	44.50	50
Shree Niwas Cotton T.F.C.R. ..	4,50,000	1944	4.00	..	..	94.00	100
Sholapoor T.F.C.R.	25,00,000	1943	3.00	..	..	78.25	100
Swadeshi T.F.C.	15,00,000	1925	5.00	Apr.	Oct.	98.00	100
Swadeshi (Kanpur) T.F.C.	25,00,000	1927	6.00	June	..	70.00	100
Travancore Rayon C.T.F.	50,00,000	....	5.00	May	..	7.15	10
Vasanta (1st) C.T.F.	3,00,000	1931	6.50	Apr.	Oct.	97.00	100
Do. (2nd) C.T.F.	1,50,000	1938	6.00	..	..	94.00	100
Vishnu C.	15,66,500	1908	7.00	Apr.	..	395.00	500
ELECTRICS							
Andhra Valley Power Supply C. ..	49,34,000	1917	7.00	May	Nov.	1,022.50	1,000
Amalgamated Electric T.F.C. ..	24,18,000	....	5.50	..	..	68.00	100
Calcutta Electric T.F.C.	19,00,000	1909-11	5.00(t)	June	Dec.	9.25	51
Poona Electric C.	4,00,000	1935	7.00	June	Dec.	101.00	100
South Madras (1st) C.T.F.	22,00,000	1940	5.50	Sept.	Dec.	8.10cd	100
Do. (2nd) C.T.F.	5,00,000	1940	5.50			8.25cd	100
Surat Electric Co. C.T.F.	5,00,000	1939	5.50	Apr.	..	107.00	100
Tata Hydro Electric Power C. ..	99,23,000	1927	7.00	May	Nov.	100.00xd	100
Tata Power T.C.	86,97,000	1918	7.50	May	Nov.	1,063.75	1,000
Vellore C.	1,25,000	1928	6.00	Dec.	..	6.25cd	10
ENGINEERING							
Arthur Butler (Muzaffarpore) T.F.C.	1,80,000	1919	7.00	Mar.	..	11.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	15,00,000	1895-96	7.00	Feb.	Aug.	110.00	100
Do. (2nd) T.F.C.	15,00,000	1895-96	6.00	Feb.	Aug.	101.50	101
Indian Iron and Steel Co. Ltd. T.F.C.	2,99,95,400	[illegible]	5.00	Dec.	..	89.00	100
Indian Standard Wagon T.F.C. ..	19,66,500	[illegible]	7.00	June	..	110.00	100
Jessop T.F.C.	30,00,000	[illegible]	5.00	May	Nov.	78.00	100
Kamani Engineering C.R.	15,00,000	[illegible]	5.50	July	..	87.00	100
†††Kumardhubi Engineering T.F.C.	13,08,000	1918	4.00	June	Dec.	78.00N	100
Larsen and Toubro Ltd. T.F.R. ..	13,00,000	1948-47-51	5.00	..	..	98.00	100
Mahindra & Mahindra T.F.R.C. ..	25,00,000	1945	6.00	May	..	98.00	100
McKenzies (1st) T.F.C.	5,50,000	1907	5.50	..	..	86.00	100
Premier-Construction (1st)	10,00,000	....	6.25	..	..	78.00	100
Do. do. (2nd) C.	15,00,000	1936	6.25	..	..	68.00	100
Do. do. (3rd) C.	56,25,000	1947	6.25	..	..	4.88	10
Tata Iron and Steel (1st) C. ..	75,00,000	1908	6.00	Nov.	..	139.00	150
Do. do. (2nd) C.	6,02,81,900	1908	7.50	May	..	104.25xd	100
JUTE							
Agarpara T.F.C.	10,00,000	1927	7.00	Jan.	July	91.00	100
Alexandra T.F.C.	9,00,000	1905	7.00	Feb.	Aug.	88.00	100
Alliance T.F.C.	15,00,000	1895	6.00	Mar.	Sept.	67.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May	Nov.	92.00	100
Auckland C.	10,00,000	1909	5.50	May	Nov.	72.00	100
Do. (2nd) (j) C.	15,00,000	1945	4.50	June	Dec.	60.00	100
Baly T.F.C.	20,00,000	1918	7.00	Apr.	Oct.	94.00	100
Barnagore C.	2,50,00,000	1896	8.00	May	Nov.	85.00	25
Belvedere T.F.C.	7,00,000	1906	7.00	Jan.	July	99.00	100
Birla C.	23,84,200	1919	7.50	June	Dec.	84.50	100
Bridge Bridge T.F.C.	6,00,000	1894	7.00	May	Nov.	90.00	100
Calcutta T.F.C.	6,00,000	1884	6.50	Jan.	July	50.00N	100
Caledonian T.F.C.	10,00,000	1915	7.00	June	Dec.	84.00	100
Chengail T.F.C.	10,00,000	1919	7.00	June	Dec.	89.00	100
Chitavalsa T.F.C.	5,00,000	1920	7.00	Mar.	Sept.	66.00	100
Clive (1st Pref.) T.F.C.	8,00,000	1906	6.00	May	Nov.	66.00	100
Do. (A) (2nd Pref.) T.F.C. ..	8,00,000	1905	7.00	May	Nov.	77.00	100
Dalhousie T.F.C.	15,00,000	1908-13	7.00	May	Nov.	98.00	100
Delta T.F.C.	5,00,000	1897	5.00	June	Dec.	69.50	100
Empire T.F.C.	10,00,000	1918	7.00	Feb.	Aug.	86.00	100
Fort Gloster T.F.C.	14,00,000	1920-26	7.00	May	Nov.	105.00	100
Do. (2nd Pref.) T.F.C.	7,00,000	1946	5.00	..	..	68.00	100
Fort William T.F.C.	10,00,000	1911	7.00	May	Nov.	92.00	100
Ganges T.F.C.	6,00,000	1916	8.00	June	Dec.	90.00	100
Gourepore T.F.C.	25,00,000	1905-04	6.00	May	Nov.	81.00	100
Hastings T.F.C.	25,00,000	1935	6.00	Mar.	Sept.	81.00	100
Hooghly T.F.C.	11,76,000	1918	10.00	May	Nov.	9.56	10
Howrah T.F.C.	8,75,000	1890	7.00	May	Nov.	92.00	100
Do. T.F.C. (f)	17,50,000	1902-06	7.00	May	Nov.	93.00	100
Hukumchand T.F.C.	40,00,000	1919	7.00	June	Dec.	91.50	100
Kamarhatty T.F.C.	15,00,000	1898-04	6.00	Feb.	Aug.	71.00	100
Kankinarah T.F.C.	10,00,000	1900	8.00	Feb.	Aug.	91.00	100
JUTE—*Continued*							
Kelvin T.F.C.	10,00,000	1907	7.00	Mar.	Sept.	91.00	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May	Nov.	79.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May	Nov.	91.00	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May	Nov.	92.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May	Nov.	92.00	100
Do. (B) T.F.C.	10,00,000	..	5.50	Dec.	..	70.00	100
Naihati T.F.C.	7,50,000	1905	7.00	May	Nov.	111.00	100
Do. (2nd) (j) T.F.C.R.	10,00,000	1945	4.50	June	Dec.	62.00	100
National T.F.C.	5,00,000	1917	7.00	May	Nov.	90.00	100
Nellimarla T.F.C.	5,00,000	1939	6.00	Apr.	Oct.	78.00	100
New Central T.F.C.R.	38,00,000	1915	7.00	Jan.	July	99.00	100
Northbrook T.F.C.	15,00,000	1900	5.50	May	Nov.	72.50	100
Reliance T.F.C.	20,00,000	1906-12	7.00	May	Nov.	80.00	100
Samnuggur C.	£150,000	1901	6.00	Feb.	Aug.	Sh. 21.50N	£1
Soorah T.F.C.	10,00,000	1920	7.00	Feb.	Aug.	91.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar.	Sept.	92.00	100
Titaghur C.	£150,000	1897	6.00	Feb.	Aug.	Sh. 21.50	£1
Union T.F.C.	6,00,000	1901-02	7.00	May	Nov.	91.00	100
Victoria C.	£150,000	1898	6.00	Feb.	Aug.	Sh. 21.50	£1
Waverley, T.F.C. (f)	7,50,000	1913	5.00	Mar.	Sept.	40.50	100
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov.	..	47.00	100
Calcutta Tramways C.	£250,000	1906	5.00	Apr.	Oct.	7.50	£1
Great Eastern Shipping T.F.R.C. ..	25,00,000	1945	5.50	Dec.	..	91.00	100
Indian General Nav. & Rly. C. ..	£244,030	1899	6.00	Mar.	Nov.	77.00	£10
India Steamship (w) T.F.C.R. ..	25,00,000	1928	5.00	..	..	76.00	100
TEA							
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May	Nov.	80.00	10
†††Banarhat Tea T.F.C.	4,00,000	1900-02	6.50	Jan.	July	100.00	100
Birpara T.F.C.	1,00,000	1900-02	8.00	Jan.	..	102.00	100
Choonabhutti T.F.C.	2,00,000	1914	6.50	Jan.	July	100.00	100
Gielle C.	2,00,000	1894	6.00	Sept.	..	78.00	100
Hantapara T.F.C.	50,000	1901	8.00	Jan.	..	102.00	100
Hasimara T.F.C.	8,00,000	1904	7.00	Mar.	..	97.00	100
Kingsley Goalghat T.F.	2,40,000	1897	6.00	Dec.	..	80.00	100
Moheema T.F.C.	6,50,000	1929	6.00	May	Nov.	7.00	10
New Docars T.F.C.	2,00,000	1907	6.50	Jan.	July	100.00	100
New Samanbagh T.F.C.	1,00,000	1908	8.00	Nov.	..	90.00	100
†††Okayti T.F.R.C.	50,000	1888	7.00	Dec.	..	84.00	100
Panitabing T.F.C.	2,05,000	1918	7.00	Jan.	..	97.00	100
Sonai River T.F.C.	1,00,000	1909	8.00	May	..	88.00	100
***Texpore C.	2,05,000	1932	8.00	Jan.	..	10.50	10
Tirilbannah T.F.C.	1,00,000	1922	10.00	May	Nov.	13.25	100
PLANTING							
Be Be Rubber C.	1,43,005	1944	6.25	..	..	2.35cd	5
Do. R.C.	2,85,570	1944	6.25	..	..	5.75cd	10
Cochin Malabar C.T.F.	1,13,800	1932	7.00	June	..	48.77	50
Coffee Lands C.T.F.	10,40,800	....	5.00	..	..	71.08	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr.,	..	83.14cd	100
Cottanad C.T.F.R.	1,00,000	1937	7.50	Nov.,	..	9.00cd	10
Devon Tea C.T.F.	2,00,000	1936	7.50	July	..	82.00	10
Highland Produce C.T.F.	3,00,000	....	6.00	July	Jan.	7.25	10
Neelamalai C.T.F.	15,00,000	1943	5.00	Jan.	July	6.10	10
Nilgiri Tea C.T.F.	2,81,250	1942	6.50	July	..	3.80cd	5
Pullangode C.T.F.	1,50,000	1948	6.00	Mar.	..	7.57	10
Teekoy Rubber C.T.F.	6,00,000	..	6.00	Mar.	Sept.	8.00	10
T. R. & T. Co. C.T.F.	16,00,000	..	6.00	June	Dec.	8.95	10
Waterfalls R.C.T.F.	5,00,000	1943	6.00	Nov.	..	8.40	10
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	..	6.25	June	..	81.00	100
Do. do. (2nd) T.F.R.C. ..	5,00,000	..	5.00	June	..	77.50	100
Alkali & Chemicals T.F.C.	31,00,000	1937	5.00	Apr.	..	92.00	100
Aluminium Corpn. (1st) C.	20,00,000	1938	7.00(f)	..	..	99.00	100
Andhra Cement C.T.F.	2,48,800	1937	6.00	Feb.	June	92.74	100
Associated Hotels of India C. ..	21,67,000	1916	6.00	Mar.	Sept.	92.00	100
Bengal Chemicals T.F.C.	10,00,000	1925	7.50	Aug.	..	12.50	10
Bengal Paper Mill T.F.C.	2,00,000	1903	7.00	Mar.	Sept.	49.50	100
Do. "A" T.F.C. ..	4,00,000	1923	7.00	Mar.	Sept.	102.00	100
Do. "B" T.R.C. ..	10,00,000	1948	5.00	..	..	68.00	100
Bengal Timber Trading T.F.C. ..	3,00,000	1896	8.00	Aug.	..	8.00N	100
Britannia Biscuit T.F.C.	15,450	1921	8.00	Feb.	Aug.	14.50	10
British Ceylon Corporation C. ..	17,00,000	1913	8.00	Feb.	Aug.	6.00N	10
British India Corporation T.F.C.	61,00,000	1920	8.00	Feb.	..	109.00	100
Dalmia Cement (Bharat) C.T.F. ..	61,58,210	1937	6.00(f)	Sept.	..	7.69	10
Dhrangadhra Chemicals T.F.C.R. ..	31,91,900	1946	6.00	..	..	79.00	100
Shree Digvijay Cement T.F.R.C. ..	79,00,575	1944	5.00	Dec.	..	76.50	100
Dunlop Rubber Co. (1st) T.F.C. ..	80,00,000	1926	6.00	June	Dec.	108.50	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1926	6.00	Apr.	..	79.00	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	5.00	Feb.	Aug.	58.00	100
Do. do. (2nd)	1,00,000	..	6.00	Feb.	Aug.	49.00	100
Gillanders Arbuthnot(f) R.C. ..	25,00,000	..	5.00	Apr.	Oct.	56.00	100
Hindustan Motors T.F.R.C.	1,50,87,200	1956	6.00	Mar.	..	194.00	100
Humayan Properties T.F.C.	12,00,000	1933	6.00	..	..	6.75	10
India Cement C.	29,85,000	1946	7.50	Oct.	..	79.50cd	100
Indian Aluminium (g) C.R.	40,00,000	1945	5.00	June	..	69.00	100
Indo-Burma Petroleum C.	40,00,000	1921	7.00	Jan.	July	82.00xd	25
Indian Cable (m) C.	12,87,750	1923	6.00	June	Dec.	84.00	100
India Rubber Mfrs. (s) T.F.C.R. ..	8,25,000	..	5.00	Apr.	..	60.50	100
Jardine Henderson C.	50,00,000	1946	5.50	Dec.	..	57.50	100
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.50	May	..	57.00	100
Do. do. (2nd) T.F.C. ..	10,00,000	..	4.00	May	..	55.75	100
Kumardhubi Fireclay & Silica C.R. ..	2,00,000	1915	7.00	June	Dec.	61.00N	100
Martin Burn (k) T.F.C.R.	30,00,000	1946	5.00	Apr.	Oct.	81.00	100
McLeod and Co. (1st) C.	10,00,000	1930	5.00	July	Jan.	48.00	100
Do. (2nd) F.C. ..	40,00,000	1936	5.00	July	Jan.	58.50	100
Metal Box Co. C.R.	30,00,000	..	6.00	..	..	84.00	100
Mettur Chemicals (O)d) C.T.F. ..	20,00,000	1962-16	6.00	Feb.	Sept.	9.50cd	10
Mysore Chemicals Mfrs. C.T.F. ..	2,00,000	1930	6.00	June	..	8.50	10
Mysore Lacque E.C.T.F.	2,50,000	..	4.00	Aug.	..	5.95	10
National Thermos C. (O)d) (p) T.F.C.R.	12,00,000	..	5.00	Mar.	Sept.	90.00	100
Do. do. (New) (q) T.F.C.R.	19,98,000	..	4.50	Mar.	Sept.	68.00	100
Orient Paper T.F.C.R.	20,00,000	1936	5.50	Jan.	..	82.50	100
Do. (2nd) (r) C.R.	50,00,000	..	5.50	Apr.	Oct.	64.50	100
Rohtas Industries (O)d) T.F.C. ..	20,00,000	1936	7.00-9.00	Apr.	..	118.00	100
Do. do. (New) T.F.C. ..	85,04,700	..	4.25	Apr.	..	56.00	50
†Smith Stanistreet & Co. T.F. ..	5,00,000	1920	10.00	Feb.	Aug.	65.00	100
Spencer & Co. "A" C.	23,00,000	1898	6.50	Jan.	July	7.63	10
Do. "B" C.	36,80,000	1922	8.50	Jan.	July	10.25xd	100
Standard-Vacuum C.	75,00,000	1955	6.00	June	Dec.	88.50	100
Star Paper T.F.R.	10,00,000	..	5.00	Mar.	Sept.	74.00	100
Tata Chemicals T.F.C.	59,97,000	..	5.00	June	..	86.50	100
Tata Oil Mills C.	29,86,800	1946	4.50	July	..	68.00	100
Titagur Paper Mills T.F.C.	11,50,000	1899	8.00	Jan.	June	110.00	100
Do. (2nd) T.F.C. ..	15,00,000	1934	4.50	Jan.	July	78.00	100

* All preference shares are taxable unless otherwise stated.

** These shares carry the right of a participating dividend at the rate of 3 per cent (of which only 3 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent per annum and also to participate in further dividend of 3 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

‡ Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 3 months' notice, redeemable after 30th September 1966 at Rs. 125. (i) Redeemable at par after 9th November 1959 on 6 months' notice. (l) Redeemable after 28th July 1955 on 6 months' notice. (m) Rank pari passu with ordinary shares. (n) Redeemable at par after 31st March 1952 on 6 months' notice. (o) Redeemable at par after 1st October 1956 on 3 months' notice. (p) Redeemable at par after 1st January 1944. (q) Redeemable at par after 17th June 1956. (r) Redeemable at par on 3 months' notice. (s) Redeemable at par on 3 months' notice. (t) Free of Income-tax upto 6 as. in the £. (u) Redeemable at par on 3 months' notice. (v) Redeemable at any time 8 years after the date of issue at a premium of Rs. 10 on various dates. (w) Redeemable at any time 5 years after the date of issue at a premium of Rs. 10 on 3 months' notice. (x) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. (y) [illegible].

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent Who else must sweat and toil and gain but scanty fare."
William Blake.

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SENSIBLE, THOUGH BELATED

AT long last, Mr. S. K. Patil, Union Minister for Food and Agriculture, has acted boldly in the only direction which is open to him now for tackling the problem of surplus sugar stocks. He has taken off all the controls on movement, distribution and prices of sugar, with effect from Thursday the 28th inst., retaining only the control on releases with a view to preventing violent fluctuations in prices. He cannot, however, claim any credit for this action, because he has acted only when forced by circumstances. If he had taken this step in February or March last, he would have earned the reputation of having acted in time and with foresight. It was pretty clear even six or seven months ago that the country would be faced with a surplus heavy enough to cause a severe headache to all, unless effective measures were promptly taken to stimulate domestic consumption. If all the controls had been abolished then, a part of sugar stocks would have moved into the hands of the trade and freer availability of sugar in all parts of the country would have led to larger consumption.

Although Mr. Patil had stated even as early as last year that he would not keep the controls a day longer than necessary, he hung on to them even after they had become not only useless but positively harmful. Apparently, the vested interests in sugar which had thrived under controls were strong enough to subdue Mr. Patil's dynamism. The Central and State Governments, the cane growers, the co-operatives and even the sugar millowners, all were reluctant to face the consequences of decontrol. The Centre was interested in its excise revenue and in making sure that there was a sufficiently large surplus of sugar to force everyone into accepting the need for exporting the commodity even at a heavy loss. The State Governments, barring a few perhaps, were chary of losing the controls for two reasons: One, none likes to give up power and more so those who are already in power. Two, the co-operative sugar factories, in which they have large investments and which are relatively less efficient than the joint-stock companies, would not be able to withstand the bracing climate of free markets. Having enjoyed the best of both worlds for nearly a decade, cane growers were naturally unwilling to accept anything less. The sugar millowners, too, were of the same mentality. They were keen to see that they did not suffer any depreciation in the value of their stocks and a deflation of their profit-margin. Indeed, as late as in the first week of August last, the President of the Indian Sugar Mills Association pleaded for a higher ex-factory price and a concrete floor to walk on. None of them worried about the consumer of sugar, who was already groaning under the weight of high prices of all his necessities and heavy taxation. Each wanted his pound of flesh, though they were all prepared to make a little sacrifice for the benefit of consumers outside India for the simple reason that foreign exchange was more precious than Indian currency.

It is contended by some—this view seems to be shared by Mr. S. K. Patil—that, as the monthly releases were large enough to take care of everybody's requirement of sugar and as not all the sugar released by the Government were taken up, the view that controls were hampering the growth of consumption is rather far-fetched. This contention is far from convincing and is, in any case, not accepted by the sugar trade. The President of the Bombay Sugar Merchants' Association Ltd., for instance, argued thus, in a statement to the Press on the 23rd inst.; after pointing out that the per capita consumption of sugar had fallen from 11.70 lbs. in 1958-59 to 10.50 lbs. in 1960-61, despite a record production of nearly three million tons, he said:

> "It is now agreed on all hands that consumption must be increased. But how? What factors are coming in the way of achieving this objective? With so much sugar in the country, why is it that there exist in the country several areas and pockets where scarcity of supplies and higher prices than the fixed ones still prevail? Basic thinking is needed on these points. The root cause lies in the defective system of distribution of the States. While some State Governments have relaxed their distribution policy as required by the changed sugar position, some other State Governments, for reasons best known to them, continue to exercise rigid controls, such as were thought necessary and devised to meet the conditions of shortage in 1959. In Maharashtra, which is a surplus sugar producing State, the scheme of distribution of sugar, which was initiated in 1959 to meet conditions of scarcity which prevailed then, is being continued with unabated rigidity. Quite a large number of established traders, both wholesale and retail, have been shut out from the distribution trade and have been facing the threat of being displaced from their avocations. Recently, some relaxations were made at the retail level, enabling retailers to get some extra sugar, but these are of a

their mill. With an increase in the production of brown sugars, their prices will go down and this in turn is bound to force a fall in the price of refined (that is, white) sugar also. One can argue, of course, that, as sugarcane growers have had a good time for a number of years, they should not mind accepting lower prices for a part of their crop in the coming season. If they are prepared to accept lower prices, the mills may not mind crushing the extra cane, as the reduction in the price of cane will neutralise the penal excise levy. But this will aggravate the problem of surplus stocks and upset the Government's plan for bringing down production.

It will be seen from the foregoing account that the Government will not be able to avoid wholly the unpleasant political consequences of a direct cut in the price of sugarcane. Such a cut would have been desirable, once it was found that more than enough acreage was being devoted to sugarcane, as it would have avoided diversion of land from other badly needed crops. At least, in future, the Government should not pursue this kind of dubious policy. The so-called minimum price for sugarcane for the 1962-63 season must be cut and some means must be found whereby the aggregate price the farmer gets is related to the sucrose content of his cane. All this must be done well in advance of the sowing season, so that farmers may be under no illusion.

Since the price of sugarcane is subject to a minimum, which is so high that it is very nearly the maximum that a factory can afford

SUGAR STATISTICS AT A GLANCE

(In tons)

Season	Opening stocks	Production	Total supply	Consumption
1950-51 ..	87,891	1,110,500	1,198,391	1,204,000
1951-52 ..	182,950	1,483,100	1,666,050	1,274,000
1952-53 ..	504,000	1,297,400	1,801,400	1,653,000
1953-54 ..	106,185	1,000,500	1,106,685	1,807,000
1954-55 ..	57,741	1,590,000	1,647,741	1,722,000
1955-56 ..	432,582	1,802,100	2,294,682	1,940,000
1956-57 ..	542,100	2,029,000	2,571,100	1,982,000
1957-58 ..	458,940	1,978,000	2,436,940	2,012,000
1958-59 ..	359,075	1,918,000	2,277,075	2,080,000
1959-60 ..	173,584	2,421,000	2,594,584	2,020,000
1960-61 ..	595,098	2,961,000	3,556,098	2,050,000*
1961-62* ..	1,100,000 to 1,200,000	2,864,900	3,764,900 to 3,864,900	..

* Estimates.

N.B.—In arriving at the opening stocks for 1961-62, allowance has been made for an export of 300,000 tons.

to pay, the decontrol of sugar prices complicates the position for millowners. In case the price of sugar were to go below Rs. 38.50 per maund, as it well might, the profit-margin of most of them would be markedly affected; some of them may even have to incur losses. As mills have to bear a part of the loss on exports of sugar also, they will be put to severe hardship. The suffering will be more for the units which have expanded their capacity to a considerable extent, as they cannot use it to the fullest extent possible. The one way to minimise it is to lower the price of sugarcane. As this will not be possible in the 1961-62 season, it looks as though the mills will have to endure lower profits or even losses next year. Not a pleasant prospect, of course, but there seems to be no way out of it. Since the mire in which the sugar industry finds itself today is the result of wrong policies pursued for many years, it cannot extricate itself out of it easily and quickly. Some muddling through is inevitable. The least the Government should do now are two: one is to reduce the excise duty on sugar, thereby providing a positive stimulus to domestic consumption, and the other is not to obstruct the economic forces that will eliminate inefficient producers of sugar and growers of sugarcane, in whichever sector (co-operative or private enterprise) they may be.

LAND CEILINGS AND EXEMPTIONS

BY now, land ceilings legislation has been enacted in all the States except Madras and Bihar and in the principal Union Territories. While the Bihar Bill is yet to be passed by the State Legislative Council, just at the moment the relevant Bill in Madras is being passed clause by clause in its Assembly. While it is unfortunate that the principle of land ceilings has been given effect to with a determination worthy of a better cause—unfortunate because it will put a stop to investment in large-scale farming and also generate left-wing pressures for ceilings on urban incomes—it is no less unfortunate that the level of ceiling has also turned out to be pretty low. Generally speaking, the level at which ceilings on existing landholdings have been fixed in the different States and Union Territories does not, by any means, seem to be generous, for, in terms of good quality land or irrigated land, the maximum size ranges around just 20-25 acres in most cases. This size will, on an average, yield a net income, at current prices of produce, of only Rs. 3,000 to Rs. 4,000 per annum. In Kerala, for instance, it is as low as 15 acres of double crop paddy land, in Maharashtra 18 acres of land under perennial canal irrigation, in Gujarat 19 acres of perennially irrigated land, in Bihar 24 acres of canal-irrigated land, in Delhi 24 acres of irrigated land, in Tripura 25 acres of *nal* or *lunga* land, in Orissa 25 acres of land under perennial irrigation, in Andhra Pradesh and Mysore 27 acres of wet land with secure irrigation, in Madhya Pradesh 25 acres of perennially irrigated land, and in Madras 30 acres of first class wet land. In the Punjab and Rajasthan, it is 30 acres in terms of good quality land, with a certain standard productivity, and in Uttar Pradesh 40 acres of 'fair' quality land. In some other States and Territories, it is merely so many acres without reference to quality or irrigation; the respective extents in Jammu and Kashmir, Manipur, West Bengal and Assam are 22½ acres, 25 acres, 25 acres and 50 acres.

Of course, in terms of poorer quality land or unirrigated land, the maximum limits may seem to be more liberal, ranging as they do upto 324 acres in Andhra Pradesh, 72 acres in Bihar, 132 acres in Gujarat, 37.5 acres in Kerala, 75 acres in Madhya Pradesh, 120 acres in Madras, 126 acres in Maharashtra, 216 acres in Mysore, 100 acres in Orissa, 60 to 80 acres in the Punjab, 80 acres in Uttar Pradesh, 60 acres in Delhi and 75 acres in Tripura. But these are, by and large, only the equivalents, in terms of yield, of the maximum sizes in respect of irrigated lands. And, in many States such as Andhra Pradesh, Bihar, Kerala, Madhya Pradesh, Madras, Maharashtra, Mysore, Orissa, Rajasthan, Uttar Pradesh, Delhi, Manipur and Tripura, varying allowances for size of family have been provided, and these will have the effect of increasing the respective sizes of maximum holdings. Perhaps the only redeeming feature of the level of ceiling is that the varying extents in terms of unirrigated land are pretty substantial. What amount of surplus land, that is, land in excess of the ceiling limits, will have been released for redistribution in the country as a whole is not precisely known. But one broad estimate or guess is that it will be no more than 3 million acres at the most. From the point of view of making land available to the landless, the reform, therefore, will not have fulfilled the hopes it had engendered among them. But, from the point of view of levelling down the class of substantial landowners, it will have brought about (through ceilings on existing holdings and future acquisitions) a permanent limitation of landownership at a relatively low level which will leave practically no scope for investment in large-scale farming, except in those categories of farms exempted from ceilings.

Whatever chance there is for scientific agriculture on large-scale lines is to be found only in these exemptions. According to the second Plan's exemption policy, which, as it is stated in the final report of the third Plan, remains 'generally' valid now, tea, coffee and rubber plantations, orchards constituting reasonably compact areas, specialised farms engaged in cattle breeding, dairying, wool-raising, etc., sugarcane farms operated by sugar factories and efficiently managed farms, consisting of compact blocks, on which heavy investment or permanent structural improvements have been made and whose break-up is likely to lead to a fall in production —all these are eligible for exemption from ceilings. While it is gratifying to find that, in the land ceilings legislation in all the States, plantations have invariably been exempted from ceilings and there are also provisions in favour of specialised farms, it is distressing to know that there has been no such uniformity in the approach to sugarcane farms operated by sugar factories and to efficiently managed farms. Legislation in many States—Andhra Pradesh, Assam, Gujarat, Madhya Pradesh, Orissa, Punjab, Rajasthan, Mysore and Bihar—has provided for the exemption of efficiently managed farms from ceilings; but it is only in Kerala, Madras, Maharashtra and Uttar Pradesh that such exemption has not been envisaged. Again, legislation in several States—Andhra Pradesh, Assam, Madhya Pradesh, Orissa, Rajasthan, P.E.P.S.U. area of Punjab, Mysore and Bihar—has provided for the exemption of sugarcane farms operated by sugar factories. In two States—Maharashtra and Uttar Pradesh—no such exemption for sugar factory farms has been provided for; and in Madras there is provision only for the setting up of a Sugar Factory Board to review whether individual factories should or should not be exempted from ceilings. It is, indeed, strange that the Planning Commission, which has been laying so much stress on uniformity in the approach to land reform measures in all the States, has permitted a significant variation among the States in the matter of exemptions for sugar factory farms and efficiently managed farms. This is a lamentable failure on the part of the Planning Commission, in spite of its recognition that there are advantages in following the course of exemptions proposed.

Currently, the Bill passed very recently by the Mysore legislature has dealt with the question of exemptions in a commendably fair manner. The fairness consists not only in the provision of exemptions for plantations, sugar factory farms and efficiently managed farms from ceilings but also in the permission accorded to owners of plantations to keep *other* lands upto the ceiling, besides 100 acres for development purposes. The only niggardly provision in the Mysore scheme of exemptions is that the future acquisitions of land by owners of sugar factories and efficiently-managed farms will be limited to the ceiling, if the extent of land held by them is less than the ceiling. This is as illogical as the principal provision in the Mysore Bill for a ceiling of 27 standard acres in the case of existing holdings and 18 standard acres in the case of future acquisitions. If ceilings on existing holdings and future acquisitions should, in all fairness and logic, be at the same level, current exemptions for the holdings of sugar factories and efficient farmers should be logically accompanied by the provision that future acquisitions by such owners will be similarly exempted from ceilings. There is, again, something illogical in the Mysore provision for exemption of lands belonging to religious, charitable and educational institutions from ceilings only to the extent of lands personally cultivated by them. It would have been *prima facie* fair, if the lands of such institutions—lands which had been mostly donated by religious and charitable-minded people—had been straightaway exempted from ceilings irrespective of the consideration whether they were personally cultivated or cultivated by tenants. Another unsatisfactory feature of the Mysore legislation pertains to compensation which has been fixed at 10 times the annual net income of land to be taken over, as against the 15 times mentioned in the original Bill. It is doubtful if this compensation will work out to even 50 per cent of the market value of land. Even at an assumed level of 50 per cent of market value, this compensation will be less than just to individual owners; it will adversely affect the finances of religious, charitable and educational trusts which have not been exempted from ceilings.

In the Madras Bill, now on the anvil of the legislature, the scheme of exemptions leaves much to be desired. No doubt plantations and religious trusts have been exempted from ceilings. But efficiently managed farms, lands of charitable and educational trusts and sugar factory farms have not been specifically and straightaway exempted. Particularly the provision pertaining to the constitution of a statutory Sugar Factory Board to deal with the question of possible exemption of sugar factory farms implies uncertainty in individual cases. The reply of the Madras Land Revenue Minister, who has been piloting the Bill in the Assembly, is to the effect that the ceiling legislation should not stand in the way of the growth of the sugar industry in the State and that the Sugar Board has been envisaged to determine to what extent land for cultivation of cane should be allowed to the factories. This is, of course, reassuring. But it remains to be seen how far the spirit of the Minister's reply will guide the labours of the statutory Board, when constituted. The most salutary feature of the Madras scheme of exemptions is, on the other hand, represented by the complete exemption of plantations from ceilings. And this is in welcome contrast to exemption provisions in some other States like Kerala which place restrictions, in varying degree, on extensions and future acquisition of land by plantations.

MARKET GOSSIP

Decontrol and Sugar Shares

AN important development of the week which affects investors in sugar shares is the complete decontrol of sugar. This measure is bound to have an adverse effect on the profits of sugar industry. It is true that the Government has retained the power to regulate the flow of sugar from the factories, so that there may be no violent fluctuations in prices either way. It is also true that Mr. S. K. Patil is anxious to see that the mills do not suffer unduly. But the withdrawal of tax incentives that were allowed in the 1959-60 and 1960-61 seasons for securing increase in production of sugar, the loss on exports, the inevitable decline in the price of sugar and the compulsory cut in production in the next (1961-62) season, all these will bring about a substantial fall in the profit-margin of mills. For the Deccan sugar factories, in particular, the decontrol, which is an inevitable outcome of the steep rise in production, in the face of static domestic consumption, will mean a big setback, coming as it does on top of the application of Land Ceiling legislation to their sugarcane farms. These factories may have the benefit of agricultural profit for one more season (that is, 1961-62), but, thereafter, they will have to rely only on the profit they can make on the manufacture of sugar.

Those who fear that decontrol will result in higher prices for sugar are seriously mistaken. In the initial stages, better grades of sugar may command a slightly higher price, but, as more and more stocks come on the market, the premium will be no more than what it should be on quality considerations. With a surplus of nearly 1.2 million tons and a prospective output of 2.7 million tons at least, if not more, in the 1961-62 season, there is no prospect of prices going up again in the foreseeable future, unless a war were to break out. It will take at least two seasons of restricted production for the present huge surplus to be absorbed. The position for producers may be somewhat better, if the excise duty is reduced substantially to push up domestic consumption. Although Mr. Patil conceded this need in principle some time ago, it is not known whether the relief will at all be given and, if so, when and to what extent. It will not be surprising if Mr. Morarji Desai, who has the final say in this matter, turns round and quotes some of the spokesmen of the sugar industry itself who used to argue until recently that the consumer price of sugar in this country was by no means unduly high as compared with that in most countries of the world.

Life Insurance: Premium vs. *Bonus*

Reports in the daily Press claim that the Life Insurance Corporation of India is not in favour of a reduction in life insurance premium rates. The Corporation is said to have argued, in a report prepared by it on the recommendations of the Estimates Committee, that, if the current inflation continues, expenses are bound to go up, offsetting any future improvement in mortality or increase in interest yields. The Corporation has not taken a final decision on the question whether premium should be reduced or not. The actuarial investigation of the question is still going on and the premium rates, it is said, would be reduced only if the results thereof warrant such a course.

It may be recalled here that the Estimates Committee of the Lok Sabha, in its recent report on the Life Insurance Corporation of India, had suggested that a committee of experts, consisting of the Controller of Insurance, representatives of the Corporation and independent actuaries, should be set up to review the rates of premia charged by the Corporation. The Estimates Committee did not say whether premium rates should be reduced or not. It preferred to leave this question for the expert committee to decide. But it did emphasise that, in the nationalised set-up, the premium rates should not be any higher than are warranted by strict actuarial considerations. The Committee pointed out that the experience of the Corporation in respect of mortality, yield on investments and expenses of management, the three basic elements that enter into the computation of premium rates, was favourable, and hence there was a case for consideration of the question of premium revision. It seemed to suggest, by implication, that, since the premium rates charged by the L.I.C. were broadly based on the rates offered by the 'Oriental' immediately before nationalisation (they are one rupee lower per thousand sum assured), which itself was determined on the basis of actuarial investigation conducted during the decennial period 1925-35, a reduction was justified.

It is true that mortality experience since 1935 has been favourable. For instance, an investigation of mortality experience relating to 1953 and 1954 showed that actual deaths during the period were only about 45 per cent of those expected on the basis of the 'Oriental' (1925-35) Ultimate Mortality Table. Interest on dividends and expenses have also shown an encouraging trend hitherto. The Corporation, while not denying these favourable developments, argues that the probable trend of yield and expenses should also be taken into account. If the present inflation were to persist, it is likely to offset, the Corporation maintains, any improvement in mortality or yield.

There is considerable force in this contention of the Corporation. It is not desirable to change the premium rates frequently. Hence, when a revision of premium is sought to be made, it is advisable to take into account not only present trends but also what, on reasonable anticipation, is likely to be the trend in the foreseeable future. A reduction in premium rates is, however, not the only way of passing on the benefits of better underwriting results to policyholders. It can as well be done by declaring higher bonuses on with-profit policies. It is true that those who have not taken participating policies would not benefit from the bonus and that a portion of the surplus, which is partly the result of improvement in mortality, for which the community as a whole is responsible, should be distributed among non-participating policyholders, on grounds of equity, although they are not entitled to profit under the terms of the contract. This could be done not by a general reduction but by a cut in the premium on non-participating policies. This, of course, will not benefit the existing policies but might encourage people to take more of non-participating policies.

As a means of distributing the surplus, a higher bonus is, however, preferable to a reduction in premium rates, because the former is more flexible and therefore lends itself to adjustment according to changing circumstances of insurance business. Moreover, in an inflationary era, when the purchasing power of money is being eroded almost every day, bonus will compensate, in part at least, the fall which will have taken place in the real value of the policy amount when it falls due for payment.

Steel and Pig Iron Supplies

Almost everybody in industry and trade knows that the most glaring failure of second Plan was that steel production (2.2 million tons in terms of finished steel in 1960-61) fell very much short of the target (4.3 million tons). But Sardar Swaran Singh, Union Minister for Steel, Mines and Fuel, who addressed the third meeting of the Iron and Steel Advisory Council at New Delhi on the 26th instant, obviously lacked the courage to admit the failure frankly. What, on the other hand, he said was a laboured apologia. "During the past few years," he said, "I must admit that the pace of our industrial development has been so fast that steel production has not been able to keep up with it." This circumlocutory way of putting it was, to say the least, misleading. It must, however, be said to his credit that he was at least frank in admitting that, for want of many items of steel, substantial capacities in the steel processing industry have not been fully utilised. And, for the first time in recent years, the Minister had a word of cheer for the re-rolling mills. This is what he said:

"One of the disturbing features of the industry during the last few months has been the shortage of billets that the re-rolling mills have been experiencing. The acute shortage was due mainly to maintenance works that were taken up in the mills at Bhilai and the reduced supply from Tatas and Indian Iron. The period of this shortage, I am happy to say, is practically over and supplies are gradually coming back to the level of expectations. We have also arranged imports of some small quantities of billets. No doubt from the point of view of re-rolling mills, the shortage is important. I appreciate the demand that is being placed before us for importing larger quantities of billets. We have to look at the matter from the point of view of availability of the end products. The supply of bars and rods in the country is adequate, except in certain pockets due mainly to transport difficulties. Therefore, foreign exchange which is limited should be utilised to import categories which are more scarce than bars and rods.

"During the last meeting, I mentioned that the only scarce categories were sheets and wire. I am happy to say that the supply position of wire has improved. I am sure the position in sheets will also improve in the near future. It is indeed gratifying to note that a number of re-rollers are making arrangements to produce wire rods. This, along with the wire rods from Indian Iron, will be able to supply the raw materials to the wire drawers to meet a considerable portion of their demand. We propose to set up a rod mill at Bhilai which, after its completion, will be able to meet substantially the future demand of wire drawers."

Sardar Swaran Singh also held out the hope to consumers of steel in general that the rest of the current year (1961-62) would be comparatively easier for them, thanks to the higher rate of production now and the larger import arrivals. The pig iron supply position, however, has again become difficult and so the Government has stopped making any further commitments for export of foundry pig iron. The most heartening piece of information given by the Minister, in this connection, is that there has been good response to the policy of licensing 5 or 6 pig iron plants (each of 100,000 tons capacity) in the private sector. If, as the Minister himself acknowledged, the pig iron produced in such relatively small units is of high quality suitable for use in foundries, why should not the Government license more such units, assuming that a sufficient number of entrepreneurs will come forward and that the requisite capital resources will be readily available?

Kirloskar Oil Engines

The Kirloskars have done it: carrying coal to Newcastle. Kirloskar Oil Engines Ltd. has penetrated the U.S. market, famed the world over for its machines and electrical gadgets. On Tuesday, the 26th inst., Mr. Y. B. Chavan, Chief Minister of Maharashtra, released at Poona the first consignment of Kirloskar oil engines, for shipment to the U.S.

For a young enterprise such as the Kirloskar Oil Engines Ltd. to have made a debut in the highly competitive U.S. market is proof that Kirloskars, as industrialists, are second to none. It is no doubt an eloquent testimony to the fact that Kirloskar oil engines have the two most important elements that go to make a product competitive, namely, high quality and reasonable price. An equally important factor, which is responsible, in no mean measure, for the popularity of Kirloskar oil engines in Asian and African markets, is the prompt and efficient after-sales service that goes with all Kirloskar products.

Speaking at the ceremony, Mr. S. L. Kirloskar pointed out that the Company was hoping to double exports of oil engines this year. The Company's exports last year were valued at Rs. 30 lakhs, as compared with only Rs. 30,000 five years ago, and this year they are expected to be Rs. 50 lakhs. Mr. Kirloskar, however, had no illusions about exports. "I must point out," he said, "that export is not an easy job. The competition in the overseas markets is always extremely keen and goods, even of high quality, cannot be sold, unless they stand the price competition." He did not think that compulsion will result in exporting more. For a detailed treatment of the limitations of compulsory exports, see our Delhi Letter on page 638 of this issue. What the Government could do to help export more, Mr. Kirloskar suggested in his speech at the annual meeting of the Company, was to create conditions for the production of high quality goods at reasonable prices, so that they could stand up to the fierce blast of competition abroad.

Mr. Kirloskar detailed the various expansion programmes undertaken by the Company. He disclosed that, for financing these programmes, the Company proposes to issue, in the near future, 25,000 equity shares of Rs. 10 each for which permission has already been obtained. It may be recalled here that the Company issued, early this month, 400,000 redeemable cumulative, participating preference shares of Rs. 10 each at par; these have been fully subscribed.

Imperial Tobacco

From just Rs. 40 lakhs to over Rs. 42 crores! This is the extent to which the sales proceeds of the Imperial Tobacco Company of India Ltd. have expanded since 1911 when the Company was purely a selling organisation. It is true that, in the year ended 31st March 1961, almost 43 per cent of the present turnover, or Rs. 18.09 crores, is accounted for by customs and excise duties. Even so, the expansion of business is, as Mr. F. A. Collett, Chairman of the Company, claimed in his speech at the Company's fiftieth annual meeting held at Calcutta on Tuesday this week, no mean achievement. The Company owns today five cigarette making factories and two printing factories. Its capital is now over Rs. 15 crores, as against only Rs. 25 lakhs fifty years ago.

It is not merely at the notable progress made by Imperial Tobacco that the shareholders of the Company have reason to feel gratified. There is also the welcome statement by the Chairman that the Company has certainly no intention of resting on its past achievements and that it will not be found wanting in the task of supplying the anticipated demand for cigarettes following the improvement in living standards under the Five-year Plans. While the statement is reassuring, the heavy load of taxation and the steadily increasing costs of labour, raw materials and freight, to which Mr. Collett drew attention, are somewhat disquieting. Surely, the Company cannot absorb all this burden if the increases in the various items of cost outstrip the gain resulting from higher productivity. No wonder, then, that the outlook for the Company, as assessed by Mr. Collett, could not but be one of moderate optimism. Since it is difficult to say whether there will not be any further increases in tobacco duties and that rising costs do not outpace improvement in turnover, the Company will, as was mentioned by us while reviewing the working results of the Company two weeks ago (*vide* page 565 of *Commerce* dated 16th September 1961), do well to diversify its manufacturing activities by taking up some new lines.

India and Commonwealth Sugar Agreement

An interesting suggestion that India should apply for membership of the Commonwealth Sugar Agreement was thrown by the Chairman of the Indian Sugar Mills Association's Export Agency Division, Mr. S. S. Kanoria, at Calcutta the other day. The claim of India to such membership, Mr. Kanoria said, could be strongly pressed, because this country was not in a position to export sugar in 1951 when the Agreement was concluded. "Now that a substantial export surplus exists," he went on to say, "there is no reason why India should be denied the benefits enjoyed by the other sugar exporting Commonwealth countries. India's case is further strengthened, because South Africa has withdrawn from the Commonwealth and its export quota could be allotted to this country without disturbing the arrangements with other Commonwealth countries."

The suggestion of Mr. Kanoria has evidently been prompted by two important considerations: (*a*) the pressing need for earning foreign exchange and (*b*) the disposal of the sizable exportable surplus at the highest price possible. The chief advantage of India joining the Commonwealth Sugar Agreement lies in the fact that the heavy loss on sugar exports to free markets can be reduced considerably, inasmuch as the price paid by the United Kingdom for the sugar bought by it from the Commonwealth countries is higher than the world price, as is the case in respect of sugar bought by the United States under special

(Continued on page 673)

EQUITIES FIRM

SUGARS, HOWEVER, DEPRESSED

(From Our Own Correspondents)

BOMBAY, 28*th September*

EQUITIES displayed a firm trend during the major part of the week, thanks to heavy short-covering and some fresh investment buying. The bullish sentiment was also sustained by encouraging advices from Calcutta and Ahmedabad, where there was a considerable broadening of activity. The Bombay Stock Exchange authorities, too, gave a fresh stimulus by lifting the special margin deposits against bulls in Centurys and lowering margins against bears in Standards (from Rs. 140 to Rs. 40) and Khataus (from Rs. 35 to Rs. 25). Further, the *badla* rates at the last settlement were below normal and the bulls had no difficulty in paying them. Consequently, the majority of scrips recorded a rise in price. The upward trend was, however, checked yesterday when the market received a severe jolt following the breakdown of talks on Punjabi Suba, discouraging advices from Calcutta and above all the news about the sharp cut in the dividend of Khatau Mills from 32 per cent to 16 per cent (subject to tax). Today, again, the market edged upward on revival of bull support. Sugar shares, however, encountered renewed selling, as operators feared that the widthdrawal of controls on movement, distribution and prices of sugar with immediate effect would compel the mills to sell at reduced prices and suffer a fall in their profit. The undertone of the market at the time of writing was distinctly firm, with several counters well above the rates prevailing a week ago.

In the steel section, Tata Steels began the week at Rs. 143, as against the previous close of Rs. 142.50, and spurted to Rs. 144.75 on Tuesday the 26th inst. Yesterday, however, they were marked down to Rs. 142. Bear covering and fresh buying raised the value today to Rs. 143.50. Indian Irons gained 20 nP to Rs. 24.44. Following the statement by the Chairman of the Mukand Iron Company, Mr. Kamalnayan Bajaj, that the Company intended to issue right shares in the near future, the shares advanced from Rs. 27.15 *ex-div.* on Monday to Rs. 27.50 on Tuesday. After declining to Rs. 27 yesterday, they recovered to Rs. 27.35 today.

The uncertainty regarding the question of retention prices influenced trading in the cement section. Associated Cements opened lower at Rs. 165.50 on Friday, as against the previous close of Rs. 166, and moved up to touch a high of Rs. 167 on the same day. At this level, profit-taking set in and the scrip receded to Rs. 163.50 before finishing at Rs. 166 today. Jaipur Udyogs advanced by 44 nP to Rs. 11.88. Digvijay Cements were firm at Rs. 180. The Company has finalised negotiations with Messrs. Johns Mauville International Corporation of the U.S. for both technical and financial collaboration for its asbestos cement and high pressure pipe project. But Orissa Cements dropped 25 nP to Rs. 14.76 *ex-div.*

Among textiles, Centurys jumped up from Rs. 551 to Rs. 562 on Tuesday, the 26th inst. Profit-taking and bull liquidation brought them down to Rs. 554.50 yesterday. They, however, recovered to Rs. 555 today. Kohinoors were done at Rs. 290 *ex-div.* on Monday the 25th inst. as against the previous close of Rs. 288.50 *cum-div.* After fluctuating within a narrow range, the share finished at Rs. 290 today, representing a net rise of Rs. 5.70 over the week. Simplex opened at Rs. 167 on Friday, as against the previous close of Rs. 164, and improved to Rs. 168 on the same day. After receding to Rs. 163 they finished at Rs. 164 today. Standards hardened by Rs. 50 to Rs. 1.258. Swans gathered Rs. 3.75 to Rs. 615. Shree Niwas advanced by Rs. 3 to Rs. 267. New Greats gained Rs. 2 to Rs. 228. Morarjees improved by an equal amount to Rs. 396. But Khataus were hammered down from Rs. 492.50 to Rs. 430, following reduction in dividend. In the cash list, *Mafatlals* were a bright feature, the quotation climbing up by Rs. 75 to Rs. 905. Vishnus gathered Rs. 8 to Rs. 147. Sassoons Rs. 2.70 to Rs. 70.50 and Dawns Rs. 2.50 to Rs. 136.50. But Phœnix eased by 50 nP to Rs. 178.50.

Shipping shares showed a mixed trend. Scindias opened at Rs. 12.72 and advanced to Rs. 12.88 on Monday the 25th inst. In the following sessions, they were quiet and closed at Rs. 12.64 today. Great Easterns received support and improved by 20 nP to Rs. 13.68.

Sugars suffered a setback to values for the reason mentioned above. Belapurs opened at Rs. 274 as against the previous close of Rs. 273 and, after fluctuating within a narrow range, moved to Rs. 263. The net loss over the week was Rs. 10. Phaltans declined by Rs. 4.75 to Rs. 132. Walchandnagars lost Rs. 3 to Rs. 162.50. Kesars eased by Rs. 2.50 to Rs. 222.50. Maharashtras shed Rs. 2 to Rs. 190 and Ravalgaons 70 nP to Rs. 62.30.

Automobile shares were slightly better in contrast to the easy trend noted last week. Premier Automobiles moved up from Rs. 153.50 to Rs. 155.50. Hindustan Motors gathered 8 nP to Rs. 19.28.

A smart rise of Rs. 20 in National Rayons following hectic buying induced by rumours of a likely issue of right share was the feature of trading in the rayon section. The scrip opened firm at Rs. 532.50 and advanced to Rs. 548.50 on Monday the 25th inst. Profit-taking ensued at this level and the value came down to Rs. 541.50 yesterday. Today, the bulls were again aggressive and raised the value to Rs. 550. Gwalior Rayons evoked buying support and gained Re. 1.50 to Rs. 46, in contrast to the drop of Rs. 2.92 suffered last week. Baroda Rayons put on 50 nP to Rs. 140.50. But Indian Rayons receded by Rs. 2.50 to Rs. 69.50. South Indian Viscoses shed 50 nP to Rs 184.50.

In the chemical section, Indian Dyestuffs jumped up by Rs. 17.50 to Rs. 450. Colour-Chems strengthened by Rs. 6.25 to Rs. 346.25. Alembics fathered Rs. 5 to Rs. 237.50 But Polychems lost Rs 7.50 to Rs. 193.75 Adarshs fell by Rs. 6 to Rs. 86. Amar Dyes dropped Rs. 2.50 to Rs. 291.25 Dhrangadhras shed Re. 1.50 to Rs. 121. Universal Dyestuffs eased by a rupee to Rs. 51. Citrics shed an equal amount to Rs. 68. Some chemical shares, however, remained steady. Thus, synthetics were quiet at Rs. 188, Chemo Pharmas at Rs. 26 and Pesticides at Rs. 4.12.

The engineering section ruled irregular. T.E.L.COs. opened at Rs. 342.50, as against the previous close of Rs. 339.50, and rose to Rs 344.25 in initial deals. After fluctuating narrowly both ways in subsequent sessions, they were marked down to Rs. 337 yesterday. Today, however, they met with fresh support and improved to Rs. 340, showing a gain of 50 nP over the week. Premier Constructions advanced by Rs. 4 to Rs. 189. Alcock Ashdowns put on Rs. 3 to Rs. 306. Coopers gained a like amount to Rs. 185. But Larsen and Toubros were neglected at Rs. 39. Texmacos shed 32 nP to Rs. 17.04. In the cash section, T. Maneklals spurted by Rs. 10 to Rs. 560. New Standard Engineering gained Rs. 2.50 to Rs. 189. Hind Electrical advanced by Rs. 7.50 to Rs. 142.50. But Asian Cables lost Rs. 2 to Rs. 104. and Mahindras 12 nP to Rs. 18.76.

Among miscellaneous industrials, Bombay Burmahs received good support. After opening at Rs. 596 on Friday, they spurted to Rs. 614 on Tuesday the 26th inst. At this stage, profit-taking ensued and the share was marked down to Rs. 611. In keeping with the general trend, the scrip declined yesterday to Rs. 601 but recovered to Rs. 607 today. Over the week, the scrip gained Rs. 13. Voltas was well favoured Rs. 6 higher at Rs. 296. G. Claridges advanced by Rs. 8.75 to Rs. 215. New India Industries met with good support and rose by Rs. 11.25 to Rs. 402.50. West Coasts improved by Rs. 6.50 to Rs. 177, Rohit Papers by Rs. 5 to Rs. 85 and Bombay Oxygens by Re. 1.50 to Rs. 57, Permanent Magnets gained a rupee to Rs. 85. Hindustan Levers gathered 75 nP to Rs. 49.50. Shivrajpurs put on an equal amount to Rs. 97.50. But Wimcos lost Rs. 4 to Rs. 288 on stray bull liquidation. Ceat Tyres dropped Rs. 3.75 to Rs. 203.75, while Premier Tyres picked up 50 nP to Rs. 122.50. Tata Chemicals gathered 68 nP to Rs. 17.84.

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Madras Stock Exchange

MADRAS, 27th September

Barring coffee shares which lacked support, equities on the Stock Exchange put on a cheerful appearance during the week under review. The Congress election manifesto did not contain any fresh surprises for the market. In particular, textiles ruled firm on large investment buying. Teas were steady, notwithstanding reports that tea production in South India during the first half of 1961 was lower at 40.8 million kgs., as compared with 42.05 million kgs. in the corresponding period last year. Rubbers moved up in sympathy. Sugars scored handsome gains on hopes that controls on movement of sugar would soon be lifted. Miscellaneous scrips were generally firm. The easiness in the coffee section was due mainly to the unremunerative export prices in the past few months, though the quantity actually shipped was pretty high.

Among textiles, Coimbatore Spinnings advanced by Rs. 11.50 to Rs. 68.50. Vasantas firmed up by Rs. 11 to Rs. 281. Metturs rose by Rs. 3 to Rs. 387 and Radhakrishnas by Rs. 2.50 to Rs. 35.50. Janardanas spurted by Rs. 2 to Rs. 66. Lakshmis strengthened by a rupee to Rs. 159. Bangalore Woollens and Buckinghams hardened by a like amount to Rs. 216.50 and Rs. 251, respectively. Madurais picked up 75 nP to Rs. 38.75. Loyals improved by a similar amount to Rs. 48 50. Travancore Rayons improved from Rs. 38.85 to Rs. 39.40 before closing at Rs. 39.10. South India Viscose were maintained at Rs. 185. Cannanores at Rs. 156 and Coimbatore Pioneers at Rs. 282.

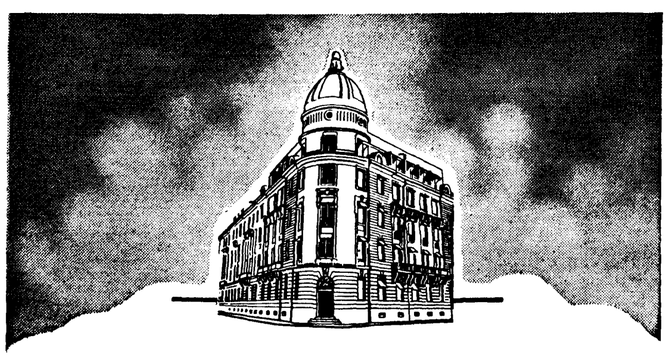
In the teas group, Devasholas attracted good attention and rose by 25 nP to Rs. 30.50. Haileyburias gathered 20 nP to Rs. 13.80. Chembras increased by 6 nP to Rs. 3.61, Neelamalais by 5 nP to Rs. 4 35 and Kil Kotagiris by 2 nP to Rs. 475. Periakaramalais fluctuated between Rs. 3.63 and Rs. 3 70 before closing at Rs. 3.66. Highlands were fully steady at Rs. 14.12, as also Nonsuchs at Rs. 28.62 and Parksides at Rs. 29.70. But Peermades lost 13 nP to Rs. 23.37, despite the announcement of an interim dividend of 7½ per cent, taxable, for 1961.

Among rubbers, Travancores gathered 25 nP to Rs. 12.12. T.R. and Ts and Vaikundams rose by 5 nP each, the former to Rs. 12.12 and the latter to Rs. 10. Malankaras changed hands at Rs. 18. Cochin Malabars fell initially from Rs. 7.43 to Rs. 7.32, but improved to Rs. 7.38, with a net loss of 5 nP.

Coffee shares were listless. Coffee Lands eased by 13 nP to Rs. 16.62. Consolidated Coffees were dull at Rs. 20.65. Outcherlony Valleys at Rs. 3.78 and Balanoors at Rs. 14.75. Similarly, Rajendras were neglected at Rs. 12.12 and Anaparais at Rs. 3.85.

A feature of trading in the sugar section was the spurt in Cauverys from Rs. 120 to Rs. 124. East India Distilleries advanced by Re. 1.08 to Rs. 39 20. Deccans picked up 20 nP to Rs. 13.50. United Breweries were firm at Rs. 106 50 and Mysores at Rs. 57.75. Travancores, however, shed 25 nP to Rs. 10.25 and Indias 15 nP to Rs. 11.60.

Among miscellaneous industrials, Textools hardened a rupee to Rs. 177. The Company has maintained the dividend for the year ended April 1961 at the previous year's level of 15 per cent (taxable). The Company also proposes to increase its authorised capital from Rs. 50 lakhs to Rs. 1 crore. Indian Steel Rollings put on 60 nP to Rs. 10 50. Aluminium Industries advanced by 50 nP to Rs. 23.80 and Ashok Leylands by 34 nP to Rs. 9.16. Among cements, Travancores gathered 40 nP to Rs. 7 80 and Orissas 38 nP to Rs. 15. India Cements moved up from Rs. 6.60 to Rs. 6.68 before finishing at Rs. 6.63. But Dalmia Cements lost 20 nP to Rs. 11.50 and Andhras 15 nP to Rs. 9.25. Among chemicals, Metturs changed hands at Rs. 14.11, same as last week. Mysore Chemicals were firm at Rs. 23.85 and Mysore Fertilisers at Rs. 11.60. But Travancore Chemicals declined by 37 nP to Rs. 18.25, despite the announcement that the Company proposed to issue 50,000 equity shares of Rs. 10 each at par to shareholders as on 1st December 1961, a sum of Rs. 5 per share payable on or before 15th January 1962, entitled for dividend for three months, January-March 1962. The balance of Rs. 5 per share is payable on or before 15th April 1962 and the new shares rank for dividend *pari passu* with the old shares from 1st April 1962.



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NEWS IN BRIEF

THE Kerala Government is examining the possibility of transferring small-scale industrial units now run by the Government to the private sector.

A $19.8-million contract for three of the major plants in the Trombay fertiliser project has been awarded to the U.S. firm, the Chemical Construction Company of New York.

The Assam Government has constituted a committee to explore the possibilities of holding internal tea auctions in Assam. The committee is expected to submit its report within three months.

The Central Railway Laboratory, Bombay, has claimed to have developed a simple and inexpensive method of preparing combustion boats, an essential requirement of metallurgical laboratories for the estimation of carbon in steels.

The Government of India has set up a freight investigation bureau, under the charge of a director, whose duty will be to deal with the complaints regarding freight rates on goods exported from India and lack of shipping facilities emanating from trade interests.

Austria proposes to become a member of the Aid India Club, now consisting of six members, namely, the U.S., the U.K., West Germany, Japan, Canada and France. The Austrian Government has already offered to extend a loan of $14 million for the third Plan.

Denmark has been recognised as "convention" country for the purpose of the Trade and Merchandise Marks Act, 1958. Arrangements have been made between the two Governments for the registration and protection of trade marks of the citizens of one country in the territory of the other.

Member mills of the Indian Jute Mills Association have raised their weekly working hours from 42½ to 45, with effect from Monday the 25th inst. following a decision to this effect by the I.J.M.A. last week, in an effort to stabilise jute prices through larger purchases of jute by mills.

A four-member delegation, headed by Mr. M. R. Sachdev, Secretary, Union Ministry of Irrigation and Power, has left for the U.S. for negotiating loan assistance from the International Development Association for the Shetrunji (Gujarat) and the Salandi (Orissa) irrigation projects and the drainage schemes in the Punjab.

As a measure of export promotion, the Government of India proposes to grant certain concessions to manganese mine-owners. These concessions are expected to be in the nature of reduction of railway freights, royalty charges and port dues. This move follows a recent meeting of the representatives of industries and Government officials.

A committee has been set up by the Government of India to review the functions of the different organisations for development of small-scale industries, both at the Central and State levels, and make recommendations in order to reduce the multiplicity of organisations and eliminate overlapping of functions by a clear demarcation of duties between them.

The possibility of manufacturing heavy earth-moving equipment required by river valley projects in the public sector is being studied by the Government of India. One proposal is to entrust the work to the Union Defence Ministry, which is already manufacturing certain tractors. This is necessitated by the refusal of two U.S. firms to manufacture such equipment in India, which, it is learnt, they had previously undertaken to do.

A seminar on Industrial Estates, organised by the E.C.A.F.E. in co-operation with the Division of Industrial Development of the United Nations, the Department of Economic and Social Affairs and the U.N. Bureau of Technical Assistance Operations, will be held at Madras from 1st to 11th November next. The scope of the seminar is confined to finding solutions to problems faced by countries in the region in respect of planning and organisation of industrial estates.

A team of about a hundred Soviet technicians will be arriving in Hyderabad shortly to erect the plant and machinery for the synthetic drug factory to be set up in the public sector with the help of the Soviet Government. The factory which will go into production by the middle of 1964 will manufacture sulpha drugs, anti-T.B. drugs and vitamins and intermediates required for these drugs. The total investment on the project is Rs. 8.5 crores.

The Government of India is considering a proposal for establishing six additional centres for training in chemical engineering, with a total admission capacity for 330 students. Besides, it proposes to increase the intake of the existing seventeen institutions in the country imparting training in chemical engineering from 611 to 930. The Planning Commission has estimated that, at the beginning of the fourth Plan, India will require about 7,000 chemical engineers.

The first electric locomotive manufactured in India will be launched on the track at Chittaranjan by the Prime Minister on 14th October 1961. This is one of the ten D.C. 1,500-volts electrical locomotives which the Chittaranjan Locomotive Works will turn out [illegible] mechanical [illegible] built [illegible]

will be imported, till the Heavy Electricals at Bhopal develop capacity for manufacturing it.

The State-owned Hindustan Steel Ltd. has signed an agreement with Atlas Steels Ltd. of Canada, under which the latter will provide production know-how and training services for the alloy and special steel plant being set up at Durgapur in the public sector. The alloy steel plant, which will involve an outlay of Rs. 40 crores, will manufacture 48,000 tons of finished saleable products annually, consisting of carbon tool steels, alloy tool steels, engineering and construction tool steels, stainless steels and other qualities of special steels. The plant, which is expected to be commissioned by 1965, will employ about 4,000 workers.

The Indian Refineries Ltd. in the public sector and the Assam Oil Company in the private sector have come to an understanding for the distribution of oil in Assam. For this purpose, the State has been divided into three areas. While in western Assam, Indian Refineries will sell their products, the eastern districts will be reserved for the Assam Oil Company. In the third area, comprising the remaining districts, surplus products of both the Nunmati and Digboi refineries will be pooled for sale. The Nunmati refinery in the public sector will go on stream by 1st January 1962 as scheduled. The full annual capacity of the refinery will be 750,000 tons.

A conference of Afro-Asian countries will begin on 3rd October 1961 in New Delhi, in order to discuss problems encountered in the development of small-scale and handicraft industries. Organised by the International Labour Organisation, the conference will be attended by delegates from twelve other countries. The meeting will examine questions relating to credit facilities, supplies of raw materials, marketing of products, improved technology, productivity and organisation, sales and management problems of small industries. It will also consider problems relating to mechanisation and labour standards as also the role of international technical assistance in the development of small-scale and handicraft industries.

The Government of India has advised the State Governments to formulate schemes, financed from their own resources, for granting house-building advances to their employees. This is already being done by the Government of India for their employees, who, under the present arrangement, can obtain loans equal to twenty-four months' salary, subject to the maximum of Rs. 35,000. The State Governments have also been informed that the loans obtained from the Life Insurance Corporation, under the rental housing schemes for State Government employees, could be repaid in thirty years, instead of twenty years. The rate of interest will, however, be higher for the thirty-year loan. Fresh loans could also be granted to the States for building of houses under the scheme on revised terms and conditions.

* * * *

From Abroad

Average monthly gross income in West Germany was DM. 506 per employed person, or an increase of 8.9 per cent over the previous year.

A group of ten Swiss financiers has offered to finance the major projects of the £62 million five-year development plan of Cyprus.

The Government of Ceylon proposes to introduce legislation to reserve for Ceylonese alone a certain proportion of vacancies for labour in plantations.

Ceylon has signed a trade agreement with Hungary, seeking to expand mutual trade. Ceylon will export rubber, copra oil and certain other consumer goods in exchange for sugar, textiles and foodstuffs from Hungary.

The Federal Government of Nigeria has rejected the plea for nationalisation of foreign banks in the country put forward by a section of the trade. It is alleged that foreign banks are not assisting Nigerian traders.

The Government of Pakistan has set up an Oil and Natural Gas Development Corporation, with an initial capital of one crore of rupees, for exploration and development of mineral oil and gas.

With the granting of a patent to a California scientist for his invention of an automatic reading system, which can process bank cheques at a rate of 740 per minute, on the 12th inst., the total number of patents issued in the U.S. touched the three million-mark.

Italy's largest ship-building group, the Fincantieri Corporation, has secured a Soviet order for the building of six tankers of 48,000 tons each. The contract, which is worth about $50 million, is equivalent to about 30 per cent of the total annual capacity of the Italian yards.

A Japanese delegation, led by Mr. Heroshi Shio, is now in the Portuguese enclave of Goa, and is currently negotiating for the purchase of Goan iron ore for Japanese steel industry. It will also study the possibilities of mechanising ore mines belonging to a Goan concern.

There was a further improvement in Britain's balance of payment on current account in the second quarter of this year, according to official estimates. The balance on current account in the second quarter showed a deficit of £18 million, as compared with a deficit of £65 million in the first quarter and £30 million in the corresponding quarter [illegible]

PERSONAL

MR. Shiv Rattan Mohatta and Mr. Chand Rattan Chandak of Bikaner have been elected Chairman and Vice-Chairman, respectively, of the All-India Wool Trade Federation for 1961-62.

Mr. Murarji J. Vaidya, the well-known industrialist and Honorary Consul for Austria in Bombay, has been granted personal rank of Consul General by the Austrian Government.

Mr. M. G. Rungta has been elected President of the Bharat Chamber of Commerce, Calcutta, for 1961-62. Mr. H. S. Singhania will be the Senior Vice-President and Mr. M. K. Mookerjee the Junior Vice-President.

Mr. W. J. M. Paterson, C.M.G., has been appointed U.K. Deputy High Commissioner at Madras *vice* Mr. Mark Allen, C.V.O., who has become the Political Counsellor in the British High Commission, New Delhi. Mr. Paterson will arrive in India to take up his new assignment at the end of October.

Prof. D. R. Gadgil, Director of the Gokhale Institute of Politics and Economics, Poona, has left for the U.K. From there, he will be going to Geneva to attend the first meeting of the Advisory Committee of the International Institute of Labour Studies sponsored by the International Labour Organisation.

Mr. M. Gopala Menon, until recently leader of the Indian delegation to the International Supervisory Commission in Viet Nam, has been appointed Director of the New York branch of the Indian Investment Centre which will be inaugurated next week by Mr. Morarji Desai, Union Finance Minister, during his U.S. visit.

Mr. Courtland S. Gross, President of the Lockheed Aircraft Corporation, California (U.S.), has been elected Chairman of the Corporation in place of his brother, the late Mr. Robert E. Gross, founder of the Company, who died earlier this month. Mr. Daniel J. Hughton, until recently Executive Vice-President, has succeeded Mr. Courtland Gross as President.

Mr. S. S. Kanoria, Chairman, Export Agency Division of the Indian Sugar Mills Association, left for Geneva on Saturday, the 23rd inst. to attend the United Nations' Sugar Conference as a member of the Indian delegation to the Conference which opened in Geneva on the 12th inst. The leader of the delegation, Mr. A. M. Thomas, and two other members, Mr. D. D. Puri, President, Indian Sugar Mills Association, and Mr. K. P. Jain, Chief Director (Sugar), Government of India, are already in Geneva.

Mr. R. G. Saraiya has been appointed Chairman of the reconstituted Cotton Textile Fund Committee for a period of two years from 1st September 1961. The Textile Commissioner, Mr. W. R. Natu, will be the Vice-Chairman. The other members of the Committee are: Mr. Vikram A. Sarabhai, Mr. Padampat Singhania, Mr. Naranji L. Kara, Mr. M. N. Savani, Mr. R. V. Deshmukh, Mr. Neville N. Wadia, Mr. A. D. Gorwala, Mr. Pratap Bhogilal, Mr. E. F. G. Hunter, Mr. C. S. Bharkatiya, Mr. Arvind N. Mafatlal, Mr. G. D. Ambekar, Mr. Bharat Ram, Mr. T. P. Chakravarti and Mr. N. M. Veerbhadra Chettiar.

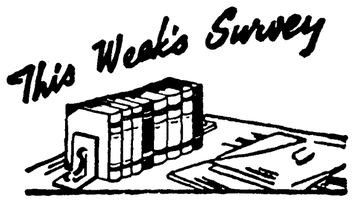
The representatives of the British woollen textile industry have urged the Government to reject the Japanese request for import licence for wool imports into the U.K. They maintained that Japanese wool textiles should not be allowed to enter the U.K. under the provision of the G.A.T.T., until Japanese industry ceases such practices as subsidising of exports out of the home trade.

Cuba exported 2.43 million tons of raw sugar to Soviet Russia during January-August 1961, which was more than half of its total exports amounting to 4.16 million tons. China was the second largest buyer, accounting for 810,000 tons, followed by Japan and Poland, which purchased 233,000 tons and 214,000 tons, respectively. Total exports of refined sugar aggregated 238,000 tons, the principal buyers being the United Arab Republic (42,000 tons) and the Canary Islands (31,000 tons).

Tanganyika is making vigorous efforts to expand sugarcane cultivation. This began with the Kilembero scheme, introduced in May 1960, which was financed by an international consortium of banks. Already, about 2,000 acres of dense bush have been transformed into sugarcane farms. It is estimated that 1,650 acres of commercial sugarcane will be ready for production by August 1962. Production of refined sugar is expected to be 10,000 tons in 1962, rising to 20,000 tons in 1963 and still further to 30,000 tons in 1964.

Ceylon has signed an agreement with Soviet Russia for the establishment of a rubber tyre and tube factory. The contract, valued at Rs. 2.8 crores, provides for the supply of machinery, designs and technical know-how from Soviet Russia. The amount will be treated as loan repayable from out of the profits of the factory. The factory, which is expected to go into production in 1965, will produce 250,000 tyres annually in the first stage and 360,000 tyres in the second stage.

A contract valued at approximately £2[illegible] for the design and supply of a coal preparation plant for Compania Carbonifera e Industrial de Lota in Chile, South America, has been won by Simon-Carves Ltd., Cheadle Heath, Stockport, in the face of world-wide competition. This is the first contract for coal preparation plant that Simon-Carves has won in South America. The plant will be capable of handling [illegible] tons of coal each [illegible]



EVALUATION OF CODE OF DISCIPLINE

THE two-day Seminar on the working of the Code of Discipline in Industry, jointly organised by the Employers' Federation of India and the All-India Organisation of Industrial Employers, which concluded at New Delhi on the 23rd inst., has made certain important recommendations which deserve to be considered at tripartite level, preferably by the Indian Labour Conference. The recommendations pertain to (1) the recognition of unions, and (2) the implementation machinery. As regards the first, the Seminar made the following recommendations:

(*a*) The Code enjoins upon an employer to recognise a union in accordance with the criteria evolved at the sixteenth session of the Indian Labour Conference. Broadly stated, the criteria require that a union, which has been functioning for at least one year and which covers a minimum of 15 per cent of the workers in an establishment, should be recognised. Authentic and speedy verification of membership of unions for purpose of recognition is not always possible. While the existing law does not enable the employer to secure information about membership, etc., in some States, appropriate procedures have not been followed, while, in others, verification takes an unduly long time. These defects should be removed.

(*b*) Since recognition is voluntary under the Code, where there is a clear-cut and gross violation of the Code, the management should have the right to suspend recognition of the union concerned, pending consideration of the breach reported to the implementation machinery. Similarly, in dealing with claims for recognition, the employer may withhold such recognition, pending investigation by the implementation machinery into the breaches already reported.

(c) A convention should be established whereby industrial disputes raised by unrecognised unions should not be taken cognizance of by the industrial relations machinery. If unrecognised unions are to enjoy the same privileges as recognised unions, the purpose of recognition, it is pointed out, will be defeated.

As regards the implementation machinery, the Seminar felt that it was not functioning satisfactorily in a number of States. There was no clear conception of its functions, nor were there adequate and informed implementation personnel. The following main suggestions were made to strengthen the implementation machinery and make it more effective:

(i) The number of investigating officers should be increased whenever necessary and seminars should be organised for these officers, so that they may appreciate the principles and spirit underlying the Code, its objects and intentions and the rights and obligations of the parties, including those of the Government.

(ii) The Implementation Committee should not deal with matters which normally come under the purview of the industrial relations machinery or those involving interpretation of law; nor should it take upon itself the work which is entrusted to the authorities prescribed under the various enactments.

(iii) There must be immediate, on-the-spot inquiries about the breaches of the Code and all inquiries should be undertaken only after giving due notice to the parties concerned.

(iv) It should be clearly recognised that voluntary arbitration implies willingness on the part of both employers and workers to resort to arbitration. A demand for arbitration by one party and non-acceptance of it by the other party should not be construed as violation of the Code.

The Seminar declared that, as far as the employers were concerned, they had accepted the Code in the belief that it would prepare the ground for better industrial relations. From the very beginning, it was understood that the Code was a moral instrument and should not be looked upon as a legal document. The Seminar agreed that, during the three years the Code was in force, it had created a sense of awareness in the parties of the need to follow certain principles to promote industrial peace. It, however, pointed out that the actual working of the Code revealed that the purpose of the Code had been misconceived in certain quarters and that this had reduced, to some extent, the effectiveness of the Code. There were instances, according to the participants in the Seminar, where parties had endeavoured to use the Code for their own purpose by interpreting the wording of certain provisions to suit their convenience. Also, the divergent interpretations given by the State Governments added to the confusion and, consequently, the working of the Code had suffered. Further, State implementation officers were not adequately informed of the principles and purpose of the Code. At the level of individual workers, the Code was almost unknown. Besides, there was need for popularising the Code among employers also.

It must be conceded that the above is a fair assessment of the working of the Code. The suggestions made by the Seminar should be seriously considered for possible adoption. It should, however, be emphasised that no improvement in the wording of the Code or changes in its provisions can automatically ensure the success of the Code, unless the parties have faith in it and agree to observe it in both letter and spirit. The findings of the first inquiry into the Calcutta Tramway Strike (1958) made by a tripartite committee, presided over by Mr. R. L. Mehta, Joint Secretary, Ministry of Labour and Employment, clearly indicate that, if the right spirit is lacking, the Code is doomed to fail, however foolproof the Code and vigilant the implementation machinery may be. The Committee held both the Company and the union guilty of violating the Code, the former by not evolving a grievance procedure, setting up Works Committees, making arrangements for collective bargaining and recognising the majority union and the latter by taking to strike as the first, instead of the last, resort and keeping up a spirit of agitation among the workers on issues already settled by tribunals.

DEVELOPMENT OF PORTS

Judged in purely financial terms, development of ports in the second Plan period may be said to have fallen very much behind schedule, for no more than Rs. 45 crores were actually expended under this head, as against the originally proposed outlay of about Rs. 100 crores. In physical terms, therefore, even the more important second Plan schemes which were designed to increase the aggregate handling capacity of the six major ports from 31 million tons to 41 million tons are now expected to establish that target capacity fully only in the early years of the third Plan. A break-up of this capacity of 41 million tons is as follows:

	Million tons
Bombay	13.1
Calcutta	12.5
Madras	4.5
Cochin	4.0
Visakhapatnam	5.0
Kandla	2.0
Total ...	41.1

The more important carryover schemes of the second Plan are the ones pertaining to the ports of Cochin and Madras. In Cochin, the construction of four berths in the Ernakulam channel is expected to be completed by the middle of 1962, when the capacity of the port will increase to about 4 million tons per annum. In Madras, the wet dock scheme is expected to be completed by the end of 1962 or early in 1963. The fact that no serious congestion developed at the major ports in the last one or two years of the second Plan period would appear to suggest that the shortfall in the achievement of the physical target did not have serious repercussions. But this, of course, cannot justify any further delay in completing all the major and minor carryover schemes of the second Plan in the first one or two years of the third Plan.

These carryover schemes alone will now account for about Rs. 37 crores in the third Plan provision of Rs. 115 crores (Rs. 80 crores for major ports *plus* Rs. 25 crores for the Farakka barrage which is related to Calcutta port development *plus* Rs. 10 crores for the new major ports at Tuticorin and Mangalore). If the third Plan schemes are executed according to schedule, as they ought to be, the handling capacity of the major ports by 1965-66 will be about 49 million tons and that of minor ports 9 million tons. According to present official estimates, an aggregate handling capacity of 58 million tons will be sufficient to meet the demands of trade and industrial development during the third Plan period. It is to be presumed that this estimate of handling capacity required by 1965 66—an estimate which the tenth meeting, held at Ernakulam over the week-end, of the National Harbour Board, seems to have accepted—has been carefully worked out.

The chances of port development attaining its physical targets under the third Plan may be rated high, on present indications. According to Dr. P. Subbarayan, Union Minister for Transport and Communications, who inaugurated the latest meeting of the National Harbour Board, several important schemes have already been taken on hand. First, with the World Bank's recent second loan of $21 million for Calcutta port development, the required dredgers will be shortly purchased. Secondly, a contract for the dredging of the harbour channel in the Bombay Port has just been awarded; at the same time, the Bombay Port Trust is now expected to go ahead with the scheme of modernisation of the port, as outlined in Mr. Posthuma's recent report. Thirdly, in Visakhapatnam, a contract for the construction of four additional berths, of which two are intended for the shipment of ore, has just been awarded. Fourthly, the essential data required for designing the ports of Tuticorin and Mangalore as major ports are already being collected. Fifthly, all the schemes relating to minor ports have been accorded first priority in terms of the recommendations of the Intermediate Ports Development Committee. And, sixthly, the three major ports of Visakhapatnam, Cochin and Kandla, which are directly administered by the Government at present, may soon be having Port Trusts, so that commercial and trade interests will have a direct voice in their administration. These, then, are some of the hopeful indications pertaining to development of ports in the third Plan period. But commercial interests in Gujarat will have some cause for dissatisfaction, for the proposal for the development of Porbandar as an all-weather port seems to be marking time.

POWER SITUATION IN EAST INDIA

The failure of power supply earlier this year in the West Bengal-Bihar area, it may be recalled, led to the constitution, by the Government of India, of an enquiry committee under the chairmanship of Mr. M. R. Sachdev, Secretary, Union Ministry of Irrigation and Power. This committee enquired into the causes of the power crisis and assessed the power requirements in the two States, including the D.V.C. area. Some of the findings of the Committee make disquieting reading. First, the power crisis caused by the simultaneous breakdown of a number of generators of the Calcutta Electric Supply Corporation and the D.V.C. could have been averted, if the C.E.S.C., the State Government and the D.V.C. had taken care to exercise a little foresight and imagination. When the D.V.C. made the attempt to make the contracted supply of 105 MW. to the C.E.S.C. from June 1961, it had to overwork its machinery; this might have contributed to the failure of both D.V.C. and C.E.S.C. generators. Secondly, there was no smooth and harmonious working in the D.V.C., because of some basic differences between West Bengal and Bihar—the former being more interested in flood control and irrigation and the latter in power development. Power planning in the D.V.C. area had, therefore, suffered in the process. Thirdly, the C.E.S.C's estimate of power demand in West Bengal had turned out to be an underestimate. The West Bengal Government's approval to the C.E.S.C's application in 1960 for a new 50 MW. unit was also not granted on the ground that future requirements could be met by the Government's Durgapur thermal station. Here, the West Bengal Government had overestimated its capacity, if not competence, to complete the job in time and supply power according to schedule. Since the Durgapur station too ran into difficulties, this year's February-April power breakdowns became still more serious. That the power crisis was largely a man-made one could thus be inferred.

But the years ahead may have to experience recurrent crises of the kind, unless, of course, the estimated shortages of power in West Bengal and Bihar are promptly eliminated. According to the Sachdev Committee, the power demand in West Bengal will be 950 MW. by 1965-66 and that in Bihar 415 MW. After taking into account the additional capacities of the new schemes sanctioned under the third Plan, the Committee has estimated the shortage in West Bengal at 128 MW. and that in Bihar at 45 MW. by 1965-66. But it has not outlined the measures necessary for eliminating these shortages by greater power generation. Instead, it has merely suggested that steps be taken for reducing the shortage of power to the minimum by laying down priorities for allotment of power. The first priority, according to the Committee, should be given to railway traction, coal production, iron and steel, aluminium smelting and electro-metallurgical industries, fertilisers and electro-chemical industries, defence equipment, cement, food products, waterworks, hospitals, broadcasting and street lighting. The second priority should be for copper smelting and rolling, mica mining and processing, steel re-rolling and fabrication, paper mills, chemicals, jute mills, and domestic and commercial services. All other primary and secondary industries should be assigned the third priority for allotment of power. These are priorities for some kind of rationing in the expected conditions of power shortage by 1965-66. This, again, is a disquieting forecast. The Committee does not seem to have examined the possibilities of further expansion of the Calcutta Electric Supply Corporation which, if everything goes well, should be in a position to put up a new 50 MW. unit by 1964 and another such unit by 1966. Its recommendation that all preliminary steps for power projects in West Bengal and Bihar, including the D.V.C. area, for the fourth Plan should be taken in good time in order to avert a serious power shortage in the early years of the fourth Plan may be farsighted, but is of no consequence in so far as the expected shortages by 1965-66 are concerned. What is required is a greater effort in the field of power generation in the private sector in the next three or four years, if the total saleable capacity of the D.V.C. system cannot be increased beyond 727 MW. by 1965-66.

EXPORTS OF MARINE PRODUCTS

The Indian peninsula, with a coastline of over 3,500 miles, offers great scope for the development of marine products. Marine fisheries, an inexhaustible source of wealth, abound in the west coast of the country in particular. Although the techniques of fishing are, by and large, outmoded, India is the sixth largest producer of fishes, with its total catches being 1.16 million metric tons in 1960 (according to the preliminary estimates of the F.A.O.), as compared with 6.19 million tons in Japan, about 5.00 million tons in mainland China, 3.05 million tons in Russia, 2.80 million tons in the U.S. and 1.60 million tons in Norway. According to the latest estimates of the Government of India, fish production touched an all-time record of 1.40 million tons in 1960. By the end of the third Plan, it is proposed to be raised to 1.80 million tons. It is, however, disconcerting to note that India's exports of fish products have not kept pace with the increase in production. In fact, the foreign exchange earned from fish and fish products in 1960 was lower at Rs. 425 lakhs, as compared with Rs. 609 lakhs in 1959 and Rs. 579 lakhs in 1958.

This trend, of course, would have been forestalled had these products been brought within a concerted scheme of export promotion in time. The establishment of an export promotion council covering these products, therefore, has come not a day too soon. The Export Promotion Council for Marine Products, inaugurated by Mr. K. C. Reddy, Union Minister for Commerce and Industry, at Ernakulam (Kerala State), on Monday the 25th inst., will be concerned with exports of fresh, frozen, canned and dried fish and prawns, fish oil and shark fins, as well as other sea food, such as lobster tails and frog legs. It will also recommend measures of assistance to the industry designed to step up exports. Besides, the Council will undertake market research in foreign countries and start publicity campaigns and send trade missions abroad.

It is to be hoped that the efforts of the Council will be directed towards diversifying the composition and direction of exports of marine products. Traditionally, Ceylon has been buying dried fish and Burma dried prawns from India. These two countries continue to be the major importers. But Ceylon is making efforts to develop its own marine resources. Burma has already imposed certain restrictions on imports. So these markets are bound to decline in importance for Indian products. Of late, India has, however, been able to send sizable quantities of canned and frozen prawns to the U.S. This is certainly a welcome trend. Some other European countries have also developed interest in Indian marine products. The prospects for the export of the relatively new item of export, namely, canned and frozen prawns, to countries of Europe, the U.S. and Canada are quite bright, if only Indian exporters study the consumer preferences in these countries and take suitable action on the export front.

The target for exports of fish in the third Plan is laid down at Rs. 12 crores annually, or an increase of about three times the current level. It should be remembered that the most important criterion for expansion of exports will be the quality of the products. Mr. Reddy did well to stress the need for maintaining high standards of quality, which alone would ensure sustained relationship with buyers on a steady basis. In this connection, it is learned that a detailed Fish Control Order, pertaining to the quality control of sea food, right from the stage of catching to packing, is being drafted by the Central Government. The earlier this order is publicised, the better. It may also be noted here that the *Ad Hoc* Committee on Quality Control (Chairman: Lal C. Verman, Director, Indian Standards Institution), in its report just submitted to the Government, has emphasised the need for strict quality control on exports of fish and fish products, particularly dried prawns. The Committee has suggested that the scheme of enrolment of exporters be immediately made compulsory for sea food and that only such exporters be enrolled who maintain requisite standards of cleanliness and have proper storing and drying facilities. This is a good suggestion calling for early implementation.

Another basic requirement of expansion of exports is a steady increase in production of fish, both marine and inland. This is particularly urgent, since domestic consumption of fish is apparently going up. Despite the increasing trend of domestic output, imports, too, have been steadily rising. Imports of fish products amounted to as much as Rs. 369 lakhs in 1960, as against only Rs. 299 lakhs in 1959 and Rs. 227 lakhs in 1957. The third Plan has set apart a sum of about Rs. 29 crores for the development of fisheries. In view of the valuable technical assistance being given by the F.A.O., the T.C.M. of the U.S. and Indo-Norwegian Foundation, there is reason to believe that modern methods of production will be progressively employed in the field of Indian fisheries. There are now over 1,500 mechanised fishing boats in India, as against only 850 in 1957. About 4,000 new mechanised crafts are proposed to be put into operation in the next five years. It is gratifying to note that the Council will devote some attention to (1) measures for promotion of mechanisation of fishing craft and fishing methods, (2) improvement of harbour facilities for fishing purposes and (3) installation and extension of shore-based facilities for landing, processing, transport and marketing. These efforts should be supplemented by adequate measures to remove wide fluctuations in prices of fish, as suggested by Mr. V. V. Giri, Governor of Kerala, at the aforesaid meeting.

Notice

THE PUNJAB NATIONAL BANK LIMITED

Registered Office:

PARLIAMENT STREET, NEW DELHI

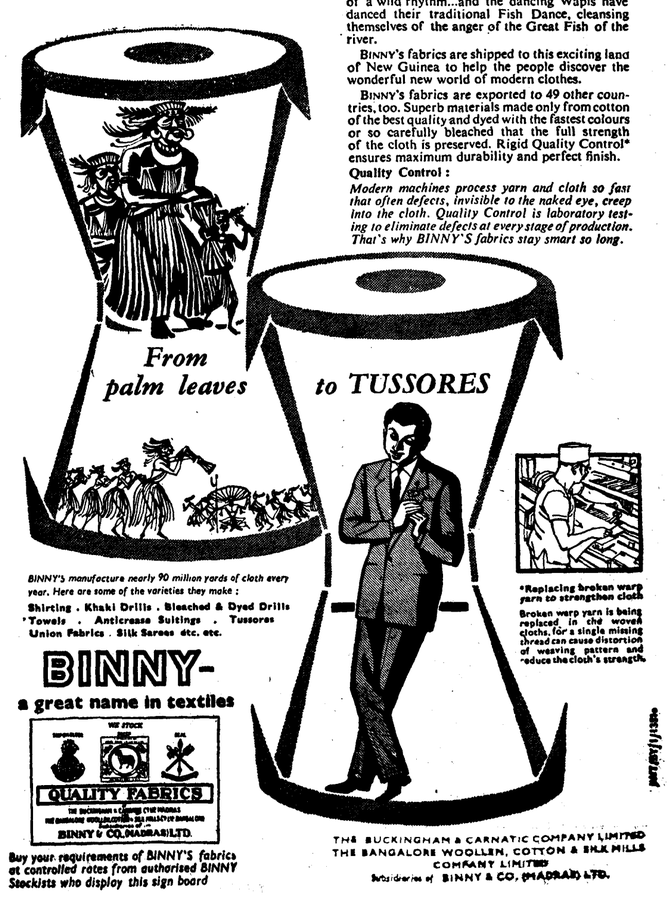
CLARIFICATION

THE BOARD OF DIRECTORS HAVE ISSUED 7,50,000 shares in the Capital of the Bank for which Letters of Offer have already been posted to the Registered Shareholders as on 2nd September, 1961. In response to enquiries it is hereby clarified that these shares are *pari passu* with the existing shares save and except that they shall carry right to dividend at one-fourth of the total dividend that may be declared at the next Annual General Meeting for the whole of the year 1961 including Interim Dividend of Re. 1 per share already paid.

By Order of the Board of Directors,

A. M. WALKER,
General Manager.

Dated 18th September, 1961.



ON THE ARENA

By "Archer"

Dag Hammarskjoeld

THERE is an old Chinese proverb which says "There are two good men—one dead, the other unborn." Dag Hammarskjoeld is dead; an equally good man is yet to be born. It has been recognised from very ancient times that good men are invariably destined to martyrdom. The phrase "unnatural death" will not, therefore, apply to the case of a man like Hammarskjoeld, because, like Count Folke Bernadotte, who was assassinated thirteen years ago, almost to a day, he deliberately chose the dangerous path of striving for peace, and his sudden death, whether designed or accidental, was almost inevitable. In a wicked world such as we live in today, where "Flies look for ulcers, kings for war, wicked men for quarrels, but good men look only for peace" (*Niti Shastras*), it is both tragic and paradoxical that men and nations who walk humbly in the sight of God and strive for goodwill towards men are most despised, reviled and hated, because they come in the way of those that revel in their might and affluence and display their perpetual lust for power.

Although he was a very important person in the true sense of the phrase, little has been written of Dag Hammarskjoeld's personal virtues, probably because he was a retiring type of person who did not encourage too much personal intimacy. A great believer in work for its own sake and not for its reward, he quoted the *Bhagwad Gita* in his address to the American Association for the U.N., in September 1953, thus: "The *Bhagwad Gita* echoes somewhere an experience of all ages and all philosophies when it says that work with anxiety about results is far inferior to work without such anxiety, in calm self-surrender. These words express deep faith and we will be happy if we can make that faith ours in all our efforts." A posthumous revelation about his personal conviction was made at the memorial service held at Leopoldville by the staff of the U.N. operation in the Congo, when Dr. Sture Linner, Chief U.N. Representative, read from "The Life of Christ" by a French author, the only book Mr. Hammarskjoeld took to the Congo with him, and from the Secretary-General's Oath of Office, which was found on a slip of paper inside the volume.

Such purity of personal conduct and such abiding faith in the goodness of the cause which he undertook entitles Dag Hammarskjoeld to a place of the highest esteem and veneration among the few truly great and good *men of modern history.*

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The Bombay Gas Company

Speeches by company chairmen these days are all of a windy pattern, and that of the Chairman of the Bombay Gas Company (15th September) was no exception. Perhaps, he had an excuse, considering the fact that the product of his Company's manufacture was gas. Even so, the first seven paragraphs consisting of about 750 words was all about the need for an incentive-based regulated economy—positive, negative, direct, indirect, financial, non-financial, tangible, notional—and about the steel shortage, transport difficulties, power shortage, national income, *per capita* income, the Income-tax Act, Professor Kaldor, a liberal credit system, and deposit insurance—almost every one of which inhibited the increase in gas production, or so it seemed. I suppose the general feeling is that the longer and more erudite a company chairman's speech is, the better is its value to advertising agencies. More space in newspapers is purchased by the company and, if two-thirds is taken up by meaty matter concerning its specific problems, the remaining one-third has to be effervescent material. Nature abhors a vacuum.

The interesting point, however, is that the Chairman of the Bombay Gas Company has made out an exceedingly good case for the grant of a "positive, direct and tangible incentive-based economic price" for his product in order to enable the Company to extend gas connections to about 20,000 new-comers by the end of 1963. Several thousands of residents in Bombay have been waiting in the queue for years, and 36,000 among them have taken to the use of 'bottled gas,' the price of which is over 300 per cent more than the price of the Bombay Company's gas. It is thus clear that there will be no [illegible] from consumers if a price increase is granted to the Company, especially if there is an expansion in its supply; on the other hand, many thousands of them will welcome the long-looked-for amenity.

The case for a price increase is presented thus. The Company's present price (Rs. 3.94 per thousand c. ft.) stands at a level lower than that prevalent in 1926 (Rs. 4 per thousand c. ft.). During the last 35 years, the price of coal has gone up from Rs. 26.53 per ton (1926) to Rs. 52.36 per ton (1960) and the wage bill has increased by 60 per cent. A Calcutta company which gets its coal at Rs. 35 per ton is allowed to charge an effective gas price of Rs. 5.25 per thousand c. ft. Bottled gas, which is a by-product, is sold at 300 per cent more per thousand c. ft. The rate in London is Rs. 7.15 and that in Colombo Rs. 11.75. The Bombay Gas Company wants an increase of just Rs. 1.31 per thousand c. ft. to bring its price to Rs. 5.25, the same as in Calcutta.

I don't think any bones will be broken, if the Government of Maharashtra permits the price increase on the assurance given by the Company that the increase in the number of gas connections will be effectively brought about during the next two years. If the present sufferings of the Gas Company have been left unremedied so far on account of any shortfalls in past performance, the State Government may assume enough powers and necessary safeguards to ensure effective future performance, but any considerations that stand in the way of ensuring a fair selling price to the Company will be totally irrelevant in the context of the imperative need for ensuring an urgent extension of public amenities.

The Gas Company's very effective and forthright presentation of its case for an upward revision in gas price needs the urgent attention of the Maharashtra Government; and, if there is a case against such revision, a clear exposition of of the counter-arguments is urgently called for. The citizens of Bombay are entitled to enlightenment in this matter, which, as it stands at present, furnishes another instance of "economics for the exasperated."

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The Angry Lord Mayor of London

He was not quite as dignified and elegant as one would expect "the Chief Citizen of London" to be. He slipped up so badly as to administer a 'rebuke' to the Prime Minister of India on Indian soil after eating an Indian lunch. His excuse was that the Prime Minister had accepted the Freedom of the City of London and thus "had, to some extent, put himself under the discipline of the Lord Mayor of London." This piece of Anglo-Saxon logic is as ludicrous as what was in vogue in the ancient days of British rule in India when the thingumajigs, who held sway over vast areas as Sub-Divisional Officers and Collectors, conferred puerile titles like 'Rao Sahib' on zamindars and extracted their servility in full measure.

All that Mr. Nehru said at a Press conference in Delhi was that he admired very much the attitude of Lord Russell and was rather envious of him for his crusade against nuclear explosions. Any person, with a sense of humour and average understanding, would appreciate this observation as that of an old stager commending the entry of a newcomer into his own field. Mr. Nehru, the seasoned passive resister and pacifist, is expected to welcome the distinguished Lord Russell into the *Satyagrahi's* camp, when the cause he espouses is good by all standards, in much the same way as Don Bradman is expected to commend the performance of a test cricketer for scoring 200 runs or Bill Tilden is expected to congratulate a Davis Cup winner for winning the Wimbledon Trophy. Alas, for the days of British sportsmanship, Sir Bernard Waley-Cohen, the first citizen of London, seems to have a bad liver and a bad tongue. Did the lunch in Calcutta suddenly upset him? *Rasagollahs* do not usually cause liver upset, or was it fried fish?

The Lord Mayor's pompous thesis is that Mr. Nehru, while holding a Press conference as the Prime Minister of India, is expected to bear in mind the great and important fact that he is a Freeman of the City of London, and moderate his observations suitably. How utterly fantastic! And how equally fantastic is the allegation that merely by expressing his admiration for Lord Russell for his part in the "Ban the Bomb" demonstration, Mr. Nehru was expressing views on the internal affairs of England. At this rate, one should not say that the English weather is foul, or that English roads which never run straight for long were designed by drunken road-makers—these would be expressing views on the internal affairs of England.

If the Lord Mayor wants to make world statesmen unfree by conferring the Freedom of the City of London on them, he might as well present them with mouth girdles instead of keys, designed like the Chastity girdles of Roman days. The recipients will then know that, by accepting the honour, they are binding themselves to an utterly outmoded concept of discipline under the Mayor.

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The Tirumalai-Tirupathi Devasthanam

The Tirupathi temple has a large canvas sack which is called the 'Hundi,' into which all offerings of money, jewellery and bullion are anonymously deposited by devotees. The *hundi* is opened out every night by the *Devasthanam* officials, the contents sorted, sealed in bags and entered in a register in the presence of responsible witnesses, and deposited in a chest overnight. The money is banked the next day and the other valuables are duly taken into account in accordance with a regulated procedure. The entire administration of the *Devasthanam* is governed by the Tirumalai-Tirupathi *Devasthanam* Act; it has a Board of Trustees, Executive Officer, and a hierarchy of officials in charge of its various institutions and endowments. The *Devasthanam* maintains the Sri Venkateswara University, arts and professional colleges, hospitals, choultries, *patasalas*, etc., and is considered to be one of the most progressively managed bodies in the southern part of the country.

Gifts and endowments to the *Devasthanam* have been vast and varied in the past; while, in recent years, the numbers and amounts have increased enormously. Sri Venkateshwara is considered to be a very benevolent diety, very forgiving to penitent sinners, thousands of whom salvage their consciences by depositing liberal offerings in his *hundi*. One such offering was noticed in the *hundi* a few days ago—a bundle of one-hundred-rupee notes to the aggregate of Rs. 1 lakh. This caused some flutter, a lot of speculation, and publicity. As a result, the Intelligence Department of the State Police and the Income-tax Department are reported to have sat up and taken notice of this occurrence, apparently with a view to tracing the unknown devotee and lay their hands on other undisclosed profits and capital gains or hoarded money. The Chairman of the Board of Trustees of the *Devasthanam* is reported to have come out with a statement that it was no business of the Police or the Tax Department to investigate the occurrence which was purely a matter of personal devotion, and any investigation will impinge on further anonymous munificence.

I should imagine that most liberally minded people will agree with the Chairman. Human behaviour is unpredictable especially in regard to invocation of Divine Grace and, if the most painful forms of mortification of the flesh is understandable, the parting of a large sum of money should be equally so. There is no limit to the sacrifice which a man may make when he is utterly frustrated or abjectly surrenders to faith. I know of a very intelligent businessman who is reported to have smashed a costly automobile and items of machinery to smithereens and distributed several hundred pieces of blank endorsed Government securities to passers-by on the road when he felt miserable after (what he thought was) harassment by tax collectors. Similarly, in this case, there is no reason to adopt a sinister presumption to the exclusion of other possibilities; for, it may well be that the anonymous donor has just given away the one lakh of rupees from his lawful savings in sheer devotion, or to spite a nagging wife or a vagrant son or even in a sudden fit of renunciation. In any case, it was a matter of conscience between him and Sri Venkateshwara and, if his bid for Divine Grace was much too high for the tastes of the Police or the Income-tax Officials, all that may be said is that there can be great disparity in the sense of values of different individuals. One happy feature is that the money will go to fulfil many a good social purpose, though not directly into the State Exchequer.

A thing to be remembered, in this context, is to let the pilgrims to Tirupathi have their own way in regard to their faiths, vows and observances, as, otherwise, any interference might adversely affect our foreign exchange earnings. Hundreds of them have their heads shaved at Tirupathi, in fulfilment of vows taken years ago and the human hair that is left behind is collected by contractors, graded and exported overseas for making wigs and what-not.

3 OCT 1961 PUBLIC DEPARTMENT

SOME ECONOMIC IMPLICATIONS OF THE LAST CENSUS

PRODUCTION OF BASIC NECESSITIES OF LIFE NEEDS TO BE RAISED MARKEDLY

By Dr. V. K. R. V. Rao

PUBLICATION of the preliminary results of the 1961 census has given a big shock to the country. During the ten years 1951 to 1961, the population of India has increased by 77.2 millions. This one decade has seen an increase in our population that is nearly 60 per cent of the entire increase during the previous five decades. In absolute terms, the addition to our numbers has been more than the entire population of either France or Germany or Great Britain. No wonder that, almost overnight, the country has now woken up to the terrifying reality of its population problem. This increase in India's population has many aspects—regional, political, sociological, and economic. It is my purpose to deal here with some of the economic aspects of the 1961 census.

The first thing to note is the effect it has had on the *per capita* income. During the period 1951-61, we have had two Five-year Plans of economic development and this had resulted in an increase in the national income by 42 per cent. The Planning Commission had calculated, at the beginning of the Second Plan, that the population would be reaching 408 millions in 1961; if this had proved correct, the increase in *per capita* income would have been 24 per cent. In 1959, the Planning Commission revised its population estimates in an upward direction and placed it at 431 millions. Now the 1961 census has revealed that the actual figure is 438 millions. This has led to a scaling down of the estimated increase in *per capita* income over the decade to only 16 per cent, as against the 24 per cent which was based on the original estimate of the Planning Commission regarding the population in 1961. The 1961 census has thus belied the expectations of the magnitude of change in the average levels of income and consumption following the planned volume of investment; and, by the same logic, it has also underlined the need for stepping up the rate of investment beyond the previously contemplated levels, in order to achieve the target rise in the *per capita* level of income. Another obvious conclusion that follows is the need for taking more positive action for bringing down the rate of increase in our population during the coming years.

625 Million By 1976?

Meanwhile, we have to cope with the economics of the figures revealed by the 1961 census. We have also to take into account not only the difficulties inherent in implementing a population policy aimed at reducing the rate of growth, but also the fact that, even if successful, the policy takes time to become effective. We must, therefore, reconcile ourselves to a substantial increase in numbers over the next few years. The Planning Commission has shown its awareness of this fact by estimating the increase in population by 1976 at 187 millions. This means that, within the next 15 years, our numbers are expected to increase by 42 per cent over that in 1961 or by 2.4 per cent times the increase that has taken place in the last ten years. We have, therefore, to deal with the economic implications of a population of 438 millions in 1961 increasing by 187 million in 15 years and reaching a total of 625 million in 1976.

The first thing that stands out, in this connection, is the need for a substantial increase in the production of the basic necessities of life, if the additional population is to be maintained even at the unsatisfactory level which is the lot of most of the existing population. These necessities include food, clothing, shelter, education, and health. This alone means an increase in the production of consumption goods and services by 42 per cent in 15 years or an average annual rate of increase of 2.8 per cent. To this must be added a factor for taking care of the reality of unequal distribution and the fact that many millions in the country have *per capita* availabilities of basic necessities much below the national averages. Nor must we forget that national production figures include large elements of output other than basic necessities. In addition, there is the inevitable need for finding from the national income the much larger volumes of saving and investment needed for bringing about the required increase in production. It is my guess that, with the increase in population revealed by the 1961 census and the projections based thereon, we would require, in terms of national income, an increase of at least 75 per cent by 1976, if the population in 1976 is to have a *per capita* availability of basic necessities for every one of its number equivalent to the current national averages of *per capita* availabilities of basic necessities. This means an annual average rate of increase in national income of at least 5 per cent over the next 15 years.

Bigger Investment Needed

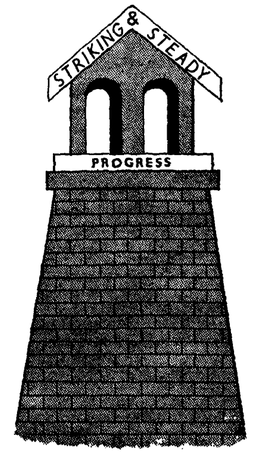
But this will not mean any progress in the national standard of living. We cannot obviously rest content with the prospect of having, after 15 years of planned national effort, a standard of living of the same unsatisfactory character that we have today. We have to think in terms of an increase in the *per capita* availabilities of basic necessities. Nor can we ignore the reality of the demand for goods and services other than basic necessities that is bound to accompany any attempt at having a growth rate of the magnitude contemplated even for maintaining the *status quo* in *per capita* terms. It would also be very unrealistic to think that such a big increase in national income can take place without some increase in inequalities, not so much in terms of a top high income class as in terms of middle and medium income classes. Inevitably, this also means a much higher volume of savings and investment than is needed merely to guarantee the current *per capita* availabilities of basic necessities to the additional population. All this means that the annual rate of increase we need in terms of national income has to be much higher than 5 per cent, if there is to be a real difference in the standard of living for the masses of our people, both those who are with us today and those who will be added within the next 15 years. It is my guess that the growth rate we need for this purpose in terms of national income has to be at least 9 to 10 per cent a year during the next 15 years.

The other major economic implication of our population figures is that of employment. It is very difficult to estimate the size of the labour force in India in terms of the number of persons who are able and willing to work in order to earn their livelihood and feed their dependants. The Planning Commission has estimated that, quite apart from the back-log of unemployment existing in 1961 and of the underemployment which is an inevitable accompaniment of the current structure of our economy, the next 15 years would see an addition to our labour force of the order of 70 million. This figure is likely to be somewhat of an underestimate, for it does not take adequately into account the rise in the employment-seeking rate of the population of working age, due partly to the conversion of disguised unemployment into overt unemployment and partly the increasing tendency for women to seek employment.

Even if we do not take this into account, the task of finding productive employment for 70 million more persons within 15 years is a truly gigantic one, when it is remembered that this represents more than the entire labour force currently employed in the United States. Another way of looking at the magnitude of the employment problem is to note that the additional employment we seek to create within the next 15 years is expected to be nine times that which was achieved within the previous five years. In other words, we have to step up our annual rate of additional employment to three times of what was achieved during the second Five-year Plan.

The Challenge

The implications of our population growth are certainly frightening in the challenge they pose for the Indian economy. But the challenge can be met, if only we can rise to the occasion and adopt the policies they call for, irrespective of the strain they impose on personal and short-period interests. Labour, after all, is economic power; and, with a labour force numbering several times that of the United States and an expected addition equivalent to that of the entire U.S. labour force, it should be possible for the country to achieve a growth target of 9 to 10 per cent a year in terms of national income during the next 15 years. We have a large labour force and this is bound to increase by many millions. Family planning and birth control are essential, but they provide no answer for our immediate problem. Labour has to be the principal instrument for increase in the output of consumption goods and of capital formation. We have to find ways and means for putting our vast labour power into economic and productive work. This is the economic implication of the 1961 census. How successful we will be in meeting the challenge is more than I can answer.—*Courtesy A.I.R.*



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EXPORT PROMOTION BY FIAT

FEASIBILITY OF SOLUTION BEING EXAMINED

From Our Special Correspondent

NEW DELHI, 26th September

DELHI LETTER

THE Government of India is increasingly becoming export-conscious. In the backrooms of Udyog Bhavan, some more reports have been produced in recent weeks on the wide range of measures required for providing encouragement for exports but there is little to indicate yet that these have gone beyond the stage of generalities. This is not a subject on which original ideas abound nor can new techniques be discovered quickly; willingness to profit by example and from expert advice is all that has been necessary and there are indications that the constructive contribution recently made by Sir Donald MacDougall is well appreciated. Many of the incentive schemes that may be tried with greater boldness in future months may be traced to this source—as in the case of the export target of Rs. 1,400 crores by 1970 which has come to be accepted in the third Plan.

There is, however, a wide gulf still separating these plodding efforts of the departments from the thinking and actions of the exporters or producers, who, in the last resort, have to take on the job of selling abroad or produce goods suitable for such sale. To transmit some of its new-found enthusiasm for export promotion to these sections of the business community calls for qualities of leadership which has been deficient all along in the Ministry of Commerce and Industry. The last meeting of the Export Promotion Advisory Council was in many ways disappointing, because the Government did not seem eager to seize the occasion for enlisting the Council's support for specific programmes requiring sharing of burdens by all sections. Also, the proposal for transferring the portfolio of trade to the younger and broader shoulders of Mr. Manubhai Shah has apparently been shelved—at least until the elections are over. Thus, while the capacity at the Departmental level to produce reports is still very vigorous, there is nothing to encourage the hope that new schemes will be implemented with imagination and courage at the political level.

Abandoned Idea Revived

At the Export Council meeting, Mr. K. C. Reddy renewed the old talk of compulsory exports and even hinted at legislation to make it possible. Since Mr. Lal Bahadur Shastri abandoned such talk after some initial loud thinking, it had been generally assumed that the impracticability of the idea was being recognised. Public curiosity has, therefore, been sharpened by the recent revival of the talk of compulsion. What form will legislation take and what sanctions will operate to implement it? Some observers are inclined to make light of such pompous pronouncements as just desperate attempts of the Ministry to show that it is doing something about the business. Even if there is a great deal of truth in this view, the issues have to be carefully analysed, so that the Government is warned in time against adopting hasty steps which may create more complications for all concerned without furthering the main objective.

Some skeleton legislation can always be promoted in which there is no obligation to disclose the actual nature of the policies to be enforced. Officials connected with production and trade may be authorised to issue directions to achieve larger exports and to enforce consequential schemes for distribution of losses, etc. In such cases, a formal law appears *prima facie* unexceptionable and the public will have no means of judging the appropriateness or legality of the steps to be taken, until specific cases arise; meanwhile, the Government can go about claiming the enactment of the law as a token of its continuous interest in the subject. A typical example is the Price Page Schedule Act which has remained on the statute book all these years as an answer to those groups which pressed for the measure; its doubtful Constitutional validity has been exposed as soon as it was sought to be implemented.

How To Do It?

Which laws are likely to be changed for export promotion and how? The Industries (Development and Regulation) Act is possibly one; the Essential Commodities Act may be another. The Government is reported to be examining the possibility of amending the former in order to provide that licensing policy may include requirements as to export a part of the output. This will, naturally, apply only to new units to be licensed after the enactment of the law and, even here, a large element of consent of the licencee is inherent in the sanction, so that there is no one-sided imposition of a duty. Such agreed conditions of licensing are possible even now, if persuasive methods can be substituted. In the case of all existing industries, a new law will not be of any great advantage and will not relieve the Government of the obligation to seek the maximum measure of co-operation and voluntary effort from industry and trade. In their case, it is possible only to link certain benefits with obligations to export; import licences for raw materials or machinery, rebate on railway freight, permission for expansion of capacity to enable large-scale production and reduction of costs are all conceivable as *quid pro quo* for export efforts and these will not constitute a departure in principle from the methods already adopted.

Curtailing Domestic Intake

Though ideas had not crystallised on this subject when the third Plan was finalised, there is mention there of the need, in some cases, "to set physical limits to the total internal sales of individual manufacturing units, so that the rest of the production becomes available for exports." Such deliberate limitation of the internal market may, however, have some very undesirable consequences. A manufacturer can reduce unit costs —especially wage costs—only if his production is expanding continuously and a growing internal market can assure this result (except where production is primarily for export as in the case of jute goods). To make economy in costs dependent on the dubious chances of sales abroad—in the face of import quotas, tariffs and other restrictions—is to introduce more uncertainty. So long as the domestic market is an expanding one, a producer will be able to spread his losses on exports over a larger output. Thus, a limitation on internal sales seems to be a wrong method of restricting consumption; fiscal measures seem always preferable, as they can be readily adjusted to changing situations.

The reverse method of compelling a producer to earmark a percentage of his output for export is far less objectionable. It is not an altogether new idea; originally, the proposal to license automatic looms in the cotton textile industry was conditional on export of the entire output. But, even there, there have been controversies about the wisdom of imposing a penal excise duty, on the ground that situations may arise when, for reasons beyond his control, a producer is unable to export the entire quota. When the market is short of goods, the entire burden of the penal excise may be transferred to the consumer, so that it ceases to be penal on the manufacturer and he is under no compulsion to make the extra effort for export; when the internal market is well supplied, there will be an outcry against a penal rate which affects sales and hence leads to a fall in output. Earmarking of goods for export without a penal excise is pointless. Ultimately, a solution to this dilemma can only come through mutual agreement. The only virtue of legislative authority is that it may sometimes compel industry or trade to reach such agreement.

Differences in Cost Structure

A point of detail which has a bearing on the general principle of compulsion is the need for provision for differences in cost structure within each industry. The cotton textile and sugar industries, for example, show a very wide variation according to different regions and age and size of units. Obviously, any exercise of statutory and executive authority should be based on uniform principles about the proportion of output to be exported for the industry as a whole. But this is inexpedient when certain units are designed to produce varieties suited only for local requirements and others are capable of adapting themselves to consumer tastes abroad. If decisions are left to the associations of each industry (like the Indian Sugar Mills Association) and to the Development Councils and Export Promotion Councils connected with each group of industries (as at present), internal adjustments can be made. Thus, from all points of view, enforcement of statutory percentages for exports seems to be fraught with serious difficulties.

Whom to Compel?

Not the least of them will be the problem of whom to compel in the case of primary commodities and semi-processed goods (like vegetable oils or leather) handled by a large number of cottage and factory units. In these cases, compulsion will, perhaps, take the form of requisitioning certain quantities from the trade at controlled prices; this may be comparable to State trading in foodgrains through a levy on the trade and the Essential Commodities Act may have to be amended to enable such measures to be taken, presumably on behalf of the S.T.C. Whether this would not further complicate matters for the Indian consumer and push up prices is one of the matters that needs careful thought; so far, the speculative activity in some commodity markets has gone unchecked, with the result that supply of raw materials for industry, exports and consumers have all suffered.

The whole idea of compulsion for export seems to spring from the belief in Government circles that some engineering industries are not doing their best to push sales abroad, because of the strong pull of the internal market. The threat of compulsion (after sufficient authority is secured from Parliament) may spur them to make fresh efforts; the actual number of cases in which the powers may have to be directly used is likely to be so small as to make compulsion almost of marginal importance. It may still be prized for its psychological effect and to dramatise the importance of export promotion; the fear that Government may sometimes become a nuisance may help in turning the attention of producers to foreign markets.

It may be urged that Government should be impartial as between the public and private sectors; in fact, the third Plan makes special mention of the need for public undertakings giving a lead by earmarking a portion of their output for exports; drugs, machine tools, telephone equipment, locomotives are already providing some examples. But there is a basic limitation in most of these industries, in view of the internal demand for their products for further development; fertilisers, for example, cannot be exported for any foreseeable period of time—at least not in sufficient quantities to increase substantialy our foreign exchange earnings.

Workers' Share

One of the questions that may arise for determination is whether the obligation to export should rest solely on the industry even when its disability is demonstrably due to its wage costs or low productivity per unit of labour. There should at least be some understanding to check further increases in wage costs; and the Government cannot at least keep on imposing fresh burdens on one side while compelling sales at loses on the other. A comprehensive examination of the question of compulsion is also necessary for its effects on the bargaining position of the Indian seller in relation to the foreign purchaser. While price reductions will in any case be needed to become competitive in foreign markets, such reductions may sometimes weaken the seller and become an uneconomic way of earning foreign exchange. The principle applied in sugar that sales at very heavy losses should not be encouraged should apply to other goods also.

At the moment, it appears that official efforts are concentrated only on finding out which Acts require amending and how, though, side by side, some parallel efforts are also being made to study commodity-wise and country-wise the scope for export promotion and to set targets accordingly.

SPICES AND CASHEWNUT COMMITTEE

The Government of India has set up a central body, called the Indian Central Spices and Cashewnut Committee, under the ægis of the Indian Council of Agricultural Research, for the all-round development of spices and cashewnut. The Committee will deal with all aspects of research, development and marketing of spices and cashewnut and coordinate these activities. The main function of the Committee will be to assist in the improvement and development of the cultivation and marketing of spices and cashewnut and in the production and marketing of their by-products. An annual grant of Rs. 10 lakhs will be available to the I.C.A.R. for the purpose of the Committee. The Vice-President of the I.C.A.R. will be the ex-officio President of the Committee. The Committee has yet to make a decision on the location of its headquarters.

AMERICAN LETTER

SEPTEMBER HAS BEEN A HISTORIC MONTH

PERSONAL INCOMES IN U.S. RISE

From Our Special Correspondent

NEW YORK, 22nd September

AMID a rising tide of prosperity at home, there has arisen a grave atmosphere of uncertainty, occasionally bordering on hysteria, as a result of the death of Dag Hammarskjoeld, Secretary-General of the United Nations. This Swedish gentleman had done so much to create the U.N. image as that of a truly peace-loving organisation that a great void was felt immediately. Hundreds of correspondents from all over the world converged on the U.N. headquarters at New York for the opening of the General Assembly.

While all Governments without exception offered their condolences through their U.N. representatives, a spokesman for the Soviet group said in effect "We never liked Mr. Hammarskjoeld" which is a new twist to the old Latin expression *de mortuis nil nisi bene*.

Investigations of the circumstances which led to the airplane crash which killed the Secretary-General are under way. But it may be observed that, in the *Coup D'Oeil* of the U.N., which publishes daily Press comments in summaries from all over the world, a very large number of editorials in many languages raised the question of sabotage, if not deliberate murder.

It is fairly obvious to any trained observer that the Soviet Union wants the U.N. as a forum for its spokesmen and for its propaganda, but the Kremlin desires an ineffective U.N. which is incapable of action. That is why the suggestion has been made to replace one Secretary-General with a Troika, one from the East, one from the West and a neutral. At this writing, the Soviet bloc is engaged in what may be called electioneering bribery. The nub is: "If you, an uncommitted and new nation, vote for the Troika, we shall give you this and that."

All this is being done behind closed doors and against the background of the "gravest crisis in the history of the U.N." The fear of war is also ever present, at the moment at least. Even in this perspective, the nearly unanimous election of Ambassador Mongi Slim of Tunisia to the office of President of the Sixteenth General Assembly was a miracle. It was the first time that a member of the Afro-Asian bloc has gained such recognition. Mr. Slim is very highly regarded, indeed.

The Western bloc and many uncommitted nations favour Frederick H. Boland, a former temporary U.N. President, as the new Secretary-General. Mr. Boland's people, the Irish, have borne the brunt of the fighting in the Congo and that may help him. Moreover, the uncommitted countries have been scared by the provocative nuclear bomb explosions of Soviet Russia. They have been shocked by Chairman Khrushchev's appeal for peace on the basis of the utterings of Pope John XXIII.

The feeling here is that the Kremlin is overstepping all boundaries of reason which it can do at home with impunity, because nobody can speak up against it, but the Soviet propaganda people have not learned yet that one cannot fool all of the people all the time. As was expected, the discussions between U.S. Secretary Dean Rusk and U.S.S.R. Foreign Secretary Andrei Gromyko led nowhere.

There is also grave doubt that President Kennedy's speech helped much to clarify the picture. As stated at the outset, there are fears and uncertainties created by the void caused by Mr. Hammarskjoeld's demise. Upon closer examination, this feeling is, of course, the subconscious fear of lack of leadership, of lack of practical diplomacy, of lack of experience, of lack of unity against the one force in East which cannot stand still, but perishes otherwise. Thus, September 1961 may well go down as the turning point either for the better, or for the worse of Western civilisation.

The U.S. Economy

Business activity has continued to advance with production, incomes, construction and total expenditures reaching record levels. Employment still leaves much to be desired. Unemployment persists by staying at about 7 per cent of the labour force. At any rate, there was no prolonged automobile strike and the atmosphere is one of extraordinary optimism.

Steel expects a big upsurge of orders in October, particularly from automobile manufacturers and Government. Manufacturing firms are increasing their inventories in anticipation of a continuing rise in sales. Tax collections have been increasing and capital investments in plant and equipment have gone up. Private investors and U.S. business increased their assets abroad by more than $5,000 million to a total of $50,000 million. Direct investments overseas rose by nearly $3,000 million in 1960 to $32,700 million.

But the protectionist forces in this country are not dead. The Ways and Means Committee of the House of Representatives approved the other day a Bill, over the opposition of the Administration, which would raise sharply the tariff on lead and zinc. It would hurt such good friends of the U.S. as Mexico, Canada, Peru and Australia, but, in the eyes of the members of the Committee, the wishes of their own lobbying constituents, apparently, come first, despite the prevailing international tension.

Second quarter corporate profits were about 7.5 per cent higher than last year. Sales rose, prices were firm with exceptions and average unit costs declined. The productivity rate of goods and services in relation to man-hours also increased, with better automation as the primary cause. This was particularly true of farm production which made notable gains with fewer workers, but crops were lower this year owing to extended droughts and the reduction of planted acreages due to Government directives and accompanying subsidy payments.

Personal incomes increased further in July, the latest reporting date. However, if special life insurance dividends received by veterans are left aside, the rise for the month amounted to only ½ of 1 per cent. As personal income has gone up, so has disposable income after taxes.

The public's buying intentions, as determined by various surveys, point to a rather promising sales outlook, particularly for automobiles. Interest is also anticipated in household appliances. There seems to be a tendency among consumers to spend more, because of the promising outlook rather than because of a higher bank balance, even at the risk of going into debt on hire-purchase plans.

The general expectation is that this will be another year of very large exports of farm products. Such shipments are expected to reach $5,000 million this year. And there will be increased agreements with foreign countries, providing for sale against foreign currencies.

For example, the U.S. has agreed to finance India's purchase of $12,560,000 worth of milled rice from U.S. suppliers on that basis. The authorisation covers about 100,000 metric tons of milled rice in bags, grade U.S. No. 5 or better, containing not more than 20 per cent broken kernels. Shipments from U.S. ports will be from this month to the end of April 1962. The rice will be purchased by the India Supply Mission at Washington.

Stock prices displayed a hesitant mood. It was caused by the uncertainties of the international situation, by fears of greater interference with business as exemplified by President Kennedy's request to the major steel companies not to increase prices as well as by many other factors, including a high Federal Budget deficit which seems inevitable. So far, inflationary forces have been held to a minimum, but how long can this last under current crisis conditions? That is one of the most frequently asked questions.—*All Rights Reserved.*

India will shortly open talks with the U.S. for raising its exports of cotton textiles to that country. A delegation, lead by Mr. T. Swaminathan, India's Commissioner-General for Economic Affairs in Europe, will be in Washington early next week for this purpose. He will be assisted by Mr. Bharat Ram, Chairman of the Indian Cotton Mills' Federation, and Mr. B. G. Kakatkar, Secretary of the Federation.

INTERNATIONAL LIQUIDITY

VIENNA SOLUTION INADEQUATE

(*From Our Own Correspondent*)

LONDON, 24th September

LONDON LETTER

IF the members of the International Monetary Fund meeting at Vienna this week discussed privately the possibility of the Fund ever establishing a Central Bank for Central Banks not a word of this has leaked out in any of the reports of the Conference. And yet, of course, this is the only way in which the disturbance caused by speculative flows of money from one country to another can be prevented. If the I.M.F. had the sort of resources in relation to the Central Banks of the world which, for example, the Bank of England has *vis-a-vis* the great joint-stock banks, then there would be no difficulty at all in these resources being used to counteract speculative movements.

Moreover, the gold and foreign currency reserves of every Central Bank being at the disposal of the I.M.F. and usable at its discretion (assuming that it would not pour away its resources into a country dissipating them in bankruptcy), then every Central Bank would have the sense of the world's resources behind it in case of need.

But the Managing Director of the I.M.F. has had to be content with the promise of a mere addition to the Fund's existing resources of one-third. The Fund has had subscribed to it by the member countries $15,000 million and it seems that another $5,000 million (there is a possibility of some small increase on this figure) will be added. But what a fuss many of the member-countries—not the U.K. or the U.S.A.—are making about this trivial addition to the resources of the world's central organisation for maintaining currency stability! If it is true, as was suggested in the course of the Conference, that the U.S. would advance $2,000 million, the U.K. $1,000 million, West Germany $1,000 million, and all the rest of the European countries $1,500 million (£535 million), what is there to get excited about? After all, the gold drain on the U.K. earlier this year amounted to about £600 million, that on the U.S.A. earlier exceeded this and, when these drains take place, it is not a question of simply supplying currencies in general but one currency in particular. If, for instance, hot money is flowing into West Germany or Switzerland, it is Deutsche marks and Swiss francs which are needed.

Fear Justified

The Managing Director of the I.M.F. is well aware of this problem and has done his utmost at the Conference to assure himself of adequate resources in individual currencies, but he had to meet the fear, particularly from France and Holland, that the lenders will be signing open cheques to doubtful borrowers. Are the French, then, really afraid that, if the I.M.F. calls on the Bank of France to extend their lines of credit to meet a hot money drain from the U.K. that they will be menacing their security by supporting a spend thrift? Are the Dutch really afraid that if funds are flowing from New York to Amsterdam that the security of the florin will be endangered if the Federal resources system is helped by Holland? Oddly enough, the answer to this question is probably "yes." There are still in international banking circles men convinced that the pound sterling will be devalued when Britain enters the Common Market and that President Kennedy's heavy spending programmes will plunge the U.S. into international bankruptcy and their fears are reinforced by the fact that the world's recent monetary crises have concerned the pound and the dollar and not a once dubious continental European currency. So there is to be consultation when international crises arise and safeguards must be drawn up to make sure that money is not advanced for unworthy causes.

In studying the conclusions of the I.M.F. report one cannot but feel that the minds grappling with these monetary problems are still too small for the international issues involved.—*All Rights Reserved.*

CAPITAL FOR DEVELOPING COUNTRIES

MR. BLACK'S TIMELY ADVICE

THE full text of the address of Mr. Eugene R. Black, the celebrated President of the World Bank, at the Vienna meeting of the Bank's Governors, was received after our last issue went to press. A perusal of it shows that the main concern of Mr. Black continues to be the capital needs of the underdeveloped countries. Thus, he devoted the major part of his speech to the International Development Association (I.D.A.), as he thought that, in the context of the diminishing capacity of developing countries to absorb conventional loans of the type given by the World Bank, the need for expanding the scope of the I.D.A. for providing soft loans had become crucial. Accordingly, he wanted the developed countries to pay more attention to this problem than they were doing hitherto.

At the outset, Mr. Black informed the delegates that the activities of the World Bank continued at a high rate. Loan commitments during the year ended 30th June 1961 amounted to about $610 million, as against $659 million last year. The year's loans conformed to the usual pattern of Bank's operations, with some growing emphasis on transportation. The Bank's bond marketing department was very active, but the Bank's outstanding funded debt rose by only $155 million, as compared with an increase of $168 million in 1959-60. In fact, the rise during the year 1960-61 was the smallest in five years. There were two reasons for this fall in the Bank's borrowings: (i) Disbursements on loans were not moving as fast as previously, as the construction of many of the projects financed by the Bank took longer time. And (ii) the Bank sold from its loan folio about $200 million of the borrowers' obligations. As in more recent years, the Bank's borrowings during the year were done outside the United States, the countries tapped being Germany, Switzerland, the Netherlands and Italy. Mr. Black expressed his satisfaction with the reception which the Bank's bonds had been accorded in all European capital markets. He assured the European bankers that he and the Executive Directors would do everything they could to keep the Bank "as an attractive channel for investment funds flowing from Europe to the underdeveloped countries."

Guarantee for Private Investors

Alluding to what he termed as the "extra curricular" activities of the Bank, Mr. Black gave an account of the meeting in Tokyo in July last of the Development Assistance Group, wherein a number of measures that could be taken by the Governments of capital exporting countries to encourage the flow of capital into the underdeveloped countries were discussed. He welcomed the tendency in the world to give increasing attention to the contribution that foreign private investment could make to the development of the underdeveloped world. Among the measures discussed at the Tokyo meeting was the possibility of devising a multilateral scheme for the insurance of foreign investments against various non-commercial risks. The D.A.G., Mr. Black disclosed, had asked the World Bank to study and report on the potentialities and problems involved in the establishment of such a programme. The Bank had accepted the request and was conducting a study with no preconceived ideas about the usefulness or feasibility of the proposal.

As mentioned at the outset, the I.D.A. and the provision of more soft loans received the bulk of the space in Mr. Black's speech. In view of the importance of the subject to India, which is one of the main beneficiaries of the I.D.A.'s lending facilities, we are reproducing the relevant portion of Mr. Black's address:

"As of 1st September, 1961, 54 countries had completed all the formalities to join I.D.A. Together they have subscribed the equivalent of $908 million to I.D.A.'s initial capital: of this amount $756 million will be available in freely convertible currencies by the end of 1964. $178.5 million of convertible currencies are now paid in, in accordance with the terms of the Articles.

"During the period of eight months from the beginning of I.D.A.'s operations in November 1960 to the end of its first fiscal year, development credits totalling $101 million had been extended to four countries. Since 30th June 1961, $36 million in additional I.D.A. credits have been extended and two further countries have been added to the list of recipients.

"Each of these credits has a fifty-year maturity and there are no interest or commitment charges. Each credit, however, carries a small service charge to provide I.D.A. with income to meet its administrative expenses. Amortisation begins after a ten-year period of grace. This pattern, we think, effectively meets the organisation's objective of providing development capital on terms which do not bear heavily on the borrower's balance of payments. However, I.D.A.'s charter allows considerable flexibility in setting terms, and we are not committed to any uniform pattern for I.D.A. financing.

Flexibility

"I.D.A.'s charter also allows considerable flexibility in determining the countries in which I.D.A. will operate. There is a variety of circumstances where we feel an I.D.A. credit may be justified. A necessary condition in all cases is evidence that the borrowing Government is making a real effort to mobilise its own resources and to gear its financial policies to development. This standard, as I have said before, had been borrowed from the Bank and is being applied in I.D.A. operations. But, I.D.A. need not apply the same standards as the Bank with respect to a borrowing country's capacity to repay in foreign exchange. There are a number of countries, especially those that are very poor, whose foreign exchange situation is such that they cannot borrow abroad at all on conventional terms. Because of their bleak balance of payments prospects, I.D.A. is prepared to assist these countries, when the Government can show a definite will to mobilise domestic resources and to avoid inflationary policies.

"A second, and large, group of countries in which I.D.A. is prepared to operate consists of those whose burden of foreign debt service is so high that, while they can borrow, on conventional terms, *some* of the external capital which they require to carry out their priority programmes, they cannot prudently borrow the whole of it. In these circumstances, you may find the World Bank making loans and I.D.A. extending credits at one and the same time. This, in fact, has happened with India, Chile, Sudan and Colombia, for example.

"These are very broad criteria. In practice, the decision for or against an I.D.A. credit or the decision on the right blend of I.D.A. funds and conventional funds calls for a large element of judgment. It is just not possible to apply to all countries a single yardstick of creditworthiness. Ratios of debt service to exports, or of debt service to local budgetary receipts or gross national product —while indicative—cannot be used as rigid criteria. Much depends on the particular circumstances of the borrowing country, on the stage of development it has reached, on the structure of its economy, on the prospects for increased exports, and so on.

"There is yet another element of flexibility in I.D.A.'s charter of which we shall take advantage, namely, the range of projects which I.D.A. will consider. The charter authorises us to go beyond the usual types of projects financed by the Bank, and the authors of the charter clearly expected us to do so. The recent I.D.A. credit to assist in the financing of a municipal water supply makes a first step in this direction. We are also actively considering a project to finance the construction of an industrial estate and another to finance a technical training programme. We are considering these kinds of projects in consultation with other organisations including the appropriate Specialised Agencies of the United Nations.

Eligibility

"In the administration of I.D.A. funds, questions of terms, eligibility and project selection all raise problems, many of which we are still in the process of resolving. But we have seen enough of the picture to be convinced that I.D.A.'s major problem will be the meagreness of its present resources. There is in sight now a volume of promising applications which, if approved, would absorb a substantial part of the convertible funds initially subscribed for I.D.A.'s first five years of operations. India and Pakistan together are already in a position where they could quickly absorb in worthwhile projects all of I.D.A's capital by themselves.

"Some members of I.D.A. cannot yet present concrete proposals for credits, because they are not yet able to present adequately prepared and justified projects. But others show every indication of coming forward with very substantial requirements, demonstrating that, once a country organises itself for development, it can rapidly build up a burden of debt which may limit, at least temporarily, its ability to borrow abroad on conventional terms. In these circumstances, even on a conservative estimate, I.D.A.'s funds are likely to fall far short of the need. And, considering this, it is none too early to ask ourselves what the future of I.D.A. ought to be.

"More is at stake here, however, than just the future of I.D.A. Development is now accelerating on a broad front in the underdeveloped world, and this presents two important problems to be tackled, if we are to maintain productive co-operation between lenders and borrowers. First, we must redouble our efforts to ensure that the aid offered really serves a priority development purpose; we must use all the influence that we can command, and extend all the help that we can, to ensure that the underdeveloped countries themselves effectively utilise all their available resources. Secondly, quite apart from whether the funds flow through I.D.A. or some other channel, our common objectives require that a greater proportion of the development capital provided should bear terms comparable to I.D.A.'s.

Importance of Programming

"On the first of these points, let me say that, in my view, the ability of a borrower to use capital for sound development purposes is no less important—and, indeed, it is more important in the long run—than the form in which a lender makes capital available. This is why the Bank and I.D.A. insist on every borrower presenting a well-conceived project which could fit into a sound development programme. This, in fact, is the justification for our whole range of technical assistance services.

"Over the past fourteen years the Bank has been steadily increasing its technical assistance activities. We have deliberately adopted a liberal definition of these services. In the budget for the current fiscal year, we are providing funds which will be applied to the financing of General Survey Missions; to the costs of our Economic Development Institute; to our General Training Programmes; to the expenses of resident Bank representatives and of Bank staff members seconded to member-Governments in an advisory capacity of one kind or another; to the cost of sector surveys, such as a general transportation study in Colombia and a highway study in Peru; and, in special cases, to the cost of feasibility studies on individual projects. In addition, we have done considerable work as Executing Agent for the United Nations Special Fund on some large pre-investment studies.

"The Executive Directors have shared my view that one of the most important activities in which the Bank can engage is trying to help member-Governments through services of the kind I have mentioned to organise their advance along the road to development. Today, the need is greater than ever—in part because of the increase of the development effort in many countries, in part because of the emergence of many nations with Governments still lacking experience in the development field, and in part because of the increase in the number of aid-giving agencies whose efforts can be co-ordinated most effectively only in the recipient country. There is at once a much greater recognition than ever before of the essential importance of development programming and of sound project preparation; and at the same time there is an urgent need for competent people to help the underdeveloped countries to achieve these ends.

Development Advisory Service

"Against this background, we have recently decided that the Bank should expand its assistance to member-countries by forming a group of highly qualified development advisers who will be available to our member-countries on request for extended periods of time. These advisers will be integrated into a Development Advisory Service administered by the Bank. They will perform such duties as chief or senior economist of a general survey mission; resident economic or financial adviser to a Government; member of, or adviser to, a planning office; administrator, or adviser to the administrator, of a development programme; or simply an adviser on current economic and financial problems. We aim to recruit for this service only those with the highest professional qualifications. We are under no illusions that this will be an easy job, so we can expect that at first the Development Advisory Service will be very limited in numbers.

"These members of the Service, of course, will not go out equipped with model development programmes. The task of the development adviser is not to try to impose solutions but rather to illuminate the choices which Governments must make if they are to proceed along the road to economic growth. The choices may be among the various economic sectors covered in a national programme or among the various projects within a sector. In any case, the development adviser's job is to present choices in an orderly way, gathering cost data and identifying the benefits of projects so that the Government can decide more confidently how fast to proceed and in what direction, given all the competing claims on its financial resources.

"This is all a very practical exercise, not just for the underdeveloped countries but for the capital-exporting countries as well. In debates over development assistance there is too much emphasis, I think, on the quantity of the aid and too little emphasis on the quality of the effort. The questions, 'How much aid?', and, 'On what terms?', can only be answered dispassionately, if there exists the element of sound development programming and administration. This is the lesson, I think, of our consortia meetings on India and Pakistan. In each case, the background was the country's development programme. Without these programmes, there would have been little basis for concerted action by the aid-giving agencies. Indeed, without a well-conceived development programme as a basis, I do not see how the appropriate quantity of aid can ever be realistically determined for any country, whether with a consortium or without one.

More Soft Loans Needed

"Now I come to the second of the two important problems that I earlier referred to, namely, the need for a greater proportion of development capital bearing terms comparable to those of I.D.A. This problem gives me—and indeed should give all of us—serious concern.

"If I have any criticism to make of the results of the India and Pakistan consortia meetings, it is that too much of the capital subscribed will be provided on terms which bear too heavily on the balance of payments of the recipients. I do not mean to dwell on these cases, but they illustrate what is true not just of these two countries but of a growing number of others as well; it is going to be harder and harder to keep development projects and programmes moving ahead in an orderly fashion and at an orderly pace, unless the aid mixture has a larger component of funds on a grant basis or on terms comparable with I.D.A.'s.

"When the Organisation for European Economic Co-operation looked at the flow of official—not private—capital to the underdeveloped countries for the years 1956-59, it found that more than half went in the form of outright grants. This seems a very creditable record, and it was in its time. But there are signs that the ratio between conventional credit and what one might call unconventional credit is already changing—and, from my point of view, changing for the worse.

"During the period studied by O.E.E.C., more than nine-tenths of the aid extended on other than 'hard' terms came from the United States and France. Other countries, during this period and since, have become substantial lenders to the underdeveloped world, but they have not yet brought themselves, to the extent that existing circumstances require, to extend their aid otherwise than on conventional terms.

Financial Reefs Ahead

"Furthermore, when one looks at the outstanding 'hard' debt of individual underdeveloped countries, one sees in most cases a rapid increase and, in too many cases, a persistent tendency for debt repayments to pile up in the early years. Taking some examples from Latin America, there is one country where at the end of 1953 only 24 per cent of its outstanding debt was repayable in the next five years while at the end of 1959, 56 per cent was repayable in the next five years. In another, the ratio went up from 16 per cent at the end of 1953 to 50 per cent at the end of 1960. There is a similar trend in Asia and elsewhere. In one case, the ratio went up from only 8 per cent at the end of 1953 to 33 per cent at the end of 1959; in another, from 28 per cent at the end of 1952 to 50 per cent at the end of 1960.

"To me these figures are warnings of possible financial reefs ahead. I do not have to explain to this audience how the machinery of economic development could be overloaded with foreign debt, until it sputtered to a halt amid half-built projects and mountains of discarded plans. I expect, indeed, that there are some in this audience who can point to projects in their own countries which are at this very time suspended in mid-air, so to speak, for this very reason. Maybe, it is a half-finished highway or a hospital that has been built but not equipped. This kind of disruption kills peoples' hope in orderly economic progress and, if it persists, can lead to serious disillusionment.

"Superficially, it would be nice if we could devise some reliable index of creditworthiness which would tell us in every country and with complete assurance when we were headed into financial trouble. But, as I have said, there is no such index. Of course, there is the possibility that, when debts fall due, defaults will be forestalled by voluntary action on the part of creditors to extend the period of repayment. But this would only magnify the accumulation of interest payments, which by themselves have in many cases already attained a formidable size. Surely our objectives demand that we minimise this kind of financial uncertainty and avoid the risk of disrupting the march of development through financial default.

"The safe and sane way to minimise these dangers it to maximise the amount of official capital which is supplied at very long term with only a token interest burden. I sincerely hope that, in the months ahead, lending countries will make every effort to reverse the trends I have cited by increasing the share of capital that goes to the underdeveloped countries on terms properly geared to their requirements.

"It may be that some of our capital-exporting member-countries interested in further development in the underdeveloped world may find it difficult to administer aid on non-conventional terms through bilateral programmes. To them I would say that I.D.A.'s charter allows us to accept supplementary contributions from them at any time. Indeed, more generally, I think it is none too early for member-Governments to turn their minds towards the possibility of handling a greater share of the common burden in this way."

WORLD GOLD PRODUCTION

World production of gold, excluding output in Russia and countries associated with it, increased in 1960 to a new post-war peak for the seventh consecutive year. The increase, of about 1.5 million fine ounces, brought output to 33.5 million ounces. The value, at U.S. $35 per fine ounce, was $1,175 million, as compared with $1,125 million in 1959 and $1,049 million in 1958. Production in 1960 was about 60 per cent more than the lowest post-war total touched in 1945, but about 7 per cent (2.5 million ounces) less than the all-time peak of about 36.1 million ounces, valued at $1,264 million, attained in 1940.

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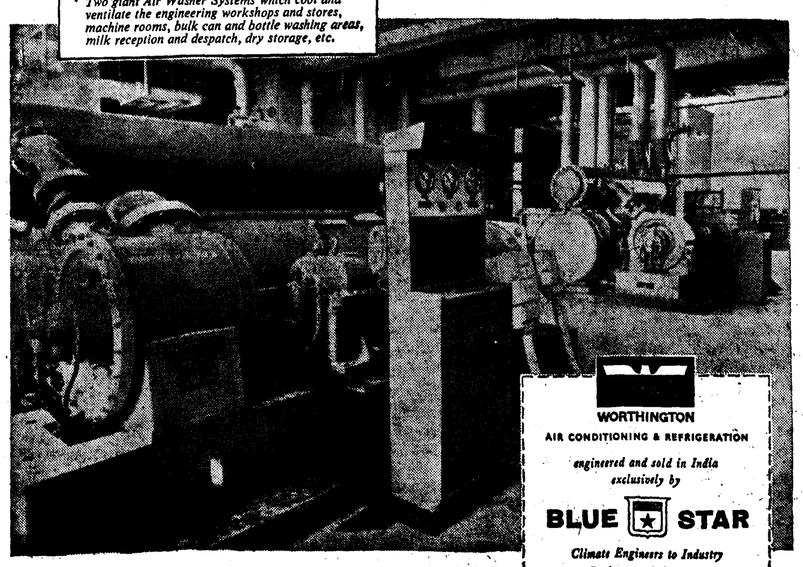

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CLAIM FOR HIGHER WAGES REJECTED

NO POSSIBILITY OF STRIKES—SHORTENING ORDER BOOKS CAUSE CONCERN

From Our Special Correspondent

MANCHESTER, *19th September*

A CLAIM for a 10 per cent increase in wages submitted on behalf of nearly 180,000 cotton operatives was rejected outright by representatives of the millowners in Manchester.

MANCHESTER LETTER

Although the union leaders refused to comment on the possibility of strike action being taken, the fact that no conciliation machinery now exists for settling disputes in the industry caused some sources to suggest that a stoppage covering many hundreds of mills might be caused.

The union spokesman, Sir Alfred Roberts, Secretary of the Cardroom Workers' Amalgamation, said: "The employers did not base their opposition to the claim on the pay pause but advanced arguments in opposition to the points we put forward. They contended we have had a bigger increase in earnings than the cost of living justified in the past."

The operatives' case was based on the rise in the cost of living, the profitability of the industry, the relation of earnings in the cotton trade to those in competing industries and the need to attract more recruits to the mills. The last wage increase—of 7½ per cent—was granted to cotton workers 18 months ago but in the meantime, the hours of work in the mills have been reduced from the beginning of this year from 45 to 42½ weekly without loss of earnings.

Serious Situation

An official statement by the employers following the negotiations expressed grave concern at the recent deterioration in trading conditions and shortening order books. This, they said, was accentuated by the impact of a growing volume of low cost imports.

"The situation is serious," the statement continued, "and the industry is in no position to incur further rises in costs of manufacture, unassociated with productivity which would be bound to impair its competitive position even in relation to Western European countries. Cost increases would also undermine stability of employment and discourage capital investment in the industry.

"At a time of depressed trading conditions, the employers feel strongly that the claim was inopportune and that they must reject it."

But a fresh approach to the employers in support of their claim for a 10 per cent wage advance is to be made by the cotton unions.

Leaders of the nine unions concerned at a meeting in Manchester considered the situation arising from the flat rejection of their demand by the millowners the previous week.

Sir Alfred Roberts, Secretary, of the Cardroom Workers' Amalgamation, said a decision had been reached to restate the claim to the employers. A sub-committee had been set up to consider what action should be taken in the event of another rejection of their application. "I do not think strike action is involved at this stage," he declared. "There are other alternatives which we shall have to discuss if the employers refuse the claim again."

September Doldrums

Nothing could be more depressing for traders than to reach the end of the summer season and then be forced to extend the long week-end holidays in the mills because of a shortage of orders. This, however, is the unpalatable prospect which has faced employers since the end of last month. Once such a movement starts, imitators quickly follow so that as each district comes to take its autumn break, the tendency has been to lengthen the usual couple of days' stoppage into a full week.

At the beginning of the year it was widely stated that most spinners and weavers had enough work in front of them to keep their machinery occupied until at least the third quarter. Now that September has arrived and orders lists have dwindled almost to vanishing point, the absence of follow-on business during the intervening months needs no elaboration. Throughout this period, however, sellers have kept their heads high in the belief that a revival in purchasing power would surely materialise; their disappointment at its non-appearance can be appreciated.

A feature of the big business which was done during 1960 was the steadily broadening margins on which negotiations were conducted. Distributors built up their supplies, fearing that they might be caught short, and although bargaining was inevitable, the usual result was agreement to pay the rate quoted. As contracts held by producers have grown smaller this year, so the mood has altered.

For several months resistance among buyers has been strong and salesmen have been equally determined to avoid cutting their margins, until their position became untenable. Only within the last few weeks, however, have there been signs that concessions were being offered, together with much improved delivery terms, as very few spinners and weavers are prepared to make for stock at a time when interest charges are so high.

Faulty Timing?

The opposing viewpoints are sufficiently well established to need no recapitulation. From the union angle, it might well be said that the timing of the pay claim was ill-advised in that they had allowed trading conditions to deteriorate up to a point where the millowners could justifiably point to stopped machinery, shortage of order and the very uncertain outlook.

Some months ago, although the prospect even then were discouraging, the application might not have received such an emphatic refusal, nor would the Chancellor of the Exchequer's pay pause then have added a further bulwark to the employers' case.

For many reasons, however, it seems unlikely that any extensive withdrawal of work will be ordered by the representatives of the operatives. The history of industrial relations between millowners and employees hardly suggests a direct collision of interests. In existing circumstances, there would be many individual firms to which isolated stoppages would be no embarrassment and, in fact, such action is already being taken by management in order to curtail output.

On the other hand, the strongest card in the union hand is the effect of the dispute on the growing generation of school-leavers who might be prepared to join the industry. The average age of those already employed in the mills is far too high for any complacency and the competitive earnings offered by the many rival firms, which have settled in the mill towns, are an inducement to those setting out in their industrial life to seek jobs away from cotton.

The decision to re-submit the claim to the employees puts the unions on the defensive; they can hardly hope for a sudden change of heart at such a time. What their "other alternatives" to strike action are remains a mystery. Sir Alfred Roberts was careful to stress the words "at this stage" when he dismissed the possibility of immediate stoppages.

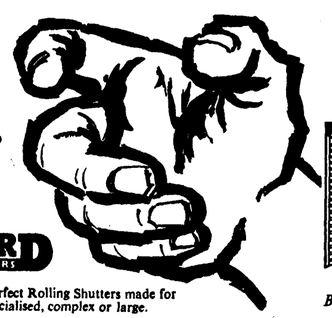
Although there is no sign as yet of any revival in trade activity the optimists constantly hope that the tide will turn, perhaps before the end of the year. The Chancellor's appeal for restraint may be regarded as a temporary measure and within a few months the position of both sides can alter substantially.

Once again, the question of profits earned by the mills needs to be re-emphasised. Results are still coming to hand showing a distinctly favourable picture, but these accounts cover a trading period when business was very brisk and orders were being obtained on remunerative terms. The present "pause," whether it applies to wages or buying pressure, will eventually be reflected in figures which will not be to the liking either of shareholders or union leaders demanding higher wages for their members.

Decline in Prices

Yarn quotations in the American range reached a peak during March and held steady for some time thereafter. During the past six months the fall registered has ranged from about 2½*d.* per lb. in the lower counts to as much as 6½*d.* in the finer qualities or ring beams.

A much bigger decline has taken place in the values of Egyptian type yarns but the reduction has been spread over a longer period. In this section prices have been dropping since late last year and quotations for carded yarn are about 10*d.* per lb. below their 1960 peak. In combed descriptions, the current rate is up to 15*d.* lower than last November and in doubled yarns a reduction of some 13*d.* per lb. has occurred.—*All Rights Reserved.*



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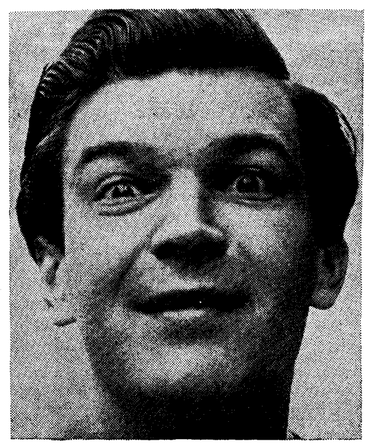

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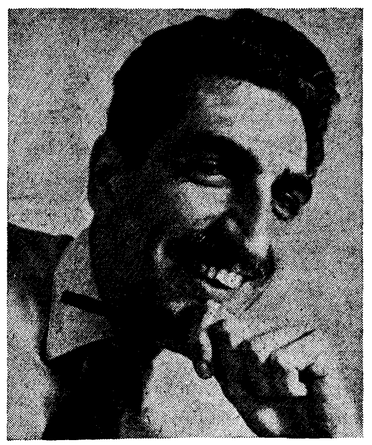
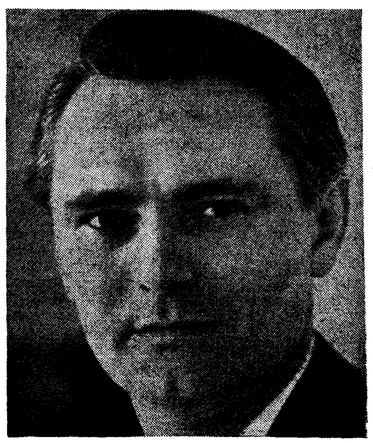
Mums modestly

Economists economically



Poets lyrically



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RAW COTTON PRODUCTION DURING 1961-62

A WORLD-WIDE ANALYSIS OF PROSPECTS

DESPITE the fact that acreage under cotton has gone up in most countries, free world cotton production during the current (1961-62) season is likely to fall short of last season's record level of 33.2 million bales (of 500 lbs. each). This is the conclusion reached by the International Cotton Advisory Committee, Washington, from a survey of world cotton production prospects during the 1961-62 season published in its latest (August 1961) monthly bulletin. According to the Committee, total acreage under cotton in the free world has increased for the third year in succession and is estimated at around 62.5 million acres, as compared with 61.1 million acres in 1960-61. This increase of about a million and a half acres has occurred mostly outside the U.S. But the decline in production is confined mainly to the U.S., where, in spite of an increase in acreage, output is expected to be 500,000 bales less than in the previous season.*

It is still too early to make a precise estimate of production of cotton. Any calculation must, to a large extent, be conjectural and subject to considerable revision as the season progresses. Based on the information available till 25th August, however, the Committee estimates total production at 32.8 million bales, as compared with 33.2 million bales in 1960-61. This slight decline in production during the current season is offset by the modest increase in carryover stocks on 1st August 1961, so that, on present reckoning, supply would be at about the same level as in 1960-61, that is, roughly 50 million bales. If, however, these estimates are revised on the basis of the September crop estimate for the U.S., it is found that supply will, in fact, be more by about 300,000 bales. The following table gives a statistical picture of the supply of raw cotton during the 1961-62 season, as compared with the supply and distribution during the previous three seasons:

(In million bales)

	1961–62*	1960–61*	1959–60	1958–59
Stocks (as on 1st August)				
United States	7.2	7.6	8.9	8.7
Other net exporters	3.4	3.2	3.5	4.0
Net importers	6.7	6.0	5.3	6.1
Total	17.3	16.8	17.7	18.8
Production:				
United States	13.9	14.4	14.6	11.5
Elsewhere	18.9	18.8	16.6	17.6
Total	32.8	33.2	31.2	29.1
Stocks plus production:				
United States	21.1	22.0	23.5	20.2
Elsewhere	29.0	28.0	25.4	27.7
Total	50.1	50.0	48.9	47.9
Consumption:				
United States	8.3	9.0	8.7	
Elsewhere	22.8	22.0	20.4	
Total	31.1	31.0	29.1	
Destroyed				
Net exports to Communist bloc	0.1	0.1	0.1	
	1.6	1.3	1.2	
Total disappearance	32.7	32.4	30.4	
Exports	14.7	15.3	11.5	

* Estimate.

The analysis of the overall production is supplemented by a country-wise analysis of the production prospects. In the U.S., the largest cotton producing country in the free world, a prospective reduction in average fields more than offsets the increase in acreage for harvest. Taking into account the reduction in opening stocks, total supply in that country is likely to be half a million bales less than in 1960-61.

Acreage Allotment

The national acreage allotment in the U.S. for the 1961 crop was 18.5 million acres, as against the total allotment, including additions under the choice "B" programme, of 17.6 million acres in 1960. Farmers, therefore, were given the opportunity to expand cotton acreage by nearly one million acres, but, in actual fact, planted acreage increased by only about half this amount. The area planted to cotton was estimated on 1st July 1961 at about 16.6 million acres, as compared with 16.1 million acres a year earlier. The heavy rate of underplanting this season is attributed, in large part, to regional shifts in basic acreage allotments. Acreage allotments for the Western States, which normally plant up to the permitted maximum, were reduced significantly. The allotment for all other producing areas was increased, with the largest proportionate increase in the South-East where underplantings are usually high. A larger cotton acreage was sown in all these areas, but the percentage planted declined.

Changes in the distribution of acreage could be expected to have some influence on the yield potential during this season. The shift in acreage away from the high-yielding Western States and the increase in most other States tended to reduce average yield prospects for the country as a whole. This, plus the cool, wet weather in the Central and Eastern cotton States, explains the reduction in the average yield from 446 lbs. last season to 427 lbs. as per the August report. Although the yield has been estimated higher at 437 lbs. in the September estimate, it is still 9 lbs. below the 1960-61 yield.

With lower carryover stocks and smaller crop, total supply in the U.S. is estimated at a little over 21 million bales, as compared with 22 million bales in 1960-61. Preliminary ideas are that disappearance will amount to about 14.5 million bales. Should that be so, stocks on 31st July 1962 are likely to fall to around 7 million bales.

*This calculation, based on the August crop report, has been belied by the September report which put the crop at 14.26 million bales, virtually the same as in 1960-61.

Mexico and Egypt

As regards prospects elsewhere in the free world, though production potential has been adversely affected by the probability of a much smaller crop in Mexico and the United Arab Republic (Egypt), the total outturn should be in line with that in the last season. The present estimate of production is 19 million bales. Carryover stocks in other net exporting countries, as of 1st August last, were fractionally higher in total than a year before, so that total supply should at least equal last season's record total. Opening stocks in net importing countries (mainly India) were again significantly higher and total supply outside the U.S. will definitely be larger than during the last season. The table below gives preliminary estimates of acreage and production in the leading cotton-producing countries in the free world including the U.S.

Countries	Acreage (in million acres)		Production (in 1,000 bales of 500 lbs. each)	
	1961–62*	1960–61	1961–62*	1960–61
India	18.8	18.8	4,500	4,600
United States	15.7	15.3	13,900	14,400
Mexico	2.0	2.2	1,875	2,100
C. America	0.5	0.4	630	450
Egypt (U.A.R.)	2.1	1.9	1,750	2,205
Turkey	1.6	1.5	900	810
Syria (U.A.R.)	0.6	0.5	580	510
Pakistan	3.2	3.2	1,400	1,940
Sudan	1.2	0.9	600	525
Uganda	1.7	1.6	385	305
Brazil	5.2	5.0	2,000	1,800
Argentina	1.3	1.2	550	500
Peru	0.6	0.6	600	580
Others	8.1	8.0	3,180	3,075
World (excluding U.S.S.R. and China)	62.6	61.1	32,800	33,200

* Preliminary.

The failure of cotton production outside the U.S. to expand in anything like the same proportion as the increase in acreage is due to the marked reduction in production in Mexico and the U.A.R. In Mexico, the much smaller crop can be attributed mainly to sharply reduced acreage. In Egypt, prospects were promising earlier in the season. According to the first official estimate, total acreage planted to cotton was estimated to be about 6 per cent larger than during the last season, with increases in all varieties, except Karnak and Giza 30. Recently, however, there have been reports of damage from leaf worm and, despite emergency measures which have been taken to bring the situation under control, it is believed that crop losses have been considerable in some areas and the overall effect could be a fall in production. The marked reduction in production in Mexico and Egypt, the largest exporters outside the U.S., is likely to have some impact on the total amount of non-U.S. cotton available for export which may, ultimately, benefit other exporting countries.

In many other countries, however, acreage has been expanded and, other things being equal, this should result in increased production. Proportionately, the increase in cotton acreage has been most pronounced in the Central American countries. Throughout the Middle East, too, interest in cotton is high, with a prospective increase in acreage in all countries.

In India, with the exception of the areas in the South, most of the cotton has already been sown, although it is still too early to give a precise estimate of the total area planted. Trade sources, however, estimate the commercial crop at 5 million bales (of 400 lbs. each), as compared with 5.4 million bales last season.

Considerable resowing and much late planting of cotton in Pakistan mean that the crop is late this year. Expectations are that production will show some increase over last season's 1.34 million bales.

Africa

Africa's cotton crop prospects vary considerably but, excluding the U.A.R., production potential is, on balance, about the same as during last season, increases in some countries offsetting declines in others. Acreage in both the largest producing countries, the Sudan and Uganda, is expected to increase.

Estimates for South America are rendered very difficult, in that total production is a composite of two crops—one harvested at the beginning of the season and the other towards the end. Based on the probable acreage expansion in Brazil and Argentina, it is, however, estimated that production in South America will set a new record this season, exceeding the post-war high of 3.3 million bales produced last season.

EXPORT QUOTA FOR COTTON

The long-awaited export quota for Bengal *Deshi* cotton has at last been made. It was notified officially on Saturday, the 23rd inst., that a minimum quantity of 150,000 bales of Bengal *Deshi* cotton will be allowed for export during the 1961-62 season. This quantity is only the minimum permissible. The announcement specifically states that, later, more cotton would be allowed for export, if subsequent estimates of the size of the crop warrant such a step. Of this quantity, 125,000 bales will be immediately allowed for export on a first-come-first-served basis for shipment upto 31st March 1962. A small quantity of 6,250 bales out of the 125,000 bales, has been earmarked, as usual, for co-operative societies.

A notice issued in this regard by the Joint Chief Controller of Exports and Imports, Bombay, sets out the licensing procedure as under:

Allotment letters will be issued on registration by exporters on the principle of first-come-first-served, subject to a maximum of five per cent per shipper of the total quantity available for export. Licensing, which would be valid for shipment from 3rd October to 31st March 1962, against the allotment letters, will be done on presentation of shipping bills.

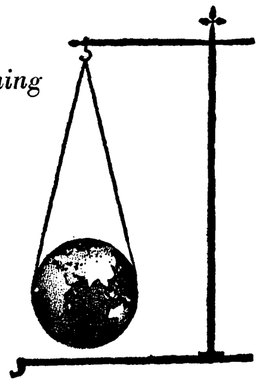
The quota has been welcomed by the trade which is particularly happy that most of its suggestions have been accepted by the Government. The release of a large quota, with an assurance that more cotton would be permitted for export should crop conditions warrant it, the first-come-first-served basis of licensing and the absence of any grade stipulation show that the pleadings of the trade have not fallen on deaf ears. It is for the trade now to ensure that the quantity earmarked for export is sold at the best possible price, and thereby maximise the foreign exchange earnings.

COTTON COMMITTEE MEETING

The eighty-fourth half-yearly meeting of the Indian Central Cotton Committee will be held in Bombay from 3rd to 7th October 1961. Mr. V. Shankar, Vice-President, Indian Council of Agricultural Research and Special Secretary to the Union Ministry of Food and Agriculture, will preside. The full meeting of the Committee will be held on 7th October. Most of the subjects on the agenda, numbering 154, will be examined, in the first instance, by the appropriate sub-committees, namely, the Policy, Agricultural Research, Agricultural Extension, Technological Research, Cotton Ginning and Press Factories and Cotton Forecast Sub-Committees which will meet earlier.

Some 96 subjects figure on the agenda of the Agricultural Research Sub-Committee, which will meet on 3rd and 5th October. Apart from a large number of progress reports on research and development schemes which will come up for review, the Sub-Committee will examine proposals for 14 new schemes and nine extension of existing schemes. Other important items on the agenda are: (i) the report of the Standing Sub-Committee constituted to formulate a pattern of cotton research for the new river valley project areas in respect of the Chambal Projects area in Madhya Pradesh and Rajasthan and Nagarjuna Sagar Project area of Andhra Pradesh, (ii) the report of the Special Sub-Committee constituted to prepare a comprehensive account of the important pests and diseases and measures for their control, and (iii) the report of the Standing Special Sub-Committee constituted to inspect the Sea Island cotton crop and examine the various aspects of its development.

Among other matters, the Cotton Forecast Sub-Committee will consider the reports on the crop estimation surveys on cotton in the major cotton-growing States in 1960-61. Apart from these, one of the items of interest, which will receive attention at the session of the main Committee, is the report on progress of cotton extension work in the States for 1961-62.



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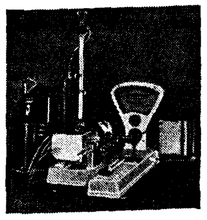

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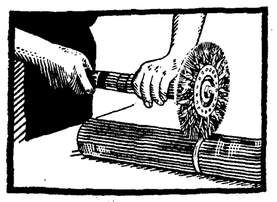

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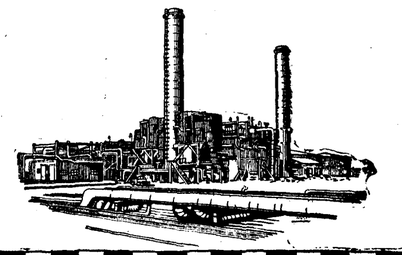

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OIL EXPLORATION

A SEARCH THAT NEVER ENDS

By V. S. Swaminathan, M.A., M.Sc. (Lond.)

UNDER the latest Government-Burmah Oil Company agreement initialled on 31st May 1961, Oil India secured a new concession area covering 1,800 square miles adjoining the Digboi-Nahorkatiya-Moran fields. Oil India is launching an immediate exploration programme. Geophysical surveys are to be resumed in October and the first well drilled early in 1962. Let us recapitulate what this search for oil means and entails.

Time was when oilmen sunk their wells where there were clear indications of petroleum such as surface seepages. More often, however, they drilled simply by hunch. On occasion, they fell back on divining rods which were supposedly capable of detecting underground oil.

In the meantime, accumulating experience was providing a basis for the scientific study of how oil occurs in the earth. Nowadays, modern techniques of exploring for petroleum make use of our inherited fund of knowledge of its origin, and of how it accumulated within certain portions of the earth. Oil pools are found only here and there, where conditions are favourable such as in domes and structural traps. Such reservoirs may lie near the surface or miles deep. They may be of almost any size and shape.

Diverse Devices

The amount of information that can be gathered from the study of the surface and core drilling by geologists is limited. So other related branches of science have been pressed into service by the explorers for oil. Various devices have been developed for probing beneath the earth to learn more about the lie and nature of the rocks buried below.

It is in this context the modern geophysical exploration methods offer the possibility of locating structures favourable for the accumulation of oil or gas at great depths by measuring the characteristics of rocks from the surface. Successful mapping of structures, three miles or more in depth, is now an everyday occurrence. The main geophysical instruments used are the magnetometer, gravity meter and seismograph.

As the name implies, the aeromagnetic survey is made with the help of an aircraft fitted with a magnetometer which records variations in the earth's magnetism. From the readings recorded by the instrument, the depths of the older rocks can be estimated over a wide area. In a gravity survey, information is obtained by recording variations in the gravitational pull of rocks buried at various depths. Lastly, the seismic survey employs charges of explosives. These are fired in holes bored in the ground to create minor, man-made earthquakes. The time taken for the sound to rebound from the hidden rocks and reach the recording instruments gives an indication of their depth.

Although none of these methods can determine whether oil exists at depth, they give a fairly accurate picture of the structures or traps where petroleum may be found. The driller's bit, the constant vigilance of the geologist examining cores and samples for oil or gas and electrolog are the principal means of proving or disproving the presence of this elusive, much-sought-after, commodity.

Other Hurdles

Then there are other hurdles to overcome so far as oil exploration in Upper Assam is concerned. All the specialised equipment has to be imported from abroad and brought by air, rail or a thousand miles up the Brahmaputra river from Calcutta. After the conclusion of the geophysical surveys in the field, the results must be computed, corrected and analysed. And then, if everything is found satisfactory, another risk must be taken. A test-well must be drilled. An approach road to the test-well site may involve miles of jungle clearing and construction under adverse climatic conditions. Geological evidence from test cores calls for examination in the light of the geophysical surveys. If all this goes according to plan, the experts can only say: "You *may* find oil in such and such a location."

Turning Point

Nahorkatiya Well No. 1 enjoys the distinction of being the first oil-bearing structure in the alluvial area of India to be discovered by purely geophysical methods. It thus marked a turning point in the history of oil exploration in India. Even as the finding of the now historic Leduc field in Western Canada led to an intensification of the search for oil and gas, so did the Nahorkatiya discovery give a shot in the arm to oil exploration in India.

Thus, the Assam Oil Company (A.O.C.) intensified their search for new sources of oil with the help of the most modern methods known to industry. These surveys ranged from Mishmi Hills in the north-east extremity of Assam to the Mikir Hills in the south-west and further to Gauhati. Its aeromagnetic surveys covered 14,300 square miles and other geophysical surveys 6,000 square miles. These involved the Company in an expenditure of Rs. 1.65 crore.

Hazards of the Search

Two examples may be cited to illustrate the hazards attached to oil search. From 1920 onwards, the Whitehall Petroleum Corporation Ltd. carried out extensive geological work in the south-western Naga Hills, North Cachar Hills and southern Mikir Hills and drilled three wells near Nichuguard. It engaged eminent geologists like L. G. Weeks, Past President of the American Association of Petroleum Geologists, and Dale Condit of Oil Search Ltd., Australia. This Company ceased its operation in India in 1927 without discovering any oil.

Also, some hundred wells were drilled in the Digboi area itself by the Company with disappointing results. It was only when the Burmah Oil Company came forward with a team of able geologists and drillers and employed the latest geophysical techniques in oil exploration that drilling resulted in oil-producing wells.

Secondly, the Standard-Vacuum Oil Company started geological and geophysical exploration in India in 1949. An aeromagnetic survey of the entire West Bengal basin was carried out in 1951 and, subsequently, 12,000 gravity observations and nearly 19,000 seismic shots were completed. The Indo-Stanvac project, a joint venture with the Government of India since 1953, drilled ten test-wells in the West Bengal basin, but, despite the highest professional skill brought into play, all the ten wells proved to be dry. The total expenditure of the project is estimated at Rs. 9 crores.

Oil Struck

The State-sponsored Oil and Natural Gas Commission (O.N.G.C.) has spread its exploration net far and wide. During 1960-61 field season, it had plans to prospect 2,859 square miles, mostly in the Punjab, Assam, Cambay and Kutch. The O.N.G.C. hold two separate concessions in the Sibsagar area. In 1959, a test-well was drilled in the northern area to a depth of 12,503 ft., and abandoned as a dry hole. A second well, completed in the southern area near Rudrasagar last October (1960), has yielded promising results. The very first O.N.G.C. test-well at Cambay, located largely on the basis of the early geophysical work carried out by the Geological Survey of India, yielded oil. Drilling of development wells both at Cambay, Ankleshwar, and Kalol (an even more valuable find) are proceeding according to plan.

Mr. P. Evans, at one time Chief Geologist of the Burmah Oil Company, has stated that "as an average test-well in India costs approximately Rs. 30 lakhs, the discovery of a single new oilfield might cost as much as Rs. 6 crores for exploration before any development begins.... Suppose we take 1 in 20 as a reasonable expectation of finding a commercially profitable field, the cost of a deep exploratory well in India would be anything from Rs. 30 to Rs. 80 lakhs, according to the depth, difficulty of drilling and accessibility."

The oil industry's search for new fields is one that never ends. New reserves must constantly be found to replace that which has been used. Only thus can the oil companies maintain their crude reserves and keep feeding the refineries and so the markets.

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PRICE POLICY IN A DEVELOPING ECONOMY

By Khetramohan Patnaik, M.A., A.M. (Stanford)

SINCE the beginning of the second Five-year Plan, wholesale prices in India have gone up by at least 25 per cent. The all-India working class price index (1949=100) has also risen by the same order. Between 1955 and 1960, prices of food articles rose by 42 per cent and those of industrial raw materials by 40.6 per cent. Rapidly rising prices have adversely affected living standards and made the common people suspicious about the benefits of a planned economy. Against this background, the issue of price policy has been in the forefront of public discussion and there is almost a universal demand that our Government should make "a positive affirmation that a degree of price stability is not only inconsistent with expansion but is an essential part of the strategy of economic development." Hence, it is imperative that we should disentangle the basic issues involved in the formulation of a price policy in the context of economic development so as to avoid the pitfalls in policy-making.

Agricultural Prices and Production During the Two Plans

When we are thinking of the price policy for a country where agriculture accounts for roughly 50 per cent of the national income, it is natural that agricultural prices should engage our attention first. It is argued that, in a developing economy, there is a long-term tendency for prices to rise which ceases to operate only after the stage of self-generating growth has been reached. The assumption implicit here is a closed economy, where there is increase of investment for creation of new capital goods. The result would be generation of incomes in the capital goods sector and rise in prices if the elasticity of supply of different goods does not match with the income elasticity of demand. In a poor country like India, expenditure on food forms the bulk of total consumer expenditure and the income elasticity of demand for foodgrains is high. But, as compared with this position, the elasticity of supply of foodgrains is very small. The influence of prices on agricultural production, particularly that of cereals and pulses, seems to be negligible. This is seen from Table 1 which shows the trend of production of cereals and pulses in our country during the last few years.

TABLE I

Trends in Food Prices and Production

Year	Index No. of wholesale prices (1952-53 = 100)		Total production (Million tons)	
	Cereals	Pulses	Cereals	Pulses
1953-54	98	91	58 2	10.4
1954-55	80	59	55.7	10.8
1955-56	76	62	54 9	10.8
1956-57	96	81	57 2	11.5
1957-58	101	82	52.8	9.2
1958-59	107	104	63.3	13.4
1959-60	103	87	61.5	11.4

Source: *Reserve Bank of India Bulletins.*

It will be seen that a significant rise in the wholesale price index from 76 in 1955-56 to 96 in 1956-57 produced little effect on the 1957-58 crop. Cereal production actually declined in 1957-58 by 8 per cent as compared with that in the previous year. The rise in cereal prices between 1957-58 and 1958-59 had no effect on the crop in the subsequent year. The same trend is seen in the case of production of pulses in Table No. 1. These figures illustrate a high degree of inelasticity of the supply of foodgrains and the negligible role of prices in stimulating primary production.

Increase in investment under conditions of high income elasticity of demand for foodgrains and its low elasticity of supply has inevitably resulted in the dislocation of the price structure. As compared with 1955-56 (last year of the first Plan), food prices increased by 37.4 per cent during 1959-60, as against an increase of 26.5 per cent in the general price level. Prices of industrial raw materials increased by 25 per cent and those of manufactured goods by 11 8 per cent Thus, price increases have been much higher in the case of foodgrains. This, in all likelihood, must have resulted in the diversion of a large part of income from the urban sector to the rural sector.

Ricardian Model

Our experience during the two Plan periods immediately recalls to our mind the various models of growth which indicate the role of agricultural prices in the process of economic development. The classical writers showed how the economy develop from a progressive state into a stationary one with no net investment, subsistence wages, and zero profits. Ricardo points out that capital accumulation gradually leads to a reduction of profits due to rise in corn prices. The price of corn, according to him, is determined by the quantity of labour necessary to produce it. The price of manufactured goods rises and falls in accordance with the amount of labour necessary to produce them. The whole value of manufactured goods and of the corn grown on the no-rent land is divided into two parts only: profits and wages. Ricardo then points out: "Supposing corn and manufactured goods always tend to sell at the same price, profits would be high or low in proportion as wages were low or high. But suppose corn were to rise in price because more labour is necessary to produce it; that cause will not raise the price of manufactured goods in the production of which no additional quantity of labour is required. If, then, wages continue the same, the profits of manufactures would remain the same, but, if, as it is absolutely certain, wages should rise with the price of corn, then these profits would necessarily fall."

In the Ricardian model, the developing economy is characterised by a high level of investment which increases production and helps to keep up wages. A rise in wage-level stimulates growth in the population. The rise in population increases the demand for food and necessitates the cultivation of progressively less fertile lands, resulting in a continual rise in the price of food. Ricardo believed that "the only adequate and permanent cause for the rise of wages is the increasing difficulty of providing food and necessaries for the increasing number of workmen." As population increases, wages, therefore, tend to eat up the total product after rent payment and thereby reduce the profitability of investment until the inducement to invest disappears and the stationary state is attained. Thus, in the dynamic analysis of Ricardo, money wages go on rising due to rise in agricultural prices which ultimately affects profits and hence growth of the economy.

Lewis' Model

Arthur Lewis points out: "the central problem in the theory of economic development is to understand the process by which a community which was previously saving and investing 4 or 5 per cent of its national income or less, converts itself into an economy where voluntary saving is running at about 12 to 15 per cent of national income or more." Saving would increase if the distribution of incomes is altered in favour of the saving class. Practically all saving is done by people who receive profits. In the words of Lewis, "the major source of savings is profits, and if we find that savings are increasing as a proportion of the national income, we may take it for granted that this is because the share of profits in the national income is increasing." He points out that, if unlimited supply of labour is available at a constant real wage, profits will rise continuously, facilitating an increasing proportion of national income set apart for investment. But this process would stop if real wages rise so high as to reduce the profits. This would happen if the price of food in terms of manufactured products goes up. This is one of the ways in which industrialisation depends on agricultural improvement. Thus, Lewis emphasises the crucial role of agricultural prices in the process of economic growth.

It is this realisation that lies at the root of the repeal of the Corn Law in England in 1846 by Sir Robert Peel. If there is no hope of agricultural prices falling, there is the danger of a shrinkage of the volume of profits adversely affecting capital formation. To avert this, Japan followed the policy of raising rents against the farmers and taxing them more heavily so as to divert a large part of the rapid increase in productivity from the farmers for capital formation.[1] A similar policy was followed in the U.S.S.R., where farm incomes were held down by raising the prices of manufactures relatively to farm products and also by levying heavy taxes upon the collective farms.[2]

Necessity of Stabilising Agricultural Prices

The foregoing discussion would underline the necessity of stabilisation of agricultural prices in the interest of rapid economic growth. Such a policy, as pointed out above, becomes conducive to increased investment by enlarging the share of profits in the national income. Raising prices of agricultural commodities divert a large proportion of the national income to the agricultural sector where the average *per capita* income is less than half of that in the non-agricultural sector. Consequently, "the sector which is the main saver in society is obliged to save less while the sector which habitually does not save very much, gets more income and cannot save very much more.[3]" Hence every shift of income in favour of the agricultural classes adversely affects savings and hence investment which is the basis of rapid economic advance. Again, in the case of our country, the general price level follows very closely the trend of foodgrains prices. Therefore, a rise in prices of foodgrains would bring about a cost-induced inflation. A rise in the prices of foodgrains would induce the labourers to demand a corresponding rise in wages. This, in turn, would lead to a rise in the cost of production and thus set in motion the inflationary spiral. The fall in purchasing power, brought about by inflation, reduces the rate of interest in real terms and thereby serves as a drag on savings. This has been our experience during the last decade, as revealed by the estimate of saving in the Indian economy, made by the Reserve Bank of India.

TABLE II

Trends in the Volume of Saving in India

Year	Total saving (Rs. crores at 1948-49 prices)	Saving as percentage of national income
1950-51	591	6.7
1951-52	460	5.1
1952-53	504	6.0
1953-54	573	6 7
1954-55	731	7.1
1955-56	955	9 1
1956-57	908	8 8
1957-58	782	7.2
1958-59	902	7.7

Source: *Reserve Bank of India Bulletin* (August, 1961.)

It would be seen from the table above that the volume of saving in the economy declined during 1951-52, 1953-54 and 1957-58. These were the years when the food prices and the general price index had gone up steeply. The Indian price level experienced a sharp upswing from June 1950, mainly as a result of the outbreak of the Korean war. The general index of wholesale prices (base: year ended August 1939=100), which had risen from 397.1 on 24th June 1950 to 449.6 by the end of March 1951, advanced further to the peak figure of 462.0 by mid-April 1951. It stood at 428.8 at the end of January 1952 and declined to 378.2 at the end of March 1952. The average general index of wholesale prices (base: year ended August 1939=100) which stood at 380.6 in 1952-53 rose to 397.5 in 1953-54. Thus, prices in general recorded a rise of 4.4 per cent in 1953-54 over the previous year; during the same period, the prices of food articles rose by 7.4 per cent. The decline in the volume of saving as well as the saving-income ratio during 1957-58 is explained by a fall in the marginal profits-wages ratio reinforced by the rise in food prices which led to increases in wage incomes.

Thus, from all points of view, it becomes imperative to check the rise in food prices in the interest of economic development.

Functional Role of Prices Limited

Holding the price line of foodgrains, as advocated above, in the face of increased demand can be successful only if there is an increase in the output of these commodities. Some say that an increase in the output of foodgrains cannot be assured by holding the price line, since "the only practicable way in which production incentives can be effectively given is through rising prices." If increase in agricultural output follows a rise in its price, the price rise tends to be self-liquidating and hence should not be interfered with. Primarily, the function of prices is to bring about an equilibrium between demand and supply and, where this mechanism has a smooth operation, a deliberate control of prices would be harmful.

All this is recognised. But, as pointed out above, price-mechanism has failed to perform its legitimate role so far as agriculture is concerned in our country. This has been explained above with the help of the data given in the first table earlier. It would be seen from this table that the role of prices in stepping up agricultural production has been negligible. Moreover, there is the danger that a price rise would induce the farmers to increase their own consumption of the foodgrains they produce and to build up stocks with a view to realising higher prices. The marketable surplus then would not increase at the same rate at which agricultural income increases[4]. In such cases, as Dr. V. K. R. V. Rao pointed out not long ago, some other means must be found for achieving within the short period the economic objectives behind the policy of holding the price line. "Price controls and controlled distribution," to quote him, "would be especially necessary in the case of consumption goods the supply of which fails to respond to price or any other stimulus within a reasonable period." A clever manipulation of a bufferstock seems to be a better way of enforcing a policy of agricultural price-stability since it would avoid bureaucratic control and other dangers inherent in the former method.

Coming to the industrial field divided between the public sector and the private sector, we can notice the same limited functional role of the price mechanism. The public sector is the watch-dog of the national interest and as such does not need the price-incentive. Hence we are left with the private sector, predominantly supplying consumption goods in our country, where a flexible price policy seems to be called for both for increasing output and for influencing the composition of this output. A system of flexible or freely fluctuating prices, in an unplanned economy, serves not only to give incentives to production but also as a powerful allocative mechanism, helping the producers to move along the lines in which the incentives impel them to act. But the successful working of such a system assumes the existence of perfect competition on both sides of every market and perfect divisibility of all resources and products. Hence, such a price system becomes limited in application in an underdeveloped economy, in view of the excessive market imperfections and large physical inelasticities in supply of resources here. Moreover, automatic market forces, in the context of the high degree of inequality of incomes prevalent in these countries, would inevitably give rise to conflicts between private and social interests in the use of scarce resources. Hence, it becomes necessary to abate the pull of prices by powerful monetary and fiscal measures, if direct control devices smack of totalitarianism. Thus, monetary and fiscal policies become indispensable adjuncts of a system of flexible prices in the context of democratic planning, in order to divert demand and direct resources to channels most helpful to growth and social interest.

Conclusion

In the light of the foregoing discussion, the essentials of a price policy for a country like India in the process of development may be laid down. In the first place, there should be stability of food prices, a policy which can be maintained by the Government by operating bufferstocks. This has to be continued as long as agriculture is not responsive to price incentives. Secondly, there should be a system of flexible or freely fluctuating prices so far as the private sector is concerned. This has to be supplemented by monetary and fiscal policy aimed at safeguarding the social interest. Third, since the basis of the public sector is not profit-motive, it is not the price incentive that matters here but appropriate monetary and fiscal measures designed to divert resources for facilitating increased investment. These three principles ought, perhaps, to guide any decision about price policy during the third Plan period.

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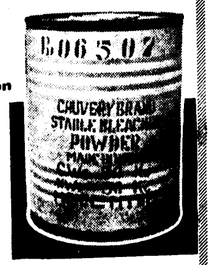

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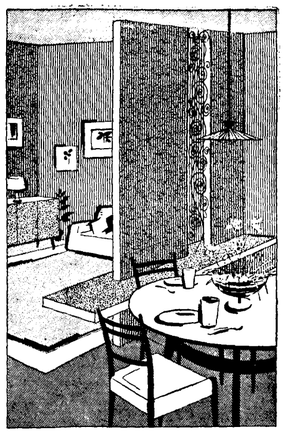

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NEW PUBLICATIONS

The Estate Duty Act. By D. H. Nanavati. Published by N. M. Tripathi Private Ltd., Princess Street, Bombay 2. Pages : 430. Price : Rs. 25 ; 50s.; $8.

THE Estate Duty Act came into force from the 15th October 1953. This is a piece of socio-economic legislation intended to rationalise the social order by reducing the inequalities in the distribution of wealth. It is nearly seven years since the Act has been in force and it is only the Finance Department of the Government of India that can give us the statistics as to how far this legislation has helped the country to progress towards the avowed object of a socialist welfare society.

Estate Duty, though a modern measure of taxation at the time of its inception in this country, has been in existence as a levy in England since 1894 and quite for some time in the United States of America. Pakistan and Ceylon also introduced this piece of legislation some time back. There are many reasons given for this taxation. The oldest and the probable justification is that the State is represented as a silent partner in the business of each citizen, without whose aid and protection it would be impossible to transact business or amass wealth, and when the partnership is dissolved by the death of the citizen, the silent partner is entitled to a share of the estate.

Estate Duty is a tax charged according to the value of the property changing hands on death irrespective of to whom it passes. Tax is payable on the capital value of all property, real or personal, settled or not, which either passes or is deemed to pass on the death of any person on or after 15th October 1953. This is the basic idea of the Act.

The Estate Duty Act closely follows the language of the U.K. provisions on Death Duties. Lord Radcliffe, in the case of *St. Aubyn* vs. *Attorney-General*, observed that "no one could suppose that Section 43 of Finance Act 1940 is anything but an obscure section." He also further stated that it was regrettable that when in 1940 opportunity was found to wipe out the old sections and to enact a new set of provisions, opportunity was not at the same time found to make those provisions more readily intelligible. In the very same case, Jenkins L.J. observed that "the terms of Section 56(2) are far from being a model of clarity and they demand a feat of imagination by no means easy to perform." These observations from learned and well experienced judges of the British Courts are not compliments to the draftsmen of the British provisions of the Death Duties. One can imagine the position of an Indian lawyer with little background of the law relating to estate duty when he is confronted with the Indian Act which closely follows the English provisions.

It is here that the Indian lawyers as well as others require guidance. Mr. Nanavati, the author of the book under review, has sought to do precisely this. He is one of the ablest solicitors practising in the taxation field in Bombay. His experience in that field, his study of the Estate Duty Act and the corresponding provisions of the U.K. Finance Acts and the case law on the subject in England have resulted in the present book.

This book is written in the form of a commentary. The author has given the relevant pages of the commentary at the foot of each section for easy reference. The Estate Duty Rules, Controlled Companies Rules, with the amendments upto the date of publication, a copy of the agreement between India and the U.K. for avoidance of double taxation, have been printed at the end of the book. The book also contains the amendments passed to the original Act under each section. A comparative table of Indian and U.K. provisions is also given along with a table of cases and an index. The book is a must to all those who practice in the Estate Duty Courts and/or before authorities and to persons who are liable to attract the provisions of this Act.

Pattern of Corporate Savings and Investments. By Miss Kishori C. Shah. Published by Popular Book Depot, Bombay-7. Pages: 263. Price: Rs. 15.00.

Recent trends in our growing and rapidly advancing economy have witnessed greater emphasis on industrial development and stimulation of internal savings for planning needs. With such growing tempo of industrialisation, the relatively underdeveloped corporate sector is growing at a rapid pace. Development of corporate sector in an economy is the function of its industrial growth and, in the evolution of economic growth, the corporate sector invariably grows more rapidly and tends to increase by the conversion of proprietary and partnership concerns into limited companies, be it public or private.

This work on the "savings and investment" pattern of this sector of the economy, evidently based on the research study made by the authoress, Miss Kishori C. Shah (which had been accepted for the Ph.D Degree of the University of Bombay in 1957), presents clearly and succinctly the economic and financial trends in industrial and, more particularly, the corporate side of it. A study in institutional economics, it deals with the role of corporate investment and savings in the country during the last war and post-war years. After a general assessment of the framework, the nature and growth of the corporate sector and its economic significance in industrial planning, the study throws light on capital formation, income retention and investment trends. Broadly for the purpose of her analysis, five major industries, namely, iron and steel, cotton textiles, jute, cement and paper are considered. This coverage is adequate. The predominant feature of internal reserves mobilisation is vividly explained; the concluding chapter on corporate income retention and asset expansion, fluctuations in savings and the trends in disposable profits, yield and retentions in the industries concerned, offers much interesting information. The process of industrialisation has shown diverse trends in concentration of economic power; the licensing policy of the Government has enabled new parties to enter the industrial field in recent years and made it difficult for old companies to maintain their share in the total industrial expansion.

The data the authoress has taken for her analysis relates generally to the period 1939-55. Recent developments in the light of planning and growth of the corporate sector seem to have changed the position, and so the conditions now may be at variance with those of the period taken up for this work.

The paucity of published data and reluctance of company management to supply even published material to research students appear to have limited the scope of the study to an extent. It is fortunate that the trend is much improved at present with the easy availability of data thanks to the Governments role in collecting facts and figures relating to the corporate sector and utilising them for research purposes.

Industrial Organisation and Industrial Finance. By V. R. Sonalkar. Published by Sonalkar Publishing Co., Poona. Pages: 207. Price: Rs. 12.00.

In the context of developmental planning in the country industry occupies today a place of basic importance. The shift to and emphasis on industry as a tool for economic development has come about in the last few years. This publication, coming at the right time, carries with it the rich experiences of the author, a former Managing Director of the Industrial Finance Corporation of India.

The book broadly deals with the two problems connected with industry, namely, organisation and financing. In Part I of the book which covers the organisational aspect, the author details the various problems connected with the setting up of an industry, working out schemes, capital needs, formation and running of the undertaking, production planning, etc. The place of market research in the formulation and operation of the schemes as also the role of cost accounting and control have all been rightly emphasised.

Part II of the book deals with the problems of financing industrial enterprises. Tracing the historical development in this regard, the author distinguishes commercial banking and industrial financing, the latter naturally calling for funds on long-term basis, as compared with commercial banking which generally caters to the short-term and, in certain cases, the medium-term requirements.

The experiment and role of industrial financing in India are explained in the subsequent chapters with special mention of the various credit agencies like I.F.C., and State Finance Corporations, Industrial Credit and Investment Corporation of India and other organisations. The practical points which matter for consideration of applications for financial assistance have also been covered in some detail.

A separate chapter on the financial needs and resources for small industries, which have been engaging much attention in recent years, adds to the utility of this publication. The progress and achievements of international financing agencies like the World Bank, International Finance Corporation, the Export-Import Bank, etc. have been lucidly reviewed in the concluding chapters of the book, making it interesting and of much practical utility.

Investor's Guide 1961. Edited and Compiled by Waman P. Kabadi for Messrs. Chimanlal J. Dalal and Co., Dalal Street, Bombay. Pages: 1,150. Price : Rs. 15.

The second edition of the *Investor's Guide*, published by Messrs. Chimanlal J. Dalal and Co., a well-known firm of share and stock brokers of Bombay, was released on Friday, the 15th inst., at a meeting held in Bombay, presided over by Mr. Kantilal Ishwarlal, Vice-President of the Bombay Stock Exchange. Edited by the veteran journalist, Mr. Waman P. Kabadi, the *Guide* seeks to provide the investing community with a compendium of information on the structure and working of industrial enterprises in India. It deals with almost all the major industries in the country, with particular reference to their growth, present position and future prospects. The analysis of each industry is accompanied by relevant case histories and statistical information relating to a wide range of important companies. The information provided in the table pertaining to each company covers all the vital aspects of a company's working about which an investor would like to know before buying a share. The total number of companies covered is as many as 600. Another section consists of a few informative articles pertaining to the third Plan, taxation, foreign exchange position, Company Law, etc. Particularly useful to investors will be the article on taxation by Mr. N. R. Mandviwalla and Dr. R. Cooper, both of whom are well-known experts, and another, entitled "How to Invest Your Money" by Mr. A. V. Deshmane. Display, printing, binding and the general get-up are quite pleasing to the eye, reflecting the endeavour of the publishers to maintain high quality. For a reference volume of this nature and size, the price of Rs. 15 should be considered quite modest. The volume is a useful addition to the guides on the subject that are already available, such as *Place, Siddons & Gough's Year Book, Kothari's Year Book, Calcutta Stock Exchange Year Book* and the *Madras Stock Exchange Year Book*. Considering that no Year Book was being published in Bombay, Messrs. Chimanlal J. Dalal and Co. have filled the vacuum in this side of India.

Economic Aspects of the Indian Constitution. By B. R. Misra, M.A., Ph.D. (Lond.), D.Sc. (Econ.) (Lond.). Published by Orient Longmans. Pages: 140. Price: Rs. 7.

The successive phases in economic advancement, particularly rapid economic development in underdeveloped countries, call for huge public expenditure in the process of planning. The ultimate goals of economic independence, self-sufficiency and welfare are made possible of achievement only by systematic planning. The most important event that has immensely influenced the economic character of the Indian Constitution is thus developmental planning. Planning again needs a highly integrated economic pattern for the country as a whole, with a view to bringing about swift and uniform economic progress.

In this publication the author, Mr. B. R. Misra, a member of the Bihar Legislative Council, views the various aspects of the Constitution from the economic angle. The book has been carefully planned. After introducing the subject with a sketch of the historical and general background of the Indian Constitution, the author discusses the economic functions of the State in the light of the fundamental rights and the directive Principles of State Policy. On the financial side, the review of the principles of distribution of revenues is followed by a lucid and detailed discussion of the role of the Finance Commission in fulfilling planning needs as between the Union and the States. Finally, the principles relating to the freedom of inter-State trade and commerce are examined, particularly the aspects of uniformity in taxation and reciprocal immunity from taxation of property by the Federation and the States; the underlying objective is that within the State, trade and commerce should develop to the largest possible extent, without being hindered by artificial restrictions placed by several States forming the Federation. The broad and distinct analysis of all the economic aspects of this vast subject makes interesting reading.

METTUR CHEMICAL AND INDUSTRIAL CORPORATION LTD.

PROGRESS OF EXPANSION SCHEME SATISFACTORY

CHAIRMAN, DR. P. S. LOKANATHAN, POINTS OUT NEED FOR RAISING FRESH CAPITAL

A BRIEF résumé of the progress of the expansion scheme undertaken by the Mettur Chemical and Industrial Corporation Limited, was given by the Chairman of the Company, Dr. P. S. Lokanathan, in his speech at the Twenty-fourth Annual General Meeting of the Company, held on Saturday, 9th September 1961, at Mettur Dam R. S. He observed that all equipment for the second stage of expansion of the caustic soda production from 20 to 40 tons per day had been either received at site or was in transit. The Company, he disclosed, was proposing a further expansion of production of caustic soda to 100 tons a day and that the Directors were exploring ways and means of financing it.

The following is the full text of Dr. Lokanathan's speech:

"LADIES AND GENTLEMEN,

"It is again my pleasant privilege to welcome you all here for the annual meeting and to place before you the salient aspects of the Company's present working and future potentialities. The Directors' report has been in your hands for sometime, from a perusal of which, I should say that the Company has had a satisfactory year of working. On the whole, the results have been better than last year and the turnover in volume and in value has been the highest in the Company's history.

Expansion Programme

"The second stage of expansion for increasing our production of caustic soda from 20 to 40 tons per day is making satisfactory progress though the plant has not yet started production, consequent on delays in the delivery of electrical and rectifier plants. However, all the equipment has been either received at site or is in transit. Such equipment as has been received is being installed and tuned up. When this plant starts production, we will have installed a more economic unit which will be eight times the original capacity with which the Company started operations.

"I have to invite your special attention to the further expansion scheme referred to in the report, which, your Directors consider, will place the Company in a competitive position and keep us abreast of developments elsewhere in the years ahead. The stepping up of production of caustic soda from 40 to 100 tons per day, the entire increase in production being of rayon grade quality, is a necessary development for us during the third Plan period, in which caustic production in the country is expected to reach 3,50,000 tons, as against the second Plan target of 1,35,000 tons. One important feature of our expansion will be that ours will be a fully integrated plant utilising all the co-product chlorine, quite beneficially contributing to the high profitability of our expanded plant.

Financing

"Your Directors are actively exploring ways and means of financing this third stage expansion in such a way that the dividend percentage is not materially affected during the period of our stepping up production. This would therefore involve procuring both loan and share capital in [illegible] stages depending on the progress of [illegible] and construction. We shall place before you definite proposals with regard to the financing of the expansion scheme as soon as exact estimates are worked out for the project, which it is hoped will be in the course of the current year.

Two New Consumers

"In this context, I am happy to mention two salient features. The first important development is that we shall shortly have two big consumers of our products in our immediate vicinity at Mettur Dam. First is the Madras Aluminium Company, who are putting up their plant at Mettur and who will be substantial consumers of the caustic soda produced by us. The second interesting development is the proposal by India Cements Ltd. to put up a plant for the manufacture of 6,000 tons of PVC in collaboration with the well-known American firm, Messrs. B. F. Goodrich and Co. The PVC project will be a big consumer of the chlorine produced by this Company. As you are aware, the Company has now received a licence for manufacture of a number of important organic chemicals based on chlorine. Mr. S. Ramaswamy, our General Superintendent, who was recently in the United States, has been assured of technical and financial collaboration by leading American chemical firms in the production of these chemicals. We are therefore on quite concrete ground in our future programme and we look forward to your fullest co-operation in the task lying ahead of the Company in the coming two years.

Assistance from I.F.C.

"As you are aware, the Industrial Finance Corporation of India have been of continuous assistance to this Company in all its expansion projects from the very inception. In our recent discussion in connection with the present expansion, we have been broadly assured of full financial co-operation in the implementation of the new project.

"Since the close of the financial year, this Company has had its share of electricity cuts resulting in slightly reduced production. Now that all our hydel dams are full and the Electricity Board has assured us that there is no likelihood of power cuts in the rest of the year, I have reason to anticipate that there will be no disturbance to our production for the remaining period of the year. With the commissioning of the Neiveli Thermal Unit, it is my hope that we shall have seen the last of the power cuts in the State.

Dividend

"You would have seen from the appropriation account that we have had to draw on our deferred taxation reserve to maintain the same dividend as in the previous year. This is because, capital equipment of the value of Rs. 55 lakhs for which payment has already been made, which is now under erection, has not yet been brought into commission which would increase our caustic soda production from 20 to 40 tons per day. It is my hope that the additional plant and equipment would be in commercial production in the last quarter of the current financial year. I am glad to say, nevertheless, that the accounts reveal a very satisfactory state of affairs.

"In conclusion, I must place on record our appreciation of the valuable and devoted services rendered by the Managing Agents and by all ranks of staff and workers during the year."

Note: This does not purport to be a report of the proceedings of the annual general meeting.

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KINNISON JUTE MILLS COMPANY LIMITED

CHAIRMAN, SIR WALTER MICHELMORE, WANTS VIGOROUS STEPS TO OVERCOME RAW JUTE SHORTAGE

CRITICAL YEAR IN INDUSTRY'S HISTORY FORECAST

IN his statement to the shareholders of the Kinnison Jute Mills Company Limited, sent along with the Directors' report and statement of accounts for the year ended 31st March 1961, Sir Walter Michelmore, Chairman, states that the trading conditions for the jute industry were extremely difficult throughout the year ended 31st March 1961, due to an acute shortage of raw jute and the consequent abnormally high prices of the raw material which bore no relationship to normal conditions in the international market for jute goods. He has struck a note of warning to the effect that, if such high prices were maintained, the Indian jute industry would lose all its export business. He suggests that every possible effort must be made to ensure a regular supply of raw materials at reasonable and stable prices. As concrete steps in this direction, he recommends the adoption of modern agricultural practices in the cultivation of raw jute and the creation of an organisation to ensure that prices do not fall to levels unremunerative to cultivators. Alluding to the prospects for the current year, Sir Walter remarks that it "could well be the most critical year in the long history of the jute industry."

The following is the full text of Sir Walter Michelmore's statement:

"DEAR SIR/MADAM,

"Last year, for the first time, a statement by the Chairman was enclosed with the accounts, and I am again issuing a statement this year with a view to providing to all shareholders of the Company more detailed information in regard to the Company and the industry as a whole.

"It will be seen from the Directors' report and accounts that profits for the year ended 31st March 1961 show a reduction from those of the previous year—a feature which is common to the majority of companies in the Birds-Heilgers Group—due partly to the extremely difficult trading conditions in October-December 1960, when jute purchased at advantageously cheap prices was not delivered until long after contract due dates. It is regretted that the improvement in the overall efficiency of the mills and the number of spindles being operated per loom from June 1960 was not maintained up to the end of the financial year and this also militated against profits reaching the level of the previous year.

Prospects

"The current year could well be the most critical the jute industry has encountered in its long history. The disproportionately high price of raw jute has involved mills in crippling losses on simultaneous trading up to the time of writing. Block closures of one week each month in June and July 1961 and curtailment of production in August and part of September due to shortage of raw material have added their burden in the shape of lay-off compensation to the labour force and increased costs consequent on the reduced volume of goods produced.

"The drastic curtailment of the electrical power supply between the hours of 6.00 p.m. and 10.00 p.m. from February 1961 called for a rearrangement of shifts in your mill and factory, but it is pleasing to record that the flow of production was not interrupted.

"News of the 1961-62 crop both from India and Pakistan is heartening in regard to expected outturn—although quality may not be up to normal due to shortage of steeping water. It is hoped that ample supplies of fibre will be available at a price which will permit mills to do simultaneous business without incurring a loss.

Modernisation

"Apart from a small quantity of additional machinery on the fine side still to be received, the modernisation programme of the preparing and spinning sections of the mills is completed for the time being. The spinning and preparing machinery installed in No. II Mill in 1949 still continues to give excellent service.

"In pursuance of the policy of developing and extending the most modern techniques in machinery, your Directors have placed orders with Messrs. James Mackie and Sons Limited for 24 'Onemack' Weaving Machines. Application has been made for the relative import licence.

Wide Looms

"The wide looms installed in No. I Mill have contributed their share to the year's profits. It was not, however, found possible to work looms to capacity and for two periods during the year one shift had to be cut back in order to adjust supply to demand. It is becoming increasingly apparent that the scale of installation of additional wide looms is such that supplies will tend to be in excess of demand and the competition arising from this situation will inevitably result in a shrinkage of profit margins.

Labour

"The Wage Board for the Jute Industry set up by the Government of India, while considering the issues involved, made a unanimous recommendation as to the grant of interim relief to all categories of workers involved, and this was accepted by Government. The extent of the relief amounted to:—

(a) Rs. 2.85 monthly per worker from 1st October 1960 to 31st December 1960.

(b) Rs. 3.42 monthly per worker thereafter.

"While there can be no doubt of the desirability of raising the income and standard of living of agricultural and industrial labour in the country as a whole, including the jute mill industry, regard must, nevertheless, be had to the competitiveness of the industry, not only in relation to other countries which produce jute goods, but also in relation to alternative packaging (or non-packaging) media, such as paper and bulk handling. Unless, therefore, higher remuneration and standards of living can be related to productivity, which might be achieved by the extension of piece-rates and the system of payment by results, indiscriminate wage increases can only be to the long-term detriment of this vital export industry.

Raw Jute

"The quality of the 1960-61 crop was better than that of the previous season and could be considered as being above normal. The quality of deliveries to the mills was satisfactory.

"The period covered by these accounts was characterised by an acute shortage of raw jute, which dominated market trends. The small 1959-60 crop, resulting mainly from the low prices prevailing at the time of sowing in the early months of 1959 and unrelieved by the relatively small imports permitted from Pakistan, was followed by another short crop in 1960-61. On this occasion, the crop failure was caused by the unseasonably dry weather during the period February-May 1960 which delayed sowings so long that the eventual area put under jute was restricted, while in certain areas the young plants died and a scarcity of seed handicapped re-sowings. The industry, therefore, started the new season in July 1960 with the by no means large carry forward of 1.25 million bales and faced the prospect of another season of reduced supplies. Unfortunately the situation was aggravated by the fact that licences for the import of Pakistan cuttings were not issued in time for them to be a factor in preventing jute prices from reaching uneconomic levels.

"The Indian Jute Mills Association was under no illusions as to the seriousness of the outlook for the industry and, in addition to making representations for a greater liberalisation of fibre imports, urged upon Government the need for a controlled restriction of output in order to conserve jute and avoid the complete dislocation of the industry, when supplies started to fall off towards the end of the season. From early June 1960, the Association permitted its member-mills to seal loom voluntarily on the understanding that the loom-hours lost would be recoverable after 1st November, although, as it so happened, this recovery became largely impossible owing to the persistent deterioration in the jute supply position. In October 1960, the Association introduced a jute purchase quota system, designed to control buying and ensure an equitable distribution of available fibre supplies. This arrangement has been successfully maintained up to the end of August 1961 and has levelled out mills' stocks.

Financial Position of Kinnison Jute Mills Co. Ltd.
As at 31st March 1961

(In lakhs of rupees)

LIABILITIES	Rs.	ASSETS	Rs.
Capital ..	74.86	Gross block ..	207.25
Reserves and surplus ..	48.02	*Less* Depreciation.	133.78
Secured loans ..	86.35	Net block ..	73.47
Unsecured loans, current liabilities and provisions ..	66.70	Investments ..	23.63
		Current assets and book debts ..	178.83
Total ..	275.93	Total ..	275.93

Compulsory Sealing

"Early in December, after consultation with Government, the voluntary sealing scheme was abandoned in favour of a total compulsory sealing, under the Working Time Agreement, of 17 per cent of the total looms. Towards the end of the month, again with the approval of Government, this arrangement was replaced by a reduced working week of 45 hours with a 12 per cent loom sealing, in order to permit a greater number of the labour force to obtain employment. From the end of January 1961, the working hours were further shortened to 42½ per week.

"Despite these corrective measures, the industry's jute stock position showed no signs of improving and it became increasingly evident that the available supplies were even less than anticipated, and that the final crop figure would be somewhere in the region of 5.2 million bales, including mesta. With stocks continuing to dwindle, the Indian Jute Mills Association approached the Central and State Governments in May on the need for further production cuts to conserve jute, and agreement was finally reached on a block closure of the industry for a week in June and a week in July. Even these measures have proved insufficient to bridge the gap until new crop became available in quantity, and from the beginning of August, mills individually have taken steps to adjust their output in accordance with their jute supplies in each case.

"It is now abundantly clear that the initiative taken by the industry in regulating production from October 1960 was instrumental in saving the industry from complete disaster.

"Every possible effort must be made to ensure that there is no recurrence of this unfortunate set of circumstances, and it would seem the only lasting remedy possible is a guaranteed supply of raw material at reasonable and stable prices. This entails a substantial increase in the yield per acre by the adoption of modern agricultural practices and the creation of an organisation to ensure that prices do not fall to levels unremunerative to the jute cultivators. The Association has forged ahead with its plan for supplementing the jute development work of the Central and State Governments. Three intensive cultivation blocks have been started in each of the three different zones in West Bengal with the object of demonstrating to the growers the advantages of using improved seeds, fertilisers and mechanical implements. A seed multiplication scheme has also been worked out in detail envisaging financial assistance from the Government of India for the purpose of improved seed multiplied by registered growers and its sale at subsidised rates to the cultivators.

"Your Company held substantial stocks of jute in the first six months of the period under review and was, therefore, spared the disastrous experience which befell a section of the industry at a time when jute prices were entirely out of parity with those of finished goods.

Jute Goods

"The policy of selling up and down the market in small lots was continued throughout the year with generally satisfactory results.

"Trading conditions were far from satisfactory throughout the period under review and, latterly, have been as difficult as the industry has experienced for many years. The root cause of the trouble has been, of course, the abnormally high prices of jute which in February 1961 reached the level of Rs. 67.00 per maund, a price which bears no relationship to normal conditions in the international market for jute goods and which, if maintained, would gradually lose the Indian jute industry all of its export business. That overseas buyers have been antagonised by the high prices is unquestionable, and business has been slack as a result. Buyers have deliberately followed a policy of digging into their stocks and replacing only to a limited extent, waiting for a levelling off of prices at lower levels. Consumption has also been restricted in a number of markets: in the U.S.A. alone, it has fallen by 60 million yards in the first seven months of 1961, as compared with the corresponding period of 1960.

"Owing to this limited purchasing activity, and with Pakistan capturing the greater share of the business that has been offering, the prices of Indian jute goods while still high by normal standards have not been in parity with jute prices. It is for this reason that the mills have suffered severe financial losses in recent months. Business was also retarded by the stringent controls imposed by the Forward Markets Commission in November 1960 on trading in Transferable Specific Delivery Contracts, controls which were designed to curb speculation, but which necessarily affected genuine traders as well. The further restrictions introduced by the Reserve Bank of India to limit credit facilities by scheduled banks against stocks of jute and jute goods had the same effect.

"A healthy finished goods market will not be possible until the industry's raw jute supply problems have been solved: and in the long term the expanding jute industry in Pakistan will become even more of a force to be reckoned with unless means can be devised of strengthening the Indian mills' competitive position.

"Buyers generally are becoming increasingly quality-conscious and with a view to improving the products of your mills and supporting export promotion, further progress has been made in Statistical Quality Control.

Competition from Pakistan

"I feel that pointed attention must be drawn at this juncture to the very serious threat posed by Pakistan to Indian exports of sacking goods. In recent months, Pakistan has been undercutting India to the extent of Rs. 8 or Rs. 9 per hundred bags, and as I write their prices are approximately Rs. 5 per hundred bags below our market prices. It follows, inevitably, that they take first cut of the business of any importing country and it is only when their manufacturing capacity is fully booked that the foreign buyers turn to India for the balance of their requirements. In the result no less than 80 per cent of the recent Australian business in cornsacks was placed with Pakistan, whose mills have also made serious inroads into the markets of Cuba, Africa and Burma and of other countries which have traditionally been the prerogative of India.

"So much for the present, but if the present position in which India—the home of the jute trade—finds itself is most unhappy, the prospects for the long-term future are even more bleak. Pakistan is understood to be placing orders for an additional 6,000 looms, to be installed over the next few years, and these looms are expected to be operative by 1965. It is anticipated that, of this total, 5,000 looms will be for the manufacture of sacking, and assuming an average of two and a half shifts per day, production would be of the order of 30,000 tons monthly. In recent years, India's exports of sacking have averaged 32,000 or 33,000 tons monthly, so it will be readily seen that, if the present price differential remains and Pakistan continues to be able to take priority in all export markets, then by 1965, India's export trade in sacking goods will have vanished entirely, leaving it only to satisfy its indigenous demands.

"The reasons why the Pakistan mills can undercut the Indian are threefold; first, Pakistan mills can normally buy better quality jute and at cheaper prices than the Indian mills; second, wage rates in Pakistan are appreciably lower than in India; third, the export bonus scheme operating in Pakistan has the effect, in present conditions, of adding approximately Rs. 200 per ton to the trading profits of Pakistan mills. Even allowing for the fact that efficiency is lower and power costs higher in Pakistan, I estimate that there is at present a price advantage of approximately Rs. 300 per ton in their favour. In the result, while undercutting Indian mills to the extent necessary to sell their entire production they can still make substantial profits—and will continue to do so at India's expense.

"In these circumstances it is vital that Indian mills be given the earliest opportunity of competing on even terms with Pakistan; the longer action in this matter is delayed, the more difficult it will be to regain the markets lost. The jute industry being the premier export industry of the country, and its highest dollar earner, the consequences of a serious decline in it can be nothing but a disaster to the general economy of the country.

Subsidiary Company—The Standard Jute Co. Ltd.

"This Company continues the manufacture of goods on a limited scale. Last year it was mentioned that fairly substantial funds had been accumulated, and while these were being loaned to Kinnison at a rate advantageous to both Companies, it was hoped to utilise them in a diversification of interests outside the jute industry.

"Your Directors have now to advise it has been decided to invest:—

(a) Rs. 6 lakhs in the purchase of 6,000 equity shares of Rs. 100 each, at par, of McNally-Bird Engineering Company Private Limited;

(b) Rs. 6,75,000 in the purchase of 9,000 equity shares of Rs. 10 each in Coates of India (Private) Limited.

"Approval of these investments was obtained in general meetings of the Company held on 12th July 1961 and 12th August 1961, respectively.

"The McNally-Bird Engineering Company Private Limited is a new Indian company formed and registered in relation to a collaboration between Bird and Company (Private) Limited, and the McNally Pittsburg Manufacturing Corporation of Pittsburg, Kansas, U.S.A., and will establish a manufacturing undertaking at Kumardhubi.

"Coates of India (Private) Limited is an Indian company formed and registered in 1947 to take over the Indian business of Coates Bros. Co. Ltd., London, manufacturers of inks for the printing and packaging trades, and has established factories in Calcutta, Madras and Bombay."

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PROGRESS OF CENTRAL WAREHOUSING CORPORATION STEADY

MR. B. B. GHOSH, CHAIRMAN, OUTLINES THE PLAN FOR THE FUTURE

THE view that the warehousing scheme in the country was making steady, though not spectacular, progress, "in spite of difficulties and occasional differences of opinion about the respective roles of different organisations," was expressed by Mr. B. B. Ghosh, Chairman of the Central Warehousing Corporation, in his address at the Fourth Annual General Meeting of the Corporation held at New Delhi on the 17th inst. He disclosed that the Corporation had set up forty warehouses by the end of 1960-61, thus fulfilling the target set in the second Plan. This number would be doubled during the third Plan period. Commenting on the working of the Corporation, Mr. Ghosh observed that the net loss in 1960-61 was less than that in the previous year. This was so, in spite of the fact that the Corporation was not earning any return on its investments in the State Corporations. He added, however, that the Corporation was, by and large, recovering the direct expenses incurred on the Central Warehouses.

The following is the full text of Mr. Ghosh's speech:

"GENTLEMEN,

"I have great pleasure in welcoming you to this fourth annual general meeting of this Corporation. The report of the Directors and the annual accounts, which have been supplied to you, give an account of the working of the Corporation for the year 1960-61. Both the types of audit prescribed under the Act, namely, one conducted by the auditors appointed by the Government of India and the other by the Director of Commercial Audit on behalf of the Comptroller and Auditor-General, have been completed, though the report of the latter is yet to be received.

Plan Target Fulfilled

"The year under report marked the end of the second Five-year Plan. As you are aware, the Central Warehousing Corporation started its activities midway through the second Plan and it could not be expected to achieve in two or three years what it could have achieved if it were able to function for the entire period of the second Plan. How many warehouses should be set up during the second Plan was the subject matter of numerous discussions and the target was ultimately set at forty warehouses. It is a matter of some satisfaction that the Corporation was able to achieve this target. This is a modest number, considering the size of the country, but if we take into account the warehouses set up by the State Warehousing Corporations, of which we hold 50 per cent shares, the total number is over 300. We have, thus, at the beginning of the third Plan, a fairly good number of warehouses spread throughout the country. It is expected that this number will probably be doubled before the end of the third Plan.

Storage Capacity

"While the number is important, we have come to a stage where we ought to think more about the size and capacity of each warehouse, the volume of business and, in general, the services which the warehouses may claim to be rendering to the community. Speaking about the Central Warehouses alone, the storage capacity has been increased by about 80 per cent during 1960-61. As an indication of the increase in business, I may mention that the outstanding advances against warehouse receipts at the end of the year under report exceeded Rs. 5 crores, as against Rs. 2.86 crores at the end of the previous year. There is little doubt that the warehousing scheme is becoming more and more popular.

"You are aware that, in order to avoid delay, we had to set up warehouses generally in hired accommodation and the volume of business has been limited by the capacity of the hired accommodation available. The policy, however, has been to start construction of warehouses of economic size as soon as possible. We have already got new warehouses in certain places and construction work is now going on at many centres. It has recently been agreed that the Engineering Organisation functioning under the Department of Food will also undertake and look after the construction programme of the Central Warehousing Corporation. This is expected to expedite the works. As new warehouses become available, our storage capacity will increase. In fact, during the third Plan, our main emphasis will have to be on building up warehouses of proper size, at least at the centres where we have already set up warehouses and to take up construction also increasingly at the new centres. We may, therefore, expect that, while the number of Central Warehouses will increase, there would be a proportionately larger increase in storage capacity and hence of the volume of business. In designing the Corporation's own warehouses, the need for specialised types of storage for certain commodities is always kept in view. The question whether cold storages for perishable commodities can be set up is also under consideration.

Rise in Deposits

"I understand that deposits from producers have also been showing a gradual increase. This is a welcome trend. We should be able to attract them more as, between the Central Corporation and the State Corporations, we succeed in covering the country more intensively. I would request you all to convey to the agriculturists, in your respective spheres, the genuine benefits which they will derive by coming to the warehouses direct.

"The Corporation will constantly keep in view the increasing warehousing needs of our developing economy. The Central Corporation is concerned not only with the establishment of some big Central Warehouses and making their a success, but is responsible for ensuring through constant help and advice, that each of the fourteen State Warehousing Corporation fulfils its role. It took some time to set up these State Corporations and many of them were set up rather recently. Even so, the State Corporations are, I am happy to say, making on the whole good progress. As many as 266 warehouses were set up by the end of the year under report, with total storage capacity of 278,000 tons. During 1960-61, the Central Corporation contributed about Rs. 35 lakhs to the share capital of the State Corporations and, by the end of 1960-61, the total contribution of the Central Corporation to the share capital of the State Corporations amounted to about Rs. 132 lakhs. Some of the State Corporations have also started their construction work and I hope that they will be able to show better performance in this regard soon.

Smaller Loss

"You will see from the profit and loss account that the net loss in 1960-61 was less than in 1959-60. This is so, in spite of the fact that we are still not earning any return on our investments in the State Corporations. We are by and large, recovering our direct expenses on the Central Warehouses.

"In spite of difficulties an occasional differences of opinion about the respective roles of different organisations, I am glad to say that the warehousing scheme has been making steady, though not spectacular, progress. It has created a general consciousness of the need for good storage and this is bound to result in widespread benefits.

"Before I conclude, I would like to express on your behalf and on behalf of the Board of Directors our appreciation of the work of the officers and staff of the Corporation.

"I now invite you to consider the annual accounts and the report of the Directors which have been supplied to you."

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MUKAND IRON AND STEEL WORKS LIMITED

SPEECH OF MR. KAMALNAYAN BAJAJ

CALL FOR LIBERAL ALLOCATION OF RAW MATERIALS

ADDRESSING the Twenty-third Annual General Meeting of the Mukand Iron and Steel Works Ltd., held at Bombay on 22nd September 1961, Mr. Kamalnayan Bajaj, Chairman, drew pointed attention to the fact that the rerolling industry was passing through a crisis of shortage of essential raw materials, namely, billets and melting scrap. He urged the authorities concerned to take necessary steps to meet the current needs of the industry by larger allocation of billets from the main producers, supplemented by imports. Mr. Bajaj also called for progressive abolition of export of ferrous scrap which could be used within the country. He was of the opinion that ferrous scrap should be utilised to the fullest extent and that emphasis should be laid on exporting finished products, instead of resorting to direct exports of raw materials.

The following is the full text of Mr. Bajaj's speech:

"I have great pleasure in extending you a cordial welcome.

"The second Plan period is over. We have embarked on the third. Apart from the objectives to be achieved during the Plan period, it outlines the development over the next fifteen years and more.

Third Plan Projects

"Industrial projects of the Central Government have been divided into three categories: (i) projects carried over from the second Plan; (ii) new projects for which external credits are assured, wholly or partly; and (iii) other projects. Provision has been made for compensating the shortfalls of the second Plan. This should ensure a more realistic approach to the fulfilment of objectives and avoid waste. I had made a somewhat similar suggestion last year to divide the programme of the Plan into two parts, the first consisting of essential projects depending mainly on internal resources and the second consisting of remaining schemes listed in order of priority to be taken up as and when external assistance is available.

"Industrial expansion is proceeding at an accelerated tempo in the country. New companies are formed, existing companies expanded and foreign technical collaboration agreements concluded almost every day. The second Plan, with its emphasis on heavy industry, has provided the mainspring for this phenomenal growth.

"The index of industrial production increased by about 39 per cent during the first Plan and nearly doubled during the second. The third Plan target of 329 per cent will probably be exceeded as a large number of new industries have been excluded from estimates.

Price Control

"The persistent upward trend in prices and the rising cost of living give cause for anxiety. Over the last five years, the index of wholesale prices has gone up by about 30 per cent, industrial raw materials by 45 per cent, manufactures by 25 per cent and cost of living by 30 per cent. Part of this increase is corrective to the earlier decline towards the end of the first Plan. The successful implementation of the third and future Plans and an equitable distribution of their benefits will require a close watch on prices and prompt remedial measures to prevent the imbalance likely to result from large fluctuations.

"When the country is planning for comprehensive development, it is unfortunate that diversions are being created by certain interests who are exploiting parochial, communal and caste prejudices. We should refuse to be influenced by such narrow sectarian considerations and work for national integration, integrity and discipline without which no people or nation could ever dream of achieving greatness.

People's Participation

"The success of our Plans will depend largely on the enthusiastic participation of the people. *Panchayats* will ensure such participation as they are entrusted with responsibility for development. The *Panchayats* are in keeping with our traditions. They are suited to our genius. But in recent years we have lost touch with the system. Elections to the *Panchayats* are influenced by party and group politics and communalism and casteism. This has often created bitterness. I am sure this is only a passing phase. As we get more education and experience in the working of democracy, we shall rise above petty considerations.

"Shortage of industrial raw materials has been hampering development of many industries. Imports of even essential raw materials are restricted. Various steps are being taken to provide for more imports through barter deals, export incentives, rupee payments and foreign assistance. But the problem needs constant watching and corrective action, whenever necessary.

"Ultimately, we must strive for self-sufficiency. It is necessary to make a realistic appraisal of our needs and plan for their fulfilment. Ours is a mixed economy. The public and the private sectors are complementary and we must, therefore, plan for overall development on a national basis.

Role of Rerolling Industry

"The Government seems to have underestimated the importance and potentialities of the rerolling industry, which looks small and unimposing in comparison with the huge integrated steel plants. That it is a necessary complement to the main iron and steel industry cannot be gainsaid. Over the last thirty years, rising from humble beginnings and despite heavy odds, the industry has achieved a position of national importance. Comparatively low initial investment and higher employment potential, dispersal over widely scattered areas in proximity to consuming centres, adaptability to produce easily and economically a variety of sections even in small quantities to meet regional and local demands, ability to create pools of technicians and skilled labour in many parts of the country are significant features which cannot be ignored. With an investment of Rs. 25 crores, the industry employed about 35,000 people and rolled 900,000 tons of steel products, which is about one-third of the total national production of finished steel in 1960-61.

"The rerolling industry has an installed capacity of nearly 2 million tons, which is greater than the projected output of Bhilai or Rourkela at the end of the third Plan. It is a national waste to allow part of this capacity to remain unutilised, while at the same time planning to increase the rolling capacity of the main producers by installing new machinery at heavy cost.

Billets Inadequate

"The allocation of one million tons of billets to rerollers from the main producers at the end of the third Plan is far from adequate. It needs to be drastically revised. The prosperity of this industry essential to the national economy warrants that this is the least that should be done.

"The rerolling industry is passing through a crisis of shortage of billets and melting scrap. The Government is apprised of the situation. Steps should be taken to meet the current needs of the industry by larger allocation of billets from the main producers, supplemented by imports. It is also essential that the Government should progressively ban the export of ferrous scrap which can be used within the country. We should utilise it to the fullest extent and export finished products instead.

Technical Personnel

"The training of personnel at all levels, especially managerial and technological, needs special attention. In the absence of a pool of such trained personnel, avoidable wastage will increase and our industrial growth will be hampered. We shall not only have to institute special courses of study for existing personnel, but also go down to the roots by orienting our system of education to build up a vast cadre of scientists, technologists, engineers and managers.

Wire Rod Mill

"The Company is planning to put up a new wire rod mill along with a 20-ton electric furnace at Kalwe. The output of this furnace will provide about half of our requirements of billets for rerolling.

"The delay in the acquisition of land at Kalwe and the larger requirement of finance have necessitated a fresh application for loan to the Industrial Credit and Investment Corporation of India Ltd. A preliminary project estimate has been submitted to the I.C.I.C.I. The Commonwealth Development Finance Company Ltd. of the United Kingdom has also evinced interest in our project. We are hopeful of finalising arrangements in due course.

"We have put up a third furnace of 4½-ton capacity at Kurla. This has been largely fabricated by us. Due to shortage of power, there has been a slight delay, but it is expected to go into production shortly.

Expansion

"The foundry is being expanded along with the increase in melting capacity. We hope to reach an output of 750 tonnes per month by the end of 1962, and 1,000 tonnes by 1963.

"In order to meet the demand for thinner sections, our rolling mills are being fitted with additional equipment, which has also been largely fabricated by us. We expect to commission it shortly.

"The covered area at Kurla is being progressively enlarged and additional material-handling equipment has been acquired.

"The workers' canteen has been renovated and the employees are now provided with improved facilities.

"We are thankful to Sardar Swaran Singh, Union Minister for Steel, Mines and Fuel, for visiting our factory in April this year on the occasion of the Annual Sports and Social Club Day. On the same day, we had the honour to receive the delegates to the Convention of the Institute of Indian Foundrymen who held one of their sessions at our Works.

"During the year, we also had the pleasure of a visit from Mr. David Brown, Chairman of the David Brown Group of Industries of the United Kingdom.

Achievements

"In the last five years, the Company has been taking vigorous steps to increase production and productivity. The capital was increased and foreign technical collaborations entered into. Steel-making capacity was increased and range of products expanded. Technical personnel were sent for training abroad. The workers were encouraged to attend technical courses and provided with better training facilities within the works. Considerable improvements were made in methods, plant layout and facilities. The Company and the workers have been reaping the cumulative benefits of these improvements and developments.

"Management and technicians are the brains and nerves of industry, and labour its limbs. Shareholders provide it with sustenance. Their co-operation and co-ordination are essential for the successful working of any industry.

Agreement with Labour

"The Company has entered into a five-year agreement with labour relating to wage scales and other benefits. Our Chief Executive, Mr. Viren J. Shah, has been mainly responsible for negotiating this settlement. The happy relations which subsist between management and employees are in a large measure due to his personality and human approach.

"I would like to congratulate the technical and administrative personnel, the workers and the management for last year's record annual production."

(This does not purport to be the record of the proceedings of the annual general meeting.)

NO CUT IN BRITISH AID TO DEVELOPING COUNTRIES

"The United Kingdom is at present incurring substantial and increasing financial commitments to countries in the process of attaining political independence," said Britain's Chancellor of the Exchequer, Mr. Selwyn Lloyd, in a speech at the annual meeting of the World Bank in Vienna on 19th September 1961. The Chancellor said that, though this was a time of stringency in its financial policies, Britain was not cutting its aid to developing countries. On the contrary, he said, total aid expenditure by Britain, which was about £150,000,000 in 1960, was so far running at an annual rate of £180,000,000 this year.

Mr. Selwyn Lloyd paid tribute to the growing importance of the co-ordinating role of the World Bank in joint financing operations—that is, the so-called consortium arrangements which already support the development plans of India and Pakistan. There are other cases where, without a formal consortium arrangement, the resources of the developing country itself can be augmented by finance from the World Bank helped by bilateral finance from one or more countries.

PROGRESS OF ENGINEERING INDUSTRIES

RESULTS OF A NON-OFFICIAL SURVEY

ENGINEERING industries form the backbone of all other industries, for the engineering stores required by the latter are many and varied. Most of these stores used to be imported ten years ago. But, thanks to the progress made by indigenous engineering industries, there has come about a fourfold increase in production from Rs. 92 crores in 1947 to Rs. 340 crores in 1957. In 1947, there were only 1,534 registered engineering factories; this number had doubled by 1958-59 when there were 3,042 registered factories. The data pertaining to 1947 and 1957, as found in the relevant reports of the Census of Indian Manufactures, provide the following picture:

	1947	1957
No. of registered factories ...	1,534	2,642
No. of factories which submitted returns	1,333	2,287
Productive capital (Rs. crores)	74.3	279.9
No. of persons employed (in lakhs)	2.32	3.43
Value of raw materials purchased (Rs. crores)	35.3	183.3
Total value of gross output (Rs. crores)	92.0	340.5

According to the data collected by the Research Department of the Engineering Association of India, Calcutta, in a survey* of engineering industry in India in the year 1958-59, the number of registered factories in that year was 3,042. But the number of factories (employing 20 workers and more) which submitted replies to the Association's questionnaire was only 1,387, employing in all 2.14 lakhs of persons and accounting for a total productive capital of about Rs. 200 crores and for a total value of gross output of Rs. 322 crores. The coverage of the Association's survey for 1958-59 was thus relatively much smaller than that of the Census of Indian Manufactures for 1957. This fact precludes comparison of 1958-59 figures with the figures for 1957. But the data for 1958-59 are useful, within the limits set by the number of factories which submitted returns, for the light they throw on some aspects of the industry. The Association's analytical study of the structure of the industry, covering 1,387 factories only, has led to the following results:

(1) In 1958-59, proprietory firms constituted about 20 per cent, partnership firms 38 per cent, private limited companies 26 per cent, public limited companies 11 per cent and others 5 per cent of the total number of factories which submitted replies.

(2) The distribution by size of employment shows that about 73 per cent of the factories employed less than 100 workers, about 22 per cent between 100 and 500 and the rest, 500 and over.

(3) Only 12.5 per cent of the factories employed during the year less than Rs. 50,000 by way of productive capital per factory. About 52.5 per cent of the factories employed between Rs. 50,000 and Rs. 5 lakhs of productive capital per unit, 15 per cent between Rs. 5 lakhs and Rs. 10 lakhs, and 20 per cent over Rs. 10 lakhs.

Classification of Engineering Industries

(Engineering Association's Survey—1958-59)

Category	No. of firms which sub-mitted returns	Productive capital em-ployed (in Rs. crores)	No. of persons em-ployed	Total sales value of output (in Rs. crores)
Industrial machinery	113	25.5	27,222	23.8
Machine tools	74	4.8	7,308	5.1
Small hand tools	20	0.6	1,088	0.8
Structural engineering	24	4.2	4,302	6.0
Diesel engines	38	4.6	4,225	9.2
Oil expellers	35	0.7	1,728	1.2
Iron and Steel (re-rolling) ..	68	18.0	19,505	64.1
Non-ferrous metal (processing) ..	104	28.2	13,107	36.9
Expanded metal	5	0.4	501	0.5
Automobiles	4	12.5	4,553	9.3
Bicycles	45	12.1	9,974	13.2
General transport equipment ..	36	11.4	9,268	12.7
Pipes and tubes	58	7.1	9,527	6.9
Builders hardware	37	0.8	2,522	3.3
Bolts and nuts	41	2.5	4,710	2.5
Buckets	40	0.5	2,003	3.9
Containers	68	3.6	3,603	40.5
Steel furniture	33	5.9	9,310	4.7
Lanterns	10	0.9	2,951	1.0
Sewing machines	10	3.4	4,248	11.4
Pumps	27	0.9	3,335	2.2
Umbrella ribs	8	0.7	1,190	0.7
Steel trunks and suit cases ..	3	0.1	210	0.1
Surgical instruments	13	0.3	715	0.3
Mathematical and survey instruments	7	1.5	1,313	0.6
Agricultural implements	74	2.5	4,390	3.8
Electric lamps	17	3.2	2,558	2.7
Electric fans	18	3.8	4,150	4.3
Storage batteries	9	0.7	1,828	2.1
General Electrical Engineering	62	28.9	10,827	20.6
General engineering	281	14.1	42,077	28.1
Total ..	1,387	198.9	214,257	322.0

*Survey of Engineering Industry in India (1958-59), issued by the Engineering Association of India, India Exchange, Calcutta 1. Price: Rs. 10.

The Association's study has also analysed some of the data provided by the Census of Indian Manufactures upto 1957. One of the results of this analysis is that the productivity rate (value added by manufacture divided by man-hours) in engineering industries has increased from 1.0 in 1951 to 1.5 in 1957. This increase in productivity might have been due to greater mechanisation, better labour effort, better production technology, etc. An analysis of the production statistics of engineering industries in 1960 shows that 18 such industries (covering 162 units) had a capacity utilisation of 147 per cent, whereas 30 other industries (covering 173 units) had a capacity utilisation ranging from 5 per cent to 74 per cent. The industries in which there was over-utilisation of capacity are aluminium foils, copper (virgin metal), wood screws, hurricane lanterns, crown cork, ball bearings, electrical steel sheets, diesel engines, sewing machines, conduit pipes, storage batteries, electric motors, electric fans, fluorescent lamps, house service meters, pig iron and steel ingots and metal for castings. The fact of over-utilisation, according to the study, is a clear indicator that there is sufficient demand in the country for the products of the relevant industries and that there is scope for new industrial units. But over-utilisation also means that the production resources are being over-worked; this is bound to affect plant life. The dangers of under-utilisation are, however, much more serious than those of over-utilisation, for the former implies that a part of productive capital remains continuously unemployed and the reduced production not only carries the full overhead burden resulting in increased prices but also affects economic running of the industry as a whole. The reasons for under-utilisation are lack of demand, lack of raw materials, shortage of power and lack of balancing parts and components and plant equipment. A significant trend noted in the study is that the engineering industries have rid themselves, to a large extent, of the necessity of importing parts, components and raw materials. The percentage of indigenous content in 54 selected engineering industries now ranges from 25 to 90. As for imports and exports of engineering goods in 1960, the relevant figures are Rs. 98.6 crores in respect of the former and Rs. 9.5 crores in respect of the latter. The study is also notable for the estimates of requirements of finished steel for 60 selected engineering industries. The aggregate requirement of finished steel is placed at 1.66 million tons for 1965-66 and 2.72 million tons for 1970-71, as compared with the earlier estimated requirement of 800,000 tons for 1960-61. With the expected availability of more steel over the third Plan period, the engineering industries, which are already established on a mature footing, may have a more prosperous and better future.

A NEW ENGINEERING INDUSTRY

The engineering products which the Khandelwal Manufacturing Corporation Private Ltd. (6 Itola St., Iron Market, Bombay 9) has just started manufacturing represent, together, a unique addition to the aids for building construction. These are steel tubular props, interlocking steel tubular scaffolding and steel roll lathing. The first two products have been designed to ensure speed as well as safety in construction work.

The steel props, for instance, can be erected in one-eighth of the time taken by wooden ballies which are used to support concrete slabs in the course of construction. Being adjustable, they can be used for various heights; and they have infinite life, as they are made of steel. While the wooden ballies usually look strong from outside but may be hollow inside and thus liable to crack when any weight is put on them, the steel tubular props are tested to bear particular loads and are, therefore, more dependable and safer in performance.

As for the 'K' Brand scaffolding, its unique features are that it is interlocked and has no clamps. It is much safer than the clamp type scaffolding from which the clamps can be easily stolen. It can be put up in a much shorter time than wooden scaffolding. Actually a 40' wide and 110' high scaffolding of this kind has been recently erected for a building ('Mistry Gagan,' Peddar Road) in Bombay in just four hours, whereas wooden scaffolding would have normally taken a week for erection. Being made of steel, this type of scaffolding will have an infinite life.

Both the products—steel props and steel scaffolding—have the triple advantage of saving time, saving labour and saving material. The saving in material will result from the use of the products over and over again, whereas timber in wooden ballies and scaffolding needs to be frequently replaced. Of course, the two steel products will involve bigger initial outlays which only substantial building contractors can afford. As the number of such contractors is already considerable and is expected to increase in future, the Khandelwal Manufacturing Corporation foresees a big market for their products which have been designed for greater efficiency, speed and safety in building construction.

The third product, namely, steel roll lathing is a steel reinforcement which eliminates the use of shuttering completely. It can be used in the construction of shell roofs, partition walls (2" thick), sunbreaker fins, staircases, slabs and in any other place (like concrete road) where steel reinforcement is used. Because it eliminates shuttering, the work is speeded up considerably, thereby reducing capital outlay, interest, overheads and actual cost in construction. The saving that it effects in construction materials like cement, sand, metal and steel, it is claimed, establishes its superiority over the currently used reinforcement of the welded fabric of steel wires.

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PROPOSED SITES FOR HEAVY INDUSTRY PROJECTS

The Government of India has just announced the following location sites for the first seven major heavy industrial projects to be taken up in the public sector during the third Plan:

Name of the project	Location site	Estimated cost (In Rs. crores)
1. Precision Instruments Project (for the manufacture of electrical and electro-magnetic instruments) with Soviet assistance.	Kotah (Rajasthan)	8
2. Precision Instruments Project (for the manufacture of hydraulic, pneumatic and mechanical instruments) with Soviet assistance.	Kerala	8
3. Heavy Electrical Equipment Project with Soviet assistance.	Ranipur (Uttar Pradesh)	25—30
4. Heavy Electrical Equipment Project with Czechoslovak assistance.	Hear Hyderabad (Andhra Pradesh)	30
5. High Pressure Boilers Plant with Czechoslovak assistance.	Tiruchi area (Madras State)	15—20
6. Heavy Plate and Vessel Works and Heavy Structural Works.	Near Wardha (Maharashtra)	15
7. Machine Tool Project	Pinjore near Chandigarh (Punjab)	8

The seven projects are estimated to cost about Rs. 120 crores involving a foreign exchange expenditure of about Rs. 50 to Rs. 60 crores. Foreign exchange has already been arranged in all these cases. Preliminary project reports are also under way for these projects. The final decisions on the location of these projects have been taken, having regard to the need for a regional dispersal of central heavy industries projects.

A.E.I. AGREEMENT WITH FACIT ELECTRONICS

The Associated Electrical Industries Ltd. has made an agreement with Facit Electronics A.B. of Sweden, as a result of which the Electronic Apparatus Division of A.E.I. has been appointed sole agents in the U.K. and the British Commonwealth (except Canada) for Facit Carousel memory, high-speed tape punch and high-speed reader.

Facit's Carousel is a completely new type of random access magnetic tape memory and differs radically from all other random access external memory machines previously introduced. When full, it contains more than three million checked alpha numerical characters or more than five million checked decimal digits. The average access time for a block of information is about two seconds. Facit high-speed tape punch is transistorised and designed to accept 5-6-7-8 channel paper tapes. The moving parts have been kept to a minimum, a feature which ensures more reliable operation and easier servicing. Facit high-speed tape reader is fully transistorised and will read tapes of 5-6-7-8 channels by means of a dielectric reading unit which ensures that there is no ageing of components and that the unit is not affected by dust or light.

PREVENTION OF WATER LOSSES THROUGH EVAPORATION

Some experiments, conducted recently under the aegis of the Council of Scientific and Industrial Research, in preventing large-scale evaporation losses of water stored in open tanks and reservoirs are stated to have been successful. Studies conducted for two years successively with cetyl alcohol at the Badhkal Tank, Faridabad (Punjab) have shown that a layer of cetyl alcohol helps to restrict evaporation of water. Cetyl alcohol is insoluble in water and forms a film when spread on the water surface and thereby retards evaporation from the surface.

The experiments revealed that larger doses of cetyl alcohol than normally required are necessary to maintain the film layer over the water during heavy rains or when a strong wind keeps on blowing. The method of spreading cetyl alcohol over the water in the form of an emulsion was found quite effective.

NEW PRODUCTS AND PROCESSES

Bottle Wrapper

A NEW machine for wrapping bottles in cellulose film, with an output of between 40 to 60 per minute according to the type of bottle, has been introduced by Rose Brothers (Gainsborough) Ltd., Lincolnshire, U.K. The machine applies a wrap of film with a neat twist finish at the head of the bottle and with the finish about one inch from the base. The wrap not only enhances the appearance of the bottle, it is claimed, but also ensures against pilferage, particularly if an easily removed stopper is used. The wrap also preserves the appearance and legibility of any label which is applied. Before entering the machine, the bottles are positioned so that the film overlap appears on the glass and not on the label. The bottles, previously moistened, are automatically laid in a pocket chain made from rollers so that they can rotate easily. As each bottle rotates, cellulose film cut from a reel clings to the wet surface, thus forming a tube which is gathered round the neck and twisted tightly round the stopper. The wrapped bottle is transferred automatically in the upright position on to a slow moving belt where the pleats in the film are sprayed with moisture. Since the film is not moisture proof, it becomes skin tight as it dries.

Recording Apparatus for Service Vehicles

The Precision-Instrument Department for the Zenith Watch-Manufacturing Ltd., Le Locle, Switzerland, has designed and constructed a new recording apparatus for service vehicles. It was shown to the public for the first time at the 31st International Motor Show held at Geneva from 16th to 26th March 1961. The Zenith tachygraph, it is claimed, is the latest and most modern creation among instruments of this class. It embodies all the technical experience acquired up to the present time and offers every guarantee of the well-known precision and strength that Zenith watches have exemplified throughout the world since 1865. By using Zenith tachygraph, all vehicle-owners are in a position to obtain valuable information on the work and the qualities of their drivers and the way in which their vehicles are treated. It indicates, beyond dispute: the exact time; the individual working-hours of two drivers; the vehicle's stopping- and running-times; the speed of the vehicle, which is recorded; any breaking of the speed-limit that is stipulated; the number of miles travelled per hour, day or week; improper driving of the vehicle; sudden breaking and repeated accelerations. It will thus enable to improve the performance of the valuable rolling stock.

Glass Fibre Chute

A new spiral sack chute made of glass fibre which is considerably lighter in weight but more rigid in construction than previous metal chutes has been produced by Thomas Robinson Ltd., England. Claimed by the manufacturers to be the first of its type the chute is easier to erect, and the load on the building, in which it is installed is considerably reduced. It is also cleaner and more modern in appearance. Designed in easily assembled sections, each 10½ inches deep, the chute has an overall diameter of 5 feet. There are eight sections to a pitch, each pitch having a height of 6 feet 10½ inches. The sections are bolted together at four points and are rigidly held by a 4½ in. steel tubing centre column fixed to a cast iron base. Tests for deflection and compression carried out with various products, in bags up to 2¼ cwt. capacity, have shown that the chute is equally rigid when used for the storage of bags over a period.

Concentrating Beryllium Ores

A flotation process which will successfully concentrate dilute ores of the strategic metal beryllium has passed the pilot-plant stage and will be applied in a full-scale industrial installation by the end of the current year in the U.K. Material concentrated by this method has been used in normal beryllium metal production runs. This is an important step in the winning of the ore, which is normally collected piece by piece by prospectors and not mined, precisely because most beryl-bearing deposits contain such small amounts of interesting mineral that their exploitation is far less economical even than the expensive hand-cobbing method. Once the commercial-scale plant is operating, it is anticipated that other concentrators using the process will be set up in South Africa, Mozambique, Brazil, Argentina and Rhodesia.

New Steel Product

A new steel product has been developed in the United States, which may be used as a parachute material to help solve the problem of slowing space vehicles as they re-enter the earth's atmosphere. It is steel cloth, woven of stainless steel wire drawn to one-half the thickness of human hair. One mile of the wire is required for each square foot of the steel fabric, which is so finely woven that water will scarcely pass through it. The material may be of value for re-entry parachutes because ordinary materials cannot stand up against the 1,500 or more degrees Fahrenheit of friction heat generated by re-entry.

Immobiliser for Vehicles

An automatic immobiliser for private vehicles, which is made ready by switching off the engine, is being marketed by Hartwood Alarms, Golders Green Road, London. The manufacturer's ignition switch is substituted by an alternative switch with an exclusive key, without which the vehicle will not start. The wiring is enclosed in flexible armoured steel tubing and the ignition coil is completely encased. Should a thief tamper with the ignition an alarm sounds. The Company also markets an alarm system for commercial vehicles.

ORISSA CEMENT LIMITED

UNECONOMIC CEMENT PRICES HIT INDUSTRY

CHAIRMAN, MR. J. DALMIA, SUGGESTS INCREASE IN OUTPUT OF SLAG CEMENT

ADDRESSING the Eleventh Annual General Meeting of Orissa Cement Ltd., held at Rajgangpur (Orissa State) on Thursday, 21st September, Mr. Jaidayal Dalmia, Chairman of the Company, observed that the unrealistic estimates of production made by the Tariff Commission for the purpose of calculating cost of production had led to the fixation of very low retention prices. The Commission had estimated cost on the assumption (which was questioned by the industry even then) that production would equal the rated capacity. Even in the major cement producing countries of Europe, the actual output was only about ninety per cent of rated capacity, whereas, in India, it was not more than eighty-five per cent. Mr. Dalmia expressed the hope that the latest tariff enquiry now completed would result in the fixation of more realistic retention prices. He also suggested that an effective way of increasing supplies of cement would be to increase the output of cement manufactured from granulated slag from steel plants.

The following are extracts from Mr. Dalmia's speech:

"FRIENDS,

"I have great pleasure in welcoming you to the eleventh annual general meeting of your Company.

"You will be glad to know that a long-term agreement has been reached with the workers of your Company in regard to wages, bonus and other demands. As a result of this agreement, which would remain in force for a period of four years, I expect that industrial peace would be maintained and, with joint efforts, there would be all-round improvement in the production and the working results of your Company would be better than last year.

Retention Price

"The cement industry is suffering a great deal on account of the uneconomic retention prices recommended by the Tariff Commission in 1958. In determining the retention prices the Tariff Commission made estimates of cost on the assumption that production would equal the rated manufacturing capacity of the plants. Even in the major cement producing countries of Europe, the actual production ranges around 90 per cent of the rated capacity. The position in India is in no way better. The utilisation of the installed capacity of the industry last year was only 85 per cent. The unrealistic estimates of production made by the Tariff Commission for the purpose of cost calculation led to fixation of very low retention prices. Moreover, there have been various increases in costs since the last price inquiry. The retention prices fixed in 1958 were to remain in force till 30th June 1961. It is hoped that the Commission would adopt a more considerate approach this time and the industry would be given fair retention prices with retrospective effect from the 1st of July 1961. This would enable the industry to attract capital for new projects and to increase the installed capacity to the level of 15 million tonnes by 1965-66, the target set under the third Five-year Plan.

Manufacture of Slag Cement

"Cement supplies can be increased quickly and with relatively smaller capital investment and lesser outlay on foreign exchange by expanding the manufacture of slag cement. Your Company was granted a licence in October 1957, for producing slag cement on the basis of supply of granulated slag from Hindustan Steel Limited and I hope that the difficulties in the way of slag granulation will be resolved and slag will now become available early in view of the very considerable importance that is being given to the production of slag cement in the third Five-year Plan.

"The scheme of granting subsidies for coal supplied by the sea-cum-rail route to the Southern and Western regions will, I am sure, encourage the dispersal of the industries all over the country in the larger interests of our nation. Coal and fuel oil should be delivered at all rail-heads at an equalised price based on the calorific value, irrespective of the mode and route of transport. All industries will thereby receive supplies from the nearest source either of coal or fuel oil as the case may be and this would increase the consumption of fuel oil which is available.

Demand for Refractories

"There is a very wide divergence of expert opinion in India on the consumption rate of refractories per ton of ingot steel produced. As the main consumer of refractories, the steel industry controls the pattern of the demand. Thus, with the present trend towards adoption of the basic roof in the open hearth furnaces instead of the silica roof, the overall consumption of fireclay and silica bricks would fall while that of basic bricks would increase. This is illustrated by the estimates of demand and installed capacity for various kinds of refractories required by the end of the third Plan as shown in the following table:

(In lakh tons)

Item	Silica roof Demand	System Capacity required by 1965-66	Basic roof Demand	System Capacity required by 1965-66	Capacity existing and additional capacity licensed.
Fireclay refractories ..	10.0	12.0	7.0	9.0	15.0
Silica refractories ..	3.5	4.5	1.8	2.2	3.3
Basic refractories ..	2.0	2.5	3.5	4.3	3.0
	15.5	19.0	12.3	15.5	21.3

"The impact of this uncertainty regarding the pattern and quantum of the future demand of refractories has created a certain imbalance in the installed and licensed capacities of the different types of refractories *vis-a-vis* the potential requirements at the end of the third Five-year Plan. For instance, the above figures will show that the total capacity existing and licensed for fireclay refractories is far in excess of what is required. With the increasing shift towards the basic roof system it would appear that excessive capacity has also been created or being provided for silica refractories. There, however, appears to be some scope for further expansion of the basic refractories capacity. The pattern and volume of future demand for refractories in our country should be determined as early as possible so that the industry may develop on proper lines, unhealthy expansions may be avoided, and the country's limited foreign and internal resources are employed gainfully.

Expansion of Capacity

"Your Company has undertaken a substantial expansion of its basic bricks capacity, including the manufacture of chemically bonded refractories. Success has also been achieved in producing high quality blast furnace and ladle bricks, which it is hoped will be supplied in large quantities to the steel industry, thus meeting a very important item of refractories which have been mainly imported so far.

"I had referred last year to the need for proper exploration, utilisation and conservation of the essential raw materials required by the refractory industry. I would like to mention particularly refractory grade chromite ore which is required in very large quantities for certain types of basic bricks, and which is in very short supply. The position could be improved by a closer control on the quality of chrome ore which is being exported, by a more rational and broader-based exploitation and utilisation of known deposits and by a more intensive search for new deposits. As the major actual consumer, the refractory industry should be given an overriding preference over others in exploiting the deposits of these raw materials.

"Before I conclude, I would like to express our sincere appreciation of the services rendered by the workers, staff and officers of the Company during the year under review."

N.B.—*This does not purport to be a report of the proceedings of the general meeting.*

U.K. INSURERS SEEK STRENGTH THROUGH MERGERS

WHY NOT INDIAN COMPANIES FOLLOW SUIT?

A SIGNIFICANT feature of British economy since the end of the last war has been the growing trend towards the merger or amalgamation of even large and strong industrial and commercial establishments. These mergers have been inspired by many factors, but the main objectives have been (1) diversification of activities, (2) concentration of control, and (3) economy in management and operation. "Once it reaches a certain level of financial, technical, manufacturing and managerial resources, the big modern company develops built-in, 'institutional pressures' to explore beyond its existing commercial frontiers, reinforcing the basic incentive of spreading one's risk." Diversification is often achieved without outright merger of identity, but by joining resources, as was done by the I.C.I. and Alcoa in 1959 by forming a new joint company called Impalco, or by working arrangements without financial links as in the case of the consortium that builds for India the steel plant at Durgapur. Mergers have also been aimed at concentration, that is, to obtain a bigger share of the market, as also to achieve economies of scale. Another objective is penetration of foreign markets. The rigorous interpretation of the Restrictive Trade Practices Act by the Courts of Law in Britain has left less and less scope for price agreements and other monopoly practices and encouraged mergers as an alternative.

The wave of mergers began in the distributive trade and spread to such diverse branches of the economy as building trade and insurance, traditionally a highly competitive business. In fact, the largest merger in the history of British insurance occurred towards the close of last year when the Royal Insurance Company took over the shares of London and Lancashire Insurance Company, resulting in the creation of an insurance group having total assets exceeding £480 million. This merger followed close on the heels of the amalgamation of the Commercial Union Assurance Company Ltd. and the North British and Mercantile Insurance Company, Ltd. to form a giant group having total assets of £300 million.

The main purpose of these insurance mergers was stated to be "expansive, not restrictive," to develop more fully the resources at the disposal of each unit by effecting maximum economy in operation and administration. The need to strengthen the financial position of companies, with a view to facing competition in overseas markets, especially the U.S., and meeting the challenges and opportunities offered by Britain's possible entry into the European Common Market, is also at the back of the merger of insurance companies.

Benefits of Merger

A cogent analysis of the benefits of insurance mergers and the reasons behind the recent amalgamations of insurance companies in Britain were made by Mr. F. R. Norton, a Director of the Guardian Assurance Company, in a paper entitled "Insurance Company Mergers," presented at the annual conference of the Chartered Insurance Institute held at Aberdeen on 14th September 1961. The British insurance industry, according to Mr. Norton, had been brought to recognise that it will solve its problems more readily by closing the ranks to some extent and by a more economic deployment of its resources. He pointed out that, although the term "merger" was of comparatively recent origin, amalgamations had taken place in insurance since the eighteenth century. In his view, before any danger of monopoly arose, many more insurance mergers would have to take place. Usually, according to Mr. Norton, there were good reasons to merge, such as enlargement of insurance business in a particular home or overseas territory, financial instability of a weaker partner or a decision to launch into a branch of insurance business not previously transacted by the larger unit in the merger.

In Mr. Norton's opinion, there had been, in British insurance, a measure of uneconomic activity beyond the requirements of healthy competition. The problem had to be considered with due regard to the number of companies operating independently, many of them, in much of the business, competing not in terms of conditions or contracts but solely in services rendered to policyholders, with inevitably some overlapping of activities.

British insurance has had to face a number of adverse factors such as the high level of loss ratio, which, in Mr. Norton's view, would be ill-advised to be regarded as cyclical, substantial rise in costs in a period of considerable inflation, greater concentration of risks in home and overseas markets and severe competition resulting in a downwards trend of premium. The position has been intensified by a number of overseas companies starting business in Britain.

Minimum Scale of Operation

Important among the factors having particular relevance to the recent grouping of companies were that there was a minimum scale of operation necessary to meet the costs of an organisation adequate to give a comprehensive insurance service. Mergers provided a unique opportunity for reviewing the basis of insurance operations. They should lead to the employment, more widely, of electronic computers for accounts and renewal work, the calculation of gross and net dividends and the preparation of dividend warrants, valuation of assets and so on and for obtaining more promptly much more information of a statistical character leading to a closer contact with the problems of cost, experience, trends, etc. There would also be less work in connection with reinsurance, though there would be continued need for reinsurance at least for "target risks." It is also sometimes possible to do with less staff or, possibly, to restrict the intake of new junior staff. But termination of employment is against the tradition of British insurance companies and their recently expressed intentions. The best effect on staff, according to Mr. Norton, is the enlarged scope for all those able and willing to accept responsibility in merged units. Thus, mergers bring a wider sharing of the burden of work which had for so long been placed on too few responsible shoulders.

The thought that comes uppermost to one's mind as one reads of insurance mergers in Britain is that, if British insurance companies, the majority of which are, by any standards, giant units, as compared with Indian companies, have found it necessary to merge in the interest of economy of operation and competitive strength, how much more is the need for amalgamation or group working for Indian companies which are too small in size and too large in number in relation to the size of the market. About 90 Indian companies constitute the Indian market and the gross premium derived from Indian business is hardly Rs. 25 crores. As compared with this, about 100 companies, out of a total of 300 incorporated in the U.K., account for the bulk of the business (of all classes), yielding a gross premium of about £1,750 million. Indian insurers know the solution to their unsound financial conditions, and that is integration of all the 90 companies into fifteen or twenty units, with a premium income of at least Rs. 1 crore each, if not more. But they do not appear to have the will-power to try it in actual practice.

PERSONAL ACCIDENT POLICIES

A new type of insurance policy, covering the risks of death by criminal violence, has been issued recently in London insurance company. According to it, a person can secure, for a premium of 30 shillings a year, cover for £5,000 for death or total disablement resulting from criminal assault. The Company permits even such people, as policemen, bank cashiers and bullion van drivers, who are most prone to attack, to take out insurance at the standard rate. The only criminal risks excluded are injuries "sustained as a result of family rows or brawls" and those sustained while engaged in "any kind of sport or criminal activities."

Commenting on this new type of policy, the Insurance Correspondent of the *Financial Times*, London, observes: "It is another indication of the interest which is being shown in personal accident policies of all kinds."

"A great deal of business has been transacted in recent years, for instance, in respect of the assault risk associated with the carrying and handling of money. Usually such policies are taken out by employers for the benefit of those members of their staff who carry or escort money to and from the bank, as well as employees who are engaged in cashier and wages operations. There are so many ways in which death or injury can be caused by violence nowadays that a considerable response is expected to the new cover now made available to every individual."

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REFORM OF CENTRAL EXCISE SCHEME

I. M. C. URGES SIMPLIFICATION OF PROCEDURES

AS an important form of commodity taxation, Central excise duties have become an indispensable source of revenue to the Government of India. The Central excise now accounts for about 42 per cent of the aggregate revenue of the Central Government, as compared with only 19 per cent in 1950-51 and no more than about 11 per cent in 1938-39. The growth of excise duty during the last decade, in particular, has been spectacular. The revenue from Central excise, which was only Rs. 67.54 crores in 1950-51, increased to Rs. 145.25 crores in 1955-56. This source of revenue rose at a still more rapid pace subsequently. The excise revenue touched Rs. 360.65 crores in 1959-60. The revised estimates for 1960-61 place it at Rs. 394.98 crores and the budget estimates for 1961-62 at Rs. 406.24 crores. This increase in excise duty has been due mainly to the appreciable expansion of the coverage of the duty, a marked increase in production and the stepping up of rates. As many as 56 items are now subjected to excise duty. With this wide coverage of the Central excise duty, the number of factories coming within the purview of the Excise Law has also markedly increased, and is bound to increase in future. The table on this page shows commodity-wise details of Union Excise duties as in 1959-60, as compared with revised estimates for 1960-61 and budget estimates for 1961-62.

In view of the expansion in the scope of the excise duty in the scheme of Central revenues, it is only natural that the Central Excise Act and other relevant Rules, which were designed originally to apply only to a few specific commodities, should have become anomalous in many respects. Appropriately enough, a Central Excise Reorganisation Committee was recently appointed by the Government to advise it on possible lines of reform in the existing machinery and system of duty collection. In response to the questionnaire issued by the Committee in this connection, the Indian Merchants' Chamber has submitted a memorandum, which is a significant contribution to the studies made on this branch of Central revenues.

Account-check System

The Chamber has not made any bones about the fact that the present system of excise taxation is "cumbersome and irksome, involving too many procedural formalities." It has, therefore, urged the substitution of the existing scheme of physical-*cum*-accounts check by a new system based on accounts check and supplemented by surprise visits by excise officers. The existing scheme, it may be noted here, is based on physical checks supplemented by scrutiny of statutorily maintained accounts. The check is exercised by the officer of the Excise Department posted at the factory. His duty is to keep a constant watch over the operation of the various departments of the factory, the object of such a constant watch being to prevent illicit disposal of the manufactured goods. The manufacturers are permitted to store manufactured goods without payment of duty in store-rooms within the factory premises and the duty is actually collected only at the time of clearance of the goods from the factory premises. The clearance of the goods is also under excise supervision. Over and above this, the manufacturers are required to maintain detailed accounts of production, quantity deposited in the store-room and the quantity issued out of the factory. These accounts are checked by the Central Excise officer in-charge and also by the Supervisory officers. The manufacturer is required to provide, free of cost, office accommodation for the staff of the Central Excise posted at the factory, and in certain cases residential accommodation for the staff near the factory at a rent not exceeding the stipulated percentage of pay of the officer concerned. This method of control has come in for a good deal of adverse criticism at the hands of the interests concerned. Their main ground of criticism is that this rigid system of Excise control unnecessarily interferes with the manufacturing processes. It is also expensive.

The new scheme suggested by the Chamber seeks to simplify these procedures. Under the proposed system, it is claimed that the difficulties and procedural work involved for the manufacturing units can be substantially reduced, and, in the process, the administrative expenditure will also be curtailed. An examination of the accounts of manufacturers which may be kept according to Government requirements, and of periodical returns in the prescribed form showing details of the goods manufactured and delivered, the duty payable thereon, etc., submitted to the Government should, in the opinion of the Chamber, be an adequate and effective safeguard to the revenue. The Chamber, however, concedes that it will be necessary to take measures to plug loopholes which may arise in particular cases or particular commodities, so as to ensure that there is no evasion of tax.

An aspect of the procedure concerning the payment of duties and charges, which is causing difficulties to the industries is that manufacturers who produce a number of excisable items have to maintain separate accounts for each item. This rigid procedure regarding accounts, according to the Chamber, results in avoidable hardships to manufacturers "because, in the event of heavy clearances of one item, the deposit account relating to that item is depleted and further clearances are blocked, whereas large balances remain unutilised in the deposit accounts relating to other items, the clearances in respect of which are meagre." This difficulty will not arise, if, as for customs purposes, manufacturers are allowed to maintain only one deposit account for all excisable items.

Basis of Calculation

Another common complaint of the business community is that the present procedure relating to levy of excise duty on an *ad valorem* basis does not provide for the full deduction of the incidental or overhead charges incurred by the factories in the form of selling and distribution costs, freight, interest, insurance, publicity and advertising. Trade discounts, commission charges and such other items are not allowed deduction. The memorandum seeks to emphasise that excise duty should be levied only on ex-factory cost, consisting of cost of raw materials and packing materials, other manufacturing expenses and the producer's profit margin, "as excise duty, by its very concept, is a levy on goods produced and cleared from the industrial units and not a duty on sales." A strong case for reconsidering the question of the basis of calculating excise duty has been built up by the Chamber in the following words:

"Under the normal trade practice, goods are sold by the manufacturers to their selling agents at a fixed price and the latter, in turn, sell the same to wholesalers, retailers and consumers. The price at which sales are effected by the selling agents to their customers depends on various factors, such as the extent of demand, credit facilities required by them, etc. If the prices charged by the selling agents to the different parties are adopted as the basis for calculating the excise duty, the quantum of excise duty naturally varies in different cases. Under the circumstances, the manufacturers are not in a position to know, in advance, their exact liability on account of excise duty. . . . Excise duty, by its very concept is a levy on goods produced and cleared from the factory and not a duty on sales. There is, therefore, no justification for the collection of the duty on the basis of the prices at which the goods are sold by the selling agents of the manufacturers. . . the correct basis for collection of excise duty would be the ex-works price."

Union Excise Duties

(In lakhs of rupees)

Basic Duties	1959-60* Accounts	1960-61 Revised	1961-62 Budget
Motor spirit	35,40	38,75	39,10
Kerosene	6,81	7,65	8,50
Sugar	50,00	45,40	46,20
Matches	17,96	17,80	18,00
Steel ingots	10,34	12,20	12,50
Tyres and tubes	10,44	12,50	13,50
Tobacco	50,89	48,10	49,35
Vegetable product	5,49	5,00	5,25
Coffee	1,46	1,35	1,35
Tea	7,74	7,65	7,65
Cotton cloth	46,75	37,85	38,00
Artificial silk	2,07	1,89	1,90
Cement	16,76	17,50	17,50
Footwear	1,16	1,50	1,60
Soap	2,10	2,05	2,10
Woollen fabrics	75	92	92
Electric fans	72	1,10	1,10
Electric bulbs	40	70	70
Electric batteries	1,16	1,70	1,70
Paper	7,97	8,25	8,80
Paints and varnishes	1,37	1,40	1,40
Vegetable non-essential oils	13,35	12,25	12,50
Refined diesel oils and vaporizing oils	24,50	38,00	40,00
Industrial fuel oils	11,91	9,50	10,50
Rayon and synthetic fibres and yarn	2,02	2,70	2,70
Motor vehicles	63	9,50	10,00
Asphalt and bitumen	—	3,00	3,00
Aluminium	9	1,10	1,10
Tin plate	—	1,20	1,20
Pig iron	8	1,00	1,00
Silk fabrics	6	5	5
Cycles and parts thereof	6	1,25	1,25
Internal combustion engines	4	1,35	1,35
Electric motors	4	75	75
Cinematograph films	3	75	75
Salt cess	—	82	79
Coal cess	3,16	3,75	5,43
Cess on copra	10	10	10
Cess on oils and oil-seeds	54	25	25
Miscellaneous	4,72	51	51
Total—Gross Revenue	3,39,07	3,58,79	3,70,05
Deduct—Refunds and Drawbacks	—6,74	—4,50	—4,50
Total—Net Revenue	3,32,33	3,54,29	3,65,55
Additional Duties			
Sugar	8,25	12,90	12,90
Textiles	14,89	19,96	19,96
Tobacco	5,18	7,83	7,83
Total	28,32	40,69	40,69
Grand total—Union Excise Duties	3,60,65	3,94,98	4,06,24

* The accounts figures have yet to be reconciled.

Refunds and Rebates

The memorandum has devoted some thought to the question of improving the system of refunds and rebates of duties prescribed for export of excisable goods. Under the existing rules, full duty is refunded on excisable goods exported from India. Where an exempted or a favoured sector exists, as in vegetable non-essential oils, or where excisable goods enter into the manufacture of another product which is subsequently exported, the rate of rebate is adjusted in an *ad hoc* manner. The Chamber is of the opinion that the system of *ad hoc* adjustment of rebate should be replaced by "a more positive system" allowing for full remission of excise duty on excisable goods entering the manufacture or production of other products which are exported. Besides, the Chamber has called for expeditious payment of refunds. It has also drawn attention to a lacuna in the present procedure, under which excise duty is not allowed when the goods are shipped from a godown outside the factory premises. This causes practical difficulties, "as the manufacturing units have to keep stocks of manufactured goods ready in godowns other than those in the factory premises, so as to be in a position to effect exports from the nearest port, immediately on receipts of orders from the importing countries." Another condition for grant of rebate (except in a few cases) is identification of the goods cleared from the place of production with the goods exported. Appealing for a relaxation of this provision, the memorandum says as follows:

"The condition regarding identification of the goods cleared from the place of manufacture/production with the goods exported, for grant of rebate, is found to be cumbersome in actual operation. For instance, in the art-silk weaving industry, since there are only a few composite units both manufacturing and processing, movement of goods from the weaving unit to a processing unit and again back to the weaving unit so as to conform to the said requirement involves unnecessary time and labour. After all, before excisable goods are cleared from the factory godowns and removed to outside warehouses, excise duty should have been paid. The condition regarding identification can, therefore, be dispensed with and the descriptions on the shipping documents and manufacturers' invoices should constitute sufficient evidence of the payment of excise duty. In any case, we feel that the condition can be safely waived in the case of standard products."

Multi-point Levy

A strong plea has been made in the memorandum for the abolition of multi-point levy of excise duty (as in the case of tobacco, cigarette paper and cigarettes, vegetable oils and vegetable products and loose tea and packaged tea), and the introduction of single point levy on the ultimate product. It stresses that manufacturers of excisable products should be permitted to procure other excisable items, under bond, free of excise duty.

Appellate Authority

Another important aspect of the Central Excise Administration to which the Chamber has invited attention relates to the Appellate procedure. The Committee has pointed out that the appeal, as provided under the Central Excise Act, is only in the nature of Departmental review and cannot claim the merit of an appeal to an independent authority. The Chamber has suggested that an independent appellate authority should be set up on the lines of Income-tax and Sales Tax Tribunals.

The Chamber has, further suggested that, while penalty should be imposed in cases of deliberate defaults, delays in payments for valid reasons or because of circumstances beyond the control of assessees should not attract penalty. Although it appreciates that Government dues should be paid within a reasonable period and the defaulters should be penalised, it has expressed the view that the provision in this regard should not be one-sided.

KIRLOSKAR OIL ENGINES LIMITED

IDEA OF COMPULSORY EXPORTS ILL-CONCEIVED, SAYS MR. S. L. KIRLOSKAR

FRESH EQUITY CAPITAL TO BE RAISED FOR FINANCING EXPANSION PROGRAMMES

A HIGHLY encouraging picture of the all-round progress of, and the bright prospects for, Kirloskar Oil Engines Limited, was given by Mr. S. L. Kirloskar, a Director of the Company, in his speech delivered, in the absence of the Chairman, Lala Shri Ram, at the Annual General Meeting of the Company held at Poona on Saturday, the 23rd inst. During the year ended 31st March 1961, the Company was able to produce and sell more; export of Kirloskar engines during the year was double that in the previous year. Referring to the suggestion of compulsory exports, Mr. Kirloskar observed that the idea was ill-conceived, because exports could not be accelerated by compulsion but only by producing cheaper and better quality product on an expanded scale. It was for the Government, if it wanted to promote exports, to create conditions favourable for economical production. Dealing with the expansion programme, Mr. Kirloskar pointed out that the Company had decided to manufacture (1) M.A.N.-type diesel engine with the technical collaboration of M.A.N., the internationally famous German firm, (2) air-cooled diesel engines with French help and (3) prime movers with U.S. technical aid. Striking a note of optimism regarding the prospects for the Company, Mr. Kirloskar said that the current year's results were expected to be equally good, if not better.

The following is the full text of Mr. Kirloskar's speech:

"LADIES AND GENTLEMEN,

"It gives me pleasure to welcome you to this meeting.

"In the normal course, Sir Shri Ram should have been here to preside over this meeting. Unfortunately, due to indisposition, he is not able to be present here today. He is associated with the Company, as its Chairman, from the very beginning and has given his valuable guidance in shaping the policy of the Company all these years. We have been fortunate in having his services which, in no small measure, account for the success the Company has been able to achieve. I am sure, you will join with me in our good wishes for his speedy recovery to normal health.

"The report of the Directors and the audited accounts had been sent to you well in advance. With your permission, I shall take them as read.

Another Successful Year

"I am happy to mention that we had another successful year. The accounts for the year reveal a profit of Rs. 71,26,088, after providing for depreciation, commission to Managing Agents, etc. Adding to this the balance of the last year, the total comes to Rs. 71,42,460. Your Directors have indicated in their report, their recommendations for the appropriation of this profit under various heads.

Production and Sales

"The year was one of general progress in the fields of production and continued growth in the Company's undertaking. The increase in profit may be mainly attributable to continued demand and higher rate of production. We have been able to produce more and sell more. There has been increased activity in our Bearing Division and more bearings for automotive and industrial stationary type engines have been developed and manufactured. In short, there has been all-round increase in production and sales.

Export

"We have always been very conscious of the great importance to the country, as well as to the industries, of the continuation of a healthy export trade. I am pleased to mention that 10 per cent of our production went abroad during the year and our export trade increased cent per cent, as compared with the previous year. This success was achieved in the face of enhanced competition. Our main difficulty during the year has been to meet lower price competition and offers of better financing terms. We are well-equipped to provide the goods, if our offers to customers are associated with competitive credit facilities. The Government alone can help us in this by creating conditions for our affording improved credit facilities to our foreign customers.

"One of the important problems the country has to face today is how to improve its foreign exchange position. The immediate means of achieving this would be (1) to increase our exports, and (2) to prevent the drain of foreign exchange from the country by starting such of the important industries as are immediately essential to the economy of the country and which are at present consuming a lot of foreign exchange. It should be admitted that the Government and the public are displaying an awareness of the importance of exports to the economy of the country at the present juncture. No doubt, the Government has taken certain measures to boost the country's export trade. But more remains to be done to get the desired results.

Compulsion Undesirable

"However, the recent announcement of the Union Planning Minister, indicating the possibility of investing the Government with statutory powers to limit sales of manufactured commodities in the country and to reserve certain quantities for export, is rather misconceived. The contemplated measures reveal a doctrinaire approach to the problem. If the measures are to be really helpful, the approach should be more realistic and practical. Export drive cannot be accelerated by compulsion. It is a basic problem affecting the economy of the country and as such, can be solved only by the co-operative effort of the Government, the manufacturers and the public and not by restrictive legislation. The other measures contemplated, namely, possible remission in taxation, a comparative advantage to exporters in the levy of excise duties, widening of the scheme of refunds, reduction in railway freight, price concession in raw materials and giving priority in allotting foreign exchange to industries producing for export are indeed incentives for export. The concessions and facilities already afforded to exporters by the Government, coupled with these further facilities, when afforded, will go a considerable way in promoting export trade.

Prerequisites for Export Success

"But it should be borne in mind that production of quality goods in quantity at a competitive price is a prerequisite for the success of the export drive. It is for the Government to create a favourable climate for this. All impediments in the way of smooth production will have to be removed. The third Five-year Plan has set a target of Rs. 800 crores for exports in 1966. This can be achieved only by a concerted effort on the part of the Government, manufacturers and the exporters. By the concessions and facilities, the Government may, at best, induce manufacturers to export a certain portion of their production. But that alone would not solve the problem. Our goods to be sold in foreign markets should be competitive in price and quality. It is only the manufacturers that can tackle the question of quality and cost in their factories, by increasing their productivity and improving the quality of their products. Any amount of legislation would be of little use, unless manufacturers extend their willing co-operation in this. Ultimately, it is the co-operation of industries, in providing quality goods in quantity and at low cost, that determines the degree of success of this export drive. So, I sincerely feel that the Government should proceed, taking the manufacturers into confidence and, by enlisting their co-operation, make them willingly participate in this great national effort to achieve the target set for export in the third Five-year Plan. This would be the only means of increasing our exports and setting our foreign exchange position on a sound footing. Much has been done to facilitate exports; but more remains to be done.

Cost of Vacillation and Delay

"The next problem to be tackled in this connection is to establish, immediately, industries which are vital to the economy of the country and which are draining a lot of foreign exchange from the country at present. Immediate establishment of such industries would save all this foreign exchange. Quick decisions and speedy execution are two important factors in accomplishing this. Unfortunately, there is too much hesitancy and delay in taking decisions which invariably cost the country a lot of foreign exchange. Even when a decision is taken, the Government adopts a very vacillating policy, which results in undue delay in implementing decisions taken, to the detriment of interests of the country. To quote an instance, it was realised several years ago that the manufacture of diesel locomotives should be started in the country urgently, as the import of diesel locos required by the railways will consume a lot of foreign exchange. When the idea was conceived, several concerns in the private sector came forward with an offer to start this industry in collaboration with foreign concerns. The question before the Government was, whether to leave it to the private sector or to take it up in the public sector. Years passed before the Government could take a decision. It was then decided that the private sector should take up the manufacture of these diesel locos. Some time later, the Government reversed its decision and it was decided that this industry should be taken up in the public sector. But as yet very little progress seems to have been made. In the meanwhile, import of diesel locomotives for railways is going on at the cost of considerable foreign exchange. A quick and firm decision either way in the beginning, as soon as the idea was conceived, would have saved the country considerable foreign exchange. By now, a factory could have been set up, and production of diesel locomotives easily started, either in the public or in the private sector.

"This is a point to be considered by the Government in the matter of establishing new industries vital to the economy of the country. The Government machinery should move faster in taking decisions and implementing them, especially, in such matters where there is a possibility of saving considerable foreign exchange, so essential to the economy of the country today. I am not offering these remarks as a criticism of the policy of the Government; but I am bringing to light certain facts which should receive the serious attention of the Government, considering the gravity of the situation in which the country is placed.

Expansion

"The Company has planned for several expansion and development schemes. The third Five-year Plan has set a target for production of 100,000 engines per year in the range upto 30 h.p. In keeping with this national target, we have to step up our production. To achieve this, our installed capacity will have to be exploited to the full and further increase in production will have to be planned. Steps are being taken to increase our capacity to fulfil our target, in view of the national target mentioned earlier.

"It was reported to the shareholders last year that the Company had taken in hand the manufacture of M.A.N.-type diesel engines in the range 50 to 440 h.p., in technical collaboration with M.A.N., a German firm of international reputation, as manufacturers of higher h.p. diesel engines of all types. All our efforts to secure the necessary foreign exchange did not materialise. This delayed our progress considerably. However, the Government have now been pleased to grant us a licence to import these machines on condition that we increase our export of engines over and above our present performance. We are proceeding to import the machines as early as possible.

M.A.N. Engines

"In the meanwhile, our engineers have been busy exploring the possibility of building a few M.A.N. engines with the machinery and equipment at our command. Acquiring some more machines available in the country, devising some special machines and making the necessary jigs and fixtures, they set about building the first batch of these engines. Necessary castings and some finished components were secured from indigenous manufacturers. This, naturally, took some time. However, I am happy to report that we have been able to build the first batch of these engines and they have been found to be quite upto the specifications and are giving satisfactory performance. But our normal production cannot be undertaken until the machines, for which import licences have been issued, are received here. These machines are on their way to India.

"The Company has recently concluded an agreement with a French company for the manufacture of air-cooled diesel engines. The engines, being modern in design, simple in construction, light in weight and air-cooled, will be most suited to our conditions. The Company hopes to be able to put in the market the first batch of these engines in about a year.

Strip Mill

"The Company has been manufacturing bi-metal bearings and bushes from imported metal strips. These strips are not as yet being manufactured in India. Consequently our production depends mainly on the quantity of strips we are permitted to import. Owing to shortage of foreign exchange, imports are rather restricted. So, it has been decided to put up a strip mill in the factory. A portion of the strip mill will be got manufactured indigenously, as per designs supplied by Messrs. Glacier Metal Company Ltd., our British collaborators, and the remaining will be imported. An application for import licence has already been made in this behalf. This would enable us to increase our production of bearings as per our plans, without being dependent on foreign sources of supply for these strips.

"We are pressing on all these expansion and development programmes and satisfactory progress is being maintained.

Issue of Capital

"All these expansion schemes mean more capital. So, your Directors have issued, during the current year, in all 400,000 redeemable cumulative participating preference shares of Rs. 10 each, which have been fully subscribed. The Company will be issuing further 25,000 equity shares of Rs. 10 each in the near future for which the Company has received permission from the Controller of Capital Issues.

Investment

"The Company is engaged in the manufacture of prime movers. Cummins Engine Company, Inc., of the State of Indiana, U.S.A., is one of the biggest manufacturers of high-speed diesel engines in America, mostly used as prime movers for tractors, earth-moving equipment, air compressors, etc. The American company has acquired considerable experience in the manufacture of engines and commands a big portion of the world market for diesel engines. Their products enjoy a world-wide reputation for their quality and performance. This American company, being desirous of opening a factory in India for the manufacture of Cummins engines, approached us with a proposal for promoting such a company in India in collaboration with them. Your Directors, after considering the proposal in all its aspects, have decided to make an investment in the capital of the new company to be promoted in collaboration with Cummins in India, subject to the approval of the Government.

Termination of Collaboration

"You know, we have been working under a collaboration agreement with Messrs. Hawker Siddeley Brush International Ltd., of England, from the very beginning. The agreement is terminated by effluxion of time on 26th June 1961. We have to mention here that the Company's association with the British collaborators had been most happy and cordial and we both have learnt much from our association with each other. The collaboration has been quite a success and has worked to the best advantage of both the parties. We tender them our sincere thanks for their helpful co-operation all these years.

Recent Floods in Poona

"The recent floods in Poona—a most unfortunate event in the history of this city—affected us indirectly to a great extent. The houses of more than 100 workers were washed away by the floods and their families were rendered homeless and destitute. The plight of the victims of the floods was indeed pitiable. The Company, by way of immediate relief, made cash payments to these employees affected by the floods. Our distributors, suppliers and workers readily came forward with generous contributions for their relief work. We were able to collect quite a large sum, in addition to what the Company itself contributed and to distribute the same among the workers affected by the floods. The Company has further submitted its scheme for building houses for rehabilitating these employees.

Prospects

"As to the prospects for the current year, we have started well and are working at full capacity. Subject to any sudden change in the outlook, which is not at the moment foreseen, I would anticipate equally good results, if not better during the current year. Our orders and commitments are heavy and the demand for our engines and bearings at the present time exceeds our ability to supply. The market reports from our dealers all over the country show no apprehension of any immediate recession in the market for our products. It should, however, be mentioned here that, due to the serious breakdown in the power supply in the month of May and after-effects of the unfortunate floods in the month of July, we lost nearly four weeks' production. However, every effort is being made to make up this lost production. We hope to be successful in our efforts.

Accumulation of Stocks Explained

"You must have read from the papers that considerable stocks of small diesel engines have accumulated with small-scale manufacturers in various parts of the country. These manufacturers have been complaining to the Government about the situation and seeking assistance. A word about this situation will not be out of place here. The reason for this is not far to seek. Till recently, there has been a heavy demand for small engines suitable for pumping sets used by agriculturists. Of late, we are noticing a gradual fall in the demand for such engines.

"Firstly, there has been a gradual fall in the prices of agricultural products due to various reasons. As a result, the demand for small horse-power engines has been going down.

"Secondly, to some extent this is due to the changing over of the authority to sanction *Tagai* loans to agriculturists, from the Agricultural Department to the Land Mortgage Banks.

"Now, when the demand was heavy, the delivery of good quality engines was rather prolonged and agriculturists, therefore, used to purchase engines of any manufacture which offered immediate delivery. So, the manufacturers of such diesel engines, irrespective of the quality of their products, could readily sell their engines to farmers who came to their doors for immediate delivery of engines. This group of manufacturers mainly consist of those who manufacture from a few engines to a couple of hundred engines a month. A certain section of them are opportunist assemblers of one to five engines a month, without having the machinery nor the know-how to do the job. Their methods of manufacture are not standard. Their shortcomings are want of proper machinery, equipment and technical know-how. Consequently, their products are not upto the standard and their performance poor. Such engines are not backed up by arrangements for adequate after-sales service and prompt supplies of spares and non-interchangeability of spares is a further handicap in their case.

Farmers are Choosey

"Now that the demand has gone down to a certain extent, the engines, which give good performance and are backed up by adequate after-sales service facility, are available easily and their delivery periods are considerably short. The farmers, therefore, have become choosey and prefer to purchase engines which are reliable and which give good performance and afford after-sales service facility. This is the real reason for the accumulation of stocks of engines with smaller manufacturers in certain areas.

"The excellent results presented to you with the accounts have been achieved largely by team work. It gives me pleasure to report that the whole organisation is on its toes and alive to the need for growth and efficiency. It is no mere formality for me to express to the management, staff and workers our sincere thanks for their concerted efforts to achieve these results."

(Note: *This does not purport to be the proceedings of the annual general meeting.*)

Notice

THE NATIONAL ROLLING AND STEEL ROPES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Nineteenth Annual General Meeting of the Shareholders of The National Rolling and Steel Ropes Limited, will be held at the Registered Office of the Company, NICCO HOUSE, Hare Street, Calcutta, on Monday the 30th October 1961, at 3-30 p.m., to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 30th June, 1961.
2. To declare Dividend.
3. To appoint a Director in place of Sir B. P. Singh Roy, Kt., K.C.I.E., who retires by rotation and is eligible for re-appointment subject to compliance with the provisions of Section 281 of the Companies Act, 1956 and to consider and if thought fit to pass the following Resolution of which a Special Notice as required under Section 281 of the Companies Act, 1956 has been received by the Company.

   "RESOLVED that pursuant to the provisions of Section 281 of the Companies Act, 1956, Sir B. P. Singh Roy, Kt., K.C.I.E., who has attained the age of 67 years and who retires by rotation be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for the Directors prescribed under Section 280 of the said Act, shall not apply to him."
4. To appoint a Director in place of Shri R. K. Deb, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.

The Share Transfer Books of the Company will remain closed from 13th October to 30th October, 1961, both days inclusive.

By Order of the Board,

FOR THE NATIONAL ROLLING & STEEL ROPES LIMITED,

FOR ASSOCIATED INDUSTRIAL DEVELOPMENT CO. (PRIVATE) LTD.,

S. C. ROY,
Director,
Managing Agents.

NICCO HOUSE,
HARE STREET,
CALCUTTA-1,
The 8th September, 1961.

N.B.—A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a Member.

The Dividend, if declared, will be paid to those Shareholders whose names appear in the Register of the Company on 13th October, 1961 or their mandatees and the dividend warrants will be posted from 14th November, 1961 onwards.

An Explanatory Statement pursuant to Section 173 of Companies Act, 1956 in respect of Item No. 3 has been appended to the Notice of the Meeting which is being forwarded to the Shareholders.

TO ALL SHAREHOLDERS:

And in particular to:

R. R. Bhandary, Esq., Lt. Genl. Shanker Shum Shere J. B. R., Messrs. Mahendra Prasad and Hrishikesh Prasad and Messrs. Gouri Nath Rimal and Durga Nath Rimal, Sm. Durga Kumari Rimal and Sri Siddhi Nath Rimal.

RESULTS OF THREE COAL COMPANIES

EAST INDIAN—AMALGAMATED—PENCH VALLEY

DESPITE the coal industry's acute problems of interrupted production due to frequent power failures, shortage of explosives, inadequate transport facilities to carry coal from pitheads to sources of consumption, and increasingly high cost of operations which has rendered the current selling price unremunerative, the East Indian Coal Company Limited (Managing Agents: Jardine Henderson Ltd., Calcutta), the Amalgamated Coalfields Limited and the Pench Valley Coal Company Limited (Managing Agents: Shaw Wallace and Company Ltd., Calcutta) have made considerable improvement, with higher production, sales, gross profit and net earnings, during the year 1960-61. Nonetheless, the Directors of these Companies are unanimous in their opinion that the problems the industry is at present faced with are too serious and call for immediate attention of the authorities to save the industry from being thrown completely out of gear. Unless this is done, they warn, the industry is unlikely to fulfil its third Plan target of 97 million tons, which represents a 37-million-ton increase over the second Plan.

East Indian Coal

Raisings by the East Indian Coal Company during the year ended 30th April 1961 were nearly double at 1,087,040 tons as compared with 583,111 tons in the previous year, and so were despatches at 1,020,537 tons against 519,824 tons previously. Gross profit has increased substantially from £0.16 lakh to £1.88 lakh. The net profit amounts to £1.22 lakh, after providing for depreciation of £0.27 lakh (£0.18 lakh) and taxation of £0.39 lakh (£2,251), against a debit balance of £3,196 in the previous year. In consonance with the better results, the Directors have stepped up the dividend from Re. 1 to Rs. 2 per share, subject to deduction of tax, absorbing £0.36 lakh, and giving a net return of Re. 1.40 per share. Allocations to reserves are also higher, with the development rebate reserve getting £0.62 lakh against £1,360 in the previous year and the sand stowing and development reserve £0.20 lakh against *nil* previously. Last year, the Directors had transferred £0.20 lakh from the reserve for equalisation of dividends for paying the dividend. The carry forward is higher at £0.16 lakh, against £7,006 brought in.

Although the cess on coal increased from £9,300 to £13,388, the greatly increased output resulted in a reduction in the overall cost per ton with beneficial effects on profitability. However, the output was below the planned target. Increased production was obtained from open cast workings, but the Directors point out that, in future, such workings, will contribute a much smaller proportion to the Company's output which is proposed to be raised further by nearly 20 per cent during the current year. Production this year has been slightly out of schedule, as it has been interrupted frequently by irregular power supply and a shortage of explosives. Considering the higher cost of development underground, including depreciation on newly installed machinery, the saving in cost per ton owing to increased output will be limited in future. Nevertheless, the Directors observe, the present progress can reasonably be maintained. The reorganisation and expansion is expected to be completed on revised schedule.

The Company has received the consent of the Controller of Capital Issues to the issue of Rs. 50 lakhs in 6¼ per cent debenture-stock at par and the necessary arrangements for this are being made. While the proceeds of this issue will reduce substantially the Company's indebtedness to its bankers of £3.89 lakhs at present, additional capital expenditure in the current year and the following two years on the substantial development programme on hand will amount to Rs. 65 lakhs. Arrangements have been made for further accommodation from the bankers, but early next year fresh sources of finance will have to be considered. It will be necessary to conserve the Company's resources to provide for amortisation of the debenture-stock about to be issued.

The issued capital of £2.40 lakhs (in shares of £1 each) is covered by revenue reserves and undistributed profits of £3.56 lakhs. Capital reserves are shown at £0.89 lakh. Current liabilities and provisions at £8.07 lakhs, including secured bank loan of £3.89 lakhs, are slightly higher as compared with current assets of £7.58 lakhs. Investments of £1.23 lakh, quoted in Great Britain, command a market value of £0.91 lakh, and those of £0.12 lakh, quoted outside Britain carry a market value of £0.10 lakh. The cost of unquoted investments is £0.16 lakh, including U.K. Treasury Bills of £0.15 lakh. The gross block account was increased during the year by £3.39 lakhs, making a total of £14.64 lakhs, which has been written down to £6.06 lakhs.

Amalgamated

The Amalgamated Coalfields Limited raised 1,004,283 tons of coal and despatched 1,002,147 tons during the year ended 31st March 1961, against 915,000 tons and 920,000 tons, respectively, in the previous year. Gross profit has increased nearly two-and-a-half times from Rs. 8.81 lakhs to Rs. 20.80 lakhs and, after making a much larger provision for taxation of Rs. 5.82 lakhs against Rs. 1.86 lakh in the previous year, the net profit has improved from Rs. 2.80 lakhs to Rs. 8.05 lakhs. Depreciation has been provided for Rs. 5.35 lakhs against Rs. 3.61 lakhs previously. Managing Agents' remuneration amounts to Rs. 1.58 lakh against Rs. 0.54 lakh a year before. The Directors have stepped up the dividend on equity capital from 10 per cent, taxable, to 12.5 per cent, subject to deduction of tax, per share, which gives a net return of 8.75 per cent. It takes away Rs. 3.19 lakhs against Rs. 2.55 lakhs previously. Transfers to reserves have also been increased to Rs. 5.01 lakhs from Rs. 3.08 lakhs, with general reserve getting Rs. 3.75 lakhs (Rs. 0.85 lakh) and development rebate reserve Rs. 1.26 lakh (Rs. 2.23 lakhs). The carry forward is Rs. 0.28 lakh, against Rs. 0.12 lakh brought in.

Costs have gone up by about Rs. 10 lakhs, from Rs. 150.30 lakhs to Rs. 164.37 lakhs, and 90 per cent of this increase is due to a sharp rise in salaries, wages and bonus from Rs. 109.06 lakhs to Rs. 118.42 lakhs. Such upward trend, the Directors point out, has not been covered by an increase in selling price, and having "vigorously represented" to the Government the need for raising the price, they are awaiting the result. The Company has planned for increased production during the third Plan period for which substantial capital expenditure will be required. The necessary foreign exchange for capital equipment imports is likely to be facilitated by the loan sanctioned by the World Bank. The Directors caution, however, that future production will be increasingly from thinner seam workings at higher raising costs. To provide for the heavy capital expenditure envisaged, they have transferred a larger sum to general reserve.

Capital expenditure during the year under review was Rs. 16.49 lakhs, in addition to Rs. 14.71 lakhs incurred in the previous year, and includes Rs. 7.41 lakhs being the cost of acquisition of Junnordeo Colliery to replace the loss of production from Delta East Colliery which has been closed. The fixed assets of the value of Rs. 139.23 lakhs are very adequately written down to Rs. 53.87 lakhs. The issued and paid-up capital is maintained at the previous year's level of Rs. 25.50 lakhs and is more than fully covered by reserves and surplus of Rs. 39.49 lakhs. Bank borrowings dropped sizably during the year from Rs. 13.86 lakhs to Rs. 7.07 lakhs and are secured by hypothecation of book debts. Current liabilities and provisions of Rs. 50.75 lakhs exceed current assets, loans and advances of Rs. 41.46 lakhs, excluding book debts of Rs. 27.58 lakhs.

Pench Valley

During the year to 31st March 1961, the Pench Valley Coal Company raised 529,153 tons of coal and despatched 523,464 tons, against 504,946 tons and 505,386 tons, respectively, in the previous year. Gross profit has increased modestly from Rs. 7.87 lakhs to Rs. 8.23 lakhs and net profit from Rs. 2.05 lakhs to Rs. 2.23 lakhs. The dividend on equity capital has been maintained at 10 per cent per share, subject to deduction of tax, giving a net return of 7 per cent and absorbing Rs. 1.57 lakh. Essential allocations include depreciation Rs. 3.83 lakhs (Rs. 3.25 lakhs) and taxation Rs. 1.65 lakh (Rs. 2.11 lakhs). Managing Agents' remuneration amounts to Rs. 0.52 lakh, as against Rs. 0.46 lakh in the previous year. Transfers to reserves comprise only a transfer of Rs. 1.11 lakh, against Rs. 1.09 lakh last year, to the development rebate reserve and are lower as compared with a total of Rs. 2.44 lakhs transferred in the previous year. The carry forward is Rs. 0.52 lakh, against Rs. 0.15 lakh brought in.

Costs increased during the year by Rs. 7.90 lakhs to Rs. 88.90 lakhs, with the wage bill alone going up by Rs. 5.23 lakhs. Since such rise in the cost of labour is not covered by the present selling price, the Directors have sought the permission of the authorities to raise it suitably. The Company has plans to increase production substantially during the third Plan, which will involve a sizable capital expenditure. Arrangements are being made for a World Bank loan to cover capital equipment imports. Future production will, however, be increasingly from thinner seam workings at higher raising costs.

During the year under review, the Company incurred a capital expenditure of Rs. 7.09 lakhs, against Rs. 8.86 lakhs in the preceding year. The gross block of the value of Rs. 88.62 lakhs is well written down to Rs. 32.35 lakhs. Issued and paid-up capital is unchanged at the last year's level of Rs. 15.75 lakhs and is well supported by reserves and surplus of Rs. 23.87 lakhs. Bank borrowings, secured by hypothecation of book debts, are lower at Rs. 2.75 lakhs as compared with Rs. 8.57 lakhs in the previous year. The total of current assets at Rs. 38.31 lakhs exceeds all current liabilities and provisions (including secured loans) by Rs. 13.27 lakhs.

METAL BOX TO INVEST IN ITALY

The British Treasury, which some six weeks ago had refused permission to the Metal Box Company to spend about £1 million on building a factory in Italy, has now allowed it to go ahead with its proposal, following the Company's undertaking to borrow abroad a part of the capital. Details as to how and to what extent the Company has modified its scheme to satisfy the criteria laid down by the Chancellor in his "little budget" have not been disclosed.

AHMEDABAD ELECTRICITY FARES WELL

EXPANSION PROGRAMMES GATHER MOMENTUM

THE progress made by the Ahmedabad Electricity Company Ltd. (Managing Agents: Messrs. Killick Industries Ltd., Bombay) during the year ended 31st March 1961 is satisfactory. Thus, sales of energy were higher, followed by a modest improvement in profit. The return to shareholders has been kept unchanged at 7 per cent taxable. Thanks to the increased demand for electricity in the Gujarat region, which exceeded the Company's generating capacity, the sales of energy staged a sizable rise of Rs. 49.28 lakhs, or about 10 per cent, to Rs. 542.55 lakhs. Reflecting partly the larger output of electricity and partly the inflated prices of coal and fuel, the value of coal and fuel consumed went up sharply by Rs. 32.81 lakhs to Rs. 288.42 lakhs, or by more than 12 per cent. The other expenses, which include the wages and salaries of staff, also rose sizably from Rs. 106.65 lakhs in 1959-60 to Rs. 120.50 lakhs, thus neutralising a part of the expansion in earnings. Accordingly, the gross profit has improved by just Rs. 4.65 lakhs, or 3.2 per cent to Rs. 143.23 lakhs.

In keeping with the expansion in gross profit, the Agents' remuneration has increased by Rs. 51,000 to Rs. 8.46 lakhs. The provision for depreciation is also higher at Rs. 49.68 lakhs, as against Rs. 48.52 lakhs in 1959-60. No amount has been set aside for taxation, as the benefit of accelerated depreciation allowances was still available. After these necessary provisions, the net profit works out to Rs. 87.09 lakhs, and compares favourably with that of Rs. 84.11 lakhs for the previous year and Rs. 72.76 lakhs for 1958-59. After writing off a sum of Rs. 1.07 lakh as capital expenses, the Directors have been cautious enough to set aside Rs. 19.73 lakhs to reserves, as against Rs. 16.87 lakhs a year ago. It will be noted that whatever increase there was in the net profit has been used entirely to enhance the amount ploughed back. The dividend to ordinary shareholders has been maintained at the modest level of 7 per cent subject to tax, giving a net return of 4.9 per cent. This compares unfavourably with the tax-free rates of 6¾ per cent and 6.5 per cent paid for 1959 and 1958, respectively.

The progress of the Company since 1957-58 is depicted in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale of energy	542.55	493.27	455.76	399.99
Other income	11.60	9.57	7.06	7.48
Consumption of coal and fuel ..	288.42	255.61	241.23	202.75
Other expenses	120.50	106.65	92.37	86.05
Gross profit	145.23	140.58	130.12	118.61
Agents' remuneration ..	8.46	7.95	6.96	5.74
Provision for—				
Depreciation	49.68	48.52	45.34	44.28
Taxation	..	..	5.06	5.00
Net profit	87.09	84.11	72.76	63.59
Transfer from reserve or excess provision written back	..	..	0.13	2.07
Capital expenses written off ..	1.07	0.36	0.37	0.37
To reserves	19.73	16.87	9.67	8.48
Dividend	61.23	61.23	59.05	56.86
	(7%)*	(7%)*	(6¾%)	(6½%)
Carry forward	..	0.01	0.04	0.01
Sales of energy (in million kw.h.) ..	755.43	698.21	689.80	630.68

* Subject to deduction of tax.

The Company connected as many as 11,574 new consumers during the year under review, as against 10,082 in the previous year taking up the number of consumers to 83,557 as on 31st March 1961. Sales of energy for public and private lighting and fans which had risen by 4.58 million kw.h. in 1959-60, staged a further rise of 6.75 million kw.h. to 41.51 million kw.h. during 1960-61. Sales of energy for power purposes, too, went up by 39.69 million kw.h. to 564.76 million kw.h. on top of an increase of 24.17 million kw.h. in the previous year. Likewise, the supply of energy to North Gujarat Grid witnessed an expansion of 10.78 million kw.h. during the year under review in refreshing contrast to the decline of 20.34 million kw.h. registered in 1959-60. Total sales of energy showed a perceptible increase of 57.21 million kwh. or of 8.2 per cent in 1960-61, as against just 8.41 million kw.h. or 1.22 per cent in the preceding year.

The generating capacity of the Sabarmati power station remained unaltered at 157,000 kw. during 1960-61, but the station peak increased by 8,400 kw. to 149,200 kw. In their report to the shareholders, the Directors state that the continuity of supply from the Sabarmati power station was maintained during the year under review and that the whole plant had been kept in efficient operating condition.

(Continued on page 672)

RESULTS OF ORIENT PAPER STEADY

DIVIDEND AND TRANSFERS TO RESERVES MAINTAINED

INCREASED production, due to better efficiency, and normal working account for the satisfactory results of the Orient Paper Mills Limited [Managing Agents: Messrs. Birla Brothers (Private) Ltd., Calcutta] for the year ended 31st March 1961, which was characterised by higher manufacturing costs and additional burden of excise duty, on the one hand, and reduced sale prices for paper and paperboards, on the other. Production went up during the year, as is borne out by a rise in the consumption of materials, stores and spares and the stocks at close. Although the year witnessed the full impact of lower sale prices which came into effect from 1st January 1960, gross sale proceeds improved from Rs. 785.22 lakhs to Rs. 894.21 lakhs. But, in terms of gross and net earnings, the performance is not so impressive, as profit before taxation and other statutory provisions has improved only slightly from Rs. 197.71 lakhs to Rs. 203.66 lakhs and the net profit at Rs. 74.90 lakhs has been practically maintained at the last year's level of Rs. 72.44 lakhs. This is largely due to increase in costs of the prerequisites for production. Expenses other than raw materials, stores, etc., rose from Rs. 232.59 lakhs to Rs. 256.59 lakhs. The Company paid excise duty and discount of Rs. 142.62 lakhs, as against Rs. 106.16 lakhs in the previous year, with excise alone accounting for an increase of Rs. 31.02 lakhs. The dividend on ordinary shares has been maintained at Rs. 2.25 per share of Rs. 10 each, subject to deduction of tax, which gives a net return of Re. 1.32. Allocations to reserves are maintained at Rs. 30 lakhs, with development rebate reserve getting Rs. 3 lakhs and general reserve Rs. 27 lakhs.

The comparative table below gives an idea of the Company's progress during the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds (gross)	8,94.21	7,85.22	7,01.22	5,41.27
Other income	18.00	21.21	9.39	7.98
Closing stocks of finished goods and stock-in-process ..	20.97	14.20	6.27	7.48
Raw materials, stores, spares, etc., consumed	3,08.85	2,69.10	2,52.78	1,81.00
Excise duty, discount	1,42.62	1,06.16	98.28	74.51
Other expenses	2,56.59	2,32.59	2,01.34	1,56.01
Gross profit	2,03.66	1,97.72	1,53.12	1,37.95
Managing Agents' remuneration	10.73	12.77	10.70	10.55
Provision for—				
Depreciation	70.03	72.50	51.00	50.00
Taxation	48.00	40.00	30.65	38.00
Net profit	74.90	72.44	65.77	38.80
To reserves	30.00	30.00	37.00	12.00
Dividends—				
5.50 and 7.86 per cent. preference	12.73*	8.43*	6.26	6.24
Ordinary	33.04	33.04	22.02	22.02
	(22½%)†	(22½%)†	(15%)	(15%)
Carry forward	1.80	4.23	1.69	1.20

* Subject to deduction of tax.

† Rs. 1.56 lakhs paid later under Preference Shares (Regulation of Dividends) Act, 1960.

The modernisation programme of the Company is expected to be practically completed by the end of the current year. The Export-Import Bank of Washington has sanctioned a 18.5-million-dollar loan to the Company for the Amlai Paper Mills project, the capacity of which was raised last year by the Government from 100 tons to 150 tons per day. Clearance of the credit and issue of necessary import licences for machinery to be supplied by Messrs. Beloit Iron Works, Beloit, Wisconsin, U.S.A., are being considered by the Government. Meanwhile, preliminary work on the project has been started. It has been decided to amalgamate the Hindustan Cellulose and Paper Mills Ltd., a wholly-owned subsidiary of the Company, with the Orient General Industries Ltd., another wholly-owned subsidiary unit, with the latter agreeing to allot one fully paid-up ordinary share of Rs. 10 for each fully paid-up ordinary share in the former. Necessary petitions have been moved before the High Courts of Calcutta and Cuttack for sanction of the scheme. The Company has filed a writ petition before the High Court of Orissa at Cuttack challenging the validity of the levy under the Orissa Taxation (on Goods carried by Roads or Inland Waterways) Act, 1959, and obtained an interim stay order. It will be recalled that the representations made by the Company last year to the Orissa Government for abolition of or reduction in the rate of levy on bamboos and coal carried by means other than railways or airways did not yield any results.

Subsequent to the modification of the rights of the holders of tax-free and taxable preference shares in respect of dividends payable to them for the year ended 31st March 1961 and the subsequent financial years, the Directors have recommended payment of increased dividends. Accordingly, the holders of these shares will get, after deduction of tax, the same amount of dividend which they received before enactment of the Finance Act, 1959.

The paid-up capital of the Company, as at 31st March 1961, amounted to Rs. 326.83 lakhs, of which Rs. 146.83 lakhs are in ordinary shares of Rs. 10 each and the balance of Rs. 180 lakhs in preference shares. Since then, the equity capital has been raised by the issue of 440,475 shares of Rs. 10 each, at a premium of Rs. 12 per share, yielding Rs. 44.05 lakhs by way of capital and Rs. 52.86 lakhs by way of capital reserves, representing the premium. As against this addition to the capital account, the Company redeemed Rs. 1 crore worth of debentures on 30th June 1961. Before these changes in capital account, that is, as at the close of March last, the Company's reserves and surplus were Rs. 353.67 lakhs. Secured loans at Rs. 176.52 lakhs, including the mortgage debentures subsequently redeemed, were lower as compared with Rs. 209.47 lakhs in the previous year. Current liabilities and provisions were reasonably low at Rs. 166.28 lakhs, giving a total indebtedness of Rs. 343.80 lakhs. They were more than adequately covered by current assets, loans and advances aggregating Rs. 358.56 lakhs, excluding investments at Rs. 22.67 lakhs. Gross block increased during the year to Rs. 1,030.98 lakhs from Rs. 1,001.40 lakhs in the previous year and has been adequately written down to Rs. 655.25 lakhs.

At their current market value of Rs. 36.60 ex-div., the Company's Rs. 10 fully paid-up ordinary shares yield a net return of 3.59 per cent per annum, free of tax.

(Concluded from next column)

a 3-Bowl Pneumatic High Efficiency Water Mangle were installed and put into service.

"A sum of Rs. 3,45,000 has been paid to the Vasant Industrial and Engineering Works, Bombay, for a complete 6-Colour Roller Printing Plant supplied by them which is in the course of erection. A Rodney Hunt Continuous Peroxide Bleaching Plant which was ordered last year has arrived and is also under erection for which payment of Rs. 7,48,000 has been made to the suppliers. A sum of Rs. 4,50,000 has also been paid for High Speed Whitin's Combing Equipment consisting of one Drawing Frame, one Superlap machine and 5 Combers which have all arrived and are being installed. For housing all the new processing machinery, the Bleach and Dye House which was acquired last year from the sister company, the Minerva Mills Ltd. is being renovated and a large new block is being added involving a capital expenditure estimated at approximately Rs. 7,50,000 out of which about Rs. 4,50,000 has already been paid to the contractors in respect of work already done by them. All the new machinery when fully commissioned, together with certain other machinery yet to be ordered, will considerably improve the quality of the manufactured products and render the working of the Mills much more profitable.

"By way of expansion, a Waste Spinning Plant of 1,200 spindles for which a licence was received last year, has also been ordered for which an irrevocable letter of credit for Rs. 9,52,000 has been opened. This machinery is expected to arrive about the middle of next year, and when put into service, is expected to further increase the earnings of the Company. With regard to the 144 automatic looms to be installed by way of expansion under the Export Promotion Scheme, efforts are being made to obtain a licence for importing them from America."

The financial position of the Company, as disclosed by its balance-sheet as on 28th February 1961, is quite satisfactory. The paid-up capital has been raised from Rs. 37.25 lakhs in 1959-60 to Rs. 47.15 lakhs, comprising Rs. 39.68 lakhs in 79,365 ordinary shares of Rs. 50 each and Rs. 7.45 lakhs in 14,901-4½ per cent taxable cumulative preference shares of an equivalent amount. This is supplemented by Rs. 39.57 lakhs of reserves and surplus. The gross block rose from Rs. 117.74 lakhs to Rs. 129.63 lakhs during 1960-61 and is well depreciated to Rs. 55.13 lakhs. The total borrowings and other current liabilities at Rs. 100.96 lakhs are adequately covered by current assets of the order of Rs. 109.43 lakhs. In addition, there are investments of the value of Rs. 21.48 lakhs. Of these, Rs. 18.21 lakhs are in the shares of Modern Mills Ltd., the market value of which as at the end of February last, was Rs. 28.71 lakhs.

The Rs. 50 fully paid ordinary shares of the Company are currently quoted at Rs. 68.50 cum-dividend on the Bombay Stock Exchange. At the proposed rate of dividend of Rs. 7 per share (taxable), the net yield, on an ex-dividend basis, works out to 7.7 per cent per annum.

MYSORE SPINNING'S SALES LOWER

DIVIDEND MET FROM RESERVES

THE two successive reductions in the prices of cloth and yarn effected during the latter half of 1960 and the high prices of raw cotton have adversely affected the financial results of the Mysore Spinning and Manufacturing Company Ltd. (Managing Agents: Messrs. N. Sirur & Co. Private Ltd., Bombay) for the twelve months ended 28th February 1961. In spite of the buoyant trading conditions during the first half of the year under review, the Company's sales fetched a lower sum of Rs. 168.12 lakhs in 1960-61, as against Rs. 171.17 lakhs in the preceding year and Rs. 197.64 lakhs in 1958-59. The closing stocks, however, were higher at Rs. 43.99 lakhs, as against Rs. 34.16 lakhs in the previous year. Other income, the bulk of which represents the dividend from the Modern Mills Ltd., has improved from Rs. 3.70 lakhs to Rs. 4.79 lakhs. The value of cotton, stores and power consumed, however, rose only modestly by Rs. 1.33 lakhs to Rs. 113.03 lakhs and other expenses by Rs. 5.05 lakhs to Rs. 59.73 lakhs. The gross profit is, therefore, higher at Rs. 9.98 lakhs, as compared with Rs. 8.49 lakhs for the previous year and Rs. 5.50 lakhs for 1958-59.

The net profit, however, is only Rs. 1 lakh. This is due to two reasons: (1) the provision for depreciation has absorbed Rs. 6.04 lakhs as against less than Rs. 5,000 in the previous year, and (2) certain expenditures aggregating Rs. 2.49 lakhs pertaining to previous years have had to be adjusted. These expenses are the result of a decision of the Supreme Court in the Cotton Octroi Duty Case (Rs. 2.32 lakhs) and bonus to clerical staff for 1960, following special settlement with them. The sharp rise in the provision for depreciation is the result of the Company having to follow the basis laid down in the Company Law, instead of that adopted for tax purposes; under the latter, the Company would have had to provide no more than Rs. 3.79 lakhs. No provision for taxation has been made for the third year in succession, as none was considered essential on account of unabsorbed depreciation allowances of previous years.

So far as the shareholders are concerned, the most important factor is dividend. This the Directors have maintained at 14 per cent taxable, and that on a higher equity capital following the issue of 19,780 new ordinary shares of Rs. 50 each; the dividend on these new shares is for the second half of the year only. In order to permit the payment of both ordinary and preference dividends, the Directors have had to withdraw Rs. 5.80 lakhs from the general reserve.

A synoptic view of the progress of the Company in the last four years can be had from the comparative table given below.

(In lakhs of rupees)

	For the year ended 28th/29th February			
	1961	1960	1959	1958
Sales	1,68.12	1,71.17	1,97.64	1,80.80
Other income	4.79	3.70	2.76	..
Closing stocks	43.99	34.16	34.93	66.35
Cotton, stores, power, etc., consumed	1,13.03	1,11.70	1,11.48	1,35.96
Other expenses	59.73	54.68	53.42	45.90
Gross profit	9.98	8.49	5.50	0.06
Managing Agents' remuneration	0.45	0.45	0.43	0.42
Provision for—				
Depreciation	6.04	0.05	0.05	3.64
Taxation	..	..	0.30	0.59
Expenditure relating to previous years	2.49	..	..	..
Net profit (+) or loss (—) ..	+1.00	+7.99	+4.68	—4.57
Excess provisions written back	0.40	3.06	0.06	6.82
To reserves	0.61	4.35	0.64	0.25
Transfer from reserves ..	6.28	..	..	..
Gratuity and other provisions	1.44	3.29	1.22	1.23
Dividends—				
4½ per cent. preference ..	0.33	0.33	0.33	0.33
Ordinary	4.86	4.17	2.48	2.48
	(D. 14%)*	(D. 14%)*	(D. 10%)	(D. 10%)
Carry forward	..	0.25	0.34	0.22

* Subject to deduction of tax.

The management of the Company has continued to pay close attention to the problem of improving the efficiency, and expanding the capacity, of the mills. In 1960-61, a sum of Rs. 13.69 lakhs was spent on additions to fixed assets, raising the total capital expenditure in the past four years to Rs. 22.27 lakhs.

The following extracts from the Directors' report will give readers a clear idea of the progress of the renovation and expansion programme of the Company:

"The Company's plans for renovation and expansion are progressing satisfactorily. During the year under report a 7-Bowl Kunitech Calender and

(Continued in previous column)

SYNOPSES OF COMPANY REPORTS

Kalpetta Estates Ltd.

(*Managing Agents*: Messrs. A. V. Thomas and Co., Ltd., Alleppey, Kerala State.)

Annual General Meeting—14th October.

Working Results:

	For the year ended 30th April (In thousand rupees)	
	1961	1960
Sales (tea, rubber, coffee, cardamom and other produce)	13,06	9,84
Closing stock (tea, coffee, rubber cardamom, etc.)	2,52	2,28
Gross profit	3,10	1,95
Transfer to Managing Agents' remuneration ..	26	15
,, ,, depreciation	46	41
,, ,, taxation	1,35	40
Net profit	1,03	99
Adjustments	1	7
Appropriations:		
Total available balance	1,04	1,06
Transfer to development reserve ..	Nil	5
Proposed dividend (taxable) Equity ..	1,00 (12½%)	1,00 (12½%)
Carried forward	4	1

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: *Tea*: The crop secured during the year was 1,59,711 kgs. at a cost of Rs. 2.77 per kg. against an estimate of 1,40,614 kgs. at Rs. 2.87 per kg., the average sale price realised being Rs. 4.46 per kg. against Rs. 4.10 per kg. last year.

Rubber: The crop harvested during the year was 1,36,334 kgs. at a cost of Rs. 2.72 per kg. against an estimate of 1,20,201 kgs. at Rs. 2.52 per kg. The average sale price realised was Rs. 3.32 per kg. against Rs. 3.37 per kg. in the previous year.

Cardamom: Against an estimate of 4,535 kgs. to cost Rs. 11.43 per kg. a crop of 5,024 kgs. was secured at a cost of Rs. 13.73 per kg. The average selling price realised was Rs. 18.66 per kg. against Rs. 19.77 per kg. last year. The increase in the cost of production in spite of a better crop is due to intensive cultivation works and pest control measures.

Coffee: The coffee crop harvested this year was 1.442 bushels of dried cherry estimated to yield about 12,600 kgs. against the estimate of 10,160 kgs.

Estimate for 1961-62

Tea	...	154,222 kgs.	to cost Rs. 2.99	per kg.
Rubber	...	1,36.078 ,,	,, 2.73	,,
Cardamom		6.804 ,,	,, 10.39	,,
Coffee	...	15,240 ,,	,, 2.42	,,

The properties of the Company have been regularly visited by the visiting agents and the managing agents' representatives and are maintained in good condition. Since the close of the year under review, 56 acres of the old rubber area have been replanted with budded rubber of high yielding clones and 51 acres of reserve area have been cleared for new planting with rubber in 1962 on Poonoor Estate. About 130 acres of reserve land on Chulika have been planted with cardamom and further areas are proposed to be planted up with this crop before the close of the current season.

Accounts in brief as at 30th April 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	8,00,000	Gross block ..	19,45,239
Reserves and surplus..	8,67,516	—Depreciation ..	3,96,051
Other liabilities ..	5,81,955	Net block ..	15,49,188
		Current assets ..	4,75,389
		Investments ..	26,861
		Cash	1,98,033
Rs.	22,49,471	Rs.	22,49,471

* Paid-up capital consists of 80,000 equity shares of Rs. 10 each, fully paid up. Out of this 40,000 equity shares are allotted as fully paid up by way of bonus shares by capitalising share premium account.

Sone Valley Portland Cement Co., Ltd.

(*Chairman*: Mr. A. K. Jain, Calcutta.)

Annual General Meeting—30th September.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales (cement, lime, limestone and coal) ..	2,10,11	1,44,40
Closing stock	15,24	25,49
Other income	6,63	1,89
Gross profit	10,96	2,87
Transfer to depreciation	4,61	59
To provision for bonus (in respect of previous year)	Nil	1,94
Net profit	4,35	34
Adjustments	3,62*	28
Appropriations:		
Total available balance	9,07	62
Transfer to general reserve No. 2 ..	5,00	Nil
,, to development rebate reserve ..	1,65	Nil
Proposed dividend (taxable)	3,00 (4%)	Nil (Nil)
Carried forward	82	62

N.B.—Adjustments include the balance brought forward from the previous year.

* This includes Rs. 3,00,000 transferred from general reserve No. 1.

Extracts from the Directors' report: Production and despatches have been as under:

(Tonnes)

	Production		Despatches
	Clinker	Cement	Cement
1959	1,72,993	1,67,425	1,54,559
1960	1,95,451	2,12,051	2,21,414

Substantial improvement in production of clinker and cement during the report year is responsible for marked improvement in the working results. This improvement has been achieved inspite of increase in cost of production due to higher cost of coal, stores and spare parts and enhanced railway freight. Fixation of uneconomic packing charges for the last quarter of the year substantially affected profits in the closing months. The formula for determination of packing charges in vogue for the last decade was given up and fixation for the quarter October-December 1960 was made by the Government arbitrarily.

Movement and supply of coal and gypsum have been causing considerable anxiety. Due to this difficulty, production in the current year is being affected. In the face of prevailing general scarcity of cement, the Company's works is confronted with accumulating stocks due to lack of transport. Transport position has remained acute despite the high priority for Cement Industry and there are also no signs of any improvement at present. While determining attainable production and manufacturing cost in relation to price fixation, the impact of transport inadequacy on production should not be ignored.

The Company along with other cement producers has formed a Cement Manufacturers' Association. This fulfilment of a long-felt need will help in putting up the industry's case on a united basis on all important matters.

The Company has been granted an industrial licence for the manufacture of slag cement. Negotiations in this respect are in progress. The process of gradual rehabilitation and modernisation is continuing and with the expected revision in cement price the Company will be able to accelerate the pace. This improvement and the expected increase in cement price would better the working results.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	75,00,000	Gross block ..	2,33,77,992
Reserves and surplus ..	22,71,640	—Depreciation ..	1,63,37,614
Other liabilities ..	50,02,558	Net block ..	70,40,378
		Current assets ..	71,02,568
		Investments	1,16,245
		Cash	2,11,355
		Miscellaneous expenditure	2,13,652
Rs.	1,47,74,198	Rs.	1,47,74,198

* Paid-up capital consists of 15,00,000 Ordinary shares of Rs. 5 each fully paid up. Of the above shares, 7,40,241 shares are allotted as fully paid-up pursuant to a contract without payment being received in cash.

Agarpara Co., Ltd.

(*Managing Agents*: Messrs. B. N. Elias & Co., Ltd., Calcutta.)

Annual General Meeting—29th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (gross)	3,73,01	2,07,76
Closing stock	35,57	37,05
Gross profit	16,40	24,82
Transfer to Managing Agents' commission ..	07	1,81
,, ,, depreciation	6,92	6,00
,, ,, taxation	6,00	5,10
Net profit	2,81	11,91
Adjustments	1,03	95
Appropriations:		
Total available balance	3,84	12,86
Transfer to development rebate reserve ..	84	5,50
,, ,, contingency reserve ..	Nil	30
To adjustment of loss on sales of investments.	38	Nil
Proposed dividends (taxable) 7% C. Preference ..	91*	70
,, ,, ,, Ordinary ..	1,50 (2½%)	6,00 (10%)
Carried forward	21	36

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

Extracts from the Directors' report: There was a substantial reduction in the number of looms and in the working hours during the period under review due to an acute shortage of raw jute.

The year was a trying one for the industry and trading conditions were difficult throughout. The rise in prices of jute fibre, the resistance of foreign buyers to high prices in finished goods, the increase in the incidence of fixed overheads over a decreased production due to reduction in working hours of looms and the interim relief granted to workers have all contributed to the reduced profits during the year. The Company's mill was unfortunate to face a labour strike from 16th January 1961 to 29th January 1961 due to retirement of some workers above 58 years of age and the matter was favourably settled with the workers before the labour Commissioner.

Trading conditions continued to be difficult during the current financial year but with the prospects of a large jute crop, it is hoped that conditions will soon improve and return to normal.

The 24 "One Mack" automatic weaving machines, which were on order, have been received during the current year. The looms have just been installed and are working satisfactorily.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	70,00,000	Gross block ..	1,52,12,754
5½% Debentures ..	12,00,000	—Depreciation ..	56,66,142
Reserves and surplus.	65,36,892	Net block ..	95,46,612
Other liabilities ..	1,02,74,476	Machinery in transit ..	2,14,983
		Block in progress ..	31,545
		Current assets ..	1,48,20,255
		Investments	2,80,204
		Cash	1,08,709
Rs.	2,50,11,368	Rs.	2,50,11,368

* The paid-up capital consists of: (a) 6,00,000 ordinary shares of Rs. 10 each fully paid; and (b) 10,000—7 per cent. cumulative preference shares of Rs. 100 each fully paid. (Out of the ordinary capital 3,38,500 ordinary shares are held by ultimate Holding Company.)

Rajendra Coffees Ltd.

(*Managing Agents*: The Associated Planters Private Ltd., Mysore.)

Annual General Meeting—30th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (coffee, cardamom and paddy)	1,40	4,37
Closing stock (coffee)	4,15	1,65
Gross profit (+) or loss (—)	(+) 2,04	(—) 27*
Transfer to Managing Agents' remuneration ..	17	3
,, ,, depreciation	8	8
Net profit (+) or loss (—)	(+) 1,79	(—) 27
Adjustments	1	92
Appropriations:		
Total available balance	1,80	92†
To provision for taxes	50	Nil
Transfer to general reserve	50	Nil
To adjustment of loss	Nil	27
Proposed dividends (taxable) 6% Preference.	7	8
,, ,, ,, 5½% C. R. Preference ..	6	7
,, ,, ,, Ordinary ..	50 (25%)	50 (25%)
Carried forward	17	‡

N.B.—Adjustments include the balance brought forward from the previous year.

* Loss after providing for depreciation and Managing Agents' remuneration.

† This includes a sum of Rs. 51,000 transferred from dividend equalisation fund.

‡ Only a sum of Rs. 774.

Extracts from the Directors' report: The directors feel that the working results for the year ended 31st March 1961 have been quite satisfactory. The general condition of the estate has very much improved.

Crop:—The coffee crop realised for the year under review was 194 tons or 3,880 pounds (the crop for 1960 was 1,080 pounds) as against the estimate of 126½ tons.

The coffee crop estimate for the year 1961-62 is 155 tons Robusta and 10 tons Arabica.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	4,00,000	Gross block ..	3,80,760
Reserves and surplus..	1,81,838	—Depreciation ..	47,874
Other liabilities ..	2,89,312	Net block ..	3,32,886
		Current assets ..	4,21,365
		Investments	1,00,000
		Cash	10,893
Rs.	8,71,150	Rs.	8,71,150

* Paid-up capital consists of: (a) 40,000 ordinary shares of Rs. 5 each, fully paid up; (b) 10,000—6 per cent. tax-free cumulative preference shares of Rs. 10 each and (c) 10,000—5½ per cent. tax-free cumulative redeemable preference shares of Rs. 10 each.

Estrela Batteries Ltd.

(*Managing Agents*: Messrs. Choonilal Manilal Private Ltd., Bombay.)

Annual General Meeting—Held on 29th September. Dividend payable on or after 12th October 1961.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (gross)	1,30,59	1,10,06
Closing stock	12,40	11,40
Other income	1,70	1,13
Gross profit	13,45	7,09
Transfer to Managing Agents' commission ..	77	47
,, ,, depreciation	2,00	1,51
,, ,, taxation	3,16	1,71
,, ,, development rebate reserve ..	4	47
To payment of bonus to employees	3,77	1,75
Net profit	3,71	2,08
Adjustments	18	16
Appropriations:		
Total available balance	3,89	2,24
Transfer to general reserve	1,50	Nil
Proposed dividends (taxable) 5½% C. R. Preference ..	71	71
,, Ordinary ..	1,50 (10%)	1,35 (9%)
Carried forward	18	16

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: During the year under review the Company has achieved another high peak by increasing the sales to Rs. 130 lakhs from Rs. 111 lakhs, with the result that the Company's profit also reached a high peak, and the Board of Directors were able to recommend the distribution of the highest amount amongst shareholders in the Company's history.

In view of the Finance Act, 1960, the dividend on Company's preference shares was declared for the year 31st March 1960, in such a way that they got nearly the same amount of 5 per cent on their holdings as they used to get in the past. At the last annual general meeting, this procedure, followed in regard to preference dividends, was approved. Very recently, however, the Preference Shares Act was passed and became law. This Act, however, aiming to give relief to holders of preference shares, does not fully restore to them the amount which they were getting before revised structure of Company's taxation was introduced. Hence, the directors thought it desirable to change the rate of dividend to 7.14 per cent, subject to tax, under Section 18(3)(d) of the Income Tax Act, so that the preference shareholders may receive practically the same amount as they used to get before this change was made. Separate meetings of different classes of shareholders are, therefore, called to modify suitably the Memorandum and Articles of Association of the Company.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	24,97,680	Gross block ..	38,55,996
Reserves and surplus..	6,95,663	—Depreciation ..	24,53,865
Other liabilities ..	35,01,919	Net block ..	14,02,131
		Current assets ..	51,60,168
		Investments	4,070
		Cash	1,28,893
Rs.	66,95,262	Rs.	66,95,262

* Paid-up capital consists of: (a) 29,947 ordinary shares of Rs. 50 each, fully paid up; (b) 19,947—5 per cent. cumulative preference shares of Rs. 50 each, fully paid up; and (c) a sum of Rs. 2,980 being amount paid up on shares forfeited (both ordinary and preference).

Raneegunge Coal Association Ltd.

(*Secretary*: Mr. Susil Kumer Mukerjee, Calcutta.)

Annual General Meeting—30th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales of coal and coke (gross)	1,01,39	90,14
Closing stock (coal)	9,86	7,93
Gross profit	21,04	16,48
Transfer to ex-Managing Agents' commission..	62	1,25
,, ,, depreciation	4,96	5,02
,, ,, taxation	7,30	4,80
Net profit	8,16	5,41
Adjustments	98	39
Appropriations:		
Total available balance	9,14	5,80
Transfer to machinery replacement and development reserve	2,50	90
,, ,, development rebate reserve ..	1,39	1,32
,, general reserve	66	Nil
Proposed dividend (taxable equity) ..	4,08 (17%)	3,60 (15%)
Carried forward	51	8

N.B.—Adjustments include the balance brought forward from the previous year; excess provisions for taxation and other credit items.

Extracts from the Directors' report:

	Year ended 31-3-61 (Tons)	31-3-60 (Tonnes)	(Tons)
Raisings ...	4,39,978	5,02,222 =	4,94,313
Despatches ...	4,37,168	4,83,456 =	4,75,842
Stocks ...	42,029	61,468 =	60,500

Raisings increased by 54,335 tons and despatches increased by 38,674 tons.

Coke Manufacture: The Company manufactured during the year under review 1,296 tonnes of hard coke, 3,737 tonnes were despatched and 1,642 tonnes remained in stock.

Development and Prospects: Development in all sections of the Company's collieries is progressing favourably.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	23,99,500	Gross block ..	1,59,19,225
Reserves and surplus	39,95,925	—Depreciation ..	1,10,16,981
Other liabilities ..	27,14,135	Net block ..	49,02,244
		Current assets ..	41,19,077
		Investments	7,593
		Cash	80,686
Rs.	91,09,560	Rs.	91,09,560

* Paid-up capital consists of 2,39,950 ordinary shares of Rs. 10 each fully paid up. During the current year the ordinary capital has been raised from Rs. 23.99 lakhs to Rs. 33.59 lakhs by the issue of 95,980 right equity shares of Rs. 10 each at par to the shareholders in the proportion of two new shares for every five held.

Anglo-India Jute Mills Co., Ltd.

(*Managing Agents*: Messrs. Duncan Brothers & Co., Ltd, Calcutta.)

Annual General Meeting—30th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (including sales of gunnies purchased) ..	7,30,96	6,49,05
Closing stock	1,04,20	1,42,98
Gross profit	28,10	72,82
Transfer to Managing Agents' remuneration ..	1,24	4,18
,, ,, depreciation	11,59	10,00
,, ,, taxation	5,25	20,90
To amount written off	Nil	12,14*
,, forfeited dividends paid	4	2
,, tax deducted from investment income ..	3	3
,, tax deducted from debenture interest ..	†	1
Net profit	9,05*	25,54
Adjustments	3,46‡	2,16
Appropriations:		
Total available balance	13,41	27,70
Transfer to contingency reserve	Nil	1,20
,, investment reserve	Nil	5,00
,, ,, development rebate reserve ..	1,50	6,00
Proposed dividends (taxable) 7% C. Preference ..	4,48§	2,80
,, ,, ,, Ordinary ..	3,69 (7½%)	9,84 (20%)
Carried forward	3,74	2,26

N.B.—Adjustments include the balance brought forward from the previous year.

* This represents amount written off to bring down the net value of fixed assets to income-tax written down value.

† A small sum of Rs. 301.

‡ Includes Rs. 1,20,000 transferred from contingency reserve.

§ Preference dividend is calculated at 9.1 per cent. subject to deduction of tax, in accordance with the Preference Shares (Regulation of Dividends) Act, 1960. This also includes Rs. 84,000 being the additional dividend on preference shares, for the year ended 31st March 1960.

Extracts from the Directors' report: Whilst the current new crop prospects appear to be favourable, the full flow of new crop jute will not be felt until early September and for the first half of the current year, therefore, trading losses have already been incurred. The prospects for the second half of the year are obscure but the directors hope that with an abundant supply of raw material the mills will be able to increase production and work profitably.

The most disturbing feature of the year, however, has been the fall in the industries' exports to India's traditional markets. A proportion of this is due to the severe and increased competition that Indian Jute Mills are experiencing from Pakistan mills. During the last three years that country has doubled its exports of sacking goods and during the last three months particularly considerable quantities of sacking orders have been lost to India. The greater loss, however, is that of buyers who are turning to other packaging materials and bulk handling due to high prices and violent market fluctuations. Shareholders are aware that Government and the Indian Jute Mills Association are most seriously concerned with this grave problem and the directors hope that the coming year will see a reversal of this disastrous trend.

The Company's mills also experienced considerable difficulty during the period of electric power shortage in the Calcutta area and as a result Sunday working was introduced which is still continuing. New *Winding* and *Pre-beaming machinery* was installed at Lower Mill during the year and with the completion of the modernisation of the spinning and preparing sections of the mills, the directors are now considering the introduction of new forms of weaving equipment. Orders have, therefore, been placed for a unit of *One Mack weaving machines* and delivery is expected in 1962.

The Company's investment in Messrs. Isaac Holdens (India) Ltd. was increased during the year with the purchase of 86,516 equity shares at the time of the public issue for that company. The first and final call of Rs. 5 per share has since been paid on this issue. This issue was extremely well received by the public and this Company's investment should prove to be a substantial asset in due time.

Messrs. Landale & Clark Ltd. were also adversely affected by the shortage of jute and the sharp fluctuations in price as defaulting sellers made them liable for payments of market differences to their buyers. The Salvage Department of this company, however, continued to operate profitably and the prospects for the current year are not unsatisfactory.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	89,20,700	Gross block ..	2,80,85,747
Reserves and surplus..	89,45,363	—Depreciation ..	1,84,94,034
Other liabilities ..	2,24,21,288	Net block ..	95,91,713
		Current assets ..	2,44,56,135
		Investments	58,06,816
		Cash	4,32,687
Rs.	4,02,87,351	Rs.	4,02,87,351

* Paid-up capital consists of: (a) 40,000—7 per cent. cumulative preference shares of Rs. 100 each, fully paid up; and (b) 49,207 ordinary shares of Rs. 100 each, fully paid up.

Phillips Carbon Black Ltd.

(*Secretaries and Treasurers*: Messrs. Duncan Brothers and Co., Ltd., Calcutta.)

First Annual General Meeting—30th September.

Working Results:

The accounts for the year ended 31st March 1961 (the first year of the working of the Company) disclose a loss of Rs. 1,76,940 after providing Rs. 19,726 for Secretaries and Treasurers' minimum remuneration and providing Rs. 40,000 for taxation.

Extracts from the Directors' report: The Company was incorporated on 31st March, 1960 and an issue of 12,49,989 equity shares of Rs. 10 each was made in April, 1960. Of this issue, 4,99,999 shares were offered for public subscription. These shares offered to the public were 20 times over-subscribed.

Licensed Capacity: The Company was originally licensed by the Government of India to manufacture 22,000,000 pounds of carbon black per annum but this licence has since been increased to permit manufacture of 30,000,000 pounds of carbon black per annum.

Development: Work on the Company's plant at Durgapur is proceeding well. Good progress has been made with civil works, foundations, buildings and other structural works while orders for all other essential items of equipment, etc., have been placed. The plant is expected to commence production in about the middle of 1962 provided the necessary items of equipment are delivered within the time schedule stipulated with the suppliers. Some storage tanks have been completed on the site and the delivery of raw materials to build up stocks against the commencement of production has been taking place for some months now. Work is also proceeding on the Company's housing colony for employees. The site for this housing colony has been leased from the Government of West Bengal for this purpose. This site is situated along the north side of the Grand Trunk Road in the vicinity of milestone 111 adjoining a green belt and is within easy distance of the plant site.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	62,50,000	Block	4,38,081
Other liabilities ..	8,07,532	Construction work in progress	8,92,014
		Current assets ..	2,82,685
		Cash	48,28,532
		Miscellaneous expenditure	4,89,279
		P. & L. A/c (deficit) ..	1,76,940
Rs.	70,57,532	Rs.	70,57,532

* Paid-up capital consists of 12,50,000 equity shares of Rs. 10 each, Rs. 5 per share paid up in cash.

COMPANY MEETINGS AND DIVIDENDS

MIDNAPORE ZEMINDARY CO., LTD. Annual General Meeting, Calcutta, 6th October 1961. Dividend: *Nil*. Transfer books will remain closed from 4th to 6th October 1961, both days inclusive.

EAST INDIAN COAL CO., LTD. Annual General Meeting, Calcutta, 13th October 1961. Dividend: Rs. 2.00 per share, subject to deduction of tax. Transfer books remain closed from 29th September to 13th October 1961, both days inclusive.

KALPETTA ESTATES LTD. Annual General Meeting, Alleppey, Kerala State, 14th October 1961. Dividend: 12½ per cent or Re. 1.25 per share, subject to deduction of tax. Transfer books will remain closed from 7th to 14th October 1961, both days inclusive.

HINDUSTAN ELECTRIC CO., LTD. Annual General Meeting, Bombay, 17th October 1961. Dividend: 4 per cent or Rs. 4.00 per share, subject to deduction of tax, payable on and after 28th October 1961. Transfer books remain closed from 30th September to 14th October 1961, both days inclusive.

NEW KAISER-I-HIND SPINNING AND WEAVING CO., LTD. Annual General Meeting, Bombay, 18th October 1961. Dividend: *Nil*. Transfer books will remain closed from 7th to 18th October 1961, both days inclusive.

CALCUTTA ELECTRIC SUPPLY CORPORATION LTD. Final dividend of £4 per cent net (tax applicable at 7s. 9d. in the £), for the year ended 31st March 1961, payable on 11th November 1961.

TRAVANCORE SUGARS AND CHEMICALS LTD. Taxable dividend of 7½ per cent or Re. 0.75 per ordinary share, for the year ended 30th April 1961. Transfer books will remain closed from 16th to 30th October 1961, both days inclusive.

NEW CENTRAL JUTE MILLS CO., LTD. Dividend of Re. 1.50 per ordinary share (on old capital), for the year ended 31st March 1961. Transfer books will remain closed from 27th September to 13th October 1961, both days inclusive.

THE WATER OIL CO. (INDIA) LTD. Taxable interim dividend of Re. 0.70 per share, for the year ending 31st October 1961.

KINGSLEY GOLAGHAT TEA CO., LTD. Taxable ordinary dividend of Rs. 35.00 per ordinary share, for the year ended 31st December 1960. Transfer books were closed from 20th to 30th September 1961, both days inclusive.

RANE (MADRAS) LTD. Taxable dividend of 14 per cent or Re. 0.70 per ordinary share, for the year ended 31st March 1961. Transfer books remain closed from 23rd September to 6th October 1961, both days inclusive.

NEW CHUMTA TEA CO., LTD. Taxable dividend of 15 per cent or Re. 1.50 per share, for the year ended 31st December 1960. Transfer books were closed from 16th to 29th September 1961, both days inclusive.

HULDIBARI TEA ASSOCIATION LTD. Taxable dividend of 22½ per cent or Rs. 2.25 per share, for the year ended 31st December 1960. Transfer books were closed from 16th to 29th September 1961, both days inclusive.

HASIMARA INDUSTRIES LTD. Taxable dividend of 17 per cent or Re. 1.70 per ordinary share, for the year ended 31st December 1960. Transfer books were closed from 16th to 29th September 1961, both days inclusive.

SAPOI TEA CO., LTD. Taxable dividend of 22½ per cent or Rs. 2.25 per share, for the year ended 31st December 1960. Transfer books were closed from 21st to 29th September 1961, both days inclusive.

ETHELBARI TEA CO., LTD. Taxable dividend of 5 per cent or Re. 0.50 per share, for the year ended 31st December 1960. Transfer books were closed from 21st to 29th September 1961, both days inclusive.

HOOGRAJULI (ASSAM) TEA CO., LTD. Taxable dividend of 20 per cent or Rs. 2.00 per share, for the year ended 31st December 1960. Transfer books were closed from 20th to 29th September 1961, both days inclusive.

GILLAPUKRI TEA AND SEED CO., LTD. Taxable dividend of 25 per cent or Rs. 2.50 per share, for the year ended 31st December 1960. Transfer books were closed from 21st to 29th September 1961, both days inclusive.

A NEW DEVICE IN SUGAR MAKING

A British firm (William Boby and Company, Ltd., of Rickmansworth, Hertfordshire) is marketing a new instrument to eliminate the severe corrosion caused by small amounts of sugar in the feed water of boilers used by sugar-processing firms all over the world. Invented by the British Sugar Corporation, it will sound the alarm when the sugar content of water exceeds two parts in 1,000,000 of water. The operation of the instrument depends on detecting photoelectrically the darkening produced when an aniline dye is added to water containing very small amounts of glucose. If 10 parts of glucose are present in 1,000,000 parts of water, the colour produced is deep blood-red, almost black. The instrument automatically samples boiler water every 12 minutes, adds a small dose of sulphuric acid to the sample—enough to convert it to glucose—boils it, and finally adds caustic soda to neutralise the acid and the dye (tetrasolium salt). The pink colour produced is measured by a photoelectric cell which causes the alarm to ring if the colour is darker than it should be.

With automatic operation, the instrument enables continuous watch to be kept on boiler water and cuts out expensive and time-consuming laboratory analysis. Twelve instruments, each costing less than £350, have been made and the first sold to the West Indian Sugar Corporation.

THE MYSORE PAPER MILLS LIMITED

CHAIRMAN, MR. SHIVANANJAPPA, URGES INCREASE IN PAPER PRICE

LARGE EXPANSION SCHEME UNDER WAY

ADDRESSING the Twenty-sixth Ordinary General Meeting of the Mysore Paper Mills Ltd., held at Bangalore on Friday the 29th inst., Mr. M. D. Shivananjappa, I.A.S., Chairman and Managing Director, made a cogent plea to the Government of India for a reconsideration of the paper industry's claim for upward revision of controlled prices for its products. The Tariff Commission's price formula, according to him, adversely affected the small units, in particular, and discouraged the expansion of existing ones and establishment of new ones. Mr. Shivananjappa reminded the authorities that the cost of production was mounting on account of increase in prices of raw materials, power, coal and chemicals. He also complained about the disproportionately high excise duty on packing and wrapping paper, as also the increases in railway freight. Despite these adverse circumstances, the Company had formulated a large expansion programme, with the object of more than doubling the annual capacity from 8,000 tons now to 18,000 tons.

The following is the full text of Mr. Shivananjappa's speech:

"LADIES AND GENTLEMEN,

"It gives me very great pleasure to welcome you to this the twenty-sixth ordinary general meeting of the shareholders and to place before you the report of the Directors and the audited balance-sheet for the year ended 31st March 1961. These have been circulated already and, with your permission, I shall take them as read and would proceed to review the main features of the year's operations.

Production

"Production during the year under review is quite satisfactory. Sales realisation during the year amounted to Rs. 123.22 lakhs, as against Rs. 141.31 lakhs in the previous year. The reduction in turnover is largely due to the revised prices fixed by the Government of India in accordance with the recommendations of the Tariff Commission from 1st January 1960, the effects of which were felt for the full year under review, as against only one quarter during the previous year. The efforts of the paper industry to move the Government of India for a suitable revision of prices in the interest of existing units, particularly to minimise the adverse effects on smaller units like ours, and in the interest of expansion of existing units and starting of new ones have not borne fruit and repeated requests are being made to the Government of India by the industry for a suitable revision, and I hope that the Government of India would view this question with sympathy.

"In regard to despatch of papers, I would like to keep you informed that during some months in the year, there were continuous railway booking restrictions and this led to accumulation of stocks which caused strain on our liquid resources—common to companies which finance capital projects by current resources—which necessitated drawals from the cash credit account. This year, we had also to meet tax liability to the extent of Rs. 9,32,700 and also to deposit advance tax under Section 18A of the Income-tax Act to the extent of Rs. 7,44,775. To provide for adequate working capital, your Directors have taken steps to raise the limit of cash credit account with the State Bank of Mysore to Rs. 25 lakhs. I should hasten to state that conditions have improved now and our products are moving quickly and there is no cause for anxiety.

Rise in Costs

"I must bring to your notice that manufacturing costs are mounting on account of increase in prices of raw materials, power, coal and chemicals and there are no signs of decline. Recently, the Government of India have levied an excise duty of Rs. 40 per tonne on caustic soda. Having regard to the rates of excise duty for writing and printings, it must be said that the rates of excise duty levied on packing and wrapping paper are disproportionately high and, in addition, there has also been an increase in railway freight and all these have added considerably to our expenses. The only hope, as it appears to my mind, lies in increasing production and improving efficiency and securing maximum economies calculated to reduce costs. It is with this view—pending implementation of the expansion scheme—action was taken to secure Dorr Oliver's Recausticising Unit, and I am glad to inform you that the equipments have been installed and taken to service and it is expected that appreciable economies would be secured which would go to reduce production costs.

I.F.C. Loan Fully Repaid

"Coming to the consideration of the balance-sheet, I have to mention that provision has been made for depreciation on fixed assets, calculated in accordance with the rates allowed for normal depreciation and extra shift allowances as per Income-tax Act, amounting to Rs. 6.69 lakhs, Rs. 1,69,700 towards development rebate and a further sum of Rs. 55,000 towards retirement gratuity. A provision of Rs. 6.5 lakhs has been made towards taxation. I am glad to inform you that the only one instalment of Rs. 4 lakhs that was due to the Industrial Finance Corporation of India has been paid during the year under review and the loan of Rs. 50 lakhs obtained from them for financing the first Expansion Scheme has now been fully repaid, about a decade ahead of due date. A sum of Rs. 12,50,000 remaining in the Industrial Finance Corporation of India Loan Redemption Fund has been transferred to general reserves. As the loan has been completely repaid, the Industrial Finance Corporation of India have withdrawn their nominee, Mr. T. Bhaskara Rao, from our Board of Directors. I am glad to acknowledge that the Board received valuable assistance and advice from Mr. T. Bhaskara Rao and your Board have placed on record their appreciation of his services to the Company.

"In regard to disposal of surplus, namely, Rs. 6,61,663, including carryover of last year, which stood at Rs. 51,968, your Directors have decided to transfer Rs. 2,50,000 to dividend equalisation fund, which fund now stands at Rs. 3,12,500, a sum of Rs. 62,500 having been provided for in 1954. Further, your Directors, having regard to the satisfactory working during the year under review, have proposed to maintain the rate of dividend at the level of previous year and to recommend declaration of a dividend of 15 per cent, subject to tax, absorbing Rs. 3,75,000; the balance being carried forward, and I am confident that these proposals will meet with your approval.

Labour Relations

"I am happy to inform you that the labour-management relations continue to be very cordial. Your Directors have been pleased to sanction a bonus of four months' salary or wages to the employees for the year ended 31st March 1961 and the same has been disbursed.

"In regard to the celebrations of the Silver Jubilee of our mills, you will remember that I had said on the last occasion that your Directors would fix a suitable date, and I am glad to announce that it has been proposed to celebrate the silver jubilee in a befitting manner during the last week of March or first week of April 1962, and invitations will be sent to the shareholders and I do hope that a very good number of shareholders will participate in the function.

Developmental Activities

"I now come to the important subject of the developmental activities of our mills in which you are deeply interested. When I had the privilege of addressing you, for the first time, in August 1959, having regard to the tightness of the foreign exchange position obtaining two years preceding, I cautiously expressed the hope that our application for increasing the production capacity of our mills from the present level of 8,000 tons to 18,000 tons would receive sympathetic consideration at the hands of the Government of India and that I would be able to formulate specific proposals for expansion. Last year, about this time I informed you that the necessary industrial licence had been received from the Government of India and that discussions with the Commonwealth Development Finance Company, Ltd., and the Industrial Credit and Investment Corporation of India for exchange loans had been encouraging, the only difficulty that had delayed implementation of our scheme of expansion. I should also like to recall that I informed you that, having availed myself of the opportunity of studying at close range the conditions and trends obtaining in capital goods market in foreign countries, I was confident of formulating a scheme of expansion which would be both sound and economical. It is indeed a matter of gratification to me, and I have no doubt it will be to you, that we have been able to secure loans to cover the value of plant and machinery to be imported from abroad and I shall come to the details presently.

"Though I do not wish to burden you with technical details relative to the scheme of expansion, yet I should like to state a few details of fundamental importance. You are aware that our existing unit is an integrated pulp and paper unit with a capacity to manufacture 8,000 tons, the primary raw material being bamboo, supplemented by rags, waste paper and wood-pulp. The paper-making capacity exceeds the pulp-making capacity, if only the primary raw material, bamboo is used. It has been explained in previous years that it is this imbalance between pulp-making and paper-making capacity that stood in the way of achieving the target production earlier.

Soda Recovery Plant

"The current capacity of the mills does not permit installation of a modern soda recovery plant, which alone secures higher percentage of chemical recoveries, procuring considerable economies. The present scheme of expansion contemplates use of only bamboo for manufacture of pulp, discarding rags and waste paper used at present. In this connection, I am glad to inform you that the Government of Mysore have agreed to supply annually 50,000 tons of bamboo required for the expanded plant. The pulp plant, after expansion, will have a capacity to produce sufficient quantity of pulp to feed the existing two paper machines of 15 tons each and also the new paper machine of 30 to 35 tons capacity. This increased capacity will enable us to install a modern soda recovery plant which secures considerable economies and reduce cost of production to a great extent and the production of 18,000 tons of marketable paper will greatly help to reduce costs by way of overheads, labour charges, etc., and also help to serve the needs of the community better. I have heard it said that, with the going into production of new units and additional units of the existing units, production may exceed demand by 1965, yet I feel that with the progress of educational and developmental activities of the Government of India and State Governments under the Five-year Plans, entailing expenditure of crores of rupees, there will be created a demand for paper in the ensuing years which will be positively favourable to the indigenous paper manufacturers. Speaking of ourselves, I should like to say that production of 18,000 tons of marketable paper will undoubtedly increase the earnings of our Company and will place the Company on a firm and sound basis ensuring a fair return on capital, and in so far as marketability is concerned, I wish to add that our steady and sustained supplies during good years and bad have established for our products a regular and an assured market.

"The scheme of expansion is estimated to entail a total expenditure of about Rs. 350 lakhs which is proposed to be financed as under:

	(Rs. in lakhs)
Share capital by rights issue	100
Rupee loan from the I.F.C.I.	60
Foreign exchange loans from C.D.F.C. and I.C.I.C.I.	140
Bank borrowings and other resources	50
	350

"As you are aware, the shareholders at their meeting held on 7th October 1960 accorded approval to the increase of authorised capital from Rs. 25 lakhs to Rs. 150 lakhs. In pursuance of that resolution, application had been made to the Controller of Capital Issues and his sanction obtained to raise Rs. 100 lakhs by issue of 10 lakhs of equity shares of Rs. 10 per share, attaching a premium of Rs. 2 per share. I do not wish to go into great details regarding the issue as you have all been in possession of the Letters of Offer issued in terms of the Controller of Capital Issues sanction order. I am glad to inform you that the Government of Mysore have agreed to take 10 per cent of the shares which are their quota of right shares and the balance of 90 per cent has been underwritten in compliance with the condition laid down by lending institutions, underwriting commission being 1½ per cent without brokerage.

"I am happy to inform you that the response from our shareholders has been encouraging and there have been numerous inquiries from non-members regarding the availability of the shares and I am hopeful that the issue would be a success.

Loans

"Reverting to the question of loans, I am very happy to inform you that I signed the Subscription Agreement with the Commonwealth Development Finance Company Ltd. on 18th August 1961, when I happened to be in London in connection with the expansion scheme of the Mysore Iron and Steel Works. According to the agreement, the Commonwealth Development Finance Company Ltd. would give us a loan of £525,000, or Rs. 70 lakhs, carrying an interest of 7¾ per cent repayable in seven equal annual instalments, the first instalment to be paid on 31st March 1970. This amount will suffice to finance 50 per cent of our purchases of equipment in the U.K. and Europe. Further, I am glad to inform you that the agreement between the Industrial Credit and Investment Corporation of India Ltd., and ourselves has also been signed on 1st September 1961 and, according to the terms and conditions, the Industrial Credit and Investment Corporation of India Ltd. will give us a loan of United States $1,470,000, or Rs. 70 lakhs, carrying interest at the rate of 7¾ per cent, repayable in 13 half-yearly instalments, the first instalment to be paid on 1st May 1965. This loan will finance the purchases abroad to the extent of 50 per cent and the two loans referred to above will fully cover our foreign exchange requirements. I am very happy to keep you informed that all the necessary permissions, consents and licences have been received from the Government of India. The terms and the conditions governing the loan from the Industrial Finance Corporation of India have been settled, and the agreement is being signed. According to the terms and conditions, the Industrial Finance Corporation of India have agreed to give us a loan of Rs. 60 lakhs, carrying an interest at the rate of 7 per cent, subject to a rebate of ¼ per cent repayable in 15 instalments, the first instalment to be paid on 1st July 1965. I should like to add that the Industrial Finance Corporation of India and the Industrial Credit and Investment Corporation of India Ltd. have each sought representation on our Board of Directors and we have agreed to it. In compliance of a statutory requirement, the Industrial Finance Corporation of India has stipulated a condition that the repayment of their loan should be guaranteed by a scheduled bank and I am glad to inform you that the Canara Banking Corporation Ltd., one of our bankers, has agreed to stand guarantee on a nominal guaranteeing commission of ½ per cent on the day-to-day balances due to the Industrial Finance Corporation of India.

"As you know, certain legal formalities have to be observed for execution of loan documents referred to above. To simplify the procedure and to avoid somewhat heavy expenditure, it has been agreed to appoint a common trustee and to execute a common Trust Deed for the purpose, and I am happy to inform you that the State Bank of Mysore has accepted our offer to be appointed trustee, who will look after the interests of the three lending institutions and on a nominal commission of 6 nP per cent on the amount of the loans. You have before you resolution No. 5 relating to the borrowing powers of the Directors and, as stated in the explanatory note, you are requested to pass the resolution to comply with the statutory requirement.

Imports of Machinery

"Having dealt with the question of finances, you will naturally expect me to say a word or two regarding the plant and machinery to be imported from abroad. We have had full discussions and consultations with well-known manufacturers and suppliers of plant and machinery in the U.K. and Europe, and it is important to bear in mind that we are free to select and buy equipment from well-known firms in the U.K. or the Continent as ours is not a package deal, and funds are available for the necessary purchases in the U.K. and Europe. As a result of extensive survey and study, we have formulated a scheme and a schedule of purchases and, in accordance with it, arrangements have been made to secure best equipments at economic prices. We have concluded arrangements to secure pulp plant and paper machine from Germany and boilers and modern soda recovery plant and cross cutters from the U.K. I should mention here that, agreeably with the policy of the Government of India, provision has been made in our scheme for the purchase of balance of equipment necessary from indigenous sources.

Technical Personnel

"I feel it a pleasant duty particularly to bring to your notice that the chief merit of our scheme lies in the fact that the work of erection assisted by two or three foreign erectors, installation, supervision and co-ordination of several units of the scheme is being undertaken by a devoted team of our own technical and administrative officers and operatives, who have the requisite knowledge, experience and skill, acquired and accumulated over years, and I am glad to acknowledge that it is these human resources that embolden me to launch this scheme of expansion and I am quite hopeful that the scheme will be implemented successfully and expeditiously.

"I have now to refer to resolution No. 6 regarding amendments to our Articles of Association. As has been stated in the explanatory note, our Articles of Association were framed and incorporated in 1936 at the time of inception of the Company. The Indian Companies Act 1956 and the subsequent Amendment Act 1960 have introduced considerable changes. As you are aware, our shares are quoted in the Stock Exchanges of Bombay, Calcutta and Madras and certain amendments to our Articles are called for to be in conformity with their regulations and all these amendments have been made and I seek your approval to the same.

"I am happy to say that, as mentioned in your Directors' report, your Directors have contributed a sum of Rs. 5,000 towards the Centenary Celebrations of Bharata Ratna Dr. M. Visvesvaraya, engineer-statesman of Mysore who has rendered meritorious services to the State and, I hope, you will appreciate and approve of contribution made.

"I am obliged to you all for the wholehearted support you have been extending and look forward with confidence for a full measure of support and encouragement in the implementation of the scheme of expansion.

"On behalf of the Company, I should express my grateful thanks to the Government of India and the Government of Mysore for their abiding interest in the progress of the Company and for having granted the necessary permissions, consents and concessions in connection with our scheme of expansion. On behalf of the Company, I should also express my grateful thanks to the Board of Directors of the Commonwealth Development Finance Company Ltd., London, Industrial Credit and Investment Corporation of India Ltd., Bombay, the Industrial Finance Corporation of India, New Delhi and the State Bank of Mysore and the Canara Banking Corporation Ltd., for their valued assistance in securing funds for the expansion scheme.

"I am grateful to my colleagues on the Board for the uniform courtesy, consideration and valuable guidance I have been receiving. I wish also to express, on behalf of the Directors and myself, our warm appreciation of the willing and efficient co-operation of all our employees.

"Ladies and gentlemen, I now move that the Directors' report and the audited balance-sheet and the profit and loss account for the year ended 31st March 1961 be 'approved and adopted.'"

N.B.—*This does not purport to be a report of the proceedings of the shareholders' meeting, a copy of which shall be sent to the shareholders separately.*

Notices

THE BOMBAY BURMAH TRADING CORPORATION LIMITED

FINAL DIVIDEND FOR THE YEAR ENDED 31st MAY 1961

AT A MEETING OF THE DIRECTORS HELD ON THE 26TH SEPTEMBER, 1961, the following Final Dividend was recommended for the year ended 31st May, 1961, subject to deduction of Tax under Section 18(3D) of the Indian Income Tax Act:

Rs. 585 per share on the 100 original shares of Rs. 2,500 each.

Rs. 29.25 per share on the 71,400 Old shares of Rs. 125 each.

Rs. 11.70 per share of the 84,000 New shares of Rs. 125 each (Rs. 50 paid up).

This, together with the Interim Dividend paid in June 1961, makes a total distribution for the year, subject to Income Tax, of:

Rs. 825 per share on the 100 original shares of Rs. 2,500 each.

Rs. 41.25 per share on the 71,400 Old shares of Rs. 125 each.

Rs. 16.50 per share on the 84,000 New shares of Rs. 125 each (Rs. 50 paid up).

By Order of the Board,
WALLACE & COMPANY,
Secretaries and Treasurers.

Registered Office
9 WALLACE STREET,
BOMBAY 1.
26th September 1961.

THE ALKALI AND CHEMICAL CORPORATION OF INDIA, LIMITED

PAYMENT OF DIVIDEND ON PREFERENCE SHARES

IN CONNECTION WITH THE PAYMENT OF the above dividend for the half-year ending 30th September 1961, the Preference Registers of the Company will be closed from 4th October 1961 to the 11th October 1961, both days inclusive.

By Order of the Board,
IMPERIAL CHEMICAL INDUSTRIES (INDIA) PRIVATE LIMITED,
Secretaries.

CALCUTTA, 21st *September* 1961.

THE PEERMADE TEA COMPANY LIMITED

(*Incorporated in India*)

THE BOARD OF DIRECTORS HAVE SANCtioned payment of an interim dividend of 7½% on the Ordinary shares for the year ending 31st December 1961, subject to deduction of income-tax. The dividend will be paid to those members whose names are on the Company's Register as on 29th October 1961, or their Mandatees.

The transfer books of the Company will remain closed from 22nd October 1961 to 29th October 1961, inclusive.

By Order of the Board,
ASPINWALL & CO. (TRAVANCORE) LTD.,
Secretaries.

ALLEPPEY, 23*rd September* 1961.

The National Council of Applied Economic Research has undertaken a survey of ancillary industries in the States of Madras, Maharashtra and Bihar. Sponsored by the Government of India, the survey covers fifteen groups of industries in the field of light engineering, including machinery and machine tools, industrial, scientific and mathematical instruments, household equipment, automobiles, bicycles, radios and air-conditioning equipment. The objects of the survey are to collect information on the nature and extent of the existing ancillary relationships in industry, to present an analysis of these relationships and the factors favouring or hampering their development and to recommend measures for promoting the establishment and development of ancillary industries. The survey will cover small and big units as well as assembling and manufacturing units. Based on the findings of the survey, a plan for the development of ancillary production in engineering industries will be drawn.

MONEY STRINGENT AGAIN

(From Our Own Correspondent)

BOMBAY, *27th September*

The acute stringency in the short-term money market noted last week eased a little in the initial days of the week and yielded place to comfortable conditions later. Today, however, the tendency was stringent again. The inter-bank call money rate among Exchange and Indian banks eased gradually from 5 per cent at which level it stood last week to 3½ per cent. Today, however, the rate spurted to 4½ per cent, following heavy demand for funds from the Exchange banks. Other rates remained unaltered as under:

	Per cent
Notice money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3½
(iii) 61 to 90 days	3¾
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

The results of the 91 days' Treasury Bills of the Government of India sold through weekly tenders showed no new features. As against an invitation for Rs. 2 crores the total amount offered and accepted was the same. The average rate of accepted tenders remained unchanged at 2.5 per cent per annum. 91 days' intermediate Treasury Bills sold from the 20th to 23rd inst., aggregated Rs. 55 lakhs. Their sales will be continued from the 27th to 30th inst., both days inclusive.

A further contraction of Rs. 20.77 crores in notes in circulation, on top of a decline of Rs. 9.40 crores in the previous week, is disclosed by the statement of affairs of the Reserve Bank of India for the week ended 22nd September 1961. As the notes held in the Banking Department have advanced by Rs. 2,71 crores, the total notes issued have declined by Rs. 18.06 crores. The foreign securities remained unchanged at Rs. 116.86 crores; the total foreign assets have, however, improved by Rs. 66.41 lakhs to Rs. 135.28 crores, as the balances held abroad have gone up by that amount. On the liabilities side of the Banking Department, the deposits of Central Government have fallen by Rs. 18.48 crores and those of other Governments by Rs. 16.80 crores. Deposits of banks, however, have improved by Rs. 5.64 crores. On the assets side, other loans and advances, which include advances to scheduled banks against usance bills, declined by Rs. 1.07 crore.

The statement of the scheduled banks for the week ended 15th September 1961 discloses a modest improvement of Rs. 1.45 crore in demand deposits and a contraction of Rs. 4.40 crores in time deposits. The deposits of the State Bank declined only slightly by Rs. 15 lakhs. Thanks to the stringent conditions in the money market, the borrowings from the Reserve Bank went up by Rs. 2.27 crores, of which the share of borrowings against usance bills was Rs. 1.10 crore. Their borrowings of demand nature from the State Bank also went up by Rs. 63.74 lakhs, but those of time nature shrank by Rs. 1.64 lakh. Investments of the scheduled banks, as a whole, declined by Rs. 5.06 crores, but as those of the State Bank fell by as much as Rs. 8.18 crores, it is quite obvious that investments of the other scheduled banks must have actually improved by Rs. 3.12 crores. Advances and bills discounted (bank credit) rose by Rs. 2.16 crores to Rs. 1,233.57 crores, on top of a rise of Rs. 11.47 crores in the previous week. Advances of the State Bank alone had gone up by Rs. 2.55 crores.

The Gilt-edged market did not display much activity. The Central loans were dull. The conversion loan shed 5 nP to Rs. 72.75. 3 per cent 1970-75 first Development Loan dropped an equal amount to Rs. 90.95. All other Central loans were unchanged. In the States section, 4 per cent 1969 Gujarat loan declined by 25 nP to Rs. 99. 4½ per cent 1972 new loans of West Bengal and Madras lost 50 nP and 15 nP, respectively, to Rs. 99.25 and Rs. 99.10. But 4½ per cent 1972 Andhra and U.P. loans were a little better by 10 nP and 20 nP at Rs. 98.60 and Rs. 99.05, respectively.

In the foreign exchange market, the rupee showed no change in relation to the U.S. dollar. Banks' selling and buying rates stood at Rs. 475.75 and Rs. 472.50 per 100 dollars, respectively, same as last week. In the New York foreign exchange market, the pound sterling weakened slightly in spot and gained fractionally in three months' forward. The latest available rates are 281.340-281.370 cents per £ for spot and 278.680-278.710 pe £ for three months' forward. Over the week, the pound sterling lost 0.04 cent in the spot and gained 0.19 cent in the three months' forward.

KIPS STEADY

(From Our Own Correspondent)

MADRAS, *25th September*

Madras kip prices ruled steady. There was a fair volume of business for cow hides lower grades. Export trading was small because of the higher prices quoted by the tanners. Tanned buff hides and calves ruled steady and cow calf weak.

Tanned goat market remained unchanged. There was good overseas demand for prime sheep while inferior fifths in middle class sheep remained unsaleable. Tanners have been finding that the current output from their tanneries do not yield the anticipated higher selections.

In the German Tanned Skins Auctions held last week, clearance of stocks was small. Attendance was poor due to the elections in West Germany.

BULLION FIRM

(From Our Own Correspondent)

BOMBAY, *27th September*

The upward trend in bullion witnesed last week gathered further momentum during the week, marked by occasional dips caused by profit-taking by bulls at higher levels. Over the week, silver appreciated by some Rs. 3 and gold by a rupee. No special reasons can be attributed to the continuing rise in the value of bullion, except that operators as a whole feel bullish. It is mainly a question of sentiment.

In the first half of the week, the bears were in a hurry to cover their outstanding positions. Later, some bull support emerged, especially for gold, on reports that gold bars of the value of Rs. 11 lakhs were seized by customs officials from a ship, s.s. Roebia, that called at Madras port. Daily arrivals of both silver and gold were more than the offtake, but this had no sustained effect on prices, as adjustments of outstanding forward positions in upcountry markets such as Jaipur and Indore had a bullish impact. Arrivals of silver averaged 20 bars a day, while the offtake was just 5 bars. In gold, arrivals were 3,500 tolas and the offtake 2,500 tolas.

Adjustment rates fixed today were Rs. 206.20 for silver and Rs. 125.75 for gold; the corresponding rates a week ago were Rs. 203.45 per kilogram and Rs. 125.25 per 10 grams, respectively.

Both spot silver and spot gold were at a discount as compared with *Magshar* (December) settlement, which is the live forward contract now. This trend is in keeping with the poor daily offtake and the bullish view that is being taken for the distant months.

The world price of gold in the London market is a little higher at $35.18⅜, as against $35.18⅜ a week ago.

The following table shows the trend of prices during the week under review:

	27-9-1961 (closing)	High	Low	20-9-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine) ..	126.00	126.00	125.10	125.50
Forward: Bhadrapad* ..	125.10	125.50	125.05	125.80
Margashir ..	126.35	126.35	125.15	125.85
Sovereign	96.75	96.75	96.50	96.50
SILVER				
Ready (.996 fine) ..	206.20	206.45	203.80	208.45
Forward: Bhadrapad† ..	205.40	205.85	203.50	208.65
Margashir	207.80	207.65	204.55	204.70
London—				
Silver Ready	79¼d.	—	—	79¼d.
Silver Forward	80¼d.	—	—	80¼d.
Gold	250s. 2¼d.	250s. 2¼d.	250s. 1d.	250s. 1¼d.
New York—				
Silver	91.875 cents	—	—	91.875 cents

* 25th September settlement. † 26th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.35 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

BLACK PEPPER IMPROVES

(Messrs. Parekh and Co.)

BOMBAY, *27th September*

During the earlier part of the week Malabar black pepper moved further down to Rs. 374 for ungarbled and Rs. 384 for garbled in sympathy with forward delivery for October which climbed down to Rs. 386 under pressure of panicky bull liquidation and short selling by bears. In the melee following the heavy fall in October delivery, some of the exporters are reported to have sold to New York some quantity at as low as $0.41½.

In the later part, however, the market showed some improvement as New York continued to show interest at round about $0.42½. Weak holders in spot and tired longs in forward having liquidated, prices both in spot garbled and October spurted to Rs. 394 and Rs. 404, respectively. A knowledgeable source from New York informs that after the annual get-together of the members of the American Spice Trade Association which is generally serving as a forum for exchanging views regarding the future of various spices, New York dealers in general think that the price of $0.42 to $0.45 for black pepper is a safe level and a good-buy in view of the lower production of Lampong resulting in a stronger statistical position of world pepper.

The stock position of Malabar is strong as the floating stock at the terminal markets and holdings of the growers are running down. But, some incentive in the form of revival of inland and foreign inquiries for the upturn in the prices and in the improvement of the morale of the stockists is required. October, after improving to Rs. 404, came down to Rs. 400 and December from Rs. 390 to Rs. 382 while ready remained fairly steady at Rs. 383. Callcut is quoted at Rs. 380 after receding to Rs. 370. Stock in the hands of the growers and traders is estimated to be not more than 2,500 tons.

Constructive news from Singapore is lacking as the foreign inquiries there are also restricted. The main holders of Lampong in the Port are unwilling sellers at the present lower price but the secondhands among the importers are selling at the lower either for keeping themselves in touch with overseas or in expectation of replacing at some future date with profit.

Spot in New York remained fairly steady at $0.45. The dealers there are said to be accumulating contracts for nearby shipments. They continue to sell small quantity even at a loss on their former holdings in order that the grinders may not get excited, thus spoiling their chance of buying at a lower level from the origins.

Ready peppes in Bombay is nominally quoted at Rs. 390 per 20 kilos with demand poor.

COTTON FUTURES DECLINE AT CLOSE

(From Our Own Correspondent)

BOMBAY, *27th September*

The firm trend witnessed in the cotton futures market last week gathered strength during the week under review. Short covering and speculative buying induced by bullish weather news resulted in a spurt in values. Heavy rains in Vidarbha and other regions gave rise to fears that the crop would be damaged. In fact, on account of the untimely rains, some private trade estimates of the crop were revised downwards to about 4.9 million bales; as against 5.2 million bales a month ago. The release of a large quota of 125,000 bales and good mill demand for ready cottons imparted further strength to the market. Persistent buying by local and up-country operators pushed futures values higher. The Jarilla March contract steadily firmed up from Rs. 613.25 last week-end to Rs. 624 yesterday. Profit-taking and liquidation, which ensued, resulted in a fall in the quotation to Rs. 620 towards the end of the session. The trend of the market was irregular today, with the contract hovering around Rs. 620.

The spot market at Sewri reported good mill demand for both current and new crop varieties. Scarcity of choice quality cottons was beginning to be felt. Interest was centred round popular varieties such as Surti, Laxmi, Vijay, Digvijay, L.147, Co2, Kalyan and 197/3. New crop varieties also evoked good attention.

A noteworthy development of the week was the commencement of trading in non-transferable, specific delivery contracts in 216F H-14, 320F. L.54, Bengal *Deshi* of Punjab, Rajasthan and U.P., 197/3, L.147, Jarilla G-6 and G-12. This is expected to stimulate trading in spot cotton.

The trade welcomed the export quota announcement (for details of the quota see page 644). It is particularly happy that its suggestions in respect of the quantity and the basis of licensing have been accepted by the Government. A welcome feature of the quota is the stipulation that allotment letters would be issued on registration of sales by exporters and not on presentation of shipping bills as was the case hitherto. The quota, it is pointed out, would provide an opportunity for a greater number of shippers to participate in it, as the clause relating to the eligibility for export on the basis of performance has been extended to cover a period up to 31st August 1961, as against 31st August 1958.

Typical of the trade's reaction to the quota announcement was the statement made by Mr. Madanmohan Ruia, President of the East India Cotton Association. Welcoming the quota, Mr. Ruia said:

"Apart from the quantum released, what makes me very happy is the fact that a simple export licensing procedure is prescribed in line with the recommendations which the trade has made earlier. I am sure the foreign buyers will also appreciate the gesture in that they are assured of a supply of a difinite quantity of this popular variety right at the beginning of the season and that they can obtain shipments according to their own needs since a fairly lengthy shipment period of six months has been provided for. Although the foreign reaction to this announcement is not readily available, I am quite hopeful that the entire quota would be absorbed and a sizable amount of foreign exchange for the country earned before long. I am convinced that, more than anything else, timely announcements like these tend to bring the Government and the trade closer together. I daresay that the trade will wholeheartedly co-operate with the Government in the task of fully exporting the quotas released from time to time to the best possible advantage of the country."

The quota had no marked effect on the prices of Bengal *Deshi* cotton in the Bombay market. This is attributed to the long shipment period which extends up to end of March 1962.

Demand for foreign cotton was largely confined to East African, Sudan and Pakistan cottons. Some mills showed interest in short staple U.S. cottons, thanks to fear of a possible scarcity of cotton spinning lower counts. Mills did not show much enthusiasm in buying Pakistan cottons because the prices were not considered sufficiently attractive. It has been officially notified that import of AC.134 cotton, belonging to 289F variety from Pakistan, would be permitted, provided it is accompanied by a survey certificate, certifying that the staple length of the particular lot sought to be imported is 1" or below, as the case may be.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri:

Kalyan 825; Co2 1,300; Gadag Laxmi 916; American 1,175; B.P.-52 1,225; Busoga (U.N.U.G.) 1,230; Karnak-151 1,830.

In contrast to last week's strident advance, cotton futures in Karachi staged a retreat during the week under review. Apprehension that the disparity between the prices of Pakistan and Indian cottons might affect actual business in cotton between the two countries and lack of buying interest on the part of domestic spinners, who were inclined to await a clear picture of the crop before entering into heavy commitments, were mainly responsible for the decline in futures values. N.T.R.G. January declined from Rs. 77.50 last week-end to Rs. 76.90. The March position receded from Rs. 76 to Rs. 75.25.

Futures trading in Alexandria cotton market continued to be suspended during the week under review also. Reports from Alexandria indicate that picking of Menufi and Karnak cottons began a week ago in Lower Egypt and has now become general. On the whole, cooler weather has been favourable to the normal progress of the plants but it has also favoured, in some places, fresh attacks of leaf worms which have already caused considerable damage, particularly on the smaller plantations. At present, the loss of cotton caused by leaf-worm is estimated at about 30 per cent in lower Egypt and not more than 20 per cent in upper Egypt.

Quiet conditions prevailed in the Liverpool cotton futures market. Values ruled steady in thin trading. Business was confined to near deliveries in which small trade covering met with long liquidation. The quotation for both the American and American type contracts were unchanged. Sudan cotton contracts at Liverpool ruled steady on report that the prices realised by the Gezira Board auction held at Khartoum during the week were the same as at the earlier auction.

The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: October 24.20; December 24.70; March 25.15; May 25.60.

American cotton mixed growth contract: October 24.60; December 25.05; March 25.45; May 25.90.

Sudan: September, November, January 32.00.

Cotton futures in New York suffered a further setback during the week under review. Selling prompted by the calculation that the damage caused by hurricane, "Carla," would not be as large as was anticipated earlier resulted in a decline in prices. The fall would have been more marked but for the support forthcoming at lower levels. This was prompted by the lag in ginning operation and the delay in harvesting. Spot values, however, ruled firm, thanks to good domestic mill and export demand.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	26-9-61	19-9-61	12-9-61
New York Spot	35.45	35.40	35.30
October	34.41	34.56	34.77
December	35.01	35.10	35.26
March	35.75	35.80	35.90

BEMBERG YARNS FIRM

(From Our Own Correspondent)

BOMBAY, *27th September*

The firm trend in Bemberg yarns witnessed last week gathered further momentum during the week under review. Continued fresh buying by some operators, who feared that supplies would get scarce in the coming weeks, resulted in a further hardening of prices. Certain counts of imported art silk yarns also firmed up, thanks to better demand from consumers. Staple fibre yarns and cotton yarns, however, lacked buyers.

Production of cotton yarns in August 1961 is provisionally estimated at 167 million lbs., as compared with 159 million lbs. in the previous week, bringing the total production during the eight months (January to August 1961) to 1,238 million lbs., as against 1,140 million lbs. during the corresponding period last year.

Cupressa Bemberg December advanced from Rs. 2,860 (per 100 kgs.) to Rs. 2,880. Spot improved from Rs. 2,798 to Rs. 2,021. J.P. Bemberg yarn (40 x 1) December delivery firmed up from Rs. 3,270 to Rs. 3,314. The October contract put on Rs. 10 to close at Rs. 3,340. 120 Japan, among imported art silk yarns, was steady at Rs. 1,875. 150 Japan was transacted higher at Rs. 2,150, as against Rs. 2,205 last week-end. 120 Italy was priced Rs. 5 lower at Rs. 1,875.

Staple fibre yarn (40 x 1) October met with selling and receded to Rs. 839, while the December delivery strengthened by Rs. 3 to Rs. 849. Spot Hinds were neglected at Rs. 9.83.

Cotton yarns presented a quiet front. 10 counts Podars were practically unchanged at Rs. 17.37. 20s Gokaks were quoted 10 nP higher at Rs. 23.10. Thirty counts New Greats were traded at Rs. 26.75, the same in the previous week. Sixty counts Finlays were quietly steady at Rs. 62.87. So was 80 counts Moderns at Rs. 67.50.

The following table gives the prices of rayon, staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	27-9-1961	20-9-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Cupressa Bemberg (100 kg.)—		
October	2,900.00	2,900.00
December	2,880.00	2,860.00
Spot	2,021.00	2,798.00
40 x 1 J.P.		
October	3,350.00	3,340.00
December	3,314.00	3,270.00
120 Japan (per 100 kg.)	1,875.00	1,874.00
150 Japan (per 100 kg.)	2,150.00—	2,205.00
120 Italy (per 100 kg.)	1,875.00—	1,900.00
150 Italy (per 100 kg.)	—	1,819.00
Nat. Ray. 150 Bk. I	13.68—	13.83
Staple fibre yarn (40 x 2)—		
October (per 90.72 kg.)	839.00—	850.00
December	849.00+	846.00
Hind (per kg.)	9.83—	9.90
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.37	17.37
20s Gokak	23.10	23.00
30s New Great	26.75	26.75
40s Madura	32.62	32.62
60s Finlay	62.87	62.87
80s Modern	67.50	67.50

OILSEEDS DECLINE

(From Our Own Correspondent)

BOMBAY, *27th September*

A feature of trading in the oilseeds market during the week under review was the sharp setback suffered by groundnuts on heavy liquidation, in distinct contrast to the pronounced firmness noted in the previous week. The protracted delay in the announcement of incentive scheme for the export of groundnut oil dampened the enthusiasm of bulls. Besides, there was some improvement in the supply position of groundnuts, with the arrival of new crop from upcountry centres. The forward contract, however, tended to look up towards the close, following reports of drought in some part of Andhra and excessive rains in some other groundnut growing areas. But spot seed and oils continued to rule easy. Castor-seeds were subdued, thanks mainly to lack of any encouraging overseas enquiries for castor oil. Despite the relatively tight supply position, linseed ruled easy. The export quota for 50,000 tons of linseed oilcake, announced by the Government, did not evoke much interest in view of the disparity in Indian and world prices. Cottonseeds, however, ruled somewhat steady in sympathy with raw cotton market. The sesame section was featureless.

Groundnut January 1962 contract gave way from Rs. 208 to Rs. 204.12, but closed slightly higher at Rs. 206.25. Both Nizam bold and Coromandel sustained a loss of Rs. 3.50 to Rs. 44.50. Oil ex-mill fell by Re. 1.65 to Rs. 18.90 and railway receipts by Re. 1.35 to Rs. 16.80.

Castorseed March 1962 slumped from Rs. 161.37 to Rs. 157.75; it was still lower at Rs. 157.50 yesterday. Madras small moved down by 75 nP to Rs. 32.50. Oil B.S.S. fell by 30 nP to Rs. 14.50 and Commercial by 20 nP to Rs. 13.20.

Linseed September 1961 contract drifted lower by 50 nP to Rs. 39. March 1962 contract declined by 25 nP to Rs. 36.34. Bold ready dropped 75 nP to Rs. 38.25. Linseed oil eased by 70 nP to Rs. 16.20.

Cottonseed March 1962 contract, however, put on 25 nP to close at Rs. 93.50. Both Berars and whites were steady at Rs. 18.90, and also non-whites at Rs. 19.

In the sesame section, bold ready hardened by Rs. 5 to close at Rs. 250. But sesame oil sagged by a rupee to Rs. 20.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	27-9-1961	20-9-1961	13-9-1961
Groundnut	Rs.	Rs.	Rs.
January 1962	206.25	208 00	205.00
Nizam bold	44.50	48 00	45 00
Coromandel ready ..	44 50	48 00	46 00
Khandesh quality ..	44.50	48.00	46 00
Oil ex-mill ready* ..	19.00	20.65	20.00
Railway receipts* ..	18.90	20.25	19.75
Oil January 1962	16.80	17.00	16.55
Castorseed			
September 1961	159.50	—	166.75
March 1962	157.75	161 37	162.25
Ready Madras	32.50	33 25	33.62
Ready Kanpur	31.25	31.75	33 25
Oil B.S.S.†	14.50	14.80	14.80
Oil commercial†	13.20	13.35	13.50
Linseed			
September 1961	39.00	39.50	39.75
March 1962	36.34	36 59	36.25
Bold ready	38.25	39 00	39 25
Oil ready†	16.20	16.90	16.75
Cottonseed			
September 1961	96.50	98.25	98 00
January 1962	93 50	90.50	90.50
Niger seed	39.50	39 50	39 50
Kardi seed	22.00	23.00	24.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seedsjare per 50 kilograms and oil per 10 kilograms.

TEA SLIGHTLY EASY

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *19th September*

Sale No. 38 held on 19th September 1961 comprised a total of 515,000 kilograms. For the fair number of highgrowns on offer quality was irregular but on the whole good. Quality from other districts was barely maintained. The market met less general demand. Highgrowns met fair support and came to a very irregular market. Only a few of the best invoices on offer sold at slightly dearer prices; all others were somewhat easier. Plain and Low medium descriptions met less enquiry and declined by up to 30 nP. Fibrous sorts were particularly discounted. Good mediums showed a decline of 10 to 15 nP but the few best mediums on offer were barely steady. Black leaf teas met fair selling at rates below last. Whole leaf grades were the weakest feature and were considerably easier. C.T.C's and C.T.C. types met fair demand but at easier rates.

The quotations (per kg.) were:

	1961	1960
	Rs.	Rs.
Low mediums ...	4.00-4.20	4.40-4.70
Mediums ...	4.20-4.30	4.70-5.00
Good mediums ...	4.30-4.90	5.00-5.70
Nilgiri B.O.P. ...	5.00	7.70

The average price realised in sale No. 38 was Rs. 4.63 per kilo, as against Rs. 4.66 in the previous week and Rs. 5.06 in the corresponding sale last year.

Dust Sale No. 38: A total of 200,000 kilograms was on offer in sale No. 38 held on Thursday, 21st September 1961. There was only fair demand as easier rates. Mediums received less support and commenced selling at rates which were up to 25 nP lower. The demand, however, slackened and at close these types were 20/40 nP below last. Highgrowns came to a keen market and realised rates which were about steady. C.T.C. and legg-cuts were barely steady and the other unorthodox sorts came to a much easier market.

The average price realised in dust sale No. 38 was Rs. 4.46 per kilo as compared with Rs. 4.67 a week ago and Rs. 4.57 in the corresponding sale last year.

Export Quota: Small business is being transacted at 1½ nP per kilo.

Colombo: In this week's export sale the market opened to strong general demand with Uvas irregular with quality. Best Dimbulas were firm but the lesser types were often 10/20 cents dearer. Good mediums were firm whilst lowgrowns declined by 3 cents per lb.

London: *North Indian and other growths*: In this week's North Indian Sale there was strong demand with best Assams selling at steady rates. The remainder were generally firm to dearer.

Ceylon and South Indians: On Tuesday 17,669 packages were on offer of which 6,138 originated from South India. There was good general demand with prices generally firm and sometimes dearer.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale* 39.—756,000 kilograms. Useful demand at lower rates. Plain and low mediums irregularly 5 to 10 nP easier. Poorer black leaf descriptions 20 to 30 nP easier. Mediums and good mediums upto 10 nP easier. Highgrowns steady following quality."

FOODGRAINS QUIETLY DEPRESSED

(From Our Own Correspondent)

HAPUR, *25th September*

Foodgrain prices ruled quietly depressed during the week, thanks to poor demand as new *kharif* grain is meeting the demand in rural areas. It is now learnt that in 1960-61 the output of wheat, gram and barley in U.P. is expected to be 3.75 million tons, 1.75 million tons and a little more than 1.5 million tons, respectively, as against the corresponding figures of 3.25 million tons, 1.5 million tons and a little less than 1.5 million tons in 1959-60. This increased supply of foodgrains has prevented the foodgrain prices in U.P. markets from rising and has enabled the U.P. Government to supply a larger quantity to the flood-affected areas.

Wheat average quality prices here continued stationary at Rs. 14.75 to Rs. 15 a maund for average quality and better farm produce was lifted at Rs. 15.50 to Rs. 16 a maund. Daily arrivals of wheat were about 100 maunds which were being lifted by consumers and stocks, therefore, here are unchanged at 25,000 maunds. Preparation of land for *rabi* sowings is in full swing and in the week-end some rains were received but rainfall for *rabi* sowings is still insufficient. Rice prices recorded a modest fall during the week on expectation of easy availability following last year's bumper crop of rice and crop prospects being bright this time also. Week-end prices were: *mainpuri sela* Rs. 21.50; *gaddakutcha* Rs. 22; *ramajwayan sela* Rs. 23 50; *raimunia sela* Rs. 24.50; *basmati sela* Rs. 27 to Rs. 30; *superior* Rs. 34 to Rs. 38 per maund.

Gram prices recorded modest gains in week-end, on firm advices from Punjab, to be quoted on Monday at Rs. 13.87 to Rs. 14 a maund for Punjab produce and local stock is put at 35,000 maunds. *Bejhar* prices were stagnant while barley sought lower levels thanks to arrivals of some truck loads from Punjab. New maize prices drifted to lower levels, thanks to two truck load arrivals from east U.P. and slack demand. *Jowar* and *guwar* prices were listless while *methi* continued to attract demand from Calcutta and Rajasthan side and prices ruled steady. Prices in other sections ruled quiet and week-end prices (in rupees per maund) were: barley 10.50 to 11; *bejhar* 11 to 11.75; new maize 11.75 to 12; *bajra* 15; *jowar* 11.50; *guwar* 14 25; *methi* 26 to 27; *oats* 12; stocks approximately: gram 35,000; rice 6,000; *jowar* 7 000; maize 2,500; barley 3,000; *bejhar* 2,700 maunds.

Among pulses, peas ruled steady, thanks to good demand from consuming areas coupled with support from grinders for conversion into *dal*. But local stock is still heavy around 64,000 maunds. *Arhar* also attracted some support for conversion into *dal* and as stocks were heavy at 44,000 maunds, prices lay flat. *Moong* prices drifted further lower on good crop reports and other pulses were depressed in sympathy. Week-end prices (in rupees per maund), peas *dara* 11.50; *khatti* 11.56; farm 12.50; *khatti* 13; peas dal 13; *harhar* 12.25 to 12.37; *arhar dal* 15.50; *urd* 18; *urd dal* 21; *moong* 17; *moong dal* 20; *masoor* 13 to 16; *masoor dal* 16; *moth* 16; *moth dal* 19.

SUGAR QUIET TO STEADY

(From Our Own Correspondent)

HAPUR, *25th September*

Sugar prices ruled quiet to steady during the week as some centres were facing shortage of sugar despite heavy stocks with factories due to uncertainties of Government policy. Although the Union Food Minister has stated that all controls on sugar would go soon, no such orders have been passed as yet and traders have been following a "wait and watch" policy. Here in U.P. the State Government has already, from 6th September, withdrawn control on the price of sugar, restrictions on the inter-district movement and the licensing of dealers and, with this, the Government has also withdrawn its order reserving 50 per cent of the total quota of sugar allotted to U.P. for fair-price shops. But no action on these orders has yet begun. Although new sugar production season would officially begin on 1st November, factories would be reluctant purchasers of cane in the very beginning due to heavy stocks of sugar accumulated with them. Week-end prices here were:—Rs. 106.25 per bag wholesale; mill delivery Simbhauli E-29 at Rs. 103.57 per bag.

Sugar prices were quoted higher during the week in the Muzaffarnagar market due to the dwindling of stocks as quota for the month has not yet been received. Week-end prices were: damaged sugar Rs. 100 to Rs. 102.50 per bag at

2 maunds 30 *seers*. Mill delivery business for Iqbalpur A-29 was done at Rs. 98.31. Dry sugar of Mansurpur (C29) and (E29) grade was sold at Rs. 107.25 and Rs. 106 respectively. Mill delivery quotations were Rs. 106.62 and Rs. 105.06.

Quieter conditions prevailed in the *khandsari* market during the week under review on slack demand and week-end prices were:—*Galawat* Rs. 25 to Rs. 30; non-crystal Rs. 32.50 to Rs. 36.50; crystal Rs. 34.50 to Rs. 36.50, per maund.

Gur prices ruled steady during the week on good outside demand with the result that local stock shrunk to 12 000 maunds, which is likely to be wiped off by the time when new *gur* reaches the market after some ten days. As factories would start their season late and cane crop prospects were good, an increase in *gur* and *khandsari* production was expected in the coming season. Week-end prices were:—Dry selected Rs. 17; *kotha* dry-wet Rs. 14.50; to Rs. 15.25; wet Rs. 11.25; *shakker* Rs. 17 to Rs. 17.25.

Gur market remained idle during the week in Muzaffarnagar where stockists were now anxious sellers and demand was slack. *Gur* stocks were still heavy at 60,000 maunds, the corresponding figure last year being 25,000 and 15,000 in 1959. Week-end prices: *Chaku* Rs. 16 to Rs. 18; *rusket* Rs. 5 to Rs. 6 per maund.

Gur future prices ran down sharply during the week on bear pressure influenced by good rain reports in nearby districts. *Gur fagun* is today quoted at the worst level of the session at Rs. 12.83 as against the week's opening at Rs. 13.22 and the highest touched in mid-session at Rs. 13.24.

GOOD DEMAND FOR TEA

(From Our Own Correspondent)

CALCUTTA, *26th September*

Good demand was in evidence in the export sales held yesterday and prices of the best descriptions gained. There was also good demand in the internal sales held last week, but prices registered a mixed pattern. Bidders in both the sales were encouraged by the gains in prices at last week's auctions in London. Tea arrivals from upcountry areas to the Calcutta port continued to register the improving trend. Forward bookings of tea were put through during the week.

Referring to the Indian propaganda now being carried on in Great Britain on the methods of making good tea, the trade here say that the *per capita* consumption of 10 lbs. in Britain is the highest in the world, and any increase will be insignificant to be reflected significantly in total offtake of tea by Britain. Britain with a population of 50 million consumes about 520 million lbs. a year, whereas the E.C.M. countries with a population of about 200 million consume only about 35 million lbs. Obviously, there is the urgent need for propaganda in the E.C.M. countries, and it is time that the Tea Board directed its attention to explore new markets such as the E.C.M. countries.

The trade is not at all happy that the Tea Board had ceased all internal propaganda aimed at greater consumption. The proportion of production of inferior teas to good quality teas has increased. Consumption of inferior teas can certainly be increased within the country. The trend at recent auctions has shown that prices are being pushed down under the impact of increased production returns published month after month and also reports of continued good weather in the gardens. It is apprehended that, if internal consumption of dust teas is not increased, a situation may arise towards the end of the year when restriction of production would be the only way for the tea industry to avoid a glut in the market. Towards the end of the year, usually inferior teas are produced in greater quantities.

Doubling of the export quota to 10 million lbs. was announced in Pakistan during the week. This has been done with a view to enabling the country to dispose of increased production. The export duty has already been reduced, as stated previously, in order that Pakistan tea may compete more successfully in international markets. Pakistan estimates production this year to touch a record figure of 60 million lbs., production up to August aggregating 30.84 million lbs. The figure for August alone was higher at 9.47 million lbs., as against 6.91 million lbs. in August last year. The three months beginning August are usually the best production months. Pakistan has embarked on a scheme of increasing the tea acreage.

Dusts on offer at the internal sale held in the last week aggregated 25,380 chests. As already stated, there was good demand. Among C.T.Cs, the teas having a clean leaf appearance gained in prices, but other C.T.Cs were irregular. Although orthodox teas eased there was better demand with the better liquoring legg-cut teas realising higher prices. Fibrous teas eased. The quotations per 1 kg. (including excise duty) were: good Assam C.T.C. dust Rs. 6.30 to Rs. 6.60; medium Assam C.T.C. dust Rs. 5.65 to Rs. 5.90; legg-cut dust Rs. 4.30 to Rs. 5.00; medium Assam dust Rs. 4.20 to Rs. 4.60; and plain orthodox dust Rs. 3.90 to Rs. 4.20.

Leaf on offer amounting to 212 chests were bout firm.

Yesterday's offerings for export amounting to 2,310 chests met with strong demand. C.T.Cs were generally dearer. Keen competition was in evidence n off-grade teas, prices of which, however, were irregular. The larger B.P. kinds and the better teas were taken at advancing rates. Medium and better quoring teas were readily absorbed. Clean plain rokens were about firm, but similar fannings eased y 10 nP. Stalky and fibrous teas were difficult to e sold. Whole leaf grades met with more inquiries nd prices, particularly of the cheaper varieties, were: best Assam C.T.C. fannings Rs. 5.40 to Rs. 6.20; best Assam C.T.C. B.P. Rs. 5.40 to Rs. 6.00; medium Assam C.T.C. B.P. Rs. 5.00 to Rs. 5.40; ex-medium Assam C.T.C. fannings Rs. 4.90 to Rs. 5.30; clean plain pekoe Rs. 4.30 to Rs. 4.50; plain B.P. Rs. 4.15 to Rs. 4.35; and plain fannings Rs. 3.85 to Rs. 4.10.

NO FLOOR PRICE FOR RAW JUTE

(From Our Own Correspondent)

CALCUTTA, *26th September*

Both raw jute and jute goods were well maintained during the week under review. Although actual business done in goods for export was small, there was good covering demand in anticipation of overseas orders in the near future as well as for fulfilling higher-priced earlier contracts. Foreign demand for goods no doubt revived, but buyers were yet reluctant to enter into forward commitments, as, in view of the higher fibre crop in India, Pakistan and Thailand, they anticipated a further decline in prices. Trade circles derived encouragement from the figures of gunny shipments in August published during the week. Goods exported amounted to 68,600 tons, showing an impressive rise of 17,800 tons, as compared with the previous month, while goods despatched against local needs at 15,200 tons showed a small fall of 3,800 tons. The heavy discount for forward goods continued to restrain mills from offering forward deliveries. The experience in recent months has shown that it is expedient for mills to sell nearby and ready goods, since, by waiting, mills realise better prices as the delivery periods come nearer.

Mills have noted with relief the statement by Dr. B. C. Roy that there is no intention to fix a floor price for raw jute, at least in the current season. The Government of India has also made a similar announcement. Now that the official thinking in respect of the persistent demand of growers to fix a floor price has been firmly indicated, it is expected that fibre purchases will increase in the near future. Mills need more fibre, first, because they have unsealed the looms sealed in August and secondly because they have increased the working hours from 42½ to 45 a week. It cannot be stated now when mills would consider putting to operation the 9 per cent of the looms now remaining permanently sealed or when a full week would begin to be worked. Mills had in recent months been purchasing fibre on a hand-to-mouth basis. But now that arrivals have increased, they are expected to purchase substantially towards stocks. In view of the greater need of fibre by mills, activity in the market is expected to get more lively, and the present level of price is likely to be maintained. Considering that the difference in prices in Calcutta and in primary markets normally varies from Rs. 2.92 to Rs. 7.56 a maund, depending mainly on distance, the ruling price in Calcutta, i.e. Rs. 35 a maund, basis Assam bottoms, is above any floor price that can be considered fair. Growers must be getting Rs. 30 or above, and the cost of production is estimated at Rs. 25 a maund. This enables the inference that, at existing rates, farmers are making adequate profits. It has been stated on behalf of he Union Commerce Ministry that, if at any time there was a wider disparity in prices, it would take suitable remedial measures. In addition to mills' support, purchases for buffer stocks, for which an agency would be constituted in the near future, would also pave the way towards greater stability in the fibre market.

Meanwhile, the trend in Pakistan markets for prices to move up in the wake of the official announcement, according to which the crop was now estimated at 6.5 million bales, as against the earlier estimate of 8 million bales and the increase in acreage by 35.8 per cent as compared with last year (original estimate showed the increase as being by 50 per cent) intrigued market circles here. This is one of the factors why prices in India are showing a tendency to move up. However, market circles were not prepared to give credence to such a huge variation in estimates and were prone to believe that this was one of the measures which Pakistan was taking in order that cultivators might get fair prices. It would be remembered that the recent fall in prices nerved Pakistan officials, and cultivators were advised not to release huge quantities to the market in their own interests. Since then arrivals in Pakistan marketing centres fell markedly, and prices began to gain. It is significant that the price of loose fibre in Pakistan during the week under review gained Re. 1-8 per maund, and those for export grades £4 a ton. The Government raised the E.P.C. levels by £2 a ton. Overseas interests including Communist countries are now lifting Pakistan fibre in increasing quantities, and this leads to the inference that they are satisfied that prices would not decline from present levels. However, Pakistan mills are purchasing only in meagre quantities. In consonance with increased demand, arrivals in Pakistan have also increased. Such steady support has raised forward rates to levels of ready fibre.

Strong conditions developed in the goods market on Tuesday last, following good covering demand. Ready B. twills firmed up to Rs. 133.50 from Rs. 133.00, with ready hessian 40" 10 oz. remaining unchanged but firm at Rs. 50 50. Overseas buyers were disinclined to purchase at these rates, and, therefore, on Wednesday B. twills eased to Rs. 132.70. However, hessian 40" 10 oz. was firm at Rs. 50.50. Although covering demand continued, the absence of adequate support from overseas customers alarmed stockists. Following this, B. twills eased to Rs. 132 50 and hessian 40" 10 oz. to Rs. 50.00 on Thursday. On Friday, a steadier trend was in evidence following good covering demand, and B. twills recovered to Rs. 133 00 and hessian 40" 10 oz. to Rs. 50.50. New York advices showed that prices there were well maintained and subsequently [illegible] fractyard to 10.55 cents; the 10 oz. hessian remained unchanged at 10.90 cents. Over the week-end in Calcutta, there was good covering business in hessian and, as a result, ready 40" 10 oz. hessian hardened to Rs. 51.50. B. twills were unchanged but firm at Rs. 133. There was keener demand for ready 10 oz. hessian during yesterday, and the price shot up to Rs. 52.50. B. twills were lower but firm at Rs. 132.60.

Firm conditions were in evidence in fibre markets. Prices were well maintained, with ready *Daissee* bottoms quoting at Rs. 39.00, northern bottoms at Rs. 35.50 and Assam bottoms at Rs. 35.50. Mills were more interested in ready jute. Arrivals increased impressively and the Eastern Railway reported heavy accumulation in its Cossipore road shed. It apprehended that, if the congestion were to continue, bookings would have to be restricted.

METALS IMPORT POLICY AWAITED

(From Our Own Correspondent)

CALCUTTA, *26th September*

While both tin and electrolytic zinc recorded a small recession, despite advices to the contrary from overseas markets, and virgin lead continued to be quoted unchanged, the feature of trading in the metal market during the week under review was the gain in the price of copper scrap following an improvement in demand from small consumers. Copper berry scrap advanced from Rs. 480.25 to Rs. 482.25 per 100 kgs. and utensil scrap from Rs. 442.75 to Rs. 448.75. These were acutely in tight supply position. The forthcoming import policy announcement was being eagerly awaited by the trade, as it was expected that quotas for non-ferrous metals would be increased. It would be remembered that, at the recent meeting of the Import Advisory Council, industry representatives had pleaded for increased quotas of components and industrial raw materials, especially non-ferrous metals. Although the Union Commerce Minister did lose no time in advising the Council members that there was going to be no liberalisation, and the Industry Minister rejected outright the trade plea to discontinue imports of capital goods until full capacity of existing industrial units was realised on the plea that industrialisation of the country could not be sacrificed at the cost of temporary difficulties for industries already established, the trade was prepared to hope for an increase in quotas of essential raw materials, including non-ferrous metals, as, in order to prevent possible criticism of inadequate increase in quotas, it is expedient to sap hope and increase the quotas to the extent considered necessary by officialdom to maintain economic progress.

Meanwhile, now that import licences for non-ferrous metals under the Development Loan Fund have begun to be issued, imports under this are expected to begin to arrive some eight to ten weeks hence. On the London Metal Exchange, electrolytic copper opened at £230 a ton and gradually eased to close at £226½. The reasons attributed were lack of adequate interest by consumers and the Japanese decision to place cuts on copper imports. Some sales were also reported in London. On the New York Commodity Exchange, the price fell from 30.78 cents per lb. to 30.58 cents.

Local demand for tin has subdued and, as a result, the price fell from Rs. 1,655.50 to Rs. 1,633.75 per 100 kgs. Advices from Singapore showed that the price dropped for most part of the week, but, over the week-end, a small recovery was recorded. In Bombay, the price at Rs. 1,660 per 100 kgs. opened for the week higher by Rs. 30, but gradually eased to Rs. 1,640.00. In New York, the price eased, as the market was preparing to receive the expected release of 10,000 tons of stockpiled tin, as per the decision of the General Services Administration. The price on the L.M.E. opened at £943 a ton and soon eased to £936, but recovered to close for the week higher on balance at £950.

The Calcutta quotation for electrolytic zinc closed easier at Rs. 315 per quintal, as against the opening of Rs. 317.00. Demand was poor, though the supply position showed no signs of easing. The London quotation closed at £75-1/8 a ton, as against the opening of £73¾. The recovery followed good demand generated by the earlier fall in price. In New York, the price eased, while in Bombay the price at Rs. 317.00 was unchanged. Virgin lead was quiet here at Rs. 135.75. In London, lead regained the opening quotation of £64 a ton after falling to £63¾.

LINSEED DULL

(Messrs. A. Bradley and Co.)

CALCUTTA, *25th September*

Though activity in the linseed market has been limited and the general condition of the market dull, prices are well maintained, as there are very little offerings of seeds from the centres. Mills are buyers daily at prevailing prices, but sellers are hesitant.

The oil market remains steady. Local stocks are small and sellers are not inclined to do much at these prices.

The oilcake market remains firm, due to good local demand. But stocks are very small and business is restricted.

October delivery is quoted at Rs. 30 per maund.

The total capital expenditure by both manufacturing industries and distributive and service industries in the U.K. touched a record level of £493 million (at current prices) during the second quarter of 1961, representing an increase of 5 per cent over the first quarter. The share of the manufacturing industries alone was £315 million. Of this, a sum of £205.6 million was spent on plant and

A NATIONAL PLAN OF SOCIAL INSURANCE

OUTLINE OF A BOLD PROGRAMME

By P. A. Gopalkrishnan, I.C.S.

CHAIRMAN, LIFE INSURANCE CORPORATION OF INDIA

INDIA has adopted a socialistic pattern as its goal. The three Five-year Plans of the country have built-in devices which are calculated to advance us towards this goal. The first such device is the increasing number and variety of public sector undertakings from which the profits will go to the benefit of the whole nation instead of to a few individuals. The active encouragement provided to co-operative societies engaged in production and distribution of goods and services is another device to cut out the middleman's profit and disperse the benefits of economic activity among the participating members. Fiscal and monetary policies are also geared to the objective of reducing disparity of incomes, and controls on industry, finance and commerce have, as their aim, the prevention of concentration of economic power. All these policies have begun to produce their effects and more may be adopted in future to keep the economy on the path of the socialist goal.

Using Employable Potential

There is, however, a serious lacuna in all our Plans. While the Plans provide for increased outlays from year to year, they do not seek to provide employment to all those in the country who are employable. In the result, unemployment has been increasing, in spite of heavy investments and progress in many directions. According to the Planning Commission, the backlog of unemployment at the end of the Second Plan period was 9 million and the number of underemployed was 15—18 million. During the period of the third Plan, the additional employment created would only be of the order of 14 million, while the addition to the labour force is estimated at 17 million. At the end of this Plan, therefore, we will be still left with 12 million unemployed and a much larger number of underemployed persons. The loss to the nation caused by this widespread unemployment is a negative force, not only corroding the Five-year Plans, but eating into the socialist objective. *The Plans should, therefore,* be reorientated to provide full employment to those who are underemployed as well as to those who are unemployed. It is only thus that the present colossal waste of human resources could be avoided and foundations laid for realising the objective of social security.

Serious Omission

Another serious omission in the Plans is the absence of a national plan of social insurance. This is understandable because, when the Plans leave so many million unemployed and underemployed persons, it is impracticable to think of any comprehensive scheme of social insurance. Moreover, there is such a lot of poverty, even among those who are employed, that their saving capacity is almost nil. I would, however, suggest that the Planning Commission should appoint a committee for surveying the nature and volume of unemployment and underemployment in different parts of the country and for suggesting schemes for providing employment to all these persons. This is absolutely necessary if we have to make full use of our manpower for increasing our national wealth. Simultaneously, another high-powered committee should be appointed to make inquiries, collect the necessary data and draw up a national plan of social insurance.

Indeed, the Planning Commission is not unaware of the need for social security and insurance. In their Report on the third Five-year Plan, they have made the following remarks:

"As economic development proceeds, social security and insurance will come to have high priority. Through the scheme of provident funds and health insurance for industrial workers, the first important steps in this direction have already been taken. *In the course of the* third Plan, it is proposed to introduce a scheme of employment assistance for industrial workers and to make a small start with relief and assistance for destitute persons, orphans and physically handicapped persons without means of support or livelihood. In areas in which the rural works programme is taken in hand, facilities for registration are to be provided for persons seeking work. Thus, social services, along with intensive economic development, the provision of scholarships and other facilities in the field of training and education and the beginnings of social security should go some distance in providing more equal opportunities to different sections of the community."

While all the above steps will certainly be helpful, they do not provide an effective answer to the formidable challenge of unemployment or general absence of social security. The working population soon gets old and security for old age can be provided only through life insurance. The working man may die prematurely, leaving his wife and children unprovided for. Here again, it is only life insurance that can come to the rescue of his family. The Life Insurance Corporation of India is making valiant efforts to insure people on a voluntary basis, but, so far, it has been able to extend life insurance benefits only to a fraction of the population. A national plan of social insurance is, therefore, called for which will not only cover the entire working population but also cater to the differing needs of the different categories of workers.

In certain Western countries like West Germany and Sweden, social insurance has been compulsory for several years. In West Germany, every worker who has an income upto DM. 1,250 per month is required by law to join the social insurance scheme. 7 per cent of his salary or wages is deducted at source and another 7 per cent is contributed by the employer. When the worker retires, he is guaranteed a reasonable pension under the social insurance scheme. Even housewives, who do not earn wages or salaries, can join the social insurance scheme if they pay the appropriate premium.

Social Insurance For All

The social insurance schemes to be introduced in India need not necessarily be similar to those which are working in foreign countries. We have to suit our schemes to the conditions prevailing here and even the nature of the benefits under different schemes will have to be decided in accordance with the differing needs of our working population. This population may be conveniently divided into four categories for the purpose of social insurance; workers in the organised industrial sector and in Government departments, farmers engaged in agriculture, workers organised into co-operative societies and all other workers, either self-employed or working for others. An income of Rs. 500 per month may be fixed as the upper limit for social insurance.

With regard to the first category of workers, I would like to refer to a scheme of issuing mass insurance policies which I described in my recent address to the Bombay Insurance Institute. What I mean is that, instead of issuing individual policies, with different rates of premium depending upon the age at entry and the duration of the policy, mass policies should be issued to industrial and commercial establishments, Army personnel and workers in Government departments, insuring them up to a standard amount. There will be no medical examination and no requirement of age proof. Not even the names of the policyholders need be known to the insurer. The mass policy will merely mention the number of workers in the establishment, the policy amount to be paid on the death or retirement of each worker and the premium to be paid by the establishment. The insurer will, in short, deal with each establishment as a single holder of a mass policy. If a claim arises, the establishment has only to certify that a worker has retired or died and the policy amount will then be paid to the establishment.

Revolution in Insurance Business

Such a mass revolution in the business of life insurance can be brought about only by a similar revolution in our actuarial technique. The actuaries will have to evolve flat premium rates for mass policies which will continue indefinitely, subject only to benefit payments on the occurrence of the contingencies mentioned in the policy. The Corporation's top actuaries are now working on this problem.

Adoption of these mass policies will considerably simplify life insurance administration. The insurer will directly contact the head of each establishment and issue a mass policy. There will be no payment of first year's or renewal commission, no administrative work dealing with field officers and agents and no payment of medical fees. For millions of policies, the number of premium notices and receipts to be issued will be only a few thousands. The renewal expense ratio for this mass business will be reduced to one or two per cent and premium rates can be reduced to astonishingly low levels. This will make the scheme highly attractive and industrial and other establishments will find it worth their while to take out this mass policy.

With regard to the second category of workers, namely, farmers, who cultivate their own holdings, a slightly different form of social insurance is called for. A farmer has his land, which is the best security, and, when he becomes too old to work on his land, one or more of his sons take up the work. There is, therefore, a continuity of occupation and economic security is provided by the land in the possession of the farmer. As the majority of farmers have the joint family system, a farmer, who becomes too old to work, is looked after by his joint family. An ordinary life insurance policy or a guaranteed pension in old age is not necessarily the answer to the farmer's problems. A farmer really needs financial assistance when his crops fail and he is unable to pay off his monetary obligations and provide seeds, etc. for his next crop. Similarly, he needs funds when he has to replace old and unserviceable cattle. Any social insurance scheme for farmers has, therefore, to provide for these two or their needs. It is estimated that heavy failure of crops occurs, on the average, every five years. This means that, in the course of twenty years, a farmer may need financial assistance four times in respect of failure of crops. His need for replacing unserviceable cattle may arise, on the average, twice in twenty years. If a farmer's insurance policy could be devised, which would enable lumpsum payments to be made to him for replacing his cattle or for providing against failure of crops, six times during the currency of the policy, such an insurance scheme should not only prove most attractive to our farmers but provision of assistance, at the time that it is needed, would help in maintaining and increasing our agricultural production.

Coming now to the third category of workers, who are organised into co-operative societies, it might be possible to lump similar types of co-operative societies actuarially and evolve standard plans of social insurance for them on a mass basis. Co-operative societies of handloom weavers, fishermen, milkmen, etc. and societies engaged in tanning, toy-making or marketing of consumer goods can each be taken up separately and mass policy, with appropriate benefits, issued to each society.

Workers in the unorganised sector, whether in the urban or rural area, present a more formidable problem. They will have to be dealt with on an individual basis as the L.I.C. is doing at present. It should be possible, however, to devise a simple form of social insurance card on which will be entered the details of the policy and the premiums paid. Payment of premium will have to be made through post offices so that every insured person has an office nearby at which he can pay his premium.

Wanted—A Special Committee

I have given only the barest outline of a plan of social insurance. It is not possible for a single individual to draw up a plan of this kind without collection of all the necessary data and consultation with the interests concerned. That is why I suggested that the Planning Commission should constitute a special committee for the purpose. Unless preparatory steps are taken during the third Five-year Plan itself, it may not be possible to introduce social insurance even during the period of the fourth Plan.

The next question that arises is the agency which should operate these social insurance schemes. Some of the schemes, like mass insurance policies and policies to co-operative societies, can be managed by the Life Insurance Corporation. In respect of other schemes, the State Governments may find it more convenient to operate. Even in such cases, the Life Insurance Corporation can give expert advice on actuarial and other problems involved in introducing the schemes. The committee, which I have proposed, may be asked to go into the whole question. Whatever role is assigned to the Life Insurance Corporation in these schemes, it will continue to insure people on a voluntary basis as at present, whether they are in or outside the sphere of social insurance.—(*Adapted from the talk given at the weekly dinner meeting of the Bombay Suburban (West) Rotary Club on Wednesday, 27th September* 1961.)

COMPANY AFFAIRS

(*Concluded from page 662*)

The extension programmes C-2 and C-3 seem to be making satisfactory progress. Erection work of 1 x 30 Mw. Turbo-Alternator set with the associated boiler is proceeding apace and the Directors expect to commission the plant by March 1962, the scheduled date. The foreign exchange required for the plant is covered by a loan of $3.9 million from the D.L.F. For the C-3 extensions, repeat orders for 1 x 30 Mw. Turbo-Alternator set have been placed with Messrs. Associated Electrical Industries. Boilers for this extension are being ordered from Messrs. Babcock and Wilcox. The necessary import licence for this project has already been issued by the Government of India on cash payment basis.

In order to adjust the demand to the available supply, certain controls have been introduced by the Company under the overall direction of the Gujarat State Government. The power position is, however, expected to improve after the commissioning of the first and second 30 Mw. sets in March 1962 and March 1963, respectively.

The Company's paid-up capital of Rs. 8.75 crores is supplemented by reserves and surplus amounting to Rs. 1.47 crore. The 4½ per cent mortgage debenture loan of Rs. 2 crores was redeemed on 14th June 1960 by replacing it with 30,000-5½ per cent debentures of Rs. 1,000 each (that is Rs. 3 crores), the difference of Rs. 1 crore being for the purpose of financing expansion. In addition, the current borrowings (unsecured loan Rs. 12.97 lakhs and current liabilities and provisions Rs. 2.08 crores) stand at Rs. 2.21 crores. The current assets are, however, of the order of only Rs. 2.13 crores but in addition there are investments of the value of Rs. 31.55 lakhs all in Government securities. The value of gross block has gone up from Rs. 15.24 crores to Rs. 16.05 crores over the year, following additions to assets. As the depreciation provided upto 31st March 1961 amounts to Rs. 4.53 crores, the net block is of the order of Rs. 11.52 crores. In addition, there is capital work-in-progress aggregating Rs. 1.31 crore.

The Rs. 100 fully paid shares of the Company are being currently quoted at Rs. 91 *cum-div.* On an *ex-div.* basis and at the proposed rate of dividend, the net yield on them works out to 5.69 per cent per annum.

MARKET GOSSIP

(*Concluded from page 631*)

arrangement. It is not surprising, therefore, that the aforesaid suggestion has found favour with the Government of India. Here is what Mr. S. K. Patil, Union Minister for Food and Agriculture, said on Wednesday this week:

" .... India could obtain a negotiated price for its sugar exports to Commonwealth countries for the quota allowed under the International Sugar Agreement. The negotiated price will be slightly higher than the international price, and it will be to India's advantage to concentrate on such deals rather than sell sugar at international prices or even lower to Pakistan or Iran, which involves a lot of competition."

Under the terms of the Commonwealth Sugar Agreement, it will be recalled, the exporting countries are assured of an outlet for some quantity of sugar in the U.K. at a certain annually negotiated price (guaranteed, uniform price) which is specifically intended as an inducement to and reward for efficiency, notwithstanding differences in the cost position of various countries. Moreover, annual adjustments in price are based on a formula that reflects cost changes in the exporting regions as a group, and there is a provision for rewarding areas that respond best to contract prices, if quotas are substantially raised. In addition to the so-called "negotiated price quota," a further purchase of some quantity is guaranteed by the U.K. but only at the world price plus Commonwealth preference.

It is thus obvious that India's membership of the Commonwealth Sugar Agreement, together with the allotment of a 500,000-ton quota asked for by India under the International Sugar Agreement and the allocation of a sizable import quota in the U.S. market, will go a long way towards the establishment of a stable export market for Indian sugar. But it is imperative that India spares no efforts to produce quality sugar at an economic price. It is this factor which invests the need for a realistic sugarcane price policy with urgency.

I.F.C. TO INVEST IN COLOMBIA

The International Finance Corporation has decided to invest $2 million each in two Colombian private financing institutions, the Corporacion Financiera Colombiana de Desarrollo Industrial of Bogota, and the Corporacion Financiera Nacional of Medellin. The investment is represented by unsecured peso notes which are fully convertible into shares. They bear no fixed interest, but I.F.C. will receive interest equal to the dividends paid on capital stock. The notes mature from 1971 and 1973. This will be I.F.C.'s first investment in financial institutions.

Reserve Bank of India

Statement of Affairs for the week ended 22nd Sept., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	55,04,84,000
(2) Other Governments	21,36,27,000
(b) Banks	84,39,57,000
(c) Others	172,65,83,000
Bills Payable	24,71,03,000
Other Liabilities	18,99,81,000
Rupees	518,08,35,000

ASSETS	Rs.
Notes	21,08,80,000
Rupee Coin	1,41,000
Subsidiary Coin	3,77,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	18,44,48,000
Balances held abroad*	18,42,42,000
Loans and Advances to Governments†	45,53,28,000
Other Loans and Advances	135,88,93,000
Investments	260,60,79,000
Other Assets	17,14,88,000
Rupees	518,08,35,000

* Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 9,50,50,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	21,08,80,000	
Notes in circulation	1868,60,58,000	
Total Notes issued		1890,68,47,000
Total Liabilities		1890,68,47,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	116,86,07,000	
Total of A		234,62,10,000
B. Rupee Coin		127,28,24,000
Government of India Rupee Securities		1528,78,13,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1890,68,47,000

Scheduled Banks*

Statement of Affairs for the week ended 15th September, 1961

	Rs. (Thousands)
(I) Demand Liabilities in India	
(a) Demand Deposits—	
(1) From banks	46,67,07
(2) From others	719,04,66
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	19,02,12
(c) Other demand liabilities	54,42,56
(II) Time Liabilities in India	
(a) Time Deposits—	
(1) From banks	20,01,44
(2) From others	1072,75,17
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	19,14,40
(c) Other time liabilities	23,62,65
(III) Borrowings in India from the State Bank of India and/or notified banks:	
(a) Demand liabilities	9,10,32
(b) Time liabilities	9,11,00
(IV) Borrowings in India from the Reserve Bank of India (A)	17,24,95
	(6,59,00)
(V) Cash in India‡	46,14,85
(VI) Balances with the Reserve Bank in India	77,08,82
(VII) Balances with Other Banks in Current Account in India	15,23,91
(VIII) Money at call and short notice in India	43,85,87
(IX) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations	605,61,38
(X) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)	1076,32,80
(b) Due from Banks in India	11,09,12
(XI) Inland Bills purchased and discounted in India	113,64,65
(XII) Foreign Bills purchased and discounted in India	43,59,72
(XIII) Total of Items (X), (XI) and (XII)	1244,66,29

Notes:—

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.

(X)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

ELECTRIC ENERGY GENERATED AND SOLD*

(In millions of kilo-watt-hours)

	No. of Concerns†	Units Generated‡	Total Units Sold
1956-57	760	9,877.6	8,103.1
1957-58	854	11,176.9	9,011.1
1958-59	818	12,837.0	10,360.7
1959-60	850	15,029.2	12,180.8
1960-61	1,013	17,037.3	13,831.8
May 1960	850	1,387.9	1,119.4
June "	850	1,379.8	1,113.9
July "	850	1,360.5	1,106.0
August "	1,012	1,416.2	1,140.9
December "	1,013	1,508.0	1,214.5
January 1961	1,013	1,482.3	1,216.1
February "	1,013	1,490.0	1,151.9
March "	1,013	1,590.1	1,292.7
April "	1,013	1,556.2	1,288.9
May "	1,013	1,612.8	1,329.1

* Excluding railway, military and factory power stations. Chola Power Station being interconnected with the Tata Power System has been included. † Including purchases from non-electric utilities.
‡ At the end of period. Source:—Central Water and Power Commission.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 28th September 1961.

	Closing quotations 21-9-1961	High	Low	Closing quotations 28-9-1961
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	183 00	—	—	183 00
Apollo (2)	1 88	2 00	1.90	1 94
Baroda Rayon (100)	140 00	141 50	140 00	140 50
Bombay Dyeing (25)	67 20	69 60	67 10	69 50
Bradbury (50)	141 50	—	—	141 50
Central India (100)	133 00	140 00	132 00	136.00
Century Mills (100)	551 00	564 50	550 00	555 00
Cooria Sp. (100)	125 00	—	—	125 00
Dawn (50)	134 00	138 00	134 00	136 50
Edward Textile (200)	305 00	—	—	305 00
Elphinstone (50)	86 00	87 00	85 00	86 00
Finlay (100)	318 00	320 00	316 00	320 00
Gokak (100)	192 50	193 00	192 00	193 00
Gold Mohur (100)	247 50	252 50	247 50	252 50
Gwalior Rayon (10)	44 50xd	47 50	44 50	46 00
Ind. Untd. Defd. (1)	1 92	2 08	1 91	1 98xd
Ind. Untd. Ord. (10)	15 32	15 76	15 00	15 98xd
Indian Rayon (75)	72 00	71 50	69 50	69 50
Indore Malwa (100)	160 00	175 00	160 00	169 00
Khatau (100)	492 50	505 00	405 00	430.00
Kohinoor (100)	288 50	294 00	287 50	290.00xd
Lakshmi (100)	612 00	—	—	615 00
Mafatlal (100)	830 00	940.00	855.00	905 00
Minerva Mills (100)	80 00	—	—	80 00
Model Nagpur (250)	96 00	—	—	96 00
Morarji (100)	394 00	410.00	390 00	396 00
Mysore (50)	68 00	68 50	67.00	67 50
National Rayons (100)	550 00	554.50	532 50	550 00
New City (100)	130 00	—	—	130 00
New Great (100)	226 00	230.00	223 00	228 00
Phenix (100)	179 00	180 00	177 50	178 50
Podar Mills (100)	138 00	141.00	136.00	138.00
Raymond Woollen (100)	121 00	123 00	118.00	118 00
Sassoon Silk (10)	15 08	—	—	15.08
Sassoon Spg. (10)	67 80	73 00	67 80	70 50
Shrinivas (100)	264 00	270 50	265.00	267 00
Simplex (50)	164 00	168 00	163.00	164 00
Standard (100)	1,268 00	1,290 00	1,215.00	1,258 00
Svadeshi (100)	264 50	267 00	263 00	266 00
Swan (100)	611 25	615 00	611 25	615 00
S. I. Viscose (100)	185 00	185 25	180 00	184 50
Tata Mills (25)	66 00	67 50	66 00	67 00
Vishnu (100)	139 00	147 00	139.00	147 00
Western India (1,000)	3,725.00	—	—	3,725.00
BANKS				
Bank of India (50)	133 50	134 00	133 00	134 00
Do. (New) (50)	134 50	135 00	134 25	134 50
Bank of Baroda (50)	103 50	104 00	103 00	104 00
Central (25)	63 00	63 30	62 70	63 30
Central 'A' (25)	63 80	64 00	63 50	64 00
Dena Bank (50)	62 50	—	—	62 50
Punjab National (10)	18 00	18.76	18.00	18 76
Union Bank (5)	7 00	7 00	7 00	7 08
United Com. (50)	90 50	91.50	90.50	91.50
ELECTRIC COS.				
Ahmedabad (100)	90.80	93.20	90 00	93.00
Amalgamated (10)	11 12	11 12	11 08	11 08
Andhra Valley (1,000)	1,040 00	1,040 00	1,007.50	1,025.00xd
Bom. Sub. El. (100)	100 50	101.00	100.25	101.00
Surat (100)	100 00	—	—	100 00
Tata Hydro (100)	110 50	112.00	109 00	110.50xd
Tata Power (1,000)	1,155.00	1,156.25	1,120.00	1,142.50xd
INSURANCE COS.				
British India (10)	12.20	12.48	12.20	12 48
Indian Mercantile (20)	50.00	53.50	50.00	53 50
New India (15)	60 00	61 50	60.00	60 50
New India 'A' (15)	62.00	63.00	61.50	62 30
Vulcan (10)	16.52	16.36	16.12	16.12
STEEL COS.				
Ind. Iron (10)	24.24	24.60	24.28	24.44
Mukand Iron (10)	27.40	27.75	27.00	27.35xd
Tata Steel Ord. (75)	142.50	144.25	142.00	143.50
SUGAR COS.				
Belapur (50)	273 00	276.00	254.00	263.00
Bhopal (10)	24 80	—	—	24.80
Changdeo (12.50)	23 92	—	—	23 92
Phaltan (50)	136 75	137.50	132 00	132 00
Walchand Ind. (100)	165.50	168.00	162.50	162.50
CEMENT COS.				
Associated Cts. (100)	166 00	167 00	163.50	166.00
Digvijay (100)	180.00	183 50	170 00	180 00
Orissa (10)	16.16	16.16	14.72	14.76xd
MISCELLANEOUS				
Alcock Ashdown (100)	303.00	309 00	298.00	306 00
Bom. Burmah (125)	595 00	614 00	596.00	607 00
Do. (New) (50)	220 00	221 25	219 50	221 25
Br. Jl. Petrol (11 sh.)	1 20	1 36	1 20	1 26
Br. J. Corpo. (5)	8 12	8 48	8 04	8 48
Cooper Eng. (100)	182.00	187 00	182.00	186.00
Colour Chem. (100)	340.00xd	346 25	341 25	346 25
Hind Cycle (100)	102 00	101 00	95.00	100 00
Hindustan Lever (10)	48 75	49 50	48 50	49 50
Hindustan Motors (10)	19.20	19.00	19.00	19.28
I. C. & Invest. Corporation (100)	84.30	84.30	83.50	83 50
Indian Dyestuff (100)	432.50	457.50	432.00	450 00
Indian Copper (2 sh.)	4 80	4 84	4 78	4 80
Ind. Inv. Tr. (100)	74 00	75.00	74 00	75.00
Killick (100)	97 00	97 50	96 00	97 30
Larsen & Toubro (10)	39.00	39.75	38 00	39 00
Mahindra & Mahindra (10)	18.85	18.70	18.48	18 70
New Central Jute (10)	17 40	—	—	17 40
Polson (100)	170 00	—	—	170 00
Pre. Automobiles (100)	153 50	157 75	153 00	155 50
Premier Cm. (80)	185.00	193 00	185 50	189 00
Scindia (20)	12 72	12 88	12 64	12 64
G. E. Shipping (10)	13 44	13 88	13 44	13 68
Shivrajpur (10)	96 50	99 00	97 00	97 50
Sirpur Paper (10)	15 00	16 52	15 76	16 20
Tata Chemicals (10)	17 16	17 92	17 08	17 84
Tata Locomotive (100)	339.50	344 50	336 50	340 00
Tata Oil (25)	70 00	70 50	69 00	70 50
Texmaco (10)	17 36	17 36	17 04	17 04
Voltas (100)	299 00	296 50	289 50	296 00
W. J. Match (100)	289 00	301 00	287 00	288 00
W. Coast Paper (100)	176.50	178 00	172 50	177.00

GOVERNMENT SECURITIES	21-9-1961 Rs.	Gross Yield Earlier Redemption	Gross Yield Later Redemption	28-9-1961 Rs.
2½% 1962	99 15	—	3.47	99.15
2½% 1976	83.50	—	4.23	83.50
3% 1964-65	98 85	—	3.98	98.85
3% 1965-66	98 75	3.58	3.32	98 75
3% 1966-68	96 25	3 83	3.61	96 25
3% 1970-75 1st Dev.	96 95	4.23	3.85	96.95
3% 1946 Con. Loan	72 70	—	4.11*	72.80
3½% 1964 N. P. Loan	99 00	—	3.53	99.00
3½% 1965 N. P. Bonds	99 85	—	3.54	99 85
3½% 1966	99 95	—	3.50	99 95
3½% 1967 N.P. Bonds	99 00	—	3.69	99.00
3½% 1974	99 50	—	3.79	99.50
3½% 1967 N.P. Bonds	100 50	—	3.66	100.50
3½% 1969 Loan	98 35	—	3.73	98.40
3½% 1968	98 70	—	3.71	98 70
3½% 1965 N.P. Bonds	100 10	—	3.50	100 00
3½% 1968 N.P. Bonds	100 40	—	3.67	100 40
4% 1972 Loan	100 30	—	3.96	100.35
4% 1973 Loan	100 35	—	3.97	100.35
4% 1979 Loan	99 25	—	4.02	99 75
4% 1966 Bonds	99 70	—	3.57	99.80
4% 1980 Loan	99 20	—	4.07	99.20
4% 1981 Loan	98.50	—	4.11	98.50

*Current Income. xd—Ex-dividend. X.R.—Ex-Right.

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COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent Who else must sweat and toil and gain but scanty fare."
William Blake.

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Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

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ASIAN ECONOMIC CO-OPERATION

THE Conference of Asian Economic Planners, convened for the first time by the U.N. Economic Commission for Asia and the Far East in pursuance of a decision taken at the E.C.A.F.E.'s 1961 session, has concluded its deliberations in New Delhi this week. It was attended by Government representatives playing key roles in the shaping of their countries' economic development programmes and its purpose was to provide a forum for discussion of high policy questions relating to development planning. This kind of conference—which will meet every three years in future, with sessions of E.C.A.F.E.'s Working Party on Economic Development and Planning meeting in the intervening years—came to be convened not a day too soon, for practically all countries in the E.C.A.F.E. region had already adopted planning to guide and quicken their economic growth. And it was eminently worthwhile, too, for, while planning was naturally geared to the needs and potentials of each country, the collective experience gained in preparing and executing plans could benefit individual countries and the region as a whole.

An appraisal of the progress made in economic planning over the last decade in the region, the kind of administrative machinery needed for planning and the prospects for regional co-operation were the three most appropriate subjects discussed at the conference. The discussions on these three subjects were greatly facilitated by three working papers which had been prepared by the E.C.A.F.E. Secretariat. According to the paper on the experience of planning over the decade, many countries in the region have not been able to achieve a desired growth rate of national income and *per capita* income. Bad weather and adverse terms of trade have been mentioned as contributing causes in this connection. But the more fundamental problem, according to the paper, has been how to absorb a higher rate of investment into the economy in order to gather momentum for a successful take-off. This working paper has also welcomed the tendency for external financial aid to increase and be extended over a longer period. At the same time, it has also rightly emphasised the point that the ability of the receiving countries to repay would depend not only on their development efforts but also on a more liberal trade policy on the part of the aid-giving countries.

The second working paper, that on the subject of administrative machinery for planning, has listed three essentials for effective planning —first, the creation of a new organisation to formulate plans; second, the need for equipping the existing departments executing the programmes in a manner consistent with the general framework; and, thirdly, the provision of effective liaison between the planning agency and the executive agencies.

The third working paper, the one pertaining to regional co-operation, which has been highly praised at the conference, has wisely rejected the idea that Asian countries must automatically follow the example of other regions that have formed economic blocs such as the European Common Market and the European Free Trade Association. It has, therefore, cautioned that any scheme for Asian economic co-operation must be tested by the criterion of maximum advantage to the respective countries, individually as well as collectively. But it has also recognised that, purely for self-protection, Asian countries need joint deliberation and execution of trade and investment policies. The desirability of some kind of scheme aiming at freer trade on a regional preferential basis has been indicated, along with the finding that there is considerable scope for profitable specialisation among the countries of the region. But the conference as such has refrained from suggesting definite steps for regional economic co-operation; it has merely affirmed the need for some regional machinery embracing the primary producers, aimed at ensuring stable markets and fair prices for their commodities.

Neither this affirmation nor the broad statement of the conference that regional co-operation should be so evolved as to become an instrument of economic development of the region as a whole means much in the absence of practical suggestions for a regional machinery for broadly regulating co-operation between the E.C.A.F.E. countries *inter se* and for evolving suitable relations between the E.C.A.F.E. region and the economic groupings elsewhere in the world. This is not surprising, because a practical solution is extremely difficult, if not impossible, in the case of a region which is more heterogeneous than homogeneous, both politically and economically. The only significant suggestions made by the conference are that the member-countries should consider measures for promoting greater regional co-ordination in economic development plans and that the E.C.A.F.E. Secretariat be asked to project economic growth over the next 10 or 15 years for each country in the context of a perspective of development for the region. These suggestions will only be an academic exercise, though they have the potential to develop into some pattern of regional co-operation in the distant, but certainly not near, future.

All this does not mean that there is no room at all for economic co-operation in the E.C.A.F.E. region in the foreseeable future. The paper prepared by the Secretariat itself indicates the very wide possibilities in the sphere of trade, provided there is a sincere desire on the part of leaders to co-operate. It is no secret that there exists a feeling abroad in South-East Asia that India is not doing enough to help the other countries in the region; particularly in Burma and Thailand, an impression seems to prevail that India's restriction on imports of rice and its drive towards food self-sufficiency are depriving them of markets. Japan is another country which still has a problem of balance of payments and has steadily reduced imports of rice in recent years. The E.C.A.F.E. paper recommends a policy of import substitution on a "broader and more rational basis at the regional level. The scope for greater intra-regional trade is, perhaps, still large and needs to be further explored. India, for instance, may be able to take more non-ferrous metals and rubber in exchange for machine tools, electrical goods and other equipment needed for new schemes in these areas, but these can be best investigated through bilateral discussions.

It is the E.C.A.F.E.'s proposal for industrialisation on a regional basis, in order to enable the smaller countries to achieve economies of large-scale production and specialisation, that is radical, highly controversial and quite unlikely to be implemented in the foreseeable future. India, for instance, has reasons to feel that (*a*) Pakistan need not expand its jute textile industry further and could profitably divert its savings to other industries, leaving its surplus raw jute to be processed by the mills in West Bengal; and (*b*) the enormous expansion of cotton and rayon textile industry in Hong Kong out of all proportion to its size and population runs contrary to the principle of specialisation voiced in the note of E.C.A.F.E. Secretariat. But it will be unrealistic to think, having regard to the prevailing political conditions, that there could be the requisite degree of co-operation among the countries concerned. The fact that India's attempts to revive the International Tea Agreement in some form or other failed to evoke enough response is an indication of the lack of will for forging such co-operative [illegible]

owe their inspiration chiefly to the trends towards economic integration in Western Europe and Latin America, but they have overlooked some of the obvious differences in the E.C.A.F.E. region. The countries in Europe and Latin America are in a position to accept even mobility of labour where necessary, but, in Asia, racial minorities are regarded as a serious political problem, the position of Indians in Ceylon or of Chinese in Indonesia and elsewhere being examples. It is premature to expect the leaders in these countries to adopt a liberal approach yet. When even within a large country like India and Pakistan decisions on location of industry create rivalry and conflicts between different areas, it is extremely doubtful whether mutually agreed solutions are possible as between the various countries on such matters. Even the proposed Asian Development Bank may find itself embarrassed in channelling aid from outside the region, if it finds that sound bankable projects are forthcoming only from certain countries; accusations of discrimination are likely, if it adopts the same standards of lending as the World Bank and I.D.A. and helps those who can quickly absorb aid.

The New Delhi conference itself started with some disadvantage, because of the conflict of ideas and interests. While India may have some useful techniques to offer in regard to agricultural schemes and community development if it succeeds in its efforts, the present stage of development and the nature and scale of its endeavours in other directions are quite different from those required in other Asian countries. The rather elaborate discussion of administrative procedures in planning that took place in New Delhi may not have much relevance to constitutional systems based on other patterns; in Indonesia, Pakistan, and Nepal, administrative problems of responsibility and accountability are obviously of a different character, though problems of ensuring efficiency in execution may be the same. Most other countries lack the sizable middle-class which happily provides in India large numbers of administrators, engineers, managers, technical personnel and professional men like accountants, lawyers and doctors. The same results cannot be obtained elsewhere through the mere expansion of facilities for training as in this country. Simpler techniques, more roads, primary schools and greater political stability may be needed in some, before more complex techniques of planning such as those adopted in India can be considered. Fiscal systems and statistical data have to be improved. Consultations under the Colombo Plan, it is noteworthy, make allowances for such variations in social conditions. Learned dissertations by the Indian delegates on perspective planning, deficit financing, public sector, social inequality and so on could not, therefore, have been of much use. In certain other respects, some of the other Asian countries are better placed than India, as, for example, in tackling social evils, since traditional prejudices and class distinctions are not so powerfully entrenched as in this country.

A possible advantage of close Asian collaboration will be an increase of enthusiasm among the authorities in the underdeveloped countries for more development. If E.C.A.F.E. were well equipped for the purpose, it could undertake detailed surveys of the economy of its member-countries and indicate the right order of priorities for each and the policies required for achieving rapid economic progress within the available resources. It has now offered to lend its services to those desiring them, but considerable skill and diplomacy will be needed to advise Governments which may be interested in constructing showpieces and grandiose projects rather than in businesslike planning and sustained development.

PANCHAYAT RAJ

THERE is nothing new about Panchayat Raj in the sense of village self-government, covering simple law and order or civic functions, for panchayats in many parts of India have always been active in either field within a limited framework of powers or resources. But what is new about the concept of Panchayat Raj, otherwise called "democratic decentralisation," which has come into vogue in the last two years, is that responsibility for rural or community development is being increasingly entrusted to popularly-elected village panchayats and panchayat samitis (generally covering community development blocks). This new responsibility, however, is not absolute, for it is to be shared by these democratic institutions with the extension services of the community development movement within the general scheme of administration. In effect, it means that extension personnel at the block and village levels, who form part of a larger administrative and technical network extending to the district and even beyond it, will function within the jurisdiction of the panchayat samiti and use it as an instrument of rural development. This is, indeed, a formidable task, for it is by no means certain that panchayats and panchayat samitis will be able to rise above local feuds—social or political—and function at a high level of popular unity and enthusiasm so very necessary for local development. But the experiment, which is informed by both idealism and realism, is certainly worth a country-wide trial, provided it can be reasonably well financed.

Already, in the last two years, the States of Rajasthan, Andhra Pradesh, Assam, Madras, Mysore and Orissa have introduced the scheme of Panchayat Raj. Punjab has just (on 2nd October 1961) brought it into force. Most of the other States are also going ahead with legislation. In Uttar Pradesh, a Bill relating to panchayats has been passed by its legislature and elections to these bodies have been held. The Madhya Pradesh Panchayats Bill, as passed by the legislature, is now awaiting the President's assent. Panchayat Raj legislation has also been introduced in the Maharashtra and Bihar State legislatures. Gujarat's draft Panchayat Raj Bill is nearly finalised, Kerala, West Bengal and Jammu and Kashmir are the only States that have not yet initiated action to prepare the necessary legislation. But panchayats in Kerala will, however, shortly begin to function with enlarged powers. In a few years' time, Panchayat Raj will have thus covered the entire country.

The legislative framework within which the newer panchayats are to function involves the vesting of considerably greater powers in them, as the responsibility for maintaining and managing rural development works and administering social services goes very much beyond the usual responsibility for providing some simple civic amenities like street lighting and water-supply. The vesting of greater powers in the panchayats both for raising more resources and for administering development and welfare activities will not, by itself, mean much, if the experience of the older panchayats, which have not been noticeably efficient in raising even the permitted resources for running purely civic services, is any guide. The official comment that the newer panchayats have been reluctant to raise resources by the levy of duties or taxes is, therefore, not surprising. For instance, in Andhra Pradesh, every panchayat *must* levy taxes on property, professions and trades, vehicles and transfers of immovable property; these are compulsory taxes and, if a panchayat fails to levy them, the Government can take steps to impose them. The panchayat samitis, on their part, can levy surcharges on taxes levied by the panchayats. But the powers vested in these bodies to raise these tax resources remain largely unused. The relevant findings and arguments contained in the report of a team, which studied Panchayat Raj in Andhra Pradesh on behalf of the Association of Voluntary Agencies for Rural Development (New Delhi), are most revealing in this connection. These are extracted from the report just published:

"The question of the adequacy of the resources provided for the panchayats is important in an examination of their general future functioning. . . . Everywhere, we came across a reluctance on the part of the panchayats (and Panchayat Samitis) to tax themselves. . . . The panchayats are the basic bodies of the Panchayat Raj structure and it is their health and vigour that will determine its efficiency and ultimate success. As such, they have to be endowed with adequate resources. Besides their own funds, the State Government even today is giving them certain grants (one at the rate of 25 nP per head of the population, another out of the land revenue or local cess, and matching grants for improvement of village roads, drinking water supplies, schools, latrines, etc.). Various suggestions have been made for augmenting the resources of the panchayats. . . . One suggestion is that the State Government should give more grants to panchayats. While we would be extremely reluctant to come in the way of such a measure, we realise that this course makes the panchayat look up to outside agencies for its development and thus accentuates an already existing malady. Besides, the State Government may find it increasingly difficult to provide these bodies with adequate grants. . . ."

The Study Team's own suggestion is that the State Government should hand over all the present proceeds from such taxes as land revenue, cesses and surcharges on these and taxes, if any, on commercial crops to the panchayats, subject to an equalisation adjustment based on population. If this is done, the panchayats, in the opinion of the Study Team, will not be justified any longer in demanding grants from the State on the ground that it levies direct taxes on them in the form of land revenue, cesses, etc. But the issue is not that simple, although, according to the Team, "this will make the panchayats feel that they have to look to their own resources, as it will cut at the very basis of their claim on the State." The Team's latter argument could very well be applied to the other local sources of tax revenue permitted to panchayats under statute. So long as land revenue and direct administration are organically related to each other, in the sense that the former virtually finances the latter, it would not be fair to suggest that the State should forgo completely that source of revenue. It may, however, be possible for the State to earmark a certain proportion, say 25 or 50 per cent of land revenue and agricultural income-tax, provided the panchayats agree to raise resources from other tax sources. The arrangement will yield quite a tidy sum, if the land revenue itself is enhanced, as it can very well be, in view of the handsome increases in agricultural incomes. Unless the panchayats take steps to tap all possible local resources including unutilised rural manpower, the villagers will not come to feel that they have a direct stake in welfare and development activities. The villagers who pay taxes, however small, for the purpose of financing such activities will find it easier, by virtue of their physical proximity to the panchayat machinery, to demand that these functions be more efficiently discharged. If, at the same time, the National Integration Council lays down that panchayat elections should not be conducted on party lines and if the different political parties agree not to attack the sources of revenue for the panchayats in their campaign for winning general elections, the prospects for raising more resources locally will be greatly advanced.

Surely, it would be too much to expect that the panchayats, with their slender resources, will be able to perform so well as to pass the main tests by which, according to the Planning Commission, the success of Panchayat Raj will need to be measured from time to time. These tests, which will be most exacting in our opinion, are laid down in the final report of the third Plan. They pertain to agricultural production, development of rural industry, development of co-operative institutions, full utilisation of local manpower and other resources, development of facilities for education and adult literacy, optimum utilisation of resources such as personnel and technical assistance, available from higher levels to Panchayat Raj institutions, assistance to the economically weaker sections of the village community, and so on. These objectives are doubtless very impressive on paper. But there is bound to be a big gap between ideals and achievements, and this gap will be largely due to lack of resources and competent leadership. The chances of finding a sufficient number of local leaders, capable of rendering honorary service have been greatly reduced by the series of land reform measures. It has only to be remembered, in this connection, that, in Andhra Pradesh, for instance, where there are about 15,000 panchayats, covering about 30,000 villages, the average total income of a panchayat from *all* sources, including grants and matching grants, is just Rs. 3,500 per annum at present. This works out to an average of Rs. 1,750 per village. Of course, money may not be all, for local manpower resources can conceivably be mobilised for local works in cheaper ways. But more money will certainly be required even for the limited purpose of managing and maintaining the development works created by the Community Development Agency and for administering the educational and welfare activities initiated by that Agency. A minimum annual income of Rs. 10,000 would seem to be necessary for an average panchayat anywhere in the country. And that would mean raising an aggregate income of about Rs. 300 crores per annum for all the panchayats, existing or to be created, assuming that roughly two villages will be covered by one panchayat. If financial resources of this magnitude cannot be found, it is doubtful whether panchayats can be shaped as efficacious and reliable instruments of rural development. One should, therefore, have a closer look at the resources side of the ambitious Panchayat Raj before one lays down difficult tests of performance.

MARKET GOSSIP

Seven Wise Men Meet

It is gratifying to hear that the Committee of Stock Exchange Presidents is trying to minimise the scope for unhealthy speculation in right earnest. At the first meeting of the Committee, held at Bombay on 4th October, certain broad principles are understood to have been agreed, to by the Presidents in regard to imposition of margins, curbing kerb trade and option business. Full details are not available and judgment has, therefore, to be deferred till then. But it is significant that, in agreeing to a system of automatic margins, the chiefs of stock exchanges have conceded, at least impliedly, that the steps so far taken are inadequate. That is something, considering that some of them were contending, all along that everything was perfect in their kingdom and that those who were advocating stiffer handicaps against speculators were either theoreticians or partisans.

The reports appearing in the daily Press about the decisions taken at the meeting, which we understand was a prolonged one, having lasted the whole day, however, suggest that the presidents of the seven stock exchanges have given in only grudgingly and haltingly. It is understood that exemption limits for margins are not to be abolished and ten limits for margins are not to be abolished and will be retained in some form or other. This means that a speculator can continue to escape the hardships of margins by operating through scores of brokers. Some may argue that there is nothing wrong in his doing so, for the risk of his failing the market will be shared by a large number of brokers. But this is an irrelevant point, in that the objective is to prevent excessive speculation which misleads innocent investors and engenders overtrading.

It is not clear as to what type of automatic margins is being contemplated. The consensus of reports, obviously inspired by an authoritative source, is that margins will be applied automatically, on a uniform basis by all the stock exchanges, on the outstandings carried forward from one settlement to another at rates varying from 2 per cent to 50 per cent. It is further said that the existing system of free limits will be abolished, but credit will be given to the extent of deposits held by the brokers and the market value of their membership cards. In effect, however, this concession will mean the continuation of the present exemption limits. The loophole is thus being allowed to stay as before. The levy of margin on outstanding business carried forward from one settlement to another means that a speculator can freely gamble till the settlement day, either reduce or square up his position on paper on the eve of settlement by collusion or through some understanding with the opposite party and continue the game when the next account begins. This, therefore, seems to be a dubious system.

According to our information, however, the stock exchange presidents have agreed, after much discussion and with great reluctance, that, as soon as the value of a scrip goes up by 10 per cent from the previous settlement rate, the buyer will have to deposit as margin 50 per cent of the rise and that, in order to avoid manipulation by interested parties, such margin should be made payable even if the rise in prices in the subsequent settlement is no more than 5 per cent, that is, by 15 per cent in all in two consecutive settlements. Similarly, when prices decline, the deposit should be made by bears.

Under this system, for example, if a share valued Rs. 25 were to go up by Rs. 2.50, that is, to Rs. 27.50, the buyer would have to deposit margin at the rate of Re. 1.25 per share. If in the next settlement it goes up by a further Re. 1.25, that is, to Rs. 28.75, he will have to pay half of that increase by way of margin. Similarly, if prices decline at these rates, the margins will have to be paid by the seller.

This system is undoubtedly a more tangible one than that referred to earlier. The important point to be noted here is that the operator will be called upon to pay the margin, even though he will not have received the difference in price from the opposite party. Further, all the other stock exchanges on which the scrip involved is quoted, will also have to impose the margin simultaneously, even though the price variation in their markets may not have been of the same magnitude. If it is true that stock exchange presidents have agreed to this scheme, then they have done something more substantial than is indicated by the reports in the daily Press on Thursday.

It is not clear how the seven wise men are going to check, let alone eliminate, kerb trading and options. The Calcutta Stock Exchange claims to have done away with the evil of kerb trading by keeping the market officially open till 5. p.m. and by ring out the operators. Persistent appeal to the good sense of members by the President and the Board of the Exchange is also said to have had a salutary effect. It is noteworthy that quotations of late deals are available only from the Bombay market and not reported at all from Calcutta. Here is surely something that the Bombay Stock Exchange and others can learn from their Calcutta confrere. Options, however, will prove a harder nut to crack. The best thing to do, perhaps, will be to emulate the London Stock Exchange, where option business has been accorded a respectable place by giving it official recognition.

The enforcement of minimum margins seems to have been cold-shouldered by the seven wise men, even though they know very well that the proposal is in the interests of their own members who want to render efficient service to investors. It passes one's comprehension as to why they are reluctant to introduce this very desirable reform. Is it because they are so solicitous of their members' interests that they do not wish to provide the tax collectors with one more means of harassing the share brokers?

Groundnut Oil Retreats

Consumers of edible oils have reason to be happy over the recent decline in the price of groundnut oil. For this marks the end of the two-year boom in groundnuts. The price of groundnut oil, which had been steadily going up since 1959, touched a record of about Rs. 2,300 per ton in March-April 1961. Thereafter, a downward trend began to manifest itself. But, until recently, one was not sure that the boom had definitely ended, as the crop position was uncertain. There is, however, good grounds now for hoping that the worst is over for the consumer. At present, the groundnut oil is quoted at about Rs. 1,600-1,700 per ton, which is more or less the level that prevailed in 1958-59. In the local oilseeds exchange, oil ex-mill is currently quoted at Rs. 18.50 per ten kgs., as against Rs. 23 six months ago and Rs. 20 a-year ago. This decline is the cumulative result of a number of forces, both domestic and international.

Among the bearish factors of domestic origin, the outstanding one is the expectation of a bumper crop in India this season. According to the latest trade estimates, the acreage under groundnuts during the current season in the two major producing regions, namely, Saurashtra and Andhra, has gone up by 10 per cent. This will more than compensate for the somewhat lower acreage in certain parts of Maharashtra. The yield per acre, too, is expected to be substantially higher. Although the vagaries of monsoon this year have adversely affected the food crops in several States, the groundnut crop has on the whole not suffered any perceptible setback. Besides, while last year drought around Kurnool in Andhra and floods in certain districts of U.P. had adversely affected the crop, weather conditions this season would appear to have been quite favourable in these areas. Trade circles feel that total production of groundnuts in the 1961-62 crop year will go up by 20 per cent to 2.8-2.9 million tons (kernels), as compared with the previous year. Even those experts who doubt the accuracy of trade estimates agree that an increase of 10 to 15 per cent is a certainty. What is more, arrivals of new crop at terminal centres during the last two weeks have been quite sizable.

The current decline in groundnut oil prices would have led to an improvement in the prospects for their exports, but for the almost simultaneous setback in world markets. The price of groundnut oil (B.W.A.) in the London market, which had touched £137 earlier during the year, has fallen to just over £100. This rate is below the Indian parity by well over £30 per ton. With such a substantial fall in world prices, the ability of Indian groundnut oil to compete effectively will depend on the quantum of export incentive allowed by the Government.

The main factor responsible for the setback in world prices has been the unexpected emergence of Argentine of late as a major exporter of groundnut oil. Further, recent reports from West Africa, one of the major suppliers of groundnut oil, indicate that the 1961-62 crop there, which will be harvested shortly, will be substantially higher than that in 1960-61. South Africa, too, will have a larger exportable surplus. The supply position of two other major edible oils, namely, soyabean and coconut oils, is also quite comfortable. In the U.S., soyabean crop is expected to touch a record of 700 million bushels during this season, or an increase of one million bushels over the last season.

Despite the deterioration in world oil markets, exporters in India are clamouring for an early announcement of export quota for groundnut oil. Mr. Ratilal M. Gandhi, President of the Indian Oil Produce Exporters' Association, made a strong plea, at a meeting of the Association held at Bombay on Wednesday, that the Government of India should immediately announce an export quota for groundnut oil. There is, however, the other side of the coin. If an export quota is announced now, on the lines generally anticipated in market circles, it may serve to widen the disparity between Indian and world prices to the disadvantage of domestic consumers, as buying by exporters will push up the prices in the country. There are some who feel that, if domestic prices of groundnut oil are allowed to go down further by delaying the announcement of export quota, it will facilitate export of finished products such as *vanaspati*, besides helping the cost of living in the country to go down. At the same time, there is also the risk of world prices going down further and India missing the opportunity of making the best possible bargain. It will be interesting to see what view the Government takes on this tricky issue.

L.I.C's Investments

Details of the stock exchange investments of the Life Insurance Corporation of India, made available in the fourth annual report and accounts of the Corporation published this week, indicate that, while the Corporation's investments in the public sector have been steadily increasing, those in the private sector have been gradually declining. Thus, of the total stock exchange investment in India of Rs. 457.43 crores as at the close of 1960, investments in the public sector (comprising Central and State Government securities, the major portion of approved securities and shares in Government-owned companies) amounted to Rs. 360.06 crores, or 78.7 per cent, while investments in the private sector (comprising debentures and shares of joint-stock companies and also some of the approved securities) amounted to Rs. 97.37 crores, or 21.3 per cent of the total. As compared with this, the percentage of investments in the public sector to the total was 78.2 at the end of 1959, 78.1 in 1958 and 77.37 in 1957, the corresponding figures of investments in the private sector being 21.8, 21.9, and 22.63. The following table indicates the trend of stock exchange investments of the Corporation in the two sectors during the four years 1957 to 1960:

(Rs. in crores)

	As at the end of December			
	1960	1959	1958	1957
Stock Exchange Investments:				
In India	457.43	388.28	368.43	329.75
Outside India	13.29	11.54	9.96	8.84
Total	470.72	399.82	378.39	338.59
Of investments in India:				
In public sector ..	360.06	311.60	288.12	255.13
(Percentage to total) ..	78.7	78.2	78.1	77.37
In private sector ..	97.37	86.68	80.84	74.62
(Percentage to total) ..	21.3	21.8	21.9	22.63

It is noteworthy that both the absolute amount and the percentage of investments in the public sector were increasing from year to year, whereas in respect of investments in the private sector, the percentage was declining, though the absolute amount invested was increasing. Thus, while stock exchange investments in the public sector increased by Rs. 48.46 crores from Rs. 311.60 crores at the end of 1959 to Rs. 360.06 crores at the end of 1960 (that is, from 78.2 per cent to 78.7 per cent), investments in the private sector increased by Rs. 10.69 crores from Rs. 86.68 crores to Rs. 97.37 crores (percentage-wise, a decline from 21.8 per cent to 21.3 per cent). It is evident that a larger share of the increase in stock exchange investments has been going to the public sector.

The Corporation's investment of Rs. 360.06 crores in the public sector as at the end of 1960 comprised Rs. 228.25 crores in Central Government securities, Rs. 94.90 crores in State Government securities, Rs. 35.93 crores in approved securities, Rs. 65.98 lakhs in Municipal loans not included in approved securities and Rs. 30.98 lakhs in debentures, preference shares and ordinary shares.

Of the total investments of Rs. 97.37 crores in the private sector, Rs. 5.64 crores were in approved securities and Rs. 91.74 crores in debentures, preference shares and ordinary shares. The following table gives an industry-wise breakdown of the Corporation's major investments (that is, those in excess of Rs. 2 crores), excluding approved securities in the private sector:

(Rs. in crores)

Industries	1960	1957
Electricity	9.55	8.29
Engineering	9.10	7.14
Cotton textiles	8.57	6.91
Iron and steel	7.07	5.48
Mineral oil	7.49	..
Cement	5.34	3.66
Jute	4.31	4.15
Paper and boards	4.09	3.09
Electrical goods	3.06	..
Banks	2.97	2.63
Sugar and breweries	2.90	1.43
Aluminium	2.65	..
Insurance	2.60	1.36
Coal	2.30	1.92
Plantations	2.00	1.36
Rubber products	2.16	..
Total ..	76.82	47.42
Other industries	15.23	21.72
Grand Total ..	92.05	69.14

As will be seen from the above table, electricity industry topped the list, followed by engineering, cotton textiles, iron and steel, mineral oil, cement, jute, paper and paper boards. It is noteworthy that, as compared with 1957, six new industries, namely, aluminium, electrical goods, mineral oil, matches, rubber products, and food, drink and tobacco have been added to the Corporation's portfolio, making the number of industries in which the Corporation has investments 28, as compared with 22 at the end of 1957.

Britain and E.C.M.

Britain has come nearer to the European Common Market and, if everything goes well, it will be within the Market as a full-fledged member in the not-too-distant future, perhaps, before the end of 1962. The E.C.M. Council of Ministers, at its meeting held in Brussels on 25th, 26th and 27th September, welcomed in principle Britain's application for membership. In accordance with the decision taken at this meeting, Britain has been invited to a preliminary conference in Paris on Tuesday and Wednesday next week, where it will be asked to give more information about the safeguards it requires for the Commonwealth, British agriculture and the European Free Trade Area. From the procedure indicated thus, it is clear that France has modified its earlier stand that Britain should, as a precondition for the opening of negotiations, submit to the E.C.M. a written "Shopping List" specifying the problems it wishes to discuss and outlining the possible solutions. Apparently, France must have now realised that the submission of such a shopping list prior to negotiations might prompt the opponents of British membership in the U.K. and the Commonwealth to claim that the safeguards asked for are not adequate. "They (the French)," to quote a London report, "appear to have come round to the view, shared by Britain and some members of the Commonwealth, that many of the British problems can best be dealt with on a Community basis." If Bri-

(*Continued on page 727*)

SHARE MARKET EASY AT CLOSE

T.E.L.COS, HOWEVER, SPURT

(From Our Own Correspondents)

BOMBAY, *5th October*

THE firm trend noted on the Stock Exchange last week abated somewhat during the week under review, though the values of quite a number of scrips were higher on balance. The market ruled distinctly firm on the opening day of the week (Friday, 29th September), but developed a sagging tendency in the subsequent two sessions. Some operators tried to unload a part of their holdings on fears that the meeting of the Committee of Stock Exchange Presidents, convened for Wednesday the 4th inst., might decide to take measures to curb unhealthy speculation. But buyers were hesitant to enter into fresh commitments. Rumours regarding renewed labour trouble in the Hindustan Motors factory at Calcutta, which induced selling in that scrip, also affected the general sentiment of the market. Yesterday, the market picked up some strength and a recovery in values was in evidence, barring a few shares which continued to rule quiet. The recovery, however, proved short-lived, as today the market staged a retreat following the decision of the Committee of Stock Exchange Presidents to adopt a uniform automatic margin system based on outstanding commitments on the settlement day, though a section of operators thought that the decision might not have any significant impact. The direct action threat held out by the National Dock Workers' Union also acted as a damper. Consequently, equities drifted downward.

In the steel section, Tata Steels opened higher at Rs. 144 on Friday, as against the previous close of Rs. 143.50, and advanced to Rs. 146.25 on Saturday. After declining to Rs. 145.25, they moved up again and touched a high of Rs. 147 yesterday but declined to Rs. 146. The net gain over the week was Rs. 2.50. Indian Irons improved from Rs. 24.44 to Rs. 24.56 on Friday and, after receding to Rs. 24.08 today, finished higher at Rs. 24.28. Mukand Irons fluctuated between Rs. 27 and Rs. 27.50 before winding up the week at Rs. 27.25.

In the textile section, Centurys advanced from Rs. 555 to Rs. 560.50 on Friday. In the subsequent sessions, they evoked good buying support and spurted to touch Rs. 581 yesterday. Today profit-taking brought down the value to Rs. 576. Over the week, the net gain was Rs. 21. Azam Shahis went up from Rs. 70 to Rs. 80. New Greats gathered Rs. 7 to Rs. 235. Shree Niwas put on an equal amount to Rs. 274. Indores rose from Rs. 169 to Rs. 176. Kohinoors advanced by Rs. 6.50 to Rs. 296.50. Gokaks also received good support and improved by Rs. 6 to Rs. 199. Simplex opened at Rs. 165, as against the previous close of Rs. 164, and jumped up to Rs. 170 yesterday. Today they eased by a rupee to finish at Rs. 169. Over the week, the share gained Rs. 5. Svadeshis received institutional support and put on Rs. 4.50 to Rs. 270.50. B.R. Cottons gained Rs. 2.50 to Rs. 44. Elphinstones gathered Rs. 2 to Rs. 88. Tata Mills were marked up by a rupee to Rs. 68. In the cash section, Victorias gained Rs. 16.25 to Rs. 482.50. Mafatlals advanced by Rs. 12.50 to Rs. 917.50. In the forward section, Morarjees, however, suffered a loss of Rs. 5 to Rs. 391. Standards shed Rs. 4 to Rs. 1,254.

Sugar shares displayed a mixed trend. Belapurs opened at Rs. 263, as against the last week-end rate of Rs. 264, and advanced to Rs. 266 in initial deals. At higher levels, profit-taking set in and the scrip eased to Rs. 265. After fluctuating narrowly, it finished at Rs. 263.50 today. Over the week, the share thus gained 50 nP only. Maharashtra Sugars declined by Rs. 3 to Rs. 187. Ravalgaons shed Rs. 2.30 to Rs. 60. Walchandnagars lost 50 nP to Rs. 162. Changdeos shed 20 nP to Rs. 23.72. But Phaltans received good support and advanced by Rs. 2.50 to Rs. 134.50.

Cement shares displayed an easy trend. Associated Cements opened steady at Rs. 166 and advanced on good enquiry to Rs. 167 on Tuesday. Today they finished lower at Rs. 165.75, following profit-taking at the higher level. Digvijays lost 50 nP to Rs. 179.50. Orissas shed 4 nP to Rs. 14.72.

In the shipping section, Scindias began firm at Rs. 12.72 as against the previous close of Rs. 12.64 and increased to Rs. 12.80 yesterday. Today, however, they were subjected to bull liquidation and fell to Rs. 12.64. Great Easterns softened by 16 nP to Rs. 13.52. In the automobile section, Hindustan Motors encountered heavy selling from local as well as Calcutta interests and were hammered down from Rs. 19.28 to Rs. 18.84 early in the week on reports that there was renewed labour trouble in the factory. In the subsequent sessions, however, they recovered to finish at Rs. 19.28, same as last week. Premier Automobiles gathered 50 nP to Rs. 156. Bajaj Autos advanced by Rs. 2.50 to Rs. 55.50. The Company has applied for a licence to expand its annual production capacity of its scooters and autorikshaws.

Electricity shares recorded sizable gains. Tata Powers spurted by Rs. 30 to Rs. 1,172.50. Andhra Valleys improved by Rs. 25 to Rs. 1,050. Ahmedabad Electricity hardened by Rs. 3.80 to Rs. 96.80. Tata Hydros picked up Rs. 2.50 to Rs. 113. Bombay Suburbans gathered Rs. 2 to Rs. 103.

In the engineering section, T.E.L.Cos. opened at Rs. 340.50 on Friday, as against the previous close of Rs. 340, and advanced to Rs. 344.50 on the same day. After easing to Rs. 339 on Tuesday, they recovered to Rs. 344 yesterday. Today they received sizable support from institutional investors and advanced to Rs. 352. Over the week, the share thus gained Rs. 12. Alcock Ashdowns strengthened by Rs. 5 to Rs. 311. Coopers gathered Rs. 2 to Rs. 187. Texmacos put on 32 nP to Rs. 17.36. In the cash list, T. Maneklals spurted by Rs. 75 to Rs. 635. Jost Engineerings rose by Rs. 7 to Rs. 101. New Standard Engineerings increased by Rs. 2 to Rs. 191. Mahindras gained just 24 nP to Rs. 19. But Greaves Cottons shed a rupee to Rs. 185.

A smart rise of Rs. 14.50 to Rs. 154 in Baroda Rayons was the feature of trading in the rayon section. National Rayons, however, shed Rs. 3 to Rs. 546.50 over the week. They opened steady at Rs. 550 and rose to Rs. 551.50 in initial deals. Subsequently, they were neglected and touched the low at Rs. 543 on Saturday. On Tuesday they again recovered to Rs. 549.50. Today, they finished at Rs. 546.50. South India Viscoses gathered Rs. 2.50 to Rs. 187, and Indian Rayons 50 nP to Rs. 70. Gwalior Rayons were quiet at Rs. 46.

Chemicals ruled generally firm. Amar Dyes were keenly bid and spurted by Rs. 23.75 to Rs. 315. Indian Dyestuffs advanced by Rs. 25 to Rs. 475. Colour Chems jumped up by Rs. 13.75 to Rs. 360. Kemps put on Rs. 12.50 to Rs. 302.50. Polychems gained Rs. 10.63 to Rs. 197.50 *ex-div.* Synthetics gathered Rs. 5.50 to Rs. 193.50. But Dharamsis encountered selling and lost Rs. 7.50 to Rs. 182.50. Dhrangadhras shed a rupee to Rs. 120. Tata Chemicals softened by 72 nP to Rs. 17.12 reflecting dissatisfaction of operators over the dividend of 65 nP per share proposed for the year ended 30th June 1961, as against 60 nP for the previous year. The Company intends to issue rights shares as well as debentures for raising Rs. 113 lakhs for financing its expansion programme.

In the miscellaneous section, Bombay Burmahs opened higher at Rs. 608, as against the previous close of Rs. 607, and rose to Rs. 616 on Tuesday induced by hopes of bonus issue. In the subsequent session, profit-taking set in and the scrip receded to Rs. 606 before finishing at Rs. 612. The net gain over the week was Rs. 5. Voltas shed 50 nP to Rs. 295.50, on rumours that the Company proposed to issue debentures and not right shares, as expected by market circles earlier. Hind Electricals were keenly bid and jumped up by Rs. 27.50 to Rs. 170. Ceat Tyres gained Rs. 6.25 to Rs. 210. Jayant Papers advanced by Rs. 11 to Rs. 92. West Coast Papers rose by an equal amount to Rs. 188.

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Madras Stock Exchange

MADRAS, *4th October*

Equities on the Stock Exchange were well maintained during the week under review with the exception of coffees which encountered selling. Persistent rumours suggesting the possibility of good buying enquiries by the Life Insurance Corporation were enough to sustain the enthusiasm of bulls in the absence of any other fresh incentives. The decision of the plantation labour in Madras, Kerala and Mysore to go on strike with effect from the 14th inst. to press its claims for wage increases, bonuses and other facilities, did not have any perceptible effect on plantation shares. Teas, in fact, ruled distinctly firm. Rubbers moved up in sympathy. Textiles attracted good attention, though, towards the close, a few shares moved down on account of profit-taking. Sugars did not show any signs of weakness, despite the removal of control on distribution and prices of sugar and the Government of India's decision to effect a cut of 10 per cent on output during the coming season. Miscellaneous industrials put on a cheerful appearance. Reports that the Government of India might not endorse the Tariff Commission's recommendations for raising the price of cement did not have any adverse impact on cement shares.

Among teas, Hailey burias strengthened by 20 nP to Rs. 14. Highlands improved by 12 nP to Rs. 14.24. Kil Kotagiris, Waterfalls and Neelamalais picked up 5 nP each to Rs. 4.80, Rs. 3 and Rs. 4.40, respectively. Chembras closed at Rs. 3.65, as against Rs. 3.61. Blue Mountains gathered 2 nP to Rs. 3.09. Periakaramalais rose from Rs. 3.66 to Rs. 3.69 before relapsing to last week-end's level.

In the rubber group, Midlands increased by 20 nP to Rs. 11.95. T.R. and Ts put on 6 nP to Rs. 10.06. Malankaras were firm at Rs. 18 and Vaikundams at Rs. 32.25. Nellithanams were done at Rs. 11. The Directors of the Company have passed over the dividend for the year ended March 1961, for the second year in succession.

Consolidated Coffees were particularly weak in the coffee section, the quotation declining by 28 nP to Rs. 20.37. Coffee Lands eased by 12 nP Rs. 16.50. Ouchterlony Valleys shed 3 nP to Rs. 3.75. Cowcoodys were quiet at Rs. 4.45, as also Rajendras at Rs. 12.12 and Balanoors at Rs. 14.75.

Among textiles, Buckinghams spurted by Rs. 3.80 to Rs. 248.80 *ex-div.* Bangalore Woollens advanced by Rs. 2.80 to Rs. 212.80 *ex-div.* Radhakrishnas were higher by 50 nP at Rs. 36. Loyals rose by 30 nP to Rs. 48.80. Travancore Rayons hardened by 15 nP to Rs. 39.25. Madurals improved by 2 nP at Rs. 38.77, after an initial fall from Rs. 38.75 to Rs. 38.70. Asher Textiles were fully firm at Rs. 204.05, following the announcement of a higher dividend of 30 per cent (taxable) for the year ended June 1961, as compared with only 12½ per cent (taxable) for the previous year.

Among sugars, Cauverys continued to elicit good enquiries and rose by 50 nP to Rs. 124.50. United Breweries were steady at Rs. 106.50, as also Indias at Rs. 11.60 and Mysores at Rs. 57.75. Travancores were well fancied at Rs. 10.25. But East India Distilleries declined by 33 nP to Rs. 38.87 and Deccans by 30 nP to Rs. 13.20.

Textools provided a bright spot in the miscellaneous section, the quotation spurting by Rs. 3 to Rs. 180. Among chemicals, Travancores picked up 25 nP to Rs. 18.50 and Metturs 19 nP to Rs. 14.30. Mysore Chemicals changed hands at Rs. 23.85 and Mysore Fertilisers at Rs. 11.60. In the cements group, Andhras increased by 10 nP to Rs. 9.35. India Cements improved by 2 nP to Rs. 6.65. Dalmias and Travancores were held firm, the former at Rs. 11.50 and the latter at Rs. 7.80. Orissa Cements, however, shed 25 nP to Rs. 14.75. Among others, India Steel Rollings rose by 30 nP to Rs. 10.80. Aluminium Industries hardened by 15 nP to Rs. 23.95. Tube Investments were steady at Rs. 260, Western India Plywood at Rs. 200.

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Calcutta Stock Exchange

CALCUTTA, *4th October*

Although the impending holiday considerations led both operators and investors to lessen their commitments and the volume of business remained unimpressive, the prevailing lower levels attracted buying support. The gains were, of course, small and were interrupted by occasional profit-taking. But closing levels were higher on balance. Reports that the committee of Stock Exchange Presidents was likely to submit interim recommendations in the near future and that these would deal with margins and hours of working and inter-market clearings led to caution, while the announcement of increased dividends by several companies and plans for diversification were taken as signs indicating bright prospects for the corporate sector during the third Plan period. The reduction of import quotas for several items now being produced largely within the country also reflected in improved outlook for industries. Such an outlook should have led to a greater rise in prices than recorded in the week, but monetary stringency in the wake of diversion of funds as a result of a number of new issues necessarily caused a diminution of interest. At the same time, L.I.C. support remained insignificant, and bank funds to the stock market are not only costly but also small, in view of greater demand on these by trade and industry. The reports that the Government's decision on the Tariff Commission's report on new cement prices would not be favourable and that sugar production would be restrained during the coming crushing season, in view of the problem of surplus sugar, were the factors that added to the hesitant tendency among operators.

BUNDESBANK REDUCES RESERVE RATIOS

As a logical continuation of the policy adopted in November 1960, when the Bundesbank decided to liberalise credit controls for balance of payments considerations, the Council of the Bank has announced further reduction in minimum reserve requirements of West German commercial banks. This decision, in fact, removes the last vestige of the restrictive credit measures begun in 1959. It is estimated to release DM 400 million or an equivalent of about £36 million.

As a cumulative result of the successive measures undertaken to liberalise bank credit by the Bundesbank during the last ten months, the minimum reserve ratios in respect of residents' sight and time deposits are now only 5 per cent above the level of October 1959. Ratios in respect of savings deposits are actually back at the level of that month. The discount rate is also at the level prevailing in October 1959, namely, 3 per cent. The Bank has, however, not made any change in the minimum reserves ratios regarding the deposits of non-residents as a measure to ward off "hot money."

FURTHER RISE IN JAPAN'S BANK RATE

The following three credit restraint measures have been announced by the Bank of Japan to restore equilibrium in the balance of payment of Japan:

(1) With effect from 29th September 1961, the Bank of Japan has raised its official rediscount rate (Bank rate) from 6.9 per cent to 7.3 per cent.

(2) The Bank has also stepped up the special rates of interest (penal rates) charged on its loans to commercial banks exceeding certain prescribed limits set for each bank. These penals rates were already substantially higher than the basic Bank rate.

(3) The reserve ratios—the proportion of reserves which the commercial banks are required to maintain with the Bank of Japan against their deposits—have also been increased.

Explaining the background of the above decisions, Mr. Mikio Mizuta, Japan's Finance Minister informed the Diet on 28th September that Japan's current account deficit was of the order of $821 million during the first eight months of 1961. He said that Japan would require long-term measures to overcome its current balance of payments problems.

NEWS IN BRIEF

A LICENCE has been granted by the Government of India to a private industrialist to set up an alloy, tool and special steels plant, with an annual capacity of 50,000 tons, at Salem in Madras State.

Three foreign trade delegations from the United Arab Republic, Afghanistan and Malaya have arrived in New Delhi for discussions with Government officials on questions relating to expansion of mutual trade.

The Oil and Natural Gas Commission has decided to undertake, with French assistance, intensive oil exploration in Rajasthan deserts. The aero-magnetic surveys already conducted on an area of 45,000 sq. miles in the State have indicated prospects for the discovery of natural gas.

As a measure of further encouragement to the cottage match factories for using bamboo, the Government of India has reduced further the rate of duty applicable to them by 25 nP per gross of 50s and 20 nP per gross of boxes for 40s, with effect from the 1st inst. The new concessional rate will be applicable to only those factories, the annual output of which does not exceed 50 million matches.

The Praga Tools Corporation (Hyderabad), a public sector undertaking, signed an agreement last week with the C.E.K.O.P., a Polish enterprise, under which the latter will supply machinery and equipment for the plant to be put up by the Corporation to manufacture machine tools. Apart from supervising the construction of the plant, the C.E.K.O.P. will provide facilities for training a few Indian technical personnel in Poland.

The All-India Coir Board, approved at its meeting held at Hyderabad last week, a scheme for regulating exports of coir and coir products. The scheme, which envisages an amendment of the Coir Industry Act, empowers the Board to license retters after examining the quality of products as well as to regulate export of coir fibre and coir products by asking for deposits from exporters.

India's exports (including re-exports) during the month of August 1961 were higher at Rs. 61.36 crores, as compared with Rs. 60.74 crores in July and Rs. 55.35 crores in August 1960. Imports at Rs. 71.54 crores showed an increase of about Rs. 3 crores over the previous month, but were lower by as much as Rs. 31 crores as compared with August 1960. Consequently, the adverse balance of trade during August was smaller at Rs. 10.18 crores, as against Rs. 18.26 crores and Rs. 47.60 crores.

A symposium on the ferro-alloy industry in India will be held at the National Metallurgical Laboratory, Jamshedpur, in February 1961 to consider the latest advances in the production technology of ferro-alloys in relation to laboratory scale, pilot plant and industrial prototype production trials. The symposium will survey the raw materials position for ferro-alloys production in India and evaluate the various productive techniques in the context of indigenous resources. Also on the agenda of the symposium is the question of utilisation of by-products of ferro-alloy industries and overall production economics.

A Rs. 6-lakh pre-fabricated three-storey office building, with 66,000 sq. ft. of floor area, will be constructed for the Delhi Administration by the Hindustan Housing Factory of the Union Ministry of Works, Housing and Supply at the Indrapratha Estate in New Delhi. The technique in constructing the building, which has been developed in the Factory, consists of casting completely pre-fabricated pre-stressed concrete and reinforced cement concrete units, suitable for floors and walls.

The Government of Rajasthan has decided to organise 300 joint farming societies by establishing thirty pilot projects in all the districts of the State during the third Plan. Ten such societies will be organised in each of the pilot project area. In the first year of the third Plan, 30 joint farming societies will be organised in the three pilot project areas of Bharatpur, Ganganagar and Pali districts. The societies will be organised voluntarily. The bulk of their members will consist of small cultivators or landless persons or both pooling of land as far as possible for a minimum period of five years. Intensive cultivation through labour-intensive methods will be the main activity of the farms.

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From Abroad

The Government of Malaya proposes to float a loan in the West German money market next year.

Air Ceylon has secured a link with the British Overseas Airways Corporation to run its international services, following the expiry of its contract with the Dutch K. L. M. Airlines, on the 1st inst.

The total production of cashew nuts in Tanganyika during the current year is estimated at 40,000 tons. The Government of India is said to have agreed to grant sufficient licences for imports of this entire crop.

Exports of manufactures from the twelve main industrially developed countries (excluding Communist countries) rose by 15 per cent in 1960, as compared with the previous year, according to the British Board of Trade.

The prices of Dunlop, Goodyear and Michelin and Pirelli tubeless and tube tyres and inner tubes for cars, commercial vehicles and for agricultural use (with the exception of cycle and motor cycle tyres), have been reduced by about six per cent.

Russia has become the second largest buyer of Malayan rubber, with its imports during January-August 1961 touching 87,016 tons, which are four times more as compared with the corresponding period last year. The U.K. was the leading customer, its intake rising by about 10 per cent to 122,175 tons.

The Brooke Bond Tea Group in the U.K. has decided to acquire control of the Dooma Dooma Tea Company, at a total cost of £1.59 million, each share costing £3. The Directors of the Dooma Dooma have undertaken to accept the offer in respect of their personal holdings and commend the same to all other stockholders for acceptance.

The Japanese Government has formulated plans to remove progressively restrictions on 90 per cent of its imports by October 1962. At present, 65 per cent of imports is free of restrictions. Restrictions on imports from the U.K., Italy and France may not, however, be completely removed, unless they reciprocate by easing their own controls on Japanese products, which are based on Article 35 of the G.A.T.T.

Industrial production in West Germany is expected to go up by only about 5 per cent in 1961, as against 11 per cent in 1960. During the first eight months of 1961, output rose by just 7.5 per cent. Demand for capital goods is flagging and has almost consistently been below last year's level since last April. But there are no indications of any large setback, particularly in view of the continuing labour shortage in the country and also prospects of a boom in the U.S.

PERSONAL

MR. K. R. F. Khilnani, Commissioner-designate to East Africa, left Bombay for Mombasa on the 3rd inst.

Mr. K. P. Mathrani, Chairman of the Industrial Finance Corporation, has been appointed Chairman of the National Industrial Development Corporation.

Mr. P. S. Rao, I.C.S. (Retd.), has been appointed Chairman of the Praga Tools Corporation in place of Mr. S. Ranganathan, I.C.S., Secretary to the Union Ministry of Commerce and Industry.

Mr. Shadilal Jain has been elected President of the All-India Plastics Manufacturers Association for 1961. Mr. S. N. Kasera and Mr. K. K. Mody have been elected Vice-Presidents.

Mr. Bharat Ram and Mr. B. G. Kakatkar, President and Honorary Secretary, respectively, of the Indian Cotton Mills Federation, have left for the U.S. to participate in the Indo-U.S. textile talks at Washington.

Mr. Donald Fleming, Canadian Finance Minister, has been elected the first Chairman of the new 20-nation Organisation for Economic Co-operation and Development (O.E.C.D.), at its inaugural meeting held at Paris on Saturday last.

Dr. N. Wadia, Geological Adviser, Department of Atomic Energy, New Delhi, has been elected representative of the Board of Scientific and Industrial Research of the Council of Scientific and Industrial Research, on the Governing Body of the C.S.I.R. Dr. Wadia fills the vacancy caused by the demise of Dr. K. S. Krishnan.

4½ PER CENT

MADRAS STATE ELECTRICITY BOARD BONDS, 1971

FOR RS. 200 LAKHS

(Payment of Interest and Repayment of Principal, Guaranteed by the Government of Madras)

The bonds will be trustee securities under the Indian Trusts Act and also approved securities for the purposes of the Insurance Act and the Banking Companies Act.

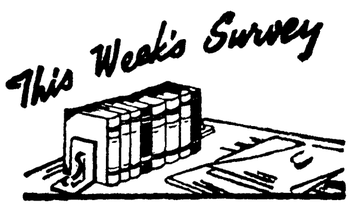
ISSUE PRICE RS. 99·50 PER CENT.

REDEEMABLE AT PAR ON THE 16TH OCTOBER, 1971.

Subscriptions will be received in cash or cheques from the 16th October, 1961. But the lists will be closed without notice as soon as the total subscriptions amount to approximately Rs. 200 lakhs and in any case not later than the close of business on the 23rd October 1961.

Applications will be received at all branches of the State Bank of India within the State of Madras and at the State Bank of India at Madras, Bombay, Calcutta, Delhi, Bangalore and Bangalore City.

Copies of the notification announcing the terms of issue and application forms are available at all the receiving offices mentioned above, at all treasuries and sub-treasuries in the State of Madras and at all Offices of the State Electricity Board and its undertakings.



SHIPPING IN PUBLIC SECTOR

WITH effect from 2nd October 1961 the two shipping concerns in the public sector—the Eastern Shipping Corporation and the Western Shipping Corporation—have been merged into a single undertaking called "The Shipping Corporation of India Ltd." This merger, which has been brought about in pursuance of the recommendation of the Estimates Committee of Parliament in 1959 and the relevant resolutions of the Board of Directors of the two Corporations in February last, will, it is expected, make for better co-ordination in their working and for economy in the long run. The single new Corporation will operate scheduled passenger-*cum*-cargo services between Bombay and East Africa, between Madras and Singapore and between Calcutta and Madras/Andamans. It will also operate regular cargo services (as members of governing conferences) to and from the U.K.-Continent, the U.S.S.R., Poland, Middle East, Australia, Far East and Japan. As a member of the Indo-U.K.-Continent Conference Lines, it will, however, have to fall in line with them in so far as the move to increase freight rates is concerned; this will have the effect of making Indian goods somewhat costlier in foreign markets, for members of Conference Lines cannot compete against one another on rates of freight. But, whatever be the freight rates, the Corporation, which now has 17 vessels engaged in the overseas trade, will continue to earn or save some foreign exchange for the country; even the two coastal tankers, which the Corporation has chartered to the oil companies, are earning, and will continue to earn, foreign exchange.

The Corporation will be in a better position to play the role of a foreign exchange earner in the third Plan period, if its programme of substantial expansion is carried out according to schedule. Under this programme, the Corporation will be adding in 1962-63 five fast cargo vessels (now in advanced stages of construction at the Hindusthan Shipyard) to its existing fleet of 19 vessels of an aggregate gross registered tonnage of 138,593. In addition to these five vessels, orders have recently been placed with the Hindusthan Shipyard Ltd. for a second series of six fast cargo liners of the Mitsubishi type; these vessels are also expected to be delivered within the third Plan period. With their addition, the Corporation's tonnage will go up to about 240,000 g.r.t. by the end of the third Plan. There is also a proposal to acquire for the Corporation at least one ocean-going super-tanker for the transportation of crude oil reasonably soon. Thanks to this expansion programme, the Corporation will be in a position to expand its tramping operations, too, as will be seen from the following passage taken from the speech delivered by Dr. Nagendra Singh, Director General of Shipping, at the joint annual general meeting of the former Eastern Shipping and Western Shipping Corporations held at Bombay last week:

"Having regard to the orders for tonnage which have already been placed by the Corporation with the Hindusthan Shipyard, we are assured of a fairly steady development in so far as fast modern vessels for liner operation are concerned. As and when these vessels are delivered, we propose to divert some of the existing slower units to tramping. It is my considered view that, apart from the liner services in which we ourselves and other shipping companies have done reasonably well, there is a good field for the expansion of tonnage in tramping. The Corporation will keep this in mind, when they plan their activities for the coming years."

The working results of the two erstwhile Corporations, taken together, for the year ended 31st March 1961, suggest that the single new Corporation will perform much better in the coming years. An increase of about Rs. 2 crores (from Rs. 4.08 crores in 1959-60 to Rs. 6.07 crores in 1960-61) in overall earnings, a depreciation provision of about Rs. 1.07 crore and a net profit (after covering all expenditure, interest charges and normal depreciation) of Rs. 47.5 lakhs are the highlights of the year 1960-61. The net profit works out to only 2 per cent on the total paid-up capital of Rs. 23 crores as on 26th September 1961. That the rate of return will steadily go up in the third Plan period in the wake of the Corporation's expansion in operations may be reasonably foreseen.

SUGAR OUTPUT REGULATION

For the first time in the history of sugar industry, the Government of India has assumed powers to regulate production by fixing output quotas for every individual sugar mill. An ordinance providing for such powers, entitled Sugar (Regulation of Production) Ordinance 1961, was promulgated on Tuesday the 3rd inst. The issue of the Ordinance has been necessitated by the fact that Parliament is not in session, and will not be meeting before the 1961-62 season commences on 1st November. The Ordinance seeks to implement the policy decision pertaining to output regulation announced by Mr. S. K. Patil, Union Minister for Food and Agriculture, at a Press Conference on Wednesday, 27th September.

The Ordinance, which will come into effect from the beginning of the next season (that is, 1st November 1961), empowers the Government to make rules for fixing production quotas for each individual factory. In fixing such quotas, the Government will, we are told, bear in mind some of the important factors involved. They include (*a*) opening stocks at the commencement of the season in the territories to which the Ordinance extends; (*b*) quantity of sugar required for consumption during the year; (*c*) quantity likely to be available for export; (*d*) working capacity of the factory concerned in the period; (*e*) number of days on which the factory actually worked during the relevant period; (*f*) quantity of sugar produced expressed as percentage of cane crushed in the relevant period; and (*g*) such other matters as may be prescribed. If any factory produces sugar in excess of the quota for it, it will have to pay on such excess output a special excise duty equal to the duty chargeable on sugar under the Central Excise Act for the time being in force. This penalty, it may be noted, is twice as much as the incentive given in the 1959-60 and 1960-61 seasons for stepping up production. The present excise being Rs. 14.56 per cwt., the penal levy will be as high as Rs. 29.12 per cwt. and is bound to act as a strong deterrent to mills that desire, and are in a position, to produce sugar in excess of their quotas. Further, the Ordinance authorises the Government to make rules providing for the submission by mills of returns or reports or other information relating to the production and stocks of sugar, the manner in which the factory should maintain accounts in respect of sugar manufacture, and the inspection of records and registers of factories. The Ordinance also authorises the Government to impose a fine extending up to Rs. 5,000 for any breach of a rule prescribed under the Ordinance.

The chief consideration that has weighed with the Government in deciding to regulate sugar production is to avoid a further increase in accumulated stocks. As it is, the problem of excess sugar is acute and, naturally, the "Government has," to quote Mr. Patil, "come to the conclusion that it is desirable, in the interest of the cane growers, to set a production target or quota for each factory, so that the cane growers may have the opportunity of diverting the surplus cane, if any, in time to other uses." The question that springs to one's mind is this: what is to be done with the cane that for some reason or other cannot be diverted to other uses? There is no answer to this poser in the Government's plan for the coming season. The farmer will, however, learn a lesson, if he is wise, and plant less sugarcane for the 1962-63 season. Some fear that, if he were to do so for another season, there would be an acute shortage of sugar again. But such a possibility could be avoided by wise planning in advance. And there would be plenty of time for taking the necessary corrective steps.

SOAP INDUSTRY

The soap industry has nearly doubled its output during the last decade. The production of soaps in the organised sector rose from only 73,000 tons in 1950 to 130,000 tons in 1959 and further to 140,000 tons in 1960. The chief factors that have stimulated production are the ban on imports since June 1957 and the increase in domestic demand. Despite this progress, the soap industry in general cannot be said to have established itself on a sound basis. For the installed capacity of the industry, ever since it was brought within the purview of the Industries (Development and Regulation) Act, continues to be around 253,000 tons; this means that the unutilised capacity is large. As much as 45 per cent of the total installed capacity lay idle in 1960, the corresponding proportion for the previous years being still higher. The Government of India has, therefore, been restricting the expansion of the capacity of the existing units, apart from preventing new ones from entering the field, with the object of "enabling the existing units to utilise their capacity to the maximum extent."

The paradox of the situation is that, although the overall soap output is below capacity, several major units within the industry are working to full capacity and these have resources for sizable expansion but are not permitted to expand. It looks as though these units are being penalised for the omissions of several other uneconomic units within the organised sector itself. This imbalance deserves to be rectified. It is, therefore, just as well that Mr. S. P. Godrej, the retiring Chairman of the Indian Soap and Toiletries Makers' Association, should have suggested at the annual meeting of the Association held at Calcutta last week, that the Government should allow expansion of all those existing units which were desirous of raising their capacity to an economic level. If only the Government is prepared to shed its doctrinaire solicitude for small-scale soap units, the industry will expand on sound lines. This will have the effect of reducing the cost of production and, thus, the prices of soap, which is an article of universal consumption.

It cannot be denied that the present structure of the industry, in general, is in a quite unsatisfactory condition. For, apart from the inefficient units in the organised sector, there are a large number of small units engaged in the production of soap. An official estimate puts the current annual output of soaps by the small-scale sector at as much as 200,000 tons, or well above the aggregate output of organised units. The preponderance of small units, which produce only inferior quality, tends to obstruct the development of the organised industry on a steady basis. It is well known that a sizable increase in demand cannot be expected, unless prices are reduced. In the present circumstances, price reduction will be possible only by ensuring larger recovery of the valuable by-product, namely, glycerine (which, incidentally, has good export prospects), and by modernising existing equipments. The small units are ill-suited for taking these measures. But the Government does not seem to have realised this point yet. Otherwise, it would not have acceded to an annual production target of 278,000 tons in the third Plan for the small-scale sector alone. The corresponding target for output in the organised sector is lower at 222,000 tons, a level much below the existing installed capacity. The least that should be done at present, as suggested by Mr. Godrej, is to make available to small units adequate quantity of fatty acids, which will help conserve glycerine, that would otherwise be wasted (when small units use oils for soap production). Besides, the growth of small units in the urban areas should be discouraged, permitting them only in rural areas where their products will not find much competition.

The soap industry is facing several difficulties on account of the shortage of such raw materials as coconut oil, palm oil and tallow. The supply position of oils and fats, in particular, is quite tight; their prices are also high. Much greater efforts are, therefore, needed for tapping oils from non-edible oilseeds. Some efforts are, of course, being made in this direction. In view of these difficulties, it is not surprising that exports of soaps have not made any significant headway, although certain incentives are now offered by way of drawback in duties, import licence for raw materials against exports, etc. Exports of soaps rose from about Rs. 10 lakhs in 1957 to Rs. 16 lakhs in 1959, but fell back to about Rs. 14 lakhs in 1960. It would be particularly relevant in this connection to examine how far the higher freight rates are hampering exports—a problem to which attention was drawn by Mr. Godrej—and to explore the possible solutions to minimise their impact on exports.

MR. RUNGTA ON BUSINESSMEN'S PROBLEMS

In his presidential address at the half yearly general meeting of the Bharat Chamber of Commerce, Calcutta, held at Calcutta on Saturday, 30th September, Mr. Madangopal Rungta admirably summed up the difficulties facing the businessmen in India when he declared that the fundamental fact confronting businessmen today was that they had to serve two masters, the vigilant critical public, on the one hand, and the powerful Government, always sceptical of private enterprise, on the other. Elaborating this point, Mr. Rungta observed:

"The public seems to be more concerned about their immediate problems and expect of us to expand employment and maintain supplies at prices they can afford to pay, and the Government demand of us to tie ourselves to the professedly long-term socialistic plan of capital-intensive pattern. We are in this great gap between the people and the Plan, and you (businessmen) must have been daily experiencing the complexities inherent in such a situation."

A number of basic problems of economic growth confronting the Indian economy in the current phase of developmental planning also received expert treatment at Mr. Rungta's hands. As the problem of exports is proving a tough one, it is natural that the President of the Bharat Chamber of Commerce should have devoted the major part of his address to it. He gave detailed statistics to show how the export aspect of foreign trade has lagged behind over the last decade. As a proportion of national income, the export earnings have actually declined from a little over 7 per cent in 1950-51 to 4.4 per cent in 1960-61, whereas imports have gone up from 6.9 per cent in 1950-51 to 10.2 per cent in 1957-58. Subsequently, however, the latter, too, have contracted to 7.2 per cent in the closing year of the second Plan.

But the country cannot afford to neglect exports, for maintenance imports alone would require foreign exchange of the order of Rs. 740 crores a year on an average over the third Plan period, as against which the average annual earnings during the second Plan period aggregated only Rs. 614 crores. It is for this reason that the export target has been pitched at Rs. 850 crores for 1965-66 by the Planning Commission. How to achieve such an ambitious target is the question that is baffling even the experts. Mr. Rungta, of course, realised that the solution to this problem lay in making Indian goods competitive in terms of both quality and price. Being, however, a practical businessman, Mr. Rungta was quick to realise that the inflated cost-price structure in India was the main fly in the ointment and prevented the exports from rising. He rejected State trading or increased official intervention as proper methods of stepping up exports. Citing Japan's example, he stated that India could learn many things from that country. It is well known that Japan allows the export industries a larger degree of freedom in regard to costs, including the cost of labour. But the picture in India was exactly the opposite. The wage cost in India is the highest among the developing countries. As 72 per cent of the gross value of manufactured products had to be spent on raw materials, fuel and depreciation, and of the balance of 28 per cent a little over 57 per cent had to be spent on wages and salaries, 23 per cent on other business expenses, including indirect taxes, and 9 per cent on income-tax, Indian industry found it extremely difficult to meet competition in external markets. Mr. Rungta, therefore, made a strong plea for a new approach in regard to wage and taxation policies of the Government, in the interests of achieving a faster pace of growth with stability and of promoting exports.

Another problem to which Mr. Rungta drew attention was the growing extent of under-utilisation in as many as 81 lines of production out of a sample of 98 lines. In these lines under-utilisation ranged from 20 per cent to 75 per cent. This is really a serious situation in a capital-hungry economy, where every piece of machinery should be fully utilised to maximise production, profits and employment. It is high time the Government took some vigorous steps to remove the evil of under-utilisation.

IMPORT POLICY

An outstanding feature of the import policy for the period, October 1961-March 1962, announced this week, is the emphasis it lays on promotion of exports as a pre-condition for granting import licences in respect of several items. It is the considered view of the authorities that export industries should not be starved of raw materials and equipments. Accordingly, the scope of schemes seeking to link exports and imports has been widened. In the first place, it has been decided to grant import entitlements to 75 per cent of the value of goods exported in excess of exports made by the manufacturer in 1956, or twice the amount of imported raw material components, whichever is less, in the case of fifteen industries. This is subject to the condition that at least 20 per cent of the value of the finished goods would be exported. The industries brought within this scheme include certain non-ferrous metal products like aluminium semis, extrusion and full processed products like plain aluminium and A.C.S.R. conductors, cables and wires, as also fruit and vegetables preservation industry. This scheme has, no doubt, the attraction of ensuring the recovery of that part of foreign exchange spent on imports. But it cannot be said that it will by itself guarantee any sizable increase in exports. It is possible that, under the new scheme, only the channels of existing exports will be altered, without causing any *net* increase in exports. All the same, the scheme is commendable to the extent that it tends to make the manufacturers conscious of their vital obligations on the export front at this juncture.

Of the other measures designed with an eye on export promotion, mention may be made of the special procedures laid down for the grant of import licences against shipment of certain selected industries with good export potential. These industries cover engineering goods, cotton textiles, yarn, handloom goods, art silk fabrics, plastics, cashew kernels, chemicals, sports goods, unmanufactured tobacco, coir yarn and its products, *vanaspati*, etc. Special procedures for grant of import licences for raw materials have also been evolved in respect of 24 exportable items, such as leather shoes and other leather goods, tanned hides and skins, shellac and seedlac, pencils, vegetable and food products. These procedural reforms are welcome, in that they will reduce the impact of protracted procedural measures which will only chill the enthusiasm of exporters. What is more, special priority is expected to be given for applications for import of plant and machinery for industries with export prospects, whether they are for new units or for expansion of existing ones.

As was only to be expected, the overall import policy continues to be severely restrictive. Even an optimist would not have dared to expect any marked liberalisation, considering that at present sterling balances are at a low level, being no more than about Rs. 135 crores. The cut in imports effected is expected to result in a foreign exchange saving of one crore of rupees. Imports of three items, namely, bicycle parts and accessories, butyl acetate and butyl alcohol, have been completely banned. Besides, import quotas for established importers have been cut (ranging from 10 to 75 per cent) in respect of over 120 items. It is claimed that the cuts have been made in respect of items for which adequate indigenous capacity has been created. It is, however, not clear whether the Government has taken due consideration of the time-lag between licensing of capacity and actual production. The other features of the import policy are, (1) the continuation of "repeat licensing," (2) decentralisation of licensing of certain articles like essential basic drugs, brass, bronze and equipments required by pharmaceutical industry, and (3) expansion of the items licensable to actual users to cover wire cloth, seive cloth, microcrystalline wax, shuttle-cock cork, buttons for sports goods and hosiery needles. Further, the basic period for a number of items has been extended in some cases upto 1959-60 and in others upto 1960-61. The validity period has also been extended to 18 months (from the previous 12) in the case of taper roller bearings and their components, and to twelve months (previously six) for milling cutters, textile machinery accessories, wireless instruments, etc.

Considered against the background of the present foreign exchange difficulties of the country, the import policy, on the whole, is satisfactory. Certain sections of trade, for instance established importers, have not, however, concealed their displeasure over certain restrictions. In a country where new domestic industries are coming up, it is only natural that the role of established importers of certain industrial products should become less important. The complaint of the protagonists of development imports and of maintenance imports are not likely to be vociferous, since an effort has been made to reconcile, as far as possible, the demand arising from both the sectors.

TOURISM AND HOTEL INDUSTRY

In his address to the All-India Hotels and Restaurants Convention, held at Madras this week, Mr. S. N. Chib, Director-General, Department of Tourism, Government of India, stated that the three principal reasons why the number of foreign tourists visiting the country was not more than it is at present were (1) insufficient hotel accommodation, (2) lack of proper domestic air services linking the different parts of the country to serve tourists coming in groups and (3) high air fares. The first deficiency could, according to him, be removed by the Government taking over and running the hotels and the second and third by increasing the carrying capacity of the Indian Airlines Corporation and reducing air fares to enable more tourists with modest means to visit the country. Mr. Chib, however, did not seem to regard these solutions as practicable, at least for the present. The Government, he felt, was already burdened with too many economic activities that it did not want to take on any more additional responsibilities. As to air fares, Mr. Chib did not say whether there was a case for reduction or whether his Department would press for a cut in fares. But indications are that there would not be any reduction in fares, which had only recently been put up. Mr. Chib wanted the hotel industry to show better results through better management, thereby infusing confidence in the minds of financiers to invest more in hotel business.

Hoteliers recognised the crucial role which hotel industry had to play in the promotion of tourism. They, however, felt that the facilities available for financing hotel industry were inadequate. Hence it was suggested at the conference that the Government should set up two finance corporations for the hotel industry, one with a revolving fund of Rs. 10 crores for financing larger hotels and the other, with a fund of one crore of rupees, for offering financial help to small and medium-scale hotels and restaurants which did not possess their own land and buildings to offer as security. The conference also pleaded that hotels and restaurants managed by private limited companies should be enabled to get loans from the State Financial Corporations and that they also be made eligible for assistance under the small-scale industries scheme.

Dealing with these suggestions, the Director-General of Tourism stated that the Government of India, in consultation with the Department of Tourism, was already contemplating an amendment to the legislation pertaining to State Finance Corporations in order to enable them to grant loans to hotels and restaurants run by private limited companies and proprietory concerns. This was being done, according to him, to help medium-class hotels. It may be noted that hotels run by public limited companies have been made eligible for loans from the Industrial Finance Corporation of India. In fact, the I.F.C. has already sanctioned two loans, one for Rs. 9 lakhs for a hotel in Bombay and the other for Rs. 1.60 crore for the construction of three hotels, one each at Agra, Bombay and Delhi, in addition to guaranteeing a dollar loan, amounting to Rs. 1.47 crore, from the U.S. Ex-Imp Bank.

Mr. Chib, however, did not favour the creation of separate finance corporations, on the ground that existing financial institutions could meet the needs of the hotel industry without much difficulty. Unless, therefore, it was proved that the rules and regulations of the existing financing agencies were very stiff, there was, he added, no justification for yet another agency. He, however, assured hoteliers that, if they drew up a well-defined scheme, indicating how the establishment of a separate finance corporation would meet their requirements and how they would like it to be, the Government would be prepared to consider it. This, it must be conceded, is a fair offer. It is now for the Federation to present a convincing case for setting up separate finance corporations. But as things are at present, and if the State Financial Corporations are authorised to give loans to hotels and restaurants, there does not appear to be any need for a separate financing agency for hotel industry. It must be mentioned here that commercial banks also can, and some do, lend money to sound units of hotel industry, as such loans are eligible for the facilities provided by the Refinance Corporation of India. Apart from the important consideration that the turnover would not be large enough to warrant a special corporation and make for economy in working, the creation of separate financing agencies for each industry is not desirable.

The Government of India has, in consultation with the State Governments, authorised the use of metric length measures throughout the country from the 1st inst. These measures are the metre (approximately three inches longer than the yard) and its decimal multiples like the kilometre (1,000 metres). The yard and the other length measures, now in vogue, will, however, be permitted till 1st October 1962. They will cease to be recognised by law thereafter. The use of these measures, it may be recalled, was permitted in certain organised industries as early as October 1958.

CUT IN SUGAR PRODUCTION

FOR WHOSE BENEFIT?—WHY NOT THINK ON POSITIVE LINES?

By Rameshwar Das

Director, The Lakshmi Sugar and Oil Mills Ltd., Hardoi

THE latest Government action, imposing a 10 per cent cut on sugar production, has been received with great misgiving and disappointment by the consumers and cane growers who have been stunned by a move which is not only negative and reactionary but will also have far-reaching economic and political repercussions.

For whose benefit has this cut been imposed? The question requires our immediate answer. Obviously, not in the interest of millions of consumers and cane growers over the length and breadth of the Indian Continent. During recent years, the price of sugar has been successively raised and it is now double the price of what it was only eight years ago. For the teeming millions, sugar is the only sweetening agent in their otherwise poor and scanty meal. But, by pricing it beyond their capacity, the consumption of sugar has practically been halted to a stationary figure. Measured by the low cost of living standards obtaining in India, sugar is relatively the most expensive food item to consume. While the consumer starves for sugar, the Government is trying to restrict the release of sugar for internal consumption in a vain effort to export small quantities at practically one-fourth of the internal sale price. Nobody will question the imperative need to build up exports, but by no stretch of imagination are our sugar exports at ruinous losses a reasonable or sound business proposition? And who is being sacrificed now through production cut and ruinous export? Obviously, consumers and cane growers.

Rs. 12-crore Loss for Government

The industry and the sugar trade are happy on account of the props provided by the Government to maintain artificial price levels, as their interest becomes secure and they expect to thrive on account of this arrangement. On the other hand, the Governments—Central as well as States—have unwittingly committed themselves to a revenue loss of more than Rs. 12 crores by the proposed cut in production for the coming season.

The Government will levy a penal extra duty on sugar made in excess of 90 per cent of last year's production. Such a punitive measure will certainly rule out any likelihood of sugarcane being sold to sugar factories with cane acreage standing at an all-time high figure. What will happen to millions of tons of surplus sugarcane which otherwise would have been processed into another 0.6 to 0.7 million tons of sugar? Without going into the controversy of what should be a reasonable price for sugarcane, it is a tragic fact that the closure of sugar factory gates to the cane grower would leave him no outlet except to make *gur* and *khandsari* at practically throwaway prices and at a great national loss. The conversion of all the surplus sugarcane into colossal quantities of *gur* and *khandsari* will also create equally big problems for their disposal and will eventually lead to below bottom prices.

One Solution

Having regard to all the above factors, the only solution lies in the utilisation of the present cane crop to the fullest extent for the production of sugar and ensuring a fair return to the cane grower. Further, the price of sugar, including the stock of the previous season should be substantially reduced, say, by Rs. 5 to 6 per maund, and the sugar be made freely available for internal consumption (1) by removing all kinds of trading and movement restrictions, and (2) by providing speedy railway transport at concessional rates, so that sugar reaches quickly and cheaply all the sugar deficit regions of India.

The price reduction must be equitably shared by cane growers, the marketing societies the sugar industry and the State and Central Governments.

The reduction of sugar price from nearly Rs. 38 at present to Rs. 32 or so will provide a tremendous impetus for increased internal consumption which should rise from the present level of 2.1 million tons to 2.8 million tons. Government revenues will not be materially affected, even if excise and sugarcane cess rates are reduced initially, as larger production will nearly compensate them instead of the expected net loss of Rs. 12 crores under the present production cut.

Instead of leaving the cane growers and consumers to their fate, another way out of the present impasse, though not equally effective, may be suggested.

An Alternative

For all intents and purposes, the cane grower is now left to fend for himself in regard to the disposal of his surplus cane. Why not plan separately for its disposal and also benefit the consumer? The cane grower should be offered the choice of either converting his surplus cane into *gur* and *khandsari* or selling it to the factories at 25 per cent reduction on the minimum price. The marketing societies should forgo their commission, State and Central Governments their sugarcane cess and excise duties, and the sugar factories their profits on this sugar. After the end of the season, the surplus sugar could be pooled with the quota sugar and the price of total sugar be reduced by approximately Rs. 5 per maund. In the alternative, this surplus sugar, produced economically at an equal sacrifice by all the parties, could be earmarked for export. The cost will be sufficiently low to make exports at least to the U.S. possible at practically no loss. This suggestion is in line with our Food Minister's views that losses on sugar export be shared by all.

I have touched briefly the deep economic repercussions of the proposed sugar production cut, but I am afraid the political reactions will be equally damaging. How will the different political parties, especially the party in power, which is responsible for taking the decision for production cut, be able to face the public and the cane growers during the next elections? In some important regions of the country, of which U.P. may be quoted as an example, the major part of agriculture and industry is centred round cane cultivation and sugar production. It will not be easy for the political leaders to explain to cane growers and the general public why sugar is so expensive, why the larger sugarcane crop this year cannot be utilised to make it cheaper and still win the Elections.

ON THE ARENA

As "Archer" is on a long holiday, the weekly feature "On The Arena" will not appear for two months from this week.—EDITOR.

ROURKELA RECOVERING FAST

The marketing of rolled cold steel products made by the cold rolling mills at Rourkela, which went into production in August last, began in September. The blooming and slabbing mill in Rourkela rolled 25,330 tons of steel. Based on this performance, the target for September was raised substantially. The dolomite calcining plant has started full-swing production. During August, it met the full requirements for burnt dolomite for the LD-converters and the open hearth furnaces. Meanwhile, the Rourkela pipe plant produced 4,594 tons of pipes in August, a new record. From weekly figures for September, it is predicted that this record will be better still. Altogether, Rourkela has shown all-round improvement during August. Steel production rose by 24 per cent as compared with July, and the plate mill and the pipe plant exceeded the monthly targets by 16 per cent and 11 per cent, respectively. This improvement is reflected in Rourkela's earnings which increased to Rs. 125 lakhs in August. Earnings would have been better if wagon supply had matched requirements.

In collaboration with the A.E.G. (Allgemeine Elektrizitaetsgesellschaft) of Frankfurt/Berlin, W. Germany, the Government of Mysore will set up a new factory for the production of transformers up to 20,000 KVA. motors up to 1,500 HP and industrial high tension and low tension switchgear. When in full production, the new factory will have an annual turnover of about Rs. 7 crores, as against Rs. 1.8 crore envisaged in the original scheme. An agreement was signed between the Government of Mysore and the representatives of the A.E.G. at Bangalore on 15th September 1961. The foundation stone for the new buildings will be laid on the 19th inst.

THE COMMONWEALTH AND EUROPE

U.K.'S ASSURANCES

(From Our Own Correspondent)

LONDON, *28th September*

LONDON LETTER

THE meetings in London this week of the Commonwealth Parliamentary Conference have concentrated on the negotiations with which the United Kingdom is currently engaged over its entry into the European Common Market. It might not be unfair to sum up the views of the speakers by quoting the words of the British Minister in charge of these negotiations, Mr. Heath, Lord Privy Seal: "The Government are entirely satisfied," and, on the other hand, the words of one of the African representatives that the matter of the Common Market was "not all business but all politics." One of the Indian representatives, Mr. Sardar Hukam Singh, M.P., voiced a very general fear when he thought that British negotiations were inevitable and that he had no great confidence of any good coming to the Commonwealth which to the United Kingdom would become of no more interest than "a museum piece."

Although all the statements of British intentions were applauded by the delegates to the Conference, it was noticeable that the greater applause was reserved for the critics.

Both the Secretary of State for Commonwealth Relations, Mr. Sandys, and the Lord Privy Seal, emphasised—indeed the reiteration became boring—that, at this stage, there was only negotiation, that special arrangements were being insisted upon to protect vital Commonwealth interests, that Britain in drawing closer to Europe would not draw away from the Commonwealth, that Britain would not become a junior partner to the Six nor the Commonwealth a backwater. And yet these Ministers failed to inspire confidence that the drift into Europe, to use an unkind phrase, would not involve a drift away from the Commonwealth.

India's Interest

It was not so much the economic aspects of the entry into the European Market that bothered some of the Commonwealth delegates but the political implications. But the balance of fears on these two issues appears to have depended very much upon the political maturity of the speakers. It was the least thinking delegates who seemed genuinely bothered about the position of the Crown and the future relations of the Crown to a Commonwealth outside the Common Market. The Indian spokesmen, on the other hand, were more concerned with the trading results of the proposed move. More than one delegate voiced the thought of a Commonwealth Common Market, but, as Mr. Heath pointed out, the countries of the Commonwealth were very concerned about developing their own resources and the process which had begun many years ago, when tariff barriers grew up inside the Commonwealth, has not yet been concluded. The Commonwealth countries are not prepared, by and large, to throw in their lot without tariff protection with a group of highly industrialised States.

However, as far as the United Kingdom is concerned, the negotiations to join in the Common Market involve a transfer of sovereignty limited to economic interests and not including defence or foreign policy, and, on the matter of trade negotiations, they are designed to see what terms can be struck and not to go in regardless of terms.

Thus, the Conference is concluding on a note of apprehension from the Commonwealth delegates who have firmly voiced their desire to continue in the Commonwealth and, although the British Government have firmly stated that, if they have to choose between the Common Market and the Commonwealth, they would choose the latter, it is to the future implications of the choice that everyone is looking.—*All Rights Reserved.*

Britain's imports of all types of tobacco from Commonwealth countries during the first seven months of this year aggregated 103.8 million lbs., 10.9 million lbs. more than in the same period a year ago. Of this quantity, the share of Indian tobacco alone was 36.5 million lbs., an increase of 1.8 million lbs.

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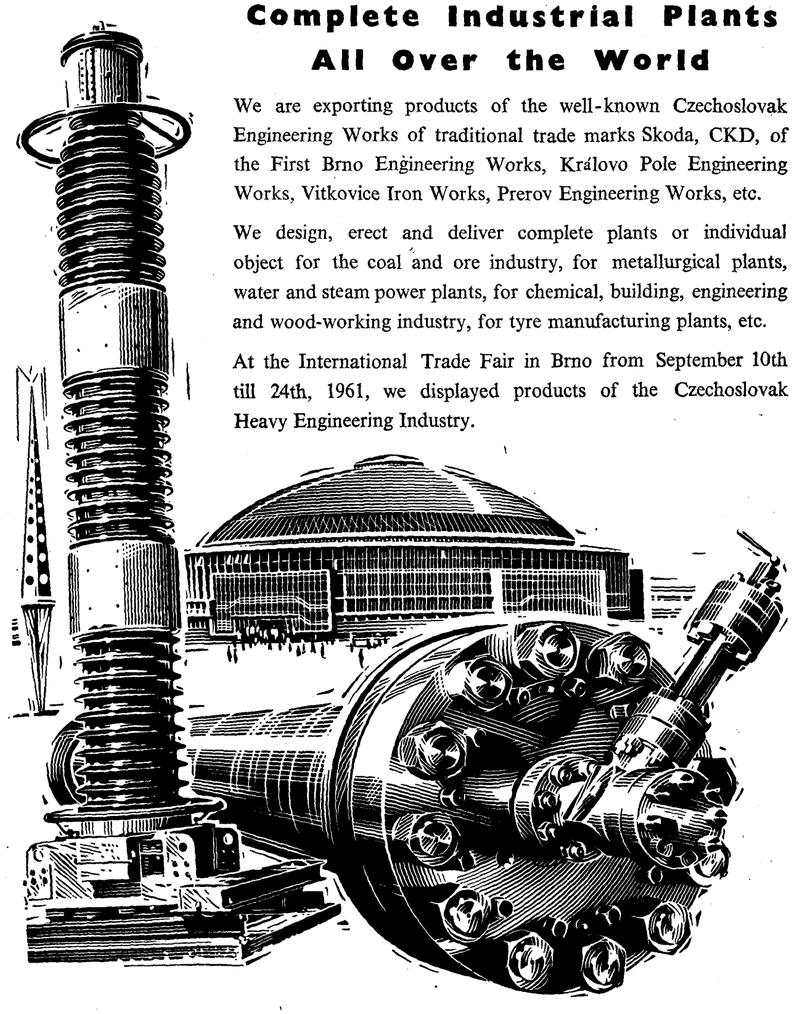

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MAGNITUDE OF COAL SHORTAGE

RESULTS OF FEDERATION'S INQUIRY

THE *supply and movement position of coal* started deteriorating from the middle of 1960 and assumed such grave proportions that a number of industrial establishments all over the country were *either forced to slowdown or, in some cases, even close down for want of coal.* While it is true that the pace of industrial development far exceeded the most optimistic hopes of the planners, the fact remains that due attention was not given to the transport needs and the planners could not anticipate the transport requirements at the end of Second Plan. The Federation of Indian Chambers of Commerce and Industry had taken up the matter with the Coal Controller, the Ministries of Steel, Mines and Fuel, Commerce and Industry and the Railways. In order to collect additional factual data, a questionnaire was issued by the Federation in two parts on 22nd July 1961; Part 'A' was meant for the consumers of coal, while part 'B' was for the use of the suppliers of coal, that is, collieries and coal merchants. In response to the questionnaire, replies were received by the Federation from 236 industrial consumers and six suppliers of coal and coke, including an association of collieries, which sent a consolidated reply in respect of 200 collieries. The following broad conclusions have emerged as a result of the Federation's Study:

Part A—Consumers of Coal

Regional Distribution: Of the 236 units consuming coal and/or coke, 117 are located in Maharashtra and Gujarat; 67 in the Central, Western and North-Western India comprising Madhya Pradesh, Rajasthan, Delhi, Western U.P. and Punjab; 31 in the Eastern Zone i.e. Assam, Bengal, Bihar, Orissa and Eastern U.P. and 21 in the Southern Zone i.e. Andhra Pradesh, Madras, Mysore and Kerala. This indicated that the shortages were more widespread in the Western and the North Western regions of the country as compared with the rest. Regional distribution is not, however, the right index of the extent of shortages, because units in areas where shortages were widespread got their supplies both from the Bengal and Bihar coal-fields and the C.I. and C.P. coal-fields. An analysis has, therefore, been made on the basis of the distance between a unit and the supplying colliery or collieries with the following results:

Distance from the supplying colliery/collieries	Number of units
Upto 100 km.	7
100 to 250 km.	50
250 to 500 km.	7
500 to 1,000 km.	55
1,000 to 2,000 km.	74
2,000 and above km.	30

(13 units have not given the distance of supplying colliery from the factory site.)

Distribution of Units on the basis of Industries: The 236 units which have furnished replies are distributed as under:

Industry	Number of units
Textile (cotton, woollen, jute, silk and art silk)	86
Engineering (this includes foundries and steel re-rolling)	50
Chemicals, paints and varnishes	22
Food processing and dairying	14
Paper and board	10
Vegetable oils, vegetable products and soap and cosmetics	9
Sugar	5
Pottery and ceramics	5
Cement	4
Distilleries (including power alcohol distilleries)	4
Electricity generation	3
Glass	2
Automobile	1
Sewing machine	1
Cycle	1
Electric bulbs	1
Ferro manganese and ferro alloys	2
Miscellaneous	16
	236

Stock Position: Excepting 8 units which have reported an excess availability of between 4 to 100 per cent, all others have stated that their stock position was precarious.

In order to maintain regular production, units situated over 1,600 kilometres from the supplying collieries were normally maintaining stocks for three months. All of these have, however, stated that this was not possible now, as they were invariably from hand to mouth.

While 46 units had no stocks at all, 41 units had stocks for seven days or less. Stocks varied from half a day's consumption to 180 days' consumption in the case of 153 factories. Wherever stocks have been maintained for beyond 60 days' consumption, the factories involved are of a seasonal nature like the sugar factories or power alcohol distilleries or cotton pressing and ginning units. Before the season starts these have to accumulate stocks lasting the whole season, so that production is not suspended during the intervening period. Sugar factories have pointed out that, if the process of production is suspended even for once, it takes about two months to re-start the furnace and, therefore, the apparently large stocks in these cases were in fact less than what the factories normally maintained.

The position of units consuming coke, both of the 'B.P.' and 'Bee Hive' type, was worse. Being mostly foundries and engineering units, the slow-down in their case is likely to reflect itself in the output of other industries also.

Requirements of Coal, sanctions of wagons and the actual availability of wagons: The study reveals that, on an average, the wagon requirements of the factories were higher by 10 to 15 per cent as compared to 'sanctions' granted to them. The actual availability has, on the other hand, been nearly 25 to 30 per cent less as compared to the 'sanctions'. The percentage of shortfall in the actual availability of wagons as compared to the 'sanctions' was the highest for the Western region and ranged between 15 to 63 per cent. It is, however, strange that there were six cases in this very region where actual availability had been more than the 'sanctions' which indirectly proves that the distribution had been faulty, inasmuch as these units had been getting more coal than they needed while others were experiencing severe shortages. The extent of shortfall in the North Western region came second and was followed closely by the Southern region as a third. However, the proximity from the coalfields did not help the units in getting the requisite amount of coal and shortages ranging from 4 to 71 per cent have been reported from the Eastern region, also.

Slowdown: 111 units (47.0 per cent.) had to slowdown as a result of shortage of coal and the duration of slowdown ranged from one day to nine months. In the majority of cases, slowdown continued for a period of two to three months. Some of the units have expressed the extent of slowdown in terms of percentages and these ranged from 5 to 50 per cent, the average being 20 to 25 per cent.

Suspension of Production: 44 units (or 18.7 per cent) had to suspend production; 36 of these (or 15.3 per cent) were obliged to close down completely while, in 9 (or the remaining 3.4 per cent) cases, though the shut down was not complete, some shifts, kilns, furnaces or departments had to be closed. The periods of shut down ranged from a minimum of 2 days to a maximum of 100 days. None of the large scale industrial establishments had to close; they only slowed down. Medium and small-scale establishments, particularly foundries and engineering industries, have reported relatively more cases of shutdown, because these mostly needed coke or metallurgical coal of superior qualities and, in many cases, their furnaces were not designed to use alternate fuels.

Workers Affected: Most of the units have not been able to work out the extent of loss suffered by them or their workers but seventeen have reported that a total of 23,319 workers had to remain unemployed for various periods. In ten of these, workers lost wages to the tune of Rs. 64,145. Twelve units stated that a total of 7,99,186 man-hours were lost as a result of the shortage of coal and consequent suspension of production. Eight units had paid Rs. 57,794 as lay-off compensation to their workers. The majority of establishments have, however, stated that they would have laid-off their workers, but, as they were keen not to disturb the employer-employee relations, they avoided lay-offs by giving alternative employments to their workers or by encouraging others to go on long leave.

Use of Alternate Fuels and other related arrangements: The study reveals, on a average, a shortage of 25 to 30 per cent in the actual availability of coal as compared with sanctions. The question, therefore, arises as to how the factories have been arranging to tide over of the shortages. Seventy-nine units have replied that they have been using alternate fuel in the form of either wood and wood charcoal, bagasse, groundnut husk and furnace oil. Of these, 46 have been using either wood or bagasse, one each charcoal and groundnut husk and the remaining 31 furnace oil. Boilers and/or furnaces in use in 15 units were so designed that they could not use any other fuel excepting coal. It appears that, in the case of many other units also, who had to suspend production, the boilers were so designed where coal alone could be used as fuel. The cost of furnace oil is much higher than that of coal, with the result that the increase in the cost of production has been any where from 2 to 6 per cent in these units. In the case of those using wood, the position was not very different, because enormous quantities of wood were required for generating the same amount of energy which was obtained by the use of relatively smaller quantities of coal. Therefore, the cost of production in the case of these units also went up and in some cases it was said to have increased by as much as 15 per cent over a short period. Mills from Ahmedabad, who are in the membership of the Ahmedabad Millowners' Association, have reported that the Association has been maintaining a pool from where their constituents have repeatedly taken loans of coal during periods of crisis. As a result, no closures were reported from among the mills in the membership of this Association, though cases of slowdown were not uncommon. Small scale units whose monthly requirements of coal ran into a few tons had been purchasing from the open market at higher prices, in order to meet the recurring threats of breakdown.

Quality of coal: One of the main causes of slowdown was the sub-standard quality of coal. For example, if a factory needed selected 'A' grade coal, it was being supplied either with selected 'B' grade or with coal which, though designated as selected 'A', was in fact of a lower quality. With regard to the supply of grade II and slack coal, instances were reported where, on receipt of wagons, coal was found so much below the stated quality that the consumers had no other alternative but to refuse to take delivery. There were complaints that black stone and slate had been liberally mixed in some of the consignments. A few units stated that their actual availability of wagons was almost equal to the number of 'sanctions'. But this could not be taken as an indicator that their supply position was relatively better, because much of the coal received by them was of a sub-standard quality having a higher ash content. Consequently, they had not only to use more coal at greater expense but such coal did not give the requisite amount of energy. Many of these units are located in the Western and North Western region, nearly 1,600 to 2,000 kilometres and over from the collieries. This indicates that considerable transport capacity is being wasted by supplying coal with higher ash content over long distances.

Movement by Road and Rail-cum-Sea Route: It is obligatory on the part of all private sector consumers situated within 40 km. of the supplying colliery to meet their entire requirements by road transport. Three such units responding to the questionnaire are located around the West Bengal coalfields. All the other units situated in the Eastern region which are within 160 kms. of the supplying colliery had also been getting a part of their coal through road trahsport on a regular basis for the last two or three months. In some cases, road transport accounted for 30 to 35 per cent of the total coal needed. Road transport is, however, stated to be costlier by about 25 to 30 per cent. This resulted in enhanced costs. The extra cost of haulage by road in some of the representative cases had been between Rs. 10 and Rs. 16 per ton.

Only five of the units were getting coal by rail-cum-sea route. The difference in freight charges per ton between rail route and rail-cum-sea route in these units was as follows:

Gujarat (two units)	Rs. 23 and Rs. 25
Mysore (two units)	Rs. 46 and Rs. 49
Andhra Pradesh (one unit)	Rs. 51.20
Madras (one unit)	Rs. 38.85

Some of the units situated on the Western coast stated that, as a result of supplies of coal by sea route, their cost of production was likely to go up by 5 to 6 per cent. None of the units had received any subsidy under the provisions of The Coal Mines (Conservation and Safety) Act.

Part B—Suppliers of Coal

As stated at the outset, the Federation received, in all, six replies from the suppliers of coal including one from the Indian Colliery Owners' Association which purports to give information in connection with about 200 collieries situated in the coalfields of West Bengal and Bihar. These mine all grades of coal.

The collieries have not given the exact information about the proportion of their supplies to the public or the private sector enterprises. But they estimated that more than 50 per cent of their raisings was consumed by the public sector enterprises, including railways and steel plants.

The raisings in respect of the collieries in the membership of the Indian Colliery Owners' Association and of the N.C.D.C. were as follows:

Month	Lakh tons
October 1960	43.30
November 1960	46.38
December 1960	50.99
January 1961	51.37
February 1961	52.25
March 1961	55.24
April 1961	45.40
May 1961	45.99

It would be noted that the coal industry had made all-out efforts to achieve the targets of production towards the end of the last year and in the beginning of this year. After reaching the targetted rate of production, the collieries were obliged to fall back, as would be clear from the figures of production in the month of March 1961—the last month of the Second Plan period, and in April 1961—the month when the Third Plan commenced. A decline in the production by about a million tons in one month had never before been witnessed in the coal industry. This was mainly due to the fact that transport for moving all the raisings could not be arranged.

On account of the chronic paucity of rail transport, Government has, of late, relaxed the movement of coal and domestic coke by road but the offtake is not likely to be substantial, because road freight is relatively higher than the rail tariff. A suggestion has been made that Government should be requested to make it a rule for consumers situated within a radius of 200 miles of the coalfields to lift a part of their supplies by road transport. But it might be noted that consumers of coal situated within 160 kilometres of collieries have already been lifting a part of their needs by road transport, the result of which has been a heavy increase in the cost of production.

As a result of the drop in production, the collieries are faced with the problem of laying-off the workers, but, in the present day circumstances, it is not easy to effect such lay-offs. Most of the collieries in private sector, therefore, have tried to provide some sort of alternative employment to their workers and encouraged others to go on long leave.

The present situation is reported to be far from satisfactory and the paucity of transport has been mainly responsible for it. It is pointed out that the position becomes worse when even the transport that is made available is not utilised in the proper manner. The railways are primarily concerned with the movement from the view point of their operational convenience. Distribution of coal as such to the consumers is not much of their concern. The Coal Controller, who is responsible for distribution of coal, pleads helplessness in the context of the impositions made by railways. As a result, bulk movement or movement in block-rakes has had to be resorted to.

The suppliers of coal feel that equitable distribution of transport capacity among the collieries is as important as equitable distribution of coal among the consumers and, unless both these features are properly knitted in the pattern of transport, the present position may deteriorate further.

There is no shortage of coal in the coalfields to meet the present requirements of consumers. It is only the inequitable distribution of the already restricted transport capacity that has created acute difficulties. The complaints with regard to the supply of sub-standard coal has been mainly on account of the State Government agents who do not know the requirements of a particular consumer. As compared with this state of affairs, established coal merchants, who have been in the business for a number of years, are well acquainted with the needs of every customer receiving supplies from them.

It is true that the average daily loading of coal-coke from Bengal and Bihar coalfields has increased from 4,190 wagons during January 1960 to September 1960 to 4,735 wagons during October 1960 to May 1961. But, it must be remembered that, as compared with the requirements of 6,500 wagons per day last year, the present demand is of the tune of 7,100 wagons per day. Railways, on the other hand, who had promised to offer 5,030 wagons per day during the past year, have now raised this figure to 5,230 wagons a day only. Thus, the shortfall is of the order of over 450 wagons per day. This is reflected in the gradually increasing pit-head stocks of collieries in the West Bengal and Bihar coalfields. For example, at the end of January 1960, collieries had a stock of 2.48 million tons. This went upto 3.96 million tons in July of the same year but had come down to 3.13 million tons in December. In 1961, however, pit-head stocks started growing and from 3.42 million tons in January they had gone upto 4.81 million tons in March and were at 4.75 million tons in May 1961.

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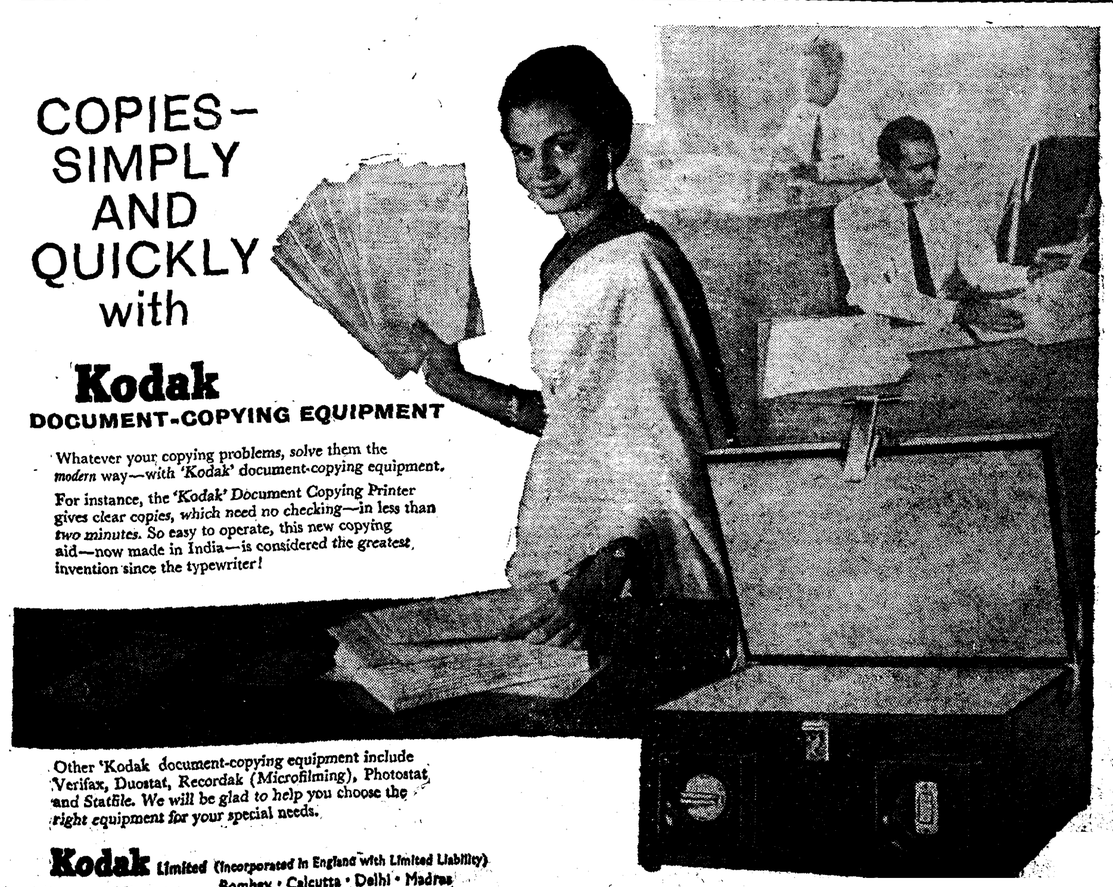

INDUSTRIAL FINANCE CORPORATION COMPLETES THIRTEEN YEARS

LOANS SANCTIONED TOUCH RECORD LEVEL

THERE is no exaggeration whatever in the statement of Mr. K. P. Mathrani, I.C.S., Chairman of the Industrial Finance Corporation of India, made while addressing the annual meeting of the Corporation held last week, that the Corporation has played a significant role in the achievement of one of the major objectives of the second Five-year Plan, namely, establishment of a sound and progressive industrial economy. A clear testimony to this claim is borne not only by the details of working which Mr. Mathrani highlighted in his speech but also by the thirteenth annual report of the Corporation, which covers the year ended June 1961. Thus, out of the total loans amounting to nearly Rs. 106 crores sanctioned by the Corporation since its inception thirteen years ago, the second Plan period accounted for as much as Rs. 63 crores, the share of 1960-61 alone being at the record level of over Rs. 21 crores, as against Rs. 18 crores in 1959-60. The number of undertakings for which loans have been sanctioned so far is 239. Of these, 152 are new undertakings (that is, those that commenced production after independence in 1947) with loans aggregating Rs. 77 crores and 87 units are established undertakings with loans aggregating Rs. 29 crores (for purposes of renovation, modernisation and expansion). The fact that the aggregate amount of loans sanctioned by the Corporation has now exceeded Rs. 100 crores is, as Mr. Mathrani aptly described, "a landmark in the life of the Corporation." What is more, the Corporation has widened the scope of its activities by granting loans in foreign currency, guaranteeing deferred payments, underwriting equity and preference issues, and financing industrial projects jointly with other institutions, etc.

Eighteen industries (covered by 57 applications) were sanctioned loans aggregating Rs. 21.21 crores during the year 1960-61. This amount, however, was much below the total of loans applied for, that is, Rs. 36.86 crores, in contrast to the trend noted in 1959-60 when the loans sanctioned were higher than those applied for, being Rs. 17.92 crores, as against Rs. 17.54 crores. Further, there is a wide gap of Rs. 14.59 crores between the loans sanctioned (Rs. 21.21 crores) and the loans actually disbursed (Rs. 6.62 crores) during the year. This was probably due to the fact that, out of the loans sanctioned during the year under review, the approval of the Central Government was required for 32 loans aggregating Rs. 16.35 crores in terms of provisions of the I.F.C. Act and the various directives issued by it.

Securing Foreign Credits

The bulk of the loans sanctioned during 1960-61—Rs. 16.95 crores—was accounted for by new undertakings (47 applications), the balance of Rs. 4.26 crores representing the share of old industries (10 applications). In all, 76 applications were received for a total of Rs. 36.85 crores, of which two applications were rejected, 14 were treated as lapsed or withdrawn and 28 applications (Rs. 14.75 crores) were still under consideration at the end of June 1961. The amount of loans approved during the year includes dollar sub-loans of over Rs. 4.29 crores sanctioned to 14 concerns out of a loan of $10 million received from the U.S. Development Loan Fund. Six out of the 14 concerns were also sanctioned rupee loans aggregating Rs. 1.37 crore. Almost the entire amount of the D.L.F. loan (sanctioned in April 1960) stands committed. Negotiations for an additional D.L.F. loan of $20 million have been initiated. The Corporation is also exploring the possibilities of securing credits in the currencies of certain other countries.

(In lakhs of rupees)

Manufacturing industry	Amount sanctioned: Upto 30th June 1960	During the year ended 30th June 1961	Total upto the end of June 1961
Food (except beverage)	25,72.00	4,80.00	30,52.00
Textiles	9,97.75	2,16.87	12,14.62
Artificial fibres	4,10.00	—	4,10.00
Wood and cork (except furniture)	30.00	80.92	1,10.92
Paper and paper products	9,73.74	3,50.00	13,23.74
Rubber manufactures	50.50	1,72.00	2,22.50
Basic industrial chemicals	8,50.50	24.05	8,74.55
Vegetable and animal oil and fats	11.00	4.50	15.50
Miscellaneous chemical products	77.25	1,25.50	2,02.75
Glass and glass products	1,62.50	97.00	2,59.50
Pottery, china and earthenware	1,24.25	1,45.00	2,69.25
Cement	6,17.00	50.00	6,67.00
Iron and steel	23.00	—	23.00
Non-ferrous metals	2,03.00	1,30.00	3,33.00
Metal products (except machinery and transport equipment)	3,40.50	60.00	4,00.50
Machinery (except electrical machinery)	1,42.50	70.00	2,12.50
Electrical machinery, apparatus, appliances and supplies	1,96.70	54.75	2,51.45
Rail-road equipment	1,15.00	—	1,15.00
Motor vehicles and ancillaries	1,77.00	—	1,77.00
Bicycles	1,10.50	—	1,10.50
Miscellaneous manufacturing industries	43.30	21.75	65.05
Electric light and power	82.75	—	82.75
Coal	—	20.00	20.00
Hotel	1,50.00	19.00	1,69.00
Total	84,60.74	21,21.34	105,82.08

Assam, Gujarat, Madras, Maharashtra, Mysore, Orissa, Punjab and Uttar Pradesh. The balance of Rs. 49.70 lakhs was approved for two co-operative spinning units in Gujarat and Bihar.

The loans sanctioned during 1960-61 covered all the States, except, as in previous years, Madhya Pradesh and Kashmir. The actual share of individual States—in crores of rupees—for the entire thirteen-year period is: Maharashtra 19.10; West Bengal 12.72; Madras 11.21; Uttar Pradesh 8.51; Mysore 7.91; Bihar 7.47; Gujarat 6.69; Andhra Pradesh 6.11; Punjab 6.08; Orissa 5.17; Assam 4.72; Kerala 4.32; Rajasthan 2.74; Delhi 0.95; Andamans and Nicobar Islands 0.03.

Underwriting Facilities

The Corporation approved during 1960-61 eight proposals out of 28 received for underwriting facilities and four proposals out of those pending at the close of the previous year, to the extent of Rs. 90 lakhs in equity shares and Rs. 1.42 crore in preference shares. This brings the total amount of underwritings approved to Rs. 4.19 crores. The Corporation did not accept 10 applications for underwriting of share capital to the extent of Rs. 2 crores. Out of the applications approved, underwriting agreements were finalised in respect of four cases amounting to Rs. 1.60 crore. In the case of one applicant proposing to engage itself in the manufacture of sanitary wares and household ceramics, the issue of 7 per cent (tax-free) preference shares was fully subscribed by the public. In the remaining three cases, the Corporation had, in pursuance of the underwriting agreements, to take up shares to the extent of Rs. 1.07 crore.

As compared with the previous year, the number of applications for guarantees under deferred payments received during the year and the amounts involved registered a marked increase. Fourteen applications were received, as against five in the preceding year. The Corporation approved nine applications of the value of Rs. 13.28 crores. Of these, three were from the existing borrower concerns for a total amount of Rs. 5.83 crores. With these, the total number of guarantee proposals approved since 1957 is 20 and the total amount is Rs. 25.46 crores. The Corporation did not entertain two applications. The provision for guaranteeing for deferred payments became possible by the I.F.C. Amendment Act of 1957. Approval was given to one concern engaged in the hotel industry for guaranteeing a dollar loan of Rs. 1.47 crore, including interest, from the U.S. Export-Import Bank for implementing its scheme to set up a chain of hotels in India.

The Corporation received during the year under review Rs. 2.56 crores on account of interest and Rs. 3.71 crores by way of repayment of instalments of principal. The total amount of interest on the entire amount of loans advanced from the date of inception was Rs. 11.70 crores, out of which Rs. 11.67 crores were actually received. The amount in default constitutes 0.25 per cent of the total amount due; the corresponding percentage for 1959-60 was 1.2. The total principal due to the Corporation since its inception was Rs. 9.66 crores, of which a sum of Rs. 9.20 crores was received. After excluding a sum of Rs 23.30 lakhs, for which extension of time was granted, the amount in default was Rs. 22.65 lakhs which is 2.34 per cent of the amount due. The corresponding percentage for 1959-60 was 4.3.

Working Results

The salient features of the Corporation's working results for 1960-61 as compared with those for the three years preceding it are given below:

(In lakhs of rupees)

	For the year ended 30th June: 1961	1960	1959	1958
Interest earned	2,60.36	2,25.40	2,00.05	1,54.36
Other income	38.50	25.48	3.83	0.54
Interest paid	1,46.76	1,28.22	1,15.75	86.85
Other expenses	12.63	13.27	10.29	9.68
Depreciation	0.11	0.12	0.12	0.14
Profit	1,39.35	1,09.27	73.08	53.42
Provision for taxation	54.60	49.76	37.71	25.21
Net profit	84.75	59.51	35.37	28.21
To general reserves	63.50	38.26	14.12	11.50
Subvention returned to Government	10.00	10.00	10.00	5.45
To dividend	11.25 (2¼%)	11.25 (2¼%)	11.25 (2¼%)	11.25 (2¼%)
Loans applied for	36,85.62	17,54.10	11,16.57	14,88.50
Loans sanctioned	21,21.34	17,91.74	3,79.00	7,78.50
Loans disbursed	6,62.55	8,40.81	7,47.71	8,33.35
Loans under consideration at the end of the year	14,75.50	7,88.10	11,70. 97	14,98.40

The foregoing statement shows that the gross income earned by the Corporation during the year under review was Rs. 2.98 crores, as against Rs. 2.50 crores in the previous year. After providing Rs. 54.60 lakhs (Rs. 49.76 lakhs in 1959-60) for taxation, the net profit comes to Rs. 84.75 lakhs, as against Rs. 59.51 lakhs. Out of this, a sum of Rs. 63.50 lakhs has been credited to the general reserve raising the total of this fund to Rs. 132.90 lakhs. In addition to this general reserve, the Corporation has a special reserve fund of Rs. 36.48 lakhs. The guaranteed dividend of 2.25 per cent per annum on the paid-up share capital of Rs. 5 crores is covered by the balance of Rs. 11.25 lakhs in the profit and loss account.

Borrowings

The Corporation did not enter the money market during the year for fresh issue of bonds, as the amount drawn from P.L. 480 funds and repayments received from the borrower concerns were more than adequate for meeting its commitments. The total amount of bonds issued and outstanding as at the end of the year remained unchanged at Rs. 22.24 crores. The Corporation repaid to the Central Government a sum of Rs. 7 crores, thus reducing the outstanding loans to Rs. 6.25 crores. A sum of Rs. 9 crores sanctioned by the Government out of P.L. 480 funds was drawn during the year. Borrowing from the Reserve Bank was availed of sparingly.

Since 1957, the Corporation has not found it necessary to receive subventions from the Central Government. In fact, in the past three years, a total of Rs. 25.45 lakhs has been paid over to the Government in repayment of subventions drawn previously for payment of the guaranteed dividend of 2.25 per cent per annum to shareholders. In the year under review also, a further sum of Rs. 10 lakhs is being paid, thereby reducing the outstanding amount of subvention repayable to Rs. 18 lakhs.

In a special appendix, the report of the Corporation gives a general review of industries, particularly in the fields in which the Corporation has advanced loans. The review reveals that, during the year 1960, industrial entrepreneurs took interest in diversifying the lines of manufacture as well as in establishing new ranges of production. Several new items such as hydrosulphite, surgical catgut, zinc phosphate, infant milk food and glass insulators were manufactured for the first time in the country. The capacity for the production of several items such as sulphuric acid, ammonium chloride, soda ash, penicillin, coke-oven and coal-tar distillation products and refractories substantially increased as compared with the previous year.

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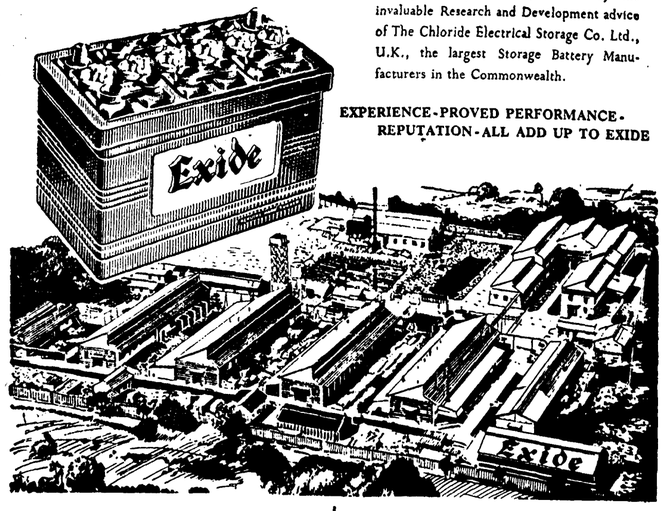

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ESO-49

NEW AGENCY TO DIRECT U.S. FOREIGN AID

Economic help from the United States during what President Kennedy has hailed as a "decade of development" will be channelled through a new organisation to be known as the U.S. Agency for International Development (U.S. Aid). The Agency inherits the tasks of several predecessor agencies. It will absorb the work of the U.S. International Co-operation Administration, the Development Loan Fund, and local currency functions of the Export-Import Bank. Both the I.C.A. and the D.L.F. will go out of business. Heading the U.S. A.I.D. will be Mr. Fowler Hamilton, an expert in international law with previous Government experience. Mr. Hamilton will have the rank of Under Secretary of State and will report directly to the Secretary of State and the President. Two Deputy Under Secretaries will be responsible for planning and operation.

The U.S. aid programme is expected to face its peak requirements in this "decade of development" and then taper off as its objectives are achieved. Administration planners feel that, by the end of this period, many recipient countries should be able to continue their growth without large amounts of assistance. President Kennedy envisages the new agency as one with "a streamlined administrative structure," relying on the Government's 15 years of experience in administering foreign aid. The agency is expected to drop what has been ineffective and keep what has proven successful.

Commenting on the Administration's foreign aid plans before the House Foreign Affairs Committee, the Secretary of State, Mr. Rusk said: "To support our foreign policy most directly and to get the best results in economic growth for the least expenditure in resources, it is essential to develop and follow in each country a system of priorities and, where possible, a plan for long-term development."

The new U.S. agency will be set up along geographic lines, with assistant administrators for four regional bureaus—Far East, Near East and South Asia, Africa and Europe, and Latin America. Each bureau will formulate aid programmes for the respective countries and implement the programmes through country missions. The missions will use all economic, technical and educational tools to achieve the objectives of each national plan of priorities. Such a plan will be drawn up by every country concerned, bearing in mind the United States' basic belief that each nation must be permitted to develop in its own image. An overall integrated development plan for each country will avoid a piecemeal approach, U.S. officials said.

President Kennedy says that the four assistant aid administrators will be equal in rank to the geographical Assistant Secretaries of State and will work closely with them. The President has added: "The proposed rank of the aid administrator and the relationship between the Agency for International Development and other elements of the Department of State highlight a fundamental fact: Economic development assistance can no longer be subordinated to or viewed simply as a convenient tool for meeting short-run political objectives. This is a situation we can ill-afford when long-range self-sustained economic growth of less-developed nations is our goal."

U.S. A.I.D., as expressed in the Congressional Act enabling its creation, is "to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity."

U.S. TAX PAYERS HAVE STAKE IN FOREIGN ASSISTANCE

There are a few more than 60 million workers in the United States—all of them taxpayers and, for that reason, all involved in meeting the cost of U.S. foreign economic assistance. Just what that means to the average American household in dollars and cents is graphically brought home in a report released by the International Co-operation Administration on the eve of its absorption by the new Agency for International Development (A.I.D.).

U.S. official support of economic programmes abroad, the report discloses, has cost $61,396,300,000 in the 15-year period ended 30th June last, an amount equal to about $1,000 per American household. Since the average factory worker earns

(Continued on page 714)

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PROBLEMS OF RAYON INDUSTRY

BETTER PRODUCTION STANDARDS AND LOWER COSTS URGENT

BOTH quantitatively and qualitatively, the rayon industry has made remarkable progress in the past decade. The quantity of rayon yarn actually spun is currently running at an annual rate of about 50 million lbs., as against a bare 15 million lbs. in 1955 and 5 million lbs. in 1951. Similarly, the output of rayon fabrics is as high as 430 million yards, as against 243 million yards and 176 million yards in 1955 and 1951, respectively. The quality of fabrics has also registered a distinct improvement. But the range of varieties produced has not widened to the extent noticed elsewhere in the world. It was to this lacuna that Mr. D. N. Shroff, the retiring Chairman of the Silk and Art Silk Mills Association, drew special attention in the course of his speech at the annual meeting of the Association held at Bombay on Friday last week. Mr. Shroff pointed to the advent of new fabrics such as "Bri-Nylon" which have become a rage, especially in the U.S., and urged the industry to "be in the vanguard of units importing new fibres and to experiment in the manufacture of newer fabrics." He did well to make it clear that it was only by paying heed to the quality of products that the rayon industry could progress and keep pace with developments in other parts of the world.

It is somewhat disquieting to learn from Mr. Shroff that there are many restrictions and limitations which prohibit a change in the production pattern of the weaving industry, particularly the restrictions that come from the necessity of using such yarns as are produced indigenously and are imported by the State Trading Corporation through barter or rupee payment arrangements. If the yarn available to the industry is only of a limited variety, there is bound to be largely a "regimented production of fabrics" which may not cater to the demand abroad or within the country. Considering, however, the tight foreign exchange position which will persist for quite sometime to come, the scope for a liberal yarn import policy is greatly restricted. The rayon industry should, therefore, explore other possibilities. As Mr. Shroff stated, to the extent to which direct imports are available, full opportunity should be taken by the industry to make innovations. Some of the units also need to divert their production to a different end-use. Alluding to this, Mr. Shroff said:

"Rayon and synthetic fabrics have provided an answer for many industrial uses. Even the Defence Organisations are in need of these products. Since a long time, tents, parachutes, etc., have been made from nylon. Encouraging news from abroad has now come that many countries are using synthetic fabrics for uniforms of the Defence Corps. Our Association also receives inquiries from the Defence Organisations in our country specifying their requirements, but there has been no sufficient response to these inquiries, which are circulated amongst the members of the Association. I would impress upon you to divert your attention to newer fields, when such opportunities are afforded.

"The raw material availability has been deteriorating and there is a gloomy future before the industry about obtaining its supplies. India's own foreign exchange problems, the possibility of a world political conflagration, all point to a crisis developing within the industry for which you need to be prepared. Perhaps, more and more of you could take advantage of the Government's decision to allow you to utilise 10 per cent of your capacity, subject to a maximum of 20 looms, for the production of mixed fabrics, of rayon yarn mixed with cotton, wool or silk."

Modernisation

A radical change in the production pattern of rayon weaving industry is thus important. But such a change can be effected only if, as Mr. Shroff emphasised, the problem of rehabilitation and modernisation is tackled urgently. It will be recalled that the N.I.D.C. Working Group has estimated the total outlay on rehabilitation at Rs. 15 crores, of which the industry should be able to find about Rs. 10 crores from its own resources. Mr. Shroff suggested that the rayon industry must undertake a five-year programme for raising its resources. And he felt that the Association could play a role in accelerating the rehabilitation programme of its members.

The Chairman of the Association then expatiated on the issue of exports. He sought to impress upon the members the urgency of making a "full-blooded effort" in exporting fabrics to foreign markets. He was not unaware of the difficulties in the implementation of the export promotion scheme, namely, delays in inspection, issue of entitlement certificates, and grant of licences, obtaining of unrequired deniers and qualities of indigenous yarn against 30 per cent surrender of entitlement, etc. Nevertheless, he called for earnest export efforts. To quote him: "Whatever problems arise, and newer problems are bound to arise, there needs to be an unflagging zeal to export for the sake of the existence of the industry, for the sake of the economy of the industry and for the sake of the country. It is our duty to make a success of the export promotion efforts of the country and to earn the much-needed foreign exchange."

Reducing Cost

There are two important directions in which the export efforts have to be routed. One, the standards of production must be improved. Two, efficiency in production and larger output are needed, especially to bring down costs. Appropriately enough, Mr. Shroff dealt with both these aspects. As he rightly emphasised, the target for the rayon industry should be to manufacture fabrics not according to the specifications laid down under the scheme of inspection for exports of fabrics but to treat these specifications as the minimum standards to which the qualities should conform. On the question of production cost, Mr. Shroff alluded to the premiums paid for obtaining yarn supplies or the high prices of yarn imported through the State Trading Corporation and the demands of labour for higher wages and dearness allowance. In this connection, he pleaded for an upward revision in the selling prices of fabrics in the internal market. In support of this plea, he made the following observations:

"With the general inflationary trends in the country, the battle on the cost front seems to be a losing one for the industry. The only answer, perhaps, will be to increase the selling prices of the fabrics in the internal market as a concerted all-India move. A study made by the Association of the selling prices of fabrics in the last six years shows that, despite heavy taxation burdens and inflation in the raw material prices, the prices of our fabrics have remained unchanged, or have registered only negligible increases. A careful watch has been specially kept on the movement of the prices of the fabrics by the Association after the budget; since it was agreed with the Textile Commissioner, when the sharing of duty on yarn question was discussed, that the burden of the share that would fall upon the weaving sector would not be passed on to the consumers, and the prices of the fabrics would not be unduly increased. The prices have not increased, and it is a matter of pride that, however much it has pinched the industry, our word has been kept. But, the excise duty on yarn is not the only factor which has led to increase in costs. I have already indicated what the factors are. In my opinion, it is time that the industry discussed the question of internal prices with the Textile Commissioner and increased them to counteract the extreme financial stringency. The working of the Rayon Mills' Commercial Corporation Ltd., specially now as a distributor of yarn imported by the S.T.C. confirms the lack of liquidity in the industry and the inability of the units to pay for and take delivery of the yarns allotted to them. This is, indeed, a problem which needs to be presented and discussed until a satisfactory solution is found. . . ."

No one will dispute the fact that the cost of production in the rayon weaving industry, just as that in several other industries, has gone up recently as a result of high raw material prices, heavier wage bill, increased cost of machinery, etc., and additional tax burden. But the point is whether the present time is opportune for an upward revision in prices of rayon fabrics. It is argued by a section of opinion that the rayon weaving industry, barring a few units here and there, is quite prosperous and that there is scope for reducing the cost of production. Incidentally, this section also points out that there is a tendency among several mills to sell the yarn purchased against quotas in the open market, instead of using it themselves for producing fabrics.

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TEXTILE IMPORT QUOTAS RAISED

MILLOWNERS EXPRESS DISAPPOINTMENT

From Our Special Correspondent

MANCHESTER, 26*th September*

MANCHESTER LETTER

THREE Commonwealth countries—Hong Kong, India and Pakistan—will be able between them to ship an extra 45 million yards of cotton cloth to Britain next year. This new burden for Lancashire mills, already complaining bitterly about the flood of imports, was revealed in a Board of Trade announcement of new quotas for imports from India and Pakistan.

India will be allowed to send an extra 11 million yards of cloth this year and 20 million yards next—bringing her total shipments of cotton cloth to Lancashire to 195 million yards in 1962. And Pakistan's ceiling is raised by 2.5 million yards this year and 4.4 million yards next year, giving a 1962 total of 42.4 million yards. Agreement has already been reached with Hong Kong allowing the Colony to raise the amount of cotton cloth it can ship to the United Kingdom next year by 21 million yards to 185 million yards.

The three Commonwealth suppliers between them will next year be able to send 422.4 million yards of cotton cloth for retention in Britain's home market. A Cotton Board spokesman said after the news had been announced: "Lancashire mill men regret the need for additional or supplementary imports, but knowing what level of imports can be expected should help to encourage the industry to press on with its future plans." And a leading millowner said: "At least it is some comfort to know that the level of imports from Commonwealth sources is tied to the state of trade in Lancashire."

No Respite From Imports

Hopes that the completion of the arrangements for extending the import pacts with Hong Kong, India and Pakistan would provide Lancashire traders with a safeguard against any further substantial rise in purchases from abroad have been severely dashed by the release of details of the scheme. Far from restoring confidence to the market, the situation must be regarded as distinctly less favourable than before.

The complications of the new formula to be adopted are bad enough, but the prospects opened up by the regulations show no respite ahead for local producers. The Commonwealth suppliers, on the other hand, have established a very important principle, apparently giving them the endless facility of retaining an 85 per cent share of the British home market, equivalent to the combined proportion they enjoyed before the voluntary schemes came into operation.

Under the revised scheme, the more goods received from non-Commonwealth sources, the more the three Eastern suppliers will be allowed to participate in this trade. Their only limiting factor will be the extent of order lists in Lancashire and, provided these extend for 20 weeks ahead, full supplementary quotas will not only be available but can be carried forward from quarter to quarter if local trade conditions are poor.

Order Books Restrained

The inevitable outcome will be that order books in the United Kingdom industry will be held down because, as soon as they show signs of broadening, the arrivals of foreign cloth will automatically increase. In the circumstances, the rising mood of resentment in Lancashire can be understood and lack of enterprise among customers will be perpetuated as a result.

Hard words are being said about the negotiators of an agreement which appears to undermine at the stroke of a pen virtually all the good work done in scrapping redundant machinery less than two years ago. Millowners who are contemplating re-equipment have already withheld purchases of machinery, fearing the future: now they will have even less incentive to introduce expensive modernisation schemes when the door is being opened wide for every textile producing country to cater for Britain's home market.

Some idea of the spread of arrivals of foreign grey cloth can be gained from the fact that more than 40 countries are now sending such goods to the United Kingdom. Total arrivals in the first half of this year amounted to 335 million yards, as against 291 million yards in the same period of 1960. Figures for the big Commonwealth countries have already been published, but it is interesting to note that Spain provided 20 million yards, Yugoslavia 15 million yards, the United States 14 million yards, China 13 million yards and Portugal and Formosa 12 million yards each.

A Press item which has not escaped the eyes of Lancashire traders describes the formation of a marketing organisation by the International Dress Corporation of Hong Kong. Operating initially in Britain and the Common Market countries, the intention is to handle garments made by the Corporation in the Colony and designed in Paris, exporting its products throughout the world. The dresses, made of Hong Kong fabrics, will retail at up to a maximum of 63*s.* each.

Export Nadir

Trading has been so dull lately that its reflection was sure to be shown up in export returns very soon. In all sections during August, a new low point was reached and earnings barely exceeded £4,000,000. This was a full £1,000,000 lower than in the same month last year.

Both yarn and cloth shipments were smaller than in any comparable period since the war and in relation to the level of overseas offtake in the 1930's current exports are not worth mentioning in the same breath. Cotton yarn sent abroad was only 874,546 lbs., scarcely half the August 1960 figure. For the eight months, the total was almost 4,000,000 lbs. down on last year at 10,746,450 lbs.

Cloth exports show the same regrettable trend. The August total just crept over the 20 million yard level, a fall of 6 million yards on last-year. The eight-month aggregate is still below 200 million yards, and at 198,750,000 yards is nearly 22 million yards lower than at the same time in 1960.

In contrast, arrivals of all types of cotton cloth to the end of August aggregated 539,904,000 yards, as against 471,540,000 yards last year. Grey cloth imports during the month amounted to 52,498,000 yards, as against 53,615,000 yards in August 1960, and for the eight months were 43 million yards higher at 433,699,000 yards. Cotton yarn arrivals reached almost 30,000,000 lbs., a rise of 3,500,000 lbs.

Cotton's Borrowings

A slowing down in the rate of advances made by the banks during the quarter ended August is recorded in returns collated by the British Bankers' Association. Borrowings rose by about £30 million to £3,916,968,000. Considering the steady upward trend of indebtedness, the share of the cotton industry has remained remarkably constant over the years. It still represents only 0.6 per cent of the total at £24,599,000 an increase of less than £750,000 on the May figure.

Meanwhile, during the past quarter, the wool trade has reduced its borrowings by £100,000 and advances to other textile firms have fallen by nearly £1,200,000. The big borrowers in industry remain engineering, agriculture and the retail trade.—*All Rights Reserved.*

AUSTRALIAN WOOL

Forthcoming Australian clip promises to be superior in quality to the wools marketed in 1960-61, states the National Bank of Australasia in a review of the outlook for the current season. Generally, fleeces are expected to be heavier, and offerings should comprise better-grown and sounder-stapled wools. Most districts report that widespread autumn and early winter rains have produced much more favourable conditions than at this time last year. Sheep are stated to be in excellent condition in most of Victoria and South Australia, in the southern districts and north-west plains of New South Wales, and in most areas of Western Australia.

The review says that because of the relatively low level of wool stocks in the main consuming countries, competition should be keen and the market firm for at least the early part of the season. Demand for wool is expected to increase as a result of proposed higher defence expenditures by the United States and Russia.

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INDIAN TUBE
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ITC-52

EXTRA LONG-STAPLE COTTON

LARGER SUPPLY ANTICIPATED

IN our last issue, we published a world-wide survey of raw cotton production prospects during the 1961-62 season. The survey naturally covered only the overall position. It did not indicate the composition of the crop staple length-wise which is necessary to have a better insight into the supply position during the season. The overall size of the crop can be misleading, in that it can conceal radical changes in the composition of the crop which may have far-reaching repercussions on prices, demand and exports. An instance in point is extra long-staple cotton, that is, cotton of staple length 1.3/8" and above.

The extra long-staple cotton does not necessarily follow the general pattern of production, consumption and trade of raw cotton in general. Hence it is difficult to make any inference of the probable trend of production, consumption and prices of long-staple cotton from the statistics of raw cotton. Although it is too early to have a precise idea of the probable size of production of long-staple cotton during the current season, a broad picture, based on provisional estimates of acreage and assuming a return to more normal yields in Sudan, can be presented. On this basis, production of extra long-staple is expected to increase during the current season. Since carry-over stock on 1st August last is also expected to have been higher, a noticeable increase in supply is anticipated. These calculations, it is necessary to qualify again, are very tentative and subject to revision as the season advances and a clearer idea of the crop becomes available. An analysis of the supply and demand position of long-staple cotton during last season (that is, 1960-61) which ended on 31st August 1961, would provide a suitable background against which the emerging crop pattern could be properly assessed.

Production of extra long-staple cotton during the 1960-61 season is estimated to have been 1.6 million bales (of 478 lbs. each), as compared with 1.9 million bales in the previous season. This, coupled with a lower carryover at the beginning of the season of 683,000 bales, reduced total supply during the season to 2.47 million bales, as compared with 2.82 million bales in 1959-60. The main reduction in supply had taken place in Egypt, where supply was lower by 300,000 bales at 1.27 million bales, as against 1.57 million bales in 1958-59. The following table indicates the supply position of extra long-staple cotton in 1960-61 as compared with that in 1959-60 and 1958-59:

(In thousand bales of 478 lbs. each)

	1960-61†	1959-60	1958-59
Stocks (August 1):			
Egypt	250	500	305
Sudan	250	250	300
Peru	25	25	20
U.S.A.	133	123	109
Others	25	17	13
Total	683	915	747
Production:			
Egypt	1,023	1,078	1,185
Sudan	508	560	546
Peru	120	120	129
U.S.A.	67	99	82
Others	75	74	53
Total	1,793	1,901	1,995
Supply:			
Egypt	1,273	1,578	1,490
Sudan	758	810	846
Peru	145	145	149
U.S.A.	200	192	191
Others	100	91	66
Total	2,476	2,816	2,742

†Estimated.

A salient feature of the extra long-staple situation in the previous two seasons was the marked increase in demand, whether expressed in terms of exports or actual consumption; the increase was as much as over 70 per cent. The increase in demand in 1958-59 was associated with an increase in purchases for stock building in importing countries as well as an increase in consumption. Last season, however, the increase in demand stemmed more from an accelerated expansion in consumption. Consumption of extra long-staple cotton in the 1959-60 season aggregated 1.36 million bales, as compared with one million bales in 1958-59 and 800,000 bales in 1957-58. This rise in consumption was attributed to, and in line with, the overall expansion in raw cotton consumption. Lower prices also might have been a contributory factor. As for the 1960-61 season, actual figures are not yet available. Consumption is, however, expected to have declined, the fall occurring mainly in the U.K.

Exports during 1960-61 are deemed to have been lower than in the previous season (that is, 1959-60) when shipments of extra long-staple cotton amounted to a record 1.9 million bales, nearly double the one million bales exported in 1956-57. The fall has mainly occurred in Sudan and Egypt, the two largest producers of extra long-staple cotton in the world.

COTTON RESEARCH

The Agricultural Research Sub-committee of the Indian Central Cotton Committee met in Bombay on Tuesday the 3rd inst. under the chairmanship of Mr. M. R. Ruia, Vice-President, I.C.C.C. in the absence of the President, Mr. V. Shankar, Vice-President, Indian Council of Agricultural Research, and Special Secretary to the Union Ministry of Food and Agriculture.

The Sub-committee divided itself into six sectional sub-committees—extension, agronomy, physiology and soil science, plant breeding (three) and pests and diseases sub-committees which examined in detail the subjects allotted to each.

The agenda of the Agricultural Research Sub-committee comprised 109 subjects on different aspects of cotton research and extension in various parts of the country. Besides the progress reports, the programme of work of various schemes on cotton research and seed multiplication and distribution were also considered.

The sub-committee also examined 11 new schemes out of which four were research schemes for breeding superior varieties of cotton, three agronomic schemes for improving the yields of cotton and four schemes for the control of various pests and diseases. Proposals for the extension of nine schemes were also considered out of which eight were research schemes and one a scheme for control of pests in Gujarat State.

The Sea-Island Cotton Development Sub-committee also met on Tuesday and reviewed the progress under the scheme for the development and improvement of Sea-Island cotton in Kerala, Mysore, Madras and Andhra Pradesh. It also considered the report submitted by the Standing Sub-committee constituted to inspect the Sea-Island cotton crop and examine the various aspects of its development.

The recommendations made at the various sectional sub-committees will be considered by the full Agricultural Research Sub-committee which, at the time of writing (Wednesday), is scheduled to meet on the 5th inst.

FOREIGN COTTON IMPORTS

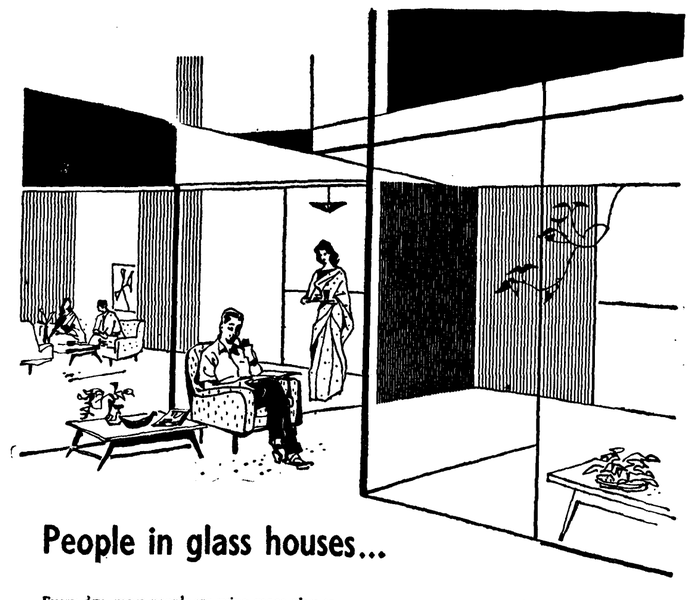
The Cotton Advisory Board, which met in Bombay on Tuesday, the 3rd inst., under the chairmanship of Mr. Ramnath Podar, is reported to have recommended to the Government to plan an import of about 1.2 million bales of cotton during the current season. Of this, according to the Board, a major portion should be American cotton under P.L. 480 programme, subject to successful negotiations with the U.S. Government and the balance sterling area cotton. The Board estimated the current season's crop at only 4.8 million bales and considered that, if the proposed import could be arranged, there would be no cause for concern as regards the overall supplies of Indian and foreign cotton during the season. The Board is expected to meet again later in the month to suggest the composition of the import recommended.

As regards exports, the Board took note of the recent release of an export quota of 150,000 bales of Bengal *Deshi*. Further quotas for this growth would be recommended some time in January or February when a clearer picture of the *Deshi* crop would be available. The Board would appear to have rejected the trade's plea for earmarking the entire *Deshi* crop for export.

The question of introducing compulsory survey and setting up regional survey committees immediately with a view to arresting the rise in spot prices is reported to have been raised at the meeting. Consideration of these measures was, however, postponed to mid-November, when the size of the domestic cotton crop could be reasonably assessed.

PAKISTAN COTTON IMPORT

The ceiling fixed for import of Pakistan cotton on first-come-first-served basis has been reached and no further application for import of Pakistan cotton will, therefore, be accepted according to the Joint Chief Controller of Imports. It may be recalled that, on September 18, the Government of India had allowed the import of Pakistan cotton worth Rs. 1.50 crore.



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THE IMPERIAL TOBACCO COMPANY OF INDIA LIMITED

Speech by the Chairman, Mr. F. A. Collett, at the Fiftieth Annual General Meeting of the Company on 26th September 1961

Board of Directors

On the 31st of May this year Mr. N. Shiva Rao retired from the Board after serving as a Director of the Company since the 1st of April 1956. Mr. Shiva Rao has had a very long association with the Company, having first joined in February 1935, and I am sure I am expressing the sentiments of all of us when I say that we wish him very much happiness and all success in the future.

In October 1960, Mr. S. D. Gupta was appointed to the Board. Since he joined the Company in 1940, Mr. Gupta has concentrated on the production side of the business and he brings to his increased responsibilities and extensive experience and expert knowledge which has already made, and I am sure will continue to make, a substantial contribution to the progress of your Company.

Accounts

When I addressed you a year ago, I told you that during the first five months of the financial year Sales showed a welcome improvement over the previous year. I am happy to be able to tell you that the improvement then referred to was maintained throughout the year and both the volume and the value of Sales showed a very marked increase over the previous year. The measure of this increase is reflected in the Profit & Loss Account, from which you will see that Sales values have increased from just under Rs. 37 crores last year to a figure or more than Rs. 42 crores in the current year.

In a large measure I attribute this improvement to the fact that in the Central Budget presented to the Lok Sabha in February 1960 no changes were made in Excise Duties on your Company's products. This was a very welcome respite from the frequent changes which had occurred in earlier years and because selling prices in the various categories remained undisturbed the consumer knew exactly where he stood. You will see from the Accounts that, nevertheless, Customs and Excise Duties have increased from Rs. 15¼ crores to Rs. 18 crores.

As a result of the increased business the Accounts show an increase in net profits from Rs. 142 lakhs to Rs. 188 lakhs, with the result that your Board has recommended raising the total dividend from 8% to 9%. Your Board believes that there is still considerable scope for expansion and has considered it necessary to make a larger than usual transfer to Fixed Asset and Stock Replacement Reserve, for the purpose not only of making good past deficiencies in providing for the increasing cost of replacing fixed assets in due course, but also of financing the larger stocks of leaf and other material at prices which show a constant tendency to rise.

Golden Jubilee

You will have seen from the Notice convening this meeting that this is our Fiftieth Annual General Meeting and on an occasion such as this I think you will agree that I am justified in indulging in a little reminiscence.

Fifty years ago your Company was only a selling organisation and for the limited scope of its business it required a capital of only Rs. 25 lakhs; today your Company owns five cigarette making factories and two printing factories, and its capital is now in excess of Rs. 15 crores. In 1911 your Company's turnover was just over Rs. 40 lakhs; in the current year it is well over Rs. 40 crores, and even though Rs. 18 crores of the present turnover represents a collection of revenue on behalf of the Government in the form of Customs and Excise Duties, I think you will agree with me that the expansion of the business is no mean achievement.

At the time of our First Annual General Meeting, the management staff was recruited entirely from overseas; of the present staff only about one-fifth was so recruited, the remainder being Indian Nationals.

Over the same period there has been an even more comprehensive change in the source of our raw materials. Apart from one or two specialised items, all our raw materials are now produced in India. This, fact, of course, reflects the rapid development of industry in this country but I can safely say that your Company has always extended a welcome, and often a helping hand, to potential suppliers, both of raw materials and, more recently, of machinery.

However, we certainly have no intention of resting on our past achievements. The per-capita consumption of cigarettes in India is still very low and, with the successful implementation of the Five Year Plans and the resultant increase in the standard of living of the population, one must expect further increases in the consumption of tobacco goods in the years to come. I believe that your Company will not be found wanting in the task of supplying this anticipated demand.

Marketing

Although a most valuable contribution has been made by the Company's employees this year on all sides of the business, not least on the production side, it is perhaps in the field of marketing that most progress has been made. Marketing may be roughly divided into two functions, the distributive function and the creative side; both of these functions are highly technical.

The basic requirement of distribution of a consumer product of a perishable nature such as cigarettes is to make supplies available to people who want to buy them, at all times and in the freshest possible condition. This task, in a country the size of India, is of exceptional complexity. Apart from the constant activities of the Company's field staff, a most important part is played by all the links in the distributary chain. At one end we have the distributors, merchants of high standing in all the main cities and towns, most of whom have been associated with the Company for many years and have a profound knowledge both of our business and of conditions in their distributary areas. Their contribution to the Company's increased business has been most valuable. At the other end of the chain we have the tens of thousands of retailers, who are the final contact with the consumer. I am confident that your Company's distributary system is now geared to service our existing volume and indeed to meet the expanding demand of the future; incidentally it is worth noting that the cigarette business provides a livelihood to a great multitude of people.

On what I have referred to as the creative function, our marketing staff are constantly investigating and endeavouring to anticipate the changing needs and preferences of the consumer and endeavouring to meet his wishes. They have had some success this year but there is more to be done and there is no feeling of complacency.

Leaf Tobacco

In my speech last year I drew attention to the very serious problem of the growing of flue-cured tobaccos on unsuitable soil. I am sorry to say that I have seen nothing in the current year to relieve my apprehensions, and we have been much concerned about the quality of some of the tobacco which has been offered to this Company for sale. I might take this opportunity of remarking that the problem is a wider one than the immediate interests of this Company in as much as while Indian tobacco is deteriorating, tobacco grown in other countries of the world continues to improve, and this situation cannot long continue without jeopardising India's extremely valuable export trade in this commodity.

Labour Relations

In the majority of our branches and in our Head Office relations with the Trade Unions and with our employees have been generally good. During the past year we have been successful in concluding mutually negotiated long-term settlements with most of our branches and this has had the desirable effect of stabilising the employment contract with a large percentage of our work people for a three-year period. It has also had the effect of further cementing the mutual trust and confidence between management and labour which is so necessary for productive efficiency.

At one time there was a threat of large scale redundancy at our branch in Monghyr, but with requirements of increased production the economic operation of our factory there continues to improve, to the extent that redundancy has now been replaced by recruitment of new labour—an indication of what might well be expected elsewhere with increased business.

In its relations with its work people it is your Company's policy to provide emoluments and other benefits fully comparable with those of similar industries, while at the same time making further financial improvement in the terms of service dependent upon greater productivity both of men and machines. In this we are working in conformity with the labour policy announced for the Third Five Year Plan, with which we are in full agreement.

Central Excise

In presenting the Central Budget for 1961/62, the Finance Minister announced that tobacco had been one of Government's stable revenue earners, but said that experience had shown the need for some simplification and rationalisation. In practice, however, he anticipated with his changes in the tax structure an increased revenue of something over Rs. 2 crores from unmanufactured tobacco. At the same time, the Finance Minister announced large increases in the Import Duty on unmanufactured tobacco, which he expected would realise Rs. 89 lakhs.

This increase in Import Duty made an increase in the prices of the higher categories of cigarettes inevitable. The upward adjustment in Excise Duty was relatively small, and did not fully justify an increase in the unit price of a packet of cigarettes in the more popular price classes, so your Board decided, on this occasion, to absorb most of the additional duty.

Prospects

In addition to absorbing most of the increased Excise Duties, your Company is having to meet steadily increasing costs of labour, raw materials and freight, but it will be obvious to you that we cannot continue to do this if the increases in various items of cost outstrip the gain we are able to make from increased productivity.

Nevertheless, as I have said earlier, I am confident that given freedom from further increases in tobacco duties there is considerable potential for additional business accruing to your Company and, provided rising costs do not outpace increase in turnover, we can look forward to the future with moderate optimism.

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TACCAVI LOANS AND AGRICULTURE

SOME DEFECTS IN WORKING HIGHLIGHTED

By Prof. V. G. Ramakrishna Aiyer

THE Government of India has constituted a twelve-man committee to examine the question of implementing the policy of routing taccavi loans through co-operative societies. An official Press release says that the Committee, which is headed by Mr. B. P. Patel, Adviser, Planning Commission, as Chairman, has been entrusted with the task of examining the existing arrangements in different States for the supply of taccavi loans to farmers and to suggest measures for ensuring the effective implementation of the policy of routing taccavi loans through co-operatives. It will also examine the adequacy of the institutional structure of co-operatives and suggest changes, if necessary, for implementing the supply of taccavi through them. The question of any guarantee or subsidy to co-operative institutions for undertaking this work will be considered. It will be recalled that the National Development Council was of the view that, by making available taccavi loans and other facilities through co-operatives, conditions could be created for attracting every peasant and rural worker to join a village co-operative. In consequence of this decision, the Government of India suggested to all the States, in May 1959, that normally all assistance to farmers should be channelled through co-operatives subject to cases of distress taccavi. Though some State Governments have taken steps to channel taccavi loans through co-operatives in specific areas, the progress in this direction has not been appreciable. It is, therefore, useful to provide the background against which the whole problem has to be considered.

One of the sources of agricultural finance is the taccavi loans given direct by the Government to the agriculturists. But in Ceylon, Pakistan and the Philippines, the emphasis seems to be on providing agricultural finance through special institutions. Although direct crop loans are given in India and Pakistan, they have not been of any direct consequence. Burma seems to be the only country where direct Government loans to cultivators have been of great importance. The Government of India have been giving substantial amounts of loans under the Land Improvement Loans Act (1883) and the Agriculturists Loans Act (1884) constituting between 80 and 90 per cent of the crop loans to the total loans granted by the Government.

Grow More Food Campaign

In most States, until the advent of the Grow More Food Campaign, financial assistance from Government was generally limited to the purposes specified in the Acts. But some States found it necessary to make special provision for advancing loans for particular purposes not covered by the Acts, as, for instance, the Bihar and Orissa Natural Calamities Act, Madras Pumping Installations and Agricultural Machinery or Plant Rules, and the Bombay Land Improvement Scheme Act for facilitating soil conservation. As a result of the seriousness of the food problem, the Grow More Food Campaign was launched and financial assistance from the Central Government to State Governments for approved schemes was given in the form of loans and grants.

But the amount of taccavi loans granted in the form of short-term and medium-term loans increased from about Rs. 1 crore in 1938 to about Rs. 25 crores in 1952-53. Similarly, the Central Government assistance for Grow More Food Campaign in the form of loans and grants, generally supplemented by equal contribution by the State Governments, has risen by stages, Rs. 2.4 crores in 1947-48 to Rs. 13.1 crores in 1951-52, Rs. 14.7 crores in 1952-53 and Rs. 22.8 crores in 1953-54 (*Report of the Centre on Agricultural Financing and Credit for Asia and the Far East*, 1956, F.A.O. p. 166).

The Rural Survey Committee which examined the working of Government finance came to the conclusion that the record of the taccavi is a record of inadequacies. As the Committee observed, in practice, taccavi is apt to be little else than the ill-performed disbursement of inadequate moneys by an ill-suited agency.

The all-India average for the borrowings of cultivators from the Government as percentage of their total borrowings is 3, according to the Rural Credit Survey. Even this meagre amount varies considerably between States. According to the Rural Credit Survey, the said proportion was less than 5 per cent in roughly two out of every three districts; between 5 per cent and 20 per cent in roughly one out of every five districts; and more than 20 per cent in only one out of twenty districts. There were eight districts in which the cultivators did not report any borrowing from the Government. On account of their small financial resources, the State Governments have so framed the rules as to provide only very small amounts. In one State, for example, the rule is that, "in the case of short-term loans, the average per head should not exceed Rs. 15 and the maximum should not exceed Rs. 25 in any case." Though the long-term accommodation predominates as a type of agricultural finance provided by the Government, individual loans often fall short of the actual requirements.

Inequality in Distribution

In the matter of the distribution of the amounts, considerable inequality in favour of the big and large cultivator is noticeable; the all-India averages in the following table gives a picture of the part played by the Government in financing different classes of cultivators:

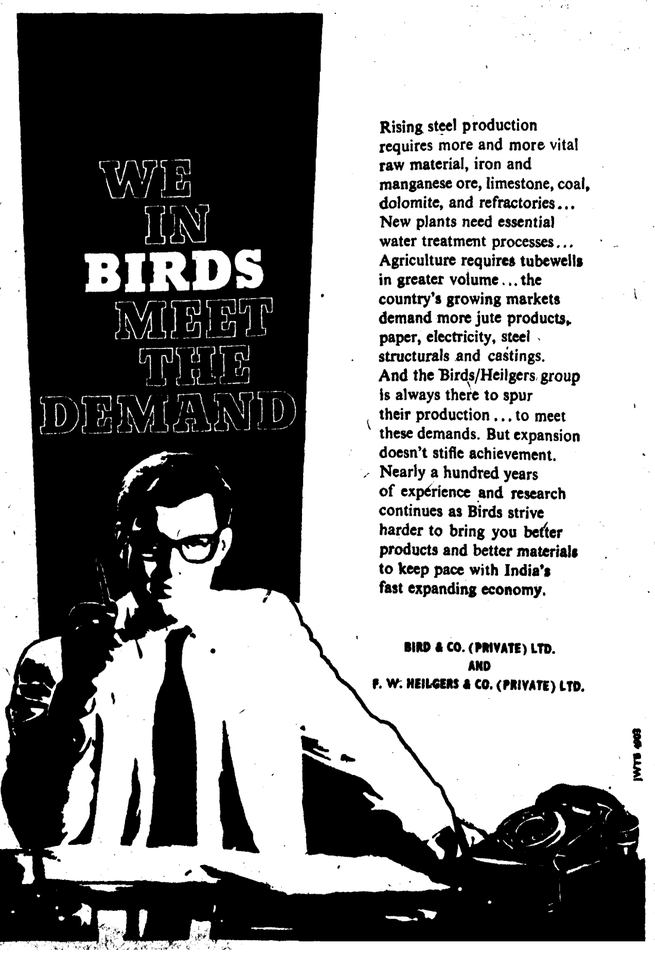
Group	Average amount borrowed from Government per family	Borrowings from Government as % of total borrowings	Borrowings from Government by the group as % of total borrowings of all cultivators from Government
	Rs.		
Big cultivators ..	24	4.5	34.5
Large ,, ..	14	3.8	58.1
Medium ,, ..	6	3.2	32.1
Small ,, ..	2	3.0	—

It will be seen from the above table that the large cultivators, who constitute about 30 per cent of the total number of cultivators, account for nearly 60 per cent of the total borrowings from Government by all cultivators. It can also be seen that the average borrowings of the big cultivator was nearly four times that of the medium cultivator and about twelve times that of the small. One important reason for this is to be found in the nature of the purpose for which Government finance is made available. These purposes are often related to forms of improvement of land or methods of increase of production, such as are beyond the scope of the medium and small cultivators, e.g., digging of wells, and buying oil engines.

Inappropriateness of Security

Part of the explanation, however, lies in the nature of the security usually demanded for Government loans. This is immovable property land. While sanctioning loans, right emphasis is laid on the value of the collateral. The result is that the loans granted have more relationship with the asset or the credit of the applicant. As the small tenants or cultivators could not offer any such solid security, they are denied the facilities for borrowing and so tend, rather are forced, to invest less and less in land. Hence it is advisable that loans are better advanced against the crop potential of each applicant.

There is also the defect of the time and manner of disbursement of Government loans. Usually there is a rush to disburse loans at the end of the financial year. In fact, sometimes, practically most of the disbursements are made on the last two or three days of March. This is, of course, not an inherent part of the scheme itself, but an inevitable consequence of the system of Government administration with its late sanctioning of allotments and rigid insistence on lapsing after midnight of 31st March. Delay which previously characterised the disposal of taccavi loans is now replaced by undue haste. Besides, inefficiency and maladministration are also there. All these defects end in overdues. But, in recent times, there is much improvement in the system of granting loans as a result of which the delay has been considerably reduced.



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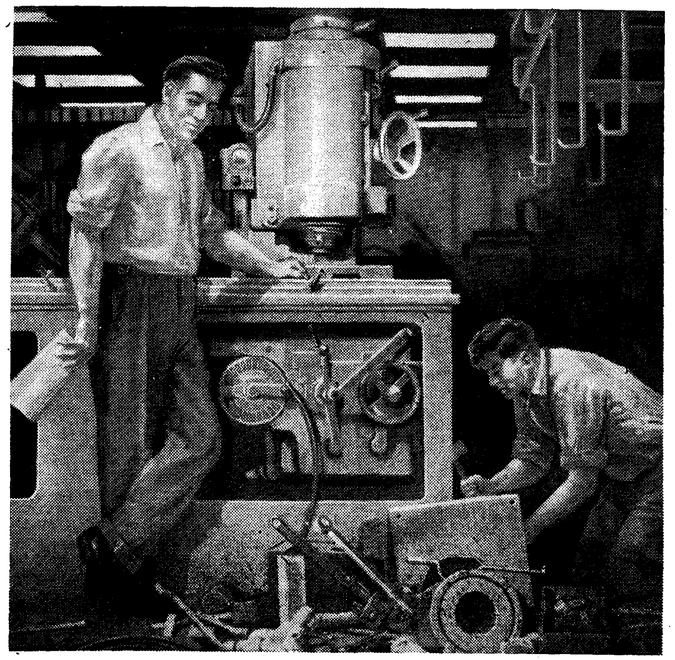

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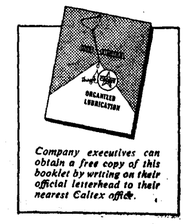

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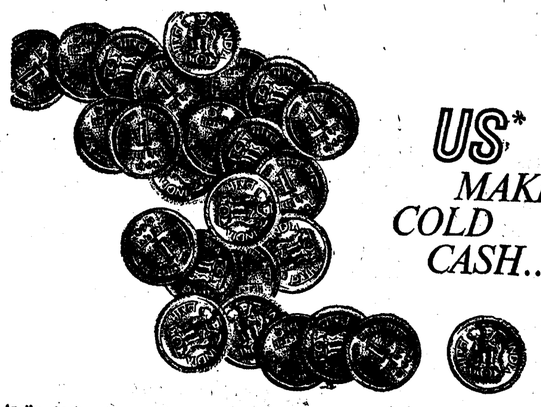

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The following table will make it clear that delay is not now one of the main evils of the taccavi loan system:

Proportion of the number of cultivators who received loans after the time lag stated below as % of total number of cultivators also received loans from the State Governments

1 or less	1—3	3—5	5—8	Over 8	Unspecified	Total	Type of cultivator
43	29	15	10	2	1	100	Upper 50% of the cultivators
51	40	7	2	—	—	100	Lower 50% of the cultivators

The rates of interest which the Government charge on the advances vary from State to State, but usually range about 6¼ per cent. But the procedure for obtaining loans is so laborious and expensive that the cultivator finds that, by the time the loan is granted, a third or half of it is already spent in the process of getting it. Besides, the cultivator has to repay the loans with interest thereof only from his own meagre resources. In fact, in the matter of repayment of loans, it is found more often than not that the cultivator pays dearly in the end without his land being improved in any way. Moreover, loans are almost always disbursed in the taluka headquarters and not in the village itself. Therefore, some of the conditions attached to and surrounding grant of loans must be relaxed and improved.

The revenue administration is well known for its multifarious duties. This hinders effective supervision of the credit amounts disbursed. Any effective supervision would involve a consideration of the real purpose of the loans, the technical soundness of the agricultural improvements for which the loan is applied for and the potentiality of the applicant to repay the loan amount; it also involves the verification of the manner in which the loan is used. But the existing loan-disbursing machinery of the State Governments is inadequate for such supervisory tasks.

Along with this, there is a lack of co-ordination, too, among the different departments concerned and with the operation of the taccavi loan system. As things stand, "agricultural loans" and "land improvements loans" (i.e., ordinary taccavi loans) pass through one department and loans for cattle purchase through another, a third department deals with co-operative loans and a fourth looks after the needs of displaced persons. As a result, people of promiscuous habits sometimes manage to borrow from more than one department. The administrative overlapping and wastage are also obvious. In such cases at times, the loanees may be insolvent and, consequently, much difficulty is experienced in the recovery of loans, thus resulting in financial wastefulness to the Government. If the different schemes of Government are properly co-ordinated, e.g., the Agricultural Department consulting the Revenue Department prior to granting a loan as to the solvency of the applicant, much financial wastefulness could be avoided.

Such lack of co-ordination exists as well between the State Governments, on the one side, and the co-operative agency of the State, on the other. This is a serious matter in actual practice at the district and village level. As regards the different rural development schemes of the Government, there is a measure of harmony in their objects, financial provisions, and administrative arrangements, since they are co-ordinated through the appropriate district authority. But, even here, there is at times a tendency to order about Government servants who are generally under the control of one district officer. There has been recently much multiplication of governmental activities and departments. In some cases, each is acting independently of the other even in regard to almost similar schemes. Thus the system of taccavi is characterised, among other things, by grave lack of co-ordination internally within the structure of Government itself and externally with other systems of finance for the cultivator.

Inasmuch as there is an imperative need for ensuring expanding agricultural production in India, there is a definite case for the removal of all the defects in the working of Government taccavi loans. We may stress the need for continuance of the system of taccavi loans mainly on two grounds, namely, provision of relief from distress in times of famine, floods, etc., and inadequacy of co-operative finances for productive purposes in agriculture. Relief of distress due to natural calamities has long been accepted as an important duty of the State. Moreover, risks involved in providing finance in a sufficiently large-scale for alleviating such distress are beyond the capacity of private organisations to bear. On the other hand, the co-operative movement, despite its reported development in recent years, has not reached the stage where it could cater to the needs of the bulk of cultivators. It is necessary, therefore, that the Government should continue to advance taccavi loans to the agriculturists.

The object of taccavi policy in the immediate future should be to provide necessary financial assistance to all cultivators who would be in need of it for carrying on and improving farm cultivation. Taccavi advances should be mainly given for purposes which would result in increased production and permanent improvement in land commensurate with the outlay involved.

A few observations may be made on the general characteristics of Government finance as revealed by our study. Government finance is not available in a large measure to the rural population in many districts, and the distribution is generally advanced only to the bigger cultivators. However, it is made available for distress relief and for helping particular aspects of land development. But the need for continuance of Government finance is all the more greater in view of the poor working of the co-operative movement. Again, if the Government desired an urgent change-over in the tenancy system of the economy, for instance, it could, apart from passing legislation, make for the acquisition of tenancy rights financed through Governmental or allied agencies. Similarly, when the Government desired to push forward with particular schemes of long-term improvement, it could help actively in financing these schemes by making subsidies and outright grants. And it is difficult in the present stage of co-operative organisation to expect the performance of such functions by such agencies.

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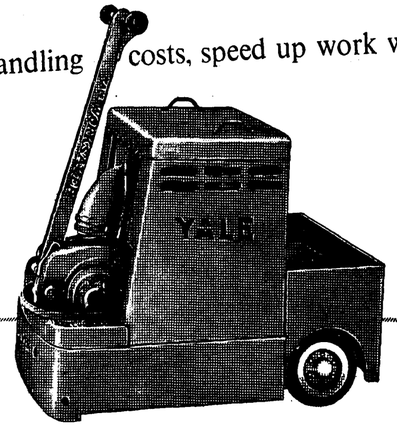

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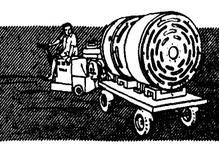

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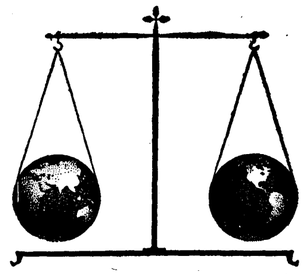

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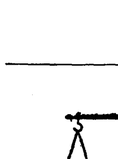

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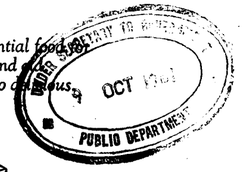

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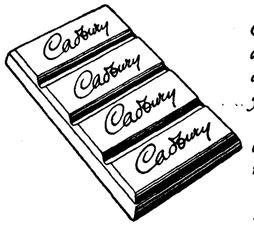

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PRICES OF PETROLEUM PRODUCTS

GOVERNMENT'S DECISION ON DAMLE COMMITTEE'S REPORT

THE Department of Mines and Fuel of the Union Ministry of Steel, Mines and Fuel, has been continuously engaged since 1956 in negotiations with the oil companies to bring about reductions in oil prices and profits. Since that year, Burmah-Shell and Stanvac have agreed to give up completely and Caltex partially the duty protection enjoyed by the refinery products under the refineries agreement; this has meant a revenue of about Rs. 10 crores annually to the Government. In 1958, under an *ad hoc* agreement with the oil companies, the first reduction in oil prices took place and this amounted to Rs. 9 crores annually; this sum has been mopped up by the Government as revenue under the Mineral Oil (Additional Duties of Excise and Customs) Act, 1958. In 1959, under the second *ad hoc* agreement with the oil companies, there was a further price reduction amounting to Rs. 7 crores annually; this amount, too, has been mopped up by the Government through an increase in the additional excise duty. There has been a fall of about Rs. 5 crores in the landed costs of oil since then; this represents the amount that has accrued in the Cost and Freight Adjustment Account of the oil companies under the 1959 *ad hoc* agreement. This amount is now being mopped up by an increase in the additional customs duty; according to a Press note issued by the Union Ministry of Finance on 27th September 1961, the increase in the levy has effect from 28th September 1961 and will be wholly borne by the oil companies and so will not result in any increase in the wholesale or retail prices of the affected petroleum products. It is stated that at least half of all these price reductions (which, of course, did not bring any relief to the consumer), would have taken place automatically, because of changes in the posted prices of petroleum products and in freight rates, etc.

The Government has just taken what is in effect a unilateral decision on the recommendations of the Oil Price Enquiry Committee (Chairman: Mr. K. R. Damle) which was set up in August 1960 "to examine the principles and elements according to which the selling prices of various petroleum products in India should be determined after 1st April 1961." According to a terse Press note issued by the Department of Mines and Fuel of the Union Ministry of Steel, Mines and Fuel on 27th September 1961, the Committee is stated to have evolved a pricing basis after allowing for an adequate return for the oil companies. The Press note continues:

"Their recommendations imply, on the basis of estimated sales of 1962, a reduction of about Rs. 15 crores annually in the selling prices of the major petroleum products and bitumen.

"This is composed of about Rs. 5 crores due to drop in landed costs, Rs. 7 crores towards the discounts the Committee consider reasonable in the posted prices of bulk refined products, and about Rs. 3 crores in regard to distribution charges and profit margins.

"Apart from this, ceilings in the marketing and distribution charges and profit margin on an average for the groups of lubricants, greases and specialities have also been recommended.

"Government have decided to accept the recommendations of the Committee and intend to mop up the reductions.

"The consumer prices of these products will remain unchanged."

The actual fall in landed costs that has taken place in 1960-61 has presumably been taken as the basis for the element of Rs. 5 crores mentioned in the above Press note. Here the expectation seems to be that there will be an annual saving of Rs. 5 crores on this account in the next four years suggested by the Damle Committee as the period during which a new *ad hoc* agreement is to be kept in force. The most controversial element pertains to the discounts in the posted prices of bulk refined products. It is contended in this connection that, whereas discounts on crude oil do prevail in the Middle East, no such discount is given on refined products. The element of Rs. 3 crores pertaining to reduction in distribution charges and profit margins also seems to be controversial. But the Oil Minister has chosen, most unwisely in our opinion, not to release the Damle Committee report to the Press along with the Government's decision thereon or to give sufficient time to the oil companies to make representations on the Committee's findings. By threatening to bring into force the recommendations unilaterally, the Government seems to be sneering the pitch for negotiations with the oil companies for a new *ad hoc* agreement. The following extracts from a statement issued on 30th September 1961 by Mr. L. D. Mudie, General Manager of Burmah-Shell, show how summarily the oil price question is sought to be disposed of by the Government:

"It is necessary for me to detail the sequence of events leading to the present situation in regard to the pricing of petroleum products.

"During the pendency of the (Damle Committee's) enquiry, my Company wholeheartedly co-operated with the Committee by providing all the available information and this co-operation has been acknowledged in the Damle Report itself.

"The report was submitted by the Committee to the Government of India on 19th July, 1961.

"My Company made several requests for a copy of the report to be furnished to us.

"Late on the afternoon of 27th September, my Delhi representative was handed a copy of the report and informed by Government that it had been decided to accept the report for implementation with effect from 1st October and that Government hoped that we would signify our acceptance before the 1st October.

"For the first time, I received a copy of the Damle Report on the morning of the 28th and a further few copies arrived on the morning of the 29th September.

"Early yesterday afternoon, that is, 29th September, before we had any adequate period of time in which to study and digest the report, we were told in a letter by Government that it has been decided to accept *in toto* the recommendations in the Report and to apply these with effect from 1st October 1961, 'subject to the position being reviewed after a year or two.'

"In this letter, of the 29th, Government have mentioned certain methods of implementation which in the time available are not clear to me and do not at a first glance appear to conform to the recommendations in the report which has been accepted *in toto*.

"My Company has about three days to consider the report and still less time to study the letter of the 29th September. A report of this magnitude requires time for study and furthermore my shareholders and consignors who co-operated at the enquiry stage and who are vitally affected by the recommendations of the report have not seen a copy up to now.

"I have, therefore, been compelled to protest strongly at the totally inadequate time which has been afforded for reading, digesting and understanding the many implications of a 172-page document of such complexity and ramifications."

Obviously, negotiations will have to take place between the Government and the oil companies. Since the Government has only "decided to accept the Damle Committee's recommendations and to mop up the reductions" and is yet to enforce the decision, the inference is that the oil companies will make their own counter-proposals in the course of negotiations for a new *ad hoc* agreement. It is surprising that, while the Damle Report is stated to have been accepted in its entirety, the period of four years suggested by it for an *ad hoc* agreement to be in force is now sought to be reduced by the Oil Minister to one or two years.

In the meantime, it would be interesting to know some of the findings and suggestions of the Damle Committee. These are listed below:

1. The oil companies, it has been suggested, should not insist on import of crude oil from sources of their own choice.

2. The companies should press on their suppliers for an increase in the discount rate on posted prices.

3. The companies should also seek to secure an equivalent discount on a long-term basis on imports of the same quality of crude oil from sources other than traditional.

4. It would be quite appropriate to base the landed cost of products on imports at cheaper rates, if available, from sources other than those which have been normally utilised by the major oil companies, provided continuous supplies of equivalent quality are guaranteed.

5. The companies should not only press on their suppliers for the continuance of discounts in future on the posted prices of crude oil at the current rate of 8 per cent but also for an increase in their quantum, consistent with the market trends prevailing from time to time.

6. The discount on posted prices of crude oil should, in more or less equivalent measure, be reflected in the pricing of the end products. The recent discount is not reflected in the prices of end products and the benefit, therefore, is absorbed by the refiners or consignees. To that extent, according to the Committee, their margin has been enhanced above the expectations envisaged at the time of conclusion of the refinery agreements. The Committee's view is that as discounts are admittedly available on crude oil, there is every reason to believe that the discounts should also be available on bulk refined products imported by the oil companies for marketing. It is stated, in this connection, that two oil companies admitted that they obtained their products at discounted prices.

7. In determining parity prices, the Committee has taken into consideration the following rates of discount in the f.o.b. prices: 10 per cent in the case of kerosene, aviation spirit, turbine fuel, high-speed diesel oil; 9.3 per cent in the case of light diesel oil; 5 per cent in the case of motor spirit, and 3 per cent in the case of furnace oil.

8. The weighted average of the marketing and distribution charges of Burmah-Shell and S.V.O.C. has been adopted as the "fair incidence for industry!"

NEW BRITISH AIRCRAFT UNDER TRIAL

It is reported that no fewer than nine completely new British aircraft are due to make their first flights before the end of 1962. Some of these new aircraft will form the spearhead of the British aircraft industry's export sales drive during the 1960s and early 1970s, while others will provide valuable information for the development of advanced aircraft in a few years' time.

One of these research aircraft, the Bristol T. 188, is scheduled to fly before the end of this year. Made of stainless steel to withstand the effects of thermal heating, it will be the fastest "conventional" aircraft in the world.

The Hunting H. 126 jet-flap research aircraft will be the first to explore the practical possibilities of a device conceived at the National Gas Turbine Establishment some years ago. If the jet-flap fulfils its designers' hopes, it could revolutionise air transport. Aircraft could be made with much smaller wings and higher wing-loadings than hitherto, yet needing relatively short take-off and landing runs.

The first de Havilland Trident was rolled out a fortnight ahead of schedule in August and has been undergoing taxiing trials and ground engine running. This 600 m.p.h. short/medium-range jet airliner, 24 of which have been ordered by British European Airways, is due to fly before the end of this year.

Nearing completion is the first Viscount VC-10, which is scheduled to make its first flight early next year. Already 57 VC-10s and Super VC-10s have been ordered. Up to 135 passengers will be carried by this airliner.

By way of contrast in size, the Short Skyvan will carry up to 15 passengers or 1½ tons of freight. The first Skyvan 1 is due to fly early next year.

The first eight-passenger, twin-jet de Havilland 125 was ordered during the recent Farnborough Air Show by Bristol Siddeley Engines as an executive aircraft. First flight of the 125 is scheduled for the middle of 1962.

Two new Beagle light aeroplanes will make their appearance next summer—the single-engined M. 117 two- to three-seat low-wing monoplane, and the M. 213 twin which will carry four people.

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NEW PRODUCTS AND PROCESSES

Pressure Relief Valve

THE problem of manufacturing a pressure relief valve which will not stick under corrosive conditions has been the subject of special investigation by Robert Harlow and Son Ltd., England. In installations such as tar stills, corrosion gradually effects parts of relief valves, causing them to blow or cease to function effectively. Now a new valve has been developed by the Company. Designed especially for use in chemical stills and low pressure vessels the unit is made in cast iron with a choice of material for the actual valve and seating in gunmetal, phosphor bronze, nickel alloy and stainless steels. An oil sealing arrangement for the spindle ensures that, whatever the conditions, the valve will not seize. The oil also serves as a dashpot, so that the rate of closing of the valve after blowing off is controlled to reduce the damage to the valve and seat. The new range —available in 1 in., 2 in., 3 in. and 4 in. sizes— includes a number of models designed for extremely corrosive duties, which necessitate special protection for the inlet port contact surfaces. Here protective sleeves and internal valves have been included in P.T.F.E. (Polytetrafluoroethylene), stainless steels or other metals of high chemical resistance. Valves have also been made with the weights enclosed within the casing. This alteration in design was added for use on plants where the contents of the still are of an explosive or toxic nature. The full enclosure ensures that in the unlikely event of a diaphragm bursting, the contents cannot escape. The casing has a tapped boss in the side so that a supplementary discharge pipe can be fitted to join the main discharge pipe from the valve outlet.

Minecar Speed Control

A new hydraulic system which can control the speed of a train of tubs used in mines has been announced by Richard Sutcliffe Ltd., Yorkshire. The system contains three main features—the "Rotarder," as it is known, Header Tank, and one or two valves as required. Oil is fed by gravity from the header tank into the "Rotarder" body which is completely filled with the selected grade of oil. The tub axle pushes a star wheel on the rotor which revolves, and, acting as a pump passes the oil along the return line back to the header tank. A gate valve is fitted in this return line, the closing of which causes a higher pressure to be generated in the "Rotarder" with the oil passing either up the restricted return or short circuited past the brushes or down the sides of the rotor. With the valve completely closed all the oil is short circuited and the maximum retardation condition is obtained. A pull-wire-operated quick-release valve is fitted as an optional extra in the return line to by-pass the gate valve. This immediately relieves the pressure in the "Rotarder" under any circumstances, and allows sluggish tubs to be passed through. The operation of this valve can be achieved from any convenient position by means of the pull-wire, and does not affect the original setting of the "Rotarder." If tubs are required to be run or pulled through the "Rotarder" in the reverse direction, the stator is so arranged that the oil has a free flow past the rotor blades and, therefore, the resistance to rotation is kept at a minimum.

Automatic Wrapping Machine

An engineering works of Wormer, Holland has produced an automatic wrapping machine for boxes and cartons with an hourly throughput of 1800 to 2400 wrapped articles (in heat-sealing cellophane or coated materials). The machine is capable of wrapping cartons of varying dimensions, that is, from 60 to 300 mm. (about 2½-12") in length, 40 to 190 mm. (1½-7") in width and 15 to 85 mm. (½-3½") in height. For any of these sizes the machine can be adjusted simply and very quickly. During actual running, any desired correction may be made to the length of the wrapping material. With the aid of feed conveyor belts obtainable on the market products can be fed to the machine automatically without a single operator being required. Should this automatic feed be impracticable, the machine can be operated by one person in a sitting position; it is still possible even then to attain the production rate mentioned above. The machine's dimensions are: length 150 cm. (approx. 5 ft.), width 78 cm. (approx. 2½ ft.) and height 134 cm. (approx. 6½ ft.). The height of the working table is 75 cm. (approx. 2½ ft.). The machine weighs 250 kg. (about 550 lbs.), and is driven by a built-in three-phase ¼-h.p. motor with reduction box attached. The machine is engaged by a magnetic clutch without collector ring. The rating of the heating elements is 250 watt. The working table is extremely robust and corrosion-resistant. All nuts and bolts used conform to two standard sizes for each of which a wrench is supplied with the machine.

Slot Machine for Coal

The latest addition to the range of commodities which can be purchased from a vending machine is pre-packed coal and smokeless fuel. The first production model of the new slot machine, developed by a Manchester firm, is going to the Coal Board in Scotland, but it is also hoped to install the machines on selected sites in the north-west of England, probably on housing estates. The manufacturers already have a lot of orders in hand for the new machine. Large blocks of flats will probably get the first machines, but later they will be installed outside supermarkets, garages, and perhaps railway stations.

BAJAJ AUTO LIMITED

SPEECH OF MR. KAMALNAYAN BAJAJ

EXPANSION OF EXISTING UNITS PREFERRED TO ESTABLISHMENT OF NEW UNITS

THE view that demand for scooters and three-wheelers would increase with the accelerated industrialisation of the country was expressed by Mr. Kamalnayan Bajaj, Chairman of the Bajaj Auto Limited, in his speech at the Sixteenth Annual General Meeting of the Company held at Bombay on Saturday, 30th September 1961. Foreign exchange, Mr. Kamalnayan Bajaj stated, could be conserved by increasing the installed capacity of the existing manufacturers, instead of licensing more units of smaller capacity.

The following is the full text of Mr. Kamalnayan Bajaj's speech:

"LADIES AND GENTLEMEN,"

"I have great pleasure in welcoming you all, and particularly the new shareholders.

"The Company was the pioneer in introducing scooters and three-wheelers in the country. In 1947, the Bombay Government announced that they intended to ban cycle-rikshaws in the State. A motorised rikshaw was designed by us and a scheme for their manufacture was submitted to the Government. The word 'Autoriksha' was coined by us. The autoriksha was introduced in Poona in 1949. The first consignment of scooters was imported by us in 1948. Since then, scooters and autorikshas have become very popular in the country as speedy and comfortable, yet cheap, means of transport.

"In 1952, we submitted to the Tariff Commission a plan for phased manufacture of scooters and autorikshas in technical collaboration with Messrs. Piaggio and Company of Italy who were the very first to design the scooter and foremost among its manufacturers in the world. The Tariff Commission found that the conditions were not favourable for manufacture at that stage, and recommended that licensing of imports should be continued.

"In 1958, after repeated representations, the Central Government granted us a manufacturing licence for 6,000 scooters and autorikshas per annum. We commenced production of scooters in June 1960 and autorikshas from last month.

"We have applied for expansion of our annual production capacity to 15,000 on single-shift and 24,000 on double-shift working on the basis that we shall be able to commence production for the expanded capacity by early 1962 with 45 per cent indigenous content.

"With the accelerated industrialisation of the country the demand for scooters from technicians, artisans, foremen, service personnel, salesmen, insurance agents, office staff and even students is fast growing. As distances in city areas are increasing, scooters are replacing cycles.

"The demand for scooters and three-wheelers has always outstripped production. A buyer for a scooter at present has to wait for months. We could appoint dealers for scooters only in 15 towns so far on account of limited production and inadequate import licences for spare parts to maintain efficient servicing. Last month, when we commenced booking orders for autorikshas at Delhi, Ahmedabad, Poona and Bangalore, almost one year's production was booked in a few days.

"The figures of production of scooters, motor cycles and three-wheelers during the last few years are:

	Scooters and mopeds	*Motor cycles*	*Three-wheelers*	*Total*
1955	533	419	3	955
1956	4,735	1,022	529	6,286
1957	6,528	1,827	852	9,207
1958	4,391	2,113	683	7,187
1959	7,000	3,000	1,500	11,500
1960	12,880	3,998	1,403	18,281
1961 (January-June).	11,146	1,861	1,037	14,044

"The third Plan has fixed the targets of installed capacity at 60,000 and production at 50,000 units per annum at the end of the Plan period. The demand for these vehicles would be easily about 100,000 per annum at the end of the third Plan. The Planning Commission has placed the target of production at 50,000, probably on account of stringency of foreign exchange.

"The difficulties in the way of increasing the production to meet the likely demand, though formidable, are not beyond the resources of the country. Foreign exchange could be conserved by increasing the installed capacity of the existing manufacturers instead of licensing more units of smaller capacity. Ancillary and auxiliary industries should be set up and encouraged to increase the production of components.

"The Company has taken enough land in Pimpri-Chinchwad industrial area, near Poona, to provide for future expansion. The new factory building would be ready within the next few months. We hope to shift to the new premises by the end of the current financial year.

"I am happy to inform you that the Company has received very good co-operation and assistance from the collaborators, Messrs. Piaggio and Company. They have lent us the services of their technical personnel from time to time for improving our production and service-after-sales.

"I express my appreciation of the excellent work done by the technicians, staff and workers for bringing the output of scooters to 500 per month within a few months of commencement of production and keeping it up in spite of many handicaps."

Note: *This does not purport to be a record of the proceedings of the annual general meeting.*

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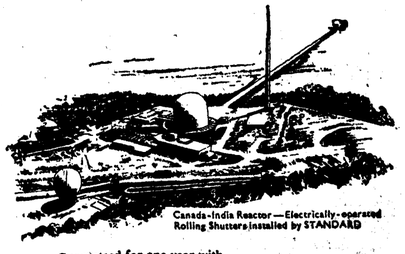

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PORT DELAYS CAUSE HEAVY FINANCIAL LOSSES TO COMPANIES

CHAIRMAN, DR. A. RAMASWAMI MUDALIAR, CAUTIONS AGAINST ILL-TIMED EXPANSION

A WARNING against hasty and ill-timed expansion of shipping tonnage in the third Plan period was uttered by Dr. A. Ramaswami Mudaliar, Chairman of the India Steamship Company Ltd., in his speech at the Annual General Meeting of the Company held at Calcutta on Tuesday, 26th September 1961. Dr. Ramaswami said that, while he himself had advocated expansion of Indian tonnage, under the circumstances in which shipping all the world over was today, such expansion required deep thinking. The question of how and on what routes the expanded tonnage should be used, whether it should take the form of tramps or liner cargo vessels or tanker or passenger vessels and such other aspects deserved careful consideration. Deploring the extraordinarily long hold-up of vessels at various ports, the Chairman said that this was one of the main reasons for the serious loss which the Company, along with others, suffered during the year.

The following is the full text of Dr. Ramaswami Mudaliar's speech:

"GENTLEMEN,

"The audited accounts and Directors' report for the period ending March 1961 has been in your possession for sometime and, with your permission, I shall take them as read.

"The Directors' report shows that the freight earned during the year was Rs. 8,63,00,835, as against Rs. 8,38,59,427 in the previous year. The total number of liner voyages during the year was 49, as compared to 47.5 in the previous year. Though the freight earned was higher than last year, owing to a variety of reasons, I regret to state that the net result is a substantial loss to the Company.

Naval Disasters

"At the beginning of the year, the Company suffered a serious loss by the sinking of the s.s. *Indian Navigator* after an explosion on board. All the crew, except one seaman, were rescued. A more serious and sadder calamity was the loss of the lives of some of the officers and crew of a sister ship, s.s. *Indian Success*, in their effort to salvage the abandoned vessel, the s.s. *Indian Navigator*. As both the disasters are subject of a formal enquiry, it would not be proper for me to comment on them, except to the extent that I share, and I am sure you also do, the tribute that has been paid in the Directors' report to the gallant officers and crew.

Overseas Trade and Freight Rates

"During the last two years, I referred to the decline in international trade and to its effect on international shipping. During the year under review, the position was not any better than it was last year. In an effort to chase cargo and to keep up with the severe competition, both of other shipping lines in the liner trade, and of the tramps, your ships have had to call at an even greater number of ports to secure the cargo, resulting in heavy expenses.

"The rates of freight were generally at an uneconomic level—most of the rates remaining the same as they were in 1957. Meanwhile, in the intervening period, costs in every direction have gone up. Wages of staff, both floating and on the land, have had to be increased. Concessions had to be made, by way of longer leave periods, for the floating staff, necessitating additional personnel for the purpose. Stevedoring charges in most ports had to be revised in accordance with the rules and regulations in these ports. Any freight increase required very careful consideration and could not be readily equated to the increased costs of running the service. Some of the countries in the trade were anxious to promote export of commodities and manufactured goods in a desire to earn foreign exchange and to preserve the balance of payment position of their Governments. Conflicting considerations such as these have, to a large extent, prevented the easier course which would otherwise have been adopted, of increasing freight rates to meet extra and heavy expenditure. The position is now being studied both objectively and scientifically and an effort is being made to see whether freights may be increased on commodities which can bear the increase and still maintain their competitive positions in world markets.

"I referred to the keen competition that prevailed last year and the unhealthy and unfair means by which a few of the companies or their agents tried to obtain the cargo by undercutting freight rates and giving larger rates of rebate to the shippers. These and other practices, such as the manner in which some of the forwarding agents, particularly on the Continent of Europe, tried to corner the cargoes, were referred to by me in my last address and these practices continued during the greater part of the year under review.

A Partial Solution

"In my speech last year, I referred to a possible solution that was being attempted at by the two Indian Lines in the Conference, along with other Conference Lines, who faced the same problems and were equally anxious to find a solution to put an end to unhealthy competition and to the malpractices. I stated that the solution suggested was that the allocation of freight earnings of the Conference, in certain proportions over a term of years, providing, at the same time, for the growth and development of the fleets of underdeveloped countries, through a defined and reasonable escalation of the rate of allocation during the period. Negotiations for this purpose were started as early as 1959 at a Conference in Delhi, between the representatives of British and foreign lines and the representatives of Indian Lines, and they were continued in London and Hamburg in the early part of 1960. The result, however, was not promising at that stage. Meanwhile, the evils enumerated above were on the increase. At last, at a meeting of the representatives of these Lines and the two Indian Lines in Delhi, in November 1960, an agreement was arrived at, defining the percentages of earnings which the lines under different flags would be allocated at the end of each year. It is a matter of some satisfaction that this arrangement has been arrived at and is considered beneficial by all the Lines concerned, particularly as it removes unhealthy competition, various kinds of malpractices and ensures the better working of the Conference system, as much in the interests of shippers as of the shipping lines. The pool system in the India-U.K./North Continent trade, has come into effect from 1st January 1961, and in two other Conferences of the Continent, namely the French Conference, and the Western Italy Conference, came into effect from 1st April 1961. It has to be emphasised that by this arrangement shippers will not be inconvenienced to the slightest extent and, in fact, the movement of cargo to and from Continental ports will be better facilitated. It is also hoped, provided that the international trade does not deteriorate, and there is no reason to expect it will, the earnings of the various companies will improve by this arrangement. I would only like to add that the results of this pool system, owing to the date at which it came into effect, are not reflected in the balance-sheet for the year under review.

Port Delays

"But all attempts at improving the financial position of the companies will prove infructuous if the delays that are occurring at the ports, both in India and abroad, are not seriously checked and curtailed. One of the main reasons for the serious loss which your Company, along with others, has sustained, is the extraordinarily long hold up of the vessels at various ports during the year. The Directors' report refers to the fact that 332 days were lost in the ports in the year under report, as against 85 days in the previous year, when vessels were idle without loading or unloading operations. The unofficial strikes in the U.K. and the delays in some of the Indian ports have largely contributed to this unfortunate result. When it is remembered that, on the Company's new vessels, and they are in a majority in the composition of our fleet, Rs. 10,000 is lost every day the vessel is idle in port, it requires little calculation to assess the loss to the Company on this account alone. The tugmen's strike at Bombay, which held up the port working for many days, is only an instance in point. The unofficial strikes in the U.K., particularly in London and Liverpool, which manifested themselves all too frequently during the year, contributed substantially to the loss incurred by companies.

Shipping—Public and Private

"While the position is as I have stated, there has arisen, recently, a doubt as to the part that shipping in the public sector, the Shipping Corporation of India, can or should play in relation to the private sector. Is it proper for the public sector to come in competition on routes which the private sector has been handling so far and, if so, to what extent is this desirable or justifiable? The question has come into prominence in connection with the recent entry of the Western Shipping Corporation into the India-U.K./Continent Conference, and I should like to take this opportunity of clarifying the position. The Western Shipping Corporation applied for a limited number of ships being allowed to ply in the Conference route as ships of a member of the Conference. The Corporation, with the full approval of Government, agreed on the number of ships that would ply in this route and the period during which that fixed number of ships will operate. With the agreement and approval of the two Indian Lines on this route, the Conference admitted the Shipping Corporation to its membership. In this connection, there has been some criticism that the Government-owned Corporation should not have entered into competition with the private shipping concerns, and the statement of Hon'ble Shri Lal Bahadur Shastri, when he was Minister of Transport, has been quoted which was as follows: 'I must state it very clearly that it is not our intention that shipping in the public sector should run in competition on routes which private shipping companies have established themselves.' I believe that this will still be the basic policy in the expansion of shipping, whether in the public sector or in the private sector. The vessels of the Indian flag whatever route they may be engaged in, are facing world-wide competition in many ways. They do not have the protection of tariffs, as inland industries have, and it is therefore essential that no Line or Lines engaged in a particular route should have over-competition from the same flag vessels, to the ultimate detriment of all the Lines of the flag, whether it be the vessels of the public sector or of the private sector. The only principle on which either kind of vessels can enter a route, which has been established by other Lines of the same flag, should be as stated by the Chairman of the National Shipping Board 'The new Line must be supplementary to and not in displacement of the existing shipping Lines.'

"The question of expanding shipping tonnage whether for shipping companies already in operation or for new companies, presents a problem in view of the legislation regarding development rebate, which was passed some time back. The development rebate has been allowed generously at 40 per cent of the cost of the ship. But the onerous character of this allowance arises out of the fact that 75 per cent of this allowance has to be provided out of the profits before any dividend can be declared. Shipping companies have repeatedly represented to the Government that the provision of this amount out of the profits of the Company may be extended over a period of years so that the prospect of payment of dividend to shareholders may not be seriously affected. The National Shipping Board has considered this problem on more than one occasion and has unanimously adopted the recommendation that the development rebate to be provided for by the companies may be spread over a period of years. These representations and recommendations have not so far helped in modifying the provisions regarding development rebate. I would only like to reiterate our request for the Government giving further consideration to this question.

Looking Ahead

"I do not desire to strike an unduly pessimistic note as to the future of your Company. I have reiterated often that shipping is a peculiar industry, where the boom periods are few and the lean periods are many. While we are going through a lean period, I do venture to express the hope that we may turn the corner before long. There has been in many quarters a very reasonable and legitimate demand that Indian shipping should expand fast and that during the third Plan period, a larger amount of tonnage should be added than is provided for at present. While I myself have advocated the expansion of tonnage and your Company has established its belief in such expansion, I would like to enter a caveat against hasty and ill-timed expansion under the circumstances in which shipping, all over the world, is today. Such expansion requires very deep thinking. The question how and on what routes such expanded tonnage should be used, whether the expansion in tonnage should take the form of tramps or liner cargo vessels, or tanker or passenger vessels—all these aspects of expansion require careful consideration. The National Shipping Board has paid some attention to these factors and its recommendations will, I hope, engage the serious attention of shipping companies and of Government. I am certain that the Ministry of Transport is giving careful thought to these questions. In Dr. P. Subbarayan, the Minister of Transport and Shri Raj Bahadur, the Minister of Shipping, we have gentlemen, enthusiastic and eager for the promotion of Indian shipping, but who are also at the same time, realists and cautious in approaching these problems. To them, Indian shipping owes a deep debt of gratitude for the encouragement they have given and the support they have extended, particularly in the pool negotiations. The Ministry of Transport, the Secretary to the Ministry of Transport, the Director General of Shipping, his deputies and assistants, have shown their concern in and anxiety to help Indian shipping, and to them we owe our thanks. They have helped us with advice and assistance at all times. The Shipping Co-ordination Committee has been reorganised and promises to be of real help to Indian shipping whatever the routes may be. I was rather critical of the Chartering activities of the State Trading Corporation in my speech last year and I am glad to note that this Charter Committee has now been reconstituted and my hope that it will be on a better, broader and firmer basis with more clear policies adopted is likely to be fulfilled.

Tribute to Staff

"The financial results of the Company does not reflect the hard work and the devoted attention which officers, both ashore and afloat, and the staff of the Company have rendered during the year. In fact, owing to the conditions mentioned earlier, their responsibilities have been greater and their work heavier and I should like to express the Board's appreciation of their services. I should also like to convey the thanks of the Company to the shippers who have extended their continued and firm support to us, and to the brokers and forwarding agents who have shown confidence in us and in the quality of our shipping service."

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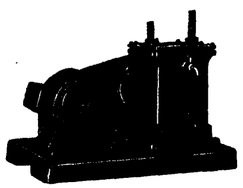

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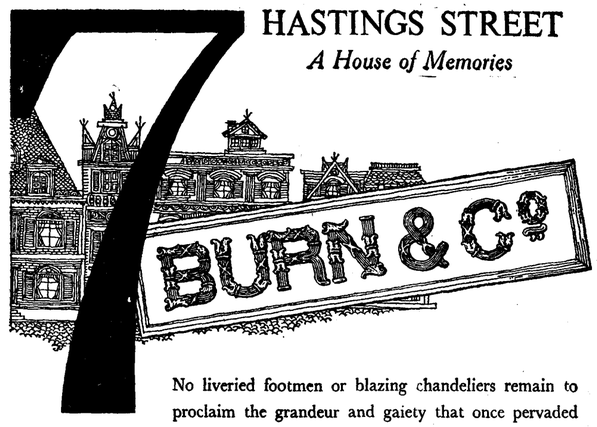

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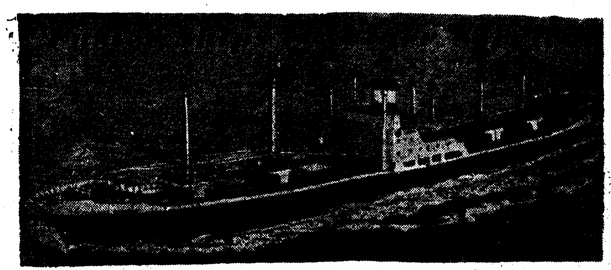

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JAY ENGINEERING WORKS LIMITED

PRODUCTION AND EXPORTS HIGHER

LALA CHARAT RAM OUTLINES PLAN FOR VIGOROUS EXPORT DRIVE

AN encouraging account of the progress made by the Jay Engineering Works Ltd. and of the prospects was given by Lala Charat Ram in his speech at the Twenty-fourth Annual General Meeting of the Jay Engineering Works Ltd., held at Calcutta on Thursday, 28th September 1961. He pointed out that the Company had been able to get a foothold even in industrially advanced countries like the U.K., U.S.A., West Germany, France and Australia. This was possible, according to him, because of the vigorous selling effort put in by the Company's selling agents. He disclosed that, in order to meet the challenge of exports, the Company was launching a three-pronged drive.

The following is the full text of Lala Charat Ram's speech:

"LADIES AND GENTLEMEN,

"It is a matter of pleasure for me to welcome you at the twenty-fourth annual general meeting of shareholders of the Company. I am, however, saddened by the fact that, due to illness, our Chairman, Sir Shri Ramji, has been unable to preside personally at this year's meeting. Sir Shri Ramji is now well on the way to recovery, and all of us fervently hope that he will soon be in a position to resume his active interest in the Company.

"I am very much touched by the feeling reference of Lala Kishenlall Poddar to Sir Shri Ramji, and though, as a son, it is somewhat embarrassing for me, I must say that he has echoed the feelings of all those who have watched with interest and appreciation the progress of Jay Engineering Works Ltd. I shall convey these sentiments to Sir Shri Ramji who will be greatly cheered by the expression of affection by the Directors and shareholders of the Company, for him.

"The Directors' report and the balance-sheet and profit and loss account for the year 1960-61, have been with you for some time, and with your permission, I shall take them as read.

Exports Up—Prices Down

"As you will have seen, the Company's profit, after providing employees' share of profit, amounted to Rs. 58.4 lakhs in the year under review, as against Rs. 52 lakhs in the previous year. The increase in profit is comparatively lower because of higher exports and reduction in fan prices to the consumer. Due to higher provision for income-tax, the disposable profit is only slightly more than last year, and the Directors have, therefore, recommended to maintain the dividend at last year's level.

Progress in Five Years

"An idea of the progress made by the Company during the last five-year period can be had from the following figures:

	Unit	1955-56	1959-60	1960-61
Net sale value	Crore Rs.	3.1	7.2	8.9
Profit (after providing employees' share of profit)	Lakh Rs.	28.4	52.0	58.4
Production—				
Sewing machines	Lakh Nos.	1.1	2.4	2.6
Electric fans	,,	0.8	3.5	5.1
No. of retail points	Number	1,115	1,800	2,000
,, schools	,,	150	700	800
,, students	,,	11,000	50,000	55,000
Value of exports	Lakh Rs.	21.0	82.5	113.0

"It is interesting to see that, while the all-India index number of industrial production for all manufacturing industries, with 1956 as base, has gone up to 126 in 1960, the corresponding figures of our Company are 207 for sewing machines and 440 for fans.

"Working results for the year are quite gratifying, and you will no doubt join with me in congratulating the officers, staff, and workers of the Company for putting in the hard work which has produced these results. Our special thanks are due to Shri Bishan Sarup Agarwal and Shri T. R. Gupta for the fine performance of our splendid team of personnel at all levels.

Lower Price for Fans

"During the year, we reduced the prices of ceiling fans by Rs. 5 and of table fans by Rs. 2.50 each. This step was in keeping with the Company's policy of continuously sharing the fruits of economy of operations with the consumers. We have found that Indian society is financially so stratified that, demand for durable consumer goods tends to be highly elastic, and with every reduction in price, a larger and more numerous class of consumers opens up to the manufacturer. Voluntary price reductions therefore enable the Company to move farther towards economies of large-scale operation, with consequential benefit to consumers, employees, shareholders and to the national economy.

New Unit at Hyderabad

"The Chairman mentioned in his speech last year that we had applied for industrial licence for setting up a new unit for producing 300,000 sewing machines per year. The Government of India has since then granted the licence, and plans for establishing the new unit at Hyderabad are in hand.

"As I mentioned earlier, our exports during the year under review exceeded Rs. 1 crore. This has been possible because of vigorous selling effort put in by the Company and its selling agents, at considerable sacrifice of immediate profits. It is a matter of pride for us that we have been in the forefront of export promotion of engineering items like sewing machines and fans, and have been able to get foothold even in industrially advanced countries like the U.K., U.S.A., West Germany, France, Australia, etc. However, the bulk of our exports is still to underdeveloped countries, and, as is natural, these countries, like our own, are anxious to build up indigenous manufacturing industries. Again, just like us, they have the foreign exchange problem. These factors put a limitation on the size of foreign markets, and the severe international competition for them makes the promotion—or even maintenance—of exports, a function of the efficiency and quality standards that we can command.

"Our country's need for foreign exchange for developmental purposes makes exports a matter of vital importance. The achievement of highest standards of productivity, efficiency, and quality thus calls for dedicated effort on the part of managers as well as workers, and no consideration of doctrinaire regard for vested 'rights' of employers or employees, should be permitted to interfere with this national effort.

Markets in Developed Countries

"We have proposed to meet the challenge of exports by reorientation of our policy in three respects. Firstly, we plan to develop further our exports to developed countries by making our products continuously more attractive to them on the basis of quality and prices; this will release us somewhat from dependence on underdeveloped markets which, by their very nature, will shrink as they develop. Secondly, we propose to start assembly and progressive manufacture of our products in those of our present export markets which are seeking to establish industries of their own. We have already got a licence for putting up a unit in Ceylon, and are registering a company under the name 'Usha Industries Ltd.' as a subsidiary of our Company. It is proposed to have similar arrangements in other countries like Burma, Pakistan, Thailand, etc. Thirdly, we plan to help the industrial concerns in other countries to set up assemblies with a phased programme of progressive manufacture by giving them technical know-how, equipment, personnel and the supply of component parts. Such an arrangement has come in operation in South Viet Nam and negotiations are going on in Iraq, Egypt and Yugoslavia.

Compulsory Exports

"You are probably aware that the Government of India is proposing a programme of compulsory exports. A prerequisite for the success of such a programme is an efficient system of rigid quality control, so that sub-standard goods do not get exported. Otherwise, there is the danger of export markets being spoiled for Indian goods, and goodwill built over long periods will be lost. Means must, therefore, be devised for checking such a situation.

"We believe that in the existing circumstances there is no alternative to a programme of enforced exports. At the same time, it is necessary to create favourable conditions for those who are themselves willing to export. Our economy is tending to be a high-cost economy; for this reason, the need for matching the incentives which exporters of other competing countries enjoy, becomes all the more emphasised. Amongst export promotion measures awaiting Government action are, reduction in steel prices for engineering goods, and the availability of long-term credit at low rates of interest. Early decision on these will considerably stimulate exports.

"It is a matter of gratification that Government has realised the need for offering income-tax relief to exporting industries. While we are happy that the proposition has been accepted in principle, I would like to submit to Government that the mechanics of granting the relief should be designed to avoid self-defeating delays and complications. I am moved to make this observation by our experience of existing incentives, with which it has unfortunately been the rule, rather than the exception, that mechanics of obtaining the promised reliefs have been far from simple and speedy.

Incentives

"I would reiterate the suggestion made by our Chairman last year that a high-power committee should go into the matter of export incentives and should devise ways of weeding out causes which defeat or delay the inducements available to exporters.

"In internal market, USHA has become a byword for the highest value in manufactured goods, and to a very large extent, consumer preference for foreign sewing machines and fans has been displaced. It appears clear from the progress of our Company and from that of other large and small-scale manufacturers, that, in our field, there is absolutely no need for foreign know-how or capital, and indigenous resources are adequate for meeting the country's requirement of sewing machines and fans.

Malpractices in the Trade

"In this connection, I refer, with some distress, to what our Company considers to be a situation not conforming with rules of fair trade practice. My reference is to the exploitation of internationally established trade-names by applying them to goods which are produced neither by the owner of those names, nor in conditions under which it is customary to permit such use. To the extent that such a practice conveys to the consumer an assurance which is not founded on facts, it needs to be discouraged in the interest of business ethics. There appear to have been only isolated instances of this type so far, particularly one in sewing machine industry, but the industry and Government have to safeguard against the continuance and spreading of this practice.

Labour Policy

"This leads us to the need for building up the intrinsic strength of our industry. I referred a little while back to the pressing demand for high standards of productivity, efficiency and quality. Our Company is committed to a policy of 'high wages—low unit costs,' and has been practising it for the past many years. By and large, our experience with this concept has been encouraging, but the realisation that the monetary impact of this policy must be reciprocated in ever-increasing measure by higher performance standards, requires more to be driven home. Employee relations in our Company are a worthy example to industries anywhere. I am, therefore, mentioning this, not in a spirit of dissatisfaction, but as a live fact, which must be increasingly realised and translated into practice if progressive employment policies are to survive the forces of competition in internal and foreign markets.

"Ladies and gentlemen, I am very proud of this opportunity of addressing you today, and I hope that operations of the Company in the year have been a matter of satisfaction to you. Thank you."

PRAGA TOOLS CORPORATION LIMITED

CHAIRMAN, MR. S. RANGANATHAN, OPTIMISTIC ABOUT FUTURE

BETTER LABOUR RELATIONS ESTABLISHED

ADDRESSING the Seventeenth Annual General Meeting of the shareholders of the Praga Tools Corporation Ltd., held at Hyderabad, on *28th September 1961*, Mr. S. Ranganathan, I.C.S., Secretary, Ministry of Commerce and Industry, and Chairman of the Company, informed the shareholders that the Company had now been placed on a sound footing and that its financial position was such that a reasonable share of surpluses accruing in future years could go to the payment of dividends. Expressing satisfaction over the conclusion of a three-year agreement with the employees' union, he hoped that this would bring peace in the industry and better working and productivity in the coming years.

The following is the full text of Mr. Ranganathan's speech:

"GENTLEMEN,

"We met last on 27th March 1961 for the sixteenth annual general meeting of the Company and I am happy to welcome you to the seventeenth meeting in six months' time. This is possible because we have been able to close the accounts for the year ended 31st March 1961 and present the same to you within the period of six months stipulated in the Companies Act.

"The audited statement of accounts and the Directors' report thereon have already been sent to all shareholders. You would have also received, as on the last occasion, a simplified balance-sheet and profit and loss account. These would give at a glance the working results of the Company. With your permission, I shall take them as read.

"As you are aware, the Government of India started taking an interest in the affairs of our Company in 1956 and appointed some of their officers to serve on the Board, even when the Industrial Trust Fund of the erstwhile Hyderabad Government acted as the Managing Agents. Later, the Managing Agents resigned as from 1st July 1958, from which date the management of the affairs of the Company has been the direct responsibility of your Board of Directors assisted by a General Manager.

Financial Results

"I propose, with your permission, to review briefly the progress achieved by the Company since your Board assumed direct charge of its affairs. At the outset I am glad to report that during the period of two years nine months from 1st July 1958 to 31st March 1961, the Company earned a gross profit of Rs. 17.36 lakhs, after providing for full depreciation. Almost all this profit, however, has had to be utilised in writing off past losses, value of intangible assets and unsaleable finished goods, developmental expenses, etc. so that the final carryover of profit on 31st March 1961 is only Rs. 23,631. Your Directors can take justifiable pride in the fact that today the Company has been placed on a comparatively sound footing and its financial position is such that a reasonable share of the surpluses accruing in succeeding years could go to the payment of dividends, and the balance ploughed back for expansion programmes.

"The capital of the Company was reconstituted in 1958 by writing down the share value from Rs. 50 to Rs. 35 per share. Even so the loss carried forward was Rs. 9.99 lakhs. Another important step was the decision of the Central Government to invest Rs. 70 lakhs in the Company. At the same time the Andhra Pradesh Government agreed that the loan granted by them to the Company of Rs. 17.75 lakhs could be converted into share capital. They also agreed to forgo the outstanding interest of Rs. 5.29 lakhs due to them. These steps put the Company in ready funds to meet its various commitments and its business could thereafter be conducted without the nightmare of constant financial difficulties to which it had been subject in the preceding years.

Paucity of Experienced Hands

"One of the handicaps this Company suffered from was the lack of adequately experienced personnel at the middle management levels. This deficiency has been remedied by the appointment as heads of departments of persons with considerable experience in their respective lines. The post of Works Manager, however, continues to be vacant since November 1959 and attempts to recruit a suitable person have not yet succeeded owing to the paucity of persons with requisite technical experience.

"In the factory itself, considerable improvements have been effected. The drainage was improved to prevent storm water entering the machine shop and causing damage to machinery as has happened in past years. The machines were relaid out to form productwise sections to the maximum extent. Considerable rewiring of the plant was undertaken in order to minimise electrical losses and breakdowns which were occurring frequently. Over sixty machines have been reconditioned. In order to minimise running repairs and sudden breakdowns a preventive maintenance unit has been formed. A systematic lubrication procedure has been introduced. A new and hygienic canteen has been built. All these steps have already yielded results in the greater utilisation of machines.

"With the available plant and machinery the factory had reached a production level of Rs. 60 lakhs per annum in 1959 itself, but, during 1960, due to unsettled labour conditions, production came down to Rs. 48 lakhs in 1960-61. In the current year 1961-62, we have every hope of reaching the Rs. 70 lakhs target provided labour continues to co-operate, and if this figure is reached the shareholders could not reasonably complain.

Settlement with Employees' Union

"As at the time of my last report to you, labour situation has been continuing to cause us concern; but I am glad to report that on the 1st July 1961 the management and the employees' union signed a settlement which gave the workers an additional dearness allowance of Rs. 10 per month and certain other benefits in the form of a night-shift allowance and supply of uniforms. In its turn the union has entered into a truce agreement for three years and has also agreed to the revision of work-norms and work-standards by mutual negotiation. This settlement if implemented in the spirit, will be a landmark in the labour-management relations in this Company, and we may look forward to peace in the industry and to a climate for better working and productivity in the coming years. The General Manager who has conducted these delicate negotiations deserves our congratulations.

Collaboration Agreements

"Thus, we have so far, with some measure of success, consolidated the position of the Company and ordinarily there should be no fear of its sliding back. With this assurance, we have now taken in hand a substantial expansion. As you are all aware, our Company has signed technical collaboration agreements with three British firms for the manufacture of drill chucks, lathe chucks and tool and cutter grinders respectively. Negotiations are currently under way with a fourth British firm for the manufacture of milling machines under licence. The Government of India have already assigned to this Company a definite role in the machine tool industry. Three hundred acres of land on the outskirts of Hyderabad near Maula Ali railway station are being acquired. When these expansion schemes are completed, the factory would produce about Rs. 2 crores worth of machine tools and accessories annually, besides the other products the Company is currently manufacturing.

New Project Report

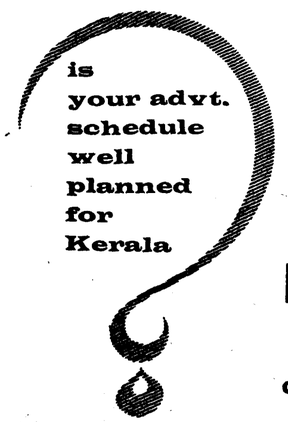
"Since we last met here, there has been another significant development. The Company has negotiated and signed an agreement with CEKOP of Poland for the preparation and supply of a project report for a unit manufacturing machine tools of various types. This project report is expected to reach us in a month or two. The Government of India have already earmarked Rs. 1 crore for the use of our Company out of the Polish credit. A second agreement with CEKOP for the supply of machinery under this credit arrangement is under negotiations.

"You will expect me to say something about the future. All I would say is that I am optimistic, even though some of our products are in the competitive field. Already there is keen competition from other entrepreneurs in some lines; this competition could be expected to increase rather than decrease. But quality is our hallmark and if we maintain our standards, I am not unduly pessimistic about sales. There may, however, be need to reduce prices. Greater productivity is the answer and our management is fully alive to this need.

"Our General Manager, Mr. B. Venkataraman, who has been with us since July 1958, is due to retire shortly from the Company on 18th October next. I am sure you will wish to express our sincere appreciation of his services to the Company and to wish him a happy retirement. Mr. A. M. Kelkar, an officer of the Industrial Management Pool who joined the Company as Officer on Special Duty on 21st July 1961, will be taking over from him and we propose, with your permission, to designate him as Managing Director.

"This will be the last occasion I shall attend your meeting as Chairman of the Board of Directors. The President has decided to appoint Mr. P. S. Rau as Chairman and I am confident that the Company's affairs will register under his able and experienced stewardship greater and greater success."

N.B.—*The above does not purport to be the report of the proceedings of the seventeenth annual general meeting of the Company held on 28th September*, 1961.



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SISTA'S.

INDUSTRIAL FINANCE CORPORATION OF INDIA

CHAIRMAN, MR. K. P. MATHRANI, REVIEWS PROGRESS

FURTHER EXPANSION AND DIVERSIFICATION OF ACTIVITIES ENVISAGED

THE grant of loans exceeding Rs. 100 crores, inclusive of loans in foreign currency, guaranteeing deferred payments, underwriting equity and preference issues, and financing industrial projects jointly with other institutions—these are the noteworthy achievements of the Industrial Finance Corporation of India which were highlighted by Mr. K. P. Mathrani, I.C.S., Chairman of the Corporation, when he addressed the Thirteenth Annual General Meeting held at New Delhi on Thursday, 28th September 1961. Mr. Mathrani stated that it was the intention of the Corporation to broaden the fields of co-operation between itself and other financial institutions, both at home and abroad. This policy, he said, would also help to diversify the risks of investment and thereby render it possible to finance large requirements, with a view to making a further contribution to the rapid industrialisation of the country.

The following is the full text of the speech of Mr. Mathrani:

"GENTLEMEN,

"Owing to the fortuitous circumstance that I assumed my duties immediately on the expiry of the year 1960-61, it is my pleasure and privilege, soon after my taking over, to present to you the annual accounts of the Corporation and the report of the Board of Directors for the year ending the 30th June 1961. The printed copies of the accounts and of the report have been circulated to all the shareholders and I shall, with your permission, take them as read.

"The year under report marks another stage in the economic development of the country—the completion of the second Five-year Plan and the beginning of the third. Your Corporation has played not an insignificant role in the achievement of one of the major objectives of the Plan, namely the establishment of a sound and progressive industrial economy. During this five-year period, we sanctioned loans of the value of Rs. 62 crores and 61 lakhs and disbursed funds to the extent of Rs. 40 crores and 62 lakhs. Over the thirteen years of the existence of the Corporation loans aggregating Rs. 105 crores and 82 lakhs have been approved, a sum of Rs. 57 crores and 35 lakhs having been disbursed during the period. It shall be our aim to ensure that the Corporation makes a further useful contribution to the economic growth of India with the specific object of reducing our dependence on the import of manufactured goods as well as plant and machinery.

A Successful Year

"The year under review has been a particularly successful one for the Corporation. Our gross income reached the record figure of Rs. 2 crores and 99 lakhs, as against Rs. 2 crores and 50 lakhs during the preceding year and our net profits, after making provision for income-tax and corporation tax, came to Rs. 84.75 lakhs, showing an increase of nearly 42 per cent over the previous year. It has, therefore, been possible for us to add substantially to our reserves which now stand at Rs. 1 crore and 69 lakhs, an increase of 69 per cent on the balance at the end of the last year. We have, in addition, as a reserve for doubtful debts, a sum of Rs. 14.61 lakhs, which is considered to be more than adequate. In fact, a review of the reserve has shown a distinct improvement in the position of our bad and doubtful debts. As in the previous two years, we have provided a sum of Rs. 10 lakhs towards progressive liquidation of the subvention of Rs. 53.45 lakhs received by us from the Central Government for the purpose of paying the guaranteed minimum dividend on our share capital in the early stages of the establishment of the Corporation. This leaves a balance of Rs. 18 lakhs only which we plan to repay in the course of the next two years. In view of the statutory restriction contained in the second proviso to Section 31(2) of the I.F.C. Act the dividend for the year is being limited to the minimum guaranteed by the Central Government, nearly 2¼ per cent.

"As will be evident from the statement of profit and loss account, there has been an appreciable diversification of our activities during the year, even though the interest on loans continues to be the major source of our income. While the income from this source has gone up by 13.3 per cent, from Rs. 2 crores and 25 lakhs during the previous year to Rs. 2 crores and 60 lakhs, that from commission on underwriting of shares and on guarantee of deferred payments has increased by over 120 per cent, from Rs. 4.60 lakhs to Rs. 10 lakhs; in addition, we have earned a handsome profit by sale of some of our investments. Moreover, during the year we also received, for the first time, a dividend on the shares held by us.

Lending Operations

"The total amount of loans approved by your Board of Directors during the year aggregated Rs. 21.21 crores, which is an all-time record for the last 13 years of the Corporation's activities, and shows an advance of Rs. 3 crores and 29 lakhs over the figures for the last year of Rs. 17 crores and 92 lakhs. The Corporation received 76 loan applications during the year under review for an aggregate amount of Rs. 36.86 crores as compared to 38 applications for an aggregate amount of Rs. 17.54 crores received during the year 1959-60, indicating an increase in the volume of business handled by the Corporation of almost 100 per cent over the previous year. The aggregate amount of loans sanctioned by the Corporation has now exceeded rupees one hundred crores, which may be considered as a landmark in the life of the Corporation. These noteworthy achievements have been facilitated by the fact that the Corporation has widened the scope of its activities by granting loans in foreign currency, guaranteeing deferred payments, underwriting equity and preference issues, and financing industrial projects jointly with other institutions, etc.

"It may not be out of place to refer briefly here to some of the joint ventures with other financing institutions in which the Corporation has participated in recent months. The Corporation has for the first time sanctioned a loan of Rs. 60 lakhs to a concern engaged in the manufacture of paper jointly with the Commonwealth Development Finance Company Ltd., of the United Kingdom (C.D.F.C.) and the Industrial Credit and Investment Corporation of India Ltd. (I.C.I.C.I.). These two institutions have agreed to grant loans of £525,000 (approximately Rs. 70 lakhs) and 1.47 million dollars (approximately Rs. 70 lakhs) respectively to meet the cost of the imported plant and machinery while the loan of the Corporation is to be utilised for the rupee expenditure. In another case, the Corporation has agreed to grant a loan of Rs. 18 lakhs to a concern engaged in the manufacture of camphor and its allied products jointly with the I.C.I.C.I. which has granted to it a loan of Rs. 30 lakhs in foreign currency. In two other cases the Corporation has agreed to finance industrial projects jointly with two State Financial Corporations. I am sure you will agree with me that these are steps in the right direction. It is our intention progressively to broaden the fields of co-operation between ourselves and other financial institutions, both at home and abroad. This policy would also help to diversify the risks of investment and thereby render it possible to finance large requirements with a view to making a further contribution to the rapid industrialisation of the country.

Foreign Currency Resources

"At the last annual general meeting, mention was made of the efforts of the Corporation in obtaining credits in foreign currency and of the sanction by the Development Loan Fund of the United States Government of a loan of 10 million U.S. dollars to the Corporation for giving sub-loans to industrial concerns in the private sector in the country. How useful this facility has proved can be gauged from the fact that during the few months of the year after signing of the agreement the Corporation approved dollar sub-loans aggregating 9,023 million dollars (Rs. 4.23 crores) along with rupee loans of the order of Rs. 1.37 crores to 14 concerns engaged in the manufacture of a variety of products such as glass, paper, chemicals including fertilisers and electrical machinery, etc. Shareholders will be glad to note that our relations with D.L.F. in the matter of these loan operations have been very satisfactory and the Fund have agreed to raise the limit up to which the Corporation can grant sub-loans without their prior approval from $250,000 to $500,000. The Corporation had, at the close of the year, pending with it application for the dollar sub-loans equivalent to Rs. 5.62 crores. As we stand almost fully committed in respect of this first loan, negotiations for an additional loan of U.S. $20 million from the D.L.F. are in progress and it is hoped that a further tranche of dollar loan will soon be available to us. Apart from the credit in dollars, possibilities of securing loans in other foreign currencies are also being explored.

Sugar Industry

"In regard to our loan operations, the sugar industry continues to lead the list of loans approved by the Corporation for the last three years consecutively. This is mainly due to the high priority given by the Corporation to the establishment of sugar factories in the co-operative sector. The Corporation has so far sanctioned loans aggregating over Rs. 23.20 crores to 37 sugar co-operatives distributed all over the country and I am glad to say that the working of most of the factories which have gone into production, has been satisfactory. The success achieved in the establishment of sugar co-operatives has led to the promotion by the Corporation of co-operative projects in other lines of production as well. The Corporation has sanctioned loans amounting to Rs. 49.70 lakhs for the establishment of two co-operative spinning units. The loans approved by the Corporation for co-operative societies represent 22.4 per cent of the total loans approved by it, which is indicative of the important role played by the Corporation in the promotion of this sector of the economy.

Paper and Textiles

"Next to sugar, paper and textiles occupied the second and third places in the quantum of loans approved by us during the year. For the first time since its inception, the Corporation has sanctioned a loan of Rs. 20 lakhs to a concern engaged in coal mining. It is also a matter for satisfaction that concerns from the less developed parts of the country are now utilising the facilities offered by the Corporation on an increasing scale. In this context you may be interested to note that 17 loans aggregating in amount to Rs. 5 crores and 93 lakhs were sanctioned to concerns located in the States of Andhra Pradesh, Assam, Kerala, Orissa, Rajasthan and Uttar Pradesh.

Underwriting

"In the field of underwriting too, we have made much progress, though our approach in this line has been somewhat cautious. The Corporation approved twelve proposals for underwriting of preference and equity issues of Rs. 2.32 crores (as compared to five proposals for Rs. 1.87 crores in the previous year), thereby bringing the total amount of underwriting approved by the Corporation to Rs. 4.30 crores. The applications for underwriting came from a variety of industries such as cement, glass, pottery, basic metals, basic industrial chemicals, fertilisers, textiles, rubber, etc.

"As in the case of applications for underwriting, requests for guaranteeing deferred payment to the suppliers of foreign machinery also showed a significant increase over the figures for the previous year. The Corporation received 14 applications for an aggregate amount of Rs. 18.61 crores against 5 applications for Rs. 3.72 crores in the year 1959-60 and approved 9 such proposals to the extent of Rs. 13.29 crores. This brings the total number of proposals approved to 20 and the total amount to Rs. 25.47 crores.

"It has been our practice to carry out regular inspections of the concerns financed by us and to obtain periodical progress reports from them. These inspections and reports, I am glad to say, show that most of the concerns have done well in the quantum of production as well as sales during the year. Many of them earned sizable profits and were, with our prior approval, able to declare dividends in excess of 8 per cent (subject to tax), which is our standard limit. An overwhelming majority of our borrower concerns met their obligations to us promptly in the course of the year. There

has been a further improvement in the position regarding defaults in the repayment of principal and in the payment of interest. The percentage of defaults in the repayment of principal has declined from 4.3 per cent in 1960 to 2.34 per cent in 1961, while that in regard to interest has come down from 1.2 per cent to 0.25 per cent. The industrial review which we have given in an appendix to our annual report will give an idea of the progress made by the various industries to which we have advanced loans and it is a matter of satisfaction to us that they have contributed significantly in the rapid industrial progress made by the country.

Capital To Be Raised

"The resources position of the Corporation during the year in regard to rupee finance was quite comfortable and we were able to meet the commitments for disbursement of sanctioned loans largely from our own resources supplemented by a net additional loan of Rs. 2 crores from the Central Government. In view of this we did not have to enter the market during the year for fresh issue of bonds; but, as and when money market conditions justify our doing so, we shall go in for fresh issues of bonds in order that we may be able to meet the demands likely to be made on us during the third Five-year Plan period. We are also assured of further loans from the Central Government for meeting a part of our requirements during this period. In addition your Board of Directors have under their active consideration the issue of further share capital of Rs. 2 crores by the Corporation, carrying a minimum guaranteed dividend of 4 per cent per annum for which the approval of the Central Government has been obtained. This will enable the Corporation to broad-base its capital structure and increase its borrowing powers in terms of Section 21 of the Industrial Finance Corporation Act, in order to meet the growing demands of industry for capital. Having regard to the progress achieved by the Corporation during the last 13 years of its working, I have no doubt that we can count upon your generous support when the issue comes in the market. While we have tried to ensure that the shareholders get an adequate return by way of dividend on the new issue, the question of enhancing the existing rate of dividend on the present paid-up capital will need an amendment to the I.F.C. Act. The Corporation is in correspondence on this subject with the Central Government.

Scope Expanded

"In December last, Parliament enacted a Bill incorporating certain amendments to the Industrial Finance Corporation Act, for which there was a pressing need in view of the changed conditions including the growing activities of the Corporation. These amendments now enable the Corporation to guarantee (a) deferred payments to machinery suppliers both within and outside India, (b) loans raised by industrial concerns from scheduled banks or State co-operative banks, and (c) loans raised and credit arrangements made in foreign currency by industrial concerns with any bank or financial institution outside India. The Corporation has also been empowered to subscribe directly to the stocks and shares of industrial concerns as also to convert at its option the loans granted or debentures subscribed to by it into stocks or shares. These are useful facilities which have been eagerly sought for by industrial concerns and we have already, in one case, agreed to guarantee a loan of Rs. 1.47 crores in foreign currency. Another amendment of which I might make a specific mention is the deletion of the provision in Section 24 of the Act which required a guarantee of the Central Government in respect of accommodation by the Corporation exceeding rupees one crore to an individual concern. Since in all such cases the Corporation carefully examines the creditability of the project and the security available, the guarantee of the Central Government was hardly necessary. After the amendment, the Corporation is, however, required to obtain the prior approval of the Central Government before sanctioning the accommodation. This gives adequate opportunity to Government to scrutinise the merits of the proposal before any commitment is entered into by the Corporation.

"As you are probably aware, the Finance Bill introduced in the last Budget included an amendment to the Income-tax Act which gives us a welcome relief. The new clause (xiva) of Section 10(2) of the Indian Income-tax Act provides that financial corporations which are engaged in providing long-term finance for industrial development and have been approved by the Central Government can claim rebate in income-tax in respect of amounts not exceeding 10 per cent of the total income of each year which are transferred to a special reserve fund, so long as the aggregate of the amounts so transferred does not exceed the paid-up share capital of the institutions concerned. I am glad to say that this Corporation has ben approved by the Central Government for the purpose of this concession, and we have been permitted this rebate in respect of our accounting year ended the 30th June 1960, the assessment in regard to which has been very recently completed. We have, as a result, got a relief of nearly Rs. 5 lakhs in our assessment and we expect to be able to get a somewhat larger relief in respect of the assessment for the accounting year 1960-61.

"Our relations with the various Chambers of Commerce and with our loanee concerns continue to be cordial. We have, during the year, nominated more non-officials on the Boards of our loanee concerns and I wish to thank them on behalf of our Board of Directors for the keen interest they have taken in the work.

Mr. K. R. K. Menon

"Shri K. R. K. Menon who held the office of the Chairman of the Corporation since 18th September 1955 with distinction and was largely responsible for the great strides made by the Corporation in the last six years, proceeded on leave with effect from the 1st July 1961 preparatory to the expiry of his tenure of office. On behalf of the Board of Directors, I should like to express our high appreciation of the valuable services rendered by him to the Corporation.

"It is with profound regret that I have to report to you the sad demise of Shri H. V. Venkatasubbiah, who was the General Manager of the Corporation for about five and half years and who rendered valuable service to the Corporation. He has been succeeded by Shri D. R. Madhok, Secretary of the Corporation.

"Before I conclude, you will, I am sure, wish to join me in expressing our warm appreciation of the co-operation and assistance made available to us by the Development Loan Fund and its officials. You would also like me to convey our sincere thanks to the members of our five Advisory Committees—non-officials and officials—for the very able and effective assistance they have rendered to the Corporation. I should also like to thank my colleagues on the Board for their very valuable co-operation and wise counsels, and their generous response to the many calls made on their time. In this connection I should like to make a special reference to our two Directors, Shri S. V. Ramamurty and Shri S. C. Roy, who have been on the Board of Directors for two full consecutive terms and are due to retire this year. Finally, I have great pleasure in conveying the thanks of the Board of Directors, as well as my own, to the General Manager and the entire staff of the Corporation for another year of loyal and devoted work on their part."

HARD METAL COATINGS

The pre-industrial stage has been reached with a process giving a dense, ductile coating of nickel 5-1,000ths of an inch thick by deposition from nickel carbonyl and the diffusion-bonding of the metal deposited to the protected metal at 600-650° C. The result is stated to be far better than electroplated metal. Specially suitable for the protection of reactive metals and of small components for electronic equipment, rocketry, etc., made of less resistant metals, the technique has been extended with success to coating with molybdenum and tungsten. Still under study are methods to obtain coatings of tantalum, niobium, beryllium, vanadium, titanium and zirconium. Promising results have been recorded, especially with the last two metals, by depositing them from the vapours of their iodides. Meanwhile, vapour-deposition of tungsten from its hexfluoride at 650°C., is a newly perfected method of obtaining a smooth, non-porous coating of the metal which will withstand temperatures up to 3,300°C. without melting.

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Write to ISI for a list of products which are manufactured to prescribed standards and carry the ISI mark. Make sure that the next time you buy anything, it is a quality product carrying the ISI mark.

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PARRYS CONFECTIONERY LIMITED

MR. C. R. SRINIVASAN'S SPEECH AT ANNUAL MEETING

CONSUMPTION OF CONFECTIONERY INCREASING

ONCE again, Mr. C. R. Srinivasan, Chairman of Parrys Confectionery Limited, reiterated in his speech at the Seventh Annual General Meeting of the Company held at Madras on Friday 29th September 1961, that increased costs (of making confectionery) could be offset to some extent by higher turnover and operating economies and to a lesser extent by the acceptance of lower profit margins. Mr. C. R. Srinivasan, however, pointed out that continuing higher costs must in the long run force the Company to higher prices. On the other hand, according to him, high grade confectionery, being in the nature of semi-luxury, could not bear too high a price increase without a fall in consumption; thus, between these two opposing factors, an increase in turnover seemed to be the primary remedy which would help bring down the unit cost. He observed that, fortunately, all signs pointed to a general increase in the consumption of confectionery.

The full text of Mr. C. R. Srinivasan's speech is reproduced below:

"GENTLEMEN,

"I have great pleasure in welcoming you to the seventh annual general meeting of your Company.

"The report and accounts have been in your hands for the statutory period and, with your permission, I shall take them as read.

"As you all know, in May this year, your Board of Directors offered a 'Rights' issue of 500,000 ordinary shares of Re. 1 each at a premium of Re. 1 per share. As explained in the Letter of Rights issued on 4th May, this step was taken to bring the issued capital of the Company, standing at Rs. 10,00,000, more into line with the assets employed in the Company. The response was most encouraging, the additional shares applied for being over 17 per cent of the total offered for subscription. The increase in capital will enable the Company to reduce its dependence on bank finance and to finance increased stocks consequent upon the expansion of the Company's business. Incidentally, it has enabled us to place another Rs. 5 lakhs to our reserves under share premium account. The appropriation for the final dividend of 20 per cent subject to deduction of tax has been calculated on the increased share capital of Rs. 15,00,000.

Tax on Bonus Issue

"In my speech last year, I referred to a provision of Rs. 75,000 having been made in the accounts for the year ended March 1960 for tax arising on the bonus issue made in July 1960. You will be pleased to learn that, as a result of the reduction in the rate of bonus tax from 30 per cent to 12½ per cent introduced by the Finance Act 1961, the Company's liability for tax on the bonus issue mentioned earlier was reduced from Rs. 75,000 to Rs. 31,250. The saving of Rs. 43,750 has been taken credit for in the accounts now before you, under the item 'taxation adjustments relating to previous years.'

"The net profit after taxation stands at Rs. 5.80 lakhs, as compared with last year's figure of Rs. 4.85 lakhs. You will have noted from the accounts that, out of the net profit, a sum of Rs. 50,000 is proposed to be transferred to the capital reserve and rupees one lakh to the general reserve. The former amount has been transferred in accordance with the provisions of the Income-tax Act whereby 75 per cent of all development rebate granted must be put to a reserve which cannot be utilised for making distribution to members. The general reserve, it will be noticed, will now stand at Rs. 6 lakhs.

"In the year ended 31st March 1961, the supply of sugar to the confectionery industry was on the whole easier than in the previous year and, consequently, production of cheap confectionery on the cottage industry scale, which had received a setback in the previous two years, may be said to have been revived and, to that extent, the element of competition to the organised section of the industry has again come into the picture. In addition, the prices of packing materials are moving up. On cellophane, one of our imported packing materials, there was an increase in the import duty amounting in our case to as much as Rs. 1,60,000 on a year's requirement of this material. Fortunately we have not so far felt the impact of these factors, because the market has sufficiently expanded to cover the marginal losses.

Consumption of Confectionery

"As I said in my speech last year, increased costs can be offset to some extent by higher turnover and operating economies and to a lesser extent by the acceptance of lower profit margins. Continuing higher costs must, however, in the long run force us to higher prices. On the other hand, high grade confectionery, being in the nature of a semi-luxury, cannot bear too high a price increase without a fall in consumption. Thus, between these two opposing factors, an increase in turnover seems to be the primary remedy which will help bring down the unit cost. Fortunately all signs point to a general increase in the consumption of confectionery.

"Your products continue to be in good demand. The percentage of wrapped sweets to our total sales remains well over 70—a heartening sign on the part of the consumer indicative of the increasing importance attached to hygienic packing and better quality. The wrapping capacity has been suitably built up during the year with up-to-date machinery to meet this encouraging demand. A number of new fancy tins were introduced during the year and the initial reception has been most encouraging. Pre-packed products have definitely a place in the confectionery trade, but, naturally, it will be a long time before they supplant to any substantial extent the old-established custom of weighing out loose sweets from the jar.

"Considerable planning was also done in the year under review to replace the standard 7-lb. pack with new containers in relation to metric weights. These are the 3 kg. and 4 kg. tins. The larger tin has also been greatly improved by a wider apperture for filling and serving therefrom and a new mechanically applied pilfer-proof seal which eliminates the bottleneck of conventional taggering. Your Company was the first to put the new metric packs on the market at the end of last year and the changeover has been effected successfully. A gradual conversion to the metric sizes of tins in the industry generally is taking place.

Outlook

"I am glad to tell you that sales during the first five months of the current year are ahead of sales of the same period last year and, if, as there is every reason to expect, the progress is maintained during the remaining months of the year, your Company can look forward to yet another satisfactory year. At the same time, a note of caution may not be out of place. Shareholders should not presume from what I have said that it will necessarily be possible to maintain the same rate of total dividend on the increased capital. We have only crossed half the year yet and many imponderables may yet come into the picture which may affect the size of our profit one way or another.

"While recording our appreciation of the excellent work done by the staff and labour during the year under review, I take the opportunity also to refer to the signal services rendered to the Company by Mr. Spencer Gore who has left our service with our good wishes for his future.

"May I close this brief address on a personal note. I have been the Chairman of the Board of this Company ever since it was integrated in 1954. I have shared with you the pleasure we all felt when the Company moved from strength to strength. And now the time has come for me to bid you farewell. This is the last annual general meeting of the Company I shall preside over. My health has been failing for sometime and I have decided to retire from all active work; not merely from this Board, but all business concerns I have been associated with, for many years past, both inside and outside the Parry Group. I shall suit the convenience of those I have worked with in parting company, but I hope I shall be free of all trammels of office before the end of the current financial year. I have carried a heavy burden on my shoulders these fifty years and I need rest. I am sure you will not grudge it. My best wishes are with the companies I have lived and worked for—God bless you."

The report and accounts for the year ended 31st March 1961 were unanimously adopted and a final dividend for that year at the rate of 20 per cent, subject to deduction of tax, on the Company's ordinary share capital (as increased by the rights issue made on 4th May 1961) was declared payable on the 30th September 1961.

The retiring Directors, Mr. P. Hadfield and Mr. K. Ramunni Menon, were re-elected and the retiring Auditors, Messrs. Lovelock and Lewes, were reappointed.

Tribute to Mr. C. R. Srinivasan

Mr. G. N. Noel-Tod, in proposing a vote of thanks to the Chairman, said:

"At this meeting, which Mr. Srinivasan has said is the last over which he will preside as Chairman, it is fitting that I, who have been associated with him on the Board since the inception of the Company, should propose a vote of thanks.

"It is difficult for me to realise that my association with Mr. Srinivasan in this Company will before long terminate. It has been a great experience for me to have worked for these years with and under the guidance of Mr. Srinivasan. What that guidance has meant can be readily seen from the really remarkable progress made by the Company. Parrys Confectionery started in 1954 with a share capital of Rs. 5 lakhs. It owed to our bankers Rs. 13 lakhs for plant, etc., purchased from The East India Distilleries and Sugar Factories Limited; there was an item of Rs. 2 lakhs for goodwill appearing as an asset in the balance-sheet. There were, of course, no reserves. In the 7½ years of the Company's history, the share capital, by rights issues at rates attractive to shareholders, and by one bonus issue, has been increased to Rs. 15 lakhs. The original plant has been paid for in full, and much other plant and equipment purchased. The item of goodwill has been written off against profits. Reserves amounting in all to nearly Rs. 14 lakhs have been built up. Sales have more than doubled, moving from Rs. 53 lakhs to Rs. 117 lakhs per year. Profits before tax have advanced from Rs. 3½ lakhs to over Rs. 10 lakhs and dividends from 10 per cent to 30 per cent. Put in another way, a shareholder who in 1954 was given 100 Parrys Confectionery shares by The East India Distilleries and Sugar Factories Limited for nothing, assuming he took up his rights and bonus entitlement, would now have 300 shares for which he would have paid Rs. 300 and which are now worth on the market about Rs. 1,350. I would further remind you that this progress has been achieved over a period of time when competitive confectionery companies have by no means been showing similar consistently good results. In other words, it has not been on account of some freak boom in business.

"While I do not wish to belittle the part played by all employees of the Company, and notably by Mr. Spencer Gore to whom the Chairman has referred, these figures speak volumes for the close attention to the affairs of the Company and for the leadership given by Mr. Srinivasan. I am sure you will join with me in expressing to him our sincere thanks and congratulations, and our wishes for a long and happy retirement."

A resolution proposed by a shareholder, Mr. Zackria Sait, recording the Company's appreciation of Mr. C. R. Srinivasan's services was passed with acclamation.

N.B.:—This does not purport to be a report of the proceedings of the general meeting.

RAGHUVANSHI MILLS LIMITED

EXCELLENT PERFORMANCE ON EXPORT FRONT

CHAIRMAN, MR. RAVINDRA MAGANLAL, ON EXPANSION OF TEXTILE INDUSTRY

THE view that, for the more economical and efficient working of the textile industry, its expansion should be allowed in places where the industry is already well established, was expressed by Mr. Ravindra Maganlal, Chairman of the Raghuvanshi Mills Limited, at the Thirty-second Annual General Meeting of the Company, held at Bombay on Saturday, 30th September 1961. Referring to the export promotion scheme, he stated that the Company had considerably stepped up its exports, thus earning the foreign exchange for its own yarn requirements.

The following is the full text of the speech of Mr. Ravindra Maganlal:

"GENTLEMEN,

"It is with great pleasure that I extend to you a cordial welcome to the thirty-second annual meeting of the Company and I thank you for making it convenient to attend this meeting.

"The Directors' report and audited accounts for the year ended 31st March 1961 have been in your hands for some time and, with your permission, I propose to take them as read.

Profits Higher

"You will notice that the profit, subject to depreciation and taxation, for the year under review is Rs. 21.70 lakhs, as against Rs. 20.5 lakhs last year. You will also notice that this year an expenditure of Rs. 11.23 lakhs has been made on addition to fixed assets, as against Rs. 7.61 lakhs spent in the previous year under this head. In view of the fact that there are constant improvements in machinery, it becomes imperative for the management to add to, replace and renovate the existing machinery. Unless this is done, it will not be possible to show good results and to withstand competition. With this object in view, the Board of Directors have been following a policy of conserving the internal resources to the extent possible by allocating amounts to various reserves.

"The trading conditions and results were better than the last year. But, on the other hand, there was an increase in the wage bill due to the Award of the Wage Board which was implemented from January 1960. There was also an introduction of excise duty, for the first time, on cotton yarn and, although the incidence thereof was not very severe, the procedure being new and complicated, difficulties were experienced for some time. This tempts me to say something in general on fiscal laws and procedure thereunder.

Fiscal Laws

"I fully appreciate that, in a developing economy, it is necessary for the Government to tap all sources of revenue and that taxation is one of the main instruments of social policy and justice. It is, however, essential that the laws, rules and regulations for achieving this object should be lucid and unambiguous, more so in a country like ours, where the majority of the population is still to be literate. The Government, in its anxiety to stop all loopholes, tends to make fiscal laws more and more complicated. I think there is considerable scope for improvement in this respect and I hope that sooner or later the Government will apply its mind to this problem.

"Cotton, both imported and local, continued to be controlled during the year. Indigenous cotton was controlled both for prices and distribution and imported varieties for distribution only. It must be said to the credit of the Textile Commissioner and the Cotton Directorate that, although the year started immediately following a year of extreme shortage of cotton, the procedure adopted by the Government turned out to be satisfactory and at no time anxiety was caused to the industry as a whole in the matter of obtaining their requirements of cotton. It goes without saying that, having regard to the restricted imports of Egyptian and Sudan long-staple cotton, certain adjustments in manufacturing programme had to be made from time to time, but taking into account the prevailing conditions, this was inevitable.

"You are aware that your Company has a weaving section running on artsilk-synthetic yarns. Yarn required for this purpose continued to be in extreme short supply and your Company, therefore, took advantage of the export promotion scheme and earned some of its yarn requirements through its own exports. Exports during the current period have been considerably stepped up and it is the policy of your Company to continue to increase the exports to the extent possible so as to fall in line with the general and overall requirements of the country to earn foreign exchange and at the same time earn all permissible incentives for imports of artsilk and synthetic yarns required by your Company for consumption.

Textile Exports

"You are no doubt aware that the cotton textile exports continue to fall and the entry of the United Kingdom into the European Common Market is likely to have further adverse effect. India has all potential factors necessary to become the leader in the world of textiles. It is, therefore, necessary that vigorous steps such as extensive re-equipment, quality control, decrease in production costs and holding the domestic consumption within reasonable limits, should be taken to achieve this end. One of the steps for achieving decrease in cost would be to expand the existing units wherever possible. In my opinion, it would be a better policy if expansion is allowed to the existing units situated in places where the textile industry is very well established. This would lead to more economical and efficient working instead of scattering units all over the country in places where the textile industry is to be newly established. Admitting that improvement has to be brought about in industrially backward areas, it would be advisable to start absolutely new line of industries, instead of textile industry which works better where a large number of units are located. If this policy is adopted by the Government, I am quite certain that both increase and economy in production will be achieved quickly, which, in turn, will enable the industry to regain its hold on exports before it becomes too late.

"In the scheme of expansion of the existing units, some special consideration should be shown to the spinning units. These units feed the handloom sector which is encouraged to manufacture special lines for export in which there would be less competition from other countries.

"Prosperity of a nation depends on the prosperity of an individual and the prosperity of an individual depends on the increase in *per capita* income. If the increase in population outstrips the increase in production and the national income, there can never be real prosperity to a large majority of the population. This, in turn, would mean decrease of purchasing power which would, in the long run, adversely affect all the industries. The success, therefore, of planned development would depend on our ability to stabilise the growth of population over a reasonable period which would also enable us to hold the domestic consumption at a reasonable level creating surplus for exports.

Amalgamation with Sidhpur Mills

"As you are aware, a scheme of amalgamation between your Company and the Sidhpur Mills Company Ltd. is still pending and full particulars about the progress made in this respect are given in the Directors' report. The only development which has taken place after the Directors' report was posted to you is that the fresh meeting of the shareholders of the Sidhpur Mills Company Ltd., as ordered by the Gujarat High Court, is to be held on the 3rd October 1961. It is hoped that, as the scheme of amalgamation is equitable and beneficial to all concerned, shareholders of the Sidhpur Mills Company Ltd. will approve of it. You will be kept informed of the developments as and when necessary.

"The conditions prevailing in the modern large-scale industries are so complex that no organisation can function effectively and efficiently unless there is complete co-ordination and *esprit de corps* at all levels. I am glad to say that the management has always received unstinted co-operation from the staff and the operatives. I take this opportunity of thanking all of them and hope that we will continue to receive the same co-operation in future."

Note: *This does not purport to be a record of the proceedings of the annual general meeting.*

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DB/58/23

THE ALUMINIUM INDUSTRIES LIMITED

CHAIRMAN, MR. S. NARAYANASWAMY'S SPEECH AT ANNUAL MEETING

FRESH CAPITAL ISSUE MAY PROVE INEVITABLE

THE distinct possibility of The Aluminium Industries Limited announcing a fresh capital issue for the purpose of further expansion was hinted at by Mr. S. Narayanaswamy, Chairman of the Company, in his speech at the Fifteenth Annual General Meeting of the Company held at Madras on Saturday, 30th September 1961. Today, inventories, Mr. Narayanaswamy declared, were no less formidable a problem than capital costs and it would be unwise to make frugal estimates of project requirements that might ultimately prove self-defeating. He added that, *in tackling the resources problem of the* coming year, the Directors hoped to keep in mind the interests of shareholders no less than the exigencies of Company finance. To quote him: "In the process, it is only fair to mention that a fresh capital issue may prove inevitable."

The following is the full text of Mr. Narayanaswamy's speech:

"The past year has been one of all-round increase in production of bare conductors, covered conductors and rod, as you have no doubt observed from a glance at the production graph published in the report. Bare conductor production touched 66,300 kilometres and covered conductor 9 million core metres. There has been an interesting revival in the demand for tools and accessories. Our total sales reached Rs. 435.73 lakhs, against Rs. 340.72 lakhs in the preceding year. This was to be expected with our Hirakud unit being in fuller commercial production than in the previous year. However, our net profit figure is slightly lower than in the previous year, with no very significant variation under the conventional appropriation heads. This is, perhaps, a correct reflection of the competition your Company has had to contend with in the bare conductor market, despite its patriarchal position in the aluminium conductor industry. Our production and sales testify to the acceptability of Alind cables in the bare conductor market. We have had in a measure to depend on our large turnover for profits and thus gain horizontally what has been lost vertically.

Mounting Demand

"I am happy to report that the demand for the Alind covered conductor has been steadily on the increase and we have seen a heartening degree of consumer preference for our product. This has encouraged us to increase our installed capacity at Kundara for covered conductors. This also provided us the incentive to establish one more unit for covered conductor production in Hyderabad—which will be in commission before the end of the current financial year. We are grateful to the Government of Andhra Pradesh for their kind assistance in helping us to establish this unit.

"It is a matter of no small gratification to your Board that it was possible to keep both our Kundara and Hirakud factories occupied to capacity. This was largely due to the Central Government's assistance in making aluminium metal available. It is correct to say, however, that, with larger supplies, it would have been possible for us to make more rolled rod available to other manufacturers of bare conductor in the country, having regard to our current rolling capacity.

Expansion Programme

"I would like to take this opportunity of briefly touching on our expansion plans. As you know already, our high tensile steel core wire factory, in the installation of which we have received considerable assistance from our Japanese friends, Messrs. Kokoku and Ataka, is in the final stages of erection at Kundara and will be commissioned well before the end of the calendar year, that is to say, about three months ahead of schedule. With the production of core wire in our Kundara compound we shall achieve a very satisfactory degree of self-sufficiency in bare conductor manufacture.

"The Company holds the industrial licence for the manufacture of 'Solidal' underground cable, but the import licence for the equipment has not yet been received and there has been an amazing time lag between the two. While your Board appreciates the pressure on the country's foreign exchange reserves, it is time for Government to assess the balance of advantage as between importing underground cable costing crores of rupees annually, on the one hand, and issuing the import licence for equipment costing a very modest amount that would help the cause of substituting expensive cable imports from hard currency areas, on the other. It is our hope that this will not be delayed too long.

Race Against Obsolescence

"No management worth its salt today can merely complete an industrial installation, energise and commission it to the prescribed capacity of efficient working, sit back and declare complacently that, the time-table having been *satisfactorily implemented*, there is nothing more to be done. The modern concept of industrialisation is that it is a continuous race against obsolescence, by reason of what competitors do at home and abroad to reduce costs, improve quality, diversify production and refashion goods to suit both the changed consumer tastes and the newer uses to which the articles are put. This is also the process by which earning power is maximised. Thus stagnation or non-development has become the nightmare of industry and what may be called the battle against back-numberism has to be kept up. Such a battle cannot obviously be fought without resources. Your Company has been ploughing back earnings into the industry, by practising restraint on dividend distribution all these years—to the point of making even normally contented sections of shareholders feel that dividends could have been more generous. Looking back, I cannot help feeling that your Board was never on stronger ground than when they resisted the temptation to increase distributions.

"The enlarged production of bare conductors since our Hirakud unit went into production, the stepping up in rod-rolling and covered conductor capacity and the erection of our high tensile wire plant at Kundara have cumulatively begun to impose on the Company's finances considerable strain. The capital cost of all the newer units and the tremendous physical increase in what are compendiously described as 'inventories,' which have a disconcerting knack of costing more and more every year, have kept our bank borrowings at a high level. When we get import licences for a third rod rolling unit and the 'Solidal' project, which may be coming in any time, your Directors will be confronting a ways-and-means problem, the solution of which should enable the Company to function in reasonable comfort. Today inventories are no less formidable a problem than capital costs and it would be unwise to make frugal estimates of project requirements that might ultimately prove self-defeating. Your Directors hope, in tackling the resource problem of the coming year, to keep in mind the interests of shareholders no less than the exigencies of Company finance. In the process, it is only fair to mention that a fresh capital issue may prove inevitable.

"The Tariff Commission have recommended continuance of protection for a further three-year period from 1st January 1961. There is reason to expect that on the expiry of this period, increased production of cheaper aluminium metal in India will facilitate a gradual reduction in prices of conductors and render protection unnecessary to the aluminium industry.

Metal Position

"I would like to dwell, however briefly, on the technical position of aluminium metal as it obtains currently in India. There has been considerable expansion of the cable industry in the country, apart from other aluminium-using industries in the last few years. The supply position has been getting increasingly difficult. The indigenous production of metal has had to be copiously supplemented by imports from the sterling and dollar areas and rupee-payment accepting countries. Yet the position is not free from anxiety.

"One existing metal producing unit has been doubling its installed capacity at Hirakud, another has been completing erection of its factory at Rihand and a third Company nearer home will shortly be commencing construction at Mettur. It would be unwise, all the same, to expect that we shall be freed from dependence on external supply sources for some years to come. Aluminium is both a massive and complex industry depending in large measure on steady and unfailing supply of electric energy, apart from being beset by problems peculiar to metallurgical industries. Meanwhile, indications are that the metal using industries will be making larger demands on the suppliers. It would be comforting to know that, in the coming four years, our metal-producing units would be able to meet in overwhelming measure, the processing industries' demands within the country. With the Government of India's declared desire that the copper-using cable-makers of India should switch over to aluminium in the next few years, this question of metal supply within the country assumes special importance. The transition phase, during which supplies would be partly indigenous and partly drawn from external sources, is one of some anxiety. It seems important during this period to keep the supply line from abroad in good repair.

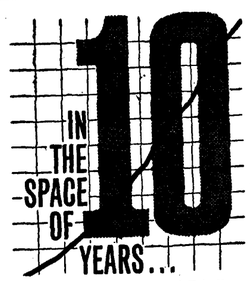
Transport Difficulties

"I cannot omit to say a word about our transport difficulties. Owing to short supply of railway wagons, we have not been able to move our manufactured goods to consumer ends, within a reasonable period and this has seriously affected our delivery time-tables—particularly at Hirakud, which is not to say that at Kundara the wagon position is comfortable. This has led to congestion and stockpiling of finished goods in our yards, while, at the consuming end, there has been shortage of supplies. There is the inevitable chain reaction, in that the Company's inventories swell in the shape of undelivered manufactured articles and there is need for larger working capital. Financing charges tend to swell the final bill of costs. I sincerely hope this unhappy transport deficiency will be remedied in the near future.

"Our relations with labour have been very cordial indeed. Our incentive schemes have been fully vindicated in the larger production and larger earnings of our workers. We have concluded an agreement with our workers at Hirakud which must be considered a very fair deal to our workers, in that the opportunities for higher earning based on production are handsome and, if our Kundara experience is any indication, this should result in larger production for the Company and higher earnings for the workers.

"I must place on record the Board's appreciation of the continued and lively interest the Managing Agents have taken in the working of the Company and their constant efforts to secure the expansion of its activities, the excellent work put in by the supervisory and engineering staff and all ranks of workers in our diverse units at Kundara and Hirakud."

N.B.—*This does not purport to be a record of*



the resources of National and Grindlays Bank Limited, which now incorporate the Eastern Branches of Lloyds Bank Limited, have increased from £130 million to £230 million. Similarly the number of offices now operating in countries overseas total 140—*100 more than existed ten years ago.*

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THE MYSORE CHEMICALS AND FERTILISERS LIMITED

CHAIRMAN, MR. T. SHAMANNA, ON PLANS FOR EXPANSION AND DIVERSIFICATION

THE view that the withdrawal of concessions *in the power rate granted by the Gov*ernment of Mysore to the Mysore Chemicals and Fertilisers Ltd. dealt a great blow to the economy of the Company's operations, was expressed by Mr. T. Shamanna, I.A.S., Chairman, in his address at the Twenty-fifth Annual General Meeting of the Company, held at Mysore on 22nd September 1961. Despite this additional financial burden, the Company was able to carry on in a satisfactory manner. The Company, according to Mr. Shamanna, had nearly doubled its production and sales of fertiliser products during the last three years and had laid the foundation for steady expansion. It had already placed orders for a sulphuric acid plant, which would be commissioned by March 1962. A superphosphate plant would also be set up shortly. The Chairman also disclosed that the Company proposed to enter into the manufacture of some other chemical products too. A scheme was being worked out for establishing a unit for the production of caustic soda and chlorine.

The following is the full text of Mr. Shamanna's speech:

'GENTLEMEN,

"It gives me great pleasure to welcome you all to this twenty-fifth annual general meeting of your Company. The Directors' report and the audited statement of accounts for the year ending 31st March 1961 have been with you for some time past and I trust you will permit me to take them as read.

"The Company has completed twenty-five years of useful service to the country and it is certainly an occasion to be proud of.

"We had our vicissitudes during this long period. You will recall that, soon after your factory went into production during the late thirties, the Second World War broke out. The products of the factory proved invaluable during the war period. The end of the war found us quite a stable industrial unit. Early during the post-war years, our country was faced with acute food shortage. We once again rose to the emergency and the factory's output of fertilisers afforded a most needed help to the grow-more-food campaign. We maintained a steady output in the factory and developed a sustained demand in the local market. With our small output, it was not necessary to seek outside markets.

Withdrawal of Concessions

"The position has changed radically during the last three years. The greatest single blow to the economy of our operations was given by the withdrawal of the concessions in the power rate granted by the Government of Mysore. The very basis on which the Company was formed was removed. When I assumed charge as Chairman in 1958, I had grave apprehensions about the future of the Company. But in spite of the unprecedented financial burden, we have been able to carry on in a satisfactory manner.

"We are also facing competition in the market and are no longer in a sellers' market. We have to make significant changes in our sales policy. We have to seek outside markets and adopt a more aggressive sales policy.

Production Doubled

"The last three years have also been remarkable in the history of the Company in another respect, in that we have nearly doubled our production and sales, declared handsome dividends and taken steps to lay the foundation for the expansion and future progress of the Company. Our sales last year have reached an all-time high of over Rs. 50 lakhs.

"We have placed orders for a sulphuric acid plant which we expect will go into production by March next. We shall be placing orders shortly for a superphosphate plant. These are the efforts we are making to ensure the Company's future, in spite of some of the handicaps referred to earlier.

Demand for Fertilisers

"The main occupation of our country is agriculture. With the increase in the area under cultivation and adoption of improved methods of agriculture, which are essential for our reaching a position of self-sufficiency in food, there can be no doubt that there will be a continuous and growing demand for synthetic fertilisers. Increasing agricultural production by effective use of fertilisers seems to be the best way of providing a safe base for our national economy.

"On the invitation of the Government of India, a team of experts, sponsored by the Ford Foundation, visited India during 1959. The report given by these experts takes note of the enormous increase in population and suggests the steps to be taken for meeting the demands for foodgrains as a result of this growth. It has been roughly estimated that in order to meet the requirements of foodgrains at the present subsistence level, we would require about 110 million tons by the year 1965-66, namely, by the end of the third Five-year Plan. On this basis, recommendations were made for setting up fertiliser plants all over the country, practically one for each State. Mysore will have one of these large size plants, with an annual capacity of 70,000 tons in terms of nitrogen or 350,000 tons in terms of usable fertilisers. The role that your Company has to play in the context of such phenomenal expansion of the fertiliser industry in the country is to be reviewed. The small size of our plant will be a matter of some concern in terms of the competition that we have to face. Nevertheless, I feel that there will be room for increased production of fertilisers in the country and hope, therefore, that our Company will be able to continue to play its useful and profitable role.

Chemical Products

"The Company was started, as the name indicates, with the purpose of not only undertaking the manufacture of fertilisers but also of chemical products. Due to various reasons, we have been limiting our activities to the fertiliser field and have not seriously thought so far of entering into the field of chemical industry. With the restriction regulating our activities in the fertiliser field by the small size of our factory, the imposition of very heavy financial burden as a result of the withdrawal of concessions extended by the Government in regard to supply of electrical power and also the serious competition we have to face from the large fertiliser factories that are going to be set up in the country in the near future, a time has now come for us to refer back to the objectives for which the Company was founded. Having given serious consideration to this aspect, your Directors have come to the conclusion that we should think of establishing, as a separate section in our factory, a unit for the manufacture of caustic soda and chlorine. The details as to how the scheme has to be implemented have yet to be worked out. The question of large investment that is called for in respect of this project has also to be faced. These matters will be considered and placed before you, if necessary, at the appropriate time.

"Your Directors have, considering the havoc caused by the recent floods in the State, sanctioned and paid a sum of Rs. 1,501 to the Chief Minister's Flood Relief Fund, and I have no doubt that you appreciate the action taken by your Directors in this respect.

Licence for New Plants

"I wish to express our grateful thanks to the Central and State Governments for their continued interest in the progress of the Company. I must particularly refer to the very expeditious and sympathetic manner in which the Ministry of Commerce and Industry of the Government of India has considered and sanctioned our application for sulphuric acid and superphosphate plants.

"I must express my deep appreciation of the unreserved co-operation and valuable guidance given to me by my colleagues on the Board.

"I also wish to express on my own behalf and on behalf of the Directors, our appreciation of the good work and co-operation of our employees.

"*Gentlemen, with these observations,* I move that the Directors' report, the audited balance-sheet and the profit and loss account for the year ending 31st March 1961 be approved and adopted."

N.B.—*This does not purport to be a record of the proceedings of the annual general meeting.*

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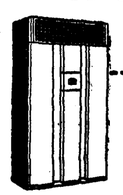

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TERMS OF TRADE FOR AGRICULTURAL PRODUCTS AT POST-WAR LOW

ASIA AND FAR EAST TURN NET IMPORTERS OF FOOD AND RAW MATERIALS

A DISCONCERTING feature of world trade in agricultural products has been the persistent decline in their terms of trade, or the average unit value in real terms, which reflects the producing countries' purchasing power for the goods which they customarily import. The latest annual review of the world agricultural situation, entitled *The State of Food and Agriculture*—1961, just brought out by the U.N. Food and Agriculture Organisation, discloses that the average unit value (in real terms) of world agricultural exports continued (for the sixth year in succession) to fall by about two per cent to its lowest post-war level in 1960, as compared with the previous year. The average unit value (at current prices) in 1960 as a whole, no doubt, showed an increase of one per cent. But this improvement was more than outweighed by an increase of over three per cent in average unit values of manufactured goods. Group-wise, although the price of agricultural raw materials at current prices rose by 10 per cent, in real terms (terms of trade) it declined by 7 per cent. The value of food and feeding stuffs and also of beverages and tobacco (at current prices), in fact, fell by four and seven per cent, respectively.

The following table shows the average world export unit value and terms of trade of agricultural and forest products by main commodity groups:

(Indices 1952-53 average = 100)

	Average (1948-52)	1958	1959	1960 (Preliminary)
Average Export Unit Values (At current prices)				
All agricultural products ..	100	87	85	86
Food and feeding stuffs ..	102	87	87	86
Beverages, tobacco ..	87	99	87	84
Agricultural raw materials ..	107	79	78	86
Forest products*	93	90	88	91
Manufactured Goods† ..	96	104	104	107
Terms of Trade‡ (Average unit value in real terms)				
All agricultural products ..	103	84	82	80
Food and feeding stuffs ..	106	84	84	81
Beverages, tobacco ..	100	96	84	79
Agricultural raw materials ..	110	76	75	80
Forest products ..	96	87	85	85

N.B.—These figures exclude those of Russia, Eastern Europe and Mainland China.
* Not included in "all agricultural products."
† United Nations' index of average unit value of manufactured goods in international trade, adjusted to 1952-53 base.
‡ Indices of current prices deflated by index of average unit values of manufactured goods.

Volume and Value

The aggregate value of agricultural exports (at current prices) in 1960 rose by six per cent. But their real value, as measured by their capacity to purchase manufactured goods, rose only by 3 per cent. Developments during the year thus followed the pattern which has now persisted for some time. As compared with the figures for 1960 and those with the average of 1948-52, the volume of agricultural exports has risen by 41 per cent (as against a rise of 80 per cent in the volume of world trade as a whole), but their value has risen by only 21 per cent, as measured in current prices, and by no more than ten per cent in real terms (that is, in terms of their capacity to buy manufactured goods). These figures include shipments under special terms (like those under P.L. 480), but they account for about 6-9 per cent of the world total. If commercial exports alone are taken into account, the resultant picture is still disappointing. During the last decade, commercial exports rose by 33 per cent in volume, but their value at current prices improved by only 14 per cent and their value in real terms by just 4 per cent. The F.A.O. report rightly says that a rise of about one-third in the volume of commercial exports has brought little benefit to agricultural exporters as a whole. Had the F.A.O. Secretariat made a detailed study of the country-wise effects of the adverse trends in terms of trade, it would have certainly helped policy-makers in the countries concerned in making necessary efforts to arrest the present trend, at the national as well as international level. It is not too late even now and it is to be hoped that the Secretariat will take up such a review.

The adverse terms of trade for farm products is only one aspect of the overall disadvantages faced by primary produce exporting countries in world trade. The industrial expansion in developed countries has failed to render satisfactory benefits to primary exporters of agricultural raw materials, food and tobacco. As pointed out by the U.N. Economic Commission for Europe, in its latest *Economic Bulletin for Europe*, the lesson to be drawn by the primary exporting countries from their experience during the most recent boom are "discouraging." Western Europe's imports from primary produce exporting countries rose by eight per cent in 1960, but "as compared with the rise in Western Europe imports from other areas, this was a singularly modest increase." What is more, the rate of growth of imports by Western Europe from primary exporting countries declined in 1960. "Although it is necessary that the developed areas should maintain a high rate of economic expansion and avoid cyclical fluctuations, so as to generate rising demand for the commodities traditionally exported by underdeveloped countries, this in itself," warns the E.C.E., "is not a solution for the trade problems of developing countries, and other means have to be sought." The ultimate solution, in the opinion of the E.C.E., lies in the diversification of the production and export patterns of less developed countries. But this will also be ineffective, unless the developed countries allow import of large processed and manufactured goods from the developing countries. The E.C.E. itself has urged the European countries, more than once, to do this, but the results so far in this direction have not been impressive.

Share of Developing Countries

Another trend which is a source of concern to the less developed countries is the steady decline in their share of world agricultural trade, an aspect to which particular attention has been drawn in the F.A.O. report. The volume of total world agricultural exports (excluding those of Russia, Eastern Europe and mainland China) in 1960 rose by about five per cent, as compared with about seven per cent in 1959, when trade was recovering from the effects of the 1957-58 recession. Apart from a fractional increase in exports from Latin America, the whole of the rise in agricultural exports was accounted for by North America and Western Europe (largely because of the growth in intra-regional trade). In the period from 1948-52 to 1960, the volume of gross agricultural exports from more developed regions has increased by about 56 per cent (commercial exports by less than 40 per cent), as compared with about 30 per cent in gross exports from the less developed regions (excluding mainland China). The share of the less developed regions as a whole in the total volume of world agricultural exports has thus fallen over this period from 57 per cent to 53 per cent. For foodstuffs alone, the comparable figures are 42 per cent and 38 per cent and for agricultural raw materials 58 per cent and 53 per cent. Only in the group, beverages and tobacco, have the less developed regions maintained their share of the market at about 88 per cent.

All main groups of commodities shared in the increase in the volume of exports. Food and feeding stuffs rose by about 6 per cent and beverages and tobacco and agricultural raw materials each showed an increase of 4 per cent. In the food and feeding stuffs group, the largest increases were for wheat and sugar, but for livestock products there was only a small rise.

World Agricultural Production

(In million metric tons)

	Average (1948-52)	1958-59	1959-60	1960-61 (Preliminary)
Wheat	113.6	139.0	135.3	140.8
Barley	36.1	51.7	51.8	53.0
Oats	42.5	43.3	37.6	41.4
Maize	119.9	151.7	168.3	170.6
Rice (milled equivalent) ..	75.0	96.1	101.4	107.8
Coffee	2.2	3.5	4.0	4.0
Tea	0.6	0.8	0.8	0.8
Cocoa	0.8	0.9	1.0	1.1
Sugar (centrifugal)	26.6	39.0	39.2	42.9
Wine	17.6	21.8	22.7	22.1
Tobacco	2.4	2.7	2.8	2.8
Vegetable oils and oilseeds (oil equivalent)	10.7	15.8	15.0	15.7
Animal fats*	4.1	5.3	5.7	5.7
Cotton (lint)	6.8	6.4	6.8	7.1
Jute	2.0	2.4	2.1	2.0
Wool (greasy)	1.6	2.0	2.1	2.0
Rubber (natural)	1.7	2.0	2.1	2.0
Citrus fruit	15.1	19.8	20.8	19.8
Apples	12.7	19.1	13.6	15.8
Bananas	11.6	14.5	14.9	13.8
Milk (total)	204.6	242.6	245.8	250.9
Meat†	30.5	39.4	40.0	40.8
Eggs	7.6	9.7	10.0	9.9
Index of all farm products‡ ..	88	113	116	117

N.B.—Production figures exclude those of Russia, Eastern Europe and Mainland China, except for forest products.
* Lard and tallow.
† Beef and veal, mutton and lamb, pork.
‡ Indices: Average 1952-53/1956-57 = 100.

The increase in the volume of trade in the beverages and tobacco group was due mainly to a gain of one-fifth in cocoa exports. For agricultural raw materials, a decline in North American imports was more than offset by a rise in imports into western Europe and the Far East. World cotton exports increased by about one quarter and those from the U.S. were doubled, partly in expectation of less favourable export terms.

Imports

There are certain factors in the sphere of imports also, which are none-too-satisfactory from the standpoint of less developed countries. Asia and the Far East, for instance, have become large importers of agricultural products, comparable with North America. The F.A.O. report reveals that the growth of food imports into this region during the past decade has appreciably exceeded the growth of world trade in these commodities. There has been a still more striking increase in imports of raw materials, reflecting largely the growth of manufacturing industry in Japan, India and some other Asian countries. In 1960, Asian and Far Eastern imports of agricultural raw materials accounted for one quarter of the world total and were more than twice as large as those of North America. In Asia and the Far East, there was a rise of 18 per cent during the year in total agricultural imports and of 15 per cent in foodstuffs which make up about 60 per cent of the total. There were some increases in imports of wheat, rice, maize, sugar and vegetable oils. Much of the increase came from larger imports of cotton (mainly in India and Japan), of wool (mainly to Japan) and of jute (mainly to India).

An interesting point that emerges from the F.A.O.'s survey is that, for the first time, Asia and the Far East became a net importer of agricultural products in 1960. Commenting on this trend, the F.A.O. report says as follows:

"This change in the agricultural trading position of Asia and Far East is the culmination of a development covering the whole post-war period. Before the war, the region was a major net exporter of agricultural products, including foodstuffs. Since the war, the growth of food production in the region as a whole has not, until 1960-61, been sufficient to make good the setback of the war years. Although the food exporting countries of the region have stepped up their shipments since the early 1950s, the region's food deficit, met by imports from outside the region, has gradually risen. At the same time, while the volume of the region's raw material exports has remained more or less constant since the early 1950s and that of beverages and tobacco has risen only moderately, its raw material imports, as already noted, have risen steeply. In 1960, the volume of gross imports of raw materials was more than twice as high as the 1948-52 average, and the region as a whole became a net importer of agricultural raw materials as well as of foodstuffs."

Western Europe remains by far the largest importing region, accounting for more than half the total volume of world agricultural imports. During the past ten years, however, this region has become a relatively larger importer of the commodity group, beverages and tobacco (now considerably exceeding North America), and a marginally smaller importer of foodstuffs and agricultural raw materials. The total volume of North American agricultural imports has shown some fluctuations, but no significant trend either way during the past ten years, and in all the main categories the region now accounts for an appreciably smaller share of world trade than before.

Exports on Special Terms

The U.S. exports under Government-financed programmes, which remain by far the largest component of exports of agricultural products on special terms, again expanded in 1960. Most of the increase was accounted for by larger shipments of wheat, wheat flour, and rice. Nearly three-quarters of the total wheat and wheat flour exports from the U.S. in 1959-60 and the first half of 1960-61 were Government-financed, but for cotton the sharp increase in commercial exports greatly reduced the share of concessional sales in total U.S. cotton exports. Government-financed exports accounted for only 29 per cent of the total agricultural exports of the U.S. in 1959-60, as compared with 14 per cent in 1958-59 and a peak of 41 per cent in 1956-57. Imports on special terms covered nearly 90 per cent of the total wheat imports of India and Pakistan in 1959-60 and 70-80 per cent of those of the United Arab Republic (Egyptian Region), Turkey and Yugoslavia.

An important contribution to the increased volume of agricultural trade in 1960 came from the sharp rise in imports into Soviet Russia and mainland China. Both these countries have become major importers of sugar since the breakdown of the sugar agreement between the U.S.

(Continued on page 714)

LIMITATIONS OF LABOUR STATISTICS

CAUTION IN PRACTICAL APPLICATION CALLED FOR

"IT is on facts that policy must be built and, so long as there is uncertainty as to facts, there would be confusion and conflict in policy." This observation of the Royal Commission on Labour (1930) reflects the crucial importance of adequate and reliable statistics in the formulation of realistic labour policies. In spite of the recognition of their value and importance, compilation of labour statistics has been comparatively neglected in this country. Such data, as are available and on which basis policies are formulated, are restricted in scope. They are largely the by-products of administration of certain labour laws. The position in respect of labour statistics has been aptly summed up by Mr. V. V. Giri, a former Labour Minister of the Government of India and at present the Governor of Kerala, in his book, *Labour Problems in Indian Industry*:

"The collection and compilation of labour statistics in India are still in their infancy. To recount the more important lacunæ, employment statistics in India are at present limited in scope. They should be extended to other sectors and improved in quality and frequency. Statistics on earnings and conditions of work are nowhere near the expected standards, except, perhaps, in the case of coal mines. Data on occupational wages need to be properly classified and analysed to enable correct appreciation of the wage structure in different industries and areas and their changes through time. Statistics on productivity and labour turnover should be compiled in a systematic manner. Last but not the least, there are practically no reliable data on unemployment in the country as a whole. In an era of planning, with emphasis on fuller employment, this is a very important gap which should be filled immediately."

It is true that the Labour Bureau of the Ministry of Labour, Government of India, the Directorate-General of Resettlement and Employment and the Labour Departments of the State Governments collect data relating to wages, employment, industrial disputes, consumer prices, etc. But there are many gaps in the statistics collected at present and these have to be filled before labour statistics in this country can be considered as adequate for the purpose of planning.

The quality of the data available is equally important. In this respect, the statistics available in this country leave much to be desired. The limitations of much of the labour data that are being used in discussions of the country's economic progress and in collective bargaining have been pin-pointed by the *Trade Quarterly* in its latest issue, in an article entitled "Statistics of Industrial Labour." The authors of the article have examined the nature and scope of statistics relating to factory employment, employment exchanges, wages and earnings, absenteeism and consumer price indices.

Employment Data

To take the data regarding employment first. They are, according to the authors, neither useful for ascertaining short-term monthly or seasonal fluctuations in employment (because the data are collected on a half-yearly and annual basis) nor are they comparable, say, for the last ten years, because they are vitiated by number of factors, as will be shown shortly. Further, notwithstanding the fact that employment returns are a statutory obligation on the factories, a large number of them fail to submit returns and no effective action has been taken to tackle the defaulters.

The figures of employment supplied by the factories in the annual returns represent the daily average number of workers who attended work and not the number in employment, that is, the number on the pay-roll. The average daily employment is worked out by each factory according to a formula laid down for the purpose. This formula prescribes that the daily attendances, that is, man-days during the year, should be added up and divided by the total number of days worked in the factory during the year, to arrive at the figure of average daily employment. The calculation of average daily employment on the basis of this formula introduces a corrective for absenteeism which is, on the whole, high in Indian industries. To the extent to which employment figures furnished by the factory returns exclude workers who are temporarily absent, they underestimate factory employment in India. For instance, the total number of workers on the pay-roll of cotton textile mills at the end of March 1961 was 921,810 while the average daily employment in the same month, calculated according to the prescribed formula, was only 783,176, a difference of 128,434 or 16 per cent. In many countries, such as the U.K., the U.S. and Japan, employment statistics cover persons who were at work or who had a job but are not at work during the reporting period, that is, the number of workers on the rolls. This is precisely what the sixth conference of labour statisticians held at Montreal in 1947 had recommended.

Exchange Statistics

Secondly, there are the employment exchanges. In many countries, the volume and trend of employment are inferred from the statistics of unemployment. Statistics on unemployment collected on the basis of registration for unemployment benefit or from employment exchanges provide an index of the changes in the volume of unemployment. In India, too, the employment exchanges, which were first set up in 1945 for rehabilitating ex-service men but which were later thrown open to all types of employment seekers, are the only source of data relating to changes in the volume and character of urban unemployment in the country. The number of these exchanges have increased steadily, from 126 at the end of 1951 to 143 at the end of 1956 and to 296 by the close of 1960. Statistics from employment exchanges are regularly available on a monthly basis, but they are so incomplete and unreliable that they cannot be used for drawing any scientific and reliable inferences, even with a liberal margin of error, about the extent and character of unemployment. Registration with employment exchanges is voluntary and does not entitle the jobless to any unemployment benfit. A large number of the unemployed, who otherwise might be induced to register themselves with the employment exchanges, naturally, fail to do so. An inquiry conducted by the National Sample Survey in 1953 showed that nearly 75 per cent of the unemployed in urban areas did not register themselves with the employment exchanges.

Besides absence of unemployment benefit, another reason which prevents many in need and search of employment from registering themselves with the employment exchanges is that a large proportion of the jobs available are filled without reference to the employment exchanges. Under the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, notification of vacancy has been made compulsory but the obligation is merely to notify the vacancy and not to fill it by selecting candidates recommended by the employment exchanges. Another factor which vitiates employment exchange statistics is registration even by those who are employed. As a result, all those who are on the live registers of employment exchanges are not all unemployed and, therefore, even if the data were complete, they would not constitute an index of the volume of unemployment in the country. Similarly, the number of placements reported from month to month is no index of employment opportunities. In fact, figures regarding the volume of placements are a serious understatement of the opportunities of employment in the urban areas.

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Wages

To take now the statistics of wages. Such statistics are compiled on the basis of the returns submitted under the Payment of Wages Act, 1936. Till 1957, the Act was applicable only to employees earning below Rs. 200 per month. After 1957, the limit has been raised to Rs. 400. The returns provide data regarding the average daily number of employees earning less than Rs. 200 till 1957 and less than Rs. 400 thereafter, along with the total annual wage bill of these employees before deductions. The wage bill includes all the remuneration capable of being expressed in terms of money, but does not include the value of house accommodation, supply of light, water, etc., if any. Since the computation of wage bill in this sense involves conversion of certain concessions and amenities in terms of money to be added to basic wages, allowances, annual bonus, etc., and since this conversion is made by the different State authorities administering the Payment of Wages Act in different ways, there might be some lack of uniformity. Concessions in kind, however, form a comparatively very small proportion of the aggregate wage bill. The magnitude of error creeping into the calculations of the wage bill, for want of a uniform valuation of the concessions in kind is, therefore, likely to be insignificant.

Comparability of the statistics of average annual earnings over a period of years is vitiated by the same factors which operate on the data regarding industrial employment, namely, changes in the coverage of the Factories Act, 1948, changes in the geographical areas of the different States and the failure, on the part of the factories, to submit annual returns.

Although data relating to average annual earnings for all industries in one State with similar earnings in others as also earnings in one industry for the country as a whole are available, for inter-industry comparisons of average earnings in each State or inter-State comparison of earnings in the same industry statistics are not available. Even comparisons of average earnings of this kind are of a very broad character and are not very useful for a study of the wage patterns in different industries and regions and for analysing the relationship of wages to labour supply and their influence on labour mobility. Information regarding wages on an annual basis, if not on a monthly basis, for different occupations industry-wise and region-wise is essential for analysing the impact of the developmental activity in the country. The results of the wage census, which is now being conducted by the Labour Bureau in respect of selected industries, will constitute a valuable starting point for compiling wage data of this type on a continuing basis in the future.

The fourth factor is absenteeism. Of the most important factors affecting both the volume of employment and average earnings, absenteeism is one. Unlike the statistics of employment and wages, which are derived from statutory returns, the data regarding absenteeism are obtained on a purely voluntary basis. They are, therefore, far more incomplete and unreliable than the statistics of employment and earnings.

Consumer Price Indices

Lastly, consumer price indices. Consumer price index numbers acquire, particularly in times of rising prices, an unusual importance as they determine, to a great extent, the magnitude of adjustments in wages—wage rates in foreign countries and dearness allowance in India. A number of the working class consumer price indices published in India at present have only a nominal relationship to reality. As a result of the war and the subsequent changes in the general economic situation in the country, the pre-war pattern of consumption in industrial countries has undergone a radical change. The consumer price index numbers for important centres like Bombay, Ahmedabad, Sholapur, Nagpur, Kanpur and Madras, which are based on a pre-war period, have, therefore, lost their utility as a statistical tool for measuring changes in the cost of living. The majority of even the Labour Bureau indices, which have 1944 as their base year, have become out-of-date.

Fictitious Assumption

When the consumption pattern of working classes in different industrial countries has deviated substantially from the basic patterns and

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RESULTS OF NATIONAL ROLLING STEADY

DIVIDEND RAISED—FINANCES SOUND

THE promise of further sizable progress in the working of the National Rolling and Steel Ropes Limited (Managing Agents: The Associated Industrial Development Company (Private) Ltd., Calcutta), so clearly held out in its impressive performance in the previous year, has failed to materialise during the year ended 30th June 1961, as the Company has succeeded only in maintaining the *status quo*. This is due essentially to scarce supplies of steel billets, which has hit the re-rolling industry as a whole from last year, and the absence of an indispensable balancing plant for the wires and ropes section, which made it impossible to increase production. Notwithstanding this, the Directors have recommended a higher dividend on the equity capital at the rate of Rs. 1.50 per share of Rs. 10 each, as compared with Re. 1.30 per share in the previous year, both being subject to deduction of tax, giving a net return of Re. 1.05 per share against 91 nP per share previously.

With an increase in the consumption of raw materials and stocks at close, production recorded a modest improvement over the previous year. But sales turnover at Rs. 139.98 lakhs was practically unchanged over the previous year's level of Rs. 139.68 lakhs. Gross profit of Rs. 34.36 lakhs shows hardly any improvement over Rs. 34.29 lakhs previously, and the small rise in net profit from Rs. 9.94 lakhs to Rs. 11.65 lakhs is explained by a lower provision for depreciation of Rs. 6.99 lakhs against Rs. 8.86 lakhs last year. The Company has provided Rs. 13 lakhs for taxation, against Rs. 12.50 lakhs a year ago. Managing Agents' remuneration amounts to Rs. 2.72 lakhs, against Rs. 2.99 lakhs previously. Ordinary dividend takes away Rs. 6 lakhs, against Rs. 5.20 lakhs for 1959-60. The Company has strengthened its reserves position by transferring in all Rs. 6.57 lakhs, which is more than double the amount set aside last year.

The Directors had expressed the hope in their previous year's report that supplies of M.S. billets, having improved and accounted for the smart improvement in the Company's results in the previous year, would be more satisfactory during the year under review. The rolling mill, however, experienced some acute shortage of billets and had to be temporarily closed down for sometime by the end of the first quarter. Moreover, the revised costs of conversion announced by the Government in September 1960 did not provide any benefit over the previous year's conversion charges. Production in the wires and ropery sections could not be more than normal due to the prevailing absence of a balancing plant. The Directors now caution that, as long as these difficulties in production persist, the Company cannot produce any dramatic improvement in its working results. It has, however, obtained a loan from the Industrial Credit and Investment Corporation of India to meet the necessary foreign exchange for importing a balancing plant, an order for which will be placed when the import licence is received from the Government. There has been no difficulty so far in selling the ropery section products, but, in the light of several new licensed units, some of which are under installation, there will obviously be more severe competition in future.

The share capital of the Company is maintained at the previous year's level of Rs. 40 lakhs and is made up of 4 lakh ordinary shares of Rs. 10 each. It is covered by reserves and surplus totalling Rs. 37.15 lakhs. In line with its sound policy, the Company has liquidated the balance of Rs. 2.05 lakhs of its secured loans. Current liabilities and provisions have increased from Rs. 39.91 lakhs to Rs. 55.61 lakhs, but are more than well covered by current assets, loans and advances which have also gone up from Rs. 65.97 lakhs to Rs. 92.45 lakhs. There was an addition of Rs. 0.99 lakh to the gross block account, while assets worth Rs. 2.51 lakhs were sold during the year. The value of gross block at the close of the year is shown at Rs. 81.70 lakhs and it is adequately written down to Rs. 40.28 lakhs.

At its current market value of Rs. 21.75 *cum-div.*, the yield on the Company's Rs. 10 fully paid ordinary shares works out to 4.82 per cent per annum, free of tax.

(Concluded from next column)

improvement at present. While determining attainable production and manufacturing cost in relation to price fixation, the impact of transport inadequacy on production should not be ignored."

Being new, the Company's block account is out of proportion to the paid-up capital. Debentures and borrowings are high. The former have been issued to the I.F.C.; repayment is to start in 1962 and end in January 1970. A synopsis of the balance-sheet as at 31st March 1961 is given below:

(In lakhs of rupees)

Liabilities		*Assets*	
Capital (all in equity shares of Rs. 10 each)	60.00	Gross block	179.02
Reserves and surplus	9.50	*Less:* depreciation	22.50
Debentures	42.50	Net block	156.52
Loans from banks	42.13	Book debts, stock-in-trade, stores, cash etc	65.37
Loans from others	35.02		
Other liabilities and provisions	32.74		
Total	221.89	Total	221.89

It will be noted from the figures given above that, for some years to come, the Company will have to conserve a very substantial part of its profit, in order to reduce its dependence on borrowed finance and reduce the equity-debt ratio. One should not, therefore, expect any sizable increases in dividends for some years to come even if the Government's pending decision on ex-factory cement prices turns out to be satisfactory. Apparently, the market seems to be in agreement with this view, as witness the discount at which the shares are quoted. At Rs. 9.24, the Rs. 10 fully paid shares offer a net yield of 5.30 per cent per annum. The book value of this share is Rs. 11.60. An investor who has patience to wait will, however, find the scrip not unattractive.

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sales	139.98	139.68	93.41	115.76
Closing stock	11.09	9.08	12.26	13.48
Opening stock	9.08	12.26	13.48	17.89
Raw materials consumed	82.94	78.90	56.98	74.51
Salaries, wages and bonus	13.08	12.47	10.28	11.40
Other expenses	14.73	13.38	10.00	12.10
Gross profit	34.36	34.29	16.57	18.36
Depreciation	6.99	8.86	4.86	5.40
Taxation	13.00	12.50	1.60	2.70
Managing Agents' remuneration	2.72	2.99	1.17	1.30
Net profit	11.65	9.94	8.94	8.96
Dividends declared—				
Preference	*	0.64	1.29	0.90
Ordinary	6.00 (15%)†	5.20 (13%)†	4.00 (10%)	4.00 (10%)
Provisions—				
General reserve	5.00	3.00	3.50	5.00
Development rebate reserve	0.07	0.04	0.05	0.10
Dividend equalisation reserve	1.50	..	..	..
Carry forward	0.39	1.31	0.26	0.28

* The Company had fully redeemed in 1960 the preference capital of Rs. 20 lakhs, made up of 20,000 6 per cent. redeemable cumulative preference shares of Rs. 100 each.
† Subject to deduction of tax.

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ASHOKA CEMENT LTD.

PRODUCTION HIGHER, BUT NOT PROFIT

A SUBSTANTIAL increase in production was effected by Ashoka Cement Ltd. (Secretaries: Messrs. Sahujain Services Ltd., Calcutta) during the year ended 31st March 1961, but, due to higher costs and unremunerative ex-factory prices fixed by the Government, the improvement in profit has only been modest. Consequently, it has not been possible for the Company to add any sizable amount to the reserves nor pay an attractive rate of dividend to shareholders. The Directors have been able only to repeat the modest dividend of 7 per cent per annum, subject to tax, which they had paid for 1959-60. The net dividend, accordingly, is only 4.90 per cent. This is by no means an enviable record for a company which has completed a decade of existence and nearly five years since production was commenced. One cannot, of course, blame the management for this small return to shareholders, for the fault lies mainly with our policy-makers and administrators who control almost every aspect of cement industry.

Here is the Company's performance in production and despatches in the year under review, against the background of that in the previous year:

(In tonnes)

Year	*Production*		*Despatches*
	Clinker	*Cement*	*Cement*
1960-61	166,512	173,733	176,014
1959-60	131,739	104,206	103,947

The production of clinker was up by 26.5 per cent and that of cement by 6.1 per cent. The improvement in despatches was of the order of 7.3 per cent.

The salient features of the financial results are presented in the following comparative table in an easily understandable manner:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	2,00.02	1,66.08	1,05.54	98.79
Other income	5.76	4.35	2.22	1.68
Closing stocks of finished goods and work-in-progress	5.02	10.84	20.46	0.56
Raw materials, stores, etc., consumed	85.33	58.83	49.64	34.16
Excise duty	41.26	38.71	25.12	22.50
Other expenses	56.74	49.33	40.90	32.22
Gross profit	16.68	13.04	12.04	1.93
Provision for depreciation	8.97	6.90	6.52	0.22
Net profit	7.71	7.04	5.52	1.71
Transfer to reserves	3.33	2.83	2.99	0.24
Brokerage on shares and preliminary expenses written off	..	..	..	1.41
Dividends	4.20* (7%)	4.20* (7%)	2.70 (4½%)	..
Carry forward	0.22	0.04	0.08	0.19

* Subject to deduction of tax.

It will be noted that the increase of about Rs. 34 lakhs in sale proceeds has been nearly offset by marked advances under raw materials consumed, excise duty paid and other expenses which include wages, administrative expenditure, etc. Consequently, the gross profit at Rs. 16.68 lakhs discloses an improvement of only Rs. 2.74 lakhs. As almost the whole of this increase has been taken up by the depreciation account, the net profit is up by a bare Rs. 67,000. Nearly half of this profit has been conserved, Rs. 3 lakhs to general reserve and Rs. 33,000 to development rebate reserve. The profit was not liable to taxation.

The following extract from the Directors' report describes the hardships which the Company has to undergo:

"The effect of substantial increase in production has not been reflected in the working results, due to increase in cost of coal, stores and spares, enhanced railway freight and fixation of uneconomic packing charge. The formula for determination of packing charges in vogue for the last decade was given up and fixation for the quarter October-December 1960 was made by the Government arbitrarily.

"The Company has implemented the recommendations of the Central Wage Board for the Cement Industry with effect from 1st January 1960. Contrary to earlier expectations, the additional burden was not fully neutralised by an appropriate increase in the retention price of cement. This is due to the incidence of increase in labour cost per ton of cement having been computed by the Government on the basis of the Tariff Commission's assumption of an unrealistic attainable production much higher than the actuals. This has further affected the year's profits.

"Transport position for movement of materials inward as well as cement despatches outwards has remained acute, despite the high priority for cement industry, and there are also no signs of any

(Continued in previous column)

PRAGA TOOLS TURNS CORNER

INDUSTRIAL PEACE ASSURED FOR THREE YEARS

ONE more year has gone by without a return on investment in the Praga Tools Corporation Limited (General Manager: Mr. B. Venkataraman, Hyderabad), manufacturers of machine tools which rank among the world's best and for which there is a good demand in this country. The working results of the Company for the year ended 31st March 1961 have no doubt improved slightly, but not to the expected level, due primarily to unsettled labour conditions. The average of both production and sales was lower than in the previous period. Thus, production during the year was Rs. 48.26 lakhs averaging Rs. 4.02 lakhs per month, as against the average of Rs. 4.50 lakhs per month in the previous period which was for nine months. The total sales amounted to Rs. 67.14 lakhs, or a monthly average of Rs. 5.59 lakhs, reflecting an improvement over the average of Rs. 5.32 lakhs per month in the preceding nine months period.

The gross profit works out to Rs. 8.39 lakhs which is not an improvement over that earned in the preceding nine months, in that it is proportionately lower; for the nine months ended 31st March 1960, the gross profit was no less than Rs. 8.14 lakhs. After providing Rs. 5.24 lakhs for depreciation, as against Rs. 3.89 lakhs in the preceding period, the net profit is lower at Rs. 3.15 lakhs. No provision has been made for development rebate and income-tax. As against the available profit for appropriation of Rs. 6.88 lakhs, inclusive of Rs. 3.73 lakhs brought forward, the Directors have written off Rs. 6.64 lakhs in respect of the work-in-process and jigs and fixtures, leaving Rs. 23,631 to be carried forward.

The working results of the Company for the past four years are summed up in the following comparative table:

(In lakhs of rupees)

	Year ended 31-3-61	Nine months ended 31-3-60	Year ended 31-6-59	Year ended 30-6-58
Sales	67.14	47.89	73.34	75.22
Closing stocks of finished goods and work-in-process	38.23	30.91	34.16	34.06
Other income	1.65	1.33	0.87	0.64
Raw materials, stores and spares consumed	27.83	19.10	25.80	35.91
Other expenses	37.34	27.73	37.31	39.73
Gross profit	8.39	8.14	11.23	8.34
Managing Agents' commission	..	..	..	0.45
Provision for—				
Depreciation	5.24	3.89	4.81	7.27
Taxation	..	..	0.65	0.14
Net profit	3.15	4.25	5.77	0.48
Transfer to reserves	..	0.80	0.65	0.60
Provisions written back	..	5.35	..	..
Losses and expenditure written off	6.64	..	..	..
Carry forward	0.24	9.73	—5.07	—9.99

In pursuance of the observations made by the Comptroller and Auditor General last year that the closing stock of finished goods had been valued at a certain percentage below the selling price instead of at cost or market price whichever is lower, the Directors have written down the stocks by Rs. 1.06 lakhs, which stand (after revaluation) at Rs. 8.84 lakhs. The management has also taken the opportunity to scrutinise the different items of work-in-process, jigs and fixtures representing the accumulation of many past years and it was found that, having regard to the current tangible value of these assets, a write off of Rs. 6.64 lakhs was necessary. But for this adjustment, it would have been possible for the Directors to declare a modest maiden dividend.

After the reorganisation of the capital structure in June 1958, when the Rs. 50 paid-up share was written down to Rs. 35 per share and the paid-up capital was increased by investment by the Government of India, the financial position of the Company has steadily improved. The reserves, however, are yet negligible and require to be strengthened. Nevertheless, it can be said that the Company has definitely turned the corner and, given peaceful labour relations, should be able to go forward.

It will be recalled that, in June 1958, the Company wrote off Rs. 20.65 lakhs out of the accumulated loss of Rs. 30.64 lakhs by writing down the value of its shares by Rs. 15 to Rs. 35. At the same time, the Government of India stepped in, in a big way, by investing Rs. 70 lakhs. The Government of Andhra's investments amounts to Rs. 48.17 lakhs and those of others Rs. 17.75 lakhs. The total paid-up capital is Rs. 136.90 lakhs, the share of Central and Andhra Governments being 55 per cent and 35 per cent, respectively. The reserves and surplus are very meagre at Rs. 2.67 lakhs. The current liabilities and provisions are Rs. 15.85 lakhs and are more than fully covered by current assets, amounting to Rs. 108.09 lakhs. The gross block of the Company has increased from Rs. 79.38 lakhs to Rs. 96.38 lakhs, reflecting the progress made in the implementation of several expansion schemes. After deducting the depreciation of Rs. 52.51 lakhs provided so far, the net block stands at Rs. 43.87 lakhs. Besides this, there is capital work-in-progress at Rs. 3.44 lakhs.

The land for erecting the new factory, which will have facilities for developing ancillary industries to feed the main factory with component parts, has been acquired. The total expenditure incurred on the expansion programme upto the end of March 1961 is Rs. 10.40 lakhs. In addition to the collaboration arrangements concluded with the three British firms for the manufacture of drill chucks, lathe chucks and tool and cutter grinders, the Company proposes to collaborate with another British firm to develop the manufacture of milling machines. The manufacture of Polish type machine tools by the Company has been authorised by the Government of India which has diverted Rs. 1 crore of the Polish credit for this purpose.

It is gratifying to find from the Directors' report that, at long last, a settlement has been reached between the management and the employees' union on the pending disputes. The financial incidence of the settlement in a full year would be about Rs. 2.5 lakhs. The union, on its part, has agreed to an expert examination of work-norms and work-standards, so as to increase productivity. An industrial truce has also been signed for a period of three years, during which the union or the workers shall not resort to any strikes, stoppage of work, or go-slow practices.

There is thus good reason to hope that the results for the current year would be much better and that the Company would soon be able to build up sizable surpluses and pay a dividend.

(Concluded from next column)

ties and provisions amount to Rs. 61.84 lakhs, giving a total indebtedness of Rs. 85.10 lakhs. A good part of it is represented by fixed assets, as current assets are no more than Rs. 5.90 lakhs. The gross block at Rs. 258.79 lakhs has been written down to Rs. 190.44 lakhs, by providing Rs. 68.35 lakhs for depreciation.

The Company has placed an order for a solvent extraction plant with Oil Corporation of India Private Ltd. Some components of the plant are to be manufactured outside India and the rest in India. The requisite industrial licence for the establishment of the plant has been received and import licence for the foreign components has also been received. The financial commitment for this project is estimated to be in the vicinity of Rs. 20,00,000, out of which Rs. 1,75,000 have been spent in the year under report and about Rs. 14,00,000 will have to be spent in the current year and Rs. 4,00,000 will have to be paid by four six-monthly instalments.

In order to finance the development schemes mentioned above, it is proposed to increase the authorised capital of the Company by the creation of 500,000 ordinary shares of Rs. 10 each and to issue 286,300 ordinary shares at par.

The current market quotation of Rs. 10 paid-up ordinary shares is in the neighbourhood of Rs. 11.12 *cum-dividend*. The net yield, on an *ex-dividend* basis, and at a net dividend of 63 nP per share, works out to 6.0 per cent per annum.

FIRST PRIZE FOR PHILIPS INDIA'S ANNUAL REPORT

Mr. K. C. Reddy, Minister for Commerce and Industry, Government of India recently handed over to Mr. P. C. Vink, Chairman and Managing Director of Philips India Limited, a shield representing the first prize for the best presented accounts for the year 1959-60 at the recent annual meeting of the Council of the Institute of Chartered Accountants of India, held at Delhi.

The scheme introducing the award of the shield and certificate has been, according to Mr. C. P. Mukherjee, President of the Institute, an unqualified success contributing effectively towards the setting up of a high standard in the presentation of accounts.

The Directors report and statement of accounts of the Alkali and Chemical Corporation of India for 1958-59, as well as those of Bajaj Electricals Ltd. and Tata Oil Mills Co., Ltd. for 1959-60 have been highly commended as worthy of emulation by others.

AMALGAMATED ELECTRICITY

SALES CROSS RS. 1-CRORE MARK

THE progress made by the Amalgamated Electricity Company Ltd. (Managing Agents: Messrs. N. C. Javeri & Co., Bombay) during the year ended 31st March 1961 is encouraging. The sales of energy crossed the one-crore mark to touch Rs. 105.75 lakhs, reflecting a rise of 16.3 per cent over the year. The generating and other expenses also expanded steadily, but in the same proportion. As a result, the profit-margin has remained practically unchanged and the gross profit has gone up to Rs. 27.06 lakhs, a record in the history of the Company; it compares with Rs. 23.42 lakhs for the preceding year, Rs. 22.42 lakhs for 1958-59 and Rs. 18.76 lakhs for 1957-58. The net profit, too, is higher at Rs. 14.01 lakhs, as against Rs. 12.20 lakhs, after higher provisions for taxation and depreciation.

The dividend on ordinary shares has been maintained at 9 per cent per annum. Only, the silver jubilee bonus of one per cent, paid last year, has not been normalised. The distribution of dividend on both classes of preference shares has been stepped up in accordance with the Preference Shares (Regulation of Dividends) Act 1960. The additional dividends for the previous year have also been cleared, as the Act is applicable for that year also. The total amount payable by way of dividend on ordinary shares is higher, as it is on a higher capital. The undistributed surplus is large at Rs. 13.53 lakhs, but it is well over Rs. 2 lakhs less than the amount brought in.

The following comparative table reveals the progress made by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale of energy	1,05.75	90.88	81.54	72.11
Other income	5.49	5.06	3.69	3.28
Generating and other expenses	84.18	72.52	62.81	56.63
Gross profit	27.06	23.42	22.42	18.76
Managing Agents' commission	1.88	1.55	1.56	1.15
Provision for—				
Depreciation	9.24	8.07	7.29	6.74
Taxation	1.93	1.60	1.73	0.62
Net profit	14.01	12.20	11.84	10.25
Provisions written back	0.50	0.02	0.05	0.87
Intangible and other assets written off	0.27	0.43	0.37	0.58
Transfer to reserves	3.12	1.49	0.77	0.99
Provision for employees' retiring gratuity and consumers' benefit	2.19	0.95	1.19	1.26
Dividends—				
5½ per cent. preference	2.13*†	1.38*†	1.33	1.33
5 ,, ,,	1.62*‡	1.02*‡	1.02	1.02
Ordinary	7.34*§ (9%)	7.25*§ (Dn%+ Bl%)	6.52 (9%)	6.16 (9½%)
Carry forward	13.53	15.69	15.95	15.26

* Subject to deduction of tax.
† Includes additional dividend Rs. 0.40 lakh for 31st March 1960.
‡ Includes additional dividend Rs. 0.30 lakh for 31st March 1960.
§ On increased capital after issue of 90,625 equity shares issued in January 1960.

As readers may, perhaps, be aware, the Company is both a generator and distributor of electricity in several towns and villages in Maharashtra, Gujarat, Rajasthan and Mysore.

The progress in the sale of energy in recent years has been quite impressive, as will be seen from the following figures:

(In lakhs)

Year	*Units generated and purchased*	*Total load in kw.*	*No. of consumers*
1957-58	435.89	0.29	0.62
1958-59	493.06	0.32	0.67
1959-60	575.08	0.35	0.72
1960-61	712.95	0.39	0.77

The capacity of the Company's plants is being augmented to cope with the pressing demand for more power. In addition to four generating sets ordered last year, four more sets have been indented this year. The financial commitment on this latest phase of expansion is estimated at Rs. 15 lakhs, of which Rs. 5 lakhs are to be expanded this year and the balance in six-monthly instalments thereafter.

The paid-up capital of the Company as at 31st March 1961 is Rs. 126.02 lakhs, consisting of Rs. 81.56 lakhs in ordinary shares of Rs. 10 each, Rs. 24.15 lakhs in 5½ per cent preference shares of Rs. 100 each and Rs. 20.31 lakhs in 5 per cent preference shares of Rs. 100 each. The paid-up capital was increased in January 1960 by an issue of 90.625 equity shares of Rs. 10 each at par. The reserves and surplus stand at Rs. 39.73 lakhs, of which Rs. 13.53 lakhs are surplus from the profit and loss account. Over the year, the secured and unsecured loans have risen from Rs. 15.52 lakhs to Rs. 23.25 lakhs. Other liabili-

(Continued in previous column)

SINGARENI COLLIERIES FARE WELL

LARGE EXPANSION UNDER WAY

THE Singareni Collieries Company Limited (Managing Director: Mr. N. K. Guruswami, Hyderabad) is one of the important units of the Indian coal industry, which is primarily owned by the public sector. At present, the majority of capital is held by the Andhra Government, but, according to a recent policy decision, the State Government is reported to have decided to transfer the ownership to the Central Government. Details of this arrangement are not known at the time of writing this review.

The working of the Company during the year ended 31st December 1960 was satisfactory from all points of view. Production was higher and so also despatches. Consequently, sales realisation and gross profit were better than those for the previous year. Net profit, however, has declined, because of the heavier provisions for taxation and depreciation. The dividend has been reduced slightly from 7.5 per cent taxable to 7 per cent taxable, but this is on a vastly increased capital, and takes up Rs. 15.25 lakhs, as compared with only Rs. 4.74 lakhs for 1959.

The details of the Company's production, despatches and financial results are given in the comparative table below:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sale proceeds of coal	639.98	566.21	535.90	455.42
Closing stocks	14.59	10.55	9.15	8.71
Consumption of stores, power and fuel	141.97	113.76	118.23	107.27
All other expenses	429.80	383.35	371.32	294.90
Gross profit	98.50	81.44	78.91	64.67
Secretarial remuneration	3.79	3.58	3.13	2.99
Provision for—				
Depreciation	38.78	31.63	31.81	38.18
Taxation	38.90	22.00	20.00	8.00
Net profit	20.03	24.23	19.47	15.50
Refund of tax for previous years	..	0.82	..	..
Transfer from reserves	7.90	..	..	..
Transfer to reserves	10.18	16.89	11.02	3.50
Other provisions	0.50	0.50	1.02	0.62
Bonus	2.80	2.56	2.80	1.93
Dividend	15.25*† (7%)*†	4.74† (7½%)†	4.74 (7½%)	9.48 (15%)
Carry forward	0.11	0.91	0.55	0.17
Production of coal (Tons)	2,451,730	2,230,050	2,116,566	1,919,494
Despatches of coal (Tons)	2,361,500	2,144,325	2,022,862	1,815,601

* On increased capital.

† Subject to deduction of tax.

In their report to the shareholders for 1960, the Directors have indicated the position of expansion scheme for the Company's collieries as follows:

"The expansion scheme under the third Five-year Plan to achieve a target of 5.65 million tons per annum by 1965-66 has been estimated to cost Rs. 20.33 crores. This involves an additional production of 4 million tons per annum, as production of approximately one million tons will be lost in the next few years, consequent on exhaustion of some of the working mines. The Government of India have for the present decided to make a provision of Rs. 12.51 crores for producing an additional three million tons of coal through shallow mining.

"As regards the additional outlay of Rs. 7.81 crores required for producing one million tons from deep mining, the Government of India have advised us that the matter be deferred for the time being, pending an examination of the development cost of deep mining on an all-India basis.

"The Government of India have been requested to provide financial assistance of Rs. 2.5 crores during the year 1961-62, as the first instalment of assistance in the third Five-Year Plan."

There has been a sharp rise in the paid-up capital of the Company during the year from Rs. 63.21 lakhs to Rs. 3 crores, of which Rs. 63.21 lakhs represent capitalisation of reserves and issue of bonus shares. Of the balance of Rs. 173.57 lakhs, Rs. 52.55 lakhs represent adjustment of loans received from the Andhra Government and the rest issue of new shares. The entire capital is in ordinary shares of Rs. 10 each. After the transfer to capital account, reserves and surplus stand at Rs. 73.73 lakhs. Loans from the Andhra Government have declined from Rs. 106.76 lakhs to Rs. 54.20 lakhs, while those from the Union Government have risen from Rs. 70 lakhs to Rs. 190 lakhs. Unsecured loans, however, have declined from Rs. 122.94 lakhs to Rs. 11.97 lakhs. Other current liabilities and provisions have jumped up by Rs. 46.17 lakhs to Rs. 236.71 lakhs. Fixed assets (net block) have grown from Rs. 392.77 lakhs to Rs. 473.34 lakhs. Additions to gross block were Rs. 146.43 lakhs, raising its total to Rs. 826.23 lakhs. The depreciation provided so far is Rs. 352.89 lakhs. Investments are unchanged at Rs. 8.42 lakhs, while all other current assets have moved up by Rs. 99.17 lakhs to Rs. 384.86 lakhs, which are more than sufficient to cover current liabilities and unsecured loans.

PARRYS' SALES LOOK UP

DIVIDEND MAINTAINED ON HIGHER CAPITAL

THE performance of Parrys Confectionery Limited (Managing Agents: Parry and Company Ltd., Madras), the well-known manufacturers of "Parry Sweets" and "Deccan Sweets," during the year ended 31st March 1961, is quite encouraging. The Company's sales fetched Rs. 116.65 lakhs, as against Rs. 113.98 lakhs in the previous year, Rs. 88.72 lakhs in 1958-59 and Rs. 78.24 lakhs in 1957-58. But as the expenses of production rose from Rs. 102.91 lakhs in 1959-60 to Rs. 104.08 lakhs, the gross profit for the year under review is slightly lower at Rs. 11.52 lakhs, as against Rs. 13.12 lakhs for the previous year. The net profit, however, has improved by Rs. 59,000 to Rs. 5.44 lakhs, thanks to the saving of Rs. 1.49 lakh under the provision for taxation and Rs. 85,000 under Managing Agents' commission. The provision for depreciation, it may be noted, is fractionally higher at Rs. 1.34 lakhs, as against Rs. 1.19 lakh in 1959-60. The amount actually available for distribution is Rs. 7.31 lakhs inclusive of the excess provision of previous years and a sum of Rs. 1.52 lakh brought forward from 1959-60. The Directors have stepped up the amount ploughed back to reserves from Rs. 1.20 lakh in 1959-60 to Rs. 1.50 lakh. The Company had already paid, on 7th April 1961 to be precise, an interim dividend of 10 per cent. The Directors have now decided to distribute a final dividend of 20 per cent, subject to tax, thus maintaining the total distribution at the previous year's level of 30 per cent (taxable) giving a net dividend of 21 per cent per annum, which is a shade higher than the tax-free dividend of 20 per cent per annum for 1958-59 and 1957-58. The final dividend, it may be noted, is being paid on the increased share capital of Rs. 15 lakhs and, as a result, the amount required for paying the dividend is Rs. 4 lakhs, as against Rs. 3 lakhs in 1959-60.

The progress of the Company in the past four years is depicted in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	116.65	113.98	88.72	78.24
Other income	0.87	0.97	0.41	0.34
Closing stock	8.23	10.15	9.07	7.37
Expenses	104.08	102.91	84.29	70.64
Gross profit	11.52	13.12	9.36	9.83
Managing Agents' commission	0.38	1.23	0.86	0.92
Provision for—				
Depreciation	1.34	1.19	1.20	1.11
Taxation	4.86	5.85	4.09	4.02
Net profit	5.44	4.85	3.21	2.78
Excess provisions written back	0.35	..	0.01	0.05
To reserves	1.50	1.20	1.60	1.92
Dividend	4.00 (30%)*	3.00 (30%)*	1.50 (20%)	1.50 (20%)
Carry forward	1.81	1.62	0.87	0.75

* Subject to deduction of tax.

The financial position of the Company, as disclosed by its balance-sheet as at 31st March 1961, is quite sound. The Company's share capital on that day amounted to Rs. 10 lakhs, which was supplemented by reserves and surplus aggregating Rs. 8.83 lakhs. Subsequently, on 4th May 1961, to be exact, the Company made a right issue of 500,000 ordinary shares of Re. 1 each at a premium of Re. 1 per share. Following this, the capital has gone up to Rs. 15 lakhs and the reserves and surplus (inclusive of the share premium account) to Rs. 13.83 lakhs. The Company has no secured or unsecured loans; its outstanding current liabilities and provisions are of the order of Rs. 34.14 lakhs, as against which the current assets amount to Rs. 44.89 lakhs, showing a comfortable surplus of Rs. 10.75 lakhs over current liabilities. The gross block has increased from Rs. 12.55 lakhs in 1959-60 to Rs. 15.18 lakhs, following additions to plant and machinery made during the year under review. It has been well written down to Rs. 7.93 lakhs, the depreciation provided so far amounting to Rs. 7.25 lakhs.

The Re. 1 fully paid shares of the Company are being quoted at the time of writing at Rs. 4.80 *cum*-final dividend. On an *ex-div.* basis, and at the proposed rate of dividend the shares yield a net return of 4.5 per cent per annum.

As for the outlook for the current year, the following extract from the Chairman's speech is relevant:

"... sales during the first five months of the current year are ahead of sales of the same period last year and if, as there is every reason to expect, the progress is maintained during the remaining months of the year, your Company can look forward to yet another satisfactory year. At the same time, a note of caution may not be out of place. Shareholders should not presume from what I have said that it will necessarily be possible to maintain the same rate of total dividend on the increased capital. We have only crossed half the year yet and many imponderables may yet come into the picture which may affect the size of our profit one way or another."

COMPANY MEETINGS AND DIVIDENDS

EAST INDIAN COAL CO., LTD. Annual General Meeting, Calcutta, 13th October 1961. Dividend: Rs. 2.00 per ordinary share, subject to deduction of tax. Transfer books remain closed from 29th September to 13th October 1961, both days inclusive.

KALPETTA ESTATES LTD. Annual General Meeting, Alleppey, Kerala State, 14th October 1961. Dividend: 12½ per cent or Re. 1.25 per share, subject to deduction of tax. Transfer books remain closed from 7th to 14th October 1961, both days inclusive.

HINDUSTAN ELECTRIC CO., LTD. Annual General Meeting, Bombay, 17th October 1961. Dividend: 4 per cent or Rs. 4.00 per share, subject to deduction of tax, payable on and after 28th October 1961. Transfer books remain closed from 30th September to 14th October 1961, both days inclusive.

NEW KAISER-I-HIND SPINNING AND WEAVING CO., LTD. Annual General Meeting, Bombay, 18th October 1961. Dividend: *Nil*. Transfer books remain closed from 7th to 18th October 1961, both days inclusive.

JAYANT PAPER MILLS LTD. Annual General Meeting, Surat, 28th October 1961. Dividend: *Nil*. Transfer books will remain closed from 11th to 28th October 1961, both days inclusive.

TEXTOOL CO., LTD. Annual General Meeting, Coimbatore, 30th October 1961. Dividend: 15 per cent or Rs. 15.00 per share, subject to deduction of tax. Transfer books will remain closed from 17th to 30th October 1961, both days inclusive.

KHATAU MAKANJI SPINNING AND WEAVING CO., LTD. Annual General Meeting, Bombay, 30th October 1961. Dividend: 16 per cent or Rs. 16.00 per ordinary share, subject to deduction of tax. (The dividend for 1960 was 32 per cent or Rs. 32.00 per ordinary share, taxable), payable on and after 6th November 1961. Transfer books will remain closed from 11th October to 7th November 1961, both days inclusive.

NATIONAL ROLLING AND STEEL ROPES LTD. Annual General Meeting, Calcutta, 30th October 1961. Dividend: Re. 1.50 per share, subject to deduction of tax. Transfer books will remain closed from 13th to 30th October 1961, both days inclusive.

BOMBAY BURMAH TRADING CORPORATION LTD. Taxable final dividends of Rs. 585 per share on the original shares of Rs. 2,500 each (making a total of Rs. 825 per share); Rs. 29.25 per old ordinary share (making a total of Rs. 41.25 per old ordinary share) and Rs. 11.70 per new ordinary share (making a total of Rs. 16.50 per new ordinary share), for the year ended 31st May 1961.

PEERMADE TEA CO., LTD. Interim dividend of 7½ per cent or Re. 0.75 per ordinary share, subject to deduction of tax, for the year ending 31st December 1961. Transfer books will remain closed from 22nd to 29th October 1961, both days inclusive.

CALCUTTA ELECTRIC SUPPLY CORPORATION LTD. Final dividend of £4 per cent net (tax applicable at 7*s.* 9*d.* in the £), for the year ended 31st March 1961, payable on 11th November 1961.

TRAVANCORE SUGARS AND CHEMICALS LTD. Taxable dividend of 7½ per cent or Re. 0.75 per ordinary share, for the year ended 30th April 1961. Transfer books will remain closed from 16th to 30th October 1961, both days inclusive.

NEW CENTRAL JUTE MILLS CO., LTD. Dividend of Re. 1.50 per ordinary share (on old capital), for the year ended 31st March 1961. Transfer books remain closed from 27th September to 13th October 1961, both days inclusive.

TIDE WATER OIL CO. (INDIA) LTD. Taxable interim dividend of Re. 0.70 per share, for the year ending 31st October 1961.

MORARJEE GOCULDAS SPINNING AND WEAVING CO., LTD. Net dividend of Rs. 16.80 per ordinary share, for the year ended 30th June 1961, payable on 13th November 1961. Transfer books will remain closed from 16th October to 11th November 1961, both days inclusive.

RAJA BAHADUR MOTILAL POONA MILLS LTD. Interim dividend of Rs. 4.00 per share, subject to deduction of tax, for the year ending 31st December 1961, payable on and from 21st October 1961. Transfer books will remain closed from 9th to 18th October 1961, both days inclusive.

BISRA STONE LIME CO., LTD.

The Directors of the Bisra Stone Lime Company Ltd., have decided to issue bonus shares in the proportion of three fully paid up equity shares of Rs. 10 each for every share held by capitalisation of general reserves to the extent of Rs. 30,00,000. Necessary application has been made to the Controller of Capital Issues and steps will be taken to implement the above proposal when the approval is obtained.

BIRD-HEILGERS JUTE MILLS REPORT LOWER PROFITS

THE sorry plight faced by the Indian jute mill industry during the year 1960-61 is fully reflected in the latest annual reports of the seven companies belonging to the Bird-Heilgers group. Fair increases in sales have been reported by all the units, due, no doubt, to the prices of jute goods ruling at unusually high levels. In most cases, however, the improvement has been more than counterbalanced by a disproportionate rise in the cost of raw materials. As such and also because profitable simultaneous business of buying jute and selling finished goods was rarely possible, both the gross as well as net profits have shown sizable reductions. The only exceptions to this general trend have been provided by the Lawrence Jute Company Ltd., and the Northbrook Jute Company Ltd., which have reported higher profit figures. The Lansdowne Jute Company Ltd., the results of operations of which had disclosed a decent profit during the previous year, has recorded a loss of Rs. 1.27 lakh for the year under review. With the exception of the Auckland Jute Company Ltd., and the Northbrook Jute Company Ltd., all the other units have pruned the transfers to reserves in sympathy with the decline in their profits.

A broad outline of the performance of the seven companies during the past three years is set forth in the comparative table given on this page.

Although the articles of association of the companies make no reference to the taxability or otherwise of the preference dividends, it has been the practice of individual units to pay dividends on these shares at the stipulated rates. With the passing of the Preference Shares (Regulation of Dividends) Act 1960, a change in the situation has been brought about, with the result that all the Companies have taken steps to declare preference dividends in accordance with the rules laid down. Moreover, as per the terms of the Act, additional amounts have also become due to preference shareholders, in respect of the previous years. This accounts for the difference in the dividend amounts payable for the year under review and those for the two years preceding it. With profits lower and a higher liability in respect of preference dividends, a reduction in the rates of ordinary dividends is inescapable. All the Companies save the Lawrence Jute Company Ltd. and the Northbrook Jute Company Ltd., have, therefore, recommended drastic cuts in the ordinary dividends payable for the year under review. The two exceptions have maintained dividends at 15 per cent, subject to deduction of tax, and 30 per cent deduction of tax, respectively. Due to the loss suffered by it, the Lansdowne Jute Company Ltd. has been obliged to skip ordinary dividends for the fifth year in succession.

Owing to the restricted supply of jute, many companies found it difficult during the year to work to their full capacity. The Auckland Jute Company, for example, encountered difficulties in working the carpet backing looms to capacity throughout the year and was accordingly obliged to cut back one shift twice during the period. A similar contingency befell the Kinnison Jute Mills Company Ltd., which had to suspend one shift for an aggregate of nearly four months during the year. In the case of the Northbrook Jute Company Ltd., on the other hand, the carpet backing looms, including the 13 new looms commissioned during the year, worked to capacity and it was not until late February 1961 that it was found necessary to reduce working hours due to the fall in demand for narrower widths.

Further steps have been taken by some of the mills to complete their modernisation programme. The Auckland Jute has completed the modernisation of the sacking weft section of the mill and has placed orders for 24 automatic weaving machines and for one high-speed winding machine. In addition, licences for the import of machines for the spinning, drawing and finishing departments have also been received and orders placed. The Dalhousie Jute has completed its modernisation plan by installing seven spinning frames, five drawing frames and relevant ancillary machinery. Similar equipment has been ordered by Kinnison under its renovation plans.

An encouraging step, however, has been taken by the Lawrence Jute Company Ltd., with a view to utilising advantageously a part of its liquid funds and diversification of its interests. The Company has decided, subject to the consent of the Central Government, to invest Rs. 10.00 lakhs in the McNally-Bird Engineering Company Private Ltd. and Rs. 12.00 lakhs in Coates of India Private Ltd. The former, registered in relation to a collaboration between Bird and Co. (Private) Ltd. and the McNally Pittsburg Manufacturing Corporation, U.S.A., will establish a manufacturing undertaking at Kumardhubi. The latter will take over the Indian business of Coates Brothers and Co. Ltd., of the U.K. as manufacturers of inks for the printing and packaging trades with establishments at Calcutta, Madras and Bombay.

Results of Bird-Heilgers Jute Group

(Value in lakhs of rupees)

Company	Sales			Gross profit			Net profit			Transfer to reserves			Dividends: Preference			Dividends: Ordinary			Carry forward		
	1960-61	1959-60	1958-59	1960-61	1959-60	1958-59	1960-61	1959-60	1958-59	1960-61	1959-60	1958-59	1960-61	1959-60	1958-59	1960-61	1959-60	1958-59	1960-61	1959-60	1958-59
Auckland	2,85.79	2,49.30	2,27.72	32.95	39.35	24.21	12.55	16.40	14.60	6.25	4.50	5.12	1.96 (12%)	1.74 (27%)	1.22 (20%)	4.80 (12%)	10.80 (27%)	8.00 (20%)	0.46	0.34	0.43
Dalhousie	1,95.41	1,68.45	1,82.30	9.22	16.67	13.69	3.93	10.47	7.6	1.56	1.30	1.00	2.31 (1%)	4.20* (1%)	0.52	0.31 (1%)	0.31 (1%)	..	0.10	0.18	—6.42
Kinnison	4,07.37	3,54.65	3,51.62	31.76	37.71	20.59	10.66	19.80	9.94	5.01	6.68	3.51	1.68 (7%)	1.05	1.05	4.21 (7%)	12.02 (30%)	5.40 (10%)	0.62	0.87	0.51
Lansdowne	2,24.40	1,96.24	2,07.58	3.29	11.68	7.27	—1.27	6.65	1.85	0.31	1.23	0.25	0.84‖	0.52†	0.52‖	..	..	..	—3.54	—2.02	—7.58
Lawrence	87.22	29.55	52.80	12.79	11.80	18.20	8.69	8.66	13.90	3.00	4.01	7.00	1.44 (15%)	1.28 (15%)	2.50‡	4.20 (15%)	4.20 (15%)	0.56 (3%)	0.55	0.10	0.60
Northbrook	2,62.19	2,02.86	1,81.41	45.72	31.93	15.53	19.47	13.54	8.41	13.48	12.61	3.25	1.31 (30%)	1.18 (30%)	0.82	5.04 (30%)	5.04 (30%)	2.10 (12½%)	0.32	0.28	0.35
Union	2,11.03	1,92.29	1,88.49	11.61	27.26	26.08	3.16	11.26	15.36	0.66	3.35	7.55	0.67	0.42	0.42	2.16 (6%)	12.00 (25%)	7.20 (20%)	0.09	0.36	0.75

N.B.—Ordinary and preference dividends paid out of profits for the years 1959-60 and 1960-61 are subject to deduction of tax except the preference dividend paid in January 1960 in respect of the year ended March 1957 by Dalhousie Jute.

* For four years ended March 1960. ‡ For two years ended March 1959. † For the half-year ended March 1957. § For the half-year ended September 1956.

¶ Inclusive of additional dividends for the year ended March 1960 in terms of the Preference Shares (Regulation of Dividends) Act, 1960. ‖ For the half-year ended 30th September 1957.

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SYNOPSES OF COMPANY REPORTS

Agra Electric Supply Co., Ltd.

(*Managing Agents*: Messrs. Martin Burn Ltd., Calcutta.)

Annual General Meeting—Held on 28th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Revenue from light and power loads	53,51	50,61
Gross profit	11,63	14,55
Transfer to Managing Agents' remuneration	93	1,12
" " depreciation	3,40	3,17
" " taxation	Nil	2,17
" " national tax relief reserve	Nil	4
Net profit	7,30	8,05
Adjustments	47	48
Appropriations:		
Total available balance	7,77	8,53
Transfer to statutory contingencies reserve	89	70
" " development reserve	1,45	63
" " provision for taxation (for previous year)	Nil	1,29
" " bonus (in respect of previous year)	92	94
" " reserve for redemption of debentures	Nil	52
" " general reserve	1,84	1,78
Proposed dividend (taxable) Ordinary	2,20 (11%)	2,20 (11%)
Carried forward	47	47

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: Control of electricity supply under the provisions of the U.P. Electricity (Temporary Powers of Control) Act, 1947 is in force. The Company's power station was operating at full capacity due to the restrictions and staggering of load, and although the position has somewhat eased as a result of the commissioning of the 6 M. W. Set in February, 1961, the power supply position at Agra still continues to be unsatisfactory.

There has been an all round increase in operating expenditure, particularly in respect of generation, owing to the supply of poor quality coal and the insistence of the Government of India that power stations should utilise larger quantities of inferior grades of coal. As a result, the Company has not earned the full amount of reasonable return permitted under the provisions of the Electricity (Supply) Act, 1948. To meet the additional expenses and to enable the Company to earn the prescribed return, it has been found necessary to raise the rates for supply to consumers as from the 3rd October, 1961. The requisite notices have already been sent to the State Government and the State Electricity Board.

The following schedule indicates the progress that has been made:—

Year Ended	Units Sold	Revenue.
		Rs.
31st March, 1959	3,71,91,369	45,96,285
31st March, 1960	4,27,80,392	50,67,189
31st March, 1961	4,65,43,874	53,54,992

As the clear profit for the year under review falls short of the reasonable return calculated under the Electricity (Supply) Act, 1948, a sum of Rs. 5,28,898 representing the shortfall has been transferred from the balance at the credit of the tariffs and dividends control reserve to the profit and loss account in accordance with the provisions of Sub-Clause (2) of Clause II of the Sixth Schedule to the Act.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	19,99,600	Gross block	1,79,22,370
4½% debentures	10,22,500	—Depreciation	43,63,962
Reserves and surplus	50,05,299		
Other liabilities	1,18,43,305	Net block	1,36,58,408
		Block in progress	2,21,114
		Current assets	25,88,847
		Investments	6,53,962
		Cash	26,76,547
		Miscellaneous expenditure	71,826
	Rs. 1,98,70,704		Rs. 1,98,70,704

* Paid-up capital consists of 19,996 ordinary shares of Rs. 100 each, fully called up. Out of the above shares 4,996 shares were allotted as fully paid up without payment in cash by way of bonus shares issued on capitalisation of reserves.

Hasimara Industries Ltd.

(*Managing Agents*: Messrs. Davenport & Co., Ltd., Calcutta.)

Annual General Meeting—Held on 29th September.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales of tea (less sale charges)	83,61	94,31
Closing stock	55,43	30,75
Gross profit	39,91	25,24
Transfer to Managing Agents' commission	3,27	1,77
" " provision for bonus to labour	3,86	2,75
" " provision for taxation	12,00	7,42
" " depreciation	6,34	4,19
Net profit	14,44	9,11
Adjustments	2,60	2,48
Appropriations:		
Total available balance	17,04	11,59
Transfer to development rebate reserve	30	28
" general reserve	8,50	4,50
Proposed dividends (taxable) 7% C. Preference	26*	21
" " " Ordinary	5,44 (17½)	4,00 (12½%)
Carried forward	2,54	2,60

N.B.—Adjustments represent only the balance brought forward from previous year.

* Preference dividend is calculated at 7.88 per cent. in accordance with the Preference Shares (Regulation of Dividends) Act, 1960. This also includes additional preference dividend for the year 1959 at .88 per cent.

Extracts from the Directors' report: The climate this year was very favourable resulting in an increased crop of 27,87,460 kg., as against an estimate of 27,32,440 kg.

	1960 Per Kg.	1959 Per Kg.
	Rs.	Rs.
Total net average sale price:		
Hasimara Divisions	4.93	4.63
Tumsong	6.52	6.59
Total working cost per Kg. of tea produced:		
Hasimara Divisions	3.62	3.81
Tumsong	5.80	6.11

Seksaria Cotton Mills: With a view to diversifying the activities of the Company for the purpose of which Memorandum of Association of the Company was altered, the Company endeavoured to obtain from the Official Liquidator of Seksaria Cotton Mills Limited (in liquidation) a licence to run the mills on a leave and licence basis. By an Order dated the 12th January, 1961 the Bombay High Court directed the Official Liquidator to accept the offer of this Company made jointly with Mr. S. L. Bajoria a shareholder of the Cotton Mill Company to run the mills for a period of nine months from the 29th January, 1961 on which date possession of the mills was given to this Company and Mr. Bajoria. The Company subsequently entered into a partnership agreement with Mr. Bajoria on the 11th May, 1961 to run the mills on leave and licence basis. This Company's directors and Mr. Bajoria have submitted to the Bombay High Court a scheme for reconstruction of the Cotton Mill Company.

Estimates for 1961 have been based on a crop of 77,370 mds. of tea at a total cost of Rs. 96,10,335.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	35,00,000	Gross block	1,23,23,075
Reserves and surplus	71,94,789	—Depreciation	64,56,075
Other liabilities	65,37,988	Net block	58,67,000
		Current assets	98,63,934
		Investments	3,62,801
		Cash	6,39,042
	Rs. 1,72,32,777		Rs. 1,72,32,042

* Paid-up capital consists of: (a) 3,20,000 ordinary shares of Rs. 10 each, fully paid up; and (b) 3,000—7 per cent. cumulative preference shares of Rs. 100 each, fully paid up. Out of 3,20,000 ordinary shares, 2,80,000 shares are allotted as fully paid up by way of bonus shares by capitalisation of general reserve.

Dejoo Valley Co., Ltd.

(*Secretaries & Treasurers*: Messrs. McLeod & Co., Ltd., Calcutta.)

Annual General Meeting—Held on 27th September.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	3,78	8,48
Closing stock	2,77	3,03
Gross profit (+) or loss (—)	—41*	(+) 3,63
Transfer to Managing Agents' remuneration	12	31
" " Secretaries' and Treasurers' remuneration	6	Nil
" " depreciation	51	46
" " taxation	Nil	1,08
Net profit (+) or loss (—)	57†	(+) 1,68‡
Adjustments N.B.	85§	17
Appropriations:		
Total available balance	28	1,85
Transfer to development rebate reserve	(a)	2
" " buildings and machinery reserve	Nil	1,00
Proposed dividend (taxable) Ordinary	18 (15%)	48 (40%)
Carried forward	10	35

N.B.—Adjustments include the balance brought forward from the previous year.

* Loss after providing for depreciation: Managing Agents' remuneration and Secretaries' and Treasurers' remuneration.

† Loss after taking account, Rs. 16,870, for adjustment account.

‡ After taking into account Rs. 9,149 on account of adjustment account and Rs. 1,241 for writing off stores in respect of obsolescence, etc.

§ This also includes an amount of Rs. 50,000 transferred from general reserve.

Extracts from the Directors' report: *Tea Crop.*—The saleable crop weighed out at 1,16,318 kilograms against an estimate of 1,99,581 kilograms and was disposed of at an average price of Rs. 5.63 per kg. The usual comparative statement for previous seasons is given below:

Season	Crop Kilograms	Average price per Kg.
		Rs.
1959	2,10,358	5.47
1958	1,87,933	5.49
1957	1,46,783	5.34
1956	1,48,524	6.08

The huge short-fall in the crop made in 1960, was due to the severe drought experienced by the garden during the year.

The Estimate for season 1961 provides for a saleable crop of 1,88,708 kilograms at a total revenue expenditure of Rs. 6,75,186.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,20,000	Gross block	12,41,948
Reserves and surplus	7,69,564	—Depreciation	4,44,443
Other liabilities	4,81,453	Net block	7,97,505
		Current assets	5,46,842
		Investments	1,000
		Cash	25,670
	Rs. 13,71,017		Rs. 13,71,017

* Paid-up capital consists of 12,000 ordinary shares of Rs. 10 each, fully called up. Of the above shares, 11,600 shares are allotted as fully paid up pursuant to a contract without payments being received in cash.

Sapoi Tea Co., Ltd.

(*Registered Office*: P-8, Mission Row Extension, Calcutta-1).

Annual General Meeting: Held on 29th September.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	28,97	24,32
Closing stock	6,97	8,05
Gross profit	6,32	4,36
Transfer to depreciation	1,29	1,27
" taxation	2,05	1,27
Net profit	2,98	1,82
Adjustments	20	22
Appropriations:		
Total available balance	3,18	2,04
Transfer to development rebate reserve	3	4
" general reserve	97	Nil
Proposed dividend (taxable) Ordinary	2,02 (22½%)	1,80 (20%)
Carried forward	16	20

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: *Tea crop*: The total crop made in 1960 was 5,31,473.71 kg. in a planted area of 421.40 hecters as against 1959 production of 6,33,067.30 kg.

The fall in production during the year was due to draught that prevailed throughout the year 1960 in Assam. But the Management fully expects that with the best endeavours such production would be increased upto the mark in 1961 i.e., more or less 6,30,000.00 kg. The disbursement of the aforesaid total crop was made as under:—By a total internal and with Export Quota rights sales effected both at Calcutta and at garden locally and in foreign markets 3,26,460.49 kg., and by staff consumption, shortage on sampling and handling and Tea waste being destroyed for which no price was obtained 14,028.22 kg. This leaves a closing stock as on 31st December, 1960 for sale in 1961 of 1,90,985.00 kg.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	9,00,000	Gross block	34,20,972
Reserves and surplus	3,72,111	—Depreciation	14,58,624
Other liabilities	39,03,956	Net block	19,62,449
		Current assets	27,32,758
		Investments	4,63,254
		Cash	17,606
	Rs. 51,76,067		Rs. 51,76,067

* Paid-up capital consists of 90,000 ordinary shares of Rs. 10 each. Out of this 6,000 shares are allotted as fully paid up without payments being received in cash and 30,000 shares are allotted as fully paid-up bonus shares by capitalisation of general reserve.

Midland Rubber and Produce Co., Ltd.

(*Managing Agents*: Messrs. A. V. Thomas & Co., Ltd., Alleppey, Kerala State.)

Annual General Meeting—Held on 30th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales—tea	32,06	31,37
Sales—rubber	17,19	13,87
Closing stock—tea	3,46	2,08
Closing stock—rubber	65	1,96
Gross profit	15,86	14,32
Transfer to Managing Agents' remuneration	83	87
" " depreciation	1,13	1,01
" " taxation	8,20	6,00
Net profit	5,70	6,44
Adjustments	66	34
Appropriations:		
Total available balance	6,36	6,78
Transfer to development rebate reserve	5	3
Proposed dividends (taxable) 6% C. Preference	1,17*	1,03
" " " Equity	5,06 (12½%)	5,06 (12½%)
Carried forward	8	66

N.B.—Adjustments include only the balance brought forward from the previous year.

* Preference dividend is calculated at 6.40 per cent. in accordance with the Preference Shares (Regulation of Dividends) Act, 1960, and includes the additional dividend in respect of 1959-60.

Extracts from the Directors' report:

Crop

Estate	For the year ended 31-3-1961 Estimate Kg.	For the year ended 31-3-1961 Crop secured Kg.	For the year ended 31-3-1960 Crop secured Kg.
Tea:			
Arnakal	7,03,069	7,40,800	6,80,979
Rubber:			
Mukampala	1,02,058	1,08,181	1,1,132
Perinad	2,49,476	2,84,000	2,51,308
Sitfar	77,111	87,747	55,580
Total	4,28,645	4,79,928	4,22,000

The tea crop for the year exceeded the estimate which was itself 22,090 kg. higher than the previous year's production. The yield per acre works out at 616 kg., as against 611 kg. for the previous year. Cost of production ex-estate was Rs. 2.77 per kg., as against Rs. 2.84 per kg. for the previous year. The average sale price realised during the year amounted to Rs. 4.47 per kg., as against Rs. 4.54 per kg. in the previous year. A portion of the Company's tea was shipped for sale in the U.K. and U.S.A., as usual, and the prices realised were satisfactory.

The rubber crop secured amounted to 4,79,928 kg. as stated above and is 51,283 kg. in excess of the estimate for the year. The cost of production was Rs. 2.11 per kg., as against the estimate of Rs. 2.10 per kg. (and Rs. 2.16 per kg. for the previous year). The average sale price realised was Rs. 3.35 per kg. as against Rs. 3.44 per kg. in the previous year.

Estimate for 1961-62

Tea crop 7,37,000 kg. at Rs. 2.75.

Rubber crop 4,92,151 kg. at Rs. 2.11.

The estimated capital expenditure for season 1961-62 comes to Rs. 4,85,286 and covers new machinery, buildings, furniture, replanting and upkeep of young rubber areas. etc.

Pursuant to the General Body's resolution at the last annual general meeting, the directors had received various offers of purchase for the balance area of Mukampalla Group of estates and have decided to accept an offer of Rs. 21 lakhs which was considered to be the best for the property.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	57,70,000	Gross block	87,24,197
Reserves and surplus	14,41,358	—Depreciation	12,48,980
Other liabilities	22,78,535	Net block	74,75,217
		Current assets	13,50,196
		Investments	1,78,820
		Cash	4,85,561
	Rs. 94,89,893		Rs. 94,89,893

* Paid-up capital consists of: (a) 1,72,000—6 per cent. cumulative preference shares of Rs. 10 each and (b) 4,05,000 equity shares of Rs. 10 each. Out of the equity shares, 1,35,000 shares are allotted as fully paid up by way of bonus shares by capitalisation of Rs. 8,45,500 from share premium account together with Rs. 5,06,500 from general reserve.

Bishnauth Tea Co., Ltd.

(*Managing Agents*: Messrs. Williamson Magor & Co., Ltd., Calcutta.)

Annual General Meeting—Held on 29th September.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales of tea (gross)	15,51	20,82
Closing stock	15,92	15,17
Gross profit	7,43	14,75
Transfer to Secretaries' and Managing Agents' remuneration	43	98
" " depreciation	2,52	2,26
" " taxation	1,80	5,60
" " provision for bonus	57	Nil
" " " contingencies	Nil	2,32
Net profit	2,11	3,59
Adjustments	5,42	7,54
Appropriations:		
Total available balance	7,53	11,13
Transfer to building reserve	Nil	2,00
" " repairs and renewals reserve	Nil	1,00
" " development rebate reserve	4	Nil
Proposed dividend (taxable) Ordinary	4,29 (13⅓)	4,29 (13⅓)
Carried forward	3,20	3,84

N.B.—Adjustments include the adjusted profit brought forward from the previous year.

Extracts from the Directors' report: The following are comparative statistics of sales for the past three years:—

	Kgs.	Average sale price per kg.
1958	17,72,972	Rs. 5/38 nP.
1959	15,57,880	Rs. 6/07 nP.
1960	13,75,572	Rs. 5/95 nP.

The estimate for 1961 provides for a crop of 15,47,700 kg. of tea at a cost of Rs. 4.70 nP per kg.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	33,00,000	Gross block	75,43,294
Reserves and surplus	19,23,906	—Depreciation	33,49,094
Other liabilities	47,82,075	Net block	41,94,200
		Current assets	50,41,278
		Investments	4,02,461
		Cash	3,68,042
	Rs. 1,00,05,981		Rs. 1,00,05,981

* Paid-up capital consists of 3,30,000 ordinary shares of Rs. 10 each, fully called and paid up. Of the above shares, 20,000 ordinary shares are allotted as fully paid up pursuant to a contract without payments being received in cash and 1,65,000 ordinary shares are allotted as fully paid up by way of bonus shares by capitalisation of reserves and share premium account.

Kalasa Tea and Produce Co., Ltd.

(*Managing Agents*: Messrs. Peirce Leslie & Co., Ltd., Mangalore.)

Annual General Meeting—Held on 27th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (tea)	12,80	10,45
Closing stock	1,96	1,21
Gross profit	6,09	2,99
Transfer to Managing Agents' remuneration	34	20
" " depreciation	60	52
" " taxation	1,35	77
Net profit	2,80	1,50
Adjustments	60	70
Appropriations:		
Total available balance	3,80	2,20
Transfer to general reserve	1,00	50
" " development rebate reserve	20	2
Proposed dividend (taxable) Ordinary	1,50 (25%)	1,20 (20%)
Carried forward	60	48

N.B.—Adjustments include the balance brought forward from the previous year and excess provision in previous year no longer required.

Extracts from the Directors' report: *Crops and Costs*: These are given in the following table with corresponding figures for the previous two years.

Year	Crop (Kgm.)	Estate expenditure (Cents per kgm.)	All-in cost (Cents per kgm.)	Average sale price (Cents per kgm.)
1958-59	2,29,857	287	351	439
1959-60	2,18,618	292	366	467
1960-61	2,02,200	258	327	464

Debenture Stock.—Debentures bought back in the open market and cancelled during the year amounted to Rs. 22,500 making a total of Rs. 1,05,000. Besides, the first lot of Rs. 30,000 of the debenture stock which was due for redemption on 31st December 1960 was also duly redeemed. This leaves the stocks still outstanding at Rs. 1,65,000.

Estimates: The estimates of crop and costs for the current year are as follows:

Crop (Kgs.)	Estate expenditure (Cents per kgm.)	All-in-cost (Cents per kgm.)
267,165	282	348

The estates experienced exceptionally heavy rains in July 1961, and, although some 1½ acres of tea were destroyed, damage was less than what might have been expected. Communications were seriously dislocated, and it may be some months before these are fully restored. Essential supplies and services are however being maintained and production continues as usual.

Accounts in brief as at 31st March 1961 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	6,00,000	Gross block	15,77,488
7% debentures	1,65,000	—Depreciation	8,04,129
Reserves and surplus	9,45,732		
Other liabilities	4,23,826	Net block	11,83,359
		Current assets	4,29,866
		Cash	5,21,333
	Rs. 21,84,558		Rs. 21,84,558

* Paid-up capital consists of 3,00,000 ordinary shares of Rs. 2 each. Of this 9,240 shares are allotted as fully paid up pursuant to a contract without payments being received in cash and 1,20,000 shares are allotted as fully paid up by way of bonus shares through the capitalisation of reserves.

Orissa Textile Mills Ltd.

(*Managing Agents*: Messrs. B. Patnaik & Co. Private Ltd., Chowdwar, Dist. Cuttack.)

15*th Annual General Meeting*—5th October.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	3,31,27	2,86,01
Closing stock	1,37,46	97,39
Gross profit	22,49	13,01
Transfer to Managing Agents' remuneration	81	26
" " depreciation	9,33	9,71
Net profit	12,35	2,94
Adjustments	(—)34,52	(—)37,46
Appropriations:		
To adjustment of loss brought forward	12,35	2,94
Carried forward	(—)22,17	(—)34,52

* Adjustments represent the previous year's loss brought forward.

Extracts from the Directors' report: The introduction of voluntary price controls towards the end of July 1960, the basis being rates prevailing in August 1959, and a further cut in prices in January 1961, has resulted in a considerable reduction in the Company's earnings. The profits would have otherwise been substantially higher.

There has been an all round improvement in the Company's working and the quality of its manufactured goods. The directors feel that the Company is now in a position to enter the export markets. Exports are essential to meet the country's growing need for foreign exchange to finance its development plans.

Despite serious floods which dislocated the entire transport system and communications in Orissa for over 8 weeks during the period from August to October 1960, the Company was somehow able to maintain production with the minimum interruptions. The position of coal supplies has been most unsatisfactory throughout the year.

A new *Hot Air Stenter* from Messrs. Mather & Platt Ltd. has recently been installed which is likely to increase the production of processed goods and to improve their quality.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	73,78,564	Gross block	2,47,39,462
Other liabilities	2,61,82,976	—Depreciation	1,39,29,109
		Net block	1,08,10,353
		Current assets	2,02,99,474
		Investments	10,000
		Cash	2,24,189
		P. L. a/c (deficit)	22,17,524
	Rs. 3,35,61,540		Rs. 3,35,61,540

* Paid-up capital consists of: (a) 4,80,020 ordinary shares (after reduction of 1,275 shares under the Displaced Persons Act) of Rs. 10 each fully called up and 25,002½ redeemable cumulative preference shares of Rs. 100 each fully called up.

Talayar Tea Co., Ltd.

(*Managing Agents*: Srinivas Agencies, Coimbatore.)

Registered Office: Kottayam, Kerala State.

Annual General Meeting—Held on 30th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales of tea (gross)	21,29	17,18
Sales of coffee	1,72	2,36
Closing stock (tea)	5,80	5,76
Gross profit	5,87	3,32
Transfer to Managing Agents' remuneration	52	28
" " depreciation	63	50
" " taxation	2,00	85
" " development rebate reserve	47	17
Net profit	2,25	1,52
Adjustments	1	1
Appropriations:		
Total available balance	2,26	1,53
Transfer to reserve for bad and doubtful debts	3	Nil
" general reserve	44	Nil
Proposed dividends (taxable) 7% Preference	52	52
" " " Equity	1,25 (10%)	1,00 (8%)
Carried forward	2	1

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: Crop and Price: 8,52,132 lbs. (3,86,520.21 kgs.) [8,65,616 lbs. for 1960] tea was harvested during the year under report against an estimate of 850,000 lbs. (3,85,553.21 kgs.). The tea crop was produced at a cost of 167.33 nP per lb. (368.88 nP per kg.) against 165.52 nP per lb. (364.91 nP per kg.) for the previous year. The net average price realised for tea works out to 250 nP per lb. (551.15 nP per kg.) compared with 225 nP per lb. (496.04 nP per kg.) realised in the previous year. The stock of tea remaining unsold as at 31st March, 1961 was 2,24,668 lbs. (1,01,907.70 kgs.) which has been valued at prices since realised and at Managing Agents' valuation.

The estimate for the year ending 31st March, 1962 is 9,00,590 lbs. (4,08,500 kgs.) tea to be produced at a cost of 166.77 nP per lb. (367.66 nP per kg.).

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	20,00,000	Gross block	32,25,233
Reserves and surplus	11,80,097	—Depreciation	4,11,990
Other liabilities	15,96,337	Net block	28,13,243
		Current assets	10,66,887
		Investments	5,77,011
		Cash	19,313
	Rs. 47,76,434		Rs. 47,76,434

* Paid-up capital consists of: (a) 6,85,000 equity shares of Rs. 2 each fully called up and paid up in cash and (b) 75,000—7 per cent. taxable cumulative preference shares of Rs. 10 each fully called up and paid up in cash.

BAJAJ ELECTRICALS LIMITED

CHAIRMAN URGES HIGHER PRODUCTION TARGET FOR LAMPS

PRESIDING over the Twenty-second Annual General Meeting of the Bajaj Electricals Limited, held at Bombay on Saturday, 30th September 1961, Mr. Kamalnayan Bajaj, Chairman of the Company, made the following observations:

"During the first Plan the total installed capacity of electricity increased from 2.30 million kw. to 3.42 million kw. In the second Plan it was proposed to be doubled. But due to foreign exchange difficulties and delays in the execution of some major hydro-electric projects, there was a shortfall of about 1.20 million kw.

"The installed capacity is expected to rise from 5.70 million kw. to 12.69 million kw. during the third Plan period—an increase of 123 per cent as against 67 per cent during the previous plan. According to the Plan estimates, 19,850 million kw.h. of electricity were generated during 1960-61, which is expected to rise to 45,000 million kw.h. by 1965-66.

Targets of Production

"The targets of production with regard to some products in which the Company is interested are:

Product	Unit	Estimated production in 1960-61	Target for 1965-66
		(In millions)	(In millions)
Electric transformers	kva.	1.20	3.5
Electric fans	Nos.	0.98	2.5
G.L.S. and similar electric lamps	Nos.	41.82	68.0
Fluorescent tubes	Nos.	1.66	6.0
Precision instruments: Industrial and scientific	Rs.	30	120

"While the targets fixed for transformers, fans, fluorescent tubes and precision instruments appear to be reasonable, for G.L.S. and similar lamps it is far too low in relation to the likely demand.

"Statistics over the last fifteen years indicate a direct ratio between the quantity of electricity generated and the consumption of electric lamps. This works out at approximately two-and-a-quarter lamps per thousand kw.h. On the basis of the proposed target of 45,000 million kw.h. of electricity generation, we shall need over 100 million G.L.S. and similar lamps in 1965-66. Even allowing for some shortfall in generation and a somewhat greater proportion for industrial uses and traction, the annual demand for lamps cannot be less than 90 million by 1965-66. The target of 68 million, therefore, definitely needs to be revised.

Hind Lamps' Progress

"Hind Lamps Ltd., which is jointly owned by the Company and its European partners, manufacture electric lamps and fluorescent tubes. In addition, they make components like glass shells, tubings and caps for their own requirements and for other lamp manufacturers. A large proportion of the components needed for the lamp industry is manufactured by them with considerable saving of foreign exchange. They are planning a further expansion programme for implementation during the third Plan period.

"In view of the estimated fourfold increase in production of precision instruments in the third Plan, the Company is planning to raise substantially both the volume and range of its own production.

"Some new products like Rotaflex shades, anodized aluminium hardware fittings, electrical appliances and accessories are being handled by the Company.

"The Company's activities have considerably increased and there is scope for further expansion. It is proposed to increase its authorised capital to Rs. 2 crores so that further capital could be issued as and when required.

"The Institute of Chartered Accountants of India highly commended and awarded a certificate of merit to our accounts for the year 1959-60 in their competition for best presented accounts.

"Relations between management and employees have been cordial. I thank the workers, staff and executives for their sincere efforts. I am confident that with their co-operation it will be possible to achieve better results in the coming years."

(This does not purport to be a record of the proceedings of the annual general meeting.)

Notices

THE KHATAU MAKANJI SPG. AND WVG. COMPANY LIMITED

Laxmi Building, 6, Ballard Road, Fort, Bombay

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Eighty-Seventh Annual General Meeting of the Shareholders of the Company will be held on Monday the 30th October 1961 at 4.00 p.m. (S.T.), at the Registered Office, Laxmi Building, 6, Ballard Road, Fort, Bombay, to transact the business as per the Notice dated the 26th September 1961, sent to the Shareholders of the Company at their registered addresses.

By Order of the Board of Directors,
LALDAS TRIBHOWANDAS,
Secretary.

Dated 26th September 1961.

Notes: (*a*) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member.

(*b*) The Share Transfer Books of the Company will be closed from Wednesday the 11th October 1961 to Tuesday the 7th November 1961, both days inclusive.

(*c*) If dividends on Shares as recommended by the Directors are passed at the Meeting, the payments will be made on and after Monday the 6th November 1961 to those shareholders whose names are on the Company's Register on 11th October 1961.

STANDARD-VACUUM REFINING COMPANY OF INDIA LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of the Company's 5¼% Debentures 1964-68 will be closed for transfers from 17th October 1961 to 31st October 1961, both days inclusive.

N. A. KRISHNAN,
Secretary & Treasurer.
State Bank of India. Agents for the Standard-Vacuum Refining Company of India Ltd., for the management of the debentures.

STATE BANK OF INDIA,
MUNICIPAL LOANS SECTION,
APOLLO STREET, FORT,
BOMBAY, 3rd *October* 1961.

THE ASSOCIATED CEMENT COMPANIES, LIMITED

NOTICE

THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS of the Company will be closed from MONDAY, the 30th OCTOBER to SATURDAY, the 25th NOVEMBER, 1961, both days inclusive.

By Order of the Board,

FOR THE ASSOCIATED CEMENT COMPANIES, LTD.,
CEMENT AGENCIES LIMITED,
Managing Agents,
R. R. HATTIANGADI,
Director.

Registered Office:
CEMENT HOUSE,
121, QUEEN'S ROAD,
BOMBAY-1,
29*th September*, 1961.

THE BOMBAY BURMAH TRADING CORPORATION LIMITED

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the above Corporation will be closed from 30th October 1961 to 20th November 1961, both days inclusive.

FOR THE BOMBAY BURMAH TRADING
CORPORATION LTD.,
WALLACE & CO.,
Secretaries & Treasurers.

Registered Office:
8, WALLACE STREET, FORT,
BOMBAY.

MARTIN BURN LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of Members and Share Transfer Books for Preference Shares in the Company will remain closed from the 10th October to 13th October, 1961, both days inclusive, for the purpose of payment of Preference Dividend for the half-year ended 30th September, 1961, on or after the 13th October, 1961, to those Preference Shareholders whose names appear on the Company's Register of Members on the 13th October, 1961, or to their mandatees.

By Order of the Board,

L. K. SEN CHOWDHRY,
Acting Secretary.

Registered Office:
12, MISSION ROW,
CALCUTTA-1,
2*nd October*, 1961.

THE INDIAN IRON AND STEEL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of Members and Share Transfer Books for Preference Shares in the Company will remain closed from the 10th October to 13th October, 1961, both days inclusive, for the purpose of payment of Preference Dividend for the half-year ended 30th September, 1961, on or after the 1st November 1961, to those Preference Shareholders whose names appear on the Company's Register of Members on the 13th October, 1961 or to their mandatees.

By Order of the Board,

MARTIN BURN LTD.,
F. G. LIVERSEDGE,
Managing Director,
Managing Agents.

Registered Office:
12, MISSION ROW,
CALCUTTA-1,
2*nd October*, 1961.

LABOUR

(*Concluded from page* 707)

when many of them have ceased to be realistic as a measure of changes in the cost of living even for the individual industrial centres, the all-India consumer price index, which is an average of 27 selected series, can hardly be expected to have any significance. Yet there is no other consumer price index which is used as extensively as the all-India consumer price index number for determining the adjustment in wages and salaries and for calculating changes in the earnings of industrial workers.

There is yet another defect in the indices. In a country where climatic conditions, character of production and habits of consumption differ so widely from place to place as in India, assumption of an average all-India pattern of consumption, which underlies the compilation of an all-India consumer price index number, is highly fictitious.

These deficiencies and drawbacks of labour statistics have been recognised even by the Labour Bureau. For, it uttered the following note of caution in presenting the publication entitled *Indian Labour Statistics*, 1960: "Statistical inference in such situations is bound to be hazardous and requires deep sensing of the quality of the data and a close sizing up of the permissible error." Nevertheless, such data have been used, the *Tata Quarterly* points out, even by the Labour Bureau, without fully taking into account their limitations.

Research

Realisation of this lacunæ, perhaps, explains the keen interest now being shown in the collection and compilation of data regarding labour matters. The adequacy of reliable data and the need for sustained and objective research on a systematic basis were discussed at a conference on labour research held last year. It was agreed that, to begin with, a small central committee, for co-ordinating labour research, might be constituted and that this committee should include representatives of the Government, employers' and workers' organisations, universities and other institutions interested in the subject. It was further agreed that this body should make a survey of the existing agencies in the field and their physical resources, identify the gaps, explore the possibilities of filling up the same, determine priorities, allocate research schemes to the various agencies in order to avoid overlapping, stimulate research work in the labour field and recommend means of utilising the results of such research. Institutional facilities outside the set up of the Government but with the assistance and co-operation of organisations of workers and employers will also be provided for research in labour matters. It is to be hoped that these proposals will be speedily implemented so that labour statistics in future at least will be comprehensive, broad-based and more accurate.

COMMERCE AND INDUSTRY

(*Concluded from page* 706)

and Cuba. Moreover, following the very poor harvest in 1960, mainland China has purchased large quantities of wheat and barley, mainly from Australia and Canada; most of this, however, is for delivery between 1961 and 1963.

World Farm Output

The increase in world trade in agricultural products was made possible, to some extent, by the increase in output in 1960-61. The increase, however, was only small, being one per cent over 1959-60, as against a rate of growth of population of 1.6 per cent. The table in column two of page 706 shows at a glance the trend of production of major commodities in 1960-61, as compared with 1959-60, 1956-57 and 1948-52 average.

Comparatively few agricultural products showed substantial increases in production in 1960-61. Apart from sharp recoveries in the production of apples, copra and oats, the main expansions were in the output of sugar, cocoa, olive oil and rice. The biggest increase in sugar production was in Western Europe. Cocoa production again increased very steeply in Ghana and Nigeria, but Brazil's crop declined because of adverse weather. For bananas, coffee and tea, production fell sharply in 1960-61, a much smaller crop in Brazil being the main factor in the decline in coffee production. The production of citrus fruit, wine, jute, rubber, wool and eggs was also lower than in 1959-60. Comparing 1960-61 with the average for 1953-57, the most rapid gains in world production have been in coffee, soyabeans, cocoa, sugar, maize and rice. In Asia and the Far East, *per capita* food production in 1960-61 recovered to the pre-war level, for the first time during the last two decades. This is particularly significant. For the realisation of this object had earlier been considered to be a remote possibility in view of the rapid growth of population and the practice of relatively outmoded techniques of agricultural production in this region.

BANKING

(*Concluded from page* 685)

approximately $90 a week, this means that 11 weeks of his earnings in this 15-year period have gone to foreign aid, and continuing assistance at the present rate is costing him almost four days of earnings each year.

In addition to the $61,396 million in economic assistance, the United States has extended to partners in mutual security programmes an additional $29,130 million in military assistance, virtually all in the form of grants.

By far the greatest individual benefactors from U.S. aid programmes are France and the United Kingdom which received $9,431 million and $8,685 million, respectively, largely in the immediate post-war period, when the Marshall Plan was rebuilding war-torn Europe. Emphasis on economic aid has long since shifted to the developing countries of the Middle East, the Far East, Latin America and, more recently, the new countries of Africa.

The Communist complaint that U.S. assistance is largely of a military nature is hardly supported by the figures. For every dollar spent in military defence support, three were spent to develop the economic, agricultural and social potentials of the recipient nations. Of the countries in the Middle East, only Turkey has received military aid exceeding economic assistance and five countries in the Near East and South-east Asia area have received nothing but economic assistance. For the countries of that area, here are the 15-year totals of economic assistance by country:

Iran, $665.1 million; Iraq, $20.9 million; Israel, $792.3 million; Jordan, $281.6 million; Lebanon, $81.0 million; Saudi Arabia, $46.6 million; Turkey, $1,403.2 million; United Arab Republic, $438.8 million; Yemen, $18.0 million; Afghanistan, $180.0 million; Ceylon, $74.9 million; India, $3,071.9 million; Nepal, $43.5 million; Pakistan, $1,430.9 million.

An additional $25 million has gone to the Central Treaty Organisation (C.E.N.T.O.) to finance economic projects in that multi-national defence alliance which links Turkey, Iran and Pakistan.

DEMAND FOR FUNDS RISING

(From Our Own Correspondent)

BOMBAY, 4*th October*

Conditions in the short-term money market are dull and steady. Demand for funds is gradually rising, but, as banks have adequate funds, borrowers have no difficulty in obtaining their requirements. The inter-bank call money rate among both exchange and Indian banks has been steady at 4 per cent throughout the week. Term money rates, too, are unchanged as follows:

		Per cent
Notice money:		
3 days or more	... ...	3
Term deposits:		
(i) 3 to 30 days (inclusive)	... ...	3
(ii) 31 to 60 days	... ...	3½
(iii) 61 to 90 days	... ...	3½
(iv) 91 days and more but less than 12 months	... ...	3¾
(v) 12 months	... ...	4

The results of the 91 days' Treasury Bills of the Government of India sold through weekly tenders are colourless. The amount invited, offered and accepted was the same, namely, Rs. 2 crores. The average rate of accepted tender also remained unchanged at 2.5 per cent per annum. The 91 days' intermediate Treasury Bills sold from 27th September to 30th September amounted to Rs. 70 lakhs, as against Rs. 55 lakhs last week. Their sales are being continued from the 4th to the 7th inst., both days inclusive.

The statement of affairs of the Reserve Bank of India for the week ended 29th September 1961 shows, as compared with that for the previous week, a further decline of Rs. 11.46 crores in notes in circulation on top of a contraction of Rs. 20.77 crores in the preceding week. As the notes held in the Banking Department have risen by Rs. 12.81 crores, total notes issued have advanced by Rs. 1.35 crore. The foreign securities remain unchanged at Rs. 116.86 crores, but, as balances held abroad have shrunk by Rs. 5.55 crores, the total foreign assets are lower by that amount at Rs. 129.73 crores. On the liabilities side of the Banking Department, deposits of the Central Government have risen by Rs. 4.42 crores and those of other Governments by just Rs. 1.13 crore. Deposits of banks and others have, however, declined —the former by Rs. 5.83 crores and the latter by Rs. 25.97 crores. On the assets side, investments have fallen sharply by Rs. 29.37 crores. Other loans and advances, which include advances to scheduled banks against usance bills, have declined by Rs. 2.56 crores.

A contraction of Rs. 1.77 crore in demand deposits and an expansion of Rs. 5.51 crores in time deposits are disclosed by the statement of the scheduled banks for the week ended 22nd September 1961. The deposits of the State Bank of India rose by only Rs. 58 lakhs. Total borrowings from the Reserve Bank shrunk by Rs. 1.63 crore, but those against usance bills from that institution went up by Rs. 2.92 crores. Borrowings from the State Bank of demand nature fell by Rs. 1.85 crores, but those of time nature advanced by Rs. 1.09 crore. Investments of the scheduled banks, as a whole, expanded by Rs. 1.67 crore, while those of the State Bank alone fell by Rs. 93 lakhs. Advances and bills discounted (bank credit) contracted by Rs. 9.49 crores to Rs. 1,224.08 crores, as against an expansion of Rs. 2.16 crores in the previous week. More than half of this fall was on State Bank account, the advances of which dwindled by Rs. 5.16 crores.

The gilt-edged market, too, was extremely dull. Although the Conversion Loan gained 5 nP to Rs. 72.80, other Central loans were unchanged. In the States loans' section also, there was no activity. The prices of even the new 4½ per cent issues showed no change, the only exceptions were the issues of Maharashtra and Gujarat.

In the foreign exchange section, the rupee has advanced in relation to the U.S. dollar largely in sympathy with the pound sterling. Banks' selling and buying rates for ready T.T. on New York were Rs. 475.50 and Rs. 472.25 per 100 dollars, respectively, at the time of writing, as compared with Rs. 475.75 and Rs. 472.50 last week. In the New York foreign exchange market, the pound sterling has appreciated considerably *vis-a-vis* the U.S. dollar. This is mainly due to the inflow of short-term funds to London, as a sequel to the high interest rates prevailing in the U.K. The latest available rates are 281.510-281.560 cents per £ for spot and 278.860-278.910 cents per £ for three months' forward. Over the week, the pound sterling gained 0.17 cent in spot and 0.18 cent in three months' forward.

FOODGRAINS QUIET

(From Our Own Correspondent)

HAPUR, 2*nd October*

Quiet trend was witnessed in the foodgrains market during the week. Arrivals of grains were poor, while demand was slack, being met locally in rural areas from new maize. Fairly heavy rains were received, but rainfall had as yet been scattered and widespread rains were now needed for timely *rabi* sowings. Wheat here at Rs. 14.75 to Rs. 15 a maund for average quality and Rs. 15.50 to Rs. 16 a maund for better farm produce remained stagnant around previous week-end levels. Daily arrivals at an average of 75 maunds were small which were being lifted by consumers and local wheat stock was stationary around 25,000 maunds.

Rice drifted lower on good crop prospects and slack demand. Harvesting of new paddy had begun and new grain would reach the market shortly. Crop prospects this time were also bright, thanks to timely heavy rains. Week-end prices of rice here were: *mainpuri sela* Rs. 21; *gadda kutcha* Rs. 22; *ramdhwayan sela* Rs. 23; *raimunia sela* Rs. 24; *basmati sela* Rs. 27 to Rs. 30; superior Rs. 33 to Rs. 37 per maund.

Gram ruled quiet at Rs. 13.75 a maund for Punjab variety. Arrivals were still continuing from Punjab and local stock were heavy at 34,000 maunds. Barley drifted lower to Rs. 10.50 to Rs. 11 per maund and arrivals of about 1,000 maunds were reported during the week from Punjab. *Bejhar* was depressed at Rs. 10.75 to Rs. 11.50 a maund, as demand was slack having been switched on to new maize which was reaching here in heavy quantity from Rampur side. Week's arrivals aggregated about 2,500 maunds which were lifted by consumers and prices drifted lower at Rs. 11.50 per maund. *Juwar* and *guwar* also sought lower levels, as demand was poor and week-end prevailing prices were Rs. 11 and Rs. 14 per maund, respectively. Oats continued to be quoted at Rs. 12 per maund and *bajra* at Rs. 15 per maund.

Among pulses, peas ruled steady, thanks to good demand and better loading facilities, the week's offtake being 14 wagonloads mostly to Madras side and local stock declined to 58,500 maunds. *Arhar* also attracted some support from grinders for *dal* and week's offtake was six wagonloads to various destinations of South and local *arhar* stock was put at 43,000 maunds. *Moong* continued depressed on good crop reports, while *urd* improved fractionally during the week and week-end prices (in rupees per maund) were: peas *dara* 12.87; *khatti* 11.50; farm 12.25 to 13; peas *dal* 13; *arhar* 12 to 12.44; *arhar dal* 15.62; *urd* 19.50; *urd dal* 28.50; *moong* 16 to 18; *moong dal* 19 to 21; *massoor* 13 to 16; *massoor dal* 16; *moth* 16; *moth dal* 19.

BULLION SUBDUED

(From Our Own Correspondent)

BOMBAY, 4*th October*

The bullion market ruled easy in the first two sessions of the week and, after staging a recovery on Saturday, developed a sagging tendency again subsequently. The earlier easiness was due to absence of fresh buying support and reports suggesting increased arrivals. Consequently, both gold and silver suffered losses. On Saturday, the sentiment of the market improved following bullish advices from North Indian centres. There was also some replacement buying. The upward trend, however, proved short-lived, as, since yesterday, the market has been subdued in the absence of any encouraging news. The closing rates today were lower than those prevailing on Wednesday last week.

The daily average arrivals of both gold and silver were larger than in the previous week, being 8,250 tolas and 45 bars respectively, as against 3,500 tolas and 20 bars. The offtake was better, but the improvement was negligible in relation to the heavier arrivals. The daily average offtake was 3,500 tolas of gold (2,500 tolas last week) and 9 bars (5 bars). The floating stocks are reported to be around 30,000 tolas of gold and 800 bars of silver.

Adjustment rates fixed today were Rs. 124.50 per 10 grams of gold and Rs. 206 per kilogram of silver. The corresponding rates a week ago were Rs. 125.75 and Rs. 206.20, respectively.

The *Margashir* (December) settlement in gold began the week at Rs. 126.40, as against the previous close of Rs. 126.35, and moved up to touch Rs. 126.65 on Friday, 29th September. After declining to Rs. 125.25 yesterday, the settlement finished at Rs. 125.50 today. The net loss over the week was 85 nP.

Ready gold continued to be quoted at a discount under the forward, the actual discount increasing from 35 nP last week-end to 75 nP today, when the closing quotation stood at Rs. 124.75, as against Rs. 126. The highest and lowest levels touched were Rs. 125.85 (28th September) and Rs. 124.50 (yesterday).

In silver, the *Margashir* settlement was well supported earlier in the week, the quotation rising from Rs. 207.30 to Rs. 207.45. After easing to Rs. 206.40 on Friday, the settlement recovered to Rs. 207.25 before finishing at Rs. 207.

Ready silver was quoted well below the forward throughout the week, the discount today being Re. 1.10, same as last week; it was higher at Re. 1.20 on the opening day. The ready rate improved from Rs. 206.20 to Rs. 206.25, but drifted down to Rs. 205.30 on the following day. After recovering to Rs. 206.15 yesterday, it declined again to Rs. 205.90 today before finishing at Rs. 206.

The world price of gold in the London bullion market was unaltered at $35.18⅛, but the sterling price of gold eased from 250s. 2½d. to 250s. Ready and forward silver continued unchanged at 79½d. and 80⅛d., respectively, as also silver in New York at 91.375 cents.

The following table shows the trend of prices during the week under review:

	4-10-1961 (closing)	High	Low	27-9-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.995 fine)	124.75	125.85	124.50	126.00
Forward: Margashir* ..	125.50	126.65	125.25	126.35
Sovereign	97.00	—	—	96.75
SILVER				
Ready (.996 fine)	206.00	206.25	205.30	206.20
Forward: Margashir†	207.00	207.45	206.40	207.30
London—				
Silver Ready	79½d.	—	—	79⅛d.
Silver Forward	80⅛d.	—	—	80½d.
Gold	250s.	250s.2½d.	250s.	250s. 2½d.
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 26th December settlement. † 26th December settlement.

N.B.—The quotation for gold is per 10 grams (about 0.35 tola) and that for silver is per kilogram (35.7 tolas). London and New York quotations are per ounce.

COTTON FUTURES RALLY

(From Our Own Correspondent)

BOMBAY, 4*th October*

Distinctly firm conditions prevailed in the cotton futures market during the week under review. The mild recession in values witnessed towards the close of last week proved to be a temporary phenomenon. The market resumed its upward trend on the very first day of the week under review. Large-scale speculative buying and short covering induced by reports of heavy damage to the crop in many areas and the consequent reductions in crop estimate led to a smart rally in futures. The sustained mill demand for all available lots of cotton in the spot market imparted further strength to futures. Under pressure of local and upcountry buying orders the Jarilla March contract spurted from Rs. 621 last week-end to Rs. 629 yesterday, the highest level of the week. The recommendation of the Cotton Advisory Board, at its meeting held at Bombay yesterday, that the Government should plan for importing 1.2 million bales of cotton during the current season failed to produce any adverse effect on futures prices today. This is because the Board's suggestion is a sequel to the sharp reduction in crop estimate to 4.8 million bales, as compared with 5.2 million bales early in the season and last season's crop of 5.4 million bales. In fact, the futures market maintained a steady undertone, with the Jarilla March contract quoting only fractionally below the highest level touched during the week. The sharp rise in prices has given rise to fears that, if the trend were to gather momentum, the Government would take measures to curb the rise. The reintroduction of compulsory survey, which was abolished with effect from current season, was also thought to be likely if the crop situation were to deteriorate further.

Summing up the weather and crop conditions a leading firm of cotton traders makes the following observation:

"The weather has not been favourable in several cotton growing areas. Excessive and continuous rains, especially in Madhya Pradesh and parts of Berar and Marathawada, have stunted plant growth, with the result, that development has been below normal. Absence of rains in parts of Mysore and Andhra States has been causing anxiety; standing Mungari plants are withering and sowings of Laxmi are held up; immediate soaking rains are a necessity in these areas. Punjab, Saurashtra, Gujarat and Rajasthan report favourable weather and crop accounts are satisfactory. In the South, sowings of Cambodia and MUI have started in the irrigated areas; in other parts, the fields are getting ready for commencement of sowing operations and rains are awaited."

In the spot section, ready lots of all varieties of old crop cotton was in good demand, following reports of damage to the crop and the sharp reduction in crop estimate. Such varieties as Kalyan, Khandesh and Berar were well favoured. New crop varieties like 197/3 and L. 147 too was in demand. The former, in particular, was much sought after by spinners, thanks to fears of serious damage to the crop. As offerings of this cotton was limited, spinners turned to Kalyan as a substitute. Ahmedabad and Bombay mills were particularly interested in this variety.

Export demand was subdued. Only stray inquries for Bengal *Deshi* was reported by shippers.

Among foreign growth, Pakistan cotton was in the limelight on the opening day of the week following the clarification that AC 134 was eligible for import. It was, however, officially notified on Thursday, the 28th September, that the ceiling fixed for import of Pakistan cottons was reached and that no further application would be entertained. Among other foreign varieties, apart from the usual interest in Sudan cottons, new crop East African cotton too attracted attention. At the auctions held at Kampala on the 3rd inst., 15,000 bales of cotton were sold at the reserve prices. About 100,000 bales of new crop East African cotton are reported to have been sold to-date. Importers welcomed the recommendation of the Cotton Advisory Board that 1.2 million bales of foreign cotton should be permitted to be imported during the current season.

The latest available spot quotation—in rupees per candy of 784 lbs.—from Sewri are given below:

Bengal *Deshi* 645; Hubli Laxmi 950; Kalyan 980; L.147 1,030; CO2 1,030; Sudan XG3L 1,472; XG2L 1,500; East African BP.52 1,250; BP (U.N.U.G.) 1,300.

Firm conditions prevailed in the Karachi cottons futures market during the week under review. Good demand from overseas buyers and usual domestic mill buying resulted in a rally in futures. The N.T.R.G. January improved from Rs. 76.90 last week-end to Rs. 78.15. The March position put on 90 nP to Rs. 76.15. Spot prices too hardened.

Trading in Alexandria cotton futures continued to be suspended during the week under review also. As regards new crop developments, latest advices from Alexandria state that insect infestation and adverse weather have affected both the quality and quantity of the crop, especially the Menoufi cotton. No precise idea of the extent of the damage is, however, available. The official prices continue to remain unchanged. But shippers are quoting higher prices for high grade Menoufi and Karnak cotton.

Cotton futures in Liverpool ruled subdued during the week under review. Values drifted downwards on selling induced by lower New York advices and slackness of local spinner demand. Both the American and American type contracts met with selling and declined as a consequence. Sudan cotton contracts ruled quietly steady. The following are the latest available quotations in pence per lb., from Liverpool:

American cotton—Low mid. staple contract: October 34.10; December 34.50; March 34.90; May 35.30.

American cotton mixed growth contract: October 24.50; December 24.95; March 25.35; May 25.80.

Sudan: November, January, March 32.00.

Cotton futures in New York receded in quiet trading during the week. Selling induced by reports of favourable weather for harvesting was only partially absorbed in buying based on expectation of accelerated movement of new crop into the loan programme. The recommendation of the Cotton Council that acreage allotment for 1962-63 season should be enhanced so as to increase production to 15.5 million bales imparted weakness to the market.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	3-10-61	26-9-61	19-9-61
New York Spot	35.50	35.45	35.40
October	34.31	34.41	34.56
December	34.90	35.01	35.10
March	35.68	35.75	35.80

J. P. BEMBERG YARN ADVANCES

(From Our Own Correspondent)

BOMBAY, *4th October*

There was a sharp rise in the prices of J.P. Bemberg yarn (40 x 1) during the week under review. The rise followed excellent buying support induced by the absence of an upward revision in the import quota under the import policy for the current half-year (October 1961-March 1962). For the same reason, indigenous art silk yarn scored handsome gains. Cupressa Bemberg yarn (60 x 1) and some other foreign yarns, however, encountered selling due to rumours of a cut in incentives under the art silk fabrics export policy. Staple fibre yarns drifted downward, thanks to poor offtake by consuming centres. Cotton yarns continued to rule dull, as fresh buying inquiries from weavers and shippers were lacking.

J.P. Bemberg yarn (40 x 1) October delivery jumped up from Rs. 3,350 to Rs. 3,453. December contract forged ahead from Rs. 3,314 to Rs. 3,452. Spot National Rayons 120 Bt. cones 1st grade spurted by Re. 1.10 to Rs. 18.70. 150 Bt. cones hardened by 14 nP to Rs. 13.82. Cupressa Bemberg yarn (60 x 1) October settlement, however, fell by Rs. 50 to Rs. 2,850. December position dropped Rs. 30 to Rs. 2,850. Spot Cupressa declined by Rs. 21 to Rs. 2,900. 150 Japan receded from Rs. 2,150 to Rs. 2,095. 120 Japan and 120 Italy were both neglected at Rs. 1,875.

Staple fibre yarn (40 x 1) October settlement suffered a loss of Rs. 15, today's closing rate being Rs. 824. December contract eased by Rs. 18 to Rs. 831. Spot Hinds shed 6 nP to Rs. 9.77. Centurys were dull at Rs. 10.10.

In the cotton yarn section, ten counts Podars were unaltered at Rs. 17.37, as also Moderns at Rs. 19.75. Twenty counts Gokaks and thirty counts New Greats were done at Rs. 23 and Rs. 26.75, respectively, same as last week. Forty counts Maduras softened by 37 nP to Rs. 32.25. Minaxis were unchanged at Rs. 34. Sixty counts Finlays were dull at Rs. 81.62. Eighty counts Finlays were neglected at Rs. 81.62 and Mahendras at Rs. 69.37. But Moderns evoked special support and gathered 25 nP to Rs. 67.75.

The following table gives the prices of rayon staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	4-10-1961	27-9-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Cupressa Bemberg (100 kg.)—		
October	2,850.00	2,900.00
December	2,850.00	2,880.00
Spot	2,900.00	2,921.00
60 x 1 2P		
October	3,453.00	3,350.00
December	3,452.00	3,314.00
120 Japan (per 100 kg.)	1,875.00	1,875.00
150 Japan (per 100 kg.)	2,095.00	2,150.00
120 Italy (per 100 kg.)	1,875.00	1,875.00
Nat. Ray. 150 Bt. I	13.82	13.68
Staple fibre yarn (40 x 2)—		
October (per 90.72 kg.)	824.00	830.00
December	831.00	849.00
Hind (per kg.)	9.77	9.83
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.37	17.37
20s Gokak	23.00	23.10
20s New Greats	26.75	26.75
40s Madura	32.25	32.62
60s Finlay	62.87	62.87
80s Modern	67.75	67.50

GROUNDNUTS AT NEW LOW

(From Our Own Correspondent)

BOMBAY, *4th October*

Oilseeds and oils continued to march downward during the week under review. In particular, groundnuts were subjected to heavy bull liquidation which followed expectations of a bumper crop this year. Government's reluctance to grant export quota for groundnut oil, large arrivals of new crop and growing intervention of the State Trading Corporation in the field of groundnut oil exports. In these conditions, the official announcement that exports of deoiled groundnut meal (solvent extraction variety having less than 1.5 per cent oil content) would continue to be licensed freely on shipping bill for another year failed to have any perceptible effect.

The steadily declining prices of groundnut oil and other edible oils in world markets, too, adversely affected the sentiment of operators. British West African groundnut oil has moved down from £137 per ton early this year to £101 (which compares with £106 a year ago). The fall must be attributed to the improvement in the world supply position of edible oilseeds and oils. The re-entry of Argentine in world groundnut oil market, following lower domestic consumption, has precipitated the present setback. Besides, as in India, the 1961-62 groundnut crop in West Africa is expected to be substantially higher than that in the previous season. South Africa, too, expects to have a larger exportable surplus this season. What is more, is respect of the main substitutes for groundnut oil, namely, soyabean and coconut oils, there is a sizable world surplus now. The U.S. soyabean crop in the current season is expected to touch a record of 700 million bushels, that is, one million bushels more than last year. A considerable part of this output will be released for export. In addition, the output of the other two important edible nuts, namely, almond and hazel, is expected to be higher. The almond crop in 1961 is expected to be double that of last year, the estimate being 151,000 tons. The production of hazelnuts is expected to go up by 13,500 tons to 136,500 tons.

The pronounced weakness of groundnuts touched off a steady decline in the values of other seeds. Castorseeds ruled distinctly easy. The export front in oil was dull owing to the persistent wide disparity between Indian and world prices. Linseed, too, suffered a marked setback. Cottonseeds, which picked up strength in the middle of the week, following lower cotton crop estimates, tended to look down towards the close. It may be noted here that the September contracts in castorseeds, linseed and cottonseeds went off the board at the close of last month.

Groundnut January 1962 contract fell by Rs. 7.88 to touch the new low of the season to Rs. 198.37. Nizam bold lost Rs. 2.50 to Rs. 42. Oil January 1962 contract eased by 80 nP to Rs. 16. Oil railway receipt declined by 65 nP to Rs. 18.25 and oil ex-mill by 50 nP to Rs. 18.50.

In the castorseed section, March 1962 contract receded from Rs. 157.75 to Rs. 156.62, though it improved slightly to Rs. 157.25 towards the close. Ready Madras dropped 25 nP to Rs. 32.25. Oil B.S.S. shed 40 nP to Rs. 14.10. Oil commercial declined from Rs. 13.20 to Rs. 13.10 before finishing at Rs. 13.30.

Linseed March 1962 contract gave way from Rs. 157.75 to Rs. 157.25. Bold ready fell by a rupee to Rs. 32.25. Linseed oil, however, evoked some demand from crushers and put on 10 nP to Rs. 16.30.

Cottonseed January 1962 contract was dull at Rs. 93.50. Whites were quiet at Rs. 19. But Berars and non-whites improved by 10 nP each to Rs. 19.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	4-10-1961	27-9-1961	20-9-1961
	Rs.	Rs.	Rs.
Groundnut			
January 1962	198.37	206.25	205.00
Nizam bold	42.00	44.50	45.00
Coromandel ready	42.50	44.50	45.00
Khandesh quality	42.50	44.50	45.00
Oil ex-mill ready*	18.50	19.00	20.45
Railway receipts*	18.25	18.90	20.25
Oil January 1962	16.00	16.80	17.00
Castorseed			
March 1962	157.25	157.75	161.37
Ready Madras	32.25	32.50	33.25
Ready Kanpur	31.00	31.25	31.75
Oil B.S.S.†	14.10	14.50	14.80
Oil commercial†	13.30	13.20	13.35
Linseed			
March 1962	35.53	36.34	36.59
Bold ready	32.25	33.25	33.00
Oil ready†	16.30	16.20	16.90
Cottonseed			
January 1962	93.50	93.50	90.50
Niger seed	39.00	38.50	39.50
Kardi seed	22.00	22.00	23.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

BLACK PEPPER IMPROVES

(Messrs. Parekh and Co.)

BOMBAY, *4th October*

After moving within a narrow range, Malabar black pepper showed improving tendency, though at slow pace, in view of the expected good inland demand from the Punjab following improved political situation. The end of panicky bull liquidation also proved to be a supporting factor. Ungarbled was quoted at Rs. 383 and garbled was in demand at about Rs. 394. October delivery, after declining to Rs. 392, climbed up to Rs. 404 with sellers reserved. December was quoted at Rs. 390. Calicut also improved from Rs. 382 to Rs. 385.

No worthwhile news is reported from Singapore where the market is said to be in the doldrums for want of export inquiries.

Spot in New York remained fairly steady at $0.44½. Grinders are reported to be anxious buyers at $0.44 ex-dock, but sellers are reserved, as the replacing parity is higher.

For want of new incentives, world pepper is void of any pep, as grinders and millers are buying hand to mouth. As there is no premium for spot over forward or for forward over spot, most of the dealers in New York are side-lining, showing sporadic interest and covering their sales only after testing all the markets at the origins. They seem to be waiting for a development in the tired long feelings in the main stockists of Lampong pepper. Their selling attitude will be an arbiter for the pepper market.

Bulls in India are also disheartened, as they failed in their endeavour to push up the market for want of a follow through. Bears, however, are cautious at the present limit and are awaiting new development when the Malabar crop begins to move.

Ready pepper in Bombay is nominally quoted at Rs. 209 per 50 kilos.

FAIR SUPPORT FOR TEA

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *26th September*

In sale No. 39 held today a total of 756,000 kilograms was on offer. Quality of the highgrowns on offer was irregular with one of two invoices maintaining the previous levels but others showing a slight deterioration. Quality from other districts was maintained and in some cases showed a slight improvement. There was useful general demand at the lower levels. Plain and low mediums sorts, although in good demand, were irregularly about 10 nP easier and sometimes more for similar B.O.P.F. Mediums and good mediums met with fair demand but showed a decline of up to 10 nP per kilo with B.O.P.F. sometimes more. Highgrowns met fair support and, although a few were slightly dearer, generally prices were easier especially for the B.O.P.F. Good clean black leaf types were in good demand at around last rates but poorer black leaf descriptions were up to 20 nP to 30 nP easier. Whole leaf grades met more demand at slightly easier rates. C.T.Cs were a weak feature and very much lower. C.T.C. types were a good deal lower although the few legg-cuts on offer were about steady.

The quotations (per kg.) were:

	1961 Rs.	1960 Rs.
Low mediums	3.95/4.10	4.35/4.60
Mediums	4.10/4.20	4.60/4.95
Good mediums	4.20/4.90	4.95/5.75
Nilgiri B.O.P.	5.00	7.40

The average price realised in sale No. 39 was Rs. 4.44 per kilo, as against Rs. 4.63 in the previous week and Rs. 5.35 in the corresponding sale last year.

Dust Sale No. 39: At dust sale No. 39 held on Thursday, the 28th inst., a total of 200,000 kilograms was offered. There was good general demand. Plain and low mediums met fair demand and commenced selling at rates above last week's close. Mediums met good support and were fully firm. C.T.Cs and C.T.C. types were a little easier.

The average price realised in dust sale No. 39 was Rs. 4.50 per kilo as compared with Rs. 4.46 a week ago and Rs. 4.57 in the corresponding sale last year.

Export Quota: Small business is being transacted at 1½ nP per kilo.

Colombo: The market opened to strong demand although Uvas were irregular and sometimes lower, whilst Dimbulas declined by 5/10 cents. Mediums and lowgrowns were firm and there was more demand for fannings at dearer rates.

London: North Indian and other growths: In Monday's sale there was good but rather irregular demand. Prices, however, were generally slightly dearer. In Wednesday's sale there was again good general demand with a dearer tendency for most teas. This was particularly evident in the case of Africans.

Ceylon and South Indians: In Tuesday's sale 24,718 packages were on offer of which 5,676 originated from South India. The market met with good demand at generally fully firm rates. Poorer sorts, however, were slightly easier.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire:

"*Sale No.* 40: 525,000 kilograms. Useful demand for liquoring and clear mediums and improved quality highgrowns. Others less demand, particularly plain and stalky descriptions which have declined 10 to 20 nP."

TEA EASY

(From Our Own Correspondent)

CALCUTTA, *3rd October*

Easier conditions were in evidence in the internal sale held here on Wednesday last. Such a trend was attributed to the impact of continued reports of increased crop of teas fit for domestic consumption. In the meanwhile, export bookings of tea continued to rise, and the feature during the week was that liners loading for the United Kingdom were declared full up to 15th October. Reflecting increased offtake, U.K. tea stocks jumped by 5 million lbs. to 127.5 million lbs. in the weekended 22nd September. Irregular conditions in last week's Mincing Lane sale of North India tea should be attributed to increased offerings, and following lesser competition best quality teas met with a loss of up to 6d. per lb. However, good plain and orthodox Dooars teas recorded small advance in prices.

At last week's internal sale, dusts on offer totalled 25,532 packages. Conditions were easy. Plain orthodox teas eased by 5 nP to 10 nP, and Assams of this category met with with good support at lower rates. Legg-cut teas were about firm, while the fibrous teas eased. C.T.Cs were irregular. The good C.T.Cs eased, but the small powdery teas met with good demand. The clean bright teas were occasionally dearer. The quotations per 1 kg. inclusive of excise duty were: medium Assam C.T.C. dust Rs. 5.65 to Rs. 5.90, legg-cut dust Rs. 4.40 to Rs. 4.90, medium Assam dust Rs. 4.10 to Rs. 4.50, and plain orthodox dust Rs. 3.90 to Rs. 4.20.

Green teas among total leaf offerings of 325 packages were fully firm.

The substantial gains in prices at the internal tea auctions held in Chittagong (Pakistan) in the last week should be taken as resulting from recent official measures to encourage greater exports and increased internal buying. The export quota was recently doubled to 10 million lbs. and the export duty reduced. The buyers' quota for bidding at auctions was abolished. In other words, bidders are now at liberty to take as much tea as they desire. The Tea Board has also invited new bidders to join the auctions.

Bidding was strong at the auctions, and offerings totalled 15,317 chests of leaf and 4,304 chests of dust, in addition to 155 chests subsequently made available. Although gains were reduced towards the close of the sale, earlier gains of 10 nP to 15 nP were reported. The quotations per lb. were: O.F. Rs. 2.30 to Rs. 2.40, B.O.P. Rs. 2.25. P.F. Rs. 2.10 to Rs. 2.15, and B.P. Re. 1.20. Quotations for polished grades were: hyson Rs. 3.65 to Rs. 3.75, young hyson Rs. 3.60 to Rs. 3.65, and fine young hyson Rs. 3.40 to Rs. 3.55.

Tippy teas met with keen competition. Best liquoring orange fannings gained up to 25 nP. Green teas on offer amounted to 540 chests, which met with strong demand.

Pakistan has addressed itself earnestly to increasing the acreage under tea. Healthy incentives have been offered to investors to bring new land under tea. Accordingly, new gardens will be free from taxation for a period of eight years, after which they will be at liberty to claim substantial depreciation before taxation. There is now a proposal under the consideration of Government to distribute fertilisers to cultivators at subsidised rates. The Provincial Agricultural income-tax is likely to be suspended for a period of eight years in respect of new gardens. In Sylhet, which is a substantial contributor to Pakistan's tea crop, it is proposed to bring as much as 8,500 acres under tea.

JUTES WELL MAINTAINED

(From Our Own Correspondent)

CALCUTTA, *3rd October*

The volume of business that was done in goods during the week under review was good and prices of both hessian and sacking constructions were well maintained. Buyers were interested in ready delivery goods and in hessian 10 oz., there was a squeeze on more than one occasion. On the other hand, fibre registered an insignificant decline. Mills were interested to cover for immediate requirements only. However, there were reports of increased arrivals from most agencies, and cultivators in need of cash for the forthcoming *Pooja* festivals offered increasing quantities. This is a usual feature for this time of the year, and it should be emphasised that there is no need for officials to read too much into this week's decline, which, as already stated, was very insignificant. The bufferstock authority has not yet been constituted, but it should be presumed that nothing tangible would take shape until after the imminent holidays.

Meanwhile, heavy rains were reported from several jute districts during the week, and there is now sufficient water for retting. At the same time, complaints of moisture in fibre have increased, and it was apprehended that water was intentionally being added at all stages before the fibre reached the balers. There had been evidence to show that the recent scarcity provided the cultivators to pay inadequate attention for drying after retting. The baler was, of course, at liberty to reject such fibre; however, being unable to get anything better and at the same time being anxious to keep his presses working, he had to accept the wet fibre. There had also been instances in recent weeks where mills, in desperate need of fibre, preferred to buy the wet fibre offered. Mills were, of course, free to utilise the arbitration clause, but, since their need was so great, there had been instances when in the shortage caused mills preferred to accept the moist fibre in the interest of keeping machines working. Jute circles emphasised that, in view of the need to increase exports, Indian jute goods would be able to face stiff competition in world markets if quality could be improved. And this could be done if only the quality of fibre was raised, and wanton attempts to add water to fibre were detected and punished.

The new Directors of the East India Jute and Hessian Exchange are to be admired for the seriousness with which they have addressed themselves to curb kerb dealings. It would be remembered that the Exchange recently reduced official trading hours. This led to greater activities outside the official trading hours, and the Exchange has now issued a severe warning against all sorts of kerb speculation. It is expected that, if an improvement does not follow, the Directors would run down heavily with suitable action on offenders. During the week, market conditions in Pakistan, although steady, revealed a quiet trend. This was due to increased arrivals in the Narayanganj market. Support from overseas buyers recorded a fall during the week, since after their recent heavy purchases they preferred to watch the price trend before entering into fresh commitments. Pakistan mills continued to prefer to purchase smaller quantities for meeting immediate requirements only. There were reports of heavy rains. Arrivals in Narayanganj were estimated at 50,000 maunds a day.

There were rumours of Government orders for sacking on Tuesday last, when prices of heavy goods tended to harden. However, since these were lacking in confirmation, ready B. twills eased from Rs. 132.60 to Rs. 132.50. However, ready hessian 40" 10 oz. hardened to Rs. 53.00. Demand soon followed in hessian and, on Wednesday, the feature was a squeeze in the 10 oz. hessian, as a result of which the price hardened to Rs. 54.00. B. twills were also better at Rs. 133.00. On Thursday, hessian 40" 10 oz. jumped to Rs. 55 and B. twills to Rs. 134. Ready supplies being tight, the 10 oz. hessian continued to rise and on Friday touched Rs. 55 50. B. twills were firm at Rs. 133.50. Over the week-end, there was good covering demand for ready goods, as a result of which hessian 10 oz. gained further to Rs. 57.00 and B. twills to Rs. 134 50. The market was closed yesterday.

Fibre arrivals registered an increase, and prices recorded a small fall. Mills showed interest to cover against day-to-day requirements only. But, with the programme of increasing production, they were expected to accord greater support. Daissee bottoms ready delivery eased from Rs. 38.50 to Rs. 37.50, Assam bottoms from Rs. 34.50 to Rs. 34.00 and northern bottoms from Rs. 34.50 to Rs. 34.00.

IMPORT POLICY FOR METALS

(From Our Own Correspondent)

CALCUTTA, *3rd October*

To trade and industry circles which, despite the Commerce Minister's assurance at the recent meeting of the Import Advisory Council that there would be no liberalisation, had looked forward for increased imports of non-ferrous metals and semis, the October-March import policy just announced, more or less a continuation of the old one, has come as a cold surprise. Shortages of non-ferrous metals had in the past been complained by entrepreneurs as the cause responsible for the under-utilisation of capacity. The trade questions the wisdom of further industrialisation without allowing established industries to raise production up to capacity. A balance between maintenance and development imports has become a favourite and oft-repeated phrase among Government spokesmen, but the foolish expediency of allowing machinery, installed and imported against foreign exchange, to remain idle or partly idle for want of raw material remains to be explained.

The Government of India has often appealed to established industries to set apart at least a portion of their production for export. Government spokesmen have, in fact, now threatened statutory provision in this regard. However, the fact is that the cost of production is so high in India that Indian products, just as sugar, have to be sold in foreign markets at below cost of production. The industry's protest at the imposition in February last of excise duties on non-ferrous pipes and tubes, brass and copper sheets, circles, flats, square rods and strips have so far fallen on deaf ears. The arbitrary interpretation of the Calcutta Excise authorities that copper and brass square rods and straight-length flats come within the scope of the definition of strips and thereby attract excise duty has amused industry, and representations in this regard to the Central Board of Revenue have not yet met with success. Meanwhile, the industry continues to pay duty on these items under protest, thereby blocking funds which can better be utilised on further development of the industry. Duty on pipes and tubes is levied on an *ad valorem* basis and, in an attempt to reduce avoidable labour, industry had represented to the authorities to transform this, if at all the duty should be continued to be levied, to one based on weight, just as the levy on brass strip which is Rs. 300 per long tonne. Unless cost of production is reduced, and Government considers the representation of industries in this regard and cries a halt to the expanding excise levies, all talk of export drive would be meaningless. Increasing quality, decreasing cost of production and intensified publicity in foreign markets have been rightly suggested by the trade here as some of the measures which India should adopt to meet the changed situation that would be caused in India's foreign trade if and when the United Kingdom joined the E.C.M.

Quiet conditions prevailed in the metal market in Calcutta and prices were maintained at previous rates. On the London Metal Exchange, electrolytic copper continued to fall, and closed £2¼ lower at £222½ a ton. Hedge selling was one of the factors for the decline. Tin opened at £961 a ton and eased to close at £952. At 73¼ a ton, electrolytic zinc eased by £2¼ a ton. Lead eased from £63¼ to £62½.

LINSEED EASIER

(Messrs. A. Bradley and Co.)

CALCUTTA, *2nd October*

The linseed market was rather lifeless during the week under review, owing to poor demand for seeds and oil. An easier tone prevailed, availability was still scarce and, with only limited enquiries from local crushers, business was negligible.

With no appreciable stocks held by millers, linseed oil was somewhat easier in sympathy with other oil markets. Sellers, however, were not interested to do business for forward deliveries at these rates.

The oilcake market remained steady, owing to small stocks and good local demand.

October delivery was quoted at Rs. 29.50 per maund.

SUGAR RECEDES

(From Our Own Correspondent)

HAPUR, *2nd October*

Sugar drifted lower by about Re. 1.25 to Rs. 105.25 per bag in wholesale and in retail, it was quoted at 94 nP to 97 nP per *seer*. The fall in prices was due to the removal of all controls on movement, distribution and prices of sugar announced by the Union Government. Trading was fairly brisk and this would ensure increase in internal consumption and thereby reduce the burden of stocks with factories. The system of controlled releases, however, will continue. As regards sugar production, the target this year will be 10 per cent less than last year's actual output and the tax concession given to the industry for increased production at the time of sugar shortage has been withdrawn. This change in sugar policy follows a record production last season and heavy stocks lying with factories. The new season sugar production would begin a little later, as factories have no incentive left to begin crushing operations earlier.

Selling pressure following removal of controls and release of monthly quota accounted for the easy trend of sugar at Muzaffarnagar. Huge business was done to various destinations of Gujarat, Saurashtra and Punjab. The week-end prices were:—Deoband C-29 Rs. 38.22; Khatauli B-29 Rs. 38.97; Iqbalpur A-29 Rs. 39.60; Rampur A-29 Rs. 39.60 a maund. Damaged sugar was quoted at Rs. 99 to Rs. 101 per bag.

Following decontrol sugar, *khandsari* ruled weak. Stocks were declining and at Muzaffarnagar were about 10,000 maunds, as against the corresponding figure of 35,000 maunds last year. The week-end prices were:—*khandsari* non-crystal Rs. 31 to Rs. 34.50; crystal Rs. 33 to Rs. 35 per maund.

Gur ruled easy, as demand was slack following decontrol of sugar towards the week-end and the Government's decision that the sugar production target would be reduced by 10 per cent over last year and this would increase *khandsari* and *gur* production. New crushing season would start soon and some new *gur* arrivals were reported during the week to be lifted by consumers at Rs. 18 per maund. Local *gur* stock was put at 10,000 maunds which would soon be lifted and week-end prices were: dry selected Rs. 16.50; wet *kotha* Rs. 14 to Rs. 15.50; wet Rs. 11.75; *shakker* Rs. 17.50 per maund.

Gur also sought lower levels in week-end in the Muzaffarnagar market, as traders feared that *khandsari* and *gur* production would certainly mount, as cane supplies to factories would be reduced. New crushing season is due to begin in mid-October.

Gur future ran down sharply during the week on continued bear pressure. *Fagun* opened at Rs. 12.83 and, after touching the highest of the week the same day at Rs. 12.95, declined in successive sessions and was quoted today at the worst level of the session, at Rs. 12.24.

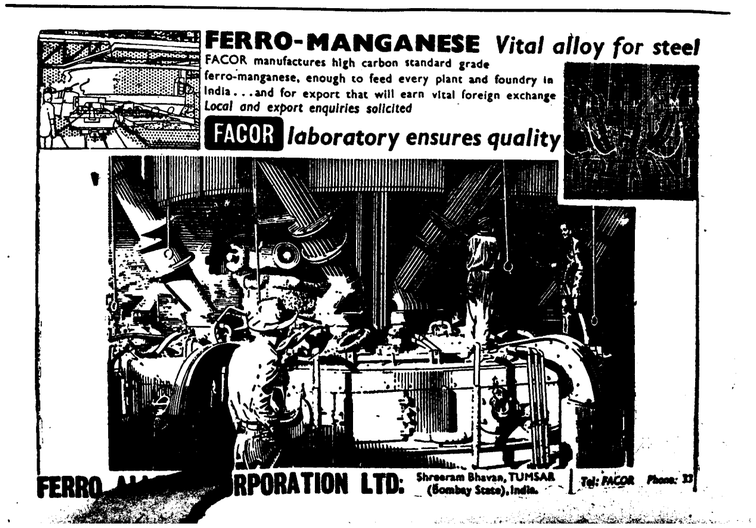
SLOW CLEARANCE IN KIPS

(From Our Own Correspondent)

MADRAS, *2nd October*

Arrivals of cowhides were moderate volume and clearance from the market was slow, because inquiries from U.K. were selective. There was more demand for lower grades cow hides for shipments and some call for 21½ lbs. buff calf. Buffalo hides and cowcalf were easy.

Export trading in tanned goat skins was small, on account of the high prices noted by E.I. tanners. Importers kept out of the market for prices to settle down. Tanned sheep market was unchanged.



MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 29th Sept., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	59,46,37,000
(2) Other Governments	22,49,47,000
(b) Banks	73,47,32,000
(c) Others	146,68,86,000
Bills Payable	26,28,37,000
Other Liabilities	17,51,57,000
Rupees	491,91,86,000

ASSETS	Rs.
Notes	34,79,88,000
Rupee Coin	2,00,000
Subsidiary Coin	3,95,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	12,76,74,000
Balances held abroad*	12,87,24,000
Loans and Advances to Governments†	49,36,26,000
Other Loans and Advances	133,32,37,000
Investments	231,23,70,000
Other Assets	17,49,12,000
Rupees	491,91,86,000

* Includes Cash and Short-term Securities.

†Includes Temporary Overdrafts to State Governments.

The item 'Other Loans and Advances' includes Rs. 9,34,50,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	34,79,88,000	
Notes in circulation	1857,23,93,000	
Total Notes issued		1892,03,81,000
Total Liabilities		1892,03,81,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	....	
Foreign Securities	116,86,07,000	
Total of A		234,62,10,000
B. Rupee Coin		128,61,31,000
Government of India Rupee Securities		1528,80,40,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1892,03,81,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept. 1939 (pre-war)	22nd Sept., 1961	15th Sept. 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	178.37	1868.70	1889.46	1877.39	1783.97
Notes held in Banking Department	35.05	21 99	19.28	16 57	21.29
Foreign Securities	59.50	116.86	116.86	116.86	123 01
Rupee Securities	87.89	1528.78	1548.65	1533.55	1431.72
Banking Department					
Deposits of:					
Government of India	14.89	55.05	73.53	64 60	76.63
Other Governments		21 36	23.16	19 93	23.43
Balances held abroad	10.06	18.42	17.76	26.61	20.93
SCHEDULED BANKS					
Demand Liabilities	134 36	834.38 (16 00)†	839.16 (19 02)†	839 64 (19.72)†	772.79 (13 44)†
Time Liabilities	102.24	1141 22 (19.32)†	1135 53 (19.14)†	1156 13 (18.39)†	1184 38 (20 84)†
Borrowings from Reserve Bank	..	15 62 (9 51)‡	17.25 (6.59)‡	1 27 (0.11)‡	47.05 (12.26)‡
Borrowings from State Bank	..	17.45	18.21	18.77	17.44
Cash in India	6.70	44.49	46.15	45.81	45 46
Balance with Reserve Bank	25.17	77.41	77.09	97.29	105.49
Balances with other banks in current account in India	..	16.04	15.24	16.36	15.79
Money at call and short notice in India	..	42.64	43.86	48.22	26.55
Investments (at book value)	..	607 28	605.61	598 31	730 34
Advances and bills	105.9	1235.01	1244.66	1231.50	1124.37
STATE BANK					
Deposits	87.76	524 46	523 88	525 18	596.16
Investments	51.99	259 56	260 49	261 65	371 56
Advances	30 35	242 69	247.84	238 45	216 01
Cash	14.69	29 24	29.03	30.61	23.04

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.

† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.

‡ Borrowings against usance bills and/or promissory notes.

R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	24th Aug., 1961	5	4½
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	..	2
Canada †	..	3.50	3.85
Ceylon	19th Aug., 1960	3.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	Jan., 1960	4	3.50
Finland	May, 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5 31
Italy	7th June, 1958	4	3 50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1950	3	4
Peru	Nov., 1959	6.00	9 50
Philippines	Nov., 1960	5.75	5.00
Portugal	12th Jan., 1944	..	2
South Africa	4th May, 1961	4.50	5
Spain	11th April, 1960	6.25	5 75
Sweden	15th Jan., 1960	4.50	5
Switzerland	28th Feb., 1960	2.50	3
Thailand	Feb., 1948	..	7
Turkey	6th Tune, 1958	4.50	6
United Kingdom	28th July, 1961	5	7
U.S.S.R.	1st July, 1936	3	4
U.A.R.	11th Aug., 1960	3.50	3
West Germany	6th May, 1961	3.50	3

†Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 29th Sept., 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		532,61,52,000
Borrowings from Other Banking Companies, Agents, etc.		17,00,000
Bills Payable		10,24,62,000
Bills for Collection being Bills receivable as per contra		2,86,19,000
Acceptances, Endorsements and Other Obligations per contra		87,50,000
Other Liabilities (including Inter-Office Adjustments)		15,53,37,000
Total Rs.		575,37,70,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		2,369,68,000
Balances with other Banks		4,32,02,000
Money at Call and Short Notice		1,60,00,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	261,28,59,000	
Other Authorised Investments	9,24,37,000	
		270,52,96,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	231,45,87,000	
Bills Discounted and Purchased	11,01,28,000	
		242,47,15,000
Bills Receivable being Bills for Collection as per contra		2,86,19,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		87,50,000
Premises less Depreciation		1,83,74,000
Furniture and Fixtures less Depreciation		1,48,57,000
Other Assets (including Inter-Office Adjustments)		25,69,89,000
Total Rs.		575,37,70,000

Scheduled Banks*

Statement of Affairs for the week ended 22th September, 1961

	Rs. (Thousands)
(i) Demand Liabilities in India	
(a) Demand Deposits—	
(1) From banks	47,41,90
(2) From others	718,74,82
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	16,00,21
(c) Other demand liabilities	52,20,91
(ii) Time Liabilities in India	
(a) Time Deposits—	
(1) From banks	20,58,77
(2) From others	1077,77,11
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	19,81,55
(c) Other time liabilities	23,59,56
(iii) Borrowings in India from the State Bank of India and/or notified banks:	
(a) Demand liabilities	7,24,97
(b) Time liabilities	10,20,00
(iv) Borrowings in India from the Reserve Bank of India (A)	15,62,10 (9,50,50)
(v) Cash in India	44,49,46
(vi) Balances with the Reserve Bank in India	77,40,81
(vii) Balances with Other Banks in Current Account in India	16,04,36
(viii) Money at call and short notice in India	42,63,67
(ix) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations	607,28,06
(x) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)	1060,88,63
(b) Due from Banks in India	10,92,85
xi) Inland Bills purchased and discounted in India	117,49,30
(xii) Foreign Bills purchased and discounted in India	45,70,28
(xiii) Total of items (x), (xi) and (xii)	1235,01,06

Notes :—

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.

(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 22nd Sept., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	25,35,15,000
(b) Provincial Governments	95,54,000
(c) Banks	17,17,43,000
(d) Others	113,18,42,000
Bills Payable	11,06,000
Other Liabilities	8,07,24,000
Rupees	174,49,84,000

ASSETS	Rs.
Notes	12,00,11,000
Rupee Coin	70,000
Subsidiary Coin	61,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	17,44,60,000
Balances held outside Pakistan*	80,00,000
Loans and Advances to Governments	
Provincial Governments' Debtor Balances	
Other Loans and Advances	42,74,14,000
Investments	91,97,95,000
Other Assets	9,51,64,000
Rupees	174,49,84,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,00,11,000	
Notes in circulation	348,04,54,000	
Total Notes issued	....	360,04,65,000
Total Liabilities	....	360,04,65,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	7706,87,000	
Foreign Securities		
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		139,02,41,000
B. Rupee Coin	3,84,31,000	
Government of Pakistan Securities	211,27,87,000	
Internal bills of exchange and other commercial paper	....	215,12,18,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,03,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets	....	360,04,65,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 40.17 per cent.

EXCHANGE RATES

		4th October 1961	Previous week
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5 11/16	1-5 11/16
Sellers T. T. D.D. upto six months	s.	1-5 11/16	1-5 11/16
Buyers T.T. spot to nine months	s.	1-6 1/16	1-6 1/16
Buyers T.T. 10 to 12 months	s.	1-6 1/16	1-6 1/16
Bombay on New York—			
Sellers T.T. D.D.	Rs.	475.50	475.75
Buyers T.T.	Rs.	472 25	472.50
London on New York	s.	2.8148-2.8151	2.8120-2.8131
London on Paris	Fcs.	13.8430-13.8460	13.8410-13.8460
London on Berne	Sw. Fcs.	12.1640-12.1660	12.1465-12.1485
New York on London	s.	281.510-281.560	281.340-281.370

CLEARING HOUSE RETURNS

Centre	Week ended 29th Sept. 1961 Number of Cheques	Amount Rs.	Week ended 22nd Sept. 1961 Number of Cheques	Amount Rs.
Bombay	4,11,644	94,41,90,000	4,63,175	102,00,66,000
Calcutta	2,17,000	82,35,00,000	2,11,000	85,50,90,000
Madras	1,04,807	14,38,22,099	1,08,996	14,55,00,351
All Centres—				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,054,000	109,88,05,00,000
1960-61	..	..	54,472,000	125,13,16,00,000
July, 1960	..	..	4,210,000	952,59,00,000
May ,,	..	..	4,809,000	1,056,12,00,000
June ,,	..	..	4,599,000	1,054,15,00,000
July ,,	..	..	5,088,000	1,112,59,00,000

Notes :—

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.

(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	16th Sept. 1961	9th Sept. 1961	17th Sept. 1960	July 1961	July 1960	Percentage of Increase (+) or Decrease (—) in July 1961 as compared with July 1960	Financial Year Average 1960-61	1959-60
Food Articles	364	121.3	121.3R	123 5	124.2	124.0	+ 0.2	123.0	119.0
Cereals	102	103.4	104 0	108.3	104.1	100.5	— 4 9	104.4	104.1
Pulses	43	80 8	90 0R	95.5	91.3	94.9	—15 8	92.0	93.5
Fruits and Vegetables	23	150.0	149.3R	114 6	147 5	126 6	+16 4	118.5	127.8
Milk and Ghee	54	119.1	117 5	122 8	119.1	121 5	— 2 0	116.0	113.8
Edible Oils	47	152.9	153 1	140 7	165 5	147.3	+12 4	150.3	130.4
Fish, Eggs and Meat	17	137.5	139 2R	125.1	139 0	127 4	+ 9 1	123.5	112.0
Sugar and *Gur*	48	124.5	124 6R	137.4	123 2	140 0	—12.0	132.8	147.0
Others	50	169 0	168.7	172 1	184 2	168 3	+ 9 4	167.8	167.9
Liquor and Tobacco	21	99 8	100.6	104 6	98 6	102 8	— 4 0	100.9	99.8
Tobacco	..	96 5	96 5	102 7	95 0	108 1	—12 1	108 3	97.9
Fuel, Power, Light and Lubricants	39	121 5	121 5	119 2	121 6	119 8	+ 1 5	120 0	116 5
Industrial Raw Materials	186	138.2	137 8	138 0	151 4	137 2	+ 10 3	145 4	123 7
Fibres	61	128 2	127 4	140.5	152 5	130 4	+ 16 9	151.6	114.6
Oilseeds	60	156 1	156 0	147 0	165.4	150 9	+ 9 6	149.9	134.6
Minerals	2	94 8*	94.8*	98 2	95 2	98 2	— 3 1	97.4	97.8
Others	63	126 6*	126 3*	123 7*	126 7	126 6	+ 0.1	126.0	122.7
Manufactures	290	112 3	112 3R	122 6	122 1	111 1	+ 9.9	123 9	111 7
Intermediate Products	41	149 7	151 3	129 5	141 9	130 8	+ 8 5	130 6	113 8
Finished Products	249	122 8	122 7R	121 5	124 7	119 5	+ 4 4	122 8	111 5
Textiles	147	123 3	123.1	123 7	126 6	120 8	+ 4 8	125.6	107.8
Cotton	..	127 9*	127 9*	131 4*	128 4	130 0	— 2 8	128.1	116.8
Jute	..	118 7	112 0	115 9	130 5	106.8	+22.2	123.4	90 6
Woollen	..	123 1*	123 1*	110 1*	129 9	110 1	+18 0	109.1	104 2
Silk and Rayon	..	119.4*	119.4*	120 8*	119.1	102 7	+16 0	104.4	96.4
Metal Products	12	147 1	147 1	146 8	147 1	146 8	+ 0 2	147.2	144.4
Chemicals	20	112 0	112 0	105 5	110 8	102 9	+ 7 7	104.4	106.9
Oil Cakes	10	141 5	143 4	138 6*	146 8	139 1	+ 5 5	141.8	143.8
Machinery and Transport Equipment	31	113 5	113 5R	111 9	112 8	111 5	+ 1 2	111.9	106.5
Others	90	121.3	120 9	116 0	120 8	115 8	+ 4 3	116.1	113.4
All Commodities	1.000	124.6	124.6R	125.1	128 6	124.8	+ 3 0	124 8	117.1

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective group-group to arrive at that group index.

R—Revised

P—Estimated

MISCELLANEOUS STATISTICAL INFORMATION—*Contd.*

CROP FORECASTS

Crop	Forecast	(In thousand acres) 1960-61	1959-60	(In thousand tons) 1960-61	1959-60
Cereals—					
Rice	final	83,335	82 829R	33,700	30.963R
Wheat	final	31,751	32.542R	10,648	10,089R
Jowar	final	40,662†	41,992	8,966	7,866
Bajra	final	25,339†	26 690	3,044	3,484
Barley	final	8,108†	8,220	—	2,605
Maize	final	9,803†	10,467	—	3,615
Ragi	final	5,760	5,964R	1,640	1,904R
Small millets	final	10,666†	12,340	—	2,212
Total cereals	final	....	220,653	....	62,538
Pulses—					
Gram	final	23 483	25,372R	6 207	5,502R
Kharif pulses‡	final	14,952	15,791R	1,455	1,532R
Rabi pulses‡	final	11,284†	12,788	—	2,690
Total pulses	final	....	53,794	....	11,313
Total foodgrains		....	280,447	79,300†	74,700R
Seeds—					
Groundnut	final	15 455	14,864 R	4,354	3,942R
Rapeseed & Mustard	final	1,135	1,168R	98	106R
Sesamum	final	4,904†	5,510	—	392
Rape and Mustard	final	7,265	7,151R	1,380	1,047R
Linseed	final	3,165†	3,921	—	425
Total oilseeds	final	....	32,614	65,300	5,912R
Fibres—					
Cotton*	final	18 071	18,804R	5,394	3,678R
Jute A.	final	1,520	1,686R	4,030	4,005R
Mesta A.	final	694	704R	1,147	1,118R
Sunnhemp	final	688	813	—	80
Other crops—					
Potato	final	—	885	—	2,719
Sugarcane	final	5,702	5,178	—	75,038
Ginger (Dry)	final	44	41R	16	15R
Pepper (Black)	final	235	234R	26	26R
Chillies (Dry)	final	1,402	1,472R	363	337R
Tobacco	final	881	934	—	281

Source: Ministry of Food and Agriculture. ‡ Excluding Tur
* In thousand bales of 392 lbs. each. ‡ Excluding Gram and Tur
A.—In thousand bales of 400 lbs. each. R.—Revised
† As per latest estimates available.

INDIAN JUTE STATISTICS

Particulars	Period	Quantity
	JUTE MANUFACTURES	(In 000 tons)
Production	During July 1961	63.4
	Corresponding month, 1960	86.8
	Twelve months ended June 1961	1,006.3
	Corresponding period, 1960	1,074.2
Stocks	As on end of July, 1961	70.1
	Corresponding month, 1960	88.1
	DESPATCHES OF GUNNIES	(In 000 tons)
For Export Purpose	July-June, 1958-1959	854.9
	July-June, 1959-1960	833.5
	July-June 1960-1961	730.6
	July 1960	65.7
	July 1961	50.0
For Internal Consumption	July-June, 1958-1959	220 0
	July-June, 1959-1960	218 3
	July-June 1960-1961	274.1
	July 1960	14.6
	July 1961	18.8
	RAW JUTE	(In 000 bales)
Consumption by Mills	July 1961	354
	Corresponding month, 1960	406
	Twelve months ended June 1961	5,606
	Corresponding period, 1960	6,291
	1957-58	6,184
	1958-59	6,014

IRON AND STEEL PRODUCTION (In Tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1958	1,098,300	1,106,800	786,900
Do. 31st March, 1959	1,187,500	1,149,900	884,700
Do. 31st March, 1960	1,594,000K	1,555,000K	1,237,000K
Do. 31st March, 1961	1,588,000K	1,023,000K	1,263,000K
Sept. 1960	133,300K	138,100K	108,000K
Feb. 1961	122,900K	120,500K	94,200K
March ,,	141,600K	142,300K	114,900K
April ,,	135,700K	136,000K	106,000K
May ,,	142,000K	135,900K	106,000K
June ,,	131,600K	134,700K	101,200K
July ,,	133,900K	137,300K	107,900K
Aug. ,,	131,600K	131,700K	102,700K
Sept. ,,	123,900K	129,300K	107,000K
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1957	695,156	582,315	441,488
Do. 31st March, 1958	738,045	607,580	410,558
Do. 31st March, 1959	959,938	608,205	496,217
Do. 31st March, 1960	1,058,813K	697,772K	552,115K
Do. 31st March, 1961	1,160,576R	914,159R	715,884R
Sept. 1960	100,487K	79,761K	50,663K
April 1961	99,581K	99,710K	81,144K
May ,,	100,815K	70,912K	42,165K
June ,,	96,921K	74,828K	50,080K
July ,,	100,407K	71,956K	56,790K
Aug., ,,	101,000K	76,053K	62,600K
Sept. ,,	97,760K	76,888K	60,138K

K—Figures in Metric Tons.

ELECTRIC ENERGY GENERATED AND SOLD*

(In millions of kilo-watt-hours)

	No. of Concerns‡	Units Generated‡	Total Units Sold
1956-57	789	9,877.6	8,106.1
1957-58	824	11,176.8	9,011.4
1958-59	818	12,837.6	10,395.7
1959-60	850	15,039.3	12,180.8
1960-61	1,013	17,087.5	13,831.8
May 1960	850	1,387.9	1,119.4
June ,,	850	1,379.5	1,113.7
July ,,	850	1,380.5	1,106.0
August ,,	1,013	1,404.2	1,140.9
December ,,	1,013	1,508.0	1,214.5
January 1961	1,013	1,483.3	1,216.1
February ,,	1,013	1,400.0	1,151.9
March ,,	1,013	1,494.1	1,226.7
April ,,	1,013	1,456.2	1,223.9
May ,,	1,013	1,512.8	1,229.1

* Excluding railway, military and isolated power stations. Units Power Stations being interconnected with the Tata Power System, has been included. ‡ Including purchases from non-electric utilities.
† At the end of period. Source:—Central Water and Power Commission.

RAILWAY TRAFFIC— WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1957-58	8,856	1,319	811	148	67	31	145	17	188	315	25	259	35	103
1958-59	8,885	1,468	850	143	58	21	146	16	129	206	21	279	33	66
1959-60	9,388	1,433	874	136	53	19	149	15	129	369	44	284	38	77
1960-61	9,757	1,592	837	132	51	16	116	15	128	401	56	357	32	79
June 1960	2,379	364	214	38	14	5	18	3	34	99	15	72	4	20
March 1961	9,757	1,592	837	132	51	16	116	15	128	401	56	317	3	70
April ,,	856	138	68	14	5	1	6	2	11	33	6	29	32	7
May ,,	1,701	280	139	24	9	3	12	2	20	68	10	58	—	15
June ,,	2,475	413	212	34	12	4	16	3	29	98	15	86	3	23

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source* :—Ministry of Railways.

INDUSTRIAL PRODUCTION *

Industries.		1959	1961	December 1960	January 1961	February 1961	March 1961	March 1960
Major Industries—								
Coal	million metric tons	47.78	52 61	5.09	5.14	5.22	5.52	4 36
Steel (Ingots and Metal for castings)	thousand metric tons	2,453	3,287	330	341	295	—	272
Yarn	million lbs.	1,723	1,737	160	155	146	151	140
Cloth	million yds.	4,925	5,048	451	437	408	422	410
Cement	thousand metric tons	6,936	7,835	733K	701	668	709	706
Jute	thousand metric tons	1,068	1,085	92	88	79	89	93
Paper and paper boards	thousand tons	294	344K	30K	31 K	30 K	—	30K
Matches‡	thousand cases	649	603	62	55	52	56	56
Sugar	thousand metric tons	2,117	2,325	487	541K	502K	506 K	444
Engineering and Electrical Industries—								
Machine tools	Value in lakhs of Rs.	439	600	64	65	62	—	67
Electric lamps	millions	34.84	41 39	4.02	3 73	3.70	4.04	3.43
Dry cells	millions	27 3	20 7 4	26 2	19 7	18 9	16 3	15 6
Power transformers	k.v.a.	1,016,400	1,248,000	137,600	126,000	116,800	—	92,300
Electric Motors	thousand H.P.	576	680	67	64	61	—	51
Electric fans	Nos.	726,000	991,200	100,800	87,300	98,400	93,900	91,900
Radio receivers	Nos.	213,964	266,700	27,056	21,002	25,858	25,185	18,010
Storage batteries	Nos.	442,800	510,000	44,600	45,300	47,500	45,000	43,400
Copper conductors	tons	6,624	10,068K	988K	917 K	698 K	—	842K
Winding wires	tons	2,832	4,200K	370	404 K	391 K	—	391K
Rubber and plastic Ins. cables and flexibles	million yds.	166 08	208 32J	19.4J	17 88J	18.1J	—	16.65J
Insulators—H.T.	Nos.	982,800	2,317,200K	176,000K	167,000K	190,000K	—	—
Insulators—L.T.	million Nos.	6.25	3,662,400K	251,000K	231,000K	280,000K	—	—
Diesel engines—Vehicular	Nos.	8,712	9,702	1,074	855	913	974	755
Diesel engines—Stationary	Nos.	30,336	41,676	3,221	3,363	3,540	—	3,231
Chemical Industries—								
Salt	million metric tons	3.18	3,44	0.17	1.38Q	1.54Q	—	—
Caustic soda	metric tons	69,876	99,144	8,861	9,673	8,369	9,506	8 884
Soda ash	metric tons	95,328	145,284	15,439	14 437	12,859	13,987	12,518
Chlorine liquid	metric tons	24,780	31,656	2,812	3,021	2,651	2,933	2,624
Bleaching powder	metric tons	5,184	5,925	642	582	515	559	571
Bichromates	metric tons	4,332	5,280	508	430	450	450	523
Sulphuric acid	tons	292,164	354,708	31,000	31,000K	31,500	—	—
Superphosphate	metric tons	251,652	322,320	26,416	27,000	28,000	—	32,726
Non-ferrous Metals—								
Aluminium	metric tons	17,249	18,467	1,546	1,536	1,845	1,531	1,550
Antimony	tons	864	809K	68K	41	61	82	—
Copper (virgin metal)	metric tons	7,776	8,902	750	440	438	810	803
Lead (virgin metal)	metric tons	3,958	3,778	435	369	267	391	328
Gold	ozs.	165,312	4,992Kgs	427Kgs.	430Kgs	405Kgs.	423 Kgs.	—
Miscellaneous (Minor) Industries—								
Sewing Machines	Nos.	252,812	295,788	28,652	25,318	26,558	26,702	25,348
Bicycles	Nos.	990,744	1,050,744	101,140	90,343	94,275	—	102,481
Automobiles	Nos.	56,468	61,660	5,073	5,060	5,153	5,445	4,

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

[1952-53 = 100]

Group and Sub-Group	Week ended 23rd Sept., 1961	16th Sept., 1961	26th Aug. 1961	24th Sept., 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.1	101.1	101.1	101.0
2. Government of India	101.0	101.0	101.0	101.0
3. State Government	102.2	102.2	102.2	102.5
4. Municipal, Port Trust, etc.	99.6	99.6	99.7	100.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.3	101.2	101.5	100.7
PREFERENCE SHARES—ALL INDIA.				
6. Total	83.1	83.3	83.5	86.8
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	177.9	177.6	176.8	169.7
8. *Agriculture and Allied Activities: Total*	164.3	164.5	165.8	165.4
9. Tea Plantations	158.6	159.0	161.1	157.2
10. Coffee Plantations	171.0	172.3	172.5	208.9
11. Rubber Plantations	173.7	174.1	173.7	169.1
12. *Mining and Quarrying: Total*	157.9	157.1	157.5	145.9
13. Coal	120.5	122.3	125.6	115.7
14. Other Mining	182.1	181.0	179.3	166.7
15. *Processing and Manufacturing: Total*	191.7	191.4	190.0	183.7
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total**	199.1	199.7	197.4	184.7
17. Sugar	159.6	159.6	158.1	190.6
18. Cotton Textiles	175.0	173.8	170.3	151.9
19. Jute Textiles	83.3	82.7	83.9	89.9
20. Silk and Woollen	1116.1	1154.0	1141.2	1037.0
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	195.3	195.0	196.6	193.4
22. Iron and Steel	155.5	156.2	162.5	160.2
23. Transport Equipment	390.3	394.0	382.5	385.1
24. Electrical Machinery	167.0	163.4	161.3	132.4
25. Machinery other than Transport and Electrical	207.8	206.4	205.3	205.9
26. Basic Industrial Chemicals	205.0	204.9	207.6	215.2
27. *Processing and Mfg. (Others): Total**	162.4	159.7	155.1	162.4
28. Cement	145.5	144.9	140.8	143.8
29. Paper	210.0	206 2	200.0	218.0
30. *Other Industries: Total**	110.6	109.5	108.4	108.5
31. Electricity Generation and Supply	86.1	85.2	85.0	81.5
32. Trading	119.3	116.9	113.4	110 9
33. Shipping and Other Transport	94.4	93.3	93.0	104.8
34. Construction	289.0	286.9	285.5	316.2
35. *Financial: Total*	199.0	198.9	200.9	177.6
36. Banks	225.4	225.7	228.7	191.1
37. Insurance	146.3	144.2	144.2	134.4
38. Investment Trusts	90.3	90.3	88.5	87.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	184.2	184.2	183.4	176.7
40. Calcutta	164.3	163.3	163.2	153.7
41. Madras	191.4	191.4	193.0	195.9
42. Delhi	234.2	234.1	231.2	217.4

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	April 1961	April 1960	Twelve months ended March 1961	Twelve months ended March 1960
Exports	53,34	46,20	632,89	629,90
Re-exports	48	47	9,90	9,76
Total Exports	53,82	46,67	642,79	639,66
Imports	85,66	98,80	1070,16	960,77
Overall Balance of Trade	—31,84	—52,13	—427,37	—321,11
Exports—				
Tea	3,05	2,85	123,59	129,09
Jute yarns and manufactures	14,89	9,07	135,02	119,76
Cotton yarns and manufactures	5,04	5,33	62,04	69,02
Metallic ores and metal scrap	3,13	4,50	39,00	35,35
Cotton, raw and waste	1,03	93	11,57	14,49
Oils—vegetable, mineral and animal	77	86	13,85	19,17
Fruits and vegetables	2,43	1,54	26,08	21,67
Coffee	3,45	3,63	15,74	14,54
Mica	72	65	10,15	9,82
Wool and other animal hair	82	93	7,74	12,21
Gums, resins and lac	36	79	8,81	9,74
Spices	1,61	1,34	16,64	14,46
Hides and skins, raw	59	1,19	10,02	11,58
Imports—				
Machinery of all kinds	23,40	21,55	257,46	207,96
Iron and Steel	8,99	9,89	120,30	84,29
Oils—vegetable, mineral and animal	5,31	5,61	74,02	91,87
Chemicals, drugs and medicines	7,82	7,07	85,86	92,48
Electrical goods and apparatus	3,51	5,28	56,15	53,15
Vehicles (excluding aircraft, ships and boats)	3,22	4,60	59,49	55,60
Cotton, raw and waste	6,10	7,93	81,77	41,84
Fruits and vegetables	1,01	1,47	20,39	17,69
Paper, pasteboard, etc.	87	92	11,74	11,23
Dyes and colours	99	1,01	12,95	10,01
Spices	14	5	1,88	2,35
Woollen and worsted fabrics	3	3	21	26
Cotton fabrics	6	6	70	1,15
Rice	81	3,41	18,88	16,34
Wheat and spelt	4,17	16,78	121,17	129,78

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of payment in full Rs.
1961					
11th July	2.00	2.00	2.00	2.650	99.335
12th to 15th July*	0.13	—	0.13	—	99.356
18th July	2.00	2.02	2.00	2.500	99.385
19th to 22nd July*	1.50	—	1.50	—	99.391
24th to 29th July*	1.26	—	1.26	—	99.391
31st July	2.00	3.49	2.00	2.398	99.416
1st to 5th August*	1.47	—	1.47	—	99.416
8th August	2.00	2.00	2.00	2.400	99.400
9th to 12th Aug.*	0.69	—	0.69	—	99.416
14th August	2.00	2.00	2.00	2.400	99.400
16th to 19th Aug.*	2.55	—	2.55	—	99.416
22nd August	2.00	2.00	2.00	2.400	99.400
23rd to 26th Aug.*	1.29	—	1.29	—	99.416
29th August	2.00	2.00	2.00	2.400	99.400
30th August to 2nd September	0.71	—	0.71	—	99.416
4th to 9th Sept*	1.29	—	1.29	—	99.416
12th Sept	2.00	2.10	2.00	2.400	99.400
13th to 16th Sept.*	0.05	—	0.05	—	99.416
19th Sept	2.00	2.00	2.00	2.500	99.375
20th to 23rd Sept.*	0.55	—	0.55	—	99.391
26th Sept.	2.00	2.00	2.00	2.500	99.375
27th to 30th Sept.*	0.70	—	0.70	—	99.391
3rd October	2.00	2.00	2.00	2.500	99.375
Total amount outstanding	34.17	..	34.17	..	..

* Intermediate Treasury Bills sold.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

	All-India (1949=100)	Bombay June (1934=100)	Ahmedabad (1949=100)	Sholapur January (1928=100)	Kanpur (1949=100)	Nagpur (1949=100)	Calcutta August (1939=100)	Madras City (1942=100)	Delhi (1949=100)	Ajmer (1949=100)	Gauhati (1949=100)	Jamshedpur (1949=100)	Jabalpur (1949=100)	Bangalore (1949=100)
1958 Average	116	395	110	313	98	120	384	124	113	105	103	123	109	131
1959 "	121	412	125	340	98	132	384	133	120	106	98	125	108	140
1960 "	124	420	120	357	98	136	397†	143	120	107	103	120	109	146
July 1960	126	423	122	362	101	137	406	145	121	109	108	119	109†	146
August "	126	421	123	359	101	137	410	146	121	109	102	122	108	148
Sept. "	125	418	122	364	101	138	403	146	122	108	102	122	108	147
Oct. "	125	421	123	365	102	137	396	148	122	108	105	119	108	147
Nov. "	124	423	121	367	102	135	392	150	121	110	102	122	108	147
Dec. "	124	419	120	362	100	134	385	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	385	146	122	111	103	120	109	148
February "	123	420	119	350	102	130	389	147	123	111	103	119	109	148
March "	124	423	119	349	101	129	392	148	124	111	104†	121	109†	149
April "	123†	428	119	348	99	130	389	149	125	111	104†	120	109	150
May "	124†	431	119	345	97	132	..	148	126	112	106†	120	110	149
June "	125†	433	119	349	99	132	..	148	127	112†	104†	121	110	150
July "	126†	437	122	..	..	..	..	..	130	113	106	122	110	..

† Provisional.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A Out-standings	7-Year B Out-standings	12-Year B Out-standings	12-Year National Plan Savings Certificates C Receipts	C Out-standings	Post Office Savings Bank Deposits Receipts	Post Office Savings Bank Deposits Out-standings	10-Year National Plan Certificates D Out-standings	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J Out-standings	Cumulative Time Deposits 10-Year J Out-standings	10-Year Treasury Savings Deposit Certificates 3½% F Out-standings	10-Year Treasury Savings Deposit Certificates 4% C Receipts	10-Year Treasury Savings Deposit Certificates 4% C Out-standings	15-Year Annuity Certificates G Receipts	15-Year Annuity Certificates G Out-standings	Total Receipts	Total Out-standings H
1958-59	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21.02	—40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	98,99	83,24	221,68	210,40	268,08	19,79	—41,35	50	31	41,68	10,64	21,76	66	2,90	305,70	672,92
1960-61	1,24	2,46	81.50	82,53	287,30	228,77	297,77	18,36	—42,00	1,70	95	38,80	16,14	37,34	69	3,38	329,98	770,80
July 1960	1,46	2,95	92,15	5,83	240,35	15,25	281,67	19,43	—41,56	81	48	41,32	1,11	36,09	4	3,07	22,36	689,78
Aug. "	1,44	2,88	90,74	6,78	245,88	19,75	266,75	19,37	—41,61	80	54	41,21	1,17	27,23	9	3,14	27,92	700,07
Sept. "	1,42	2,81	89,29	7,16	251,84	18,76	271,10	19,26	—41,66	98	57	41,14	1,52	28,71	6	3,18	27,64	710,30
Oct. "	1,40	2,76	87,86	7,05	257,76	16,90	272,98	19,19	—41,71	1,07	64	41,09	1,42	30,27	5	3,22	25,56	718,18
Nov. "	1,37	2,70	87,64	6,21	262,79	17,90	275,00	19,12	—41,77	1,17	68	41,02	1,49	31,73	5	3,25	25,81	726,47
Dec. "	1,33	2,63	85,25	6,75	268,27	19,04	277,86	18,97	—41,81	1,28	74	40,97	1,28	32,88	5	3,29	27,30	738,47
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,08	280,06	18,87	—41,86	1,40	80	40,90	1,04	34,15	6	3,32	25,33	740,90
Feb. "	1,28	2,52	82,71	6,43	278,70	18,05	282,85	18,44	—41,93	1,53	87	39,88	1,89	35,75	5	3,36	26,53	747,86
Mar. "	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	—42,00	1,70	95	38,80	1,77	37,34	4	3,38	46,05	770,80
Apr. "	1,20	2,40	80,18	5,59	290,56	20,37	295,84	18,17	—42,05	1,83	1,01	37,46	2,28	39,42	4	3,40	28,47	771,47
May "	1,16	2,34	78,90	5,33	294,43	19,28	294,43	18,04	—42,06	1,99	1,08	36,49	1,33	40,92	4	3,42	26,19	773,46
June "	1,13	2,29	77,64	6,57	299,52	19,27	294,43	18,01	—42,13	2,18	11,5	35,45	1,89	42,43	3	3,43	28,02	777,66
July "	..	..	..	..	..	..	..	..	..	..	..	34,15	1,59	44,33	5	3,46	..	..

Note:—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities: repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of May 1961, amount to 16.03 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Loan	1938-39	116,17,46,000	1965-65	98.75
3 % Loan	1950	30,33,10,000	1964	98.85
3 % Fg. Loan	1943	1,10,11,78,000	1966-68	96.25
2½ Def. Loan	1945	1,15,05,83,000	1970-75	90.95
2½ Loan	1946	14,77,48,000	1976	83.50
2½ Loan	1947	75,86,72,000	1962	99.15
2½ N. P. Loan	1954	1,58,17,94,000	1964	99.85
2½ % N. P. Bonds (2nd Series)	1955	1,53,67,92,000	1965	99.85
2½ % Loan	1956	1,10,10,00,000	1962	99.90
2½ % N. P. Bonds (1st Series)	1956	1,03,81,83,000	1967	98.95
2½ % Loan	1956	86,63,53,000	1974	99.55
2½ % N. P. Bonds	1957	56,99,30,000	1967	100.10
4 % Loan	1957	49,17,27,000	1972	100.25
3½ % Loan	1958	58,05,92,000	1963	100.00
3½ % Loan	1958	70,00,00,000	1968	98.70
3½ % Loan N.P.B.	1958	64,33,90,000	1968	100.00
4 % Loan	1958	49,51,44,000	1973	100.20
3½ % Loan	1959	1,47,90,95,000	1969	98.35
4 % Loan	1959	81,09,39,000	1979	99.25
4 % Loan	1960	98,03,48,000	1980	99.25
2½ % Bonds	1960	82,65,41,000	1966	99.70
4 % Loan	1961	65,63,00,000	1981	98.50
NON-TERMINABLE LOANS				
3 % Loan	1896-97	8,03,33,000	M.	72.00
3 % Loan	1946	2,48,91,33,000	K.	72.75
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.50
4 % Andhra	1956	5,56,15,000	3rd Sept. 1968	98.50
4½ % Andhra	1958	5,48,92,000	15th July 1970	100.00
4 % Andhra	1959	6,57,75,000	19th Aug. 1971	97.75
4 % Andhra	1960	9,35,35,000	29th Aug. 1969	98.70
4½ % Andhra	1961	11,00,00,000	Sept. 1972	98.60
3 % Maharastra	1949	5,20,97,000	1st Aug. 1962	99.50
3½ % Maharastra	1951	2,78,14,000	15th Sept. 1963	100.00
3½ % Maharastra	1953	5,02,55,000	15th July 1965	100.00
4 % Maharastra	1952	3,84,83,000	1st Aug. 1964	100.00
4 % Maharastra	1955	9,41,35,000	1st Sept. 1967	97.90
4½ % Maharastra	1956	7,70,11,000	3rd Sept. 1970	99.25
4½ % Maharastra	1957	6,47,37,000	16th Sept. 1969	101.00
4½ % Maharastra	1958	6,48,62,000	15th July 1970	100.50
4½ % Maharastra	1958	4,31,45,000	15th July 1970	100.50
4 % Maharastra	1959	6,58,14,000	19th Aug. 1971	99.25
4 % Maharastra	1960	10,98,86,000	29th Aug. 1969	98.70
4½ % Maharastra	1961	10,77,00,000	Sept. 1972	98.60
4 % Bihar	1956	1,54,02,000	1st Sept. 1967	98.50
4 % Bihar	1956	2,13,41,000	3rd Sept. 1968	98.50
4 % Bihar	1957	2,77,77,000	18th Oct. 1971	98.00
4½ % Bihar	1958	3,33,22,000	19th Aug. 1971	98.00
4 % Bihar	1959	3,33,22,000	29th Aug. 1969	98.00
4 % Bihar	1960	5,49,22,000	29th Aug. 1969	99.00
4 % Gujarat	1960	5,49,22,000	29th Aug. 1969	99.00
4 % Hyderabad Bridge (New)	1956-57	1,95,98,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98.00
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.00
3½ % Madras	1951	3,01,49,300	15th July 1966	99.75
4 % Madras	1953	10,38,71,000	15th July 1968	100.00
4 % Madras	1954	8,54,81,300	1st Aug. 1964	99.85
4 % Madras	1955	10,47,17,000	1st Sept. 1967	98.50
4 % Madras	1956	13,83,56,000	3rd Sept. 1968	98.50
4 % Madras	1957	8,55,57,000	15th July 1970	100.00
4½ % Madras	1958	8,72,78,000	19th Aug. 1971	98.40
4 % Madras	1960	12,20,42,000	29th Aug. 1969	98.70
4 % Mysore (1)	1933	2,96,85,270	1st Dec. 1953-63	100.50
4 % Mysore	1953	3,88,47,000	15th July 1968	100.00
4 % Mysore	1955	3,54,94,000	1st Sept. 1967	98.50
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	98.50
4 % Mysore	1957	5,34,36,000	16th Sept. 1969	100.00
4½ % Mysore	1958	5,51,62,000	15th July 1970	100.00
4 % Mysore	1958	4,48,46,000	15th Aug. 1970	98.00
4 % Mysore	1960	8,37,73,000	29th Aug. 1969	98.80
4 % Rajasthan	1948	2,03,29,000	15th Sept. 1964	98.60
3½ % Rajasthan	1951	1,08,18,100	15th July 1966	99.40
4 % Rajasthan	1953	1,10,18,000	15th July 1968	98.50
4 % Rajasthan	1955	1,68,12,000	1st Sept. 1967	98.50
4 % Rajasthan	1956	1,68,42,000	3rd Sept. 1968	98.50
4½ % Rajasthan	1958	2,21,35,000	15th July 1970	100.00
4 % Rajasthan	1959	2,23,25,000	19th Aug. 1971	98.00
4 % Rajasthan	1960	3,16,23,000	29th Aug. 1969	98.80
4 % Uttar Pradesh	1952	44,36,95,000	1975-85	43.50
3 % U.P.	1936	1,54,80,000	15th Sept. 1961-66	92.75
3 % U.P.	1951	1,82,99,000	17th Sept. 1962	100.00
4 % U.P.	1952	5,89,14,000	1st Aug. 1964	99.90
4 % U.P.	1953	7,01,32,000	15th July 1968	100.00
4 % U.P.	1955	5,58,25,000	15th July 1968	98.50
4 % U.P.	1956	6,10,71,000	1st Sept. 1967	98.50
4 % U.P.	1956	8,48,26,000	3rd Sept. 1968	98.50

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation
BOMBAY				Rs.
Rs.				
36,50,000	4	1904	1964	
35,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1968	97.00
40,00,000	4	1909	1970	
56,00,000	4	1910	1971	
75,00,000	4	1911	1972	
40,00,000	4	1912	1973	
14,85,876	4	1913*	1960	D
80,00,000	4	1913	1974	97.00
88,25,000	4	1914	1975	97.00
10,00,000	4	1915*	1960	D
55,00,000	4	1915*	1975	
12,50,000	3½	1931*	1961	
13,50,000	3½	1935*	1962	
24,58,000	3½	1935*	1975	
15,00,000	3½	1936*	1966	D
48,04,000	3½	1938*	1968	D
10,00,000	3½	1938*	1968	
7,00,000	3½	1941	1971	
CALCUTTA				
Rs.				Rs.
90,24,800	4	1914	1974	98.25
76,90,100	4	1915	1975	98.25
50,00,000C	3½†	1921	1981	82.00
68,05,300C	6†	1921	1981	144.00N
40,00,000	3½	1921	1981	93.00
50,00,000	3½	1935	1965	99.00
25,00,000	3	1938	1903-68	98.00
50,00,000	3	1945	2005	74.00
50,00,000	3	1945	1975	85.00
50,00,000	3	1946	1976	84.75
50,00,000	3	1946	2006	74.00
50,00,000	3½	1947	1977	79.50
50,00,000	3	1948	1978	83.75
50,00,000	3	1950	1980	81.00
50,00,000C	3	1951	1981	81.75
1,50,00,000	3½	1951	1981	90.75
50,00,000	4	1953	1973	97.50
50,00,000	4	1953	1983	97.50
50,00,000	4	1954	1984	97.25
77,00,000	4	1956	1986	97.25
75,00,000C	4	1956	1986	97.25
1,24,00,000	4½	1957	1987	99.50
1,50,00,000	4	1958	1988	99.00
1,00,00,000	4	1959	1989	99.50
50,00,000	4½	1959	1989	99.00
1,00,00,000	4	1960	1970	98.50
1,00,00,000	4	1960	1970	98.50
STERLING LOANS				
£892,600	5	1922	1953-63	£63
£1,000,000	5	1924	1954-64	£63
£835,106	4½	1953	1962	£96½
MADRAS				
Rs.				Rs.
28,48,875	3½	1947	1977	▲
9,00,000	3	1947	1977	
3,00,000†	3	1949	1979	
45,00,000†	4½	1954	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation
BOMBAY				Rs.
Rs.				
60,00,000	4	1902	1962	
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	97.75
20,00,000	4	1906	1966	N
15,00,000	4	1907	1967	
30,00,000	4	1908	1968	
25,00,000	4	1912	1972	
25,00,000	4	1913	1973	
40,00,000	6	1919	1958-80	
50,00,000	6	1920	1958-80	115.00N
25,00,000	5	1927	1958-70	98.00N
25,00,000	4	1936	1966	
STERLING LOANS				
£866,600		1909	1968	£95.50
£336,000		1910	1970	£95.50N
CALCUTTA				
Rs.				Rs.
50,00,000	4	1934	1964	99.25
35,00,000	3½	1935	1965	99.00
80,00,000	3½	1936	1966	92.50
50,00,000	3	1937	1962	97.00
20,00,000	3	1938	1968-68	96.00
80,00,000	4	1952	1962	100.00
1,02,00,000	4	1958	1968	98.50
75,00,000	4½	1958	1968	101.00
65,00,000	4½	1959	1974	99.75

MUNICIPAL LOANS

BOMBAY				
Rs.				Rs.
20,00,000	4	1918-18	1974	97.00
10,00,000	5	1920	1980	113.00N
6,25,00,000	3½	1940	1977	85.50
2,18,14,500	3½	1949	1979	85.50
4,00,00,000	3½	1950	1965	99.00
2,74,00,000	3½	1951	1966	99.00
2,00,34,000	3½	1951	1966	99.00
1,80,00,000	4	1953	1963	99.00
10,29,00,000	4	1953	1963	99.00
86,87,000†	4	1954	1968	99.00
2,50,00,000	4	1955	1967	99.00
1,57,50,000	4	1956	1966	99.00
4,74,00,000	4	1957	1969	99.50
4,75,00,000	4	1958	1970	99.50
3,50,00,000	4	1959	1971	98.50
CALCUTTA				
Rs.				Rs.
10,00,000	5½	1922	1962	102.50N
31,91,000	5½	1925	1965	96.00
60,00,000	3	1936	1966	93.00
47,50,000	3	1938	1968	92.00
12,10,000	3½	1938	1975	92.00
66,88,000	3½	1951	1966	95.50
87,86,000	4	1952	1962	99.75
72,50,000	4	1955	1965	100.00
2,22,72,000	4	1955	1965	97.25N
73,86,000	4½	1958	1968	101.00N
1,67,32,000	4	1959	1970	101.00N
MADRAS				
Rs.				Rs.
15,00,000	3½	1951	1961	107.00N
15,00,000	3½	1952	1962	107.50N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½ % U.P.	1958	7,65,59,000	15th July 1970	100.00
4 % U.P.	1959	8,88,68,000	19th Aug. 1971	98.40
4 % U.P.	1960	7,79,16,000	29th Aug. 1969	98.25
4 % Rajasthan	1956	3,14,19,000	3rd Sept. 1968	98.50
4 % Rajasthan	1958	2,75,00,000	15th July 1970	100.00
4½ % Rajasthan	1959	3,84,19,000	19th Aug. 1971	98.00
4 % Rajasthan	1960	5,08,74,000	29th Aug. 1969	98.15
4 % Orissa	1956	2,09,84,000	3rd Sept. 1968	98.50
4 % Orissa	1958	3,28,58,000	15th July 1970	100.00
4 % Orissa	1959	3,82,30,000	19th Aug. 1971	98.00
4 % Orissa	1960	4,90,00,000	29th Aug. 1969	98.15
4 % M. BharatiT	1953	1,04,77,000	15th July 1968	99.50
4 % M. BharatiT	1956	1,11,26,000	3rd Sept. 1968	98.75
4 % W. Bengal	1951	1,75,00,000	17th Sept. 1962	100.00
4 % W. Bengal	1952	2,00,00,000	1st Aug.

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	65,16,166	1,52,12,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd.	879	Agarpara	10.12	10	0.25	0.50	1.00	0.25	3	Y.P.T.
6,00,000	16,40,000	77,47,330	49,41,324	2,22,045	McLeod & Co., Ltd.	456	Alexandra	240.00	100	10.00	15.00	44.00		12	Y.P.T.
30,00,000	5,48,950	1,41,02,373	1,01,60,889	1,16,925	McLeod & Co., Ltd.	1,264	Alliance	84.50	100	*Nil*	*Nil*	6.00		5	Y.P.
49,20,700	85,71,000	2,80,85,747	1,84,94,034	3,74,363	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	177.00	100	10.00	12.50	20.00	7.50	3	Y.P.
40,00,000	28,14,827	1,46,86,173	88,52,153	45,981	Bird & Co. Private Ltd.	810	Auckland	148.50xd	100	5.00	20.00	27.50	12.00	3	Y.P.T.
30,00,000	34,34,417	1,47,00,374	85,10,664	1,00,757	Birla Brothers Private Ltd.	959	Bally	218.00	100	6.00	10.00	25.00	25.00	3	Y.P.
£275,000	£503,923	£1,601,226	£1,065,825	—£92,399	Sir John H. Burder (Chairman)	1,889	Barnagore	119.00	£5	*Nil*	10sh.	£1.10sh		3	Y.P.
25,00,000	23,47,233	1,00,52,541	58,47,941	78,247	Andrew Yule & Co., Ltd.	820	Belvedere	141.00	100	7.50	13.50	5.00		12	Y.P.
48,00,000	28,91,700	70,48,057	40,86,203	1,33,355	Soorajmull Nagarmull	600	Bengal	10.00	10	0.50	0.50	0.50		6	Y.P.T.
91,26,000	3,08,27,818	8,17,03,760	2,90,00,714	1,88,905	Birla Brothers Private Ltd.	1,373	Birla	25.62	10	1.00	1.00	1.50	1.50	3	Y.P.
36,00,000	27,72,236	1,36,96,070	70,34,735	34,192	Andrew Yule & Co., Ltd.	991	Budge-Budge	122.00	100	5.00	15.00	10.00		12	Y.P.
7,43,350	4,000	45,02,280	35,10,243	—1,47,560	Dayaram & Sons	502	Calcutta Jute Mfg.	5.50N	10	*Nil*	*Nil*			12	Y.P.T.
18,00,000	29,05,059	92,72,655	5,10,612	6,22,941	M.	616	Caledonian	134.00	100	15.00	12.00	12.00		11	Y.P.
59,16,400	82,28,226	2,14,84,087	1,21,65,795	1,37,286	James Finlay & Co., Ltd.	600	Champdany	125.00	100	*Nil*	7.00	10.00	5.00	3	Y.
32,56,250	46,86,344	1,22,39,034	62,15,516	6,533	Andrew Yule & Co., Ltd.	1,131	Chevriot	14.00	10	0.50	1.25	*Nil*		11	Y.P.
30,15,000	39,63,900	1,20,98,261	66,66,975	39,326	McLeod & Co., Ltd.	500	Chitavalsah	10.56	10	1.25	1.50	0.50		7	Y.P.T.
24,00,000	9,00,000	82,12,030	61,31,208	—3,09,256	M.	969	Clive	9.87	10	*Nil*	*Nil*	*Nil*		3	Y.P.
31,49,200	14,68,891	1,10,14,699	69,67,213	9,802	Bird & Co. Private Ltd.	766	Dalhousie	88.50xd	100	*Nil*	*Nil*	1.00	1.00	3	Y.P.T.
23,00,000	41,85,474	97,98,897	51,23,870	15,632	Andrew Yule & Co., Ltd.	779	Delta	141.00	100	6.00	14.00	7.50		11	Y.P.
15,00,000	38,62,000	1,14,03,496	74,72,740	70,285	McLeod & Co., Ltd.	500	Empire	15.50	10	1.00	1.25	1.25		7	Y.P.T.
43,00,000	53,55,324	2,41,09,981	1,69,04,491	72,000	Ketridge Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	279.00	100 Old	20.00	20.00	25.00		3	Y.P.T.
21,00,000	19,81,946	1,32,29,993	76,17,738	1,94,899	Bangur Bros., Ltd.	1,014	Fort William	25.75xd	10	1.50	1.50	2.25		3	Y.P.
64,32,100	5,16,898	2,24,66,716	1,48,00,382	50,359	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	10.87xd	10	*Nil*	*Nil*	1.00		3	Y.P.
10,80,000	54,56,266	98,03,727	58,00,178	14,067	M.	607	General Ind. Society Ltd.	35.00	10	2.00	4.00	4.00		12	Y.T.
24,00,000	71,85,723	2,74,15,455	1,81,06,760	82,035	Macneill & Barry Ltd.	1,394	Gourepore	347.00	100	20.00	25.00	30.00	25.00	3	Y.P.
40,00,000	31,69,633	1,33,64,146	76,47,196	2,85,690	Bangur Bros., Ltd.	1,078	Hastings	115.00xdN	100	5.00	6.00	6.00		3	Y.P.
16,80,000	25,55,734	83,43,980	51,77,775	38,329	J. & R. Hutchison Private Ltd.	720	Hooghly	13.50xd	10	0.50	0.50	0.50		3	Y.P.
65,62,500	40,04,054	2,24,82,710	1,35,84,809	72,382	Jardine Henderson Ltd.	1,940	Howrah	20.37	10	*Nil*	1.00	1.25		3	Y.P.T.
52,50,000	88,25,000	3,18,43,014	1,77,68,014	1,63,175	Ramdutt Ramkissendas	2,272	Hukumchand	18.12	7.50	1.50	1.50	2.15		3	Y.P.
37,30,000	21,78,965	1,74,80,629	1,00,24,562	4,94,285	M.	790	India	13.87	12.50	1.50	1.24	1.75		3	Y.
24,00,000 }	27,20,329	2,00,48,588	1,40,57,698	39,774	Jardine Henderson Ltd.	1,797	Kamarhaity	123.00	100	5.00	20.00	5.00		12	Y.P.T.
'B'19,20,000 }								122.00	'B'100	5.00	20.00	5.00			
80,00,000 }	....	1,78,03,894	1,19,88,288	—14,78,469	Jardine Henderson Ltd.	1,527	Kankanarrah	69.00	100	*Nil*	*Nil*	*Nil*		12	Y.P.T.
'B'24,00,000 }								57.00	'B'100	*Nil*	*Nil*	*Nil*			
28,00,000	52,06,000	1,51,65,797	1,09,30,820	1,21,384	McLeod & Co., Ltd.	703	Kelvin	149.00	100	12.50	14.00'C'	15.00		5	Y.P.
84,00,000	23,65,520	2,16,04,951	1,32,38,782	74,405	Anderson Wright Ltd.	1,530	Kharadah	17.00	10	0.80	2.00	2.00		3	Y.P.
47,39,756	47,39,756	2,27,21,468	1,33,78,784	62,606	T. W. Heigers & Co. Private Ltd.	1,250	Klinnison	144.00xd	100	5.00	10.00	20.00	7.00	3	Y.P.T.
24,48,000	6,04,572	1,08,23,825	71,08,446	—3,54,448	Bird & Co. Private Ltd.	931	Lansdowne	91.25	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
28,00,000	14,13,430	65,77,638	42,23,342	54,949	Bird & Co. Private Ltd.	840	Lawrence	153.00xd	100	*Nil*	2.00	15.00	15.00	3	Y.P.
24,63,981	24,63,981	2,70,91,229	1,56,68,005	1,86,999	M.	1,394	Magma	12.00	10	1.75	1.00	1.20		3	Y.
29,98,900	24,86,892	1,64,55,185	94,33,205	—11,60,635	M.	816	Naihati	63.00	100	*Nil*	*Nil*			3	Y.P.T.
20,00,000	11,82,460	38,57,072	27,68,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	8.94xd	10	0.25	0.375	0.60		10	Y.T.
24,00,000	52,63,706	1,08,02,939	25,02,498	41,329	M.	852	National	19.75	10	0.75	1.00	0.75		12	Y.P.T.
26,25,000	22,26,172	68,66,663	32,12,580	43,020	McLeod & Co., Ltd.	316	Nellimarla Jute	9.50	10	1.00	1.40	0.80		7	Y.P.T.
1,76,82,810	2,27,33,274	9,30,98,375	1,36,54,171	....	Sahu Jain Ltd.	1,765	New Central	16.87	10	1.50	1.50'C'	1.50		3	Y.P.T.
18,79,880	51,25,817	1,30,21,349	77,30,582	82,274	Bird & Co. Private Ltd.	567	Northbrook	24.75xd	10	*Nil*	1.25	3.00	3.00	3	Y.P.T.
66,79,500	41,28,236	2,23,60,331	1,19,31,974	1,08,322	Macneill & Barry Ltd.	1,092	Nuddea	47.50	50	2.50	3.00	4.00	3.00	3	Y.
25,00,000	11,41,170	1,05,08,533	75,92,215	23,417	McLeod & Co., Ltd.	400	Presidency	4.02	5	0.37½	0.50	0.40		7	Y.T.
20,00,000	73,604	36,55,315	14,10,449	—9,71,483	Hindustan Investment Corpn. Ltd.	305	Rameshwara	0.75	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
49,50,000		1,24,88,157	67,38,074	—26,32,383	Jardine Henderson Ltd.	1,276	Reliance	5.25	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
£600,000	£490,065	£1,495,648	£850,162	£28,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	5%†	10%†	6%†		12	Y.P.
90,00,000	19,97,300	1,24,50,859	91,65,688	69,510	Bagaria More & Co., Ltd.	911	Shree Ambica	22.49	10	0.50	0.50			12	Y.P.
15,00,000	13,56,050	75,14,520	54,33,344	21,730	Hindustan Investment Corpn. Ltd.	401	Soorah	21.50	10	1.50	2.50	2.50		12	Y.P.
£600,000	£420,865	£1,276,188	£743,019	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	3%†	10%†	6%†		12	Y.P.
35,98,500	87,94,658	98,18,767	55,10,623	8,800	Bird & Co. Private Ltd.	1,326	Union	144.00xd	100	15.00	20.00	25.00	6.00	3	Y.P.T.
£400,000	£279,822	£1,283,223	£611,728	£17,815	Thomas Duff & Co. (India) Pvt. Ltd.	1,331	Victoria	9.50N	£1	5%†	10%†	6%†		12	Y.P.
2,56,000	6,70,000	82,62,805	45,53,966	1,94,094	McLeod & Co., Ltd.	447	Waverley	3.78	1	*Nil*	0.25	0.30		5	Y.P.T.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
10,86,990	4,83,841	17,78,041	8,77,868	16,618	Young India Agencies Private Ltd....	579	Balanoor Tea and Rubber	14.75	10	1.75	1.50	1.50	1.20	3	Y.
12,00,000	18,91,807	79,01,776	13,65,987	2,33,908	Kothari & Sons (Agts.) Pvt. Ltd.	1,329	Blue Mountain	3.00	2	0.25	0.25	0.25		6	Y.
5,50,000	5,09,091	16,46,405	3,40,184	18,637	K. Anantaraman, Esq. (Mg. Director).	848	Chandramalai Estates Ltd.	2.70	2	0.24	0.24	0.20		6	Y.P.
14,00,100	14,42,652	27,50,605	9,36,841	43,853	Peirce, Leslie & Co., Ltd.	1,713	Chenglai Tea Estates	3.65	2	0.30	0.30	0.40	0.40	9	Y.
3,66,420	4,39,979	23,20,475	8,20,617	32,588	Madras Bosanquet & Co. Pvt. Ltd..	902	Coonoor Tea	26.97xd	10	2.00	2.00	1.75		9	Y.P.
4,80,000	5,19,589	13,74,821	2,42,244	2,310	Srinivas Agencies	661	Coorg Tea	5.57	2	0.40	0.40	0.40		3	Y.P.
6,00,000	4,81,518	13,81,928	3,69,201	656	P. G. Krishna Iyer, Esq. (Mg. Director)	552	Devashola (Nilgiri) Tea	30.50	10	2.50	2.50	2.00		12	Y.
6,74,650	3,31,000	11,60,724	2,40,302	12,226	Young India Agencies Private Ltd....	455	Devon Tea	10.00	10	1.75	1.50	1.50	1.20	12	Y.P.
5,80,000	1,26,500	4,04,217	65,265	2,027	Parkina Private Ltd.	198	Emerald Valley Estates	5.05	5	0.20	0.40	1.00		3	Y.
25,00,000	18,55,500	56,71,656	10,31,863	77,185	Parkina Private Ltd.	1,506	Halleyburia	14.00	10	2.00	1.25'C'	1.50		12	Y.P.
6,00,000	5,86,159	15,77,648	3,56,129	59,573	Kalaa Tea Co., Ltd.	400	Kalaa Tea	5.75xd	2	0.25	0.50	0.40	0.50	12	Y.P.
17,17,076	13,19,245	33,15,743	5,71,179	15,600	Peirce, Leslie & Co., Ltd.	1,375	Kil Kotagiri Tea	4.75	2	0.30	0.70	0.50	0.40	9	Y.P.
6,90,000	2,14,272	13,67,080	1,15,811	579	Ipe Oommen & Co. Pvt. Ltd.	502	Kurcheranala Plant. Ltd.	5.25xd	10	0.62½	0.80	*Nil*	0.40	3	Y.
5,00,000	1,30,556	9,61,434	78,039	87,180	Madhavan Bosanquet & Co. Pvt. Ltd..	257	Lucky Valley	11.65	10	1.00	1.00	1.00		12	Y.
3,50,000	7,000	3,48,687	15,799	....	Vasanta & Co. (Trichy) Pvt. Ltd..	255	Manar Estates Ltd.	2.63	2	0.24	0.19	0.20		3	Y.
2,00,000	6,18,504	14,48,867	3,15,782	1,740	Espon Thomas, Esq. (Mg. Director).	560	Mlamallay	35.80xd	25	5.75	5.00	5.75	8.50	3	Y.P.
24,00,000	21,32,280	81,96,144	14,06,822	5,225	A. V. Thomas & Co. (India) Ltd.	2,039	Neelamalai	4.35	2	0.37	0.37	0.37		6	Y.P.
12,00,000	6,87,638	37,51,687	6,74,849	5,556	A. V. Thomas & Co., Ltd.	1,648	Nellampathy	2.51	2	0.20	0.20	0.26		6	Y.P.
14,06,250	7,45,546	39,97,155	6,88,861	26,790	A. V. George & Co., Ltd.	1,628	Nilgiri Tea	9.70xd	10	0.50	0.50	0.80		3	Y.P.T.
28,10,000	9,22,509	52,13,949	8,56,585	35,375	Harrisons & Crosfield Ltd.	2,216	Nonsuch Tea	25.62	10	1.50	2.00			12	Y.
14,88,960	17,58,238	35,65,000	8,53,243	35,411	P. S. M. Molyneux, Esq. (Chairman)	570	Parkside	29.70	10	2.50	2.75	2.75		6	Y.
6,00,000	3,06,284	8,47,998	63,188	64,227	S. Sivaramakrishna Aiyar, Esq.	500	Peninsular Plantations Ltd.	22.00	10	1.50	2.00			12	Y.
17,00,000	11,87,787	43,82,475	15,91,846	37,068	Aspinwall & Co. (Travancore) Ltd. ..	1,564	Peermade	23.87xd	10	1.25	2.25	2.25	0.75	12	Y.P.
87,94,880	30,24,711	1,15,51,235	89,15,903	55,407	Peirce, Leslie & Co., Ltd.	3,718	Periakaramalai	3.67	2	0.20'C'	0.25	0.27	0.40	3	Y.P.
18,50,000	2,06,500	11,40,782	1,24,998	907	A. V. Thomas & Co. (India) Ltd.	865	Sheverov Estates Ltd.	1.70	2	0.15	0.125	0.18		6	Y.
9,00,000	13,48,607	28,45,822	8,36,966	8,199	T. Stanes & Co., Ltd.	1,181	Stanes Amalgamated ..	16.62	10	0.80	0.60	1.70		6	Y.P.
1,25,000	15,000	1,98,241	7,968	4,239	M.	216	Swinton Estates	3.00xd	2	0.15	0.15	0.25	0.20	3	Y.
12,50,000	11,78,243	32,25,283	4,11,990	1,854	Srinivas Agencies	1,061	Talayar Tea	1.90xd	2	0.12	0.10	0.16		3	Y.P.
15,75,000	16,00,500	32,54,520	3,47,047	42,193	Parkina Private Ltd.	1,206	Twyford	11.00	10	1.50	1.50'C'	1.50		12	Y.
21,98,250	12,59,000	44,14,000	15,67,365	1,62,995	T. Stanes & Co., Ltd.	1,771	United Nilgiri	24.91xd	10	1.50	1.95	2.10		3	Y.
47,25,000	13,42,245	63,66,910	9,97,262	1,94,353	Kothari Mehta & Co. Pvt. Ltd.	997	Waterfall	3.00	2	0.25	0.25	0.25		6	Y.P.
1,00,000	53,757	3,51,001	89,991	689	Goodall & Co.	93	Woodcote Estates Ltd.	1.65	1	0.06	*Nil*	*Nil*		6	Y.P.
RUBBER AND OTHERS															
6,00,000	5,52,485	16,86,453	4,57,025	30,365	Ramani & Co. Pvt. Ltd.	878	Alageswar Estates Ltd. ..	2.94xd	2	0.20	0.15	0.15	0.30	3	Y.
6,75,000	2,35,527	19,88,033	3,50,666	14,796	K. N. Neelakantan, Esq. (Mg. Director)	2,170	Amalgamated Coffee Estates Ltd. ..	11.55xd	10	0.60	0.75	1.00	1.00	3	Y.P.T.
2,50,000	5,92,985	14,26,924	1,56,520	30,096	A. V. George & Co., Ltd.	639	Anandam Rubber Co., Ltd. ..	19.80	10	1.00	1.50	1.50		12	Y.P.
12,07,882	2,28,040	20,59,620	2,33,207	84,272	Associated Planters Private Ltd.	1,848	Anapparai Estates Ltd. ..	3.80	2	0.70	0.50	0.40		6	Y.P.
4,25,000	4,50,000	8,61,987	1,01,113	23,299	Young India Agencies Pvt. Ltd.	610	Badra Coffee Estates Ltd. ..	8.80	2	0.35	0.35	0.30	0.30	6	Y.P.
4,00,000	1,68,748	7,84,867	1,10,833	2,438	A. V. Thomas & Co. (Mysore)	370	Bahabudin Coffee & Produce..	5.00	2	0.25	0.25	0.40		6	Y.P.
3,00,000	2,28,000	4,68,668	62,711	4,968	Planting Agencies (Private) Ltd..	374	Balmadies Plantations ..	2.03xd	2	0.25	0.15	0.15	0.10	3	Y.P.
9,86,115	3,96,253	12,50,884	13,674	674	T. K. Gommen, Esq. (Mg. Director).	1,135	Be Be Rubber Estates Ltd. ..	2.75xd	5	0.25	0.25			3	Y.P.
28,91,279	20,33,511	55,28,016	9,62,337	10,145	Peirce, Leslie & Co., Ltd.	6,203	Cochin Malabar	7.35	2	0.30'C'	0.45	0.535	0.60	3	Y.P.
22,50,000	21,10,998	58,64,399	12,19,204	92,379	Cons. Coffee Estates (Secretaries)	2,799	Coffee Lands and Industries ..	16.70	10	2.00	2.50	2.00		6	Y.P.
71,25,000	66,04,394	8,58,50,000	40,69,751	60,725	C. I. Machia, Esq. (Mg. Director)	8,169	Consolidated Coffee	20.50	10	2.00	2.50	2.00	1.00	6	Y.P.
6,00,000	5,00,735	14,95,290	98,969	2,116	Associated Planters Private Ltd.	1,439	Cottanad Plantations	10.85xd	10	1.50	1.50	1.50		6	Y.P.
4,08,250	2,00,000	8,12,566	76,908	27,670	Peirce, Leslie & Co., Ltd. ..	605	Cowcoody Estates (Coffee) ..	4.45	2	1.50	0.50	0.50		6	Y.P.
18,20,000	11,10,000	32,36,215	7,48,405	37,599	A. V. Thomas & Co., Ltd. ..	1,251	Highland Produce	14.12	10	1.50	1.50	1.50		12	Y.P.
1,20,000	49,000	1,64,450	5,148	2,033	Young India Agencies Pvt. Ltd.	220	Kadur Coffee Estates Ltd. ..	2.78xd	2	0.18	0.15	0.15		6	Y.P.
11,25,700	11,77,706	31,16,425	3,48,844	31,973	A. V. George & Co., Ltd. ..	1,548	Kallas Rubber Co., Ltd. ..	5.42	2	0.50	0.40	0.40	0.50	3	Y.
3,50,000	3,43,504	19,45,239	3,96,051	1,913	Kalpetta Estates	1,570	Kalpetta Estates	12.70xd	10	1.00'C'	1.25	1.25	1.25	4	Y.P.
4,00,000	3,75,000	9,82,417	1,85,014	14,690	Peirce, Leslie & Co., Ltd. ..	674	Kumsegode Estates Ltd. ..	4.60	2	0.40'C'	0.40	0.40		10	Y.
12,50,000	5,41,456	22,23,888	4,40,673	47	K. T. Thomas Kathanar, Esq.	2,148	Malankara Rubber	18.00xd	10	1.70'C'	1.50	1.50	1.60*	3	Y.P.
3,25,000	2,50,000	7,07,584	9,954	10,188	Associated Planters Pvt. Ltd.	906	Meenara Rubbers Ltd. ..	8.35	5	1.00	1.00	1.00		6	Y.P.
60,50,000	14,53,542	87,24,197	12,48,800	9,116	A. V. Thomas & Co., Ltd. ..	4,470	Midland Rubber	12.00xd	10	1.00'C'	1.00	1.25	1.25	6	Y.P.
3,25,000	4,12,507	16,80,592	3,02,929	79,805	A. V. George & Co., Ltd. ..	1,331	Nenmeny Rubber	22.75	10	1.50	1.50	1.50		12	Y.P.T.
2,00,000	4,74,543	6,94,232	55,673	2,214	Associated Planters Private Ltd.	1,056	Nilambur Rubber Co.	14.00	10	2.00	2.00	2.00		10	Y.P.T.
19,48,988	29,39,213	54,54,543	18,70,387	7,027	Peirce, Leslie & Co., Ltd. ..	1,395	Ouchterlony Valley Estates ..	3.75	2	0.20	0.30	0.26	0.80	3	Y.P.
6,50,000	5,71,464	7,97,782	83,078	46,714	Peirce, Leslie & Co., Ltd. ..	582	Oscor Estates Ltd.	2.70xd	2	0.35	0.30	0.30	0.12	3	Y.P.
16,50,000	2,39,315	22,27,018	7,37,890	797	Aspinwall & Co., Ltd. ..	2,017	Pullangode Rubber	1.77	2	0.08	0.10	0.10		3	Y.P.
13,50,000	4,37,044	48,91,064	4,79,542	19,045	A. V. George & Co., Ltd. ..	2,988	Rajagiri Rubber	19.75	10	2.00	2.00	2.00	1.25	6	Y.P.
2,00,000	1,64,966	3,80,760	47,874	16,875	Associated Planters Private Ltd.	492	Rajendra Coffee Ltd.	12.12xd	5	2.00	2.50	1.25		11	Y.
5,50,170	3,25,000	9,85,902	1,64,083	21,604	Peirce, Leslie & Co., Ltd. ..	500	Saramalai Estates Ltd.	8.00	2	0.25'C'	0.30	0.28		11	Y.
13,50,000	3,51,000	19,79,725	1,58,000	4,075	Peirce, Leslie & Co., Ltd. ..	1,102	Sangameshwar Coffee Estates.	2.00xd	2	0.18	0.18	0.12		3	Y.P.T.
2,00,000	1,64,966	3,80,760	47,874	16,875	Associated Planters Private Ltd.	492	Teekoy Rubber (India) Ltd. ..	5.22xd	10	0.80	0.60	*Nil*		3	Y.P.
5,00,000	3,25,000	9,85,902	1,64,083	21,604	Peirce, Leslie & Co., Ltd. ..	500	Thannampally Rubber	8.00	2	0.25'C'	0.30	0.28		11	Y.
13,50,000	3,51,000	19,79,725	1,58,000	4,075	Peirce, Leslie & Co., Ltd. ..	1,102	Thirumbadi Rubber Co., Ltd. ..	1.78	1	0.10	0.07	0.07		9	Y.
10,00,000	3,08,130	22,50,808	1,88,867	4,584	East India Agencies Private Ltd.	1,454	Travancore Rubber	12.12	10	1.00	1.00	1.30		12	Y.P.
2,50,000	2,78,000	6,26,045	51,669	23,806	A. V. George & Co., Ltd. ..	585	Travancore Rubber & Tea ..	10.06	10	0.50	0.75	0.90		12	Y.P.
9,11,250	4,00,000	24,54,543	3,19,470	14,259	Peirce, Leslie & Co., Ltd. ..	2,591	Travancore Tea Estates	4.67	2	0.20	0.20	0.20		6	Y.P.
4,00,000	46,743	3,26,449	1,50,586	4,450	Espon Thomas, Esq. (Mg. Director).	1,241	Travancore Rubber	12.12	10	1.00	1.00	1.30		12	Y.P.
41,00,000	18,07,631	99,23,758	20,79,944	11,447	Aspinwall & Co. (Travancore) Ltd.	4,571	Travancore Rubber & Tea ..	10.06	10	0.50	0.75	0.90		12	Y.P.
30,00,000	1,91,000	38,48,191	9,99,495	1,508	P. T. Thomas, Esq. (Mg. Director)	2,167	Tropical Plantations Co. ..	5.75	25	1.50	2.50	2.50		2	Y.P.T.
6,00,000	4,86,000	17,68,416	1,37,498	10,668	P. I. J. Joseph, Esq. (Chairman)	1,860	Vellmalai Rubber & Co.	5.95cd	5	0.50	0.50	0.60		2	Y.P.T.
2,50,000	4,29,000	10,29,260	1,18,701	7,561	A. V. George & Co., Ltd. ..	508	Udayagiri Rubber Co., Ltd. ..	20.12	10	1.50	1.50	2.00		12	Y.
4,80,010	4,19,451	9,63,441	40,258	908	M.	736	Valkundan Rubber Co., Ltd...	32.85	10	3.00	2.50	3.00		12	Y.
5,80,010	4,13,451	10,15,277	1,53,156	1,12,012	Peirce, Leslie & Co., Ltd. ..	1,020	Wartyhully Estates Ltd. ..	2.56xd	2	0.30	0.30	0.30	0.80	3	Y.P.
12,50,000	12,40,982	16,15,277	1,53,156	1,12,012	Peirce, Leslie & Co., Ltd. ..	1,020	Wartyhully Estates Ltd. ..	2.56xd	2	0.30	0.30	0.30	0.80	3	Y.P.
6,25,000	97,909	13,66,464	1,02,251	23,313	M.	898	Woodland Estates	7.50	10	0.50	0.50	1.00	1.00	3	Y.

V—Including 60 nP for 30-6-1954. 'C'—On increased capital. • Includes bonus. M—Managed by Board of Directors. † Less Income-tax.

NORTH INDIAN TEA ESTATES

| Paid-up Ordinary Capital Rs. | Reserves Rs. | Gross Block Rs. | Depreciation Rs. | Carried Forward Rs. | Managing Agents, Managing Directors or Secretaries | Acreage under Tea | Company | Latest Available Quotation Rs. nP | Paid-up per Share Rs. | Dividend per Share 1958 Rs. nP | 1959 Rs. nP | 1960 Rs. nP | 1961 Rs. nP |

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
CERAMIC; MINING AND QUARRYING														
9,00,000	....	37,48,882	16,26,068	82,615	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	9.94	10	*Nil*	*Nil*	0.60		3	Y.
2,50,000	11,32,441	14,00,854	7,05,406	6,159	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.19	10	3.50	2.00	0.50		9	Y.P.
4,25,146	19,77,896	1,61,24,989	63,22,100	1,703	Bharat Ram Bhagat & Co.	Bengal Potteries	7.00	2½	0.25	0.356	0.375		12	Y.
0,00,000	52,26,517	92,22,366	45,37,856	59,420	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	49.37	10	1.75	1.87	3.00	3.00	3	Y.
4,17,800	10,55,547	23,55,584	15,31,353	9,761	Smt. K. M. Motichand Shah (Chairman)	Bombay Pottories and Tiles Ltd. ..	173.00	100	10.00	12.56	12.56		9	Y.P.
9,80,700	14,50,359	1,25,49,403	27,84,861	—5,54,452	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd.	137.00	100	*Nil*	*Nil*	8.00		12	Y.P.
1,71,890	£2,444,266	£8,614,146	£2,081,108	£118,750	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	4.78	Sh. 2	0.24	0.36	0.36		12	Y.
5,00,000	26,84,000	45,04,655	18,23,598	2,55,452	Bird & Co. Private Ltd.,..	Karanpura Development	18.56	10	*Nil*	0.50	0.50		12	Y.
3,80,000									*Nil*	1.50	1.50			
40,00,000	....	1,14,21,410	5,73,268	8,63,515	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	72.00	50	*Nil*	*Nil*	*Nil*		12	Y.P.
10,00,000	40,95,322	1,23,10,947	66,20,788	33,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26.00N	10	1.25	1.50	1.50		12	Y.P.T.
10,00,000	10,43,352	1,18,80,530	59,85,620	14,41,622	M.	Metal Corporation of India Ltd. ..	10.94	10	*Nil*	*Nil*	*Nil*		3	Y.P.T.
6,00,000	5,26,433	13,40,693	7,63,285	7,276	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	14·36xd	10	1.00*	1.00*	1.428		8	Y.
10,00,000	55,55,984	68,91,304	28,26,317	1,10,697	Bird & Co. Private Ltd.	Orissa Minerals	50.37	10	2.50	3.50	3.50		6	Y.
2,50,000	15,46,385	58,24,228	46,03,569	7,011	Parshuram Pottery Works Co. Ltd.	Parshuram Pottery Works Co. Ltd.	67.00	25	3.75	3.75	5.36		7	Y.P.
10,46,890	76,44,000	1,06,55,857	44,01,792	4,942	Kilnick Industries Ltd.	Shivrajpur Syndicate	99.50	10	8.00*	5.00	8.00*		11	Y.
CHEMICAL														
12,11,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers ..	92.00	100	....	....	....		12	Y.P.
35,00,000	58,53,600	2,87,87,674	78,23,566	1,17,078	Bhalal Amin & Sons (Private) Ltd.	Alembic Chemical Works Co.	239.50	100	12.00	16.00	14.00		12	Y.P.
10,00,000	1,57,00,278	6,04,78,062	1,23,50,512	1,88,819	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	38.62	10	0.80	0.95	1.20		9	Y.P.
79,90,475	55,90,045	1,04,54,605	28,87,780	18,084	Amrutlal & Co. Private Ltd. ..	Amar Dye-Chem. Ltd.	317.50xr	100	*Nil*	12.00	12.00		12	Y.P.
29,89,400	54,11,676	1,68,91,557	58,70,991	42,183	Anil Starch Products Ltd.	Anil Starch Products Ltd.	740.00	100	20.00*	28.00*	80.00*		12	Y.P.
24,98,775	77,58,362	4,06,77,204	1,25,84,156	4,15,423	Lalbhai Sons & Co.	Atul Products Ltd.	543.50	100	10.00	12.00	12.00		12	Y.
50,05,900	68,84,406	1,50,85,851	77,12,883	1,30,717	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	102.00	100	6.00	7.00	7.00	10.00	3	Y.P.T.
00,00,000	28,71,461	1,06,12,335	15,44,929	30,077	Colour-Chem Ltd.	Colour-Chem Ltd.	357.50	100	*Nil*	*Nil*	*Nil*	8.00	3	Y.
9,99,937	2,01,839	14,14,855	6,92,598	3,680	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd.	26.00	25	2.00	2.50	2.50	..	12	Y.
26,73,150	24,99,000	77,57,081	36,10,218	44,349	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	152.50	50	6.00	10.00	..		12	Y.
54,50,000	64,82,510	4,47,66,972	90,16,411	2,40,287	Ihsan Bros. (Saurashtra) Private Ltd.	Dhrangadhra Chemicals	120.00	100	6.00	4.00(c)	*Nil*		3	Y.P.
46,06,075	38,17,000	6,56,28,587	3,05,35,610	26,13,156	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	9.50	10	0.40	0.80	0.80		12	Y.
49,98,200	59,44,101	43,84,456	17,55,571	75,328	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	476.25	100	*Nil*	*Nil*	6.00	6.00	3	Y.P.
12,00,000	6,50,911	17,89,148	14,36,985	55,017	Sri R. Mehta	Kesar & Co.	322.50	200	15.00	20.00	25.00	25.00	3	Y.
80,00,000	24,87,965	1,56,17,773	81,56,950	15,829	Seshasayee Brothers Private Ltd.	Mettur Chemicals	14·30xd	10	0.87½	0.88	1.25'C'	1.25	3	Y.P.T.
24,61,328	10,47,778	55,45,879	48,58,267	8,514	T. Shanmanna, Esq. (Chairman)	Mysore Chemicals and Fertilisers	11.60xd	10	0.50	0.50	1.00	1.00	3	Y.
5,00,000	4,56,261	12,57,687	6,70,322	1,45,072	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemical Mfg.	22.85xd	10	2.00	2.00	2.00'C'	2.00	3	Y.
40,00,000	36,38,816	65,05,379	16,83,684	1,54,703	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	191.50	50	*Nil*	3.00	5.50	7.50	3	Y.P.
12,50,000	9,22,174	32,78,588	20,63,167	2,05,216	Bangur Brothers Ltd.	Phosphate Co., Ltd.	396.00	100	25.00	45.00	35.00		6	Y.
15,00,000	14,69,787	34,40,960	15,95,556	98,551	C. A. Buxton	Smith Stanistreet & Co.	16.50	5	0.80'C'	1.25	1.25		3	Y.P.
1,66,91,250	....	1,41,20,622	31,717	3,37,250	Tuticilas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	196.50	100	....	....	....	*Nil*	3	Y.
39,95,990	42,17,119	5,89,52,588	2,06,73,886	14,509	Tata Industries Private Ltd.	Tata Chemicals	17.08	10Old	0.75	0.525	0.60		6	Y.P.T.
11,01,370							17.00	10New	0.75	0.618	0.60			
15,00,000	2,92,249	21,75,764	7,74,231	56,348	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co., Ltd. ..	18.25Rxd	10	0.70	1.00	1.50	2.00	3	Y.P.
ELECTRIC (Bombay State)														
74,78,395	1,47,38,524	16,04,61,688	4,52,57,864	422	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	97.00	100	6.50	6.75	7.00	7.00	3	Y.T.
81,56,250	26,20,222	2,58,78,933	68,34,023	13,52,834	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	11.12	10	0.85	0.90	1.00*	0.90	3	Y.
05,77,000	1,01,95,442	11,73,06,742	2,80,17,570	30,342	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,045.00	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.T.
75,00,000	99,08,640	461,03,740	1,11,97,816	4,522	Kilnick Industries Ltd.	Bombay Suburban Electric Supply ..	102.50	100	7.00	7.50	8.00	8.50	3	Y.
7,97,920	1,03,967	16,97,245	8,70,206	1,536	Rajaputana Textiles (Agencies) Ltd.	Broach Electric Supply Development	6.24	10	0.50	0.60	0.66		3	Y.T.
48,89,500	12,54,813	1,57,75,704	61,59,500	3,547	Rajaputana Textiles (Agencies) Ltd.	Poona Electric Supply	83·50xd	100	7.50	8.00	9.50		3	Y.P.T.
70,00,000	31,26,526	1,72,01,519	56,35,377	1,914	Killick Industries Ltd.	Surat Electricity	101.00	100	7.00	7.00	7.50	8.00	3	Y.P.
39,99,875	1,23,03,557	8,51,68,079	2,08,75,169	26,096	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	112.00	100	8.00*	8.00*	8.50*	8.00*	3	Y.P.
15,38,000	3,10,34,482	20,78,53,061	4,31,56,686	52,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,105.00	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.
West Bengal and Other Centres														
19,99,600	49,57,883	1,79,22,370	42,03,062	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	130.00	100	10.00	10.00	11.00	11.00	3	Y.T.
8,00,000	15,46,067	65,82,610	24,21,313	24,137	Martin Burn Ltd.	Bareilly Electric Supply	12.37	10	1.00	1.00	1.10	1.10	3	Y.T.
17,00,000	45,76,469	1,74,08,825	51,92,951	46,844	Martin Burn Ltd.	Benares Electric Light & Power Co.	12.00	10	1.00	1.00	1.10		3	Y.T.
5,91,485	6,92,259	24,08,757	12,04,499	99,220	Octavius Steel & Co., Ltd. ..	Bhanjipur Electric Supply	7.25	5	0.40	0.40	0.64		3	Y.T.
44,98,845	£10,126,978	£33,604,877	£13,502,118	£106,188	Harry Burn, Esq. (Chairman) ..	Calcutta Electric Supply	15.00	£1	7%	7%	7½%		3	Y.P.T.
2,50,000	6,78,764	31,45,751	10,61,558	76,888	Octavius Steel & Co., Ltd. ..	Cuttack Electric Supply	8.50	10	0.65	0.75	0.75		3	Y.T.
43,20,000	27,16,468	1,05,57,889	40,06,012	4,00,119	Andrew Yule & Co., Ltd. ..	Dhanbad Power Supply	98.00	100	7.00	7.50	10.00	10.00	3	Y.T.
8,34,640	1,24,635	34,43,088	14,87,084	2,947	Meenna Lall & Sons	Jhansi Electric Supply	6.50N	10	0.62½	0.62	0.70		3	Y.T.
22,49,700	28,00,194	1,12,04,249	42,95,073	32,593	Martin Burn Ltd.	Jubbulpore Electric Supply	11.50	10	0.92	0.92	1.00	1.00	3	Y.T.
9,52,100	4,52,385	27,45,515	13,93,792	49,204	Octavius Steel & Co., Ltd. ..	Muzaffarpur Electric Supply	11.06	10	1.00	1.00	1.25		3	Y.T.
46,07,388	40,44,800	1,41,84,880	56,06,370	75,727	Octavius Steel & Co., Ltd. ..	Patna Electric Supply	11.00	10	0.75	0.75			3	Y.T.
9,10,000	2,37,616	12,80,524	8,34,092	5,200	Octavius Steel & Co., Ltd. ..	Shahjahanpur Electric Supply	6.81	10	0.50	0.50	0.625		3	Y.T.
10,80,000	14,98,012	80,57,155	40,54,591	11,820	Bird & Co. Private Ltd.	Silpah (Dhurrah) Elec. Supply Co.	9.25	10	0.68	0.75	1.00	0.90	3	Y.T.
69,99,960	23,97,666	2,22,90,594	74,27,624	11,885	Seshasayee Bros. Private Ltd. ..	South Madras Electric Supply Corpn.	9.80	10	0.87	0.90	0.90'C'	0.90	3	Y.P.T.
5,00,000	12,50,396	57,76,515	13,66,443	36,126	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply	15.25	10	1.25	1.25	1.35	1.35	3	Y.T.
50,00,000	78,01,913	4,20,49,755	1,54,85,172	80,174	Martin Burn Ltd.	U. P. Electric Supply Co.	125.00	10	10.00	10.00	11.00	11.00	3	Y.P.
8,00,000	11,41,474	46,63,814	18,15,572	8,34,013	Chandrie & Co. Private Ltd. ..	Vellore Electric Corporation	12·97xd	10	1.00	1.00	1.50	1.429	3	Y.P.
ENGINEERING (Bombay)														
3,48,200	30,53,626	75,57,402	61,01,878	46,100	Turner Morrison & Co. Private Ltd.	Alcock Ashdown & Co., Ltd.	299.00	100	12.50	17.00	17.00		12	Y.
12,99,000	3,10,174	21,70,022	8,07,662	19,184	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	80.00	50	3.00	4.00	5.00		6	Y.
48,19,800	23,03,443	99,35,787	46,96,997	75,742	Walchand & Co. Private Ltd. ..	Cooper Engineering	187.00	100	10.00*	13.00*	18.00*C'		6	Y.P.
40,00,000	1,26,039	57,20,421	20,49,385	50,817	Dharamsinh & Co.	Hindustan Electric Co., Ltd.	151.25	100	7.00	10.00	*Nil*		4	Y.P.T.
99,99,900	84,35,780	2,25,75,882	1 87 51,802	70,946	Walchand & Co. Private Ltd. ..	Indian Hume Pipe Co., Ltd.	178.00	100	9.00	13.00	18.00'C'		3	Y.
6,00,000	4,57,222	....	2,05,518	4,007	T. V. Baddeley, Esq. (Chairman)	Josi's Engineering	101.00	90	5.00	5.00	4.00	5.00	3	Y.
40,00,000	14,71,874	65,88,880	22,18,256	15,090	Adnem Services	Jyoti Ltd.	180·50	100	12.00	12.00	12.00		12	Y.P.
44,96,250	3,67,821	68,05,723	31,66,348	3,381	Kamani Bros. Private Ltd.	Kamani Engineering Corporation	15.36	10	0.50	0.775	0.80		9	Y.
75,26,023	75,26,668	1,21,85,628	66,56,471	11,884	Kirloskar Bros. & Co.	Kirloskar Bros. Ltd.	48.50	25	2.25	0.90	0.225		7	Y.
37,20,447	49,67,710	1,14,26,696	38,15,088	33,460	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	34.75	10	1.00	1.00	1.48	1.60	3	Y.
1,10,00,000	36,76,765	1,31,61,288	37,43,310	98,848	L. & T. (Management) Private Ltd.	Kirloskar Pneumatic Co., Ltd. ..	258.75	100	....	....	*Nil*	12.50	3	Y.P.
						Larsen and Toubro Ltd.	88.50	10	1.25	1.25	1.50'C'	1.80	3	Y.P.
52,81,207	1,23,086	1,08,47,668	23,93,821	—2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)	Lakshmiratan Eng.	3.36	10	*Nil*	*Nil*	*Nil*		0	Y.P.
14,15,940								5	*Nil*	*Nil*	*Nil*			
22,92,480	....	15,94,175	....	....	B. L. Kucheria, Esq. (Chairman)	Lynx Machinery	5.00	5	....	....	....			Y.
1,32,00,000	42,57,083	1,59,29,983	46,47,975	1,10,709	M.	Mahindra & Mahindra Ltd.	18.76	10	2.20	1.25	1.25		10	Y.P.
30,00,000	78,422	46,82,025	16,78,677	40,424	Prithivraj Sons	Man Industria l Corporation Ltd.	125.00	100	*Nil*	*Nil*	*Nil*		7	Y.P.
11,00,000	1,72,712	41,30,477	23,85,495	2,771	P. Jhamjhunwala, Esq. (Mg. Director)	Mascot	125.00	100	*Nil*	*Nil*	10.00		7	Y.P.
61,42,910	57,00,000	1,38,14,415	50,48,402	....	Jeewan Private Ltd.	Mukand Iron & Steel	27·50xd	10	1.25	1.00*	1.25	1.20	3	Y.
28,00,000	40,76,797	1,08,26,418	31,58,671	6,625	Kirloskar Associates	Mysore Kirloskar Ltd.	172.50	100	7.50	12.00	12.00		6	Y.
14,99,350							76.00	50	4.50	4.50	6.00	9.00	3	Y.P.
13,58,113	10,29,020	16,01,992	5,77,595	11,032	Navin, Kumar, Hansraj (Private) Ltd.									
32,27,796	9,89,193	92,80,855	20,73,762	17,988	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	191.00	100	....	9.00	12.00		3	Y.P.
22,50,000								100	....	....	0.50	....		
22,50,000	1,46,32,085	9,36,956	1,76,939	12,899	Walchand & Co. Private Ltd. ..	Premier Construction	195.50	50	12.00	18.00	18.50		12	Y.P.
29,95,100	41,01,156	1,02,38,025	42,88,748	12,184	Bhagat & Sons Private Ltd. ..	Structural Engineering Works Ltd.	167.75	100	18.00	17.00	18.00		6	Y.P.
27,55,42,550	£7,06,54,572	£,85,51,78,192	£6,75,78,212	34,064	Tata Industries Private Ltd. ..	Tata Iron and Steel	146.50	75 Old	5.25	6.00	9.72'C'	10.86*	3	Y.P.T.
7,99,97,800	2,88,67,403	24,50,99,412	11,17,81,117	2,47,355	Tata Industries Private Ltd. ..	Tata Locomotive	344.00	100	9.00	9.00	12.50	14.50	3	Y.P.T.
10,00,000	3,35,000	29,97,720	8,10,544	17,016	T. Manekial & Co., ...	T. Manekial Mfg., Co.	575.00	100	10.00	14.00	18.50		3	Y.
3,35,00,000	71,75,426	1,07,45,948	24,85,557	4,24,809	S. K. Handoo, Esq. (Mg. Director)	Voltas Ltd.	296.50	100	9.00	12.00	13.00		6	Y.
17,50,000	....	....	....	....	M	Zenith Steel Pipes Ltd.	11.88	10	....	....	....			
West Bengal and Other Centres														
6,00,000	1,06,470	26,89,661	18,46,876	1,80,882	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	14.06	10	*Nil*	*Nil*			10	Y.P.T.
66,66,000	80,54,221	1,01,45,489	66,62,025	496	M.	Bhartia Electric Steel	10.50	10	1.25	1.50	1.00		12	Y.
66,33,780	77,97,935	58,29,182	16,49,459	2,84,448	Y. S. Tayal, Esq. (Secretary) ..	Braithwaite & Co. (India) Ltd. ..	39.00	10	1.25	2.25	2.50		12	Y.T.
18,06,000	35,52,754	68,37,611	54,73,693	1,87,999	Rajmer Lawrie & Co., Ltd. ..	Bridge & Roof Co. (India) Ltd. ..	55.25xd	10	2.00*B	3.00	3.00		3	Y.P.
18,88,876	7,04,941	39,97,580	14,89,238	82,966	Holmes Wilson & Co., Ltd. ..	Britannia Building and Iron	4.94	10	0.50	0.50			12	Y.P.T.
50,00,000	44,83,365	1,31,00,880	55,16,684	1,88,352	McLeod & Co., Ltd.	Britannia Engineering	14.25	10	1.00	1.00	1.00		12	Y.
1,80,000	11,27,857	26,52,140	16,10,502	81,788	Balmer Lawrie & Co., Ltd. ..	Burn & Co.	38.00	10	2.00	2.50	4.50		4	Y.
84,00,000	2,55,55,859	5,20,79,050	3,25,00,840	1,21,244	Martin Burn Ltd.	Calcutta Steel Co., Ltd.	555.00	100	20.00	25.00	28.50	28.50	3	Y.
1,00,00,000	11,36,222	80,39,999	6,63,024	1,53,056	M.	Central India Machinery Mfg. Co. Ltd.	16.06	10	*Nil*	*Nil*	0.50	1.50	3	Y.P.T.
1,00,00,000	15,58,028	1,89,65,744	10,18,000	5,17,174	R. L. Makharia, Esq.	Dalmia Iron & Steel Ltd.	10.00N	10	*Nil*	*Nil*	1.00		3	Y.
40,00,000	4,50,000	1,12,17,838	17,70,930	4,142	J. Dalmia, Esq. (Chairman) ..	Guest, Keen, Williams Ltd.	11.00	10	*Nil*	*Nil*	1.00		3	Y.
4,00,00,000	6,53,06,309	3,26,50,521	2,53,46,302	....	H. M. L. Williams (Mg. Director)	Hooghly Docking	40.25	10	2.00	2.40	1.60'C'		12	Y.
12,50,000	32,50,000	41,87,187	6,70,322	....	Martin Burn Ltd.	Indian Iron and Steel	110.00	50	5.00	5.00	1.66	1.60	3	Y.P.
12,44,08,990	24,26,27,652	81,16,88,564	17,34,44,348	16,41,011	Martin Burn Ltd.	Indian Steel & Wire Products	24·44xd	25	5.00	5.00	7.125	7.125	3	Y.P.
99,58,075	67,87,964	1,61,16,677	76,23,098	58,466	Martin Burn Ltd.	Indian Steel and Wire Products ..	95.00	25	5.00	5.00	2.50		3	Y.
96,53,180	2,52,04,628	2,22,95,859	1,62,64,925	10,91,465	Indra Singh & Sons Private Ltd.	Indian Steel Rolling Mills Ltd. ..	45 50xd	Q.10	4.00	1.62½	2.50		3	Y.
26,580							14.00	O. 1	4.00	0.75	0.90			
28,78,580	2,50,222	22,78,948	15,58,841	2,077	C. R. Srinivasan, Esq. (Chairman)		10.50xd	10	0.70	0.70	0.501		12	Y.P.
1,07,48,733	90,64,293	4,34,86,950	1,69,45,698	7,173	Madan Mohanlall Shriram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	27.25xd	10	1.25	1.25	1.715	1.715	3	Y.P.T.
						J. K. Steel Ltd.	21.00	10	1.25	1.25	2.00		6	Y.P.
26,00,000	88,00,500	77,88,732	17,92,011	21,460	J. K. Industries Private Ltd. ..	Jessop & Co.	20.06	10	0.80	0.855	0.855'C'		10	Y.P.
2,00,97,000	1,47,08,415	3,18,81,991	1,05,58,799	57,431	B. P. Singh Roy, Esq. (Chairman)	Kumardhubi Engineering Works ..	6.02	3	0.30	0.30'C'	0.30		11	Y.T.
37,54,800	43,28,268	95,25,077	58,24,502	57,643	Bird & Co. Private Ltd.	Marshall Sons & Co. (India), Ltd. ..	3.94	2	0.40	0.20	*Nil*		6	Y.
10,50,000	10,86,886	19,41,579	15,38,707	—8,26,589	Marshall (Direction) Private Ltd.	Rajkot Iron and Steel Co., Ltd. ..	5.69	10	0.62	0.75	*Nil*	*Nil*	3	Y.P.T.
49,50,000	13,58,326	1,44,58,142	56,52,008	—7,05,880	.. ..	Richardson & Cruddas Ltd.	8.19N	10	*Nil*	*Nil*	6.00		3	Y.P.
60,00,000	24,06,342	76,55,147	24,16,818	4,85,169	S. B. Ind. Development Co., Ltd.	Saran Engineering Co.	7.87	4	0.40	0.25	0 85	0.40	3	Y.
6,00,000	15,56,090	31,20,671	20,15,013	15,603	The British India Corpn. Ltd. ..	Textile Machinery Corporation, Ltd.	17.10	10	1.50	2.00	1.00		12	Y.P.T.
1,50,00,000	55,57,183	4,56,97,471	2,18,21,161	58,787	Birla Brothers Private Ltd. ..	Textool Co., Ltd.	176.00	100	12.00	15.00	15.00		4	Y.
99,84,400	14,67,730	99,49,003	26,20,291	4,056	Balasundaram & Co.									
INSURANCE (X)														
12,50,000	45,25,970	1,75,12,227	....	57,588	N. M. Cole, Esq. (Mg. Director) ..	Concord of India	10.37	5	1.00	1.00	1.00		12	Y.
16,80,000	11,86,196	38,48,030	....	46,890	M.	Dawkaran Kanjee Insurance	26 50	50	3.00	2.00			12	Y.
24,00,000	74,62,883	1,04,43,160	....	2,78,185	K. Srinivasan, Esq. (Mg. Director)	Hercules Insurance	24.25	10	2.00	2.00	2.25		12	Y.
16,22,346	42,46,147	98,46,508	....	4,21,818†	K. M. D. Thackersey, Esq. (Chairman).	Indian Mercantile Insurance	53.50	40	3.75	3.75	5.00		12	Y.
20,80,000	71,07,751	1,89,36,150	....	36,736	New Great Insurance		20.00	20	2.00	2.50	2.50		12	Y.
1,95,31,560					H. G. Mody, Esq. (General Manager) ..		60.20	15	4.00	5.70*	5.70			
58,50,525	8,97,62,307	16,09,26,798	....	30,99,455	B. K Shah, Esq. (Mg. Director)	New India Assurance Co., Ltd. ..	62.00	15New	4.00	5.70*	5.70		12	Y.
						Ruby General Insurance Co., Ltd. ..	3 12	5	0.62	0.80	0.80		12	Y.
15,99,870	40,70,998	1,06,96,078	....	89,251	V. C. Setalvad, Esq. (Gen. Manager)	Triton Insurance	184.00	25	11.25	11.25	11.25		12	Y.
5,75,000	69,07,990	1,14,86,357	....	2,06,541	Sir John Brown (Mg. Director) ..	Vulcan Insurance Co., Ltd.	16.40	10	1.50	2.00	2.00		12	Y.
92,00,000	1,10,58,561	2,41,82,099	....	1,00,079	K. P. Modi, Esq. (Gen. Manager)									

* Includes bonus. † Subject to taxation. 'C'—On Increased Capital.

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
60,50,000	2,05,52,495	2,95,14,452	1,19,43,889	1,13,745	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd...	15.62xd	10	0.90	1.00	1.20		3	Y.P.T.
20,00,000	89,85,760	1,38,71,849	55,51,223	1,52,818	Seshasayee Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd.	23.85cd	10	1.25	1.25	1.80		3	Y.
30,00,000	37,04,826	37,09,127	26,34,630	2,22,752	Turner Morrison & Co. Private Ltd.	Angelo Bros., Ltd.	23.25	10	1.50	2.00	2.50*		3	Y.
3,03,87,870	36,35,471	2,86,28,257	85,86,256	12,525	A. E. L. Collins, Esq. (Mg. Director)	Ashok Leyland Ltd.	9.00	5	0.30	0.40	0.40		12	Y.
20,00,000	57,58,588	41,59,259	23,39,465	1,42,995	Mr. A. Sridhar and Mr. S. Gothberg	Assam Match Co., Ltd.	37.12	10	2.40	4.00	2.50		3	Y.
1,18,00,000	80,75,187	98,46,580	48,96,447	8,75,110	H. E. Gregson, Esq. (Mg. Director)	Associated Battery Makers (E) Ltd. A..	5.00N	10	0.50	Nil	Nil		3	Y.P.T.
20,00,000	39,46,521	1,09,70,998	44,86,334	1,55,483	Oberoi Hotels (India) Private Ltd.	Associated Hotels of India	243.50	100	20.00	25.00	25.00		12	Y.
30,91,400	96,40,979	79,91,388	41,74,564	5,75,408	G. D. Wilson, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	44.50	10	2.50	4.50	4.00		12	Y.
12,00,000	25,58,976	37,24,157	31,61,357	1,88,199	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	13.12	10	0.70	1.10	0.95		9	Y.P.
20,00,000	7,81,668	64,37,324‡§	....	56,711	Lovelock & Lewis	Birds Investment Ltd.	58.75	10	1.20	1.40	2.50	3.00*	3	Y.P.T.
15,27,000	73,60,286	1,45,96,574	60,27,677	2,84,279	J. Julian Scott, Esq. (Mg. Director)	Britannia Biscuits	10.20	5	Nil	Nil	0.20		12	Y.P.
2,25,00,000	1,95,44,212	3,00,84,669	2,33,96,496	3,84,066	H. S. Chaturvedi, Esq. (Mg. Director).	British India Corporation Ltd. ..	27.25	10	1.00	1.00	1.25		12	Y.
22,26,840	20,39,609	42,37,317	22,12,125	20,721	A. V. Niblett, Esq. (Mg. Director) ..	British Paints (India) Ltd.	8.06	10	0.75	0.83H	0.80		12	Y.
1,33,80,000	14,76,849	1,85,75,787‡§	....	2,52,457	Andrew Yule & Co., Ltd.	Calcutta Electric Supply Co., Ltd. ..	15.00	10	1.00	1.00	1.00		10	Y.P.T.
8,00,000	10,00,000	40,04,009	28,47,106	8,000	M.	Delhi Flour Mills Co., Ltd.	53.37	10	2.00	2.15	2.15		12	Y.P.T.
2,00,00,000	5,08,87,500	10,39,79,436	4,01,20,270	25,12,555	John Luckham, Esq. (Mg. Director)	Dunlop Rubber Co. (India) Ltd. ..	153.00	100	10.00	14.00	14.00		12	Y.P.
60,00,000	1,12,80,000	81,00,870	2,02,62,100§§	4,25,721	K. P. Goenka, Esq. (Chairman) ..	Dunlop Rubber Co., Ltd.	34.62	5	0.75	0.80	1.25		3	Y.
27,27,165	1,20,47,803	59,73,067	23,80,820	~ 26,402	N. V. Mohan, Esq. (Mg. Director)	Dyer Meakin Breweries	140.00	100	9.00	14.00	14.00		12	Y.P.
21,26,000	59,19,702	1,63,50,496§§	....	3,49,092	Bird & Co. Private Ltd.	Eastern Investment Ltd.	13.50	10	....	....	....		1	Y.
25,00,000	....	....	....	....	M.	East Anglia Plastics (India) Ltd. ..	11.75	10	Nil	0.50	0.50		12	Y.P.
24,98,770	4,87,249	59,44,050	12,33,911	4,115	S. Sankaran, Esq. (Mg. Director)	Enfield India Ltd.	24.69	10	....	2.50	1.50		12	Y.P.
56,00,000	22,27,652	49,26,966	9,79,166	2,477	Harparshad & Co. Pvt. Ltd. ..	Escorts Ltd.	19.00	12.50	1.50	1.50	1.50		9	Y.P.
48,80,137	77,72,310	95,23,776	52,36,250	4,07,388	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd.	236.50	100	15.00	17.00	17.50		3	Y.
14,26,000	14,49,121	37,98,175	22,68,486	70,852	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	10.65cd	10	1.25	1.25	....		3	Y.
7,50,000	4,20,000	....	1,21,085	5,551	Gany & Co.	General Papers Ltd.	13.69	10	1.00	1.00	1.00		3	Y.P.
45,00,000	36,24,200	30,57,755	15,91,667	1,71,222	F. E. G. Woodbine Parish, Esq.	Gillanders Arbuthnot & Co., Ltd. ..	37.50	10	2.00	2.50	4.00		12	Y.P.
40,00,000	5,08,500	78,33,842	48,24,225	18,37,710	Godfrey Phillips India Ltd. ..	Godfrey Phillips India Ltd.	235.00	250	15.00	15.00	22.50		3	Y.
20,01,000	18,10,650	88,66,496	49,28,959	21,282	B. P. R. Syndicate	Great Eastern Hotel	19.25	10	Nil	0.50	0.90	1.20	3	Y.P.
4,96,19,350	1,85,51,460	8,83,47,837	8,84,91,947	2,75,652	Birla Brothers Private Ltd. ..	Hindustan Motors	24.94	10	0.60	1.20	....		10	Y.
80,00,000	16,64,522	99,48,437	38,67,174	1,81,125	Lalukdar Law & Co. Private Ltd.	Hindustan Pilkington Glass	....	10	....	....	....		....	....
11,40,000	....	....	....	....	Ramparshad Murlidhar & Co. ..	Hindustan Twyfords Ltd.	16.00	10	....	....	....	Nil	3	Y.P.
14,80,000	....	1,00,469	....	....			12.00xd	10	0.70	0.60	0.80	0.90	3	Y.
15,15,000	9,75,09,562	11,57,27,807	3,27,09,953	26,96,288	Mr. F. A. Collett (Chairman) ..	Imperial Tobacco Co. of India Ltd. ..	35.25	10	0.70	1.20	1.50		12	Y.P.T.
2,86,66,480	2,49,77,660	9,79,82,785	4,95,95,785	49,00,524	K. C. Mahindra, Esq. (Chairman)	Indian Aluminium Co., Ltd.	37.37	10	1.50*	1.50*	2.25	2.25	3	Y.P.T.
2,55,77,700	2,29,18,801	3,17,93,518	1,54,14,358	48,72,642	Sir John Brown, C.A. (Chairman)	Indian Cables	39.15	10	1.50	1.50	1.50	Nil	3	Y.P.
2,00,00,000	1,28,81,493	5,99,98,652	2,48,66,248	13,78,431	Amiya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	Nil	Nil	Nil	Nil	Nil		3	Y.
20,08,375	1,06,104	54,59,257	21,21,520	933	M.	Indian Plastics Ltd.	9.56	10	Nil	Nil	2.00		3	Y.P.
5,27,970	7,54,870	19,61,878	11,61,043	1,32,565	M.	Indian Rubber Manufacturers	17.00	10	1.00	1.50	2.00		3	Y.P.
40,68,620	....	88,01,515	1,37,699	—6,39,700	Duncan Brothers & Co., Ltd. ..	Isaac Hollenden (India) Ltd.	19.44	....	....	....	Nil	7.00	12	Y.
2,00,00,000	74,12,017	48,77,777	17,14,757	5,09,716	Sir John Brown, C.A. (Chairman)	Jardine Henderson Ltd.	60.00xd	100	2.50	5.00	7.00		3	Y.P.
15,00,000	12,02,095	18,79,279	13,27,077	17,282	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	10.19	10	3.50	2.00	1.00		3	Y.P.
1,46,86,250	1,19,32,546	82,41,670	18,18,524	2,80,369	T. Leslie Martin, Esq. (Mg. Director).	Martin Burn Ltd.	28.50	10	2.12*	2.75	2.75		9	Y.P.
10,00,000	8,50,000	23,46,291	3,49,181	14,953	Vittal Maliya, Esq. (Chairman) ..	Mcdowell & Co., Ltd.	32.25	10	2.00	3.00	3.00		12	Y.
40,00,000	....	....	....	....	M.	McLeod & Co.	214.00	O. 100	12.50	15.00	16.00		12	Y.P.
5,00,000D.	78,79,891	31,96,009	18,63,603	2,18,917	M.		—	D.O. 10	0.75	1.00	1.00			
1,61,90,000	1,82,75,151	3,61,57,826	1,40,23,040	28,85,978	K. G. Mahindra, Esq. (Chairman)	Metal Box Co. of India Ltd.	54.31	10	1.75	1.75	2.50	2.50	3	Y.
20,00,000	7,90,291	10,14,324	7,39,760	2,552	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electrical Industries Ltd. ..	212.00	100	11.00	15.00	24.00	20.00	3	Y.
6,58,250	9,18,696	12,19,864	6,85,550	9,471	Mr. J. L. D'Sa (Chairman)	Mysore Lamp Works	27.50cd	10	1.50	1.65	1.00		3	Y.P.
10,00,000	3,16,884	17,88,367	10,32,288	823	M. Mallarai Urs (Mg. Director) ..	Mysore Paper Mills Ltd.	37.25xd	10	2.00	2.00	2.50	2.50	3	Y.P.
90,00,000	1,50,29,310	1,39,45,457	67,73,851	50,820	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co.	27.75	10	1.25	1.50	2.00		9	Y.P.
30,00,000	33,51,660	50,44,201	20,96,282	42,880	Do.	National Pipes & Tubes Co., Ltd. ..	21.71	10	1.00	1.00	1.50	1.50	9	Y.
40,00,000	36,70,100	81,69,908	41,41,925	39,258	Do.	National Rubber Manufacturers Ltd. ..	14.31	10	0.60	0.85	Nil		12	Y.
20,00,000	12,58,057	1,05,93,365	39,52,256	46,885	K. N. Mookerjee, Esq. (Mg. Director)	National Tobacco Co.	16.12	10	1.10	1.50	1.50		12	Y.P.T.
79,97,000	1,17,55,035	1,50,40,984	81,18,295	9,33,725	B. N. Elias & Co. Private Ltd. ..	New India Investment Corpn. Ltd. ..	44.00	75	2.75	3.50	3.50		12	Y.
23,32,100	11,02,291	40,65,244§§	....	45,497	Bamdutt Ramkissendas.	New India Sugar Mills Ltd.	4.66xd	1	0.20	0.20	0.30		3	Y.
10,00,000	5,52,000	12,55,063	3,00,215	1,61,907	Parry & Co., Ltd.	Parry & Co., Ltd.	33.94	10	0.85	1.20	1.20		12	Y.
2,50,00,000	56,08,956	2,16,94,770.00	66,69,501	88,622	P. C. Vink, Esq. (Mg. Director)	Philippe Carbon	19.00	5	....	....	....	Nil	3	Y.
62,50,000	....	4,38,081	....	—1,76,040	Duncan Brothers & Co., Ltd.	Radio & Electricals Ltd.	2.50	5	0.375	....	....		12	Y.
15,00,000	1,09,481	8,59,781	2,90,184	2,658	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Mfg. Co., Ltd. ..	23.60cd	10	1.60	1.60	2.30		3	Y.
5,98,944	1,27,460	38,37,051	21,69,505	23,288	T. Shanmuga, Esq. (Chairman) ..	Rallis India Ltd.	151.50	100	Nil	Nil	4.00		3	Y.P.
2,25,00,000	6,09,814	70,58,972	33,98,189	4,49,497	Badridas Goenka, Esq. (Chairman)	Ramkrishna Forgings Ltd.	16.56	10	2.00	1.00	1.00	1.00	9	Y.P.T.
4,98,80,900	2,54,60,000	15,98,24,741	6,76,83,625	5,96,527	Sahu Jain Ltd.	Ramnagar Cement Ltd.	22.25	10	0.80	0.80	0.80		9	Y.P.
3,75,00,000	58,67,710	2,76,12,039	79,15,961	17,347	S. D. Gupta, Esq.	Ramnagar Industries	23.12	10	1.00	1.50	1.50		12	Y.P.
75,00,000	56,68,000	1,87,90,319	37,69,411	5,18,508	Shaw Wallace & Co., Ltd.	Rewa Sagar Cement Co., Ltd.	23.75	10	1.50	1.50	1.50		12	Y.P.
40,00,000	91,26,201	1,58,82,019	78,19,485	7,55,353	C. W. Stephenson, Esq.	Rewa Sagar Cement Co., Ltd.	16.15	10	0.75	0.90	0.90		12	Y.P.
1,25,84,700	24,40,000	89,28,773	39,78,778	3,974	Standard Vacuum Co. (India) Pvt. Ltd.	Rewa Sagar Cement Co., Ltd.	9.06	10	1.25	1.50	....		12	Y.
15,00,000	95,24,502	1,18,49,116	23,55,132	53,431	J. K. Agents Private Ltd.	Straw Products Ltd. S.	98.00	10	2.25	3.00	3.00		12	Y.
22,99,270	16,32,000	14,75,452	3,93,994	14,18,847	M. N. Dalal, Esq. (Chairman) ..	Tractors (India) Ltd.	6.20	10	0.40	0.60	0.60		12	Y.
5,98,980	....	10,98,416	7,47,186	23,288	Gyale Bros. (Private) Ltd.	T. Stanes & Co., Ltd.	81.50xd	10	2.00	2.75	2.25*		9	Y.P.
11,56,800	15,37,168	28,62,490	7,88,592	40,519	E. H. Stanes, Esq. (Mg. Director)	Tube Investments of India Ltd.	280.00	100	10.00	10.00	10.00		7	Y.T.
2,66,66,600	1,26,10,316	8,46,95,651	66,94,797	3,04,545	Sir A. Ramaswami Mudaliar (Chairman)	Tungabhadra Industries Ltd.	8.37	10	Nil	Nil	....		9	Y.T.
2,25,58,950	29,668	66,66,998	17,68,888	56,508	The Cotton Agents Private Ltd. ..	Union Carbide India Ltd.	51.25	10	1.40	1.80	1.80		12	Y.T.
3,75,00,000	1 67,65,000	6,04,41,000	1,15,63,587	....	J. K. Galloway, Esq. (Mg. Director)	United Breweries	106.50cd	10	2.50	3.00	6.00	6.00	3	Y.
20,00,000	60,00,000	58,86,994	19,50,050	53,924	Vittal Maliya, Esq. (Chairman)..	United Flour Mills Ltd.	38.50	10	3.75	5.25	3.50		11	Y.
5,40,000	6,80,191	6,85,222	5,53,331	28,594	Shaw Wallace & Co., Ltd.	Western India Plywoods Ltd.	205.00	100	19.00	10.00	10.00	12.00	3	Y.P.
81,46,200	27,60,459	1,02,78,928	35,50,149	6,384	A. K. Kaderkutty, Esq. (Mg. Director).									
TRANSPORT														
30,00,000	96,17,550	1,22,16,309	21,49,792	23,028	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	115.00	100	6.00	8.00	7.50		10	Y.P.
1,00,00,000	61,52,793	4,38,99,781	2,33,57,012	—88,10,589	Dhahar Co. (Pvt.) Ltd.	Bharat Line	4.88	10	1.20*	Nil	Nil		12	Y.
60,00,000	....	....	....	....	H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	18.72	10	1.50	1.50	1.00		6	Y.P.
25,00,000	2,17,74,568	8,51,80,151	2,15,58,555	1,82,013			6.24	$(New)	0.90	0.525	0.60		12	Y.P.
7465,180	21,542,443	45,811,271	23,538,891	43,866	India General Navigation & Rly. Co. ..		67.00	£10	Nil	Nil	1.00	Nil	3	Y.P.
2,47,50,000	2,45,51,885	22,76,57,961	5,76,05,517	—41,04,584	India Steamship Co.	Lionel Edwards (Private) Ltd.	8.00	10	1.00	1.00	0.60		6	Y.T.
1,28,19,293	11,28,58,989	35,09,81,320	9,83,12,870	—16,18,456	Scindia Steam Navigation Co.	D. M. Khatau, Esq. (Chairman) ..	13.72	20	1.25	1.30	0.80			
0,84,00,000	....	....	....	....			2.31	O. 1	0.14	0.20	0.80		12	Y.
P.O.3,10,300	24,07,422	18,85,807	9,51,870	1,60,969	R. R. Ayer Esq. (Manager)	Walford Transport Ltd.	2.25	F.O. 1	0.12	0.15	0.80			

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserve Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Ordinary Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts closed	Reference
26,50,000	20,20,700	1,39,22,812	85,35,843	28,149	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	22.00	10	1.25	1.50	1.00	1.25	3	Y.
12,00,000	6,09,272	41,29,074	34,78,442	—2,59,124	Jardine Henderson Ltd.	Barrares Coke	15.50	10	0.25	Nil	Nil	Nil	12	Y.
4,49,350	1,20,132	11,60,186	6,78,085	4,967	Kalyanji Mavji & Co.	Bengal-Bhaddee	4.48N	10	0.50	Nil	Nil		3	Y.P.
1,00,05,000	2,06,32,467	7,45,39,664	4,56,40,686	10,50,532	Andrew Yule & Co., Ltd.	Bengal Coal	364.00xd	100	17.50	25.00	25.00		12	Y.
25,12,500	23,12,500	59,12,950	21,40,161	4,184	M.	Bengal-Nagpur	19.50	10	Nil	Nil	Nil		6	Y.P.T.
40,00,000	61,200	1,48,74,315	80,25,884	2,80,479	Sahu Jain Ltd.	Bharat Collieries	5.00N	10	0.60	Nil	Nil		12	Y.T.
7,15,000	14,93,844	57,66,348	36,76,767	—5,96,032	M.	Borrea	23.69	10	0.875	1.00	1.50		12	Y.
7,50,000	21,72,444	48,42,543	29,53,009	—1,87,150	F. W. Heilgers & Co. (Private) Ltd.	Burrakur	18.31	10	0.875	1.50	1.50		9	Y.P.T.
90,92,480	1,40,31,422	4,82,66,766	2,28,76,540	1,49,292	Bird & Co. Private Ltd.	Central India	11.75xd	10	0.50	0.50	0.50	1.00	3	Y.
49,97,750	6,32,979	82,38,293	31,00,614	1,11,870	Hindustan Investment Corpn. Ltd.	Central Kurkend	7.00N	10	0.50	Nil	....		12	Y.
6,50,000	12,99,490	53,34,287	34,91,984	7,608	Jain Industries	Churia	2.75	4	0.20	0.12	0.12		12	Y.
6,00,000	1,55,159	5,95,750(k)	....	7,043	F. W. Heilgers & Co. (Private) Ltd.	Dhanbad	6.37	10	Nil	Nil	....		3	Y.
16,00,000	36,24,200	30,57,755	15,91,667	1,71,222	M.	East Indian	24.50	£1	1.00	1.25	1.00	2.00	4	Y.
40,00,000	5,08,500	78,33,842	48,24,225	18,37,710	Jardine Henderson Ltd.	Equitable	37.37	10	1.50	0.50	1.50		12	Y.P.T.
20,01,000	18,10,650	88,66,496	49,28,959	21,282	Macneill & Barry Ltd.	Ghusick and Msalla	13.00	10	Nil	Nil	Nil		3	Y.
4,96,19,350	1,85,51,460	8,83,47,837	8,84,91,947	2,75,652	Birla Brothers Private Ltd.	Hingir-Rampur	28.00	50	Nil	Nil	Nil		6	Y.P.
80,00,000	16,64,522	99,48,437	38,67,174	1,81,125	Lalukdar Law & Co. Private Ltd.	Kilkel Industries Ltd.	7.00	10	Nil	....	....		3	Y.
15,15,000	9,75,09,562	11,57,27,807	3,27,09,953	26,96,288	Mr. F. A. Collett (Chairman) ..	Kumardih	168.00xd	100	8.00	5.00	7.50	10.00	3	Y.P.
2,86,66,480	2,49,77,660	9,79,82,785	4,95,95,785	49,00,524	K. C. Mahindra, Esq. (Chairman)	Kanpangara Collieries	49.12	10	6.50	6.50	9.50	4.00	1	Y.
2,55,77,700	2,29,18,801	3,17,93,518	1,54,14,358	48,72,642	Sir John Brown, C.A. (Chairman)	Katras Jherriah	39.15	10	1.50	1.50	....		3	Y.
2,00,00,000	1,28,81,493	5,99,98,652	2,48,66,248	13,78,431	Amiya Kumar Sen, Esq. (Mg. Director).	Laturka	13.76xd	10	0.75	1.00	....		12	Y.
20,08,375	1,06,104	54,59,257	21,21,520	933	M.	Nadrin	7.00	10	1.00	1.00	1.00		3	Y.
5,27,970	7,54,870	19,61,878	11,61,043	1,32,565	M.	New Beerbhoom	22.31	10	1.00	1.50	1.50		10	Y.P.
40,68,620	....	88,01,515	1,37,699	—6,39,700	Duncan Brothers & Co., Ltd. ..	New Manbhoom	14.94	10	0.50	0.50	0.75	0.90	3	Y.
2,00,00,000	74,12,017	48,77,777	17,14,757	5,09,716	Sir John Brown, C.A. (Chairman)	Octavius Steel & Co., Ltd.	51.00N	10	1.50	1.50	2.00		3	Y.
15,00,000	12,02,095	18,79,279	13,27,077	17,282	J. K. Agents Private Ltd.	North West	17.87N	7.50	1.12	1.12	1.50		3	Y.
1,46,86,250	1,19,32,546	82,41,670	18,18,524	2,80,369	T. Leslie Martin, Esq. (Mg. Director).	M.	13.50N	10	0.50	0.70	0.80		12	Y.P.
10,00,000	8,50,000	23,46,291	3,49,181	14,953	Vittal Maliya, Esq. (Chairman) ..	P. Prashad, Esq. (Chairman)	15.00N	10	0.50	0.62	0.125		12	Y.P.
40,00,000(k)	....	....	....	....	M.	Deepchand Kishenlall	18.00	10	2.00	1.00	1.00	1.00	3	Y.
5,00,000D.	78,79,891	31,96,009	18,63,603	2,18,917	M.	Parasea	16.50	10	1.00	1.00	1.00	1.00	3	Y.
1,61,90,000	1,82,75,151	3,61,57,826	1,40,23,040	28,85,978	K. G. Mahindra, Esq. (Chairman)	Pench Valley	15.75	10	1.00	1.00	1.50	1.70	3	Y.
20,00,000	7,90,291	10,14,324	7,39,760	2,552	N. G. Ayyangar, Esq. (Mg. Director)	Raneegunge	29.50	10	1.00	1.00	0.781		12	Y.
6,58,250	9,18,696	12,19,864	6,85,550	9,471	M. Mallarai Urs (Mg. Director) ..	Rewa	9.00	10	0.50	0.70	1.00		12	Y.
10,00,000	3,16,884	17,88,367	10,32,288	823	Associated Ind. Dev. Co. (Pvt.) Ltd.	Samla Collieries	123.00	100	12.50	16.00	16.00	8.001	12	Y.
90,00,000	1,50,29,310	1,39,45,457	67,73,851	50,820	Do.	Selected Satgram Collieries.	44.00	7	5.00	5.00	5.00		12	Y.
30,00,000	33,51,660	50,44,201	20,96,282	42,880	Do.	Seebpore	9.00	10	0.50	0.70	1.00		12	Y.P.
40,00,000	36,70,100	81,69,908	41,41,925	39,258	National Rubber Manufacturers Ltd.	Sendra	7.50	10	Nil	0.35	0.50		12	Y.
20,00,000	12,58,057	1,05,93,365	39,52,256	46,885	K. N. Mookerjee, Esq. (Mg. Director)	Singareni	11.50	10	0.75	0.75	0.70		12	Y.P.
79,97,000	1,17,55,035	1,50,40,984	81,18,295	9,33,725	B. N. Elias & Co. Private Ltd.	South Karanpara	8.37	10	0.75	0.90	0.25		3	Y.
23,32,100	11,02,291	40,65,244§§	....	45,497	Bamdutt Ramkissendas.	Standard	1.85	1.50	1.50	1.50	1.90		12	Y.
10,00,000	5,52,000	12,55,063	3,00,215	1,61,907	Parry & Co., Ltd.	Sudamdih	11.12	10	0.25	Nil	Nil		12	Y.
2,50,00,000	56,08,956	2,16,94,770.00	66,69,501	88,622	P. C. Vink, Esq. (Mg. Director)	Tasra	9.31	10	0.40	Nil	0.60	0.75	3	Y.
62,50,000	....	4,38,081	....	—1,76,040	Duncan Brothers & Co., Ltd.	West Jamuria	7.25	10	Nil	Nil			12	Y.
15,00,000	1,09,481	8,59,781	2,90,184	2,658	A. V. Raghava Rao, Esq. (Mg. Director)									
5,98,980	1,27,460	38,37,051	21,69,505	23,288	T. Shanmuga, Esq. (Chairman)									
2,25,00,000	6,09,814	70,58,972	33,98,189	4,49,497	Badridas Goenka, Esq. (Chairman)									
4,98,80,900	2,54,60,000	15,98,24,741	6,76,83,625	5,96,527	Sahu Jain Ltd.									
3,75,00,000	58,67,710	2,76,12,039	79,15,961	17,347	S. D. Gupta, Esq.									
75,00,000	56,68,000	1,87,90,319	37,69,411	5,18,508	Shaw Wallace & Co., Ltd.									
40,00,000

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar.	Sept.	95.00xd	100
BREWERIES AND SUGAR							
arat Sugar R.C.	5,00,000	1931	5.00	Dec.	..	70.00	100
opal Sugar T.F.C.	12,50,000	1937	5.00	April	..	84.50	100
rew & Co. T.F.R.C.	8,00,000	1875	6.00	Mar.	Sep.	80.50	100
wnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb.	Aug.	118.00	100
ccan Sugar & Abkhar 'A' T.F.C. ..	7,00,000	1920	7.00	July	Apr.	5.03cd	5
at India Distilleries T.F.C. ..	£200,000	1897	7.00	Jan.	July	18.00	£1
rallor Sugar R.C.	6,75,000	1940	7.00	Dec.	..	62.00	100
Do. (Non-redeem.) ..	5,00,000	1940	7.00	Dec.	..	62.00	100
riabpore Co. C.	6,00,000	1922	10.00	Oct.	..	11.00	10
anuggur Cane T.F.C.	4,00,000	1933-36	6.00	Aug.	..	85.00	100
walgaon Sugar C.	50,00,000	1943	5.50	Oct.	Apr.	61.00	100
uth Behar Sugar	5,00,000	1936	7.00	Oct.	..	20.00N	100
avancore C.T.F.	15,00,000	1946	5.00	Dec.	..	7.47cd	10
per Ganges T.F.C.	15,00,000	1932	5.00	Dec.	..	90.00N	100
Do. C.R.C.	15,00,000	1946	6.00	Dec.	..	70.00N	100
alchandnagar T.F.C.	3,50,000	....	10.00	April	May	118.00	100
COAL							
erea T.F.C.	14,00,000	1896-97	6.50	Oct.	Apr.	82.00	100
rrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr.	Oct.	97.00xd	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	7.00xd	10
ulitalle T.F.	4,00,000	1895	6.00	Mar.	Sept.	72.00	100
rampura Collieries C.	9,99,500	1946	5.50	..	..	64.00xd	10
Khas Kajora C.	1,93,000	1931	5.00	Mar.	Sept.	7.00	10
w Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan.	July	10.50	10
idal T.F.C.	2,00,000	1898-99	6.00	Apr.	Oct.	82.00	100
COTTON							
medabad Advance T.F.C. ..	10,00,000	1939	5.00	Apr.	Oct.	70.50	100
ngalore C.T.F.	6,00,000	1884	6.00	Jan.	July	108.91	100
wanti Cotton T.F.	5,00,000	1926	6.25	Nov.	..	7.50	10
rwrath 'A' T.F.	6,00,000	1900	8.00	Feb.	Aug.	110.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb.	Aug.	71.00	100
radbury T.F.	14,75,000	1919	7.00	June	Dec.	50.00	50
ckingham & Carnatic C.T.F. ..	21,30,200	1920	7.50	Jan.	July	122.00	100
mbodia C.T.F.	1,00,000	1928	7.00	Apr.	..	90.00	100
ntral India T.F.	50,00,000	1913	5.00	Apr.	Oct.	400.00	500
ntury Spg. & Mfg. Co. T.F.R.C. ..	1,25,00,000	1888	6.00	Dec.	..	107.00	100
mbatore Pioneer C.T.F. ..	1,00,000	1925	6.50	June	..	78.50	100
gin T.F.C.	11,00,000	1913	8.00	May	..	105.00	100
gin 'B' T.F.C.	4,20,000	1943	5.00	July	..	6.75	10
phinstone C.	25,00,000	1919	7.00	May	Nov.	60.50	100
seram T.F.C.	20,00,000	1919	7.00	June	Dec.	104.00	100
hatan Makanji (2nd) T.F. ..	29,92,000	1947	4.00	Nov.	..	76.50	100
ohari C.T.F.	18,00,000	1937	6.00	Dec.	..	8.50	10
ohari 'B' (Pref.) T.F.C. ..	6,00,000	....	6.00	..	..	8.75	10
khmi Cotton (Bombay) C. ..	15,00,000	1886	6.00	..	..	151.25	100
orarjee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan.	..	73.00	100
yore Spg. C.	7,45,050	1944	4.50	..	..	22.75	50
ational Rayon C.	1,74,64,700	1947	6.00	..	..	69.00	100
w Great	5,00,000	1913	5.50	Mar.	..	106.50	200
dar Mills T.F.C.	10,00,000	1943	4.00	Feb.	..	63.00	100
alakshmi C.T.F.	2,00,000	1928	6.50	Apr.	..	44.50	50
ore Niwas Cotton T.F.C.R. ..	4,80,000	1944	4.00	..	..	54.00	100
olapoor T.F.C.R.	32,00,000	1943	8.00	..	..	78.25	100
rachai T.F.C.	15,00,000	1938	8.00	Apr.	Oct.	88.00	100
radhali (Kanpur) T.F.C. ..	15,00,000	1927	6.00	June	..	69.00	100
ravancore Rayon C.T.F.	50,00,000	....	6.00	May	..	7.25	10
santa (1st) C.T.F.	8,00,000	1931	6.50	Apr.	Oct.	97.00cd	100
Do. (2nd) C.T.F.	1,50,000	1938	6.00	..	..	94.02cd	100
shnu C.	15,56,500	1903	7.00	Apr.	..	395.00	500
ELECTRICS							
ndhra Valley Power Supply C. ..	48,24,000	1917	7.00	May	Nov.	1,022.50	1,000
malgamated Electric T.F.C. ..	84,15,000	....	8.50	..	..	68.00	100
lcutta Electric T.F.C.	19,00,000	1909-11	5.00(t)	June	Dec.	9.19	£1
ona Electric C.	4,00,000	1935	7.00	June	Dec.	101.00	100
uth Madras (1st) C.T.F.	22,50,000	1940	8.50	Sept.	Dec.	{ 7.80	100
Do. (2nd) C.T.F.	8,00,000	1940	8.50			7.95	10
ural Electric Co. C.T.F.	5,00,000	1939	6.50	Apr.	..	107.00	100
ata Hydro Electric Power C. ..	21,25,000	1947	7.00	May	Nov.	101.25	100
ata Power T.C.	24,27,000	1918	7.50	May	Nov.	1,045.00	1,000
ellore C.	1,25,000	1928	6.00	Dec.	..	6.25cd	10
ENGINEERING							
rthur Butler (Muzaffarpur) T.F.C.	1,80,000	1919	7.00	Mar.	..	12.00	10
urn & Co. Ltd. (1st) T.F.C. ..	15,00,000	1895-98	7.00	Feb.	Aug.	110.00	100
Do. (2nd) T.F.C.	15,00,000	1902	6.00	Feb.	Aug.	101.00	101
ndian Iron and Steel Co. Ltd. T.F.C.	2,09,95,400	1950	7.00	..	..	87.00	100
ndian Standard Wagon T.F.C. ..	19,66,500	1918	7.00	June	..	112.00	100
esop T.F.C.	20,00,000	1941	5.00	May	Nov.	78.00	100
ssani Engineering C.R.	15,00,000	1946	5.00	July	..	52.00	100
†† Kumardhubi Engineering T.F.C.	12,00,000	1915	4.00	June	Dec.	72.00xdN	100
arsen and Toubro Ltd. T.F.R. ..	13,00,000	1946-47-51	5.00	..	..	93.00	100
lakhabir & Mahabir T.F.R.C. ..	25,00,000	1945	6.00	May	..	98.00	100
ohamudes (1st) T.F.C.	5,50,000	1907	5.50	..	..	86.00	100
remier-Construction (1st) ..	10,00,000	....	6.25	..	..	69.00	100
Do. do. (2nd) C. ..	15,00,000	1936	6.25	..	..	70.00	100
Do. do. (3rd) C. ..	25,00,000	1947	4.50	..	..	4.92	10
ata Iron and Steel (1st) C. ..	75,00,000	1908	6.00	Nov.	..	138.00	150
Do. do. (2nd) C. ..	6,92,81,900	1908	7.50	May	..	104.50xd	100
JUTE							
garpara T.F.C.	18,00,000	1927	7.00	Jan.	July	90.00	100
lexandra T.F.C.	9,00,000	1905	7.00	Feb.	Aug.	88.00	100
lliance T.F.C.	15,00,000	1896	6.00	Mar.	Sept.	55.00	100
ngio-India T.F.C.	40,00,000	1917	7.00	May	Nov.	90.00	100
ngus C.	10,00,000	1909	5.50	May	Nov.	68.00xd	100
Do. (2nd) (j) C.	15,00,000	1945	4.50	June	Dec.	67.00xd	100
lly T.F.C.	20,00,000	1918	7.00	Apr.	Oct.	98.00	100
laraagore C.	2,50,000	1896	5.00	May	Nov.	38.00	25
lvadore T.F.C.	7,00,000	1906	7.00	Jan.	July	87.00	100
ria C.	23,84,200	1919	7.50	June	Dec.	96.00	100
udge-Budge T.F.C.	6,00,000	1894	7.00	May	Nov.	90.00	100
lcutta T.F.C.	6,00,000	1934	6.50	Jan.	July	50.00N	100
ledonian T.F.C.	10,00,000	1915	7.00	June	Dec.	84.00	100
ort Gloster T.F.C.	10,00,000	1919	7.00	June	Dec.	86.00	100
thiavalah T.F.C.	5,00,000	1922	7.00	Mar.	Sept.	89.00	100
ijye (1st Pref.) T.F.C.	5,00,000	1900	6.00	May	Nov.	55.00	100
Do. (A) (2nd Pref.) T.F.C. ..	5,00,000	1900	7.00	May	Nov.	73.00	100
alhousie T.F.C.	15,00,000	1905-13	7.00	May	Nov.	88.00xd	100
elta T.F.C.	5,00,000	1897	5.00	June	Dec.	69.50	100
mpire T.F.C.	10,00,000	1911	7.00	Aug.	..	86.00	100
ort Gloster T.F.C.	14,00,000	1896-98	7.00	May	Nov.	105.00	100
Do. (2nd Pref.) T.F.C. ..	7,00,000	1948	5.00	..	..	66.00	100
ort William T.F.C.	10,00,000	1911	7.00	May	Nov.	90.00xd	100
anges T.F.C.	6,00,000	1916	8.00	June	Dec.	90.00xd	100
ourepore T.F.C.	20,50,000	1895-04	6.00	May	Nov.	77.00xd	100
astings T.F.C.	25,00,000	1935	7.00	Mar.	Sept.	78.00xd	100
oogly T.F.	11,75,000	1918	10.00	May	Nov.	10.50xd	10
owrah T.F.C.	8,75,000	1899	7.00	May	Nov.	90.00	100
Do. T.F.C. (f)	17,50,000	1903-06	7.00	May	Nov.	89.00	100
ukunchanal T.F.C.	40,00,000	1919	7.00	June	Dec.	91.25	100
xmarbatty T.F.C.	16,00,000	1898-04	6.00	Feb.	Aug.	71.00	100
xmikanarak T.F.C.	10,00,000	1900	6.00	Feb.	Aug.	76.00	100

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
JUTE—*Continued*							
Kelvin T.F.C.	10,00,000	1907	7.00	Mar.	Sept.	91.00	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May	Nov.	81.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May	Nov.	88.00xd	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May	Nov.	90.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May	Nov.	90.00xd	100
Do. (B) T.F.C.	10,00,000	....	5.50	Dec.	..	70.00xd	100
Nalhati T.F.C.	7,50,000	1905	7.00	May	Nov.	112.00	100
Do. (2nd) (j) T.F.C.R. ..	10,00,000	1945	4.50	June	Dec.	82.00	100
National T.F.C.	5,00,000	1917	7.00	May	Nov.	87.00	100
Nellimarla T.F.C.	5,00,000	1939	6.00	Apr.	Oct.	78.00	100
New Central T.F.C.R.	38,00,000	1915	7.00	Jan.	July	92.00	100
Northbrook T.F.C.	15,00,000	1900	5.50	May	Nov.	89.00xd	100
Reliance T.F.C.	20,00,000	1906-12	7.00	May	Nov.	80.00	100
Samnuggur C.	£150,000	1901	6.00	Feb.	Aug.	Sh. 21.50N	£1
Soorah T.F.C.	10,00,000	1920	7.00	Feb.	Aug.	91.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar.	Sept.	93.00	100
Titaghur C.	£150,000	1897	6.00	Feb.	Aug.	Sh. 21.50	£1
Union T.F.C.	6,00,000	1901-02	7.00	May	Nov.	88.00xd	100
Victoria C.	£150,000	1898	6.00	Feb.	Aug.	Sh. 21.50	£1
Waverley, T.F.C. (f)	7,50,000	1913	6.00	Mar.	Sept.	38.00	50
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov.	..	47.00	60
Calcutta Tramways C.	£350,000	1906	5.00	Apr.	Oct.	7.25	£1
Great Eastern Shipping T.F.R.C. ..	25,00,000	1948	5.50	Dec.	..	91.00	100
Indian General Nav. & Ry. C. ..	£244,080	1899	6.00	Mar.	Nov.	78.00	£10
India Steamship (w) T.F.C.R. ..	26,00,000	1928	5.00	..	..	70.00xd	100
TEA							
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May	Nov.	29.31xd	10
††† Banarhat Tea T.F.C.	4,00,000	1900-02	6.50	Jan.	July	100.00	100
Birpara T.F.C.	1,00,000	1900-02	8.00	Jan.	..	96.00	100
Choonabhutti T.F.C.	2,00,000	1914	6.50	Jan.	July	93.00	100
Gielle C.	2,00,000	1894	6.00	Sept.	..	74.00	100
Hantapara T.F.C.	50,000	1901	8.00	Jan.	..	96.00	100
Hasimara T.F.C.	3,00,000	1904	7.00	Mar.	..	96.00	100
Kingsley Golaghat T.F.	2,40,000	1897	6.00	Dec.	..	84.00	100
Moheera T.F.C.	3,20,000	1929	6.00	May	Nov.	5.85	10
New Dooars T.F.C.	2,00,000	1907	6.50	Jan.	July	100.00	100
New Samanbagh T.F.C.	1,00,000	1908	8.00	Nov.	..	90.00	100
††† Okayli T.F.R.C.	50,000	1898	7.00	Dec.	..	84.00	100
Pneumbing T.F.C.	2,05,000	1916	7.00	Jan.	..	96.00	100
Sonai River T.F.C.	1,00,000	1909	8.00	May	..	88.00	100
***Tezpore C.	2,05,000	1933	8.00	Jan.	..	9.94	10
Tirribannah T.F.C.	1,00,000	1922	10.00	May	Nov.	18.50	100
PLANTING							
Be Be Rubber C.	1,43,005	1944	6.25	..	..	2.25cd	5
Do. R.C.	2,86,570	1944	6.25	..	..	5.75cd	10
Cochin Malabar C.T.F.	1,13,300	1932	7.00	June	..	48.77	50
Coffee Lands C.T.F.	10,40,800	....	5.00	..	..	71.08	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr.,	..	83.14cd	100
Cottanad C.T.F.R.	1,00,000	1937	7.50	Nov.,	..	9.60cd	10
Devon Tea C.T.F.	2,00,000	1938	7.50	July	..	82.00	100
Highland Produce C.T.F.	3,00,000	....	6.00	July	Jan.	7.25	10
Neelamalai C.T.F.	18,00,000	1943	5.00	Jan.	July	6.10	10
Nilgiri Tea C.T.F.	2,87,250	1942	6.50	July	..	5.80cd	5
Pullangode C.T.F.	1,50,000	1943	6.00	Mar.	..	7.57	10
Teekoy Rubber C.T.F.	5,00,000	....	6.00	Mar.	Sept.	6.80	10
T. R. & T. Co. C.T.F.	16,00,000	....	6.00	June	Dec.	8.95	10
Waterfalls R.C.T.F.	6,00,000	1943	6.00	Nov.	..	8.40	10
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	..	6.25	June	..	80.00	100
Do. do. (2nd) T.F.R.C. ..	5,00,000	..	5.00	June	..	81.00	100
Alkali & Chemicals T.F.C.	31,00,000	1937	5.00	Apr.	..	90.00	100
Aluminium Corpn. (1st) C.	2,00,000	1938	7.00(f)	..	..	99.00	100
Andhra Cement C.T.F.	2,48,800	1937	6.00	Feb.	June	92.74	100
Associated Hotels of India C. ..	21,87,000	1916	7.00	Mar.	Sept.	54.00	100
Bengal Chemicals T.F.C.	87,000	1935	7.00	Aug.	..	11.75	10
Bengal Paper Mill T.F.C.	2,00,000	1908	7.00	Mar.	Sept.	48.50	50
Do. "A" T.F.C. ..	4,00,000	1923	7.00	Mar.	Sept.	100.00	100
Do. "B" T.R.C. ..	4,00,000	1948	6.00	..	..	92.00	100
Bengal Lumber Trading T.F.C. ..	8,00,000	1896	8.00	Aug.	..	8.00N	100
Britannia Biscuit T.F.C.	16,450	1921	8.00	Feb.	Aug.	14.00	10
British Ceylon Corporation C. ..	17,50,000	1913	6.00	Nov.	Aug.	6.00N	5
British India Corporation T.F.C.	81,00,000	1920	8.00	Feb.	..	112.00	100
Dalmia Cement (Bharat) C.T.F. ..	61,58,210	1937	6.00(f)	Sept.	..	7.70	10
Dhrangadhra Chemicals T.F.C.R. ..	3,91,900	1956	6.00	..	..	79.00	100
Dhrangadhra Chemicals T.F.C.R. ..	79,93,875	1944	5.00	Dec.	..	76.50	100
Shree Digvijay Cement T.F.R.C. ..	30,00,000	1926	6.00	June	Dec.	110.00	100
Dunlop Rubber Co. (1st) T.F.C. ..	40,00,000	1935	6.00	Apr.	..	80.00	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1935	6.00	Apr.	..	56.00	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	5.00	Feb.	Aug.	48.00	100
Do. do. (2nd)	1,00,000	..	6.00	Feb.	Aug.	48.00	100
Gillanders Arbuthnot(f) R.C. ..	25,00,000	..	5.00	Apr.	Oct.	57.00	100
Hindustan Motors T.F.C.	1,65,57,250	1956	6.00	Mar.	..	194.00	100
Humayan Properties T.F.C.	12,00,000	1938	6.00	..	..	6.75	10
India Cement C.	29,85,000	1946	7.50	Oct.	..	85.00xd	100
Indian Aluminium (g) C.R.	40,00,000	1945	5.00	June	..	69.00	100
Indo-Burma Petroleum C.	50,00,000	1921	7.00	Jan.	July	89.00	100
Indian Cable (m) C.	12,87,750	1923	6.00	June	Dec.	33.00	100
India Rubber Mfrs. (q) T.F.C.R. ..	3,28,000	..	5.00	Apr.	..	60.00	100
Jardine Henderson C.	50,00,000	1946	5.50	Dec.	..	56.50	100
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.50	May	..	55.00	100
Do. do. (2nd) T.F.C. ..	10,00,000	..	4.00	May	..	58.00	100
Kumardhubi Fireclay & Silica C.R. ..	30,00,000	1915	7.00	June	Dec.	91.00N	100
Martin Burn (k) T.F.C.R.	50,00,000	1946	5.00	Apr.	Oct.	85.00	100
McLeod and Co. (1st) C.	10,00,000	1930	5.00	July	Jan.	46.00	100
Do. (2nd) F.C.	40,00,000	1935	5.00	July	Jan.	59.25	100
Metal Box Co. C.R.	80,00,000	..	6.00	..	..	84.00	100
Motiur Chemicals (Old) C.T.F. ..	20,00,000	1903-18	6.00	Feb.	Sept.	9.32xd	10
Mysore Chemicals Mvra. C.T.F. ..	2,50,000	1930	6.00	June	..	8.50cd	10
Mysore Lamps R.C.T.F.	2,50,000	..	4.00	Aug.	..	5.95cd	10
National Tobacco (Old) (p) T.F.C.R.	25,00,000	..	5.00	Mar.	Sept.	69.00	100
Do. (New) (q) T.F.C.R. ..	15,00,000	..	6.00	Mar.	Sept.	62.00	100
Orient Paper T.F.C.R.	20,00,000	1936	5.50	Jan.	..	83.00	100
Do. (2nd) (r) C.R.	60,00,000	..	5.50	Apr.	Oct.	56.00	100
Rohtas Industries (Old) T.F.C. ..	22,50,000	1938	7.00-4.00	Mar.	..	112.00	100
Do. (New) T.F.C.	88,04,700	..	4.25	Apr.	..	56.00	100
†Smith Stanistreet & Co. T.F. ..	5,50,000	1920	10.00	Feb.	Aug.	66.00	50
Spencer & Co. "A" C.	20,00,000	1898	6.50	Jan.	July	7.65	10
Do. "B" C.	26,80,000	1922	8.50	Jan.	July	10.35xd	10
Standard-Vacuum C.	75,00,000	1955	6.00	June	Dec.	88.50	100
Star Paper T.F.C.R.	10,00,000	..	5.00	Mar.	Sept.	78.00	100
Tata Chemicals T.F.C.	59,37,000	..	5.00	June	..	85.00	100
Tata Oil Mills C.	29,88,800	1946	4.50	July	..	80.00	100
Titagur Paper Mills T.F.C.	11,50,000	1899	8.00	Jan.	June	118.00	100
Do. do. (2nd) T.F.C. ..	15,00,000	1934	4.50	Jan.	July	75.00	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of a preferential dividend at the rate of 8 per cent (of which only 5 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent per annum and also to participate in further dividend of 2 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 106 at any time by special resolution.

‡ Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 106 at any time on 3 months' notice. (h) deemable after 30th September 1966 at Rs. 125. (i) Redeemable at par after 9th November 1955 on 6 mont notice. (j) Redeemable after 28th July 1955 on 3 months' notice. (k) Participating upto 9 per cents. (l) deemable at par after 31st March 1953 on 6 months' notice. (m) Rank *pari passu* with ordinary shares af ordinary shares receive 6 per cent dividend. (q) Redeemable after 20th December 1954. (o) Redeemable any time at Rs. 115 on one month's notice. (p) Redeemable at par after 1st January 1964. (q) Redeemable pay after 19th June 1955. (r) Redeemable at par after 1st October 1956 on 3 months' notice. (s) Participat to 9 per cent. (t) Free of Income-tax upto 6 n. in the £. (u) Redeemable at par on 3 months' notice. (v) Ins on various dates. (w) Redeemable at any time 3 years after the date of issue at a premium of Rs. 10 par sh on 3 months' notice. (x) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. yy—Par paid.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent Who else must sweat and toil and gain but scanty fare."
William Blake.

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Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

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CODE OF EFFICIENCY AND WELFARE

IF, in a democratic society, strikes by labour and lock-outs by employers are to operate only as a weapon of last resort, and that too, very sparingly, the understanding between management and workers must be deep and abiding. In order to reach this ideal state of affairs, mutual trust and respect for each other are prerequisites. Viewed from this angle, the draft code of efficiency and welfare, which was discussed at the two-day session of the Indian Labour Conference held at Bangalore this week, is a step in the right direction and those who welcomed it—they included the representatives of employers and the leaders

of living of workers through improvement, *inter alia*, in the working conditions, environment and welfare measures, including housing, and thus bring about conditions which will enable the workers to give of their best;

(ii) They shall make positive efforts to generate an atmosphere of mutual trust and co-operation and take the initiative to dispel misapprehensions among workers in regard to productivity techniques and measures;

(iii) They shall ensure that workers receive their due share of the gains resulting from increased productivity.

Although these conditions sound simple and general, they will prove onerous in actual practice, for many of the efforts of managements in this direction may be a case of unrequited love. With inter-union rivalry and with trade unions dominated by selfish or power-hungry leaders, quite a number of whom owe their loyalty to foreign powers, it will be a tough job for managements to implement the aforesaid part of the code. And yet they have to accept the challenge and try to win the confidence and trust of their workers. In this egalitarian era, the 'haves' have to woo the 'have-nots.' An employer who is not enlightened and tactful enough to carry the workers with him has little future. This does not mean that he should follow a policy of appeasement and compromise with inefficiency and indiscipline, or try to win peace by buying up the trade union leaders. These tactics, if adopted, would soon put him out of business. What is meant here is that he should master the art of establishing perfect human relations. He must take his workers into confidence by giving them full information about the working of their companies, the problems confronting them and the prospects, as well as by attending to their comforts to the extent economically feasible. It is interesting to learn from Mr. Nanda's speech at Bangalore that, out of 18 units which have been trying out the scheme of workers' participation in management, all but one have had no work stoppage, and their earnings have appreciably increased, with workers getting more as a result of incentive schemes. Here is something for employers to ponder.

Fortunately for managements, the powers-that-be are tending to be a little more realistic than they used to be till recently. The imperative need for expanding exports and the short-lived strike by Government employees last year seem to have compelled them not to countenance extravagant demands by workers. There are many passages in Mr. Nanda's speech which reflect the Government's anxiety to avoid not only industrial strife but also wage inflation. His observations on sharing the gains arising from increase in productivity constitute a typical example of this new approach. Declaring that, out of the gains of productivity, other claims had also to be met, besides an improvement in the standard of living of the worker, he defined the "other claims" thus:

"(1) Formation of additional capital for enlarging productive activity and consequent volume of employment; (2) reduction in the price of the products, so that the community in general is able to share in the benefits of industrial progress; and (3) improvement in the competing capacity of products in the export market to maintain increased production as well as employment inside the country and to keep up a sound balance of payments position."

This is undoubtedly a fair and equitable principle for distributing the gains arising from productivity, though its translation into actual practice will require a lot of wisdom, patience and courage of conviction. It is obvious that this principle will be useless, if, in determining the exact share of each of the claimants, workers are allowed to walk away with the bulk of the cream. If, therefore, this new code is to succeed, it will be necessary to work out the implications of some of the nice-sounding principles in detail and evolve them into formulas in advance, carrying the consent and support of the parties concerned.

ROAD TRANSPORT IN E.C.A.F.E. REGION

THE United Nations Economic Commission for Asia and the Far East, which has been actively guiding the development of an Asian highway network, is increasingly concerning itself with road transport problems in the countries of the region. This concern is right now reflected in a seminar that has been organised under its auspices at Madras. Inaugurated by Prime Minister Nehru early this week, the E.C.A.F.E. Seminar has confined its discussions to road passenger transport. According to a study report, on which the discussions have been based, road passenger transport has a large share in the total passenger traffic in the E.C.A.F.E. region, in spite of the inadequacy of roads, high cost of operation, inadequate and expensive repair facilities and the lack of proper organisation. Despite these handicaps, it is stated to be still the cheapest form of transport available in the region. But its development seems to be highly uneven among the various countries, as will be seen from the table in this article. The two sets of figures worked out by us from the basic statistics contained in the E.C.A.F.E.'s Economic Survey (1960)—one presenting the number of passenger cars per million people and the other pertaining to the number of commercial vehicles per million persons—bring out the wide disparities in automobile transport development among the countries of the region.

The Federation of Malaya and India, for instance, are poles apart in the field of automobile transport. The former country has an area which is just one-twenty-fifth of the area of the latter; in respect of railway mileage both countries are comparable, for India has 51,340 kilometres of railways for its larger area and Malaya 2,090 kilometres for its smaller area. But this comparable proportion is not to be found in automobile transport, for India has only 641 passenger cars (including taxis and station wagons) and 545 commercial vehicles (buses and lorries) per million people and Malaya has as many as 12,642 passenger cars and 4,299 commercial vehicles per million persons. Ceylon, supposed to be an underdeveloped country like India, provides another telling contrast. That country has an area which is one-fiftieth of the area of the latter; its total length of railways is one-thirty-fifth of that of India's. But it is far ahead of this country in the matter of automobile transport, for it has 7,781 passenger cars and 3,146 commercial vehicles per million persons. A comparison with a fully developed country like Japan is found to be even more unfavourable to India, particularly in respect of commercial vehicles. Japan has an area which is one-ninth of India's, but its railway mileage is two-fifths of that of the latter. And its automobile transport has developed to such an extent that it has 12,818 commercial vehicles and 3,433 passenger cars per million people. It is noteworthy that, in all the E.C.A.F.E. countries other than Burma, Taiwan, India, Indonesia, Republic of Korea and Pakistan, automobile transport has developed to a level at which there are more than 2,000 passenger cars and commercial vehicles per million population.

There is, however, a relative shortage of passenger vehicles in most parts of the region. This is indicated by the fact that there is only one bus seat for every 160 of the population, whereas in the Western countries it is roughly one seat for every 50 persons. Moreover, vehicle utilisation in the E.C.A.F.E. region, measured in terms of daily miles ran by each bus, is rather low, whereas the number of passengers per bus is high; this means a lot of overcrowding in the buses. Apart from the insufficiency of vehicles, there is the lack of trained personnel for their operation and maintenance; this lack is due to the fact that operational organisation in most cases is small, for most operators are small operators, each owning a few vehicles. Poor road conditions aggravate the difficulties of the transport industry; according to the E.C.A.F.E. study report, almost all countries of the region are faced with the need for rapid expansion and improvement of their highway networks. The situation could be remedied only by a more vigorous transport policy. The main elements of such a policy have been suggested in the E.C.A.F.E.'s study report. Although these are confined to road passenger transport, they are equally applicable, *mutatis mutandis*, to lorry transport and, as such, relevant to conditions in India. The main elements are:

Road Transport: Motor Vehicles* in use in E.C.A.F.E. Countries

(For the year 1959, unless otherwise stated)

Country	Population (in millions)	No. of passenger cars† (in thousands)	No. of passenger cars per million persons	No. of commercial vehicles‡ (in thousands)	No. of commercial vehicles per million persons
Afghanistan ..	13.2	N.A.	..	N.A.	..
Brunei ..	0.1	2.3	23,000	1.1	11,000
Burma ..	20.5	18.9	922	19.3	941
Cambodia ..	4.8	9.4	1,958	5.4	1,125
Ceylon ..	9.6	74.7	7,781	30.2	3,146
China : Taiwan ..	10.2	7.1	696	9.9	971
Federation of Malaya.	6.7	84.7	12,642	28.8	4,299
Hong Kong ..	2.9	27.7	9,552	7.4	2,552
India ..	402.8	258.2	641	219.4	545
Indonesia (1958) ..	87.8	74.8	852	56.4	642
Iran	20.1	78.3	3,895	39.3	1,904
Japan ..	92.7	318.8	3,433	1,187.2	12,818
Republic of Korea ..	23.9	12.1	506	17.3	724
Laos (1958)	1.7	3.9	2,294	2.0	1,176
Nepal	9.0	N.A.	..	N.A.	..
North Borneo ..	0.4	3.5	8,750	1.2	3,000
Pakistan	86.8	48.6	559	24.7	285
Philippines	24.7	73.6	2,979	66.7	2,700
Sarawak	0.7	2.4	3,429	1.1	1,571
Singapore	1.6	61.2	38,250	14.2	8,875
Thailand	21.9	40.7	1,858	47.0	2,146
Republic of Viet-Nam	13.8	36.1	2,616	16.8	1,217

* Two or three-wheeled cycles and motor cycles, trams, trolley buses, ambulances, hearses, military vehicles, vehicles operated by police and special purpose vehicles excluded.

† 'Passenger cars' are motor cars seating less than eight persons, including taxis, jeeps and station wagons.

‡ 'Commercial vehicles' include lorries (trucks), buses, tractor and semi-trailer combinations but exclude trailers and farm tractors.

(1) Road passenger transport has certain inherent advantages like flexibility, cheapness and small capital requirement; it has its direct and indirect employment potentialities. The ratio of employment between railways and road transport is calculated to be 1:7. Since the industry, with such characteristics, meets the economic and social conditions and requirements of the region, the Governments should take necessary measures to promote and encourage its development.

(2) A transport policy, in general, and a road passenger transport policy, in particular, should be framed as a prerequisite to the balanced development of the industry, so as to remove any feeling of uncertainty or insecurity in the minds of operators.

(3) The policy should create conditions which will ensure the provision of adequate services at a reasonable price to the public, and give the operator a measure of protection from uneconomic competition and an assurance of a fair return for his services. This would bring about financial stability and, at the same time, encourage the expansion of the industry.

(4) Although the most suitable size of a passenger transport undertaking may be a mater of judgment, depending on many local considerations, for almost all countries of the region large undertakings, particularly in the field of short-distance stage carriage services, would be more suitable.

(5) Where it is not possible to integrate small undertakings, they should be encouraged and assisted to organise themselves into associations or co-operatives, so as to ensure a better utilisation of available facilities. This would guarantee an efficient and regular service and financial stability to the industry.

(6) Since so much of road passenger operation in the region is by individual operators, difficulty is experienced in obtaining finance for expansion and betterment. The Governments should, therefore, consider measures to ensure credit facilities at reasonable rates of interest through financial institutions.

(7) To facilitate the integration of owner-operated bus undertakings into efficient working units, with a certain degree of financial stability, the Governments might consider framing statutory regulations regarding the minimum number of buses. These regulations should be observed in the operation of road passenger services, in return for financial facilities and assistance granted to bus operators.

(8) In big cities, where traffic congestion is acute and technical conditions are suitable, double-deck buses might be preferable to large-size single-deck buses.

(9) As many of the vehicles in the region are old and in a bad state of repair, the immediate need is for an increased flow of new vehicles into the industry. Operators must, therefore, be encouraged to plan replacement schemes and be allowed to earmark a certain portion of their revenues as replacement funds, for which tax exemption should be given.

(10) The generally poor condition of vehicles, which is responsible for high operating costs and low vehicle utilisation in the region, can also be greatly improved by the relaxation of import restrictions and by a more generous allocation of foreign exchange for vehicles and spare parts.

The foregoing suggestions, contained in the E.C.A.F.E.'s study report, are relevant to conditions in India too, in spite of the circumstance that nationalised road transport undertakings, operating largely passenger services, constitute a substantial segment of its road transport industry. Although about 7,500 vehicles will be added to the fleets of these State undertakings during the third Plan period, as compared with 5,000 vehicles added during the second Plan period, the share of such nationalised undertakings in the total passenger services by road is expected to remain unchanged at the existing level of about 30 per cent. The suggestions could, therefore, be very well applied to the private sector which accounts for 70 per cent of road passenger transport. If, at the same time, a policy declaration is made to the effect that there will be no further nationalisation of road passenger services, it will go a long way in promoting stability and progress in the industry. The Planning Commission's advice that the State Governments should set up road transport corporations to manage the road transport they have taken over—corporations in which the railways and, if possible, private operators could participate—would also need to be implemented by all the States at an early date. If, as a rule, private operators come to participate in these corporations, they can not only restrain the craze for nationalisation but also bring about a fair division of routes and traffic between the public sector and the private sector. Relations between the two sectors will then become happy and a more congenial climate for expansion in the road transport industry will emerge.

Many of the suggestions contained in the E.C.A.F.E.'s study report are also applicable, with due alterations in details, to goods transport by road. Here, again, the need for imparting a sense of security and stability to the industry is apparent. It is patently not enough to state, as Mr. Raj Bahadur, Minister of State in the Union Ministry of Transport and Communications, did in his recent inaugural address at the thirty-third annual meeting of the Indian Roads and Transport Development Association, that the Government has no intention to nationalise goods transport during the third Plan period. Why this promise should be limited to the third Plan period alone passes one's comprehension. After all, no entrepreneur will think of investing further in the industry if he is not sure of his position after five years. If, as Prime Minister Nehru himself admitted in his inaugural speech at the E.C.A.F.E. Seminar, the growth of road transport will not affect the railways much, it would be reasonable to expect that this recognition will be reflected in greater freedom for and less burdensome taxation on the road transport industry and in the removal of the threat of nationalisation once and for all. But the Railway Ministry cannot be expected to make things that easy for road transport, for Mr. Jagjivan Ram's recent offer to give a monopoly to motor transport for short distances, say 50 miles, on the condition that the railways might perform the task of moving goods traffic over longer distances has a snag in it. It reflects an approach of rivalry between the railways and road transport, although the Deputy Minister for Railways has denied the existence of any such rivalry.

The future of road transport, which will have to expand at a phenomenal rate, will depend not only on the helpful attitude of the railways but even more on the willingness of the State Governments to reduce the incidence of taxes on motor vehicles. It is the latter aspect of heavy tax incidence that constitutes a serious disincentive to the private sector of road transport. Readers of *Commerce* may recall, in this connection, an article published in its issue of 23rd September 1961, wherein it is conclusively shown that high taxes stifle the growth of automobile transport in the developing countries. That the Union Ministry of Transport has been consistently emphasising the need for abolishing vexatious levies like octroi duty and terminal taxes, for placing a ceiling on taxes on motor vehicles and for giving up the system of double taxation, is the only silver lining to the cloud as far as India is concerned.

MARKET GOSSIP

Corporate Finances

ONE of the most valuable research studies periodically published by the Reserve Bank of India pertains to the finances of non-Government public limited companies in the industrial sector. The latest study, the main findings of which are published elsewhere in this issue, covers, as the previous ones did, the financial results of 1,001 joint stock companies representing the major industries. With this study, the data for the four years (1956, 1957, 1958 and 1959), broadly representing the first four years of the second Plan, are now available. They provide a consolidated picture of the growth of corporate enterprise, as compared with the pre-second Plan year, namely, 1955. It will be seen from the main indicators of this growth, which have been brought together in the table on page 761, that, at the end of 1959, the relevant 1,001 companies together had total net assets of the order of Rs. 2,072 crores, as compared with Rs. 1,434 crores at the end of 1955, and that their profit-making capacity in 1959 had recovered from the setback registered particularly in the years 1957 and 1958, following the damage caused to market confidence by the T.T. Krishnamachari budget and the Suez crisis. Profits before tax of the 1,001 companies, it is noteworthy, were Rs. 161 crores in 1959, as compared with Rs. 121 crores in 1958 and Rs. 108 crores in 1957; all the important industries, except shipping, coal, construction and coffee and rubber plantations, shared in that increase in profits. With profits after tax working out to 10.5 per cent of net worth (paid-up capital *plus* all reserves, other than taxation and depreciation reserves, and balance of profit) in 1959, as compared with 9.1 per cent in 1955, it was a picture of relative buoyancy in corporate performance. The very fact that retained profits in 1959 were Rs. 38 crores, as compared with Rs. 18 crores in 1958 and Rs. 14 crores in 1957, would appear to suggest that the corporate sector had turned the corner.

What was more, it utilised the improvement in profit to enhance its financial strength. Consequently, the companies concerned were able to add to their liquid assets and to reduce recourse to borrowings during the year. "The improvement in the financial results of the companies," to quote from the study under reference, "was reflected in the pattern of financing also; during 1959, the bulk of the funds for financing assets formation was met from internal sources (that is, free reserves and surplus and depreciation and taxation reserves) which accounted for 63 per cent of the total sources of funds, as compared with 48 per cent in 1958 and only 28 per cent in 1957." Another significant trend witnessed during the year was that, among external sources, fresh capital (Rs. 27 crores) accounted for 17.2 per cent of total funds (required for financing the total assets formation amounting to Rs. 157 crores), as compared with 12.3 per cent in 1958. Although, during the four years 1956-59, external sources had accounted for about 59 per cent of the aggregate financing amounting to Rs. 830 crores, it is noteworthy that such external financing had come down from 63 per cent in 1956 to 37 per cent in 1959. It thus happened that, during the latter year, the bulk of the finance for most of the industries was provided from internal sources. This larger role played by internal sources in financing corporate assets formation was, of course, a salutary trend, inasmuch as it meant reduced dependence on bank credit and other secured loans. But the further beneficial effect of this trend by way of attracting fresh capital could have been substantial only in the following year, namely, 1960. If the next review, that for 1960, happens to reveal that substantially more fresh capital from the market has been attracted to the public limited companies, it will be hardly surprising, especially in the context of the 1959 dividends working out to 11.8 per cent of paid-up capital (ordinary shares), as compared with 8.9 per cent in 1955. And that will represent an even more encouraging trend in the corporate sector. The credit for either trend should go in large measure to the Finance Minister, Mr. Morarji Desai, who has helped to revive the confidence of investors in corporate enterprise and restored to them the climate and self-confidence they had lost following the socialist *blitzkrieg* towards the close of 1956 and in the first half of 1957.

World Silver

The world silver market continues to rule distinctly firm. The spot rate in London now stands at 79¾d. per ounce or equivalent to 93.500 U.S. cents, which is 3.125 cents higher than the New York price of 90.375 cents. The firmness of silver is expected to persist in the coming months also. In fact, some bullion dealers predict a significant rise in price. This assessment may appear surprising, in view of the anticipated sale of about 40 million ounces of silver by Communist China. But, even if this expectation were to materialise, the gap between the current rate of world output and actual consumption is likely to be wider than at present. The gap last year, it may be noted, was as much as 116.8 million oz., as against only 79.5 million oz. in 1956. This widening of the gap must be attributed to an appreciable increase in world consumption of silver —from 272.5 million oz. in 1956 to 319.3 million oz. in 1960—while the actual output has risen from 193.0 million oz. to just 202.5 million oz. This year, quite a large part of the increase in consumption is being met from out of the U.S. Treasury's free stocks, unlike in previous years when the gap was filled mostly by demonetising coinage and sales of Russian silver. The total of the U.S. free stocks is currently placed at no more than 63 million oz., as against 124 million oz. at the end of December 1960 and 176 million oz. towards the close of 1959. The free stocks, it may be noted, represent the non-monetised silver which the U.S. Treasury can sell at a price not less than 90½ cents a troy oz. but only to American users.

If the present pace of withdrawals from the U.S. free silver stocks were to persist, the entire holdings would soon be exhausted. How then will the U.S. Treasury be in a position to peg the silver price at the current level? It is true that the U.S. holds 1,800 million oz. of silver as a part of its monetary reserve, but indications are that the U.S. Government may not succeed in obtaining Congressional sanction for releasing a portion of this holding. It is clear, therefore, that the odds are in favour of a marked rise in the price of silver. Such a development is bound to have a bullish effect on the silver market in India, notwithstanding its isolation from the world markets through the continued restrictions on imports and exports. As it is, silver is quoted pretty high—Rs. 205.85 per kilograme (85.7 tolas), as against Rs. 191.10 a year ago.

Britain Ready To Accept Rome Treaty

It looks as though Britain has surrendered to the Common Market. This is the impression that one gets after reading the U.K. Lord Privy Seal's exposition of the British approach to membership of the European Common Market at the E.C.M. Ministerial Conference held in Paris on the 10th and 11th inst. Mr. Edward Heath who is reported to have spoken for full two hours, expressed in clear terms his country's acceptance of the Rome Treaty and its aspirations, but, at the same time, urged solutions for the difficulties of British agriculture, Commonwealth and the European Free Trade Area (E.F.T.A.). Briefly summed up, Britain's approach to the different issues involved is as follows:

Membership of E.C.M.: Britain fully subscribes to the Rome Treaty's clauses and institutions and accepts the developments in the Common Market since then. It will also seek membership of the six-nation Coal and Steel Pool and the Euratom. It is ready to accept the Common Market's agricultural policy.

C.M.'s external tariff: Britain is ready to accept the structure of the present tariff as the basis of the common tariff on the enlarged community. While some adjustments will no doubt be necessary; there is no need to ask for a re-negotiation item by item.

British agriculture: Some time is necessary to enable Britain to make the necessary changes in its own agriculture.

Commonwealth: The British and Commonwealth contributions to the strength and stability of the world are important. Many Commonwealth countries depend on their exports to the U.K. For some of them, associate membership of the Common Market may be a solution.

E.F.T.A.: Britain is eager to end the division of Europe into the rival Common Market and the E.F.T.A. trade blocs.

Protocols: The problems pertaining to the last three subjects may be solved by means of protocols to the Treaty of Rome; there is no need to modify the Treaty as such.

Only one inference is possible from the foregoing account. It is no use depending upon Britain for safeguarding the vital interests of the Commonwealth. Each country will have to take care of its interests. The idea of associate membership has been strongly opposed by the Government of India and yet the British Minister has not hesitated to advance it as a possible solution. As Mr. Morarji Desai has rightly argued, safeguards should be commodity-wise and not country-wise, because the latter course will put one Commonwealth country in a more advantageous position than the other. The fact that the British Minister has quietly ignored this point is a disturbing development.

Now that the prospects of an expanded European Common Market are distinctly better, the U.S., too, seems to be concerned over a possible threat to its exports of farm products. The U.S. Secretary of Agriculture, Mr. Orville L. Freeman, has warned that "the booming market" may take $250 million out of the pockets of American farmers by closing Europe to them. The U.S., according to him, will consider this "inequitable" and will view it with "concern and apprehensions." Speaking to newsmen at Paris just after Mr. Heath made his speech at the E.C.M. Ministerial conference, Mr. Freeman said: "The United States has supported the Market idea as necessary for developing Western Europe both economically and politically. But I have warned European officials that the United States will consider exclusion of American wheat, corn, tobacco, foodgrains, poultry, soya-bean oil and vegetable oil from the Continental markets as a step backward. If the Common Market gives preference to agricultural products from Commonwealth countries, it will be acting contrary to the Common Market's own principles and to our interests."

The implication of the aforesaid statement is that the U.S. will seek to prevent an expanded E.C.M. from squeezing American farm exports out of Western Europe. Whatever measures the U.S. takes to prevent this from happening will have its due impact not merely on the trend of U.S.-European trade but on world trade as a whole. May be, the G.A.T.T. will have a trying time to enforce its principles effectively in the coming year.

MODEST RALLY IN EQUITIES

CLOSING, HOWEVER, EASY

(From Our Own Correspondents)

BOMBAY, 12*th October*

THE share market ruled firm during the major part of the week under review. There was, of course, some setback to values yesterday and towards the close today, but this was due to profit-taking at high levels and not to any other bearish factors. Despite this setback, the closing rates of the majority of scrips in both cash and forward lists were well above those prevailing a week ago.

The market moved narrowly on the last day of the previous settlement (that is, Friday the 6th inst.) and began the new account period (on Monday) on a buoyant tone. The buoyancy was engendered by normal *badla* rates at the last settlement and the removal of Khatau and Standard Mills shares from the special deposit list. There was active bull support besides covering purchases by some parties. Consequently, a number of scrips scored handsome gains in values. The gains were consolidated in the subsequent two sessions. Yesterday, however, the market turned distinctly easy. In the absence of any fresh stimulating development, bulls did not consider it prudent to enlarge commitments and they preferred to book profits. The news about the lockout in the Hindustan Motors factory at Calcutta following strike by workers and the report that the T.I.S.Co. factory was experiencing shortage of good quality coke also acted as dampers. The easy trend abated early today, when there was a recovery in values, though towards the close a sagging tendency prevailed with values drifting lower.

The market received good corporate news. The working results of the Bombay Burmah Trading Corporation for the year ended 31st March 1961 are quite encouraging. The profit before taxation (Rs. 59.00 lakhs, as against Rs. 48.20 lakhs in 1959-60) but after providing for depreciation (Rs. 26.59 lakhs, as against Rs. 26.68 lakhs) is higher at Rs. 121.91 lakhs. that for the previous year being Rs. 105.25 lakhs. To this is added Rs. 1.48 lakh brought in from 1959-60, Rs. 2.81 lakhs transferred from reserve, and Rs. 4.35 lakhs being income attributable to previous years, making a total of Rs. 130.55 lakhs. Against this amount, there is a provision of Rs. 59.00 lakhs for taxation and Rs. 3.18 lakhs in respect of development rebate reserve (Rs. 2.44 lakhs in 1959-60) and a total of Rs. 22.63 lakhs (Rs. 15.76 lakhs) has been allocated to other reserves and accounts leaving a balance of Rs. 45.75 lakhs (Rs. 41.10 lakhs). Appropriations for interim and proposed final dividends absorb Rs. 44.14 lakhs, leaving a balance of Rs. 1.61 lakh to be carried forward to 1961-62. The rate of dividend for 1960-61 is 33 per cent, as against 30 per cent distributed in 1959-60. The Directors of the Company are said to be overcoming some technical difficulty in regard to issue of bonus shares.

The Standard Mills have sought the approval of shareholders to capitalise Rs. 43.90 lakhs from the share premium account for issuing 43,900 bonus shares in the ratio of two shares for every five held.

The investors in the shares of Asian Cables have noted with satisfaction the report that the machinery has been installed and trial operations would start next week. Commercial production is expected to commence next month. The Company has finalised its collaboration agreement with Enfield Cables and Phelps Dodge Corporation.

Cooper Engineering has decided to maintain the gross dividend for the year ended 30th June 1961 at the previous year's level of 13 per cent (inclusive of a bonus of 3 per cent). The Company's new machine tool factory has gone into regular production. The Company also intends to manufacture automatic looms in collaboration with well-known foreign firms.

In the steel section, Tata Steels opened firm at Rs. 146.25 on Friday as against the previous close of Rs. 146, and rallied in subsequent sessions to touch a high of Rs. 148.25 on Tuesday. At this level profit-taking set in and the scrip receded to Rs. 146.25 today. Indian Irons opened at Rs. 24.32 and improved to Rs. 24.48 on Tuesday. Yesterday liquidation by tired bulls brought down the value to Rs. 24.32 today. Mukand Irons received good support and rose from Rs. 27.25 to Rs. 28.15, before finishing at Rs. 27.50 today.

Among textiles, Kohinoors, Standards, Podars and Mafatlals were the bright features. Kohinoors jumped up from Rs. 297 to Rs. 309.50 today before finishing at Rs. 306.75. Podars spurted by Rs. 13.50 to Rs. 151. Standards were keenly bid Rs. 80 higher at Rs. 1,334. Mafatlals were marked up by Rs. 17.50 to Rs. 925. Swans advanced by Rs. 16 to Rs. 625. Malays gained Rs. 8 to Rs. 327. Shree Niwas put on an equal amount to Rs. 282. Elphinstones gathered Rs. 6 to Rs. 94. Morarjees and Gokaks hardened by Rs. 4 each to Rs. 295 and Rs. 203 respectively. Mahalaxmys however shed a rupee to Rs. 575 though they had gone earlier from Rs. 576 to Rs. 583. At one time today they were lower still at Rs. 572. Indores receded by Rs. 11 to Rs. 165. Mysores lost Rs. 5.30 to Rs. 61.50. Bombay Dyeings eased by a rupee to Rs. 68.10 *ex*-interim dividend.

In contrast to the trend noted in the past few weeks, cement shares displayed a firm trend this week. Associated Cements opened steady at Rs. 165.75 on Friday and gradually moved up to Rs. 169.75 on Tuesday. After declining to Rs. 168 yesterday, they rose again to Rs. 169 today. Over the week, the net gain was Rs. 3.25. Digvijays moved in sympathy and gathered Rs. 2.50 to Rs. 182. Orissas were done at Rs. 14.72, same as last week.

Shipping shares evoked good support. Scindias opened at Rs. 12.72 as against the previous close of Rs. 12.64, and advanced to Rs. 13.28 yesterday. Today, they closed at Rs. 13.04, showing a gain of 40 nP over the week. Great Easterns put on 8 nP to Rs. 13.60. In the automobile section, Premier Automobiles gathered Rs. 3.50 to Rs. 159.50. But Hindustan Motors, for reasons already explained, eased by 16 nP to Rs. 19.12.

Sugar shares staged an impressive rally during the week. Belapurs forged ahead on substantial bull support and fresh investment buying from Rs. 263.50 to Rs. 288 on Tuesday. At this level, profit-taking ensued and the scrip declined to Rs. 280 today. The net rise over the week was Rs. 16.50. Walchandnagars gathered Rs. 7 to Rs. 169. Phaltans picked up Re. 1.50 to Rs. 136. In the cash list, Maharashtras increased by Rs. 2 to Rs. 189.

Rayon shares showed a mixed trend. National Rayons opened firm at Rs. 552 on Friday, as against the previous close of Rs. 546.50 and spurted to touch a peak of Rs. 555 on Monday. Subsequently, they drifted downward, today's closing rate being Rs. 544. South India Viscoses shed Rs. 3 to Rs. 184. But Indian Rayons met with good support and hardened by Rs. 3 to Rs. 73. Gwaliors gathered Re. 1.50 to Rs. 47.50 and Baroda Rayons 50 nP to Rs. 154.50.

A sharp rise of Rs. 14 to Rs. 325 in the quotation for Alcock Ashdowns was the feature of trading in the engineering section. T.E.L.Cos opened slightly easy at Rs. 351.50, as against the previous close of Rs. 352, and, after advancing to Rs. 360.50, finished at Rs. 355 today. Over the week, the gain was of Rs. 3. Texmacos put on Re. 1.16 to Rs. 18.52. Cooper Engineerings gained a rupee to Rs. 188. Larsen and Toubros picked up 25 nP to Rs. 39. In the cash section, T. Maneklals (old) hardened by Rs. 25 to Rs. 660. New Standards were keenly bid and moved up by Rs. 11.20 to Rs. 202. National Electricals rose by Rs. 9 to Rs. 85. Kirloskar Brothers advanced by Rs. 5 to Rs. 54. Asian Cables improved by Rs. 6.25 to Rs. 110. Brady Engineerings firmed up by Rs. 3.50 to Rs. 89.50. Kamanis gathered 48 nP to Rs. 15.80.

Chemicals were on the whole firm. Colour Chems jumped up by Rs. 25 to Rs. 385. Alembics were well favoured and spurted from Rs. 240 to Rs. 247.50. Synthetics rose by Rs. 5.50 to Rs. 199. Adarshs gained by Rs. 4.50 to Rs. 90.50. Dharamsis by Rs. 3.75 to Rs. 186.25, Polychems by Re. 1.25 to Rs. 198.75 and Citrics by 50 nP to Rs. 69. Tata Chemicals hardened by 16 nP to Rs. 17.28. United Dyestuffs were firm at Rs. 475 and Amar Dyes at Rs. 315. But Dhrangadhras new shares dropped a rupee to Rs. 106.

In the miscellaneous section, Bombay Burmahs advanced from Rs. 616 on Friday to Rs. 635 on Tuesday, on consistent bull support, following reports that the Company was shortly issuing bonus shares. Higher levels, however, attracted profit-taking and the quotation receded to Rs. 627 before closing at Rs. 628 today, showing a net gain of Rs. 16.50 over the week. Voltas attracted good support and advanced by Rs. 7 to Rs. 302.50. Wimcos were keenly bid and improved by Rs. 4 to Rs. 294. Anil Hardboards picked up Rs. 6.25 to Rs. 252.50. Hindustan Levers put on Re. 1.50 to Rs. 53.

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Madras Stock Exchange

MADRAS, 11*th October*

Barring sugars and coffees which were subjected to stale liquidation, the Stock Exchange ruled distinctly steady during the week under review. The reduction of ¼ per cent to 6½ per cent in the British Bank rate was welcomed by the trade. Britain's announcement of its readiness to subscribe to the Rome Treaty did not have any perceptible effect. Nor were the decision of the Committee of Stock Exchange Presidents to enforce uniform margins on carry-over business and the discussions on economic policy at the A.I.C.C. session at Madurai of any avail. Textiles attracted good attention of investors and professional operators. Teas were cheerful on reports that the plantation labour unions in Kerala had decided to call off their proposed agitation in response to the appeal by the Union Labour Minister. Rubbers ruled fully steady. Operators noted with interest the stress laid by Dr. Rama Varma, Chairman of the Rubber Board, in his speech at the meeting of the Board at Kottayam on Monday, on the need for proper replanting, new planting and research in the development of natural rubber. The easiness in coffees was due to reports suggesting the possibility of the world coffee crop touching 76 million bags in 1961-62, thereby providing a surplus of as much as 32 million bags. Engineerings, chemicals and cements were well maintained in the miscellaneous section.

Among textiles, South India Viscose were in the limelight and spurted by Rs. 3 to Rs. 188. Bangalore Woollens advanced by Re. 1.70 to Rs. 214.50. Radhakrishnas rose by 65 nP to Rs. 37.65 and Kotharis by 60 nP to Rs. 13.10. Lakshmis strengthened by 50 nP to Rs. 158.50. Loyals hardened by 45 nP to Rs. 49.25. Travancore Rayons put on 15 nP to Rs. 39.40. Buckinghams were firm at Rs. 248.80, Coimbatore Cottons at Rs. 191 and Coimbatore Pioneers at Rs. 282.

In the tea group, Devasholas picked up 50 nP to Rs. 31. Nonsuch Teas gathered 25 nP to Rs. 28.87, following the announcement of a final dividend of 10 per cent (taxable), making a total of 20 per cent (taxable) for the year ended June 1961, same as that distributed in the previous year. Periakaramalais rose from Rs. 3.66 to Rs. 3.73. Peemades were fully maintained at Rs. 23.37, Parksides at Rs. 29.70 and Chembras at Rs. 3.65.

Among rubbers, Malankaras spurted by 35 nP to Rs. 18.35. Travancore Rubbers scored a gain of 13 nP to Rs. 12.25. T.R. & Ts were steady at Rs. 10.06.

Coffees, however, ruled depressed. Balanoors declined by 25 nP to Rs. 14.50. Anaparais shed 15 nP to Rs. 3.70. Consolidated Coffees eased by 12 nP to Rs. 20.25 and Coffee Lands by 10 nP to Rs. 16.40. Ouchterlony Valleys softened from Rs. 3.75 to Rs. 3.72.

Among sugars, Cauverys suffered a loss of Rs. 2 to Rs. 122.50. Deccans sagged by 15 nP to Rs. 13.05, following the announcement of a final dividend of 13.5 per cent, making a total of 21 per cent (taxable), for the year ended May 1961, which compares unfavourably with 25.75 per cent distributed in the previous year. Indias dropped 10 nP to Rs. 11.50.

Among miscellaneous industrials, Textools jumped up by Rs. 6 to Rs. 186. Western India Plywoods spurted by Rs. 3.50 to Rs. 208.50. Tube Investments advanced by a rupee to Rs. 261. Indian Steel Rollings rose by 60 nP to Rs. 11.40. Ashok Leylands were higher by 2 nP at Rs. 9.02. Among chemicals, Travancores strengthened by 50 nP to Rs. 19 and Metturs by 25 nP to Rs. 14.55. F.A.C.Ts were fully steady at Rs. 9.35, Mysore Chemicals at Rs. 14.55 and Mysore Fertilisers at Rs. 11.60. In the cement group, Dalmias improved by 8 nP to Rs. 11.58 and Orissas by 5 nP to Rs. 14.80. Andhra Cements were maintained at Rs. 9.35.

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Calcutta Stock Exchange

CALCUTTA, 11*th October*

With operators in a holiday mood and unwilling to extend commitments, transactions put through on the Stock Exchange during the week under review were mostly of a squaring-up nature. The import policy was received with mixed feelings. While the further reduction of quotas and banning of certain industrial products manufactured in the country in abundant quantities would benefit the industries concerned, the lack of provision for increased imports of raw materials and the official bias to continue development imports even at the cost of maintenance imports was discouragingly noted inasmuch as installed capacity would not be reached. The earlier pessimism on the report that the Committee of Stock Exchange Presidents going into the question of reforms would meet in Bombay was short-lived, as it was learnt that the Committee discussed a non-controversial formula which would not be objected to by speculators but which at the same time put a check on excessive speculation. However, as the week progressed, reports of floods reached and breaches in railway lines and damages to roads were said to have worsened the already none-too-satisfactory transport situation. The official sanction to issue bonus shares by Dunlop Rubbers was noted with satisfaction, though the news had been fully discounted earlier. The disappointing production figures of I.I.S.Co. for September had a depressing effect, but its severity was lessened by hopes of an early increase in retention prices. The announcement by mills of their decision to resume a full working week did not cut any ice with operators in the jute section, as fibre prices were still considered to be higher to admit of profitability.

TRIVENI ENGINEERING WORKS LTD.

The Triveni Engineering Works Ltd. has announced the public issue of 87,500 9.3 per cent cumulative redeemable preference shares of Rs. 10 each and 104,125 equity shares of Rs. 10 each. The subscription list will open on the 30th inst. Fifty per cent of the issued capital of Rs. 60 lakhs has already been subscribed by the Company's foreign collaborators, Bookers McConnell Brothers of the U.K. Of the balance of Rs. 30 lakhs, the promoters and the companies with which the promoters are associated have agreed to subscribe for equity shares worth Rs. 10,62,500, and equity shares of the value of Rs. 21,250 have been reserved for the employees of the Company. The Company is setting up a plant for the manufacture of sugar machinery, steam turbines and other heavy industrial machinery at Naini near Allahabad.

NEWS IN BRIEF

THE Parambikulam-Aliyar irrigation project on the Madras-Kerala border was inaugurated by Prime Minister Nehru on Saturday, 7th inst.

The Central Warehousing Corporation proposes to set up two cold storage warehouses, one at Hyderabad and the other at Zaheerabad.

The seismic surveys conducted by the Oil and Natural Gas Commission in the Gangetic Valley in Uttar Pradesh have revealed occurrence of oil deposits in the Katragarra area.

Old deep ditches of diamond deposits have been discovered at Wairagad in the Chanda district of Maharashtra, following preliminary geological surveys.

The Planning Commission has agreed to a proposal for the establishment of a port at Neendakara, near Quilon, in Kerala at an estimated cost of Rs. 110 lakhs.

The Coal Development Corporation earned a net profit of over Rs. 1 crore during 1960-61, as against only Rs. 20 lakhs in 1959-60.

A ten-member technical committee has been set up by the Government of India to formulate a scheme for compulsory pre-shipment inspection of woollen goods, including hosiery, exported under the export promotion scheme.

The new clock manufacturing unit of Messrs. Roy Brothers and Co. of Calcutta has been inaugurated by Dr. B. C. Roy, State Chief Minister. The firm has secured financial and technical collaboration with the French firm, Messrs. Reveils Bayard.

The Government of India has released an export quota of 12,000 tons of rice bran for the period October 1961-March 1962. Of this quota, 6,000 tons will be allowed from Andhra Pradesh, 3,000 tons from West Bengal, 2,000 tons from Gujarat and 1,000 tons from Madras.

The question of introducing legislation for compulsory exports is under the active consideration of the Government of India, according to an official spokesman who has denied reports appearing in a section of the Press that the scheme has been given up.

The Central Government is currently negotiating with Egypt and Libya for exports of sugar manufacturing plants to those countries. This was disclosed by Mr. Manubhai Shah, Union Minister for Industry, at a meeting of the Gujarat Chamber of Commerce at Ahmedabad on Tuesday this week.

The Government of Maharashtra is considering the question of revising the base year for the computation of the working class cost of living index in industrial centres in the State. The current index is based on a firmly budget enquiry held in 1932-33.

The Fertiliser Corporation of India has signed an agreement with the Burmah-Shell Oil Company for the purchase of 50,000 tons of gas from the Company's Trombay refinery every year. The gas will be utilised by the 80,000-ton State-owned fertiliser factory to be established at Trombay.

Under an agreement entered into between the Mysore Government and the State Trading Corporation, the State Government will receive two-thirds of the profits earned from export of iron ore. The agreement, which takes retrospective effect from April 1960, will be in force for the next five years and extended later by mutual agreement.

An export incentive scheme has been announced for *agarbathies*. Under the scheme, import licences will be issued for ten per cent of the f.o.b. value of exports, and will be valid for the import of natural essential oils, resinoids, aromatic chemicals, etc. The benefits under the scheme will be given only to co-operative societies of *agarbathi* producers.

The Government of India has decided to liberalise the import entitlement for embellishments, such as zip fasteners, special kind of buttons and snap fasteners, etc., for use in the manufacture of hosiery items against exports of woollen hosiery. The entitlement for import of these items will now be five per cent of the f.o.b. value of exported woollen hosiery, as against one per cent hitherto.

The view that there are good prospects for increasing industrial and commercial co-operation with Japan and other countries in Asia and the Far East has been expressed by Mr. S. P. Godrej, who has just returned from a tour of several countries in this region. He has suggested strengthening trade representation and organising attractive displays of Indian products in selected cities in a bid to expand Indian exports to those countries.

An experiment made at the Punalur Paper Mills in Kerala State for the manufacture of paper with eucalyptus timber has proved successful and the paper manufactured found satisfactory. It is learnt that even good quality newsprint could be manufactured with eucalyptus with the addition of some reeds. During the third Plan, the State Forest Department proposes to plant 15,000 acres of forest land with eucalyptus and start a newsprint factory during the fourth Plan period.

A symposium on "mechanisation of mines in India" will be held at Dhanbad from 9th to 12th December 1961. Organised jointly by the Central Mining Research Station, the Indian Branch of the Association of Mining, Electrical and Mechanical Engineers and the *Journal of Mines, Metals and Fuels*, the symposium will be attended by experts from the U.S., the U.K., Soviet Russia, West Germany and other countries.

The Tea Association of India, Calcutta, in a communication addressed to the Chairman, Tea Board, has drawn attention to the difficulties faced by the tea industry as a result of inadequate supply of cement. The Association points out that, under the Plantations Labour Act, the tea gardens are required to construct a prescribed percentage of labour houses every year. Since there is no sufficient supply of cement, the gardens are not able to construct labour houses as required under the Act.

Waters of the Bhakra canal system were released for the first time into the Rajasthan canal by Dr. Radhakrishnan, Vice-President, on Wednesday this week. The progress of works for the Rajasthan Canal Project, which will ultimately convert India's dust bowl into a rich granary, has been satisfactory. By the end of September, about half the total excavation and compaction works for the 134-mile long Rajasthan feeder, a part of the project, in the Punjab and Rajasthan territories had been completed. About 42 miles of the Rajasthan feeder in the Punjab had also been completed in all respects, while about 70 per cent of excavation and compaction work had been done in the remaining length of the feeder in the Punjab. The project will ultimately irrigate over 3.6 million acres. The total cost of the project is estimated at about Rs. 200 crores.

During the half-year ended 30th September 1961, the Import Trade Control Organisation received 214,204 applications for import licences, as compared with 189,509 during October 1960-March 1961 period. Despite the increase in applications, their disposal kept pace with the intake and at the close of the licensing period, only 2,006 applications (0.9 per cent) were pending. In addition to applications for import licences, the Organisation also dealt with a very considerable volume of correspondence on questions of policy, interpretation of rules and regulations, appeals, etc., from the trade and various chambers of commerce and trade associations. The number of such communications during the period reached the figure of 757,000. A close watch was kept in order to prevent malpractices. Thirty-three firms were black-listed during the period for contravention of the import and export trade control regulations.

The Government of India has decided to reorganise the Geological Survey of India in order to enable the Department to function more efficiently. Under the reorganisation, three regional offices—Eastern, Northern and Southern—will be set up with their headquarters at Calcutta, Lucknow and Hyderabad, respectively. Circle offices under the three regions will be set up in almost all the States. The Centrally administered areas will be dealt with under the circle offices of the neighbouring States. The decentralisation of the functions of the Geological Survey of India as a field organisation and separating administration from technical work will enable the scientific personnel to devote maximum attention to their specialised fields of activity. The new pattern also aims at a strengthening at headquarters of the set up dealing with planning, research and co-ordination. The regional headquarters will, in due course, have workshops, laboratories and libraries which at present form part of the set up at headquarters in Calcutta.

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From Abroad

Tanganyika has raised the export levy on clean coffee from only 30s. to 102s. in order to meet its obligation under the International Coffee Agreement.

West Germany's share in the aggregate world exports rose from just 3.6 per cent in 1950 to 10 per cent in 1960. The proportion of its imports increased from 4.6 per cent to 8.7 per cent.

Ceylon proposes to set up a State trading corporation, with the object of undertaking exports of tea, rubber and coconut oil to Communist countries.

Holland will hold an exhibition of its heavy machinery, medical apparatus and chemical products in Moscow from 25th November to 11th December. About fifty Dutch producers will participate in the trade fair, which is organised by a private Dutch Company, Stemmler-Imme.

An official Bill seeking to introduce a scheme of central supervision for accident insurance companies and kindred insurers will be introduced in the Dutch Parliament. Life insurance companies are already subjected to similar supervision by a central body, the Insurance Chamber.

The Italian State Oil Corporation, the E.N.I.-Agip, has secured a $240 million contract from the Argentinian Government for the construction of a natural gas pipeline from the fields in Patagonia to Buenos Aires, a distance of about 1,000 miles. The Italian tender is said to be much below the rival bids from major U.S. groups.

The Bank of England will install next year new prototype machinery for manufacturing bank notes in one continuous operation, instead of sheet by sheet as at present. In due course, the machine is expected to produce bank notes by "nearly automatic methods," untouched by hand, and permit more frequent changes in the design of notes.

PERSONAL

MR. Morarji Desai, Union Finance Minister, returned to India on Monday the 9th inst., after a tour of Ghana, Europe and the U.S.

Mr. P. R. Sunkersett, a barrister of the Bombay High Court, has been appointed a Judicial member of the Income-tax Appellate Tribunal.

Mr. J. R. D. Tata, Chairman of Air-India International, left for Sydney on Tuesday this week to attend the six-day annual meeting of the International Air Transport Association, scheduled to commence there on the 23rd inst.

Mr. B. F. W. Hayward, Electrical and Resins Sales Manager of the Midlands Silicones Ltd., London, is arriving in India on the 29th inst., to study the prospects for exports in this country. Messrs. Parry and Company, Ltd., Madras, are the sole representatives of the Midlands in India for silicone products.

The aggregate output of West German manufacturing industry rose by 163 per cent between 1950 and 1960, representing the biggest rate of growth in Western Europe. The percentage rise in industrial output in Italy was 136, followed by Austria 98, France 89 and the Netherlands 82. The average increase for Western Europe as a whole was 85 per cent.

Australia had an overall favourable trade balance of £A14.6 million during September 1961, as against a deficit of £A23.4 million in the corresponding month last year. Imports amounted to £A67.0 million and exports £A81.7 million. Australia's trade with the U.K. shows signs of decline. During the financial year ended June 1961, Australia bought only 31.4 per cent of its imports from the U.K. and sold only 21.5 per cent, as compared with 49 per cent and 41 per cent, respectively, touched earlier during the last decade.

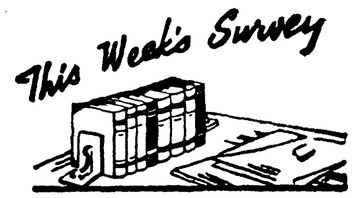
Wages of industrial workers in West Germany rose by 15 per cent between 1958 and 1960. The rise compares favourably with 13 per cent in France, 11 per cent in the Netherlands, 7 per cent in Italy, 5 per cent in the U.K. and 8 per cent in the U.S. Earlier this year, average wage and salary increases of 10 per cent were agreed to between employers and about nine million employees. The employers have still not accepted the recent workers' demands for a wage increase of 18 per cent and a reduction in working hours from 43 to 40 per week.

Two north American companies have set up their factories at Bethune (in France), an area in which the French Government gives generous investment grants, in a bid to remove local unemployment created by the closing down of uneconomic coal mines. One factory, established by Firestone of the U.S., will produce 4,000 tyres a day, of which a quarter will be exported to other Common Market countries. The other plant, which belongs to a joint subsidiary of the Canadian firm, Schenectady-Varnish and Safic Alcan, has a capacity to produce 500 tons of synthetic resins and varnishes per month.

The Institute of Microbiology of the Soviet Academy of Sciences has found out that, by adding an antibiotic, called kormogrizin, to animal fodder, the growth of animals can be speeded up by 20 to 30 per cent. The addition of small quantities of kormogrizin to the fodder increased its fat content. If given to chickens, it results in increasing the size of their liver, which makes the chickens more valuable. This preparation also has a prophylatic effect. As proved by experiments, it sharply decreased the incidence of diseases. The preparation was tested in fifty farms in Moscow region. At present, the Institute is engaged in evolving a technology for obtaining this preparation in large quantities for animal breeding.

Over one thousand devices using radioactive isotopes and nuclear radiation will be used by the coal and ore mining industries in Soviet Russia this year. These devices will make it possible to fully mechanise all underground work. They are said to be absolutely harmless for the personnel. In some Soviet mines and quarries, these devices are already used for the automatic control of skip elevators. They count the trucks, control their loading, and ensure the safety of underground transport. At ore-dressing mills, radioactive isotopes are used for the large-scale automation of crushing and flotation of ore and for coal concentration. Gamma-luminescent automatic devices also are now produced. In Leningrad for diamond concentration factories in Yakutia. These automatic units will increase the yield of diamonds.

Japan's steel manufacturers have been asked by its Government to cut back their capital investment programmes in the present financial year (April to March) by 5 per cent as well as to increase their exports. This measure is designed to prevent any further deterioration in the balance of payments position by holding down the level of imports necessary for capital expansion. Since April this year, Japan's foreign exchange holdings have fallen by $425 million. The Cabinet has, therefore, decided to slow down the rate of growth, which this year has been running at something like twice the 9 per cent originally anticipated. Steel output last year was 23.4 million tons and it has been estimated that this year it may rise by as much as 20 per cent to 28 million tons.



UTILISATION OF INDUSTRIAL RESEARCH

THE National Research Development Corporation, which was set up by the Government of India seven years ago for the purpose of promoting the utilisation of the results of laboratory research in commercial production, has just published its annual report and statement of accounts for the year ended 31st March 1961. The year under review was particularly fruitful in furthering the activities of the Corporation, for it saw the inauguration of the first Pine Oil factory at Hoshiarpur, the Amul Baby Food plant at Anand and the Carboxy Methyl Cellulose plant at Billimora. These three plants have begun manufacturing the respective products according to the processes developed in the Indian research institutes concerned. Besides these, a number of other processes has also gone into commercial production during the year or is expected to go into production very shortly; noteworthy among these are silver mica capacitors, bituminous emulsions, bullock-drawn sugarcane planters, cation exchange resins from cashewnut shell liquid, ethyl ether, can sealing composition and citric acid. The Corporation has also instituted, during the year, pilot projects for the production of a superior grade of activated carbon, proteins from groundnuts, aromatic chemicals and para and meta cymenes—all according to the processes developed in Indian research laboratories. The Corporation's earlier projects for de-ionisation of cane juice, manufacture of white cement from felspar and production of phthalic anhydride are also nearing completion.

But these achievements of the Corporation are relatively few in number. They do not make any appreciable difference to the record of utilisation of the results of laboratory research, for, of the aggregate number of 350 effective inventions in hand as at the end of the year 1960-61, only 117 processes have been licensed and, of the latter, only 39 are in commercial production. It is clear that a large proportion of the inventions made in the country still remains to be exploited. If the intervals between the time when the results of laboratory research become available and their wider application are to be reduced, pilot plant facilities would have to be greatly expanded. The Corporation, which has a paid-up capital of only Rs. 10 lakhs entirely subscribed by the Government and has incurred a cumulative loss of Rs. 10.4 lakhs upto 31st March 1961, cannot be expected to achieve miracles in a difficult field. Its expectation of a subsidy to make good the loss or of further subscription to share capital does not seem to be unreasonable in the context of what remains to be done by way of research development on pilot plant scale.

SMALL CAR PROJECT

It may be remembered that the automobile industry had originally asked for a foreign exchange allocation of Rs. 70 crores for its expansion programme in the third Plan period. But the Planning Commission has turned down the industry's request and provided for a foreign exchange element of just Rs. 40 crores in the final report of the third Plan. Over and above this direct investment will be the demand for an estimated Rs. 175 crores of foreign exchange on maintenance account over the Plan period as a whole. It is not surprising that, in the context of foreign exchange stringency, the Commission has not only laid down a lower target of 30,000 passenger cars for 1965-66—lower than what the Development Council for Automobiles and Ancillary Industries had recommended—but also excluded the controversial small car project from the public sector's industrial programmes. The Commission which has fully accepted the targets recommended by the Development Council in respect of commercial vehicles (60,000), jeeps and station wagons (10,000) and motor cycles, scooters and three-wheelers (60,000), has adopted a different approach towards passenger cars (big or small) presumably on the ground that they represent a luxury which not many could afford.

If, with this background, the Commission has reportedly taken the line that the foreign exchange expenditure on the small car project (on which the Union Ministry of Commerce and Industry seems to have set its heart) should not be included in the overall assistance of Rs. 2,600 crores expected from friendly countries for the third Plan, it is perfectly understandable. But the Ministry, according to one report, has been assured by the French motor firm of Renaults (which has offered to collaborate in the small car project) that the foreign exchange (Rs. 6.5 crores) it would provide for the project would not in any way lessen the aid from the French Government for other projects in the third Plan. Obviously further negotiations would be taking place between the Government of India and the French Government in regard to this question, if the Union Cabinet were to take a final decision in favour of this project in preference to the counter-proposal of the Defence Ministry for the manufacture of a small car with Japanese collaboration. Meanwhile, opposition from the private sector to the proposed public sector project continues. The Federation of Indian Chambers of Commerce and Industry has done well, in this connection, to take time by the forelock and warn the powers-that-be against a possible hasty decision. Its contention is that the private automobile industry has the capacity to undertake the manufacture of a small car and that, if the public sector were to take it up, it would not be in keeping with the principles of the Industrial Policy Resolution of 1956. Surely, it cannot be that the Industry Minister, Mr. Manubhai Shah, who is a well-meaning friend of the private sector, is unaware of this contention. Perhaps, it may be possible for the Federation to use its good offices and persuade the industry to undertake to bring down the costs of production of the present models and improve their quality, so that the Government, in its turn, might be persuaded to give up its proposal for small car manufacture in the public sector. After all, the need for another automobile manufacturing plant is not quite evident, for the middle class, for which the small car is supposedly intended, can ill afford that luxury in these days of high costs of living. It is difficult to believe that even an urban middle-class family with a monthly income of, say, Rs. 1,500 or Rs. 2,000 can afford to purchase and maintain a small car (probably costing Rs. 8,000 in all by way of initial outlay and Rs. 3,000 by way of annual operating and maintenance costs) without impairing its capacity to save for the rainy day. This aspect of the matter also the Federation should have brought to the notice of the Government.

RUBBER INDUSTRY

No cause for alarm: This was how Dr. Rama Varma, Chairman of the Rubber Board, assessed the outlook for natural rubber when he addressed for the first time the fortieth meeting of the Board at Kottayam on Monday the 9th inst. The assessment was, however, qualified by the pertinent remark that adequate steps must be taken in time to meet the situation arising from a possible threat from synthetic rubber. Indeed, if such steps were adopted, natural rubber would definitely have a bright future in the context of rapid economic development in the years to come. For natural rubber, as Dr. Rama Varma stated, is well designed to meet the structural requirements of an elastomer, the demand for which is increasing sufficiently fast, not only in India but the world over, to consume the entire production of both natural and synthetic rubber. What is more, scientific advances in natural rubber production hold out promise to keep down cost so as to make it competitive with synthetic rubber.

Viewed thus, the output target of 45,000 tons fixed to be achieved by the end of the third Plan, though it represents a rise of as much as 18,600 tons as compared with the actual output of 26,400 tons in 1960-61, is by no means ambitious. But the question is whether the target will, in fact, be achieved. Taking the anticipated rise of about 52 per cent in the tappable area under rubber—from 173,633 acres at the end of 1960 to 263,700 acres five years later—and on a *pro rata* basis, raw rubber production is expected to increase to about 38,000 tonnes which may be higher by another 2,000 tonnes if allowance is made for the clonal seedlings and budded trees that may be ready for tapping by that time. Dr. Rama Varma was, therefore, quite right when he pointed out that the fulfilment of the 45,000-ton target would require much greater effort. Some of the methods suggested to step up production are improved manuring practices, adequate plant protection, new methods of tapping, application of yield stimulants, and better employer-employee relationship.

Alluding to these methods, Dr. Rama Varma stressed the need for adopting them on a selective basis. In this connection, he referred to the move to start four demonstration plots of 100 acres each for the benefit of small holders and to issue immediately an advisory pamphlet on new methods of tapping, yield stimulation and use of rain guards for increasing the number of tapping days. He also referred to the Government's acceptance of the Board's recommendation pertaining to grant of loans on easy terms to small holders to raise their holdings to blocks of five to fifteen acres. He disclosed that he proposed to evolve a scheme for providing short-term credit requirements. It may be noted here that, out of the 57,721 registered holders today, as many as 49,636 holdings have no more than five acres, the average size being less than two acres.

As for the long-term prospects for rubber industry, much will depend on the progress of replanting, new planting and research. It is desirable, as the Rubber Board Chairman emphasised, to replant the whole area at present under ordinary seedlings with high-yielding material during the next ten years. The scope for augmenting per-acre yields of rubber through replanting is, indeed, enormous. The average yield of acres planted with ordinary seedlings even under ideal conditions seldom goes beyond 500 lbs., whereas the yield obtained in many of the Cochin Malabar Estates' fields of budded rubber is over 1,000 lbs. and one field of nearly 30 acres planted in 1942 has given as much as 1,420 lbs. These yields compare favourably with those anywhere in the world and can be obtained in India, too, provided rubber producers care to adopt improved practices of intensive plantation culture and are given adequate financial assistance and encouragement. "The urgency for replanting," to quote Dr. Rama Varma, "has been fully recognised and the enhanced rate of subsidy of Rs. 1,000 per acre should induce people to undertake replanting on a large scale. The target fixed for replanting during the third Plan period is 45,000 acres. There are also plans to encourage new plantings." A special responsibility for all this rests on the Rubber Board. The lines on which the Board should approach the whole problem were indicated by Dr. Rama Varma. They are as follows:

Positive measures must be taken to ensure that hereafter only high-yielding planting materials will be used for new planting and replanting.

Greater attention should be devoted to ensure that subsidies and loans are properly used for manuring the young plant and protecting it from diseases.

In order to ensure efficiency and prompt action, it is absolutely essential to decentralise some of the activities of the Board and also to provide the field staff with quicker modes of transport.

All these will not be of much avail unless energetic steps are taken simultaneously to bring the modern advances in science to the aid of the planter as quickly as possible. There is also the need for assuring a reasonable price to rubber growers. It is to be hoped that the Tariff Commission will recommend such a price and that the Government will accept it.

JUTE MILLS TO WORK 48 HOURS

Fresh proof of the jute industry's keenness to maintain production at the highest possible level is provided by its latest move to resume working 48 hours per week with effect from Monday next. Such a step has been rendered possible by the current rate of jute arrivals and the prospects for the current season's crop. The decision, coming as it does fairly soon after the earlier move to restore production cuts effected in August and to enhance weekly working hours from 42½ to 45 from 25th September, is quite sufficient to refute the allegation made by some that the jute industry had deliberately effected curtailment of operations just to coerce the jute growers and the workers.

The restoration of 48 hours working week will doubtless benefit the raw jute grower, labour and overseas buyers of goods and be welcomed by the mills themselves, inasmuch as it will lead to a reduction in overhead costs. At the same time, it must be borne in mind that the industry incurred a production loss of over Rs. 6 crores during the April-September 1961 period. With such a loss, the jute mill companies cannot, as the Indian Jute Mills Association has warned, face up to a recurrence of severely adverse trading conditions; if this should occur, which it is sincerely hoped will not be the case, prompt action will be essential for the good of the industry as a whole and in the interests of national economy.

The raw jute supply position is quite comfortable and bids fair to be so in the coming months. Besides the estimated bumper jute and mesta crops amounting to a total of not less than 6.5 million bales in 1961-62 (as against 5.2 million bales in 1960-61), the Union Government has accorded a liberal treatment to mills' import requirements by abolishing the import duty on Thai jute and issuing licences for import of 300,000 bales of Pakistan cuttings. The comfortable raw jute supply position is certainly very encouraging, but it will be wrong to underrate the importance of building up a buffer stock.

A SYMPOSIUM ON EXPORTS

The representatives of Government, more often than not, try to be on the defensive in matters of trade policy, thereby refusing to accept certain realities of the situation. A refreshing contrast to this trend was found in the speech of Mrs. Tarkeshwari Sinha, Union Deputy Finance Minister, at the seminar on export promotion, held in Bombay last Saturday under the auspices of the All-India Manufacturers' Organisation, the Association of Industries and the Indian Council of Foreign Trade. Mrs. Sinha was not reluctant to admit mistakes. In fact, she suggested several ways for export promotion which may not all be palatable to the powers-that-be. Drawing attention to the need for stepping up exports during the third Plan period, Mrs. Sinha emphasised the need for strengthening the existing measures and policies guiding exports. But this would be in vain, she added, unless a really effective machinery was created, which could "cut through conflicting departmental interests and translate them into concrete measures, including schemes for each product and take quick decisions on their day-to-day implementation and interpretation." She readily admitted that, in a highly competitive world, potential consumers abroad "do not usually wait for long while the Government machinery makes up its mind." It is a vital defect in the administrative machinery that it has, by and large, failed to rise to the occasion. The protracted procedural delays and bureaucratic indifference, as is well known, circumscribe the scope of export promotion measures.

The administrative reforms are good so far as they go. But the basic criterion for expanding exports is the productivity of our industries. Mrs. Sinha, without mincing words, boldly suggested that, if India had to compete in world markets without prohibitive subsidies, it was essential to go all out for maximum economic efficiency and low cost, even if it conflicted with other considerations. While she conceded that it might be desirable to give preference to smaller firms, because they employed more labour and less capital, she was also of the view that they might be unable to compete in world markets. Although larger enterprises employed fewer men in relation to the capital employed by them, they might, "by earning foreign exchange, which could be spent on scarce materials, make possible more employment in industry as a whole." This is undoubtedly a right attitude.

Increased efficiency of various industries will render the price structure more and more competitive. Reducing production costs through increased efficiency, therefore, has necessarily to be a major plank of export policy. But, as Mrs. Sinha observed, measures to reduce costs would take time to bear fruit. So, in the meantime, she suggested that direct or indirect financial assistance might be necessary to facilitate exports. She did not, however, specify the form of financial assistance that should be given to exporters. In order to make the best use of available resources, she said, export efforts should be concentrated on products requiring "a smaller rather than a larger" subsidy. Another related question is the need for eliminating wide price fluctuations in respect of items like jute goods. Such fluctuations, as Mrs. Sinha, pertinently observed, would only encourage overseas buyers to resort to synthetic substitutes. These questions, no doubt, are engaging the attention of the Government. But, as yet, there is no co-ordinated plan to achieve the object of price stabilisation at competitive levels in respect of important exportable goods.

Apart from the question of Government policy, the seminar was concerned with the question as to how manufacturers themselves could help promote exports. Emphasising the role of manufacturers in expanding exports, Mr. Prabhu Mehta urged them to adopt a realistic approach to export pricing, on the basis of a proper cost accounting system. The *ad hoc* method of costing, which was largely adopted, did not show appropriate "marginal cost with a view to pricing our product in a competitive manner." This observation is all the more pertinent in the context of present conditions in world markets, where there is free competition for several products and world price levels are determined largely by the most efficient and the low-cost producing countries. Mr. Mehta also urged the manufacturers to concentrate their attention on select export markets. Elucidating this point, he observed:

"Apart from generally talking about marketing relations in export promotion, each manufacturer can give his specific attention to fix a limited market or markets for concentrated attention in regard to export promotion. Such a measure would, instead of generally making a weak effort in every direction resulting more often than not in total waste, would afford an opportunity to gain ground in a particular market or markets. The process of fixing the markets can be arrived at by stating the facts that are available within the country and, if need be, by consulting the appropriate export promotion council or specialised organisation dealing with the commodity. Limiting the market or markets in the initial stages by fixing the same, the manufacturers will have an advantage to utilise the resources available with him to his best advantage. Another benefit that is likely to accrue is that a particular market may not need many changes in its existing product. Therefore, the changes may be easier to incorporate and subsequently be standardised to meet the demand. Fixing the market may also reduce the variety to produce. Reduction of variety will also give sufficient scope for standardisation and, therefore, reduction in cost of production."

The selection of markets for specific commodities will not be as easy as it might seem, unless competitive quality and price are ensured for the products. Besides, selection and development of markets may be an uphill task for a majority of manufacturing units in India, which have neither sufficient resources nor experience in the line. But if a collective body like the A.M.O. or F.I.C.C.I., undertakes this work in a suitable manner there is a fair chance that selection of markets will yield good results.

SOME ASPECTS OF LABOUR PROBLEM

By V. V. Giri
GOVERNOR OF KERALA

EXACTLY a month ago, we celebrated the fifteenth anniversary of our political independence. During the last fourteen years, we have done much work to improve the general well-being of the people. Many measures, both legal and economic, have been designed to remedy the maladjustment in the economy and assure the less fortunate people of the Fundamental Rights which can provide them with enough food, adequate clothing and suitable shelter. We cannot claim that we have realised our goals fully but we have made substantial progress. No doubt we have suffered from severe handicaps and many obstacles have retarded our progress.

Various amenities have been provided for improving the standard of living of the people who are employed as wage-earners and as a mass are known as workers, especially those engaged in the industrial establishments. "Labour" has come to occupy a special role and the problems of labour are multiplying and greater and greater efforts are made to meet the demands and urges of the workers who have rightly come to be regarded as partners in the industrial system.

On my part, I intended to tackle a few topics which I think has assumed serious import in recent years in India, at least according to me. But I propose to confine myself mainly with the organisation of the workers and the future of trade unionism, the problem of industrial relations, some aspects of wage policy and last but not the least, productivity.

Almost all the labour problems today revolve on the pivot of scientific and well-organised trade union movement. It has been accepted on all hands that the development of sound trade union organisation is a *sine qua non* for the success of industrial democracy which has to go hand in hand with political democracy. The success of our planning, progress and development depends greatly upon the workers—their zeal, enthusiasm and solidarity. It is, therefore, quite appropriate that trade unionism should be the first subject I would like to deal with. Indeed, the trade union movement has grown from small beginnings a generation ago, into a mighty organisation today. I have myself witnessed this remarkable change. But my friends will agree that all is not well with the present state of affairs of the movement.

Many Obstacles

It is a well understood fact that industrial democracy cannot succeed unless all concerned —workers, employers, Governments and the public—fully realise the importance of a strong trade union movement and its due place in the social and economic set-up both to safeguard the interests of labour and for realising the targets of production.

Trade union movement today is beset with many obstacles that considerably hamper its proper growth. The second Five-year Plan sums up these diverse causes: "Multiplicity of trade unions, political rivalries, lack of resources and the disunity in the ranks of workers." To these I would add: The lack of education among the labour force, the emphasis on the external machinery for solving disputes and the limited sympathy of employers and inadequate support from the Government.

A new era has dawned in the history of our country after the attainment of independence. At this juncture, any division in the rank and file of the trade union movement is likely to lead to lack of confidence among the workers in their organisations. All workers, whether in the field or factory, who believe in undiluted democratic and socialistic ideals in the running of the movement, should, therefore, join hands to form a single central organisation to represent, in an authoritative manner, all their reasonable demands. If such united body could be brought into existence, it would be to the everlasting benefit of workers and employers and, finally, ensure the maintenance of real industrial peace. With the increasing participation of Government in economic affairs, trade unions will find it more and more necessary to have a central body, capable of presenting to Government their points of view and render effective assistance in formulating the industrial and labour policies of the Central Government. Not that the present central organisations are not doing this job but one organisation can do it much better. An attempt should, therefore, be made to effect trade union's unity in India. Our goal should be one union in one industry and one central organisation for all workers.

Place of Strike

I would like, in this context, to touch upon the rights and responsibilities of the workers. One of the foremost questions that arise in the minds of the people is whether the weapon of 'strike' is absolute. This question has come to the fore ever since the general strike of the Central Government employees last year, which I personally consider to be an unfortunate episode and has greatly upset the smooth functioning and the healthy growth of trade union movement in our country and also has done no good to the working class interests. I have always believed that 'strike' should be the last weapon in the armoury of the workers and should be used very sparingly. As Mr. A. E. Monk, President of the Australian Council of Trade Unions had said: "To the trade union movement, the right to strike is inherent, and could never be sacrificed as a right, because the right to strike is quite often the only economic weapon that workers can use when their just claims are refused by employers or wage-fixing tribunals. The greater the strength of the trade union movement becomes in any country, the greater the need for responsible trade union leadership. Naturally, greater power accrues to trade unions with high memberships and the more intensified organisation of highly skilled organisation of workers. This makes it imperative that power should not be exercised capriciously either by officials of the organisation or by the workers themselves on their jobs." The rank and file of the trade union movement must keep this uppermost in mind, as sometimes they mistakenly consider strike as the simplest way of solving a dispute.

Personally, I feel we can avoid much of this unrest and conflict by the maintenance of good industrial relations which is of far greater value than the mere preservation of industrial peace and industrial truce. Especially in a progressive economy as ours, I consider this subject to be of vital importance. The state of industrial relations is intimately linked with the political pattern of the country in which it exists. The problem of industrial relations is also inextricably connected with the question of freedom of association, collective bargaining and methods of settlement of industrial disputes. It is in the light of these factors we should evolve methods that can achieve good industrial relations.

Human Relations

Industrial relations, in my view, are nothing more and nothing less than human relations. I would treat these relations as those existing in the joint family system. Nay, the mutuality of interest is greater here, for the latter is capable of dissolution and not so the former. Even if the members of the joint family are separated, they can conduct their business individually, but that cannot be done in an industry. If they try to do so, the whole industrial structure would collapse. Hence harmonious relations are much more essential here than in any other sphere. It is, therefore, highly imperative to evolve a suitable system of machinery for settling industrial disputes as also for preventing them.

Many of the difficulties which occur now can be conveniently overcome by evolving a suitable policy for the resolution of differences between labour and management by mutual agreement. Let me outline such a policy in brief. They should be bipartite and tripartite organisations which should always be in touch with the issues facing the workers and solve the differences that may occur from time to time. If they fail to bring about an agreement, a panel of conciliators, with complete knowledge of the working of the industry in question, may be constituted for every industry from among whom the parties can draft conciliators to settle disputes. Even if they are not able to bring about an agreement, active steps should be taken by Government, trade unions and employers' organisations to persuade the contending parties to a dispute to agree to voluntary arbitration. An agreed panel of arbitrators should likewise be prepared by the Government in consultation with the parties from among whom arbitrators may be chosen to give judgment on the differences. If the arbitrators are not able to agree, conventions must be built to appoint an umpire, well versed in the knowledge and experienced in the settlement of disputes, commanding the general confidence of both the parties. He should hear the dispute with assessors from both sides sitting with him. If this idea is actively propagated, in course of time, traditions and conventions would be built up to follow this line of action and, during a decade or two, there would emerge a panel of expert arbitrators who would have established for themselves a reputation and status for impartiality, wisdom and experience.

Wage Policy

Another important problem which has been the subject of serious discussion is the question of evolving a proper wage policy. It is to be recognised that, in India, the wages earned by labourers in many undertakings are deplorably low. Of course, many reasons have given rise to this. Plentiful supply of man-power and comparatively less opportunities is the major one. While the worker and the employer are directly and vitally concerned with the wages, the Government has also its share of responsibility in seeing to it that some measure of justice for all sections of the community is assured. In fact, when compared with welfare measures that assure for the worker better working and living conditions in respect of health, safety, housing, education, recreation, and social security, the guarantee of reasonable remuneration provides the firmest basis for harmonious industrial relations and, therefore, for the economic prosperity of the country. The payment of a satisfactory wage ensures the co-operation of labour and enables the worker to take his place as a partner in programmes of national development, where the significance of his role has long been accepted.

Prerequisites

It is, indeed, necessary that labour should be paid enough and sufficient wages. But it is generally felt by the employers that it is beyond their means, in the existing set up, to pay more for the workers. The only way this dilemma can be solved is by raising the productivity—a subject which has been well experimented in the Western world and which holds great potentialities to an underdeveloped country like India which is in the throes of economic development.

An appropriate labour policy appears essential for securing that degree of co-operation from workers which alone can lead to higher levels of productivity. The conditions essential for securing co-operation of labour are:

(a) Clear and genuine determination on the part of all concerned to co-operate. Constant demonstration, without mental reservation of good faith.

(b) Strengthening of trade union organisation.

(c) Move towards fair wages and decent working and living conditions.

(d) Assurance that the gains of higher productivity would be shared with workers.

(e) Dissemination to workers of all necessary information for intelligent participation in industrial affairs.

(f) Consultation with workers in personnel policy.

(g) Facilities and opportunities to workers for training and advancement.

These are some of the problems which call for our immediate attention and are necessarily to be solved if we want to realise our goal of the socialist pattern of society.

HOUSING SCHEMES IN THIRD PLAN

A total sum of Rs. 182 crores—Rs. 122 crores provided in the third Plan and Rs. 60 crores expected from the Life Insurance Corporation of India—will be available for various housing schemes of the Union Ministry of Works, Housing and Supply, for which Central aid is to be given to the States, during the Plan period. The housing programme includes subsidised industrial, low-income group, slum clearance and improvement, plantation labour and village housing projects, land acquisition and development, middle-income group schemes and the rental housing scheme for State Government employees.

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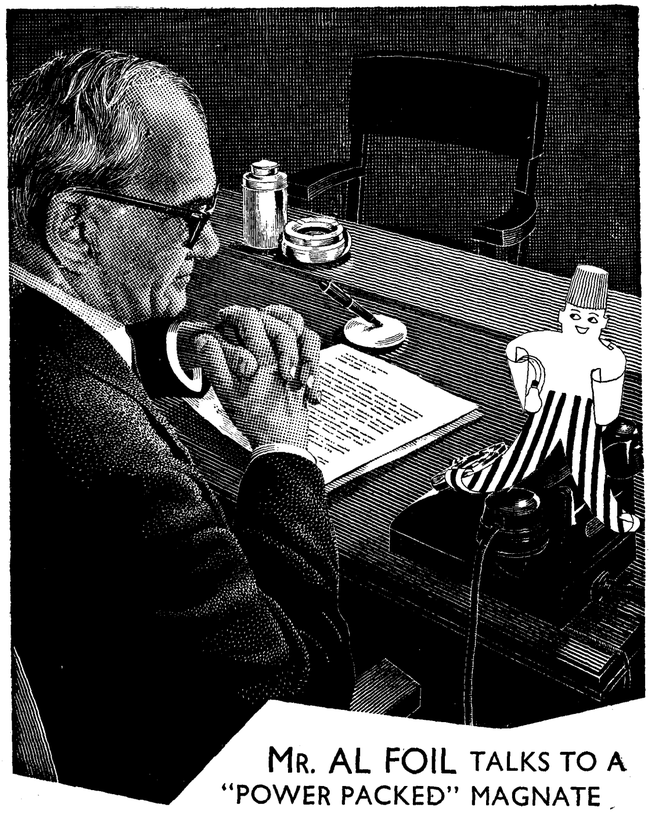

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VERSION MSB

ACHIEVEMENTS AND SHORTFALLS IN IRRIGATION

TWO IMPORTANT EVENTS THIS MONTH

From Our Special Correspondent

NEW DELHI, 10*th October*

IN the immediate post-independence phase of development planning, irrigation secured considerable prominence and much importance was given to multipurpose river valley and medium irrigation projects. Now, it appears, irrigation has receded somewhat into the background, because State Governments now think more of industry than agriculture and only the search for power supplies often compels them to turn their attention to hydel projects. At the same time, there is the continuing failure to utilise the irrigation potential already created and to secure fair returns on the investment so far made: also, States' capacity for execution has been fully stretched in completing the projects already begun. Two important events this month—the inauguration of the Parambikulam-Aliyar project by the Prime Minister and the release by the Vice-President, Dr. Radhakrishnan, of water into the Rajasthan canal (near Hanumangarh)—emphasise the comparatively less publicised work of bringing irrigation to arid areas.

DELHI LETTER

Parambikulam

A special feature of the Parambikulam project—apart from the co-operation of Kerala with Madras in making it possible—is the possibility of progressive increase in effective irrigation even before the completion of the entire scheme. The direct return to the Government on the outlay is expected to be 5.2 per cent. The bulk of it will come from power, but irrigation rates will also contribute to it, though disproportionately to the cost of the total outlay on the project. Thus, of the estimated investment of Rs. 35 crores, as much as Rs. 25 crores represent the expenditure on irrigation, but the income from it will only be 15 per cent of the total. Thus even where a multipurpose project is productive of a fair overall return, electricity virtually subsidises water for agriculture. Dry tracts in Coimbatore district of Madras State will be irrigated to the extent of 240,000 acres as a result of six major dams, two minor dams, tunnels and canals which form part of this scheme. For a State like Madras, which has already reached the limits of the use of available water resources inside the State, this should prove a great blessing.

Rajasthan

The Rajasthan project is costlier; the total outlay is estimated at Rs. 200 crores (including the proportionate cost of Harike barrage and of dams on the Beas) and at Rs. 552 per acre of irrigated land. The first stage costing Rs. 76 crores will not be over until 1968-69 and the second stage till 1975-76; eventually the project is expected to irrigate 3.6 million acres. But its significance lies in the fact that it will help to convert India's dust bowl in the Rajasthan desert into a rich granary. In a sparsely populated area—the population density is as low as 6 per sq. mile in Jaiselmer district and 39 per sq. mile in Bikaner division—the supply of water will open up opportunities for development and cultivation of commercial crops like sugarcane, cotton and oilseeds will in time attract industries to process them. The project is expected to result in the colonisation of two million people and during construction it provides employment to 50,000 people and will continue to do so for the next 15 years. This labour force has to be brought now from outside this area. New townships can arise—and one must hope that they will be planned—and drinking water supply which is now scarce in these areas will come as a boon to its inhabitants.

An important indirect benefit is the check provided by the development of these areas to the steady advance of the desert. Sands which now move across the Aravallis and invade Delhi, South Punjab and Uttar Pradesh will be stemmed by the green belt; it is also hoped that these deserted regions will not in future become the breeding ground for locusts.

Extraordinary Figures

These high hopes warrant the high priority granted to the project. The Rajasthan Government, however, has estimated the financial returns from it as follows:

	First Stage %	*Whole Project* %
After the 10th year of completion ...	4.67	7.1
After the 20th year ,, ...	6.9	13.0
After the 30th year ,, ...	9.65	36.6

These are somewhat extraordinary figures. Apart from the incredibly high percentage return on the whole project visualised after 30 years (about which no one now planning or executing the project can be called to account), it is clear that the rate of return will be very low for as long as ten years after the completion of the first stage of the project. To what extent the return can be increased by measures taken in advance to ensure full utilisation of benefits as and when water is made available needs careful planning; the scope for land settlements and establishment of workers' communities, which may help in the work of construction of canals and channels now on the assurance of land for cultivation later, needs further investigation. It is not enough to be merely idealistic about turning waste land into a fertile valley. There is talk of a Master Plan, of more farms like Suratgarh; but this is an area where the human material is as important as other resources for development and is now scarce. Adventurous families from all States can be brought into this area to create composite labour force and the experience in Dandakaranya may be useful in deciding the types which can be most successfully transplanted—for colonising the area. There is nothing to show that official plans have passed beyond the paper work stage: since irrigation is now expected to start from one of the distributaries (Naurangdesar) the time for translating such schemes into action is very near.

Steps for Improvement

The Rajasthan canal project thus offers a contrast to others undertaken in areas where there are settled local communities, in spite of which irrigation utilisation has often been low and returns on investment oftentimes *nil*. Irrigation systems are working at a loss in almost all the States; though their general benefits on the economy of the country should also be taken into account in judging their usefulness, substantial improvements in financial returns to the extent feasible should be achieved.

The third Plan has recommended the following steps for this purpose:

(1) Synchronisation in the programmes for the construction of headworks, canals, distributaries, water-courses and field channels, so as to ensure that, as far as possible, water can be passed down to the fields as soon as they become available at the headworks.

(2) Setting up of development blocks in the area covered by a project, soon after the approval of the project.

(3) Marking of the lines of water-flows in village maps, so as to enable beneficiaries to excavate channels in advance or (if they default) by *panchayats* who can recover the cost later from them.

(4) Arrangements for soil surveys, experimental farms and demonstration of methods for economical use of water.

(5) Since metred outlets are expensive, other methods of determining volume of water used are necessary on the basis of studies of irrigation practices suited to different crops.

(6) Complementary measures to realise the full benefits of irrigation—like supply of seeds, fertilisers, credit and transport facilities—should be simultaneously ready with irrigation.

(7) Concessional water rates—for two or three years in the initial stages—may be adopted for promoting water use. The Planning Commission, however, feels that, except for this temporary concession, water rates should cover working expenses and debt charges and, except in scarcity areas, irrigation schemes should not involve loss to general revenues. Maintenance costs have increased enormously in recent years. Besides an increase in rates where water is now supplied on an optional basis, the Planning Commission considers that, irrespective of the actual use, a compulsory water cess should be levied on the entire area commanded by a project.

Benefits

This is in addition to the betterment levy in which enforcement has lagged behind in every State. Actual realisations during the second Plan period amounted to Rs. 3.5 crores only, as against the initial estimate of Rs. 47 crores. In the third Plan, the revenue from betterment levy and flood cess is estimated at Rs. 39 crores but the position has not improved considerably and not till long after the elections can we expect substantial progress in this respect. The Research Programme Committee of the Planning Commission has now stressed the indirect benefits from five major irrigation projects surveyed by it—Gang Canal in Rajasthan, Sarda Canal in U.P., Tribeni Canal in Bihar, Damodar Canal in West Bengal and the Cauvery-Mettur project in Madras—though obviously there are very large differences even among these; but indirect benefits alone cannot justify large investments.

In the absence of a sufficient rate of return to State Governments, maintenance of projects tends to be neglected. The Third Finance Commission will have to consider this problem in the context of its award and (like its predecessor body) may indicate the extent to which some States have failed to provide for maintenance while devoting more attention to new construction. In answer, some of them may say that they had to face strong political pressures —because of agitations set afoot by Opposition parties in West Bengal and the Punjab for example—and that their main attention was devoted to making the cultivators use the water first to increase agricultural production.

Tasks Ahead

The total irrigation potential still remaining to be utilised at the end of the second Plan is 3.2 million acres, with only 10 million acres having been irrigated so far, against the potential of 13.2 million acres created. Again, there has been a substantial shortage in the fulfilment of irrigation targets of the second Plan. Originally, it had been proposed to bring an additional area of 12 million acres under irrigation through both major and minor schemes; when the Plan was cut down in 1958, this was reduced to 10.4 million acres and the actual outlay also declined to Rs. 370 crores. In the third Plan, excluding flood control, the outlay on irrigation will be Rs. 600 crores; this includes Rs. 436 crores for projects carried over from the second Plan and Rs. 164 crores for new projects (the latter includes many schemes on which technical studies are not yet complete). Since foreign exchange is not a serious problem—(Rs. 50 crores is the estimate of total need) capacity for execution alone will decide how much potential is created. Also, priority will have to be accorded to the storage schemes on the Beas to be undertaken under the Indus Waters Treaty and the large number of medium irrigation projects (about 95 in number) on which more emphasis has been placed in the third Plan.

All this will increase total water utilisation in the country from 27 per cent of the usable flow at the end of the second Plan to 36 per cent at the end of the third Plan, provided implementation is in accordance with the Plan. Lack of effective measures to make even such a low rate of use sufficiently remunerative is, therefore, to be strongly deplored; the release of the Rajasthan Canal waters is an occasion for reminding the authorities concerned of their unfulfilled responsibilities.

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AMERICAN LETTER

ECONOMY STEADILY MOVING FORWARD

UNEMPLOYMENT EXPECTED TO FALL

From Our Special Correspondent

NEW YORK, 7*th October*

ECONOMIC conditions in the United States are still on the upgrade. An extremely hot summer which was not conducive to much activity, particularly retail trade, has given way to a cool autumn. Things are humming again, except in the work-struck 33 factories of Ford Motor Company. Fortunately, the General Motors' labour walk-out did not last very long and, if that is any precedent, the work stoppage at Ford should not be of any long duration either. So far, American Motors is the only major manufacturer who, on its own, offered workers a profit-sharing arrangement. The trade unions did not insist on it with the other manufacturers.

Two hurricanes also slowed down business in some areas where they struck, but rebuilding now makes for greater activity than before. There is an almost universal sanguine view that business expansion will continue and may carry through all of next year. Thus, the analysts, forecasters and other prognosticators with typical American fervour for statistics are having a field day.

Growth Rate

The U.S. Treasury's own team of economists has come out with an estimate that the gross national product will reach a level of $540,000 million in the fourth quarter of 1961. The first quarter figure was $501,000 million, for the second quarter it was $516,000 million and the third quarter may show a seasonally adjusted annual rate of $526,000 million. If all these 'guestimates' are correct, it would mean an annual G.N.P. for 1961 as a whole of $521,000 million, or 3.2 per cent higher than in 1960.

There is much applauding about the growth rate. But the fact of the matter is that the same ratio has been prevailing for several decades. It is and has been created mainly by a growing population and by an increased utilisation of machines, or technology, or automation. The growth rate in other Western industrialised lands, such as West Germany and Japan, has been much higher, owing to enlightened tax policies which have not yet penetrated to Washington.

The President's Council of Economic Advisers who are more politically inspired than the civil servants in the Treasury are even more sanguine. Their projections are that the G.N.P. may reach $600,000 million by the end of 1962. The Council, apparently, has in mind the constantly increasing defence procurement which seems inevitable, while the gentlemen in the Treasury are inclined to wait and see what happens.

In this perspective, the unemployment is being brushed off as "not too important." It still remains in the neighbourhood of 7 per cent of the labour force, but, if all goes as well as the sages see it, within the next 12 months, it may gradually be approaching the 4 per cent level which is now called "reasonably full employment." Formerly, that figure was 3 per cent, according to the experts. Politics may have dictated the upward revision to make it look better.

No Inflation Yet

So far, the recovery has not been accompanied by any marked inflationary tendencies. This is due, perhaps, to the ever-growing recognition that inflation can be disastrous and can annihilate benefits of wage increases. As is well known, President Kennedy wrote letters to the heads of the major steel companies, asking them to refrain from boosting steel prices. The replies were cool. A growing number of news analysts then came to the conclusion that the Kennedy Administration was anti-business. This reaction all but horrified Washington.

In order to eradicate this impression, President Kennedy took two major steps. He appealed to all trade unions to show restraint in current and future wage negotiations, so that business and industry would not be forced into price boosts. Secondly, he made peace with members of the National Business Advisory Council, which includes the Chairman of U.S. Steel. They had walked out on the President previously and told him in no uncertain terms that they could not go along with the suggestions of his socialistically inclined brain trust of academicians.

In this respect, Mr. Kennedy has proven to be a little more realistic than the last Democratic President, Mr. Franklin Delano Roosevelt. The Kennedy fortune, reputedly about $400 million, was made by the President's father, Mr. Joseph Kennedy, who, at one time, was U.S. Ambassador to Great Britain. Being the second generation of wealth, he seems to have a better idea of the intricacies of business, but he has not forgotten either that his grandfather as a relatively poor Irishman was *persona non-grata* with the gentry of Boston.

Two barometers are fairly accurate in pointing to the absence of inflation. One is the average rate of interest charged on short-term loans by banks and the other is the stock market. Between the first half of June and the first half of September rates have changed little. The average rate is now about 4.68 per cent as against 4.65 per cent three months previously.

Outside of temperamental rashes on both the upside and the downside, stock prices, too, have remained fairly stable. Some stocks have been favoured, because of favourable announcements, others are depressed, because of strikes, but, as a whole, there has been an amazing equillibrium in the stock trading picture. Volume has been holding up well. And there is a steady flow of new issues coming to the market, supported by rising capital expenditures which, however, are still on the cautious side.

U.S. Operations Abroad

While industrial expansion at home is on a selective basis, foreign operations and the export of capital from the U.S. continue to accelerate. A recent survey among 350 co-operating companies showed that 107 concerns had 155 foreign-base subsidiaries. Another 70 firms said they were considering or planning actively the establishment of such affiliates.

It may be of interest to note that, of the 155 foreign subsidiaries, about 90 per cent function as both holding and operating companies. Of the 123 companies whose incorporation dates are known, only 8 per cent were established before 1950. At least two-thirds were less than five years old.

Following very much the holding company pattern, the geographical distribution is about as follows—61 in Panama, 35 in Switzerland, 18 in Venezuela, 18 in the Bahamas, 11 in Canada, three in Liechtenstein, three in Bermuda, two in Liberia, one in the United Kingdom and one each in Belgium and the Netherlands.

Involved in this trend are tax benefits, registration of ships under other than the U.S. flag, more autonomy and independence in international operations, better integration of overseas expansion, closer proximity of management and sales personnel to markets and a diversification of financial and political risks. Licensing and sub-licensing of patents, trade marks also play a role. Finally, there is the investment angle which makes it possible for American capital to participate in greater profitability of industry abroad, as compared with such opportunities at home.

Overseas base subsidiaries, generally, have supplemented rather than supplanted existing export or international units and there seems to be general agreement that these operations have proved worthwhile. It is the twentieth century American version of British investment penetration into the "colonies" in the heyday of the Empire.

United Nations News

At this writing, it looks as though the East and the West may agree on a successor to Mr. Dag Hammarskjoeld who was killed in Africa, without fighting over the Soviet proposal of three secretaries (Troika) with veto powers. The gentleman acceptable to both sides, apparently, is U. Thant, United Nations Ambassador from Burma. Mr. Thant would serve and fill the remaining term of Mr. Hammarskjoeld which runs until April 1963.

(*Continued on page 762*)

LABOUR PARTY ANNUAL CONFERENCE

(*From Our Own Correspondent*)

LONDON, 6*th October*

THIS year's conference of the Labour Party in Opposition has been more interesting than usual, because it is of more practical import. For the first time, there seems to be emerging a unified Labour Party with some chance of getting its policy adopted by the electorate. Its resolutions are, therefore, far less academic than a year ago, when the party seemed hopelessly split between right and left. How has this change come about? The leadership under Mr. Gaitskell is unchanged, and yet the deep divisions of opinion have disappeared, at least on the surface.

LONDON LETTER

The explanation is not that the right wing of the party, led by Mr. Gaitskell, has triumphed so much as that the leader of the party himself and its policy-making branch have been sufficiently influenced by the left which they defeated to adopt fundamentally compromise measures. Thus, the broad policy of the Labour Party is, once again, a middle course, losing the lustre of the left but acquiring the solidity which comes of a course to which broadly all sections can adhere.

And what does this mean in terms of precise policies? The burning question this year is the Government's wage policy. This, bitterly opposed by the trades unions, was reflected in the resolutions condemning the Government for its high-handed methods of overriding Wages Councils and arbitration bodies and seeking to impose solutions. Thus, the party is at one in the support of official strikes, resulting from any attempt to restrain wages. Of course, this is a hand-to-mouth policy, for, when the Labour Party has to go to the country at the next General Elections, these issues will probably not be before the electorate. Similarly, Mr. Gaitskell was on firm ground when he said that he would not wish to gain the votes of public servants to overthrow a Government which was denying them their wage rights. The ballot box should not, in his view, be used as a pressure weapon in wage disputes—but, again, this is not going to be a long-term issue.

On defence policy, it is difficult to see that the Labour Party (except for the left wing who would still like unilateral disarmament) has any different policy from that of the Government. Indeed, on foreign policy, generally, Labour and the Government are broadly at one, though under this head the leaders of the party suffered minor defeats when the left wing won their resolutions condemning the presence of German soldiers for training in this country and the use of atomic missile bases.

Common Market

The main economic issue before the Conference was that of the Common Market and the Labour Party has as many proponents and opponents as the Conservatives. There were demands for a positive line to be taken, but Mr. Gaitskell came out for a policy of masterly inactivity. It was useless, he argued, to come to decisions on such a matter without full information. The Government were making inquiries on the the conditions under which the U.K. could enter the Common Market and the results would have to be awaited. The official line is "Probably the balance of economic argument is in favour of going in; possibly the political objections are not quite as strong as has been said." And then came the conclusions that the answer must rest with the House of Commons and that the Labour Party in the House could not have its hands tied beforehand by the views of a Conference insufficiently informed. Thus was the seal set on the issue raised a year ago—should the Annual Conference of the party govern parliamentary policy or merely advise it. Parliamentarians have won.

Finally came the great issue of nationalisation. The left wing maintained the issue was blurred—did the party advocate more nationalisation or didn't it? Mr. Gaitskell argued that the policy was clear—road haulage and steel are to be re-nationalised and the party is pressing on with its claims for public ownership of the freehold of building land in order to take from the private and put into the public purse the enormous increase in land values resulting from an expansion of the population and an expansion of housing.

BRITISH BANK RATE REDUCED

NO RELAXATION, HOWEVER, IN CREDIT RESTRAINTS

ON Thursday, 5th October, the Bank of England, with the concurrence of the Chancellor of the Exchequer, brought down the Bank rate by ½ per cent to 6½ per cent. This is the first change in the Bank rate since the Chancellor's summer budget had raised it sharply by 2 per cent to 7 per cent, as a part of the broader strategy of correcting the basic disequilibrium in the balance of payments position. The crisis rate of 7 per cent was also intended to halt the heavy outflow of short-term capital from Britain, which developed shortly after the revaluation of the West German mark and the Dutch Guilder in March. In recent weeks it has become increasingly clear that the July measures have, on the whole, produced the desired results. The selling pressure on the pound sterling has yielded place to buying pressure again and the sterling dollar rate has been knocking at the upper limit of parity, namely $2.82 per £. In fact, the rate is being held a little below $2.82 by the Bank of England by freely making available sterling to the market. This has, once again, contributed to a rise in Britain's foreign exchange reserves. After making allowance for special factors such as the I.M.F. credit and the repayments to European central banks of credits (amounting to £325 million) taken under the Basle agreement, the foreign exchange reserves of the U.K. have shown a definite improvement. It is stated that short-term funds have actually started flowing back to London. Market observers in Britain believe that, in the past few weeks, such funds were quite substantial in the market for local authority loans.

Reasons for Change

The monetary authorities in Britain, however, have no desire to encourage the inflow of such short-term funds, because it creates a false impression about the basic balance of payments position and aggravates the problem when there are any adverse developments for Britain. It is also said that the British authorities wish to narrow the gap between U.K. and U.S. interest rates with a view to reducing the strain on the dollar. For some days now, the dollar has again been under pressure, with a recurrence of gold loss which amounted to as much as $75 million last week. These causes explain the ½ per cent cut in the Bank rate last week.

The Chancellor of the Exchequer, Mr. Selwyn Lloyd, in his address to the bankers at the Bankers' Dinner at Mansion House, took the opportunity to explain the implications of the Bank rate change. He categorically denied that the Bank rate reduction was an indication that the time had come to relax any part of the credit restraint adopted in the month of July. On the contrary, he reiterated that the credit restrictions and other measures introduced in that month must still continue. He maintained that even the new Bank rate was quite consistent with those policies, as it was still a high rate. He went on to point out that the special measures taken by him to curb the home demand had been vindicated by the subsequent evidence. The Chancellor was, however, quite conscious of the fact that the immediate cost of maintaining the sterling at the existing level was inordinately heavy. It entailed, on the one hand, the burden internally of a high Bank rate and, on the other, a loan of $1,500 million from the I.M.F. which would have to be repaid within three to five years. But Britain, Mr. Lloyd said, carried these burdens, because it was convinced of the supreme value to itself and to world stability of maintaining sterling at the present value. Elaborating this point, Mr. Lloyd observed:

"The alternative of a floating exchange rate—or worse still of devaluation—is quite unacceptable because it would destroy the stability of world trading conditions, on which we depend, and would lower the standard of living here.

"It would be sheer defeatism to suppose that it is not possible for us to be competitive at the present exchange rate. It is a matter of restoring a healthy trend of our costs and prices, and of keeping the way clear for exports to absorb the proper share of our increasing resources."

Summing up, Mr. Lloyd contended that Britain's capacity to discharge its defence obligations overseas, its liability to give aid to the poorer countries, the growth of its economy, its industrial equipment, its standard of living, all really depended on one factor—competitiveness, and ability to compete in world markets.

Referring to the balance of payments position of Britain, the Chancellor stated that the first aim of his policy was to ensure a proper balance between home demand and the development of export markets. Consequently, the home demand must be kept in check until the right proportion between home demand and export demand had been established. Even thereafter, it would be possible to allow home demand to rise only at the rates at which the total productive capacity expanded. The main source of weakness in the economy which prevented a proper balance between the internal demand and export demand was the persistent tendency for wages and salaries to rise at a much faster rate than national productivity. Mr. Lloyd said that this imbalance between wage-rises and productivity-increases had meant inflation, rising costs and prices, and failure of exports to increase sufficiently and hence continuing weakness in the balance of payments. But he was determined to change all this and to bring about a better relationship between the increases in personal incomes and increases in national productivity. This did not imply, he said, any attack on wages. On the contrary, he was patiently and steadfastly defending wages, in that his object was to sustain their purchasing power. As far as the role of Government in maintaining the balance in the economy was concerned, the Chancellor gave the assurance that the Government would keep the public expenditure within bounds, in order to hold back inflationary tendencies. But it was also necessary, in this connection, that both sides of industry—labour and management—should co-operate to attack outdated practices which restricted production. He exhorted the common man to realise that restraint over personal incomes alone would help in maintaining the purchasing power of his income.

Speaking about export drive, the Chancellor stated that a great deal was being done. Credit facilities were as good as any country's. Nevertheless, it was necessary constantly to review these facilities and other assistance that was being given for promoting exports. He wanted businessmen to devote still greater attention to "development of salesmanship and the status of the salesman. Alluding to what the Government could do to boost exports, he made this striking observation:

"The most valuable contribution the Government can make is to keep the economy in balance and hold back inflationary tendencies. That includes keeping public expenditure within bounds."

Bank of England Governor's Views

Lord Cromer, making his first important public speech as the new Governor of the Bank of England, said that he had little to add to what the Chancellor had stated about the reduction in the Bank rate, except to endorse the latter's statement that the change called for no less resolution in the application of the Government's declared economic policy over the longer run or of the other measures of monetary restraint. Lord Cromer warned the nation that Britons had been spending overseas more than what they had been earning overseas. This was the reason why Britain had to borrow from the I.M.F. He appealed to the people to use the breathing space provided by the I.M.F. loan to rectify certain basic imbalances in the British economy and observed:

"We have allowed the level of demand to grow in such a way that, in the home market, behind debilitating protective barriers, increased costs have been passed on to the consumers in higher prices, with the result that, by comparison, the profit motive in exporting is today in many cases inadequate. This is a highly vulnerable state of affairs for a country that depends to the extent that we do on our ability to export. It has been estimated that to make ends meet in the international sense, that is to avoid running further into debt or dangerously depleting our reserves, we need to increase our exports by an amount which is indeed formidable. In the matter of price, no country, least of all ourselves with our heavy dependence on exports, can afford to ignore the economic climate and conditions of the contemporary world. That climate today is one of generally stable prices, for the sound reason that those countries, who are making the most progress in increasing their real wealth, are also pursuing policies of stability."

Emphasising the value of stability of currency, the Governor of the Bank of England observed that "increases in money profits or money incomes only represented increases in real wealth if the increased money is matched by an equivalent increase in goods or services. Otherwise the increase in money, be it in profits or incomes, merely meant paying more money for the same goods. This cannot be widely enough understood."

Some Basic Questions

The new Governor of the Bank of England then posed a series of questions, which have been crossing his mind ever since he took office a few months ago. He gave no answers to them, and merely added that answers had to be found in the breathing space which the U.K. has obtained. The questions are:

"Is it, perhaps, not possible that the overall level of Government expenditure today has grown to levels that the population as a whole is not willing to support by forgoing personal consumption to the extent necessary? Is our system of taxation matched to the present needs of the nation? Are the money rates we have seen in this country in recent years the most appropriate in achieving the rate of progress we would like to see? Are we saving enough?

"Is the high level of Government expenditure overseas not perhaps based more on our Imperial past than tailored to our changing position in the

(Continued on page 788)

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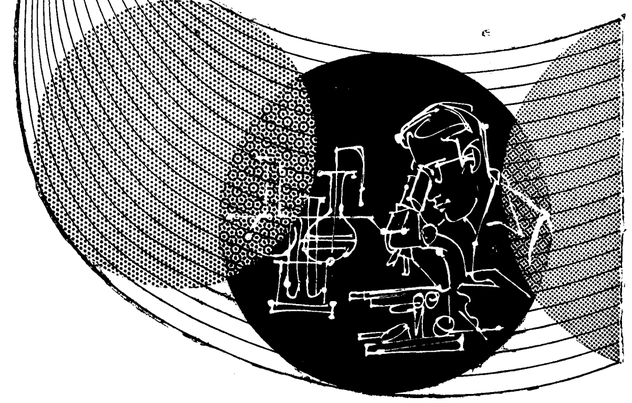

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CENTRAL COTTON COMMITTEE MEETS

SPECIAL STRESS ON INTENSIVE METHOD OF CULTIVATION

IT is a pity that the very first year of the third Plan is expected to witness a distinct setback in the production of cotton, the latest estimate of the crop being no more than 4.8 million bales, representing a decline of 600,000 bales as compared with the actual output of 5.4 million bales in the last year of the second Plan (1960-61). The gap that has to be covered between this level of output and the modest target of 7.0 million bales fixed for 1965-66 is thus very wide —as much as 2.2 million bales. Mr. Shankar, I.C.S., Special Secretary to the Union Food and Agriculture Ministry and Vice-President of the *Indian Council of Agricultural Research*, certainly struck a note of realism when he urged, in the course of his speech at the eighty-fourth meeting of the Indian Central Cotton Committee in Bombay last week-end, that, since the task of achieving the third Plan target was not an easy one, the Committee, the Centre and the State Governments should put in all resources for the fulfilment of the target. Appropriately enough, Mr. Shankar underlined the necessity for concentrating attention on intensive method of cultivation, "as there is no scope for increase in the acreage under cotton."

Much effort has no doubt been made to augment the per-acre yield of cotton, as witness the notable rise in the average yield (all-India) from 76 lbs. in 1951-52 to 111 lbs. in 1960-61. Even so, the current yield is considerably low *vis-a-vis* that in several other countries, as, for example, 650 lbs. in the U.S.S.R., 550 lbs. in Egypt, 465 lbs. in the U.S., 452 lbs. in Mexico and 390 lbs. in Syria. As for quality, though the production of long-staple cotton has gone up in recent years—in 1960-61, it was at the record level of 2.44 million bales, as against 1.86 million bales in 1959-60—much still remains to be done to improve the varietal growth of cotton and to protect the crop from the damage caused by pests and diseases. Drawing attention to the latter aspect, Mr. Shankar said: "A well-coordinated programme for production and distribution of pesticides, along with the education of the farmer in the ways and means of controlling these various pests and diseases is the need of the time."

The I.C.C. Sub-committee on pest and disease control has done useful work. Its latest report considered at the meeting indicates not only a study of the pests and diseases that affect cotton but also the extent to which control is achieved over them and the extent to which it is possible to achieve greater control through research, etc. The Sub-committee has suggested certain legislative measures to minimise the incidence of pests and diseases. How urgent is the need for effective control will be evident from the fact that such control will reduce the loss now put at about 15-20 per cent or about 700,000-1,000,000 bales annually.

Cotton Price Policy

An important pronouncement which Mr. Shankar made in his speech related to the Government's decision to announce in future the cotton price policy as much in advance of the season as possible. The decision is to be welcomed in that it will enable the growers to plan their programme of cultivation well in time. Alluding to the cotton control policy for 1961-62, Mr. Shankar said that the efforts of the Cotton Committee to secure an increase in the floor price for cotton had materialised. He was aware that opinions were expressed in the last season regarding the upward revision in the ceiling price also, but said that it was decided to take up the floor price first before the ceiling could be raised, "because the foundation of the floor must be strongly laid." Of the various other measures which Mr. Shankar thought would meet with general approval, one pertains to the removal of the system of compulsory survey of cotton and fixation of a uniform premium of Rs. 50 per candy for reserved area cottons. Similarly, the suggestion for early allotment of Indian cotton quotas to mills had also been implemented this year.

The Central Cotton Committee considered the recommendations made by the various sub-committees—policy, agricultural research, technological research, cotton ginning and pressing factories, and cotton forecast. The Committee felt that the need for taking up seed testing and certification work in respect of cotton on a systematic basis in order that the growers are assured of quality seed intended to be used for sowing. It agreed to the suggestion that information regarding the existing facilities for this purpose in the various States should be ascertained and the possibilities of augmenting them for work on cotton explored. The Committee also noted the progress made under the scope for the development and improvement of Sea Island cotton in Kerala, Mysore, Madras and Andhra Pradesh. In its opinion, the irrigated areas in Mandya and those coming under the Tunga and Bhadra projects offer scope for expansion of this cotton in the coming years. As for Kerala, the potentialities for development are confined mostly to young rubber plantation areas as an inter-crop. The Committee laid great emphasis on the need for preventing such malpractices as mixing of Desi and American cottons through the strict enforcement of various cotton legislations.

Schemes Approved

In the course of its deliberations, the Committee approved of the extension of seven existing schemes and sanctioned 11 new schemes which aim at the evolution of new cotton strains superior to the existing ones, improvement of yields, and control of various pests and diseases. One of the new schemes envisages the breeding of long-staple American cotton under irrigated conditions of Rajasthan for (i) the Ganganagar area which is served by two canals, namely, Ganga canal and the Bhakra Nangal canal, and (ii) the areas coming under the Chambal project.

The Committee endorsed the recommendations of the Cotton Forecast Sub-committee that the reports on the crop estimation surveys on cotton in the major cotton growing States might be reviewed in future by a statistical sub-committee. On the subject of improving the accuracy of the cotton forecasts, the Committee agreed to the appointment of a special sub-committee, consisiting of the cotton forecasting authorities of the important cotton growing States and other experts, to examine the whole question in the light of the crop forecasting procedure followed in the U.S. and make recommendations for ensuring that the official estimates of the Indian cotton crop were as accurate as possible.

The Committee noted that the present position of the enforcement of the cotton legislations in various States was very unsatisfactory, in view of the repeated reports of bad ginning, mixing, watering, etc., of cotton. Accordingly, it recommended that this should be brought to the notice of the Central Government for taking necessary action regarding the provision of adequate staff for the purpose.

The progress of work at the Committee's Technological Laboratory during 1960-61 was reviewed and the programme of work for the year 1961-62 was approved by the Committee. It also considered the report of the Visiting Committee on the work done by the Laboratory during the triennium ended 31st May 1961. The Director of the Technological Laboratory was authorised to implement the various recommendations made by the Visiting Committee.

The Committee reviewed the present position in respect of the project for intensification of regional research on cotton, oilseeds and millets and noted with satisfaction the progress made so far. The recommendations made earlier by the Policy Sub-committee regarding the ways and means of finding funds for meeting the increased expenditure on the Committee's schemes anticipated during the third Five-year Plan, were approved.

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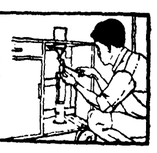

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FINANCES OF COTTON TEXTILE FIRMS

DIVIDENDS GENERALLY MAINTAINED—NO DISPOSITION TO PANIC

From Our Special Correspondent

MANCHESTER, 3rd October

MANCHESTER LETTER

ANY survey of the past financial performance of predominantly cotton textile firms must be actively tinged with full recognition of the very different circumstances ruling at present as compared with those encountered during the period whose profits are now being announced. The swings of fortune have a habit of becoming ever more violent in Lancashire; the current reversion to almost complete idleness among customers is in marked contrast to the very hectic conditions which were prevalent little more than a year ago.

Reports lately received have in general reflected the widespread improvement in demand which followed the launching of the reorganisation scheme and continued without cessation until the end of last year. The completion of subsequent orders, which are only now coming to an end, has been effected on more than adequate selling terms and the existing dullness will not be mirrored in balance-sheets until next year. Already, however, the warning notices have gone up. The season for full-scale company comment is not yet at hand, but the preliminary statement by the Calico Printers' Association is indicative of the trend. The dependence of the trade on climatic conditions is emphasised in the report: "The poor weather in the summers of 1960 and 1961 led to a serious contraction of demand from the home trade and current orders to do not indicate any immediate improvement in the general level of activity at the Association's printing and finishing works."

Another of the big groups in the textile finishing trade meanwhile reports less satisfactory conditions in the first half of this year as compared with 1960. Again, passing its interim dividend, the Bradford Dyers' Association says that the total volume of business available to commission dyers as a whole has been considerably less than last year. Competition remains severe and increased costs have not so far been adequately compensated by increased prices.

A New Venture

Among the few firms the full reports of which have lately been received is Barlow and Jones Ltd., whose business in the past has centred largely on the provision of household textiles. Although the Company has shared in the recent favourable conditions in textiles, a new venture has been infused into its affairs. This consists of John Myers mail order group, which was acquired very cheaply a few years ago and has now been built up into an enterprise which provided a trading profit of nearly £200,000 in the past 12 months.

Mr. Eric Cartwright, the Chairman, is able to announce record profits of nearly £658,000, as against less than £550,000 for the previous 18 months. But he is careful to indicate the difficult trading conditions now being so widely encountered in both spinning and weaving. The group still has a good order book and no stocks of yarn but it has been impossible to avoid a reduction in margins through the general falling off in demand. "No concentration has yet taken place in the converting and merchanting trades," says Mr. Cartwright, "and, until this occurs, the returns on this side of the business will continue to be modest, as in the past."

Riverside Mill at Stalybridge, which contains more than 700 automatic looms, is to be closed by the owners Jackson and Steeple Ltd., and the cloth production transferred to the Cicely Bridge Mill at Blackburn, which is owned by a subsidiary, John Baynes Ltd. This is part of a re-equipment and expansion programme planned by the Group under which the Blackburn mill is to be extended to accommodate additional new machinery and allow the production of cloths formerly woven at Riverside Mill.

In a statement today, Jackson and Steeple Ltd. said that employment would be available elsewhere in the group for most key-workers. Staff and operatives who became redundant would be entitled to compensation.

The 7 per cent Bank rate is slowing down business in the textile industry and causing customers to run down stocks. The British Man-Made Fibres Federation—which described the current Bank rate as "high"—suggested this in a report issued in Manchester. With textile merchants operating cautiously, the man-made fibres trade had been a little slow in pulling out of the usual summer lull. The Federation announced a sharp fall last month in production of yarn and staple. The output of 41,950,000 lbs. was affected by holidays in a number of production centres and was nearly 9,000,000 lbs. down on the previous month.

Recession Confirmed

"There are, of course, marked seasonal fluctuations in demand in the textile and clothing industries and sharp month to month changes in the rate at which orders are received should not by themselves be taken to imply similar sharp changes in production; they may, for example, lead to changes in the length of order books or the level of stocks." With these words, the Board of Trade covers itself against any unwise speculation about the monthly figures which are issued reflecting the state of trade over the textile market as a whole. At the same time, the latest returns cannot disguise the disappointing trend which has developed to such a degree during the past few months.

The index number covering the volume of total orders and deliveries is based on the 1959 level, the April figure in that year for orders on hand representing 100. In the second quarter of 1960, a rise had taken place to 137 and, even by the end of last year, orders held by producers still showed a figure of 136. The subsequent decline in 1961 brought the index number down to 123 by the end of the second quarter and to 116 by July.

Net new orders are now running well below the 1959 average, set at 100 and in the first half of this year were about 5 per cent below the level two years ago. In July, a month when holiday influences must be borne in mind, the figure had slumped to 73, a 13 per cent drop on the same month last year.

Deliveries of goods have not been held up, according to these returns, and throughout the period covered by the figures since 1959, have been within a 15 point variation. In June and July this year, they were about 5 per cent down on the 1959 average, but, in view of subsequent measures by which producers curbed their output, later figures will undoubtedly show a falling off in the quantity of supplies moving into distributors' hands.

Interim Pointers

Considering the anxiety which is, understandably enough, being felt about future prospects, the Directors of a number of textile firms have not shown any lack of confidence in announcing interim dividend payments. Few, if any, have been raised, but for the moment at least, the maintenance of the former rate of payment reflects no disposition to panic. Among the firms which have declared unchanged interim dividends during the past couple of months are Mutual Mills, Clover Croft and State Ltd., Birtwistle and Leigh Ltd., Burgess Ledward Ltd., Jackson and Steeple Ltd., William Uttley Ltd., Preston Tyre Fabric Manufacturing Company, and A. & S. Henry & Co. Ltd.

In the Macclesfield area, where silk once reigned supreme, there have been signs of more trepidation. The interim payment has been passed by Barracks Fabrics Printing Company and although the Directors of G. H. Heath & Co. decided to repeat their previous interim, they warned that this payment had not been wholly covered during the half-year. On the other

(Continued on page 762)

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MR. PADAMPAT SINGHANIA'S SPEECH

THIRD PLAN TARGET FOR ALUMINIUM MUST BE AT LEAST 150,000 TONS

THE view that it would be advisable to increase the third Plan target for aluminium production to at least 150,000 tons, as against the original target of 87,500 tons and the figure of 115,000 tons now being actively considered by the Planning Commission, was expressed by Mr. Padampat Singhania, Chairman of the Aluminium Corporation of India Limited, in his speech read, in his absence, by Mr. Hari Shankar Singhania, Director, at the Twenty-third Annual General Meeting held at Calcutta on Thursday, 28th September 1961. Aluminium, Mr. Padampat Singhania said, was a very versatile metal with possibility of application in all industrial fields, and it was possible to substitute important non-ferrous metals like copper, zinc and lead. He pointed out that, since India was not blessed with natural resources for most of the other non-ferrous metals, we were left with the development of aluminium metal alone in the country to achieve self-sufficiency in non-ferrous metals as far as possible.

The following is the full text of Mr. Padampat Singhania's speech:

"GENTLEMEN,

"I have great pleasure in welcoming you to the Twenty-third annual general meeting of the Corporation. From the audited account and Directors' report, already circulated, you will observe that the operations during the year have been normal, with improvements in coal mining, alumina and paste production. In spite of increased wages and increases in cost of raw materials, transport, etc. the cost of production has been maintained within reasonable limits. On the other hand, the prices of aluminium products have remained steady and, in fact, the basic prices have remained unchanged for the last four years. The main increase in prices to the consumer has been of excise duty as levied by the Government. Last year, all accumulated metal of earlier years was disposed off with the result that sales during the current year, excluding excise duty realised, have been lower, thus affecting the profit. You will be pleased to observe, the Corporation has still maintained the ratio of gross profit to turnover. You will also notice from the Directors' report and accounts that adequate provisions have been made towards depreciation and general reserve and the Directors have recommended the same rates of dividend to the shareholders as in last year.

Plan Target Low

"In the previous year's statement before you, opinion had been voiced that the consumption of metal in 1965-66 would become much higher than the target of 87,500 tons of metal production as adopted by the Planning Commission in the third Five-year Plan. I am pleased to report that the Planning Commission is now actively considering to increase the target to 115,000 tons which, I feel, is still low and it would be advisable to increase this target to at least 150,000 tons. Without any risk of contradiction, it is possible for me to say that, next to steel and power, the entire development of basic industries of our country is dependent on the availability of non-ferrous metals in the country. Unfortunately, our country is not blessed with natural resources for most of the non-ferrous metals, with the exception of aluminium, and our only hope of expanding non-ferrous metal production in future, which will enable the country to be self-sufficient, is the expansion of aluminium industry. The Hon'ble Shri Manubhai Shah, Central Minister for Industries, has indicated recently that, in 1965 India will need, at a very modest estimate, at least Rs. 100 crores worth of non-ferrous metals. This is a modest estimate indeed and perhaps, by that time, we would require much higher quantity of metals than provided in this estimate.

•

A Versatile Metal

"Aluminium is indeed a very versatile metal with possibility of application in all industrial fields and it is possible to substitute important non-ferrous metals like copper, zinc, lead, etc. in many fields and spheres with aluminium. According to the present situation, therefore, we are left with the development of aluminium metal alone in the country to achieve self-sufficiency in non-ferrous metal as far as possible. Bauxite, the mother ore, is available all over the country and our power development schemes can help a rapid development of this important metal. I would do no better than quote from a recent speech of the Hon'ble Minister, Shri Manubhai Shah, to emphasise this point:

"'It is inevitable to the country that aluminium has to be developed to the maximum extent possible from day to day, year to year, from plan to plan until we make the country self-sufficient in aluminium with a positive surplus for export.'

"Almost all important big aluminium producers of the World have displayed interest in setting up aluminium plants in India in collaboration with the private sector and the Government has already under consideration such several schemes. Government has also recently announced their intention to set up an aluminium plant in the public sector with Hungarian collaboration. I do hope that the Government will give careful consideration before giving any preference to the setting up of this plant in the public sector over the proposals from the private sector already in hand.

Bauxite Deposits

"Now that India is on the threshold of increasing immediate aluminium production capacity about five times the capacity at the end of 1960, as per schemes already licensed, it has, therefore, become imperative to give special attention to completing survey of bauxite-bearing areas in various parts of the country. Sizable quantity of bauxite is at present being exported and also some of the bauxite is utilised in chemical industry. However, the consumption of bauxite for the aluminium industry stands on a different footing as this industry will require large quantity of bauxite regularly for a number of years to come. As such, the aluminium producers have to have contiguous areas, having maximum workable deposit of bauxite enough to last for at least 25—30 years and, wherever such areas are found, the Government should take steps to reserve such areas for the aluminium producers. Furthermore, careful consideration should also be given to other physical raw materials like caustic soda, fluoride, and cryolite to ensure that these important raw materials are also available adequately in the country as far as possible.

"An important question is the rate at which the electricity will be supplied to various new plants, since this is the most important raw material affecting the cost of production of aluminium metal. The generation and development of power production is in the hands of the Central Government and, at the same time, it is now clear that the production of this metal must be developed in all parts of the country and the future economy of the country has to be based on increased production of this important metal. Therefore, it is my humble suggestion that the Government should immediately set up a high-powered committee, thoroughly represented by Government officials and representatives of the industry, to consider the question of supplying electric power at uniform rates to all aluminium-producing companies. This is a question of utmost importance and it should be settled at the earliest.

Labour Problems

"Labour problems are becoming more and more complicated day by day in our country. In a growing economy, certain amount of inflation is inevitable but, by watchful steps, this must be kept within reasonable limits. Unfortunately, the trends in India have not been encouraging and the industry is faced with ever-increasing demands by the labour unions; but at the same time they do not show any responsibility towards increasing efficiency or productivity to minimise inflationary trends. Therefore, the usual leniency shown in the country to the trade union movement has to come to a halt. This movement is no more in infancy and it has come of age. The union must be made to realise and develop responsible attitude for development of the country and it is high time that the trade union movement behaves in an adult manner.

Expansion Programme

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"Gentlemen, in conclusion I would again emphasise that a new history is in the making of the existence of the Corporation in the coming years. The Corporation's growth is fast under way from its humble start. I will be failing in my duty if I do not express my gratitude to the Managing Agents for having managed the affairs of the Corporation in the most economical and efficient manner. I will also express my appreciation to the conscientious working of our staff and technicians, who have made the working of the Corporation a success."

Note:—*This does not purport to be the proceedings of the annual general meeting.*

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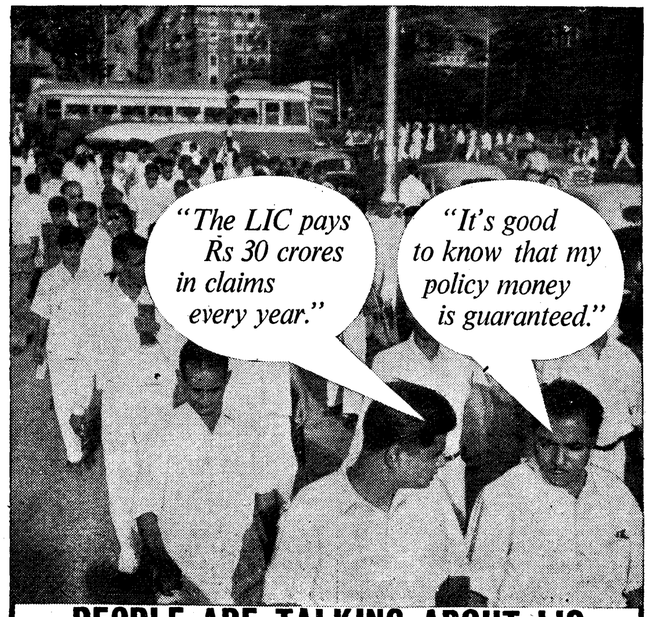

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INDIA'S POSITION—MR. RADCLIFFE'S SUGGESTIONS

TWO notable decisions were taken by the International Coffee Study Group at its meeting held at Washington recently. They pertain to the extension of the International Coffee Agreement (I.C.A.) by one more year—that is upto the end of October 1962—and the setting up of a special committee to draft a new agreement. The Committee consists of the representatives of Brazil, Colombia, El Salvador, France, Italy, Ivory Coast, Mexico, Sweden, the U.K. and the U.S. Mr. Joao Oliveria Santos, Secretary-General of the I.C.A., will serve on the Committee as the representative of the Agreement.

The present Agreement, it will be recalled, was signed in September 1959 and came into effect on 1st October 1959. It was to have expired a year later, but was extended, in June 1960, through the coffee year 1960-61. The Agreement has since been extended, as already stated, by one more year. Although the Agreement has been in force for full two years now, the objective of ensuring stability in the world coffee market has still not been achieved. Here is what the Chairman of the I.C.A. Board of Directors, Senhor Sergio Armando Frazao (President of the Brazilian Coffee Institute) said while addressing a plenary session of the I.C.A. in Washington:

"The major difference between market conditions now and in June (1961) is that the stability of Brazilian prices in the New York market is being menaced by a serious downward drift of prices of other types of coffee. This downward drift is much more serious than has been apparent from the daily posting of quotations in the New York Exchange. Obviously this indicates that the main objective of the Agreement—the stabilisation of prices—has been constantly disavowed."

The decline in coffee prices is certainly serious. Robusta grade Uganda coffee is currently quoted in the London market at 125*s.* 6*d.* per cwt., as against 131*s.* 6*d.* early in June, 211*s.* 3*d.* early this year and 222*s.* before the Coffee Agreement was signed in 1959. The sharp fall in prices has been due to continued high level of production, in the face of only a modest rise in exports from the chief producing countries. Thus, the aggregate world output of coffee went up from 68.25 million cwts. in 1958-59 to as much as 93.03 million cwts. in 1959-60 and, after declining to 76.46 million cwts. in 1960-61, is expected to rise again to 84.70 million cwts. in the current season, a rise of 16.45 million cwts. over the four-year period. As against this rise, the total exports from the principal producing countries increased from 41.67 million cwts. in 1958 to 48.37 million cwts. in 1959 and 49.11 million cwts. in 1960. The current calendar year is expected to witness a further rise in exports, but the extent of the rise is not likely to be appreciable.

Stabilising Coffee Market

The table at the bottom of the page, culled from the September issue of the Commonwealth Economic Committee's *Tropical Products Quarterly*, indicates the trend of world coffee output and exports in the past four years. It will be seen from this table that the current pace of coffee shipments is much less than the estimated output, so that the undisposed stocks at the end of the current season will be considerable, resulting in a further setback to prices. It is not surprising that the coffee producing countries are greatly worried about the future. Mr. Frazao was voicing the opinion of coffee producers the world over when he urged energetic action to stabilise the coffee market. He said:

"The present coffee pact should be renewed for one year and modified to tighten the discipline of the market and to find ways and means of strengthening current price levels. Then, immediate action should be taken to work out a long-term agreement based on the declaration of principles accepted by all Latin American countries and by the U.S. in Punto del Este. To ignore it would seriously endanger not only the coffee market but also the 'Alliance for Progress.' The amount of aid needed by Latin America and Africa to maintain their economies at a running speed would be beyond the capacity of the United States and other industrialised countries, if coffee prices collapse."

The aforesaid extract highlights the urgency of a comprehensive long-term International Coffee Agreement. It is true that the present Agreement covers the bulk of the coffee sold on the world market. But the weakness lies in the fact that the Agreement includes only producer-exporter nations, so that the enforcement of export quotas has not been effective. Another weakness of the Agreement is that it contains no effective measures to regulate production in the principal producing countries. It is stated that the Study Group has asked the special committee to draft an agreement which will be an improvement over the existing one in all these respects.

India's Participation

India is one of the seven coffee producing countries invited to join the Coffee Agreement, the others being Indonesia, Yemen, Congo, Ethiopia, Guinea and Ruanda Urandi. It may be recalled that the question whether India should participate in the Agreement was raised at the last annual meeting of the United Planters' Association, Coonoor. No decision was arrived at, the issue having been referred to a special sub-committee. Mr. S. K. Patil, Union Minister for Agriculture, was definitely opposed to India getting entangled in these dubious international arrangements which are at best intended to cover the folly of overproduction in which the Latin American countries freely indulged in the fifties, following the boom in beverages in the earlier half of the decade. The benefits, if any, for newcomers like India in the sphere of world coffee exports from the International Coffee Agreement are not obvious. India, however, must keep a close watch over the developments in the world and make sure that no new discriminatory arrangements are concluded in the name of stabilising prices of primary produce. This aspect has to be especially stressed in the present context of the expansion in coffee production that has been planned by India and the urgency of earning as much foreign exchange as possible from coffee exports. The need for promoting coffee exports was emphasised well by Mr. R. Radcliffe, the retiring Chairman of the Mysore State Planters' Association, in his speech at the third annual general meeting of the Association held at Bangalore on Saturday the 7th inst. The coffee industry, he declared, must export not only in its own interests but in the larger interests of the nation. It was essential, he stressed, to see that the value of exports, rather than the total tonnage, increased. In this connection, Mr. Radcliffe made the following interesting observations:

".....I would refer particularly to the need to consume more Robusta in the domestic market, so that, eventually, almost the entire production is consumed internally, thus releasing more Arabica coffee for export. But this Arabica coffee must be of the highest possible quality and, to enable this to be so, there should be some definite steps taken to ensure that care in preparation is amply and sufficiently rewarded and also that first class whole crop Arabica cherry is separated from the increasing bulk of Arabica cherry delivered to the Pool. Active steps must also be taken to encourage the production of more Robusta plantation coffee, for this type shows signs of obtaining a profitable market of its own in the export trade. To enable maximum exports to be made over a long period—for surely India will need to export all she can in the next 20 years rather than the next five years—there must be some long-term planning that estimates production for periods of not less than five years at a time and then allocates in a sound and balanced manner this production to the internal and external markets, bearing in mind the overall trends in production of types and grades of coffee. Over the internal market, the industry has control and, if a reasonable return can be given to the grower, then, prices on the export market, even if below cost of production, could be absorbed. It is, however, essential that a firm, sound base of an expanding domestic market is built up that will consume approximately not less than 60 per cent of total average production each year and the price is so regulated that it will finally enable exports to be made of about 40 per cent of the total crop annually."

Having these general principles in mind, Mr. Radcliffe put forward a nine-point programme to be adopted by the powers-that-be. His nine points are:

1. A change should be made as soon as possible in the way coffee is released on the domestic market and in the way the price return is made to the grower and active propaganda must at once be started to fulfil the objective of increased consumption of available coffees by the home consumer.
2. The system of "open auction" should be introduced for the external and internal markets alike, with vigorous and prior advertisements to support this policy.
3. Coffee must be sold by estate marks as early as possible to the maximum extent that is practicable and, where lots are too small, then precise and well considered quality bulks be made of coffees of comparable quality and growth.
4. The trade should be encouraged to stock its requirements for longer periods by a new system of releases.
5. Steps must be taken to ensure a regulated marketing system, under which sale proceeds of the entire crop are allotted equitably to producers by the Coffee Board by a method that rewards care in production and quality.
6. All operations of the Coffee Board must be subjected to a careful economic scrutiny that ensures a high standard of competitive commercial operations.
7. As the sale of a grower's produce is beyond his control and export priorities are dictated, the results of the sales both in the export market and the internal market should be taken into account when determining the return to the grower; suitable weightage may, however, be given to the price return of those coffees which may be exported at below cost of production.
8. A reassessment may be made by the Central Government of the present excise duty levied on coffee and a more helpful policy adopted.
9. A substitution of the current State sales taxes by a surcharge on excise duty, to be equitably distributed to the States concerned, is highly desirable.

Reply By Mr. Reddy

Those who heard the Union Minister for Commerce and Industry, Mr. K. C. Reddy's reply to the points raised by Mr. Radcliffe must have felt generally gratified, though they must have been disappointed at his refusal to accept certain specific suggestions. For Mr. Reddy conceded the plea that the final return to the coffee growers should be such as to give them an incentive for quality production, though he said that one had to reconcile the interests of the consumers and the necessity of maintaining and expanding the export market. Further, Mr. Reddy disclosed that the Coffee Board had decided to introduce open auctions for exports with effect from 1st January next. It is not clear as to why one should wait that long and also why it is not to be followed for internal sale. He, however, gave the welcome assurance that the question of replacing State sales taxes on coffee by a surcharge on Central excise duty would be looked into.

Apropos the suggestion for marketing coffee by estate-mark with the reduction in bulking operations, Mr. Reddy no doubt agreed that the

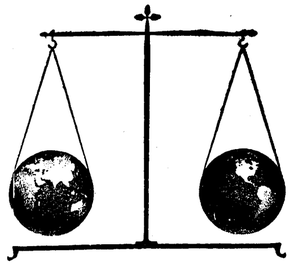
(*Continued on page 760*)

World Coffee Production and Exports

(In thousand cwts.)

Countries	Production				Exports				
					January-June		Whole of		
	1961-62	1960-61	1959-60	1958-59	1961	1960	1960	1959	1958
Uganda	2,598	2,244	2,650	2,100	1,167	1,045	2,342	1,769	1,578
Tanganyika	521	585	481	449	336	219	499	392	445
Kenya	738	661	468	467	371	254	556	517	500
India	1,154	1,300	974	916	202	119	321	284	293
Other Commonwealth	N.A.	250	293	276	96	468	829	765	798
Brazil	42,824	35,365	51,748	31,635	8,568	9,401	19,864	20,593	15,215
Colombia	9,212	8,976	9,448	9,032	3,203	2,960	7,013	7,575	6,426
Mexico	2,244	2,126	2,362	1,913	835	1,205	1,635	1,465	1,550
El Salvador	1,890	1,653	1,860	1,742	829	1,374	1,767	1,634	1,585
Guatemala	1,890	1,653	1,890	1,653	972	665	1,594	1,657	1,423
Other Latin America	8,126	7,419	7,316	6,086	1,749	1,919	3,602	3,135	3,985
Ivory Coast	3,307	3,366	3,045	2,927	1,062	1,300	2,903	2,060	2,215
Angola	2,244	2,598	2,126	1,730	930	764	1,717	1,752	1,522
Other Africa	5,359	5,493	5,802	5,433	696	1,022	2,585	3,134	2,828
Other Asia	2,794	2,771	2,564	1,894	758	529	1,884	1,638	1,321
Total	84,701	76,460	93,027	68,253	21,774	23,597	49,111	48,368	41,665

N.A.—Not Available.



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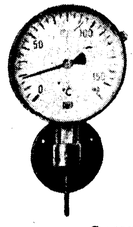

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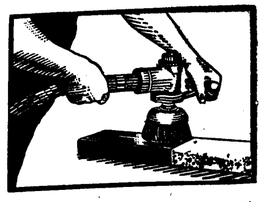

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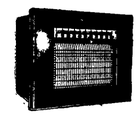

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CHAMBERS OF COMMERCE AND INDUSTRY

THEIR ROLE IN A DEVELOPING ECONOMY

By B. Barker, M.B.E., M.A. (Oxon.), F.C.I.S., A.M.B.I.M.

SECRETARY, BOMBAY CHAMBER OF COMMERCE AND INDUSTRY

[The Bombay Chamber of Commerce and Industry completed a century and quarter of its existence on 22nd September 1961. As part of commemoration of this landmark, the Committee of the Chamber authorised its Secretary, Mr. B. Barker, to deliver a lecture on "Chambers of Commerce and Industry—their role in a developing economy" to the post-graduate students in the commerce faculty of the University of Poona. The article on these pages is an adaptation from the author's lecture. In view of its extraordinary length, it is being published in two instalments, the second of which will appear in our next issue.—ED.]

IT is all too easy to theorise about what the Chambers of Commerce have done, which they ought not to have done and ought to do, which they are not doing and, although it gives me, as Secretary of a busy Chamber, considerable pleasure to theorise on the position of Chambers of Commerce in India, by nature and by the practice of my job I am inclined to take a practical view and, if one takes a practical view when considering Chambers of Commerce in India today, one must start with their past rather than their present.

The establishment of Chambers of Commerce in India can unequivocally be attributed to the British and, in particular, to the indefatigable Scots. The motives of those who found Chambers of Commerce are generally those of enlightened self-interest, but there can be no doubt that the founders of the British Chambers in India were, in addition, remarkably public-spirited. The letter which the Chairman of the Committee of the Bombay Chamber of Commerce sent to the then Chief Secretary to Government a few days after the Chamber was founded in 1836, gives some evidence of the attitude of these remarkable men:

"From this Association, we hope, the members of the mercantile community will be led to meet and act together with that good feeling and unanimity which will best promote their mutual interests and tend to increase and encourage the trade of the Presidency.

"As everything which contributes to protect and advance the commerce of the country most intimately concerns the Government, the members of the Bombay Chamber of Commerce firmly rely on receiving that support and countenance from the Right Hon'ble the Governor in Council which the principles they are associated in induce them to hope for, those of mutual exertion for their mutual and common interests.

"Any communication they may have to make to Government or information they may ask to be favoured with from Government through their Chairman to aid the objects of the Association, the members of the Bombay Chamber of Commerce would thus respectfully hope will receive every attention and consideration from the Right Hon'ble the Governor in Council, and other authorities, while the Chamber of Commerce will ever be ready and willing to afford the Right Hon'ble the Governor in Council and other authorities all the aid and information the members can give, as such may be required from them."

Motives

The signatories to that letter, I may say, were seven Britishers and three Parsees. One further illustration of the attitude of these founders can be drawn from the rules and regulations of the Chamber as adopted in the year of its foundation, an extract from which reads as follows:

"That the objects and duties of the Chamber shall be to encourage a friendly feeling and unanimity among commercial men on all subjects involving their common good, to promote and protect the general mercantile interests of this Presidency, to collect and classify information on all matters of general mercantile interest, to obtain the removal, as far as such a society can, of all acknowledged grievances, to receive and decide references on matters of usage and custom in dispute, recording such decisions for future guidance and by this and other means, to form a code of practice for simplifying and facilitating business. To communicate with the public authorities, with similar associations in other places, and with individuals, on all subjects of general and mercantile interest. To arbitrate between parties willing to refer to, and abide by the judgment of, the Chamber."

It is not my intention to trace the history of these Chambers to the present day. For my present purpose that would be too academic an exercise. My only point in making these remarks about the motives of the founders of the British Chambers in the first half of the last century is to show that they were inspired by motives of personal honour as well as enlightened self-interest and that they tried to and succeeded in bringing these personal moral attitudes into what were essentially personal commercial transactions; for, by far the majority of commercial transactions in those days, was conducted by individuals either on their own or in partnership with others. There was no Companies Act in India until 1882 and there was no Management Association until 1954. In other words, this was an age one step in history after that of the merchant adventurer; it was a period when the individual merchant did his own work for himself. The idea of professional managers working on behalf of impersonal companies owned by a large number of shareholders was unknown. The result was that men could exercise personal preference with an individualism which is, perhaps, no longer possible and this individualism produced the brilliance as well as the arbitrariness with which the history of these Chambers is studded.

Similarly, the history of the Indian Chambers is of the utmost significance when considering their role in India today. The founders of the Indian Chambers, perhaps, had two motives for their pioneering work. The first was a negative one, namely, that they felt that they were being prevented from expressing their views and influencing the commercial and industrial policy of the Government and, secondly (and much more positively), they felt a need for the expression amongst the commercial and industrial communities of India of the political feelings which swept the country during the first half of this century. The birth and the growth of the Indian Chambers is entirely in the twentieth century and is bound up with the development of the freedom movement. *Swadeshi* was clearly the commercial and industrial expression of a political idea.

After Independence

We are only fourteen years away from the declaration of India's independence, but, as I was not old enough to appreciate at that time the significance of that event, I may, perhaps, be forgiven by older historians for endeavouring to reconstruct the effect which it has had on both the old British and the newer Indian Chambers. India's independence has necessitated considerable adjustments in both the organisations. In the old British Chambers, the direct political connection of those in authority in the Chamber with those in power in Government was almost completely severed. The whole position of foreign-owned or foreign-managed organisations which figured largely in the membership of these Chambers was in doubt. Would they be over-run? Would they be nationalised? Would the foreigners be asked to quit? These were the fears of the British Chambers at that time and their adjustment to the new India based on a long and continuing association with and regard for this country is in my view to be considered a remarkable achievement.

But the Indian Chambers were equally affected, though in an entirely different way. They had suddenly to become conscious of India as a responsible nation and themselves as a responsible body representing commerce and industry rather than a revolutionary group bent on securing a political ideal. It is, of course, much more easy to fight an alien regime than it is simply to persuade the Government of one's own election. The success of the Indian Chambers in making this adjustment also deserves considerable credit. The effect of independence, however, was that the older Chambers tended to unite themselves more closely, whereas the Indian Chambers lost the strong unifying force of an agreed political ideal and since then have been faced with the continuing problem of the fragmentation of their interests amongst a number of bodies created for a variety of reasons—some racial, some sectarian and some even for reasons of personal aggrandisement.

Let me not give the impression that this process of adjustment after independence is in any way complete; both these groups of Chambers (I refer to the Federation of Indian Chambers of Commerce and the Associated Chambers of Commerce of India) are still going through a transitional stage, adjusting themselves away from their past and towards their future. The chauvinistic impulses of the Indian Chambers are not yet entirely forgotten nor have the old British Chambers learned as yet to turn their backs firmly on their circumstances in Viceregal days. The foreign Chambers, having had themselves cut off from politics are chary of venturing into political controversies, whereas the Indian Chambers are sometimes afflicted by political and other factions within their own organisations. However, it is to the resounding credit of both the old and the new Chambers that they have endeavoured to put the welfare of the country before their own members and the best that is now in both stems from that endeavour.

Organisation

This great difference in origin has influenced these Chambers today in many ways. The pattern of membership in individual Chambers is similar within each group: in the older Chambers, the number of members is generally comparatively small but the membership tends to consist of the larger companies and especially those who have some foreign interest or connection. In the Indian Chambers, the membership is generally much larger and consists for the greater part of smaller companies with little or no foreign connection. Again, the methods of organisation are different for reasons of heritage and environment. The older Chambers rely on presenting carefully prepared and documented memoranda, generally addressed to the officials of Government rather than Ministers by name. The Indian Chambers, with their direct political connection, can address themselves more personally and even socially in making their representations. Again, control of the Indian Chambers is established by means of votes in which parties conduct political-type party campaigns and the representatives ultimately elected have a mandate from their electors which they are asked to follow. In the matter of control, the older Chambers have preserved the manner of the gentlemen's club which means that by and large one Committee appoints another and no "gentleman" will object.

Contrasts and Similarities

At the present stage, therefore, these groups of Chambers in their methods of control and administration are different, but, in their overall activities and objectives, they are frequently the same. However, in their activities, all the Chambers could be said to fall behind those in more developed countries for reasons not only of finance but also of environment. In Western countries, the last organisation to which commerce and industry turn for advice or assistance is Government; in India, Government is the first. This is not meant necessarily as a criticism. It is a fact of Indian history that the Government has for so long been the organiser, the administrator and the provider of so much that there has developed a natural tendency to turn to Government in any moment of difficulty or strain. On the other hand, Chambers of Commerce abroad spend most of their time and effort promoting commerce and industry quite apart from Government. The Public Relations Officers try their utmost to give the impression that the area represented by their Chamber is splendid for commerce and industry. Their object is largely to attract trade and to see that commerce and industry within their area run smoothly. In India, amongst the larger Chambers, the situation is quite different. Commerce and industry turn first to Government and Government in its present mood never takes its eyes off commerce and industry. The result is that there is a continued demand from the smaller trader and manufacturer for Government assistance of one kind or another and, in consequence of its policy of allowing the corporate private sector only a residual position in the economy, an equally continued flow of legislation pours from Government, controlling every activity of those engaged in commerce and industry. In these circumstances, it is natural, inevitable and right that the prime task of the larger Chambers of Commerce in India today is to act as a liaison or to use a less pleasant expression, a "go-between" betwixt Government and the private sector. Government churns out draft legislation and expects considered comments thereon (usually in a matter of days) from commerce and industry. The amount of this legislation and the questionnaires issued by the Government-appointed Committees prior to the drafting of the Bills concerned, is so great that Chambers can, if they wish, spend most of their time attending to it.

Moreover, Government is far from successful in keeping its legislation in an up-to-date form, and much of the work of each of the Chambers today is in keeping the members informed of the complex legislative enactments and amendments

to existing laws which flow from Government at the Centre and in the States.

This is in contrast with the Chambers in developed countries who, though they certainly have to keep their members informed of current affairs, have more time and money to spend on giving information with regard to trading possibilities, effecting commercial introductions, providing promotional services, generally, and dealing only with those items of legislation which immediately affect their members. The different position of Chambers abroad is accentuated by the fact that in the more developed countries the professional institutions of accountants, lawyers, company secretaries and so on, provide relevant information to the specialists in commerce and industry and this information needs little or no supplement from the chambers of commerce. In India, virtually, the whole burden falls on the Chambers. On the other hand, there are few Chambers in the United Kingdom who have begun to develop economic research on the lines of the recently established economic research and training foundation of the Indian Merchants' Chamber in Bombay.

Apart from acting as the Public Relations *cum* Information Officers of Government, Chambers are, of course, or should be, the mouthpiece of commerce and industry as far as the public are concerned. There is an increasing sense of the failure of commerce and industry in recent years to project itself to the public, quite apart from its relation with Government. The mud which is so frequently slung by politicians at commerce and industry is often allowed to stick and little is as yet done to persuade the public and, therefore, the politicians that commerce and industry is not entirely a justifiable target. But, as yet Chambers of Commerce have not applied themselves to nor has private enterprise shown itself willing to finance a continuous and scientifically organised public relations service.

Guidance to Government

I hope that I have said nothing to give the impression that the Government is restraining the development of Chambers of Commerce. Such an impression would be far from the truth. The fact is that groups of manufacturers and traders are frequently urged by Government to form themselves into associations and in recent years Government has appointed a mass of advisory committees on which Chambers are represented both at the Centre and in the States. These committees cover a large variety of subjects—imports, exports, Government purchases, customs, excise, workers' education, employment exchanges, railways, telephones, food—even coconuts and cemeteries. The result is that through Chambers of Commerce, opportunities for commerce and industry to express their views to Government are now legion, but whether Government is taking greater advantage of these opportunities and is listening any more than it did before, is another matter.

In addition to the relations of commerce and industry with Government and with the public, the Chambers are generally of considerable assistance to other trade associations. An association frequently starts in the office of a kindly member who supervises its work; perhaps it then grows and needs more staff or the kindly member requires the space for himself. It is at this stage that a Chamber of Commerce can usually be of assistance. My own Chamber has taken up the work of four such associations in the past year. By taking over the small staffs of the associations and by carrying out the clerical operations within their own organisation, the Chambers can give the associations a good permanent address, sound secretarial services and easy continuity during the growth period of the associations. It may be that later on the associations will outgrow the services of the Chamber which, as it were, fostered them during the initial years. They may require more professional and specialised services than the Chambers can give; they may feel strong enough financially to be able to afford their own staff, under their own control, in their own building and so we find that larger trade associations have in many cases gone away from their Chamber foster parents and have established themselves on their own. This, to me, is a natural and healthy development.

Bombay Chamber

So far I have merely outlined the groups of Chambers as they exist today and said something about their general functions. I should now like to say something about my own Chamber, with a view to giving an idea of how exactly all this work is organised and administered.

The Bombay Chamber of Commerce and Industry is celebrating its 125th anniversary this year. You will immediately recognise it as one of the old-established, originally British, foundations which I have already discussed. Its membership is small—about 540—as compared with that of the Indian Merchants' Chamber's membership of over 2,100, but it includes almost all the larger commercial and industrial houses in Bombay: all the oil companies, Hindustan Lever, I.C.I., Tatas, A.C.C., Bombay Dyeing, Metal Box, Dunlops, Firestone, the foreign Shipping Lines, the leading Air Lines, the large pharmaceutical companies (Glaxo and May and Baker, for example) the engineering industry—National Machinery Manufacturers, Mazagon Dock, Greaves Cotton, Mahindra and Mahindra, Richardson and Cruddas, Alcock Ashdown, Automobile Products of India—the old trading houses now fast industrialising, Killicks, Bombay Company, Forbes, Forbes Campbell, Rallis, etc., and then the banks and insurance companies whose names are household words and the solicitors and accountants whose names I must not mention in case they might consider it to be advertising! Some 50 per cent of these members are companies or firms or branches of companies which are controlled from abroad. The rest are Indian companies and firms controlled in India. However, even this distinction is scarcely accurate, because almost all the members of the Bombay Chamber have long trading connections with countries abroad, especially the United Kingdom, even though the control of the companies may always have been in India, while their foreign employers have often spent virtually all their working life in India and know more of it than of their homeland.

No Canvassing

The Chamber makes very little effort actually to encourage membership. We find that membership rises steadily, because non-members get to know from existing members about the services received. The Chamber grows by reputation rather than canvassing. This is much preferable to persuading or cajoling into membership those who may, in fact, have other motives for seeking membership than the desire to participate in the services offered. In other words, our attitude today is not so much that of a gentlemen's club as that of a professional service organisation. If they want the services, members will offer themselves and will pay a fair price for them. Members have to be proposed and seconded by other members: the proposition has to be accepted by the Committee of the Chamber and then all members entitled to vote do so by secret ballot in the case of every company, firm or individual wishing to join. Although you may consider that this procedure is complex and means that it takes six weeks for the new members to be elected, and although the procedure may also be said to be redolent of the gentlemen's club atmosphere, it is nonetheless a useful safeguard against admitting to membership of the Chamber companies who may besmirch its good name. I have already said that the Chambers of Commerce are the mouthpiece of commerce and industry and it is, therefore, of the utmost importance that the reputation of the Chamber which is largely based on the ethical standards of its members should be maintained. It is much easier to achieve this end by being careful in electing new members than by trying to weed out any dishonourable members after they have been elected. Proof of the care with which members are elected lies in the fact that, though there is reserved to the general body of members the absolute right to expel any member by a resolution at an annual or special general meeting, I am not aware that these powers have ever been used.

Upon election, the member is immediately informed of the services offered by the Chamber to some of which I have already referred in a general way. Most tangibly, he will immediately benefit from the considerable number of circulars which are issued every working day from the Chamber and delivered or posted to all members. A majority of these circulars is addressed to all members but those dealing with customs, excise, import trade control and other special matters of concern in a certain business will be issued only to those companies which are concerned in that business. Each member also receives a *Monthly Bulletin* and Annual Reports which are virtually compilations of the Chamber's circulars and reports on all the work of the Chamber's Committees. The Report itself each year serves as a historical reference book containing information about almost all that has happened during the previous year in so far as commerce and industry has been affected.

The new member will soon discover the many ways in which his liaison with Government is improved as a result of his connection with the Chamber. He will be asked to comment on draft legislation submitted by Government for public consideration. He may be invited to meet senior Government officials—notably those from the Central Board of Revenue—when they visit various centres to elicit from the trade their views on such matters as customs, excise and import trade control procedures. When Government appoints a committee to prepare a report on a particular subject or when legislation is referred to a Select Committee of Parliament for consideration, members are usually invited to send their comments for inclusion in memoranda to be addressed to the Committees concerned. Ultimately, representatives of the Chamber give evidence before these Committees in person on some occasions, although, generally, these matters are for the Central Government and are, therefore, dealt with by the all-India organisation—the Associated Chambers of Commerce of India—of which the Bombay Chamber is a member. I have already referred to the many Advisory Committees which Government has appointed both at the Centre and in the States. The new member will find that he has an opportunity to express his views and obtain answers to his difficulties at a high level by reference through the Chamber's representatives on these Advisory Committees.

High Standard Aimed

Moreover, once in each year, the Associated Chambers of Commerce of India holds its annual general meeting in Calcutta, at which resolutions are moved by the various constituent Chambers. The procedure for this meeting is an interesting and useful example of the very careful preparation which goes into this work. It reminds me of the remarks of the President of the Bombay Chamber in 1884 when he said:

"Never act on imperfect information, always see that representations and complaints are verified before they are taken up, beware of faddists both inside and outside the Chamber and never be afraid of bold and open criticism."

It is this high standard which we try continually to preserve.

For purposes of this annual general meeting, the Committee of the Chamber considers its own ideas as to what matters should form the subjects of resolutions. The Presidents of all the constituent Chambers come together and make the final selection of subjects for resolutions; the resolutions are drafted and sent to the constituent Chambers for consideration; there is a further discussion amongst Presidents of the constituent Chambers and only then are speeches prepared in the Chambers concerned for delivery at the meeting itself. In the meantime, members are invited to submit their own comments and views. As this whole process takes some 4-5 months, by the time speeches are actually made and the resolutions passed, it is reasonably certain that they will be accurate and will represent the considered views of the whole organisation throughout the country. After the meeting, the resolutions and speeches are forwarded to the appropriate departments of Government.

Before I describe any of the special services available to individual members, I would draw an important distinction which runs throughout the Chamber's work, namely, that the Chamber does not reckon to take up the difficulties of individual companies on any subject. It is only where the difficulties are generally experienced by all or a considerable number of members that the Chamber feels able to take action. Let me give some examples, which are from Company Law only. If a member complains that he has been fined by the Registrar of Companies for not filing a copy of a special resolution and requests the Chamber to do something about it, the Chamber will take no action. The member should have known better and the law has been applied fairly. However, if the complaint of a member refers to an interpretation by the Company Law Department which, if applied generally, will affect a large number of members, then the Chamber will take up the matter, not in the name of the individual member and only after carefully ascertaining that the interpretation given has been the experience of other companies and is likely to be the cause of general grievance. As to exactly how the representation is processed from this stage, I will speak a little later. For the moment, the point I wish to make is that, generally speaking, the Chamber deals only with issues of general application, that is, those which concern at least a wide section of members.

THE UNITED NILGIRI TEA ESTATES CO. LTD.

ANOTHER SUCCESSFUL YEAR COMPLETED

CHAIRMAN STRESSES NEED FOR EARLY WAGE AGREEMENT

ADDRESSING the Thirty-ninth Annual General Meeting of the United Nilgiri Tea Estates Company Ltd., held at Coimbatore on 27th September 1961, the Chairman of the Company stressed the need for an early settlement of a new wage agreement in the plantation industry, pending the recommendations of the Wage Board. He added that any delay in this respect was likely to result in labour unrest, "which helps no one except perhaps those labour union leaders who rely on unrest to retain their hold on labour."

The following is the full text of the Chairman's speech:

"GENTLEMEN,

"Firstly I would like to welcome you to our thirty-ninth annual general meeting. It gives me much pleasure that shareholders take the trouble to come to our annual general meetings and that they take such a keen interest in the affairs of this, our very successful tea Company.

"The Directors' report, which you have before you and which, with your permission, I will take as read, indicates the main points of the year's working, and you will see that we have had a successful year, and a crop that has beaten all records. In my speech last year, I commented on the crop to 20th September 1960 as being unprecedented. Crop kept up well for the rest of the year, and our final figure was 828,976 kgs. or 1,827,579 lbs. of made tea.

Prices of Tea

"Prices for the early part of the year were low, but, with the shortfall in the North Indian crop, these improved, and our final gross sale price, including excise duty, worked out to Rs. 5.11 per kg. In view of the bigger crop, our estate costs fell by some 55 nP per kg. and, though our selling price fell by an even larger figure of over 75 nP per kg., the resultant profits from the higher crop increased our final figure considerably. In addition to the crop of 828,976 kgs. of made tea, we also sold the equivalent of 9,525 kgs. of tea as green leaf to other factories, as we had more than we could handle ourselves. This total crop represents 1,293 pounds per acre on the Chamraj Group and 540 pounds per acre on the Korakundah Estate, which results for high grown tea are excellent.

"Crop to date this year is still good and, though we are now some 110,000 kgs., behind last year, we are some 30,000 kgs. up on the crop to the same date in 1959.

Taxes

"As you will see from the accounts before you, the balance profit available for distribution was Rs. 12,85,657, as against which Rs. 6,50,000 have had to be reserved for taxation. In addition to this direct tax on profits, excise duty on Nilgiri teas was increased to 25 nP per kg. in February last, estimated to cost Rs. 1,62,500 on the current year's crop and, though export duty was reduced from 53 to 44 nP per kilo, the increase in excise has to be paid on all our sales in India.

"A sum of Rs. 1,53,646 has been charged in the profit and loss account under rates and taxes, the bulk of which is sales tax. As I have commented before, we must be one of the most highly taxed industries in India.

Capital Expenditure

"This leads up to my next point which is that, after paying taxes and dividends, it is very difficult to provide sufficient funds for necessary estate development and capital expenditure. You will note that your Directors have recommended the appropriation of Rs. 1,75,000 to reserves, and that auditors have commented on page 8 (of the Directors' report and statement of accounts) that a sum of Rs. 5,20,000 has been contracted for capital commitments. Whilst all of this sum will not be spent this year, we have to provide a sum of Rs. 2,39,000 for buildings of staff and labour quarters, latrines, water-supply and creches to be constructed under the provisions of the Plantation Labour Act for this year.

"There is also Rs. 2,00,000 for the factory for new machinery and the provision of extra withering accommodation. The new drier has been in operation for some months now, and our drier capacity is sufficient for any crops we may harvest, but machinery to go with it has been very much delayed in delivery. However, with the sum of Rs. 1.75 lakh reserved, and the 'cash flow' of Rs. 2,15,000 from the depreciation on fixed assets, we hope to complete most of our proposed capital items estimated for this year.

Labour

"The wages agreement with our staff and labour expired on 31st March 1961, and the Government of India have appointed a wage board to cover wages of the plantation industry for both North and South India. In the meantime, and which may be a long time, running into years, we do not know what new wage rates will have to be paid, probably back-dated to 1st April this year. The Government of Madras approached employers in the plantation industry in this State to negotiate a new wage agreement, and our Association has welcomed the suggestion, provided (1) that the Wage Board should accept any such agreement and (2) that it should also apply to plantations in the rest of South India, including Mysore and Kerala. With this object in view, a conference was called in Trivandrum at the beginning of this month which unfortunately failed, primarily on the demand of one union for an immediate interim wage increase before any discussion on a new wage agreement commenced.

"I feel that this is unfortunate, as an early settlement, instead of waiting for the Wage Board, would be to the benefit of labour, and a delay is likely to result in labour unrest meanwhile, which helps no one, except perhaps those labour union leaders who rely on unrest to retain their hold on labour. There is still a chance, however, of an agreement with our staff through the good offices of the U.P.A.S.I.

"As mentioned in the Directors' report, there is also still no agreement on bonus for the year 1960. A recent attempt at conciliation was also rejected by a union, much on the same grounds as on wages. For the year of account our relations with labour have generally been good.

Dividend

"You will note that your Directors have recommended an increase in the dividend, which, with the final of 12 per cent, makes the total for the year 22 per cent subject to tax. We have also arranged with our bankers, the Central Bank of India Ltd., to encash our dividend warrants at par in Madras, Bombay, Delhi and Calcutta. We ourselves will cash warrants at par in Coimbatore. There are now some 800 shareholders in this Company, resident in many places in India, and I hope they will find this a convenience.

"Before I conclude these comments, I would like to record my appreciation of the services to the Board of Mr. C. E. Wootton, who has been a Director of this Company for 14 years, and to wish him a long and happy retirement.

"If there are any questions on the accounts, I will be pleased to answer them to the best of my ability, and thereafter with your permission to propose that the Directors' report and the accounts for the year ended 31st March 1961 be approved and adopted."

N.B.—*This does not purport to be a record of the proceedings of the annual general meeting.*

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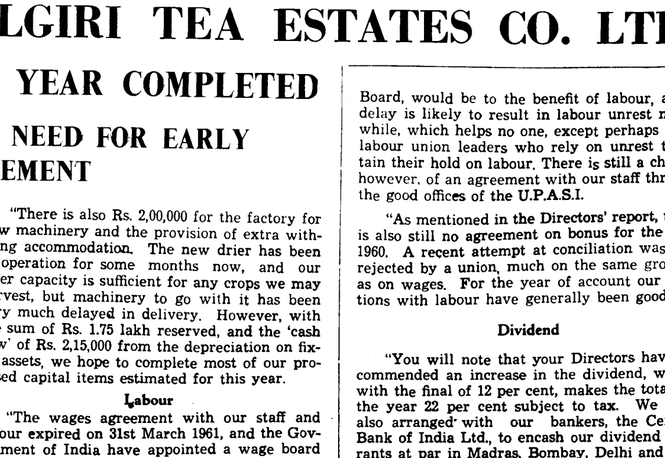

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STEEL PRICES IN THE UNITED STATES

CONTROL IN THE NAME OF PRICE STABILITY STRONGLY OPPOSED

STEEL prices in the United States, it is well known, are substantially higher than steel prices in the European Coal and Steel Community or in the United Kingdom. According to an index of average schedule prices for finished steel products (Base: 1953=100) maintained by the High Authority of the Community, it was 104 points, as on 1st January 1961, for basic Bessemer steel in the Community as a whole and 107 points for basic steel in the United Kingdom. But, as on that date, the index had reached a level of 124 points for basic steel in the United States. While the E.C.S.C. has achieved relative stability in steel prices which have been ranging around 100 points in the index, there has been no such stability in the United States, where the index was at the level of 88 points, as on 20th May 1953, and has been steadily rising since 1st January 1956, when it was 104 points. A better idea of the comparative steel prices in the Community and in the United States may be obtained from the following figures of 'basis prices' for exports of rolled products in terms of dollars per metric ton f.o.b. port of shipment, exclusive of taxes:

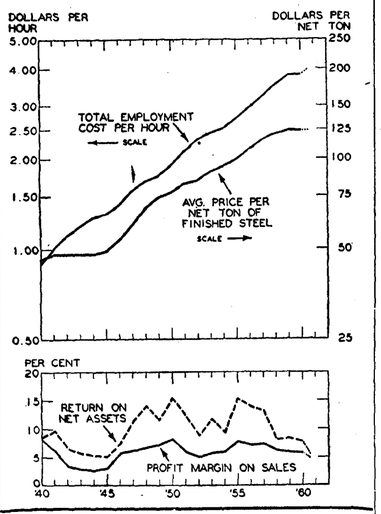
Products	*Community (overall) (Market prices) January 1, 1961*	*United States (Published prices) January 1, 1961*
Merchant bars	91—101	127—134.25
Joists	94—95	131.85
Wire-rod	105—107	146.15
Hoop and strip	109—111	117.95
Plate	99—100	126.75
Sheet (hot-rolled)	134—138	141.75
Sheet (cold-rolled, 1 mm.) ..	147—149	156.75

Why are steel prices in the United States relatively higher? The answer is to be found in the high annual rate of rise in steel employment (wage) costs. This rate was as much as 8 per cent in the period 1940 to 1959. Under the current 30-month wage-contract which was signed in January 1960 after a 116-day strike in the steel industry, the annual rate of rise in wage costs is to be 3½ to 3¾ per cent. Even this moderated rise in steel employment costs, it now appears, will involve upward pressures on the price of steel. According to recent reports, the U.S. steel companies were contemplating to push up prices by about $5 a ton after 1st October 1961—the date laid down in the January 1960 agreement for the final instalment of pay increases. But President Kennedy has intervened by writing to the heads of 12 steel companies and appealing to them to forgo a price increase now, so that the labour representatives could be persuaded to limit wage demands in the next collective bargaining negotiations (due in spring 1962) to a level consistent with continued price stability. Although the U.S. President has rejected the idea of official control of steel prices under utility-type regulations, he seems to have exerted some pressure on the steel industry with the object of getting its 'voluntary' consent for stability in steel prices. While the Kennedy Administration is not in favour of a general steel price increase, it has been reported that it may not frown upon selective and fairly small increases in prices.

Recently, the U.S. steel industry came under fire for the contemplated price increase. According to Senator Albert Gore (who spoke on the subject on 22nd August last in the Senate), the rise in steel prices had been responsible for 40 per cent of the rise in the wholesale price index over the period 1947-58. Another argument advanced by him was that with the scheduled wage increase but without price increase, profits of steel industry during the fourth quarter of 1961 "will likely be equal to the average of the last 14 years, which is 10.5 per cent after taxes." According to the October *Monthly Letter* of the First National City Bank of New York, Mr. Gore's argument has overlooked the responsibility of Government for the cost-push in steel and presumed, contrary to fact, that steel-making is a monopoly and that profits have been the main beneficiary of price advances. The average rate of profit of 10.5 per cent in the last 14 years in the case of the steel industry, it is recalled, is below the 14-year average realised by U.S. manufacturing industry as a whole. The steel industry in the U.S., the *Monthly Letter* continues, is not outside the range of competition, for, after all, there are 241 iron and steel works in that country. It does not resemble a "cartel system" of administered prices, for competitive forces have been at work, as evidenced by the reductions in prices of some steel items during the recent business recession. The *Monthly Letter* explains and defends the pricing policies of the U.S. steel industry as follows:

"The pricing policies of the industry have been based primarily on the cost or supply side of the supply-demand equation. Quotations have not been adjusted up and down sensitively to fluctuations in demand. The companies have followed a general practice of marking up prices in line with step-ups under wage contracts. During World War II, even though costs were rising, steel prices were arbitrarily pinned down by price controls; thus, a part of the rise in price from 1945 to 1949 represented an effort of the industry to restore normal profit margins. But any impartial review of the behaviour of steel prices since 1940 must inevitably come to the conclusion that it was the exceptional rise in costs which explained the exceptional rise in price. The accompanying chart shows the record, since 1940, of hourly employment costs as computed by the American Iron and Steel

Steel Prices, Employment Costs, Profit Margins, and Return on Net Assets, 1940-61



Institute and the average price of finished steel as figured by *Iron Age* magazine. In the bottom panel, profits are shown expressed as rates of return on net assets and on sales.

"Senator Gore spoke of 'competent studies' demonstrating that the rise in the price of steel explains 40 per cent of the rise in the wholesale price index, 1947-58. This bizarre statistic puts the blame on the steel industry for post-war inflation which had more fundamental causes; the tremendous buildup of spending power during World War II, the maintenance of an inflationary cheap money policy in the first six post-war years, pressures exerted by the Government on the steel industry to raise wages, and higher levels of taxes and plant replacement costs. While frowning on increases in steel prices, Government aided and abetted the wage increases which made them necessary if the financial strength and capital-raising power of a basic industry were to be sustained."

Vigorously opposing suggestions for controlling the prices of steel, the *Monthly Letter* avers:

"Apart from the manifest exaggeration of the estimate (of Senator Gore), there are worse things that could happen to this country than an increase in the price of steel.

"One of these is the destruction of the freedoms of the market place and the substitution of political price-fixing, beginning with steel and spreading perhaps throughout industry. If nothing else, our war-time experience with price-setting bureaucracies, black markets, and deteriorations of quality should warn us against this course.

"Something else that would be worse than an increase in steel prices would be an erosion of the industry's financial strength and capacity to raise capital and fulfil its essential role in the process of national growth. Steel is the sinew of war. Nothing would be more foolhardy from the standpoint of national defence than breaking up the industry into smaller and less efficient units, letting weaker companies perish, and dismembering our arsenal of democracy."

The plea is advanced in the *Monthly Letter* for selective upward adjustments in steel prices in keeping with the trends of strengthened demand and higher costs of supply. A healthy steel industry, in its opinion, is more important than some absolute of stability in steel prices. As the U.S. steel companies have been facing difficulties in maintaining the flows of essential profits (ref. second chart above), selective individual adjustments in prices are probably inevitable. The buyer of steel, in the words of the *Monthly Letter*, must pay its cost of production, for the nation's tax-payers cannot afford to have the steel industry become forced to go to Washington as supplicants for subsidies. If and when steel prices are further increased, the competitive capacity of the U.S. steel industry *vis-a-vis* the European steel industry will be further reduced. But internally, as the great bulk of finished steel production is consumed by the automobile, construction and miscellaneous manufacturing industries, the effects of a steel price increase will only be thinly fanned out through the economy. Such debtor countries as have necessarily to import U.S. steel products, machinery and equipment, under the D.L.F. or Ex-Imp. Bank credit terms which tie buyers to the American market, will, on the other hand, certainly feel the pinch.

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U.S. FIRM BUILDING GIANT TELESCOPE FOR OSMANIA 'VARSITY

The Fecker Company of Pittsburgh (U.S.) has undertaken the construction of a 48-inch telescope for the Nizamiah Observatory of Osmania University in Hyderabad. It is for the first time that the Company has undertaken a job of this magnitude in its entirety. The 11-ton telescope, which will be the largest in India and South-east Asia, represents an investment of $100,000, labour of more than 200 men, and five years of work. Its purchase was made possible under the terms of the U.S. Wheat Loan Educational Exchange Programme.

Jointly designed by the Fecker Company and the former Director of Nizamiah Observatory, the telescope is equipped to measure the intensity of the light of stars, for work in photography, for general stellar photography, and for spectrographic analysis of the elements and compounds found beyond the earth's atmosphere. The telescope will be ready for delivery in February or March of 1962. Two American technicians will come to India to supervise its reassembly. It will rest on two concrete piers now being built at the Hyderabad observatory.

ALUMINIUM PIPE FOR OIL WELL DRILLING

Will aluminium pipe one day displace steel in the exacting duties of oil well drilling? Two years ago the question would have been pointless, for aluminium had never been used for this purpose. Today the question is of lively interest, according to the *Petroleum Press Service*, as a result of the experimental drilling programme undertaken in the U.S.A. by Shell Oil, in co-operation with Reynolds Metals, manufacturers of the pipe, and the Reed Roller Bit Company. After drilling over 100,000 feet of hole with a 10,000-foot string of 4½ inch pipe, Shell Oil has just described the performance of the light metal as more than satisfactory for oil industry needs.

Reynolds are not yet ready to market such drill strings commercially, but they hope to be in a position to do so next summer. They have fixed a tentative price of $9.20 a foot for the 4½-inch pipe, which compares with a price of around $6.20 for Grade E steel pipe with comparable characteristics. Despite the discrepancy, the manufacturers regard their price as highly competitive because aluminium, apart from its considerably higher scrap value, offers cost-cutting advantage in use. Chief of these is a 40 per cent saving of weight. This makes for cheaper transport of the pipe, ease of handling at every stage, and a much reduced strain on rig and draw-works for a given length of string. For this reason, Shell was able to drill down to 11,500 feet with a rig which could have reached only 7,000 feet with steel pipe.

The physical properties of the light metal pipe —tensile strength, fatigue resistance, etc.—are reported to be at least equal to those of the normally used Grade E steel. Though conventional handling and finishing techniques can be employed without modification, certain special requirements must be observed with aluminium drill pipe. For instance, the drilling mud must have a low alkaline rating, and common acid inhibitors containing arsenic must not be used, since these react with the metal to form a dangerous gas. The problem of mud-stream turbulence, which tended to cause slight erosion of the metal near the tool joints, is reported to have been eliminated by redesigning the internal surfaces, so that they fit almost flush.

In short, the results of these extended tests suggest that competition between the two metals for the driller's custom is likely to become increasingly keen as time goes on.

ADDITIONAL EXCISE DUTIES ON PETROLEUM PRODUCTS

Following the Government's decision to accept the recommendations of the Damle Committee on Oil Prices (*vide*: Article entitled 'Prices of Petroleum Products' on Page 694 of *Commerce* dated 7th October, 1961), Gazettee notifications have been issued for mopping up as revenue the reduction in the selling prices of major petroleum products and bitumen with effect from 1st October 1961.

The notifications have been issued under the Mineral Oil (Additional Duties of Excise and Customs) Act, 1958 and the Sea Customs Act, 1878, in terms of which any increase in the rates of excise duties and customs has to be borne by the oil companies themselves and are not realisable from the consumers.

Following are the new rates of excise duty:

(1) Motor Spirit: Rs. 56.05 per kilolitre at fifteen degrees of centigrade thermometer; (2) Kerosene: Rs. 26.80 per kilolitre at fifteen degrees of centigrade thermometer; (3) Refined Diesel Oil: Rs. 33.55 per kilolitre at fifteen degrees of centigrade thermometer; (4) Vaporizing Oil: Rs. 33.55 per kilolitre at fifteen degrees of centigrade thermometer; (5) Diesel Oil, not otherwise specified: Rs. 19.70 per metric tonne; and (6) Furnace Oil: Rs. 19.70 per metric tonne.

The customs duty would be at the following rates:

(1) High Speed Diesel oil and vaporizing oil, as defined in item No. 27(5) of the First Schedule to the Indian Tariff Act, 1934 (32 of 1934). (a) High Speed Diesel Oil: Rs. 44.45 per kilolitre at 15 degrees of centigrade thermometer or 16 per cent *ad valorem*, whichever is higher plus Rs. 294.25 per kilolitre at 15 degrees of centigrade thermometer; (b) Vaporising Oil: Rs. 44.70 per kilolitre at 15 degrees of centigrade thermometer or 16 per cent *ad valorem*, whichever is higher plus Rs. 272.80 per kilolitre at 15 degrees of centigrade thermometer. (2) Diesel Oil, not otherwise specified, as defined in Item No. 27(7)(b)(1) of the First Schedule to the Indian Tariff Act, 1934 (32 of 1934): 16 per nt *ad valorem* plus Rs. 111.80 per tonne. (3) Furce oil as defined in Item No. 27(7)(b)(2) of the rst Schedule to the Indian Tariff Act, 1934 (32 of 34): 16 per cent *ad valorem* plus Rs. 49.25 per nne.

FURTHER CAPACITY FOR SPECIAL STEELS LICENSED

A further capacity of 1,20,000 tons for the anufacture of tool and alloy steel in the private ctor has been licensed by the Government of dia. It may be recalled here that capacity alady existing or licensed by March this year was out 10,000 tons. There is a variety of tool and loy steels. For purposes of planning, additional pacity estimates of requirements have been made ily of alloy steel sections with a minimum of romium, nickel, molybdenum and other alloying ements which require specialist plant. The coun-y's requirements of such steels by the end of the ird Plan have been estimated at 2,00,000 tons.

The Government has already granted a licence the Tata Iron and Steel Company for establishg a new industrial undertaking at Jamshedpur r the manufacture of 49,000 tons of tool and loy steels per annum. Preliminary work on the ection of an alloy and special steel plant under e Hindustan Steel Ltd. has already begun and the nder enquiries for plant and equipment are under reparation.

D.V.C.'S EARNINGS IN 1960-61

The Damodar Valley Corporation earned over s. 7.83 crores in 1960-61 from the sale of power proced by its chain of hydel and thermal stations. his represents an increase of about Rs. 1.67 crore, s compared with the revenue earned by the Corporation in 1959-60.

The total power generated by the D.V.C. power ystem in 1960-61 was 164 million kw.h., as comared with 146 million kw.h. in the previous year. he main consumers of D.V.C. power in 1960-61 ere the West Bengal and Bihar State Electricity oards and the Calcutta Electric Supply Corporaon. In addition, the Eastern Railway, Chittaranjan Locomotive Works, Hindustan Cables, Durgapur Steel Project, the Indian Copper Corporation, he Indian Iron and Steel Company, and the Tata ron and Steel Company received D.V.C. power in hese years.

PENETRATING EARTH'S CRUST

According to a recent report in *The New York Times*, the Russians are studying a plan to drill holes for scientific purposes at five places on land to depths of six to nine miles (31,680 feet to 47,520 feet). So far, the United States has drilled holes over 25,000 feet deep, the Soviets about 17,000 feet. At sea, American drilling in water to a depth of 1,700 feet is stated to be nearly 100 times the Russian record to-date.

NEW PRODUCTS AND PROCESSES

Shock Treatment Preserves Milk for Long Time

A NEW "shock treatment" method of milk sterilisation, which makes it possible to store milk for a prolonged period of time, has been developed by a team of researchers at Alnarp, the Swedish University College of Dairy Engineering, in collaboration with A.B. Separator, the Swedish Alfa-Laval Company. Milk processed according to this method can be stored at least for four weeks at temperatures normal in the tropics without any change of flavour, colour or nutrition value, it is claimed.

The research team, consisting of Professors Karl Erik Thomé and Per Swartling, Dr. E. G. Samuelsson and a group of Separator engineers, departed from the well-known fact that sterile milk with all the properties could be obtained economically if an accurate heating process could be devised whereby the milk was exposed to the required heat for a sufficiently short time. The solution was found in an application of a process in which steam is used for both heating and chilling and in the design of the Vacu Therm Instant Steriliser, a fully automatic sterilisation plant.

In the new process, the milk is preheated and then given a shock treatment by being heated to 140° C. (284° F.) by jets of hot steam, then quickly chilled by evaporation in a vacuum chamber. This vacuum processing also frees the milk from any feed or similar taste. Milk obtained by this process is absolutely sterile, i.e. completely free from micro-organisms and thus suitable from the bacteriological standpoint for prolonged keeping. Previously applied techniques for prolonged milk storage—pasteurisation chemical and autoclave sterilisation—all have the disadvantages of either ensuring only a limited period of storage or affecting the food value, taste and colour of the milk. The new method is described by its originators as "kind to everying except bacteria."

The exact processing temperature in the Alfa-Laval Vacu Therm Instant Steriliser is achieved partly by an automatic super-sensitive regulating system and partly by a patented automatic "watchman" which returns insufficiently processed milk to the inlet of the sterilising plant. A special automatic device also ensures that the structure of the milk is unchanged during the process.* To ensure absolute sterility before the processing begins, another automatic device cleans and sterilises the machine according to a fixed time and temperature programme.

The operational cost of the installation is claimed to be exceptionally low, since both heating and chilling procedures are simplified by a highly-developed system of heat regeneration. Another advantage is that the installation can be adjusted to sterilise varying quantities of milk.

For obvious reasons, the whole process would be useless if aseptic filling into sterile containers were not possible. However, recent developments in packaging have run parallel with mechanical and technical innovations and there are now available on the market low-priced plastic-coated containers which can be filled and sealed by fully aseptic machines. The experts believe that the new milk sterilisation process may revolutionise milk supply and distribution in developing countries and tropical areas.

Flexible Aluminium Tubing

A recent development by the United Flexible Metallic Tubing Company Limited is the manufacture of flexible tubing in aluminium alloy. Hitherto, production of this type of tubing has been confined to galvanised steel, stainless steel and bronze. Many industries, however, face problems of handling particles, gases or fluids through flexible tubing where the special advantages of aluminium prove of particular value. For this product, aluminium strip is rolled and slit to fine tolerances and is then helically formed, by means of its interlocking edges, into tubing. A continuous sealing cord is introduced between the interlocking edges to maintain pressure tightness with flexibility.

The choice of a high strength alloy, Noral 54S (BS 1470 NS5) offers a tube suitable for pressure service at about one-third the weight of similar tubing in other metals. This is proving of special interest in road-tanker and other bulk handling applications where hoses must often be man-handled. Working pressures range from 300 p.s.i. for ¾ in. bore tubing to 75 p.s.i. for 12 in. bore tubing. The aluminium alloys, particularly the aluminium-magnesium type of which Noral 54S is in the higher strength range, are especially useful to industries handling or processing liquified gases or other materials at very low temperatures, at which many other metals suffer embrittlement.

In many conditions of service, flexible tubing must withstand corrosive gases or liquids. Aluminium's resistance to corrosion makes it suitable for use in many otherwise highly corrosive situations. As an example, United Flexible Metallic Tubing Company's new catalogue illustrates 8-in. bore flexible tubing assemblies made from Noral 54SO strip and used by Shell Tankers for flushing tanker pipelines and tanks with sea water.

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COMMON MARKET AND WORLD TRADE

U.S. HOPES TO BENEFIT BY U.K.'S ENTRY

[Britain's move to join the Common Market has entered the final stage. This has roused much concern among several countries, including India, which have close commercial relations with Western Europe. The largest industrial country in the world, namely, the U.S., however, is not apprehensive about the possible trade discrimination from the Common Market. On the contrary, many in that country seem to be confident that they can reap benefits from a strong and well-knit European market. In an article on "Common Market and World Trade," the latest (October) Monthly Letter of the First National City Bank of New York expresses the hope that increased demand for U.S. goods in Western Europe will offset the possible adverse effects of tariff changes in that part of the world. It observes that, in the long run, the expanded market, now being created in Europe, will materially enlarge outlets for U.S. exports, provided the Six follow liberal trade policies vis-a-vis non-member countries, "just as our (U.S.) economic growth and liberal import policies have enlarged European opportunities in this (U.S.) market." The full text of this cheerful review of the epoch-making development in Western Europe is published on this page.—ED.]

BRITAIN'S decision is a move of deep economic and political significance. It will promote Europe's unity and stability—an essential factor in the struggle for freedom and progress in the world. It will create the largest single market in the world, gaining substantial benefits from mass production and distribution. A rapidly expanding European market of some 300 million people will, it is hoped, lead, in turn, to increased demands for the products of other parts of the world and thus help expand world trade and improve the prospects for less-developed nations.

The flourishing conditions in the Common Market undoubtedly influenced Britain's decision to apply for membership. Trade within the Common Market has been greatly stimulated and is expanding much faster than trade with outsiders. Between 1957 and 1960, trade of E.E.C. nations among themselves went up by 44 per cent while British exports to the Common Market increased by only 22 per cent. True, Britain's trade with the United States, overseas Commonwealth countries, and other nations is of greater aggregate importance; but Britain could hardly disregard the fact that, right at its doorstep, the Community was rapidly becoming the world's largest market for imported manufactures.

Single European Market

The path to a single market for all of Free Europe is not an easy one. The Six, who have thus far been remarkably successful, will presumably wish to safeguard the essential features of the Community as presently constituted. Britain's application for membership in the Common Market is conditional on satisfactory arrangements being made to meet the interests of British agriculture, the Commonwealth and the other E.F.T.A. members. These matters will now be probed in detail. "There are," as Britain's Prime Minister Macmillan stated, "great risks from failure and great opportunities to be gained by success."

In particular, Britain's approach to the Common Market raises a host of issues with regard to its links with the Commonwealth. For a quarter of a century, Britain has been granting lower tariffs on its imports of products, such as sugar, meat, and dairy products from the West Indies, Australia, and New Zealand, and has, in turn, been given preferences for its exports to many Commonwealth countries. Britain's trade with the Commonwealth, even though diminishing in relative importance, nevertheless represents some two-fifths of its total trade. The merging of the British market into a common European one, surrounded by common import tariffs and guided by common commercial policies, poses great problems for Britain as well as for the overseas Commonwealth countries themselves. At the same time, European agricultural producers like France, Holland, and Italy want free access to the British market.

Furthermore, the six E.E.C. nations want to go beyond the mere freeing of trade among themselves: they seek to use free trade as an instrument of broader economic—and political—integration. Britain has traditionally preferred a less closely knit association with the Continent. Moves to "harmonise" Common Market economic, financial and social policies are proceeding, however, slowly and cautiously. Fiscal and monetary autonomy is, in principle, unimpaired. Each member State is responsible for its balance of payments; exchange policies, though "of common interest," remain national.

Nevertheless, the Common Market nations have made remarkable advances toward complete freedom of movement of capital and labour. So far as capital is concerned, restrictions have been practically abolished in Belgium and Germany; elsewhere, they have been greatly liberalised. Britain also makes large capital investments abroad, but has retained controls over capital exports to non-sterling countries.

Ultimately, of course, the vitality and the vigour of the Common Market will depend on the ability of each member to stand up to unrestrained competition, without customs or other obstacles, in its home market. This will require economic flexibility, adaptability, and efficiency; hence the crucial importance of Britain's current efforts to safeguard financial stability and make its economy truly competitive. But, if the Common Market imposes discipline, it also offers opportunity for expansion, and the two together are the main ingredients of economic success.

New Force in World Affairs

There is thus developing in Europe a powerful group of nations. Its strength is shown by the size of its population, larger than that of the United States or Russia (although Western Europe's area is smaller). Its steel output exceeds our own as well as Russia's, and its electricity and automobile production, while second to ours, are much larger than Russia's.

It is natural that European nations be concerned with the build up of foreign trade, for international division of labour and product specialisation have contributed vitally to their prosperity. This is reflected in the large trade among the European nations themselves as well as in their commerce with the rest of the world. Even if intra-European trade is excluded, Europe is the world's largest trader: its combined shipments to overseas countries are bigger than total U.S. exports.

Europe is also the world's largest market for primary products. It is the main importer of virtually all major commodities with a few exceptions like sugar and coffee, in which the United States is the leader. By and large, what happens in Europe is now as important for the course of world trade and prices as what happens in the United States.

Spurred by the new trading arrangements as well as by remarkably effective policies to foster output and investment, many European nations have attained enviable rates of economic growth. Industrial expansion in the Common Market countries since 1955 has proceeded at an annual rate of 7 per cent, and that in Western Europe as a whole at 5 per cent, as compared with 2 per cent in the United States. Up to a point, to be sure, this recent expansion represents a catching up of the large amount of ground lost during the 1930s and 1940s. But the impetus gained by diminishing commercial rivalries and the fragmentation of markets opens entirely new vistas.

Strong Financial Position

Financially, Europe's strength is evident in its large gold holdings—over $16 billion, as compared with some $17.5 billion in the U.S. reserve. In addition, Europe holds close to $9 billion in the form of short-term dollar claims. Once more, the leading European currencies command respect, with all the self-confidence that this implies.

It is true that Europe today is not a single economic entity. But the widening of the Common Market will strengthen the interdependence of European nations, which has always been important, and will release the dynamic forces of mass production in an environment of competition and efficiency. Wisely handled, economic unification can only be beneficial to Europe's productive power and living standards.

Trade with Outsiders

A Common Market enlarged through the accession of the United Kingdom and other E.F.T.A. countries would become an even bigger factor in world trade than the present Community. In this enlarged market, the problem of trade relationships with non-participating nations might thus become even more delicate than in the E.E.C. as presently constituted. Removing trade restrictions within a closed area helps insiders but puts outsiders at a disadvantage. Most countries outside Europe are naturally concerned with the growth of new tariff discriminations that may hurt their markets in Europe—for agricultural products, raw materials and manufactures.

So far, internal tariffs of Common Market countries have been cut 30 per cent below the 1957 level; another 10-20 per cent decrease, presently under consideration, would reduce tariffs by as much as 50 per cent only four years after the Common Market was established. Import quotas among members on industrial goods are to be eliminated by the end of this year. Within the E.F.T.A. group, the first tariff reduction of 20 per cent was carried out in July 1960 and an additional one of 10 per cent in July 1961, six months ahead of schedule. The dismantling of trade barriers has thus kept pace within each of the two groupings. The Common Market nations made the first adjustments in their tariffs against the rest of the world in January 1961, a year ahead of schedule.

Tariff Reductions

It is encouraging that a good part of last year's tariff reductions among the six founding Common Market nations was "generalised" to outside countries, including the United States. Furthermore, during this year's round of tariff discussions under the General Agreement on Tariffs and Trade (G.A.T.T.), the Common Market nations offered a 20 per cent across-the-board cut in the Community's industrial tariffs against non-members; full reciprocity would not apparently be required from the United States, which had made more than its share of tariff reductions in the years following the war. For instance, rates on automobiles are 8.5 per cent in the United States but 27-29 per cent in the Common Market external tariff as presently scheduled; the rate is 30 per cent in the United Kingdom.

The problem of trade barriers in the agricultural field is particularly difficult, owing to the need for developing a common agricultural policy in the Community. Not only the United States but also Latin America, the Commonwealth countries and other outsiders have a vital stake in the treatment of agricultural imports by Europe.

In the enlarged Common Market, much would obviously depend on the level of the common tariff against outsiders and the manner in which it would conduct its external commercial policy in general. The common tariff would have to be consistent with G.A.T.T., which requires that it should be no more restrictive than the individual rates prior to the establishment of a new customs union.

U.S. Vitally Interested

Like other outside countries, the United States is vitally interested in Europe's regional trading arrangements. Western Europe is our largest trading partner, and over the years has accounted for an increasing portion of our foreign commerce. Currently, our trade with Europe accounts for one-third of our exports and more than one half of our total trade surplus; U.S. exports to Europe exceeded imports from that area by $3 billion during the twelve months ended June 1961. Our trade surplus with Europe helps reduce our large payments deficits with Europe on account of services, defence outlays and capital investment.

The substantial expansion in our exports to Europe—at least until a few months ago—shows that increased demand for American goods can offset the adverse effects of tariff changes. In the long run, it must be hoped, the expanded

(Continued on page 762)

W. Europe, U.S. and Russia in Perspective

	E.E.C.	E.F.T.A.	W. Europe*	U.S.	Russia
Area (mill. sq. miles)	0.5	0.5	1.6	3.6	7.9
Population (million)	169	90	328	181	214
Gross national product:					
Total (billion $)	181	104	302†	504	n.a.
Per capita ($)	1,071	1,156	1,013‡	2,785	n.a.
Steel (million short tons)	80	35	118	99	72
Electricity (bill. kwh)	271	226	520	840	292
Automobile output (million)	3.4	1.5	4.9	6.7	0.1
Exports (billion $)	19‡	15‡	23‡	20	6
Gold reserves (billion $)	9.4	6.1	16.0	17.8	§

* Eighteen member nations of the Organisation for European Economic Co-operation.
† Excluding Spain.
‡ Excluding intra-regional trade.
§ Generally accepted Western estimates range from $4 to $6 billion.
n.a.—Not available.
Sources: Organisation for European Economic Co-operation and the United Nations. All data refer to 1960.

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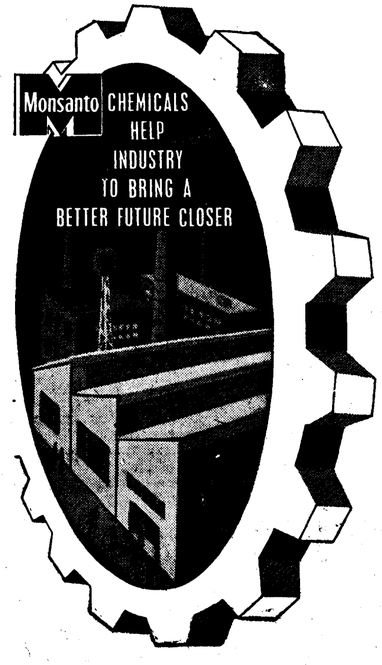

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EFFECTS OF RUPEE PAYMENT AGREEMENTS

FEDERATION URGES THOROUGH PROBE

ONE of the highlights of the memorandum submitted by the Federation of Indian Chambers of Commerce and Industry to the Import and Export Policy Committee (Chairman: Dr. A. Ramaswami Mudaliar) is the cogent plea for a thorough probe into India's trade under bilateral trade agreements. India has concluded bilateral trade agreements not only with East European countries of the Communist bloc in the form of rupee payment arrangements, but also with countries like U.A.R. (Egypt), Burma, Tunisia, etc. The obvious purpose of this arrangement is to ease immediate pressure on foreign exchange resources and to bring about an automatic balancing of imports and exports between India and the countries concerned. The experience hitherto has, however, shown that these arrangements have neither resulted in an increase in exports of non-traditional commodities or in saving foreign exchange. This journal itself had drawn attention to several defects in the working of the scheme (*vide* page 118 of *Commerce* dated 15th July 1961).

The rupee-payment agreements may immediately seem to effect a saving of foreign exchange inasmuch as no payments are required to be made out of free foreign exchange resources. In the long run, however, as the Federation pertinently remarks, the effect is different. The balance at the end of each year is carried forward from year to year to the credit of one country or another. If rupees are accumulated in India by countries which export goods to this country under the arrangement, those rupees will ultimately have to be settled by exports of Indian goods. Accordingly, these arrangements represent only a postponement of India's liability. In other words, as the Federation points out, though imports from the rupee-payment countries will obviate an immediate drain on India's foreign exchange resources, "the payment in rupees will mean payment of Indian goods of equivalent value." While imports from these countries serve to avoid expenditure on foreign exchange, exports to these countries will mean no addition to foreign exchange earnings.

Re-export of Indian Goods

There is increasing evidence that the rupee payment arrangements have tended to affect adversely the normal outlets for India's exports, because the rupee payment countries buy certain Indian goods only to be re-exported to other countries, which are already India's traditional customers. Elucidating this aspect, the Federation observes as follows:

"... some of the rupee payment countries have purchased our conventional items like tea, coffee, jute, textiles, etc., and re-exported them to our traditional markets at a lower price, thereby affecting our export trade in third markets. This has led to a disruption of our normal pattern of exports to some of the West European countries. For example, one country purchased coffee from India and sold the same to another, one of our traditional buyers, at a c.i.f. price which was even lower than the f.o.b. price in India. Similarly, it has been stated that another country bought considerable quantities of tea and jute which ultimately found their way into Continental markets, instead of being consumed in the country itself. A paradoxical result of these arrangements has been that, by exporting to these countries, we receive credit in our rupee account in favour of the State Bank of the country concerned or the State Bank of India, while these countries re-export our goods and earn foreign exchange as in the cases cited above. Further, it has been pointed out that the attempt to diversify our exports by increasing trade with the rupee payment countries has not resulted in a commodity-wise diversification. For example, even now the main items of our exports to these countries comprise commodities like tea, coffee, jute manufactures, hides and skins, raw wool, spices, iron ore, vegetable oils, tobacco, footwear, etc."

So much for exports from India. The position in regard to imports into India from countries that have agreed to accept rupees is also not wholly satisfactory. It is analogous to that of a person who has to buy goods on credit, as he has no other choice. The Federation points out:

"... goods of the exact specifications required are not offered by the countries willing to accept rupee payment, and an impression is prevalent that there is an attempt to supply inferior quality of goods on rupee account, while the better quality goods are reserved for normal exports. It has also been reported that items like steel of special quality and tested specifications required by engineering industries, stainless steel and alloy steel, M.S. steel sheets, carbon black for rubber industry, bright cold rolled steel strip, wires, etc., and a host of other items are either not available in these countries, or if available, are of poor quality. There are also reports that machinery and equipment supplied to India by these countries were imported in some cases from West European countries. It has been stated by some of our constituents that if imports are made from rupee payment countries, prices are higher by 15 to 30 per cent. The delivery periods are also stated to be uncertain and no after-sales service is generally offered by these countries."

Quality and Price

These views are virtually endorsed by the Paper Traders Association, in its separate memorandum submitted to the Ramaswami Mudaliar Committee. The Association observes that, under the trade arrangements with rupee payment countries, "we have to content ourselves with receiving what inferior qualities, or small or big quantities in specifications suitable to exporters at the other end, and, on top of it all, we have to pay prices out of all proportion to and much higher than the prices at which similar goods would normally be available to us from the sterling (or general) area." Giving a specific instance of import of tissue paper from Rumania, the Association says that the quality of this paper "was so inferior that the trade or the consumers would not normally accept this as tissue paper." Moreover, the price paid for it was much higher than the price at which better quality paper was available from the sterling area. After a detailed study of the trade under rupee payment, the Association concludes that they have proved harmful to India's economy. A similar apprehension about bilateral trade has been expressed in the memorandum of the Indian Merchants' Chamber (Bombay) as well. The I.M.C., too, admits that the prices of some kinds of capital goods imported from rupee payment countries are generally on the high side, though it concedes that there are certain exceptions. The prices of textile machinery imported from East Germany, Yugoslavia, Czechoslovakia and Poland, for instance, compare favourably with those quoted by other countries. Higher prices in certain cases, according to the I.M.C., may be partly due to the fact that they are imported from a third country and are being re-exported to India.

Existing rupee payment arrangements, on the whole, leave much to be desired. The aforesaid trade bodies, however, have not suggested the scrapping of these arrangements to *in toto*. The Federation feels that, because of the present foreign exchange difficulties, bilateral trade on non-convertible Indian rupees, has some part to play. But it stresses that the defects which are noted in the working of the system should be rectified. With this object in view, the Federation suggests that rupee-payment arrangements should be subject to two important conditions, namely, (1) goods bought from India, particularly those in the traditional lines, should be for internal consumption and not for re-export or resale to a third country, and (2) the importing country should buy a specified percentage of newly developing lines of exports from India. In regard to imports, the Federation says that it is necessary to ensure that prices charged by the exporting countries are reasonable and that the quality of goods is satisfactory. It has, however, not suggested any means by which this condition could be enforced.

Export Promotion

On the question of export promotion measures, one of the points made by the Federation, in the memorandum mentioned at the outset, is that, owing to delay caused by complicated procedures and fulfilment of several conditions, exporters have not been able to take full advantage of export promotion incentives. The Federation has suggested that, in the sphere of granting drawback of import and excise duties, the entire system should be reviewed and appropriate liberal procedures be introduced. It has suggested three measures, designed to make the existing export promotion measures more effective. They are:

"1. Currently, under export promotion schemes import of raw materials and components is allowed against exports of goods upto a certain percentage of the export value. The import of capital goods and equipments should also be allowed. This would help the Indian manufacturers to modernise their machinery.

"2. Again, import entitlement for raw material is available only when the goods exported have an import content. On the other hand, a manufacturer who exports goods manufactured out of indigenous raw material is not entitled to claim an import entitlement. This appears to be unsound in principle. It would, accordingly, be desirable to revise the import entitlement formula and also allow entitlement on the exported product which contains indigenous raw material.

"3. Further, at present, the manufacturer-exporter who effects exports to rupee payment countries is not entitled to obtain any incentive import licence from free currency areas. Many of our exportable goods can be manufactured out of raw materials and components imported from only non-rupee payment countries. The discrimination regarding the grant of incentive licence between exports to rupee payment and non-rupee payment countries should be removed."

The Federation has not concealed its disapproval of compulsory exports. It argues that a blanket provision that a certain percentage of production by each industry should be exported may well result in reducing the competitive capacity of India's exports and correspondingly strengthen the bargaining position of the foreign importer. It has, however, no objection to the introduction of a scheme for compulsory exports in respect of a few selected industries, provided it is done with the concurrence of the industries concerned and their associations agree to take an active part in organising the exports in a businesslike manner. The Federation, however, attaches greater importance to concessions in income-tax and sales tax, as well as to effective medium-term credit facilities at favourable rates of interest, as positive aids for promoting exports.

FIRE FIGHTING EQUIPMENTS

A public enquiry into the pricing policy of the fire fighting equipment industry was held by the Tariff Commission last week, with Mr. J. N. Dutta, a Member of the Commission, presiding. This question, it may be recalled, had been referred to the Commission sometime back by the Government of India, following complaints of higher prices by consumers. The major items of fire fighting equipments which are being manufactured in the country are fire extinguishers, fire-engines, crash fire tenders and fire trailer pumps. There are at present eight units in the organised sector engaged in the manufacture of these equipments. Maharashtra and West Bengal have three units each, and Madras and Delhi one each. Another unit has been licensed for Maharashtra and is expected to go into regular production shortly. In addition, there are about sixteen units in the small-scale sector, which are producing various types of fire extinguishers and their components.

It was only after 1956 that the fire fighting equipments industry was brought within the purview of the First Schedule to the Industries (Development and Regulation) Act, 1951. Even after 1956, all the units have not been registered. So reliable data on capacity and production are not available. According to the data collected by the Commission from the producers, the total number of fire extinguishers produced in the organised sector in 1960 was 42,374, as compared with 45,454 in 1959 and 24,930 in 1958. The number of fire engines produced rose from 21 in 1958 to 33 in 1959 and 71 in 1960. About 17 fire trailer pumps were produced in 1960, as against 15 each in 1959 and 1958. According to a producer, demand for fire extinguishers is about 6,500 in 1961 and will go up to 8,000 in 1962 and 10,000 in 1963. These figures do not appear to be correct. Since there are only less than ten units in the field (in the organised sector), it should not be difficult for the Tariff Commission to collect adequate data.

The main raw materials required for the manufacture of fire extinguishers are black M.S. sheets, copper and brass sheets, brass and gunmetal castings, lead, tin, paints, cellulose lacquer, springs and chemicals. Most of the above materials, except one of the chemicals, namely, carbon tetrachloride, are available indigenously. Many producers have complained that they find it difficult to procure requisite quantities of black M.S. sheets in accordance with their requirements. It is generally found that there is considerable scarcity of sheets in the country which is expected to be relieved only after the production of sheets at the Rourkela Plant reaches a satisfactory level. In regard to trailer pumps and fire engines, the principal ingredients—apart from some of the raw materials already mentioned—are an engine and a pump for the former, and a chassis fitted with engine and a pump for the latter, with auxiliary basefittings. Apart from M.S. sheets they require various other iron and steel materials, such as angle iron, flat iron, iron plates, rounds and channels, etc., for body building purposes. The principal equipment in respect of chassis and engines are available indigenously and some units have started manufacture of fire pumps which are of a special design and had to be imported hitherto. The power take-off appliance which is required for fire engines, with pumps mounted on the rear, has to be imported. One of the firms has indicated that it has plans for manufacturing the power take-off unit indigenously by 1962. With regard to fire pumps, some of the manufacturers had been importing them from outside for mounting on fire engines and trailers. Such imports, it is understood, are no longer allowed as some of the indigenous firms have started, and some more are likely to start, manufacturing such pumps in India.

There have been some small imports of fire-fighting equipments. In 1960, for instance, 1,805 fire extinguishers (worth Rs. 2 lakhs) were imported, as against 1,364 (worth Rs. 1.4 lakh) in 1958. The number of fire engines imported in 1960 was four (valued at Rs. 1.85 lakh), as against 23 (Rs. 20 lakhs) in 1958. India has developed some exports of fire extinguishers, too, particularly to Ceylon and Thailand. The total number of fire extinguishers exported was 1,468 (valued at Rs. 42,000), as compared with 750 (Rs. 23,800) in 1959 and 357 (Rs. 15,300) in 1958.

HEAVY DECLINE IN PROFITS OF KHATAU MILLS

DIVIDEND DRASTICALLY CUT

THE fortunes of the Khatau Makanji Spinning and Weaving Company Ltd. (Managing Agents: Messrs. Khatau Makanji and Company Private Ltd., Bombay) for the year ended 30th June 1961, have taken a sudden turn for the worse. The excellent working results achieved in the previous year have proved short-lived and whatever progress the Company had made during that year in profits and dividend distribution have been completely wiped out. Not only have the gross and net profit figures fallen substantially below their 1959-60 levels, but are in fact the lowest to be recorded during any of the past three years. Price reductions in finished goods and higher costs of imported raw materials are reported to have been the contributory factors. It will be remembered, in this connection, that the bulk of the Company's production falls within the fine and superfine varieties and for this the Company has to depend predominantly—to the extent of about 80 to 90 per cent—on imported cotton. The prices of foreign cotton and colours and chemicals which were ruling high during the year have also adversely affected the Company's profit. Moreover, price reductions, effected twice during the year on cloth and yarn, also contributed to a reduction in the profit margins. Thus, although the sale of cloth, yarn and waste has increased by Rs. 11.56 lakhs to Rs. 524.22 lakhs, the gross profit has declined to Rs. 49.01 lakhs from the all-time high of Rs. 100.15 lakhs a year ago.

The fall in gross profit has brought about a reduction in the provision for Managing Agents' commission from Rs. 8.54 lakhs to Rs. 3.20 lakhs and in that for taxation by Rs. 21.20 lakhs to Rs. 13.00 lakhs. Provision for depreciation, however, has had to be increased by Rs. 2.04 lakhs to Rs. 16.78 lakhs, owing to a higher depreciable block. After these essential provisions, the net profit has shown a fall of as much as Rs. 26.64 lakhs (or 62.5 per cent) to Rs. 16.03 lakhs. Transfer to reserves has been cut down from Rs. 21.66 lakhs to Rs. 4.30 lakhs and is confined to a credit to the development rebate reserve. The general reserve, which had received Rs. 17.52 lakhs during the previous year, does not get anything for the year under review. After setting aside Rs. 1.56 lakh to cover the preferred dividends for the year, the Directors propose an ordinary dividend at 16 per cent, subject to deduction of tax, or half of that paid for 1959-60. This will absorb Rs. 9.58 lakhs, leaving a carry forward of Rs. 0.98 lakh. Thus the Company has, after a spell of good fortune lasting for just one year, again reverted to the dividends for 1958-59. Prospects for improvement in ordinary dividends for the current year also do not appear promising, since the Directors themselves report that "there have been no material changes in the working of the Company since the end of the financial year."

The results of operation of the Company during the past four years are presented synoptically in the comparative table given below:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sales (gross)	5,24.22	5,12.66	4,92.48	4,73.08
Other income	2.51	1.74	1.50	2.40
Closing stocks of finished goods	68.82	70.77	59.59	57.79
Raw materials, stores, chemicals, etc., consumed	2,61.81	2,23.75	2,43.46	2,35.22
Salaries, wages and bonus	1,60.48	1,52.91	1,39.50	1,38.46
Other expenses	53.48	48.77	49.56	48.84
Gross profit	49.01	1,00.15	62.96	59.12
Managing Agents' commission	3.20	8.54	4.82	1.55
Provision for—				
Depreciation	16.78	14.74	14.73	13.68
Taxation	13.00	34.20	18.90	5.50
Net profit	16.03	42.67	24.51	8.44
Transfer to reserves	4.30	21.66	13.28	1.74
Dividends—				
Preference	1.56*	1.71*	1.71*	1.20
Ordinary	9.58	19.16	9.58	5.98
	(16%)*	(32%)*	(16%)*	(10%)
Carry forward	0.98	0.89	0.24	0.80

* Subject to deduction of tax.

Following the programme of renovation and extension of its productive facilities, the Company acquired during the year under review, new assets worth Rs. 30.72 lakhs, thus bringing the gross value of its fixed assets to Rs. 399.59 lakhs. Deducting from this Rs. 284.70 lakhs as the depreciation earned to-date, the net block works out to Rs. 114.89 lakhs or less than one-third of the gross block. The current assets are worth Rs. 363.44 lakhs and more than fully cover loans, current liabilities and provisions aggregating Rs. 300.47 lakhs. The net worth of the Company is Rs. 177.86 lakhs, represented by Rs. 29.92 lakhs in preference share capital, Rs. 59.87 lakhs in equity capital and Rs. 88.07 lakhs in reserves and surplus.

The present market quotation for the Rs. 100 fully paid ordinary share of the Company on an *ex-div.* basis is Rs. 430.05. At this price, the share fetches a net yield of 2.6 per cent per annum.

PROGRESS OF T. STANES ENCOURAGING

The statement of accounts of T. Stanes and Company Ltd. (Managing Director: Mr. E. H. Stanes, Coimbatore) for the six months ended 31st March 1961 has just reached us. The Company, which is now a subsidiary of Messrs. Simpson and Company Ltd., had to change its accounting year as required by Section 212(2) of the Companies Act. During the half-yearly period, its sales amounted to Rs. 42.29 lakhs, as against Rs. 80.88 lakhs in the previous full year and Rs. 68.04 lakhs for 1958-59. Thus the upward trend of its turnover had been well maintained during the period under review. The other income, which is mainly derived by way of dividend from its subsidiaries, amounted to Rs. 5.53 lakhs for the half-year period as against Rs. 9.98 lakhs for the year ended 30th September 1960. The total expenses including raw materials and stores consumed were of the order of Rs. 46.92 lakhs as against Rs. 79.47 lakhs for 1959-60 which shows that, proportionately, they had gone up rather sharply. The gross profit for the half-year under review amounted to Rs. 5.06 lakhs, as compared with Rs. 8.90 lakhs for the preceding full year, thus showing a rise of Rs. 1.22 lakh on a proportionate basis. The improvement is partly due to the larger closing stocks at Rs. 11.57 lakhs as against Rs. 7.40 lakhs in the previous full year, and partly to the improvement in sale proceeds.

After providing Rs. 33,000 for depreciation (Rs. 65,000 in 1959-60) and Rs. 1.55 lakh for taxation (Rs. 3.25 lakhs in 1959-60), the net profit works out to Rs. 3.18 lakhs for the half-year, as against Rs. 5 lakhs for the preceding full year. The Directors have decided to pay the ordinary dividend at the rate of 30 per cent per annum (gross) for the half-year. This dividend compares favourably with the dividend for the year ended 30th September 1960, when the shareholders received a dividend of 32½ per cent (gross) including the centenary bonus of 5 per cent which shows that the Directors have actually stepped up the dividend proper by 2½ per cent. The Directors have set aside an amount of Rs. 1 lakh to reserves, as against Rs. 1.13 lakh in the previous year.

The following comparative table gives a synoptic view of the progress of the Company in the three and half years ended 31st March 1961:

(In lakhs of rupees)

	For the six months ended 31st Mar. 1961	For the year ended 30th September		
		1960	1959	1958
Sales	42.29	80.88	68.04	55.89
Other income	5.53	9.98	7.94	9.18
Closing stocks	11.57	7.40	9.84	7.79
Expenses (including raw materials consumed)	46.92	79.47	70.95	59.02
Gross profit	5.06	8.90	7.15	5.41
Provision for—				
Depreciation	0.33	0.65	0.56	0.51
Taxation	1.55	3.25	2.35	2.00
Net profit	3.18	5.00	4.24	2.90
Excess provisions written back	0.10	..	..	..
Transfer from reserve	..	0.04	0.88	..
Transfer to reserves	1.00	1.13	1.76	0.62
Dividends—				
7 per cent preference	0.05	0.09	0.11	0.07
Ordinary	1.75	3.76	3.18	2.31
	(30%)*	(32½%)*†	(27½%)*	(20%)
Carry forward	0.92	0.41	0.42	0.46

* Subject to deduction of tax.
† Includes centenary bonus of 5 per cent, subject to tax.

In their report to shareholders, the Directors have stated that the Company and its subsidiaries made satisfactory progress during the period under review. But, in view of the changes in the financial year of some of the subsidiaries, the results are not strictly comparable with the previous years.

The turnover in the new car department of the Stanes Motors Ltd., one of the subsidiaries of the Company, has been satisfactory, thanks to the availability of supplies of Hindustan, Ambassador and Bedford Trucks. Other departments of the subsidiary also showed promising results. Total sales of the United Coffee Supply Company, another subsidiary of the Company, for the six months were of the order of Rs. 37.27 lakhs, as against Rs. 36.32 lakhs in the corresponding period for 1959.

The Rs. 10 fully paid shares of the Company are well favoured by investors. They are currently quoted at Rs. 31.50 *ex-div.* At the proposed rate of dividend, the net yield on them works out to 6.6 per cent per annum.

HINDUSTAN ELECTRIC RECOVERS

REPAYMENT OF DIVIDENDS RESUMED

WITH the reopening of its Howrah Works from 10th October 1960, the Hindustan Electric Company Limited (Managing Agents: Messrs. Dharamsinh and Company, Bombay) has come into its own again. In refreshing contrast to its working in the previous year, which resulted in a loss, for the first time in its ten-year history, of Rs. 4.08 lakhs due primarily to the closure of the factory at Howrah from 10th December 1959, and the inevitable skipping over the dividend on both preference and equity capital, the Company has staged a smart comeback in all directions during the year ended 30th April 1961. It has cleared the arrears of preference dividend and declared a dividend on both preference and equity capital for the year under review.

Following the reopening of the Howrah factory, production improved steadily, reducing the overheads, and satisfactory progress was made in consolidation. Sale proceeds increased from Rs. 157.01 lakhs to Rs. 191.54 lakhs and yielded a gross profit of Rs. 8.96 lakhs, against a debit balance of Rs. 0.38 lakh in the previous year. After providing for depreciation at Rs. 2.85 lakhs (Rs. 3.58 lakhs), taxation at Rs. 1.00 lakh (*nil*) and Managing Agents' remuneration at Rs. 0.35 lakh (*nil*), the Company has earned a net profit of Rs. 4.68 lakhs, as against a loss of Rs. 4.08 lakhs in the previous year. The Directors have recommended a dividend of Rs. 7.80 per share of Rs. 100 each, subject to deduction of tax, on the preference capital for the previous year and the year under review, giving a net return of Rs. 5.46 per share against a gross dividend of Rs. 8.57, or net of Rs. 6 per share, paid for 1958-59. They have also proposed a taxable dividend of Rs. 4 per share of Rs. 100 each on the equity capital, giving a net return of Rs. 2.80, for the year under review against Rs. 10 gross, or Rs. 7 net, paid per share for 1958-59. The dividends take away Rs. 4.72 lakhs. Allocations to reserves are higher at Rs. 3.33 lakhs, against Rs. 0.12 lakh in the previous year.

The comparative table below gives a fair idea of how the Company has fared in the past four years:

(In lakhs of rupees)

	For the year ended 30th April			
	1961	1960	1959	1958
Sale proceeds	1,91.54	1,57.01	1,89.26	1,94.85
Closing stocks of finished goods and work-in-progress	35.25	35.64	38.75	26.53
Raw materials and stores consumed	1,13.94	94.59	1,16.62	1,25.82
Other expenses	78.99	72.51	80.03	84.96
Gross profit (+) or loss (—)	+8.96	—0.38	+12.51	+14.90
To provision for—				
Depreciation	2.85	3.58	4.39	5.13
Taxation	1.00	..	1.78	2.11
Managing Agents' remuneration	0.35	..	0.91	1.04
Net profit (+) or loss (—)	+4.68	—4.08	+4.86	+6.62
Provisions written back	4.51	..	1.10	2.45
Goodwill and expenses written off	..	..	..	3.35
Transfer to reserves	3.33	0.12	0.70	1.44
Dividends—				
Preference 6% cumulative	3.12	..	1.71	1.20
	(7.8%)*		(6.57)*	(6%)
Ordinary	1.60†	..	4.00	2.80
	(4%)*		(10%)*	(7%)
Carry forward	0.39	—0.51‡	0.57	0.45

* Subject to deduction of tax. † For both 1960 and 1961.
‡ After meeting the loss by transferring Rs. 3 lakhs from genera reserve and from Rs. 0.57 lakhs brought forward from the previous year.

Back to normal, the Company should now be in a position to resume its onward march. It has been sanctioned power by the Punjab Electricity Board for putting into operation its non-ferrous rolling mill at Faridabad, which was scheduled to commence production from the last month. The mill has an annual capacity of 240 tons of A.C.S.R. and all aluminium conductor accessories on a single shift. Adequate electric power has been sanctioned for the Baroda Works to run economic production at first of transformers and later of motor control gears. Production in the Rihand-Banaras Works, with a tentative installed capacity of 5,000 tons of A.C.S.R. and all aluminium conductors, is expected to start by February-March 1962. The general market conditions for the Company's products are said to be favourable.

The share capital of the Company has been maintained at the last year's level of Rs. 60 lakhs, of which Rs. 40 lakhs are in equity, and the balance preference. Reserves and surplus, however, make a modest total of Rs. 4.99 lakhs, and it is necessary to augment them. The gross block account of the value of Rs. 58.51 lakhs has been written down to Rs. 30.17 lakhs.

JAY ENGINEERING'S SALES SHOOT UP

PROFIT MARGIN, HOWEVER, LOWER

THE growing popularity of 'Usha' sewing machines and 'Usha' fans is fully reflected in the financial results of the Jay Engineering Works Ltd. (Managing Agents: Messrs. Madan Mohan Lall Shri Ram and Company Ltd., New Delhi) for the year ended 31st March 1961. The output of both sewing machines and fans has recorded a handsome rise from 242,000 and 346,000 in 1959-60 to 256,000 and 514,000, respectively, in the year under review. Sale proceeds rose to the impressive figure of Rs. 875.13 lakhs from Rs. 715.71 lakhs in the previous year and Rs. 468.33 lakhs in 1957-58. Thus, within a period of the last four years, the value of sales has gone up by Rs. 406.80 lakhs or by as much as 86.9 per cent. Reflecting the larger output, closing stocks were substantially higher at Rs. 207.27 lakhs, as against Rs. 147.98 lakhs in 1959-60 and Rs. 127.10 lakhs in 1958-59. But the gross profit has improved only by Rs. 9.91 lakhs to Rs. 91.85 lakhs, and the profit margin (the ratio of gross profit to sales) has actually declined from 11.4 per cent in 1959-60 to 10.4 per cent in 1960-61. This is due to two factors. First, the costs of production have registered a steep rise; thus the value of raw materials and stores consumed has jumped up by Rs. 100.31 lakhs or by more than 32 per cent to Rs. 411.08 lakhs and other manufacturing expenses which include salaries and wages of the staff by Rs. 99.23 lakhs to Rs. 450.75 lakhs. Secondly, there was a reduction in the prices of fans, by Rs. 5 in ceiling fans and Rs. 2.50 in table fans. It is thus noteworthy that the Company has tried to pass on the benefit of larger turnover to consumers and that in a year of rising production costs.

The net profit shows a much smaller rise of Rs. 2.46 lakhs to Rs. 34.70 lakhs, thanks to the larger provision for depreciation at Rs. 29.36 lakhs, as against Rs. 23.55 lakhs in 1959-60 and for taxation at Rs. 22.85 lakhs, as against Rs. 19.50 lakhs in 1959-60. Only the Managing Agents' commission has decreased from Rs. 6.65 lakhs in 1959-60 to Rs. 4.94 lakhs. The Directors have decided to maintain the dividend at the previous year's level of 17.15 per cent gross, which gives a net dividend of 12 per cent. But, as this dividend is to be paid on the increased capital of Rs. 107.49 lakhs, the amount required for paying this dividend is of the order of Rs. 18.43 lakhs, as against Rs. 15.63 lakhs in the previous year. The dividend on 10 per cent (taxable) preference shares absorbs Rs. 5 lakhs, same as in the preceding year. The allocation to reserve is a shade lower at Rs. 11.26 lakhs, as against Rs. 11.80 lakhs in 1959-60.

The progress of the Company since 1958-59 is depicted in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	875.13	715.71	529.28	468.33
Hire-purchase sales	14.22	4.93	3.96	3.27
Closing stocks	207.27	147.98	127.10	57.19
Raw materials and stores consumed	411.08	310.77	251.12	204.28
Other expenses	450.75	351.52	282.59	215.29
Gross profit	91.85	81.94	71.61	62.32
Managing Agents' commission	4.94	6.65	5.88	5.21
Provision for—				
Depreciation	29.36	23.55	21.56	19.09
Taxation	22.85	19.50	25.00	14.45
Net profit	34.70	32.24	19.22	24.07
Transfer to reserves	11.26	11.80	5.04	15.70
Dividends—				
7 per cent. preference	5.00	5.00	3.24	0.84
Ordinary	18.43 (17.15%)*	15.63 (17.15%)*	10.91 (12%)	8.23 (12%)
Carry forward	0.07	0.06	0.05	0.02
Production of—				
Fans (number)	514,000	346,000	270,807	N.A.
Sewing machines (number)	256,000	242,000	197,126	N.A.
Exports of—				
Fans (number)	65,000	44,000	21,497	N.A.
Sewing machines (number)	65,000	42,000	23,716	N.A.

* Subject to deduction of tax.

A notable feature of the Company is the drive for earning foreign exchange for the country. For some years now, the Company has been making vigorous efforts to promote sales of fans and sewing machines in overseas markets. As a result, exports of its sewing machines and fans have gone up from 42,000 and 44,000 in 1959-60 to 65,000 and 65,000, respectively, in 1960-61 and the value of foreign exchange earned has risen from Rs. 82.50 lakhs to Rs. 113 lakhs.

It is well known that, in order to popularise its sewing machines, the Company has been running Usha training schools all over the country. The number of such schools now stands at 800 as against 700 in the preceding year. The Company intends to introduce the Zig Zag sewing machine in the internal market during the current year. Its plans for expansion appear to be making satisfactory progress. It has already received approval from the Government for establishing a factory for the manufacture of sewing machines at Hyderabad, with a capacity of 100,000 machines per annum on a single-shift basis. To finance its various expansion projects, the Company issued 607,500 shares of Rs. 10 each at a premium of Rs. 7.50 per share, of which Rs. 13.25 per share (including a premium of Rs. 5.75 per share) had been called up up to 21st August 1961.

The Company's financial position, as disclosed by its balance-sheet as at 31st March 1961, is quite sound. The share capital of Rs. 157.49 lakhs, comprising Rs. 50 lakhs in 10 per cent (taxable) 50,000 redeemable cumulative preference shares of Rs. 100 each and Rs. 107.49 lakhs in 911,250 fully paid ordinary shares of Rs. 10 each and 607,009 partly paid ordinary shares of Rs. 10 each is supplemented by Rs. 116.85 lakhs of reserves and surplus. Secured loans aggregate Rs. 349.92 lakhs, of which Rs. 27 lakhs are in the form of debentures, the balance being loans from the Industrial Finance Corporation, the Government of India and the State Bank of India. In addition, there are unsecured loans and deposits of Rs. 113.98 lakhs. Other current liabilities and provisions amount to Rs. 274.57 lakhs. As against this total indebtedness to outsiders of the order of Rs. 738.47 lakhs, the Company's current assets stand at Rs. 746.26 lakhs. The gross block of the Company has risen from Rs. 371.16 lakhs in 1959-60 to Rs. 434.87 lakhs and has been well written down to Rs. 265.41 lakhs, the depreciation provided being Rs. 169.46 lakhs.

During the current year, the Company has placed orders for capital goods amounting to Rs. 10.19 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are being currently quoted at Rs. 27.25 *ex-dividend*. On the basis of the net dividend at Re. 1.20 per share, the net yield on them works out to 4.4 per cent per annum.

LUCAS-T.V.S.

Lucas-T.V.S. Private Limited, a company proposed to be incomporated in Madras for the manufacture of automobile electrical equipment, in collaboration with Messrs. Joseph Lucas (Industries) Ltd. in U.K., has been accorded consent to issue capital of Rs. 2 crores, divided into 200,000 equity shares of Rs. 100 each, for cash at par. Of the said capital, 60 per cent will be subscribed by the foreign collaborators.

INDIA REFRIGERATION INDUSTRIES

India Refrigeration Industries Limited, a new company in Delhi, has been granted consent to the issue of capital of Rs. 50 lakhs consisting of equity shares of Rs. 10 each of the value of Rs. 36 lakhs and the balance in 9 per cent free of Company's tax but subject to deduction of taxes at source, cumulative, redeemable preference shares of Rs. 100 each. The Company will manufacture sealed units for refrigerators and air conditioners.

(Concluded from next column)

March 1956. Free reserves thus amount to only Rs. 45.11 lakhs. Total loans stand at Rs. 30.00 lakhs, of which Rs. 20 lakhs are from the I.F.C., and current liabilities at Rs. 90.39 lakhs. On the assets side, the net block is worth Rs. 285.96 lakhs against a gross value of Rs. 400.14 lakhs. Construction in progress and advance to suppliers and contractors aggregate Rs. 23.21 lakhs. Current assets, including investments, loans and advances, are placed at Rs. 127.98 lakhs and are sufficient to cover all current liabilities.

The construction work on the Company's expansion project is going on well and the equipment for the metal production section have been since shipped. The Directors expect that additional metal will flow out of the plant early in 1962. Orders for the plants to fabricate aluminium metal into sheets, circles, foils, extrusions and A.C.S.R. cables, etc., as well as for the aluminium plant are being finalised.

Despite the fact that the Company's plant even after expansion will be a smaller unit in comparison with other concerns coming up elsewhere in the country, the Directors anticipate that, in view of the completely integrated plant and long experience in the industry, the advantage arising out of size will be on the side of the Company and that for this very reason it would be in a position to offer its products at competitive rates.

Currently, the Rs. 10 fully paid ordinary share of the Company is quoted on the Calcutta Stock Exchange at Rs. 14.72 and, at this price, the net yield works out to 5.7 per cent per annum.

SALES OF ALUMINIUM CORPORATION DECLINE

NO CHANGE IN DIVIDEND

NOTWITHSTANDING the fact that production by all the departments was satisfactory and in certain cases had even improved, the sales realisation of the Aluminium Corporation of India Ltd. (Managing Agents: Messrs. J. K. Industries Private Ltd., Calcutta) during the year ended 31st March 1961 declined by Rs. 1.26 lakhs to Rs. 128.12 lakhs. No doubt the drop in sales appears moderate, but it must be noted that a portion of the sales is covered by the excise duty paid on aluminium which has risen sharply to Rs. 12.08 lakhs as compared with Rs. 1.32 lakh a year ago. The Directors in their report to shareholders state that, if sales during the year (excluding excise duty) were lower in comparison with those in the year preceding, it was because, during 1959-60, the Company could sell off in that year all the stock of finished goods accumulated during prior years. Although this might well have been the case, the fact nevertheless remains that there has been a substantial fall in the turnover and that, too, when consumption of aluminium in the country has been showing an upward trend and the Company's products themselves have been in good demand.

In spite of increase wages and increases in cost of stores, raw materials, and transport expenses, the management has been able to maintain the cost of production within reasonable limits. The gross profit has, therefore, been affected only to the extent to which sales have decreased, showing a decline of Rs. 5.20 lakhs to Rs. 33.89 lakhs. The managing agency commission has been pruned to Rs. 2.06 lakhs from Rs. 2.89 lakhs for the previous year. Provision for depreciation has been sharply reduced by Rs. 4.24 lakhs to Rs. 4.76 lakhs, while that for taxation has been brought down to Rs. 13.00 lakhs from Rs. 14.50 lakhs. As a result of these decreases in essential provisions, the net profit has gone up by Rs. 1.37 lakh to Rs. 14.07 lakhs.

The results of operation of the Company during the past four years are setforth in the comparative table below:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sales	128.12	129.38	125.78	96.25
Other income	3.00	2.77	1.92	1.12
Closing stocks of finished product	16.72	7.01	14.31	15.13
Excise duty	12.08	1.32	..	..
Raw materials and stores and spare parts consumed	31.00	29.27	31.71	28.67
Salaries, wages and bonus	42.16	38.95	36.50	32.58
Other expenses	19.90	17.12	19.83	13.07
Gross profit	33.89	39.09	38.85	29.24
Managing Agents' commission	2.06	2.89	2.95	2.04
Provision for—				
Depreciation	4.76	9.00*	10.00*	14.00*
Taxation	13.00	14.50	16.50	3.00
Net profit	14.07	12.70	9.40	10.20
Provisions no longer required	11.50	..	..	..
Miscellaneous write offs and expenses	0.09	1.12	..	..
Transfer to reserves	14.07	1.06	1.15	4.24
Dividends—				
Preference	3.06†	3.06†	2.40	2.20
Ordinary	7.50 (12%)†	7.50 (12%)†	6.25	5.18
Carry forward	1.33	0.48	0.52	0.92

* Inclusive of arrears: 1957-58: Rs. 6.00 lakhs; 1958-59 Rs. 3.00 lakhs; and 1959-60: Rs. 4.00 lakhs.

† Subject to deduction of tax.

Owing to changes introduced in the mode of computation of depreciation by the Companies (Amendment) Act 1960, the Company has been obliged to transfer back to the profit and loss account Rs. 9.84 lakhs being the amount of depreciation provided over and above the normal depreciation allowable under the Income-tax Act. In addition Rs. 1.66 lakh has also been similarly credited to the account being provision no longer necessary. Out of the balance thus available, the Directors have transferred Rs. 14.00 lakhs to the general reserve (as against Rs. 1.00 lakh last year) and Rs. 7,107 (as against Rs. 6,356) to the statutory development rebate reserve. Preference dividends, subject to deduction of tax, claim, as during the previous year, Rs. 3.06 lakhs. Ordinary dividends have been maintained at 12 per cent, subject to deduction of tax, and absorbs Rs. 7.50 lakhs. The carry forward is Rs. 1.33 lakh, as against Rs. 47,746 brought in.

Financially, the Company is in a fairly strong position as can be seen from the balance-sheet as at 31st March 1961. The share capital of Rs. 102.00 lakhs is supported by as much as Rs. 218.93 lakhs in reserves and surplus. However, a large portion of this, namely, Rs. 173.82 lakhs, merely represents a capital reserve not available for distribution of dividend, as it has been created through an upward revaluation of the fixed assets during the year ended 31st

(Continued in previous column)

RESULTS OF GOUREPORE AND NUDDEA

DIVIDENDS CUT—CURRENT YEAR'S PROFIT MAY BE LOWER

THE foresight with which the management of the Gourepore Company Ltd. and the Nuddea Mills Company Ltd., both belonging to the MacNeill and Barry group of enterprises, built up enough stocks of raw jute towards the close of 1959-60 has undoubtedly paid the companies fair dividends during the year ended 31st March 1961. Although the year had not been an easy one for trading and it was seldom possible to operate profitably for any position by the simultaneous purchase of raw jute and sale of finished products, the working of the companies for the first six months of the year remained singularly unaffected by the quick rise in jute prices. The restrictions in production which took place during the second half of the year had but a limited effect on the fortunes of the Gourepore Company Ltd., which continued to earn profit at reasonable levels. In the case of Nuddea Mills Ltd., however, the decline in output led to a rise in costs and a consequent drop in profits.

The demand for the specific products of the Gourepore Company Ltd., from all parts of the world and India itself, continued to be good, despite higher prices and, as a result, the sale proceeds increased by as much as Rs. 147.89 lakhs to Rs. 511.07 lakhs. As could be anticipated, a large portion of this rise was absorbed by increasing costs of raw materials, stores and services. The gross profit has, therefore, increased only fractionally from Rs. 42.98 lakhs to Rs. 44.08 lakhs. The net profit has, on the other hand, decreased by Rs. 10.32 lakhs to Rs. 16.04 lakhs, owing to substantially higher provisions for depreciation (Rs. 10.49 lakhs, as against Rs. 5.92 lakhs) and taxation (Rs. 14.50 lakhs as compared with Rs. 6.85 lakhs). Transfer to reserves has been reduced from Rs. 19.21 lakhs a year ago to Rs. 9.01 lakhs during the year under review. The setback in disposable profits has necessitated a cut in the rates of dividends on equity shares. Ordinary dividends which were declared at 30 per cent, subject to deduction of tax, and had absorbed Rs. 7.20 lakhs during 1959-60, have been again brought down to 25 per cent subject to deduction of tax and absorb Rs. 6.00 lakhs.

Although the sales of the Nuddea Mills Company Ltd. have risen to Rs. 344.08 lakhs from Rs. 251.20 lakhs during the previous year, the restrictions on output, already referred to above, have adversely affected the gross profit which shows a fall of Rs. 7.98 lakhs to Rs. 17.75 lakhs. After providing Rs. 0.85 lakh (Rs. 2.05 lakhs) for Managing Agents' commission, Rs. 9.17 lakhs (Rs. 6.02 lakhs) for depreciation and nil (Rs. 0.43 lakh) for taxation, the net profit stands lower at Rs. 7.73 lakhs as against Rs. 17.23 lakhs for 1959-60. Transfer to reserves has been pruned to Rs. 5.59 lakhs, as against Rs. 12.33 lakhs and the rate of ordinary dividends has also been reduced from 8 per cent to 6 per cent, both subject to deduction of tax.

As disclosed by their respective balance-sheets, the financial position of both the Companies is strong. In each case the paid-up share capital is supported by adequate reserves and surplus, the gross block is well written down and the current assets more than fully cover the current liabilities and loans put together.

The following comparative table presents the progress made by these two Companies during the past four years:

Speaking of the prospects for the Gourepore Company, the Directors remark:

"Higher costs arising from additional cutbacks in production which have taken place during the current year as well as an appreciable slackening of demand for your Mill's specialities, including carpet backing, have led to unprofitable working during the first six months of the current year. There are signs, however, that consumers are now ready to renew buying at the lower price level ruling today and it is anticipated that, before the end of the year, with production fully restored, your Company will again be on a profit-earning basis. The final results for the year will inevitably compare most unfavourably with what we have come to expect during the last few years."

A similar note of caution has been struck by the Directors of the Nuddea Mills Company Ltd. They state:

"It has not been possible to operate profitably during the first six months of the current year due to the further rise in cost of production consequent upon additional restrictions in production as well as due to the highly unfavourable relative parities of raw materials and finished goods. Prospects for the second half of the year are, however, more encouraging and, it is hoped, will provide the mill with an opportunity to return to profitable working. The final results are, however, likely to reveal a considerable reduction in profits earned when compared with the previous year."

The *cum*-dividend prices of the Rs. 100 fully paid ordinary share of the Gourepore Company and of the Rs. 50 fully paid ordinary share of the Nuddea Mills Company are Rs. 374.00 and Rs. 47.25 respectively. On an *ex-div.* basis, the net yield works out to 4.9 per cent and 4.6 per cent per annum, respectively.

ASHOK LEYLAND'S DELIVERIES RISE MARKEDLY

A considerable increase in vehicle deliveries during the first nine months of the year over the corresponding period last year has been reported by Ashok Leyland Ltd., the overall increase achieved being nearly 65 per cent. The Ashok Leyland Comet passenger chassis is at the head of the list of orders received during the past nine months. The large investments in the purchase of new buses by the State and Municipal Transport Undertakings are reflected in the increase in deliveries of Comet long wheelbase passenger chassis which account for nearly 45 per cent of the total production. All the main distributors of the Company have registered substantial increases in the number of orders received for Comet trucks for delivery to private operators, nearly 80 per cent of the total production of goods chassis being taken by them. Steel and hydro-electric projects, defence department and oil companies are among the other important buyers of Comet goods vehicles for operation as tippers, tractors and as rigid and articulated tankers.

A significant development in the marketing of Comet goods chassis is the increasing number of orders received for the 118" wheelbase tipper models which are preferred by major irrigation projects, mining companies and large building contractors. With the gradual relaxation of gross laden weight restrictions on National and State highways, the Company is, at the same time, registering a steady increase in deliveries of tractor-trailer units in association with Mahindra Owen Ltd. whose "Gama" 11-ton payload semi-trailers are used in conjunction with the Comet 118" wheelbase tractor chassis. A large increase in the production of Ashok Leyland UE.350 and UE.600 six-cylinder vertical diesel engines for installation in industrial plant and machinery has also been recorded for the period under review. Among the current users of Ashok Leyland Industrial Engines are such well-known firms as Kirloskar Pneumatic Co., Ltd., Consolidated Pneumatic Tool Co., Ltd., and Hollman-Climax Manufacturing Co., Ltd.

(In lakhs of rupees)

	Gourepore Company				Nuddea Mills			
	For the year ended 31st March				For the year ended 31st March			
	1961	1960	1959	1958	1961	1960	1959	1958
Sales of gunnies and yarn	511.07	363.18	350.47	317.14	344.08	251.20	259.14	239.86
Other income	9.05	6.51	6.56	6.01	3.57	3.52	1.35	2.54
Closing stocks of finished goods	29.14	19.78	20.33	21.09	15.73	8.30	7.15	9.38
Finished goods and yarn for resale	71.70	6.44	38.59	40.81	30.15	2.99	18.17	8.72
Raw materials and stores consumed	296.88	213.00	187.82	178.14	223.34	144.73	148.15	142.91
Salaries, wages and bonus	81.81	72.73	66.78	64.17	56.40	53.08	51.93	54.17
Other expenses	35.01	36.00	32.21	25.33	29.44	27.83	26.64	28.91
Gross profit	44.08	42.98	28.86	21.11	17.75	25.73	18.37	15.00
Managing Agents' commission	3.05	3.85	2.45	1.41	0.85	2.05	1.09	0.50
Provision for—								
Depreciation	10.49	5.92	5.07	4.81	9.17	6.02	5.95	5.59
Taxation	14.50	6.85	0.19	0.16	..	0.43	0.11	..
Net profit	16.04	26.36	20.25	14.73	7.73	17.23	10.92	8.91
Transfer from reserves	1.64	1.15	..	..	2.20	..	..	..
Adjustments relating to previous years	0.05	0.26	0.79	0.09	0.26	0.78	0.44	0.08
Transfer to reserves	9.01	19.21	13.06	8.40	5.59	12.33	7.98	5.06
Dividends—								
Preference	2.54*	1.59*	1.59	1.59	..	..	..	..
Ordinary	6.00 (25%)*	7.20 (30%)*	6.00 (25%)	4.80 (20%)	4.01 (6%)*	5.34 (8%)*	4.01 (6%)	3.34 (5%)
Carry forward	0.82	0.64	0.86	0.47	1.08	0.49	0.16	0.79

* Subject to deduction of tax.

AIR-INDIA FARES QUITE WELL

DIFFICULT DAYS, HOWEVER, AHEAD

THE introduction of Boeing 707 jet aircraft and the conclusion of a major partnership agreement with B.O.A.C. and Qantas on all routes from New York to Tokyo and Sydney have enabled the Air-India International Corporation (a Government of India enterprise, with Mr. J. R. D. Tata as Chairman of its Board of Members) to produce highly gratifying results—the operating revenue has increased by 52.4 per cent from Rs. 12.58 crores to Rs. 19.17 crores and the operating profit has soared by more than six times from Rs. 18.26 lakhs to Rs. 1.17 crore—for the year ended 31st March 1961, after three consecutive years of declining profit. Although operation of jet aircraft has resulted in a sharp rise in operating expenses from Rs. 10.88 crores to Rs. 15.46 crores, and has necessitated provision of higher depreciation of Rs. 2.54 crores as compared with Rs. 1.52 crore in the previous year, the aggregate cost per unit (that is, per available tonne kilometre—A.T.Km., for short) fell by 15 per cent from Re. 1.33 in 1960 to Re. 1.13 during the year under review. The results include the burden of revision of the pay scales of the bulk of staff aggregating approximately Rs. 30 lakhs per annum. The total capacity offered during the year recorded an increase of 72.7 per cent over that in the previous year, but the traffic actually carried did not keep pace with this increase, as it expanded by only 41.2 per cent, resulting in a reduction in the overall load factor from 58.2 in 1960 to 47.3 per cent in 1961, as also in the operating revenue from Re. 1.35 per A.T.Km., to Re. 1.19 per A.T.Km. It is noteworthy that, as a result of the introduction of the Boeings, the productivity of the Corporation's labour and staff rose from 20,340 A.T.Km. per employee to 30,688 A.T.Km.

The following table gives a comparison of the Corporation's results for the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Operating revenue—				
Traffic	18,45.45	11,99.61	11,10.12	10,47.59
Other sources	71.96	58.87	45.65	34.11
Non-operating revenue	..	8.72	6.27	1,20.60
Operating expenses*	15,46.03	10,87.82	10,00.52	8,81.40
Depreciation and obsolescence	2,53.97	1,52.40	1,39.40	1,28.54
Non-operating expenses	31.97	..	3.85	8.92
Operating profit	1,17.41	18.26	15.85	71.67
Non-operating surplus (+) or deficit (—)	—31.97	+8.72	+2.42	+1,11.68
Provision for arrears of salaries	17.47	..	..	..
Total profit	67.97	26.98	18.27	1,83.35
Provision for deferred taxation	..	..	..	57.25
To reserves and funds	48.65	..	18.25	51.16
Development expenditure written off	32.80	13.20	..	6.00
Additional depreciation	..	..	..	69.23
Carry forward	6.55	15.03	0.95	0.92

* Other than depreciation and obsolescence.

An important benefit of the tripartite partnership to the Corporation was that it enabled it to extend its services to New York almost simultaneously (in May 1960) with the introduction of Boeing jet aircraft (in April 1960) on the existing routes. On its own, the Corporation would not have attempted two such important tasks, and the extension to New York would have been postponed by a year. The effect of the agreement during the year was to obtain for the partners a greater share of the total available traffic in the face of severe international competition which became keener since the introduction of large jet aircraft on competing services and the creation amongst some of them of partnership arrangements and consortiums of their own. The substantial sale of capacity of Rs. 31.64 lakhs was a feature peculiar to the year under review only, because of prior plans and commitments for operations which it was commonly agreed should not be disturbed. For the future, the capacities required to be provided by each partner will be worked out in advance, so that adjustment of sale or purchase of capacity would be only marginal and relatively small.

The second stage of the Corporation's re-equipment programme, involving retirement of the Super Constellations and their replacements by jets, has materialised, and the A.-I.I. is well on its way to implement its "go-all-jet" policy. The Government is likely to take over the Constellations for the use of the Defence Services. The Corporation placed provisional orders in December last with the Boeing Airplane Company for two more Boeing 707 jets and a firm purchase agreement was executed in June last. The cost of this project is estimated at Rs. 8 crores. A loan of Rs. 114.24 lakhs (2.4 million

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SYNOPSES OF COMPANY REPORTS

Manabarrie Tea Co., Ltd.

(*Directors*: Messrs. H. P. Kanoi, L. C. Kanoi and B. Banerjie, Calcutta.)

Annual General Meeting—Held on 30th September.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales (gross)	10,92	7,89
Closing stock	4,14	4,06
Gross profit	1,50	66
Transfer to depreciation	29	31
,, ,, taxation	43	8
To provision for employees' bonus	18	7
Net profit	60	20
Adjustments	4	9
Appropriations:		
Total available balance	64	29
Transfer to development rebate reserve	*	*
,, ,, general reserve	30	..
,, ,, adjustment account (previous year)	6	16
Proposed dividends (taxable)	20 (10%)	10 (5%)
Carried forward	8	3

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

* Include only an amount of Rs. 156 provided for development rebate reserve. (For 1959 the provision was only Rs. 560.)

Extracts from the Directors' report: *Crop*: The total crop made in 1960 was 244,221 Kg. as against 2,44,668 Kg. in the previous year.

In this connection the directors have pleasure to state that the very good and cultivable land measuring more or less 922 bighas acquired for 99 years lease from Mokalbari Tea Estate at Assam at a rental of Rs. 1,500 per mensem as was reported along with the Company's annual accounts as at 31st December 1957, the directors have since been able to effect its outright purchase at Rs. 275 per bigha during the year under review. It may also be stated that the Company was able to obtain permission from the Tea Board for new plantation and replacement of the existing old planted areas to the extent of 220.57 acres therefrom.

Accounts in brief as at 31st December 1960 are as follows:—

Liabilities	Rs.	Assets	Rs.
Capital	2,00,000	Gross block	13,57,039
Reserves and surplus	6,02,720	—Depreciation	3,84,825
Other liabilities	10,22,860		
		Net block	9,72,214
		Current assets	8,27,918
		Investments	200
		Cash	25,248
	Rs. 18,25,580		Rs. 18,25,580

Dimakusi Tea Co., Ltd.

(*Managing Agents*: Messrs. Williamson Magor and Co., Ltd., Calcutta.)

Annual General Meeting: Held on 7th September.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales (gross)	10,19	13,52
Closing stock	8,44	6,43
Gross profit	4,10	5,45
Transfer to Managing Agents' commission	31	41
Provision for bonus	42	65
Transfer to depreciation	57	63
,, ,, taxation	1,22	1,50
Net profit	1,58	2,26
Adjustments	1,62	1,29
Appropriations:		
Total available balance	3,20	3,55
Transfer to building reserve	50	50
Proposed dividends (taxable) equity	1,12 (25%)	1,42 (30%)
,, ,, ,, 9% C. preference	6	6
Carried forward	1,46	1,57

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: The following are comparative statistics of sales for the past three years:—

	Kg.	Average sale price per kg.
1958	309,762	Rs. 5.80
1959	307,746	Rs. 6.17
1960	283,650	Rs. 6.19

The estimate for 1961 provides for a crop of 285.950 kg. of tea at a cost of Rs. 4.60 per kg.

Accounts in brief are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	5,43,500	Gross block	17,35,449
Reserves and surplus	8,29,510	—Depreciation	8,18,149
Other liabilities	8,69,017		
		Net block	9,67,300
		Current assets	10,07,878
		Investments	1,04,750
		Cash	1,11,304
	Rs. 22,41,027		Rs. 22,41,027

* Paid-up capital consists of 47,340 ordinary shares of Rs. 10 each fully paid up and 7,010—9 per cent. cumulative preference shares of Rs. 10 each fully paid up.

Mysore Coffee Curing Works Ltd.

(*Chairman and Managing Director*: Mr. K. H. Srinivasan, Bangalore.)

Annual General Meeting—Held on 30th September.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales (steamed bonemeal)	1,39	94
Closing stock (steamed bonemeal)	72	1,11
Gross income	7,24	3,24
Gross profit	2,66	2,84
Transfer to depreciation	30	28
,, ,, taxation	1,15	1,27
,, ,, development rebate reserve	Nil	1
Net profit	1,22	1,18
Adjustments	3	6
Appropriations:		
Total available balance	1,25	1,24
To additional provision for depreciation (buildings)	4	Nil
To provision for loss on investments in contingencies	Nil	2
Transfer to employees' gratuity fund	4	Nil
Proposed dividend (taxable) ordinary	2	7
	1,14 (14 2/7%)	1,14 (14 2/7%)
Carried forward	1	1

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report:

Coffee Curing—During the year the Company handled a crop of 2,874 tonnes of coffee. For the next year the intake is expected to be of the order of 4,300 tonnes.

Manure, Estate Requisites and Finance—The demand from planters for the supply of fertilisers, estate requisites and finances has been satisfactory, being of the order of Rs. 22 lakhs which necessitated the continuance of borrowings from Bankers and other sources, as usual.

To implement the programme of expansion which has become necessary to handle a larger intake of coffee, additional godowns at a cost of Rs. 32,667 have been constructed during the year under report.

During the current year in pursuance of the programme of expansion Trolley line inside the Works premises to facilitate the quick and easy movement of coffee from sections to sections was laid out. To create more accommodation for Garbling of Hulled coffee, storage of raw coffee and drying of larger quantity of raw coffees, construction of additional godowns and barbecues have been taken up at an estimated cost of Rs. 45,000, which is expected to be completed before the 1961-62 season's coffee arrives.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	8,00,000	Gross block	7,73,070
Reserves and surplus	1,63,484	—Depreciation	5,23,011
Other liabilities	13,84,195		
		Net block	2,50,059
		Current assets	20,31,417
		Investments	25,778
		Cash	37,425
	Rs. 23,47,679		Rs. 23,47,679

* Paid-up capital consists of 80,000 ordinary shares of Rs. 10 each fully paid up.

Hinger-Rampur Coal Co., Ltd.

(*Managing Agents*: Messrs. Killick Industries Ltd., Bombay.)

Annual General Meeting:—1st November.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales (gross)	31,43	31,18
Closing stock	1,01	2
Gross profit	5,01	6,00
Transfer to Managing Agents' commission	27	Nil
,, ,, depreciation and amortisation	1,50	1,05
,, ,, taxation	1,24	Nil
,, ,, development reserve	18	27
Net profit	1,82	3,78
Adjustments	6*	5*
Appropriations:		
Total available balance	1,88	3,83
To adjustment of loss brought forward	1,87	3,83
Carried forward credit (+) or debit (—)	(+) 1	(—) 1,87†

* Excess tax provisions for previous years written back.

† This represents the debit balance carried forward after adjusting Rs. 3,83,048 against the loss of Rs. 5,70,177 brought forward from 1959 accounts.

Extracts from the Directors' report: *Output*: Raisings for the year totalled 157,198 tonnes as compared with 144,019 tonnes for the preceding year. Raisings could have been still higher but for the acute wagon shortage which developed over the last six months of the year as a result of which they had to be restricted to approximately 10,000 tonnes per month from April and approximately 112 workers per month on an average were laid off by suspending operations from 17th North District. There has, however, been an improvement in the wagon supply position since July in consequence of which it was decided to terminate the layoff from 1st September 1961 and to resume normal raisings.

Sales—The total coal sales for the year amounted to 143.549 tonnes as compared with 145.960 tonnes for the preceding year. The decrease in sales was due solely to acute wagon shortage.

Coal Prices—To enable Colliery owners to meet the additional expenditure that would have to be incurred in implementing the grades and time scales of pay for the workers from 1st June 1961 as laid down by the Das Gupta Award, the Central Government permitted an increase of Re. 0.06 per tonne in the price of this Company's coal with effect from that date, thus making the Controlled Prices for Steam and Slack Coals Rs. 21.83 and Rs. 20.85 per tonne respectively.

The Company's Coal has since been upgraded by the Coal Board from Grade III to Grade I with effect from 7th September 1961, and hence the Controlled Prices for Steam and Slack Coals as from that date are Rs. 23.16 and Rs. 22.17 per tonne respectively.

Railway Siding—Negotiations with the Railway Authorities for increasing the capacity of No. 7 Pit Siding showed that the cost would be much heavier than was considered justified in existing circumstances and alternative arrangements were therefore considered. Such arrangements will shortly become effective and will enable the Colliery to handle the expected raisings from Pits 9/11 without much difficulty.

Development—Development work on 10 Dip continued during the year and after installation of the Over Rope Haulage, raisings to the scale of 4/4500 tonnes per month were obtained.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	20,00,000	Gross block	44,46,519
Reserves and surplus	2,04,168	—Depreciation	29,14,342
Other liabilities	7,92,545		
		Net block	15,32,177
		Block-in-progress	61,681
		Current assets	13,35,828
		Investments	18,000
		Cash	49,027
	Rs. 29,96,713		Rs. 29,96,713

* Paid-up capital consists of: (a) 24,000 ordinary shares of Rs. 50 each fully paid up and (b) 16,000—4½ per cent. tax-free redeemable cumulative preference shares of Rs. 50 each fully paid up. Out of this 5,102 ordinary shares and 534 preference shares are allotted as fully paid up pursuant to an agreement without payments being received in cash.

East Anglia Plastics (India) Ltd.

(*Secretary*: Mr. D. P. Sen, Calcutta.)

Annual General Meeting: 27th October.

Extracts from the Directors' report: The profit and loss account shows that during the period a sum of Rs. 61,611 has been earned as interest, received from banks on capital deposits. Out of this, Rs. 28.000 has been provided for taxation and the surplus balance of Rs. 33,611 has been carried forward.

The construction of building for the Company's factory at Jessore Road, Calcutta, for manufacture of cellulose acetate moulding powder and P.V.C. compounds has been completed. All machinery have arrived at site. Under supervision of the technician from foreign collaborators, the installation work of machines is nearing completion. It has been possible through the help of the Government of India to make arrangement for import of raw materials for the moulding factory. It is, therefore, expected that the plant will go into production by the end of the year. The directors have further pleasure in reporting that the Government of India has granted to the Company an industrial licence for establishing another factory in Andhra Pradesh for the manufacture of 2,400 tons cellulose acetate flakes annually. Cellulose acetate flake is the principal raw material required for the manufacture of cellulose acetate moulding powder in the Company's factory at Calcutta. The said licence also covers manufacture of acetic acid and acetic anhydride which are the raw materials for manufacture of cellulose acetate flakes.

Firm offers for collaboration from several world-famous foreign firms for establishment of this unit have been received. The matter is in the final stage of negotiation. The State Government of Andhra Pradesh is also taking special interest in the cellulose acetate flakes project and is extending all possible help and co-operation to the Company. The Company has been assured of the supply of necessary alcohol and cotton linters. Several sites for location of the Factory have also been suggested. One of the Company's representatives has inspected these sites. A detailed survey report on the basis of the industry's requirements of raw materials, labour, transport, climatic conditions marketing facilities, future expansions, etc., has also been prepared. Final selection of site will however, be made with approval of the foreign collaborators. Implementation of this new project is estimated to cost over six crores of rupees.

With a view to economising the operation of the cellulose acetate flakes plant, it has been deemed advisable to set up an acetate rayon spinning unit also and integrate the same with the flakes project. Application for licence for the establishment of such a spinning unit has been made to the Government of India.

Since the end of the financial period to which this report relates, it has been necessary to make an arrangement for overdraft from bank to the extent of Rs. 5 lakhs for payment towards value of machinery, etc., imported and locally purchased. The directors have now made the first call of Rs. 2.50 per share with a view to meeting further capital expenditures for machinery, etc., and providing the necessary working capital as soon as the factory at Calcutta goes into production.

Accounts in brief for the year ended 31st March 1961 are as follows:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,49,250	Gross block	4,92,05
Reserves and surplus	33,611	—Depreciation	6,86
Other liabilities	2,15,079		
		Net block	4,85,68
		Machinery in transit	1,41,60
		Unallocated capital expenditure	2,02,25
		Current assets	2,78,15
		Cash	3,90,24
	Rs. 14,97,940		Rs. 14,97,94

* Paid-up capital consists of 2,50,000 equity shares of Rs. 10 each and Rs. 5 per share called up and paid up so far.

(*Concluded from page 746*)

suggestion was acceptable as a general proposition but pointed out that, in actual practice, a very wide differentiation of coffee by estates presented numerous difficulties. May be, the difficulties are there, but they are not insurmountable. The present system of bulking and payment of return to growers on the basis of points secured under the price differentiation scale is not sufficiently elastic to meet the intention of the Expert Committee on Marketing. The return the coffee grower gets must, as Mr. Radcliffe rightly urged, be linked to the market performance of his coffee, coupled with a strict classification to certain recognised standards, and a greater attempt must be made to sell coffees on an individual basis, as in the case of other commercial articles.

NON-GOVERNMENT CORPORATE SECTOR IN 1959

FINANCES OF 1,001 PUBLIC LIMITED COMPANIES REVIEWED

THE Reserve Bank of India has just published, in the September 1961 issue of its *Bulletin*, a review of the finances of 1,001 large- and medium-sized non-Government public limited companies for the year 1959, with comparable data for the preceding four years. This study, prepared jointly by the Department of Statistics and the Division of Monetary Economics of the Economic Department of the Reserve Bank, covers the financial results of companies whose accounting year ended during the twelve-month period July 1959-June 1960. Like the earlier studies in the series, the present one, too, does not cover banking, insurance and investment companies, Government companies (as defined in Section 617 of the Companies Act, 1956), companies and associations functioning not for profit and companies limited by guarantee. The 1,001 companies included in this study account for 77 per cent of the paid-up capital of all companies in the sectors covered. The main findings of the study are summarised in the following paragraphs.

The study reveals (i) a further slackening of the pace of industrial growth in 1959, as reflected in a smaller assets formation relatively to previous years, (ii) a substantial increase in corporate sales and profits and (iii) the predominant position of internal sources in the financing of assets formation.

Income and Expenditure

In 1959, sales of the 1,001 companies registered a substantial rise of Rs. 170.5 crores or by 9.3 per cent to Rs. 2,002.2 crores, as compared with a rise of Rs. 94.4 crores or 5.4 per cent in 1958. More than half of the rise in sales was accounted for by the iron and steel, cotton textiles and engineering industries.

On the expenditure side, all the main items showed increases. Manufacturing expenses were higher by Rs. 65.9 crores or 6.5 per cent; during 1958, these had declined by Rs. 16.1 crores, or 1.6 per cent. Salaries and wages rose by Rs. 24.2 crores or 8.4 per cent, excise duty by Rs. 9.9 crores or 6.7 per cent and managing agents' remuneration by Rs. 2.1 crores or 23.5 per cent.

Profits and their Allocation

The larger sales in 1959 were reflected in a substantial rise in corporate profits. Profits before tax of the 1,001 companies which had dropped from Rs. 130.9 crores in 1956 to Rs. 107.8 crores in 1957, and had recovered to Rs. 120.9 crores in 1958, showed a marked rise in 1959 to Rs. 161.5 crores—a rise of Rs. 40.6 crores or 33.5 per cent. Most of the important industries registered a rise in profits, the largest increase being in cotton textiles, its profits increasing from Rs. 7.0 crores in 1958 to Rs. 19.3 crores in 1959. In contrast to the general trend, profits of the shipping industry fell sharply from Rs. 2.8 crores in 1958 to a mere Rs. 43 lakhs in 1959.

In view of the changes in corporate taxation introduced by the Finance Act, 1959, figures in respect of tax provision, profits after tax, dividends and the rates of dividend for 1959 or 1958 are not comparable with those for the earlier years. In 1959, provision for taxation increased by Rs. 3.2 crores to Rs. 59.1 crores. Profits after tax were higher at Rs. 102.4 crores; in 1958, these had amounted to Rs. 65.0 crores. The amount set aside for dividends in 1959 was Rs. 64.1 crores; it had amounted to Rs. 46.9 crores in 1958. The large increase in profits enabled companies to record a substantial increase in retained profits which more than doubled from Rs. 18.1 crores to Rs. 38.3 crores.

The profitability of equity capital as measured by the ratio of profits after tax to net worth worked out to 10.5 per cent in 1959. The average rate of dividend on ordinary shares in 1959 was 11.8 per cent, while the ratio of dividends to net worth worked out to 6.6 per cent.

Sources and Uses of Funds

Total gross assets formation in 1959 was smaller at Rs. 157.4 crores, as compared with Rs. 166.6 crores in 1958. In 1956, it was Rs. 263.8 crores. Gross fixed assets showed a smaller rise of Rs. 107 crores (adjusted for the downward revaluation of fixed assets) or 7.5 per cent in 1959, as against Rs. 148 crores or 11.8 per cent in 1958, and Rs. 177 crores or 16.5 per cent in 1957. The smaller rise reflected partly the impact of the drastic import curbs and partly the virtual completion of the investment programmes in some industries under the second Five-year Plan. Inventory accumulation, on the other hand, showed an improvement from Rs. 5 crores in 1958 to Rs. 15 crores in 1959; the rate of increase worked out to 2.7 per cent, as compared with 0.9 per cent in 1958 and 10.2 per cent in 1957.

Gross capital formation, comprising fixed assets and inventories, amounted to Rs. 123 crores in 1959, as compared with Rs. 153 crores in 1958 and Rs. 229 crores in 1957. The study estimates gross capital formation for the *entire* public limited companies sector at Rs. 159 crores in 1959, of which gross fixed assets would amount to Rs. 139 crores and inventories to Rs. 20 crores. For the four years 1956-59, which would broadly correspond to the first four years of the second Five-year Plan, gross capital formation in the entire public limited companies sector may be put at Rs. 952 crores, of which gross fixed assets would account for Rs. 739 crores.

A significant feature of the pattern of finances in 1959 was the predominant position of internal sources, which accounted for Rs. 98.7 crores or 63 per cent of total funds, as against 48 per cent in 1958 and 28 per cent in 1957. Depreciation reserves continued to be the most important internal source, forming 35.3 per cent of total funds. External sources provided Rs. 58.7 crores or 37 per cent of total funds as compared with 52 per cent in 1958 and 72 per cent in 1957. Among external sources, borrowings showed a substantial decline from Rs. 104.4 crores in 1957 to Rs. 43.5 crores in 1958 and only Rs. 5.7 crores in 1959. Borrowings from banks actually showed a net repayment of Rs. 3.6 crores

(*Continued on page 768*)

Growth of the Company Sector

(Amounts in crores of rupees)

	1955	1956	1957	1958	1959	Percentage Increase (+) or Decrease (—) of				
						1956 over 1955	1957 over 1956	1958 over 1957	1959 over 1958	1959 over 1955
Paid-up capital plus free reserves (net worth) at the end of the year	747	818	868	912	976	9.5	6.1	5.0	7.0	30.6
Gross fixed assets at the end of the year	939	1,076	1,253	1,401	1,505	14.6	16.5	11.8	7.5	60.3
Net fixed assets at the end of the year	535	635	766	862	912	18.7	20.7	12.6	5.7	70.5
Inventory at the end of the year	421	512	565	570	585	21.7	10.2	0.9	2.7	39.0
Total assets (net) at the end of the year	1,434	1,661	1,857	1,973	2,072	15.8	11.8	6.2	5.0	44.5
Total income during the year	1,624	1,859	2,040	2,126	2,293	14.4	9.7	4.3	7.8	41.2
Sales (main income) during the year	1,407	1,586	1,737	1,832	2,002	12.7	9.5	5.4	9.3	42.3
Profits before tax during the year	118	131	108	121	161	11.2	17.7	12.2	33.5	37.2
Profits after tax during the year	68	72	56	65	102	7.0	22.0	15.1	57.6	51.4
Dividends during the year	29	30	14	18	38	3.5	53.4	30.3	111.4	33.0
Retained profits during the year										
Gross profits as percentage of total capital employed	10.1	9.6	7.8	8.0	9.8	..	..	..	..	..
Gross profits as percentage of sales/main income	10.3	10.0	8.0	8.6	10.1	..	..	..	..	..
Profits after tax as percentage of net worth	9.1	8.8	6.5	7.1	10.5	..	..	..	..	..
Dividends as percentage of paid-up capital (ordinary shares)	8.9	9.4	8.7	9.0	11.8	..	..	..	..	..

COMPANY MEETINGS AND DIVIDENDS

HINDUSTAN ELECTRIC CO., LTD. Annual General Meeting, Bombay, 17th October 1961. Dividend: 4 per cent or Rs. 4.00 per share, subject to deduction of tax, payable on and after 28th October 1961. Transfer books remain closed from 30th September to 14th October 1961, both days inclusive.

NEW KAISER-I-HIND SPINNING AND WEAVING CO., LTD. Annual General Meeting, Bombay, 18th October 1961. Dividend: *Nil*. Transfer books remain closed from 7th to 18th October 1961, both days inclusive.

JAYANT PAPER MILLS LTD. Annual General Meeting, Surat, 28th October 1961. Dividend: *Nil*. Transfer books will remain closed from 11th to 28th October 1961, both days inclusive.

TEXTOOL CO., LTD. Annual General Meeting, Coimbatore, 30th October 1961. Dividend: 15 per cent or Rs. 15.00 per share, subject to deduction of tax. Transfer books will remain closed from 17th to 30th October 1961, both days inclusive.

KHATAU MAKANJI SPINNING AND WEAVING CO., LTD. Annual General Meeting, Bombay, 30th October 1961. Dividend: 16 per cent or Rs. 16.00 per ordinary share, subject to deduction of tax. (The dividend for 1960 was 32 per cent or Rs. 32.00 per ordinary share, taxable), payable on and after 6th November 1961. Transfer books will remain closed from 11th October to 7th November 1961, both days inclusive.

NATIONAL ROLLING AND STEEL ROPES LTD. Annual General Meeting, Calcutta, 30th October 1961. Dividend: Re. 1.50 per share, subject to deduction of tax. Transfer books will remain closed from 13th to 30th October 1961, both days inclusive.

SURAT ELECTRICITY CO. LTD. Annual General Meeting, Bombay, 31st October 1961. Dividends payable on and after 3rd November 1961.

STEEL PRODUCTS, LTD. Annual General Meeting, Calcutta, 31st October 1961. Transfer books will remain closed from 13th to 31st October 1961, both days inclusive.

EAST INDIA HOTELS LTD. Annual General Meeting, Calcutta, 31st October 1961. Transfer books will remain closed from 25th to 31st October 1961, both days inclusive.

HINGIR-RAMPUR COAL CO., LTD. Annual General Meeting, Bombay, 1st November 1961. Dividend: Nil.

DELHI CLOTH AND GENERAL MILLS CO., LTD. Annual General Meeting, Delhi, 3rd November 1961. Share transfer books will remain closed from 15th to 30th September 1961, both days inclusive.

MORARJEE GOCULDAS SPINNING AND WEAVING CO., LTD. Annual General Meeting, Bombay, 11th November 1961. Net dividend of Rs. 16.80 per ordinary share, for the year ended 30th June 1961, payable from 13th November 1961. Transfer books will remain closed from 16th October to 11th November 1961, both days inclusive.

BOMBAY BURMAH TRADING CORPORATION LTD. Taxable final dividends of Rs. 585 per share on the original shares of Rs. 2,500 each (making a total of Rs. 825 per share); Rs. 29.25 per old ordinary share (making a total of Rs. 41.25 per old ordinary share) and Rs. 11.70 per new ordinary share (making a total of Rs. 16.50 per new ordinary share), for the year ended 31st May 1961.

PEERMADE TEA CO., LTD. Interim dividend of 7½ per cent or Re. 0.75 per ordinary share, subject to deduction of tax, for the year ending 31st December 1961. Transfer books will remain closed from 22nd to 29th October 1961, both days inclusive.

CALCUTTA ELECTRIC SUPPLY CORPORATION LTD. Final dividend of £4 per cent net (tax applicable at 7s. 9d. in the £), for the year ended 31st March 1961, payable on 11th November 1961.

TRAVANCORE SUGARS AND CHEMICALS LTD. Taxable dividend of 7½ per cent or Re. 0.75 per ordinary share, for the year ended 30th April 1961. Transfer books will remain closed from 16th to 30th October 1961, both days inclusive.

NEW CENTRAL JUTE MILLS CO., LTD. Dividend of Re. 1.50 per ordinary share (on old capital), for the year ended 31st March 1961. Transfer books remain closed from 27th September to 13th October 1961, both days inclusive.

TIDE WATER OIL CO. (INDIA) LTD. Taxable interim dividend of Re. 0.70 per share, for the year ending 31st October 1961.

RAJA BAHADUR MOTILAL POONA MILLS LTD. Interim dividend of Rs. 4.00 per share, subject to deduction of tax, for the year ending 31st December 1961, payable on and from 21st October 1961. Transfer books will remain closed from 9th to 18th October 1961, both days inclusive.

ORISSA MINERALS DEVELOPMENT CO., LTD. Dividend: Interim dividend on the ordinary shares at 10 per cent for the year ended 30th June 1961, subject to deduction of tax. Dividend will be paid on or after 3rd November 1961. Transfer books will remain closed from 13th October to 26th October 1961, both days inclusive.

Notices

THE MORARJEE GOCULDAS SPINNING AND WEAVING CO. LTD.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 90th Annual General Meeting of the Company will be held at its Registered Office at Soparibaug Road, Parel, Bombay-12, on Saturday, the 11th November, 1961, at 11 a.m. (I.S.T.), to transact the following business:—

1. To adopt the Directors' Report and Audited Statements of Accounts for the year ended 30th June 1961.
2. To declare a Dividend on Preference and Ordinary Shares.
3. To elect a Director in place of Shri Manoharlal Jwalaprasad Tibrewala who retires by rotation and being eligible offers himself for re-appointment and to consider, and if thought fit, to pass the following Resolution as a Special Resolution in respect of which a Special Notice as required by Section 261 of the Companies Act, 1956, has been received by the Company and is hereby given to the members:—

   "Resolved that Shri Manoharlal Jwalaprasad Tibrewala who retires by rotation and who is a Member and an Associate of Messrs. Piramal Sons Private Ltd., the Managing Agents of the Company (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint an Ex-Officio Director to the Board) be and is hereby re-appointed a Director of the Company."

   The reasons which make this Special Resolution necessary are fully set out in the Resolution itself and in para 1 of the Explanatory Statement annexed to this Notice.
4. To appoint Shri Binod Kumar Kanoria, an Associate of the Managing Agents of the Company, as a Director of the Company and to consider and, if thought fit, to pass the following Resolution as a Special Resolution, in respect of which a Special Notice as required by Section 261 of the Companies Act, 1956, has been received by the Company and is hereby given to the members:—

   "Resolved that Shri Binod Kumar Kanoria, who is an Associate of Messrs. Piramal Sons Private Ltd., the Managing Agents of the Company (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint an Ex-Officio Director to the Board) be and is hereby appointed a Director of the Company."

   The reasons which make this Special Resolution necessary are fully set out in the Resolution itself and in para 2 of the Explanatory Statement annexed to this notice.
5. To consent, pursuant to Section 314 of the Companies Act, 1956, to Shri Purshottam Baijnath Modi, who is a relative of Shri Gopikisan Piramal and Dr. Mohanlal Piramal, two of the Directors of the Company, holding and continuing to hold an office or place of profit as an employee and, if thought fit, to pass the following Resolution as a Special Resolution:—

   "Resolved that the Company accords its consent under Section 314 of the Companies Act, 1956, to Shri Purshottam Baijnath Modi, who is a relative of Shri Gopikisan Piramal and Dr. Mohanlal Piramal, two of the Directors of the Company, holding and continuing to hold an office or place of profit under the Company as an employee on a salary of Rs. 2,000 per month together with a bonus of three months' salary and a house allowance of Rs. 500 per month and with such allowances and benefits as he at present receives from the Company or as may from time to time be determined by the Directors of the Company."
6. To consent, pursuant to Section 314 of the Companies Act, 1956, to Shri Rajendraprasad Jwalaprasad Tibrewala who is a relative of Shri Gopikisan Piramal, Dr. Mohanlal Piramal and Shri Manoharlal Jwalaprasad Tibrewala, three of the Directors of the Company, holding and continuing to hold an office or place of profit under the Company as an employee, and, if thought fit, to pass the following Resolution as a Special Resolution:—

   "Resolved that the Company hereby accords its consent under Section 314 of the Companies Act, 1956, to Shri Rajendraprasad Jwalaprasad Tibrewala, who is a relative of Shri Gopikisan Piramal, Dr. Mohanlal Piramal and Shri Manoharlal Jwalaprasad Tibrewala, three of the Directors of the Company, holding and continuing to hold an office or place of profit under the Company, as an employee on a salary of Rs. 1,250 per month in the scale of Rs. 1,250-250-2,000 together with a bonus of three months' salary and with such increments and benefits and other allowances and benefits as may from time to time be determined by the Directors of the Company."
7. To appoint Auditors for the current year and to fix their remuneration.

A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member.

The Share Transfer Books of the Company will be closed from Monday, the 16th October 1961, to Saturday, the 11th November 1961, both days inclusive.

By Order of the Board,
FOR PIRAMAL SONS PRIVATE LIMITED,
MOHANLAL PIRAMAL,
Director,
Agents.

BOMBAY,
Dated 23rd September 1961.

The Dividend, if sanctioned, will be payable from Monday, the 13th November 1961, to those shareholders whose names stand on the Register of the Company on 14th October 1961.

Dividend Warrants will be posted in due course to the Registered addresses of the Shareholders. Change of address, if any, should be notified without delay.

AN EXPLANATORY STATEMENT RELATING TO THE SPECIAL RESOLUTIONS MENTIONED ABOVE, AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956, IS BEING SENT SEPARATELY TO THE SHAREHOLDERS AT THEIR REGISTERED ADDRESSES.

JESSOP AND COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT IN compliance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960, the Board of Management has sanctioned the payment of an Interim Dividend on 5 per cent Cumulative Preference Shares for the half-year ending 31st October, 1961, at the rate of Rs. 3.25 per share subject to deduction of tax in accordance with the Finance Act currently in force.

The Preference Share Transfer Register will be closed from 28th October to 1st November, 1961, both days inclusive.

Dividends will be paid only to the Shareholders whose names are registered in the Books of the Company on the 1st November, 1961 or to their Mandatees.

By Order of the Board,
K. S. BASU,
Secretary.

63, NETAJI SUBHAS ROAD,
CALCUTTA, *28th September*, 1961.

MANCHESTER LETTER

(*Concluded from page* 743)

hand, reverting to the Manchester trade, both the Amalgamated Cotton Mills Trust and the English Sewing Cotton Company Ltd. have paid the same interim dividend on larger capital and a scrip issue has been made by Armitage and Rigby Ltd., with the accompanying statement that the Directors hope to pay the same annual dividend on the increased capital.

Expansionist plans resulting in a substantial broadening of interests over the Pennines has resulted in a big improvement in the earnings secured by the Lancashire and Yorkshire Tulketh Group, whose origin in cotton spinning at Preston is now linked with considerable enterprises in the worsted and woollen industries.

During the reorganisation phase, it was inevitable that producers would be too busily engaged in other aspects of business to pay much attention to fresh acquisitions. As compared with some years ago, the rate of mergers and takeovers is much smaller but several have occurred within the past quarter. A notable feature of the latest trend is that the fashion of diversifying into other trades seems for the moment to have suffered an eclipse. Practically all the new developments in this direction have been within the textile orbit, although in the case of the Lancashire Cotton Corporation a further interest in the woollen trade has been acquired through the purchase of the hundred-year-old Leeds spinning and weaving firm of William Pearson and Co. Ltd. The Tulketh Group has also made a further move into Yorkshire by purchasing the Sowerby Bridge worsted spinners, Clay and Horsfall Ltd.

COMMON MARKET AND WORLD TRADE

(*Concluded from page* 754)

market now being created in Europe, joined with liberal trade policies *vis-a-vis* outsiders, will materially enlarge outlets for U.S. exports just as our economic growth and liberal import policies have enlarged European opportunities in this market.

Elsewhere in the world, groupings similar to the Common Market are also emerging. Last June, a Latin American Free Trade Association, formed by seven nations, was set in operation. A Central American Common Market comprising four countries has been in existence for a year. Regional Asian and African groupings are being discussed. Ripples from the economic tidal wave set in motion by the signing in 195[illegible] of the Treaty of Rome, which created the E.E.C. have thus spread throughout the world.

These moves, particularly on the part of less-developed nations, stem from an understandable desire to speed up industrialisation. But they also reflect the desire to strengthen their bargaining position *vis-a-vis* the European Common Market. The E.E.C. places fairly high tariffs on tropical products like coffee, cocoa and tea produced by non-participating nations while allowing similar imports from members "associated territories" overseas to be free of duty.

The emergence of these regional groupings constitutes a major challenge for Free World economic statesmanship. Above all, it is necessary to avoid the dangers of splitting the world into three or four blocs. For this, it is essential that the regional groupings look outward, not inward, and build up their own strength while ready to help others. This would fortify the fabric of global, in contrast to regional, trade and increase the economic and political cohesion of the Free World.

AMERICAN LETTER

(*Concluded from page* 739)

Mr. Thant is highly regarded everywhere. His selection by the U.N. Security Council, as proposed presently, would mark a milestone in U.N. history. Mr. Thant would be a symbol of the power of the Afro-Asian nations which have become independent recently and which aim to assert their rights in the family of U.N. countries.

Otherwise, the Berlin crisis, the defection of Syria from the United Arab Republic and other Middle East and Balkan developments continue to dominate the scene at the U.N. The Chinese question was brought into focus by a line of pickets which demanded freedom of self-determination for Formosans, who, they said, were tired of being dominated by mainland Chinese not recognised as Formosans.

Investment Centre of India

A New York branch of the Indian Investment Centre, with headquarters at New Delhi, was opened in New York this week. It is headed by Mr. M. Gopala Menon, formerly India's Consul General here. Dr. K. C. Chaco of the consulate staff will be assistant manager. Present at the opening ceremony was India's Finance Minister, Mr. Morarji R. Desai. The opening date coincided with the birthday of Mahatma Gandhi.

The new office will serve as an information bureau, clearing house and liaison office for technical and financial joint-venture projects proposed by American or Indian investors, or both.

MONEY AGAIN STRINGENT

(*From Our Own Correspondent*)

BOMBAY, *11th October*

The short-term money market turned distinctly stringent during the latter part of the week under review. Though the busy season has not yet commenced, demand for funds is slowly rising and, as banks do not have adequate floating funds for meeting this growing demand, borrowers found it difficult to get their full requirements. Some banks are stated to have approached the Reserve Bank of India for funds. The call rate which ruled at 4½ per cent till Monday the 9th inst., firmed up to 4½ per cent yesterday and stands at that level at the time of writing. The other rates remained unchanged as under:

	Per cent
Notice Money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive) ...	3
(ii) 31 to 60 days	3½
(iii) 61 to 90 days	3¾
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

The results of the 91-days' Treasury Bills of the Government of India sold through weekly tenders showed that, as against an invitation for Rs. 2 crores the amount offered and accepted was the same. The average rate of accepted tenders stood at 2.5 per cent, same as last week. There was no demand for intermediate Treasury Bills, but they are on offer still.

A sharp expansion of Rs. 34.25 crores in notes in circulation, as compared with that for the previous week, is disclosed by the statement of affairs of the Reserve Bank of India for the week ended 6th October 1961. As the notes held in the Banking Department have shrunk by Rs. 16.70 crores, the total notes issued have gone up by Rs. 17.54 crores. The foreign securities are unchanged at Rs. 116.86 crores, but as the balances held abroad have improved by Rs. 72.99 lakhs, the total foreign assets are higher by that amount at Rs. 130.46 crores. The deposits of the Central Government have risen by Rs. 5.68 crores, but those of other Governments have declined sharply by Rs. 17.81 crores. Deposits of banks also have shrunk by Rs. 6 crores. On the assets side, investments have declined steeply by Rs. 39.65 crores. But other loans and advances, which include advances to scheduled banks against usance bills, have risen by Rs. 5.81 crores.

An expansion of Rs. 2.97 crores in demand deposits and of Rs. 1.99 crore in time deposits is disclosed by the statement of the scheduled banks for the week ended 29th September 1961. The deposits of the State Bank of India alone have gone up by Rs. 8.15 crores. Total borrowings from the Reserve Bank have shrunk by Rs. 4.55 crores of which the share of those against usance bills is as much as Rs. 4.16 crores. Investments have risen by Rs. 10.56 crores. Advances and bills discounted (bank credit) contracted by Rs. 3.34 crores to Rs. 1,220.74 crores. Of this fall, the share of the State Bank is only Rs. 21 lakhs.

The gilt-edged market continued to be dull. There were sellers for medium-dated and long-dated loans, but in the absence of sufficient buyers, the transactions were extremely limited. The institutional investors are said to be earmarking funds for the new Bombay Municipal loan for Rs. 2.50 crores carrying interest at 4.25 per cent per annum and repayable in 1973. The issue price is Rs. 99.25 and the list for public subscription will open on 20th October 1961. The Conversion Loan eased by 5 nP to Rs. 72.75. Three per cent 1964 and 3½ per cent 1969 shed 5 nP each to Rs. 96.20 and Rs. 98.30. Other loans were unchanged.

In the foreign exchange section, the value of the rupee was unchanged in relation to the U.S. dollar. Banks selling and buying rates for ready T.T. on New York were Rs. 475.50 and Rs. 472.25 per 100 dollars same as last week. In the New York foreign exchange market, the pound sterling improved *vis-a-vis* the U.S. dollar. The latest available rate for pound sterling in the spot market is 281.550-281.580 cents, as against 281.510-281.560 last week. Thus, over the week, the spot rate for pound sterling has gained 0.40 cent.

SKINS AND HIDES STEADY

(*From Our Own Correspondent*)

MADRAS, *7th October*

The arrivals of tanned kips continued to be moderate, but the offtake by shippers was slow. U.K. inquiries have been highly selective and mostly for lower selections. Mediums and heavies kips were almost neglected, but lights of all tannages had inquiries. Prices, however, continued to be steady due mainly to uneconomical levels at the raw centres, where acute shortage was reported.

Cow calf skins had better inquiries, particularly lower selections and some good business resulted with the U.K. Buff calf top marks 1½/2 lbs. run had good call from the U.K. and Continent. Thirds and 2/2½ lbs. run and thirds, however, were almost neglected. Raw calf skins markets are ruling at unworkable levels. The U.S. was out of the market.

Buffs again were neglected by the U.K. but the U.S. took small quantities of butts.

Tanned goat and sheep skins were a shade easier due to poor inquiries from the U.K., U.S. and Continent. Raw skins markets also are reported to have declined slightly.

Shipments during September were 3,116 bales cow hides. 121 cow calf, 16 buff hides, 19 buff calf, 454 goat and 210 sheep to the U.K. 16 cow hides, 63 cow calf, 14 buff calf, 884 goat and 346 sheep to Continent. 4 cow hides, 2 cow calf, 111 buff hides, 96 buff calf and 167 goat to the U.S., one goat and 245 sheep to Japan and 6 cow hides to Canada.

BULLION QUIET

(*From Our Own Correspondent*)

BOMBAY, *11th October*

Gold was slightly better over the week, while silver was a shade easy. Both the metals encountered selling early in the week, following heavy arrivals and easy advices from Delhi. The subsequent sessions no doubt witnessed a rise in the prices of both gold and silver, due to expectations regarding enlarged offtake in the next few weeks. But the extent of rise was not so much as to make good the earlier losses. Actually, today's closing rates for silver were below those prevailing a week ago. The undertone of the market at the time of writing was quiet.

Arrivals of both gold and silver during the week were smaller as compared with the previous week. The daily average was 4,200 tolas and 36 bars, respectively, as against 8,250 tolas and 45 bars. As regards offtake, the daily average was higher in the case of gold (4,200 tolas, as against 3,500 tolas), but lower in respect of silver (8 bars, as against 9 bars). The floating stocks are estimated at 30,000 tolas of gold and 800 bars of silver.

Adjustment rates fixed today were Rs. 124.80 per 10 grams of gold and Rs. 205.80 per kilogram of silver. The corresponding rates a week ago were Rs. 124.50 and Rs. 206, respectively.

In gold, the *Margashir* (December) settlement was subjected to bull liquidation in the first two sessions of the week and receded from Rs. 125.50 to Rs. 124.80 on Friday. After recovering subsequently to Rs. 126.25 yesterday, the settlement fell again to Rs. 125.70 today before finishing at Rs. 125.80.

Ready gold began the week at Rs. 124.65, as against the previous close of Rs. 124.75, and moved down to Rs. 123.90 on the 6th inst. Thereafter, it gradually edged forward and touched Rs. 125.50 yesterday, but declined to Rs. 124.95 today. The closing was slightly higher at Rs. 125.05. At this level, the discount under the forward was 75 nP, same as last week. The discount had narrowed to 50 nP on Saturday the 7th inst.

The *Margashir* settlement in silver eased from Rs. 207.10 last week-end to Rs. 206.15 at one time on Friday. After recovering to Rs. 207.35 yesterday, the settlement fell back to Rs. 206.70 before closing at Rs. 206.80. The net loss over the week was 30 nP.

Ready silver continued to be quoted at a discount under the forward throughout the week, though the actual discount declined slightly from Re. 1.10 on Wednesday last week to Re. 1 today when the quotation stood at Rs. 205.80, as against Rs. 206. The highest and lowest levels touched in the week were Rs. 206.30 (Tuesday the 10th inst.) and Rs. 204.90 (Friday the 6th inst.).

The world price of gold in the London bullion market was unchanged at $35.18⅜ this week too, while the sterling price of gold improved by ½d. to 250*s.* 0¼*d.* Ready and forward silver continued unaltered at 79½*d.* and 80⅛*d.*, respectively, as also silver in New York at 91.375 cents.

The following table shows the trend of prices during the week under review:

	11-10-1961 (closing)	High	Low	4-10-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	125.05	125.50	123.90	124.75
Forward: Margashir* ..	125.80	126.25	124.80	125.50
Sovereign	96.75	97.00	96.75	97.00
SILVER				
Ready (.996 fine) ..	205.80	206.30	204.90	206.00
Forward: Margashir† ..	206.80	207.35	206.15	207.00
London—				
Silver Ready	79½*d.*	—	—	79½*d.*
Silver Forward	80¼*d.*	—	—	80¼*d.*
Gold	250*s.* 0¼*d.*	250*s.* 1½*d.*	250*s.*	250*s.*
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th December settlement. † 26th December settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

ATLAS
ASSURANCE CO., LTD.
The liability of Members of the Company is limited
Incorporated in England

A.D. 1808

Bombay Agents:
N. SIRUR & CO. PRIVATE LTD.
TULSIDAS KHIMJI.
MACKINNON MACKENZIE & CO. PRIVATE LTD.
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Branch Offices:
Dougall Road, Ballard Estate, Bombay.
Indra Palace, Connaught Place, Delhi.
2-L, Mahatma Gandhi Road, Bangalore.
Vijaya Bank Building, Mangalore.
7, Armenian Street, Madras.
4, Clive Row, Calcutta.

FIRE — MARINE — ACCIDENT

COTTON FUTURES FINISH BETTER

(*From Our Own Correspondent*)

BOMBAY, *11th October*

The cotton futures market ruled easy during the first three sessions of the week (that is, Thursday, Friday and Saturday), but picked up strength on Monday which persisted practically till the close of today. The initial easiness was due to reports that the current season's crop had not suffered as much damage as was feared earlier. There was also some selling induced by good weather conditions in Khandesh, Berar and C.P. tracts. Consequently, values moved down. A sharp recovery was, however, in evidence on the 9th inst. It followed fears of much loss to the crop as a result of heavy rains in several cotton-growing areas, especially Berar, Khamgaon and Moglai. The rise gathered momentum early yesterday, though, towards the close, there was stale bull liquidation which led to a fall in prices. Today, the market put on a cheerful appearance again, with values registering a further improvement. The trend of the market during the week is indicated below:

(In Rs. per candy of 784 lbs.)

11-10-61	*High*	*Low*	4-10-61
I.C.C. Jarilla March	631.50	633.00	620.75	625.25

A notable feature of trading in the spot section was the firmness of new crop cotton, thanks to active buying by mills in the wake of poor offerings. In particular, 197/3 cotton evoked keen demand which stemmed from fears regarding damage to the crop from continued rains. A few varieties such as Co2 and L.147, however, were somewhat neglected on expectations of higher output. The export section ruled dull, as fresh overseas support was lacking and traders anticipated a larger Bengal *Deshi* crop.

Among foreign styles, superior grade Sudan and African cottons met with good support. Some business was also put through in whatever foreign growths that were readily available in the local market.

The latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri are given below:

Bengal *Deshi* 650; Hubli Laxmi 975; Kalyan 870; L.147 1,025; Co2 1,250; East African B.P.52 1,270; B.P. (U.N.U.G.) 1,300.

Sudan XG2L (November-December shipment) 1,495-1,497.

The mofussil mills are now eligible to import and retain cotton, for their own use only, up to 30 per cent of the value of raw cotton entitlement accruing to them under the cloth export incentive scheme. A notification to this effect has been issued by the Chief Controller of Imports and Exports. Meanwhile, imports of foreign cotton into Bombay port continue to be on a large scale. The actual imports during the period from 1st September to 5th October aggregated 179,559 bales, as against 173,260 bales in the corresponding period last year.

The Karachi cotton market depicted a quiet trend during the week under review, with values tending to move down. Shippers were not inclined to enter into fresh commitments, pending the emergence of a clear picture regarding Pakistan cotton purchases by Japan and other countries. Nor was buying by local spinners on a large scale. The March 1962 contract encountered selling and lost 90 nP to Rs. 75.70. January contract dropped 70 nP to Rs. 77.70.

There was no trading in the Alexandria cotton futures market during the week under review too. The first official estimate of the Egyptian cotton crop for the current season (1961-62) places the total output substantially lower at 6.82 million kantars, as against 10.44 million kantars in 1960-61. Such a sharp fall in output is attributed to unprecedented damage caused by pests early in August.

The Liverpool cotton market was depressed on reports of larger U.S. crop this season. The December position fell from 24.60*d.* to 24.05*d.* per lb. The October position declined from 24.10*d.* to 24.05*d.* Sudan (November) was dull at 32*d.* The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: October 24.05; December 24.55; March 25.00; May 25.45.

American cotton mixed growth contract: October 24.45; December 24.90; March 25.30; May 25.75.

Sudan: November, January, March 32.

Fully steady conditions prevailed in the New York cotton market, despite anticipation of a larger output of cotton during the 1961-62 season. The Crop Reporting Board of the U.S. Department of Agriculture has estimated the crop (as of 1st October) at 14,334,000 bales (of 500 lbs.), which compares with 14,262,000 bales estimated last month

and the 14,272,000 bales actually harvested in the previous season.

The following are the latest available quotations from New York, as compared with those a week and fortnight ago:

(In cents per lb.)

	10-10-61	3-10-61	26-9-61
New York Spot	35.60	35.50	35.45
October	34.53	34.31	34.41
December	34.97	34.90	35.01
March	35.74	35.68	35.75

ART SILK YARN IMPORT POLICY

(From Our Own Correspondent)

BOMBAY, 11*th October*

The outstanding event of the week in so far as the yarn market is concerned is the announcement of a revised policy for import of art silk yarn under the Fabrics Export Incentive Scheme during the current half-year. The policy provides for grant of yarn import entitlements to manufacturers up to 100 per cent of the f.o.b. value of exports or the international prices, whichever is lower. Of the face value of these licences, 10 per cent is permitted to be utilised for import of the permissible types of spare parts of machinery required for the production of art silk cloth. No manufacturer will, however, be entitled to import art silk yarn in excess of Rs. 7,500 per loom per annum or Rs. 1,875 per loom per quarter, accumulation or adjustments of quarterly licences being allowed upto half a year. The other features of the policy are as follows:

Exporters, including manufacturer-exporters and processors, will also be granted licences under the scheme for import of coal tar dyes and textile chemicals upto two per cent of the face value of licences issued for import of art silk yarn.

Exports to Nepal, Tibet, Sikkim, Bhutan and Portuguese possessions in India will not be taken into account in determining the amount upto which import licences will be granted. Exports to Afghanistan will, however, qualify for grant of import licences for art silk yarn only from countries having special arrangements for payment in rupees and against payment in rupees. Exports against payments in rupee to countries with which special arrangements exist will be taken into account for the grant of import licences, provided the imports are made from countries having special arrangements for payment in rupees and against payment in rupees. These import licences will not be revalidated for import from general currency area.

Licences will be granted only once a month on the basis of exports effected in the preceding month. The Joint Chief Controller of Imports and Exports, Bombay, will entertain applications from the powerloom sector and the Joint Chief Controller of Imports and Exports, Madras, from the handloom sector.

Thirty per cent of the entitlement for art silk yarn under the scheme is required to be surrendered compulsorily by each manufacturer-exporter for the import of rayon grade wood pulp by spinners of indigenous art silk yarn. The surrender of entitlement shall apply to art silk yarn only and not to the import entitlement for dyes, chemicals, machinery and spare parts admissible under the Scheme. In return for the surrender of entitlement, the manufacturer-exporter will be entitled to receive 0.75 lb. of indigenous art silk yarn for every rupee of entitlement surrendered at prices to be fixed by the Textile Commissioner from time to time.

The revised policy marks a welcome departure from the previous scheme, in that the entitlement of import licences is now linked to the f.o.b. value or the international prices, whichever is lower, whereas, previously, the entitlement was linked to the value of exports, as assessed by the Textile Commissioner's Office. The one distinct advantage of this change is that exports of fabrics at substantial losses will be reduced considerably, because the incentive will be less if the f.o.b. price is lower. Further, the scheme will check the highly undesirable practice of overinvoicing freely indulged in by a section of industry and trade.

The announcement of the new policy had a bullish effect on the market, as operators thought that, with the reduction in incentive, imports of art silk yarn might decline. Even reports suggesting the arrivals of yarn worth about Rs. 3 crores in the next few weeks had no effect. Consequently, art silk yarn tended to look up, with the exception of J.P. Bemberg yarn (40 x 1) forward deliveries which drifted downward. In sympathy with art silk yarns, staple fibre yarns also recorded a rise in values. Cotton yarns, however, continued to rule dull in the absence of any new encouraging development.

The following table gives the prices of rayon staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	4-10-1961	4-10-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Canvens Bemberg (100 kg.)—		
October	2,850.00	2,850.00
December	2,850.00	2,850.00
Spot	2,954.00	2,900.00
40 x 1 75		
October	2,490.00	2,488.00
December	2,480.00	2,455.00
150 Japan (per 105 kg.)	1,920.00	1,875.00
150 Japan (per 100 kg.)	2,150.00	2,095.00
150 Italy (per 100 kg.)	1,975.00	1,875.00
Net. Imp. 150 2A 2	13.95	13.82
Staple fibre yarn (40 x 3)—		
October (per 98.79 kg.)	838.00	834.00
December	836.00	831.00
Hind (per kg.)	9.50	9.77
Cotton yarn (per bundle of 10 lbs.)—		
10s Peeler	17.97	17.97
20s Gekal	22.00	22.00
30s Row Graal	26.75	26.75
40s Mohan	32.25	32.25
60s Pinkey	52.37	52.37
80s Mohan	67.50	67.75

GROUNDNUTS RECOVER

(From Our Own Correspondent)

BOMBAY, 11*th October*

A recovery, though modest, in groundnuts from the low levels touched last week was the feature of trading in the oilseeds market during the week under review. In sympathy with this recovery other seeds and oils ruled firm. Spot groundnuts were particularly strong, thanks to delay in arrivals of new crop from upcountry centres and persistent reports of some damage to the crops in Andhra Pradesh as a result of unfavourable rains. Besides, the local crushers and *vanaspati* manufacturers gave sizable support at lower levels. The improvement in offtake was also aided by expectations of larger demand for oil during the *Divali* festival. The pronounced strength in the spot section provided a stimulus to bulls in futures as well. Operators hoped that the Government would concede the traders' plea for an early export quota for H.P.S. for which there are good overseas inquiries at present. As for groundnut oil exports, however, prospects are gloomy in view of the wide disparity between Indian and world prices. But unconfirmed reports that the State Trading Corporation would be allotted a quota for oil exports led operators to feel that this would tighten the supply position.

Linseed tended to move up, following relatively lower arrivals and sustained demand for oil. Castorseeds, too, edged forward on inquiries from shippers. Cottonseeds were well maintained on expectation of a smaller cotton crop this season.

Groundnut January 1962 contract, which fell initially from Rs. 198.37 to Rs. 197.25, recovered swiftly later and closed at Rs. 199. Nizam bold gathered Re. 1.25 to Rs. 43.25. Both Coromandels and Khandesh quality rose by a rupee to Rs. 43.50. Oil ex-mill and railway receipts put on 25 nP each, the former to Rs. 18.75 and the latter to Rs. 18.50. Groundnut oil January 1962 contract hardened by 15 nP to Rs. 16.15, after fluctuating between Rs. 15.90 and Rs. 16.20.

Castorseed March 1962 contract advanced by a rupee to Rs. 158.25. Ready Kanpur picked up 37 nP to Rs. 31.37 and Madras 25 nP to Rs. 32.50. Oil commercial put on 10 nP to Rs. 14.20. But oil B.S.S. eased by 10 nP to Rs. 13.20.

Linseed March 1962 rose from Rs. 35.53 to Rs. 35.62, but drifted lower subsequently to Rs. 35.56. Bold ready spurted by Re. 1.25 to Rs. 38.50. Linseed oil increased by 45 nP to Rs. 16.75.

Among cottonseeds, the January 1962 contract strengthened by 50 nP to Rs. 94. Berars, whites and non-whites were all held steady at Rs. 19.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	11-10-1961	4-9-1961	27-9-1961
Groundnut	Rs.	Rs.	Rs.
January 1962	199.00	198.37	206.25
Nizam bold	43.25	42.00	44.50
Coromandel ready	43.50	42.50	44.50
Khandesh quality	43.50	42.50	44.50
Oil ex-mill ready*	18.75	18.50	19.00
Railway receipts*	18.50	18.25	18.90
Oil January 1962	16.15	16.00	16.80
Castorseed			
March 1962	158.25	157.25	157.75
Ready Madras	32.50	32.25	32.50
Ready Kanpur	31.37	31.00	31.25
Oil B.S.S.†	14.20	14.10	14.50
Oil commercial†	13.20	13.30	13.20
Linseed			
March 1962	35.56	35.53	36.34
Bold ready	38.50	37.25	38.25
Oil ready†	16.75	16.80	16.20
Cottonseed			
January 1962	94.00	93.50	93.50
Niger seed	38.50	39.00	38.50
Kardi seed	22.50	22.00	23.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

GOOD DEMAND FOR TEA

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 3*rd October*

Offerings amounted to approximately 525,000 kilograms in sale No. 40 held today. Quality from the Nilgiris was fully maintained with a few brighter invoices on offer; from the other districts, the standard showed a slight seasonal improvement. There was good general demand. Best Nilgiris came in for keener competition and, following quality, sold readily at fully firm to dearer rates. Other Nilgiris sold at around last prices. Good mediums and mediums continued to be well supported at firm rates although some irregularity was seen with respect to the poor liquoring sorts which were generally easier. Low medium and plainest sorts sold well but tended to be somewhat irregular and only slightly easier when compared with last rates. Whole leaf grades came to a steady market with buyers active on the high-grown F.Ps. C.T.Cs and lagg-cut teas declined in value whilst there was better support for C.T.C. types. Black leaf teas realised good prices.

The quotations (per kg.) were:

	1961	1960
	Rs.	Rs.
Low mediums	3.95/4.10	4.40/4.70
Mediums	4.10/4.25	4.70/5.00
Good mediums	4.25/5.10	5.00/5.70
Nilgiri B.O.P.	5.00	7.80

The average price realised in sale No. 40 was Rs. 4.52 per kilo, as against Rs. 4.44 in the previous week and Rs. 5.17 in the corresponding sale last year.

Dust Sale No. 40: Just over 200 000 kilograms were offered in dust sale No. 40 held on Thursday, 5th inst. There was strong general demand. Highgrowns came in for fair support at around last levels. Mediums received keen competition at firm to dearer rates with buyers' emphasis on the brighter lines. The more fibrous sorts, however, sold irregularly and were generally easier. C.T.Cs were compared for at dearer rates. Legg-cuts and C.T.C. types came to a slightly easier market.

The average price realised in dust sale No. 40 was Rs. 4.57 per kilo, as compared with Rs. 4.50 a week ago and Rs. 4.49 in the corresponding sale last year.

Export Quota: There are no buyers at present in the market, although sellers are quoted nominally at 1¼ nP per kilo.

Colombo: The market opened to good general demand, although Uvas were generally lower with quality. Best Dimbulas sold readily at slightly dearer rates whilst the lesser kinds were somewhat irregular. The plainest on offer were 3/10 cents dearer, whilst useful good mediums advanced by 3/8 cents. Mediums and lowgrowns were irregular but generally somewhat lower.

London: *North Indian and other growths*: There was strong general demand for all descriptions which sold at fully firm to dearer rates.

Ceylon and South Indian: In Tuesday's sale 25,777 packages were on offer of which 5,490 packages were South Indian teas. Demand continued to be good except for a few light liquoring teas. The market generally showed some advance in price with the lowest kinds being a strong feature.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire:

"*Sale No. 41*: 529.000 kilograms. Good general demand. Plain and low mediums barely steady. Mediums fully firm. Good mediums irregularly 10 nP to 20 nP dearer. Highgrowns irregular following quality."

LINSEED WEAK

(Messrs. A. Bradley and Co.)

CALCUTTA, 7*th October*

There was a slightly weaker undertone in the linseed market during the week, owing to absence of enquiries. Local crushers reduced their output to a great extent because of lack of parity, oil prices having declined with little corresponding decline in the prices of seeds. Arrivals from upcountry were very small.

Owing to the weakness in other vegetable oils, linseed oil ruled dull. Local demand was poor.

The oilcake market was firm. There was good local demand at higher prices, but stocks were very small and business was restricted.

October delivery was quoted at Rs. 28.50 per maund.

SUGAR RISES

(From Our Own Correspondent)

HAPUR, 9*th October*

Sugar prices, which had drifted lower earlier following decontrol of sugar, improved towards the week-end on brisk buying support from consuming areas. The Government's decision to reduce the production quota of the mills in the coming season by ten per cent also had a steadying effect. Mills would start the season late, with no incentive left for early crushing. In order to meet festive demand, the Union Government has released further 100.000 tons of sugar for sale. Prices of sugar at factory ends recorded a hardening trend and week-end prices here were: Rs. 106 per bag in the open market, retail 97 nP per *seer*. Mill delivery prices were: *Simbhauli* (D-29) Rs. 104.50, (E-29) Rs. 104, *bulandshar* (D-29) Rs. 104 per bag.

Firm trend prevailed in the sugar market at Muzaffarnagar during the week, contrary to expectations that prices would fall after decontrol, on brisk demand from the Punjab, Gujarat, Rajasthan and Saurashtra and bulk quantities were also sold for Delhi. Business of about 250.000 bags was put in the market since decontrol and almost all factories were selling at higher rates. Week-end prices were: *Aqbalpur* (A-29) Rs. 40.22, *Khatauli* (B-29) Rs. 39.53, *Lakshar* (C-29) Rs. 38.34, *Rohana* Rs. 38.34. *Deoband* Rs. 38.84, *Dauarla* Rs. 38.84, *Mawana* Rs. 38.84, *Meerut* Rs. 38.15, *Amroha* Rs. 37.85, *Shamli* Rs. 38.05, *Bijnore* Rs. 37.50 and *Ramlaxman* Rs. 37.78.

Khandsari prices, which had eased earlier after decontrol of sugar, steadier later on brisk demand for the Punjab coupled with sugar prices. Local demand was also good and latest prices were galewat Rs. 225 to Rs. 29, non-crystal Rs. 31 to Rs. 35.75 and crystal Rs. 33 to Rs. 35.50 a maund.

New *gur* arrivals, which had started during mid-session, again stopped following rains. Old stocks were not much in request and week's offtake was two wagonloads and local stock now put at 9.000 maunds. New arrivals would soon mount and, as factories would start purchasing cane late, increased *gur* production is predicted. Week-end prices (in rupees per maund) were: new 16.50 to 17, old *koyha* 14 to 15, wet 12.50, *shakker* 17 and new 19 per maund.

Demand for *gur* was slack during the week in the Muzaffarnagar market, as consuming centres evinced little interest. New production has not yet begun and week-end prices were: *chaku* Rs. 18 to Rs. 18.50. wet Rs. 13.25, *shakker dara* Rs. 16.75 to Rs. 19.25, *masala* Rs. 21 to Rs. 23 per maund.

Gur futures moved both ways during the week. *Gur fagun* having opened at Rs. 12.25 on 3rd October, touched the highest and lowest at Rs. 12.36 and Rs. 12.04, respectively, and is today quoted at Rs. 12.22.

RAW JUTE ARRIVALS SUBSTANTIAL

(From Our Own Correspondent)

CALCUTTA, 10*th October*

Raw jute arrivals showed a substantial increase during the week under review which led to the mid-week fall in prices, albeit insignificantly. As the week progressed, the mills turned keen buyers of fibre at lower levels and the quantity contracted for by them was considerable. This arrested the declining trend. Over the week-end, the Indian Jute Mills Association announced that the mills would be working 48 hours a week from 16th October, as against 45½ hours as at present. Demand for jute goods was yet low, as overseas buyers were prepared to wait before replenishing their stocks. Prices of goods also declined and, at lower levels, good business was put through in October hessian as well as sacking goods. Market circles realised that the prices of manufactured goods, though at levels not admitting of profits to mills, must decline further, if a steady flow of demand from overseas countries was to be generated. It was felt that, unless fibre prices declined further, stability in the markets would not set in. At the same time, there was the realisation that it was imperative that the cultivators also got economic prices for their produce. The fact that, even at the present high prices of goods, mills are not able to operate profitably led to the comment in some quarters that, inasmuch as cultivators had reaped good profits in the recent past, they should be able to sacrifice a portion of their gains by reducing fibre prices, so that their as well as the industry's long-term interests would be protected. However, this comment should be read with reservation because the high prices prevailed in the closing months of the last season when practically all fibre had left the hands of cultivators. Cash requirements of cultivators for the forthcoming *Pooja* festivals have led to increased arrivals which prevent prices from rising further.

The news from across the border that, while some mills in Pakistan have now reduced production by working two shifts instead of 2½ shifts as hitherto, other mills have increased production by introducing an extra half-shift, was noted. There will thus be no change in the total monthly output of Pakistan mills. This is apparently good news to the industry in India, as in the past reports of increased production in Pakistan had depressed the Calcutta market. Mills in Pakistan apparently realise that any increase in production is not justified by the trend of demand for goods. It is known here that the quality of the Pakistan goods is much below that of Indian goods. Although the Indian mills are fed with inferior jute and many mills have yet to modernise their plants, the quality of goods is of a high order. The Pakistan mills, despite the advantages of modern machinery and good quality fibre, are yet to acquire experience. Such a realistic analysis has resulted from current trends and, though mills in India can sit back with pride, they are in no mood for complacency. For they realise the need for a fall in prices of goods, which alone would revive overseas demand. If mills accept the premise that higher output would lead to a fall in costs of production, they point out that cultivators, who are harvesting a bumper crop, should also be able to make the same profit if they market all the crop at lower prices than at present.

Meanwhile, the mid-week drop in fibre prices has alarmed officialdom which has utilised this opportunity to remind the I.J.M.A. of its assurance to maintain the stability in jute prices. The Cossipore yard of the Eastern Railway has been flooded with incoming consignments, and arrivals of Pakistan cuttings and Thailand's mesta also contributed to depress prices. While mills are committed to a programme of increased production, it should be pointed out that the mills can hardly be expected to embark on a plan of flooding their godowns with goods. They have already unsealed the looms sealed in August and, in the last month increased working hours to 45½ a week. They have now been called upon to work a full week of 48 hours. Although this can only be done when there are signs of revival of overseas demand for goods, the mills belonging to the membership of the I.J.M.A. have decided to work 48 hours from the forthcoming week. A *Pooja*-eve decline in fibre prices, it is pointed out, is a usual feature every year, and a gradual rise in prices following the *Poojas* is also a usual feature. A temporary decline in prices should not upset the authorities. When the mills have not yet been able to operate profitably, it is amusing that there have been demands from Bihar that the State Trading Corporation should purchase fibre at Rs. 35 a maund. Evidently, the suggestion is that the S.T.C. should sell all such fibre bought by it at a higher rate to the mills.

The latest development in Pakistan has been that the E.P.C. prices were raised by 2 per cent for all grades, excluding all cuttings, exports hearts, and Tossa 4. This rise, despite weakness in the fibre market caused by the hesitancy of buyers, followed the announcement by the Pakistan Jute Association that the E.P.C. prices would be 2 per cent higher than the daily quotations and that the 2 per cent was only agents' commission. Market circles said that it was very difficult to maintain the present E.P.C. rates, as demand from overseas was at levels £4 to £5 below the E.P.C. Despite this, the E.P.C. rate has been raised, and it has been hinted that this action has been taken to lead to a greater fall in prices. With increased imports and little interest being shown by Pakistan mills and exporters, it is not seen how the high E.P.C. rates can be maintained for any length of time.

Firm conditions developed in the goods market on Tuesday last and ready hessian 40" 10 oz. was at a high premium for prompt delivery. Mills turned sellers at the higher rate, and the price of ready hessian 40" 10 oz. closed lower than the highest level for the day at Rs. 55.25. In sympathy, ready B. twills steadied around Rs. 134.00. At this stage, the report of a decline in fibre prices following increased arrivals affected the trend and, on Wednesday, hessian 40" 10 oz. dropped to Rs. 54.00 and B. twills to Rs. 132.50. Selling pressure developed in the futures market and ready goods also fell. At lower levels, demand was revived. Hessian 40" 10 oz. closed lower at Rs. 51.25 and B. twills at Rs. 132.00 on Thursday. Business followed and, as a result, on Friday, prices recovered to Rs. 52.75 and Rs. 132.75, respectively. Over the week-end, prices recorded a sharp rise with B. twills quoting Rs. 133.00 and hessian 40" 10 oz. at Rs. 53.25. This followed the announcement of details of stock figures at the end of September. Stock of goods with mills fell by 12,500 tons to 52,500 tons. The largest fall of 5,700 tons was recorded in sacking at 29,200 tons; hessian at 15 800 tons was lower by 4,700 tons. Miscellaneous constructions dropped by 2,200 tons to 7,500 tons.

A two-way movement in fibre prices was in evidence. Increased arrivals and reports of heavy accumulation in Cossipore pushed down ready daissee bottoms to Rs. 36 from Rs. 37 a maund and Assam bottoms as well as northern bottoms to Rs. 32.50 from Rs. 34.00. Mills turned substantial buyers at lower levels. There were also reports that the Government, alarmed at the decline, reminded mills of their undertaking to maintain stability in fibre prices. The possibility of mills increasing production was also hinted and, when over the week-end mills announced their decision to work a full week from 16th October, it caused no surprise. As mills began to increase offtake, daissee bottoms gained to Rs. 36 and Assam bottoms and northern bottoms to Rs. 33.00.

BLACK PEPPER MOVES DOWN

(Messrs. Parekh and Co.)

BOMBAY, 11*th October*

After a week's grounding within a narrow range, Malabar black pepper climbed down under the impact of liquidation of October delivery contract by tired bulls induced by the proximity of the settlement date. Withdrawal of New York buyers and their indicating lower buying price made the matter worse. Ungarbled ready fell to Rs. 373 and garbled to Rs. 383. October delivery, after spurting to Rs. 404 in expectations of broadening Punjab and inland demand, came down to Rs. 389 as the inland demand did not pick up as expected. Almost all the hedge sellers having already lifted their hedge sales for October delivery, there were a few fresh buyers, as new incentives were lacking. December delivery was quoted lower at Rs. 373. Calicut was indicating at Rs. 375.

Singapore is reported to be flat without any foreign business. Arrivals from Sarawak during the week were higher than in the previous week. Secondhands in Singapore are quoting lower to attract business but without result. White and black pepper are quoted at Str.$175 and Str.$140, respectively.

Spot in New York remained quiet at $0.44, with demand poor. As Singapore is indicating comparatively lower prices, bidding level for Malabar by New York dealers is lowered to $0.42.

The future of the market is uncertain. It will depend upon the selling policy of Lampong new crop which is so far held back from the market and the attitude of the U.S.S.R. which generally comes in the Indian market at the start of the new season.

Ready pepper in Bombay is nominally quoted Rs. 205 per 50 kilos with poor demand.

FOODGRAINS DEPRESSED

(From Our Own Correspondent)

HAPUR, 9*th October*

Quietly depressed conditions were witnessed in foodgrains prices during the week ending 9th October. Pressure of new maize arrivals at an average of 500 maunds daily from Rampur was main influencing factor. Fairly good rains have now been received and timely *rabi* sowings would be possible. Sowings of coarse grains—gram and barley, bejhar and peas would begin after a week, while that of wheat would begin by the end of the month. Wheat prices here during the week ruled steady at Rs. 14.75 to Rs. 15 a maund for average quality and Rs. 15.50 to Rs. 16.25 for better farm produce. Daily arrivals were small at an average of 75 maunds which were readily absorbed by consumers and local stock is almost stationary around 25.000 maunds.

Rice prices registered further fractional decline due to good crop. Arrivals of new paddy have begun which was quoted at Rs. 12 to Rs. 13 per maund. Demand of rice was slack and week-end prices were: Rice *mainpuri sela* Rs. 20.75; *gadda kutcha* Rs. 20.75; *ramajwayan sela* Rs. 22; *raimunia sela* Rs. 23; *basmati sela* Rs. 27 to Rs. 30; superior Rs. 32 to Rs. 37 (all per maund). Gram ruled quietly depressed at Rs. 13.25 to Rs. 13.50 per maund, and, although arrivals from Punjab were small, local stock was still heavy at 34,000 maunds. Barley was depressed at Rs. 10 to Rs. 10.75 and *bejhar* inferior at Rs. 10 and *moongia* variety at Rs. 11 per maund. Demand of these coarse grains is slack and some barley reached here from the Punjab during the week. New maize arrivals at an average of about two truck loads daily from Rampur rural areas were being lifted by consumers for seasonal consumption and prices drifted lower under pressure of arrivals to Rs. 10.50 to Rs. 11 per maund. *Juwar* and *guwar* were listless at Rs. 11 and Rs. 14 per maund, respectively. Arrivals of new *bajra* have not begun and old variety continued to be quoted at Rs. 15. *Methi* improved from Rs. 27 to Rs. 28 per maund on good outside buying support, while oats was quiet at Rs. 13 per maund.

Among pulses, peas and *arhar dal* attracted good demand and week's offtake was heavy mostly to Madras side. Prices of peas, however, were depressed on selling pressure by stockists, as stocks were still heavy at 42,500 mds., but *arhar dal* prices improved 50 nP per maund. *Urd* prices improved on good demand in the face of poor stocks while *moong* prices continued easy, thanks to good crop prospects. Week-end prices (in rupees per maund) were: Peas *dara* 11.25; *khatti* 11.25; farm 12 to 12.27; peas *dal* 12.75; *arhar* 12.37; *arhar dal* 16; *urd* 21; *urd dal* 24; *moong* 16 to 17; *moong dal* 19 to 20; *massoor* 13 to 16; *massoor dal* 16; *moth* 16; *moth dal* 19.

Preparation of land for *rabi* sowings is in full swing and sowings of coarse grains would begin shortly, thanks to good rains.

TIN EASY, COPPER FIRM

(From Our Own Correspondent)

CALCUTTA, 10*th October*

Trade circles had further time to study the Government's import policy for base metals. Satisfaction was expressed at the revival of quota licences to the extent of 10 per cent in regard to wrought copper in semi-manufactures. The specific provision that the quota licences for virgin copper and zinc are valid for import from the U.S. only, trade circles thought, should have been better avoided. Although even if there was not this specific provision, most imports of these two items would take place from the U.S. only, quota holders would now be prevented from taking quotations from other sources of supply. It was apprehended that the U.S. traders might use this provision to their favour, as quota holders must place their orders on U.S. suppliers only. The quota for zinc is 30 per cent as previously and for copper 100 per cent.

The other features of the policy are: (1) Quota licences for brass semis such as wire, rod, section, sheet, pipes and tubes, has been revived to the extent of 12½ per cent. The licensing system in this regard has been decentralised and the import authorities at the ports will issue licences. Such licences issued will also be valid for import of copper unwrought and zinc or spelter unwrought in the form of ingots and cakes. (2) For aluminium alloy items such as plates, sheets, circles, strips, rods and bars, the quota licences have been reduced from 20 to 10 per cent. This is attributed to the increased aluminium production in the country. (3) In regard to cadmium, cobalt, manganese, magnesium, chromium, vanadium and other non-ferrous metals not otherwise specified in the import control, quota licences have been reduced from 100 to 90 per cent. Also, it is stipulated that imports of monel metal wire cloth/netting, platinum crucibles and lead-winged aluminium-glazed bars under these licences should not amount to more than 20 per cent of the face value of these licences.

Higher advices were received from London during the week under review. There electrolytic zinc opened at £220½ a ton and, although the announcement of import restrictions by Japan continued to depress sentiment, this was arrested by reports of labour troubles in several mines. During the week, a high of £229½ was reached. The quotation closed firm at £228¾. Demand for copper scrap in Calcutta was higher, and prices for the scrap offering for sale were fully firm. Lead in London closed £1½ higher at £63½ a ton. The gain was attributed to increased demand at lower levels. The Calcutta quotation was unchanged at Rs. 135.75 per quintal. Electrolytic zinc in London closed fractionally higher at £72¾ a ton. Conditions here were fully steady, as demand was constant. In accordance with the lower trend in London, where the price declined from £944 a ton to £937, tin here also eased.

EXPORTS OF LAC

The Government of India has formulated a new scheme for price stabilisation and export promotion of lac. Under the scheme, the State Trading Corporation has been authorised to act as a buffer stock agency to regulate the purchase and export prices of lac. The minimum prices at which the S.T.C. will purchase certain types of lac from growers and manufacturers are based on Rs. 56 per maund for B. 11 quality seedlac, with corresponding changes for other grades. At the same time, the minimum export price has been reduced from Rs. 70 to Rs. 64 per maund. Further, an export duty of Rs. 160 per 1,000 kgs. of seedlac and shellac (including button lac and garnet lac) and Rs. 125 on other varieties, has been imposed.

In a note on "Lac exports" in *Commerce* dated 8th July 1961, the value of exports was inadvertently given as Rs. 4.7 crores in 1960. This figure relates only to the nine-month period from April-December 1960. The correct figure for the whole year 1960 is Rs. 6.41 crores. This compares with Rs. 6.10 crores in 1959 and Rs. 7.09 crores in 1957.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 6th Oct., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		65,14,79,000
(2) Other Governments		4,68,21,000
(b) Banks		72,47,13,000
(c) Others		149,16,99,000
Bills Payable		22,65,81,000
Other Liabilities		16,90,55,000
	Rupees	472,03,48,000

ASSETS	Rs.	Rs.
Notes		18,09,45,000
Rupee Coin		2,29,000
Subsidiary Coin		3,94,000
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		34,69,49,000
Balances held abroad*		13,60,23,000
Loans and Advances to Governments†		57,03,54,000
Other Loans and Advances		139,13,51,000
Investments		191,59,07,000
Other Assets		17,81,86,000
	Rupees	472,03,48,000

* Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 7,82,50,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	18,09,45,000	
Notes in circulation	1891,48,52,000	
Total Notes issued	....	1909,57,97,000
Total Liabilities	....	1909,57,97,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	116,86,07,000	
Total of A		234,62,10,000
B. Rupee Coin		126,15,47,000
Government of India Rupee Securities		1548,80,40,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1909,57,97,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept. 1939 (pre-war)	29th Sept., 1961	22nd Sept. 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	173.37	1857.24	1868.70	1877.39	1790.04
Notes held in Banking Department	35.05	34.80	21.99	16.57	14.99
Foreign Securities	59.50	116.86	116.86	116.86	123.01
Rupee Securities	87.39	1528.80	1528.78	1533.55	1431.74
Banking Department					
Deposits of:					
Government of India	14.39	59.46	55.05	64.60	63.32
Other Governments		22.49	21.36	19.93	18.46
Balances held abroad	10.06	12.87	18.42	26.61	16.17
SCHEDULED BANKS					
Demand Liabilities	134.36	842.29 (20.95)†	834.38 (16.00)†	830.64 (19.72)†	777.41 (20.52)†
Time Liabilities	102.24	1143.40 (19.50)†	1141.22 (19.32)†	1156.13 (18.39)†	1181.85 (20.54)†
Borrowings from Reserve Bank	..	11.07 (5.35)‡	15.62 (9.51)‡	1.27 (0.11)‡	33.44 (9.28)‡
Borrowings from State Bank	..	18.39	17.45	18.77	19.00
Cash in India	6.70	43.48	44.49	45.81	46.75
Balance with Reserve Bank	25.17	73.20	77.41	97.29	107.01
Balances with other banks in current account in India	..	16.12	16.04	16.36	16.16
Money at call and short notice in India	..	46.71	42.64	48.22	29.55
Investments (at book value)	..	617.84	607.28	598.31	722.54
Advances and bills	105.9	1232.41	1235.01	1231.50	1135.82
STATE BANK					
Deposits	87.76	582.62	524.46	525.18	591.65
Investments	51.99	270.53	259.56	261.65	369.51
Advances	30.35	242.47	242.69	238.45	219.05
Cash	14.69	23.70	29.24	30.61	26.24

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Reliance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	24th Aug., 1961	5	4½
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	..	2
Canada †	..	2.85	2.82
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	16th Nov., 1958	3.50	3
El Salvador	Jan., 1960	4.50	5
Finland	Mar., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	3rd Nov., 1960	5.50	5.31
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	26th July, 1956	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1956	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	Nov., 1959	5.75	5.00
Portugal	12th Jan., 1944	..	2
South Africa	4th May, 1961	4.50	5
Spain	11th April, 1960	6.25	5.75
Sweden	16th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	2
Thailand	Feb., 1945	4	3
Turkey	6th June, 1958	4.50	6
United Kingdom	5th Oct., 1961	7	6.50
U.S.S.R.	1st July, 1936	3	4
U.S.A.	11th Aug., 1960	3.50	3
West Germany	5th May, 1961	3.50	3

†Bank rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 6th Oct., 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		7,45,00,000
Borrowings from Other Banking Companies, Agents, etc.		530,31,20,000
Bills Payable		17,00,000
Bills for Collection being Bills receivable as per contra		10,93,30,000
Acceptances, Endorsements and Other Obligations per contra		2,88,23,000
Other Liabilities (including Inter-Office Adjustments)		84,75,000
Total .. Rs.		16,52,12,000
		574,74,10,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		20,57,26,000
Balances with other Banks		4,40,26,000
Money at Call and Short Notice		2,00,00,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	256,27,70,000	
Other Authorised Investments	9,24,36,000	
		265,52,15,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	233,66,79,000	
Bills Discounted and Purchased	10,89,50,000	
		244,56,29,000
Bills Receivable being Bills for Collection as per contra		2,88,23,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		84,75,000
Premises less Depreciation		1,83,73,000
Furniture and Fixtures less Depreciation		1,48,87,000
Other Assets (including Inter-Office Adjustments)		30,62,56,000
Total .. Rs.		574,74,10,000

Scheduled Banks*

Statement of Affairs for the week ended 29th September, 1961

	Rs. (Thousands)	Rs. (Thousands)
(I) Demand Liabilities in India		
(a) Demand Deposits—		
(1) From banks		46,85,24
(2) From others		721,52,54
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		20,95,21
(c) Other demand liabilities		52,96,58
(II) Time Liabilities in India		
(a) Time Deposits—		
(1) From banks		20,67,59
(2) From others		1079,57,33
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		19,49,99
(c) Other time liabilities		23,64,87
(III) Borrowings in India from the State Bank of India and/or notified banks:		
(a) Demand liabilities		7,62,65
(b) Time liabilities		10,76,00
(IV) Borrowings in India from the Reserve Bank of India (A)		11,07,40
(V) Cash in India		(5,34,50) 43,47,81
(VI) Balances with the Reserve Bank in India		73,19,72
(VII) Balances with Other Banks in Current Account in India		16,11,96
(VIII) Money at call and short notice in India		46,71,15
(IX) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations		617,84,32
(X) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)		1050,14,31
(b) Due from Banks in India		11,67,54
XI) Inland Bills purchased and discounted in India.		124,58,19
(XII) Foreign Bills purchased and discounted in India		46,01,29
(XIII) Total of items (X), (XI) and (XII)		1232,41,33

Notes :—

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.

(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 29th Sept., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		4,65,00,000
Rural Credit Fund		2,00,00,000
Deposits :—		
(a) Central Government		21,17,59,000
(b) Provincial Governments		2,32,83,000
(c) Banks		18,26,84,000
(d) Others		115,21,38,000
Bills Payable		20,18,000
Other Liabilities		6,98,68,000
Rupees		173,82,50,000

ASSETS	Rs.	Rs.
Notes		13,35,08,000
Rupee Coin		72,000
Subsidiary Coin		65,000
Bills Purchased and Discounted :—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		16,20,49,000
Balances held outside Pakistan*		....
Loans and Advances to Governments		....
Provincial Governments' Debtor Balances		....
Other Loans and Advances		42,19,21,000
Investments		92,46,04,000
Other Assets		9,60,31,000
Rupees		173,82,50,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	13,35,08,000	
Notes in circulation	340,74,47,000	
Total Notes issued	....	360,09,55,000
Total Liabilities	....	360,09,55,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	....	
Foreign Securities	71,54,96,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		139,50,50,000
B. Rupee Coin	3,89,21,000	
Government of Pakistan Securities	210,79,78,000	
Internal bills of exchange and other commercial paper	....	
		214,68,99,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,03,000	
Government of India Securities	1,00,00,000	
Rupee Coin	20,51,000	
		5,80,06,000
Total Assets	....	360,09,55,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued: 40.30 per cent.

EXCHANGE RATES

Centre		11th October 1961	Previous week
Bombay on London			
Sellers T.T. D.D. Spot	s.	1-5 11/16	1-5 11/16
Sellers T. T. D.D. upto six months	s.	1-5 11/16	1-5 11/16
Buyers T.T. spot to nine months	s.	1-6 1/16	1-6 1/16
Buyers T.T. 10 to 12 months	s.	1-6 1/16	1-6 1/16
Bombay on New York—			
Sellers T.T. D.D.	Rs.	475.50	475.50
Buyers T.T.	Rs.	472.25	472.25
London on New York	s.	2.8148-2.8151	2.8149-2.8151
London on Paris	Fcs.	13.830	13.8430-13.8450
London on Berne	Sw. Fcs.	12.173-12.175	12.1640-12.1660
New York on London	s.	281.510-281.560	281.510-281.560

CLEARING HOUSE RETURNS

Centre	Week ended 6th Oct. 1961 Number of Cheques	Amount Rs.	Week ended 29th Sept. 1961 Number of Cheques	Amount Rs.
Bombay	3,57,721	79,58,16,000	4,11,644	94,41,90,000
Calcutta	1,97,000	80,76,00,000	2,17,000	82,35,00,000
Madras	98,000	13,05,00,000	1,04,807	14,38,22,099
All Centres—				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,064,000	109,88,05,00,000
1960-61	..	..	54,472,000	125,13,16,00,000
July, 1960	..	..	4,210,000	952,59,00,000
May 1961	..	..	4,809,000	1,056,19,00,000
June ,,	..	..	4,500,000	1,054,15,00,000
July ,,	..	..	5,088,000	1,112,59,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53 = 100)

Particulars	Weight	23rd Sept. 1961	16th Sept. 1961	24th Sept. 1960	July 1961	July 1960	Percentage of Increase (+) or Decrease(−) in July 1961 as compared with July 1960	Financial Year Average 1960-61	1959-60
Food Articles	504	120.5	120.9 R	123 9	124.2	124.0	+ 0.2	120.0	118.0
Cereals	192	103.0	103.4	108.2	104.1	100.5	— 4.0	104.4	104.1
Pulses	43	88 9	89 3	94.3	91.3	94.9	— 3.8	92.9	93.5
Fruits and Vegetables	22	145.5	143.4 R	110.2	147.5	126.8	+16.3	118.5	127.8
Milk and Ghee	84	116.0	119.1	127.2	119.1	121.5	— 2.0	116.9	113.8
Edible Oils	47	154.2	152.9	151.0	165.5	147.3	+12.4	150.3	130.4
Fish, Eggs and Meat	17	133 8	137.2 R	124.2	139.0	127.4	+ 9.1	123.5	119.0
Sugar and Gur	46	123 8	124.5	136.7	123 2	140.0	—12.0	132.8	147.0
Others	50	171.5	169.0	171.6	184.2	168.3	+ 9.4	167.8	167.9
Liquor and Tobacco	21	99.5	99.5	105.5	98.6	109.6	—10 0	109.9	99.8
Tobacco	..	96.0	96.0	103.7	95.0	108.1	—12.1	108.3	97.9
Fuel, Power, Light and Lubricants	30	121.5	121.5	119.3	121.6	119 8	+ 1.5	116.2	116.8
Industrial Raw Materials	155	138.3	138.2	140 8	151.4	137 2	+ 10 3	145.4	122.7
Fibres	61	129.3	128.2	143.0	152.5	130 4	+ 16.9	151.0	114.0
Oilseeds	60	155.1	156.1	148.5	165.4	150 9	+ 9.6	140.9	134.5
Minerals	2	94.8	94.8*	98 2*	95.2	98.2	— 3.1	97.4	97.8
Others	32	126.4*	126 5*	125 1*	126.7	126.6	+ 0.1	128.0	122.7
Manufactures	290	126.3	125 3	122 6	127 1	121 1	+ 5.0	123 9	111.7
Intermediate Products	41	140.0	140 7	130 0	141 9	130 8	+ 8.5	129.5	113.8
Finished Products	249	122 8	122 7 R	121 6	124 7	118 5	+ 4.4	122 8	111.3
Textiles	147	123.3	123.3	123.0	126.6	120.8	+ 4.8	125.8	107.5
Cotton	..	127 9*	127 9*	131.4*	126.2	130.0	— 2.9	131.1	118.8
Jute	..	113.8	113.7	116.0	130.5	106.8	+22.2	131.4	90.6
Woollen	..	123 1*	123.1*	110.1*	123.3	110.1	+12.0	109.1	104.8
Silk and Rayon	..	118.6 R	118.6 R	109 8*	119.1	102.7	+16.0	104.4	96.4
Metal Products	..	147.1	147.1	146.8	147.1	146.8	+ 0.2	147.2	144.4
Chemicals	20	112.0	112.0	105.8	110.8	102.9	+ 7.7	104.4	106.9
Oil Cakes	10	144.2	141.5	139.1	146.8	139.1	+ 5.5	141.8	143.8
Machinery and Transport Equipment	31	113.5	113.5	112.0	112.8	111.5	+ 1.2	111.5	106.5
Others	30	121.3	121.3	115.8	120.8	115.8	+ 4.3	116.1	113.4
All Commodities	1,000	124.2	124.4 R	125.7	128.6	124.8	+ 3.0	124.8	117.1

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

[1952-53 = 100]

Group and Sub-Group	Week ended 30th Sept., 1961	23rd Sept., 1961	16th Sept., 1961	1st Oct., 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.1	101.1	101.1	101.1
2. Government of India	101.1	101.0	101.0	101.0
3. State Government	102.1	102.2	102.2	102.4
4. Municipal, Port Trust, etc.	99.6	99.6	99.6	100.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.3	101.3	101 2	100.7
PREFERENCE SHARES—ALL INDIA.				
6. Total	82 9	81.1	83.3	87.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	179.3	177.9	177.6	167.4
8. *Agriculture and Allied Activities : Total*	163.5	164.3	164.5	165.1
9. Tea Plantations	157.0	158.6	159.0	157.1
10. Coffee Plantations	170.2	171.0	172.3	209.6
11. Rubber Plantations	173.6	173.7	174.1	170.0
12. *Mining and Quarrying : Total*	159.3	157.0	157.1	145.2
13. Coal	119.3	120.5	122.3	115.7
14. Other Mining	186.6	182.1	181.0	165.5
15. *Processing and Manufacturing : Total*	193.5	191.7	191.4	180.5
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*	202.4	199.1	199.7	181.7
17. Sugar	159.1	159.6	159.6	189.7
18. Cotton Textiles	178.6	175.0	173.8	149.4
19. Jute Textiles	82.6	83.3	82.7	89.9
20. Silk and Woollen	1142.7	1116.1	1154.0	1000.8
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total*	196.1	195.3	195.0	189.1
22. Iron and Steel	156.7	155.5	156.2	155.0
23. Transport Equipment	389.4	390.0	394.2	373.5
24. Electrical Machinery	164.8	167.0	163.4	132.3
25. Machinery other than Transport and Electrical	208.7	207.8	206.4	203.7
26. Basic Industrial Chemicals	204.9	205.0	204.9	209.3
27. *Processing and Mfg. (Others): Total*	161.5	162.4	159.1	161.1
28. Cement	147.9	148.5	144.9	141.7
29. Paper	207.7	210.0	206 2	218.0
30. *Other Industries : Total*	111.0	110.6	109.5	107.6
31. Electricity Generation and Supply	86.0	86.1	86.2	81.3
32. Trading	119.6	119.3	116.9	108.7
33. Shipping and Other Transport	95.0	94.4	93.3	103.3
34. Construction	292.1	286.9	286.9	305.9
35. *Financial : Total*	199.9	199.0	198.9	171.0
36. Banks	225.9	225.4	225.7	191.0
37. Insurance	149.5	146.3	144.2	131.7
38. Investment Trusts	89.8	90.3	90.3	87.2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	186.3	184.2	184.2	171.7
40. Calcutta	164.9	164.3	163.5	153.6
41. Madras	196.8	195.1	194.2	189.9
42. Delhi	234.6	234.2	234.1	213.9

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	April 1961	April 1960	Twelve months ended March 1961	Twelve months ended March 1960
Exports	53,34	46,20	632,89	629,90
Re-exports	48	47	9,90	9,76
Total Exports	53,82	46,67	*642,79	639,66
Imports	85,66	98,80	1070,16	960,77
Overall Balance of Trade	—31,84	—52,13	—427,37	—321,11
Exports—				
Tea	3,05	2,85	123,59	129,09
Jute yarns and manufactures	14,89	9,07	135,02	119,76
Cotton yarns and manufactures	5,04	5,33	62,04	69,02
Metallic ores and metal scrap	3,13	4,50	39,00	35,35
Cotton, raw and waste	1,03	93	11,57	14,49
Oils—vegetable, mineral and animal	77	86	13,85	19,17
Fruits and vegetables	2,43	1,84	26,08	21,67
Tobacco	3,45	3,62	15,74	14,54
Mica	72	65	10,15	9,82
Wool and other animal hair	82	93	7,74	12,21
Gums, resins and lac	36	79	5,01	7,34
Spices	1,61	1,34	16,64	14,46
Hides and skins, raw	59	1,19	10,02	11,58
Imports—				
Machinery of all kinds	28,40	21,55	257,46	207,96
Iron and Steel	8,99	9,89	120,30	84,29
Oils—vegetable, mineral and animal	5,31	5,61	74,02	91,87
Chemicals, drugs and medicines	7,82	7,07	85,86	92,48
Electrical goods and apparatus	3,51	5,23	56,15	53,15
Vehicles (excluding aircraft, ships and boats)	3,22	4,60	59,49	55,60
Cotton, raw and waste	6,10	7,93	81,77	41,34
Fruits and vegetables	1,01	1,42	20,39	7,05
Paper, pasteboard, etc.	87	92	11,74	11,23
Dyes and colours	99	1,01	12,96	10,01
Spices	14	5	1,33	2,35
Woollen and worsted fabrics	3	3	21	26
Cotton fabrics	6	6	70	1,15
Rice	81	3,41	18,88	16,34
Wheat and spelt	4,17	16,73	121,17	129,78

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
12th to 15th July*	0.12	—	0.12	—	99.356
16th July	2.00	2.02	2.00	2.500	99.375
19th to 22nd July*	1.26	—	1.26	—	99.391
24th to 29th July*	1.26	—	1.26	—	99.391
31st July	2.00	3.49	2.00	2.398	99.410
1st to 5th August*	1.47	—	1.47	—	99.410
6th August	2.00	2.00	2.00	2.400	99.400
9th to 12th Aug.*	0.69	—	0.69	—	99.410
14th August	2.00	2.00	2.00	2.400	99.400
17th to 19th Aug.*	2.55	—	2.55	—	99.416
22nd August	2.00	2.00	2.00	2.400	99.400
23rd to 26th Aug.*	1.29	—	1.29	—	99.416
29th August	2.00	2.00	2.00	2.400	99.400
30th August to 2nd September	0.71	—	0.71	—	99.416
4th to 9th Sept*	1.23	—	1.23	—	99.416
12th Sept	2.00	2.10	2.00	2.400	99.400
13th to 16th Sept.*	0.05	—	0.05	—	99.416
19th Sept.	2.00	2.00	2.00	2.500	99.375
20th to 23rd Sept.*	0.55	—	0.55	—	99.391
26th Sept.	2.00	2.00	2.00	2.500	99.375
27th to 30th Sept.*	0.70	—	0.70	—	99.391
3rd October	2.00	2.00	2.00	2.500	99.375
10th October	2.00	2.00	2.00	2.500	99.375
Total amount outstanding	34.17	..	34.17	..	..

* Intermediate Treasury Bills sold.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949=100]

	All-India	Bombay*	Ahmedabad	Sholapur†	Kanpur	Nagpur	Calcutta§	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
1958 Average	116	395	110	313	98	120	384	124	113	105	103	123	109	121
1959 ,,	121	412	125	340	98	132	384	133	120	106	98	125	108	140
1960 ,,	124	420	120	357	98	136	397	143	120	107	103	120	109	146
July 1960	126	423	122	362	101	137	406	145	121	109	103	119	109	146
August ,,	126	421	123	359	101	137	410	146	121	109	102	122	108	148
Sept. ,,	125	418	122	364	101	138	403	146	122	108	102	122	108	147
Oct. ,,	125	421	123	365	102	137	396	148	122	108	105	119	108	147
Nov. ,,	124	423	121	367	102	135	392	150	121	110	102	122	108	147
Dec. ,,	124	419	120	362	100	134	385	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	385	146	122	111	103	120	109	148
February ,,	123	420	119	350	102	130	389	147	123	111	103	119	109	149
March ,,	124	423	119	349	101	129	392	148	124	111	104	121	109	149
April ,,	123	423	119	348	99	130	389	149	125	111	104	120	109	150
May ,,	124	424	119	345	97	132	..	148	126	112	106	120	110	149
June ,,	125	433	119	349	99	132	..	148	127	112	104	121	110	150
July ,,	126	437	122	..	101	132	..	148	130	113	106	122	110	151

*June 1934=100. †Jan., 1928=100. §1939=100.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates C	Post Office Savings Bank Deposits	10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% C	15-Year Annuity Certificates G	Total	
	Out-standings	Out-standings	Out-standings	Out-standings	Receipts	Out-standings	Outstandings E	Out-standings	Out-standings	Receipts	Out-standings	Receipts	Receipts	Out-standings H
1958-59	1,76	3,80	119,10	87,45	†52,78	191,75	234,01	21,02	—40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	98,99	83,24	221,65	210,40	260,88	19,79	—41,35	50	31	41,68	10,64	21,76	66	2,90	305,70	672,99
1960-61	1,24	2,46	81,50	82,53	237,30	228,77	297,77	18,36	—42,00	1,70	95	38,80	10,14	37,34	69	3 38	329,98	770,80
Aug. ,,	1,44	2,88	90,74	6,78	245,88	19,75	266,75	19,37	—41,61	89	54	41,21	1,17	27,23	9	3,14	27,92	700,07
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,08	280,06	18,87	—41,86	1,40	80	40,00	1,

BANKING

(*Concluded from page 740*)

world or the need to confine financially unremunerative expenditure overseas to what, as a nation, we are prepared to earn overseas?

"Do the remnants of the 'siege' economy which remain with us from the last war make any positive contribution to our good or merely restrict our earning capacity?"

After admitting that the short-term credits obtained from the European central banks had only served to obscure the deep-seated but more malignant disease which had reached a stage that could not brook any delay in the application of a more drastic treatment, the Governor said that he had agreed to "the proportionately heavy reliance on the use of monetary measures in the short-term" as purely defensive measures for making an immediate impact, pending the evolution and application of a long-term treatment which would however take time to yield results. He concluded by saying that it was his firm belief that "constant recourse to disproportionate use of monetary measures is no substitute for a consistent and appropriate national economic policy."

NON-GOVERNMENT CORPORATE SECTOR

(*Concluded from page 761*)

in 1959, as against a net borrowing of Rs. 10.6 crores in 1958. During the four years 1956-59 together, total financing amounted to Rs. 830 crores, of which external sources accounted for Rs. 485 crores or 58.5 per cent.

New issues of shares and debentures in 1959 amounted to Rs. 32.4 crores, as against Rs. 27.8 crores in 1958.

Total gross assets of the 1,001 companies in 1959 amounted to Rs. 2,666 crores and net assets to Rs. 2,072 crores, as compared to Rs. 2,511 crores and Rs. 1,973 crores, respectively, in 1958.

The liquidity position of companies recorded some improvement in 1959, the ratio of current assets to current liabilities was slightly higher at 1.27 as against 1.26 in 1958, although lower than 1.48 in 1955. The percentage of current assets to net total assets, however, declined from 53.9 in 1958 to 53.5; it stood at 59.7 in 1955.

COMPANY MATTERS

(*Concluded from page 759*)

dollars), representing 20 per cent of the estimated dollar content of the project, has been negotiated and the remainder, including the foreign exchange, will be furnished by the Government out of a loan from the Export-Import Bank. The fourth Boeing was delivered to the Corporation in April this year.

The first two half-yearly instalments of the aggregate amount of Rs. 1.60 crore (3,360 million dollars) were paid to the commercial banks in the U.S.A. towards the repayment of their loan of Rs. 5.33 crores (11.20 million dollars) for financing the dollar content of the purchase of the first three Boeings. The funds for this repayment were provided from the Corporation's internal resources. The interest and other charges on the dollar loans for the first three aircrafts amounted to Rs. 39.28 lakhs for the year 1960-61 and have been charged to the revenues of the year. The same U.S. commercial banks advanced to the Corporation a supplementary loan of Rs. 57.31 lakhs (1.204 million dollars) at 6 per cent per annum to cover 20 per cent of the dollar content of the cost of the fourth Boeing aircraft and related spares and equipment during the year under review. The balance of the dollar content has been financed by the Government from the credit available from the Exim Bank. The funds to meet the sterling content of the cost of the project have also been provided by the Government.

While the future outlook for the Corporation is glittering, it is not golden, as the annual report strikes a note of sober confidence. It says that, though the prospects for the Corporation of further growth and profitability in operation in the years to come are good, it is facing in the current year particularly difficult conditions which may not be wholly compensated by the advantages accruing from its partnership arrangements and the jet service. In fact, it warns, little or no profit may accrue in 1961-62.

While it may be hoped that the growth in demand will resume its previous upward trend, load factors during the current year and part of the next year are likely to be affected by the still further increase in capacity offered as deliveries of the new jet planes to other airlines are completed in 1961-62. The international air transport industry may, therefore, be expected to face somewhat lean times until 1962-63, by which time demand should be able to catch up with the increase in capacity. In the meantime, there will be a strong case, says the Directors' report, for a further reduction in economy and tourist fares on some routes with a view to stimulating demand, considering that the proportion of people who travel by air even in the wealthier countries of the West is still pitifully small. Air-India is particularly interested, the report notes, in the enlargement of the available traffic base. The large carriers operating on high density routes have special advantages over Air-India, which, at its present stage, "must be content with being a low frequency operator over an exceptionally widespread route system." Having to meet, as it does, the severest competition imaginable, "its best chance of continued growth and profitability lies," to quote the report itself, "in a continuous enlargement of the market rather than in diverting to itself a bigger share of a restricted market." The Corporation, according to the report, is in favour of lowering fares, consistent with sound economic principles, so that its services may be available to an ever-increasing number of people. This is doubtless a very enlightened attitude.

Notice

THE CHAMPDANY JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Company will be held at its Registered Office at 2, Netaji Subhas Road, Calcutta, 1, at 3-30 p.m. on 26th October 1961, to consider and if thought fit to pass the following resolution as an Ordinary Resolution:—

"That the Directors be and they are hereby authorised to sell the land and premises comprising the Company's Champdany Mill and the appurtenances thereto together with the plant, machinery, equipment and installations situated thereat to Kothari and Company Private Limited, for the sum of Rs. 48,20,000 upon and subject to the terms comprised in an Agreement entered into between the Company and the said Kothari and Company Private Limited, and that the said Agreement submitted to this Meeting be and the same is hereby approved."

By Order of the Board,
JAMES FINLAY & CO., LIMITED,
Managing Agents.

Dated Calcutta, 30th September, 1961.

EXPLANATORY STATEMENT

As your Directors indicated in their Report to the Shareholders for the year ended 31st March, 1961, it has been decided to concentrate the manufacturing operations of the Company at Wellington Mill and to close down Champdany Mill in order to reduce manufacturing costs. In pursuance of this policy, negotiations have taken place between your Directors and Kothari & Co. Private Ltd. for the sale of the Company's Champdany Mill and, subject to your consent under Section 293 (1) (*a*) of the Companies Act, 1956, it is your Directors' intention to proceed with the sale to Kothari & Co. Private Ltd. on the terms indicated in the resolution and in the Agreement referred to therein. The Agreement contains the usual stipulations that the sale is subject to the Company making out a good and marketable title to the property to be sold and to the property being free from encumbrances, and also to a provision that it is subject to your consent under the above Resolution.

INSPECTION

A copy of the said Agreement is available for inspection at the registered office of the Company, No. 2, Netaji Subhas Road, Calcutta 1, during the usual office hours and will also be available at the meeting.

INTEREST OF DIRECTORS AND MANAGING AGENTS

Your Directors and Managing Agents are or may be deemed to be interested in the resolution as follows:—Mr. A. I. Murison, Mr. N. S. Coldwell, Mr. R. G. Edwards, Mr. K. P. Goenka and Mr. B. Gill as members and directors and James Finlay & Co. Limited as Managing Agents and members of the Company.

NOTE:—A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself, and the proxy need not be a member.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 12th October 1961.

	Closing quotations 5-10-1961	High	Low	Closing quotation 12-10-1961
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	183 00	186.00	182.50	186.00
Apollo (2)	1 96	1 98	1 90	1 94
Baroda Rayon (100)	154 00	162 00	154 50	154 50
Bombay Dyeing (25)	69 80	70 50	68 00	68.10xd
Bradbury (50)	137 50xd	—	—	137 50
Central India (100)	134 00	138 00	135 00	136.00
Century Mills (100)	576.00	583 00	572 00	575 00
Cooria Sp. (100)	135 00	135.00	131 25	131 25
Dawn (50)	126 00xd	128 00	126 00	128 00
Edward Textile (200)	305 00	—	—	305 00
Elphinstone (50)	88 00	95 00	88 00	94 00
Finlay (100)	319 00	328.00	320 00	327.00
Gokak (100)	199 00	206 00	198 00	203 00
Gold Mohur (100)	250 00	250.00	247.50	250 00
Gwalior Rayon (10)	46 00	47 50	46 50	47 50
Ind. Unid. Defd. (1)	2 04	2.18	2 02	2 16
Ind. Unid. Ord. (10)	15 20	15 32	15 16	15.24
Indian Rayon (75)	70 00	75 00	70 00	75 00
Indore Malwa (100)	176 00	176 00	163 50	165 00
Khatau (100)	430.00	448 25	430 00	435.00
Kohinoor (100)	296.50	309 50	296 50	309.25
Lakshmi (250)	615 00	616.25	613.75	616 25
Mafatlal (100)	917 50	980.00	925.00	935 00
Minerva Mills (100)	80 00	—	—	80 00
Model Nagpur (250)	96.00	—	—	96.00
Morarji (100)	391.00	399.00	394 00	395.00
Mysore (10)	66.38	67.50	61.50	61.50xd
National Rayons (100)	546 50	556 50	544 00	544.00
New City (100)	130 00	130.00	128.50	129.00
New Great (100)	235 00	245.00	235.00	245 00
Phoenix (100)	166 50xd	167 00	166 50	167.00
Podar Mills (100)	137.50	158.00	137.00	151.00
Raymond Woollen (100)	118 00	125 50	115.00	118.00
Sassoon Silk (10)	15 08	—	—	15.08
Sassoon Spg. (10)	72.50	73.50	72.50	72.50
Shrinivas (100)	274.00	282.50	274 00	282.00
Simplex (50)	169 00	171 50	167 00	170.00
Standard (100)	1,254.00	1,365.00	1,257 00	1,334.00
Svadeshi (100)	270.50	273.00	268 00	269.00
Swan (100)	615 00	625.00	615 00	625.00
T. I. Viscose (100)	187.00	190 00	184.00	184 00
Tata Mills (25)	68 00	69 70	68.00	68.50
Vishnu (100)	147.00	147 50	147.00	147.50
Western India (1,000)	3,725.00	—	—	3,725.00
BANKS				
Bank of India (50)	134 00	134.00	133 50	133.50
Do. (New) (50)	135 00	135.00	134.50	135.00
Bank of Baroda (50)	104 00	104 00	103.50	104 00
Central (25)	63.38	63.80	62.70	63 00
Central 'A' (25)	63 50	64.00	63.50	64.00
Dena Bank (50)	63.50	63.50	63.50	63.50
Punjab National (10)	19.00	19.24	19.00	19.00
Union Bank (5)	7 08	7.16	7.04	7.16
United Com. (50)	91.30	91.50	91.00	91.50
ELECTRIC COS.				
Ahmedabad (100)	96.80	97.00	93 50	94.50
Amalgamated (10)	11 12	10 60	10.50	10.60xd
Andhra Valley (1,000)	1,050 00	1,052.50	1,045.00	1,052.50
Bom. Sub. El. (100)	103 00	104.00	103.00	104.00
Surat (100)	101 00	108.00	101.00	102 00
Tata Hydro (100)	113 00	113.00	112.50	113 00
Tata Power (1,000)	1,172.00	1,177.50	1,155.00	1,165.00
INSURANCE COS.				
British India (10)	12.60	—	—	12.60
Indian Mercantile (20)	53.00	53.50	53.00	53.50
New India (15)	60.00	60 50	59.00	59.50
New India 'A' (15)	62.00	62.00	61.20	61.50
Vulcan (10)	16.40	—	—	16.40
STEEL COS.				
Ind. Iron (10)	24 26	24.48	24.24	24.32
Ind. Steel Iron (10)	27 25	28.15	27.25	27.50
Tata Steel Ord. (75)	146.00	148.25	146.25	146.25
SUGAR COS.				
Belapur (50)	283 50	288.00	265.00	280.00
Bhopal (10)	24.80	—	—	24.80
Changdeo (12.50)	23.72	—	—	23.72
Phaltan (50)	134 50	138.00	132 50	136 00
Walchand Ind. (100)	162.00	174.00	163 50	169 00
CEMENT COS.				
Associated Cts. (100)	165 75	169.75	165 25	169.00
Digvijay (100)	179 50	185.00	179.00	182.00
Orissa (10)	14.72	14.80	14.68	14.72
MISCELLANEOUS				
Alcock Ashdown (100)	311 00	334.00	316.00	325.00
Bom. Burmah (125)	613 00	625 00	616.00	625 50
Do. (New) (50)	223 75	230 00	223 75	228 75
Br. B. Petrol (1½ sh.)	1 24	1 32	1 24	1.32
Bpr. (5)	9 24	9 32	9 24	9 56
Cooper Eng. (100)	187 00	188 50	186.50	188 00
Colour Chem. (100)	360.00	390 00	362 50	385 00
Hind Lever (10)	101 00	98.50	98.50	101 00
Hindustan Lever (10)	51 50	54 00	52 00	53.00
Hindustan Motors (10)	19.28	19.48	19 00	19.12
I. C. & Invest. Corporation (100)	83.50	84.00	83.50	83 50
Indian Dyestuff (100)	475 00	491 25	475 00	475 00
Indian Copper (2 sh.)	4 72	4.88	4.76	4.86
Ind. Inv. Tr. (100)	75.00	—	—	75 00
Killicks (100)	99 50	100 00	98 00	98 00
Larsen & Toubro (10)	88.75	89.25	88.50	89.00
Mahindra & Mahindra (10)	19 00	19.24	18.76	19 24
New Central Jute (10)	17 40	—	—	17 24
Polson (100)	171.50	—	—	171.50
Pre. Automobiles (100)	156 00	163 00	156.50	159 50
Premier Con. (50)	195 00	201 00	195.00	195 25
Seshells (20)	12.64	13.36	12 60	13 04
G. E. Shipping (10)	13.52	13 82	13.52	13 60
Shivralpur (10)	98.00	101.00	54.00	54 50xR
Sirpur Paper (10)	16.00	16 44	16 00	16 32
Tata Chemicals (10)	17.12	17.76	17 08	17 28
Tata Locomotive (100)	352.00	360 50	351 00	355 00
Tata Oil (25)	78.00	79 00	77.50	78 00
Tazmaco (10)	17.36	18 72	17.56	18.52
Voltas (100)	295 50	307 00	296 50	301 50
W. I. Match (100)	290 00	297.00	290.00	294.00
W. Coast Paper (100)	188.00	190.50	187.00	187.00

GOVERNMENT SECURITIES	5-10-1961 Rs	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	12-10-1961 Rs.
2½% 1962	99 15	—	3.47	99.15
2½% 1975	83.50	—	4.23	83.50
2½% 1964-66	98 85	—	3.88	98.85
3% 1963-65	98 75	3.58	3.82	98 75
3% 1965-68	96.25	3.88	3.61	96.25
3% 1970-72 1st Dev.	90.95	4.23	3.85	91.00
3% 1966 Con. Loan	72.80	—	4.11*	73 75
3½% 1964 N. P. Loan	99.90	—	3.53	99.95
3½% 1965 N. P. Bonds	99 85	—	3.54	99.85
3½% 1965	99.95	—	3.50	99 95
3½% 1967 N.P. Bonds	99.00	—	3.69	99.00
3½% 1974	99.50	—	3.79	99 55
3½% 1967 N.P. Bonds	100.50	—	3.66	100 50
3½% 1969 Loan	98 40	—	3.78	98.40
3½% 1968	98.70	—	3.71	98.70
3½% 1969 N.P. Bonds	100.00	—	3.50	100.00
3½% 1968 N.P. Bonds	100.40	—	3.67	100.40
4% 1972 Loan	100.30	—	3.96	100.35
4% 1973 Loan	100.15	—	3.97	100.15
4% 1970 Loan	99.25	—	4.06	99.75
3½% 1966 Bonds	99.70	—	3.57	99.70
4% 1962 Loan	99.25	—	4.07	99.50
4% 1961 Loan	99.50	—	4.13	99.50

*Current Income. xd—Ex-dividend. X.R.—Ex-Right.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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BONUS FOR LIFE POLICYHOLDERS

THE second valuation report of the Life Insurance Corporation, made public soon after our last issue went to Press, errs on the side of excessive caution, if not conservatism. The basis of valuation adopted in the first report, published in June 1959 recommending provisional bonuses for participating policies, did suggest that the actuaries of the Corporation were rather liberal in assuming a rate of interest of 3.125 per cent. This rate was perceptibly higher than the 3 per cent or even lower rates that were being adopted by private insurers. It may be recalled that, in its last valuation preceding nationalisation, the Oriental had assumed the rate of interest at 2.11/16 per cent. But subsequent events seem to have justified the aforesaid assumption of L.I.C. actuaries. The rate of interest earned was much higher; it was 3.52 per cent in 1958 and 4.08 per cent in 1959, the average net rate for the biennium as a whole being 3.81 per cent, as against 3.745 per cent in the preceding biennium and 3.125 per cent assumed. The downward trend in the renewal expense ratio noticed during 1956 and 1957, when it fell from 20.90 per cent to 15.89 per cent, continued during the period of the latest valuation also; the ratio was 12.92 per cent in 1959, as against 15.46 per cent in 1958. It is true that, in 1960, according to the Corporation's annual report, the ratio did not go down further, having remained practically unchanged at that level. But the Corporation's business is growing at a satisfactory pace. Claims ratio is favourable, thanks to better mortality experience. The earnings from investments are also rising and the trend of interest rates is very likely to be on the high side. Both the Governor of the Reserve Bank and the Central Board of Directors of the Bank have expressed the view that monetary stringency will continue much longer than most people expect and so also the regime of higher interest rates. The following quotation from the Reserve Bank's annual report for 1961 is quite pertinent in this connection:

"In a developing economy, the flow of credit has to be regulated by the monetary authorities, with due regard to the productive credit needs of expanding industry and trade. In this context, the higher cost of credit would have a healthy effect by reducing less-urgent demands, by checking undue reliance on bank credit, and by promoting the economical use of resources.... The pattern of higher interest rates to which the economy is adapting itself should be of assistance in general in promoting savings and restraining less desirable forms of investment."

It will be noted from the foregoing extract that there is enough justification for expecting L.I.C.'s investments, the bulk of which is in Government securities and will continue to be so, to yield still higher rates than in the recent past. It is, of course, true that, when interest rates go up, the market value of fixed-yield investments goes down, but, in the case of Government securities, this is only a passing phenomenon, for, as the maturity dates of previous investments draw near, the market value gains. Again, the low interest bearing maturing loans are converted into loans carrying higher rates of interest. And, in any case, the loss represented by the fall in market value is only a book loss, because the redemption is at full face value; even that book loss must have been more than provided for by now, thanks to the hidden reserves built up by the well-managed insurers before nationalisation and by the appreciation in the market value of other investments. Thus, looked at from both performance hitherto and the prospects, the basis of the latest valuation is more stringent than it need be for ensuring a satisfactory and sound financial position for the Corporation, as well as a steady rate of bonus. The rate of interest assumed is no more than 2½ per cent and, in respect of mortality, it is the modified Oriental (1925-35) ultimate mortality table, which is a very conservative one, in that the actual rate of mortality is very much lower, that has been taken into account. In fact, the authors of valuation (Mr. V. H. Vora, Executive Director (Actuarial) and Mr. D. D. Markan, Actuary) themselves admit our criticism of the valuation basis, albeit impliedly, when they conclude their report thus: "The policyholders would be glad to know that further investigations made by us go to show that the Corporation is not only in a position to maintain the present bonuses in the future but also to improve thereon, in due course, if the present favourable conditions continue."

The provision made in respect of expenses is also quite conservative. In the first valuation, an expense ratio of 20 per cent (of premium) for participating policies and 16 per cent for non-participating policies had been adopted. In addition, a provision of Rs. 5 per thousand of sum assured per annum for participating paid-up policies and Re. 1 per thousand for non-participating paid-up policies had been made. Actual experience of the Corporation has shown that these assumptions were quite safe and by no means indiscrete. At the time this basis was adopted, the renewal expense ratio of the Corporation was running in the neighbourhood of 16 per cent. But, now when this expense ratio is less than 13 per cent, the allowance made for expenses is practically the same. Thus, 20 per cent is the ratio adopted for the participating policies which account for the major portion of the business in force. The rate for non-participating policies has been kept a little lower at 15 per cent, but for the paid-up policies the rates have been stepped up to Rs. 7 and Rs. 2 per thousand per annum for participating and non-participating policies, respectively. These provisions seem to suggest that the actuaries have no confidence in the ability of the Corporation's management to force the expenses ratio down and not much faith either in the assurances of the Union Finance Minister that he was determined to minimise deficit financing or in the steps being taken by the Government to check the upward trend in price levels and cost of living.

When Pressmen questioned the L.I.C. officials as to why such an unduly stringent basis had been adopted for determining the surplus available for distribution, they were told that the Corporation had to carry the message and value of life insurance to every nook and corner of this vast country, irrespective of the cost involved. This obligation, imposed on it as a State-owned enterprise, coupled with the effects of inflationary pressures, has tended to push up its expenses. Costs are no doubt going up, but this argument can be exaggerated. An ultra conservative valuation and conservation of resources at the expense of policyholders may not serve as incentives to the spending departments of a State-owned monopolistic institution like the L.I.C. to effect economies. On the contrary, it may have the reverse effect. Talking of rising costs consequent on inflation, it must be borne in mind that policyholders too suffer heavily, when their claims mature and get paid in amounts the purchasing power of which is much less than the premiums paid. Accordingly, their claim for bigger bonuses has considerable moral justification.

So far as spreading life insurance to all parts of the country is concerned, one can have no quarrel with the objective. But must the cost of this pioneering activity be borne by the existing policyholders, especially the policyholders of nationalised insurers? It would surely be equitable if a part of the cost involved could be treated as capital expenditure to be met from future surpluses. Another part could be borne by the Government as the sole shareholder, with a provision for recovering it at a later stage. The Government, it may be noted, has already gained Rs 2.73 crores as its share of the surplus from the first and second valuations. In the case of life policies sold in rural and semi-urban areas which are uneconomical, the consequent loss amounts to social expenditure and as such it should be treated as a charge against the tax-payers as a whole. The Government would be justified in subsidising, in part at least, the cost of this development programme in some form or other. It is surely not fair to penalise the policyholders who did not bargain for bringing such ultra social objectives within the scope of life insurance business. The suggestion that the Government should bear a part of the developmental cost of life insurance in underdeveloped parts of the country is not without precedent, as the principle is already in vogue in several spheres. The example of State Bank's branch expansion scheme, for instance, can be easily applied to the L.I.C.

So much for the basis of valuation. Now to take the results of its application. The life insurance fund, as at the end of 1959, amounted to Rs. 495.78 crores, as against which net liability under assurance and annuity contracts, including Rs. 18.69 lakhs unutilised bonuses at the preceding valuation, was Rs. 474.83 crores, leaving a surplus of Rs. 20.95 crores as per valuation balance-sheet. A sum of Rs. 4.62 crores is available from the taxation account, being the excess of income-tax deducted at source on Corporation's investments over the tax due (Rs. 4.58 crores) on the surplus. The amount available for distribution is thus Rs. 25.57 crores, of which Rs. 24.29 crores are for policyholders and Rs. 1.28 crore for the Government. The details of distribution to policyholders of the Corporation and those of erstwhile private insurers are published elsewhere in this issue. Suffice it to say that the rates of bonuses recommended under the first valuation were only provisional and have now been superseded by those announced now. The grouping just finalised differs appreciably from that made in 1959, there being as many as 25 groups as against only seven before. This suggests that the assumption

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have tried to do justice in a more refined manner than two years ago. The result, however, is less satisfying to the majority of policyholders. Thus, under the final valuation, 69 per cent (2.74 million policies issued by 27 units, including the L.I.C. the policies of which number 1.05 million) of the total participating with-profit policies (5.23 million) get less bonus than that proposed in the provisional valuation of 1959, while only 30 per cent (1.17 million policies issued by 161 units) get more. A comparison with final bonuses declared by private insurers before nationalisation also brings out a disappointing picture. It shows that 66 per cent of policies (1.88 million issued by 33 insurers) receive, under the final dispensation announced this week, less, while only 32.5 per cent (0.93 million policies issued by 149 insurers) get a better deal. An irony of this outcome is that the policyholders who were prudent in selecting the insurers have suffered as a result of nationalisation and those who were not have gained. What is more, contrary to popular notions, the former class of policyholders is larger in number than the latter. It is suggested by some that it is better to end the maze of differential bonuses, now numbering as many as 25, by having uniform rates of bonus for all policies, retaining only the difference between whole-life assurances and endowment assurances. Such an arrangement will undoubtedly be neat, require less effort, and be in conformity with the objectives of a State-owned undertaking. But it would mean further sacrifice on the part of the majority of policyholders of the pre-nationalisation era. The time for this reform would be when the L.I.C.'s surplus is large enough to implement it without dipping into the legitimate share of policies issued by the more efficient and financially strong units. That day, however, does not seem to be in sight yet.

PLANNING IN BRITAIN

PLANNING, like socialism, can be of different styles and hues, and there are several mixed economies which have come under some kind of planning or other. There is, for instance, the French-style planning (described in a recent P.E.P. broadsheet). Under this style, there are no official directives, but only voluntary co-ordination of four-year plans evolved by representatives of industry and other interests organised in different committees for different sectors under the *Commissariat du Plan*, with its staff of just 140. This organisation draws up the preliminary outlines in the light of the Government's directive laying down the target for annual rate of growth. A noteworthy feature of this planning is that those who participate in the finalisation of plans generally accept their implications and strive hard to attain the goals. It is the manifest success of this French planning, which has largely contributed in the last 12 years to a rate of economic growth at least double that of the United Kingdom, that seems to have provided some inspiration to the British Government. And so, for some time now, the Conservative Government has been seized with the idea of economic planning which would go beyond the general allocation of resources such as under a full employment policy. The recent Plowden report, it may be recalled, has led to the belief that the British Government will frame a Five-year Plan for its own public expenditure programmes and the investment programmes of the nationalised industries. As the other part of the economy, that is, the private sector, could not obviously be left unplanned, the Chancellor of the Exchequer, Mr. Selwyn Lloyd, after first mooting the idea of a possible two-tier planning committee in general terms in the latter half of August last, has set the ball of discussion rolling in industrial and trade union circles in Britain.

Mr. Lloyd's idea, as first adumbrated to employers and trade unionists in August, was to set up a two-tier committee which would consist of 25 businessmen and trade unionists in a top council, with an office of economic technocrats beneath them. It was then reported that the Chancellor's aim was "to establish a joint approach by both sides of industry to the problems of wages, productivity, investment and exports, which would lead eventually, if not to a 'national plan,' at least to a greater mutual understanding of the needs of the British economy." The Trades Union Congress, without whose enthusiastic participation no system of planning is expected to succeed in the long run in Britain, was then stated to be pleased with the prospect of investment planning which it had always advocated. But it was by no means clear that the T.U.C. would accept, with a full heart, the planning of incomes (wage increases) as a corollary to the planning of investment, for it was already committed to a round of wage demands while the Chancellor was swearing by his 'wages pause' policy. The T.U.C. leaders were, however, willing to sell the idea of wage restraint (under planning) to their members, if the Chancellor could give them a "psychological sweetener" by taking a favourable view of pending wage demands. The T.U.C. Economic Committee, with which the Chancellor had discussions on 22nd August 1961, did not therefore straightaway commit itself to supporting the proposed planning body, although it was stated to be secretly enthusiastic about participation in a high-level policy-making machinery.

Mr. Lloyd's discussions, on the following day, with the representatives of the four principal employers' organisations in Britain, turned out, on the other hand, to be less difficult. In fact, the employers' representatives then expressed themselves firmly in favour of the two-tier planning body, the functions of which were described a little more specifically by the Chancellor. It was stated that this body, at its lower level, would consist of an "office" with a permanent staff of economic experts. This office could be independent of Government influence; it would be charged with the task of examining all industries with a view to assessing their needs, as well as the contributions they could make to the national well-being. It would look at such matters as "output, exports, imports, employment, investment, demand for power and fuel, and the like." And it would then prepare reports on the nation's long-term requirements and present these for the consideration of the top tier, or "national economic council." The top tier, it was then reported, might possibly have the Chancellor as its Chairman and would be served by representatives of employers' organisations, trade unions, the nationalised industries, and possibly members of the public. The employers' representatives, who heard these details from the Chancellor, were pleasantly surprised that his line of thinking on the subject had turned out to be closely allied to their own. Their favourable reaction was epitomised by Sir Norman Kipping, Director-General of the Federation of British Industries, who said that it was "the beginning of a very interesting and perhaps very, very far-reaching and important development."

But, at that early stage in discussions, there was the studied absence of any mention of "wages" among the subjects for planning; this was probably meant to entice the T.U.C. into the planning mechanism. Presumably, the French experience of planning growth and investment alone, but not wages and income distribution, had something to do with the omission, as the Chancellor himself was stated to have been converted by the disciples of French planning. But the T.U.C. did not seem to have been taken in by all this, for its General Secretary told the annual Congress on 6th September 1961, that the "wages pause" to which the Chancellor was already wedded should be balanced by a "pause on profits or some similar sacrifice from the wealthier sections of society." Unfortunately, the U.K. Government's refusal, on 26th September 1961, to implement the Industrial Court's award for an increase of £1 a week for 2,300 Admiralty employees had the effect of confirming the doubts and fears of the T.U.C. This action provided a sombre background to the letters that the Chancellor had just then sent to the T.U.C. and the four national employers' organisations on the subject of planning.

With these identical letters in which Mr. Selwyn Lloyd has given a fuller picture of the constitution, powers and functions of the proposed planning machinery, the question has been advanced to a further stage of discussions which have started since the 16th inst. The planning machinery and its functions, as outlined by the Chancellor, are:

> There would be a 20-member National Economic Development Council. The Chancellor of the Exchequer would be the Chairman and one or two other Ministers, such as the President of the Board of Trade and the Minister of Labour, would be members. The other members of the Council, who would be appointed by the Chancellor after appropriate consultations, would be drawn from the trade unions and from the management side of private and nationalised industry, with perhaps some additional members.
>
> The functions of the Council would be to examine, and if necessary, commission studies relevant to the economic objectives mentioned earlier and to consider how these objectives could best be secured.

Responsibility for final decisions on matters of Government policy must remain with the Government, but the views expressed by the Council would carry great weight both with the Government and with industry. It would be for the Council to consider how far, and in what form, the result of its work should be made public.

The effectiveness of the Council's work would depend on the establishment of a full-time staff of the right calibre. The staff, which would work under a Director to be appointed from outside the Civil Service, although under the ægis of Government, would not be part of the ordinary Government machine. It would act under the general direction of, and be responsible to, the Council.

The Government for their part would be prepared to make available from the Civil Service an appropriate portion of the staff. The rest would be drawn from both sides of industry, the commercial world and elsewhere. Normally individual members of the staff would be regarded as on temporary secondment, for, say, two to three years.

The function of this staff would be to examine the plans for development of the main industries in the private sector, and, in the light of such examinations and of discussions with Government departments about other sectors of the economy, that is, the nationalised industries, to prepare, for the consideration of the Council, the necessary studies.

The Chancellor's ideas contained in the above extracts, according to latest indications, have produced different reactions. The employers' representatives, it is reported, are of the view that the Council will only be worthwhile, if it is effective. In other words, the proposed National Development Council should be clothed with greater powers; this, according to them, means that the Government must be prepared to sacrifice some of its own economic power and allow the Council to bargain over a wide range of economic issues. Their idea is that, while the Council should be more than a talking shop, it should not become a backdoor for the introduction of controls and that it should, therefore, be genuinely independent of the Treasury. Some of the trade union representatives have also demanded that the Council should be rendered effective, but for a different purpose; according to the extremist, Mr. Frank Cousins, there must be planning by direction, for the Government's idea of planning by advice and example would not work. Many T.U.C. representatives also insist that the Council should be a top-level body for genuine collective bargaining. In view of these different approaches of employers and trade unions to the powers and functions of the proposed Development Council, the discussions which the Chancellor has just been having with them are reported to have run into difficulties. But there is nevertheless a consensus of opinion in favour of planning, and so there seems to be a good chance that a planning authority of some kind will be established in Britain within the next few months.

It looks as though British planning cannot be a copy of French planning for some reasons. For one thing, planning in Britain cannot be divorced from the Treasury, as it is in France, for the British Treasury has its responsibility for sterling. Secondly, it is argued that the Treasury in Britain, unlike in France, must retain the ultimate responsibility for the economic direction of the country and, therefore, for the plan. But it is also feared that the Government might find it extremely difficult to retain the ultimate responsibility for directing the economy, when it has brought in industry and labour as equal partners in planning. In view of these dilemmas, planning procedures in Britain are not likely to be smooth. There is, however, the hope that some kind of planning based on a workable compromise between Government, industry and labour will finally emerge and that this will turn out to be a useful instrument in a general campaign to raise productivity in the British economy which is now suffering from three basic defects—decline in competitiveness of much of its industry, perpetual tendency to wage inflation and smugness. Anything like a national plan, in the opinion of Sir Robert Hall, a former Economic Adviser to the British Government, would also help towards the acceptance of a national wages policy, if it allowed the body of the community to associate themselves with it, in the form of a challenge. Again, it may be that planning may help even out the investment and stock cycles by better co-ordination within the public sector and better estimation of demand within the private sector. Above all, it may mean a greater determination to expand the British economy which, in the not distant future, may form part of the European Economic Community and have to stand up to competition from some other E.E.C. countries which have already reached a higher level of efficiency.

MARKET GOSSIP

NOTHING exciting is happening in share markets nowadays. The speculators have had no new developments which they could exploit in their favour. Even manufacture of rumours is at a low ebb. Someone started a rumour last week that National Rayon would soon raise fresh equity capital and pushed up the price of the scrip. But the management of the Company quickly scotched it, by issuing a denial. This was a commendable step. And, if such steps are taken by other companies, when their shares are exploited by rumourmongers for their selfish ends, there will be less scope for unhealthy speculation. Generally, company managements are inclined to argue that they have better things to do than denying or confirming rumours set afloat by interested parties in share markets. This, however, is a wrong attitude to take. A healthy stock exchange is a great asset to all companies in the private sector and company managements must gladly do whatever they can to discourage unnecessary speculation in these exchanges. They must regard this work as a social service for ensuring a healthy climate for private enterprise. It will be no exaggeration to say that, in this respect, company managements in India considerably lag behind their confreres in the U.S. and the U.K.

Reports of flood devastation from U.P., Bihar and parts of Maharashtra in the past few days have not had any effect on share markets. Nor has the possibility of a shortfall in cotton crop from earlier estimates excited them. Cotton mill shares, on the contrary, are being strongly fancied, apparently because reports about profits of mills for the current year are optimistic. The amicable settlement of bonus dispute by mills in Ahmedabad has engendered the feeling that labour troubles in mill industry are very unlikely. More important, in this respect, is the acceptance of the Award of the Wage Board early this year. Barring some trouble by the Communist-led unions in West Bengal, industrial relations in India as a whole are happier than in many parts of the world.

The time for election speeches is not far off. Will they provide enough grist for the bears' mills which are now idle? It is risky to give a dogmatic answer, because Mr. Nehru is unpredictable, though his aversion for the rich and passionate desire for reducing the gap in living standards and the wide disparities in incomes are common knowledge. The appearance of the Swatantra Party on the arena, in contrast to its absence at the time of the last elections, may provoke him to say harsh things about the private sector. But, if the speeches delivered by Congressmen at the Madurai meeting of the A.-I.C.C. are any indication, the quinquennial drive for votes in the next few months may not materially affect the markets. The report that Mr. T. T. Krishnamachari, the former Union Finance Minister, whose budgets and speeches played havoc with the share markets in 1957-58, would contest for a seat in the Lok Sabha from Madras on Congress ticket has gone unnoticed in market circles.

Although narrow fluctuations, moderate turnover and selective buying of cash scrips are the features of trading in share markets these days and although the signs are that the markets may not appreciably move in either direction in the short-term, the sentiment about the long-term outlook is still one of hope for the best. That, in the coming years, there will be more production and more profits for companies, despite possibilities of increased competition in the internal market from domestic manufacturers, is the assumption which is sustaining equities at the current high levels. The spread of ownership of shares among small investors has also tended to have a steadying influence on the stock exchanges, as they are not given to the habit of buying and selling frequently. Developments adverse to the market may worry them, but, unlike the big investors, they do not rush to sell, or *vice versa* when favourable developments arise.

The greatest uncertainty, in the economic field, is the next budget, the one that will be presented after the General Elections. Will history repeat itself? Will not Mr. Nehru then try to give a further big push to "socialism" in this country, or will he let the *status quo* continue? Those who know the answer can certainly make a lot of money on the stock exchanges. At present, the general belief seems to be that the Congress Party is now more mature than five years ago and that nothing much will be done to harm the interests of investors. Admittedly, it is this belief, coupled with the optimistic view of the long-term outlook, that is helping the market to face the big uncertainty with equanimity.

Maharashtra Electricity Board

The Maharashtra State Electricity Board's Rs. 2.50-crore loan, the list of which will open for subscription on Monday the 30th inst., is quite an attractive one, especially for institutional investors. The bonds of the face value of Rs. 100 will be issued at a discount of 25 nP and carry interest at the rate of 4½ per cent per annum. The redemption yield works out to 4.53 per cent. The bonds have a currency of just ten years, as they are repayable at par on 30th October 1971. They are backed fully by State Government's guarantee in regard to interest and repayment of principal. What is more, the bonds enjoy the status of trustee securities and approved securities for the purposes of the Insurance Act and Banking Companies Act, besides being eligible for advances under Section 17 (4) (a) of the Reserve Bank of India Act.

The bonds are being issued for finding a part of the Rs. 52 crores that will be spent on the Board's capital programme in the third Plan period. The programme envisages extension of Khaperkhada and Paras steam stations each by 60,000 kw., installation of a new 60,000-kw. steam station at Bhusaval, transmission of 150,000 kw. of power from the Nuclear Power Station under construction at Tarapore by the Government of India to the load centre in the Bombay area, and extension of power supply to areas hitherto not supplied with power. The Board has also under consideration the establishment of a 300,000-kw. steam station in the Kalyan-Nasik area to meet the ever-growing power demands of the Bombay-Poona region. Besides the above, the Government of Maharashtra has decided to hand over to the Board the Koyna Hydro-electric Project in stages. With the completion of all these projects and the handing over of the Koyna and Purna projects to the Board by Government, the total installed capacity of the plant owned by the Board is expected to increase from 134,000 kw. to 1,050,000 kw. by the end of the third Plan period, excluding the 150,000 kw. to be obtained from the Tarapore Nuclear Power Station.

The assets of the Board of a book value of Rs. 26 crores now comprise (*a*) the three steam power stations at Khaperkheda, Paras and Ballarshah interconnected in a common grid and serving the Vidarbha region, (*b*) a hydro-electric power station at Radhanagari interconnected with the diesel power stations at Kolhapur and Vishrambag and serving the Kolhapur-Sangli area, (*c*) a number of small diesel power stations serving some important towns and villages mainly in the Marathwada area, and (*d*) a network of 66, 33, 22 and 11 KV transmission lines emanating from the above power stations and distribution systems connected thereto.

Montecatini to Expand Activities in India

Whatever be the scale of foreign assistance received by India on a Government-to-Government basis, it is clear that the pace of economic development cannot be accelerated to any significant extent without large-scale inflow of foreign private investments. It is true that the past three years have witnessed a rise in such investments, the net rise last year (1960) being about Rs. 47 crores, as against Rs. 38 crores in 1959 and Rs. 30 crores in 1958. But the major portion of the increase is accounted for by retained profits by foreign investors already operating in India. World Bank aid and U.S. business investments. One of the countries which have not evinced any appreciable interest in investments in India is Italy. The share of this country in the estimated aggregate foreign non-banking business investment of Rs. 658 crores at the end of 1960 is negligible. Viewed thus, it is somewhat encouraging to learn that some business firms in Italy are of late eager to expand their business connections with India through financial and technical collaboration. One such firm is the world-famous Messrs. Montecatini of Milan. This firm is a giant organisation having wide interests in a number of major fields not only in Italy but the world over. The annual turnover of the firm's group of industries is approximately Rs. 175 crores and the total assets are of the order of Rs. 600 crores. It has been known in India for quite sometime now, the companies with which it is associated being Madras Aluminium, Mafatlal Gagalbhai group of industries and Amar Dyes. The current capital investments are estimated at Rs. 3 crores, but this is expected to rise markedly in the next two or three years. This Italian firm has also designed the urea plant at Nayveli.

Montecatini has just announced its decision to collaborate both financially and technically with four new private sector projects in India. These pertain to (*a*) polypropylene plastics, (*b*) industrial and mining explosives, (*c*) methanol and formaldehyde, and (*d*) polystyrene resin. Excepting for the last mentioned project, applications for industrial licences have already been made. The combined outlay of the four projects is estimated at about Rs. 30 crores, of which Montecatini is expected to contribute by way of equity capital anything between 25 and 50 per cent. It has also agreed to arrange for sufficient Italian bank credit. Some of the details of the projects are as under:

1. *Polypropylene plastics:* Capital outlay—Rs. 10 crores in the first stage, to increase later to Rs. 13-14 crores. The factory will be located in Bombay where the propylene gas from refineries is readily available. The installed capacity is put at 7,000 tons per annum. It may be noted here that the anticipated total demand for thermoplastics at the end of the third Plan (1965-66) is of the order of 90,000 tons, of which 15,000 tons have been assigned to polypropylene and allied products. The proposed factory can easily commence production within three years from the day of foundation. The outlets for polypropylene are said to be quite extensive. It can be used as man-made fibre or in blend with silk, wool and high-grade cotton. 2. *Explosives:* Capital outlay—Rs. 7-8 crores in first stage and Rs. 9-11 crores in second stage. Location of the plant still not decided. 3. *Methanol and formaldehyde:* Capital outlay—Rs. 6 crores. It will be located in Gujarat or wherever the refinery naptha-fraction is available. The installed capacity will be 100 tons of methanol per day. This will be utilised in the same factory to produce urea pharmaldehyde. 4. *Polystyrene resin:* Capital outlay—Rs. 5 crores. This factory, too, will be located in Gujarat State. The annual installed capacity is put at five tons per day

Mr. Giustiniani, *Managing* Director of Montecatini, is arriving in India at the end of this month for discussions on the projects with the Indian promoters.

Uncertainty in Tin

There is at least one primary commodity which is now having a sellers' market. It is tin; the demand for this non-ferrous metal is in excess of supply and the future of International Tin Agreement is uncertain. It is estimated that the demand for this commodity will exceed supply by about 20,000 tons in 1961. What is worse, while consumption is steadily picking up, output of tin has been lagging behind. The total world production (excluding communist bloc) of tin-in-concentrates was only 65,300 tons in the first half of 1961, as compared with 69,500 tons in the previous half year, thereby reversing the upward trend in output noted since 1959 (after a downward trend for three consecutive years prior to that). Stocks of tin metal are now light: they were just 19,500 tons at the end of June last, as against 27,000 tons a year earlier. Besides, by the end of June, the Council's bufferstock was completely exhausted, whereas it had about 10,000 tons a year back. Production of tin-in-concentrates in the whole year 1960 is estimated at 140,000 tons, as compared with 122,000 tons in 1959 and 118,000 tons in 1958. Consumption of tin rose steadily from 82,300 tons during the second half of 1960 to 86,700 tons in the first half of the current year. This trend is in distinct contrast to conditions obtaining a couple of years ago, when the tin market was haunted by the spectre of overproduction in the face of sluggish world demand.

The prevalent imbalance in the supply and demand position would not be a source of much concern, if the International Tin Council were in a position to control the market, rather than be a silent spectator of price fluctuations. It is, therefore, a pity that the Council, which met at London last week, failed to evolve a satisfactory price formula. It may be noted here that, though a decision to evolve the second International Tin Agreement (to come into force with effect from 1st July 1961) was taken as early as June 1960, the problem of fixing a price agreeable to both the producing and consuming countries has remained as elusive as ever. The first meeting to decide the question, it may be recalled, was held in July last, only to adjourn to 22nd August. This meeting, too, did not come off, and was postponed twice thereafter. The major hitch in arriving at a price formula is the disagreement between consumers and producers over the question of revising the floor and ceiling prices. Consuming countries represented in the Council believe that time is not yet ripe for any modification in the existing floor price of £730 per ton and ceiling price of £880. The ceiling has, of course, become virtually ineffective, with the open market prices of zinc on the London Metal Exchange quoted at about £950 per ton, a much higher figure than the ceiling. There is, therefore, apparently some justification in the producers' stand that floor prices should be raised to £800 and the ceiling to £1,000. Their argument is that a higher price will induce marginal producers to reopen mines and ease the tight supply position.

The Council, it is now expected, will take a decision on the question in its next meeting scheduled to be held in February 1962. This long postponement is designed presumably to get a clearer picture of the stand of the U.S., which, though the largest consumer of tin, is still not a member of the Council. Will the U.S. join the Council as a full-fledged member, or simply help replenish the Council's bufferstock by contributing some commodity from its own stockpiles? For an answer, one will have to wait till January next, when the Congress is due to re-assemble. It is only the Congress that can decide the issue.

The Council's inability to take a decision on the question has tended to create a certain degree of uncertainty in tin markets, though the immediate price movements have been erratic. The consensus of opinion in the world is that international action is essential to avoid wide fluctuations in tin. It may be recalled that the price of tin, which was about £600 per ton early in 1950, skyrocketed to almost £1,500 at the time of Korean boom. But, it retreated to touch about £600 again in 1953, when the first International Tin Agreement came into force. The International Tin Council, through the operation of a price stabilisation scheme, backed by export quotas and a fund for the purchase and sale of tin, has been able to eliminate wide price fluctuations. Its present incapacity is due to exhaustion of the buffer stock under its control. In view of the uptrend in consumption, price has been going up in recent months. The current price of tin (three months forward) is as much as £955 per ton, as compared with only £790 in the beginning of 1961 and £795 a year ago.

Two lessons emerge from the experience of International Tin Agreement so far. First, a world bufferstock arrangement cannot function successfully, if all the principal producing countries and the largest consuming countries are not members of the Agreement. And, secondly, the managers of the Agreement should be in a position to make an advance assessment of demand and to influence production in good time, so that they may avoid emergence of unmanageable situations. Mere fixation of floors and ceilings without powers to adjust them in consonance with fundamental changes in production and demand trends will not be sufficient. Unless these basic defects in the Agreement are eliminated, one cannot be sure that the predicament in which the Council finds itself today will not be repeated in future.

EQUITIES RECOVER AT CLOSE

UNDERTONE HOWEVER UNCERTAIN

(From Our Own Correspondents)

BOMBAY, *18th October*

THE share market displayed an easy tone in the first three sessions of the week under review, but picked up strength yesterday which persisted practically till the close today. The earlier easiness was due to absence of any stimulating news and heavy selling pressure in National Rayons induced by the Directors' statement denying the rumours regarding issue of fresh capital. Investment inquiry was at a low ebb. Equities, as a consequence, tended to recede, though there were some counters which scored gains on speculative support. The downward drift gathered momentum on Monday the 16th inst., when unconfirmed reports suggesting an increase in the margin on bank advances against shares from the existing level of 50 per cent led to bull liquidation. The last two sessions (yesterday and today), however, witnessed a marked change in sentiment, which followed absence of fresh offerings, short-covering and replacement buying. Consequently, equities staged a recovery. The undertone of the market, however, was uncertain at the time of writing.

In the steel section, Tata steels opened at Rs. 146.25, same as last week, and advanced to Rs. 147 on Saturday. At higher levels profit-taking set in and the scrip declined to Rs. 143.75 yesterday. Today fresh support lifted the value to Rs. 145. The net loss over the week was Re. 1.25. Indian Irons moved up from Rs. 24.32 to Rs. 24.60 on Saturday and, after moving narrowly subsequently, finished at Rs. 24.44 today. Mukand Iron dropped 10 nP to Rs. 27.40.

Textiles displayed a mixed trend. Centurys began the week at Rs. 574, as against the previous closing of Rs. 575, and spurted to touch Rs. 582.50 on Saturday. After receding to Rs. 573 on Monday, due to profit-taking, they met with fresh speculative support today again and advanced to Rs. 590, showing a net gain of Rs. 15 over the week. Kohinoors jumped up from Rs. 306 to Rs. 318. At this level, profit-taking set in and the scrip fell to Rs. 304.50 yesterday. Today again, fresh support raised the price to Rs. 313. The gain over the week was Rs. 6.25. Indores advanced by Rs. 10 to Rs. 175, Elphinstones by Rs. 9.50 to Rs. 103.50 and Swadeshis by Rs. 7.50 to Rs. 276.50. In the cash section, Victorias shot up by Rs. 15 to Rs. 500. New Kaisers were strengthened by Rs. 5.50 to Rs. 60. Some textile shares, however, encountered selling and suffered a setback to values. Thus, Mafatlals lost Rs. 5 to Rs. 930. Podars declined by Rs. 4 to Rs. 147. Morarjees shed Rs. 3 to Rs. 392, despite higher dividend announced by the Company. Simplex, Gokaks and Central Indias lost Rs. 2 each to Rs. 168, Rs. 201 and Rs. 134, respectively.

Electric shares encountered selling and suffered losses. Thus, Tata Powers were marked down by Rs. 46.25 to Rs. 1,108.75. Andhras declined by Rs. 12.50 to Rs. 1,040. Ahmedabad Electrics shed Rs. 3.50 to Rs. 91. Bombay Suburbans eased by Rs. 2 to Rs. 102.

Cement shares were also depressed, Associated Cements receded from Rs. 169 to Rs. 167 on Monday. After moving narrowly, they closed at Rs. 168 today. Digvijays eased by Rs. 2 to Rs. 180. Orissas softened by 44 nP to Rs. 14.68.

Sugars, too, were easy. Belapurs opened lower at Rs. 277, as against the previous close of Rs. 280, and retreated to Rs. 271 on Friday. In the subsequent sessions, they fluctuated within a narrow range and finished at Rs. 273 today, showing a net loss of Rs. 7 over the week. Walchandnagars declined by Rs. 2 to Rs. 167. Maharashtras shed a rupee to Rs. 188. But Kesars met with special support and jumped up by Rs. 32.50 to Rs. 255.

Shipping shares evoked scattered inquiries and recorded modest gains. Scindias opened at Rs. 13.08, as against the previous close of Rs. 13.04, and touched Rs. 13.32. After easing to Rs. 13 yesterday on account of profit-taking, they wound up the week at Rs. 13.06. Great Easterns decreased by 32 nP to Rs. 13.88. Among automobiles, Hindustan Motors gathered 16 nP to Rs. 19.28, while Premier Automobiles lost Rs. 2.75 to Rs. 156.75.

In the Rayons section, National Rayons moved down from Rs. 542.50 to Rs. 535 on Monday, following the Directors' statement that the Company did not intend to issue fresh capital in the near future. Today, however, the share attracted good support and improved to Rs. 544. Gwalior Rayons gained Re. 1.25 to Rs. 48.75. But South Indian Viscoses encountered selling and lost Rs. 5 to Rs. 179. Baroda Rayons shed Re. 1.50 to Rs. 153. Indian Rayons softened by a rupee to Rs. 72.

The chemical section presented a mixed pattern. Citrics evoked good support and gathered Rs. 4 to Rs. 74. Dharamsis gained Rs. 3.75 to Rs. 200. Adarshas put on Rs. 2 to Rs. 92.50. But Colour Chems were marked down by Rs. 12.50 to Rs. 372.50. Indian Dyestuffs declined from Rs. 475 to Rs. 465. Synthetics receded from Rs. 199 to Rs. 193. Polychems and Alembics shed Rs. 3.75 each to Rs. 195 and Rs. 243.75, respectively.

In the engineering section, T.E.L. Cos. opened at Rs. 352.50, as against the previous close of Rs. 356, and rose to Rs. 357.50 on Saturday. In the subsequent session, selling pressure brought down the value to Rs. 348. The scrip, however, recovered to Rs. 354.50 today. Alcock Ashdowns and Cooper Engineering, were steady, the former at Rs. 325 and the latter at Rs. 188. Texmacos were quiet at Rs. 18.52. But Larsen and Toubros eased by 25 nP to Rs. 38.75. Among cash scrips, Asian Electricals received good support and advanced by Rs. 15 to Rs. 125. Hind Electricals gained Rs. 5 to Rs. 175. Greaves Cotton shed Rs. 3 to Rs. 189. Wandiesides were marked up by Rs. 6 to Rs. 96. But T. Mancklal Old shares decreased by Rs. 15 to Rs. 645. Kirloskar Engines suffered a loss of Rs. 3 to Rs. 33.35.

In the miscellaneous section, Bombay Burmahs opened higher at Rs. 631 as against the previous close of Rs. 628.50, and fluctuated both ways in a narrow range. On Monday, they touched the low of Rs. 622 but advanced later on fresh support and finished at Rs. 629.50 today. Voltas, however, shed Rs. 2 to Rs. 300.50. Hindustan Levers shed a rupee to Rs. 52. Jayant Papers lost Rs. 4.50 to Rs. 89.50. Anil Hardboards shed Rs. 2.50 to Rs. 250.

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Calcutta Stock Exchange

CALCUTTA, *18th October*

Following good corporate news and announcement of rights issue by the New Manbhoom Coal Company in the proportion of two new shares for every three held at a premium of Rs. 2.50 a share assisted the Stock Exchange to close on a steadier note on the 13th for the Pooja holidays; the market will re-open on the 25th inst. The expectation of an imminent announcement of steel retention prices, together with the reported decision of the Government to license the private sector to produce 120,000 tons of tool and alloy steel a year, also aided the sentiment. The resolution of Big Power differences over the choice of an interim chief for the U.N. awaits as a favourable factor for reopening after the Poojas, while the New Delhi indication that business interests would be taken into confidence in any scheme of compulsory exports was the other factor that gave general strength. The news that the S.T.C. was working out a scheme in conjunction with private trade for increased exports of cotton yarn and piecegoods led to specific support to textiles. Also cloth offtake for the Pooja festivals was believed to have been extremely satisfactory. Tea shares were favoured following improved auction results for export. Tea crop in the coming months, when production would be common teas fit for internal consumption, it was thought, would not maintain the earlier higher trend as the winter is setting in much earlier than usual, and, therefore, plucking would have to cease much earlier. There was good support for shares of paper mills, while cement and sugar shares trod a dull path, in view of the uncertainty about prices. Coals were quiet, as the transport situation has not shown signs of improvement.

Among coals, Raneegunges were quiet at Rs. 15.37, while Dhemo Mains were better at Rs. 7.00. New Manbhooms for which the taxable ordinary dividend has been increased from 7½ to 9 per cent, were difficult to be located and were once crossed at Rs. 15.62. Western Bengals were maintained at Rs. 9.34 and Amalgamateds realised a slightly higher rate of Rs. 21.62.

Fort Williams, among jutes, were a prominent feature. Following the announcement of maintenance of taxable dividend at 22.50 per cent and of plans for diversification by setting up a steel wire rope factory, influential support lifted the scrip from Rs. 27.25 to Rs. 29.50. Although the taxable ordinary dividend has been cut from 10 to 2.50 per cent, the hope of better working results drew in interested support to Agarparas which, as a result, hardened from Rs. 9.94 to Rs. 10.62. The improvement in Champadanies from Rs. 129.00 to Rs. 132.00 was short-lived, as profit-taking intervened to reduce the gain to Rs. 129.50. Aucklands were able to realise Rs. 165, as against Rs. 147 previously, but Belvederes were hammered down from Rs. 155 to Rs. 141. Gourepores had buyers at Rs. 381, as against Rs. 371 previously, and Nuddeas picked up Rs. 3 at Rs. 50.50. Kamarhatties were better at Rs. 145.

Among engineerings, Escorts commanded good attention, in view of the likelihood of an imminent rights issue, and the rate at Rs. 24.25 was fully steady. Indian Irons opened at Rs. 24.44 and, after fluctuating in and around that level, closed firm at Rs. 24.42. Texmacos were better at Rs. 18.40, as were Jessop & Cos. at Rs. 21.25. J.K. Steels opening at Rs. 20.62 firmed up to Rs. 21.62 before closing at Rs. 21.50.

Teas enjoyed more than usual support. Tezpores were favoured at the higher rate of Rs. 16.75, as against Rs. 15.81 previously. East Indias were 6 nP higher at Rs. 19.50, while Huldibaris were unchanged at Rs. 29.12.

Interested buying lifted many an industrial share. J.K. Syntheticals were better at Rs. 13.00. Following reports of the resolution of labour troubles, Indian Cables recovered from Rs. 35.75 to Rs. 36.25. Dunlop Rubbers continued to be inspired by official sanction to the bonus issue and met with support at Rs. 54.62. Hindusthan Motors, despite the news of the indefinite lockout, were bought against replacement and improved from Rs. 19.25 to Rs. 19.31. Sirsilks were held firm at Rs. 11.12 under the impact of the news of reorganisation and modernisation with foreign collaboration.

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Madras Stock Exchange

MADRAS, *17th October*

Price movements on the Stock Exchange were confined to a narrow groove during the week under review in the absence of any fresh stimulating news. The State Home Minister's statement that Madras would have to raise about Rs. 35 crores by way of additional taxation for financing the third Plan did not have any effect. Textiles ruled steady on better investment buying. Teas attracting good attention on encouraging reports from auction centres. Rubbers put on a cheerful appearance. Miscellaneous shares were generally well favoured. Coffees, however, lacked support in view of the large undisposed surplus of about 30,000 tons. Sugar continued to be easy.

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The Bonds will be Trustee Securities under the Indian Trusts Act and also approved securities for the purposes of the Insurance Act and the Banking Companies Act. The Bonds will also be eligible for the purposes of advances under Section 17 (4) (a) of the Reserve Bank of India Act, 1934.

Subscriptions will be received in cash or cheques from 30th October 1961 but the list will be closed without notice as soon as the total subscriptions amount approximately to Rs. 250 lakhs and in any case not later than the close of business on 4th November 1961.

Applications will be received at (a) the office of the Financial Adviser and Chief Accounts Officer, Maharashtra State Electricity Board, Mercantile Bank Building, Fort, Bombay-1, (b) the offices of the Superintending Engineers, Maharashtra State Electricity Board at Nagpur and Kolhapur and (c) the office of the Executive Engineer, Maharashtra State Electricity Board at Poona.

Copies of the Bond Prospectus announcing the terms of issue and the application forms are available at the receiving offices mentioned above and at all Divisional offices of the Maharashtra State Electricity Board in the State of Maharashtra.

NEWS IN BRIEF

THE Madhya Pradesh Government proposes to set up a Small-Scale Industries Corporation for the development of small industries in the State.

Vast deposits of limestone have been discovered at Jagdalpur in Bastar district and near the Singrauli coalfields of Sidhi district in Madhya Pradesh.

Three new newsprint factories will be established during the third Plan, with an annual installed capacity of 60,000 tons each. They will be located at Karad, Moradabad and in the Punjab.

The Sikkim Mining Corporation, a joint Indo-Sikkim undertaking, is expected to commence operations in January next for the mining of copper deposits which have been discovered in the Singtam area.

The Orissa Legislative Assembly has passed a Bill which seeks to levy a flat rate of 15 per cent duty on consumption of electricity in the State. The levy is expected to yield an additional income of Rs. 50 lakhs annually.

The Central Government has decided to exempt imported raw materials for the plastic industry, such as styrene, cellulose plastics, excepting cellulose acetate and vinyl resins, from customs duty in excess of 25 per cent *ad valorem*.

A six-member trade delegation from Ceylon has arrived at New Delhi for discussions with the representatives of the Government of India on the question of promoting trade between the two countries.

India will participate in the forthcoming Leipzig Spring Trade Fair scheduled to be held from 4th to 13th March 1962. The Union Ministry of Commerce and Industry will accept lists of articles for exhibition at this fair from Indian manufacturers upto 25th November 1961.

The Government of Madras proposes to launch a Rs. 1-crore project envisaging cultivation of large-scale bamboo plantations in the North Coimbatore forest belt, extending over an area of 30,000 acres, in the next fifteen years. The bamboo plantations, proposed to be grown alongside tea and eucalyptus, will be extended later to 50,000 acres more.

Delhi will shortly have a college of catering and institutional management. This will be one of three new colleges being started by the Government, in order to propagate ideas about nutrition and balanced diets and to encourage scientific and hygienic catering. The other two colleges will be set up at Calcutta and Madras. One college, which is already functioning in Bombay (in Andheri), is to be reorganised and put on a permanent footing.

Nearly 1,800 square miles of detailed geological mapping has been carried out in the Jaisalmer district of Rajasthan State by the Oil and Natural Gas Commission. Semi-detailed geological mapping has also been prepared for another 2,400 square miles in Jaisalmer, Jodhpur and Bikaner districts of the State. Aeromagnetic survey has been carried out over 17,000 square miles and ground gravity and magnetic survey over 7,400 square miles. Seismic survey along 52 line-miles was also completed in the area. An agreement, it may be recalled, has already been reached between the Oil and Natural Gas Commission and the French Petroleum Institute for carrying out petroleum exploration in the area.

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From Abroad

Japan has offered technical co-operation to Pakistan for setting up small and medium-sized factories.

The U.S. is believed to have offered a loan of $37 million for financing the Volta River Dam in Ghana.

An international trade fair is to be held in Nigeria in October 1962. Over seventy countries are expected to take part in the Fair.

Tea output in Pakistan rose by over 40 per cent to 59 million lbs. during the 1961-62 season, as compared with the previous year.

China and Indonesia signed an economic and technical co-operation agreement at Peking last week. Details of the agreement have not so far been disclosed.

An Asian trade fair, first of its kind, will be held at Singapore at the end of 1963 under the auspices of the U.N. Economic Commission for Asia and the Far East.

The Government of Iraq has granted a contract to a Czech firm for building up an oil refinery near Basra. The refinery is expected to produce 2.6 million tons of petroleum products per annum.

Britain's adverse balance of trade in September amounted to £70.2 million, as against only £40.4 million in the previous month. Exports (including re-exports) during the month aggregated £273.0 million and imports £343.2 million.

The second World Congress of Man-made Fibres will be held in London on 1st May 1962. It is being organised by the International Rayon and Synthetic Fibres Committee. The first Congress was held in 1958.

A federation of stock exchanges is proposed to be established in Western Europe. The federation will include stock exchanges of Amsterdam, Brussels, London, Luxembourg, Madrid, Milan, Paris and Vienna as well as the associations of West German and the Swiss exchanges.

The export duty on coconut oilcake in Ceylon has been reduced from Rs. 200 to just Rs. 25 per ton, in a bid to encourage exports. This measure is expected to help indirectly export of copra, the price of which has been falling in world markets of late.

Burma is reported to be contemplating to sever economic and trade relations with Japan, leading to boycott of Japanese goods and expulsion of Japanese firms in Burma, following disagreement between the two countries over payment of reparations to Burma.

Turkey plans to expand its tea plantations in the Rize (Black Sea) area with the object of producing about 9,000 tons of tea by 1965. The tea output in Turkey has risen from only 2,000 tons in 1950 to 5,000 tons by 1960. In order to process the increasing supply of tea, the Turkish State Monopoly proposes to put up seven new plants shortly.

The New Zealand Government has rejected the recommendation of the Monetary and Economic Council, an official advisory body, for the imposition of higher taxes to balance the economy. It is of the view that, instead of resorting to such shock measures as higher taxes, the present import restrictions, a credit squeeze and a possible loan from the I.M.F. would ensure stability.

Steel production in the European Coal and Steel Community during the first nine months of 1961 was 55.5 million tons, representing an increase of 2.1 per cent over the corresponding period last year. The actual rise in output was 10.5 in Italy, 4.8 per cent in Holland, 4.1 per cent in France and 2.4 per cent in Luxembourg. The production in Belgium and West Germany, however, fell by 5.3 and 0.4 per cent, respectively.

Ceylon, Indonesia and the Philippines have agreed to establish a common secretariat at Colombo for the study of problems relating to coconut oil and for formulating a common policy on exports, etc., in co-operation with Malaya. They have also decided to set up a special committee consisting of representatives of the four aforesaid countries to study the problems of all vegetable oils.

PERSONAL

DR. S. Radhakrishnan, Vice-President of India, left on a tenIday tour of Hungary, the Netherlands and West Germany on Saturday the 14th inst.

Mr. Sadath Ali Khan, Parliamentary Secretary to the Prime Minister, has been appointed Ambassador of India to Iraq, vice Mr. I. S. Chopra who will become the Ambassador to Lebanon.

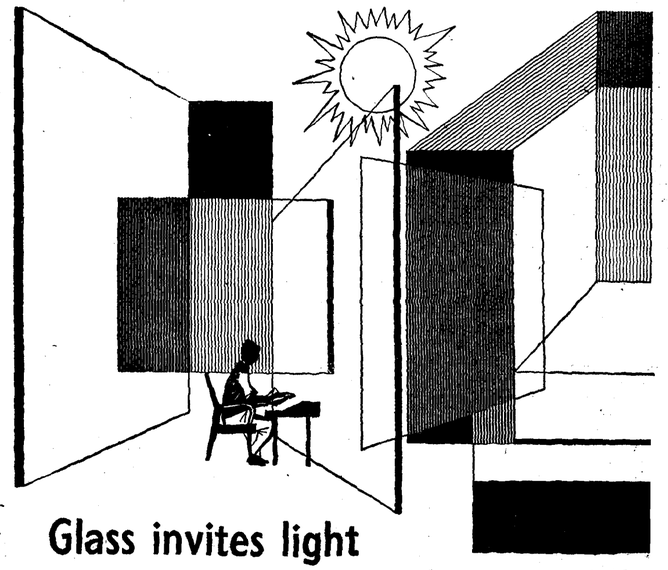
Mrs. Tarkeshwari Sinha, Union Deputy Finance Minister, will lead the Indian delegation to the Colombo Plan Consultative Committee, which will meet at Kuala Lumpur next month.

Mr. Ratan Lall, General Manager, North-East Frontier Railway, has been appointed General Manager of the Central Railway, vice Mr. D. R. Khanna, who is due to retire soon. Mr. M. A. Rao, a former Chief Engineer, succeeds Mr. Lall as the General Manager of the N.-E. Railway.

Mr. George Curran, Vice-President of the Bank of America's International Banking Division (Far East activities) at the head office in San Francisco, is scheduled to arrive in New Delhi on Saturday the 21st inst., on a business tour. He will also pay a visit to Pakistan, Thailand, Hong Kong, Formosa, Okinawa and Japan, before returning to the U.S. by the end of December.

Pakistan and the U.S. have signed an agreement providing for an inflow of surplus U.S. agricultural commodities worth $600 million in the next four years. The commodities covered are wheat and wheat products (worth $341 million), other foodgrains ($23.6 million), cotton ($15.9 million), tobacco ($8 million), soyabean oil ($127.6 million), tallow ($16 million) and dry milk, eggs and poultry ($2.8 million). This is the first major agreement under the Food for Peace Programme of the new U.S. Administration.

The Government of Ceylon has decided to extend the period of the present scheme for replanting rubber (second of the two five-year programmes scheduled to end at the close of this year) upto 1968. Out of the total 668,000 acres under rubber in Ceylon, replanting has been undertaken in 150,000 acres. The annual replanting is now at the rate of about 22,000 acres costing about Rs. 2 crores. The quantum of subsidy per acre replanted is Rs. 700 for estates of hundred acres and over, Rs. 900 for estates having an area ranging between 100 and 10 acres, and Rs. 1,000 for less than 10 acres.



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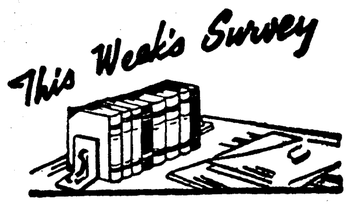

CONSUMER PROTECTION

NON-OFFICIAL bodies have an important role in ensuring a fair deal to consumers in a competitive economy. In countries like the U.K., there are several private institutions effectively serving the cause of consumers, for instance, by keeping a close watch on the quality of consumer products and by protecting the public from misguided advertisements. Consumers in India, too, have started realising the need for collective effort in solving their specific problems. This at least is the impression one gets from the deliberations of the three-day seminar, first of its kind in India, held at New Delhi last week under the auspices of the Consumers' Association of India. If this seminar has been able to help promote the cause of consumer consciousness among discriminating buyers, it should be deemed a fair success. But more organised efforts are needed, if the organisers of the seminar mean business, for several malpractices in distribution are prevalent in India, adulteration of foodstuffs being the major one. There are, of course, certain laws against these malpractices. But, in implementing these laws, the Central and State Governments have failed miserably. The consumers' organisations, if properly organised, will certainly be in a position to supplement the efforts of the Government in a fruitful manner.

It is gratifying to find that the problem of adulteration of foodstuffs figured prominently in the discussions at the seminar. No less a person than Dr. P. S. Lokanathan condemned outright the adulteration of foodstuffs. He emphasised the point that producers themselves suffered as much as consumers from adulteration. A reason for these malpractices, as pointed out by Dr. V. K. R. V. Rao, is that the offenders in this respect are not being punished speedily and effectively. The deterrent effect of the laws governing them was, therefore, completely lost. Dr. Rao suggested that Government should undertake a comprehensive inquiry into the whole question of adulteration of foodstuffs, administration of inspection services and punishment to the offenders. This suggestion deserves favourable consideration at the hands of the Government, since it is an accepted fact that the State Governments have not been able to eradicate these malpractices.

A related question is the need for adherence to standards. The Indian Standards Institution has been doing good work in this connection. During the last fourteen years, the I.S.I. has turned out standard specifications for over 1,600 products. It is also giving "certification marks" for those manufacturers whose product conform to its specifications. It is, however, a pity that all manufacturers have not been uniformly enthusiastic about adhering to standards. Unless consumers themselves make it a point to insist on certification marks as a guarantee of quality, standardisation will not become popular. Apart from domestic consumption, standardisation is of particular relevance in the case of exports. As pointed out by Dr. Lokanathan, lack of standardisation led to a marked difference between samples and the actual quality of goods exported. There is, therefore, much to commend in the recommendation made at the seminar that the Consumers' Association of India should propagate the use of certified goods bearing certification marks, such as the I.S.I., Agmark and others given by various State Governments.

The suggestion of Dr. D. K. Rangnekar, Director of the Seminar, that consumers' representatives should be associated with the Government's major policy decisions affecting the cost of living is quite sound. It is a reasonable demand that consumers should be represented on wage boards, bonus commissions, Import and Export Promotion Advisory Councils, and so on. For it is the consumer who will ultimately be affected by the recommendations of these bodies. A plea that the Government should devise practical control and regulatory measures to hold the price line was another highlight of the seminar. Dr. Rao, in fact, wanted the Government to appoint a committee to conduct a full-fledged investigation into industrial costs. But it is not clear what exactly Dr. Rao wants this committee to do. The Tariff Commission has already examined the cost structure of many industries. Even the investigations of a technically competent body like the Tariff Commission have not resulted in any foolproof price structure in the case of the relevant industries. If Dr. Rao wants the price structure of all industries to be separately studied, this seems to be quite impractical. This is not to deny the vital need for ensuring fair prices to consumers. There should be an expert study on the basis to be adopted for calculating cost elements in industries under Indian conditions, before an attempt is made to evolve set patterns of price-fixation.

WELFARE OF WEAKER SECTIONS

The Study Group on the Welfare of the Weaker Sections of the Village Community, set up in December last year under the leadership of Mr. Jayaprakash Narayan, was assigned a specific and limited task. It was to study the manner in which the Community Development programme and Panchayat Raj institutions could promote the economic development and welfare of the weaker sections of the village community and to suggest steps by which the development schemes and the financial assistance available could be more effectively utilised for their benefit. The Group has, of course, tried to do justice to its assignment in a spirit of compassion for the poorest of the poor in rural areas. Some of its conclusions and suggestions are practical and generally acceptable, while others are not only impractical but controversial. For instance, the Group's conclusion that the grant of educational assistance to the "weaker sections" (designed as those families whose annual income is less than Rs. 1,000) is a sound one, for it is a potentially paying investment in human capital. The suggestion made in this connection is that, subject to a "means test," free education and free boarding and lodging should be provided in mixed hostels up to the higher secondary stage.

But the Group's suggestion that no "means test" should be applied to the Scheduled Castes and Scheduled Tribes does not seem to be quite logical in the context of the income criterion that has been adopted for defining the "weaker sections." Surely not all the families belonging to the Scheduled Castes are "destitutes" with an annual per-family income of less than Rs. 250. Nor can it be assumed that there are no "destitute" families in all the so-called upper castes. If the income criterion is uniformly adopted to define economic backwardness, it will be found that there are "weaker sections" (with varying proportions of "destitutes" among them) in all Hindu castes, sub-castes and out-castes and in all other religious communities—Muslim, Christian, etc. The Group's view that "the uplift, welfare and emancipation of the weaker sections cannot be accomplished without a comprehensive non-violent social revolution encompassing all facets of Indian society and the destruction, root and branch, of the caste system" is presumably based on the belief that social degradation is the cause of economic backwardness. This is only partly true, for the existence, in varying degree, of economic backwardness in all castes and communities is also a fact.

While the Group has rightly suggested that quicker and wider relief should be provided to the weaker sections through a rural public works programme (covering land reclamation, contour bunding and soil conservation, water conservation and utilisation, irrigation works and flood control, road building, etc.), it seems to have erred in suggesting that "the Government should undertake and make a declaration to that effect—to guarantee employment to every citizen who is prepared and fit to do manual labour." The latter suggestion involves the conferment of the "right to work," for which the state of the economy is not yet ripe. The utmost that may be possible is to provide work to all "destitutes," as in the relief works permissible under the Famine Code. As all "destitutes" with per-family income of less than Rs. 250 per annum certainly need assistance, a rural public works programme, designed also as a relief programme limited to such "destitutes," will alone be worthwhile and financially feasible. There will, then, be no need for starting a series of weak and uneconomic, though labour-intensive, rural industries which would have to be protected in several ways. The Group's advocacy of "protection of rural industries (related to the resources and needs of the area concerned) and reservation in fields and lines of production" owes its inspiration to the Gandhian school of economic thought, but it is unrealistic and impractical in the context of current industrialisation. On the other hand, it would be realistic to confine labour-intensive programmes to agriculture, irrigation, afforestation, road building, and the like—programmes which, if systematically developed and executed, have the potential not only to provide greater employment opportunities to weaker sections but to create more social capital in the countryside. The Group's controversial suggestions, therefore, call for the most careful consideration before any decisions are taken thereon.

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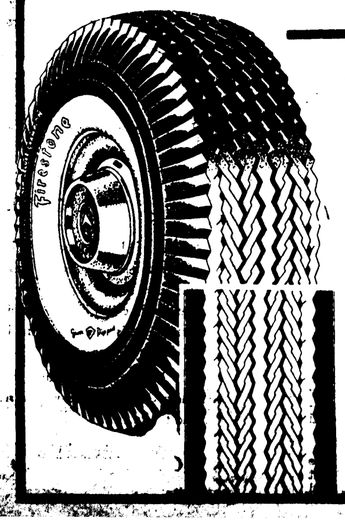

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BONUS FOR AHMEDABAD MILL WORKERS

It is, indeed, gratifying that the question of bonus for cotton mill workers in Ahmedabad has been satisfactorily settled, thanks to the attitude of give-and-take exhibited by both management and labour. Under an agreement reached between the Ahmedabad Millowners' Association and the I.N.T.U.C.-dominated Textile Labour Association, about 115,000 workers employed in 48 mills situated in Ahmedabad City will together get a bonus of over Rs. 115 lakhs per year for the four years 1959, 1960, 1961 and 1962. It is stated that the remaining 16 mills with a total labour force of 26,000 will be persuaded to fall in line. The entire clerical staff and technicians drawing a salary of less than Rs. 350 per month will also be entitled to bonus. The bonus for 1959 is expected to be disbursed before *Diwali*, that for 1960 being paid before the end of December next. The agreement is purely on *ad hoc* basis, pending the submission of the report by the Bonus Commission.

The satisfactory settlement of the bonus dispute in the Ahmedabad cotton textile industry augurs well for harmonious labour-management relations which constitute an essential prerequisite for maintaining a high level of yarn and cloth production. The cotton textile industry, it may be noted here, is Gujarat's biggest industry, and it is heavily concentrated in Ahmedabad City. Out of the total 99 mills now working in the State with a total labour force of 193,554, as many as 64 employing about 141,320 workers are located in Ahmedabad City. The Ahmedabad mills together account for quite a large portion of the total output of cotton textiles. The quantity of yarn and cloth actually produced by these mills during the first seven months of 1960 was 60.24 million kg. and 611.30 million metres, respectively; the corresponding aggregate all-India figures are 490.06 million kg. and 2,741.93 million metres.

Instead of appreciating the gesture of mill managements of Ahmedabad City to concede the bonus demand of workers, it is a pity that some labour leaders have criticised the agreement and are trying to impute motives to the two parties concerned. The General Secretary of the Gujarat State *Hind Mazdoor Sabha* (P.S.P.-led labour organisation) has described the agreement as "election bonus and not profit bonus." Such tactics are certainly deplorable and do no good whatever to workers whose interests their so-called leaders are supposed to safeguard. Here is one more proof, if such were needed, of our contention that it is politics and not the genuine interests of helpless workers that dominates the minds of most of our trade union leaders.

ROAD TRANSPORT TAXATION IN E.C.A.F.E. REGION

In many countries of the E.C.A.F.E. region, the road passenger transport industry is now subjected to a multiplicity of taxes. These are: import or excise duty on motor vehicles and accessories, fuel tax, vehicle tax, octroi, terminal tax, wheel tax, tax on passenger fares, bridge tax, bus-stand fees, toll tax, transit fees, sales tax on fuel, and so on. While numerous taxes and duties of the kind are levied in several countries, the total amount derived therefrom is generally not adequate to meet the requirements of road maintenance and development. There is here a difficult problem, for the combined incidence of a multiplicity of taxes on road transport is already so heavy that it stifles the growth of that industry. It would, therefore, be too much to expect that all the expenditure on roads should be financed by the receipts of road transport taxation. For instance, in the United States, the expenditure on roads is far in excess of the revenue derived from motor vehicles. The E.C.A.F.E. Seminar on Road Passenger Transport, which concluded its discussions last week at Madras, has, therefore, done well to lay down two principles. One of these is that the amount spent on road development and maintenance should not be less than the tax collected from road transport. And the other is that, where the tax amount is not adequate to meet the requirements of road maintenance and development, it should be supplemented from the general revenues.

There is, at the same time, the urgent need for rationalising the taxes on road transport by limiting their number and amalgamating the existing recoveries from the levies to be abolished with the types to be retained. Here, again, the E.C.A.F.E. Seminar has reached the very sound conclusion that a multiplicity of taxes should be avoided, that only three forms of taxes—import or excise duty on motor vehicles and accessories, fuel tax, and vehicle tax—should be in vogue and that any new taxation or increased taxation should be confined to one or other of the said three types. It may be noted, in passing, that, as far as India is concerned, there is a case for reducing the combined incidence of taxes on motor vehicles for it is known to be one of the heaviest in the world. In any case, the very reduction in the number and variety of taxes would mean less harassment to the road transport industry. Even if the incidence of road transport taxation is not appreciably reduced, at least the development rebate concessions which are available to other industries in the matter of income-tax liability should be made available to the automobile transport industry wherever there is discrimination in that respect against the latter. In pleading for this, the E.C.A.F.E. Seminar has rightly taken the stand that there should be no discrimination against the road transport industry, as compared with other industries. At a time of industrialisation, when the dependence of other industries on road transport is increasing, there can be no two opinions on the need for providing greater incentives and thereby accelerating the growth of the automobile transport industry.

FINANCES OF COTTON MILLS

Even at the risk of repetition, it has to be emphasised that the problem of improving the profitability of the cotton mill industry to a reasonable level is urgent in all conscience. For, unless the industry has sufficient margin of profit to plough back the amounts required to meet at least a part of the cost of replacing its assets and to sustain a rate of dividend that will induce confidence among investors in the shares of cotton mill companies, the industry cannot be expected to be in a position adequately to cater to the expanding clothing requirements of the nation and to earn precious foreign exchange through exports. This aspect will be fully appreciated by anyone who cares to peruse the Reserve Bank of India's interesting analysis of the financial results of 1,001 joint-stock companies representing the major industries for the year 1959 with comparative data for the preceding three years. The analysis reveals that the quantum of profit earned by the cotton mill industry is very small. The gross profit of 202 mill companies as percentage of gross sales was 6.3 for 1959, which, though higher than the previous year's level of 3.6 per cent, was much less than the figure for several other industries—23.1 per cent for silk and woollen textiles, 9.0 for jute textiles, 25.1 for coffee and rubber plantations, 20.8 for mineral oils, 8.9 for sugar, 14.7 for paper, 13.9 for chemicals, and 10.2 for engineering. Similarly, the gross profit as percentage of total capital employed was 8.2 (4.5 for 1958), as against 19.3, 11.4, 11.2, 14.8, 10.2, 12.0, 10.7, 10.6, respectively, for the aforesaid industries. The profit (after tax) as percentage of net worth (paid-up capital + all reserves other than taxation and depreciation reserve + balance of profit) was also lower at

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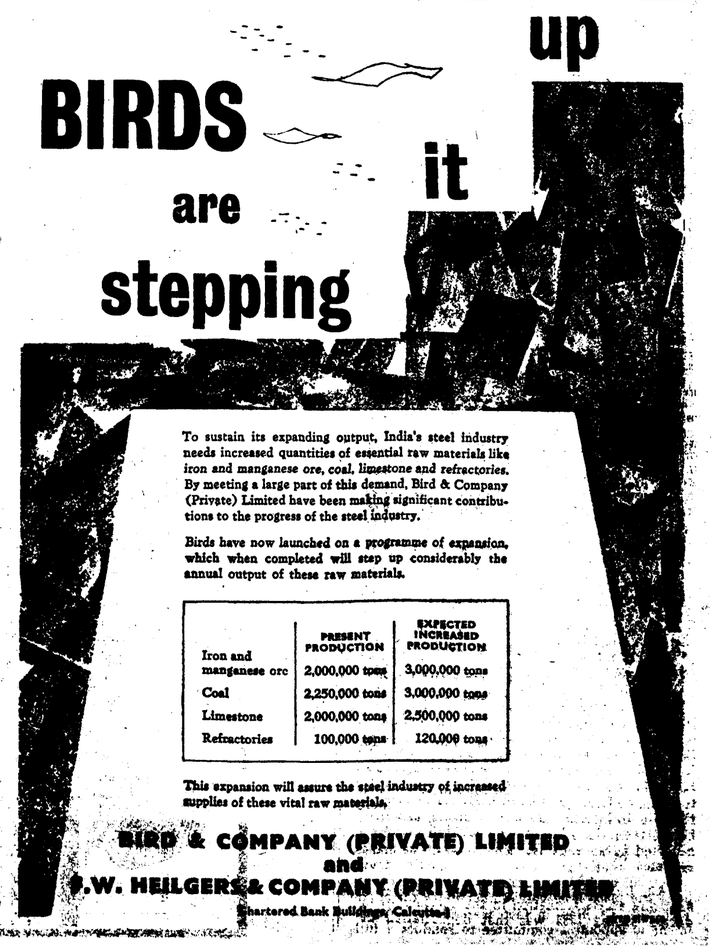

To sustain its expanding output, India's steel industry needs increased quantities of essential raw materials like iron and manganese ore, coal, limestone and refractories. By meeting a large part of this demand, Bird & Company (Private) Limited have been making significant contributions to the progress of the steel industry.

Birds have now launched on a programme of expansion, which when completed will step up considerably the annual output of these raw materials.

	PRESENT PRODUCTION	EXPECTED INCREASED PRODUCTION
Iron and manganese ore	2,000,000 tons	3,000,000 tons
Coal	2,250,000 tons	3,000,000 tons
Limestone	2,000,000 tons	2,500,000 tons
Refractories	100,000 tons	120,000 tons

This expansion will assure the steel industry of increased supplies of these vital raw materials.

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7.1, as against 21.9, 12.6, 7.4, 15.5, 11.8, 12.3, 11.3 and 11.4, respectively.

The improvement in the profit margin of cotton mill industry during 1959 as compared with the year preceding it was, however, purely a temporary phenomenon which followed increased production and diversification of manufacture by taking to other lines, coupled with a rise in the offtake for both domestic consumption and export. It is possible that, when figures are compiled for 1960 and 1961, they may show a slight improvement over those for 1959. Even so, the profit-margin cannot be considered as quite adequate having regard to the industry's need for large funds for modernising its plant and machinery, not to mention marketing techniques.

The 202 cotton mill companies earned in 1959 a total profit (before tax, but after depreciation and managing agents' commission) of Rs. 19.26 crores. This was no doubt appreciably higher than the sum of Rs. 6.95 crores earned in the previous year. But quite a good bit of this profit—Rs. 7.99 crores, to be precise—was absorbed by tax provision. Nevertheless, the net profit (after tax) was substantially higher at Rs. 11.27 crores than the mere Rs. 43 lakhs in 1958, which, however, was quite a lean year for the industry. The aggregate dividends distributed amounted to Rs. 9.32 crores in 1959, as against Rs. 6.48 crores in 1958. In view of the heavy tax liability and the necessity of paying reasonable dividends, the amount of profit retained in business was negligible, being a bare Rs. 1.95 crore. Actually, in the previous two years, the mill companies had drawn on their reserves to the extent of Rs. 6.05 crores and Rs. 8.23 crores, respectively. Consequently, only a small portion of this heavy depletion of reserves was made good in 1959. In order to appreciate the position better, one will do well to look at the performance of the industry over a five-year period. Including the profit (as defined earlier) of Rs. 19.26 crores earned during 1959, the total profit for the five-years from 1955 to 1959 comes to Rs. 77.03 crores, of which more than half (Rs. 39.11 crores) was utilised for meeting the tax liability. The balance of Rs. 37.92 crores, which represents the net profit, was not adequate enough to pay the dividends amounting to Rs. 38.37 crores, let alone setting apart sums for expansion and rehabilitation.

The consolidated results of operation of the 202 cotton mill companies during 1959 as compared with those for the preceding three years are given in the table below. In this table, the gross profit and net profit have been worked out by us on the basis of data compiled by the Reserve Bank. The gross profit here is after all expenses but before managing agents' commission, depreciation and taxation, while the net profit is after all these provisions:

(In crores of rupees)

	1959	1958	1957	1956
Sales/main income	454.03	424.09	403.42	392.21
Other income	6.44	3.05	2.93	2.42
Closing stocks of finished goods and work-in-progress	59.57	77.15	82.49	66.92
Raw materials and stores consumed*	243.68	240.17	249.75	234.48
Salaries, wages and welfare expenses	100.81	100.24	98.62	94.79
Excise duty	34.21	38.28	34.12	24.57
Other expenses	25.87	25.32	23.39	21.53
Gross profit	32.31	17.70	15.68	38.82
Managing Agents'remuneration	2.34	1.70	1.57	3.88
Provision for—				
Depreciation	10.71	9.04	9.91	11.28
Taxation	7.99	6.53	6.08	9.96
Net profit	11.27	0.43	—1.88	13.70
Dividends	9.32	6.48	6.35	8.15
Profits retained	1.95	—6.05	—8.23	5.55

* Inclusive of other manufacturing expenses.

The gross fixed assets formation in the cotton textile industry during 1959 amounted to Rs. 17.84 crores, as against Rs. 17.64 crores in 1958 and Rs. 23.85 crores in 1957. Of this amount, plant and machinery alone accounted for Rs. 14.93 crores (Rs. 14.06 crores and Rs. 20.15 crores in the two preceding years, respectively). There was a sizable inventory decumulation amounting to Rs. 7.62 crores, which, though it was less than the figure of Rs. 11.39 crores for 1958, was in contrast to the accumulation of Rs. 13.45 crores in 1958 and Rs. 27.57 crores in 1956. At the end of 1959 the 202 mill companies together had cash and bank balances of no more than Rs. 1.27 crore, which, however, was a little better than Rs. 96 lakhs a year before and a negative balance of Rs. 5.83 crores two years earlier.

An important feature of the pattern of financing assets formation in the cotton mill industry during 1959 was that depreciation reserves provided the bulk of the finance, accounting for Rs. 9.14 crores (Rs. 8.38 crores in 1958), out of the total of Rs. 14.10 crores (Rs. 8.64 crores in 1958). The share of free reserves and surplus was Rs. 3.07 crores, in contrast to —Rs. 5.03 crores in 1958 and —Rs. 8.05 crores in 1957. Among external sources, fresh capital was relatively unimportant, being just Rs. 92 lakhs, as against Rs. 2.15 crores in 1958. There was a net repayment of bank credit amounting to Rs. 8.1 crores during the year under review. This was possible because of lower stocks of finished goods at the close of the year, following the better movement of piecegoods and yarn. Additions to mortgages aggregated Rs. 1.25 crore, as against a decline of Rs. 2 lakhs in 1958.

STATES AND CENTRAL REVENUES

A fervent plea to expand the divisible pool of shared taxes—income-tax and excise duties—and to allocate grants-in-aid on a rational basis has been made by the Madras Government in its memorandum to the Third Finance Commission. Rejecting outright the case for distributing income-tax among States on a collection basis, the memorandum maintains that, as 75 per cent of the proceeds of income-tax originate in only three States of the Indian Union, namely, Maharashtra, Gujarat and West Bengal, distribution on a collection basis would confer on these States an almost monopolistic advantage over the industrially backward States. As differences in the endowment of natural resources in the different regions are bound to perpetuate regional economic disparities for a number of years in the future, the Madras Government's contention that devolution of income-tax should be treated more as a means of transferring plan assistance, than an equitable sharing of Central resources between the different States is not without some force. In making this point, the Madras Government has not been unaware of the fact that, following the change in the system of taxing companies, the States' share as a whole has suffered a depletion. But its solution for making up this loss is an increase in the divisible pool of income-tax from 60 per cent to 75 per cent. The Third Finance Commission would, therefore, be well advised not to reopen the controversial issue of the basis of distribution and stick to the system recommended by the previous two Commissions. The suggestion for making 25 per cent of the proceeds from the entire excise duties divisible among the States, as against only a few selected goods as obtaining today, is also reasonable, because there is no logical justification for the existing scheme.

Two other issues raised by the Madras Government in its memorandum also deserve the careful attention of the authorities concerned. These pertain to the existing system of determining the targets of State taxation and the scheme of *ad hoc* grants-in-aid given by the Central Government for financing plan schemes. The memorandum raises a controversial issue when it observes that the targets of additional taxation fixed by the Planning Commission for the different States are not based on any fair consideration of taxable capacity of the different States. It points out that additional taxation target is treated purely as a balancing item in the resources picture. This southernmost State, therefore, argues that in future at least due consideration should be given to the prevailing level of taxation, the *per capita* income of the State and the desired size of the

(*Continued on page 804*)

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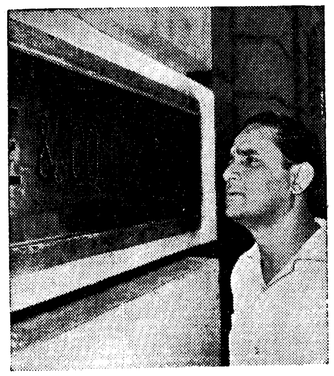

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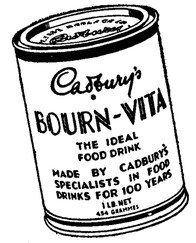

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AN OLD VEXED ISSUE REOPENED

JAYAPRAKASH COMMITTEE'S SUGGESTIONS

From Our Special Correspondent

NEW DELHI, *16th October*

DELHI LETTER

THE report of the Study Group on the welfare of the weaker sections of the village community (under the chairmanship of Mr. Jayaprakash Narayan) published today, reopens an old vexed issue which was regarded as closed by the final draft of the third Plan. It relates to the role of Community Development in the context of planning; the Plan states that "the growth of agricultural production is of such critical importance that, in the immediate context of the third Plan, the principal test to be met by the Community Development movement must be its practical effectiveness as an agricultural extension agency." Formerly, this position was questioned by the Ministry concerned; its implications, apart from the manner in which the allotted funds (of Rs. 400 crores) in the third Plan for Community Development should be spent, were that (1) Community Development Ministry had no need to function within the control of the Food and Agriculture Ministry but only to co-ordinate its activities; and (2) the proposed outlay on agriculture in the Plan cannot include that on Community Development and must in consequence be deemed very inadequate for the targets fixed.

New Tasks and New Goals

The Planning Commission has been unable to earmark more funds for agriculture or to accept the thesis that Community Development should be independent of production programmes and should not be evaluated by the success of the latter. But the Jayaprakash Narayan report now sets new tasks and goals for Community Development: it declares, in categorical terms, that C. D. "should be regarded not only as a *means* but also as the *end*. The Community Development programme as well as the funds allotted to it in the schematic budget should, therefore, have a single focus, namely, developing the village community" (italics in report). *Panchayat Raj* is viewed as the agency for effecting a radical change from "a hierarchical society based on an inherited status to a democratic society based on individual and co-operative achievement." The report recommends that funds under grants and loans should be devoted as a rule to schemes involving extension work, including demonstration. The role of *panchayat samitis* is defined as one of responsibility for preparing and executing schemes designed to secure (*a*) full employment to the underemployed and unemployed in the villages; (*b*) the minimum essential requirements of the weaker sections by way of social services and welfare. These objectives are not new and as the report points out, are already recognised and emphasised elsewhere in the Plan; the Study Group's objection is to the test prescribed in relation to agricultural production, which completely alters the role of Community Development and introduces, in its view, an element of "divided thinking."

The Study Group's terms of reference specified by the Ministry of Community Development and Co-operation, were somewhat limited. It was expected only to study how far and in what manner Community Development and *Panchayat Raj* institutions can promote economic development and welfare of the weaker sections of the rural community and the steps by which development schemes, and financial assistance can be effectively utilised for their benefit. The Study Group has come to the conclusion that, unless there is a comprehensive social revolution encompassing all facets of Indian society, the emancipation of the weaker sections cannot be accomplished. But, though it modestly admits that it is beyond its scope to present a blueprint for such a revolution, it has had no hesitation or compunction in overstepping its terms of reference which it found to be too narrow and in declaring that the recommendations, whether within or outside their scope, are parts of a consistent whole and should be taken together.

In view of its desire for radical solutions, the Study Group considers the public works programme in the Plan to be "halting and unimaginative" and that the problem of rural industrialisation "has only begun to be grasped in its complex completeness." The report has little difficulty in defining the criteria for identifying the weaker sections in the rural sector; 80 per cent of the households have an annual income of less than Rs. 1,000; about 45-50 per cent of less than Rs. 500 and about 20 per cent below Rs. 200; it then proceeds to show, on the basis of extracts, that these weaker sections have not so far benefited sufficiently from the Community Development programmes. While the general development of the rural economy is a *necessary* condition of their progress, it is not considered a *sufficient* condition, since larger cultivators and tenants may get a disproportionate share of the benefits. Besides economic factors, there are social and psychological factors like illiteracy, fatalism and ingrained inertia. Adopting Gandhiji's concept of *antyodaya*, the Study Group recommends that, beginning with the lowest rungs of the ladder, families with less than Rs. 250 should be considered destitutes—to be treated on a "famine relief" basis—and that assistance should be given to all families below Rs. 500; besides, Scheduled Castes and Tribes should be treated as belonging to the weaker sections without any "means test."

Compulsion Envisaged

It is not being uncharitable to say that the Study Group has not realised the magnitude of the problem which it had thus set for itself and the difficulty of prescribing the minimum standards of welfare which the State must assure for these classes in terms of food, clothing, housing, education and health. Fragmented small holdings of peasants have not benefited by reforms; since the growth of co-operative joint farming may also be very slow, the report recommends village or community ownership of land on the lines of Vinobhaji's Gramdan movement "as the only complete answer to the problems of our agriculture at once from the point of view of social justice and of development of agriculture and preparing favourable conditions for rural industrialisation." It expects the major political parties to co-operate and give a lead to make this a success both as a voluntary movement and as a legislative measure.

Moving next to a more practical plane, the Study Group has found that only a programme of public works can give the weaker sections the quickest and widest possible relief; the various items of public works in rural areas should be taken up as relief works as in famine areas and executed on a contract system through labour co-operatives. Under the third Plan as it now stands, rural works are expected to lead to employment opportunities to 2.5 million persons in the fifty year; but that would only be a small fraction of the population for which the Study Group has recommended the execution of such works.

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Possibly sensing the impracticability of its ambitious proposal and to make up for failure in implementation, the Study Group recommends that the Government should make a declaration forthwith to the effect that it guarantees employment to every citizen who is prepared and fit to do manual labour. Not that the fulfilment of such guarantee is any more practicable. It is recommended primarily for its psychological effect to "lift up" the pall of despair and discouragement that overshadows millions... to kindle the energies of a somnolent giant." It would take time to organise such a programme; but the Constitution gives the right to work and the third Plan should mean employment to the common man *here and now*. So, the Study Group says, place it on an emergency or war footing.

Who Is To Pay?

Less controversial and impracticable are its recommendations about education, health and housing schemes and special measures to make scavenging less obnoxious. But even here, realising that welfare measures mean expense and State sponsorship involves more taxation, the Study Group makes a clean escape from the problem by merely saying that the community as a whole should take responsibility for scholarships, midday meals, free dress, books, etc.—"which is a very different kind of thing from providing all this assistance out of taxes levied on the people."

The report clarifies that rural industrialisation should not be conceived as being limited to what are termed as "rural industries or processing industries." There must be "an even spread of industries throughout the countryside." This development must be of an organic nature and "come out of the soil." The necessary capital must be obtained from the rural areas in the shape of co-operative shares. Outside capital should come in the form of loans and subsidies from Government and the banks to co-operative and community enterprises. The industry should also be related to the resources and needs of the area concerned. The Group has advocated protection of rural industries from urban ones and reservation in fields and lines of production. It has recommended the creation of a single comprehensive authority, with necessary powers and resources and charged with the responsibility of rapidly industrialising the rural areas.

Finance for Co-operation

Discussing the role of co-operatives in ameliorating the lot of weaker sections, the Study Group has recommended that the risk fund should be suitably augmented and co-operative credit societies which are prepared to undertake the risk of cultivation on marginal lands should be helped. The rural works programme should be oriented to take up land reclamation of petty cultivators on a complete relief basis. The Study Group is of the view that processing and semi-processing of agricultural produce can be tackled by regional marketing societies and has advocated the extension of Reserve Bank credit for agriculturists to meet the situation.

On the question of co-operative farming, the Study Group has recommended that the pooling of land should be for a minimum period of ten years. With a view to enabling farm labourers to take shares in co-operative farming societies, loans should be provided. The report says that, as a general principle, 40 per cent of the produce should be distributed to those who have contributed land to the co-operative, 40 per cent to labour and the remaining 20 per cent should go to reserves. It has been urged that whenever small landowners are willing to join together, their holdings should be consolidated in one compact part of the village. It is also suggested that the landless should be given waste lands and be persuaded to form themselves into a small landowners' co-operative and helped by direct State aid for improving the land production.

As regards organisational set-up, the report says that the existing organisation at the Centre in the Ministry of Community Development and Co-operation and the Development Commissioners in the States should be made responsible for promoting the welfare of the weaker sections of the community.

The report thus constitutes an extraordinary postscript to the Plan: it follows that the Plan outlays are grossly inadequate both for agriculture and Community Development. It is not obviously for Study Groups to say how much and in what ways more funds should be found before they can be spent

PROMISING TRENDS IN U.K. ECONOMY

STERLING REGAINS ITS STRENGTH

By W. T. C. King

EDITOR OF THE *BANKER*, LONDON

ON the economic front, as on the political, this has been another highly eventful month for the world of international finance. The annual meeting of the Governors of the International Monetary Fund and the World Bank have provided, as usual, a forum for major discussions, official and unofficial. On this occasion much of the year's widespread hard thinking on the problems of international liquidity has been brought into focus. The way has been prepared for a further advance by a buttressing of the resources of the Fund—not, indeed, by any such radical reform as some have advocated, but at least in a fashion that should ensure the capacity of the Fund to iron out monetary disturbances of the kind that have attracted so much attention during the past two years of heavy movements of short-term funds.

For the British Commonwealth, unexpectedly, the most publicised of the month's developments was the reaction of the Finance Ministers of the Commonwealth countries, at their meeting at Accra, to Britain's decision to enter into formal negotiations for admission to the European Common Market, if this can be done on acceptable terms. These private meetings of Finance Ministers that precede the I.M.F. and World Bank gatherings, are normally unobstrusive affairs that receive little publicity. But, on this occasion, the *communique* attracted widespread attention, since it revealed very clearly the concern felt by a number of Commonwealth countries lest Britain might join the E.E.C. on terms that would impair the solidarity of the Commonwealth, and since it also expressed the doubts of some members whether the terms would, in fact, be obtainable that would not endanger vital Commonwealth interests. It is much to be hoped that this will prove to be an over-pessimistic reading of the possibilities; at all events, the mood disclosed at Accra has led spokesmen for the British Government to reaffirm the pledges that Britain will not, in fact, join the Common Market, unless that can be done consistently with the Commonwealth relationship.

Bank of England's Quarterly

The month has also brought forth a spate of news concerning Britain's own economy—on the one hand, documenting in much greater detail than previously, the economic situation that led up to the Government's measures of end-July, and, on the other hand, disclosing the first effects of those measures in a number of sectors. Especially noteworthy under the first head is the latest of the quarterly bulletins from the Bank of England, with its running commentary on the critical second quarter of this year and an important account of the workings of the so-called Basle agreement reached between the European central banks after the revaluation of the D-mark and guilder.

Sterling, meanwhile, has gone from strength to strength. It has gained relief immediately after the announcements of 25th July; and, during this summer, the spot rate has appreciated steadily on the exchange markets in spite of the fact that the exchange equalisation account has been an almost continuous purchaser of foreign exchange. Early in October, the sterling-dollar rate reached a peak of $2.81¼ as compared with around $2.78½ last July, and is now at its best since the time of the massive inflow of hot money last year. So far as can be ascertained, there has not yet been any large revival of this sort of support. Most of the rebound in sterling up to date has, unquestionably, been due to the closing of short positions, to the rebuilding of normal working balances that had been unduly run down and to the swing of the "leads and lags" in commercial payments in Britain's favour.

In consequence, there has been a substantial reinforcement of the central reserves, though, unfortunately, it is impossible to say precisely how large the true reinforcement has been. The statement of the reserves at end-August, the first statement to reflect the rebound, was also the first to reflect the draft on the I.M.F. and major repayments by Britain to its central bank creditors under the Basle arrangements, as well as certain receipts from France in discharge of old debts incurred through the European Payments Union. The allowance for these special factors suggested that the true rise in the reserves was probably in the region of £50,000,000. In September, the gain may have been of much the same magnitude, or perhaps a little larger, but the unofficial estimates may here be rather more precarious than those for August. What we do know positively, however, is that at end-September the reserves stood at £1,269 million, compared with £1,159 million last January, before the drain began; and that this end-September figure was computed, on the one hand, after crediting the whole of the £536,000,000 of the "immediate" drawing on the I.M.F. (as distinct from the stand-by credit) and, on the other hand, after the repayment of the "great bulk" of the assistance provided under the Basle arrangements.

Size of Basle Credit

The Bank of England bulletin discloses that this assistance was provided by the several central banks in a variety of forms, and not all of it by way of accumulations of overseas holdings of sterling. Such accumulations did, however, account for the greater part. At end-June £112,000,000 was represented by overseas official holdings of sterling, £85,000,000 was represented by overseas non-official holdings of sterling (held, in effect, on behalf of overseas central banks) and a further £126,000,000 (included in the balance of payments statistics under the heading of "miscellaneous capital (net)") represented the aid that had been furnished in currencies other than sterling. At this date, therefore, the total aid amounted to £323,000,000, which was virtually its peak amount—stated by the Bank of England to have been £325,000,000. This, it will be apparent, is a much larger sum than had been realised at the time; no real clue to the full extent of the run on sterling was given until after the measures of 25th July had averted the danger. Now, in effect, the special indebtedness has been taken over by the I.M.F., and Britain's most pressing duty is to shape its economy and balance of payments to ensure that the I.F.M. drawings can be safely repaid within the due period three to five years ahead, if not before that.

Earlier Diagnosis Confirmed

It is too soon yet for it to be reasonable to look for clear signs of any such fundamental response to the July measures, but such indications as are discernible are not unpromising. Most indices lately becoming available of the state of the domestic economy in the second quarter of the year have tended to confirm the official diagnosis made at the time of the July measures and have supported the view that the main danger was the still rising pressure of demand against productive resources and a tight situation in the labour market. The rising demand had, however, at last been reflected in a clear expansion in industrial production. The official index for June has now been revised upward, to the new peak of 124 (1954=100), and the provisional index for July is 125; this compares with a quarterly average rate of just under 121 that had been unchanged for the four preceding quarters. This expansion occurred, moreover, in spite of a further decline in the rate of additions to inventories: it reflected, therefore, a further growth in both consumption and fixed investment. The July measures were aimed, first, at restraining consumption without impairing essential investment, and the latest indicators suggest that the trend is indeed in this direction—even though the forecasts of investment by the manufacturing industry for the current year (framed just before the July measures) suggest a somewhat smaller advance on the 1960 total than was being estimated early this year. The prospective increase is still, however, large—21 per cent, compared with the

(*Continued on page 798*)

A tale of Twenty-two Cities

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WORLD BANK PRESIDENT'S INSPIRING EXPOSITION

[The speech delivered by Mr. Eugene R. Black, President of the World Bank, to the Investment Bankers' Association, New York, early this month is an inspiring, well-timed piece. It provides a telling answer to the revival of the contention not only in the U.S. but also in the U.K. and elsewhere in Western Europe that aid to underdeveloped countries be used as a price for gaining their support in the cold war against Russia. Since this contention has given rise to a lot of mischief in the unaligned countries, the chief beneficiary of which is Russia, we make no apology for publishing on this page the full text of Mr. Black's address. It will be seen from this really beautiful speech that the fundamental philosophy of American economic aid is based on human considerations and, if, in the process, the aid helps check the spread of Communism, as, indeed, it does, it confers a double advantage on both the giver and the recipient.

Although primarily addressed to U.S. citizens, in general, and the financial and business leaders in that country, in particular, this address of Mr. Black which, apparently, he delivered more as an American than the head of one of the U.N. specialised agencies, has considerable relevance to us, Indians. It provides, by implication, suppor to Prime Minister Nehru's well-intentioned advice to the developed countries, to his thesis on economic planning and to his general social philosophy. In it, there is food for thought for industrialists, traders and bankers in this country. A careful reading of this address will help widen their vision. It will show why India has to plan, why there should not be a wide gap between the haves and have-nots, why there should be an equitable distribution of the gains of economic progress, what criteria they should adopt for judging the merits of development projects and how they should evaluate the progress made as a result of planning.—ED.]

I AM convinced that foreign aid is the concern of Wall Street as much as it is the concern of Washington and that there is a great deal that the financial and business leaders of America can and should do about it. The United States' effort in the underdeveloped countries has left all of us, in greater or less degree, uncomfortable about this foreign aid business—and for good reasons. The foreign aid programme has been muddled and confused in its objectives, often mediocre in its administration. Much of the resistance and outright hostility which the executive presentation of the foreign aid budget has encountered year after year, whatever the political persuasion of the Congressional majority, is attributable to impatience with the operational weaknesses and administrative failures which have characterised the programme in the past. We have been sold foreign aid as an emergency measure to stop communism, as a necessary tool to "make friends and influence people" in the underdeveloped world, as a "must" to expand our export trade. Yet none of these so-called objectives has been achieved. Soviet influence remains at high tide; our dispensations of money have won us neither gratitude nor affection, but more often grumbling dissatisfaction; and our balance of payments position has worsened, not improved.

Three Propositions

Yet, despite what may seem a pretty disheartening record, I want to advance to you, and with conviction, the following propositions:

First, that foreign aid, properly conceived, is a vitally essential element of our national policy—not for the shrill, short-term reasons usually advanced, but for the longer-range objective of building the kind of sound world economy and society which alone will let us fulfil our own national aspirations.

Second, that we can only achieve the real objective of our foreign aid programme if emphasis is put, not on the quantity of money provided, but on the quality of the investment made with that money—on the amount of effective development which foreign aid funds buy or induce.

And, *finally*, I want to suggest that the financial and business leaders of this country have a much greater role to play in making our foreign aid programme effective than has ever been appreciated in Washington or has yet been generally recognised by you.

Let me start with the basic question of why foreign aid at all—why you and I should support and not oppose it. Foreign aid has been sold—oversold, I believe—largely as a necessary weapon of the cold war.

Indeed, there seems an almost direct relationship between the Congressional fortunes of the various aid proposals over recent years and the violence of Soviet threats at the time. That there is a connection between the need for economic growth and the cold war is, of course, true: to the extent that the peoples of the less developed areas are better housed, better fed, better clothed—to the extent that they can see some prospect of improving their low standards of living—their loyalty to their own institutions will be strengthened and they will be less susceptible to the insidious sales pitch of Communism. But we must not make the mistake of thinking that, by helping to finance their economic growth, we can buy the loyalty or friendship of the less developed countries—or their vote in the United Nations. They are too independent and too proud for that.

Nor must we make the mistake of thinking that foreign aid will buy us popularity! If we are out to be popular—if we are not thick-skinned enough to hear, without rancour, criticism from those to whom we have extended aid—we had better get out of this business. And we had better get out of it, too, if we are going to consider every temporary advance of Communism a defeat for our programme.

But if we ever did cut out or cut down on our foreign aid for any such reason, it would be more than the loss of a battle in our struggle with Russia—it would be a defeat for the affirmative objectives of our national policy quite apart from the cold war. Indeed, if the Communist conspiracy should be totally defeated tomorrow, foreign aid to the underdeveloped world would remain, I suggest, an imperative of our time.

There are a number of reasons why this is so. For one thing, there are humanitarian and moral considerations behind our aid. We are moved by a concern for the welfare of others, by an impulse to help those who are engaged in a struggle against poverty, disease and ignorance. We need not and should not be ashamed to recognise and, indeed, to proclaim this reason for our foreign aid; generosity to less fortunate peoples is an aspect of our national tradition of which we can justifiably be proud.

Compelling Reasons

There are economic considerations behind the programme of considerable importance to our own welfare. The only effective way to assure sources of supply for the basic raw materials we need, the only effective way to assure expanding markets for the products of our industries, is to help other countries to achieve and maintain self-sustaining economic growth.

But important and valid as these humanitarian and economic considerations are, I suggest that there are reasons for foreign aid far more compelling, far more basic, than these. We discovered many years ago in our own society that growth based on a prosperous few and an impoverished many was neither healthy nor enduring, that our nation's system of free enterprise could expand and grow strong over the long pull only by opening opportunities to the people at large and thereby releasing their energies and initiative. This has been reflected in many different ways—in our public education and public health systems, in our fiscal regime, in our slum clearance and urban renewal programmes, in our encouragement of agriculture, and so on.

Every consideration of policy which dictated our national programme is reproduced on the world scene—and the world today is smaller in many ways than was the United States when these national programmes were first started. The industrial countries cannot count on remaining, for long, isolated islands of prosperity. Certainly, as I have already commented, their industries cannot achieve their long-range potentialities except as they build up the markets waiting to be developed in the economically backward countries. And, even more certainly, they cannot count on the political stability they need so long as great parts of the world are smouldering with the discontent born of poverty unrelieved by hope.

The only answer I know to all this is somehow to give to the peoples of the underdeveloped world the opportunity, the means—and the incentive—to produce more. That is the simple meaning of all the high-flown talk about economic development. That is the essential objective of foreign aid—to enable the impoverished peoples of Asia, Africa and Latin America to improve their own lot by growing more crops, extracting more minerals, manufacturing more industrial products, so that they can enjoy a better standard of living and higher standards of education, thus giving their children greater opportunities than they themselves have known.

A Complicated Task

I have stated the objective in simple terms, but achieving the vast increases in production that are necessary is an infinitely complicated task. It is not just a matter of building factories—it is first a matter of educating and training *people* equipped to manage and operate such factories.

It is not just a matter of providing better seed and more fertiliser for the farmers—one must first give the farmers incentive, and put them in a position to use modern tools effectively. This means, among many other things, providing adequate agricultural credit and extension services, and reforming antiquated systems of land tenure.

It is not just a matter of building new roads—it is equally a matter of organising an efficient Highway Department to maintain the roads once they are built. It is not just a matter of constructing new power plants—it is equally a matter of assuring that the power industry will be strong and solvent.

To achieve the necessary production increases, in short, requires changes, and sometimes revolutionary changes, not only across the whole broad front of economic life, but also in many aspects of the social structure.

This is all familiar to us in the United States. Our production has been our strength. The broad diffusion of its rewards among all our people has been the main source of both our economic growth and our political stability. The challenge to us now is to help get the same process going in the backward areas of the world. And foreign aid—financial and technical—is our means for doing this.

Quality More Important Than Quantity

That brings me right to my second proposition—that the proper measure of our foreign aid is not the amount of money we make available but the amount of effective development which our foreign aid funds buy or induce. We should be concerned more with quality than with quantity. Money provided to the underdeveloped countries buys nothing lasting except as it is productively invested either in additional physical facilities or, even more important, in the improvement of human resources. That is why I get so impatient with theoretical global estimates of the amount of external capital needed to bring about development at some given rate. What *X* millions of dollars will accomplish in countries like India; for example, with well prepared projects, a good level of administrative capacity both in Government and in the private sector, and with political and monetary stability, is one thing. What the same amount of money will accomplish in another type of country—of which there are many—with no programme, few projects, and a very thin layer of administrative competence, is quite a different thing. Both types of country need help—but help differently fashioned to meet their different needs and in amounts which differ in accordance with their capacity to undertake effective investment.

Duty of Recipients

On this aspect of foreign aid, action is called for by both the recipient and aid-giving countries. The recipient countries need to work out national development programmes which reflect a rational determination of investment priorities and, even more important, to translate those programmes into specific projects ready for execution. In this task, foreign technical advice can be extremely useful, and is often absolutely necessary.

Equally, the aid-giving countries need to confine their help to sound projects which meet a real developmental need—and not to waste it, either to meet political pressures within the underdeveloped country (as in the case of the Soviet roubles used to pave the streets of Kabul) or else to promote the short-term trade interests of their own exporters. When loans are made for projects that are ill conceived or of low priority simply in order to facilitate the sale of equipment for those projects, the cause of development is retarded, not advanced.

Again, when, in response to political pressures, foreign aid is made available to countries which are not effectively mobilising their own resources—countries, for example, which fail to bring inflationary pressures under control or which fail to tax their citizens effectively—the result is often to enable the recipient Government to put off the day for taking the necessary domestic action—again retarding, not advancing the cause of development.

It is not foreign aid itself, therefore, that is important—it is only the extent to which that foreign aid brings about sound investment. That is why I say to you that we must stress the quality, not just the quantity, of our foreign aid.

Role of U.S. Bankers

And that is where in financial and business leaders come in. What I have described as essential in the administration of foreign aid is, after all, nothing more than the standards which investment bankers are accustomed to apply in the practice of their profession. They know the value of productive investment; they know the importance of assuring the best use of available resources; they know the dangers of lending without considering the technical merits of the project and whether it will result in a marketable product; they know that each client has his own peculiarities and capabilities and that the amount and terms of the financing they provide must take appropriate account of the borrower as well as of the project.

As Americans, the financiers in Wall Street, have, I believe, an obligation to support the general concept of foreign aid. But as bankers, they have a special and affirmative obligation to see to it that that concept is translated into a programme so framed and so administered that it produces results. It is easy to sit on the sidelines and carp about "waste," "mismanagement," "money down the drain," and the like, but that does not help. What the programme needs is not more derogatory cliches but the very kind of informed criticism and discriminating support which the financiers of all groups in the U.S. are in the best position to provide.

There is still a reasonable chance of getting a sound foreign aid programme under way. The concepts and principles underlying the new foreign aid legislation are a big step in the right direction; financing in the context of carefully considered development programmes, rather than for a series of isolated, unrelated projects; long-term planning and commitment of funds; special concern for countries prepared to mobilise their own resources effectively and to carry out the necessary internal reforms; and administrative responsibility entrusted to a single aid agency established at an appropriately high level and as an integral part of Government. The targets of the programme will not be easy to achieve and, in actual administration, realistic compromises will sometimes have to be made. But, given the understanding support, the friendly but firm criticism, I feel confident that the programme can be kept headed in the right direction.

American Heritage

But let me say, again, in conclusion, as I said at the start, that the support of U.S. bankers will be effective only if and to the extent that they emphasise the right issues. We, Americans, must stop asking whether foreign aid is really winning us popularity and ask whether it is really buying us development. We must stop worrying every time the Soviets extend development assistance to one of the underdeveloped countries and concentrate, instead, on whether our own programmes are being effectively carried out. For this development business is *our* game and *our* heritage, and not Khrushchev's or that of the Soviets.

It is *our* heritage which has demonstrated to the peoples of the underdeveloped world that there is an alternative to object poverty.

It is *our* heritage which introduced the radical idea of self-determination and national independence.

It is *our* heritage which has shown the way to mass consumption and to the widest participation in the fruits of economic progress.

It is *our* heritage which, by giving impetus to this whole revolutionary business of development, has carried a message of hope to human beings the world over.

So let us (Americans) play the game with good heart and cool head. Let us play it with vigour but without panic. Surely, we need not fear to lose if we only play it well.

DIFFERENTIAL BONUS SCHEME ANNOUNCEMENT

The Differential Bonus Scheme has now been finalised and in exercise of the powers conferred by Section 49 of the Life Insurance Corporation Act, 1956, the Corporation has made Regulations classifying the policies issued by the Corporation, and by the various insurers, whose controlled business has been transferred to and vested in the Corporation, for the purpose of declaring Differential Bonuses. The Regulations have been drawn up in consultation with and approved by the Central Government and notified in the Gazette of India.

2. The Scheme is being implemented under instructions from the Government of India and supersedes the Provisional Scheme framed by the Corporation and published in June 1959. The participating Policies of the erstwhile insurers and of the Corporation are now classified in 25 groups instead of the 6 groups under the superseded Scheme.

3. The rates of bonus now declared are as a result of the valuation as at 31st December 1957. The business valued included all the policies which were issued by the Life Insurance Corporation or by the erstwhile insurers and were in force as on 31st December 1957. Out of the gross profits disclosed by the valuation an amount of Rs. 27.56 crores was reserved for distribution to participating policyholders, after providing for the estimated income-tax liability and the Government's share of surplus.

4. The rates of bonus in respect of participating policies issued by the Life Insurance Corporation of India are:

Whole Life—Rs. 16.00 per Rs. thousand sum assured per annum.

Endowment—Rs. 12.80 per Rs. thousand sum assured per annum.

5. As stated earlier the policies of the erstwhile insurers are now classified in 25 different groups.
The policies of the Life Insurance Corporation as well as of certain insurers included in the same group have been allotted key index No. 10. Each of the other 24 groups has been given an index number and the ratio thereof to 10 indicates the proportion which the bonus rates applicable to the group bear to the bonus rates of the group which has the key index No. 10. The bonus vests immediately.

6. For the purpose of illustration, the bonus rates applicable to policies of some of the erstwhile insurers are shown below:

Name of the Unit	Index No.	Rate of bonus per thousand per annum	
		Whole Life Rs.	Endowment Rs.
Bombay Mutual	11	17.60	14.08
Hindusthan Co-op.	10	16.00	12.80
National Insurance	10	16.00	12.80
New India	11	17.60	14.08
Oriental Govt. Sec.	12	19.20	15.36

7. The classification adopted in the new scheme will also apply to bonus allocations at future valuations. The new scheme will not apply to policies which have resulted into claims by death or maturity after 31st Dec. 1957 but before 15th Oct. 1961. For these policies bonuses are payable on the basis of the Provisional Scheme.

Full details of the L.I.C. Differential Bonus Scheme and names of Units in various groups are being published in the following papers:

Times of India, Bombay/Delhi, 14-10-1961
Economic Times, Bombay, 15-10 1961
Statesman, Calcutta/Delhi, 14-10 1961
Hindustan Times, Delhi, 16-10-1961
Hindu, Madras, 14-10-1961

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Life Insurance Corporation of India

ASP/LIC/SP.10A

ROLE OF CHAMBERS OF COMMERCE AND INDUSTRY—II

SPECIALISED SERVICES—PLACE OF SECRETARIAT —PEEP INTO FUTURE

By B. Barker, M.B.E., M.A. (Oxon), F.C.I.S., A.M.B.I.M.
SECRETARY, BOMBAY CHAMBER OF COMMERCE AND INDUSTRY

[In this, the second and last, instalment of the author's lecture to the post-graduate students in the Commerce faculty of the University of Poona, the specialised services rendered by the Bombay Chamber of Commerce and Industry are described, followed by an account of the place of its secretariat, the working of its General Committee and Sub-committees and of the responsibilities the Chambers of Commerce and Industry, in general, may have to undertake in future. The first part of this article appeared in our last issue.—ED.]

IT is the special services, namely, the labour advisory service, the statistical service, the docks department and others which I have already mentioned, that are available for the use of members individually, to deal with problems which are peculiar to them as individual companies. In operating these special services, the Chamber is careful not to give the impression of competing with the professionals who are already offering similar services. For example, the Chamber does not give opinions on matters of law, although the Chamber may give a view of what is or what is not the general practice of commerce and industry in this part of India. Nor does the Chamber give advice to individual companies on such matters as income-tax or other accounting matters which are dealt with by professional firms. The specialist advisory services of the Chamber are, therefore, supplementary to those that are already available.

Labour Department

The most notable of the Bombay Chamber's advisory services is that offered by the Labour Department. Individual companies can seek free advice from the Department on matters not involving long interviews or correspondence or the members may requisition the services of the Labour Department on an *ad hoc* basis as and when they have labour difficulties to be resolved, or, finally, medium and small size companies who do not have their own specialist personnel officers can retain the services of the Labour Department on payment of a monthly subscription in return for which the Chamber's Labour Advisers visit the premises of the company concerned each week and deal with the specific labour matters of that company in detail. The Advisers frequently appear on behalf of members in the Labour Courts and render a wide range of services from the drafting of letters of retrenchment to discussions with unions on behalf of important commercial or industrial associations. Apart from the advisory work of the Department which deals with individual members, the Department also concerns itself with general matters of Government's labour policy and is for the Secretariat the fountainhead of information on such matters. In recent years, the Chamber has tended to make representations on general labour matters, i.e., labour legislation, relations with Government, labour policy in the country as a whole, etc., through the Employers' Federation of India of which the Bombay Chamber is an important member in the Western Region.

From the Statistical Department, the new member can obtain statistics with regard to the import or export to or from any major port in India of any commodity listed in the statistics issued by the Director General of Commercial Intelligence and Statistics, Calcutta, and these statistics are issued to the member exactly as he may want them—weekly, monthly, half-yearly or even yearly. In other words, this is a custom-made service.

Every working day, this Department also publishes for non-members as well as members a shipping intelligence, that is, a leaflet giving details of the ships on the high seas which are destined for or have recently left Bombay as well as the ships which are at present in port. This leaflet is invaluable to all clearing agents, importers, banks and insurance companies.

Hindi Classes

Classes in the Hindi language for the benefit of the staff of member companies are conducted by the Bombay Chamber and in other Chambers you will find a good deal of work done in the matter of setting examinations in commercial subjects.

There is a great demand in the Chamber for the issue of Certificates of Origin and Analysis in respect of a variety of goods exported. In order to meet the demands of overseas buyers of Indian produce and manufacture, the Chamber issues Certificates of weight and quality in respect of a large number of commodities, especially oils and oilseeds, spices, drugs and medicines, Indian herbs, etc. Special arrangements exist for the weighment and sampling of these commodities and the issue of weighment and analysis certificates.

Being a Port Chamber, the usual weighment and measurement services are available to exporters who pay the Chamber for certificates which, for the most part, are used for presentation to shipping companies in connection with the calculation of freight charges.

The Chamber acts as secretaries of seven trade associations concerned with engineering, insurance, paint, tractor and earth-moving equipment, pharmaceuticals, chemical plant and travel agents. It undertakes arbitrations and surveys for the settlement of commercial disputes under prescribed regulations.

All legislation, both Central and State, likely to affect commerce and industry is kept up to date with all amendments made. There is one man doing nothing else.

Good Library

The Chamber has a well stocked library of reference books on all subjects of commerce, industry and labour which is open to members free of charge and to non-members on payment of a nominal fee.

All this is run by a staff of 56 officers, measurers, typists and clerks, with 66 sepoys to do delivery work, to run off the circulars and assist on the docks.

From all this, you may get the impression that membership of Chambers of Commerce is a one-way business, that is, the member pays a subscription and the Chamber provides services. This is far from the truth. As members grow in their experiene of the Chamber, the contribution which the Chamber asks of them grows likewise, because it is from these large and experienced members that the Chamber appoints its sub-committees and the general committee who instruct and guide the secretariat. The Bombay Chamber has some sixteen specialist sub-committees on every subject affecting commerce and industry from labour affairs to exports and from railways to Company Law. Service on these sub-committees not only involves a good deal of time in attending to the problems of the day but also provides the Committee members themselves with an interesting and often useful insight into the views and difficulties of other companies.

Sub-committees

To illustrate the working of these sub-committees, I return to my example of a member's representation regarding an interpretation of Company Law. The letter from the member will first be considered by the Assistant Secretary responsible for Company Law matters. This officer will then in all probability discuss the matter with the Secretary to agree on the next step. This step may be to issue a circular to all members to ask them if their experience is the same as that of the member who has complained or it may be that the point needs further clarification from the member concerned before it can be referred to the sub-committee. Flexibility at every stage is of great importance, for no two problems are ever alike. Once the facts are clear —and it is the secretariat's duty to collect all the relevant facts—the matter is placed before the sub-committee, usually by a circular passed to each member in his office. By this procedure, each member is able to consider the matter clearly at his convenience and can himself avail of the assistance of other experts in his own office. The circular is eventually returned to the Chamber together with the comments of each member attached thereto. You may consider that this is a rather long-drawn-out procedure. I am afraid it is. Nonetheless, when any responsible individual is asked to set down his comment in writing and sign it with his name, he is likely to give much more consideration to the matter under discussion than if he were merely to attend a meeting where he could make a speech *ex tempore*. All circulars of this kind are returned to the Secretary and if there is unanimous agreement on the action to be taken, then that action is taken without further reference to anyone, except when a reference to the Associated Chambers or Government is indicated, in which case the matter will be placed before the President himself for consideration and, if there is time, before the general committee as a whole. In any case, the papers will be placed before the General Committee after action has been taken in order that they may be fully informed of what has been done.

However, the sub-committee may not be agreed, in which case it is possible that a meeting of the sub-committee will be held when the minutes of each member will be tabled and a discussion will take place until unanimity is achieved. It is not the practice of the Chamber either as a result of discussion in a sub-committee or in the general committee to take any action other than on unanimous decisions. It is a token of the success of this procedure that I cannot remember an occasion when, either in a sub-committee meeting or a general committee meeting, there was any need to put the matter under discussion to the vote.

This procedure implies two further considerations which I would like to emphasise. The first is that, if all the facts are collected and expressed with due emphasis, in nine out of ten cases, the solution will be apparent and it will follow that no vote will be necessary because no argument will take place. This, however, entirely depends on the quality of the secretariat's work and of the advice in the sub-committees. Secondly, this procedure is only possible in an atmosphere of trust. It follows that the members must have confidence in the committee they have appointed; that the committee must have confidence in its sub-committees and that the individual members of the Committee must have confidence in their President. The whole organisation must of course have confidence in the Secretariat. Poor secretarial work and poor advice or bickering in committees lead only to hot air and inaction. For speedy and effective action, confidence and ability are essential. It is often a matter of fine judgment in these swiftly moving times to decide how long can be spent in considering a representation which, if it is received too late, will lose all its value, however good it may be in itself. Personally, I am inclined to think that a near perfect representation in time is better than a perfect representation too late; but there can be no rules in this matter; one can only try to keep the standard high.

Controlling Committee

In the Bombay Chamber, the controlling committee is the general committee which consists of twelve gentlemen who are usually the seniormost executives of their organisations in commerce and industry or one of the professions. The president is elected annually from the body of members. Here again, in passing, I would mention that there has never been a contested election. The Vice-President is elected similarly and normally succeeds the President. Eight more members of the Committee are nominated by the outgoing Committee and these gentlemen have to be considered first by the members at the annual general meeting. Only if one of these gentlemen is not elected is there an opportunity for any other name to be suggested. Two additional members of the committee are co-opted by the new committee at their very first meeting. By convention, one of these is usually the immediately retired President and the other the Chairman of the Exchange Banks Association. There is also a convention that no member of the committee serves for more than two years at a stretch, unless he takes office, though he may return after a period of absence. The functions of the general committee are so varied and cover such a wide range of activity that it is difficult to circumscribe them in a few words. Naturally, they deal with matters of policy rather than detail and they are more concerned with matters of all-India significance than with technical problems which are usually dealt with at the sub-committee level.

Secretary

You will have gathered that the sub-committees and the general committee consist of "amateurs," in the sense that they are not full-time workers and are not paid anything for the services they render. The professional stipendiary work is done by the secretariat and is pivotal in the operations of the Chamber. There are few members of any of the committees or, indeed, of the Chamber itself who have an opportunity to realise the range of activities with which the secretariat is concerned. From the point of view of the secretariat, the "boss" changes every year. It follows that a good deal of responsibility devolves on the Secretary himself in ensuring continuity not only of policy in the Chamber as far as the outside world is concerned but also in dealing with the Chamber's own staff. The Secretary of a modern Chamber of Commerce in India has to be a man of many parts. He has to know a little about a great many things and he has also to know that a little knowledge is a dangerous thing. He has to combine purely secretarial functions with those of a Public Relations Officer. He has to initiate or stimulate discussions, without arrogance or disrespect. Most of all, he must be endowed with powers of judgment and discretion which will enable him to take advantage of and to enjoy the great variety of people and subject matter with which he will deal.

Less than ten years ago and still today, in many cases, the secretaries of Chambers of Commerce and their assistants were merely the callers of meetings, the compilers of agendas and minutes and the drafters of memoranda. In other words, the activating influence of the Chambers was generally from without. The Chambers acted when they were prodded either by the complaints of members of the intervention of Government and when they were so prodded, the action taken was not only decided at policy level by the generally annually appointed committees of the Chamber but was also literally dictated by these same gentlemen. This had some remarkable advantages in that the representations were made direct, as it were, from the horse's mouth. The very man affected by Government's activities or by whatever may have been the subject matter under consideration, was there to take action and dictate the memoranda. You will notice that this procedure fits in with the system of management which I have described as prevalent in commerce and industry in the last century. The committee members of Chambers were the owners of capital and the managers of it. Today, however, the situation is entirely different. We live in an age when professional managers, who, by and large, are not themselves the owners of capital, are controlling large enterprises owned by a vast number of shareholders scattered all over the country and even the world. It follows that, within the organisation concerned, specialisation has developed. Instead of broadly experienced capital owners controlling a varied range of commercial and industrial activities, we now have professional managers frequently specialised, generally in one aspect of the business. It follows that the considerations of Chamber committees are much less general and individualistic and much more specific and impersonal than they used to be. The age of Sir Purshottamdas Thakurdas died with him. Moreover, the pace and the breadth of activity has increased so fast that managers have less and less time to give to other things than quite literally minding their own business.

This change in the type of management and managers is bringing in its turn a change in the type of secretaries and administrators in Chambers of Commerce. It is no longer necessary or advisable to wait for complaints from members or intervention by Government. Action has to be initiated at an earlier stage if it is to be effective. The ideas which develop in Chambers of Commerce must increasingly come from the officials themselves. Naturally, decisions with regard to policy will always remain in the hands of committees of Chambers but for the reasons I have given earlier I think that the amount of original work contributed by the committees in Chambers will tend to decrease and that their role will be to guide, advise and, if necessary, direct stipendiary experts.

A Complex Job

The administration of commerce and industry has become a matter of such complexity in recent years that it is impossible for the stipendiary officer or the committee member to keep pace in detail. The importance of specialised officials within Chambers of Commerce both to the committees as well as to the members themselves must, therefore, in the immediate future tend to grow. In the field of labour relations, for example, several Chambers have developed important specialised, professional advisory services available to individual company members for consultation on individual matters and in my own Chamber I have seen this service grow from one adviser to three and from an income of *nil* to a lakh of rupees in five years. Similarly, we may expect the development of other professional services, e.g., sales tax advice, preparation of statistics, market research, investment analysis, economic reporting, translation services, organisation of training courses, advice with regard to staff selection, advice to Indian collaborators with regard to foreign investors and to foreign investors with regard to Indian collaborators, specialist advice on Customs matters, excise matters, import trade control, export trade control, secretarial practice and so on. This list can easily be extended. There is a great need for these professional services and they can best be arranged, controlled and financed by the combined efforts of numerous companies through their Chambers of Commerce and Industry.

Public Sector Companies

I am sure that the Chambers will in the future welcome the membership of Government-controlled organisations in commerce and industry. Let no one imagine that problems of management in these organisations are necessarily going to be different or less than those of their colleagues in the private sector and the more the two sectors in industry get to know about each other's working and the more they appreciate the common problems which will arise, the happier will be the future for the development of a mixed economy. In my own Chamber, we have recently been pleased to welcome as members the Indian Oil Company Ltd. and it is certainly the policy of the Chamber to welcome the membership of companies and corporations in the public sector.

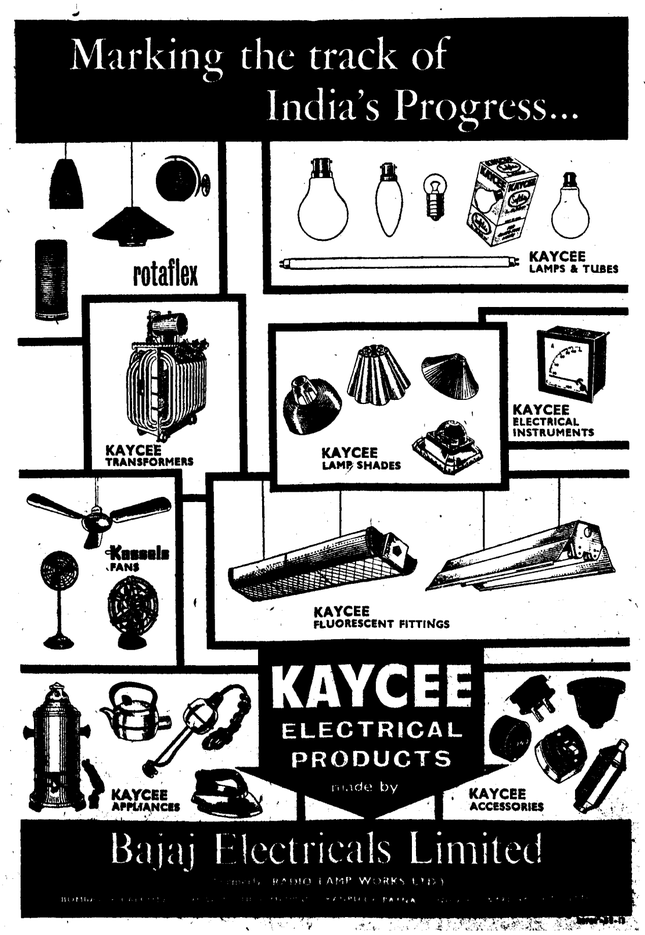
Future

Looking, finally, at the longer term, one can see an important future for Chambers of Commerce and Industry in this country. Although the number of politicians who have some interest in—let alone knowledge of—commerce and industry is tending to grow, there is still almost no effective representation of commercial and industrial interests capable of commanding respect, in either house of the Indian Parliament. As long as this is the case, the well-established Chambers of Commerce, who eschew political affiliation will remain the only mouthpiece. The least respect which Government can pay them is to regard them as sounding boards (let it be noted, in this connection, that Government may well continue to wish to listen to a variety of sounding boards!) and if the Chambers can continue to command respect for their objectivity and their ultimate interest in the welfare of the country as a whole, there is no reason why they should not be called upon to play an even more important role in the affairs of the State than they do at present.

Moreover, I would hope that the Chambers and private enterprise will not always have to follow at the heels of Government and that the corporate and co-operative sectors of private enterprise will be able to develop their own organisations, including their Chambers of Commerce without the at present inevitable visits to Delhi or the local seats of Government. Chambers of Commerce are so preoccupied with Government today that there is a risk that they will have no time or inclination to develop services of their own quite apart from Government's help, blessing or interference and will lose that sense of initiative and self-help which is the great virtue of private enterprise. Government makes plenty of work for Chambers of Commerce at the present, but whether this is the sort of work which Chambers ought to be doing is another matter.

PANEL FOR CEMENT INDUSTRY

The Government of India has set up a nine-member Panel under the chairmanship of Dr. G. P. Kane, Senior Industrial Adviser in the Ministry of Commerce and Industry, to examine the various matters relating to the cement industry and make suitable recommendations. The Panel will consider *inter alia* the availability of limestone and other calculeous minerals suitable for making cement, possible utilisation of alternate raw materials, availability of suitable quantities and quality of fuels like coal and furnace oil, requirements of spares, balancing equipment and capital machinery for industry, diversification of production to manufacture special cements like slag cement, pozzolan cement, low heat and high early strength cements, etc., bulk transport of cement, training programme for the industry and research and development.



TWO NEW PLANS TO IMPROVE EFFICIENCY IN COTTON INDUSTRY

"GET TOUGH" MOVE BY WORKERS

From Our Special Correspondent

MANCHESTER LETTER

MANCHESTER, 10th October

TWO new plans to improve efficiency in the Lancashire cotton textile industry have been announced in Manchester by the Productivity Centre of the Cotton Board. Owners of the 1,000 mills still left in the Lancashire spinning, weaving and finishing sections after the drastic reorganisation schemes, have received details of a new training service for the 5,000 supervisors in the trade who are regarded as the key-men in a drive for increased productivity. Under the code name "EDIT" coined from the initial letters of the words examination, diagnosis, identification and training, the Centre has drawn up a programme by which individual companies in the trade will be able to train their own firms with the assistance of productivity experts from the Cotton Board.

The main plan is to assess the exact responsibilities for the job now being undertaken by means of extensive questionnaires to be completed by both management and supervisor. Mr. James Bolton, Director of the Productivity Centre, said: "There is far too much woolliness about what each man is supposed to do. The scheme will be tailored to the individual requirements of each company."

The Productivity Centre is also sponsoring an inter-firm survey with the object of comparing the efficiency of British cotton firms and their rivals overseas. Twenty firms in the spinning section of the trade have agreed to submit confidential details of their profits, costings, prices and assets for scrutiny by Cotton Board officials. A report on the results obtained in relation to each other and to foreign competitors will be compiled before the end of the year. The figures given by individual firms will remain secret, average figures will show how Lancashire compares particularly with countries in the European Common Market.

Cotton Unions Get Tough

First hint of a "get tough" move by the Lancashire cotton unions against the mill bosses who recently turned down their 2*s.*-in-the-£ pay claim came in Manchester. Leaders of nine weaving unions—they were told they could not have more pay because trade was bad—met to decide their attitude towards pleas by 12 firms for permission to introduce or extend shift-working. But instead of the applications going through, the unions put back a decision until after the eight-man committee set-up to decide what can be done about their rejected pay demands, has met next week.

Mr. Lewis Wright, General Secretary of the Weavers' Amalgamation, one of the three big Lancashire cotton unions said: "Most of these applications would have been approved but for the employers' rejection of the pay claim." "One day they tell us they cannot afford a pay rise and the next they come to us begging for more hours to be worked." The weaving firms had asked for permission to introduce various types of shift-working—from night shifts in some cases to overtime working in others.

The Problem Unresolved

Only a week or two is usually allowed to slip by without some published reference being made to the frustrating aspect for Lancashire traders of the heavy imports of goods which have taken such a toll of the industry and clouded the outlook during recent years. Mr. Roger Lee, who combines the role of chairman of two of the biggest groups in the trade, has emphasised the effect of foreign cloth arrivals in his statement as head of the Calico Printers' Association, giving in effect a sharp warning about the implications of a continuation of such extensive purchases from abroad.

Mr. Lee is not the first to underline the paradox of local millowners scrapping their machinery at the same time, as the inroads made in Britain's home market by foreign competitors are for ever widening. The expenditure of public money on the elimination of productive capacity is, indeed, "a strange contradiction" when viewed against the background of mounting imports. Printed cotton goods, he says, are now arriving from other countries at a rate which would employ two fair-sized print works.

In addition, Mr. Lee declares that the textile finishing redundancy plan so far as it concerns printing may well be wasted. The quantity of goods arriving from overseas will, unless checked, he warns, largely replace the scrapped printing capacity in this country.

Disappearing Markets

Without dwelling too deeply on past achievements, Mr. Lee's comparison with former days must strike a chord among many of the older generation still working in the industry. In particular, his reference to the former traditional shipping markets of India, Burma, Ceylon and the Near and Middle East being "completely lost" shows how the tide has turned. The amount of direct business sent to the company by customers for these markets during the past year, he says, would barely occupy a medium-sized works for a month.

Nor is it possible to gain much solace from printing business conducted on behalf of the home trade and Commonwealth customers in Australia and New Zealand. Once again, the British summer comes in for criticism as the poor weather this year and last can be held responsible for the determination of distributors to maintain a cautious buying policy. Coupled with the economic difficulties and the Government measures introduced to deal with them, it is not surprising that Mr. Lee mentions the "restraining influence" which such events have had on the Company's trading.

From Small Beginnings

Already partly lost in the dim recollection of "how it all started" is the fact that foreign cloth imports were first permitted in any size soon after the end of the war when Lancashire's productive capacity had been concentrated to provide manpower for munitions. Long before the end of the 1940's, arrangements were made to secure supplies from Japan under which grey goods would be imported for finishing in this country and subsequently re-exported to Colonial markets, chiefly in Africa, which were clamouring for deliveries. Subsequently, quotas were fixed on the entry of Japanese goods. It was not until the past few years that India and Hong Kong came upon the scene with such substantial repercussions on local Lancashire producers.

The emphasis throughout this form of trading has been on the supply of grey cloth which, however aggravating to weavers on this side, did at least offer business to converters and finishers. Now, as observers have frequently forecast it would, the position is already beginning to change. The arrival of finished fabrics and made-up garments is gathering momentum and although loom-state cloth still accounts for the major proportion of this turnover, its share is dwindling.

Finished Cloth Now

In the first eight months of this year, imports of finished cotton goods exceeded 106 million yards, as compared with 81 million yards in the same period of 1960 and only 41 million yards in 1959. During the same period, the arrivals of grey cloth in the first eight months of the year have increased from 280 million yards in 1959 to 390 million yards last year and to 434 million yards in 1961.

This development, although scarcely unexpected in view of the establishment of finishing and making-up facilities in countries abroad, has obvious implications for the textile merchants community in London and Lancashire, as well as the primary producers. For the moment, everything is held up pending the discussions due to begin in Geneva later this month when the complete subject of international trading in cotton textiles is to be thrashed out.—*All Rights Reserved.*

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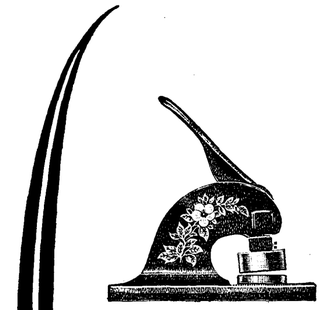

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MOVE TO STABILISE WORLD SUGAR MARKET

MUCH DEPENDS ON RUSSIA'S ATTITUDE

IT is somewhat strange that no information is yet available as to whether the United Nations Sugar Conference, which began at Geneva more than a month ago—on 12th September 1961—has concluded its deliberations and, if so, what decisions have been taken. While the plenary session of the Conference was being held from 12th to 19th September, the European Office of the United Nations issued Press handouts relating to the statements made by the delegates of the different countries, as well as by the representative of the Food and Agriculture Organisation, Mr. Albert Viton. Since then, however, no handouts have been issued. At one stage, it was reported that the duration of the Conference would be extended upto 4th or 5th of the current month. The latest report from Geneva, however, suggests that the Conference is split over a Cuban application for a quota of 7,285,000 tons. One delegate is quoted as having said: "The Conference is in a very bad way."

This is not surprising, because of the main difficulty in reconciling the conflicting interests in the world's sugar economy, represented by the exporting countries (particularly Cuba, the largest exporter, which is now in the Communist camp), on the one side, and the importing countries (particularly the U.S., the leader of the free world), on the other. The difficulty could probably have been solved had it not been for the insinuatory remarks made by the Cuban and Russian delegates against some countries, especially the United States. Such remarks and counter-remarks are disquieting, in that they amount to importing the cold war politics into a purely business arrangement. Surely, the World Sugar Agreement cannot be expected to achieve the chief objective of ensuring stable markets for sugar producers and consumers, unless it is backed fully by constructive marketing policies by exporting countries and domestic policies by importing countries. It is only then that a reasonable balance between the supply of and the demand for sugar can be struck. This is the challenge now posed before the Geneva Conference. Unfortunately, the fact remains that Russia and its associates have not cared to play the game. It is common knowledge that Russia and China have done their best to disrupt the free market for world sugar by unloading large quantities of sugar obtained from Cuba at cut prices. The worst sufferers of this practice have been the underdeveloped countries that produce and export sugar, countries whose champion the two Communist powers claim to be. With Cuba, the largest exporter of sugar, toeing the line of Communist powers, the future of International Sugar Agreement depends on the willingness of Russia (and China) to respect scrupulously both the letter and spirit of the Agreement. It will be worthwhile to recall here the few sane words uttered by Mr. Albert Viton (F.A.O.). He said:

"The results of the Conference will have reverberations far beyond sugar, as they will affect stabilisation tendencies in general. At present, there is underconsumption and overproduction. Consumption is increasing, but the rate of increase is diminishing. Sugar prices are still high in the low-income countries.

"International action in the fields of consumption and production are difficult, but I nevertheless suggest that no defeatist attitude be adopted. Both aspects can be dealt with by providing in the Agreement for a form of systematic international consultation. The annual export quotas have not been entirely effective during the last turbulent years. The quotas are essential, but they should be reinforced by providing for systematic discussions of marketing policies."

Huge Surplus

It is thus clear that the success of the Geneva Sugar Conference will depend on how it will revise the present Agreement so as to make it really effective in dealing with a huge sugar surplus now hanging on the world market and to what extent Russia and its associates are ready to abide by whatever decision is taken. The actual surplus at the beginning of the current season (1st September 1961) was as much as 17.6 million metric tons (raw value), as against 13.6 million tons a year before and 9.5 million tons at the end of August 1958. Thanks to such a huge surplus, the world price of sugar now stands at the lowest level since the war. The latest available quotation for sugar in the London market is £23 10s. per ton, which compares very unfavourably with £30 10s. in May 1961 and nearly £31 in July last year.

The marked increase in sugar stocks must be attributed to the failure of world consumption to keep pace with production. The aggregate world output of sugar has gone up quite markedly in the past three years, from 55.60 million metric tons in 1958-59 to 62.58 million tons in 1960-61. But the total world exports have risen from 14.70 million tons in 1957 to just 15.86 million tons in 1960. The expansion in sugar production is accounted for by both cane sugar and beet sugar, the former increasing from 29.29 million tons in 1958-59 to 31.96 million tons in 1960-61 and the latter from 21.61 million tons to 25.59 million tons. The following Table A indicates the trend of output in the major larger producing countries during the last three years:

TABLE A—*Trend of World Sugar Ouput*

(In metric tons)

	1960-61	1959-60	1958-59
Cane sugar:			
India	8,690,000	7,671,000	7,158,000
Cuba	6,764,386	5,859,525	5,961,799
Brazil	3,535,000	3,378,764	3,590,580
Mexico	1,470,998	1,620,389	1,366,443
Philippines	1,463,384	1,386,949	1,371,340
Australia	1,364,000	1,271,000	1,399,000
Dominican Republic ..	1,250,000	986,249	781,104
Other Countries ..	12,452,298	12,534,712	12,355,604
Total cane sugar ..	36,990,066	34,708,568	33,986,320
Beet sugar:			
Soviet Union	7,100,000	6,100,000	6,333,000
France	2,788,115	1,077,812	1,800,000
U.S.A.	2,277,000	2,122,000	2,008,542
West Germany	2,000,851	1,422,025	1,916,259
Poland	1,533,000	994,400	1,216,700
Czechoslovakia	1,150,000	738,000	946,000
Italy	1,022,000	1,437,872	1,140,844
Great Britain	1,001,017	872,960	815,665
Other Countries ..	6,715,084	5,445,645	5,633,988
Total beet sugar ..	25,589,767	20,305,514	21,810,998
Grand Total ..	62,579,833	55,014,082	55,597,318

1961-62 Season

As far as the current (1961-62) sugar season is concerned, the F.A.O.'s publication, *The State of Food and Agriculture 1961*, observes as follows:

"World sugar supplies in 1961-62 will be affected, on the one hand, by the fact that the long-term upward tendency in production in western Europe will be temporarily halted by the restrictions on plantings imposed in some countries as a result of the exceptionally large harvests of 1960-61 and the high level of stocks. On the other hand, production is likely to continue its upward trend in the less developed regions."

An interesting account of the recent trends in world sugar trade is given in the *Commodity Survey 1960* published by the United Nations and priced at $3.00 per copy. The review reveals that, with less than half the world trade in sugar taking place in the "free" market, special arrangements account for most of the international movement of sugar. These arrangements continue to influence not only the direction of trade but also the average unit value of exports. Among the larger of such special arrangements are those applying to the bulk of sugar imports into the U.K. and the U.S. The U.K. obtains most of its requirements in terms of the Commonwealth Sugar Agreement under which the "basic negotiated price" is paid for sugar imported into Britain. Similarly, sugar is imported into the U.S. on the basis of quotas allocated in accordance with the Sugar Act. The quantities of sugar involved under the arrangements are, indeed, substantial, as will be seen from Table B.

TABLE B—*Sugar Quotas Under Special Arrangements*

Commonwealth Sugar Agreement

(In long tons)

Exporting countries	Total agreement quota	Negotiated price quota		
		1961	1960	1959
West Indies and British Guiana	914,400	683,900	687,200	667,600
Australia	609,600	320,100	321,600	312,400
Mauritius	477,500	357,400	359,100	348,900
Union of South Africa ..	205,200	160,000	160,800	156,200
Fiji	172,700	128,000	128,600	125,000
British Honduras ..	25,400	19,200	19,300	18,800
East Africa	10,200	5,300	5,400	..
Total ..	2,413,100	1,673,900	1,681,900	1,628,400

U.S. Quotas

(In short tons)

	1960		1959	
	Initial	Revised (23-9-1960)	Initial	Final
Domestic beet ..	2,043,500 (21.7)	2,514,900 (24.2)	1,998,700 (21.7)	2,267,700 (24.1)
Mainland cane ..	628,800 (6.7)	772,900 (7.4)	615,000 (6.7)	697,800 (7.4)
Hawaii	1,140,500 (12.1)	940,400 (9.0)	1,115,500 (12.1)	978,000 (10.4)
Puerto Rico	1,102,509 (12.7)	893,500 (8.6)	1,116,400 (12.7)	969,000 (12.4)
Cuba	3,119,700 (33.3)	2,419,700 (23.3)	3,060,500 (33.3)	3,215,500 (34.2)
Philippines ..	980,000 (10.4)	1,158,400 (11.1)	980,000 (10.7)	980,000 (10.4)
Other Countries ..	295,000 (3.4)	1,701,100 (16.4)	313,900 (2.8)	291,100 (1.1)
Total ..	9,400,000	10,400,000	9,200,000	9,400,000

Note:—Figures in brackets give the percentage share in the total.

In addition to the aforesaid arrangements, the Soviet Union has entered into an agreement with Cuba to purchase a million tons of sugar each year for five years. Communist China has also entered into a similar agreement for the purchase of half a million tons of Cuban sugar a year for five years. These agreements followed the U.S. suspension of imports from Cuba.

Sugar Agreement

It is against this background that one has to assess the working of the World Sugar Agreement. In October 1960, it will be recalled, the International Sugar Council adjusted the 1960 export quotas of member-countries in the light of crop returns, stocks and the new pattern of Cuban trade. The aggregate of 1960 quotas was raised to 105 per cent of the basic tonnage; this was almost a third above the 1959 total and more than a sixth above the initial 1960 total. The major change was a massive increase of 1.5 million tons in the volume of Cuban exports taking place under the Agreement. There were also sizable increases in the quotas of Taiwan, Brazil and the Dominican Republic, but these were largely offset by reductions in the quotas of Peru, Poland, Soviet Union, Indonesia, Belgium and Czechoslovakia, as will be seen from the Table C given below:

TABLE C—*1960 World Sugar Quotas*

(In tons)

Countries	1961	1960		1959	
	Initial	Initial	Adjusted	Initial	Adjusted
Cuba	2,052,800	2,261,900	3,695,900	2,415,000	2,193,400
China (Taiwan) ..	687,500	696,300	900,000	750,000	657,300
Dominican Republic ..	558,800	592,400	725,800	655,000	591,300
Brazil	467,500	481,300	750,000	550,000	488,200
Peru	416,500	423,800	240,000	490,000	416,400
Indonesia	340,000	350,000	50,000	400,000	100,000
Czechoslovakia ..	233,800	240,800	189,800	275,000	238,700
Poland	187,000	192,500	50,000	220,000	212,000
U.S.S.R.	170,000	175,000	..	200,000	67,500
Denmark	68,800	65,800	29,000	75,000	89,400
Mexico	68,800	65,800	103,000	75,000	66,500
Belgium	46,800	48,100	..	55,000	48,800
Haiti	40,500	40,500	6,000	45,000	..
Philippines	40,500	40,500	58,100	45,000	42,700
Hungary	36,000	36,000	52,100	40,000	36,000
Netherlands	36,000	36,000	..	40,000	..
France	18,000	18,000	..	20,000	..
Italy	18,000	18,000	..	20,000	..
Portugal	18,000	18,000	..	20,000	..
Total ..	5,448,000	5,805,000	6,858,800	6,890,000	5,168,400

When the Sugar Council met in November 1960, it came to the conclusion that, taking into account the latest estimates of production and the volume of sugar likely to be absorbed in terms of the various special arrangements and contracts, the quantity for disposal on the "free" market in 1961 would exceed the requirements of that market by about a million tons. It accordingly fixed the initial 1961 quota for free market exports from the larger producers at 85 per cent of basic tonnage. As compared with the initial 1960 quota, Cuba bore the brunt of the cut. The quota of Taiwan where stocks had been drawn down in the two preceding seasons was also cut by an over-average proportion. Only the smallest exporters (with quotas of less than 50,000 tons) started 1961 with the same quotas as in 1960.

To revert to the U.N. Sugar Conference. Sugar interests in India are keenly awaiting the outcome of the Conference. With Cuba agitating for a substantial increase in its quota, the chances of India's plea for an upward revision in the quota (currently at 112,500 long tons) being conceded, which appeared bright at one time, seem to have somewhat receded. But the increase requested by India is modest as compared with the massive expansion sought by Cuba. There are, however, good prospects of the country securing an additional quota in the U.S. market, as a result of the reported inability of the Philippines to ship its entire allotment. During the recent negotiations which India had with the U.S., the latter, it will be recalled, had assured the former that it would consider the grant of a fresh allotment to India, if any other quota-holder were to fail in fulfilling its commitments.

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FORMIDABLE CHALLENGE FROM NEW SYNTHETICS

LAST year, the synthetic rubber industry again made history by starting the commercial manufacture of an entirely novel type of man-made rubber. This has become known as "stereo-regular" or, more commonly, as "synthetic natural" rubber. In contrast with the long-established varieties of general-purpose synthetics, which serve many of the functions of the natural product but differ from it in molecular structure, one of the newly-evolved synthetic materials, polyisoprene, virtually duplicates tree-grown rubber in all essential features. Being chemically identical with the latter, it is, therefore, credited with being capable of displacing it completely in every sphere of usage. Another stereo-regular type, polybutadiene, does not duplicate the natural product chemically, but is so closely akin to it in technical properties that it is expected to find extensive application as both a substitute and a diluent of plantation rubber.

Research and experimental work on synthetic-natural rubbers has been going on in the United States and elsewhere since the early 1950s. The first commercial supplies of polyisoprene became available some two years ago, when one of the early pioneers in this field, Shell Chemical in the U.S., started small-scale production of this material, mainly for market evaluation. Last October, the Company brought on stream a full-size polyisoprene plant of 20,000 tons annual capacity, and expects to have a second, of 40,000 tons, in operation by the end of this year. American firms currently producing polybutadiene, or planning shortly to commence its manufacture (interchangeably with polyisoprene), include Phillips Chemical, Firestone, Goodrich-Gulf, Goodyear, American Rubber and Chemical, and Texas-U.S. Chemicals. These latter facilities will bring the total stereo-regular capacity already to be available in the U.S.A. next year close to the 200,000-ton mark. A rise to more than twice that level is predicted by 1965. Outside the United States, projects for manufacturing these new rubbers are being brought under way by the Polymer Corporation in Canada, by Shell both in the U.K., and the Netherlands, and by Chemische Werke Huels in West Germany.

Sharp Impact Ahead

The inception of large-scale production of the new synthetic-natural rubbers is certain to make a sharp impact on the world rubber market as a whole. Over the past decade, in which the global production of natural rubber rose from 1,860,000 long tons in 1950 to no more than 2,002,500 tons in 1960, that of man-made rubbers from free-world sources more than trebled, from 534,624 tons to 1,892,500 tons. But the output potential of the synthetic rubber plants so far set up is already as high as about three million tons, while big additions to the existing capacity are still under construction or projected. Most of these plants operate on petroleum base stocks. Synthetic rubber is at present produced in the U.S., Canada, Britain, France, West Germany, the Netherlands, Italy, Japan, the U.S.S.R., East Germany and Poland; among the countries to enter this field in the near future are Australia, India, South Africa, Mexico, Argentina, Brazil, and several more in the Communist bloc.

Spectacular though the advance of man-made rubbers has been in the past, it has nonetheless been affected by certain limitations to their range of application. The hitherto predominant, styrene-butadiene (SBR) types of general-purpose synthetics—formerly known as GRS or S-type rubber—lack some characteristics of the natural product. For instance, their lower resistance to wear and abrasion, and their greater tendency to building-up heat under sustained mechanical stresses, still debar them from general use in heavy-duty tyres of large motor vehicles, tractors, earth-moving equipment, and aeroplanes, or for footwear, belting, floor-tiling, etc. That the overall demand for synthetics has nevertheless kept growing at such an imposing pace testifies to the many compensating merits of the man-made product in other respects. Among the most compelling are their availability in ever-rising quantities, their stability in price, and their uniformity in quality.

For the majority of purposes, the currently produced types of SBR are well suited for substituting natural rubber either wholly or partially in compound with the latter, while the various special-purpose synthetics are decidedly superior to tree-rubber. Thus, neoprene and nitrile synthetic rubbers are unrivalled for their resistance to oils, chemicals, heat, oxidation, ageing and weathering. Similar advantages are claimed for the newly developed ethylene-propylene (EPR) rubbers. Butyl has long become indispensable for use in inner tubes of tyres, on account of its impermeability to air and its outstanding resistance to tear; more recently, improved types of butyl have also been successfully employed for the manufacture of whole tyres and other automotive accessories, as well as for mechanical goods, conveyor belts and wire costings. Now, the advent of the new synthetic-natural rubbers has removed the last obstacles to the advance of synthetics into those few remaining fields that seemed until recently the unchallengeable preserves of natural rubber.

Economics Alone Will Decide

The great significance of the latest developments in synthetics for the natural rubber industry was aptly expounded by the Chairmen of both the Rubber Growers' Association and the Rubber Trade Association of London at the recent annual general meetings of these two bodies. In almost identical words, they stressed the fact that, henceforth, the producers of natural rubber could no longer count upon the technical properties of this commodity being sufficient to ensure its continued use. From now on, economics alone will govern the consumers' choice—between tree-grown and man-made rubbers. And this means, of course, that the two industries will be called upon to compete with each other not only on a price basis but also in their ability of promptly meeting the continually growing needs of the market both in quantity and quality. On every count, the position of synthetics is growing stronger from year to year.

In striking contrast to the frequent and often sharp fluctuations in natural rubber prices, the prices of SBR synthetic have remained virtually unchanged for the past eight years, despite substantial improvements in product quality and massive capital investments in new plant facilities. As will be seen from the accompanying Chart I, U.S. selling prices of SBR have been persistently below the annual averages of New York market quotations for natural rubber throughout the whole of the past decade. This remarkable price stability of synthetics in the face of fast-expanding demand reflects the industry's ability to offset rising costs of labour and materials by exploiting the economics of large-scale production and the advances in research and process technology for bettering its products.

CHART I

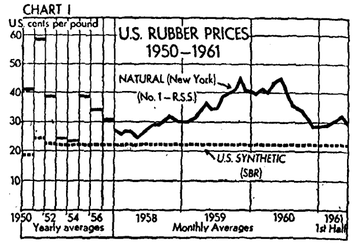
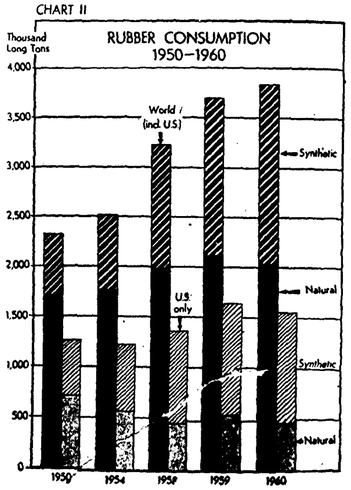


CHART II



A Striking Advantage

It will be recalled that the United States and Canada were the free world's only major suppliers of man-made rubber in the early 1950s, and they still account for four-fifths of its total synthetics production today. Brought into being by the Federal Administration on the country's entry into World War II, the American synthetic rubber industry remained under public ownership until 1955, when its plants were taken over by private concerns. But, despite considerable changes arising from this transfer, both on the financial side and in respect of marketing conditions, the organisation of feedstock supplies and the integration of manufacturing facilities, price stability has remained a keynote of the industry's operations in the U.S.A. And the same concept has been adopted in the various other countries, where rubber-making plants have been brought into production during the past decade. With the assurance of a steadily widening market and readily controllable output, it is, of course, easier for manufacturers of synthetics to adjust supply to demand than it is for the natural rubber industry, where, especially in respect of smallholders' production price is a principal determinant, both in the short and long terms. Indeed, this is an outstanding instance of the confrontation of factory and agricultural production in their characteristic features.

The prices of the new stereo-regular synthetics, which are at present above those of SBR general-purpose grades, may be expected to fall with the rising scale of production, and reach stability at a competitive level in a few years time. The prospect that supplies of those novel materials will then be available for world-wide consumption at annual rates of several hundred thousand tons, and at prices well below those currently quoted for plantation rubber is bound to cause apprehension among rubber growers. Hitherto, they used to look at synthetics as merely complementary to the natural product, yet unable fully to displace it. So they had come to take it for granted that they were assured of retaining a substantial share of the world rubber market irrespective of price. But they can no longer do so.

Rapidly Rising Share

The ratio of synthetic to natural rubber consumption has steadily gone up—from 25 per cent in 1950 to 47 per cent in 1960 for the world as a whole, and from 43 to 69 per cent in the U.S.A. alone—but, as Chart II shows, the global consumption of natural rubber has, nevertheless, continued to rise until 1959. Yet the margin between supplies and demand for tree-rubber has kept contracting and widening all the time. Apart from the inevitable short-term fluctuations in output, the changes in the supply-demand position in natural rubber were accentuated in recent years by substantial, but sporadic increases in natural rubber purchases by Communist China, the Soviet Union and the satellites. Considerably more far-reaching, however, were the effects of the large natural rubber stock-piling programmes undertaken by the U.S. and U.K. Governments in the 1950s. These have, over the years reduced the working stocks of the markets (other than Singapore) below the level adequate for meeting normal needs. They induced excessive price fluctuations that could only be detrimental to the structure of the rubber market, though they were immediately profitable for the rubber growers and dealers.

The decision taken late in 1959 substantially to reduce the American stockpile, and virtually to liquidate the British one, greatly eased the acute shortage of free rubber supplies. But this relief came at the very time when the world demand for natural rubber was heading for a decline in the face of the fast-growing availability of synthetics not only from American but also from European and other sources. Various major rubber consuming countries that until a few years ago depended for their supplies of man-made rubbers chiefly on dollar-paid imports from U.S. and Canadian producers, and therefore, had to keep their purchases of these materials in line with their balance of payments are now rapidly building up their own rubber-making facilities. The advent of the new synthetic-natural rubbers will no doubt provide an added stimulus for petrochemical enterprises to step up the world's synthetic rubber capacity in the years to come.

The implications of this prospect were also put into clear perspective at the recent annual meeting of the Rubber Growers' Association, when the Chairman pointed out that, whatever new form of natural rubber may be developed, it can eventually be duplicated by synthetic-natural. It would, therefore, be essential that any attempt at evolving improved varieties of tree-rubber should be directed from the outset at making them competitive in price, even at levels below those of current prices of synthetics. For, as competition between natural and man-made rubbers intensifies, the latter may become still cheaper than they are today. That the need for cutting the costs of rubber-growing by raising the industry's productivity and technical efficiency has long been recognised is evident from the comprehensive Government schemes, initiated in 1955, for replanting most estates in Malaya and Ceylon with high-yielding stock, which is now coming into bearing; in Indonesia, too, a Government replanting programme is at present under consideration. The Government of the Malayan Federation has also been co-operating with the industry in research, which recently included, e.g., studies on the admixture of oil to natural rubber ("oil-extended" natural rubber), and the blending of natural and synthetic rubbers.

Old Synthetics

Despite the increased efforts of natural rubber producers to meet the growing challenge from synthetics, it seems certain that the advance of the latter will still gather momentum as the new stereo-regulars enter the world markets on a mounting scale. Their introduction, however, inevitably poses fresh problems also for the synthetic rubber industry itself. For these novel materials will have to stand up to the twofold competition from both the natural product and the longer-established types of general-purpose synthetics. Vast sums have been invested since the war in building the complex facilities for making SBR and its oil-based constituents, butadiene and styrene. A good many new American plants and nearly all those in Europe and elsewhere have been set up only in the past few years, while others are still under construction or projected. So those older and cheaper synthetics of the SBR type, which today account for over three-quarters of the total world supply of man-made rubber, will retain a substantial share of the market for some time to come, but are bound to lose ground in the longer term owing to the co-existence of the newer and technically superior synthetic-naturals. But these problems of change solely arise from a major technological break-through of the synthetic rubber industry's own making. In the end, the growing availability of greatly improved man-made products can only bring further big gains for synthetics in the world's rubber markets.—*By special arrangement with Petroleum Press Service.*

World Production of Rubber

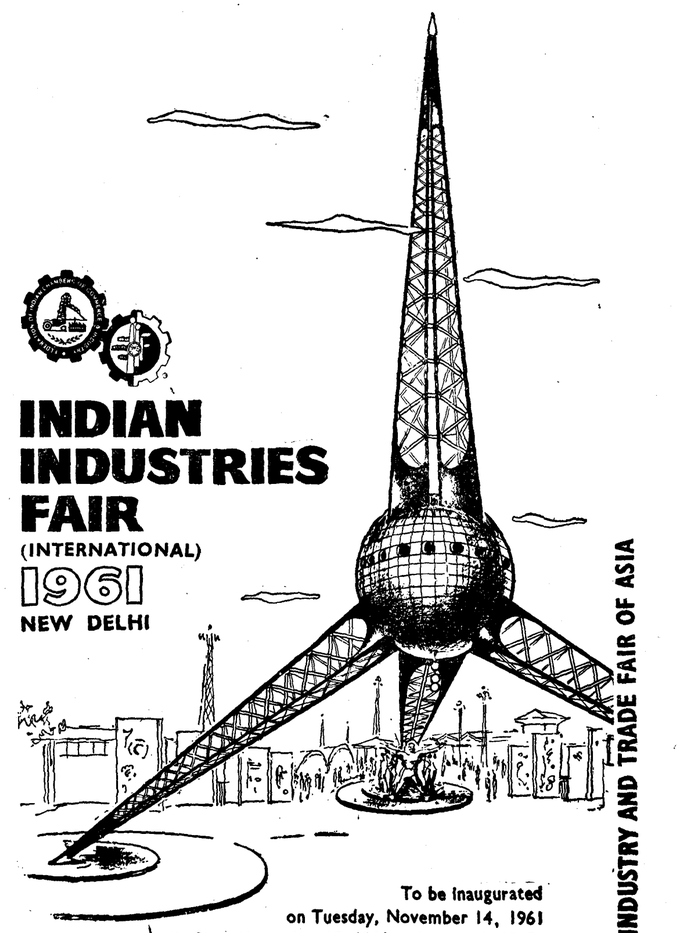
(In thousand long tons)

Countries	1950	1955	1960
Natural rubber :			
Malaya	604·1	638·7	710·6
Indonesia	606·5	737·1	629·8
Ceylon	113·5	93·8	97·3
Thailand	112·2	130·2	107·2
Borneo	55·6	39·2	40·6
Africa	55·2	98·0	140·5
Brazil	19·4	21·3	22·7
Other areas*	113·5	150·2	184·0
Total	1,800·0	1,917·5	2,002·5
Synthetic rubber :			
United States	476·2	970·5	1,436·4
Canada	58·4	103·9	150·7
W. Germany	0·9†	10·9	70·8
United Kingdom	..	0·7‡	90·0
Italy	..	..	70·0
France	..	..	17·2
Japan	..	..	18·8
Netherlands	..	..	60·0§
Free world (approx.)	534·6	1,085·3	1,892·5
Communist bloc	Estimated	capacity	650·0
Total (approx.)	..	..	2,500·0

* Include Viet-Nam, Cambodia, India and other territories in Asia, Oceania and Latin America.
† 1951 figure. ‡ 1957 figure.
§ Capacity of SBR plant started-up mid-1960.

RUBBER PLANTING IN INDIA

The target fixed for rubber replanting during the third Plan period is 45,000 acres. There are also plans to encourage new plantings. In the Kerala Government plan, there is a provision of Rs. 4.65 crores for rubber plantation. It expects to plant 20,000 acres as Government projects, to allot 10,000 acres to landless, poor and educated unemployed, and to encourage small-holders to plant 67,000 acres and larger estates 10,000 acres. The Madras Government has also selected 3,000 acres for rubber planting as Government project and expects to bring about 2,000 acres under rubber during the third Plan period. Besides, the Central plan has provided Rs. 3·9 crores for the development of rubber plantation.



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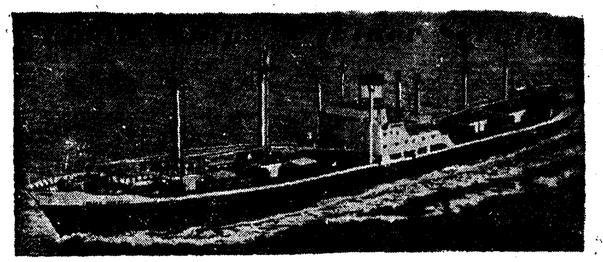

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FIRST INDIAN-MADE ELECTRIC LOCOMOTIVE

SLOW BUT STEADY PROGRESS IN RAILWAY ELECTRIFICATION

WITH the ceremonial commissioning by Prime Minister Nehru of the first Indian-made electric locomotive on 14th October 1961, another glorious chapter was added to the history of the Government-owned Chittaranjan Locomotive Works which, by that date, had produced 1,266 broad-gauge steam locomotives. This electric locomotive, which will be assigned to the difficult Western Ghat section of the Central Railway, is the first of a series of 21 D.C. locomotives to be completed by February 1963. It weighs 123 tons, with an axle load of 20.5 tons, and has been designed in consultation with the English Electric Company which has supplied the equipment. Of its 31,000 components, about 55 per cent have been imported. A rough idea of its cost (which is yet to be worked out) may be had from the cost, namely, Rs. 12 lakhs, of an imported electric locomotive.

It may be that the cost of an Indian-made electric locomotive will turn out to be more than Rs. 12 lakhs in the early stages of production. But the expectation here seems to be that, even as the cost of a broad gauge steam locomotive has now come down to Rs. 4.1 lakhs from the level of about Rs. 7 lakhs in the initial stages, the cost of an Indian-made electric locomotive will be comparable to that of the imported type after some years when production will run at the rate of six units a month, as compared with the monthly rate of production of 14 broad-gauge steam locomotives. Whatever be the exact cost of the electric locomotive, its manufacture within the country means a saving of about Rs. 1 crore in foreign exchange on the first batch of 21 units now under production. When the Heavy Electrical Project begins to supply complete traction equipment for the future electric locomotives to be built at the Chittaranjan Works, the indigenous content will be greatly increased and there will be further saving in foreign exchange. On about 225 electric locomotives to be produced during the third Plan period the total saving in foreign exchange may well be anything between Rs. 16 crores and Rs. 20 crores.

This saving in foreign exchange is a big consideration, for the import of 110 A.C. electric locomotives during the second Plan period has involved a large amount of foreign exchange expenditure. Also, in the overall cost of electric traction, expenditure on rolling stock is appreciable; on main lines, it is about 33 per cent and, on suburban sections, it is still more. In the second Plan period indigenous manufacture of components of overhead traction equipment has been fairly successful. In the third Plan period, there will be further progress towards self-sufficiency. Apart from the complete electric locomotives to be produced at the Chittaranjan Works, electric multiple units and mechanical components of D.C. electric multiple units will be made in the private sector; mechanical components of the A.C. electric multiple units will be made at the Integral Coach Factory at Perambur; the electrical components of electric locomotives and electric multiple units will be manufactured by the Bhopal Heavy Electricals; and the Chittaranjan Works will manufacture the mechanical components of all electric locomotives, broad-gauge or metre-gauge, A.C. or D.C., and assemble the electrical equipment. Already, orders have been placed on the Chittaranjan Works for making the mechanical components of 57 freight-type broad-gauge A.C. locomotives and 16 A.C. metre-gauge mixed traffic-type locomotives. But it is feared that multiplicity of design might handicap production at the Cittaranjan Works to some extent.

All this effort to achieve self-sufficiency in rolling stock will become increasingly important because of the progressive electrification of sections of the Indian railways. The third Plan programme includes provision for electrification of about 1,100 miles of railways where the replacement of steam traction is considered necessary for operational reasons, having regard to the density of traffic already reached and the expected increase in traffic. The programme, estimated to cost Rs. 70 crores, provides mainly for the completion of work on those sections which were taken up for electrification in the second Plan—the sections serving the steel plants and the coal mining regions. The only new section which is proposed to be taken up during the third Plan period for electrification is that from Mughalsarai to Kanpur; the electrification of this section is required mainly in connection with the future movement of coal.

The progress of railway electrification up till now has, of course, not been very fast. Up to the end of the first Plan, only 242 route miles had been electrified. The second Plan had originally provided for electrification of about 1,442 route miles. But this programme had to be rephased due to the difficult foreign exchange position. By the end of the second Plan, the electrified route miles were less than 1,000. By the end of the third Plan, they will be about 2,000 miles in all. This slow but steady progress in railway electricfication will still be substantial, for it will have covered one-eighteenth of the entire railway route mileage in India. On this part of the route mileage, electric traction will have distinctly greater advantages than steam or diesel traction. It will be cleaner and cheaper than the latter. An electric locomotive, it has been estimated, can replace 2½ steam locomotives. In other words, if a steam locomotive can haul traffic over 100 miles a day, an electric locomotive can haul traffic over 250 miles a day. And the maintenance cost of an electric locomotive will also be much less than that of a diesel or steam locomotive. With these manifest advantages, railway electrification is by far the most important measure in the modernisation of railway operation. But the pace of electrification cannot be as fast as one would like it to be, for the capital outlays that it will involve by way of overhead transmission lines, electric locomotives and other rolling stock, power generation, and so on will be initially far heavier than are involved in the mere replacement of older steam locomotives and other rolling stock by newer ones or in the adoption of diesel traction. Perhaps, it will be a great achievement, if all the main lines can be electrified and the secondary lines dieselised in the next 20 years or so.

NEW BRITISH SWITCHGEAR DESIGN

Messrs. English Electric (Stafford. Midlands) have introduced a new design of switchgear equipment to control electrical power supplies at voltages approaching that of lightning. Voltages of this magnitude, it is pointed out in this connection, are becoming necessary for feeding power economically over great distances, such as exist in India. Australia and North and South America.

The new equipment has just been introduced to engineers at a conference held by the firm. A multi-million-pound test machinery has been installed to prove the reliability of the switchgear before it goes into service. This machinery also ensures that the gear can deal swiftly with faulty conditions, such as short circuits caused by birds or falling trees, which could impose on the equipment voltage surges of up to 1,500,000 volts, comparable to the full power of a lightning flash. The capacity of the test equipment has recently been doubled to prove very-high-duty switchgear, worth £1,500,000. ordered for Britain's new 400,000-volt Grid system.

The main problem in switching off electrical power, particularly at the high currents and voltages common today, is to put out the electric arc that forms and keeps the current flowing even when the switch is pulled out. In high-voltage, high-power switches, the arc is normally blown out by a powerful blast of air. This is done more quickly and reliably than before in the new design by pressurising the whole switch assembly with dry air, which ensures that the arc is not only blown out immediately but prevented from re-forming.

The new equipment is stated to be compact, makes use of reliable and cheap new high-strength materials, and is built from standard components to lower costs.

JAPANESE SHIPPING

A White Paper on Japanese Shipping was recently published by the Transportation Ministry of the Government of Japan. According to it, as of March 1961, Japan had an ocean-going merchant fleet estimated at 5.49 million gross tons (683 ships), an increase of 470,000 tons (9.4 per cent) over the figure for the previous year. The total freight carried during 1960 by Japanese bottoms was 5.92 million tons of exports, 43.15 million tons of imports and 3.47 million tons between third countries, making a total of 52.54 million tons. The figure represented about 5 per cent of overall international marine transportation for the year.

The income from freightage was: exports, 52,700 million yen, imports, 118,300 million yen and third nation trade, 20,100 million yen, or a total of 191:100 million yen, an increase of 8.4 per cent over the previous year's figure.

But, although the volume of cargo transported by Japanese bottoms rose for the year, the proportion of overall Japanese trade carried in Japanese bottoms declined. Exports carried during the year represented 54.6 per cent of the total as against the previous year's 56.1 per cent, while 46.3 per cent of imports were carried in comparison with the previous year's 51.5 per cent.

The reason for the decline in the proportion of cargo transported by Japanese bottoms is stated to be the relatively slower increase in the number of ships available, as compared with the growth in imports. The White Paper has, therefore, warned that, unless the number of bottoms is increased, there will be an adverse effect on Japan's international payments balance. It is recalled here that total freightage paid to foreign ships in 1960 was $300 million (108,000 million yen). If this drain is to be reduced, the merchant fleet will have to be augmented. But this will not be an easy job, for Japanese shipowners share only 21.4 per cent of the cost of building new ships and there is currently a deficit of 72,000 million yen in depreciation.

MOTORS WITH VARIABLE-SPEED GEARS FOR MACHINE TOOLS

In machine-tool construction, according to the Press Bureau of German Industry, there is a growing tendency to build machines by using prefabricated assembly units. Such machines built of unitised elements can be more economically manufactured owing to simplified construction and reduced assembly time involved. This in turn affords an increase in machine production. The use of standardised assembly units, some of which have already been put on the market, means a saving in time and costs for development, design and construction of the complete machine to the manufacturer, while on the buyer's side, stock-keeping and spare parts problems are simplified.

It was in line with this development that Siemens-Schuckertwerke designed novel motors with variable-speed gears in co-operation with Zahnradfabrik Friedrichshafen, the motors comprising a complete, remote-controlled variable-speed gear unit assembled with an electric motor. They are especially suitable for main drives of machine tools, but can also be employed to drive feed mechanisms. The unit may either be accommodated in the machine stand or installed externally to the machine tool. Arranging the drive unit separately from the work spindle is of particular advantage, since undesirable vibration and the friction heat of the electro-magnetic multiple-disc clutches of the gear are kept away from the spindle. A noteworthy feature is that the individual speed steps of the motors may be switched when the motor is under load, e.g., during a machining operation.

The gear unit comprises three trains of planetary gear wheels, and is designed for eight output speed which are provided by appropriately combining three of the built-in electro-magnetic multiple-disc clutches. The gear unit is lubricated by oil which is circulated and also dissipates the heat. In addition to this, an idling and braking position are provided.

Motors with variable-speed gears for output ratings of 4, 5.5, 7.5 and 11 kw. have been put on the market so far. Further units for 20, 30 and 45 kw. are stated to be under preparation.

MORE GERMAN TECHNICIANS FOR ROURKELA

There were only 100 West German technicians at Rourkela till very recently—80 on maintenance and 20 on operational jobs. The lack of trained supervisory personnel in sufficient numbers has been a major handicap in Rourkela during recent months. In response to the urgent requests made by the Hindustan Steel management for technical personnel who could help smoothen the running-in period of the integrated steel plant at Rourkela, the West German steel industry has just released 34 engineers for service in India. These personnel have now arrived; they form the first group of a total about 230 experts who will be released by several leading West German firms for work at Rourkela.

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NEW PRODUCTS AND PROCESSES

New Method to Clean Watches

A new method—ultrasound—is being used in Czechoslovakia to clean the miniature parts of wrist watches. It rids the parts, which have been heated in a chemical solution, of the tiniest particles of dirt. Cleaning with ultrasound, it is claimed, is most perfect, faster and increases the quality of the clock-work. The wrist watch runs steadier and does not have to be oiled very often.

Printing Without Pressure

A method of printing which involves the use of an electrostatic charge, resinous ink and stencils, but eliminates the need to use pressure, has been developed in America for marking bottles and similar fragile objects. The printing "plate" is a stainless steel mesh of 200 wires to the inch which carries a static electric charge of about 1,500 volts. The surface to be printed has an opposite charge. A stencil placed between the "plate" and steel mesh outlines the letters to be printed. During the printing operation, a revolving brush puts dry, powdered ink on the screen. The ink particles pick up the charge from the screen and when this is brought close to the surface to be printed they are attracted by the opposite charge and jump across. The printed matter is then heated to bond the resinous ink to the surface. The sponsors of the process claim that it is cheaper than conventional printing and that it will work on low grade newsprint equally as well as on containers and pharmaceutical products.

Nutrition of Plants

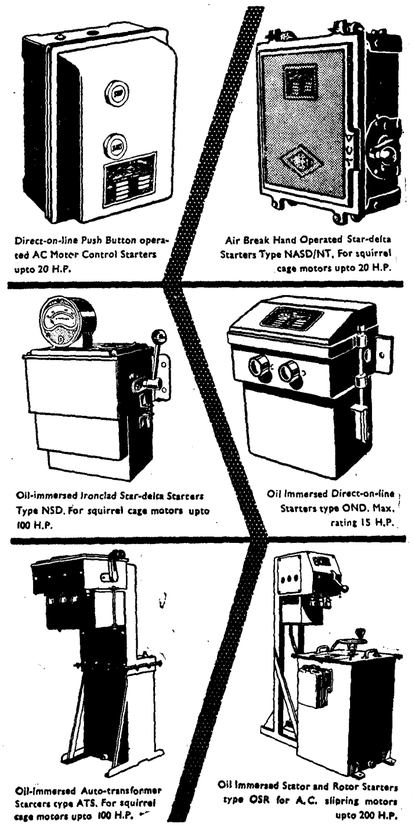
Desert micro-flora can actively produce elements for the root nutrition of plants, according to a scientific conference held at Tashkent, the Soviet Union on 5th October. The conference is discussing ways for applying latest achievements in microbiology in the agriculture of Central Asian Republics. Turkmenian biologists established that micro-organisms in the soil of the Central Asian Karakumy Desert are in the main "omnivorous" and can assimilate nitrogen needed by the plants from any source including the atmosphere. Experiments have shown that the desert micro-flora produces root nutrition elements most actively in the case of mixed planting of lucerne and Sudanese grass, as well as maize. By the end of the first year of cultivation the biological activity of the soil increases five to ten times. Such a choice of crops, scientists said, will provide ample fodder for the big grazing livestock herds in the desert. The scientists also studied processes occurring in the micro-flora of the Karakumy Desert in cotton plant cultivation. Their conclusion is that to obtain good cotton yields the soil must be saturated with organic substances. The findings of Turkmenian biologists are highly important for the development of arid areas of Central Asia.

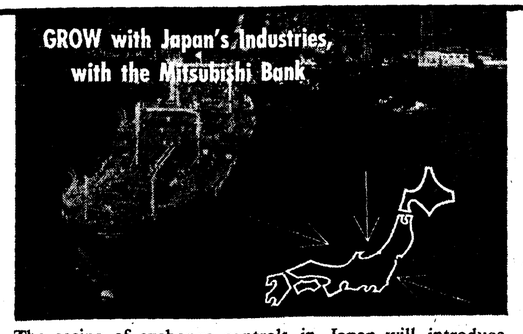
Stimulator for Plant Growth

A new plant growth stimulator has been isolated by Soviet biologists from mycelium, a substance contained in soil fungi. In green house conditions the yield of beans treated with a solution of the new stimulator has doubled, according to an experiment conducted at a conference of microbiology in Tashkent in Uzbekistan. The experimentators, a group of Moscow University scientists, claim that the new stimulator whose effects are most pronounced in the case of legumes, cabbage, and tomatoes will also help to push these crops farther north, into the highlands and desert areas with a shorter vegetation period. The experiment stems from the discovery made by the scientists that most soil fungi contain elements which have either a stimulating or a retarding effect on plant growth. The scientists established a number of advantages of the mycelium extract of soil fungi over the well-known gibberellin stimulators. It does not cause abnormal elongation of stalks or narrowing of leaves as often is the case with gibberellins. The plants surrounding the treated crop are either inhibited or left unchanged. Therefore the use of the new stimulator, it is claimed, is not accompanied by increased weed growth.

Special Hinged Coupling for Remote Control

A foundry at Slikkerveer, Holland, has produced a special coupling for the mechanical remote control of inaccessible parts of machines and installations (shut-off valves, waterproof partitions, etc.). It works by means of rotating shafts at an angle to each other. The coupling, which operates on the principle of geared transmission, consists of two cogwheels, one of which is provided with eight upright cylindrical studs. The other has eight radially projecting teeth. The shafts on which the two cogwheels are mounted are fitted with bearings immediately behind the cogwheels. There is a hinged connection between the two bearings. When the hinge is closed, the two cogwheels engage fully and the shafts are then end to end. As the hinge is opened, the cogwheels begin to separate on one side with the result that the number of teeth engaged at a given time slowly decreases. The limit to which the hinge will open is 160°. As one of the arms of the hinge pivots around the shaft on which the studied cogwheel is mounted, this 160° flexibility applies in every direction. By using a combination of shafts fitted with these couplings and making different kinds of detours, it is possible over fairly long distances to operate parts of machines and installations that are hard to get at. A special feature is that the angles at which the various shafts rotate in relation to each other can be altered without having to halt the mechanism. The new coupling is manufactured from high-grade materials, has low-friction characteristics and requires little maintenance. It is intended for manual or low-speed mechanical operation.





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WORLD TREND IN OILS AND OILSEEDS

OUTPUT OF SOYABEAN AND GROUNDNUTS EXPECTED TO BE HIGHER

THE world prices of vegetable oils and oilseeds in general have, of late, shown a distinctly sagging tendency, reflecting largely the improvement in the supply position of oils and fats. The possibility of a sizable increase in supply of oil during 1961, it may be recalled, was forecasted by Mr. J. C. A. Faure of Unilever in his address at the meeting of the International Association of Seed Crushers in June last. Unilever, usually a source of a reliable estimates, had placed the total availability of oils and fats during 1961 at 32.6 million tons, representing an increase of 500,000 tons. Price movements of oils and seeds in recent weeks by and large substantiate Unilever's assessment of the prospects for oil. Groundnut oil (West Africa), for instance, which had touched £137 per ton in the London market earlier this year, has now fallen steeply to £106. Similarly, the price of coconut oil (Straits) declined from £95 to £81 and that of soyabean oil from £118 to £90.

The following table shows Unilever's estimate of the supply of oils and fats in 1961 from different regions, as compared with the figures for the last two years and during the pre-war period:

TABLE I

Fats and Oils: World Production

(In terms of oil or fat)

(In '000 metric tons)

	Pre-war	1959	1960*	1961†
U.S.	3,543	7,390	7,540	7,610
Rest of America	1,557	2,925	3,080	3,155
West Europe	3,337	4,020	4,360	4,255
Rest of Europe	1,231	1,665	1,830	1,810
Africa	1,592	3,025	2,870	3,095
India and Pakistan	2,274	2,800	2,640	2,710
China and Manchuria	3,341	3,120	2,945	2,840
Philippines	452	820	810	885
Rest of Asia	1,775	1,965	1,950	2,030
Russia	2,000	3,375	3,300	3,450
Oceania	575	795	780	755
World Total	21,587	31,610	32,105	32,595

* Preliminary. † Estimated.
Source: Unilever Ltd.

Increase in Supply

The increase in the supply of oil is the result of sustained improvement in world oilseeds crop, in general. Table II appearing on this page shows that free world output of groundnut, soyabean, cottonseed, linseed and castorseed in 1960-61 was distinctly higher than in the previous year. This progress is expected to be maintained (except, perhaps, in linseed) in the current season as well, according to a comprehensive study on vegetable oils and oilseeds appearing in the latest *Tropical Products Quarterly* of the Commonwealth Economic Committee. Table II in this article is from this *Quarterly*. On the basis of information so far available about the current crop, the *Quarterly* points out that the soyabean output alone in the U.S., the major producer, will rise by 22 per cent over the year to 18.3 million tons in 1961-62, a new record. Little is so far known about the Chinese position, "although the indications are that serious natural disasters have again hit production." The groundnut crop is expected to be slightly smaller in the U.S., but this will be more than compensated by the increase reported in India, Senegal and Nigeria. Increased rapeseed crop in Western Europe, particularly in France, Sweden and Germany, according to the *Quarterly* is likely to offset the moderate fall expected in Canada. "A high level of rapeseed production is, therefore, still possible." The information on sunflower seed is so far not available, except in the case of Russia (the largest producer), the output of which is expected to be substantially higher as a result of favourable weather. In respect of cottonseed, the output in the U.S., it is estimated, will be slightly lower at 5.2 million tons (as against 5.3 million tons in 1960-61). Ceylonese production of coconut is placed higher this season, but some decline is expected in the Philippines and Malaya. Latest indications are of reduced production of both palm kernels and palm oil in 1931 in Africa. Owing to severe drought in North America, the linseed crop in that region is expected to suffer a marked setback, resulting in small export supplies.

Major Seeds

It may be seen from Table II that, in 1960-61, the latest year for which official estimates are available, the output of soyabeans was about 17 million tons, as compared with only 16 million tons in 1959-60. This increase was due mainly to the expansion of output in the U.S. (which accounts for over 90 per cent of output in non-communist countries), from 14 million tons to 15 million tons. In respect of groundnuts, India continues to be the major producer. Its production rose from 3.9 million tons (in shell) to 4.4 million tons and that in West African countries from 0.97 million tons to 1.12 million tons. Most of the other producers of groundnuts also reported an increase, except Burma, Sudan and Congo (former Belgian). Cottonseed production was higher, despite some decline in the U.S. crop. This was due to larger output in India, Brazil.

The expansion in output has not always led to an increase in world exportable surplus for several reasons. Export of soyabean during January-June 1961, for instance, was about one-third less than that in the same period in 1960. Most of the decline was, of course, in Chinese shipments. U.S. shipments, too, fell off slightly, as compared with the heavy shipments towards the close of 1960. In the sphere of groundnuts and groundnut oil exports, the *Quarterly* says that increased output in West Africa has not moved into trade yet. On balance, it appears that the somewhat heavier exports of groundnuts from the Gamlia Nigeria and Senegal-Mali, have been offset by reduced shipments from Niger and China. The increase in Argentine and South African shipments of groundnut oil failed to compensate for the absence of shipments from China and the reduction in those from Senegal-Mali.

Prospects for Linseed

It is reasonable to assume that, in view of the better crop position, the tempo of exports of seeds and oils during the latter part of the year would gain momentum. But, in the case of linseed (in which India, being a major producer, with good exportable surplus, is vitally interested), the world supply position of linseed and oil is expected to be tight in the current half-year. In a detailed study of the linseed position, the *Quarterly* observes as follows:

"The prospects of short supplies of linseed and linseed oil for export during the second half of 1961 have been reflected in the upward trend in prices since the beginning of July. This position contrasts sharply with that prevailing during most of the 1960-61 crop year when supplies in the major exporting countries—Canada the U.S. and Argentina—have generally been large. Two factors have changed the position; one is that the large Argentine stocks have been sharply run down since the beginning of 1961, and the other is that drought conditions have seriously affected the current crops in the main linseed producing areas of Canada and the U.S. During the past twelve months, Argentina has been the main exporter of linseed and linseed oil, in oil equivalent. The

(*Continued on page 799*)

Table II.—World Production of Oilseeds

(In thousand tons)

	1958-59	1959-60	1960-61
Groundnuts (in shell):			
India	4,812	3,942	4,354
Nigeria	762	636	884
South Africa	170	187	259†
Uganda	160	150	160†
Rhodesia and Nyasaland	98	107	120†
Gambia	64	56	77
Other Commonwealth countries	94	85	80†
West Africa*	1,001	973	1,117
U.S.	810	709	796
Brazil	352	362	480†
Argentina	237	206	217
Indonesia	323	360	360†
Sudan	136	168	150
Burma	284	271	252
Congo	166	178	147
Other countries	768	796	850
Total	10,237	9,186	10,303
China	2,760	2,230†	2,000†
Soyabeans:			
U. S.	15,542	14,274	14,967
Indonesia	411	424	425†
Japan	385	419	389
Canada	178	183	152
Other countries	612	679	745
Total	17,128	15,985	16,678
China	10,280	11,300	10,000†
Cotton seed:			
India	1,640	1,342	1,740
Pakistan	541	580	590
East Africa	216	212	210†
Nigeria	58	56	60
Other Commonwealth	17	16	18†
Brazil	885†	975†	1,020†
Egypt	836	864	870
Mexico	892	602	890
Sudan	247	238	210
U.S.	4,284	5,349	5,255
Other countries	1,917	1,997	2,100
Total	11,534	12,231	12,963
China	4,550	4,700†	4,100†
Soviet Russia	2,950†	3,110†	2,900†
Sunflower seed:			
Canada	10	17	10
South Africa	98	87	92
Other Commonwealth	17	21	17
Argentina	391	789	591
Bulgaria	218	276	338
Hungary	98	113	67
Rumania	282	522	513
Turkey	93	127	121
Yugoslavia	78	112	97
Other countries	136	173	150
Total	1,411	2,237	1,996
Soviet Russia	4,553	2,972	3,700
Rapeseed:			
India	1,025	1,037	1,000†
Pakistan	310	318	308
Canada	173	79	248
Japan	263	258	260
France	193	129	82
Germany, East	126	186	160†
Sweden	106	141	64
Other countries	302	387	383
Total	2,498	2,535	2,505
China	1,065	1,080†	1,000†

	1958-59	1959-60	1960-61
Linseed:			
Canada	569	443	628
India	447	425	372
Other Commonwealth	25	36	36
Argentina	590	812	553
U.S.	935	531	760
Other countries	358	350	405
Total	2,924	2,597	2,718
Castorseed:			
India	112	106	98
East Africa	30	25	30
Other Commonwealth	8	10	11
Brazil	177	171	200
Thailand	28	34	39
U.S.	20	12	18
Other countries	82	110	114
Total	451	464	510
Copra:			
Ceylon	221	186	..
India	239†	..	..
Malaya	125	175	..
N. Guinea and Papua	102	103	..
Pacific Islands	131	122	..
Other Commonwealth	80	..	..
Indonesia	720	740†	..
Mexico	192	..	..
Philippines	970	1,250†	..
Others	139	..	..
Total	2,949	3,250†	..
Palm kernels:			
Nigeria	427	422	..
Sierra Leone	58	56	..
Other Commonwealth	30	35	..
Cameroon	23	15†	..
Congo	159	169†	..
Dahomey	50	60	..
Guinea	23	25†	..
Indonesia	33	32	..
Ivory Coast	15	18	..
Others	82	..	..
Total	900	917†	..
Palm oil:			
Nigeria	190	189	..
Malaya	72	90	..
Other Commonwealth	7	7	..
Congo	241	230	..
Dahomey	11	14	..
Indonesia	135	139	..
Other Countries	35	..	..
Total	691	700†	..

* The independent States of Senegal, Mali, Niger, Dahomey and Upper Volta. † Unofficial estimates.

P.S.—(1) In this table, the Southern hemisphere harvests are, in general, combined with the previous harvests of the Northern hemisphere. Thus, under 1960-61 are given the northern harvests occurring mainly in the latter half of 1960 and the southern harvests occurring in the first half of 1961. For copra, palm kernels and palm oil, however, production figures are on a calendar year basis, for example, those in 1959-60 column refer to 1960. (2) The production of China and Soviet Union is excluded from this table, except where shown separately beneath the crop totals. There is some output of sunflower seed, linseed and castorseed in China and of soyabeans, linseed and castorseed in Soviet Russia, but no reliable indications of the size of the crop are available. (3) Figures of copra, palm and kernel and palm oil output represent commercial production only.

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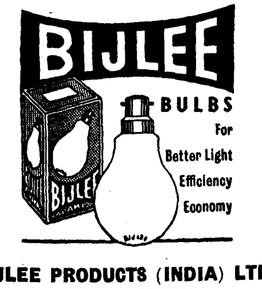

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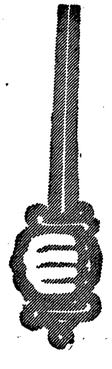

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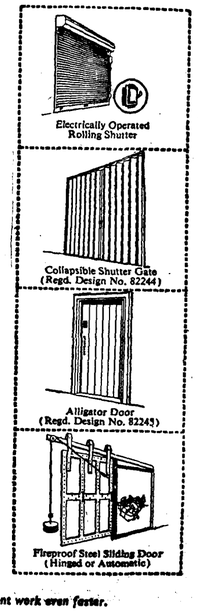

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EARNINGS OF TEXTOOL RISE

ISSUE OF FRESH CAPITAL IN THE OFFING

THE progress made by the Textool Company Limited (Managing Agents: Messrs. Balasundaram and Company, Coimbatore) during the year ended 30th April 1961 shows perceptible improvement. The Company is engaged in the manufacture of textile machinery (such as spinning frames and spares), as well as diesel engines, railway signalling equipment and alloy steel, and its products are rapidly gaining in popularity all over India. Although its sales in 1960-61 rose only modestly, that is, by Rs. 6.45 lakhs to Rs. 172.82 lakhs or by 3.8 per cent, the gross earnings have improved by Rs. 4.46 lakhs to Rs. 17.53 lakhs. This is due to the fact that the turnover in the year under review was accounted for mostly by sale of complete manufactured machinery, unlike in the previous year when the Company had taken up orders for renovation of old machinery in textile mills. Consequently, the profit-margin was better, the ratio of gross profit to sales having improved from 7.8 per cent in 1959-60 to 10.1 per cent in the year under review. The net profit, however, is practically the same as that for 1959-60, just sufficient to maintain the dividend at 15 per cent (taxable) on the increased capital. Thus, at Rs. 6.65 lakhs, the net profit is higher by less than a lakh and, of that, the dividend takes away Rs. 5.74 lakhs, leaving only a small margin for being ploughed back, as will be seen from the following comparative table of progress:

(In lakhs of rupees)

	For the year ended 30th April			
	1961	1960	1959	1958
Sales	1,72.82	1,66.37	1,82.27	1,41.20
Other income	1.62	0.90	0.55	0.20
Closing stocks	45.78	38.76	38.89	40.15
Raw materials, spares, power consumed	90.90	90.32	61.30	1,00.22
Other expenses	78.03	63.75	57.96	58.90
Gross profit	17.53	13.07	12.35	7.99
Managing Agents' remuneration	1.38	0.82	0.60	0.50
Provision for—				
Depreciation	4.05	3.97	3.54	3.03
Taxation	5.50	2.60	2.05	2.00
Net profit	6.65	5.68	6.16	2.46
Development rebate reserves	0.84	0.60	2.57	0.81
Transfer from reserves	..	..	1.80	..
Excess provisions written back	0.06	1.77	2.69	..
Bonus to staff	..	..	..	..
Dividend—				
Ordinary	5.74 (15%)*	3.29 (15%)*	2.99 (15%)*	1.98 (12%)
Carry forward	0.17	0.04	0.01	0.30

* Subject to deduction of tax.

The reasons for only a fractional increase in net profits are the higher provisions which have a prior claim. Thus, the Managing Agents' remuneration takes up Rs. 1.33 lakh (Rs. 82,000 in 1959-60) and depreciation Rs. 4.05 lakhs (Rs. 3.97 lakhs in the previous year). The provision for taxation is more than double at Rs. 5.50 lakhs, as against Rs. 2.60 lakhs in the preceding year. The development rebate reserve has received Rs. 84,000, as against Rs. 60,000 a year ago.

The Directors are quite optimistic about the working of the Company in the coming years. Although the production of ring frames and fly frames during 1960-61 was affected by the shortage of certain types of imported materials, such as top arm, drafting systems and ball bearing assemblies, they say that, in future, regular and increased supplies of these items would be forthcoming from indigenous sources. Consequently, they expect that the Company would be in a position to increase its production. They further say that demand for various items of textile machinery manufactured by the Company is rising on account of the issue of licences for establishment of additional spindlage. The Company, according to its Directors, has substantially increased its production of diesel engines. It has also begun manufacture and sale of railway signalling equipment, a product enjoying a broadening market. Production of alloy steel has also increased, enabling the Company to market special steels to selected engineering industries, besides meeting its own requirements.

The Company proposes to move a resolution at the ensuing annual general meeting for increasing its authorised capital by Rs. 50 lakhs to Rs. 1 crore. It also proposes to approach the Central Government for the issue of Rs. 20 lakhs of additional capital in the first instance.

Explaining the need for additional capital, the Directors say that, as the Company has to sell its products on deferred payment system also, its borrowings have increased and that it is desirable to reduce such borrowings by having a larger amount of working capital. It may be noted here that, in 1960-61, the paid-up capital of the Company rose from Rs. 33.22 lakhs to Rs. 39.84 lakhs, following the calling up of the balance of Rs. 25 in respect of 19,922 equity shares issued in January 1960. Further, the calls in arrears also declined from Rs. 1.35 lakh to a mere Rs. 4,675. Its reserves and surplus are still modest at Rs. 14.69 lakhs and will require considerable augmentation in the coming years. The dependence on borrowed capital is pretty heavy. Loans secured and unsecured aggregate Rs. 92.94 lakhs, besides current liabilities and provisions of Rs. 101.49 lakhs, the total indebtedness to outsiders being of the order of Rs. 194.43 lakhs, that is, nearly Rs. 2 crores. It is, however, fully covered by current assets amounting to Rs. 200.01 lakhs, of which stock-in-trade and stores alone account for Rs. 78 lakhs, trade debts for Rs. 64 lakhs and loans on deferred payment basis Rs. 30 lakhs. The gross block account has risen by Rs. 8.34 lakhs to Rs. 77.83 lakhs and has been adequately written down to Rs. 47.57 lakhs.

The Rs. 100 fully paid shares of the Company are currently quoted at Rs. 188 *cum-div.* On an *ex-div.* basis and at the proposed rate of dividend of Rs. 10.5 net per share, they offer a net yield of 5.9 per cent per annum.

HINDUSTAN ELECTRIC CO., LTD.

The Hindustan Electric Company Ltd. (Chairman and Chief Executive: Mr. D. D. Desai), which has three factories (located at Faridabad, Howrah and Baroda) engaged in the manufacture of several electrical machinery and equipments, has announced a large expansion programme to be implemented in collaboration—financial and technical—with the world-renowned Swiss firm, Messrs. Brown Boveri and Co. Ltd. The Company has already secured the necessary industrial licence for the manufacture of articles covered by a number of patents registered by the Swiss firm. Accordingly, the Faridabad factory will undertake the manufacture of A.C. and D.C. generators, A.C. and D.C. motors of special types including Ward Leonard, cranes (variable speed) special purposes motors, etc., and welding sets. The Howrah works will manufacture transformers of all types upto 25,000 K.V.A. and 220 K.V. The Baroda works will undertake production of high tension air blast circuit breakers upto 220,000 volts, medium tension circuit breakers upto 220,000 volts, low voltage circuit breakers of all types, isolators upto 220,000 volts, instrument transformers upto 220,000 volts, lightning arrestors upto 220,000 volts, high tension and low tension switchboards, control boards for various purposes and electric furnaces of all types.

For financing the expansion programme, the Company proposes to raise its paid-up capital by Rs. 80 lakhs to Rs. 140 lakhs by issuing 80,000 equity shares of Rs. 100 each. The Swiss firm will contribute Rs. 60 lakhs of fresh equity capital and this amount will be utilised for importing plant, equipment, etc. The balance of Rs. 20 lakhs, represents the right-*cum*-public issue. The Directors of the Company, who together hold 50 per cent of the total capital, have decided not to exercise this right option. The other shareholders will also be allowed to do so. If, however, the shareholders do not agree to this, then the amount of public issue will be Rs. 10 lakhs. It may be noted that the Rs. 100 paid shares of the Company are currently quoted at Rs. 185.

ELECTRO-EQUIPMENT CORPORATION LTD.

The Electro-Equipment Corporation Ltd. proposes to enter the market next month, with a public issue amounting to Rs. 17.15 lakhs (171,500 equity shares of Rs. 10 each). The issue represents almost 50 per cent of the total issued capital of Rs. 35 lakhs. The present shareholders of the Company will take up shares worth Rs. 10 lakhs and the balance of Rs. 7.85 lakhs will be subscribed by the Directors and their friends.

Under a licence secured in October 1958, the Corporation will put up a plant for the manufacture of electric metres at Mulund, a suburb of Bombay. The plant, the total capital outlay of which is estimated at Rs. 50 lakhs, is expected to commence production in January next. It will initially manufacture 60,000 metres a year on a single-shift basis. By stages, its capacity will be raised to 180,000 metres on a two-shift basis. The Company has entered into a collaboration agreement with Messrs. Cekop, Warsaw (Poland), for the supply of the necessary plant and equipment, technical know-how and technical assistance as well as manufacturing licence. The Polish collaborators have already supplied the complete details, and plans for installing these plants and equipments are almost complete. It is said that no immediate payment of foreign exchange is involved either in the supply of plant and machinery, technical know-how or in the payment of royalty, as the whole scheme is based on rupee payment.

RESULTS OF MORARJEE GOCULDAS

ALL-ROUND IMPROVEMENT

THE shares of the Morarjee Goculdas Spinning and Weaving Company Limited (Managing Agents: Piramal Sons Private Ltd., Bombay) have shot into the limelight on the Bombay Stock Exchange this year, and having appreciated by more than 150 points to Rs. 468 in June-end, are still going strong at present at Rs. 395 *cum-div.* against Rs. 290 *cum-div.* a year ago. Apart from the general buoyancy enjoyed by the cotton textile industry in the country, the strength in these shares reflects the growing confidence of investors in the Company, which has been amply justified by its working results for the year ended 30th June 1961. Not only has the Company made larger sales, earned more profits and paid a higher dividend on the equity capital as compared with the previous year but has also set apart a larger amount to the reserves, thereby strengthening the Company's financial position further.

Sale proceeds during the year under review increased from Rs. 394 lakhs to Rs. 497.63 lakhs, the highest level to be seen in recent years. In view of the subdued trend in the country's cotton market during the season 1960-61, cost of cotton consumed at Rs. 175.09 lakhs against Rs. 155.28 lakhs previously, apparently reflects an increase in production. And, despite a substantial rise in wages and other expenses, excluding stores and other materials, from Rs. 151.56 lakhs to Rs. 202.95 lakhs, the gross profit has gone up by more than Rs. 20 lakhs to Rs. 61.35 lakhs and the net profit by nearly Rs. 9 lakhs to Rs. 24.55 lakhs. In consonance with the improved results, the Directors have stepped up the dividend on the equity capital from 21.5 per cent per share of Rs. 100 each to 24 per cent, giving a net dividend of Rs. 16.80 against Rs. 15.05 previously, and transferred Rs. 10 lakhs to reserves against Rs. 5.65 lakhs in the previous year. Allocations of prime nature are higher by more than Rs. 11 lakhs, with the provision for depreciation amounting to Rs. 15.91 lakhs (Rs. 11.91 lakhs) and for taxation to Rs. 16.50 lakhs (Rs. 10 lakhs). Managing Agents' commission amounts to Rs. 4.38 lakhs, as against Rs. 3.25 lakhs previously.

A synoptic view of the Company's progress in the past four years can be had from the following comparative table:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sale proceeds	4,97.63	3,94.00	3,79.48	3,66.06
Other income	11.11	8.85	4.01	0.66
Cotton consumed	1,75.09	1,55.28	1,38.74	1,59.10
Stores, spares, chemicals, power and fuel consumed	69.85	54.92	55.14	58.16
Wages and other expenses	2,02.95	1,51.56	1,47.18	1,20.97
Gross profit	61.35	41.09	35.48	34.11
Provision for—				
Depreciation	15.91	11.91	5.25	17.25
Taxation	16.50	10.00	10.85	3.00
Managing Agents' commission	4.38	3.25	2.71	2.05
Net profit	24.55	15.93	17.17	11.21
Transfer from reserves and other funds	10.00	5.65	0.28	3.20
To reserves			8.00	5.88
Dividends—				
4½ per cent. preference	1.01*	1.11*	1.11*	0.78
Ordinary	12.42 (24%)*	11.13 (21.5%)*	11.13 (21.5%)*	7.76 (15%)
Carry forward	1.55	0.48	2.88	0.22

* Subject to deduction of tax.

Much of the progress made by the Company is due to its sound policy of rehabilitation and modernisation, on which it has incurred a capital expenditure of Rs. 134.19 lakhs during the past seven years. During the year under review alone, the Company made additions of Rs. 22.01 lakhs to plant and machinery and placed orders for new machinery of Rs. 27.50 lakhs. The gross block account of the book value of Rs. 325.39 lakhs has been conservatively written down to Rs. 94.38 lakhs.

The share capital of the Company has been maintained at the previous year's level of Rs. 69 lakhs, comprising Rs. 51.75 lakhs equity and Rs. 17.25 lakhs preference. To the extent of Rs. 34.50 lakhs, the equity capital represents capitalisation of reserves in the past. Nevertheless, the reserves and surplus now amount to Rs. 62.15 lakhs. The Company has nearly paid off its secured loans of Rs. 60.93 lakhs in the previous year, which at the end of June last are shown at Rs. 0.28 lakh. Unsecured loans have also dropped from Rs. 4.90 lakhs to Rs. 2.22 lakhs. Current liabilities and provisions at Rs. 75.16 lakhs are safely covered by current assets aggregating Rs. 114.90 lakhs.

The shares of the Company are currently quoted at Rs. 395 *cum-div.* At the *ex-div.* price of Rs. 378.20, the yield on the shares works out to 4.1 per cent free of tax per annum.

23 OCT 1961 PUBLIC DEPARTMENT

COOPER ENGINEERING FARES BETTER

FURTHER DIVERSIFICATION PLANNED

A MODERATE improvement in trading results is disclosed by the report and statement of accounts of Cooper Engineering Ltd. (Managing Agents: Messrs. Walchand and Company Pvt. Ltd., Bombay) for the year ended 30th June, 1961. Gross sales of the Company's diversified lines of engineering products have gone up slightly from Rs. 203.06 lakhs to Rs. 209.67 lakhs, and the gross profit has increased by Rs. 3.21 lakhs to Rs. 32.63 lakhs. The aggregate amount set aside for essential provisions has remained practically stationary at Rs. 19.03 lakhs in comparison with Rs. 18.78 lakhs during the previous year. Of this, the Managing Agents' commission claims Rs. 2.18 lakhs as against Rs. 2.46 lakhs, depreciation Rs. 9.35 lakhs as against Rs 4.82 lakhs, and taxation Rs. 7.50 lakhs as compared with Rs. 11.50 lakhs. The lower provision for taxation, despite a higher profit earned, is due to the fact that the development rebate which the Company can set up against its taxable profits has more than doubled during the year. The net profit has, therefore, increased in line with the gross profit from Rs. 10.64 lakhs to Rs. 13.60 lakhs. On taking credit for Rs. 0.76 lakh brought forward from the previous accounting period and Rs. 0.66 lakh as provisions no longer required, the amount available for appropriation totals Rs. 15.02 lakhs. Of this, over a third, Rs. 5.92 lakhs, to be precise has been transferred to the statutory development rebate reserve, Rs. 1.47 lakh to contingency and gratuity reserve and Rs. 1 lakh to the general reserve. Corresponding figures for the previous year are Rs. 2.99 lakhs, Rs. 1.00 lakh and Rs. 1.00 lakh, respectively. Thus, more than one half of the amount available for appropriation has been conserved. Ordinary dividend, the rate of which has been maintained at Rs. 13 per share, subject to deduction of tax, and inclusive of bonus of Rs. 3 per share, claims Rs. 5.88 lakhs, as against Rs. 5.75 lakhs previously.

The steady progress made by the Company during the past four years is reflected in the figures contained in the comparative table given below:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sale	2,09.67	2,03.06	1,59.02	1,24.26
Other income	2.44	1.85	1.68	1.43
Closing stocks of finished product	20.90	6.79	7.18	5.08
Items capitalised	2.53	1.00	3.58	1.97
Raw materials, stores, etc., consumed	1,18.95	1,10.24	92.11	60.84
Salaries, wages and bonus	46.82	34.40	32.86	24.79
Other expenses	35.55	31.46	25.28	21.08
Gross profit	32.63	20.42	10.09	13.49
Managing Agents' remuneration	2.18	2.46	1.28	1.07
Provision for—				
Depreciation	9.35	4.82	3.42	2.28
Taxation	7.50	11.50	4.00	4.80
Net profit	13.60	10.64	7.44	5.54
Provisions no longer required	0.66	0.13	..	..
Transfer to reserves	3.80	4.99	4.08	2.98
Ordinary dividends	5.88 (10% + 38%)*	5.75 (10% + 38%)*	3.37 (10% + 38%)	2.56 (7% + 38%)
Carry forward	0.75	0.76	0.72	0.68

* Subject to deduction of tax.

The balance-sheet of the Company as at 30th June 1961 discloses a financial position that can be considered as strong. The paid-up share capital, consisting entirely of ordinary shares, stands at Rs. 45.20 lakhs, with a complement of Rs. 53.68 lakhs as reserves and surplus. Secured and unsecured loans total Rs. 85.91 lakhs, in addition to current liabilities and provisions aggregating Rs. 78.33 lakhs. On the asset side, the gross block is worth Rs. 140.18 lakhs and has been written down to Rs. 84.68 lakhs. Capital expenditure awaiting completion is valued at Rs. 3.43 lakhs, thus giving the total net block as Rs. 88.11 lakhs. Current assets, inclusive of investments and loans and advances, amount to Rs. 175.01 lakhs.

The Company continued to make good progress in the manufacture of its existing lines as well as new lines, namely, the manufacture of machine tools. The construction of the building to house the machine tool division was completed and the division was declared open in January last. Regular production has now commenced. Keeping in line with its policy of continued expansion and diversification, the Company has procured a licence to manufacture vertical turret lathes and horizontal boring machines. Manufacture of automatic looms, in collaboration with well-known foreign firms, has also been planned. A further licence to cover the manufacture of 500 high speed diesel engines per month has also been received.

KALINGA INDUSTRIES' GOOD PROGRESS

MAIDEN DIVIDEND DECLARED

THE shareholders of the Kalinga Industries Ltd. (Chairman: Mrs. Gyan Patnaik, Cuttack) will have some satisfaction to know that the Company as declared a maiden dividend of 5 per cent subject to tax, for the year ended 31st March 1961. Its sales shot up from Rs. 71.14 lakhs in 1959-60 to Rs. 117.58 lakhs in 1960-61, representing an increase of more than 65 per cent. The gross earnings have, however, suffered a slight setback of Rs. 55,000 to Rs. 14.01 lakhs, thanks to the sharp expansion in the costs of production. The value of raw material and stores consumed, for example, has gone up by 40 per cent from Rs. 45.80 lakhs to Rs. 64.51 lakhs and other manufacturing expenses, which include salaries and wages to staff, from Rs. 25.35 lakhs to Rs. 39.38 lakhs or by 56 per cent.

After providing a slightly smaller amount of Rs. 4.16 lakhs for depreciation, as against Rs. 4.87 lakhs in 1959-60, the net profit is a shade higher at Rs. 9.85 lakhs, as compared with Rs. 9.69 lakhs for the previous year. No provision for taxation has been made, as the Company will not be required to pay any income-tax, in view of the development rebate and depreciation concessions allowed to new industries. The sum actually available for distribution is of the order of Rs. 5.80 lakhs, as the debit balance of Rs. 4.05 lakhs carried forward from the previous year has been set off against the net profit. The debit balance, it may be noted, arose on account of the heavy provision of Rs. 13.55 lakhs for development rebate made in the accounts for 1959-60, against the net profit of Rs. 9.69 lakhs for that year.

The Directors have cleared all the arrears of preference dividend for the previous years, amounting in all to Rs. 2.02 lakhs. In addition the preference dividend for 1960-61 takes up Rs. 18,305. They have allocated Rs. 27,000 to the development rebate reserve. The proposed dividend to ordinary shareholders absorbs Rs. 1.94 lakh, leaving Rs. 1.38 lakh to be carried forward to the next year. There are two good grounds for shareholders to expect to receive a higher dividend from next year onwards. First, all the arrears of preference dividend have been cleared and, second, there is now no outstanding debit balance in the profit and loss account.

The following comparative figures will give one an idea of the progress of the Company in the last two years:

(In lakhs of rupees)

	For the year ended 31st March	
	1961	1960
Sales	1,17.58	71.14
Closing stock	28.78	22.60
Raw materials, spares consumed	64.51	45.80
Other expenses	39.38	25.35
Gross profit	14.01	14.56
Provision for—		
Depreciation	4.16	4.87
Taxation	..	..
Net profit	9.85	9.69
To development rebate	0.27	13.55
Dividends—		
5 per cent. preference	2.21*	..
Ordinary	1.94	..
	(5%)†	
Carry forward	+1.38	—4.05

* Including arrears for previous years.
† Subject to deduction of tax.

Both the heavy and light engineering departments of the Company made satisfactory progress during the year under review. The Company has set up the first successful low shaft furnace in the country and has been producing high grade foundry pig iron for the last 24 months. The present capacity is 30,000 tons of foundry grade pig iron per annum and the plans are to raise the capacity to 100,000 tons per annum, and to set up a cast iron spun pipe plant, using the pig iron as raw material, as well as a power plant of 5,000 kw. capacity, utilising the rich top gas from the furnace. While the Company has received the industrial licence for this expansion scheme, it has yet to receive the foreign exchange allocation which is expected to be given out of the W. German loan to India. The output of refrigerators in the light engineering factory at Jobra recorded a substantial rise. The Company has entered into collaboration agreement with Electrolux AB of Sweden for making the world-famous Electrolux refrigerators in its factory at Cuttack. By January 1962, it is expected to manufacture its own cooling units, thereby avoiding imports of this vital part of a refrigeratbr. The production of fluorescent light fittings also maintained a steady pace. The tubular structures factory at Chowdwar enlarged the scope of its activities by introducing new designs of structures ranging from 20' to 60' span. The Company's expansion programmes, too, is said to be proceeding satisfactorily. The new factory at Chowdwar is expected to commence the assembling of refrigerators before the end of the current financial year. The expansion of the low shaft furnace and the spun pipe plant is, however, being handicapped by shortage of foreign exchange and the progress of this project would depend on the allocation of foreign exchange from the German loan. It is noteworthy that the Company itself is making efforts to earn foreign exchange. It exported as many as 11,000 tons of foundry grade pig iron, yielding Rs. 30 lakhs worth of foreign exchange, in the year under review.

The Company's balance-sheet as on 31st March 1961 shows that its paid-up capital of Rs. 42.45 lakhs, comprising Rs. 3.63 lakhs in 3,630 five per cent (tax-free) preference shares of Rs. 100 each and Rs. 38.84 lakhs in 38,844 equity shares of Rs. 100 each, is supported by Rs. 13.83 lakhs of reserves and surplus. It has secured loans aggregating Rs. 55.77 lakhs, of which Rs. 22 lakhs are in 22,000 6½ per cent debentures of Rs. 100 each and unsecured loans are Rs. 14.42 lakhs. In addition, there are outstanding current liabilities and provisions of Rs. 23.55 lakhs. As against its total indebtedness of Rs 93.74 lakhs, the current assets are of the order of Rs. 72.24 lakhs, apart from the investment of Rs. 1 lakh (all in ordinary shares) in Electrolux India. The gross block account amounts to Rs. 97.88 lakhs and has been written down to Rs. 82.81 lakhs.

Readers will be interested to know that the present Chief Minister of Orissa, Mr. B. Patnaik, was the Chairman of the Company till he took over that august office in the State.

COMPANY MEETINGS AND DIVIDENDS

NATIONAL ROLLING AND STEEL ROPES LTD. Annual General Meeting, Calcutta, 30th October 1961. Dividend: Re. 1.50 per share, subject to deduction of tax. Transfer books will remain closed from 13th to 30th October 1961, both days inclusive.

SURAT ELECTRICITY CO. LTD. Annual General Meeting, Bombay, 31st October 1961. Dividends payable on and after 3rd November 1961.

STEEL PRODUCTS, LTD. Annual General Meeting, Calcutta, 31st October 1961. Transfer books will remain closed from 13th to 31st October 1961, both days inclusive.

NATIONAL COTTON MILLS LTD. Annual General Meeting, Calcutta, 31st October 1961. Transfer books will remain closed from 10th to 31st October, 1961, both days inclusive.

MALWA SUGAR MILLS CO., LTD. Annual General Meeting, Calcutta, 31st October 1961. Share Transfer books will remain closed from 25th to 31st October 1961, both days inclusive.

BENGAL ROLLING MILLS LTD. Annual General Meeting, Calcutta, 31st October 1961. Transfer books will remain closed from 25th to 31st October 1961, both days inclusive.

DELHI CLOTH AND GENERAL MILLS CO., LTD. Annual General Meeting, Delhi, 3rd November 1961. Share transfer books will remain closed from 15th to 30th September 1961, both days inclusive.

FORT GLOSTER INDUSTRIES LTD. Annual General Meeting, Calcutta, 6th November 1961. Dividend: A dividend of Rs. 10 per ordinary share, subject to deduction of tax, for the year ended 31st March 1961. Share transfer books will remain closed from 27th October to 6th November 1961, both days inclusive.

NEW CENTRAL JUTE MILLS CO., LTD. Annual General Meeting, Calcutta, 9th November 1961. *Dividend:* A dividend of Re. 1.50 per ordinary share (on old capital), for the year ended 31st March 1961. Transfer books remained closed from 27th September to 13th October 1961, both days inclusive.

MORARJEE GOCULDAS SPINNING AND WEAVING CO., LTD. Annual General Meeting, Bombay, 11th November 1961. Net dividend of Rs. 16.80 per ordinary share, for the year ended 30th June 1961, payable from 13th November 1961. Transfer books will remain closed from 16th October to 11th November 1961, both days inclusive.

TRAVANCORE SUGARS AND CHEMICALS LTD. Taxable dividend of 7½ per cent or Re. 0.75 per ordinary share, for the year ended 30th April 1961. Transfer books will remain closed from 16th to 30th October 1961, both days inclusive.

ORISSA MINERALS DEVELOPMENT CO., LTD. Dividend: Interim dividend on the ordinary shares at 10 per cent for the year ended 30th June 1961, subject to deduction of tax. Dividend will be paid on or after 3rd November 1961. Transfer books will remain closed from 13th October to 26th October 1961, both days inclusive.

UNION CARBIDE INDIA LTD. Dividend: An interim dividend of 75 nP per ordinary share, subject to deduction of tax. Transfer books will remain closed from 21st October to 4th November 1961, both days inclusive.

ASHER TEXTILES LTD. A dividend of 30 per cent, taxable, for the year ended 30th June 1961. Transfer books will remain closed from 3rd to 16th November 1961, both days inclusive.

SYNOPSES OF COMPANY REPORTS

Dehri-Rohtas Light Railway Co., Ltd.

(*Managing Agents*: Messrs. Sahu Jain Ltd., Calcutta.)

Annual General Meeting: Held on 30th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Gross income	53,92	43,98
Gross profit	30,18	22,35
Transfer to Managing Agents' remuneration	2,45	1,95
" " depreciation	3,42	2,73
" " taxation	11,00	7,85
Net profit	13,31	9,81
Adjustments	60	5,14*
Appropriations:		
Total available balance	13,91	14,95
Transfer to development rebate reserve	31	25
" " general reserve	7,00	8,10
Proposed dividend (taxable) ordinary	6,00 (10.9%)†	6,00† (10.9%)
Carried forward	60	60

N.B.—Adjustments include the balance brought forward from the previous year.

* A sum of Rs. 5,10,000 was transferred from the general reserve to pay off the previous year's dividends.

† Only Rs. 90,000 was paid as dividends in the previous year and the balance of Rs. 5,10,000 was paid out of general reserve during the year under review.

Extracts from the Directors' report: There was substantial increase in traffic during the year and the railway carried a record goods traffic of over a million tonnes. A new station was established during the year at Nauhatta Road.

The freight rates of all private managed light railways in India are presently on discontinuous mileage basis. The Railway Board is considering a proposal for introducing continuous mileage freight structure in respect of the Company's railway only. Under this proposal the Company will receive less freight per tonne/KM for carriage of goods for the same distance by its Railway in through booking with State railways than for movement within its own line. This would discriminate between the different users of this Railway. The Company has made necessary representation.

Accounts in brief as at 31st March 1961 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	30,02,600	Gross block	89,62,531
Reserves and surplus	20,42,590	—Depreciation	38,94,652
Other liabilities	52,73,682	Net block	50,67,879
		Block-in-progress	41,967
		Current assets	17,93,245
		Investments	15,55,361
		Cash	18,60,420
	Rs. 1,03,18,872		Rs. 1,03,18,872

* Paid-up capital consists of 3,01,400 shares of Rs. 10 each, fully paid up. Of the above shares 75,000 shares of Rs. 10 each are allotted as fully paid up by way of bonus shares.

Bisra Stone Lime Co., Ltd.

(*Managing Agents*: Messrs. Bird & Co. (Private) Ltd., Calcutta.)

Annual General Meeting: Held on 29th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	1,94,21	1,42,85
Closing stock	5,11	4,99
Gross profit	40,76	33,65
Transfer to Managing Agents' remuneration	3,23	2,95
" " depreciation	5,48	3,50
" " taxation	13,28	11,37
Net profit	18,72	15,83
Adjustments	35	34
Appropriations:		
Total available balance	19,07	16,17
Transfer to reserve for quarry overhang expenses	1,50	1,21
" " reserve for staff and workmen's accident compensation and pensions	2,53	1,45
" " statutory development rebate reserve	2,45	65
" " mechanisation reserve	Nil	7,00
" " general reserve	9,00	2,50
To payment of dividend (taxable) ordinary	3,00 (30%)	3,00 (30%)
Carried forward	59	36

N.B.—Adjustments include only the balance brought forward rom the previous year.

Extracts from the Directors' report: *Limestone*:—Raisings increased from 10,09,789 tons to 12,50,435 tons. Sales also improved from 9,65,994 tons to 12,05,107 tons as compared with the previous year.

Dolomite:—Output increased by 148,323 tons to 4,39,269 tons as compared with 2,90,946 tons raised during the last year. Sales also rose correspondingly from 2,84,962 tons to 4,28,340 tons.

Lime:—Production at 10,31,763 mds. was lower by 2,87,197 mds. as compared with the last year and this was mainly due to shortage of coal. Sales also declined from 11,83,658 mds. to 8,93,120 mds.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,00,000	Gross block	92,22,366
Reserves and surplus	52,85,937	—Depreciation	45,37,856
Other liabilities	99,99,056	Net block	46,84,510
		Block in progress	3,45,666
		Current assets	98,75,272
		Investments	70,686
		Cash	3,08,859
	Rs. 1,52,84,993		Rs. 1,52,84,993

* Paid-up capital consists of 1,00,000 ordinary shares of Rs. 10 each. Out of this 35,000 ordinary shares are allotted as fully paid-up pursuant to a contract without payment being received in cash and 50,000 Ordinary shares have been allotted as fully paid-up by way of Bonus shares by capitalisation of Reserve fund.

Jayant Paper Mills Ltd.

(*Chairman*: Mr. Ranchhoddas T. Popawala, Bombay.)

First Annual General Meeting—28th October.

Extracts from the Directors' report: The Company was incorporated on the 29th of April 1960. The issued capital of the Company is Rs. 25.00 000 consisting of 25,000 equity shares of Rs. 100 each, out of which 12 500 equity shares of Rs. 100 each, are issued to the public. The issue to the public was oversubscribed and the allotment was made in accordance with the scheme laid down by the Bombay Stock Exchange. The shares of the Company are listed on the Bombay Stock Exchange.

The working of the Company for the period ended 30th June 1961 shows a surplus of Rs. 32,158 after providing for depreciation and taxation.

Progress:—During the period under report, the Company has made overall satisfactory progress. The construction of the main Factory buiilding, office building and a major part of the staff colony at the Utran Factory site are nearing completion. All machinery for the paper plant imported from Japan have already reached the Factory site at Utran. Two Japanese technical experts are expected to arrive at Utran within a very short period from Japan. for the erection of machinery in the Factory Building and for putting the plant into operation. At present the said erection work is progressing swiftly, and if the present progress is maintained, the Mills are likely to go into production from about in the second half of 1962. It is a matter of satisfaction that all the machinery, heavy and light. has been received at the Utran site without any damage.

The Company has received recommendation from the Ministry of Commerce and Industry for the import of 540 tons of wood pulp through S.T.C. during this period. An application has been made to the railway authorities for laying a private railway siding upto the premises of the Company's factory. The said application is under consideration by the authorities concerned. The necessary supply of electric power has been granted to the Company by the Gujarat Electricity Board, Baroda for our Utran factory.

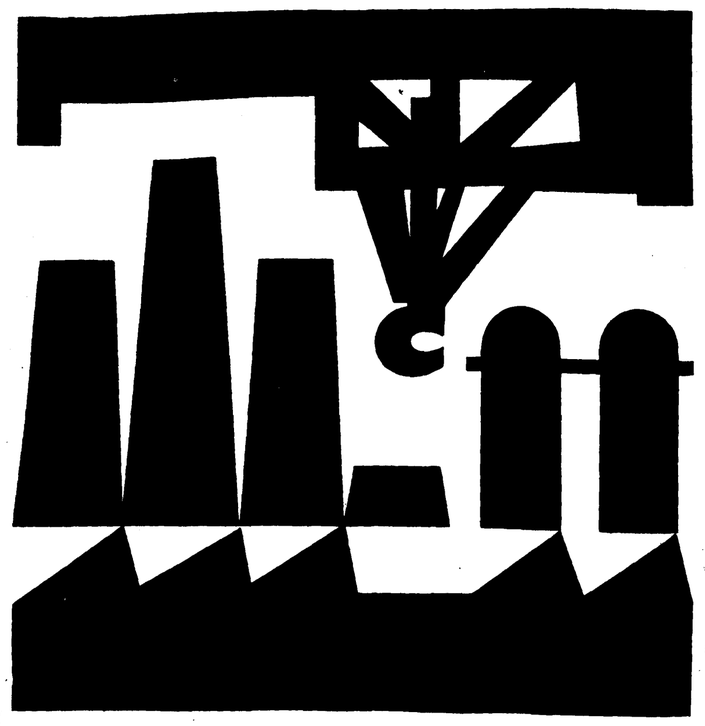
Expansion:—The productive capacity of the paper plant that has been imported, is 10 tons per day. The directors have plans to import further machinery equipment from Japan at a cost of about Rs. 3 lakhs as an addition to the present machinery which will enable the Company to expand the production to 20 tons per day.

The construction of the office building is complete at the Company's factory site and the directors therefore propose that the registered office of the Company should be shifted from Surat to the factory site.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	23,80,125	Gross block	12,10,023
Reserves and surplus	32,157	—Depreciation	1,188
Other liabilities	1,33,886	Net block	12,08,835
		Block in progress	4,76,449
		Current assets	1,75,024
		Cash	5,89,793
		Miscellaneous expenditure	1,45,057
	Rs. 25,46,168		Rs. 25,46,168

* Paid-up capital consists of 25,000 ordinary shares of Rs. 10 each. Out of this allotment and call money arrears amount to Rs. 1,19,875.



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Aussenhandelsgesellschaft m.b.H.
Berlin C 2, Schicklerstr 5-7
German Democratic Republic

Notices

HUKUMCHAND JUTE MILLS LIMITED

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE next Annual General Meeting of the Shareholders will be held at the Registered Office of the Company, 9, Brabourne Road, Calcutta, on Friday the 17th November, 1961, at 4.00 p.m., for the following purposes:—

(1) To receive and pass the Directors' Report and Audited Accounts for the year ended 31st March, 1961.

(2) To Declare Dividends.

(3) To elect Directors in place of those retiring.

(4) To appoint Auditors.

(5) As special business to consider and if thought fit to pass with or without modifications the following resolutions:

(i) *As Ordinary Resolution*:

RESOLVED that Rai Bahadur Moongtulal Tapuriah, a Director of the Company, retiring by rotation, who has attained the age of 74 years, be and is hereby re-appointed a Director of the Company and that the age limit prescribed under Section 280 of the Companies Act 1956 shall not apply to him.

(ii) *As Ordinary Resolution*:

RESOLVED that Messrs. The Bhagwati Trading Co. Ltd., associates of the Managing Agents, be and are hereby authorised to retain any commission which they receive or are entitled to receive as agents of the insurers of the Company.

(iii) *As Ordinary Resolution*:

RESOLVED that the Board of Directors be and are hereby authorised to contribute to charitable and other funds, not directly relating to the business of the Company or the welfare of the employees, such amounts upto a total of Rupees Three Lacs only in any financial year notwithstanding that such amounts in any financial year will exceed Rs. 25,000 or 5 per cent of the Company's average net profits as determined in accordance with the provisions of the Companies Act 1956 during the three financial years immediately preceding, whichever is greater.

(iv) *As Ordinary Resolution*:

RESOLVED that the sanction of this Annual General Meeting be accorded to the expenditure amounting Rs. 2,75,422, already incurred by the Board of Directors under the head of donations and subscriptions, during the financial year ended 31st March, 1961.

(v) *As Special Resolution*:

RESOLVED that the Company do hereby approve of the Contracts entered into or to be entered into separately with each of the undernoted parties who are or may be deemed to be the associates of the Managing Agents of the Company providing for the purchase, sale and/or supplies of jute goods, machinery, machinery parts, stores, spare parts and materials which the Company and/or the said associates manufacture, stock and/or can deal in, by or to the said associates provided that

(1) for any property supplied or sold by the Company the said Associates shall make payment to the Company within one month from the date of supply or sale of goods.

(2) The prices or amounts charged to or received by the Company shall be at rates which shall not be less favourable to the Company than the market rates or which shall be otherwise reasonable.

(i) Octavius Steel & Co., Ltd.
(ii) Duncan Brothers & Co., Ltd.
(iii) Central Cotton Mills Ltd.
(iv) Bhagwati Trading Co., Ltd.

Dividends, if declared, will be paid to Registered Shareholders only.

The Share Transfer Register of the Company will be closed from the 6th November, 1961 to 17th November, 1961, both days inclusive.

By Order of the Board,
RAMDUTT RAMKISSENDASS,
Managing Agents.

9, BRABOURNE ROAD,
CALCUTTA, 11th *October*, 1961.

A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

Explanatory Statements in connection with the special business will be sent to the individual Shareholders.

BURN AND COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT THE Registers of Members and Share Transfer Books for 6 per cent and 7 per cent Preference Shares in the Company will remain closed from the 26th *October* to the 31st *October*, 1961, both days inclusive, for the purpose of payment of Preference Dividends for the half-year ending 31st October, 1961, on or after the 10th November, 1961, to those Preference Shareholders whose names appear on the Company's Registers of Members for 6 per cent and 7 per cent Preference Shares on the 31st October, 1961 or to their mandatees.

By Order of the Board,
MARTIN BURN LTD.,
F. G. LIVERSEDGE,
Managing Director,
Managing Agents.

Registered Office:
12, MISSION ROW,
CALCUTTA.
13*th October*, 1961.

NEW CENTRAL JUTE MILLS COMPANY, LIMITED

Registered Office:
11, Clive Row, Calcutta-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Shareholders of the Company will be held on Thursday, the 9th November, 1961, at 11-30 a.m., at the Registered Office of the Company at 11, Clive Row, Calcutta, to transact the following business:—

(1) To receive and adopt the Directors' Report and the audited Accounts for the year ended 31st March, 1961.

(2) To declare dividends.

(3) To appoint a Director in place of Shri M. L. Shah who retires by rotation and has attained the age of 65 years on 1st September 1959 and, in this connection, to consider and if thought fit to pass the following resolution of which a special notice as required by Sections 281 and 190 of the Companies Act, 1956, has been received by the Company, and is hereby given by the Company to its members:

"Resolved that pursuant to the provisions of Section 281 and other applicable provisions, if any, of the Companies Act, 1956, Shri M. L. Shah, who has attained the age of 65 years and retires by rotation, be and is hereby reappointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply to him."

(4) To appoint Auditors for the current year and to fix their remuneration. The retiring Auditors, Messrs. N. C. Jain & Co., Chartered Accountants, being eligible, offer themselves for reappointment.

As Special Business:—

(5) To consider and, if thought fit, to pass with or without modification the following resolution which will be proposed as a special Resolution:—

"Resolved that pursuant to sub-sections (4) and (7) of Section 309 of the Companies Act, 1956, and subject to the provisions of Articles 100 and other provisions of Articles of Association of the Company, the members of the Company hereby authorise *continuance of payment* to the Directors of the Company and each of the Directors be and is hereby authorised to continue to receive in respect of each of the five financial years of the Company upto and including the financial year ending on 31st March, 1966 a share of *commission* of 1 per cent of the net profits of the Company computed in the manner referred to in sub-section 198 of the said Act."

By Order of the Board,
For NEW CENTRAL JUTE MILLS CO., LTD.,
For SAHU JAIN LIMITED,
A. P. JAIN,
Director,
Managing Agents.

CALCUTTA, 7*th October* 1961.

N.B.—A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.

An explanatory statement pursuant to the provisions of Section 173 of the Companies Act, 1956, has been forwarded along with Notice issued to the members of the Company.

THE INDO-BURMA PETROLEUM COMPANY, LIMITED

Registered Office:
Gillander House, Netaji Subhas Road, Calcutta-1
In the State of West Bengal

NOTICE IS HEREBY GIVEN THAT THE Board of Directors have declared an Interim Dividend of Re. 1 (Rupee one) per share less tax to be deducted in accordance with the provisions of Section 18(3D) of the Indian Income Tax Act, on the Ordinary Share Capital of the Company for the year ending 31st December, 1961, payable on the 27th November, 1961, to those members whose names appear on the Register of Members on the 6th November, 1961.

The Ordinary Register of Members of the Company will be closed from the 6th November, 1961, to the 27th November 1961, both days inclusive.

By Order of the Board,
STEEL BROTHERS & COMPANY LTD.,
Managing Agents.

GILLANDER HOUSE,
NETAJI SUBHAS ROAD,
CALCUTTA,
12*th October*, 1961.

NEPAL BANK LIMITED
(*Incorporated under Nepal Bank Act of 1994 (Sambat)*)
Central Office: KATHMANDU, NEPAL

Authorised Capital .. .. ..N.C. Rs. 1 crore
Paid-up Capital .. .. ..N.C. Rs. 25 lacs
Reserves and Exchange Fluctuation Fund .. .. ..N.C. Rs. 73 lacs
(N.C. Rs. 160=I.C. Rs. 100)

23 Branches and Sub-Offices in Nepal

Enquiries are invited from Banks, Commercial Concerns and Tourists for information regarding Prospects, Procedure and Regulations in Nepal.

ASSAM SILLIMANITE LIMITED

CHAIRMAN, MR. S. M. WAHI, WANTS SATISFACTORY EXPORT FORMULA

DEMAND FOR SILLIMANITE GROWING

THE need for working out a satisfactory formula for exports of sillimanite for the year 1962 was stressed by Mr. S. M. Wahi, Chairman of the Assam Sillimanite Ltd., in his address at the Tenth Annual General Meeting of the Company held at Gauhati on the 14th inst. In this connection, he pointed out that Government's restriction on exports of sillimanite, announced early in 1961, came as a shock to India's clients abroad. Large overseas refractory works, he added, had switched over their production to sillimanite products on account of the good quality as well as continuity of supplies from India. Mr. Wahi, however, admitted that Government granted permission to his Company for export against firm commitments for 1961. He hoped that a similar formula would be worked for the next year on the basis of firm commitments, after keeping a reasonable quantity for indigenous industries. The demand for sillimanite in India as well as the world over, Mr. Wahi observed, was growing:

The following is the full text of Mr. Wahi's speech:

'GENTLEMEN,

"This year has been a period of great stress and strain—stress, because, while our production, even though increased from the previous years was not found to be enough to meet the growing demand for sillimanite the world over as also the increased requirement from within the country; and strain, since our valued clients in Europe—most of the large refractory works—got a shock to find the Government of India's policy announced early in 1961 restricting exports to one-third of the best year's export. These works had switched over their production to sillimanite products on account of the good quality as well as continuity of supplies being maintained by your Company during the last couple of years. Thanks to the efforts of your Managing Agents, export market for sillimanite had been well established in Europe, Japan and several other countries.

Domestic Demand

"With certain adjustments we had to make for meeting the immediate, but reasonable, needs of the indigenous industries, the Government of India was good enough to approve of the export of the quantities, for which we had entered into a firm commitment for export during 1961. So, while some of our customers abroad had some difficulties in receiving supplies expected by them, the position of meeting their orders for 1961 has been resolved. To frame the programme for 1962, the Ministry of Commerce and Industry, Government of India, has issued circulars to all indigenous refractory works to submit to us their requirements for 1962. We had also asked our overseas buyers to place their firm requirements in our hands at an early date so that we may be able to finalise arrangements for 1962. As in 1961, we expect some sort of satisfactory formula for export would be worked out on the basis of firm commitments after keeping a reasonable quantity for indigenous industries. It would be a pity to lose the world market and the foreign exchange so earned out of the export of sillimanite. To restrict indiscriminate buying, we had to ask for one-third advance with orders, so that our old and genuine buyers continue to get their genuine needs met.

"The gradual increase in production, as anticipated, is working out, despite heavy odds under which the mine has to be operated. Large sums of money had to be expended in the maintenance and improvement of the Company's 3 miles of hill section road. New approach roads and bridges had to be made to reach new deposits. The transport and excavation machinery has had rough beating, resulting in heavy depreciation.

"The production, however, was 7,540·01 tons in 1960-61, as against 6,957·50 tons in 1959-60. In 1961-62, we expect to reach a production of 8,000 tons. The sales had also increased to 30,38[illegible] in the year under review, mainly because in hand are [illegible] tons, [illegible] at the year-end. This does not include [illegible] during the year [illegible] about 1961.

"Emphasis has been laid on increasing production of sawn blocks and additional capital expenditure was incurred for developing the facilities for Diamond saw plant at Paharpur in Calcutta to meet the growing demand of sillimanite blocks and shapes for the glass and ceramic industries. While quite a number of back-log orders have been completed during the year, we have received fresh orders, valuing Rs. 7.40 lakhs which, with the present installed capacity could only be completed by 1964. It has, therefore, been decided to double the capacity of the existing plant so that the orders in hand could be completely executed by the end of 1962 or early 1963, and we may be in a position to satisfy the growing demand of the industry by accepting fresh orders for sawn blocks, cut to size and shape, from individual clients. It is expected that the import licence, which has been recommended by the Industry Ministry for this additional plant, would be in our hands and additional capacity set up early in 1962.

Ramgarh Plant

"I am glad to report that the progress of work on the initial refractory plant at Ramgarh has been quite satisfactory. The plant has gone into production and is producing sillimanite blocks and shapes, fireclay bricks and shapes, crucibles and some quantities of thermocouple sheaths have also been successfully experimented. The present plant has been erected entirely from machinery indigenously procured and has an installed capacity of 5,500 tons. We have in hand firm inquiries awaiting confirmation by us for 3,076 tons, valuing Rs. 22.00 lakhs. It is proposed to concentrate on the production of sillimanite shapes and tank blocks to meet the requirements of our existing customers, by adding a couple more of machines. In the meantime the legal and other technical obstacles to International Finance Corporation's investment of Rs. 65.00 lakhs in the Company for the import of the 46,000 tons main plant have been resolved. According to the Companies Act, certain resolutions have to be passed by the shareholders to implement the Investment Agreement. These are being placed before you at the extraordinary general meeting for approval.

Development of Mines

"Last year, I had mentioned to you about the developing of the mines of fireclays, both plastic and non-plastic, near Ramgarh. For the manufacture of refractories, both plastic and non-plastic fireclays, kyanite, chrome and magnesite are essential raw materials. Excellent deposits of fireclays have been located near about our Ramgarh refractory plant. Lease and other formalities for some of these deposits have been completed with the Government of Bihar, while for certain others the formalities are still to be completed. Operations on one of these plastic fireclay deposits have commenced. A prospecting licence and the relative lease agreement have also been signed with the Bihar Government for some kyanite deposits in Chybassa District. Work on these mines would be started soon after the rains are over. With the mines of some of these raw materials gradually developed, the refractory plant would have largely its own sources of raw material supplies. It is intended to develop sufficient production of these mines so that some of the existing plants and other refractory works could also get supplies and avail themselves of our services.

"It may be of interest to the shareholders to know that it has been your Company's general policy to continually expand and invest in developing the properties and assets of the Company. This continuous process during the past few years has taken away some of your liquid resources, which otherwise could have built general reserves. This has resulted in greatly increasing the value of your property and assets. Furthermore this diversification of the activity to cover the refractory field, from out of the existing resources of the Company, has opened the vast potential for your mining Company to serve the refractory needs of the country and obtain its fair share of business.

"Once again, this year, I would like to thank [illegible] our workers for the devotion to duty and service rendered especially at the mines in Assam, where working conditions have been extremely difficult and, during the rains, even hazardous. Major McLeod has kept up the team spirit of the personnel and maintained good relations with the people of the area, which is an important aspect of any business operation in the present day. The Company has also to recognise the endeavours of Mr. N. C. Whiter, Project Manager, who along with Mr. K. G. R. Nayar, our Refractory Engineer, have been responsible for erecting and putting the present Ramgarh plant in operation. A good team of technicians and workers at Ramgarh is being built up and trained and their experience would greatly assist in the successful and economical operation of the main plant. This promises an excellent future for the Company in its service to the refractory industry in India, which is the basis of the industrial and the relative economic development of a country."

N.B.—The above statement is not a report of the proceedings of the annual general meeting referred to.

PROMISING TRENDS IN U.K. ECONOMY

(*Concluded from page 779*)

earlier estimate of 30 per cent. For 1962, there is expected to be a fractional decline in manufacturing investment, but other private investment is expected to rise moderately.

Although the pressures on the home economy had continued to mount during the second quarter, the balance of payments had already shown some improvement. The preliminary official estimates, suggest that, on current transactions as a whole, the quarter showed a deficit of £15,000,000—easily the smallest since a gap first opened up at the end of 1959. The deficit for the preceding quarter was £68,000,000, and that for the corresponding quarter of 1960, £50,000,000. The worst quarter was the seasonally adverse third quarter of 1960—at £136,000,000. The monthly trade figures for July and August suggest that this improving trend has continued—so that at the moment the current account is probably no longer in deficit. Much of the gain up to date, however, has been due to the effects of the run-down of stockbuilding upon imports, and to the continued favourable movement of the terms of trade. Thanks to the good prospects in export markets, a further strengthening is now being looked for. But it is too soon to envisage the stable equilibrium that is the target of policy. The current account is still far from enough to support Britain's net outgoings on aid and long-term lending, and the bill to be met for imports is likely to rise as soon as the domestic economy is able to start expanding vigorously again.

Meanwhile, all the new restraints on home demand are being firmly maintained—and in one sphere they seem to be having stronger effects than had been envisaged. The net advances of the clearing banks dropped in August by £104,000,000, a surprisingly sharp reversal of the preceding upward trend; yet in September they dropped by another £128,000,000 to £3,318 million. To some extent this decline is seasonal, but it mainly shows that the banks are being even tougher towards "non-essential" borrowers than had been generally supposed—tactics that are bound to reinforce, sooner or later, the other restraints on consumer outlay and on borderline capital expenditures.

Note: The Bank rate was lowered from 7 per cent to 6½ per cent on 5th October 1961. The Chancellor of the Exchequer stated that the reduction, leaving still a very high rate, was not an indication that the time had come to relax on any part of the present policy.

MANUFACTURE OF SALT—NEW UNITS TO BE PERMITTED

The Union Government has decided to permit the setting up of new units for the manufacture of salt. This decision has been taken consequent on a review of the existing manufacturing capacity in the country and requirements of salt for industrial and edible purposes during the third Plan period. Intending manufacturers are required to approach the Salt Commissioner for issue of licences through the State Governments.

The target fixed for the production of salt in the second Plan having been exceeded, the Government had decided, in November 1958, not to issue new licences, so that no difficulty might be experienced in marketing the surplus production. It has now been estimated that an additional production of about 3·5 million tonnes, mostly of in-

COMMERCE AND INDUSTRY

(*Concluded from page 792*)

large 1959-60 crop moved into trade only slowly, and, in fact, substantial supplies of both seed and oil were carried forward into the 1960-61 season, partly offsetting the smaliness of the 1960-61 crop. Exports up to the end of July 1961 proved to be exceptionally heavy, amounting to some 83,000 tons of seed and 143,000 tons of oil (171,000 tons oil equivalent). The result has been that, until the new crop becomes available early in 1962, not much more than 30,000-35,000 tons of oil, or its seed equivalent is likely to be available for export after making due allowance for domestic requirements and the maintenance of minimum stocks.

"In Canada and the U.S., the drought affecting the central areas has resulted in sharply reduced crop estimates. In the U.S., the first official estimate places the linseed crop at 484,000 tons, as compared with 760,000 tons in 1960 from an area about 20 per cent larger. An unofficial estimate of the Canadian crop puts it at 360,000 tons, as compared with 568,000 tons in 1960. Furthermore, though stocks of linseed at the end of the crop years (end-June in the U.S. and end-July in Canada) were higher than those at the same time in 1960, they have been run down considerably in recent months by the unusually heavy exports made in the second quarter of the year; it appears that exports of linseed from North America in the early part of the year were effected by the heavy supplies leaving Argentina. Altogether, combined supplies of linseed in Canada and the U.S. for the period 1961-62 are unlikely to reach more than 1.2 million tons, as against 1.5 million tons at the start of each of the two previous seasons. Stocks of linseed oil in the U.S. at the end of June were 43,600 tons, little changed from the same time last year; stocks of linseed oil in Canada are normally unimportant as the bulk of the crop is exported as seed. It appears that supplies in the U.S. will be more severely affected than those in Canada; there may be a further reduction in crushings (domestic utilisation of linseed oil has tended to decline in recent years) but this is unlikely to prevent exports from falling sharply over the year. Total U.S. supplies are well below average disappearances of the past few years. Canadian exports, on the other hand, could be reasonably well maintained in view of the size of present stocks.

"Uruguay and India are the only other important exporting countries; in neither case are export supplies likely to rise towards the end of 1961. The Indian crop estimate recently published for 1960-61 shows some reduction as compared with last year, while the large Uruguayan exports of oil in the first half of 1961 have probably cleared most of the available supplies until the next crop is harvested at approximately the same time as Argentina's.

"It, therefore, appears that, during the first half of the 1961-62 crop year, most of the export supplies will come from North America, principally from Canada. Exports of linseed during this period could be nearly as large as at the same time last year, if Canadian supplies move into trade, but shipments of oil will certainly be small, although there may be movements from the U.S. In all, combined exports of seed and oil during the second half of 1961 are likely to be well below last year's level and the supply position relatively tight. Import demand may be somewhat reduced, in view of the fact that stocks in Western Europe are believed to have increased recently, but this will probably not balance the reduction in export supplies. Prospects in the second half of the crop year depend largely upon the size of the Argentine linseed crop to be harvested during November-January. It is unofficially reported that the area sown to linseed will be appreciably larger than in 1960-61, but, on the other hand, the weather has tended to be dry. In addition, the Argentine carry-over stocks will be much below those at the start of the 1960-61 year, and will probably be reduced to minimal levels."

	Common Tariff (per cent ad valorem)
Oilseeds and oleaginous fruit, whole or broken	Free
Fixed vegetable oils, fluid or solid, crude, refined or purified:	
A. China-wood oil, tung oil, abrasion oil, oiticocoa oil, oiticica oil, myrtly-wax, and Japan wax	8
B. Other oils:	
I. For technical or industrial use other than for the food industry*:	
(a) Castor oil:	
1. Intended for the manufacture of amino-undecanoic acid for the production of synthetic textile fibres or artificial plastic materials*	Free
2. Intended for other uses	8
(b) Unspecified:	
1. Crude	5
2. Other	8
II. Others:	
(a) Of olive:	
1. In immediate containers with a net capacity of 20 kgs. or less	20
2. Otherwise put up:	
Virgin	17
Other	20
(b) Palm oil:	
1. Crude	9
2. Other	14
(c) Not specified:	
1. Solid in immediate containers with a net capacity of 1 kg. or less	20
2. Solid, otherwise imported, fluid:	
Crude	10
Other	15

* Articles under this sub-heading is subject to the conditions laid down by the competent authorities.

The study of oils and oilseeds in the *Tropical Quarterly* is not confined to short-term trends. It has, appropriately enough, given a brief account of the measures proposed to be taken by the European Common Market countries in respect of oils and fats. The Common Market proposes to fix production prices, independent of world prices. These prices will not necessarily be such that all forms of production are "economic," thereby implying that special support will be given in certain cases, particularly in the case of Italian olive oil. In the course of next year, the Common Market Commission will start an investigation into the comparable prices of oilseeds, oils and fats in the member-countries, in order to work out an agreeable common price formula. By January 1963, the Commission will establish a Fats Bureau and also a Fat Fund which will undertake measures for the stabilisation of oilseeds and oil prices and direct aids to producers, particularly in the Associated Overseas Territories. The ultimate object is to make the Common Market a single market for these commodities by 1st July 1968. The rates of common duty to be ultimately (at the end of transitional period) levied on oils from third countries vary from 3 to 20 per cent. Table in column one shows the common tariff on different oils and seeds. It may be seen from the table that all oilseeds will enter the Common Market duty-free, that duties on oil intended for industrial uses will be lighter than those for food purposes, and that they will be heavier on processed oils than on crude oil. For example, while crude palm kernels oil for industrial uses will bear 5 per cent duty, processed oil will be subjected to a duty of 8 per cent.

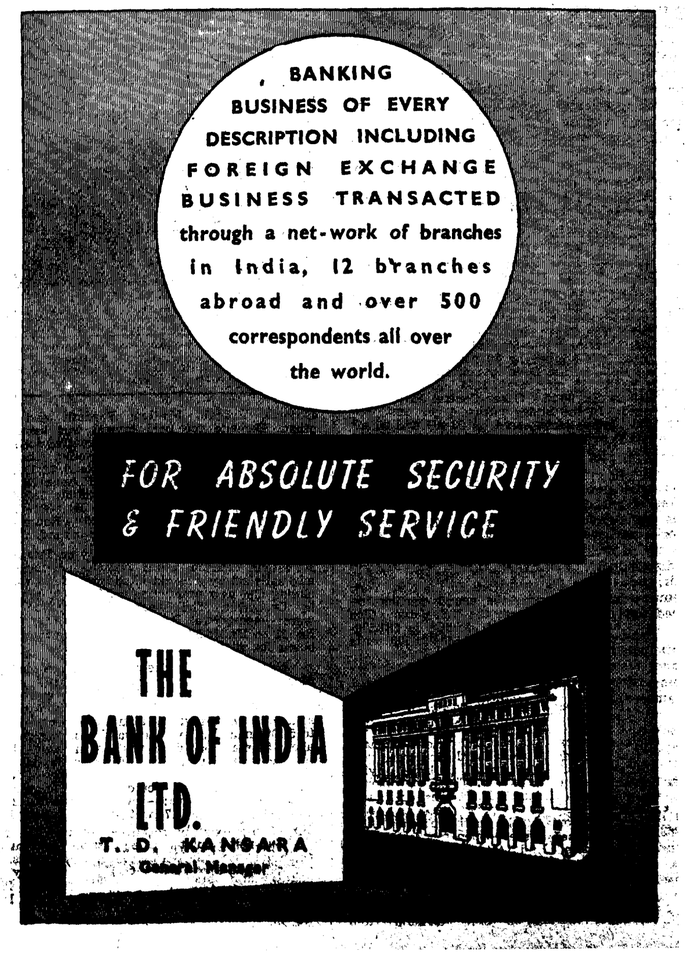
EUROPEAN PARTICLE BOARD INDUSTRY

The United Nations Economic Commission for Europe's Timber Committee, which held its nineteenth session at Geneva a fortnight ago, had before it a provisional report on a survey of the production, consumption and trade of fibreboard and particle board in Europe. This report revealed that, in the five years 1955-60, output of particle board had increased nearly five times. Over the same period, output of fibreboard in Europe had risen by about 50 per cent. Production in 1960 in European (including Russia) was 1.9 million tons of fibreboard and 1.4 million tons of particle board. The particle board industry is expected to continue its very rapid expansion, and that by 1975, the wood requirements of both board industries will have doubled or trebled, giving these industries a significant role in Europe's forest and timber economy.

The Committee agreed that a meeting of experts, which should take the form of a colloquium, be held at the end of 1962 or early 1963, to discuss selected topics relating to the economics of production and utilisation of fibreboard and particle board. It was also decided to convene a group of experts charged with the task of preparing a draft programme of work on the economic aspects of, and productivity in, the wood-processing industries. It was also agreed by the Committee that the Special Meeting on the utilisation of small-sized wood, held in Geneva in March 1961, had been very useful in drawing attention to the problems associated with the production and utilisation of small-sized wood. A publication containing the papers and other statements prepared in connection with the Special Meeting is in course of preparation and will be put on sale shortly.

In addition to the survey of the markets for sawn softwood and hardwood the E.C.E. Timber Committee reviewed the markets for pitprops and pulpwood. Revised estimates of pitprop requirements for 1961 amount to 37.4 million solid cubic metres, or 1.8 million less than expected a year ago. Import requirements are now shown to be about 7 per cent lower than estimated a year ago, and about 20 per cent lower than in 1960, but, for 1962, they are expected to continue at about the 1961 level. Estimates for 1962 show a further reduction in total requirements of about one million solid cubic metres. This corresponds to a further expected fall in Russian requirements. Elsewhere, expected reductions in pitprop needs (notably in the U.K.) are again offset by increases in other countries. Higher export prices for pitprops were established towards the end of 1960 because of the large increase in demand for pulpwood. This higher price level has been generally maintained this year and this appears to have stimulated ample export offers.

There has been a big increase in the requirements of wood raw material for pulping in Europe this year. Revised estimates for 1961 places the demand at over 88 million solid cubic metres, or 2.6 million more than expected in October 1960. This increase is seen mainly in Finland, Russia, France and Sweden, and reflects the continued high level of demand for pulp and pulp products.



MONEY COMFORTABLE

(From Our Own Correspondent)

BOMBAY, 18*th October*

Conditions in the short-term money market which had remained relatively stringent in the past few weeks turned distinctly comfortable during the latter part of the week under review. As most of the markets in other parts of the country were closed on account of *Pooja* holidays, demand for funds was rather slack, and borrowers had no difficulty in obtaining their entire requirements. In fact, there was a surplus of funds in the market. Accordingly, the inter-bank call rate eased by ¼ per cent to 4 per cent yesterday. Today, the rate moved down further, to 3¾ per cent. At the close, transactions were reported even at 3½ per cent. The terms rates, however, were unchanged. For purposes of reference, they are given below:

		Per cent
Notice Money:		
3 days or more	... ...	3
Term deposits:		
(i) 3 to 30 days (inclusive)	...	3
(ii) 31 to 60 days	... ...	3¼
(iii) 61 to 90 days	... ...	3½
(iv) 91 days and more but less than 12 months	... ...	3¾
(v) 12 months	... ...	4

There were no sales of 91-days Government of India Treasury Bills to the public other than those of intermediate treasury bills. The sales of the latter from the 11th to the 14th inst., amounted to Rs. 10 lakhs. The sales of 91-days' Treasury Bills had been suspended probably to facilitate subscription to the ensuing Municipal Loan. Their sales will be resumed from the 21st inst.

The statement of affairs of the Reserve Bank of India for the week-ended 13th October 1961 shows an expansion of Rs. 14.64 crores in notes in circulation, as compared with that for the previous week. As notes held in the Banking Department have declined by Rs. 5.18 crores, the total notes issued have gone up by Rs. 9.46 crores only. The foreign securities are unchanged at Rs. 116.86 crores but, as balances held abroad have contracted by Rs. 3.58 crores, the total foreign assets have been marked down by that amount to Rs. 126.88 crores. The deposits of the Central Government have fallen by Rs. 4.08 crores and so also those of other Governments, albeit only slightly, by Rs. 60.29 lakhs. The deposits of banks, however, have improved by Rs. 9.63 crores. On the assets side, investments have shrunk by Rs. 9.88 crores. Other loans and advances which include advances to scheduled banks against usance bills have also fallen by Rs. 2.95 crores.

A decline of Rs. 4.13 crores in demand deposits and of Rs. 3.98 crores in time deposits is disclosed by the statement of the Scheduled banks for the week ended 6th October 1961. Of this fall, the deposits of the State Bank account for Rs. 2.31 crores. Borrowings from the Reserve Bank of India went up by Rs. 5.33 crores, of which the share of those against usance bills was of the order of Rs. 2.48 crores. Their borrowings of demand nature from the State Bank of India, too, expanded by Rs. 68.62 lakhs. But those of time nature from the same institution declined by Rs. 79 lakhs. On the assets side, investments have shrunk by Rs. 6.19 crores, of which the share of the State Bank alone is as high as Rs. 5.01 crores. In contrast to the declining trend of bank credit witnessed in the past few weeks, advances and bills discounted (bank credit) have gone up by Rs. 13.23 crores to Rs. 1,233.97 crores.

The Government securities market presented an extremely dull appearance throughout the week. There were no buyers for either Central or States loans. But there were offerings. Consequently, the prices of a number of loans suffered a setback. The Conversion Loan was neglected at Rs. 72.75. 3 per cent 1963-65 shed 5 nP to Rs. 98.70. 3 per cent 1964 shipped by 10 nP to Rs. 98.75. 3 per cent 1970-75 First Development loan lost 15 nP to Rs. 90.80. 3½ per cent 1969 declined from Rs. 98.40 to Rs. 98.35. Other Central loans were unchanged. In the States section 4 per cent 1968 and 1969 Madras loans eased by 20 nP and 25 nP to Rs. 98.30 and Rs. 98.25 respectively. 4½ per cent 1972 new Madras loan fell by 5 nP to Rs. 99.05. 4 per cent 1967 and 1968 Andhra issues also suffered a loss of 25 nP each. 4 per cent 1967 and 1968 U.P. loans also encountered selling and declined in values.

In the foreign exchange section, the rupee was almost unchanged in relation to the U.S. dollar. The banks' selling rate for ready T.T. on New York stood at Rs. 475.50 for 100 dollars same as last week. The latest buying rate was Rs. 472, as against Rs. 472.25 a week before. In the New York foreign exchange market, the pound sterling improved only slightly *vis-a-vis* the U.S. dollar. The latest available rate for spot sterling is 281.570-281.600 cents as compared to 281.550-281.580 cents last week.

SUGAR HARDENS

(From Our Own Correspondent)

HAPUR, 16*th October*

Contrary to expectations that prices of sugar would ease after decontrol, a hardening trend was in evidence in the sugar market on brisk buying support from consuming areas. The Government's release of an extra quota of 100,000 tons for festival demand failed to check the rising trend and consumption was reported to be on the increase. The week-end prices here were:—open market Rs. 107 per bag of 2 maunds and 30 *seers*; retail, 97 nP to Re. 1 per *seer*; mill delivery Simbhauli (D29) Rs. 105.50; (E29) Rs. 105; Bulandshar (D29) Rs. 104.25 per bag.

Sugar continued bullish during the week in the Muzaffarnagar market on brisk demand from Gujarat, Punjab, Madhya Pradesh and Rajasthan. Demand for bold crystal was keen from Gujarat and the factories were reported to be selling A, B and C varieties at a premium. The week-end prices were:—B29 Khatauli Rs.39. 72; Deoband, Daurala and Mowana Rs. 39.03, Rohana Rs. 38.59; Iqbalpur Rs. 38.84; Shamli Rs. 38.70; Sakoti and Meerut Rs. 38.22; Saharanpur Rs. 38; Bijnore Rs. 37.37; Seohara Rs. 37.73 (E29); Ramalaxman Rs. 37.91; Simbhauli Rs. 38.62 per maund.

Khandsari ruled quietly steady on Punjab and Rajasthan demand. Local festival, demand was also satisfactory and old *khandsari* stocks were declining and new production would begin some time in December. The week-end prevailing prices were:—non-crystal Rs. 31 to Rs. 35.50; crystal Rs. 33 to Rs. 35.50; *galawat* Rs. 25 to Rs. 29, and *boora* Rs. 39 per maund.

New *gur* recorded new heights to be quoted on Monday upto Rs. 21 per maund, thanks to good consumer demand in the face of poor arrivals due to rains last week. Old stock prices were also steady in sympathy; the actual old stocks declined to 5,000 maunds. New *gur* arrivals, which were about 50 maunds today, would soon mount, thanks to clear weather now. Following a fall in the the sugar production target to the extent of ten per cent, *gur* production would mount this year and week-end prices were:—new Rs. 19 to Rs. 21; old *kotha* Rs. 15 to Rs. 17; wet Rs. 13; *shakker* Rs. 17 to Rs. 20 per maund.

Gur ruled quiet in the Mazaffarnagar market, as the old stock holders were anxious sellers. New arrivals would soon begin. Cane crop is fairly good, due to heavy rains. Old stocks are put at 20,000 maunds. The week-end prices were: Chaku Rs. 17 to Rs. 18; rusket Rs. 5 to Rs. 6; *shakker* Rs. 17 to Rs. 20.

BULLION EASY

(From Our Own Correspondent)

BOMBAY, 18*th October*

The bullion market depicted an easy trend during the week under review, with both gold and silver drifting downward. The easiness was due to poor offtake despite the approach of *Diwali*. Operators thought that the funds which normally flow into the bullion market at this time of the year had declined considerably following the severe damage suffered by agriculturists on account of heavy rains and floods in several parts of North India. The daily average offtake, though it was slightly higher than in the previous week, was not much, being 4,250 tolas of gold and 10 bars of silver, as against 4,200 tolas and 8 bars, respectively, in the preceding week. The pace of offtake was not adequate to absorb the arrivals; the daily average arrivals amounted to 4,800 tolas and 37 bars, as against 4,200 tolas and 37 bars, respectively, last week. The floating stocks of gold in the city are reported to be around 40,000 tolas and those of silver are estimated at 1,500 bars.

Adjustment rates fixed today were Rs. 124.70 per 10 grams of gold and Rs. 205.30 per kilogram of silver. The corresponding rates a week ago were Rs. 124.80 and Rs. 205.80, respectively.

The *Margashir* (December) settlement in gold encountered selling and receded from Rs. 125.80 last week-end to Rs. 124.95 on Monday. After recovering to Rs. 125.35 yesterday, the settlement softened again to Rs. 125.05 today before finishing at Rs. 125.10.

Ready gold continued to be quoted at a discount under the forward, though the actual discount declined from 75 nP last week-end to 15 nP today. The spot closing rate was Rs. 124.95, as against Rs. 125.05 on Wednesday last week, the highest and lowest levels touched being Rs. 125.30 (Thursday, 12th inst.) and Rs. 124.45 (Monday 16th inst.), respectively.

In silver, the *Margashir* settlement began the week at Rs. 206.80, same as last week, and moved down to Rs. 205.70 on the 16th inst. At this level, some support ensued and the settlement improved to Rs. 206.15 today. The closing was a shade lower at Rs. 206.10.

Ready silver retreated from Rs 205.80 last week-end to Rs. 204.90 on Monday and, after recovering to Rs. 205.55 today, it finished at Rs. 205.50. The discount under forward was 60 nP today, as against Re. 1 on Wednesday last week.

The world price of gold in the London bullion market hardened from $35.18¾ to $35.19¾, while the sterling price of gold eased by ½*d.* to 250*s.* Ready and forward silver continued unchanged at 79¾*d.* and 80¾*d.*, respectively, as also silver in New York at 91.375 cents.

The following table shows the trend of prices during the week under review:

	18-10-1961 (closing)	High	Low	4-10-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine) ..	124.95	125.30	124.45	125.05
Forward: Margashir* ..	125.10	125.75	124.95	125.80
Sovereign	96.75	—		96.75
SILVER				
Ready (.996 fine) ..	205.50	206.25	204.90	205.80
Forward: Margashir† ..	206.10	207.10	205.70	206.80
London—				
Silver Ready	79¾*d.*	—	—	79¾*d.*
Silver Forward	80¼*d.*	—	—	80¼*d.*
Gold	250*s.*	—	—	250*s.* 0¼*d.*
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th December settlement. † 26th December settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

COTTON FUTURES RECOVER AFTER EARLY DECLINE

(From Our Own Correspondent)

BOMBAY, 18*th October*

Renewed hopes of a bigger cotton crop in the current season following favourable reports from several tracts, announcement of an import quota for 25,000 bales of cotton stapling 1 1/16" and above from any area against retention quota, apprehensions regarding imposition of heavy margins by the Forward Markets Commission, sizable new crop arrivals in Akola, and subdued tone of spot section—these were the principal factors that imparted a subdued tone to the cotton futures market during the week under review. It was not surprising that there was long liquidation. Some Akola operators also sought to press sales in the local market. The reported move of the Government to build a bufferstock of cotton, too, imparted weakness. Consequently, prices staged a retreat. At every decline, there was, of course, profit-taking which led to a recovery in values. Nevertheless, today's closing rates were lower than those prevailing a week ago. The undertone of the market at the time of writing is somewhat better than earlier during the week.

I.C.C. Jarilla March 1962 contract began the week at Rs. 631, as against the previous close of Rs. 631.50, and moved down to touch a low of Rs. 621 yesterday. After recovering to Rs. 626.75, the contract finished at Rs. 626.50. The net loss over the week was Rs. 5.

The spot market presented a dull trend during the major part of the week. The only old crop varieties which were sought after by mills were Surti, L 147 and Vijay-Digvijay. Kalyan, 197/3, Kala-wagad and 0394 evoked scattered inquiries. New crop cottons were quoted at the ceiling levels. Among exportable styles, Bengal *deshi* was subdued, though later in the week, some shippers lent support. Out of the 150,000 bales of this cotton released for export on 23rd September 1961, sales aggregating 27,000 bales are reported to have so far been registered. The import section was somewhat active. Sudan cotton attracted good attention, while East African growths met with stray support. No bids were accepted at the auction held at Kampala yesterday. The latest available spot quotations—rupees per candy of 784 lbs.—from Sewri are given below:

Bengal *deshi* (December) 628; Hubli Laxmi 930; Kalyan 840; L 147 1,070; Co2 1,250; East African B P 52 1,255; B.P. (UNUG) 1,275. On Thursday the 12th inst., the Government announced its decision to permit import of 25,000 bales of cotton stapling 1 1/16" and above from any area for allocation to mills but only against their retention quota under the Export Incentive Scheme. This quantity will be available for shipment only after 31st December next but not later than 30th June 1962. The announcement was not unexpected; it was long over-due. In fact, several mills had booked business for prompt shipment even before the announcement. The import quota has, however, evoked disappointment among cotton circles on two grounds: First, the quota is very small and, secondly, shipment will not be effected earlier than the beginning of 1962. No wonder, then, that the attention of mills is now increasingly focussed on whatever lots of American cotton that are readily available.

Cotton circles noted the U.S. Secretary of Agriculture, Mr. Orville Freeman's statement at a press conference in New Delhi on Tuesday that he could not commit his Government at present to India's request for the supply of two million bales of cotton through a P.L. 480 agreement to serve as a bufferstock. Mr. Freeman pointed out that the U.S. cotton crop last season was below normal and made it clear that the whole question had to be reviewed next year in terms of output. He added that the request of India would receive the U.S. Administration's "earnest consideration." This assurance was interpreted to mean that the Administration would definitely help India to build a bufferstock, in order to take care of any crisis of short-supply.

A distinctly easy tone prevailed in the Karachi cotton market during the week under review, thanks to selling by commission houses and poor offtake by spinners. The U.S.-Pakistan agreement envisaging the supply of U.S. raw cotton worth $15.9 million, among other commodities, in the next four years also acted as a damper. The January 1962 contract fell by 95 nP to Rs. 76.75. The March 1962 contract declined by 55 nP to Rs. 75.15.

Trading in the Alexandria cotton market continued to be suspended. Of importance to the market was the latest reliable estimates suggesting that the total production will be not more than 1.148 million bales. Of these, 345,000 bales will be consumed locally, so that the supply for export will be only about 803,000 bales, as compared with 1.035 million last season. There is a carryover of about 200,000 bales which should enable the Egyptian Government just to cover the export demand at last year's level. It will however, be impossible for Egypt to make use of its own disappointing crop as an excuse to raise the prices. For world cotton supplies are expected to be sufficient to meet any foreseeable demand.

In the Liverpool cotton futures market, there was a modest recovery in prices during the week. The recovery followed sustained demand from spinners in the wave of reduced offerings. The December position improved from 24.05*d.* per lb. to 24.45*d.* The November (Sudan) position moved up from 32.05*d.* to 32.25*d.* But the October position eased from 24.05*d.* to 23.95*d.*

The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: October 23.95; December 24.45; March 24.95; May 25.40.

American cotton mixed growth contract: October 24.35; December 24.80; March 25.25; May 25.40.

Sudan: November, January and March 32.25.

The New York cotton market displayed firm conditions during the week, as a result of good buying by commission houses. The satisfactory crop reports from producing areas did not have any effect.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	17-10-61	10-10-61	3-10-61
New York Spot ...	35.65	35.60	35.50
October	—	34.53	34.31
December	34.67	34.97	34.90
March	35.38	35.74	35.68

ART SILK YARNS ADVANCE

(From Our Own Correspondent)

BOMBAY, 18*th October*

Art silk yarns registered a handsome rise in values during the week under review. The rise followed excellent support induced by fears that the pace of foreign yarn arrivals would slow down in the coming weeks as a result of the modified import policy for the current half year (October 1961-March 1962); the details of the policy were given in this column last week. J.P. Bemberg yarn (40 x 1) December delivery climbed up from Rs. 3,430 to Rs. 3,500. October contract advanced by Rs. 50 to Rs. 3,480. Spot cupressa yarn (60 x 1) was firm at Rs. 2,934. No transactions were put through in forward delivery, in view of paucity of stocks. Spot 120 Italy strengthened by Rs. 25 to Rs. 1,900. 120 Japan and 150 Japan were maintained at the last week's level of Rs. 1,929 and Rs. 2,150, respectively. Among indigenous yarns, National Rayons 150 Bt. cones 1st grade spurted by 77 nP to Rs. 14.72. 120 Bt. cones 1st grade rose by Re. 1.32 to Rs. 20.15.

In contrast to art silk yarns, staple fibre yarns drifted lower, thanks to slack demand from consuming centres. 40 x 1 October settlement declined by Rs. 7 to Rs. 821. December contract dropped Rs. 2 to Rs. 836. Spot Hinds lost 2 nP to Rs. 9.81. Citys were quiet at Rs. 10.10.

Cotton yarns continued to rule dull. Ten counts Podars were neglected at Rs. 17.37, as also Moderns at Rs. 19.25. Twenty counts Gokaks shed 25 nP to Rs. 22.75. Thirty counts New Greats were unaltered at Rs. 26.75. Forty counts Maduras fell by 75 nP to Rs. 31.50. Minaxis were dull at Rs. 35. Sixty counts Finlays were done at Rs. 62.87, same as last week. Eighty counts Finlays eased by 37 nP to Rs. 81.25. Mahindras were unchanged at Rs. 69.37 and Moderns at Rs. 67.50.

The following table gives the prices of rayon staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	18-10-1961	11-10-1961
	Rs.	Rs.
Art silk yarn—		
60/1 Cupresa Bemberg (100 kg.)—		
October	—	2,850.00
December	—	2,850.00
Spot	2,934.00	2,934.00
40 × 1 J.P.		
October	3,480.00	3,430.00
December	3,500.00	3,450.00
150 Japan (per 100 kg.)	1,929.00	1,929.00
150 Japan (per 100 kg.)	2,150.00	2,150.00
120 Italy (per 100 kg.)	1,900.00	1,875.00
Nat. Ray. 150 Bt. I	14.72	13.06
Staple fibre yarn (40 × 2)—		
October (per 90.72 kg.)	821.00	828.00
December	836.00	838.00
Hind (per kg.)	9.81	9.83
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.37	17.37
20s Gokak	22.75	23.00
30s New Great	26.75	26.75
40s Madura	31.50	32.25
60s Finlay	62.87	62.87
80s Modern	67.50	67.50

OILSEEDS EASY

(From Our Own Correspondent)

BOMBAY, 18*th October*

Oilseeds and oils staged a spectacular rally early in the week under the leadership of groundnuts, but suffered a distinct setback later on long bull liquidation. There was evidence of some recovery today. Still, the closing prices were well below those a week ago. Groundnuts met with renewed support, induced by pause in arrivals of new crop owing to rains in certain producing centres and enlarged seasonal support from *vanaspati* manufacturers and crushers. As the week progressed, the pace of arrivals accelerated, especially from the South and Saurashtra. Kathiawad interests figured prominently as sellers. Castorseeds lacked support, in view of the gloomy outlook for exports of castor oil. Cottonseeds, too, encountered selling. Linseeds were quiet, despite smaller arrivals on account of floods and rains in Madhya Pradesh. Hedge trading in linseed commenced at the Central India Commercial Exchange, Gwalior, on the 17th inst. Gwalior is the third recognised futures market in the country, the other two being Bombay and Calcutta.

Groundnut, January 1962 contract rose from Rs. 199 to Rs. 202.12 by Monday. After falling back to Rs. 195.50 yesterday, the contract recovered to Rs. 197.62 today, albeit with a net loss of Re. 1.38 over the week. Khandesh quality declined Re. 1.38 over the week. Khandesh quality declined by a rupee to Rs. 42.25. Oil ex-mill dropped 75 nP to Rs. 18 and Railway receipts 70 nP to Rs. 17.80. Groundnut oil January 1962 contract decreased from Rs. 16.15 to Rs. 16, after fluctuating between Rs. 16.50 and Rs. 15.90.

In the castorseed section, the March 1962 contract fell from Rs. 156.25 to Rs. 158. Ready Madras lost 25 nP to Rs. 32.25. Oil B.S.S. eased by 20 nP to Rs. 14. Commercial shed 5 nP to Rs. 13.15.

Linseed March 1962 was quoted today at Rs. 35.44, as against Rs. 35.56 a week ago. Bold ready lost 25 nP to Rs. 38.25. Linseed oil receded by 35 nP to Rs. 16.40.

Cottonseed January 1962 contract fell from Rs. 94 to Rs. 93; it had touched Rs. 92.50 earlier. Both Berars and non-whites sagged by 5 nP to Rs. 18.75.

In the sesame section, bold ready was marked down by Rs. 5 to Rs. 250 (per 250 kgs.). Sesame oil, however, put on 50 nP to Rs. 20.50.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	19-10-1961	11-10-1961	4-10-1961
Groundnut			
January 1962	Rs. 197.62	Rs. 199.00	Rs. 198.37
Nizam bold		43.25	42.00
Coromandel ready	43.00	43.50	42.50
Khandesh quality	42.25	43.50	42.50
Oil ex-mill ready*	18.00	18.75	18.50
Railway receipts*	17.80	18.50	18.25
Oil January 1962	16.00	16.15	16.00
Castorseed			
March 1962	158.00	158.25	157.25
Ready Madras	32.25	32.50	32.25
Ready Kanpur	31.00	31.37	31.00
Oil B.S.S.†	14.00	14.20	14.10
Oil commercial†	13.15	13.20	13.30
Linseed			
March 1962	35.44	35.56	35.53
Bold ready	38.25	38.50	37.25
Oil ready†	16.40	16.75	16.30
Cottonseed			
January 1962	93.00	94.00	93.50
Niger seed	88.50	88.50	89.00
Kardi seed	22.50	22.50	22.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

BLACK PEPPER WEAK

(Messrs. Parekh and Co.)

BOMBAY, 18*th October*

Trading in Malabar black pepper proved to be a one-way affair during the week under review, with prices declining almost daily in both India and Singapore, the main suppliers of pepper to the world's market. Despite sizable export and fair inland consumption of Malabar during the seasonal year, the present behaviour of the market denotes that the Malabar crop for the year 1960-61 should be more than all the optimistic estimates in the past. This fact is confirmed by the present softer attitude of the growers who are anxious sellers at Rs. 1,100 per candy even at the fag end of the season.

New York, after a small and selective buying on a down grade, is now reported to be sitting on the fence, as present asked prices by Singapore and India are the same. Arrivals of the hollow berries new crop Malabar have started coming in Alleppey market. Exportable quality, however, is not likely to come before the first or second week of December.

The situation in Singapore is rather intriguing, even though a greater part of the stock of Lampong is in strong hands and the production of Lampong has tended to be smaller this year. The market in Singapore is now slowly giving way. It is really a paradox. A bazaar analyst attributes such a state of affairs to the fact that most of the Chinese traders, who had until now a monopoly in the pepper trade and export, are sitting on the fence allowing the Indopesian firm to carry the baby. Thus, they wanted to impress upon the Indonesian Government that they cannot handle trade in Indonesian produce at Singapore as efficiently as the Chinese. A ten per cent increase in freight rates on pepper by the Far Eastern Conference was a depressing factor.

Soot in New York climbed down to $0.43½. The stockists there are willing to meet the grinders even at a concession influenced by the easier advices from Singapore and India. Singapore is down from Str.$142½ to Str.$137½ for black and from Str.$177½ to Str.$172½ for white.

After the settlement of October delivery on the Cochin Exchange, the market for December became demoralised, because there are very small short sales. The stockists and investors, having lifted their hedge sales against October, became long in their ready portfolio. To support ready, they went long in December. They are now anxious sellers. As a consequence, small business to East European countries is reported done at bid price. There are reports that they are bidding lower to Russia to attract business, but no business is reported done so far. The Indonesian Trading Agency is also now said to be trying to negotiate deals with Russia and other East European countries and, if that were to materialise, there would be stiff competition in selling to Russia and East European countries in the coming months between Indonesia and India.

Ready garbled is lower at Rs. 368 and ungarbled is going abegging at Rs. 356. December is going down almost daily and is quoted at Rs. 353, as no support is forthcoming from the erstwhile bulls who are unwilling to take risk, in view of the proximity of the new season and good prospects for the new crop. Calicut is seller at Rs. 360.

There are no forward sales overseas in new crop. As such, there is likely to be small support when the new crop starts moving. The present position of pepper looks gloomy without any silver lining on the horizon. Lampong holders are getting tired and there is no forward sale in Malabar to cushion the impact of new arrivals. New arrivals of Lampong are pressing Singapore market.

Ready demand in Bombay is disappointing, as is usual in a declining market. There are sellers at Rs. 202 per 50 kilos.

TEA FIRM

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, 10*th October*

A total of 529,000 kilograms was on offer in sale No. 41 held today. There was good general demand. Quality from the Nilgiris was irregular but generally maintained. An all-round improvement in quality was shown from other districts. Nilgiris met good competition but at irregular rates following quality. Plain and low mediums were a little irregular, but generally fully firm except for poorer sorts which were barely steady. Mediums met good support at fully firm prices. Good mediums came in for good demand and were 10 nP to 20 nP dearer. Whole leaf grades met better demand and were irregularly fully firm. Black leaf teas sold at fully firm rates. C.T.Cs. were better supported and C.T.C. types came to a slightly dearer market. Legg-cuts were a little easier.

The quotations (per kg.) were:

	1961 Rs.	1960 Rs.
Low mediums	3.90-4.10	4.30-4.60
Mediums	4.10-4.30	4.60-4.85
Good mediums	4.30-5.40	4.85-5.50
Nilgiri B.O.P.	5.00	7.80

The average price realised in sale No. 41 was Rs. 4.61 per kilo, as against Rs. 4.52 in the previous week and Rs. 5.00 in the corresponding sale last year.

Dust Sale No. 41: 273,000 kilograms were on offer in dust sale No. 41 held on Thursday the 12th inst. There was good demand throughout the sale and prices realised were fully firm to dearer. The strongest feature of the sale were coloury mediums. Highgrowns dusts sold at steady rates. C.T.C. and C.T.C. types met with good demand and were dearer.

The average price realised in dust sale No. 41 was Rs. 4.59 per kilo, as compared with Rs. 4.57 a week ago and Rs. 4.54 in the corresponding sale last year.

Export Quota: There are sellers at ¼ nP per kilo with no buyers.

Colombo: There was good demand, but Westerns and Uvas were irregular following quality. Mediums teas were some 5 to 8 cents lower and lowgrowns sold at barely steady rates.

London: North Indian and other growns: In Monday's sale against good demand C.T.Cs. tended dearer with the plainest sorts being strong feature and often 1*d.* dearer. Wednesday's sale met with strong demand for the best teas with medium C.T.Cs. and light liquoring orthodox being quieter with some withdrawals. Others were fully firm, particularly legg Dooars.

Ceylon and South Indians: In Tuesday's sale 21,129 packages were on offer and South India contributed 6,307 packages. There was good demand particularly for the Ceylon teas. South Indians met with an irregular market and poor liquoring fannings were a weak feature.

As we go to press, Messrs. Forbes, Ewart and Figgis Ltd. wire:

"*Sale No.* 42:—554,000 kilograms. Useful general demand. Plain and low mediums, except poorest, about steady. Mediums and good mediums fully firm to dearer. Highgrowns irregular following quality."

HEAVY LOSSES TO CROPS IN BIHAR AND U.P.

(From Our Own Correspondent)

HAPUR, 16*th October*

Steady conditions continued to prevail in the foodgrains market during the week on confluenced reports of heavy losses to crops in Bihar, U.P. and some other States, due to untimely heavy rains and floods. The crops worst sufferers were *juwar*, *bajra*, paddy and cotton. Wheat here was steady to be quoted at Rs. 15 to Rs. 15.25 a maund for average quality and at Rs. 16 to Rs. 16.25 for better farm produce. Daily arrivals were poor and local wheat stock with trade was put at 25,000 maunds.

After the last week's heavy rains, weather is now clear and preparation of land for *rabi* sowings have begun. The sowings of coarse grains will begin after a week and those of wheat after another fortnight. Increase *rabi* acreage is now expected, as all the land vacated from *kharif* crop would be available for such sowings.

Rice sought lower levels thanks to arrivals of new paddy in the market which is being lifted at Rs. 12 to Rs. 13 per maund. Demand for rice was slack and week-end prices were:—*mainpuri sela* Rs. 20; *gadda kutcha new* Rs. 21; *ramajwayan sela* Rs. 21; *raimunia sela* Rs. 22; *basmati sela* Rs. 28 per maund.

Gram continued to rule steady, though local stock was heavy around 34,000 maunds. Some gram was still reaching here from the Punjab, but the main influencing factor was the reported loss to crops due to heavy rains. Gram was now quoted at Rs. 13.50 to Rs. 13.87 a maund according to quality, while barley improved fractionally to Rs. 11 per maund. *Bejhar* inferior to Rs. 11.50 and *moongia* variety to Rs. 12. New maize continued to reach here from rural areas of Rampur at an average of 200 to 300 maunds daily and prices were depressed at Rs. 10.75 to Rs. 11.25 a maund under pressure of arrivals. *Jowar* and *guzai* were listless at Rs. 11 and Rs. 14 respectively. *Methi* was steady at Rs. 27.50 to Rs. 28 per maund. Other sections were [illegible] maund.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 13th Oct., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		61,07,01,000
(2) Other Governments		3,97,92,000
(b) Banks		82,09,70,000
(c) Others		147,12,23,000
Bills Payable		18,38,49,000
Other Liabilities		18,54,69,000
	Rupees	472,20,04,000

ASSETS	Rs.	Rs.
Notes		12,91,01,000
Rupee Coin		1,73,000
Subsidiary Coin		2,35,000
Bills Purchased and Discounted—		
(a) Internal	....	
(b) External	....	
(c) Government Treasury Bills		50,04,90,000
Balances held abroad*		10,02,48,000
Loans and Advances to Governments†		63,36,88,000
Other Loans and Advances		136,18,41,000
Investments		181,71,39,000
Other Assets		4,35,89,000
	Rupees	472,20,04,000

* Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 6,90,50,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,91,01,000	
Notes in circulation	1906,12,62,000	
Total Notes issued	....	1919,03,63,000
Total Liabilities		1919,03,63,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	....	
Foreign Securities	116,86,07,000	
Total of A		234,62,10,000
B. Rupee Coin		125,55,36,000
Government of India Rupee Securities		1558,86,17,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1919,03,63,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept. 1939 (pre-war)	6th Oct., 1961	29th Sept. 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	173.37	1801.49	1857.24	1898.86	1810.91
Notes held in Banking Department	35.05	18.09	34.80	8.93	12.22
Foreign Securities	59.50	116.86	1528.80	116.86	123.01
Rupee Securities	87.89	1548.80		1548.57	1451.74
Banking Department					
Deposits of:					
Government of India	14.39	65.45	59.46	63.50	55.34
Other Governments		4.68	22.49	31.95	11.23
Balances held abroad	10.06	13.60	12.87	18.73	17.79
SCHEDULED BANKS					
Demand Liabilities	134.36	838.16 (20.95)†	842.20 (20.95)†	835.38 (16.69)†	792.58 (10.83)†
Time Liabilities	102.24	1138.73 (18.81)†	1143.40 (19.50)†	1138.92 (18.12)†	1160.39 (19.20)†
Borrowings from Reserve Bank	..	16.40 (7.83)‡	11.07 (5.35)‡	14.98 (5.49)‡	30.58 (8.31)‡
Borrowings from State Bank	..	18.28	18.39	19.21	15.19
Cash in India	6.70	45.62	43.48	44.60	48.47
Balance with Reserve Bank	25.17	74.92	73.20	73.87	101.70
Balances with other banks in current account in India	..	15.55	16.12	16.95	16.71
Money at call and short notice in India	..	45.91	46.71	44.42	32.45
Investments (at book value)	..	611.65	617.84	610 67	718.71
Advances and bills	106.9	1245.46	1232.41	1243.27	1121.51
STATE BANK					
Deposits	87.76	930.31	532 62	524 02	589.29
Investments	29.92	265.52	260 53	268 67	370.74
Advances	30.35	244.56	242.47	245 29	213 89
Cash	14.69	20.57	23.70	24.85	23.11

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
†* Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	24th Jan., 1961	5	4½
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	..	2
Canada †	..	2.85	2.82
Ceylon	18th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1961	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	4
El Salvador	May, 1960	4	5.50
Finland	Mar., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	3.50	5.31
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1958	3.50	4.50
Pakistan	14th Jan., 1961	5	4
Peru	Nov., 1959	6.00	9.50
Philippines	Nov., 1960	5.75	5.00
Portugal	13th Jan., 1961	3	2
South Africa	4th May, 1961	4.50	5
Spain	11th April, 1960	6.25	5.75
Sweden	13th Jan., 1961	4.50	5
Switzerland	26th Feb., 1959	2.50	2
Thailand	Feb., 1945	..	7
Turkey	6th Jan., 1950	4.50	6
United Kingdom	5th Oct., 1961	7	6.50
U.S.S.R.	1st July, 1936	3	4
U.S.A.	17th Aug., 1960	3.50	4
West Germany	8th May, 1961	3.50	5

†Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 13th Oct., 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		531,29,89,000
Borrowings from Other Banking Companies, Agents, etc.		17,00,000
Bills Payable		9,42,02,000
Bills for Collection being Bills receivable as per contra		2,81,88,000
Acceptances, Endorements and Other Obligations per contra		84,00,000
Other Liabilities (including Inter-Office Adjustments)		16,70,49,000
Total	Rs.	574,33,68,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		27,30,67,000
Balances with other Banks		3,79,99,000
Money at Call and Short Notice		2,40,00,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	2,49,31,02,000	
Other Authorised Investments	9,26,36,000	
		258,57,38,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	234,11,83,000	
Bills Discounted and Purchased	10,76,13,000	
		244,87,96,000
Bills Receivable being Bills for Collection as per contra		2,81,88,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		84,00,000
Premises less Depreciation		1,36,27,000
Furniture and Fixtures less Depreciation		1,46,24,000
Other Assets (including Inter-Office Adjustments)		30,38,39,000
Total	Rs.	574,33,68,000

Scheduled Banks*

Statement of Affairs for the week ended 6th October, 1961

	Rs. (Thousands)
(I) Demand Liabilities in India	
(a) Demand Deposits—	
(1) From banks	45,07,12
(2) From others	717,44,97
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	20,95,03
(c) Other demand liabilities	53,79,10
(II) Time Liabilities in India	
(a) Time Deposits—	
(1) From banks	19,08,59
(2) From others	1075,74,29
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	18,81,48
(c) Other time liabilities	24,10,37
(III) Borrowings in India from the State Bank of India and/or notified banks:	
(a) Demand liabilities	8,31,27
(b) Time liabilities	9,97,00
(IV) Borrowings in India from the Reserve Bank of India (A)	16,40,40 (7,82,50)
(V) Cash in India	45,61,89
(VI) Balances with the Reserve Bank in India	74,92,00
(VII) Balances with Other Banks in Current Account in India	15,55,01
(VIII) Money at call and short notice in India	45,91,25
(IX) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations	611,64,86
(X) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)	1056,65,68
(b) Due from Banks in India	11,49,28
(XI) Inland Bills purchased and discounted in India	129,91,86
(XII) Foreign Bills purchased and discounted in India	47,39,14
(XIII) Total of Items (X), (XI) and (XII)	1245,45,96

Notes :—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 6th Oct., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		4,65,00,000
Rural Credit Fund		2,00,00,000
Deposits—		
(a) Central Government		14,80,59,000
(b) Provincial Governments		1,03,70,000
(c) Banks		17,24,85,000
(d) Others		117,10,76,000
Bills Payable		21,08,000
Other Liabilities		7,83,63,000
	Rupees	167,89,64,000

ASSETS	Rs.	Rs.
Notes		5,52,47,000
Rupee Coin		74,000
Subsidiary Coin		66,000
Bills Purchased and Discounted :—		
(a) Internal	....	
(b) External	....	
(c) Government Treasury Bills	....	
Balances held outside Pakistan*		16,04,77,000
Loans and Advances to Governments		1,88,00,000
Provincial Governments' Debtor Balances	....	
Other Loans and Advances		45,42,31,000
Investments		88,43,54,000
Other Assets		9,67,15,000
	Rupees	167,89,64,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs
Notes held in the Banking Department	5,52,47,000	
Notes in circulation	354,03,00,000	
Total Notes issued	....	359,55,47,000
Total Liabilities	....	359,55,47,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,98,90,000	
Silver Bullion	....	
Foreign Securities	67,52,46,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		135,48,00,000
B. Rupee Coin	3,35,13,000	
Government of Pakistan Securities	214,82,28,000	
Internal bills of exchange and other commercial paper	....	
		218,17,41,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,03,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets	....	359,55,47,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 39.24 per cent.

EXCHANGE RATES

		18th October 1961	Previous week
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5 11/16	1-5 11/16
Sellers T. T. D.D. upto six months	s.	1-5 11/16	1-5 11/16
Buyers T.T. spot to nine months	s.	1-5 3/16	1-5 3/16
Buyers T.T. 10 to 12 months	s.	1-5 3/16	1-5 3/16
Bombay on New York—			
Sellers T.T. D.D.	Rs.	475.50	475.50
Buyers T.T.	Rs.	472.05	472.25
London on New York	s.	2.8155-2.8156	2.8148-2.8151
London on Paris	Fcs.	13.8445	13.839
London on Berne	Sw. Fcs.	12.160-12.171	12.173-12.175
New York on London	s.	281.570-281.800	281.510-281.560

CLEARING HOUSE RETURNS

Centre	Week ended 13th Oct. 1961 Number of Cheques	Amount Rs.	Week ended 6th Oct., 1961 Number of Cheques	Amount Rs.
Bombay	4,07,413	88,01,13,000	3,57,721	79,58,16,000
Calcutta	....	....	1,97,000	80,76,00,000
Madras	1,05,845	13,37,61,710	98,000	13,05,00,000
All Centres—				
1958-59	..	..	45,172.000	97,67,12,00,000
1959-60	..	..	50,064,000	109,88,05,00,000
1960-61	..	..	54,472,000	125,18,16,00,000
July, 1960	..	..	4,210,000	952,59,00,000
May 1961	..	..	4,808,000	1,066,12,00,000
June ,,	..	..	4,690,000	1,054,15,00,000
July ,,	..	..	5,088,000	1,112,59,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	23rd Sept. 1961	16th Sept. 1961	24th Sept. 1960	August 1961	August 1960	Percentage of Increase (+) or Decrease(—) in August 1961 as compared with August 1960	Financial Year Average 1960-61	1959-60
Food Articles	504	120.5	120.9 R	122 9	124.3	123.9	+ 0.4	120.0	114.0
Cereals	192	103.0	103.4	106.2	105.0	109.4	— 3.8	104.4	104.1
Pulses	42	88.9	89.3	94.8	90.6	93.7	— 0.8	92.9	93.5
Fruits and Vegetables	22	143.4	143.4 R	150.1	154.6	134.7	+22.2	119.5	117.8
Milk and Ghee	84	116.0	119.1	127.2	116.4	118 7	— 1.9	116.0	113.8
Edible Oils	47	154.2	152.9	161.0	159.0	148.0	+ 7.4	150.8	130.4
Fish, Eggs and Meat	17	193 8	187.2 R	184.2	186.0	167.0	+11.5	125.5	113.0
Sugar and Gur	50	123 3	124.5	136.7	124.6	140.0	—11.0	132.3	147.0
Others	50	171.5	169.0	171.6	183.4	170.0	+ 7.9	167.8	167.9
Liquor and Tobacco	21	99.0	99.5	108 8	99.0	107 7	— 8.4	100.3	99.6
Tobacco	..	99.0	99.5	108.7	99.4	105.0	— 8.2	100.3	99.6
Fuel, Power, Light and Lubricants	38	121.5	121.5	119.3	121.6	119 7	+ 1.6	120.0	118.5
Industrial Raw Materials	155	138 3	138.2	140 8	144.8	137 0	+ 5.7	145.4	133.7
Fibres	91	150.5	150.2	143.0	152.7	134 1	+ 2.7	141.6	114.0
Oilseeds	60	155.1	156.1	148.5	162.7	147 0	+10.7	149.9	134.5
Minerals	3	94.8	94.8*	98 2*	94.9	98.2	— 3.4	97.4	97.8
Others	32	126.4*	126.9 R	125.1*	126.0	125.0	+ 0.9	128.0	122.7
Manufactures	280	126.3	126 3	122 8	126.1	122 8	+ 2.9	121 8	111 7
Intermediate Products	41	140.0	140 7	130 0	140 9	131 9	+ 7.6	130 6	113 8
Finished Products	249	122 8	122 7 R	121 6	123 7	121 9	+ 2.1	122 8	111 3
Textiles	147	123.3	123.3	123.9	124 8	123 5	+ 1.1	125.8	107 8
Cotton	—	127.9*	127.9*	131.4*	127.5	131.1	— 2.7	129.1	113 8
Jute	—	113.8	113.7	116.6	121.1	115.1	+ 5.2	131.4	90.6
Woollen	—	123.1*	123.1*	110.1*	123.1	110 1	+11 8	109.1	104 8
Silk and Rayon	—	118.6	118.6 R	100.8*	118.0	102.0	+15.7	104.4	96.4
Metal Products	12	147.1	147.1	146.8	147.1	146.8	+ 0.2	147.3	144.4
Chemicals	20	112.0	112 0	105.8	112.0	104 0	+ 7.7	104.4	106.9
Oil Cakes	10	144.2	141.5	139.1	146.0	137.5	+ 6.2	141.8	148.8
Machinery and Transport Equipment	31	113.5	113 5	112.0	113 8	111.5	+ 2.1	111.8	106.5
Others	30	121.3	121.3	121.8	120.9	115.9	+ 4.3	116.1	119.4
All Commodities	1,000	124.2	124.4 R	125.7	127 4	125.9	+ 1.9	124.8	117.1

Note :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.
R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949=100]

	All-India	Bombay*	Ahmedabad	Sholapur†	Kanpur	Nagpur	Calcutta‡	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
1958 Average	116	395	110	313	98	120	384	124	113	105	103	123	109	131
1959 ,,	121	412	125	340	98	132	384	133	120	106	98	125	108	140
1960 ,,	124	420	120	357	98	136	397	143	120	107	103	120	109	146
July 1960	126	423	122	362	101	137	406	145	121	109	108	119	109	145
August ,,	126	421	123	359	101	137	410	146	121	109	102	122	108	145
Sept. ,,	125	418	122	364	101	138	403	146	122	108	102	122	108	147
Oct. ,,	125	421	123	365	102	137	396	148	122	108	105	119	108	147
Nov. ,,	124	423	121	367	102	135	392	150	121	110	102	122	108	147
Dec. ,,	124	419	120	362	100	134	385	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	385	146	122	111	103	120	109	148
February ,,	123	420	119	350	102	130	389	147	123	111	103	119	109	148
March ,,	124	423	119	349	101	129	392	148	124	111	104	121	109	149
April ,,	123	428	118	348	99	130	389	149	125	111	104	120	109	150
May ,,	124	431	119	345	97	132	389	148	126	112	106	120	110	149
June ,,	125	433	119	349	99	132	389	148	127	112	104	121	110	150
July ,,	126	437	122	357	101	132	..	148	130	113	106	122	110	151
August ,,	..	438	..	359	..	..	..	..	..	..	..	..	..	..

*June 1934=100. †Jan., 1928=100. §1939=100.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates C	Post Office Savings Bank Deposits	10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% C	15-Year Annuity Certificates G	Total Receipts	Total Outstandings H
	Outstandings	Outstandings	Outstandings	Receipts / Outstandings	Receipts / Outstandings	Outstandings		Outstandings	Outstandings	Outstandings	Receipts / Outstandings	Receipts / Outstandings		
1958-59	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	—40,67	3	2	42,57	6,35 / 11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	99,39	83,24	221,65	210,40	260,68	19,79	—41,35	50	31	41,68	10,64 / 21,76	66	2,00	305,70	672,99
1960-61	1,24	2,46	81,50	82,53	237,30	228,77	297,77	18,36	—42,00	1,70	95	38,80	16,14 / 37,34	69	3 38	329,98	770,80
Aug. ,,	1,44	2,88	90,74	6,78	245,88	19,75	266,75	19,37	—41,61	89	54	41,21	1,17 / 27,23	9	3,14	27,92	700,07
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,08	280,06	18,87	—41,86	1,46	80	40,90	1,04 / 34,15	6	3,32	25,83	740,90
Feb. ,,	1,28	2,52	82,71	5,43	278,76	18,05	292,82	18,44	—41,95	1,53	87	39,88	1,80 / 35,75	6	3,36	23,53	747,86
Mar. ,,	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	—42 00	1,70	95	38,80	1,77 / 37,34	4	3,38	46,05	770,80
Apr. ,,	1,20	2,40	80,13	5,50	290,56	20,37	295,84	18,17	—42,05	1,83	1,01	37,46	2,28 / 39,42	4	3,40	28,47	771,47
May ,,	1,16	2,32	78,90	5,33	294,43	19,28	294,64	18,09	—42,08	1,93	1,08	36,49	1,32 / 40,02	3	3,42	26,19	773,46
June ,,	1,13	2,29	77,64	6,57	299,52	19,27	294,43	18,01	—42,13	2,18	11,5	35,45	1,89 / 42,43	3	3,43	28,02	777,66
July ,,	1,10	2,24	76,31	6,66	304,96	20,79	298,78	17,91	—42,16	2,34	1,23	34,15	1,59 / 44,33	5	3,46	29,34	786,81
Aug. ,,	..	..	..	..	..	..	..	..	—42,18	..	..	33,19	1,25 / 45,66	5	3,48	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1954. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of May 1961, amount to 16.03 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Loan	1938-39	116,17,46,000	1963-65	98.70
3 % Loan	1939	80,33,10,000	1964	98.75
3 % Fg. Loan	1943	1,10,11,78,000	1966-68	96.20
3 % Dev. Loan	1945	1,15,05,83,000	1970-75	90.80
2½ % Loan	1949	14,77,48,000	1976	83.50
2½ % Loan	1947	75,86,72,000	1962	99.15
3 % N. P. Loan	1954	1,58,17,94,000	1964	99.90
3 % N. P. Bonds (2nd Series)	1955	1,53,67,92,000	1965	99.85
3½ % Loan	1956	1,07,27,36,000	1962	99.90
3½ % N. P. Bonds	1956	1,03,81,83,000	1967	99.95
3 % Loan	1958	86,63,53,000	1974	99.65
3 % N. P. Bonds (4th Series)	1957	56,09,30,000	1967	100.10
4 % Loan	1957	40,17,27,000	1972	100.25
3½ % Loan	1958	58,05,92,000	1963	100.00
3½ % Loan	1958	100,00,00,000	1968	99.70
3½ % Loan N.P.B.	1958	64,33,90,000	1968	100 00
4 % Loan	1958	49,51,44,000	1973	100 20
4 % Loan	1959	1,47,90,93,000	1969	99.35
3½ % Loan	1959	91,06,39,000	1979	99 25
4 % Loan	1960	98,03,48,000	1980	99 25
3½ % Bonds	1960	82,65,41,000	1965	99.70
4 % Loan	1961	65,63,00,000	1981	99.50
NON-TERMINABLE LOANS				
2½ % Loan	1896-97	8,03,83,000	M.	72.00
3 % Loan	1946	2,48,91,33,000	K.	72.75
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.25
4 % Andhra	1956	6,00,15,000	3rd Sept. 1968	98.25
4 % Andhra	1958	5,48,92,000	15th July 1970	100.00
4½ % Andhra	1959	6,57,75,000	10th Aug. 1971	97.75
4 % Andhra	1960	6,85,35,000	29th Aug. 1969	99.25
4 % Andhra	1961	11,00,00,000	Sept. 1972	98.70
3 % Maharastra	1949	5,20,97,000	1st Aug. 1962	100.00
3½ % Maharastra	1951	2,76,41,000	17th Sept. 1962	100.00
3½ % Maharastra	1953	5,02,55,000	15th July 1963	100.00
3½ % Maharastra	1952	3,34,83,000	1st Aug. 1964	100.00
4 % Maharastra	1955	6,41,35,000	1st Sept. 1967	99 35
4 % Maharastra	1956	7,70,11,000	3rd Sept. 1970	99 25
4 % Maharastra	1957	6,47,37,000	16th Sept. 1969	101 00
4½ % Maharastra	1958	6,48,62,000	15th July 1970	100.50
4½ % Maharastra	1959	6,58,14,000	10th July 1971	99 25
4 % Maharastra	1960	10,98,86,000	29th Aug. 1969	99 35
4 % Maharastra	1961	17,00,00,000	Sept. 1972	100.00
3 % Bihar	1955	1,54,02,000	1st Sept. 1967	98.25
3½ % Bihar	1956	2,13,41,000	3rd Sept. 1968	98.25
4½ % Bihar	1958	2,76,71,000	15th Oct. 1970	100.00
4 % Bihar	1959	3,33,22,000	10th Aug. 1971	98 00
4 % Bihar	1960	3,33,22,000	29th Aug. 1969	99 25
4 % Bihar	1961	5,00,00,000	Sept. 1972	98.60
4 % Gujarat	1960	5,49,22,000	29th Aug. 1969	99 00
4½ % Gujarat	1961	6,07,00,000	Sept. 1972	100.00
3½ % Howrah	1936-37	1,95,96,700	1956-66	94 50
3 % Hyderabad	1955	2,12,46,000	3rd Sept. 1967	98 00
4 % Hyderabad	1956	2,78,02,000	3rd Sept. 1968	98 00
4½ % Hyderabad	1951	3,01,49,300	17th Sept. 1962	99 75
3 % Madras	1953	10,33,71,000	15th July 1963	100.00
4 % Madras	1952	8,54,81,200	1st Aug. 1964	99 85
4 % Madras	1955	10,47,17,000	1st Sept. 1967	98 35
4 % Madras	1956	13,88,56,000	3rd Sept. 1968	98 50
4 % Madras	1958	8,55,57,000	15th July 1970	98 00
4½ % Madras	1959	8,72,72,000	10th Aug. 1971	98 40
4 % Madras	1960	12,20,42,000	29th Aug. 1969	98 25
4½ % Madras	1961	10,30,00,000	Sept. 1972	99.00
3 % Mysore *(f)*	1933	2,95,85,200	1st Dec. 1953-63	100 50
3 % Mysore	1953	3,33,47,000	15th July 1963	100.00
3 % Mysore	1955	3,54,94,000	1st Sept. 1967	98 35
4 % Mysore	1957	3,34,86,000	3rd Sept. 1968	98 25
4½ % Mysore	1957	3,34,86,000	16th Sept. 1969	100 00
4½ % Mysore	1958	5,51,62,000	15th July 1970	98 00
4 % Mysore	1959	4,37,73,000	10th Aug. 1971	98 00
4 % Mysore	1960	4,37,73,000	29th Aug. 1969	98 25
4½ % Mysore	1961	7,48,00,000	Sept. 1972	98 75
3 % M.P.

L.I.C.'S BONUS SCHEME

RESULTS OF TWO VALUATIONS

THE Life Insurance Corporation of India announced on 13th October the finalisation of the Scheme of Differential Bonuses, which is being implemented under instructions from the Government of India. This Scheme supersedes the provisional scheme which was framed by the Corporation and announced in June 1959. The new Scheme classifies the participating policies of the erstwhile insurers and of the Corporation in 25 groups. The allocation of profits amongst the policyholders in respect of the period ended 31st December 1957 has now been revised by the Corporation in accordance with the provisions of this scheme. The results of the second valuation conducted by the Corporation in respect of the biennium ended 31st December 1959 have also been simultaneously announced. The policyholders entitled to participate in the profits disclosed as a result of this valuation will be allotted bonuses at the same rates as those determined for the valuation as at 31st December 1957.

The delay in the announcement of these results is due to the various administrative problems that had to be faced in integration of the business of 245 insurers taken over by the Corporation and the standardisation of their records. Even so, the first actuarial valuation as at 31st December 1957 was completed in the middle of 1959. If the business valued was of a single insurer or of a homogeneous group, it would have been a simple matter to determine the bonuses on individual policies once the actuarial valuation of the liabilities was completed. This was not so in the present case. Accordingly, it was necessary, in equity, to classify the policies of the erstwhile insurers for declaring differential bonuses as required under Section 49(2) (k) of the Life Insurance Corporation Act. The work being heavy could be completed only recently. Regulations made for the classification of policies for the purpose of declaring differential bonuses have been approved by the Central Government and are being notified in the *Gazette* dated 14th October 1961.

Twenty-five Groups

As stated above, the participating policies of the erstwhile insurers and of the Corporation are now classified in 25 groups. The policies issued by the Life Insurance Corporation, as also the policies issued by all the insurers after 19th January 1956 and the policies issued by certain insurers on or before 19th January 1956 included in the same group, have been allotted a key Index No. of 10. Each of the other 24 groups has been given an index number varying from 49 to 'nil'. The ratio thereof to 10 indicates the proportion which the bonus rates applicable to the policies issued by the insurers named in the group bears to the bonus rates of the policies issued by the insurers in the group with Index No. 10. The table below gives the percentages of the with profit business of the specified group to the total with profit business of all the groups in force on 31st December 1957:

Group index	*Percentage of the with profit business of the specified group to the total with profit business of all groups*
Nil	1.19
1 to 4	0.37
5 to 9	5.36
10	42.89
11 to 14	49.62
15 and above	0.57
All groups ...	100.00

Six insurers which required special method of distribution of profits due to the nature of their contracts have been placed in the 'Miscellaneous Group' and the benefits allotted to their policyholders are laid down in the scheme.

The first valuation as at 31st December 1957, of which the final results are now announced, covered all policies issued by the Corporation as well as those issued by the erstwhile insurers whose assets and liabilities had vested in the Corporation and covered a period ranging from three to seven years except in the case of a few foreign insurers and the Corporation. These comprised 56.83 lakh policies assuring a sum of Rs. 1,472.81 crores, including bonuses, and 11,539 annuity policies for Rs. 72.80 lakhs per annum. This valuation disclosed a profit of Rs. 30.24 crores, after providing for estimated amount of income-tax. Out of this, an allocation of Rs. 1.45 crore was made to the Central Government and of Rs. 1.23 crore to interim bonuses paid to policyholders, leaving an amount of Rs. 27.56 crores reserved for the participating policyholders.

In respect of the second valuation as at 31st December 1959, the total number of policies in force was 69.29 lakhs assuring a sum of Rs. 1,997.15 crores, including bonuses and there were also 10,997 annuity policies for Rs. 104.60 lakhs per annum. The total amount of profits for the intervaluation period of two years after providing for estimated amount of income-tax and after taking credit for Rs. 18.70 lakhs brought forward from the previous valuation was Rs. 26.08 crores. Out of this, allocation of Rs. 1.28 crore was made to the Central Government and of Rs. 33 lakhs to interim bonus paid to policyholders, leaving an amount of Rs. 24.47 crores reserved for the participating policyholders.

The bonuses declared on policies issued by the Corporation in respect of both the valuations are at the following rates:

Rs. 16.00 per thousand sum assured per annum on whole life policies.

Rs. 12.80 per thousand sum assured per annum on endowment assurance policies.

Bonuses on policies of erstwhile insurers will be in accordance with the final scheme of differential bonus, as explained above.

The work of preparation of bonus intimation cards is now being taken up. As more than fifty lakh cards will have to be prepared and as envelopes bearing the addresses of the policyholders will have to be prepared for each policy, it will naturally take quite some time before the bonus intimation cards can be sent to individual policyholders. In the meantime, with a view to informing the policyholders of the results of the valuation, the same are being prominently displayed through various advertisements in the newspapers and other magazines. Besides, the announcement will be exhibited in all the Corporation's offices. The Development Officers, Field Officers and Agents of the Corporation will also carry with them full details of bonuses now declared.

SURVEY

(*Concluded from page 776*)

revenue component of the plan, in determining the target of fresh taxation for any State.

The Madras memorandum has done well in highlighting the defects in the present methods of giving grants-in-aid for plan schemes of State Governments. Under the existing scheme, the assistance to States fluctuate, depending upon the fortunes of the Central Government and invariably, the actual grants fall short of the quantum determined for each State by the Working Group in the Planning Commission. This system causes severe strains on the States' resources position, because the States' budgets are based on the assumption of the original figures of assistance and not on the reduced amounts. The Madras Government has, therefore, rightly appealed to the Third Finance Commission to obtain a reasonably accurate estimate of Central assistance in respect of States' plan schemes, so that each one of them can calculate more realistically the net gap in its resources. The Madras Government makes a good point, when it asks for the abolition of the present scheme of matching grants in favour of lumpsum grants. The existing system of grants, it is said, is defective as it does not take into account the actual plan performance of the States. This criticism implies that a scheme of grants variable with plan performance will act as an incentive to their States to fulfil the plan targets within the period scheduled for their completion, provided the performance is measured in physical terms. The proposition sounds attractive on paper, but its implementation in actual practice will be extremely difficult and politically inconvenient.

WORLD BANK LOAN FOR INDIAN RAILWAYS

On Friday, the 13th inst., the World Bank gave a loan equivalent to $50 million to India to finance the development programme of its railways. Inclusive of this loan, the total quantum of aid received from that institution by Indian railways amounts to $379 million, easily the largest amount lent by the Bank to a single enterprise. The new loan will enable the railways to meet about one-eighth of the total foreign exchange expenditure during the current Plan.

The loan is for a term of 20 years and bears interest at 5¾ per cent per annum inclusive of the one per cent commission which is allocated to the Bank's special reserve. Five U.S. commercial banks, namely, the Bank of America, the First National City Bank of New York, Manufacturers Hanover Trust Company, the Fidelity Philadelphia Trust Company and the First Pennsylvania Banking and Trust Company, are participating in the loan without the World Bank's guarantee for a total of $1.075 million covering the entire first maturity, due in February 1965, and a part of the second maturity, due in August 1965.

LONDON LETTER

1961 BALANCING ACT

PAYMENTS POSITION STILL UNCOMFORTABLE

From Our Own Correspondent

LONDON, 13*th October*

BY the end of the first half of 1961, the U.K.'s gold and currency reserves had fallen from their level at the beginning of the year by £164 million, in spite of assistance under the Basle arrangements of some £325 million. Since that time, the outflow of gold has been reversed and each succeeding month has shown record figures. All this is the reflection of vast monetary movements and has little to do with the country's true long-term position. It is rather a special aspect of the problem of international liquidity.

This week, we have the official analysis of the country's trade for the first half of this year showing a reasonable, if not very spectacular, improvement over 1960. It is this which dominates the long-term position.

Before the end of 1960, exports had recovered from their mid-year fall and imports had stopped rising. During the first half of this year, imports began to fall, while exports remained at their new higher levels. The final results would have been very encouraging if Government spending had not continued to rise sharply, mainly because of the ending of German support costs for expenditure in Europe. Other invisible earnings showed a slight improvement on balance, but the best that can be said of invisibles overall is that they are no longer dropping off as fast as they were. There is nothing in the figures, however, to make one revise the conclusion of the past couple of years that this country is now back in the position in which it has got to pay for its imports by the export of goods, leaving the payment for services as a self-balancing item.

In the first half of 1960, there was an adverse visible trade deficit of £143 million, offset by an invisible income of £49 million, giving an overall deficit of £94 million. In the first half of this year, the overall deficit was cut to £108 million, but, unhappily, the net invisible income dropped to £25 million, giving an overall deficit of £83 million.

Overseas Investments

In spite of this deficit, the U.K. continued its traditional role of overseas investor and the total for the half-year was some £220 million after allowing for long-term investment by foreigners in this country. If this had been the end of the story, the country would have had a long-term deficit for the half-year of over £300 million. This situation was saved only by the vast repurchase by America of capital invested in the Ford motor industry in the U.K. which yielded £130 million of dollar income. Germany also repaid its debt of £45 million. This reduced the net deficit for the half-year to £129 million.

These figures support the view of the Chancellor of the Exchequer that the stringent measures which he took in July at the time of the run on sterling are unlikely to be seriously relaxed for some time; although the Bank rate has been reduced to 6½ per cent, he has warned that this is not an indication of any general relaxation. "The credit restrictions and the other measures must still continue," he said at the Lord Mayor's Bankers dinner last week. At the same time, he took the opportunity of stressing the Government's conviction of the need to value both to the U.K. and to world stability the parity of maintaining sterling at its present value. He dismissed the idea of a floating exchange rate, which he regarded as little better than devaluation and said that he saw the solution of the British balance of payments problem as "... a matter of restoring a healthy trend of our costs and prices and of keeping the way clear for exports to absorb the proper share of our increasing resources." He regarded the Government's part in all this as keeping the economy in balance and holding back inflationary tendencies. He repeated this theme over again to [illegible] country that, both in its interest [illegible] economy, restraint must still be [illegible] day and the only expansion [illegible] is in the growth of exports.

Reserved.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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INCENTIVES FOR STEPPING UP EXPORTS

THE question of incentives for stepping up exports will doubtless prove a very ticklish issue to the Import and Export Policy Committee, under the chairmanship of Dr. Ramaswami Mudaliar, which visited our city this week for taking oral evidence from trade associations and interested persons. The Committee's task, in this respect, has by no means been rendered easy by the memoranda received from the various commercial associations in the country. Most of them contain only an analysis of some of the aspects of the export incentives that are already being provided by the Government; there are no categorical suggestions in them. They are, however, unanimous on three points: (1) The existing schemes have not been much of a success, in that the results have been below expectations and not commensurate with the increase in exports the country needs; (2) this, however, is no reason for discontinuing them, for the need for special export incentives has become more imperative than before; and (3) the Committee should evolve incentive schemes that will yield better results. The purpose of this article is not to fill the gap in the memoranda mentioned above. It is only to emphasise the limitations to which any scheme of export subsidy is subject. Essentially, export subsidies are only palliatives and not remedies. They may help ease the difficulties in winning exports for a short while and, if the breathing space provided by them is not utilised to rectify the fundamental defects in the national economy, the sacrifice involved will have gone in vain. Perhaps, the failure to realise this point is responsible for the sense of dissatisfaction with the results obtained from the schemes that have been in operation in the last two or three years.

While conclusions have been drawn by the authors of the memoranda, they have not been supported by the necessary factual evidence. The Import and Export Policy Committee will, therefore, have to gather sufficient data to find out the extent to which the prevailing export incentive schemes have been efficacious. It may be that their success has not been impressive, but it is possible that, but for them, things might have been worse. Only, it is necessary to find out whether the cost involved has been worth even this negative gain. Further, some of the schemes are said to contain loopholes, facilitating the abuse of this convenience. The Government has no doubt been modifying the schemes from time to time to prevent abuses. While no scheme can be absolutely foolproof against the attempts of skilled schemers who are out to line their pockets irrespective of national considerations, the Committee will, nevertheless, have to examine these aspects in detail, if it is to suggest better methods of providing export incentives, with minimum scope for leakages.

The necessity for export incentives has arisen because the goods to be exported are not competitive in world markets in terms of either prices or quality or both. In some cases, the exports have to be made more attractive than sales for domestic consumption which are relatively easier in a developing economy, protected by severe import restrictions, heavy tariffs and limited internal competition. Devaluation may appear to be a simpler solution, in the sense it can be administered easily. But it will raise more problems than it can solve. Surely, India cannot afford to make its imports costlier than they are now, as that will add to the cost of capital goods, technical services and know-how for which it is still dependent upon foreign countries to a considerable extent. Further, devaluation will aggravate the inflationary pressures already prevalent in the country and will only tend to perpetuate some of the dubious economic policies that are being pursued in the name of decentralisation of economic power and equitable distribution of employment opportunities among all the member-States of the Indian Union. This is not to suggest that export subsidies are not free from these defects. They do give rise to some of the evils of devaluation. Thus, to the extent that the cost of subsidies, whatever form they may take—currency retention, special import entitlements, cheap export credits, freight concessions, fiscal reliefs, State directly sharing a part of the loss on exports —is borne by the domestic consumers and taxpayers, they have an inflationary impact. They are also unlikely to compel a *wholesale* change in the attitude of policy-makers and administrators. But the degree of these evils will be milder than in the case of devaluation. It will be true to say that export incentives constitute a lesser evil. Their impact will be selective. And they will, to some extent, bring home to the authorities the need for realism in adopting some of their socialist policies, because, when circumstances force them to yield fiscal concessions at the expense of the Exchequer, they are bound to realise the urgency for giving up at least some of their economic follies. The quantum and variety of export subsidies can surely be minimised, if the Government encourages large-scale manufacture of products, permits introduction of up-to-date production devices that will keep the unit cost low, follows a labour policy that relates the worker's income to productivity, allows import of plant and machinery of high efficiency by industrial units that are willing to develop export markets, makes a determined attempt to bring down the prices of raw materials and food through higher productivity in agriculture, stops meddling with efficient commercial plantations in order to satisfy ideological whims and fancies and, above all, bears in mind the following quotation from a recent speech of Mr. Selwyn Lloyd, the British Chancellor of the Exchequer:

> "The most valuable contribution the Government can make (to export promotion) is to keep the economy in balance and hold back inflationary tendencies."

It is to be hoped that, while recommending export subsidies for specific goods, the Ex-Imp Policy Committee will examine the factors that have made such assistance necessary and suggest appropriate remedies for withdrawing this prop as early as possible. It is needless to add that, if a devaluation of the rupee is to be avoided, it is absolutely essential that the circumstances which have necessitated export subsidies should be ended at an early date. It is also necessary to bear in mind that the rest of the world is becoming more and more efficient as compared with this country. The Committee has also to examine and prescribe the types of export subsidy and the conditions under which they should be made available, for there is no one variety which can satisfy the requirements of exportable goods, nor do all the goods that are exported need subsidy. Broadly speaking, however, direct cash subsidy will have to be limited only to those that are absolutely in need of them, for the question of finding resources will be difficult. As between such export incentives as special entitlement to imports of scarce commodities and relief in direct taxation on export performance, the latter is preferable to the former, as it is less inflationary in its impact. It would, therefore, be desirable to restrict the use of the former incentive (that is, import entitlement) only to those cases where the balance of advantage is distinctly favourable.

AMERICAN DELEGATION

FIFTY American business men, good and true, have been in New Delhi this week, seeking answers to their many doubts about the prevailing climate for foreign investment in India. That this should happen after many years of publicity and public relations about India's interest in attracting foreign private capital can hardly reflect credit on the work that has so far been done. Mr. Morarji Desai, for example, has been claiming, after each visit to Washington, that misgivings there about India's economic policies have been removed and better understanding promoted; once again, he has had to repeat at Delhi his explanations regarding the Indian Government's attitudes to foreign capital and the Indian private sector. Journalists in the Union capital have been told that the visitors are now reassured. Only events in the coming months will show to what extent this assessment is correct.

There, however, seems to be more in all this than has been publicly acknowledged. In view of the increased interest shown by U.S. business men in India, one of them was apparently commissioned earlier to investigate and make a report which, it is reported, was not quite favourable to this country. The continuing tussle with the oil companies here was probably responsible for giving the impression that India may go back on assurances; actually, a question to the effect whether India always kept its contracts with foreign capital was put by one of the business men when the group met the Minister for Steel, Mines and Fuel and was answered by an emphatic affirmation. It would surely be optimistic to think that such affirmation has cleared up the misunderstanding, the nature of which was clearly revealed by the questioner. Indian Government officials in the U.S., be it said to their credit, have been alert in this matter and been anxious that the true picture should be presented to a cross-section of U.S. business men. The first-hand impressions now gained by a large and mixed group may avoid the personal prejudices of indtviduals, for some of whom even the word "socialism" is an anathema and the public sector in industry an antithesis of free enterprise. There are others who already have some connection with India; they do not regret it and would like to explore the scope for further ventures. But both sets of business men are in earnest about finding out the truth. The answers of officials and Ministers may be accepted with mental reservations; but the group is also scheduled to meet Indian business men from whom they may hear a language

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which they understand better. Their real difficulty may be in finding unbiased and fairly objective views on the future role of foreign capital in the Indian economy.

Among the questions which these business men have asked is whether the public sector can guarantee supply of power to industries to be started by foreign enterprise and whether Government would permit them to have their own generating capacity. There can be no clear-cut answers to questions like this, when power shortages are acute and chronic in the Delhi and Calcutta regions and seasonal in the South. The third Plan itself makes clear that, in spite of the target of 12.69 million kw. for commercial operation (requiring an outlay of Rs. 1,039 crores) shortages will persist. It is improbable that experienced *entrepreneurs* are not aware of the stresses and strains of a developing economy and the difficulties in providing the economic overheads which are usually taken for granted in the advanced countries. The Government can only say that every effort will be made to supply power where available; it can go a little further and say that industries will be freely allowed to generate their own power, though here again the problem of transport of coal for thermal stations will have to be considered. It is estimated that investment in self-generating industrial establishments has increased from about Rs. 40 crores in 1960 to Rs. 78 crores at the end of the second Plan, with a corresponding doubling of capacity and power generation in these units. This shows that there are no objections in principle.

Similar considerations apply to transport also. The controversy between the Railway Ministry and the Ministry of Steel, Mines and Fuel may not be a good advertisement for the public sector's capacity for co-ordination, but foreign *entrepreneurs* who must be sufficiently aware of the problems of development, may tolerate such imperfections, so long as they can see concrete evidence of the desire to remedy them. Their visit should serve to remind the authorities that, while such conditions as freedom to repatriate capital and profits, fair compensation in the event of nationalisation and avoidance of double taxation are all essential for attracting foreign capital, they are not quite enough. Foreign investors are still somewhat sceptical about the Government's licensing policies and formalities about capital issues and import controls. Obviously, these cannot be removed to accommodate them, but they may be simplified further. The establishment of the Indian Investment Centre is an alternative method by which the Government has tried to reduce the inconvenience caused by dilatory methods of its Departments to persons unused to such detailed regulation in their own countries. One must hope that the Investment Centre itself will not lapse into governmental ways and lose sight of its primary objective.

On the whole, the U.S. business men appear to have been impressed by the nature of the problems tackled here and the visit has done much good for both. It was nice of them to have travelled all the way from their country to see things for themselves. They have been agreeably surprised by the well developed credit and stock market mechanisms at work; confrontation with officials seems to have convinced them that the officials were generally well-informed and knew what they were doing. Recent changes in company taxation, concessions to foreign technicians and in royalty taxes have served as proof of the Government's constant desire to woo the foreign investor. And, if Press reports do not exaggerate, the brief encounter with the Minister for Oil, Mr. K. D. Malaviya, has even illuminated some aspects of the controversial oil policy which will not normally be appreciated by American business men. The latest partnership with a British oil company on a 50-50 basis has apparently helped to prove the workability of such arrangements on what has been described as a "co-operative" basis. These are positive gains.

TOWN PLANNING

TOWN planning, which has the twin objective of controlling land use and securing the orderly development of towns and cities in the interest of social stability and general welfare, has gained a good deal of urgency in the wake of further industrialisation and consequent urbanisation during the last decade. The number of cities with a population of 100,000 or more has increased from 75 in 1951 to 115 in 1961 and their population forms about 43 per cent of India's total urban population. With this increased urbanisation, the problems relating to housing, water-supply, sanitation, transport and power, location of industries, civic administration and, above all, land use have increased in number and intensity alike. Many of the larger cities like Calcutta, Bombay, Delhi, Kanpur, Ahmedabad and Madras are already heavily congested, and the industries established so far are also accentuating their civic problems. Three remedial measures are, therefore, being encouraged now—one emphasising the establishment of new industries, as far as possible, away from such congested cities, the second emphasising the creation of 'ring' towns (such as those envisaged in the Master Plan that has been evolved for Delhi) or of 'satellite' towns (such as the one discussed for inclusion in the Master Plan that is to be drawn up for Calcutta), and the third pertaining to the preparation of master plans for all metropolitan cities, State capitals, port towns, new industrial centres and other large and growing cities. It redounds to the credit of India's planners that they have come to grips with the problem of town planning in their final report on the third Plan.

This report describes "town planning" as something indispensable for the development of towns and cities on sound lines. The first step in this process of town planning will be the preparation of interim general plans, establishing the broad pattern of land use to which developments should conform; in the second stage are to be prepared detailed master plans. The report has also provided a tentative list of towns and cities for which master plans are to be drawn up in the third Plan period. In the part pertaining to metropolitan cities, State capitals and port towns are to be found Ahmedabad, Bangalore, Bhopal, Cochin, Delhi, Greater Bombay, Greater Calcutta, Hyderabad-Secunderabad, Jaipur, Kandla, Kanpur, Lucknow, Madras, Patna, Poona, Shillong, Srinagar, Varanasi, Visakhapatnam and Trivandrum. In the other part relating to industrial centres are included Allahabad, Asansol, Barauni, Bhadravati, Bhilai, Bokaro, Chittaranjan, Coimbatore, Dehri-on-Sone, Dhanbad, Digboi, Durgapur, Gauhati, Gorakhpur, Deoria, Guntur, Jamshedpur, Kothagudam, Mirzapur, Moghulserai, Nangal, Panvel, Ranchi, Rishikesh-Hardwar, Rourkela, Sindri, Tinsukhia, Vijayawada and Warangal. The State Governments and the local administrations concerned will have the primary responsibility for the preparation of master plans for these towns and industrial centres. Under the third Plan, they will have Central assistance to the tune of Rs. 10 crores for the preparation of master plans and related urban development measures. West Bengal has separately provided Rs. 10 crores in its plan for meeting some of the urgent civic needs of Calcutta which poses a special problem for the eastern region of the country. The Central Regional and Town Planning Organisation will be in a position to assist the State Governments in the preparation of master plans; the State Governments, in their turn, are expected to establish Town Planning Organisations, with adequate trained personnel. But the work of town planning as such can get started only when suitable legislation on town and country planning is enacted in the States. Such legislation will be absolutely necessary for control of urban land values through public acquisition of land and appropriate fiscal policies, physical planning of the use of land and the preparation of master plans, defining minimum and maximum standards for housing and other services to be provided for towns according to their requirements, and strengthening of municipal administrations for undertaking new development responsibilities.

There is, thus, much work to be done in the next few years in the sphere of town planning. If this work is to be expedited, the recommendations of the tenth annual Town and Country Planning Seminar, which has just concluded its discussions at Madras, would need to be given prompt consideration. As the Seminar was attended by as many as 225 delegates, representing the Central Government, State Governments, municipal corporations, city improvement trusts and housing boards, its conclusions seem to be invested with some authority. These, in summary form, are:

Master plans should be drawn up for all big towns and cities. Pending the finalisation of such master plans, the State Governments should control physical development, according to an interim, or outline of, development plan. Central and State Governments should provide grants and loans to local authorities to enable them to undertake implementation of the master plans.

The planning of public utilities, like water-supply and drainage, and services, like electricity and gas, should form an integral part of the master plan proposals for a town. These services should be laid in accordance with the ultimate sections of roads as contemplated in the master plan proposals. Plans for them should be drawn up on a long-term basis, keeping in view the future requirements. And the planning of sewerage system should invariably include proposals for proper treatment of effluent before the same is let out, so that sources of water-supply, surface or underground, may not get polluted.

In order to acquire, at a reasonable cost, the land required for various public utilities and services under the master plans, it would be necessary to peg down the soaring land prices to the level prevailing at a suitable past date. For this purpose, all the States should enact legislation immediately; the recent legislative enactments in Madras, Bihar and Madhya Pradesh could serve as models in this connection.

There is an immediate necessity to make a correct assessment of the needs of the people in regard to their water requirements, taking note of future expansion.

In order to relieve traffic congestion in big cities, the undermentioned steps would be necessary: staggering of office hours in industries, commercial establishments and Government departments; staggering of timings of educational institutions, giving due consideration to the age group of pupils; functional classification of roads, based on land use and traffic surveys; apportioning of roads to accommodate peak hour traffic; prohibition of encroachments on the road margins and pedestrian paths; provision of subways or overbridges in streets with a large volume of traffic and at railway level-crossings.

The State Governments and the local authorities should conserve the existing open spaces and maintain them in an æsthetic manner and adopt statutory measures for the purpose on the model of the proposed Parks and Open Spaces Bill of Madras. Water-fronts, if any, in urban areas should be developed for non-commercial use, that is, for rest and recreation purposes.

All the above conclusions and recommendations, one would readily concede, bear the stamp of detailed study and careful thinking. They are also sensible and practicable. Only, they must be implemented energetically. The Central and State Governments have to assist the local authorities with leadership, besides grants and loans. The local authorities themselves must raise additional resources from tax and non-tax sources. There can at least be three new major sources of revenue to them, if the relevant recommendations in the final report of the third Plan are given effect to. One of these is allotment of lands, acquired by public authorities, only on a leasehold basis; this will bring in a recurring income by way of ground rent. The second source is represented by betterment levies and taxation of agricultural lands put to non-agricultural uses, for which the existing provisions in several States are inadequate; this is stated to be a growing source of revenue. And a possible capital tax on transfer of free-hold lands is the third source. But one qualification regarding betterment levies (that is, charges payable by those whose property has been enhanced in value by development) may have to be kept in mind; this is the extreme difficulty involved in determining or collecting them, as evidenced by British experience in this respect in the 'thirties.

Town planning in India may also have some useful lessons to draw from the working of the Town and Country Planning Act, 1947, and the New Towns Act, 1946, in Great Britain. Under the first Act, the British Government has been providing liberal grants from public funds towards the cost of schemes of major redevelopment. Under the second Act, the capital cost of developing 15 new towns (designed for an ultimate total population of about 700,000 in 100,000 houses) has been advanced to the development corporations concerned from public funds. The new towns in Britain are thus a wholly State investment. They have involved an outlay of about £300 million (Rs. 400 crores) in the course of 12 years. An outlay of this magnitude by the Central and State Governments on new industrial towns and State capitals that have been under construction or are under contemplation in India cannot, however, be expected for obvious reasons. Private investment will have to play a large role in India's new towns, and Chandigarh has already shown the way.

MARKET GOSSIP

Nip It In The Bud

THERE is a new deplorable tendency among companies wanting to raise additional capital through the issue of ordinary shares. Under the Company Law, the existing shareholders have a prior right to all these shares and, in regard to rights not taken up by any of them, a convention has come to prevail under which the existing shareholders who wish to have additional shares and who have applied for them along with their application for the rights are allowed to have their extra requirements. The right under law was first watered down, in order to allow expansion and/or diversification of activities with the assistance of foreign capital. The foreign collaborator was permitted to acquire shares at par of even well-established companies. This was understandable and the existing shareholders generally agreed to the arrangement gladly as it provided an opportunity for their own holdings to appreciate in market value in course of time. But now this right is sought to be whittled down further in the name of socialism. The existing shareholders are told by their directors that, of the balance of new capital to be raised after the share of foreign collaborators, they will be offered only a part, as it is proposed to distribute the other part to new investors in consonance with the Government's policy of spreading ownership of companies over as large a number of investors as possible and preventing concentration of economic power in a few hands.

In the past fortnight, two instances of this nature have come to our notice and many more may be in the offing. One is the Hindustan Electric and the other Asian Cables Corporation. In both the cases, the market value of their shares went up when news of right shares first reached the market, but, later, a substantial part of the gain was wiped out when it was known that only partial right would be given to existing shareholders. The shares of Asian Cables, for instance, first looked up from Rs. 122.50 to Rs. 144 and then lost Rs. 40 from the highest point, following the Directors' announcement that the rights will be only at the rate of one for one, instead of at two for one to which they are entitled under the Company Law. The shareholders of the Hindustan Electric, a large number of them at any rate, have refused to oblige their directors. It remains to be seen whether the shareholders of Asian Cables, too, will follow suit.

Before proceeding further, it is better to mention the facts of Asian Cables' proposed capital increase. These can be had from the following extract of the explanatory statement to the shareholders:

"At the first annual general meeting of the Company held on 10th March 1961, a series of resolutions were adopted by the shareholders for the purpose of issuing fresh equity capital to the extent of Rs. 1,55,00,000, consisting of 1,55,000 new equity shares. Out of the said shares, 55,000 shares were decided to be offered to Phelps Dodge Enfield International Corporation, a combine of Phelps Dodge Copper Products International Corporation of New York and Enfield Cables Limited of U.K., who have agreed to collaborate with the company in the erection and working of its Project II for manufacturing high tension power cables and magnet wires.

"The remaining 1,00,000 new equity shares were decided to be offered to the shareholders in the proportion of two shares for every one share held by them. The Board of Directors, however, feel that it would be in keeping with the trend of the times and the Government's policy and also in the best interests of the Company itself, to make the holding of the share capital as broad based as possible so as to enable as many people to subscribe to the share capital of the Company, thereby discouraging concentration of shareholding in a few hands.

"However, it is also felt that the existing shareholders should not be denied their right to have new equity (ordinary) shares and, therefore, striking a golden mean, the Directors have come to the decision to recommend the special resolution for the acceptance of the members. It is proposed to offer 50,000 shares to the shareholders as right shares (that is, at the rate of one new share for every existing share) and the balance of 50,000 shares for public subscription on such terms for payment as may be decided hereafter by the Directors."

It is all very well to talk about the need for discouraging concentration of shareholding in a few hands, but is it right to seek the achievement of this laudable objective by robbing Peter? Is it not a fact that the management of the Company, which is surely in a few hands, holds the controlling interest? If so, why not give up that concentration in favour of wider shareholding? It will be noted that those who have the controlling interest of the Company do not say that they are giving up their entire rights to the new issue, as was done by the Directors of the Hindustan Electric.

The most important point here is that there must be quite a sizable number of small shareholders in Asian Cables, having five, ten, fifteen or 20 shares of Rs. 100 each. We would say that even a person who holds 100 shares is an investor of moderate means. Must these small investors be made to forgo their rights, so that the management could identify itself with the policies and principles of the powers-that-be? If a shareholder having ten or fifteen shares is allowed to possess 20 or 30 shares more, will it lead to concentration of economic power in a few hands? It would be understandable if the really big shareholders were persuaded to give up all their rights in favour of the smaller fry. It would be commendable if a part of the new shares were reserved for being offered to the workers of the Company on quite favourable terms. But that is not what the management proposes to do. It is most unfair to bracket the small shareholder with the big shareholders in such matters. Will the authorities of the Bombay Stock Exchange and the Controller of Stock Exchanges look into this problem and take appropriate steps to safeguard the interests of small investors?

As we go to press comes the report that the Seshasayee Industries Ltd., Madras, also proposes to offer only a part of its new issue to the existing shareholders. It is said that, of the 400,000 new shares of Rs. 10 each, the existing shareholders (there are at present 316,000 ordinary shares and 84,000 preference shares, both of Rs. 10 each) are to be given only 100,000 shares or so. Full details are not available at the time of writing, but it is to be hoped that the Directors of the Company will first satisfy the full requirements of all existing shareholders and offer to the public only that portion which is not taken up by them.

Airlines' Dilemma

The disturbing revelations made by Sir William Hildred, Director-General of the International Air Transport Association, in his report to this year's meeting of the I.A.T.A., held at Sydney this week, should induce fresh thinking on the problems that threaten to cripple the industry. Gross operating profit-margin of the industry (that is, before taxes and interest) was, Sir William pointed out, ridiculously low—£20 million or only one per cent of the gross revenue of £2,000 million and utterly insufficient to meet the demands of growth or the pressure of rising costs. Financially, the situation in the industry, according to the Director-General, was precarious and an affront to commonsense.

What is the solution? Sir William had no doubt that reducing fares to a low enough level to multiply the demand that will fill the yawning seats and yield a decent profit, was the only way of making air transport pay. But reduction in fares was not easy to achieve. Lower fares should spring from a reduction in costs for which airlines alone did not hold the key. There were, ironically, many areas of costs which were quite outside the control of airline managements. For instance, the price of aircraft was dictated by manufacturers' imperatives and not those of the airlines and the price of fuel was based on conditions other than those of the operator and affected by taxes of an infinite variety and sometimes of appalling magnitude. Further, the cost of both air and ground operations was strongly influenced by the actions of powerful trade unions. In fact, for all airlines, there were segments of costs determined by the policies, and sometimes the whims, of Governments. Two items of expenses, which, according to Sir William, were of grave concern, because they were growing faster than any other, were landing fees and associated charges arising from the use of airports and charges and costs of air navigation and other *en route* facilities.

In three years, Sir William pointed out, landing charges had risen by half as compared with a rise of only one-third in total operating costs. In 1959, the industry paid $122 million in landing fees alone, while air navigation facilities cost another $20 million. The amounts paid to Government and airport authorities were at present three times the airlines' gross profit margin.

Protests against this "mounting and capricious" burden of landing fees and charges for navigation facilities proved to be of no avail, averred Sir William. It was "discouragingly apparent," he pointed out, that Government administrators made up their minds before advising airlines and had little intention of changing them. Airlines, the Director-General argued, were not averse to paying higher landing charges, but it was unfair, he maintained, to hold them solely responsible for them as some Governments did. The airlines also did not object to paying a fair share of the cost of navigation facilities, but there was little standardisation and less logic in the way they were charged. The Director-General disclosed that, in view of this situation, the world air transport industry planned to start a campaign against Governments aimed at securing a reduction in the mounting burden of landing fees and navigation charges. The airlines were also establishing an intelligence network to ensure that they became aware sooner of the various Government's intentions. The most important assignment of this network, according to Sir William, would be to establish relations with Government agencies, so that they be kept posted of the facts as the airlines see them, so that they could count on consultation before Governments' minds were completely crystallised.

The economics of air transport is such that a reduction in cost, even if it were possible to achieve it, can only be a partial solution to the financial difficulties of airlines. As it is, the scope for any substantial cut in operational costs is limited. A considerable expansion in traffic alone can make a substantial addition to the revenue. Such expansion will, however, be possible only if fares are reduced. Even in the affluent countries of the West, the proportion of people who travel by air is a small percentage of the travelling public. A reduction in fares cou'd, therefore, make a more than proportionate impact on turnover.

The large spare capacity available today on most of the world's air routes affords an excellent opportunity for enlarging the traffic by a cut in fares. Unfortunately, international air fares, fixed as they are by agreement between the airline companies, cannot be easily changed. For a host of issues, other than strictly commercial, are brought to bear on the question of fare revision, with the result that stagnant traffic and dwindling profits have rendered air transport uneconomic.

While world airlines are thus financially crippled, yet another threat to the industry's solvency looms on the horizon. This is the possibility of the advent of the supersonic age in international air transport. Although this is still a distant prospect, thanks to the fact that at present it is beyond the capacity of airlines or aircraft manufacturers to finance the manufacture of supersonic aircraft, the possibility of Governments introducing supersonic aircraft in commercial transport, for prestige or other reasons, cannot be entirely ruled out. The implication of this can be understood only if it is remembered that, according to experts on commercial air transport, even the jet age has come too soon and too massively. Consequently, almost all air transport companies had to rush to "go jet", lest they should be driven out of business by their competitors. As a result, a whole generation of piston-engined aircraft had to be prematurely put out of service. This has resulted in a heavy strain on the finances of airlines. Even before the switch-over to jet aircraft is complete, the latter have to face the danger of being rendered obsolete. International airlines have thus become the victims of wild competition and swift scientific progress in aircraft industry.

Is It Worth Spending?

In spite of all the fanfare of publicity by the *Khadi* and Village Industries Commission, there is a common complaint that either the amount spent on the development of these industries is unduly heavy or a large part of it is not being utilised properly. Some even ask: Is it worth spending crores of rupees year after year on projects many of which are not economically sound? That the criticisms levelled against the implementation of the *khadi* and village industries schemes are not uncharitable will be evident from the statistical data furnished by the Commission itself. As against the aggregate disbursements amounting to nearly Rs. 85 crores during the second Plan period, the actual value of output was no more than Rs. 157 crores. In other words, for every rupee worth of goods produced, the development outlay worked out to as much as 54 nP!

Out of the Rs. 85 crores disbursed by way of loans and grants, the share of traditional *khadi* alone was of the order of Rs. 45 crores and that of ambar *khadi* Rs. 20 crores. The village industries together accounted for Rs. 18 crores. The balance of about Rs. 2 crores represented the expenditure on intensive area scheme. The major portion of the amount disbursed—Rs. 51 crores, to be precise—was in the nature of loans, while grants aggregated Rs. 34 crores. Almost Rs. 39 crores were disbursed as loans for working capital and purchase of equipment for *khadi*. It is, indeed, gratifying to learn that over Rs. 29 crores were repaid during the second Plan period.

Judged by the size of the development outlay, the production performance of the different industries assisted by the Commission has not been as encouraging as one would have wished. Take, for instance, traditional *khadi*. The actual output has not only not registered any increase but has in fact suffered a distinct setback. After rising from 42 million square yards in 1956-57 to 50 million square yards in 1957-58, it fell to less than 40 million square yards in 1960-61, a year of considerable scarcity of mill-made cloth which forced the Government to intervene and compel the millowners to reduce prices. While the trend of production has thus been downward, the value of output has gone up from Rs. 7.90 crores in 1955-56 to Rs. 9.56 crores in 1960-61. The production of ambar *khadi* in 1960-61 was as low as 23 million square yards, which, though it was higher than the figure of just two million square yards for 1956-57, was well below the quantity produced in 1959-60, namely, 26 million yards. The average value per square yard produced in 1960-61 was Rs. 2.40 in the case of traditional *khadi* and almost Rs. 2 in respect of ambar *khadi*. Surely, one wonders whether it is worth while to spend enormous sums of money to produce negligible quantities of such high-cost cloth. This aspect has to be specially stressed in the context of the continuously rising domestic requirements of cloth, not to speak of the need for exports and scarcity of financial resources. Quite a large part of the amount that is now being spent on *khadi* development could be saved, if only the powers-that-be were to concede the just demand for allowing the more efficient mill sector to expand its capacity and improve its plant and machinery.

The production under different village industries showed a steady increase during the second Plan period. The total production in 1960-61 was valued at Rs. 23.54 crores, representing a rise of 162 per cent as compared with 1956-57 when the value of output was Rs. 8.97 crores. But the extent of the improvement was not even. Thus, the production of oil, leather, *gur*, *khandsari* and pottery recorded a significant increase (ranging between two and four times), whereas the rise in other industries was not so significant.

The foregoing review tells us that the pace of progress in *khadi* and village industries has not

been commensurate with the huge expenditure actually incurred on their development. The planners themselves seem to have recognised this point. How else, then, is one to explain the niggardly increase in the outlay provided for in the third Plan? As against the disbursements of Rs. 85 crores in the second Plan, the provision made in the third Plan is just Rs. 92.4 crores (Rs. 37.0 crores for traditional *khadi*, Rs. 35.4 crores for ambar *khadi* and Rs. 20.0 crores for village industries). If even this amount and the human and material resources are to be utilised well, three things are necessary. First, the activities of the various agencies undertaking rural development should be co-ordinated at appropriate levels. Second, steps must be taken to ensure the development of local leadership and initiative for preparation and execution of the programmes. And, finally, efforts must be made to improve the productivity of rural industries by supplying modern tools.

Special Margins On Mustard

Vegetable oilseeds and oils, which had ruled easy for some time past, staged a smart recovery during the past few days. The initial momentum was given by rumours spread by certain interested parties that the Government of India would announce an incentive scheme for the export of groundnut oil. But this rumour proved absolutely baseless. For Mr. D. S. Joshi, I.C.S., Additional Secretary in the Union Ministry of Commerce, made it clear at a meeting with the representatives of the Indian Oilseeds Committee at New Delhi recently that the Government had no intention to permit export of groundnut oil for the present. Besides, Mr. Joshi, it is learned, did not hesitate to condemn those operators who played up, through a section of the Press, a periodical meeting of this sort to serve their self-interest. Despite this setback, oilseeds prices showed no signs of abatement. In fact, they moved up still further. Groundnut January 1962 contract, for instance, which had fallen from Rs. 223 (per 250 kgs.) in the beginning of July to Rs. 196 by mid-October, rallied to Rs. 203.75 by Wednesday this week. Rumours of lower yield from the standing crop at Saurashtra and other parts of Gujarat and pre-*Diwali* demand account only partly for this renewed strength. The major contributory factor was the heavy short covering by speculators, on account of the pronounced firmness in rapeseed and mustardseed in Delhi and other North Indian markets.

Considering the adverse effects of speculation in mustard on outside markets, the Forward Markets Commission hastened to enhance the special margin on November 1961 settlement in mustard futures contracts in Delhi, Agra, Kanpur and Bhatinda. The details of the new margin system are: (1) A special margin deposit of Rs. 2,500 per unit of 4,000 kgs. will be levied on members holding long open position up to 100 units when the price of the November 1961 mustard futures in Delhi is above Rs. 33 per 40 kgs. In respect of members holding open position above 100 units, the rate of special margin will be Rs. 3,300 when the price is above Rs. 33 per 40 kgs. In other words, the special margin will be 100 per cent of the value. A 100 per cent special margin will be applicable to all 'longs' during the delivery period, irrespective of the position held. (2) The concession regarding free-limit will be abolished forthwith in respect of the November 1961 delivery.

The Commission's move is welcome; since it is clear that, it is not any basic imbalance in the demand-supply position but unhealthy speculation that led to the rigging up of mustard prices. It is, of course, too early to assess the position of this crop in the 1961-62 season, since the sowing has just begun in most of the areas. But the 1960-61 crop was the largest ever, being 1.38 million tons (final official estimates), as against 1.05 million tons in 1959-60. Despite the comfortable supply position, November 1961 delivery spurted from Rs. 32 (per 40 kgs.) in the beginning of this month to Rs. 35 by Wednesday this week in the Delhi market. The F.M.C.'s move is a timely warning to speculators that it will not hesitate to resort once again to special margins—which it has removed from 1961-62 crop deliveries—not only in mustard but in other seeds as well.

Advisory Council To Meet

The Central Advisory Council of Industries, due to meet in New Delhi this week-end, will not have any new problem on its agenda. Import cuts and transport difficulties which hamper industrial production are bound to figure prominently in the discussion: however, the index of industrial production for the first five months of the year (184.1) has shown a rise of about 9 per cent over the corresponding period last year, in spite of import restrictions necessitated by the fall in the sterling reserves.

Fresh insistence on expanding maintenance imports is only to be expected. Further examination of the scheme of compulsory exports from this larger body (which is also representative of labour) may usefully supplement the discussions in the last meeting of the Export Advisory Council. An important point that has recently emerged is the impracticability of setting targets for an industry as a whole when it consists of many weak units operating on a small scale whose quality and after-sales service are not such as to help exports. This objection is valid in respect of many new industries, especially in the field of engineering. The reports of the Development Councils to be placed before the Central Advisory Council contain many examples of low quality and workmanship; even so, they command high local prices, because of keen demand and the pull of the internal market has to be countered without affecting the producer or export. The Government's ideas on export promotion measures to the extent they have crystallised so far, may be forthcoming at this meeting.

EQUITIES STEADY TO FIRM

(From Our Own Correspondents)

BOMBAY, 26*th October*

BARRING a minor setback on Monday the 23rd inst. on account of technical correction, the share market displayed a firm trend during the week under review. A number of pivotal counters, both in the cash and forward sections, recorded handsome gains. The revival of bull support was partly induced by the decision of the Reserve Bank of India to revoke the curb on clean advances. This development gave rise to hopes that the restriction on bank advances against shares might also be removed sooner or later. Textile shares were well favoured, thanks to the general feeling in market circles that the working results of most of the leading textile mills in the current year might be exceedingly good. Cement shares also received a fair amount of support, following reports that the Government has at last decided to raise the ex-factory price of cement though not to the extent recommended by the Tariff Commission. Unconfirmed rumours about expansion plans of T.E.L.Co. and Voltas imparted considerable strength to these scrips.

Although the general trend was steady to firm, the turnover was not large; nor were the gains widespread. Some of the first class investment scrips such as G.K.W., Indian Oxygen, Larsen and Toubro, Gwalior Rayon, and bank scrips were rather quiet on stray liquidation. It is reported that a large block of G.K.Ws. have changed hands in private deals and more such transfers are quite on the cards.

In the steel section, Tata Steels opened higher at Rs. 145.25 as against the closing rate of Rs. 145 last week and eased in the subsequent sessions following stray liquidation by bulls to Rs. 143.25. Lower levels attracted support and the share wound up the week at Rs. 145.25 today, showing a gain of 25 nP over the week. Indian Irons began the week at Rs. 24.44, but softened in subsequent sessions due to lack of support. The closing rate today was Rs. 24.28. Mukand Irons advanced from Rs. 27.25 to Rs. 28.35.

In the textile section, Centurys began the week at Rs. 591, as against the previous close of Rs. 590. On Monday, the closing quotation was Rs. 584*xd*. In the last three sessions, the scrip fluctuated both ways within a narrow range before finishing at Rs. 588.50 today. The net gain over the week was Rs. 6.90. Standards were the outstanding feature of this section, in that they shot up by Rs. 72 to Rs. 1,409 for no ostensible reason. Another feature of this section was that some back-benchers, too, registered substantial gains. Thus, Edward Textiles jumped up by Rs. 25 to Rs. 330. Swans rose by Rs. 20 to Rs. 645. Elphinstones gathered Rs. 16.25 to Rs. 120. New Greats were marked up by Rs. 7.50 to Rs. 252. Azam Jahis hardened by Rs. 5 to Rs. 85. In the cash section, Mafatlals spurted by Rs. 25 to Rs. 955. Indian Manufacturings gained an equal amount to Rs. 3,225. Laxmis put on Rs. 2.50 to Rs. 622.50. But there were some losses, too, in this section. Thus, Svadeshis receded by Rs. 6 to Rs. 270.50. Kohinoors after moving irregularly, lost Rs. 2 to Rs. 311. They opened the week at Rs. 312, as against the previous close of Rs. 313 and advanced to Rs. 318.50 on Monday. Higher levels, however, attracted profit-taking and the share closed lower. Bombay Dyeings opened slightly higher at Rs. 68.80, as against the closing rate of Rs. 68.60 last week and fluctuated narrowly in the subsequent sessions, before finishing at Rs. 68.20 today. Over the week, the scrip suffered a setback of 40 nP.

Cement shares displayed a firm trend. Associated Cements opened the week at Rs. 167.50, as against the closing rate of Rs. 168 and advanced in subsequent sessions as a sequel to investment-*cum*-speculative support to Rs. 171.25 today. At the close, however, they were slightly subdued and finished lower at Rs. 170.25, showing a gain of Rs. 2.25 over the week. Digvijays spurted by Rs. 4 to Rs. 184, and Orissas put on 20 nP to Rs. 14.88.

Electric shares showed a mixed trend. Ahmedabad Electrics put on 80 nP to Rs. 91.80. Tata Powers hardened by Re. 1.25 to Rs. 1,110. But Andhra Powers shed Rs. 5 to Rs. 1,035. Tata Hydros moved down by Rs. 3.50 to Rs. 109.50 and Bombay Suburbans were quiet at Rs. 101.50.

Sugar shares were distinctly quiet. Belapurs began the week at Rs. 274 as against the previous close of Rs. 273 and receded to Rs. 272.50 in initial deals. In subsequent sessions, it fluctuated within a narrow range before finishing at Rs. 272 today. Phaltans declined by Rs. 4 to Rs. 131. Walchandnagars shed a ruppe to Rs. 166. In the cash section, Kesar Sugars were hammered down by Rs. 12.50 to Rs. 242.50. Maharashtras, too, were neglected and eased by Rs. 2 to Rs. 186. Ravalgaons were quiet at Rs. 60.

Shipping shares were easy. Scindias lost 44 nP to Rs. 12.64. Obviously the decision to close down the Konkan line of the Bombay Steam Navigation Company—a fully owned subsidiary of Scindia Steam—which has been incurring heavy losses had no marked effect on the sentiment. Great Easterns eased by 12 nP to Rs. 13.80.

Among automobiles, Hindustan Motors rose by 12 nP to Rs. 19.40 on reports that the lockout would soon be lifted. But Premier Automobiles were friendless, losing a rupee to stand at Rs. 155.75.

Rayon shares commanded good attention. National Rayons opened at Rs. 544.50, as against the previous close of Rs. 544 and fluctuated within a narrow groove. Today they were specially favoured and touched the high of Rs. 551, before they wound up the week at Rs. 548. Baroda Rayons had buyers at Rs. 158.50 as against Rs. 153 previously. South Indian Viscoses advanced by Rs. 3.50 to Rs. 182.50 and Indian Rayons by a rupee to Rs. 73. But Gwalior Rayons were neglected and shed 75 nP to Rs. 48.

The chemical section presented a mixed pattern. Colour-Chems firmed up by Rs. 2.50 to Rs. 375. Ultramarines gained Rs. 2 to Rs. 107. Polychems put on Re. 1.25 to Rs. 196.25 and Adarshs advanced from Rs. 92.50 to Rs. 94. But Amar Dyes slipped down by Rs. 7.50 to Rs. 300. Citrics eased by Rs. 2 to Rs. 71. Dhrangadhras (new) shed a rupee to Rs. 105. Alembics were quiet at Rs. 243.75, while Dharamsis were unchanged at Rs. 200 and so also Universal Dyestuffs at Rs. 53.

T.E.L.Cos. were a bright feature of trading in the engineering section. They opened the week at Rs. 357.50, as against the previous close of Rs. 354.50 and spurted to Rs. 360 in initial deals. At this level profit-taking brought down the value to Rs. 352.75. Later they attracted good support and rose to Rs. 363.50 today before finishing at Rs. 362.50. Alcock Ashdowns gathered Rs. 2.10 to Rs. 327. Cooper Engineerings put on Re. 1.50 to Rs. 189.50. Larsen and Toubros were quiet at Rs. 38.75. In the cash section, Fit Tight advanced by Rs. 14 to Rs. 100. Kirloskar Pneumatics gained Rs. 15 to Rs. 395. Mysore Kirloskars were better at Rs. 123, as against Rs. 116 previously. Brady Engineerings changed hands a rupee higher at Rs. 91. Greaves Cottons, however, were marked down by Rs. 10 to Rs. 179. Asian Cables first went up from Rs. 125 to Rs. 144 and then slumped to Rs. 104, as the terms of the proposed rights issue turned out to be less attractive than expected earlier. The closing was a shade higher at Rs. 109, but, over the week, the loss was Rs. 16.

In the miscellaneous section, Bombay Burmahs fluctuated between Rs. 631 and Rs. 640, to finish the week with a gain of Rs. 5 at Rs. 634.50. Voltas advanced by Rs. 3.50 to Rs. 303.50. Bharat Bijlees (new) made a handsome gain of Rs. 16.75 to Rs. 163. Bajaj Electricals put on Rs. 12 to Rs. 132. Permanent Magnets rose by Rs. 4 to Rs. 92. But Hindustan Levers were neglected at Rs. 52. Escorts were quiet at Rs. 19.48 and Indian Hume Pipes at Rs. 178, despite the Directors' decision to maintain the dividend. W. H. Bradys were steady at Rs. 450, while Killick Industries lost Rs. 4 to close at Rs. 94, following the Company's decision not to pay the usual interim dividend, though this was done in order to conserve the resources for financing the development schemes.

Triveni Engineering Works

The public response to the issue of the Triveni Engineering Works Ltd., due to open for subscription on Monday next, will doubtless be quite encouraging for more than one reason. In the first place, the project is well conceived; it is to manufacture primarily sugar machinery the demand for which is assured, though the factory is being designed for production of general heavy engineering lines, including industrial process turbines for which the Company is the first to be licensed in the private sector. Further, the promoters of the project are the well-known business house of Sawhneys who are among the pioneers in sugar industry in India. What is more, the promoters have secured the financial and technical collaboration of the world-renowned sugar plant manufacturing firm of Britain, Messrs. Booker Brothers McConnell and Co., Ltd.; this firm has subscribed in cash for 50 per cent of the equity and cumulative redeemable preference shares to be issued by the Triveni Engineering Works. The promoters have also secured full and continuing technical collaboration of Messrs. Peter Brotherhood and Co. for industrial process turbines. The factory will be situated at a place (Naini on the outskirts of Allahabad in Uttar Pradesh) which commands facilities of transport, communications, availability of raw materials and power supply. It is said that those who subscribe to the capital of the Company may not have to wait unduly long for the commencement of production, because almost the entire requirement of machinery and equipment have already been ordered—nearly Rs. 25 lakhs worth of imported machinery has actually arrived in India half of which is on site—more than half of indigenous equipment is on site and the delivery of the remainder is expected to be completed soon.

In view of the aforesaid advantages, the Company expects to earn a satisfactory profit. Annual production, on single-shift working, is estimated at Rs. 1 crore which is expected to rise to Rs. 2 to Rs. 2.5 crores on three-shift working in two or three years.

The details of the public issue appear elsewhere (*vide* pages 830-831). It will be seen therefrom that the total amount of the issue is Rs. 30 lakhs, divided into Rs. 8.75 lakhs preference capital (87,500 9.3 per cent shares of Rs. 10 each issued for cash at par) and Rs. 21.25 lakhs equity capital (212,500 shares of Rs. 10 each issued for cash at par). The promoters and the companies under their management have agreed to subscribe Rs. 10.84 lakhs. The balance of Rs. 19.16 lakhs (104,125 equity shares and 87,500 preference shares) is being offered to the public.

NEWS IN BRIEF

TWO new barges, called *Krishna* and *Koyna*, belonging to Gogte Mines, were launched in Bombay on Sunday last.

The Union Labour Ministry has decided to conduct an enquiry into labour-management relations in coal mines in the Bihar and Bengal areas.

The U.S. Technical Co-operation Mission has agreed to undertake the development of Singrauli coalfields in Madhya Pradesh, besides the Ramgarh fields in Bihar.

It is understood that the Devidayal Metal Industries (Private) Ltd. has secured overseas orders for the supply of copper and brass semis, particularly sheets, strips, circles and sheathings.

It has been decided to allow exports of 350,000 tons of bauxite annually in the next two years. Of this quantity, 150,000 tons will be allowed for export from the ports of Saurashtra and 100,000 tons each from Bombay and Calcutta.

The Governments of India and West Germany have reached an agreement, under which Air-India International and the German Lufthansa Airlines will be entitled to operate through W. Germany and India, respectively.

The Government of Gujarat has decided to set up shortly two corporations, one for ensuring supply of raw materials to industries, particularly in the small-scale sector, and the other for the development of industrial estates.

A loan of Rs. 22.22 lakhs has been sanctioned by the Government of India to the Maharashtra State for financing the expenditure on the Koyna hydro-electric project during the second quarter of 1961-62. Including this loan, the total loan sanctioned since 1954-55 comes to Rs. 28.71 crores.

The Oil and Natural Gas Commission has found oil in wells Nos. 37 and 47 in the Ankleshwar area, Gujarat bringing the total number of successful wells to 18 out of the 22 wells drilled so far. Only two wells have turned out to be dry, while testing is going on in the remaining two.

A licence has been issued by the Union Government to a private firm for putting up a factory to manufacture transistor radio sets at Nagpur, in collaboration with a Japanese firm. The first batch of sets, which will be all-wave wireless receivers, with three bands and a magic eye, is expected to be in the market by January next.

The Government of India has approved in principle a proposal to initiate a welfare scheme for workers employed in iron ore mines on the lines of a similar scheme in force in coal mines. The proposal has now been referred to the Union Ministry of Steel, Mines and Fuel for a technical study of its effects on the price structure of steel.

Japan is considering a proposal to construct three model rice farms in India. A Japanese survey team in this connection is expected to arrive at New Delhi next month. Six hectares of land will be taken on lease by a small community of five Japanese agricultural families on each site. These communities will train Indian farmers in Japanese techniques.

The first kerb-side petrol pump in the public sector, installed by the Indian Oil Company at Cochin in Kerala, was inaugurated on Monday the 23rd inst. by Mr. K. A. Damodara Menon, the State's Minister for Industries, Commerce and Publicity. The I.O.C. plans to set up such kerb-side pumps for motors and trucks all over India within the next six months. To begin with, these pumps will sell retail diesel oil imported from Russia, and they will supply petrol also when the first public sector oil refinery goes on stream at Gauhati (Assam) in the beginning of next year.

A scheme for improvement of fruit and vegetable production was approved by the Governing Board of the National Committee of the Freedom-from-Hunger Campaign, which met at New Delhi last week. The scheme envisages the distribution of improved seeds and garden tools to farmers, youth organisations and school students. It is expected to help increase the output of fruits, such as papaya, guava and lime and a number of vegetables. The Board sanctioned a grant of Rs. 24,000 as loan for the setting up of two private factories to manufacture balanced feed for poultry. For two other projects—one for popularising the use of Japanese implements and techniques for rice-growing and the other for setting up model piggery units—the National Committee has requested the F.A.O. to arrange necessary foreign assistance.

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From Abroad

Switzerland has agreed to give Britain a loan of 215 million Swiss francs (about £18 million) at a rate of interest of 3 per cent. The loan is to be repaid before the end of 1964.

A natural gas field, which is expected to yield 100 million cubic feet of gas per day when fully developed, has been discovered in New Zealand at Kapuni in the Taranaki province.

The Government of Iraq has prepared legislation to restrict the operations of the oil companies in the country to oil wells at present in production and to take away the remaining concessionary areas from the companies.

Iraq has formulated a five-year development Plan, which is expected to be commenced before the end of the year. The Plan, which involves a capital outlay of $1,585 million, envisages 248 major projects in the sphere of industry, agriculture and communications.

Iran has decided to restrict imports from Japan to essential items and to put them on a barter basis. The move is said to be a sequel to the failure of Japan to grant a credit of $30 million and purchase Iranian goods worth $12 million, as provided for in the trade agreement signed a year ago.

It is reported that the gold and foreign exchange reserves of West Germany are sufficient to cover imports of slightly more than eight months measured on the basis of the 1960 import requirements. This compares with reserves sufficient for covering imports of 7.5 months in Italy, 5.7 months in Austria, 5.3 months in France, 4.5 months in the Netherlands, 4.3 months in Belgium, 3.9 months in Canada, and 2.6 months in the U.K. Switzerland alone had a higher proportion of reserves than W. Germany, being sufficient to cover imports for 14 months.

A draft international agreement designed to protect cocoa producers and consumers and to stabilise prices, is being considered by a twelve-nation committee at Rome at the initiative of the F.A.O. The draft provides for a scheme of export quota and overall control of production. The aggregate world production of cocoa, according to F.A.O. estimates, will be lower at 1,069,000 metric tons in 1961-62, as against 1,163,000 tons in the previous year. Consumption, however, is expected to go up by 84,000 tons to 1,080,000 tons in 1962, as compared with 1961.

The West German steel industry expects the steady upward movement in its production may come to a temporary standstill this year. Crude steel production in the first three quarters of this year was about 25.70 million tons which was still slightly higher than that in the same period last year (25.68 million tons). However, the September output alone was only 2.62 million tons, the lowest since December 1959. In view of the comparatively small volume of new orders booked with the steelworks in the last few months, it can be assumed that the total 1961 production will be somewhere between 33.50 million and 34.00 million tons this year, as against 34.10 million tons in 1960.

The International Development Association has announced the grant of a credit of $1 million to Pakistan to finance the Dacca-Narayanganj-Demra irrigation project, the first of its kind in East Pakistan. The credit is repayable in foreign exchange over a term of fifty years, free of interest. The I.D.A. funds, along with the rupee funds needed to complete the financing, will be made available to the East Pakistan Water and Power Development Authority, which will execute the project. Repayment of the credit will begin on 1st April 1972, after a ten-year period of grace. Thereafter, one per cent per annum of the principal will be repayable for ten years and 3 per cent will be repayable each year for the final thirty years. A service charge of ¾ per cent per annum on the amounts withdrawn and outstanding will be made to meet the I.D.A's administrative costs.

PERSONAL

DR. S. Rādhakrishnan, Vice-President of India, has returned after a lecture tour of Poland, Hungary, West Germany and the Netherlands.

Mr. Charles H. Atwood and Mr. F. Perry Wilson have been appointed Vice-Presidents of the Union Carbide International Company, U.S.

Mr. J. Knox, Senior Technical Director of Gascoignes, one of Britain's biggest dairy and farm equipment manufacturers, will visit Bombay on 3rd November in the course of a trade promotion tour of Asia and Europe.

Mr. H. C. B. Mynors, Deputy Governor of the Bank of England, arrived at Bombay on Wednesday this week for a short visit, on his way to Karachi where he will attend the inauguration ceremony of the building of the State Bank of Pakistan.

Mr. Eugene R. Black, President of the World Bank, has assumed additional charge as the President of the International Finance Corporation, with effect from the 13th inst., *vice* Mr. Robert L. Garner, who has retired. Mr. Martin M. Rosen, formerly Director of Operations for the Far East of the World Bank, has been appointed the new Executive Vice-President of the I.F.C.

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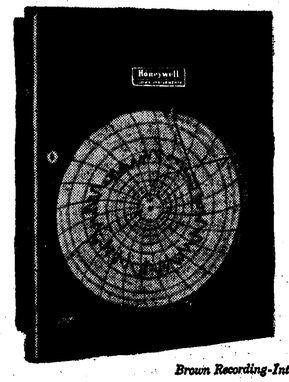

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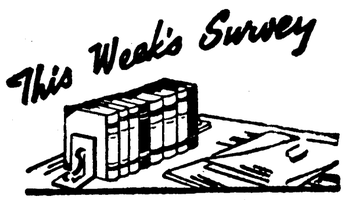

AGRO-ECONOMIC RESEARCH

AGRO-ECONOMIC research has not received in India as much attention as it deserves. Although agriculture is the mainstay of India's economy, contributing as it does about 50 per cent of the total national income, several policy measures in the field of agriculture are based more on guess-work than on any detailed and objectived study of the various aspects of production and distribution. During the pre-independence period, agro-economic research worth the name was confined to a handful of reports, mainly by official commissions, brought out from time to time. Some of them, of course, have become classic reference works on Indian economics, for instance, the reports of the Indian Famine Commissions (1880, 1890 and 1901), of the Irrigation Commission (1901-03) and the Royal Commission on Agriculture, as also Dr. Voelcker's report on the Improvement of Indian Agriculture. As is always the case with the findings of official commissions, these reports generally lacked full academic detachment. The dawn of planning has, however, revived interest in agricultural economic research. Several studies of a micro-economic nature have already been undertaken with the aid of improved methodology. But what Prof. A. W. Ashby observed on the question in 1949 still holds good: "Having regard to (*a*) the area of agricultural land, (*b*) the size of agricultural population and (*c*) the importance of agriculture in the national economy—in actual and potential contribution to national wealth—I am appalled at the small provision made for investigation and research in agricultural economics in India."

It cannot be denied that a good beginning has already been made in the field of agro-economic research, with the encouragement of the Government. In order to promote the cause of agro-economic research, the Union Ministry of Food and Agriculture set up, in 1954, four agro-economic research centres on a regional basis at Delhi, Poona, Madras and Santiniketan to make a continuous study of the changes in rural economy. Subsequently, three more similar research centres were set up at Gwalior, Jorhat and Anand. About 260 villages have been surveyed by these centres. Another significant contribution in this respect is the farm management studies initiated by the Union Ministry of Food and Agriculture. So far, these studies have covered ten agricultural regions and, under the third Plan, it is proposed to extend them to eighteen new regions. The Indian Council of Agricultural Research, which has been devoting its attention mainly to technological aspects of agriculture so far, is also extending its activities to agricultural economics. Mention may be made here of the Rural Credit Survey (undertaken by the Reserve Bank in 1951-52), which brought to light a wealth of data on the pattern of rural economics, and reports of Agricultural Labour Enquiry conducted by the Union Ministry of Labour. Much good work has also been done in this field by the Indian Society of Agricultural Economics, Bombay, and the Gokhale Institute of Economics and Politics, Poona.

The scope for agro-economic research in India is steadily improving. Momentous changes taking place in the rural areas constitute a challenge and opportunity to the student of agricultural economics. There is no reason to believe that the importance of agriculture will diminish as the tempo of industrialisation gains momentum. As pointed out by Mr. S. K. Patil, Union Minister for Food and Agriculture, in the course of his inaugural address at a conference on agro-economic research held at New Delhi on Monday this week, although the relative decline in importance of agriculture is a theme beloved of western economists, "this consummation, however devoutly to be wished for, is still, so far as we are concerned, a long way off." Mr. Patil observed that, in order to step up productivity in agriculture, and, thereby, to improve the standard of living of those in the rural areas, the motivations and decisions of innumerable small farmers spread over a vast area had to be properly influenced by experts. There was, therefore, an urgent need for understanding the problems of "the village, the district and the region." Mr. Patil felt that the demarcation of each State into regions on the basis of soil, climate and crop conditions and their integrated development might hold the key to agricultural development. He regretted that several aspects of India's rural economy remained unexplored, particularly the question of farmer's response to price levels, factors determining marketable surplus, relation between size of farm and productivity, various types of unemployment in agriculture and methods of measuring them.

The major factors that stand in the way of research are the lack of sufficient finance and the absence of adequate number of competent personnel. International organisations like the F.A.O. and private bodies like the U.S. Ford Foundation are offering some help in this direction. The Government can, of course, promote larger co-operation in this matter and channel such assistance to purposeful research studies in a co-ordinated manner. Besides, instead of arrogating to itself all the resources, the Government would do well to encourage objective research studies by competent bodies like the Indian Society of Agricultural Economics, which have proved their worth in the field. The foundations of agro-economic research cannot be laid on a strong and permanent footing, unless non-official bodies are enabled to enter the field. Unbiassed findings will certainly help the Government to pursue realistic policies.

HINDUSTAN SHIPYARD

Hindustan Shipyard Ltd. in the public sector has solved, in recent months, at least two major problems—one concerning the acquisition, by the Government of India, of the shares held by Scindias in the Company and the other concerning the earlier dearth of orders to keep the Yard fully occupied. There is reference to both these matters in the speech delivered this week, at the ninth annual general meeting of the Company at New Delhi, by Chairman Mr. G. L. Mehta, who, it may be remembered, wanted to relinquish the office after the last annual meeting but was persuaded by the Directors and the Government to continue for one more year. The question of releasing the share (Rs. 1,04,25,000) of Scindias in the total issued and paid-up capital (Rs. 5,59,67,000 as on 31st March 1961) of the Company has at last been solved—but not too happily, for the Government has acquired the Scindia interest at a valuation of only Rs. 30.38 lakhs. Of course, this valuation has been agreed upon between the parties concerned—Scindias and the Government of India. There is no indication in Mr. Mehta's speech about the way in which the valuation has been done. It is, however, obvious that Scindias have had to incur a heavy loss of about Rs. 73.87 lakhs in the process of getting out of a subsidised enterprise which, as of 1959-60, has fixed assets of the order of only Rs. 3.46 crores. But, at the same time, there is no gainsaying the fact that the release of the Scindia share has brought some relief to Scindias, inasmuch as the sum of Rs. 30.38 lakhs would be adjusted against instalments of price payable by them to the Shipyard on the ships recently ordered by them. Although the final settlement of the Scindia interest in the Company has meant that there are no longer Scindias' nominees on the Board of Directors, it has relieved them of a long-standing worry.

The second question relating to orders for ships has also been solved satisfactorily, and the Yard will now be fully occupied till the middle of 1964. At present, the order book of the Yard is fairly full and the nine vessels, for which the Company has recently obtained orders, are happily repeats of the same series. These repeat orders, according to Mr. Mehta, will render possible the advantages of standardisation which has been one of the main recommendations of the Estimates Committee but which could not be implemented hitherto, because of the divergent requirements of the shipowners. It is also a heartening development that the prices of these nine vessels to be built have been practically settled in advance, although the standing question of evolving a permanent formula for pricing is no nearer a solution.

The small profit of Rs. 63,783 made by the Company in the financial year ended 31st March 1961 has meant that the cumulative loss has come down from Rs. 9.13 lakhs in 1959-60 to Rs. 8.49 lakhs now. But for the substantial subsidy which the Yard has continued to receive from the Government, the cumulative loss would have been much greater. Although production in 1960-61 was higher than at any time before and there was a welcome drop in the quantum of overheads, the net profit has been about the same as in 1959-60. This situation, caused by the high costs of shipbuilding in India, may be partially remedied when imports of steel are gradually replaced by indigenous steel products. The steady decline in the labour man-days spent on the construction of repeat vessels is also a hopeful sign pointing to some reduction in costs. But how long it will take for Hindustan Shipyard to cease to be a losing enterprise is anybody's guess.

SUGAR EXPORT

It is, indeed, regrettable that the U.S. Administration has cut the import quota allotted for Indian sugar for 1961 from 225,000 tons to 175,000 tons, along with similar reduction in the quotas of Brazil (from 336,474 tons to 306,474 tons) and Formosa (from 190,028 tons to 170,028 tons). No valid reason has been adduced for the decision. All that the Department of Agriculture has stated is that the cut has been effected "in an effort to increase the price of raw sugar in the United States." In support of this view, it says:

"Although the average price for raw sugar at New York for the year to date is about the same as the annual average price in 1960 and higher than that of earlier years, raw sugar prices in recent months have been well below average and are below a desirable level for this period of the year. In view of geographical and other relevant circumstances affecting raw sugar supplies, it would be appropriate for inventories in the hands of refiners to be larger at the end of 1961 than those held at the end of recent years. Nevertheless, to encourage the purchase of raw sugar at prices which will equitably maintain and protect the domestic sugar industry, it appears necessary to reduce the supplies of offshore raw sugar."

The aforesaid announcement has been received in India with considerable disappointment, all the more so because it has completely falsified the hopes of the U.S. allocating a supplementary export quota to India this year. Hopes ran high particularly after the news appeared in the Press that the Philippines was unable to ship its entire allotment. The U.S. had, in fact, assured India not long ago that it would consider the grant of a fresh allotment to it, if any quota-holder were to fail in fulfilling its commitments. The latest decision of the U.S. Government is thus clearly contrary to earlier expectations. No wonder, a spokesman of the Indian Sugar Mills Association's Export Agency Division is astonished at this news.

Equally disappointed are sugar circles in the U.S. The reduction in the Indian quota is considered by them to be unfortunate not only because it has followed so soon the visit of the Agriculture Secretary to India but also because it has come when practically the entire allocation made to India has been covered already, the quantity remaining to be shipped being a bare 50,000 tons. The sugar, it is said, has been bought by the U.S. traders for being resold to consumers and, actually, ships have been chartered to bring this sugar. In other words, as a result of the U.S. decision, the arrangements entered into between American and Indian firms have been disrupted, with all the consequent practical difficulties. Voicing the opinion of sugar importers in the U.S., the head of a leading American firm is reported to have said: "We are astounded and very unhappy. We do not think this step was really necessary. Furthermore, the timing is most unfortunate."

The U.S. Agriculture Department has, however, held out the assurance that special efforts would be made to restore to India (as well as Brazil and Formosa) similar quantities from any sugar allocation available during the first half of 1962. While this is somewhat comforting, serious doubts have arisen as to whether India can count on the U.S. market for the disposal of a sizable part of its sugar surplus. The replies which Mr. Orville L. Freeman, U.S. Secretary of Agriculture, gave at a Press conference in New Delhi on Friday last week were couched in vague terms. The gist of his replies is as follows:

"The question of the allotment of a future quota for export of Indian sugar to the United States cannot be answered now, because the necessary information about an excess quota and the U.S. domestic sugar crop is not yet available. The present U.S. Sugar Act, which expires at the end of June 1962, provides for quotas for specific countries. Only if a country holding a quota is unable to meet its quota is there any discretion to make allotments to any other country. I expect that, shortly after my return to the U.S., when the necessary information becomes available, a decision will be made in this regard. The question of a sugar policy in connection with the U.S. and all countries will be reviewed and a new Sugar Act will be passed by the next Congress of the U.S.,

which convenes next January. Neither the executive branch nor the Congress has determined exactly what the legislation will be. I am not familiar enough with the economics of Indian sugar production to pass judgment. I have, however, been informed that a substantial amount of today's production is more costly than the world market price. The question whether the U.S. will continue to buy Indian sugar at a price higher than the world price cannot be answered by myself or anyone else at this point, because it will be determined by the U.S. Congress at its next session."

To revert to the cut in India's quota for the current year. The announcement regarding the cut has come when the entire quantity of 225,000 short tons (188,000 long tons) allotted have already been sold out to American buyers. What is more, the bulk of this quantity has actually been shipped and arrangements have been completed to ensure that the balance will reach U.S. ports well before the end of December. The sugar millowners are believed to have approached the Government of India to move in the matter through the proper channel to obtain the permission of the U.S. Agriculture Department for the sugar to be entered from the shipments that are to be made against contracts which have already been concluded. And indications are that the Government may make the necessary representation to the U.S. Administration.

Almost simultaneously with the disappointing announcement of the U.S. decision has come the happy news that the International Sugar Council has allocated to India an additional export quota of 20,000 tons (from out of the 40,000 tons held in reserve to meet contingencies), raising the total effective quota of India for 1961 to 132,000 tons. But the point is whether India will find customers even for this small additional quantity before the year ends. For many countries are reported to be offering sugar at prices which are appreciably lower than those prevailing in India. The latest available rate in London is not more than Rs. 303 (£22¾) per ton, as against the Indian price of Rs. 719 (£54), even after the full remission of excise duty and cane cess together amounting to Rs. 343 per ton.

BOMBAY-KONKAN STEAMER SERVICE

The Bombay Steam Navigation Company (1953) Ltd., which has been operating, on a monopoly basis, a steamer service between Bombay and Konkan for the last 100 years, is a subsidiary of the Scindia Steam Navigation Company Ltd. The fares charged on this service have been controlled by the Government. These, however, have turned out to be uneconomic in recent years, and the Company has, therefore, incurred an annual loss of about Rs. 6 lakhs between 1957-58 and 1959-60 and Rs. 3 lakhs in 1960-61 on its operations. The accumulated loss since 1954 is stated to be as much as Rs. 31.6 lakhs. Only an increase in fares to match the increased operational costs could have rendered the steamer service economic. But the Government of India has refused to concede a two-step fare increase of 15 per cent in all recommended by an official *ad hoc* committee (Chairman: Mr. P. S. Rau) which reported in October last year. The Government has, of course, accepted the recommendation of this committee that an interest-free loan of Rs. 120 lakhs be granted to the Company for acquiring three new ships. The Maharashtra Government, too, has agreed in principle to grant, in pursuance of the Rau Committee's recommendation, a matching subsidy equivalent to the interest forgone by the Government of India on its loan, subject to a maximum of Rs. 1.89 lakh per annum. But these accepted recommendations have not given satisfaction to the Company which had expected a substantial fare increase. Even the Government loan of Rs. 120 lakhs, it is now estimated, will fall short of the present increased capital cost of new ships by Rs. 42 lakhs.

In the circumstances, the decision of the Company, announced by its Chairman Mr. Jehangir P. Patel, on the 20th instant, to discontinue the Bombay-Konkan service and the harbour services between Bombay and nearby ports with effect from 1st December 1961, seems to have been inescapable. The Company has certainly a good case in pleading for an 8 per cent increase in fares with immediate effect and a further increase of 7 per cent after the acquisition of the new ships in pursuance of the recommendations of the Rau Committee. Apart from the consideration that the annual concession represented by the absence of interest on the Government loan and the annual matching subsidy by the State Government will add up to only Rs. 3.8 lakhs, as against the annual loss of Rs. 6 lakhs in recent years, even the first-step increase of 8 per cent, if given effect to immediately, is not expected to cover fully the increased cost of operations or to yield a 4½ per cent return on subscribed capital. As even the second-step increase of 7 per cent, if given effect to, would presumably be swallowed up by higher depreciation provision on account of the new ships, the Company would have no very great relief from that increase either. After all, the Rau Committee has not been unduly generous in its recommendations regarding fare increase. If even the modest increase recommended by it cannot be brought into effect, the large number of people (about a million) who travel between Bombay and Konkan every year will be put to great hardship and the Company itself may go out of business sooner or later. Any suggestion of nationalisation of the coastal steamer service concerned would be no answer to the problem, for it is a safe guess that an already losing private service would not be transformed overnight into a profitable enterprise by the mere act of nationalisation unless, of course, the fares are increased substantially. The monopoly running of the Bombay-Konkan service has not, by itself, conferred any advantage on the Company by way of greater profit-making capacity, for the fare structure has been rigorously controlled by the Government. Without an increase in fares, it will confer no particular advantage on the Government either in the event of nationalisation. These considerations should weigh with the Government in its approach to the regrettable move of the Company to close its Konkan service.

BOMBAY PORT TRUST

The working of the Bombay Port Trust, which handles the largest quantum of trade in India, proved satisfactory during the year 1960-61, despite the larger demands made on it by the increasing volume of trade. The weight of cargo handled by the Port Trust was an all-time record of 14.72 million dw. tonnes in 1960-61, according to the latest annual Administration Report of the Port Trust just released. With this increase, the volume of trade passing through this port has almost doubled during the last decade. Both exports and imports shared in the increase. Exports touched 3.93 million dw. tonnes in 1960-61, as compared with 3.79 million tonnes in 1959-60 and only 1.70 million tonnes in 1951-52. Imports were higher at 10.80 million tonnes, as compared with 9.56 million tonnes and 5.90 million tonnes, respectively. Goods handled by the bunders rose substantially from about 7.01 million tonnes in 1959-60 to 7.98 million tonnes in 1960-61. The volume of traffic through docks, too, rose from 5.60 million tonnes to 6.7 million tonnes. The important commodities which showed a marked rise were rice, wheat, cotton, cement as well as iron and steel on the import side, and manganese and other ores, kerosene oil and sugar on the export side.

The following table shows the trend in the expansion of trade handled by the Bombay Port during the last decade:

(In thousand D.W. tonnes)

	Imports	Exports	Total trade
1951-52	5,900	1,700	7,600
1952-53	4,771	1,974	6,745
1953-54	4,852	1,982	6,834
1954-55	5,721	1,985	7,706
1955-56	6,815	3,656	10,471
1956-57	8,372	3,800	12,172
1957-58	9,451	3,869	13,320
1958-59	8,553	3,387	11,940
1959-60	9,564	3,793	13,357
1960-61	10,795	3,926	14,721

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As a result of the expansion of traffic, the financial position of the Port Trust has improved. There was a surplus of Rs. 3.27 crores on the General Account, as against Rs. 2.43 crores in 1959-60. The aggregate revenue on General Account, including surcharge, amounted to Rs. 12.46 crores (as compared with Rs. 11.51 crores in 1959-60), and total expenditure Rs. 9.19 crores (as compared with Rs. 9.08 crores). The Pilotage Account showed a surplus of Rs. 13.50 lakhs. The total revenue under this head amounted to Rs. 27.59 lakhs (Rs. 24.46 lakhs in 1959-60) and expenditure Rs. 14.17 lakhs (Rs. 14.08 lakhs).

The Administration Report points out that, for the purpose of implementing the scheme for combining Victoria Dock with Alexandra Dock, negotiations were held with consulting engineers. This scheme for development and modernisation has been talked about since 1949, but it is yet to be implemented. The original scheme, estimated to cost Rs. 20 crores, was whittled down subsequently to a modest one costing about Rs. 8 crores. It is reported that Mr. F. Posthuma, Managing Director of the Port of Rotterdam, whose services were made available to India under the U.N. Technical Assistance Programme, has now prepared a preliminary project report, recommending certain important changes in the scheme. Mr. Posthuma, it is learnt, has not favoured the combining of the Alexandra and Victoria Docks. He argues that, if this is done, the whole port, with the exception of the old Princes Dock, will become dependent on the already rather old Alexandra dock lock. Should the lock be dislocated or sent for repairs, practically the entire port will be blocked. Mr. Posthuma has, therefore, suggested the execution of only the first stage of the proposed scheme, envisaging the extension of the east arm of Alexandra Dock by 1,000 feet to form four berths. The revised scheme is estimated to cost Rs. 9 crores. While in a way this delay might have been a blessing in disguise, in that it gave an opportunity to improve the scheme further by eliminating the drawbacks, it is high time a beginning was made with its implementation at least this year.

ASSESSMENT OF RESOURCES

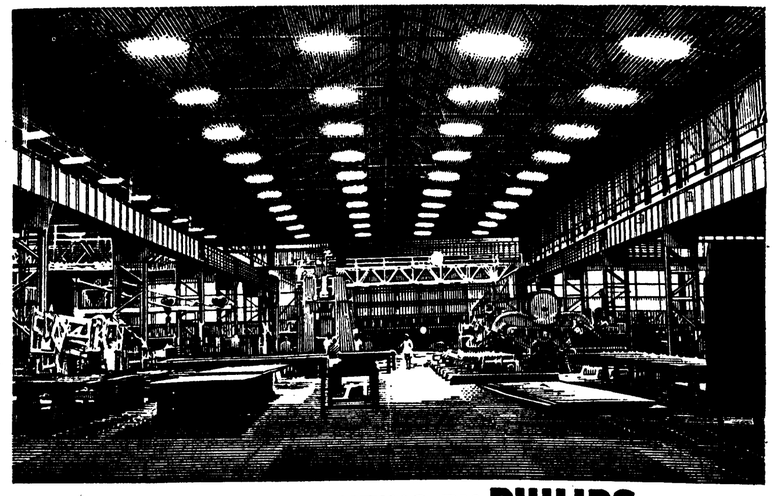
The appointment of a high-power committee (to be presided over by Mr. G. L. Nanda, Vice-Chairman of the Planning Commission) to control and supervise the work of the various agencies engaged in the assessment of the natural resources of the country, has not come a day too soon. It marks the finalisation of the organisational structure necessary for making a comprehensive assessment of the resources, with a view to ensuring their maximum utilisation. With the formulation of the third Plan, a stage has come when, as a necessary condition of well-conceived long-term plans, a comprehensive view needs to be taken of the material, capital and human resources that are available. In fact, under its terms of reference, the Planning Commission is required to assess fully the resources position and to investigate the possibilities of augmenting such of those resources as are found to be deficient in relation to the nation's requirements and to formulate a plan for the most effective and balanced utilisation of the material wealth of the country. The first Plan made a preliminary estimate of the land, water, mineral and energy resources of the country. It drew attention to the main problems in each field and set out the programmes for further surveys and investigations. The investigations conducted during the second Plan period resulted in a fuller assessment of the country's natural resources. At the same time, they also revealed many gaps in the information relating to the resources as well as their deficiency in relation to the nation's future requirements. A special unit was set up in the Planning Commission recently for studying problems relating to the assessment and development of natural resources and assisting the various agencies engaged in the survey and investigation of these resources in linking their work closely with the requirements of the rapidly developing economy and generally helping in securing a common approach in various related fields.

The Committee now set up will include, besides Mr. Nanda, the Chairman, members of the Planning Commission dealing with the various resource subjects and representatives of heads of field agencies such as the Oil and Natural Gas Commission, the Council of Scientific and Industrial Research, the Atomic Energy Commission, etc. The Committee will be assisted in its work by four technical committees consisting of experts, each dealing with land, water, minerals and energy. Two other committees, one on finance and the other on publication, have also been set up.

Under the guidance of the Committee, the new Resources and Scientific Research Division set up in the Planning Commission will collect information about the resource position and present it in a systematic manner to enable a scientific analysis to be made. Based on this analysis, recommendations will be made for the proper development and conservation of natural resources. Both long-term and short-term studies are proposed to be undertaken.

The task that lies ahead of the Committee is one of considerable magnitude. Besides guiding and supervising the work of the various agencies engaged in the assessment of resources, it will be the function of the Committee to coordinate their work. The potential for the development of India's natural resources is vast. As the Planning Commission itself has recognised, with systematic study and exploration of the resources and the increasing application of science and technology in their assessment and utilisation, the possibilities of economic development could be enlarged far beyond the present anticipations.

HINDUSTAN SHIPYARD AT VISAKHAPATNAM



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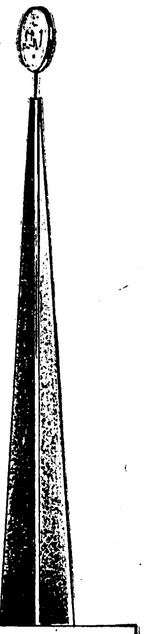

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FINANCE FOR INDIA'S EXPORTS

By "Kuber"

ALMOST every day, some scheme or other is being proposed to boost our exports. And, really, nobody can be blamed for it. Our imports are increasing at break-neck speed, while our exports have remained more or less stagnant or are increasing at a slow pace. The result is obvious. Our imports continue to outstrip exports by leaps and bounds. In 1958, the gap between our imports and exports was Rs. 290 crores—in itself an alarming figure. In 1959, the gap or what is generally known as the imbalance, increased to Rs. 320 crores; in 1960 it has further increased to Rs. 380 crores. On the basis of the performance during the first few months of the year, it is estimated that our exports will be about Rs. 660 crores, whereas our imports will exceed Rs. 980 crores and therefore the imbalance is likely to exceed Rs. 300 crores. If for any reason our exports fail to reach the figure just mentioned or our imports overshoot the above mark, which is not unlikely, the imbalance will be even greater.

The future, if anything, is still more alarming. For the time being, our problem is to get the foreign aid in whatever form and on whatever terms possible. The time must, however, come when we will have to repay the loans. In the meantime, we will have to pay some interest to those from whom we borrow. As time goes by, the interest charges will increase in a cumulative fashion and the payment, by way of repayment of loans or interest charges, in the last analysis, can only be made in terms of our goods and services, which means that our exports must increase *pro tanto*. That is not all. As was recently pointed out by our Deputy Finance Minister, India has been losing ground in the sphere of foreign trade. In the last decade, although world foreign trade has doubled, India's share has gone down. We are further told that, in terms of *per capita* export trade, India stands at the bottom even among the underdeveloped countries. It is very difficult to conjecture at this stage as to the overall effects of Britain joining the European Common Market. One thing, however, is certain. Our difficulties will be aggravated either because our exports are likely to diminish or because we will have to pay more for our imports; at any rate, we are unlikely to improve our position. What it amounts to, therefore, is that not only our present position is desperate, but the future holds out no hope for betterment either. In such a situation, what is more natural than that all sorts of schemes and suggestions should be proposed to stop the rot?

One of such suggestions has recently been proposed by the Federation of Indian Chambers of Commerce and Industry to the Import and Export Policy Committee and that is to set up a Refinance Corporation for Exports on the lines of the Refinance Corporation for Industry. Its object is to provide medium-term credit to exporters of Indian goods and, in support of this proposal, it is said that the same sort of thing is being done by the Western countries, particularly the United Kingdom and the U.S. The Federation further argues that such an institution is necessary to increase our exports to Afro-Asian countries which are in a developing stage and are likely to go in particularly for our engineering goods. It is true that at present we are exporting hardly Rs. 10 crores worth of such goods to these countries, but the demand for them from these countries is on the increase and that is, perhaps, why the third Plan has fixed a target of Rs. 50 crores per annum for engineering goods to be attained at the end of 1965.

Curiously enough, the Federation of Indian Chambers of Commerce and Industry, as well as others who have backed the scheme for starting a Refinance Corporation for Exports, has failed, at the present juncture, to give any facts and figures in support of the scheme. They have merely propounded the scheme in general terms and left it at that. Naturally, it is easier for one to propose an idea, but it becomes difficult to refute it in the present conditions. One cannot critically examine a proposal which is all in the air, however laudable the motives behind the suggestion may be. The least the Federation could have done was to have pointed out to what extent and in what manner the existing agencies have been found wanting. The next thing one would expect from such an expert body is some facts and figures, however rudimentary they may be, to show what type of exports fail to get the required finance under the present conditions. Unless one knows the exact malady, how can one prescribe a remedy?

What is, therefore, wanted is a proper diagnosis of the ills which the export trade is suffering from before one can prescribe the way out. The remedy suggested by the Federation reminds me of an old woman's complaint to her family doctor to all sorts of illnesses—mostly imaginary. The result is that the doctor has no choice but to prescribe the usual medicine to meet the occasion, at times changing the colour of it, with a dash of a pick-up. It often has a favourable reception. The old lady is happy and so is the doctor and no harm done. There may be a slight reaction after the effect of the pick-up is over, but, then, it is such a nice feeling to have a temporary respite, never mind if things get worse a little later.

Let us have a look at the existing agencies which are ready and willing—a little too willing, if I may say so—to finance our exports. There are three gigantic groups of Exchange banks, having enormous experience and resources to cater to this class of business to any extent. There are hosts of Indian banks equally anxious to finance such a business and are, in fact, anxious to develop it further, if they can. It is a well-known fact that foreign exchange business is more paying to them than financing internal business, as the margin of profit is higher. Both the groups of banks have ample resources and experience to meet the situation and yet they are unable to get the business they would like to have. The Indian banks have gone to the length of opening the required branches abroad to do full justice to financing export trade but, according to available reports, most of their branches abroad have not succeeded in getting even a part of the business they are capable of handling.

There are also sufficient avenues open to these banks for supplementing their resources. There is, for instance, the Bill Market Scheme of the Reserve Bank which can be availed of by the banks in times of need. There is also the Refinance Corporation for Industry, which, though ostensibly intended for a different type of business, can be suitably modified to serve the purpose of providing medium-term finance for exports. After all, reaching the consumer, whether here or abroad, is the end of production and there is no reason why the present facilities of Refinance Corporation for Industry cannot be utilised so as to include the tail end of the operations of the industry arising out of selling their goods abroad.

It is, however, said by some that the Bill Market Scheme and the facilities afforded by the Refinance Corporation for Industry cannot meet the situation either because their management by the Reserve Bank is too rigid or because it will imply slight modifications in the Reserve Bank's rules; it may even require legislative amendment. So what? Why not face a little bit of legislation and change of rules than go all out for a brand new institution, which, if anything, will raise more problems than it will solve. What about the technical personnel required for manning that institution? And what is more important, what about the provision of know-how for such an institution? The best of banks are unable to find even a few qualified people for ordinary joint-stock banking.

Again, obviously, the proposed institution, if started, will be directly under the control of Government and, of course, the Reserve Bank will come into the picture. What is likely to be the case is that either someone from one of the Ministries in Delhi will lead the show (or mislead it) or someone from the Reserve Bank will be the boss of the show. About 30 or 40 officers from the Reserve Bank or the Ministry of Finance or for that matter from various other Ministries having not even the remotest idea of foreign trade or exchange, will man the key posts. The Federation and others are fully aware of the various things that are being done by such a set-up, as they have, in the same breath, bitterly complained against the State Trading Corporation and the manner in which it has been handling the export problem. And yet they want to create another State-owned institution for handling a specialised type of business.

The Exchange banks and the Joint-stock Indian banks, it may be noted, have been handling this class of business for years now and they appear to offer adequate facilities for financing such business in the future too. Of course, they confine themselves only to short-term finance up to six months period. Under certain conditions, they may even agree to finance up to a year or so, if adequate facilities from the Reserve Bank to rediscount such bills are made available to them under the Bill Market Scheme. The sponsors of the new idea, however, want facilities for a still longer period on two grounds. First, they argue that the export of even light engineering goods is not possible, unless medium-term assistance is given to the exporters. Their buyers abroad require these facilities, because they in turn offer hire-purchase facilities to their customers and, therefore, they can purchase more of our goods, if we also offer them this type of facility. Secondly, they argue that our exports of engineering products is likely to increase further in the future and, therefore, there is a dearth of finance to meet the situation.

These arguments, however, do not hold water. In the first instance, people forget that, normally, it is the business of the importer to make suitable arrangements for credit at his end; if he is worth his salt or enjoys even a moderate reputation, it should not be difficult for him to arrange with his bank in his country to obtain finance against the mortgage of hypothecation of the goods imported. That is how most of the exports are financed. It is the importer who arranges with his bank to open a letter of credit favouring the exporting customer. In the alternative, if he wants time to sell his goods, he also makes suitable arrangements with his bankers to either lend him against the mortgage or hypothecation of these goods or even for the release of the goods to be paid for as and when he is able to dispose of them. It is very strange that the sponsors of the scheme under reference want to provide facilities at our end to finance operations for which the banks in the importing countries are best qualified. This aspect of the problem, therefore, requires a careful study and it will be foolhardy to increase our exports on the above basis. The position of Britain and other advanced countries is entirely different. They specialise in exporting heavy machinery which by the very nature of the operations requires State aid at both ends. We are, on the other hand, exporting light engineering goods such as fans, sewing machines, etc., and have only lately entered the field of small diesel machines. The business is still insignificant: only Rs. 10 crores worth of goods have been exported during the last year and most of the industrialists obviously have succeeded in getting the required finance. What all this boils down to, therefore, is that a refinance corporation for exports is being proposed for the business that is yet to come. The obvious answer is let that day come and we will see about it.

As things are at present, the existing agencies are, by and large, quite competent to cater not only to the existing export business but also to any increase that may ensue in future. There is no complaint so far as the export of our traditional items is concerned. For the other items, our experience is yet very limited and the amount involved is far too insignificant. Even then, the export of such items can, as mentioned earlier, very well be handled by the existing agencies, with suitable modifications in the Bill Market Scheme and the Refinance Corporation for Industry. A significant point to be noted here is that, though the Export Risk Insurance Corporation has been of a very great assistance in financing exports, it has succeeded in doing business of only 318 parties and its business as on 31st December 1960 was only Rs. 7.71 crores, as against the limit of the maximum liability of Rs. 25 crores which the Corporation is allowed to undertake. This shows that we have to go a long way before we need even think of a specialised institution of the type proposed.

The real trouble is that it is not for the lack of finance that our exports are in the doldrums. The real reasons lie elsewhere. The main thing is that the quality of most of our goods is simply not good enough. Foreigners refuse to buy our goods which are not upto the mark. We, in India, will buy any shoddy goods that are produced, because we have no choice. The foreigners are lucky. They have a wide choice of buying the goods they like and from whom they like. Our standards are not to their liking. We will export one thing today and another thing to-morrow. Foreigners refuse to trade with us on such terms. Our industrialists have to mend their ways a great deal, if they want to succeed in the open sea of competition in foreign lands. No wonder, they prefer to confine themselves to the more attractive home market and make large profits. Barring a few industrialists, and a very few at that, the rest are content to exploit us and have a good time at our expense.

AMERICAN LETTER

INFLATION FEARS REAPPEAR

EX-IMP BANK MAY SOON RUN SHORT OF FUNDS

From Our Special Correspondent

NEW YORK, 21*st October*

THE influence of the Washington Government on the United States economy is increasing constantly. This is being achieved by two primary methods. Higher Government spending and reorganisation of such ministries as State, Commerce and Labour. More people who believe in the "New Frontier" philosophy of President Kennedy are being added to the Administration. They in turn choose their men and educate them in the new philosophy.

What brought this clearly into focus was an off-the-record meeting I had the other day with a top official of the Department of Commerce who must remain unnamed, except to say that, at one time in his career, he was a university professor. He is a very articulate man of great persuasion. His approach, economically, is neo-Keynesian. He was hand-picked by Mr. Kennedy himself and quite representative of the new school of thought at Washington.

The first premise is that nearly everything which was done previously in the Capital was antiquated, if not decadent, particularly in the last eight years of Republican leadership. While it must be admitted that everything in this world can be improved, the frame of mind is infantile, to say the least.

Commerce Department Expanded

So far as the Commerce Department is concerned, the reorganisation involves creation of new divisions to deal with foreign trade and foreign investments and the addition of 100 people to the payroll of 600 already in that Department's employ. The process is about one half completed, but the effect of it cannot be felt until early next year. The greatest dearth, at the moment, are bright young analysts trained in the new school.

The commercial attaches in the various U.S. Embassies and Consulates are going to remain under the jurisdiction of the State Department, since most of them have political rather than economic qualifications and there is rather close liaison between State and Commerce. Both Departments, by open admission, have difficulty with the U.S. Treasury which is run by a highly specialised trained staff with their own opinions.

At any rate, so far as India and the rest of the world are concerned, the Commerce Department is becoming more and more political. It has its eyes on the various foreign aid agencies, on the international balance of payments, thus on imports as well as exports and it will start a campaign of door-bell ringing among ordinarily lethargic American businessmen to increase exports at competitive levels even at the price of letting the domestic consumer pay for the subsidy because of the political implications.

Soviet Russia's Requests

Licensing of trade with Soviet Russia and the Red bloc is likewise dictated by politics and specifically the Berlin crisis. Requests for American goods from Moscow, even for consumer goods, are mostly for prototypes which would be used, obviously, in Russian laboratories to copy and build up native industries.

Thus, there are orders for *one* automobile, or *one* airplane, *one* electronic device and so on. One manufacturer told me the other day—he builds the navigational heart of a missile—that he received requests from Moscow for his catalogue. He cleared this inquiry with the State Department, sent the material to Moscow but his request for Russian material of the same type was never answered. Examples like that could be repeated *ad infinitum*.

Spending Spree

Political considerations reign supreme in the new Administration. Where is the money coming from to reorganise the Government and hire more people? The answer is invariably "as long as Congress appropriates the funds, there is no problem." The long-range economic effect of this spend-and-spend-philosophy seems to be ignored.

That is why there is increasing distrust in business and industrial quarters about official economic policy and renewed fears of inflation, which seems inevitable once the impact of the reorganisation of the Government makes itself felt. While there are pleadings from Washington to both industry and the trade unions to do nothing which would disturb the price level, support levels for farm products have been raised by $1,000 million in what seems to be a deliberate attempt to raise prices in the face of much reduced crops owing to the drought. Farmers are still a powerful voting bloc.

Government influence is also evident in mortgage lending. Various agencies make available a considerable volume of housing credit via direct loans, at low interest rates and for unusually long terms. The Congress appropriated almost $4,000 million this year for the stimulation of housing. The net result has been—and this does not apply to the Kennedy Administration alone—that, since 1945, when mortgage debt and indebtedness of corporations were about $35,000 million each, mortgage debt has increased to almost $208,000 million, while corporate indebtedness is just short of $120,000 million.

This artificial boost to housing which was beneficial as far as it went, did nothing, however, to create an impetus to capital formation which is the basis for real economic growth. Housing, essentially, helps consumption, not the growth of production.

Export-Import Bank

The business of the Export-Import Bank has been booming. It has become an important adjunct to the Administration's Alliance for Progress programme. Most of the Bank's loans this year fell in the general area of project credits. They involved long-term loans to finance the purchase of capital equipment in the U.S. for such undertakings as Argentina's $40 million highway programme and Chile's $42 million purchase of power equipment.

The Bank's operations are particularly significant in Latin America, where it serves the institution's original purpose of financing the export of U.S. goods for development projects abroad. Loans and credits extended last year were $1,400 million, the highest in the 27-year history of the Bank, except for 1946 when post-war reconstruction loans inflated the total.

So feverish has the lending activity become that unused loaning authority had shrunk to $1,200 million on 1st July last, the beginning of the new fiscal year. The statutory limit for loans and loan guarantees is $7,000 million. At the rate new loan applications are coming in, the chances are that, next year, at this time, uncommitted funds may have dropped to $500 million.

Since the Bank operates all over the world, including India, this state of affairs suggests that lending activities will have to be reduced or additional loaning authority will have to be sought from Congress. In view of the spend-and-spend-philosophy, the latter would most likely be the case.

In the fiscal year ended 30th June, the Export-Import Bank made 832 loan and guarantee transactions. Of these, 571 were in Latin America. In the current year, the proportion is about the same and also the volume which is more than double the annual average over the last 10 years.—*All Rights Reserved.*

(*Concluded from next column*)

policy in the new Council, but, on this, they will have to reckon with their Trades Union colleagues, assuming that the latter are equally prepared to come in. It is, indeed, practically a foregone conclusion that the Unions will co-operate with the Government, although they are sceptical of much good coming out of a conversion to the theory of planning which is not able to be entirely wholehearted. In this, they may be wrong, for, though the Conservative Party tends to lag behind its political opponents in formulating new ideas, it is not inhibited by any tenets of doctrine from considering any new approach to a problem.

LONDON LETTER

THE PAUSE AND THE PLAN

CONSERVATIVES CHANGE THEIR OUTLOOK

(*From Our Own Correspondent*)

LONDON, 21*st October*

IF the Chancellor of the Exchequer had been hoping for dramatic results from his July squeeze, he will not be able to find them in the various economic indices which have appeared since then. The squeeze was primarily designed to put a brake on consumer spending and non-essential (whatever that might be) investment spending.

But we find that, in September, the volume of retail sales was just as high as it had been in July. The third quarter as a whole is about 2 per cent up on the second quarter of the year, and 4 per cent on the first quarter. Sales of food have gone up steadily and so have sales of clothing, but there is a decline in what are called durable goods. It is on these that the credit squeeze mainly operates and we find that hire-purchase business as a whole was about one-fifth lower in August than it had been in July. Oddly enough, furniture sales on credit actually increased in August and other household goods did likewise. It is rather on the products of machine goods industries such as electrical goods, hardware, radio, etc., that the squeeze seems to have been most operative. Retail prices do not appear to have been forced down, the reduction between September and August being a fraction of 1 per cent.

When it comes to the building industry, we find that there were as many schemes put through in the third quarter of the year as in the second, even though the building area which these schemes would cover was about one-sixth less. Of course, industrial building planned has for the whole of this year been a good deal less than for last year—taking comparable periods—but this has nothing to do with the July squeeze.

In the light of all this, it is not surprising to find that the index of industrial production showed no fall in August, as compared with the previous month, and a fractional fall is only noticeable in the manufacturing industries. But even this, we are warned, may be due to variations in holiday habits. For the three months which ended in August this year, the level of industrial production was 2 per cent higher than in the previous three months, and 3 per cent higher than a year before. Employment remains high at around the 24 million mark and the variations in unemployment (which is running a little over 1 per cent of the total number employed) from one month to another are insignificant.

Developments in Regard to Planning

The Chancellor is no doubt grateful that both sides of industry have agreed to co-operate fully in the discussions on the planning machinery which he would like to create. He has already had meetings with the employers' side, the most important of which has just been concluded. The representation has covered the Federation of British Industries as well as the other employers' organisations and the British Chambers of Commerce. The Treasury claims that "there was a useful exchange of views on the structure and functions of the new machinery, with particular reference to assessments of future growth." The discussions with the Unions is to take place in the next few days. The employers' associations are in favour of a National Economic Development Council and hopeful that the final form of the Council and its membership will be announced next month. The reference to "assessments of future growth" is to the hope that it will be possible to assess the rate of economic growth which the country can be expected to achieve in the next five years and for five-year periods beyond that, and, in these assessments, the private and public sectors of industry will be looked at together.

It is amusing that the British Conservative Party, of all people, has at last succumbed to the necessity for accepting five-year plans. The employers are also anxious to discuss a wage

(*Continued in previous column*)

MAHARASHTRA STATE CO-OPERATIVE BANK

HALF A CENTURY OF PROUD ACHIEVEMENTS

THE Golden Jubilee Celebrations of the Maharashtra State Co-operative Bank held on Tuesday, 24th October 1961, constitute an important landmark in the history of co-operative credit movement in Western India. The Bank was founded in the year 1911 by two eminent nationalists—Sir Vithaldas Thackersey and Sir Lallubhai Samaldas—much against the wishes of powerful British financial interests and was registered under the name of Bombay Central Co-operative Bank. Its name has, of course, been changed several times to suit the area of its operations, but the essential continuity of its development and operation has been maintained all along. The Bank can, therefore, look upon the half century of its momentous career with justifiable pride. From its very inception, the Bank has been connected with agricultural finance and as such its operations have been concentrated mostly in rural areas. In the initial years, it established direct contacts with agriculturists and primary agricultural credit societies, spread over several districts of the old Bombay State, besides functioning as the apex bank for the State as a whole. In its rural operations, the Bank worked through the establishment of branch offices, which were first run with the help of local advisory committees and then these bodies were converted into branch committees with definite delegated powers. This policy enabled the Bank to evolve at later stages the federal co-operative structure based on the principle of "democratic decentralisation."

Structural Reorganisation

At an early stage in its career, the Bank realised the anomaly of its own dual role in directly serving the needs of some districts, while simultaneously operating as an apex institution. The formulation of co-operative policies after independence provided an opportunity for ending this anomaly. The process of reorganisation, as mentioned by Prof. D. R. Gadgil, Chairman of the Bank, in his welcome speech, led to the adoption of the federal structure through the establishment of district central banks and transfer of all district business to these banks. It is gratifying to note from Prof. Gadgil's speech that this reorganisation has not led to retrogression, as was feared by some, but has actually imparted strength to the co-operative activity in most parts of the State. The Bank also appreciated from the beginning the need to have closer co-operation with the Government of the day. Shortly after independence it took initiative in advocating a policy of State participation in the capital of co-operative banking institutions, in order to strengthen their capacity to serve the public. Later, this policy gained wider recognition and was fully endorsed by the Rural Credit Survey Report (Chairman: Mr. A. D. Gorwala). The non-official co-operators who advocated this step were not afraid that this would lead to undermining of the co-operative character of the institutions or unduly increasing official interference. "The manner in which the Government accepted the policy of participation and in which co-operative institutions have since operated in the State have," Prof. Gadgil averred, "fully justified the confidence displayed at the time." Will it continue to be so in future? An answer to this will depend on the type of Government that may come to power.

Apart from performing the banking functions proper, the Bank has played, according to Prof. Gadgil, a significant part in formulating and influencing co-operative policies. This claim is perfectly justified, for, after the doyens of Co-operation in the Madras State had passed away from the scene, the co-operators in the Bombay State could give the lead to the whole movement. In Mr. V. L. Mehta, Prof. D. G. Karve, Mr. R. G. Saraiya, Mr. V. P. Varde and Prof. Gadgil, the Bombay State was fortunate enough to find leaders with faith and conviction in the co-operative movement and all these distinguished persons have served the Bank with devotion and diligence. Prof. Gadgil, therefore, did not exaggerate a bit when he observed that "a large number of elements of programmes of planned co-operative development which have now become accepted in Indian policies can be traced to the process of reorganisation of the co-operative banking structure in Bombay." From the very early stages the Maharashtra State Co-operative Bank had accepted a very broad concept of co-operative activity and it considered co-operative credit as [illegible] one aspect of the total co-operative business. It always emphasised the need for integrating credit with other activities and took keen interest in sale and purchase organisation. It, therefore, adopted the practice of supplying credit through the supply of materials. It was also for the sake of developing an integrated co-operative structure that it encouraged the formation of processing and better living societies.

Bank's Progress

It would be appropriate on this occasion to give a few figures to indicate the Bank's progress since its inception. It is true that the figures for 1961 are not comparable with those for the previous years on account of the bifurcation of the Bombay State Co-operative Bank into the Gujarat and Maharashtra State Co-operative Banks and the incorporation of the Vidarbha Co-operative Bank Ltd. Nevertheless, the table below will give the reader a general idea of the progress it has recorded in the last fifty years:

(Rs. in lakhs)

Year	Paid-up share capital	Reserve and other funds	Deposits	Borrowings	Advances	Working capital
1912 ..	2.10	..	3.37	..	5.22	6.22
1922 ..	7.00	2.24	46.40	9.10	51.18	66.59
1932 ..	12.97	6.00	1,29.58	14.36	99.12	1,72.51
1942 ..	13.00	19.03	2,35.12	6.64	96.21	2,88.98
1952 ..	59.18	39.27	7,45.81	2,80.84	6,40.24	12,17.61
1961* ..	3,26.40	98.72	21,35.20	22,86.43	37,35.79	52,63.02

* As at 30th June, 1961.

The Bank now has as many as 360 offices spread all over the State of Maharashtra.

It would be most appropriate to end this brief review of the Bank's progress and achievements by quoting from Prof. Gadgil's remarks on the future of the Bank. He said:

"The Apex Bank is the repository of financial resources within the movement. Through this position it is invested with the responsibility of the leadership of that movement. The integrated view taken of total co-operative activity by the Bank has also resulted in the Bank giving the lead in a number of co-operative developments within the State. The most important direction in which the lead has, so far, proved useful has been that of co-operative processing activity. The needs of the future demand great emphasis on rural industrialisation and the integrated co-operative system will have to move rapidly in this direction. This is a contingency of which the Bank has already taken due cognizance.

"Today, the Bank can claim that it operates on a scale, offers services and undertakes activities which in most directions are somewhat unusual in India. Its financial position is sound; its structure is well-designed, and it is able to draw upon the services of co-operative workers from all parts of the State. It derives great strength from this broad base. No longer is it true to say that the co-operative superstructure is manned chiefly by the metropolis or by urban interests. Today, within the Bank are fully reflected all aspects of co-operative activity and rural interests predominate, because ours is still a rural economy. The history of the past raises high hopes for the future. In the context of a developing economy orientated towards the attainment of a co-operative commonwealth, the Bank has great responsibilities as a leader both in thought and action. I hope I shall not be considered over-optimistic in stating that, given appropriate co-operation and goodwill, workers connected with the Bank hope that the Bank will be able to discharge these responsibilities adequately and satisfactorily."

(Concluded from next column)

Rs. 3.5 lakhs for a single film. Loans in excess of this amount will require the approval of the President. The interest rates of the Corporation have been kept particularly low. They range from 7½ to 9 per cent, with liberal rebates for prompt repayment. The Corporation has a voice during the production of a film, and, where a film is not completed within the target date, the Board has the right either to demand from the borrower, immediate repayment of all outstanding instalments of the loans together with interest or take over the production of the film and complete it under its own authority or through another producer nominated by it. The Corporation also has the authority to scrutinise the script of the film. It thus makes sure that the proposed film conforms to its objectives.

The Corporation has made a modest but a good start. The making of purposeful films is, undoubtedly, a slow process, but judging from the response from the film industry, it promises to be a sure process worth waiting for.

ROLE OF FILM FINANCE CORPORATION

PRODUCTION OF PURPOSEFUL FILMS

By A Correspondent

TWO new Indian films will shortly be put on the screen in different parts of the country. These will have more than usual interest to those who contributed to their production, particularly to those who have made a financial contribution. These pictures will be the ones which have been financed by the Film Finance Corporation, youngest of the three financial corporations, set up by the Ministry of Finance. The success of these pictures from the point of view of æsthetic standards will be the test of the objectives which the F.F.C. has set before itself. The main purpose of the Corporation is to encourage the production of films of good quality. This definition has a special import—films which are instructive as well as entertaining. Also F.F.C. financed films should hold the mirror up to life in its nobler form. That is to say, the films should have more realism where the picture-goers find it easy to identify themselves with the characters, situations and problems portrayed in them. This would hold good both in regard to social themes and to subjects with a historical or folklore background. This means that F.F.C. films would seek to make a departure from the normal run of pictures produced solely through private financing. They would be shorn of over-glamorous settings and costumes, exaggerated characterisation, unreal and contrived situations and melodramatic treatment. Crude and cheap humour would also be eschewed.

It would, however, be unfair to draw the inference that the Film Finance Corporation is trying to take on the role of a reformist movement in the Indian film world or that it will replace private financing for the film industry. The Corporation's effort is to help in the production of films which will progressively turn out to be works of art and lay stress on lasting values by which alone a people and a nation are known and respected. It does not ignore the commercial aspect of a film which is very important, if the Corporation is to continue its role as a film financier. At the same time, it would set its face against its money being used for a production which portrays life in its base forms leading to national degeneration and disruption. The Corporation does not add to the cost spiral in the film industry. A "box office hit" today involves colossal sums of money. Top-notch film stars and reputed production studios are booked at fabulous rates, in order to make a film which would draw vast crowds. Should the film fail, the producer finds himself in a financial tragedy. The Corporation, on the other hand, would give preference to a film whose production is financially modest and whose stars constitute new-found talent. This serves a double purpose and makes a valuable contribution to the development of the film industry and the film profession.

The idea of the State taking a hand in the financing of the film industry is not new. There is a National Film Finance Corporation functioning in the United Kingdom for over 10 years. In Italy, the job has been entrusted to a bank, while in France the work is handled by the National Centre of Cinematography.

Capital To Be Raised

The Film Finance Corporation in India Limited, incorporated as a wholly owned Government company, was registered in March last year. It, however, started functioning effectively from the middle of February this year and, by the middle of October, it had received 22 applications for loans totalling nearly Rs. 64.70 lakhs. Of these, 5 applications totalling a sum of Rs. 18 lakhs were sanctioned. A sum of Rs. 6.40 lakhs has already been disbursed among 3 applicants. Ten applications have been rejected and 7 for a total of Rs. 19.85 lakhs are pending. The Corporation has an authorised capital of Rs. 1 crore, but its paid-up capital of Rs. 20 lakhs is nearly exhausted. It is shortly raising its paid-up capital by Rs. 24 lakhs when it will be able to meet more demands for loans.

The objectives of the Corporation's financing have set the pattern of selection of films for loans. Not all the money that is required for the production of a film is met by it. One-fourth of the total cost is to be met by the producer and the Board of Directors of the Corporation may, in its discretion, grant loans up to

(Continued in previous column)

THE CHANGING PATTERN OF INDO-BRITISH TRADE

INDIA'S PROBLEMS WELL UNDERSTOOD

By Stephan E. Schattmann

TRADE between India and Britain has expanded substantially in both directions during the last ten years. In 1960 Britain still remained India's major trading partner, taking 27.3 per cent of her exports—a larger proportion than any other country—and providing 20 per cent of her imports. There was a decline in 1960 in India's purchases from Britain, which led to a reduction of the total value of trade, but India remained Britain's sixth largest export market and India's goods ranked ninth in the list of British imports.

The pattern of Indian imports from Britain has undergone significant changes in recent years. There has been a steady decline in imports of consumer goods and of other goods now produced in India, coupled with a considerable shift towards capital goods, especially machinery of all types, chemicals and road vehicles and aircraft. This change, the result of the rising tempo of India's industrialisation, has affected particularly such commodities as cotton textiles, certain chemical products, rubber tyres, tobacco products, soap and others.

This is a trend not unfamiliar to Britain and it is fully appreciated against the background of the long-term importance of the Indian market to industry in Britain. Britain, whose very existence depends on the exports of its industrial products, has learned that the industrialisation of a developing country means more and not less demand for British products. It is enlightened self-interest, as well as the obligations of Commonwealth partnership, which determine Britain's resolution to continue its contribution to India's further development.

The main commodities exported by India to Britain in recent years are tea, textile manufactures (including cotton yarn and piecegoods; jute yarn, fabrics, sacks and bags; carpetings of coir, jute and wool), leather (dressed and undressed), tobacco, bristles and shellac, raw wool, vegetable oils, mica, manganese and animal feeding stuffs.

In addition, Britain has benefited from the growing diversification of India's export trade through industrialisation. Sewing machines and small diesel engines are some examples of India's "new" exports which are finding a market in Britain. An event of some significance last year was the first shipment to Britain of steel billets produced at the Bhilai steel works. Pig iron has already been received from Bhilai.

Statistical Picture

Looking at the 1960 trade statistics, the following picture emerges:

Imports from India amounted to £146,600,000, against £140,900,000 in 1959, an increase of four per cent. Cotton yarns and fabrics, linseed oil, tobacco, fruits and vegetables, manganese ore, mica, jute goods, oilseeds and oil nuts, and crude fertilisers, all registered increases over 1959. The value of cotton yarns and fabrics came to £14,600,000, an increase of 29 per cent. Shipments of linseed oil were £441,000 greater; or 65 per cent. Tobacco, at £9,200,000, was £1,100,000 more than in the previous year. Imports of fruit and vegetables at £1,700,000 registered an increase of 37 per cent.

Imports of some commodities, such as tea, coffee, animal feeding stuffs, raw cotton, wool, petroleum products and leather and leather goods declined. Feeding stuffs, at £10,500,000, were £1,600,000 or 13 per cent less than in 1959. Leather and leather goods, at £13,000,000, were £640,000 down on 1959. To sum up, the drop in Indian shipments of tea—slight though it is—leather goods, animal feeding stuffs, cotton and wool was more than made up by larger shipments of cotton yarn, woollen fabrics and other textile manufactures, as well as tobacco.

The rapid progress in the manufacture of synthetic materials is a factor which must be borne in mind in any assessment of the future prospects of some of India's exports to Britain. Coir is being replaced by nylon in the manufacture of mats. Not only are nylon fibres said to have better wearing qualities, but the finished product is more attractive and therefore preferred by the housewife in Britain, even if the price is higher. Shellac faces competition from synthetic resins in the manufacture of paint. The gramophone industry, too, has gone over from shellac to plastics and now makes virtually all new records of plastic materials. Jute is coming up against changes in packaging techniques. Commodities which used to be carried across the oceans in jute bags are now shipped in bulk carriers, and paper bags are cheap and easy to make.

Indian imports from Britain in 1960 were worth £148,900,000 against £170,200,000 in 1959, a decrease of 12.5 per cent. Exports of machinery, other than electric, which showed the biggest fall declined from £54,600,000 in 1959 to £43,400,000 in 1960, a drop of 20 per cent. Electric machinery went down by £5,800,000 to £14,800,000, chemicals by £7,600,000 to £14,100,000 and railway vehicles by £2,400,000 to £1,400,000. Exports of aircraft fell by almost 50 per cent to £8,600,000. British deliveries to India of cotton yarn and fabrics, and man-made fibres and products, also were substantially lower. Wool and tops, scientific instruments, photographic and optical goods and watches and clocks fell away as well. On the other hand, exports of road vehicles rose by £4,200,000 to £13,800,000, ships and boats by £2,100,000 to £6,042,000, petroleum and petroleum products by £1,600,000 to £4,000,000, and non-ferrous metals by £900,000 to £3,800,000.

Some anxiety is felt by British exporters at India's tendency to import an increasing part of her capital equipment from countries willing to accept blocked rupees. But both industry and Government in Britain are fully aware of India's tight balance of payments position, and the measures aimed at alleviating the position, have met with general approval in Britain.

Economic Aid

Two agreements were signed in Delhi on 1st May 1961 for loans amounting to £40,000,000 to the Government of India from the British Government. The first is for £30,000,000, for development. This is the largest single loan ever made by Britain as part of its programme of oversea development assistance. The loan is intended as an initial contribution to the third Five-year Plan. It is to be used for purchases from Britain, about half for individual projects and the remainder for other capital equipment and machinery.

The second agreement covers a loan of £10,000,000 for the purchase of a broad range of goods from Britain. Both loans are for a period of 25 years and no repayments are required until 1966. Total loans made by Britain towards Indias development plans now amount to more than £120,000,000. In addition, negotiations are proceeding on the loan for expansion of the Durgapur steel works' capacity by 600,000 tons.

No sketch of India's trade relations with Britain would be complete at this juncture without a reference to Britain's application for membership of the European Economic Community. While it is still far too early to make any definite statement on this important matter, one thing can be said.

By becoming a member of the European Economic Community, Britain would indeed have to subscribe to its basic principles which include a common tariff, common institutions, and a certain measure of common economic policies. This is bound to affect existing relationships within the Commonwealth. But, as Mr. Macmillan said in the debate in the House of Commons on 2nd August, it will be Britain's aim to make satisfactory arrangements to meet the special interests of the Commonwealth particularly, of course, in the economic field, and the Government has given an assurance that the Government will keep in the closest touch with the Government of India and other Commonwealth Governments in all matters affecting their interests. Britain believes that, by joining a rapidly-expanding economic unit of 250,000,000 people, it would not only strengthen its own economy and contribute to the further growth of this large market, but would also serve best the interests of the Commonwealth as a whole. Only an economically strong Britain will be able to provide an expanding market for the products of a developing country and, what is at least as important, will be able in co-operation with others, to be a source of investment funds for the execution of its economic plans.

CLIMATE FOR FOREIGN INVESTMENTS

HONOUR AND GOOD FAITH BEST INCENTIVES

By R. G. Follis

Chairman, Standard Oil Company, California

TO stand on their own feet, to become stable, free and strong, to grow and to prosper, the newly emerging nations of the world must import large amounts of foreign capital and skills. Outright gifts and loans from friendly foreign Governments, while they help get things started, are almost never enough to get them finished. And among the international investments that have helped these nations, those of the oil companies, comprising one-third of the total, are the largest.

Contrary to what many might think, it is not always easy to arrange to import such capital. These projects involve years of planning and hard work, the spending of vast sums of money, and are subject to the natural hazards of oil exploration itself with its heavy odds against success. In Australia, the last ten years of effort and the spending of two hundred million dollars by oil men has resulted in no commercial production. In Brazil, the spending of three hundred million dollars and six years of work have brought the same result. Forty years of exploration in the Philippines have resulted in a total loss to date. The countries involved, however, received bonus payments, investment within their borders, employment of their citizens and other benefits.

These investments are not the same as those spread over a wide variety and number of ventures. In each country, the risk is all in one piece—and the oil companies who venture in these foreign lands assume it all. The "host" country, by sharing in success, receives money to develop its own national economy at no cost or investment by Government or people. The country, however, does not share in the cost of failure.

Before making an investment of this magnitude, common sense dictates that previous agreement be reached as to the share of profit the country is to receive; and the share the company is to receive if oil is found; how they receive it; rights and obligations on both sides.

Complicated Business

Usually, these take the form of concession agreements. They permit an oil company to go ahead in the face of the existing risks, with the assurance that the ground rules will not suddenly be changed by one side later on. But the development of the oil resources of a country is a widespread and complicated business. Inevitably, differences of opinion and disputes between company and country will come up. But friendly discussions, in an atmosphere of goodwill and in good faith, will usually bring a mutually agreeable solution. These are allowed for in such agreements. An example is the agreement between Saudi Arabia and the Arabian American Oil Company. Here, such discussions have forged even stronger links between country and company, including the now widely-accepted principle of sharing profits equally.

The success of these agreements is now a commonplace. It is therefore all the more surprising to hear from some current sources and individuals the thesis that, after oil is found and developed, a "host" Government can, in fact, as a matter of patriotic necessity should, declare a one-sided amendment to the agreement which would give them part or all of the investing company's share of the profits.

There is, of course, no historical, logical, moral or legal support anywhere for this unique doctrine in any true civilisation found on law and not upon force. But, legality aside, if such a principle were accepted, the practical effects might well be disastrous.

The need of the newly-developing nations for outside capital does not stop with the discovery of oil. New capital investment is then more necessary than before. This is because the country's new wealth lies not in possessing the oil, but in selling or using it or its products.

Even that, however, is not enough; the capital invested by the oil company is still just a shove, although a big one, in the direction of economic well-being for the "host" country. Success and good faith on both sides attracts more foreign capital to create more real wealth, a better life.

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TEXTILE INDUSTRIES IN LATIN AMERICA

NO IMPORTANT DEVELOPMENTS EXPECTED IN NEAR FUTURE

AN interesting review of the general trends in the textile industries of Latin America was made by Mr. Jackson E. Spears, Chairman of the Foreign Trade Committee of the American Cotton Manufacturers Institute, Inc., in the course of a paper read at the 1961 meeting of the International Federation of Cotton and Textile Industries held at Osaka (Japan). The paper gives a statistical picture of the textile industries, country-wise breakdown of *per capita* fibre consumption in the past few years, a comparison of the cotton cloth and yarn output in selected Latin American countries with that in the U.S., and trend of man-made fibre cloth production. The chief conclusion arrived at by the author is that the textile potential in Latin America will continue to be dependent for real expansion, modernisation and growth on the economic and social development of the area. No important change is expected until major events occur. Mr. Spears' review reveals the following trends:

Between the late 'thirties and the late 'fifties, the physical quantity of textiles available annually in Latin America has doubled, accompanied by a slight decline in net importation of these products into the area. Thus, there has been over this period a large increase in mill fibre consumption. *Per capita* availability of textile products increased from 3.7 kilos prewar to 4.5 kilos in 1957. During these two decades, there was a very large increase in population. In January 1950, cotton spindles in place in Latin America totalled 5.77 million, or an increase of 28 per cent. While, on a gross basis, consumption of textiles in Latin America of all fibres increased during the period, on a *per capita* basis, wool was unchanged at the end of the period. Cotton products were up 10 per cent, while man-made fibre more than doubled.

In 1957, as in 1938, cotton products dominated the Latin American picture, standing at 3.3 kilos *per capita*, as compared with 1.2 kilos for man-made fibre and wool combined. Man-made fibre, with a smaller share of the market than wool at the beginning of the twenty-year period, had twice as large a share at the end.

In January 1960, the three countries with the largest number of cotton spindles were Brazil with 3.5 million, Mexico with 1.2 million, and Argentina with 1.0 million. These three countries accounted for 5.76 million of Latin America's total of 7.38 million spindles. While the number of spindles in place in Brazil and Mexico was only modestly larger than ten years earlier, the Argentine total represents a doubling over the decade. In January 1960, these three countries between them had 183,000 of the 227,000 cotton looms in Latin America. Brazil made substantial increases in loom installations during the 1950's and Argentina's weaving capacity was modernised.

The cotton textile industry in Brazil had a very good year in 1960. The Argentine industry, in contrast, experienced considerable difficulty in the first half of 1960, though there was probably some improvement in the later months of the year. Perhaps the most important development last year in the Mexican industry was the conclusion of a revised industrywide agreement on wages and fringe benefits, carrying wage increases of about 15 per cent and concessions in vacation and holiday pay and other fringe. After the increase, Mexican textile labour is averaging slightly better than two U.S. dollars per day. For comparison purposes, it might be noted that the daily wage in the U.S. industry averages about six times this figure. Some 20 per cent of Mexico's cotton looms are automatic, and efforts are being made to modernise the industry. Since June 1958, for instance, importation of second-hand machinery has been forbidden.

Of the 15,000 looms on man-made fibres in Mexico, 95 per cent are automatic. In both Mexico and Brazil there has been a phenomenal growth in apparel manufacturing. There are now about 88,000 industrial sewing machines in Mexico, with heavy concentration on shirts and work clothing. The Brazilian garment industry has about 40,000 industrial sewing machines and expects to double its output in the next decade. In Argentina, industrial sewing machines installed are estimated at between 80,000 and 100,000.

The whole thrust of development in Latin America is towards increased reliance upon domestic textile and apparel manufacturing and a continuing decline in the relative importance of foreign trade in these products. The explosive population growth in Latin America insures that there will be more bodies to clothe. The question, of course, is whether the growth in income will also be explosive. So far, clearly, population is outrunning income in Latin America. In 1938, there were 126 million people in Latin America; in 1960, there were 206 million. The natural annual increase in Central America (including Mexico) is now 2.7 per cent. In South America, it is 2.3 per cent. The rate in the world as a whole is only 1.7, which, incidentally, is also the rate for East Asia. Because of the relatively low life expectancy, 40 per cent of the population in most Latin American countries is under 15 years of age. Failure of the gross national product of the area to grow apace is a matter of concern. It is hoped that the general awareness of this problem will encourage redoubled efforts to find solutions. During the 1950 decade alone, some 40 million people were added to the population of Latin America.

On 13th September 1960, a group of 19 member-countries of the Organisation of American States signed the Act of Bogota. Parenthetically, the 20 Latin American republics plus the

(*Continued on page 842*)

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OUTLOOK FOR COTTON INDUSTRY GLOOMY

MILLS SEEKING HELP OF RESEARCH EXPERTS

From Our Special Correspondent

MANCHESTER LETTER

MANCHESTER, 17*th October*

STRIKE action is only likely to be taken "as a last resort" by the ten trade unions in the cotton industry in support of their claim for a 10 per cent wage increase for nearly 180,000 workers. The demand was rejected outright by the millowners last month.

Sir Alfred Roberts, Secretary of the Card-room Workers' Amalgamation, said that the eight-man sub-committee was not in favour of strike action after a meeting in Manchester. "Nor are we in favour of arbitration," he added, "in view of the Government's attitude towards collective bargaining. Its decision on arbitration affecting Government employees is not conducive to us having any confidence in arbitration at this stage."

After further discussions, the sub-committee will report back to the executives of the unions involved.

Knitting Exhibition Opens

The biggest "shop window" of equipment for the knitting industry ever staged in Britain has brought nearly 300 exhibitors from eleven countries to Manchester and visitors from every textile-producing country in the world. The International Knitting Machinery and Accessories Exhibition has moved from the traditional centre of Britain's knitting industry because its rapid growth in size has overgrown the exhibition hall facilities available at Leicester.

Plant on show at Belle Vue, Manchester, reflects the latest advances in design and production techniques, including the use of electronic devices. The fashion swing towards seam-free stockings is underlined by the many machines in this category on display. One seamless hose machine is capable of producing a stocking in two-and-a-half minutes and another trims, transports and selects seamless hose automatically in one operation.

Cotton Prospects

A warning that major strikes later this year would reduce retail sales of textiles and cause more dislocation in the cotton industry is contained in the quarterly review issued by the Cotton Board. Giving a gloomy picture of prospects, the Board describes more machinery standing idle, the curtailment of shift work, extended holidays and occasional mills closing down completely.

Yarn output dropped by nearly 7 per cent between April and August and the number of looms running drifted downwards. The labour force fell by 10,000 in the first half of the year and the familiar three-year stock cycle is now being encountered. A further decline of over 1,000 workers took place in the cotton industry during August and, at the end of the month, the number of operatives on the books of employers was 177,140. This compared with 184,400 twelve months previously.

Output in the mills was affected by holiday influences, but both yarn and cloth production was lower than in 1960. Average weekly output of yarn was 12,400,000 lbs., a drop of 300,000 lbs. per week on last year's level. Production of woven goods averaged 33,730,000 yards weekly, a fall of 1,710,000 yards per week on the corresponding month last year.

Aid from Research Experts

More and more Lancashire textile firms "streamlining" their mills are calling in research experts to help them over the initial problems. Dr. D. W. Hill, Director of the Shirley Institute—the Didsbury Research Centre of the Cotton, Silk and Man-Made Fibres Research Association—said in Manchester that the Centre's experts had made over 3,500 special visits to mills in a year to discuss urgent problems. This was equal to 30 visits on every working day.

The increased demand for these special visits, Dr. Hill told the annual meeting, arose from the industry's interest in re-equipment and it was apparent that the mills were turning more and more to the Research Centre for help in solving the many problems now pressing upon the trade. Discussing the Institute's research programme, he said that, while basic research must still be actively pursued, the *industry's prime need at the present time* was for increased productivity, economical processing and new developments, particularly in finishing, likely to attract the consumer.

Household Textiles Expand

In spite of the problems of dwindling orders and rising manufacturing costs facing household textile firms, readily available supplies and intensive competition between suppliers have stimulated a flow of new ideas, material designs, colourings, make-up and presentation, the Household Textile Association said in its annual report. "Whatever troubled views the producer and converter may have, the consumers' view of the market and what it offers must surely be as attractive as it has ever been," said the report. "The housewife has an almost infinite range of choice when she buys a textile article for the home." But the report added that, at the production end, many firms were seriously concerned about the outlook.

Order books and profit margins were shortening; labour and other manufacturing costs continued to rise, and plans for further re-equipment and increased productivity in the industry might well be frustrated while low cost imports continue to increase. Among the disturbing features of the rise in imports is what could only be described as the practice of dumping goods at uneconomic or subsidised prices which disrupted the channels of trade, and inflicted serious damage on the domestic industry. In particular, this charge can be levelled against imports of various types of textiles from Spain. But organised efforts to induce the Board of Trade to apply its powers against dumping had so far failed.

Boxing Against Shadows

Conspicuous by their absence at this year's Cotton Board conference, to be held this weekend at Harrogate, will be the politicians. Many people in the industry would rightly contend that Representatives of the Government should be there in force to hear what the men from the mills think about the way they are being treated. Virtually every decision which concerns the future of the Lancashire cotton trade at the moment is being taken by Whitehall—with apparently very little regard for those directly involved.

The conference—not for the first time—is being held under the shadow of a disturbingly low rate of activity in the trade. The high hopes of two years back have been whittled away by undermining confidence created by anxiety over imports and a persistent failure to provide shippers with the means to maintain, let alone improve, overseas transactions. One aspect of recent negotiations with Hong Kong and the other Commonwealth suppliers of so much of the current arrivals from abroad is that the spokesmen from the British side have been entirely drawn from Government officials. It is, therefore, entirely wrong to level any blame for the impact of the new arrangements on representatives of the Cotton Board, or indeed the trade's leaders, who have never been more than observers at the talks.

New Broom—Old Methods?

It has been suggested in some quarters that the appointment of a local man as President of the Board of Trade may create a more favourable atmosphere for Lancashire. In view of the fact, however, that several of his predecessors in the post are members of the Cabinet, Mr. Erroll may have a difficult task to convince his colleagues that a special case can be argued on cotton's behalf. There are many reasons for thinking that no real relief is likely in the near future. Marketing and promotion provide the basis for this year's debates at Harrogate and offer scope for stimulating initiative in a trade where international rivalry becomes increasingly keen. It would be surprising if the effect of Britain's now apparently inevitable entry into Europe is not the subject of questions and wide discussion.

The cotton industry has proved that it can take a vast and comprehensive reorganisation scheme in its stride and still continue turning out supplies at a time of almost overwhelming demand. Now that the moment has come to dispose of its goods in highly competitive conditions, it is right that every angle of selling techniques should be examined dispassionately.—*All Rights Reserved.*

WOOL RESEARCH IN U.K.

Trade associations in the British wool textile industry have agreed to an increase in the statutory levy on the industry aggregating about £50,000 a year for scientific research. Most of this will be needed by the Wool Industries Research Association, Leeds, to maintain the present scale of its research, as costs have risen, and the Department of Scientific and Industrial Research now requires a larger contribution from the industry to qualify for assistance. Bigger funds should also make possible more financial help for approved research projects in textile departments of universities and colleges of technology.

The existing research levy on the British wool textile industry realises about £185,000 a year and is administered by the Wool Textile Research Council, representative of the whole industry and including trade union representatives, scientists and others. The Wool Textile Delegation has asked the Board of Trade to seek parliamentary approval for appropriate amendment of the statutory order under which the levy is paid. It is hoped that the order will operate from April 1962 and first collection at the new rates would be made from 1st October next year.

The Government of India has raised the import entitlements for decoration ideas such as zip fasteners, buttons and snap fasteners from 1 to 5 per cent of the export value of wool hosiery. Under the Export Promotion Scheme for woollen goods (including hosiery), an exporter can import wool tops, embellishments, dyes and chemicals and machinery upto 85 per cent of the export value.

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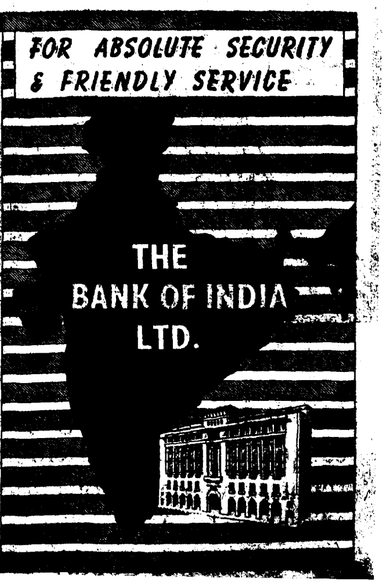

COTTON ADVISORY BOARD'S MEETING

CONTROVERSY OVER REINTRODUCTION OF QUALITY CONTROL

THE Cotton Advisory Board, which met in the City on the 21st inst., discussed the overall supply and demand position of raw cotton during the 1961-62 season. The Board estimated that the Indian cotton crop during the current season, that is, 1961-62, would vary between 4.8 million bales and 4.9 million bales and that mill consumption of Indian and foreign cotton taken together would amount to 5.6 million to 5.75 million bales. On this basis, the requirements of foreign cotton, according to the Board, would be about 1.20 million to 1.35 million bales, even if no additions were made to the existing carry-over stocks which it considered to be already low. The Board was also of the view that, in the context of the smaller crop this year, the system of compulsory survey, through regional committees, might be revived in the interest of all concerned. It was also emphasised that the working of these committees should be supervised and controlled.

On the basis of the Board's calculations, it is possible to draw a preliminary picture of the supply and distribution of raw cotton during the season. The carryover stocks at the beginning of the season were 2.21 million bales, comprising 1.85 million bales of Indian and 395,000 bales of foreign cotton. If the crop turns out to be in line with the Board's estimate, total supply, excluding imports, would be 7.06 million bales. The Board estimated consumption requirements of Indian mills at 5.7 million bales (Indian and foreign). Assuming that exports during the season would be about last year's shipment of roughly 300,000 bales, total disappearance would work out to six million bales. Hence imports of 1.2 to 1.3 million bales would be required, according to the Board's estimate, if stocks at the end of the season were not to decline below the current season's opening level of 2.21 million bales. The Board, however, did not suggest the composition of imports staple-lengthwise nor the quantum of short-staple cotton of 1" and below that should be imported. It left the question to be decided at a later stage.

While the Board's estimate thus reveal a tight statistical position during the season, the trade has revised its crop ideas from 4.8 million bales a month ago to about 5 million bales at present. Some suggest that, should there be no further setback, the crop might even equal 5.2 million bales, as against last season's 5.4 million bales. Whatever be the size of the final crop, there is no doubt that the current season's crop would be lower than last season's output. Even if the actual crop were to be higher by 200,000 to 300,000 bales than is anticipated at present, the increase would be just sufficient to cover the rise in the requirements of spinners which is placed by the Board at 230,000 bales. Consequently, it would appear that imports would have to be maintained on the scale allowed last year.

Tight Supply

The Board does not seem to doubt that, in view of the smaller crop, the supply position would be tight. This explains its plea for the reintroduction of the system of compulsory surveys which was in force during the last two seasons and a decision to abolish which with effect from this season was taken not long ago. The East India Cotton Association, Bombay, has also suggested reintroduction of the compulsory survey and the appointment of regional survey committees. This proposal has, however, been opposed in some quarters. For instance, the *Gujerat Niyantrit Bazar Sangh* strongly opposed compulsory surveys. In a telegraphic communication addressed to Mr. K. C. Reddy, Union Minister for Commerce and Industry, the *Sangh* has requested the Government not to reintroduce compulsory surveys. It has pointed out that compulsory survey proved to be detrimental to the interests of growers last season and resulted in the accumulation of stocks and a sharp decline in prices.

The Government's reactions to these opposing points of view are not known at the time of writing. It is probable that it will make up its mind only after a clearer idea of the crop becomes available. Although compulsory surveys are not desirable in the normal circumstances as it cripples free trading in cotton, should the crop turn out to be as poor as is envisaged at present, some ways will have to be devised to ration out the limited supplies at reasonable prices. The quota system (which is still in force) and compulsory surveys had helped to regulate the distribution of cotton during the last season and, if the 1959-60 experience were to repeat itself, the Government might find itself left with no other choice.

WORLD COTTON SUPPLY

Some increase in the total world supply of cotton during the present season seems virtually assured in view of a larger world carryover on 1st August this year and the continuing high level of cotton production which could well set a new record, according to the September review of the International Cotton Advisory Committee. It seems doubtful, however, whether total exports will remain at the same level as in the last two seasons. On the basis of present estimates, export availabilities should not be much different from last season. On the consumption side, the Committee estimates that overall cotton consumption should remain at a relatively high level, despite less favourable prospects in certain countries, notably in Western Europe.

But there are a number of uncertainties which make it difficult to make a realistic appraisal of the trade outlook.

In the first place, the significant increase in stocks in certain net importing countries, particularly India and Japan, could affect imports by these countries though the trend of their textile production has been upward.

On the other hand, demand from Communist countries has become an important factor in the total cotton export economy. A hopeful factor here is the marked reduction in production in the Soviet Union and China last season, which stimulated demand for cotton imports in Communist countries from the rest of the world.

In the longer term, maintains the I.C.A.C., the price trend for both raw cotton and cotton textiles will be a key factor in the outlook for consumption. In the last two years, mills have had to absorb rising cotton prices and increased labour costs without being able to offset these by higher textile prices owing to the highly competitive situation of the world textile industry. As a result, mill margins have often remained insufficient to provide an adequate flow of funds for new investment. In the competitive position *versus* man-made fibres, where production in 1960 set a new record high.

The price trend for American type cotton in the last two seasons has inched steadily upwards and this would seem to set the pattern for the present season. In the United States, despite availability of unusually large free stocks, any heavy movement of cotton into the Government loan will inevitably lead to higher prices as the season progresses. Extra-long staples which were under some pressure earlier in the season, have shown firming tendencies of late in view of the short Egyptian crop this season.

COTTON IMPORTS INTO U.S.

The United States imported 92,000 bales (500 pounds gross each) of cotton during August, the first month of the 1961-62 quota year for long-staple varieties. Of these, 61,000 bales were imported from Egypt. 20,000 bales from Peru and 10,000 bales from Mexico. Imports from India amounted to less than 500 bales. The United States also imported 13,000 bales of cotton linters, mostly felting qualities, during August. This was nearly equal to the quantity imported in July this year, but was considerably higher than the 7,000 bales imported in August 1960. Mexico and the Soviet Union were the major suppliers with El Salvador, Guatemala and other countries shipping smaller quantities.

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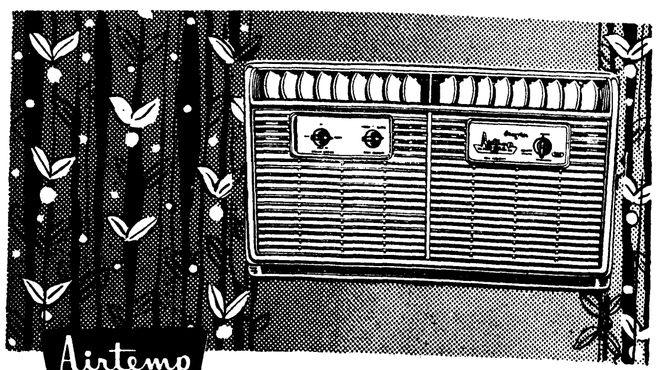

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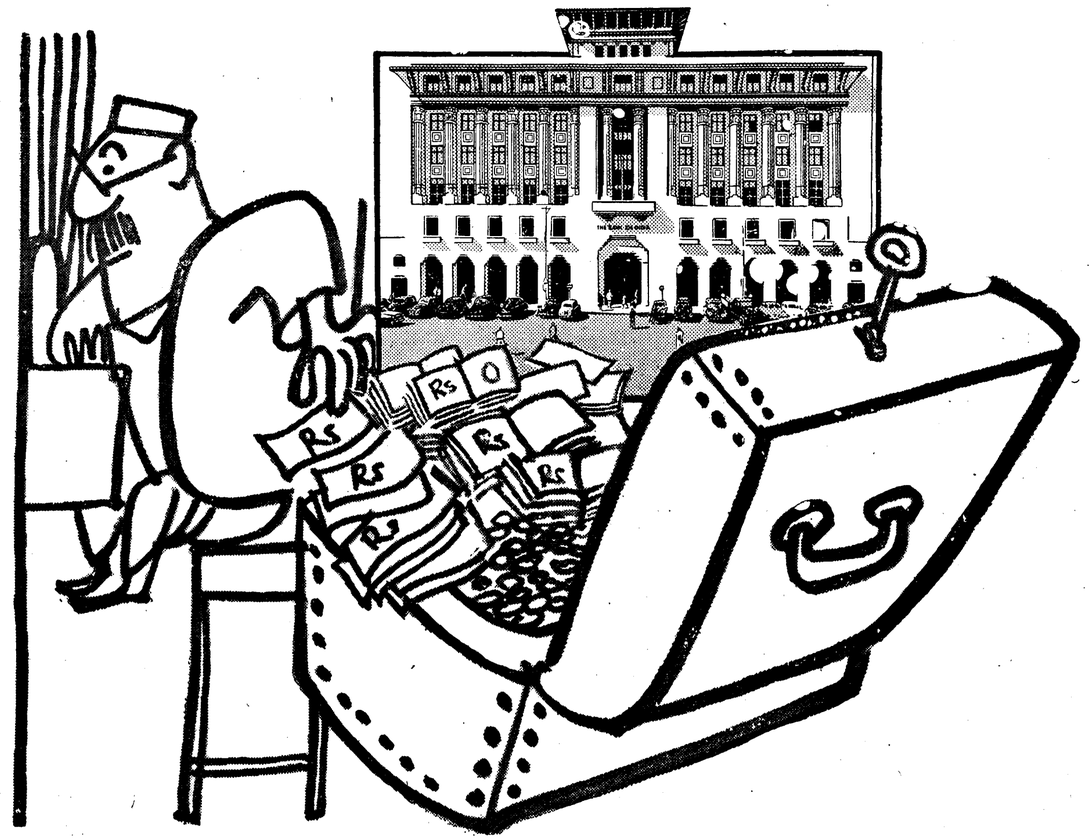

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JUTE INDUSTRY AND ITS PROBLEMS

MR. BAJORIA'S NOTE OF WARNING NEEDS TO BE HEEDED

IN the last financial year, that is 1960-61, the jute industry earned for the country precious foreign exchange amounting to as much as Rs. 135 crores. In fact, out of every Rs. 100 worth of exports in that year, jute yarns and manufactures alone accounted for Rs. 21 crores. It is obvious, therefore, that any marked fall in exports of jute goods will disrupt the third Five-year Plan which is so heavily dependent on external resources. Surely, Mr. C. L. Bajoria, Deputy Chairman of the Indian Jute Mills Association, does not indulge in any exaggeration or try to be melodramatic when he declares, in the course of a series of three articles contributed to the Press, that a serious decline in jute goods exports will be a disaster for cultivators, industrial labourers, millowners, investors and for the State of West Bengal, the economy of which is to a large extent based on the jute industry. Mr. Bajoria is one of the few who have a thorough knowledge of the problems of jute industry and his views, therefore, deserve due consideration. In the aforesaid articles, he has impressively analysed the recent trends in the industry and offered solutions to some of the problems confronting the industry.

How serious is the competition offered by the rapidly expanding jute industry in Pakistan has been well brought out by Mr. Bajoria. The share of Pakistan in the combined jute goods exports of India and Pakistan has gone up quite markedly from just 5.9 per cent in 1955 to as much as 19.1 per cent in 1960, while that of India has fallen from 94.1 per cent to 80.9 per cent. The competition is keener in the case of sacking than hessian. The percentage share of Pakistan in sacking has risen from 12.4 to 28.4, whereas India's share has declined from 87.6 to 71.6. India's major export markets for sacking are being lost to Pakistan at an alarming rate, as the following figures show:

(In tons)

Countries	India		Pakistan	
	1960	1957	1960	1957
Australia	55,500	81,400	26,100	600
Burma	5,200	24,900	12,000	7,200
Cuba	34,400	51,400	10,800	1,200
Nigeria	9,100	17,900	12,600	..
Rest of Africa (excluding S. Africa) ..	50,800	94,200	14,800	5,800
Peru	5,300	10,400	4,800	500
West Indies	1,700	4,900	4,000	1,800

It is stated that 75 per cent of the Australian market and 50 per cent of the Cuban market have already been lost to Pakistan. The entire Egyptian market has been lost, because of the setting up of jute mills there. In Thailand, mills are being established and, further, this country is meeting its requirements by imports from Japan for which it pays by export of its raw jute.

Effective Action Wanted

The competition offered by Pakistan is bound to be more and more acute in the coming years. The jute industry in Pakistan is carrying out a substantial expansion of productive capacity. About 6,000 additional looms will be installed in the next four or five years, bringing the total loomage to 14,000 by 1965. Of these new looms, about 5,000 will be for producing sacking. On this basis and assuming that the industry works 2½ shifts, the output of sacking will be at the rate of 30,000 tons per month. It may be noted here that the average monthly export of sacking from India during the period 1956-60 was just this quantity. Viewed thus, there is no exaggeration whatever in the note of warning struck by Mr. Bajoria that, unless prompt and effective action is taken to meet the situation, almost the entire export market for sacking may be irretrievably lost within the next few years. Explaining the consequences of such a development, he says:

"Should this happen, export earnings from jute goods would decline by about Rs. 55 crores a year, the jute industry would be crippled through the restriction of sacking production to the small amount needed for domestic consumption and perhaps marginal exports, jute growers would suffer heavy loss, and about 100,000 workers or half the total number in the industry would be deprived of employment. The implications for national economic development and for the economy of West Bengal can easily be imagined.

"The outlook for hessian is not quite so grim at the moment, though, in time, the danger from Pakistan is likely to become serious in this section of the industry, too. While both India and Pakistan increased hessian exports during the years 1957 to 1960, the increase in the case of Pakistan was greater than that of India. For hessian, the menace is not yet imminent, but sacking is already faced with a struggle for survival."

The high competitive ability of the Pakistan jute industry *vis-a-vis* the Indian industry no doubt appears somewhat strange, considering that the Pakistan industry is faced with problems like shortage and high cost of power, the relatively lower level of workers' skill, high depreciation charges on expensive modern machinery, and lack of ancillary industries for servicing and maintenance of such complex machinery. But as against these problems, the Pakistan industry enjoys three very distinct advantages. They are: (*a*) abundant supplies of cheap and superior quality raw jute; (*b*) comparatively low wages and freedom from a number of welfare and social service benefits; and (*c*) export bonus system.

Export Subsidy

It is estimated by Mr. Bajoria that the last mentioned factor alone gives the Pakistan industry a cost advantage of about Rs. 150 per ton of sacking and hessian on the basis of present conditions. Taking all factors into account, the cost difference in favour of Pakistan comes to about Rs. 300 per ton. Drawing pointed attention to this aspect, Mr. Bajoria urges effective means to meet Pakistan competition in the export market. In particular, he commends for acceptance the grant of an export subsidy for the Indian jute industry. In support of this plea, he observes:

"An export subsidy such as this is, perhaps, not desirable in principle, but, if our main competitor resorts to such tactics and thereby threatens our major export industry with annihilation, it should be obvious that we have no choice but to follow suit. The alternative is to do nothing, while our more enterprising rival captures our markets and cripples our industry. This is surely an even greater evil than the grant of a subsidy to match that of Pakistan. In practice, even a full matching subsidy will not, in all probability, be needed. In the conditions prevailing in Pakistan, capital for expansion of the jute industry will be attracted only by a very much higher margin of profit than that considered reasonable in India. It is likely that a subsidy of about Rs. 130 per ton on sacking exports by India would be sufficient to reduce profitability in Pakistan to a level that would be regarded as unattractive and induce a revision of the projected expansion of manufacturing capacity. Moreover, in all probability, the grant of a subsidy by India would lead to abolition of the export bonus system in Pakistan, where it would be considered a costly but relatively ineffective device. It would then no longer be necessary to continue the Indian subsidy. A country that considers it worthwhile to pay Rs. 5.5 crores to subsidise sugar exports worth Rs. 12 crores ought not to cavil at a moderate and probably temporary subsidy in order to safeguard exports worth Rs. 55 crores a year. If necessary, at least a part of the loss of revenue involved could be made up through an excise duty on jute goods consumed within the country."

The case for an export subsidy is pretty strong in the circumstances explained by the Vice-President of the I.J.M.A. It has also a moral justification, in that the industry had paid in the early fifties crores and crores of rupees by way of export duty and that, by subjecting it to heavy export levies, the Government of India held out a protective umbrella to the jute industry in Pakistan during its infancy. Public memory being short, it may be recalled here that, in those days, this journal pleaded in vain for building up a separate fund out of the proceeds of export duties for subsidising the jute industry in times of need.

Productivity Must Be Raised

An export subsidy, it must be emphasised, is at best only a palliative, and not an effective, permanent solution to the problems of jute industry. Such a solution lies in taking energetic action to step up the productivity of the jute mills through modernisation of equipment and rationalisation of the manufacturing processes. It is only then that the competitive capacity of the industry in overseas markets can be enhanced from the point of view of not only quality but also price. Simultaneously, there is the urgent need for ensuring stability in the prices of jute goods and raw jute at levels that are economic to both the grower and the processer. This aspect has been forcefully highlighted by Mr. Bajoria.

(*Continued on page 842*)

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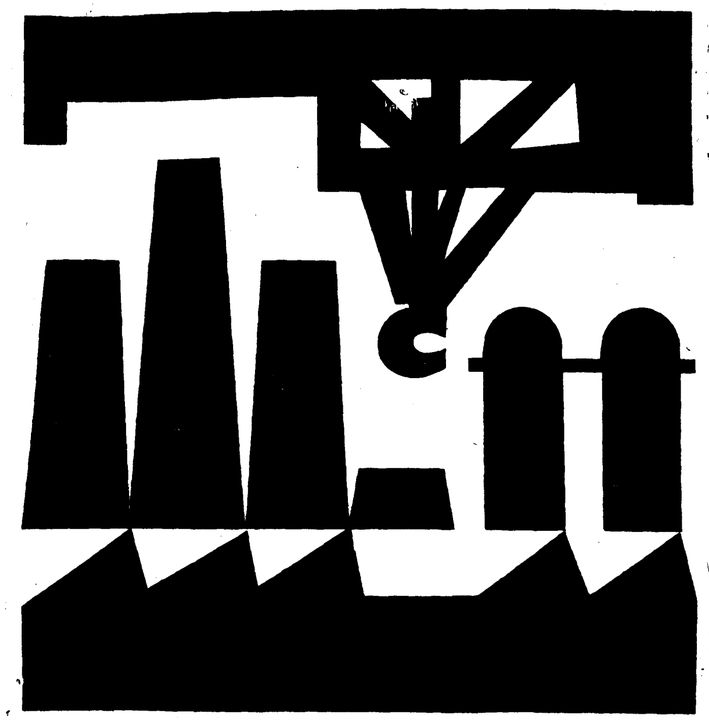

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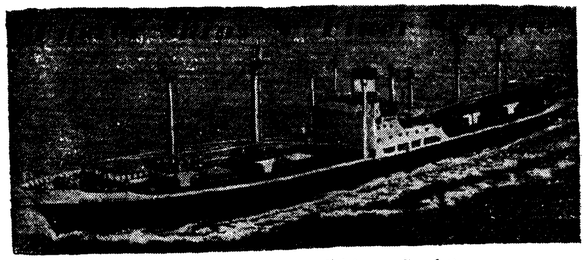

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NEW PUBLICATIONS

Indian Tax Structure and Economic Development. By G. S. Sahota. Institute of Economic Growth, Delhi. Publishers: Asia Publishing House, Bombay. Pages: 106. Price: Rs. 9.

IS the tax system in India sufficiently income-elastic? If so, to what extent? If not, why is it inelastic and how can it be made more income-elastic? These are the questions which have aroused wide interest in the context of the increasing emphasis laid on role of taxation in the financing of economic development. It is in the fitness of things that Mr. G. S. Sahota, a junior Research Fellow of the Institute of Economic Growth, Delhi, undertook a study of the relation between the tax structure of India and its economic growth. The study, the results of which are now published in the book under review, deals primarily with the response of the tax system to the expanding fiscal needs necessitated by a planned attempt at accelerated economic development.

Mr. Sahota has lucidly analysed the response of the tax system to increases in national income under two broad heads: One is described as the built-in-flexibility of the system, that is, the proportion of the rate of increase in tax yield to that of the rise in national income, the proportion being used to determine the elasticity of the tax system; and two, the result of changes in the rates and structure of the system, involving its widening and deepening by way of extension of base, additions to the number of taxes, and increase in rates of taxation. Three methods have been used for calculating the elasticity and buoyancy of the Indian tax system and of the more important of the individual taxes which are not alternative but complementary to one another, namely, (a) regression analysis, linking tax receipts to changes in national income or its different components as the case may be; (b) time rate of growth linking the growth of tax receipts with that of national income or its relevant component over a period of time; and (c) a simple computation of the percentage that a tax forms of national income for each of the periods studied. The findings in this respect are, as Dr. V. K. R. V. Rao, Director of the Institute, says in his introduction to the publication, highly significant from the point of view of both understanding the current responses of the tax system to changes in national income and formulating a new tax policy more suited to the requirements of the developing economy.

The chief merit of the study is that the general sluggishness in the responsiveness of the Indian tax system to changes in income or expenditure has been admirably and convincingly brought out with the use of the technique of regression analysis. Further, the causes of this sluggish behaviour, including tax evasion, have not only been stated but their impact worked out, perhaps for the first time in statistical terms. What is more, the great scope for the manipulation of the fiscal apparatus to influence production and income distribution has been highlighted.

Some interesting conclusions have been arrived at by Mr. Sahota. They may be summed up as follows:

The relative time rate of growth is much higher in the case of most indirect taxes, while the degree of responsiveness of direct taxes to income changes in terms of built-in-flexibility is relatively lower.

The growth of our tax receipts over time has been due much more to increase in taxation than to built-in-flexibility.

The comparatively lower rate of buoyancy of income-tax is due to widespread evasion.

The incidence of taxation on rural income is lower than on urban income, but the rate of increase in tax incidence has been greater in the rural sector than in the urban sector.

On the basis of the elasticity and buoyancy co-efficients and assuming that income during the third Plan period rises approximately at the rate expected by planners, Mr. Sahota has estimated the additional tax that can be expected over the Plan period without any additional tax effort (that is as a result of the built-in-flexibility in the tax system) at Rs. 1,130 crores. This estimate is, however, qualified by the proviso that national income will rise at 6 per cent a year. The appendix at the end of the study gives a statistical analysis of the various taxes and tax groups.

Underlining the significance of built-in-flexibility (or elasticity as Mr. Sahota calls it) in the tax system as the crucial determinant of the role which public funds can play in economic development, Dr. Rao has made the following interesting observations:

"When a country passes from a state of comparative backwardness in economic development to one of self-sustaining growth and economic maturity, it does so mainly by using part of the funds that arise in the process of economic development as increments in national income resulting from economic growth. The tax system is a major instrument for the mobilisation of these funds. It must be noted, however, that there are severe political and administrative limitations on the extent to which additional taxation by way of either expansion of tax bases or increase in tax rates or imposition of new taxes can be resorted to for increasing the flow of tax receipts. For enlarging tax receipts, therefore, the tax system will have to rely largely on its built-in-flexibility. The structure of the tax system should be such that an increasing proportion of the increments to national income gets automatically syphoned off into the public exchequer without involving any additional tax effort on the part of Government. It is from this point of view that the Indian tax system should be subjected to a new look so that the necessary structural reorganisation could be effected to make it a more effective and less painful instrument for the mobilisation of public funds for economic development."

Viewed thus, the study of Mr. Sahota is only a preliminary one. Nevertheless, it will be immensely useful for undertaking more detailed studies in the field of taxation. Such studies will help evolve a tax system that will be sufficiently responsive to changes in income and expenditure.

Mysore State—An Atlas of Resources (Vol. I). Edited by Mr. A. T. A. Learmonth and Mr. L. S. Bhat. Publishers: Asia Publishing House, Bombay. Pages: 294. Price: Rs. 32.

This book is the first volume of the regional survey of Mysore State initiated as a pilot project by the Indian Statistical Institute. Although the book is the product primarily of the exploratory effort in quantitative regional analysis and mapping techniques, it throws a good deal of light on patterns of distribution of resources and regional economic disparities within the State. Some of the developmental problems and their planning implications have also been briefly considered. The study, therefore, is of interest to those engaged in planning and studies of geography, as well as to businessmen and industrialists who wish to venture into new fields of activity in Mysore. Surely, the technical aid which the U.K. Government granted for the survey under the Colombo Plan has been well utilised.

The Atlas includes 105 maps dealing with the resources of the Mysore State, brief notes on sources of data, methods of representation and analysis. Based on these maps, a regional synthesis, combined with the data collected through a series of reconnaissance tours in the State and the results of some experimental sample surveys of villages in the sub-regions of the State, is said to have been presented in Volume II.

Consumer Buying for Better Living. By Prof. Cleo Fitzsimmons. Publishers: John Wiley & Sons, Inc., New York. Available in India: Asia Publishing House, Bombay. Pages: 546. Price: $8.50.

To a common man, "consumer buying" means purchase of quality goods and commodities at the lowest possible price. He may, therefore, wonder whether as many as 546 pages are required to explain what is meant by "consumer buying for better living." But, if he were to peruse the above interesting book by Prof. Cleo Fitzsimmons, he would at once feel that the subject is really so vast as to need such detailed study. For, in this book, the author has examined those aspects of economic theory that are related to consumption and to the buyer's use of the market in obtaining consumer goods. She equates buying with a way of living, of course, to the extent that purchases can provide it. Prof. Fitzsimmons shows how theory can be related to pratice in consumer buying and conveys an understanding of the function of markets, as well as desirable management and buying procedures.

The book is divided into two main parts. In the first part, the author considers both the theoretical and observable aspects of the economic system in which consumers operate. Special stress is placed on markets which are described in terms of their varieties and uses, their relation to the consumer group and marketing arrangements that affect the purchase of goods, including display, advertising and credit. Several other topics of importance to the consumer are also discussed, as, for instance, production, demand and organisation providing consumer information and protection. The second part is devoted to the analysis of the problems and procedures of consumer buying for nine classifications of goods—food, housing, clothing, household operating goods, furniture and equipment, etc. An unusual inclusion is the treatment of requisites for health, recreation, transportation and protection as types of goods that are bought and used.

The terminology used in the book is that of basic economics and home economics. And, since the book supplies the elements of economic theory involved in consumer buying, previous acquaintance with economics is not necessarily required. In order to help the reader to see his problems in terms of goods he may buy in the market today, questions under "Guides for your thinking" are introduced at intervals in the discussions. These questions will enable the individual to apply to his own community or household the principles considered in the book.

The Workshop of the World. By Prof. J. D. Chambers. Published by Oxford University Press. Pages: 239. Price: 8s. 6d.

This book covers the economic history of Britain during the period 1820 to 1880 when British industrial supremacy was at its pinnacle and which earned for the country the epithet "Workshop of the world." It takes the story of British economic development, so well told by Prof. T. S. Ashton in a book of the same series, *Industrial Revolution*, a stage further, that is, till about the end of the nineteenth century. Professor Chamber's narration is fascinating and is sure to hold the interest of the reader, even though the subject has been endless written about. It is an admirable introduction to the economic history of Britain.

THE NEW ISSUE MARKET AND THE STOCK EXCHANGE—AUTHOR'S REPLY

Apropos the review of the above book in *Commerce* dated 16th September 1961 (*vide* page 562), the author of the book, Mr. A. K. Sur, writes as follows:

"I am extremely sorry to find that the reviewer had an evident misunderstanding of the subject. Otherwise, he would not have said: 'This is neither a full-fledged book on the Indian capital market nor a penetrating analysis arising out of intensive research on any one of the individual aspects of it.' But he should have noted it (as explained by me on page 1 of the book as also in its sub-title) that this is a book only on the securities market of the country. Now capital market is a wider thing concerned with the supply of capital to both the corporate and the non-corporate sectors of the economy, whereas the securities market is concerned only with the corporate sector. The reviewer should have an understanding of it, in order to do justice to the author.

"If, indeed, the reviewer had any mastery of the subject, then he could have at once discovered that the various aspects of the new issue market described and discussed in the book are based on the author's own research work. A reference to pages 32, 48, 49, 50, 51, 54, 61, 64, 75, 76, 80, 81, 98, 99, 100, 102 to 116, and so forth will show the amount of research work that must have gone to find out the data given therein. Indeed, the chief feature of the book is the presentation of a continuous series of data relating to the new issues, both initial and further issues, from 1921.

"After my book was written, the Reserve Bank of India has published a series of data relating to the new issues for the period 1951 to 1960. But even these data were not complete, because the initial and further issues of the earlier years of the series were not given. These data relating to the initial and further issues of the earlier years are given only in my book. Then again, the R.B.I. data were brought down only to the middle of 1960. The research department of the *Economic Times* brought them down to the end of October. In my book, I have brought them down to the end of December 1960.

"The reviewer says: 'Familiar and beaten track has been covered and a substantial part of the book is elementary in character.' I would only ask him to read what is stated at the very outset of the preface. There it is stated: 'In teaching a course on business finance at the Indian Institute of Social Welfare and Business Management, the author has frequently felt that the task of the students to understand the technicalities of the market for raising funds would have been much easier had there been a book of this kind.' To make the intricacies of the market understood to the students, statement of certain elementary things becomes necessary. This you will agree with me.

"As a matter of fact, most of the statements made by the reviewer stands on no solid footing. Even his observation relating to the bibliography is incorrect. He says: 'In a book essentially devoted to the study of the Indian capital market, one is surprised to see that not a single book published by Indian authors on Indian conditions is mentioned.' If he had carefully studied the note at the top of the list, then he would have perceived that only those works have been listed 'which have been freely used in the preparation of this work.' But even here, whatever recent work has been done has been documented. Thus, both *Commerce Golden Jubilee Number* and the *Economic Times* (15th May 1961) issue have been included. I have no apathy for honest criticism. But it is surprising that, in a book of 179 pages, the reviewer failed to discover even a single element to admire and praise."

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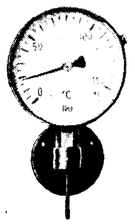

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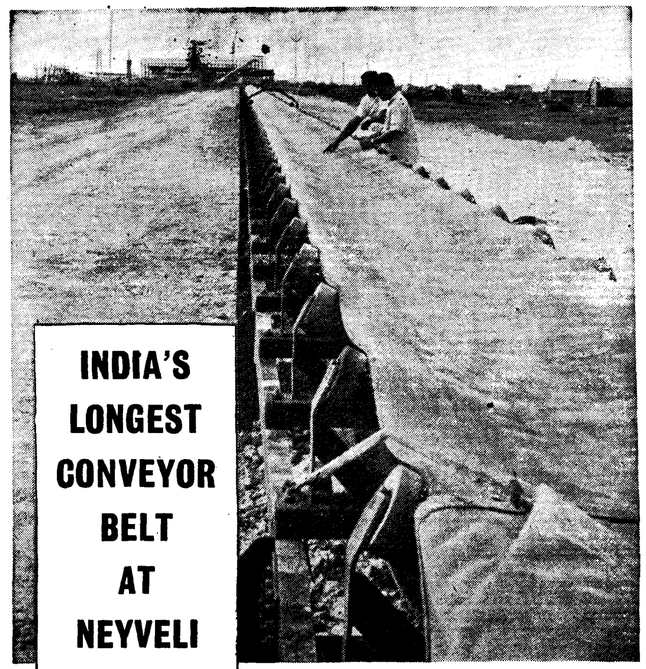

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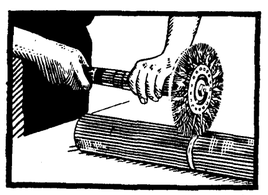

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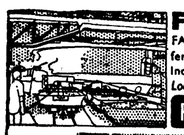

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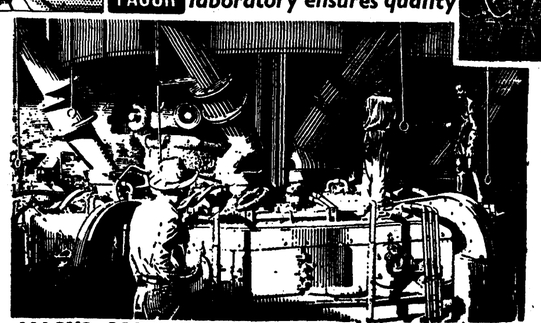

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TRANSPORTATION SYSTEM IN CANADA

RECENT TRENDS REVIEWED

INDIA'S transportation system and that of Canada are not exactly alike, for the phenomenal expansion of road transport in the latter country has led to a decline in the importance of railway transport, whereas, in this country, railways are still holding their own. Road building and road transport have not expanded in India on any comparable scale. Still, a student of transport problems will see in India's transportation system a growing emphasis on road transport, for even long-distance road haulage by truck is increasingly coming into vogue. But inland navigation and oil pipelines are of negligible importance in this country, whereas in Canada they have relatively greater roles to play. There is, however, one similarity between Canada and India. This is the identical effort in either country to achieve an integrated system of transportation. In this context, readers will find the review of recent trends in Canada's transportation system interesting.

The Canadian transportation scene was dominated by railroads and water carriers until about fifteen years ago. In 1945, rail and water carriers accounted for 97 per cent of inter-city traffic by volume, three-quarters of which were carried by the railways. These two systems of transportation—railways and inland navigation—were more complementary than competitive, and the railways enjoyed a virtual monopoly of overland transport from their introduction until World War II. Competition between the railways and road transport had begun to develop in the 1930's, when transportation requirements changed as a result of the further development of manufacturing industries and urban areas, but was only mild. It was only after the last war that road transport began to make itself felt on the railways. Since then the growth of vehicular traffic, which is admirably suited to meet the increasing demand for more flexible transport services, has been spectacular. Manufacturing concerns have tended to concentrate in urban areas, in order to be near their major markets. This has meant a large increase in short hauls of upto 500 miles, with the accent on quick service and flexibility. In addition to being the preferred method of transportation for many of the new manufacturing firms, which have sprung up in the past two or three decades, it is undeniable, according to a review contained in the July 1961 *Commercial Letter* of the Canadian Imperial Bank of Commerce, that freight transportation by road has cut into business long enjoyed by the railways. So much so, the railways now handle only slightly more inter-city traffic than they did in 1945, although the total traffic has risen by 56 per cent; in 1959, for instance, they carried only about half of all inter-city traffic calculated on a ton-mile basis, while, at the end of the war, they carried three-quarters of such traffic. During the same period (1945-59), motor transport has increased its share from three to 10 per cent, most of which is high value traffic rather than bulk traffic, while waterborne traffic has increased its share from 22 to 25 per cent. And oil pipelines, too, have expanded rapidly and account for approximately 13 per cent of total freight traffic. Still, it is said that the various types of transport are not always directly competitive and that they may, in some cases, be complementary or even provide a service quite different to that possible by other methods.

Growth of Road Transport

It is the rapid growth of road transport that constitutes the major highlight of the post-war period. This mode of transport has enjoyed rapid technological change, including the development of engines of large horsepower, the introduction of trailers enabling trucks to engage in volume handling, and improvements to roads and highways. According to the data contained in *Canada 1960*, the number of trucks and road tractors licensed in Canada during 1958 averaged 862,775. These vehicles travelled 6,610 million miles or an average distance of 7,661 miles each and carried 460 million tons of goods to perform 15,639 million ton-miles. Trucks operating for hire averaged 50,541 or approximately 6 per cent of the truck population in 1958. They travelled 1,300 million miles or nearly 20 per cent of the miles covered by transport trucks. Revenue earned by trucks was $631 million, representing an average of $12,400 per vehicle and 6.8 cents per ton-mile. This impressive freight traffic on the roads has resulted from the extension and improvement of Canadian highways, particularly high-speed expressways which have greatly facilitated the operation of regular schedules by the carriers. An idea may be had, in this connection, of the tremendous road-building activity in Canada from the following facts and figures:

Since the end of the Second World War, governments at three levels—Federal, Provincial and Municipal—have spent approximately $6,500 million for repairing, rebuilding and extending highways, roads and streets in an endeavour to meet the demands of motor traffic. Surfaced mileage, which stood at 131,000 miles in 1945, increased to 251,000 miles by the end of 1958. During the latter year alone, $773 million was spent on highways and rural roads and $164 million on urban streets, sidewalks and bridges. The chief spending agencies are the provincial governments, which accounted for 68 per cent of the total in 1958, including assistance to municipalities. Federal Government expenditure accounted for 11 per cent and municipal and other agencies for the remainder. Existing roads in the heavily-populated areas, in which short hauls are the most numerous, have been the first to be upgraded, while all provinces have undertaken the construction of new highways to link existing settlements or to open up new areas and resources.

Federal Government expenditures on roads, according to *Canada 1960*, will show a decided increase over the next eight years as a result of the inauguration of the "Roads to Resources" project, whereby the Government of Canada will share with the provinces one-half of the cost of building over 4,000 miles of roads in undeveloped and underdeveloped areas, involving an expenditure of $150 million. The Federal Government, in addition, has undertaken a seven-year $100 million programme of road-building in the Yukon and North-West Territories, also for the purpose of opening up resource development areas.

Threat to Railways

A noteworthy feature of road transportation in Canada is its cost structure. As compared with most other carriers, fixed costs are relatively low, for roads are public rights of way paid for largely out of general revenues, although costs are generally recovered from the proceeds of gasoline taxes and licence fees. Road transportation costs tend to vary more closely with use than those of other forms and the relatively small overhead costs of the industry have enabled many operators to enter the field. This, in turn, has led to vigorous competition not only among road haulers but also against competing forms of transportation. Road transport, in the post-war period, has provided a real competitive threat to the railroads, primarily as a result of the development of secondary industry which values the flexibility inherent in that mode of transport. Trucks are well suited for small loads, can make quick turnrounds, provide door-to-door delivery, and do not necessitate elaborate packaging. There has been an increase in per capita consumption of such food items as fresh fruit, vegetables, meat products and milk, and this has created a need for quick delivery from producer to market, in order to minimise spoilage and maintain maximum quality; as road transport is well adapted to this function, it has benefited from this consumption trend.

Another interesting feature of Canada's road transport system is that trucks have ventured into the long haul field as well. Highway developments, of which the Trans-Canada Highway is a recent example, have encouraged and facilitated long hauls by truck. It is true that trucking costs over long hauls are higher than rail costs. But it is also true that, in long haulage by truck, it is often more convenient and satisfactory for consignors, having once loaded a truck, to send it a considerable distance rather than transfer to a railroad car. An exception here is the case of goods moving in sufficient tonnage to make it worthwhile to have the railroad come direct to the site.

The *Commercial Bulletin* of the Canadian Imperial Bank of Commerce has also referred to another significant development in the trucking business, namely, the growth of the private trucking fleet. Some companies now own their own trucks for transporting raw materials or finished products. Although no accurate figures on the volume of this type of trucking are available, it is stated to be expanding.

As for the other modes of transport in Canada—inland navigation, oil pipelines and air transport—there have been some stricking developments. First, the opening of the St. Lawrence Seaway in 1958 has widened the scope for shipping in Canada, but the full advantages still remain to be achieved. To combat the problem of the limited area of operations, water carriers have integrated with road carriers to make shipping services available to those who are not located at water shipping points. Secondly, by 1959, there were over 7,500 miles of oil pipeline and a vast network of trunk and feeder lines, as compared with only 1,400 miles in 1950. This spectacular increase in oil pipeline facilities has meant that the railways could carry, as of 1959, only one-quarter of the crude oil volume they handled ten years earlier, despite the large increases in Canadian production and consumption during this period. Transportation costs by pipelines are stated to be extremely low when sufficient volume is available. Thirdly, technological improvements in aircraft have enabled them to enter the cargo-carrying field, although, as yet, on only a relatively small scale. In terms of ton-miles, airlines now carry less than one-tenth of one per cent of inter-city freight traffic, for air freight rates are expensive because of high capital costs, load limits, etc.

Competitive Co-existence

The competition from all other modes of transport has accentuated the railways' problems in Canada. The railways have, of course, not ignored this competition; in fact, they have been trying to meet it by modernising their equipment and improving their service. Still, the volume of traffic handled by them has declined from 75 to 51 per cent of all traffic between 1946 and 1959, despite the impressive growth that has taken place in the Canadian economy during that period. Even more significant has been the change in the composition of traffic handled by the railways. As trucks have become increasingly popular for the carrying of finished high quality goods, on which the railways had traditionally levied high tariffs, the railways have been left with an increasing proportion of low-rated commodities. How the railways are meeting the competition is described in the following passage in the *Commercial Bulletin*:

"One way in which the railways are meeting the strong competition they face is the use of 'piggybacks,' the carrying of truck trailers on railroad flat cars. This service was begun in 1952 between Montreal and Toronto and has since been extended coast-to-coast. Although it still represents only about three per cent of total carloadings and between four and five per cent of total railway revenues, piggybacking is being extended and carloadings of this type in 1960 were more than double those in 1958. Piggyback seems to be a natural union of rail and road, and, under this system, truck trailers really become a freight item

(Continued on page 842)

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NEW PRODUCTS AND PROCESSES

New Fire Extinguisher

A NEW design of portable dry powder fire extinguisher has been developed by a British firm. The use of gas cartridges has been eliminated and the problem of powder clogging in vital points is claimed to have been eradicated. As the use of dry powder as an extinguishing agent became more universal, particularly during the past three years, the company began to examine in detail the problems connected with conventional dry powder extinguishers and decided that a successful method of stored pressure (sometimes referred to as maintained pressure) must be found to eliminate the use of gas cartridges which prove costly and involve transport and other difficulties. With the introduction of a prototype model containing its own pressure supply came an immediate problem of equipping it with an efficient pressure gauge—a vital component in a stored pressure type of extinguisher. The fragility of the normal type of pressure gauge made it unsuitable, so the company's technicians undertook to produce a more satisfactory alternative means of registering the pressure in the extinguisher. The result was a simple but effective and unbreakable pressure indicating device. The problem of powder clogging was carefully examined and by designing a special valve seating which cannot be clogged and by situating the discharge control valve at the head of the extinguisher body instead of the end of the discharge hose, the danger of clogging in the hose was eliminated. The next step in producing major improvements was research into nozzle design and powder discharge characteristics which resulted in a new type of discharge nozzle which greatly reduces the risk of flashback. Finally, the company examined their powder and experimented until they produced a new formula which not only has a better extinguishing effect, but also is non-toxic, non-anæsthetic, non-conductive to electricity and has maximum storage life.

Portable Water Purifier

To meet the growing need in hospitals, manufacturing industries, and general scientific research for purer water than can be obtained by multiple distillation, a British firm, Elga Products Ltd., Buckinghamshire, has introduced a range of low-priced, portable water-purifying units known as Elgastats. All the units will purify tap water without prior treatment and, dependent on size, will produce ultra-pure water at flows ranging from 4 to 50 gallons an hour. Independent of inlet water hardness, ultra-pure water of consistent quality can be drawn off until the capacity of the purifiers is exhausted. This latter stage is shown by simple colour change or by a meter built into the apparatus. The basic unit, introduced commercially for the first time, is a simple cartridge containing a mixed bed of ion-exchange resins. These cartridges can either be recharged with fresh resins or replaced by a new cartridge, the exhausted material being sent back to the factory for regeneration. The Company has set up a world-wide postal service. Although the standard cartridges considerably reduce the bacteria content of tap water, for absolute sterility it is necessary to irradiate purified water with ultra-violet light. This refinement can be built into the largest unit, a small, movable cabinet which gives an output of up to 50 gallons an hour, and can be used to provide ultra-pure water as an extra laboratory service.

Instruction Machine for Printers

Printing schools need no longer be restricted to teaching the use of the rotary press by blackboard alone. Timsons Ltd., a British firm, has designed and built a machine which incorporates equipment to enable schools to put a full, practical rotary course into their curriculum. There has been an increasing tendency for letterpress printing to move into the rotary field and printing schools are well aware of this trend, many have also been conscious of their inability to give practical demonstrations of printing from the reel. The new machine is a small letterpress reel-feed rotary which will print from curved metal stereos, rubber or plastic flexible plates. The floor space required is only 10 ft. by 5 ft. and it is powered by a 2½ h.p. motor. The total weight is 3 tons and there is little or no vibration when running. It is designed to be run at 500 feet a minute and is planned so that all units are easily accessible. The work of a teacher or student can be seen by a class gathered round the machine. The unwind unit takes a maximum reel width of 12 ins. and a single reel stand will take a standard reel of 30 ins. diameter with an internal core of 2½ ins. to 3¼ ins.

Transistor Tape-recorder

Austrian engineers have brought on the market a new tape-recorder fully transistorised and operating on the lighting circuit. The entirely new design has many advantages: considerably higher longevity of transistors as against electronic tubes, resistances against shocks and rough handling, small and compact design of the sets. Moreover, it is no longer necessary to wait until the recorder has warmed up. By simply pushing a key the recorder is made ready for operation, which makes it possible to use it at any desired moment. Operation is very simple and easy, because there are only 4 elements that have to be taken into consideration: a push key for starting, a knurl for volume control, a track-shifter and a universal key for controlling the playback, quickly coiling and recoiling the tape and stopping the reels. With a reel diameter of 15 cm. and a tape speed of 9.5 cm./sec. the recorder can supply a 6-hour programme. The track-shifting switch makes it moreover possible to shift to a "second programme."

Speed Control for Motorists

A new, trouble-free concept of speed control which gives the motorist more positive throttle response and eliminates complicated accelerator-carburettor linkage problems for the car manufacturer, has been developed by Dunlop. The new development, which the firm says is already arousing great interest in British and American firms, is a pneumatic throttle control which uses air to transmit the control movements from the driver's foot to the engine. The only connection between the accelerator pedal and the engine is a ¼-inch diameter flexible plastic tube which eradicates the manufacturers' difficulty of fitting mechanical linkage into the engine compartments of modern low profile cars. As the throttle control is free from friction, it assures motorists more positive control throughout the whole range of throttle openings. Depression of the pedal forces air through the tubing into a rolling diaphragm actuator which is connected to the carburettor.

Dutch Draughting Equipment

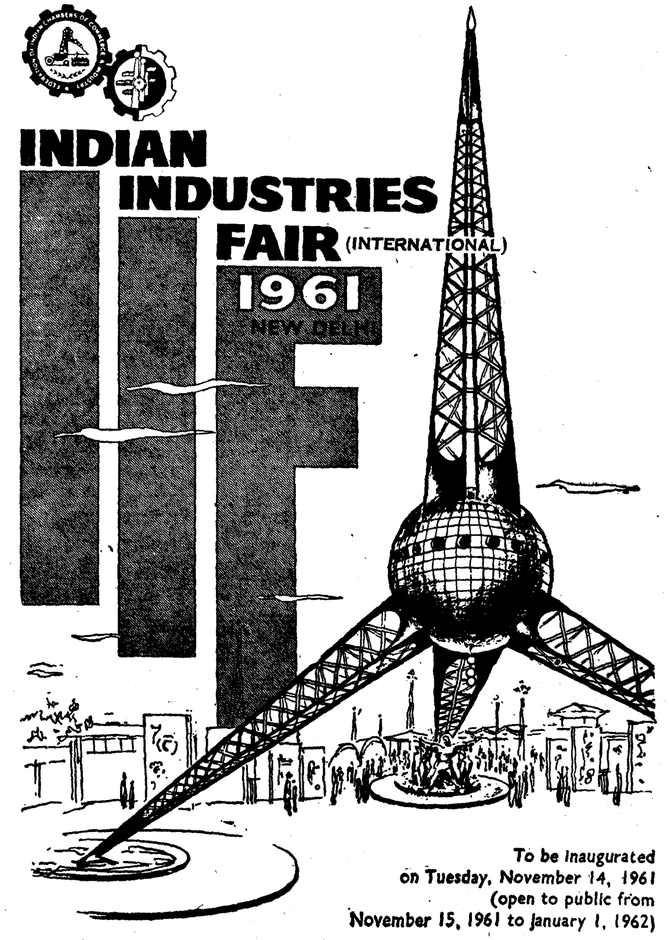
A Dutch precision engineering firm has for some time been producing very accurately finished draughting equipment of modern design and colour, which has now been put in the export range. This draughting unit has a good-sized draughting head, well shaped for the hand, with clearly marked divisions on the scale. The angle of the head is selected in 15° increments, while intermediate angles are easily adjusted and fixed. The ruler fixing device is robust and of conical fit. The draughting head may be lifted off the board. The fixed backing plate moves smoothly across the board without damaging the drawing. Each draughting unit is provided with a counterweight ensuring proper balance in any position of the board; pivoting points all operate on precision ball-bearings. They are supplied for board sizes of 70 x 100 cm., 80 x 120 cm., 92 x 127 cm. and 100 x 150 cm., complete with measuring rulers with scale divisions. The firm also manufactures the corresponding draughting tables and lamps.

"Baby" Gas Turbine

Three universities—one at Ghent, Belgium, the others in Colombo and Hong Kong—have ordered "baby" gas turbine instruction sets from Britain. The unit is a 50 h.p. Mars gas turbine made by Perkins Gas Turbines Ltd., of Peterborough, England. The turbine is one of the smallest in production and can be used for a wide variety of applications. Educationalists say that the instruction set fills a gap in practical tuition on gas turbines. For these purposes it drives an hydraulic dynamometer and is fitted with instruments designed to demonstrate basic operating principles and characteristics common to all gas turbines. Among the educational establishments the firm has supplied with similar instruction sets are colleges at Turin, Naples and Pisa.

Radio Waves to Blast Rocks

Blasting rock with radio waves may prove a boon to the mining industry. General Electric (U.S.) scientists report development of such a process that "can make secondary blasting and explosive-breaking as much as 25 times more economical." Known as electrothermal forcing, the company said it can be used "universally in mining operations without danger to workers." One test device cracked, broke, or shattered underground rock depending on the amount of electric power trained on the site.



To be inaugurated on Tuesday, November 14, 1961 (open to public from November 15, 1961 to January 1, 1962)

ORGANISED BY
THE FEDERATION OF
INDIAN CHAMBERS OF COMMERCE & INDUSTRY
WITH THE ACTIVE SUPPORT OF
THE GOVERNMENT OF INDIA

THE LARGEST INDUSTRY AND TRADE FAIR OF ASIA

RELATIONSHIP BETWEEN MINISTERS AND OFFICIALS

ROLE OF PARLIAMENT NOT WELL DEFINED

By Sir Paul Gore-Booth

BRITISH HIGH COMMISSIONER IN INDIA

[What kind of relationship should obtain between a Minister and his Secretary in a parliamentary democracy is always a fascinating subject for discussion. It has not lost its attraction or relevance, although the interest displayed by the public in the question in the wake of the dramatic Chagla inquiry into the L.I.C.-Mundhra deal has waned in recent years. In a way, the lecture recently delivered in the Feroze Gandhi Memorial Lecture Series by Sir Paul Gore-Booth, British High Commissioner in India, revives interest in the question. His views and impressions, unlike those of Mr. C. C. Desai, I.C.S. (Retd.), who wrote on the subject in the 1959 Annual Number of Commerce, seek to convey that the relationship between Ministers and Civil Servants is "fairly clearly definable." But the field of relationship between Civil Servants and Members of Parliament, in his opinion, is less definite. On either relationship, Sir Paul Gore-Booth, drawing on British experience which, in many ways, is applicable to conditions in India, has something solid and mature to say. His lecture, published in extenso here, will be seen as a useful addition to the literature on the subject.—ED.]

I HAVE . . . , as a public servant, had the privilege all the time of working for the Queen in Parliament. Put less technically, this means that the affairs in which I have had any part have always derived from the policy of Government, and, therefore, in the last resort have necessitated the approval of Parliament. It seemed to me, therefore, that the small contribution I could make to this occasion might be to say something, essentially in British terms, but with a few comparisons from abroad, about the relationship between public servants or officials and Parliament.

There are, of course, all sorts of extremes in this relationship. One recalls them with a certain amusement, because either they do not happen very often, or they are not entirely true. One which concerned me very personally was an occasion in which I sat in the official box in the House of Commons and listened in agony to the, unfortunately, not extremely successful efforts of a Minister to explain and defend an agreement which a delegation led by me had just negotiated with a foreign Government. The agonising thing was that the Minister nearly got it all right, but failed to have one or two details on the tip of his tongue. There was no method of briefing him from the box in time.

But these agonies are rare. The day-to-day relationship is less dramatic, but even within this less dramatic daily work, there are still some extremes. There is always, in London, a certain amount of mutual banter between Ministers and officials. The extreme of the Ministerial view is something like this. It is alleged by politicians in moments of frustration that, if officials decide that they do not like a Minister, they employ one of two stratagems. Either they give him no work at all and simply say, "Well, sir, there really is nothing which demands Ministerial attention," or alternatively they send every file in the office to the Minister until he asks them to take the things away.

The Civil Servant's supposed standing grievance is of a different order. It consists in the dry proposition that any policy success is due to the genius of the Minister while any failure is directly traceable to the bungling of his officials. So you see that both sides have material with which to tease the other. But these are only the amusing fringes of a serious and constructive relationship.

In China and U.S.

The relationship is not, of course, the same in all countries. I understand, for instance, that in the People's Republic of China there is something of a reversion, in Communist terms, to the old Chinese tradition of a unified structure of policy and administration, in which all individuals are carefully allotted precise grades, and there is no worthwhile distinction between what, in most democratic countries, would be called the legislature and the executive.

In the U.S. you have an interesting compromise. Since the members of the Cabinet (who, by the way, are not called Ministers) cannot, under the Constitution, be members of the legislature, the American system produces at top levels a brand of people who are neither exactly politicians, nor exactly Civil Servants. They normally belong to the party in power (though occasionally non-party people are used; a striking current example is that of Mr. Douglas Dillon, who has been Under-Secretary of State in the State Department under a Republican Administration, and is now Secretary of the Treasury in a Democratic Administration).

In British eyes, and indeed in Indian eyes, this situation contrasts strangely with the strict distinction we draw between Civil Servants and elected politicians occupying public office. It is, however, fair to say that the advantages are not all on one side. The American system permits the Administration to use people of high standing in the community who are not accustomed to, or normally occupied with, party political matters, to contribute directly to the work of governing. They bring freshness into the bureaucracy and expertness into politics. We know, of course, the objections—the risk of discontinuity not only in policy, but also in administration, the risk, much less than it used to be, of merit losing out to the spoils system and the danger that people may be chosen who will prove in their contacts with individual Congressmen and Congressional Committees, not to possess even the minimum of political sensitiveness or sagacity. But I am only concerned to note that there are more ways than one of conducting relationships between the executive and the legislature.

British System

In our system, however, the distinction between politicians and Civil Servants is clearly defined and observed. I saw in a newspaper only the other day the reproduction of a recent British Foreign Office circular reminding Foreign Office officials of the strict limitations on the degree to which they should open their mouths in public. Our political method has developed in such a way that the continuity of administration and the ability of Civil Servants to be loyal to Governments of different party colour has become a fundamental in theory and practice. It was put severely to the test when the first Labour Government with an absolute majority came into power in 1945. It is not, I think, out of order to say now that many members of the Labour Party profoundly mistrusted the Civil Servants who had served Conservatives, Liberals, Coalition and minority Labour Governments for so long, and who, some people felt, would be unable to adapt themselves to the views and methods of work of the Labour leadership and party. I remember one Labour member who emphasised this by refusing to take a dinner jacket to an international conference in order to show that his outlook at least would remain independent.

One is glad to say that this story developed happily. The system was found to work. The officials of the different departments proved both able and willing to work as loyally for the Labour Government as they had done for the previous Coalition Government. I can think of a few, very few, who resigned in the Home Civil Service on conscientious grounds. They were the exception for whom, of course, one has a great respect. One has this respect, because there is, in fact, no half-way house between complete loyalty and resignation. The essence of a Civil Service is that one cannot half work for the Government. One can have mental reservations on individual points. One has the right, and indeed the duty, to make one's objections to and criticisms of policy known and felt until such time as a decision has been taken. But from that moment on, as in the Armed Forces, obedience must be absolute.

NEW LICENSING ARRANGEMENTS. Vantona Textiles Ltd., 3, Woodstock St., London, W.1, are actual steady consumers of all types and widths of Indian grey cloth. We are not merchants and invite offers and correspondence from Mills for regular supplies. Avoid uncertainty by trading direct.

There is the more subtle counterpart to this loyalty, which is the loyalty of Ministers to their Civil Servants. It is more subtle, because it is not actively called upon all the time. But demands on it do arise. Discipline must be maintained within a Ministry, but a divided house cannot efficiently serve the country. People often ask why the late Ernest Bevin evoked a quite extraordinary devotion and affection among those who worked for him. He had many qualities which inspired admiration, but the quality which inspired affection was his readiness at a difficult time publicly to defend those who worked for him from attack and innuendo from outside.

Personal Relationship

The personal relationship between a Minister and his senior advisers is a fascinating one. It is, or can be, one of close personal friendship. But this personal friendship, which can become uninhibited, for instance, after retirement, is always tempered in active life by two reservations. The Minister, having almost certainly been a Minister far less time than his senior Civil Servants have been Civil Servants, is bound to have a certain slightly impatient respect for the experience and caution of his advisers. The advisers, while realising that they may know more about the subject than the Minister, will, if they are wise, always remember that the Minister represents the final authority of democracy, namely Parliament. The Civil Servants may be objectively wise and well-informed; but the Minister is the instrument of finally getting the thing done or prevented from being done, because he is part of that final resort of democracy, the voice of the people.*

The personal relationship is well described in Lord Morrison's excellent book, *Government and Parliament*, as follows:

"It is my general experience that if the Minister in charge knows what he wants and is intelligent in going about it, he can command the understanding co-operation and support of his Civil Servants. The kind of Minister who is most tiring to the officers of a Department is the Minister who does not know his own mind and cannot make it up. If the policy of a Department is hazy, vacillating, and ineffective, it is, after all, the responsibility of the Minister; it is quite as likely to be his fault as that of his Civil Servants."

It is time now to look a little more deeply beneath the surface of the personal relationship I have described. The Minister, as I have already suggested, must be the judge whether a particular policy or piece of legislation is going to be acceptable to Parliament, and therefore whether it is practical politics to undertake it. The Civil Servant's job is to know the history of the question, the pros and cons in the national interest of taking a certain line, and the effect which it is likely to have on the policy or economy of the country, abstracted from purely emotional and party political considerations. However, the two points of view clearly cannot be wholly separated. If the Minister has a series of policies which are most attractive, but impossible to administer, obviously his department will end in a hopeless muddle. (I knew of a Minister who was in every way an ideal chief, except that he could not distinguish the important from the insignificant, and sometimes confused and delayed important work by insisting on urgent replies to trivial questions.) Equally, if the Civil Servant insists upon producing ideas which are admirable in theory and which Parliament or public opinion would not look at for five minutes, he is not doing his job; he is simply enacting a parody of it. Therefore, the Minister must have some sense of administration, and the Civil Servant some sense of politics, without either of them trying to usurp the function of the other.

Famous Case

An interesting aspect of the relationship between officials and Ministers was brought out in a famous case which occurred a few years ago in the United Kingdom, known as the "Crichel Down" case. Very briefly, the Civil Servants entrusted with the policy of developing a certain estate for agricultural research purposes were challenged by the owner of the estate who wanted to get his land back. The eminent lawyer who inquired into the case found, to put it in an oversimplified manner, that the execution of the policy had been continued beyond the point which would have been the Minister's intention had he known what was going on. The moral of this is that Civil Servants must have the instinct for policy which will warn them against pursuing a policy which, although it has not been reversed, is no longer applicable. There comes a time when one needs to ask the Minister if the policy will still do, or whether there ought to be a change. In this particular case the Minister might well have wished for a change, but had not had the chance to suggest it because the file had not been re-submitted to him and the point had not occurred to him independently. Because the department under his control was held to have erred in this matter, the Minister, a very much respected political leader, felt it his duty to resign.

In this matter of clarity between Ministers and officials, Lord Morrison in the same book, in talking about Ministerial decisions, writes: "The final Ministerial minute should be clear and decisive unless the Minister has decided to postpone or seek further information." In other words, clarity between the two sides is all-important. I believe Mr. Feroze Gandhi held strong views on this point.

Officials and M.P.s

From the relationship between Civil Servants and Ministers, which is fairly clearly definable, we come to the less definite field of the relationship between Civil Servants and private members. Here we must surely be guided almost entirely by common sense. On the one hand there is clear advantage in personal contact. It is important that politicians should realise that Civil Servants are not all troglodytes or cave-dwellers, and that Civil Servants should understand that politicians are not all charlatans or gas-bags. Personal acquaintance in this sphere in almost all cases heightens mutual respect—respect for the objectivity and knowledge of the good Civil Servant, and respect for the quickness of apprehension and versatility of the good politician.

But clearly there is also a need for caution. The right person to explain policy to politicians is the politician on the particular job—in other words, the Minister, his Deputy Minister, or Parliamentary Under-Secretary. Therefore there is a moment beyond which the private member should refrain from asking questions of the Civil Servant and the Civil Servant, if asked, will have to refrain from answering and refer the questioner to the Minister.

My own view is that in Britain we have interpreted this aloofness in the past a little too strictly. There is great advantage in an interested member, be he Government or Opposition, having the opportunity to talk directly to the expert Civil Servant on the elements of a particular problem in which he is seriously interested. But it remains important to know where to stop, and it is also true that one blunder in this sphere can lead to more mischief than all the good done by the many occasions on which nothing goes wrong. The reason is that, if you are to adopt a Civil Service system at all, it must be based on continuity, on the ability of your Civil Servant to serve Governments of different complexions within the same democratic framework. If the Civil Servant is tempted to venture opinions which involve party political disagreement, then he can only too easily lose his utility.

It is not, of course, necessary to go into the cruder forms of interference with Civil Servants which were a feature of British politics in the late eighteenth and early nineteenth centuries—if, indeed, there could be said at that time to have been a Civil Service at all. Any dependence of the administrative structure on personal favours from, and relationships with, outside is the beginning of the system running down in efficiency and honesty. But all this is too obvious for me to waste your time on it.

Need for Good Fellowship

If I can now gather the threads together, it would be something like this. A proper relationship, official and personal, between the Civil Service and politicians is a vital element in the smooth working of democracy. It needs good sense as well as good fellowship on the part of all concerned. In so far as we are speaking of the relationship between Ministers and officials, it exists, so to speak, compulsorily, and therefore the rules of conduct are now fairly clear and well known, though both sides need constantly to refresh their memories about what these rules are. Between private members and officials the rules are less clear, if only because such relations are optional rather than compulsory and so much depends on individual backgrounds and personal as opposed to official contact. But practice makes as perfect as you can make anything, and what might be called a "comfortable" relationship between the two groups is a sign of efficiency and maturity.

There is a story which is probably now forgotten, which deals with the time in the 1920's when the first Labour Government took office in the United Kingdom. Up to that time, the Minister in a particular Department had been accustomed to summon his Private Secretary by ringing a bell at a respectable hour, whereupon the Private Secretary came in and stood respectfully to attention until the Minister looked up from his work and addressed him formally as "Mr. So and So." The story goes that when the first Labour Government came in, the Minister, used to factory hours, arrived long before his office staff, who sat in some trepidation next door wondering when they would be summoned and how. Eventually the door between the two offices was pushed slightly open, a head appeared round it, and a good factory voice said: "'Ere!"

It does not in the least matter whether the relationship is on the basis of "Mr. So and So" or "'Ere!," as long as there is an atmosphere of co-operation, a certain renunciation of egotism, and a feeling by each side that the other, whatever its difficulties, is doing its best to ensure that democracy will work. If this feeling does exist, and mutual respect is enhanced by a reciprocal sense of humour, the relationship can be a very happy one. Perhaps I am saying that, despite the haste and strain of modern life, a degree of happiness in Government is necessary to its health and welfare and that of the country. But that could be the subject of another lecture.

*I am aware that under constitutions which provide for appeal to a Supreme Court in constitutional matters, this is not absolutely accurate; but it is accurately descriptive.

30 OCT 1961 Public Revenue Tax Act

THIS IS ONLY AN ANNOUNCEMENT—NOT A PROSPECTUS

Consent of the Government of India has been obtained to this issue by an order of which a complete copy is open to public inspection at the registered office of the Company. It must be distinctly understood that in giving this consent the Government of India do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements, made or opinions expressed with regard to them.

A copy of this Prospectus having attached thereto the documents specified in Section 60 of the Companies Act, 1956, has been delivered to the Registrar of Companies, Delhi, for registration.

A licence under the Industries (Development and Regulation) Act, 1951, has been obtained from the Government of India for the establishment of this new industrial undertaking at Naini, District Allahabad, of which a copy is open to public inspection at the registered office of the Company. It must be distinctly understood that in granting this licence the Government of India do not undertake any responsibility for the financial soundness of this undertaking or for the correctness of any of the statements made or opinions expressed in regard to it.

Applications have been made to the Delhi, Bombay and Calcutta Stock Exchanges for permission to deal in and for an official quotation of the shares of the Company.

The subscription list will open at the commencement of banking hours on 30th October, 1961 and will close at the close of banking hours on 5th November, 1961, or earlier at the discretion of the Directors, but not before the close of banking hours on 1st November, 1961.

THE TRIVENI ENGINEERING WORKS LTD.

(INCORPORATED UNDER THE COMPANIES ACT, 1956, ON 7TH JANUARY, 1961)

SHARE CAPITAL

AUTHORISED:

Rs. 1,00,00,000 divided into 8,00,000 Equity Shares and 2,00,000 9.3% Cumulative Redeemable Preference Shares of Rs. 10 each.

ISSUED:

Rs. 60,00,000 divided into 4,25,000 Equity Shares and 1,75,000—9.3% Cumulative Redeemable Preference Shares of Rs. 10 each.

The issued capital is payable as follows :—

(i) Along with application at the rate of Rs. 2 per share—whether Equity or Preference.

(ii) The balance Rs. 8 per share—whether Equity or Preference, on allotment.

PREFERENTIAL ALLOTMENTS AND RESERVATIONS

Out of the above issue of Rs. 42,50,000 worth Equity Shares and Rs. 17,50,000 worth 9.3% Cumulative Redeemable Preference Shares of Rs. 10 each at par amounting to Rs. 60,00,000 :—

1,08,375 Equity Shares of Rs. 10 each at par are reserved for issue to the Indian Promoters, the Directors, the companies with which they are associated, and the employees of the Company ... ... Rs. 10,83,750

2,12,500 Equity Shares and 87,500—9.3% Cumulative Redeemable Preference Shares of Rs. 10 each have been issued and subscribed for cash at par by the collaborator concern to be utilized for import of plant and machinery required for the Project ... ... Rs. 30,00,000

The balance 1,04,125 Equity Shares and 87,500—9.3% Cumulative Redeemable Preference Shares of Rs. 10 each will be issued to the public at par.

RIGHTS OF PREFERENCE SHARES

The Preference Shareholders will be entitled to a fixed dividend of 9.3% per annum, payable in priority to the Equity Shares, free of Company's income-tax but subject to deduction of tax at source at the prescribed rates. In the event of winding up Preference Shareholders will be entitled, in priority to Equity Shareholders, to repayment of the capital paid-up at par plus all accrued dividends—whether earned, declared or not declared and also declared but not paid.

The Preference Shares are redeemable at par on expiry of seven years at the option of the Company on giving three months' notice but shall definitely be redeemed on or before expiry of ten years from the date of issue.

The voting rights of the Preference Shares will be as per Section 87 of the Companies Act.

VOTING RIGHTS

On a show of hands every member present in person has one vote and every person present either as a general proxy, as defined in the Articles of Association, or as a duly authorised representative of a body corporate has one vote. On a poll the voting rights of a member are in proportion to his share of the paid-up equity capital of the Company. A member holding Preference Shares is entitled to vote in respect of such shares only when the dividend due on such shares or any part thereof is two years in arrear or on a resolution which directly affects the rights attached to the Preference Shares.

PRESENT ISSUE

The balance capital will be issued at par to the public as follows :—

1,04,125 Equity Shares of Rs. 10 each ;

87,500 9.3% Cumulative Redeemable Preference Shares of Rs. 10 each.

The entire issue of 87,500 Preference Shares has been underwritten by (1) Life Insurance Corporation of India, 60,000 shares (subject to firm allotment of 40,000 shares to them) and (2) Messrs. Harbans Singh Mehta & Co., New Delhi, 27,500 shares.

PROSPECTUS, APPLICATION FORM AND ALLOTMENT OF SHARES

Copies of the Prospectus, on the basis of which alone applications will be considered, and Application Forms may be obtained from the Registered Office of the Company or offices of the Company's Bankers and their branches mentioned in the Application Form, or Brokers and Underwriters.

Applications have to be made for a minimum of 50 shares, or multiple thereof in the case of Equity Shares and 100 shares or multiple thereof in the case of Preference Shares, and in all cases, these must be accompanied by remittance of the amount payable on application.

Applications must be completed in accordance with the directions contained therein and delivered before the closing of the subscription list to the bankers or brokers, but not to the registered office of the Company.

If no allotment will be made, the application money will be returned in full, and where the number of shares allotted is less than the number applied for then the balance amount, if any, left after adjustment of allotment money on the shares allotted will be returned to the applicants by cheques either through the post or otherwise within two months from the date of allotment.

The Share Certificates will be ready for issue by the Company within four months from the date of allotment of shares.

LOAN CAPITAL

The Company has no Loan Capital at present but intends to raise at an early date Rs. 22½ lacs by means of a debenture loan.

FINANCIAL REQUIREMENTS

The financial requirements of the Company are comprised of :—	Rs.
Cost of land and factory and office buildings	12,00,000
Cost of imported plant and machinery	39,75,000
Cost of indigenous machinery and Drawing Office equipment, etc.	13,00,000
Freight, insurance, custom duty, transport charges, erection and technical service, etc.	8,60,000
Motor cars, furniture, Administrative contingent and miscellaneous expenses	7,50,000
Preliminary Expenses	1,65,000
Total ...	82,50,000

FINANCIAL RESOURCES	Rs.
By capital subscription from Equity Shares	42,50,000
By capital subscription from Preference Shares	17,50,000
By Debentures Loan	22,50,000
Total ...	82,50,000

DIRECTORS

SHRI BALMOKAND SHAH SAWHNEY, 20, Prithviraj Road, New Delhi. Businessman and Industrialist.

SHRI C. W. TYRRELL, F.C.A., Bucklersbury House, 83, Cannon Street, London, E.C. 4. Director, Booker Brothers McConnell & Co., Ltd. Chairman, Bookers Engineering Holdings Ltd. Director, Bookers Sugar Machinery Group Ltd.

SHRI MEHR CHAND MAHAJAN, 47, Friends Colony, New Delhi. Retired Chief Justice of Supreme Court of India.

SHRI C. W. MURRAY, D.F.C., D.L., M.I. Mech.E., Masson Works, Litchurch Lane, Derby, England. Director, Bookers Engineering Holdings Ltd. Chairman, Bookers Sugar Machinery Group Ltd., George Fletcher & Co., Ltd., Duncan Stewart & Co., Ltd.

5. SHRI KANHAYA LAL SAWHNEY, Rookwood, Simla. Businessman and Industrialist.

6. SHRI PURAN CHAND SAWHNEY, 1, South End Road, New Delhi. Businessman and Industrialist.

7. SHRI T. P. HOUGHTON, A.C.A., Bucklersbury House, 83, Cannon Street, London, E.C. 4. Director, Bookers Engineering Holdings Ltd. Director, Bookers Sugar Machinery Group Ltd.

8. SHRI DEVI CHAND SAWHNEY, 19, Prithviraj Road, New Delhi. Businessman and Industrialist.

REGISTERED OFFICE

NATIONAL INSURANCE BUILDING (1st Floor), 5, PARLIAMENT STREET, NEW DELHI.

BANKERS

1. STATE BANK OF INDIA, Parliament Street, New Delhi.

2. THE PUNJAB NATIONAL BANK LTD., Parliament Street, New Delhi.

3. THE CENTRAL BANK OF INDIA LTD., Parliament Street, New Delhi.

AUDITORS

A. F. FERGUSON & CO., Chartered Accountants, Scindia House, Curzon Road, New Delhi-1.

MANAGING BROKERS

1. PLACE, SIDDONS & GOUGH PVT. LTD., 6, Lyons Range, Post Box No. 592, Calcutta-1.

2. HARBANS SINGH MEHTA & CO., 33, Regal Building, Post Box No. 300, New Delhi-1.

BROKERS

MERWANJEE BOMANJEE DALAL, Allahabad Bank Buildings, Apollo Street, Fort, Bombay-1.

CONSENTS

The consents in writing of the Directors, Auditors, Managing Brokers, Brokers, Bankers and Solicitors to the Company to act in their respective capacities have been obtained and filed with the Registrar of Companies, New Delhi, and none of them has withdrawn the consent so given.

MINIMUM SUBSCRIPTION

The Directors will not proceed to allotment until the whole of the present issue has been subscribed.

HISTORY AND OBJECTS

The Company was incorporated on 7th January 1961, for the purposes stated in its Memorandum of Association. The immediate object in particular is to carry on the business of Engineering and to that end to erect and establish at Naini, District Allahabad, U.P., a plant for the purposes of manufacture and production of sugar machinery, steam turbines, and other heavy industrial plant and machinery.

Amongst the main objects of the Company, as contained in its Memorandum of Association, are:

1. To carry on the business of general manufacturing engineers, manufacturers and repairers of heavy machinery of all kinds and component parts thereof as well as complete factories and plants and in particular for the following industries:— Sugar, paper, ice-making, flour, steel rolling, rubber processing, textiles, power plants.

2. To carry on the business of iron-founders, millwrights, boiler makers, electricians, machinists, coppersmiths, makers of motors, accumulators, generators, builders of all kinds of property, shippers, shipowners, brokers and general merchants in all the branches thereof, and

3. To carry on the business or businesses of manufacture of agricultural and other implements of all kinds and other machinery, bridge builders, brass founders, metal works, iron and steel converters, smiths, wood workers, builders, metallurgists, etc. etc. and water works engineers, tool makers, water supply engineers, gas makers, farmers, printers, carriers, and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in machinery, implements, rolling stock and hardware of all kinds and to carry on any other business (manufacturing or otherwise) which may seem to the Company capable of being conveniently carried on in connection with the above or otherwise calculated directly or indirectly to enhance the value of the Company's property and rights for the time being.

SCOPE AND PROSPECTS

As the Second Five Year Plan could be called a Steel Plan, so might the Third Five Year Plan, which operates from early 1961, well be called India's Machinery Plan, since under it the production of machinery in the country is designed to rise nearly three-fold.

The Sugar Industry is the second largest and one of the first to be established in the country. With a rapidly rising population and with the improvement of living standards, this industry has expanded from a production of 10 lac tons in 1953-54 to 29.8 lac tons for the season 1960-61 and this production is scheduled to rise to 35 lac tons at the end of the Third Five Year Plan.

To take full advantage of the experience and knowledge in the Sugar Industry of the Indian and United Kingdom promoters, the production programme of the Triveni Engineering Works Ltd. will be based on the manufacture of sugar machinery. However, to avoid possible seasonal declines in demand and to be able to select the most profitable business available, the Works are being designed for general manufacture of heavy engineering lines, including industrial process turbines for which the Company is the first to be licensed in the Private Sector.

SITE FOR THE WORKS

The site for the Works has been chosen at Naini, on the outskirts of Allahabad, near the physical centre of India. Its location is in the middle of Uttar Pradesh-Bihar Sugar belt and six railway systems meet at or converge on Allahabad. Moreover, it is well placed for the supply of raw materials from India's Steel Industry and the Government Foundry Forge Development at Ranchi.

Approximately 26 Acres of almost level land for the Company's Works has been acquired by the Uttar Pradesh Government and possession given to the Company. This is near the Naini Station, adjacent to the proposed Rihand Power Sub-station and bordered by two roads, one of which is the Grand Trunk Road.

POWER, MACHINERY AND EQUIPMENT

Government of U.P. have promised the utmost help for the early supply of Government "Hydro Electric Power." In the meantime arrangements have been made for generation by the Company of electricity by Diesel Engines at site.

Major portion of the plant and machinery—both imported and indigenous—has reached the site and is under installation. It is hoped that the production will commence early in 1962.

TECHNICAL COLLABORATION

As many as one-quarter of the sugar plants in operation in India today have been manufactured either by George Fletcher & Co., Ltd., of Derby, England, and/or by Duncan Stewart & Co., Ltd., of Glasgow, Scotland, and there is hardly a sugar factory in India which does not contain some items of equipment supplied by one or other of these companies. Both companies are subsidiaries of Booker Brothers McConnell & Co., Ltd., which Company has taken up for cash 50% of the Equity and Preference Shares to be issued by the Triveni Engineering Works Ltd.

COLLABORATION FEE

Under an agreement Bookers Sugar Machinery Group Ltd., George Fletcher & Co., Ltd., and Duncan Stewart & Co., Ltd., agreed to act as the Technical Consultants and sell outright in London to the Company at a consideration of £50,000 sterling the technical know-how to be in the exclusive use of the Company in India and they have also agreed to advance to the Company a loan of £50,000 sterling free of interest and repayable by the Company within a period of ten years and tax liability thereon, if any, would be borne by the Company.

For Turbines and Air Compressors, Peter Brotherhood & Co., Ltd., of Peterborough, England, whose products are well-known throughout the world, has entered into an agreement to give full and continuing technical collaboration and have agreed to sell in London for a consideration of £40,000 sterling the technical know-how to be in the exclusive use of the Company in India. They have also similarly agreed to advance to the Company a loan of £40,000 sterling free of interest and repayable by the Company within a period of ten years and tax liability thereon, if any, would be borne by the Company.

IMPORT LICENCES

Import Licences No. 997663/60/HQ/CE/I dated 1-2-61 and 997664/60/HQ/CE/II dated 1-2-61 have been received from Government of India for import of nearly Rs. 30 lacs worth of capital equipment from the U.K. and Italy, against the foreign investment. In addition, Rs. 12 lacs worth of capital equipment will be imported from U.S.A. against a D.L.F. Loan, sanctioned vide Government of India Letter No. 41(43)61-DLF dated 21st February, 1961.

PROFITABILITY

Annual production on one shift working is estimated at about Rs. 1 crore. This is expected to rise to between Rs. 2 and 2.5 crores on three shift working, which, it is hoped to attain in two to three years. The experience of similar engineering concerns in India, catering to specialised markets for industrial plant, shows that the Company's estimated rates of production should return a satisfactory profit.

SPECIAL BENEFITS

The Company will enjoy the special benefits under the "Indian Income-Tax Act" inasmuch as:—

1. Development Rebate equal to 20% of the cost of machinery installed will be allowed.

2. Under Section 15C the profits upto 6% of the employed capital will be exempt from tax for the first five years of production. The shareholders will also enjoy relief on the dividends received by them in accordance with this section of the Income-Tax Act in respect of any dividend paid as is attributable to that part of the profits of the Company, which obtained the foregoing exemption and

3. Under Section 56A of the Income-Tax Act, Super-tax will not be payable on dividends received by the company holding shares in this Company.

BROKERAGE

Brokerage will be paid to the brokers, banks and underwriters at 10 nP per Equity and Preference Share of Rs. 10 each offered to the public in respect of shares allotted on applications bearing their stamps. In addition, brokerage at 7 nP per share will be paid to the Managing Brokers only in respect of 1,04,125 Equity Shares being offered to the public.

UNDERWRITING COMMISSION

Underwriting commission of 2½% will be paid to the Life Insurance Corporation of India and Messrs. Harbans Singh Mehta & Co.—the underwriters, in respect of Cumulative Redeemable Preference Shares of Rs. 8,75,000 underwritten by them.

PRELIMINARY EXPENSES

The Preliminary Expenses and the expenses of the Issue including Underwriting Commission and Brokerage are estimated at Rs. 1,65,000 and are payable by the Company.

INTEREST OF PROMOTERS

The Promoters of the Company are Booker Brothers McConnell & Co. Ltd. and R. B. L. Tirath Ram Shah (India) Ltd. The Promoters are receiving no remuneration for their services as such but the latter company is entitled to be reimbursed for expenses borne by them. Bookers Sugar Machinery Group Ltd., George Fletcher & Co., Ltd., and Duncan Stewart & Co. Ltd., are subsidiaries of Booker Brothers McConnell & Co. Ltd. The Promoters are interested to the extent of the shares allotted to them.

DIRECTORS' INTEREST

All the Directors will be interested in the remuneration payable to them as fee for the meetings attended and travelling expenses, if any, for the purpose.

Shri Balmokand Shah Sawhney, Shri Kanhaya Lal Sawhney, Shri Puran Chand Sawhney and Shri Devi Chand Sawhney are Directors or members of R. B. L. Tirath Ram Shah (India) Ltd., promoters of the Company. Each of them is also a Director or Member of The Ganga Sugar Corporation Ltd., The Upper India Sugar Mills Ltd., The Mahalakshmi Sugar Mills Co. Ltd., and The Ramkola Sugar Mills Co. Ltd., and are interested to the extent of the shares to be allotted to each of these companies and to themselves.

Shri C. W. Tyrrell is a Director and member and Shri C. W. Murray is a member of Booker Brothers McConnell & Co. Ltd., one of the promoters of the Company. Shri C. W. Murray is Chairman and Shri T. P. Houghton a Director of Bookers Sugar Machinery Group Ltd. and Shri Murray is also Chairman of George Fletcher & Co. Ltd. and of Duncan Stewart & Co. Ltd.

BORROWING POWERS

The Directors may from time to time raise or borrow and secure the payment of any sums of money for the purposes of the Company provided that the amount borrowed and outstanding (apart from temporary Bank Loans obtained in the ordinary course of trading) shall not at any time exceed the aggregate of the paid-up capital of the Company and its free reserves, except with the consent of the Company in general meeting.

POWERS OF THE DIRECTORS

No restrictions are imposed by the Articles of Association on the Board's powers of the management and the control of the Company's affairs is vested in the Board and save in so far as provided by the Companies Act, 1956.

AUDITORS' REPORTS

In accordance with Clause 24 of Para II of Schedule II of the Companies Act, 1956, we report that the Triveni Engineering Works Ltd., have not made up accounts for the period from the incorporation of the Company (7th January, 1961) to three months before the issue of the Prospectus.

(CONTD.)

SURVEY OF BURMA OIL INDUSTRY

DEAL WITH BRITISH COMPANIES SUCCESSFULLY WORKING

By A Special Correspondent

BURMA can legitimately claim a longer history for its oil industry than any other country in the world. The story goes that, centuries ago, captives of an ancient Burmese king started working the oil on the barren plateau near the eastern bank of the Irrawaddy river. We are on firmer ground in affirming that, during the eighteenth century, oil was known and used by the Burmese for their lamps. Also, two oil-bearing tracts of the present Yenangyaung field were worked towards the end of this period. It was Dr. Thomas Oldham, the father of the Geological Survey of India, who first observed the association of oil with dome structure at Yenangyaung in 1855. This was six years before E. B. Andrews and T. Sterry Hunt in America worked out the anticlinal theory which has had so profound an influence on the better understanding of commercial oil accumulations.

The foundation of modern oil industry, however, was laid in Burma by The Burmah Oil Company Ltd. seventy-five years ago. The B.O.C. was formed by Mr. Cargill in 1886 by acquiring the interests of the Rangoon Oil Company Ltd., which had just gone into liquidation. The B.O.C. started the first machine drilled well in 1887 between the Twingon and Beme reserves in Yenangyaung, and it also acquired well sites within the reserves by purchase. Between 1888 and 1906, the country's entire production from machine drilled wells was that of The B.O.C. Ltd.

After the War

Finding the refinery at Dunnedaw (Rangoon) too small for its crude oil production, the Company erected a new processing plant at Syriam. The B.O.C. also completed a 275-mile long 10-in. pipeline from Yenangyaung to Syriam in 1908 for transporting the oil which until then had been carried in barges down the river. A 4-in. pipeline from Yenangyat to Singu and an 8-in. pipeline from Singu field to Yenangyaung were also built to convey these crudes to the main pipeline. From time to time, obsolete plants were replaced both in the refinery and the fields by modern equipment and this, coupled with the sound business policy pursued, brought the B.O.C. to a prominent place in the world of oil industry. The Company had a fleet of tankers to transport its products to India.

Before the last war, the refinery's main products consisted of aviation and motor spirits, several grades of kerosenes, diesel and furnace oils, scores of waxes of a range of melting points. The B.O.C.'s 1941 Products Specification Book listed in all 231 products. Between the years 1930 and 1941, it refined annually an average quantity of 205,390,000 imperial gallons, and the cumulative total of crude oil processed between 1902 and 1941 amounted to 6,990 million gallons.

The catastrophic effect of the last war is brought out by the precipitous decline in Burma's oil production during 1942-46. Whereas the country's output in 1941 was 272 million gallons, it declined to 36 million gallons in 1942, 33 million gallons in 1943, rose slightly to 51 million gallons in 1944, was 20 million gallons in 1945 and 2 million gallons in the following year. (1942-46 figures provided by The B.O.C. Ltd., London.)

On the invasion of Burma by the Japanese early in 1942, all the properties, refineries, plants, etc., owned by the operating subsidiaries of the B.O.C. were destroyed or put out of action under official instructions. Operations were resumed in Burma in April 1946 with imported crude oil.

The work of rehabilitation of the oilfields and ancillary facilities was greatly retarded by disturbed post-war political conditions. Late in 1948, the B.O.C. and associated oil companies, which had expended over £8 million on rehabilitation work since the war, decided that the prevailing political climate did not warrant such work on any full scale.

But because of the importance of the oil industry to the Burmese national economy, and to avoid adding to the difficulties of the Government of that country which might result from a heavy discharge of labour, the U.K. Government, as a provisional measure, gave the B.O.C. certain assurances against future losses arising out of expenditure on rehabilitation work. During this period of assurance, the Company's rehabilitation outlay is reckoned to have totalled nearly £2 million. When this assurance was discontinued, the B.O.C. reluctantly terminated the services of some 5,000 workers and retained only a skeletal staff of less than 1,500. When the Burma Government reiterated that a loan involving any sort of outside control on expenditure would be "quite unacceptable," the economic recovery of potentially the richest country in Asia received a setback.

New Company Formed

In 1954 a Burmese company—Burma Oil Company (1954) Ltd.—was formed to take over the producing and refining assets, then valued at around £15 million, of the B.O.C., Indo-Burma Petroleum and British Burmah Petroleum. The Government of Burma acquired a one-third holding payable in cash and secured the right to increase its interest when desired by buying shares from the other shareholders at par value. Marketing was still in the hands of Burmah Oil's Burma Trading Company and Indo-Burma Petroleum Company.

Late in 1960, the Burmese Government brought its holding in Burma Oil (1954) up to 51 per cent, thus obtaining control. The main clauses of the agreement signed on 25th October, 1960 are: (1) The oil companies have agreed to subscribe 49 per cent of the new capital required for the proposed expansion of the Syriam Refinery and the Syriam-Dunnedaw Pipeline Project. (2) The Government has agreed not to exercise for a period of 15 years its right under the 1954 J.O.V. (Joint Oil Venture) Agreement to acquire from the oil companies further shares in the issued capital of B.O.C. (1954) Ltd. (3) The parties declare their intention to conduct the affairs of the Company in such a way that a reasonable return on the shareholders' investment will be earned. (4) The search for oil in Burma is to be intensified. In the years 1961, 1962 and 1963, exploration programmes have been planned at an estimated cost of between 25 and 30 million kyats in each year. (5) The London office of The B.O.C. (B.T.) Ltd. will continue as agents for the Company for certain purposes under a new Agreement for a period of ten years. (6) The terms and conditions of service of the Asian staff at present employed will not be changed. (7) B.O.C. (1954) Ltd. will continue a policy of accelerated Burmanisation. (8) The marketing installations and facilities in Burma of B.O.C. (B.T.) Ltd. and B.P.C. Ltd. will be taken over by the B.O.C. (1954) Ltd. as at 1st January, 1961.

Minority Interest

The purchase of B.O.C. (B.T.) Ltd., the distributing company, with estimated assets of the order of £5 million, should help the Government to increase the return on its new capital in B.O.C. (1954) Ltd. The B.O.C.'s share in Burma Oil (1954) is now 40.5 per cent, and it is effectively responsible for all technical matters.

During 1960, thirty-eight development wells, involving a footage of 118,507 ft., were drilled against 29 totalling 87,703 ft. the year before. Despite the late receipt of prospecting licences, exploratory drilling increased from 34,500 ft. in 1959 to 37,242 ft. last year.

Heavy exploratory drilling rigs employed at Chauk to drill below the known existing sands have disclosed the accumulation of natural gas below a faulted zone. At Yenangyaung, five development wells were drilled of which two were producers.

Plans for an intensive exploratory programme for 1961 have been made to offset the depletion of known reserves at existing oilfields. A second well was spudded in at Payagon in the Delta which confirmed the existence of a gasfield. A new deep test at Tharrawaddy was 6,000 ft. deep at the end of 1960.

In central Burma, the well drilled at Palanyon on the west bank of the Irrawaddy, some six miles south of Minbu, found oil on 10th July 1961. It yielded on initial test 40 barrels a day of 40° A.P.I. oil from a depth of 2,600 ft. It is the first oil discovery made outside the producing fields in Burma since the war.

The B.O.C. (1954) Ltd. produced 108.94 million gallons of crude oil in 1960, an increase of 2.75 million gallons on the previous year. Since consumption is currently running at an annual rate of some 122.5 million gallons, Burma is a small net importer of oil products. Crude oil lifted from Syriam fell from 66.54 million gallons in 1959 to 57.93 million gallons in the following year, due to severe shoaling of the Irrawaddy river, causing periodical groundings.

The throughput of Chauk refinery was 59.61 million gallons in 1960, an increase of 6.48 million gallons on the preceding year. The Syriam refinery processed 67 million gallons last year, or 12 per cent more than in 1959. The capacity of Syriam refinery is being stepped up to 685,000 gallons per day at an estimated cost of £2.5 million. The construction of an underriver pipeline to carry products to the main distribution centre in Rangoon will involve an outlay of around £500,000.

Sales of major products showed an overall increase of 7.2 per cent on those of 1959. This growth was shared by motor spirit, kerosene, fuel oil and aviation turbine fuel.

Burma nationals continue to be trained by The B.O.C. (1954) Ltd. both locally and abroad. At the Chauk Technical Institute, 114 apprentices were given training, while 50 apprentices were attached to the various departments of the Syriam refinery. Of the 29 Burma nationals trained at the expense of the Company, 25 went to the U.K. and four to India.

Other Highlights

Other highlights in the B.O.C.'s history are briefly stated. It proved the saviour of the Anglo-Persian Oil Company, when it was struggling desperately hard to find its feet. As far back as 1914, it started imparting technical training to the Burmese, and, in 1928, it founded the College of Mining and Engineering of the Rangoon University. In sum, through good times and bad, the B.O.C. group of companies have kept their faith with the Burmese people and the different Governments in power, and contributed to the economic well-being of the country.

Since direct operations are only a part of the business of the B.O.C. group, the need for retaining earnings and for capital expenditure is smaller than for companies solely or mainly engaged in direct oil operations. By and large, the B.O.C. is a holding company, deriving a large part of its revenue from its investments in other oil companies, notably British Petroleum and Shell Transport. Following the issue by B.P. of free shares on a one-for-one basis in 1959, the B.O.C. wrote up its direct and indirect holding of B.P. capital from a book value of 10s. to 20s. a unit (as compared with the ruling market price of around 50s.) and issued to its shareholders one new share for every share held.

The B.O.C.'s main interests still remain in Burma, India and Pakistan which were again affected by world-wide competition in the oil industry in 1960. The resulting contraction of profit margins, with the cost of increased exploratory effort, are mainly responsible for a decline of £1.8 million to £6.7 million in trading profits last year (in 1960). This fall, however, was more than offset by larger receipts from dividends on the company's large holdings of B.P. and Shell Transport shares and net profit of the parent company increased moderately to £9¼ million.

Link With India

By the end of 1960, the B.O.C. had contributed £10½ million towards its two-thirds share of £21 million required for Oil India's field development in Upper Assam. The estimated cost of the pipeline is approximately £35 million, of which £14 million represents foreign exchange. The B.O.C. has agreed to provide a loan of some £11 million to meet the bulk of the foreign exchange. It expects to make the necessary loan finance arrangements towards the end of 1961. The £21 million requirement in rupees is to be borrowed in India by Oil India Ltd. Only when a substantial production from the Nahorkatiya and Moran fields is sold can any return be expected from the B.O.C.'s investment in Oil India Ltd.

In the B.O.C's consolidated balance-sheet for 1960, there is a net increase of £5 million to £19.3 million in fixed assets (after depreciation), and on the liabilities side a rise from £0.9 million to £5.1 million in unsecured loans, representing bank advances to the group including B.O.C.'s share in Oil India's rupee borrowing. The parent company's ordinary share dividend (tax-free) was 9¾ per cent in 1960, against 8¾ per cent the year before.

L.I.C.
BONUS
ANNOUNCEMENT
1959 VALUATION
RESULTS

WHOLE LIFE ASSURANCES
Rs. 16.00
per thousand per annum

ENDOWMENT ASSURANCES
Rs. 12.80
per thousand per annum

The Life Insurance Corporation has pleasure in declaring the above rates of bonus as a result of the second Valuation of its liabilities and assets as at 31st December 1959. These bonus rates are applicable to with-profits policies issued by the Corporation and in force as at the date of Valuation.

As regards the bonuses on with-profits policies issued by former insurers, these have been declared proportionately in accordance with the Scheme of Differential Bonuses approved by the Central Government and published in the Gazette of India dated 14th October, 1961.

The bonus rates applicable to all the policies are the same as those declared on the basis of the preceding Valuation as at 31st December 1957.

As at the date of the present Valuation the total sum assured under the policies was Rs. 1,997 crores, including bonuses, and Rs. 105 lakhs per annum under Annuities. Out of the gross profits disclosed by the Valuation, a sum of Rs. 24.47 crores has been utilised for allotting bonuses at the above rates to policy-holders, after providing for income-tax liability amounting to Rs. 4.58 crores and Government's share of Surplus amounting to Rs. 1.28 crores.

As already announced, bonus intimations in respect of both the first and second Valuations will be sent out to the policy-holders as soon as possible.

Life Insurance Corporation of India

ASP/LIC/SP-19

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T. R. KRISHNASWAMI,
General Manager.

BANGALORE LABOUR CONFERENCE

MR. NANDA'S SPEECH ANALYSED—MAIN CONCLUSIONS REVIEWED

IN contrast to last year's stormy session, the nineteenth session of the Indian Labour Conference, held at Bangalore early this month, was one of comparative calm. While the Central Government employees' strike, the issues underlying it and the fresh problems thrown up dominated the discussions last year, a sober approach to a labour policy suited to a developing economy characterised this year's deliberations. Mr. G. L. Nanda, Union Minister for Labour, set the tone for the discussion in his opening speech at the Conference. He sought to share with the delegates what he called "a tentative endeavour to comprehend, however dimly, the desirable course of future developments in the relations between the community, industrial management and the working class." This, as he himself modestly put it, might be considered as "very preliminary exercise" in perspective planning in this field. Three factors, he pointed out, had to provide the setting for this preview. First, there should be a clear appreciation of the conditions and trends, the way in which they were evolving and the lessons of past experience. Secondly, it had to be borne in mind that, it was not possible to conceive of a working class and a structure of industrial relations in isolation from the picture of the social and economic organisation envisaged for the country. Thirdly, in view of the various limitations, especially in the matter of resources, the tasks to be carried out and the ground to be covered had to be on the basis of certain priorities, so that conditions for the realisation of the basic aims of social policy were as speedily realised as possible.

Mr. Nanda pointed out that access on the part of every family to a national minimum in respect of the five basic needs of life, namely, food, clothing, shelter, education and health, early attainment of full employment and a very rapid and radical change in the system of distribution of wealth were the accepted national goals. They had an immediate and intimate relevance to the consideration of the problems of industrial relations. All the workers engaged in industry should have a living wage as soon as possible. The first priority should be to make available the need-based minimum standard as envisaged in the recommendation of the fifteenth session of the Indian Labour Conference. This could be made feasible only by a greater rise in the output per worker. But the workers had no exclusive claim to the gains in productivity. Other claims, besides an improvement in the standard of living of the workers, had also to be met. Mr. Nanda listed them as under:

1. Formation of additional capital for enlarging productive activity and the consequent volume of employment.

2. Reduction in the price of the products, so that the community at large is able to share in the benefits of industrial progress.

3. Improvement in the competing capacity of products in the export markets to maintain increased production as well as employment inside the country and to keep up a sound balance of payments position.

It will be pertinent to recall here the main principles that should govern distribution of the gains in productivity mentioned in the third Plan. These are:

"The surpluses that are generated are a social product to which neither the employer, nor the working class can lay an exclusive claim; their distribution has to be according to the worth of the contribution of each, subject to the requirements of further development and the interests of all sections of society, in particular, the satisfaction of the basic needs of all its members."

Responsibility of Trade Unions

Mr. Nanda said that workers had not been made aware of the relentless economic principle that, for the working class as a whole, no appreciable rise in real wages, along with a satisfactory growth in employment opportunities, was possible without a corresponding increase in productivity per worker. This, he pointed out, should become the principal concern of the trade union organisation in the country even more than that of employers. The workers had, at the same time, to realise that, while they must have suitable conditions and facilities provided for them in order to evoke the best in them, their remuneration, whether as wages or bonus, cannot be very far out of alignment with prevailing standards in the country, even if the profitability of a particular establishment or industry might make that possible. Labour, he emphasised, had to function as an organic part of the entire community.

This approach, Mr. Nanda pointed out, had, however, certain implications to the employers too. They had to take it to heart that they had to discharge their obligations as entrepreneurs in a poor country which had accepted socialism as its way of life, because of the human aspect, that is, the needs and privations of the huge masses of the country and also because this was the only way to make a free society exist and make democracy become successful in an underdeveloped country. This would mean, according to him, a wholly new outlook and an acceptance of a new kind of economic and social discipline and rectitude.

Balanced Approach

The foregoing is undoubtedly a balanced approach. The only snag here is that its application in practice, strictly in accordance with the spirit of its enunciation, will lead to certain practical difficulties, when foreign private capital is associated with the projects for economic development. Can foreign capital, technical know-how and entrepreneurs be attracted to this country in sufficient amount and numbers, if the conditions to be offered under Mr. Nanda's prescription are not competitive with those that could be had in the developed countries? The flow of foreign capital will undoubtedly slow down and with that the economic progress of the country, too, if conditions are not attractive. In the result, employment opportunities will not expand as fast as it could and should. If, in order to overcome this difficulty, more favourable terms of remuneration, etc. were allowed in concerns with foreign capital, would not such concession amount to discrimination against national entrepreneurs and risk capital? How would Mr. Nanda solve this problem?

To return to the Labour Minister's speech. He did well to spell out the obligations and responsibilities of the public sector in respect of labour. He said that, in accordance with the type of economic organisation outlined by him, no very sharp distinction between the public and private sectors need remain. When dealing with the public sector itself, it was necessary to go beneath the label, because there was no special virtue in the name itself. The public sector was an essential and growing element in the industrial structure of the country. It was in a way new to the job and had, Mr. Nanda frankly admitted, its flaws but he hastened to add that it was increasingly becoming aware of its special role and obligations. The public sector was part of the tripartite set-up and it might be trusted to play its role well. It is thus clear from Mr. Nanda's observations that no handicaps would be placed on the private sector either wittingly or unwittingly by prescribing less onerous conditions of employment for the public sector.

It is a truism to say that the best way to safeguard the interests of labour is to increase production and profits. Mr. Nanda did realise this point and stressed it effectively. The primary need, Mr. Nanda underlined, was to lift the performance of the industry to the highest levels possible. This should, therefore, become the foremost concern of the employers, workers and the State. Viewed from this angle, the Code of Discipline in industry assumed added significance. Mr. Nanda had no doubt that the Code had established its worth in one direction at least. The number of working days lost on account of industrial disputes, which showed an upward trend earlier, had been steadily and continually going down from year to year since the adoption of the Code in June 1958. Thus, from 4.7 million in the first half of 1958, the number of working days lost on account of industrial disputes declined to 3.1 million in the first half of 1959, 2.9 million in 1960 and still further to 1.6 million in the first half of 1961. Similarly, the number of working days lost declined from 3.1 million in the second half of 1958 to 2.5 million in the second half of 1959, and 1.9 in the second half of 1960. It was obvious from this, Mr. Nanda claimed, that the Code had made a major contribution towards this gratifying result. While this is true, the improvement in industrial relations cannot be attributed solely to the Code of Discipline. The workers' emoluments as a whole have gone up substantially, thanks to wage boards, etc., and the employers' ability to pass on the incidence of higher wages to consumers, an ability strengthened by absence of competitive conditions.

Proceeding, the Union Labour Minister admitted that there were certain deficiencies in the implementation of the Code. Determined efforts, he averred, were being made by the organisations of employers and workers and the Government to make the Code far more effective than it had been. The Minister felt that, for this purpose, a more stringent application of internal sanctions by the organisations themselves was called for. Also, there might have to be recourse to publicity in the case of repeated or serious breaches of the Code. He conceded that the Code was not a legal instrument. It had, however, the much greater binding force of a voluntary agreement and moral commitment.

Code of Efficiency and Welfare

The agenda for the conference included several subjects, the most important of them being consideration of the proposals relating to the adoption of the Code of Efficiency and Welfare. Mr. Nanda was anxious that a Code of Efficiency and Welfare should be accepted at the conference at least in principle. Workers' organisations were divided in their stand. The I.N.T.U.C. (Congress) welcomed the Code, while the H.M.S (Praja Socialists) and the U.T.U.C. (Socialists) had mental reservations. The A.I.T.U.C. (Communists) was, on the other hand, opposed to it. Its chief spokesman, Mr. S. A. Dange, vigorously attacked the concept and argued that workers had not secured their due share of the gains in productivity in recent years and were not prepared to walk into a trap. Contrary to earlier reports, the employers are said to have taken a non-committal stand. Mr. Naval Tata, President of the Employers' Federation, pleaded on behalf of employers, for more time to study the implications of the proposal. He said that, in view of their experience of the working of the Code of Discipline, employers did not wish to be rushed into a final decision at the conference on the Code. Mr. Nanda was at pains to drive home to both employers and workers that the idea of the Code was sound. Both Dr. P. S. Lokanathan, Chairman of the National Productivity Council, and Dr. V. K. R. Menon, Director of the India Branch of the I.L.O. and Chairman of the Committee which drafted the Code, supported the Minister. Employers' representatives, however, agreed that they would meet in a tripartite committee to discuss the draft Code and the report of the Menon Committee. This Committee would be set up shortly.

Rights of Recognised Unions

Another important subject on the agenda was the rights of recognised trade union under the Code of Discipline *vis-a-vis* an unrecognised union. The discussions revealed considerable divergence of opinion between the representatives of the I.N.T.U.C. and A.I.T.U.C. The question was consequently postponed for further consideration at a future session of the Indian Labour Conference on the meeting of the Standing Labour Committee.

The revival of the Labour Appellate Tribunal was another important item on the agenda. On behalf of employers, Mr. Naval Tata said that employers would like the Tribunal to be revived. The workers' representatives, as also representatives of State Governments, however, were opposed to the suggestion on the ground that, instead of reducing litigation, it would increase it. They were, however, prepared to welcome the revival of the Tribunal, provided employers agreed not to file any appeals to the Supreme Court or High Courts against the awards of such tribunals. Employers were not prepared to do this. Winding up the discussion on the subject, Mr. Nanda said that the Labour Appellate Tribunal need not be revived but that the problems of delays in the disposal of cases should be studied and placed before the Standing Labour Committee for consideration. There is good reason to think that Mr. Nanda was right. The employers would be well advised not to demand the revival of Labour Appellate Tribunal. Its absence has actually led to better industrial relations and to go back to it would be a retrograde step. In fact, the employers could gain the goodwill of workers by dropping that demand.

The working of the Implementation Machinery of the Code of Discipline, which has been the subject of much discussion of late, also

(*Continued on page 842*)

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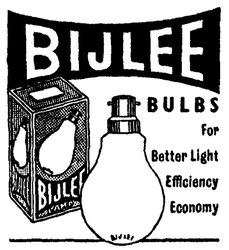

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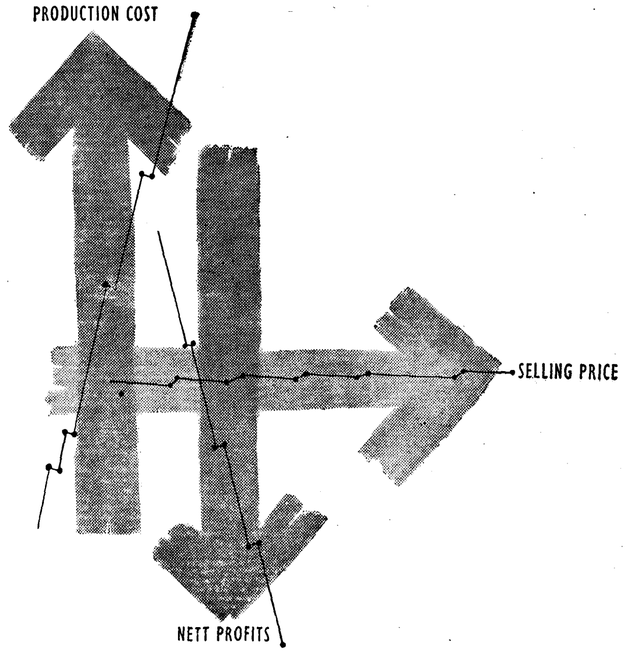

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PLASTICS INDUSTRY MAKES HEADWAY

MANUFACTURERS PLEAD FOR LOWER EXCISE DUTY

THE plastics industry in India has made good progress in recent years, despite the inadequacy of indigenous raw materials, machinery and specialised technical skill. The total output of plastics (including polyethylene, P.V.C., polystyrene, etc.) rose from a mere 700 tons in 1955-56 to as much as about 11,500 tons by 1960-61, thereby fulfilling the targets laid down in the second Plan. During the third Plan period, production is proposed to be stepped up to 74,000 tons, an increase of about 700 per cent. The capacity is expected to be raised from 15,700 tons in 1960-61 to 85,000 tons by the end of the Plan. The third Plan targets are, of course, modest, as compared with the estimates of demand for plastics goods made by the Plastics Panel of the Development Council, Government of India. According to the Panel, the total requirement by the end of the third Plan will be 125,000 tons. The Council has, therefore, suggested an upward revision of capacity and production targets to meet the anticipated increase in demand.

The following table shows the total installed capacity and output of important plastics goods in 1960, as compared with the position in the previous year:

(In tons)

	Installed capacity		Production	
	1959	1960	1959	1960
P. F. moulding powder ..	3,000	3,360	1,810	2,041
Polystyrene moulding powder..	4,500 to 5,400	4,500 to 5,400	3,314	3,708
Phenolic laminates	450	600	486	567
Polyethylene	..	3,500	..	3,361
Polythene films and layflat tubings	837	1,032	1,054	1,251
P.V.C. (flexible) sheetings (unsupported)	1,232	1,232	602	961
U. F. moulding powder ..	940	742	322	353
U. F. resins for plywood ..	..	2,160	..	N.A.
Injection moulding and compression moulding*	..	..	5.45	5.70
Leather cloth†	8,700	8,950	5,420	6,081
Linoleum‡	450	500	453	586

* Million gross. † Thousand yards.
‡ Thousand lineal yards.

It will be seen from the table above that most of the sectors have shown signs of steady improvement. The production of linoleum, as well as leather cloths, rose by 30 per cent and that of polystyrene and P.V.C. sheetings by about 20 per cent each. An important development in the year 1960 was the commencement of manufacture, for the first time in India, of urea formaldehyde resins for use in the plywood industry. This alone is expected to result in a foreign exchange saving of the order of Rs. 20 lakhs annually.

While the recent trends in the working of the industry are satisfactory, the industry has been called upon to play a substantially more important role in the third Plan. Although the burden of development will fall principally on the industry, their enthusiasm will be stifled if Government does not show a helpful attitude to this developing, but young, industry. The manufacturers contend that, in the first place, the incidence of excise duty on this industry is pretty high and should be reduced. An excise duty at the rate of 20 per cent *ad valorem* was imposed on the industry, for the first time, in March last. A fervent plea to reduce this duty to five per cent was made by Mr. Shantilal I. Parekh in his welcome speech at the fourteenth annual conference of the All-India Plastics Manufacturers' Association held at Bombay on Saturday the 21st inst. At the conference, which was inaugurated by Mr. S. K. Patil, Union Minister for Food and Agriculture, Mr. Parekh pointed out that, in order to realise a revenue of Rs. 40 lakhs, as laid down in the budget, an excise duty of 5 per cent should be sufficient. He maintained that the existing levy had already affected the development of this industry. He contended that an industry like plastics, which was dependent on costly imported raw materials to a large extent, should not be subjected to exorbitant rates of duty, if its progress were to be accelerated.

A point worth remembering here is that, although the output of the industry is going up, its development is quite modest, as compared with the vast strides made by countries like the U.S., the U.K. and Japan in this field. The spectacular progress of the industry in the developed countries owes its origin to the availability of substantial quantities of basic intermediates, particularly petrochemicals, derived from natural sources such as coal, natural gas, petroleum and cotton linters. By producing on a large-scale, the industrialised countries have been able steadily to bring down the price of plastics. This, in turn, has made it possible to compete with conventional goods effectively. It has, in fact, become the basic materials for industrial and constructional purposes in its own right, rather than being mere substitutes. In India, the story is different. Indian plastics industry started production on wholly imported raw materials. The situation, however, is changing, with the gradual growth of indigenous sources of raw materials. Of the various raw materials required by the industry, the manufacture of several items has already been taken up, particularly phenol formaldehyde moulding powder, urea formaldehyde moulding powder, polystyrene moulding powder, polyethylene moulding powder and polyvinyl chloride resin and compositions. The first plant to produce polyvinyl chloride went on stream in September 1961. Its capacity is 3,600 tons a year. The installed capacity of polyethylene is 6,200 tons, its output being 4,000 tons in 1960, as against 2,000 in 1959, which was the first year of production. The production of the other raw materials is shown in Table I above. Imports, however, are still quite large, although, since 1957, a restrictive policy has been pursued. The value of imports of raw materials, which was Rs. 4.43 crores in 1959, rose to Rs. 5.71 crores in 1960-61. The following table shows imports of some of the important raw materials of plastics industry:

(In lakhs of rupees)

	1958	1959	1960-61*
P. F. moulding powder	8.88	8.72	8.69
U. F. moulding powder	10.86	9.25	11.03
Cellulose acetate moulding powder ..	10.30	26.56	55.70
Cellulose acetate butyrate	12.66	18.90	32.07
Cellulose acetate butyrate	61.30	46.86	8.22
Polyethylene	4.67	0.56	3.03
Polystyrene	33.58	45.72	82.26
Vinyl resins			

* From April 1960 to March 1961.

The indigenous supply of certain raw materials is, no doubt, steadily increasing. But their prices, according to Mr. Parekh, are exorbitantly high, as compared with international prices. Mr. Parekh appealed to raw material manufacturers to charge "very reasonable and competitive" prices. In view of the expansion of several raw materials envisaged now, prospects for bringing down raw material prices are bright. Explaining the position, Mr. Parekh said:

"Some of the important schemes for raw material manufacturers are based on the availability of ethyl alcohol in India. Thanks to a flourishing and *well-established sugar* industry, India is producing abundant quantities of industrial alcohol which can be used as a starting material for production of many important plastics. The polyethylene projects now in operation consume nearly 3.5 million gallons of industrial alcohol. Styrene monomer plant which is being set up by Messrs. Polychem Limited in Bombay may consume two million gallons of alcohol. Industrial alcohol is also used for manufacture of acetic acid. It is estimated that five to six million gallons of alcohol may be required for production of acetic acid. The production of industrial power alcohol may reach about 50 million gallons by 1965, with an installed capacity of 70 million gallons."

In addition, in view of the plans for encouraging the growth of petrochemical industries in the third Plan, the supply position of basic raw materials is expected to become quite comfortable in the years to come. The approximate capacity now established, or programmed for production, in the case of certain major basic chemicals is given below:

	Tons
Ethyl alcohol	200,000
Benzene	40,000
Formaldehyde	13,000
Styrene monomer	25,000
Phenol	12,000
Acetic acid	15,000

Apart from raw materials, Indian plastics processing industry has been dependent on imports for machinery as well. In this connection, Mr. Parekh urged the Government of India to accord highest priority to any project for the manufacture of standard types of plastics machinery and equipment. He also suggested that attractive terms should be offered to reputed foreign companies to set up their factories for the production of plastics machinery with local collaboration, wherever possible. Mr. Parekh wanted the Government to liberalise the import policy in such a way as to permit the import of latest types of machinery and equipments.

Mr. Pratap Bhogilal, who presided over the Conference, stressed the need for diversification of the industry. At present, Indian plastics industry was mainly concentrated on utility and consumer items. Mr. Bhogilal observed that, with rapid industrialisation of the country, it would be advisable for plastics manufacturers to concentrate more and more on production of industrial items. He, however, added that considerable market research would have to be undertaken before offering plastics industrial components acceptable to industries.

Although a young industry, plastics have been able to secure some foreign exchange. Exports of plastics goods amounted to Rs. 72.84 lakhs in 1960, as against Rs. 67.45 lakhs in 1959. If a more liberal attitude is shown in granting import licence to manufacturer-exporters for machinery, etc., against exports under the incentive schemes and if the related procedural delays are eliminated, as suggested by Mr. Parekh, the prospect of exports going up further, particularly to developing countries in Asia and Africa, is reasonably bright.

RAW FILM FACTORY

Among the major public sector projects, which will commence production early during the third Plan, will be the raw film factory, located on the outskirts of the hill station of Ootacamund in South India. Work is proceeding briskly on this project which, when completed, will meet the bulk of India's requirements of a large variety of photographic materials and help to save much of Rs. 5 crores worth foreign exchange, which the country now spends on import of raw film and photo materials.

Construction work has already started on the site of 250 acres, to house the factory and ancillary units. It is expected that, towards the end of 1962, the factory would commence the production of a large variety of photographic sensitised materials, including cinematograph film, roll and sheet film, photographic paper, materials for graphic arts, etc. The target of output worth Rs. 5 crores will be reached during the third Plan itself. A total investment of Rs. 7 crores—Rs. 4 crores in foreign exchange and Rs. 3 crores by way of rupee costs—will be required for the project. The largest single item in the production programme is cinematograph film and a start will be made with black and white materials. Before the end of the third Plan period, the production of film for colour process will also be taken up.

The factory will also manufacture X-ray films for which there is growing demand in the country. In this case, production from the factory would be more than enough to meet the entire domestic requirements and will leave some surplus for export.

The Government of India has secured the collaboration of the well-known French firm Messrs. Bauchet for the project. The designs for the different sections of the factory have been completed, and while a large part of the equipment will be fabricated in France, certain specialised items will be supplied from the U.S., West Germany, Switzerland and Austria. Shipments will be made as each item is completed and tested. It is expected that the first consignment will reach India by March 1962. Import of the necessary equipment for the factory will be financed under the French Government's Export Credit Scheme. Payments for the equipment are due to start only after the factory has gone to production, and will be spread over five years. The factory will thus be able to save the foreign exchange needed to pay for the imported equipment.

A special feature of this project is that, from the very outset, it will be manned and operated by Indian personnel. A number of scientists and engineers have already been recruited from all parts of India and sent to France to work in the factories of the consultants. Arrangements have also been made for production of necessary raw materials within the country. For a number of these materials, such as cellulose, triacetate, plasticisers, solvents and photographic gelatine, the Government has already granted manufacturing licences to units in the private sector. Some of the materials like silver nitrate will be manufactured in the film factory itself. It is planned that from the beginning, the value of raw materials to be imported will be only a small fraction of the price of the finished product. By the end of the Plan period, practically 99 per cent of the raw materials will be made available indigenously.

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Total West German financial assistance to the world's developing nations between 1st January 1957 and 31st July 1961 amounted to more than DM. 11,700 million, according to the statistics published by the Federal Finance Ministry. Of this amount, about DM. 5,600 million came from public funds and DM. 6,100 million were contributed by private sources. A remarkable feature was that private development aid in the first half of this year jumped up to DM. 1,309 million, exceeding the corresponding amount of DM. 1,125 million for the whole of 1960, while public aid was lower at DM 921 million, as against DM. 1,329 million in the whole of 1960. The breakdown of aid for the past four and a half years is given below:

(In million D-marks)

	1957	1958	1959	1960	1st half of 1961
Bilateral aid :					
Public assistance :					
Grants	9.0	27.0	33.0	33.0	56.6
Credits	83.3	215.8	995.2	742.6	421.2
Private assistance :					
Direct investments ..	104.0	137.0	48.0	132.9	108.2
Re-invested profits ..	84.0	126.0	126.0	168.0	80.0
State-guaranteed export credits ..	756.0	546.0	1,050.0	670.7	991.1
Other private assistance	3.0	199.0	137.0	143.5	129.7
Bilateral aid total ..	1,129.3	1,250.8	2,389.2	1,890.7	1,786.8
Multilateral aid :					
Public assistance :					
Contributions from the Federal Budget ..	98.0	152.0	148.0	244.6	21.6
Credits granted by the Federal Bank to the World Bank ..	785.0	468.0	332.0	176.1	150.0
D-mark drawings on the I.M.F. by developing countries ..	..	82.0	29.0	132.3	271.5
Private assistance :					
Purchases of World Bank bonds ..	2.0	11.0	248.0	5.3	..
Other private assistance	..	..	..	4.5	..
Multilateral aid total ..	885.0	703.0	752.0	562.8	443.1
Total public aid	925.3	934.8	1,532.2	1,328.6	920.9
Total private aid	1,089.0	1,019.0	1,609.0	1,124.9	1,309.0
Grand total ..	1,964.3	1,953.8	3,141.2	2,453.5	2,229.9

CENTRAL REVENUE

The revenue realised from items on which duties are levied and collected by the Central Government in the first five months of the financial year 1961-62 amounted to Rs. 338.86 crores. Of this, Rs. 68.37 crores were collected during August 1961. The corresponding figures for the first five months of 1960-61 and for the month of August 1960 were Rs. 291.93 crores and Rs. 60.39 crores, respectively.

Following are details of the revenue realised under various heads:

(In lakhs of rupees)

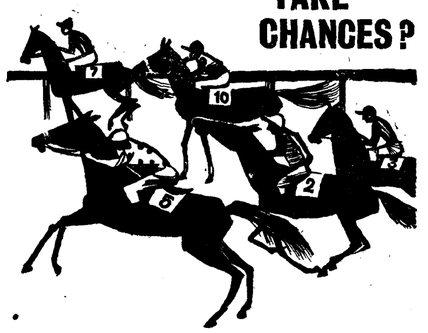
Revenue head	August		April to August	
	1961	1960	1961-62	1960-61
Customs	1,705	1,485	7,829	6,421
Union excise duties (excluding coal cess and salt cess) ..	3,823	3,166	19,033	16,208
Corporation tax	853	823	2,770	2,237
Income-tax	853	849	3,801	3,346
Estate duty	14	23	95	68
Taxes on wealth	24*	25	106*	120
Expenditure tax	3	3	11	10
Gift tax	5	4	19	17
Railway passenger fare tax ..	..	113	..	554
Opium	57	49	222	182
Total ..	6,837	6,089	33,886	29,196

* Provisional.

DEVELOPMENT OF DIAMOND MINES

The Mineral Development Corporation has prepared two project reports for the exploitation of diamond deposits of Ramkheryа and Majhgawan areas in the Panna district, Madhya Pradesh. The Ramkherya scheme is estimated to cost Rs. 46 lakhs, with a foreign exchange component of Rs. 27.9 lakhs. The annual output of diamonds is estimated at 12,500 ratties. The Majhgawan scheme is expected to cost Rs. 90 lakhs, involving a foreign exchange component of Rs. 29 lakhs. The annual output of diamonds is estimated at 30,000 ratties.

A sum of Rs. 12,44,285 has been spent by the Panna Diamond Project up to June this year and diamonds valued at Rs. 51,000 approximately have been recovered during the period. In the meantime, the Geological Survey of India has done preliminary reconnaissance survey of the diamondiferous belt in Kurnool district of Andhra Pradesh during 1960-61. The survey was undertaken for the purpose for planning out detailed mapping and investigation by drilling during the third Plan period. The department proposes to undertake large-scale mapping with pitting, trenching, drilling, sampling and washing for diamonds in the diamondiferous belts in the Kurnool, Mehaboobnagar, Nalgonda, Guntur, Krishna and Anantapur districts of the State during the third Plan period.



In what you do every day, you are taking many chances. For example, take the things that you buy in the market. Are you always sure of their quality? Do you get good value for the money you spend?

And yet, you *can be sure* if you know that the goods you buy have been made to a given standard. Standardization benefits not only you, the consumer, but also the producer, the distributor and indeed, the country as a whole.

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CALCUTTA ELECTRICITY SELLS MORE POWER

NET PROFIT, HOWEVER, LOWER—DIVIDEND MAINTAINED

ELECTRICITY is still the cheapest source of power and, with the industrial development and expansion that is taking place in our country, the demand for it is ever on the increase. In keeping with this trend, the Calcutta Electricity Supply Corporation Limited (Chairman: Sir Harry Burn) has reported a higher income of £9,805,661 by sale of current for the year ended 31st March 1961, as against £8,834,610 in the previous year. Sale of energy has been steadily rising for the past fourteen years, and during the year under review the Corporation sold 1,955 million units, that is, 138 million units more as compared with the previous year. Industrial demand accounted for 90 per cent of the energy sold for power purposes. Demand for low tension industrial power expanded further, with sales increasing by 9 million units to 123 million units and the number of consumers by 1,200 to more than 16,700. Income from other sources has gone up from £141,762 to £196,885 largely due to an increase in the interest earned on investments from £43,727 to £90,172. The cost of generation rose by £530,509 to £5,088,135, with coal alone accounting for an increase of £414,000. Expenditure on coal, including handling and ash disposal charges, amounted to £3,240,000 (consumption 1,293,000 tons) and accounted for 80 per cent of the total operating cost of generation. Power purchased from the Damodar Valley Corporation cost £288,000 more than in the previous year. Total units imported amounted to 390 million, an increase of nearly 88 million; nevertheless, the power made available was insufficient and the essential and urgent plant overhauls could not be undertaken. Administrative and other expenses were also higher at £1,904,633, as compared with £1,562,756 in the previous year. Because of higher costs, gross profit has gone up only modestly from £2,855,990 to £3,009,778. Net profit is, however, lower at £894,149, against £1,167,490 previously, due mainly to a much larger provision of £1,155,014 (£759,324) for taxation. Depreciation, too, has been provided with a slightly larger sum of £960,615 against £929,176 previously. The clear profit for the year, as calculated under the Electricity (Supply) Act, 1948, was less than the *reasonable return* by £356,541.

This shortfall has been made good by transfers from reserves created for meeting such deficits. At the end of the year, the reserves stood at £187,816, and are expected to be utilised fully during the current year. Next year, the Corporation's tariff structure is expected to be able to earn the entire *reasonable return* and provide internal finance for the major extensions at the New Cossipore station during the next three to four years. The previous year's increased dividend of 7.5 per cent (actual), against 7 per cent before on the ordinary stock of £1, has been maintained during the year under review; this includes the final dividend of 4 per cent. The Directors have transferred £639,257 to reserves, against £660,866 in the previous year. The carry forward is £124,585, against £108,138 brought in.

The following table gives a comparison of the Corporation's working in the past four years:

(In £s sterling)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale of current	9,805,661	8,834,610	8,114,777	7,322,268
Other income	196,885	141,762	114,680	145,122
Cost of generation, distribution, etc.	5,088,135	4,557,626	4,023,448	3,511,820
Other expenses*	1,904,633	1,562,756	1,577,357	1,347,499
Gross profit	3,009,778	2,855,990	2,623,057	2,608,071
Depreciation	960,615	929,176	900,782	848,551
Taxation	1,155,014	759,324	623,222	537,702
Net profit	894,149	1,167,490	1,104,553	1,225,818
Transfer from reserves	358,541	416,756	106,247	77,951
To reserves	639,257	660,866	619,829	735,536
,, debenture sinking fund	159,966	151,532	148,219	134,844
,, consumer benefit account	..	849,408	..	..
,, gratuity fund and debenture issue expenses	51,671	51,670	51,670	51,670
Dividends—				
5 per cent. preference	68,850	65,075	95,000	95,000
Ordinary	319,699	319,699	298,386	296,386
	(7.5%)	(7.5%)	(7%)	(7%)
Carry forward	124,585	108,138	122,137	119,841

* Inclusive of cost of power purchased which for 1960-61 amounted to £1,070,194, as against £782,449 in 1959-60 and £771,087 in 1958-59.

The Corporation has won its point on the need for expanding the New Cossipore station, as the Bengal Government has now agreed, that the Corporation should proceed with its plans for increasing the capacity of the station by installing a further machine of 50 MW. Finance in respect of expenditure to be incurred in India has been arranged on reasonable terms and, advised by its consultants, Messrs. Merz and McLellan, the Corporation is now engaged in negotiating the necessary contracts. It is hoped to commission the machine, at an all-in cost of some £3.5 million, towards the end of 1963, nearly a year before the West Bengal State Electricity Board's new Bandel station begins operation.

It was pointless for the Government to have deferred the Corporation's essential and urgent expansion plans till it was forced to realise by circumstances that the D.V.C. was just unable to meet the Corporation's demands. To quote the Chairman, Sir Harry Burn: "We anticipated, however (after having failed to realise our expectations before for an adequate supply of power from this source under the agreement entered into in April 1954 and January 1959) that, by the end of 1960, the Damodar Valley Corporation would have commissioned sufficient new generating plant to have enabled them to honour their commitment to us of 95 MW. for the year 1960-61. Unfortunately, our hopes were not realised and, despite our most persistent requests throughout 1960 and early 1961 to the D.V.C. to afford us power up to their full contractual obligation, they never found it possible to afford us a supply of more than 60 MW. at the time of our daily system peak."

As a result, the Corporation was unable to take out of service for routine maintenance the three turbo-aternators, one of 50 MW. and two of 30 MW., at the New Cossipore station, all of which were long overdue for overhaul. This led to their breakdown in the earlier half of this year. The three machines were recommissioned later, in May 1961 to be precise, and the Corporation's total effective generating capacity of about 275 MW. was restored.

Dealing with certain "ill-informed criticism" in the Press following the breakdowns, to the effect that the Corporation's generating plant is largely worn out, the Chairman says that, in fact, the plants at New Cossipore and at Mulajore are in first class condition and capable of many years of useful service, while the southern station, though old and not so efficient, has been well maintained and will continue to provide a satisfactory source of power especially during peak load periods. According to Sir Harry, a shortage of power in Calcutta is bound to continue for the next few years, since the demand in the area is already outstripping the Corporation's maximum generating capacity, augmented by the offtake available from the D.V.C. The Government has assured the Corporation that it will provide the ultimate solution of the problem in the shape of a bulk supply through the West Bengal State Electricity Board, first some 60 MW. (not expected to be available until January 1964) from the Durgapore station and thereafter supplies from the proposed Bandel station. The Corporation anxiously awaits these supplies.

The Directors have pursued the policy of meeting capital expenditure out of internal finance and transferred £550,000 to special appropriations for plant expansion, replacements and contingencies, which, with the sum set aside for depreciation of £960,000, makes a total provision of £1,510,000. Capital expenditure during the year amounted to £1,332,000 on transmission and distribution lines and was provided internally. The gross block of the value of £35,950,954 is written down to £20,637,068. The paid-up capital of £6,162,646 is supplemented by reserves aggregating £26,372,339. After redeeming debentures of £1,628,836, the liability on this score at the end of the year is shown at £3,366,164. The Corporation has yet to write off £145,867 by way of cost of issue of debentures. Current liabilities of £2,450,440 are matched by current assets of £3,607,978. Contingency fund of investments has increased from £468,604 to £520,638, and has a realisation value of £531,247.

The Corporation's ordinary stock of the value of £1 each is being currently quoted on the Calcutta Stock Exchange at Rs. 15.31 *cum-div.*, at which rate the approximate yield on them is 7 per cent per annum taxable, or about 4.90 per cent net.

(Concluded from next column)

It will be noted from the above account of the financial position of the Company that there is a clear case for widening the capital base by issue of fresh shares.

The Rs. 100 paid-up shares of the Company are currently quoted at Rs. 225 *cum-div.* on the Madras Stock Exchange. On an *ex-div.* basis and at the proposed dividend, the net yield on them works out to 9.33 per cent per annum.

HANDSOME RISE IN ASHER TEXTILES' DIVIDEND

CAPACITY BEING EXPANDED

THE year ended 30th June 1961 has proved to be quite a prosperous one for Asher Textiles Limited (Managing Agents: Messrs. Setna and Company, Tirupur, South India). Although the Company had to effect a cut in yarn prices twice during the year, in accordance with the advice of the Indian Cotton Mills Federation, and had to purchase raw cotton from abroad at higher prices, its gross profit has staged an impressive rise of Rs. 5.04 lakhs to Rs. 15.50 lakhs, representing an increase of 48.1 per cent over the previous year. This is on top of a rise of Rs. 6.54 lakhs recorded in the previous year. The net profit, however, has gone up by just Rs. 1.10 lakh to Rs. 6.21 lakhs, thanks to the sizably larger provision for taxation at Rs. 5.25 lakhs, a sum which is equal to more than a third of the gross profit, as against Rs. 2 lakhs provided last year. The provision for depreciation is a shade higher at Rs. 2.82 lakhs, as against Rs. 2.49 lakhs in 1959-60.

The Directors have raised the dividend substantially from 12½ per cent taxable to 30 per cent taxable. This higher dividend will take up Rs. 3.60 lakhs, as against Rs. 1.50 lakhs in the previous year. Thus, the entire increase in net earnings has been utilised to pay the dividend of 30 per cent; besides the amount transferred to reserve has been cut down from Rs. 3.58 lakhs in 1959-60 to Rs. 2.40 lakhs.

The results for the year under review are highlighted against the background of those for the previous three years in the following comparative table:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sale proceeds	92.54	83.17	74.00	68.73
Other income	2.05	1.02	0.64	0.26
Closing stocks of finished goods and process stock	4.82	2.95	2.64	0.76
Raw materials consumed	55.88	49.57	52.39	45.08
Other expenses	26.58	23.57	20.21	17.06
Gross profit	15.50	10.40	3.02	0.51
Managing Agents' remuneration	1.22	0.86	0.15	0.15
Provision for—				
Depreciation	2.82	2.49	2.63	2.37
Taxation	5.25	2.00	..	..
Net profit (+) or loss (—)	+6.21	+5.11	+1.14	—2.01
To reserves	2.40	3.58	..	..
Transfer from reserves	..	..	0.69	3.48
To bonus for employees	0.23	..	0.01	0.01
Dividends	3.60	1.50	0.72	0.72
	(30%)*	(12½%)*	(6%)*	(6%)
Carry forward	0.01	0.03	..	..

* Subject to deduction of tax.

The three outstanding features of the year's results are: (1) sales have gone up by Rs. 9.37 lakhs to Rs. 92.54 lakhs, (2) this is accompanied by a rise of Rs. 6.31 lakhs to Rs. 55.88 lakhs in raw materials consumed and of Rs. 3.01 lakhs to Rs. 26.58 lakhs in other manufacturing expenses and (3) the profit-margin (the ratio of gross profit to sales) has risen from 12.5 per cent in 1959-60 to 16.2 per cent in the year under review.

In pursuance of the policy of modernisation and expansion of the mill's machinery, the Company incurred a capital expenditure of the order of Rs. 7.08 lakhs, of which Rs. 5.66 lakhs were in machinery. Further, it has placed orders for four doubling frames of 400 spindles of indigenous make valued at Rs. 1.15 lakh. The two frames will be received in the near future. Notable among the other proposed additions is the German hank yarn mercerising machine at a cost of Rs. 1.15 lakh, for which the necessary import licence has been obtained. The present installed capacity of the Company's mill, it may be noted, is 24,800 ring spindles. Application has been made for 6,000 additional spindles for balancing the preparatory equipment of the mills.

The Company's balance-sheet, as at 30th June 1961, shows that the subscribed capital of Rs. 11.99 lakhs, all in 11,986 equity shares of Rs. 100 each, is supported by reserves and surplus amounting to Rs. 7.40 lakhs. Its secured and unsecured loans together aggregate Rs. 33.52 lakhs. In addition, there are other current liabilities and provisions of Rs. 19.37 lakhs. The current assets at Rs. 45.26 lakhs are below the total indebtedness to outsiders by Rs. 7.63 lakhs. The larger borrowings are on account of the programme of expansion and modernisation undertaken in recent years. The gross block has risen from Rs. 49.08 lakhs in 1959-60 to Rs. 55.18 lakhs and has been depreciated to Rs. 26.92 lakhs.

(Continued in previous column)

SHARP CUT IN FORT GLOSTER'S DIVIDEND

OUTLOOK, HOWEVER, PROMISING

OF the three factors—inadequate supplies of raw jute, disproportionate rise in the price of jute in relation to that of fibre, and frequent interruption to normal production—which hit the country's jute industry last year, the one mentioned second is the prime cause for the very disappointing results of Fort Gloster Industries Limited (Managing Agents: Kettlewell Bullen and Company Ltd., Calcutta) for the year ended 31st March 1961. The results are disappointing, because, despite a 60 per cent increase in sale proceeds, from Rs. 384.73 lakhs to Rs. 616.60 lakhs to be precise, all that the Company has managed to bring home is a gross profit of Rs. 36.09 lakhs, which, in fact, is lower as compared with Rs. 37.94 lakhs earned in the previous year. To obtain a 60 per cent increase in turnover, the Company had to bear as heavy a cost of jute consumed as Rs. 419.45 lakhs against Rs. 202.84 lakhs previously, reflecting a rise of 106 per cent. In view of the raw material shortage and the resultant cut in production through sealing of looms, it can be safely concluded that it was a steep increase in the price of jute that accounted for the strident rise in the cost of production.

The rise in the cost of raw jute, without a proportionate increase in the selling price of jute goods, has reduced the Company's profitability. On top of this, other manufacturing expenses, too, have gone up by Rs. 38 lakhs to Rs. 194.02 lakhs, of which more than Rs. 12 lakhs are on account of a higher wage bill of Rs. 100.74 lakhs following the interim award of the Wage Board. The dividend on the equity capital, which was raised only last year from 20 per cent to 25 per cent, has been slashed to 10 per cent, subject to deduction of tax. The net return on the shares of Rs. 100 each works out to 7 per cent, against 17.5 per cent in the previous year. A sum of Rs. 0.57 lakh, set aside in the previous year for paying supplemental dividend in respect of first and second preference shares to regularise distribution from tax-free to taxable basis, has been written back during the year under review, as the scheme for a change in the yield pattern could not be put through in the absence of the necessary consent of the shareholders. The Directors have, however, recommended additional dividend for the previous year from the profits of the year under review.

The following comparable table gives in a nutshell the progress of the Company in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	616.60	384.73	382.27	402.02
Other income	3.38	2.64	24.08	2.79
Jute consumed	419.45	202.84	225.20	233.56
Other expenses	194.02	156.02	149.14	144.06
Gross profit	36.09	37.94	36.58	25.03
Provision for—				
Depreciation	21.70	10.29	8.73	7.49
Taxation	7.10	4.25	12.52	1.08
Managing Agents' remuneration	1.32	2.97	3.30	1.90
Net profit	5.88	20.42	12.02	14.56
Transfer from reserves	4.50	5.50	..	..
To reserves	2.52	14.75	2.89	8.95
Dividends—				
7% tax-free first preference	1.57*†	0.98*	0.98*	0.98*
5% tax-free second preference	0.56*‡	0.35*	0.35*	0.35*
Ordinary	6.30	10.50	3.40	4.20
	(10%)*	(25%)*	(30%)*	(20%)*
Carry forward	0.72	0.72	1.95	2.54

* Subject to deduction of tax.
† Including additional dividend of 2.1 per cent, and ‡ of 1.5 per cent., payable in terms of Preference Shares (Regulation of Dividends) Act, 1960, for the year ended 31st March 1960.

The net profit has fallen by 71 per cent, from Rs. 20.42 lakhs to Rs. 5.88 lakhs, owing to heavier allocations to essential accounts. Provision for depreciation amounts to Rs. 21.79 lakhs (Rs. 10.29 lakhs), for taxation Rs. 7.10 lakhs (Rs. 4.25 lakhs) and for Managing Agents' remuneration Rs. 1.32 lakh (Rs. 2.97 lakhs). The Directors have withdrawn again Rs. 4.50 lakhs from general reserve to provide for dividends and other appropriations. Dividends take away Rs. 8.43 lakhs, against Rs. 11.83 lakhs in the previous year. Since the amount credited to reserves this year is Rs. 2.52 lakhs, there has actually been a net depletion of about Rs. 2 lakhs, in striking contrast to a net addition of Rs. 9.25 lakhs last year.

The Company's cable division recorded further improvement during the year, and all types and sizes of cables for which the factory was planned were placed in the market. Competition has been experienced in this field, but increase in demand is expected as a result of expansion in the power generation capacity in the country. Schemes for expansion and diversification in new lines of cables are being considered. Mention is made in the Directors' report of the Company having received an industrial licence for manufacturing V.I.R. cables of larger sections, trailing cables for mines, inter-vehicular railway coupler cables, railway signalling cable and special types of cables and flexible cords required for special purposes. The Company has also received a licence for the manufacture of paper insulated underground cable.

As for the jute section, some relief is expected this year due to better jute crop and the consequent fall in prices, and the Directors are hopeful that the industry will be able to operate smoothly and continuously, though at a smaller profit-margin. The modernisation of the sacking weft spinning section will be completed with the arrival of four additional spinning frames, out of which two with back process have already been shipped. The machinery for the fine side for which licence was obtained last year has been received and the erection work is in progress. A further licence for the import of back process machinery has been granted. The order for the 24-4½" sliver spinning frames has also been placed. While all this serves as a pointer to better working during the current year, it must be borne in mind that the first half of 1961-62 was heavily unprofitable for the jute industry. Between 1960 and 1961, the Company has drawn Rs. 10 lakhs from the general reserve. But this has not upset its financial position, thanks to a sound policy over the past years of maintaining a strong capital-reserves ratio. The capital at the end of the year under review is maintained at the previous year's level of Rs. 83.84 lakhs, of which Rs. 7 lakhs are by way of capitalisation of reserves. It is matched by reserves and surplus totalling Rs. 82.45 lakhs. Secured loans have increased from Rs. 139.76 lakhs to Rs. 176.80 lakhs and so have unsecured borrowings from Rs. 5.25 lakhs to Rs. 20.25 lakhs. Other current liabilities and provisions are shown at Rs. 67.65 lakhs raising the total of liabilities to outsiders to Rs. 264.70 lakhs. These are fully covered by current assets, loans and advances totalling Rs. 266.24 lakhs. Investments have gone up from Rs. 2.09 lakhs to Rs. 2.36 lakhs and command a market value of Rs. 2.28 lakhs. An addition of Rs. 6.19 lakhs was made to the gross block account in the jute division, which, at the end of the year, makes a total of Rs. 2.70 crores and has been very conservatively written down to Rs. 91.20 lakhs. The capital expenditure in the cable division increased from Rs. 78.22 lakhs to Rs. 83.15 lakhs during the year under review and has been written down to Rs. 70.78 lakhs.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 300 *cum-div.* At the *ex-div.* price of Rs. 293, the yield on the shares works out to a little less than 2.4 per cent, free of tax, per annum. Such a low yield reflects the investors' hope that, in the near future, the cable division will start yielding a sizable profit and enable the Company to restore the cut in dividend.

PANYAM CEMENTS

Highly satisfactory results have been achieved by the *Panyam Cements* and Mineral Industries Ltd. (Managing Agents: Messrs. Panyam Industrial Agencies Private Ltd.) for the year ended 31st August 1961, despite a moderate fall in the production of cement from 78,242 metric tonnes to 71,385 metric tonnes. Owing to encouraging demand, which continued throughout the year, the sale of cement increased by Rs. 2.36 lakhs to Rs. 65.08 lakhs. The gross profit shows an improvement of Rs. 4.56 lakhs to Rs. 22.21 lakhs. Of this, the provision for depreciation claims Rs. 10.42 lakhs, as against Rs. 9.54 lakhs during the previous year. No provision for managing agents' remuneration has been made, in view of the fact that the managing agents have waived their right to remuneration for the second year in succession. Similarly, no provision for income-tax and super-tax has been made, since there is no assessable income for tax purposes, though the Company has a balance of profit available for distribution. The net profit has, therefore, increased in consonance with the gross profit by Rs. 3.68 lakhs to Rs. 11.79 lakhs. After taking credit for Rs. 13.865 written back from development rebate reserve and writing off Rs. 52.346 as miscellaneous expenses, the Company has transferred Rs. 7,253 to reserves and has set aside Rs. 3.73 lakhs towards the arrears of preference dividends upto the year ended 31st August 1960. The overall liability in respect of such dividends has thus been reduced to Rs. 1.17 lakh and covers the dividends payable for the year under review. No ordinary dividends have been proposed for the sixth year in sucession.

Steady progress has been made with regard to the Company's expansion programme. Orders have been placed for the supply of the main equipment for a cement plant of 300 tonnes per day capacity. This is expected to go into regular commercial production during the second quarter of 1963. The total capital outlay estimated for the project is about Rs. 120 lakhs and is proposed to be financed by the issue of further share capital, long-term borrowings, and from internal resources. The consent of the Controller of Capital Issues for raising fresh capital to the tune of Rs. 46.36 lakhs has been obtained and the Directors will be approaching the shareholders in this connection in the near future.

PERMANENT MAGNETS LTD.

The foundation-stone of Permanent Magnets' Rs. 25-lakh factory in Borivli (near Bombay) was laid on Thursday the 19th inst. The levelling of the ground has almost been completed and the construction work of the factory will start before the end of this month. The Company is in full possession of 31,000 sq. yards and is in the process of purchasing another adjoining piece of land of 20,000 sq. yards for future expansion. Orders for machinery have already been placed abroad; the first shipment from Italy is expected in January. The entire machinery will be received by the end of March, 1962.

COMPANY MEETINGS AND DIVIDENDS

STEEL PRODUCTS, LTD. Annual General Meeting, Calcutta, 31st October 1961. Transfer books will remain closed from 13th to 31st October 1961, both days inclusive.

NATIONAL COTTON MILLS LTD. Annual General Meeting, Calcutta, 31st October 1961. Transfer books will remain closed from 10th to 31st October, 1961, both days inclusive.

MALWA SUGAR MILLS CO., LTD. Annual General Meeting, Calcutta, 31st October 1961. Share transfer books will remain closed from 25th to 31st October 1961, both days inclusive.

BENGAL ROLLING MILLS LTD. Annual General Meeting, Calcutta, 31st October 1961. Transfer books will remain closed from 25th to 31st October 1961, both days inclusive.

DELHI CLOTH AND GENERAL MILLS CO., LTD. Annual General Meeting, Delhi, 3rd November 1961. Share transfer books will remain closed from 15th to 30th September 1961, both days inclusive.

FORT GLOSTER INDUSTRIES LTD. Annual General Meeting, Calcutta, 6th November 1961. Dividend: A dividend of Rs. 10 per ordinary share, subject to deduction of tax, for the year ended 31st March 1961. Share transfer books will remain closed from 27th October to 6th November 1961, both days inclusive.

NEW CENTRAL JUTE MILLS CO., LTD. Annual General Meeting, Calcutta, 9th November 1961. Dividend: A dividend of Re. 1.50 per ordinary share (on old capital), for the year ended 31st March 1961. Transfer books remained closed from 27th September to 13th October 1961, both days inclusive.

CALCUTTA ELECTRIC SUPPLY CORPORATION LTD. Annual General Meeting, London, 9th November 1961. Dividend: A final dividend of 7.50 per cent, taxable, for the year ended 31st March 1961. Dividend payable on and after 11th November 1961.

MORARJEE GOCULDAS SPINNING AND WEAVING CO., LTD. Annual General Meeting, Bombay, 11th November 1961. Net dividend of Rs. 16.80 per ordinary share, for the year ended 30th June 1961, payable from 13th November 1961. Transfer books will remain closed from 16th October to 11th November 1961, both days inclusive.

NONSUCH TEA ESTATES LTD. Annual General Meeting, Cochin, 11th November 1961. Dividend: A final dividend of 20 per cent taxable, for the year ended 30th June, 1961. Transfer books will remain closed from 4th to 13th November, 1961.

PANYAM CEMENTS AND MINERAL INDUSTRIES LTD. Annual General Meeting, Cement Nagar, Kurnool District, 14th November 1961. Transfer books will remain closed from 7th to 21st November, 1961, both days inclusive.

ASHER TEXTILES LTD. Annual General Meeting, Tirupur, 16th November 1961. Dividend: A dividend of 30 per cent, taxable, for the year ended 30th June 1961. Dividends payable on and after 17th November 1961. Transfer books will remain closed from 3rd to 16th November, 1961, both days inclusive.

HUKUMCHAND JUTE MILLS LTD. Annual General Meeting, Calcutta, 17th November 1961. Transfer books will remain closed from 6th to 17th November, 1961, both days inclusive.

INDO-BURMA PETROLEUM CO., LTD. Dividend: An interim dividend of Re. 1.00 per ordinary share, subject to deduction of tax, for the year ended 31st December 1961. Dividends will be paid on and after 27th November 1961. Registers will remain closed from 6th to 27th November 1961, both days inclusive.

DECCAN SUGAR AND ABKHARI CO., LTD. A final dividend of 13.50 per cent, making a total of 21 per cent, taxable, for the year ended 31st May 1961. Transfer books will remain closed from 11th to 27th November 1961, both days inclusive.

PANCHURA. Dividend: A dividend of 25 per cent on ordinary shares, taxable, for the year ended 30th June 1961.

TUBE INVESTMENT CO., LTD. Dividend: A dividend of 10 per cent., taxable, for the year ended 31st July 1961.

SYNOPSES OF COMPANY REPORTS

Ananda-Bag Tea Co., Ltd.

(*Managing Agents*: Gillanders Arbuthnot & Co., Ltd., Calcutta.)

Annual General Meeting—Held on 14th September.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1960	1959
Sales	5,50	6,58
Gross profit	6,37	4,08
Transfer to Managing Agents' remuneration	60	43
" " provision for leave salary and pass-age	13	13
" " depreciation	78	78
" " taxation	2,25	1,58
" " development rebate reserve	1	14
Net profit	2,60	1,03
Adjustments	84	1,24
Appropriations:		
Total available balance	3,44	2,27
Transfer to general reserve	50	50
Proposed dividend (taxable) ordinary	2,10 (30%)	1,23 (17½%)
Carry forward	84	54

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

Extracts from the Directors' report: The total crop harvested was 3,21,178 kgs. compared with 3,00,738 kgs. in 1959. Given favourable conditions the increase in crop would have been larger.

On account of a shortfall in crop in India and an increase in internal consumption, production and consumption were more finely balanced than previously, and in consequence the general trend of prices in 1960 was satisfactory.

The average price realised during 1960 shows an increase of 94 nP per kg. when compared with the 1959 figure. The table below gives the gross average sale prices per kilogram as compared with those realised in 1959:—

	1960 Rs.	nP	1959 Rs.	nP
London Sale	7	43	6	10
Calcutta Sale:				
Export	6	60	6	13
Internal	5	98	5	07
Combined Average	6	85	5	91

Prospects are at present favourable to producers but any substantial increase in world crops would seriously depress prices, particularly of the commoner types—unless an increase in demand can be brought about.

The net sale proceeds, realised and estimated amounted to Rs. 19,42,708 compared with Rs. 15,43,571, an increase of Rs. 3,99,137 on account of better sale prices.

Accounts in brief as at 31st December 1960 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	7,03,250	Gross block	17,30,420
Reserves and surplus	8,91,405	—Depreciation	5,78,959
Other liabilities	16,37,749	Net block	11,51,461
		Current assets	18,25,498
		Investments	500
		Cash	2,54,947
	Rs. 32,32,404		Rs. 32,32,404

* Paid-up capital consists of 70,000 ordinary shares of Rs. 10 each, fully paid up. The amount of Rs. 3,250 included in the capital pertains to forfeited shares.

Balmadies Plantations Ltd.

(*Managing Agents*: Messrs. Planting Agencies Private Ltd., Madras.)

Annual General Meeting: Held on 29th September.

Working Results:

	For the year ended 31st May (In thousand rupees)	
	1961	1960
Sales	15	..
Closing stocks	2,93	..
Gross profit	51	70
Transfer to Managing Agents' commission	6	5
" " depreciation	12	7
" " taxation	11	18
Bonus to employees	5	12
Net profit	14	28
Adjustments	11	2
Appropriations:		
Total available balance	25	30
Proposed dividends (taxable) 6% preference	6	6
" " equity	15 (5%)	23 (7½%)
Carried forward	5	1

N.B.—Adjustments include the balance brought forward from the previous year and other credit balances.

Extracts from the Directors' report: *Crop and Cost*:—The crop harvested during the season was 99.5 tonnes at an all in cost of Rs. 148 per 50 kilos, as against the estimate of 75 tonnes at an all in cost of Rs. 167 per 50 kilos, in the previous season.

Replanting:—The replanted areas of about 27 acres are coming up satisfactorily. They are expected to come to full bearing in one or two years more. In view of the poor crop and the prevailing price, further replanting programme has been suspended.

Estimate for 1961-62:—A crop of 75 tonnes at an all in cost Rs. 170 per 50 kilos has been estimated for this year.

Accounts in brief as at 31st May 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	3,75,000	Gross block	4,18,231
Reserves and surplus	2,29,953	—Depreciation	13,254
Other liabilities	99,138	Net block	4,05,977
		Current assets	2,07,899
		Cash	90,215
	Rs. 7,04,091		Rs. 7,04,091

* Paid-up capital consists of 1,50,000 equity shares of Rs. 2 each, fully paid; and 7,500—6 per cent. tax-free cumulative preference shares of Rs. 10 each. (Of the above, 50,000 equity shares were issued as fully paid-up bonus shares.)

Sitalakshmi Mills Ltd.

(*Managing Agents*: Messrs. C. S. Ramachary & Co., Madurai.)

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales (yarn and waste)	62,59	42,39
Closing stock	1,35	1,70
Gross profit	22,36	10,24
Transfer to Managing Agents' remuneration	1,79	82
" " depreciation	4,29	2,78
" " taxation	6,40	70
Net profit	9,88	5,94
Adjustments	2	1
Appropriations:		
Total available balance	9,90	5,95
Transfer to development rebate reserve	74	4,66
To payment of bonus (for 30-6-1960)	25	Nil
" donations	50	Nil
Transfer to general reserve	6,00	30
Proposed dividends (taxable) 6% Preference	10	9
" " " Equity	2,19 (25%)	78 (2%)
Carried forward	12	2*

N.B.—Adjustments include only the balance brought forward from the previous year.

* After paying income-tax Rs. 3,210 and writing off preliminary expenses and share commission amounting to Rs. 5,726.

Extracts from the Directors' report: The outstanding results of the year are due to certain fortuitous circumstances, which may not be repeated during the coming years.

On account of changes in the Income-tax Act, regarding allowance for depreciation, a sum of Rs. 62,652 has been provided in excess of the amount normally chargeable during the year in order to bring the value of the assets to the same level as that adopted for income-tax purpose.

The Company continues to enjoy the benefit of tax exemption under 15(C) of the Income-tax Act for the 3rd year in succession. It is estimated that 9 per cent of the income will be exempt from tax under this Section. An application is being made to the income-tax authorities requesting them to determine the percentage of such exemption. Subject to their approval tax will not be deducted on 9 per cent of the gross dividend.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,00,000	Gross block	35,19,159
Reserves and surplus	13,17,306	—Depreciation	8,45,488
Other liabilities	21,45,096	Net block	26,73,671
		Current assets	4,89,158
		Investments	3,206
		Cash	13,46,367
	Rs. 44,62,402		Rs. 44,62,402

* Paid-up capital consists of 2,500 six per cent (net after deduction of tax under Section 18-3 (D), cumulative preference shares of Rs. 50 each, fully paid up and 17,500 equity shares of Rs. 50 each, fully paid up.

VANGUARD OF THE NATION'S SERVICE

"J. K." to-day serves the nation through the following industries: Cotton-Jute - Wool-Rayon-Nylon Mining - Steel - Aluminium Engineering - Office Machines Chemicals-Oil-Soap-Plastic-Paints Paper & Straw Board-Sugar & Ice And Banking & Insurance-Trade & Commerce - Exports & Imports for Services to the Industries

J.K. ORGANISATION

KANPUR · BOMBAY · CALCUTTA

India's Great Industrial Combine

Jhansi Electric Supply Co., Ltd.

(*Managing Agents*: Messrs. Moonna Lall and Sons, Jhansi.)

Annual General Meeting—30th October.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Revenue from sale of electricity	17,17,034	15,68,790
Gross profit	3,10	2,71
Transfer to Managing Agents' remuneration	55	55
" " depreciation	1,55	1,10
" " provision for taxation	35	25
Net profit	74	81
Adjustments	3	7
Appropriations:		
Total available balance	77	88
Transfer to statutory contingency reserve	20	17
" " development reserve	Nil	14
" " debenture redemption fund	15	15
" " proposed dividend	Nil	37
	(Nil)	(7%)
Carried forward	42	3

N.B.—Adjustments include only the balance brought forward from the previous year.

Extracts from the Directors' report: *Plants*: The generating plants at Janusi worked satisfactorily during the year under review and were maintained in efficient order. A new sub-station near the Town Hall was constructed at Gorakhpur. A.C. Supply from the hydel was obtained and the sub-station was commissioned on 20th November 1960 by installing suitable converting equipments. Rest of the Machines worked satisfactorily in spite of heavy strain and overload.

During the year extensions of 50 street lights were made at the instance of the municipal authorities at Jhansi and 68 street lights only were extended at Gorakhpur.

The following tables will indicate the progress that has been made during the last four years.

Jhansi

Year	Units sold	Total connection	Peak load (k.w.)
1957-58	23,96,072	2,893	800
1958-59	26,67,914	3,001	900
1959-60	29,42,079	3,297	1,035
1960-61	32,25,842	3,822	1,080

Gorakhpur

Year	Units sold	Total connection	Peak load (k.w.)
1957-58	17,71,478	1,936	621
1958-59	18,25,247	2,065	593
1959-60	18,73,860	2,153	653
1960-61	19,76,348	2,216	650

Accounts in brief as at 31st March 1961 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	5,34,640	Gross block	39,19,424
Reserves and surplus	1,85,120	—Depreciation	15,91,894
Other liabilities	25,69,156	Net block	23,27,530
		—Written off from contingency reserve	16,727
			23,10,803
		Current assets	7,00,714
		Investments	2,18,995
		Cash	58,468
	Rs. 32,88,916		Rs. 32,88,916

* Paid-up capital includes 53,464 ordinary shares of Rs. 10 each fully paid up.

Cherra-Chhatak Ropeway Co., Ltd.

(*Managing Agents*: Messrs. Tantia Brothers Private Ltd., Calcutta.)

Annual General Meeting—Held on 29th September.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (coal)	16,78	13,59
Closing stocks	56	69
Gross profit	1,80	1,28
Transfer to Managing Agents' commission	18	15
" " provision for taxation	68	32
" " depreciation	12	12
Net profit	84	69
Adjustments: Profit (+) or loss (—)	+3	—19
Appropriations:		
Total available balance	87	50
Transfer to development rebate reserve	Nil	3
" " dividend equalisation reserve	26	Nil
Proposed dividend (taxable) ordinary	57 (12%)	43 (9%)
Carried forward	4	4

N.B.—Adjustments include only the balance brought forward from the previous year.

The raising and deliveries of coal for the last three years are as follows:

Year ended 31st March—	Raising (Tons)	Deliveries (Tons)
1959	29,900	29,061
1960	26,754	27,157
1961	(M. tonnes) 84,212	(M. tonnes) 35,409

Accounts in brief as at 31st March 1961 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	4,75,000	Gross block	12,43,872
Reserves and surplus	5,03,446	—Depreciation	10,75,432
Other liabilities	6,59,360	Net block	1,68,440
		Current assets	8,28,401
		Investments	6,25,781
		Cash	15,184
	Rs. 16,37,806		Rs. 16,37,806

*Paid-up capital consists of 95,000 ordinary shares of Rs. 5 each, called up. Of the above, 8,068 shares are allotted as fully paid up pursuant to a contract without payment being received in cash.

CAMPHOR AND ALLIED PRODUCTS LTD.

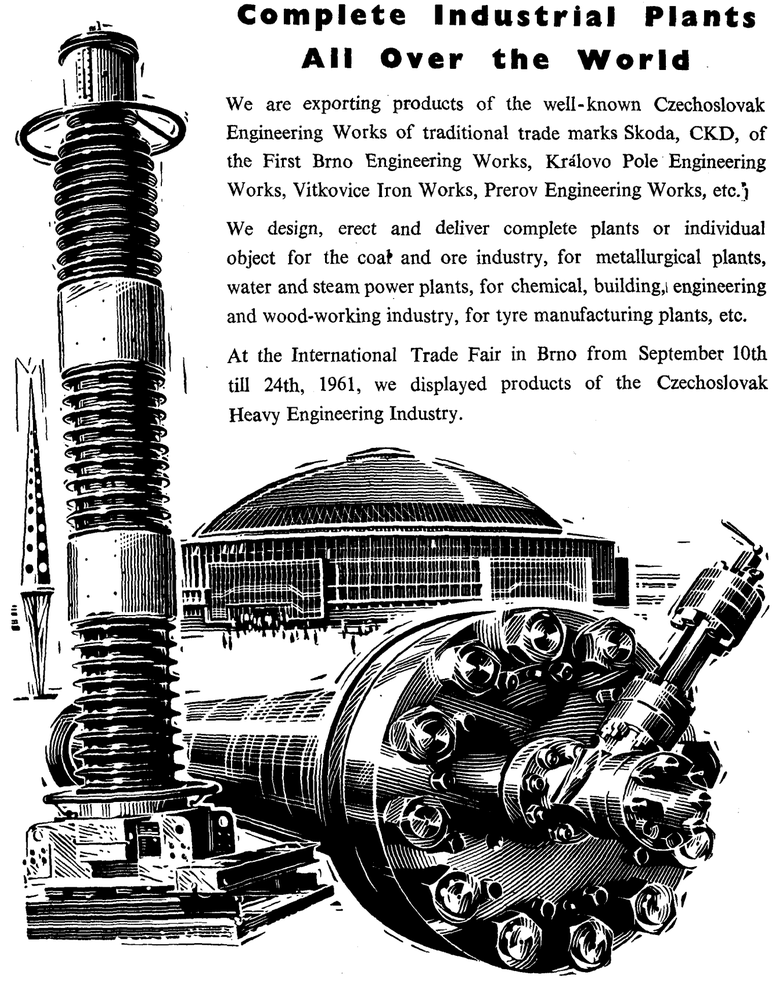
The issue of 23,560 equity shares of Rs. 100 each, offered for public subscription by the Camphor and Allied Products Ltd., has been oversubscribed, the total number of applications received being 17,642 for an aggregate of 277,342 shares. Further, 1,920 equity shares which were reserved for allotment to the American Company have also now been included for allotment in India, with the result that the equity shares to be allotted to the public would be 24,500, instead of 23,560. The allocation was finalised in consultation with the Bombay Stock Exchange authorities and the same has been confirmed by them. The lots were drawn by the President of the Stock Exchange and the Company is now proceeding with the allotment of 24,500 equity shares in accordance with the formula and the lots drawn

Complete Industrial Plants All Over the World

We are exporting products of the well-known Czechoslovak Engineering Works of traditional trade marks Skoda, CKD, of the First Brno Engineering Works, Královo Pole Engineering Works, Vitkovice Iron Works, Prerov Engineering Works, etc.

We design, erect and deliver complete plants or individual object for the coal and ore industry, for metallurgical plants, water and steam power plants, for chemical, building, engineering and wood-working industry, for tyre manufacturing plants, etc.

At the International Trade Fair in Brno from September 10th till 24th, 1961, we displayed products of the Czechoslovak Heavy Engineering Industry.



TECHNOEXPORT Foreign Trade Corporation for Export of Complete Industrial Plants

PRAHA — THE CZECHOSLOVAK SOCIALIST REPUBLIC

Authorised Representative and Sole Importers for India:

SKODA (INDIA) PRIVATE LIMITED

VULCAN INSURANCE BUILDING, VIR NARIMAN ROAD

P. O. BOX 1963, BOMBAY-1

BRANCH OFFICES AT:

NEW DELHI — National Insurance Building, Parliament Street

CALCUTTA — P-38, Mission Row Extension

MADRAS — 35, Mount Road

JUTE

(*Concluded from page 822*)

An essential condition for the efficient functioning of the jute industry is, as Mr. Bajoria emphasised, a regular and adequate supply of raw jute at reasonable and stable prices. This problem presupposes self-sufficiency in raw jute both quantitatively and qualitatively. The achievement of self-sufficiency is, however, only a long-term solution. "Our immediate concern," to quote Mr. Bajoria, "is to find means to cope with an irregular and uncertain jute supply and fluctuating jute prices." Alluding to the buffer-stock which he considers to be "the best solution," he gives the following details about the organisation and functioning of the buffer-stock as has been agreed to between the I.J.M.A. and the Government of India:

Organisation: The buffer-stock Agency will be an autonomous body under the ægis of the I.J.M.A. It will be financed through bank loans bearing interest. The raw jute will be purchased and stored by mills on behalf of the agency.

Working: In times of glut, when raw jute prices fall to uneconomic levels, the agency will maintain prices through open market purchases for storage. The presence of an unlimited buyer will effectively check a fall in prices. If, subsequently, a shortage were to occur, supplies could be drawn from the buffer-stock so as to prevent an excessive rise in prices.

Buffer-stock and mills: Since storage for a long period may cause deterioration, a quick turn-over is desirable. For this purpose, the mills will be permitted to withdraw jute from the buffer-stock, if they consider it in danger of deterioration, on their undertaking to replace it with the same quality and quantity within a specified period.

Buffer-stock and cultivators: The cultivators will be assured of a reasonable price for his crop and this will prevent diversion of acreage from jute to alternative crops which will otherwise occur when prices fall steeply.

The mere establishment of a buffer-stock agency will not, however, be of much avail, if steps are not taken to curb unbridled speculation. Mr. Bajoria has done well to make a special reference to this problem. Indeed, he has clearly warned that, unless an effective solution can be found for this problem, the future of the industry and of the export trade in jute goods will be greatly jeopardised. Some of the specific suggestions he has put forward merit the due attention of the interests concerned. There is, for instance, the need for a strict enforcement of ban on after-hours business and more vigorous action against kerb trading. Further, a "climate of opinion" must be created in which those who indulge in anti-social practices will receive the moral censure of society, especially of the business community. The chambers of commerce and business associations will also have to do a great deal to raise the moral standards in business conduct.

TEXTILES

(*Concluded from page 818*)

United States form the O.A.S. At Bogota, Cuba voted "no," and the Dominican Republic was not represented. The signatory powers stated clearly their intention to co-operate to achieve common social and economic progress, because they believe that "the sound social and economic progress of each is of importance to all." Clearly, new emphasis is being placed on the economic and social development of Latin America. The rate at which this development occurs will affect greatly the textile consumption potential in the area. The Act of Bogota has provided the basis for an unprecedented degree of international co-operation which can, if aggressively pursued, contribute much to the economic growth of Latin America. Although various regional trade arrangements have been proposed and a few are operating, these have so far had little effect on textile trade.

The predominant policy of most of the Latin American countries is economic nationalism, the effect of which is to place the accent of self-sufficiency in consumer goods. Policies are generally administered so as to restrict imports of consumer goods in favour of the domestic product. Imports of machine tools and other capital equipment are favoured. Many feel that this tendency has been a deterrent to growth because of the characteristic single dependence on single commodities in the area. The total net trade in textiles declined from imports of 124,000 metric tons in 1938 to 111,000 tons in 1957. Cotton textile trade was reduced by half to a level of 60,000 metric tons during the first decade under review, and has remained at about that figure since. Imports of rayon and other man-made fibres doubled from 27,000 to 54,000 metric tons. From a net import position of 45,000 tons, woollen trade moved to a net export position about half as large, the exports consisting mostly of wool tops.

Total *per capita* consumption of the basic apparel-type fibres in Latin America is still slightly below the world average. The rate of increase in consumption is also below the world average, and is in sharp contrast to the rapid growth being recorded in some other major areas, particularly Europe and Africa. The net trade shifts for the area as a whole conceal much more pronounced trends in individual countries. The larger Latin American countries have now reduced their cotton textile imports to practically nothing, with only a few speciality products typically allowed to enter. In those larger countries which have now established their own production facilities in the synthetics, the same pattern is being repeated. Perhaps the two most significant basic trends are the movement towards national self-sufficiency in textile manufacture and the rapid change in the utilisation pattern. Whereas, before World War II, textiles moved to the Latin American market mostly in the form of piecegoods, there is now emerging a real growth in the apparel industries throughout the Continent, with quality of product showing marked improvement in many countries.

Aside from these data, the following observations may also be pertinent:

Though there are notable exceptions, the Latin American textile plants are neither modern nor low-cost producers.

The policies of nationalism have precluded most of the textile industries from developing to a sufficient degree of efficiency.

Current statistical data on textile operations are characteristically inadequate.

Cotton Textile Capacity in Latin America

Country	Spindles (in thousands)		Looms	
	January 1960	July 1952	January 1960	January 1953
Brazil	3,642	3,328	126,635	100,146
Cuba	N.A.	N.A.	2,011	2,458
Mexico	1,192	1,123	36,432	34,132
El Salvador	91	47	1,630	900
Argentina	1,028	837	20,301	21,207
Chile	210	198	5,880	5,012
Colombia	478	386	10,274	6,445
Ecuador	88	76	2,117	1,454
Paraguay	21	30	672	511
Peru	224	199	7,049	5,675
Uruguay	121	93	3,184	1,300
Venezuela	95	80	3,722	3,215
Others	282	168	6,465	6,461
Total ..	7,381	6,565	226,791	188,916

N.A.—Not available.

Production in Latin America

(In metric tons)

	1958	1957	1956
Cotton cloth*	137,949	142,446	140,222
Cotton yarn† ..	260,720	253,965	256,728
Man-made fibre cloth‡ ..	10,201	10,708	9,667

* Total for ten countries (Dominican Republic, El Salvador, Mexico, Argentina, Nicaragua, Bolivia, Chile, Ecuador, Peru and Venezuela).
† Total for six countries (El Salvador, Mexico, Argentina, Brazil, Peru and Venezuela).
‡ Total for four countries (Mexico, Bolivia, Peru and Venezuela.)

LABOUR

(*Concluded from page 834*)

figured on the agenda. The primary responsibility of the Committee is at present to fix the responsibility for violation of the Code. The spokesman of the Government wanted that the Implementation Committees should be permitted to bring round the contending parties and effect a settlement of disputes. The workers' representatives also thought that Implementation Committee should, wherever possible, effect a settlement of disputes also. As a result of the discussions it was agreed by all the parties that, besides fixing responsibility for violation of the Code, the Implementation Committee should, wherever necessary, bring round the contending parties and effect settlement with a view to reducing tensions. This is undoubtedly a wise decision and it is gratifying to find that the employers' representatives were agreeable to it.

Taking an overall view of what transpired at the conference, it can be said that no radical or far-reaching decisions were taken. Neither the employers nor workers made any substantial concessions. Nor did the Government press for any. Nevertheless, the opportunities offered by the conference enabled the different points of view to crystallise in clear-cut terms and to put the issues in a clearer light. Moreover, the clarification of such questions as the scope and functions of the Implementation Committee will enable better enforcement of the Code of Discipline.

ENGINEERING

(*Concluded from page 826*)

while competition arises as to which system shall be used—road or rail."

The future course of Canada's transportation system is not quite clear. According to the *Commercial Bulletin*, each form of transport is attempting to find the markets which it can serve most efficiently, and the industry is likely to remain in a continual state of flux until a form of competitive co-existence is achieved. The *Bulletin* continues:

"Until this comes about, those carriers which are losing markets to competing carriers will have to make severe adjustments to their operations, and the more flexible they are the easier these adjustments will prove to be. The railways, long established as the nation's principal carrier, will undoubtedly continue to play the major rolé, but, at the same time, will likely bear the brunt of competition from carriers catering to specialised forms of freight. This situation is not confined to Canada and railways all over the world are experiencing severe competition. Inherently inflexible, in the material sense, they find it difficult to adjust but they are nevertheless continually experimenting with ideas to marry their operations with those of competing carriers."

It is concluded that it will be some time before the necessary adjustments are made for achieving a fully integrated transportation system in Canada and that the developments of the past decade are merely working towards this end.

RADIOISOTOPES HELP SEWAGE PURIFICATION

The Atomic Energy Establishment, Trombay, in collaboration with the Central Public Health Engineering Research Institute, has started a radiotracer study at the Bombay Municipal Corporation's Dadar Sewage Purification Plant. Sewage from Matunga and Mahim areas are treated at the Dadar plant. One of the first processes is the removal of the suspended solids from the liquid sewage by allowing it to flow very slowly through a settling tank. The first study carried out today is to find the actual period the sewage spends in the settling tank.

Some of the radioisotope sodium-24 was produced in Apsara, the Pool type reactor at Trombay by irradiating sodium carbonate (common soda) and was brought to Dadar in a lead shielded container. The can containing the radioactive material was opened with remote handling tools behind a lead wall and the contents were dissolved in a bucket of water which was then remotely introduced into the inlet channel of the settling tank. The radioactive solution rapidly mixed with some of the sewage and followed its path towards the outlet of the settling tank. The arrival of this "radioactive sewage" at the outlet channel was indicated by submerged radiation detectors.

The time which lapsed between the introduction of the tracer and its detection in the tank outlet gave the public health engineers important information on the actual time spent by sewage in this settling tank. During the passage through the tank the radioisotope was diluted by a very large volume of sewage so that its concentration in the outlet was so low that there was no hazard from its radiation.

FIFTH ANNIVERSARY OF CALDER HALL

The world's first industrial-scale nuclear reactor at Calder Hall, Cumberland, went "on stream" on 17th October 1956. Since then the British Atomic Energy Authority's four reactors at Calder Hall and the four similar reactors at Chapelcross, Scotland, have fed 5,920 million kilowatt-hours of electricity into the national Grid. Of this, Calder Hall has contributed 3,729 million kilowatt-hours.

Experience gained from operating these reactors has been of major importance, according to the Atomic Energy Authority. The Calder Hall and Chapelcross reactors have, between them, accumulated over 24 reactor-years of operating experience, and their designers believe that all eight reactors will achieve their expected life of 20 years.

The eight reactors have been able to remain at full power for 85 per cent of the year, one reactor at Calder Hall running continuously for nearly 96 per cent of the time. These results have been achieved in addition to the extensive use of the reactors for experimental work.

Output, too, has passed design expectations. The heat output per reactor now running at 100 per cent power is 220,000 kilowatts—or nearly 25 per cent more than the 180,000 kilowatts originally planned. This increased rate of heat output outstripped the capacity of the turbo-alternators to convert it into electricity, and a programme of re-blading the turbines to increase their capacity to 27,000 kilowatts is well on the way to completion.

Calder Hall also played its part in establishing important design improvements in fuel elements for the new Bradwell (Essex) and Berkeley (Gloucestershire) stations when prototype fuel elements for both the latter were irradiated during the reactors' first years of operation.

INTER-BANK CALL RATE HARDENS

(From Our Own Correspondent)

BOMBAY, 25*th October*

The short-term money market showed some signs of stringency during the week under review. Demand for funds was slowly rising, indicative of the commencement of the busy season. Further, due to borrowing by a number of local bodies, the volume of surplus funds with the banks was less. On most days of the week, especially towards the close, lenders were scarce. Accordingly, the inter-bank call money rate gradually hardened from 3½ per cent to 4½ per cent. At closing time today, however, there was some surplus of funds and the rate was a shade easier. The term rates remained unchanged as follows:

	Per cent
Notice Money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive) ...	3
(ii) 31 to 60 days	3½
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3½
(v) 12 months	4

The results of the 91-days' Government of India Treasury Bills showed that the amount invited, offered and accepted was all same, namely Rs. 2 crores. The average rate of accepted tenders stood unchanged at 2.5 per cent per annum. The 91-days' intermediate Treasury Bills sold from the 16th to the 21st inst., amounted to Rs. 1.85 crore. Their sales will be continued from 25th to 28th inst., both days inclusive.

A contraction of Rs. 2.23 crores in notes in circulation is disclosed by the statement of affairs of the Reserve Bank of India for the week ended 20th October 1961, as compared with the previous week. As the notes held in the Banking Department have gone up by Rs. 2.61 crores, the total notes issued have risen by just Rs. 38.64 lakhs. Foreign securities held in the Issue Department are unchanged at Rs. 116.86 crores. But, as balances held abroad have improved by Rs. 18.25 crores the total foreign assets are higher by that amount at Rs. 145.13 crores. The deposits of the Central Government have shrunk further by Rs. 11.15 crores, but those of other Governments have gone up sizably by Rs. 24.62 crores. The deposits of banks are also higher by Rs. 2.39 crores. On the assets side, investments have risen by Rs. 19.36 crores, but other loans and advances, which include advances to Scheduled banks against usance bills, have fallen by Rs. 25.85 lakhs.

The statement of affairs of the Scheduled banks for the week ended 13th October 1961 shows an expansion of Rs. 2.40 crores in demand deposits and a contraction of Rs. 2.74 crores in time deposits. The deposits of the State Bank of India have risen by just Rs. 99 lakhs. Their borrowings from the Reserve Bank declined by Rs. 2.31 crores; of these usance bills accounted for Rs. 92 lakhs. Their borrowings of demand nature from the State Bank of India, too, declined by Rs. 32.36 lakhs. On the assets side, investments have fallen by just Rs. 2.09 lakhs while bank credit (advances and bills discounted) has gone up by Rs. 87 lakhs to Rs. 1,234.84 crores.

The gilt-edged market presented a dull and listless appearance. The undertone was subdued, as small sellers predominated in almost all the sections. As buyers were scarce, transactions, however, were limited, though prices of a few securities eased as a sequel to offerings. The Conversion Loan was quiet at Rs. 72.75. 3 per cent 1970-75 First Development Loan, 3½ per cent 1964 National Plan Loan and 3½ per cent 1965 second National Plan loan each eased by 5 nP to Rs. 90.75, Rs. 99.85 and Rs. 99.80 respectively. In the State Loans section 4¼ per cent 1972 Madras Loan eased by 15 nP to Rs. 98.90. 4¼ per cent 1972 Andhra shed 20 nP to Rs. 98.50. 4¼ per cent 1972 U.P. loan also softened by 15 nP to Rs. 98.90. New loans of Madhya Pradesh, Bihar and Orissa, too, suffered a setback of 10 nP each.

In the foreign exchange market, the rupee recorded only a slight improvement. The banks' selling rate for ready T.T. on New York stood at Rs. 475.25 for 100 dollars as against Rs. 475.50 last week. Over the week, their buying rate was unchanged at Rs. 472. The pound sterling appreciated only slightly in relation to the U.S. dollar in the New York foreign exchange market. The latest available rate for spot sterling is 281.660-281.700 cents, as against 281.570-281.600 cents last week.

• • • •

STERLING REACHES A NEW HIGH LEVEL

The pound sterling, by gaining one-sixteenth of a cent in terms of the U.S. dollar, on the 19th inst., reached its highest point on the foreign exchanges this year at $2.81⅛. This was also its highest point since early November of last year. Since the Chancellor of the Exchequer introduced his "summer budget" on 25th July, sterling has appreciated by 3¾ cents in terms of the U.S. dollar. Dealers in the London foreign-exchange market believe that the sterling-dollar rate would show an even greater appreciation of sterling, if British monetary authorities had not, from time to time intervened, in the interests of exchange rate equilibrium, by buying in dollars.

It is quite clear now, say London observers, that the Chancellor's July measures—backed by the large-scale aid which Britain has received from the International Monetary Fund—have resulted in a considerable flow of liquid funds once more to London. It is possible that the pace of entry of these funds has been quickened by the recent reduction of the Bank rate by half per cent and the interpretation put upon this move by the market (although not hinted at by any official source) that a further reduction of half per cent would follow fairly soon.

The foreign holders of funds sharing this interpretation would naturally accelerate their investments in London to take advantage of the high level of prevailing interest rates while they lasted. It does not follow, however, that these movements of funds are mainly speculative. Indeed, a considerable part of the inflow is probably due to the rebuilding of sterling balances and would, therefore, go into various forms of investment in Britain.

BULLION FIRM

(From Our Own Correspondent)

BOMBAY, 25*th October*

The easy trend noted in the bullion market last week abated during the week under review. In fact, the market ruled firm. Silver met with good support induced by hopes of enlarged offtake during *Diwali*. In sympathy with silver and as fresh offerings were poor, gold was somewhat steady, though the spot rate today was below that prevailing on Wednesday last week. The net rise in prices over the week would have been more marked but for reports suggesting reduced offtake, the daily average rate of which was said to be 2,500 tolas of gold and 5 bars of silver, respectively, as against 4,250 tolas and 10 bars last week. Arrivals were also less, the daily average being 4,750 tolas and 23 bars, as against 4,800 tolas and 37 bars. The floating stocks are reported to be around 40,000 tolas of gold and 1,500 bars of silver.

Adjustment rates fixed today were Rs. 123.60 per 10 grams of gold and Rs. 206.40 per kilogram of silver. The corresponding rates a week ago were Rs. 124.70 and Rs. 205.30, respectively.

In gold, the *Margashir* (December) settlement began the week on easy note at Rs. 124.70, as against the previous close of Rs. 125.10, but edged forward subsequently and touched a high of Rs. 125.65 on Monday the 23rd inst. After easing to Rs. 125.10 yesterday, the settlement rose again to Rs. 125.60 today before finishing at Rs. 125.15.

Ready gold was quoted at a discount under the forward throughout the week. The actual discount widened appreciably from 15 nP last week-end to Re. 1.30 today when the closing rate stood at Rs. 123.85, as against Rs. 124.95 on Wednesday last. The highest and lowest levels touched during the week were Rs. 125.10 (Friday 20th) and Rs. 123.85 (today), respectively.

The *Margashir* settlement in silver attracted good attention of operators and jumped up from Rs. 206.10 to Rs. 208.05 today. At this level, profit-taking set in and the settlement finished at Rs. 207.65. The net rise over the week was Re. 1.55.

Ready silver was well supported, the quotation advancing from Rs. 205.50 to Rs. 207.20 today. It, however, closed easy at Rs. 206.40. At this rate, the discount under the forward was Re. 1.25, as against 60 nP a week ago.

The world price of gold in the London bullion market declined from $35.19½ to $35.18⅜ per fine ounce. Following this decline and owing to the strength of the pound sterling *vis-a-vis* the dollar, the sterling price of gold eased further from 250*s.* to 249*s.* 11¾*d.* Ready and forward silver, however, improved by ¼*d.* each to 80*d.* and 80¼*d.*, respectively, while silver in New York continued unchanged at 91.375 cents.

The following table shows the trend of prices during the week under review:

	25-10-1961 (closing)	High	Low	18-10-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	123.85	125.10	123.85	124.95
Forward: Margashir* ..	125.15	125.65	124.50	125.10
Sovereign	97.00	97.00	96.75	96.75
SILVER				
Ready (.996 fine)	206.40	207.20	205.15	205.50
Forward: Margashir† ..	207.65	208.05	205.70	206.10
London—				
Silver Ready	80*d.*	80*d.*	79¾*d.*	79¾*d.*
Silver Forward	80¼*d.*	80¼*d.*	80¼*d.*	80¼*d.*
Gold	249*s.*11¾*d.*	250*s.*	249*s.*11¾*d.*	250*s.*
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th December settlement. † 26th December settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

COW HIDES FIRM

(From Our Own Correspondent)

MADRAS, 23*rd October*

Arrivals of tanned cow hides were limited with prices firm, due mainly to uneconomical prices for raw, arrivals of which were very small. C.I.F. business was small and selective. Premium and semi-premium marks were generally oversold. Fifths and inferiors F.A.Q. were in demand, but overseas business was rendered difficult, due to better prices locally. Business in cow calf was difficult and very small. Lower ends which were generally oversold were again in demand. Buffaloes continued firm, while buffalo calf had only isolated inquiries. Prices quoted were unworkable for buyers. Business in tanned goat was restricted, though prices remained firm, due to further increases for raw skins. Suedes were in demand from the Continent. Small business with Yugoslavia was reported. Tanned sheep skins were quiet with prices a shade easier. Overseas business was small.

COTTON FUTURES STEADY

(From Our Own Correspondent)

BOMBAY, 25*th October*

Steady conditions prevailed in the cotton futures market during the week under review. Trading was influenced by two developments the effect of which virtually cancelled each other. One was the recommendation of the Cotton Advisory Board, at its meeting held in the City on the 21st inst., that, in order to make good the anticipated fall in production during the season, imports of about 1.3 million bales should be permitted. The bearish implication of this recommendation was offset by the higher consumption estimated by the Board during the season so that the new effect of the recommendation on the market was negligible. However, varying crop estimates had an unsettling effect on the market. While the Cotton Advisory Board put the season's crop at no more than 4.8 to 4.9 million bales, private trade estimates placed it higher at 5 million to 5.2 million bales. The controversy over the reintroductions of quality survey also had an unsettling influence. While the Cotton Advisory Board and the East India Cotton Association, Bombay, favoured reintroduction of compulsory survey, a section of cotton traders in Gujarat was opposed to it.

The I.C.C. March 1962 contract commenced the week at Rs. 627.25 and, after having declined to Rs. 624.25 on the 21st inst., improved to Rs. 627.75 in the subsequent session. The contract is currently quoting at around last week-end level of Rs. 626.

As regards new crop, a leading firm of cotton traders sums up the position at the end of September as under: "The September weather, as so often in the past, has proved to be most unpredictable. The monsoon not only lingered on right through the month, but turned once more very vigorous, bringing rather unwanted heavy and prolonged rainfall. The Berars, CP's and Madhya Pradesh received the brunt of the downpour. In the Punjab we had long spells of unfavourable winds with partly cloudy weather, in Surat/Broach low-lying areas were flooded by raging rivers. In contrast, a part of the Westerns suffered from a severe drought holding up sowings.... The above factors, coupled with a practically unchanged acreage sown, make it virtually certain that the total Indian crop 1961-62 will be smaller than last year."

The spot market at Sewri reported a broadening of mill interest in new crop cotton. Apart from Khandesh and L.147, new crop Vijay, Digvijay, Kalyan and Surti were also in demand by spinners in anticipation of the early arrival of these varieties in the market. Prices consequently tended to harden.

Moderate export demand was reported for Bengal *deshi* from overseas buyers. Local demand for this quality was also good. Consequently the quotation for Bengal *deshi* hardened.

Interest in foreign cotton centred round East African, Egyptian and Sudan cotton. Stray buying was also reported in U.S. cotton.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri:

Bengal *deshi* (December) 640; Hubli Laxmi 940; Digvijay 970; Kalyan 850; L.147 1,080; CO2 1,300; American 1,250; Sudan XG35 1,760.

Quiet conditions prevailed in the Karachi cotton futures market during the week. Values tended to recede in thin trading. Export demand was slack. Domestic spinner interest too was subdued. Favourable crop news and the prospect of importing U.S. cotton acted as dampers. N.T.R.G. January receded from Rs. 76.75 last week-end to Rs. 76.50. The March contract was unchanged at Rs. 75.15.

Reports from Alexandria indicate that the supply position of long-staple Karnak and Menoufi cotton will be tight during the current season. As regards medium staples, the balance available, after excluding export commitments already made, will, it is said, be just sufficient to cover local consumption requirements. In view of this situation, the export prices for Dandera Ashmouni has been raised by one tallari per lb. Export prices for Karnak, Menoufi and Giza-45 have, however, been left unchanged.

Cotton futures in Liverpool drifted downwards during the week under review. Both the American and American type contracts came under selling pressure by Commission Houses and local operators. Sudan cotton contracts at Liverpool were neglected. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one-inch staple contract: October 23.85; December 24.35; March 24.85; May 25.30.

American cotton one-inch staple contract: October 24.25; December 24.70; March 25.15; May 25.65.

Sudan: November, January, March 34.35.

Fully steady conditions prevailed in the New York cotton futures market during the week. Good advices from the spot market and the higher rate of entry into the loan programme imparted strength to futures. The bale of the cotton entering the C.C.C. loan is reported to be middling and

higher grades. More cotton is reported to be reaching the central markets and trading is becoming more active.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	24-10-61	17-10-61	10-10-61
New York Spot ...	35.65	35.65	35.60
October	—	—	34.53
December	34.69	34.67	34.97
March	35.46	35.38	35.74

* * * *

TRAINING COURSE IN COTTON RESEARCH

A training course for cotton research workers, financed by the Indian Central Cotton Committee, was inaugurated at the Agricultural Research Institute, Coimbatore, on the 23rd inst. Coimbatore is one of the two centres in the country selected for this course. The other centre where similar training will be given is Sirsa in Punjab.

Candidates from Madras, Kerala, Mysore, Andhra Pradesh, Madhya Pradesh, Maharashtra and Gujarat will join the Coimbatore centre. They will study for three months plant breeding and genetics, agronomy, plant physiology, soil science, cotton breeding and other subjects.

Inaugurating the course, Dr. S. Krishnamurthy, Dean of the Agricultural Research Institute, said that research on cotton had helped the Coimbatore textile industry to grow. Some years ago they had only the 1" staple Karunganni variety capable of spinning 10 to 12 counts but now they had evolved a variety called K-6, of one-inch staple capable of spinning 34 counts.

ART SILK YARN DISTRIBUTION

(From Our Own Correspondent)

BOMBAY, *25th October*

Although the current quarter—that is, October-December 1961—commenced more than three weeks ago, it was only on Saturday the 21st inst. that the Office of the Textile Commissioner issued the trade notice regarding the distribution of indigenous art silk yarn during the quarter. In pursuance of this notice, it has been decided to issue allocation cards on the basis of the applications received and allocations made in the July-September 1961 quarter by the Indigenous Art Silk Yarn Distribution Committee, Bombay. The actual users who had not applied for the supply of indigenous art silk yarn in July-September are required to submit their applications immediately to the Joint Secretary of the Distribution Committee, along with a fee of Rs. 2 before 10th November. It has also been decided that the allocation of indigenous art silk yarn during the above quarter to art silk powerloom weaving units will be made at the rate of 0.60 kg. per loom per shift on the basis of the loom-shifts worked by the applicants during the April-June 1961 quarter.

The immediate reaction of the market to the above notification was a drop in values of indigenous art silk yarn which followed selling pressure by parties who thought that large quantities of yarn would be tendered for sale in the next few weeks. National Rayons 120 Bt. cones 1st grade fell by Re. 1.45 to Rs. 18.70 per kg. 150 Bt. cones 1st grade receded from Rs. 14.72 to Rs. 14.08. Imported art silk yarns were quiet, 120 Japan being quoted at Rs. 1,929 per 100 kg., 150 Japan at Rs. 2,150 and 120 Italy at Rs. 1,900. J.P. Bemberg yarn (40 x 1) December delivery, however, spurted by Rs. 25 to Rs. 3,525. October position picked up Rs. 10 to Rs. 3,490.

Staple fibre yarns elicited good buying inquiries induced by hopes of better fabrics export business. December contract (40 x 2) rose by Rs. 27 to Rs. 863 per case of 90.72 kg. October delivery hardened by Rs. 17 to Rs. 838. Spot Hinds gathered 9 nP to Rs. 9.90. Centurys were firm at Rs. 10.10.

Cotton yarns were dull in the absence of any new encouraging development. Today's quotations for most yarns were more or less maintained at the last week's levels. Forty counts Maduras declined by 25 nP to Rs. 31.25. Eighty counts Moderns shed a like amount to Rs. 67.25.

The following table gives the prices of rayon staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	25-10-1961	18-10-1961
	Rs.	Rs.
Art silk yarns—		
20/1 Amlan (100 kg.)—		
October	3,398.00	3,355.00
December	3,385.00	3,452.00
40 x 1 J.P.		
October	3,490.00	3,480.00
December	3,525.00	3,500.00
120 Japan (per 100 kg.)	1,929.00	1,929.00
150 Japan (per 100 kg.)	2,150.00	2,150.00
120 Italy (per 100 kg.)	1,900.00	1,900.00
Nat. Ray. 150 Bt. I	14.08	14.72
Staple fibre yarn (40 x 2)—		
October (per 90.72 kg.)	838.00	821.00
December	863.00	836.00
Hind (per kg.)	9.90	9.81
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.87	17.87
20s Gokak	23.75	23.75
30s New Great	26.75	26.75
40s Madura	31.25	31.50
50s Finley	62.87	62.87
80s Modern	67.25	67.50

OILSEEDS FIRM

(From Our Own Correspondent)

BOMBAY, *25th October*

Oilseeds and oils ruled firm during the week under review, in distinct contrast to the easy trend noted last week. Groundnuts were particularly buoyant, despite the official denial of rumours regarding export quota and incentives for groundnut oil. Mr. D. S. Joshi, I.C.S., Additional Secretary in the Ministry of Commerce and Industry, informed the representatives of the Indian Oilseeds Committee, who met him at New Delhi on Friday, 20th inst., that the Government had no intention at present to permit exports of groundnut oil until the crop position was clear which, he added, would not be before the end of this year. He mentioned that, in regard to H.P.S. groundnuts, some quotas have already been allowed and the question of allowing further quota for seeds was under consideration. The Government's reluctance to allow exports of groundnut oil, though it disappointed the bulls, did not affect the general sentiment of the market. On the contrary, groundnut and groundnut oil staged a smart rally, thanks mainly to heavy short covering by speculators on reports of distinctly firm conditions in sarson in Delhi and the Punjab. Crop reports from Saurashtra and other parts of Gujarat showed that the yield from the standing crop would not be as high as was originally anticipated. In sympathy with groundnuts, castorseeds and linseed tended to rise. Cottonseeds put on a cheerful appearance, induced by reports of a smaller cotton crop.

Groundnut January 1962 contract jumped up from Rs. 197.62 to Rs. 203.75. Khandesh rose by Rs. 2.50 to Rs 44.75. Khandesh quality put on Re. 1.50 to Rs. 44.50. Oil ex-mill hardened by 70 nP to Rs. 18.70 and railway receipt by 40 nP to Rs. 18.20. Groundnut oil January 1962 contract strengthened by 60 nP to Rs. 16.60.

Castorseed March 1962 spurted from Rs. 158 to Rs. 160. Ready Madras picked up 50 nP to Rs. 32.75. Kanpurs improved by a like amount to Rs. 31.50. Oil B.S.S. gathered 20 nP to Rs. 14.20 and Commercial 10 nP to Rs. 13.25.

In the linseed section, the March 1962 contract increased by a rupee to Rs. 36.44. Bold ready put on 50 nP to Rs. 38.75. Linseed oil improved by 30 nP to Rs. 16.70.

Cottonseed January 1962 contract spurted by Re. 1.75 to Rs. 94.75. Both non-whites and Berars gained 15 nP to Rs. 18.90.

Sesame bold was maintained at Rs. 250 (per 250 kgs.) Sesame oil, however, shed 25 nP to Rs. 20.25.

The following table shows the closing prices of oilseeds and oils today, as compared with those of the two previous weeks:

	25-10-1961	19-10-1961	11-10-1961
	Rs.	Rs.	Rs.
Groundnut			
January 1962	203.75	197.62	199.00
Khandesh	44.75	42.25	43.50
Khandesh quality	44.50	42.25	43.50
Oil ex-mill ready*	18.70	18.00	18.75
Railway receipts*	18.20	17.80	18.50
Oil January 1962	16.60	16.00	16.15
Castorseed			
March 1962	160.00	158.00	158.25
Ready Madras	32.75	32.25	32.50
Ready Kanpur	31.50	31.00	31.37
Oil B.S.S.†	14.20	14.00	14.20
Oil commercial†	13.25	13.15	13.20
Linseed			
March 1962	36.44	35.44	35.56
Bold ready	38.75	38.25	38.50
Oil ready†	16.70	16.40	16.75
Cottonseed			
January 1962	94.75	93.00	94.00
Niger seed	38.50	38.50	38.50
Kardi seed	22.00	22.50	22.50

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

BLACK PEPPER RETREATS

(Messrs. Parekh and Co.)

BOMBAY, *25th October*

Malabar black pepper during the week staged a further retreat, establishing a new low level of the season at Rs. 332 per quintal for garbled and Rs. 324 for ungarbled, in sympathy with Singapore where crisis-like conditions have developed in view of the price-cutting between Sarawak and Lampong. Patchy buying policy of New York made Lampong holders to lose confidence. They are now anxious sellers. New York having refused to oblige, prices in Singapore are dropping almost daily. Black and white pepper are quoted nominally at M$117½ and M$115½, respectively.

Despite India being at the fag-end of the season, Malabar black is going down. There is very little interest in December delivery even at Rs. 312 per quintal. Calicut is seller at Rs. 325.

Malabar new crop is estimated at 27,000 tons. Normal crop is expected to be harvested as damage to the crop by flood and rain in a particular area was offset by the higher yield elsewhere.

Spot in New York slided downhill to $0.41 with grinders holding off until prices stabilised at a certain level.

New York dealers, clever as they are, refuse to bid in a declining market. One of the important dealers opines that, even though stock in the consuming countries was far from satisfactory, the traders could afford to wait for coming two months until a clearer picture of the new crop of Malabar was available and the price thereof touched the bottom.

Spot in Bombay is quoted at Rs. 185 per 50 kilos.

TEA STEADY

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *17th October*

Offerings amounted to approximately 554,000 kilograms in Sale No. 42 held today. Quality from all districts generally improved. There was useful general demand. Best highgrowns received keen inquiry and sold readily at around last rate. Lesser highgrown brokens were a strong feature and inclined dearer with quality. Their fannings were, however, irregular and slightly easier. Mediums and good mediums continued to sell well at fully firm rates. Plain and low mediums were about steady with the exception of the poorer fibrous kinds which eased. There was a good inquiry for black leaf teas which sold well. Whole leaf grades realised dearer rates with good competition in evidence. Legg-cut, C.T.C. and C.T.C. types sold at barely steady rates.

The quotations (per kg.) were:

	1961	1960
	Rs.	Rs.
Low mediums	3.85-4.15	4.30-4.60
Mediums	4.15-4.40	4.60-4.85
Good mediums	4.40-5.40	4.85-5.50
Nilgiri B.O.P.	5.20	7.90

The average price realised in sale No. 42 was Rs. 4.79 per kilo, as against Rs. 4.61 in the corresponding sale last year.

Dust Sale No. 42: On offer dust sale No. 42 held on Friday, 20th inst. was a total of 220,000 kilograms There was a good general demand. Highgrowns received good support and sold well with the exception of the more fibrous sorts which were sometimes easier. Mediums and good mediums realised fully firm prices and were up to 10 nP per kilo dearer. Low mediums came to a slightly irregular market but were generally firm with buyers' emphasis on the cleaner types which were sometimes dearer. Residuals sold readily. C.T.C., legg-cut and C.T.C. types came in for strong support at slightly enhanced levels.

The average price realised in dust sale No. 42 was Rs. 4.74 per kilo, as compared with Rs. 5.59 a week ago and Rs. 4.43 in the corresponding sale last year.

Export Quota: There are no buyers at present on the market and sellers are still nominally quoted at 1½ nP per kilo.

Colombo: There was strong general demand although Dimbulas were slightly easier. Uvas were irregular with quality. Best mediums declined by 5 cents but the plainer kinds were firm. Lowgrowns advanced by ½ cents. Fannings generally followed a slightly lower trend.

London: North Indian and other growths: There was good general demand for all descriptions except poorest. Prices were generally firm to dearer. Plain B.P. is quoted at 3-4½d.

Ceylon and South Indians: In Tuesday's sale 11,869 packages were offered of which 4,907 were South Indian. The Ceylon teas on offer met strong competition with prices fully firm to dearer. Better liquoring mediums and highgrowns were often 1d. to 2d. dearer. Nearly all South Indian descriptions were fully firm but plainer sorts were irregular and often easier.

As we go to press, Messrs. Forbes, Ewart and Figgis Ltd. wire:

"*Sale No. 43*: 511,000 kilograms. Useful demand particularly for brokens and whole leaf. Low mediums and mediums firm. Good mediums easier. Highgrowns irregular with quality; plain and stalky descriptions easier."

PULSES DEPRESSED

(From Our Own Correspondent)

HAPUR, *23rd October*

Steady to firm conditions were witnessed in the foodgrains market during the week on reports of heavy losses to crops due to floods in east U.P., Bihar and M.P. Wheat here continued to rule steady to be quoted on Monday at Rs. 15.25 a maund for average quality and upto Rs. 16.50 for better farm produce. Daily arrivals were about 100 maunds average and it was gathered that a part of the wheat stocks supplied to cultivators for seed by co-operative units was being diverted to the open market. Local wheat stock with trade is put at 25,000 maunds. Sowings of *rabi* grains are being done and, thanks to good sunny weather, it would be possible now to sow *rabi* crops on an increased scale in time.

Rice ruled quiet, as the new paddy reaching the market was being lifted at Rs. 12 to Rs. 13 per maund. Demand for rice was slack and old stocks were poor around 4,000 maunds. Week-end prices were:—*Maipuri sela* Rs. 20, *gadda kutcha* new Rs. 21, *ramajwayan sela* Rs. 21, *raimunia sela* Rs. 22, *basmati sela* Rs. 28, superior Rs. 31 to Rs. 34 per maund.

Gram recorded modest gains to Rs. 14 to Rs. 14.25 a maund, thanks to good demand for seed purposes. Arrivals from Punjab still continued in small quantity and local gram stock was put at 34,000 maunds. Barley improved fractionally to Rs. 11 to Rs. 11.25 per maund and *bejhar*, too, was quoted higher at Rs. 11 a maund for inferior quality and at Rs. 12 for *moongia* variety. New maize reaching here from Rampur rural areas at an average of one to two truck-loads and, as consumer demand was fairly good, prices ruled steady at Rs. 12 to Rs. 12.50 per maund. *Methi* was in demand from Rajasthan and Calcutta side and, as stocks were poor, prices were steadier at Rs. 28 a maund. New *bajra* was not reaching the market as yet and old stuff was quoted Rs. 15 per maund. Other sections were stagnant at:—Oats Rs. 12, *juwar* Rs. 11, *guwar* Rs. 14 per maund.

Among pulses, peas and *arhar* were quietly depressed in the week-end, as demand was slack and local stocks were still heavy. Small offtake was in the form of *dal* to the flood-affected areas of east U.P. and Bihar. *Urd* was depressed, thanks to fresh arrivals, while other sections were almost stationary. Rates (in rupees per maund) were:—Peas *dara* 11.50 to 11.62; farm 12 to 12.50; peas *dal* 12.75; *arhar* 12.75 to 13.50; *arhar dal* 16.25; *urd* 22 to 23; *urd dal* 25 to 26; *moong* 16 to 18; *moong dal* 19 to 21; *masoor* 13 to 16; *massor dal* 16.25; *moth* 16, *moth dal* 19.

SUGAR QUIET

(From Our Own Correspondent)

HAPUR, *23rd October*

Sugar ruled quiet towards the week-end, despite brisk festival demand locally. Demand from the consuming areas, which was very brisk just after decontrol of the commodity, has now subsided a little as consignments against commitments had now reached the destinations. Bold crystal was, however, being quoted at a premium. Factories were now preparing to start their season and, although some of them would begin crushing on 15th November, most of them would function later as production earlier would be uneconomical. Week-end prices here were:—Rs. 107.50 per bag in open market; retail Re. 1 per *seer*; mill delivery Simbhauli (D29) Rs. 106; (E29) Rs. 105.50; Bulandshar (D29) Rs. 105 per bag.

Easier trend was witnessed in the Muzaffarnagar sugar market during the week. Prices which had advanced appreciably after decontrol eased by 15 nP to 47 nP per maund. Most of the factories were facing difficulty of wagon supply and despatches were hampered on that account. Most of the despatches were being arranged, by roads. Week-end prices (in rupees per maund) were:—A29 Deoband 40.72; Iqbalpur 40.22; B29 Khatauli 39.52; Shamli 39.50; C29 Deoband 38.84; Modinagar 38.47; Dhampur 37.75; D29 Amroah 37.37; Bijnore 37.

Khandsari ruled quietly steady, as demand was fairly good locally as well as from other centres. *Khandsari* stocks were now poor and, in the Muzaffarnagar market, they were put at 4,000 maunds, as against 40,000 maunds on the corresponding date last year. Production would begin early in December and latest prices were:—Galawat Rs. 25 to Rs. 29; non-crystal Rs. 31 to Rs. 35.75; crystal Rs. 33 to Rs. 36 per maund.

New *gur* arrivals were fast mounting and were 1,400 maunds today. But prices were steady on good festival demand. Most of the crushers who had started functioning were now manufacturing *gur* and would revert to *khandsari* after some time and were purchasing cane at 90 nP per maund, as against the statutory price of Re. 1.44 to be paid by factories. Shortage of fodder has compelled the cultivator to sell cane at such low prices. Further, the land vacated from cane now would be available for sowings of peas. Week-end prices here were:—New *gur* best Rs. 20.50; medium Rs. 18 to Rs. 19.50; old Rs. 15 to Rs. 17; wet Rs. 13; *shakker* old Rs. 19; new Rs. 23 per maund.

Demand for old *gur* was poor in the Muzaffarnagar market during the week. Some old stuff was being despatched to some centres where it was being reprocessed in the form of new *gur* and week-end prices were:—*Chaku* old Rs. 13 to Rs. 18 and *shakker* Rs. 17 to Rs. 23, according to quality. Some new arrivals have begun at an average of 250 maunds daily which were being lifted for Rajasthan and other destinations. As cane growers were busy in *rabi* sowings, arrivals of heavy quantity of new *gur* would start later.

Gur futures recorded a sharp advance to be quoted near the best level of session today at Rs. 12.74, as against the week's opening of Rs. 12.20 which was the lowest level of the week and the highest touched on Saturday was Rs. 12.77. The trend is still bullish.

TRUCKING INDUSTRY IN U.S.A.

When the motor truck first made its appearance in the United States nearly 60 years ago, some people labelled the clumsy and noisy contraption an unrealistic invention that would soon disappear. But a small group of imaginative men, believing it would some day become America's most flexible transport method, refused to abandon the vehicle and doggedly worked to improve it. The intervening years have justified their faith, as the truck has steadily grown in importance in the carrier field. Today it is a mainspring of the U.S. economy. Almost everything Americans eat, wear, or use is transported at least part of its journey from its point of origin by trucks. There are at least 25,000 communities in the U.S. which are not located on a railroad or waterway. Yet these towns suffer no deprivation because of the steady flow of goods which trucks bring them every day of the year.

In 1904, only 700 trucks were on the highways in America. Today there are some 11,500,000 in regulated inter-State trucking, not including more than 550,000 owned by the Government nor the thousands more in use in cities and on farms. The growth of the national highway system in the 1920's and the substitution of pneumatic tyres for solid rubber, enabling vehicles to travel farther, faster and carry heavier loads, gave trucking its first important stimulus. As trucks drew these communities closer together, a new pattern of intercity and inter-State freight movement began to develop. Merchants and manufacturers found that fast, frequent dependable truck service could reduce the need for large stocks of goods and material thus reducing the amount of capital needed to operate. The principle of separating the power unit of a truck from the trailer unit which carried the load enabled the truck or power unit to switch from one trailer load to another in a matter of seconds, thus proving to be a tremendous boost to the economical delivery of goods. The power units could be used 24 hours a day, while their trailers stood idle, being loaded or unloaded.

Currently, several hundred U.S. companies are producing thousands of special types of motor transports for practically every type of freight imaginable. Many of these trucks are designed to perform extraordinary services. A bookmobile is a carrier of a travelling library which provides literature for rural areas. Other transports carry dental clinics, art exhibits, grocery stores, and X-ray laboratories. The Red Cross uses trucks for the collection of blood donations, while the U.S. Armed Forces finds them valuable in recruiting. Moving vans haul the household goods of people moving from coast to coast. Then, of course, there is the fire engine, the post office vehicle which delivers mail and parcel post, the ambulance which rescues the ill or injured, the maintenance truck to repair communications and electric power, and the utility conveyance to wash streets in the summer and clear them of snow in the winter.

The owners of one-third of all farms in the United States depend on trucks to transfer crops of one and one half tons or less. On many small farms a vehicle, called a beach wagon, frequently serves as both truck and pleasure vehicle. The big farm operator with his trucks can transfer his products to market quickly and cheaply. Before the advent of the truck, it was a time-consuming journey for him to travel by horse and wagon to town and return even if the distance was relatively short. Frequently his produce lost its freshness during the trip. Taking his livestock to market was even more tedious as he had to herd it along the road for hours. The cows, hogs or sheep would lose weight during the tiresome journey and command a lower selling price at the market place. Besides carrying the farmer's products and livestock to market, the truck today serves a major purpose on the farm itself, transporting cattle feed, fertilisers, fruit, chicken, hay, grain and machinery and farm labourers from distant fields.

Trucks used for projects off the highways usually are of a heavier variety because of the formidable tasks they have to undertake. Some of these transports may have six or more driving wheels, up to 16 forward driving speeds and four reverse speeds and are powered with either Diesel or gasoline engines. These carriers, used in construction projects and at mines, lumber camps and industrial plants, sometimes haul cargoes of more than 200 tons over rugged terrain.

The U.S. trucking industry employs more than seven million persons, buys 14.5 billion gallons of motor fuel each year while spending about $3.9 billion for new equipment, parts and accessories. In addition to its role as a major consumer of supplies and services, trucking pays $2.8 billion annually in taxes for highway use.

Growth in the industry is expected to continue if only for the reason that the overall U.S. transportation demands will almost certainly continue to expand. Population growth and increasing standards of living should in themselves assure this. Also the new 41,000-mile Inter-State Highway System, connecting 90 per cent of all cities with over 50,000 population, should increase trucking potentialities. Some authorities predict that, by 1975, there will be 20 million trucks streaming along the roads and highways in the United States.

BANKING

(Concluded from page 817)

But if this is an ascending spiral, one-sided abrogation and bad faith breeds a descending one; new and desperately needed capital investment is "scared off" and even that already invested seeks to cut activity or escape altogether. The stability and development, freedom and political independence of the new nation can be permanently retarded.

A man's word must be his bond. So must the word of a company, or a nation. Trust to the faithful performance to the letter and spirit of a contract freely entered by both sides—and from which both benefit—has for centuries been, as it is now, one of the indispensable foundations of a civilisation founded upon law.

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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 20th Oct., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	5,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	49,92,07,000
(2) Other Governments	28,60,29,000
(b) Banks	84,49,13,000
(c) Others	146,78,50,000
Bills Payable	19,39,34,000
Other Liabilities	19,98,57,000
Rupees	490,67,90,000

ASSETS	Rs.
Notes	15,52,44,000
Rupee Coin	1,69,000
Subsidiary Coin	3,11,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	32,44,73,000
Balances held abroad*	28,27,20,000
Loans and Advances to Governments†	59,45,11,000
Other Loans and Advances	135,92,56,000
Investments	201,07,79,000
Other Assets	17,93,27,000
Rupees	490,67,90,000

* Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The Item 'Other Loans and Advances' includes Rs. 7,19,50,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	15,52,44,000	
Notes in circulation	1903,89,33,000	
Total Notes issued	....	1919,42,27,000
Total Liabilities	....	1919,42,27,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	116,86,07,000	
Total of A		234,62,10,000
B. Rupee Coin		125,94,00,000
Government of India Rupee Securities		1558,86,17,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1919,42,27,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept. 1939 (pre-war)	13th Oct., 1961	6th Oct., 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	173.37	1906.13	1891.49	1889.46	1808.64
Notes held in Banking Department	35.05	12.91	18.09	19.28	14.39
Foreign Securities	59.50	116.86	116.86	116.86	123 01
Rupee Securities	87.39	1558.86	1548.80	1548.65	1451.84
Banking Department					
Deposits of:					
Government of India	14.39	61.07	65.15	73 53	52.68
Other Governments		3.98	4.68	38 16	43 80
Balances held abroad	10.06	10.02	13.60	17.76	17.84
SCHEDULED BANKS					
Demand Liabilities	184.86	841.43 (21 82)†	838.16 (20.95)†	830.16 (19.72)†	792 38 (19 44)†
Time Liabilities	102.24	1135 60 (18.42)†	1138.73 (18.31)†	1135.53 (19.14)†	1161 26 (16.95)†
Borrowings from Reserve Bank	..	14.09 (0.91)‡	16.40 (7.83)‡	17 25 (6 50)‡	30 21 (8.77)‡
Borrowings from State Bank	..	18.01	18.28	18.21	12.17
Cash in India	6.70	45.38	45.62	46.15	48.86
Balance with Reserve Bank	25.17	77.17	74.92	77.09	105 53
Balances with other banks in current account in India	..	15.40	15.55	15.24	16.17
Money at call and short notice in India	..	46.18	45.91	43.86	30.52
Investments (at book value)	..	611.63	611.65	605 61	707 63
Advances and bills	105.9	1246.02	1245.46	1244 66	1115.80
STATE BANK					
Deposits	87.76	531 30	530.31	523 88	590 33
Investments	51.99	258 57	265.52	260 40	360 51
Advances	80.35	244.89	244 56	247 84	216 23
Cash	14.89	27.31	20.57	29.03	27.50

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	5.50	5
Belgium	24th Aug., 1961	3	4½
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	....	2
Canada †		2.85	2.82
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	5.50	8
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1951	3.50	3
El Salvador	Jan., 1960	4	5.50
Finland	Mar., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5.31
Italy	7th June, 1958	4	3.50
Japan	20th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	7	6
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th May, 1961	6	7
Norway	14th Feb., 1945	2.50	3.50
Pakistan	14th Jan., 1959	5	4
Peru	Nov., 1959	6.00	9.50
Philippines	Nov., 1959	5.75	6.00
Portugal	12th Jan., 1944	....	2
South Africa	4th May, 1961	4.50	5
Spain	17th April, 1961	3.25	3.75
Sweden	15th Jan., 1960	4.50	5
Switzerland	26th Feb., 1960	2.50	2
Thailand	Feb., 1953	....	3
Turkey	6th June, 1958	4.50	6
United Kingdom	5th Oct., 1961	7	6.50
U.S.S.R.	3rd July, 1950	2	4
U.S.A.	11th Aug., 1960	3.50	4
West Germany	5th May, 1961	3.50	3

‡Bank Rate in Canada fluctuates to close with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 20th Oct., 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		7,45,00,000
Borrowings from Other Banking Companies, Agents, etc.		529,93,56,000
Bills Payable		20,00,000
Bills for Collection being Bills receivable as per contra		10,85,61,000
Acceptances, Endorsements and Other Obligations per contra		2,58,60,000
Other Liabilities (including Inter-Office Adjustments)		82,46,000
Total	Rs.	16,89,78,000
		574,37,51,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		28,85,32,000
Balances with other Banks		3,75,83,000
Money at Call and Short Notice		1,93,33,000
INVESTMENTS: Rs.		
Government and other Trustee Securities	257,33,75,000	
Other Authorised Investments	9,24,36,000	
		266,58,11,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	232,93,77,000	
Bills Discounted and Purchased	11,75,84,000	
		244,69,61,000
Bills Receivable being Bills for Collection as per contra		2,58,60,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		82,46,000
Premises less Depreciation		1,86,78,000
Furniture and Fixtures less Depreciation		1,45,76,000
Other Assets (including Inter-Office Adjustments)		21,81,71,000
Total	Rs.	574,37,51,000

Scheduled Banks*

Statement of Affairs for the week ended 13th October, 1961

	Rs.
(I) Demand Liabilities in India	
(a) Demand Deposits—	(Thousands)
(1) From banks	45,62,55
(2) From others	718,96,56
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	21,82,20
(c) Other demand liabilities	55,01,85
(II) Time Liabilities in India	
(a) Time Deposits—	
(1) From banks	19,45,75
(2) From others	1073,50,17
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	18,41,98
(c) Other time liabilities	24,21,94
(III) Borrowings in India from the State Bank of India and/or notified banks:	
(a) Demand liabilities	7,98,91
(b) Time liabilities	10,02,00
(IV) Borrowings in India from the Reserve Bank of India (A)	14,08,05 (6,90,50)
(V) Cash in India	45,37,73
(VI) Balances with the Reserve Bank in India	77,17,39
(VII) Balances with Other Banks in Current Account in India	15,39,55
(VIII) Money at call and short notice in India	46,18,00
(IX) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations	611,62,77
(X) (a) Loans, Cash Credits and Overdrafts in India (excluding dues from Banks)	1057,12,60
(b) Due from Banks in India	11,18,78
XI) Inland Bills purchased and discounted in India.	130,71,40
(XII) Foreign Bills purchased and discounted in India	46,99,22
(XIII) Total of items (X), (XI) and (XII)	1246,02,00

Notes :—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 13th Oct., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	10,17,84,000
(b) Provincial Governments	82,18,000
(c) Banks	17,80,74,000
(d) Others	113,32,13,000
Bills Payable	10,20,000
Other Liabilities	9,24,80,000
Rupees	170,12,89,000

ASSETS	Rs.
Notes	11,18,00,000
Rupee Coin	81,000
Subsidiary Coin	62,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	17,67,34,000
Balances held outside Pakistan*	5,28,00,000
Loans and Advances to Governments	
Provincial Governments' Debtor Balances	
Other Loans and Advances	42,33,81,000
Investments	83,89,88,000
Other Assets	9,74,43,000
Rupees	170,12,89,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs
Notes held in the Banking Department	11,18,00,000	
Notes in circulation	353,30,06,000	
Total Notes issued	....	364,48,06,000
Total Liabilities	....	364,48,06,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,80,000	
Silver Bullion		
Foreign Securities	67,98,80,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		135,94,34,000
B. Rupee Coin	3,27,72,000	
Government of Pakistan Securities	219,35,04,000	
Internal bills of exchange and other commercial paper	....	
		222,63,06,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets	....	364,48,06,000

* Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 38.84 per cent.

EXCHANGE RATES

		25th October 1961	Previous week
Bombay on London—			
Sellers T.T. D/D Spot	£.	1-5 ⅜	1-5 ⅜
Sellers T. T. D/D. upto six months	£.	1-5 ⅜	1-5 ⅜
Buyers T.T. spot to nine months	£.	1-5 ⅛	1-5 ⅛
Buyers T.T. 10 to 12 months	£.	1-5 ⅛	1-5 ⅛
Bombay on New York—			
Sellers T.T. D/D.	Rs.	475 25	475.50
Buyers T.T.	Rs.	472 00	472 00
London on New York	£.	2.8161-2.8164	2.8153-2.8156
London on Paris	Frs.	13.8465	13.8415
London on Bonn	Sw. Frs.	12.170-12.1885	12.169-12.171
New York on London	$.	281.570-281.600	281.570-281.600

CLEARING HOUSE RETURNS

Centre	Week ended 20th Oct. 1961 Number of Cheques	Amount Rs.	Week ended 13th Oct., 1961 Number of Cheques	Amount Rs.
Bombay	3,51,252	81,89,60,000	4,07,413	88,01,13,000
Calcutta	1,07,000	39,99,00,000	2,37,000	90,80,00,000
Madras	70,000	10,25,25,957	1,05,615	13,37,61,716
All Centres—				
1958-59	....	....	45,172,000	97,67 12,00,000
1959-60	....	....	50,064,000	109,88,05,00,000
1960-61	....	....	54,472,000	125,13,16,00,000
July, 1960	....	....	4,210,000	952,59,00,000
May 1961	....	....	4,808,000	1,054,12,00,000
June	....	....	4,590,000	1,054,15,00,000
July	....	....	5,038,000	1,112,59,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53 = 100)

Particulars	Weight	7th Oct., 1961	30th Sept. 1961	8th Oct., 1960	August 1961	August 1960	Percentage of Increase (+) or Decrease (—) in August 1961 as compared with August 1960	Financial Year Average 1960-61	1959-60
Food Articles	504	120 9	120.7	122 0	126 3	123.9	+ 0.4	120.6	119 6
Cereals	102	102 9	102 7	107 0	105.0	109 4	— 3 8	104.4	104.1
Pulses	43	89 0	88.5 R	94 2	90.0	88.2	+ 0 8	92.9	93.5
Fruits and Vegetables	23	140 0	144 7 R	110 3	104 6	134.7	+ 22 2	118.5	107.8
Milk and Ghee	84	110 2	113 2	119 6	116 4	118 7	— 1 0	116.0	113 3
Edible Oils	47	148 3	150 4	154 0	150 0	148 0	+ 7 4	150 3	130 4
Fish, Eggs and Meat	17	135 2	135 2	122 7	141 6	127 0	+ 11 5	123.5	112 0
Sugar and Gur	48	119 0*	122 6	134 3	124 6	140 0	— 11 0	132 8	147 0
Others	50	170 1	164 3	169 3	163 4	170 0	+ 7 9	167 8	167.9
Liquor and Tobacco	31	99 5	99 5	106 7	99 9	106 7	— 6 4	109 9	99 5
Tobacco	—	96 0	96 0	103 7	96.4	105 0	— 8 2	106 3	97.9
Fuel, Power, Light and Lubricants	30	121 5	121 4	119 9	121 8	119 7	+ 1 8	120 0	118 5
Industrial Raw Materials	155	138 8	137 6	145 5	144 8	137 0	+ 5 5	145 4	123 7
Fibres	61	127 0	128 4	153 8	137 7	131 1	+ 2 7	141 6	117 4
Oilseeds	60	150 4	158 8	140 4	162 7	147 0	+ 10 7	140 9	134 5
Minerals	—	94 8	94 8*	97 0	94 9	98 2	— 3 4	97 4	97 8
Others	34	127 7*	127 7*	122 2*	126 0	125 0	+ 0 8	124.0	120.7
Manufacture	290	125 6	125 9	123 5	126 1	122 6	+ 2 9	123 9	111 7
Intermediate Products	41	140 9	140 5	129 4	140 9	131 0	+ 7 6	130 6	113 8
Finished Products	249	122 1	122 3	122 5	122 5	123 7	+ 2 1	122 8	111 3
Textiles	147	123 7	124 3	125 5	124 8	123 5	+ 1 1	125.8	107.8
Cotton	—	128 2*	128 2*	131 1*	127 5	131 1	— 2 7	128 1	116.8
Jute	—	111 0	117 5	122 8*	121 1	115 1	+ 5 2	131.4	90.6
Woollen	—	123 1*	123 1*	124 1*	123 1	110 1	+ 11 8	109 1	104.2
Silk and Rayon	—	118 6*	118 6	101 3*	118 0	102 0	+ 15 7	104.4	96.4
Metal Products	12	147.1	147 1	146 8	147 1	146 8	+ 0 2	147 2	144.4
Chemicals	50	111.9	115 0	112 0	101 0	101 0	+ 7 7	101 3	103.9
Oil Cakes	10	144 3	144 2	130 1*	146 0	137 5	+ 6 2	141 3	143.8
Machinery and Transport Equipment	31	113.6	113 6	112 0	112 8	111 5	+ 1 2	111 9	106 5
Others	80	121.1	121.3	116 0	120 9	115 9	+ 4 3	116.1	119.4
All Commodities	1 000	123 5	124.4	125 7	127 4	125 9	+ 1.9	124.6	117.1

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at the group index.
R—Revised.
* Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Contd.*

CROP FORECASTS

Crop	Forecast	(In thousand acres) 1960-61	(In thousand acres) 1959-60	(In thousand tons) 1960-61	(In thousand tons) 1959-60
Cereals—					
Rice	final	83,335	82 829R	33,700	30,963R
Wheat	final	31,751	32.542R	10,648	10,089R
Jowar	final	40,662*	41.602	8,966	7,886
Bajra	final	25,339†	26 699	3,004	3,484
Barley	final	8,108†	8,220	—	2,605
Maize	final	9,803†	10,457	—	3,615
Ragi	final	5,790	5,904R	1,640	1,904R
Small millets	final	10,666†	12,340	—	2,012
Total cereals	final	....	220,653	....	62,538
Pulses—					
Gram	final	23 483	25,372R	6 207	5,502R
Tur	final	5,721†	5,843	1,989	1,589
Other Kharif pulses‡	final	14,052	15,701R	1,455	1,532R
Rabi pulses‡	final	11,234†	12,788	—	2,690
Total pulses	final	....	59,704	....	11,313
Total foodgrains		....	280,447	70,300†	74,700R
Oilseeds—					
Groundnut	final	15.455	14,864 R	4,354	3,942R
Castorseed	final	1,135	1,168R	98	106R
Sesamum	final	4,904†	5,510	—	392
Rape and Mustard	final	7,265	7,151R	1,389	1,047R
Linseed	final	3,165†	3,921	—	425
Total oilseeds	final	....	32,614	65,300	5,912R
Fibres—					
Cotton*	final	18,971	18,804R	5,394	3,678R
Jute A.	final	1,529	1,685R	4,030	4,095R
Mesta A.	final	694	704R	1,147	1,118R
Sannhemp	final	688	813	—	80
Other crops—					
Potato	final	—	885	—	2,710
Sugarcane	final	5,702	5,178	—	75,038
Ginger (Dry)	final	44	41R	16	15R
Pepper (Black)	final	235	234R	26	26R
Chillies (Dry)	final	1,492	1,472R	363	337R
Tobacco	final	881	934	—	281

Source : Ministry of Food and Agriculture. ‡ Excluding Tur
* In thousand bales of 392 lbs. each. † Excluding Gram and Tur
A.—In thousand bales of 400 lbs. each. R.—Revised
† As per latest estimates available.

INDIAN JUTE STATISTICS

Particulars	Period	Quantity
	JUTE MANUFACTURES	(In 000 tons)
Production	During September 1961	76.1
	Corresponding month, 1960	89.4
	Twelve months ended June 1961	1,006 3
	Corresponding period, 1960	1,074.2
Stocks	At the end of August 1961	63.1
	Corresponding month, 1960	83.4
	DESPATCHES OF GUNNIES	(In 000 tons)
For Export Purpose	July-June, 1958-1959	854.9
	July-June, 1959-1960	833.5
	July-June, 1960-1961	790.6
	August 1960	70 9
	August 1961	67.5
For Internal Consumption	July-June, 1958-1959	220 0
	July-June, 1959-1960	248 3
	July-June 1960-1961	274.1
	August 1960	18.1
	August 1961	15.0
	RAW JUTE	(In 000 bales)
Consumption by Mills	August 1961	437
	Corresponding month, 1960	548
	Twelve months ended June 1961	5,800
	Corresponding period, 1960	6,291
	1957-58	6,134
	1958-59	6,014

IRON AND STEEL PRODUCTION (In Tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1958	1,098,800	1,106,800	786,000
Do. 31st March, 1959	1,137,500	1,149,900	884,700
Do. 31st March, 1960	1,594,000K	1,555,000K	1,237,000K
Do. 31st March, 1961	1,588,000K	1,623,000K	1,263,000K
Sept. 1960	138,800K	138,100K	103,000K
Feb. 1961	125,900K	126,500K	94,200K
March "	142,900K	144,600K	114,000K
April "	135,700K	130,000K	106,000K
May "	142,000K	136,800K	105,800K
June "	131,800K	134,200K	101,200K
July "	139,000K	137,200K	107,900K
Aug. "	131,500K	131,700K	102,700K
Sept. "	123,000K	128,300K	107,000K
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1957	695,156	582,815	441,483
Do. 31st March, 1958	733,945	607,580	470,558
Do. 31st March, 1959	959,933	608,205	496,217
Do. 31st March, 1960	1,053,612R	827,072R	662,113R
Do. 31st March, 1961	1,100,576R	914,169R	715,694R
Sept. 1960	100,437R	79,761R	59,663R
April 1961	99,381R	69,710R	51,144R
May "	100,815R	70,912R	42,155R
June "	96,921R	74,228R	50,089R
July "	100,407R	77,595R	56,720R
Aug. "	101,000R	76,053R	62,609R
Sept. "	97,760R	76,888R	60,188R

K—Figures in Metric Tons.

ELECTRIC ENERGY GENERATED AND SOLD*

(In millions of kilo-watt-hours)

	No. of Concerns†	Units Generated‡	Total Units Sold
1956-57	769	9,877.8	8,103.1
1957-58	834	11,176.9	9,011.1
1958-59	818	12,887.6	10,360.7
1959-60	850	15,099.3	12,180.8
1960-61	1,018	17,087.3	13,831.8
June 1960	850	1,379.8	1,113.9
July "	850	1,360.5	1,100.0
August "	1,012	1,404.2	1,140.9
December "	1,018	1,508.0	1,214.5
January 1961	1,018	1,482.3	1,210.1
February "	1,018	1,400.0	1,151.9
March "	1,018	1,506.1	1,232.7
April "	1,018	1,556.2	1,288.9
May "	1,018	1,612.3	1,332.1
June "	1,018	1,599.8	1,326.3

* Excluding railway, military and factory power stations. Chain power station being interconnected with the Tata Power System, has been included. ‡ Including purchases from non-electric utilities.
† At the end of period. Source :—Central Water and Power Commission.

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1957-58	8,856	1,319	811	148	67	31	145	17	138	315	25	259	35	108
1958-59	8,835	1,469	850	143	58	21	146	16	129	296	21	279	33	66
1959-60	9,388	1,433	874	136	53	19	149	16	129	369	44	284	36	77
1960-61	9,757	1,592	837	132	51	16	116	15	128	401	56	357	32	79
July 1960	3,071	468	325	47	18	6	29	4	44	128	17	91	7	27
March 1961	9,757	1,592	837	132	51	16	116	15	128	401	56	317	3	70
April "	856	138	68	14	5	1	6	2	11	33	6	29	32	7
May "	1,701	280	139	24	9	3	13	2	20	68	10	58	—	15
June "	2,475	413	212	34	12	4	16	3	29	98	15	86	3	23
July "	3,251	554	285	41	16	5	21	4	40	129	19	116	8	30

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source* :—Ministry of Railways.

INDUSTRIAL PRODUCTION *

Industries.		1959	1961	December 1960	January 1961	February 1961	March 1961	March 1960
Major Industries—								
Coal	million metric tons	47.78	52.61	5.09	5.14	5.22	5.52	4 36
Steel (Ingots and Metal for castings)	thousand metric tons	2,468	3,287	330	341	295	—	272
Yarn	million lbs.	1,723	1,737	160	155	146	151	140
Cloth	million yds.	4,925	5,048	451	437	408	422	410
Cement	thousand metric tons	6,936	7,835	733K	701	668	709	706
Jute	thousand metric tons	1,068	1,085	92	88	79	89	93
Paper and paper boards	thousand tons	294	344K	30K	31 K	30 K	—	30K
Matches§	thousand cases	640	663	62	55	52	56	56
Sugar	thousand metric tons	2,117	2.325	487	541K	502K	506 K	444
Engineering and Electrical industries—								
Machine tools	Value in lakhs of Rs.	439	600	64	65	62	—	67
Electric lamps	millions	84.84	41 30	4.02	3 73	3.70	4.04	3.43
Dry cells	millions	187 8	207 4	26 2	19 7	18 9	16.3	15 6
Power transformers	k.v.a.	1,016,400	1,248,000	137,600	126,000	116,800	—	92,300
Electric Motors	thousand H.P.	576	680	67	64	61	—	51
Electric fans	Nos.	726,000	991,200	100,800	87,300	96,400	93,900	91,900
Radio receivers	Nos.	213,864	266,700	27,056	21,092	25,853	25,185	18,010
Storage batteries	Nos.	442,800	510,000	44,000	45,300	47,500	45,000	43,400
Copper conductors	tons	6,624	10,065K	988K	917 K	698 K	—	842K
Winding wires	tons	2,832	4,200K	370	404 K	386 K	—	301K
Rubber and plastic Ins. cables and flexibles	million yds.	166 08	208 321	19 4J	17 88J	18 13 J	—	16.65J
Insulators—H.T.	Nos.	982,800	2,317,200K	176,000K	167,000K	190,000K	—	—
Insulators—L.T.	million Nos.	6 25	3,602,400K	251,000K	231,000K	280,000K	—	—
Diesel engines—Vehicular	Nos.	8,712	9,708	1,074	855	913	974	755
Diesel engines—Stationary	Nos.	30,336	41,676	3,221	3,363	3,540	—	3,231
Chemical industries—								
Salt	million metric tons	3.18	3.44	0.17	1 38Q	1.54Q	—	—
Caustic soda	metric tons	69,876	99,144	8,861	9,673	8,369	9,506	8 884
Soda ash	metric tons	95,328	145,284	16,439	14,437	12,859	13,987	12,518
Chlorine liquid	metric tons	24,760	31,656	2,812	3,021	2,651	2,938	2,924
Bleaching powder	metric tons	5,184	5,928	642	582	515	550	571
Bichromates	metric tons	4,332	5,280	508	430	450	450	523
Sulphuric acid	tons	292,104	354,708	31,000	31,000K	31,500	—	—
Superphosphate	metric tons	251,652	322,320	26,316	27,000	28,000	—	32,726
Non-ferrous Metals—								
Aluminium	metric tons	17,249	18,467	1,546	1,536	1,345	1,531	1,550
Antimony	tons	664	809K	68K	41	61	32	—
Copper (virgin metal)	metric tons	7,776	8,092	750	440	438	810	803
Lead (virgin metal)	metric tons	3,068	2,778	435	369	267	391	328
Gold	ozs.	165,312	4,992Kgs	427Kgs.	430Kgs	405Kgs.	428 Kgs.	—
Miscellaneous (Minor) Industries—								
Sewing Machines	Nos.	252,612	295,788	28,052	25,318	26,456	26,702	25,348
Bicycles	Nos.	990,744	1,050,744	101,140	90,348	94,275	—	102,481
Automobiles	Nos.	36,468	51,000	5,073	5,059	5,153	5,445	4,607
Cycle tyres and tubes	million Nos.	19.57	23.52

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

[1952-53 = 100]

Group and Sub-Group	Week ended 14th Oct., 1961	7th Oct., 1961	30th Sept., 1961	15th Oct., 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.1	101.1	101.1	101.0
2. Government of India	101.0	101.0	101.1	100.8
3. State Government	102.1	102.1	102.1	102.2
4. Municipal, Port Trust, etc.	99.4	99.5	99.6	100.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.3	101.3	101.3	100.7
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.4	82.3	82.9	86.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	180.9	179.7	179.3	165.1
8. *Agriculture and Allied Activities : Total**	162.6	161.9	163.5	161.8
9. Tea Plantations	155.1	154.7	157.0	153.7
10. Coffee Plantations	167.7	168.3	170.2	204.8
11. Rubber Plantations	172.8	173.3	173.6	167.1
12. *Mining and Quarrying : Total*	160.8	159.2	159.3	145.5
13. Coal	118.9	119.4	119.3	114.2
14. Other Mining	189.6	186.4	186.6	167.0
15. *Processing and Manufacturing : Total*	195.4	194.2	193.5	177.7
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total**	205.4	203.4	202.4	178.4
17. Sugar	159.5	157.8	159.1	187.1
18. Cotton Textiles	182.0	179.5	178.6	148.2
19. Jute Textiles	83.8	82.8	82.6	87.6
20. Silk and Woollen	1155.6	1144.5	1142.7	960.7
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	197.4	196.8	196.1	188.8
22. Iron and Steel	157.6	157.5	158.7	150.1
23. Transport Equipment	859.6	858.5	889.6	376.2
24. Electrical Machinery	160.0	161.4	164.8	138.3
25. Machinery other than Transport and Electrical	213.5	211.0	208.7	208.9
26. Basic Industrial Chemicals	203.8	202.9	204.9	206.0
27. *Processing and Mfg. (Others): Total**	161.0	160.9	161.6	156.4
28. Cement	147.3	147.3	147.9	139.8
29. Paper	204.9	205.5	207.7	212.1
30. *Other Industries : Total**	111.8	111.0	111.0	107.1
31. Electricity Generation and Supply	86.8	86.8	86.0	81.9
32. Trading	120.5	117.7	119.6	109.6
33. Shipping and Other Transport	94.2	93.8	95.0	104.0
34. Construction	297.4	296.3	292.1	292.1
35. *Financial : Total*	203.1	201.4	199.9	169.5
36. Banks	229.4	227.4	225.9	180.4
37. Insurance	152.9	152.0	149.5	130.4
38. Investment Trusts	89.5	89.6	89.8	86.9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	180.2	187.3	186.3	170.3
40. Calcutta	165.4	164.9	164.9	151.3
41. Madras	197.9	197.1	196.8	184.4
42. Delhi	236.5	234.0	234.6	214.3

* Including ' Miscellaneous.' † Including Edible and Vegetable Oils.

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	April 1961	April 1960	Twelve months ended March 1961	1960
Exports	53,34	46,20	632,89	629,90
Re-exports	48	47	9,90	9,76
Total Exports	53,82	46,67	642,79	639,66
Imports	85,86	98,80	1070,16	960,77
Overall Balance of Trade	−31,84	−52,13	−427,37	−321,11
Exports—				
Tea	3,05	2,85	123,59	129,09
Jute yarns and manufactures	14,89	9,07	135,02	119,76
Cotton yarns and manufactures	5,04	5,33	62,04	69,02
Metallic ores and metal scrap	3,13	4,50	39,00	35,35
Cotton, raw and waste	1,08	93	11,57	14,49
Oils—vegetable, mineral and animal	77	86	13,85	19,17
Fruits and vegetables	2,45	1,84	26,08	21,67
Tobacco	1,43	3,62	15,74	14,54
Mica	72	65	10,15	9,93
Wool and other animal hair	82	93	7,74	12,21
Gums, resins and lac	36	70	5,61	5,74
Spices	1,01	1,34	15,64	14,45
Hides and skins, raw	59	1,19	10,02	17,58
Imports—				
Machinery of all kinds	28,40	21,55	257,46	207,96
Iron and Steel	8,99	9,89	120,80	84,29
Oils—vegetable, mineral and animal	5,31	5,61	74,02	91,87
Chemicals, drugs and medicines	7,82	7,07	85,86	92,48
Electrical goods and apparatus	8,51	5,28	56,15	53,15
Vehicles (excluding aircraft, ships and boats)	3,22	4,60	59,49	55,50
Cotton, raw and waste	6,10	7,93	81,77	41,34
Fruits and vegetables	1,01	1,67	20,39	19,98
Paper, pasteboard, etc.	87	92	11,74	11,23
Dyes and colours	99	1,01	12,95	10,01
Spices	14	5	1,83	2,35
Woollen and worsted fabrics	3	3	21	26
Cotton fabrics	8	8	70	1,16
Rice	31	3,41	18,88	16,54
Wheat and spelt	4,17	16,78	121,17	129,78

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
24th to 29th July*	1.26	—	1.26	—	99.391
31st July	2.00	3.49	2.00	2.398	99.410
1st to 5th August*	1.47	—	1.47	—	99.410
8th August	2.00	2.00	2.00	2.400	99.400
9th to 12th Aug.*	0.69	—	0.69	—	99.410
14th August	2.00	2.00	2.00	2.400	99.400
16th to 19th Aug.*	2.55	—	2.55	—	99.416
22nd August	2.00	2.00	2.00	2.400	99.400
23rd to 26th Aug.*	1.29	—	1.29	—	99.416
29th August	2.00	2.00	2.00	2.400	99.400
30th August to 2nd September	0.71	—	0.71	—	99.416
4th to 9th Sept*	1.23	—	1.23	—	99.416
12th Sept	2.00	2.10	2.00	2.400	99.400
13th to 16th Sept.*	2.05	—	2.05	—	99.416
19th Sept	2.00	2.00	2.00	2.500	99.376
20th to 23rd Sept.*	0.85	—	0.85	—	99.391
26th Sept.	2.00	2.00	2.00	2.500	99.376
27th to 30th Sept.*	0.70	—	0.70	—	99.391
3rd October	2.00	2.00	2.00	2.500	99.376
10th October	2.00	2.00	2.00	2.500	99.376
13th October*	0.10	—	0.10	—	99.391
24th October	2.00	2.00	2.00	2.500	99.376
16th to 21st Oct.*	1.85	—	1.85	—	99.391
Total amount outstanding	54.50	..	54.50	..	..

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949 = 100]

	All-India	Bombay	Ahmedabad	Sholapur	Kanpur	Nagpur	Calcutta§	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
1958 Average	116	395	110	313	98	120	384	124	113	105	103	123	109	131
1959 "	121	412	125	340	98	132	384	133	120	106	98	125	108	140
1960 "	124	420	120	357	98	136	397	143	120	107	103	120	109	146
July 1960	126	423	122	362	101	137	406	145	121	109	108	119	109	146
August "	126	421	123	359	101	137	410	146	121	109	102	122	108	148
Sept. "	125	418	122	354	101	138	403	146	122	108	102	122	108	147
Oct. "	125	421	123	365	102	137	396	148	122	108	105	119	108	147
Nov. "	124	423	121	367	102	135	392	150	121	110	102	122	108	147
Dec. "	124	419	120	362	100	134	388	151	121	110	102	121	108	146
January 1961	123	419	119	358	100	131	393	146	122	111	103	120	109	148
February "	123	420	119	350	102	130	389	147	123	111	103	119	109	146
March "	124	423	119	349	101	129	392	148	124	111	104	121	109	149
April "	123	428	119	349	99	130	389	149	125	111	104	120	109	150
May "	124	431	119	345	97	132	393	148	126	112	106	120	110	149
June "	125	433	119	349	99	132	389	148	127	112	104	121	110	150
July "	126	437	122	357	101	132	..	148	130	113	106	122	110	151
August "	..	438	..	359	..	..	..	..	..	..	..	..	..	..

*June 1934 = 100. †Jan., 1928 = 100. ‡1939 = 100.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A Out-standings	7-Year B Out-standings	12-Year B Out-standings	12-Year National Plan Savings Certificates C Receipts	Out-standings	Post Office Savings Bank Deposits Receipts	Out-standings	10-Year National Plan Certificates D Out-standings	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J Out-standings	10-Year J Out-standings	10-Year Treasury Savings Deposit Certificates 3½% F Out-standings	4% C Receipts	Out-standings	15-Year Annuity Certificates G Receipts	Out-standings	Total Receipts	Out-standings H
1958-59	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	−40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	98,99	83,24	221,68	210,40	260,68	19,79	−41,35	50	31	41,88	10,54	21,76	66	2,90	305,70	675,98
1960-61	1,24	2,46	81,50	82,53	287,30	228,77	297,77	18,36	−42,00	1,70	96	38,80	18,14	37,34	69	3,38	320,98	770,80
Aug. "	1,44	2,88	90,74	6,78	245,88	19,75	266,75	19,37	−41,61	89	54	41,21	1,17	27,23	9	3,14	27,92	700,07
Jan. 1961 "	1,31	2,57	84,04	6,47	273,48	18,08	280,06	18,87	−41,86	1,40	80	40,90	1,04	34,15	6	3,22	25,88	740,90
Feb. "	1,28	2,52	82,71	8,43	278,70	18,05	282,82	18,44	−41,95	1,53	87	39,88	1,80	35,75	5	3,26	26,53	747,98
Mar. "	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	−42,00	1,70	96	38,80	1,77	37,34	4	3,38	45,05	770,80
Apr. "	1,20	2,40	80,18	5,59	290,56	20,37	295,84	18,17	−42,05	1,83	1,01	37,46	2,28	39,42	4	3,40	28,47	771,47
May "	1,18	2,34	78,90	5,33	294,43	19,28	294,64	18,09	−42,08	1,99	1,08	36,49	1,32	40,92	3	3,42	26,10	772,43
June "	1,13	2,29	77,64	6,57	299,52	19,27	294,43	18,01	−42,13	2,18	1,15	35,45	1,89	42,43	3	3,43	28,02	777,66
July "	1,10	2,24	76,31	6,66	304,96	20,79	298,75	17,91	−42,16	2,34	1,25	34,15	1,59	44,33	5	3,46	29,34	786,51
Aug. "	..	..	..	..	..	..	..	..	..	..	..	38,19	1,25	45,66	5	3,48	..	..

Note.—Outstandings relate to end of period and do not include Indian Union's share of pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of May 1961, amount to 16.03 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
2 ¾ % Loan	1938-39	116,17,46,000	1963-65	98.75
2 ¾ % Loan	1950	80,35,10,000	1965	98.75
2 ¾ % Fg. Loan	1942	1,10,11,78,000	1966-68	96.20
2 ¾ % Dev. Loan	1945	1,15,05,88,000	1970-75	90.80
2½ % Loan	1946	14,77,48,000	1972	83.50
2½ % Loan	1947	25,06,72,500	1952	99.15
2½ % N. P. Loan	1954	1,58,17,94,000	1964	99.90
2½ % N. E. Bonds (2nd Series)	1955	1,53,67,92,000	1965	99.85
2½ % Loan	1956	1,07,27,36,000	1962	99.90
2½ % N. P. Bonds	1956	1,03,81,83,000	1967	98.95
2½ % Loan	1956	85,63,53,000	1974	99.55
2½ % N. P. Bonds (4th Series)	1957	56,99,80,000	1967	100.10
4 % Loan	1957	49,17,27,000	1972	100.25
2½ % Loan	1958	58,05,92,000	1968	100.90
2½ % Loan	1958	70,00,00,000	1965	98.75
2½ % Loan N.P.B.	1958	64,58,90,000	1968	100.00
4 % Loan	1958	49,51,44,000	1978	100.20
2½ % Loan	1959	1,47,90,23,000	1969	98.85
2½ % Loan	1959	31,00,59,000	1979	99.25
4 % Loan	1960	98,03,48,000	1980	99.25
2½ % Bonds	1960	82,65,41,000	1964	99.70
2½ % Loan	1961	65,53,00,000	1981	98.50
NON-TERMINABLE LOANS				
3 % Loan	1896-97	8,93,33,000	M.	72.00
3 % Loan	1946	2,45,91,33,000	K.	72.75
STATE LOANS				
4 % Andhra	1956	5,00,15,000	1st Sept. 1968	98.25
4 % Andhra	1956	5,56,15,000	3rd Sept. 1968	98.25
4½ % Andhra	1958	5,48,92,000	15th July 1970	100.00
4 % Andhra	1958	6,57,75,000	29th Aug. 1971	97.00
4 % Andhra	1960	5,85,35,000	29th Aug. 1969	98.20
4½ % Andhra	1961	11,00,00,000	Sept. 1972	98.50
4 % Maharastra	1949	5,20,97,500	1st Aug. 1962	100.50
4 % Maharastra	1952	5,75,41,000	17th Sept. 1962	100.00
4 % Maharastra	1953	5,02,55,000	15th July 1963	100.00
4 % Maharastra	1952	3,34,83,000	1st Aug. 1967	99.50
4 % Maharastra	1953	4,21,85,000	1st Sept. 1967	99.85
4 % Maharastra	1956	7,70,11,000	3rd Sept. 1970	99.25
4 % Maharastra	1957	6,47,37,000	15th Sept. 1970	101.00
4 % Maharastra	1958	6,95,62,000	15th July 1970	100.50
4 % Maharastra	1958	4,31,45,000	15th July 1971	100.50
4 % Maharastra	1959	6,58,14,000	19th Aug. 1969	99.25
4 % Maharastra	1959	10,98,85,000	29th Aug. 1969	99.30
4½ % Maharastra	1961	10,77,00,000	Sept. 1972	100.00
4 % Bihar	1956	1,54,02,000	1st Sept. 1967	98.50
4 % Bihar	1956	2,13,41,000	3rd Sept. 1968	98.20
4 % Bihar	1958	2,76,71,000	13th Oct. 1970	100.00
4 % Bihar	1959	3,35,22,000	19th Aug. 1971	98.00
4 % Bihar	1960	3,33,22,000	29th Aug. 1969	98.20
4½ % Bihar	1961	3,30,00,000	Sept. 1972	98.50
4 % Gujarat	1960	5,49,22,000	29th Aug. 1969	99.00
4½ % Gujarat	1961	6,07,00,000	Sept. 1972	100.00
3 % Howrah Bridge (New)	1936-37	1,95,96,700	1956-56	94.50
4 % Hyderabad	1956	2,15,45,000	1st Sept. 1967	98.00
4 % Hyderabad	1956	2,18,08,000	3rd Sept. 1968	98.00
4 % Madras	1951	3,01,49,500	17th Sept. 1968	99.75
4 % Madras	1951	10,33,71,000	15th Sept. 1968	100.00
4 % Madras	1952	5,24,51,200	1st Aug. 1964	99.85
4 % Madras	1956	10,47,17,000	1st Sept. 1967	98.35
4 % Madras	1956	12,33,56,000	3rd Sept. 1968	98.30
4 % Madras	1958	5,55,57,000	15th July 1970	100.00
4 % Madras	1959	8,75,72,000	19th Aug. 1971	98.40
4 % Madras	1960	12,20,42,000	29th Aug. 1969	98.25
4 % Madras	1961	10,36,00,000	Sept. 1972	98.00
4 % Mysore(J)	1933	2,95,85,200	1st Dec. 1953-63	100.50
4 % Mysore	1953	3,53,47,000	15th July 1965	100.00
4 % Mysore	1954	5,54,94,000	1st Sept. 1967	98.30
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	98.25
4 % Mysore	1957	3,34,36,000	15th Sept. 1969	100.00
4 % Mysore	1958	5,51,62,000	15th July 1970	100.00
4 % Mysore	1959	5,48,46,000	19th Aug. 1971	98.00
4 % Mysore	1960	4,37,78,000	29th Aug. 1969	98.25
4½ % Mysore	1961	7,48,00,000	Sept. 1972	98.00
3 % M.P.	1948	2,03,29,000	15th Sept. 1964	98.50
4½ % M.P.	1951	1,02,18,100	17th Sept. 1962	100.00
4 % M.P.	1951	1,10,18,000	15th July 1967	98.40
4 % M.P.	1953	1,58,12,000	1st Sept. 1967	98.25
4 % M.P.	1953	1,58,42,000	3rd Sept. 1968	98.20
4 % M.P.	1958	2,31,35,000	15th July 1970	100.00
4 % M.P.	1959	5,28,25,000	19th Aug. 1971	98.00
4 % M.P.	1960	5,16,28,000	29th Aug. 1969	98.20
4½ % M.P.	1961	5,04,00,000	Sept. 1972	98.50
4 % Saurashtra	1953	3,45,39,000	1st Sept. 1967	98.50
4 % Saurashtra	1956	2,62,56,000	3rd Sept. 1968	98.35
4 % Kerala	1956	3,25,61,000	15th July 1963	99.50
4 % Kerala	1956	2,52,26,000	3rd Sept. 1968	98.25
4 % Kerala	1958	3,27,10,000	15th July 1970	100.00
4 % Kerala	1959	4,47,05,000	19th Aug. 1971	97.75
4 % Kerala	1960	4,00,00,000	29th Aug. 1969	98.10
4½ % Kerala	1961	4,04,00,000	Sept. 1972	99.50
2½ % U.P.E.A.	1952	44,36,95,000	..	43.50Z
3 % U.P.	1952	1,54,30,000	15th Sept. 1961-66	92.75
4 % U.P.	1951	1,62,99,000	17th Sept. 1962	99.75
4 % U.P.	1952	5,59,14,000	1st Aug. 1964	99.90
4 % U.P.	1953	5,58,25,000	15th July 1968	100.00
4 % U.P.	1955	9,10,71,000	1st Sept. 1967	98.35
4 % U.P.	1956	8,48,26,000	3rd Sept. 1968	98.30

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation
Rs.				Rs.
BOMBAY				
85,50,000	4	1904	1964	
35,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1968	97.00
40,00,000	4	1909	1970	
30,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
14,45,877	4	1912*	1960	D
80,00,000	4	1913	1974	97.00
88,25,000	4	1914	1975	97.00
10,00,000	4	1915*	1960	D
55,00,000	4	1915*	1975	
12,50,000	3½	1921*	1962	
1,50,00,000	3½	1922*	1962	
24,55,000	4	1925*	1976	
15,00,000	3½	1926*	1966	
1,00,00,000	3½	1941	1971	
CALCUTTA				
Rs.				Rs.
90,54,000	4	1914	1974	98.25
76,90,100	4	1915	1975	98.25
50,00,0000	3½†	1921	1981	83.00
68,02,8000	6‡	1921	1981	144.00N
60,00,000	3½	1931	1991	99.00
50,00,000	3½	1935	1995	99.00
25,00,000	3	1935	1958-68	98.00
50,00,000	3½	1945	2005	94.00
50,00,000	3	1945	1975	85.00
50,00,000	3	1946	1976	84.75
50,00,000	3	1946	2006	74.00
50,00,000	2½	1947	1977	79.50
50,00,000	3	1948	1978	83.75
50,00,000	3	1950	1980	85.00
50,00,000	3	1951	1981	81.75
50,00,000	3	1951	1991	99.75
50,00,000	3½	1953	1993	100.00
50,00,000	4	1953	1983	97.50
50,00,000	4	1953	1988	97.50
50,00,000	4	1955	1985	97.25
50,00,000	4	1955	1995	97.25
78,00,0000	4	1956	1986	97.25
2,60,00,000	4	1956	1986	97.25
1,57,50,000	4	1957	1987	99.50
1,57,00,000	4	1957	1987	99.50
4,75,00,000	4	1958	1988	99.50
3,80,00,000	4	1959	1989	99.00
JOALGUTTA				
10,00,000	5½	1922	1962	102.50N
91,91,000	5½	1923	1963	99.00
60,00,000	5	1936	1966	92.00
47,50,000	5	1938	1968	92.50
21,10,000	5	1938	1968	92.00
56,88,000	5	1951	1966	99.50
87,86,000	4	1954	1974	99.75
72,50,000	4½	1954	1979	100.00
2,22,72,000	4	1955	1985	100.50
72,86,000	4½	1958	1979	101.00Y
1,67,32,000	4	1958	1978	99.50
MADRAS				
Rs.				Rs.
25,48,275	3½	1947	1977	
9,58,000†	3	1947	1977	A
3,00,000†	3	1949	1979	
45,00,0001	4½	1954	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation
Rs.				Rs.
BOMBAY				
80,00,000	4	1902	1962	
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
50,00,000	4	1905	1965	
20,00,000	4	1906	1966	
15,00,000	4	1907	1967	
35,00,000	4	1908	1968	
35,00,000	4	1912	1972	
13,00,000	4	1913	1973	
40,00,000	5	1913	1973	97.50
25,00,000	4	1916	1976	N
40,00,000	5	1919	1957-79	118.90
50,00,000	5	1920	1958-80	
25,00,000	5	1926	1956-86	115.00N
25,00,000	4	1927	1961-70	98.00N
10,00,000	5	1946	1956	
STERLING LOANS				
£566,600		1909	1968	495.50
£858,600		1910	1970	495.50N
CALCUTTA				
Rs.				Rs.
50,00,000	4	1924	1964	99.25
35,00,000	5½	1925	1965	99.00
50,00,000	5	1926	1966	97.50
20,00,000	5	1928	1968	97.00
20,00,000	5	1928	1968-69	93.00
50,00,000	4	1932	1962	100.00
50,00,000	4½	1932	1962	99.50
50,00,000	4	1933	1963	99.00
50,00,000	4½	1958	1968	101.00
65,00,000	4½	1959	1974	99.75

MUNICIPAL LOANS

Rs.				Rs.
BOMBAY				
20,00,000	4	1918-19	1974	97.00
10,00,000	5	1920	1980	113.00N
1,75,00,000	5	1921	1977	98.00
2,13,14,500	3½	1949	1979	85.50
4,00,00,000	3½	1950	1965	96.00
2,00,00,000	3½	1952	1984	96.00
2,00,34,000	3½	1953	1988	96.00
1,80,00,000	4	1953	1983	99.00
92,13,00,000†	3	1953	1963	99.00
1,75,87,000†	3	1956	1986	99.00
2,60,00,000	4	1955	1967	99.00
1,57,50,000	4	1956	1968	99.00
4,75,00,000	4	1956	1970	99.50
3,80,00,000	4	1959	1971	98.00
CALCUTTA				
10,00,000	5½	1922	1962	102.50N
91,91,000	5½	1923	1963	99.00
60,00,000	5	1936	1966	92.00
47,50,000	5	1938	1968	92.50
21,10,000	5	1938	1968	92.00
56,88,000	5	1951	1966	99.50
87,86,000	4	1954	1974	99.75
72,50,000	4½	1954	1979	100.00
2,22,72,000	4	1955	1985	100.50
72,86,000	4½	1958	1979	101.00Y
1,67,32,000	4	1958	1978	99.50
MADRAS				
Rs.				Rs.
15,00,000	3½	1951	1961	107.00N
15,00,000	3½	1952	1962	107.00N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½% U.P.	1958	7,65,59,000	15th July 1970	100.00
4 % U.P.	1958	8,58,56,000	19th Aug. 1971	98.40
4 % U.P.	1960	7,79,16,000	29th Aug. 1969	98.25
4½% U.P.	1961	6,60,00,000	Sept. 1972	98.00
4 % Rajasthan	1956	2,14,19,000	3rd Sept. 1968	98.00
4 % Rajasthan	1958	2,79,58,000	15th July 1970	98.00
4 % Rajasthan	1959	3,84,19,000	19th Aug. 1971	98.00
4 % Rajasthan	1960	5,08,74,000	29th Aug. 1969	98.00
4½% Rajasthan	1961	4,40,00,000	Sept. 1972	98.50
4 % Orissa	1956	3,09,34,000	3rd Sept. 1968	98.25
4 % Orissa	1958	3,25,58,000	15th July 1970	100.00
4 % Orissa

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	65,16,166	1,52,12,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd.	879	Agarpara	10.31	10	0.25	0.50	1.00	0.25	3	Y.P.T.
6,00,000	16,40,000	77,47,320	49,41,324	2,22,048	McLeod & Co., Ltd.	456	Alexandra	240.00	100	10.00	15.00	44.00		12	Y.P.T.
80,00,000	5,42,950	1,41,02,373	1,01,60,589	1,16,925	McLeod & Co., Ltd.	1,264	Alliance	84.50	100	Nil	Nil	6.00		5	Y.P.
49,20,700	85,71,000	2,80,85,747	1,84,94,034	3,74,363	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	177.00	100	10.00	12.50	20.00	7.50	3	Y.P.
40,00,000	29,14,827	1,46,86,173	83,52,153	45,981	Bird & Co. Private Ltd.	810	Auckland	148.50xd	100	5.00	20.00	27.00	12.00	3	Y.P.T.
20,00,000	24,84,417	1,47,00,374	85,10,664	1,00,757	Birla Brothers Private Ltd.	959	Bally	230.00	100	6.00	10.00	25.00	25.00	3	Y.P.
£275,000	£803,023	£1,601,226	£1,065,825	—£92,399	Sir John H. Burder (Chairman)	1,889	Barnagore	119 00	£5	Nil	10sh.	£1.10sh		3	Y.P.
22,50,000	23,47,233	1,00,52,141	58,47,941	78,247	Andrew Yule & Co., Ltd.	820	Belvedere	141.00	100	7.50	13.50	5.00		12	Y.P.
45,00,000	26,91,700	70,48,057	40,86,203	1,33,355	Soorajmull Nagarmull	690	Bengal	10.00	10	0.50	0.50	0.50		6	Y.P.T.
91,26,000	3,08,27,513	8,17,03,760	2,90,00,714	1,83,905	Birla Brothers Private Ltd.	1,373	Birla	25.94	10	1.00	1.00	1.50	1.50	3	Y.P.
86,00,000	27,72,256	1,36,96,070	70,94,735	34,192	Andrew Yule & Co., Ltd.	991	Budge-Budge	122 00	100	5.00	15.00	10.00		10	Y.P.
6,00,000	4,000	45,02,280	35,10,243	—1,47,560	Dayaram & Sons	602	Calcutta Jute Mfg.	5.50N	10	Nil	Nil			12	Y.P.T.
12,00,000	29,05,059	92,72,655	5,10,612	6,22,941	M.	616	Caledonian	134 00	100	15.00	12.00	12.00		11	Y.P.
59,16,400	32,28,225	2,14,54,087	1,21,65,795	1,37,286	James Finlay & Co., Ltd.	600	Champdany	129 00	100	Nil	7.00	10.00	5.00	3	Y.
48,56,344	1,00,000	1,22,29,034	62,15,516	6,533	Andrew Yule & Co., Ltd.	1,131	Cheviot	14.00	10	0.50	1.25	Nil		3	Y.P.
30,15,000	39,53,900	1,20,98,261	66,66,975	39,326	McLeod & Co., Ltd.	500	Chitavalsah	10.56	10	1.25	1.50	0.50		7	Y.P.T.
24,00,000	9,00,000	82,12,030	61,31,208	—3,09,256	M.	969	Clive	9.87	10	Nil	Nil	Nil		3	Y.P.
31,49,200	14,68,891	1,10,14,690	69,67,313	9,805	Bird & Co. Private Ltd.	766	Dalhousie	88.50xd	100	Nil	Nil	1.00	1.00	3	Y.P.T.
28,00,000	41,85,474	97,98,897	51,23,570	15,632	Andrew Yule & Co., Ltd.	779	Delta	141.00	100	6.00	14.00	7.50		11	Y.P.
15,00,000	38,52,000	1,14,03,496	74,72,740	70,235	M.	500	Empire	15.50	10	1.00	1.25	1.25		7	Y.P.T.
63,00,000	81,72,382	3,02,83,987	1,90,83,987	72,383	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	270.00	100 Old	20.00	20.00	25.00	10.00		Y.P.
21,00,000	19,81,948	1,32,23,393	76,17,723	1,94,899	Bangur Bros., Ltd.	1,014	Fort William	29.00	10	1.50	1.50	2.25		3	Y.P.T.
£4,32,100	5,16,898	2,24,66,716	1,48,00,382	56,359	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	11.50	10	Nil	Nil	1.00		3	Y.P.
10,80,000	£4,36,266	98,03,727	53,00,178	14,067	M.	507	General Ind. Society Ltd.	35.00	10	2.00	4.00	4.00		12	Y.P.
24,00,000	71,85,723	2,74,15,455	1,81,06,760	82,035	Macneill & Barry Ltd.	1,394	Gourepore	381.00	100	20.00	25.00	30.00	25.00	3	Y.P.
40,00,000	31,60,553	1,33,64,414	75,47,196	2,85,590	Bangur Bros., Ltd.	1,078	Hastings	115.00xdN	100	5.00	6.00	6.00		3	Y.P.
16,80,000	25,26,234	83,48,980	49,80,777	88,329	J. & R. Hajee Hubbert Private Ltd.	750	Hooghly	13 50xd	10	Nil	0.60	1.00		3	Y.P.
66,62,500	40,04,054	2,24,82,710	1,35,84,809	72,382	Jardine Henderson Ltd.	1,940	Howrah	20.37	10	Nil	1.00	1.25		3	Y.P.T.
32,50,000	3,06,540	3,18,43,014	1,77,68,014	1,63,175	Ramdutt Ramkissendas	2,272	Hukumchand	18.12	7.50	1.50	1.50	2.15		3	Y.P.
£7,30,000	£1,78,965	1,74,80,629	1,00,24,543	4,84,235	M.	790	India	13.87	12.50	1.50	1.24	1.75		3	Y.
24,00,000 } *B'19,20,000	27,20,329	2,00,48,588	1,40,57,698	39,774	Jardine Henderson Ltd.	1,797	Kamarhatty	123 00	100	5.00	20.00	5.00		12	Y.P.T.
30,00,000 } *B'24,00,000	....	1,78,03,394	1,19,38,288	—14,78,469	Jardine Henderson Ltd.	1,527	Kankinarah	122.00 'B'100	'B'100	5.00	20.00	5.00		12	Y.P.T.
								57.00		Nil	Nil	Nil			
28,00,000	52,06,000	1,51,65,797	1,03,30,320	1,21,384	McLeod & Co., Ltd.	703	Kelvin	149 00	100	12.50	14.00'C'	15.00		5	Y.P.
54,00,000	23,62,091	2,16,16,451	1,32,38,733	74,405	Khardah Co. Ltd.	1,530	Khardah	17 12	10	0.50	2.00	2.00		3	Y.P.
59,85,600	47,39,756	2,07,21,456	1,33,78,784	62,406	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	144.00xd	100	5.00	10.00	20.00	7.00	3	Y.P.T.
24,48,000	6,04,572	1,08,23,825	71,08,446	—3,54,448	Bird & Co. Private Ltd.	931	Lansdowne	91.25	100	Nil	Nil	Nil	Nil	3	Y.P.
28,00,000	14,13,433	85,77,686	49,23,245	54,949	Bird & Co. Private Ltd.	840	Lawrence	168.00xd	100	Nil	2.00	15.00	15.00	3	Y.P.
31,65,200	24,62,931	2,70,91,429	1,55 68,005	56,999	M.	1,294	Megna	11 94	10	1.75	1.00	1.20		3	Y.
29,98,900	24,36,392	1,64,58,185	94,33,205	—11,60,635	M.	815	Naihati	63 00	100	Nil	Nil			3	Y.P.T.
20,00,000	11,82,440	36,57,072	27,63,449	3,215	Nankarpara Co. Private Ltd.	425	Nankarpara	9.94xd	10	0.25	0.375	0.60		10	Y.P.
35,00,000	52,63,706	1,08,02,939	25,02,498	41,329	M.	852	National	19.75	10	0.75	1.00	0.75		10	Y.P.
98,25,000	32,36,172	68,66,683	32,12,580	48,020	McLeod & Co., Ltd.	816	Nellimarla Jute	9.50	10	1.00	1.40	0.30		7	Y.P.T.
£5,63,370	2,60,72,050	9,66,78,551	1,71,73,801	Nil	Sahu Jain Ltd.	1,765	New Central	17 12	10	1.50	1.50'C'	1.50	1.50	3	Y.P.T.
16,79,880	51,93,617	1,30,21,348	77,30,582	32,274	Bird & Co. Private Ltd.	567	Northbrook	24.75xd	10	Nil	1.25	3.00	3.00	3	Y.P.T.
66,79,500	41,28,236	2,23,60,331	1,19,31,974	1,08,322	Macneill & Barry Ltd.	1,092	Nuddea	50 50	50	2.50	3.00	4.00	3.00	3	Y.
35,00,000	11,41,170	1,06,08,633	75,92,215	33,417	McLeod & Co., Ltd.	495	Oriental	4.62	5	0.37½	0.50	0.40		3	Y.T.
30,00,000	73,604	30,55,345	14,10,449	—9,71,488	Hindustan Investment Corpn. Ltd.	305	Rameshwara	6 75	10	Nil	Nil	Nil	Nil	3	Y.P.T.
49,50,000		1,24,88,157	67,33,074	—26,32,381	Jardine Henderson Ltd.	1,276	Reliance	5.31	10	Nil	Nil	Nil	Nil	3	Y.P.T.
£400,000	£490,065	£1,495,648	£850,162	£93,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	5%	10%†	6%†		12	Y.P.
90,00,000	19,67,300	1,24,50,559	91,65,688	99,510	Bagaria More & Co., Ltd.	911	Shree Ambica	22.69	10	0.50	0.50			3	Y.P.
14,00,000	13,85,050	75,14,526	54,32,384	21,730	Hindustan Investment Corpn. Ltd.	401	Soorah	20.37	10	1.50	2.50	2.50		12	Y.P.
£400,000	£455,555	£1,276,148	£743,019	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Thakurpukur	9.50N	£1	5%	10%†	6%†		12	Y.P.
35,98,500	37,94,655	99,18,767	55,10,023	8,900	Bird & Co. Private Ltd.	1,326	Union	153.00	100	15.00	20.00	25.00	6.00	3	Y.P.T.
£400,000	£579,822	£1,283,223	£611,723	£17,815	Thomas Duff & Co. (India) Pvt. Ltd.	1,331	Victoria	9.50N	£1	5%†	10%†	6%†		12	Y.P.
2,50,000	6,70,000	82,62,805	45,58,966	1,94,094	McLeod & Co., Ltd.	447	Waverley	3.78	1	Nil	0.25	0.30		3	Y.P.T.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
ASSAM															
4,48,700	14,06,731	23,91,108	9,41,163	....	McLeod & Co., Ltd.	325	Amlurkie	25.94	10	1.56	1.56	Nil		12	Y.P.
2,76,500	11,53,772	14,83,926	5,81,758	5,928	M.	456	Ananda (Assam) Tea	28.00	10	2.00	2.50	3.00		12	Y.
7,03,250	8,07,224	17,30,420	5,78,959	84,181	Gillanders Arbuthnot & Co., Ltd. ..	481	Ananda Bag	28 00xd	10	1.00	1.75	3.00		12	Y.
6,50,000	14,40,641	26,54,042	10,92,353	44,138	McLeod & Co., Ltd.	573	Bachmari	19.50	10	1.50	1.50	Nil		12	Y.
5,10,000	12,36,469	20,56,692	7,60,821	44,554	Andrew Yule & Co., Ltd.	377	Baanatia	29 25	0	2.00	3.00	3.50		12	Y.
4,95,900	8,14,790	17,10,901	10,50,829	56,445	National Tea Corporation	624	Bateli	19.06	5	1.50	1.50			12	Y.
6,40,000	11,06,212	18,50,200	6,49,463	74,551	Gillanders Arbuthnot & Co., Ltd. ..	621	Betjan	31.50xd	10	1.50	2.50	4.00		12	Y.
15,00,000	16,04,000	75,43,294	33,49,094	3,19,906	Williamson Magor & Co., Ltd. ..	3,425	Bhanpur	30.00	10	Nil	1.50	1.30		12	Y.
6,00,000	2,00,000	14,92,675	3,52,303	38,457	Octavius Steel & Co., Ltd.	479	Bokakhat	14 00	10	0.50	0.80			12	Y.
7,50,000	10,06,725	15,48,187	4,76,387	97,723	McLeod & Co., Ltd.	450	Bormah Jan Tea ..	17.12	10	0.75	1.25	1.50		12	Y.
15,00,000	17,26,071	94,38,743	84 17 209	2,53,994	M.	2,334	Brooke Bond B. ..	15.75	10	1.00	1.25	1.50		6	Y.
1,20,000	7,59,721	12,41,048	4,44,443	9,843	McLeod & Co., Ltd.	282	Dejoo Valley ..	49.00xd	10	3.00	4.00	1.50		12	Y.
8,40,000	4,91,000	9,66,930	4,73,164	—4,38,935	Jardine Henderson Ltd.	1,335	Dessai & Parbuttia ..	155 00	100	Nil	Nil	Nil		12	Y.
17,53,440	11,14,355	84,30,624	10,01,213	17,475	James Warren & Co., Ltd.	770	Dhelakhat	19.37	10	2.50	2.00	1.25		12	Y.
7,00,000	7,42,000	26,53,008	7,85,916	13,770	H. P. Dhanuka, Esq. (Chairman) ..	553	Dhunseri	15.00xd	10	2.00	2.30	2.00		12	Y.
4,50,000	7,05,164	19,45,644	12,17,748	1,25,994	Gillanders Arbuthnot & Co., Ltd. ..	1,107	Gairkhata	32.75	10	2.00	3.00	4.00		12	Y.P.
36,00,000	39 80,000	75 0 772	25,36 845	65,181	Duncan Bros. & Co., Ltd.	2,528	Hantapara	24.44xd	10	2.50	3.00	2.50		12	Y.
18,25,000	69,41,255	1,23,23,075	61,56,075	2,53,534	Duncan Bros. & Co., Ltd.	4,235	Hatimara Industries Ltd.	31.31	10	0.75	1.25	1.70		12	Y.P.
10,00,000	22,66,578	80,37,917	14,43,417	81,846	Davenport & Co., Ltd.	1,452	Huldibari	33.50	10	1.50	2.25	2.25		12	Y.
5,03,760	5,13,135	11,17,118	5,54,731	28,515	Andrew Yule & Co., Ltd.	607	Jaybirpara (Dooars)	16.12	10	Nil	0.50	1.00		12	Y.
9,00,000	10,71,000	26,70,061	8,40,541	58,999	Duncan Bros. & Co., Ltd.	937	Jhanzie	19 50	10	0.75	1.75	2.50		12	Y.
2,00,000	6,02,720	10,57,039	5,84,325	7,839	M.	578	Manabarrie	59 00 N	50	0.50	0.50	1.00		12	Y.
2,60,000	21,67,000	27,78,179	10,30,217	47,164	Duncan Bros. & Co., Ltd.	1,129	Nazaisuree	190.00	100	5.00	17.50	25.00		12	Y.
16,00,000	21,33,555	89,14,085	13,80 677	59,842	Andrew Yule & Co., Ltd.	1,163	New Dooars	47.11	10	2.50	3.00	3.50		12	Y.P.
2,50,000	1,00,000	2,31,928	1,45,325	17,432	Williamson Magor & Co., Ltd. ..	348	Nonkowa	127.00	100	Nil	Nil	Nil		12	Y.
9,00,000	10,03,327	16,80,827	7,85,596	—1,04,207	McLeod & Co., Ltd.	764	Rajabhat	14.50	10	Nil	Nil	Nil		12	Y.
7,45,000	16,29,050	30,80,024	16,04,375	36,524	McLeod & Co., Ltd.	1,035	Ranichera	0.75	10	0.75	1.00	1.50		12	Y.
14,92,800	29,25,229	68,49,982	57,58,041	14,335	Jardine Henderson Ltd.	1,763	Rydak	25.50	10	2.50	3.00	2.50		12	Y.
SYLHET															
8,00,000	17,95,000	10,31,473	3,08,065	1,17 672	Octavius Steel & Co., Ltd.	622	Chundecherra ..	19.50	10	Nil	Nil			12	Y.
2,00,000	12,50,551	10,15,594	2,85,687	52,059	Duncan Bros. & Co., Ltd.	610	Dasracherra ..	8.00	10	0.50	1.50	2.20		12	Y.
3,50,000	10,15,500	15,35,561	8,05,942	2,44,951	Shaw Wallace & Co., Ltd.	1,005	New Samanbag ..	20 50	10	Nil	Nil	2.50		12	Y.P.
35,00,000	71,34,911	1,21,45,844	52,31,245	2,23,145	Duncan Bros. & Co., Ltd.	4,173	Patrakola P. ..	85,77,153	100	10.00	20.00	40.00	32.50	12	Y.P.
9,00,000	24,94,827	21,46,811	7,54,903	23,715	Duncan Bros. & Co., Ltd.	1,190	Tellapara	105.00	100	12.50	17.50	22.50		12	Y.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
19,88,990	4,83,841	17,78,041	3,77,868	16,618	Young India Agencies Private Ltd. ..	579	Balanoor Tea and Rubber	14.50	10	1.75	1.50	1.50	1.20	3	Y.P.
13,00,000	18,91,207	79,01,776	13,65,987	2,83,908	Kothari & Sons (Agn.) Pvt. Ltd. ..	1,329	Blue Mountain	3.11	2	0.25	0.25	0.25		6	Y.
5,00,000	5,09,067	16,46,405	3,40,184	18,837	K. Anantaraman, Esq. (Mg. Director).	348	Chandramalai Estates Ltd.	2.70	2	0.24	0.24	0.20		6	Y.P.
14,00,160	14,45,952	27,57,060	3,85,841	43,655	Peirce, Leslie & Co., Ltd.	1,714	Chembra Peak Estates	3.70	2	0.20	0.30	0.40	0.40	6	Y.P.
5,66,428	12,20,975	28,20,475	1,95,657	82,888	Matheson Bosanquet & Co. Pvt. Ltd.	392	Coonoor Tea	26.97xd	10	2.00	2.00	1.75		3	Y.P.
4,80,000	5,19,389	13,74,321	2,42,244	2,310	Srinivas Agencies	661	Coorg Tea	5.57	2	0.40	0.40	0.40		3	Y.P.
6,00,000	4,81,310	12,81,923	3,09,201	856	P. G. Krishna Iyer, Esq. (Mg. Director)	852	Devashola (Nilgiri) Tea	1.00	10	2.50	2.50	2.00		12	Y.P.
6,74,650	3,31,040	11,60,946	2,46,302	13,226	Young India Agencies Private Ltd. ..	465	Devon Tea	13.76	10	1.75	1.50	1.50	1.20	3	Y.P.
5,00,000	1,26,500	4,04,217	55,263	2,027	Parkins Private Ltd.	198	Emerald Valley Estates ..	5.05	5	0.30	0.40			3	Y.
25,00,000	18,55,500	56,71,056	10,31,853	77,148	Parkins Private Ltd.	1,606	Halleybury	13.90	10	2.00	1.25'C'	1.50		12	Y.P.
6,00,000	8,86,159	15,77,488	3,94,129	59,573	Peirce, Leslie & Co., Ltd.	469	Kalasa Tea	5.75cd	2	0.25	0.30	0.40	0.50	3	Y.T.
17,17,076	12,12,245	33,15,743	5,71,179	15,500	Peirce, Leslie & Co., Ltd.	1,375	Kil Kotagiri Tea	4.80	2	0.30	0.70	0.80		10	Y.P.
6,00,000	2,14,972	12,57,080	1,15,811	579	Ipe Oommen & Co. Pvt. Ltd.	403	Kurchermala Plant. Ltd.	5.25cd	10	0.25	0.50	Nil		3	Y.P.
5,00,000	1,20,556	9,61,424	78,039	87,130	Matheson Bosanquet & Co. Pvt. Ltd.	267	Lucky Valley	11.65	10	1.00	1.00	1.00	0.40	3	Y.P.
3,50,000	7,000	3,48,587	18,739	....	Vasantha & Co. (Trichy) Pvt. Ltd. ..	255	Manar Estates Ltd.	2.63	2	0.24	0.10	0.20		3	Y.
6,00,000	6,18,500	14,43,367	3,15,782	1,740	Kapon Thomas, Esq. (Mg. Director) ..	560	Mamallay	85.50xd	25	3.75	5.00	8.75	8.50	3	Y.P.
36,00,000	£1,32,880	£1,96,144	14,03,382	5,225	A. V. Thomas & Co. (India) Ltd. ..	2,039	Neelamalai	4.40	5	0.37	0.37	0.37		3	Y.P.
12,00,000	6,37,638	27,51,687	5,74,549	5,856	A. V. Thomas & Co., Ltd.	1,648	Nellampathy	2.51	2	0.30	0.20	0.26		6	Y.P.
14,06,250	7,45,140	29,87,351	5,35,351	26,700	A. V. George & Co., Ltd.	1,628	Nilgiri Tea	10.70xd	10	0.60	0.50	0.80		3	Y.P.T.
25,10,000	9,22,309	32,15,349	3,63,585	35,375	Harrisons & Crosfield Ltd.	836	Nonsuch Tea	28.60	10	3.50	3.50			3	Y.T.
14,88,960	17,58,325	32,40,097	5,63,242	47,411	P. S. M. Molyneux, Esq. (Chairman).	579	Parkside	29.70	10	2.50	2.75	2.75		6	Y.
8,00,000	3,06,254	14,57,598	83,188	64,227	S. Sivaramakrishna Aiyar, Esq. ..	500	Peninsular Plantations Ltd.	22.00	10	1.50	2.00			2	Y.
17,00,000	11,57,787	43,52,475	15,91,846	37,065	Aspinwall & Co. (Travancore) Ltd. ..	1,564	Peermade	23.37cd	10	2.50	2.50	2.25	0.75	12	Y.P.
57,94,880	30,24,711	1,13,81,238	39,12,903	65,407	Peirce, Leslie & Co., Ltd.	3,718	Periakaramalai	3.66	2	0.20'C'	0.25	0.27	0.40	3	Y.P.
18,50,000	3,06,540	11,40,782	1,34,998	907	A. V. Thomas & Co. (India) Ltd. ..	865	Sheravoy Estates Ltd.	1.70	2	0.15	0.125	0.18		6	Y.
9,00,000	12,43,697	23,45,322	8,36,968	2,100	T. Stanes & Co., Ltd.	1,131	Stanes Amalgamated	16.62	10	0.80	1.50	1.70		3	Y.T.
1,25,000	15,000	1,98,241	7,968	4,289	M.	216	Swinton Estates	3.00cd	2	0.15	0.15	0.25		3	Y.
12,50,000	11,78,243	32,25,238	4,11,990	1,854	Srinivas Agencies	1,061	Talayar Tea	1.00cd	2	0.12	0.10	0.16	0.20	3	Y.P.
15,75,000	16,00,500	32,54,520	3,47,047	42,102	Parkins Private Ltd.	1,208	Tarai	11.75	10	1.50	1.50'C'	1.00		12	Y.
21,93,280	12,29,630	44,14,672	15,67,621	1,02,000	T. Stanes & Co., Ltd.	1,771	United Nilgiri	19.37	10	1.60	1.95	2.10		3	Y.
47,25,000	13,42,245	63,68,910	8,97,362	1,94,353	Kothari Mehta & Co. Pvt. Ltd. ..	997	Waterfall	2.95	2	0.25	0.25	0.25		6	Y.P.
1,00,000	53,757	3,51,001	89,991	889	Goodall & Co.	93	Woodcote Estates Ltd. ..	1.65	1	0.08	Nil	Nil		6	Y.P.
RUBBER AND OTHERS															
6,00,000	5,52,425	16,85,453	4,57,025	80,365	Ramani & Co. Pvt. Ltd.	878	Alageswar Estates Ltd.*	2.94xd	2	0.20	0.15	0.15	0.30	3	Y.
6,75,000	2,35,527	19,88,033	3,50,665	14,796	K. N. Neelakantan, Esq. (Mg. Director)	2,170	Amalgamated Coffee Estates Ltd.	11.55xd	10	0.60	0.75	1.00	1.00	3	Y.P.T.
2,50,000	5,92,085	14,26,924	1,56,520	30,006	A. V. George & Co., Ltd.	639	Anandam Rubber Co., Ltd. ..	13 80	10	1.00	1.00	1.50		3	Y.P.
12,07,838	2,28,040	20,59,620	2,38,207	84,372	Associated Planters Private Ltd. ..	1,343	Anaparai Estates Ltd. ..	3.70	2	0.70	0.50	0.40		6	Y.P.
4,25,000	4,50,000	8,61,867	1,01,113	23,299	Young India Agencies Pvt. Ltd. ..	610	Badra Coffee Estates Ltd. ..	3.89xd	2	0.35	0.35	0.30	0.30	6	Y.P.
4,00,000	1,63,748	7,34,367	1,10,833	2,438	A. V. Thomas & Co. (Mysore)	570	Bababudin Coffee & Produce ..	8.00	5	0.25	0.625	0.40		6	Y.P.
3,00,000	2,25,000	4,68,688	62,711	4,983	Planting Agencies (Private) Ltd. ..	374	Balmadies Plantations ..	2.03xd	2	0.25	0.15	0.15	0.10	6	Y.P.
8,66,115	3,36,253	13,50,384	13,674	674	T. K. Oommen, Esq. (Mg. Director).	1,135	Be Be Rubber Estates Ltd. ..	2.75cd	5	0.25	0.25			3	Y.P.
26,91,279	20,33,511	55,28,015	9,62,337	10,145	Peirce, Leslie & Co., Ltd.	2,203	Cochin Malabar	7.37	5	0.30'C'	0.45	0.525	0.60	3	Y.P.
22,50,000	31,10,963	53,64,309	13,19,304	92,379	Cons. Coffee Estates (Secretaries)	2,799	Coffee Lands and Industries ..	16.70	10	2.00	2.50	2.00		6	Y.P.
71,55,000	66,04,294	5,58,60,009	40,89,751	60,720	C. I. Machia, Esq. (Mg. Director)	8,169	Consolidated Coffee	20.10	10	2.00	2.50	2.00		6	Y.P.
6,00,000	5,09,735	14,95,390	98,989	2,116	Associated Planters Private Ltd. ..	1,439	Cottanad Plantations	10.65cd	10	1.50	1.50	1.00	1.00	3	Y.P.
4,98,560	2,00,000	3,12,508	76,968	27,670	Peirce, Leslie & Co., Ltd.	605	Cowcoody Estates (Coffee) ..	4.45	2	1.80	0.50	0.50		3	Y.
18,00,000	11,10,000	32,95,321	7,48,403	37,599	A. V. Thom

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
30,00,000	....	27,43,282	16,26,068	32,615	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	10.25	10	*Nil*	*Nil*	0.60		3	Y.
16,50,000	11,32,441	14,00,854	7,95,406	6,159	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.16	10	3.50	2.00	....		9	Y.P.
58,23,146	19 77 396	1,61 24 889	63,22 100	1,703	Bharat Ram Bharat & Co.	Bengal Potteries	7 00	2½	0.25	0.356	0.375		12	Y.
10,00,000	52,26,517	92,22,366	45,37,856	59,420	Bird & Co. Private Ltd. ..	Birla Stone Lime Co.	40.37	10	1.75	1.87	3.00	3.00	3	Y.
14,17,000	10,55,247	23,55,884	15 31 858	9,761	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd. ..	173 00	100	10.00	12.56	12.56		9	Y.P.
39,80 700	14,50,359	1,25,49 403	27,84,861	—5,54,452	Sarat Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	137 00	100	*Nil*	*Nil*	8.00		12	Y.P.
£1,371,300	£2 444.266	£3,614.146	£2,081.103	£118.750	Gillanders Arbuthnot & Co., Ltd. ..	Indian Copper Corporation	4.90	Sh. 2	0.24	0.36	0 36		12	Y.
₹4,00,000 } 0.15,00,000 }	26,84,000	45,04,655	13,23,593	2,65,452	Bird & Co. Private Ltd....	Karanpura Development	18.56	10	*Nil*	1.50	1 50 }		12	Y.
50,00,000	....	1,14,21,419	5,73,268	3,63 515	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	71.00	50	*Nil*	*Nil*	*Nil*		12	Y.P.
20,00,000	40,95,322	1,23,10,947	66,20,723	33,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	20.00N	10	1.25	1.50	1.50		12	Y.P.T.
50,00,000	10,43,352	1,16,80,530	59,85,620	14,41,622	M.	Metal Corporation of India Ltd. ..	10 94	10	*Nil*	*Nil*	*Nil*		3	Y.P.T.
6,00,000	5,26,433	13,40,693	7,63,285	7,276	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries ..	14·46xd	10	1.00*	1.00*	1 428		3	Y.
20,00,000	55,55,984	68,91,304	22,26,317	1,10,667	Bird & Co. Private Ltd.	Orissa Minerals	60 37	10	2.50	3.60	3.60		6	Y.
3,50 000	15,45,335	88,24,228	46,03,569	7,011	Ganpule Jasani & Co.	Parshurom Pottery Works Co. Ltd. ..	67.00	25	3.75	3.75	5.36		7	Y.
19,46,890	76,44,000	1,06,55,357	44,01,792	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	55.00	10	8.00*	5.00	8.00*		11	Y.
CHEMICAL														
12 11,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers.. ..	92.00	100	....	....	....		12	Y.P
85,80,000	58,58,600	2,37,87,674	78,23,566	1,17,073	Bhailal Amin & Sons (Private) Ltd.	Alembic Chemical Works Co.	242.50	100	12.00	16.00	14.00		12	Y.P.
3,10,00,000	1,57,00,278	6,04,78,062	1,28,50,512	1,28,819	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	88.62	10	0.80	0.95	1.20		9	Y.P.
79,90,475	58,90 045	1,04,54,605	28,87,780	18,054	Amar Dye-Chem. Ltd.	Amar Dye-Chem. Ltd.	293 75	100	*Nil*	12.00	12.00		12	Y.P.
29,89,400	34,11,676	1,63,91,667	58,70,391	42,183	Kasturbhai Lalbhai & Co.	Anil Starch Products Ltd.	740 00	100	20.00*	28.00*	30.00*		12	Y.P.
2 24 93 775	77 56 982	4 05 77 204	1,25 34,186	4,15,428	Lalbhai Sons & Co.	Atul Products Ltd.	543 50	100	10.00	12.00	12.00		12	Y.
50,68,000	68 84 606	1,50 85 951	77,12,533	1,80,717	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	102 60	100	6.00	7.00	7.00	10.00	3	Y.P.T.
1,00,00,000	23,71,461	1,06 12 335	15,44,229	80 077	Ramniwas R. Ruia, Esq. (Chairman)	Colour-Chem Ltd.	375.00	100	*Nil*	*Nil*	*Nil*	8.00	3	Y.
9,00,937	2,01,859	14,14,855	8,92,598	3,680	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	26.00	25	2.00	2.50	2.50		12	Y.
22,73,150	26 99,000	77,57,161	36,10,218	1,67,849	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd. ..	182 50	50	6.00	10.00	....		12	Y.
84,50,000	64,32 516	4,87,49,592	90,18,411	2,40,310	Sahu Bros. (Saurashtra) Private Ltd. ..	Dhranga dhra Chemicals	120 00	100	6.00	4.00(e)	*Nil*		3	Y.P.
8,46,56,075	38,17,000	6,56 26,587	3,06,35,610	26,13,156	M. K. E. Nayar, Esq. (Mg. Director) ..	F. A. C. T.	9 37	10	0.40	0.60	0.60		12	Y.
1,49,06,200	39,44,101	43 84 456	17,55,571	76,393	Mafatlal Gagalbhai & Sons	Indian Explosives Industries Ltd. ..	475.25	100	*Nil*	*Nil*	60.00	6.00	12	Y.
12,00 000	6,50,911	27,89,148	14,86,985	55,617	Jai H. Mehta	Kemp & Co.	202.50	200	15.00	20.00	25.00	25.00	3	Y.
80,00,000	24,37,965	1,56,17,773	81,56,950	15,829	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	14.45	10	0.87½	0.88	1.25 G	1.25	3	Y.P.T.
24,81,220	10,47,776	55,45,979	43,53,267	5,514	T. Shanmuna, Esq. (Chairman) ..	Mysore Chemicals and Fertilisers ..	10.90	10	0.50	0.50	1.00	1.00	3	Y.
8,00,000	4,55,261	12,57,687	6,70,322	1,45,072	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemical Mfg.	22.45	10	2.00	2.00	2.00 C	2.00	3	Y.P.
40,00,000	36,33 816	65 05 379	16 88 664	1,54,708	Ramdas Kilachand, Esq. (Chairman) ..	Polychem. Ltd.	190.00	50	*Nil*	8.00	5.50	7.50	3	Y.P.
12,50,000	9,25,174	22,75,588	20,63,157	206,216	Bangur Brothers Ltd.	Phosphate Co., Ltd.	390.00	100	25.00	45.00	35.00		6	Y.
15,00 000	14,09,787	24,40 280	15,05,655	98,501	C. A. Buxton	Smith Stanistreet & Co.	15.50	5	0.80 C	1.25	1.25		6	Y.P.
2,86,01,250	....	1,41,20,622	31,717	3,87,250	Tuticorin Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	195.50	100	....	....	....	*Nil*	3	Y.
1,29,95,990 } 1,31,91,270 }	42,17,119	5,89,52,588	2,06,73,886	14,509	Tata Industries Private Ltd.	Tata Chemicals	17.00	10New	0.03	0.618	0.60	2.00	6	Y.P.T.
13,00,000	2,92,249	21,75,764	7,74,281	56,348	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co., Ltd. ..	21.00	10	0.70	1.00	1.50	2.00	3	Y.P.
ELECTRIC (Bombay State)														
1,74,78,395	1,47,38,524	16,04,61,688	4,52,57,864	422	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	91.00	100	6.50	6.75	7.00	7.00	3	Y.
81,56,250	26,20,222	2,56,78,933	68,34,923	13,52,884	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	11·12	10	0.85	0.90	1.00*	0.90	3	Y.P.
1,02,77,000	1,01,95,442	11,73,06,745	2,80,17,570	80,342	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,085 00	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.T.
1,75,00,000	90,08,540	461 05 740	1,11,97,816	1,522	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	102 50	100	7.00	7.00	7.00	8.50	3	Y.
7,07,989	1,08,967	16,97,265	8,70,206	1,536	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Development ..	6 24	10	0.50	0.60	0.56		3	Y.
48,99,000	19,56,818	1,67,72,704	67,59,509	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	84·50xd	100	7.50	8.00	9.50		3	Y.P.T.
70,00,000	21,28,598	1,72,01,519	56,85,277	1,914	Killick Industries Ltd.	Surat Electricity	101.00	100	7.00	7.00	7.50	8.00	3	Y.
1,39,99,875	1,23,03,557	3,51,68,079	2,03,75,169	26,096	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	112 00	100	8.00*	8.00*	8.50*	8.00*	3	Y.P.
1,15,36,000	3,10,24,482	20,78,58,061	4,31,56,686	33,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,167 50	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.
West Bengal and Other Centres														
19,98,000	49,57,883	1,79,22,870	42,63,962	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	130.00	100	10.00	10.00	11.00	11.00	3	Y.T.
8,00,000	15,46,067	65,82,610	24,21,313	24,187	Martin Burn Ltd.	Bareilly Electric Supply	12 87	10	1.00	1.00	1.10	1.10	3	Y.T.
17,00,000	48,76,469	1,79,08,855	51,62,951	45,844	Martin Burn Ltd.	Benaras Electric Light & Power Co.	12·00xd	10	1.00	1.00	1.10	1.10	3	Y.T.
6,01 245	6 02 849	24 08 757	12 04 439	99,820	Octavius Steel & Co., Ltd.	Bhavajpur Electric Supply	7 25	5	0.40	0.40	0.54		3	Y.T.
66,102,646	29,457,172	235,05,54,958	£14,225,963	£124,555	Harry Treman, Esq. (Chairman) ..	Calcutta Electric Supply Co.	15 35	61	½%	½%	½%	7½%	3	Y.P.T.
6,60 000	6,78 78	31 55 781	10 81 558	76,888	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	8 50	10	0.65	0.75	0.75		3	Y.T.
42,20,000	27,18,468	1,05,87,869	40,08,012	4,06,119	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	98 00	100	7.00	7.50	10 00	10.00	3	Y.T.
2 24,834	1 24,834	14,16,788	14,37,094	2,947	Moonna Lall & Sons	Jhanzi Electric Supply	6.50N	10	0.624	0.62	0.70		3	Y.T.
22,49,700	23,00,194	1,12,04,249	42,93,573	32,593	Martin Burn Ltd.	Jubbulpore Electric Supply	11 50	10	0.72	0.96	1.00	1.00	3	Y.T.
5,82,196	4,62,585	37,46,515	13,93,795	46,204	Octavius Steel & Co., Ltd.	Mozaffarpore Electric Supply	11 06	10	1.00	1.00	1.25		3	Y.
44,07,382	40,44,806	1,41,85,980	66,06,370	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	11 00	10	0.75	0.75			3	Y.T.
9,10,000	2,37,911	12,80,524	5,84,792	5,270	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	8.61	10	0.50	0.50	0.625		3	Y.T.
16,80,000	14,98,612	80,57,155	46,54,591	11,620	Bird & Co. Private Ltd....	Sijuah (Jherriah) Elec. Supply Co. ..	9 25	10	0.62	0.75	1.00	0.90	3	Y.T.
69,99,960	29,97,966	2,22,90,594	74,37,782	9,393	Seshasayee Brothers Private Ltd. ..	South Madras Electricity Supply Corpn.	9 83	10	0.87	0.90	0 90 C	0.90	3	Y.T.
5,00,000	67,75,615	1,12,75,443	18,56,445	36,126	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	15 25	10	1.23	1.25	1.50	1.55	3	Y.T.
56,00,000	78,01,913	4,29,48,755	1,54,85,172	89,174	Martin Burn Ltd.	U. P. Electric Supply Co.	125 00	60	10.00	10.00	11.00	11.00	3	Y.T.
8,00,000	11,41,474	46,63,814	13,15,572	8,34,018	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	12·97xd	10	1.00	1.00	1.50	1.429	3	Y.P.
ENGINEERING (Bombay)														
23,42,298	50,53,624	75,37,402	61,01,878	46,109	Turner Morrison & Co. Private Ltd. ..	Alcock Ashdown & Co., Ltd.	331 00	100	12.50	17.00	17.00		12	Y.
19,90,060	8,10,174	21,70,025	8,07,662	19,184	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	86 00	80	8.00	4.00	5.50		12	Y.
45,20,000	52,93,268	1,40,18,591	....	75,198	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	189 00	100	10.00*	18.00*	18.00* C	18.00	6	Y.
60,00,000	1,26,55,697	1,87,67,991	20,49 385	50,917	Dharamsinh & Co.	Hindustan Electric Co., Ltd.	177 00	100	7.50	10.00	12.00		4	Y.
89,99,900	84 82,780	2,25,73,862	1 37 51,802	70,946	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	178.00	100	9.00	13.00	13.00 C		4	Y.P.T.
6,00,000	4,57,222	2,05,518	1,88,853	4,607	T. V. Raddeley, Esq. (Chairman) ..	Josts Engineering	101 00	50	5.00	5.00	4.00	5.00	3	Y.
40,00,000	14,71,674	65,38,980	22,16,225	15,000	Adnees Services	Jyoti Ltd.	180 50	100	10.00	12.00	12.00		3	Y.
44,96,250	3,67,891	68,03,733	31,56,348	3,381	Kamani Bros. Private Ltd.	Kamani Engineering Corporation ..	15 36	10	0.50	0.775	0.80		12	Y.P.
42,96,025	78,89,648	1 21 65,928	68,66,471	11,866	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	48.50	25	0.25	0.80	0.25		7	Y.
87,50,447	49,67,710	1,14,26,696	58,15,386	58,460	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	34 75	10	1.00	1.00	1.45	1.60	3	Y.
15,00,000	4,58,946	25,18,944	6,77,694	5,683	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd. ..	253 75	100	....	....	*Nil*	12.50	3	Y.P.
1,10,00,000	36,76,765	1,21,61,532	37,43,210	98,845	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	88.75	10	1 25	1 25	1.80 C	1.80	3	Y.
58,81,207 } 13,10,187 }	1,23,036	1,03,47,668	23,93,821	—2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)	Lakshmiratan Eng.	3.36	5	*Nil*	*Nil*	*Nil*		9	Y.P.
							—	10	....	....	....			
14,15,040 } 22,52,480 }	....	15,04,175	....	....	B. L. Kucheria, Esq (Chairman) ..	Lynx Machinery	4.62	5	....	....	....			Y.
1,22,70,000	43,57,083	1,59,29,038	46,47,975	1,10,709	M.	Mahindra & Mahindra Ltd.	18 88	10	2.20	1.25	1.25		10	Y.P.
20,00,000	76,422	46,82,025	16,73,677	40,424	Prithivraj Sons	Man Industria l Corporation Ltd. ..	125.00	100	*Nil*	*Nil*	*Nil*		3	Y.P.
11 68,068	1,72,141	61,37,761	23,55,495	2,771	V. Jinaraja, Esq. (Mg. Director)..	Mekelries	123.00	100	*Nil*	*Nil*	10.00		7	Y.
61,42,910	57,00,000	1,38,14,415	50,43,402	....	Jeewan Private Ltd.	Mukand Iron & Steel	28.00	10	1.50	1.50	1.50	1.20	3	Y.P.
25,00,000 } 14,99,250 }	40,76,797	1,06,26 418	31,58,671	6,625	Kirloskar Associates	Mysore Kirloskar	172.50	100	7.50	12.00	12.00		6	Y.
61,42,113	10,29,020	16,01,002	5,77,595	11,032	Navin, Kumar, Hansraj (Private) Ltd.	....	76.00	100 New	4.50	6.00	12 00		3	Y.
22,27,700 } 27,72,300 }	9,89,193	92,80 855	20,73,762	17,033	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	191.00	50 { 100	....	9.00	12 00	9.00	3	Y.P.
22,50,000	1,46,82,085	9,86,956	1,76,989	12,839	Walchand & Co. Private Ltd.	Premier Construction	192 50	80	12.00	15.00	15 50		12	Y.P.
29,98,100	41,01,156	1,02,88,025	42,88,746	12,134	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd. ..	167.75	100	10.00	17.00	12.00		6	Y.P.
27,85,12,850	27 06 74 572	1,85,51,78 192	68 76 73 212	84 084	Tata Industries Private Ltd.	Tata iron and Steel	144.25	75 Old	9 25	6.80	9 72 C	10.36*	3	Y.P.T.
7,99,99,200	2,35,07,405	24,51,72,020	11 17 31,117	2,47,359	Tata Industries Private Ltd.	Tata Locomotive	355 00	100	9.00	10.00	12.50	14.50	3	Y.P.
10,00,000	3,35,000	29,97,720	8,10,644	17,016	T. Manekial & Co., ...	Volkas Ltd.	575.00	100	10.00	14.00	16.50		6	Y.
3,25,00,000	71,76,426	1,07,45,948	24,85,557	4,24,809	S. K. Handoo, Esq. (Mg. Director)	Zenith Steel Pipes Ltd.	800.00	100	9.00	18.00	18.00		3	Y.
17,50,000	....	....	....	....	M	....	11.88	10	....	....	....		6	Y.P.
West Bengal and Other Centres														
8,00,000	1,06,470	26,89,661	16,48,876	1,80,882	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	14.06	10	*Nil*	*Nil*	....		10	Y.P.T.
50,00,000	20 61,221	1,01 45,489	65,72,025	496	M.	Bharitia Electric Steel	10.50	10	1.25	1.50	1.00		12	Y.
58,58,790	30 61,182	88 99 182	16 49,459	2,84,448	T. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd.	89 00	10	1.25	2.50	2.50		12	Y.
15,00,000	35,52,754	88,57,611	54,73,993	1,87,990	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	55.25xd	10	2.00*B	3.00	3.00		12	Y.T.
19,86,670	7,04,841	39,97,530	14,03,686	32,996	Holmes Wilson & Co., Ltd.	Britannia Building and Iron	4 94	10	0.50	0.60			3	Y.T.
50,00,000	44,53,365	1,21,00,350	55,16,894	1,88,352	McLeod & Co., Ltd.	Britannia Engineering	14 25	10	0.80	1.00	1.00		12	Y.P.T.
5,00,000	11,27,857	16 12,140	16 10 502	61,788	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	33.00	10	2.00	2.50	4 50		3	Y.
24,00,000	2,55,55 859	5,20 79 050	3,25 00 340	1,21,244	Martin Burn Ltd.	Burn & Co.	520.00	100	20.00	28.50	28 50	28.50	4	Y.T.
1,60,00,000	11,36,232	50,39,949	6,63,024	1,03,056	M.	Calcutta Steel Co., Ltd.	16 06	10	2.00	2.40	1.60 C	1.60	12	Y.
1,00,00,000	13,35,455	1,89,55,140	10,10,000	5,17,174	R. L. Makharia, Esq.	Central India Machinery Mfg. Co. Ltd.	10 00N	*Nil*	*Nil*	*Nil*	*Nil*		3	Y.P.T.
40,00,000	4,50,000	1,12,17,838	17,70,930	4,142	J. Jaimala, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	11 00	10	*Nil*	*Nil*	1.00		9	Y.
4,00,00,000	6,53,05,809	2,27,20,621	2,52,46,302	....	M. L. Williams (Mg. Director)	Guest, Keen, Williams Ltd.	25 25	10	2.00	2.40	1.60 C		12	Y.
12,50,000	23,59,177	1,89,52,140	10,10,000	5,17,174	Martin Burn Ltd.	Bourdoky Dockling	110 00	10	2.00	2.50	4 50		3	Y.P.
12,44,08,990	24,25,37,622	81,16,58,664	17,34,44,348	16,41,011	Martin Burn Ltd.	Indian Iron and Steel	24·44xd	10	1.00 C	1.00	1.50	1.60	3	Y.P.
29,68,075	67,87,984	1,21,14,677	76,23,093	53,466	Martin Burn Ltd.	Indian Standard Wagon	95 00	25	5.00	5.00	7.125	7.125	3	Y.P.
96,55,190 } 2,52,04,628 }	2,52,04,628	2,22,95,659	1,52,64,926	10,91,465	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	45 50cd 14 00	0.1	4.00 0.40	4.00 0.16	2 50 0.28		3	Y.
29,78,840	2,50,222	22,78,943	15,88,841	2,077	C. R. Srinivasan, Esq. (Chairman) ..	Indian Steel Rolling Mills Ltd.	10.70xd	10	0.70	0.70	0.501		12	Y.P.
1,07,48,738	90,04,293	4,34,56,950	1,59,45,698	7,173	Madan Mohanlall Shriram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	27.75	10	1.20	1.20	1.715	1.715	3	Y.P.T.
20,00,000	39,00,500	77,83,732	17,92,011	91,460	J. K. Industries Private Ltd.	J. K. Steel Private Ltd.	21 12	10	1.25	1.25	2.00		6	Y.P.
2,08,97,000	1,47,98,416	8,18,81,991	1,02,58,790	57,411	B. P. Singh Roy, Esq. (Chairman) ..	Jessop & Co. Ltd.	20 06	10	0.60	0.858	0.85 C		11	Y.P.
27,57,500	42,25,368	95,25,077	38,24,562	87,543	Bird & Co. Private Ltd....	Kumardhubi Engineering Works ..	6 81	5	0.30	0.30 C	0 30		11	Y.P.
10,50,000	10,86,336	19,41,579	15,38,707	—8,26,589	Marshalls (Direction) Private Ltd. ..	Marshall Sons & Co. (India), Ltd. ..	4.12	2	0.40	0.20	*Nil*		3	Y.P.
44,00,000	15,58,358	1,44,54,142	56,32,008	—7,05,889	....	National Iron & Steel Co., Ltd. ..	5 69	10	0 62	0.75	*Nil*	*Nil*	3	Y.P.
40,00,000	24,06,943	76,55,140	24,16,313	4,50,183	S. R. Ind. Development Co., Ltd. ..	Richardson & Cruddas Ltd.	8.19N	10	*Nil*	*Nil*	....		3	Y.P.
8,00,000	18 16 099	31,20,671	20 15 012	15,603	The British India Corpn. Ltd.	Saran Engineering Co.	7.87	4	0.40	0.25	0.35	0.40	3	Y.P.
1,56,00,000	56,57,153	4,86,97,471	2,18,21,161	58,787	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd.	18.52	10	1.50	2.00	1.00		12	Y.P.
18,84,400	14,97,780	69,49,003	26,50,291	4,566	Balasundaram & Co.	Textool Co., Ltd.	176.00	100	12.00	15.00	15.00		4	Y.
INSURANCE (X)														
12,00,000	45,59,970	1,75,12,227	....	57,888	N. M. Cole, Esq. (Mg. Director) ..	Concord of India	10.37	5	1.00	1.00	1.00		12	Y.
8,00,000	11,66,198	28,43,080	....	66,390	M.	Devkaran Nanjee Insurance	26 50	50	2.00	2.00	2.00		12	Y.
17,50,000	74 62,883	1,24,62,160	....	3,76,752	K. K. Srinivasan, Esq. (Mg. Director)	Hercules Insurance	24 25	10	2.00	2.00	2.25		12	Y.
12,50,000	42,46,147	98,46,602	....	4,21,318†	K. M. D. Thackersey, Esq. (Chairman).	Indian Mercantile Insurance	53 50	40	3.75	5.85	6.00		12	Y.
12,00,000	71,07,731	1,89,36,880	....	36,736	M. G. Mody, Esq. (General Manager)	New Great Insurance	20 60	20	2.00	2.50	2.50		12	Y.
1,00,00,000	3,97,62,807	10,02,32,008	....	80,99,455	B. K. Shah, Esq. (Mg. Director) ..	New India Assurance Co., Ltd.	60 20	15	4.00	5.70*	5.70		12	Y.
15,00,000	40,70,395	1,05,96,078	....	80,221	V. C. Setalvad, Esq. (Gen. Manager)	Ruby General Insurance Co., Ltd. ..	62 00	15New	4.00	5.70*	5.70		12	Y.
17,50,000	69,07,999	1,10,95,527	....	2,25,941	Sir John Brown (Mg. Director) ..	Triton Insurance	8 12	6	0.62	0.80	0.80		12	Y.
11,06,000	1,10,58,561	2,41,22,000	....	1,00,075	K. P. Modi, Esq. (Gen. Manager) ..	Vulcan Insurance Co., Ltd. .. ..

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
						UNCLASSIFIED (Other Centres)								
68,56,000	2,17,59,602	4,00,13,820	1,14,17,317	1,33,107	J. K. Industries Private Ltd. ..	*Aluminium Corporation of India Ltd.* ..	15.62xd	10	0.90	1.00	1.20	1.20	3	Y.P.
1,00,00,000	47,93,750	1,51,27,464	66,45,037	3,01,680	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd. ..	23.50	10	1.25	1.25	1.80	0.90	3	Y.
99,00,000	37,04,326	37,09,127	28,34,530	2,22,752	Turner Morrison & Co. Private Ltd. ..	Angelo Bros., Ltd.	23.25	10	1.50	2.00	2.50*		3	Y.
1,02,87,870	86,35,471	2,86,28,267	86,85,258	12,525	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	9.00	5	0.30	0.40	0.40		12	Y.
80,00,000	27,89,563	.. ..	23,39,455	1,42,995	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	25.12	10	1.25*	1.80	1.80		12	Y.
1,18,00,000	80,75,137	93,46,980	48,90,447	8,73,110	H. R. Crereson, Esq. (Mg. Director) ..	Associated Battery Makers (E) Ltd. A.	36.44	10	2.40	4.00	2.50		3	
20,00,000	39,46,521	1,09,70,996	44,86,334	1,55,433	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India ..	5.00N	10	0.60	*Nil*	*Nil*		3	Y.P.F.
80,01,400	98,40,909	79,91,396	41,74,584	5,75,402	G. D. Wilson, Esq. (Chairman).. ..	Balmer Lawrie & Co., Ltd. ..	274.00	100	20.00	25.00	25.00		12	Y.
12,00,000	25,38,076	37,24,157	31,31,357	1,88,199	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd. ..	44.50	10	2.50	4.50	4.00		12	Y.
20,00,000	7,81,688	64,37,324‡‡	.. ..	56,711	Lovelock & Lewis	Birla Investment Ltd.	13.12	10	0.70	1.10	0.95		9	Y.F.
45,97,750	72,69,286	1,48,96,574	69,07,677	2,84,279	K. Julian Scott, Esq. (Mg. Director) ..	Britannia Biscuits	58.75	10	1.20	1.40	2.50	3.00*	3	Y.F.
1,25,00,000	1,85,44,212	3,00,84,669	2,32,94,496	3,34,006	H. S. Chaturvedi, Esq. (Mg. Director)..	British India Corporation Ltd. ..	9.64	5	*Nil*	*Nil*	0.20		12	Y.P.
28,36,540	30,89,609	42,37,317	22,12,125	20,721	A. V. Niblett, Esq. (Mg. Director) ..	British Paints (India) Ltd. ..	27.00	10	1.00	1.00	1.25		12	Y.
35,80,000	14,76,849	1,88,75,787‡‡	.. ..	2,52,457	Andrew Yule & Co., Ltd.	Clive Row Investment	8.06	10	0.75	0.83‡	0.80		12	Y.
5,95,000	10,00,000	10,04,209	28,47,106	8,600	M.	Delhi Flour Mills Co., Ltd. ..	15.00	10	1.00	1.00	1.00		10	Y.P.F.
1,00,00,000	5,06,87,500	10,39,79,436	4,01,20,270	25,12,555	John Luckham, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	68.87	10	1.00	2.15	2.15		12	Y.P.F.
30,00,500	1,12,80,000	31,00,870	21,74,584	4,25,721	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd. ..	153.00	100	10.00	14.00	14.00		12	Y.
27,27,165	1,20,49,863	59,73,067	23,80,820	26,402	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	34.62	5	0.75	0.80	1.25		3	Y.
51,26,000	59,19,702	1,63,50,496‡‡	.. ..	3,49,002	Bird & Co. Private Ltd.	Eastern Investment Ltd.	140.00	100	9.00	14.00	14.00		12	Y.
12,12,250	....	4,92,055	6,366	33,611	M.	East Anglia Plastics (India) Ltd.	17.00	10					1	Y.P.
24,86,776	4,87,249	31,44,006	12,32,911	4,115	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	11.75	10	*Nil*	0.50	0.50		12	Y.P.
56,00,000	22,27,852	49,28,966	9,79,166	2,477	Harnarabad & Co. Pvt. Ltd.	Escorts Ltd.	24.69	10	1.00	1.00	1.60		12	Y.
48,00,137	77,72,310	95,23,776	52,30,250	4,07,338	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd. ..	22.12	12.50	1.50	1.50			9	Y.P.
14,00,000	14,48,121	37,86,175	22,63,496	70,052	Macneill & Barry Ltd.	Gangen Rope Co., Ltd.	236.50	100	15.00	17.00	17.50		3	Y.
7,80,000	4,20,000	1,21,085	43,831	5,551	Ganu & Co.	General Papers Ltd.	10.65xd	10	1.25	1.25			3	Y.P.F.
68,00,000	98,24,200	30,57,755	15,91,667	1,71,222	P. E. G. Woodbine Parish, Esq. ..	Gillanders Arbuthnot & Co., Ltd.	13.69	10	1.00	1.00	1.00		3	Y.P.
40,00,000	5,06,560	78,33,840	44,34,526	18,37,710	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd. ..	37.50	10	2.00	2.60	4.00		12	Y.P.
39,96,000	18,10,950	68,66,435	43,29,553	21,292	H. P. R. Syndicate	Great Eastern Hotel	235.00	100	15.00	15.00	22.50		3	Y.F.
1,98,13,350	1,35,51,450	8,88,47,887	8,84,91,947	2,75,852	Birla Brothers Private Ltd.	Hindustan Motors	19.20	10	*Nil*	0.50	0.90	1.20	3	Y.
80,00,800	16,64,523	99,48,437	33,67,174	1,31,125	Lalukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass ..	24.94	10	0.60	1.20			10	Y.
14,30,000	....	1,00,469	....	....	Ramparsad Muridhar & Co. ..	Hindustan Twyfords Ltd.	16.00	10	..	..	..	*Nil*	3	Y.P.
16,00,000	9,75,09,562	11,57,27,807	3,27,09,953	28,96,288	*Mr. F. A. Collett (Chairman)* ..	*Imperial Tobacco Co. of India Ltd.*	*11.87*	*10*	*0.70*	*0.60*	*0.80*	*0.90*	3	Y.
95,97,480	2,49,73,920	9,70,03,589	3,53,95,736	49,90,524	K. C. Mahindra, Esq. (Chairman) ..	Indian Aluminium Co., Ltd. ..	85.25	10	0.70	1.20	1.50		12	Y.
35,77,700	2,29,18,801	3,17,93,518	1,54,14,958	49,72,642	Sir John Bruce, C.A. (Chairman) ..	Indian Cables	47.50	10	1.50*	2.00	2.25	2.25	3	Y.P.
60,00,000	1,28,81,493	5,99,68,652	2,48,66,248	13,78,431	Amiya Kumar Sen, Esq. (Mg. Director)	Indian Oxygen Ltd.	88.75	10	1.00	1.50	1.50	*Nil*	3	Y.P.F.
29,25,375	1,06,104	54,59,157	21,21,520	3,833	M.	Indian Plastics Ltd.	9.56	10	*Nil*	*Nil*	*Nil*		3	Y.P.
5,67,970	7,54,870	19,61,878	11,61,643	1,82,666	M.	Indian Rubber Manufacturers ..	17.00	10	1.00	1.50	2.00		3	Y.P.
68,08,920	....	86,01,515	1,37,698	—3,39,700	Duncan Brothers & Co., Ltd. ..	Isaac Holdens (India) Ltd. ..	19 44	10	..	..	*Nil*	7.00	12	Y.
40,00,000	74,12,017	43,77,076	17,14,757	5,09,716	*Sir John Brown, C.A. (Chairman)*	Jardine Henderson	60.00xd	100	2.50	5.00	7.00		3	Y.P.
15,00,000	12,02,065	18,79,279	13,27,977	17,282	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd.	10 19	10	2.50	2.00	1.00		3	Y.P.
46,96,350	1,19,32,546	82,41,470	18,18,524	2,60,389	T. Leslie Martin, Esq. (Mg. Director).	Martin Burn Ltd.	28.50	10	2.12*	2.75	2.75		3	Y.P.
15,00,000	8,60,000	23,46,291	3,49,181	14,953	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	32.25	10	2.00	3.00	3.00		12	Y.
3,00,00000.	76,79,891	31,98,009	13,63,603	2,18,917	M.	McLeod & Co.	214.00	O. 100	12.50	15.00	16.00		12	Y.F.
40,00,000	....	....	....	....	....	....	....	D.O.	0.75	1.00	1.00		....	....
20,00,000	1,82,75,151	3,61,57,826	1,40,23,040	22,85,573	K. C. Mahindra, Esq. (Chairman) ..	Metal Box Co. of India Ltd. ..	54 31	10	1.75	1.75	2.50	2.50	3	Y.
20,00,000	7,90,391	16,41,284	7,30,760	2,562	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electrical Industries Ltd.	212.00	100	11.00	15.00	24.00	20.00	3	Y.
6,56,250	9,18,696	12,19,354	6,85,650	3,471	Mr. J. L. D'Sa (Chairman)	Mysore Lamp Works	27.50xd	10	1.50	1.50			3	Y.P.
10,00,000	3,16,884	17,88,367	10,32,038	822	M. Mallaraj Urs (Mg. Director) ..	Mysore Tobacco	9.43	10	1.25	1.25*	1.00		3	Y.
90,00,000	1,90,09,142	1,59,45,356	57,75,561	50,220	Associated Ind. Dev. Co. (P'vt.) Ltd.	National Industrial Cable Co. ..	37.25xd	10	2.00	2.00	2.50	2.50	3	Y.F.
30,00,000	38,51,660	50,44,201	26,96,282	42,880	Do.	National Pipes & Tubes Co., Ltd.	27 75	10	1.25	1.50	2.00		3	Y.F.
40,00,000	36,76,100	81,69,908	41,41,925	39,258	Do.	National Rolling & Steel Ropes ..	21 75	10	1.00	1.00	1.30	1.50	3	Y.
49,99,057	12,38,074	1,05,88,558	39,58,256	40,085	K. N. Mookerjee, Esq. (Mg. Director)	National Tobacco Manufacturers Ltd.	14 31	10	0.60	0.85	*Nil*		12	Y.
79,97,000	1,77,55,035	1,50,46,984	81,18,295	9,35,725	*R. N. Elias & Co. Private Ltd.*	*National Tobacco Co.*	*16.00*	*10*	1.10	1.50	1.50		12	Y.F.
28,82,100	11,02,391	40,65,244‡‡	.. ..	45,497	Ramdutt Ramkissendas.	New India Investment Corpn. Ltd.	44.00	75	8.75	6.50			12	Y.
10,00,000	7,02,000	15,17,555	7,24,601	1,81,361	Parry & Co., Ltd.	Parrys Confectionery Ltd.	9.20	1	0.20	0.20	0.30	0.20	3	Y.
20,00,000	56,08,958	2,16,04,776	66,69,501	63,622	P. C. Vink, Esq. (Mg. Director) ..	Phillips India Ltd.	84.00	10	0.85	1.20	1.20		12	Y.
2,50,000	....	4,38,081	....	—1,76,940	Duncan Brothers & Co., Ltd. ..	Phillips Carbon	20.00	5	..	..	..	*Nil*	3	Y.
15,00,000	1,09,431	5,89,781	2,90,184	2,558	V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	2.56	5	0.375	.. ..	..		3	Y.
24,89,344	7,27,450	88,37,051	21,69,505	21,649	T. Shamanna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd.	28 60xd	10	1.00	1.60	2.50		3	Y.
75,00,000	6,59,014	70,38,972	33,98,169	4,49,407	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	152 50	100	*Nil*	*Nil*	4.00		3	Y.P.
4,98,80,900	2,54,00,013	15,98,36,561	6,76,38,055	3,66,527	Balin Lall Ltd.	Rohtas Industries	16 56	10	1.50	1.50	2.00	1.00	3	Y.P.F.
79,00,000	55,67,726	2,76,12,629	72,19,861	1,17,247	K. D. Gangull, Esq.	Sen-Raleigh Industries	22 25	10	0.60	0.80	0.80		9	Y.P.
75,00,000	56,68,000	1,37,90,319	57,63,411	5,13,508	S. M. Smith, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	23.12	10	1.00	1.50	1.50		12	Y.P.
40,00,000	91,28,201	78,19,485	31,53,019	7,55,863	G. W. Forbes, Esq.	Spencer & Co., Ltd.	33.75	10	1.00	1.50	1.50		6	Y.P.
47,00,000	24,40,000	1,35,54,029	29,73,778‡‡	2,974	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products	16.25	10	0.75	0.90	0.90		12	Y.P.
15,00,000	96,24,802	1,18,49,118	28,52,182	58,431	J. K. Agents Private Ltd.	Straw Products Ltd. B.	9 06	10	1.25	1.50	1.50		12	Y.
22,89,570	14,32,008	1,14,76,453	58,95,694	14,12,647	M. N. Dalal, Esq. (Chairman) ..	Tractors (India) Ltd.	33.00	10	0.25	0.50	3.00		6	Y.
9,98,980	80,000	16,98,410	7,47,136	3,288	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	6 20	10	0.40	0.60	0.60		12	Y.
11,56,800	18,46,653	14,00,738	7,70,662	91,515	E. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	31.50xd	10	2.00	2.75	3.25*	1.50	9	Y.
2,49,25,000	1,25,10,010	5,46,56,561	69,94,707	8,04,545	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd. ..	267.00	100	10.00	10.00	10.00		3	Y.
30,58,950	29,586	68,68,938	17,66,588	56,808	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd. ..	8.37	10	*Nil*	*Nil*			9	Y.
2,80,00,000	1,87,45,506	6,04,41,004	1,15,68,857	....	J. R. Galloway, Esq. (Mg. Director) ..	Union Carbide India Ltd.	51.25	10	1.40	1.80	1.80		12	Y.
30,00,000	50,00,000	19,50,050	53,924	53,924	Vittal Mallya, Esq. (Chairman).. ..	United Breweries	106.50xd	10	6.00	6.00	6.00	6.00	3	Y.
5,00,000	6,60,191	8,85,222	5,98,831	28,594	Shaw Wallace & Co., Ltd.	*United Flour Mills Ltd.*	32 50	10	3.75	5.25	3.50		11	Y.
81,46,200	27,60,459	1,02,78,923	35,59,149	6,884	A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd. ..	205.00	100	19.00	10.00	10.00	12.00	3	Y.P.
						TRANSPORT								
20,00,000	98,17,850	1,23,16,209	21,49,792	33,022	Andrew Yule & Co., Ltd. ..	Bengal-Assam Steamship Co.	115.00	100	6.00	8.00	7.50		10	Y.P.
1,00,00,000	61,32,793	4,35,99,781	2,33,57,012	—33,10,559	Dinshaw (Private) Ltd.	Bharat Line	4.76	10	1.20*	*Nil*	*Nil*		12	Y.
60,00,000	2,17,74,568	5,51,90,181	2,15,53,555	1,82,018	A. E. Shiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	18.80	10	1.50	1.50	1.00		6	Y.P.
2,65,85,500	51,52,443	52,51,271	23,53,391	—23,866	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co.	6.24	5(New)	0.90	0.525	0.50			
3,47,50,000	2,46,51,885	7,76,87,811	5,76,59,813	—41,04,534	Lionel Edwards (Private) Ltd.	India Steamship Co.	67.00	£10	*Nil*	*Nil*			12	Y.F.
1,28,19,293	11,92,85,989	35,02,81,220	9,88,12,870	—16,13,456	D. M. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co. ..	7.75xd	20	1.00	1.00	1.00	*Nil*	3	Y.Y.
0,8,40,800 }	24,07,422	13,85,507	9,51,870	1,60,969	R. R. Aiyer Esq. (Manager) ..	Walford Transport Ltd.	12.64	20	1.20	1.80	0.60		6	Y.Y.
P.0,8,10,200 }							3.81	O. 1	0.14	0.20	0.30		12	Y.
							2.25	F.O. 1	0.13	0.15	0.20			

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Ordinary Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts closed	Reference
25,50,000	89,20,700	1,39,22,812	55,35,543	28,149	Shaw Wallace & Co., Ltd. ..	Amalgamated Coalfields ..	22.00	10	1.25	1.50	1.00	1.25	3	Y.
12,00,008	6,09,272	41,29,674	24,76,442	—2,59,124	Jardine Henderson Ltd.	Barraree Coke	15.50	10	0.50	*Nil*	*Nil*	*Nil*	3	Y.
4,49,350	1,93,182	11,90,196	6,76,085	4,967	Kalyanji Mavji & Co.	Bengal-Bhatdee	8.48N	10	0.25	*Nil*			3	Y.
1,00,00,000	2,06,25,467	7,45,29,856	4,86,02,236	10,54,577	Andrew Yule & Co., Ltd.	Bengal Coal	264.00xd	100	17.50	25.00	25.00		10	Y.P.
2,25,000	5,17,344	23,18,260	21,49,161	4,184	M.	Bengal-Nagpur	19.50	10	*Nil*	*Nil*	*Nil*		12	Y.
40,00,000	91,200	1,48,74,215	80,25,554	2,80,479	Sahu Jain Ltd.	Bharat Collieries	8.62	10	0.60	*Nil*	*Nil*		12	Y.F.P.
7,15,000	14,98,844	57,66,546	26,76,757	—5,94,093	M.	Bhuinbarwaree	5.00N	10	*Nil*	*Nil*			6	Y.F.
7,50,000	21,72,444	48,42,643	29,83,008	81,861	F. W. Heilgers & Co. (Private) Ltd.	Borrea	23.00	10	0.75	1.00	1.50		12	Y.P.
90,92,480	1,40,21,423	4,32,66,766	2,28,76,640	1,49,292	Bird & Co. Private Ltd.	Burrakur	18.81	10	0.875	1.50	1.50		12	Y.P.
49,97,750	8,32,979	62,53,293	31,00,514	1,11,870	Hindustan Investment Corpn. Ltd.	Central India	11.75xd	10	0.50	0.50	0.80	1.00	3	Y.
5,00,000	12,99,490	53,54,287	24,91,884	7,605	Jain Industries	Central Kurkend	7.00N	10	0.50	*Nil*			3	Y.
5,00,000	1,55,159	5,96,750(k)	....	7,043	F. W. Heilgers & Co. (Private) Ltd.	Churia	2.75	4	0.20	0.12	0.12		3	Y.
15,00,000	....	1,97,61,267	33,05,825	—1,06,882	M.	Dhemo Main	9.37	10	*Nil*	*Nil*			3	Y.
£240,000	£429,207	£1,464,191	£557,969	£19,230	Jardine Henderson Ltd.	East Indian	24.50	61	1.00	1.25	1.00	2.00	12	Y.
£9 63,760	1,16,32,107	4,94,12,596	2,48,80,339	1,10,574	Macneill & Barry Ltd.	Equitable	26.50	10	1.50	0.75	1.50		12	Y.P.F.
16,00,000	40,000	24,56,585	5,45,200	—5,80,078	Bhatter's Agency Ltd.	Ghusick and Moalia	15.00	10	*Nil*	*Nil*	*Nil*		3	Y.
12,00,000	2,08,971	44,46,519	29,14,343	777	Ulick Industries Ltd.	Hingir-Rampur	38.00	50	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
3,08,000	....	24,79,228	20,12,856	—8,47,967	M.	Hurriladih	7.00	10	*Nil*	*Nil*			3	Y.
20,00,000	7,04,717	43,86,223	13,58,883	40,019	Bird & Co. Private Ltd.	Karanpura Collieries	108.00xd	100	5.00	5.00	7.50	10.00	3	Y.
14,88,490	15,10,178	54,54,852	43,77,384	1,35,677	Andrew Yule & Co., Ltd.	Katras Jharriah	49 13	10	2.50	2.50	3.50	4.00	1	Y.
9,00,000	10,32,762	6,16,976	....	39,080	H. V. Low & Co. (Private) Ltd. ..	Lalurka	13.75xd	10	1.00	0.75			1	Y.
7,44,000	2,80,000	12,59,878	10,13,858	17,140	Tantia Brothers Private Ltd. ..	Nazira	2.00	10	0.75	1.00			3	Y.
£1,87,216	£7,89,864	£1,46,44,716	£1,05,38,096	£79,762	Andrew Yule & Co., Ltd.	New Beerbhoom	£2 81	1	0.10	0.10	1.60		12	Y.P.
8,00,000	5,90,206	12,87,185	3,80,190	51,230	Octavius Steel & Co., Ltd.	New Manbhoom	15 62	10	0.50	0.50	0.75	0.90	3	Y.
1,15,000	3,84,825	12,96,996	9,60,464	23,053	M.	North West	20 25N	10	1.50	1.50	2.00		3	Y.
1,87,500							17 87N	7.50	1.50	1.12½	1.50			
7,50,000	14,20,604	2,02,586	22,84,309(k)	85,296	P. Prashad, Esq. (Chairman) ..	*Ondal*	*13 50N*	*10*	*0.60*	*0.70*	0.90		12	Y.P.
8,34,000	1,97,202	35,04,745	15,15,927	1,617	Deepchand Kishenlall	Parasea	15.00N	10	0.50	0.62	0.125		3	Y.
15,75,000	29,84,500	32,02,250	51,57,399	52,139	Shaw Wallace & Co., Ltd.	Peach Valley	19.19	10	2.00	1.00	1.00	1.00	3	Y.
28,98,240	80,46,121	1,50,12,238	1,10,16,981	50,204	M.	Ranegunge	15.75	10	1.00	1.00	1.50	1.70	3	Y.
12,36,000	11,51,596	52,02,287	35,07,254	29,537	Shaw Wallace & Co., Ltd.	Rewa	28.50	10	1.00	1.00	0.75		3	Y.F.
37,32,000	39,80,570	1,12,20,341	58,46,376	26,993	M.	Sanda Collieries	9.00	10	0.50	0.70	1.00		12	Y.
19,56,000	18,86,016	94,02,411	9,49,414	3,491	S. D. Sethia & Co. Private Ltd. ..	Selected Belgram Collieries.	125.00	100	12.50	15.00	10.00	8.00	12	Y.
2,50,250	11,14,420	31,02,166	20,96,227	67,582	Andrew Yule & Co., Ltd.	Seebpore	44.00	7	1.75	3.00	3.00		12	Y.
3,00,000	4,98,548	33,740	19,04,943(k)	1,111	F. W. Heilgers & Co. (Private) Ltd.	Sendra	7.50	10	*Nil*	0.85	0.80		12	Y.
3,60,00,000	78,86,811	8,22,20,400	3,22,20,400	10,632	P. M. Nayak, Esq. (Chairman) ..	Singareni	11.50	10	0.75	0.75	0.70		12	Y.P.
17,32,000	9,09,288	44,92,321	30,81,931	20,181	Bird & Co. Private Ltd.	Standard	8.37	10	0.75	0.90	0.25		3	Y.
4,00,000	15,68,618	1,58,707	20,63,329(k)	20,718	F. W. Heilgers & Co. (Private) Ltd.	Standard	15.25	10	1.25	1.50	1.50		12	Y.
4,50,000	6,81,009	20,49,979	15,40,267	22,434	T. M. Varma, Esq. (Mg. Director) ..	Union	11.12	10	0.25	*Nil*			12	Y.
68,28,528	2,00,557	68,20,610	28,81,061	13,622	Hindustan Investment Corpn. Ltd.	Western Bengal	9.34	10	0.50	0.60	0.75		3	Y.
7,60,000	....	20,61,459	20,36,516	—3,46,466	M.	West Jamuria	6.44	10	*Nil*	*Nil*			12	Y.

N.—The reserves of Sirsur Products Ltd. include a non-distributable amount of Rs. 63,40,664 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1958. ‡‡ Investment at cost.
N.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 27 nP for the year ended 31st March 1958. * Includes bonus.
N.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1960 are shown as taxable. (k) Investments.
A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.26 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs, whereas dividend of 10 per cent was on a paid-up capital of Rs. 80 lakhs only.

BANKS

Paid-up Ordinary Capital Rs. or £	Reserve Fund Rs. or £	Carried Forward Rs. or £	Name of Bank	Latest Available Quotation Rs. or £	Paid-up per Share Rs. or £	Dividend per Share 1958 Rs. nP	1959 Rs. nP	1960 Rs. nP	1961 Rs. nP	Accounts Closed	Reference
16,00,000 }	1,08,00,000	5,03,589	Allahabad Bank	239 00	100	18 00‡	18 00‡	18 00‡		12	Y.P.
14,50,000 }				163 00	50	9 00‡	9 00‡	9 00‡			
1,01,000 }	23,08,220	4,923	Andhra Bank	100 00	100	6 00	8 00	8 00		6,12	H.
40,56,600 }				86 00	85	5 10	6 80	6 80			
1,50,00,000	1,61,14,880	1,09,358	Bank of Baroda	104 00	50	6 00	7 00	8 50		12	Y.
2,50,00,000 }	3,10,00,000	12,84,842	Bank of India	133 00	50	8 00	8 00	10 00		6,12	R.L.Y.
50,00,000 'A' }				135 00	50 'A'	8 00	8 00	10 00			
36,00,000	56,

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar.	Sept.	95.00xd	100
BREWERIES AND SUGAR							
Bharat Sugar R.C.	5,00,000	1931	5.00	Dec.	..	70.00	100
Bhogal Sugar T.F.C.	12,50,000	1937	5.00	April	..	84.50	100
Carew & Co. T.F.R.C. ..	8,00,000	1878	6.00	Mar.	Sep.	80.50	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1935-24	8.00	Feb.	Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C. ..	7,00,000	1920	7.00	July	Apr.	5.03xd	5
East India Distilleries T.F.C.	£200,000	1897	7.00	Jan.	July	18.00	£1
Gwalior Sugar R.C.	6,75,000	1940	7.00	Dec.	..	62.00	100
Do. (Non-redeem.)	5,00,000	1940	7.00	Dec.	..	62.00	100
Faridabpore Co. C.	6,00,000	1922	10.00	Oct.	..	11.00	10
Ramnugger Cane T.F.C. ..	4,00,000	1933-36	6.00	Aug.	..	85.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct.	Apr.	61.00	100
South Behar Sugar	5,00,000	1933	7.00	Oct.	..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec.	..	7.47cd	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec.	..	90.00N	100
Do. C.R.C.	15,00,000	1948	5.00	Dec.	..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April	May	118.00	100
COAL							
Sijua T.F.C.	14,00,000	1896-97	6.25	Oct.	Apr.	82.00	100
Surrakur (1st) T.F.C.	22,99,500	1901-10	7.00	Apr.	Oct.	97.00xd	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	7.00xd	10
Equitable T.F.	4,00,000	1895	6.00	Mar.	Sept.	72.00	100
Karanpura Collieries C. ..	9,99,500	1946	5.50	..	..	54.00xd	10
††Khas Kajora C.	1,25,000	1931	6.00	Mar.	Sept.	7.00	10
New Beerbhoom T.F.C. ..	2,00,000	1920	7.00	Jan.	July	10.50	10
Ondal T.F.C.	2,00,000	1898-99	8.00	Apr.	Oct.	82.00	100
COTTON							
Ahmedabad Advance T.F.C. ..	10,00,000	1939	5.00	Apr.	Oct.	70.50	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan.	July	108.91	100
Basaudi Cotton T.F.	4,00,000	1938	6.25	Nov.	..	7.50	10
Bowreah 'A' T.F.	9,00,000	1900	6.00	Feb.	Aug.	110.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb.	Aug.	71.00	100
Bradbury T.F.	14,75,000	1919	7.00	June	Dec.	80.00	50
Buckingham & Carnatic C.T.F.	21,80,000	1920	7.00	Jan.	July	122.00	100
Cambodias C.T.F.	1,00,000	1928	7.00	Apr.	..	90.00	100
Central India T.F.	50,00,000	1919	5.00	Apr.	Oct.	450.00	500
Century Spg. & Mfg. Co. T.F.R.C.	1,24,50,000	1958	6.00	Dec.	..	108.00	100
Coimbatore Pioneer C.T.F. ..	1,00,000	1935	6.50	June	..	78.50	100
Elgin T.F.C.	11,00,000	1918	8.00	May	..	105.00	100
Elgin 'B' T.F.C.	4,20,000	1943	5.00	July	..	8.75	10
Elphinstone C.	25,00,000	1919	7.00	May	Nov.	66.50	100
Escoran T.F.C.	20,00,000	1919	7.00	June	Dec.	104.00	100
Khatau Makanji (2nd) T.F. ..	29,92,500	1947	4.00	Nov.	..	77.00	100
Kothari C.T.F.	15,00,000	1937	6.00	Dec.	..	8.80	10
Kothari 'B' (Pref.) T.F.C. ..	6,00,000	....	6.00	..	..	6.75	10
Lakshmi Cotton (Bombay) C. ..	16,00,000	1896	5.00	..	..	151.25	100
Morarjee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan.	..	72.00	100
Mysore Spg. C.	7,45,050	1944	5.50	..	..	28.78	50
Nadesar Rayon C.	1,74,64,700	1947	5.00	..	..	99.50	100
New Great	3,00,000	1913	8.52	Mar.	..	108.50	200
Podar Mills T.F.C.	10,00,000	1948	4.00	Feb.	..	63.00	100
Rajalakshmi C.T.F.	2,00,000	1933	6.25	Apr.	..	44.50	50
Shree Niwas Cotton T.F.C.R. ..	4,80,000	1944	4.00	..	..	96.00	100
Sholapoor T.F.C.R.	32,00,000	1943	3.00	..	..	78.25	100
Svadeshi T.F.C.	15,00,000	1935	5.00	Apr.	Oct.	88.00	100
Svadeshi (Kanpur) T.F.C. ..	15,00,000	1937	4.00	Nov.	..	69.00	100
Travancore Rayon C.T.F. ..	50,00,000	....	5.00	May	..	7.25	10
Vasanta (1st) C.T.F.	2,00,000	1921	4.50	Apr.	Oct.	97.00cd	100
Do. (2nd) C.T.F.	1,00,000	1928	6.00	..	..	94.02cd	100
Vishan C.	15,00,500	1908	7.00	Apr.	..	336.00	500
ELECTRICS							
Andhra Valley Power Supply C. ..	48,54,000	1917	7.00	May	Nov.	1,022.50	1,000
Amalgamated Electric T.F.C. ..	24,15,000	....	6.50	..	..	71.00	100
Calcutta Electric T.F.C.	19,00,000	1900-11	6.00(t)	June	Dec.	9.10	10
Poona Electric C.	4,00,000	1925	7.00	June	Dec.	101.00	100
South Madras (1st) C.T.F. ..	25,00,000	1940	5.50	Sept.	Dec.	7.80	100
Do. (2nd) C.T.F.	5,00,000	1940	5.50			7.05	10
Surat Electric Co. C.T.F. ..	3,90,000	1939	6.50	Apr.	..	107.00	100
Tata Hydro Electric Power C. ..	80,25,000	1927	7.00	May	Nov.	101.50	100
Tata Power T.C.	56,97,500	1919	7.50	May	Nov.	1,048.75	1,000
Vellore C.R.	1,25,000	1928	6.00	Dec.	..	8.38xd	10
ENGINEERING							
Arthur Butler (Muzaffarpore) T.F.C.	1,20,000	1918	7.00	Mar.	..	18.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	15,00,000	1898-99	7.00	Feb.	Aug.	120.00	100
Do. (2nd) T.F.C.	15,00,000	1902	6.00	Feb.	Aug.	101.00	100
Indian Iron and Steel Co. Ltd. T.F.C.	2,60,91,450	1950	5.00	Dec.	..	88.00	100
Indian Standard Wagon T.F.C. ..	19,66,500	1918	7.00	June	..	112.00	100
Jessop T.F.C.	20,00,000	1941	5.00	May	Nov.	78.00	100
Kamani Engineering C.R.	15,00,000	1945	4.50	July	..	52.00	100
††Kumaradhubi Engineering T.F.C.	12,00,000	1916	6.00	June	Dec.	72.00xdN	100
Larsen and Toubro Ltd. T.F.R. ..	18,00,000	1945-47-51	5.00	..	..	82.00	100
Mahindra & Mahindra T.F.R.C. ..	25,00,000	1945	6.00	May	..	95.00	100
McKenzies (1st) T.F.C.	5,00,000	1907	5.50	..	..	88.00	100
Premier-Construction (1st) ..	10,00,000	....	6.25	..	..	69.00	100
Do. do. (2nd) C. ..	16,00,000	1936	6.25	..	..	70.00	100
Do. do. (3rd) C. ..	50,25,000	1947	4.50	..	..	5.92	10
Tata Iron and Steel (1st) C. ..	75,00,000	1908	6.00	Nov.	..	135.00	150
Do. do. (2nd) C. ..	6,02,81,900	1908	7.50	May	..	104.50xd	100
JUTE							
Agarpara T.F.C.	19,00,000	1927	7.00	Jan.	July	92.00	100
Alexandra T.F.C.	9,00,000	1905	7.00	Feb.	Aug.	86.00	100
Alliance T.F.C.	15,00,000	1895	6.00	Mar.	Sept.	65.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May	Nov.	93.00	100
Auckland C.	10,00,000	1909	5.50	May	Nov.	68.00xd	100
Do. (2nd) (j) C.	15,00,000	1945	4.50	June	Dec.	67.00xd	100
Baily T.F.C.	20,00,000	1918	7.00	Apr.	Oct.	93.00	100
Barnagore C.	£800,000	1896	5.00	May	Nov.	88.00	£5
Belvedere T.F.C.	7,00,000	1906	7.00	Jan.	July	87.00	100
Birla C.	23,64,200	1919	7.50	June	Dec.	86.00	100
Budge-Budge T.F.C.	10,00,000	1894	7.00	May	Nov.	90.00	100
Calcutta T.F.C.	6,00,000	1934	9.50	Jan.	July	50.00N	100
Caledonian T.F.C.	10,00,000	1915	7.00	June	Dec.	84.00	100
Cheviot T.F.C.	10,00,000	1919	7.00	June	Dec.	86.00	100
Chitavalsah T.F.C.	5,00,000	1928	7.00	Mar.	Sept.	88.50	100
Clive (1st Pref.) T.F.C.	5,00,000	1906	6.00	May	Nov.	65.00	100
Do. (A) (2nd Pref.) T.F.C. ..	5,00,000	1905	6.00	May	Nov.	73.00	100
Dalhousie T.F.C.	15,00,000	1908-13	7.00	May	Nov.	99.00	100
Delta T.F.C.	5,00,000	1897	5.00	June	Dec.	69.50	100
Empire T.F.C.	10,00,000	1913	7.00	May	Aug.	90.00	100
Fort (Hooghly) T.F.C.	14,00,000	1890-96	7.00	May	Nov.	98.00	100
Do. (2nd Pref.) T.F.C. ..	7,00,000	1948	6.00	..	..	66.00	100
Fort William T.F.C.	10,00,000	1911	7.00	May	Nov.	90.00xd	100
Ganges T.F.C.	6,00,000	1918	8.00	June	Dec.	90.00xd	100
Gourepore T.F.C.	26,50,000	1895-04	6.00	May	Nov.	72.00xd	100
Hastings T.F.C.	25,00,000	1935	6.00	Mar.	Sept.	78.00xd	100
Hooghly T.F.	11,75,000	1913	10.00	May	Nov.	10.50xd	10
Howrah T.F.C.	8,75,000	1890	7.00	May	Nov.	90.00	100
Do. T.F.C. (f)	17,50,000	1908-06	7.00	May	Nov.	89.00	100
Jagannathdeo T.F.C.	40,00,000	1918	7.00	June	Dec.	91.25	100
Jagnachatty T.F.C.	16,00,000	1898-04	6.00	Feb.	Aug.	71.00	100
Kankarrah T.F.C.	10,00,000	1900	6.00	Feb.	Aug.	76.00	100

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
JUTE—Continued							
Kelvin T.F.C.	10,00,000	1907	7.00	Mar.	Sept.	91.00	100
Kharakh T.F.C.	9,00,000	1895-09	6.00	May	Nov.	81.00	100
Kinnison T.F.C.	15,00,000	1900-18	7.00	May	Nov.	88.00xd	100
Langdowne T.F.C.	15,00,000	1905	7.00	May	Nov.	90.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May	Nov.	90.00xd	100
Do. (B) T.F.C.	10,00,000	....	5.50	Dec.	..	70.00xd	100
Naihati T.F.C.	7,50,000	1905	7.00	May	Nov.	112.00	100
Do. (2nd) (j) T.F.C.B. ..	10,00,000	1946	4.50	June	Dec.	62.00	100
National T.F.C.	5,00,000	1917	7.00	May	Nov.	87.00	100
Nellimarla T.F.C.	5,00,000	1889	6.00	Apr.	Oct.	78.00	100
New Central T.F.C.R.	38,00,000	1916	7.00	Jan.	July	92.00	100
Northbrook T.F.C.	15,00,000	1900	6.50	May	Nov.	69.00xd	100
Reliance T.F.C.	20,00,000	1908-12	7.00	May	Nov.	80.00	100
Samnuggur C.	£150,000	1901	6.00	Feb.	Aug.	Sh. 21.50N	£1
Soorah T.F.C.	10,00,000	1920	7.00	Feb.	Aug.	91.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar.	Sept.	93.00	100
Thaghur C.	£150,000	1897	6.00	Feb.	Aug.	Sh. 21.50	£1
Union T.F.C.	5,00,000	1901-02	7.00	May	Nov.	86.00xd	100
Victoria C.	£100,000	1893	6.00	Feb.	Aug.	Sh. 21.50	£1
Waverley, T.F.C. (f)	7,50,000	1918	5.00	Mar.	Sept.	88.00	50
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	5,00,000	1895	7.00	Nov.	..	47.00	50
Calcutta Tramways C.	£250,000	1909	5.00	Apr.	Oct.	7.25	£1
Calcutta Steamship Pfd. T.F.R.C.	25,00,000	1948	5.50	Dec.	..	91.00	100
Indian General Nav. & Rly. C.	£244,030	1899	6.00	Mar.	Nov.	78.00	£10
India Steamship (w) T.F.C.R.	25,00,000	1928	5.00	..	..	70.00xd	100
TEA							
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May	Nov.	29.31xd	10
†††Banarhat Tea T.F.C.	4,00,000	1900-02	6.50	Jan.	July	100.00	100
Birpara T.F.C.	1,00,000	1900-02	6.00	Jan.	..	96.00	100
Choonabhutti T.F.C.	2,00,000	1914	6.50	Jan.	July	93.00	100
Gielle C.	2,00,000	1894	8.00	Sept.	..	74.00	100
Hantapara T.F.C.	50,000	1901	8.00	Jan.	..	96.00	100
Hasimara T.F.C.	2,00,000	1904	7.00	Mar.	..	98.00	100
Kingsley Golaghat T.F.	2,40,000	1897	6.00	Dec.	..	64.00	100
Mohoema T.F.C.	3,20,000	1929	8.00	May	Nov.	5.85	10
New Dooars T.F.C.	2,00,000	1907	6.50	Jan.	July	100.00	100
New Samabagh T.F.C.	1,00,000	1908	8.00	Nov.	..	80.00	100
†††Okayil T.F.R.C.	50,000	1883	7.00	Dec.	..	64.00	100
Pussimbing T.F.C.	2,05,000	1916	7.00	Jan.	..	96.00	100
Sonai River T.F.C.	1,00,000	1899	8.00	Jan.	..	82.00	100
***Tezpore C.	2,05,000	1932	9.00	Jan.	..	9.94	10
Tirilbannah T.F.C.	1,00,000	1922	10.00	May	Nov.	12.50	100
PLANTING							
Sa Sa Rubber C.	1,45,000	1944	6.25	..	..	2.25cd	5
Do. R.C.	2,25,370	1944	6.25	..	..	2.75cd	10
Cochin Malabar C.T.F.	3,19,500	1932	7.00	June	..	48.77	50
Coffee Lands C.T.F.	10,40,000	....	5.00	..	..	71.00	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr.,	..	93.14cd	100
Cottanad C.T.F.R.	1,00,000	1937	7.50	Nov.,	..	9.60cd	10
Devon Tea C.T.F.	2,00,000	1936	7.50	July	..	82.00	100
Highland Produce C.T.F.	8,00,000	....	8.00	July	Jan.	7.25	10
Hindustan C.T.F.	18,00,000	1942	5.00	July	July	7.10	10
Neelamalai C.T.F.	2,81,250	1942	6.50	July	..	8.50cd	8
Nilgiri Tea C.T.F.	1,50,000	1943	6.00	Mar.	..	7.57	10
Pullangode C.T.F.	1,50,000	....	6.00	Mar.	Sept.	6.80	10
Teakoy Rubber C.T.F.	16,00,000	....	6.00	June	Dec.	8.95	10
T. S. & T. Co. C.T.F.	5,00,000	1943	6.00	Nov.	..	8.40	10
Waterfalls R.C.T.F.							
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	..	6.25	June	..	80.00	100
Do. do. (2nd) T.F.R.C. ..	5,00,000	..	6.00	June	..	81.00	100
Alkali & Chemicals T.F.C. ..	21,00,000	1937	5.00	Apr.	..	90.00	100
Aluminium Corpn. (1st) C. ..	30,00,000	1938	7.00(f)			99.00	100
Andhra Cement C.T.F.	5,00,000	1937	6.00	Feb.	June	92.74	100
Associated Hotels of India C. ..	21,67,000	1916	7.00	Mar.	Sept.	54.00	100
Bengal Chemicals T.F.C.	9,00,000	1925	7.50	Aug.	..	11.75	10
Bengal Paper Mill T.F.C.	15,00,000	1903	6.00	Mar.	Sept.	48.50	50
Do. "A" T.F.C.	4,00,000	1922	7.00	Mar.	Sept.	100.00	100
Do. "B" T.F.C.	20,00,000	1948	6.00	..	..	8.00	10
Bengal Timber Trading T.F.C. ..	3,00,000	1906	8.00	Aug.	..	8.00N	100
Britannia Biscuit T.F.C.	15,450	1921	8.00	Aug.	Aug.	14.50	10
British Ceylon Corporation C. ..	17,50,000	1913	6.00	Feb.	Aug.	6.00N	4
British India Corporation T.F.C.	31,50,000	1920	8.00	Feb.	..	112.00	100
Dalmia Jain (Bharat) C.T.F. ..	11,70,000	1937	6.00(f)	Sept.	..	7.70	10
Dharangadhra Chemicals T.F.C.R.	31,31,900	1956	6.00	..	..	79.00	100
Shree Digvijay Cement T.F.R.C.	79,38,875	1944	5.00	Dec.	..	76.50	100
Duplex Rubber Co. T.F.C.	20,00,000	1926	6.00	Mar.	Dec.	110.00	100
Dunlop Rubber Co. (2nd) C. ..	40,00,000	1936	6.00	Apr.	..	80.00	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	5.00	Feb.	Aug.	56.00	100
Do. (2nd)	1,00,000	..	6.00	Feb.	Aug.	48.00	100
Gillanders Arbuthnot(f) R.C.	25,00,000	..	6.00	Apr.	Oct.	87.00	100
Hindustan Motors T.F.R.C. ..	1,80,87,250	1956	6.00	Mar.	..	194.00	100
Hunnayan Properties T.F.C. ..	12,00,000	1933	9.00	..	..	8.75	10
India Cement C.	23,85,000	1946	7.50	Oct.	..	83.00xd	100
Indian Aluminium (g) C.R. ..	40,00,000	1945	5.00	June	..	69.00	100
Indo-Burma Petroleum C.	60,00,000	1921	7.00	Jan.	July	83.00	100
Indian Cable (m) C.	12,67,750	1928	6.00	June	Dec.	83.00	10
India Rubber Mfrs. (n) T.F.C.R.	6,28,000	..	5.00	Apr.	..	60.00	100
Jardine Henderson C.	50,00,000	1946	5.50	Dec.	..	56.50	100
Kettlewell and Bullen (1st) C. ..	25,00,000	..	5.50	May	..	55.00	100
Do. do. (2nd) T.F.C. ..	10,00,000	..	4.00	May	..	53.00	100
Kumardhubi Fireclay & Silica C.R.	2,00,000	1915	7.00	June	Dec.	61.00N	100
Martin Burn (k) T.F.C.R.	20,00,000	1946	6.00	Oct.	Apr.	85.00	100
McLeod and Co. (1st) C.	10,00,000	1930	5.00	July	Jan.	48.00	100
Do. (2nd) F.C.	40,00,000	1936	6.00	July	Jan.	49.25	100
Metal Box Co. C.R.	50,00,000	..	6.00	..	..	44.00	100
Mettur Chemicals (Old) C.T.F. ..	20,00,000	1908-18	6.00	Feb.	Sept.	9.33xd	10
Mysore Chemicals Mfrs. C.T.F.	2,00,000	1930	6.00	June	..	5.50cd	10
Mysore Lamps C.T.F.	5,00,000	..	6.00	June	..	5.00cd	10
National Tobacco (Old) (p) T.F.C.R.	25,00,000	..	5.00	Mar.	Sept.	60.00	100
Do. do. (New) (q) T.F.C.R.	10,98,000	..	4.50	Mar.	Sept.	62.00	100
Orient Paper C.	20,00,000	1936	6.00	Apr.	Oct.	83.00	100
Do. (2nd) (r) C.R.	60,00,000	..	5.50	Apr.	Oct.	66.00	100
Rohtas Industries (Old) T.F.C. ..	20,00,000	1936	7.00-9.00	Apr.	..	112.00	100
Do. do. (New) T.F.C. ..	85,00,000	..	9.25	Apr.	..	88.00	100
†Smith Stanistreet & Co. T.F. ..	5,00,000	1920	10.00	Feb.	Aug.	68.00	50
Spencer & Co. "A" C.	23,20,000	1898	6.50	Jan.	July	7.65	10
Do. "B" C.	36,80,000	1922	6.50	Jan.	July	10.35xd	10
Standard-Vacuum C.	75,00,000	1955	6.00	June	Dec.	89.50	100
Star Paper T.F.C.R.	10,00,000	..	5.00	Mar.	Sept.	72.00	100
Tata Chemicals T.F.C.	59,97,000	..	5.00	June	..	86.00	100
Tata Oil Mills C.	22,88,000	1946	4.50	July	..	60.00	100
Thagur Paper Mills T.F.C.	11,50,000	1899	8.00	Jan.	June	113.00	100
Do. do. (2nd) T.F.C. ..	15,00,000	1934	4.50	Jan.	July	78.00	100

All preference shares are taxable unless otherwise stated.

*These shares carry the right of a preferential dividend at the rate of 8 per cent (of which only 5 per cent is cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent per annum and also to participate in further dividend of 3 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

‡ Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.C.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 3 months' notice. (h) Redeemable after 30th September 1966 at Rs. 105. (i) Redeemable at par after 9th November 1950 on 6 months' notice. (j) Redeemable after 30th July 1956 on 6 months' notice. (k) Participating upto 9 per cent. (l) Redeemable at par after 31st March 1952 on 6 months' notice. (m) Bank pays assets with ordinary shares after ordinary shares receive 6 per cent dividend. (n) Redeemable after 20th December 1954. (o) Redeemable at any time at Rs. 115 on one month's notice. (p) Redeemable at par after 1st January 1954. (q) Redeemable at par after 17th June 1956. (r) Redeemable at par after 1st October 1956 on 3 months' notice. (s) Participating upto 9 per cent. (t) Free of Income-tax upto 6 annas in the £. (u) Redeemable at par on 3 months' notice. (w) Issued on various dates. (x) Redeemable at any time 8 years after the date of issue at a premium of Rs. 10 per share on 3 months' notice. (z) Redeemable after ten years at a premium of 5 per cent on 3 months' notice. pp—Partly paid.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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THE STRONG WANTS PROTECTION AGAINST THE WEAK

THE approach of the developed countries to the problem of exports of cotton goods by underdeveloped countries is disquieting. It looks as though the former group does not want this trade to grow any more. This is clear from the decisions taken at the sixteen-nation Geneva meeting held under the auspices of the G.A.T.T. According to the communique issued at the conclusion of this meeting last week-end, a sub-committee has been appointed to work out details of a long-term agreement based on the objectives of short-term arrangements made in July last. The sub-committee is expected to meet in December and prepare its report in time for consideration by the sixteen-nation conference in January next. Broadly speaking, these objectives are two: (1) the underdeveloped countries exporting cotton textiles should agree to limit their exports to the 1961 level, if requested by the importing countries (belonging to the developed group), in order to prevent a disruption of the market for their domestic textile industry; and (2) the importing countries should provide opportunities for a progressive improvement in the offtake of textiles from the exporting countries. The first of these two principles, it will be noted, is more specific than the second which is delightfully vague. A long-term agreement based on principles agreed to for a stop-gap arrangement is bound to work to the detriment of underdeveloped countries, which have been placed under the nomenclature "low-cost producers." In the absence of full details of the proceedings of the Geneva meeting, one does not know what safeguards have been sought by the Indian delegation. Nor is the period covered by the term "long-term" known.

Reports from Geneva speak of a conflict between the U.S. and the U.K. It would appear that the U.S. holds the view that the basis for the short-term understanding is perfectly suitable for a long-term agreement, too, while the U.K. does not seem to feel that way. Similarly, while the U.K. favours bilateral arrangements on the lines of understanding it has reached with India, Pakistan and Hong Kong, the U.S. wants a multilateral understanding. Again, the U.K., it is said, wants a specific provision to safeguard the interests of Hong Kong, but the U.S. is not willing for such an arrangement. From all this, it is not clear which of these two developed countries wishes to be more restrictive. Pronouncements by the U.S. spokesmen in the recent past suggested that the American Administration was keen on not choking the growth of exports of cotton textiles by the low-cost countries. But that is only a statement of intention, whereas Britain has actually implemented that principle in revising its agreement with Hong Kong. As readers are aware, Hong Kong's share in the British textile market was recently enhanced. Whether this revision has been to the full satisfaction of the parties concerned is, however, another question. The fact that the U.K. specially went out of its way to support Hong Kong is not without significance. In saying this we are not unaware of the fact that, as Hong Kong is a British colony, without an independent status, Britain has to speak for this small settlement, which is smaller than even Bombay City. For its size and population, Hong Kong is already having an undeservedly big slice of the world textile market. It will surely be too much to place it on the same footing as India or Pakistan. Being a British colony, Britain may feel justified in doing so, but it cannot expect the U.S. also to extend such treatment to Hong Kong. It is to be hoped that the U.S. will not yield to British pressure in this respect. If there is to be a rationing of the cotton textile markets in Europe and America among the low-cost producers, then let it be done in an equitable manner, having regard, among other things, to the size and needs of such producers.

This is undoubtedly an unpleasant task and is bound to lead to a lot of heart-burning among the countries affected. The only way to stop bad blood spreading further in international economic relations is to drop the move. The argument that imports from low-cost producers is causing disruption of markets in the developed countries is untenable, besides being inconsistent with the principles of multilateral trade in which the Western countries are, according to them, great believers. On Wednesday last, this thesis was very ably argued by Mr. B. K. Nehru, India's Ambassador to the U.S. Speaking at the National Foreign Trade Convention in New York, Mr. Nehru contended that the argument of cheap labour used against imports of semi-processed or manufactured products from developing countries was "spurious and pernicious." The developed countries seek to protect their domestic industries against imports of low-cost countries on the ground that workers in the latter countries are underpaid and, by implication, exploited. But they do not mind buying other goods from these cheap-labour countries when it suits them. This is a sort of double standards and the point was well brought out by Mr. Nehru in these words:

> "There is immediate outcry for imposition of prohibiting tariffs, quotas and what not on the ground that these are the products of cheap labour. It is suppos

profits and paid larger dividends. So even the investors in textile industry have not fared as badly as is often made out by the spokesmen of British cotton industry. It is needless to add that the views expressed by the aforesaid British authority on the consumption prospects in Britain hold good for most of the developed countries in the West, including the U.S. There is thus no justification for the developed countries' move to place restrictions on imports of textiles from the underdeveloped countries. It is gratifying to find that this view is shared by no less an economic authority than Sir Roy Harrod. In his address to Lancashire mill-owners last week, he said that, if imports of textiles into Britain were at all to be restricted, the axe should be applied to cotton textiles from advanced countries, especially those in Europe and America, rather than to imports from under-developed countries which, as a matter of simple ethics, deserved to be helped in every way possible.

NATIONAL INCOME ESTIMATES

"NATIONAL Income is a subject in which there is still a great deal of obscurity." This admission was made by Dr. V. K. R. V. Rao, the renowned author of an elaborate study of National Income for the year 1931-32, at the Third Indian Conference on Research in National Income which began its session on the 1st inst. at Bombay. Dr. Rao himself, it may be remembered, had improved the methodology of the earlier estimates so as to put the national income studies on a more scientific basis. The two reports of the National Income Committee (*set up by the Government of India in 1949*), in which estimates of national income were made for 1948-49 and 1950-51, respectively, represented another major effort in the process of refinement of estimation procedures. Although the Committee was aware of the statistical gaps in making the estimates, it did succeed in laying the foundation for the national income series which the Central Statistical Organisation has constructed and maintained up till now. This series has suffered from a serious limitation, to which Mr. H. V. R. Iengar, Governor of the Reserve Bank of India, has referred in his welcome address to the Conference. The limitation, according to him, is that the estimates of national income in the present series "are not very reliable for sectors other than agriculture, mining and manufacturing, and Central and State Governments," for the available data on the basis of which estimates of income are made for the other sectors are regrettably fragmentary. Dr. N. S. R. Sastry, Statistical Adviser to the Reserve Bank of India, has also admitted in his presidential address to the Conference that the available data in respect of the unorganised small-scale and cottage industries and service sectors leave much to be desired, for the data relating to both the number of persons employed and their average income are very inadequate and the recent Census (1961) has revealed that the earlier estimates based on certain assumptions are wide of the mark.

The Central Statistical Organisation has, therefore, proposed for discussion at the Conference Seminar a revised series of National *Income Estimates* for 1955-56 to 1959-60 in the light of data collected especially from 16 rounds of the National Sample Survey. The 236-page monograph, in which the C.S.O.'s proposals are contained, represents a painstaking and praiseworthy enterprise on the part of its research workers. Their awareness of the imperfections of national income estimation and their effort to improve the methods of such estimation are amply reflected in the pages of what is largely a technical monograph. It would appear that the process of improving the methodology of national income estimation is a continuing one and that, as of today, there can be no finality about it in the context of several dark corners in our statistical knowledge of the country's economy. This very imperfection in national income estimation, as Mr. S. K. Wankhede, Finance Minister of the Maharashtra Government, pertinently remarked in his inaugural address to the Conference, is almost a necessary condition for the development of this branch of statistical science. The revised series, given in comparison with the conventional series in a table in the next column, is itself an index of the scientific courage which has inspired the C.S.O. in its effort to correct the imperfect estimates of the conventional series to the maximum extent possible. The downward revision of the national income aggregates (in Rs. abja=100 crores) at current prices, as compared with the aggregates in the conventional series, may be noted here:

Year	Conventional series	Revised series
1955-56	99.8	92.0
1956-57	113.1	106.9
1957-58	113.9	107.6
1958-59	126.0	121.1
1959-60	128.4	124.3

The major revisions incorporated in the new series would need to be briefly mentioned here. Firstly, the estimates of working force have been revised in the light of additional employment generated by the development plans. This revision has placed the total working force at 149.1 million in 1955-56 and 156.6 million in 1959-60, whereas, under the conventional series, the estimates for the respective years were higher at 154.8 million and 165.1 million. The inference seems to be that additional employment had not materialised in the first four years of the second Plan period to the extent that had been hoped for. Secondly, the basis of netting (allowance for cost of production) has been improved in respect of agriculture and mining. Thirdly, the estimates in respect of small enterprises have been improved by separately estimating for the urban and rural areas. Fourthly, the gross output estimates of forestry and fishery, mining and factory establishments and certain agricultural products are based on the latest and more reliable data. Fifthly, the estimates relating to chit funds, nidhis and other financial intermediaries included in the "banks and insurance" sector and the estimates of gross and net rental in the "house property" sector are based on fresh data specially collected by the National Income Unit of the C.S.O. And, lastly, the estimates relating to "other commerce and transport" and "professions and liberal arts" sectors have been based on revised estimates of working force and average earnings per head, with much wider coverage and duly weighted for urban-rural differentials. In spite of all these improvements in the revised series, it is admitted by the C.S.O. that the sectors of small enterprises, construction, commerce and transport, professions (including domestic service) and house property still remain comparatively weak links in the estimates of national income. The present estimates, it is said, may again have to be revised in the light of additional data that will be made available by the N.S.S. and administrative statistics, as also by the detailed industrial classification of working force as revealed by the 1961 Census.

Another revision of the national income estimates may be absolutely necessary in the light of such fresh data that will soon be available. But the public has a right to expect a degree of finality about the estimates over the third Plan period for more than one purpose. One of them will be to obtain a more dependable measure of the country's economic growth at least over the third Plan period. Here the C.S.O. has done well to construct a new real output series on the basis of a more recent year, namely, 1958-59, instead of continuing the conventional net output series at constant prices of 1948-49. The selection of this year has been justified on three grounds: first, it was a comparatively normal year; secondly, it is the latest year for which maximum data are now available; and, thirdly, it is so close to the end of the second Plan as to make the results more useful for planning purposes. Since a real output series at constant prices "isolates the *year-to-year changes* in the net volume of production of the country from the price fluctuations and thus helps to assess the economic growth of the country over a period of time," it will be patently necessary to maintain the new series undisturbed for at least the next 15 years. It is to be hoped that the national income estimates for 1960-61 will incorporate all the necessary additional revisions. That year being the last year of the second Plan, the national income for that year at constant prices of 1958-59 will serve as a basis of comparison for the country's economic performance over the third and subsequent Plan periods.

Another purpose that will be served by a degree of finality about national income estimates, if achieved in a couple of years from now, is the scope that will then be available for estimating Statewise incomes in a more dependable manner. When the C.S.O's national income estimates are more fully revised and thus freed from their erstwhile limitations, it would, perhaps, be worthwhile to adopt the basis of certain State indicators, evolved by Prof. K. N. Raj of the Delhi School of Economics, and Mr. Ravi Varma of the Department of Statistics of the Reserve Bank, to allocate national income to various States. One difficulty visualised by Mr. H. V. R. Iengar, in this connection, is that the estimates of State incomes so derived will still indicate only the output *originating* in the States and not the incomes *accruing* to the residents of the States. It may be that inter-State comparisons, based on such breakdown estimates, of economic growth, in general, and industrial growth, in particular, will present a distorted picture. But the distortion that is feared will probably turn out to be an exaggeration, for in every State there are some persons to whom incomes *accrue* from another State. These income accruals may be taken to be mutually cancelled out. Even if sample inquiries reveal some disparities in this respect, it would not be difficult to make suitable statistical adjustments. In the same way, it should be possible to perfect further the State indicators adopted for allocation of national income to various States. As statistical experts in India are all the time perfecting their tools of inquiry, norms, yardsticks, indicators, formulæ and the like, they can be depended upon to provide the best possible estimates of State incomes.

Any fear that separate estimates of State incomes might provoke further disintegrating tendencies in the form of excessive demands for development funds by the poorer States would be to ignore the realities of the social and political situation. After all, India is a Union of States and these, too, are generally unilingual now. They will not be far wrong in expecting reasonably equal treatment at least in the matter of future development. If they are not to base their demands for development on imperfect estimates of State incomes by their own statistical bureaux or by individual statisticians, the only sensible course would be to get the Central Statistical Organisation to expedite its work of estimating total income and *per capita* income in each State in the light of its fully revised estimates of national income. Whether the C.S.C. adopts, for this purpose, the basis of allocation evolved by Prof. K. N. Raj and Mr. Ravi Varma or some other improved basis of its own, is a matter of detail. What is urgently necessary is the removal of chaos and disorder which have been caused by independent and unco-ordinated State estimates. Dependable estimation of State incomes on a uniform basis is a national question. It would need to be solved as such in the interests of truth, justice and national integration.

NATIONAL INCOME BY ORIGIN

(Revised and Conventional Series)

1959-60 Preliminary (In Rs. abja=100 crores)

Sector	At Current Prices				At Constant Prices of 1958-59	
	Revised Series		Conventional Series		Revised Series	
	1955-56	1959-60	1955-56	1959-60	1955-56	1959-60
Agriculture:						
Agriculture and animal husbandry	42.8	60.0	43.9	60.3	54.8	59.2
Forestry	1.3	1.8	0.7	1.0	1.6	1.7
Fishery	0.5	0.7	0.6	0.5	0.6	0.6
Total ..	44.6	62.5	45.2	61.8	57.0	61.5
Mining, Manufacturing and small enterprises:						
Mining	0.8	1.2	1.0	1.4	1.0	1.2
Factory establishments.	6.4	9.4	7.8	11.2	7.3	9.1
Small enterprises ..	6.4	7.9	7.5	7.7	7.0	7.7
Construction	2.7	3.4	2.2	2.7	2.8	3.4
Total ..	16.3	21.9	18.5	23.0	18.1	21.4
Commerce, transport and communication:						
Communication ..	0.5	0.6	0.5	0.6	0.5	0.6
Railways ..	2.2	3.2	2.5	3.3	2.5	3.3
Organised banking and insurance ..	0.7	1.0	0.9	1.4	0.8	1.0
Other commerce and transport	12.2	15.9	14.9	16.5	13.9	15.7
Total ..	15.6	20.7	18.8	21.8	17.7	20.6
Other services:						
Professions and liberal arts ..	4.6	5.4	5.6	6.9	4.7	5.3
Domestic services ..	1.7	1.9	1.4	1.8	5.7	7.7
Government services ..	5.5	7.7	5.7	8.1	1.8	1.9
House Property ..	3.7	4.4	4.6	5.2	4.0	4.3
Total ..	15.5	19.4	17.3	22.0	16.2	19.2
Net domestic product at factor cost	92.0	124.5	99.8	128.6	109.0	122.7
Net earned income from abroad ..	0.0	—0.2	0.0	—0.2	0.0	—0.2
Net national output at factor cost=national income	92.0	124.3	99.8	128.4	109.0	122.5

MARKET GOSSIP

F.M.C.'s Error Exposed

"ACT first, think later." This was the policy of the Forward Markets Commission a few months ago, when it was in a great hurry to confer freedom on speculators in commodities. The Commission is now paying a price for it. In July last, this journal had questioned the wisdom of the Commission in deciding to allow unlimited futures trading in oils and oilseeds in the current crop without even placing some restraints on speculation. At that time, no one knew what would be the size of the crop; even today, when new crop seeds have started moving, there are conflicting reports. Some say that groundnut crop, in particular, is good. Others aver that it is not as large as is made out. Basically, the trend of the market in June-July itself was still in favour of sellers and the prices in India were well above the world parity. The cost of living in the country continued to stay high, with the rise in prices of edible oils having made a sizable contribution to the inflationary trend. It was quite apparent from the statistical position of oils and seeds that, even if the current year's crop were a bumper one, it would not be sufficient to bring any substantial relief to consumers or lower the prices to levels that will be in parity with world prices. Commonsense suggested that there was no need for permitting futures trading and that too so early in the season. But the Commission seemed to have allowed itself to be influenced more by considerations of employment in futures markets than by the interests of the general body of consumers and foreign exchange requirements of the country. It could have at least taken the precaution of retaining the handicaps on speculators (such as special margins and ceiling on hedge contract rates) and told the traders concerned that it would sympathetically consider their removal after a clear picture of the size of the new crop was available. By not taking these precautions, it had ignored the common saying that "prevention is better than cure" and was content with giving a warning to the operators that it would not hesitate to resort to stringent measures should their behaviour necessitate officials' intervention. Surely, the Commission has had sufficient experience to realise that such warnings invariably fail to work.

It is, however, a matter for some consolation that the Commission has at least quickly reacted to the attempts of some speculators to boost prices and taken stern action. The suspension of all trading in the market this week, which has been extended, at the time of writing, by another two days till and inclusive of the 4th inst., reflects the Commission's determination to make amends for its wrong judgment in the closing days of June last. One may ask as to why the spot markets, too, should be penalised. But it is the outcome of earlier mistake, for which the authorities of forward markets also are responsible, in that they had failed to give correct advice to the Commission. Haste always leads to waste.

What should the Commission do now? It can re-impose the margins, but it cannot place a ceiling on the rate for the hedge contract, as it will not be in keeping with the rules of the game. It can, however, cut off all the outstanding transactions at the rate prevailing on the day of its intervention and suspend futures trading for the rest of the season. This, in our opinion, would be the right thing to do, as the statistical position of the commodity is not comfortable enough to permit smooth functioning of hedge trading. In the prevailing political climate in the country, this advice, however, will fall on deaf ears. Ironically enough, in this country, with an ultra socialist Government in power, speculators enjoy more freedom (and make huge profits) than genuine businessmen.

Industrial Estates

Indian planners have adopted the institutional technique of industrial estates as a means to promote small-scale industries. As against an investment of Rs. 11.6 crores on industrial estates in the second Plan, it is proposed to spend as much as Rs. 30.2 crores in the third Plan. Seventy-five industrial estates have already started functioning; another forty-five are expected to be completed shortly. The third Plan envisages the establishment of as many as 300 large and medium-sized industrial estates and 500-1,000 small rural industrial estates in the various parts of the country. In this context, it is only appropriate that the E.C.A.F.E. should have chosen to hold a seminar on industrial estates in this country. The eleven-day seminar, which was inaugurated by Mr. Manubhai Shah on the 1st inst. at Madras, seeks to bring together industrial planners, administrators and specialists from this region and elsewhere and enable them to compare their experiences on the planning and operation of industrial estates.

The developing countries of Asia are bound to welcome any experiment in industrialisation which offers scope for large employment. No wonder then that industrial estates have evoked great interest in them. It is, however, to be hoped that, in their enthusiasm for small industries both as a means of providing gainful employment and of dispersal of economic power, our planners and administrators will not develop a closed mind. On the contrary, they should be receptive to constructive criticism and be ready to rectify the defects in their schemes.

There was such a criticism from at least one delegate to the seminar. An Italian expert had the courage of conviction to assert that small industrial estates of the type in India were condemned to stagnation from the outset. In a paper submitted by him to the seminar, Mr. Alessandro Molinari of the Association for the Development of Industry in Southern Italy, cast doubts on the efficacy of industrialisation policies which relied too heavily on small-scale industries of the type established in our industrial estates. He sought to expose some of the glaring defects in them. In the first place, the development of decentralised small estates, he pointed out, would call for the creation of "an extensive network of imposing economic and technical assistance facilities." This constituted a heavy drain on the limited reserves of experts and technicians in an underdeveloped country. He held the view that, even if, through such enormous effort and expenditure of resources, the minute nuclei of small-scale industries were kept in existence and their productivity increased, "the contribution to industrialisation and its acceleration in the countries adopting such policies will be very slight."

The relatively high cost of establishing and maintaining small industrial estates is another factor which is usually overlooked. Mr. Molinari pointed out that, in estates intended for occupation by small-scale industries, a government agency must establish a large number of infra-structure facilities which are essentially indivisible and must furnish connections with large-scale infra-structure facilities. Such facilities would, however, be out of proportion to the dimension of small estates of the Indian type. Consequently, the costs of infra-structure facilities per unit product for a small estate, he averred, was much greater than they would be for "large estates," in which there was scope for mass production. There seems to be a lot of force in this analysis of the Italian expert. Even the Planning Commission concedes that the experiment in this country has not been an unmixed blessing. It says in the third Plan: "While many of these estates have been successful in their main aim of providing suitable factory accommodation and other conditions favourable to working efficiency, *expenditure on some of them has been on the high side and the new employment created is not yet commensurate with the expenditure incurred.*" (Italics ours.) It would, therefore, be useful, if the working of these estates were scrutinised and evaluated by a team of experts. There would be no harm in securing the services of some competent foreigners for this purpose. The earlier such a study is made the better.

Unutilised Industrial Capacities

At the meeting of the Central Advisory Council of Industries last week-end, industrial spokesmen raised the question of coal, power and transport shortages not without reason, for they knew only too well where the shoe was pinching. That the existing industrial capacities could not be more fully utilised in view of these shortages was the burden of their speeches. But some of the Ministers seemed to think that, because industrial production had increased by 8.5 per cent in the first half of 1961, as compared with the corresponding period of 1960, all was well in God's world. The point was missed that industrial production could easily have been greater still, if the critical shortages in coal, power, transport, steel and other raw materials had not been there to prevent fuller utilisation of capacities. Even the proverbially short public memory could not have possibly forgotten the crucial shortages in the last one year. The slower tempo of coal production in the public sector collieries, it may be recalled, was first responsible for an overall physical shortage of coal. This was subsequently accentuated by the inadequacy of railway transport facilities. Even the reduced coal supplies, especially to iron and steel works, were not of the requisite coking quality. These, in turn, slowed down the tempo of iron and steel production in both the sectors to levels much below their installed capacities. The consequent reduced supplies of pig iron to foundries and engineering industries and of steel billets to the re-rolling industries led to a drastic underutilisation of capacities in these industries; this was admitted as recently as in September last by Sardar Swaran Singh, Minister for Steel, Mines and Fuel. How the power shortage, especially in the eastern region, had hit the engineering and other industries and slowed down their production was referred to in these columns some months back. The failure of maintenance imports to catch up with the needs of industry for fuller utilisation of capacities has also been there. It would not be difficult to establish the present under-utilisation of capacities in a wide range of industries from the statistics provided by the Commerce and Industry Ministry itself to the Central Advisory Council of Industries. Ministerial spokesmen, especially Mr. Manubhai Shah, who dismissed the industry's complaints in a cavalier fashion, must think twice before they pooh-pooh the undoubted difficulties of different industries.

Cement Prices

The long-awaited Government announcement regarding the retention price of cement has at last been made. The Government published on 31st October its decisions on the recommendations of the Tariff Commission in respect of the fair prices payable to producers of cement. The Government has made two major departures from the recommendations of the Commission. They are (1) it has rejected the Commission's suggestion for continuance of the system of differential ex-works prices and has instead preferred a uniform ex-works price of Rs. 69.50 per tonne for naked

(*Continued on page 892*)

FORUM OF FREE ENTERPRISE

INDIA'S planning, like its Constitution, seems to be an amalgam fashioned in the light of lessons, both positive and negative, drawn from the experiences of several countries—communist and non-communist. It is still in the process of evolution into what may be called "Indian-style planning." At one time, it was feared that Indian planning might become wholly Soviet-oriented, that co-operativisation of agriculture might proceed on Chinese lines and end up in collectivisation and that a growing public sector might swallow up the private sector. Fortunately these fears have been partly belied by events so far. The testimony of Prof. J. K. Galbraith that India is one of the least planned economies in the world is not without truth. But the danger of Indian planning sliding into a totalitarian pattern at some stage or other is not inconceivable. So long as there is such a conceivable danger, there will be need for somebody or some organisation to warn the country of its possibility so that it may not become a *fait accompli*. If correction by exaggeration is needed in any field, it is in that of planning where the State bureaucracy has the propensity to concentrate more and more power in its own hands. If private capitalism, which can be regulated for public good within reasonable limits, is not to be entirely superseded by State capitalism over which there can be no effective control even by Parliament, an organisation like the Forum of Free Enterprise has a certain restraining role to play. That this role has also a positive aspect in the sense of reforming private capitalism on humanitarian lines is evident from the speech delivered by Mr. A. D. Shroff, President, Forum of Free Enterprise, at the annual general meeting of the Forum on 25th October 1961, at Bombay. In the following passage is to be found the quintessence of Mr. Shroff's approach:

"Private enterprise should not merely be content to bring about realistic planning by educating public opinion. It must also help the country to develop in many other ways. It must assume leadership in several spheres of life, thus taking them out of the mischief of politics, which is intruding into all spheres. Private enterprise, through the various chambers of commerce and other organisations, should resort to social service and particularly take a keen interest in education and civic life. Education and civic amenities have so far been left to professional politicians. The result has been a rapid deterioration in educational standards and dearth of civic amenities in every city of the country. Especially, the experimentations in the educational field by overnight authorities in the subject are promoting a set of students which would be unable to fit itself in the rapidly changing economic context....

"It is with pride that one can recognise the wind of change in this direction. The Indian Chamber of Commerce in Calcutta has undertaken a project to help the displaced persons at Dandakaranya and is promoting a scheme for Youth Clubs in Calcutta. The Indian Merchant's Chamber in Bombay has established an economic research unit. The Andhra Chamber of Commerce in Madras has started a private Employment Exchange. A number of individual firms are doing excellent work in the field of social service. For instance, a major cement producer in the country has undertaken rural uplift work in areas around its factories. A major industrial group in the country earned credit for its flood relief work at Poona. A leading firm, of Poona has set up a Foundation to give technical and legal assistance to new entrepreneurs:...

"The signs are thus hopeful, and we can be sure that private enterprise is ready to meet the challenge which faces it. It is the challenge of developing the country rapidly and on a large-scale to give the vast masses of the people a decent standard of living; to create growth potential and an atmosphere of equal opportunities for all; and to give them a satisfying life of creative fulfilment both as producers and consumers and, above all, as citizens of a democracy."

If the Forum of Free Enterprise can be a force for restraining bureaucratic inroads into the economy and securing a clearer demarcation of the fields open to the public sector and the private sector, it can also be a force for educating business opinion on the welfare and humanitarian responsibilities of industrial and commercial houses in a country of glaring disparities of income and wealth. That the various humanitarian foundations in the United States are sustained by the generous endowments and contributions of business houses is a lesson that this country can usefully learn from the United States. Charitableness and compassion are not only good in themselves but can also be a matter of enlightened self-interest [illegible]

EQUITIES FIRM

MORE GAINS THAN LOSSES

(From Our Own Correspondents)

BOMBAY, *2nd November*

THE share market displayed a slightly firmer trend during the major part of the week under review. There was, of course, a mild recession on Monday and Tuesday, but this was mainly due to profit-taking at higher levels and not to any bearish factors, although some operators might have been influenced by the Finance Minister's broadcast talk on 30th October reiterating the need for higher taxation and restraints on dividend distribution. Over the week, the closing rates of a number of scrips show gains, which are quite marked in some cases.

Resuming on a promising note, equities staged a modest rally on Friday 27th October, thanks to short-covering and scattered support. Hindustan Motors, in particular, presented a bright feature, following the news that the strike at the Company's factory at Calcutta was over. On Saturday, the recovery gathered further momentum, when a number of prominent scrips in both cash and forward lists surged ahead. The buoyancy was engendered by brighter prospects of U.S. investments in India, as revealed by the discussions at New Delhi between the delegation of American businessmen and representatives of Indian industrialists. After the mild recession on the following two days, the firm trend was, once again, resumed yesterday, following a revival of support to a few leading shares like T.E.L.Cos, Century, National Rayon, Khatau. Cement shares, too, received selective support, though the market was not fully satisfied with the ex-factory price increases granted by the Government of India. Today also the market presented a cheerful appearance, with the closing tone distinctly encouraging. Hindustan Motors, however, were easier, as the earlier report about the workers' strike turned out to be incorrect.

In the steel section, Tata Steels opened firm at Rs. 145.50 on Friday, as against the previous close of Rs. 145.25, and rallied on Saturday to touch a high of Rs. 146.75. Profit-taking at this level brought down the value and the scrip receded to Rs. 144.75 yesterday, before finishing higher at Rs. 146.25 today. Over the week, the shares gained a rupee. Indian Irons began the week at Rs. 24.48, as against the closing rate of Rs. 24.28 last week and moved both ways within a narrow range on alternative bouts of buying and selling. Today, they were reported to have received special support from institutional investors and touched a high of Rs. 24.92 before winding up the week at Rs. 24.80. Mukand Irons put on 15 nP to Rs. 28.50.

A sharp rise in the value of Khataus by Rs. 32.50 to Rs. 472.50 was the main feature of trading in the textile section. Centurys opened at Rs. 589, against the previous close of Rs. 588 and spurted in subsequent sessions on bull support to touch Rs. 600 on Tuesday. Profit-taking at this level brought the rate down to Rs. 591 yesterday. Renewed support at this low level once again lifted the value to Rs. 595 today. Standards advanced by Rs. 8 to Rs. 1,417. Ahmedabad Advance picked up Rs. 4 to Rs. 190. Indores and Morarjis gained Rs. 3 each to Rs. 175 and Rs. 396, respectively. Swans improved by Rs. 5 to Rs. 650. Svadeshis put on Rs. 2.75 to Rs. 273.25. Shree Niwas Cotton gained Rs. 2 to Rs. 284. In the cash list, New Kaiser-i-Hinds spurted by Rs. 4.50 to Rs. 65.50. Moderns hardened by Rs. 2.50 to Rs. 73.50 and Sassoons gained a rupee to Rs. 71.50. Some textile shares encountered selling pressure and suffered a setback to values. For example, Kohinoors lost Rs. 2.50 to Rs. 308.50. Simplex softened by 50 nP to Rs. 168.50. Bombay Dyeings eased by 20 nP to Rs. 68. Elphinstones were marked down by Rs. 6.50 to Rs. 113.50. Mafatlals were neglected and shed Rs. 5 to Rs. 950.

Reflecting the favourable impact of the Government's decision to raise the ex-factory prices of cement, almost all the scrips in the cement section registered some modest gains in value. Associated Cements opened the week at Rs. 170.50, as against the previous close of Rs. 170.25 and rose to Rs. 171 in initial deals. They receded, however, to Rs. 167.75 on Monday, with the general trend of the market, but received fresh support in subsequent sessions and touched the high of Rs. 172 today, before closing at Rs. 170. Over the week, they shed 25 nP. Digvijays advanced by Rs. 4.50 to Rs. 188.50. The shares of Dalmia Bharat have gone up by Re. 1.36 to Rs. 12.86. Jaipur Udyog advanced by 24 nP to Rs. 12.24. Bagalkots put on 12 nP to Rs. 8. India Cements and Sone Valleys improved by just 4 nP to Rs. 6.72 and Rs. 4.96, respectively.

Sugars displayed a mixed trend. Belapurs began the week at Rs. 271 as against the previous week's close of Rs. 271 and moved both ways within a narrow range. On Saturday, they touched the week's high of Rs. 273.50. In the subsequent sessions, they eased to touch Rs. 268 yesterday. Today, they received fresh support and rallied to Rs. 271 at close, showing a loss of a rupee over the week. Phaltans, too, softened by a rupee to Rs. 130. Walchandnagars were quiet at Rs. 166. In the cash section, Hindustan Sugars advanced by Rs. 3.75 to Rs. 327.50. Maharashtras changed hands at Rs. 188, as against Rs. 186 in the previous week. But Kesars were out of favour and slipped down by Rs. 2.50 to Rs. 240.

Rayon shares received good support. National Rayon opened at Rs. 549, just a rupee higher than the previous close, and jumped up to Rs. 560 on Monday. In the subsequent two sessions they eased to Rs. 551 on profit-taking but recovered again today to Rs. 559.50 before finishing at Rs. 556.50. The share gained Rs. 8.50 over the week. Indian Rayons were also in keen demand and rose by Rs. 9 to Rs. 82. South India Viscoses advanced by Rs. 4.50 to Rs. 187. Baroda Rayons were better at Rs. 160.

Chemical shares were generally firm. Kemps provided a bright feature of trading in this section. They were quoted *ex-div.* at Rs. 300, recording a handsome gain of Rs. 15 over the week. Synthetics jumped up by Rs. 20 to Rs. 220. The Colour Chems gathered Rs. 7.50 to Rs. 382.50. Ultramarines rose by Rs. 5 to Rs. 112. Citrics gained Rs. 4 to Rs. 75. The Company, it is learned, has finalised arrangements with West German collaborators for the supply of plants for its factory.

The engineering section displayed a mixed trend. T.E.L.Cos opened slightly firm at Rs. 363 on Friday, as against the previous close of Rs. 362.50, and spurted to Rs. 367.25 the next day. Profit-taking in the subsequent two sessions brought down the value to Rs. 362 on Tuesday. Yesterday and today they attracted good support and touched the high of Rs. 369.75, before winding up the week at Rs. 366.50. But Alcock Ashdowns declined by Rs. 2 to Rs. 325 and Coopers eased by Re. 1.50 to Rs. 188. Larsen and Toubros were quiet at Rs. 38.75. In the cash section, T. Maneklal (old shares) were hammered down by Rs. 30 to Rs. 665. But Brady Engineerings advanced by Rs. 4 to Rs. 95. New Standard Engineerings gained Rs. 6.50 to Rs. 202.

In the miscellaneous section, Bombay Burmahs fluctuated between Rs. 628.50 and Rs. 638, before finishing the week at Rs. 635 today. The full details of the accounts of the Company for the year ended 31st May 1961 now available show that the Company's gross trading receipts rose substantially by Rs. 66 lakhs to Rs. 5.59 crores. Voltas advanced by Rs. 2 to Rs. 305.50. Sirpur Paper gained 4 nP to Rs. 16.48. The Directors of the Company have announced an increase in the dividend on ordinary share to 85 nP per share from 65 nP for the previous two years. Bombay Oxygens attracted good attention and advanced by Rs. 6.50 to Rs. 67.50. Chemcoat rose by Rs. 13.50 to Rs. 102. Permanent Magnets jumped up by Rs. 43 to Rs. 135. Hindustan Levers put on 50 nP to Rs. 52.50.

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Calcutta Stock Exchange

CALCUTTA, *1st November*

Trading on the Calcutta Stock Exchange, after reopening on expiry of the *Pooja* holidays, on 25th October, has been unimpressive. Under the impetus of encouraging corporate news and the announcement of increased cement prices, selling pressure showed signs of abatement. Selected miscellaneous shares recorded modest gains. Inquiries on Wednesday last were restricted due to clearing adjustments, but on expectations of better working, following their phased plan to increase production, shares of jute mills were quoted higher. Although operators were disinclined to enter into fresh commitments, the technical position should be considered not alarming, as was evident from the carry-forward charges in the last clearing. It was evident that, with a number of issue of rights shares as well as new issues in the offing, funds were being held back. This would explain the limited turnover in the face of reports of diversification and increasing industrial output. The conclusion of the U.S. businessmen and bankers, at their conference with Indian officials and industrialists, that India offered tremendous scope for U.S. private capital investment encouraged optimism. This, together with expectations of increased industrial activity, explained why selling pressure was less marked. With a number of new issues awaiting release and signs of the onset of the busy monetary season, it was realised that the flow of funds to the market was not likely to increase despite the Reserve Bank's cancellation of restrictions on clean advances. The two serious train accidents in the wake of dislocation of traffic, following floods, give no hope of any immediate improvement in the transport situation for coal; this, as well as the official indication that the difficulties for transport would only accentuate were reflected in the low level of activity in coal shares. The Government's decision to import Russian furnace oil for utilisation in place of coal in South and West India was also bearishly interpreted. Expectations of improved working and reports of better cloth offtake explained why prices of cotton mills had not fallen.

Among textiles, Bowreahs were lifted from Rs. 35.87 to Rs. 36.75. Elgins were maintained at Rs. 22.06. Dunbars eased fractionally from Rs. 33.56 to Rs. 33.44. At Rs. 27.75, Bharat Commerces gained a point, with J. K. Rayons improving Rs. 19.25 to Rs. 20.00 and Cawnpores from Rs. 9.06 to Rs. 9.25.

Although activity in coals was restricted with Western Bengals slipping from Rs. 9.34 to Rs. 9.12, Raneegunges and Dhemo Mains recorded a fractional gain at Rs. 15.44 and Rs. 7.37, respectively. New Beerbhooms were likewise better at Rs. 21.81. Central Indias were firm at Rs. 11.81 and Amalgamateds at Rs. 21.81, as against Rs. 11.75 and Rs. 21.50 earlier.

Several features were recorded in jutes on interested buying, although demands from cultivators' organisations to fix minimum prices for fibre at far above the current levels were viewed with alarm against the background of continued competition from lower-priced substitutes, Deltas were bought at Rs. 165, as against Rs. 149 previously. Fort Glosters firmed up to as high as Rs. 368 from Rs. 297. Anglo-Indias forged ahead from Rs. 169 to Rs. 198. Northbrooks were done more than a rupee higher at Rs. 28.75. Indias rose from Rs. 14.00 to Rs. 15.56. Budge-Budges picked up Rs. 20 at Rs. 142, while Nuddeas, after having been quoted higher at Rs. 54.50, receded to Rs. 53.50. Gourepores jumped, on interested buying, from Rs. 381 to Rs. 408. For a like reason, Dalhousies, at Rs. 106, were marked up by Rs. 15. Lansdownes advanced from Rs. 91.75 to Rs. 105.

Selected engineering shares attracted support. Indian Standard Wagons strengthened from Rs. 95.00 to Rs. 101.00. Guest Keen Williams were steady at Rs. 40.50. Jay Engineerings improved from Rs. 27.31 to Rs. 27.87. J. K. Steels, at Rs. 21 87, were a few nP better. Indian Irons opened at Rs. 24.22 and closed with a modest gain at Rs. 24.64 after being higher at Rs. 24.78. Texmacos were steadier earlier at Rs. 18.95 but eased to Rs. 19.55 at close.

Sugar shares were on offer, thanks to apprehensions of bad times for the mills, following U.S. reluctance to lift the agreed sugar quota. Carews eased from Rs. 13.12 to Rs. 12 but subsequently recovered to Rs. 13.50. S.K.Gs, at Rs. 10.75, were fractionally lower.

Selected miscellaneous industrials hardened on good support. Dunlop Rubbers were pushed up from Rs. 54.62 to Rs. 55.25 to close at Rs. 55. Expectations of increased dividend strengthened Martin Burns which ruled steady at Rs. 28.50. Goodyears scored a small gain to Rs. 38.25. Indian Coppers were firm at Rs. 4.90. J.K. Synthetics firmed up from Rs. 12.94 to Rs. 13.75.

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Madras Stock Exchange

MADRAS, *1st November*

Barring sugars, which encountered persistent selling, equities on the Stock Exchange put on a distinctly cheerful appearance. The bullish fervour was fanned by rumours of sustained buying of select shares by the Life Insurance Corporation. Besides, advices from Bombay and Calcutta were also encouraging. Textiles were in the limelight on account of optimistic view of the progress for the current year. Teas elicited good inquiries. Coffees and rubbers moved up in sympathy. Miscellaneous industrials displayed distinctly firm conditions; cements, in particular, were active, following the Government's decision to enhance the retention prices.

Among textiles, Premiers forged ahead by Rs. 12 to Rs. 317. Bangalore Woollens advanced by Rs. 10 to Rs. 230. Lakshmis spurted by Rs. 8 to Rs. 168. Cannanores rose from Rs. 171 to Rs. 177. Coimbatore Cottons rose by Rs. 3 to Rs. 199. Travancore Rayons moved up by Rs. 2.75 to Rs. 43.25. Buckinghams gathered Re. 1.50 to Rs. 253.50. Maduras strengthened by 90 nP to Rs. 40.25. Kotharis were higher by 10 nP at Rs. 13.20. Loyals were maintained at Rs. 50.50, following the announcement of a dividend of 6 per cent (taxable) for the year ended June 1961; no dividend had been paid in the previous year.

A feature of trading in the coffee section was the spurt in the quotation of Consolidated Coffees from Rs. 20.10 to Rs. 21. Coffee Lands hardened by 40 nP to Rs. 16.70. Cowcoodys were higher by 10 nP at Rs. 4.55. Sheveroys were, however, quiet at Re. 1.70, reflecting the disappointment of operators over the dividend of 7½ per cent (taxable) for the year ended June 1961, which compares unfavourably with 9 per cent distributed in the previous year. Outcherlony Valleys, however, shed 2 nP to Rs. 3.65.

Among rubbers, Malankaras scored a gain o 27 nP to Rs. 17.50. T.R. & Ts put on 13 nP t Rs. 10.25. Cochin Malabars closed higher at Rs. 7.4 as against Rs. 7.37. Midlands and Vaikundam were firm at Rs. 11 and Rs. 32.50, respectively.

Sugars ruled easy. Cauverys suffered a setbac of a rupee to Rs. 116. Deccans lost 15 nP t Rs. 12.50. East India Distilleries declined by 25 n to Rs. 38.75. Indias were dull at Rs. 11.2 Travancores at Rs. 9.69 and United Breweries Rs. 104.

In the miscellaneous section, Western India Pl woods were marked up by Rs. 7 to Rs. 260. Te tools ruled by Rs. 4 to Rs. 182.50 *ex-div.* Tube In vestments gathered Re. 1.50 to Rs. 286.50. Amon cements, Dalmias spurted by 54 nP to Rs. 12.2 Orissas rose by 40 nP to Rs. 15.20. India Cement firmed up by 26 nP to Rs. 6.58, Andhras were hel steady at Rs. 9.40, as also Travancores at Rs. 7.6 In the chemicals group, Travancores made headwa by 87 nP to Rs. 21.87. Metturs gained 22 nP Rs. 14.62, but F.A.C.Ts shed 5 nP to Rs. 9.3 Among others, Ashok Leylands rose initially fro Rs. 9.62 to Rs. 9.20, but eased subsequently Rs. 9.17. Aluminium Industries rose from Rs. 23. to Rs. 23.80, before closing at Rs. 23.65.

NEWS IN BRIEF

THE total number of industrial schemes for which foreign collaboration has been approved was 304 during January-September 1961. Of this, as many as 107 cases were in the field of engineering industries.

Bhilai Steel Works has despatched 1,200 tons of coal tar pitch and 200 tons of pressed naphthalene for export for the first time. These are by-products recovered from the coke-oven gases in the Steel Works.

India's first transport plane, *Avro* 748, which has been built at Kanpur Air Force Station, made its inaugural flight on Wednesday the 1st inst. in the presence of the Union Defence Minister, Mr. V. K. Krishna Menon.

An Indian Committee of Lloyd's Register of Shipping is proposed to be set up shortly, with headquarters in Bombay. The Chairman of Lloyd's Sir Kenneth Pelly, will formally inaugurate the new committee at the end of this month.

The U.P. Government has decided to exempt *gur* and *khandsari* industries from the purchase tax levied on sugarcane during the coming season. The licence fees on power crushers, *bels*, power centrifugals and hand-driven centrifugals have also been reduced to one-third of the existing level.

The President has given assent to the Madhya Pradesh Ceiling on Agricultural Holdings (Amendment Bill, 1961). The legislation amends the Madhya Pradesh Ceiling on Agricultural Holdings Act, 1960, to implement the suggestions made by the Central Committee for Land Reforms.

The Government of India has sanctioned a loan of Rs. 29 lakhs to the Rajasthan Government for financing expenditure on the Rajasthan Canal Project during 1961-62. The total loan advanced to the State Government for this project since 1957-58, including the current loan, amounts to Rs. 15.29 crores.

In order to relieve the acute power shortage in Gujarat, the Government of India has approved of a proposal of the State Government to import fourteen diesel power-generating sets. These sets, each of which will have a capacity of 1,000 kw., will be installed in different towns where new industries are coming up.

India has secured a research grant of $73,228 (in rupee equivalent) from the U.S. Department of Agriculture to explore the possibilities of adding non-fat milk to buffalo milk to make hard cheese. The grant will finance a five-year study by the Kaira District Co-operative Milk Producers Union Limited, Anand, Gujarat State.

The State-owned Indian Oil Company has reached an agreement with Russia for the import of 50,000 tons of furnace oil, for the first time. The first consignment of 10,000 tons is expected to reach Cochin port in December. Thereafter, 10,000 tons will be delivered every alternate month in four instalments. All the deliveries will take place at Cochin.

The Regional Office of the Geological Survey of India at Lucknow was inaugurated by the Governor of U.P., Mr. B. Ramakrishna Rao, on 26th October. The Lucknow Office is one of the three regional offices being set up by the Government of India under the reorganisation scheme. The other two will be set up at Calcutta and Hyderabad.

About 5,800 factory workers will now benefit under the Employees' State Insurance Scheme which has been extended to Banmore in the State of Madhya Pradesh and to thirteen villages in the State of Madras, with effect from 28th October 1961. The employers of the factories covered under the scheme will now be required to pay their special contribution at the rate of 1¼ per cent of the total wage bill, instead of ¾ per cent as hitherto.

The Government of India has set up an advisory body, called Direct Taxes Advisory Committee, as recommended by the Direct Taxes Administration Inquiry Committee. Apart from promoting co-operation between taxpayers and the Income-tax Department, the Committee will also advise the Government on the adoption of measures to remove procedural difficulties of a general nature concerning income, wealth, gift and expenditure taxes, as also estate duty.

Rich deposits of metallurgical coal in the vicinity of North Karanpura coalfields in Bihar have been discovered by the Indian Bureau of Mines. Exposed in a *nala* cutting in Chano-Rikba area, the seams are of ten to twelve feet thickness. The continuity of seams has been proved to extend over a large area in the Chano-Rikba and contiguous area. More than fifty million tons of such strongly coking coal with high ash content have already been proved.

The Union Labour Ministry has drawn up two schemes, one for giving national safety awards and the other for rewards on safety suggestions in industrial undertakings. Under the scheme for national safety awards, those industrial undertakings, which work at least one million man-hours per year and achieve the largest percentage reduction in accidents during a calendar year, as compared with the previous year, will receive the award. The scheme for rewards on safety suggestions provides for granting prizes for workers for suggestions on accident prevention.

Apropos the item about the possibility of eucalyptus being used as a raw material for manufacturing newsprint in our "News-in-brief" feature on page 733 of our issue dated 14th October 1961, we are informed by the management of the Punalur Paper Mills Ltd., that the Company has carried out only *laboratory tests* with eucalyptus wood chips received from the Forest Department of Kerala and that no *mill-scale trials*, particularly in the manufacture of newsprint, has been carried out with this wood.

The Paper Traders' Association, Bombay, has decided to set up a corporation to handle the distribution of paper (other than newsprint) allotted to it from imports made by the State Trading Corporation. The new corporation, being formed at the suggestion of the Chief Controller of Imports, will operate on the lines of the Newsprint Trading and Distributing Corporation. The Corporation will pass on the allotted paper stocks to members and quota-holders on an agreed basis charging a commission of ten per cent. Similar regional corporations will also come into being in Delhi, Madras and Calcutta.

Trade talks between the Government of India and an official trade delegation from Poland began at New Delhi on 27th October. The two delegations are expected to discuss and finalise the trade arrangements for 1962. Trade between the two countries is governed by the three-year trade agreement, which came into force on 1st January 1960. Under the terms of the agreement, trade will be in a balanced basis and payments will be regulated through non-convertible Indian rupees. In the past three years, trade between the two countries has been increasing and is expected to be of the order of about Rs. 5 crores, either way, during the current year.

The impact of regional trade blocs like the Common Market on the trade and economic development of Afro-Asian countries will be discussed at a conference of the Afro-Asian Organisation for Economic Co-operation, scheduled to be held at New Delhi, under the auspices of the Federation of Indian Chambers of Commerce and Industry from 11th December 1961. The conference, which will be inaugurated by Prime Minister Nehru, will be attended by several countries of the Afro-Asian region, besides a number of international organisations. The Organisation, which is a non-governmental body, came into being in Cairo in 1958. Chambers of commerce in 38 countries, including India, are its members.

Air-India International will be entitled to operate four services a week, with Boeing aircraft, to Europe and the U.S. through Paris, as a result of amendments made in the Indo-French Air Services Agreement. Diplomatic notes in respect of the amendments were exchanged between the representatives of the two Governments at New Delhi this week. Amendments are said to have provided a satisfactory basis for determining the frequencies of the services of the airlines of both the countries, and they are now entitled to operate an equal number of frequencies through each other's territories. At present, Air-India International is operating only three services per week to Europe and the U.S., through Paris, with Boeings, while Air-France operates four services per week through India with the same type of equipment.

The Government of India and the U.S. have signed an agreement covering a loan of $20 million (Rs. 9.5 crores) for the import of non-ferrous metals into this country. The loan will be channelled through the U.S. Development Loan Fund. Like all other credits by the D.L.F. to India, it is repayable in rupees. The loan will be utilised for procurement of aluminium, copper and zinc from the U.S. Much of the metal will be processed into final form at plants in India. Resulting products will be used mainly on projects in the fields of power, transportation and communication. The major part of the imports will be used in the fabrication of electrical equipment, such as transformers, motors, generators, switchgear and overhead lines for railway electrification and also in the manufacture of machinery components for chemical, sugar, tea, paper, automobile and storage battery industries.

In order to ensure speedier consideration of applications for licences under the Industries (Development and Regulation) Act, 1951, the Union Ministry of Commerce and Industry has advised the industrialists that, while submitting their applications to the Ministry, the parties should forward a copy each of their applications to the Directors of Industries of the State concerned and to the technical authorities, such as Development Wing or Textile Commissioner, or Iron and Steel Controller, etc., as the case may be. While forwarding a copy of the application, it may be indicated that the original application, together with the requisite treasury receipt, has been forwarded to the Ministry of Commerce and Industry. Similarly, the original application submitted to the Ministry of Commerce and Industry should indicate the authorities to whom copies of the application have been sent direct.

The total purchases made by the Directorate-General of Supplies and Disposals touched an all-time record of Rs. 222 crores, while the share of imports was only Rs. 42 crores. In 1958-59, the total purchases were of the order of Rs. 182 crores. Purchases of small-scale industries by the Directorate amounted to Rs. 6.46 crores in 1960-61, an increase of 50 per cent over the previous year. This was disclosed by Mr. N. E. S. Raghavachari, Director-General, Supplies and Disposals, at the sixth meeting of the Regional Purchase Advisory Council, Northern Zone, held at New Delhi on 23rd October. The major part of these purchases, according to Mr. Raghavachari, is free of price preference. In order to augment the production of the small-scale industries, the Directorate will soon increase the number of articles reserved for purchase exclusively from them from 27 to 44. Further, to facilitate registration of more small-scale industries with the Directorate, the procedure for registration has been simplified and liberalised. Such industries can now obtain forms for registration from the State Directors of Industries.

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From Abroad

The Swedish Government has decided to ask for associated membership of the European Common Market.

China is reported to be planning to buy twenty British *Viscount* turbo-prop airliners at a cost of about £12 million.

Japan has offered a loan of $15 million to Pakistan for fifteen years, with interest at the rate of 6 per cent per annum.

The U.S. has signed an agreement with Indonesia, under which the former will provide shortly 55,000 tons of rice to the latter, under the new "food-for-peace" programme.

The total number of unemployed persons in the U.K. rose sharply by 48,500 to 365,600 by the middle of October, as compared with mid-September. Unfilled vacancies fell during the period by 39,000 to 289,210.

The guaranteed producer price for groundnuts for the 1961-62 season has been reduced from £46 4s. 6d. to £43 11s. 6d., a ton in Northern Nigeria. The price of grade I cotton has also been slashed from 6s. 1d. to 5s. 6d. per lb.

Indonesia proposes to set up a plant for the manufacture of aircrafts, in collaboration with the U.S. To begin with, the plant will assemble small aircrafts. The next stage will be the development of a full-fledged aircraft industry.

Following the recession in the British Steel Industry, which is now operating only about three-quarters of its potential capacity, the U.K. Government has eased the ban on exports of iron and steel scrap.

The Government of the United Arab Republic has entered into an agreement with the British Northrop of Blackburn for the supply of plant and machinery for four cotton spinning mills and a factory for the manufacture of mechanical looms to be set up in Egypt. The mills will have a joint capacity of 51 million metres of cotton fabrics annually.

The free market for sheet rubber in Ceylon has been suspended with effect from 27th October. All exporters having been asked to sell sheet rubber to Government to fulfil its contracts with China and Poland, under which almost the entire output of the country's sheet rubber, till the end of next year, has been sold out. Ceylon will have to supply 31,000 metric tons of sheet rubber to China and 6,500 tons to Poland under trade agreements with these two countries.

The foreign trade of the European Common Market countries rose by 8.5 per cent to $31,734 million in the first half of 1961, as compared with the corresponding period of 1960. The exchange of goods among the Common Market countries rose by 17 per cent to $11,560 million. The foreign trade of the E.F.T.A. rose during the same period by only 4.6 per cent to $21,534 million. The intra-E.F.T.A. trade was higher by 6.2 per cent at $8,203 million.

PERSONAL

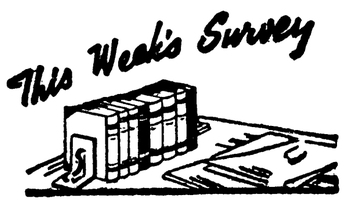
MR. A. J. B. Dickson and Mr. H. J. Watson have been elected President and Vice-President, respectively, of the Cochin Chamber of Commerce, Cochin, for the year 1961-62.

Dr. F. P. Antia and Mr. J. R. Price have been elected President and Vice-President, respectively, of the Indian Roads and Transport Development Association for 1961-62.

Dr. Ajit Mazoomdar, Jute Commissioner, Government of India, has been elected Chairman of the Shellac Export Promotion Council, *vice* Mr. C. R. B. Menon, who was the Chairman of the Council since its inception.

Mr. R. H. Belcher, C.M.G., has arrived in New Delhi to take up the post of British Deputy High Commissioner in India. Until recently, he was an Under-Secretary of State in the Commonwealth Relations Office in London.

Mr. Geofrey Wilson, World Bank's Director of Operations for the South-East Asian region, will arrive in India shortly to discuss with representatives of the Government of India the details of the utilisation of aid offered by the Aid-India Consortium for the second year of the third Plan.



ROAD TRANSPORT

IT may be remembered that Mr. Raj Bahadur, Minister of State in the Union Ministry of Transport and Communications, recently admitted that the level of taxation on road transport in India was the highest in the world and that motor transport was like a milch cow which had been fully exploited by the Government. This ministerial admission has lent added support to the stand of the road transport industry that there should not only be no further taxes on road transport but also a reduction in the burden. The recent E.C.A.F.E. seminar at Madras on road passenger transport had also taken, more or less, the same line. The Transport Development Council, which held its session last week at New Delhi under the presidency of Dr. P. Subbarayan, Union Minister for Transport and Communications, has reiterated its familiar stand. It has given the finding that the octroi duties imposed by various local bodies are a great impediment to the smooth flow of motor traffic and has, therefore, called upon the State Governments to ensure their early abolition. And it has also urged the State Governments to implement the principle of single-point taxation without delay by abolishing double taxation on inter-State transport. Another recommendation made by the Council is that there should be only one agency for the collection of motor tax and the taxes on passengers and goods. The Council's acceptance of the principle of creating a Rural Road Fund for the development of roads in rural areas is also noteworthy, although the details of the proposed fund have been left to be worked out by the State Governments and the development bodies of the Central Government.

All these recommendations will, doubtless, be gratifying to the road transport industry. But it will be surprising to the industry that the Development Council has recognised the heavy incidence of income-tax only in respect of State transport corporations and recommended to the Transport Ministry to appoint a committee to study the difficulties of such corporations and to suggest incentives for their expansion, including tax relief. The private sector of the road transport industry is bound to raise the issue of unequal treatment as between State transport corporations and private transport enterprises. If it takes the forthright stand that a concession like the development rebate in respect of income-tax liability should again be given to the private road transport industry which has been aggrieved by the withdrawal of that rebate, it can hardly be accused of being an Oliver Twist. As the road transport industry is the only one to be singled out for a denial of the development rebate, its case for the revival of the concession will be unassailable, more especially because, as vehicles become available, there will be greater competition and small profit-margins. Indeed, there are already reports of cut-throat competition in certain routes, with the result that the demand for trucks is said to have slackened.

MINOR IRRIGATION

The third Plan has appropriately laid greater emphasis on minor irrigation than the second, for it has some obvious advantages. These are: the relevant schemes can be more speedily executed than major works; local resources in manpower and materials can be utilised; and there is no dependence on foreign exchange. In view of these advantages, minor irrigation has been allotted an outlay of as much as Rs. 300 crores in the third Plan. All this, outlay will, of course, not be on entirely new minor irrigation works. A good part of it will presumably be spent on renovation of older tanks which have silted up and of open wells which have gone into disuse. An official estimate, in this connection, is that there are as many as 35,000 tanks all over the country, requiring renovation. Of the five million open wells in the country, quite a large number has been lying in disuse and can be renovated. There is thus so much work to do in this field, but what is lacking is efficient organisation. The disappointing results of the first and second Plans, such as the neglect of older works alongside the delayed and inefficient construction of new ones and the failure to ensure continued maintenance of many old and new works alike on satisfactory lines, have been probably due to two principal factors, namely, the absence of a single executing agency at each State level and the absence of local organisations for undertaking the responsibilty for maintenance of works.

If the large funds earmarked for minor irrigation are to be spent effectively and economically, it would be necessary to create a single agency in each State to deal with the subject of minor irrigation which, at present, is the concern of various departments like agriculture, revenue, irrigation, public works, planning, etc. Only such an agency could impart "vigour and drive" to the programme. In pleading for such an agency, Mr. S. K. Patil, who spoke at the Northern Regional Conference on Minor Irrigation at New Delhi last week, has hit the nail on the head. But his plea does not seem to have been fully endorsed by the conference, for it has merely recommended the setting up of a special engineering cell in each State to deal with the technical aspects of minor irrigation schemes in a unified and integrated manner and bring about greater co-ordination and technical competence in planning and implementing minor works. While it is true that this recommendation is partly an endorsement of Mr. Patil's idea, it is doubtful if the "special engineering cell" will have the authority to by-pass the other departments concerned. It is reference, at every turn, to these other departments that has always caused delays in execution. If the conference has merely called for "urgent steps to remove procedural delays on matters like sanctioning estimates, entering into works agreements and granting financial assistance to cultivators," it is a confession of the difficulties involved, under the existing administrative set-up, in the creation of a single agency with overriding authority. It may, however, be that the special engineering cell will ultimately evolve into a single administrative and executing agency for minor irrigation. The other recommendation of the conference, pertaining to maintenance responsibility, does not go far enough. If the responsibility for maintenance should be increasingly placed on *panchayats*, it should be clearly laid down that the agricultural beneficiaries should make the fullest possible contribution to the revenue resources of the *panchayats*. Surely, finances for maintenance also cannot be expected to be provided by the State Governments in addition to funds for renovation and new construction.

TERMS OF BONUS COMMISSION

There is little that merits serious criticism in the terms of reference of the proposed Bonus Commission, finalised this week at New Delhi by a tripartite meeting presided over by Mr. G. L. Nanda, Union Minister for Labour. An outstanding feature of the final terms of reference is that they are more specific and comprehensive than the earlier draft prepared by the Union Ministry of Labour. They contain elaborations and additions which clearly define the task before the Commission. While this does not leave much room for the Commission to stray from the basic issues, it will enable the body to arrive at its decisions more speedily than would have been the case otherwise.

The draft terms prepared by a sub-committee appointed by the Standing Labour Committee, and approved at the New Delhi meeting, are:

1. To define the concept of bonus and to consider, in relation to industrial employment, the question of payment of bonus based on profits and to recommend principles for computation of such bonus and methods of payment. The term industrial employment will include all employment in the private sector and in establishments in the public sector not departmentally run and which compete directly with establishments in the private sector.

2. To determine the extent to which the quantum of bonus should be influenced by the prevailing level of remuneration and the need to increase productivity.

3. To determine what the prior charges should be and how they should be calculated in different circumstances and to determine other conditions under which bonus payment should be made industry *cum* region-wise, industry-wise and unit-wise.

4. To consider whether the bonus due to workers beyond a specified amount should be paid in the form of national saving certificates or in any other form.

5. To consider whether there should be lower limits irrespective of losses in particular establishments and upper limits for distribution in one year and, if so, the manner of carrying forward profits and losses over a prescribed period.

6. To suggest an appropriate machinery and method for the settlement of bonus disputes.

7. To make such other recommendations regarding matters concerning bonus that might be placed before the Commission on an agreed basis by the employers' and workers' representatives.

It is evident from the foregoing account that the ground to be covered by the Commission is quite comprehensive but precise. In fact, the second term of reference requires the Commission to go deeper into the question of bonus than what the courts of law have ever done. This is only as it should be, for the extent to which the quantum of bonus is to be influenced by the prevailing level of remuneration and the need to improve productivity are basically economic questions and courts of law are not the proper authority to decide such issues. It is, hower, true that certain aspects of bonus covered by the terms of reference, such as the definition of the concept and the principles of computation of bonus, have been dealt with by the courts in the country and certain principles laid down in the course of industrial adjudication. At the same time, it is clear from the task delineated for the Commission that it need not consider itself bound by the decisions of courts and that it is free to examine the issues *de novo* not from the strictly legalistic but from the larger economic and social points of view. This does not necessarily means that it will make an altogether fresh start or that it will reject well-established principles; only, its freedom will not be fettered by existing court decisions.

The task assigned to the Commission is doubtless a complex one. The definition of the concept, the norms that should govern the fixation of the quantum of bonus, the mode of payment, whether there should be a ceiling on bonus, etc., are complicated and ticklish issues to decide. It is difficult to think of easy or ready-made solutions. The bonus question has been the cause of friction between management and labour year after year, as well as of disappointments for workers should their expectations regarding bonus fail to materialise. The best thing to do, therefore, would have been to think of a system of wages which would avoid all these vexations and relate reward more directly to effort, after ensuring a fair minimum wage. It is unfortunate that the representatives of the Government, the employers and the workers could not make a rational and sensible approach to this problem. This speaks very poorly of their ability to think afresh and to benefit by the experience of the developed countries which have solved the problem of workers' remuneration in a more satisfactory manner. Would it be too much to hope that there are at least some employers in this country who are prepared to throw overboard the system of bonuses in favour of a scientific wage system, thereby blazing the trail for the others? Competition among employers in this direction would be a healthy one, as it would ensure a better future for private enterprise.

MR. NICOLL ON FORCED EXPORTS

Several devices, including incentive schemes and drawback of duties, designed to boost exports, have been improvised by the Government of India. But never before has the Government thought of a more controversial measure than the one for compulsory exports now on the anvil. It would appear that the authorities are bent on going ahead with the scheme at least in selected commodities, without even waiting for the suggestions of the Export and Import Policy Committee (Chairman: Dr. Ramaswami Mudaliar). If the powers-that-be seek to indulge in fiats, why should there be expert committees and study groups? At least when an expert committee is appointed to examine the export trade, it will not be appropriate for the Government to go over its head and make decisions of basic significance on a matter under review. Representatives of trade and industry in several parts of the country have already sought to impress upon the Government the futility of the proposed scheme for compulsory exports. A strong indictment of the measure has come from Mr. W. H. Nicoll, President of the Cochin Chamber of Commerce. Mr. Nicoll, in the course of his address at the annual general meeting of the Chamber held at Cochin on 27th October, categorically stated that "to compel an industry to export is not possible, but to persuade and help an industry to export is another matter."

Drawing particular attention to the defects in the proposed scheme for compulsory exports, Mr. Nicoll observed that, while Government could compel an industry to export, "buyers abroad cannot be compelled to buy from India." If it was the intention to compel an exporter to sell at cheap rates by means of subsidy, thereby flooding a particular market, he added, the importing country was bound to react by imposing restrictions on imports. There might occasionally be, in the event of compulsion, distress selling which would encourage buyers abroad to buy from India. But, according to Mr. Nicoll, that is not the way to build the foundations of long-term trade connections. He pointed out that markets were diverse and that what was required in one market might differ from that required in another. Besides, in all markets, "the price must be competitive and the goods must be of the required quality." He was of the view that, instead of introducing compulsion, the authorities should give incentives to exporters by way of reduction of income-tax on that proportion of income earned from exports, or the allocation of import entitlement against exports. Mr. Nicoll suggested that there should be a "norm," based on, for instance, the average of established exporter's earnings during previous years. A proportion of the foreign exchange earned over and above this "norm" should be made available to the exporter for the purpose of importing any article he wished, primarily his own requirements of plant and materials. This idea, of course, has already been accepted by Government and selected export items are even now being given import incentives.

Turning to local problems, Mr. Nicoll expressed the view that Kerala's share of total investment in the third Plan was "disappointing," being only Rs. 170 crores in the State sector. Emphasising the need for larger outlay for the State, he observed: "There are times when the social and economic needs of the people must carry weight in deciding the location of projects, and Kerala, with its dense and literate population, needs outlets for its energies and skills." He considered investment in social overheads as important as that on industry. He made particular reference, in this connection, to the need for a review of internal transport policy, so as to place greater emphasis on development of road transport. For "many goods are more suited to road transport for obvious reasons—quicker delivery, release of locked-up stocks and reduction of locked-up capital, lower packing costs, less handling, delivery to the buyer's premises, etc., are all important advantages, while pilferage, which is so heavy by rail, is virtually negligible." He, therefore, advocated the reduction of tax burden on road transport.

A notable suggestion made by Mr. Nicoll was that, if the Government did not find finance for road development, the private sector should be encouraged to construct roads. He appealed to the authorities that trunk roads should be let on a long lease, say, for twenty years or so, and private enterprise should maintain them with the money collected by way of tolls. He does not find anything wrong in charging tolls for road development, since they are prevalent in Europe and the U.S. While this suggestion of Mr. Nicoll reflects his anxiety to solve the problem quickly, its practicability under existing conditions in India is open to doubt. Quite apart from ideological considerations not all of which are irrelevant, tolls on roads will have to be quite sizable if private investment is to be attracted; but, as roads are social capital, they cannot be subjected to a heavy charge. It is significant that, in all the underdeveloped countries, road-building is being done by the State with the aid of loans from the World Bank and the I.D.A.

BRITISH LIFE INSURANCE

The statistics, just published by the British Life Offices Association and the Associated Scottish Life Offices, reveal a picture of life insurance in Britain which should be the envy of, and the pattern for, life insurance everywhere. Life insurance in Britain, under private management, has added fresh laurels to its already impressive performance by setting many new records in 1960. The number of new life insurance policies issued in 1960 exceeded the one-million mark for the first time, the exact figure being 1,020,000. New business scaled yet another peak in 1960 to £1,590 million, as compared with £1,319 million in 1959; and new premium income rose to £87.3 million in 1960, as against £68.4 million in the previous year. It is noteworthy that the number of new policies issued has doubled during the ten-year period, 1950-60, from 500,000 to over one million, and the new sum assured almost doubled in half that time, from £810 million in 1956 to £1,590 million in 1960. The number of policies in force at the end of 1960 was a record 9.9 million and the total sum assured in force, including bonuses, stood higher than at any time in the past at £9,090 million.

The remarkable growth of new business during the past six years is indicated in the table below:

Trend of new business

Year	No. of policies	Premium	Sum assured
		(£ millions)	(£ millions)
1955	753,000	41.4	750
1956	754,000	42.1	810
1957	793,000	47.2	892
1958	853,000	53.7	1,074
1959	939,000	68.4	1,319
1960	1,020,000	87.3	1,590

Ordinary life and annuity funds of British life insurance companies amounted to £4,173 million as at the end of December last, representing a rise of £410 million over the previous year. After allowing for transfers, the net figure, representing the new savings of policyholders, amounted to £405 million, £57 million higher than in 1959. Other new records set were in pension and annuity payments, which rose from £31 million to £37 million, and death claims settled which increased from £55 million to £62 million. Payment to policyholders of over £100 million on matured endowment assurances in 1960 was yet another landmark in British life insurance.

Reflecting the expansion of business, incomes of life insurance companies from premium, investment and other sources rose from £720 million in 1959 to £809 million in 1960. Premiums alone accounted for 560 million, investment incomes for £239 million and other incomes for £10.2 million. Of this, no less than £277 million was paid to policyholders, £405 million was added to life, annuity and reserve funds, £78 million was paid in commission and management expenses and £38.7 million appropriated in income and profit taxes. Only £5.59 million, or roughly 0.7 per cent of total income, was distributed to shareholders.

The pattern of investments of life insurance funds in Britain showed no significant change in 1960, as compared with 1959. The percentage of investments in gilt-edgeds (British Government, British Commonwealth Governments, Provincial and Municipal securities) declined from 25 per cent of total investments in 1959 to 24 per cent in 1960, whereas investments in equities rose from 20.5 per cent to 21 per cent. Investments in mortgages also increased from 15.5 to 16 per cent. Debentures, loan stocks, preference and guaranteed stocks and shares accounted for a slightly lower share, 20.5 per cent of total investments in 1960, as against 21 per cent in 1959. Investments in real property, ground rents and other investments also declined from 18 per cent to 17.5 per cent.

A comparison of life insurance in Britain and India reveals the large leeway that has to be made up before life insurance here could be regarded as anything comparable to that in Britain. For a population of 52 million, which is only one-eighth that of India, Britain has 2.2 million more life insurance policies in force than in India. Total sum assured in Britain at the end of 1960, at £9,090 million, is five times as much as in India. It must, however, be added that the growth of life insurance in India will be conditioned by the rate of economic development.

INDO-CEYLON TRADE

The recent trends in Indo-Ceylon trade have been to the liking neither of India nor of Ceylon. India, of course, continues to be the second largest supplier of merchandise (next only to the U.K.) to Ceylon. It is also true that Ceylon is one of the seven leading markets for Indian products and, in Asia, second only to Japan. But India's exports to this country over a long period have been more or less static. There has, in fact, been some decline in exports of late. In 1960, for instance, India's exports to that country aggregated Rs. 18 crores, which compares with as much as Rs. 20 crores in 1952. In 1959, its shipments were, no doubt, running at a high level (Rs. 22 crores). But this tempo could not be maintained, largely as a result of severe import restrictions imposed in Ceylon about a year ago on balance of payments considerations. During the seven months ended July 1961, there was a further decline in exports, being only Rs. 12 crores, as against Rs. 15 crores in the corresponding period of 1960. But like Ceylon, India too, has been restricting its imports; this has affected certain items of Ceylonese commodities like copra and coconut oil. India's total intake of Ceylonese goods was lower at Rs. 4 crores in 1960, as against Rs. 6 crores in 1959 and Rs. 5 crores in 1952.

The following table shows at a glance the trend of India's trade with Ceylon during the last decade:

(In lakhs of rupees)

	Exports	Imports	Balance of trade
1952	20,23	4,82	+15,41
1953	18,30	4,78	+13,52
1954	18,41	7,31	+11,10
1955	20,07	8,85	+11,20
1956	19,29	8,57	+10,72
1957	17,04	5,76	+11,28
1958	20,02	4,30	+15,72
1959	22,28	6,05	+16,23
1960	18,48	3,92	+14,56
1960 January-July ..	14,50	1,90	+12,60
1961 January-July ..	12,40	2,00	+10,40

It will be seen from the table that, despite smaller imports from Ceylon, India's favourable balance of trade has remained more or less unchanged. But the fact remains that, if this trend is allowed to continue, the total volume of mutual trade is likely to suffer a further setback. What is more, the traditional export items (such as handloom and other textiles from India and coconut oil and copra from Ceylon) will be the worst sufferers. It is, therefore, gratifying to note that the two Governments have signed a trade agreement, for the first time, following negotiations at New Delhi. The agreement, it is said, comes into force with immediate effect. It is, however, surprising that the Government of India has not yet disclosed the details of this agreement. Why should the Government put the trade and industry in suspense in a matter in which a section of them is vitally interested?

A brief joint *communique* issued at the conclusion of the agreement is, to say the least, vague. According to it, the two Governments have undertaken, on the basis of mutual advantage, to maintain "as far as is practicable, the traditional pattern of trade hitherto existing and to explore all possibilities, through consultations from time to time, of expanding trade and of trading in new goods." Another ambiguous statement in the *communique* is that the two Governments will give full consideration to the suggestion made by either party for facilitating the export and import of specific commodities. What are the commodities referred to? Is a scheme for barter trade in the offing? It is said that the agreement is expected to alleviate the difficulties now encountered with regard to export of coconut oil, copra, chewing tobacco and rubber from Ceylon to India and exports of dried fish, *bidis*, jaggery, tamarind and handloom textiles from India. Presumably, both the countries have agreed to relax restrictions on import of the aforesaid commodities as a compromise formula. There can be no quarrel over "alleviating difficulties" in the way of trade. Only, the public has a right to know the specific steps proposed to be taken to attain the objective.

Far more details of the agreement than those given in the *communique* have been provided in a casual talk which Mr. T. B. Illangaratne, Commerce Minister of Ceylon, who headed his country's delegation to New Delhi, had with newsmen at Menambakam airport (Madras) on his way back to Colombo. He has observed that, following the agreement, there will be a certain amount of guarantee of exports and imports between the two countries. He is reported to have said that the State trading organisations in both the countries will be entrusted with the task of developing mutual trade. It may not be too late in the day to ask whether State trading organisations will be more competent than private channels in handling trade between two democratic countries. Besides, from what has transpired so far about the agreement, it looks as though the negotiators were concentrating their attention on problems of traditional goods. It should be remembered that Ceylon is a fast developing country and, therefore, it opens out good scope for new lines of export from India, particularly engineering and light engineering goods, apart from the traditional items like fish and textile goods. Although there is considerable competition from industrialised countries like the U.K. and Japan, India can still take advantage of its fortuitous position as the closest neighbour of Ceylon, if only adequate publicity campaigns are undertaken and necessary after-sales service arrangements are ensured.

THE UNORGANISED MARKET

By "Kuber"

SPEAKING at Coimbatore last week, Mr. T. T. Krishnamachari, a former Finance Minister of the Union Government, is reported to have stated that more and more of our savings were being diverted away from the organised market to the unorganised sector, and that the latter's share of business was on the increase. This view is in contrast to that held by Mr. H. V. R. Iengar, the Reserve Bank Governor, who said, in one of his speeches, that the share of the monetised sector was increasing and that banks' deposits were, once again, on the increase, meaning thereby that the sudden and steep decline in the deposits experienced by the banks during the last busy season was, more or less, a thing of the past. But both may be right, for both the sectors are growing, though which sector is growing faster could be a highly controversial issue. But this particular problem is of great significance at the present juncture—on the eve of the busy season—to the trade and industry. It is of still greater significance from the point of view of the future of banks and their capacity to finance the ever-increasing tempo of our economic activity, as a result of the third Plan. On the proper appreciation of this problem, the future monetary policy of the Reserve Bank will have to be based; if the deposits continue to flow to the banking system, as they have begun to do again, the task of the Reserve Bank will be very much easier; otherwise, the Reserve Bank will have to adopt such measures as it can, to provide the necessary finance to the organised sector, so that economic development may not be retarded.

Unfortunately, this apparently simple problem has become a bit complicated, as the term "unorganised market" does not mean the same thing to different persons and institutions, with the result that the solutions tried are wide of the mark. According to Mr. Iengar, "the Reserve Bank of India is faced, unlike the central banks in highly developed economies, such as the U.S.A. or Western Europe, with the fact that the money market itself is not closely integrated and there are sectors which are largely impervious to Reserve Bank control. The outstanding characteristic of the Indian money market is its dichotomy; it comprises two broadly distinct markets, namely, the organised and unorganised, with a marked divergence in the structure of interest rates. The organised market comprises the Reserve Bank, the State Bank of India—the largest commercial bank in India owned very largely by the State—the Indian joint-stock banks and foreign banks. Quasi-Government bodies and larger-sized joint-stock companies also participate in the operations of the money market as lenders." No one will quarrel with this view. But then the Governor goes on to say that "the unorganised market, which itself, is not homogenous, comprises largely of what are known as 'indigenous bankers'." This view of the Reserve Bank is not wholly incorrect, but it is a narrow and rather outmoded conception.

How Unorganised Market Functions

Anyone with even a nodding acquaintance with the current market conditions very well knows that the unorganised market is a very much more complicated affair, comprising, as it does, all sorts of businessmen, merchants, traders, and individuals—in short, the bulk of the people in India who have any money to lend or borrow. Of course, some of these very people who form the backbone of the unorganised market do have dealings with the organised market also. A Himatlal Ramlal worth, say, about Rs. 5 to 10 lakhs, may maintain substantial deposits with or borrow from the joint-stock banks. When it suits him, however, he may withdraw his deposits and lend his moneys in the unorganised market, for the simple reason that he gets a higher return. He may even borrow from the banks at, say, 6 or 7 per cent and lend in the unorganised market, to get the advantage of difference between the rates in these two markets. The unorganised market is full of such Himatlals. Even the educated and modern investors have lately lent substantial amounts in the unorganised market, as they get a very much higher return, anything from 6 to 9 per cent, instead of, as used to be the case, keeping their funds with the joint-stock banks at about 4 per cent on time deposits.

During the last two or three years, this process has been going on all the time, mostly at the expense of joint-stock banks and, in my opinion, it will continue that way, so long as the present difference in the rates in the two markets persists. The fact that the banks had to raise their rates on deposits a few months ago and the fact that they have continued to pay the higher rates even during the present slack season prove my point. The main thing to bear in mind, therefore, is that the unorganised market is not confined mainly to the indigenous bankers as the Reserve Bank would have us believe. In fact, the indigenous bankers, as they are generally known, have ceased to play an important part in the larger towns and cities, yielding place to the new class of merchants who have amassed a great deal of wealth in recent times. Some of the cloth merchants, iron merchants and the like are so rich today that they can easily buy up the so-called indigenous bankers. Moreover, the best of the bunch—the Multani bankers—borrow largely from the organised markets and lend, in the unorganised market, to small merchants and traders. They, therefore, are the most important link between these two markets. The joint-stock bankers know all these developments—sometimes to their cost—though the Reserve Bank may not be keeping abreast of the latest developments in the unorganised sector.

Hot Money

If my above point of view is conceded, then the next thing naturally follows. And that is that there is a continuous flow of money from one sector to the other depending upon differences in the rates of interest ruling in these markets. It is a kind of an internal version of "hot money." If and when the rates ruling in the organised markets are unduly low or unremunerative or unrealistic, the money tends to flow from the organised sector to the unorganised sector, as was witnessed in the last busy season. In fact, I may go further and say that this tendency has gathered considerable momentum in the recent past, as, due to inflationary conditions, people find it quite safe to lend money to hundreds and thousands of firms in the unorganised sector rather than keep deposits with joint-stock banks. Most of these industrial firms are full up with orders, and are able to make huge profits. I know of two or three engineering firms who have found no difficulty in getting lakhs and lakhs of rupees by way of deposits from the people. They have obtained such vast funds that they have taken to all sorts of new businesses such as construction, etc., on which, incidentally, they are minting money. If one were to total up the deposits raised by such firms, the figure would be staggering. Of course, these firms have dealings with the organised market also, but only marginal. They do maintain nominal deposits with the banks and they borrow from them against the securities that are acceptable to them; but, by and large, they rely on funds that they can get from the so-called unorganised market.

Wide of the Mark

If that is so, the other conclusions arrived at by the Reserve Bank in this regard are also wide of the mark. In the same speech from which I have quoted above, the Reserve Bank Governor further holds the view that "in this market (unorganised market), there is no clear demarcation between short-term and long-term finance; not even between the purposes of finances, inasmuch as there is usually nothing on the indigenous bill of exchange to indicate whether it is for financing trade or for providing financial accommodation; in other words, whether it is a genuine trade bill or a financial paper. Some idea of the size of the unorganised market can be had from the fact that, according to an official investigation, made some 30 years ago, the market financed 90 per cent of the internal trade of India. With the expansion of banking, the percentage has come down, and at present it is estimated to be as high as 50 per cent at present."

I do not subscribe to these views. The unorganised sector is pretty well organised, in that they have established sound traditions. People in the unorganised sector very well know the difference between short-term and long-term finance. They have a call loan market in which merchants can obtain *Dasti* loans or hand loans on clean basis from one another at competitive rates and many merchants do borrow in this market more freely. Even the small banks get larger amounts from this market than they possibly could from the organised market. They rarely lend on long-term basis, except against properties or against durable goods. They have a pretty good idea of the purpose for which they lend. If nothing is mentioned in the Indian bill of exchange, it is because of the ancient practice and custom in this regard. Anyway, why make fetish of these clean advances when big borrowers are able to get similar accommodation from the banks (in the organised sector).

What is, however, more important is that the indigenous bankers are happy as they are. Their rates may be high, but they are more realistic, because they get the money they require from the investors and the investors, too, are happy because their savings are absorbed at profitable rates of interest. The indigenous bankers are not tied down to rules and conditions which are out of tune with the economic forces nor are they subjected to the so-called monetary policy of the Reserve Bank. No wonder that the unorganised sector is doing so well as compared with the organised sector. The present position of the unorganised market reminds me of a piece of the famous cartoonist Low several years ago in the *Manchester Guardian*. In the world map, Low showed various dictators and politicians pointing guns at one another from their respective countries. In the African continent, however, he showed Negroes immensely enjoying a dance, in a circle, singing a song. I forget exactly the wording of the song, but the substance of it was "How happy are we that we are not civilised." The unorganised sector of our money market is very much in the same position as the people in Africa as pictured by Low years ago.

FINANCE FOR INDIA'S EXPORTS

A reader writes:

"I have read with interest the article on finance for exports by 'Kuber' in the last issue of *Commerce*. Although it may be true and it is often true that our exports are not up to the quality and there are institutions ready to finance our exports, the tone of the article and his remarks are rather uncharitable to Indian manufacturers. The textiles that are offered are as good as those manufactured by foreigners. It is an innate habit of ours to like everything that is foreign. It is no doubt true that foreigners offer goods of quality. They have behind them experience and traditions built up over years. In our own country, attracted by high profits many new units will be started and competition will compel them to offer articles of quality. Only, it will take time.

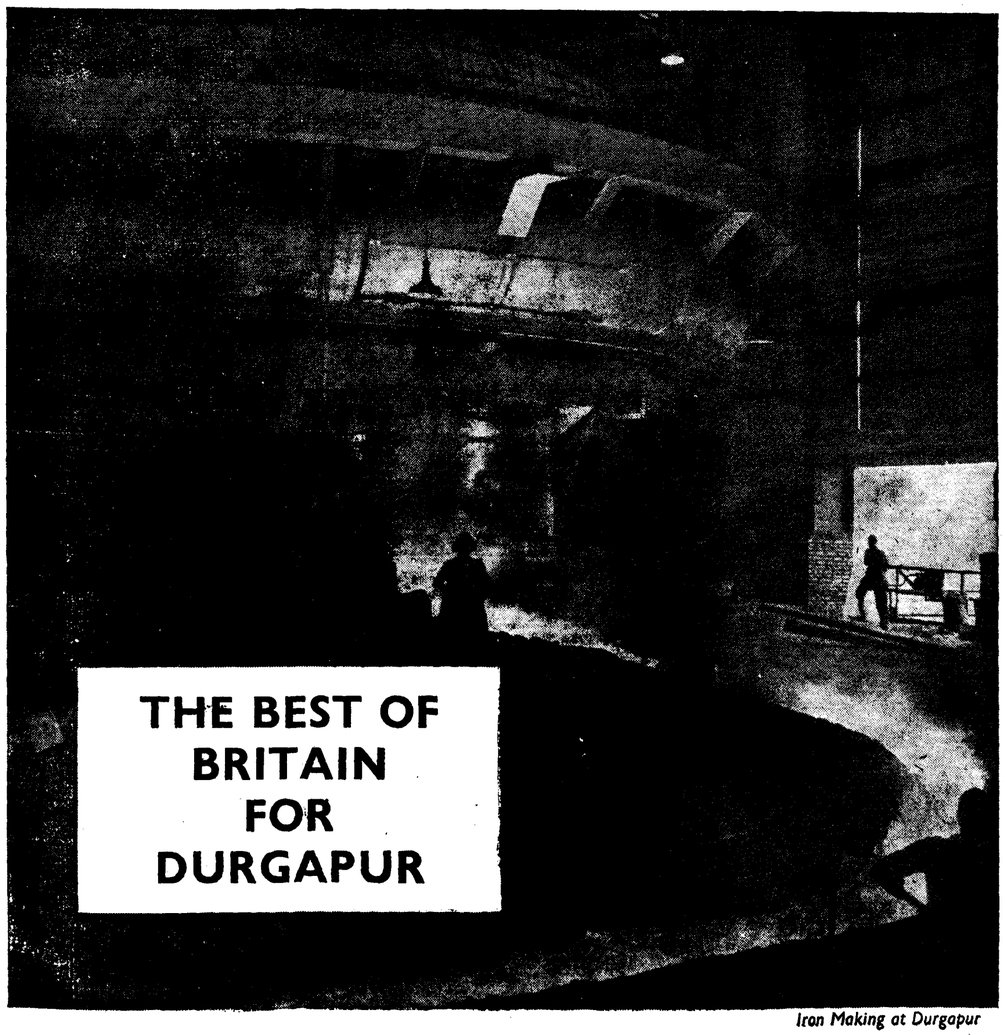
"Once, I had purchased Japanese woollen cloth. I made out a suit. I gave it for dry cleaning. The colour had gone. I had written to the shopowner from whom I had purchased and to the Japanese Consulate. No reply was received. I similarly purchased material for making a coat. The coat did not last for more than two months. I am reminded of my early college days. I was doing my economics. Improvident extravagance on marriage occasions was put down as one of the causes for poverty, etc. of India. I swallowed it as a child swallows ice cream. But, after reading economic history and other books, I came to realise that they were not the real causes but only symptoms. The causes were different.

"In the transition stage of an economy, there are bound to be lapses, but we are not all dishonest. We will learn that dishonesty will not pay in the long run. It is one thing to say that we should improve our quality to maintain our markets, but it is another thing to say that the stuff is shoddy and people are exploiting, etc.

"One should not overlook that exports must be linked to incentives. If there are incentives and there is scope to make money, then exports are boosted; otherwise, manufacturers like to sell their goods in the home market.

"So many delegations are going abroad. What are they doing? Whatever may be the truth, one cannot go as far as 'Kuber' does. I had an Eagle vacuum flask. It was not preserving heat. I wrote to them. They immediately replied and said that they would replace without cost if it was due to manufacturing defect. And they kept their word. Let us not generalise. Let us suspend our judgment. Human nature is the same all over the world. Ours is a poor country and people stoop because of poverty."

A team of specialists from Stanford Research Institute arrived at Taipei, Formosa, this week to begin a study of opportunities for productive investment in that country by foreign companies. The team members are Mr. Charles L. Hamman, senior economist, and Mr. Harry J. Robinson, specialist in studies related to the problems of newly developing areas. Other S.R.I. staff members will join them as the study progresses. The Formosa survey, expected to last about six months, is being sponsored by the International Co-operation Administration (I.C.A.). It was undertaken at the request of the Government of the Republic of China.



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BRITISH COMPANIES WORKING FOR INDIA

MR. T. N. SINGH'S STAND ON POWER AND ROAD TRANSPORT UNREALISTIC

ATTITUDE OF MR. MANUBHAI SHAH BECOMING PETULANT

From Our Special Correspondent

NEW DELHI, 31*st October*

THE meeting of the Central Advisory Council of Industries held last week-end was unusual in some respects. An annual one-day discussion in this body has only provided occasions for a general debate on the industrial problems but they have been useful for the exchange of views among business men and officials. In view of the serious bottlenecks in transport and power supply this year which affect production, the Council was expected to give some special attention to the steps needed for overcoming them; it dispersed, however, without achieving concrete results, because Government spokesmen were far too complacent to admit that anything was wrong. That industrial production during the first half of the year was about 8 per cent higher than the corresponding period last year was partly responsible for such complacency; it is not always easy to demonstrate that output could have been higher still if power and transport failures had been avoided.

DELHI LETTER

Power

While defensive attitudes on the part of official representatives are to be expected, the performance of Mr. T. N. Singh, a Member of the Planning Commission who is responsible for industry, was altogether surprising in regard to the question of permitting some industries to generate their own power. No new issue of principle was involved in this matter; installed capacity in industrial establishments has increased from 0.59 m.kw. in 1950 to 1.02 m.kw. in 1960 and energy generated has similarly doubled. State Governments, like that of Punjab, have even offered tax concessions to such installations which relieve the strain on the public power supply. Mr. Singh, however, objected to the demand on the ground that the foreign exchange needed for such power units will also have to come from the limited pool of foreign exchange secured through external aid for the Plan. This may be true (except in the case of foreign enterprise which can find additional foreign exchange for power generation also), but power is in the priority category and any additions to it even at the expense of some other schemes is not entirely a matter for regret. Nothing is lost, as the saying goes, when the candle burns and the establishment of new power capacity in the private sector will only reduce the risks facing industry. There was much support for this idea from Dr. A. Ramaswamy Mudaliar, who suggested a co-operative effort among capitalists in power generation, and from the I.N.T.U.C. representative Mr. Vasavada.

Transport

The Plan provides for an investment of Rs. 50 crores in the private sector on power and the foreign exchange component of this investment should be available for the purpose. In the first two Plans, an investment of Rs. 69 crores was made in the company-owned utilities and Rs. 38 crores in self-generating industrial establishments; the respective proportions of the two for the third Plan are not clear, but the present shortages and growing needs should have indicated the need for a more constructive response to the demand than Mr. Singh was able to make on this occasion. (Mr. Trivedi, another Member of the Planning Commission, was less unhelpful but offered little hope of improvement in the "tight" power position.) Mr. Singh was equally disobliging on the question of road transport, arguing that any expansion beyond that provided for in the Plan (15 to 20 per cent) would involve additional investment on roads and vehicles—overlooking thereby that the substance of most criticisms was that more could be achieved with existing resources if the right policies were followed by the Centre and the States.

After this, it was somewhat refreshing to hear that the railways had been permitted to spend 30 to 40 per cent more than the Plan outlay to create the additional transport capacity needed. But since this additional investment was not linked to any revised figures of goods traffic to be carried, the inference is that the railways may require more money even to achieve the targets already agreed upon. While no one will minimise the importance of railway development on which the economy depends a great deal, the contrast between the grudging nature of the response to the private sector's demands and the ready concession to the railways will not fail to be noticed.

Mr. Karnail Singh, Chairman of the Railway Board, however, made it clear that the railways would not be able to meet all demands made on it for carrying goods traffic, though he foresaw no special difficulty in meeting the requirements of industry. It implied that industry must resort to other, even more expensive, forms of transport where necessary.

Coal Supplies

On the question of coal supplies, hardly any reassuring statement was made to allay the fears expressed by the heads of the two leading Chambers of Commerce. Discretion apparently seemed the better part of policy. The Minister for Industry, Mr. Manubhai Shah, however, seemed to include these fears among the "grouses," though industry, he said, was in fine shape and prospering because of the increase in production. His growing self-confidence reached the point of asserting—before a body of industrialists who ought to know their manufacturing operations—that there was hardly any unutilised industrial capacity in the country. This is a theory which the Minister has been reiterating of late to counter suggestions that lack of one or the other of the several requirements—power, coal, transport or raw materials—is reducing the rate of industrial expansion. Various estimates have been made of this unutilised capacity; some of it might have been due to licensing of units without regard to the possibilities of supply of raw materials or power. (A paper by Mr. Morris J. Solomon, Adviser to T.C.M., has indicated some disturbing facts to this effect: Sir Donald MacDougall also made some rough estimates.) So Dr. Lokanathan, who referred to this subject in the Council, had reliable evidence to support his contention that existing units should be extended fully before new capacity was created. Mr. Manubhai Shah brushed all this aside with his *ipse dixit* that there was no idle capacity at all. This method of meeting criticism is increasingly noticed of late, but the Minister apparently overlooked the implications of such a flat denial. It means that, unless there is continuous fresh investment, without interruptions due to foreign exchange difficulties as at present, it will become impossible to maintain the present annual rate of increase in industrial production and, as in 1958 and 1959, industry will soon reach a plateau.

In refreshing contrast to these petulant attitudes on the official side, the representatives of the private sector, with few exceptions, showed great moderation. In particular, Dr. Ramaswamy Mudaliar gave the right lead by drawing attention to the problems and performance of the public sector and the limitations under which it had to operate; both Mr. Thapar and Mr. Stenhouse gave a straightforward account of deficiencies in planning.

Mr. K. C. Reddy, Minister for Commerce and Industry, very wisely agreed to have in future two sessions of the Council every year. He laid emphasis mainly on the foreign exchange difficulty which prevented sanction of schemes of expansion, especially those requiring regular import of raw material and components. Export performance, he stressed, would be an important criterion in granting import licences. For the rest, his was an unexciting but complete account of the various steps to promote foreign collaboration, draw up priority lists for licences and encourage various financing institutions to help new industry.

Distracted by the problems of production, the Council had little time for discussions on the problems of prices, especially of exported goods; though Mr. K. C. Reddy referred to it and Dr. Mudaliar underlined the need for exporting goods at ex-factory prices, no new or encouraging suggestions came forth. The only hopeful part of the proceedings was the general feeling that the increasing interest shown abroad in investment in India was evidence of an improving climate for foreign investment.

INDUSTRIAL FILMS IN WEST GERMANY

(*By A Correspondent*)

RAPID progress is being made in West Germany—same as in most other of the world's highly industrialised countries—in a new field of information on industrial activities: the number of industrial films produced on behalf of West German enterprises and shown in countries throughout the world is steadily moving up.

The total number of such films produced between 1950 and the middle of 1961 runs up to between 1,900 and 2,000. This figure is comparatively small as compared with the number of industrial films produced in other countries. About 400 industrial films annually are being made in France, for example, some 800 in Britain, and the 1959 output of industrial films in the United States was about 8,000.

But the Federal Republic is catching up. Almost 450 industrial films were produced in the first half of this year; this compares with an annual production rate of about 200 between 1958 and 1960.

Industrial films should be both masterpieces of information and the art of movie-making, German producers think. Their top products, in fact, have fetched first prizes at international festivals at Rouen, France, last year and again at Monza, Italy, this year.

Another guiding principle for the manufacture of industrial films in West Germany is that they are not made to advertise for a certain enterprise or a certain product. Their purpose is to provide information on the industry and/or the Company and its products by depicting manufacturing processes and problems or by outlining social questions. And this principle makes them especially suitable to serve one of the biggest tasks at present: the aid which the world's industrial nations are giving to the lesser developed countries.

Many inhabitants of most of the developing countries are presently entering a completely new and strange world with many "mysteries": the world of machines and mechanised production processes. The way to inform them by literature is often barred owing to the still high rate of illiteracy in these countries. Industrial films have, therefore, turned out to be one of the best means of information by making understandable complicated industrial processes by motion pictures.

In order to meet these requirements, a growing number of industrial film producers have started to make foreign-language versions of their films. A total of 886 German industrial films are now available in foreign-language versions, most of them in English and French but some of them also in languages like Arabian, Chinese, and Persian.

Thus, West German industrial films have become a major instrument of information and instruction to acquaint people throughout the world with the multitude of problems and achievements of the industrial society.

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"PULSE BEAT OF OUR TIME"

"Pulse Beat of our Time" is a documentary film produced by the "Gesellschaft fuer bildende Filme, Muenchen" in close co-operation with the House of Siemens. The film, which is intended to give some idea of the significance and the achievements of the House of Siemens, was shown to the press in Bombay on Monday this week. The film clearly shows the character of existing relationships in electrial engineering. In an expedition to the four corners of the earth, the camera spotlights distant focal points of electrical engineering. The journey takes one from the ore loading plant in Norway to the television transmitters on the Columbian Cordillera; from the Indian industrial centre at Rourkela to the high voltage lines in the jungle of Nicaragua in South America; from the power installations in the rocky landscape of Afghanistan to the coaxial cable over 1,000 km. (620 miles) in length in Argentina; from a power station in Mexico to the transmitting stations which bridge the deserts of Arabia. It also takes one into the world of the microscope, displaying the phenomena in the manufacture of quartz crystals, in the manufacture of semiconductors, which are on the borderline of physics and chemistry. The camera even penetrates into the interior of an electron microscope to make visible streams of electrons. It is claimed that this is the first moving picture to show the transformation of the molecular structure of aluminium oxide.

UNDER SECRETARY 6 NOV 1961 DEPARTMENT

BANKS IN THE MONEY

NO RELAXATION OF CREDIT SQUEEZE

(*From Our Own Correspondent*)

LONDON, 27*th October*

THIS year's credit squeeze is running true to form. Measures applied with severity and aplomb in July are beginning to show serious effect only after three months, and the basis for the measures at the same time appears to be removed. Your correspondent's letter last week pointed out that a great many of the economic indices did not show any significant effects. There is only one amendment to make this week: with the publication of the mid-October unemployment figures, we find that, against the usual increase at the end of the summer of about 10 per cent of the numbers unemployed, this year the figure is about 13 per cent.

LONDON LETTER

The financial indices tell a slightly different story. It will be recalled that the Bank of England's most powerful weapon when dealing with the joint-stock banks nowadays is the use of the Special Deposit, and the banks had already—before the latest squeeze—been required to put up 2 per cent of their deposits with the Bank of England. In July, a further 1 per cent was added, thus locking up £218 million of money which could otherwise have served as a backing for advances and investments. The £70 million and odd which the Bank of England took out of the London banks in July, reducing their liquid assets by the same amount, cut more than 10 per cent out of the banks' cash. Since the ratio of advances to cash is between 5 and 6 to 1, £70 million off the cash can mean £400 million off the advances. In practice, things do not quite work out this way, as the banks take measures to increase their cash resources by selling investments, for example. Nevertheless, in the two months August and September, the banks were forced to squeeze their borrowers to the tune of £230 million, that is, approximately 7 per cent of their outstanding advances in July. Seven per cent may not sound a large figure, but it has to be implemented from directives to bank managers throughout the country and takes the form of steady pressure on borrowers to reduce their overdrafts and stolid resistance to increases.

Small Reduction

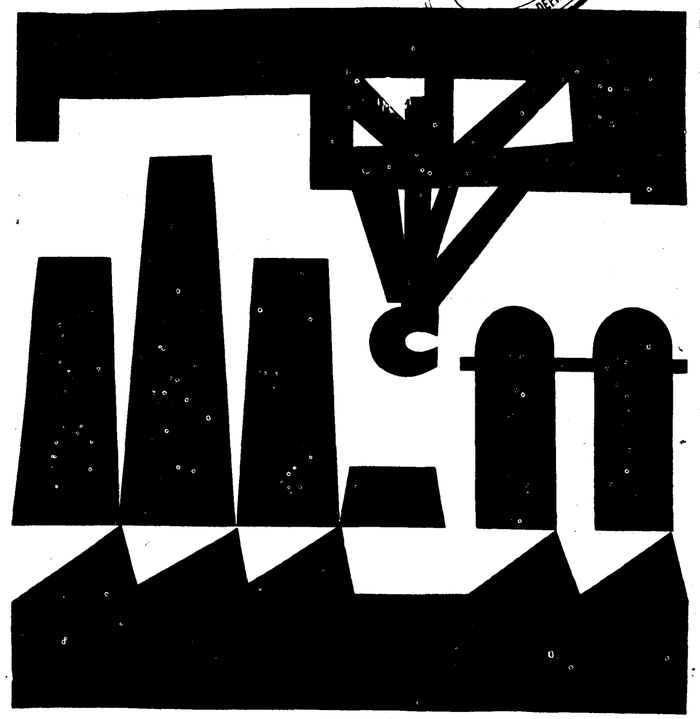
In October, there has been a further reduction in advances. Anyone who studies the figures would be misled if they did not know that there have been transfers from advances to call money (which are loans to the City), but the true reduction is only of the order of £30 million. Against the squeeze of the earlier two months, this is very small.

What is even more significant is that the banks have succeeded in putting themselves back into a position of still *greater* liquidity than they were in July. They can no longer tell their customers as they did then that they simply do not have the funds to maintain their existing level of advances. They not only have the funds but have actually been forced to invest them in gilt-edged, which is one reason why that market has been so strong recently; £50 million has been so invested in this last month alone.

Does this increase in bank liquidity, accompanied by a reduction in interest rates, mean that the squeeze is going to slacken? If the banks were left to their own devices, it would undoubtedly mean this. But the Government is in no mood to let this happen and it could quite easily demand a further 1 per cent of special deposits which would, once again, put the banks in a very tight position. The banks' only alternative is to maintain, by their own actions, the pressure on their customers, until the Government indicates that this may be relaxed.

COMMONWEALTH AND COMMON MARKET

The Secretary of State for Commonwealth Relations, Mr. Duncan Sandys, told the European Foundation for International Exchanges in Brussels (Belgium) last week, that, following his consultations on the Common Market with Commonwealth Governments, the British Government was convinced that the interests of the Commonwealth and of Europe were not incompatible. On the contrary, the Government was convinced that these interests were complementary and closely linked. "The prosperity of the one can only strengthen that of the other," he said.



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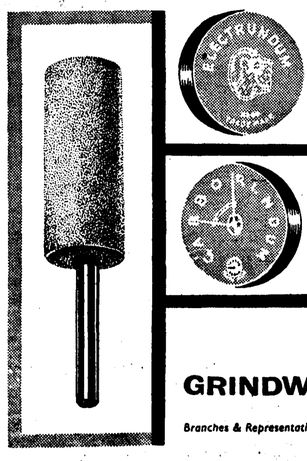

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BRITAIN REPAYS PART OF I.M.F. LOAN

BID TO PROMOTE INTERNATIONAL MONETARY CO-OPERATION

VIEWED from whatever standpoint, whether as a gesture to maintain the stability of international exchange rates or as a step towards easing the current strain on the resources of the International Monetary Fund, or to help the U.S. dollar which has tended to be soft again, the decision of the British monetary authorities to repay at once £100 million to the Fund is a step in the right direction. It will be recalled that it was only three months ago, on 4th August to be precise, the Fund had granted a massive credit of $2,000 million to Britain for helping that country to tide over its balance of payments crisis. Under that credit, the U.K. was allowed to make an immediate drawing of $1,500 million (equivalent to £535 million) as well as to have the right to make additional drawings to the tune of $500 million in the following twelve months. That it is in a position to return nearly one-fifth of its borrowings so soon speaks not only of the resilience of British economy but also a full appreciation by the British Government of the role of the I.M.F. as short-term lender.

Happily for Britain, its predicament has proved to be of a shorter duration than most people thought in the months of July and August. The selling pressure on the pound has disappeared, with the pound sterling gaining three cents since July, despite substantial sales of sterling by the Bank of England partly to prevent the rate from piercing the ceiling and partly to replenish its dollar reserves which had diminished as a result of flight of speculative capital from Britain. In the result, Britain's reserves of gold and convertible currencies recorded a substantial increase in recent weeks. Although several special payments have concealed the exact amount of expansion in these reserves, authoritative observers in Britain estimate that they have gone up by a little over £120 million in the months of August and September. There has also been a considerable inflow of "hot money" mainly as a result of higher rates of interest and the uneasiness among investors who had kept funds in W. Germany engendered by the Berlin crisis and Soviet resumption of nuclear tests on a large-scale. Even the reduction of ½ per cent to 6½ per cent in the British Bank rate had no perceptible effect in reducing the inflow of funds. On the contrary the prospect of a further cut in the British Bank rate has induced many foreign investors to go in for British shares and securities while the going is good. This has resulted in an increase in the inflow of funds into Britain.

The British monetary authorities are, however, keenly aware of the havoc that such flow of short-term funds can play on the stability of international exchange rates, in general, and on the pound when the tide turns against it again. The prompt repayment is, therefore, mainly induced by their growing desire to promote international co-operation. There is, we are told, a keen desire on the part of British authorities to see that "hot money" flowing into Britain is promptly internationalised by being channelled back through the International Monetary Fund. This is, by any standard, the most appropriate policy to follow. Even during the days of the International Gold Standard, every participating country was expected to follow certain rules of the gold standard game. Under the present system of international payments, it is, in fact, more incumbent on the member-countries of the Fund that they adopt suitable policies to counteract speculative flow of funds, and thereby prevent such movement from disturbing the stability of exchange rates.

There are, however, some in London who believe that the British Government might have decided to return a part of the I.M.F. credit as an alternative to a substantial reduction in the Bank rate which will be necessary if any serious impact is to be had on the inflow of "hot money" but which will be undesirable from the point of view of restraining demand for excessive wage increases and other inflationary pressures. Be that as it may, the need for prompt action on the part of Britain was all the more imperative in the present context, because the currency which would have been exposed to instability was the U.S. dollar, as the move into sterling is predominantly in the nature of a flight from the dollar. In the past few weeks, the U.S. has suffered a fairly sharp gold loss, a part of which is undoubtedly due to the widening of the margin in favour of "covered investments" in London. The early repayment of a part of the massive credit has been prompted by the low state of the Fund's reserves also. After the great assistance of $1,500 million to the U.K., the Fund was short of certain key currencies—notably the lira, the mark and the French franc—so that it had actually to sell $500 million of its gold. It is also quite likely that the British decision has been influenced by the differences at the recent Vienna meeting over the proposal for expanding the resources of the Fund. The quick repayment by the U.K. may help remove much of the sting in the criticism of France and other countries that more abundant resources at the disposal of the Fund would be primarily utilised to prop up the ailing economy of Britain.

CREDIT GUARANTEE FOR U.S. EXPORTERS

A new comprehensive scheme of export credit arrangements is expected to be announced by the U.S. Government in the near future. This scheme is intended to cover American exporters against both political and commercial risks. At present, American exporters are said to be at a disadvantage, as compared with many of their competitors in other countries. The proposed scheme, it is learned, is the outcome of a study undertaken earlier this year by the Export-Import Bank for covering political risks such as expropriation. The Bank, in partnership with seven insurance companies, has also been studying ways of covering ordinary commercial risks such as insolvency of the buyer. New export credit arrangements based on the above studies are expected to be announced very shortly.

The exports from the U.S. are also likely to be stimulated by the following two measures: (1) The U.S. would participate in 17 international trade fairs next year, and (2) there are proposals to grant more generous depreciation allowances, with a view to improving the competitive ability of some of the older industries.

Notice

THE BOMBAY BURMAH TRADING CORPORATION, LIMITED

NOTICE is hereby given that the Ninety-eighth Annual General Meeting of the Shareholders of the Corporation will be held at the Sheth Goculdas Tejpal Auditorium, Gowalia Tank T.T., Bombay 7, on Friday the 24th November, 1961, at 4-30 p.m. (S.T.), for the purpose of transacting the following business:—

1. To receive and adopt the Directors' Report and audited accounts for the year ended 31st May, 1961.
2. To sanction the declaration of a dividend.
3. To elect a Director in place of Mr. M. G. R. Aitken, who retires by rotation and being eligible offers himself for re-election.
4. To elect a Director in place of Mr. Arvind N. Mafatlal, who retires by rotation and being eligible offers himself for re-election.
5. To elect a Director in place of Mr. J. A. E. Macpherson, who retires by rotation and being eligible offers himself for re-election.
6. To appoint Auditors for the period until the next Annual General Meeting of the Corporation and to fix their remuneration.
7. To appoint Branch Auditors at a remuneration to be fixed by the Board.
8. To consider and if thought fit to pass the following ordinary resolution:

"That the Company hereby approves of the appointment and consents to the continuance of the following persons as Sole Selling Agents of the Company's products listed below, in the respective areas mentioned against their names, for a period of five years commencing from 1st October 1961, with a proviso that the arrangement may be terminated by six months' notice by the Board or by the Sole Selling Agents:

Name of Agents.	Terms % Commission.	Area or Place.
Aitken Spence & Co., Ltd.	Timber 3%	Ceylon
Jardine Matheson & Co., Ltd.	Timber 5%	Hongkong
Jardine Matheson & Co. (Japan) Ltd. ..	Timber 4%	Japan
Wallace Brothers & Co. (Holdings) Ltd. ..	Timber 3%	Europe
	Tea 2%	Europe"

By Order of the Board,
WALLACE & CO.,
Secretaries and Treasurers.

9, WALLACE STREET, FORT,
BOMBAY, *27th October*, 1961.

N.B.—A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and a proxy need not be a member of the Corporation.

Warrants for the dividend, if declared, will be posted to Shareholders on the 27th November, 1961.

Dividend will be payable on and from that date to those shareholders whose names stand on the Register at the close of business on 28th October, 1961.

The Transfer Books of the Corporation will be closed from the 30th October, 1961 to the 20th November, 1961, both days inclusive.

Explanatory Statement as required by Section 173 of the Companies Act, 1956:

Item 8. These Agents were appointed in 1956, for a period of five years which has now expired. This resolution seeks the continuance of their appointment for a further period of five years under Section 294 of the Companies Act, 1956. All the Agents mentioned have served the Company satisfactorily for many years in the past. The relative Agreements are open to inspection at the Company's offices any time during working hours.

RISK CAPITAL SUPPLY IN JAPAN

ROLE OF COMMERCIAL BANKS

By Kiichiro Satoh
CHAIRMAN, THE MITSUI BANK LTD.

TO what extent commercial banks may finance the so-called risk enterprises is a highly interesting problem. There are, I believe, two schools of thought. Let me illustrate this by a case of a certain enterprising businessman who called on the president of A Bank for a loan, taking with him a blueprint of a promising new project. The president refused the request on the ground that the particular project was as yet in an entirely experimental stage and not economically established. The same businessman, however, could receive a loan from B Bank whose president had an idea that the loan was warranted on the ground of extending a helping hand to any highly promising project after careful investigation. Suppose this businessman eventually succeeded in his new project! In a case like this, can the B Bank be proud of their foresight? Or is it the right attitude for the conscientious management of such a bank as A Bank not to share in the risk of an enterprise, because of the fact that the project is simply "promising"? The conclusion on the present subject lies between these two verdicts.

The history of how the so-called Zaibatsu developed in pre-war Japan is well known. They were few in number, but were very powerful and rich not only in material wealth but in having men of ability in the organisation. Most of them, instead of being merely scrupulous in going after self-interest, could afford at the same time to take responsibility to serve the country in economic development. Before World War II, these Zaibatsu in Japan played an important role in solving the complexity of the problem of supplying risk capital. New projects which were risky, demanding large capital, were generally started by a few Zaibatsu interests, if not by the Government. At the same time, financial institutions, which were established also as an important part of the vast business combine of the Zaibatsu, enjoyed the immense trust and confidence of the public. Thus, the major part of what people saved found its way to these affiliated banks in the form of deposits, especially as time deposits. Under the guarantee of the Zaibatsu, banks were able to supply funds thus made available to develop enterprises without bearing unwarranted risks in doing so. It was by such a process that the formula of what we call "indirect investment" by private and individual investors to industry was born spontaneously.

Pre-war Position

It is roughly estimated that the average annual growth rate of the national economy during the period from 1913 through 1938 (that is, up to the outbreak of World War II) stood at 5.5 per cent in Japan, as compared with 2.0 per cent in the United States, 1.0 per cent in the United Kingdom and 1.3 per cent in Germany. How was it possible financially? Japan was fortunate enough to accumulate a considerable amount of foreign exchange, thanks to a favourable balance of trade during World War I, but what Japan could earn during that period was expended during the post-war depression followed by the calamity of the big earthquake. The inflow of foreign capital thenceforward continued to mark time. Thus, Japan's economic growth before World War II was financed almost solely by the mobilisation of domestic resources. The rate of capital formation (i.e., the ratio of investment in the gross national product) in Japan in 1938 already stood as high as at 24 per cent, as compared with 8 per cent in the United States, 10 in the United Kingdom and 19 in Germany at those times.

One of the most noteworthy changes in the Japanese economic structure after World War II was the elimination of usefulness of these Zaibatsu as a result of the very heavy capital levy (90 per cent) imposed during the Occupation period, followed by the eventual dissolution of the Zaibatsu themselves. And also the war indemnity clause which was provided by the Government during the war to have armament industries financed by commercial banks was abrogated, and its effects rendered most of the big banks to write off their capital and reserves, and they were forced to start from scratch by issuing new share capital to the public who were also impoverished by the war.

Frankly speaking, it was the Government coffers that eventually benefited. In 1949, the yen was fixed at Y360 to a dollar, a curtailment to one-ninetieth of the pre-war value of approximately four yen to a dollar. In consequence, the interest charge of Government bonds was reduced to an insignificant item in the national budget. What worried us most at that time was the fear of the possible loss of the public's incentive for renewed monetary savings, because of such a sharp depreciation of the currency. For instance, the Japanese people who bought a pre-war insurance policy with the thought of providing for their rainy days, found with resentment that it was not worth even a year's premium in its purchasing power at the post-war maturity of insurance.

The Japanese economy after World War II made its fresh start under such unfavourable circumstances. Fortunately, however, the public's trust and confidence in banking system have not been lost, although most of the big banks sustained heavy blows. At the same time, the stability of the currency value in Japan, established as early as in 1949, contributed a great deal to encouragement of savings anew.

Budget Surplus

Since 1949 up to the present, the Government budget has continued to remain either balanced or to end with surplus revenues over the original estimate, and no Government bonds have had to be issued except for conversion. The only Governmental operation in the interim to compete with private businesses was the issue of corporate bonds by quasi-governmental agencies such as the Japanese National Railways, the Nippon Telegraph and Telephone Public Corporation and other public organisations under the Government guarantees, amounting, in the aggregate, to 381 billion yen ($1.1 billion) in value. Spurred by the general economic activities in recent years, over-the-estimate surplus of revenue in the national budget has been sizable each year. It has become customary practices in recent years that such increases in revenue have been adjusted by virtue of supplementary appropriation in the budgets. The over-the-estimate surplus, for instance, in fiscal 1960 reached 320 billion yen ($0.9 billion), or some 20 per cent more than the original Government estimate. It is estimated that the liquid asset of the Treasury has at the moment reached 500 billion yen ($1.4 billion). To that extent commercial banks have been compelled to borrow from the Bank of Japan over and above the actual requirements.

During the post-war period under review, various positive measures were taken to encourage depositors in the bank in view of the imperative need of propelling the formula of the public's indirect investment (as mentioned elsewhere) for the economic rehabilitation after the war. Interest on bank deposits were exempted from the income-tax for a few years, and the rate of interest on the one-year time deposit was long placed at 6 per cent per annum until 1960 (it is now set at a little less than 5 per cent per annum after taxes).

Resources of Banks

Thus, during the period from 1949 through the end of 1960, bank deposits increased elevenfold from 792 billion yen ($2.2 billion) to 8 872 billion yen ($24.6 billion). Of this increase, time deposits, a type which is most common for stable savings, accounted for some 55 per cent. In the interim, the total amount of bank resources grew from 1,017 billion yen ($2 8 billion) to 12,943 billion yen ($36.0 billion). On the operative side of these resources, the amount of Government and Government-guaranteed bonds in the portfolio accounted for only 5 per cent of the total for the reason that I have already mentioned. At present, the ratio of bank loans to bank deposits has reached a high level of 92 per cent, a fact reflecting a heavy demand for money by expanding businesses. It is noteworthy that the ratio of external liabilities in the total amount of capital employed by Japanese industry and commerce rose from 40 per cent in the pre-war period to 60 per cent soon after the war and further to 70 per cent in recent years. In other words, it vividly demonstrated the trend that the external liabilities of private businesses would taper off when the Government finance is in need of borrowing, whereas the demands for funds by private sector would tend to increase when the national budget continues to stay in the black.

Generally speaking, the equity capital formation of Japanese industrial corporations is still inadequate as compared with the pre-war level. Soon after the end of the war, many companies were in need of increasing their equity capital, but due to the lack of investors, institutional as well as individual, banks had to come into the market as substantial buyers, although with reluctance on their part. Recently, the sales of shares to the general public have become steadily active in parallel with the growth of investment trusts. The market value of shares held by these investment trusts is estimated at some 622 billion yen ($1.7 billion) or 11 per cent of the total value of shares outstanding. However, those shares held by banks are considered no less than those of the investment trusts in current value, judging by the amount of dividends being received by all banks. This is an inevitable state of affairs in Japan, because of the special circumstances in which Japanese banks have been called upon to lend a helping hand to enterprises after the dissolution of the Zaibatsu.

Corporate Bonds

The same is the case with corporate bonds. After World War II, commercial banks in Japan have been prohibited from underwriting issues of corporate bonds. As the funds available on the bond market are markedly restricted, however, banks are eventually required to buy the major part of the bonds newly issued, although they are initially underwritten by securities companies. Of the total amount of corporate bonds outstanding valued at 692 billion yen ($1.9 billion), banks are thus in possession of some 66 per cent. Banks which act as trustees of bond issues naturally are considered well informed of the credit standing of the bond issuing companies concerned. Therefore, although the banks are not legally responsible for the ultimate fate of the bond for which they acted as trustees, there were some actual instances after the war in which banks took care of continued payment to the bondholders when issuing corporations were in financial trouble.

In conclusion, I may say that commercial banks in Japan have, since World War II continued to play a cardinal role in the phase of industrial capital supply through three major channels—purchase of stocks, undertaking of corporate bonds and direct loans. I would not predict what should be the future assignment of Japanese commercial banks; however, I may hope that positive efforts be made to alleviate the excessive post-war burden on commercial banks by means of diversification of financing methods, depending more on the development of life insurance companies, investment trusts and other institutional investors, particularly in the long-term investment market. In whatever endeavours to be made in this direction, however, the popular propensity on the part of people for capital accumulation so essential for the growing Japanese economy should not be discouraged in the least for the sake of the academic concept such as liquidity of banks, etc., which tends to disregard the true value of the characteristic structure adapted to each country.

INTERNATIONAL ADVISORY SERVICE FOR ECONOMIC DEVELOPMENT

A new international advisory service for economic development has been formed in London. Known as the Combined Engineering and Economic Studies Ltd. (situated at 1-2 Finsbury Square, London, E.C.2.), it will use advanced engineering and economic techniques to survey engineering, economic, and financial potential in any country and to examine projects and plans of many different kinds for which unbiased, highly skilled advice is needed. The new company, which is completely independent, will draw on the advice of eminent engineers and economists of international standing, according to the nature of the project. The service will enable oversea Governments and municipalities to obtain a preliminary survey of all possibilities before embarking on ambitious projects.

The directors of the new concern are: Mr. Maxwell Stamp, formerly adviser to the Governor of the Bank of England, and Mr. Andrew B. Henderson, partner in a London firm of consulting engineers.

Speaking at a press conference in London, Mr. Stamp drew attention to the communication gulf which existed between economists and engineers. "Engineers and economists," he said, "must get together and work hard from the outset if they are to give adequate and professional advice to those responsible for development projects at home or abroad."

COMMUNIST COMPETITION IN WORLD TEXTILE MARKETS

REMARKABLE EXPANSION IN SPINNING AND WEAVING CAPACITY

THE emergence of Communist China as a major producer and exporter of cotton textiles and the penetration of Chinese textiles in South-East Asian markets have invested the development of the cotton textile industry of China in particular and of the Communist countries in general, with international commercial significance. But, unlike in the free world countries, where statistics of industry are collected and made readily available as essential aids in planning and in the formulation of economic policies, in Communist countries such data are of little use except, perhaps, for political propaganda. Such statistics of industries, as are published from time to time in official publications, are so dressed up that it is difficult to get a comprehensive and accurate picture of any branch of industry. Viewed in this context, the statistical survey of the cotton textile industry in Communist countries, prepared by Robert Fischer-Ledenice of Austria and presented as a paper at this year's (1961) meeting of the International Federation of Cotton and Allied Textile Industries held at Osaka (Japan), is a valuable document. It throws some revealing light on this dimly lit sector of industry in the Communist bloc. It may be recalled here that the main theme of the Osaka meeting was international textile competition and the papers presented were chiefly concerned with the textile industries and textile markets outside Europe and North America.

In the paper mentioned above, the author has assembled a great deal of information, which is not readily available elsewhere and which together presents a comprehensive statistical picture of the cotton textile industry in the Communist countries as a whole. The study has been so phased as to provide a comparison of four periods—1938, a year shortly before the Second World War—1948, a year shortly after it and two years from the recent past, namely, 1955 and 1959, in order to show the trend of developments in the industry. The spinning capacity of the industry in the various Communist countries at the end of the aforesaid periods is as follows:

(1,000 spindles)

	1938	1948	1955	1959
Eastern European countries ..	6,133	4,660	5,270	5,597
U.S.S.R.	10,050	8,600	10,100	10,800
China	4,450	5,000	6,700	10,100
Total Communist countries	20,633	18,260	22,070	26,497

It is evident from the table that, during the last twenty years, the cotton spinning capacity has increased in almost all the countries. The only exception is Czechoslovakia, where the number of spindles has decreased. In the U.S.S.R., the number of spindles has remained more or less unchanged at about 10 million. The six Eastern European countries in general show only moderate increases in spinning capacity.

China's Position

The most striking factor is the steep increase in the spinning capacity in China. Since the years before the Second World War, it has been doubled and more than half the increase falls into the period between 1955 and 1959. This enormous expansion of China's cotton spinning industry also leads to a noticeable change in the relative size of the spinning capacity in the Communist countries. The following table gives the percentage distribution of the spinning capacity in the Communist countries.

Year	Total	Eastern Europe	U.S.S.R.	China
1938	100	30	49	21
1948	100	26	47	27
1955	100	24	46	30
1959	100	21	41	38

It will be seen that the U.S.S.R. still has the largest share in the spinning capacity of the Communist countries, but China has almost caught up with it. The latter country's ambitious plans for the future expansion of spinning capacity leads to the conclusion that, in the next few years, it will succeed in leaving the U.S.S.R. well behind. The importance of the six Eastern European countries has decreased relatively, though the number of spindles in these States has slowly increased.

The development of weaving capacity shows, as is evident from the table below, a pattern similar to that of spinning capacity. Here the U.S.S.R. seems to have suffered more war damage than in the spinning sector. The contrast between the number of looms in 1938 and 1948 is comparatively large, although this is probably due to a forced automation process in the course of which the number of looms usually declines. At any rate, it is obvious that the U.S.S.R. is endeavouring to raise its weaving capacity again by having up-to-date automatic machines. But the pre-war level has not been reached yet. The East European countries show a slightly rising tendency in the number of looms. Only Czechoslovakia shows the same large decline between 1938 and 1948 as in the spinning capacity. The considerable loss of looms in Czechoslovakia has a strong influence on the development of the weaving capacity of the Eastern European countries as a whole which decreased from 193,760 in 1938 to 130,200 looms in 1959.

(Looms)

Country	1938	1948	1955	1959
Eastern Europe	197,760	151,500	130,200	130,200
U.S.S.R.	270,000	184,000	215,000	225,000
China	50,200	127,000	172,000	240,000
Total Communist countries..	519,960	463,000	517,200	595,400

As in the case of spindles, the rise in the number of looms is the largest in China. In 1938, China's weaving capacity was only one-fifth of that of Russia. In 1959, Russia had already been surpassed by China. This becomes even more evident from the variations in the shares of different Communist countries. Thus, in 1938, China accounted for only 11 per cent of the total weaving capacity of the Communist countries, whereas in 1959, it accounted for as much as 40 per cent. The share of the U.S.S.R., on the other hand, declined from 52 per cent to 38 per cent during the same period, while that of Eastern European countries also fell from 37 per cent to 22 per cent during the same period.

A comparison of looms per 1,000 inhabitants in U.S.S.R., China and Eastern Europe with that in the U.S. and Western Europe shows that, in relation to population, Western Europe, barring Czechoslovakia, has the highest loom capacity, namely, 2.7 in 1959, as against 1.8 for the U.S., 1.1 for U.S.S.R., 1.3 for Eastern Europe, 0.4 for China and 0.6 for Communist countries, in general. Nevertheless, looms per 1,000 inhabitants in Western Europe declined from 3.5 in 1955 to 2.7 in 1959.

Output of Yarn and Fabrics

As a consequence of the steadily growing capacity, production of yarns and fabrics in the Communist countries as a whole has also increased in the last twenty years. The upward trend is, again most evident in China and insignificant in the six Eastern European countries. The following table illustrates the position:

(In 1,000 metric tons)

	1938	1948	1959	
	Cotton	Cotton	Cotton	Staple fibre
Yarn:				
Eastern Europe	219.3	241.8	342.9	102.8
U.S.S.R.	566.0	568.0	1,127.0	125.0
China	390.6	400.0	1,500.0	6.5
Total Communist countries ..	1,175.9	1,209.8	2,969.9	234.3
	1938	1948	1955	1959
Fabrics:				
Eastern Europe	136.1	137.6	213.5	247.1
U.S.S.R.	420.4	384.3	717.8	743.7
China	103.7	280.6	531.9	915.0
Total ..	660.2	802.5	1,462.7	1,905.8

Percentage changes in the entire production of yarns and fabrics in the Communist countries demonstrate even more clearly the trends observed in spinning and weaving capacities. The dominant position of U.S.S.R. in 1938 in the Communist bloc has been entirely lost. Also, the Eastern European countries have suffered a heavy decline in production, whereas China, which was unimportant in 1938 as far as production of fabrics was concerned, attained in 1959 the leading position within the Communist bloc, although considering the size of its population and its requirements, the size of the industry is not that impressive.

Computation of the yearly production of fabrics per loom leads to certain conclusions as to the development of productivity in U.S.S.R., China, Eastern Europe, Western Europe and the U.S.A. Production per loom in 1959 (taking production in 1938 as 100) was the highest at 265 in the six East European countries, whereas it was 259 in the U.S., 226 in China, 213 in U.S.S.R. and 167 in Western Europe. The relatively high increase in the East European countries is chiefly due to the almost generally established three-shift system, combined with simplification of production methods. The relatively slower rate of growth in production per loom in Western Europe is due probably to the manifold increase in production in these countries. The marked increase in production per loom in China reflects the establishment of a new industry with most modern machinery.

Foreign Trade

The remarkable expansion of the textile industry in the Communist countries is reflected in the trend of foreign trade in textiles in these countries. An analysis of this trend in the five areas, namely, U.S.S.R., China, Eastern Europe, Western Europe and the U.S. shows that Eastern Europe is still the largest net exporter of piecegoods, although the surplus of exports over imports has declined from 248,000 metric tons to 29,000 metric tons during the period 1938-59. The following table shows the trend of exports and imports of piecegoods by these countries during the period 1938-59:

(In 1,000 metric tons)

Country	Year	Imports	Exports	Balance
W. Europe	1938	68.8	316.5*	248.2 (E)
	1955	125.4	217.5	92.1 (E)
	1959	182.0	211.0	29.0 (E)
U.S.A.	1938	11.2	26.5*	15.3 (E)
	1955	14.8	58.0	43.2 (E)
	1959	25.9	49.6	23.7 (E)
E. Europe	1938	7.9	10.8	2.9 (E)
	1955	5.8	35.6	29.8 (E)
	1959	7.9	42.8	34.9 (E)
U.S.S.R.	1938			
	1955	2.2	16.7	14.5 (E)
	1959	23.1	20.6	2.5 (I)
China	1938	9.8	8.0	1.8 (I)
	1955	2.8	15.0	12.2 (E)
	1959	1.0 †	56.0†	55.0 (E)

* 1937 † 1958

The proportion of exports and imports to total production is small, 2 to 3 per cent in the U.S. and U.S.S.R., indicating that the cotton textile industries of both countries are rather independent of foreign trade and are serving almost entirely the home market. In the case of Western Europe, Eastern Europe and China, the percentage is higher.

Consumption *Per Capita*

No precise information on the end-use of fabrics is available. But from such data as are available it is evident that the Communist countries, except the U.S.S.R., are far behind in *per capita* consumption of fabrics, as compared with the U.S. and even Western Europe. Thus, the *per capita* consumption of cotton and rayon piecegoods in 1959 was 78 yards in the U.S., 42 in Western Europe, 32 in the U.S.S.R., 19 in Eastern Europe and only 12 in China. The U.S.S.R. has obviously raised its consumption quota during the last five to ten years and has already reached 75 per cent of the Western Europe level. The *per capita* consumption of cotton fabrics between 1955 and 1959 generally shows a certain increase which is relatively highest in China. Only in the U.S., consumption seems to have decreased slightly, possibly due, some extent, to increased consumption of synthetic and other newer fibres. Concluding his analysis of consumption trends, Mr. Robert Fischer-Ledenice observes:

"It is evident that the average consumption in the Communist countries is still very low. This implies that this area, which is—with the exception of China—united in an economic system, the so-called Camecon, may be obliged for some time to come to direct its surplus fabrics from industrialised areas into those parts of the Communist world that are well behind the standard of the U.S.S.R. or of that in the six Eastern European countries if a rise in the standard of living in the whole Eastern bloc is to be realised. With certain reservations, these figures on the consumption of fabrics may well serve also for a study of the general development of the standard of living in Communist countries as clothing and textile requirements are no doubt one of its characteristics. It ought to be remarked that the low *per capita* consumption in China is probably not quite correct. As far as could be ascertained, China reports in her statistics only industrial production, completely ignoring the Chinese hand-weaving which certainly is still rather widespread (it was, at least, before 1948). Therefore, really correct figures in respect of Chinese consumption are hardly available."

Apart from the aforesaid aspects of the textile industry in Communist countries, there are

(Continued on page 892)

SCHEME TO SHARE THE BURDEN OF CLOTH IMPORTS

SIR ROY HARROD'S SAGE COUNSEL

From Our Special Correspondent

MANCHESTER, 24th October

A SCHEME to share the burden of cotton cloth imports between all Western countries has been submitted to the British Government and will be put forward when international talks on the subject open in Geneva next week. This was disclosed by Viscount Rochdale, Chairman of the Cotton Board, when he opened the industry's annual conference.

MANCHESTER LETTER

Two main recommendations have been submitted to the Board of Trade by the Cotton Board for the guidance of the Government representatives to the Geneva talks. In the first place, the Lancashire cotton industry feels that a declaration should be made that the U.K. has been bearing an unfair share of the burden and the Government's policy should be to reduce retained imports from low-wage countries as wider opportunities are opened up for these goods in other markets.

The other recommendation is that every effort should be made at the discussions to secure an undertaking that, by 1970, every "Western" country or economic community should take at least 10 per cent, but not more than 20 per cent, of its domestic requirements of cotton products from low-wage countries.

"We have pointed out," said Lord Rochdale, "that these two proposals, if implemented, would help to create conditions in which the U.K. cotton industry could with confidence continue its programme of reorganisation and re-equipment effectively and achieve the compact and highly efficient industry within the decade without inhibiting the reasonable aspirations of less developed countries."

On re-equipment of the Lancashire cotton industry, Lord Rochdale said the Government reorganisation scheme had not achieved the results hoped for. Application made to the Cotton Board by all sections of the industry up to last week represented expenditure on re-equipment of £32.75 million. The sectional totals were £17 million in spinning, £800,000 in doubling, £14.7 million in weaving and £250,000 in finishing.

"These figures scarcely represent more than one would expect from an already up-to-date industry for its normal development," he commented. "They clearly do not represent enough to put the industry in the forefront of its competitors."

The Board of Trade has agreed, Lord Rochdale disclosed, to extend the period during which orders for machinery may be placed to gain the 25 per cent subsidy for a further year until 8th July 1963. "That is not as good as a postponement of the final date for completion of installation, but it is better than nothing," he said.

Import from Poorer Countries

The imposition of a ban on imports of cotton textiles from advanced countries, especially those in Europe and North America, was advocated by Sir Roy Harrod, the economist, at the closing session of the Cotton Board Conference.

Sir Roy, who described his proposition as "a matter of simple ethics," said the richer countries should give a helping hand to the less developed areas. If the Western world did not bring the Asian countries forward by buying their products, then the Communists would.

He believed that the concept of the Commonwealth should be maintained and that these countries should be encouraged in every way possible. The advanced nations in Europe and other parts of the world should be persuaded that they, too, had a responsibility to the poorer countries in purcashing their goods.

To Mr. Michael Grey, leader of the Lancashire delegation to the Geneva talks, who pointed out that the U.K. was importing 45 per cent of its home consumption of cotton goods from low-cost countries, Sir Roy said he would tell the representatives of the advanced nations that Britain intended to put the poorer countries at the top of the list for imports. If the other areas were prepared to absorb more supplies from low-cost producers, then the U.K. might consider taking additional quantities from the richer nations.

Sir Roy said he felt it was not right for the Government or any other public body to invest money in the modernisation of industry unless the net result would be to enable a more competitive product to be turned out.

Before the conference closed, Lord Rochdale, Chairman of the Cotton Board, said the views of the delegates on the import situation would be carefully considered. But no resolutions could be entertained.

Effective Marketing

Measures to improve the effectiveness of marketing cotton goods, without extensive alterations to the present structure of the Lancashire textile industry, were advocated at the Cotton Board's conference by Mr. A. G. B. Burney, Director, Reorganisation, at the Cotton Board during 1959 and 1960 when the industry's big reconstruction scheme was being carried through.

Among his suggestions were co-operative wholesaling on a group basis, a central market research and intelligence organisation and the establishment of a centrally organised computer service station.

Mr. Burney said he had felt for a long time that the industry should protect itself against the booms and slumps in textiles which seemed to follow a regular three-year cycle. Since 1951, the expenditure by consumers on cotton goods in the U.K. had risen steadily and had never varied by as much as 10 per cent between one year and the next.

He urged that some form of co-operative wholesaling or merchanting on a group basis and selling direct to the retail trade should be introduced. Similar arrangements had been organised in the grocery trade and the production of pharmaceutical goods.

On the other hand, it was not practicable for the textile industry to improve its marketing position by increasing its control of retail units. Quite apart from the major place held by the multiple stores, it would not be possible for the industry, without the investment of huge sums of money, to acquire or control any significant part of total retail sales.

Research and Costing

The Cotton Board, said Mr. Burney, with its allied Productivity Centre and close relations with the Shirley Institute, would be an ideal body to develop a market research organisation and intelligence units. Economic surveys of home and export conditions in world textile markets could be drawn up and information could be published at regular intervals regarding stocks, output, order books, etc., in order to supply the Lancashire textile industry with information about world requirements for its products.

"I feel the importance of a really first-class costing system cannot be overrated," he continued. "It may well be that the industry could make use of a centrally organised computer service station. Many of the problems, particularly of the larger firms, would lend themselves to analysis and solution by data processing, particularly such matters as stocks and stock control, trend of sales, analysis of sales and availability of supplies."

Man-made Fibres

Addressing the conference on the relationship of the man-made fibres industry to the Lancashire cotton industry, Mr. D. R. B. Mynors, a Director of Courtaulds, said that in concentrating on the use of man-made fibres, the industry would be better able to survive the inevitable disruption caused by competition in plain cotton goods from Far Eastern countries and emergent colonial territories with lower wage levels.

"Whether we join the Common Market or not, the pattern of our foreign trade will swing more and more in the direction of Europe," he continued. "My own firm's recent experience may perhaps introduce an optimistic note. Our exports of fabrics this year are running at the same rate, but the change in ratio between markets is very significant. . . . Last year the Commonwealth took four times as much as Western Europe. In the last six months, the ratio has swung to 1.6 to one. Our trade with the Common Market countries has trebled without any tariff changes at all."

Mr. Mynors contended that the Government's reorganisation scheme had not gone far enough and that, not only should there be another round of scrapping of surplus capacity in the near future, but that it should be a continuing process.

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TAPPING ELEMENTAL SOURCES OF ENERGY

JAPAN LEADS IN THE USE OF SOLAR WATER HEATERS

ALTHOUGH the recent United Nations Conference at Rome on "New Sources of Energy" was concerned with some of man's ancient sources of heat and mechanical power, it nevertheless provided a wealth of valuable information on new ways of harnessing the energies of the sun, of the wind, and of the earth's underground reservoirs of natural steam. These are, obviously, of particular interest for underdeveloped countries handicapped by the lack of adequate means of meeting their energy needs from modern conventional sources, but they are of considerable practical significance also for industrially advanced nations. It is worth noting, for instance, that there are today some 10,000 solar water heaters in use in Israel, over 25,000 in Florida, and close on 400,000 in Japan where their number is expected to rise to a million by 1965. The installed capacity of geothermal power plants in Italy, New Zealand, the United States and the Soviet Union, driven by local subterranean steam wells, currently totals nearly 400,000 kw., with another 70,000 kw. capacity at present under construction. Iceland's large resources of natural steam and numerous hot water springs now provide geothermal space heating for 45,000 people—about a quarter of the country's entire population—and for 100,000 square metres of greenhouses, as well as water heating for 80 swimming pools. The Reykjavik hot-spring water District Heating system saves the municipality the import of 65,000 tons of coal, or 40,000 tons of fuel oil, annually.

Wind power continues to be widely utilised in many parts of the globe, both in the traditional form of primitive windmills for water pumping (of which, e.g., Greece alone has no fewer than 10,000 still in use), and in the more refined modern versions of wind machines for electricity generation. These latter may range from small units of less than 5 kw. to big ones of between 100 and 1,000 kw. Under an Indian Government scheme, some 200 wind machines are being erected this year. By and large, however, wind power has lost a good deal of its former importance in the course of this century, at the beginning of which there were some 30,000 windmills in Northern Europe, while the United States still had as many as half a million in the 1920s. On the other hand, the progress in the exploitation of both solar and geothermal energy has been all the more impressive.

Mass Production

Solar water heaters are now being mass-produced in various countries for domestic and export markets, with Japan apparently far in the lead and herself a large user of such appliances. The simplest and cheapest types cost the equivalent of £2-4, but have a lifetime of only a couple of years. Consisting merely of a pillow-shaped expandable bag of vinyl film, which holds about 45 gallons of water and is fitted with connections for inlet and outlet pipes, they are mounted horizontally on supporting structures close to the tops of the sloped roofs of houses or factories, so as to collect a maximum amount of the sun's heat. Larger, more durable and elaborate solar heating systems, costing £40-50 apiece, serve to provide warm water for bathing or various other purposes. It is estimated that every solar water heater installed saves about a ton of fuel annually.

However, the majority of less developed countries in tropical and subtropical regions will generally be more interested in utilising the long periods of uninterrupted sunshine they enjoy for solar cooking, refrigeration and for meeting their modest needs for electric power. But those objectives are more difficult to achieve by satisfactory devices. While the solar cookers so far developed can have limited appeal to housewives, as they are suited only for outdoor use and are mostly rather cumbersome contraptions at that, progress in evolving reasonably efficient and easily workable small-sized solar power sets continues to be hampered by the technical complexity and high first costs of such machines. Nevertheless, much attention was attracted at Rome by the demonstration of an Israeli-designed "solar power package," producing about five kilowatts of electricity through a small turbine actuated by vapours of a non-corrosive chemical fluid, monochlorobenzene, in place of steam; the fluid itself was, however, vapourised by steam raised in solar collectors. The inventors claim that, at current prices of electricity on farms and remote locations, the costs of power obtained from batch-produced solar machines of this kind would compare favourably with those of gasoline and diesel engines. Of the various methods of collecting solar heat, one of special interest was a proposal by the National Physical Laboratory in Israel of using large stationary ponds of water, whose density at the bottom is artificially increased by adding suitable salts in high concentrations, so that the salty water at the bottom acts as a built-in heat storage reservoir.

Geothermal Energy

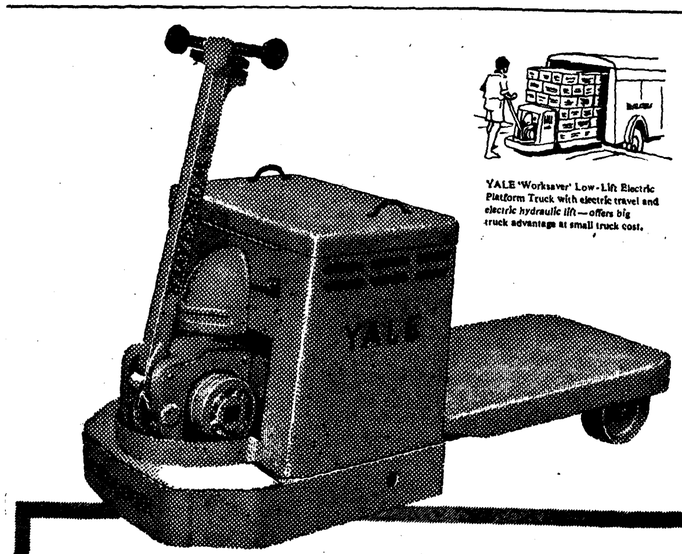
The Conference discussions on geothermal energy were exceedingly fruitful in evaluating not only its already considerable importance for the few countries at present engaged in its commercial exploitation, but also the prospects of opening up further areas of natural steam production in the light of new knowledge on the origin of geothermal energy. The long-held belief that subterranean steam fields are associated solely with volcanic rock formations and traceable only by surface manifestations appears to be in need of revision. So are, possibly, previous theories that such steam fields are liable to exhaustion in the manner of oil or natural gas fields. In fact, it seems conceivable that the earth's heat may constantly create fresh supplies of natural steam from underground water reservoirs, and that these may be successfully tapped in many more locations of the globe than was hitherto assumed. Geophysical studies and active exploration work have already been vigorously extended in recent years to various new areas in Central and Latin America, Africa, Japan and other Pacific regions.

Throughout the world, about a thousand wells, totalling some 400,000 metres, have so far been drilled in search of sources of geothermal energy. But with the still very limited fund of scientific data and practical experience in this field, prospecting for natural steam wells may be an even more protracted and costly business than oil exploration, despite the similarity of the techniques applied. In certain cases, the effort might only be justified where there is a reasonable prospect that such sources, once discovered, could be utilised on a substantial scale for generating electric base-load power through conventional steam turbines. But this, in turn, would mostly call for the setting-up of adequate facilities for power transmission to the consuming areas, since the temperature of the natural steam drawn from underground wells is generally not high enough to make long-distance distribution of the steam by pipelines economical.

In underdeveloped areas not yet supplied with electric energy, there seems therefore little scope for the immediate development of geothermal energy for power generation, as 1,000 kw. is widely regarded as the minimum economic size of units for converting subterranean heat into electricity. On the other hand, in regions already equipped with electricity, geothermal power would have to compete with conventional thermal or hydro-electric stations. Though this requirement may well be met under specific conditions, close economic scrutiny would have to precede any proposals for large-scale investment in geothermal power projects, especially in capital-deficient countries.

Power Plants

So far, the biggest complex of geothermal power plants in operation is that of the Larderello Company in Italy, which started exploiting the natural steam wells of Tuscany



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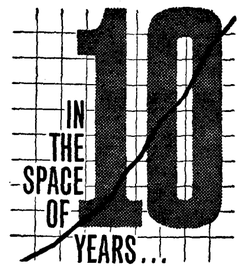

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before the First World War. Today, the installed capacity of Larderello's geothermal power plants of close on 300,000 kw. could suffice to satisfy the needs of the country's entire electric railway system, of which it actually supplies about two-thirds, while the balance of output is absorbed by industrial users. The unit cost of electricity from this source is equivalent to less than 0.3 pence per kwh., or roughly half that of conventionally produced thermal power. Another example of large-scale utilisation of natural steam is the New Zealand Government's scheme for installing at Wairakei, on North Island, a 192,000 kw. geothermal power station, of which the first stage of 69,000 kw. was commissioned early last year. The total cost of this project (whose further extension to 282,000 kw. is tentatively contemplated for a later stage) is £15.8 million, or £82.25 per kw. installed, while the average unit cost of electricity from the geothermal plant is estimated at under 0.4 pence a kwh. In Iceland, whose large sources of natural steam and hot springs have so far been utilised only for space- and water-heating, the State Electricity Authority is now also considering the erection of a 15,000 kw. geothermal power station, as an alternative to setting up new hydro-electric plant.

The United States' first natural-steam driven power station, of 12,500 kw., was started up last year in California, where a second and bigger plant of this kind is now nearing completion. The Soviet Union, too, is exploiting her geothermal resources in Kamchatka for both electricity generation and local house-heating. Meanwhile, exploratory investigations into the occurrence of geothermal sources of energy are being intensified in Japan, Indonesia, Mexico, El Salvador and various countries on the South American and African continents, with a view to harnessing terrestrial steam not only for heating or power production but also for certain special uses. Among the latter, those already proved feasible include the application of geothermal heat for salt extraction in Japan, for pulp and paper processing in New Zealand, and for chicken hatching in Kenya, while others still under study extend to fresh water distillation, aluminium and sugar processing, cooling and drying operations, and chemicals production. That geothermal energy has a good deal more to offer than is generally realised has perhaps been one of the most significant revelations emerging from the recent Conference at Rome.—(*By Special Arrangement with the* ***Petroleum Press Service.***)

LOW-COST POWER FROM THE ATOM PREDICTED

Preliminary plans have been completed by a United States electric power company for building an atomic-electric power plant which, it is believed, will be fully competitive in production costs with power plants that use conventional fuels such as coal or oil. The plant will be built at Bodega Bay, near San Francisco in California, by the Pacific Gas and Electric Company. It will have a capacity of 325,000 kilowatts.

By 1965, after the plant has been completed and has been in operation for a period of some months, it will produce electric power for about 56/100ths of a cent a kilowatt-hour, as compared with nearly 58/100ths of a cent for conventional power plants in the area. The cost of producing power at comparable atomic-electric plants now in operation or under construction is at least 1 cent a kilowatt-hour. "The end of this decade will see the last of the conventional plants," a Pacific Gas and Electric spokesman says. "From then on, all big steam plants will be nuclear fuelled."

Upto now, the principal factor that has prevented the construction of competitive atomic-electric power plants has been the high cost of building the complex structures and equipment. Maintenance costs are about the same as those for conventional plants; and nuclear fuel such as enriched uranium or thorium costs a little less than coal or oil. The Pacific Gas and Electric Company, however, says that its new plant will cost only $61,000,000, or $181 per kilowatt of capacity. This compares with costs of $280 to $400 per kilowatt of capacity for the big nuclear plants that have previously been built. One major factor in reducing the cost of the new plant is that its nuclear reactor will be housed in a 100-foot deep hole in the ground, instead of in a huge and expensive steel dome. In addition, the experience of American power companies with previous plants has brought about "simpler, more compact and more flexible" reactor and plant design.

Five commercial atomic-electric power plants are already in operation in the United States. The two largest are the Yankee Atomic Electric Company plant at Rowe, Massachusetts, which produces power at a rate of 1.2 cents a kilowatt-hour, and the Dresden Station plant near Chicago, where the operating cost is about 1.1 cents. Seven new plants are under construction, and four more are planned.

Commenting on the marked progress that has been made during the past few years in increasing the efficiency of atomic-electric power plants, the publication *Newsweek* says: "There is no doubt that basic costs are falling fast. And this, plus an expected price rise for conventional fuels and a price drop for nuclear fuels, means that the breakthrough in atomic power is finally on the way."

PROTECTION FOR ELECTRIC MOTOR INDUSTRY TO CONTINUE

The Government of India has just accepted the Tariff Commission's recommendation that protection to the electric motor industry be continued for a further period of two years ending 31st December 1963. The Government has also accepted the Commission's recommendation that protection should cover squirrel cage and slip ring motors of 1 to 500 h.p. (excluding variable speed commutator motors), single phase motors of 1 to 3 h.p. and fractional h.p. motors of not less than ¼ p.h. with the existing level of duty of 15 per cent *ad valorem*. Duties on the import of component parts of the electric motors now brought under protection will be at 20 per cent *ad valorem*, which will come into force with immediate effect.

Fractional h.p. motors of less than one-fourth h.p. and component parts, which are mostly manufactured in the small-scale sector, will be protected at the prevailing duty of 35 per cent *ad valorem*.

In the Commission's view, protection is necessary to enable the industry to consolidate its present position. It has suggested that a review of the industry can be undertaken in 1963 along with that of the power and distribution transformer industry. It may be recalled here that the protection granted to the latter industry would also expire on 31st December 1963.

The Tariff Commission has estimated the current domestic demand for electric motors at one million h.p. The demand in 1964 has been estimated at 2.6 million h.p. The Commission has given the finding that the industry in both large-scale and small-scale sectors is capable of meeting the requirements of the country, if it works a double shift. It has, therefore, recommended that the Government should ensure adequate supplies of raw materials to the industry through imports or other means.

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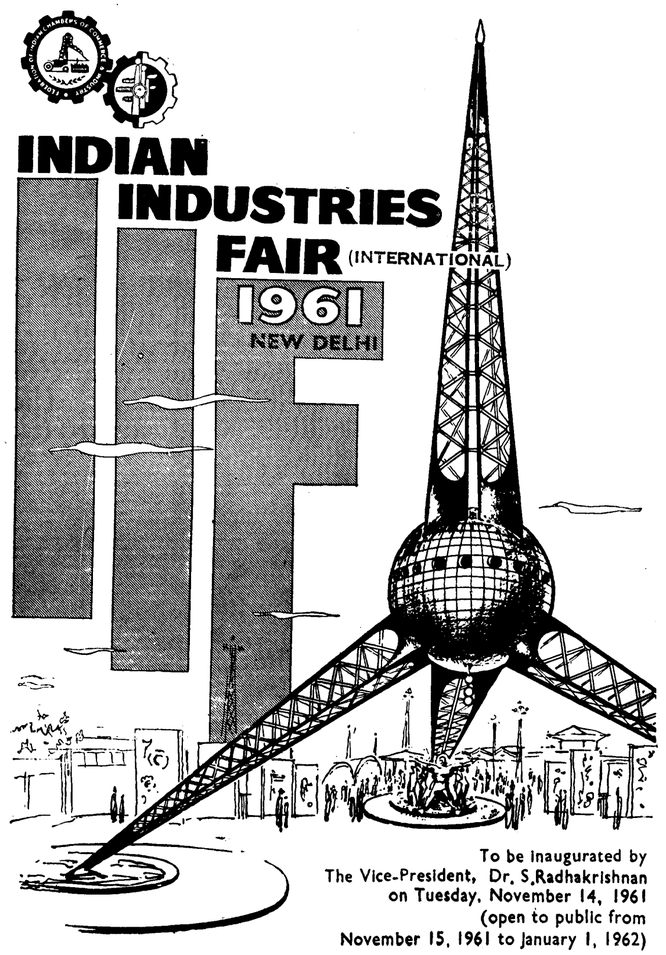

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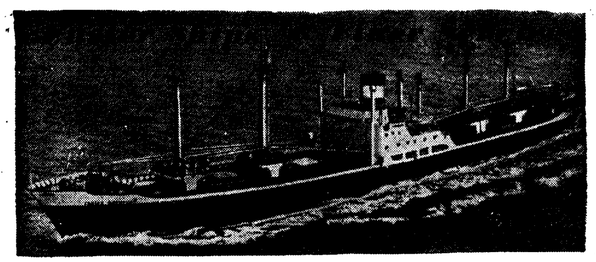

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PROGRESS OF ELECTRICAL INDUSTRIES

BIG EXPANSION ENVISAGED UNDER THIRD PLAN

ELECTRICAL industries have been broadly divided into two categories—one "heavy and medium" and the other "light." In the former category are included big electric motors, transformers, switchgear and controlgear, cables and wires, and heavy electrical machinery and equipment. In the latter category are included electric lamps, batteries, radio receivers, electronic equipment, telephones, telegraphic equipment, wireless and communication apparatus, electric fans, electric meters, air conditioners, refrigerators and household electric appliances. Both these categories generally registered substantial progress during the second Plan period, though the progress of individual industries in either category was not quite uniform. For instance, such industries as transformers and electric motors of higher ratings in the first category suffered a slight setback during the middle of the second Plan period on account of foreign exchange difficulties which led to the rephasing of power projects. While referring to this fact in its review of the progress made by the heavy electrical industries, the 1960-61 report, just available, of the Development Council for Heavy Electrical Industries has also recorded that there was a significant increase in production in a few other industries such as cables and wires and switchgear and controlgear. The report has further noted that the performance of all the heavy electrical industries during the second Plan period was, by and large, according to expectations and that, in most of the cases, targets had been achieved and, in a few of them, targets had even been exceeded. Production figures, pertaining to 1960 and the first half of 1961, of the heavy electrical industries are given in Table 1 in this article. In the category of light electrical industries, according to the Development Council in charge of these industries, the general progress made by them during the second Plan period was satisfactory. But in respect of certain commodities like low wattage general lighting service lamps and fluorescent tubes, shortages existed, in spite of the increase in their production. Production figures, pertaining to 1960 and the first half of 1961, are given in Table 2 in this article.

Motors and Transformers

A detailed review of individual industries in the first category alone is given in this article. To take electric motors first. In this industry, there were 12 manufacturing units in 1955: these produced motors upto 100 h.p. of an aggregate quantity of 250,000 h.p. in that year. In 1960, there were 27 firms manufacturing electric motors of the aggregate quantity of 700,000 h.p. Manufacture of special motors, such as variable speed motors and motors upto 500 h.p. was established in the second Plan period. At present, the units in the private sector are not manufacturing very large motors such as those required for rolling mills, heavy industrial drives, cement machinery, etc. Capacity for such large motors is being established in the Bhopal Heavy Electricals in the public sector. The Bhopal factory will be manufacturing such motors in all types and ranges of higher horsepower and higher voltage.

As for transformers, they were manufactured by 10 units in 1955, their aggregate production in that year was of the order of 565,000 K.V.A. At present, there are 17 units; their production in 1960 was of the order of 1.2 million K.V.A. These units have been manufacturing transformers upto 10,000 K.V.A and 100 K.V. Demand for distribution transformers is now entirely met from indigenous production. The Bhopal Heavy Electricals factory has also begun to manufacture the entire range of power transformers required by major power projects and industrial undertakings.

In the switchgear and controlgear industry, production in 1955 was only of the order of Rs. 40 lakhs. The year 1960 recorded a total production of Rs. 410 lakhs from 23 units. Several manufacturers have entered into collaboration with manufacturers abroad and have thus been able to manufacture various types of switchgear and controlgear required for power projects and other utilities. Various types of electric motor starters, such as contactor starters, star-delta starters, stator rotor starters and other special types of starters are being manufactured now; flame-proof starters are also being manufactured. In the case of low voltage switchgear, oil and air circuit breakers upto 1,200 amps. are being manufactured and further expansion in this range is also being planned. Low voltage iron-clad switches and switch fuse units and circuit breakers and switchboards upto 11 K.V., insofar as the manufacture of high voltage switchgear is concerned, are other current lines of manufacture. The Bhopal Heavy Electricals factory has recently commenced manufacture of switchgear above 11 K.V.

Cables and Wires

In the cables and wires industry, very significant progress has taken place in all lines except bare copper conductors. Production of bare copper conductors in 1960 was only 10,000 tons, as against the installed capacity of 20,000 tons. The shortfall was apparently due to scarcity of copper caused by shortage of foreign exchange. With the trend towards the use of all-aluminium conductors for transmission and low-voltage distribution, production of all-aluminium conductors has increased and, to that extent, production of copper conductors has remained stationary. As for A.C.S.R. and all-aluminium conductors, there were only four units manufacturing them in 1955, and there are seven units at present. Production from these seven units in 1960 was of the order of 22,000 tons. The requirements of A.C.S.R. and all-aluminium conductors by the various power projects is almost exclusively being met from indigenous production. With vigorous moves for the establishment of more aluminium plants in the country and manufacture of core wire, the industry, it is stated, will be largely self-sufficient in raw materials. As for V.I.R. and P.V.C. cables, very significant progress has taken place in their production; in 1955 their production was only 86 million yards, but, in 1960, it was of the order of 250 million yards. In the paper insulated power cables industry, there has been only one unit, but recently another unit has gone into operation. Production of these paper insulated cables in 1960 was of the order of 575 miles. In the winding wires industry, substantial progress has been recorded during the last few years. There are now eight manufacturers in this field, producing various types of winding wires required for winding electric motors, fans, transformers, etc. A notable feature of this industry is that some of the manufacturers have been able to fabricate the equipment required for the manufacture of winding wires; this effort on their part has resulted in the saving of considerable amount of foreign exchange for the import of plant and machinery. In the telephone cables industry, the only unit manufacturing such cables is the Hindustan Cables Ltd. in the public sector. It produced about 700 miles of dry core telephone cables during 1960. It has also commenced manufacture of coaxial cables and has plans for expanding the production of dry core cables. A second cable factory in the public sector is also proposed to be established.

TABLE 2

Some Light Electrical Industries

Industry	Unit	Production 1960	Production in Jan.-June 1961	Capacity targets for 1965-66
Dry cells	Mill. Nos.	207	106	..
Storage batteries	'000 Nos.	510	279	..
Electric lamps—				
(a) G.L.S. and others.	Mill. Nos.	40	22	..
(b) Fluorescent	'000 Nos.	1,526	950	..
Electric fans	'000 Nos.	991	562	2,800
House service meters	'000 Nos.	475	273	2,500
Radio receivers	'000 Nos.	267	151	..
Refrigerators	Nos.	11,388	5,511	..

Heavy Electrical Machinery

The heavy electrical machinery and equipment industry is in the public sector. The Bhopal Heavy Electricals factory will be manufacturing a wide range of specialised heavy electrical equipment, such as turbo-alternators, hydraulic turbines and generators, large-size power transformers and electric motors, switchgear required for power transmission systems and industries and controlgear, traction equipment for railway electrification, etc. In the initial stages, that is, in the current year and the next, production will be mainly confined to switchgear from 11 K.V. to 132 K.V., transformers upto 25 M.V.A., capacitors, controlgear and welding sets. In the later stages, the factory is expected to take up the manufacture of the other products mentioned above. At present, the factory is being planned for a production of Rs. 25 crores of all the items on two-shift basis. Proposals for the ultimate expansion of output to Rs. 50 crores per annum have also been under examination.

Two more plants for manufacturing heavy electrical equipment are to be established in the public sector in the third Plan period. One of these, to be located near Hyderabad, will have Czech collaboration and manufacture steam turbo-alternators and their auxiliaries upto 2½ M.W.; the total annual output of steam turbo alternators from this factory would be 620 M.W. The other plant, which will have Russian collaboration, is to be set up at Ranipur in Uttar Pradesh for manufacturing steam turbo-alternators upto 100 M.W., hydro-electric generating sets and large-size electric motors including heavy D.C. motors required for steel plants and other industries. As the heavy electrical equipment line is much diversified, it is proposed to license the establishment of a few units of modest size in the private sector also.

The Development Council for Heavy Electrical Industries has recommended that power transformers and electric motors of higher ratings, so far reserved for development in the public sector, should be permitted to be manufactured by such of those units in the private sector as have capacity to manufacture them, in view of the very large demand for them. A summary of the other recommendations made by the Council in 1960-61 in regard to this as well as to some problems facing the heavy electrical industries is given below:

"As it would take a considerable time to build up capacities in respect of most of the heavy electrical equipment, it is desirable to license additional capacities as early as possible, keeping in view the anticipated demand during the third Five-year Plan.

"In cases where the requirement of capital goods, either for new projects or for expansion, and/or replacement plant and machinery, is not large, Government might consider granting licences for import against free foreign exchange or against loans available from the various countries.

"As the prices of electric sheet steel and high tensile galvanised steel wire available under Development Loan Fund are very high, as compared with the prices from other sources, granting of licences, where possible, for the import of these from sources other than D.L.F., deserves consideration.

"As the supply position of non-ferrous sections and extruded sections etc. is still difficult, Government might consider granting of licences for import of such of those sections, which are not available indigenously.

"Manufacture of basic ancillary items, such as, ball bearings, insulating materials, small and semi-finished components etc. should be developed quickly in order that the electrical industry may

(*Continued on page 892*)

TABLE 1

Heavy Electrical Industries

Industry	Unit	Production in 1960.		Production in Jan.-June 1961	Targeted production in 1965-66	
		Quantity	Value in Rs. crores	Quantity	Quantity	Value in Rs. crores
Electric motors	'000 H.P.	700	8.30	391	2,500	25.00
Transformers	'000 K.V.A.	1,200	6.60	791	3,500	20.00
Switch gear and control gear	..	..	4.00	..	..	15.00
Cables and wires:						
(a) Bare copper conductors	Tons	9,700	4.80	4,000	15,000	6.00
(b) A.C.S.R. and all aluminium conductors	..	22,000	8.90	11,000	30,000	12.00
(c) V.I.R. and P.V.C. cables	Mill. yds.	250	7.50	113	525	17.00
(d) Paper insulated power cables	Miles	575	1.80	..	3,750	13.00
(e) Winding wires	Tons	4,200	4.00	2,550	20,000	27.50
Heavy electrical machinery and equipment	..	Nil	Nil	..	..	35.00
Total	..	..	45.90	..	..	150.50

NEW PRODUCTS AND PROCESSES

Roomcall Service for Hotels

INTERCOMMUNICATION and entertainment equipment for hotels and motels that can repay its installation and running costs is available from Associated Electrical Industries (India) Pvt. Ltd., Calcutta. A.E.I. Roomcall is a three-in-one system that replaces internal telephone system, radio programme distribution and room-service bells. Roomcall provides two-way speech communication between reception desk master unit, service room master unit, etc., and individual guestroom units. The guestroom loudspeaker units, which have individual volume control, also serve as the medium for the dissemination of two radio programmes, either of which can be selected by push-button. Because of the built-in radio distribution facility, Roomcall can pay for its installation and running costs. Guestroom units can be supplied with a "lock" on the radio channels. This entertainment can then be offered for a small daily or weekly charge. Master units for hotels and motels of 10, 20 or 30 rooms are available as standard units, but larger installations can be provided. For hotels where the reception desk closes early, a change-over switch can be wired to channel calls to a night-duty master unit elsewhere; or, for small hotels that do not want several master units, a portable plug-in master, which can be used in a number of pre-wired positions, is available. Calling a room involves depressing the room number and "Ring" buttons on the master unit to sound a buzzer in the guestroom. The guest replies by pressing the "Reception" button on the room unit, and the room number button on the master unit is illuminated. Conversation can then take place; for privacy, the master unit is equipped with a conventional telephone handset instead of a loud-speaker. When a guest initiates a call, the room number button on the master is illuminated and a buzzer sounds.

Multi-language Typewriter

A typewriter—originally developed for the British Atomic Energy Authority—on which the operator can type in more than one language or, alternatively, mathematical formulæ requiring many different signs and symbols, has now been supplied to companies and academic centres in different parts of the world. Essentially it consists of two or more complete typewriter units mounted side by side but fitted with a single carriage. The paper or papers and carbons are placed in the carriage and typing can be done in the normal way. A rail extends right across the two units at the rear and the whole carriage can hinge and slide on this rail. The carriage may be moved by means of a single lever from its normal position above the left-hand unit to a similar position above any of the right-hand units. Guides and detents are provided so that the carriage fits with certainty into one or other of these position. The operator may type a few letters or words on one keyboard—transfer the carriage to another unit—and carry on typing without having to worry about register which is automatically assured. The typewriter can be issued for almost any language in the world. Apart from Roman script, widely used in the Western world, the firm has overcome technical problems associated with other scripts—including Arabic and Indian. At the request of the B.B.C's African Unit they successfully devised a machine to type Somali—a language which up to that time had no official script of its own.

Sealing Device for Bottles and Tubes

A handy polyethylene sealing device for squeeze bottles and tubes has been developed by a firm in Holland. The seal consists of a screw top with a moulded-in nozzle protruding obliquely from its side, and a hollow plunger closed at the top, capable of moving up and down. When the bottle is squeezed, the internal pressure forces the plunger upwards, allowing the contents to flow out of the dispenser through the nozzle in a fine stream. When the plunger is depressed, the entrance of the nozzle is shut off and the flow of liquid stopped. The nozzle is sealed off by a small collar fitted to the bottom of the plunger that causes a total seal without undue friction. After the flow of liquid has been cut, any fluid left in the nozzle opening drains back into the container so that the edge of the nozzle orifice remains completely dry. Nozzle diameter can be adapted to suit the viscosity of the substance to be dispensed, which means that the sealing device can be used for thin and runny as well as thicker substances (mayonnaise, mustard, adhesives, hair creams, etc.). The sealing tops can be supplied with dispensing diameters of from 1.2 to 8mm. Up to the time the package reaches the consumer, the plunger is held in position by a narrow polyethylene retaining strip, thus safeguarding the contents against running out as a result of bumps and jolts during transport. This retaining strip is easily removed with the thumb-nail. This article has been patented in Holland and many other countries.

"Electric" Automobile

The "electric" automobile is expected to stage a comeback. Not in the next few years, perhaps, but almost inevitably in the next decade or so. The next time around for electric cars, first used in the early history of automobiles, will not see them powered by batteries but a new device now the object of considerable scientific work in several countries—the fuel cell. In the United States, the Army, Navy, and Air Force are pushing research on the fuel cell, according to the Department of Commerce's Office of Technical Services, through which military research data is released to industry. Unlike the battery, which has limited power, the fuel cell continuously transforms a chemical reaction into electrical energy as long as a supply of "reactants" is fed to the system, just as the gasoline engine operates as long as it has a supply of gasoline. While small fuel cell units have been operated continuously for more than a year, many engineering "breakthroughs" will be required before the automobile is powered with the fuel cell. But the breakthroughs are not considered impracticable, and if you don't drive an electric car your children probably will.

Isotopes May Preserve Food Indefinitely

The use of radioisotopes to preserve food indefinitely could help to alleviate food shortages in famine-prone countries, according to Glenn T. Seaborg, Chairman of the U.S. Atomic Energy Commission. U.S. experiments using radiation to keep fish and fruit fresh longer could also have important application in countries where there is little or no refrigeration. In these experiments, foods are exposed briefly to the radiation given off by isotopes. The radiation destroys or slows down the tiny organisms that cause food to spoil. According to Mr. Seaborg, the United States Army Quartermaster Corps for several years has been studying complete sterilisation of foods with radiation so they could be stored indefinitely without refrigeration. In some foods, he added, this has been done "without significant change in appearance or taste." Other experiments have shown that low doses of radiation will extend for a significant period of time the freshness of California strawberries, he said, and have doubled the shelf life of shrimp from 15 to 30 days.

Sealing Compounds

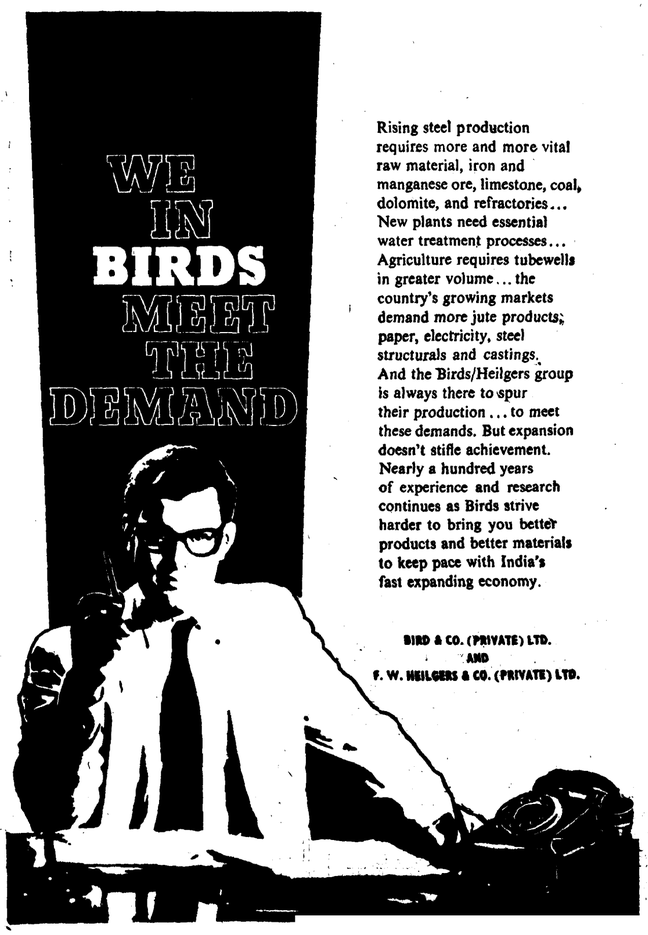
Exceptional resistance to high temperature and many types of fuel are claimed for two sealing compounds—based on synthetic rubber—which have been developed by a British firm, B.B. Chemical Co., Ltd., Leicester, England. The compounds are primarily for the aircraft industry, mainly for integral fuel tank and pressure cabin sealing on supersonic aircraft. But they can be used wherever rubbery compounds are required which retain resiliency and other properties on prolonged exposure to temperatures up to 250°C. Two classes of compound are available, one based on viton synthetic rubber and one on silicone rubber. The former is fuel resistant. The silicone compound is not, but has application advantages in that it does not contain solvent, therefore shrinkage due to solvent evaporation does not have to be considered. Both viton and silicone rubber substances are supplied in two-part form. After mixing together they will cure to rubbery solids within a week at room temperature. The curing period can be shortened by exposing the mixed sealants to higher temperatures.

Plastic Screw Cap

A plastic screw cap for sealing bottles and vessels full of liquids liable to build up high vapour pressures during storage and transport is manufactured by a Dutch firm. The screw cap embodies a plunger which rises automatically when there is an overpressure of a maximum of 0.2 atmospheres in the bottle. Vapour can then escape from inside via small flues along the side of the plunger. As soon as the pressure in the container has levelled off to an overpressure of 0.05 atmospheres, the plunger is reseated by a spring. When this happens, a small collar at the bottom of the plunger seals the bottle hermetically. The overpressure of 0.05 atmospheres following vapour release prevents a vacuum forming in the bottle when it cools down. Owing to the hermetic seal after vapour release, no dirt or water can find its way into the bottle. These plastic screw caps can be supplied in any desired finish, including models for metal vessels, and, if desired, the over-pressures at which the automatic vapour release mechanism operates can be determined to suit customers' requirements.

Electric Chair-lift

A Dutch firm has produced a one-seater electric chair-lift suitable for mounting on staircases in houses, hospitals, churches, etc. It consists of an upright steel plate to which is fitted a seat and foot-rest, folding or otherwise. The lift runs on four wheels on an enclosed rail fitted to the treads of the staircase on the side near the wall. The lift is drawn upwards on a cable driven by a ¾ h.p. electric motor. The arm-rest has built-in push-buttons for sending the lift up or down and there are also buttons at the top and bottom of the stairs for summoning the lift when empty. The lift is easy to install and is provided with a mechanical and electrical safeguard. It can also be installed on curving staircases. There are a number of different models supplyable, including one for polio patients, whom the lift can accommodate, wheel-chair and all.



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MAKING LAND MORE FERTILE

INDIA CAN BENEFIT FROM BRITAIN'S UNIQUE EXPERIENCE

By D. P. Hopkins, B.Sc., F.R.I.C.

NO country can steadily produce adequate quantities of food, unless the plant-foods removed by crops can be replaced. Often, also, there are many soils which cannot be economically used for food production until their natural infertility has first been corrected by the supply of plant-foods. Fertilisers solve these problems. From its small beginning in England in 1843, when Sir John Lawes opened a factory near London to make superphosphate by treating bones with acid, the world's fertiliser manufacturing industry has steadily grown to huge dimensions. No industry is more vital to mankind. The present world population—let alone the rising population of the 1980s and 1990s—could not survive on the food production from soils whose fertility could not be added. This is realised today by all Governments, not least by the Government of India.

To have brought the manufacture of fertilisers into practical existence is probably one of Britain's greatest contributions to civilisation. ing the growth of the industry have been large-fertiliser factories, it is an easily forgotten contribution. However, it is by no means the only one. Many of the technical developments during the growth of the industry have been largely or wholly pioneered by the British industry. This is currently true, not merely true of the past. In the 1945-60 period, fertiliser consumption by British farmers was more than doubled —consumption in fact, is now three-and-a-half times what it was before World War II.

A number of entirely new fertiliser factories have been built in Britain, some of them being among the largest in the world. Practically every fertiliser factory in Britain has been entirely modernised and re-equipped with new and often totally different plant. From those distant pioneering 1840s, there has never been a period of more intense technical development and change for the British industry than during the post-World War II years.

Three Major Trends

In this contemporary activity there are three major trends—the production of more concentrated fertilisers, that is, fertilisers which contain higher amounts of plant-foods per ton; the production of fertilisers in better physical condition for farm use and storing; and the reduction in labour demands for manufacturing fertilisers; for example, mechanical handling for the hundreds of thousands of tons that have to be moved about during processing and automation for the control of chemical processes.

One of the first post-war developments was the erection of a huge factory in England by Fisons Ltd., to manufacture triple superphosphate. Britain was not the first country to produce this very concentrated fertiliser, though there had been British manufacture of this material for non-fertiliser purposes in the nineteenth century. Ordinary superphosphate contains from 18 to 20 per cent of soluble phosphoric acid; triple superphosphate contains 47 per cent of this important plant-food. This difference is of considerable benefit to farmers for much smaller dressings are needed to provide soils and crops with their phosphate requirements. This reduces farm work, the space in farm buildings needed for storage, and it also reduces transport and bagging costs.

Important Gain

However, for farming in Britain the production of triple superphosphate has contributed to a more important gain than any of these somewhat obvious benefits. Mixed or compound fertilisers are heavily used in Britain. In 1960, approximately three out of every four tons of fertiliser used where compounds, that is, fertilisers providing not only one major plant-food but all three, nitrogen, phosphate and potash. With triple superphosphate available as a much more concentrated source of phosphate in compound fertilisers, it became possible to make compounds with higher total contents of the three main plant-foods. For example, more nitrogen and more potash could be brought into each ton because less room was required in the mixture for the phosphate-supplying material.

Thus, triple superphosphate, now manufactured at a number of factories in Britain, has greatly raised the fertilising value of compounds. To any country, where fertilisers are intensively used, this is of great benefit; but even in countries where intensive use is still not generally established, it is a technical development that must become desirable as fertiliser use expands. British chemical engineering experience is available to assist similar projects overseas.

Granulation Process

Another example is the process of granulation. For almost a century the physical condition of some fertilisers—and often the more important of them—has presented problems to farmers. They can be dusty during application, or become moist and sticky through moisture absorption, or they can set into hard, caked masses during storage. These defects add to the work needed in applying fertilisers; worse still, they make it difficult to achieve uniform rates of application. Granulation is a process by which fertilisers are converted into fairly even-sized small and hard granules, which under all reasonable conditions remain dry and do not cake together. Since the mid-1940s, this granulation principle has been more extensively adopted by the British fertiliser industry than by any other national fertiliser industry. Only an insignificant proportion of the 2,750,000 tons of compounds manufactured and used each year is not granulated. It is likely that there are more granulation plants in Britain than in any other country.

The principles of the process are simple enough. The fertiliser material is wetted (if dry) with water and/or steam and when it is in a pasty or slurry-like state, it is rolled, usually in a large rotating drum, and wet granules are formed; these then pass into a large rotating drum through which hot gases are circulating, and the wet granules are dried and hardened. After screening for over-size and under-size, they are then cooled and bagged or bulk-stored.

The operation of the process is not, however, as simple as it seems. Indeed, some fertiliser authorities still regard granulation as an art as much as it is a science. Different fertliser mixtures require different conditions for satisfactory granule formation. The amounts of added water and/or steam, the diameter of the drums, the rates of drum revolution, are all factors that influence granule formation.

Unique Experience

Britain's steady development of this modern process has undoubtedly given her technologists unique experience, and granulation plants in both large and small British factories have been visited and studied by scientists from many other countries. Here, again, there is vast store of knowledge in plant design and process operation which Britain provides.

Granulation does not reduce the soil efficiency of the plant-foods in the fertiliser. Nitrogen and potash are as readily released from granules, phosphate is, in fact, made slightly more efficient for, in granular form, it is better protected from losses to soil fixation. A few fertilisers, however, depend for their effectiveness upon entering the soil in a fine particle state; these, of course, are not granulated.

In terms of fertilisers, the greatest association between Britain and India has been for nitrogen. For raw material reasons, Britain has never been a substantial exporter of phosphatic or potash fertilisers. But the nitrogen section of the British industry has always exported as well as produced the home needs of British farming, and India has been one of the chief customers.

In the early 1920s, Britain began to make nitrogen fertilisers from the air's nitrogen—by synthetic fixation. Nearly 40 years later at the same huge chemical factory—the Billingham works of Imperial Chemical Industries Ltd.—fixation plants are producing huge tonnages of nitrogen fertilisers for Britain's own needs and for overseas.

India's Own Industry

Many other countries today manufacture nitrogen fertilisers by synthetic fixation—India herself has developed her own fixation industry and as a result can provide some of her fertiliser needs from the air and her own fuel and power. Under many conditions it is nitrogen which is the most decisive plant-food for raising yields. This is well known in the tea plantations.

Since World War II, a number of new nitrogen-producing factories have been built in Britain. At the present time more are being built or are in the projected stage. Britain's own use of fertiliser nitrogen has expanded remarkably—for while fertiliser consumption in 20 years has risen by three and a half times, the use of nitrogen has risen six times! In the earlier post-war period, before it had been possible to expand British fixation plant capacity sufficiently, British home demands for fertiliser nitrogen could have absorbed all or almost all production. Nevertheless, the needs of Britain's traditional oversea customers for nitrogen—and notably India—were not sacrificed, and large tonnages were exported.

Hot Solution by Train

One of the more recently-built nitrogen factories in Britain (1959) produces 400 tons of ammonium nitrate a day. This fertiliser, however, is handled as a hot solution—containing about 88 per cent of ammonium nitrate and 12 per cent of water—and in this liquid form it is transported in steam-coil heated rail or road tankers to a number of other fertiliser factories in Britain.

At each of these other factories it is used, still in the hot liquid state, as a source of nitrogen for manufacturing compound fertilisers. This strong solution will solidify by crystallisation at 85°C. So it must be maintained at well above this temperature during storage and handling.

But it is advantageous to do so because this enables a normally solid material to be handled as a fluid with such advantages as pipe-line conveyance. This is another modern instance of technical innovation by the British industry.

India's own fertiliser needs are high. Her use of fertilisers must expand steadily—and not too slowly—if the high population is to enjoy a rising standard of living. Nothing is more fundamental than food in defining a standard of living. The development of a large fertiliser industry and of intensive fertiliser use on her farms has enormously raised Britain's capacity to produce food from her limited area of land.

Britain can help India in two ways—by supplying nitrogen fertilisers to add to India's own production, and by sharing her great store of technical knowledge and experience to aid the development of a large home-based fertiliser industry in India. The benefits of British pioneering in new methods of fertiliser manufacture are at India's disposal for any new fertiliser project from the initial planning and drawing-board stage to the final operation of the plant.

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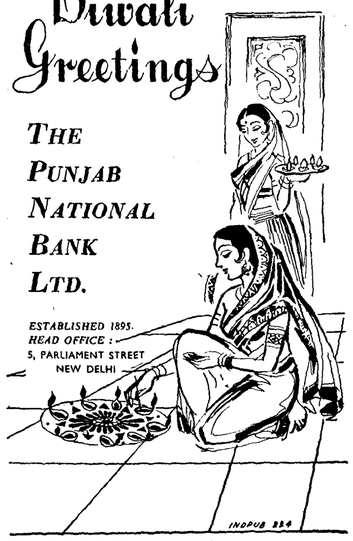

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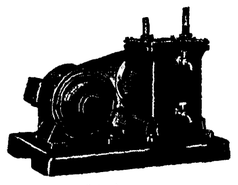

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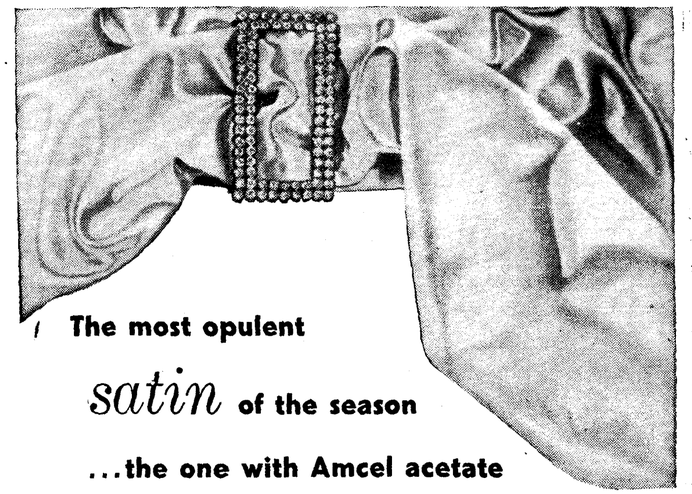

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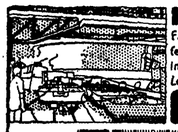

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THE PUBLICATIONS DIVISION

DEFICIT IN BALANCE OF TRADE NARROWS

EXPORTS OF CERTAIN TRADITIONAL ITEMS, HOWEVER, LOWER

A SIGNIFICANT feature of India's foreign trade so far during the current year has been a steady narrowing down of the gap in the balance of (merchandise) trade position. During the first eight months of 1961 (January to August), the latest period for which only provisional data are available, the adverse balance of trade narrowed down by as much as one-third (about Rs. 100 crores) to Rs. 200 crores, as compared with the corresponding period of 1960. This trend is the cumulative result of a fairly sizable expansion of exports and contraction in imports. Exports (including re-exports) rose by ten per cent to Rs. 438 crores, or an annual average of Rs. 660 crores, which compares with Rs. 635 crores in the whole of 1960. Imports (excluding certain items on Government account, the magnitude of which is not known) at Rs. 638 crores were lower by 8·9 per cent, thanks mainly to the restrictive import policy pursued by the Government. It is noteworthy, in this context, that exports were running at a distinctly higher level every month in the current year, as compared with those in the same months of 1960. By August, exports had in fact risen to a high (for the year so far) at Rs. 61 crores (*as against only* Rs. 57 crores in August 1960), thereby reducing the monthly trade deficit to no more than about Rs. 10 crores. It must, however, be emphasised that the position of balance of trade indicated by this study is only provisional and that the actual gap, as revealed by the revised figures, will be much bigger than is seen now, though it is quite possible that the gap may be somewhat smaller than was the case in 1960. It must also be borne in mind that, while the figures of exports and imports in 1961 are provisional, those for 1960 are revised. Accordingly, they are not strictly comparable. The only useful purpose served by them is that they give one a broad picture of India's foreign trade performance and a vague outline of the extent of trade gap.

Subject to the above qualification, Table I in this column shows at a glance the trend of trade month by month during January-August 1961, as compared with the corresponding period in 1960.

Although the overall trade figures are available upto the end of August, commodity-wise details, which are published by the Department of Commercial Intelligence and Statistics, Calcutta, are available upto the six months ended June 1961 only. Two tables are given on this page, one showing the major imports and the other major exports (group-wise and commodity-wise) during the first half of 1961, as compared with the same period of last year. It will be seen from Table II that India's total foreign exchange earnings from merchandise trade amounted to Rs. 326 crores in the first half of 1961, *as against* Rs. 297 crores during January-June 1960. The major items of India's exports, namely, tea and jute goods, made good progress in terms of value. Export earnings from jute goods rose by about Rs. 6 crores to Rs. 63 crores mainly on account of larger shipment of jute bags to the U.K., Belgium, etc., and wool sacks to Aden, Australia and New Zealand. Thus, jute goods maintained its position as the leading item in India's exports, which it had snatched from tea last year. This was possible because of the high prices of jute goods arising from shortage of raw jute.

Tea

Although tea could not hold the first position, it was still able to earn a larger amount of foreign exchange than in the first half of 1960, the provisional total being Rs. 41 crores. This is particularly noteworthy, because it was achieved, despite increasing competition from Ceylon and East African countries. Raw cotton was another important commodity which made substantial progress on the export front, its exports having doubled in value during the period, thanks mainly to larger exports quota, following last year's good crop position. Shipments of iron and steel made headway from about Rs. 3 crores to Rs. 7 crores, as a result of larger offtake of ferro-alloys by the U.S., steel tubes by Pakistan and iron pipes and fittings by Malaya and Singapore. It is also heartening to find that, in the face of severe competition from countries like Uganda and Tanganyika, coffee fared distinctly better, its exports having gone up by Rs. 2 crores to about Rs. 6 crores. There was, besides, some increase in the shipment of iron ore, mica and certain chemicals.

There is, however, no room for complacency on the export front. For a wide range of India's major traditional export items, such as manganese ore and vegetable oils, suffered setbacks. Exports of manganese ore, for instance, declined by Rs. 1 crore to Rs. 6 crores, although, by and large, industrial activity in Europe and America was well maintained. It is possible that India's capacity to compete effectively with countries like Brazil has been impaired by the growing interference of the State Trading Corporation in the export trade. Vegetable oils lost considerable ground during the period under review. Shipments of castor oil fell sharply from Rs. 5 crores to Rs. 3 crores, primarily on account of small offtake by the U.S., India's major customer of this commodity, following the pressure of supplies of oil at cheaper rates from Brazil. The price of Indian linseed oil was out of parity with world prices and, consequently, its exports recorded a considerable reduction. There was some overseas purchases of groundnut oil early during the year, thanks to the incentive scheme announced at the end of last year. The Government of India did not allow any further quota for groundnut oil and that position still continues. With the increasing demand for domestic consumption and with production almost stagnant, the price of this commodity has been going up. World prices of groundnut oil have been substantially below Indian quotations and the prospect of its exports in the rest of the year is slim. Hydrogenated oils, however, managed to secure larger earnings in the first half of the year. But it is doubtful whether this tempo has been maintained in the second half of the year. For the price of its major raw material, groundnut oil, has been ruling high, and the incentive scheme for *vanaspati* exports has not been made sufficiently attractive to exporters.

Cotton Textiles

Cotton textiles, too, have been facing rough weather on account of growing competition even in Asian and African markets, apart from import restrictions in industrialised countries. Hides and skins is another traditional commodity the exports of which suffered some setback, primarily on account of smaller Russian purchases. Their export declined by over Rs. 2 crores to Rs. 4 crores. Exports of wool and other animal hairs also were lower. Among the other important items which fared poorly on the export front are mineral fuels, including petroleum products and coal, as also spices, tobacco and leather footwear. Shipments of machinery and transport equipments, too, fell substantially.

On the import side, there was a substantial increase in the purchase of machinery, particularly industrial and mining equipments and electric appliances, etc. Imports of chemicals and manufactured goods rose by Rs. 2 crores each. In the manufactures section, the intake of iron and steel and non-ferrous metals, such as copper, aluminium and tin, was higher. These increases were largely offset by sharp declines in imports of crude raw materials, petroleum and also foodstuffs. Among raw materials, imports of raw cotton fell by Rs. 3 crores to Rs. 35 crores and those of raw jute by a crore of rupees to Rs. 3 crores. Among foodgrains, while imports of rice declined by about Rs. 6 crores to Rs. 3 crores, those of wheat rose by over Rs. 2 crores to Rs. 45 crores.

TABLE I

Trend of Trade

(In crores of rupees)

	Imports†	Exports (including re-exports)	Balance of trade
1961*			
January	83.79	54.34	— 29.45
February	73.50	53.43	— 20.07
March	81.38	57.32	— 24.06
April	85.80	53.84	— 32.06
May	85.57	57.12	— 28.45
June	87.34	49.88	— 37.46
July	69.00	51.00	— 18.00
August	71.54	61.36	— 10.18
Total ..	638.02	438.29	—199.73
1960‡			
January	70.71	51.35	— 19.36
February	78.28	48.75	— 29.53
March	96.42	52.87	— 43.55
April	98.57	46.63	— 51.94
May	92.07	49.84	— 42.13
June	93.79	47.13	— 46.66
July	83.55	46.03	— 37.52
August	82.45	57.07	— 25.38
Total ..	696.74	399.67	—297.07

* Provisional.
† Excludes certain consignments on Government account awaiting adjustments.
‡ Revised figures.

TABLE II

Exports

(In lakhs of rupees)

	January-June 1961	January-June 1960
Food materials and tobacco	**96,44**	**87,10**
Of which		
Tea	40,78	35,54
Coffee	5,78	3,80
Spices	8,80	10,07
Tobacco	12,20	12,35
Manufactured goods	**142,30**	**123,60**
Of which		
Cotton textiles	28,00	28,90
Jute textiles	62,50	56,80
Iron and steel	6,70	2,80
Crude (Raw) materials	**63,56**	**62,00**
Of which		
Raw cotton	11,60	5,60
Hides and skins	4,20	6,40
Wool and other animal hairs ..	4,10	5,35
Mica	4,90	4,61
Iron ore and concentrates ..	9,20	9,00
Manganese ore and concentrates ..	6,00	7,10
Mineral fuels	**2,80**	**4,50**
Of which		
Coal	1,00	2,08
Petroleum products	1,70	2,08
Animal and vegetable oils	**3,49**	**6,50**
Of which		
Hydrogenated oil	40	25
Groundnut oil	8	23
Castor oil	2,62	4,95
Linseed oil	2	66
Chemicals	**3,79**	**3,00**
Machinery and transport equipment ..	**2,40**	**5,40**
Of which		
Electric machinery	62	63
Other machinery	96	3,72
Transport equipments	70	95
Miscellaneous manufactures	**5,50**	**5,90**
Of which		
Footwear	1,51	1,83
Total (including others) ..	325,93	296,57

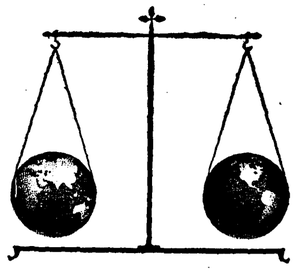
TABLE III

Imports

(In lakhs of rupees)

	January-June 1961	January-June 1960
Food	**48,29**	**45,64**
Of which		
Wheat	22,31	21,45
Rice	3,41	9,15
Dairy products, egg, honey ..	3,32	1,68
Fruits and vegetables	10,42	0,44
Mineral fuels (petroleum, etc.) ..	**33,48**	**40,25**
Crude materials	**67,47**	**74,75**
Of which		
Raw cotton	35,11	38,30
Raw jute	3,13	4,39
Wool, etc.	6,15	5,81
Fertilizers, crude	1,21	1,12
Chemicals	**45,61**	**43,24**
Manufactured goods	**103,12**	**101,44**
Of which		
Iron and steel	50,21	49,27
Textile yarn fabrics and made-up articles, etc.	7,76	8,91
Copper	10,24	9,99
Nickel	67	56
Aluminium	3,80	3,62
Lead	1,22	1,34
Zinc	4,20	4,23
Tin	2,67	2,18
Paper and paperboard	5,51	5,58
Machinery and transport	**190,15**	**140,95**
Of which		
Electric machinery	33,73	26,60
Mining construction and other industrial machinery	80,95	52,16
Railway vehicles	7,31	11,23
Total (including others) ..	497,48	530,74

N.B.—The group totals do not tally with the grand total, because the latter incorporates certain revisions made in respect of imports made on Government account. Some of the less important import groups have also been excluded from this table.



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NEW CENTRAL JUTE MAINTAINS DIVIDEND

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IN the context of acute shortage of jute, the mounting cost of raw materials with no corresponding increase in the price of finished goods and a general lack of opportunity for profitable simultaneous operations, the working results disclosed by the New Central Jute Mills Company Ltd. (Managing Agents: Messrs. Sahu Jain Ltd., Calcutta) for the year ended 31st March 1961 can be considered satisfactory. The Company's foresight in making judicious purchase of raw materials has enabled it to achieve the reported results. Sales, inclusive of departmental transfers, have risen by as much as Rs. 544.70 lakhs to Rs. 1,208.33 lakhs, but a large portion of this rise has been accounted for by the increase in the cost of gunnies purchased for resale from Rs. 121.66 lakhs to Rs. 470.90 lakhs. Moreover, there has also been a rise in the cost of raw materials and stores consumed of Rs. 174.30 lakhs to Rs. 452.16 lakhs, and in the cost of services and other expenses from Rs. 197.14 lakhs to Rs. 260.63 lakhs, owing to which the gross profit has declined by Rs. 7.24 lakhs to Rs. 71.22 lakhs. Provision for depreciation which was made to the extent of only Rs. 8.99 lakhs during the previous year has been stepped up substantially to Rs. 36.23 lakhs due no doubt to the fact that the new assets acquired during the previous year have become eligible for a full year's depreciation. With no provision being found necessary either for the Managing Agents' commission or for taxation, the net profit amounts to Rs. 34.99 lakhs as compared with Rs. 66.34 lakhs a year ago. The entire sum has been appropriated by the Directors towards a transfer of Rs. 23.46 lakhs to the statutory development rebate reserve and the balance of Rs. 11.53 lakhs to general reserve No. 2. Preference and ordinary dividends for the year, the rates of which have been maintained at Rs. 9.10 and Re. 1.50 per share of Rs. 100 and Rs. 10, respectively subject to deductions of tax, are being proposed to be paid out of retained profits for the previous years. Accordingly, Rs. 28.65 lakhs have been transferred to the profit and loss account from general reserve No. 1.

The following comparative table presents synoptically the results of operation of the Company for each of the past four years:

(Value in lakhs of rupees)

	For the year ended 31st March			Fifteen months ended 31st Mar.
	1961	1960	1959	1958
Sales	12,08.33	6,63.53	7,16.06	15,96.33
Other income	8.92	5.49	3.28	1.60
Closing stocks of finished products	94.97	57.31	51.31	51.68
Raw materials and stores consumed	4,52.16	2,77.86	2,61.18	3,95.26
Goods purchased for resale	4,70.90	1,21.66	2,71.62	9,88.73
Salaries, wages and bonus	1,27.62	1,03.51	88.66	1,14.07
Other expenses	1,39.01	93.63	59.29	66.87
Gross profit	71.22	78.49	38.22	31.37
Managing Agents' remuneration	..	3.13	2.53	1.35
Provision for—Depreciation	36.23	8.99	9.32	13.39
Taxation	..	..	9.00	4.25
Net profit	34.99	66.34	17.37	12.38
Transfer from reserves and provisions	28.65	28.65	7.00	16.71
Transfer to reserves	34.99	66.36	2.83	16.71
Dividends—Preference	3.00*	3.00*	2.31	2.89
Ordinary	25.65 (15%)*	25.65 (15%)*	19.24 (15%)	12.82 (12½ p.a.)
Carry forward	..	..	0.01	0.03

* Subject to deduction of tax.

With the issue, in March 1961, of new ordinary shares of Rs. 10 each at a premium of Rs. 3.25 per share the issued and subscribed share capital of the Company as at 31st March 1961 consists of Rs. 233.00 lakhs in preference shares of Rs. 100 each and Rs. 253.63 lakhs in ordinary shares of Rs. 10 each, with a backing of as much as Rs. 260.72 lakhs in reserves. Loans, secured and unsecured aggregate Rs. 541.64 lakhs, in addition to current liabilities and provisions amounting to Rs. 130.84 lakhs. The gross block, inclusive of additions during the year amounting to Rs. 59.08 lakhs, stands in the Company's books at Rs. 966.78 lakhs and has a written down value of Rs. 795.04 lakhs. Investments, current assets, and loans and advances, all amount to Rs. 424.79 lakhs.

Though the year under review had been the most difficult one for the jute industry, prospects for the current year are expected to be satisfactory. Present jute crop reports are encouraging and a substantial increase in the availability of raw jute is expected. The flow of fibre into the market and to the mills has already improved and this has led to an increase in the working hours. With increased production and a reasonable parity in the prices of raw jute and finished goods now, the working results of the industry should improve. The demand for jute carpet backing cloth is rising and the offtake of the Company's broad loom plant is encouraging. On the chemical and fertiliser side, the ammonium chloride fertiliser manufactured by the Company has been well received in the market. Production of heavy soda ash has commenced and further concentration of effort in the activity has been planned. Unfortunately, the acute difficulty in regard to supply for hard coke both in respect of quality and quantity has affected production and the plant had to be stopped several times for want of this essential commodity. Production has, accordingly, suffered.

Further progress been reported in the matter of renovation and installation of plant and machinery. Eleven more broad looms have been commissioned to operations, raising the total broad looms complement to 121 and steps are in hand for installation of further broad looms. Six new sliver spinning frames have also been commissioned and four more frames will start working soon. The installation of the balance of four frames ordered last year is expected by the year-end. Orders have also been placed since for new sliver spinning frames and automatic cop loaders.

The present market quotation for the Company's Rs. 10 fully paid ordinary shares is Rs. 17.31 at which price the net return on investment works out to 6.5 per cent per annum.

LUCAS-T.V.S. PRIVATE LTD.

Messrs. T. V. Sundaram Iyengar and Sons of South India and Joseph Lucas of Britain have signed, according to a report from London, a partnership agreement, initiating the formation of a new company known as Lucas-T.V.S. Private Ltd. The new company will manufacture vehicle electrical equipment to meet the demand of the rapidly expanding Indian motor industry. Initially, to permit an early start in production, some components will be imported, but a phased programme of changeover to indigenous production is planned.

The capital employed in the new company in the early years will amount to over £2 million and this will include over £1 million worth of plant and machinery provided by Lucas. The new factory is being built in Madras. Employment will be provided in the new company in the first phase for over 1,000 Indian nationals in all grades, from engineers to unskilled operatives. Initial production will be starting in 1962 with the manufacture of electrical equipment and spares for vehicles, both commercial and private. The equipment to be manufactured will be of the latest design.

The Board will consist of three Lucas and three T.V.S. concern directors. The Chairman will be Mr. T. S. Krishna of T.V.S., while Mr. J. W. Shield of Lucas, Birmingham, will be the Managing Director.

KHANDELWAL UDYOG LTD.

Khandelwal Udyog Limited, a company belonging to the "Khandelwal Group" of Bombay, has concluded a technical collaboration agreement with Ing. F. Ferre & C., S.p.A., of Milan for the manufacture of industrial furnaces. The collaborators are one of the leading furnace manufacturers in Italy and their equipment is already being manufactured in other European countries under licence. When in full production, Khandelwal Udyog's furnaces department will be manufacturing furnaces worth Rs. 25 lakhs per annum.

The Company's manufacturing programme includes both electric and combustion furnaces and will specially cater to the growing requirements of the engineering and metallurgical industries. Their range will cover, we are told, various types of furnaces, including the manufacture of bell type furnaces for bright annealing of wires and strips and continuous automatic lines for heat treatment of ferrous and non-ferrous components. The company will also be manufacturing furnaces for the glass and ceramic industries. It is expected that the major portion of the furnaces will be manufactured indigenously right from commencement, with the exception of the automatic controls and instrumentation.

MADRAS RUBBER FACTORY LTD.

The expansion work of the Madras Rubber Factory Ltd., to produce trucks and car tyres in collaboration with Mansfield Tyre and Rubber Company, an American Company, has, we are told, started briskly. The construction of the new factory building is progressing rapidly. A batch of technicians from the collaborators have arrived for investigation and planning. A group of Indian engineers and chemists have left for the United States for higher training who will be at the Mansfield factory, for a rigorous six months' course. Another batch will leave for the U.S. shortly.

Complete licences have been obtained for the import of plant and machinery, and orders have been placed and confirmed in Europe and America. The trial production is expected to start shortly, while the factory is expected to go into full production in June 1962.

NONSUCH TEA'S PROFIT LOWER

FINANCIAL POSITION STRONG

THE financial results of the Nonsuch Tea Estates Ltd. (Managing Agents: Messrs. Harrisons and Crosfield Ltd., Cochin) for the year ended 30th June 1961 are clearly less satisfactory than those for the previous year. Although the Company was successful in raising a record crop of tea, with highest yield per acre, and in selling more tea, its gross profit has suffered a slight setback to Rs. 15.60 lakhs, as compared with that for the previous year. The decline in net profit is quite perceptible, as we shall show presently. The chief reason for the decline in profits is the drop of 16 nP per lb. in the average price realised by the Company during the year under review. This fall has more than offset the saving of 6 nP in the cost of production of tea. Accordingly, the value of sales has shrunk by Rs. 1.85 lakh to Rs. 37.56 lakhs. It is noteworthy that the estate and other expenses were fairly stable.

After providing Rs. 5.94 lakhs for taxation (Rs. 6.25 lakhs in 1959-60), Rs. 77,000 for depreciation (nil in the previous year) and Rs. 73,000 for Managing Agents' remuneration, the net profit amounts to Rs. 8.16 lakhs, as against Rs. 9.49 lakhs for the previous year, a fall of Rs. 1.33 lakh or about 14 per cent. After setting off the expenses relating to previous years aggregating Rs 69,000, the amount actually available for distribution, together with the sum brought forward from the previous years, is of the order of Rs. 7.60 lakhs. The Directors have transferred Rs. 2.25 lakhs to development rebate reserve and Rs. 50,000 to the contingency reserve. They have proposed a final dividend of 10 per cent, taxable, which together with the interim dividend of 10 per cent taxable, would absorb Rs. 4.62 lakhs, leaving Rs. 22,735 to be carried forward to the next year. The dividend of 20 per cent taxable (or 14 per cent net) for the year under review is the same as that for the previous two years, as will be seen from the comparative table of progress given below:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sale proceeds of tea	37.56	39.41	33.00	27.01
Closing stocks	3.91	5.50	8.04	10.91
Estate and other expenses	20.88	20.75	18.58	18.04
Gross profit	15.60	18.49	12.02	16.86
Managing Agents' commission	0.73	0.69	0.55	0.82
Provision for—Depreciation	0.77	..	..	..
Taxation	5.94	6.25	4.54	7.80
Net profit	8.16	9.49	6.93	8.24
Expenses relating to previous years	0.69	2.58	0.92	0.51
Transfer from reserves	..	0.50	..	..
Transfer to reserves	2.75	3.00	1.61	0.02
Dividend	4.62 (20%)*	4.62 (20%)*	4.62 (20%)*	8.08 (35%)*
Carry forward	0.23	0.15	0.35	0.87
Crop harvested (tea in lbs.)	1,382,095	1,275,640	1,020,037	1,219,768
Yield per acre in lbs.	1,642	1,520	1,220	1,458
Cost of production of tea (per lb. in Rs.)	1.27	1.33	1.56	1.32
Average price realised for tea (per lb. in Rs.)	2.60	2.76	2.38	2.76

* Subject to deduction of tax.

The financial position of the Company is sound. The paid-up capital of Rs. 23.10 lakhs, all in 231,000 equity shares of Rs. 10 each, is supported by reserves and surplus amounting to Rs. 6 lakhs. The Company has no secured or unsecured loans and its current liabilities and provisions, aggregating Rs. 15.22 lakhs, are more than amply covered by current assets of the order of Rs. 17.58 lakhs, exclusive of investments of Rs. 4.49 lakhs, almost all of which are in gilt-edged securities. A striking feature of current assets is their high degree of liquidity, the share of cash balances and deposits with banks alone being Rs. 11.72 lakhs. The Company's fixed assets at cost stand at Rs. 35.77 lakhs. As the depreciation provided so far amounts to Rs. 13.53 lakhs, the net value of the assets is Rs. 22.24 lakhs. Very few planting companies have such a strong financial position.

The tea crop for the current year is estimated at a slightly lower level of 525,000 kgs. (or 1.157 million lbs.) to be harvested at an all-in cost of Rs. 3.18 per kg. (or Re. 1.44 per lb.).

The current market quotation of the Rs. 10 paid-up shares of the Company is Rs. 28.25 cum-final dividend. On an ex-dividend basis, the approximate net yield works out to a little over 5 per cent per annum.

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"ALIND'S" PROFIT LOWER, DESPITE LARGER TURNOVER

EFFECT OF KEEN COMPETITION

LARGER production and more sales, but less profit. This is the story of Aluminium Industries Ltd., which is under the management of the well-known South Indian managing agency house of Seshasayees, for the year ended 31st March 1961. The production of the Hirakud unit of the Company was better than in the previous year and the output of the unit at Kundara also was higher. There was good demand for the Company's aluminium products—bare conductors, covered conductors and rod. And yet both the gross profit and net profit were less than in 1959-60. The chief explanation for this phenomenon lies in the fact that competition in the market for cables was keener, leaving no scope for adjusting the selling prices to include the rise in cost of production. Here is one more instance to show that, gradually, even new industries in India are beginning to lose the benefit of a sellers' market ensured by several import restrictions and that, as days pass by, they must become more and more efficient, if they are not to be ultimately pushed out of the market. That the management of "Alind" is fully aware of this condition is amply borne out by the observations of the Company's Chairman, *vide* page 704 of *Commerce* dated 7th October 1961.

The Company's production of bare conductors during 1960-61 staged a marked rise from 55,384 kilometres in 1959-60 to 66,300 kilometres and that of covered conductors from 7 million core-yards to 9 million core-yards. Its sales went up by more than 27 per cent, from Rs. 340.72 lakhs in 1959-60 to Rs. 435.73 lakhs in 1960-61, to be exact. But the gross profit has actually shrunk by Rs. 3.35 lakhs to Rs. 48.64 lakhs. The upward trend in gross profit witnessed in the past three years has thus suffered a reverse.

This unfavourable financial result is due to two factors: (1) the costs of production have registered a strident increase; the imposition of the excise duty of Rs. 300 per metric ton on indigenous production of aluminium ingot along with a corresponding countervailing import duty on imported aluminium ingot and rod in the Union Budget for the financial year 1960-61 was one of the causes for the rise in the value of raw materials alone by Rs. 114.14 lakhs to Rs. 371.16 lakhs, representing an increase of 44.1 per cent over the previous year. The other manufacturing expenses, including salaries and wages, have also risen sharply from Rs. 15.52 lakhs in 1959-60 to Rs. 72.41 lakhs or by more than four times. The increase under the wages bill alone is of the order of Rs. 4.71 lakhs. While these increases reflect the effects of expansion in production, they are also due to inflation in costs. The second factor was the intense competition in the internal market to which reference has already been made. The profitability of its working has, therefore, suffered a setback, the profit-margin (the ratio of gross profit to sales) having declined from 12.1 per cent in 1959-60 to 11.1 per cent in 1960-61.

The net profit, too, is a shade lower at Rs. 18.29 lakhs, as compared with Rs. 19.81 lakhs for the preceding year. The Company has not made any significant variations in the usual appropriation heads. In conformity with reduced earnings, the remuneration to managing agents is lower at Rs. 2.96 lakhs, as against Rs. 3.98 lakhs last year. The provision for depreciation as been cut down by Rs. 91,000 to Rs. 10.98 lakhs. Taxation absorbs Rs. 16.41 lakhs, as against Rs. 16.31 lakhs in 1959-60. No provision has been made for development rebate reserve, since no new machinery was commissioned during the year under review. The Directors have also not made any addition to the free reserves, for the third year in succession, as they have chosen to utilise almost the entire amount of net earnings to maintain the dividend at the previous year's level of 18 per cent taxable or 12.6 per cent net. The amount actually required for paying the dividend is, however, higher by Rs. 2.40 lakhs at Rs. 16.80 lakhs, in view of the higher paid-up capital at Rs. 1 crore, as compared with Rs. 80 lakhs in 1959-60.

As stated at the outset, the Company's production programme made satisfactory progress during the year under review. Its factories at Kundara and Hirakud worked to capacity, thanks to adequate supplies of aluminium metal made available by the Government of India. In fact, it could have produced and supplied more rolled rod to other manufacturers of bare conductors in the country, if the Government had given still larger supplies of aluminium.

The following comparative table summarises the working results of the Company during the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	4,35.73	3,40.72	3,35.89	3,75.85
Closing stocks	1,45.88	74.60	40.24	34.80
Raw materials and stores consumed	3,85.91	2,78.55	2,61.48	3,24.05
Other expenses	72.41	15.52	37.79	16.78
Gross profit	48.64	51.99	30.85	35.48
Managing Agents' commission ..	2.96	3.98	2.71	2.74
Provision for—				
Depreciation	10.98	11.89	9.14	7.58
Taxation	16.41	16.31	10.85	14.63
Net profit	18.29	19.81	14.06	10.58
To reserves	..	4.37	4.07	2.00
Dividend	16.80 (18%)*†	14.40 (18%)*	10.00 (12½%)	8.75 (12½%)
Carry forward	3.01	1.52	0.49	0.50

* Subject to deduction of tax.

† On increased capital.

The expansion programme of the Company is proceeding smoothly. The construction of the factory for the manufacture of high tensile galvanised sheet wire at Kundara is likely to be completed three months ahead of schedule. The Directors expect the new factory to start regular operations by the end of 1961. The Company has secured licences for expanding the manufacturing capacity of its covered conductor factory at Kundara and for establishing a new covered conductor factory near Hyderabad in Andhra Pradesh. The Government of India has sanctioned the requisite foreign exchange for the importation of machinery and equipment. The Company has also acquired a suitable property at Lingampally, a suburb of Hyderabad. Further, it has obtained a licence for establishing the manufacture at Kundara of a special type of low voltage aluminium cable for underground applications. The Directors are stated to be examining the details of this project. Fuller details of the Company's expansion schemes and their financial implications can be had from the statement of the Chairman, referred to earlier. Suffice it to add that the Company is contemplating an expansion in its equity capital.

The balance-sheet as at 31st March 1961 shows that the Company's paid-up capital of Rs. 1 crore, all in 1,000,000 equity shares of Rs. 10 each, is supported by reserves and surplus aggregating Rs. 50.95 lakhs. The expansion programmes undertaken by the Company, coupled with the tremendous increase in inventories, has kept its borrowings at a high level. Thus, secured and unsecured loans together add up to Rs. 215.60 lakhs; in addition, there are current liabilities and provision aggregating Rs. 172.59 lakhs, giving a total indebtedness to outsiders of Rs. 388.19 lakhs. These are, of course, more than adequately covered by current assets of the order of Rs. 424.53 lakhs, excluding investment at Rs. 1.47 lakh. The gross block at Rs. 151.27 lakhs has been satisfactorily depreciated to Rs. 84.82 lakhs.

The Rs. 10 paid-up shares of the Company are currently quoted on the Madras Stock Exchange at Rs. 23.50 *ex-div.* On the basis of the net dividend of Re. 1.26 per share, the net yield works out to 5.36 per cent per annum.

It is obvious from the Chairman's statement that the Company is unlikely to increase the dividend for the current or even the next year even if the distributable profit happens to be higher. In the first place, the reserves have to be strengthened. And, secondly, the paid-up capital is going to be raised again. This, however, need not cause any disappointment among the shareholders, as the productive capacity of their Company is being expanded and diversified. If they wait patiently for a few years, they will be able to enjoy the fruits of this expansion. Meanwhile, they can have the satisfaction that their holdings have been well secured by a larger block account and a bigger turnover.

COMPANY MEETINGS AND DIVIDENDS

FORT GLOSTER INDUSTRIES LTD. Annual General Meeting, Calcutta, 6th November 1961. Dividend: A dividend of Rs. 10 per ordinary share, subject to deduction of tax, for the year ended 31st March 1961. Share transfer books remain closed from 27th October to 6th November 1961, both days inclusive.

NEW CENTRAL JUTE MILLS CO., LTD. Annual General Meeting, Calcutta, 9th November 1961. Dividend: A dividend of Re. 1.50 per ordinary share (on old capital), for the year ended 31st March 1961. Transfer books remain closed from 27th September to 13th October 1961, both days inclusive.

CALCUTTA ELECTRIC SUPPLY CORPORATION LTD. Annual General Meeting, London, 9th November 1961. Dividend: A final dividend of 7.50 per cent, taxable, for the year ended 31st March 1961. Dividend payable on and after 11th November 1961.

MORARJEE GOCULDAS SPINNING AND WEAVING CO., LTD. Annual General Meeting, Bombay, 11th November 1961. Net dividend of Rs. 16.80 per ordinary share, for the year ended 30th June 1961, payable from 13th November 1961. Transfer books remain closed from 16th October to 11th November 1961, both days inclusive.

NONSUCH TEA ESTATES LTD. Annual General Meeting, Cochin, 11th November 1961. Dividend: A final dividend of 20 per cent taxable, for the year ended 30th June, 1961. Transfer books will remain closed from 4th to 13th November, 1961.

PANYAM CEMENTS AND MINERAL INDUSTRIES LTD. Annual General Meeting, Cement Nagar, Kurnool District, 14th November 1961. Transfer books will remain closed from 7th to 21st November, 1961, both days inclusive.

ASHER TEXTILES LTD. Annual General Meeting, Tirupur, 16th November 1961. Dividend: A dividend of 30 per cent, taxable, for the year ended 30th June 1961. Dividends payable on and after 17th November 1961. Transfer books will remain closed from 3rd to 16th November, 1961, both days inclusive.

HUKUMCHAND JUTE MILLS LTD. Annual General Meeting, Calcutta, 17th November 1961. Dividend: A dividend of Rs. 2.15 per equity share, taxable, for the year ended 31st March 1961. Transfer books will remain closed from 6th to 17th November, 1961, both days inclusive.

YERCAUD COFFEE CURING WORKS LTD. Annual General Meeting, Salem, 22nd November 1961. Dividend: A dividend of 20 per cent, taxable, on equity shares, for the year ended 30th June 1961. Transfer books will remain closed from 16th to 22nd November 1961, both days inclusive.

BOMBAY BURMAH TRADING CORPORATION LTD. Annual General Meeting, Bombay, 24th November 1961. Dividend: Rs. 41.25 per ordinary share of Rs. 125 each, taxable, and Rs. 16.50 per share of Rs. 125 (Rs. 50 paid), taxable, for the year ended 31st May 1961. Dividends payable on and from 27th November 1961. Transfer books remain closed from 30th October to 20th November 1961, both days inclusive.

BROOKE BOND ESTATES INDIA LTD. Annual General Meeting, Calcutta, 29th November 1961. Transfer books will remain closed from 3rd to 29th November 1961, both days inclusive.

INDO-BURMA PETROLEUM CO., LTD. Dividend: An interim dividend of Re. 1.00 per ordinary share, subject to deduction of tax, for the year ended 31st December 1961. Dividends will be paid on and after 27th November 1961. Registers will remain closed from 6th to 27th November 1961, both days inclusive.

DECCAN SUGAR AND ABKHARI CO., LTD. A final dividend of 13.50 per cent, making a total of 21 per cent, taxable, for the year ended 31st May 1961. Transfer books will remain closed from 11th to 27th November 1961, both days inclusive.

TUBE INVESTMENT CO., LTD. Dividend: A dividend of 10 per cent, taxable, for the year ended 31st July 1961.

BOMBAY SAFE DEPOSIT CO., LTD. Dividend: An interim dividend of Rs. 10 for the period from 1st October to 31st December 1961. Dividends payable on and after 29th December 1961. Transfer books will remain closed from 14th to 24th November 1961, both days inclusive.

SIRPUR PAPER MILLS LTD. A dividend of 85 nP per share taxable, for the year ended 30th June 1961. Transfer books will remain closed from 21st November to 5th December 1961, both days inclusive.

MARIKAR MOTORS LTD. A dividend of 25 per cent, taxable, for the year ended 31st March 1961.

UGAR SUGAR WORKS LTD. A dividend of 15 per cent, taxable. Transfer books will remain closed from 5th to 20th December 1961, both days inclusive.

SHEVEROY ESTATES LTD. A dividend of 7½ per cent, taxable, for the year ended 30th June 1961.

SOUTH MADRAS ELECTRIC SUPPLY CORPORATION LTD. An interim dividend of 4½ per cent, taxable, for the year ending 31st March 1962. Transfer books will remain closed from 25th November to 5th December 1961, both days inclusive.

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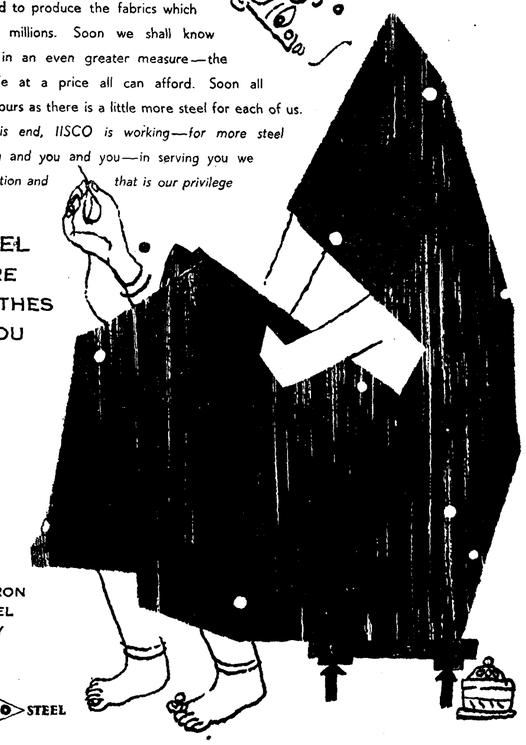

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SELF-SUFFICIENCY IN RAW JUTE

YIELD PER ACRE MUST BE RAISED

By C. L. Bajoria

DEPUTY CHAIRMAN, INDIAN JUTE MILLS ASSOCIATION

ONE lesson that emerges from the recent crisis more clearly than ever before is the importance of attaining and maintaining self-sufficiency in raw jute at the earliest possible date. Taking *jute and mesta* together, the annual requirement of the industry, on the basis of the present level of production, is about 6.5 million bales. Another 150,000 bales is needed to meet normal consumption in the villages. It is necessary, therefore, to ensure annual production of about 6.7 million bales.

This applies to normal times. In the current year, something like another 1.5 million bales will be needed to build up stocks which were almost exhausted during the period of scarcity in 1960-61. It is thus unlikely, even on the most optimistic estimates of the 1961-62 crop, that price support operations by the Buffer Stock Agency will be necessary this season.

Whatever the size of the Indian crop, for some years to come it will need to be supplemented by a small amount of import of cuttings from Pakistan. These are used for mixing with Indian jute, so as to reduce the cost of the 'batch.' As a raw jute exporting country, Pakistan has a surplus of cuttings, after other portions of the jute fibre have been exported to Continental and other countries. Dependence on Pakistan for cuttings is only marginal, the amount involved is insignificant and such import should not be regarded as a serious limitation on self-sufficiency. India will become independent of import of cuttings only if we too become a substantial exporter of raw jute. Nevertheless, the Government could make a useful contribution towards lowering the cost of Indian jute goods and increasing their competitive strength in the world market by liberal and speedy licensing of the industry's requirements of imported cuttings.

The efforts, since the beginning of the first Five-year Plan, to increase the production of jute have produced substantial result. It is unfortunate, however, that attention has been concentrated on jute alone and has not extended to mesta. Yet the greater availability of raw material for the jute industry during the last 10 years has been due mainly to increased production of mesta. Much more could have been achieved if mesta had been given a place, along with jute, in the Five-year Plans.

Jute and Mesta Production in India
1951 to 1960 (Figures in 000 bales)

Years	Jute	Mesta	Total
1951-52	4,678	..	4,678
1952-53	4,592	682	5,274
1953-54	3,129	656	3,785
1954-55	2,928	1,016	3,944
1955-56	4,197	1,159	5,356
1956-57	4,288	1,478	5,766
1957-58	4,052	1,291	5,343
1958-59	5,158	1,488	6,646
1959-60	4,605	1,118	5,723
1960-61	4,030	1,147	5,177

The increase in jute production has occurred mainly through extension of the area of cultivation. Yield per acre has shown no substantial change. Yet in the future, increased production must be sought mainly through higher yields, rather than by bringing more land under jute. Cultivable land is limited and diversion of land from rice to jute is undesirable because of the urgent need to attain self-sufficiency in food. Moreover, a higher yield per acre is the most effective way to make jute cheaper and, at the same time, give the cultivators a higher income. The need of the industry for cheap raw material to maintain its competitive strength and the legitimate demand of the grower for a higher money return can best be reconciled by increasing the yield per acre.

The performance in this respect over the last few years has been disappointing. The all-India acreage yield has remained virtually unchanged during the two Five-year Plans at around 2.5 bales, as compared with an annual average of 3.75 bales in Pakistan over the same period. One of the major advantages enjoyed by the Pakistan jute industry in competing with that of India stems from this disparity. Pakistan's advantage could be reduced, if not completely neutralised, by a sufficient rise in the yield per acre in India.

It has been conclusively established that this can be done. Research work carried out by the Indian Central Jute Committee and the application of these methods by the Indian Jute Mills Association in selected intensive cultivation blocks in different parts of West Bengal have shown that an increase of one to two bales or even more in the yield per acre is possible. There are areas where a yield of five to six bales per acre is considered normal due to adoption of improved methods of cultivation. Even an increase of one bale per acre in the all-India average yield will mean a difference of 1.5 million bales in the annual output. It is evident that self-sufficiency in raw jute, at any conceivable level of industrial production, is possible without any extension of acreage under jute.

To bring about this increase in yield, a well-planned programme of intensive cultivation through application of scientific agricultural methods is required. At present, jute cultivation is haphazard and indiscriminate. When jute prices are high, there is a tendency to grow it on any and every kind of land, without considering whether the soil and other conditions are suitable. This unhealthy practice needs to be checked.

The lines along which action is needed to raise yield per acre are now known and the Indian Jute Mills Association has launched a three-year programme for this purpose. The entire jute-growing area of the country has been demarcated into a number of agro-climatic zones. In each zone, three large areas will be selected each year for encouragement of intensive cultivation. Cultivators in these areas will be supplied with improved seed, fertilisers, implements and plant protection facilities at subsidised rates. Each year, the effort will be shifted to a new area in the same zone, so that subsidised assistance may be as widespread as possible. Retting facilities in each area will be developed on a community basis, taking advantage of all natural resources.

To meet the requirements of improved seeds, the Association will supplement the seed multiplication programme of the State Government by taking up multiplication in areas where good quality seed can be produced at low cost. The States best suited for economical multiplication of jute seed are Uttar Pradesh, Bihar and Orissa.

For large-scale adoption of improved cultural practices such as line sowing, cultivators experience difficulty in purchasing the necessary implements. If these are provided on hire or on hire-purchase terms, methods of cultivation can be improved and cost reduced. The Association intends to provide 60 seed drills each year to the intensive cultivation areas in each zone. Other lines along which improved yield per acre can be obtained are by the use of ammonium sulphate in addition to farmyard manure and the use of the wheel hoe in weeding, harrowing and thinning.

The main problems facing the jute industry have been set forth in this series of articles in the hope that thereby a greater public awareness will be created, both of the position of the jute industry in the national economy and the difficulties that it has to contend with. It is to be hoped that they will make some contribution towards dispelling misconceptions regarding the steps taken by the industry to tide over the crisis arising from shortage of raw jute in the 1960-61 season. The threat to the future of the industry arising from the growth of jute manufacturing capacity in Pakistan needs to be realised and the necessary defensive measures adopted before it is too late. Speculative manipulation of prices threatens the stability of the export market for jute goods and should be condemned by public opinion as a menace to national economic progress. Finally, the importance of attaining self-sufficiency in raw jute, mainly by raising the yield per acre will, it is to be hoped, receive the priority that it deserves.

[Note: *The foregoing is the last of the series of four articles by the author. The salient features of the first three articles have been brought out on pages 822 and 842 of our issue dated 28th October 1961.*—ED.]

A tale of Twenty-two Cities

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MONEY COMFORTABLE

(From Our Own Correspondent)

BOMBAY, 1st *November*

Conditions in the short-term money market were fairly comfortable for borrowers during the major part of the week under review. Following the inflow of funds from other centres, supply was plentiful throughout. The call rate dropped by one per cent to 3½ per cent on Thursday, 26th October and remained at that level till Monday. Yesterday, however, the rate firmed up by ½ per cent to 4 per cent. Today, the market displayed a steady trend with both renewals and fresh money being available at 4 per cent. The term rates were unchanged as under:

	Per cent
Notice money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3¼
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

The results of the 91-days' Government of India Treasury bills showed no new features. As against the invitation for Rs. 2 crores, the amount offered and accepted was the same. The average rate was unchanged at 2.5 per cent per annum. The 91-days' intermediate Treasury bills sold from 25th October to 28th October amounted to Rs. 35 lakhs. Their sales are being continued from the 1st to the 4th inst., both days inclusive.

The satement of affairs of the Reserve Bank of India for the week ended 27th October 1961 discloses a contraction of Rs. 21.64 crores in notes in circulation, as compared with the previous week. As the notes held in the Banking Department went up by Rs. 22.95 crores, the total notes issued have risen by just Rs. 1.31 crore. Foreign securities are unchanged at Rs. 116.86 crores; but, as balances held abroad improved by Rs. 5.95 lakhs, the total foreign assets have risen by that amount to Rs. 145.19 crores. The deposits of the Central Government have risen by Rs. 14.86 crores, in contrast with the decline of Rs. 11.15 crores witnessed in the preceding week. The deposits of other Governments have, however, shrunk by Rs. 8.27 crores. The deposits of banks are higher by Rs. 1.88 crore. On the assets side, investments have fallen by just Rs. 27.17 lakhs, but other loans and advances, which include advances to scheduled banks, also have declined by Rs. 6.40 crores.

An expansion of Rs. 5.02 crores in demand deposits and of Rs. 1.39 crore in time deposits is disclosed by the statement of affairs of the scheduled banks for the week ended 20th October 1961. The deposits of the State Bank of India, however, have declined by Rs. 1.43 crore. The banks' borrowings from the Reserve Bank have shrunk by Rs. 1.25 crore, though those against usance bills have gone up by Rs. 29 lakhs. Their borrowings from the State Bank of India of demand and time nature have edged forward by Rs. 1.69 crore and Rs. 58.49 lakhs, respectively. On the assets side, investments have gained Rs. 1.16 crore, but bank credit (advances and bills discounted) has shrunk by Rs. 2.27 crores to Rs. 1,232.56 crores. The State Bank's advances experienced a decline of Rs. 18 lakhs.

The gilt-edged market continued to remain weak, as sellers predominated in the Central as well as State loans. The Reserve Bank of India has reduced its purchase prices for some of the Central loans by 5 to 10 nP. For example, its buying price for 3 per cent 1964 has been reduced from Rs. 98.85 to Rs. 98.75, for 3½ per cent 1964 from Rs. 99.90 to Rs. 99.85, 3½ per cent 1965 from Rs. 99.85 to Rs. 99.80 and 3 per cent 1966-68 from Rs. 96.25 to Rs. 96.20. The Reserve Bank is still buying these loans only against switches. The Conversion Loan has dropped 35 nP to Rs. 72.40. 3 per cent 1970-75 first development loan lost 30 nP to Rs. 90.45. Only 4 per cent 1979, however, advanced by 5 nP to Rs. 99.30. Other Central loans were unchanged. In the States loans section, prices of several loans were marked down. 4 per cent Madras loans suffered losses ranging from 10 nP to 40 nP. The 4 per cent Andhra and U.P. loans also declined in value.

In the foreign exchange section, the rupee eased slightly in relation to the U.S. dollar. The banks' selling and buying rates for ready T.T. on New York were Rs. 475.50 and Rs. 472.25 per 100 dollars, respectively, as against Rs. 475.25 and Rs. 472 last week. The pound sterling also softened a little in relation to the U.S. dollar. The latest available rate for spot sterling is 281.480-281.510 cents, as against 281.570-281.600 cents a week before.

SUGAR DECLINES SLIGHTLY

(From Our Own Correspondent)

HAPUR, 30th *October*

Sugar prices declined slightly towards the week-end despite good demand for *Diwali* as supply position was easy following release of monthly quota of 2 lakh tons. The U.S. announcement of reduction of 50,000 tons of sugar import quota from India also acted as a dampening factor in sugar prices. Factories in West U.P. will start crushing not before the third week of November and week-end prices here were:—Rs. 107 per bag, retail Re. 1 per *seer*; *mill delivery* Simbhauli D29 Rs. 106; E29 Rs. 105.50, Bulandshar D29 Rs. 105 per bag.

Depressed conditions were also witnessed in the sugar market at Muzaffarnagar during the week on slack outside buying demand. Mills were eager sellers and further decline in prices is not ruled out in view of fall in demand. Some factories quoted their produce at discount from 62 nP to Re. 1.23 a maund and week-end prices were (per maund):—A29 Iqbalpur Rs. 39.66, Khatauli Rs. 39.97, B29 Shamli Rs. 39.30, Khatauli Rs. 39.44, D29 Saharanpur Rs. 37.75, Modinagar Rs. 38, Amroha Rs. 37.12, Bijnore Rs. 36.62, Shamli E29 Rs. 37.90.

Khandsari prices were steadier on good demand from Punjab and festive local requirements. Old stocks were fast declining and new season would start some time in December as crushers now find it more profitable to manufacture *gur* rather than *khandsari* due to low percentage of sugar in cane. Week-end prices of *khandsari* were:—*galawat* Rs. 25 to Rs. 29, non-crystal Rs. 31 to Rs. 36.25, crystal Rs. 33 to Rs. 36, *boora* Rs. 39 per maund.

New *gur* arrivals were fast mounting and were about 2,000 maunds average but were hampered during the week-end due to rains. Demand from consuming areas was good and entire arrivals were being lifted and local old stock also shrank to 2,000 maunds. Arrivals of new *gur* have also begun in mofussil areas and demand was fair from consuming areas. Arrivals would soon mount with clear weather and the cultivator, being free from *rabi* sowings, would concentrate on *gur* manufacture. Prices were fully steady and week-end prices were: new superior Rs. 21, medium Rs. 18 to Rs. 19, old Rs. 16, *shakker* Rs. 20, new Rs. 24 per maund.

Demand of old *gur* and *shakker* was poor in Muzaffarnagar market during the week as new arrivals have begun in small quantity. Consequently old *chaku gur* was quoted at Rs. 12 to Rs. 17.50, new *gur pansera* improved to Rs. 18 to Rs. 20 per maund, while *shakker* hardened Re. 1 to Rs. 2 per maund upto Rs. 24 on Punjab, Rajasthan and Gujarat support.

Gur futures moved both ways during the week in heavy speculative activity. Opening at Rs. 12.74 last Monday *gur fagun* touched the highest of the week at Rs. 12.85 on Wednesday and lowest of the week at Rs. 12.48 the same day and is today quoted at Rs. 12.62.

LINSEED FIRM

(*Messrs. A. Bradley and Co.*)

CALCUTTA, 30th *October*

Since our last report before the *Pooja* holidays, the seeds market have shot up again, owing to damage caused by rains and floods upcountry to the stocks held there. Arrivals have therefore, been very scarce; mills are finding it difficult to run.

The oil prices have gone up in sympathy with seeds and other oil; stocks held by millers are limited and they are not interested in forward business at these prices. The oil cake markets are very firm. Prices are marked up higher by Re. 1 to Rs. 2 per maund as here, again, stocks are very low in the hands of millers. The latest quotation is: Ready November delivery Rs. 30.50 per maund.

GOLD EASY, SILVER QUIET

(From Our Own Correspondent)

BOMBAY, 1st *November*

There have been no outstanding developments in the bullion market during the week under review. Gold was distinctly easy, while silver was quietly steady. Turnover was poor, owing to lack of demand. Arrivals were larger than offtake in the case of both the metals. Speculators were idle during most part of the week, as they had nothing new to go upon. The only feature worth mentioning is a spurt of a rupee in sovereigns from Rs. 97 to Rs. 98, apparently due to a shortage of coins. This rise is in striking contrast to the loss of one rupee suffered by both ready and forward gold over the week and the absence of any appreciable variation in the price of silver.

The daily average offtake of gold was about 4,000 tolas, while the arrivals were 3,000 tolas. The offtake of silver was just six bars a day, while the arrivals averaged 30 bars.

Forward gold began the week at Rs. 125, gradually declined to touch a low of Rs. 124.05 on Tuesday and finished at Rs. 124.10, after moving up to Rs. 124.30. Ready gold continued to be at a discount as compared with the forward; actually the discount widened during the week from Re 1.30 to Re. 1.75, reflecting the poor demand for the metal at present and the speculators' continued hope that the demand would pick up in next spring, if not earlier.

Forward silver opened steady at Rs. 207.70, moved up to a high of Rs. 209.85 on 27th October, only to drift down gently thereafter; the week's lowest rate of Rs. 207.65 was seen on the opening day before the spurt took place and the lowest level touched today was Rs. 207.85. This shows that the rise recorded earlier in the week was nearly wiped out, the closing rate today being no more than Rs. 207.90, just a fractional gain of 25 nP over the week. Life ready gold, ready silver also was at a discount; such today was Re. 1.25, exactly the same as that a week ago.

The following table shows the trend of prices during the week under review:

	1-11-1961 (closing)	High	Low	25-10-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	122.35	123.95	122.25	123.85
Forward: Margashir* ..	124.10	125.15	124.05	125.15
Sovereign	98.00	98.00	97.00	97.00
SILVER				
Ready (.995 fine)	206.65	207.20	206.40	206.40
Forward: Margashir† ..	207.90	209.85	207.65	207.65
London—				
Silver Ready	80d.	—	—	80d.
Silver Forward	80¼d.	—	—	80¼d.
Gold	250s. 1d	250s. 1d.	249s. 11¼d.	249s. 11¾d.
New York—				
Silver	91.875 cents	—	—	91.875 cents

* 25th December settlement. † 26th December settlement.

N.B.—The quotation for gold is per 10 grams (about 0.35 tola) and that for silver is per kilogram (35.7 tolas). London and New York quotations are per ounce.

COTTON FUTURES SPURT

(From Our Own Correspondent)

BOMBAY, 1st *November*

In contrast to the steady conditions witnessed last week, the cotton futures market ruled distinctly firm during the week under review. The firmness was due mainly to two factors. First, the fear that foreign cotton proposed to be imported during the current season would not be available until at least mid-February. Secondly, firm advices from the spot market, following reports of untimely rains in the Punjab and the consequent damage to the crop, especially 320 and 210F, which are in the picking stage. The general firmness of other commodity markets, particularly oilseeds, imparted further strength to cotton futures. Heavy speculative buying sparked off by these considerations lifted the March contract from Rs. 626 last week-end to Rs. 639.50 on Monday. This level, however, could not be maintained for long. Profit-taking and selling prompted by the apprehension that the Forward Markets Commission might intervene to curb the rise in price and might even resort to such drastic measures as suspension of trading, as it did in the case or oilseeds futures, and news of larger arrivals of new crop in up-country markets resulted in a break in values. The March contract receded from Rs. 639.50 on Monday to Rs. 633.25 yesterday. A partial recovery was evident today. The March contract is currently quoting around Rs. 637, as compared with Rs. 626 at the close of last week.

Mill demand for ready cotton was brisk. New crop attracted good attention. The quality of early arrivals was satisfactory and they fetched prices around the ceiling. Apart from new crop, moderate interest was also noted in ready lots of old crop varieties such as Kalyan, Laxmi, L.147 etc. Following complaints that there was an undue rise in the price of new crop Co2, the Textile Commissioner issued a warning that, if prices were rigged up, the Government would not hesitate to requisition cotton. Bengal *Deshi* cotton evoked only stray export inquiries. But prices tended to harden, thanks to the internal demand for this cotton for mixing purposes. Foreign cotton also attracted some attention. Moderate business passed in selected East African, Sudan, Egyptian and American growths.

It is reported that the proposal to reintroduce compulsory survey of cotton made by the Cotton Advisory Board and endorsed by the East India Cotton Association, is meeting with stiff opposition from cotton interests of Gujarat, one of the major cotton producing States in India. Spokesmen of cotton growers and the trade, who met the Textile Commissioner's representative at Ahmedabad recently, are reported to have pointed out that compulsory survey was one of the factors that caused a crisis in cotton last season which resulted in heavy losses to cotton growers. They are, therefore, opposed to the reintroduction of compulsory survey. Some of them also challenged the crop estimates and said that the crop would be over 5 million bales and not 4.8 million bales, as had been estimated. In the event, they are understood to have argued, the survey had no relation to the crop estimate and, if the Government intended to check the prices from piercing the ceilings, it could introduce survey in respect of those varieties in which the ceilings had been pierced. It was contended that the rise in prices above the ceiling levels would occur, if at all, in respect of hardly ten per cent of cotton and there was no reason for imposing the cumbersome and costly system on all cotton and handicap the growers. The representatives are said to be unanimous in the view that voluntary survey would be adequate to meet the situation. In fact, it was pointed out, more than 80 per cent of the growers were likely to avail of the voluntary survey to secure higher prices for better varieties of cotton.

The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Bengal *Deshi* (December) 650; Kalyan 945; Hubli Laxmi 935; Hubli Laxmi (choice) 1,000; East African B.P. (U.N.U.G.) (Nov.) 1,260; Jinga (Nov.) 1,145; Sudan XPL 1,540.

Cotton futures in Karachi recorded small gains during the week under review. A revival of mill buying, coupled with better export inquiries, led to a modest improvement in futures prices. N.T.R.G. January rallied from Rs. 76.50 last week-end to Rs. 77.10 on Monday but receded to Rs. 76.75 at close. Nevertheless, this week's closing is 25 nP higher than last week-end quotation. The March position too followed the same course and finished at Rs. 75.85, as compared with Rs. 75.15 a week ago.

Quiet trading and narrow price movements characterised business in the Liverpool cotton futures market during the week. A limited volume of commission house selling was absorbed by local operators. Lower advices from New York, reflecting favourable crop progress in that country, also imparted weakness to the market. Both the American and American type contracts receded. The October position went off the Board on 31st October. Sudan cotton contracts in Liverpool were quietly steady. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: December 24.30; March 24.80; May 25.30.

American cotton mixed growth contract: December 24.65; March 25.10; May 25.60.

Sudan: November, January, March 32.25.

Reflecting a general lack of buying interest cotton futures in New York ruled subdued during the week under review. Weekly Government re-

ports of crop progress indicated satisfactory crop developments. Values tended to ease in slow dealings.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	31-10-61	24-10-61	17-10-61
New York Spot ...	35.65	35.65	35.65
December	34.63	34.69	34.67
March	35.40	35.46	35.38
May	35.81	—	—

ART SILK YARNS RECEDE

(From Our Own Correspondent)

BOMBAY, 1*st November*

The yarn market presented a mixed pattern during the week. While staple fibre and cotton yarns ruled steady, art silk yarn came in for selling and prices declined as a consequence. Local stock position in respect of art silk yarn was reported to be comfortable. Fresh arrival, which did not therefore find ready buyers, exerted a downward pressure on prices. The rejection by the Textile Commissioner of the plea of exporters of rayon fabrics for higher incentives under the export promotion scheme for art silk fabrics was an additional damper. Staple fibre yarns attracted some support in anticipation of better performance of fabrics on the export front. Cotton yarns met with some selective buying.

It has been officially notified that the manufacturers of art silk hosiery will be permitted to import single stretch nylon yarn to the extent of 100 per cent of the face value of import licences issued to them for art silk yarns for the licencing period April to September. If, however, hosiery manufacturers desire to import double stretch nylon yarn they will be allowed to do so only to the extent of 50 per cent of the value of their licences. The balance value of the licence will have to be utilised for the import of art silk yarn only or ordinary synthetic yarn to get it processed indigenously.

Art silk yarn Amilan December (per 100 kg.) came under selling pressure and receded from Rs. 3,385 to Rs. 3,343. National Rayons 150 Bt. cones declined by 33 nP to Rs. 13.75. 120 Bt. cones dropped 48 nP to Rs. 18.22 Among imported art silk yarn, 120 Japan came in for selling and lost Rs. 55 at Rs. 1,874. 150 Japan too declined by Rs. 56 to Rs. 2,094. 120 Italy, however, gained Rs. 3 to Rs. 1,903.

Staple fibre December elicited support and was quoted Rs. 16 higher at Rs. 879. Spot Hinds were unchanged at Rs. 9.90. Cotton yarns, as noted above, were generally steady. The quotations were virtually unchanged from last week's. Forty counts Maduras continued to attract attention and appreciated by 25 nP to Rs. 31.50. 20 counts Gokaks, however, came in for selling and eased by 13 nP to Rs. 22.62.

The following table gives the prices of rayon staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	1-11-1961	25-10-1961
	Rs.	Rs.
Art silk yarn—		
20/1 Amilan (100 kg.)—		
October	—	3,398.00
December	3,343.00	3,385.00
40×1 JF		
October	—	3,490.00
December	3,515.00	3,525.00
120 Japan (per 100 kg.)	1,874.00	1,929.00
150 Japan (per 100 kg.)	2,094.00	2,150.00
120 Italy (per 100 kg.)	1,903.00	1,900.00
Nat. Ray. 150 Bt. I	13.75	14.08
Staple fibre yarn (40×2)—		
October (per 90.72 kg.)	—	838.00
December	879.00	863.00
Hind (per kg.)	9.90	9.90
Cotton yarn (per bundle of 10 lbs.)—		
10s Fodar	17.37	17.37
20s Gokak	22.62	22.75
30s New Great	26.75	26.75
40s Madura	31.50	31.25
60s Finlay	62.87	62.87
80s Modern	67.25	67.25

SEEDS MARKETS CLOSED

(From Our Own Correspondent)

BOMBAY, 1*st November*

Trading in oilseeds markets remains suspended, thanks to the over-indulgence by speculators. During the first two days of the week, oilseeds and oils forged ahead, under the leadership of groundnuts. This invited the wrath of the Forward Markets Commission. On Friday 27th October, the Commission directed the recognised Associations at Bombay, Saurashtra, Delhi, Adoni, Sangli, Hyderabad and Madras to suspend all trading until Thursday the 2nd November. Since then the Commission has been busy examining the question of taking suitable steps for keeping speculation under check. The Board of the Bombay Oils and Oilseeds Exchange has also been examining the books of several members to find out the extent of their recent purchases. The Forward Markets Commission has explained the circumstances leading to the temporary closure of markets in the following words:

"As the developments in the groundnut market in the past few days were not conducive to orderly and healthy trading, the Commission, in its Press Note dated 25th October, reiterated the hope that the concerned associations would curb unhealthy speculative tendencies and make it unnecessary for the Commission to intervene. Despite this, the Commission observed that speculative fervour was being worked up, pushing groundnut prices by Rs. 13 during the course of a week, notwithstanding the fact that new groundnut crop has started moving. The Commission feels that such price behaviour at the commencement of the crop movement is not in the overall interests of the economy."

By the time, these lines appear in print, the Commission would have taken a decision on the measures to control speculation. The Board of the local Exchange is reported to have advocated a scheme to restrict daily price rise to Rs. 2 only, whenever the groundnut prices ruled over Rs. 210 per 250 kgs. In the meantime, prices of oilseeds, and oils in unofficial transactions have moved down slightly. But the closing quotations are generally higher than those prevailing a week ago. Now, what are the factors responsible for the upward trend in prices of oilseeds and oils during the few days preceeding in action taken by the Commission? There was, of course, considerable speculative activity. Following the enhancement of special margin on mustard seed November 1961 contract in North Indian markets, upcountry interests turned their attention to groundnuts. The bullish fervour was also induced by reports that the yield from the current crop at Saurashtra and other parts of Gujarat would be lower than what was anticipated earlier. The new crop has started arriving, but it found keen buyers in local crushers and *vanaspati* manufacturers, on account of the pre-*Divali* demand for groundnut oil.

The local bulls were also enthused by the recent rally in world market prices for groundnut oil. The price of Nigerian oil at the London Market rose from about £103 per ton a month ago to £106. This improvement was mainly the result of large purchases (amounting to about 35,000 tons) of Nigerian groundnut oil by Morocco. Besides, contrary to earlier expectations, the pressure of supplies from Argentina was only modest.

Groundnut January 1962 contract, which had closed last week at Rs. 203.75, rose to Rs. 208.25 by Friday. It declined, in private deals, to Rs. 207. Subsequently, Khandesh quality rose from Rs. 44.50 to Rs. 45.50 by Saturday. But it eased subsequently to Rs. 44.75, *albeit* with a net gain of 25 nP. Oil Ex-mill put on 35 nP to Rs. 18.55. Groundnut oil January 1962 contract closed higher at Rs. 17.05, as against Rs. 16.60.

Castorseed May 1962 contract rose from Rs. 160 to Rs. 163.25, before winding up the week at Rs. 161. Ready Madras improved by 25 nP to Rs. 33. Oil Commercial was higher by 5 nP at Rs. 13.30.

Linseed March 1962 contract advanced from Rs. 36.44 to Rs. 36.87. Linseed oil hardened by 5 nP to Rs. 16.75. Bold ready, however, eased by 13 nP to Rs. 38.62.

Cotton January 1962 contract rose from Rs. 94.75 to Rs. 97 and remained at this level. Both Berars and non-whites were unchanged at Rs. 18.90.

It must be noted here that the prices mentioned in the review pertaining to the days after suspension of trading are based on unofficial transactions.

The following table shows the closing prices of oilseeds and oils on Friday, 27th October, as compared with those of the two previous weeks:

	27-10-1961	25-10-1961	10-10-1961
	Rs.	Rs.	Rs.
Groundnut			
January 1962	210.12	203.75	197.62
Khandesh	44.75	44.75	42.25
Khandesh quality	45.50	44.50	42.25
Oil ex-mill ready*	18.75	18.70	18.00
Railway receipts*	18.40	18.20	17.80
Oil January 1962	17.25	16.60	16.00
Castorseed			
March 1962	163.25	160.00	158.00
Ready Madras	33.00	32.75	32.25
Ready Kanpur	31.50	31.50	31.00
Oil B.S.S.†	14.05	14.20	14.00
Oil commercial†	13.20	13.25	13.15
Linseed			
March 1962	36.87	36.44	35.44
Bold ready	38.75	38.75	38.25
Oil ready†	16.75	16.70	16.40
Cottonseed			
January 1962	97.00	94.75	93.00
Niger seed	38.10	38.50	38.50
Kardi seed	22.00	22.00	22.50

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

AGRICULTURAL MARKETING IN INDIA AND ABROAD

R. S. SRIVASTAVA

Deputy Director, Programme Evaluation Organisation, Planning Commission, New Delhi.

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MALABAR BLACK PEPPER

(Messrs. Parekh and Co.)

BOMBAY, 1*st November*

After touching the worst level of the season at Rs. 317 per quintal for ungarbled, Malabar black pepper during the week improved by way of a technical correction with an undertone uncertain and weak as the holders for the old crop in India are anxious sellers in view of the approaching new season, while stockists in Singapore are panicky under the fear that they may not get the chance to sell once Malabar pepper starts moving. Ungarbled improved to Rs. 320 from Rs. 317, while garbled climbed to Rs. 334 from Rs. 330. December delivery moved erratically from Rs. 308 to Rs. 349 to go down to Rs. 325. Calicut is selling at Rs. 320.

Singapore after touching the lowest level of the year M$117½ for black improved to M$122½ by way of reaction to nervous undertone owing to the uncertainty prevailing as to the future attitude of the holders of Lampong and the final production of Lampong during 1961. Within a short period of about 24 months, pepper appears to have completed the bull cycle engineered by a combination of Chinese speculators in Singapore, white pepper, after touching the highest at 9*s.* in London during January 1960, has now almost reversed to an earlier low level of 2*s.* 9*d.* Black pepper in Singapore, after touching the highest at M$340, came down to M$117½, while white pepper, after surging forth to M$506, has now returned to M$160. This means that Singapore Black and White have still to travel back to old levels of August 1959, i.e., $84 for black and $127 for white to complete the bull cycle. Singapore speculators cleverly pinpointed the timing of a fairly regular cycle in pepper observed with an average interval of 14 years between successive peaks for their speculative squeeze, but forgot to take into account the accumulated stocks of Lampong in Indonesia in view of the currency uncertainty and the prospect of the new crop in 1960. As a consequence, their attempt proved abortive.

Spot in New York, after coming down to $0.39, improved to $0.40 to finish at $0.39 with grinders sidelining. The undertone of the market is reported to be weak as some of the traders there expect still lower prices from December onwards when there will be keen competition between the new crop Malabar and holders of Lampong old and new in Singapore and Indonesia.

The future of the market is very much uncertain in view of accumulation of stocks of old and new crop of Lampong and the fear of competition between Lampong and Malabar.

Sarawak position is also not so happy as the holders there withheld selling in expectation of higher prices as the Government gave them facility for storing and loan. Holders of Sarawak are now getting nervous as Singapore is going down.

Ready pepper in Bombay is selling at Rs. 182 for 50 kilos.

GRAINS OTHER THAN RICE STEADY

(From Our Own Correspondent)

HAPUR, 30*th October*

Barring rice, prices of which were slightly depressed thanks to arrivals of new produce in markets, prices of other grains were steady during the week under review. Wheat prices were steady at Rs. 15 to Rs. 15.25 a maund for average quality and upto Rs. 16.50 for better farm produce. Daily arrivals were at an average of about 200 maunds but declined in week-end following monsoonish conditions which would very much damage recently sown *rabi* crops and delay further sowings. Wheat average quality was quoted at Rs. 17 a maund on the corresponding date last year and Rs. 17.50 in 1959. *Rabi* sowings, which were being done with vigour, are now being hampered following last night's rains.

Rice prices sought lower levels as new produce, *gaddakutcha* and *mainpuri* rice, is reaching the market. *Mainpuri* rice was quoted at Rs. 20 per maund as against Rs. 23 on the corresponding date last year and prices of other qualities in week-end were (in rupees per maund): *gaddakutcha* new 19.50, *ramajuagan sela* 21, *raimunisela* 22, *basmati sela* 28, superior 31 to 35, new paddy 11.50 to 13. Gram prices recorded further fractional gains on firm Punjab advices and, as demand was better for seed purposes, local stock drifted lower to 31.000 maunds. Barley and *bejhar* prices ruled quiet in the absence of active demand. New maize continued to reach the local market and today's arrivals were heavy at 2,000 maunds from Rampur rural areas but prices stayed steady on good consumers' support as seasonal demand has been switched on to this cereal. *Methi* prices were steady on good demand from Rajasthan and Calcutta side in face of poor stocks. New *bajra* arrivals also commenced in small quantity but prices were depressed as quality offered was poor. Other sections were quiet and week-end prices (in rupees per maund) were:—gram Punjab 14.37 (corresponding prices last year 16.75), barley 10.50 to 11, *bejhar* 11 to 12, maize 12 to 12.50, maize *desi* 13, *bejra* new 14, *methi* 28.25, *juwar* 11, *guwar* 14, oats 12. Local stocks approximately: rice 4,000 maunds, gram 31.000, maize 4,000, *juwar* 7,000, barley 3,000, *bejhar* 2,500.

In pulses, while peas were steady at unchanged price levels, *arhar* and *dal* improved on good demand. There was no selling pressure as stockists expect better prices later in off season. *Urd* prices sought lower levels as new produce grain is reaching the market while *moong* prices were steady on good demand. Week-end prices (in rupees per maund) were:—*peas dara* 11.62 to 11.75, farm 12 to 12.50, peas *dal* 13.25, *arhar* 13.25 to 14.25, *arhar dal* 16.50, *urd* 22 to 23.50, *urd dal* 25 to 26, *moong* 16 to 19, *moong dal* 20 to 22, *massor* 14 to 16, *massor dal* 16.50, *moth* 16, *moth dal* 19. Stocks: peas 47,000 maunds, *arhar* 39,000.

TEA IRREGULAR

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 24*th October*

At sale No. 43 held today, a total of 511.000 kilograms was on offer. The market met with useful general demand with more interest being shown for brokens than for fannings. Quality of highgrowns was irregular with some useful invoices on offer. From other districts quality showed slight improvement. Plain and low medium brokens came in for good inquiry and were firm on last prices. Medium brokens were about steady, but similar fannings and good mediums showed an easier tendency. Highgrown brokens came to an irregular market, following quality but were generally dearer. Fannings were, however, easier. Black leaf teas sold around last rates. There was good demand for whole leaf grades with prices steady on last. C.T.Cs were a little dearer and C.T.C. types and legg-cuts sold at fully firm to dearer rates. Plain and stalky teas were a little easier.

The quotations (per kg.) were:

	1961	1960
	Rs.	Rs.
Low mediums	3.85/4.15	4.30/4.60
Mediums	4.15/4.40	4.50/4.85
Good mediums	4.40/5.20	4.85/5.50
Nilgiri B.O.P.	5.20	8.10

The average price realised in sale No. 43 was Rs. 4.78 per kilo, as compared with Rs. 4.79 a week ago and Rs. 5.02 in the corresponding sale last year.

Dust Sale No. 43: There was a total of 248,000 kilograms on offer in dust sale No. 43 held on Thursday, 26th inst. There was less demand at easier rates. All mediums showed a decline of about 20 to 30 nP and there were a number of withdrawals. Highgrowns came to fair demand but were irregular and often easier. Residuals sold well at slightly easier rates. C.T.Cs and C.T.C. types were up to 15 nP easier

The average price realised in dust sale No. 43 was Rs. 4.52 per kilo, as compared with Rs. 4.74 a week ago and Rs. 4.52 in the corresponding sale last year.

Export Quota: There are sellers quoted at ½ nP per kilo with no buyers.

Colombo: There was good general demand which strengthened as the sale progressed. Highgrowns met with good enquiry with Dimbulas appreciating 5 to 10 cents. Uvas showed a decline following quality. Lower descriptions were a little dearer. Highgrowns B.O.P.F. were the strongest feature of the sale and these were generally up to 25 cents dearer. Mediums met good competition and sold at firm rates, but plainer descriptions were up to 5 cents easier. Lowgrown teas came to an easier market by up to 8 cents per lb. Persian Gulf types also were easier.

London: North Indian and other growths: In Monday's sale the market met with good demand, but prices were rather irregular. Brown leaf and fibery sorts sold at lower rates. On Wednesday, the market met a good demand, although somewhat irregular, and prices, in the main, followed the trend of Monday's market.

Ceylon and South Indians: In Tuesday's sale 19,203 packages were on offer of which 6,187 originated from South India. There was an active demand. The Ceylons on offer were well competed for with lowgrowns and better teas showing improved quality being dearer. South Indians were fully firm.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire as under:

"*Sale No.* 44: 577,000 kilograms. Good demand for brokens and whole leaf. Low medium and mediums irregularly 10 nP lower. Good mediums steady, highgrown brokens fully firm to dearer. All fannings weakest feature."

TEA IN GOOD DEMAND

(From Our Own Correspondent)

CALCUTTA, 31*st October*

There was good demand for tea at the export auctions held yesterday. In the internal sale held in the last week also, there was good demand and buyers followed quality. Tea bookings in the last two weeks continued to maintain steady improvement, and increased arrivals of tea in Calcutta from gardens show that tea would continue to occupy good space in the coming weeks also.

Considering the level of world prices and the increasing trend in world production, tea prices are unlikely to rise any further. In fact, the chances are for a decline in prices. As such, the trade has pointed out that it will be desirable to offer all teas for sale as they are received. If a bigger quantity is kept over, the same may have to be sold for internal consumption.

It should be noted that prices in Calcutta are higher than in Ceylon. As such, gardens in India would have to remain content by selling a higher output at lower prices compared to last year. India's exports of tea have been higher in this year than last. However, since prices have been lower, higher exports would not have led to any noticeable change either in the country's earning of foreign exchange or the industry's profitability. The poor interest being displayed in shares of tea companies shows that investors doubt if dividends for the current year would be higher than last year. For, production costs have also steadily increased.

In view of increased output in most producing countries, greater competition in world markets is understandable. It would be remembered that Pakistan recently increased its export quota from five to ten million lbs., and it is now reported that, encouraged by the continued rise in production, a further increase is now contemplated. Pakistani production in September amounting to 9 million lbs. has brought the total of the current season's output so far to 40 million lbs., or two-thirds of the expected production of 60 million lbs. for the current season.

China has stepped up its exports even at the cost of lower internal consumption in view of its acute need for foreign exchange. Russia is believed to have increased tea output, but since that country continues to import tea from India, its production falls short of internal demand. With competitive prices, Ceylon has been able to get greater attention from foreign buyers. Considering that internal consumption in most countries has increased, trade circles think that India should be able to export more to countries in South-East Asia and Africa. This is a sphere in which the Tea Board can be of assistance.

Dusts on offer in the internal sale held in the last week aggregated 20,586 packages. There was good demand, and buyers showed a marked preference for quality. Keen competition was offered to the better C.T.Cs, prices of which rose. The plainer C.T.Cs, however, eased by 15 nP, and the fibrous varieties attracted poor attention. Orthodox teas sold well at rates which were below 10 nP, as compared with previous rates. Legg-cut teas were irregular, but demand was good. The bright teas of the last category were fully firm. The prices per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 5.90 to Rs. 6.20, medium Assam C.T.C. dust Rs. 5.20 to Rs. 5.60, legg-cut dust Rs. 4.10 to Rs. 4.60, plain orthodox dust Rs. 3.70 to Rs. 4.00, and medium Assam dust Rs. 4.00 to Rs. 4.20.

Leaf offerings amounting to 38 packages were irregular.

Offerings during yesterday's export sales amounted to 73,019 packages. The trend was irregular, although there was a good general demand. Prices of plain brokens and fannings eased up to 10 nP. Legg-cut teas showed a loss of up to 20 nP. Medium and best orthodox teas were met with good support, but prices were irregular. Among C.T.Cs, prices for the poorer and fibrous lots rose, but those for the best kinds lost by 30 nP. Tippy teas were subjected to some withdrawals, while Darjeelings were irregular.

JUTES STEADY

(From Our Own Correspondent)

CALCUTTA, 31*st October*

Steady conditions prevailed in both the raw jute and goods markets during the period under review. Although in both greater quantities changed hands, prices fluctuated only narrowly. After the *Pooja* holidays, the markets reopened on 20th inst. and, after the session on the following day, closed again for the week-end and the *Lakshmi Pooja* holidays to reopen on the 25th. During the holidays, too, business took place; however, this was not due to ready demand, but was covered in anticipation of orders and against earlier sales. That, though foreign demand for goods considerably increased in the last two weeks, prices had not gone up should be considered as an encouraging sign. For if only prices rose, trade circles felt that foreign demand would decline. There is also the danger that prices of fibre would move up. With the recent increase in working hours and a proposal to unseal 2½ per cent of the looms being strongly advocated, it can be said that mills, as a whole, have returned to profitable working. This can be seen by the increased interests being displayed in the shares of jute mills. However, it would take months before mills could wipe out the loss, estimated at Rs. 6 crores, which had resulted in uneconomic working from April to September when mills faced one of the worst crises in the history of the jute industry.

While the reports of good rains and the consequent expectation of increased farms output in Australia have led to greater Australian purchases of sacking goods, it cannot yet be stated that consumers abroad are switching back to jute goods from substitutes and bulk handling methods. Trade circles would attribute the current demand for increased jute goods to general recovery in world trade, assisted by the deepening crisis in the international political horizon. While a world war may not be an immediate possibility, it is no secret that the preparations by the powers that count have received an impetus, thanks to the continued intransigence of the U.S.S.R. to respect world opinion and discontinue the harmful nuclear tests. Jute goods being so essential to any kind of warfare, modern or old, trade circles thought that it was possible that some of the countries had embarked on a programme of stockpiling. This leads to the inference that, even at current prices, jute goods are unable to face competition from substitutes. It is against such a background that the trade feels that any rise in prices of fibre and goods should be avoided.

The U.S. burlap market remained dull and uninteresting during the period under review. It was reported that business done there was relatively low. This caused no surprise against the background of burlap consumption in September, which was only 63.6 million yards, as against 67.2 million yards in the previous month and 78.3 million yards in September 1960. The monthly average consumption so far was only 64 million yards, as against 72 million yards in the corresponding previous period. Such a low level of consumption in the face of increased world trade should be taken as an indication that substitutes are continuing to hold their sway against jute goods. U.S. burlap stocks at the end of September were 203.3 million yards, as against 216.9 million yards in the previous month and 260.5 million yards at the end of September 1960. Increased interest is now being shown by U.S. buyers, along with others, and it is expected that U.S. stocks at the end of the current year would show a rise.

In the absence of adequate buying, quiet conditions were also in evidence in the Narayanganj (Pakistan) fibre market. Loose jute arrivals continued to increase, but a marked fall in quality had been reported. Prices of white jute generally showed a falling trend, while cuttings, on Indian interest, remained steady. The Pakistani crop has now been estimated at 7 million bales, and, with the programme of Indian mills to increase production, it is expected that sales to India are likely to increase. The Government of India has already indicated that it would permit the jute mills to procure as much fibre as desired from anywhere. That Indian interest in cuttings is lively is indicated in the steady prices for them. Overseas purchases of the Pakistani fibre in this season are estimated to aggregate 3½ million bales, and requirements of Pakistani mills would be about 2 million bales. Allowing for Indian purchases and the loss on account of smuggling across the border, a crop of 7 million bales would hardly leave any carryover.

Although fibre prices in India have been maintained at above Rs. 32 a maund basis Assam bottoms during the period under review, cultivators' organisations, perturbed at the rapid increase in arrivals at marketing centres and apprehending a possible fall in prices, have revived the demand for the creation of a buffer stock agency independent of the I.J.M.A. and the fixation of minimum prices.

After the *Pooja* holidays, the goods market reopened firm on 20th October, induced by short-covering in near and ready delivery packing. Inquiries from overseas were encouraging, and ready B. twills scored from Rs. 139.75 to Rs. 141.75. In sympathy, ready hessian 40" 10 oz. was steady at Rs. 54.25. On the following day, prices gained to Rs. 143.50 and Rs. 55.00 respectively. This was followed by good business, both covering and genuine. After the week-end and the *Lakshmi Pooja* holidays, the market reopened on Wednesday last, when covering business in heavy goods took place on a moderate scale. B. twills improved to Rs. 144.75, while hessian 40" 10 oz. was quiet at Rs. 54.75. At the higher levels, mills sold heavily; this was followed by profit-taking which, on Thursday, brought down B. twills to Rs. 143.50 and hessian 40" 10 oz. to Rs. 54.25. Overseas buyers were not prepared to follow the higher levels touched earlier, and lack of business with them indicated that they had withdrawn their support. Local bazar dealers then turned sellers, and this on Friday forced down B. twills to Rs. 142.50 and hessian 40" 10 oz. to Rs. 53.60. On Saturday, prices rose following bullishness in the futures market and buying interest displayed in ready goods. Hessian 40" 10 oz. hardened to Rs. 54.25 and B. twills to Rs. 144.00. These prices were maintained during yesterday.

Prices of fibre were maintained for most part of the week and the subsequent fall fractionally was only a temporary feature. Sellers were eager for business, but mills preferred to show interest sparingly. Assam bottoms opened at Rs. 33.50 and, after rising to Rs. 34, eased to Rs. 33. However, the price soon regained to Rs. 33.50. This followed week-end reports that the Government of India was taking action to constitute a buffer stock agency within the next two to three weeks. The agency would be authorised to buy if the price declined to Rs. 32. In no case, it was stated, would the Government allow the price to fall below Rs. 30.

METALS INACTIVE

(From Our Own Correspondent)

CALCUTTA, 31*st October*

Owing to holidays, activity in the metal market in the last week was limited. Since the beginning of the New Year for the business community was not far off, few in the market were inclined for fresh business in an attempt to keep inventories as low as possible. A rapid fall in the price of electrolytic copper was recorded on the London Metal Exchange. From £230 a ton the price fell to £233½. The fall was attributed to the absence of adequate demand, although the metal was believed to be in short supply and the contago featured itself twice with a brief interval. On the other hand, although the price on the New York Commodity Exchange fell to 30.15 cents a lb., a rapid recovery to 30.40 cents was recorded and customs smelters reported good offtake. With subdued demand in Calcutta, berry scrap fell from Rs. 492.25 a quintal to Rs. 484.25; however, utensil scrap was quoted higher at Rs. 452.75, as against Rs. 449.50 previously.

The steady rise in the price of tin from £940 a ton to £953 was a feature of trading in the London market. The high rate was maintained for most part of the week. The rise followed higher advices from Singapore and the low level of stocks in Britain. The release of a further quantity of low-grade tin by the U.S. did not reverse the London trend. Although the stock position improved in Calcutta, the price rose from Rs. 1,509.75 a quintal to Rs. 1,525.50 in sympathy with the bullish London trend. The fall in the price of electrolytic zinc here from Rs. 281.50 to Rs. 279.50 was in line with weaker overseas advices. However, subsequently in the week the price recovered, although in London the quotation fell from £78 a ton to £71.

Notices

THE NATIONAL NEWSPRINT AND PAPER MILLS LIMITED

NEPANAGAR

NOTICE

THE FOURTEENTH ANNUAL GENERAL Meeting of the Shareholders of the National Newsprint and Paper Mills Limited will be held at Nepanagar on Wednesday the 6th December 1961 at 3.30 p.m., to transact the following business:

1. To receive and adopt the Directors' Report, the Auditors' Report, the audited Profit and Loss Account for the period from 1st April 1960 to 31st March 1961 and the Balance Sheet as on the 31st March 1961, together with the comments of the Comptroller and Auditor General of India with the observations of the Board of Directors.
2. To elect a Director in place of Shri K. Radhakrishnan who retires under Article 132 of the Articles of Association and is eligible for re-election.
3. To elect a Director in place of Dr. A. Seetharamiah who retires under Article 132 of the Articles of Association and is eligible for re-election.
4. To elect a Director in place of Shri B. R. Mishra who retires under Article 132 of the Articles of Association and is eligible for re-election.
5. To elect a Director in place of Shri G. C. L. Joneja who retires under Article 132 of the Articles of Association and is eligible for re-election.
6. To elect a Director in place of Shri N. Swami who retires under Article 132 of the Articles of Association and is eligible for re-election.
7. Notice to the members regarding the appointment of Shri Ragho Raj Singh, ex-Managing Director and Shri S. L. Visvanadhan, Managing Director:—

   "It is notified for the general information of the members of the National Newsprint and Paper Mills Ltd. that the Company proposes to make an application pursuant to the provisions of Section 86(J) of the Indian Companies Act 1913 and Section 269 of the Companies Act 1956 to the Central Government for its approval regarding the appointment of Shri Ragho Raj Singh, ex-Managing Director and Shri S. L. Visvanadhan the present Managing Director of the Company."
8. To transact such other business as may be placed before the meeting by the Managing Director with the permssion of the Chair.

By Order of the Board of Directors,

S. L. VISVANADHAN,
Managing Director.

NEPANAGAR,
Dated 1st November 1961.

The Share Transfer Books of the Company will remain closed from the 23rd November 1961 to 6th December 1961 (both days inclusive).

Shareholders desirous of having at the Annual General Meeting any information concerning the Accounts of the Company are requested to send a written requisition to the Managing Director so as to reach him seven (7) days before the meeting.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

Explanatory Statement of Item (7) as Required By Section 173 of the Companies Act 1956.

Under Section 412 of the Companies Act it is necessary to obtain formal approval of the Central Government to the appointment of Managing Directors of the Company. Before application is made to the Central Government under the above section a general notice has to be issued to the shareholders of the Company signifying the Company's intention to move the Central Government for their approval.

THE MEGNA MILLS COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of the Members of The Megna Mills Company, Ltd. will be held at 16, Strand Road, Calcutta-1, the Registered Office of the Company, on Thursday, the 30th day of November 1961, at 3 o'clock in the afternoon, for the following purposes:—

AGENDA

1. To consider the Profit and Loss Account of the Company for the year ended 31st March 1961, the Balance Sheet as at that date and the Report of the Directors and Auditors.
2. To declare a Dividend.
3. To elect a Director.
4. To appoint Auditors and fix their remuneration.
5. *As Special Business* to consider and if thought fit to pass the following Ordinary Resolutions:
   (a) That pursuant to Clause 95 of the Articles of Association of the Company each Director shall with effect from 1st June 1961, be paid out of the funds of the Company by way of remuneration for his services the sum of Rs. 200 for each Meeting of the Board attended by him subject to a maximum of Rs. 2,400 in respect of each financial year of the Company provided that in respect of the financial year ending 31st March 1962, the aggregate of the monthly fees of Rs. 200 payable to the Directors pursuant to Article 95 upto 31st May 1961 and the said fees of Rs. 200 per Meeting of the Board payable in pursuance of this Resolution shall not exceed Rs. 2,400 for that financial year.
   (b) That the powers given to the Directors to borrow moneys on behalf of the Company by the Resolution passed at a General Meeting of the Company held on 30th November 1956, be limited to a sum of Rs. 1 crore.
   (c) That Mr. B. P. Ray be and is hereby appointed a Director of the Company.

The Share Transfer Books of the Company will be closed from 20th November 1961 to 30th November 1961, both days inclusive.

By Order of the Board,

A. MUKHERJEE,
Secretary.

16, STRAND ROAD,
CALCUTTA, *1st November*, 1961.

Note: (1) A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

(2) The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 has been sent to all the Shareholders along with the Notice convening the Meeting.

THE SOUTH MADRAS ELECTRIC SUPPLY CORPORATION LIMITED

TIRUCHIRAPALLI

NOTICE

1. The Directors have sanctioned the payment of an *ad-interim* dividend for the year 1961-62 of 4½% less tax on equity shares and 2½% plus 30% thereon less Income-tax deduction of 30% on 1st and 2nd Preference shares.
2. The warrants will be made out in the names and addresses of shareholders standing registered in our books as on 25-11-1961 or holders of mandates and posted on and after 19-12-1961. The shareholders are requested to notify immediately any change of their address to the Company.
3. The Register of Members and Share Transfer Books of the Company will be closed from 25-11-1961 to 5-12-1961 (both days inclusive).
4. Such of those shareholders who are not liable to pay income-tax may apply to the concerned Income-tax Officers for Income-tax Exemption Certificate under the proviso to Section 18 (3D) of the Income-tax Act and file the same with the Company on or before 1-12-1961. In such cases of compliance, no deduction of Income-tax will be made from the dividends.

N.B.—Holders of Blank Transfers are advised to have the shares registered in their names in time before closure of books.

(By Order)
SESHASAYEE BROTHERS (PRIVATE) LIMITED,
Managing Agents & Chief Engineers.

TIRUCHIRAPALLI,
26th October 1961.

THE INDIA JUTE COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of the Members of The India Jute Company Ltd. will be held at 16, Strand Road, Calcutta-1, the Registered Office of the Company, on Thursday, the 30th day of November 1961, at 3-15 p.m., for the following purposes:—

AGENDA

1. To consider the Profit and Loss Account of the Company for the year ended 31st March 1961, the Balance Sheet as at that date and the Report of the Directors and Auditors.
2. To declare a Dividend.
3. To elect Directors.
4. To appoint Auditors and fix their remuneration.

THE KARANPURA COLLIERIES LIMITED

NOTICE

THE DIRECTORS HAVE RESOLVED TO recommend that each of the 60,000 Ordinary shares of Rs. 100 each in the Authorised Capital of the Company be subdivided into 10 ordinary shares of Rs. 10 each and a general meeting has been convened on 30th November, 1961 for the purpose.

The Register of members of Ordinary shares will be closed from 24th November, 1961 to 30th November 1961, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LTD.,
Secretaries & Treasurers.

31st October, 1961.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 27th Oct., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	94,78,35,000
(2) Other Governments	20,33,40,000
(b) Banks	86,37,26,000
(c) Others	146,54,51,000
Bills Payable	20,60,59,000
Other Liabilities	21,09,93,000
Rupees	500,74,04,000

ASSETS	Rs.
Notes	38,48,06,000
Rupee Coin	2,35,000
Subsidiary Coin	3,37,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	23,14,88,000
Balances held abroad*	28,35,15,000
Loans and Advances to Governments†	62,37,59,000
Other Loans and Advances	129,53,00,000
Investments	200,80,82,000
Other Assets	13,06,82,000
Rupees	500,74,04,000

* Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 2,50,50,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	38,48,06,000	
Notes in circulation	1882,25,43,000	
Total Notes issued		1920,73,49,000
Total Liabilities		1920,73,49,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,08,000	
(b) Held outside India		
Foreign Securities	116,86,07,000	
Total of A		234,62,10,000
B. Rupee Coin		127,25,22,000
Government of India Rupee Securities		1558,86,17,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1920,73,49,000

COMPARATIVE BANKING STATISTICS
(In crores of rupees)

	1st Sept., 1939 (pre-war)	20th Oct., 1961	13th Oct., 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	178.37	1903.90	1906.13	1868.70	1812.02
Notes held in Banking Department	95.05	15.52	12.91	21.99	10.45
Foreign Securities	59.50	116.86	116.86	116.86	123.01
Rupee Securities	37.39	1558.86	1558.86	1628.78	1451.89
Banking Department					
Deposits of:					
Government of India	14.39	40.02	61.07	55.05	53.22
Other Governments	..	28.00	3.98	21.36	32.90
Balanceheld abroad	10.06	29.27	10.02	18.42	25.89
SCHEDULED BANKS					
Demand Liabilities	184.36	846.53	841.43	884.38	784.73
		(21.90)†	(21.82)†	(10.00)†	(15.57)†
Time Liabilities	102.24	1136.38	1135.69	1141.22	1147.34
		(18.31)†	(18.42)†	(19.32)†	(18.75)†
Borrowings from Reserve Bank	..	12.84	14.09	15.62	22.70
		(7.20)‡	(6.91)‡	(9.51)‡	(9.43)‡
Borrowings from State Bank	..	20.29	18.01	17.45	11.06
Cash in India	6.70	52.02	45.38	44.49	49.17
Balance with Reserve Bank	25.17	76.46	77.17	77.41	99.41
Balances with other banks in current account in India	..	15.24	15.40	16.04	14.99
Money at call and short notice in India	..	47.34	46.18	42.64	26.15
Investments (at book value)	..	612.89	611.63	607.28	606.78
Advances and bills	105.9	1243.10	1246.02	1235.01	1116.27
STATE BANK					
Deposits	87.76	529.04	531.30	524.46	578.88
Investments	51.99	266.58	268.57	259.56	250.06
Advances	30.85	244.70	244.88	242.69	216.21
Cash	14.69	28.85	27.31	29.24	23.32

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	24th Aug., 1961	5	4½
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	2	3
Canada †	..	2.85	2.82
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	3rd Jan., 1950	4	5.50
Finland	Mar., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5.51
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1956	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	Nov., 1960	5.75	5.00
Portugal	13th Jan., 1944	3	2
South Africa	4th May, 1961	4.50	5
Spain	14th April, 1960	6.25	5.5%
Sweden	14th Jan., 1960	4.50	4
Switzerland	14th Feb., 1957	2.50	3
Thailand	[illegible]	2	3
Turkey	June, 1958	4.50	5
United Kingdom	Oct., 1961	7	6.50
U.S.S.R.	July, 1950	3	4
U.S.A.	Aug., 1960	3.50	4
West Germany	May, 1959	2.50	3

†Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 27th Oct., 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		531,09,27,000
Borrowings from Other Banking Companies, Agents, etc.		17,00,000
Bills Payable		10,03,03,000
Bills for Collection being Bills receivable as per contra		2,57,48,000
Acceptances, Endorsements and Other Obligations per contra		1,01,52,000
Other Liabilities (including Inter-Office Adjustments)		17,36,63,000
Total .. Rs.		575,32,43,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		26,88,81,000
Balances with other Banks		3,78,60,000
Money at Call and Short Notice		2,26,67,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	266,34,70,000	
Other Authorised Investments	9,24,36,000	
		275,59,06,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	226,52,08,000	
Bills Discounted and Purchased	12,31,84,000	
		238,83,92,000
Bills Receivable being Bills for Collection as per contra		2,57,48,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,01,52,000
Premises less Depreciation		1,87,52,000
Furniture and Fixtures less Depreciation		1,47,89,000
Other Assets (including Inter-Office Adjustments)		21,00,96,000
Total .. Rs.		575,32,43,000

Scheduled Banks*

Statement of Affairs for the week ended 20th October, 1961

	Rs. (Thousands)
(i) Demand Liabilities in India	
(a) Demand Deposits—	
(1) From banks	46,17,77
(2) From others	723,46,89
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	21,89,76
(c) Other demand liabilities	54,98,51
(ii) Time Liabilities in India	
(a) Time Deposits—	
(1) From banks	18,71,37
(2) From others	1075,60,70
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	18,31,28
(c) Other time liabilities	24,25,05
(iii) Borrowings in India from the State Bank of India and/or notified banks:	
(a) Demand liabilities	9,68,38
(b) Time liabilities	10,60,49
(iv) Borrowings in India from the Reserve Bank of India (A)	12,84,000 (7,19,50)
(v) Cash in India	52,02,07
(vi) Balances with the Reserve Bank in India	76,45,55
(vii) Balances with Other Banks in Current Account in India	15,24,08
(viii) Money at call and short notice in India	47,34,05
(ix) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations	612,89,14
(x) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)	1053,45,23
(b) Due from Banks in India	10,62,46
xi) Inland Bills purchased and discounted in India.	132,72,68
(xii) Foreign Bills purchased and discounted in India	46,38,36
(xiii) Total of Items (x), (xi) and (xii)	1248,18,72

Notes:—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 20th Oct., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,25,00,000
Rural Credit Fund	2,00,00,000
Deposits:—	
(a) Central Government	19,23,80,000
(b) Provincial Governments	69,92,000
(c) Banks	17,51,17,000
(d) Others	113,88,61,000
Bills Payable	11,11,000
Other Liabilities	11,92,63,000
Rupees	173,02,24,000

ASSETS	Rs.
Notes	12,47,83,000
Rupee Coin	78,000
Subsidiary Coin	71,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	16,36,16,000
Loans and Advances to Governments	5,23,90,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	45,53,41,000
Investments	83,61,51,000
Other Assets	9,78,84,000
Rupees	173,02,24,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,47,83,000	
Notes in circulation	352,13,81,000	
Total Notes issued	....	364,61,64,000
Total Liabilities	....	364,61,64,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion		
Foreign Securities	67,98,80,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	135,94,34,000
B. Rupee Coin	3,41,30,000	
Government of Pakistan Securities	219,35,94,000	
Internal bills of exchange and other commercial paper	....	222,77,24,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets	....	364,61,64,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 38.82 per cent.

EXCHANGE RATES

		1st November 1961	Previous week
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5⅛	1-5⅛
Sellers T. T. D.D. upto six months	s.	1-5⅛	1-5⅛
Buyers T.T. spot to nine months	s.	1-6⅛	1-6⅛
Buyers T.T. 10 to 12 months	s.	1-6⅛	1-6⅛
Bombay on New York—			
Sellers T.T. D.D.	Rs.	475.25	475.25
Buyers T.T.	Rs.	472.00	472.00
London on New York	s.	2.8140-2.8148	2.8161-2.8164
London on Paris	Frs.	13.8455	13.8455
London on Berne	Sw. Frs.	12.1630-12.1650	12.170-12.1685
New York on London	s.	281.480-281.510	281.570-281.600

CLEARING HOUSE RETURNS

Centre	Week ended 27th Oct. 1961		Week ended 20th Oct., 1961	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	4,02,675	91,88,96,000	3,51,252	81,89,69,000
Calcutta	1,87,000	69,85,00,000	1,67,000	59,99,00,000
Madras	1,15,513	15,28,82,023	76,669	10,25,25,957
All Centres—				
1958-59	..	..	45,172,000	97,67,12,06,000
1959-60	..	..	50,054,000	109,88,05,00,000
1960-61	..	..	54,472,000	125,13,16,06,000
Aug., 1960	..	..	4,377,000	9,96,31,00,000
May 1961	..	..	4,606,000	1,056,13,00,000
June ,,	..	..	4,599,000	1,054,15,00,000
July ,,	..	..	5,038,000	1,115,58,00,000
Aug., ,,	..	..	4,683,000	1,055,01,00,000

INDEX NUMBERS OF WHOLESALE PRICES (Base: 1952-53=100)

Particulars	Weight	7th Oct., 1961	30th Sept. 1961	8th Oct., 1960	August 1961	August 1960	Percentage of Increase (+) or Decrease(—) in August 1961 as compared with August 1960	Financial Year Average 1960-61	1959-60
Food Articles	564	120.9	120.7	123.0	124.3	123.9	+ 0.4	120.9	119.0
Cereals	195	102.3	102.4	105.0	109.4	109.4	— 3.8	104.4	104.1
Pulses	45	89.0	88.5 R	94.7	90.6	93.7	— 0.3	92.9	98.5
Fruits and Vegetables	28	140.0	144.7 R	110.3	164.6	134.7	+22.2	118.5	127.8
Milk and Ghee	74	119.0	116.4	118.7	118.7	118.7	— 1.9	116.0	113.3
Edible Oils	47	148.3	150.4	154.6	159.0	148.0	+ 7.4	150.8	130.4
Fish, Eggs and Meat	17	135.2	135.2	133.7	141.6	127.0	+11.5	123.5	113.9
Sugar and Gur	43	119.0*	122.8	134.3	124.6	140.0	—11.0	132.8	147.0
Others	50	170.1	164.3	183.4	170.7	164.0	+ 7.0	167.2	147.9
Liquor and Tobacco	21	98.5	98.5	105.5	99.9	108.7	— 8.4	108.9	99.5
Tobacco	..	96.0	96.0	103.7	96.4	105.0	— 8.2	108.8	97.9
Fuel, Power, Light and Lubricants	38	121.8	121.8	119.7	119.7	119.7	+ 0.5	119.7	118.5
Industrial Raw Materials	185	135.8	137.6	145.5	144.8	137.9	+ 5.5	145.4	123.7
Fibres	61	127.0	128.4	153.8	137.7	134.1	+ 2.7	151.6	114.6
Oilseeds	60	150.4	152.4	152.7	147.0	149.4	— 1.6	149.8	134.5
Minerals	2	94.9	94.8*	97.9	94.9	98.2	— 3.4	97.4	97.8
Others	32	127.7*	127.4*	125.2*	126.9	125.0	+ 0.9	128.0	122.7
Manufactures	213	125.5	125.1	128.6	128.6	128.6	+ 0.3	128.3	111.7
Intermediate Products	41	145.9	145.5	129.4	140.8	131.0	+ 7.6	128.6	113.8
Finished Products	172	123.1	122.5	123.7	121.9	127.1	+ 2.1	122.9	111.3
Textiles	147	123.7	124.3	123.5	124.5	123.1	+ 1.1	123.5	107.9
Cotton	..	125.2*	125.4*	127.5	121.1	124.5	— 2.7	123.1	116.6
Jute	..	114.9*	117.5	120.8*	121.1	115.1	+ 5.2	121.4	89.6
Woollen	..	130.4*	128.1	118.1*	118.2	110.1	+11.8	109.1	105.5
Silk and Rayon	..	119.6*	119.6	119.6*	101.5*	110.0	+ 1.5	104.4	104.4
Metal Products	..	147.1	147.1	146.8	147.1	146.8	+ 0.2	147.2	122.4
Chemicals	..	111.9	111.9	116.6	118.6	104.0	+ 7.7	104.4	103.5
Oil Cakes	..	144.8	144.8	146.0	139.1*	146.0	— 4.7	134.8	124.8
Machinery and Transport Equipment	81	116.6	116.6	113.9	113.5	111.5	+ 1.8	111.9	108.8
Others	80	121.1	121.8	118.0	120.9	116.9	+ 4.2	116.1	113.4
All Commodities	1.000	123.5	124.4	125.7	127.4	125.9	+ 1.9	124.8	117.1

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-groups to arrive at that group index.

* Estimated.
R—Revised.

TEXTILES

(Concluded from page 870)

certain other features which cannot be satistically categorised, thanks to the inadequate data available, but which throw some interesting sidelights on the textile industry in the Communist countries. Generally speaking, the textile industries of the Communist countries, work a three-shift system. Czechoslovakia, however, worked only 1⅓ shifts in 1959 and Poland 1.8 to 2 shifts. Official working hours in Communist countries vary between 40 and 48 per week. Some of the Eastern European countries as, for example, Bulgaria and Yugoslavia, report 48 hours, whereas in Russia and Hungary the number of hours worked works out to 40 a week. In other countries, weekly working hours average 44 to 45 a week. In China, weekly hours worked is estimated at 48.

The structure of the cotton industry in the Communist countries, according to the survey, shows a clear trend towards establishing the so-called vertical combines, that is, multi-staged mills. The industry seems to have progressed differently in the various Eastern European countries. The Russian cotton industry is probably organised already in larger part, according to a multi-stage system. As for the Chinese cotton industry, which has practically been built up during the past ten years, it, too, is organised vertically.

The main conclusion that emerges from the survey is that the Communist countries in general, and China in particular, are energetically enlarging the spinning and weaving sectors of its cotton textile industry. Moreover, Russia and China are striving for an improvement and enlargement of their own raw material supplies. They have already succeeded in raising the production of raw cotton above consumption. Thus, the Communist countries can be said to be theoretically self-supporting. However, as the qualities of cotton produced do not meet with all the requirements of the cotton industry, imports will be necessary for some time to come.

Not only capacity but also production of yarn and fabrics is increasing. Productivity is remarkable in some cases. The expansion of cotton industry and its raw material basis might have been caused by military motives. But it is also reasonable to infer that the necessity to raise the standard of living to as high a level as possible in order to justify political doctrines and to obtain a sufficiently strong economic means to distupt the Western markets might have been equally responsible for such growth. In conclusion, the author of the survey gives the following warning to the cotton industry in the West:

"The cotton industry of the West, therefore, will be well advised to observe attentively the further development of the cotton industry in the East, and in particular that of China. It must never grow weak in creating an effective protection against a possible flooding of our markets with fabrics at lowest prices, mostly calculated for political reasons, if it wishes to avoid serious and substantial damage. The Western European cotton industry must never be deceived by the absolute figures concerning the Eastern cotton industry, but it must confront its own retarding development with the rate of expansion of the Eastern cotton industry. Furthermore, it must never be overlooked that the impetus of a free trade economy is much stronger than that of a State economy."

The author of the survey is confident that taste, ideas, economic flexibility and initiative, combined with an appropriate rationalisation of enterprise and with a certain measure of Governmental protection against unlimited imports from Communist countries, should offer the Western European cotton industry a fair chance to withstand Communist competition.

ENGINEERING

(Concluded from page 876)

become self-sufficient in regard to these, and thus reduce imports substantially.

"The Council reiterates its earlier recommendation that the duty anomaly on the import of aluminium ingots/bars and rods for the manufacture of A.C.S.R. conductors and for the manufacture of all-aluminium conductors should be removed early. Also lower rates of duty should be made applicable to the aluminium used in the manufacture of various types of cables and wires under the scheme of 'substitution of aluminium for copper.'"

The Development Council has attached special importance to the creation of enough tool-making capacity in the country. It has suggested, in this connection, the supply of adequate quantities of tool steel. Some action seems to have been taken on these recommendations; but, at the time of going to press, the relevant information is not readily available.

MARKET GOSSIP

(Concluded from page 859)

cement with certain minor adjustments to cover the varying cost of some units. Secondly, it has raised the ex-factory price by less than what the Commission had recommended—by Rs. 13 per tonne, including selling and distribution charges of Rs. 3 per tonne, as against Rs. 16 per tonne recommended by the Commission.

As a sequel to the upward revision in ex-works prices, the Government has also raised the selling price of packed cement from the existing price of Rs. 122.60 per tonne to Rs. 135.60; this works out to a rise of 65 nP per bag of cement. The revised price will remain in force during the entire period of the third Plan, as against three years recommended by the Tariff Commission. Although they came into effect on 1st November, they will be valid only upto 31st March 1966.

Giving reasons for making departures from the Tariff Commission's recommendations, the Government has stated that, in its opinion, differential prices based on individual costs are not conducive to efficiency and greater production. It has felt that, in order to promote efficiency and better working and to induce, as far as practicable, the high-cost units to seek economies and to reward those units which are able to achieve economies and higher production, there should be a uniform ex-works price. In a few cases, nine to be precise, on account of special reasons of their higher production costs, extra prices, based broadly on the recommendations of the Tariff Commission, have, however, been allowed for a limited period to enable them to continue production, become economic units and reach nearer the uniform ex-works price level. Further, the new prices have been fixed after taking into account the suggestion of the Tariff Commission that, if it was not administratively feasible to give retrospective effect to the revised prices, they should be so adjusted that the producers did not suffer any loss on acount of their sales during the period 1st July to 1st November when the old prices were in force.

Explaining why the ex-works prices were raised by a margin less than what the Commission had recommended, the Government observes that, while it appreciates the need to provide incentives for greater production, it could not accept the full extent of the increase in prices recommended by the Commission, because it is anxious to avoid any undue rise in the price of an essential construction material like cement.

On the question of distribution, the Government has found no reason to interfere with the recommendation of the Tariff Commission that no change should be made in the present arrangements, under which the State Trading Corporation has the monopoly. The Tariff Commission has patted the S.T.C. on the back by saying that, on the whole, it has acquitted itself well.

The Government has also stipulated that, in view of the importance of rehabilitation of the industry and the need for research and development, particularly in the context of the new materials of construction and greater utilisation of substitute materials such as blast furnace slags and pozzlanic materials, each cement producing unit should earmark, out of the price now fixed, a sum of Rs. 2 per tonne for research, development, modernisation, rehabilitation and other purposes. The amount should be funded in a joint account with the Government to be utilised only for these purposes.

The table below shows at a glance the position of ex-factory prices prevailing before, recommended by the Tariff Commission, and sanctioned by the Government:

(Ex-Works Prices per tonne in rupees)

Units	Price prevailing before 1st Nov. 1961	Price recommended by Tariff Commission	Price sanctioned by Government
Dalmia Bharat ..	55.54	67.50	69.50
Andhra Cement ..	65.68	73.00	69.50
Orissa Cements ..	60.80	73.00	69.50
Rhotas Industries ..	57.27	73.00	69.50
Mysore Iron and Steel Works ..	58.20	73.50	69.50
A.C.C. ..	58.64	73.50	69.50
K.C.P. Ltd. ..	61.97	73.50	69.50
Dalmia Dadri ..	59.78	75.00	69.50
Bagalkot Cement ..	62.18	75.00	69.50
U.P. Govt. Factory ..	58.14	75.00	69.50
Jaipur Udyog ..	59.04	75.00	69.50
Ashoka	67.56	75.50	69.50
India Cement ..	63.21	76.50	72.50
Shiva	67.52	77.50	72.50
Kalyanpur ..	62.24	79.00	72.50
Sone Valley	58.70	79.00	72.50
Digvijay	57.23	79.00	72.50
Panyam	74.99	79.50	75.00
Travancore	82.12	103.00	95.00
Madras	69.64	77.50	75.00
Saurashtra	68.00	77.50	75.00

The initial reaction of share markets to the aforesaid development was bullish, but, on second thoughts, operators took a less favourable view of it, for the ex-factory prices for many units have been fixed at levels which are less than what they had hoped for.

As the full text of the Tariff Commission's report is not available at the time of writing, our comments on the Government's decision on cement prices have to be deferred to our next issue. Meanwhile, our tentative conclusion is that the Government has tried to follow a policy of via media which is unlikely to serve the interests of consumers in the long run, as it will tend to perpetuate the shortage of cement.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 2nd November 1961.

	Closing quotations 26-10-1961	High	Low	Closing quotations 2-11-1961
TEXTILES	Rs	Rs.	Rs.	Rs.
Ahm. Adv. (100) ..	186.00	191.00	186.00	190.00
Apollo (2) ..	2.06	2.10	2.06	2.06
Baroda Rayon (100) ..	158.50	161.50	156.00	160.00
Bombay Dyeing (25) ..	68.20	68.40	67.50	68.00
Bradbury (50) ..	137.50	—	—	137.50
Central India (100) ..	133.50	136.00	133.00	134.00
Century Mills (100) ..	588 60xd	600.00	587.00	595.00
Coorla Sp. (100) ..	133.50	—	—	132.50
Dawn (50) ..	130.00	130.00	128.00	129.00
Edward Textile (200) ..	330.00	—	—	330.00
Elphinstone (50) ..	120.00	126.00	111.00	113.50
Finlay (100)	324.00	326.00	326.00	326.00
Gokak (100)	202.00	206.00	200.00	204.00
Gold Mohur (100) ..	252.00	—	—	252.50
Gwalior Rayon (10) ..	48.00	48.75	48.00	48.25
Ind. Untd. Defd. (1) ..	2.20	2.24	2.16	2.18
Ind. Untd. Ord. (10) ..	15.20	15.24	15.08	15.08
Indian Rayon (25) ..	73.00	82.00	73.00	82.00
Indore Malwa (100) ..	172.00	175.00	170.00	175.00
Khatau (100)	440.00	485.00	431.25	472.50
Kohinoor (100)	311.00	313.50	307.00	309.50
Lakshmi (250)	622.50	—	—	622.50
Mafatlal (100)	955.00	955.00	935.00	950.00
Minerva Mills (100) ..	80.00	—	—	80.00
Model Nagpur (250) ..	98.00	—	—	98.00
Morarji (100)	393.00	397.00	393.00	396.00
Mysore (50)	61.00	61.00	60.00	60.00
National Rayons (100) ..	548.00	560.50	545.50	556.50
New City (100) ..	131.00	—	—	131.00
New Great (100) ..	252.00	252.00	240.00	250.00
Phoenix (100)	166.00	167.50	164.00	166.00
Podar Mills (100) ..	150.00	149.00	146.00	149.00
Raymond Woollen (100) ..	118.00	119.00	117.00	118.00
Sassoon Silk (10) ..	15.00	—	—	15.00
Sassoon Spg. (10) ..	70.50	71.50	71.00	71.50
Shrinivas (100) ..	282.00	285.00	280.00	284.00
Simplex (50)	170.00	168.50	168.00	168.50
Standard (100) ..	1,408.00	1,448.00	1,391.00	1,417.00
Svadeshi (100) ..	270.50	275.00	269.25	273.25
Swan (100)	645.00	660.00	645.00	650.00
B. I. Viscose (100) ..	182.50	187.00	183.00	187.00
Tata Mills (25) ..	70.00	71.20	69.80	71.00
Vishnu (100)	146.00	—	—	145.75
Western India (1,000) ..	3,725.00	—	—	3,725.00
BANKS				
Bank of India (50) ..	183.00	183.00	180.00	180.00
Do. (New) (50) ..	186.00	—	—	185.00
Bank of Baroda (50) ..	104.00	104.25	103.50	104.25
Central (25)	62.00	62.30	61.20	62.00
Central 'A' (25) ..	63.00	63.30	62.70	62.70
Dena Bank (50) ..	63.80	—	—	63.00
Punjab National (10) ..	19.52	20.08	19.52	20.08
Union Bank (5) ..	7.40	7.48	7.36	7.48
United Com. (50) ..	91.00	91.50	91.00	91.50
ELECTRIC COS.				
Ahmedabad (100) ..	91.80	92.00	90.00	91.00
Amalgamated (10) ..	10.68	10.68	10.48	10.52
Andhra Valley (1,000) ..	1,035.00	1,042.50	1,025.00	1,040.00
Bom. Sub. El. (100) ..	101.50	103.00	101.00	103.00
Surat (100)	101.00	101.50	100.50	101.50
Tata Hydro (100) ..	109.50	110.00	109.00	109.50
Tata Power (1,000) ..	1,110.00	1,112.50	1,100.00	1,110.00
INSURANCE COS.				
British India (10) ..	12.16	—	—	12.16
Indian Mercantile (20) ..	58.50	—	—	58.50
New India (15) ..	60.00	60.30	59.20	59.50
New India 'A' (15) ..	61.50	62.00	61.20	62.00
Vulcan (10)	16.48	—	—	16.48
STEEL COS.				
Ind. Iron (10) ..	24.28	24.92	24.32	24.80
Mukand Iron (10) ..	28.35	28.65	28.00	28.50
Tata Steel Ord. (75) ..	145.25	146.75	144.75	140.25
SUGAR COS.				
Belapur (50)	273.00	278.50	268.00	271.00
Bhopal (10)	24.86	—	—	24.80
Changdeo (12.50) ..	23.72	—	—	23.72
Phaltan (50)	131.00	132.00	129.00	130.00
Walchand Ind. (100) ..	166.00	167.00	165.00	166.00
CEMENT COS.				
Associated Cts. (100) ..	170.25	172.00	167.75	170.00
Digvijay (100) ..	184.00	189.50	182.00	188.50
Orissa (10)	14.88	15.24	14.88	15.08
MISCELLANEOUS				
Alcock Ashdown (100) ..	827.00	829.00	820.00	825.00
Bom. Burmah (135) ..	834.50	838.00	833.50	835.00
Do. (New) (50) ..	236.00	237.50	235.75	237.50
Br. B. Petrol (1½ sh.) ..	1.32	1.32	1.28	1.30
Br. I. Corpn. (5) ..	9.80	9.80	9.60	9.70
Cooper Eng. (100) ..	189.50	188.50	186.50	188.00
Colour Chem. (100) ..	375.00	382.50	371.25	382.50
Hind Cycle (100) ..	102.00	102.00	101.00	102.00
Hindustan Lever (10) ..	52.00	52.80	52.20	52.50
Hindustan Motors (10) ..	19.40	20.28	19.72	19.92
I. C. & Invest. Corporation (100) ..	83.50	88.00	82.00	82.00
Indian Dyestuff (100) ..	465.00	465.00	452.50	460.00
Indian Copper (2 sh.) ..	4.90	4.92	4.78	4.89
Ind. Inv. Tr. (100) ..	74.38	—	—	74.30
Killicks (100)	94.00	94.50	93.00	94.00
Larsen & Toubro (10) ..	38.75	39.00	38.50	38.75
Mahindra & Mahindra (10) ..	18.76	19.00	18.52	18.76
New Central Jute (10) ..	17.12	—	—	17.12
Polson (100)	172.50	173.00	171.00	173.00
Pre. Automobiles (100) ..	155.75	159.00	155.75	156.50
Premier Con. (80) ..	194.50	197.50	193.50	195.00
Scindia (20)	12.64	13.28	13.56	12.96
G. E. Shipping (10) ..	13.80	13.84	13.68	13.72
Shivrajpur (10)	55.00	56.00	54.50	55.00
Sirpur Paper (10) ..	16.44	16.88	16.40	16.48
Tata Chemicals (10) ..	17.24	18.80	17.24	18.48
Tata Locomotive (100) ..	862.50	869.75	860.00	866.50
Tata Oil (25)	77.20	77.50	76.50	77.00
Tezpaco (10)	18.76	18.96	18.56	18.88
Voltas (100)	308.50	308.50	303.00	305.50
W. I. Match (100) ..	296.00	296.00	293.00	295.50
W. Coast Paper (100) ..	183.00	183.00	180.00	180.00

GOVERNMENT SECURITIES	26-10-1961	Gross Yield: Earlier Redemption	Gross Yield: Later Redemptions	2-11-1961
	Rs.			Rs.
2½% 1962	99.20	—	5.50	99.20
2½% 1963	83.50	—	4.50	83.50
3 % 1964	98.75	—	3.55	98.75
3 % 1965-66 ..	96.70	3.65	3.85	96.70
3 % 1966-68 ..	96.20	3.64	3.75	96.20
3 % 1970-75 1st Dev.	90.80	4.28	3.89	90.80
3 % 1966 Con. Loan ..	78.75	—	4.11*	78.75
2½% 1964 N.F. Loan ..	99.95	—	3.58	99.95
2½% N.F. Bonds ..	99.80	—	3.64	99.80
2½% 1962	99.95	—	3.80	99.90
2½% 1967 N.F. Bonds ..	99.00	—	3.99	99.00
2½% 1974	99.50	—	3.79	99.50
2½% 1967 N.F. Bonds ..	100.25	—	3.70	100.25
2½% 1969 Loan ..	98.35	—	3.75	98.35
2½% 1974	98.70	—	3.71	98.70
2½% 1968 N.F. Bonds ..	100.00	—	3.80	100.00
2½% 1968 N.F. Bonds ..	100.80	—	3.72	100.80
2½% 1972	100.80	—	3.86	100.80
4 % 1972 Loan	100.30	—	3.97	100.30
4 % 1973 Loan	99.75	—	4.02	99.75
4 % 1974 Loan	99.70	—	4.07	99.70
4½% 1958 Loan	99.25	—	4.07	99.25
4 % 1961 Loan	99.80	—	4.11	99.80

*Current Income. xd—Ex-dividend. x.r.—Ex-rights.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent
Who else must sweat and toil and gain but scanty fare."
William Blake.

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MR. MORARJI DESAI'S "DIVALI" MESSAGE

INDIA is a nation of diversity and typical of this characteristic are its new year days. Not only has almost every linguistic group separate new year days but also each religious community. Besides, the Governments, Central and State, have new year days of their own. But Divali and the Christian New Year Day are surely more important than the rest. The former is becoming more and more a national day just as Hindi is gradually gaining the status of the national language. The latter is of universal character just as the English language. It would not be inappropriate, therefore, if one were to indulge in some loud thinking on a few aspects of Governmental policy in this auspicious week, marked by two colourful and joyous holidays, instead of the usual stock-taking which many commentators do and which is done by this journal at the end of every calendar year. Fortunately, Mr. Morarji Desai, Union Finance Minister, has rendered our task a little easier by making a few observations on taxation and public sector versus private sector at a gathering of businessmen of Maharashtra. He was provoked to make them by Mr. Lalchand Hirachand, President of the Maharashtra Chamber of Commerce, who complained in his speech, while welcoming the Union Finance Minister to the Chamber, that the direct taxes in India, especially on individuals, were one of the heaviest in the world and stressed their disincentive effects on entrepreneurs in an underdeveloped country where the emphasis in tax policy ought to be on incentives for hard work, larger saving, greater investment and energetic initiative and enterprise by businessmen. He further made the point that the public sector was still needlessly entering industrial fields where the private sector had proved its ability to find resources and deliver the goods; he gave the instance of the small car project, sponsored by the Union Minister of Industry, to justify his point.

Quite a few instances of this type can be given to show that the plea by Government spokesmen, as well of some businessmen, that there is no need for continuing the controversy about the public and private sectors, is rather untenable. While there is undoubtedly greater understanding, as well as appreciation, by both sides of the role which each sector has to play in speeding up industrialisation of the country and while the Government has, in certain cases, allowed the private sector to expand to a greater extent than it had intended in the initial years of the first and second Plans, there is no gainsaying the fact that the Government continues to be provocative by doing or saying something or other that keeps the controversy alive. No convincing case, for example, has been made out for taking up manufacture of small cars and that, too, by establishing a new factory in the public sector. The Union Ministry for Oils and Mines has not only not given up its policy of dog in the manger in regard to oils and minerals but wants to take up the manufacture of petrochemicals on the dubious ground that this activity is an integral part of oil industry. The S.T.C.'s tentacles are still vigorously spreading; there are persistent reports that it is going to take over the export of groundnut oil and that it is about to conclude a deal for large-scale exchange of jute goods for American fertilisers. There are no reasons to believe that either of these moves will yield any additional foreign exchange and that they are designed to achieve results which exporters in the private sector are not capable of producing. Shipping companies in the private sector allege that their confreres in the public sector are taking away their business by operating in a way which is contrary to the assurances given by Mr. Lal Bahadur Shastri when merchant shipping was under his care. Now comes the report that the S.T.C. is using its influence as a lender to, and investor in, industries to prop up the general insurance companies under its care. Then, there is the controversy between railways and road transport as well as the one about generation and distribution of electricity by the private sector. The observations made by Government spokesmen at the last meeting of the Central Advisory Council of Industries clearly smacked of partisanship. Mr. Morarji Desai's contention to the effect that the Government's actions are motivated by the desire to serve the public is too broad a generalisation to carry conviction on specific instances just as those mentioned here. Who suffers when there are shortages, many of which are traceable to the Government's policies flowing from its socialist philosophy that ownership of certain industries and services must be in the public sector? Mr. Morarji Desai suggested that the business community should discuss its problems with the Government rather than raise controversies in public, thereby creating an exaggerated adverse impression abroad which was not conducive to attracting foreign capital. This is sound advice from the practical point of view, but what are businessmen to do when the Ministers adamantly stick to their points of view?

On the issue of taxation, Mr. Morarji Desai disagreed with the view that taxation in India was so heavy that it was having a crippling effect on industrial development. On the contrary, he averred that this was a false cry, as the rate of corporate taxation compared favourably with the U.S. and that various concessions such as development rebate and extra depreciation given to industries were more liberal than in many countries in the world. He quoted in support of his view the boom on stock exchanges, the impressive response from investors to the numerous capital issues by public limited companies and the high rate of company formation. On taxation of individuals, he did not say much, except that businessmen should not ignore the difficulties of 99 per cent of the people and that the general public wanted jam today and not tomorrow. These remarks imply that a high level of taxation on rich individuals is necessary to pacify the masses who are now awake and to prevent a revolution. He advised businessmen not to nurse a feeling of dissatisfaction, as it was not good for them, and not to raise public controversies on economic policies in a vociferous manner as it tended to scare away foreign entrepreneurs and capital. In a way, Mr. Morarji Desai is correct. In the last three years, the Government has effected significant modifications in taxation of companies and tax laws which have brought about a distinct improvement in the climate for investment. Constant complaints of high taxation create a mental complex that will breed defeatism. It is high time the business community appreciated the fact that, from the political point of view, it may not be feasible for any Government today to effect a substantial reduction in taxes on individuals, heavy though they are. The high incidence of taxation is, however, offset, to a considerable extent, by the immense opportunities for development arising as a result of planning, the vigorous attempts of the public sector to establish heavy industries and infra-structure facilities, and import restrictions forced by foreign exchange difficulties.

While commending the advice of Mr. Morarji Desai to the business community, it is necessary to draw his attention to the scope for improvement in the Government's policy of price fixation in regard to manufactures that are subject to price control, either directly or indirectly, and to the need for fiscal concessions for exports. This reform is urgent. Defective price fixation has a greater inhibiting effect on expansion of production than the present level of direct taxation. It encourages malpractices and penalises the honest producer. The quality of goods produced suffers and the consumer ultimately pays more than he would if a better margin of profit is ensured to manufacturers. Similarly, the export drive will fare better if sizable tax concessions are shown to all deserving cases than it will under the scheme of compulsory exports. Thus, the plea for incentives is quite pertinent on these two scores.

The Finance Minister undoubtedly struck the right note when he said that "the Government did not want to lessen anybody's wealth, be it individual or institution," and that, on the contrary, the Government was engaged in creating more wealth and its better utilisation. Even if all the wealth of the rich people were taken and redistributed among the poor people, it would make no significant impact on poverty in this country. The only way in which the lot of poor people could be bettered is to create opportunities along gainful lines, that is, jobs with multiplier effect. With agriculture sustaining more than sixty per cent of the population, all positive encouragements to this occupation are worthwhile and will do more to reduce poverty than even the most effectively enforced redistributive taxes. Unfortunately, the Congress Government's performance on this front leaves much to be desired. There has been more talk, not to mention appeasement of the "have-nots" at the expense of the "haves," and less action calculated to increase the production per acre. Under various guises and excuses, inefficiency has been protected and efficiency shown the door.

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CEMENT RETENTION PRICES

INDIA'S cement industry, which is represented in all the States except West Bengal, Assam, Maharashtra and Jammu and Kashmir, occupies a position of basic and strategic importance in the economy today. Its 34 factories have an aggregate annual production capacity of 9.5 million tonnes as of April 1961. They account for a capital outlay of Rs. 62 crores in all and provide employment to 37,300 persons. At present, the industry consumes 3.3 million tonnes of coal and also a sixth of the total production of sacking goods by the Indian jute industry. It is a growing industry, for the demand for cement (estimated at 9 million tonnes for 1961) is expected to rise by 12.5 per cent a year to 12.8 million tonnes in 1964. If the schemes which have already been licensed for substantial expansion of existing units and for establish-

ment of new units materialise as scheduled, the industry's aggregate annual capacity will be 10.1 million tonnes by the middle of 1962, 10.5 million tonnes by the middle of 1963 and 11.6 million tonnes by the middle of 1964. The industry will then (that is, in 1964) have 42 factories and be represented in all the States, except West Bengal. If actual production is assumed at 95 per cent of capacity, the industry's total output in 1964 will, however, amount to no more than 11.0 million tonnes. The overall cement shortage, caused by actual production falling short of demand by about one million tonnes now, may, therefore, be expected to be aggravated by 1964 when production is expected to fall short of demand by about 2.0 million tonnes. There is thus urgent need for licensing additional capacity for cement manufacture and also for taking active steps to ensure that such capacity is actually installed by 1964. While giving this finding, the Tariff Commission, in its latest report on the cement industry (vide Market Gossip column of last week's *Commerce*) has also wisely and strongly recommended that the Government should adopt a flexible policy as regards licensing of additional capacity and ensure that established producers with resources and know-how are not discouraged or prevented from implementing their schemes for establishing new units, or adding to existing capacity.

It is this vital recommendation that provides the clue to the Tariff Commission's approach to the question of fair ex-works prices payable to cement producers. As the Commission, by its very terms of reference, was expected to "conduct a comprehensive review and take into account all aspects of the industry, such as production, prices, distribution, development, etc.," it has adopted, by and large, a fair-minded approach to the question of ex-works prices in the light of actual conditions and of the need for quicker expansion of capacity and production in the industry. As the cement industry, according to the Commission, will have to be under continuous control in view of the shortage that is expected to continue and as it is not likely to have a system of internal regulation of prices and operation of a supply pool by itself, the Tariff Commission has done well to emphasise the importance of price as a means to stimulate the planned expansion of the industry in a controlled economy. It has, therefore, recommended a scheme of differential prices for different sets of units, so as to serve three main objectives. These are: (i) existing units must be encouraged to maintain production at the highest possible level, consistent with proper maintenance of plant and machinery; (ii) low-cost units should have sufficient inducements to expand, while the high-cost ones should not be impaired in their capacity for production; and (iii) new capital should continue to be attracted to this industry and even small units should have a chance to get established and develop. With these objectives in view, the Commission has meticulously estimated, for the three-year period from July 1961 to June 1964, the ex-works costs of sales (excluding gunny bags) separately for 19 units, including the A.C.C. with its 14 factories, the returns to be permitted to them, the rehabilitation allowances to be granted to some of them and the final fair ex-works selling prices for each unit (after rounding off to the next higher 50 nP). These are presented in the following table:

(In Rs. per tonne)

Name of unit	Ex-works cost of sales (excluding gunny bags)	Return	Rehabilitation allowance	Final fair ex-works selling price (after rounding off)
Dalmia Bharat	55.5	10.7	1.0	67.5
A.C.C. factories	59.3	12.2	2.0	73.5
K.C.P.	59.7	13.5	..	73.5
Andhra Cements	60.2	10.7	2.0	73.0
Dalmia Dadri	60.6	10.2	4.0	75.0
Orissa Cements	60.8	11.9	..	73.0
Rohtas	62.1	6.6	4.0	73.0
Bagalkot	62.3	12.0	..	75.0
U.P. Govt. Factory	63.2	11.5	..	75.0
Jaipur Udyog	63.8	11.2	..	75.0
India Cements	63.0	12.4	..	76.5
Mysore Iron and Steel Works	64.6	8.5	..	73.5
Satna	64.8	12.2	..	77.5
Panyam	64.8	14.4	..	79.5
Ashoka	66.7	8.4	..	75.5
Kalyanpur	67.1	11.9	..	79.0
Sone Valley	68.2	6.7	4.0	79.0
Digvijay	68.2	10.7	..	79.0
Travancore Cements	89.9	12.7	..	103.0
Madras (new unit)	..	..	..	77.50
Saurashtra (new unit)	..	..	..	77.50

The weighted average of the ex-works costs in the above table is Rs. 61.6 per tonne. The corresponding average in the Commission's 1958 estimates (including the selling agents' commission paid by the S.T.C. and the incidental charges included under cost of gunny bags) was Rs. 50.3 per tonne (net). The rise of Rs. 11.5 per tonne, indicated by the present weighted average, is attributable mainly to the upward revision of wages following the Cement Wage Board Award and extension of the award to cover labour in quarries and consequent rise in the cost of limestone/sea sand, to higher railway freight and to increases in the rates of coal, in electricity tariffs and taxes on electricity and in prices of inventory stores. This time the Commission has also included, in the ex-works cost, stockists' commission and a provision for gratuity; the latter item, namely, gratuity, was previously left to be met from the return on capital. As for the uniform allowance of Rs. 2 for contingencies for all units, such is deemed sufficient, for it is supplementary to the provisions made in the ex-works cost for covering increases on account of coal, stores, etc. and normal annual increments to staff and workers. Depreciation, as an element in ex-works cost, has been calculated at the normal income-tax rates on the written-down values of the assets for each of the three years 1961-62, 1962-63 and 1963-64. It is noteworthy that the Commission has not adopted the principle of weighted average for determining the final ex-works selling prices on a uniform basis. On the other hand, it has worked out the returns separately for each unit and arrived at the final ex-works price individually. Of course, the weighted average of ex-works selling prices for naked cement has been worked out at Rs. 74.5 per tonne to indicate the extent of increase that would be involved in the f.o.r. destination price. This increase, as calculated by the Commission, is Rs. 12.6 per tonne of naked cement.

On the issue of return on capital, the scheme adopted by the Tariff Commission certainly represents an improvement over its 1958 scheme. It may be recalled, in this connection, that the Commission had then differentiated between high and low-cost units and units not liable to taxation and allowed rates of 12 per cent, 10 per cent, 8 per cent and, in some cases, 6 per cent on "employed capital" (defined as "net assets comprising fixed and current assets used in the business, less current liabilities and provisions"). In the latest report, the Commission has, of course, retained the "employed capital" basis for fixing fair return (that is, gross profit, out of which bonus to workers, interest on borrowed capital and debentures, dividend to preference shareholders, managing agency commission, income-tax and dividend to equity shareholders are paid), instead of entertaining the industry's plea for a net distributable return of 9 per cent, free of tax, on capital employed. This it has done on the grounds that a given quantum of return will enable different companies to declare different rates of dividend depending on the composition of their capital employed (as between net worth and borrowings) and also of their net worth (as between share capital and reserves) and that prudent producers should be enabled to retain more reserves in industry. The Commission has, instead, increased the rates of return this time as follows:

(i) A return of 14 per cent in the case of units in the lowest cost group, namely, Dalmia Bharat, A.C.C., Andhra Cements, Dalmia Dadri and Orissa.

(ii) A return of 12 per cent in the case of K.C.P., Rohtas, Bagalkot, Jaipur Udyog, India Cements, Mysore Iron and Steel Works, Ashoka, Kalyanpur, Sone Valley and Digvijay.

(iii) A return of 10 per cent in the case of Satna, Panyam and Travancore Cements.

(iv) A return of 8 per cent in the case of U.P. Government Cement factory.

The above differential rates of returns have been justified by the Commission on the ground that high-cost units or new units enjoying some tax concessions should not expect returns on the same scale as low-cost units. The increased rates have also been found necessary in the present financial condition of the cement industry. A similar fair-minded approach has marked the Commission's recommendation of varying rates of rehabilitation allowance as an element in the fair ex-works prices of six units (namely, Andhra Cements, A.C.C., Dalmia Bharat, Dalmia Dadri, Rohtas and Sone Valley) covering 19 factories, although it has refused to grant this allowance uniformly to all units, particularly those newer units which had installed their plant in 1955-56 and thereafter. After taking into account these selective rehabilitation allowances and differential returns, the Commission has evolved a system of differential ex-works prices (that is, retention prices) payable to the cement producers. The Commission has had to do this in view of the wide disparity in costs of different units.

But it is surprising that the expert findings and recommendations of the Tariff Commission have just been mostly rejected by the Government. The final ex-works prices, sanctioned by Government with effect from 1st November 1961, represent a reduction of Rs. 3.50 per tonne from the price recommended by the Commission in the case of Andhra Cements, Orissa Cements and Rohtas; Rs. 4.00 in the case of Mysore Iron and Steel Works, A.C.C., K.C.P., and India Cement; Rs. 5.50 in the case of Dalmia Dadri, Bagalkot Cement, U.P. Government factory and Jaipur Udyog; Rs. 6.00 in the case of Ashoka; Rs. 5 in the case of Satna; Rs. 6.50 in the case of Kalyanpur, Sone Valley and Digvijay; Rs. 4.50 in the case of Panyam; Rs. 8.00 in the case of Travancore Cements; and Rs. 2.50 in the case of Madras and Saurashtra. Only in one case—Dalmia Bharat—does the Government's revision of the Tariff Commission's scheme of differential prices involve an increase of Rs. 2.00 per tonne in price. The reductions effected by the Government also mean that the rehabilitation allowances considered necessary by the Commission in the case of Andhra Cements, A.C.C., Dalmia Dadri, Rohtas and Sone Valley have not been conceded. As if this were not enough, the Government has gone to the extent of stipulating that each unit should earmark Rs. 2.00 per tonne, out of the fair ex-works prices now fixed by it, for research, development, modernisation and rehabilitation and that this amount should be funded in a joint account with the Government for utilisation for these purposes only.

The reductions, ranging from Rs. 2.50 to Rs. 8.00 per tonne, in the prices recommended by the Commission and the earmarking of Rs. 2.00 per tonne ordered for modernisation, rehabilitation, etc., are tantamount to a harsh judgment on the Tariff Commission's recommendations, which, though fair, were not unduly generous to the industry. The revised system of ex-works prices now sanctioned has the effect of not only denying even selective rehabilitation allowances but of reducing the rates of return recommended by the Commission. If the Government has chosen not to rely on the scientific cost estimates of an expert body, has it had a better source of information for its revision? What the Government has done seems to be wholly arbitrary. The only justification it can think of is that the system of differential fair ex-works prices is not conducive to efficiency and greater production and that a uniform ex-works price, as far as practicable, is necessary to induce the high-cost units to seek economies and reward those units which are able to achieve economies and higher production. It is not as if the Commission has not considered this line of argument. Indeed, it is only after carefully considering this aspect, the Commission has decided in favour of differential prices.

To any objective student of the cement industry, it should be obvious that the Commission's arguments and estimates have been made with a sense of responsibility and fair-mindedness. Its argued refusal to entertain some of the major demands of the industry, such as those for a general rehabilitation allowance as an element in fair ex-works price and for a net distributable return of 9 per cent, free of tax, on capital employed and its estimates of ex-works costs made with the help of its own cost accountants are too significant to be ignored. But it is a pity that the Government has chosen to stick to its preconceived stand, virtually to doubt the reliability of the Commission's estimates and thereby lessen its importance in the eyes of industry, in general, and to deny a fair deal to the cement industry, in particular. Although the Government has claimed that, under its formula, the consumer would be paying about Rs. 3 per tonne less, as compared with the price he would have had to pay under the Commission's recommendations, the relief to the consumer would be rather insignificant. After all, the f.o.r. destination price (which includes the three major components of excise duty, freight and packing—together accounting for about Rs. 57) will still be as high as Rs. 135.60 per tonne, as compared with the average ex-works price of Rs. 71.5 per tonne payable to producers. While the relief to the extent of Rs. 3 per tonne to the consumer will not mean much, the denial of that much amount to the factories is likely to slow down the growth of production and prolong the shortage of cement to a longer period than the two years now considered as inevitable. In that event, the consumer will suffer more, for the costliest form of cement will be what cannot be had in time for construction purposes. The vaunted relief will then turn out to be a burden to the consumer.

MARKET GOSSIP

F.M.C. Hugs the Bear

THE Forward Markets Commission has resolved the tangle it had created in the oilseeds and oils market by (a) placing a ceiling of Rs. 215 per 250 kgs. for groundnuts and of Rs. 17.65 per 10 kgs. for groundnut oil in Bombay, with similar maxima at parity prices in other recognised centres, and (b) by withholding outward payments to "longs." Contrary to earlier expectations, no margins have been imposed, but the detention of payments due to bulls itself constitutes a margin, in a way, on bulls. The Commission has clearly stated that these measures shall be in force until further orders. Accordingly, not only are the bulls who have already to receive payments from the market by way of difference in the fortnightly clearing affected by this decision but also those who go "long" henceforth and find the clearing rate in their favour. It further means that, if this rate turns out to be against them, they will have to pay the difference. Consequently, the handicaps are only on the bulls and the bears are at an advantage.

This discrimination is deliberate and understandable in the light of the Government's known objective of bringing about a fall in commodity prices. It is no exaggeration to say that the bears are the Government's favourites. In fact, in allowing the resumption of futures trading (without any restrictions) in the closing days of June 1961, the Government must have felt that the futures market would help them bring about a fall in prices. At that time, the signs of favourable monsoon were very good. On top of that, there was the fact that the high prices realised by farmers on oilseeds in the 1960-61 season would encourage them to devote a larger acreage to this cash-cum-food crop. The trend of world prices, too, was downward. The pointers were thus in favour of bears. The Government's strategy did work to a considerable extent. The bears fully exploited the diligent anticipation that the crop this year would be heavy. They had succeeded in bringing down the prices of futures from about Rs. 225 early in July to as low as about Rs. 195 in the first half of October. But this decline was mostly artificial. No doubt, the spot prices also had come down, but they were always well above the futures.

When there were sufficiently strong reasons to suspect that the premises on which the futures were being forced down were unlikely to be borne out, the bears realised that their position would not be tenable and started booking their profits. The bulls, too, saw that the climate had changed in their favour and started acting. The result was a swift rise in price. The groundnut futures touched a high of about Rs. 211, an increase of about Rs. 16 over a period of a fortnight. On one day alone, the rise was as much as Rs. 4. In terms of percentage, the rise from the lowest level is about eight. This is doubtless not a big rise. It is also not easy for an outsider to say precisely the respective contribution made by bear-covering and rigging by bulls to the rise in prices. But there is no need for making such fine distinctions. Nor is there any relevance in the argument that the F.M.C. should have intervened only if the rise in prices had been spectacular. The most important point to be borne in mind is that the trend was upward and there were signs that it would soon be pretty sharp under the pressure of both bear-covering and heavy bull support. Surely, the F.M.C. would have been guilty of complacency and of bolting the door after the horse had been stolen had it allowed the bulls to have an easy walkover. Its action was thus timely. The moment it realised that its strategy had failed, it did not hesitate to act against the bulls by resorting to direct action and providing cover for the bears. These developments also go to show that dependence on bears to bring down prices can be useful only up to a point and that it can prove quite dangerous if the climate changes against the bears. An excessive short position itself provides a great attraction for the bulls.

While the F.M.C. deserves to be complimented on the vigilance with which it acted, it cannot be said that the measures taken by it to check speculation are rational. The imposition of a ceiling on the futures prices during the currency of a contract is a highly arbitrary action, though the Commission has the power to do so under the Act amended last year. God only knows the basis on which the ceiling has been chosen. The spot rate is even now well above this ceiling and it can go to any height, the only determining factor being the law of supply and demand. By its action, the F.M.C. has transformed the futures contract into a wagering contract. We perfectly understand the attitude of the authorities of the Oilseeds Exchange in meekly submitting themselves to this decision, because for them something is better than nothing. They must have a counter for speculation and they are not very much worried about principles. But must the F.M.C. also be of that mind?

Textile Commissioner's Dire Warning

The strongly worded warning issued by the Textile Commissioner against surreptitious transactions in cotton above the ceiling prices fixed under the Cotton Control Order will not accomplish anything, unless it is followed up by stern measures against those who are guilty of violating the law. But punitive measures alone can hardly solve the problem of spiralling prices which is a reflection of the tightening supply position of cotton. The Textile Commissioner evidently does not subscribe to the view that there is shortage of cotton, present or prospective. In the Press note issued by him on Monday, he is at pains to show that there is no dearth of cotton in the country. According to him, the carry-over of Indian and foreign cotton with mills and the trade was more than 2 million bales at the beginning of the season. The estimated crop during the current season is not less than 4.8 million bales in any case; the crop estimate, according to him, may even bear an upward revision at a later date. To supplement these, within ten weeks of the commencement of the season, that is, from 1st September 1961 till to date, import quotas covering 238,000 bales of cotton, including 28,000 bales of short-staple cotton from Pakistan, have been announced. A quantity of 200,000 bales of foreign cotton has actually arrived in the country during the season against last season's outstanding quota. Further imports will be announced during the course of the season, if found necessary. The cotton mill industry, argues the Textile Commissioner, is thus in a position to continue production uninterruptedly during the entire season and still have a reasonable carryover of raw material at the end of the season.

In view of this situation, a serious view has been taken by the Textile Commissioner of reported transactions of cotton in some areas above the ceiling prices. Some mills and traders alike are said to be guilty. He has warned that he will not hesitate to undertake random requisitioning of cotton on behalf of mills in areas where the crop has started moving and where it is feared that prices will pierce the ceilings and that cotton in the hands of both mills and the trade would be requisitioned, irrespective of contractual obligations. Steps will also be taken, if found necessary, to seal off certain cotton areas, freeze the stocks and regulate the movement of cotton therefrom. It has also been brought to his notice, says the Press note, that certain mills, in complicity with traders, are paying higher prices on purchase of *kapas* and thereby surreptitiously circumventing the ban on the mill purchase of *kapas* without the express permission of the Textile Commissioner. Heavy mixing of good cotton with inferior varieties has also been reported. Taking a grave view of these malpractices, the Textile Commissioner has asked the mills and traders not to pay prices above the ceiling.

If exhortations could bring down cotton prices, this appeal of the Textile Commissioner is enough to set cotton prices on a downward course. But, unfortunately, prices are not so easily brought down; nor are they overawed by the statistics presented by him or by reiteration of the Government's determination to import as much cotton as the industry needs. As long as there are buyers who, for whatever reasons, are prepared to pay prices above the ceiling, prices will not decline. Higher prices are paid not for the fun of it, but because the buyer feels that there is, or there is going to be, a scarcity of supplies. The sharp decline in crop estimate for the current season is mainly responsible for the firmness of cotton prices. The crop is currently estimated at only 4.8 million bales, as against last season's 5.4 million bales, a decline of 600,000 bales. None can assert, even at this stage, that the crop estimate may not go down in the coming months. A severe cold wave, or untimely rains in Gujarat, Madhya Pradesh and Maharashtra, can still do much damage to the crop. Similarly, the position of Karunganni and Cambodia crops in the Madras State is still vulnerable to the vagaries of the weather. Accordingly, assertions about the size of the crop would be hazardous and, therefore, unwise. Similarly, although liberal imports have been promised, consumers of raw cotton still apprehend that, either actual supplies will not be available, as and when required, or that imported cotton will be costlier than comparable Indian growths. It is significant that the U.S. is very reluctant to supply cotton on a liberal basis this year, as it feels that its stock position may not be comfortable. India's foreign exchange position, too, is very uncomfortable, so that imports from other sources against cash payment will be difficult. All this explains the readiness of some mills to pay fancy prices above the ceiling for popular styles. The remedy, therefore, lies in expediting whatever imports that are possible and in rationing out the limited supplies sufficiently in advance. It is true that the quota system, which is still in force, prevents the financially strong parties from cornering the supplies. This could be supplemented by the reintroduction of compulsory surveys which was lifted only a few months ago, at the commencement of this season. It may be noted that the Indian Cotton Mills' Federation, the Cotton Advisory Board and the East India Cotton Association, Bombay, have all expressed themselves in favour of reviving compulsory survey. Certain vested interests in Gujarat are, however, said to be opposed to it. In a period of scarcity, controls, which are undesirable in normal times, become a necessity and are in the larger interest of the country.

HINDUSTAN SHIPYARD

In a note under the above title on page 810 of our issue of 28th October 1961, it was mentioned that the Government had acquired the Scindia interest in the Company at a valuation of only Rs. 30.38 lakhs. Our comment and inference were based on the cyclostyled copy of Mr. G. L. Mehta's speech in which there was presumably a typing error. We have just been informed that the agreed valuation is Rs. 80.38 lakhs. Incidentally, we also understand that there was a marked difference of opinion between the Government and Scindias in regard to valuation and that the matter was referred to an independent official whose report formed the basis of the ultimate settlement of Scindia interest.

POPULATION PROBLEM IN REVERSE

MUCH has been said and written about the population growth in India and its explosive potentialities that the mere mention of the term instantly brings to one's mind a picture of unrelieved squalor and misery resulting from having too many mouths to feed. In a country which is bogged down by the weight of its massive population, it is difficult to conceive of a situation in which the lack of sufficient number of people, rather than excess of them, constitutes a major problem. It is precisely this population problem in reverse that threatens a country like Sweden, which has one of the highest living standards in the world and the benefit of full social security. In fact, Sweden is a typical instance of an ideal "affluent society." Its population problem, as opposed to that of a poor country like India, is, therefore, an interesting phenomenon. The basic facts of the problem are outlined in the latest issue of the *Index*, published by the *Svenska Handelsbanken*, and it is refreshing to refer to them for a change.

In 1960, the birth rate in that country, at 13-14 per thousand, was the lowest rate ever recorded in Swedish population statistics. At the turn of the century, the birth rate was about 27 per thousand; by 1920, it had fallen to about 20 per thousand and by mid-1930s it reached the previous lowest point of 14 per thousand. After a slight rise in the closing years of the 'thirties, the rate rose sharply at the beginning of the 'forties to reach a peak of just over 20 per thousand in 1944. Since then, the curve has shown a consistent downward trend, apart from a minor revival in 1955. As compared with this, a number of other European countries, such as Britain, Switzerland, and Austria, for example, have had a rising birth rate during the 1950s, and the same has been the case in most countries in other parts of the world. The proportion of births to population in Sweden is at present the lowest in the world and there are no discernible signs of any improvement.

Since the death rate in Sweden has remained relatively constant at about 10 per thousand, the fall in birth rate has meant a gradual retardation in the net rate of growth of population. In 1960, births exceeded deaths by only 27,000, as compared with 40,000 in 1950.

Birth and death statistics do not, however, tell the whole story as regards future population development. The marriage rate, fertility and the age distribution of the population must also be taken into account. In the past decade, a falling infant mortality and an increasing marriage rate contributed to an optimistic view of the population problem in spite of the decline in birth rate. At present, infant mortality is very low and any considerable further reduction is hardly to be expected. Nor can one count upon a continued increase in the marriage rate. There remains only one factor which could have a considerable influence upon population development and that is fertility. The average number of children per family, however, shows a tendency to decrease. In the mid-1950s, the fertility rate was almost one-fifth lower than in the early 1930s. The constant demand for a higher and higher standard of living and the large-scale migration of people from country districts to large towns, where the size of the family has necessarily to be limited for a number of considerations, are said to be the chief reasons for the decline in fertility.

In spite of the decline in birth rate, the population of Sweden has continued to increase in absolute numbers. At present, that is, as of 1960, the total population is 7.50 million. This represents an increase of 500,000 in ten years, or just 50,000 per annum (as compared with 8.6 million per annum in India). The upward trend, according to recent forecasts, is likely to persist for the next fifteen years. The composition of population by age, however, is expected to become steadily less favourable. Thus, it is estimated that the number of persons over 65 years of age will increase by more than 40 per cent during the years 1960-75, while the working population, that is, men and women between the ages of 15 and 64, is expected to increase by only 4 per cent during the years 1961-65, 2 per cent in 1966-70 and 0.4 per cent in 1971-75.

This unfavourable composition of the population by age groups, it is feared, will gradually reduce the growth of labour force. This may, in turn, impede production and lead to inflationary pressure on the wage level. With the rising average of the working population, the readiness of the individual worker to change his job may decline and this, it is said, can lead to recruitment difficulties for new and expanding industries. On the whole, the population problem of Sweden might hamper economic growth, even if the effect were partly counterbalanced by rationalisation.

In poor, overpopulated countries like India family planning is aimed at restricting the population growth. In contrast to this restrictive approach, in rich countries like Sweden the official policy seeks to encourage an increase in population growth. Nevertheless, the official family policy has been blamed for the decline in birth rate since the war. It has, therefore, been suggested that the Government should enhance the attractions for bigger families. Thus, it is proposed by some that children's allowances should be increased or that families with children should be allowed special tax reductions. There have also been suggestions that cheaper houses for families should be built and that more day nurseries should be established. The conclusion of the *Index*, however, is that, while these further concessions are welcome, they are by themselves no remedy for the decline in fertility, which is the crux of the problem, and the exact cause of which has not been definitely established so far.

EQUITIES BUOYANT

SIZABLE BUYING ON 'MOORAT' DAY

(From Our Own Correspondents)

BOMBAY, *8th November*

EQUITIES staged an all-round rally during the week under review, which marks the turn of the *Samvat* year 2017. On Friday and Saturday, the stock market presented a distinctly cheerful tone, when several leading scrips recorded handsome gains. Tata Chemicals were specially buoyant on consistent support induced by reports that the Company had decided to take over the Bombay Mineral Supply Company. Standards, too, became a hot favourite with several operators, following the Chairman's statement that the shareholders of the Company would be allowed to participate in the new petro-chemical venture of the Company. The overall sentiment was also aided by the Government's decision, rejecting the recommendations of the Estimates Committee regarding the take-over of the investible funds of the L.I.C.

The *'Moorat* session' held on Tuesday the 7th inst., was marked by sizable buying in select counters both in the forward and cash sections. The turnover, though modest, was on a much larger scale than in the previous year. Cotton textile shares, in particular, were highly fancied on encouraging news from the cloth market. In the cash section, a number of new scrips like Premier Tyres, Synthetics, Ceat Tyres, Asian Cables, Chemicoat and Camphor and Allied Products elicited substantial support. In most of these cases, the rise in prices was disproportionate to the volume of business put through in them.

In the steel section, Tata Steel's opened slightly higher at Rs. 146.75, as against the previous close of Rs. 146.25, and advanced to Rs. 147 in the initial deals. Profit-taking then brought down the value to Rs. 146. In the *Moorat* session, they received some support and were lifted up to Rs. 147, before closing at Rs. 146.25. Indian Iron gathered 35 nP over the week to Rs. 25.15 and Mukand Iron put on 15 nP to Rs. 28.65.

Among textiles, Centurys and Standards were the brightest features. The former opened at Rs. 598, as against the closing rate of Rs. 595 last week. At this rate, they encountered selling pressure and eased to Rs. 594. But they again picked up strength and touched the high of Rs. 602 in the *Moorat* session, a gain of Rs. 7 over the week. Standards jumped up to establish a gain of Rs. 101 during the week to Rs. 1,518. The closing rate was Rs. 1,518, the highest level for some months. Elphinstone Textiles advanced by Rs. 15 to Rs. 345. Khataus also attracted good support and gained Rs. 11.25 to Rs. 483.75. Kohinoors were marked up by Rs. 5 to Rs. 313.50. In the cash section, New Citys changed hands at Rs. 150 as against Rs. 131 last week. Laxmis, too, recorded a handsome profit of Rs. 12.50. Mafatlals were up by Rs. 10 at Rs. 960 and Phœnix by Rs. 5 at Rs. 171.

In the shipping section, Scindias opened at Rs. 13 and, after fluctuating within a narrow range, closed at Rs. 13.04 yesterday. Great Eastern shares have softened by 32 nP to Rs. 13.40, following the cut in the dividend of the Company from 10 per cent to 7.2 per cent. In the automobile section, Hindustan Motors have gained 44 nP to Rs. 20.36. Premier Automobiles were quiet at Rs. 156.50.

Cement shares were on the whole quiet. Associated cements opened at Rs. 170.25, as against the closing rate of Rs. 170 last week. After fluctuating narrowly they touched the high of Rs. 171.50 on the *Moorat* day, before closing at Rs. 170. Digvijays spurted by Rs. 2.50 to Rs. 191 and Orissa hardened by 16 nP to Rs. 15.24. But Bagalkots were quiet at Rs. 8. Ashoks and Jaipurs, however, actually shed 24 nP to Rs. 12 and Rs. 9, respectively.

Rayon shares displayed a firm trend. National Rayons opened the week higher at Rs. 558.50, as against the previous close of Rs. 556.50. The level, however, could not be maintained as a sequel to profit-taking, and the share eased to Rs. 555.50. It, however, received a fair amount of support in subsequent sessions and moved up to Rs. 561, before closing at Rs. 559.50 on the *Moorat* day. Over the week, the share had scored a gain of Rs. 3. South Indian Viscoses also attracted some support and advanced by Rs. 7 to Rs. 194. Indian Rayons were better by Rs. 3.50 at Rs. 85.50. Gwaliers gained Rs. 1.75 to Rs. 50. But Barodas were quiet at Rs. 160.

Chemical shares which were buoyant last week gathered further momentum this week Synthetics shot up by Rs. 18 to Rs. 238, Indian Dyestuffs by Rs. 10 to Rs. 470, Kemps by Rs. 7.50 to Rs. 307.50, Polychems by Rs. 5 to Rs. 203.75, Dharangadhras by Rs. 4 to Rs. 124 and Tata Chemicals Re. 1.36 Rs. 19.84.

The engineering section was on the whole firm. T.E.L.Cos began the week at Rs. 368, as against the past week's closing rate of Rs. 366.50 and spurted in initial deals to Rs. 369.25. At this rate, selling pressure brought down the value to Rs. 365.50. The scrip received good support in the *Moorat* session and advanced to Rs. 370.50, before finishing at Rs. 368. Texmacos moved up by Re. 1.20 to Rs. 19.88. In the cash list, Asian Cables advanced by Rs. 6 to Rs. 120. T. Maneklals (old) jumped up by Rs. 45 to Rs. 710. Khandelwals attracted a fair amount of support and gathered Rs. 9 to Rs. 80. Mysore Kirloskars made a gain of Rs. 3 to Rs. 128.

In the miscellaneous section, Bombay Burmahs provided a bright feature. They began the week at Rs. 640, as against the closing rate of Rs. 635 last week, and after fluctuating between Rs. 642 and Rs. 650, closed at Rs. 651.50. Premier Tyres were keenly bid and jumped up from Rs. 135.50 to Rs. 165 on reports that the Company would commence production before the end of the year. Ceat Tyres were wanted even at Rs. 225.50, a rise of Rs. 7.50 over the week. Permanent Magnets advanced by Rs. 12.50 to Rs. 147.50. Chemicals shot up by Rs. 18 to Rs. 120.

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Madras Stock Exchange

MADRAS, *7th November*

Equities on the Stock Exchange displayed firm conditions during the week under review. Sugars were, however, an exception to this trend, thanks to the persistent uncertainty over the disposal of accumulated stocks. The strength in other counters was induced mainly by the decision of the Government of India not to take up the investment of Life Insurance Corporation funds. Textiles were particularly buoyant, with Travancore Rayons touching a new high. Plantation shares put on a cheerful appearance. Miscellaneous industrials too elicited good support.

Travancore Rayons provided a feature in the textile section, with a spurt in the quotation by Re. 1.50 to Rs. 44.75. As there has been a sustained rise in the value of this scrip in recent days, the Council of Management has imposed a margin of one rupee per share on outstanding purchases carried on from one settlement to another, with effect from the settlement of 9th November 1961. After this decision, announced on the 6th inst., the upward trend in the scrip has distinctly slowed down, having gone up by 25 nP only thereafter. Dhanalakshmis spurted by Rs. 10 to Rs. 252. South India Viscoses advanced by Rs. 7 to Rs. 191. Bangalore Woollens rose by Rs 3 to Rs. 233. Premiers gathered a like amount to Rs. 310. Lakshmis moved up by Rs. 2.50 to Rs. 170.50. Madurais fell initially from Rs. 40.25 to Rs. 40.15, but rallied subsequently to Rs. 40.50.

In the coffee section, Consolidateds rose by Re. 1.35 to Rs. 22.35. Coffee Lands strengthened by 90 nP to Rs. 17.60. Cowcodys were higher by 10 nP at Rs. 4.65. Among rubbers, T. and Ts increased by 90 nP to Rs. 11.10. Midlands picked up 10 nP to Rs. 11.10. Cochin Malabars were tanned at Rs. 7.40. Among teas, Kil Koteries improved by 2 nP to Rs. [illegible]. Highlands were steady at Rs. 14.10, as also Hill Tops at Rs. 13.90. Parksides were heavy at par of Rs. 29.45, reflecting the disappointment of speculators over the retention of dividend.

Among miscellaneous industrials, Travancore Cements went up by a rupee to Rs. 3.60. Dalmias put on 41 nP to Rs. 12.75 and Andhras 10 nP to Rs. 9.50. India Cements picked up 9 nP to Rs. 6.60. Ashok Leylands gained 5 nP to Rs. 9.15. Aluminium Industries changed hands at Rs. 23.65.

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Calcutta Stock Exchange

CALCUTTA, *7th November*

The upward trend in equities noted last week gained further momentum during the week under review on sustained bull support. But several shares encountered profit-taking towards the close, especially at the *Moorat* session, resulting in a cut in the earlier gains. Jute shares were well favoured, following the decision of jute mills to increase production in the wake of increased foreign demand. The distribution of *Pooja* bonus to several employees of industrial and mercantile houses also contributed to increased activity by the small investors. The Government's decision to increase the price of cement, albeit at a lower rate than that recommended by the Tariff Commission, had a favourable effect generally, as this was an indication that the claim of other industries for higher prices to cover increased production costs would be favourably considered. Higher advices from Bombay, followed by reports of increased output in T.I.S.Co. for October and higher level of activity in Wall Street, had also a bullish effect. In addition, the news of the rise in I.I.S.Co. output in October, together with expectations of increased retention prices, accounted for the greater speculative interest. The statement by the I.I.S.Co. management that, due to wagon shortage, 3,000 tons of finished products could not be despatched in October was, however, ignored.

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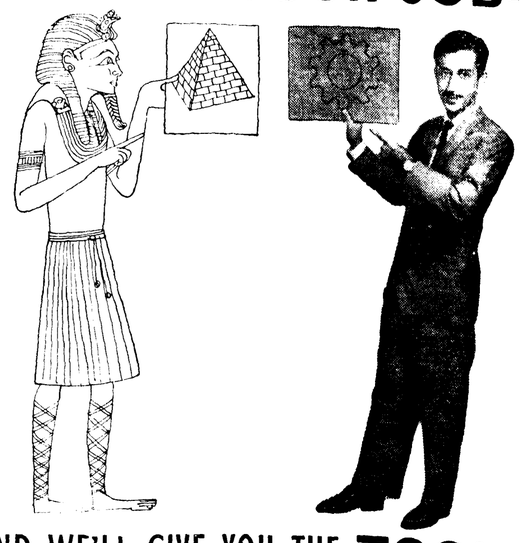

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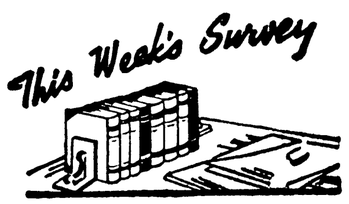

THE SWATANTRA MANIFESTO

THE Swatantra Party fancies itself in the role of "an Opposition with a clear-cut alternative way of governance, which can take over from the present ruling party whenever the people call upon it to do so." Its draft election manifesto, just released to the public, claims to present a clear-cut programme. In this manifesto, the Party pledges itself to certain objectives and policies for which it will work, if given the opportunity. First and foremost among these is the 'primary obligation' of Government to provide the 'common man' with food, clothing and shelter, and also fuller employment, more schools, more minor irrigation and more small industries. Secondly, top priority is to be given to the supply of clean drinking water in rural areas and to housing in both urban and rural areas. Thirdly, the development of roads and bridges and of road and inland water transport is recognised to be supremely important. Fourthly, mobile ambulance facilities are to be organised to cater to the medical needs of the rural population. These objectives, it is claimed, will be within the easy reach of the country, if funds are diverted from spectacular and gigantic projects.

On the question of prices, the Swatantra stand is that they should be stabilised. The Party also promises a drastic reduction in the present excessive burden of taxes, particularly indirect taxes. It is against 'joint farming' because of the official control that it involves and of its conviction that individual ownership and effort will be more conducive to better results than collective ownership and organisation of production. And it has made a number of attractive promises to the agriculturists, in particular, and the villagers, in general. These are: abolition of land taxes except to the extent necessary for maintaining ownership records: support to an adequate level of agricultural prices relative to the prices of industrial commodities; establishment of an insurance fund against natural calamities; adequate wages to landless agricultural labour and protection of permanently employed labour in agriculture; speedy electrification in rural areas; establishment of small-scale modernised industries in the countryside, in order to absorb surplus agricultural labour.

Some of these objectives, it will be seen, are not different from those of the Congress Party. Some others—the ones pertaining to reduction of indirect taxes and land taxes, price parity between agriculture and industry, crop insurance, rural electrification, etc.—are rather promises, the fulfilment of which will be pretty difficult. Further, it is not enough for the Swatantra Party to say *what* it will do or not do. A responsible democratic party like the Swatantra is rightly expected to indicate *how* it proposes to achieve what it has promised.

The Swatantra stand against what it calls "the lop-sided priority to heavy industry," and against State trading, bureaucratic controls, the "extra-constitutional dictation of the Planning Commission" and centralised planning, excessive foreign debts, etc., is well known by now. This is forcefully reiterated in the manifesto. Some of its arguments, however, seem to be unrealistic. For instance, the alleged bias in favour of heavy industries in India's planning has still not meant adequate supplies of iron and steel and machinery and equipment for the growing needs of processing, engineering, consumer goods and other secondary industries in the private sector. Even the Swatantra Party's greater emphasis on small-scale modernised industries, consumer goods industries, rural electrification, housing, road transport, and so on, will not mean much if heavy industries are not more fully established in the earlier years of planned industrialisation to provide the basic iron and steel and machinery requirements of all other industries. The Swatantra opposition to monopoly and conceptration of economic power, whether in the public or in the private sector, may be logical. But what kind of anti-monopoly legislation it will promote is not quite clear.

Again, the Swatantra Party's stand against centralised planning by the Planning Commission and its preference for planning by the Cabinet itself seem to be unrealistic, for Cabinet planning of the kind will be less efficient, will interfere with the administrative functions of Government and will most certainly involve greater, not less, governance in the form of State control and regulation. If there is any extra-constitutional dictation by the Planning Commission now, it should be possible for Parliament, which has created the Commission, to remedy this state of affairs. As for the Swatantra stand against extensive foreign aid, the less said about it the better. Although it ignores the realities of economic situation in a developing country like India, with its continuing need for capital goods, technical knowledge and maintenance imports, the Party's preference for greater exports and inflow of foreign private capital is quite sensible. But it is doubtful if the latter objective can be easily or speedily achieved in the absence of an adequate inflow of foreign public capital so very necessary for the creation of certain basic facilities which attract domestic or foreign private capital to secondary industries in the private sector.

U. S. FOREIGN TRADE POLICY

The European Common Market of the Six, in which industry has adapted itself to the opportunities of an expanding market, is not a purely European arrangement. On the other hand, it is the centre of a trading system, covering 16 other independent countries and a number of 'associated overseas territories.' All these other countries and associated territories have free access to the Common Market. The United Kingdom, which has applied for membership in the Common Market, is the hub of another trading system, covering 60 countries and territories and resting upon tariff preferences in the Sterling Area. Denmark and Ireland are two other countries which have submitted their applications for membership. It is expected that Norway will also apply. Sweden, Austria and Switzerland have announced their intention to seek 'association' with the Common Market, though not full membership therein. Thus, most of the countries of the European Free Trade Association are seeking membership in or close association with the Common Market. It is, however, the possible British entry into the Common Market that is likely to involve some modification and redefinition of the relationships involved in that European system. But it will also involve some modification and redefinition of the British system of tariff preferences in the Sterling Area. While Mr. George W. Ball, U.S. Under-Secretary of State for Economic Affairs, has referred, in his speech at the forty-eighth National Foreign Trade Convention at New York, to the likelihood of such modifications which would result from the current negotiations between the Common Market and the U.K., he has also refrained from making any predictions as to the final outcome of the negotiations. He has, however, made it clear that, whatever may be the form and substance of the solutions which are ultimately arrived at, they will affect the vital interests not only of the United States but of many other countries too.

Mr. Ball's reference to the vital interests of the United States may appear to suggest that that country—which itself, according to Mr. Ball, is a common market, consisting of 180 million people and 50 States and surrounded by a common external tariff—foresees new industrial and agricultural competition from a bigger European Common Market. Although Mr. Ball has sought to allay the fears of apprehensive American businessmen, who have been saying that the very competitors who are defeating the United States in world markets are also invading America's home markets, there has been some indication in recent weeks about the dilemmas confronting the Kennedy Administration. What these dilemmas are, may be known from the following passage in Mr. James Reston's 'Washington column in *The New York Times*, dated 22nd October 1961:

"Britain's movement toward joining the Common Market and the Treaty of Rome illustrates what is happening. This inevitably raises questions, not only about the future markets for temperate and tropical agricultural products from the British Commonwealth countries but of the effects of these changing trade patterns on the United States, Latin America and Japan.

"The Kennedy Administration feels that it cannot stand aside and watch new forms of protectionism or new preference systems develop in the world without getting involved in trying to defend its own vital interests in advance. And the more our officials have studied the implications of the British move toward the Common Market, the more they have found themselves deeply enmeshed in the staggering effort of reshaping world trade on a commodity-by-commodity basis.

"Europe, for example, is modernising its agriculture and exploiting the new hybrids and cheap fertilisers to the point where it expects to be able to feed itself without food imports within a decade. France has already become a major food exporter.

"Japan is today the object of more economic discrimination than any country in the world, and the feeling here is that some way must be found to market Japan's low-wage products in the free world or face the prospect of seeing Japan move closer to the Communist bloc.

"In studying the problems of new industrial and agricultural competition from Europe, the Kennedy Administration has considered the advisability of joining the Common Market. For the time being, however, it has rejected this course of action, because it would mean the repudiation of the present most-favoured-nation principle of trade and also give the impression that the rich industrial nations of the world were ganging up on the poor.

"The Administration has also rejected the idea of raising higher protective tariffs against the new competition on the grounds that this would only encourage a savage trade war that would hurt everybody economically and weaken the free world politically."

As Mr. James Reston's standing with the Kennedy Administration is reputedly high, his observations may be taken to reflect, more or less, accurately the current 'wait-and-watch' approach of the U.S. Government. But even in this approach there are some elements to which that Government seems to attach great importance. These, according to Mr. Ball, are: (i) as the United States has always pleaded for freer world trade, it will have to avoid any line of policy that calls for import restrictions by the U.S; (ii) the concept that every American industry must be protected against the adjustments required by competition is alien to the spirit of the U.S. economy; (iii) the President's authority to negotiate (with the Common Market) for reductions in tariffs and other trade restrictions must be sufficiently broad in scope (that is, not limited to trading on an item-by-item basis) to meet the opportunity and the challenge of the European Economic Community; and (iv) to the extent that the U.S. and the Common Market lower their trade barriers as a result of the negotiations between them, they will also be expanding the opportunities of other nations, for any such reductions in trade barriers would be on a non-discriminatory basis. These concepts, as described by Mr. Ball, represent so many rays of hope for freer world trade. But it is too early to visualise what world trading patterns will finally emerge from the compromises that will have to be made by the leading parties concerned—the United Kingdom, the United States, the European Economic Community, and the Commonwealth.

INDO-GERMAN CO-OPERATION

West Germany deserves a big bouquet for the valuable help it has been rendering India in promoting the tempo of development in this country. This help falls mainly under three categories, namely, liberal credit, larger flow of private capital and facilities for training Indian technicians. It is, however, disconcerting that, in the field of trade, West German attitude has been far from encouraging. Despite all the pleas for liberal import policies made not only by the Indian Government and business community, but also by international organisations like the G.A.T.T. and the U.N. Economic Commission for Europe, West German Government continues to maintain quota restrictions and high import duties on several commodities and manufactured goods from developing countries like India. India's imports from West Germany have risen by almost 500 per cent during the last decade, whereas West German purchases of Indian goods have gone up by just about 50 per cent. India has an adverse balance of trade of as much as about Rs. 100 crores annually in its trade with West Germany, as against only Rs. 13 crores in 1952.

The following table shows the recent trends in India's trade with West Germany:

(In crores of rupees)

	Imports	Exports	Balance of trade
1952	25.15	12.54	— 12.61
1953	29.54	10.46	— 19.08
1954	38.60	14.75	— 23.85
1955	53.96	15.79	— 38.17
1956	81.54	14.64	— 66.90
1957	122.82	16.22	— 16.60
1958	93.95	14.82	— 79.13
1959	120.31	19.56	—100.75
1960	112.70	19.59	— 93.11
1960 (January-June).	58.25	9.98	— 48.27
1961 (January-June).	64.88	11.61	— 53.27

It is, no doubt, a welcome sign that, during the first half of 1961, exports from India rose

albeit slightly. But imports from West Germany too increased much faster. Consequently, India's adverse balance of trade widened from Rs. 48 crores in the first half of 1960 to Rs. 53 crores, or an annual average of Rs. 106 crores, which is a record level. It is not suggested, in mentioning these figures, that a country must somehow balance its trade with each country. Only, there should at least be some reasonable relation between imports and exports. If India is a big buyer of West German goods, it should, in fairness, be provided with a fairer opportunity by West Germany to sell its goods to that country. Alternatively, W. Germany should be willing to provide a larger amount of long-term aid than it has agreed to now. In this context, the renewed plea made by Mr. Morarji Desai, Union Finance Minister, for the removal of West German quotas and reduction of import duties on Indian goods is prefectly justified, though it may be annoying to Germans. Mr. Desai, who was addressing the fifth annual meeting of the Indo-German Chamber of Commerce at Bombay held on Monday this week, made no bones about the fact that, unless fresh efforts were made to balance the trade between the two countries, it would be difficult for India to increase its imports from that country. The prospects for a substantial increase in India's exports to West Germany will improve, provided India diversifies the pattern of its exports to include semi-finished and finished goods, especially engineering products. This is the view of Mr. G. Wilhelm, President of the Indo-German Chamber of Commerce. In theory, it sounds good. Its practicability, however, will depend on the extent to which the German Government is prepared to liberalise import restrictions, assuming, of course, Indian goods are competitive in all respects. India has already proved its ability to compete in Western markets, for example, in sewing machines and diesel engines. But these goods are finding it pretty difficult to get a reasonable share of the West German market owing to severe import restrictions.

Since India is the largest market for West German goods in Asia, it has reason to expect a fair deal from the latter in the sphere of trade at least as a reciprocal gesture. As pointed out by Mr. P. A. Menon, Indian Ambassador at Bonn, in a message to the Special number of *Aussenhandels Dienst* dealing with this problem, "it should be possible, for instance, for Germany to increase the import of Indian products, if the Defence Authorities, the German Railways, or similar large State-owned organisations consider the purchase of a part of their stores (such as clothing) from India." The Indo-German Chamber can do a lot of service to this country by bringing home to the West German Government and industrialists the need for buying more from India.

A gratifying feature of Indo-German co-operation is the growing interest shown by private industrialists in India's economic development. The total number of Indo-German collaboration schemes, which have either already materialised or are in the course of being finalised, is 300. About 60 per cent of these schemes envisage technical collaboration on a royalty basis, and the rest actual capital participation along with the provision of technical know-how. In this connection, the Indo-German Chamber, in its annual report for 1960-61, has stressed the need for an agreement guaranteeing West German investments in India on the lines of the agreement reached between India and the U.S.

As a leading member of the Aid-India Club, West Germany has made a substantial contribution to India's development plans. It has already agreed to provide $425 million during the initial years of the third Plan. Thus it is the second largest contributor to the fund for financing India, next only to the U.S. A feature of this aid is that West Germany is the only donor, apart from the World Bank, which has given completely "untied credits, the only exception being the outlay on Rourkela expansion project. Apart from this aid, West Germany has also been giving assistance under the technical aid scheme. Under this scheme, it has so far participated in about 50 projects, small and large, with a total capital outlay of about DM 40 million. This sum has been granted as a gift. Notable among the projects under the scheme are the proto-type production and training centre at Okhla and the Technical High School at Madras. While we in India fully appreciate all this assistance, there is, as already stated, need for more help. The terms of loans could be made easier as has been done by the U.S. and the I.D.A. Even the World Bank President, Mr. Eugene Black, has said that this should be done by all the developed countries as a matter of enlightened self-interest.

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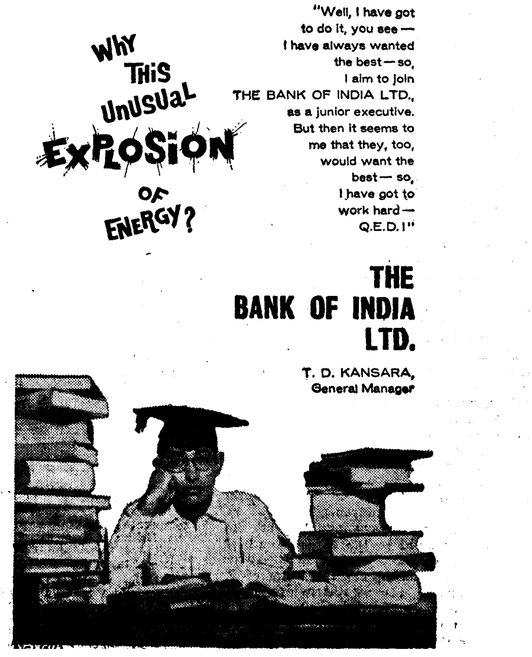

BRITISH AID TO INDIA

PRIVATE INVESTMENTS ON THE INCREASE

By A Special Correspondent

TO the traditional and well-known links between British private industry and finance and India, which multiply and diversify annually, there has been added in the last few years considerable direct lending by the British Government to the Indian Government, especially in support of India's public development programmes. The latest important episode under this head took place last May.

At the "Aid India" meeting held in Washington in that month, the British Government announced a substantial contribution to the external financing scheme for launching the third Plan. The sum was £90 million (Rs. 120 crores)—by far the largest single amount of money ever promised by Britain to another country for development.

In order to get this financing off to a quick start, arrangements had in fact been made with the Government of India earlier than this announcement for the signing of two formal agreements covering £40 million (Rs. 53.3 crores) of the new money. These were signed in New Delhi on the 1st May last. The first of them was for a development loan for £30 million (Rs. 40 crores)—covering both the finance for a number of high priority projects and for a shopping list of miscellaneous items essential to India's economic expansion. The second agreement covered a sum of £10 million (Rs. 13.3 crores) for the purchase of a broad range of goods from Britain—a type of import often referred to as "maintenance imports."

In addition, talks are already well advanced on the financing by Britain of the foreign exchange costs of the extension to the great Durgapur steel plant. Subsequent negotiations will be held between Britain and India about arrangements for the balance of the £90 million (Rs. 120 crores) commitment.

Second Plan Loans

These new official loans for the third Plan follow on British Government assistance to India for the second Plan which amounted in all to £80.5 million (Rs. 107.3 crores). The details are:

	£ million	Rs. crores
1958 for Durgapur steel works ..	15	20
1958 for general imports	28.5	38
1959 for Assam pipeline	3	4
1959 for genera imports	19	25.33
1960 for general imports	10	13.33
1960 for general imports	5	6.67

Besides these loans, a sum of £22 million (Rs. 29.3 crores) representing various repayments in advance by Britain of surplus pension funds was paid over to India during the second Plan. Another sum of £1.7 million (Rs. 2.2 crores), in respect of the British Technical Assistance programme under the Colombo Plan, was disbursed to India during the period 1951-60. During the second Plan period too, the Indian economic effort was greatly supported by India's drawings on her sterling balances account in London.

The warmth of British interest in India's economic endeavours is shown both by the amount of aid made available in spite of recurring anxieties in Britain about her own balance of payments position, and by two other features. The first of these is the appreciation that India needs a quantity of general assistance not linked to projects so that she can maintain a balanced move forward in her economic expansion. The second is the progressive lengthening of the repayment term of British loans in order to mitigate the burden of debt servicing on India. For instance, the £30 million (Rs. 40 crores) loan agreement signed earlier this year carries, to begin with, a seven-year grace period when no repayments are called for, and is not finally repayable for 25 years—in other words, the last payment will be made in 1986 which may well be the last year of the seventh Five-year Plan! The second and third loans mentioned also have the same features. It is believed that Britain has been well to the fore among friendly nations in appreciating the special character of Indian needs in the sphere of development finance.

Colombo Plan Aid

Britain is the second largest contributor of aid under the Colombo Plan for Co-operative Economic Development in South and South-East Asia, now celebrating its tenth anniversary, which was designed as a framework within which an international co-operative effort could be promoted to higher developing countries of South and South-East Asia to raise their living standards. Since 1951, when the Plan was launched, until the end of June 1961 Britain's actual expenditure for development by way of capital aid and technical assistance together totalled £182.78 million (Rs. 243.7 crores). Outstanding capital and technical aid commitments at the middle of this year on the basis of agreements actually signed was about £84 million (Rs. 102 crores).

Under the Technical Co-operation Scheme training facilities have been provided in Britain for over 4,000 men and women. Of these 1,110 went from India, and cost Britain £0.82 million (Rs. 1.1 crores). In addition, the scheme has also sent to India experts and equipment at a cost of £0.87 million (Rs. 1.16 crores).

Durgapur Steel Works

The Durgapur steel works, with an output of one million tons of ingot steel a year, is an impressive landmark in India's industrial progress and a dramatic example of Indo-British co-operation. A consortium of 13 British engineering companies banded together under the title of ISCON (The Indian Steelworks Construction Company) to carry out the biggest single overseas engineering project ever planned by the United Kingdom. Out of the final cost of about £104 million (Rs. 138.7 crores) sterling expenditure accounts for at least £70 million (Rs. 93.3 crores). To help meet this call on foreign exchange the British Government lent to India £15 million (Rs. 20 crores) and London banking houses have provided a further £11 million (Rs. 15.3 crores).

The contract for the project was signed in October 1956 and such has been the speed of progress that the fourth and final stage of constructing this complex plant is already nearing completion and should have been completed by the time this article is in print.

A plan to expand the capacity of the plant up to 1.6 million tons of ingot steel a year has been approved. The cost of the expansion is estimated at £42 million (Rs. 56 crores) and the British Government is to provide a loan of £20 million (Rs. 26.7 crores) towards the foreign exchange element.

Britain has also provided training facilities for 400 of Durgapur's future supervisory staff and technicians and over 200 of the 358 men selected have finished their training in Britain and are now at work at Durgapur.

Heavy Electrical Plant

Another important project in the public sector built with British collaboration is the heavy electrical plant factory at Bhopal. This factory was opened in November 1960 and will eventually supply the bulk of India's needs for heavy electrical equipment. Associated Electrical Industries Limited of Great Britain, who have been technical consultants for the project since its inception, will continue to work closely with the Government of India in running the factory.

The first step was the construction and equipping of a large training school and workshop, undoubtedly the largest and best equipped in India (and ranking high even by world standards), where some 3,000 artisans and engineers of all grades are now being trained. In addition, other experienced engineers are being sent for extended training courses, some for as long as three years, to the British factories of Associated Electrical Industries.

Target Redoubled

Side by side with this training programme, work has been vigorously pushed on with the construction of the factory. The output target for the factory was originally Rs. 12.5 crores per annum, but this was raised progressively to Rs. 25 crores. This target is expected to be reached by the end of the third Five-year Plan and raised later to Rs. 50 crores, a target which will be reached during the fourth Five-year Plan. The maximum size of generators and transformers planned has also been increased from the original 50,000 kw. to 150,000 kw. in view of the latest assessment of India's needs.

Since independence, Britain's private investment in India has more than doubled itself. It constitutes more than 75 per cent of all foreign private investment. In 1948, British capital invested in India totalled Rs. 206 crores. In 1959, out of the total foreign investment of Rs. 528 crores, United Kingdom invested capital amounted to Rs. 400 crores. This represents an average increase of Rs. 18 crores a year.

Some of the best known names in British industry are now investing in India and the number of such new enterprises and joint ventures continue to increase.

Chemicals

Imperial Chemical Industries Limited have many interests in India and among notable developments was the first commercial explosives plant built in Bihar as a joint enterprise by I.C.I. and the Government of India.

At Rishra, in West Bengal, in May 1960, India's first polythene plant was opened. This project cost Rs. 4 crores, has an annual capacity of 3,500 tons. It was built by an I.C.I. subsidiary, the Alkali and Chemical Corporation of India Limited, is based on alcohol obtained from molasses and will save India Rs. 1.5 crores a year in foreign exchange on imports. The same Corporation is also to build a rubber chemical plant at Rishra.

Road Transport

Instances of Indo-British co-operation in road transport include the motor car manufacturing agreement between Hindustan Motors Limited and the British Motor Corporation, and the agreement between Standard Motor Products of India Limited, Madras, and the Standard Motor Company of Coventry. In addition, Ashok Leyland Limited of Madras are associated with Leyland Motors Limited of Lancashire, in the production of lorry and bus chassis, and have already exported 24 Comet chassis to Ceylon. By early 1962 all the castings for Ashok Leyland Ltd. will be produced by Ennore Foundries Private Ltd., another company in which Leyland Motors Ltd. have a large interest and investment.

Joseph Lucas Ltd. have a large investment in a new company formed to undertake the manufacture of all types of electrical equipment.

Many of the bicycles in use in India carry familiar British names. The "Hercules" bicycle is produced in the Madras factory of T.I. Cycles of India Limited, which is associated with the Tube Investments Limited, and the Hercules Cycle and Motor Cycle Company Limited, both of Birmingham. Since 1952, the "Raleigh" has been manufactured at the Asansol factory of Sen Raleigh Industries Limited, in association with the Raleigh Cycle Company Ltd. of Nottingham. Tube Products of India Ltd. in association with Tube Products Limited, Oldbury, produce steel tubes at their Avadi plant for the cycle industry.

The Enfield Cycle Company Ltd., Redditch through their associates Enfield India Limited are producing motor cycles at a plant in Madras at the rate of 5,000 machines a year.

Dunlops are another well-known British company actively engaged in new projects. In February 1959, their new tyre factory at Ambattur began production of tyres for lorries, buses and bicycles, and they have plans for a collaboration venture with an Indian company to produce truck wheels and rims in Madras.

Electrical Goods

In the electrical field, machinery of various types is being manufactured by A.E.I. Manufacturing Company Private Limited of Calcutta, and Indian subsidiary of Associated Electrical Industries.

The English Electric Company Limited is putting up the whole of the Rs. 40 lakhs for the manufacture of low voltage switch and fuse distribution equipment in Madras.

W. T. Henley's Telegraph Works Company Limited, in co-operation with Henley's Cables (India) Limited, is putting up 60 per cent of the Rs. 1.1 crores capital required for an electric wire and cable factory in Bombay.

The Automatic Telephone and Electric Company (India) Private Ltd. with its factory in Bangalore, was the first major concern of its kind to be set up by the Government of India with foreign collaboration after independence and is generally regarded as one of the most successful examples of Indo-British collaboration.

There is a large-scale project at Durgapur for the manufacture of heavy machinery for cement plant, coal mining equipment, boilers, pressure vessels and similar items. This plant, which is expected to be in production by 1962, is to be established by a new company, A.C.C. Vickers-Babcock Ltd., in which two leading British companies, Vickers Armstrong and Babcock and Wilcox are collaborating with Associated Cement Companies of India (these three firms together holding 98 per cent of the total capital, the remaining 2 per cent invested is held by Indian firms). The British share of the finance to be subscribed in the first three years is likely to amount to over Rs. 2.5 crores.

Consolidated Pneumatic Tool Company Limited has invested Rs. 0.15 crore to manufacture pneumatic tools and air compressors at Mulund, Bombay.

Other Schemes

During 1960 eighty new collaboration schemes with British firms were approved by the Government of India and another 64 were approved during the first half of 1961.

A factory for the manufacture of cold rolled steel strip is to be set up in Bombay. The project has been sponsored by Graham Firth Steel Products (India) Private Ltd., a new company formed by Indian interests in collaboration with Graham Firth Steel Products Limited of Walsall, England. One-third of the capital outlay of the project will be subscribed by the British company and the remainder by the Indian participants. The contribution of the British company will take the form of complete plant, machinery, tools and other equipment and technical advice. The collaboration agreement does not involve any payment of royalty and the new company has the right to use the "Firsteel" trade mark of the parent company. The factory will have a final capacity of 25,000 tons of finished steel strip a year.

Three Scottish firms formed a Rs. 10-lakh syndicate to establish and operate a factory to produce paper-making machinery at Calcutta. The firms are Bertrams Limited, Ernest Scott & Co., and James Bertram and Sons Ltd. A former jute mill was converted for the project and will be in production shortly. Initially a staff of Scottish technicians will train local workers.

A well-known British engineering firm, Head, Wrightson and Company Ltd. of Thornaby-on-Tees, County Durham, which has had close links with India for many years, is forming a new subsidiary with administrative headquarters in Calcutta. It has been announced that the new company will trade under the name of Head, Wrightson India Limited, and will act as contracting company for the supply—as far as possible from Indian sources—of various types of plant to the designs of the parent company.

The Glamorgan (Wales) firm of P. Leiner and Sons—whose factory at Treforest is the largest single British producer of gelatines—is establishing a factory at Nagpur in association with Kapurthala and Northern Indian Tanneries (K.N.I.T.), of Kapurthala. The new company will be known as the Leiner-K.N.I.T. Gelatine Company Limited. The authorised capital of Rs. 50 lakhs will be held jointly by the two companies.

The heavy engineering firm of John Thompson Limited of Wolverhampton, Staffordshire, has entered into an agreement with the Indian Sugar and General Engineering Corporation for the manufacture of some of its major products in India. The agreement provides for erection at the Indian corporation's Punjab works of a new plate shop capable of carrying out welding to class 1 specification.

There is participation to the extent of 70 per cent by Messrs. Fisons Limited of Britain (the principals of Messrs. Bengers Laboratories Limited) in a collaborative venture with Bengers Laboratories (India) Private Limited, covering all aspects of the manufacture and packing of Dextran B.P. and Iron Dextron (Pharmaceuticals).

Horlicks Limited have provided 84 per cent of the Rs. 0.12 crore for a factory for the manufacture of powdered milk at Nabha, Punjab, which was opened on 10th November 1960.

There is a technical collaboration agreement between Twyford Limited (England) and Hindustan Twyfords Limited for the manufacture of sanitaryware and household ceramics.

Isaac Holden and Sons Limited of Bradford are collaborating in the establishment of a woolcombing plant in West Bengal with an annual capacity of 10 million lbs.

Gannon Norton Metal and Diamond Dies Ltd., Bombay—a joint venture of Gannon Dunkerley and Company Ltd., Bombay, and Wire Drawing Dies (Manchester) Ltd.—has been formed to manufacture wire drawing dies of tungsten carbide and diamonds. Wire Drawing Dies is a subsidiary of the British firm Sir James Farmer Norton and Company Ltd. The plant is expected to manufacture dies to the value of about Rs 7,20,000 a year, which would help in saving foreign exchange to the extent of some Rs. 5,30,000 annually.

Bookers, a leading British industrial group, have announced the incorporation of a company in India in partnership with the Sawhney organisation. The company will set up a heavy engineering works to manufacture sugar machinery and industrial process turbines.

Boots Pure Drug Company Ltd. are to undertake the manufacture of insulin in collaboration with an Indian firm.

Among other well-known firms which have recently had schemes approved are the following:—

Molins Machine Co. Ltd. (cigarette and tobacco-making machinery).

Spencer (Melksham) Ltd. (conveyors).

Wild Barfield Electric Furnace Co. Ltd. (furnaces).

Mirlees Watson & Co. Ltd. (sugar machinery).

Holman Brothers Ltd. (air compressors).

Alfred Wiseman & Co. Ltd. (worm reduction gears).

Scott Bader & Co. Ltd. (plasticizers).

Stanton Iron Works Ltd. (C.I. spun pipes etc.).

H.C. Slingsby Ltd. (lifting trucks and spare parts).

Colchester Lathe Company Ltd. (lathes).

Project Constructors Ltd. (potassium chlorate).

Heath, Hicks and Perken (Thermometers) Ltd. (thermometers and glass syringes etc.).

Oil Industry

Work was started in November on what is described as one of the largest pipelines in the world, the 720-mile line from oilfields at Nahorkatiya and Moran, in Assam, to the projected refineries at Nunmati, in central Assam, and Barauni, in Bihar. The pipeline, which is expected to be completed early in 1962, is being laid by Oil India (Private) Ltd. This company, owned jointly by a British firm, the Burmah Oil Company Limited, and the Indian Government, now operates on a fifty-fifty basis following an agreement signed early in June 1961. The cost of the project is estimated at £33.5 million (Rs. 44.6 crores) towards which loans totalling £20 million (Rs. 26.7 crores) have been made by the Burmah Oil Company and a £3 million (Rs. 4 crores) credit has been provided by the British Government.

Stewarts and Lloyds Limited will supply about 31,000 tons of 16-inch pipelines, valued at £1.9 million (Rs. 2.5 crores), for the first stage of construction—the 260-mile link between the Nahorkatiya oilfields and the Nunmati refinery. W. H. Allen Sons & Co. Limited will supply 51 engines (£600,000—Rs. 80 lakhs) for pumping duties in nine stations, and 21 for power generation in seven power stations. The order includes diesel engines, dual-fuel engines (to run on oil or natural gas), and diesel engine-driven generating sets with associated switchgear. A subcontract valued at £60,000 (Rs. 8 lakhs) for control equipment for the seven power stations has been placed with Brookhirst Igranic Limited.

Murphy Radio Company Ltd. will supply £1.2 million (Rs. 1.6 crores) worth of radio equipment to provide the control headquarters of Oil India (Private) Limited in Nunmati, with telemetering facilities, ensuring a constant check on oil flow output along the pipeline. This includes £130,000 (Rs. 17 lakhs) worth of carrier transmission equipment from Electrical Industries Telecommunications Division and control instruments worth £300,000 (Rs. 40 lakhs) from Honeywell Controls Company Ltd.

Third Plan Requirements

The examples instanced of Indo-British co-operation are just a few of the many taking place throughout India, and the range of goods covered is very wide. "Making it together" is a broadly based operation, contributing an important part to India's economic structure in terms of goods, foreign exchange and technical know-how.

The size and scope of India's third Five-year Plan will demand a major effort to raise the resources needed to carry it out. The requirements of foreign exchange will be considerable. Most of this will doubtless come in the form of Government loans or credits, or from other international funds of one kind or another. But there is a limit to such assistance. It is now generally acknowledged that India must also attract an increasing volume of private investment and earn more exchange by export.

Scholarship Schemes

Private investment from overseas means a living, creative relationship between the industries of other countries and India; and there is no doubt that in this partnership for progress and prosperity, British industry will continue to play a leading part. This relationship is further strengthened by the training facilities and scholarships offered to Indian engineers and technologists by several British industrial concerns.

The Federation of British Industries scholarship scheme, which provides for practical training with British engineering firms for graduate engineers from developing countries, has steadily expanded since it began in 1950, and India has been one of the major beneficiaries. This is in addition to over a thousand Indians sent to Britain for training of one sort or another under the Colombo Plan. Leading British firms such as Burmah-Shell, Imperial Chemical Industries, Imperial Tobacco, as well as Lever Brothers, have also sponsored scholarship schemes for providing opportunities for Indians to go to Britain for post-graduate training.

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U.S. INVESTMENTS ABROAD

OIL HEADS THE LIST

WITH U.S. economic recovery under way, direct capital investment abroad by U.S. companies in plant and equipment is rising and for all enterprises—manufacturing, extractive and trading—is expected to exceed $4.5 billion this year, or 20 per cent more than in 1960. This high level of overseas capital spending will be maintained next year, according to the latest survey by the U.S. Department of Commerce. This also shows that the petroleum industry will continue to be by far the biggest U.S. spender abroad among the major industries. Excluding investment in minor trade, distribution and service industries amounting to about $530 million, other capital investment will amount this year to $3,969 million, of which the U.S. oil industry will provide 44.7 per cent, and 45.9 per cent in 1962. And of the $700 million increase this year in capital expenditure on plant and equipment projected abroad by all U.S. manufacturing and extractive industries, $300 million will be by the petroleum industry; next year, it will increase its foreign outlays slightly by a further $18 million, while those of other industries will be $80 million lower.

Capital outlays on fixed assets by the U.S. petroleum industry and abroad are rising again, after three years of decline following the record $2.3 billion in 1957 which was a consequence of the Suez crisis. In 1961, they are expected to reach $1,776 million and in 1962 $1,795 million, as compared with $1,467 million last year. These figures are for direct expenditures on plant and equipment. In addition, the oil companies spend about $400 million a year abroad for exploration and development which is charged against income and not capitalised. As will be seen from Table I on this page, most of the $300 million increase in 1961 expenditures over last year is being made in Europe ($470 million, against $345 million in 1960). Investments in North Africa will also rise from $75 million to $150 million. In Latin America, the stagnation of exploration and development in Venezuela is more than offset by investments in other countries, so that the total is 10 per cent up this year at $379 million. In Canada, this year's investment of $375 million is about the same as last year. The relatively small new investment in the Middle East is a reflection of the very big reserves and productive capacity already developed there.

Cash Flow Increases

The Department of Commerce's survey of investments abroad by the U.S. companies also covers the sources of financing for the actual expenditures on fixed assets. These are shown in Table II and it will be noted that the investment funds available abroad are greater than the amounts shown as actually spent on plant and equipment in particular years. As already mentioned, there is exploration expenditure not included in Table I, while these aggregate figures cover, of course, the varied circumstances of many concerns and there will be time lags in actual equipment. The deriving of data from different sources also accounts for some of the difference. Finance provided from the U.S. by parent oil companies and other sources in the U.S.A. was lower in 1960 than in 1959 and 1958, while the funds obtained from other capital markets were heavily down as compared with 1958. With the heavy investment in recent years, charges for depreciation and depletion amounting to $957 million made a somewhat greater contribution to the cash flow available for direct overseas investment last year than in 1959, and considerably more than in 1958. Of the finance available for the overseas expenditure of U.S. oil companies last year, about 56 per cent came from depreciation and depletion provisions.

Within these overall figures, however, there was considerable regional variation. In Latin America, depreciation charges in 1960 amounted to $350 million (1959: $327 million), about the same as expenditure on fixed assets at $341 million. On the other hand, in Europe, where investment in refineries, pipelines and distribution facilities is rising, the amount required for equipment and property in 1960 was $345 million, considerably exceeding the $145 million yielded by depreciation. External finance had, therefore, to be called on to the extent of $273 million from the U.S. ($150 million in 1959), which was also used to reduce local capital liabilities slightly, there being no net retained earnings available. In Canada, depreciation charges amounted to $207 million in 1960 and funds from the U.S. to $138 million. In the rest of the world, the total flow of funds from the U.S. dropped sharply in 1960 to $19 million from $134 million the previous year and the investment funds obtained outside the U.S. amounted to $144 million compared with $160 million in 1959; depreciation charges, on the other hand, rose to $255 million from $230 million.—*By special arrangement with Petroleum Press Service.*

TABLE I

Trend of U.S. Investments Abroad

(In million dollars)

	1957	1958	1959	1960	1961*	1962*
Petroleum:						
Canada	584	510	380	360	375	365
Latin America	1,039	583	449	341	379	390
Europe	275	422	339	345	470	479
Africa	47	48	74	115	195	228
Middle East	144	189	81	76	108	83
Far East	120	72	91	102	102	113
Oceania	26	36	44	66	65	76
International Shipping	87	15	100	65	82	62
Total	2,322	1,875	1,558	1,467	1,776	1,795
Manufacturing and mining	1,768	1,601	1,584	1,763	2,193	2,113
Grand Total	4,090	3,476	3,142	3,230	3,969	3,907
Percentage for petroleum	56.8	54.3	49.6	45.4	44.7	45.9

* Estimated. *Source:* U.S. Department of Commerce.

TABLE II

Sources of Funds Abroad of U.S. Oil Companies

(Million dollars)

	Income retained abroad	Depreciation and depletion	Funds from the U.S.	Funds obtained abroad	Total
1958	164	880	529	623	2,146
1959	110	914	528	255	1,807
1960	146	987	454	153	1,709

INDUSTRIAL GROWTH IN W. GERMANY LOWER

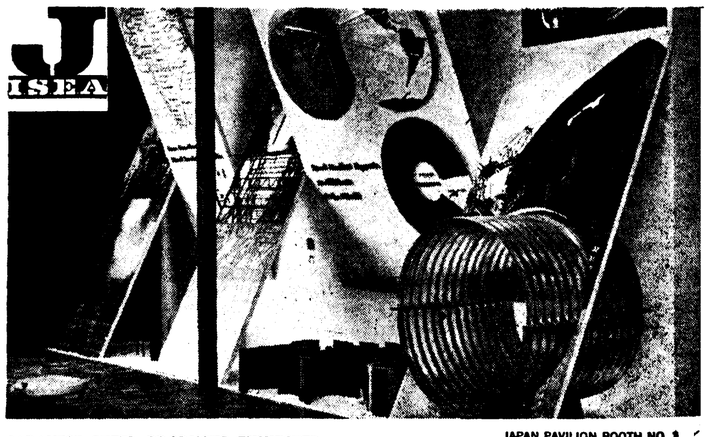
(From A Correspondent)

AN outstanding feature of W. German economic trends in the autumn of this year was the virtual end of the upward trend in industrial production which had reached a high plateau. Economic experts in Bonn expect industrial production to increase by not more than five per cent this year, as compared with an eleven per cent growth in 1960. The latest figures for January to September show production to have been almost 7 per cent above that of the first nine months of 1960. But the levelling off of the growth rate is clearly visible: thus, though the January to June result was 8 per cent above January-June 1960, the increase from August to August was only 4.7 per cent and that from September to September only 0.9 per cent.

Two factors can be taken as principally responsible for this development: the marked increase in imports of finished industrial goods and a careful, if not reluctant inventory policy which the trade is following. To give an example as far as imports are concerned: imports of machine tools into Federal Republic in the first eight months of this year exceeded by about 50 per cent (in weight) those in the same period of 1960. A running down of inventories has been observed, especially in the steel industry. The value of new orders received by this industry in September was 22 per cent below that in September last year.

But there are also factors which at least partly offset the retarding influences: consumer spending is staying at a comparatively high level and continues to be the main factor making for business expansion, although an increasing amount of private demand is satisfied by imports; the other factor is the continuing labour shortage and the resulting need for utmost rationalisation. This need will become all the greater, now that the Communist authorities in the Soviet Zone have taken drastic action to prevent migration of refugees to the west. Nevertheless, the West German industry has been able to in-

(Continued on page 928)



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AMERICAN LETTER

BUSINESS RECOVERY SLOWS DOWN

NEW STEPS TO PUSH UP EXPORTS

From Our Special Correspondent

NEW YORK, *4th November*

THE upgrade in the United States economy has not been as boisterous as Government spokesmen would like the people to believe. In fact, there has been a slowdown in the recovery movement since September. Contributing factors included the automobile wage negotiations which produced a number of short strikes, electioneering for local Government posts for which the voters cast their ballots this month and walkouts in a variety of industries such as the milk delivering teamsters trade union which has now deprived New Yorkers, for example, of milk for more than a week.

Political corruption on the Municipal Government level are complicating this situation, but it did not stop President Kennedy to lend his name and office to come here to help re-elect Mayor Robert Wagner of this city, whose Administration has reeked with scandals for the past eight years besides gross inefficiency and ineffectiveness in major matters.

Government spokesmen do not mention these pitfalls or shortcomings. Instead, they speak of the glorious times ahead, the coming drop in unemployment, the prospective new high in the gross national product and all the other increases in the economy which are being induced by Government spending. The Federal deficit is now projected at between $6,000 and $7,000 million for the current fiscal year. This announcement was followed by a widely publicised White House statement. President Kennedy has just urged economy, and suggested semi-austerity as the way out. Federal Departments should not replace employees who have left. What has not been said is that hiring of new ones goes on rapidly, but only of such people who are imbued with the "New Frontier" philosophy.

World Trade and Investments

Renewed losses in U.S. gold stocks gave emphasis to a new Government-sponsored programme to increase the volume of exports. It is a two-pronged drive. One represents a system of export credit insurance to merchants, and the other is a guarantee against losses to commercial banks and other financial institutions. Both phases will be administered by the Export-Import Bank of Washington.

Export credit insurance will be issued through the Foreign Credit Insurance Association, a voluntary syndicate of 20 large private insurance companies doing casualty, property and marine business. A single policy insures the payment of credit by exporters, short and medium-term, against both commercial and political risks. The commercial portion will be insured jointly by the association and by the Ex-Im Bank. The political risk is underwritten by the Ex-Im Bank alone.

Other insurance companies are being invited to join the association. Commercial credit risks to be covered include insolvencies of buyers and protracted default. Political risks include inconvertibility of a currency into dollars, cancellation or restriction of export or import licences, expropriation, confiscation, war, civil commotion or like disturbances. Commercial banks and insurance brokers will handle the details on behalf of the Ex-Im Bank. Organisational arrangements are expected to be completed before the end of the year. Stiffening competition from other countries in the world markets as well as balance of payment corrections are cited as two prime motivating factors for these moves.

The second phase of the programme is complementary to the first. It consists of a guarantee by the Ex-Im Bank to commercial banks and those financial institutions which undertake non-recourse financing of exports. This programme came into effect on 27th October 1961. The principal feature is a political risk guarantee on that portion of an export transaction in which the commercial bank assumes the credit risk.

But the guarantee is available only if a financial institution does not seek an Ex-Im Bank participation in the transaction. The guarantees apply to export sales where the foreign buyer pays not less than 10 per cent of the invoice value by the time the goods are delivered and the exporter retains 15 per cent of the balance. President Kennedy called the response from private industry "splendid in furthering the national interest in this area."

The fact of the matter, however, is that an export insurance programme has been under discussion for years, but the matter was not pressing since the world was a seller's market for American machinery and goods. The American insurance programme is not too far different from those in other countries, where the scheme has been in operation for years because of the necessity for exports.

While there is considerable private industry co-operation in setting up the programme, just how it will work is another matter. The insurance will, of course, be an inducement for banks to discount exports drafts and many decisions to sell overseas in what otherwise might be borderline cases may be resolved favourably because of the programme. Yet, relatively speaking, the average American merchant has never been as export-minded as, say, his British or German counterpart.

Foreign Trade Convention

The biggest gathering of people interested in foreign trade is always the annual convention of the National Foreign Trade Council. This year's meetings lasted three days. About 2,000 people were in attendance. Like in the national meetings of the American Bankers Association, there is always much jockeying behind the scenes on how the final resolutions should be drafted to outline industry positions in relation to the Government policy and to proposed legislation.

The foreign trade convention, however, is hardly the sounding board responding to the wishes of the average merchant. It is concerned chiefly with the problems of the large operators in the petroleum, steel and finance industries with their extensive stakes overseas, with foreign subsidiaries, with the Common Market and similar trading areas elsewhere, with East-West trade and other international complexities.

The final declaration of the foreign trade convention, just concluded, had a good deal to say about private enterprise. By implication, it was a mild condemnation of the creeping socialism and Government direction which is part of Mr. Kennedy's "New Frontier" philosophy. The declaration also suggested that newly developing countries should try and create conditions which would stimulate free enterprise to grow and flourish. But no details were spelled out.

The convention favoured the extension of the President's authority to negotiate trade agreements which would otherwise expire next June. The main point here is to prevent erection of tariff barriers abroad which would hinder American exports. The final declaration also pleaded for "less onerous" tax treatment of overseas profits that is contained in U.S. Treasury proposals to plug "tax haven loopholes."

(Concluded from next column)

canvassed here in recent weeks, but unfortunately once Britain enters the Common Market, any device which savours of unfair competition will be excluded (G.A.T.T. already excludes the more obvious) and the British exporter may then have to rely solely on straightforward competitive power and on checking to see that his competitors do not get away with any tax advantages which are denied to him! The Federation of British Industries has simplified the export problem as one of expanding our shipments abroad from £10 million a day at present to £11 million a day. But that extra £1 million takes a lot of selling—even when the present handicaps on producing it have been eliminated.

In all this it will still be necessary for both sides of industry to conform to the basis of effective planning, which is decisions on how the nation's productive power should be utilised—which means some control over incomes (wages and profits) and over investment. The need for this sort of discipline has yet to be accepted by all concerned.

LONDON LETTER

MORE ON PLANNING

(From Our Own Correspondent)

LONDON, *3rd November*

MR. Selwyn Lloyd's National Economic Development Council is being generated in a great deal of heat without so far forming much substance.

The two sides of industry are mutually suspicious, the palm for suspicion going to the trade unions. The employers have already shown themselves keen on the Council, though they are not anxious that it should concern itself with profits; the trade unions, after their first formal meeting with the Chancellor, are anxious that the Council shall not turn into a machine for regulating wages and nothing else.

But little has emerged (apart from the friendly advice of bystanders) as to *how* the Council is going to operate and under what policies. At the moment economic policy-making in this country is in the hands of the Treasury and it is to get it into the ostensibly more down-to-earth hands of industry that the Development Council is being formed. But how is policy going to emerge if the employers and the unions are pushing and pulling against each other—and if the Chancellor in the midst of this is to be supported by the same Treasury organisation that thinks primarily in terms of deflating and inflating the economy? At the moment the Chancellor of the Exchequer proposes that policy shall be determined by a Council of twenty drawn from employers, unions and officials. The idea of having a planning body at all was derived by the British Government from the French, and the London *Economist* in a remarkable article has made a study of just how the French machine does work. The first point it notes is that the comparable French council is about three times as large as the British, too large to be effective, and takes no votes. Everyone's interests are taken care of by it, but it is harmless. The real work is done behind the scenes by a planning office of permanent officials—the secretariat, as it were, of the Council. This is the reason for the effectiveness of French planning. Will the British Chancellor be able to comprehend this and can a devoted, imaginative and skilled body of officials be built up and allowed into the saddle? These things are usually managed by stealth and only the Chancellor could bring such arrangements about.

The next point concerns the policy itself. France has never allowed her balance of payments problems or her domestic fiscal difficulties to interfere with her need for capital development. Britain has even greater need for such an approach.

At the moment this country is bedevilled by a policy which must create a recession every time there is a balance of payments difficulty. The problem of the day is how to foster the growth of production without inflation.

In France, according to the *Economist* study, the planning body and the French Finance Ministry agree, the one on technical, the other on financial grounds, on the target rate for long-term expansion. Of course, the technical data are dominant, but in the light of British tradition it would help smooth working if the Development Council and the Treasury saw eye to eye on objectives. Let the Treasury think it is the source of the inspiration and it will co-operate wholeheartedly! But really what will have happened is that a new objective will have been introduced into Government policy—the objective that national production must be increased to hit the target even if there are balance of payments or inflationary problems.

The trade unions would be subjected to a wages pause, or squeeze, as now, as a counter to inflation; the City would have to swallow high interest rates if sterling had to be defended; but there would be no credit squeeze (though credit would cost more) and investment and expansion would be encouraged to hit the production target. If such a new approach could be made, then the Development Council (or rather its Secretariat) would have justified its existence and liberated the British economy from the dead hand of restriction which has hitherto been the Government's only weapon against inflation. Without such a policy, real national income per head in the U.K. will, within a decade, fall below that a Germany and France.

The need for expanding exports is the second major issue the Council will have to face. Various incentive devices have been

(Continued in previous column)

MR. WANKHEDE'S THREAT TO BANKS

IRRITATION OVER POOR RESPONSE TO NEW STATE LOANS THE CAUSE

By "Kuber"

THE Indian Communists have been talking about the nationalisation of Indian banks for quite a long time now. But, ordinarily, in banking circles at any rate, no one takes any serious note of it. We have become, more or less, used to hearing that sort of things from them. However, when a responsible minister, particularly the Finance Minister of a State like Maharashtra, belonging to the present ruling party sings the same tune, it is entirely a different matter. One has to sit up and take notice of his statement. According to a recent report from Nagpur, Mr. S. K. Wankhede, Maharashtra's Finance Minister, has publicly stated that nationalisation of banking cannot be avoided in the context of present conditions. Since quite a few days have gone by without any denial, one can safely assume that this report is true and correct. It is not known whether this statement forms part of his obiter dicta, in which politicians are in the habit of indulging, or whether it represents his well-thought-out views; if it is the former, it need not concern the bankers very much. If, on the other hand, it is the latter, the bankers cannot afford to take it lightly; they have to do something about it, as, otherwise, their case, which is a very good one, is likely to go by default.

The pity, nay, the irony, if I may say so, of it is that bankers are being hanged on an issue for which they can hardly be blamed. Let us see what has been the provocation for Maharashtra's Finance Minister to make such a statement at all. According to the report, the provocation is that the bankers do not seem to have co-operated sufficiently, apparently with the Maharashtra Government, in the recent flotation of loans. Whatever the reasons may be, this year's poor response to State loans, which has been construed by the Maharashtra Finance Minister as non-co-operation on the part of the banks, is apparently not to his liking. And he seems to be upset about it. According to the report from Nagpur, the Minister has not cared to give any details as to facts and figures to support his conclusion. The solution put forward by the Minister and the reasoning behind it are simple; the banks must be nationalised, because they cannot get away with the misbehaviour on their part of not going all out to support the Maharashtra Government in its loan programme—never mind the economic and financial conditions of the banks or of the country. The fact that there may be something wrong with the very basis and the terms of loan does not seem to have bothered him at all nor is he very much bothered about the very elementary principles of economics that, in every economy, it is all a matter of price; at a particular price—in this respect, the rate of return on securities—people will refuse to buy these securities, whereas, at a higher rate of interest, they will be only too glad to take up the whole lot and ask for more.

Realities Ignored

Mr. Wankhede appears to be blissfully unaware of the implications of his statement in the context of the present-day banking conditions in India and abroad. Banking conditions in India are simple enough. The Indian banks, as on 13th October 1961, have invested Rs. 611 crores in Government securities, a figure which works out to nearly 32 per cent of their deposits, besides maintaining cash balances with the Reserve Bank, other banks, including money at call and short notice about Rs. 200 crores, the ratio being about 9 per cent. The rest, amounting to Rs. 1,234 crores, is invested by the banks in loans and advances to trade and industry. From these statistics, two main conclusions emerge: one is that they cannot invest any more in Government securities, except at the expense of financing trade and industry; if it does, it will affect very badly the future of our third Plan. Secondly, the bankers cannot ignore the basic economic and banking principles. On term deposits, they are paying anything more than 4 per cent. On call loan, even in the slack season they are paying 5 per cent. On the bulk of short-term loans from the Reserve Bank, the banks have had to pay, in the recent past, and will have to pay again in the coming months, 6 per cent. Why should the banks invest in Government securities, giving them hardly 3 to 4 per cent? The wonder of it is that they have invested as much as they have done under these conditions. And that is so because they are compelled by the law to maintain a certain level of liquidity; in other words, it is forced upon them.

What about the other countries? In Britain, according to the recent Bulletin of the Bank of England, the return on Government securities—short, medium and long—varies between 6½ and 6¾ per cent per annum. The British Government also is faced with the problem similar to the Indian Government of raising funds by public subscriptions to their loans. And yet the return on the British securities is at least 2½ per cent higher than the return on Indian securities. People will argue that the British case is entirely different. Quite so. But the difference, if anything, is against us and our return should be still higher. England is a highly developed country, where people naturally save very much more and, therefore, there are more savings to be had. India is an underdeveloped country, which, if it means anything at all, implies comparatively less savings and capital.

Fundamental Difference

Let us take another, the American, example. According to the recent trends in America, with the help of the Federal Reserve Bank, the Government is consciously bringing about a fall in the long-term rates by 'nudging' the market in the Government loans. But there is a fundamental difference and it is that, firstly, the U.S. has got resources to pursue such a policy and, secondly, it has reduced all the rates on long-term lending and borrowing by manipulating the Government securities market, the benefit of which is enjoyed by the entire business world. The object is to reduce the long-term interest rates not merely for the benefit of the public sector, as is being done in India, but in the interest of boosting up industrial development and housing construction, all in the private sector. The manipulation of the return on Government securities is not an end in itself as it appears to be in India—but merely a means to an end, namely, the development of trade and industry. To put it more precisely, keeping the return on securities at a low level is an end in India, whereas it is merely a means in America.

Leaving aside the above theoretical basis of difference in England and America, the fact remains that the British banks are able to get about 40 per cent more on their investments in Government securities than the Indian banks do. In other words, on the basis of a difference of 2½ per cent in yield, on an investment of Rs. 600 crores, the Indian banks are losing about Rs. 15 crores annually and yet the Maharashtra Finance Minister threatens the Indian banks with nationalisation for alleged non-co-operation on this issue.

Banks are Not Free from Blame

For this state of affairs, the Indian banks themselves are to be blamed. For a long time, they have been taking all sorts of allegations and accusations lying down and there seems to be no public opinion against this sort of things in India. In England, the British banks would have raised a hell of a storm on this very vital fact affecting their income and future. The Indian banks by now should have brought out several publications pointing out the great injustice that is being meted out to them by the policy of the Reserve Bank and the Government. They have done nothing of the sort. Past speeches of the Chairman of the Indian Bank Association have been singularly silent on these vital issues. Till today, the Indian bankers have not cared to appreciate the value of moulding public opinion through proper public relations work. But the majority of them have been votaries of cheap money policy. Left to them, they would prefer to pay nothing on deposits and charge low rates of interest on loans and advances to industry. Strange as it may seem, they seem to have more regard for borrowers than for depositors. This attitude is fully reflected in the inter-bank agreement on deposit rates. With this sort of attitude, how can they try to mould public opinion in their favour successfully?

The Reserve Bank, too, is equally to be blamed, because it is a party to the present monetary policy by which the return on Government securities is pegged at an unremunerative level. It is also a party to the inter-bank agreement which is a piece of restrictive practice. The Reserve Bank's stand, if it can be called that at all, is that any rise in the return on Government securities will raise the Government's debt service charges which India can ill-afford. Quite so, but why penalise one section of the community—the banks and through them the public who have invested in bank shares or investors who would wish to maintain more of their savings in the banks but which they are unable to do, because the banks are not able to offer them sufficiently remunerative returns on their deposits.

Incidentally, the banks are able to make good the loss by overextending their loans. A section of the public is able to protect itself by taking its savings to the unorganised sector where they get better returns than what the banks are willing to offer. So, the net result of the present monetary policy is nothing else than cutting one's nose to spite one's face. The banks in future will find it increasingly difficult to attract sufficient savings from the people to play their legitimate part in the third Plan. The Government will have to bell the cat and find the necessary finance to make up for the shortfall in the banks' resources.

Vigilance Needed

To return to the Maharashtra Finance Minister's statement. Enough has been said in the foregoing paragraphs to show that his threat was unwarranted and irresponsible. The Indian banks are at present suffering from many defects and, perhaps, a more convincing case for nationalising them can be made out, if one wants to. But, surely, not the way the Maharashtra Finance Minister has done. If anything, he has strengthened the case against nationalisation. But the remedy for the defects in Indian banking, I must hasten to add, is not nationalisation but the elimination of the basic causes. In any case, it is up to the Indian banks to make a suitable representation to the Reserve Bank and the State Government against the statement made by Mr. Wankhede. I am sure that his view is not the view of either the Union Government or of the Union Finance Minister. The Government of India has categorically stated on more than one occasion that it would not nationalise banks. All the same, there is need for vigilance on the part of Indian banks in this matter.

WORLD BANK'S RESERVES RISE

The financial statement of the International Bank for Reconstruction and Development (World Bank) for the three months ended 30th September 1961 shows that the Bank's reserves have risen by $24.2 million to $626 million, as against the quarterly average of $23.7 million for the previous financial year. Of this rise, net earnings alone accounted for $16.8 million, the balance being loan commissions. The gross income for the quarter under review, exclusive of loan commissions, amounted to $44.2 million, as against which expenses amounted to $27.4 million, including $23.5 million by way of interest on the Bank's funded debt.

The Bank made eight new loans of the aggregate value of $160.5 million during the quarter, raising the total number of loans to 300 and the gross total of Bank's commitments to $5,951 million. India received two loans. The other recipients were Colombia, Costa Rica, Finland, Israel, Philippines, Trinidad and Tobago.

The outstanding funded debt increased by $83.2 million to $2,311.7 million, as at 30th September 1961. The gross borrowings rose by $186.5 million, consisting of an Italian lire public bond issue equivalent to $24 million, the private placement of $100 million of U.S. dollar bonds and the credit of DM 250 million (equivalent to $62.5 million). Repayments amounted $103.3 million on account of the maturing $100 million of bonds and $3.3 million cancellations through purchases of the Bank's obligations from the sinking fund.

During the quarter under review, Laos, New Zealand and Nepal became members of the Bank and the Dominican Republic was readmitted. As a result, the subscribed capital rose by $185.8 million to $20,278.8 million.

STANDARD BANK OF SOUTH AFRICA

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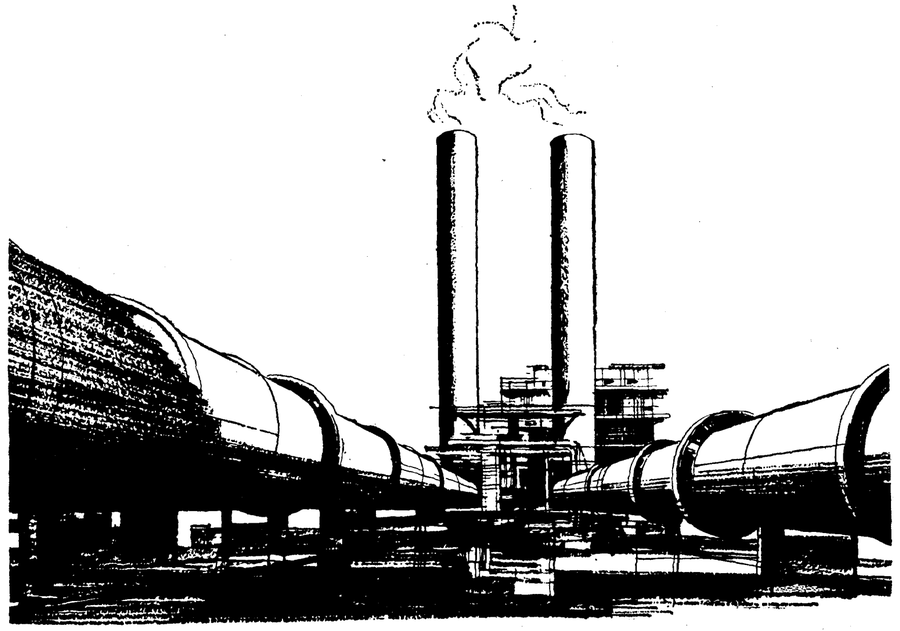
Only a few weeks ago, the Netherlands Bank of South Africa increased its capital in order to enable South Africans to participate in its capital.

Several companies with South Africa to their name, having operations outside South Africa, have begun seriously to think of dropping the word South Africa. Already, Gold Fields of South Africa has hived off its overseas interests. Amalgamated Packaging has recently formed a Canadian subsidiary to take over its former South African interests, and many products made and exported from South Africa carefully expunge any indication of being "made in South Africa."



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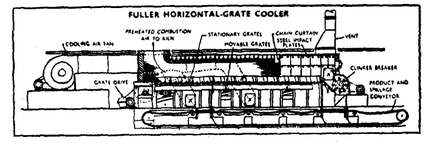

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PROSPECTS FOR EXPORT OF COTTON TEXTILES FROM BRITAIN GLOOMY

RENEWED PLEA TO CUT IMPORTS

From Our Special Correspondent

MANCHESTER, 31*st October*

WHATEVER the general views of traders in Lancashire about prospects—and these differ quite remarkably at times—there is one topic on which virtual unanimity prevails. On the outlook for exports, practically every observer is convinced that Britain's share of the overseas market in cotton textiles will shrink still further, although there is no general agreement on how far the drift will continue.

MANCHESTER LETTER

Quite apart from the persistent inroads made by foreign competitors on the home market, shippers of Lancashire-made cloth would be facing a fough proposition in any case. Many of the markets to which they once sent millions of yards have now put up the barriers to such an extent that the available business has completely disappeared—and this includes several countries which are only too glad to avail themselves of duty-free entry into Britain. Quotas and higher duties complete the picture, which involves so remarkable a transition from even 25 years ago, when Lancashire was able to despatch more than 2,000 million yards of cotton cloth abroad annually.

Variations in Overseas Trade

The latest figures extracted from the Cotton Board's recently published statistical review illustrate the variation which has occurred in the overseas trade secured by the major world exporters during the first half of this year and the corresponding period in 1960. The returns are incomplete in some instances but have been adjusted in line with the latest information:

(In million yards)

	1st half 1961			1st half 1960		
	Cotton	Rayon	Total	Cotton	Rayon	Total
U.K. ..	154.7	25.73	180.43	171.82	29.00	200.82
U.S. ..	280.43	70.69	360.12*	233.32	80.72	314.04
India ..	319.76	18.94	338.70†	367.92	21.67	389.59
Japan ..	662.06	495.05	1,157.11	601.51	472.16	1,073.67
Hong Kong.	164.21	15.78	179.99*	140.26	15.31	155.57
W. Germany	159.58	99.82	259.40†	148.83	105.68	254.51
Italy ..	97.78	49.65	107.43*	57.46	94.67	152.13
France ..	266.86	62.54	329.40†	275.66	73.69	349.35
Belgium ..	64.98	35.43	100.41*	137.74	47.12	184.86
Holland ..	158.60	47.13	205.73	171.81	41.49	213.30
Switzerland.	29.19	15.64	44.83	34.55	11.85	46.40
Portugal ..	62.80	0.98	63.78	87.08	1.49	80.17
Spain ..	84.14	8.32	92.46†	91.91	13.73	105.64

Adjusted in line with returns for *five months, †three months.

Two aspects stand out. Japan has gained further ground and Lancashire has fallen behind to a greater extent. Shipments of Japanese cloth increased by some 80 million yards, mainly as a result of larger exports to Indonesia and the Netherlands.

Britain's situation as an exporter of cotton goods, on the other hand, has become even more precarious. Long since passed by Japan, India and the United States by *volume of shipments*, the French mills exceeded Lancashire's export totals last year for the first time. Now, on the basis of current returns, Holland is already ahead and Hong Kong and Germany may well have passed the United Kingdom total if their rate of shipments in the early months of the year has been maintained.

On the assumption that Britain will sooner or later join the Common Market countries in a European federation, however, there is some ground for moderate optimism. Several of the Continental textile industries have been busily engaged in exchanging their goods and it is noticeable that exports within Europe seem to have shown a marked expansion in the past few years. Lancashire should be able to join in this enterprise if suitable arrangements can be made to safeguard her home market from subsidised imports and the Continental countries do not join together in refusing to accept supplies from Britain, contending that this represents low-cost arrivals from Commonwealth areas.

Cut Imports Plea

Another Lancashire textile chief has taken up the demand that the Government must come to the aid of the industry.

Mr. Roger M. Lee, Chairman of Calico Printers' Association, told the annual meeting in Manchester: "The time has surely come when the Government will have to take some action to curb imports of finished goods if the Lancashire textile trade is to continue in anything like its present form."

Switching from the flood of imports to Lancashire's own declining exports, Mr. Lee said: "One would like to see the Government give some practical help rather than exhortations to industry for increased exports."

Fuel tax increases, announced by the Government early this year, would add nearly £200,000 to C.P.A. costs in a full year. "This is no way of helping us to compete against the foreign printers," said Mr. Lee.

Textile Finishing Conference

Some of the latest technical advances in the field of mechanical finishing of textiles were outlined at a one-day conference of the Finishing Group of the Textile Institute in Manchester.

Members of the textile finishing industry were told by Professor C. S. Whewell, of Leeds University, that progress was being made and an increasing amount of information was now being produced on the qualitative aspects of mechanical finishing.

Mechanical finishing of textile fabrics was almost as old as cloth making itself but it was only comparatively recently that serious attention had been given to the qualitative aspects of the subject and to the fundamental principles underlying the many operations which had been developed on a trial-and-error basis.

He added that in the past, success in applying finishes depended almost entirely on the skill of the operative. "Indeed, even today it is ungenerous and unrealistic to minimise the part played by a skilled craftsman in obtaining commercially acceptable results. Under present-day conditions, however, it is essential to combine the highest degree of personal craftsmanship with the best and most controllable machines available and to supplement this with a sound understanding of the principles involved in each process. Only in this way will the best results be obtained and progress maintained."

Textile Trade Mission

A Lancashire textile mission, composed of three representatives of millowners on the manufacturing side of the industry and three representatives of the weaving trade unions, are to visit Holland and Germany to study trends in the cotton and man-made weaving industries in the two countries.

The mission will be led by Mr. H. K. Cockcroft, Director of John Cockcroft and Sons, of Todmorden.

The team will spend five days in Holland, visiting mills in the Enschede area and a week in Frankfurt, visiting German mills. They will also consult employers and trade union officials.

Among the wide range of mill activities they will study management techniques, relations between management and workers, the types of machinery in use and the hours and conditions of work.—*All Rights Reserved.*

CHINESE COMPETITION IN TEXTILES

Cotton textile deliveries at cut-throat prices, coming from Communist China, are once again cutting into traditional Japanese markets, according to reports from Osaka. Red China has recently stepped up its export drive selling cotton yarn and cotton fabrics alike at prices from 10 to 30 per cent lower than similar products manufactured in Japan. As one result, some 7,000 bales of yarn destinated for Indonesia and Burma are said to be lying unshipped in Japanese port warehouses. In addition to low prices, Communist China is reported to be making prompt delivery and is now also turning out quality textile goods by no means inferior to goods manufactured in Japan.

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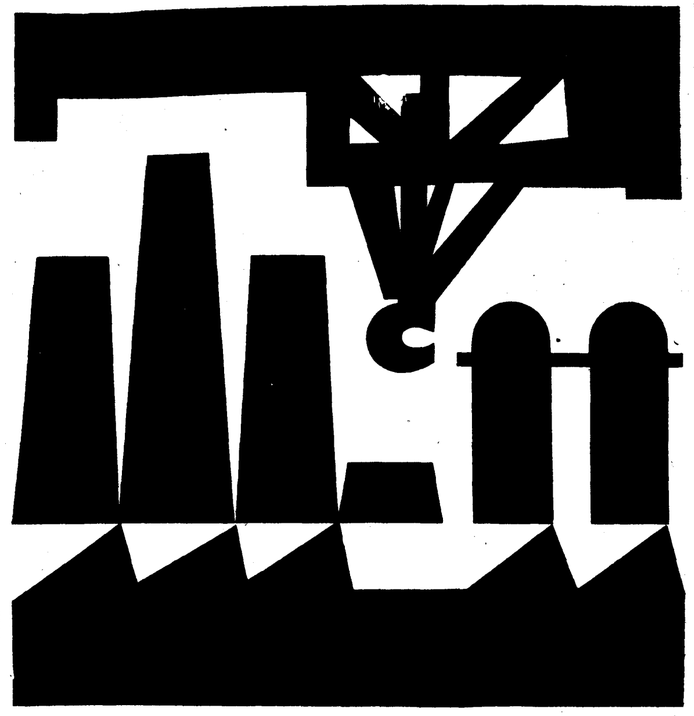

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INTERNATIONAL TEXTILE TALKS

LANCASHIRE FIRM ON ITS STAND

THE statement made by Lala Bharat Ram, Chairman of the Indian Cotton Mills' Federation, at a meeting of the Committee of the Federation held at Bombay on the 1st inst., on the textile talks that took place recently in Geneva and Washington, do not throw any fresh light, over and above the reports that have already appeared in the Press, on what transpired at these conferences. It is, however, clear from Lala Bharat Ram's statement that the proposed long-term agreement regarding imports of textiles, for working out the details of which a technical sub-committee has been appointed by the G.A.T.T., will cover a period of three to five years. It was felt by the participants at the talks, observed Mr. Bharat Ram, that the issue called for a detailed examination of various factors such as the production and consumption of textiles by the importing countries and their absorptive capacity in regard to imported goods. While indicating the terms of the liberalisation formula, the sub-committee has been requested to bear in mind such factors as automatic increase in the size of quotas, the proportion of imports in relation to domestic production and consumption in the importing countries and the existing arrangements whereby importing countries were already affording to exporting countries a comparatively high share of the total supply on their markets, while at the same time maintaining some check on such imports. The aim of such detailed investigation, said Mr. Bharat Ram, was to devise a scheme that would avoid what was called "disruption" in the domestic markets of importing countries. The sub-committee has also been requested to consider whether the proposed long-term agreement should contain provision relating to certain specified categories of textiles and, if so, how many such categories should be included. During the discussions at these meetings, according to Mr. Bharat Ram, suggestions were made for the incorporation of mutually acceptable bilateral agreements in the long-term arrangement. The sub-committee, he further disclosed, has been asked to suggest ways and means for ensuring that the terms of the agreement were not circumvented by the non-participating countries.

	Face value of shares	Trading profit (in '000 £)		Dividend (ordy.) (percentage)	
		Latest	Previous	Latest	Previous
Combined Engineering Mills	£1	806	119	6	2½
Fine Spinners and Doublers	£1	2,682	1,822	15	12½
Lancashire Cotton	£1	3,809	1,680	25	17½
English Sewing Cotton	£1	3,710	3,415	12½	12½
Joshua Hoyle	2s.	732	15	5	—
David Whitehead	1s.	955	605	27½	25
Bleachers' Association	10s.	1,780	1,674	17½	15
Bradford Dyers	£1	766	499	6	3
Calico Printers	5s.	3,351	3,577	21½	20*

* Adjusted for scrip issue. Source: *The Economist*, London.

Lala Bharat Ram also disclosed that from discussions which the Indian delegation had with the officials of the U.S. Government and representatives of the U.S. textile industry at Washington, there emerged the common view that the two countries should strive for affording a greater access to Indian textiles in the world market. This was embodied in a joint communique which gave expression to the general principle that the developing countries should be given wide opportunities for sending out their exportable goods in greater quantities as a means of expanding and developing their economies. It is gratifying to note a further confirmation of this view by Mr. George Ball, U.S. Under Secretary of State for Foreign Affairs. In his address at the National Foreign Trade Convention, Mr. Ball reiterated that the U.S. is committed to foster open competitive trading system throughout the free world. Exhorting businessmen, who expressed fears of foreign goods invading and flooding the U.S. markets, to throw away their defeatism and pessimism and face up to the challenge of competition, Mr. Ball said that a free trading system, apart from curbing inflationary forces in the domestic economy, also served to put a perpetual pressure on domestic industries to continuously increase their efficiency.

While the American attitude, at least the official one, to imports from developing countries is more helpful, a renewed plea to cut imports into Britain has again been made by prominent textile magnate in Lancashire. (For details see page 906 of this issue). The curious thing is that, in spite of the persistent cry of wolf by Lancashire millowners, the latest trading profits and dividends of cotton goods manufacturers have been better than in the previous year, as will be seen from the table in column 1.

BHARAT CHAMBER ON TEXTILE PROBLEMS

In a memorandum submitted to the Tariff Commission in connection with the inquiry on yarn and cloth prices, the Bharat Chamber of Commerce, Calcutta, has pointed out that the crisis in respect of cotton textiles is a crisis of inadequacy, both quantitative and qualitative, and that the present price is inter-linked with it. By comparing the percentages of average production of cloth in 1946-48 and 1958-60, as also in 1955 and 1960, to total production, which indicates the changes in the relative position of different qualities of cloth, the Chamber has argued that increased and diversified production is the only solution to the problems of price and distribution. It has suggested that both from the point of view of catering to the changing tastes of the domestic consumer and that of earning more foreign exchange through higher exports, the industry should be given facilities to undertake production of larger volume of finer cloth.

Tracing the origin of the crisis, the Chamber has pointed out that the effect of the steep increase in excise duty in 1956 was that the relative production of coarse qualities increased till almost a critical level of stocks was reached in the middle of 1957. The basic imbalance that was sought to be rectified by adjustment in excise duties after 1957 was not removed but was rather aggravated and still continues to be the basic problem of the industry and trade.

The level and pattern of excise duty, according to the Chamber, have significantly affected the pattern of production and also the price. To correct this basic malaise, it has suggested that the basis of duties should be reverted to *ad valorem* and that break-up figures of stocks should be regularly compiled, analysed and published by the Textile Commission's Office.

The Chamber is strongly of the view that price stamping or price fixation is no solution to the basic problem of establishing internal adequacy at reasonable price levels. Increased production of such varieties as are in demand, is the only solution, the Chamber avers.

Referring to distribution, the Chamber points out that the present system of distribution, though somewhat disturbed in recent years, ensures regular supply of yarn and cloth to the ultimate consumer at fair prices.

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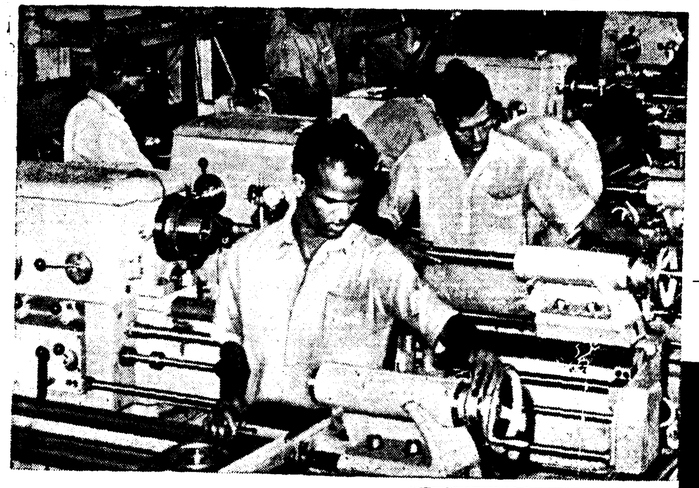

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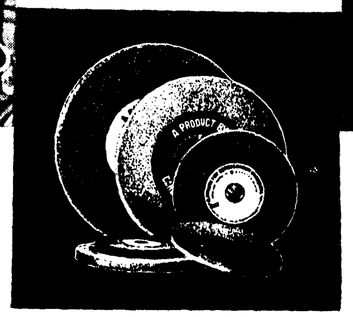

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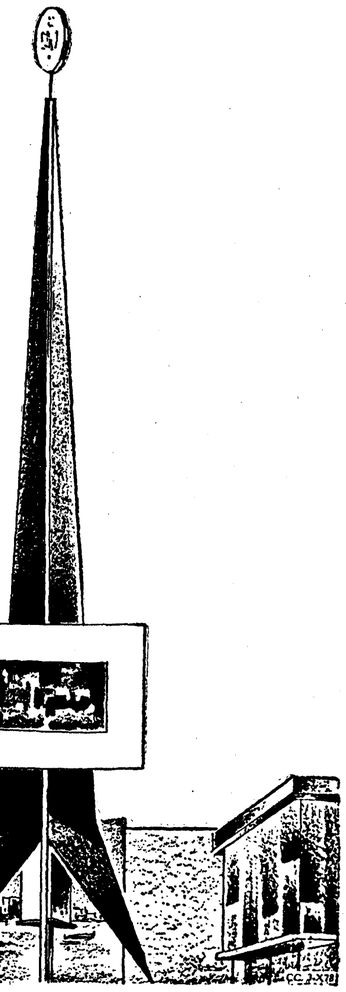

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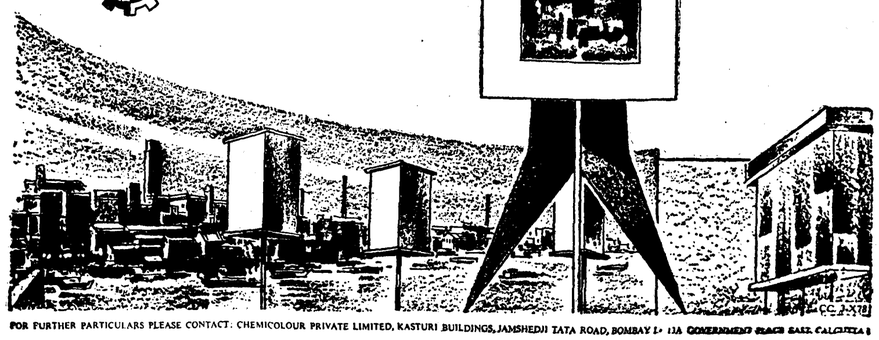

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IMPORTANCE OF MANAGEMENT TRAINING IN INDIA'S ECONOMIC DEVELOPMENT

INDIGENOUS NEEDS MUST BE BORNE IN MIND

By Prof. Norman C. Hunt
UNIVERSITY OF EDINBURGH

THE opening of the Indian Industries Fair this month will serve to draw the attention of the world to the magnificent efforts which are being made to industrialise in a few decades an economy of 430,000,000 people which has been predominantly agrarian for centuries. What has taken 200 years to accomplish in the West is being attempted in a tenth of that time in the East. The problems involved in such a programme are, and must inevitably be, vast and complex and the needs are great. It is not surprising in this situation that great stress has been placed upon the need for additional financial and technical resources to be found both from within the sub-continent and also from friendly countries overseas, for without this, industrialisation would be virtually impossible.

Serious Danger

Nevertheless, there is a serious danger involved in thinking of industrialisation solely in technical terms—buildings, machinery, technical knowledge and the rest—rather than in dynamic terms, taking into account the importance of enlightened, progressive, expansionist-minded management. Most of the external assistance which has been given to India has been of this financial and technical kind, whereas it is arguable that India's greatest need is for trained manpower, particularly in the managerial skills which alone can turn to good account whatever economic resources may be available. Mr. Nehru recognised this when he said some time ago, "The danger is that we may have to slacken our pace for lack of trained personnel. We have manpower enough and sometimes manpower can take the place even of capital, but, without trained manpower, we cannot go far. We have, therefore, in our planning, to think ahead and train an adequate number of persons for all branches of national activity."

Britain, like most other industrialised countries, has become increasingly aware in the post-World War II years of the critical importance of efficient management in the process of economic development. One of the Anglo-American productivity teams spoke of management as the "group whose actions can be decisive in bringing about the desired increase in prosperity." If this is true of the already advanced industrialised countries like Britain and America, how much more important must it be for India, a country which is attempting so much, so quickly, with relatively so few resources.

Among the many ways in which the great importance of efficient management has been recognised in Britain has been by the rapid development of facilities for management research and training, and there is little doubt that India could profit from some of the lessons which have been learned during the course of this development. This is, in fact, an area in which Indo-British collaboration could be particularly valuable because of the long historical connection between the two countries, with its resultant considerable similarities of economic, social and political institutions.

Management Training

One of the greatest difficulties to be encountered in the development of British management training has been the traditional view that managers are born and not made. Few of the older generation of senior managers have had any formal management training and many of them still argue that management is an art which can only be learned by experience. However, this view is rapidly changing and there is increasing recognition of the part which training can play in the development of managerial skills. This same difficulty exists in India where there is considerable mistrust if not contempt on the part of many senior industrialists for the management training at present being offered.

In Britain, this prejudice is rapidly breaking down as business men and academics come closer together in active participation in research and training programmes. Such working together is promoting mutual confidence and removing barriers of misunderstanding. In India, the gulf between the academician and the industrialist seems to be even wider than it has traditionally been in Britain and it simply must be bridged if progress is to be made.

Collaborative research and training programmes could do much to accomplish this; moreover, the emphasis should be upon the tackling of real and indigenous management problems rather than upon the reproduction of British or American management theory of the conventional text-book type which would merely be regarded by the successful Indian industrialist as irrelevant nonsense on which the practical, hard-headed business man need spend neither time nor money.

Closer Relationship

British experience has shown clearly that, if management training is to be effective, the really top people in industry must be involved in and committed to it. The British Institute of Management and the Institute of Directors have both done useful work in encouraging this involvement and comparable developments in India might have a similar salutary effect. A much closer relationship between the Indian and British associations working in the management field could do a great deal to promote such a development and create a climate of opinion among influential Indian leaders favourable to management training and research.

As far as management courses are concerned, the emphasis in Britain is shifting away from long courses for young people with little or no experience in management towards shorter, more intensive, often residential courses for experienced managers. Such courses are now provided by the Universities of Oxford, Cambridge, Edinburgh, St. Andrews, Leeds and Durham and also by several of the larger colleges of advanced technology and the consulting firms. They have proved to be highly acceptable to industrial firms requiring facilities for senior management training and are almost invariably over-subscribed for the limited number of places available.

Many Indian business men are critical of the courses in commerce and management which are at present available in Indian universities and it may well be that short, residential courses planned in conjunction with interested and influential industrialists would be much more acceptable to the business community.

Great Stimulus

By holding these courses during vacations, additional buildings would not be required, nor would it be necessary to set up elaborate and costly new management training institutions. The difficulty of staffing would be minimised as more use could be made of outstanding practitioners and teachers drawn from academic disciplines such as economics, psychology and sociology.

In many Indian universities, there are first-class teachers in these departments and they do not have to be specialists in management theory to make a valuable contribution to management courses. Moreover, British experience has shown that such people find participation in these residential courses a great stimulus to their own teaching and research. There is general agreement that much more is accomplished in management training by residential courses than by long drawn out evening programmes.

Another important shift of emphasis in Britain has been away from the proliferation of management courses towards a greater concentration of effort on management research. This is merely a somewhat belated recognition of the fact that much of what is written and taught about management—in America and Europe as well as Asia—is dogmatic, opinionative and even mythological. The status of management training will remain low until it is based upon a solid foundation of good, scholarly research.

In Britain, considerable progress has been made in this regard in recent years and an increasing number of able young social scientists—psychologists and sociologists as well as economists—are finding a challenging area of research in the field of management. Here is a further opportunity for Indo-British collaboration, in the long run perhaps the most important opportunity of all, in that the future of Indian management as well as of management training depends largely upon the development of indigenous management patterns and techniques rather than the adoption of American or European practices.

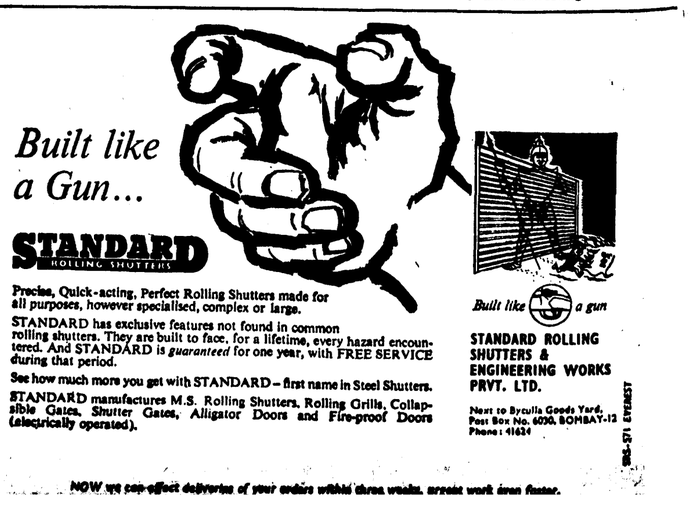
Work Study Techniques

On the operational rather than the academic level, great progress has been made in Britain in recent times in the application of work-study techniques. There is considerable scope for raising Indian standards of productivity by the application of simple work-study methods which do not require costly capital equipment. The basic skills are fairly easily taught and already quite a number of Indians have been trained in Britain in work-study methods, notably in the well-known firm of Imperial Chemical Industries. This is an example of Indo-British collaboration which might well be extended.

Another opportunity for collaboration exists in the exchange of management information. The several British management institutions produce periodicals, broadsheets and reports which would be relevant to the Indian situation and these might well be made available through such agencies as the Indian management associations or the productivity bodies.

Many other opportunities for co-operation between the two countries spring readily to mind. The case for grasping them depends not simply upon sentiment or historical association but upon the mutual needs of the two societies. It is upon this kind of relationship that the "ties of friendship," of which President Rajendra Prasad spoke when he welcomed Queen Elizabeth II early this year, are most likely to become lasting and effective.

The best means of ensuring good industrial relations are being considered by Mr. Rafiuddin Amir Shaikh, Deputy Commissioner of Labour, Maharashtra State, during a six-month visit to Britain arranged under the Technical Co-operation Scheme of the Colombo Plan. Mr. Shaikh said in an interview that he was impressed by the remarkable volume of industrial relations work carried out on a voluntary basis in Britain by the Industrial Welfare Society, the Institute of Personnel Management, and the British Productivity Council. The trade unions and the employers themselves did a great deal in this field, especially with their training programmes. He was particularly impressed with the methods of instruction at the Industrial Welfare Society, and the way in which the subject was made "so lively and interesting."



MODI SPINNING AND WEAVING MILLS COMPANY LIMITED

CHAIRMAN, RAI BAHADUR SETH GUJAR MAL MODI, STRESSES IMPORTANCE OF SYNTHETIC FIBRES

PLEA FOR EXPANSION OF TIMBER RESOURCES

THE need for developing India's forest resources, particularly timber, which are essential for the manufacture of synthetic textile fibres, was emphasised by Rai Bahadur Seth Gujar Mal Modi, Chairman of Messrs. Modi Spinning and Weaving Mills Company Ltd., in his address at the Fifteenth Annual General Meeting of the Company held at Modinagar on 31st October 1961. He observed that five acres of forests could give a ton of synthetic yarn per annum, whereas, in order to raise one ton of raw cotton, eleven acres of land would be required. He suggested that, since India was already short of cereals, cultivable land could be conserved by encouraging forestry and, in particular, the growth of pine trees for producing synthetic fibres. On the question of expansion of the Company, the Chairman disclosed that it was proposed to set up shortly a Rs. 10-crore synthetic fibre producing plant.

The following is the full text of the Chairman's speech:

"LADIES AND GENTLEMEN,

"It is a matter of great pleasure for me to welcome you to this fifteenth annual general meeting of the shareholders of the Company. The Directors' report and the audited accounts have been with you for some time now and, with your permission, I shall take them as read.

Better Results

"I have to report with immense pleasure that the results of the Company for the year ended 30th April 1961, have enabled your Board to recommend 17 per cent dividend (inclusive of 8 per cent interim dividend already paid), subject to tax. This compares most favourably with last year's results as only 13 per cent dividend, subject to tax, was declared. It is gratifying to note when we compare the results of production, earnings and turnover of the Company for this year with that of last year. The production during the year is worth Rs. 654.21 lakhs, as against last year's production of Rs. 543.96 lakhs, showing an increase of about 20 per cent. Similarly, the sales have also increased to the extent of Rs. 647.12 lakhs, as against the last year's figures of Rs. 561.09 lakhs, showing an increase of 11.4 per cent. The net revenue earnings have also increased from Rs. 584.39 lakhs to Rs. 651.35 lakhs this year, and the net surplus has increased from Rs. 16.01 to Rs. 21.73 lakhs, showing a net increase in the profits to the extent of 35.7 per cent.

"I am glad to record that, on account of the additions, alterations and extensive renovation we have made during the year under review by installing one hot pin and clip stenter, one mercerising machine and two sets of high productive combing equipments, consisting of combers with requisite preparatory machine, on which we have spent about Rs. 20.55 lakhs, the quality of our yarn and cotton cloth has immensely improved. We are further adding one sanforising machine in the cloth section and high drafting plant and 6,400 spindles in the yarn section, which will further improve the quality and production.

Cotton Crop

"The cotton year of 1960 was a most difficult one and the production of cotton which was estimated at 48 lakh bales crop was reduced to 38 lakh bales, resulting in a short production of 21 per cent, in comparison to the estimates. Due to the acute scarcity of cotton, it resulted in a sharp increase in prices and non-availability of good quality of cotton. Every year, nearly Rs. 70 crores are drained out from the country by way of import of cotton, after adjusting the export of short-staple cotton to other countries. The cost of Indian cotton is very high, and thus it hampers the export trade of cotton fabrics to the Eastern countries where it has an established trade. More attention is required to be given to produce improved quality of cotton in the country; otherwise, the Indian cotton fabrics are bound to diminish gradually as the importing countries are becoming self-sufficient in the matter of cotton textiles.

"Agricultural improvement in the country is not such a process which may bring immediate effective results, but it will be a matter of satisfaction if due attention is paid to it. Adequate drainage of the fields is as important as irrigation. I believe it has not yet been realised that the immense loss was caused by the floods due to the defective drainage system. In some cases, irrigation facilities have caused floods even in such areas where there were deserts. Construction of canals, culverts and roads without providing drainage has affected the natural flow. Thus due attention should be paid to the drainage.

Synthetic Fibres

"In olden days only natural fibres—cotton, wool and silk were available for making fabrics. The natural silk fibre has now become so costly that it is not within the reach of the common man. Therefore, various new synthetic fibres have come within the living memory. Their coming has made a considerable difference to us not only industrially and economically, but also socially. The introduction of synthetic fibre along with the natural fibres was very popular in twenties. It is one of the main reasons that the fabrics produced by foreign countries are more attractive than that of ours because they have got the facilities of having blended yarn.

"Similarly, wool is also very expensive and is sometimes scarce. India spends Rs. 10 crores per year for the import of wool from foreign countries. The blending of wool with the synthetic fibre enabled fabrics and garments look like all wool to enter the market at a lower price range. Furthermore, most of the natural fibres have defects of one kind or another and the man-made fibre, when properly applied in blends, helped to correct these deficiencies and increase the strength and durability. Another factor which is advantageous in blending of man-made fibres is that the price of man-made fibres is much more stable than that of natural fibres which varies from year to year according to the harvest and, consequently, the price of blend is more stable than that of the natural fibres alone. Low moisture regain, high strength, chemical resistance and biological resistance are few of these which have made it possible for synthetic fabrics to find quite new uses, such as for productive clothing, outdoor furnishing, industrial filters, etc.

Timber

"Most of the man-made fibres are made from timbers and chemicals. To grow timber is much easier than to grow cotton and our country is very well favourably placed to grow timber suitable for producing synthetic fibres. In the world, man-made fibres are leading the way to cheaper products and forcing the natural fibres, which are sold at soaring prices, to come down to a reasonable price. The production of man-made fibres is increasing in multiples throughout the world.

"The total reported area of India is 72.10 crore acres, out of which the cropped area is 36.85 crore acres and the non-agricultural land is 11.62 crore acres. Out of the cropped area, 1.98 crore acres is already under cotton sowing and, every year, near about Rs. 70 crores are spent by importing foreign cotton. India's population is 44 crores and it is increasing at the rate of 2 per cent per annum. It imports its food cereals to the value of Rs. 140 crores. Food always comes first. Thus it is desirable to supplement the need of fabrics. More attention should be paid to forestry. India's forests cover 2.69 lakh square miles, being about 21.3 per cent of the total geographical area of the country. The productivity per acre per annum is 3.0 c.ft. which is substantially below the yield of forests in other countries, such as France 56.8 c.ft., Japan 37.0 c.ft. and the U.S.A. 18.0 c.ft. 5 acres of forests can give a ton of synthetic yarn per annum, while to get one ton of cotton, it requires eleven acres of land. When we are already short of cereals, attention for growing more pine trees may be given for producing synthetic fibres.

Cotton Linters

"Another method of making synthetic fibre is to utilise cotton linters. In India, it is not a practice to delint the cottonseed. Generally, cottonseed is fed to cattle without removing such cotton linters. It is one of the major reasons that the feeding of cotton harms cattle and their milk is reduced. If the cotton lint is removed and cotton cakes are used for animal feeding, then out of 18 lakh tons of cottonseeds produced in India, it is expected that 90,000 tons of cotton lint, being 5 per cent of the total cottonseed, and 2,16,000 tons cottonseed oil being 12 per cent of the seed, may be obtained. Cottonseed oil is used throughout the world as best edible oil. A simple change in habit of using the cottonseed cake, instead of cottonseed, will bring a saving of Rs. 42 crores in the shape of oil and Rs. 4 crores in the shape of cotton lint for which, already, there is an acute shortage in the country.

"It is not easy to change the minds of villagers who have been accustomed to use seed, but the Government could take steps to educate them.

Acetate Yarn

"India is the biggest sugar producing country of the world and molasses is one of the important by-products of the sugar factories. By distillation of the same and with chemical treatment, the alcohol produced is mixed with the cotton lint to produce the synthetic fibre called acetate yarn which is much superior than any other synthetic fibre. Its use is increasing very rapidly throughout the world.

"Two months back, I, along with your Managing Director, went for a world tour to study the methods of production of various new fabrics in different parts of the world and we are fortunate to have succeeded in studying the various textile and synthetic factories there. In collaboration with some important foreign firms, we propose to install shortly one synthetic fibre producing plant, which will involve about Rs. 10 crores, but it is expected that more than half of the total investment will be available to us from foreign collaboration.

"I must mention herein that synthetic fibre, commonly known as 'artificial silk,' does not command the support for its expansion which it should deserve. Though it has not got the remotest relation with silk, it is more near to cotton fabrics. It is, therefore, expected that the false prejudice against artificial silk would go.

"You will be glad to know that various other expansion schemes are under Government consideration, and we hope that we shall be able to achieve substantial expansion.

"The relations between the labour and the management in our factory have been very cordial for which I congratulate all concerned.

"I am glad to inform you that the results of six months current year working are encouraging and very satisfactory.

"Before I conclude, I sincerely thank all of you and record high appreciation for the services rendered by the staff and workers of the Company who are mainly responsible for the results which are before you."

N.B.—*This does not purport to be a record of the proceeds of the meeting.*

Notice

THE CALCUTTA ELECTRIC SUPPLY CORPORATION LIMITED

(Incorporated in England)

DRAWING OF 5 PER CENT RUPEE DEBENTURE STOCK, 1970 FOR REDEMPTION

HOLDERS of 5 per cent Debenture Stock (Indian Issue) are hereby advised that a Drawing will be held on Friday, the 1st December, 1961, at 10.30 a.m.

Notice is hereby given that the Indian Debenture Register and the relative Transfer Books will be closed for a period of 11 days from 21st November to 1st December, 1961, both dates inclusive.

By Order of the Board,
D. PUGH,
Acting Agent.

VICTORIA HOUSE,
CALCUTTA, *1st November*, 1961.

TRAVANCORE SUGARS AND CHEMICALS LTD.

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CHAIRMAN, MR. G. N. NOEL-TOD'S SPEECH AT ANNUAL MEETING

PRESIDING over the Twenty-fourth Annual General Meeting of the Travancore Sugars and Chemicals Ltd., held at Trivandrum on Monday, 30th October 1961, Mr. G. N. Noel-Tod, Chairman of the Company, made a brief survey of the main problems facing the Company. He detailed the circumstances leading to the proposed closure of the Pharmaceutical Works of the Company. It was a sequel to the Kerala Government's decision not to place orders for 50 per cent of its pharmaceutical requirements with the Company on a cost-plus basis, as it used to do hitherto, but to choose the suppliers on the basis of open tenders. Government orders accounted for half the turnover of the pharmaceutical section of the Company.

Mr. Noel-Tod was not happy with the way sugar was released for sale in the Kerala State. He reiterated the plea, made time and again by the Company, that the full production of sugar in Kerala should be released for sale before outside sugar moved in. He also pointed out that the ex-distillery price of alcohol, fixed by the Ministry of Commerce and Industry, was unrealistic, as it had no relation to the cost of production, at any rate in the South.

The following is the full text of Mr. Noel-Tod's speech:

"GENTLEMEN,

"The accounts and Directors' report for the year ended 30th April 1961 have been in your hands for the statutory period and, with your permission, I shall take them as read.

"Results for the year have not been, unfortunately, as good as last year, and this, in spite of the fact that the sugar factory, which is your Company's main interest, enjoyed a normal crushing season, having produced 10,502 tonnes sugar from a crop of 1,18,281 tonnes cane with 8.88 per cent recovery compared with 10,050 tonnes sugar from 1,21,187 tonnes cane with 8.29 per cent recovery last year. Your Company can sell only that much of sugar as is released every month by the Government of India. Releases over the year under review were smaller than last year, and for this reason the total quantity sold was only 8,270 tonnes, as against 12,711 tonnes last year. This mainly accounts for the lower profit this year.

Releases of Sugar

"Shareholders must be aware that the consumption of sugar in Kerala is more than the production and therefore sugar has to be brought in from other parts of India. Against the background of the increasing strain being placed upon the railways and the extreme difficulty of goods movement, one would have thought that at least the full production of sugar in Kerala would be released for sale before outside sugar is moved in. Representations to the Government of India to this end have been made by the Company, without so far achieving any success, but yet a further representation will be made, because, compared with the all-India production, the production of your factory is so small that the additional release to this Company, made with the object of reducing movement of sugar by rail, would not inflict any material hardship whatsoever elsewhere. Further, under the Government's scheme for export of sugar, the Company has to bear a loss estimated at Rs. 2,48,000 on export quotas totalling 466 tonnes. This is more than I anticipated in my speech last year and is all covered in the accounts before you. There was no export in the previous financial year.

"There was control on sugar prices throughout the year and distribution was in the hands of the State Government through appointed stockists.

"The situation regarding the Company's liability in respect of the Government of India's price linking formula for cane, to which reference was made in the last year's speech, continues to remain uncertain. It is understood that the Tariff Commission's report is still under consideration of the Government of India. Meanwhile, provision has been made in the accounts for Brix bonus amounting to Rs. 2,36,000.

"The factory commenced crushing for the 1961-62 season on 6th September with prospects of a crop of 1,20,000 tonnes. The quality has, however, dropped slightly due to the abnormally heavy floods to which the crop was subjected during this year's monsoon.

Production and Stocks Position

"Production of sugar in the country reached an all-time record of 29.7 lakh tons in 1960-61. After allowing for exports and an internal offtake, which has remained static over the last three years, the surplus to be carried over into 1961-62 is likely to be well over 10 lakh tons. In these circumstances, with a view to stimulating the consumption of sugar, the Government of India decontrolled sugar on 27th September, the only remaining control being on the releases from factories. At the same time, an Ordinance was promulgated empowering Government to fix the quantity of sugar each factory shall produce. It has been announced that, in respect of the year 1961-62, the production is to be cut by 10 per cent. How this cut is to be implemented in practice will not be known until the Rules under the Ordinance are published. Any excess production is sought to be penalised by the imposition of double the prevailing rate of excise duty.

"The action of the Government in seeking to put a curb on production is an indication that prospects of export, even at considerable loss to the Exchequer and the industry, are limited and the country has to rely more and more on internal consumption to sustain a high level of production.

"In my speech last year I referred to the proposal to start a co-operative factory at Pandalam, at a site only eight miles from our Pamba River factory, and stated that the result could only be competition for the available supplies of cane to the disadvantage of both factories. Your Company's representations to Government have so far not produced any favourable response. Meanwhile, it is understood that the sponsors are taking active steps to establish the factory, heedless of the consequences that, in the opinion of your Directors, are bound to follow.

Alcohol Price Unrealistic

"The new still ordered for the Distillery is expected to be delivered early in 1962. A new vertical boiler has been installed. While thus the modernisation of the distillery is proceeding, the Ministry of Commerce and Industry has, by notification, fixed the ex-distillery price of alcohol throughout the country at a figure which, to say the least, has no relation to the cost of production, at any rate, in the South. Representations have been made to Government that due consideration should be given to the size of the distillery at Pamba and its limited production before enforcing the new price.

"Sales of potable liquor are slightly better than last year. This branch of your Company's activities at Pamba continues to make a useful contribution to its revenues.

"I am glad to be able to report that labour relations during the year under review have, in general, been satisfactory. The Sugar Wage Board recommendations have been published, and accepted by Government. It is expected that negotiations with staff and labour on the degree of implementation of these recommendations will take place shortly.

Closure of Pharmaceutical Works

"I am sorry to have to tell you that there is, at present, every indication that, by the end of this year or early next, the Pharmaceutical Works will have to be closed down. This has come about because the Government of Kerala has announced that it will no longer, as in the past, place its orders for 50 per cent of the State pharmaceutical requirements with this Company on a cost-plus basis, but will in future place all its orders after the issue of open tenders. On the face of it, it might appear difficult to criticise Government for preferring to purchase through tender. However, the facts are that this Company is very particular, in the manufacture of pharmaceuticals, to maintain B.P. quality by the use of the best available raw materials and manufacturing processes, and by close and qualified supervision. The levels of pay in the Pharmaceutical Works are not unnaturally governed by those prevailing in the Sugar Factory and are, I am afraid, higher than those of some competitors, but we have found that our prices, although too high to secure us Government's business in open competition, are on a level with those of other well-known pharmaceutical manufacturers, such as Bengal Pharmaceutical and Chemical Works.

Unilateral Abrogation of Agreement

"By discontinuing placing their orders with us, Government has rendered null and void a clause in our agreement with them. Your Board has taken the best legal advice available, and has been assured that Government is not competent to abrogate one part of the agreement and to expect the rest of the agreement t continue. Your Board has, accordingly, informe Government that, while regretting that th situation should have arisen, it now considers th whole of the agreement between the Compan and Government to be null and void. This, i effect, means that the Board no longer consider the Company bound, as it was when the agree ment was in force, to pay to Government commission of 10 per cent of the profits of th whole Company. Government orders repre sented about half of the Pharmaceutical Work turnover, the other half being to the trade, i which business there is only a low margin, s that the whole profit of the Pharmaceutica Works has never been substantial. The savin to the Company in the payment of commissio to Government will offset the loss of profit aris ing from the closure of the Pharmaceutica Works. Nevertheless, your Board will deeply re gret having to close the works because som small measure of retrenchment will thereby b involved. If Government will indicate tha they would be prepared to reach some accommo dation with the Company that would enable th Pharmaceutical Works to be continued in opera tion, even on only a modest margin of profit your Board would be only too glad to co-operate but so far there has been no indication from Government that this is their wish.

"I am sure you will appreciate why, in the light of the actual financial results for the year under review, your Directors have not felt it possible to recommend the same ordinary dividend as last year.

Tribute to Retiring G.M.

"Before I conclude, I would like to thank all employees of the Company for their co-operation during the year under review. The General Manager of your factory, Mr. A. W. Banks, is due to retire in June next year. He has held the appointment of General Manager for the last 10 years, a period during which there have been many problems to surmount, notably in the field of staff and labour. The fact that he has been able to overcome these problems and, I venture to say, is universally respected by all who have worked with or under him, speaks volumes for his ability, perseverance and integrity. I am sure you will all join me in wishing him many happy years of retirement. He is to be succeeded by Mr. T. J. F. Killick."

The report and accounts for the year ended 30th April 1961 were unanimously adopted and dividends for that year of 6.5 per cent on the preference share capital and 7.5 per cent on the ordinary share capital, both subject to deduction of tax, were declared payable on 31st October 1961.

The retiring Director, Mr. K. A. Sivasankaran, was re-elected and the retiring Auditors, Messrs. Lovelock and Lewes, were re-appointed.

N.B.—*This does not purport to be a report of the proceedings of the general meeting.*

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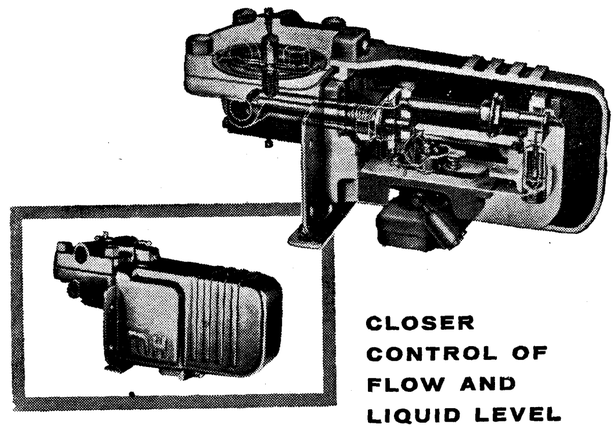

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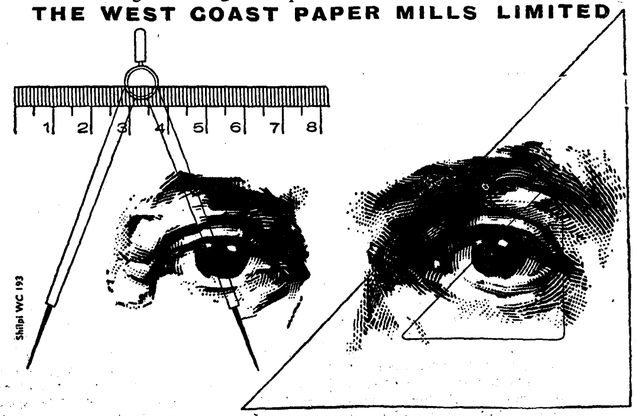

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PROGRESS OF ELECTRIC MOTOR INDUSTRY

TARIFF COMMISSION'S REVIEW

THE electric motor industry is one of those younger industries which have enjoyed protection continuously over a fairly long period. It has been the subject of inquiry by the Tariff Commission four times since 1948. During the first three years, it may be recalled, the protective duty was 10 per cent *ad valorem* and covered all categories of motors and their component parts. In the second period, protection was limited to motors of 1 to 20 h.p. at 10 per cent *ad valorem* till 1955. In 1954, the protective duty on components was increased to 20 per cent *ad valorem*. In the next two periods, covered by the Commission's reports of 1955 and 1958, the protective duty was fixed at 15 per cent *ad valorem*; it covered squirrel cage motors of ¼ to 100 h.p. and slip ring motors of 1 to 100 h.p., excluding flameproof motors and variable speed commutator motors. The current period of protection will normally end on 31st December 1961, but the Tariff Commission's latest inquiry has led to the recommendation that protection be continued till the end of 1963. Government's acceptance of this recommendation (along with the recommended rates of protective duty for different types of motors and their components) has already been briefly referred to on page 874 of our last week's issue.

The full report of the Commission on the industry is now available. This report, like the Commission's reports on other industries, contains an authoritative review of the progress made by the electric motor industry under protection, of its competitive capacity, of the difficulties it faces in the matter of raw material supplies, and so on. The Commission's review of the progress made by the industry contains the following facts and figures:

In 1958, there were 15 units in the large-scale sector, with a total single shift capacity of 600,000 h.p. In 1960, the units in this sector increased to 27, with an aggregate capacity of 1,136,040 h.p. on single shift. Among these units, Crompton Parkinson (Works) Private Ltd. (Bombay) and Kirloskar Electrical Industries Ltd. (Bombay) were leading, with annual capacities of 216,000 h.p. and 180,000 h.p. respectively. An additional capacity of 821,900 h.p. has since been sanctioned which includes establishment of 25 new units.

In the small-scale sector, the Development Commissioner had reported 31 units, with a total capacity of 130,000 h.p. in 1958. According to him, the number of units registered with him rose to 74 in 1959, with a total capacity of 266,000 h.p. and employment of 2,890 persons.

The production of electric motors in recent years in the large-scale sector, as intimated by the Development Wing, and in the small-scale sector, as intimated by the Development Commissioner, is given below:

	Large-scale		*Small-scale*	
Year	*No.*	*H.P.*	*No.*	*H.P.*
1958	100,372	641,083	N.A.	51,533
1959	95,113	592,049	N.A.	70,064
1960 (Jan.-Oct.).	108,235	612,171	N.A.	N.A.

The proportions of different ranges of h.p. within the total production of motors in the large-scale sector are stated below:

	1958	1959	1960 (Jan.-Oct.)
	%	%	%
Upto 30 h.p.	91	85	84
Above 30 to 50 h.p. ..	6	9	8
Above 50 to below 100 h.p. .	3	5	6
100 h.p. and above	1	1	2
Total ..	100	100	100

The industry's progress in terms of production capacity in the current year and the years immediately ahead is assured. Sanction has already been given to six of the 27 older units to expand their capacity by 460,000 h.p. in the aggregate.

Of the 25 new units proposed, licences have been granted to 23 and approved in the case of two units, with a total capacity of 361,900 h.p. When all these expansion schemes materialise, the total capacity of the industry will rise to 1.96 million h.p. on single shift. This figure of capacity does not include that of Heavy Electricals Ltd., Bhopal. The manufacturing programme of that unit includes A.C. industrial motors above 200 h.p. and upto 5500 h.p. with a production target of 460 units annually totalling 300,000 h.p. In addition, it will also manufacture D.C. traction motors, D.C. industrial motors and flameproof motors for mining and oil industry. It is expected to commence manufacture of motors in the third quarter of 1963 and attain its production targets only by 1967-68.

Estimated Demand

The Tariff Commission has also estimated the current as well as the future demand for electric motors. Current domestic demand is estimated at a total of one million h.p. on two grounds. One of these is that, in 1960, the total availability of motors, as indicated by production and imports for the January-October period, was running at the annual rate of one million h.p. Secondly, the general consensus of opinion at the public inquiry was that there was no evidence of unsatisfied demand or accumulation of stocks during those months. As for future demand, the Commission has worked it out in terms of horse-power for industrial uses on the basis of generation of power as projected for the third Plan. The targets envisaged for additional generation of power in each year are given below:

Year	*Million kw.*
1961-62	1.0
1962-63	1.0
1963-64	1.2
1964-65	1.3
1965-66	1.5

For estimating the requirements of motor horse-power from these targets of power generation, the Development Council proceeded on the assumption that 50 per cent of the power generated in any year would be available for industries operating with motors and that the load-factor would be 40 per cent. On this basis, it arrived at the result that 1.66 million h.p. would be necessary for every one million kw. of additional power generated. The Tariff Commission compared this factor of 1.66 adopted by the Development Council with the ratio of availability of motor h.p. to additional electric power generated in each of the three years 1956-57 to 1958-59 and found that the factor had stood approximately at 1.85, 2.13 and 2.58, respectively, in those years. This disparity was discussed at length at the public inquiry. There was general agreement that the factor adopted by the Development Council was an under-estimate and that it would be more realistic to adopt at least 2.0 as the required factor. With 1.3 million kw. as the approximate additional power to be generated in 1964, this factor of 2.0 indicates motor h.p. requirements for that year at 2.6 million h.p.

The demand estimated by the Commission for 1964 is thus 2.6 million h.p. But the total single-shift capacity in the large-scale sector, after the expansion schemes are completed, will then be 2 million h.p. The Commission, however, has given the finding that the industry in both large-scale and small-scale sectors seems capable of meeting the requirements of the country, if it works on double shift. Such double-shift working, according to the Commission, would not only result in better utilisation of machinery installed in the industry, thereby minimising the imports of such machinery as has to be imported from outside, but also bring in substantial economies in the costs of production. The Commission has, therefore, recommended that the Government should give all possible assistance to the industry for this purpose, especially by ensuring adequate supply of raw materials. The Government, for its part, has merely taken note of this recommendation, saying that steps would be taken to implement it to the extent possible.

Competitive Capacity

The industry's competitive capacity *vis-a-vis* imported motors is, of course, greater now, for the disadvantage suffered by it in comparison with the latter is, except in a few cases, only nominal. The Commission's comparison of the estimated fair ex-works prices of indigenous motors with the landed costs, without duty, of corresponding imported motors has indicated the following: (i) in the case of motors of squirrel cage drip-proof types, the fair ex-works prices are lower than the landed costs without duty; only in one case there is disadvantage of 19.7 per cent; (ii) in the case of motors of totally enclosed fan-cooled types, the diadvantage of the domestic industry ranges from 11.7 per cent to 42.8 per cent; (iii) in the case of motors of squirrel cage screen protected types, the disadvantage ranges from 8.5 per cent to 40 per cent; and (iv) in the case of fractional motors, the disadvantage ranges from 2.8 per cent to 8.6 per cent. While these findings and the satisfactory quality (to which the Commission, the Development Wing, the Director-General of Supplies and Disposals and the Bombay Mill-owners' Association have all testified) of the domestic product might suggest that the industry can stand on its own feet without any further protection, the Commission has had to recommend the continuance of tariff protection for some very good reasons. These are:

1. The industry has only recently emerged from a slack period in 1959 and early 1960 when demand and, consequently, production had fallen.

2. It is just now embarking on large-scale expansion and diversification and is attempting to take up the manufacture of motors of progressively higher ratings and special types which were not manufactured in the past. Such an enterprise needs the continuance of a sense of security at present enjoyed by the industry under protection.

3. While the Commission's comparison of fair ex-works prices with c.i.f. prices has been attempted only in the case of low horse-power motors, it is not improbable that the domestic industry will be at a greater disadvantage in the case of higher horse-power motors.

Raw Material Supplies

With continued protection for a further term of two years, the industry may be expected to consolidate its present position and carry out its plans for future expansion. At the same time, if the Government takes steps to remove the difficulties confronting the industry in the matter of raw material supplies, its progress in the future is bound to be even more impressive than in the past. Of the different raw materials required by the industry, the ones pertaining to stampings and electrical steel sheets required for such stampings have been highlighted by the Commission. According to it, the capacity of T.I.S.Co. for electrical sheet steel, with the expansion already planned, will be only 24,000 tonnes, as against the demand of 58,000 tonnes. It is emphasised that the deficit will have to be covered either from imports or from the projected plant at Rourkela and/or the expansion schemes of T.I.S.Co. As for stampings, the demand for them in 1964 is expected to exceed 23,000 tonnes. But the existing capacities for stampings aggregate 8,000 to 9,000 tons only. Additional capacity for the manufacture of stampings would, therefore, have to be established. The Tariff Commission has recommended that this should be expedited.

HYDRO-ELECTRIC SURVEY OF INDIA, NEPAL AND SIKKIM

According to a preliminary survey of the hydro-electric resources of India, recently completed by the Central Water and Power Commission, the total power potential (at 60 per cent load factor) of about 260 schemes in India, Nepal and Sikkim is 50 million kw. The power potential in India alone is 41 million kw., covering about 240 schemes. The remaining potential is of schemes in Nepal and Sikkim.

This survey is based on specific schemes worked out after detailed studies from topo-sheets and other data available to the Commission. It is expected that this hydro-electric survey will help in drawing up the pattern of power development in the future Five-year Plans.

RIGHT TOOLS FOR LEFT-HANDERS

A Birmingham firm, with the revealing name of Left-Hand Ltd., is stated to be the only one in the world specialising in the supply of tools for the left-handed.

Just after the war the Company bought up a large stock of left-handed taps, drills, milling-cutters, and other tools designed to produce a left-handed thread, and found the demand for such products so great that it decided to specialise in left-handed products.

Today most of the Company's business is with tools having a left-hand rotation. The firm can supply any type of left-handed tool or instrument. Left-handed potato-peelers are commonplace, but supplies of left-handed notebooks, and a left-handed cork-screw, though rarely heard of, are said to be much in demand.

The total electricity produced by the public utility power stations in India in July 1961 was 1,581 million kw.h., of which 1,342 million kw.h. was sold to ultimate consumers. Corresponding figures for July 1960 were 1,343 million kw.h., and 1,106 million kw.h., respectively.

13 NOV ... PUBLIC DEPARTMENT

NEW PRODUCTS AND PROCESSES

Transistorised Burglar Alarm

A TRANSISTORISED burglar alarm, manufactured by the Electronic Laboratories Ltd., London, is now available for the oversea market. Known as the "Sonalarm," the instrument has a transmitting transducer which fills the room—or a warehouse, bank vault or stores—with sound pitched beyond the reach of the human ear. If the room is empty, and there is nothing moving in it, sound waves echoing from the walls, ceilings and furniture create a fixed pattern of sound in the room. The receiving transducer detects this sound, which continues at an even volume. However, should this fixed pattern of sound be disturbed by an intruder or equally effectively, by the start of a fire, a relay in the instrument automatically closes. It is, therefore, possible to incorporate the alarm as an integral part of a conventional fire or burglar alarm system. The alarm does away with all bars and catches of most other systems, yet gives an alarm even if a burglar comes through the ceiling, roof, wall or floor. Should he be concealed in a cupboard, his emergence from it would still set off the alarm. A manually operated sensitivity control has been incorporated which enables the level of sensitivity to be predetermined in any installation so that, for example, the movement of cats and mice will be disregarded. In addition to this manual control, the instrument also incorporates an automatic sensitivity control which compensates for day-to-day variations in the amount of merchandise, etc., stored within the enclosure. A stand-by battery takes over in the event of a mains failure. One control unit can protect two adjacent rooms at the same time, and in large warehouses multiples of the equipment can be used to provide effective coverage.

Optical Digitizer and Decoder

An optical digitizer and decoder, by means of which visual readings on a variety of instruments can be translated into digital form for the purpose of operating controls or producing records, has been produced by Lindars Automation Ltd. Typical applications are the production of punched tape or cards and/or weight print-out by a weighing machine having a dial scale; the indication of angular position with remote visual indication: the remote weight setting on dial scales; and data logging and machine tool control. The digitizer is a self-contained, totally enclosed unit which houses a transistorized printed circuit amplifier. An aluminium drum containing 12 coded tracks is mounted on a precision-ground shaft, and 12 photo-electric cells inside the drum receive the light from a standard 60W lamp through the coded tracks. The output of each cell is amplified by a transistor and is transmitted to a relay decoder. When applied to weighing machines the circuit is so designed that the digital output cannot be obtained until the coded drum is stationary. The decoder unit is housed in a separate case which can be rack or panel mounted. It receives the signals from the digitizer in coded form and translates them by means of relays into three decades, 0-9. This can be converted by the fitting of additional equipment into avoirdupois, angles or fractions of the decimal output. The decoder can be provided with or without an illuminated in-line indicator. Alternatively, this can be supplied separately for panel mounting. The unit will also provide the feed for printed, typewritten, punched card or tape output and, if desired will re-encode for a computer. This versatile equipment has applications in a large number of industries from the machine and fitting shops to process control installations in the chemical and food industries where information on flow pressure, temperature and weight is required to control the process of feed information to recorders or computers.

Instrument to Prevent Corrosion of Sugar Plants

A British firm is marketing a new instrument to eliminate the severe corrosion caused by small amounts of sugar in the feed water of boilers used by sugar processing firms all over the world. Invented by the British Sugar Corporation and manufactured by William Boby and Co., Ltd. of Rickmansworth, Hertfordshire, it will sound the alarm when the sugar content of water exceeds 2 parts in 1,000,000 of water. The operation of the instrument depends on detecting photoelectrically the darkening produced when an aniline dye is added to water containing very small amounts of glucose. If 10 parts of glucose are present in 1,000,000 parts of water, the colour produced is deep blood-red, almost black. The instrument automatically samples boiler water every 12 minutes, adds a small dose of sulphuric acid to the sample enough to convert it to glucose, boils it, and finally adds caustic soda to neutralise the acid and the dye. The pink colour produced is measured by a photo-electric cell which causes the alarm to ring if the colour is darker than it should be. With automatic operation, the instrument enables continuous watch to be kept on boiler water and cuts out expensive and time-consuming laboratory analysis. Twelve instruments, each costing less than £350, have been made and the first sold to the West Indian Sugar Corporation.

Methane Detector for Mines

An instrument developed over the past two years by the Safety in Mines Research Establishment of the Ministry of Power for the detection of firedamp in the air of mines has been officially approved and is now being manufactured by private industry for sale. The Methanometer is a hand-operated device with a range of 0 to 5 per cent methane calibrated in divisions of 0.2 per cent. To operate it, a button is depressed which passes a sample of air over a platinum filament. Changes in the amount of methane present will produce variations in the electrical resistance of this filament. All circuits, except the measuring filaments, are encapsulated in epoxy resin contained in a nylon moulding, while a second nylon moulding encloses a pair of mercury cells adequate to provide power for at least 6,000 tests under normal conditions. The instrument is self-compensating for changes in battery voltage and is unaffected by normal changes in atmospheric pressure, temperature, or humidity.

Safety Tyre

A high hysteresis car tyre for the family motorist has been produced by The Avon India Rubber Co., Ltd., England. Named the H.M. Safety it has cling treads which are estimated to give 23 per cent improvement in wet road holding. Like the Turbospeed Mk. II, which the firm produce for high speed cars, the new tyre is of twofold construction with the 'cling' treads allied to resilient sidewalls. A 'side' benefit of the tyre is the absence of tyre squeal when cornering. A company spokesman describes high hysteresis rubber as "lazy rubber." When it is deformed by an irregularity in the road, much of the work done is dissipated as heat. The rubber remains longer in contact with the deforming irregularity, consequently, says the spokesman, there is much improved 'cling' to the irregularity and the road, particularly in wet conditions. Extra resilient undertread and sidewalls compensate for the additional heat built up in the cling tread and ensures a cool running tyre. Prior to the tyre building process the cling tread and extra-resilient sidewalls are married by a twofold extrusion technique.

Bus Ticket Machine

A bus ticket issuing machine which not only produces the actual ticket but code-punches details of the transaction in paper tape, has been produced by Creed and Co., Ltd., London. Designed in collaboration with public transport undertakings, the machine will speed up the collection of fares by releasing the conductor from the task of filling in waybills. The punched tape is produced as a by-product of the normal ticket issuing operation and involves no additional operator effort. The tape is subsequently fed into an "analyser" which automatically produces all relevant statistical information. With this new system, information—such as the total number of passengers carried and the total number of tickets issued for each fare and journey—is quickly available. Moreover, since the punched tape produced is identical to that employed in teleprinter communications networks, the encoded details handed in at one depot may be transferred telegraphically to a central location for the automatic production there of complete accounting and statistical data. The machine, which weighs about 6 lbs., can be used equally well on car parks, race courses, or cinemas.

New Synthetic Rubber

Synthetic rubber that is essentially the same as natural rubber can now be made by a new process developed by the Goodyear Company and the Scientific Design Company in the United States. The new process combines two molecules of propylene, a by-product of petroleum cracking, to form a six-carbon atom molecule called methylpentene. One carbon atom is then knocked off this molecule to create the five-carbon atom molecule called isoprene. This compound is then polymerised to form a rubber that is essentially identical to natural rubber. The Goodyear Company will manufacture the rubber in a new plant located at Beaumont, Texas.

Strengthening Metals

By adding small amounts of laboratory-grown sapphire "whiskers" the strength of silver has been increased fivefold. This has been demonstrated in experiments conducted by the General Electric Company in the United States. Similar techniques applied to high-strength metals may be expected to produce materials that are several times stronger at white heat than any presently known high strength alloy, according to Dr. Willard H. Sutton of the company's missile and space vehicles department. These new ultra-strong materials will have an important part in the United States' space programme. The purpose of General Electric's work in this field is to help overcome the heat barrier, a major problem in space vehicle and advanced aircraft design. There is still a lack of structural materials that will maintain their strength at the high temperatures created by re-entry into the earth's atmosphere, by personic airspeeds, and increasingly powerful jet and rocket engines. The "whiskers" used in the work consist of a single crystal of sapphire or alumina, grown in the laboratory. They are embedded inside the metals that are to be strengthened.

INVESTMENT POLICY OF L.I.C.

GOVERNMENT REJECTS ESTIMATES COMMITTEE'S SUGGESTION

THE reported decision of the Government of India to reject the suggestion made by the Estimates Committee to the effect that the Government should take over the investments of the Life Insurance Corporation of India as an unfunded debt is not so much a reflection on the merits of the proposal as an indication of the Government's diffidence in its ability to resist extraneous pressure in making investments on its own. While the frankness with which the Government has confessed that "it would be subjected to much greater pressure than any outside body in making investments," is commendable, it certainly does not rebound to the credit of a Government which should, and claims to be, guided solely by the larger interests of the nation. Its decision to advise the L.I.C. to constitute a special expert committee, which would help the Corporation in carrying out its investment programme in conformity with the basic objectives of the third Five-year Plan, is a partial acceptance of the Estimates Committee's view that the objectives of social advancement, diversification of investments and avoidance of speculation have not so far been fulfilled by the L.I.C. The Estimates Committee went a step further and suggested that these objectives, as also the other aims of nationalisation of life insurance, could be better served if the entire investible funds of the L.I.C. were taken over by the Government as an unfunded debt.

The aforesaid negative decision would appear to have been made by the Government after taking into consideration the views of the Ministry of Finance, which had, in its evidence before the Committee, opposed the suggestion. Reports have it that the L.I.C., too, was opposed to the proposal and that it had contended that it had successfully raised the level of investments of the Corporation which was now claimed to be one-third more than in pre-nationalisation days. This was done within the framework of the existing policy and bearing in mind the objective of nationalisation. The L.I.C. is also said to have recalled the assurances given in Parliament at the time of nationalisation that the private sector would continue to be supported by insurance funds as in the past. Investment made by the L.I.C. in debentures and shares of companies in the private sector constituted 22 per cent of the total investment made by it in three years following nationalisation, as compared with 17.2 per cent representing investment by private companies prior to nationalisation. Nothing should, therefore, be done, the L.I.C. is reported to have argued, which could be interpreted as going back on earlier promises and which make L.I.C. investments less profitable.

Chairman's View

This stand of the L.I.C., if the aforesaid report is true, is against the view expressed by the Chairman of the L.I.C., Mr. P. A. Gopalkrishnan, before the Estimates Committee. The Chairman, according to the Estimates Committee, was in favour of the Government taking over the investment of the L.I.C. He is quoted by the Committee as having said, while welcoming the proposal: "The only thing is that a reasonable rate of interest will have to be assured to the Corporation. We will be rid of a lot of bother." Did the Chairman make this statement in his personal capacity or as the representative of the Corporation? If the latter, why did the Corporation take a different stand when asked to offer its comments on the Estimates Committee's proposal.

To return to the Estimates Committee's suggestion. The Committee had made a careful and thorough study of the performance of the L.I.C. *vis-a-vis* the objectives of the investment policy. Broadly stated, these objectives, it may be recalled, are (1) to safeguard the interest of policyholders and (2) consistent with this, to help further the objectives of the Plan. The term "interest of policyholders" has a twofold meaning. First is the security of investments, for which the Government has a direct responsibility, in that, under Section 37 of the L.I.C. Act, the Government is the guarantor for all payments of sum assured in respect of policies written by the Corporation or taken over by the L.I.C. The second is an adequate return on investments to meet the liabilities of the Corporation. At present, about 71 per cent of the Corporation's investments are in Government and approved securities. The net return that the Corporation is getting from its investments is 3.4 per cent excluding refund of income-tax which works out to 4.08 per cent gross. In the Estimates Committee's view, the investments of the Corporation, by and large, fulfils both the considerations of security and adequacy.

The second objective has been interpreted, in terms of practical policy, to mean social advancement, diversification and avoidance of speculation in the share market. The Committee's comments on the extent to which these objectives have been realised and the suitability of the L.I.C. as an agency for furthering them, are worth quoting:

"First is the goal that the L.I.C. 'will invest in ventures which further the social advancement of the country.' The objective is so large and comprehensive that it is the Government as a whole, rather than L.I.C., which can hope to achieve it. This is a responsibility which it is hardly possible for the L.I.C. to carry out, charged as it is with the duty of business-like investment of its funds in the interests of policyholders. There can be no question of the Corporation furthering this goal by making purchases of Government securities, for, to the extent that the L.I.C. funds are invested in the Government securities, the responsibility passes on to the Government. If it were to further the objective of social advancement through other investments, it can hardly do so without resorting to selective purchase of stocks and shares. Whether this could be done, satisfying the requirements of security and steady return, is itself rather doubtful. But, even so, it will be difficult to avoid the criticism that it may be discriminatory and result in speculation. It is interesting to note that, in the matter of investments in housing loans, which the Corporation claimed as its major contribution to the goal of social advancement, the Central and the State Governments come largely into the picture.

"Then there is the question of diversification of investments, geographically and industry-wise, which has not yet been achieved. The limited contribution that the L.I.C. can make towards diversification is obviously possible through investments in stocks and shares. In making such investments through the stock exchange it has again to look to a secure and steady return. That would mean that, in the interest of its policyholders, it has to invest generally in established and sound concerns. Its scope to encourage establishment of new industries in an effort to repair existing regional imbalances can hardly go hand in hand with its primary duty to the policyholders in making sound investments of the life fund.

"On the other hand, there is a real danger that L.I.C.'s purchases in the share market may lead directly or indirectly to speculative activities. The Committee have referred earlier to the representations made before them to the effect and the admission of the Chairman, L.I.C., that their operations in share market, though not speculative in themselves, may be the cause of speculation. There is at least one case relating to a mining concern where the availability of ore was not substantial. There, as a result of L.I.C.'s purchases, the shares showed a rise and then firmed up during the third month and it was later found that the dividends fell. It is admitted that substantial purchases by L.I.C. cannot be kept secret and they are bound to have a bullish effect on the market. The Committee are not sure whether a close investigation may not bring any other such cases to light.

"Thus, the Committee feel that the Corporation's investment in shares and debentures fulfil little of the objectives of social advancement, diversification and avoidance of speculation... Investments in stocks and shares lead to allegations and aspersions which, though might not be justified in most cases, yet may do little to increase the prestige of the Corporation. This is not desirable. A nationalised body such as the L.I.C. should be like Cæsar's wife, above all suspicion."

Main Reason

These arguments are too sensible and logical to be brushed aside easily. The Government's main reason for not accepting the Committee's suggestion seems to be that it is not prepared to risk a new experiment, however, sensible it may be. One would have thought that nationalised life insurance would break new ground in insurance administration and that ways would be devised for putting the mounting life insurance funds to better and more constructive use than has been the case when insurance was under private management. In rejecting a proposal, the adoption of which would have enabled the

(Continued on page 928)

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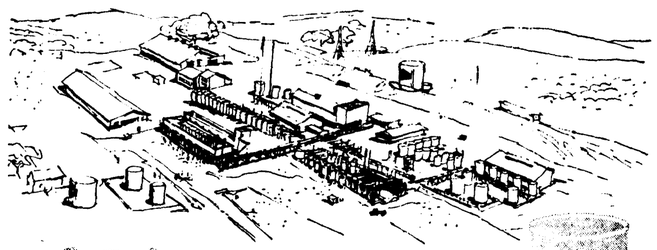

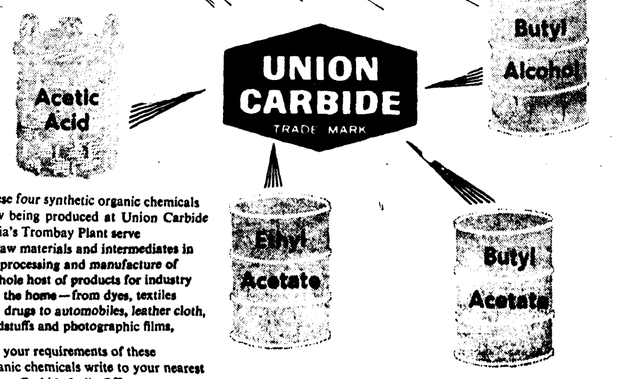

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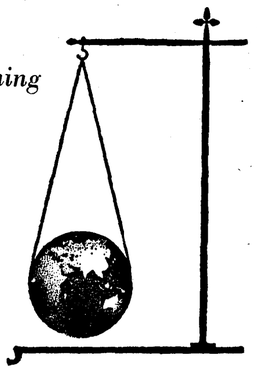

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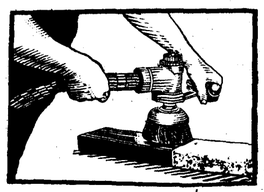

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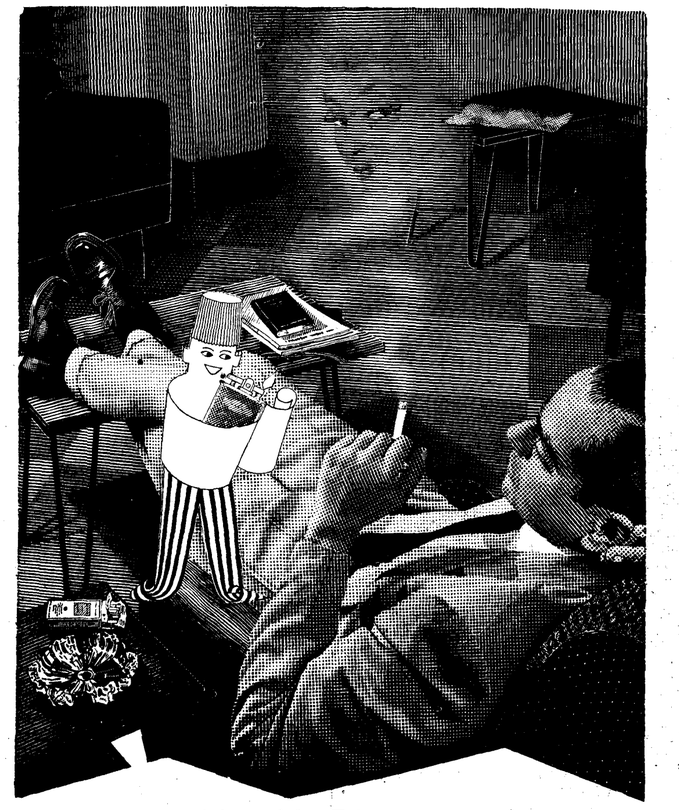

MR. AL FOIL GIVES A LIGHT

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DEVELOPMENT OF PHARMACEUTICALS

STRESS ON BASIC DRUGS—NO NEED TO CHANGE PATENT LAW

THE drugs and pharmaceutical industry in India is passing through an unprecedentedly exciting period in its history. Its very structure and pattern of production are undergoing momentous changes, with increasing stress laid on the development of basic chemicals within the country for the manufacture of synthetic drugs. Until a few years ago, India's drugs industry worth the name was confined either to simple preparations based on medicinal plants available locally (for instance, production of quinine from cinchona as in Nilgiris and Darjeeling) or processing of semi-manufactured drugs imported from other countries and bottling them. Mention may, of course, be made here of the pioneering efforts in this field made by Acharya P. C. Ray in the development of galenicals and other drugs, for the first time, towards the end of the last century. The industry received considerable stimulus during the last world war, following curtailment of imports. And the manufacture of several new lines was taken up during the period, particularly alkaloids like ephedrine, morphine, emetine and also such glandular products as liver extracts, pituitary extracts and adrinaline solutions. What is more, some efforts were made to produce synthetic drugs, especially arsenicals, anti-dysentery and anti-leprotic drugs. Most of these products, however, were dependent on imported basic drugs.

The cessation of hostilities brought in its wake imports of a wide range of highly competitive products from industrialised countries, which, in turn, threatened the growth of domestic industry. The industry, however, has been able to recover the lost ground, particularly during the second Plan period. The attention being devoted to development of basic chemicals for plastics and dyestuffs, too, has given an added impetus to drugs and pharmaceuticals. Table I on this page shows the production of different drugs and pharmaceuticals in 1960, as compared with 1959 and 1957.

Commendable Progress

Several sectors of the drugs industry have made commendable progress during the second Plan period not only in expanding production of essential drugs but also in diversifying the range of output. In pursuance of the recommendation of the Pharmaceutical Enquiry Committee, the Government of India has also been encouraging the rapid growth of basic drugs. The production of penicillin has gone up during the second Plan period from no more than about seven million mega units to 40 million mega units, thanks to the expansion of the Hindustan Antibiotics, Pimpri. Similarly, the output of sulpha drugs has risen from 83 tons to 150 tons, and that of anti-dysentery drugs from six to thirty tons. The progress of D.D.T. has been spectacular, its output having spurted by about ten times to 2,800 tons. Among the new schemes for the manufacture of basic drugs, which have come into being recently, mention may be made of tetracyclins, corticosteroid hormones, dextran and iron dextran complexes, crystalline insulin, chloramphenicol, diosgenin and intermediates for the production of sulpha drugs. Nicotinic acid, nicotinamide, salicylic acid and phenacetin are some of the other new industries which have been set up during the second Plan period.

Substantial expansion of the industry is envisaged in the third Plan. It is proposed to put up three major drug projects in the public sector, in collaboration with Soviet Russia, at a total cost of Rs. 27.3 crores. Of these, the major project will be an antibiotics plant to be located at Rishikesh (U.P.). This plant will have an annual capacity to produce 300 tons of essential drugs, consisting of 85 tons of penicillin, 70 tons each of streptomycin and chlortetracyclin (biomycin), 25 tons each of oxytetra-cyclin and tetracyclin, 15 tons of dihydro-streptomycin, as also ten tons of nystatin. The aggregate value of output of this plant is expected to be Rs. 26 crores annually. The second plant will be the synthetic drugs project at Sanatnagar (Andhra). This project will manufacture sulpha drugs, vitamins, phenacetin, other synthetic drugs and intermediates. It will produce annually 280 tons of sulphadimidine, 130 tons of sulphaguanidine, 50 tons each of sulphacetamide sodium and sulphanilamide and 25 tons of acetazolamide. The other important projects of the plan will be phenacetin (100 tons), piperazine [illegible] (50 tons), pyramidon (40 tons), vitamin B-1 and ditrazine (30 tons each), vitamin P.P. (amide of nicotinic acid—20 tons) and vitamin B_2 (5 tons). The third project envisages the establishment of a phyto chemicals plant at Nerimangalam (Kerala), with a total capacity of 76 tons per annum. Its major products will be caffein, ephedrine, vitamin P (from tea waste), resepine, etc. Several licences are also being given in the private sector, particularly in Maharashtra and Gujarat, for substantial expansion and for development of new lines of production. When all these schemes are completed, it is expected that most of the basic drugs will be available in adequate quantities indigenously.

Third Plan Targets

The following table shows the estimated installed capacity and production in 1960-61 and the corresponding targets laid down in the third Plan to be reached in 1965-66:

(In tons)

	Production		Capacity	
	1960-61	1965-66	1960-61	1965-66
Sulpha drugs	150	1,000	330	1,000
Penicillin*	40	120	45	205
Streptomycin	..	..	150	150
P.A.S.	100	400	145	400
Anti-dysentery drugs	30	75	60	75
I.N.H.	30	100	33	100
Phyto-chemicals	..	76.4	..	76.4
D.D.T.	2,800	2,800	2,800	2,800

* Million mega units.

The development of organic chemicals envisaged in the third Plan will also help the growth of drugs industry. In particular, the Basic Chemicals and Intermediates Plant, proposed to be set up in the public sector, at Panvel, Maharashtra, will serve to provide a wide range of basic chemicals for the manufacture of drugs. The project, as the supplier of intermediate chemicals, will be linked with the synthetic drugs project at Sanatnagar in Andhra. Under the B.C.I. project, it is proposed to produce 40 organic intermediates with an aggregate output of 25,160 tons. The prospect of larger availability of alcohol is another factor that serves to help the growth of drugs industry.

In the meantime, the Development Council for Drugs and Pharmaceuticals is extending some help to the industry in expanding on sound lines. In the course of the annual report of the Council, submitted to the Central Advisory Council of Industries, which met at New Delhi last week, the Council has recommended the need for organising study tours of productivity teams for each of the drugs and dyes industries. These productivity teams are expected to make general survey of the techniques in the field of plant layout and maintenance, production management and quality control, material handling and simplification of work, organisation of basic and applied research, product design, job evaluation, etc. Such studies are bound to be beneficial to India. For India can learn several fruitful lessons from those industries in countries like the U.K., the U.S. and the U.S.S.R., which have considerable experience in this field. It is to be hoped that the Government will accept the Development Council's suggestion and implement it.

Drug Prices

The progress of the domestic industry will be meaningless, unless prices of drugs are brought down steadily. According to the Development Council, the general trend at present in India is based on supply and demand, "which has led to severe price cutting by the retailers in the case of certain drugs who resort to unethical practice which is neither healthy to the profession of pharmacy nor helpful to the consumer." Drawing attention to the instances of high prices charged by dealers in certain other drugs, the Council says that these essential commodities should not be governed by the laws of demand and supply "but should be available to the consumer at all times at fixed and reasonable prices, while giving the retailer a fair return." With this object in view, the Council has recommended the following measures to Government:

1. All manufacturers should publish a list showing the consumer prices, excluding any local taxes.

2. All the price lists published by the authorised manufacturers should be of uniform size so that these could be punched and filed alphabetically in binders to enable easy reference. (This will be essential until such time as a consolidated price list for drugs and pharmaceuticals manufactured or imported for sale in the country is published.)

3. All manufacturers should allow a uniform discount to the trade depending on the general turnover of the products and the responsibility of the retailer in maintaining special conditions of storage, records, payment of extra licence fees, etc.

Another prerequisite for the healthy development of the industry is research in drugs and pharmaceuticals. Research may be classified into three categories: (1) innovational or fundamental research designed to discover new therapeutic agents. (2) formulation research to improve existing drugs; and (3) process research to develop more economical methods of production. These aspects of research have not generally received sufficient attention in India so far, although some of the world-renowned international companies directly operating in India and collaborating with Indian firms have made available to this country their technical know-how. The Development Council has observed that these foreign firms undertake production within the country of new products bringing in new methods and techniques of manufacture developed after many years of research. This has been made possible, according to the Council, on account of the patent laws in the country to protect them from others taking up their processes and competing with them "without having incurred any expenditure on developmental work."

At this stage, if patents on drugs and medicines are abrogated, as suggested by some people, says the Council, it may immediately give a temporary advantage as a result of certain firms taking up the manufacture of items for which know-how has already been brought into the country. But, according to the Council, it may block the way for know-how for newer drugs. It may also result in the blocking of the present easy access that the young scientists and engineers of the country are having now to the research laboratories and manufacturing units run by pharmaceutical manufacturers abroad. The Council feels that, if this happens, it will be a great blow to the development of technology in this country. Without the know-how for producing newer drugs, it warns, the country may even have to spend more foreign exchange by importing these drugs in finished form.

TABLE I

Production of Pharmaceuticals and Drugs

(In kgs.)

	1960	1959	1957
Pharmaceuticals and drugs:			
Galenicals*	1,087	994	806
Natural drugs of vegetable origin:			
Caffeine and salts	12,058	6,964	5,278
Emetine hydrochlorids	220	303	..
Ephedrine and salts	13	10	17
Opium alkaloids and salts	3,667	1,537	1,231
Quinine	123,620	66,380	..
Strychnine and brucine	15,895	8,922	4,636
Liver extracts:			
Injections†	34	37	28
Orals	137,944	170,837	111,743
Antibiotics:			
Chloramphenicol	3,504	2,924	1,526
Chlortetracyclin (Aureomycetin)	2,892	1,780	1,383
Penicillin†	39	29	18
Chemotherapeutics:			
Anti-leprosy—			
D.D.S. and derivatives	7,191	3,981	2,490
Anti-tuberculosis			
Isonicotinic acid Hydrazide	29,244	29,503	14,820
P.A.S. and salts	86,600	99,816	43,590
Sulpha drugs:			
Sulphadiazine	13,351	31,503	19,270
Sulphapyridine	14,792	13,166	17,000
Sulphasomidine	21,878	27,629	1,995
Sulphathiazole	92,961	92,389	67,191
Anti-dysentery:			
Carbarsone	16	59	..
Di-iodohydroxyquinoline and Iodochlorohudroxy-quinoline	24,908	22,828	20,190
Insecticides:			
Benzene hexachloride‡	2,240	2,909	2,000
Copper oxychloride‡	455	..	..
D.D.T.‡	2,555	2,199	600
Ethyl dibromide‡	8	14	..
Alkaloids:			
Reserpine‡	8,747	7,930	258
Hormones:			
Cortico sterids	134	75	..
Testesterone, etc.	34	76	..
Anti-diabetic:			
Tolbutamide and carbutamide	427	333	86
Anti-pyretic and analgesics:			
Aspirin	59,360	38,600	..
Phenacetin B.P.	14,151	15,000	..
Sodium salicylate	848,500	170,330	..
Vitamins:			
Vitamin "A"‡	15	6	..
Vitamin "B-12"‡	606	1,886	..

* Thousand phials. † Thousand. ‡ Metric tonnes.

IRON AND STEEL ADVISORY COUNCIL

The Government of India has decided to reconstitute the Iron and Steel Advisory Council. The Union Minister for Steel, Mines and Fuel will be the Chairman of the Council, with the Presidents of the Federation of Indian Chambers of Commerce and Industry and the Associated Chambers of Commerce of India or their nominees, as ex-officio members. The Government will also nominate twenty-one representatives of producers, consumers, the trade and the mining and allied interests.

The Secretary, Department of Iron and Steel of the Ministry of Steel, Mines and Fuel and eight representatives of the concerned Ministries of the Government of India will also be members of the Council. The Iron and Steel Controller will be the Member-Secretary. The Council has been constituted for a term of two years.

DELHI CLOTH AND GENERAL MILLS CO. LTD.

POWERLOOMS POSE SERIOUS THREAT TO COTTON MILL INDUSTRY

TREND OF RAW MATERIAL COSTS DISTURBING

Chairman, Lala Bharat Ram's Speech at Annual Meeting

THE view that the crux of the problem of industry, be it sugar or cotton textiles, was the mounting raw material and labour costs was expressed by Lala Bharat Ram, Chairman of Delhi Cloth and General Mills Company Ltd., in his speech at the Annual General Meeting of the Company held at Delhi on Friday, 3rd November 1961. In the case of the textile industry, there was the further menace of powerlooms, which was threatening the entire cotton textile industry. Instead of being a help to the handloom sector, the powerlooms, which pay a very small excise duty, were becoming, according to the Chairman, a problem both for handlooms and mills. Referring to the sugar industry, in which the Company is interested, Lala Bharat Ram said that it was unfortunate that it was plagued by problem after problem. In his opinion, the danger of a crisis again overtaking the industry could not be discounted unless it were possible either to export a sizable quantity of sugar from the country or stimulate internal consumption by reducing the prices through a readjustment of cane prices.

The following is the full text of Lala Bharat Ram's speech:

"LADIES AND GENTLEMEN,

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

"As you will observe from the balance-sheet, the financial results of the Company have been better than in the last year, which naturally is a matter of satisfaction for all of us.

"The cotton mill industry this year also has had a good year as far as profits are concerned. However, I would like to mention certain aspects of the cotton textile industry.

Difficult Cotton Situation

"Last year, due to the heavy imports of American cotton, the cotton situation quantitatively was easier than in the year before last, but the industry had to use a much more expensive cotton than the local cotton for the same counts of yarn, which added to the cost of production. With the increased consumption of cotton in the existing industry and also in the third Plan period when, it is visualised, nearly 4 million spindles would be added, I feel the cotton situation is going to be very difficult in the years to come. On the basis of 9,300 million yards of cloth production and 2,250 million lbs. of yarn, as visualised in the third Plan, 14.50 lakh more bales of cotton would be required. The planners have, of course, expressed the hope that our cotton production will keep pace with the demand, but I cannot but feel rather pessimistic about our attaining this increased production of cotton. In the second Plan period, it was planned that cotton production would go up to 55 lakh bales. But it has remained stagnant around 45/48 lakh bales and, in fact, in the year 1959-60, production went down to as low as 37 lakh bales. We will, in case of shortfall, thus have to import large quantities of cotton. This stringency in cotton is bound to increase the cotton prices in India, which, in turn, will affect the cost of production and our export trade. One of the main advantages India had in the exports of textiles was its cheap cotton, but today this position does not hold good. Even today, the exports of textiles from India are falling. The exports in 1959-60 were worth about 69 crores of rupees, and in 1960-61 had dropped to only 62 crores. The tendency even now for the exports of textiles is on the decline.

Labour Cost

"What I said earlier about the disquietening trend in raw material cost applies, with equal force, to labour cost, the other main element in textile costs. Labour costs in the textile industry are continuously moving up, sometimes because of increase in dearness allowances, which comprise between one-half to two-thirds of the total emoluments of the worker, and sometimes due to other wage increases as happened after the Wage Board recommendations in 1960. While, according to the Wage Board recommendations, the industry has given the wage increases, labour, on the other hand, has not played its part in helping rationalisation which was visualised by the Wage Board. The net result, of course, is to add to the general upward pressure on wage cost.

"Only if these two main items of costs, i.e., cotton and labour are kept down, we may be in a position to become competitive in the world markets. Nevertheless it is a matter of satisfaction to us that the textile exports of the D.C.M. have not been allowed to go down in spite of the general setback.

"Another very serious problem, which is threatening the whole of the cotton textile industry, is the menace of the powerlooms. The powerlooms pay a very small excise duty. And, apart from the fact that they pay a very small amount of excise duty, thousands of unauthorised powerlooms have come into production. This situation with regard to powerlooms is not only hurting the mills but also the handloom sector, without increasing the employment potential, which is one of the basic arguments for keeping the handlooms as an important sector of our economy. Policies were designed by the Government to protect the handloom sector such as restrictions on new loomage in the mills and reservation of varieties of cloth. But the experience of the last few years has been that, instead of helping the handlooms, the powerlooms are becoming a problem for both the handlooms and the mills. While the mill industry places the incidence of unauthorised looms at a much higher level, even a recent Government survey has shown that these unauthorised looms are at least 66 per cent as numerous as the looms registered with the Government, making a mockery of the statutory provisions for registration.

"In the context of this unsatisfactory situation, I feel that the Government must take active steps to see that the powerloom industry is not allowed to run counter to the Government's own policies.

Sugar Problem

"Coming next to the sugar industry, in which your Company is again interested, it is unfortunate that it continues to suffer from one problem after another. Today there is a great problem of very large surplus stocks of sugar for which there is no market. Although the Government is putting a restriction on output in the year 1961-62, and also imposing a stiff penal excise duty on production beyond the restricted level, I am still not sure that the sugar industry will not be facing a near-crisis in the next year unless it is possible to export a sizable quantity from India or unless cane prices are so adjusted as to materially bring down the costs, and therefore, prices of sugar, whereby internal consumption would increase.

"In fact, whether it is the question of the prices of sugarcane or cotton, the main point, to which I also made a reference last year, is that unless and until the productivity in agricultural fields is going to be increased, we shall continue to face high costs and high prices, which, in my view, would have an adverse effect on the whole of our economy.

Speculation in Oilseeds and Oils

"As you know, one of the major activities of your Company is the production of edible fats, i.e., vanaspati, and in this field, we are one of the largest manufacturers in the country. The prices of the finished product, and the profitability of the industry continue to be highly erratic on account of the increasing element of speculation in the oilseeds and oils trade. The fluctuation in prices of oils between one part of the year and another have been of an order exceeding 30 per cent at times. It will be appreciated that such violent fluctuations in raw material prices must inevitably lead to similar fluctuations in the prices of the end-product. This situation has been causing considerable worry to the edible fats industry, as these violent fluctuations are not in the interests of either the consumer, or the farmer, or even of the normal trader, but only of the speculator. There is definitely a need for the Government and the industry to take stock of this situation and to take such steps as are possible for minimising the impact of these unhealthy trends.

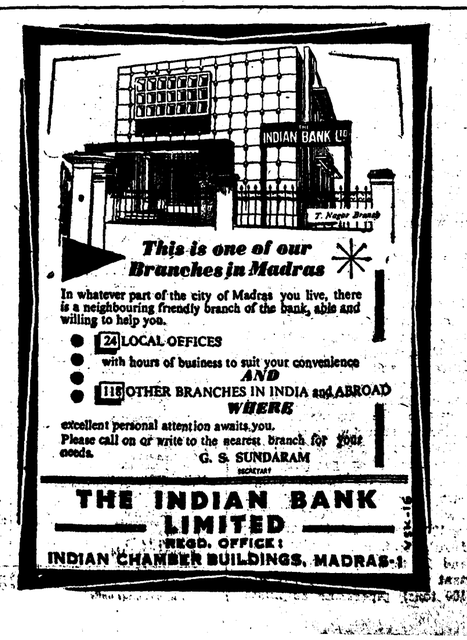
P.V.C. Plant

"Before I close, I am sure, you would be pleased to know that, in keeping with the past policy of diversification and expansion of the enterprises in your Company, it has been decided by your Board to put up a P.V.C. plant with its ancillary products like chlorine, calcium carbide and caustic soda, as also a plant for the manufacture of rayon tyre cord, both yarn and fabric. Both these are large projects involving very large investment. In addition to these two large projects, renovation, modernisation and, in certain fields, expansion are continually going on.

"Before I close, I am sure you will join me in conveying my thanks to all my colleagues who have been responsible for the satisfactory results and also express confidence in their ability to shoulder responsibilities in the future development of the Company.

"With these words, ladies and gentlemen, I move that the Directors' report and accounts be adopted."

Note: *This does not purport to be a record of the proceedings of the annual general meeting.*



BUMPER RESULTS BY BOMBAY BURMAH

DIVIDEND RAISED AFTER PLOUGHING IN MORE MONEY TO RESERVES

THE enhancement, for the third year in succession, in the rate of ordinary dividends proposed by the Directors of the Bombay Burmah Trading Corporation Ltd. (Secretaries and Treasurers: Messrs. Wallace and Company, Bombay) is fully justified by the further improvements in the Company's sales and profits for the year ended 31st May 1961. There has been an appreciable rise in sales from Rs. 458.86 lakhs in 1959-60 to Rs. 516.57 lakhs during the year under review, due mainly to increases in sales of timber, manufactured goods and coffee, though partly offset by a decline in sales of tea. Other income, comprising mostly agency commission, sundry services and dividends, has also increased simultaneously by Rs. 32.35 lakhs to Rs. 93.58 lakhs as a result of higher dividend receipts from subsidiary companies' interest charges, and sundry income. The total increase in earnings has thus been of the order of as much as Rs. 90.06 lakhs to Rs. 610.15 lakhs. The expenses have, on the other hand, increased proportionately by Rs. 72.31 lakhs to Rs. 451.44 lakhs due to a higher level of turnover and trading activity but even so the gross profit reflects an improvement of Rs. 17.75 lakhs to Rs. 158.71 lakhs.

Increased gross profit has necessitated a higher provision for the remuneration payable to the Secretaries and Treasurers, amounting to Rs. 10.21 lakhs, as against Rs. 9.03 lakhs, and for taxation at Rs. 59.00 lakhs, as against Rs. 48.20 lakhs for the previous year. Although the provision for depreciation at Rs. 26.59 lakhs, as compared with Rs. 26.68 lakhs previously, is higher by Rs. 4.90 lakhs than the amount allowed under income-tax rules, the Directors are of the opinion that both the provision charged and the basis used are appropriate. As a result of these somewhat higher allocations, the net profit has risen only modestly to Rs. 62.91 lakhs from Rs. 57.05 lakhs for 1959-60. To this is to be added Rs. 1.47 lakh as the balance brought forward, Rs. 2.81 lakhs as provisions no longer required and Rs. 4.35 lakhs as income attributable to previous year. Of the amount of Rs. 71.54 lakhs thus available, the Directors have transferred Rs. 25.80 lakhs to various reserves and have proposed ordinary dividends at 33 per cent, subject to deduction of tax. On a tax-free basis, the dividend for the year works out to 23.1 per cent and compares well with 21 per cent for 1959-60 and 19 per cent for 1958-59. Thus, the assurance given by Mr. Pratapsinh Mathuradas, Chairman of the Company, at the last annual general meeting that the dividend will be maintained at least at 30 per cent has been more than fulfilled. The ordinary dividend will absorb Rs. 44.14 lakhs, leaving Rs. 1.61 lakh to be carried forward.

The results of operations of the Company for the past four years are contained in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st May			
	1961	1960	1959	1958
Sale proceeds	5,16.57	4,58.86	3,96.79	3,64.07
Other income	93.58	61.23	70.44	64.53
Expenses	4,51.44	3,79.13	3,68.40	3,60.54
Gross profit	1,58.71	1,40.96	98.83	68.06
Remuneration to Secretaries and Treasurers	10.21	9.03	4.81	3.03
Provision for—				
Depreciation	26.59	26.68	31.71	34.40
Taxation	59.00	48.20	37.86	9.10
Net profit	62.91	57.05	24.45	22.04
Transfer from reserves and receipts relating to prior years	7.16	2.08	11.84	22.24
Transfer to reserves and expenses relating to prior years	25.80	18.20	10.70	15.12
Dividend	44.14 (33⅓%)*	40.12 (30%)*	25.41 (19%)	30.49 (24%)†
Carry forward	1.61	1.47	0.67	0.50

* Subject to deduction of tax.
† Including a special dividend of 6 per cent. for 1955-56.

As readers are well aware, the ramifications of the Company's business are fairly wide, its trading activities cover a variety of commodities and its area of operations covers several countries. The receipts from the repair work carried out in the Rangoon dockyard were slightly higher than in the previous year and there was a useful increase in boat-building sale proceeds, derived partly from contracts carried over from 1959-60. However, a lack of new building orders was experienced and this has been reflected in the drop in the value of work-in-progress at the end of the year. Production and sales at the asbestos cement plant manifested a marked improvement, but business at the concrete production plant declined and production was accordingly restricted. Although the production and purchase of tea at Namhsan showed a substantial improvement, actual sales were considerably lower than the 1959-60 figure and closing stocks rose sharply. Costs were cut, but prices realised were lower and trading conditions continued difficult.

It will be recalled that the working permits held by the Joint Timber Company Ltd. in Thailand had expired last year and negotiations for renewal were constituted. These, unfortunately, have proved unsuccessful and as such there is no prospect of further forest operation. Activities of the Company were largely confined to clearance and disposal of remaining log stocks. These, however, proved highly profitable and the Company could declare an interim dividend equivalent to 200 per cent. Production of starch by Thai Tapioca Ltd. increased slightly and costs were further reduced. General level of prices nevertheless remained depressed and the Company has again sustained a loss.

In Tanganyika, further development of the Company's tea estate has been reported. Upto the end of the year under review, a total of 919 acres have been planted in tea and further planting programme continues. The group's first tea factory on Herkulu Estate has been completed and trial runs are in progress.

As anticipated earlier, the production of tea at the Company's South Indian plantations during the year remained in level with that during the previous year. The late arrival of spring showers and the early and heavy onset of the monsoon reduced the rush crop. Unit costs of "made-tea" increased from Re. 1.324 per lb. in 1959-60 to Re. 1.359 per lb. in 1960-61 and the average gross return also rose, albeit to a lesser extent, from Rs. 2.336 to Rs. 2.360 per lb. Thanks to favourable weather conditions, the coffee crop on the Company's Coorg estates rose sharply from 907 tonnes to 1,368 tonnes or nearly 50 per cent. Although, as reported in the previous year's report, the acreage under cardamoms was brought down substantially, increased attention given to select areas has resulted in a higher crop of 18,354 lbs., as compared with 9,812 lbs. a year ago.

At the Wallace Bay branch in North Borneo, production and purchase of hardwood logs showed a further increase. As in the previous year, the bulk of this was shipped in log form. Market demand remained fairly steady and the year's working was, once again, satisfactory.

The financial strength of the Company is as formidable as ever. There has been no change in the subscribed share capital, which, as at 31st May, 1961, stands at Rs. 134.58 lakhs, with a backing of Rs. 399.94 lakhs in reserve and surplus. Unsecured loans amount to Rs. 59.74 lakhs, in addition to current liabilities and provisions of Rs. 220.59 lakhs. On the assets side, the gross block possesses a book value of Rs. 596.96 lakhs, which has been well written down to Rs. 307.70 lakhs. Buildings, machinery, roads, etc., under construction or in transit are valued at Rs. 7.63 lakhs giving a total net block of Rs. 315.33 lakhs. Current assets, loans and advances, and investments amounted to Rs. 499.52 lakhs and exceed current liabilities by Rs. 219.19 lakhs.

Currently, the Rs. 125 fully paid ordinary shares of the Company are quoted on the forward list of the Bombay Stock Exchange at Rs. 643.00 *cum-div.* On reducing the quotation to an *ex-div.* basis, the net yield works out to 3.7 per cent per annum.

GREAT EASTERN SHIPPING COMPANY LTD.

The difficult conditions confronting Indian shipping are fully reflected in the preliminary statement of the results of the Great Eastern Shipping Company Ltd. (Managing Agents: Messrs. A. H. Bhiwandiwalla and Co., (Bombay) Private Ltd.) for the year ended 30th June 1961. The gross profit has suffered a heavy setback from Rs. 83.58 lakhs for 1959-60 to Rs. 69.48 lakhs for the year under review, representing a fall of 16.8 per cent. After providing Rs. 58.26 lakhs for fleet depreciation, as against Rs. 61.76 lakhs last year, and Rs. 50.000 (Rs. 1.95 lakhs in 1959-60) for Managing Agents' remuneration, the Company has earned a net profit of Rs. 10.72 lakhs. But it sustained a capital loss of Rs. 13.91 lakhs, on scrapping one of its vessels, namely, s.s. *Jag Janani*. If this loss is set off against the aforesaid net profit, the year's working results in a deficit of Rs. 3.19 lakhs. Further, the Directors have deemed it prudent to transfer Rs. 9 lakhs to the development rebate reserve. As a result, the deficit for the year actually amounts to Rs. 12.18 lakhs, as compared with that of Rs. 12.99 lakhs for the previous year. If, however, one takes into account the refund of Burma Income-tax of Rs. 5.35 lakhs, in respect of previous years, the deficit would be reduced to Rs. 6.83 lakhs.

In keeping with the trend of profit, the Directors have deemed it necessary to cut down the dividend from 10 per cent (tax free) for 1959-60 to 7.8 per cent for the year under review, giving a gross dividend of 78 nP per Rs. 10 fully-paid share and 39 nP per Rs. 10 partly paid-up share. As the Company has

(*Continued on next page*)

TATA CHEMICALS TURNS THE CORNER

CAPITAL TO BE RAISED FURTHER

IN refreshing contrast to the sharp setback suffered in the previous year, the Tata Chemicals Limited (Managing Agents: Tata Industries (Private) Limited) has staged a comeback during the year ended 30th June 1961. The improvement, though not smart, is all-round and holds out a promise of better working during the current year, in view of the expansion programme on hand and the acquisition of new interests recently. The most attractive feature of the results for the year under review is the sharp rise in the turnover from Rs. 341.32 lakhs to Rs. 415.72 lakhs, the maximum attained by the Company so far. However, the benefits of this are not fully translated in terms of gross profit which has but modestly improved from Rs. 50.38 lakhs to Rs. 58.41 lakhs, and is, in fact, lower as compared with Rs. 69.15 lakhs in the year 1958-59, when the turnover was Rs. 340.70 lakhs, due to a sharp rise in manufacturing costs and operative and other expenses, both of which are the highest the Company has ever incurred.

Costs of raw materials and stores consumed have gone up from Rs. 106.56 lakhs to Rs. 134.94 lakhs and other expenses have soared from Rs. 193.61 lakhs to Rs. 243.58 lakhs. The principal items of higher costs were: power and fuel Rs. 69.51 lakhs (Rs. 48.82 lakhs), freight and handling charges Rs. 35.57 lakhs (Rs. 25.64 lakhs), interest charges Rs. 19.69 lakhs (Rs. 12.61 lakhs) and the wage bill Rs. 62.14 lakhs (Rs. 58.16 lakhs). Heavy rains at Mithapur, where the Company's plant is located, plagued again its salt raisings and resulted in an avoidable expenditure of Rs. 9 lakhs on purchases of salt to maintain production of soda ash and electrolytic caustic soda, though the solar output was higher at 1.47 lakh tonnes against 72,000 tonnes in the previous year. In addition, there was a fresh burden of excise duties of Rs. 5.79 lakhs. But for an increase in the production of soda ash (by 26 per cent), of sodium bicarbonate (+11 per cent) and of benzene hexachloride (+15 per cent), which cut down the per unit cost, the gross profit would have hardly registered any improvement over the previous year. The net profit is higher at Rs. 34 lakhs, against Rs. 26.31 lakhs previously, after providing Rs. 23 lakhs (Rs. 20.75 lakhs a year ago) for depreciation and Rs. 1.41 lakhs (Rs. 2.27 lakhs) for Managing Agents' commission. The Directors have partially restored the previous year's 1.5 per cent cut in the dividend on equity capital by stepping it up from 6 per cent to 6.5 per cent, subject to deduction of tax, giving a net return of 4.5 per cent on shares of Rs. 10 each, which absorbs Rs. 11.89 lakhs against Rs. 10.63 lakhs previously, including Rs. 4.48 lakhs paid out of capital as annual interest of 4 per cent on 11.20 lakh new ordinary shares of Rs. 10 each. They have also restored a 5 per cent, free of tax, return to the preference shareholders, by stepping up the dividend to 7.14 per cent, subject to deduction of tax, and paid accordingly Rs. 0.53 lakh for the previous year. Development rebate reserve gets Rs. 17.40 lakhs, against Rs. 14.35 lakhs previously and provision for retiring gratuities has been maintained at Rs. 0.50 lakh.

The following table compares the Company's working in the past four years:—

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sale of products	4,15.72	3,41.32	3,40.70	3,41.70
Other income	7.23	9.74	11.67	7.62
Closing stocks of finished goods	45.59	31.11	35.17	36.28
Raw materials and stores consumed	1,34.94	1,06.56	1,01.78	1,01.26
Other expenses	2,43.58	1,98.61	1,81.34	2,01.99
Gross profit	58.41	50.38	69.15	45.99
Depreciation	23.00	20.75	20.00	17.25
Taxation		1.05	12.51	12.42
Managing Agents' commission	1.41	2.27	4.46	2.98
Net profit	34.00	26.31	32.19	13.45
Transfer from reserves	2.50	0.49	2.80
To development rebate reserve	17.40	14.35	13.30	2.30
To reserves and provisions	0.50	0.50	0.82	0.35
Dividends—				
5 per cent. preference	4.82*†	3.75*	4.28*	3.00
Ordinary	11.89 (6.5%)*‡	10.63 (6%)*‡	14.23 (7¼%)*‡	10.66 (7½%)*‡
Carry forward	0.64	0.15	0.07	0.04

* Subject to deduction of tax.
† The dividend on preference shares has been raised to 7.14 per cent. (taxable) to give a net return of 5 per cent. The amount includes Rs. 0.53 lakh paid for the previous year under this adjustment.
‡ Excluding interest at 4 per cent. payable out of capital.

In his statement to the shareholders, the Chairman, Mr. J. R. D. Tata, says that the Company made fairly solid progress during the past year. The gains over the previous year "although perhaps disappointing in that they have not yet permitted the full restoration of the dividends paid two years ago, nevertheless show that the Company has recovered from last year's setback and is well on its way towards reaching the much improved position expected to result from the expansion programme which is now approaching completion." The programme includes, in the final stages, a provision for doubling the capacity of the chemical caustic soda plant, a decision on which would be taken after the recommendations of the Tariff Commission and the Government's decisions thereon are known. The increase of Rs. 10 per tonne in the selling price of soda ash from April last and of Rs. 30 per tonne in that of solid caustic soda from February last are, however, found to be insufficient to compensate for increases in manufacturing costs. Most of the remaining major units planned for the soda ash plant were commissioned or completed during the year. By the close of the year, the Company has incurred a capital expenditure of Rs. 4.15 crores on the Rs. 6-crore expansion programme, initiated in 1957-58. This expenditure was financed to the extent of Rs. 1.86 crores from borrowings, Rs. 1.17 crores from internal resources, including allocations to depreciation, and Rs. 1.12 crores from additional share capital.

According to Mr. Tata, the large investment, compressed as it has been into a relatively short period of time, has placed a severe strain on the Company's financial resources. Apart from the fact that the Company will soon be short of funds to meet its commitments on capital expenditure and working capital, he adds, the ratio of borrowings to equity (nearly 1.75 to 1) is on the high side and too large a proportion of the borrowings are of a short-term nature. To provide for the additional funds, the Directors have, therefore, decided to issue 5,03,920 further ordinary shares of Rs. 10 each at par in the ratio of one for every five shares held, and 6.5 per cent taxable debentures of Rs. 50 lakhs, to be redeemed between 1st July 1970 and 30th June 1975. The two issues are subject to the sanction of the Controller of Capital Issues, for which an application has been made.

Referring to the Tariff Commission's inquiry in August this year into the claims of the soda ash and caustic soda group of industries for which the current period of protection stops at the end of 1961, Mr. Tata says that the Company urged the Commission, amongst other things, that the selling prices of the industry's products should be such as to provide an adequate cushion for rising costs of raw materials, fuel, transport and other items over which it has no control; it also pressed for sufficient amounts to be set aside to reserves each year to maintain plant efficiency and provide for a reasonable degree of expansion out of retained earnings; and, finally, for a return on employed capital which would satisfy the legitimate claims of investors and attract further capital. It has recommended that an effective and expeditious machinery should be set up to revise the industry's price structure from time to time in place of the laborious and time consuming procedures in force at present. The recommendations of the Commission are still not known.

A significant development for the Company is its recent conclusion of negotiations with Mr. Prabhulal Shah and Bombay Mineral Supply Company (Private) Limited, resulting in the issue of a letter of intent for the acquisition by the Company of the undertaking of the mineral company which owns valuable bauxite deposits under leases from the Government at Bhatia, Saurashtra. At present, the deposits are being worked and sold as ore both in India and abroad. The purpose of the merger is to develop the deposits for industrial uses such as the manufacture of calcined bauxite, refractories, aluminium sulphate and aluminia under industrial licences for which application would be made to the Government. The consideration for the transfer of interests will be the allotment of 5.20 lakh fully paid ordinary shares of the Company to the mineral company. The undertaking will pass to Tata Chemicals from 9th November 1961, and the Company will also be entitled to the profits for the Samvat year 2017 (8th November 1961). The arrangement is subject to the approval of the Board of Directors of Tata Chemicals and also to such sanctions of the Gujarat State and Union Governments as may be required.

The financial position of the Company calls for some immediate and urgent improvement. Against the issued and subscribed capital of Rs. 311.93 lakhs same as last year, of which preference is of Rs. 59.97 lakhs, borrowings have risen sharply; secured loans, including 5 per cent debentures of Rs. 5.31 lakhs, from Rs. 116.50 lakhs to Rs. 150.44 lakhs, and unsecured loans from Rs. 208.83 lakhs to Rs. 251.28 lakhs. The reserves and surplus have, however, been stepped up from Rs. 42.32 lakhs to Rs. 59.71 lakhs. Current liabilities have fallen from Rs. 72.71 lakhs to Rs. 62.55 lakhs and, including provisions, the total amounts to Rs. 93.16 lakhs, against Rs. 112.56 lakhs a year earlier. These are satisfactorily covered by current assets, loans and advances of Rs. 270.74 lakhs. Trade investments are maintained at the last year's level of Rs. 18.78 lakhs and are in Tata enterprises. The Company has yet to write off debenture issue cost of Rs. 2.46 lakhs. The gross block account increased during the year from Rs. 589.53 lakhs to Rs. 709.66 lakhs and has been written down to Rs. 480.55 lakhs which, with works-in-progress at Rs. 93.98 lakhs, makes a total of Rs. 574.53 lakhs of fixed assets.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 20 *cum-div.*, at which rate the yield on the *ex-div.* price of Rs. 19.55 works out to 2.2 per cent per annum, free of tax, which is too low for a Tata unit. It is to be hoped that the Company will reward its investors richly in future; they have waited for long in the hope of a better return.

DELHI CLOTH MILLS' PERFORMANCE IMPRESSIVE

APPROPRIATION POLICY CONSERVATIVE

A SHARP rise of Rs. 4.10 crores in sale proceeds and yet more spectacular spurt of Rs. 1.42 crore in gross earnings, reflecting a relatively much better profitability than in recent years, highlight the all-round improvement in the working results of the Delhi Cloth and General Mills Company Limited [Managing Agents: Messrs. Bharat Ram Charat Ram (Private) Ltd., Delhi] for the year ended 30th June 1961. And it is essentially due to this that the shares of the Company have been bid up on the Delhi Stock Exchange to an all-time peak of Rs. 65.25, as against Rs. 46.50 only a month ago, though there is also talk of some buying of this share recently by the Life Insurance Corporation of India.

Sale proceeds have risen from Rs. 31.79 crores to Rs. 35.89 crores and income from other sources has gone up from Rs. 45.63 lakhs to Rs. 71.39 lakhs. Higher sales and an increase in stocks at close from Rs. 5.10 crores to Rs. 6.24 crores underline a significant improvement in production. Gross profit, which has soared to Rs. 4.35 crores from Rs. 2.93 crores in the previous year, would have been still higher but for an increase in the cost of raw materials consumed from Rs. 16.95 crores to Rs. 18.83 crores and in other expenses from Rs. 10.83 crores to Rs. 11.77 crores, of which the wage bill alone amounts to Rs. 5.32 crores. The net profit has, however, gone up but modestly from Rs. 1.04 crore to Rs. 1.66 crore following the much larger provision of Rs. 1.71 crore (Rs. 1 crore for 1959-60) for taxation and of Rs. 77.80 lakhs (Rs. 70.17 lakhs) for depreciation. Managing Agents' remuneration amounts to Rs. 20.12 lakhs, against Rs. 18.34 lakhs in the previous year.

The following table brings out the Company's progress over the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sale proceeds	35,88.76	31,78.63	30,08.00	29,41.60
Other income	71.39	45.63	19.19	15.03
Stocks at close	6,23.54	5,10.21	3,91.04	4,68.02
Raw materials consumed	18,82.75	16,94.88	13,97.01	14,68.79
Excise duty and cane cess	2,79.01	2,72.19	2,65.96	2,73.42
Other expenses	11,76.84	10,83.42	10,56.62	9,70.60
Gross profit	4,34.88	2,92.92	2,50.61	2,23.97
Provision for—				
Depreciation	77.80	70.17	65.53	88.01
Taxation	1,71.00	1,00.00	95.00	59.18
Managing Agents' remuneration	20.12	18.34	16.25	12.61
Net profit	1,65.96	1,04.42	73.82	68.27
Excess provisions written back	20.41	0.08	30.08	..
To reserves	1,15.00	64.59	37.00	36.10
,, adjustments	20.41	..	30.08	..
Donations	1.58	5.12	0.57	..
Dividends—				
Preference	4.27*	4.27*	4.27*	2.99
Ordinary	44.12 (12½%)*	40.72 (12½%)*	33.94 (10%)*	27.15 (8%)
Carry forward	3.72	2.72	2.85	4.81

* Subject to deduction of tax.

Commensurate with the improved results, the Directors have stepped up, again, the dividend on ordinary shares of Rs. 25 each from 12 per cent to 13 per cent, subject to deduction of tax, though one feels the increase is not in proportion to the earnings, as the net return works out to 9.1 per cent against 8 per cent paid on the same amount of capital in 1958, when the gross earnings and net profit amounted to only Rs. 2.29 crores and Rs. 68.27 lakhs, respectively. Instead of distributing more profits to the shareholders, the Directors have chosen to consolidate the Company's financial position by ploughing back a big slice of the available surplus to reserves. Ordinary and preference dividends take away Rs. 48.39 lakhs against Rs. 45 lakhs previously, while the amount transferred to reserves has been increased from Rs. 54.50 lakhs to as much as Rs. 115 lakhs, which is more than three times larger than the sum of Rs. 36.10 lakhs transferred in 1958. Apart from the apparent consideration of a sound financial policy, this is done possibly to provide internal finance for the Company's expansion programme on hand. Percentagewise, the earnings during the year were appropriated as: raw materials 50, stores, power, etc., 12, wages and amenities 14, selling and distribution 3.25, administration and operation 2.5, taxes 12, depreciation and development rebate 2.5, dividends 1.25 and reserves 2.5.

During the year under review, the textile units of the Company in India and Pakistan showed good results. Their renovation and modernisation continued. The units maintained their position with regard to exports. The silk section turned the corner and is expected to fare better in future. The chemical and *vanaspati* sections maintained satisfactory progress. The sugar section's results were normal. However, in view of the very large increase in production of sugar in the country, the sugar industry is likely to pass through some anxious times in the years to follow. The distillery working was normal. The Company discontinued the tent business during the year.

As a part of its programme for diversification of manufacturing lines, the Company has undertaken installation of two new plants; a P.V.C. plant of 20-ton-a-day capacity, together with ancillary units of calcium carbide and caustic soda, and a rayon tyre cord plant, with a capacity of 10 tons per day, for the manufacture of high tenacity rayon tyre cord yarn and fabrics. Arrangements for the supply of technical know-how and machinery for these plants have been entered into with some reputed firms of Japan and the U.S.A. The plants will employ the latest technique and equipment in the field. The factories will be situated at Kotah, Rajasthan.

The foreign exchange requirements of these plants are proposed to be met from deferred payments and long-term loans from foreign financing institutions. At home, the finance will be raised by way of a share capital and debenture issues, as well as borrowings. The Directors sought and obtained the shareholders' approval at the annual meeting of the Company on 3rd November 1961 to raise the borrowing limits to Rs. 15 crores. The Company has received the sanction of the Controller of Capital Issues to issue 4 lakhs ordinary shares of Rs. 25 each at a premium of Rs. 5 per share and 2 lakhs redeemable cumulative preference shares of Rs. 25 each at par. The Directors propose to issue 6.5 per cent debentures of the face value of Rs. 2.50 crores. Under the trust deed of 27th January 1955, the existing 5.25 per cent Rs. 1 crore debentures are redeemable from 15th December 1962 to 1966. The debentureholders have, however, agreed to the proposal for redemption of the debentures earlier than 15th December 1962.

The financial position of the Company is sound. The share capital of Rs. 4.11 crores has been unchanged over the previous year's level. It has been supplemented by reserves and surplus of Rs. 6.05 crores. Borrowings have gone up from Rs. 7.36 crores to Rs. 8.69 crores, of which Rs. 6.10 crores are secured loans, comprising debentures of Rs. 1 crore, interest on them Rs. 2.63 lakhs, and loans and advances from banks of Rs. 5.07 crores; the latter were Rs. 3.92 crores in the previous year. Other current liabilities and provisions of Rs. 4.12 crores, and the total indebtedness to outsiders is amply covered by current assets, loans and advances of Rs. 15.83 crores. Investments are higher at Rs. 32.21 lakhs as compared with Rs. 26.92 lakhs in the previous year. There was an addition of Rs. 1.23 crore to the gross block account which at the end of the year stood at Rs. 15.69 crores. It has been well written down to Rs. 6.81 crores.

The Rs. 25 fully paid ordinary shares of the Company are currently quoted at Rs. 65, at which rate the yield on them works out to 3.5 per cent per annum, free of tax.

GREAT EASTERN SHIPPING

(*Concluded from previous page*)

paid 59 nP and 29 nP per share out of the reserve of exempt profit under Section 15C of the Indian Income-tax Act, the net dividend per share works out to 72 nP in respect of fully paid shares and 36 nP per share in respect of partly paid shares.

The financial position of the Company, as disclosed by the figures released to the Press, is quite sound. The paid-up capital of the Company at Rs. 90 lakhs is supported by various reserves aggregating Rs. 210.48 lakhs. The gross value of the Company's fleet as at 30th June 1961 amounted to Rs. 809.42 lakhs, on which a total depreciation of Rs. 253.35 lakhs has been provided so far. The outstanding loans are of the order of Rs. 347.46 lakhs. As against this, the liquid assets (cash and Bank balances) alone amount to Rs. 143.93 lakhs. The Company has redeemed the preference shares by drawing Rs. 25 lakhs from various reserves. The Directors have also decided to reallocate the different reserves with a view to classifying them into taxed and untaxed reserves.

In spite of the difficult conditions facing the shipping trade, the Company continues to expand its fleet with confidence in the future. It will be receiving two ships from a Japanese shipyard in February and March 1962 respectively at a cost of Rs. 2.27 crores, taking up the Company's fleet to fifteen ships—nine new ones and six old ones.

TRAVANCORE SUGARS' PROFIT LOWER

DIVIDEND REDUCED—HARD DAYS AHEAD

A TYPICAL example of how the "crisis of surplus" confronting the sugar industry is leading to lower profits is provided by the financial results of the Travancore Sugars and Chemicals Ltd. (Managing Agents: Messrs. Parry and Company Ltd., Trivandrum, Kerala) for the year ended 30th April 1961. Although the Company's sugar factory enjoyed a normal crushing season and produced 10,334 tons of sugar from 116,389 tons of sugarcane, as against 9,891 tons of sugar from 119,273 tons of cane in the previous year, its sales realisation suffered a sharp decline from Rs. 164.45 lakhs to Rs. 117.96 lakhs, representing a fall of as much as 28.2 per cent. The main reason for this setback in sales was the policy of controlled releases followed by the Government of India. The Company could, therefore, sell only a total quantity of 8,138 tons, as against 12,508 tons sold in 1959-60. The profit-margin on spirit and pharmaceuticals also was narrower, due to increased competition and higher cost of production, respectively. The gross profit has accordingly suffered a marked setback from Rs. 15.32 lakhs for 1959-60 to Rs. 10.95 lakhs or by as much as 28.5 per cent.

Of the gross profit of Rs. 10.95 lakhs, a sum of Rs. 60,000 goes for Managing Agents' commission (Rs. 1.27 lakh in 1959-60). Depreciation is only a shade lower at Rs. 3.02 lakhs as against Rs. 3.11 lakhs last year. Taxation absorbs Rs. 3.72 lakhs as against Rs. 5.50 lakhs. After these essential provisions, the net profit works out to Rs. 3.59 lakhs, as compared with that of Rs. 5.44 lakhs for the preceding year, the decline being as much as 34 per cent. It will be noted that the recession in net profit is greater than that in gross profit. The Directors have withdrawn Rs. 90,000 from the taxation equalisation reserve in order to equate income-tax depreciation with book depreciation. The amount thus actually available for distribution, together with the sum of Rs. 1.23 lakh, being the unallocated surplus brought forward from the previous year, is Rs. 5.72 lakhs. Of this, a of Rs. 1.55 lakh has been provided for current repairs to plant and machinery and a further sum of Rs. 29,000 has been ploughed back to the capital reserve. The 6.5 per cent (taxable) preference dividend absorbs Rs. 97,500. In the light of lower amount available for distribution, the Directors have felt it necessary to cut the dividend from 10 per cent (taxable) for 1959-60 to 7.5 per cent (taxable) or 5.25 per cent net, for the year under review. This dividend is the lowest on record in the last four years, as will be evident from the following comparative table of progress for the past four years:

(In lakhs of rupees)

	For the year ended 30th April			
	1961	1960	1959	1958
Sale proceeds	1,17.96	1,64.45	1,80.52	1,25.53
Closing stocks of finished goods and works-in-progress	45.21	30.47	45.08	37.58
Excise duty	27.08	41.20	31.93	25.52
Manufacturing, selling and other expenses	80.27	1,07.07	85.80	82.41
Gross profit	10.95	15.32	18.05	16.48
Managing Agents' commission	0.60	1.27	1.04	1.05
Provision for—				
Depreciation	3.02	3.11	3.08	2.96
Taxation	3.72	5.50	2.85	7.72
Net profit	3.59	5.44	6.08	6.15
To reserves and provisions	1.84	2.19	2.01	2.10
To tax on dividends deducted at source	..	..	1.22	..
Transfer from reserves	0.90	0.90	..	..
Dividends—				
6.5 per cent. preference	0.97	0.75	0.75†	0.75
Ordinary	2.25 (7.5%)*	3.00 (10%)*	2.10 (7%)	3.00 (10%)
Carry forward	0.86	1.47	1.07	1.07
Cane crushed (in tons)	116,389	119,273	183,210	100,664
Sugar produced (in tons)	10,334	9,891	11,057	8,369
Sugar recovery (%)	8.88	8.29	8.80	8.31

* Subject to deduction of tax.
† After deduction of tax.

In regard to the current policy of controlled releases of sugar followed by the Government, the Company, it is learned, has made a representation to the Government of India. The Directors contend that, in order to relieve the strain on the railway system, the Government of India should release all the sugar manufactured in Kerala first and then only allow sugar from other parts of the country to move into that State. The Government of India has, however, not responded favourably to this appeal. The question pertaining to the price linking formula for cane has also not been settled so far.

Besides sugar, the Company is manufacturing pharmaceuticals and alcohol. It is said that steps are being taken to modernise the distillery. The new still ordered by the Company is expected to be received early in 1962. The Company has also installed a new vertical boiler. While the modernisation of the distillery is proceeding satisfactorily, it is, however, doubtful whether this will bring larger returns to the shareholders, because the ex-distillery price fixed by the Government of India, we are told, has no correlation to the cost of production, at any rate, in the South. The management has made a representation to the Government in this connection, as will be seen from the Chairman's speech published on page 914 of this issue. As regards pharmaceuticals, the Chairman of the Company says in his speech that the Company is thinking of closing down the works, as the Government of Kerala would no longer place its orders for 50 per cent of the Government's requirements of pharmaceuticals with the Company on a cost plus basis as in the past, but would, instead, invite tenders. It seems that the Government of Kerala is unlikely to change its mind, as witness the following remarks of the Chairman:

"If Government will indicate that they would be prepared to reach some accommodation with the Company that would enable the pharmaceutical works to be continued in operation, even on only a modest margin of the profit, the Company's Board would be only too glad to co-operate, but, so far, there has been no indication from Government that this is their wish."

The paid-up capital of the Company, as at 30th April 1961, is Rs. 45 lakhs, comprising Rs. 15 lakhs in 6.5 per cent (taxable) 150,000 cumulative preference shares of Rs. 10 each and Rs. 30 lakhs in 300,000 ordinary shares of Rs. 10 each. The reserves and surplus amount to Rs. 12.38 lakhs. In addition, there are Rs. 8.20 lakhs in taxation equalisation reserve. The Company has no secured or unsecured loans. Its current assets at Rs. 88.99 lakhs (stocks, stores, etc. Rs. 58.17 lakhs, accounts receivable Rs. 28.24 lakhs and cash Rs. 2.57 lakhs) exceed current liabilities and provisions at Rs. 58.95 lakhs by Rs. 30.04 lakhs. The gross block of the value of Rs. 71.92 lakhs has been adequately depreciated to Rs. 35.44 lakhs. It will thus be noted that the financial position of the Company is satisfactory, though the reserves are no more than modest. The Company, it may be noted, is nearly 25 years old.

The Rs. 10 paid-up ordinary shares of the Company are currently quoted at Rs. 9.69 ex-dividend on the Madras Stock Exchange. They yield a net return of 5.4 per cent per annum. It will be a reasonable surmise from the foregoing account of the working of the Company and the various developments connected with it that the shareholders cannot hope to receive higher dividends at least for some years to come. The fact that the shares are quoted at a discount suggests that investors are quite alive to this prospect.

(Concluded from next column)

Rs. 406.16 lakhs and more than fully cover all current liabilities.

With the opening of two new factories, one in Gujarat and the other in Andhra Pradesh, the total number of factories is now 60. The working of the factories, in general, was satisfactory during 1960-61. The work of manufacture and supply of prestressed concrete poles for power transmission also progressed satisfactorily at the Company's Karad factory, especially erected for the purpose. Similar progress has been reported in the fabrication, supply and erection of steel penstocks for the first stage of the Koyna hydro-electric project. The Company has entered into a technical collaboration agreement with Messrs. Giovanola Brothers Ltd. of Switzerland for the execution of the contract for fabrication, supply and erection of steel penstocks for the first stage of the Sharawathi hydro-electric project. The Company has also secured a further order for supply and erection of steel liners for stage two of the Koyna project which will be executed almost simultaneously with the existing contract which is nearing completion.

The present market quotation for the Company's Rs. 100 fully paid ordinary share is Rs. 181.00 *cum-div.* The net return on investment on an *ex-div.* basis works out to 5.4 per cent per annum.

INDIAN HUME PIPE FARES WELL

DIVIDEND, HOWEVER, UNCHANGED

CONSEQUENT on a rise of Rs. 27.47 lakhs in the sale of products, a higher closing inventory and a sharp reduction of as much as Rs. 12.36 lakhs in the cost of raw materials and stores consumed, the gross profit of the Indian Hume Pipe Company Ltd. (Managing Agents: Messrs. Walchand and Company Private Ltd., Bombay), for the year ended 30th June 1961, has staged a smart recovery to Rs. 57.12 lakhs from Rs. 37.88 lakhs during the previous year. This improvement is all the more heartening, since it has been effected after accounting for the actual difference between expenses on and receipts from the pipe-laying contracts undertaken by the Company on behalf of various Municipal authorities. The amount so adjusted against the available profits during the year works out to a debit of Rs. 15.01 lakhs as compared with a debit of Rs. 2.04 lakhs during 1959-60 and a credit of Rs. 0.43 lakh during 1958-59.

Higher gross profit has naturally meant a higher provision for the Managing Agents' commission and taxation. The former has accordingly been raised from Rs. 2.88 lakhs to Rs. 3.85 lakhs and the latter quite substantially by Rs. 9.75 lakhs to Rs. 21.75 lakhs. Provision for depreciation has also been stepped up and claims Rs. 13.95 lakhs as compared with Rs. 8.46 lakhs previously. As a result of these substantially higher provisions, the net profit shows only a modest rise of Rs. 3.03 lakhs to Rs. 17.57 lakhs. Adding to this Rs. 0.71 lakh brought forward and Rs. 0.74 lakh as provision no longer required, the amount available for disposal stands at Rs. 19.02 lakhs. Of this, the Directors have transferred Rs. 2.33 lakhs to the development rebate reserve and Rs. 3.00 lakhs each to the debenture redemption reserve and additional provision for taxation. The total credit during the year to reserves and provisions is thus higher at Rs. 8.33 lakhs, as against Rs. 6.93 lakhs a year ago.

Preference dividends for the year claim Rs. 2.50 lakhs and ordinary dividends absorb Rs. 7.80 lakhs. Although the rate of ordinary dividends has, once again, been maintained at 13 per cent, subject to deduction of tax, it is well to remember that such have become payable on twice the number of equity shares on which dividends were paid during the two preceding years. After the aforesaid appropriation, Rs. 0.40 lakh is being carried forward, as against Rs. 0.71 lakh brought in.

The above salient features of operation of the Company during the year are set forth in the table below with corresponding figures for the previous three years thrown in juxtaposition for the sake of comparison:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sales of products	2,59.71	2,32.24	2,45.63	2,31.08
Other income	4.36	4.13	4.26	2.80
Closing stocks of finished product	46.69	42.70	40.46	47.05
Cost of items capitalised	6.36	7.20	8.75	4.18
Raw materials and stores consumed	1,05.05	1,17.41	1,10.04	1,10.92
Salaries, wages and bonus	68.46	65.81	60.27	50.01
Other expenses	43.70	24.79	20.06	22.76
Gross profit	57.12	37.88	56.68	62.50
Managing Agents' remuneration	3.85	2.88	4.01	3.88
Provision for—				
Depreciation	13.95	8.46	8.52	8.36
Taxation	21.75	12.00	20.01	28.00
Net profit	17.57	14.54	23.24	20.26
Transfer from reserves and provisions	0.74	0.38	0.13	0.26
Transfer to reserves and provisions	8.33	6.93	10.96	15.13
Dividends—				
Preference (5%)	2.50†	2.50†	2.50	2.50
Ordinary	7.80 (13%)†	5.62 (13%)†	3.90 (13%)	2.70 (9%)
Carry forward	0.40	0.71	0.84	0.88

* Inclusive of the net difference between expenses on and receipts from pipe-laying contracts.
† Subject to deduction of tax.

The financial position of the Company, as disclosed by its balance-sheet as at 30th June 1961, is strong. The issued and subscribed share capital of Rs. 110.00 lakhs, consisting of Rs. 50.00 lakhs in (5 per cent taxable) cumulative preference shares and Rs. 60.00 lakhs in ordinary shares has a supplement of Rs. 109.38 lakhs a reserves and surplus. Borrowings are higher a Rs. 101.73 lakhs, and other current liabilities and provisions aggregate Rs. 186.29 lakhs. The gross block of Rs. 246.93 lakhs has been written down to Rs. 100.42 lakhs. Current assets, loans and advances, and investments at cost, total

(Continued in previous column)

Notices

AIR-INDIA INTERNATIONAL LIMITED

(In Voluntary Liquidation)

THE ANNUAL GENERAL MEETING OF this Company will be held in the Board Room, 4th Floor, Bombay House, Bruce Street, Fort, Bombay, on Wednesday, 6th December 1961, at 5 p.m., when in accordance with the provisions of Section 496 of the Companies Act, an account of the acts and dealings of the Liquidators and of the conduct of the winding up for the year ended 30th September 1961 will be laid before the Meeting together with the prescribed form of statement with respect to the proceedings in and the position of the liquidation.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

AIR-INDIA INTERNATIONAL LTD.,
(In Voluntary Liquidation),
By Order of the Liquidators,
K. C. BAKHLE,
A Liquidator.

NEW INDIA ASSURANCE BUILDING,
MAHATMA GANDHI ROAD, FORT,
BOMBAY-1.
13th November, 1961.

To all the Shareholders of Air-India International Limited (In Voluntary Liquidation) and in particular to:—

Arrokkiam Arulsamy Pillai, Mrs. Annaledchumy Theagarajah, Ahmedkhan Hajee Goolab Khan, Adi Bejan Tata, Bai Laxminarayan Rao, Don Edwin Dewendra, Camilo de Souza, Fahimmuddin Ahmed Noori, Mrs. Alice Fonseca, Galwadau Acharige Charles Hamy, Habib Haji Mohamed Derdiwala, Harendra Chandra Lahiri, Jagadamba Kumari Debi, Jehangir Bejan Tata, Maxim Lobo, Mushtaq Ahmed Dodhy, Kudaliyar Samuel Kanapathipillai Appadurai, Mr. Frederick Vincent Mascarenhas, Miss Nina Jehangir Gorwalla, Mrs. Naja Bejan Tata, Prabhudas Girdhardas Mehta, John Cecil Trevor Periera, Phiroze Bejan Tata, Rehmankhan Peerkhan, Rameshchandra Ranchodbhai Patel, Jose Estevam Silveira, Santdas Kushhiram Kirpalani, Sam Bejan Tata, Sagoon Jayadeo Dhond, Venetexa Srinivasa Sinai Dempo, Mrs. Usha P. Godbole, George Harvey Woodhouse, Dr. Ujagar Singh.

MUTTRA ELECTRIC SUPPLY COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Company will be held at the Registered Office No. 15, Shib Thakur Lane, Calcutta-7, on Wednesday the 29th November, 1961, at 11-30 a.m., for the following purposes:—

1. To receive and consider the Audited Accounts for the year ended 31st March 1961, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend on the Ordinary Shares.
3. To appoint Auditors and fix their remuneration.
4. To elect Directors in place of those retiring.

The Register of Ordinary Shareholders of the Company and the Transfer Books will be closed from the 22nd November, 1961 to the 29th November, 1961, both days inclusive.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy, who need not be a member, to attend, and on a poll, to vote instead of himself.

By Order of the Board,
K. C. BHAGAT,
Chairman.

15, SHIB THAKUR LANE, CALCUTTA-7.
The 31st October, 1961.

AIR-INDIA LIMITED

(In Voluntary Liquidation)

A GENERAL MEETING OF THIS COMPANY will be held in the Board Room, 4th Floor, Bombay House, Bruce Street, Fort, Bombay, on Wednesday, 6th December 1961, at 4.30 p.m., when in accordance with the provisions of Section 496 of the Companies Act, an account of the acts and dealings of the Liquidators and of the conduct of the winding up for the year ended 30th September 1961 will be laid before the Meeting together with the prescribed form of statement with respect to the proceedings in and the position of the liquidation.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

AIR-INDIA LIMITED,
(In Voluntary Liquidation),
By Order of the Liquidators,
K. C. BAKHLE,
A Liquidator.

NEW INDIA ASSURANCE BUIDING,
MAHATMA GANDHI ROAD, FORT,
BOMBAY-1.
11th November 1961.

To all Shareholders of Air-India Limited (In Voluntary Liquidation) and particularly to:—

Atmaram Shivarao Kalambi, Joseph Theophilus Almeida, Amrutha Pandu, Miss Candida Dhunbai Backhaus, Bashir Niazi, Alan Joseph Chaves, Chulananda Upali de Silva, Ginigaldogada Peeton De Silva, Mrs. Doulat Khanum, Arthur Horace Sidney Fernandes, Farrokh Erachshaw Shroff, Mrs. Barbara Flatt, Sydney Joseph Fernandes, Gunja Man Singh, Donald Reginald Cavendish Hartley, Karson Narain, Kaikhoshro Phcrozeshah Mehta, Mrs. Mary Kostka, Stanislaus Lawrence Maxim Lobo, Mrs. Mariam Ahmed Jaffer, Wilhelm A. E. Molamure, Mir Maqbook Mahmood, M. Nizamuddin, Miss Margaret Mardall, Maneck Ardeshir Sohrab Dalal, Placidus Joseph Leslie Manezes, Natuvilmatam Subramania Raman, John Cecil Trevor Pereira, Antony Francis Pinto, J. C. K. Peterson, Sanmugam Dharma, Mr. Savitri Dahyalal Daftary, Samuel Taylor, Jose Vaz, Vasant Nagesh Shirodkar.

THE KENYA ALUMINIUM AND INDUSTRIAL WORKS LIMITED

P. O. BOX 921, MOMBASA, KENYA

Manufacturers of Aluminium Holloware, Aluminium and Galvanised Roofing Materials, Enamel Holloware, Pressure Stoves, Wheat and Maize Flour and who distribute through many branches, require:

SALES ADMINISTRATION MANAGER at Mombasa headquarters. He must have at least FIVE to SEVEN years of experience. 2-3 years in responsible position. Graduate qualification in COMMERCE, ECONOMICS OR BUSINESS ADMINISTRATION preferable. He must be a HARD WORKER with SELF DRIVE and possess knowledge of MODERN SALES ADMINISTRATION TECHNIQUES. Good long-term prospects in this very rapidly expanding company.

SALES DEPOT MANAGERS for branches in TANGANYIKA, KENYA AND UGANDA. He must have FIVE to TEN years SALES EXPERIENCE. He must have ability to work HARD, have SALES DRIVE and KNOWLEDGE OF basic ACCOUNTING and HEAD OFFICE REPORT WRITING. Upto SIX MONTHS' TRAINING will be given at MOMBASA Head office before posting.

CHARTERED ACCOUNTANT to take Top position. He must have at least 5 years' experience, some of which must be in a responsible position. He must be able to work on his OWN INITIATIVE prepare FINAL ACCOUNTS, supervise accounting staff and design system of REPORTS for MANAGEMENT CONTROL.

Good salary and bright prospects for right men in a rapidly expanding company. Apply by AIR MAIL to Box 921, MOMBASA, KENYA, sending copies of testimonials and stating in detail experience, qualifications and salary desired.

SYNOPSES OF COMPANY REPORTS

Hukumchand Jute Mills Ltd.

(*Managing Agents*: Messrs. Ramdutt Ramkissendas, Calcutta.)

Annual General Meeting—17th November.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (gross)	5,80,92	4,61,02
Closing stocks	1,70,48	1,37,76
Gross profit	55,16	50,68
Transfer to Managing Agents' remuneration	3,88	3,74
,, ,, depreciation	11,43	10,26
,, ,, taxation	20,40	20,07
Net profit	19,46	25,95
Adjustments	1,64	1,96
Appropriations:		
Total available balance	21,10	27,64
Transfer to general reserve	Nil	3,01
,, ,, development rebate reserve	45	3,90
,, ,, provision for contingencies	20	10
,, ,, provision for doubtful debts	Nil	45
To payment of dividends (taxable) C. Preference	3,64*	2,80
,, ,, supplementary dividend: Preference	14*	70
Equity	15,05 (28⅓%)	15,05 (28⅓%)
Carry forward	1,62	1,63

N.B.—Adjustments include the balance brought forward from the previous year.
* Preference dividend calculated at 9.1 per cent. in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act.

Extracts from the Directors' report: The raw jute crop during the year under review proved to be a very short one and to meet this shortage various measures such as purchase of jute on quota basis, reduction in weekly working hours, sealing of additional looms, fixation of maximum prices of jute etc. were introduced. In spite of all these measures the trading results were adversely affected due to restriction in output as well as due to wide disparity between prices of raw jute and finished goods.

In accordance with the working time agreement of the Indian Jute Mills Association the Mills were working 42½ hours a week with 12 per cent of the looms sealed at the end of the year under review.

The current year's working has also been adversely affected due to continued disparity between the prices of raw jute and finished goods. To tide over the crisis created by the shortage of jute additional restrictions on production were enforced by the block closure of Mills for a week each in June and July, 1961. This has naturally caused a substantial loss to the Company. The crop prospects for the year appear to be quite favourable and according to present indications working during the second half of the current year should prove profitable.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	92,50,000	Gross block	3,21,24,274
Reserves and surplus	40,35,566	—Depreciation	1,88,99,274
Other liabilities	2,30,61,254	Net block	1,32,25,000
		Current assets	2,07,55,858
		Investments	12,33,957
		Cash	11,82,005
	Rs. 3,63,46,820		Rs. 3,63,46,820

* Paid-up capital consists of: (a) 40,000—7 per cent. cumulative preference shares of Rs. 100 each and (b) 7,00,000 equity shares of Rs. 7.50 each. Out of the equity shares 3,00,000 shares were allotted as fully paid up by way of bonus shares out of the general reserve.

WAVERLEY JUTE MILLS COMPANY LIMITED

ANNUAL GENERAL MEETING

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from 16th November 1961, to 30th November 1961, both days inclusive.

By Order of the Board,
McLEOD & CO., LTD.,
W. URE,
Director,
Secretaries and Treasurers.

3, NETAJI SUBHAS ROAD,
CALCUTTA-1.
3rd November, 1961.

THE CENTRAL INDIA SPINNING, WEAVING & MFG. COMPANY, LTD.

NOTICE

THE TRANSFER BOOKS OF THE COMPANY will be closed from Thursday, the 30th November 1961, to Friday, the 29th December 1961, both days inclusive.

By Order of the Board of Directors,
TATA INDUSTRIES PRIVATE LIMITED,
Secretaries and Treasurers,
N. H. TATA,
Director.

BOMBAY HOUSE,
24, BRUCE STREET, FORT,
BOMBAY, *2nd November* 1961.

Notices

G. CLARIDGE AND COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at "Brady House," 12/14 Veer Nariman Road, Fort, Bombay, on Wednesday the 29th November 1961, at 11-15 a.m. (S.T.), to consider and if thought fit to pass the following resolutions as Special and Ordinary Resolutions:—

Special Resolution No. I.

"RESOLVED that pursuant to the provisions of Section 360 of the Companies Act 1956, as amended by the Companies (Amendment) Act 1960, the Company hereby accords its approval to the Company entering into contract with its Managing Agents W. H. Brady & Co. Ltd., for the sale and supply to them and for the purchase from them of all movable properties, goods and materials, owned, stocked, dealt in or manufactured by either of them and required by the other of them for the purpose of its business in terms of the draft placed before the meeting and for the sake of identification initialled by the Chairman, to be operative from the 1st day of January 1961, until it is determined by either party by one month's previous notice in writing to the other of them, subject to the conditions that all payments to be made by either of them to the other of them for any such properties, goods and materials, sold, supplied and purchased shall be made within one month from the date of the transaction and that the prices or amounts charged to the Company shall be such as are not less favourable to the Company than the market rates or which are otherwise reasonable."

Special Resolution No. II.

"RESOLVED that pursuant to the provisions of Section 360 of the Companies Act 1956, as amended by the Companies (Amendment) Act 1960, the Company hereby accords its approval to contracts being entered into between the Company and each of the following companies, namely:—

(1) The Empire Dyeing and Manufacturing Company Ltd.

(2) The Brady Engineering Company Ltd.

(3) Morris & Brady Ltd.

who are the associates of W. H. Brady & Co. Ltd., the Managing Agents of the Company, for the sale and supply by the Company to each of them and for the purchase by the Company from each of them of all movable properties, goods and materials, owned, stocked, dealt in or manufactured by the Company, The Empire Dyeing and Manufacturing Company Ltd., Brady Engineering Company Ltd., and Morris & Brady Ltd., and required by the Company from The Empire Dyeing and Manufacturing Company Ltd., Brady Engineering Company Ltd., and Morris & Brady Ltd., or any of them or required by Empire Dyeing and Manufacturing Company Ltd., Brady Engineering Company Ltd., and Morris & Brady Ltd., or any of them from the Company for the purposes of their respective business in terms of the drafts placed before the meeting and for the sake of identification initialled by the Chairman, to be operative from 1st January 1961 and to remain in force until they are determined by either party thereto respectively by one month's previous notice in writing to the other of them, subject to the conditions that all payments to be made to the Company by Empire Dyeing and Manufacturing Company Ltd., Brady Engineering Company Ltd., and Morris & Brady Ltd., or any of them in respect of the movable properties, goods and materials sold and supplied by them or any of them to the Company shall be such as are not less favourable to the Company than the market rates or which are otherwise reasonable."

Special Resolution No. III.

"RESOLVED that pursuant to the provisions of Section 360 of the Companies Act 1956, as amended by the Companies (Amendment) Act 1960, the Company hereby accords its approval to a contract being entered into between the Company and Commerce (1935) Ltd., an associate of W. H. Brady & Co. Ltd., the Managing Agents of the Company, for publication in *Commerce*, a journal of Commerce (1935) Ltd., the advertisements of the Company's products and the Company's notices and other advertisement matters, as also for printing of *Commerce*, an issue of Commerce (1935) Ltd., and also for selling movable property, goods and materials owned, stocked, dealt in or manufactured by the Company in terms of the draft placed before the meeting and for the sake of identification initialled by the Chairman, such contract to be operative from 1st January 1961 and to remain in force until it is determined by either party by one month's previous notice to the other subject to the conditions that the rates charged to the Company for such advertisements shall be the current rates charged by Commerce (1935) Limited to their other clients or which are otherwise reasonable and all payments to be made by Commerce (1935) Ltd. to the Company shall be made within one month from the date of the transaction in respect of movable properties, goods and materials sold and supplied by the Company to the Commerce (1935) Limited."

Ordinary Resolution No. I.

"RESOLVED that pursuant to the provisions of Section 359 of the Companies Act 1956, the Company hereby authorises W. H. Brady & Co. Ltd., the Managing Agents of the Company, to retain all commissions or other remuneration earned or to be earned by them as Agents of Home Insurance Company at any time during the period they continue to act as Managing Agents of the Company in respect of services rendered by them in regard to all contracts of Insurance (Policies) which have been or which may at any time hereafter during the period aforesaid be entered into by the said Insurance Company with the Company, provided always that the amounts charged to this Company in respect of such insurances are at rates which are not less favourable than the market rates or which are otherwise reasonable."

By Order of the Board of Directors,

W. H. BRADY & CO. LIMITED,

V. MATHALONE,
Secretary,
Managing Agents.

Registered Office:
BRADY HOUSE,
12/14 VEER NARIMAN ROAD,
BOMBAY-1.
Bombay, 16th October, 1961.

Notes: (1) The relative Explanatory Statements pursuant to Section 173 of the Companies Act 1956 in respect of Special Resolutions I, II and III and Ordinary Resolution No. I are annexed to the Notice posted to the individual Shareholders.

(2) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(3) The inspection of the Draft Contracts referred to in Special Resolutions I, II and III may be had at the Registered Office of the Company between the hours of 2-30 p.m. and 4-30 p.m. on any working day except Public and Bank Holidays and on Saturdays between the hours of 11 a.m. and 1 p.m. prior to the date of the Meeting.

THE BRADY ENGINEERING COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at "Brady House," 12/14 Veer Nariman Road, Fort, Bombay, on the 29th day of November 1961, at 12-00 noon (S.T.), to consider and if thought fit to pass the following resolutions as Special Resolutions:—

Special Resolution No. I.

"RESOLVED that pursuant to the provisions of Section 360 of the Companies Act 1956, as amended by the Companies (Amendment) Act 1960, the Company hereby accords its approval to a contract being entered into between the Company and Commerce (1935) Ltd., an associate of W. H. Brady & Co. Ltd., the Managing Agents of the Company, for publication in *Commerce*, a journal of Commerce (1935) Ltd., the advertisements of the Company's products and the Company's notices and other advertisement matters, as also for printing of *Commerce*, an issue of Commerce (1935) Ltd., and also for selling movable property, goods and materials owned, stocked, dealt in or manufactured by the Company in terms of the draft placed before the meeting and for the sake of identification initialled by the Chairman, to be operative from 1st January 1961 and to remain in force until it is determined by either party by one month's previous notice to the other subject to the conditions that the rates charged to the Company for such advertisements shall be the current rates charged by Commerce (1935) Limited to their other clients or which are otherwise reasonable and all payments to be made by Commerce (1935) Ltd. to the Company shall be made within one month from the date of the transaction in respect of movable properties, goods and materials sold and supplied by the Company to the Commerce (1935) Limited."

Ordinary Resolution No. I.

"RESOLVED that pursuant to the provisions of Section 359 of the Companies Act 1956, the Company hereby authorises W. H. Brady & Co. Ltd., the Managing Agents of the Company, to retain all commissions or other remuneration earned or to be earned by them as Agents of Home Insurance Company at any time during the period they continue to act as Managing Agents of the Company in respect of services rendered by them in regard to all contracts of Insurance (Policies) which have been or which may at any time hereafter during the period aforesaid be entered into by the said Insurance Company with the Company, provided always that the amounts charged to this Company in respect of such insurances are at rates which are not less favourable than the market rates or which are otherwise reasonable."

By Order of the Board of Directors,

W. H. BRADY & CO. LIMITED,

V. MATHALONE,
Secretary,
Managing Agents.

Registered Office:
BRADY HOUSE,
12/14 VEER NARIMAN ROAD,
BOMBAY-1.
Bombay, 16th October, 1961.

Notes: (1) The relative Explanatory Statements pursuant to Section 173 of the Companies Act 1956 in respect of Special Resolutions I, II and III are annexed to the Notice posted to the individual Shareholders.

(2) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(3) The inspection of the Draft Contracts referred to in Special Resolutions I, II and III may be had at the Registered Office of the Company between the hours of 2-30 p.m. and 4-30 p.m. on any working day except Public and Bank Holidays and on Saturdays between the hours of 11 a.m. and 1 p.m. prior to the date of the Meeting.

THE EMPIRE DYEING AND MANUFACTURING COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at "Brady House," 12/14, Veer Nariman Road, Fort, Bombay, on Wednesday the 29th November, 1961, at 12-45 p.m. (S.T.), to consider and if thought fit to pass the following resolutions as Special and Ordinary Resolutions:—

Special Resolution No. I

"RESOLVED that pursuant to the provisions of Section 360 of the Companies Act 1956, as amended by the Companies (Amendment) Act 1960, the Company hereby accords its approval to the Company entering into contract with its Managing Agents, W. H. Brady & Co. Ltd., for the sale and supply to them and for the purchase from them of all movable properties, goods and materials, owned, stocked, dealt in or manufactured by either of them and required by the other of them for the purpose of its business in terms of the draft placed before the meeting and for the sake of identification initialled by the Chairman, to be operative from the 1st day of January 1961, until it is determined by either party by one month's previous notice in writing to the other of them, subject to the conditions that all payments to be made by either of them to the other of them for any such properties, goods and materials, sold, supplied and purchased shall be made within one month from the date of the transaction and that the prices or amounts charged to the Company shall be such as are not less favourable to the Company than the market rates or which are otherwise reasonable."

Special Resolution No. II

"RESOLVED that pursuant to the provisions of Section 360 of the Companies Act 1956 as amended by the Companies (Amendment) Act 1960, the Company hereby accords its approval to contracts being entered into between the Company and each of the following companies, namely:—

(1) The Brady Engineering Co. Ltd.

(2) G. Claridge and Company Ltd. and

(3) Morris & Brady Ltd.

who are the associates of W. H. Brady & Co. Ltd., the Managing Agents of the Company, for the sale and supply by the Company to each of them and for the purchase by the Company from each of them of all movable properties, goods and materials, owned, stocked, dealt in or manufactured by the Company, The Brady Engineering Co. Ltd., G. Claridge & Co. Ltd., and Morris & Brady Ltd., and required by the Company from The Brady Engineering Co. Ltd., G. Claridge & Co. Ltd., and Morris & Brady Ltd., or any of them or required by The Brady Engineering Co. Ltd., G. Claridge & Co. Ltd., and Morris & Brady Ltd., or any of them from the Company for the purposes of their respective business in terms of the drafts placed before the meeting and for the sake of identification initialled by the Chairman, to be operative from 1st January 1961 and to remain in force until they are determined by either party thereto respectively by one month's previous notice in writing to the other of them, subject to the conditions that all payments to be made to the Company by The Brady Engineering Co. Ltd., G. Claridge & Co. Ltd., and Morris & Brady Ltd., or any of them from the Company for the purposes of their respective business in terms of the drafts placed before the meeting and for the sake of identification initialled by the Chairman, to be operative from 1st January 1961 and to remain in force until they are determined by either party thereto respectively by one month's previous notice in writing to the other of them, subject to the conditions that all payments to be made to the Company by The Brady Engineering Co. Ltd., G. Claridge & Co. Ltd., and Morris & Brady Ltd., or any of them for any such properties, goods and materials, sold and supplied by the Company to them or any of them shall be made within one month from the date of the transaction and that the prices or amounts charged to the Company by The Brady Engineering Co. Ltd., G. Claridge & Co. Ltd., and Morris & Brady Ltd., or any of them in respect of the movable properties, goods and materials sold and supplied by them or any of them to the Company shall be such as are not less favourable to the Company than the market rates or which are otherwise reasonable."

Special Resolution No. III

"RESOLVED that pursuant to the provisions of Section 360 of the Companies Act 1956, as amended by the Companies (Amendment) Act 1960, the Company hereby accords its approval to a contract being entered into between the Company and Commerce (1935) Ltd., an associate of W. H. Brady & Co. Ltd., the Managing Agents of the Company, for publication in *Commerce*, a journal of Commerce (1935) Ltd., the advertisements of the Company's products and the Company's notices and other advertisement matters, in terms of the draft placed before the meeting and for the sake of identification initialled by the Chairman, to be operative from 1st January 1961 and to remain in force until it is determined by either party by one month's previous notice to the other subject to the conditions that the rates charged to the Company for such advertisements shall be the current rates charged by Commerce (1935) Limited to their other clients or which are otherwise reasonable and all payments to be made by Commerce (1935) Ltd. to the Company shall be made within one month from the date of the transaction in respect of movable properties, goods and materials sold and supplied by the Company to the Commerce (1935) Limited."

Ordinary Resolution No. I

"RESOLVED that pursuant to the provisions of Section 359 of the Companies Act 1956, the Company hereby authorises W. H. Brady & Company Limited, the Managing Agents of the Company, to retain all commissions or other remuneration earned or to be earned by them as Agents of Home Insurance Company at any time during the period they continue to act as Managing Agents of the Company in respect of services rendered by them in regard to all contracts of Insurance (Policies) which have been or which may at any time hereafter during the period aforesaid be entered into by the said Insurance Company with the Company, provided always that the amounts charged to this Company in respect of such insurances are at rates which are not less favourable than the market rates or which are otherwise reasonable."

By Order of the Board of Directors,

W. H. BRADY & Co., LIMITED,

V. MATHALONE,
Secretary,
Managing Agents.

Registered Office:
BRADY HOUSE,
12/14 VEER NARIMAN ROAD,
BOMBAY-1.
BOMBAY, *16th October*, 1961.

Notes: (1) The relative Explanatory Statements pursuant to Section 173 of the Companies Act 1956 in respect of Special Resolutions Nos. I, II and III and Ordinary Resolution No. I are annexed to the Notice posted to the individual Shareholders.

(2) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(3) The inspection of the Draft Contracts referred to in Special Resolutions I, II and III may be had at the Registered Office of the Company between the hours of 2-30 p.m. and 4-30 p.m. on any working day except Public and Bank Holidays and on Saturdays between the hours of 11 a.m. and 1 p.m. prior to the date of the Meeting.

COMPANY MEETINGS AND DIVIDENDS

HUKUMCHAND JUTE MILLS LTD. Annual General Meeting, Calcutta, 17th November 1961. Dividend: Rs. 2.15 per equity share, taxable, for the year ended 31st March 1961. Transfer books remain closed from 6th to 17th November 1961, both days inclusive.

BENGAL-NAGPUR COTTON MILLS LTD. Annual General Meeting. Calcutta, 21st November 1961. Transfer books remain closed from 6th to 21st November 1961, both days inclusive.

YERCAUD COFFEE CURING WORKS LTD. Annual General Meeting, Salem, 22nd November 1961. Dividend: 20 per cent, taxable, on equity shares, for the year ended 30th June 1961. Transfer books will remain closed from 16th to 22nd November 1961, both days inclusive.

BOMBAY BURMAH TRADING CORPORATION LTD. Annual General Meeting, Bombay, 24th November 1961. Dividend: Rs. 41.25 per ordinary share of Rs. 125 each, taxable, and Rs. 16.50 per share of Rs. 125 (Rs. 50 paid), taxable, for the year ended 31st May 1961. Dividends payable on and from 27th November 1961. Transfer books remain closed from 30th October to 20th November 1961, both days inclusive.

CHRESTIEN MICA INDUSTRIES LTD. Annual General Meeting, Calcutta, 27th November 1961. Dividend: 15 per cent subject to deduction of tax. Transfer books remain closed from 10th to 27th November 1961, both days inclusive.

ZENITH STEEL PIPES LTD. First Annual General Meeting, Bombay, 27th November 1961. Dividend: *Nil*. Transfer books remain closed from 6th to 27th November 1961, both days inclusive.

CHAMPARUN SUGAR CO., LTD. Annual General Meeting, Kanpur, U.P., 28th November 1961. Dividend: 12 per cent or Re. 1.20 per share, subject to deduction of tax. Transfer books will remain closed from 14th to 28th November 1961, both days inclusive.

BROOKE BOND ESTATES INDIA LTD. Annual General Meeting, Calcutta, 29th November 1961. Dividend: Re. 1.00 per share subject to deduction of tax. Transfer books remain closed from 3rd to 29th November 1961, both days inclusive.

INDIA JUTE CO., LTD. Annual General Meeting, Calcutta, 30th November 1961. Dividend: Re. 1.50 per share, subject to deduction of tax. Transfer books will remain closed from 20th to 30th November 1961, both days inclusive.

MEGNA MILLS CO., LTD. Annual General Meeting, Calcutta, 30th November 1961. Dividend: Re. 1.25 per share subject to deduction of tax. Transfer books will remain closed from 20th to 30th November 1961, both days inclusive.

KOTHARI SUGARS AND CHEMICALS LTD. First Annual General Meeting, Madras, 1st December 1961. Dividend: *Nil*.

TATA CHEMICALS LTD. Twenty-second Annual General Meeting, Bombay, 1st December 1961. Dividend: Re. 0.65 per ordinary share, subject to deduction of tax, payable on and after 4th December 1961.

NATIONAL NEWSPRINT AND PAPER MILLS LTD. Fourteenth Annual General Meeting, Nepanagar, 6th December 1961. Dividend: *Nil*. Transfer books will remain closed from 23rd November to 6th December 1961, both days inclusive.

GREAT EASTERN SHIPPING CO., LTD. The following dividends are recommended for the year ended 30th June 1961:—A dividend of Re. 0.78 per fully paid ordinary share (out of this only Re. 0.20 is taxable; the balance of Rs. 0.58 is to be paid out of reserves of exempt profits under Section 15C.) and a dividend of Re. 0.39 per partly paid ordinary share (out of this only Re. 0.10 is taxable; the balance of Re. 0.29 is to paid out of reserves of exempt profits under Section 15C).

TRACTORS (INDIA) LTD. Taxable dividend of Rs. 3.25 per share, for the year ended 30th June 1961 (*Rs. 3.00 per share, taxable for the year ended* 30th June 1960). Transfer books will remain closed from 24th November to 14th December 1961, both days inclusive.

LOYAL TEXTILE MILLS LTD. Taxable dividend of 6 per cent or Rs. 3.00 per ordinary share, for the year ended 30th June 1961. Transfer books will remain closed from 14th to 28th December 1961, both days inclusive.

MYSORE TOBACCO CO., LTD. No dividend for the year ended 31st March 1961. Transfer books will remain closed from 23rd to 29th November 1961, both days inclusive.

MARIKAR (MOTORS) LTD. Taxable dividend of 25 per cent or Rs. 12.50 per ordinary share, for the year ended 31st March 1961. Transfer books remain closed from 10th to 15th November 1961, both days inclusive.

UGAR SUGAR WORKS LTD. Taxable dividend of 15 per cent for the year ended 30th June 1961. Transfer books will remain closed from 5th to 20th December 1961, both days inclusive.

INDO-BURMA PETROLEUM CO., LTD. Dividend: An interim dividend of Re. 1.00 per ordinary share, subject to deduction of tax, for the year ending 31st December 1961. Dividends will be paid on and after 27th November 1961. Transfer books remain closed from 6th to 27th November 1961, both days inclusive.

DECCAN SUGAR AND ABKHARI CO., LTD. A final dividend of 13.50 per cent, making a total of 21 per cent, taxable, for the year ended 31st May 1961. Transfer books remain closed from 11th to 27th November 1961, both days inclusive.

BUSY SEASON BEGINS

(From Our Own Correspondent)

BOMBAY, *8th November*

Following a sudden spurt in the demand for funds on account of *Diwali*, the short-term money market turned distinctly firm during the week under review. The busy season, too, has commenced and the upcountry branches of banks are said to have turned to their head offices in the city for accommodation. Local demand also witnessed a substantial increase, as many small firms borrowed funds for making *Diwali* bonus payments to their employees. The call money rate accordingly hardened by ½ per cent to 4½ per cent. The term rates, however, remained unchanged as under:

	Per cent
Notice money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3½
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3¾
(v) 12 *months*	4

The results of the 91-days' Government of India Treasury bills showed that, as against an invitation for Rs. 2 crores, the amount offered and accepted was the same. The average rate went up slightly from 2.50 to 2.52 per cent per annum. The 91-days' intermediate Treasury bills sold from the 1st to 4th inst. amounted to Rs. 24 lakhs, as against Rs. 35 lakhs last week. This shows that on the eve of the busy season, banks are reluctant to lock up their funds in unremunerative investments. Their sales, however, are being continued from the 8th to the 11th inst.

An expansion of Rs. 22.01 crores is disclosed in notes in circulation, as compared with the previous week, by the statement of affairs of the Reserve Bank of India for the week ended 3rd November 1961. Notes held in the Banking Department, however, went down by Rs. 24.62 crores. Consequently, the total notes issued have contracted by Rs. 2.61 crores only. Foreign securities are unchanged at Rs. 116.86 crores but the total foreign assets at Rs. 137.39 crores have shrunk by Rs. 7.80 crores, on account of the decline in the balances held abroad by that amount. Deposits of the Central Government have fallen by Rs. 1.92 crore, and those of banks by as much as Rs. 12.20 crores. On the assets side, the Reserve Bank's holdings of Government of India Treasury Bills have improved by Rs. 2.07 crores, as compared with a decline of Rs. 9.30 crores last week. Investments are almost unaltered at Rs. 200.84 crores, but other loans and advances, which include advances to scheduled banks, have jumped up by Rs. 12.29 crores.

The statement of affairs of the scheduled banks for the week ended 27th October discloses an expansion of Rs. 7.45 crores in demand deposits and of Rs. 2.14 crores in time deposits. The deposits of the State Bank of India have, however, shrunk by Rs. 1.15 crore. The banks have borrowed Rs. 6.35 crores less from the Reserve Bank of India. Of this decline, borrowings against usuance bills account for Rs. 4.69 crores. Their borrowings from the State Bank of India of demand and time nature have also declined by Rs. 1.53 crore and Rs. 9.49 lakhs, respectively. On the assets side, the gilt-edged portfolio is higher by Rs. 12.04 crores at Rs. 624.93 crores. The investments of the State Bank of India alone rose by Rs. 9.01 crores. Bank credit (advances and bills discounted) has suffered a setback of Rs. 7.41 crores to Rs. 1,225.45 crores. Since the advances of the State Bank have shrunk by Rs. 5.86 crores, it is clear that those of the other scheduled banks must have contracted by Rs. 1.55 crore only.

The gilt-edged market displayed a mixed pattern. There was a tendency for prices of securities yielding lower interest to sag. 4½ per cent State loans and 4 per cent Central loans, however, recorded some gains. The Conversion loan declined further by 15 nP to Rs. 72.25. 3½ per cent 1967, 1968 and 1969 loans each shed 5 nP to Rs. 98.90, Rs. 98.65 and Rs. 98.35, respectively. 4 per cent 1973 was marked down by 10 nP to Rs. 100. But 3½ per cent 1967 (4th National Plan Bonds) gathered 20 nP to Rs. 100.30 and 4 per cent 1972 put on 5 nP to Rs. 100.30. In the State loans section, too, prices of securities carrying a higher interest rate went up. Thus 4½ per cent loans of Maharashtra, Gujarat, Madras and Bihar experienced gains ranging from 20 nP to 50 nP. But 4 per cent loans of Maharashtra and Madras suffered a slight setback.

In the foreign exchange section, the rupee softened a little in relation to the U.S. dollar. The banks' selling and buying rates for ready T.T. on New York were Rs. 475.75 and Rs. 472.25 per 100 dollars, respectively, as compared with Rs. 475.50 and Rs. 472.25 last week. In the New York Exchange, the pound sterling eased slightly *vis-a-vis* the U.S. dollar. The latest available rates are 281.420-281.450 cents per £ for spot and 279.460-279.490 per £ for three months' forward. As compared with the last week's rate, the pound sterling shed 0.06 cent in the spot and 0.05 cent in the forward.

METALS QUIET

(From Our Own Correspondent)

CALCUTTA, *4th November*

On the eve of New Year Day for the business community, quiet conditions were in evidence in the metal market. Copper scrap prices were maintained at around previous levels, i.e., Rs. 484.25 per 100 kgs. for berry quality and Rs. 452.75 for utensil scrap. Although demand was limited, supplies continued to be tight and that explained the firmness of the quotations. On the London Metal Exchange, spot copper opened at £227½ and hardened to £227¾ a ton. Trade circles noted with interest the suggestion of a barter deal with Chile for supplies of Chilean copper against export of Indian engineering goods. That Chile would be interested in such a deal was indicated in that Chilean officials recently discussed this possibility with the Indian Embassy in Santiago. While it is realised that the price of Chilean copper should be compared with that of the U.S., from where India imports copper *now, a point* that should be noted is that the increased freight from Chile to India, as compared to the freight from present sources of supply, would naturally increase the c.i.f. value of Chilean copper in India.

The fall in the price of lead in London from £63¼ a ton to £61¼ within the last fortnight was another development which the trade took note of during the week. The decline followed the realisation that world output was fast increasing and outpacing consumption. In the United Kingdom, consumption in August amounting to 24,816 tons registered a decline of 13 per cent, as compared with the previous month. Consumption including that for August for this year at 242,249 tons showed a decline of 6,376 tons or 3 per cent, as compared with the corresponding previous period. Lower consumption was attributed to the fall in output of cables and batteries in the United Kingdom, while the increased requirements of lead for battery oxides, sheets and pipes failed to compensate the fall in other industries. Further, the U.S.S.R. was believed to be exporting lead in greater quantities and nothing concrete resulted at the recent meeting in Geneva of the lead and zinc study group, which had been convened to devise measures for restricting output. In Calcutta, lead was quiet at Rs. 132.75 per 100 kgs. Electrolytic zinc fell from £71½ a ton to £71 in London. The fall was attributed to rising stocks in the face of decreasing consumption. The British consumption in August was lower by 23 per cent as compared with the previous month. Consumption for the first eight months of this year at 225,908 tons registered a 6 per cent fall. Locally, the quotation was lower at Rs. 279.50 per 100 kgs. Tin London opened at £964 a ton and after easing to £958½ recovered to £972.

BULLION STEADY

(From Our Own Correspondent)

BOMBAY, *8th November*

A distinctly steady trend characterised the trading on the bullion exchange this week, which was short by a day on account of Wednesday being a holiday for *Diwali*. Fluctuations were minor and the turnover was restricted. Excepting for a while during mid-week, forward silver managed to stay above Rs. 208 and finished the week with a gain of 50 nP at Rs. 208.40. Spot silver also improved by 50 nP during the week to stand at Rs. 207.15 at the close, with the result that the discount under forward remained unchanged over the week at Re. 1.25. Both arrivals and offtake were smaller than in the past week; the former averaged at 22.5 bars per day and the latter at 4.5 bars.

Gold fared a little better than silver, in that the gain over the week was substantially higher, Re. 1.90 in spot gold (Rs. 123.85) and 70 nP in forward (Rs. 124.80). Sovereign, which had gone up by a rupee last week, moved up further by 75 nP to Rs. 98.75. Following the appreciable rise in spot gold, the discount, as compared with the forward, has narrowed down to 55 nP from Re. 1.75 a week ago. This development was due partly to better offtake and partly to smaller arrivals. Thus, arrivals this week were only 6,000 tolas per day, as against 8,000 tolas last week, while offtake was a little less than 5,000 tolas a day, as against about 4,000 tolas last week.

The speculators were idle during most part of the week, as there were no new developments to affect their sentiment either way. It is, however, noteworthy that bears are not inclined to exploit in their favour the dull conditions and the lack of bullish news. This suggests that the vast majority of speculators do not expect the prices of these two precious metals to go down to any appreciable extent in the near future. On the contrary, they seem to feel that the prospects are in favour of a further gradual appreciation in their value.

This was the predominant feeling during the *Moorat* trading yesterday. While *Moorat* business was small and the whole ring presented a dull appearance, the trend was quite steady in silver and gold alike.

Usually, the bullion market rules a little easy for some weeks after *Diwali* and then the upward trend starts, especially after 15th of January. It would not be surprising, if this pattern were to be maintained in the coming months too.

The following table shows the trend of prices during the week under review:

	7-11-1961 (closing)	High	Low	1-11-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	124.25	124.60	122.75	122.35
Forward: Margashir* ..	124.80	124.90	123.40	124.10
Sovereign	98.75	98.75	98.00	98.00
SILVER				
Ready (.996 fine)	207.15	207.40	206.60	206.65
Forward: Margashir† ..	208.40	208.65	207.85	207.90
London—				
Silver Ready	80d.	—	—	80d.
Silver Forward	80¼d.	—	—	80¼d.
Gold	250s. 1½d.	250s. 2½d.	250s. 1½d.	250s. ½d.
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th December settlement. † 26th December settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

COTTON FUTURES RECEDE AT CLOSE

(From Our Own Correspondent)

BOMBAY, *8th November*

Firm conditions prevailed in the cotton futures market during most part of the week under review. The firmness was influenced by apprehension of a possible scarcity of raw cotton supplies later in the season in view of the delay, in the movement of new crop. The fear that the crop would not exceed 4.8 million bales and that foreign cotton would not be actually available to mills until the middle of February also imparted strength to the market. Firm advices from the spot market also aided the sentiment. Under pressure of keen buying by investors as well as speculators, the Jarilla March 1962 contract firmed up from Rs. 637.50 last weekend to Rs. 643.50 on Monday. The announcement on the 4th inst., of an import quota for 175,000 bales of foreign cotton stapling 1-1/16" from any area had no bearish effect on the market because the quota was far below expectation and was discounted as too inadequate even as the first quota. The rising trend of futures prices, however, gave rise to fears that the Forward Markets Commission, which is keeping a close watch on developments in the market, would intervene, as it did in the case of oilseeds. This consideration prompted selling on Monday which resulted in a decline of the March contract from Rs. 643 to Rs. 638.75 at close. Limited turnover and narrow price movements characterised business in today's *Moorat* trading. Although trading was fairly active to begin with, reports of slow dealings and small offtake in the cloth market, dampened the enthusiasm of operators. The March contract, after having risen from the opening level of Rs. 642.50 to Rs. 643.50, declined to close at Rs. 641.25, as against the previous day's close of Rs. 638.75. Over the week, the contract shows a net gain of Rs. 3.75.

The trend of price of the contract during the week is indicated below:

1-11-61	*High*	*Low*	7-11-61
638.50	643.50	636.25	641.25*

**Moorat* closing.

The spot market had a short trading period of only three days. It is closed for four days with effect from the 6th inst. on account of *Diwali*. Spinner interest in both old and new crop was active early in the week. Popular varieties such as L.147, 197/3, Co2 and Kalyan were in good demand. The delay in the arrival of new crop led to a hardening of prices of ready lots. Selected styles in short supply were reported to have fetched prices above the ceiling.

The Textile Commissioner has issued a warning to traders that he will not hesitate to undertake random requisitioning of cotton for the mills in areas where the crop has started moving and where it is apprehended that prices will pierce the ceiling. According to a Press note issued by him on the 6th inst., cotton in the hands of both the mills and the trade would be requisitioned, if found necessary, irrespective of the contractual obligations of delivery to mills and steps would be taken to seal off certain cotton areas, freeze the stocks and regulate the movement of cotton therefrom.

In the import section, moderate mill interest was noted in Sudan and East African varieties. Following reports that a cotton delegation from Uganda will be arriving in Bombay this week, there have been rumours of the possibility of a barter deal being concluded between the two countries under which East African cotton could be imported into India against export of textiles from here. Stray business was reported in higher grade Sudan and ready American cotton.

The import quota announcement made on Saturday night failed to have any effect on the market. The quota did not come anywhere near general expectations. It was expected that a quota of at least 400,000 bales would be released immediately. But the actual quota is for only 175,000 bales. Of this 45,000 bales are earmarked for allocation to mills against their retention quota under the Export Incentive Scheme. The balance of 130,000 bales, comprising 50,000 bales of cotton of staple length 1-1/16" and above but below 1-3/16" and 80,000 bales of cotton stapling 1-3/16" and above, will be distributed to consumers of foreign cotton on the basis of their consumption during the calendar year 1960. Mills applying for licence to import cotton of 1-3/16" and above are required to pay a premium of Rs. 170 per bale while those applying for licence to import 1-1/16" and above but below 1-3/16" are required to pay a premium of Rs. 130 per bale to the Indian Cotton Mills Federation or the South India Millowners' Association, as the case may be. The quota will be valid for shipment only after 31st December 1961 but before 31st May 1962.

The Government of India has decided to utilise 691,000 dollars out of the $1.5 million purchase authorisation issued by the United States Department of Agriculture under the India-Indonesia-U.S.A. tripartite agreement for importing American cotton stapling 1-1/16" and above. Announcing this, a Press Note issued by the Joint Chief Controller of Imports and Exports, Bombay, has stated that the entire value of $1.5 million of the purchase authorisation would not be utilised fully immediately but will become available for import according to the progress of the export of cotton yarn to Indonesia. Licences would be granted on the strength of allotment letters issued by the Textile Commissioner. The last date for contracting and shipment in respect of the above quantity will be 30th November and 31st December 1961, respectively.

The following are the latest available quotations (in rupees per candy of 784 lbs.) from the spot market at Sewri:

Bengal Deshi (December) 656, Berar 27/32 885; Khangaon 915; Gadag Laxmi 900; B.P. 52 1,265; Sudan P.L. 1,530; Sudan CG6S 1,388; Sudan G3S.

Cotton futures in Karachi ruled barely steady during the week. While domestic spinners' demand was slack, overseas buyers too were reserved. Values, however, held steady in the absence of selling pressure. The N.T.R.G. January contract rose from Rs. 76.75 to Rs. 76.80. The March position, however, receded from Rs. 75.85 to Rs. 75.65.

Liverpool cotton futures market ruled subdued during the week. Values moved narrowly in thin trading. A limited volume of Commission House selling prompted by lower New York advices was only partly absorbed in short covering. Sudan cotton contracts were neglected. Values were nominally unchanged. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: December 24.15; March 24.75; May 25.25; July 25.40.

American cotton mixed growth contract: December 24.50; March 25.05; May 25.55; July 25.80.

Sudan: November, January, March 32.25.

Cotton futures in New York recorded small losses during the week. In spite of reports of heavy entry into the Government loan, futures values eased, thanks to selling prompted by favourable crop news.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	6-11-61	31-10-61	24-10-61
New York spot ...	35.65	35.65	35.65
December	34.50	34.63	34.69
March	35.25	35.40	35.46
May	35.70	35.81	—

BETTER DEMAND FOR TEA

(From Our Own Correspondent)

CALCUTTA, *5th November*

At lower levels there was better demand during the internal sale held on Wednesday last. There were again during this week heavy shipments of tea to the United Kingdom.

Dusts on offer amounted to 27,098 packages. Among C.T.Cs, keen competition was accorded to the better liquoring teas, while prices for the plainer teas eased by 20 nP. Buyers neglected the fibrous C.T.Cs. Orthodox teas were in good demand, albeit at 10 nP to 15 nP lower than previous rates. As the sale progressed, demand was higher. Legg-cut teas were generally irregular, but the few selected lines were absorbed in no time. The quotations per 1 kg., inclusive of excise duty, were: good Assam C.T.C. dust Rs. 5.90 to Rs. 6.20, medium Assam C.T.C. dust Rs. 5.20 to Rs. 5.60, legg-cut dust Rs. 4.10 to Rs. 4.60, medium Assam dust 3.95 to 4.15, and plain orthodox dust 3.70 to Rs. 4.00.

Leaf on offer amounting to 149 packages were irregular.

Trade circles noted that, in the sales held in London during this week, there was good demand for the North Indian teas on offer but prices declined by 1d. per lb. Similarly, the sales held in Colombo earlier this week attracted good demand, but prices for the different varieties fell by 3 cents to 20 cents a lb. The general trend of decline in prices only confirms the earlier trade view that the higher output of this year throughout the world has begun to have an impact on prices in the reverse direction. The trade thought that India should be able to emulate Ceylon and abolish the export duties, at least in respect of the cheaper varieties. India should also benefit from the better salesmanship Ceylon has been able to show. For, Ceylon's tea lounges, which demonstrate fine quality teas, are apparently paying good dividends.

Discussing the possibilities of Indian tea finding new markets, the trade here emphasised the need for the Tea Board to give urgent attention for propaganda measures in West European countries. European offtake from India at present roughly works out to ½ oz. per head per year, whereas the *per capita* consumption in the United Kingdom is between 9 and 10 lbs. The trade suggests that in order to popularise tea in European Common market areas, Indian Tea Houses should be opened. The E.C.C. offers immense possibilities for tea, and if only these are carefully handled, there would be no problem of surplus tea in India. That such bright prospects exist is indicated in the recent keen bid for shares of good Indian gardens on behalf of Indian entrepreneurs in London.

Although tea shipments to the United Kingdom are satisfactory and U.S. and Russian buyers have shown good interest in the Calcutta auctions, shipments to the Sudan have fallen below earlier expectations.

GOOD DEMAND FOR TEA

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *31st October*

A total of approximately 577,000 kilograms was on offer in sale No. 44 held today. Quality from the Nilgiris was maintained with a few brighter liquoring teas on offer. From the other districts the standard showed an improvement. There was good general demand. Highgrown brokens received useful support and sold readily at slightly lower rates with a few selected lines receiving attractive prices. Similar fannings also eased, although meeting with more interest. Mediums and good mediums sold well at firm rates with buyers paying a premium for the few improved lines. The brokens were generally better supported than their equivalent fannings. Low mediums and plainer sorts came to an irregular market and were sometimes up to 10 nP per kilo easier. C.T.C. and legg-cut sorts realised about steady prices. Whole leaf grades can be quoted to be fully firm to dearer. Black leaf teas continued to sell well.

The quotations (per kg.) were:

	1961	1960
	Rs.	Rs.
Low mediums	3.85/4.15	4.35/4.70
Mediums	4.15/4.40	4.70/4.95
Good mediums	4.45/5.50	4.95/5.50
Nilgiri B.O.P.	5.20	7.80

The average price realised in sale No. 44 was Rs. 4.73 per kilo, as compared with Rs. 4.78 a week ago and Rs. 5.09 in the corresponding sale last year.

Dust Sale No. 44: A total of 291,000 kilograms was on offer in sale No. 44 held on Thursday, 2nd November. There was fair demand and prices were generally lower by 10 to 25 nP. Nilgiris were irregular, although following an easier trend. Good mediums of a clean leaf appearance met useful enquiry, although registering a decline of 15 to 20 nP, whilst the poorer and more fibrous grades were discounted by up to 15 nP. Residuals were a week feature. C.T.C. and legg-cut descriptions followed the lower trend of the market although meeting good demand.

The average price realised in dust sale No. 44 was Rs. 4.40 per kilo, as compared with Rs. 4.52 a week ago and Rs. 4.55 in the corresponding sale last year.

Export Quota: There are still no buyers and the quotation remains nominal at 1¼ nP per kilo.

Colombo: The market met with good general demand for brokens, whilst fannings met keen enquiry especially those with good liquors, which sold at fully firm and dearer prices. Highgrown brokens were irregularly 10/15 cents lower whilst mediums and lowgrowns declined by 5/10 cents.

London: North Indian and other growths: There was good general demand for all descriptions which sold at fully firm and sometimes dearer prices.

Ceylon and South Indians: In Tuesday's sale, 19,732 packages were on offer of which 7,982 originated from South India. There was an active demand for Ceylon teas and prices were generally dearer. Good liquoring highgrowns came to a substantially dearer market. Low and low medium descriptions were also in good demand and were often 1d. dearer. South Indian teas sold at firm to dearer rates.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"*Sale No.* 45: 570,000 kilograms. Useful demand. Plain and stalky sorts weaker. Lower low mediums and mediums about steady. Good mediums and best liquoring firm to dearer with quality. Unorthodox weakest feature."

YARN STEADY

(From Our Own Correspondent)

BOMBAY, *7th November*

Quietly steady conditions prevailed in the yarn market during the week under review. Barring art silk yarn, which attracted speculative attention, the market presented a dull front. Buyers were reserved and disinclined to enter into fresh heavy commitments. Amilan December contract in the art silk yarn section continued to be in the limelight. Transactions in the February contract commenced on Saturday at Rs. 3,442. Trading was livelier in today's *Moorat* session. Good turnover was reported. Staple fibre yarn firmed up in support based on expectations of Government help to boost export of staple fibre fabrics. Cotton yarns were in good demand early in the session, but interest subsided subsequently on reports of slow offtake in the piecegoods market.

Art silk yarn Amilan December (per 100 kg.), as already mentioned, continued to attract buyers. It improved by Rs. 37 to Rs. 3,380. National Rayons 150 Bt. cones gained 26 nP to finish at Rs. 14.01. 120 Bt. cones sagged by 4 nP to Rs. 18.18. Among imported art silk yarn, 120 Japan and 150 Japan changed hands at Rs. 1,874 and Rs. 2,094, respectively, while 120 Italy lost ground by Rs. 27 to Rs. 1,876.

Staple fibre December was quoted lower at Rs. 865, as against Rs. 879 last week-end.

CEILING ON GROUNDNUTS

(From Our Own Correspondent)

BOMBAY, *8th November*

Official trading in oilseeds markets, which had been suspended for nine days (upto Saturday the 4th inst.) by the Forward Markets Commission, was resumed on Monday. The F.M.C. has permitted the resumption of trading subject to two conditions. In the first place, trading in groundnut January 1962 contract will be subject to a maximum of Rs. 215 per 250 kgs. and groundnut oil Rs. 17.65 per 10 kgs. in Bombay, with similar maxima at parity prices in other recognised centres. Secondly, the outward payments to longs will be withheld, apparently until further orders.

It is rather too early to assess the impact of these measures on the trend of trading. Despite these measures, the market resumed trading on a firm note on Monday morning. But gradually the sentiment turned slightly easy towards the evening, with speculators remaining hesitant to enter into fresh commitments. This declining trend persisted during the *Moorat* session on Tuesday as well. The *Moorat* trading was quite a colourless affair, unlike in previous years. If the sentiment prevailed in the *Moorat* session continues, the post-*Diwali* period is likely to witness a further fall in oilseeds prices. The closing prices were, however, much higher, as compared with those a week ago.

Groundnut January 1962 contract rose, in private transactions, from Rs. 207 on last Wednesday to Rs. 210.62 by Saturday. But it eased slightly to Rs. 209.25 by yesterday. Khandesh quality closed at Rs. 45.25, as against Rs. 43 last week. Oil January 1962 contract rose from Rs. 17.05 to Rs. 17.25 before closing at Rs. 17.20. Oil ex-mill moved up from Rs. 18.55 to Rs. 19.10, but declined subsequently to Rs. 18.90.

Among castorseeds, the March 1962 contract improved from Rs. 161 to Rs. 161.25, but moved down to close at Rs. 161.12. Ready Madras was maintained at Rs. 33. Oil commercial closed at Rs. 13.50, as compared with Rs. 13.30.

Linseed March 1962 contract ruled steady at Rs. 36.87. Bold ready put on 13 nP to Rs. 38.75. Linseed oil hardened by 10 nP to Rs. 17.10.

Cottonseed January 1962 contract rose from Rs. 97 to Rs. 98.50 before closing at Rs. 98.25.

The following table shows the closing prices of oilseeds and oils on Friday, 27th October, as compared with those of the two previous weeks:

	7-11-1961	27-10-1961	25-10-1961
Groundnut	Rs.	Rs.	Rs.
January 1962	209.25	210.12	203.75
Khandesh	45.00	44.75	44.75
Khandesh quality	45.50	45.50	44.50
Oil ex-mill ready*	18.90	18.75	18.70
Railway receipts*	18.80	18.40	18.20
Oil January 1962	17.20	17.25	16.60
Castorseed			
March 1962	161.12	163.25	160.00
Ready Madras	33.00	33.00	32.75
Ready Kanpur	31.50	31.50	31.50
Oil B.S.S.†	14.20	14.05	14.20
Oil commercial†	13.50	13.20	13.25
Linseed			
March 1962	36.87	36.87	36.44
Bold ready	39.25	38.75	38.75
Oil ready†	17.10	16.75	16.70
Cottonseed			
January 1962	98.25	97.00	94.75
Niger seed	37.50	38.10	38.50
Kardi seed	23.00	22.00	22.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

JUTES DECLINE

(From Our Own Correspondent)

CALCUTTA, *5th November*

The week under review in the jute markets was noted for two important developments: (1) the rapid fall in fibre prices, even below the rates at which the buffer-stock agency, yet to be constituted, was believed to support the market; and (2) the announcement by the Indian Jute Mills' Association of the mills' decision to unseal 2½ per cent of looms as from 13th November. From Rs. 33 a maund, Assam bottoms fell to Rs. 31.50, and so rapid a fall within a few days has rightly caused alarm. It had been earlier unofficially stated that the Government of India would authorise the buffer-stock agency to purchase fibre if the price fell to Rs. 32 and that in no case would the Government allow the price to move below Rs. 30. All action with regard to the constitution of a buffer-stock agency has however, been completed, and, according to the I.J.M.A., all that remains yet to be done is registration. On the eve of its formation, it has been unfortunate that prices have fallen. Arrivals have no doubt been maintained at the higher level, but mills have also purchased good quantities. It is to be hoped that, now that mills are unsealing 2½ per cent of looms and they will require more fibre even for daily consumption, apart from building up greater stocks in order to maintain production at the higher level, fibre prices would soon recover.

Prices of goods also declined during the week. Against the background of the mills' decision to increase production further, details of October-end stocks of goods with mills, which would be soon announced, are awaited with interest. In view of increased buying that was in evidence in the last month, it was expected that stocks would decline markedly. The 2½ per cent of looms that would be unsealed on 13th November would again be sealed at the end of the year. Trade circles thought that this provision in the decision of mills was a precautionary measure so that prices of goods would not fall. It should be remembered that, after months of uneconomic working, mills have just returned to profitability, and nothing should develop to alter this situation. In other words, the enthusiasm of mills for greater production should be maintained. Foreign demand of goods has revived, thanks to the changed international situation or a setback to substitutes and bulk handling methods, or both. At the same time, it is necessary to ensure that prices of goods are prevented from a further fall, and the trade hoped that fibre prices would soon recover and that it would not be necessary for the buffer-stock agency to begin operations on a big scale. All concerned would watch the course of trends in fibre prices carefully in the next few days. Assuming that the present increased activity in goods was maintained, it was thought that it would soon be necessary for mills to seal a further percentage of looms from the 9½ per cent that would still remain sealed even after unsealing the proposed 2½ per cent. It had been rumoured earlier that mills had at first proposed to unseal 5 per cent of looms.

Some in the trade would attribute the increased demand of goods for export as being due to overseas buyers' need to cover against essential requirements, which had been postponed. If this was true, the inference that foreign demand against replenishments of stocks had not yet started would be aided. Hence, it can be expected that if only prices of goods do not rise, still greater demand from overseas is in store. However, that the mills should execute their plan to increase production slowly and cautiously is admitted, as it is necessary that, in

order to make production economic and prevent a fall in fibre prices, the present level of goods prices should be maintained. Against this background, the decision of mills to unseal 2½ per cent of looms and that too for a limited period has been welcomed. Meanwhile, news that in the New York burlap market buyers had shown a tendency to enter into commitments for replenishment of stocks has been encouragingly noted.

The low level of activity in the Narayanganj (Pakistan) fibre market contributed in no small measure to depressing fibre prices in Calcutta, despite the fact that mills were operating fairly freely in agency areas. Although Pakistani mills bought fair quantities of fibre, overseas buyers were seen resisting current prices. Their resistance derived strength from the eagerness of sellers to secure business. The E.P.C. prices were recently cut by £3 a ton; but despite this, overseas buyers thought that present prices were higher by £3 to £4. It would be expedient to effect a further cut in E.P.C. prices.

During the week, ready delivery goods were in good demand in Calcutta, and this was evident from the addition to prices on Tuesday last. Ready hessian 40" 10 oz. gained from Rs. 54.30 to Rs. 55.00 and ready B. twills from Rs. 144.00 to Rs. 145.50. However, forward delivery goods declined due to activities in the futures market. On Wednesday, prices registered a decline following the softer trend in fibre prices and the announcement by mills of their decision to unseal looms. Australia bought 5,000 bales of woolpacks for delivery extending upto March next. B. twills eased to Rs. 143.30 and hessian 40" 10 oz. to Rs. 53.25. At the lower levels, there was good covering demand from overseas buyers, and this sustained the prices on Thursday at Rs. 143.25 and Rs. 53.00 respectively. Prices quoted on Friday were Rs. 144.00 and Rs. 53.25, respectively. The disparity between the prices of ready goods and forward goods has been a matter of concern. It was stated that burlap consumption in the United States had not shown any sign of improvement and considering that the monthly average consumption had so far been much lower than last year, the maintenance of prices mainly on speculative consideration, has caused a false sense of stability in the goods market.

Although mills bought fair quantities, fibre prices gave way. Assam bottoms declined from Rs. 33.00 to Rs. 31.50. It was expected that mills would soon be purchasing in greater quantities and that prices would soon recover.

SUGAR QUIETLY DEPRESSED

(From Our Own Correspondent)

HAPUR, *6th November*

Sugar prices ruled quietly depressed during the week despite good demand for *Diwali*, as supply position was quite comfortable following monthly quota release which was reaching the market. Demand from consuming States was slack and mills were reported anxious sellers. New production would commence by the end of the month and week-end prices here were: Rs. 107 per bag retail Rs. 1 per *seer*; mill delivery (D29) Simbhauli Rs. 106.50, (E29) Rs. 106, Bulandshar (D29) 106; (D29) per maund, Amroha Rs. 36.87; Dhampur Rs. 36.75, Bijnore Rs. 36.37.

Mill delivery prices sought lower levels in the Muzaffarnagar market during the week as all factories were anxious sellers and a number of them had not been able to sell stocks released in mid-October. Business was moderate and done for destinations of Gujarat, Punjab, Rajasthan, Kutch and Saurashtra. Superior quality prices eased 19 to 37 nP per maund, while fall in inferior quality was more marked. Some factories were quoting previous controlled rates and week-end prices were (in rupees per maund): A29 Iqbalpur 39.50; Mansurpur 39.91; Deoband 40 22 B29, Samli 39, Deoband 39.47, Lhaksar 37.72 Mansurpur 38.47; D29 Saharanpur 37.50; Meerut 37.85; Amroha 36.87; Shamli 37.90; E29 Rajakasashpur 36.81. Spot delivery prices were:—Rs. 105 to Rs. 108 per bag, damaged quality Rs. 100 to Rs. 101 per bag.

Khandsari market ruled steady during the week due to poor stocks left with trade and continued support from Punjab, Rajasthan and local festive demand. More *khandsari* units went into operation during the week but they still find it profitable to manufacture *gur* and were attracting cane from Re. 1 to Re. 1.12 per maund. Week-end prices were:—Galawat Rs. 25 to Rs. 29; non-crystal Rs. 31 to Rs. 36.50; crystal Rs. 33 to Rs. 35.50 per maund.

New *gur* arrivals mounted to 3.500 maunds today and prices eased 50 nP per maund under pressure of arrivals. Loading continued to be restricted except on Sunday, which was free loading day when two wagons were lifted to Gujarat. Old stocks have nearly been exhausted and arrivals would soon mount as *rabi* sowings would finish by week-end. Demand is fairly good but despatches were hampered for want of loading facilities. *Shakkar* prices eased Rs. 2 per maund on want of support at higher price levels. Week-end prices here were:—new best Rs. 20; *masala* Rs. 20.50; medium Rs. 17 to Rs. 19; *shakkar* Rs. 21 to Rs. 22 per maund.

New *gur* prices were steady in Muzaffarnagar market thanks to buying support from Punjab, Gujarat, Rajasthan and East U.P. Arrivals, however, were poor at an average of 750 to 1.000 maunds but would soon increase substantially and week-end prices were:—*pansera* new Rs. 19 to Rs. 21; *chaku* Rs. 21.12; *shakkar* Rs. 22 to Rs. 23; *masala* Rs. 25 per maund.

Gur futures recorded an easy trend as bears dominated the market in week-end. *Gur jaggun*, having opened at Rs. 12.62 last Monday, touched the highest and lowest at mid-session at Rs. 12.72 and Rs. 12.47, respectively, and is today quoted at Rs. 12.49.

FOODGRAINS PERFECTLY STEADY

(From Our Own Correspondent)

HAPUR, *6th November*

Perfectly steady trend continued in foodgrains during the week ended 6th November due to smaller arrivals in the face of good demand, and stockists were unwilling sellers expecting better prices at the fag-end of the season. Sowing of *rabi* grains is in full swing and is likely to be over within next week. *Rabi* acreage has gone up, thanks to last week's rains, as land recently vacated from *kharif* crops is now available for such sowings. Wheat prices here registered modest gains at Rs. 15.50 a maund for average quality and upto Rs. 17 for better farm produce. Daily arrivals were poor at an average of 50 to 75 a maund which were being lifted by consumers and demand for seed is also being met from co-operative societies and Government seed stores.

Rice prices ruled quietly depressed, thanks to increased arrivals of new produce in the markets. Thanks to better supply position the U.P. Government had lowered the rice procurement levy of coarse quality but purchase price has not been reduced. The State Government has about 68.000 maunds of rice in stock to control the market. Week-end prices here were:—rice *mainpuri sela* Rs. 20.25, *gadda kutcha* new Rs. 18.50, *ramajwayan sela* Rs. 21, *raimunia sela* Rs. 22, *basmati sela* Rs. 28, superior Rs. 30 to Rs. 35 per maund.

INSURANCE

(Concluded from page 916)

realisation of the objectives of nationalisation at an early date, the Government has only indicated its reluctance to carry nationalisation to its logical end.

A very important factor, which the Estimates Committee wanted to be taken cognisance of in considering the investment policy, was that, with the passage of time, the business will increase to such an enormous extent that the L.I.C., whose main purpose was to procure insurance business and render service, may not be able to devote sufficient time and care for assuring the most advantageous investment of the larger funds without detriment to its main work. If the Corporation is freed from the controversial and distracting work of investment, it can, argued the Committee, find all the time and energy necessary which the growing business and servicing would demand. The Government has obviously ignored this consideration and seems to have preferred to go by the view of the representative of the Finance Ministry expressed before the Estimates Committee in the following words: "The L.I.C. should be kept on its toes with regard to investments, servicing and everything else. Let it answer fully for everything. If it fails, it should be censured. But merely taking away duties from it may not necessarily help to improve its efficiency." Time alone can say whether the Estimates Committee or the officials of the Ministry of Finance had better foresight in this matter.

INDUSTRIAL GROWTH IN W. GERMANY LOWER

(Concluded from page 902)

crease its labour force by about 205,000 in August above the level in August last year. All the same, the rise in productivity, which has been one of the most striking aspects of West German economic progress, has slowed down. In August, it was only between one and two per cent higher than in the same month last year.

It is noteworthy, however, that domestic manufacturers' prices have generally remained stable, though the gap between the development of wages and that of productivity has been widening steadily. Higher wages, which had to be granted in some sections of the West German industry, are causing rises in production costs also in many other affiliated and related sections and make it increasingly difficult not to pass on these additional costs in higher prices. Thus, the "hard" wage policy of trade unions represents an additional factor to cause a tapering off in several branches of industry.

While industrial production has slowed down, the rising trend of foreign exchange reserves has actually yielded place to a downward trend in recent weeks. In the week ended 23rd October 1961, for instance, the gold and foreign exchange reserves had gone down by DM 158.6 million to DM 27,690 million ($6,922 million). This latest figure is, of course, still higher than that ($6,737 million) at the end of 1960, but the increase is less than $200 million, which is only a fraction of the spectacular rise ($2,200 million) recorded in the whole of 1960. This virtual end of the expansionist trend in external reserves is due partly to the special steps taken by the W. German Government—such as advance repayment of post-war debts to the U.S., Britain, France, contribution to the I.M.F.'s resources, and loan to the World Bank—and partly to flight of funds from W. Germany induced by the Berlin crisis and the decline in the level of interest rates.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 7th November 1961.

	Closing quotations 2-11-1961	High	Low	Closing quotations 7-11-1961
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	100.00	—	—	100.00
Apollo (2)	2 06	2 10	2 06	2 08
Baroda Rayon (100)	160 00	162 00	160 00	160 00
Bombay Dyeing (25)	68 00	69 10	68 00	69 00
Bradbury (50)	137 50	—	—	137 50
Central India (100)	134 00	136 00	133.00	134 00
Century Mills (100)	595 00	602 00	594.00	602 00
Cooris Sp. (100)	132 50	—	—	132.50
Dawn (50)	129 00	130 00	129 00	129 50
Edward Textile (200)	330 00	345.00	330 00	345 00
Hyderstone (50)	113 50	114 00	109 00	112 00
Finlay (100)	328 00	330 00	325 00	328 00
Gokak (100)	204 00	205 00	202.00	204 00
Gold Mohur (100)	252 50	—	—	252.50
Gwalior Rayon (10)	48 25	50 00	48 50	50 00
Ind. Untd. Defd. (1)	2 18	2.20	2 12	2 14
Ind. Untd. Ord. (10)	15 08	15 12	15 00	15.06
Indian Rayon (78)	82 00	90 00	83.00	85 50
Indore Malwa (100)	175 00	177 00	171 00	177 00
Khatau (100)	472 50	486 25	472 50	483.75
Kohinoor (100)	308 50	314 50	308 50	313.50
Lakshmi (250)	622 50	645.00	622.50	635 00
Mafatlal (100)	950 00	970.00	950.00	960.00
Minerva Mills (100)	80 00	80.00	72.00	72 00
Model Nagpur (250)	98 00	—	—	98.00
Morarji (100)	396 00	402.00	397.00	399.00
Myrsore (50)	60 50	—	—	60.50
National Rayons (100)	556 50	561.00	555.50	559.50
New City (100)	131 00	150 00	131 00	150.00
New Great (100)	250 00	251.00	250.00	251.00
Phoenix (100)	166 00	171.00	166 00	171.00
Podar Mills (100)	149.00	151.00	149.00	149.00
Raymond Woollen (100)	118 00	122.00	118.00	120.00
Sassoon Silk (10)	15 00	—	—	15.00
Sassoon Spg. (10)	71 50	72.00	71 20	71.50
Shrinivas (100)	284 00	285.00	281 00	282.00
Simplex (50)	168 50	170.00	166 50	166 50
Standard (100)	1,417 00	1,518 00	1,420 00	1,518 00
Svadeshi (100)	273 25	274 50	269 00	273.50
Swan (100)	650 00	647.50	640.00	645.00
T. I. Viscose (100)	187 00	194 00	187.00	194 00
Tata Mills (25)	71 00	73 00	71.00	73 00
Vishnu (100)	145.75	—	—	145 75
Western India (1,000)	3,725.00	—	—	3,725.00
BANKS				
Bank of India (50)	130 00	132 25	131 00	131.50
Do. (New) (50)	135 00	136.00	135.00	135.00
Bank of Baroda (50)	104 25	105 00	104 50	104 50
Central (25)	62 00	62 80	62 00	62 80
Central 'A' (25)	62 70	63.50	62.70	63.00
Dena Bank (50)	65 00	—	—	65.00
Punjab National (10)	20.08	20.36	20.00	20.00
Union Bank (5)	7 48	7 64	7.52	7 64
United Com. (50)	91.50	92.00	91.50	92.00
ELECTRIC COS.				
Ahmedabad (100)	91.00	91 50	90 50	91.50
Amalgamated (10)	10 52	—	—	10.52
Andhra Valley (1,000)	1,040 00	1,037 50	1,032.50	1,035.00
Bom. Sub. El. (100)	103 00	104.00	103.25	104.00
Surat (100)	101 50	—	—	101 50
Tata Hydro (100)	109 50	111.00	109.50	111 00
Tata Power (1,000)	1,110.00	1,116.00	1,107 50	1,116 00
INSURANCE COS.				
British India (10)	12 16	—	—	12.16
Indian Mercantile (20)	53 50	—	—	53.50
New India (15)	59 50	62 00	59.20	61 00
New India 'A' (15)	62 00	—	—	62 00
Vulcan (10)	16.48	—	—	16.48
STEEL COS.				
Ind. Iron (10)	24 80	25 25	24 88	25 15
Mukand Iron (10)	28 50	29 00	28.50	28 05
Tata Steel Ord. (75)	146.25	147 00	145.75	146.25
SUGAR COS.				
Belapur (50)	271 00	272 00	269 00	270.00
Bhopal (10)	24 80	—	—	24.80
Chandpro (12.50)	23 72	—	—	23 72
Phaltan (50)	130 00	131 00	125 50	128 00
Walchand Ind. (100)	166.00	168 00	166 00	168 00
CEMENT COS.				
Associated Cts. (100)	170 00	171 50	169 50	170 00
Digvijay (100)	188 50	192 00	185 50	191 00
Orissa (10)	15.08	15 36	15 08	15.24
MISCELLANEOUS				
Alcock Ashdown (100)	326 00	327 00	323 00	323 00
Bom. Burmah (125)	635 00	651 50	636 00	651 50
Do. (New) (50)	237.50	255 00	238 75	255 00
Br. B. Petrol (1½ sh.)	1.30	1 32	1 28	1 32
Br. I. Corpn.	9 76	—	—	9 88
Cooper Eng. (100)	188.00	189.00	187 50	188 00
Colour Chem. (100)	382 50	386 25	381 25	382 50
Hind Cycle (100)	102 00	103 00	102 00	103 00
Hindustan Lever (10)	52 50	53 80	52 00	53 50
Hindustan Motors (10)	19 92	20 56	19 80	20 36
I. C. I. Invest. Corporation (100)	82 00	—	—	82 00
Indian Dyestuff (100)	460 00	470.00	457 50	470 00
Indian Copper (2 sh.)	4 86	4 04	4 86	4 00
Ind. Inv. Tr. (100)	74 30	—	—	74 70
Killicks (100)	94 00	94 00	93 00	94 00
Larsen & Toubro (10)	38 75	39 00	38.50	38 50
Mahindra & Mahindra (10)	18 76	19 24	18 88	18 88
New Central Jute (10)	17 12	19 24	17.12	19 24
Polson (100)	173 00	—	—	173 00
Pre. Automobiles (100)	156 50	157 50	155 50	156 50
Premier Con. (50)	105.00	107 00	104 00	106 00
Reliadia (20)	12 96	13 24	12 84	13 04
O. E. Shipping (10)	13 72	13 56	13 24	13 40
Shivrajpur (10)	55 00	55.00	54 00	54 00
Sirpur Paper (10)	16 48	16 80	16 52	16 56
Tata Chemicals (10)	18 48	20 08	10 00	10 84
Tata Locomotive (100)	366.50	370 50	365 50	368 00
Tata Oil (25)	77 00	80 00	76 80	78 00
Tezpore (10)	18 48	20 00	18 08	18 88
Voltas (100)	205 50	207 00	204.50	205 00
W. I. Match (100)	205 50	302 50	205 00	208 00
W. Coast Paper (100)	180.00	183.00	180 00	182.00

GOVERNMENT SECURITIES	2-11-1961 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	7-11-1961 Rs.
2½% 1962	99 20	—	3 50	99 20
2½% 1976	83 50	—	4 23	83 50
3% 1964	98 75	—	4 42	98 75
3 ½% 1965-66	98 75	3 05	3 34	98 75
3 ½% 1966-68	96 20	3 84	3 63	96 20
3 ½% 1970-75 1st Dev.	90 50	4.28	3 90	90.45
3 ½% 1986 Con. Loan	72 50	—	4 11*	72 75
3½% 1964 N. P. Loan	99 85	—	3.55	99 85
3½% 1965 N. P. Bonds	99 80	—	3 56	99 90
3½% 1966	99 80	—	3 58	99 90
3½% 1967 N.P. Bonds	98 90	—	3 70	98 90
3½% 1974	99.55	—	3 79	99 55
3½% 1977 N.P. Bonds	100 25	—	3.70	100 25
3½% 1969 Loan	98 35	—	3 75	98 35
3½% 1968	98 70	—	3 71	98 70
3½% 1968 N.P. Bonds	100 00	—	3 50	100 00
3½% 1968 N.P. Bonds	100 00	—	3 73	100 00
4 % 1972 Loan	100 80	—	3 96	100 25
4 % 1973 Loan	100 80	—	3 99	100 20
4 % 1979 Loan	99 30	—	4.06	99 20
3½% 1948 Bonds	99 70	—	3.87	99.75
4 % 1960 Loan	99.25	—	4.07	99.25
4½% 1961 Loan	99.50	—	4.11	99 50

* Current Income. Xd—Ex-dividend. Xr—Ex-Rights.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent Who else must sweat and toil and gain but scanty fare."
William Blake.

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SMALL INDUSTRIES

MR. Manubhai Shah, Union Minister for Industry, has always been an enthusiastic advocate of small industries and industrial estates. He can justly claim the credit for promoting their development during the second Plan period, for, within limits, they can play a useful role in India's economic development. But, of late, his enthusiasm seems to have become so excessive that two major exaggerations have crept into his approach. One of them is that the small industries offer better opportunities for increasing employment on a relatively smaller capital outlay. The other is that they provide the best answer to the problem of unemployment in rural areas. Fortunately, a certain amount of authoritative evidence has emerged in the past few days to expose the exaggeration in these claims. And it is the purpose of this article to draw attention to this evidence and to show that there is urgent need for a careful evaluation of the extent to which the small industries can fulfil the objectives assigned to them and at what cost.

At the outset, it is necessary to remove the confusion that still seems to prevail over the concept of small industries. Generally, there is a tendency to associate them with such cottage industries as handlooms. But the discussion here is not on these industries, but on modern small industries. While both are small, there is a fundamental difference. The primary distinction is that, while industries like handlooms and khadi are largely rural, using traditional methods and lacking power and machinery, the modern small industries are mostly urban industries, using both power and machinery, and techniques of production more or less similar to those employed by the large industries, and manufacturing products almost of the same type as those produced by the large industries. But this distinction is somewhat blurred by the general impression that all small industries—whether traditional or modern—are labour-intensive. This general impression is, however, belied by the finding given by Mr. P. N. Dhar and Mr. H. F. Lydall of the Institute of Economic Growth (Delhi) in a monograph, just published by Asia Publishing House and priced at Rs. 8, on the role of *small enterprises* in Indian economic development. The finding, which is based on the data contained in the National Sample Survey report on small-scale manufacture and the Delhi survey of small-scale industries, is that the *most capital-intensive* type of manufacturing establishment is the small factory using modern machinery and employing up to 50 persons. Disturbing though this conclusion is, it renders the distinction between traditional and modern small industries pretty sharp.

If thus the modern small industries are also capital-intensive, there can be no essential distinction between them and large industries; in fact, *both* are modern and mechanical, and there is no such technical gulf, for instance, between the small electric motor factory and the large electric motor factory, as there is, for instance, between sugar and *gur* making or between bullock carts and bicycles. Only, the large industries, with their greater economies of scale, are generally in a position to produce the same volume of output by using less labour *and* less capital than would be used by small factories. If small industries are not to be subsidised in a variety of ways to make up for their deficiencies caused by the absence of "economies of scale," but if, at the same time, large industries are not to be preferred in view of the difficulties of decentralising them and on the ground—dubious in our opinion—that they lead to concentration of economic power in a few hands, the only logical course would be to stimulate the transformation of small units into more efficient medium-sized firms. Whether such a course, as suggested by the authors of the I.E.G.'s study, would be consistent with the Government's policy governing industrial estates is the question. What has currently imparted some importance to this issue is not only the big third Plan programme covering industrial estates in India but also the E.C.A.F.E. Seminar on Industrial Estates which concluded its session at Madras last week-end.

The economic rationale for setting up industrial estates is that such estates provide, on a rental basis, good accommodation and other basic common facilities to groups of small entrepreneurs who would otherwise find it difficult to secure these facilities at a reasonable price. An estate also makes possible the setting up of common technical, workshop, repair and other services, which would not pay for one small factory alone but may pay for a number of them. The Government's policy regarding industrial estates so far has had these limited objectives. But now the aims are broader. Thus, the estates are expected to relieve the existing congestion in the old industrial towns and cities, thereby serving as a tool of city planning. Another objective is to stimulate the growth of small industries as ancillaries or auxiliaries to some major industrial plants. Yet another aim is to spread industry towards small towns and large villages and thus control urban growth and regulate location of industries. With these objectives in view, the Planning Commission has provided for an outlay of Rs. 30 crores on industrial estates in the third Plan, as against an estimated outlay of about Rs. 12 crores in the second Plan. As many as 300 medium-sized and large-sized estates and 500 to 1,000 small rural estates are proposed to be started during the third Plan period, as compared with the 120 estates completed or nearly completed during the second Plan period. Whether it would be worthwhile to have an expanded programme of the kind and whether the central objective of fostering small industries for their own sake is sound are two relevant questions for which answers may be found in the findings based on the I.E.G.'s field survey covering 12 industrial estates with 206 small factories. These findings are:

(1) The small factories produce products for direct consumption or parts and components for other industries.

(2) Since enterprise and skills are available only in areas where some industrial development has already taken place, industrial estates have not been quite successful in areas where such enterprise and skills are not available. If the latter areas are to develop industrially, it looks as if they must first have large industries which will create external economies of agglomeration as well as provide potential entrepreneurs from amongst the ranks of its skilled workers.

(3) Technical and economic considerations should have been given greater weight in the choosing of sites than the consideration for so-called dispersal of industry, for a wrong site results in heavier investment and heavier current costs of production.

(4) The capital costs of construction of existing estates have been excessive. These excessive overheads have provided some justification for subsidising rents.

(5) In small estates, the provision of common technical and other facilities for the purpose of improving the technical efficiency and the chances of commercial success of small enterprises is uneconomic, because they remain largely unutilised.

(6) The techniques used in factories in the estates are not labour-using and capital-saving; they do not, therefore, create larger employment opportunities than could be had from medium or large factories making the same products.

(7) One justification for the estates is that they provide nursery beds in which efficient small entrepreneurs can grow. As this objective has not been kept firmly in mind, there has been some waste of effort in trying to create "new" entrepreneurs and in offering valuable new facilities to people who are unable to make good use of them.

Since the saving of capital, which is scarce, is supremely important for rapid industrialisation of the country and the medium or large multi-shift factories have been found to be most capital-saving and the small factories least capital-saving, promotion of small modern industries would be justified only if they have the potential for growing into bigger and more efficient units. The critical view expressed by an Italian expert at the E.C.A.F.E. Seminar (*vide* Market Gossip in *Commerce* of 4th November 1961) is also to the effect that small industries and industrial estates of the kind started in India are condemned to stagnation. This expert view and the non-official findings referred to in this article underline the need for an early inquiry into the working of *all* industrial estates before further heavy outlays are made on small-scale industries and industrial estates.

It is gratifying to find, in this connection, that the E.C.A.F.E. Seminar, while recognising the importance and usefulness of industrial estates, has nevertheless come to certain cautious conclusions. One of these is that, in view of the comparative shortage of basic facilities, it would be prudent to adopt a selective approach in the matter of creating industrial estates in rural areas. Another conclusion is that the provision of ready-made factory accommodation itself should be regarded as sufficient inducement to make the industrial estates programme attractive. It would not be desirable, in the considered opinion of the Seminar, to provide special concessions and facilities which are not available to units outside the estate. A third conclusion is that entrepreneurs themselves should progressively assume responsibility for starting industrial estates by joint action through the formation of companies or co-operatives. These conclusions also point to the need for modifications in the Government's policy governing industrial estates in India. There is thus a clear case for fresh thinking on the subject and the earlier it is done the better.

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DEVELOPING UNDEVELOPED AREAS

TECHNIQUES ADOPTED BY SCANDINAVIA AND NETHERLANDS

By K. L. Nanjappa

DIRECTOR, SMALL INDUSTRIES SERVICE INSTITUTE, BANGALORE

THE Scandinavian countries and the Netherlands have formulated and implemented a regional policy of dispersal of industries from crowded cities and development of backward areas. This is essentially a post-war development. In its negative aspect, the policy aims at discouraging further industrial concentration, while, in its positive aspect, it seeks to provide incentives for establishing industries in undeveloped areas. In the Netherlands, for instance, when the policy was first formulated in 1950, it had another objective also, namely, reducing what is known as structural unemployment resulting from depressed activity in specific industries and areas during certain seasons. As part of this policy, measures were taken to provide employment opportunities to persons thrown out of jobs as a result of rationalisation of agricultural production.

After the Second World War, there was rapid industrial expansion around big cities in the Scandinavian countries and the Netherlands. Owing to the concentration of industries in a few western districts of the Netherlands, nearly 50 per cent of the population was crowded on 21 per cent of the habitable area of the country, while the three northern provinces were untouched by industrial development. The overpopulation of the Western parts resulted in a reduction of horticultural area. An idea of what this means may be gained from the fact that the Netherlands earns Rs. 55 crores by exporting flowers alone.

In Denmark, 40 per cent of the population live in and around Copenhagen, while in Norway 75 per cent of all industries are concentrated in three of the 18 districts. The crowding of industry and population in a limited area has resulted in the nuisance of air pollution, problem of water supply, inadequate dwelling quarters for workers, recreation grounds and transport and traffic difficulties. In addition, there is dearth of labour for new industries.

In contrast to the high level of industrial activity in certain parts of these countries, there are others which are industrially backward and have a high percentage of unemployment. Thus, when the regional policy was initiated, the South Eastern and some of the Eastern parts of the Netherlands had an unemployment of 20 to 25 per cent. A similar situation obtained in the northern districts of Norway. In the province of Jutland in Denmark also unemployment was very high.

Development Plans : Netherlands

The fourfold aspects of the regional policy referred to at the outset are noticeable in the development plans of the Netherlands Government. The policy started with the object of solving structural unemployment and the first development scheme was formulated and implemented in respect of the South-eastern province of Drent. This was followed by investigations of the unemployment problem in other regions, where it was found that unemployment was of a structural nature. As a result, eight more areas were selected for development and it was realised that the problem of structural unemployment could not be solved by migration to other ports alone and that it would be necessary and possible to promote by simple means industrial growth in backward areas. Several measures were, therefore, taken to eliminate structural unemployment where it occurred and to industrialise undeveloped areas. Apart from creating social overheads, an inducement scheme was initiated and, according to this, a grant was paid to an industrialist if he employed one worker out of the labour reserve per every 50 square metres of new industrial building. Alongside, a scheme for subsidising the cost of shifting unemployed workers from backward areas to other parts was put in operation and, in the period between 1950 and 1958, 1,600 new jobs were provided in this manner. It was, however, later realised that migration could not solve this problem entirely and that positive plans to promote an even distribution of industry had to be adopted. Instead of moving the unemployed out of undeveloped areas, industries had to be attracted to such areas. The aim has been to create a development nuclei, so that they might develop further on their own.

With a view to attracting industries to undeveloped areas, the Netherlands Government provides subsidies to an entrepreneur (*a*) if he establishes an industry in a newly created, permanent building, having a useful floor space of not less than 500 square metres on an industrial site owned by the municipality, and (*b*) if he extends an industrial plant by a permanent new construction having a useful floor space of not less than 500 square metres, whether it is built on his own grounds or not.

In the case of new establishments, the subsidy is (1) Rs. 50 per square metre of useful floor space for the first 1,000 square metres of new construction, (2) Rs. 60 per square metre for the next 1,000 square metres, (3) Rs. 70 per square metre for the next 1,000 square metres, and (4) for useful floor space in excess of 4,000 square metres Rs. 75 per square metre.

In the case of extension of an industrial premise, the subsidy is Rs. 45 per sq. metre. The subsidy at the above rates is given subject to the condition that, in the case of new establishments, the entrepreneur undertakes to employ male labour in his factory at the rate of one man per 100 square metres of floor space and one man per 50 square metres of new floor space over and above the existing staff.

It should be mentioned, in this context, that, while financial incentives such as the ones referred to above are given by the Government for industrialising undeveloped areas, the choice of location for the industry is left entirely to the entrepreneur himself, as this is an essential part of the business risk that he takes. Secondly, movement of industries to backward areas is brought about not by force, but by persuasion that is, by creating in such areas a climate suitable for industrial development. In other words, improved communications and transport, water and other facilities and social and cultural amenities are made available so as to serve as poles of attraction.

Role of Municipalities

In several parts of the Netherlands, municipalities are playing an important part in the construction of industrial areas and providing facilities such as water, power and roads, so that entrepreneurs are encouraged to put up factory buildings without any difficulties. Land is sold or given on a lease basis, and the municipality receives 50 per cent of the selling price or the capitalised rental value from Government, provided an industrial building is erected thereon and the maximum area in respect of which price compensation is claimed does not exceed five times the area of the building site.

During the first five-year period of the area development programme, the Netherlands Government spent about Rs. 27 crores for improvement of communication and another Rs. 25 crores on subsidy to municipalities and provincial Governments to enable them to execute projects that are of importance to industrial development. Besides, another Rs. 10 to 12 crores were made available for encouragement to industry. Necessary financial assistance was also made available for subsidising social and cultural projects. Under the area development policy initiated in 1959, requests for subsidy had been granted in 250 cases by February 1961. A number of large-scale factories had moved into backward areas and employment opportunities to 17,000 people were expected to be provided.

A remarkable feature of the area development policy of the Netherlands Government needs to be mentioned. Development plans for industrialising backward areas are drawn up by a provincial Government in consultation with municipalities. To assess these plans on their merits and give advice regarding priorities and manner of implementation, a small committee of experts known as the "Committee on the Industrial Development of Problem Areas" has been constituted. This committee comprises representatives of the Ministries of Social Affairs, Home Affairs, Housing and Building, Agriculture, Fisheries, Communications and Water control and brings about co-ordination of the functions and responsibilities of all Ministries. A similar committee functions at the provincial level also.

As an illustration of the results achieved by the area development programme, the progress made by Emmen, where the policy of regional incentives to industry was first tested, may be mentioned. Emmen is an old village situated in the northern part of the Netherlands where a large number of people were employed as peat diggers during the 1940s. Owing to the competition of coal and the exhaustion of peat deposits most of them were thrown out of jobs. With a view to eliminating this structural unemployment, special incentives, as referred to earlier, were given to industries to absorb the unemployed. 375 acres of land were acquired by the municipality for developing industrial sites and facilities such as power, water, roads, schools, hospitals and dwelling quarters for workers were provided to attract new industries. Government also subsidised construction of industrial buildings. As many as 55 new factories started functioning in Emmen by the end of 1960 and provided employment to 6,000 workers. This new industrial activity resulted in indirect employment of hundreds of people in local restaurants, shops and transport undertakings. The population of Emmen increased from 6,000 in 1950 to 23,000 in 1960.

Norway

As in the Netherlands, industrial development in Norway has been confined to a limited area, namely, Oslofjord. Although there are plenty of resources awaiting exploitation, the country's three Northern districts have remained uninfluenced by modern developments and unemployment is very high. To eradicate unemployment and bring about even development of all areas, a Regional Development Plan was initiated by Government in 1948. Regional offices were opened in each district to formulate plans for the speedy development of industries, particularly those in the small-scale sector. In 1956, the Norwegian parliament approved of the establishment of a Guarantee Fund to finance industrial development in economically backward districts.

Special administrators were appointed in the Northern districts to direct the activities of the regional offices on which the President of the Municipality and representatives of various organisations work as members. The objectives of the regional bodies are: (*a*) creation of a climate suitable for industrial development; (*b*) provision of economic facilities such as industrial sites, power and water, construction of roads and dwelling houses for workers; (c) advising Government on the establishment of large industries in backward areas, and (*d*) persuading industries in Oslo to put up branches in the undeveloped Northern districts.

In Norway, too, municipalities take active interest in industrial development. They build industrial estates and share with the Government fifty per cent of the expenditure incurred by industries in obtaining technical advice from private consultant firms. Government's share of the expenditure is met out of a 500 million N. Kroner Fund earmarked for assisting industrial development.

Among the Norwegian Government's monetary and fiscal measures of assistance, the constitution of a special credit fund to assist the establishment of new industries in backward areas and finance the expansion of existing industries and the framing of special tax rules are important. Under the former, if an enterprise is unable to receive financial help through normal banking channels, the fund stands guarantee in full to the bank or other financial institutions for the credidt given in excess of their normal limit.

The purpose of the special tax rules, introduced by an Act in 1952, is to enlarge capital resources for development of industries in Northern Norway. Under these rules: (*a*) an extra depreciation allowance is given in respect of the machinery and equipment if they are considered to have been bought at prices higher than the normal ones; (*b*) special depreciation allowances, namely, advance deduction of depreciation upto three years, are also given on machinery and equipment forming part of approved investment in Northern Norway; (*c*) as an incentive for industries to invest in undeveloped areas, corporations and individual industrialists are permitted to set aside 60 per cent of the net increase in their income in a special fund for investment in Northern Norway. The income so set apart is exempt from taxation. Alternatively, the tax exempted income may be held in the form of industrial

(Continued on page 979)

MARKET GOSSIP

Boomlet In Shares

THE first settlement of the Hindu New Year (*Samvat* 2018) has witnessed a boomlet in the share markets. *This is a surprising development,* because it was not anticipated. True, the *Moorat* trading was cheerful, but none could have anticipated that several counters would register such substantial gains as they have done in the past four or five days. A sudden spurt of Rs. 7 in less than a week in Tata Steels is an unusual phenomenon these days and reminds one of the mad buying indulged in by operators in the summer of 1960. There have really been no new developments in the economic sphere to warrant the present extremely bullish conditions. It seems to be due mainly to a change in sentiment and the reasons for the change is not quite explicable. The visit of fifty-four American businessmen a fortnight back is reported to have improved the prospects for receiving U.S. private capital, but the continuing row between the Western oil companies and the Government of India over fixation of fair prices for petroleum products is liable to have a corrosive effect on the goodwill strengthened by this delegation. Some may say that Prime Minister Nehru's mission to the U.S. has been successful and the consequent improvement in Indo-U.S. relations is a favourable factor so far as foreign aid is concerned. But this signifies nothing in terms of profit-margins of the existing industries in the foreseeable future, apart from the fact that the differences with the U.S. had never gone to such lengths as to impede the flow of economic aid to this country.

A part of the rise in prices, especially of the counters in the forward list, can be attributed to the technical position of the market. Some operators had gone short in a few scrips as a hedge against their purchases of other shares, in which some others were short. So one has been squeezing another, with the result that the gains have been widespread. But what led to the covering operations? May be the sudden flare up in the values of many leading cash counters, both blue chips, which were already standing at pretty high levels, and non-blue chips. May be, knowledgeable persons, who have information about the working of companies in the current year, have bought some shares. It may be that some pump-priming is being done by certain interests, in order to create a favourable climate for the new capital issues they may have in mind. It is also quite possible that, bulked by the Forward Markets Commission, the speculators in commodities have turned their attention to shares.

Anyway, it looks as though there is a certain amount of rigging of the market. This is apparent from the causes given in market circles. It is, for instance, said that the rise in Tata Steels is due to receipt of Government's permission by the Company to erect an oxygen plant at Jamshedpur. But at no time was there any doubt about it, because it was the Government which was compelling the Company to take to this business, on the ground that it did not want the Indian Oxygen Company to have a monopoly in this field. In fact, this forced diversification would add to the strain on the T.I.S.Co's resources of both capital and men.

In its bullish mood, the market seems to be overlooking the probability of Maharashtra too suffering from power shortage in the coming months. And, if Mr. K. D. Malaviya persists in his policy of gradually squeezing out the Western oil companies from the Indian market, there may soon be a scarcity of petroleum products, too. At the time of writing, it is said that the Department of Mines and Oil is confident of replacing the imports of these products from the Soviet bloc. *Any attempt to do so will lead to a first class* political crisis, besides necessitating large-scale diversion of India's exports. It is worth noting, in this connection, that the foreign exchange involved in the import of refined petroleum products from non-Soviet area is well over Rs. 50 crores. Another factor that is being ignored is the possibility of cotton, soap and *vanaspati* industries having to pay high prices for raw materials, as the cotton and oilseeds crops have belied the earlier optimistic expectations.

Goodyear At Ballabgarh

The 49,000 Indian shareholders of Goodyear India Ltd. (and the U.S. business interests associated with the Company) have every reason to feel greatly gratified at the fact that, within seven months after they subscribed to the equity issue, the new Goodyear factory at Ballabgarh near Delhi has commenced operation. The factory, which represents a total investment of Rs. 6 crores, including the sum of Rs. 2.25 crores met by way of a loan from the U.S. Eximp Bank, was inaugurated on Saturday the 18th inst. by Vice-President Dr. S. Radhakrishnan. At the present level of capacity, the plant will produce 750 tyres a day on a three-shift basis, equivalent to an annual output of 210,000 tyres and tubes for cars, buses, trucks, tractors and animal-drawn vehicles. Adequate provision has been made for augmenting the capacity later to 510,000 tyres and extending the range of manufacture by the addition of tyres for aeroplanes, motor cycles and scooters, and two million lbs. of camelback (a rubber compound used by tyre retreaders and other rubber processing units).

The growth prospects for Goodyear India and the chances of a handsome return on investment are excellent. The Company's products are assured of a ready market which is bound to expand in the coming years, in keeping with the improvement in the standards of living and communications. The demand for automobile tyres alone is expected to rise 100 per cent in the next five years, in view of the high production target of 100,000 vehicles fixed to be achieved by 1965-66, as against the actual output of 53,500 in 1960-61. Appropriately enough, the third Plan envisages more than doubling the capacity for automobile tyres, from 1.61 million in 1960-61 to 3.7 million in 1965-66. The additional capacity is proposed to be achieved partly by setting up new factories and partly by the expansion of existing ones. Five new factories are already under construction, one each in Madras, Calcutta and Allahabad and two in Kerala. There are today five factories (one each at Ballabgarh, Calcutta and Ambattur near Madras and two in Bombay), with a total licensed capacity to produce about 1.8 million automobile tyres annually.

Fitting into this general picture is Goodyear's Ballabgarh plant which will doubtless "make a substantial contribution to meeting the deficit in supplies both now and even more so after expansion to the next stage." The plant, which, by the way, is the *sixtieth* of Goodyear manufacturing units located in five Continents, possesses the incomparable advantage of the world's largest tyre and rubber company, with sales exceeding $1.5 billion in 1960. Surely, Goodyear's example provides, as Mr. R. E. O. Carey, Managing Director of Goodyear India Ltd., said in his welcome speech, an incentive to others to take advantage of the opportunities that India's surging economy offers. And the statement of Mr. E. J. Thomas, Chairman of the Board of Goodyear, U.S.A., that the Ballabgarh plant testifies to the Company's faith in the future of India is reassuring.

Asian Cables

It is gratifying to find that the Directors of Asian Cables Corporation Ltd. have abandoned their move (constructively criticised in these columns, *vide Commerce* dated 28th October 1961) to deny the shareholders their full rights in the *proposed new issue.* As readers are aware, in March last, the Company had decided to raise new capital of a magnitude which meant that every existing share was entitled to two new shares. Last month, however, it was proposed to offer only one new share for every old share and offer the rest to the market with a view to enlarging the number of shareholders. This was not a fair move and quite a few shareholders said so to their directors. At a special meeting of shareholders convened for getting their approval to the proposed change, the Chairman of the Company said that the relevant resolution was not being moved in deference to the wishes of shareholders who were opposed to it. This was a commendable attitude, especially as it might not have been difficult for the management of the Company to get the resolution passed, if it were determined to do so.

F.M.C. Turns To Cotton

It looks as though the cotton futures market is going the way of the oilseeds market. Futures prices are merrily moving up, in spite of the special margins promptly imposed by the Forward Markets Commission. After an initial decline, immediately after the margins were announced, the Jarilla March 1962 contract resumed the upward trend on Tuesday. The trend gathered further momentum on Wednesday, when the contract was rigged up to a high of Rs. 652.75 (for three quintals). On Thursday, too, the rising trend continued with the contract touching a high of Rs. 658. The stringent margins are no deterrent, at least to those operators who are financially strong. It is reported that as much as Rs. 30 lakhs have been paid up by way of margin and that the net long position stands between sixty to seventy thousand bales. The contract is fast heading to the second marginal line and few doubt that it will advance past the next marginal level of Rs. 665.50, considering the firmness of spot prices which are already ruling at the ceiling prices and in some cases even above them. The sharp reduction in crop estimate and the sustained mill demand in the wake of small arrivals are mainly responsible for the upswing in ready prices.

Understandably enough, the trade is strongly critical of the F.M.C.'s action. Mr. Madanmohan Ruia, President of the East India Cotton Association, has called it as unwarranted and harmful. According to him, the F.M.C. had taken an alarmist view of the situation. The rise in price, in his opinion, was neither so steep nor so out of proportion to the increase in the price of the spot material as to warrant the hasty action of the F.M.C. which, according to him, would only result in elimination from business of the small operators who cannot pay the margin.

Should the margins prove ineffective in checking the rise in prices, what further action will the F.M.C. take? This is the question uppermost in the minds of operators. None will be surprised if the F.M.C. orders suspension of business, as it did in the case of oilseeds, as a prelude to the imposition of a ceiling within ceiling or even compulsory closure of all outstanding contracts.

Whatever the steps the F.M.C. might take, it will not succeed for long in preventing the rise in price which is a sequel to the fall in the size of the cotton crop, in the face of rising mill demand. The crop is presently estimated at no more than 4.8 million bales, as compared with the last season's record of 5.4 million bales. And what is more, except in the Punjab, new crop arrivals have been very meagre. Arrivals till the end of October amounted to only 135,000 bales, consisting mainly of Punjab and Ganganagar cotton; Oomras and other tracts accounted for only 13,000 bales. This is not only half the quantity that came to the market by this time last year but also considerably less than the arrival in the corresponding period of the 1959-60 season when the crop was no more than 3.8 million bales.

In these circumstances, cotton prices are bound to go up. The F.M.C. cannot be blamed for intervention to curb the rise. It is true that the rise in the price of the hedge contract during the past week has not been so steep as to justify drastic action. For the closing price of Rs. 642.50 on Monday, when the margin was imposed, was only three rupees higher than the highest level touched in the month of October. Perhaps the F.M.C. took the present rise in price as a portend and acted swiftly in a bid to forestall a further spurt in prices.

While the propriety of imposing restrictions on a contract which is being traded at a price which is well within the statutory limit may be questioned, there is no point in opposing margin on the ground that it will squeeze out the small fry. Futures trading, if it is done for genuine hedging, is essentially a large-scale operation. The small fry is there to speculate and make a living out of it and does not deserve all that consideration which is being shown by the E.I.C.A. authorities.

This is not to say that palliatives such as margins and imposition of ceilings can alter the basic fact of shortage of cotton in relation to the demand. There is a growing feeling among those who are genuinely interested in seeing that mills get cotton at reasonable prices and in sufficient quantity that reintroduction of compulsory surveys and requisitioning of cotton, if required, on a random basis, as was done in the past, will be more effective for holding the price line than margins or other restrictions which only serve to make the hedge contract a highly artificial one.

Jute Industry

The timely move of the East India Jute and Hessian Exchange, Calcutta, to curb speculation in the jute goods markets with a view to checking an undue rise in prices is, indeed, commendable. For three days, that is, on 14th, 15th and 16th inst., forward trading in jute and jute goods was suspended, following the squeeze in hessian and jute mills contracts caused by an acute shortage of ready goods. B. twills (November) advanced from Rs. 133.90 on the 9th inst. to Rs. 139.75 per bale two days later and hessian 40" x 10 oz. (November) from Rs. 48.82 to Rs. 51.25 per 100 yards. The rise cannot, of course, be described as "spectacular," but the upward trend would have gathered considerable momentum subsequently but for the suspension of forward trading on three days and the decision of the Exchange, at an emergency meeting held on Tuesday this week, to take other measures to check unhealthy speculation. These other measures will be implemented after the Forward Markets Commission gives its approval. One of them is imposition of a margin of Rs. 100 per bale of B. twills, if the rate were to rise above Rs. 135 in the futures market and Rs. 140 in T.S.D. (transferable specific delivery) contract. In the case of hessians, the margin will be Rs. 50 per 100 yards of 40" x 10 oz., if the price exceeds Rs. 49.50 in the futures market and Rs. 51 in T.S.D. Further, it is proposed to permit offering of optional delivery in futures contracts for alternate tenderable variety against B. twill contracts. It is also proposed to take certain steps, such as stoppage of fresh transactions in November delivery contracts, designed to prevent any exploitation of the current shortage of ready goods by market operators at the time of the settlement of the November hedge contract.*

The acute shortage of ready jute goods is evident from the low level of stocks with the mills. The total of these stocks as at the end of October *1961 was no more than 54,500 tons, as against* 78,400 tons a year before. The shortage, however, is not likely to persist for long, what with the encouraging production prospects. The jute mills are working in full swing. The 48 hours working week has been restored in almost all mills and the member-mills of the I.J.M.A. having a registered complement of more than 220 looms each have unsealed 2.5 per cent of their 12 per cent idle looms with effect from Monday the 13th inst. Although the unsealing is now made applicable only for 48 days, that is, from 13th November to 30th December 1961, the Committee of the I.J.M.A. has stated that opportunity would be taken to reduce further the mills' balances of accumulated loom-hours. It is gratifying that the jute industry has been assured of the requisite power supply by the Calcutta Electric Supply Corporation, as well as adequate supplies of raw jute. The raw jute prices, too, have come to reasonable levels. The latest available quotation for Assam bottoms at Calcutta is Rs. 31.50-Rs. 31.75 per maund, which is well below that prevailing a few months ago—as high as Rs. 61 in April.

While ample jute supplies at reasonable prices are assured and the cuts in jute goods production have been restored, it will be premature to jump to the conclusion that the mills will earn bumper profits in 1961. It must be remembered that the mills have incurred heavy losses as a result of the cutback in output during the major part of the year and the high prices it had

*Since writing the above, the Exchange has prohibited all fresh transactions in jute goods futures (Standard Contract No. 1 Hessian Cloth and Standard Contract No. 2 Sacking Bags for November 1961 Delivery) with effect from the 18th inst.

(Continued on page 979)

FURTHER RISE IN EQUITIES

(From Our Own Correspondents)

BOMBAY, 16*th November*

THE upward trend of prices noted on the Stock Exchange last week gathered further momentum during the week under review. Although the market opened on a quiet note after the *Diwali* holidays, it soon developed a firm trend. The *budla* rates in the last settlement on Saturday were slightly lower, thereby indicating that there was no sizable bull position. Further evidence of this was provided by the decision of the Stock Exchange authorities not to place any scrip under the special *havala* deposit scheme. This reading of the technical position of the market imparted considerable strength to the bulls. The news that the T.I.S.Co. had received official permission for putting up its own oxygen plant prompted support for Tata Steels which staged a smart rally and favourably affected the sentiment generally. There was also some strong buying in cash scrips, resulting in handsome appreciation in their value. Optimism ran high about the profits of textile mills for the current year. The news that the labour dispute in Hindustan Motors had been ended by referring it to arbitration and that the workers would, therefore, soon resume duty also assisted the general bullish psychology. On Tuesday, the market showed a tendency to consolidate the gains made on the previous day rather than to score fresh gains. After a period of cautious trading on Wednesday, with prices remaining fully steady, the market again firmed up today on renewed support by local and upcountry operators. Today's closing prices are consequently substantially higher than last week-end quotations.

Steels were well favoured. Tata Steels, as noted above, forged ahead on keen bidding from the week's opening level of Rs. 145.75 to Rs. 151 yesterday and further to Rs. 152 today and, after receding to Rs. 150, they finished higher at Rs. 152. The net gain over the week is Rs. 5.75. Indian Irons met with large-scale short covering and rose from Rs. 25.05, early in the week to Rs. 26.10 today, finishing fractionally lower at Rs. 26.05, a net gain of 90 nP over the week. Mukand Irons were well supported and spurted from Rs. 28.65 to Rs. 30 at close today, after touching a high of Rs. 30.40 on Tuesday.

Textile shares met with good support. Prices generally moved higher. Khataus firmed up to Rs. 517.50 *ex-div.* thanks to support based on expectation that the mill might get official permission for its diversification plans. Kohinoors improved from Rs. 313.50 on Friday to Rs. 332.50 today before finishing lower at Rs. 330. The net gain over the week is Rs. 16.50. This was due to an unconfirmed rumour that the veteran Ahmedabad millowner, Mr. Kasturbhai Lalbhai, has agreed to be the Chairman of the Board of Directors. Another rumour was that the Company might extend its activities by taking to the manufacture of nylon yarn and/or other goods. Morarjees at Rs. 398 *ex-div.* showed a rise of Rs. 15.80 over the week. Centurys moved up by Rs. 13 to close at Rs. 615 today, Rs. 4 below the highest for the week.

Cement shares were firm. Digvijays were in the limelight, the quotation spurting by Rs. 23 to Rs. 214 due to buying based on expectation of better results. The finish was however lower at Rs. 208. A.C.Cs. attracted moderate support and advanced by Re. 1.50 to Rs. 171.50.

In the sugar section, Belapurs proved a favourite and rose from Rs. 270 early in the week to Rs. 289 today, although the closing rate was lower at Rs. 285, a net rise of Rs. 15 over the week. Kesars hardened by Rs. 16.25 to Rs. 266.25. Hindustan Sugars shot up by Rs. 15 to Rs. 342.50. Phaltans and Walchandnagars, however, recorded only a modest gain of Rs. 2 each to Rs. 130 and Rs. 170, respectively.

Rayon shares presented a mixed pattern. National Rayons attracted the attention of speculators and rallied from Rs. 557 to Rs. 591.50 today before closing at Rs. 590. The net rise over the week is Rs. 30.50. Baroda Rayons too were well favoured and firmed up by Rs. 6 to Rs. 166. Indian Rayons gained Rs. 4.50 to Rs. 95. South India Viscose, on the other hand, shed Rs. 2 to Rs. 192. Gwalior Rayons went up to Rs. 51, only to close unchanged at Rs. 50.

Chemical shares scored further gains. Amar Dyes rallied by Rs. 26.25 to Rs. 330. Indian Dyestuffs gained Rs. 15 to Rs. 485. Poly Chems were marked up by Rs. 13.75 to Rs. 217.50. Dhrangandras (old) were quoted Rs. 13 higher at Rs. 137. The new scrip, too, was done Rs. 10 higher at Rs. 117. Colour Chems moved up by Rs. 7.50 to Rs. 390 and Dharamsis by Rs. 7 to Rs. 205. Synthetic Chemicals went up from Rs. 238 to Rs. 245, but closed lower at Rs. 237 on profit-taking.

Among engineering shares, T.E.L.Cos. attracted speculative interest. After commencing the week at Rs. 367.50, the scrip moved up on persistent buying to Rs. 383.50 on Tuesday. Although profit-taking brought the quotation down to Rs. 377 yesterday, it improved in today's dealing to Rs. 381. The close was, however, lower at Rs. 379. T. Manekials (new) spurted by Rs. 35 to Rs. 670. Alcock Ashdowns hardened by Rs. 9 to Rs. 332. Cooper Engineerings were done higher at Rs. 196, as against last week-end quotation of Rs. 188. Premier Constructions improved by Rs. 8 to Rs. 204. Jyotis put on Rs. 8.50 to Rs. 192. New Standards were quoted Rs. 6 higher at Rs. 210. Asian Cables too gained a like amount to Rs. 126. The Directors of the company have decided to give up their later decision to offer only one new right share for every one old share and stick to their earlier proposal to offer two shares for every one share. This they have done in response to the protests of some shareholders.

Among automobile shares, Premiers hardened by Rs. 12.50 to Rs. 169 and Hindustan Motors by Re. 1.24 to Rs. 20.60.

In the miscellaneous counter, Bombay Burmahs proved a bright spot. The scrip received sustained speculative support. From Rs. 651.50 last week-end the quotation rose to Rs. 713 on Tuesday. There was a decline in subsequent sessions, thanks to profit-taking which brought down the quotation to Rs. 700 at close today, a net rise of Rs. 48.50 over the week. Associated Rubbers appreciated by Rs. 11.50 to Rs. 123.

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Madras Stock Exchange

MADRAS, 15*th November*

A feature of trading on the Stock Exchange this week was the persistent support lent by operators to textile shares on hopes of good working results of textile companies in the current year, despite the upward trend of raw cotton prices. Travancore Rayons made further headway, ignoring the margin on outstanding purchases imposed by the Exchange authorities last week. Plantation shares put on a better appearance, though the volume of business actually done was relatively modest. The statement made by Kerala's Labour Minister in the State Assembly that steps were being taken by the State Government for an interim revision of wages of workers in the plantation industry was noted by operators, but it did not have any effect. Coffees and rubbers attracted good attention. Teas were well maintained. Select sugar shares, which had been easy for some-time past, staged a rally. The rally followed buying enquiries induced by expectations of the Central Government conceding the millowners' plea for lowering excise duty on sugar in order to boost consumption. Miscellaneous industrials, particularly chemicals, cements and engineerings, ruled distinctly firm.

Among textiles, Premiers forged ahead from Rs. 330 to Rs. 363 before closing at Rs. 352, with a net gain of Rs. 22 over the week. Bangalore Woollens advanced by Rs. 12 to Rs. 245. Coimbatore Pioneers were marked up by Rs. 10 to Rs. 292. Coimbatore Cottons rose by Rs. 6 to Rs. 205. Travancore Rayons spurted by Rs. 3 to Rs. 47.50. Maduras gathered Rs. 2.85 to Rs. 43.25. Lakshmis, which had declined from Rs. 170 to Rs. 169 early in the week, recovered later to Rs. 172. Metturs put on Rs. 2 to Rs. 390.

Among coffees, Cowcoodys improved by 10 nP to Rs. 4.60, following the announcement of a final dividend of 15 per cent, taxable, making a total of 25 per cent, for the year ended June 1961, same as that distributed in the previous year. Ouchterlonys picked up 5 nP to Rs. 3.70. Coffee Lands rose from Rs. 18.12 to Rs. 18.25, but later declined to Rs. 18.15. Consolidated Coffees, however, encountered selling and lost 60 nP to Rs. 21.60. In the tea group, Periakaramalais moved up from Rs. 3.69 to Rs. 3.88 before winding up the week at Rs. 3.85. Nellaimpathys gained 15 nP to Rs. 2.70. The Directors of the Company have raised the dividend from 13 per cent (taxable) for the year ended June 1960 to 15 per cent (taxable) for 1960-61. Kil Kotagiris hardened by 10 nP to Rs. 5.15. Neelamalais gained 6 nP to Rs. 4.50 on news that the Company had maintained the dividend for the year ended June 1961 at the previous year's level of 7.50 per cent (taxable).

Among miscellaneous shares, Textools advanced by Rs. 6 to Rs. 186. Tube Investments rose by Rs. 3 to Rs. 285 and Western India Plywoods by a rupee to Rs. 217. Among cements, Orissas improved by 25 nP to Rs. 15.45, and Indias and Andhras by 5 nP each to Rs. 6.71 and Rs. 9.40, respectively. In the chemicals group, Metturs spurted by 42 nP to Rs. 15.12 and Travancores by 13 nP to Rs. 22. Among others, Ashok Leylands scored a gain of 35 nP to Rs. 9.60. Aluminium Industries picked up 10 nP to Rs. 23.90.

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NEWS IN BRIEF

A DEVELOPMENT Council for glass and ceramics has been set up by the Government of India.

The Austrian Government has agreed to join the "Aid-India" Club for financing the third Plan, at its next meeting at Washington in January next.

The Government of India has decided to extend the benefit of compulsory contributory provident fund under the Employees' Provident Funds Act to industries engaged in stoneware jars and crockery, with effect from the 30th inst.

Extensive deposits of high grade copper ore have been discovered near Khaltse in Ladakh. These deposits are expected to yield 30,000 tons of copper annually. The ore has 6 to 8 per cent copper content.

The International Development Association of the World Bank has agreed to give a loan of $10 million for financing flood control and drainage schemes in the Punjab. These schemes in the State are expected to cost Rs. 15 crores in the third Plan.

The Central Warehousing Corporation has decided to set up at Delhi a cold storage, with a capacity of 1,500 tons, for stocking potatoes, oranges and apples. It will also construct a 12,000-ton general warehouse at Delhi. The two projects together are estimated to cost Rs. 13 lakhs.

The State-owned Indian Oil Company has commissioned fifteen fuel stations in Kerala. These stations will supply high speed diesel oil imported from Russia to the Kerala State (Road and Waterways) Corporation. The I.O.C. supplies similar oil to Transport Coporations of Maharashtra, Gujarat and Andhra Pradesh.

India and Afghanistan have signed a one-year trade agreement, with retrospective effect from 1st October 1961. The Governments of the two countries have pledged to promote mutual trade. India's principal imports from Afghanistan consist of dried and fresh fruits and asafœtida. Its exports to Afghanistan include certain engineering goods, apart from traditional items, such as tea and textiles.

A process for the manufacture of leather boards from tanned leather shavings and trimmings, discarded in shoe factories and tanneries, has been developed at the Central Leather Research Institute, Madras. The boards can be used as insoles for shoes. About 3,000 tons of leather trimmings available annually are discarded as waste. It is estimated that nearly Rs. 25 lakhs worth of leather boards can be produced from it.

The Jayant Shipping Company of India has placed an order for eight bulk cargo carriers with a Japanese firm, the Mitsubishi Shipbuilding and Engineering Company. Payment will be on deferred basis, being from out of the freight earnings of carriers. The Company proposes to place another order for four bulk cargo carriers with a Dutch shipyard. All these twelve ships, with a total capacity of 310,000 tons, are expected to be delivered before June 1964.

During the first ten months of the current year, the Export Risks Insurance Corporation issued 300 policies, with a maximum liability of Rs. 7.74 crores, as against 324 policies, with a maximum liability of Rs. 8.14 crores during the whole of 1960. Shipments, contracts and credits insured amounted to Rs. 9.23 crores, as against 6.96 crores. The premium income is Rs. 2,51,000 as against Rs. 2,36,000. Since its inception in October 1957, the Corporation has paid 80 claims aggregating Rs. 8.61 lakhs.

The production of cotton textiles during the month of September 1961 is provisionally placed at 73 million kgs. (160 million lbs.) of cotton yarn and 386 million metres (424 million yards) of cotton cloth. The total production in the first nine months of this year amounts to 638 million kgs. (1,404 million lbs.) of cotton yarn and 3,531 million metres (3,884 million yards) of cotton cloth. At the end of September, the composite mills of the cotton textile industry held an estimated stock of 173,000 metric bales of cotton cloth as unsold and 189,000 metric bales of cotton cloth as sold but not lifted.

The Government of India has granted an industrial licence to Messrs. Echjay Industries Pvt. Ltd., Bombay, for the manufacture of capstan lathes of 2" bar capacity and turret lathes of 1" and 1⅜" bar capacity. The annual production of the plant will be 72 pieces of capstan lathes and 120 pieces of turret lathes. The factory, which will be located at Bhandup, a suburb of Bombay, is expected to go into production in March 1962. In the first year of production, the scheme, it is said, will save foreign exchange of Rs. 36 lakhs. Most of the machinery required for the plant is to be purchased indigenously. Negotiations for the import of high precision machinery as well as for expert foreign collaboration are being finalised.

The award of nineteen cash prizes, ranging from Rs. 50 to Rs. 2,500, has been announced by the Inventions Promotion Board in the Union Ministry of Commerce and Industry. This is the first series of cash prizes awarded by the Board to encourage and inculcate a spirit of invention among independent workers, artisans and technicians. The Inventions Promotion Board, it will be recalled, was set up early in 1959 to promote new ideas and inventions by suitable technical and financial assistance. Inventions, whose practical value is proved or whose workability is demonstrated, are eligible for such assistance. The inventions submitted to the Board are adjudged by a panel of experts consisting of outstanding persons in different fields of work.

A credit information bureau will shortly be set up by the Reserve Bank of India. A Bill to amend the Reserve Bank of India Act to enable the Bank to set up such a Bureau will be introduced in the winter session of Parliament commencing on the 20th inst. Bills to amend the Wealth Tax Act, the Gift Tax Act, and the Expenditure Tax Act will also be introduced in the session to bring the assessment, penalty and recovery provisions in them in line with the recent amendment to the Income Tax Act. The Duties and Powers of the Comptroller and Auditor-General Bill is another legislative measure to be taken up. A Bill to amend the State Financial Corporations Act will also be introduced to remove certain difficulties experienced in the working of the State Financial Corporations.

A three-member delegation of the State-owned Indian Refineries Ltd., led by Mr. P. R. Nayak, I.C.S., Managing Director, has left for Moscow to finalise details of the public sector refinery to be set up in Gujarat during the third Plan. During its two-week stay in the Soviet Union, the delegation will prepare the time schedule for the construction and commissioning of the refinery, including supply and delivery of equipment to India. It will also discuss the product-pattern of the refinery. Besides, the delegation will discuss further details of the Barauni refinery which is being set up with Soviet aid.

The *ad hoc* Steel Committee, appointed by the Union Government, has recommended further reduction in the concessional prices of steel sold specifically for manufacturing export goods. In order to encourage export of engineering goods, the Union Government had introduced in 1958 a scheme under which various categories of steel were made available for export purposes at prices lower than the controlled rates. The Committee was set up to examine the feasibility of further concessions in steel prices. The Committee is of the view that the higher prices of steel, pig iron and tin-plate mainly account for the increase in the value of raw materials used in the manufacture of goods in the country. It has also come to the conclusion that there is no possibility of reducing wages or any other major items of cost.

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From Abroad

Indonesia is planning to sell 3,000 tons of black pepper to Russia.

Ireland has accepted an invitation from the Common Market to discuss its application for membership of the trade bloc.

Egypt and Sudan propose to set up a joint petroleum company with a capital of £1 million to exploit oil resources in the Sudanese territory.

The Portuguese Government has approved a decree seeking to establish a "Portuguese Common Market," that will eliminate all tariffs between that country and its overseas territories within ten years, beginning from 1st January 1962.

President Kennedy has signed an executive order last week envisaging the formation of an institution for co-ordinating U.S. foreign aid, namely, the Agency for International Development. The Agency will take over the functions of the D.L.F. and International Co-operation Administration and other foreign aid agencies.

World production of soyabeans in 1961 is estimated by the U.S. Department of Agriculture at 1.1 billion bushels, the largest crop ever produced. This is higher by 17 per cent and 65 per cent, as compared with 1960 and the average of 1950-54, respectively. The increase is the result of a record U.S. harvest.

Britain's adverse trade gap narrowed last month to £46.6 million, as compared with £70.2 million in September. Exports aggregated £319 million, re-exports £13 million and imports £379 million. As compared with September, exports rose by nearly £59 million and re-exports by £0.5 million. Imports were up by nearly £36 million.

In a bid to prevent the growing vertical integration in the plastics industry, the U.S. Federal Trade Commission has asked the Union Carbide, the largest polythene producer in the U.S., to dispose of its subsidiary, Visking (the largest producer of polythene film in the U.S.), which it acquired in 1957.

West Germany has decided to enter into an agreement with Argentina for the mutual protection and promotion of private investments. It has already concluded similar agreements with Pakistan, Malaya, Greece and Togo. The primary object of these agreements is to promote the flow of private German capital abroad.

Canada's total production of wheat fell sharply to the lowest level since 1937 to 262 million bushels this year, which compares with 490 million bushels last year. This setback is attributed to drought conditions. The output of oats also declined from 456 million bushels to 334 million bushels, barley from 207 million bushels to 123 million bushels, rye from ten million bushels to six million bushels and flaxseed from 23 million bushels to 15 million bushels.

The U.S. Government has announced a one-year programme under which it will sell a maximum of 5,000 long tons of rubber per month from its stockpile, when its price is under 32 cents per lb., and an unlimited amount when the price rises above that level. The U.K. has also decided to sell 1,000 tons of rubber a month from its stocks, when price is ruling below 27*d.* per lb., and an unlimited amount when the price is higher.

The Organisation of the Petroleum Exporting countries, which met at Teheran recently, has decided to take joint action to secure increased oil revenues by stabilising oil prices and revising the present 50-50 profit-sharing arrangements with oil companies. A joint communique on the conference is expected to be announced shortly. The members of the Organisation are Iran, Iraq, Saudi Arabia, Kuwait, Qatar and Venezuela.

The first textile fair in Western Europe, exclusively devoted to products of man-made fibres, *textil* 62, will be held in Gothenburg on the premises of the Swedish Industries Fair from 10th to 18th March 1962. Manufacturers from the U.S., the U.K., France, Austria, West Germany, Holland and Scandinavian countries will be among the participants in the fair, which will feature a comprehensive survey of the new materials as well as fashion displays.

The Council of Ministers of the Six-nation European Economic Community has agreed to resume negotiations with Turkey on the question of Turkish association with the E.E.C. towards mid-December if, in the meantime, the Six could agree among themselves on outstanding differences over the issue. The differences are concerned with the essential problems of E.E.C. financial aid to Turkey and quotas for the import by E.E.C. member-countries of certain commodities.

Orderbooks in the Swedish engineering industry, excluding shipyards, at the end of August were 17 per cent larger than in the same month of 1960 and 4 per cent larger than in February, according to a survey by the Swedish Institute of Industrial Investigations. The stock of orders in the shipbuilding industry, however, was 10 per cent smaller than a year ago. The largest increase in orders was accounted for by the electrical engineering industry, with a rise of 20 per cent. The comparative figure for the mechanical engineering industry was 17 per cent and for the metal manufacturing industry 9 per cent.

The aggregate expenditure on plant and equipment in the U.S. next year will rise by 4 per cent to $35,840 million, as compared with the estimated level for 1961, according to a survey by the Department of Economics of the McGraw-Hill. The anticipated increase is attributed primarily to optimism regarding business outlook, the manufacturers forecasting a seven per cent expansion in the physical volume of sales. The actual extent of the rise is expected to be 9 per cent in non-ferrous metals and 8 per cent in industries, such as cars, glass and rubber. Last month, the U.S. was utilising 81 per cent of its total industrial capacity, as against 77 per cent during the recession of December 1960.

The U.S. Lockheed Aircraft International has been given a $779,000-contract by the Indonesian Garuda Airways to provide technical assistance in the operation and maintenance of its airline fleet. The contract is supported financially by the International Co-operation Administration as part of the U.S. Technical Assistance Programme. Under the terms of the three-year agreement, Lockheed International will assist the Garuda to plan and develop more efficient operations maintenance and overhaul facilities for its transport aircraft and train Garuda personnel in their use. The State-owned airline currently operates approximately 20 Dc-3s, 20 Convair 240 and 3 Lockheed Electras domestically and throughout South-East Asia.

The total West German labour force in October 1960 was 25.44 million, about 262,000 more than in October 1959. The number includes workers and employees as well as persons operating their own business. A remarkable feature is that the total labour force in farming and forestry continued to decline by 271,000 over the year ended October 1961. This increase, however, was more than offset by a rise of 533,000 in all other sections of the West German economy. The number of foreign workers in that country stood at 544,700 at the end of September, as against 325,900 a year ago. They included 223,961 Italians, 60,887 Spaniards and 52,845 Greeks.

PERSONAL

MR. T. Fife Clark, C.B.E., Director-General of the British Government's Central Office of Information, has arrived in New Delhi on a three-week visit to India.

Mr. S. L. N. Simha, Deputy Economic Adviser, Reserve Bank of India, has been appointed Alternate Executive Director of the International Monetary Fund. He will take charge of his new office with effect from 12th December 1961.

Mr. E. Jonai, Director of the Hungarian Chamber of Commerce, is now in India on a short visit.

Mr. J. C. Ryan, Chief Officer, Agricultural Credit Department, Reserve Bank of India, has retired from service, with effect from 18th November 1961.

Mr. James H. Goss, Vice-President and Group Executive of the General Electric Company of the U.S., arrived in India on Wednesday this week. During his stay in the country, he will acquaint himself with power development programmes in India during the third Plan and investigate the possibilities of his Company's participation in the projects. He will also visit Poona where the General Electric Company is erecting a factory for the manufacture of light electrical products.

ASIAN ECONOMIC CO-OPERATION

THE keynote of the speeches made by various delegates at the thirteenth session of the Colombo Plan Consultative Committee's ministerial meeting, which began at Kuala Lumpur on Monday this week, and the inaugural address of Malaya's Prime Minister, was that, while the progress achieved under the Plan since its inception more than ten years ago has been quite encouraging, the task that yet lies ahead is a colossal one. Evidently, the delegates have been prompted by the continuing considerably low living standards and serious limitations to bringing about rapid rise in living standards, such as persistent pressure on balance of payments, inefficient production techniques, inadequate numbers of trained people for administration, management and production, and shortage of food (in some of the countries). These disquieting features prevail in the majority of the Colombo Plan's 21 member-countries in which are inhabited 700 million people who together account for over one-fourth of the world's population, whereas the land area is just one-sixteenth of the world's total area. Focussing most forcefully the magnitude of the problem confronting these countries, the 1960-61 report of the Colombo Plan Council says:

"The rate of population growth has been much more rapid in South and South-East Asia than that envisaged even by the highest official estimates. The result brings a fresh sense of urgency to the task of putting resources to work to provide food, houses, schools, medical services and jobs for the much larger generation of tomorrow. Overpopulation is a distressing term, since it suggests surplus and unwanted people. The task is to ensure that they are not surplus because the economy is expanding fast enough to absorb them and that they are not unwanted because there is a role in the community for them to play. If the people of South and South-East Asia are to be liberated from poverty, a still greater investment would be needed in human resources. Higher production, however stimulated, will not last on a self-perpetuating basis unless there is also the will and the incentive to save and to invest savings profitably.... The best plans, well financed, will fail, if there is not the administrative capacity to carry them out and to follow them up. These are the human problems of economic development. Wisdom and perseverance as well as money are required to solve them."

This, in brief, is the challenge posed before the economically prosperous countries, be they in the free world or the Communist bloc. Mrs. Tarakeshwari Sinha, Union Deputy Minister for Finance and leader of the Indian delegation to the Kuala Lumpur session, certainly voiced the opinion of the whole region when she declared that the less developed nations, the capital needs of which are estimated at $7,000 million a year, would be set on the road of self-sustaining growth, if the developed countries were to earmark one per cent of their national incomes for investment in these countries. The developed countries should also pull down, as was pertinently stressed by Mr. Tengku Abdul Rehman, Prime Minister of Malaya, trade barriers and abolish internal policies which discourage consumption of products from primary producing countries. It is, indeed, reassuring to be told by Mr. Chester Bowles (U.S.) and Lord Lansdowne (U.K.) that their countries were fully conscious of the vital importance of increasing export markets for countries in the Colombo Plan region and of the stabilisation of commodity prices. But a stage has been reached when the actual implementation of these assurances has become imperative.

It was, again, the Malayan Prime Minister who impressively highlighted the urgency of making the Colombo Plan "even more effective than what it is now" and broadening the frontiers of economic co-operation. The four ways of doing so, as suggested by him, are expansion of world trade, achievement of stability in commodity prices, avoidance of any actions which can artificially depress export prospects of primary producing countries, and co-ordination of regional development plans. The responsibility for all this lies not merely on the developed countries but also on the Colombo Plan countries themselves. Mrs. Tarakeshwari Sinha certainly deserves to be complimented for having spelt out precisely the tasks before the Asian countries themselves and urged freedom from hackneyed economic generalisations.

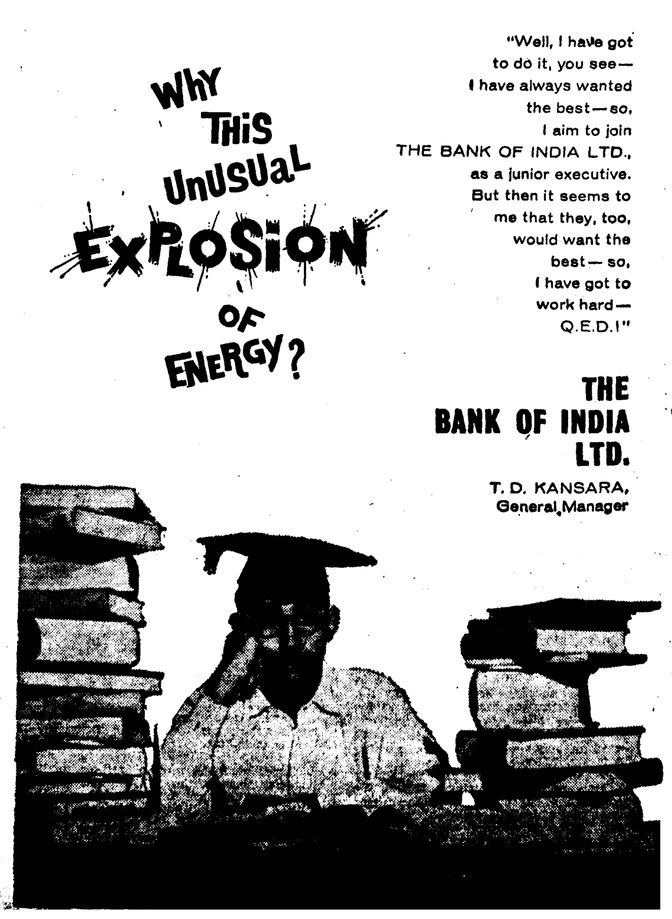
An important idea that is being actively canvassed at the Colombo Plan Conference pertains to regional economic co-operation among Asian countries. The current thinking on the subject, it would appear from Press reports, centre round four points. First, there are quite a few goods, as, for instance, textiles, which the countries of the region can import from within the region itself, instead of from other countries as is now the case. Secondly, two or more countries should jointly establish industries in any one of them with a view to ensuring the economic utilisation of the available resources, while, at the same time, meeting the industrial needs of all partners. Thirdly, regional co-operation in perspective planning will be necessary. Finally, there is great scope for mutual help in technical training. Is such regional economic co-operation feasible? If so, how can it be brought about? It will be interesting to see how these questions are answered by the expert body (appointed by the E.C.A.F.E.) consisting of Mr. K. B. Lall (India), Mr. Okita (Japanese planning expert) and Mr. Luang Thavil (a Thai economist). This Committee, as readers may recall, is expected to submit its report in March next.

INDIAN INDUSTRIES FAIR

A fascinating spectacle of Indian and foreign industries is furnished in a nutshell by the Industries Fair, inaugurated by Dr. S. Radhakrishnan, Vice-President, at Mathura Road Exhibition Grounds, New Delhi, on Tuesday this week. The Fair, organised by the Federation of Indian Chambers of Commerce and Industry, is, of course, much more than a mere showpiece, for it affords an opportunity for assessing the nature and extent of progress made in India since the first Fair held in 1955, that is, roughly during the period of the second Plan. All the industrially developed countries are taking part in the exhibition; this provides, in a way, a comparison bringing out the vast ground which India has yet to cover before it can attain a place of greater eminence among the leading industrialised countries. Although industrially young, India has created a fairly sound base for economic growth on which the super-structure of industrialisation could be raised. This has enhanced its capacity for absorbing investment—a point which the prospective foreign collaborators will not fail to notice. What is more, as pointed out by Mr. Madanmohan Ruia, Chairman of the Fair, it would create conditions for increased international trade between India and the rest of the world by demonstrating to foreign visitors India's export possibilities as well as its import requirements.

With the rapid growth of several industries during the second Plan period, the scope of the Fair has also widened considerably. The establishment of three mammoth steel plants and other basic industries and the vast strides made in the field of heavy and light engineerings, chemicals and pharmaceuticals are some of the impressive achievements of the second Plan, notwithstanding certain cases of sectoral imbalances and shortfalls in production targets. The development of industries has been aided by the expansion of communication facilities, and also by the increase in agricultural production. The third Plan envisages further expansion of industries. Industrialisation, as stressed by Dr. Radhakrishnan, is the greatest leveller, because it raises the standard of living of the masses and narrows down the frontiers which separate the different sections of the people from one another. Moreover, in order to improve the lot of rural masses, it is essential to set up fertiliser plants, machine-making units and hydro-electric projects.

The Fair, which covers a land surface of 180 acres, is claimed to be the largest of its kind ever held in this part of the world. The value of foreign goods exhibited in the Fair alone exceeds Rs. 25 crores. The U.S. pavilion is one of the major attractions, holding as it does a mirror to the industrial landscape of America. The other leading participants are Britain, Russia, West Germany, Japan and Egypt. If the foreign exhibits at least make Indian industrialists and authorities realise the imperative need for improving the competitive capacity of domestic goods both in terms of quality and price, the Fair should be considered a success.



IRRIGATION AND POWER

The total annual flow of water through the rivers of India is estimated at 1,356 million acre feet. But the utilisable portion of this flow is only 450 million acre feet, of which about a third in all is expected to be gainfully utilised in irrigation and power generation by the end of the third Plan. On the power side, the country's total hydro-power potential is estimated at 40 million kw., but, of this, no more than 7 million kw. will have been developed by the end of the third Plan. There will thus be enormous scope for irrigation and power development in the fourth and subsequent Plan periods. While this is the position for the country as a whole, there are some States like Madras and Rajasthan which have practically exhausted all available water resources for irrigation and power generation. It is particularly for such States that inter-State accord on water utilisation is supremely important. The kind of intelligent inter-State co-operation that has characterised the Rajasthan Canal Project in the North and the Aliyar Project in the extreme South will be increasingly required, for not all States are uniformly well placed in the matter of water resources.

Mr. U. Ananda Rau, President of the Central Board of Irrigation and Power, did well, therefore, to emphasise the need for greater inter-State co-operation in his address at the thirty-third annual meeting of the Board held at New Delhi on the 13th instant. His strong recommendation that the Board should set up a committee for initiating studies on the water problem of deficit States was particularly relevant in this context. This idea has had the backing of Mr. Lal Bahadur Shastri, Union Home Minister, who is to take up the matter of inter-State differences on the utilisation of river waters with the State Governments both in the Zonal Council and outside. But Mr. Shastri's admission that it has not always been possible for the States concerned to appreciate the viewpoints of the other in the recent meetings of the Zonal Councils is rather disheartening.

If it is so very difficult to bring about inter-State accord even in cases where only two or three States are involved, how much more difficult will it be to implement the proposal (mooted some time back by some non-officials) of linking large rivers and providing for navigable canals throughout India, as a cheap mode of transport between the different States, can be readily imagined. While Mr. Rau has supported this proposal, he has not said anything about its financial implications or about its feasibility. His idea that this proposal should also provide for irrigation adds, no doubt, further novelty to it, for there could then be "water grids" to provide for both irrigation and navigation, on the analogy of "super grids" to supply power from one State to another. But it would appear that, wonderful though such ideas are, they are not likely to fructify in the foreseeable future, in view of further inter-State differences that should be expected to crop up. There is so much to do in the matter of inter-State co-operation and co-ordination pertaining to irrigation, flood control and power generation that inland navigation through linking of rivers can afford to wait. In any case, it is doubtful if inland navigation of the kind will be cheaper in terms of outlays than development of roads and road transport.

SIX—U.K. TALKS

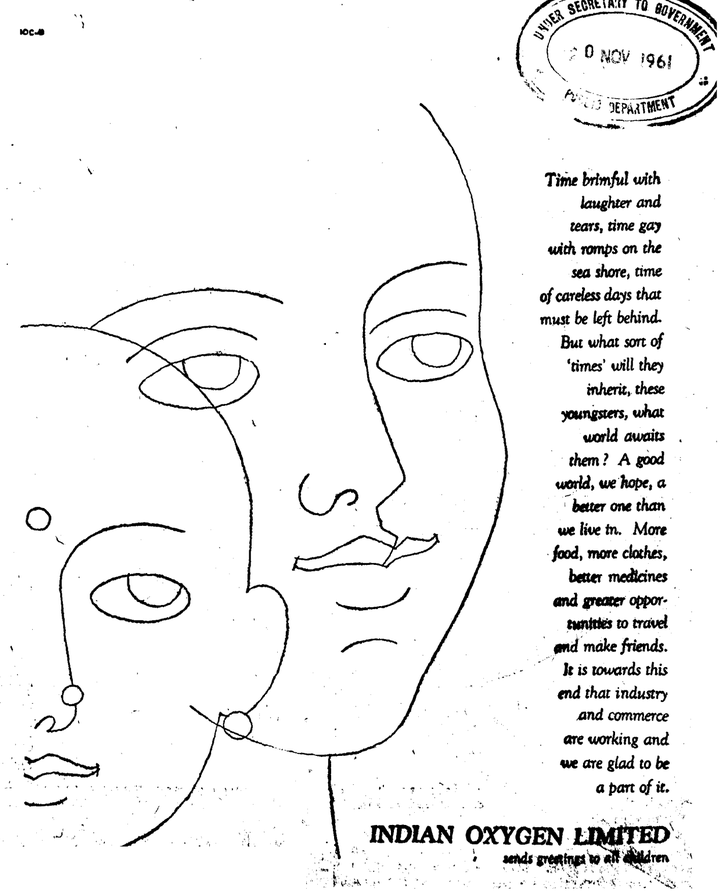
Much of the suspense and uncertainty over the possibility of British entry into the Common Market has been removed, with the formal commencement last week of talks at Ministerial level on the question between the Six and the U.K. at Brussels. The Ministerial meeting has been characterised as of historical significance by the participants. This appears to be no exaggeration. For, if the Six had pitted themselves against Britain's entry or even coldshouldered its application, they would have rendered European unity as elusive as ever. But from what has already transpired, it appears that the Six have displayed a commendable spirit of accommodation at the meeting. Significantly enough, the Chairman of the meeting, Prof. Muller-Armack, West German State Secretary for Economic Affairs, has stated categorically that the statement made by Mr. Edward Heath, leader of the British delegation, at Paris on 10th October is a basis on which successful negotiations should be possible. Mr. Heath, it may be recalled, had stated that the U.K. was prepared to accept the objectives of, and institutions under, the Rome Treaty and its political aims, while expressing, at the same time, the hope that protocols to protect Britain's special interests would not go against the spirit of the Treaty. Britain's special interests, as is well known, relate to its agriculture and its membership of the E.F.T.A. and the Commonwealth.

All the participants in the meeting have agreed to push forward with the work of finding out agreed formulæ on the various outstanding questions. They have formed the impression that the most crucial problem, which stands in the way of U.K.'s entry, is Commonwealth preferences. The other two problems, namely, British agriculture and E.F.T.A. are considered less intractable. The British farmers, by and large, have reconciled themselves to the possibility of participation in the Common Market. In respect of E.F.T.A. several of its members have decided to follow Britain's lead in joining the Common Market either as full-fledged members or as associate members. But the issue of Commonwealth preferences still hangs fire. For the time being, the Six and the U.K. have decided to follow the line of least resistance by avoiding a clash on the issue. But Professor Hallstein, President of the E.E.C. Commission, has made the point that any protocols to the Treaty, as suggested by Mr. Heath, should have a time limit. The British position, it is learnt, is that, if these protocols were to expire, the Commonwealth should be given some assurance about how its interests would be safeguarded in the long run. The Six are understood to have expressed the view that there are three possible types of solutions for the Commonwealth problem, namely, (1) association with the Common Market, which is a solution favoured for African countries in the Commonwealth, (2) tariff reductions and import quotas and (3) protocols of various kinds, which will not necessarily be in the form of quotas.

A clearer picture of the possible solutions for safeguarding Commonwealth interests will be available when the Ministerial negotiations are resumed at Brussels on 8th and 9th December. In the meantime, the Ministers have assigned to officials the task of working out details on the possible lines of solutions for the Commonwealth problem. These officials are expected to meet later in the month. The first group of tariffs affecting the Commonwealth, with which the officials will deal, covers raw materials, manufactures and tropical products. As the Six levy tariffs on only a few raw materials—aluminium, some non-ferrous metals, newsprint and pulp—it should not be difficult to reach an agreement in this field. The question of manufactures is not easy of solution, for the Six are not likely to grant an assurance for textiles from the so-called "low-cost" countries, as also chemical products from Canada. In the sphere of tropical products, the U.K. is said to be trying to see what terms can be obtained for the association of Ghana, Nigeria and other African producers with the Common Market. India will be concerned with any development of this sort to the extent that this association implies discriminatory treatment even among the different Commonwealth members.

BURMAH-SHELL IN 1960

Burmah-Shell's illustrative survey of its activities in 1960 is notable for the telling way in which the facts have been presented. It is, for instance, conveyed in an easily intelligible manner what the components of the price of motor spirit and of high speed diesel oil to the customer are. Of the price of Rs. 3.29 for 5 litres of motor spirit, the Company's basic price accounts for only 88 nP and dealer's commission (21 nP), sales tax (45 nP), Central Government duty (Rs. 1.70) and wharfage (5 nP) account for the balance. In the case of high speed diesel oil, the Company's basic price accounts for 73 nP, and dealer's commission (9 nP), sales tax



(10 nP), Central Government duty (Re. 1.60) and wharfage (3 nP) account for the balance of its price of Rs. 2.55 for 5 litres. Two other illustrative diagrams—one pertaining to the different petroleum products covered by the sale proceeds and the other pertaining to the disposal of the sale proceeds—bring out in a nutshell the dimensions of Burmah-Shell's operations and its contribution to the Central and State exchequers in 1960. The first diagram shows that aviation fuels accounted for Rs. 9.2 crores, motor spirit Rs. 38.7 crores, kerosene Rs. 38.4 crores, light and heavy diesel oils Rs. 49.7 crores, furnace oil Rs. 8.1 crores, bitumen Rs. 7.4 crores and other products Rs. 20.7 crores in the total sales of 3.7 million metric tons, representing a turnover of Rs. 172.1 crores. And the second diagram reveals the following:

	Rs. crores
C.I.F. cost of products	58.9
Wharfage and railway freight	12.1
Sales taxes and Central Government duties	71.3
Marketing expenses	23.0
Income-tax	4.7
Profit	2.1
	172.1

It may be calculated from the above figures that, while the *c.i.f.* cost of products represented 34 per cent, sales taxes, Central Government duties and income-tax accounted for 45 per cent of the Company's gross sale proceeds of Rs. 172.1 crores. The profit, after tax represented, on the other hand, a net return of only 3.97 per cent on the total capital employed (Rs. 53.3 crores). These figures tell their own story. It is a story which does not reflect badly on the oil business in this country. Incidentally, it may also be noted here that the total contribution of oil products marketed by all oil companies has risen from Rs. 42 crores in 1955-56 to Rs. 119 crores in 1960-61.

A noteworthy feature of Burmah-Shell's activities in 1960 is related to productivity. The Company's Efficiency Research Department, which was formed in 1958, was very active during 1960, dealing with such subjects as space utilisation in offices, methods in installations and depots, methods for storage and distribution of oil products, selling methods, invoicing and other accounting methods and standardisation of containers. Its work is stated to have increased the Company's operating efficiency and, thus, its capacity to compete in the market. At the same time, it is admitted that the Company has yet to cover a lot of ground in the field of productivity.

SEMINAR ON HUMAN RESOURCES

A unique seminar is being organised next week in the City by the National Productivity Council. The subject of the seminar will be utilisation of human resources in industry. A team of four T.C.M. experts will guide the proceedings of the seminar which will be attended by eighty participants drawn from various fields of activity such as industry, trade unions, professional/educational institutions connected with personnel management and industrial relations in the States of Maharashtra and Gujarat.

The objects of the seminar are: (1) to provide an opportunity for free exchange of ideas and experience between the representatives of top management and trade union leaders and the T.C.M. experts; (2) to provide a thorough understanding of the role of management in personal policy-making, communication, collective bargaining and adoption of modern personnel management technique; and (3) to help the participants, through close contact with fellow executives and trade union leaders and the members of the visiting team, to know how the problems pertaining to industrial relations, collective bargaining, labour-management participation, sharing the gains of productivity, personnel compensation, etc. are being tackled and solved in other organisations in the country as well as in other countries, especially the U.S. A special feature of the seminar will be that the representatives of management and labour will get the opportunity of meeting each other separately as well as jointly.

The seminar is one of a series being held at New Delhi, Calcutta, Madras and Bombay. Inaugurating the New Delhi seminar early this month, Mr. C. D. Deshmukh, a former Union Finance Minister, made a brief survey of the industrial scene in the country, with particular reference to productivity. He said that the atmosphere in regard to productivity was very much better in this country now than five or ten years ago and that it was improving every day. This, he gracefully conceded, was because of the good sense shown by employers and employees and the sympathetic guidance of the State. Two beneficial results at work in the industrial sphere, Mr. Deshmukh went on to say, were the growing sense of social justice or social responsibility and the revolution in management that has taken place during the last five years or so. The attitude of private management to their employees had considerably changed. There had emerged, in the industrial world, ideas of social justice and responsibility. On the part of the employers in India, according to Mr. Deshmukh, there is a "very lively sense of social responsibility" of which there was no evidence ten years ago. Along with this change in management attitude, there had also been an improvement in services in the private sector. Public services, on the other hand, had deteriorated. He attributed this improvement in private services to the presence of checks and balances in management provided by trained and competent managerial staff.

The tribute to private enterprise, coming as it does from a person of great eminence like Mr. Deshmukh, can be taken as an unbiased verdict on the standard of service in the public and private sectors. It is noteworthy that, among other things, better utilisation of human resources is one of the main factors responsible for the kind of efficiency which Mr. Deshmukh has praised in the private sector. Those who decry the private sector and want the public sector to be indiscriminately expanded to cover every field of activity should ponder this point.

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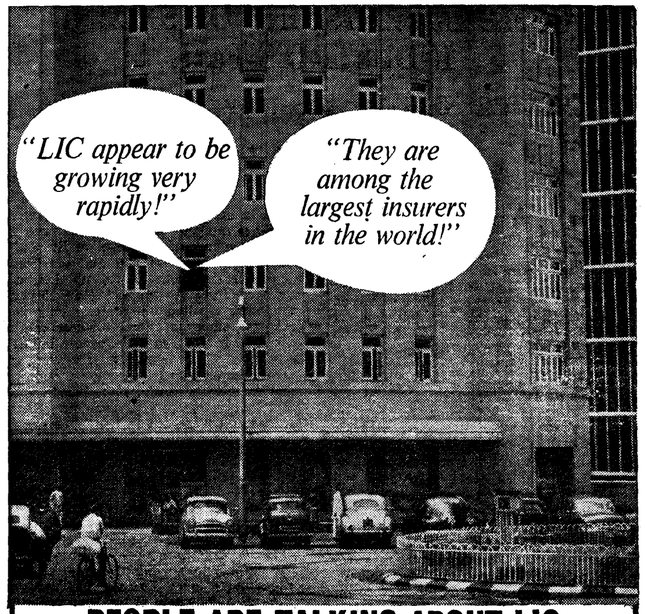

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SOME IMPRESSIONS OF SECOND INDUSTRIES FAIR

STATES' SECOND YEAR OF THIRD PLAN

From Our Special Correspondent

NEW DELHI, 14th November

DELHI LETTER

NEW Delhi is now rigged for the Fair. Arrangements are still incomplete at the Exhibition Grounds for the Second Indian Industries Fair which is opening today, but there is no doubt that, when the pavilions and stalls are completed, it will present a spectacle far more impressive than the first Fair held six years ago. Then India was still on the verge of her second industrial revolution; development of heavy industry had not started. The public sector was largely a matter of ideology, except in the sphere of railway transport; now it is an accomplished fact, with achievements to show in steel, heavy machinery and electrical equipment and coal. More industries have come into the field during these years and the fact that more acre-space has been taken up (even apart from the foreign stalls) is evidence of a greater enthusiasm to display these wares before international visitors and participants. Small industries, hardly dreamt of in 1955 on the scale now developed in some areas in this country, will have a prominent place in the show.

Though in many respects this will appear to be only an enlarged version of the 1955 Fair, its main significance as concrete evidence of the progress under the second Plan by both the sectors in Indian industry cannot be lost sight of by anyone familiar with the features of the Indian economy. The Federation of Indian Chambers of Commerce and Industry has wisely refrained from making the Fair too frequent; perhaps, in view of its great value in educating Indians, it could have been held in other cities, preferably in areas where industry has not made much headway yet to promote wider national consciousness and enthusiasm for development. European Trade Fairs are more businesslike and are held for shorter periods, so that the exhibitors can do the maximum amount of business and secure orders for the products displayed. With the increasing emphasis on export promotion and the importance of selling manufactures to the advanced countries, the Fair authorities must find methods of drawing the attention of foreign visitors to exportable goods. The present layout of the stalls does not, however, suggest that this consideration has been borne in mind. Size is always impressive, especially in this country, but it is somewhat unrealistic to expect an interested visitor to cover 180 acres and about 35 miles of roads to know what India has to offer, besides the grand spectacle which every tourist is bound to appreciate.

As on the last occasion, the industrially advanced countries belonging to both blocs have vied with one another in trying to impress developing India with the excellence of their achievements. They may, perhaps, discover that India today is more sophisticated in matters relating to industry. Even so, their wares worth about Rs. 25 crores on display at the Fair may find a ready market, if foreign exchange creates no serious problem. British aircraft and electrical equipment will be on show; here, the object is to emphasise that Britain still remains India's best trading partner and customer. As always, the American display will be spectacular and will seek to impress the visitor with U.S. achievements in technology and science while also offering items of immediate interest to India. So with the Russian pavilion which demonstrates recent political trends by the imposing statue of Lenin as much as the importance given to power projects in the Soviet Union. Ultimately, however, neither camp can overlook the fact that their rival attractions will not make any difference to the Indian seeing the visible fruits of a mixed economy in which he is growing up.

State Plans for 1962-63

The Planning Commission will soon be engaged in long-drawn-out negotiations with the State Governments over their Plan outlay in the second year of the third Plan. The reason for some concern at this stage is the low proportion of their Plan outlay in the current year, in spite of their excited demands for increasing the size of the physical and financial Plan even beyond the level of Rs. 3,837 crores now accepted. It is said that the Commission is persuading them to step up their outlay in the second year to approximately 25 per cent of the total allotted to States. This is hardly realistic; since no efforts towards raising additional resources can be expected before or immediately after the General Elections, any such higher target which depends on their initiative will remain an aspiration rather than a practicable programme. Even excluding the question of resources, there is much uncertainty about the extent of preparedness on technical details of schemes which have been accepted as part of the Plan. Though the third Plan has been taking shape over the last three years, it was observed by the Planning Commission in the latest and final version that "many of the projects proposed for inclusion were not worked out fully, nor were they presented adequately. The information available even at this stage leaves much to be desired." The time available since the publication of the Plan could not have been sufficient for making up the deficiency; for example, though States have been meeting in regional conferences on minor irrigation and demanding many things of the Centre, few States have on hand clear-cut projects worked out sufficiently in advance for implementation without delay.

Health Programme

An allied problem which the Commission will have to face is how far its health programme should be revised in the light of the far-reaching recommendations of the Lakshmanaswami Mudaliar Committee. This body was appointed two years ago to inquire into developments in medical relief and public health since Independence and to formulate recommendations about future planning. In some respects the Bhore Committee's report, which now holds the field, has become less practicable and also a little out of date. Free medical treatment by the State which it set as an objective is not favoured by the Mudaliar Committee which considers that graded medical charges in hospitals to be preferable, except in the case of those who are absolutely poor. Experience abroad of socialised medicine may reinforce this view and there is much to be said against maintaining free services which cannot be kept at a high pitch of efficiency owing to lack of money or to overcrowding. Already the lack of distinctions between serious and ordinary cases has caused congestion in hospitals.

Even more urgent than overcrowding is the problem of training medical personnel in adequate numbers. The only claim for achievement for the outlay of Rs. 140 crores in the first Plan and Rs. 225 crores in the second is that training facilities for doctors has barely kept pace with the growth of population, the ratio between the two remaining constant at about 6,000 to 1 over the last decade, unlike other spheres of development where some advance has been possible. Stagnation in a field like medical services which are not altogether new to this country is particularly disappointing. This ratio also conceals the fact that while doctors increased by about 9,000 during the first Plan period, only 5,000 more were added during the second Plan; the third Plan proposes to augment their strength by 11,000 which is only a little above the first Plan rate.

The real difficulty has been the shortage of teachers, especially at the post-graduate level. The Mudaliar Committee wants this aspect to become the responsibility of the Centre functioning through a National Council of Medical Education. It does not view with favour the short-term expedient of abridged courses for medical assistants for work in rural areas. The right solution, according to the Committee, for the shortage of doctors in villages and the reluctance of most of them to serve there is to run mobile dispensaries, operated with district hospitals as the base, so that the services of specialists also could be made available. Treatment as outpatients in all but the essential cases offers the only solution to the problem of reducing overcrowding in hospitals.

The third Plan outlay on health will be Rs. 342 crores, of which Rs. 297 crores will be in the States. The Centre should take steps to remedy the shortage of teachers estimated at 2,000; it can also lay down the right patterns of medical care and extend the contributory health schemes and the Employees' State Insurance Schemes. But the States alone can take measures for environmental sanitation by providing drinking water in towns and villages and proper drainage. Their organising ability will decide whether preventive steps like vaccination and inoculation against infectious diseases and slum clearance will become effective or not.

THE FLOOD GATES OF INVESTMENT

BEST OF BOTH WORLDS

(From Our Own Correspondent)

LONDON, 10th November

LONDON LETTER

IT is well known that the aim of the Government is to reduce general expenditure and that the methods which they have used to do this, including high interest rates and the tightening of credit, are making life difficult for capital investors. But the Government does not claim that it wishes to cut down investment—this is one of the inconsistencies of policy which do give rise to criticism—and a White Paper which they have just issued reveals in the sector in which their influence is paramount, that is in the sector of public investment, that there is a marked rise. In the current year public investment will be about £100 million greater than last year, and in 1962-63 a further increase of nearly £100 million is forecast. Thus spending on public investment next year will be roughly 12 per cent higher than last year. Investment in the nationalised industries, e.g., transport, coal, electricity, will be up by £50 million and investment in the public services such as roads, hospitals, the Post Office and the aggregate of local authorities' programmes will be up by £150 million.

The Government admits that the increase next year would have been much greater but for their action this summer to relieve the pressure on internal demand. Various adjustments have been made in the different investment programmes which, the Government claims, will help to bring the rate of increase of total expenditure into a better relationship with prospective resources and which will strengthen the nation's efficiency and competitive power. They thus claim that their investment policy is having the best of both worlds; it is making some savings but it is also strengthening efficiency and competitive power.

More precisely, the influence which the Treasury has been able to bear on the various authorities responsible for public investment has succeeded in moderating its growth rather than stopping any increase. Some branches of the economy, for example, coal production and atomic energy production are, for one reason or another, suffering cuts in investment—in the case of atomic energy it is not that a deliberate cut is being made but that for technical reasons the money cannot be spent faster. But electricity, roads, hospitals and the Post Office in particular are all having more money spent on them. To give an idea of the importance of this sort of investment in national economy, the target fixed for next year is approaching £2,000 million; that is half as high again as that for six years ago.

It is interesting to compare the figures of projected increase in public investment (£100 million in the coming year over the current year) with the help which this country is giving to India for capital expenditure. If some of the latter figures appear small compared with the U.K. domestic investment, it must be remembered that the margin within which the U.K. can increase its overseas investment is very much smaller than that which it has available on the home front. Part of the reason for the U.K. balance of payments difficulties has been the established trend to invest overseas even when the resources were not there.

INTER-SECTORAL TERMS OF TRADE

HAS IT BEEN IN FAVOUR OF AGRICULTURE?

By C. Muthiah

THE main theme of Mr. Patnaik's article entitled "Price Policy in a Developing Economy" in a recent issue of *Commerce* (30th September 1961) is that, in recent years, the terms of trade have shifted in favour of agriculture and this has adversely affected the savings. Similar views have been held by many other persons also. This paper aims to raise the question whether there are any reasonable grounds to hold this thesis.

At the very beginning of the article, Mr. Patnaik states that "the influence of prices on agricultural production seems to be negligible." He tries to establish this from the fact that a significant rise in wholesale price index from 76 in 1955-56 to 96 in 1956-57 produced little effect on the 1957-58 crop. On closer scrutiny, one finds that the rise in prices is not *really* an increase in actual prices but only a *corrective* factor. What happened was, the agricultural prices, which had reached the lowest levels in 1955-56, started regaining during the next year. To view this as an increase in prices is to close our eyes before the reality. Again, it was pointed out in the article that the increase in prices between 1957-58 and 1958-59 had no effect on the crop in the subsequent year. Such a statement assumes (without any strong ground) that an increase in prices during a particular year should have an effect immediately on the next year's crop. There are many objections to such an assumption. Firstly, there is a difference in periods for which the prices and production data have been supplied. While the prices refer to the 12 months, April to March, production data are given for the agricultural year, July to June. It is common knowledge that *rabi* crops, for which production data are supplied in the agricultural year, are not generally marketed before April and, therefore, the influence of new arrivals at the markets would not be shown by the price figures quoted for the period, April-March. In this connection, it would be interesting to note that, if one were to compare the prices and production *during the same year*, a strong relationship emerges between prices and production. Lastly, it is a moot point whether prices influence production or production (supply) influences prices.

Mr. Patnaik tries to substantiate his thesis by quoting the following from Dr. Kushro:

"The sector which is the main saver in society is obliged to save less while the sector which habitually does not save very much gets more income and cannot save very much."

It may be pointed out that the contention of Dr. Kushro also suffers on similar grounds. The foremost among them is that the terms of trade have been measured by taking the wholesale prices of agricultural commodities. These prices, which are the averages of wholesale prices prevailing *throughout the whole year*, do not reflect truly the terms of trade of the agricultural sector, as most of the price quotations relating to the lean months, which incidently push up the annual average, refer to the transactions between different traders rather than between the producers and traders. The next objection is with regard to the way in which the terms of trade have been measured. If we measure the terms of trade by the price ratio of commodities exported from and imported into the agricultural sector, we find that the terms of trade have not actually gone in favour of agriculture. A recent publication,* brought out by the Ministry of Food and Agriculture, gives the ratio of the wholesale prices of some of the principal commodities purchased by the agriculturists to the prices of cereals. While the ratio for fertilisers and kerosene oil were less than 100, they were consistently more than 100 for other commodities. The relevant particulars are reproduced below:

Year	Iron and steel manufactures	Cement	Leather	Cotton manufactures
1953 ..	107	92	101	103
1954 ..	131	114	115	127
1955 ..	158	136	138	144
1956 ..	140	115	116	124
1957 ..	136	121	107	114
1958 ..	138	123	102	108
1959 ..	139	124	103	109
1960 ..	140	123	103	122

*Economic Survey of Indian Agriculture, 1959-60.

As regards the savings, Mr. Patnaik observes that the volume of saving in the economy declined during 1951-52, 1953-54 and 1957-58 and *these were the years when the food prices had gone up steeply.* But, if we refer to the figures given by him in Table I on the same page, we find that, during the years 1953-54 and 1957-58, the index number for prices of cereals and pulses never crossed the mark of 100. Further, he attributes the steep fall in the savings-income ratio during 1957-58 partly to the increase (actually there was no rise) in food prices during the same year. It may be pointed out here that, in 1957-58, the share of agriculture in the national income had gone down considerably, as a result of the sudden fall in the index of agricultural production from 124.0 in the previous year to 114.6 in 1957-58. It needs no emphasis that the quantum of income has a much more decisive effect on savings than the increase in food prices.

The object of this paper will be served, if it is able to raise some doubts about the common notion that, in recent years, the terms of trade have gone in favour of agriculture.

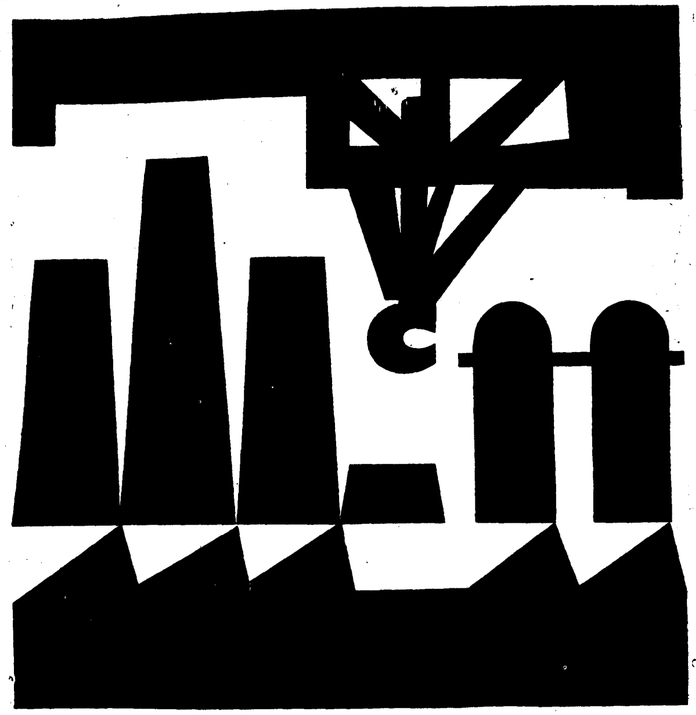
I.M.F.'S OPERATIONS

A $280 million repayment by the United Kingdom, and a $60 million drawing by Argentina represented the largest exchanges of currency at the International Monetary Fund during October. They are not reflected in the November issue of *International Financial Statistics*, published early this month, which contains information on the Fund's accounts as of 30th September 1961. The publication shows that total drawings were equivalent to $6,078 million, undrawn portions of stand-by arrangements $1,016 million and total amounts outstanding $2,209 million.

The Argentine drawing was effected $12 million each in Belgian francs, Deutsche mark, French francs, Italian lire and Netherlands guilders, and was made under a twelve-month stand-by arrangement for $100 million concluded in December 1960. Argentina's net drawings from the Fund were increased to $237 million. Its quota is $280 million.

The repayment by the United Kingdom follows a drawing in nine currencies amounting to $1,500 million, agreed in August of this year, and was made in U.S. dollars. The Fund's policies on drawings made in conjunction with stand-by arrangements (the U.K. has one for $500 million) makes the full amount of the drawing available through the term of the stand-by. The amount repaid by the U.K. in October could therefore be drawn again, if desired, at any time up to 7th August 1962.

The number of Fund members was increased to 74 on 27th October, when Syria regained independent membership status. During their annual meeting in Vienna (18th-22nd September), the Governors approved membership applications and quotas for Liberia, Sierra Leone, Togo and Senegal, thus preparing the way for their signatures of the Articles of Agreement.



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EXTERNAL AND INTERNAL INFLUENCES ON CREDIT POLICY

BRITISH BANK RATE CUT AGAIN

By W. T. C. King

EDITOR OF *THE BANKER*, LONDON

BRITAIN'S experience during the past few months has demonstrated, once again, how sharp a conflict can develop in the short run between the external and the internal influences that determine the desirable course and pattern of monetary policy. In spite of the fact that the authorities evidently wish to maintain at full strength the various restraints put upon the domestic economy last July, the rediscount rate of the Bank of England has been reduced twice since the date of my last letter—by half per cent to 6 per cent on 2nd November, a few hours before this letter was written.

Both of these moves have to be attributed to external influences—influences stemming in part from the July measures themselves and in part from extraneous forces originating overseas. The British actions of end July had a dramatic and almost immediate psychological success in the international money markets: whatever room for doubt they may have left about the course of sterling in the longer run, they completely satisfied overseas observers about its likely behaviour in the shorter run. Hence the opening of new short positions in sterling was abruptly stopped, and speculators and traders, who had left sterling requirements uncovered, or who had run down working balances or otherwise altered their positions on the hypothesis that sterling might depreciate, began to reverse these operations. The pendulum of "leads and lags" in payments, which had been pushed over to a position highly adverse to sterling, began to swing back towards normal, and, at the same time, the raising of Britain's Bank rate to the crisis level of 7 per cent carried London money rates to a very wide margin above those ruling in other major international markets. Admittedly, for overseas institutions that are not in any case prepared to switch funds without guarding themselves against exchange risk, by repurchasing their own currency in the forward market, the cost of obtaining such cover offset a large proportion of the gross margin between overseas and London interest rates. But some net margin still remained.

Aside from this, as evidence of sterling's return to favour became more pronounced, so did other institutions switch funds to London without covering in the forward market. It seems probable, too, that transfers of both kinds were motivated in some instances by loss of confidence overseas—by the recrudescence of doubts about the U.S. dollar and by nervousness arising from the Berlin situation.

Short-term Money Not Welcome

For all these reasons, sterling came into strong demand in the exchange markets and, though the British exchange equalisation account allowed the spot rate to rise steadily to not far short of its upper limits in terms of the dollar—at one time, the middle quotation was $2.81-11/16—it repurchased large quantities of foreign exchange. As I noted in my last letter, in consequence of certain major special transactions—especially the drawings on the International Monetary Fund and the repayments of the 'Basle' indebtedness to European central banks—the exact extent of the 'true' accretion to the reserves could not be ascertained from the monthly published figures, but it was generally understood that, in August, the true gain was in the region of £50,000,000 and in September rather more than that. Upto that point, the greater part of the net purchases of sterling were thought to have reflected the still continuing reversal of the "leads and lags" and the rebuilding of working balances, but from about the middle of August onwards the market had begun to talk of the return of 'hot' money, and, a month or so later, there were indications that this movement might be becoming significant. The British authorities, however, had made it clear that it was no part of their policy to induce such an inflow. The September issue of the Bank of England's quarterly *Bulletin*, which I quoted last month, explained that, while the increase in the Bank rate to 7 per cent had been intended to help to check the outflow of funds from London, "it was not desired to attract any substantial amount of overseas funds" and it went on to say that any inflow of short-term money resembling that of 1960 would not be welcome."

Early in October, therefore, the authorities decided that it was more important to try to stem the inflow of funds by some reduction in interest rates than to avoid the risk that the reduction might be regarded as a "green light" to the domestic economy—and especially, perhaps, to those who might be disposed to resist the Government's 'pause' in increases in wages and salaries and dividend. It seems evident however that they had some doubts on this latter score, and therefore cut the Bank rate by a mere half per cent whereas precedent had suggested that from a level so high as 7 per cent the cut might be one per cent. Unfortunately, the move had given little if any relief in the exchange markets. International as well as domestic observers were quick to see that the arguments adduced for reducing the rate from 7 to 6½ per cent were almost equally applicable to a reduction from 6½ to 6 per cent. If there was no longer need for a 'crisis'—one designed to compel a rapid response and give a sense of urgency for the sake of 'first-aid' support for sterling—surely, argued the international speculators, the rate would not long be held at 6½ per cent. Thus the first reduction in the Bank rate, so far from retarding the buying pressure on sterling, actually accentuated it.

I.M.F. Loan Reduced

The next move of the British authorities was to demonstrate to the world that the incoming funds were indeed unwanted. If the inflow could not be immediately arrested, it could at least be prevented from causing avoidable strain on international liquidity. The authorities, therefore, decided to make an immediate repayment to the International Monetary Fund of £100,000,000 of the £535,000,000 that had been drawn from it only two months previously. This transaction was not, of course, a repayment of debt in any real sense: in effect, Britain has merely substituted borrowings from a large number of private holders of internationally mobile funds for a single large borrowing from an international institution. The exchange is not, moreover, without some degree of risk for sterling. The funds from the I.M.F. which could have been retained, together with the other £435,000,000, for at least three years, may be made available to Britain, again, in case of need, though they could not be reborrowed without formalities, whereas the mobile private funds that have taken their place may be withdrawn at very short notice. The risk has seemed worth running, however, in order to demonstrate Britain's readiness to co-operate so far as possible in the effort to keep down the strains on international liquid resources—to return funds to the central I.M.F. pool as soon as possible and, perhaps, thereby to ease the pressure that has built up against the U.S. dollar.

From this standpoint, the repayment to the I.M.F. was unquestionably desirable, yet it had psychological effects in the markets that served to aggravate the pressure. The convincing evidence thus afforded of the short-term strength of sterling fortified the expectations of a further fall in London interest rates and caused overseas funds to flow even faster into the United Kingdom Treasury Bills, short-term loans to British local authorities and other channels for employing money in and through the London market. As a result, the gold figures for end October showed an even bigger true inflow than that experienced in the previous two months. After providing for the £100,000,000 sale of exchange to the I.M.F. for further small repayments arising from the winding up of the European Payments Union, for the withdrawal of dollars to the equi-

(*Continued on page 957*)

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DEVELOPING FOREIGN TRADE

SCOPE FOR BARTER AND OTHER TRADING METHODS

By Chinoobhai C. Javeri

IN a large measure, the prosperity of a country depends upon its foreign trade. Naturally, there is keen tussle among the countries of the world to promote exports, in order to earn valuable foreign exchange needed for the economic development of the country. There is also an urge in the underdeveloped and primary producing countries to industrialise and be self-sufficient in important and major items of their requirements, since they feel that they cannot depend entirely upon agriculture to provide employment for the growing population and improve the lot of the people. To achieve this objective, they have taken strict and stringent measures to regulate imports through restrictions and high tariffs wherever warranted. These and other varied reasons and conditions have led to several hurdles and inhibitions in the way of promoting exports.

The paramount facts is that foreign trade is a two-way traffic. There can be no export without import and *vice versa*. India has, therefore, got to boost its exports to pay for its imports which are mounting up. Fresh avenues have to be explored and tried out to meet the situation.

Triangular Trade

Triangular trade is the most intricate type of business. To put through a deal of this type, it is implied that the trading conditions are free of import and foreign exchange controls. In practice, such a deal is easy to negotiate by Communist countries where trade is carried on by a central Government agency without profit-motive or other usual commercial considerations. But in non-Communist countries, where the trade is in the hands of the private sector and a number of import, export and exchange control restrictions exist, as at present, and the time-lag in concluding a deal is heavy it is not worth the trouble and risk involved in such arrangements. Let us, nevertheless, examine how far such a trading method could be availed of by us to serve the purpose.

The occasion and expediency for such a deal arises and becomes compelling when the country 'A' wants to promote exports to the country 'B' which already buys from the country 'A' more than the country 'A' buys from it; and it is not possible for the country 'A' to buy the country 'B's products which are either competitive in nature or unwanted by the country 'A'. So what happens is that a merchant in the country 'A' (for instance, India) sells its engineering goods to the country 'B'. Then, 'A' buys cocoa from the country 'B' against engineering goods and sells that cocoa to the country 'C'. Thereafter, 'A' buys chemicals from the country 'C' against cocoa and sells the chemicals in its domestic markets where prices of chemicals are high and thereby makes a substantial profit. Since prices of engineering goods of 'A' are higher than international parity, the merchant in country 'A' sells them to the country 'B' at a loss. Likewise, 'A' incurs loss in its cocoa sale because the merchant in the country 'C', being a regular buyer of cocoa from the country 'B', would prefer to buy it from the usual source, unless he gets it at a lower than the market price. Thus, the loss on the two transactions by 'A' (India in this case) has got to be made up from the profit on its imports of chemicals which should leave it residual profits sufficient to induce it and make it worthwhile to undertake the risk and labour involved.

By and large, the type of negotiations and operations involved in such a deal is intricate and necessitates the consent and co-operation of the Governments concerned to retain or utilise or adjust the foreign exchange as may be warranted. Special licence or permit from the respective Governments are to be obtained either for export or import of the commodity. And no country would agree to its product being sold at a lower price in its regular markets. By agreeing to it, its regular sales to that particular market would be affected without any advantage.

Viewed in this context, the country 'B' will no doubt agree to allow export of a non-traditional item against import of engineering goods from the country 'A', which it needs, but it will entail prior market research and a vigorous drive to sell it in new markets by a merchant from the country 'A,' which might take a long time delaying his import from the country 'C'. And, in such deals, time is the essence and the product has got to be easily marketable.

Triangular type of trade does serve the purpose when a traditional trade item of one country is saleable in the third country and the former country cannot do it due to certain reasons.

Over and above these implications, the time-lag and other hardships would stand in the way of such deals. Triangular trade in traditional items, in the normal course, reaps no special advantage. Therefore, great store cannot be set by it, except in cases where the items exported are non-traditional.

Barter Deals

Barter deals represent another method of promoting exports under unfavourable conditions. It is simpler than the triangular trade. Its underlying object is to link exports to imports, so that the country can obtain its requirements of essential items. A proper evaluation of barter transactions in the light of the experience gained, so far, would be useful guide in formulating the future policy. Theoretically, subject to Government approval, private parties are permitted to transact barter deals, but, in actual practice, they are largely concluded by the State Trading Corporation. An impartial examination of the barter deals concluded by the State Trading Corporation would be worthwhile. A report prepared by the *Economist* Intelligence unit, London, at the instance of the Council for Economic Education, Bombay, states that India is a loser on barter deals. It was pointed out that, in such deals, either the price of the Indian goods had to be reduced or the price of the imported goods enhanced above the normal level to make it worthwhile for the foreign party to enter into transaction when the item offered is non-traditional.

Therefore, certain cardinal factors have to be borne in mind in allowing barter deals. It has to be predetermined whether the price India pays for the imported item is normal or abnormal as compared with the international price of a similar commodity. Since the commodity concerned is to be imported only from a particular commodity the price offered may not be competitive. Equally important is the evaluation whether barter deals have actually increased the volume of the country's export trade, especially when the importing countries sell our goods to a third country thereby affecting adversely our regular direct trade to it, on the one hand, and becoming our competitors and foreign exchange earners, on the other.

It is, therefore, essential to stipulate in a barter deal that the importing country should consume the product locally or sell it in a third country after processing it. Besides, in barter deals, the items exported should be non-traditional; otherwise, there is no advantage because the traditional items could be exported in the regular course.

In barter deals, the main consideration should be whether there is a net advantage to the country. The criterion is not the selling price in the country, because, due to import restrictions and high internal prices, anything imported could be sold. The point at issue is whether the country is compensated in its exports to the extent of the high price paid for a particular item of import.

Bilateral Trade Agreements

Since independence, India has entered into bilateral trade agreements with a number of countries. The scope of these agreements is limited in the sense that they are entered into between two countries. Their underlying object is not to strike a balance in the trade between the two countries but to provide facilities for developing trade by regulating it strictly in accordance with the terms of export, import and foreign exchange control regulations prevailing in their respective countries. In such agreements, no special commitments or concessions, involving departure from the general multilateral foreign trade policy, are sought. Viewed against this background, bilateral trade agreements do not attempt to promote export of any particular commodity. But they do foster and strengthen trade relations and encourage direct sales which otherwise stagnate, hang fire and drop off. With certain countries, they enable us to exchange concessions for concessions. Special quota for import of the so-called restricted items are granted by the importing country in return for our giving them similar concession. This facility definitely promotes exports, but its scope is limited since there is no element of enforcement in it.

However, bilateral agreements, under the existing conditions, are necessary for developing trade with countries which need our products but are unable to import them since they have an adverse trade balance with India and no foreign exchange to pay for continuing even the present volume of trade let alone additional imports. These are largely the underdeveloped countries, particularly the newly independent countries of Africa. These countries are, therefore, buying their requirements from those who buy their products. A comprehensive survey of the products of these countries may, therefore, be carried out to find out the possibilities of our importing them. On these findings, a suitable basis may be found for entering into bilateral trade agreements with different countries wherever necessary, adjusting our policies accordingly.

Rupee Payment Agreements

In order to overcome the difficulties and hardships experienced in promoting trade between India and Communist and other countries which have different banking systems, the Government of India has concluded agreements with those countries under which payments for imports and exports are made and received in Indian rupees. The agreements stipulate the maintenance of the rupee accounts by the State banks of such countries with the Reserve Bank of India or any Indian bank authorised to deal in foreign exchange. India has such trade agreements with Egypt, the U.S.S.R., Poland, Yugoslavia, etc. The payment of all trade transactions for exports and imports between India and these countries are made in the Indian rupee.

The main advantage of imports from the rupee payment countries is that the price of the same being paid in rupees, the question of expenditure of foreign exchange does not arise. The rupee payment agreements no doubt help in promoting trade with those countries and in procuring our requirements of essential commodities which otherwise might be limited or restricted. But such arrangements need specific stipulations. It is alleged that the prices these countries quoted to India had not been reasonable and competitive. Often, the goods supplied were not of the type and specification the country needed. At times, unwanted and inferior quality of goods had been dumped on this country. Difficulties also arose in procuring spare parts of the imported equipment, since they were not of the regular and standard type.

Experience has shown that imports under rupee payment agreements from Communist countries, canalised mostly through the State Trading Corporation, have often resulted in irregularity in arrivals and high prices. In the circumstances, it is desirable to plan out properly those imports beforehand every six months, as is being done for other countries—leaving the normal established trade channels to handle the trading and distribution work, by issuing import licences. This will benefit the country to a considerable extent.

Prices may be controlled by keeping a check on and holding the recognised associations of the respective commodities responsible for regulating it. They may introduce a scheme of registration under the auspices of the licensing authority. The trade may also be warned against any abuse of the scheme which will result in its elimination. Where a commodity constitutes a raw material required by an actual user, the licence may stipulate that the article is to be sold only to an actual user at a fixed price. A practical view may, however, be taken of minor lapses in the working of the scheme.

The goods of the third country, it is further alleged, had also been procured and sold to India by charging high prices. Such transactions fantamount to India buying foreign exchange at a high premium. It might be argued that, rather than allow irregular imports and pay high prices in rupees, it would be profitable to sell more of Indian traditional products in a third country at slightly lower than market prices and thereby earn additional foreign exchange. But it can be done only by charging lower prices on the entire quantity regularly exported to the third country which in the aggregate would bring a loss to the country. Instead, it might be advantageous for India to buy goods of a third country by paying reasonable high prices in rupees, which could be determined in each case after proper consideration, granting permission to do it only in the last resort, when deemed absolutely necessary, and in respect of

(Continued on page 969)

SERICULTURE INDUSTRY IN SECOND PLAN

PROGRESS ACHIEVED NOT ENCOURAGING

THE progress made in the implementation of the development programme for the sericulture industry has not been quite encouraging. This is evident from the inordinately slow pace at which the production of raw silk has expanded in the past five years. The actual output during 1960—this year corresponds almost to the last year of the second Plan—was no more than 3,298,724 lbs., representing a rise of a bare 141,584 lbs. as compared with 1955 (last year of the first Plan), as against the net addition of about 843,000 lbs. anticipated in the second Plan. In other words, the shortfall in the fulfilment of the Plan target of four million lbs. was to the extent of as much as 701,276 lbs. Indeed, the output during 1960 was less than what was produced in the previous year, namely, 3,366,840 lbs. The net increase of 141,584 lbs. in raw silk production over the second Plan period compares unfavourably with the rise of 623,507 lbs. achieved during the first Plan period. The comparison is all the more glaring because no specific financial provision had been made in the first Plan, whereas a well-chalked-out programme with a relatively large outlay (Rs. 5.00 crores revised subsequently to Rs. 4.08 crores) had been drawn up in the second Plan with a view to making the country self-sufficient in raw silk supply by the end of 1960-61.

That all was not well with the implementation of the scheme for the development of sericulture industry will be evident from the fact that, as against the total second Plan budget provision of outlay amounting to Rs. 503.80 lakhs. the sum actually spent was just Rs. 320.00 lakhs. The gap thus is accounted for by both Central and State schemes. It is surprising that, while the grants and loans made available by the Centre to the States have been on a liberal scale, the expenditure actually incurred by the State Governments is low, as will be seen from the figures given below.

(In lakhs of rupees)

Year	Amount sanctioned/allocated		Expenditure incurred by State Governments	
	Grant	Loan	Grant	Loan
1956-57	33.36	27.27	11.09	10.77
1957-58	32.77	25.47	24.85	21.18
1958-59	34.85	2.80	27.68	3.80
1959-60	47.83	11.36	34.69	11.25
1960-61	40.00	31.36	24.41	28.98
Total ..	188.86	85.26	122.72	75.98

The year 1960, as already noted, witnessed a setback in raw silk output, the quantity actually produce being 3,298,724 lbs., as against 3,366,840 lbs. in 1959. The decline was accounted for entirely by non-mulberry silk, the production of which fell from 832,148 lbs. in 1959 to 759,744 lbs. in 1960, while mulberry silk output increased slightly from 2,534,692 lbs. to 2,538,980 lbs. In the case of silk waste, the output was higher at 1,676,030 lbs., as against 1,640,483 lbs., though it was much less than the production of 1,868,019 lbs. in 1955. There was no production of spun silk yarn in the country during 1960, due to the closure of the Mysore Spun Silk Mills, Channapatna. The Assam Spun Silk Mills, a Central Government aided project, is likely to start production by the end of this year.

Trend of Output

The following table gives breakdown figures relating to the production of the different kinds of silk and silk waste during the year 1960, as compared with 1959, 1955 and 1951.

(In lbs.)

	1960	1959	1955	1951
Mulberry silk:				
Filature	345,990	280,818	319,224	249,714
Charka	1,806,975	1,996,450	2,107,582	1,708,108
Cottage basin ..	311,965	197,376	..	..
Duplex	74,350	70,048	..	..
Total ..	2,538,980	2,534,692	2,427,056	1,958,822
Non-mulberry silk:				
Tussar	264,230	260,559	307,546	254,030
Eri	246,272	295,189	266,068	338,281
Muga	118,551	186,400	157,070	100,500
Total ..	759,744	832,148	730,084	580,811
Grand Total ..	3,298,724	3,366,840	3,157,140	2,533,633
Silk waste:				
Mulberry ..	1,676,030	1,167,156	1,127,926	1,084,964
Non-mulberry ..	297,813	473,327	730,094	560,511
Total ..	1,973,843	1,640,483	1,868,019	1,605,075

Even the negligible rise in mulberry silk output during the second Plan period was not commensurate with the expansion in acreage under mulberry cultivation, as is evident from the table below.

	1955	1959	Percentage rise
Area under mulberry (hectares) ..	68,658	76,492	11.4
Raw silk production (kg.)	1,092,175	1,140,011	4.4
Disease-free mulberry silk-worm seed (kg.)	12,036	16,219	34.7
Production (kg.) of:			
Tassar	138,306	162,252	17.3
Eri	119,306	128,335	7.5
Muga	70,952	83,880	18.2

It is thus seen that the productivity of mulberry silk industry has declined. The decline is attributed to a number of factors, especially (*a*) diversion of marginal lands and lands without adequate irrigation and other facilities, (*b*) lack of adequate attention devoted to the rearing of mulbery silkworms under climatically favourable conditions, and (*c*) poor progress made in the sphere of silkworm seed output, the actual production in 1959 being only 570,909 ounces, as against the estimated total requirements of more than a million ounces.

Prices Still High

It is true that there has been a fall in raw silk prices, but the extent of the fall is negligible. The latest available quotation for filature raw silk (Kollegal 20/32 denniers) in the Bangalore silk market is Rs. 85.99 per kg., which, though it is lower than the rate of Rs. 90.20 prevailing a year before, is well above the f.o.b. value of Rs. 55.00 (landed cost with duty is Rs. 85.78) for the Japanese 22/22 A grade silk. Besides the high prices, the quality of indigenous silk does not seem to have registered any marked improvement. Viewed thus, the Central Silk Board has certainly struck a note of realism when it declares, in the report covering its activities during the financial year 1960-61, that the main problems before the sericulture industry continue to be its high cost of production and poor quality. The Board has, however, expressed its confidence that, with the active co-operation of the State Governments, coupled with the execution of schemes directly by the Board, "the progress in the industry will no doubt be accelerated." To quote it:

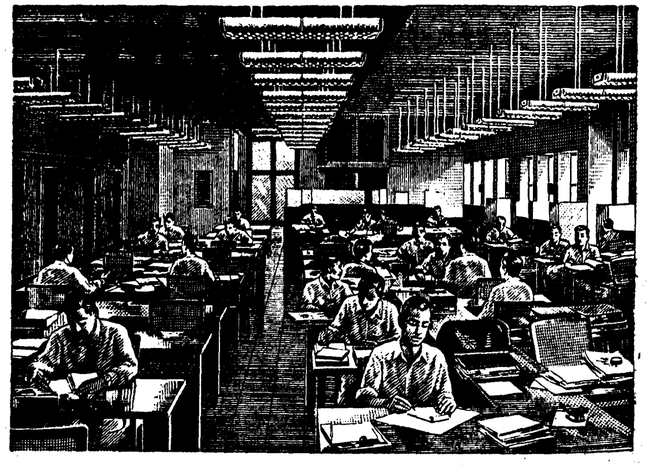
"It may be noted that, as a result of the efforts made for improvement of silk reeling industry, a new line of production has been introduced. Since 1957, the production of cottage basin silk, which is far superior in quality to the charka silk, has constituted the bulk of Indian silk production. The production of cottage basin silk has been registering a gradual increase from 55,659 in 1957 to 62,536 in 1958 and 89,716 in 1959. It is hoped that, with the implementation of schemes calculated to substitute charkas with cottage basins, particularly in Mysore and West Bengal, it would be possible for the industry to show quite a tangible progress with regard to improvement of quality of raw silk by the end of the third Plan. The Board is alive to the current problems of the industry, and it will be its endeavour in the years to come to address itself to the task of finding ways and means by which the cost at each level could be reduced and the quality improved. It is in this direction that the Board has stressed time and again on the State Governments to improve and place their silkworm seed organisations on a sound footing."

If the sericulture industry is to achieve a quantitative and qualitative expansion of output, it is imperative that the research activity is intensified. The Silk Board has done well to constitute a Central Research Co-ordination Committee to advise it with regard to the formulation of a programme of systematic research with a view to evolving superior races of silkworms and strains of mulberry for replacing the existing varieties upon which the ultimate solution of high cost of production rests. It has also done well to set up a committee (Chairman: Dr. H. L. Dey, a former Chairman of the Tariff Commission) to investigate the problems of filature silk industry. The findings of the Committee will doubtless help in the efforts to organise the industry on sound lines during the third Plan period.

It may be noted here that the draft third Plan, prepared by the States on the lines re-

(*Continued on page 966*)

designed for a purpose...



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1960 A GOOD YEAR FOR EUROPEAN COTTON INDUSTRY

BRITAIN CANNOT REMAIN AN OPEN MARKET, ASSERTS MR. MOORE

From Our Special Correspondent

MANCHESTER LETTER

MANCHESTER, 7th November

OUTPUT of yarn and cloth achieved by European cotton spinners and weavers was higher in 1960 than for several years back and less machinery working longer average hours produced more goods.

A report by the International Cotton Federation issued in Manchester indicates that 1960 was a good year for the trade. Total yarn output in European countries increased by 121,573 tons or 7.1 per cent over the previous year but most of the gain came in the first six months.

Machinery hours worked in spinning were nearly 10 per cent below the 1957 level but output was almost identical. The cotton weaving mills of Western Europe turned out 5.7 per cent more cloth last year than in 1959. Rises above the general average were recorded in Belgium, Denmark, Italy, Norway and Portugal where the increase over 1959 was in each case at least 10 per cent.

If Lancashire textile mills are to meet the competition of Continental textile industries in the Common Market, mill machinery may well have to be worked for 120 hours a week, not 42½ hours a week, Mr. D. B. Moore, General Secretary of the Textile Institute, said in Manchester.

One of the most formidable factors about competition, he told the Manchester Chamber of Commerce, would be a competition against mills equipped with the most up-to-date machinery.

Mr. Moore said he could not understand the fears sometimes expressed in the North of England that three-shift working would dislocate social life.

"I do not believe it has any such effect elsewhere and I see no reason why it should have it here. Unless we can use our machines to the limit of their capacity I do not see how we can hope to compete in the modern world."

Mr. Moore said although many people felt that, while Commonwealth relationships were important and must continue in their political and economic forms, they could well do with a breath of fresh air.

We could not remain an open market for a Commonwealth whose individual members did not hesitate to use quotas against us.

Ethical Duty!

Nor could we accept that it was our ethical duty to take low-cost products from underdeveloped countries.

"This is a most dangerous doctrine which, over the course of years, might well spread in many manufactured goods. It certainly cannot be held to apply to the co-operative of Hong Kong with their up-to-date machinery."

Mr. F. J. Erroll, President of the Board of Trade, is to visit Manchester for talks with leaders of the Lancashire cotton industry on current problems. He will have separate discussions on 8th December with millowners and union officials representing 180,000 spinning and weaving workers.

Mr. Erroll's visit—the first since his appointment as President—comes at a time when the industry is worried about the future. Short-time working is spreading because of the falling off in orders and modernisation of the mills is in the balance because of the flood of cheap imported textiles from abroad.

A union leader said that Mr. Erroll would be left in no doubt that the industry faced a crisis unless Government action was taken to control the level of imports.

Atomic Energy and Textile Industry

Ways in which the Atomic Energy Authority can work hand in hand with the textile industry were outlined in Manchester by Sir Roger Makins, Chairman of the United Kingdom Atomic Energy Authority.

There is common ground between both industries, the one very old and the other very new, he told the Textile Institute..

"We are equally concerned with the problem of keeping up to date with novel, rapidly expanding technologies and of deciding how best our resources can be deployed to meet the challenge of a changing environment."

The aim of the two industries should be to gain new knowledge, to see that it was communicated rapidly to those who needed it and to apply fresh scientific knowledge to the industrial scene. This would lead to greater efficiency and economy.

Sir Roger said there was one field in which the Atomic Energy Authority and the textile industry already had a mutual interest—the use of radioisotopes.

Various uses had already been found for radioisotopes. They were being used to eliminate static on looms, to measure the density of weave and even to ensure uniformity of thickness in felt hats.

"We believe that there is great scope for the increased use of radioisotopes in industrial processes, and I am glad to know that they have already found applications in the textile industry."

A Place in the Economy

It is as well that now and again defenders speak up on behalf of Britain's textile industry, when it is recalled how much adverse publicity goes out about the trade. Some salutary information was contained in a talk given recently to the Huddersfield Chamber of Commerce by Mr. D. B. Moore, General Secretary of the Textile Institute.

Although his immediate task was to deal with the implications of Britain's probable entry into the European Common Market, he prefaced his remarks by clearing up some misconceptions about the size of the textile industry in the United Kingdom, which in this case, of course, included the use of all fibres, including wool.

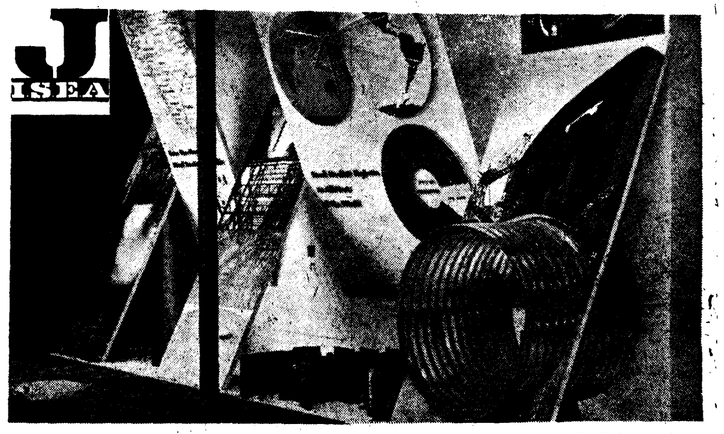
Out of total national exports of £3,330 million in 1959, the textile industry, he pointed out, contributed well over £400 million or nearly one-eighth of the total export earnings of the country. This did not include textile yarns used for industrial purposes or in furnishing fabrics, and others not listed separately in the official returns.

Workers by the Million

The number of those employed in textiles, admittedly a declining figure, is still very large although the individual sections, such as cotton spinning and weaving, are now only about half their pre-war size. Mr. Moore included in his total those working directly in textile manufacture and in the clothing industry, as well as in mechanical engineering making textile machinery but omitted those in the chemical and allied trades servicing textiles. The total so employed, he said, in June this year was 1,340,000 workers, three times as many as in the manufacture of vehicles.

Among other statistics, which he produced to augment his case that the textile industry was worthy of very strong consideration within the national economy, was the fact that cotton and man-made fibre cloth produced in June this year exceeded 150,000,000 yards while, on the woollen side, nearly 33,000,000 yards of wool and worsted fabrics were turned out by the mills. In the three months ended January 1961, no less than 8,410,000 pairs of men's socks were produced by the hosiery industry and 25,000,000 pairs of women's full-length stockings. Deliveries of textile machinery in 1960 amounted in value to £80,000,000.—*All Rights Reserved.*

JISEA



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DECONTROL OF SUGAR AND AFTER

PRICES FALL SLIGHTLY—'KHANDSARI' AND 'GUR' OUTPUT ENCOURAGED

SINCE the abolition of controls on prices, distribution and inter-State movement of sugar with effect from 27th September 1961, sugar prices have moved downward, though the extent of the decline has not been as marked as some sugar circles had feared before. Thus, as against the previously controlled ex-godown rate of Rs. 113.00 per quintal bag of Belapur D29 sugar, the currently ruling price in Bombay market stands at Rs. 110.25. Similarly, Maharashtra B29 grade is quoted lower at Rs. 114.50 (controlled price: Rs. 116.06), Kalam A29 grade at Rs. 117.00 (Rs. 117.75), Neera C29 at Rs. 111.25 (Rs. 114.05) and Laxmiwadi E29 at Rs. 107.00 (Rs. 112.55). The prices of sugar in other centres have also shown a tendency to recede. The latest available rate for D29 grade at Meerut is Rs. 104.24 per bag of 100 kg. and that for dry crystal variety at Muzaffarnagar is Rs. 107.50, as against the controlled prices of Rs. 105.37 and Rs. 108.25, respectively. In several centres in Uttar Pradesh and Bihar, prices have declined by an average of one rupee per maund.

The decline in the prices of sugar has followed availability of plentiful supplies. Anyone can get any quantity of sugar even in the remotest corner of the country. Indeed, it is said that consumer resistance is emerging gradually. And traders are reluctant to enter into long-term large commitments, as the feeling is that, with further pressure of sales, prices may fall again.

The downward trend of sugar prices is expected to gather further momentum in the coming weeks. The expectation seems to be quite justified. Most of the sugar factories in the Deccan region have already commenced crushing operations Several mills in North India, too, have begun crushing. The sugar mills, however, have made representations to the Government, urging it to delay the next release of sugar by at least a fortnight. As a long-term solution, the mills have pleaded for the adoption of measures to stimulate consumption. The Indian Sugar Mills' Association has suggested reduction in excise duty, creation of a buffer-stock of about 500,000 tons by the Government and maximisation of exports.

Suggestion Very Sensible

The first suggestion is a very sensible one and deserves to be implemented immediately. In fact, Mr. S. K. Patil, Union Food and Agriculture Minister, had asked the Finance Minister quite some time ago to examine the question of lowering excise duty on sugar. One wonders why the Finance Minister is still not inclined to accept the suggestion. It will be recalled that the excise duty on sugar was raised from Rs. 4.12 to Rs. 8.26 per maund in May 1957 with the specific object of restricting domestic consumption. Why, then, should the Government continue to stick to the enhanced levy when what is wanted is a boost to sugar consumption by way of a reduction in price?

So far as the cane price is concerned, a reduction will not be possible in the current season, so that the mills will have to endure lower profits or even losses. Although this is not a pleasant prospect, there seems to be, as we mentioned in the course of an editorial a few weeks ago (*vide* page 629 of *Commerce* dated 30th September 1961), no way out of it.

Encouraged by the high minimum prices fixed for cane, the agriculturists, especially in the State of Uttar Pradesh, have sown a larger area to the cane crop. Indications are that the aggregate yield of cane in the season (1961-62) will be much more than what was produced (82 million tons) during 1960-61. In order to ensure that the cane growers do not suffer as a result of glut in output, the U.P. Government proposes to relax restrictions on the production of *khandsari* sugar and to grant certain concessions for the current season. The concessions are (1) a reduction of licence fee to a third of the current rate of Rs. 300 for power-crusher, Rs. 200 for bel crusher, Rs. 100 for power-driven centrifugal crusher and Rs. 10 for hand-driven centrifugal crusher; (2) cut in the fine for delayed renewal of licences; (3) abolition of the purchase tax of 6 nP per maund; and (4) remission of commission payable by licensed units to the cane development councils. The Government has also sanctioned a loan of Rs. 10 lakhs (at 5 per cent interest and repayable in five years) to be advanced to the Cane Co operative Federation, the amount being utilised by cane co-operatives for the purchase of crushers with a view to enabling them to convert the surplus cane into *khandsari* sugar.

As a result of the aforesaid concessions, the production of *khandsari* is bound to go up quite markedly. Such a rise in output will lead to a fall in prices of this product. Further, in view of abundant cane supplies, the *gur* output will also increase and its prices will fall. The drop in the prices of these substitutes for white sugar is bound to result in a similar decline in white sugar prices. The mills will, therefore, be put to severe hardship. The hardship can be reduced considerably if only the Government lowers the excise duty on sugar.

Cutback in Sugar Output

Meanwhile, the Central Government have framed rules under the recent Ordinance to regulate production of sugar, in view of the current heavy surplus. In accordance with these rules which have come into force with effect from the 1st of this month, the production in mills already established but which have no programme of expansion in 1961-62 is limited to 90 per cent of the output attained in the seasons 1959-60 and 1960-61, whichever is higher. In the case, however, of a factory which during each of these two years produced less than 11,000 metric tons of sugar, the rules lay down that the quota shall be not less than the highest level of output from that unit in either 1959-60 or 1960-61. In the case of a factory with an output that exceeded 11,000 metric tons in either of the past two seasons, the quota shall not be less than this quantity. No quota is to be fixed in respect of a factory which (*a*) produced less than even two-thirds of 11,000 tons in 1959-60 to 1960-61, (*b*) goes into production in 1961-62 or which had only a trial run in the previous year, and (*c*) did not work during 1960-61 for any reason.

If a factory effects "substantial expansion" in the sugar year, its target of production shall be fixed on the basis of a formula specified in the rules. According to this formula, the target will be 90 per cent of the factory's production in 1959-60 or 1960-61, whichever is higher, plus 90 per cent of the calculated production resulting from the extra crushing capacity in 1961-62. Another formula governs the case of new factories, that is those which were begun only in 1958-59 or later and were not able to attain normal crushing by 1960-61. This formula takes into account the licensed working capacity of the new factory, the average duration of the crushing season in 1960-61 of the State in which the factory is situated and the recovery of sugar from the factory in 1960-61.

Despite the enforcement of a cut in production, white sugar output in the current season will be maintained at a high level. One estimate places the output at over 2.60 million tons, which, together with the previous season's carryover stocks of 1.22 million tons, brings the total available supply to 3.82 million tons. It is clear, therefore, that, unless domestic consumption is stimulated and exports are quite sizable, the sugar surplus in the current season will continue to be more burdensome than in the past season.

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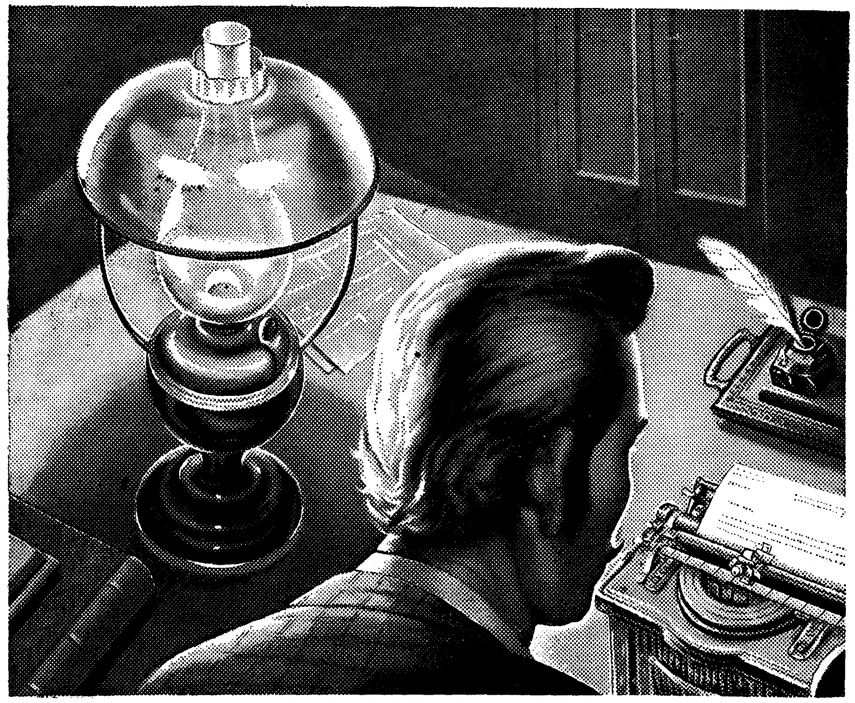

Burning the midnight oil

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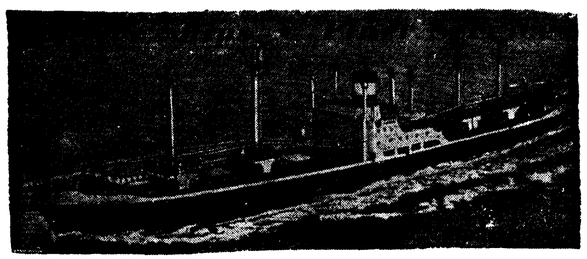

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ROAD-RAIL CO-ORDINATION

I.R.T.D.A.'S MEMORANDUM TO NEOGY COMMITTEE

A COGENT and well-argued memorandum has been submitted by the Indian Roads and Transport Development Association, Bombay, to the Committee on Transport Policy and Co-ordination (otherwise known as the Neogy Committee). The memorandum covers not only the issues raised and figuring in the preliminary report of the Committee but also the fresh questionnaire issued by it. Notable features of the memorandum are the survey of progress and trends in the field of transport in the country and some constructive suggestions. Road development has been dealt with in the memorandum in a practical manner. Referring to the National Highways in this connection, the memorandum points out that these have assumed importance in the economic development of the country, although the Centre's record in developing fully a comparatively small mileage of about 15,000 over the past 15 years is not quite impressive. The Chief Engineers (belonging to the Central and State Governments) have, therefore, recommended that their mileage should be raised to about 32,000 by 1980-81, that is, nearly the same as the railways' present mileage of 35,000. From the map attached to the Chief Engineers' Report on the Road Development Plan it could be inferred that, as India's railways converge towards the ports, they are less suited for the internal development of the country. It could also be inferred that the proposed National Highways system would be essential to a developing economy, as it criss-crosses the country in all directions and from end to end, forming a closely-knit pattern of internal development. The criss-cross pattern forms regions, each with an apex from which roads radiate in various directions. This fact means that, in addition to long-distance through traffic, short hauls will also be available according to requirements. This will lead to diffusion of traffic and, to the extent to which it travels over short distances, it will ensure a quicker turnround of empty vehicles with a consequent reduction in their number. This is not possible with the railway system. The Association has explained at length the advantages of a possible two-lane National Highway system as follows:

It will boost up the development of truck-trailers and semi-trailer combinations which, as pointed out in Appendix 26 of the Report of the Indian Productivity Team on Road Transport, has been found in some countries to reduce the operating cost of road vehicles appreciably and which, in our case, is likely to reduce our present average road rate from about 15 nP for a 9-tonner, 6.4 nP for a 12-tonner, 5.1 nP for a 15-tonner and 3.5 nP for a 22½-tonner. In other words, it will be close to, and even less than, the average railway rate for revenue-earning traffic which in 1959-60 was 6.10 nP per ton-mile (page 159, Railway Road Report II, for 1959-60) for about three times the speed of travel. From the point of view of cheapening the cost of transport and ensuring a quick turnover of goods this development will be of considerable importance.

According to Appendix VII, Items (2) and (5), page 55 of the Chief Engineers' Report on Road Development for 20 years, the initial cost of construction of a new National Highway to carry two lanes of traffic on a 24-feet wide pavement with a formation width of 38 feet ranges from Rs. 1.95 to Rs. 2.38 lakhs, say, an average of Rs. 2.17 lakhs per mile. With cross drainage works it may be taken at about Rs. 3 lakhs, which is about one-third the initial cost of about Rs. 10 lakhs per mile of a broad-gauge railway track 5 feet 6 inches wide. Further, it does not require any steel except in small quantities in the construction of bridges. On the other hand, the entire length of a railway line requires steel which it may be in the interest of our economy to save for other useful purposes.

In due course such a road will be capable of carrying vehicle-combination of 32 tons gross, to carry a pay-load of more than 20 tons, as in other countries. With them the operating cost will be about one-fourth that of a 6-ton vehicle, i.e. about 3.5 nP per ton-mile, i.e., less than two-thirds of the present average railway rate of 6.10 nP for their revenue-earning traffic.

In the opinion of the Association, the case of road transport goes by default, because there is at present no Government agency to study the economics of road transportation. The time has now come, according to it, to form a Road Board for this purpose. This Board should function like the Railway Board in all matters of policy regarding roads and road transport. While the power to levy taxes on motor vehicles may continue to vest in the Centre and States as at present, they should be consolidated to the extent possible and their allocations made on the basis of service charges. The Association's suggestions here are twofold: first, the proceeds from Central taxes can be earmarked towards interest on the investment in roads, a sinking fund to recoup the investment, maintenance of National Highways and important inter-State roads carrying through traffic, grants as at present to Union Territories, administration, a provision for development or special repairs and a reserve; second, the proceeds from State taxes can be allocated towards the maintenance of State roads, subvention to local bodies, enforcement of regulatory and safety measures under the Motor Vehicles Act, administration, a provision for development or special repairs and a reserve. All this, in the opinion of the Association, can be done within the present scales of taxation.

Road Board Scheme

The reasons which have prompted the Association to suggest the formation of a Road Board are several. Firstly, it is estimated that, by 1965-66, the investment in roads and motor transport will be practically of the same size as that in the railways, namely, over Rs. 2,000 crores. The details of this estimate are as follows:

		Rs. crores
1.	*Roads and Road Transport*:	
	Total investment in roads ...	900
	Total value of vehicles	970
	Investment for the production of motor vehicles	115
	Investment in sister concerns ...	85
	Total, excluding the value of bicycles and bullock-carts ...	2,070
2.	Railways' capital-at-charge ...	2,313

The second reason is that the current gross earnings of commercial motor transport are estimated to be the same as those of the railways. The relevant estimates for road transport and railways for 1958-59 are:

		Rs. crores
Gross earnings of road transport:		
Passenger vehicles		151
Goods		192
	Total ...	343
Gross railway earnings:		
Passenger		140
Goods		241
Sundry		9
	Total ...	390

It is obvious, continues the I.R.T.D.A. memorandum, that an investment and transaction of the magnitude revealed by the above estimates should have a central controlling agency in respect of policy, allotments, allocations and development.

Advantages Claimed

The advantages visualised by the Association for the Road Board scheme suggested by it are:

The fixing of road service charges on the same basis as rail service charges and making allocations for them under the same heads, namely, interest on the capital on roads, depreciation, maintenance, administration, development and a reserve will furnish a yardstick not only to compare road and rail service charges but also to give the public and Parliament an idea of how the two services have been functioning in regard to them.

The road and rail reserves in their respective budgets will provide a nucleus out of which subsidies on account of concessional freight rates fixed by Government for certain commodities can be made to either service.

The Road Board will be able to fix economic rates for commercial vehicles and take steps to enforce them so that even in the case of services run by individual operators a definite standard will be maintained. This fact, together with an obligation to carry freight offered at economic rates, will remove a major cause of complaint by the railways and will create a climate of healthy operation for both.

Both the services will be on the alert to think about and plan for development and improvements to their respective spheres both in technical and administrative matters and the country will be benefited by their schemes of continually cheapening the cost of transport.

Another crucial suggestion made by the I.R.T.D.A. is that a Co-ordinating Board be set up to bring about co-ordination between different modes of transport, especially between railways and road transport. In this connection the Association has criticised the Neogy Committee's preference for "co-ordination through appropriate Government regulation." The Association is against co-ordination by regulation, as it is bad in principle and as it is most likely to degenerate in practice into 'restriction.' If some other countries which have a nationalised rail transport system, have taken recourse to the regulation of road transport which has developed far more than rail transport, it may be to raise the utilisation of their investment in rail tracks. In India, the position is the other way round, since the utilisation of its rail track is possibly the highest in the world, while that of its roads is the lowest. The principle of regulating road transport cannot obviously suit this country. Moreover, regulation will interfere with the freedom of public choice.

Co-ordinating Board

Real co-ordination, in the considered opinion of the Association, can be achieved only through a high-powered agency like the Co-ordinating Board suggested by it. This Board, like the Road Board earlier suggested, should have some non-officials on it. As the object of co-ordination should be to prevent overlapping not in the interest of one service or another as at present but in the interest of the country's overall development, it is suggested that all schemes of development should be submitted by the Railway Board and the Road Board to the independent Co-ordinating Board. The Co-ordinating Board should then approve, disapprove or amend the schemes after scrutinising them from the point of view of their economic justification and avoidance of overlapping. Allotments for development should be made by the Planning Commission on the recommendation of this Board, and the functions of the Railway Board and the Road Board should be to implement the schemes finally sanctioned. The advantage claimed for this procedure is that co-ordination by the Co-ordinating Board will be free from any suspicion of undue obsession in favour of one service or another. The Association's emphatic opinion is that co-ordination at the implementation level or at the Government level by executive orders as at present will create a lot of bad blood, as it has already done between the two principal modes of transport.

JAPAN'S AUTOMOBILE INDUSTRY

Some general trends relating to Japan's automobile industry have been reviewed in the latest (October 1961) monthly review of the Mitsui Bank, Tokyo. The major trend is that the industry has been undergoing a steady structural change in the post-war period, with the emphasis shifting from ordinary trucks to midget trucks and then to passenger cars. This points to the future development of the industry chiefly on the basis of passenger cars. In the following table are given figures of Japan's automobile production:

(In thousand units)

Types	1957	1961 (Estimated)	1965 (Estimated)
Ordinary cars:			
Trucks	46.8	98.0	140.0
Buses	7.8	10.0	11.4
Small cars:			
Trucks	80.6	454.9	420.0
Passenger cars	50.1	342.8	550.0
Total 4-wheelers	185.3	905.7	1,121.4
2 and 3-wheelers	540.1	3,504.7	2,925.0
Grand total	725.4	4,410.4	4,066.4

In spite of the big increase in the production of automobile cars, the position (measured in terms of population per automobile) continues to be that Japan is far behind the other advanced countries in Europe and America. The comparative diffusion of automobiles in selected countries is brought out in the following table. (Source: *American Automobile.*)

(As of 1st January, 1959)

Country	No. of automobiles per 1 sq. km.	Population per automobile	
		Passenger cars	All cars
U.S.A.	7.4	3.1	2.6
Great Britain	23.6	11.7	8.0
France	10.7	10.2	9.0
West Germany	14.6	16.1	17.8
Italy	6.1	34.6	30.0
Netherlands	17.8	25.9	19.8
Sweden	1.4	8.0	7.5
Australia	0.8	5.8	4.0
Brazil	0.1	147.1	77.5
Japan	2.7	294.1	91.7

Japan, according to the review, is only a modest exporter of passenger cars. In 1960, it exported 24,700 vehicles (valued at $42 million), of which passenger cars accounted for 9,600 (valued at $11 million). The import liberalisation now in progress in Japan is expected to improve the quality and efficiency of its automobiles to the international standard. The reason for the relatively low level of exports of Japanese automobiles is to be sought not only in some of their qualitative demerits but in the fact that their prices are 20-30 per cent higher than those of foreign cars of the same types. When the plans for rationalising equipment with a view to bringing about mass production in the coming years are completed, it is expected that Japan's automobile industry will be able to compete with its foreign counterparts on equal terms.

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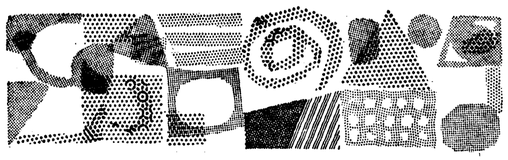

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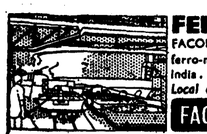

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NEW PRODUCTS AND PROCESSES

Anti-corrosive Coating

LATEST addition to the Adcora range of anti-corrosive coatings made by E. and F. Richardson of Buckingham, England, is Adcora Pervon. This is described as a polyurethane pitch coating which cures rapidly at all temperatures; even those below freezing point. The manufacturer says it can be applied effectively both to blast cleaned metallic surfaces and to those prepared by less thorough methods. For continuous immersion however, blast cleaning and a certain film thickness is recommended, and in some other types of service where blast cleaning is not an essential prerequisite, the use of a special primer is recommended. Adcora Pervon is essentially a protective coating, not a decorative paint. The pitch component limits the colour availability to black only but it can readily be decorated with other types of products.

Adhesives for Metals and Fabrics

Two adhesives—one for bonding metal-to-metal, the other for fabric combining in general and for bonding polyurethane foam to textiles—have been introduced. The metal bonding adhesive is described as a tough flexible solvent-free substance suitable for application to steel and aluminium, and according to the manufacturer, the B.B. Chemical Company, Ulverscroft Road, Leicester, England, it is already being used on cars for reinforcing sections of boot lids and bonnet tops. It is a heat gelling compound designed for metal bonding where the assembly will subsequently be heat treated, thus curing the substance to a tough, rubbery consistency. The adhesive for fabrics, produced by Evode of Stafford, is claimed to be resistant to water, oil, high temperatures and also to all solvents used in dry cleaning and is known as Adhesive 6108.

Oil Injection System

The first full-scale experiments to be carried out in Britain on the technique of the injection of oil to improve blast furnace performance have justified retentions of the system. The experiments have been undertaken by a South Wales firm, Richard Thomas and Baldwins Ltd. They announce that following a six months' trial period during which 50 tons of oil per day were used, an analysis of results showed advances in output quality and general furnace performance. Two methods of injection have been tried through stainless steel lances and also specially designed tuyeres. Experiments are continuing to decide the most effective techniques and further improvements are anticipated. The installation consists of small-bore feed pipes to each tuyere or lance, pumps to maintain the oil pressure, and a bulk storage, heating and circulating system. The firm say that the injection of oil in this lower zone of the furnace provides an efficient method of reducing the iron oxides of the ores to the metallic state and reduces the quantity of prime metallurgical coke charged to the furnace.

Upholstery Strapping

A new type of upholstery strapping has been developed by the general rubber goods division of the Dunlop organisation. They have evolved a special rubber compound which is used with a veneer of synthetic material. The veneer has a damping effect on the natural rubber, providing complete control of the amount of yield, and also perfect recovery. This is something which hitherto has not been possible. The strapping, called Ribflex, is ribbed in pattern and this helps to prolong its life by reducing the spread of any accidental cuts or tears. It is suited for use in seating in cars, coaches and aircraft, as well as easy chairs and divans. It is inexpensive but hard wearing, and easily, quickly and securely applied by unskilled labour.

Crimping Synthetic Yarn

Among the many new machines introduced at the International Knitting Machinery and Accessories Exhibition, held at Manchester, England, recently, was a super-speed crimper for processing synthetic and natural fibres. Named the C.S.9, it has been developed by a member firm of the Scragg Group, one of Britain's biggest knitting machinery manufacturers. In the past five years the company has been building up the speeds of their false-twist crimping machines and speeds have advanced from 30,000 r.p.m. to 80,000 r.p.m. Now they have designed and built a machine which runs at 300,000 r.p.m., which is claimed to be a significant break through. The machine enables production, in just 28 hours running, of a six lb. package (or giant bobbin) of two-fold seventy denier yarn. On lower speed machines it would take three days for a similar 6 lb. package to be produced. The machine is easy to operate and operatives require little training.

Tyre Buffeting

A machine which reduces the average time for buffing motor car tyres for retreading has been introduced by a British firm, F. H. Bentham Ltd. The entire process from attaching the worn tyre to removing it buffed exactly to the desired contour, takes less than two minutes. The tyre is held on the machine by means of two end plates which clamp the beads together. A safety locking lever is knocked into place and the tyre inflated to 18 lb. per sq. inch by means of a built-in inflator. The tyre is rotated at about 250 r.p.m. by a friction drive which ensures a constant speed for different sizes of tyre. The actual buffing is done radially by a bladed rasp designed by the company. This is guided by a roller following a template. The rasp moves across the width of the tyre once in each direction and then automatically returns to the rest position to allow the operative to remove the tyre. Three electric motors are used for the main power drives and pneumatic cylinders are employed to hold the end plates in position and bring the rasp into contact with the tyre. Provision is made for the removal of rubber dust and smoke by means of tubing from the rasp guard which can be connected into the factory's main extraction system.

Sealed-charge Car Battery

Two new ranges of car batteries, in which the plates have been charged and hermetically sealed at the factory, are being introduced by Associated Electrical Industries Ltd. Transported and stored in dry condition, they are ready for use shortly after the addition of acid. Within half an hour of purchasing, a customer can have installed in his car an A.E.I. battery which he knows is brand-new and working at its full capacity. Indefinite shelf life is claimed for the new ranges of batteries. Because of the effectiveness of the drying-out and sealing processes carried out at the factory after the plates have been formed, the batteries are unaffected by humidity. The sealed-charge principle means that banks of batteries no longer have to be kept in fully charged condition by the distributor, who is also relieved of the task of constantly checking the condition of batteries in stock. The new ranges of A.E.I. batteries are being produced as standard and heavy duty units in both 6 and 12-volt sizes. The heavy duty unit carries a two-year unconditional guarantee—replacement or repair is carried out free of charge in the event of failure during this period.

Detergents From Sugar

As a result of research at Britain's Tropical Products Institute in London, sugar now being produced in excess of domestic needs can be made into detergents as good as, and in some ways better than, petroleum-based products. Sugar-producing countries can now convert their surplus production into detergents in cheap and simple plant and so save imports of conventional products. These sugar detergents are better than the petroleum products in several ways. They can be completely broken down in sewage treatment, so that they neither give rise to foam problems in sewage works and rivers nor prevent the re-oxidation of the river water. They are edible, even nutritious, so that they can be used without trouble for washing vegetables and fruit before packing them for the market. They can be used also with benefit in diets to help sick people with certain ailments.

Dr. G. R. Ames, of the Tropical Products Institute, talking about his work on producing new forms of sugar-based detergents, said that, until recently, these substances had mainly been made by reacting sugar with a fatty acid to give a product which was not very soluble in water—a defect which restricted its use as a domestic detergent. Dr. Ames has evolved a method for making soluble products by introducing a second simple acid into the sugar molecule. He is now working on methods for making new soluble detergents which will contain a greater proportion of sugar to fatty acid.

New Trends in Food Packaging

Commercial development in the U.S. of a variety of convenience-keyed aerosol food specialities moved a step closer to reality with the announcement on 6th October 1961 by the United States Food and Drug Administration that "Freon" C-318 propellent has been approved for use in foodstuffs. Developed by the Du Pont Company, the compound has been under test for nearly two years, awaiting government review of all data. Acceptance of "Freon" C-318 by other countries for use in push-button foods is expected to follow approval by the U.S.A. nutritional and health agency. First food item to appear in aerosol packages using "Freon" C-318 as the propellent or pressure-dispensing agent is expected to be whipped cream. Experiments with that type of product indicate that a propellent mixture of "Freon" C-318 and nitrous oxide should provide whipped creams superior in both appearance and stability to those now available in pressurized containers using either nitrous oxide alone or mixtures of nitrous oxide and carbon dioxide as the propellent. "Freon" C-318 for use in aerosol food packages is now available from the Du Pont Company's "Freon" Products Division through its distributors. Other food specialities, which might be adaptable to aerosol packaging, include salad dressings, dessert toppings, canape spreads, mustard, and foamed butter for use on crumbly muffins and biscuits. Chemically, "Freon" C-318 propellent is octafluorocyclobutane, a combination of fluorine and carbon which exists as a liquid below 21 degrees Fahrenheit, or minus six degrees centigrade. Above that temperature, it is a colourless, virtually odourless, and non-toxic gas which has no adverse effect on foodstuffs.

New Adhesive

The use of foamed plastic materials for sound and heat-insulation in the building industry continues to grow and a new adhesive has just been developed for use with expanded polystyrene, and other rigid foams. It has also been used with acoustic tiles. It will give a very rapid bond to both wall and ceiling surfaces in plaster, cement, smooth concrete, hardboard, timber and flat asbestos sheeting, by simple hand pressure. There is no need, the manufacturers claim, for sustained mechanical pressure.

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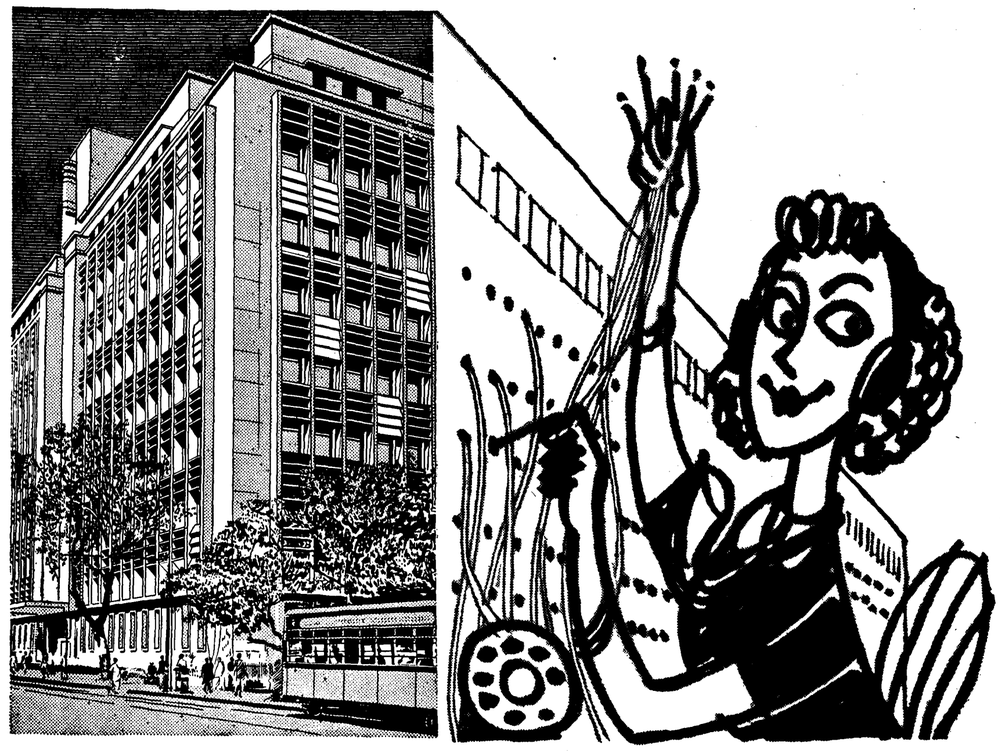

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TRENDS IN INDUSTRIAL DIVERSIFICATION

NEED FOR BALANCED JUDGMENT

(Contributed)

THESE days the term "diversification" is very frequently referred to in the economic journals and newspapers as also in the discussions in economic and administrative committees dealing with current problems of trade and industry in and outside the Government in our country. It is used in diverse and varied contexts and senses. In the context of foreign trade, the term has come to signify the broadening of the range of export goods to solve the difficult problem of balance of payments and shortage of foreign exchange and to meet the challenging situation arising from the decision of the United Kingdom to join the European Common Market. In the context of industrial development, the usage of this term means the multiplication of new industrial processes and products such as petrochemical products, synthetic fibres, plastic products, etc. Yet, in a third sense, somewhat a narrower one, this expression symbolises the decision of an established one-product company to branch off into a new line of manufacture which is totally unconnected with the existing business and to convert itself into a multi-line company. It is really this aspect of diversification which has become a subject of considerable debate and controversy in our country.

Really speaking, the phenomenon of diversification came under the close focus of Government's attention towards the end of 1959 and beginning of 1960 when the calmness and tranquillity over the national stock exchange was disturbed by the sudden noise of a dramatic stampede and clamour for shares of certain well-established companies which announced their intention to take into their laps certain new lines of business. In that general atmosphere of excitement, precipitated by the hatchings of speculative rumours regarding the diversifying companies by professional speculators, people from even the middle strata of society were tempted to purchase the shares of well-established companies going into new and promising industrial fields at unduly high premiums which could lead to frustrating and disastrous consequences at the slightest change of strategy by the speculators and of developmental plans by the concerned companies. Governmental circles were quick to express their anxiety at the dizzy speculative heights touched by prices of shares of many leading companies under the influence of a powerful flavour of affluence aired by the speculators and at the unusual size of crowds of investors walking up the garden path shown to them by the professionals from the stock exchanges. All these developments lent a sharp edge to the question of diversification in our country.

Not New

In fact, so long as the cases of diversification were few and far between as also less spectacular and strange in nature, they did not attract the attention of either the public or the Government. For a long time, the instances of such multi-product companies as the Delhi Cloth and General Mills, Rohtas Industries, etc., have been known to us and no exception had been taken to their activities in any quarter. But the multiplication of instances of textile companies going in for the manufacture of PVC and rayon tyres and chords, chemical products, etc., of engineering companies going in for the manufacture of high grade writing and printing paper, of cement companies making PVC resins and compounds, engineering goods, etc., of paper companies sportively leaping into the production of chemicals, of vegetable oils and soap companies taking up the manufacture of skimmed milk and powder, etc., and the instances of that type, gave rise to the fears of possible uneconomical use of financial resources of existing companies, to the fear regarding the chances of handling of completely new lines of manufacture by untrained and inexperienced technical personnel and to the apprehensions about the extension of control of big business groups into new fields of industrial activity. All these disquieting possibilities gave considerable contemporary urgency to the need for finding a satisfactory solution of the dilemma created by the phenomenon of diversification, of which full consequences are even today very dimly known to people in this country.

The controversy around this question is not yet settled and is one of the few questions in which more than one department of the Union Government are interested. In the main, three departments of the Government are directly concerned with this question, namely the Economic Affairs Department of the Finance Ministry which deals with the Control of Capital Issues and Stock Exchanges, the Licensing Wing of the Ministry of Commerce and Industry and the Department of Company Law Administration. These official agencies have jointly to evolve a clear-cut policy and approach for tackling the thorny question of diversification and end the present state of suspense which at times comes in the way of striking collaboration deals with the foreign companies reported to be keen and willing to participate in the industrial revolution of our times in our country. The lack of co-ordinated thinking and of fusion of angles among the concerned official departments to examine schemes of industrial expansion, if allowed to last long, can very markedly slow down the progress of industrial development and also interfere with the broadening of the industrial base of the country's economy as visualised in the third Five-year Plan.

Foreign Countries

The diversification trends are neither a new nor an exclusive phenomenon and experience for our country. In the United States, the United Kingdom and the Continent, diversification trends have been in evidence for the last twenty years or so. These trends and developments have gained considerable force during the last five years, as a result of the widening of the industrial vision brought about by the opening of new lines of manufactures and by advanced scientific researches.

Some very interesting cases of diversification have recently been noticed in the West. For instance, in the U.K., there is the famous case of diversification by Courtaulds, whose original lines of manufacture are cotton textiles, rayon and other synthetic fibre goods, but who, through the mechanism of mergers, take-overs, royalty arrangements, etc., has diversified into the fields of manufacture of paints and packing materials. Some textile companies in England are reported to have moved into such strange and unconnected fields as brick-making and confectionery.

In the United States, recently, the Ford Motor Company is reported to have diversified its activities through the take-over bid for Philco which is one of the leading manufacturers of television sets and other consumer appliances in the States. The Ford Motor Company has sought to diversify its activities into new directions to make itself more fully competitive with General Motors and Chrysler Company in fields outside the motor industry. In fact, the Ford Motor Company is expected to diversify its activities still more spectacularly in the course of the next few years, as it is "preparing its bid to manufacture the biggest and most powerful American entry in the space race—the first stage booster for the giant 'Saturn Vehicle' and aims at becoming the designer and developer of the most advanced kinds of equipment." General Motors is already heavily involved in the manufacture of cars and at the same time is also one of the leading manfacturers of refrigerators, air-conditioning equipment, locomotive engines, earth-moving equipment and defensive products. Similarly, the Chrysler Company makes air-conditioning, marine and industrial engines besides engaging on a number of defence projects.

Logical Development

In fact, many of the world's biggest industrial giants have attained their present stature through the process of diversification, that is, by following the policy of spreading their operations over several significantly different fields of manufacture. As one authority has said, "most firms in the real world produce many products, frequently add more and are successful. In the mature industrial economy, the diversified firm seems to have replaced the specialised firm of the nineteenth century." Many of the world's industrial giants resorted to diversification as a part of well-timed and phased programmes. That is to say, at first, they started as a single-line concern and later multiplied the varieties and qualities of a single product. At the next stage, they took to vertical expansion by taking up the related lines of manufacture whose products were required in the assembly or manufacture of the final product. And then came the third stage of development symbolised by the term "diversification," when they took to the manufacture of completely unconnected products.

Thus, diversification in the sense it has come to be understood by us in this country is a logical developmental stage in the life of a company which wants to survive the jerks and shocks of competition and possesses an exuberant vision of acquiring such a size and status that its existence would be of some consequence in the national economy of the country. In other words, diversification is an integral part of the strategy of growth and a means through which a company can escalate and develop into an industrial giant and co-exist with other companies of their size during the present era of gigantic industrial development sweeping all the world over. The diversified and multi-faced giants are engaged in further diversification of their activities and there is no end to this process. Alongside the giants, industrial concerns of medium size are also seen to take recourse to diversification largely as a hedge against losing businesses or industrial products suffering either from inelasticity of demand or from conditions of oversaturated supplies with little intake in the near future or from restricted growth in the long run.

In the industrially developed countries of the world, the issue between industrial specialisation and diversification has, on balance, long ago been decided in favour of the latter. Specialisation of processes and products no doubt promise increased productivity and lower unit costs but certain factors are also there which do not usually allow the process of specialisation to go beyond a certain extent. For instance, the extent to which a firm can profitably specialise in its process is limited by the scale of operation and by the size of market and, with this, the firm's position can become very vulnerable to the threats of ebbing demand and sharpened competition. This vulnerability can, however, be reduced and effectively mitigated if specialisation could be combined simultaneously with diversification. This would happen in the case of a big company only. In this connection, the observations of Dr. Lloyd Amey of Nottingham University are significant. He says:

"If a firm in large enough, it can simultaneously diversify and reap the full advantages of a high degree of specialisation of processes (including management) and of products. But, more generally, while there may be a constant incentive for firms to specialise and narrow their range of production as an industry develops, there are strong forces—research, competition in the improvement of products and complementary marketing, to mention only a few—constantly operating within and upon the firm in the opposite direction."

Reasons and Motives

Thus, in any discussion on diversification, the foregoing two basic facts have to be borne in mind. It would be wrong to think that diversification is an unmixed evil and must be dealt with in a blanket and wholesale manner. There are, in fact, a large number of reasons and motives for which industrial firms usually go in for diversification. All these motivating factors should receive our full and careful attention before we fix our views on this issue. These motives fall into three broad groups: one group is of such motives which are genuine economic considerations and another comprises considerations to get round certain existing fiscal difficulties and administrative policies of the Government; the third set is made up of motives founded on emotional appeal.

To take up the first set of considerations, as said above, many a firm go in for diversification because of the limitations attending specialisation. Secondly, at times, firms resort to diversification with a view to checkmating and counterbalancing losses apprehended in the existing lines of business. Thirdly, some concerns are motivated by a desire to properly utilise the surplus funds lying with the bank or invested in gilt-edged securities and industrial stocks. Fourthly, some concerns embark upon diversification plans with a view to utilising the technical and managerial skill available with them. Fifthly, seasonal concerns like the sugar companies might be prompted to utilise some of their plants and machinery, working capital and existing personnel throughout the year which otherwise would have to be kept idle or even disbanded. Sixthly, trading concerns might sometimes like to manufacture goods traded by them and thus increase their profit margins. Seventhly, concerns which have strong industrial research laboratories on having struck upon some new processes and products, very often want to utilise the benefits of their researches themselves instead of selling them to outsiders. Eighthly, some concerns take under their wings certain growth industries to add to the existing products or industries with stabilised demand and thus increase their quantum of profits. Ninthly, some concerns take recourse to diversification with a view to associating themselves with some well-known foreign concerns to which they have fortuitously or accidentally been introduced. Besides these, there can be other economic reasons also. Of course, here we have not to forget that, most often, many concerns take to the manufacture of intermediate products to ensure their regular supplies at economical prices for use in the manufacture of the final end-product.

In the second group of motives, the most important one is the ambition of some concerns to beat their competitors in terms of size of turnover, profits, capital resources controlled by them and employment offered by them to the people. It is the high sense of ego that prompts them to become economically powerful in the national and international spheres. The mechanism of such diversification is take-overs, mergers, amalgamations, etc.

Position Under Company Law

In the third group of reasons, some concerns take to diversification to circumvent the provisions of the Companies Act which restrict the number of companies to be managed by managing agents and managing directors to 10 and 2, respectively. Further, where some prominent person belonging to the business group is holding the maximum number of directorships permissible under the provisions of the Companies Act, attempt is made to escape the mischief of the provisions of Section 275 of the Companies Act by establishing new departments within the company or companies. Secondly, in order to avoid the rigours of Section 372 which requires approval of the Central Government where inter-corporate investments exceed certain limits set out in that section, some companies prefer to establish new departments. Thirdly, most often, it is seen that the established concerns, by resorting to diversification of their existing activities, try to take advantage of tax laws and reduce the overall tax liability. The alternative course of establishing completely new companies as subsidiaries of existing companies would impose a double tax burden on the investing companies which, through the adoption of diversification, is advantageously avoided and even scaled down under certain circumstances if the existing business of the company is giving losses. And, in case the new line of business shows a loss, this loss can be adjusted against the profits of the existing business and by this process overall tax liability can be considerably brought down.

From the above analysis of motives, it will be clear that diversification is neither to be frowned upon on all counts nor is to be upheld as a desirable or sound practice on merits under all circumstances. To take the last named two groups of motives first, the circumvention of the spirit of the provisions of Sections 275, 316 and 332, which aim at checking concentration of economic power in the hands of managerial personnel through the process of diversification under a single firm-umbrella, is clearly an undesirable attempt. In the absence of a size limit upto which a company can expand itself, it may be perfectly legal to diversify in an elegant and massive style, but in so far as the spirit of the aforesaid provisions is slashed and slandered and thereby the Government's policy of checking the build-up of monopolistic strongholds is negatived, it is socially objectionable.

Cushion Against Big Swings

Competent opinion in our country and outside feels that the role of taxation in the present trends of diversification is rather overemphasised in Governmental circles. In the U.K. and the U.S.A., where firms are diversifying on a large-scale, experts are of the opinion that the tax considerations are not an important factor much less any kind of a booster. Diversification in those countries is adopted to create a "cushion against big swings in profits" and to "ensure additional security" to the business concern. On the question of tax considerations, the views of Dr. Amey of the Nottingham University, who has closely studied the various aspects of diversification in the U.K., are very significant. He has come to the conclusion that "the role of taxation has probably been relatively unimportant. While it may be thought that, with high levels of company taxation, the risks involving in branching out into new fields will be considerably lessened by the provision for offsetting losses against profits earned in other trades. But high taxation depresses the prospective yield from investment at the same time as it reduces the risk of loss. Moreover, most businessmen do not like making losses whether or not they can offset them for tax purposes."

In our country, opposition to diversification is based on suspicions, fears and technical grounds. Misgivings regarding tax avoidance through diversification exist, because of the tax evasion and avoidance indulged in on a large-scale in the past in our country by bad elements in the business world. Similarly, the general impression left on the mind of the public and Government by the past dubious and shady acts of certain business concerns cunningly to evade the provisions of regulatory laws passed by Government is still alive and exercises a powerful influence on the shaping of opinions on current business problems. Thus, there is a clear need to lift the fog of suspicion around their activities on the part of the business by conducting their affairs in the open so as to let the public and the Government have a gold-fish-bowl view at them and reorient their current thinking on the problems of trade and industry.

Apart from the opposition of diversification on the foregoing two grounds, a third reason is that powerful speculative forces and tendencies are generated by premature and loose talks about the impending diversification moves by the well-established companies and, as a result, unhealthy conditions of boom start ruling over the stock exchanges which eventually do more harm than good to the interests of the general run of investors. Fourthly, diversifiication sometimes tends to reduce competition and creates formidable difficulties in the way of small and medium-sized businesses, to come up. In other words, it creates barriers in the way of promotion of small and medium businesses for which Government are spending such a lot of time and money. Fifthly, in so far as diversification restricts opportunities for participation in new fields on industrial activity to the existing investors only to whom rights issues are issued, new and prospective investors who are increasingly emerging from the ranks of middle strata of the society are stopped from participating in the growth industries and as a result of this, investment base is stopped from becoming a broad-based one and the trend towards dispersal of ownership of nation's industries in the private sector is impeded. Sixthly, diversification leads to a messy production of financial accounts from which investors cannot make out the performance of new and old lines of manufacture. Similarly, other people interested in the relative profitability of capital investment and efficiency of managerial and technical personnel are not able to get a clear view as to which of the several lines of manufacture is a better proposition and thereby form some judgment that the use of capital and technical and manpower resources was being most economically made. In a country like ours which suffers from the tragic scarcity of almost every constituent that makes an industrial undertaking a success, it is imperative for us to make the optimum use of the resources available in the country.

Lastly, and by far the most important ground for opposing diversification is that it leads to concentration of economic power in the hands of small groups of people. Government's policy in this regard is too well known and has, once again, been made clear in a most telling and direct manner in the Third Plan which states that "excessive economic power in relatively few hands and the uses to which it may be put, disturb the balance of power in a democracy, expose the social structure to new strains and tensions and come in the way of diffusion of economic opportunities." The tendencies leading towards concentration of economic power have to be countered effectively, as the Third Plan states, "firstly, through the extension of the public sector into fields requiring the establishment of large-scale units and heavy investments; secondly, through widening opportunities for new entrants and for medium and small-sized units as well as for industries organised on co-operative lines; and thirdly, through effective exercise of Government's powers of control and regulation and use of appropriate fiscal measures."

The above elucidation of the Government's policy shows that Government's opposition to diversification is *a priori* based on social grounds which are gaining steadily more and more importance in our country.

But social grounds, however, could not be allowed to sway our judgment entirely, as it is of paramount importance to see that the development of industry in our country proceeds on sound economic lines and that the competitive strength of corporate bodies is steadily bettered so as to meet the challenge of foreign competitors from highly industrialised areas, in the South-East Asian, Middle East and African markets. At the same time, it is also to be ensured that the industrial corporate leaders of our country do not fade away or lag behind in scientific and technological developments because of certain doctrinaire approaches and policies of the Government. Competent opinion in Western countries holds the view that diversification would be perfectly desirable if, on examination, it is found that the expansion of production of existing products would prove less profitable in the long run. Further, if a concern is motivated by a desire to maximise profits, the firm should be allowed to diversify. Also, if diversification is undertaken in the face of a threat of loss of market due to extraneous causes such as the emergence of a strong rival concern enjoying special advantages, then the concern thinking of diversifying is not only permitted to do so

SCHEDULE

Illustrative list of the Hard Type of Diversification Instances

Name of company	*Main business for which registered as per original objects clause*	*Additions proposed by the company in the Memorandum of Association to be confirmed by the Court under Section 17 of the Companies Act*
Eastern Woollen Mills Ltd.	To carry on any or all of the following business, viz. wool merchants, wool combers, spinners, woollen stuff manufacturers, cotton spinners, jute merchants, buy and sell and deal in linen cloth and other goods and fabrics whether textile, felted, looped and to supply for	Business of printers and publishers
Kalyan Pictures Private Ltd.	Business of cinema pictures, distribution and exhibition thereof at Amravati, opening and running cinema houses, distributing and producing films, financing and dealing in motion pictures, etc.	To buy and sell, import, export, manufacture and deal in cotton, jewels, gold, silver, grainseeds, oil, cloth and other mercantile commodities, to enter into partnership, to lend money and negotiate loan to issue on commission, etc. shares, Government securities, etc. to undertake, execute any trust to carry on and undertake any business as bankers, capitalists, promoters, financiers.
D. Macropolo & Co. Private Ltd.	To carry on the business of cultivators, manufacturers and importers and exporters of and dealers in all kinds of tobacco, cigars and cigarettes, tea, coffee, matchlights, pipes, etc.	To carry on the business of publishers and distributors of journals, magazines and books, etc.
The United Mercantile Co. Private Ltd.	Investment business	To buy, sell, manufacture, etc. piecegoods, minerals, steel and iron and other sundry items and carry on business of constructional, mechanical and electrical engineers, iron founders, etc.
Upper India Sugar Mills Ltd.	To manufacture or refine sugar and for that purpose to erect a mill or mills in any suitable place or places in India	(i) To carry on the business of textile merchants, textile mill proprietors, producers of all kinds of textile fabrics, etc. (ii) To plant, cultivate, produce and raise sugarcane, maize, etc. (iii) To carry on all or any of the businesses of silk mercers, weavers, spinners, etc. (iv) To grow itself or finance the production of or otherwise to deal in all kinds of crops and plants, etc. (v) To manufacture strawboard, paper, celotex, etc. (vi) To manufacture cement, etc.

(Continued on next page)

but should also be actively helped in developing into a countervailing power in the market. Further, when the profitability of existing lines of manufacture is seen to be steadily falling, firms should be allowed to seek and adopt alternative lines of manufactures.

Ensuring High Levels of Productivity

In fact, most often more than one economic consideration lie at the back of the diversification move. The assessment of competent authorities is that "sometimes the decision to diversify and the choice of a product or activity by which to effect it are simultaneous decisions, for example, as a result of research in the case of functionally related products. In other cases, they are separate and here all sorts of things may influence the choice, including the firm's background and particular strength (for example, experience of the market and its prospective rate of growth, experience in some technology or marketing skills, the size of the market and its prospective rate of growth, ease of 'entry' and the capacity of the management to adapt itself to the new situation). It needs to be remembered that, in addition to the rate of return it expects from the new activity, the firm must be reasonably assured that its resources are sufficient to support the investment needed to maintain its position *vis-a-vis* competitors in each of its activities." Thus, if diversification takes place as a result of these considerations, it is very likely to lead to "higher level of efficiency in business enterprise, more rapid adjustment to change, greater mobility of resources and possibly lower prices" and give "greater stability to industrial structure." The importance of these lofty aims in the industrial sphere is not lost on the planners in our country also. The Third Five-year Plan expressly states that the object of the industrial policy of the Government is also to be the promotion of "a pattern of industrial organisation which will lead to high levels of productivity."

Balanced Judgment

The national interests at this momentous juncture of industrial development in our country require that a balanced judgment should be formed on the issue of diversification by influential public opinion in the country and by various departments of the Government. The historical and economic arguments in favour of the diversification should be taken into consideration alongside the social aspects and consequences of diversification. Further, the issue is to be adjudged against the contemporary world economic forces at play. In this connection, it is to be remembered that world industries are increasingly becoming combative in nature and, to meet the challenge thrown by them in the sphere of foreign trade and foreign markets, our leading industrial concerns have to live with current technological and scientific progress and reorientate and readjust their activities so as to make the optimum use of technological opportunities open to them. Any set of guiding principles that the Government Departments directly concerned with this problem might evolve, would have to be, indeed, very broad and flexible in application. These have to be drafted very carefully with the dynamic urge of the people to raise their standards of living in a short and foreseeable time at the back of their minds by the official policy makers. Doubtless, we must have some guiding principles in the matter, but more than that what is required is that there should be a corps of competent technical experts to examine the technical details of the industrial proposals brought before the Government by private *entrepreneurs*. This alone will not do; there ought to be administrators with broad vision also to take a comprehensive view of the proposed schemes and these two classes of officers have jointly to reach a decision on a diversification case. In other words, each diversification case will have to be intensively investigated and adjudged on technical, economic and socio-economic grounds.

The decisions on diversification cases will by no means be easy. It is likely that, on the first study of a case, one may be easily inclined to scuttle the proposal; but it is as well possible that, behind the unusual and fantastic appearance of the proposal, there might be some very cogent economic justifications to make a bold attempt into completely new fields of activity. An idea of how strange the proposals and schemes involving diversification sometimes are and consequently how difficult it could be to pronounce decisions thereon, can be formed from the cases listed in the schedule appended to this

SCHEDULE (*continued*)

Name of company	*Main business for which registered as per original objects clause*	*Additions proposed by the company in the Memorandum of Association to be confirmed by the Court under Section 17 of the Companies Act*
Modi Sugar Mills Ltd.	... To purchase, manufacture, produce, refine, prepare, import, export, sell and generally to deal with sugar, sugar beets, sugarcane, molasses, syrups, etc.	To carry on the business of iron founders, mechanical engineers, manufacture of agricultural implements and other machinery, etc.
Fort Gloster Jute Manufacturing Co. Ltd. (now renamed as Fort Gloster Industries Ltd.)	... Business of spinners and weavers of jute, etc.	Business of manufacturers and dealers in wires, cables, and hire of all kinds, electricians, electrical engineers, etc.
Shalimar Tar Products Private Ltd.	... To carry on in India and elsewhere the trade of the business of distillers of coal tar and all other products and by-products therefrom	To carry on all or any of the businesses of architects and surveyors, builders, contractors, roadmakers, etc.
Savilles Private Ltd.	... To carry on business of manufacturers of plant and machinery, locomotives, internal combustion engines, agricultural equipments, electrical apparatus, scientific instruments, etc.	To carry on business of advertising contractors, advertising agents, printers, publishers, etc. To purchase, take on lease or in exchange, hire or otherwise acquire or deal in any factory, workshop, exhibition or other building, etc.
Shree Hanuman Cotton Mills Ltd.	... To carry on business of spinning and weaving mills in West Bengal or elsewhere in India.	To carry on in India or elsewhere the business of cast iron and steel founders and manufacturers, etc.
Kerala Valley Tea Co. Ltd.	... To cultivate tea, indigo, cotton, sugarcane, jute, paddy or agricultural products, etc.	To make (i) roads, bridges, railways, manufacturing of bridge, cement and line constructions; (ii) appointment of selling agents; (iii) to provide for grants of benefit of employees or ex-employees.
Premier Film Corporation Ltd.	... Film production.	Manufacturing, buying and selling and dealing in soaps, toilet articles, chemicals, fertilisers, etc.
J. D. Jones & Co. Private Ltd.	... To carry on the business of mica manufacturers, merchants and any other trade or business whatsoever which in the opinion of the company can be advantageously or conveniently carried on.	To undertake, contract for and carry out the work of thermal insulation of steam boilers and ancillaries, steam pipes, various machines, their parts, in ships, factories, buildings and structures and many other commercial and business activities (old set of Memorandum of Association replaced by the new one).
Hardcastle and Waud Manufacturing Company Private Ltd.	... To carry on business of iron founders, mechanical engineers, manufacturers of all kinds of machinery, repair them and sell them.	To manufacture and sell furnaces, pots and all kinds of paints, colours, etc.
Ruby Theatres Ltd. (changed to M. S. Bansal Private Ltd.)	... To open cinema studios and distribution offices throughout India, etc.	To carry on the business of iron and brass founders, mechanical engineers, etc. To get, smelt, refine, dress, amalgamate and manipulate and prepare for market use metal and mineral substances of all kinds, etc. To manufacture, prepare, treat, import, export, buy, sell and deal in commodities, etc. To apply for, purchase or otherwise acquire patents, licences, concessions, etc. To enter into any agreement, contract or arrangement or other dealing, etc. To do all or any of the above things in any part of the world, etc., and generally to do any other business that may from time to time be deemed desirable, etc.
Delhi Iron and Steel Co. Private Ltd.	... To produce, manufacture, purchase, refine, prepare, import, sell and generally to deal in iron and steel in all forms.	To construct, maintain and run cinema theatres, etc., to carry on business of printing and publishing, to open, organise, maintain and manage schools and colleges, etc., to open, buy, sell, give or take on lease any land for benefit of company; to open, organise, maintain and control dispensaries and hospitals both for males and females or livestock; to carry on the business of poultry, etc.; to carry on the business of preserving and tinning of fruits, etc.; to carry on the business of cold storage.
Raza Buland Sugar Co. Ltd.	... Manufacture of sugar.	To build or contribute to the building of huts, houses, etc.; to carry on the business as financiers, concessionaires and merchants, etc.; to amalgamate with any other company; to carry on the business of hotels, restaurant, cafe, tavern, etc.; to develop and turn to account any land acquired by the company or in which it is interested and in particular by laying out and preparing the same for building purposes, etc.
R. G. Bhandari Private Ltd.	... To carry on business as contractors and engineers.	To deal in automobiles, machinery, property, building material, marketing and advertising agents.
Simla Hills Transport Service Ltd.	... Transport.	To purchase, sell, manufacture and hire out agricultural machinery, tractors, implements, earth moving machinery, engines, pumps, pumping sets, accessories and spare parts thereof. To purchase, sell, manufacture and hire out typewriters, office equipment (including steel equipment for home, office and hospital), office machines of all descriptions and accessories and spare parts thereof. To purchase, sell and manufacture paper, cardboard, strawboard and stationery of all types and to set up and run printing presses and factories, to achieve any or all of these objects.
Devi Films Private Ltd.	... To produce films.	To deal in plastic and allied synthetic materials and products.

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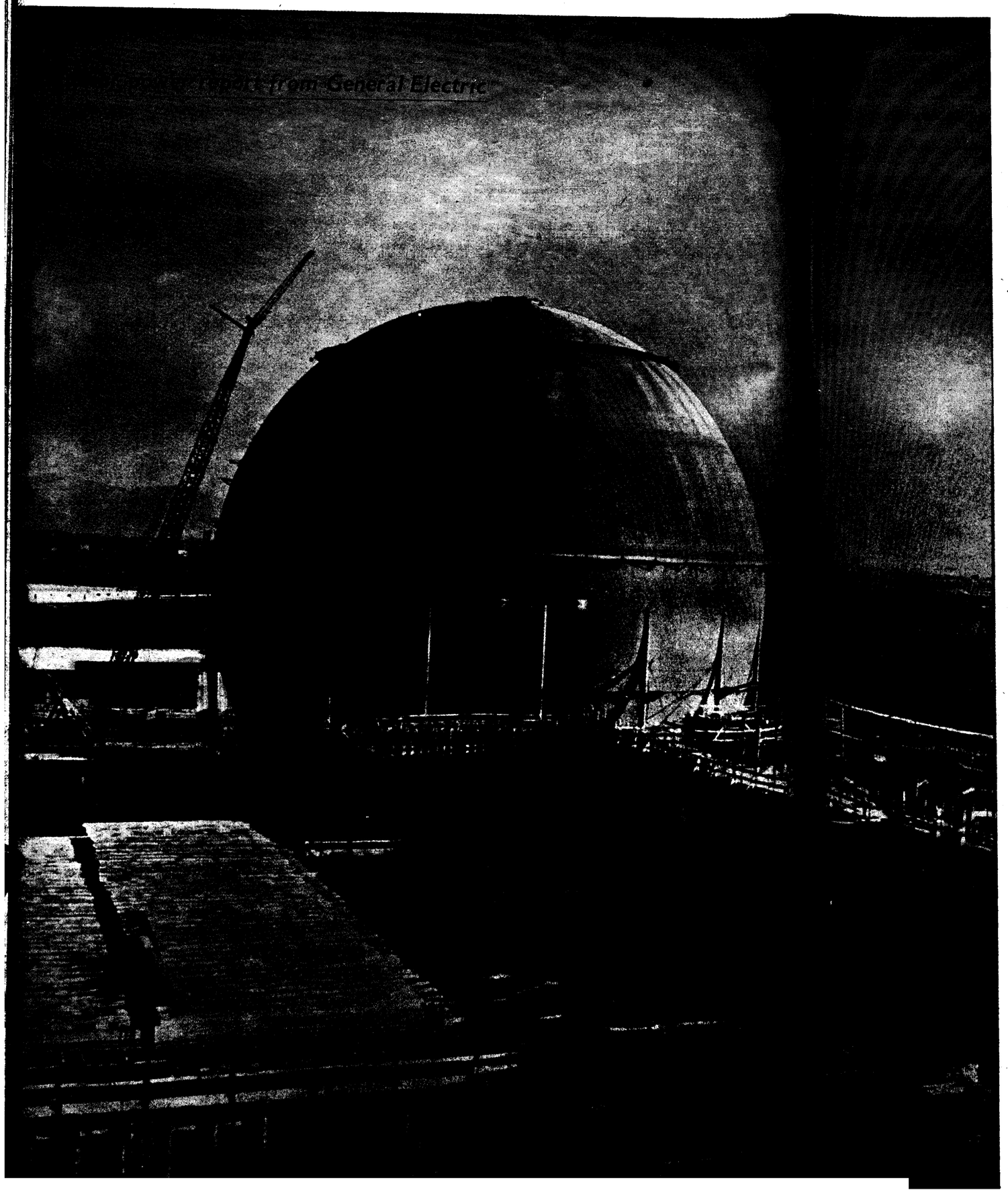

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North of Naples, Italy, on the Garigliano River, construction of the 150,000 kw nuclear power plant for SENN recently passed the halfway point. The General Electric design was selected by SENN for the nuclear power reactor after a seven man international team of nuclear experts analyzed the reactor proposals made by nine groups. The evaluation showed that the G-E boiling water reactor, using enriched uranium fuel, would provide the lowest power costs of all reactor concepts, and the simplicity of the G-E BWR design would require the lowest possible capital investment. The plant allows for an increase of 50% in kw output without major construction changes.

On the other side of the globe, General Electric Japan, Ltd. is building a direct-cycle boiling water reactor for the 12,500 kwe plant at Tokai Mura, Japan, for the Japanese Atomic Energy Research Institute (JAERI). This plant, designated JPDR, is expected to be the first nuclear power generating plant in the Far East and is presently on schedule.

In the U.S.A. two more nuclear power stations, using the G-E BWR, are under construction and on schedule. One is located at Big Rock Point on Lake Michigan and the other at the Humboldt Bay Power Plant site near Eureka, California.

Long identified as a leader in atomic development, G.E. is engaged in a widely diversified program of nuclear application. BWR plants are now being offered up to 500 megawatts, incorporating such advanced concepts as high-power density cores, pressure suppression containment and internal steam separation. Other atomic products and services include reactor subsystems, components, fuel, control and instrumentation, engineering studies, computer services, research, development and irradiation services. *For further information write to International General Electric Company, Dept. 30-20 R, 159 Madison Avenue, New York 16, N. Y., U.S.A.*

◀***The giant 160-foot containment sphere*** of the Garigliano Nuclear Power Station in Italy. The sphere, twice the size of St. Peter's dome, will house the G-E dual-cycle boiling water reactor.

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REASONS FOR BREAKDOWN OF GENERATORS

CHAIRMAN, SIR HARRY BURN'S REVIEW

THE reasons for the breakdown of the generators at the New Cossipore Station in April last, resulting in one of the worst-ever power crises in Calcutta, were lucidly explained by Sir Harry Burn, Chairman of the Calcutta Electric Supply Corporation Ltd., in his latest annual review circulated to shareholders along with the Directors' report and statement of accounts for the year ended 31st March 1961 which were adopted at the Sixty-fourth Annual General Meeting of the Corporation held at London on 9th November 1961. The Chairman pointed out that, despite persistent requests throughout 1960 and early 1961, the Damodar Valley Corporation, contrary to its contractual obligation, had failed to supply more than 60 mw. at the time of peak demand. As a result, according to Sir Harry, it was not possible to take out of service for routine maintenance the turbo-alternators at the New Cossipore Station, which consequently failed one after another. Referring to the future, Sir Harry disclosed that the West Bengal Government, reversing its earlier decision, had granted permission for the Corporation to go ahead, with the utmost despatch, with its plan to increase the capacity of the New Cossipore Station by 50 mw.

The following is the full text of the Chairman's review:

"There were increased sales to all classes of consumers during the year ended 31st March, 1961. The total energy sold of 1,955 million units shows an increase of 138 million units over the previous year. Sales of energy have increased each year for the last 14 years and over that period sales have increased more than threefold, thus reflecting the ever-increasing need of electrical energy, particularly for industrial purposes. It is indicative of the great expansion that has been happening in India and our forecasts show that this expansion will continue. Later on in this review I refer to the grave shortage of power in the industrial areas of West Bengal and Bihar and to the extensions to your Company's plant that are being put in hand.

Pattern of Demand

"Industrial demand accounts for 90 per cent of the energy sold for power purposes. The balance is divided equally between sales to public waterworks and for domestic power, the latter being used principally for air-conditioning and refrigeration. There was a small increase in sales to the jute industry, our largest consumer and responsible for 34 per cent of our total industrial demand. An acute shortage of raw jute made trading conditions very difficult for the jute mills. Once again rolling mills and engineering workshops showed a large increase; their consumption rose by 37 million units, equivalent to an increase of 15 per cent. Next in importance are cotton mills, chemical works and paper mills; in each case, their consumption rose by 10 per cent. The five classes of industry mentioned above were responsible for 80 per cent of the Company's sales of high tension energy for industrial purposes.

"Demand for low tension industrial power expanded further with sales increasing by 9 million units to 123 million units; the number of consumers rose by over 1,200 to more than 16,700. Consumption by public waterworks increased to the extent of 4 per cent and was solely due to larger demands from the Calcutta Corporation. Sales of domestic power again showed a substantial rise, mostly due to the growing popularity of small air-conditioning units suitable for residences and small offices.

"Sales of energy for lights and fans increased by 16¼ million units to 259 million units. Housing development continues, but it mostly confined to the outskirts of the Calcutta suburbs.

"Public lighting sales have increased by approximately one million units in each of the last two years. Expansion of electric street lighting by the Calcutta Corporation has not been as extensive as hitherto.

"The Calcutta Tramways Co. Ltd. is the sole consumer for traction purposes. Improvement in their operating conditions is reflected in the increase in consumption of 2¼ million units.

Bulk Supplies

"Bulk supplies are given to some nine distributing undertakings, seven of which are owned by the State Electricity Board and the remaining two by the Riverside, (Bhatpara) Electricity Supply Co. Ltd. and the Chandernagore Electric Supply Co. Ltd. The State Board was responsible for 94 per cent of the total sales of 89½ million units and for almost all of the increase of 23 million units over the previous year. The largest State undertaking is the North Calcutta Grid, which distributes energy entirely outside the Company's licensed area.

"Sales under special contracts increased by nearly 8 million units to more than 100 million units. The bulk of those sales, and of the increase in consumption, were at our special tariff to owners of large office and residential buildings, public institutions, cinemas, and hotels. That tariff is particularly designed to give relief to our low tension distribution. The remaining consumers under special contract are the Central and State Governments, the Calcutta Corporation and the Calcutta Port Commissioners; their consumption showed little change from that of the previous year.

Revenue Account

"I have already referred to increased sales to all classes of consumers. Despite the restrictions I refer to below sales of energy for the current year continue to improve. The revenue account shows that the revenue from the sale of current rose by nearly £1 million to £9,800,000. The gross revenue exceeded for the first time £10 million. Interest received amounts to £88,305, an increase of £44,578 over the previous year and is attributable to the return on treasury bill investments and interest on bank deposits. Commensurate with higher revenues is heavier expenditure. The cost of generation and distribution rose by £530,000 to £5,088,000. Coal accounts for £414,000 of this increase. Expenditure on coal, including handling and ash disposal charges, amounted to £3,240,000 (consumption 1,293,000 tons) and accounts for 80 per cent of the total operating cost of generation. Power purchased from the Damodar Valley Corporation cost £288,000 more than the previous year. 390,406,000 units were imported, an increase of 87,850,000 over the previous year, but the power made available was insufficient to give the relief necessary to allow essential and urgent plant overhauls to be taken in hand. I will revert later to the present power position. Increases in wages include adjustments of dearness allowances and overtime rates. Cost increases in respect of materials call for no special comment and are commensurate with the expansion of the Company's system. By comparison with the previous year, administration and general establishment charges show a considerable increase. This is mainly due to expenditure in the previous year having been reduced by the writing back of a provision created during other years and no longer required. Nevertheless, there as a moderate increase in expenditure during the year under review and it will mainly due to higher salaries and wages costs. The wealth tax, for which there was a charge of £99,723 in the previous year, was abolished with effect from 1st April, 1960. The depreciation charge has risen by £31,500 to the figure of £960,600. The balance on revenue, after taking into account the depreciation charge, has increased by £213,000.

Taxation

"I will now deal with the net revenue account. The Indian tax charge is £1,164,387 as compared with a charge of £595,923 for the previous year which was materially eased by the adjustment of provisions set free on settlement of appeals relating to assessments of previous years. It will be noted from the Directors' report that the sum of £356,541 has been transferred to net revenue account in order to equate the Company's clear profits with its reasonable return. This transfer has been made from reserves created in the past specifically for this purpose, and leaves a balance, at the end of the year, of £187,816 all of which it is expected will be utilised during the current year. When these reserves are exhausted it is essential that the Company's tariff structure should be able by itself to earn the reasonable return and thus ensure the provision of the internal finance that will be required during the next three or four years in connection with the major extensions at New Cossipore to which I refer below. Initial allowances for depreciation eased the burden of taxation during the period these were operative. This acceleration of the depreciation charge as permissible for tax purposes connoted higher assessments and therefore higher taxation in future years and as stated above the Company has now entered this period. Our rates have been held unaltered for the last 15 years, but now with the steadily rising costs of generation, distribution, repairs and maintenance and an increased tax charge it has become necessary to place the structure of the Company's tariffs under close examination with the object of ensuring that, when required, rates are so adjusted as to earn the reasonable return permitted by the Electricity (Supply) Act, 1948. An investigation into the Company's rate structure is, therefore, now being carried out.

"The allocation for the contingency reserve fund has been made as required by the Act and it is proposed to make the customary contribution to the retiring gratuity fund. Provision has been made for the debenture interest and sinking fund charges. The continued expansion of the Company's operations makes it essential to conserve our finances to meet the consequent capital expenditure. The Board have, therefore, deemed it advisable to appropriate a sum of £550,000 to special appropriations for plant expansion, replacements and contingencies. Dividends on the preference stock amounting to £63,650 have been paid and it is proposed to pay a final dividend of 4 per cent (actual) for the year. The balance left to be carried forward on net revenue account is £124,585.

Balance-sheet

"The balance-sheet shows an increased holding in Treasury bills, £979,300, as against £771,700 at 31st March 1960. Thus, funds are available to meet current commitments in respect of plant and other payments falling to be made in the United Kingdom. Payments of Indian tax falling due during the concluding months of the year, to which reference was made in last year's review, have reduced the deposits with bankers to £55,000. At the end of the previous year these deposits stood at £531,000.

"Capital expenditure during the year amounted to £1,332,000, and was almost entirely for our transmission and distribution system. By far the greater part of the expenditure was on mains and service connections. As a provision for capital expenditure during the year there was available the sum set aside for depreciation of £960,000 and the allocation to special appropriations for plant expansion, replacements, and contingencies amounting to £550,000, thus making a total provision of £1,510,000. During the period 1st January 1951 to 31st March 1961, the outlay on capital expenditure was £13,400,000, which was met by the internal finance made available over that period from depreciation reserves and appropriations for plant expansion and replacements.

Power Supply Position

"In July of 1960, Mr. Macpherson and Mr. Hobson visited Calcutta and met the Chief Minister, officials of the Government and of the State Electricity Board and representatives of the Damodar Valley Corporation. The Company's assessment of the supply position and the impending shortage of power it revealed was conveyed at a conference convened for the purpose and permission was requested to install a fourth set at the New Cossipore generating station as providing a further contribution to the generating capacity available in the State as a whole. Permission for this project, to which reference was made in last year's review, was not then forthcoming.

"I was in Calcutta this year throughout the month of February and discussed the matter with the Chief Minister when he informed me that we were then at liberty to go ahead with the project. During my visit, I also met the Chairman of the State Electricity Board, the Chairman and the General Manager of the Damodar Valley Corporation and leaders of commerce and industry in Calcutta and West Bengal with whom I had talks on the power situation. I went over all sections of our organisation and was afforded ample evidence of the care and attention which our staff devote to their work. Dr. Roy, the Chief Minister, and his officials take a keen interest in the Company's activities. They are fully aware of our problems and the service we render to the industrial and residential communities. I desire to say how much the Board appreciate the assistance given by Dr. Roy over the issue of import licences and supplies of the necessary indigenous materials.

"Our Secretary, Mr. Colley, who was Commercial Manager in Calcutta for a number of years, accompanied me during my visit and carried out an inspection of the various sections with which he is concerned.

"Special attention continues to be given to the training of Indian engineers. Quite a number of our permanent staff were originally appointed under our technical training scheme which was started in 1946 for young Indian graduates chosen by a selection committee in Calcutta for training in the United Kingdom. In addition, short refresher periods of training in the United Kingdom are given to selected members of our permanent staff. We are grateful to the Electricity Council, the Area Boards, and various manufacturing companies who provide facilities for this training.

Breakdown of Generators at Cossipore

"In last year's review I referred at length to the question of the future supply within the Company's licensed area and recounted the steps which had been taken over the decade and a half that had elapsed since the end of the war to meet the growth of demand on the system. I also related the circumstances which brought the Damodar Valley Corporation into the picture and how our expectations for an adequate supply of power from this source—as provided for by agreements entered into in April 1954, and January 1959 had not been fulfilled. We anticipated, however, that by the end of 1960 the Damodar Valley Corporation would have commissioned sufficient new generating plant to have enabled them to honour their commitment to us of 95 mw. for the year 1960-61. Unfortunately, our hopes were not realised and despite our most persistent requests throughout 1960 and early 1961 to the Damodar Valley Corporation to afford us power up to their full contractual obligation, they never found it possible to afford us a supply of more than 60 mw. at the time of our daily system peak. As a result, we were unable to take out of service for routine maintenance the turbo-alternators at our New Cossipore station all of which were long overdue for overhaul. I regret to have to report that all three failed on load, the 50 mw. machine on the 9th February this year followed by the two 30 mw. machines on the 1st and the 11th April. All three turbines failed by a breakdown of blading and this can be directly attributed to the necessity to keep the machines in commission beyond the time when they were due for normal overhaul. The Company took the view that they would be failing in their duty to consumers had they not accepted the considered risk of keeping these machines in service at a time when they were entitled to expect an early augmentation of the import from the Damodar Valley Corporation. The 50 mw. Machine was recommissioned on the 7th May and the 30 mw. Machine No. 2 on the 25th May, thus restoring the Company's total effective generating capacity to about 275 mw. The remaining machine required extensive overhaul which was not completed until the 21st August on which date the machine was again on full load. I wish now to express the Board's high appreciation of the work carried out by the Agent Dr. Bowker, and the Chief Engineer, Mr. Kanga, and the station engineers and those members of their staff concerned in getting the station on load again and in dealing with the allocation of power during this period of emergency—their hours were long and the work arduous. I also desire to pay a warm tribute to the turbine manufacturers and the craftsmen they so promptly sent out to remedy matters and get the machines into commission with the minimum of delay.

"The maximum demand on the Company's system at the time of these failures was approximately 385 mw. sent out and although the Damodar Valley Corporation were able, at times, to increase their export to 85 mw. (and for a short period to 105 mw.) the outage of the New Cossipore plant, totalling 110 mw., entailed load shedding on an extensive scale. In shedding this load, the Company endeavoured at all times to maintain its low tension supplies, particularly to hospitals, pumping stations and other essential services, the restrictions falling mainly on high tension consumers, including, unfortunately, those taking high tension supply for domestic purposes. The Board desire to express their very great appreciation of the voluntary acceptance by its large industrial consumers, particularly the constituents of the Indian Jute Mills Association and the Indian Engineering Association, of restrictions on their demands on the Company at the time of its peak loads during this crisis. These restrictions, which were devised to spread the burden on the most equitable basis over all sections of industry, mitigated to a very considerable degree the hardships imposed on other sections of the community.

Additional Supplies

"Although the breakdowns to which I have referred greatly increased for the time being the impact on the public of a shortage of power in the City, a shortage is bound to continue to a lesser extent for the next few years, since the demand in the area is already outstripping the Company's maximum generating capacity augmented by the offtake available from the Damodar Valley Corporation. As I explained in my review of last year, the Company has been assured by Government that they will provide the ultimate solution of the problem in the shape of a bulk supply through the West Bengal State Electricity Board, first some 60 mw. (not now expected to be available until January 1964) from Government's Durgapore Station and thereafter increasing supplies from the station they intend to build in the Bandel area near Calcutta which will increase their supply to some 120 mw. by January 1966. The Company now anxiously await these additional supplies and our best wishes are with the State Board in the speedy accomplishment of the various power projects they are now engaged on. We trust that the construction and commissioning of the plant will proceed smoothly as planned.

"In the meantime, I am glad to be able to report that Government, reversing the decision communicated to us a year ago, have now agreed that we should, with the utmost despatch, proceed with our plan to increase the capacity of our New Cossipore Station by the installation of a further machine of 50 mw. Finance in respect of expenditure to be incurred in India has been arranged on reasonable terms and, advised by our consultants, Messrs. Merz & McLellan, we are now engaged in negotiating the necessary contracts. It is hoped to commission this machine, at an all-in cost of some £3,500,000, towards the end of 1963, some 12 months before the State Board anticipate having their new Bandel Station in operation.

Growing Load

"Even before the recent crisis, it was apparent that the growing load on the Company's system was bound, over the next few years, to exceed the total power resources available and we, accordingly, requested Government to arrange for the control of the distribution and consumption of electricity under Section 22B of the Indian Electricity Act. Government, accordingly, appointed an Electricity Supply Control Advisory Committee on whose advice they issued orders that no new or additional supply of electrical energy for a connected load of 100 kw. or above shall be given to any impending or existing consumer as the case may be without the prior sanction of Government. Provided the full contractual supply of 100 mw. is available from the Damodar Valley Corporation this restriction, taken in conjunction with the continued voluntary agreement by certain large industrial units to restrict their demands at the time of the Company's evening peak loads, should, as far as can be seen, enable the Company without further substantial load shedding to carry out proper and regular maintenance of its plant and thus alleviate the position until our new plant is commissioned two years hence.

"Following the recent breakdowns at New Cossipore to which I have referred, there has been a certain amount of ill-informed criticism in the Press and in particular it has been suggested that the Company's generating plant is largely worn out. This is far from true, as in fact the plant at New Cossipore (now completely repaired) and that at Mulajore are in first class condition and capable of many years of useful service, while the Southern Station, though old and not so efficient, has been well maintained and will continue to provide a satisfactory source of power especially during peak load periods.

"Mr. W H. Thompson, C.S.I., has intimated his intention to retire from the Board after the annual general meeting and I, therefore, take this opportunity of stating how much we appreciate his services to the Company and the keen interest he has taken in its affairs. He was Secretary from 1936 to 1945 and became a member of the Board in the latter year. Mr. Thompson had a distinguished career in the Indian Civil Service and, on retirement in 1922, he became General Manager of the Bengal Telephone Corporation Ltd. He also represented the Bengal Chamber of Commerce on the Bengal Legislative Council until he returned to the United Kingdom in 1936. During the war he was Assistant Secretary, Ministry of Home Security in charge of the Air Raid Warning System. Mr. Thompson has our best wishes for pleasant years of retirement which he contemplates in the countryside of his choice.

Tribute to Staff

"It affords me much pleasure to express our thanks to the staff and employees in Calcutta. The expansion of the Company's operations and their devoted efforts in meeting the calls on their services bear witness to the interest and zeal they take in the affairs of the Company.

"Mr. Henderson demitted his charge as Agent on 31st March 1961, having carried out his responsible duties with care and competence. Mr. Canning, the acting Chief Engineer, also retired after many years of yeoman service particularly at the generating stations. We wish them both happy years of retirement.

"Dr. Bowker, our Chief Engineer, took over the post of agent as from 31st March 1961. He has a wide experience of the Company's affairs, having been with us since 1936, is well qualified to carry out the duties of agent and has amply illustrated this during recent months. I also desire to record the Board's appreciation of the able manner in which Mr. Colley has carried out his duties as secretary."

The report and accounts were adopted.

Note:—*The above statement is not a report of the proceedings of the annual general meeting referred to.*

EXTERNAL AND INTERNAL INFLUENCES ON CREDIT POLICY

(*Concluded from page 941*)

valent of £11,000,000 by Nigeria (for its separate reserve) and for the discharge of the balance of the Basle indebtedness (apart from £18,000,000 which is being funded into a three-year loan from Switzerland), the total gold and convertible currency reserves dropped by only £8,000,000. This suggested that the true increase must have been at least £120,000,000 or so, the biggest monthly gain for a decade.

Bank Rate Six Per Cent

At this point, the authorities abandoned, not surprisingly, their effort to hold the Bank rate at 6½ per cent. In the preceding weeks they had been trying hard to put an effective break on the falling bill rate, by repeatedly ensuring a squeeze on funds in the short loan market and forcing the discount houses to finance a part of their portfolios by taking 'last resort' loans from the Bank of England—expensive loans, because they not only pay Bank rate but because they have to be taken for at least a week. These tactics, however, failed to prevent a steep decline in Treasury Bill rates in response to the keen competition for bills. The weekly average allotment rate which had dipped to 6½ per cent on the morrow of the first cut in the Bank rate, was down to well under 5¾ per cent by the last tender in October; and immediately after the Bank rate came down to 6 per cent the bill rate fell further to just under 5-7/16 per cent.

The authorities have emphasised, just as they did on the previous occasion, that the Bank rate cut does not portend any relaxation of the restraints on the domestic economy; in particular, all the quantitative and 'directive' restraints on credit are fully maintained. There will be no relaxation, it is affirmed, until it can be seen that a growth in exports justifies a resumed expansion of the economy—or, rather, a faster expansion, since the authorities are still estimating that there should in any case be some net growth in 1962. Though export prospects are now regarded as good, and likely to become better still, the latest export figures (those for September) were rather disappointing. Meanwhile, evidence accumulates to show that the domestic measures are, indeed, bringing about some easing of the pressure of demand against available productive resources, most notably perhaps in labour market.

PROGRESS OF CO-OPERATIVE MOVEMENT

DECISIONS OF NEW DELHI CONFERENCE

By Our Special Correspondent

NOTWITHSTANDING the key role assigned to the development of the Co-operative Movement by the National Development Council in November 1958 and the studies since completed of various aspects of implementation, co-operation still remains an academic subject on which platitudes can be repeated with impunity. The exception, of course, is co-operative farming, which enlivens political controversy and in turn secures greater emphasis from the Prime Minister. In a week in which film stars and Commonwealth Press delegates held the limelight in the capital, the third Conference of State Ministers of Co-operation was dull fare for the Press and Public. Even so, it was notable for the fortright address from Mr. Nehru, in which he deplored the lack of interest in the eastern States in promoting the co-operative movement and commended those which are forging ahead.

Causes for Backwardness

It is well known that Madras and Bombay had, since the early decades of this century, built up a co-operative movement from small beginnings and the Punjab in the north had also laid sound foundations. That experience has proved helpful to them in the new context. Several factors favoured these two areas in developing co-operative institutions: Mr. Nehru mentioned one, that the *ryotwari* system had favoured growth of co-operatives, while the *zamindari* system had kept the masses illiterate and backward. Higher percentages of literacy in the Southern and Western Zones helped the emergence of men with initiative and sense of responsibility; the villages themselves were generally of medium and large-size, so that there were enough men in each to form a primary credit society and keep it going. But above all these social factors which favoured the movement was the selfless work of a band of devoted public workers whose names are still cherished by co-operators in these areas. Recalling this, Mr. Nehru argued that, in the same way, individuals must now come forward to build up co-operatives, with the State only providing the facilities like funds and institutions for training.

Fallacious Assumption

But a fallacious assumption behind this argument is that other conditions remain unchanged. What is now sought is not a natural growth of the movement as before but a planned expansion according to certain targets, whether rigid or flexible, irrespective of the social and economic differences between the various areas. How far the movement could still remain voluntary in the strict sense of the term has been doubtful. Excessive official control and interference is undesirable anywhere, but, to a large extent, the guidance needed to direct the movement on right lines must inevitably come from the State Governments and the Reserve Bank of India. Education and Community Development should also help each village to find trustworthy men but surveillance cannot altogether be dispensed with, especially when the record of many credit societies in the matter of collection of old outstandings is poor; the policy of granting loans in future, to landless tenants and small cultivators on personal security has emphasised the need for supervision as the risks are greater. The Rural Credit Survey took this view, but there has since been a rebound to the opposite, because of complaints of official control—not all of which were inspired by worthy motives. At present, there is need to train and indoctrinate officials on right lines, in order to help them to bring the proper approach to their task.

Over the first two Plans, the number of primary agricultural credit societies (which is the main yardstick of growth) has doubled from 105,000 to 210,000, and their membership has gone up from 44 lakhs to 170 lakhs in 1960-61. Loans advanced by them have risen from Rs. 23 crores to Rs. 200 crores. The third Plan proposes to increase the number of societies by only 20,000 (or 10 per cent), but to expand membership to 370 lakhs, short and medium-term loans to Rs. 530 crores and long-term credit to Rs. 150 crores. The emphasis is mainly on revitalisation of moribund societies; 42,000 societies were taken up for this purpose in the second Plan period and 52,000 are proposed for similar treatment in the next five years.

These figures tell an impressive tale of success. The weakness, however, lies in the uneven progress referred to earlier. The gap between the advanced and the backward groups is shown by the following figures:

	No. of societies (30-6-60)	Members (1,000)	Advances (Rs. lakhs) 1959-60	Societies working at a loss %	Overdue as % of outstandings
Advanced Group:					
Andhra Pradesh	12,527	1,282	1,750	27	14
Gujarat ..	7,053	750	2,126	33	25
Maharashtra ..	17,816	1,531	2,937	21	27
Madras	9,589	1,584	1,737	24	11
Backward Group:					
Assam	3,070	159	137	34	55
Bihar	16,322	705	129	37	55
Orissa	6,520	369	235	35	20
West Bengal ..	13,076	571	227	27	48

While in Bihar and West Bengal the number of societies is comparable to that of Maharashtra and Andhra Pradesh, their membership is less than half and their total advances constitute only a small fraction of the latter. Even for this low volume of credit, the overdues are very high (except in Orissa). It is not surprising that the Prime Minister described the record of the second group as "too painful for words."

Personnel

The Ministers of these latter States met separately and the only momentous decision they were able to take was that Ministers and officials should be excluded from the institutions which they now overlorded—as if that by itself could bring about a sea-change. Rural population covered by co-operative credit was only about 8 per cent in Assam and Bihar in 1958-59, as compared to 29 per cent in Madras, 26 per cent in Maharashtra and 36 per cent in the Punjab. While most of the States are training senior and middle grade officers in sufficient numbers, shortage of trained personnel is observed mainly at the lowest levels. Madras holds the best record, with 6,425 trained junior officers up to 31st March 1960, as against 2,310 in Andhra, 4,779 for Gujarat and Maharashtra together, 2,934 in U.P. and much smaller numbers in other States.

Described as "far-reaching," the main recommendation of the State Ministers' Conference in New Delhi was decentralisation and de-officialisation of co-operative training and education and transfer of this responsibility to State and National Co-operative Unions. In other respects also, the Ministers passed on their responsibilities to others. In the field of co-operative marketing, success so far has been due entirely to State initiative exercised through the National Co-operative Development and Warehousing Board; 1,869 primary marketing societies have been set up during the second Plan with State participation in capital and 600 more are to be set up in the third Plan period (excluding the sugarcane supply societies which exist in large numbers already in Bihar and U.P.). As these societies will have to handle agricultural produce increasingly, State Ministers have recommended that a basic price policy for agricultural commodities should be laid down by the Government. The conference also called upon the State Bank of India to take an active part in granting facilities and credit—which it is already doing. These, however, have already been accepted as part of third Plan policy.

Processing Societies

Co-operative processing is another field in which some fresh thinking is needed. In the work of preparing some agricultural products for the market, there is, indeed, great scope for expansion of processing activity and 378 units (other than sugar factories) have been set up during the second Plan period. Here there is scope for further expansion. But, in the sugar industry, about 41 units have come up (of which 30 are in production) and already there is excess capacity. Also, some of these now resemble what Mr. S. K. Dey described as "a private limited company with a co-operative signboard."

The conference had little to add to the recommendations of the Committee on consumers'

(Continued on page 966)

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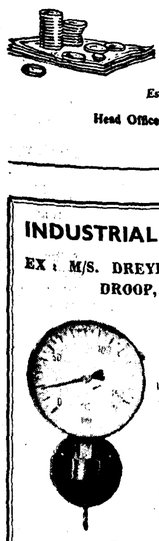

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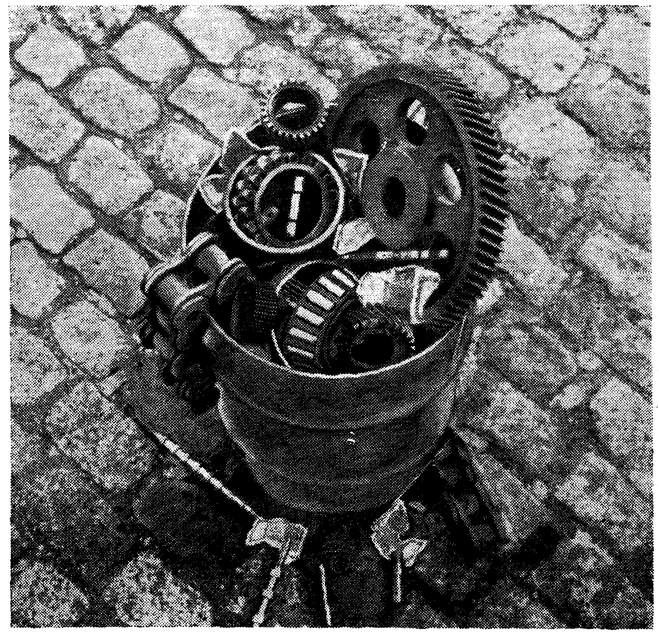

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AGRICULTURAL LABOUR IN MAHARASHTRA

STUDY GROUP'S SUGGESTIONS FOR ECONOMIC BETTERMENT

IN spite of the solicitude shown by the ruling party for agricultural labour, nothing very tangible has been done so far to improve their lot. The benefits, if any, that might have accrued to them during the first and second Plans are not the result of measures directly aimed at benefiting agricultural labourers as such but the incidental results of schemes which had other objects in view. The consequences of this neglect of one less vociferous and unorganised section of the community were brought to light by the Second Agricultural Labour Enquiry which revealed a decline in the income and employment of agricultural labourers. Many have, of course, doubted the validity of this conclusion but they have not provided sufficient evidence to support their contention, which at best is only an impression.

Foremost among the States which have of late shown keen awareness of the problem of landless agricultural labour and have included in the third Plan specific programmes for the economic betterment of landless labour is Maharashtra. The Maharashtra State Consultative Committee on the third Plan appointed a Study Group under the chairman of Prof. D. R. Gadgil to examine the economic condition of landless agricultural labourers in the State, generally, and with particular reference to the benefits derived by them under the first two Plans and to suggest specific schemes for improving the lot of agricultural labourers for inclusion in the third Plan. The report of the Study Group, which was placed before the Consultative Committee in May 1961 and which adopted it, has been now published. The various recommendations made by the Study Group are said to have been taken into account in framing the State's third Five-year Plan.

Terms of Reference

The Study Group had very limited terms of reference. It was asked (1) to examine generally the economic condition of the landless agricultural labourers, with particular reference to the benefits derived by them under the measures taken by the State Government in the first two Five-year Plan periods and (2) to suggest schemes *other than land reforms* for improving the economic condition of landless agricultural labourers. The Study Group has defined the term "landless agricultural labour" in much the same way as the 1951 census defined cultivating labourers, namely, as households whose major share of earnings accrues from wage employment in agricultural work. According to the 1951 census, the number of cultivating labourers and their dependents, in the geographical area which is now Maharashtra, was 4.733 million. They constituted 14.79 per cent of the population of the State, 20.80 per cent of the rural population and 23.12 per cent of the population dependent on agriculture. The corresponding percentages for the country as a whole is 12.56, 15.19, and 17.99, respectively. This comparison shows that the proportion of agricultural labourers to the total population, the rural population and the population dependent on agriculture is more in Maharashtra than in the rest of India. Assuming an increase of 9 per cent in the population of the State during the first Plan period, the Study Group estimates the population of landless agricultural labour in 1955-56 at 5.16 million.

Negligible Effort

The Study Group notes that the efforts made during the second Plan period in the State deliberately and directly to improve the economic condition of landless agricultural labour were negligible and confirms the All-India experience that whatever benefits accrued to them were the indirect results of schemes undertaken with other objectives in view. The main factors responsible for the indirect benefits derived by landless agricultural workers, according to the Study Group, are: (1) intensification of agriculture, (2) grant of land, (3) increase in the level of construction activity in rural areas, (4) increase in industrial employment in rural areas, and (5) increase in tertiary activity owing to increase in production in rural areas. The Study Group estimates that, as a result of the developments said to have taken place in the above sectors during the second Plan period, the growth in *per capita* incomes of landless agricultural labour during the second Plan must have been much lower than the average for the State population as a whole.

According to a Survey of Agricultural Labour conducted in 1956-57, the *per capita* income of agricultural labour in the State was about Rs. 92. The estimated national income of the State during the year was Rs. 331 *per capita*. The *per capita* income of landless agricultural labour was thus only 31 per cent of the average for the State as a whole. On the basis of the estimated comparative growth of *per capita* income during the second Plan, the *per capita* income of landless agricultural labour at the end of the second Plan works out to 28 per cent of the average for the State as a whole.

The Study Group is of the opinion that the present disparity between the economic condition of the landless agricultural labour and that of the State population as a whole should be narrowed down to some extent at least during the third Plan period. The third Plan aims at securing a rise in national income of over 5 per cent per annum. This would imply an increase in *per capita* income of the State of about 16-17 per cent during the third Plan period. The Study Group has, therefore, recommended that the target for the growth in *per capita* income of landless agricultural labour during the third Plan should be fixed at least at double the rate for the State population as a whole, that is, at 33 to 34 per cent.

Other Measures

A number of measures have been recommended by the Study Group to secure an increase of this magnitude in the *per capita* income of agricultural labourers. In the opinion of the Study Group, an important means available for betterment of the economic condition of landless agricultural labour is the grant of land to them by means of ceilings on land holdings. It has, however, not dealt with this solution, as it is outside its terms of reference. Though the Study Group has taken note, for the purposes of calculation, of what the authorities have declared to be the likely extent of settlement on land which may be expected during the third Plan as a result of land reforms proposed at present, the Group has confined itself mainly to the consideration of other measures for bringing about an improvement in the economic condition of landless agricultural labour.

Industrialisation

Among the measures suggested by the Study Group, the most important is development of industries in rural areas. According to it, among the rural population, landless agricultural labour should have the least inhibitions in changing their present vocation in favour of industrial employment. By industrial employment, the Study Group means industry, including mining, based on sufficiently modern technique. It does not set much store by the deliberate adoption or continuance of backward techniques as a means of expanding industrial employment among landless agricultural labour. Industrial employment is more secure, more continuous and less uncertain than the kinds of employment at present available to landless agricultural labour, namely, agricultural employment, construction employment or tertiary employment. A large increase in the *per capita* income of landless agricultural labourers cannot be achieved, asserts the Study Group, unless progressively larger portions of the labour force of the landless agricultural labour are absorbed in technically efficient industrial employment.

According to the Study Group, in the present state of availability of entrepreneural ability, capital, know-how and social and economic overheads, the main scope for immediate industrial development in rural areas lie mainly in co-operative agricultural processing industry, namely, conversion of paddy into rice, oilseeds into oil and cake, seed cotton into pressed cotton, sugarcane into sugar, etc. The Study Group is of the opinion that, with the experience already gained in Maharashtra, the entire scope for additional processing capacity that arises in the third Plan period as a result of additional production should be absorbed in the co-operative sector. It is, however, of the view that, while co-operative agricultural processing activity at the preliminary stage will have to be expanded to the fullest extent, the processing activity at the secondary stage may not always be feasible for being undertaken by the growers' co-operatives on account of the larger risks involved and the more complicated technical know-how required. This would, according to it, be a sphere for the promotion of the "joint sector." It believes that it will be increasingly difficult for the private sector by itself to participate in industry based on agricultural produce or its co-operatively processed by-products and that the joint sector has thus a definite contribution to make in extending industrial development based on rural physical resources.

But even the joint sector, according to the Study Group, might be selective and cautious and will confine itself to well-established industrial uses of easily procurable produce of the rural areas. It has, therefore, suggested the setting up of District Industrial Boards, on the pattern of the Housing Board or the State Electricity Board, on a pilot basis for the intensive utilisation of locally available materials for supporting industry in rural areas. Further, under it, according to the Study Group, the resources and capacity to bear risks can come from the Government, while the day-to-day execution and management of such industrial projects are left to a body which can take quick decisions. The merit of a District Industrial Board, in the Study Group's opinion, is that it can harness non-official leadership in a district for undertaking a programme of this kind with enthusiasm. The Study Group has suggested that, to start with, the experiment of industrialisation through District Boards may be tried on a pilot basis in three districts of the State, one each from the Vidarba, Marathwada and Western Maharashtra regions.

Adjustments

According to the estimates of the Study Group, the programme of industrialisation prescribed by it, coupled with developments during the third Plan in other sectors such as intensification of agriculture, grant of land, increase in construction and tertiary activities can be expected to increase *per capita* income of agricultural labour by only 20.4 per cent, as against the target of 33.4 per cent. There is thus a gap of 13.0 per cent. The gap will have to be filled by making suitable adjustments in other sectors. One such adjustment suggested is more concentrated effort to link agricultural labour with programmes of milk production and poultry farming. It has recommended that at least 25 per cent of the Plan outlay provided for developing milk and poultry production in rural areas should be utilised for the benefit of landless agricultural labour. Another adjustment suggested is taking up of additional construction activity. The Study Group has prescribed a minimum programme of contour bunding, road construction, afforestation and local development work, involving a total outlay of Rs. 25 crores. The Study Group has struck a note of caution that care should be taken to see that local building materials, which generate local employment, are not abandoned in favour of materials bought from outside. It has also emphasised the need for guarding the employment potential of the construction activity against the temptation of mechanisation, though it concedes the necessity for the use of machines in certain types of construction activity. The Study Group has concurred with the suggestion of the Planning Commission that a Board should be established at the State level to keep a constant watch over the employment situation and to make recommendations regarding the programme for the economic betterment of landless agricultural labour.

Criticism

From this brief account of the maior recommendations of the Study Group, it will be seen that, on the one side, the Group has based its estimate of the discrepancy between the *per capita* income of agricultural labour and that of the rest of the population, on data the accuracy of which has been questioned even in official circles. Its conclusion is, therefore, valid only to the extent that the data, which are still under scrutiny, prove correct.

(*Continued on page 968*)

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HEAVY CHEMICALS MAKE HEADWAY

LARGE DEMAND FOR SULPHURIC ACID ENVISAGED

THE development of heavy chemicals, which serve as essential raw materials for a wide range of other important industries, is a significant indicator of the tempo of overall industrial expansion. It is, therefore, only appropriate that heavy chemicals, particularly sulphuric acid, should have been assigned a vital role in the industrial development programmes envisaged in the third Plan. A clear picture of the present position and prospects of these industries has been provided in the latest annual report of the Development Council for Heavy Chemicals (Acids and Fertilisers), submitted to the Central Advisory Council of Industries. The output of sulphuric acid rose from only 165,200 tons in 1956 to 350,000 tons in 1960. The production of nitric acid, too, increased from 1,360 tons to 5,200 tons mainly as a result of additional demand for the production of fertilisers and explosives. The output of phosphoric acid went up from 220 tons to 1,600 tons during the same period, reflecting increased demand for phosphates, mainly for water treatment purposes. The output of hydrochloric acid has been maintained at about 10,500 tons. The tempo of manufacture of other chemicals, such as copper sulphate, alum, aluminium sulphate (ferric as well as iron-free grades) has been steadily gaining momentum, and the domestic demand for them is now met exclusively from domestic production.

Third Plan Target

During the third Plan period, the total capacity for sulphuric acid is proposed to be stepped up from the present level of 476,000 tons to 1.75 million tons annually. The target of production is set at 1.5 million tons. The growth of sulphuric acid production in the public sector is visualised in conjunction with fertiliser production, by-products recovery and pickling operations at the steel plants, petroleum refining, manufacture of organic intermediates and drugs and uranium extraction from the ores. There are at present 40 units engaged in the manufacture of sulhpric acid. Seven new units, with a total capacity of 92,100 tons, went on stream during 1960-61. These units have been put up by the following undertakings: (1) Messrs. Keshoram Cotton Mills Ltd., Calcutta, (2) Hindustan Steel, Bhilai, (3) Hindustan Steel, Durgapur, (4) Atul Products, Atul, (5) Indian Explosives Ltd., Gumia, (6) Andhra Fertilisers Ltd., Tadopallo, and (7) Travancore Titanium Products, Trivandrum. Some of these units have not been operating throughout the year; this explains the apparent underutilisation of capacity in 1960. In fact, the Development Council states that the other units were working to full capacity, except for planned shutdowns during the maintenance periods. Despite this, stocks with producers are "not unduly high" and even shortages are reported from certain areas in Bombay. All the producers have been marketing the product in conformity with the ceiling price for the acid stipulated by the Development Wing, Government of India.

The following table shows the installed capacity and production of sulphuric acid in 1960-61 and the corresponding targets for 1965-66:

(In '000 tons)

	1960-61	1965-66
Capacity	476	1,750
Production	363	1,500

The Development Council points out that the most economic size for the production of sulphuric acid is a unit with a capacity for the production of 50 tons per day. Licences for new units to be issued during the third Plan period may, therefore, be for not less than the above unit size of 50 tons per day, except under special circumstances. The Council estimates the current annual requirements of sulphuric acid at 600,000 tons and expects it to go up to 1.25 million tons by the end of the third Plan; this means a doubling of consumption in the next five years. Table in column one shows the demand for sulphuric acid from different industries as in 1960-61 and at end of the third Plan, as estimated by the Development Council.

Demand for Sulphuric Acid

(In thousand tons)

Consuming industry	1960-61	1965-66
Superphosphate/ammonium phosphate	180	580
Ammonium sulphate (acid process)	115	147
Pickling of iron and finished steel	47	83
Rayon yarn and staple fibre	93	190
Aluminium sulphate	20	40
Titanium dioxide	9	27
Petroleum refining	8	20
Bichromates	3	7
Phosphoric acid	2	6
Alum	3	6
Hydrochloric acid/sodium sulphate	2	4
Nitric acid	3	4
Magnesium sulphate	2	2
Copper sulphate and ferrous sulphate	2	4
Miscellaneous (tanning, dyestuffs and intermediates, dyeing, chromic acid, drying of chlorine and industrial explosives)	110	180
Total ..	603	1,314

The Development Council's estimate of demand, it may be noted here, does not tally with the figures of demand provided by the Planning Commission. According to the latter, the demand for sulphuric acid was 360,000 tons in 1960-61, which would go up to 1.5 million tons by 1965-66. It is possible that these two sources adopted different bases for working out these figures. If we follow the estimate of the Development Council, the demand from fertilisers, which is the largest consumer of sulphuric acid, will go up from about 300,000 tons in 1960-61 to 730,000 tons by 1965-66. Rayon and staple fibres, steel and aluminium sulphate are the other major consumers.

Sulphur

One of the major difficulties in the progress of sulphuric acid manufacture is the absence of domestic sources of sulphur. The present requirements of sulphur are met entirely from imports. Current consumption of sulphur by all industries taken together is of the order of 200,000 tons annually. Consumption of sulphur, it is estimated, will rise to 537,000 tons by the end of the third Plan. The estimates of consumption of sulphur in 1960-61 and the projection for 1965-66 are given in the following table:

(In tons)

Consuming industry	1960-61	1965-66
Sulphuric acid	175,000	437,000
Crude sulphur:		
Carbon disulphide	25,000	50,000
Sugar	8,000	12,000
Hydrosulphite of soda	3,000	6,000
Paper	2,000	3,000
Miscellaneous industries like starch, dyestuffs, etc.	3,000	6,000
Refined sulphur:		
Sugar	6,000	6,000
Rubber	2,000	4,000
Matches	2,500	4,000
Pharmaceuticals	1,500	3,000
Industrial explosives, fireworks, etc. ..	500	1,000
Agricultural dusting	2,000	5,000
Total ..	230,500	537,000

Efforts are now being made to discover domestic sources of sulphur. The Development Council has this to say on this question:

"Although we have no domestic resources of sulphur, large reserves of pyrites located at Amjor in Bihar can be profitably used for the production of sulphur therefrom. There is only one plant in the world producing sulphur from pyrites on a commercial sale, namely, the Orkla Metals in Norway. About 500 tons of Amjor pyrites was tested in the Norwegian plant and since the initial trials are not discouraging, it is understood that a few thousand tons of the ore required for large-scale trials in the Norwegian plant are proposed to be mined and shipped. In view of the strategic nature of sulphur and the present dependence of diverse industries on the use of imported sulphur, the Development Council has urged Government that no efforts should be spared for setting up domestic production of sulphur from Indian pyrites. Vast deposits of iron pyrites have been proved in the Amjor area in the district of Shahabad, Bihar. According to the Indian Bureau of Mines, the proved reserves are of the order of 80 million tons and the semi-proven reserves are of the order of 300 million tons. Proving work is still in progress.

"Besides Amjor, deposits of pyrites have been reported at Ingaldahl near Chitaldurg (Mysore State), about 300 miles from Mangalore. The investigations carried out by the State Department of Mines and Geology have proved the existence of approximately 1.5 million tons of pyrites, with a sulphur content of 25 to 30 per cent. There are indications that the deposits are more extensive and further exploratory work is in progress. It is understood that the progress of the excellent work so far done at Ingaldahl by the Mysore Department of Mines could be expedited by provision of more drills. Since pyrites offer scope for reducing our dependence on imported sulphur, the Council recommends that prospecting for pyrites at Ingaldahl should be intensified and all necessary assistance rendered on priority basis."

Imports of sulphur cost the country about Rs. 3 crores in foreign exchange annually now, and will be Rs. 7-8 crores by the end of the third Plan. In view of this, the authorities will do well to make vigorous efforts towards prospecting and developing indigenous sources of sulphur, and thereby reduce dependence on imports and encourage the growth of sulphuric acid industry.

The development of sulphuric acid will help the steady expansion of fertiliser industry in the country. Currently, demand for fertilisers is far in excess of production. Imports of fertilisers, particularly ammonium sulphate (Rs. 7.73 crores as in 1959-60), urea (Rs. 3.87 crores), ammonium sulphate nitrate (Rs. 2.05 crores) and calcium ammonium nitrate (Rs. 1.62 crore), aggregate about Rs. 15 crores annually. At present, ammonium sulphate, urea, double salt and ammonium chloride are the only nitrogenous fertilisers being produced in the country. Installed capacity increased by 47,000 tons nitrogen (N) when the plants for the production of urea and double salt at the Sindri Fertilisers were commissioned. Production of ammonium chloride at Sahu Chemicals as co-product of soda ash has commenced with installed capacity for 40,000 tons. The construction of the new ammonia plant at F.A.C.T. based on electrolytic hydrogen has been completed, thus augmenting fertiliser production capacity by 10,000 tons N. F.A.C.T. has also installed the necessary plant for processing ammonia to ammonium phosphate fertiliser, this being the first unit in India for the production of the complex fertilisers. The total installed capacity at present amounts to 144,575 tons N. Fertiliser factories are under construction at Nangal, Rourkela and Neyveli. The Nangal factory is expected to go on stream shortly; those at Rourkela and Neyveli will reach the production stage in 1962 and 1963 respectively. Tenders have been received for setting up a large factory at Trombay and the contracts for the supply of equipment and erection have been finalised.

The installed capacity for nitrogenous fertilisers at the end of the second Plan is estimated at 244,400 tons N. This, however, falls far short of the second Plan target of 382,000 tons N. The shortfall is attributed to the foreign exchange shortage and the consequent difficulties for getting plant and machinery from abroad. The capacity is proposed to be expanded to one million tons N by the end of the third Plan. Of this, 920,000 tons N have already been licensed, the gap to be fulfilled being only 80,000 tons N. The Development Council has suggested that, in view of the increasing demand for fertilisers, their capacity target in the third Plan should be revised upward to 1.25 million tons N per annum.

Phosphatic Fertilisers

The demand for phosphatic fertilisers is also increasing very rapidly. The output of this type of fertilisers rose from 13,750 tons of P_2O_5 in 1956 to 60,000 tons by 1960, or a fourfold increase. But phosphatic fertilisers have also failed to fulfil the second Plan target of 120,000 tons P_2O_5 owing to foreign exchange difficulties. During the third Plan period, capacity is proposed to be raised to 500,000 tons P_2O_5. In this connection, the Development Council has drawn pointed attention to the disproportionately lower consumption of phosphatic fertilisers, as compared with nitrogenous fertilisers, the present ratio being 1 : 4. It has pointed out that, in the long-term interests of crops and soils, the intake of fertilisers should preferably aim at a ratio of 1 : 1 between the two types of fertilisers. For improving the offtake and consumption of phosphatic fertilisers, the Development Council has recommended the following measures:

"(a) Loan facilities should be made equally available for purchase of phosphatic fertilisers and mixed fertilisers, and not merely for the purchase of nitrogenous fertilisers alone as at present.

"(b) Progressively increasing quantities of nitrogenous fertilisers should be supplied to the mixed fertiliser manufacturers in corresponding degrees to the quantities released for direct use of nitrogen alone.

"(c) Supplies of nitrogen should be regulated to render it difficult to procure nitrogen alone for straight application and, at the same time, ensure adequate supply of mixed fertilisers.

"(d) The nitrogen sold for direct application should be appropriately priced and the mixtures should be subsidised and thus made cheaper for the farmer to the extent necessary to make its use attractive, as compared to the use of nitrogen alone."

The Development Council has also urged the manufacturers to take the following steps in order to encourage the use of phosphatic fertilisers:

"(1) Every manufacturer or a group of manufacturers should maintain an organisation or advisory service cells consisting of a sufficient number of agronomists to work in co-operation with the local agricultural department, extension services, community development department, etc.

"(2) Pamphlets should be brought out regularly in the regional languages pointing out the advantages in the use of balanced quantities of N and P.

"The manufacturers should make free supplies of superphosphate for demonstration trials.

20 NOV 1961 963 PUBLIC DEPARTMENT

SALES AND PROFIT OF TUBE INVESTMENTS EXPAND

RESERVES REPLENISHED—DIVIDENDS UNCHANGED

THE annual report of the Tube Investments of India Ltd. (Chairman: Sir A. Ramaswami Mudaliar, Madras) for the year ended 31st July 1961 makes happy reading. Experiencing buoyant trading conditions, the sales of the Company's well diversified line of products have increased handsomely from Rs. 379.08 lakhs to Rs. 573.13 lakhs, showing a rise of well over 50 per cent. The improved industrial activity has nevertheless brought about a rise in the various items of expenditure. The cost of raw materials and stores consumed, for example, is up from Rs. 208.62 lakhs to Rs. 315.26 lakhs, expenses on salaries, wages and benefits to employees have risen by Rs. 14.05 lakhs to Rs. 52.89 lakhs, and other expenses have increased quite substantially by Rs. 21.85 lakhs to Rs. 77.42 lakhs. Despite these increases, the gross profit is higher by as much as Rs. 53.47 lakhs at Rs. 140.44 lakhs. After deducting the sums earmarked for depreciation (Rs. 27.74 lakhs, as against Rs. 19.50 lakhs) and taxation (Rs. 48.00 lakhs, as against Rs. 23.00 lakhs), the year's trading shows a net profit of Rs. 64.70 lakhs, as compared with Rs. 44.47 lakhs in the preceding year.

With a larger profit now available, transfer to reserves has been stepped up from Rs. 16.84 lakhs to Rs. 30.71 lakhs. Of this amount, the development rebate reserve gets Rs. 9.46 lakhs, (as against Rs. 16.84 lakhs), general reserve Rs. 17.00 lakhs (nil) and dividend equalisation reserve and development, replacement and research reserve Rs. 4.25 lakhs (nil). The ordinary dividend, which has once again been maintained at 10 per cent subject to deduction of tax, claims Rs. 25.00 lakhs, leaving a substantial carryforward of Rs. 12.03 lakhs, as compared to Rs. 3.04 lakhs brought in.

The progress made by the Company since its reorganisation under the present set up a few years ago is presented synoptically in the comparative table given below:

(In lakhs of rupees)

	For the year ended 31st July			
	1961	1960	1959	1958
Sales (net)	5,73.13	3,79.08	3,28.82	3,04.70
Other income	10.42	5.48	3.01	2.24
Closing stock of finished goods ..	12.28	9.82	4.38	0.68
Raw materials and stores consumed	3,15.26	2,08.62	1,76.88	1,61.02
Salaries, wages and bonus ..	52.89	38.84	34.59	33.46
Other expenses	77.42	55.57	49.49	47.89
Gross profit	1,40.44	89.07	69.54	72.99
Provision for—				
Depreciation	27.74	19.50	14.26	7.61
Taxation	48.00	23.00	23.00	39.00
Net profit	64.70	44.47	32.28	32.38
Transfer to reserves ..	30.71	16.84	10.17	25.22
Ordinary dividend ..	25.00	25.00	16.84	7.00
Carry forward	(10%)* 12.03	(10%)* 3.04	(10%) 0.41	(10%) 0.04

* Subject to deduction of tax. The figures for the year ended 31st July, 1959 relate to a period of thirteen months.

The financial position of the Company as disclosed by its balance-sheet as at 31st July 1961 is highly satisfactory. The share capital of Rs. 250 lakhs, all in equity shares of Rs. 100 each, is supported by reserves and surplus amounting to no less than Rs. 168.85 lakhs. Secured loans, outstanding on the date of the balance-sheet, aggregate Rs. 145.72 lakhs, in addition to unsecured loans of Rs. 67.59 lakhs and current liabilities and provisions of Rs. 134.77 lakhs. The gross block is carried in the Company's books at a cost of Rs. 397.55 lakhs and, on deduction of Rs. 93.05 lakhs as the depreciation earned to-date, yields a net block of Rs. 304.50 lakhs. To this has to be added Rs. 113.41 lakhs as the capital work-in-progress. The total net block thus works out to Rs. 417.91 lakhs. Current assets, including investments, loans and advances, aggregate Rs. 349.02 lakhs which are just sufficient to cover all liabilities with the exception of share capital and reserves.

It will be recalled that the Company came into existence towards the beginning of 1958, following the merger of the Tube Products of India Ltd. with the T.I. Cycles of India Ltd. Since this merger, the various factories under the management of the two constituent companies have continued to function as independent divisions of the Company. During the year, the working of these divisions presented a mixed pattern. Despite power cut and shortage of water for a short period, the production of cycles by T.I. Cycles of India was satisfactory, with the component output showing an increase as compared with the previous year.

A delay in the production of saddles was experienced by the Wright Saddles of India due to late receipt of certain plant. Trial runs have, however, been already made and found satisfactory. Bicycle saddles are expected to be in the market soon.

The expectations expressed in an earlier report regarding the installation and commencement of production by the cold rolling mill, to be put up by Tube Products of India, could not be realised due to the late arrival of plant and machinery. It is now anticipated that this will go into production by the end of the current year. The tube mill could not be worked to capacity during the year as a result of shortage of raw materials and power. It is hoped that the addition of the cold rolling mill will, to a large extent, safeguard the requirements of raw materials, provided, of course, that the supply of steel strips from indigenous sources is properly maintained. With the commissioning of draw benches and ancillary equipment during the year, it became possible to increase the range of tubing by the introduction of four new types, namely, cycle brake tubing, pump tubing, general mechanical tubing, and high quality cylinder bore tubing for shock absorbers. Electrical conduit tube production has also now commenced.

The working of the two subsidiary companies was also satisfactory. The T.I. Diamond Chains Ltd., now a public limited company, started production of bicycle chains at its temporary factory at Avadi. The permanent factory at Ambattur is under construction and it is expected that the Company will move into its new premises early next year when it should be possible to increase the production of bicycle chains and start that of industrial chains.

T.I. Miller Ltd., another public limited company, has already obtained the necessary import licences for plant and machinery for which orders have been placed. According to current expectations, production of lamps, for which the Company has been floated, will be started by the close of the current year.

As a step towards further diversification of its interests, the Company asked for and has now received a licence for manufacture of metal sections. Necessary factory space to house the plant has been found and building work has started. The unit is expected to go into production by late 1962.

The present market quotation of the Company's Rs. 100 fully paid ordinary share is Rs. 282.00 cum-div. On ex-div. basis, the net yield works out to about 2.6 per cent.

The Canara Industrial and Banking Syndicate Limited, Mysore, which has a paid-up capital of Rs. 47,21,419, has been granted consent to the issue of capital of Rs. 50 lakhs in 500,000 (B) class ordinary shares of Rs. 10 each for cash at a premium of Re. 1 per share to the existing shareholders on rights basis. The proceeds will be utilised for strengthening the Bank's capital structure.

BROOKE BOND EARNS LESS

DIVIDEND SLASHED

THE severe drought conditions that prevailed throughout North Assam during 1959-60, the effects of which were felt even in the succeeding year, have very adversely affected the working results of the Brooke Bond Estates India Ltd. (Chairman: J. P. Hannay, Calcutta) for the year ended 30th June 1961. There was a decline of as much as 13 per cent in the crop yield, the actual output receding from 1,407,000 kg. to 1,216,000 kg., and the quantity of tea sold during the year was lower at 1,167,000 kg., as against 1,445,000 kg. in the previous year. The higher sale price of Rs. 5.31 per kg. (after deducting all tea sales charges and cost of exports), as compared with Rs. 5.00 previously, which the Company could realise during the year has no doubt gone a long way towards remedying the situation, but, even then, the net effect is still on the adverse side. The sale proceeds of tea have declined by Rs. 9.84 lakhs to Rs. 68.13 lakhs and the gross profit, with no compensatory reduction in standing charges, by about Rs. 5.00 lakhs to Rs. 12.45 lakhs. The somewhat smaller decrease in gross profit as compared with that in sales is to be ascribed to a higher closing stock of tea which stands at Rs. 7.92 lakhs, as against Rs. 5.92 lakhs a year before.

Provision for depreciation is slightly higher at Rs. 2.62 lakhs, as compared with Rs. 2.42 lakhs, whereas the sum provided for taxation is reduced by Rs. 1.85 lakh to Rs. 3.35 lakhs, due no doubt to the smaller taxable profit. These provisions leave a net profit of Rs. 6.48 lakhs which is lower by Rs. 3.34 lakhs than the previous year's figure. The sharp decline in net profit has naturally meant a cut in the transfers to the various reserves which have been pruned to Rs. 1.64 lakh, as against Rs. 4.27 lakhs previously. As a consequence of the Preference Shares (Regulation of Dividends) Act 1960, the preference shareholders are to get a little less on their holding than what they had been getting hitherto. Accordingly, a sum of Rs. 2.00 lakhs (as against Rs. 2.10 lakhs) has been set aside to meet this liability. Since the balance now available is not found enough to declare ordinary dividends at previous levels, the rate of dividend (subject to deduction of tax) payable to ordinary shareholders has been cut from 15 per cent to 10 per cent. The dividend distribution absorbs Rs. 3.50 lakhs, leaving a carryforward of Rs. 1.63 lakh, which is lower by Rs. 91,000 as compared with the amount brought in.

The working results of the Company for the past four years are set forth in the following comparative table:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sales proceeds of tea	68.13	77.97	77.49	72.86
Other income	1.69	1.75	1.61	1.74
Closing stocks of tea	7.92	5.92	7.09	6.88
Estate expenditure	48.79	50.38	46.53	48.78
Other expenditure	10.58	10.73	13.06	13.89
Gross profit	12.45	17.44	18.22	11.13
Provision for—				
Depreciation	2.62	2.42	2.88	2.44
Taxation	3.35	5.20	7.02	3.50
Net profit	6.48	9.82	8.32	5.19
Transfer from reserve	1.85	3.15	0.08	3.23
Bonus in respect of previous years	2.10	3.21	0.08	2.76
Transfer to reserves	1.64	4.27	2.24	1.89
Dividends—				
Preference	2.00*	2.10*	2.10*	1.44
Ordinary	3.50 (10%)*	5.25 (15%)*	4.37 (12½%)*	3.50 (10%)
Carry forward	1.63	2.54	4.40	4.30
Tea output (kgs. in lakhs) ..	12.16	14.07	14.51	..
Average price per kg. realised ..	5.31	5.00	5.05	..

* Subject to deduction of tax.

The financial position of the Company is quite satisfactory. The share capital consists of Rs. 35 lakhs in preference shares of Rs. 100 each fully paid and another Rs. 35 lakhs in ordinary shares of Rs. 10 each fully paid. This is backed by reserves and surplus amounting to Rs. 17.02 lakhs. Unsecured loans and current liabilities and provisions together aggregate Rs. 29.26 lakhs. On the assets side, the gross block possesses a book value of Rs. 97.20 lakhs and, on adjusting for depreciation, yields a net block worth Rs. 61.57 lakhs. Capital expenditure, incomplete at cost, is valued at Rs. 1.46 lakh. Current assets, inclusive of investments, as well as loans and advances, are placed at Rs. 53.25 lakhs, nearly twice as much as all current liabilities and loans put together.

Although the Company's estates were subjected to severe climatic conditions in the course

(Continued in previous column)

(Concluded from next column)

of the year, the Directors confidently report that no lasting damage has been done. All areas are now growing well and those bearing immature tea have fully recovered from the effects of the drought. Replacement of uprooted areas continues and permission has been obtained to plant new extensions of approximately 34 hectares. A number of regrading experiments were successfully completed which led to the realisation of a higher than the average price for the Company's teas sold in the Calcutta auctions. Modernisation plans for equipment at various factories also continued during the year.

As for the prospects for the current year, the Directors state that, according to present indications, the 1961 world crop is expected to reach a record high level and that market prices have already started running well below those obtained last year.

The Rs. 10 fully paid ordinary share of the Company is currently being quoted on the Calcutta Stock Exchange at Rs. 15.56 cum-div. The net return on investment on ex-div. basis works out to 4.7 per cent per annum.

DECCAN SUGAR SUFFERS SETBACK

PROFIT DOWN BY A QUARTER

ANOTHER sugar company belonging to the Parry Group, the fortunes of which have been affected by adverse trading conditions, is the Deccan Sugar and Abkhari Company Ltd. (Chairman: Mr. C. R. Srinivasan, Madras). Although both the factories of the Company (one at Samalkot and the other at Pugalur) were able to step up their production during the year ended 31st May 1961, the profit has suffered a substantial fall. The Samalkot factory, for instance, produced 12,633 metric tons of sugar from 140,523 metric tons of sugarcane in 1960-61, as against 11,358 metric tons of sugar from 119,578 metric tons of sugarcane in the previous year. The Pugalur factory produced 24,795 metric tons of sugar from 252,410 metric tons of sugarcane in the year under review, as against 18,725 metric tons of sugar from 186,844 metric tons of sugarcane in the preceding year. But sale proceeds have declined sharply by more than 21 per cent from Rs. 361.23 lakhs in 1959-60 to Rs. 281.91 lakhs in 1960-61. This was clearly due to the policy of controlled releases of sugar followed by the Government of India which not only prevented sales keeping pace with the increase in production but actually accounted, according to the Directors' report, for a fall in sales. This state of affairs is reflected in a rise in closing stocks of finished goods and goods in process from Rs. 83.90 lakhs as at the end of May 1960 to Rs. 176.23 lakhs.

Lower sales realisation has been instrumental in bringing down the gross profit from Rs. 40.26 lakhs for 1959-60 to Rs. 30.03 lakhs, a fall of 25 per cent. The Managing Agents' remuneration takes up Rs. 2.20 lakhs, as against Rs. 3.46 lakhs in the preceding year. The provision for depreciation is slightly lower at Rs. 6.68 lakhs, as against Rs. 7.18 lakhs for 1959-60. Taxation absorbs Rs. 2.60 lakhs less at Rs. 10.50 lakhs, as compared with the previous year. Despite these lower provisions which have a prior charge on the gross profit, the net profit has suffered a recession of Rs. 5.82 lakhs or as much as 35 per cent to Rs. 10.65 lakhs. As a result, the cover for the dividend has narrowed down. The Directors have, therefore, found it necessary to cut the dividend to 21 per cent taxable from 25¾ per cent taxable paid for the previous years. They have also reduce the appropriation to reserves from Rs. 4.95 lakhs to a mere Rs. 1.45 lakh.

Results Compared

(In lakhs of rupees)

	For the year ended 31st May			
	1961	1960	1959	1958
Sale proceeds	2,81.91	3,61.23	3,03.64	3,28.19
Other income	1.79	2.94	3.96	3.04
Closing stocks of finished goods and work in progress	1,76.23	83.90	90.66	1,17.46
Excise duty and cess on cane	79.30	1,00.36	1,01.70	72.77
Other expenses	1,73.36	2,23.56	2,20.87	2,19.07
Gross profit	30.03	40.26	36.02	39.40
Managing Agents' commission	2.20	3.46	2.98	3.55
Provision for—				
Depreciation	6.68	7.18	6.43	5.45
Taxation	10.50	13.15	13.03	17.58
Net profit	10.65	16.47	13.58	12.82
To reserves	1.45	4.95	3.45	4.82
Dividends—				
7 per cent. preference	0.64	0.64	0.70	0.49
Ordinary	8.37 (21%)*	10.26 (25⅝%)*	10.26 (25⅝%)*	7.17 (18%)
Carry forward	1.48	1.29	0.67	1.50

* Subject to deduction of tax.

Financial Position

The balance-sheet as at 31st May 1961 discloses a strong financial position. The paid-up capital of Rs. 46·84 lakhs (Rs. 39.84 lakhs in equities of Rs. 5 each and Rs. 7 lakhs in 7 per cent cumulative preference shares of Rs. 5 each) is supported by reserves and surplus of Rs. 44.94 lakhs. In addition, there are Rs. 10.03 lakhs in taxation equalisation reserves. The reserves are thus actually in excess of the paid-up capital. It has no secured and unsecured loans. Current liabilities and provisions are of the order of Rs. 209.01 lakhs and are adequately covered by current assets amounting to Rs. 239.17 lakhs. Besides, there are investments of the value of Rs. 3.68 lakhs, the market value of which is shown at Rs. 4.61 lakhs. The gross block at Rs. 148.93 lakhs stands satisfactorily depreciated at Rs. 65.15 lakhs. In addition, there are building, machinery and plant, etc. under construction valued at Rs. 2.82 lakhs.

The Rs. 5 paid up ordinary shares of the Company are currently quoted at Rs. 12.35 *cum*-final dividend (13.5 per cent.) On an *ex*-dividend basis and at the proposed rate of dividend they approximately yield 6.1 per cent per annum, net of taxation. A year ago, these shares were standing at Rs. 13.70 *c-d*. There has thus been a capital depreciation of about 10 per cent over the year.

COMPANY AUDITORS

The Department of Company Law Administration, Union Ministry of Commerce and Industry, has clarified that the Institute of Chartered Accountants of India, constituted under the Chartered Accountants' Act, 1949 is the only statutory body, whose members, along with Restricted State Auditors: are entitled for appointment as auditors of companies under Section 226 of the Companies Act. The Department has issued this clarification, since it has been noticed that a society called the "All India Society of Corporate Accountants and Auditors" has been registered in Calcutta reportedly for training up students in accountancy. This society is not recognised either by the Union Government or by the Institute of Chartered Accountants and its members are not eligible for appointment as auditors of companies or to undertake any other audit work required by law to be done only by chartered accountants. The Department would advise that engaging any member of this Society for work, which is statutorily required to be performed by a chartered accountant, would not amount to compliance with the relevant provisions of the Company Law and invite the penal consequences flowing from non-compliance.

EXTRUDED ALUMINIUM CAPACITY

An additional aluminium extrusion press, with a licensed yearly capacity of 2,500 tons of extruded sections, has now gone into operation at Alupuram, near Alwaye (Kerala). India's first commercial extrusion press for aluminium had started working at the same works in March 1955 with an annual capacity of 1,200 tons of sections. Thus the country now has a total extruded aluminium capacity of 3,700 tons. The new press will meet the demand for a variety of aluminium shapes required by the building, transportation and agricultural industries. The new press will make larger and heavier sections than produced hitherto, which will vastly increase the range of application for extruded aluminium. Among the new types of extrusions will be irrigation tubing up to 6" diameter, sections for curtain walling and entrance doors, large sections for trucks and rail coaches, structural sections for bridges and airfield runway matting. On account of the overall shortage of aluminium metal which persists, this expansion however may not enable, the Company to run the presses to full capacity for a while.

The Glass Corporation Private Limited, Dholpur, Rajasthan, with a paid-up capital of Rs. 1.00 lakh, has been accorded consent to issue bonus shares of the total value of Rs. 35,000 in the ratio of seven bonus shares for 20 shares held on capitalisation of the Company's reserves to a like extent.

The Union Bank of India Limited.
(ESTD: 1919)
Head Office:
Union Bank Building
Apollo Street
BOMBAY-1
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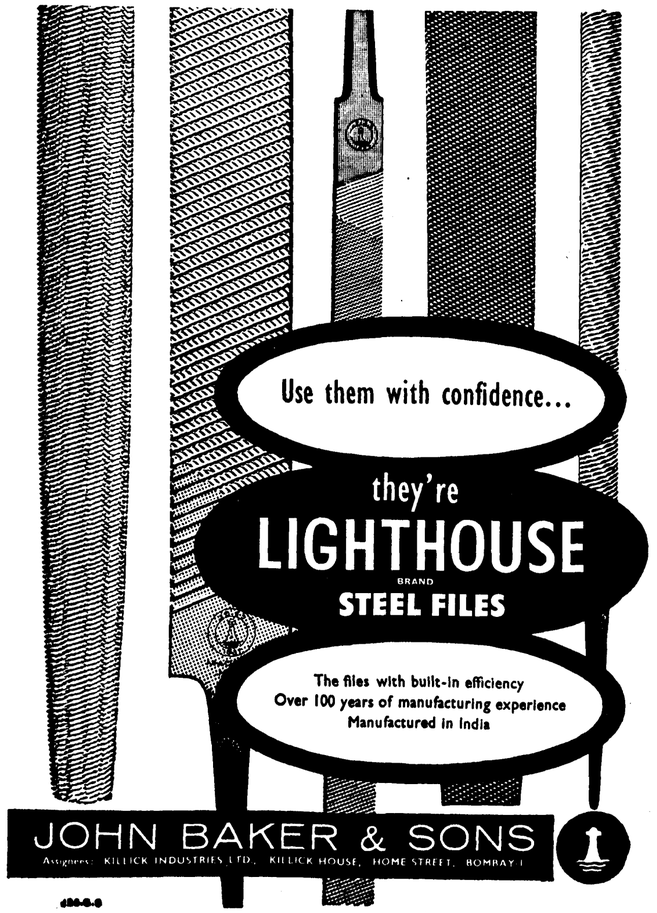
F. K. F. Nariman, *General Manager*



SYNOPSES OF COMPANY REPORTS

Bengal Rolling Mills Ltd.

[*Managing Agents*: Messrs. Tikmany Brothers (P) Ltd., Calcutta.]

Annual General Meeting—Held on 31st October.

Working Results:

	For the year ended 30th April (In thousand rupees)	
	1961	1960
Sales	1,01,75	40,85
Closing stock	20,94	8,51
Gross profit (+) or loss (—)	(+) 5,20	(—) 1,27*
Transfer to depreciation	1,40	1,31
,, ,, taxation	20	Nil
,, ,, Managing Agents' commission	23	Nil
Net profit (+) or loss (—)	3,37	(—) 1,27
Adjustments	37	21
Appropriations:		
Total available balance	3,74	(—) 1,06
Transfer to development rebate reserve	2,54	Nil
To adjustment of loss brought forward	(—) 1,06	Nil
Proposed dividends (taxable) Equity	13	Nil
	(2½%)	(Nil)
Carried forward	1	(—) 1,06

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.
* After providing for depreciation.

Extracts from the Directors' Report: The results for the year have not been much upto expectations as there was again a labour strike in March 1961 for a brief period of above one month, which hampered production. The other re-rolling plant which was also imported from Japan is still under construction at Sodepur and the directors hope to put the same into commission during the current accounting period.

The Company's indebtedness to the Bank of Tokyo Ltd. has been further reduced by Rs. 75,000 during the current year. As considered and desired by the board of directors the Company has been granted an industrial licence for the new undertaking of a wire-rod mill and application has been made for the import licence of requisite machinery, for the same. The directors regret to point out that the billets which constitute the raw materials of the company, have throughout the year remained in short supply, in spite of their repeated efforts. They also have to observe that the prospects of increased supplies of billets during the coming years are not very bright.

Accounts in brief as at 30th April 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	5,00,000	Gross block	18,40,771
Reserves and surplus	3,66,837	—Depreciation	3,04,098
Other liabilities	37,55,355		
		Net block	15,36,673
		Block-in-progress	5,20,622
		Current assets	25,39,909
		Cash	16,388
	Rs. 46,22,192		Rs. 46,22,192

* Paid-up capital consists of 5,000 equity shares of Rs. 10 each. Out of this 1,500 equity shares are issued to vendors as fully paid up for consideration other than cash.

Champaran Sugar Co., Ltd.

(*Secretaries & Treasurers*: The British India Corporation Ltd., Kanpur.)

Annual General Meeting—28th November.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales (sugar and molasses)	1,62,56	2,20,27
Closing stock	1,37,85	66,43
Gross profit	10,94	13,00
Transfer to Ex-Managing Agents' remuneration	11	1,08
,, ,, Secretaries' and Treasurers' remuneration	57	Nil
,, ,, depreciation	1,78	1,75
,, ,, taxation	3,75	4,00
Net profit	4,43	6,17
Adjustments	1,06	31
Appropriations:		
Total available balance	5,49	6,48
To expenses relating to previous years	15	50
Transfer to development rebate reserve	85	Nil
,, ,, rehabilitation reserve	1,54	3,00
,, ,, general reserve	60	Nil
Proposed dividend (taxable) ordinary	2,16	2,70
	(12%)	(15%)
Carried forward	19	28

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

Extracts from the Directors' report: It transpires that the depreciation provided by the Company on its fixed assets in the previous years, was in excess of the statutory scale by over Rs. 4,60,000. A sum of Rs. 4,60,000 has, accordingly, been written back and transferred to capital reserve.

Barrah factory commenced crushing on 7th November, 1960 and closed on 28th May, 1961 with a crush of 15,00,456 Quintals or 40,20,062 (26,49,700) mds. Chanpatia factory crushed 14,43,745 Quintals or 38,68,121 (32,30,980) mds. of cane, crushing having started on 7th November, 1960 and continued upto 29th May, 1961; the quantity of cane crushed at both the Company's factories, being the maximum available. The recovery obtained at Barrah factory was 9.12 per cent as against 9.49 per cent in the previous year; while at Chanpatia factory it was 9.40 per cent, as against 9.28 per cent last year. The lower recovery at Barrah is mainly attributable to the general deterioration in the quality of cane coupled with the longer duration of the crushing season.

The Company's Estates continued to produce cane both for crushing and seed purposes. Cane plantings for the current season in the areas serving the Company's factories, have been on an increased scale as compared to the last year.

Both the factories have been maintained in good condition. Rehabilitation reserve has been utilised to the extent of Rs. 4,80,000. As a result of the implementation of the Wage Board recommendations, a recurring expenditure of Rs. 2,46,000 has been incurred during the year under review.

The Central Government, with effect from 28th September, 1961, have lifted all the controls on movement, distribution and prices of sugar. Releases, however, will continue to remain under Government control to prevent any violent fluctuations in prices. By the promulgation of the Sugar (Regulation of Production) Ordinance 1961, sugar production in the ensuing crushing season is being restricted. It remains to be seen, how far these belated measures will be found adequate to tackle the problem created by surplus sugar stocks.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	18,00,000	Gross block	86,85,573
Reserves and surplus	54,74,064	—Depreciation	59,25,607
Other liabilities	1,34,54,970		
		Net block	27,59,966
		Block in progress	45,391
		Current assets	1,76,20,258
		Investments	36,600
		Cash	2,66,819
	Rs. 2,07,29,034		Rs. 2,07,29,034

* Paid-up capital consists of 1,80,000 ordinary shares of Rs. 10 each, fully paid up.

Zenith Steel Pipes Ltd.

(*Secretary*: Mr. R. H. Toprani, Bombay.)

First Annual General Meeting—27th November.

Extracts from the Directors' report: The accounts for the period from 5th August 1960 to 30th June 1961 show a surplus of Rs. 23,584 after transferring an amount of Rs. 1,13,915 to the "expenditure for construction account" and after providing Rs. 21,350 for taxation. The directors recommend that this surplus be carried forward to the next year's account.

The issue of 3,50,000 equity shares of Rs. 10 each offered to the public met with a very good response. A final call of Rs. 5 per share has since been made and the equity shares have now become fully paid up.

Khopoli, which is about 65 miles from Bombay, has been selected for the site of the factory at which ample supply of water is available. Besides, the site is easily accessible by road and rail. In selecting this site, the directors have also taken into account the needs of the future development.

The Company has entered into an agreement with the well-known West German firm of Messrs. Mannesmann-Export G.m.b.H., for the supply of plant and machinery the shipments of which are expected to be completed before the end of November 1961. The factory and other buildings are under construction. According to the present indication, it is hoped, that the factory would come into operation in the second quarter of 1962. A technical collaboration agreement has also been concluded with Messrs. Mannesmann Meer AG. of West Germany and the same has received the approval of the Government of India.

The Company has already concluded an agreement with the Industrial Credit and Investment Corporation of India Ltd., Bombay, for a foreign exchange loan of the equivalent to about Rs. 40 lakhs and also for a rupee loan of Rs. 15 lakhs to meet the cost of capital expenditure. An arrangement has also been made with them for borrowing additional foreign exchange equivalent to about Rs. 2.44 lakhs to meet enhanced requirements as a result of revaluation of Deutchemark.

The directors have also decided to make pipe sockets for which an industrial licence has been received and, it is hoped, that with an additional foreign exchange of the order of Rs. 3.50 lakhs agreed to be made available by the Industrial Credit and Investment Corporation of India Ltd., it will be possible for the Company to undertake this additional line of manufacture.

Further orders for machinery and equipment of the value of about Rs. 8 lakhs have been placed since the close of the year under report.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	34,21,562	Gross block	3,69,008
Reserves and surplus	23,584	—Depreciation	4,291
Other liabilities	2,51,993		
		Net block	3,64,717
		Building under construction	6,80,944
		Expenditure for construction a/c	1,13,915
		Loans and advances	4,09,329
		Investments	5,600
		Cash	20,07,218
		Miscellaneous expenditure	1,15,516
	Rs. 36,97,139		Rs. 36,97,139

* Paid-up capital consists of 7,00,000 equity shares of Rs. 10 each—Rs. 5 per share called up. Calls in arrears amount to Rs. 78,488. Since the period under report the final call of Rs. 5 has been made, making the equity shares fully paid up.

Steel Products Ltd.

(*Board of directors*: Mr. S. G. Khaitan; Mr. G. N. Khaitan; Mr. B. L. Rajgarhia and Mr. O. N. Jajodia) Regd. Office: Calcutta.

64th Annual General Meeting—Held on 31st October.

Working Results:

	For the year ended 30th April (In thousand rupees)	
	1961	1960
Sales	24,09	31,03
Closing stock	9,11	7,51
Gross profit	62	1,13
Transfer to depreciation	19	21
,, ,, development rebate	2	9
,, ,, taxation	20	36
Net profit	21	47
Adjustments	(—) 5,52	(—) 5,89
Appropriations:		
Total available balance	21	47
Proposed dividend (taxable) C. Preference	19	20
To adjustment of loss brought forward	2	27
Carried forward	(—) 5,50	(—) 5,52

N.B.—Adjustments represent the debit balance brought forward from the previous year.

Extracts from the Directors' report: The Board recommends payment of dividend on preference shares for the year ending 30th April 1961, in accordance with the Preference Shares (Regulations of Dividend) Act, 1960. This proposed dividend comes to Rs. 19,500 and has been calculated by increasing the 5 per cent tax-free preference shares by 30 per cent i.e. to 6½ per cent. Owing to smallness of profit it has not been possible to clear any arrears of dividend this year as settled at the Extra-Ordinary General Meeting held on 30th day of January 1961.

It will be observed that the sales of the company for the present year are Rs. 24,08,933 against Rs. 31,03,478 for that of the previous year. The drop in sale is due to the fact that the Company experienced considerable difficulty in obtaining iron and steel material required for normal production. Due to shortage of material the workers were laid off for about 5 months during the year under review. This factor has resulted in the drop of sales and the net profit of the year under review.

Accounts in brief as at 30th April 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	5,80,000	Gross block	6,35,655
Reserves	1,14,508	—Depreciation	4,21,003
Other liabilities	18,01,684		
		Net block	2,14,652
		Current assets	17,47,122
		Cash	4,083
		P. & L. a/c (Deficit)	5,60,315
	Rs. 25,26,172		Rs. 25,26,172

* Paid-up capital consists of 30,000 5 per cent. cumulative preference shares of Rs. 10 each fully paid up and 80,000 ordinary shares of Rs. 3.50 each.

Yercaud Coffee Curing Works Ltd.

(*Secretaries and Treasurers*: Messrs. A. V. Thomas and Co., Ltd., Madras.)

Annual General Meeting—22nd November.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales	20,00	17,70
Closing stock	2,20	2,05
Gross profit	2,69	2,22
Transfer to Secretaries' and Treasurers' remuneration	18	15
Transfer to depreciation	29	24
,, ,, taxation	1,00	86
,, ,, development rebate reserve	14	*
,, ,, wealth tax	Nil	†
Net profit	1,08	97
Adjustments	19	22
Appropriations:		
Total available balance	1,27	1,19
Transfer to general reserve	50	50
Proposed dividend (taxable), equity	50	50
	(20%)	(20%)
Carried forward	27	19

N.B.—Adjustments include only the balance brought forward from the previous year.
* Only a small amount of Rs. 270.

Extracts from the Directors' report:

	This Season Tonnes	Last Season Tonnes
Crop Handled:		
Total coffee crop tendered for curing including receipts from Yercaud Depot. (Cured & Uncured)	1,627	1,487
Cured to end June, 1961 and accounted:		
1959-60 Season's Crop	401	..
1960-61 Season's Crop	1,021	..
Total	1,422	..

Construction of the new machinery hall, and installation of mechanical graders and other equipments have all been completed, and the Company is now having mechanical grading of all Plantation Coffee. In view of this the Company is now in a position to complete the curing more expeditiously in future years.

Installation of 150 K.V.A. Transformer has also been completed and the Company is awaiting H.T. supply from the Electricity Company. The cost of transformer and equipments amounting to about Rs. 12,000 will come in only in 1961-62 accounts.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	2,50,000	Gross block	5,85,499
Reserves and surplus	4,33,595	—Depreciation	1,83,905
Other liabilities	8,30,509		
		Net block	4,01,594
		Current assets	11,00,078
		Cash	12,422
	Rs. 15,14,094		Rs. 15,14,094

* Paid-up capital consists of 25,000 equity shares of Rs. 10 each fully paid up. Of this 13,613 shares are held by the Sheveroy Estates Ltd., Salem, the holding company.

Macfarlane and Co., Ltd.

(*Secretaries and Treasurers*: The Cotton Agents Private Ltd., Bombay.)

Annual General Meeting—27th November.

Registered Office: Calcutta.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	18,25	22,16
Closing stock	6,06	5,90
Gross loss	(—) 4,96*	(—) 1,37*
Transfer to Managing Agents' remuneration	14	20
,, ,, Secretaries' and Treasurers' remuneration	4	Nil
,, ,, depreciation	39	8
,, ,, development rebate reserve	20	Nil
Adjustments	1,39	3
Total debit balance carried forward	6,35	1,39

N.B.—Adjustments include only the debit balance brought forward from the previous year.
* Gross loss after providing for sundry adjustments; Managing Agents' remuneration; Secretaries' and Treasurers' remuneration; depreciation and development rebate reserve.

Extracts from the Directors' report: The directors regret to report that during the year under review there was a fall in the production

and the turnover which affected the working results of the year adversely. The loss for the year has gone up considerably as compared to the earlier year in view of the adjustments made and bad and doubtful debts written off. Full depreciation at income-tax rates has been provided. Development rebate reserve as required under the Income-tax Act has also been provided.

The directors are glad to report that during the current year the production and sales are expected to go up and they hope that the working results will show improvement.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,08,500	Gross block	9,70,006
Reserves	29,700	—Depreciation	6,60,147
Other liabilities	17,81,994	Net block	3,09,859
		Current assets	17,60,402
		Investments	75,950
		Cash	39,027
		P. L. a/c (deficit)	6,35,456
	Rs. 28,20,194		Rs. 28,20,194

* Paid-up capital consists of 1,26,800 ordinary shares of Rs. 5 each fully paid up; 66,000 *deferred* shares of Re. 1 each *fully* paid up and 3,085 seven per cent. tax-free cumulative preference shares of Rs. 100 each. Of the above shares 27,908 ordinary shares were allotted as fully paid up pursuant to a contract for consideration other than cash. Of the above shares 38,700 ordinary shares, 13,000 deferred shares and 3,000 seven per cent. tax-free cumulative preference shares are held by the New Swadeshi Sugar Mills Ltd., the holding Company.

Waverley Jute Mills Co., Ltd.

(*Secretaries and Treasurers*: Messrs. McLeod and Co., Ltd., Calcutta.)

Annual General Meeting—30th November. Dividends payable on or after 15th December 1961.

Working Results:

	For the year ended 31st May (In thousand rupees)	
	1961	1960
Sales (jute)	4,61	Nil
Sales (loom hours)	3,55	10,07
Gross profit	5,38	7,13
Transfer to Managing Agents' remuneration	10	56
" " Secretaries' and Treasurers' remuneration	29	Nil
" " depreciation	45	1,05
" " taxation	1,90	2,50
" " provision for deteriorated stores	Nil	50
Net profit	2,84	2,52
Adjustments	1,94	1,08
Appropriations:		
Total available balance	4,58	3,55
Transfer to general reserve	2,00	Nil
Proposed dividends (taxable) C. Preference	86†	86†
" " " Ordinary	75	75
	(30%)	(30%)
Carried forward	97	1,94

N.B.—Adjustments include only the balance brought forward from the previous year.

† Calculated at 6.5 per cent. in accordance with the provisions of the Preference Shares (Regulations of Dividends) Act, 1960.

Extracts from the Directors' report: The Mills remained closed during the period covered by this report but the loom hours were again sold to other Mills within the McLeod Group. The godowns and part of the Main Mill Building have been leased to the Food Department, Government of India, for the storage of foodgrains. The revenue obtained from the sale of loom hours and rent of godowns has again enabled the Company to show a profit.

Accounts in brief as at 31st May 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,00,000	Gross block	82,35,736
Reserves and surplus	8,16,614	—Depreciation	45,97,547
Other liabilities	9,54,411		36,39,239
		Less written off under order of the Court	27,76,059
		Net block	8,63,180
		Block in progress	17,273
		Current assets	5,06,236
		Investments	1,19,515
		Cash	12,44,821
	Rs. 27,51,025		Rs. 27,51,025

* Paid-up capital consists of: (*a*) 15,000 5 per cent. cumulative preference shares of Rs. 50 each *fully* called up and (*b*) 2,50,000 ordinary shares of Re. 1 each fully called up.

Hindustan Wire Products Ltd.

(*Chairman*: Mr. Benu Gopal Bangur, Calcutta.)

Registered Office: Patiala.

Annual General Meeting—30th November.

Extracts from the Directors' report: The accounts of the Company for the year ended 31st March 1961 shows a loss of Rs. 3,87,108 which the directors propose to carry forward. Depreciation could not be provided for due to losses.

In the beginning of the year under report production was going on smoothly, but thereafter labour troubles started in the Factory and the labourers went on strike which resulted in a considerable loss of production. However, settlement was arrived at with the labourers and since then the production has improved.

Services of foreign technicians were availed of by this Company for improving the quality of its products and also for making necessary alterations in the machines to bring down the cost of production. This has resulted in considerable improvement. The Company's products are in good demand and it is expected that sales will go up.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,50,000	Gross block	15,14,922
Debentures	5,00,000	—Depreciation	47,538
Reserves	1,63,998		
Other liabilities	82,78,516	Net block	14,67,380
		Current assets	21,12,514
		Cash	13,986
		Miscellaneous expenditure	900
		P. L. a/c (deficit)	3,87,108
	Rs. 99,51,806		Rs. 99,51,806

* Paid-up capital consists of 1,25,000 equity shares of Rs. 10 each, fully paid up. Out of this 72,979 equity shares of Rs. 10 each are held by Belsund Sugar Co., Ltd., the holding company.

TEXTILES

(*Concluded from page 942*)

commended by the Working Group and considered by the Silk Board, envisages a target of as much as 5.25 million lbs. of raw silk, a rise of 1.95 million lbs. as compared with the output of 3.30 million lbs. in 1960. The State Governments put up proposals amounting to Rs. 965.44 lakhs for achieving the target. In view, however, of the ceiling of Rs. 550.00 lakhs fixed by Planning Commission, the State Governments were advised suitably to revise the proposals. The ceiling, together with the sum of Rs. 150 lakhs earmarked for central schemes and Board's administration, brings the total plan allocation to Rs. 70 crores as against Rs. 10 crores recommended by the Working Group. The sericulture industry provides employment to 2,799,164 persons (2,764.164 part-time and 35,000 wholetime). The average annual earning of a household is about Rs. 80 in univoltine mulberry area and Rs. 350 in multivoltine area. The earning in the case of non-mulberry *tassar* and *eri* is Rs. 120 and Rs. 110, respectively. The workers engaged in the filatures, as well as in charka and cottage basin reeling establishments, are paid daily wages; the average annual earning is placed at about Rs. 300. It is proposed to increase the earnings of sericulturists by introducing improved techniques in rearing and also by increasing the number of rearings in a year.

PROGRESS OF CO-OPERATIVE MOVEMENT

(*Concluded from page 958*)

co-operation, though it recognised this is an important sphere of activity requiring attention. There has been a setback to consumers' societies, which have declined from 9,757 to 7,168 in the last decade; only a third of these are running at a profit, though they cater to the more educated members, whose numbers have increased and who have every reason to take interest in maintaining them during a period of rising prices and adulteration of foodstuffs.

With such a wide non-controversial field available for strengthening co-operative institutions through practical measures, there was not much purpose in discussing the more complex problems of pooling land in co-operatives. Organisational ability must first grow sufficiently in expanding service co-operatives. It will be difficult to fix responsibility or apportion blame for shortcomings, so long as it is assumed that de-officialisation alone holds the key to success.

NEW DELHI, 6*th November*.

(*Delayed in transit*)

LABOUR

(*Concluded from page 961*)

As regards its recommendation for increasing the employment opportunities in the countryside, the Study Group reiterates the need for industrialisation which has been stressed time and again by various committees and commissions. The Study Group lays much store by the development of co-operative agricultural processing industry for providing employment to agricultural labour. In fact, it goes to the extent of saying that it provides the main scope for immediate industrial development in rural areas. It is difficult to share the Study Group's optimism regarding the efficacy of co-operativisation of agricultural processing industry to create employment opportunities and raise *per capita* income for the reason that successful running of co-operative agricultural processing industries requires a kind of leadership and initiative among the villagers which simply does not exist. The alternative is to attract private entrepreneurs by offering sufficient inducements to them to start agricultural processing or manufacturing industries which will provide employment and increase output. The Study Group has not only overlooked the practical difficulties in the way of establishing and running processing units on a co-operative basis but also leans heavily on the increase in agricultural production during the third Plan period, which itself is subject to so many uncertainties. A passing comment of the Study Group betrays its ideological, as against the pragmatic, approach to the entire question. It says that one of the important means available for betterment of the agricultural labour is the grant of land to them by means of ceilings on landholdings. Apart from the poor consolation of being an owner of a strip of land, which is insufficient to support a labourer and his family, redistribution of land by itself will do nothing either to increase productivity or to create more employment in the rural areas which should be the primary aim of any programme of rural reconstruction.

Notice

THE BRITISH BURMAH PETROLEUM COMPANY LIMITED

(*Registered under the English Companies Act*)

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fiftieth Annual General Meeting of the Company will be held at Noble Chambers, Parsi Bazar Street, Fort, Bombay, on Thursday, the 21st December, 1961, at 4.30 p.m. (S.T.), for the following purposes:—

(*a*) To receive the Balance Sheet and Statement of Accounts for the year ended 31st March 1961, together with the Reports of the Directors and Auditors thereon.

(*b*) To declare a Dividend.

(*c*) To elect a Director in place of Mr. Tricumdas Dwarkadas, who retires by rotation and being eligible offers himself for re-election, and for that purpose to consider, and if thought fit, to pass the following Resolution as an ordinary Resolution, of which Special Notice as required by Section 185 of the English Companies Act, 1948, has been received by the Company:—

"RESOLVED THAT Mr. Tricumdas Dwarkadas who has attained the age of 74 years and who retires by rotation, be and is hereby re-elected a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 185 of the English Companies Act, 1948, shall not apply to him."

(*d*) To elect a Director in place of Mr. P. S. Mistry, who retires by rotation and being eligible offers himself for re-election.

(*e*) To appoint Auditors and fix their remuneration.

A Member of the Company entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote, instead of himself and the Proxy need not be a Member of the Company.

By Order of the Board,

THE BRITISH BURMAH PETROLEUM CO. LTD.,

F. S. PANTHAKI,
Acting Secretary.

NOBLE CHAMBERS,
PARSI BAZAR STREET,
FORT, BOMBAY.
16*th November* 1961.

The Transfer Books of the Company will be closed from Tuesday the 5th December 1961 to Wednesday the 20th December 1961.

If the Dividend as recommended by the Directors will be passed at the Meeting, payment of the same will be made on and after 29th January 1962, to those Members whose names stand on the Company's Register on Tuesday the 5th December 1961.

Shareholders are requested to notify any change in their addresses without delay.

MONEY STRINGENT

(*From Our Own Correspondent*)

BOMBAY, 15*th November*

Conditions in the short-term money market continued to remain stringent for the major part of the week under review. The inter-bank call money rate, which had spurted by ½ per cent to 4½ per cent last week, ruled at that level throughout the week. Towards the close of today, the market turned slightly comfortable for the borrowers, but the call rate remained unchanged. Other rates were unchanged as under:

Notice money:	Per cent
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3½
(iii) 61 to 90 days	3¾
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

The results of the 91-days' Government of India Treasury Bills disclosed that, as against an invitation for Rs. 2 crores, the amount offered and accepted was the same. The average rate of accepted tenders remained unchanged at 2.52 per cent per annum. The 91-days' intermediate Treasury Bills sold from the 8th to 11th inst. aggregated Rs. 35 lakhs, as compared with Rs. 24 lakhs last week. Their sales are being continued from the 15th to the 18th inst., both days inclusive.

The statement of affairs of the Reserve Bank of India for the week ended 10th November 1961 discloses an expansion of Rs. 42.27 crores in notes in circulation, as compared with the previous week. This is on top of a rise of Rs. 22.01 crores witnessed last week. As the notes held in the Banking Department have also gone up by Rs. 4.98 crores, total notes issued have advanced by Rs. 47.25 crores. Foreign securities held in the Issue Department are unchanged at Rs. 116.86 crores, but the total foreign assets at Rs. 142.60 crores have improved by Rs. 5.20 crores, thanks to the addition to the balances held abroad by that amount. This is apparently due to the latest untied loan of £5 million (about Rs. 6.6 crores) granted by the U.K. Government to India. Deposits of the Central Government have risen by Rs. 2.54 crores, but those of the other Governments have shrunk by Rs. 7.44 crores. Deposits of Banks are higher by Rs. 3.49 crores. Reserve Bank's holdings of Government of India Treasury Bills have registered an increase of Rs. 21.63 crores. Investments, however, display a sharp decline of Rs. 49.85 crores following an increase of a like amount in the rupee securities held in the Issue Department. Other loans and advances; which include advances to scheduled banks against usance bills also have increased by Rs. 12.89 crores to Rs. 154.70 crores.

A contraction of Rs. 8.94 crores in demand deposits and an expansion of Rs. 1.24 crore in time deposits are disclosed by the statement of affairs of the scheduled banks for the week ended 3rd November 1961. The deposit liabilities of the State Bank of India have risen by Rs. 1.04 crore. The banks borrowed Rs. 10.04 crores more from the Reserve Bank, of which Rs. 5.28 crores were accounted for by those against usance bills. Their borrowings from the State Bank of India of demand and time nature also increased by Rs. 1.39 crore and Rs. 8.42 lakhs, respectively. On the assets side, the gilt-edged portfolio shows an expansion of Rs.. 5.79 crores, on top of a rise of Rs. 12.04 crores a week ago. Of the increase during the week under review, the State Bank of India accounted for as much as Rs. 5.14 crores. Bank credit (advances and bills discounted) too has been marked up by Rs. 2.85 crores. The advances of the State Bank alone have risen by Rs. 1.58 crore.

The Government securities market was dull and listless. The Conversion Loan eased by 40 nP to Rs. 71.65. 3 per cent 1970-75 First Development Loan shed 10 nP to Rs. 90.35. 3½ per cent 1964 National Plan Loan softened by 5 nP to Rs. 99.85. 3¾ per cent 1968 Fifth National Plan Bonds was quoted at Rs. 100 as against Rs. 100.10 last week. 3¾ per cent 1974 lost 5 nP to Rs. 99.50. The States loan section, too, displayed little activity. The prices of most of the State issues were unchanged.

In the foreign exchange section, the rupee improved slightly in relation to the U.S. dollar. The banks' selling and buying rates for ready T.T. on New York were Rs. 475.50 and Rs. 472.25 per 100 dollars, respectively, as compared with Rs 475.75 and Rs. 472.25 last week. In the New York Exchange, the pound sterling appreciated in value *vis-a-vis* the U.S. dollar. The latest available rates are 281.520-281.550 cents per £ for spot and 279.860-279.890 cents per £ for three months' forward. As compared with the last week's rate, the pound sterling gained 0.20 cent each in the spot and forward.

LINSEED FIRMER

(*Messrs. A. Bradley and Co.*)

CALCUTTA, 13*th November*

A generally firmer tone which featured last week's trading in the linseed market strengthened further this week due to firmness at centres. The anticipated improvement in arrivals of seeds did not materialise and, with sellers reserved and buyers generally keen, ready goods advanced further with buyers over for ready and forward deliveries. *Diwali* night business was rather disappointing.

The oil market was active, but sellers were reserved. Only small business was done, owing to limited stocks in the hands of millers.

The oilcake market was very firm, owing to improved local demand but stocks were low.

Ready November delivery was quoted at Rs. 31 per maund.

GOLD EASY, SILVER FIRM

(*From Our Own Correspondent*)

BOMBAY, 15*th November*

Gold ruled easy during the major part of the week under review, while silver was firm. The easiness of gold was due to the reported sizable inflow of contraband metal and selling by spot houses in view of poor demand. The downward trend persisted till the close of today when a recovery was in evidence, thanks to support at lower levels. Even so, the closing rates were lower than those prevailing a week before. The white metal, however, registered a rise in prices, following good buying induced by encouraging advices from up-country centres and reduced arrivals.

Adjustment rates fixed today were Rs. 123.90 per 10 grams of gold and Rs. 209.30 per kilogram of silver. The corresponding rates for Tuesday the 7th inst. (*Moorat* session) were Rs. 124.00 and Rs. 207.35, respectively.

Offtake and arrivals of gold during the week were both lower than those last week; the daily average rate was 3,000 tolas and 4,250 tolas, as against 5,000 tolas and 6,000 tolas, respectively. In the case of silver, the daily offtake was slightly higher at 6 bars, as against 4.5 bars, while arrivals were smaller at 12 bars, as against 22.5 bars. The floating stocks are reported to be around 30,000 tolas of gold and 1,600 bars of silver.

The *Margashir* (December) settlement in gold began at Rs. 124.70 on Friday the 10th inst., as against the closing of Rs. 124.80 during *Moorat* trading on the 7th inst., and, after rising to Rs. 124.95 on the following day, receded thereafter to touch Rs. 124.25 yesterday. The settlement recovered to Rs. 124.60 today.

Ready gold was quoted at a discount under the forward throughout the week. The actual discount which had gone up from 25 nP early in the week to 75 nP on Monday the 13th inst. declined to 45 nP yesterday and today. The closing rate for the metal today was Rs. 124.15, as against Rs. 124.25 in *Moorat* session, the highest and lowest levels touched being Rs. 124.70 (Saturday) and Rs. 123.70 (Monday), respectively.

In silver, the *Margashir* settlement evoked good buying enquiries and advanced from Rs. 208.40 (*Moorat* session closing) to Rs. 209.85 today. The settlement, however, finished a shade easy at Rs. 209.80.

Ready silver was well supported, the quotation moving up from Rs. 207.15 to Rs. 209.35 before closing at Rs. 209.30. The discount under the forward was lower at 50 nP today, as against Re. 1.25 in *Moorat* trading.

The world price of gold in the London bullion market was unchanged at $35.19¾ per fine ounce throughout the week under review. But the sterling price eased from 250*s*. 1¼*d*. to 250*s*. but recovered subsequently to 250*s*. 1¼*d*. Ready and forward silver continued unaltered at 80*d*. and 80⅛*d*., respectively, as also silver in New York at 91.375 cents.

The following table shows the trend of prices during the week under review:

	15-11-61 (closing)	High	Low	7-11-1961 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.995 fine)	124.35	124.70	123.70	124.25
Forward: Margashir*	124.60	124.95	124.25	124.80
Sovereign	98.00	98.50	97.75	98.75
SILVER				
Ready (.995 fine)	209.30	209.35	207.05	207.15
Forward: Margashir†	209.80	209.85	208.05	208.40
London—				
Silver Ready	80*d*.	—	—	80*d*.
Silver Forward	80⅛*d*.	—	—	80⅛*d*.
Gold	250*s*. 1¼*d*.	250*s*. 1¼*d*.	250*s*.	250*s*. 1¼*d*.
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th December settlement. † 26th December settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

COW HIDES ARRIVALS MODERATE

(*From Our Own Correspondent*)

MADRAS, 13*th November*

Arrivals of tanned cow hides were moderate and clearance was fair-sized at unchanged prices, though export trading was subdued. Demand for lower selections in cow hides for local trade was brisk and prices hardened by 6 nP to 10 nP per lb. Arrivals of buffalo hides met with ready clearance at firm levels. Cow calf and buff calf ruled weak, as overseas inquiries were dull.

In the tanned skins section, shipment business was negligible. Importers seemed to prefer to wait for prices to decline appreciably.

Shipments during October were 3,203 cow, 310 cow calf, 33 buffs, 223 buff calf, 410 goat and 270 sheep to the U.K.; 23 cow, 69 cow calf, 4 buffs, 7 buff calf, 934 goat and 374 sheep to the Continent; 78 buffs, 69 buff calf and 173 goat to the U.S.A.; 126 sheep to Japan.

Under an agreement signed last week, the U.K. will give a loan of £5 million (about Rs. 6.6 crores) to India. With this loan, the U.K. has authorised the release of half the £90 million aid to India's third Plan, offered through the Aid-India Club last year. The loan is not tied to any particular project and is to be repaid in 25 years, the first instalment falling due eight years hence. The rate of interest will be ½ per cent higher than the rate at which the U.K. Treasury can raise a similar loan in London.

SPECIAL MARGINS IN COTTON

(*From Our Own Correspondent*)

BOMBAY, 15*th November*

The worst fears of the cotton trade have come true. The Forward Markets Commission has stepped in to impose special margins on the hedge contract in cotton in a bid to check the rising trend of futures prices. The Commission, according to a Press note issued on Monday the 13th inst., has fixed Rs. 645.50 as the level at which margins will come into force. A rise in the price of the contract above this level would attract margin at the rate of Rs. 60 per bale of outstanding purchases. This will go up to Rs. 120 per bale should the price of the contract rise above Rs. 665.50. There will be no free limits. Similar margins have also been levied in respect of hedge contracts traded at Ahmedabad, Akola, and Ujjain.

Giving reasons for imposing the special margins, the Forward Markets Commission stated in the Press note:

"While agreeing to the request of the cotton trade to permit forward trading in cotton in the 1961-62 season without restrictions, the Forward Markets Commission, in its Press note issued on 6th July last, had, *inter alia*, stated that there would be no special margins on the hedge contracts in cotton. The Commission, had, however, made it quite clear, in the aforesaid Press note, that the above concession was agreed to on a purely experimental basis and that it would not hesitate to reimpose special margin should conditions necessitate the same. The forward prices of cotton have risen appreciably during the past few weeks, despite the note of caution issued by the President of the East India Cotton Association a month ago, emphasising the responsibility of the trade in ensuring that the prices did not rise too steeply in the face of cotton crop, which is estimated to be much lower than in 1960-61. The Commission now considers that a time has come when restrictive measures should be imposed on the freedom of operations in the futures market in cotton."

The intervention of the F.M.C. was not a surprise to anybody. The F.M.C. was watching with increasing concern the trend of futures prices for sometime now. The immediate provocation for the imposition of the margin seems to have been the flare up in the prices of futures on Monday, when the hedge contract touched the level of Rs. 647.75, the highest touched till that date and only Rs. 45.25 below the statutory ceiling of Rs. 693. Large-scale short covering and fresh support prompted by the strength of the spot market, where, following small arrivals of new crop and sustained mill demand, prices of most of the varieties had pierced the ceiling. However, the fear that the F.M.C. will impose margins brought forth profit-taking and the contract consequently declined to Rs. 645.50 at close on Monday. This is the rate that was fixed by the F.M.C. as the marginal level. The margin, however, had no lasting effect on the market. After an overnight decline to Rs. 642, the contract again firmed up to Rs. 646 yesterday. The bullish fervour was further fanned today and the contract was marked up to Rs. 652. The contract is fast heading to the next margin level and few doubt that it will advance past that level. Many operators were prepared to pay up margin at the rate of Rs. 60 per bale, in view of the fact that the spot prices are much higher than the futures prices. The financially weak operators, who could not bear the burden of the heavy margin, had to refrain from doing business above the marginal level.

The cotton trade is strongly critical of the F.M.C's action. Mr. Madanmohan Ruia, President of the East India Cotton Association, has himself termed the imposition of special margins as "unwarranted and harmful." Instead of halting the runaway prices, the F.M.C's action, according to Mr. Ruia, would only result in diminution of turnover and squeezing out the small traders from business. In a statement issued to the Press, Mr. Ruia said that the imposition, particularly at this stage, had come as a surprise to the trade inasmuch as it was generally understood that such measures were to be introduced to curb excessive speculative activity or runaway prices. There was, according to him, no speculative activity which could be held responsible for the rise in price. Present prices could not be said to be unwarranted by the statistical position of cotton. He pointed out that prices of most varieties of cotton presently coming into the market were ruling at the ceiling price and it was, therefore, only natural that the hedge contract too should move up. In his opinion, therefore, the F.M.C. had taken an alarmist view of the rise in futures prices.

Trading in the spot market was very active. Keen mill demand was reported for all popular varieties of cotton. Some varieties such as Khandesh, Berar, Kalyan and L.147 attracted buying in bulk. Prices hardened as a consequence. Most varieties are quoted at or near the ceiling prices while the same have even priced it.

There has been a revival of export interest in Bengal *Deshi*. Both Japan and Continental countries are reported as buyers. Sizable turnover has been recorded. Apart from this, this cotton is also in demand for mixing purposes.

Demand for foreign cotton centred mainly round East African and Egyptian cotton following reports of damage to the cotton crop in both East Africa and Egypt. Ready lots of East African and Egyptian cotton were much sought after. B.P. 52 new was done at Rs. 1,285-Rs. 1,290 per candy. B.P. UNUG changed hands at Rs. 1,305. Limited interest was also reported in American and Sudan cotton. American good middlings were booked at Rs. 1,290 per candy. Sudan 4338 and G.4L were quoted at Rs. 1,688 and Rs. 1,455 per candy, respectively.

Trading conditions in the Karachi cotton futures market remained more or less the same as last week. Prices tended to recede early in the week, thanks to the pressure of new crop arrival in the wake of lower mill demand and reduced export interest. Later, however, they firmed up. The N.T.R.G. January was done at Rs. 77.15. The March contract came in for selling and after declining from Rs. 75.65 to Rs. 75.55, finished higher at Rs. 75.85.

Cotton futures in Liverpool recorded small losses during the week. Lower New York advices and the general lack of local buying interest led to a decline in prices. Both the American and the American type contracts receded. The Sudan contracts were, however, quietly steady. The following are the latest available quotations—in pence per lb. from Liverpool:

American cotton one inch staple contract: December 23.85; March 24.60; May 25.15; July 25.30.

American cotton mixed growth contract: December 24.20; March 24.90; May 25.45; July 25.70.

Sudan: November, January, March 32.25.

In its November crop report, the U.S. Department estimated the current season's cotton crop in the U.S. at 14.58 million bales, as against 14.33 million bales forecast a month ago and last season's final crop of 14.27 million bales.

Reacting to the crop report, the New York cotton futures market staged a decline. The crop estimate was higher than the estimate of leading spot houses. Commission Houses liquidation and hedge selling resulted in a decline in prices. Cotton futures, however, recovered in subsequent sessions, thanks to support forthcoming at lower levels. This was inspired by the active conditions in the spot market.

Large business was reported in ready cotton in areas when harvesting was brisk. Demand for qualities below Middling was strong and they fetched prices much above the loan rate. Middling and higher grades were reported to be entering the loan programme in an increasing volume. Domestic and foreign demand for them was good.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	14-11-61	6-11-61	31-10-61
New York spot ...	35.65	35.65	35.65
December	34.41	34.50	34.63
March	35.13	35.25	35.40
May	35.54	35.70	35.81

BLACK PEPPER MOVES ERRATICALLY

(Messrs. Parekh and Co.)

BOMBAY, *15th November*

Malabar black pepper in the past fortnight moved erratically without any definite trend, the highest and lowest prices for garbled being Rs. 364 and Rs. 337, respectively. After touching the lowest at Rs. 328 for ungarbled, Cochin improved in sympathy with Singapore where prices for black, after dropping to $M117½, recovered to $M130, following rumours that Indonesia agency sold 3,000 tons of Lampong pepper to Russia. Recent rain in Malabar areas, which is considered beneficial to pepper crop, interrupted the flow of arrivals of new crop in the terminal market. This gave handle to the local bulls to push up the price for garbled to Rs. 364. But the improvement did not last long for want of following. Nobody came to make fresh purchases at an advanced price on New Year Day. Ungarbled moved between Rs. 328 and Rs. 344. December delivery moved both ways according to alternate bouts of selling and buying, the highest and lowest being Rs. 358 and Rs. 332, respectively. January delivery was sold at a premium of Rs. 2. Calicut moved between Rs. 325 and Rs. 340.

A cloud of depression seems to have decended on the pepper market in Singapore. Pepper dealers there are passing through an extremely nerve-racking period. Singapore price stands at $M125 for black and $M160 for white, as compared with $M160 and $M270, respectively, at this time last year. It is agreed by almost all traders that the present level is only a temporary one, but, when it comes to forecasting the immediate future, opinions differ. Some believe that, by the new year, the prices for nearby shipments may recover to the parity of $0.40 per lb. C. & F. New York, if New York continues to show interest, while others expect a decline to about $0.30 in the coming months, as a result of a possible keen competition in selling between India where Malabar crop is now estimated at 27,000 tons plus a carryover of 2,000 tons and Indonesia where Lampong new production of 10,000 tons and 4,000 tons carryover from the year 1960 are lying unsold, in addition to physical stock of Lampong black of about 8,000 tons plus 2,000 tons Sarawak black plus 2,000 tons white pepper are lying unmarketed at Singapore. Everything depends upon the Indonesian agency which is holding in Singapore as well as in Indonesian a big quantity which it is pressed upon to dispose of immediately by its Government. The Singapore agency was asked for an explanation why it withheld sales for such a long time. As a consequence, the agency is reported now running here and there for finding out buyers. It is trying to sell to the U.S.S.R., but the selling of pepper can never be done by request, with hat in hand. Reports that the sales of 4,000 tons of Lampong to merchants in Singapore and 3,000 tons to the U.S.S.R. are being circulated, but the knowledgeable source treats all these as mere propaganda to prop up the otherwise dropping market. Short covering having been finished, the market at Singapore turned quiet, as New York refused to follow the advance and local traders began to treat all rumours of big sales of Lampong with reserve.

New York spot rallied from $0.39½ to $0.41 to come down to $0.40. The U.S. dealers are reported to have bought almost all the afloat consignments of Malabar from $0.37 to $0.38. They showed interest in long forward. Some sales for Jan.-Feb.-March were reported done at $0.34. Though stock with grinders are limited, they are unwilling to buy at the higher price, as they think that there is no shortage of supply and the world's pepper production is more than its consumption.

Ready pepper in Bombay is quoted at Rs. 187 per 50 kilos.

YARNS FIRM

(From Our Own Correspondent)

BOMBAY, *15th November*

Barring certain deniers of indigenous art silk yarn which tended to look down, the yarn market presented a cheerful appearance during the year under review. Foreign art silk yarns met with good support which emerged from reports suggesting enlarged offtake in consuming centres. In sympathy, staple fibre yarn forward deliveries showed a tendency to rise. Cotton yarns were steady, quotations for the most of the counts remaining unchanged from the levels of last week. Indigenous yarns, however, encountered selling. The decision of the Indigenous Art Silk Yarn Distribution Committee (Bombay) to extend the last date for submitting applications for supply of yarn during the current quarter from 10th to 20th inst., announced this week, had no effect.

Amilon (20 x 1) December contract rallied from Rs. 3,380 last week-end to Rs. 3,445 yesterday. At this level, there was bull liquidation and the contract declined to Rs. 3,418. It, however, recovered to Rs. 3,437 today. There were no transactions in JP Bemberg yarn (40 x 1) December delivery, in view of paucity of stocks. The nominal rate was Rs. 3,660. Spot 120 Japan spurted by Rs. 27 to Rs. 1,901. 120 Italy hardened by Rs. 25 to Rs. 1,901. 150 Japan was fully maintainer at Rs. 2,094. Among indigenous yarns, National Rayons 150 Bt. cones 1st grade receded from Rs. 14.01 to Rs. 13.64 and 120 Bt. cones 1st grade from Rs. 18.18 to Rs. 17.73.

Staple fibre yarn (40 x 2) December delivery picked up Rs. 5 to Rs. 870. February 1962 position gathered a like amount to Rs. 880. Spot Citys were firm at Rs. 9.97, as also Hinds at Rs. 9.83.

In the cotton yarn section, prices, as already stated, were generally unchanged from the previous week's levels.

The following table gives the prices of rayon staple fibre and cotton yarns today, as compared with those prevailing a week ago:

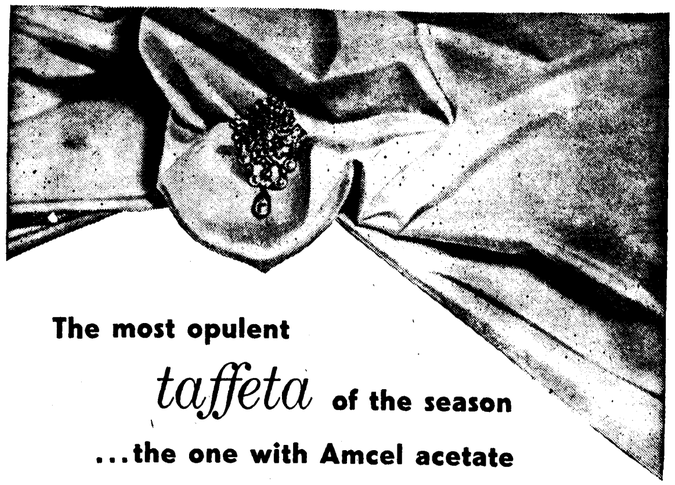
	15-11-1961	7-10-1961
	Rs.	Rs.
Art silk yarn—		
20/1 Amilan (100 kg.)—		
December	3,437.00	3,380.00
February	3,507.00	—
120 Japan (per 100 kg.)	1,901.00	1,874.00
150 Japan (per 100 kg.)	2,094.00	2,094.00
120 Italy (per 100 kg.)	1,901.00	1,876.00
Nat. Ray. 150 Bt. I	13.64	14.01
Staple fibre yarn (40 x 2)—		
December	870.00	865.00
February	880.00	875.00
Hind (per kg.)	9.83	9.83
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.37	17.37
20s Gokak	22.62	22.69
30s New Great	26.50	26.50
40s Madura	32.50	32.00
50s Finlay	61.61	61.61
80s Modern	66.50	66.50

SEEDS RECOVER AFTER INITIAL FALL

(From Our Own Correspondent)

BOMBAY, *15th November*

Oilseeds and oils staged a rally towards the close on heavy speculation, after remaining subdued during the major part of the week. The earlier easiness was the result of selling induced by the official controls introduced last week. But subsequently the spot prices tended to move up, owing to the delay in arrivals of new crops from upcountry centres. Ready groundnut and groundnut oil ruled distinctly bullish, thanks to tight statistical position, though a section of speculative interests turned their attention to other seeds, following fixation of ceilings in groundnuts and special margins in mustardseed as well as raw cotton. Despite any visible improvement in outlook for castor oil exports, the castorseeds and oils were buoyant. The upward trend in linseed was aided by the absence of any large local stocks, sustained demand for linseed oil (both for consumption and for mixing it with groundnut oil) and firmness of mustardseed in North Indian Markets. Cottonseed spurted to touch a new high of the season in sympathy with the bullish fervour in the raw cotton market.



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The advantages of Amcel's Acetate for dress fabrics such as satins and brocades are already well-known. Amcel's Acetate also makes the finest taffeta. It can be finished in many luxurious ways and takes glowing colours.

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DUNCAN BROTHERS & CO., LTD. are pleased to announce their appointment by AMCEL CO., INC. as the exclusive sales agents in India for all Amcel products. Messrs. Mittersain Rupchand, 336 Kalbadevi Road, Bombay are sub-agents in the states of Maharashtra and Gujerat and Messrs. Sardesai Brothers Ltd., M-106 Radial Road, Connaught Place, New Delhi-1, sub-agents elsewhere in India.

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Amcel* **Acetate... a contemporary fibre**

DUNCAN BROTHERS & CO., LTD., 31, Netaji Subhas Road, CALCUTTA-1

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Groundnut January 1962 contract slumped from Rs. 209.25 to Rs. 206.12 before touching Rs. 210.12 yesterday. It, however, eased to Rs. 209.25 today. Nizam hold hardened by 25 nP to Rs. 44.25. Khandesh quality fell from Rs. 45 to Rs. 43.25, but recovered later to finish at the previous week's closing of Rs. 45. Oil ex-mill were done at Rs 19.10, as against Rs. 18.90. Oil January 1962 contract declined initially from Rs. 17.20 to Rs. 16.85 before improving to Rs. 17.25.

Castorseed March 1962 contract, after declining initially from Rs 161.12 to Rs. 157, forged ahead to Rs. 163.13 today. Ready Kanpurs improved by 25 nP to Rs. 31.75; it had fallen to Rs. 30.50 earlier. Oil commercial put on 10 nP to Rs. 13.60.

Linseed March 1962 contract advanced by Re. 1.50 to Rs. 38.37. Bold ready spurted by Rs. 2 to Rs. 41.25. Linseed oil hardened by 50 nP to Rs. 17.60.

Cottonseed January 1962 contract was marked up by Rs. 4.25 to Rs. 103.50. Both Berars and non-whites strengthened by 90 nP to Rs. 19.90.

The following table shows the closing prices of oilseeds and oils on Wednesday, 15th November, as compared with those of the two previous weeks:

	15-11-1961	7-11-1961	27-10-1961
	Rs.	Rs.	Rs.
Groundnut			
January 1962	209.25	209.25	210.12
Khandesh	45.00	45.00	44.75
Khandesh quality	44.75	45.50	45.50
Oil ex-mill ready*	19.10	18.90	18.75
Railway receipts*	18.90	18.80	18.40
Oil January 1962	17.25	17.20	17.25
Castorseed			
March 1962	163.12	161.12	163.25
Ready Madras	33.00	33.00	33.00
Ready Kanpur	31.75	31.50	31.50
Oil commercial†	14.75	14.20	14.05
	13.60	13.50	13.20
Linseed			
March 1962	38.37	36.87	36.87
Bold ready	41.25	39.25	38.75
Oil ready†	17.60	17.10	16.75
Cottonseed			
January 1962	103.50	99.25	97.00
B'ger seed	38.50	37.50	36.10
Kandi seed	23.00	23.00	22.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

TEA FIRM

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *6th November*

At sale No. 45 held on the 6th inst., a total of 571,800 kilograms was on offer. Quality of Nilgiri teas was irregular but generally about maintained. A few useful invoices were on offer. Other districts maintained quality and often showed improvement. There was useful general demand. Highgrown brokens were generally firm to dearer following quality, but with similar fannings again better, weaker than brokens. Good mediums were well supported and were about firm to dearer with quality. Brokens were better supported than similar fannings. Low medium and medium brokens met with fair demand and were steady but similar fannings were often easier. Plain and stalky descriptions were weaker and sold at lower rates. The better whole leaf grades were fully firm but some of the poorer descriptions were only barely steady. Black leaf teas received good support at fully firm rates. Unorthodox teas were the weakest feature and much easier.

The quotations (per kg.) were:

	1961 Rs	1960 Rs.
Low mediums	3.80/4.15	4.45/4.85
Mediums	4.15/4.40	4.85/5.15
Good mediums	4.50/5.35	5.20/5.60
Nilgiri B.O.P.	5.20	8.00

The average price realised in sale No. 45 was Rs. 4.69 per kilo, as compared with Rs. 4.73 a week ago and Rs. 5.29 in the corresponding sale last year.

Dust Sale: At dust sale No. 45 held on Thursday the 9th inst., a total of 300,000 kilograms was on offer. There was good demand but with prices generally showing a decline. Highgrowns were well supported at around last rates. Low mediums and mediums sold well at prices up to 20 nP below last. Plainer sorts also eased by 20 nP per kilo. C.T.C.'s and legg-cuts met with good demand but were a little easier. C.T.C. types, however, were irregular and sometimes easier.

The average price realised in dust sale No. 45 was Rs. 4.26 per kilo as compared with Rs. 4.40 a week ago and Rs. 4.67 in the corresponding sale last year.

Export Quota: Some business has been reported at ½ nP per kilo at which price there are sellers with no buyers.

Colombo: The market met strong demand. Western types advanced by 5 to 15 cents and mediums were dearer by 5 to 10 cents. Uvas was irregular and lowgrowns slightly easier. Offgrades and dusts came to a dearer market except for the stalkiest off-grades.

London: North Indian and other growths: On Monday there was a strong demand with prices often dearer except in the case of some thin liquoring types. On Wednesday the market was about steady with buyers closely following quality.

Ceylons and South Indians: In Tuesday's sale there was good demand with Ceylons coming to a firm to dearer market for all types. South Indians also met with good demand and were generally dearer except for the plainer fibrous fannings which were sometimes easier.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"*Sale No.* 46: 518,000 kilograms. Fair demand. Prices 20 nP to 30 nP lower for everything except best liquoring Nilgiris which are irregularly dear."

DEVELOPING FOREIGN TRADE

(Concluded from page 941)

essential goods. A committee, including businessmen and economists, may be appointed to scrutinise whether the price to be paid is fair and reasonable. Only after the committee approves of the price and quality must the goods be permitted into the country.

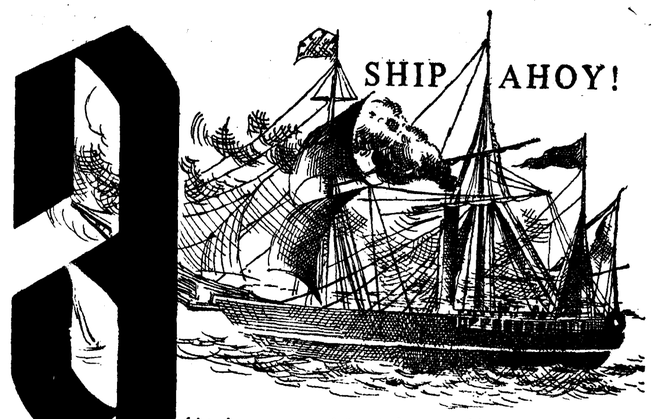
However, the policy pursued at present in regard to our imports in rupee does not benefit the country as envisaged. It is, therefore, imperative to review and revise the entire rupee payment arrangements in the light of the above facts.

The other disadvantage that India suffers in its dealings under the present rupee payment agreements is that it is compelled to pay high prices for its imports while its exports fetch the competitive, world-market prices: It might be further pointed out that there is no real export promotion under the existing rupee payment agreements since there are considerations other than the price factor which sometimes actuate these countries to buy goods. Hence there is no certainty that the same product will be bought in the future.

The policy of allowing exports to a third country through the medium of the country 'B', if pursued blindly and continuously, would be detrimental to the country and result ultimately in the loss of the regular direct trade with the third country. The experience of Egypt is a case in point. In 1956, the Soviet Union bought Egyptian cotton at attractive price and dumped it on Egypt's traditional markets. Since then, it has been difficult for Egypt to regain its old customers.

These facts emphasise the need for promoting our export trade with these countries by conducting it systematically and in an organised manner, an object which could be achieved by canalising it through those who have the knowledge and experience of export trade and are well conversant with its intricacies.

Looking objectively, it will be observed that these diverse methods of trading for boosting foreign trade require wide experience of commerce and trade, intimate and expert knowledge of different markets and sound judgment of price adjustments. In using other than normal methods of trading in negotiating deals, considerable circumspection and foresight have to be exercised; otherwise, they might do more harm and damage the country's regular foreign trade. The views expressed here are neither exhaustive nor conclusive. These methods of trading, therefore, need further critical observation and study.



SHIP AHOY!

historic voyage ended as the steamship "Enterprise" reached Calcutta on 9th December, 1825. The first steam-powered vessel to make the England-India run, the 500-ton "Enterprise" won a cash prize of Rs. 100,000 offered by Calcutta's trading community for this truly pioneering achievement. Her captain on the hazardous voyage round 'the Cape' was James Henry Johnson, Commander, Royal Navy, and a hero of Trafalgar.

Though the "Enterprise" was the first ocean-going, partly steam-propelled ship to arrive at any Indian port, small steam-powered craft were being built in Calcutta as early as 1823.

Among the oldest and best known marine and general engineering firms in the country, a privately-owned concern known as Reid & Company's Hooghly Dock (founded 1819), the forerunner of The Hooghly Docking & Engineering Company Limited, was already flourishing before the introduction of steam to India.

The 'Hooghly Docks' are a part of the vast industrial and engineering organisation of Martin Burn Ltd., an organisation which is playing an important role in India's industrial progress.

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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 10th Nov., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		5,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		65,40,35,000
(2) Other Governments		10,21,77,000
(b) Banks		77,65,46,000
(c) Others		146,90,37,000
Bills Payable		19,19,67,000
Other Liabilities		21,38,74,000
Rupees		481,76,36,000

ASSETS	Rs.	Rs.
Notes		18,84,63,000
Rupee Coin		2,32,000
Subsidiary Coin		3,53,000
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		46,85,23,000
Balances held abroad*		25,73,59,000
Loans and Advances to Governments†		65,84,50,000
Other Loans and Advances		154,70,43,000
Investments		150,99,15,000
Other Assets		18,72,98,000
Rupees		481,76,36,000

*Includes Cash and Short-term Securities.
**Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 12,68,50,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	18,84,63,000	
Notes in circulation	1946,52,97,000	
Total Notes issued	....	1965,37,60,000
Total Liabilities	....	1965,37,60,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	....	
Foreign Securities	116,86,07,000	
Total of A	....	234,62,10,000
B. Rupee Coin	....	121,91,75,000
Government of India Rupee Securities	....	1608,83,75,000
Internal Bills of Exchange and other commercial paper	....	....
Total Assets	....	1965,37,60,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept. 1939 (pre-war)	3rd Nov., 1961	27th Oct., 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	178.37	1904.26	1882.25	1891.49	1808.30
Notes held in Banking Department	35.05	13.86	38.48	18.09	13.78
Foreign Securities	89.50	1134.68	1116.86	1116.86	1123.01
Rupee Securities	37.39	1558.85	1558.86	1548.80	1452.03
Banking Department					
Deposits of:					
Government of India	14.39	62.86	64.78	65.15	74.52
Other Governments	....	17.66	20.33	4.68	10.20
Balances held abroad	10.06	20.53	28.33	13.60	18.27
SCHEDULED BANKS					
Demand Liabilities	134.36	842.09 (18.95)†	852.67 (20.59)†	838.16 (20.95)†	790.06 (19.40)†
Time Liabilities	102.24	1441.68 (19.73)†	1141.24 (20.53)†	1138.73 (18.81)†	1144.24 (16.44)†
Borrowings from Reserve Bank	..	16.52 (7.77)‡	6.49 (2.51)‡	16.40 (7.83)‡	22.63 (5.82)‡
Borrowings from State Bank	..	20.14	18.67	18.28	10.35
Cash in India	6.70	50.83	50.53	45.62	47.00
Balance with Reserve Bank	25.17	73.37	81.41	74.92	104.60
Balances with other banks in current account in India	..	15.56	15.58	15.55	15.14
Money at call and short notice in India	..	44.03	46.43	45.91	30.86
Investments (at book value)	630.73	1239.32	1235.14	1245.46	1108.05
Advances and bills	103.9	1239.32	1235.14	1245.46	1108.05
STATE BANK					
Deposits	37.76	532.13	531.09	530.31	579.22
Investments	51.99	280.73	275.59	265.52	353.63
Advances	30.35	240.42	238.84	244.56	214.12
Cash	14.69	23.23	30.67	20.57	25.41

*Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
†Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	24th Aug., 1961	5	4½
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	....	2
Canada †	....	2.85	2.82
Ceylon	18th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1961	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	Jan., 1960	4	5.50
Finland	Mar., 1959	6.50	6
France	6th Oct., 1960	4	5.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5.31
Italy	7th June, 1958	4	3.50
Japan	20th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Malta	4th June, 1942	4	3.50
Netherlands	14th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	24th Jan., 1958	2.50	3.50
Pakistan	14th Jan., 1959	5	4
Peru	Nov., 1959	6.00	9.50
Philippines	Nov., 1960	5.75	5.00
Portugal	12th Jan., 1944	....	3
South Africa	4th May, 1961	4.50	5
Spain	11th April, 1960	6.25	5.75
Sweden	18th Jan., 1960	4.50	5
Switzerland	28th Feb., 1959	2.50	2
Thailand	Feb., 1948	....	7
Turkey	6th June, 1960	5.50	6
United Kingdom	2nd Nov., 1961	6.50	6
U.S.S.R.	1st July, 1936	2	4
U.S.A.	11th Aug., 1960	3.50	3
West Germany	4th May, 1961	2.50	3

†Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 10th Nov., 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital—		
20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up:		
5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		7,45,00,000
Borrowings from Other Banking Companies, Agents, etc.		526,45,18,000
Bills Payable		32,00,000
Bills for Collection being Bills receivable as per contra		9,61,84,000
Acceptances, Endorsements and Other Obligations per contra		2,74,01,000
Other Liabilities (including Inter-Office Adjustments)		74,69,000
Total	Rs.	18,20,93,000
		571,16,15,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		22,14,15,000
Balances with other Banks		4,00,08,000
Money at Call and Short Notice		1,78,33,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	251,67,59,000	
Other Authorised Investments	9,24,19,000	
		260,91,78,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	231,53,67,000	
Bills Discounted and Purchased	14,33,76,000	
		245,87,43,000
Bills Receivable being Bills for Collection as per contra		2,74,01,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		74,69,000
Premises less Depreciation		1,87,74,000
Furniture and Fixtures less Depreciation		1,48,03,000
Other Assets (including Inter-Office Adjustments)		29,64,01,000
Total	Rs.	571,16,15,000

Scheduled Banks*

Statement of Affairs for the week ended 3rd November, 1961

		Rs.
(i)	Demand Liabilities in India	(Thousands)
	(a) Demand Deposits—	
	(1) From banks	44,52,30
	(2) From others	725,02,00
	(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	18,95,09
	(c) Other demand liabilities	53,59,36
(ii)	Time Liabilities in India	
	(a) Time Deposits—	
	(1) From banks	17,77,13
	(2) From others	1079,85,07
	(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	19,72,71
	(c) Other time liabilities	24,32,68
¶(iii)	Borrowings in India from the State Bank of India and/or notified banks:	
	(a) Demand liabilities	9,54,93
	(b) Time liabilities	10,59,42
¶(iv)	Borrowings in India from the Reserve Bank of India (A)	16,52,20 (7,76,50)
(v)	Cash in India	50,82,83
(vi)	Balances with the Reserve Bank in India	73,36,86
(vii)	Balances with Other Banks in Current Account in India	15,56,11
(viii)	Money at call and short notice in India	44,03,15
(ix)	Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations	680,72,76
¶(x)	(a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)	1043,13,29
	(b) Due from Banks in India	10,34,82
(xi)	Inland Bills purchased and discounted in India	138,20,62
(xii)	Foreign Bills purchased and discounted in India	47,63,41
(xiii)	Total of items (x), (xi) and (xii)	1239,32,14

Notes :—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

Scheduled Banks*

Statement of Affairs for the week ended 3rd November, 1961

		Rs.	Rs.
(i)	Demand Liabilities in India		(Thousands)
	(a) Demand Deposits—		
	(1) From banks		44,52,30
	(2) From others		725,02,00
	(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		18,95,09
	(c) Other demand liabilities		53,59,36
(ii)	Time Liabilities in India		
	(a) Time Deposits—		
	(1) From banks		17,77,13
	(2) From others		1079,85,07
	(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		19,72,71
	(c) Other time liabilities		24,32,68
¶(iii)	Borrowings in India from the State Bank of India and/or notified banks:		
	(a) Demand liabilities		9,54,93
	(b) Time liabilities		10,59,42
¶(iv)	Borrowings in India from the Reserve Bank of India (A)		16,52,20 (7,76,50)
(v)	Cash in India		50,82,83
(vi)	Balances with the Reserve Bank in India		73,36,86
(vii)	Balances with Other Banks in Current Account in India		15,56,11
(viii)	Money at call and short notice in India		44,03,15
(ix)	Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations		680,72,76
¶(x)	(a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)		1043,13,29
	(b) Due from Banks in India		10,34,82
(xi)	Inland Bills purchased and discounted in India		138,20,62
(xii)	Foreign Bills purchased and discounted in India		47,63,41
(xiii)	Total of items (x), (xi) and (xii)		1239,32,14

Notes :—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 27th Oct., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		4,65,00,000
Rural Credit Fund		2,00,00,000
Deposits :—		
(a) Central Government		25,76,46,000
(b) Provincial Governments		1,02,43,000
(c) Banks		17,28,92,000
(d) Others		109,17,98,000
Bills Payable		11,55,000
Other Liabilities		10,25,14,000
Rupees		173,27,48,000

ASSETS	Rs.	Rs.
Notes		13,98,07,000
Rupee Coin		73,000
Subsidiary Coin		66,000
Bills Purchased and Discounted :—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		16,17,20,000
Balances held outside Pakistan*		4,87,00,000
Loans and Advances to Governments		82,94,43,000
Provincial Governments' Debtor Balances		....
Other Loans and Advances		45,50,76,000
Investments		82,94,43,000
Other Assets		9,88,63,000
Rupees		173,27,48,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	13,98,07,000	
Notes in circulation	350,88,15,000	
Total Notes issued	....	364,81,22,000
Total Liabilities	....	364,81,22,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	....	
Foreign Securities	67,31,72,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	3,60,88,000	135,27,26,000
Government of Pakistan Securities	220,03,02,000	
Internal bills of exchange and other commercial paper	....	223,63,90,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	364,81,22,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 38.62 per cent.

EXCHANGE RATES

		7th November 1961	Previous week
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5⅜	1-5⅜
Sellers T. T. D.D. upto six months	s.	1-5⅜	1-5⅜
Buyers T.T. spot to nine months	s.	1-6⅛	1-6⅛
Buyers T.T. 10 to 12 months	s.	1-6⅛	1-6⅛
Bombay on New York—			
Sellers T.T. D.D.	Rs.	475.75	475.50
Buyers T.T.	Rs.	472.25	472.25
London on New York	s.	2.8130-2.8141	2.8140-2.8149
London on Paris	Frs.	13.8280-13.8300	13.8465
London on Berne	Sw. Frs.	12.1640-12.1660	12.1630-12.1650
New York on London	s.	281.420-281.420	281.480-281.510

CLEARING HOUSE RETURNS

Centre	Week ended 3rd Nov., 1961 Number of Cheques	Amount Rs.	Week ended 27th Oct., 1961 Number of Cheques	Amount Rs.
Bombay	4,32,852	1,04,52,99,000	4,02,075	91,85,96,000
Calcutta	2,10,000	99,77,00,000	1,57,000	69,85,00,000
Madras	1,05,773	15,13,82,995	1,13,513	15,28,82,023
All Centres—				
1958-59	45,172,000	97,67,12,00,000	..	..
1959-60	50,064,000	109,58,55,00,000	..	..
1960-61	54,472,000	125,13,18,00,000	..	..
Aug., 1960	4,377,000	996,31,00,000	..	..
May 1961	4,808,000	1,054,15,00,000	..	..
June ,,	4,899,000	1,054,15,00,000	..	..
July ,,	5,098,000	1,112,89,00,000	..	..
Aug., ,,	4,683,000	1,058,01,00,000	..	..

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	21st Oct., 1961	14th Oct. 1961	22nd Oct., 1960	August 1961	August 1960	Percentage of Increase (+) or Decrease(—) in August 1961 as compared with August 1960	Financial Year Average 1960-61	1959-60
Food Articles	684	121.3	121.1 R	121 4	124.3	123.9	+ 0.4	129.0	116.0
Cereals	192	103 4	103 0	105.7	105.0	109.4	— 3.8	104.4	104.1
Pulses	48	91 2	90.6	94.7	90.6	93.7	— 3.3	92.9	95.5
Fruits and Vegetables	28	148.3	143.1 R	116.1	164 6	134.7	+22.2	118.5	127.8
Milk and Ghee	44	117 4	121.2	114.3	116.4	118 7	— 1.9	116.0	113.9
Edible Oils	47	140 8	146.0 R	162 9	159.0	148.0	+ 7.4	129.5	130.4
Fish, Eggs and Meat	17	133 3	135.3 R	127.8	141.6	127.0	+11.5	123.5	112.0
Sugar and *Gur*	48	121.3*	116.9*	135.7	124.6	140 0	—11.0	132.8	147.0
Others	50	182 2*	182.9	173.3	188.1	170 0	+ 7 9	147.8	147.9
Liquor and Tobacco	21	95.5	89.5	119 0	99.0	100 7	— 1.7	109.9	98.5
Tobacco	—	121.6	121.7	118.1	96.4	105 0	— 8.2	106.8	97.9
Fuel, Power, Light and Lubricants	36	138.2	138.2	118 9	121 6	119 7	+ 1.6	125.6	118.5
Industrial Raw Materials	155	123.9	123.7	144.7	143 7	144.6	— 0.6	148.4	123.7
Fibres	61	145.7	150 9	162.9	137.7	134 1	+ 2.7	151.6	114.6
Oilseeds	60	94.8	94 8*	147.9	162.7	147.0	+10.7	149.9	134.5
Minerals	3	127.7*	127.7*	97 8*	94 9	98.2	— 3.4	97.4	96.4
Others	32	129.2	128.2	126 5*	126.9	125.0	+ 0.9	123.0	122.7
Manufactures	296	140.8	140.5	128 6	128.1	128.6	+ 0 9	132.0	127.7
Intermediate Products	41	123.8	123 9 R	120 8	140 9	131 0	+ 7.6	119.8	113.8
Finished Products	255	125.2*	125.0*	124 1	123 7	121 0	+ 2.1	122 8	111.3
Textiles	147	128.2*	128.2*	128 0	124 8	123.5	+ 1.1	125.8	107.8
Cotton	—	119 1	120.1	129.0*	127.5	131.1	— 2.7	125.1	116.8
Jute	—	123.1*	123 1*	138.7	121.1	115.1	+ 5.2	131.4	90.6
Woollen	—	118 6*	118.6*	110.1*	123.1	110 1	+11 8	109.1	104.8
Silk and Rayon	—	147.1	147.1	161.7*	118.0	102.0	+15.7	104.4	96.4
Metal Products	12	111 9	111 9	146.8	147 1	145.8	+ 0.9	147.2	144.4
Chemicals	20	144.0	144 0	104 1	112.0	104 0	+ 7 7	104.4	106.9
Oil Cakes	10	113.8	113 7 R	142 2*	146.0	137.5	+ 6.2	141.2	148.8
Machinery and Transport Equipment	81	121.6	121.3 R	112 1	112 6	111 5	+ 1.0	111.9	106.5
Others	80	121.1	121.3	116.0	120.9	115.9	+ 4.3	116.1	113.4
All Commodities	1.000	124 0	124.5	122.6	127 4	123.0	+ 1.9	124.8	117.1

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.
R—Revised. *Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Contd.*

CROP FORECASTS

Crop	Forecast	(In thousand acres) 1960-61	1959-60	(In thousand tons) 1960-61	1959-60
Cereals—					
Rice	final	88,335	82,829R	33,700	30,963R
Wheat	final	31,751	32,542R	10,648	10,089R
Jowar	final	40,662‡	41,602	8,966	7,886
Bajra	final	25,339‡	26 699	3,044	3,484
Barley	final	8,087‡	8,220	—	2,805
Maize	final	9,803‡	10,487	—	3,815
Ragi	final	5,760	5,964R	1,640	1,904R
Small millets	final	10,666‡	12,340	—	2,012
Total cereals	final	....	220,653	....	62,539
Pulses—					
Gram	final	23 483	25,372R	6 207	5,502R
Tur	final	8,721‡	8,843	1,989	1,589
Other Kharif pulses‡	final	14,952	15,791R	1,455	1,532R
Rabi pulses‡	final	11,284‡	12,788	—	2,690
Total pulses	final	....	59,794	....	11,313
Total foodgrains		....	280,447	79,300†	74,700R
Oilseeds—					
Groundnut	final	15 455	14,864 R	4,354	3,942R
Cottonseed	final	1,135	1,168 R	98	106R
Sesamum	final	4,904†	5,510	....	992
Rape and Mustard	final	7,265	7,151R	1,380	1,047R
Linseed	final	3,165†	3,021	—	425
Total oilseeds	final	....	32,614	65,300	5,912R
Fibres—					
Cotton*	final	18,971	18,804R	5,394	3,678R
Jute A.	final	1,529	1,585R	4,030	4,505R
Mesta A.	final	694	704R	1,147	1,118R
Sannhemp	final	688	813	—	80
Other crops—					
Potato	final	—	885	—	2,719
Sugarcane	final	5,702	5,178	—	75,038
Ginger (Dry)	final	44	41R	16	15R
Pepper (Black)	final	235	234R	26	28R
Chillies (Dry)	final	1,492	1,472R	363	337R
Tobacco	final	881	934	—	291

Source : Ministry of Food and Agriculture.
* In thousand bales of 392 lbs. each.
A.—In thousand bales of 400 lbs. each.
† As per latest estimates available.
‡ Excluding Gram and Tur
R.—Revised

INDIAN JUTE STATISTICS

Particulars	Period	Quantity
	JUTE MANUFACTURES	(In 000 tons)
Production	During September 1961	74.9
	Corresponding month, 1960	80.4
	Twelve months ended June 1961	1,006 3
	Corresponding period 1960	1,074.2
Stocks	At the end of Sept., 1961	51.5†
	Corresponding month, 1960	77.8
	DESPATCHES OF GUNNIES	(In 000 tons)
For Export Purpose	July-June, 1958-1959	854.9
	July-June, 1959-1960	833.5
	July-June 1960-1961	730.6
	Sept., 1960	74 4
	Sept., 1961	66 8
For Internal Consumption	July-June, 1958-1959	220 0
	July-June, 1959-1960	214.3
	July-June 1960-1961	274.1
	Sept., 1960	19 3
	Sept., 1961	19.7
	RAW JUTE	(In 000 bales)
Consumption by Mills	Sept., 1961	432
	Corresponding month, 1960	511
	1957-58	6,134
	1958-59	6,014
	1959-60	6,291
	1960-61	5,782R

† *Provisional.* R—Revised.

IRON AND STEEL PRODUCTION (In Metric Tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1958	1,098,300T	1,106,800T	786,000T
Do. 31st March, 1959	1,137,500T	1,149,900T	884,700T
Do. 31st March, 1960	1,594,000T	1,555,900T	1,237,000T
Do. 31st March, 1961	1,588,000T	1,623,000T	1,203,000T
Oct., 1960	145,900T	150,000T	114,230T
Nov., 1961 ,,	135,700T	136,000T	106,000T
May ,,	142,000T	136,800T	105,800T
June ,,	131,500T	134,700T	101,700T
July ,,	133,900T	137,200T	107,900T
Aug. ,,	131,500T	131,700T	102,700T
Sept. ,,	125,900T	128,300T	107,000T
Oct., ,,	130,100T	137,600T	112,700T
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1957	695,156T	532,315T	441,483T
Do. 31st March, 1958	733,945T	507,580T	410,558T
Do. 31st March, 1959	959,933T	696,395T	466,217T
Do. 31st March, 1960	1,053,612T	827,072T	662,113T
Do. 31st March, 1961	1,100,576T	914,159T	718,684T
Oct., 1960	99,004T	74,390T	58,894T
June 1961 ,,	96,921T	74,223T	50,089T
July ,,	100,407T	77,595T	55,727T
Aug., ,,	101,000T	76,053T	62,600T
Sept. ,,	97,760T	76,888T	60,138T
Oct., ,,	105,822T	81,969T	61,921T

T—Figures in Tons.

ELECTRIC ENERGY GENERATED AND SOLD*

(In millions of kilo-watt-hours)

	No. of Concerns§	Units Generated†	Total Sold
1956-57	769	9,877.8	8,108.1
1957-58	824	11,176.9	9,011.1
1958-59	813	12,837.0	10,260.7
1959-60	850	15,029.2	12,130.8
1960-61	1,013	17,087.5	13,831 8
July 1960	850	1,360.5	1,103 8
August ,,	1,012	1,404.2	1,140 9
December ,,	1,013	1,503.0	1,214.5
January 1961	1,013	1,482.3	1,216.1
February ,,	1,013	1,400.0	1,151.9
March ,,	1,013	1,506 1	1,232.7
April ,,	1,013	1,536 2	1,253.9
May ,,	1,013	1,612 8	1,320 1
June ,,	1,013	1,509 8	1,236 3
July ,,	1,013	1,616.9	1,342.2

* Enclosing railway, military and factory power stations. Chola Power Station being interconnected with the Tata Power System, has been included. † Including purchase from non-electric utilities.
§ At the end of period. *Source :*—Central Water and Power Commission.

RAILWAY TRAFFIC— WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1957-58	8,856	1,319	811	148	67	31	145	17	138	315	25	259	35	105
1958-59	8,885	1,468	850	143	58	21	146	16	129	206	21	279	33	66
1959-60	9,388	1,433	874	136	53	19	149	16	129	369	44	284	38	77
1960-61	9,757	1,592	837	122	51	16	118	15	128	401	58	357	32	79
Aug. 1960 ,,	3,832	600	394	54	20	7	27	4	55	160	22	118	12	35
May 1961 ,,	1,701	280	139	24	9	3	12	2	20	68	10	58	—	15
June ,,	2,475	413	212	34	12	4	16	3	29	98	15	86	3	23
July ,,	3,251	554	285	41	16	5	21	4	40	129	19	116	8	30
Aug. ,,	4,054	706	352	48	18	6	30	4	53	161	24	146	12	38

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source :*—Ministry of Railways.

INDUSTRIAL PRODUCTION *

Industries.		1959	1960	December 1960	January 1961	February 1961	March 1961	March 1960
Major Industries—								
Coal	million metric tons	47.73	52.61	5.09	5.14	5.22	5.52	4 36
Steel (Ingots and Metal for castings)	thousand metric tons	2,483	3,287	332	341	305	—	272
Yarn	million lbs.	1,723	1,737	160	155	146	151	140
Cloth	million yds.	4,925	5 048	451	437	408	422	410
Cement	thousand metric tons	6,936	7,835	733K	701	663	709	706
Jute	thousand metric tons	1,066	1,065	92	88	79	89	99
Paper and paper boards	thousand tons	294	344K	30K	31 K	30 K	—	30K
Matches§	thousand cases	649	663	62	57	52	56	56
Sugar	thousand metric tons	2,117	2,325	487	541K	505K	506 K	444
Engineering and Electrical Industries—*								
Machine tools	Value in lakhs of Rs.	439	600	64	65	62	—	67
Electric lamps	millions	34.84	41 39	4 02	3 73	3 70	4 04	3 43
Dry cells	millions	187 3	207 4	26.2	19.7	18 9	16.3	15 6
Power transformers	k.v.a.	1,016,400	1,248,000	137,600	126,000	116,800	—	92,300
Electric Motors	thousand H.P.	76	680	67	61	61	—	51
Electric fans	Nos.	726,000	991,200	100,800	87,300	98,400	93,900	91,900
Radio receivers	Nos.	213,864	206,700	27,056	21,002	25,853	25,185	18,010
Storage batteries	Nos.	442,800	510,000	44,800	45,000	47,500	45,000	43,400
Copper conductors	tons	6,624	10,068K	988K	917 K	698 K	—	842K
Winding wires	tons	2,832	4,200K	370	404 K	388 K	—	391K
Rubber and plastic Ins. cables and flexibles	million yds.	166.08	208 32†	19.4J	17 88J	18

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

[1952-53 = 100]

Group and Sub-Group	Week ended 4th Nov., 1961	28th Oct., 1961	7th Oct., 1961	5th Nov., 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.1	101.1	101.1	100.8
2. Government of India	100.9	101.0	101.0	100.5
3. State Government	102.0	102.0	102.1	102.0
4. Municipal, Port Trust, etc.	99.3	99.3	99.5	100.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.2	101.3	101.3	100.7
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.5	82.4	82.3	86.2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	183.9	182.0	179.7	169.3
8. *Agriculture and Allied Activities : Total**	163.0	162.0	161.9	163.6
9. Tea Plantations	155.4	154.5	154.7	155.8
10. Coffee Plantations	167.8	166.7	168.3	203.3
11. Rubber Plantations	171.7	170.4	173.3	167.5
12. *Mining and Quarrying : Total*	160.4	161.3	159.2	151.4
13. Coal	118.3	118.4	119.4	114.5
14. Other Mining	189.3	189.3	186.4	176.7
15. *Processing and Manufacturing : Total*	199.4	196.9	194.2	182.4
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	210.7	207.9	203.4	183.6
17. Sugar	157.0	157.8	157.8	191.4
18. Cotton Textiles	185.5	183.8	179.5	148.2
19. Jute Textiles	92.3	87.7	82.8	87.1
20. Silk and Woollen	1194.1	1172.4	1144.5	1053.7
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total**	199.8	197.7	196.8	191.4
22. Iron and Steel	158.9	157.1	157.5	152.5
23. Transport Equipment	295.5	292.9	288.5	296.1
24. Electrical Machinery	164.7	162.2	161.4	146.0
25. Machinery other than Transport and Electrical	214.0	214.0	211.0	206.3
26. Basic Industrial Chemicals	205.8	203.4	202.9	208.1
27. *Processing and Mfg. (Others): Total**	164.4	161.8	160.9	162.0
28. Cement	152.6	148.7	147.3	144.1
29. Paper	206.8	205.4	205.5	216.0
30. *Other Industries : Total**	112.9	111.4	111.0	106.2
31. Electricity Generation and Supply	85.4	85.6	86.8	82.3
32. Trading	121.7	120.4	117.7	114.8
33. Shipping and Other Transport	93.8	92.8	93.6	104.9
34. Construction	297.6	295.8	290.8	292.5
35. *Financial : Total*	277.0	266.8	261.4	176.1
36. Banks	234.5	232.8	227.4	196.5
37. Insurance	153.5	154.1	152.0	131.8
38. Investment Trusts	89.5	89.1	89.6	80.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	191.3	189.7	187.3	174.9
40. Calcutta	168.4	166.7	164.9	155.4
41. Madras	202.6	199.8	197.1	186.6
42. Delhi	245.0	240.9	234.0	223.2

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	April 1961	June 1960	Twelve months ended March 1961	1960
Exports	157,28	140,65	682,89	620,90
Re-exports	1,30	2,58	9,90	9,76
Total Exports	158,66	143,58	642,79	639,66
Imports	259,17	300,33	1070,16	960,77
Overall Balance of Trade	−100,61	−156,80	−427,37	−321,11
Exports—				
Tea	13,66	12,27	123,59	129,09
Jute yarns and manufactures	39,68	11,75	135,02	119,76
Cotton yarns and manufactures	16,14	16,01	62,04	69,02
Metallic ores and metal scrap	9,27	11,41	39,00	35,35
Cotton, raw and waste	7,78	2,73	11,57	14,49
Oils—vegetable, mineral and animal	3,90	4,31	18,85	19,17
Fruits and vegetables	0,71	0,47	25,08	21,67
Tobacco	6,64	6,78	15,74	14,54
Hides	3,41	2,46	10,15	9,89
Wool and other animal hair	2,57	2,77	7,74	12,31
Gums, resins and lac	1,42	87	5,61	3,74
Spices	3,70	3,73	16,64	14,46
Hides and skins, raw	1,85	3,10	10,02	11,58
Imports—				
Machinery of all kinds	65,67	48,49	257,46	207,96
Iron and Steel	26,38	30,98	120,80	84,29
Oils—vegetable, mineral and animal	20,72	18,31	74,02	91,87
Chemicals, drugs and medicines	12,94	15,01	55,86	92,48
Electrical goods and apparatus	19,51	15,94	56,15	53,15
Vehicles (excluding aircraft, ships and boats)	26,19	31,98	59,49	55,50
Cotton, raw and waste	15,94	25,97	91,77	15,54
Fruits and vegetables	2,97	3,41	20,39	17,68
Paper, pasteboard, etc.	2,94	3,32	11,74	11,28
Dyes and colours	2,95	3,07	12,95	10,01
Spices	38	42	1,58	2,36
Woollen and worsted fabrics	6	8	21	26
Cotton fabrics	19	19	70	118
Rice	2,16	12,47	18,88	16,34
Wheat and spelt	5,49	43,58	121,17	129,78

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
12th to 19th Aug.*	2,55	—	2,55	—	99.416
22nd August	2,00	2,00	2,00	2,400	99.400
23rd to 26th Aug.*	1,29	—	1,29	—	99.400
30th August	2,00	2,00	2,00	2,400	99.400
30th August to 2nd September	0,71	—	0,71	—	99.416
6th to 9th Sept*	1,28	—	1,28	—	99.416
13th Sept	2,00	2,10	2,00	2,400	99.400
13th to 16th Sept*	0,05	—	0,05	—	99.416
20th Sept	2,00	2,00	2,00	2,500	99.375
20th to 23rd Sept.*	0,55	—	0,55	—	99.391
27th Sept.	2,00	2,00	2,00	2,500	99.375
27th to 30th Sept.*	0,70	—	0,70	—	99.391
3rd October	2,00	2,00	2,00	2,500	99.375
10th October	2,00	2,00	2,00	2,500	99.375
11th to 14th Oct.*	0,10	—	0,10	—	99.391
16th to 21st Oct.*	1,85	—	1,85	—	99.391
24th October	2,00	2,00	2,00	2,500	99.375
25th to 28th Oct.*	0,55	—	0,55	—	99.391
31st October	3,00	2,00	2,00	3,500	99.375
1st to 4th Nov.*	0,24	—	0,24	—	99.391
7th November	2,00	2,00	2,00	2,500	99.375
8th to 11th Nov.*	0,35	—	0,35	—	99.384
14th November	2,00	2,00	2,00	2 cent	99.350
Total amount outstanding	23,62	..	22,03	..	..

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949=100]

	All-India	Bombay*	Ahmedabad	Sholapur†	Kanpur	Nagpur	Calcutta§	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur
1958 Average	116	395	110	313	98	120	384	124	113	105	103	123	109
1959 "	120	412	125	340	98	132	384	133	120	106	98	125	108
1960 "	124	420	120	357	98	136	397	143	120	107	103	120	109
Sept. "	125	418	122	364	101	138	403	146	122	108	102	122	108
Oct. "	125	421	123	365	102	137	396	148	122	108	105	119	108
Nov. "	124	423	121	367	102	135	392	150	121	110	102	122	108
Dec. "	124	419	126	362	100	134	385	151	121	110	102	121	108
January 1961	123	419	119	358	100	131	385	146	122	111	103	120	109
February "	123	420	119	356	102	130	389	147	123	111	103	119	109
March "	124	423	119	349	101	129	392	148	124	111	104	120	109
April "	123	428	119	348	99	130	389	149	125	111	104	120	109
May "	124	431	119	345	97	132	389	148	126	112	106	120	110
June "	125	433	122	349	99	132	389	148	127	112	104	121	110
July "	126	437	122	357	101	132	407P	148	130	113	106	122	110
August "	128P	438	122	359	103	133	..	149	130	115	107	124	..
Sept. "	436	..	..	..	..	..	..	..	..	..	..	..	..

*June 1934=100. †Jan., 1928=100. §1939=100. P=Provisional

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates C		Post Office Savings Bank Deposits		10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% C	15-Year Annuity Certificates G		Total Receipts	Outstandings
	Outstandings			Receipts	Outstandings	Receipts	Outstandings	Outstandings		Outstandings	Outstandings			Receipts	Outstandings		
1958-59	1,76	3,80	119,10	87,46	152,78	191,75	234,91	21,02	−40,67	8	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	98,99	83,24	221,68	210,40	266,68	19,79	−41,85	50	31	41,98	10,74	21,76	66	2,90	305,70	770,80
1960-61	1,24	2,46	81,50	82,53	287,30	228,77	297,77	18,36	−42,00	1,70	95	38,80	16,14	37,34	69	3,88	329,98	770,80
Sept. 1960	1,42	2,81	89,29	7,16	251,84	18,76	271,10	19,26	−41,66	98	57	41,14	1,52	28,71	6	3,18	27,64	710,80
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,08	285,18	18,87	−41,86	1,40	80	40,90	1,04	34,15	6	3,32	25,88	740,80
Feb. "	1,28	2,52	82,71	5,48	278,70	16,08	282,82	18,44	−41,91	1,53	87	39,88	1,80	35,75	5	3,35	20,53	747,80
Mar. "	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	−42,00	1,70	95	38,80	1,77	37,34	4	3,88	46,05	770,80
Apr. "	1,20	2,40	80,18	5,59	290,58	20,37	295,84	18,17	−42,05	1,88	1,01	37,46	2,28	39,42	4	3,40	28,47	771,45
May "	1,16	2,34	76,90	5,48	294,45	19,28	294,84	18,09	−42,08	1,99	1,08	36,49	1,32	40,92	3	3,42	26,19	772,45
June "	1,13	2,29	77,64	6,57	299,52	19,27	294,43	18,01	−42,13	2,18	−1,15	35,45	1,89	42,43	3	3,43	28,02	777,80
July "	1,10	2,24	76,31	6,66	304,96	20,79	298,79	17,91	−42,18	2,34	1,23	34,15	1,59	44,33	5	3,46	29,34	780,31
Aug. "	1,08	2,20	74,81	6,73	310,89	19,28	302,35	17,85	−42,20	2,60	1,31	33,19	1,25	45,66	4	3,48	27,55	794,53
Sept. "	..	..	..	..	..	..	..	..	..	..	..	32,12	1,62	47,04	5	3,51	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—Issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of July 1961 amount to 16.78 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
2½ % Loan	1938-39	116,17,46,000	1963-65	98.75
3 % Loan	1950	30,33,10,000	1964	96.75
3 % Fg. Loan	1943	1,10,11,75,000	1966-68	96.20
3 % Dev. Loan	1945	1,15,05,88,000	1970-75	90.35
2½ % Loan	1946	14,77,48,000	1976	83.50
2½ % Loan	1947	75,86,72,000	1962	99.15
2½ % N. P. Loan	1954	1,58,17,94,000	1964	99.85
2½ % N. P. Bonds (2nd Series)	1955	1,53,67,92,000	1965	99.80
2½ % Loan	1956	1,07,27,30,000	1962	99.90
2½ % N. P. Bonds	1956	1,03,81,83,000	1967	98.95
2½ % Loan	1956	86,63,53,000	1974	99.50
2½ % N. P. Bonds (4th Series)	1957	66,99,80,000	1967	100.10
4 % Loan	1957	99,17,27,000	1972	100.35
2½ % Loan	1958	58,05,92,000	1963	99.05
2½ % Loan	1958	70,00,00,000	1968	98.70
2½ % Loan	1958	64,38,80,000	1968	98.80
2½ % Loan	1958	49,51,44,000	1973	100.30
2½ % Loan	1959	1,47,90,93,000	1969	98.35
4 % Loan	1959	81,06,89,000	1979	99.80
2½ % Loan	1960	98,08,48,000	1980	99.35
2½ % Bonds	1960	82,05,41,000	1966	99.70
4 % Loan	1961	66,63,00,000	1981	98.50
NON-TERMINABLE LOANS				
3 % Loan	1896-97 to 1946	8,93,23,000 2,48,91,33,000	M. K.	72.00 71.65
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.25
4 % Andhra	1956	6,56,15,000	3rd Sept. 1968	98.00
4 % Andhra	1958	5,48,92,000	15th July 1970	100.00
4 % Andhra	1959	6,57,75,000	19th Aug. 1971	97.75
4 % Andhra	1960	9,85,35,000	29th Aug. 1969	97.80
4½ % Andhra	1961	11,00,00,000	Sept. 1972	98.00
3 % Maharastra	1949	5,20,97,000	1st Aug. 1962	99.50
3½ % Maharastra	1951	2,78,41,000	17th Sept. 1963	100.00
4 % Maharastra	1952	5,05,55,000	15th July 1963	100.00
4 % Maharastra	1952	3,84,83,000	1st Aug. 1964	100.00
4 % Maharastra	1955	9,41,35,000	1st Sept. 1967	99.85
4 % Maharastra	1956	7,70,11,000	3rd Sept. 1968	99.75
4 % Maharastra	1957	6,47,87,000	16th July 1970	101.00
4 % Maharastra	1958	6,48,82,000	15th July 1970	100.50
4 % Maharastra	1958	4,31,45,000	15th July 1971	100.50
4 % Maharastra	1959	6,51,11,000	19th Aug. 1971	99.25
4 % Maharastra	1960	10,98,86,000	29th Aug. 1969	99.30
4½ % Maharastra	1961	10,77,00,000	Sept. 1972	100.00
4 % Bihar	1955	1,45,00,000	1st Sept. 1967	98.00
4 % Bihar	1956	2,13,41,000	3rd Sept. 1968	98.00
4 % Bihar	1958	2,76,71,000	15th Oct. 1970	100.00
4 % Bihar	1959	2,82,20,000	19th Aug. 1971	97.75
4 % Bihar	1960	3,35,32,000	29th Aug. 1969	97.80
4½ % Bihar	1961	3,90,00,000	Sept. 1972	98.00
4 % Gujarat	1956	5,49,28,000	3rd Sept. 1968	99.00
4½ % Gujarat	1961	9,07,00,000	Sept. 1972	100.00
3½ % Howrah Bridge (New)	1936-37	1,95,98,700	1966-68	94.50
4 % Hyderabad	1955	2,12,45,000	1st Sept. 1967	98.00
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.00
4½ % Madras	1951	3,01,49,300	17th Sept. 1963	99.75
4 % Madras	1952	10,18,71,000	15th July 1970	100.00
4 % Madras	1955	5,24,81,200	1st Aug. 1964	99.75
4 % Madras	1955	10,47,17,000	1st Sept. 1967	98.25
4 % Madras	1956	13,83,56,000	3rd Sept. 1968	98.25
4 % Madras	1958	4,58,57,000	15th July 1970	100.00
4 % Madras	1959	5,72,75,000	19th Aug. 1971	98.00
4 % Madras	1960	12,20,43,000	29th Aug. 1969	98.00
4½ % Madras	1961	10,56,00,000	Sept. 1972	98.10
4 % Mysore(S)	1923	2,66,26,300	1st Dec. 1952-53	100.50
4 % Mysore	1953	3,33,47,000	15th July 1963	100.00
4 % Mysore	1954	3,84,84,800	1st Aug. 1964	99.25
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	98.25
4 % Mysore	1957	3,34,38,000	16th Sept. 1969	100.00
4 % Mysore	1958	3,51,63,000	15th July 1970	100.00
4 % Mysore	1959	5,48,46,000	19th Aug. 1971	98.00
4 % Mysore	1960	4,37,72,000	29th Aug. 1969	98.00
4½ % Mysore	1961	7,46,00,000	Sept. 1972	98.10
2½ % N.P.	1942	3,03,59,000	15th Sept. 1962	99.60
2½ % N.P.	1951	1,06,18,100	17th Sept. 1962	100.00
2½ % N.P.	1952	1,10,18,000	15th July 1963	99.40
2½ % N.P.	1953	1,13,17,000	1st Aug. 1967	99.00
2½ % N.P.	1956	1,58,42,000	3rd Sept. 1968	98.00
2½ % N.P.	1958	2,21,35,000	15th July 1970	100.00
2½ % N.P.	1959	3,29,25,000	19th Aug. 1971	97.90
2½ % N.P.	1960	5,16,28,000	29th Aug. 1969	97.90
4½ N.P.	1961	5,04,00,000	Sept. 1972	99.10
2½ % Rajasthan	1953	2,45,39,000	1st Sept. 1967	98.45
2½ % Rajasthan	1956	2,82,54,000	3rd Sept. 1968	98.35
4 % Kerala	1958	3,25,81,000	15th July 1970	99.50
4 % Kerala	1958	2,22,06,000	3rd Sept. 1968	98.00
4 % Kerala	1959	3,37,10,000	19th Aug. 1971	100.00
4 % Kerala	1960	4,47,05,000	29th Aug. 1969	97.75
4½ % Kerala	1961	4,00,00,000	29th Aug. 1969	98.00
4½ % Kerala	1961	4,04,00,000	Sept. 1972	98.50
2½ U.P.S.A.	1953	44,36,99,000		43.80Z
2½ U.P.	1954	1,54,30,000	15th Sept. 1961-66	92.75
2½ U.P.	1955	1,52,96,000	1st Aug. 1963	99.75
2½ U.P.	1955	5,89,14,000	1st Aug. 1964	99.25
2½ U.P.	1953	5,58,25,000	15th July 1963	100.00
2½ U.P.	1956	9,10,71,000	1st Sept. 1967	98.25
2½ U.P.	1956	8,47,25,000	3rd Sept. 1968	98.25

A PER ANNUM TO PE. M—Nominal. (f) Income-tax free. * Loans held entirely by the Trustees. * Bombay State Housing Board Loans not separately quoted.
—Held by Government of India. B—Taken up by State Bank of India. C—Held by Commissioners. D—Debenture Loan not exempt from Income-tax.
Rate of Interest reduced from 4½ to 4 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 6 to 5 per cent with effect from 1st April 1961.
—Ex nine instalments of principal. ‖—Ex bonus debentures. ¶—Ex Rights. ‡—Interest (tax free) Y—On September, 1961 or later at the option of the Government after three months' notice.

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				
85,50,000	4	1904	1964	
85,00,000	4	1905	1965	
75,00,000	4	1906	1967	
75,00,000	4	1907	1968	
75,00,000	4	1908	1968	97.00
40,00,000	4	1909	1970	
85,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
14,85,376	4	1913*	1960	D
80,00,000	4	1914	1974	97.00
85,25,000	4	1915	1975	97.00
25,00,000	5	1926	1966-68	
25,00,000	5	1927	1961-70	
10,00,000	3	1936	1966	
STERLING LOANS				
£566,600		1909	1968	£95.50
£338,000		1910	1970	495.50Z
CALCUTTA				
Rs.				Rs.
50,00,000	4	1934	1964	99.25
25,00,000	3½	1935	1965	96.00
50,00,000	3½	1936	1966	96.50
50,00,000	3	1937	1965	97.00
20,00,000	3	1938	1968-68	95.00
50,00,000	3	1939	1963	98.00
1,02,00,000	4	1956	1968	98.50
75,00,000	4½	1958	1968	101.00
85,00,000	4½	1959	1974	99.75

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Latest Available Quotation Rs.
Rs.				
BOMBAY				
80,00,000	4	1902	1962	
50,00,000	4	1903	1963	
50,00,000	4	1904	1964	
50,00,000	4	1905	1965	97.75 N
50,00,000	4	1906	1966	
50,00,000	4	1907	1967	
15,00,000	4	1907	1967	
30,00,000	4	1908	1968	
50,00,000	4	1909	1969	
50,00,000	4	1910	1970	
50,00,000	4	1911	1971	
50,00,000	4	1912	1972	
50,00,000	4	1913	1973	97.50 N
50,00,000	4	1914	1974	
40,00,000	5	1919	1957-79	115.00
65,00,000	5	1920	1955-80	
65,00,000	5	1926	1956-86	115.00Z
25,00,000	5	1927	1961-70	98.00Z
10,00,000	3	1936	1966	
CALCUTTA				
Rs.				Rs.
50,00,000	4	1934	1964	99.25
75,00,000	4	1935	1965	96.00
50,00,000	4	1936	1966	96.50
50,00,000	4	1937	1967	97.00
50,00,000	4	1938	1968	97.00
50,00,000	4	1939	1963-68	98.00
1,02,00,000	4	1956	1968	98.50
75,00,000	4½	1958	1968	101.00
85,00,000	4½	1959	1974	99.75
STERLING LOANS				
£892,000	5	1923	1953-58	£83
£901,000	5	1924	1954-64	£83
£835,100	5½	1952	1962	£96½
MADRAS				
Rs.				Rs.
25,45,275	3½	1947	1977	
9,55,000†	4	1948	1978	A
5,00,000‖	3	1949	1979	
45,00,000†	4½	1954	1984	
MADRAS				
Rs.				
15,00,000	3½	1961	1961	100.00Z
15,00,000	5	1962	1962	100.50Z

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½ % U.P.	1958	7,55,59,000	15th July 1970	100.00
4 % U.P.	1959	8,58,96,000	19th Aug. 1971	98.00
4 % U.P.	1960	7,79,16,000	29th Aug. 1969	98.10
4 % U.P.	1961	6,50,00,000	Sept. 1972	98.10
4 % Rajasthan	1958	5,14,19,000	3rd Sept. 1968	98.00
4 % Rajasthan	1958	3,79,85,000	15th July 1970	98.00
4 % Rajasthan	1959	5,24,18,000	19th Aug. 1971	98.00
4 % Rajasthan	1960	5,08,74,000	29th Aug. 1969	98.50
4 % Rajasthan	1961	4,40,00,000	Sept. 1972	98.00
4 % Orissa	1958	3,06,84,000	3rd Sept. 1968	98.00
4 % Orissa	1958	3,28,58,000	15th July 1970	100.00
4 % Orissa	1959	3,83,30,000	19th Aug. 1971	97.90
4 % Orissa	1960	4,00,00,000	29th Aug. 1969	97.90
4 % Orissa	1961	3,50,00,000	Sept. 1972	98.00
4 % M. Bharat†	1953	1,04,77,000	15th July 1968	97.75
4 % M. Bharat†	1954	1,11,96,000	1st Aug. 1964	97.75
4 % M. Bharat†	1956	1,75,00,000	17th Sept. 1962	98.00
4 % W. Bengal	1957	3,00,00,000	1st Aug. 1964	100.00
4 % W. Bengal	1958	2,90,25,000	15th July 1970	100.00
4 % W. Bengal	1958	1,84,78,000	1st Sept. 1967	98.00
4 % W. Bengal	1958	7,11,46,000	3rd Sept. 1968	100.00
4 % W. Bengal	1959	6,19,40,000	19th Aug. 1971	98.00
4 % W. Bengal	1960	7,69,00,000	29th Aug. 1969	98.00
4 % W. Bengal	1961	7,01,83,000	Sept. 1972	98.25
4 % W. Bengal	1961	7,81,00,000	29th Aug. 1969	98.25
4 % Punjab	1959	3,18,27,000	19th Aug. 1971	98.00
4 % Punjab	1961	3,18,00,000	Sept. 1972	98.00

MUNICIPAL LOANS

Rs.				Rs.
BOMBAY				
8,25,00,000	3½	1947	1977	64.00
2,18,14,500	3½	1949	1979	64.00
1,50,00,000	3½	1948	1978	64.00
2,60,21,472	4	1952	1964	99.00
2,00,57,818	3½	1951	1966	99.00
1,50,00,000	4	1953	1963	99.00
92,19,000	4	1954	1964	99.00
86,87,0000	4	1954	1966	99.00
2,50,00,000	4	1955	1967	99.00
1,57,40,000	4	1956	1968	99.00
2,09,10,500	4	1956	1968	97.25
4,40,00,000	4	1957	1969	99.50
5,50,00,000	4	1958	1970	99.00
CALCUTTA				
Rs.				Rs.
10,00,000	5½	1923	1963	102.50Z
10,00,000	5½	1924	1964	96.00
60,00,000	3	1938	1968	96.00
47,50,000	3	1939	1968	97.00
21,10,000	5½	1945	1975	98.50
50,00,000	4	1948	1978	98.00
87,50,000	4	1952	1968	100.00
72,50,000	4½	1954	1979

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	65,16,166	1,52,12,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd.	879	Agarpara	11.37	10	0.25	0.50	1.00	0.25	3	Y.P.
6,00,000	15,40,000	77,47,393	49,41,324	2,22,048	McLeod & Co., Ltd.	456	Alexandra	251.00	100	10.00	15.00	44.00		12	Y.
25,20,000	5,43,950	1,41,05,373	1,01,80,589	1,18,925	McLeod & Co., Ltd.	1,264	Alliance	100.00	100	Nil	Nil	6.00		5	Y.
49,50,700	86,71,000	2,80,85,747	1,84,94,034	5,74,363	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	198.00	100	10.00	12.50	20.00	7.50	3	Y.
60,00,000	25,14,827	1,46,86,173	88,52,163	45,981	Bird & Co. Private Ltd.	810	Auckland	170.00	100	5.00	20.00	27.00	12.50	3	Y.
22,00,000	34,54,417	1,47,00,374	85,10,864	1,00,757	Birla Brothers Private Ltd.	969	Bally	249.00	100	6.00	10.00	25.00	25.00	3	Y.P.
£575,000	£502,922	£1,661,226	£1,046,825	—£92,399	Sir John H. Burder (Chairman)	1,889	Barnagore	136.00	£5	Nil	10sh.	£1.10sh		3	Y.P.
22,50,000	28,47,233	1,06,52,541	58,47,941	78,247	Andrew Yule & Co., Ltd.	820	Belvedere	142.00	100	7.50	18.50	5.50		12	Y.
45,00,000	35,81,788	70,48,057	40,84,226	1,32,255	Soorajmull Nagarmull	660	Bengal	8.62	10	0.50	0.50	0.50		6	Y.P.
91,26,200	9,09,27,813	8,17,08,760	2,90,00,714	1,58,905	Birla Brothers Private Ltd.	1,373	Birla	29.50	10	1.00	1.00	1.50	1.50	3	Y.
30,00,000	27,72,238	1,36,96,070	70,84,735	24,192	Andrew Yule & Co., Ltd.	991	Budge-Budge	142.00	100	5.00	15.00	10.00		10	Y.P.
7,42,500	4,000	46,05,289	36,10,245	—1,47,940	Dayaram & Sons	502	Calcutta Jute Mfg.	5.50N	10	Nil	Nil	Nil		11	Y.
15,00,000	29,05,089	92,72,655	5,10,612	6,22,941	M.	616	Caledonian	148.00	100	15.00	12.00	12.00		11	Y.
60,19,400	25,32,236	3,14,51,987	1,21,65,795	1,37,286	James Finlay & Co., Ltd.	600	Champdany	184.00	100	Nil	7.00	10.00	5.00	3	Y.
22,50,250	46,59,544	1,22,32,094	62,15,516	6,533	Andrew Yule & Co., Ltd.	1,131	Cheviot	17.00	10	0.50	1.25	Nil		11	Y.P.
30,15,000	29,53,900	1,20,98,261	64,66,975	99,859	McLeod & Co., Ltd.	800	Chitavalsah	11.94	10	1.25	1.50	0.50		7	Y.P.
24,00,000	9,00,000	82,12,080	61,21,206	—5,09,256	M.	960	Clive	10.00	10	Nil	Nil	Nil		3	Y.
21,40,200	14,65,891	1,10,16,600	69,67,313	9,802	Bird & Co. Private Ltd.	766	Dalhousie	114.50	100	Nil	Nil	1.00	1.00	3	Y.
22,50,000	41,85,474	91,90,997	51,52,670	15,632	Andrew Yule & Co., Ltd.	779	Delta	142.00	100	6.00	14.00	7.50		11	Y.P.
15,00,000	38,62,000	1,14,09,496	74,72,740	70,285	McLeod & Co., Ltd.	500	Empire	18.62	10	1.00	1.25	1.25		7	Y.
60,00,000	61,77,239	3,52,82,287	1,80,83,967	72,385	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	378.00	100 Old	20.00	20.00	25.00	10.00	3	
21,00,000	19,81,542	1,33,25,526	78,97,733	1,94,989	Bangur Bros., Ltd.	1,014	Fort William	30.12	10	1.50	1.50	2.25		3	Y.P.
84,32,100	5,16,986	2,24,66,716	1,48,80,383	56,259	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	12.31	10	Nil	Nil	1.00		3	Y.P.
10,80,000	24,36,286	98,08,727	53,00,178	14,667	M.	607	General Ind. Society Ltd.	38.00	10	2.00	4.00	4.00		12	Y.P.
24,00,000	24,36,286	2,74,15,455	1,81,06,760	82,085	Macneill & Barry Ltd.	1,394	Gourepore	415.00	100	20.00	25.00	30.00	25.00	3	Y.P.
40,00,000	71,35,723	1,13,64,148	78,47,196	2,84,690	Bangur Bros., Ltd.	1,078	Hastings	115.50N	100	5.00	6.00	6.00		3	Y.
15,00,000	61,69,633	87,43,286	55,97,773	28,228	J. & R. Hutchison Private Ltd.	780	Hooghly	15.00	10	Nil	0.50	1.00		3	Y.P.
65,62,500	25,26,224	2,24,83,710	1,35,84,209	72,983	Jardine Henderson Ltd.	1,940	Howrah	22.25	10	Nil	1.00	1.25		3	Y.
52,50,000	26,78,191	2,21,24,274	1,58,99,274	1,62,575	Ramdutt Ramkissendas	2,272	Hukumchand	21.00	7.50	1.50	1.50	2.15	2.15	3	Y.
67,50,000	26,63,995	1,86,83,016	1,09,04,160	76,104	M.	790	India	17.62	12.50	1.50	1.24	1.75	1.50	3	Y.
24,00,000								155.00	100	5.00	20.00	5.00		12	Y.P.
19,20,000	27,30,339	2,00,48,588	1,40,57,899	39,774	Jardine Henderson Ltd.	1,797	Kamarhatty	146.00	'B'100	5.00	20.00	5.00			
38,00,000								85.00	100	Nil	Nil	Nil		12	Y.P.P.
24,00,000	....	1,78,08,994	1,19,28,258	—14,78,469	Jardine Henderson Ltd.	1,527	Kankanarrah	85.00	'B'100	Nil	Nil	Nil			
30,00,000	53,00,000	1,51,65,797	1,03,30,220	1,21,324	McLeod & Co., Ltd.	703	Kelvin	177.00	100	15.50	14.00'C'	15.00		5	Y.P.
54,00,000	23,96,504	2,18,73,550	1,39,90,178	300	Anderson Wright Ltd.	1,530	Khardah	17.25	10	0.80	2.00	2.00	0.50	3	Y.
56,25,000	21,39,716	1,07,21,545	1,35,70,754	62,574	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	167.00	100	10.00	10.00	20.00	7.00	3	Y.
24,48,000	6,04,572	1,08,22,825	71,08,446	—3,54,448	Bird & Co. Private Ltd.	921	Lansdowne	108.00	100	Nil	Nil	Nil	Nil	3	Y.
30,00,000	14,15,450	66,77,686	42,23,242	54,949	Bird & Co. Private Ltd.	840	Lawrence	185.00	100	Nil	2.00	15.00	15.00	3	Y.
21,60,200	46,46,037	2,00,24,344	1,46,72,211	54,803	M.	1,254	Magna	15.00	10	1.75	1.50	1.50	1.25	3	Y.P.
30,96,300	24,26,292	1,64,53,185	94,33,205	—11,60,635	M.	815	Naihati	85.00	100	Nil	Nil	5		3	Y.P.
30,00,000	11,82,460	36,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	9.00	10	0.25	0.375	0.60		10	Y.P.
55,00,000	58,63,703	1,08,02,998	53,05,498	61,229	M.	858	National	20.50	10	0.75	1.00	0.75		10	Y.P.
38,25,000	22,50,172	68,06,663	33,12,580	43,020	McLeod & Co., Ltd.	816	Nellimarla Jute	10.81	10	1.00	1.40	0.30		7	Y.P.
2,53,63,270	2,60,72,020	6,06,78,831	1,71,73,801	Nil	Sahu Jain Ltd.	1,785	New Central	18.44xd	10	1.50	1.50'C'	1.50	1.50	3	Y.
15,79,350	51,93,517	2,07,21,548	77,50,583	32,274	Bird & Co. Private Ltd.	577	Northbrook	30.75	10	Nil	1.25	3.00	2.00	3	Y.P.
62,79,500	41,28,256	2,23,60,831	1,19,31,974	1,08,322	Macneill & Barry Ltd.	1,092	Nuddea	62.00	50	2.50	3.00	4.00	3.00	3	Y.
25,00,000	11,41,170	1,96,06,683	76,98,215	23,417	McLeod & Co., Ltd.	498	Presidency	5.37	5	0.37½	0.50	0.40		7	Y.
28,20,000	73,604	95,55,345	74,10,449	—9,71,453	Hindustan Investment Corpn. Ltd.	986	Rameshwara	7.00	10	Nil	Nil	Nil	Nil	3	Y.P.
40,10,200		1,34,58,157	67,33,074	—26,32,381	Jardine Henderson Ltd.	1,276	Reliance	6.37	10	Nil	Nil	Nil	Nil	3	Y.P.
£400,000	£400,005	£1,495,848	£850,162	£22,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnagur	9.50N	£1	5%†	10%†	6%†		12	Y.P.
24,00,000	18,67,800	1,24,56,159	91,05,653	64,910	Bagaria Mors & Co., Ltd.	811	Shree Ambica	24.00	10	0.50	0.60	1		12	Y.P.
24,00,000	13,85,000	76,14,529	54,32,584	51,780	Hindustan Investment Corpn. Ltd.	491	Sreerah	21.19	10	1.50	2.50	2.50		12	Y.P.
£600,000	£430,865	£1,276,168	£743,619	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	8%†	10%†	6%†		12	Y.P.
25,25,000	27,94,655	93,18,767	55,10,023	9,800	Bird & Co. Private Ltd.	1,235	Union	170.00	100	15.00	20.00	25.00	6.00	3	Y.
£400,000	£879,233	£1,583,233	£611,753	£17,518	Thomas Duff & Co. (India) Pvt. Ltd.	1,321	Victoria	9.50N	£1	8%†	10%†	6%†		12	Y.P.
2,50,000	7,20,000	82,86,786	45,97,547	96,614	McLeod & Co., Ltd.	447	Waverley	4.25	1	Nil	0.25	0.30	0.30	6	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
10,00,000	4,88,641	17,78,941	3,77,562	16,618	Young India Agencies Private Ltd.	879	Balanoor Tea and Rubber	14.20	10	1.75	1.50	1.50	1.20	3	Y.
12,15,200	12,91,207	79,01,776	12,40,987	2,83,909	Kothari & Sons (Agn.) Pvt. Ltd.	1,225	Blue Mountain	2.97xd	2	0.25	0.25	0.25		6	Y.
8,50,000	3,60,000	16,46,442	4,05,784	18,587	K. Anantasami, Esq. (Mg. Director).	948	Chandmalai Estates Ltd.	2.74	2	0.25	0.25	0.25		6	Y.
14,00,188	14,43,652	27,59,605	9,36,841	45,555	Peirce, Leslie & Co., Ltd.	1,714	Chembra Peak Estates	3.78	2	0.20	0.30	0.40	0.40	3	Y.
3,92,438	12,39,975	28,20,475	1,96,687	92,886	Matheson Bosanquet & Co. Pvt. Ltd.	322	Coonoor Tea	26.50	10	2.00	2.00	1.75		3	Y.
4,80,000	5,10,589	13,74,257	3,43,244	2,910	Srinivas Agencies	261	Cowry Tea	5.62	2	0.40	0.50	0.40		3	Y.
6,00,000	4,81,815	12,81,923	2,69,261	656	P. G. Krishna Iyer, Esq. (Mg. Director)	352	Devashola (Nilgiri) Tea	21.00	10	2.50	2.50	2.00		12	Y.
6,74,450	8,31,040	11,60,946	2,46,302	12,226	Young India Agencies Private Ltd.	466	Devon Tea	19.75	10	1.75	1.50	1.50	1.20	3	Y.
1,90,000	4,04,217	9,86,364	2,46,364	2,027	Emerald Valley Estates	198	Emerald Valley Estates	5.05	1	0.20	0.20	0.20		3	Y.
25,00,000	12,55,509	56,71,684	10,31,563	77,135	Parkins Private Ltd.	1,506	Halleyburia	13.70	10	2.00	1.75'C'	1.50		12	Y.P.
5,00,000	8,98,159	15,77,488	3,94,199	59,573	Peirce, Leslie & Co., Ltd.	469	Kalaas Tea	5.65	2	0.25	0.30	0.40	0.50	3	Y.
17,17,076	12,15,546	39,15,743	9,71,179	15,900	Peirce, Leslie & Co., Ltd.	1,075	Kil Kotagiri Tea	6.15	2	0.25	0.25	0.50		10	Y.P.
6,90,000	3,14,272	13,07,060	1,15,811	579	Ips Oommen & Co. Pvt. Ltd.	362	Kurchemnala Plant, Ltd.	4.97xd	10	0.625	0.50	Nil	0.40	3	Y.
8,00,000	1,90,566	9,61,434	78,089	97,190	Matheson Bosanquet & Co. Pvt. Ltd.	367	Lucky Valley	11.65	10	1.00	1.00	1.00		12	Y.
3,00,000	7,809	3,48,357	18,799		Vasantha & Co. (Trichy) Pvt. Ltd.	255	Maadai Estates Ltd.	2.10	1	0.24	0.10	0.20		3	Y.
3,00,000	6,18,504	14,43,987	3,18,728	1,740	Kaup Thomas, Esq. (Mg. Director).	560	Mamallay	55.50	25	3.75	5.00	3.75	3.50	3	Y.P.
94,00,000	21,32,880	21,94,144	14,06,822	5,225	A. V. Thomas & Co. (India) Ltd.	2,029	Neelamalai	4.50xd	5	0.37	0.37	0.37		3	Y.P.
15,00,000	6,57,881	27,21,857	5,74,545	1,554	A. V. Thomas & Co. Ltd.	1,042	Nellampathy	2.70xd	2	0.30	0.30	0.25		3	Y.P.
14,06,250	7,45,248	28,97,155	6,33,151	38,796	A. V. George & Co., Ltd.	1,022	Nilgiri Tea	8.65xd	10	0.50	0.50	0.50		3	Y.P.
22,10,000	5,77,357	35,77,569	13,53,272	22,755	Harrisons & Crosfield Ltd.	836	Nonsuch Tea	27.55xd	10	2.50	2.00	2.00	2.00	3	
14,25,000	17,15,225	52,40,997	9,43,242	47,411	P. S. M. Molyneux, Esq. (Chairman).	578	Parkside	29.45xd	10	2.50	2.75	2.75		6	
5,00,000	5,04,554	8,47,095	84,186	44,327	S. Sivaramakrishna Aiyar, Esq.	305	Pasumalai Plantations Ltd.	12.50	10	1.50	1.50			3	
17,00,000	11,87,787	48,56,478	15,91,846	87,965	Aspinwall & Co. (Travancore) Ltd.	1,564	Peermade	23.84	10	1.624	2.25	2.25	0.75†	12	Y.P.
37,54,200	30,24,771	1,15,81,235	50,13,969	66,407	Peirce, Leslie & Co., Ltd.	3,718	Periakaramalai	3.88	2	0.20'C'	0.25	0.27	0.40	3	
18,00,000	8,06,000	31,40,783	8,24,998	927	A. V. Thomas & Co. (India) Ltd.	866	Sherwoy Estates Ltd.	2.70xd	2	0.15	0.125	0.15		3	Y.P.
9,00,000	13,43,667	28,45,322	8,38,968	3,199	T. Stanes & Co., Ltd.	1,131	Stanes Amalgamated	16.62	10	1.00	0.60	1.70		3	Y.
1,25,000	13,000	1,08,241	7,966	4,289	M.	210	Swinton Estates	2.92	2	0.15	0.15	0.25		3	Y.
12,50,000	11,72,245	28,25,288	4,11,990	1,554	Sitalinga Agencies	1,271	Valley Tea	1.72	2	0.12	0.10	0.15	0.20	3	Y.
15,75,000	16,60,560	52,54,620	5,47,047	43,193	Parkins Private Ltd.	1,308	Twyford	12.00	10	1.50	1.00'C'	1.00		12	Y.
11,93,200	14,52,766	49,94,435	19,93,195	30,106	T. Stanes & Co., Ltd.	1,771	United Nilgiri	24.00	10	1.50	1.95	2.10	2.20	3	Y.
17,25,000	13,45,245	48,48,910	8,97,382	1,94,353	Kothari Mants & Co. Pvt. Ltd.	997	Waterfall	8.00xd	2	0.22	0.25	0.25		6	Y.
1,00,000	53,757	3,51,027	66,021	699	Goodall & Co.	93	Woodcote Estates Ltd.¶	1.65	1	0.06	Nil	Nil		3	

RUBBER AND OTHERS

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
4,00,000	5,62,425	15,86,453	4,57,025	20,805	Ramani & Co. Pvt. Ltd.	878	Alagarwar Estates Ltd.†	2.95	2	0.20	0.15	0.15	0.20	3	Y.
6,75,000	2,35,537	19,58,083	8,50,065	14,796	K. N. Neelakantan, Esq. (Mg. Director)	2,170	Amalgamated Coffee Estates Ltd.	11.06	10	0.60	0.75	1.00	1.00	3	Y.P.
2,50,000	5,92,985	14,26,924	1,56,620	30,090	A. V. George & Co., Ltd.	930	Anamalam Rubber Co., Ltd.	13.50	10	1.00	1.00	1.50		12	Y.
2,07,825	2,38,940	20,59,026	2,33,297	24,272	Associated Planters' Private Ltd.	1,243	Anaparai Estates Ltd.	3.56	2	0.70	0.80	0.40		6	Y.
4,50,000	4,50,000	8,61,367	1,01,113	22,292	Young India Agencies Pvt. Ltd.	610	Badra Coffee Estates Ltd.	3.32	2	0.25	0.25	0.30	0.30	3	Y.
4,00,000	1,48,745	5,43,194	1,10,833	4,982	A. V. Thomas & Co. (Mysore)	570	Bahadadin Coffee & Produce	2.60	2	1.25	0.625	0.45	0.45	3	Y.
3,00,000	2,35,000	4,58,686	62,711	4,983	Planting Agencies (Private) Ltd.	374	Balmadies Plantations	2.00	2	0.25	0.15	0.15	0.10	3	Y.
1,00,118	3,56,552	12,50,324	12,974	974	T. K. Gommen, Esq. (Mg. Director).	1,188	Be Be Rubber Estates Ltd.	2.78	2	0.25	0.25	0.25		3	Y.
1,91,279	20,58,511	5,55,20,515	2,62,337	10,145	Peirce, Leslie & Co., Ltd.	5,208	Cochin Malabar	7.66	5	0.60'C'	0.45	0.55†	0.60	3	Y.
1,50,000	21,10,982	33,84,290	13,19,364	92,379	Coon Coffee Estates (Secretaries)	2,779	Coffee Lands and Industries	10.25	10	1.00	1.00	0.80		3	Y.
1,50,000	66,04,284	2,58,80,020	40,89,781	60,720	C. T. Machie, Esq. (Mg. Director)	2,199	Consolidated Coffee	21.90	10	2.00	2.50	2.50	2.00	3	Y.
1,00,000	5,00,755	14,95,320	98,989	2,116	Associated Planters Private Ltd.	1,439	Cottanad Plantations	10.10	10	1.50	1.50	1.00	1.00	3	
1,00,560	1,11,000	7,11,000	77,968	27,679	Peirce, Leslie & Co., Ltd.	605	Cowsady Estate (Coffee)	4.50xd	2	0.20	0.20	0.20		3	Y.
1,00,000	11,10,000	22,96,321	7,48,488	57,599	A. V. Thomas & Co. Ltd.	1,521	Highland Produce	14.10	10	1.50	1.50	1.50		3	Y.P.
30,000	48,000	1,94,456	8,148	2,033	Young India Agencies Pvt. Ltd.	220	Kadur Coffee Estates Ltd.	3.78	2	0.15	0.15	0.15		3	Y.
1,50,000	11,77,705	31,16,285	3,46,244	51,973	A. V. George & Co., Ltd.	1,548	Kalles Rubber Co., Ltd.	5.45	2	0.30	0.35	0.40	0.50	3	Y.
2,00,000	5,68,004	19,45,329	3,96,061	3,912	A. V. Thomas & Co. Ltd.	1,870	Kalpetta Estates	15.05xd	10	1.00'C'	1.00	1.25	1.25	3	Y.
2,00,000	3,75,000	9,82,417	1,86,014	14,000	Peirce, Leslie & Co., Ltd.	674	Kumergode Estates Ltd.	4.56	2	0.40'C'	0.40	0.40		3	Y.
3,00,000	5,41,464	12,23,285	1,40,972	97	K. T. Thomas Kaithamon, Esq.	2,148	Makeham Rubber	17.50	10	1.75'C'	1.50	1.50	1.60'	3	Y.
12,00,000	2,50,000	7,67,564	2,984	10,116	Macneill Planters Pvt. Ltd.	906	Mascara Rubber Ltd.	8.70	5	1.00	1.00	1.00	1.00	3	Y.
1,50,000	14,39,343	37,34,197	13,42,980	8,116	A. V. Thomas & Co. Ltd.	4,470	Midland Rubber	11.10	10	1.00'C'	1.00	1.25	1.25	3	
2,00,000	4,15,007	16,50,988	3,08,929	79,605	A. V. George & Co., Ltd.	1,521	Nemmeny Rubber	22.75	10	1.50	1.50	1.50	1.50	3	Y.
1,00,000	4,74,149	8,94,357	1,70,572	2,116	Associated Planters Private Ltd.	1,064	Nambour Rubber Co.	14.90	10	2.00	1.50	2.00	2.00	3	Y.
1,50,000	10,28,219	23,58,400	18,70,387	7,007	Peirce, Leslie & Co., Ltd.	4,896	Oushteriony Valley Estates	8.70	5	0.80	0.80	0.80	0.80	3	
1,50,000	5,71,464	7,97,782	88,078	44,714	Peirce, Leslie & Co., Ltd.	532	Oxoor Estates Ltd.	8.10	2	0.30	0.30	0.35	0.35	3	Y.
1,50,000	3,27,844	23,37,017	7,47,990	1,241	Aspinwall & Co. Ltd.	2,017	Pallode Rubber	20.85xd	10	2.00	2.00	2.00	1.25	3	Y.
1,50,000	3,27,844	42,61,044	4,76,543	19,045	A. V. Thomas & Co. Ltd.	2,988	Rajagiri Rubber	8.70	5	0.80	0.80	0.80		3	Y.
1,00,000	1,61,282	3,86,760	47,374	10,575	Associated Planters Private Ltd.	422	Rajmalai Coffee Ltd.	11.32xd	5	0.80	0.80	0.80		11	Y.
1,00,000	1,61,282	9,92,988	1,44,088	21,604	Peirce, Leslie & Co., Ltd.	800	Savamalai Estates Ltd.	8.92	2	0.30'C'	0.30	0.30	0.25	3	
1,00,000	1,61,282	12,50,000	1,44,088	4,975	Kanagoonar Coffee Estates.	1,102	Sembaluvah Rubber (India) Ltd.	11.32xd	5	0.80	0.80	0.80		11	Y.
1,00,000	1,61,282	12,50,000	1,44,088	4,984	Real India Agencies Private Ltd.	1,464	Sealey Rubber (India) Ltd.	5.00	10	0.60	0.60	Nil		3	
2,00,000	3,75,000	8,00,000	81,000	23,000	A. V. George & Co., Ltd.	535	Thannampally Rubber	16.82	10	2.00	2.00	2.00		9	Y.P.
2,00,000	6,61,000	24,56,445	3,10,470	14,899	Peirce, Leslie & Co., Ltd.	2,991	Thirumbadi Rubber Co., Ltd.	1.59	10	0.10	0.07	0.07		3	
20,00,000	40,782	8,58,449	1,80,536	4,480	Aspen Thomas, Esq. (Mg. Director)	1,541	Travancore Rubber	12.25	10	1.00	1.00	1.00		12	Y.P.
20,00,000	14,07,921	28,28,765	20,76,944	11,567	Aspinwall & Co. (Travancore) Ltd.	4,671	Travancore Rubber & Tea	10.05	10	0.60	0.60	0.60		12	Y.P.
20,00,000	11,61,000	41,00,000	7,00,000	1,000	Peirce, Leslie & Co., Ltd.	1,000	Tyrconnel Rubber Co., Ltd.	13.37	10	1.00	1.00	1.00		12	Y.P.
20,00,000	4,54,000	17,00,000	1,00,000	1,000	P. T. J. Jones, Esq. (Mg. Director)	1,000	Valamalai Rubber & Co.	5.40	5	0.50	0.50	0.50		12	Y.P.
20,00,000	4,00,000	12,00,000	1,00,000	1,000	A. V. George & Co., Ltd.	500	Udayagiri Rubber Co., Ltd.	15.27	10	0.75	1.00	0.75		12	Y.
20,00,000	4,00,000	12,00,000	1,00,000	1,000	Kothari & Sons	1,000	Vallambam Rubber Co., Ltd.	9.50	10	0.50	0.50	0.50		12	Y.P.
20,00,000	12,40,000	16,12,000	1,00,000	1,12,000	Peirce, Leslie & Co., Ltd.	1,000	Warrybelly Estates Ltd.	2.15	2	0.20	0.20	0.20	0.25	3	Y.
20,00,000	97,000	12,00,000	1,00,000	20,000	R.	500	Woodcote Estates	7.75	10	0.50	0.50	1.00	1.00	3	

‡—Includes £6 nP for 30-6-1954. V—On increased capital. * Includes bonus. M—Managed by Board of Directors. † Last Incorporate.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
							ASSAM								
4,48,700	14,06,731	23,91,103	9,41,163	....	McLeod & Co., Ltd.	325	Amluckie	21.50	10	1.50	1.50	Nil		12	Y.P.
2,76,500	11,53,772	14,63,926	5,81,758	5,028	M.	456	Ananda (Assam) Tea	26.00	10	2.00	2.50	3.00		12	Y.
7,03,250	8,07,224	17,30,420	5,78,959	84,131	Gillanders Arbuthnot & Co., Ltd. ..	481	Ananda Bag	28.00	10	1.00	1.75	2.00		12	Y.
5,50,000	14,40,641	26,54,042	10,02,353	44,138	McLeod & Co., Ltd.	573	Badhmari	22.00	10	1.50	1.50	Nil		12	Y.
5,10,000	12,36,469	20,56,692	7,60,821	44,554	Andrew Yule & Co., Ltd. ..	377	Bazmatia	26.12	0	2.00	3.00	3.50		12	Y.
4,95,000	8,14,700	17,10,901	10,50,329	58,445	National T

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
80,00,000	...	37,43,882	16,26,068	82,615	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	10.31	10	*Nil*	*Nil*	0.60		3	Y.
36,50,000	11,32,441	14,00,854	7,05,408	6,159	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.16	10	3.50	2.00			9	Y.P.
55,28,146	19,77,396	1,61,24,989	63,22,100	1,703	Bharat Ram Bharat & Co.	Bengal Potteries	7.00	25	0.25	0.386	0.375		12	Y.
10,00,000	52,26,517	92,22,366	45,37,856	59,420	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	44.00xd	10	1.75	1.87	3.00	3.00	3	Y.
14,17,800	10,55,247	33,55,584	16,31,858	9,761	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd.	170.00	100	10.00	12.86	12.86		9	Y.P.
39,80,700	14,50,259	1,25,49,403	27,54,861	—5,54,452	Sarat Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	144.00	100	*Nil*	*Nil*	8.00		12	Y.
£1,871,300	£2,444,266	£3,614,146	£2,081,103	£118,750	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	5.08	Sh. 2	0.24	0.36	0.36		12	Y.
Rs.5,00,000 } Rs.15,00,000 }	26,84,000	45,04,655	13,23,503	2,55,452	Bird & Co. Private Ltd.	Karanpura Development	17.50	10	*Nil*	1.50	1.50		12	Y.
50,00,000	....	1,14,21,419	5,73,268	3,63,515	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd. ..	85.00	50	*Nil*	*Nil*	*Nil*		12	Y.P.
30,00,000	40,95,322	1,28,10,947	66,20,783	33,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26.00N	10	1.25	1.80	1.80		12	Y.P.T.
50,00,000	16,43,852	1,16,80,580	59,85,620	14,41,622	M.	Metal Corporation of India Ltd. ..	11.62	10	*Nil*	*Nil*	*Nil*		3	Y.P.T.
6,00,000	5,26,438	13,40,693	7,63,285	7,276	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries ..	14.16	10	1.00*	1.00*	1.428		3	Y.
20,00,000	55,85,984	68,91,304	28,26,317	1,10,697	Bird & Co. Private Ltd.	Orissa Minerals	46.37xd	10	2.50	3.60	3.60		6	Y.
2,50,000	15,45,335	88,24,228	46,03,569	7,911	Kilick Industries Ltd.	Parahuram Pottery Works Co. Ltd.	67.00	25	3.75	3.75	5.36		7	Y.P.
29,46,890	76,44,000	1,06,55,357	44,01,702	4,942	Kilick Industries Ltd.	Shivrajpur Syndicate	53.50	10	8.00*	5.00	8.00*		11	Y.
CHEMICAL														
12,11,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers ..	100 00	100	....	....	....		12	Y.P.
85,00,000	58,58,600	2,37,57,674	78,25,566	1,17,078	Bhailal Amin & Sons (Private) Ltd.	Alembic Chemical Works Co.	243.75	100	12.00	16.00	14.00		12	Y.P.
8,10,00,000	1,57,00,278	6,04,78,062	1,28,50,512	1,33,819	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	44 25	10	0.80	0.95	1.20		9	Y.P.
79,90,475	55,90,045	1,04,54,605	28,87,750	18,054	Amrital & Co. Private Ltd.	Amar Dye-Chem. Ltd.	322.50	100	*Nil*	*Nil*	12.00		12	Y.P.
29,89,400	34,11,676	1,63,91,567	58,70,891	42,188	Kasturbhai Lalbhai & Co.	Anil Starch Products Ltd.	765.00	100	20.00*	30.00*	30.00*		12	Y.P.
2,24,93,775	77,58,362	4,05,77,204	1,25,84,156	4,15,423	Lalbhai Sons & Co.	Atul Products Ltd.	572.00	100	10.00	12.00	12.00		12	Y.P.
50,98,900	68,84,606	1,50,86,951	77,12,538	1,30,717	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar.	105.00	100	6.00	7.00	7.00	10.00	3	Y.P.
1,00,00,000	23,71,461	1,06,12,335	15,44,929	20,077	Rajmohan R. Ruia, Esq. (Chairman) ..	Colour-Chem Ltd.	800.00	100	*Nil*	*Nil*	*Nil*	8.00	3	Y.
9,99,937	2,01,339	14,14,355	4,92,598	3,680	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	25.75	25	2.00	2.50	2.50	..	12	Y.
22,75,150	26,99,000	77,57,081	36,10,218	44,340	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd. ..	201.00	50	6.00	10.00	....		12	Y.P.
64,50,000	54,32,170	4,87,49,580	99,18,411	2,40,810	Shah Bros. (Sasashitra) Private Ltd.	Dharasitra Chemicals	136.00	100	6.00	4.00(c)	8.00		12	Y.P.
3,46,06,075	38,17,000	6,56,28,587	3,08,36,610	26,18,156	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	9.30	10	0.40	0.60	0.60		12	Y.
1,49,98,200	39,44,101	43,84,456	17,55,571	76,323	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	485.00	100	*Nil*	*Nil*	6.00	6.00	3	Y.P.
12,00,000	6,50,911	14,85,985	5,05,017	24,811	Jai R. Mehta	Kemp & Co.	311.25	200	15.00	20.00	25.00	25.00	3	Y.
80,00,000	24,37,965	1,56,17,778	81,56,050	15,829	Seshasayee Brothers Private Ltd.	Mettur Chemicals	15.12	10	0.87½	0.88	1.25*C'	1.25	3	Y.P.T.
24,81,220	10,47,778	55,45,979	43,53,207	8,614	T. Shananna, Esq. (Chairman) ..	Mysore Chemicals and Fertilisers ..	10.00	10	0.50	0.50	1.00	1.00	3	Y.
8,00,000	4,55,261	5,73,322	1,45,072	1,45,072	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemical Mfg.	22.45	10	2.00	2.00	2.00*C'	2.00	3	Y.P.
40,00,000	36,33,816	65,05,379	16,83,684	1,54,703	Ramdas Kilachand, Esq. (Chairman) ..	Polychem. Ltd.	211.25	50	*Nil*	3.00	5.50	7.50	3	Y.P.
12,50,000	9,22,174	32,78,588	20,63,157	2,05,216	Bangur Brothers Ltd.	Phosphate Co. Ltd.	300.00	100	25.00	45.00	35.00		6	Y.
18,00,000	14,69,787	21,40,260	13,05,655	98,591	C. A. Buxton	Smith Stanistreet & Co.	15 44	5	0.80*C'	1.25	1.25		6	Y.
3,86,91,250	....	1,41,20,622	31,717	3,37,250	Tulsidas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	224.00	100	....	....	....	*Nil*	3	Y.
1,39,90,990 } 1,41,56,630 }	59,67,561	7,09,65,786	2,29,10,386	3,571	Tata Industries Private Ltd.	Tata Chemicals	20.80 —	10Old 10New	0.75 0.08	0.625 0.618	0.60 0.60	0.65 0.65	6	Y.P.T.
18,00,000	2,92,249	21,75,764	7,74,231	56,348	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co., Ltd. ..	21.85	10	0.70	1.00	1.50	2.00	3	Y.P.
ELECTRIC (Bombay State)														
8,74,78,395	1,47,86,524	16,04,61,688	4,52,57,864	422	Kilick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	93 00	100	6.50	6.75	7.00	7.00	3	Y.P.
91,56,250	26,20,222	2,58,78,938	68,34,023	18,52,824	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.56	10	0.85	0.90	1.00*	0.90	3	Y.P.T.
3,02,77,000	1,01,95,442	11,73,06,745	2,80,17,570	80,942	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,603.00	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.T.
2,75,00,000	99,08,040	461,03,740	1,11,97,816	4,622	Kilick Industries Ltd.	Bombay Suburban Electric Supply ..	104 00	100	7.00	7.50	8.00	8.50	3	Y.
1,00,000	1,03,987	16,07,283	8,70,208	1,536	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Development ..	6.76	10	0.50	0.60	0.66		3	Y.P.
48,89,300	12,56,313	1,57,72,704	61,09,506	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	84.00xd	100	7.50	8.00	8.00		3	Y.P.T.
70,00,000	31,26,526	1,72,01,619	56,85,377	1,014	Kilick Industries Ltd.	Surat Electricity	98.00xd	100	7.00	7.00	7.50	8.00	3	Y.P.
2,39,99,875	1,28,03,577	9,51,68,079	2,09,76,189	26,096	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	110.00	100	8.00*	8.00*	8.50*	8.00*	3	Y.P.
5,15,86,000	3,10,84,482	20,78,53,001	4,31,56,686	32,201	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,107 50	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.
West Bengal and Other Centres														
19,99,600	49,57,888	1,79,22,370	42,68,962	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	127.00	100	10.00	10.00	11.00	11.00	3	Y.T.
5,00,000	15,46,087	65,82,810	24,21,318	24,137	Martin Burn Ltd.	Bareilly Electric Supply	12 87	10	1.00	1.00	1.10	1.10	3	Y.T.
17,00,000	46,76,460	1,78,08,355	61,62,951	46,844	Martin Burn Ltd.	Benares Electric Light & Power Co.	12 00	10	1.00	1.00	1.10	1.10	3	Y.T.
5,91,885	6,92,659	24,08,757	12,04,489	29,920	Octavius Steel & Co., Ltd.	Bhagalpur Electric Supply	7 25	5	0.40	0.40	....		3	Y.
£4,262,846	£9,457,172	£25,960,954	£14,225,963	£124,585	Harry Burn, Esq. (Chairman)	Calcutta Electric Supply	14.75	£1	7½	7½	7½	7½	3	Y.P.T.
4,40,000	7,50,075	37,78,204	11,80,451	24,963	Cuttack Steel & Co., Ltd.	Cuttack Electric Supply	6 00xd	10	0.85	0.85	0.75	1.00	3	Y.T.
48,20,000	27,18,468	1,05,87,869	40,08,012	4,06,119	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	98 00	100	7.00	7.50	10.00	10.00	3	Y.P.
5,84,840	1,24,635	84,48,088	14,57,084	2,947	Moonna Lall & Sons	Jhansi Electric Supply	6.50N	10	0.62½	0.62	0.70		3	Y.T.
22,49,700	28,00,194	1,12,04,249	42,98,578	32,593	Martin Burn Ltd.	Jubbulpore Electric Supply	10.75	10	0.92	0.93	1.00	1.00	3	Y.T.
5,82,890	4,52,536	27,46,515	13,98,792	40,204	Octavius Steel & Co., Ltd.	Mozufferpore Electric Supply	1 81xd.	10	1.00	1.00	1.25		3	Y.
85,07,380	40,44,806	1441,84,880	56,06,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10 30	10	0.75	0.75			3	Y.T.
9,10,000	2,54,304	15,86,883	5,34,427	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6 25	10	0.50	0.50	0.625	0.625	3	Y.
16,80,000	14,98,612	80,57,155	46,54,591	11,620	Bird & Co. Private Ltd.	Sijuah (Jhertah) Elec. Supply Co. ..	9 25	10	0.68	0.75	1.00	0.80	3	Y.
69,99,960	28,97,866	2,22,90,594	74,27,824	11,885	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	10 22xd	10	0.87	0.90	0 90'C'	0.90	3	Y.P.T.
9,10,000	12,52,906	57,75,513	18,56,443	35,120	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	14 65	10	1.25	1.25	1.35	1.35	3	Y.
56,00,000	78,01,918	4,29,48,755	1,54,85,172	89,174	Martin Burn Ltd.	U. P. Electricity Supply Co.	115 50	100	10.00	10.00	11.00	11.00	3	Y.P.
8,00,000	11,41,474	46,63,814	13,15,572	3,34,013	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	14.12	10	1.00	1.00	1.50	1.420	3	Y.P.
ENGINEERING (Bombay)														
58,42,260	50,58,626	75,37,402	61,01,878	46,100	Turner Morrison & Co. Private Ltd.	Alcock Ashdown & Co., Ltd.	332.00	100	12.50	17.00	17.00		12	Y.
19,99,960	2,10,174	21,70,025	5,07,662	19,184	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	95.00	80	8.00	4.00	5.50		12	Y.
45,20,000	52,93,268	1,40,18,591	....	75,198	Walchand & Co. Private Ltd.	Cooper Engineering Co., Ltd.	195.00	100	10.00*	15.00*	18.00*C'	18.00	4	Y.P.
49,80,000	6,60,109	68,51,172	22,34,229	38,756	Dharamsinh & Co.	Hindustan Electric Co., Ltd.	190.00	100	7.00	10.00	*Nil*	4.00	4	Y.P.
60'00,000	3,05,45,883	2,46,93,830	1,45,51,540	99,845	Walchand & Co. Private Ltd.	Indian Rubber Pipe Co., Ltd.	189.00	100	9.00	18.00	18.00'C'	13.00	6	Y.T.
6,00,000	4,57,222	2,05,518	1,38,658	4,607	T. V. Baddeley, Esq. (Chairman) ..	Jost's Engineering	101.50	20	5.00	5.00	4.00	5.00	3	Y.
40,00,000	14,71,874	66,38,880	22,18,255	15,090	Adnem Services	Jyoti Ltd.	190 00	100	12.00	12.00	12.00		12	Y.
44,96,250	8,67,991	68,68,733	31,05,345	3,331	Kamani Bros. Private Ltd.	Kamani Engineering Corporation ..	16.52	10	0.50	0.775	0.80		9	Y.P.
42,96,023	78,89,668	1,21,65,925	66,66,477	11,866	Kirloskar Bros. Ltd.	Kirloskar Bros. Ltd.	55.00	25	0.25	0.30	0.25		3	Y.
87,20,147	49,67,710	1,14,26,996	38,15,988	38,466	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	84.00	10	1.00	1.00	1.43	1.60	3	Y.
15,00,000	4,53,940	25,19,944	6,77,554	5,683	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	395.00	100	....	....	*Nil*	12.50	3	Y.P.
1,10,00,000	35,76,765	1,21,61,582	37,48,210	98,848	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	39.35	10	1.25	1.25	1.80*C'	1.80	3	Y.P.
52,31,207 } 15,19,187 }	1,23,086	1,03,47,668	23,98,821	—2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)	Lakshmiratan Engg.	2	10	*Nil*	*Nil*	*Nil*		9	Y.P.
14,15,040 } 22,92,486 }	....	15,94,175	....	....	B. L. Kucheria, Esq (Chairman)	Lynx Machinery	3.12 5	5 10	*Nil*	*Nil*	*Nil*		..	Y.
1,22,00,000	42,57,088	1,59,29,923	46,47,975	1,10,709	M.	Mahindra & Mahindra Ltd.	4.36 19.24	5 10	2.20	1.25	1.25		10	Y.P.
80,00,000	....	46,62,025	16,78,977	49,424	Prithivraj Sons	Man Industrial Corporation Ltd. ..	125.00	100	*Nil*	*Nil*	*Nil*		3	Y.P.
11,00,980	1,72,712	41,60,471	25,65,495	2,771	P. Jhunjhunwala, Esq. (Mg. Director) ..	McKenzie Ltd.	125.00	100	*Nil*	*Nil*	*Nil*		3	Y.P.T.
61,42,910	57,00,000	1,38,14,415	50,48,402	....	Jeewan Private Ltd.	Mukand Iron & Steel	125.00	100	*Nil*	*Nil*	10.00	10.00	3	Y.P.
25,00,980 } 14,99,250 }	40,76,797	1,06,26,418	51,58,671	6,625	Kirloskar Associates	Mysore Kirloskar Ltd.	180.00 120.00	100 100 New	7.50 4.00	12.00 12.00	12.00 6.00	12.00 6.00	6	Y.
12,58,118	10,29,020	16,01,992	5,77,595	11,032	Navin, Kumar, Hanaraj (Private) Ltd.	National Elec. Industries Ltd.	85.00	50	4.50	4.50	6.00		3	Y.
22,27,780 } 27,72,300 }	9,89,193	92,30,855	20,73,762	17,933	J. V. Patel, Esq. (Mg. Diregtor) ..	New Standard Engineering	210.00	{ 100 100	....	9.00	12.00	9.00	3	Y.P.
22,59,000	1,46,32,085	9,36,956	1,76,989	12,289	Walchand & Co. Private Ltd.	Premier Construction	202.50	50	12.00	18.00	18.50		12	Y.P.
29,95,100	41,01,166	1,02,38,022	42,88,746	12,184	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd. ..	168.00	100	15.00	17.00	12.00		6	Y.P.
17,75,15,150	27,60,54,576	14,51,70,119	66,75,73,212	34,084	Tata Iron and Steel	Tata Iron and Steel	150.25	76 Old	8.25	6.80	9.72'C'	10.26*	3	Y.P.T.
7,99,97,800	2,85,57,403	24,50,95,291	11,17,31,117	2,47,855	Tata Industries Private Ltd.	Tata Locomotive & Engg. Co.	878.00	100	50.00	50.00	50.00	14.50	3	Y.P.T.
10,00,000	3,85,000	23,97,720	8,16,644	17,016	T. Manekilal & Co.	T. Manekilal Mfg. Co.	710 00	100	10.00	14.00	18.50		5	Y.
22,90,270	16,35,008	14,78,453	8,95,094	14,18,847	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	43.00	10	2.25	3.00	3.00		3	Y.
3,25,00,000	71,75,425	1,07,45,948	24,39,557	4,54,809	S. K. Sarcar, Esq. (Mg. Director) ..	Voltas Ltd.	311 50	100	9.00	13.00	13.00		3	Y.
70,00,000	....	10,49,952	4,291	28,584	R. R. Toprani, Esq. (Secretary) ..	Zenith Steel Pipes Ltd.	13.80	10	....	....	....	*Nil*	6	Y.
West Bengal and Other Centres														
5,00,000	1,06,479	26,69,661	18,48,876	1,80,382	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	14.06	10	*Nil*	*Nil*	....		10	Y.P.T.
50,00,000	90,54,321	1,01,45,489	65,62,025	496	M.	Bhartia Electric Steel	10 62	10	1.25	1.50	1.00		12	Y.
56,59,790	77,67,825	88,29,182	16,49,459	2,84,448	Y. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd.	89.87	10	1.25	2.25	2.50		12	Y.T.
12,00,000	35,59,754	83,37,611	54,78,693	1,87,999	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd. ..	52.25xd	10	2.00'B'	3.00	3.00		12	Y.P.
10,58,578	7,04,541	20,37,598	14,81,681	37,996	Balmer Lawrie & Co., Ltd.	Britannia Building and Iron	4.94	10	0.50	0.60	....		3	Y.P.
50,00,000	44,88,866	1,31,00,380	55,16,684	1,88,852	McLeod & Co., Ltd.	Britannia Engineering	12 75	10	0.60	1.00	1.00		3	Y.P.T.
5,00,000	11,27,567	26,62,140	16,10,502	81,788	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	33.00	10	2.00	2.50	4.50		12	Y.
24,00,000	2,56,55,859	5,20,79,050	3,25,00,340	1,21,244	Martin Burn Ltd.	Burn & Co.	512 50	100	20.00	28.50	28 50	28.50	4	Y.
1,00,00,000	11,58,000	80,99,999	6,58,924	1,83,066	M.	Calcutta Steel Co., Ltd.	18 00	10	....	....	0 50	1.50	3	Y.
1,00,80,000	12,33,028	1,89,06,744	10,15,000	4,17,174	R. L. Makharia, Esq.	Central India Machinery Mfg. Co. Ltd.	10 00N	10	*Nil*	*Nil*	*Nil*		3	Y.P.T.
40,00,000	4,50,000	1,12,17,888	17,70,980	4,142	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	10.81	10	*Nil*	*Nil*	1.00		9	Y.
6,00,00,000	6,88,05,809	8,38,20,821	2,68,46,202	....	H. M. L. Williams (Mg. Director)	Guest, Keen, Williams Ltd.	40 02	10	2.00	2.40	1 60'C'		12	Y.
12,59,040	22,59,048	61,88,962	41,37,127	....	Martin Burn Ltd.	Hooghly Docking	110 00	50	4.00	4.00	4.00		12	Y.
2,44,08,990	24,58,87,682	81,16,86,664	17,64,44,848	16,41,011	Martin Burn Ltd.	Indian Iron and Steel	25.65	10	1.00'C'	1.00	1.50	1.60	3	Y.
90,68,775	67,97,984	1,31,14,977	76,23,068	53,466	Martin Burn Ltd.	Indian Standard Wagon	110 00	25	5.00	5.00	7.125	7.126	3	Y.
98,180 } 28,980 }	2,52,04,622	2,22,96,589	1,52,64,925	10,08,466	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products ..	43 31 1,610	Q.10 A.10	4.00 4.00	1.62½ 0.16½	2 80 0 28		3	Y.
45,32,732	3,71,841	36,01,297	18,94,884	10,662	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd. ..	12 25	10	0.70	0.70	....	1.25	3	Y.P.
1,07,48,733	90,64,293	4,84,86,950	1,66,45,098	7,178	Madan Mohanlal Shriram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	28.06	10	1.20	1.20	1.715	1.715	3	Y.P.T.
28,00,000	38,00,500	77,83,732	17,92,011	91,460	J. K. Industries Private Ltd.	J. K. Steel Ltd.	23 62	10	1.25	1.25	2.00		6	Y.P.
3,08,97,900	1,47,08,415	3,18,81,991	1,02,35,799	57,411	R. P. Singh Roy, Esq. (Chairman) ..	Jessop & Co.	21 06	10	0.60	0 858	0.85'C'		10	Y.P.T.
27,64,800	42,22,268	95,25,077	36,24,562	37,543	Bird & Co. Private Ltd.	Kumardhubi Engineering Works ..	6 94	3	0.30	0.30'C'	0 30		11	Y.T.
10,50,000	10,86,336	19,41,579	15,38,707	—3,26,580	Marshalls (Direction) Private Ltd.	Marshall Sons & Co. (India), Ltd. ..	6 94	3	0.30	0.30	*Nil*	*Nil*	3	Y.
49,05,000	13,58,598	1,64,54,142	86,32,008	—7,08,389	....	National Iron and Steel Co., Ltd. ..	3 94	2	0.20	0 20	*Nil*		3	Y.
60,00,000	24,06,943	76,55,140	24,16,313	4,55,188	S. E. Ind. Development Co., Ltd. ..	Richardson & Cruddas Ltd.	5 75	10	0.62	0 75	*Nil*	*Nil*	3	Y.P.
6,00,000	15,56,099	31,30,671	20,15,012	15,803	The British India Corpn. Ltd.	Saran Engineering Co.	8.19N	10	*Nil*	*Nil*	....		6	Y.
1,50,00,018	84,57,158	1,84,51,181	4,86,97,471	2,18,121	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd.	7 94	4	0.40	0 35	0 35	0.40	12	Y.P.
89,84,400	14,51,916	77,82,900	30,25,484	17,137	Bahadurdaran & Co.	Textool Co., Ltd.	20.50 180.00xd	10 100	1.50 12.00	2.00 15.00	1.00 15.00	15.00	4	Y.
INSURANCE (X)														
18,50,000	45,63,970	1,75,12,227	....	67,888	N. M. Cole, Esq. (Mg. Director) ..	Concord of India	10.56	5	1.00	1.00	1.00		12	Y.
19,00,000	11,66,198	21,70,025	....	66,880	M.	Devkaran Nanjee Insurance	27 00	50	3.00	2.00	2.00		12	Y.
24,00,000	74,06,888	1,64,42,160	....	3,78,255	E. K. Srinivasan, Esq. (Mg. Director)	Hercules Insurance	24 25	10	2.00	2.00	2.00		12	Y.
16,32,240	42,45,147	96,46,602	....	4,21,318†	K. M. D. Thackersey, Esq. (Chairman)	Indian Mercantile Insurance	54 00	10	2.50	2.75	2.75		12	Y.
30,91,048	71,97,781	1,80,36,380	....	30,786	M. G. Mody, Esq. (General Manager) ..	New Great Insurance	21 52	20	2.00	2 50	2 50		12	Y.
1,00,81,500 } 8,97,82,907 }	16,93,36,488	....	20,09,455	B. K. Shah, Esq. (Mg. Director) ..	New India Assurance Co., Ltd. ..	60 20 62 00	15 10New	4.00 4.00	5.70* 5.70*	5.70 5.70		12	Y.
15,00,270	40,70,895	1,05,96,078	....	89,251	K. P. Modi, Esq. (Gen. Manager) ..	Raby General Insurance Co., Ltd. ..	8 81	5	0.62	0.80	0.80		12	Y.

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
62,50,000	2,17,59,602	4,00,13,820	1,14,17,317	1,33,107	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd. ..	17.00	10	0.90	1.00	1.20	1.20	3	Y.P.
1,00,00,000	47,93,750	1,51,27,464	66,45,037	3,01,680	Seshasayee Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd.	23.95	10	1.25	1.25	1.80	0.90	3	Y.
50,00,000	37,04,326	37,09,127	26,34,530	2,22,782	Turner Morrison & Co. Private Ltd.	Angelo Bros., Ltd.	22.81	10	1.50	2.00	2.50*		3	Y.
3,05,87,870	86,35,471	2,36,23,257	85,85,256	12,525	A. V. L. Collins, Esq. (Mg. Director)	Ashok Leyland Ltd.	9.70	5	0.30	0.40	0.40		12	Y.
30,00,000	27,88,868	41,63,859	23,89,465	1,42,995	Mr. A. Hydari and Mr. S. Gothberg	Assam Match Co., Ltd.	25.37	10	1.25*	1.80	1.80		3	Y.
1,19,00,000	80,76,127	92,46,580	48,96,447	5,78,110	H. K. Grezson, Esq. (Mg. Director)	Associated Battery Makers (E) Ltd. A. .	38.50	10	2.40	4.00	2.50		3	Y.
20,00,000	59,46,521	1,70,71,998	4,94,284	1,55,433	Oberoi Hotels (India) Private Ltd.	Associated Hotels of India	5.00N	10	0.60	Nil	Nil		3	Y.P.
36,01,420	96,40,909	79,91,396	41,74,664	5,75,402	G. D. Wilson, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	273.00	100	20.00	25.00	25.00		12	Y.
13,00,000	25,88,976	37,24,187	31,31,857	1,68,199	Balmer Lawrie & Co., Ltd. ..	Bengal Flour Mills Co., Ltd.	44.50	10	2.50	4.50	4.00		12	Y.
22,00,000	7,51,588	14,37,2248	..	56,711	Kilburn & Co. Private Ltd. ..	Birds Investment Ltd.	13.12	10	0.70	1.10	0.95		9	Y.P.
45,97,020	72,69,286	1,48,96,874	60,07,077	2,84,279	K. Julian Scott, Esq. (Mg. Director)	Britannia Biscuits	60.50	10	1.20	1.40	2.50	3.00*	3	Y.P.
2,25,00,000	1,95,44,212	3,00,84,689	2,33,94,496	3,34,066	H. S. Chaturvedi, Esq. (Mg. Director)	British India Corporation Ltd. ..	9.76	5	Nil	Nil	0.20		12	Y.
32,16,240	80,39,609	45,27,817	22,12,125	20,721	A. V. Niblett, Esq. (Mg. Director)	British Paints (India) Ltd.	27.37	10	1.00	1.00	1.25		12	Y.
1,36,80,000	14,75,549	1,85,75,7577	..	2,52,457	Andrew Yule & Co., Ltd.	Clive Row Investment	8.37	10	0.75	0.83H	0.80		12	Y.P.
1,95,000	10,00,000	40,04,006	28,47,106	5,000	M.	Delhi Flour Mills Co., Ltd.	15.00	10	1.00	1.00	1.00		10	Y.P.
4,05,00,000	5,08,87,500	10,39,79,436	4,01,20,270	25,12,555	John Luckham, Esq. (Mg. Director)	Dunlop Rubber Co. (India) Ltd. ..	59.75	10	1.02	2.15	2.15		12	Y.P.
98,00,000	1,12,80,000	31,00,2276	2,02,52,100#§	4,25,721	K. P. Goenka, Esq. (Chairman)	Duncan Brothers & Co., Ltd.	157.00	100	10.00	14.00	14.00		12	Y.
27,27,168	1,20,49,803	59,78,067	23,80,820	26,402	N. N. Mohan, Esq. (Mg. Director)	Dyer Meakin Breweries	40.87	5	0.75	0.80	1.25		3	Y.
51,26,000	59,19,702	1,65,50,4965§	..	3,49,092	Bird & Co. Private Ltd.	Eastern Investment Ltd.	142.00	100	9.00	14.00	14.00		12	Y.P.
12,49,250	..	4,92,035	6,366	33,511	M.	East Anglia Plastics (India) Ltd. ..	18.75	10	..	..	..		1	Y.
44,95,240	4,87,249	59,44,050	12,33,011	4,116	S. Sankaran, Esq. (Mg. Director)	Enfield India Ltd.	11.65	10	Nil	0.50	0.50		12	Y.P.
56,00,000	22,27,652	49,26,966	9,79,166	2,477	Harparshad & Co. Pvt. Ltd. ..	Escorts Ltd.	20.00	10	..	2.50	1.60		9	Y.P.
48,96,787	77,72,810	95,23,293	51,50,514	4,07,339	Satya Narain Gupta, Esq. (Chairman)	Ganesh Flour Mills Co., Ltd.	22.12	12.50	1.50	1.50			10	Y.P.T.
14,00,000	12,98,480	58,54,827	54,01,864	7,605	Macneill & Barry Ltd.	Gangas Rope Co., Ltd.	236.50	100	15.00	17.00	17.50		3	Y.
7,50,000	4,20,000	1,21,085	48,631	5,551	Gany & Co.	General Papers Ltd.	10.07	10	1.25	1.25	1.25		3	Y.P.
65,00,000	36,24,200	30,57,755	15,91,667	1,71,222	P. E. G. Woodbine Parish, Esq. ..	Gillanders Arbuthnot & Co., Ltd. ..	157.00	100	1.00	1.00	1.00		12	Y.P.
40,00,000	8,68,500	78,33,540	44,84,526	13,87,710	D. S. Nyaya, Esq. (Chairman) ..	Hindustan Fluiplus India Ltd.	30.75	10	2.00	2.50	4.00		12	Y.P.
30,00,000	18,10,650	58,65,436	43,28,959	21,282	B. F. B. Syndicate	Great Eastern Hotel	225.00	250	15.00	15.00	22.50		3	Y.
4,96,12,350	1,35,51,480	8,33,47,337	8,84,91,947	2,75,652	Birla Brothers Private Ltd.	Hindustan Motors	21.40	10	Nil	0.50	0.90	1.20	3	Y.
80,00,000	16,64,523	99,46,487	83,97,174	1,81,122	Lalukdar Law & Co. Private Ltd. ..	Hindustan Fluiplus Glass	25.75	10	0.60	1.20	..		10	Y.
11,46,000} 14,36,000}	..	1,00,459	..	..	Ramparsad Murlidhar & Co.	Hindustan Twyfords Ltd.	{— 18.12	10} 5	..	..	..	Nil	3	Y.P.
15,15,00,000	9,75,09,562	11,57,37,807	3,27,09,953	26,96,288	Mr. F. A. Collett (Chairman) ..	Imperial Tobacco Co. of India Ltd. ..	12.50	10	0.70	0.60	0.80	0.90	3	Y.
2,95,59,480	2,49,73,620	8,79,85,580	3,58,95,785	49,00,524	K. C. Mahindra, Esq. (Chairman)	Indian Aluminium Co., Ltd.	88.37	10	0.70	1.20	1.50		12	Y.P.
2,85,77,700	2,29,18,801	3,17,98,516	1,54,14,358	48,72,642	Sir John Brown, C.A. (Chairman)	Indian Cables	87.75	10	1.50*	1.50	1.75	2.25	3	Y.P.
2,00,00,000	1,28,51,498	5,90,66,568	2,46,90,248	13,78,471	Amiya Kumar Sen, Esq. (Mg. Director)	Indian Fluiplus Ltd.	88.75	10	1.00	1.50	1.50		9	Y.
19,98,375	1,06,784	34,68,157	21,21,620	3,833	M.	Indian Plastics Ltd.	9.50	10	Nil	Nil	Nil	Nil	3	Y.P.
3,27,970	7,54,870	19,61,876	11,61,645	1,82,686	M.	Indian Rubber Manufacturers	16.00	10	1.00	1.50	2.00		3	Y.
48,08,020	..	38,01,516	1,97,093	—5,89,700	Duncan Brothers & Co., Ltd. ..	Jardine Fluiplus (India) Ltd.	19.12	10	..	..	..	Nil	12	Y.
2,00,00,000	74,12,017	49,77,296	17,14,757	5,09,715	Sir John Brown, C.A. (Chairman)	Jardine Henderson	67.00	100	2.50	5.00	7.00	7.00	3	Y.P.
15,00,000	12,02,098	18,79,279	12,37,977	17,282	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	11.62	10	0.50	2.00	1.00		3	Y.P.
1,48,94,250	1,19,82,548	82,41,670	18,18,524	2,60,369	T. Leslie Martin, Esq. (Mg. Director)	Martin Burn Ltd.	32.00	10	2.00	2.75	2.75		3	Y.
15,00,000	..	8,50,000	32,491	14,953	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	30.25	10	2.00	3.00	3.00		12	Y.
40,00,000} 5,00,000}	78,79,801	31,96,009	13,68,603	2,18,017	M.	McLeod & Co.	{214.00 D.10.00	0.100 D.10	12.50 0.75	15.00 1.00	15.00 1.00		12	Y.P.
1,41,30,000	1,82,78,151	8,61,57,826	1,40,23,040	28,85,978	K. C. Mahindra, Esq. (Chairman)	Metal Box Co. of India Ltd.	64.25	10	1.75	1.75	2.50	2.50	3	Y.P.
20,00,000	7,90,891	16,14,284	7,39,760	2,552	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electrical Industries Ltd. ..	218.00	100	11.00	15.00	24.00	20.00	3	Y.
6,54,250	9,18,696	12,19,354	6,85,650	5,471	Mr. J. L. D'Sa (Chairman)	Mysore Lamp Works	21.00	10	1.50	1.60	2.00		3	Y.
15,00,000	3,50,080	30,39,192	12,41,906	11,453	V. Siddalingappa, Esq. (Chairman)	Mysore Tobacco	9.40	10	1.25	1.25	1.00	Nil	3	Y.
30,00,000	1,50,09,310	1,39,45,356	57,78,861	50,820	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co.	37.87	10	2.00	2.00	2.50	2.50	3	Y.
30,00,000	32,51,660	50,44,201	26,06,282	42,880	Do.	National Pipes & Tubes Co., Ltd. ..	30.31	10	1.25	1.50	2.00		6	Y.
30,00,000	36,75,130	41,41,925	..	39,238	Do.	National Rolling & Steel Ropes ..	23.12	10	1.00	1.00	1.30	1.50	6	Y.
49,99,057	12,28,074	1,05,98,558	39,58,256	46,585	K. N. Mookerjee, Esq. (Mg. Director)	National Rubber Manufacturers Ltd. ..	14.69	10	1.00	0.85	Nil		12	Y.P.T.
78,97,000	1,17,58,085	1,50,40,984	81,18,295	9,85,725	B. N. Elias & Co. Private Ltd. ..	National Tobacco Co.	16.37	10	1.10	1.60	1.60		12	Y.
23,28,100	11,02,393	40,65,2445§	..	45,497	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	44.00	75	3.75	6.50	..		12	Y.
10,00,000	7,02,000	16,17,555	7,24,601	1,81,361	Parry & Co., Ltd.	Parrys Confectionery Ltd.	4.76	1	0.20	0.20	0.30	0.20	3	Y.
2,30,00,000	56,08,956	2,16,94,776	66,09,501	63,622	P. C. Vink, Esq. (Mg. Director) ..	Phillips India Ltd.	32.75	10	0.85	1.20	1.20	Nil	12	Y.
62,50,000	..	4,38,081	..	—1,76,040	Duncan Brothers & Co., Ltd. ..	Phillips Carbon	10.94	5	..	..	..	Nil	12	Y.
1,00,00,000	1,09,481	5,89,733	2,90,134	2,558	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	4.10	5	0.375	0.375	Nil		12	Y.
36,52,540	7,27,480	38,37,051	21,09,606	21,049	T. Shamanna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd. ..	27.75xd	10	1.60	1.60	2.80		3	Y.P.
3,25,00,000	6,09,614	70,36,972	23,96,188	4,49,497	Sir Bridas Goenka, Esq. (Chairman)	Ralli India Ltd.	165.00	100	Nil	Nil	4.00		3	Y.P.T.
4,95,80,900	2,54,00,000	6,76,59,625	2,79,02,088	5,96,537	Sahu Jain Ltd.	Rohtas Industries	17.44	10	2.00	1.50	2.00	1.00	3	Y.
70,00,000	55,67,726	2,76,12,629	72,19,861	1,17,247	K. D. Gangull, Esq.	Sen-Raleigh Industries	22.50	10	0.60	0.80	0.80		9	Y.P.
75,00,000	56,68,000	1,57,90,819	57,89,411	9,18,496	T. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	22.37	10	1.00	1.50	1.50		12	Y.P.
40,00,000	91,92,501	1,51,93,010	78,19,486	7,95,988	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	24.50	10	1.50	1.80	1.80		6	Y.
47,00,000	24,40,000	1,38,84,029	39,75,778	2,974	Standard Motor Co. (India) Pvt. Ltd.	Standard Motor Products	16.35	10	0.75	0.90	0.90		12	Y.
15,00,000	95,24,802	1,18,49,116	28,62,132	53,231	A. Agents Private Ltd.	Straw Products Ltd. S.	9.12	5	1.25	1.50	..		12	Y.
1,00,000	9,99,990	30,00,133	7,47,138	3,288	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	6.10	10	0.40	0.60	0.60		12	Y.P.
11,56,300	16,45,653	14,00,716	7,70,662	91,515	B. H. Stanes, Esq. (Mg. Director)	T. Stanes & Co., Ltd.	31.50	10	2.00	2.75	3.25*	1.50	9	Y.
2,50,00,000	1,56,81,814	8,97,58,080	95,06,418	12,03,238	Sir A. Ramaswamy Mudaliar (Chairman)	Tube Investments of India Ltd.	285.00cd	100	10.00	10.00	10.00	10.00	7	Y.
37,58,940	..	59,986	48,88,988	17,86,583	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd.	8.37	10	Nil	Nil	..		9	Y.
1,80,00,000	1 67,65,506	6,94,41,004	1,15,63,837	..	J. R. Galloway, Esq. (Mg. Director)	Union Carbide India Ltd.	50.75	10	1.40	1.80	1.80		12	Y.
30,00,000	60,00,000	58,86,994	19,50,050	53,024	Vittal Mallya, Esq. (Chairman)..	United Breweries	101.55xd	10	5.00	6.00	6.00	6.00	2	Y.
1,00,000	6,60,161	1,02,78,928	8,66,822	28,594	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	32.50	10	3.75	5.25	3.50		11	Y.
21,46,200	27,60,459	1,02,78,928	35,59,149	6,384	A. K. Kaderkutty, Esq. (Mg. Director)	Western India Plywoods Ltd.	217.00	100	10.00	10.00	10.00	12.00	3	Y.P.
TRANSPORT														
30,00,000	26,17,850	1,22,16,800	21,49,792	22,023	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	125.00	100	6.00	8.00	Nil	7.50	10	Y.P.
1,00,00,000	61,52,703	48,59,991	2,55,57,013	—38,10,589	Dinshaw (1961) Private Ltd.	Bharat Line	4.80	10	1.20*	Nil	Nil		12	Y.
30,00,000}	2,17,74,568	8,61,80,181	2,15,58,555	1,32,013	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	{18.08 6.25	10 5(New)	1.80 0.90	1.50 0.625	1.00 0.50		6	Y.P.
5665,560	61,243,443	55,811,371	42,538,891	—23,866	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	61.50	210	Nil	Nil	..		12	Y.P.
47,50,000	2,46,51,885	23,78,87,961	5,76,03,817	—41,04,584	Lionel Edwards (Private) Ltd.	India Steamship Co.	7.76	10	1.00	1.00	1.00	Nil	3	Y.P.
1,28,19,225	11,32,52,909	93,02,51,320	9,89,12,970	—16,18,456	D. M. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co.	13.20	20	1.25	1.50	0.60		6	Y.P.
62,45,780} 62,30,200}	24,07,422	13,55,807	9,51,870	1,60,969	R. E. Atyer Esq. (Manager)	Walford Transport Ltd.	{3.37 2.25	0.1 P.O. 1	0.14 0.12	0.20 0.15	0.20 0.20		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation	Paid-up per Share	Dividend per Ordinary Share 1958	1959	1960	1961	Accounts closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
28,50,000	29,90,700	1,89,22,812	85,35,842	28,149	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	22.00	10	1.25	1.50	1.00	1.25	3	Y.
12,00,000	6,09,372	41,29,674	24,78,442	—2,59,124	Jardine Henderson Ltd.	Barraree Coke	16.00	10	0.50	Nil	Nil	Nil	3	Y.
4,49,280	1,90,125	11,90,186	6,76,035	4,967	Kalyanji Mavji & Co.	Bengal Bhaidee	6.00	10	0.25	Nil	Nil		12	Y.
1,00,00,000	2,09,22,467	7,40,59,784	4,56,67,458	10,00,320	Andrew Yule & Co., Ltd.	Bengal Coal	365.00	100	17.50	25.00	25.00		12	Y.
2,25,000	3,17,344	39,19,200	21,49,161	4,184	M.	Bengal-Nagpur	19.50	10	Nil	Nil	1.00		12	Y.P.
40,00,000	61,200	1,65,74,315	90,25,554	2,50,479	Sahu Jain Ltd.	Bharat Collieries	3.56	10	0.60	Nil	Nil		12	Y.P.
97,15,980	97,15,344	14,29,344	36,75,757	—5,96,033	M.	Bhilaibarare	5.00N	10	Nil	Nil	Nil		12	Y.P.
7,50,000	21,72,444	48,42,543	29,83,008	2,81,564	F. W. Heilgers & Co. (Private) Ltd.	Borrea	23.62	10	0.75	1.00	1.50		3	Y.
99,95,480	1,40,21,425	4,32,66,766	2,28,76,540	1,49,292	Bird & Co. Private Ltd.	Burrakur	18.94	10	0.875	1.30	1.30		6	Y.P.
48,97,750	6,32,975	93,38,393	51,90,514	1,11,970	Hindustan Investment Corpn. Ltd.	Central India	11.87	10	0.50	0.50	0.50	1.00	12	Y.
4,00,000	12,98,480	58,54,827	54,01,864	7,605	Jain Industries	Central Kurkend	7.00N	10	0.50	Nil	Nil		12	Y.
6,66,000	1,58,159	5,98,750(R)	..	7,043	F. W. Heilgers & Co. (Private) Ltd.	Churia	2.75	4	0.20	0.12	0.12		12	Y.
65,00,000	..	97,61,257	33,63,625	—1,00,301	M.	Dhemo Main	7.06	10	Nil	Nil	..		12	Y.
2,40,000	4,99,307	£11,461,191	£857,960	£16,220	Jardine Henderson Ltd.	East Indian	92.75	61	1.00	1.25	1.00	2.00	4	Y.P.
30,00,780	1,16,32,107	4,94,12,596	3,48,60,329	1,10,574	Macneill & Barry Ltd.	Equitable	37.75	10	1.50	0.75	1.50		12	Y.
16,07,000	2,50,000	24,58,595	8,48,900	—5,80,078	Shatter's Agency Ltd.	Ghusick and Musila	13.00	10	Nil	Nil	Nil		3	Y.
2,00,00,000	2,09,977.	44,46,310	30,14,543	707	Killick Industries Ltd.	Hingir-Rampur	32.75	50	Nil	Nil	Nil	Nil	6	Y.
3,20,000	..	36,79,228	25,12,806	—3,47,957	M.	Hurriladih	14.37	10	Nil	..	..		12	Y.P.
22,00,000	7,44,717	49,56,595	12,98,623	40,019	Shaw Wallace & Co., Ltd.	Karanpura Collieries	100.00	100	5.00	5.00	7.50	10.00	3	Y.
1,00,00,000	18,10,178	98,54,998	41,77,584	1,88,677	Andrew Yule & Co., Ltd.	Kettah Ikeriah	49.12	10	0.56	0.50	0.50	4.00	4	Y.
3,00,000	10,32,702	6,16,076	..	99,080	H. V. Low & Co. (Private) Ltd. ..	Lakurka	13.00	10	0.75	..	..		12	Y.
2,40,000	2,50,000	18,98,978	16,15,884	17,146	Textile Brothers Private Ltd. ..	Nadra	7.00	10	0.75	1.00	..		12	Y.
81,97,710	27,99,286	1,04,46,191	1,04,46,191	1,04,286	Andrew Yule & Co., Ltd.	New Beerbhoom	33.44	10	1.00	1.50	1.00		3	Y.
7,50,000	3,90,326	19,37,193	3,82,190	51,290	Octavius Steel & Co., Ltd.	New Kasbhoom	14.87	10	0.60	0.60	0.75	0.90	3	Y.
7,15,000} 1,07,150}	8,84,525	12,96,996	9,00,464	23,063	M.	North West	{31.00N 17.87N	10 7.50	1.50 1.12	1.50 1.12	2.00 1.50		3	Y.P.
1,44,000	14,40,908	2,02,886	82,84,209(R)	85,298	P. Prashad, Esq. (Chairman) ..	Ondal	18.00N	10	0.50	0.70	0.60		12	Y.P.
4,34,000	1,37,328	35,04,745	13,15,937	1,617	Deepchand Kishanlall	Parasea	15.00N	10	0.50	0.62	0.125		12	Y.P.
18,75,000	23,94,500	89,62,260	51,27,290	52,139	Shaw Wallace & Co., Ltd.	Pench Valley	17.31xd	10	2.00	1.00	1.00	1.00	3	Y.
1,00,00,000	59,45,181	1,59,19,235	1,10,15,981	50,304	M.	Rajendragunge	15.37	10	1.00	1.00	1.50	1.70	12	Y.
13,00,000	11,91,000	58,62,357	35,97,256	29,337	Shaw Wallace & Co., Ltd.	Rewa	39.50	10	1.00	1.00	0.781		12	Y.
27,50,000	24,32,570	1,12,99,241	33,46,979	26,992	M.	Samla Collieries	9.00	10	0.50	0.70	1.00		12	Y.
16,50,000	2,90,010	34,65,093	9,02,414	5,494	B. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries	122.00	100	12.50	16.00	16.00	8.00	12	Y.
12,50,000	11,14,493	31,05,185	20,96,527	97,533	Andrew Yule & Co., Ltd.	Sendra	44.00	7	1.75	1.75	1.00		12	Y.
3,50,000	4,66,236	15,740	12,04,569(R)	1,111	F. W. Heilgers & Co. (Private) Ltd.	Sendra	7.50	10	Nil	0.25	0.50		12	Y.P.
1,00,00,000	76,35,511	9,26,25,180	3,56,38,469	10,223	P. M. Nayar, Esq. (Chairman) ..	Singareni	11.80	10	0.75	0.75	0.75		3	Y.
17,50,000	8,99,288	44,23,751	7,47,138	90,181	Bird & Co. Private Ltd.	South Karanpura	21.31	10	0.75	0.90	0.88		9	Y.
6,50,000	18,46,019	1,46,767	72,66,329(R)	20,718	F. W. Heilgers & Co. (Private) Ltd.	Standard	14.00	10	1.25	1.50	1.50		12	Y.
3,50,000	2,51,629	30,49,979	12,60,097	36,464	R. M. Verma, Esq. (Mg. Director)	Union	10.75	10	0.25	Nil	..		3	Y.
49,92,000	9,00,867	99,38,910	28,21,283	15,798	Hindustan Investment Corpn. Ltd.	Western Bengal	14.44	10	0.50	0.50	0.60	0.75	12	Y.
1,50,000	....	69,41,488	33,68,210	—2,25,668	M.	West Jamuria	7.81	10	Nil	Nil	..		12	Y.

—The reserve of Straw Products Ltd. includes a non-distributable amount of Rs. 62,40,684 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1958. §§ Investment at cost. • Includes bonus.
—Give Raw Investment—Dividend for 1960 includes additional dividends of 0 nP for the year ended 30th March 1956 and 37 nP for the year ended 31st March 1958.
—Managed by the Board of Directors. N.E.—Dividends paid since 31st March 1960 are shown as nominal. (a) Investments.
—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to Rs. 10.50 per spot approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 116 lakhs, whereas interim dividend of 15 per cent was on a paid-up capital of Rs. 80 lakhs only.

DEVELOPING UNDEVELOPED AREAS

(*Concluded from page 930*)

assets for being used by industries in undeveloped areas. Such assets are given a special depreciation allowance of 75 per cent of their value for purposes of calculating income-tax in the year of purchase.

As a result of the Norwegian Regional Development Plan, industrial production in Northern Norway has increased rapidly. In the period between 1952 to 1958 about 700 new projects were established and employment opportunities were provided to about 7,000 people.

Denmark

With a view to eliminating unemployment and promoting industrialisation of undeveloped areas, the Danish parliament passed an Act in 1959, under which both free technical advice and financial support are available for sound industrial projects. Financial support is given either in the form of direct loans or through guarantee of loans given by commercial banks. These facilities enable industries to finance up to 90 per cent of permanent installations and machinery. Financial assistance for acquiring and installing machinery in rented premises is limited to 45 per cent of the purchase price of the machinery. While direct and Government guaranteed loans are to be repaid in 15 years, the period of repayment in respect of loans for machinery only is 10 years.

With the help of the various measures of assistance given by Government and the facilities such as water supply, dwelling quarters, schools and hospitals provided by municipalities, several firms in Copenhagen, which could not expand for want of space, have moved into new areas. A number of small industries have also come up in the undeveloped areas, especially in Jutland.

MARKET GOSSIP

(*Concluded from page 931*)

to pay for raw jute. The quantity of jute goods actually produced during the first ten months of the year was just 766,600 tons, which compares very unfavourably with the production of 890,500 tons in the corresponding period of 1960. The only consolation that the country can have is that the jute industry has turned the corner and that the

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar.	Sept.	95.50	100
BREWERIES AND SUGAR							
Bharat Sugar R.C.	5,00,000	1931	5.00	Dec.	..	70.00	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April	..	84.50	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.00	Mar.	Sep.	81.50	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb.	Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C. ..	7,00,000	1920	7.00	July	Apr.	5.03cd	5
East India Distilleries T.F.C. ..	£200,000	1897	7.00	Jan.	July	18.00	£1
Gwalior Sugar R.C.	6,75,000	1940	7.00	Dec.	..	62.00	100
Do. (Non-redeem.)	5,00,000	1940	7.00	Dec.	..	62.00	100
Furtabpore Co. C.	6,00,000	1922	10.00	Oct.	..	11.00	10
Ramnugger Cane T.F.C.	4,00,000	1933-36	6.00	Aug.	..	85.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct.	Apr.	60.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct.	..	29.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec.	..	7.47cd	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec.	..	90.00N	100
Do. C.R.O.	15,00,000	1946	5.00	Dec.	..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April	May	118.00	100
COAL							
Borrea T.F.C.	14,00,000	1896-97	6.50	Oct.	Apr.	82.00	100
Burrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr.	Oct.	97.00	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	7.50	10
Equitable T.F.	4,00,000	1895	6.00	Mar.	Sept.	72.00	100
Karanpura Collieries C	9,99,500	1946	5.50	..	..	54.00xd	10
††Khas Kajora C.	1,98,000	1931	5.00	Mar.	Sept.	7.00	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan.	July	10.50	10
Dndal T.F.C.	2,00,000	1898-99	6.00	Apr.	Oct.	82.00	100
COTTON							
Ahmedabad Advance T.F.C. ..	10,00,000	1939	5.00	Apr.	Oct.	70.50	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan.	July	108.91	100
Basanti Cotton T.F.	5,00,000	1938	6.25	Nov.	..	7.50	10
Bowreah 'A' T.F.	6,00,000	1900	8.00	Feb.	Aug.	110.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb.	Aug.	71.00	100
Bradbury T.F.	14,75,000	1919	7.00	June	Dec.	50.00	50
Buckingham & Carnatic C.T.F. ..	21,30,200	1920	7.50	Jan.	July	122.00	100
Bombodias C.T.F.	1,00,000	1928	7.00	Apr.	..	90.00	100
Central India T.F.	50,00,000	1913	8.00	Apr.	Oct.	434.00	500
Century Spg. & Mfg. Co. T.F.R.C. ..	1,25,00,000	1958	6.00	Dec.	..	109.50	100
Coimbatore Pioneer C.T.F. ..	1,00,000	1935	6.50	June	..	78.50	100
Elgin T.F.C.	11,00,000	1918	8.00	May	..	105.00	100
Elgin 'B' T.F.C.	4,20,000	1943	5.00	July	..	6.75	10
Elphinstone C.	25,00,000	1919	7.00	May	Nov.	70.00	100
Hecoran T.F.C.	30,00,000	1919	7.00	June	Dec.	101.50	100
Khatau Makanji (2nd) T.F. ..	29,92,500	1947	4.00	Nov.	..	77.00	100
Lothari C.T.F.	18,00,000	1937	6.00	Dec.	..	8.80	10
Lothari 'B' (Pref.) T.F.C. ..	6,00,000	....	6.00	..	..	8.75	10
Lakshmi Cotton (Bombay) C. ..	16,00,000	1896	5.00	..	..	151.25	100
Lorarjee Gooculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan.	..	73.00	100
Mysore Spg. C.	7,45,050	1944	4.50	..	..	22.75	50
National Rayon C.	1,74,64,700	1947	5.00	..	..	69.50	100
New Great	8,00,000	1918	5.50	Mar.	..	107.00	200
Cedar Mills T.F.C.	10,00,000	1943	4.00	Feb.	..	63.00	100
Rajalakshmi C.T.F.	2,00,000	1933	6.50	Apr.	..	44.50	50
Shree Niwas Cotton T.F.C.R. ..	4,80,000	1944	4.00	..	..	64.00	100
Solapoor T.F.C.R.	25,00,000	1943	3.00	..	..	78.25	100
Vadeshi T.F.C.	15,00,000	1935	5.00	Apr.	Oct.	88.00	100
Wadeshi (Kanpur) T.F.C.	25,00,000	1927	6.00	June	..	60.00	100
Yavancore Rayon C.T.F.	50,00,000	....	5.00	May	..	7.25	10
Yamuna (1st) C.T.F.	8,00,000	1931	6.00	Apr.	Oct.	97.00cd	100
Do. (2nd) C.T.F.	1,50,000	1938	6.00	..	..	94.02cd	100
Yahnu C.	15,66,500	1908	7.00	Apr.	..	395.00	500
ELECTRICS							
Andhra Valley Power Supply C. ..	49,34,000	1917	7.00	May	Nov.	1,017.50	1,000
Amalgamated Electric T.F.C. ..	24,15,000	....	5.50	..	..	71.00	100
Calcutta Electric T.F.C.	19,00,000	1909-11	5.00(t)	June	Dec.	9.75	21
Cauvery Electric C.	4,00,000	1935	7.00	June	Dec.	101.00	100
South Madras (1st) C.T.F.	22,00,000	1940	5.50	Sept.	Dec.	{ 7.80	100
Do. (2nd) C.T.F.	8,00,000	1940	5.50			7.95	10
Surat Electric Co. C.T.F.	5,00,000	1939	6.50	Apr.	..	107.00	100
Tata Hydro Electric Power C. ..	89,28,000	1907	7.00	May	Nov.	101.50	100
Tata Power T.C.	86,97,000	1918	7.50	May	Nov.	1,032.50	1,000
Tollere C.	1,25,000	1928	6.00	Dec.	..	6.28cd	10
ENGINEERING							
Arthur Butler (Muzaffarpore) T.F.C.	1,80,000	1919	7.00	Mar.	..	12.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	13,00,000	1895-98	7.00	Feb.	Aug.	110.00	100
Do. (2nd) T.F.C. ..	15,00,000	1902	6.00	Feb.	Aug.	100.00	101
Indian Iron and Steel Co., Ltd. T.F.C.	2,09,95,400	1950	5.00	Dec.	..	86.50	100
Indian Standard Wagon T.F.C. ..	19,66,500	1918	7.00	June	..	112.00	100
Jessop T.F.C.	20,00,000	1941	5.00	May	Nov.	78.00	100
Jumani Engineering C.R.	15,00,000	1945	5.00	July	..	52.00	100
††Kumardhubi Engineering T.F.C.	12,00,000	1916	4.00	June	Dec.	72.00xdN	100
Mareen and Toubro Ltd. T.F.R. ..	18,00,000	1946-47-51	5.00	..	..	89.00	100
Mahindra & Mahindra T.F.R.C. ..	25,00,000	1946	6.00	May	..	96.00	100
McKenzies (1st) T.F.C.	5,50,000	1907	5.50	..	..	60.00	100
Premier-Construction (1st)	10,00,000	....	6.25	..	..	77.00	100
Do. do. (2nd) C. ..	5,00,000	1936	6.25	..	..	68.00	100
Do. do. (3rd) C. ..	50,25,000	1947	4.50	..	..	4.90	10
Tata Iron and Steel (1st) C. ..	75,00,000	1908	6.00	Nov.	..	135.00	150
Do. do. (2nd) C. ..	6,92,81,900	1908	7.50	May	..	104.80	100
JUTE							
Agarpara T.F.C.	10,00,000	1927	7.00	Jan.	July	92.00	100
Alexandra T.F.C.	9,00,000	1905	7.00	Feb.	Aug.	88.00	100
Alliance T.F.C.	15,00,000	1895	6.00	Mar.	Sept.	65.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May	Nov.	92.00	100
Ashland C.	10,00,000	1909	5.50	May	Nov.	68.00xd	100
Do. (2nd) (j) C.	15,00,000	1945	4.50	June	Dec.	57.00xd	100
Auly T.F.C.	20,00,000	1918	7.00	Apr.	Oct.	93.00	100
Bhagnagore C.	£200,000	1896	5.00	May	Nov.	38.00	£5
Bhadreer T.F.C.	7,00,000	1906	7.00	Jan.	July	87.00	100
Birla C.	23,54,200	1919	7.50	June	Dec.	84.50	100
Bridge-Budge T.F.C.	9,00,000	1894	7.00	May	Nov.	90.00	100
Calcutta T.F.C.	6,00,000	1934	6.50	Jan.	July	45.00N	100
Caledonian T.F.C.	10,00,000	1915	7.00	June	Dec.	84.00	100
Caviot T.F.C.	10,00,000	1919	7.00	June	Dec.	86.00	100
Chitavalsah T.F.C.	5,00,000	1928	7.00	Mar.	Sept.	88.50	100
Clive .. (1st Pref.) T.F.C. ..	8,00,000	1900	6.00	May	Nov.	65.00	100
Do. (A) (2nd Pref.) T.F.C.	5,00,000	1906	7.00	May	Nov.	73.00	100
Clydehouse T.F.C.	15,00,000	1903-18	7.00	May	Nov.	90.00	100
Cossipore T.F.C.	15,00,000	1897	6.00	June	Dec.	69.50	100
Cowapire T.F.C.	10,00,000	1918	7.00	Feb.	Aug.	90.00	100
Dalhousie Gloster T.F.C.	14,00,000	1896-98	7.00	May	Nov.	98.00	100
Do. (2nd Pref.) T.F.C.	7,00,000	1948	6.00	..	..	65.00	100
Dalhousie William T.F.C.	10,00,000	1911	7.00	May	Nov.	90.00xd	100
Dangee T.F.C.	6,00,000	1916	8.00	June	Dec.	90.00xd	100
Dalhousie T.F.C.	26,50,000	1895-04	6.00	May	Nov.	77.00xd	100
Delhousie T.F.C.	25,00,000	1885	6.00	Mar.	Sept.	78.00xd	100
Dooghly T.F.	11,76,000	1913	5.50	Mar.	Nov.	10.50	10
Dowrah T.F.C.	8,75,000	1890	7.00	May	Nov.	92.00	100
Do. T.F.C. (f)	17,50,000	1908-06	7.00	May	Nov.	89.00	100
Drumchand T.F.C.	40,00,000	1919	7.00	June	Dec.	89.00	100
Dumarhatty T.F.C.	16,00,000	1898-04	6.00	Feb.	Aug.	71.00	100
Dunkarrah T.F.C.	10,00,000	1900	6.00	Feb.	Aug.	76.00	100

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
JUTE—*Continued*							
Kelvin T.F.C.	10,00,000	1907	7.00	Mar.	Sept.	91.00	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May	Nov.	81.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May	Nov.	88.00xd	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May	Nov.	90.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May	Nov.	90.00xd	100
Do. (B) T.F.C.	10,00,000	....	5.50	Dec.	..	70.00xd	100
Nalhati T.F.C.	7,50,000	1905	7.00	May	Nov.	112.00	100
Do. (2nd) (j) T.F.C.R. ..	10,00,000	1945	4.50	June	Dec.	82.00	100
National T.F.C.	5,00,000	1917	7.00	May	Nov.	87.00	100
Nellimarla T.F.C.	5,00,000	1939	6.00	Apr.	Oct.	78.00	100
New Central T.F.C.R.	33,00,000	1915	7.00	Jan.	July	92.00	100
Northbrook T.F.C.	15,00,000	1900	5.50	May	Nov.	60.00xd	100
Reliance T.F.C.	20,00,000	1906-12	7.00	May	Nov.	80.00	100
Samnuggur C.	£150,000	1901	6.00	Feb.	Aug.	Sh. 21.50N	£1
Soorah T.F.C.	10,00,000	1920	7.00	Feb.	Aug.	91.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar.	Sept.	93.00	100
Titaur C.	£150,000	1897	6.00	Feb.	Aug.	Sh. 21.50	£1
Union T.F.C.	6,00,000	1901-02	7.00	May	Nov.	88.00xd	100
Victoria C.	£150,000	1898	6.00	Feb.	Aug.	Sh. 21.50	£1
Waverley, T.F.C. (f)	7,50,000	1913	5.00	Mar.	Sept.	88.00	50
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov	..	47.00	60
Calcutta Tramways C.	£250,000	1906	5.00	Apr.	Oct.	7.25	£1
Great Eastern Shipping T.F.R.C. ..	25,00,000	1948	5.50	Dec.	..	91.00	100
Indian Coast Nav. & Ry. C. ..	£150,000	1899	6.00	Mar.	Nov.	77.00	£10
India Steamship (w) T.F.C.R. ..	25,00,000	1928	5.00	..	..	70.00xd	100
TEA							
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May	Nov.	29.31xd	10
††Banarhat Tea T.F.C.	4,00,000	1900-02	6.50	Jan.	July	100.00	100
Birpara T.F.C.	1,00,000	1900-02	8.00	Jan.	..	96.00	100
Choonabhutti T.F.C.	2,00,000	1914	6.50	Jan.	July	93.00	100
Gielle C.	2,00,000	1894	6.00	Sept.	..	74.00	100
Hantapara T.F.C.	50,000	1901	8.00	Jan.	..	96.00	100
Haslimara T.F.C.	3,00,000	1904	7.00	Mar.	..	96.00	100
Kingsley Golaghat T.F.	2,40,000	1897	6.00	Dec.	..	84.00	100
Moheema T.F.C.	3,20,000	1929	6.00	May	Nov.	5.85	10
New Doosars T.F.C.	2,00,000	1907	6.50	Jan.	July	100.00	100
New Samanbagh T.F.C.	1,00,000	1908	8.00	Nov.	..	90.00	100
††Okayil T.F.R.C.	50,000	1888	7.00	Dec.	..	84.00	100
Pussimbing T.F.C.	2,05,000	1916	7.00	Jan.	..	96.00	100
Sonai River T.F.C.	1,00,000	1909	8.00	May	..	88.00	100
***Tezpore C.	2,05,000	1932	8.00	Jan.	..	9.94	10
Tirribannah T.F.C.	1,00,000	1922	10.00	May	Nov.	18.50	100
PLANTING							
Be Be Rubber C.	1,43,005	1944	6.25	..	..	2.85cd	5
Do. R.C.	2,85,570	1944	6.25	..	..	5.75cd	10
Cochin Malabar C.T.F.	1,13,300	1932	7.00	..	..	48.77	50
Coffee Lands C.T.F.	10,40,000	....	5.00	June	..	71.08	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr.	..	85.14cd	100
Cottanad C.T.F.R.	1,00,000	1937	7.50	Nov.	..	9.60cd	10
Devon Tea C.T.F.	2,00,000	1936	7.50	July	..	82.00	100
Highland Produce C.T.F.	3,00,000	....	6.00	July	Jan.	7.25	10
Neelamalai C.T.F.	18,00,000	1943	5.00	Jan.	July	6.10	10
Nilgiri Tea C.T.F.	2,81,250	1942	6.50	July	..	3.80cd	5
Pullangode C.T.F.	1,50,000	1943	6.00	Mar.	..	7.87	10
Teekoy Rubber C.T.F.	6,00,000	..	6.00	Mar.	Sept.	6.80	10
T. R. & T. Co. C.T.F....	16,00,000	..	6.00	June	Dec.	8.95	10
Waterfalls R.C.T.F.	5,00,000	1943	6.00	Nov.	..	8.40	10
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	.. ..	6.25	June	..	80.00	100
Do. do. (2nd) T.F.R.C. ..	5,00,000	..	5.00	June	..	81.00	100
Alkali & Chemicals T.F.C.	31,00,000	1937	5.00	Apr.	..	89.00	100
Aluminium Corpn. (1st) C.	20,00,000	1938	7.00(f)	..	..	99.00	100
Andhra Cement C.T.F.	2,48,800	1937	6.00	Feb.	June	92.74	100
Associated Hotels of India C. ..	21,67,000	1916	7.00	Mar.	Sept.	54.00	100
Bengal Chemical T.F.C.	9,00,000	1925	7.50	Aug.	..	11.75	10
Bengal Paper Mill T.F.C.	2,00,000	1903	7.00	Mar.	Sept.	48.50	50
Do. "A" T.F.C.	4,00,000	1923	7.00	Mar.	Sept.	100.00	100
Do. "B" T.R.C.	20,00,000	1948	6.00	..	..	62.00	100
Bengal Timber Trading T.F.C. ..	3,00,000	1896	8.00	Aug.	..	8.00N	100
Britannia Biscuit T.F.C.	15,450	1921	8.00	Feb.	Aug.	14.50	10
British Cotton Corporation C. ..	17,50,000	1913	8.00	Feb.	Aug.	6.00N	5
British India Corporation T.F.C. ..	61,00,000	1920	8.00	Feb.	..	110.00	100
Dalmia Cement (Bharat) C.T.F. ..	61,58,210	1937	6.00(f)	Sept.	..	7.94	10
Dhrangadhra Chem. Works T.F.C.E. ..	31,91,900	1956	6.00	..	..	79.00	100
Shree Digvijay Cement T.F.R.C. ..	79,93,875	1944	5.00	Jan.	..	76.50	100
Dunlop Rubber Co. (1st) T.F.C. ..	30,00,000	1926	6.00§	June	Dec.	109.50	100
Dunlop Rubber Co. (2nd) C. ..	40,00,000	1936	6.00	Apr.	..	70.00	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	5.00	Feb.	Aug.	56.00	100
Do. do. (2nd)	1,00,000	..	6.00	Feb.	Aug.	48.00	100
Gillanders Arbuthnot(f) R.C. ..	25,00,000	..	5.00	Apr.	Oct.	50.00	100
Hindustan Motors T.F.R.C.	1,60,12,250	1956	6.00	Mar.	..	188.00	100
Humayan Properties T.F.C.	12,00,000	1933	6.00	..	..	6.75	10
India Cement C.	29,85,000	1916	7.50	Oct.	..	85.00xd	100
Indian Aluminium (g) C.R.	40,00,000	1945	5.00	June	..	69.00	100
Indo-Burma Petroleum C.	20,00,000	1921	7.00	Jan.	July	92.00	100
Indian Cable (m) C.	12,87,750	1923	6.00	June	Dec.	84.00	10
India Rubber Mfrs. (n) T.F.C.R. ..	8,28,000	..	5.00	Apr.	..	60.00	100
Jardine Henderson C.	50,00,000	1946	5.50	Dec.	..	58.50	100
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.50	May	..	55.00	100
Do. do. (2nd) T.F.C. ..	10,00,000	..	4.00	May	..	53.00	100
Kumardhubi Fireclay & Silica C.R. ..	2,00,000	1915	7.00	June	Dec.	61.00N	100
Martin Burn (k) T.F.C.R.	30,00,000	1946	6.00	Apr.	Oct.	82.50	100
McLeod and Co. (1st) C.	10,00,000	1930	5.00	July	Jan.	46.00	100
Do. (2nd) F.C. ..	40,00,000	1936	5.00	July	Jan.	59.25	100
Metal Box Co. C.R.	30,00,000	..	6.00	..	..	84.00	100
Mettur Chemicals (Old) C.T.F. ..	20,00,000	1903-18	6.00	Feb.	Sept.	9.33xd	10
Mysore Chemicals Mfrs. C.T.F. ..	2,00,000	1930	6.00	June	..	8.50xd	10
Mysore Lamps C.T.F.	2,50,000	..	5.00	Aug.	..	5.95cd	10
National Tobacco (Old) (p) T.F.C.R.	25,00,000	..	5.00	Mar.	Sept.	69.00	100
Do. do. (New) (q) T.F.C.R.	19,98,000	..	4.50	Mar.	Sept.	35.00	100
Orient Paper T.F.C.R.	20,00,000	1936	6.00	Jan.	..	70.00	100
Do. (2nd) (r) C.R.	20,00,000	..	5.50	Apr.	Oct.	65.00	100
Rohtas Industries (Old) T.F.C. ..	20,00,000	1936	7.00-9.00	Apr.	..	102.00	100
Do. do. (New) T.F.C. ..	85,04,700	..	4.25	Apr.	..	87.00	100
††Smith Stanistreet & Co. T.F. ..	5,00,000	1920	10.00	Feb.	Aug.	65.00	50
Spencer & Co. "A" C.	23,20,000	1898	6.50	Jan.	July	7.65	10
Do. "B" C.	86,80,000	1922	8.50	Jan.	July	10.35xd	100
Standard-Vacuum C.	75,00,000	1955	6.00	June	Dec.	88.50	100
Star Paper T.F.C.R.	10,00,000	..	5.00	Mar.	Sept.	72.00	100
Tata Chemicals T.F.C.	59,97,000	..	5.00	June	..	85.00	100
Tata Oil Mills C.	29,88,900	1946	4.50	Jan.	..	69.30	100
Titagur Paper Mills T.F.C.	11,50,000	1899	8.00	Jan.	June	118.00	100
Do. do. (2nd) T.F.C. ..	15,00,000	1934	4.50	Jan.	July	75.00	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of a preferential dividend at the rate of 8 per cent (of which only 5 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent per annum and also to participate in further dividend of 2 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

§ Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 3 months' notice. (h) Redeemable after 30th September 1966 at Rs. 125. (i) Redeemable at par after 9th November 1955 on 6 months' notice. (j) Redeemable after 28th July 1955 on 6 months' notice. (k) Participating upto 9 per cent. (l) Redeemable at par after 31st March 1952 on 6 months' notice. (m) Rank pari passu with ordinary shares after ordinary shares receive 5 per cent dividend. (n) Redeemable after 30th December 1954. (o) Redeemable at any time at Rs. 115 on one month's notice. (p) Redeemable at par after 1st January 1954. (q) Redeemable at par after 17th June 1956. (r) Redeemable at par after 1st October 1956 on 3 months' notice. (s) Participating to 9 per cent. (t) Free of Income-tax upto 6 nP. in the £. (u) Redeemable at par on 3 months' notice. (v) Redeemable at various dates. (w) Redeemable at any time 2 years after the date of issue at a premium of Rs. 10 per share on 3 months' notice. (x) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. PP—Partly paid.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent Who else must sweat and toil and gain but scanty fare."
William Blake.

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PROBLEM OF PETROLEUM PRICES

ECONOMICS of oil (petroleum) industry is a highly complicated subject, because it pertains to an integrated industry with its various operations spread over a number of countries. More literature on the subject is available now than even, say, at the beginning of the 'sixties. And yet the old saying "a little knowledge is a dangerous thing" can be commended to those who wish to unravel the mysteries of this branch of industrial economics. This is particularly true of the underdeveloped countries that are now politically free and wish to have the best bargain possible either as producers or consumers of oil. They suffer from a handicap in this respect, in that they have to deal with oil companies which in the colonial days had been accustomed to a large measure of freedom and a considerable number of privileges as the supplier of a strategic commodity. Rightly or wrongly, these countries have come to believe that the oil companies have been making enormous profits at their expense and that they are entitled to a share in them. Some of them would even like to keep the oil companies out of their markets, if they could do so without impairing the flow of oil supplies, so that they might have the entire profit to themselves. The secretive nature of oil companies' affairs in these parts of the world has only served to whet their appetite for more information and strengthened their impressions about oil business. The entry of Soviet Russia and quite a few independent operators into oil business has made it possible for these countries to drive a hard bargain with the oil companies and endeavour constantly to obtain a share in their profits.

Unfortunately, the oil companies have been slow in yielding to the pressures of nationalism. Instead of gracefully adjusting themselves to the new forces, they have invariably tried to resist them, thereby forcing the countries concerned to seek the aid of Soviet Russia and independent operators in the free world. They are as much responsible for the policy of brinkmanship followed by the national Governments as the latter. If they had shown a readiness to associate domestic capital in the area of their operations and yielded, of their own accord, some of the ground which they have done after considerable pressure and persuasion, they would have been on stronger ground in claiming their legitimate share in the expanding markets for oil in the developing countries. Oil is a commodity in which politics overlaps economics and, to a dispassionate observer, it looks as though the oil companies of Western origin ought to display a little more political wisdom than mere economic righteousness. Despite their flexibility, they have not been successful in erasing the impression in the minds of the public in underdeveloped areas that they are trying to take undue advantage of scarcity of capital, technicians and know-how from which these areas are suffering. Such a development is inimical to their own future, for nothing is more harmful than creating a feeling that one is being exploited. The oil companies are undoubtedly right in saying that they can deliver the goods cheaper and quicker, if they are given sufficient freedom and incentives, leaving the domestic capital and other resources to be used for developing the other spheres of a national economy. And this journal has been foremost in upholding that view. But there is no point in ignoring political realities or in throwing away the sponge in utter disgust. The only people who will be happy at such a development are the Russians, Chinese and fellow travellers.

These thoughts are provoked by the half-hearted reception given by the three Western oil companies to the findings and recommendations of the Damle Committee on the pricing of oil products marketed in India. The Damle Committee was a sort of an umpire settling a dispute between two parties. The oil companies were given full opportunity to explain their side of the case and, after a fair hearing, the Committee arrived at certain conclusions. Although the full text of the Committee's report is yet to be released to the Press, the major portions thereof have been "leaked" out by official sources as and when it suited their convenience. It seems from such information as is now available that, by and large, its recommendations are fair. The Committee has framed its recommendations in such a way as to enable the companies to earn a return of 12 per cent on capital employed, which is by no means so low as is made out by some. Although at one stage the Government was inclined to feel that the Committee had given away more to the companies than was necessary, it finally decided to accept them *in toto*, except on one point which pertains to the Government's relationship with consumers. Thus, whereas the Committee wanted the reductions in prices to be passed on to consumers of petroleum products, the Government has decided, as in the past, to take the saving to the Exchequer. The companies, too, which at one time felt irritated over the Government's delay in coming to a decision on the Damle Committee's recommendations, ought to have decided to abide by them. Instead, they have accepted all the recommendations except one, namely, discounts on "posted-prices" in regard to

of crude or agree to distribute the products obtained by India from anywhere in the world, on the basis of a mutually agreed profit-margin. If they feel that India should not dictate the price at which they could import oil, then they, too, should not dictate to this country from the commanding position they hold here. From the point of view of both principles and expediency, the oil companies have been wrong in the stand they have taken on this particular issue. None wants them to incur a loss for the sake of India. If they are unable to obtain the discounts which the Damle Committee says they could, then, in fairness to this country, they should volunteer to market the products imported by the Government of India, whatever may be the source. That is what any national concern is bound to do, and will certainly do, placed as India is in regard to foreign exchange.

The oil companies, however, are right in saying that the refining capacity they have developed in the country must be used to the fullest extent by increasing the supply of crude. It would, indeed, be ridiculous not to do so. If the refineries have expanded their capacity by some minor modifications of their plants or through improvement in the technique of their operations without causing any strain on the foreign exchange resources of the country, it is something for which they should be complimented. In any case, the demand for petroleum products is there and the public sector projects have been lagging behind. By stepping up refining in the country, a larger amount of foreign exchange can be saved, and an increase in the supply of by-products and employment opportunities can be secured. The Government, too, can get a larger amount of revenue. There is thus every reason for permitting the existing refineries to import all the crude they need for utilising their capacity to the maximum extent possible. Indeed, this journal would even go further and reiterate its earlier stand that, as the demand for petroleum products in the coming years will be greater than the capacity under the existing plans for expansion, which will all be in the public sector, it is necessary to let the existing three refineries also to expand their capacity. The shilly-shallying by the Government on this issue is not in the larger, including the strategic, interests of the country. The oil companies, on their part, have agreed and are ready to refine domestic crude, even if it is produced by the public sector. Besides, there are now no differences of opinion between them and the Government in regard to pricing of imported crude. They have, in actual practice, accepted many modifications to the original refinery agreements. And, what is more, they are prepared to find the foreign exchange necessary to cover the cost of plant and machinery.

INDIA'S FOREST POLICY

FORESTS in tropical countries once had their frightening associations in one's mind—frightening because of their wild life and inaccessibility. They are less frightening now, at any rate in India, for man's depredations by way of deforestation, unregulated fellings and over-grazing have led to their denudation and, thus, to the depletion of wild animals too. The gradual extinction of wild life, which is unfortunately under way, has also rendered forests less attractive to hunters of game. Even the irresistible attraction they once had for the devout Hindu on the threshold of *vanaprastha*, the third stage in his life, is no longer there. But in another sense which may be called 'commercial' or 'economic,' forests and forestry have begun to attract the attention of enlightened agriculturists, industrialists and 'natural resource planners'—all of whom seem to be agreed on the need for scientific forest management, conservation and reforestation for the purpose of maintaining indefinitely, or even increasing, the productivity of forests.

Let us, however, forget, for the nonce, the recreational, spiritual and commercial attractions provided by forests and think a while of their balancing and beneficent role in Nature. Undisturbed forests, it has been well and truly said, are notably resistant to the inexorable wearing down of the earth's surface; the rates of soil development in them generally exceed the slow process of depletion, but the rates of erosion rise inevitably on the heels of activity of man. Vegetative control begins with the protective canopy of trees. While some of the falling rain may be caught by the crowns of trees and thus may not even reach the ground, vegetation breaks the force of most of the rain, so that drops reaching the forest floor are less [illegible] detaching the soil particles and washing them away. As forest lands are commonly confined to mountainous terrain and as mountains, in their turn, receive normally very heavy rainfall—all the heavier because of their vegetative cover—and start most of the big rivers on their courses, the efficacy of mountains as catchment areas depends a great deal on their forests. It is here that man's activities in forest areas—road building, timber cutting, grazing and burning—can bring about the erosion of mountain slopes if they are indiscriminately practised, and thereby disturb or even destroy the delicate natural balance which has all along provided maximum control of the soil. Conservation of forests, even while exploiting them for man's immediate purposes, is thus required by Nature itself.

The need for such conservation has always been recognised in India, for the role of forests in the conservation of soil fertility, and in the maintenance of the water regime of the land has been clear. The report of the first Plan, for instance, has provided a succinct description of this role in the following passage:

> "The organic matter they (forests) yield improves the tilth and increases the water holding capacity of the soil, thereby reducing the run-off. The presence of vegetation acts as a physical check to the velocity of the run-off and reduces its soil-carying capacity. Thus, forests protect the hilly areas against excessive soil erosion. Similarly, they protect flat lands against dessication and erosion caused by winds. They exert a beneficial influence on the growth of agricultural crops and on the climate of the region in which they exist."

To what extent has this recognition of the role of forests imparted vigour to a policy of conservation and regeneration? It is well known that India is by no means very well placed in the matter of forest vegetation. Its forest area of 127 million acres represents no more than 16 per cent of its geographical area—a proportion which is much lower than in most other countries. The Forest Policy Resolution of 1952, it may be recalled, had laid down that India as a whole should aim at maintaining one-third of its total land area under forests. The Resolution continued that a much larger percentage of the land, about 60 per cent, should be kept under forests for their protective functions in the Himalayas, the Deccan and other mountainous tracts liable to erosion. It envisaged a proportion of 20 per cent for the plains (where the ground is flat and erosion is normally not a serious factor) and suggested the extension of tree lands on river banks and other convenient places not suitable for agriculture, in view of the pressure of population on cultivable land. If it had been possible, by any miracle, to attain, in the last decade, these goals of national forest policy, India's forest area would now be upwards of 250 million acres.

But what has actually been achieved during the first and second Plan periods with an aggregate outlay of about Rs. 29 crores is precious little, as compared with what was planned, let alone what remains to be done. It has been possible, during the last ten years, to rehabilitate only 400,000 acres of degraded forests, to undertake new plantations of industrial timber extending over an area of just 330,000 acres and of matchwood covering about 55,000 acres, and to build 9,000 miles of forest roads. Over the same period, on the other hand, exploitation of forest wealth has not abated in the least, for annual production of timber and firewood has remained virtually stationary at the 1950-51 level of 550 million cubic feet. India's forests have thus continued to provide the wood for its paper, match and plywood industries, the timber for construction purposes and the firewood and charcoal wood for domestic use. It is, indeed, distressing to find that, of the annual production of 550 million cubic feet of timber, as much as 400 million cubic feet represent firewood and charcoal wood. The production of minor forest produce (bamboos, canes, fibres, gum and resins, etc.) has also remained more or less constant during the period. The total value of timber, firewood and minor forest produce, at current prices, is of the order of Rs. 40 crores. In spite of so much utilisation of forest wealth, there has increasingly been in evidence a serious shortage of raw materials for the forest-based industries. This situation also calls for extensive forest regeneration and, happily, forests, unlike coal mines or mineral deposits, are renewable resources. If man can deforest as he has been doing all along, he can also afforest. But, as afforestation, especially on the scale required in India, is a long-term enterprise, any delay in taking it up in right earnest will have a retarding effect on India's economi progress.

The third Plan has provided for new planta tions covering only one million acres—700,00 acres under teak, bamboo, matchwood, wattl and casuarina and 300,000 acres under fast growing species of industrial wood. Even thi programme, which includes the development o 15,000 miles of forest roads, will involve an out lay of about Rs. 50 crores. At this rate, no much can be achieved by way of afforestatio and regeneration, unless, of course, something more energetic is done in the rural areas t plant such species of trees as will yield fire wood, small timber and green manure. A commendable lead has recently been given in the latter connection by the Forest Department o the Madras Government. The Department's pilot scheme, launched in 1960-61, has been designed to create small wood lots in *poramboke* and other waste lands available in and around villages, as a measure of attaining self-sufficiency in the matter of fuel, small timber and manure leaf needed by the local population. I the Community Development agencies throughout the country can take up this work of simple rural afforestation as a matter of high priority in the next five years, the pressure on forests for firewood will be progressively reduced and forest conservation will also become easier.

It is this aspect of conservation that has always claimed the greater attention of India's Forest Administration which celebrated this week its Centenary at the Forest Research Institute, Dehra Dun. It has been the task of forest administrators to keep the forests under proper management and conserve them in such a way that larger quantities of timber and fuel and other forest products may be available on a sustained yield basis. The Forest Administration can certainly claim some credit for what it has done by way of scientific forest management and conservation, road construction in trackless interior regions, introduction of some useful species of trees and preservation of wild life as far as possible. But unfortunately, it has had to contend against a number of unwelcome and unexpected trends in the last ten years or so. In the first place, there has been in evidence greater keenness on the part of the State Governments to get more revenue out of forests through leases and auctions. Secondly, popular demand for forest lands for agricultural purposes in several areas has been persistently on the increase. Thirdly, the anti-social practices of wanton molestation and cutting down of trees and of poaching and encroachment in forest areas have been seriously on the increase. And, fourthly, submersion of big forest areas by reservoirs in some States, heavy deforestation in connection with the establishment of some mining and industrial units and damage caused to forests by shifting cultivation in several areas—all these adverse factors have also been in operation. It has been no enviable task for the Forest Administration which has to contend against these trends and still carry on its principal work of forest conservation and management.

If the Administration continues to do this work in the next decade as efficiently as it can in spite of the disconcerting trends in operation, it will deserve well of the country. If it also carries out the proposed comprehensive preinvestment survey of forest resources and industries for assessing the requirements of forest-based industries over the next 15 years, it will have not only shown the way for opening up more forest regions in the interior but also facilitated the formulation of long-term programmes for planting quick-growing species. The Planning Commission's tentative estimate is that the requirements of industrial wood (including pulp material), which amount to 4.5 million tons at present, would increase to about 9.5 million tons by 1975. As new plantations take 25 years to develop, the Commission's view is that production may not increase beyond 5.5 million tons by that year. Forest administration and forest research in India will thus have the challenging task of narrowing the gap by improved methods of utilisation of low-grade timbers and by economies in fuelwood consumption. But any measures pertaining to intensification of production of timber and exploitation of hill forests would have to be most carefully thought out and applied without prejudice to the central goals of forest conservation and soil conservation of timbered slopes. Exploitative forestry, like exploitative farming, cannot be contemplated with equanimity. But compulsions of the day can by no means extenuate such a folly.

MARKET GOSSIP

Boomlet Gone

THE boomlet in share markets has proved to be a short-lived affair. This is not surprising, for the sudden rise in prices noted last week was not warranted. The basic trend of the markets, however, is still bullish, for investors are reluctant to book their profits and the sentiment has not changed. Many do talk that there is not much scope for any further sizable appreciation in equity values and that the markets have become highly vulnerable to adverse news. But very few of them are prepared to act by this conviction. It is significant that the disclosure in the Lok Sabha on Monday this week that the Chinese have committed further aggression by occupying an additional 2,000 square miles in Ladakh area was completely ignored. On the contrary, the share markets have since then been displaying a distinctly steady trend, with selective buying on prospects for certain individual companies. Typical instances of these are Bombay Burmahs, Tata Chemicals, Dunlop Rubbers, Alkali Chemicals and Voltas.

The reluctance of investors to book profits in the hope of seeing still higher price levels is leading to scarcity of stocks. Consequently, several of them jump up even when the demand is small. There are also allegations that, in some scrips, there has been deliberate manipulation of prices by interested parties, but it is hard to prove them. Whatever that may be, a stage has now been reached when investors must not ignore considerations of yield, except where there are sound reasons to believe that growth prospects for particular companies have not been fully discounted.

Mr. J.R.D. Tata On Investment Prospects

In his statement to the shareholders of the Investment Corporation of India, Mr. J. R. D. Tata, Chairman, has made certain observations which are of interest to investors. Speaking in general terms on the outlook for investment in this country, he says:

"Businessmen in India and abroad have realised the vast opportunities for industrial enterprise that exist in a developing economy with an enormous protected market, and, despite the impediments of frustrating restrictions, delays and shortages, efforts to attract foreign capital have borne fruit in a large number of collaboration agreements with foreign entrepreneurs culminating in an unprecedented flow of capital issues by newly formed companies.

"Of late, shortages in the supply of electric power and of transport to carry vital coal and raw materials, together with continued shortages of imported raw materials, have cut back production and profits and contributed to rising costs, making India a compartively high-cost producer in many manufactured products entering international trade to the detriment of her export earnings. Whereas the general investment outlook remains promising, these obstacles to higher production and expansion of industry need to be tackled vigorously by Government, in order to maintain the steadily growing tempo of industrial investment which has been a feature of the Indian economy during the last few years."

Mr. Tata then gives a valuable tip to investors, especially of modest means, when he observes:

"A disappointing feature of investment companies in India is the relative lack of interest in their shares disclosed by the investor. I have been unable to understand the reason for this lack of interest, as, in the more advanced countries of the West, the shares of sound and well run investment companies are sought after by investors and, in fact, are usually quoted on a yield basis lower than that of high grade industrial stocks. In some cases, shares of such companies are quoted at higher prices than their break-up value. Whilst it is true that the shares of prudently run investment companies may not offer speculative opportunities for quick appreciation, as do the shares of manufacturing companies with an exceptionally favourable growth potential, they offer, particularly to the small investor, a valuable opportunity of participation in a highly diversified portfolio, covering a wide range of industries and combining safety with scope for appreciation which he could not achieve on his own. In a rapidly developing economy, the investment of funds is a complicated business and the average investor is handicapped by the lack of specialised knowledge and information on numerous industries or of the technique of operations on stock exchanges. These he automatically secures when he buys shares of a sound and well-run investment company. This does not seem to have been as yet fully appreciated in India, where the market quotation of investment company shares are usually much below their intrinsic value as represented by the market value of their portfolio. It is to be hoped in the interests of the investing public that, in the years to come, better appreciation will prevail of the value and attractiveness of the shares of good investment companies."

Although Mr. Tata has ably argued his point, the mania for capital appreciation and quick profits is so strong today that his observations may go unheeded by many.

Management of State Enterprises

Public enterprises have in recent years raised some complex issues of organisation and management—so complex that the final report of the third Plan has devoted a whole chapter to them. The recommendations of the Krishna Menon Committee on State Undertakings have also been in the field for some time and influenced the Planning Commission's approach. Some of these recommendations have just been accepted by the Government. The most important decision of the Government pertains to the proposed constitution of a Joint Committee of Parliament for ensuring the public accountability of State undertakings. The Government has also accepted the Committee's suggestion that Members of Parliament should not be appointed to the Boards of Management of these undertakings and that a Secretary of any Ministry or any Department should not be appointed as a Director; other Secretariat officials will not be appointed in more than three or four companies at a time. It may be recalled that the Vishnu Sahay Committee saw no objection to the appointment of officials as ordinary directors (in addition to their own duties), if they were outside the controlling Ministry. But, in the third Plan (which represented a further stage in the evolution of Government's thinking on this subject), a preference has been shown to officials who are actually dealing with a project in the administrative Ministry concerned, so that they can interpret the various points of view to the Government or the Board as the case may be when differences arise between them and thus serve as a co-ordinating link.

There is a similar relaxation in favour of appointment of part-time directors drawn from business, so long as there is no conflict of interest, direct or indirect, between their business and the public sector. However, in the case of chairmen and managing directors, it has been decided that their appointment will be on a full-time basis (except in the case of very small concerns).

Quite appropriately, the Government has turned down the suggestion of the Krishna Menon Committee that the rest of the Board should be "drawn from the ranks of the Company and indeed the promotion to directorship would be one of the incentives and rewards of competent and loyal service." The anomaly of a double role for the employee has been recognised.

While the, K. M. Committee favoured the continuance of the present practice of the Government making appointments of persons to posts carrying a monthly salary of above Rs. 2,000, the Government has now raised this limit to Rs. 2,250. The real difficulty hitherto was in obtaining Government's approval quickly and many posts in the public sector enterprises have been left unmanned because of this procedure.

Mr. Manubhai Shah's statement on the subject in Parliament is somewhat cryptic about the proposal of the Committee to give overriding powers to the chairman and managing director; apparently, in all such cases of difference of opinon with the board, the chairman will in future be required to reserve any matter for the Government's decision and thus invite a directive which is the only way in which the matter can be decided consistently with the need to preserve the autonomy of the undertaking. Mr. Shah's statement does not exhaust all the issues raised by the K.M. Committee, but some of the other matters have been indirectly dealt with in the Plan chapter on public enterprises and more may be elicited during future discussions on the subject.

Mr. J. J. Ghandy on Steel Industry

A disquieting feature of our economy is that a considerable part of the steel industry's capacity continues to remain unutilised, with no prospect of early improvement in this position. The actual output of finished steel during the last year of the second Plan, that is, 1960-61, was no more than 2.2 million tons (or 3.5 million tons in terms of ingots), as against the installed capacity of 4.5 million tons (6.0 million tons ingots), the capacity lying idle being of the order of as much as 51 per cent. The shortfall in finished steel production as compared with the target of 4.3 million tons set in the second Plan was 49 per cent. What is more, the position seems to have actually deteriorated further since the third Plan began on 1st April 1961. What are the factors responsible for this disturbing trend? And what should be done to improve the situation, so that the performance by the end of the third Plan at least will be equal to the production target of 6.8 million tons of finished steel (9.2 million tons ingots)? Clear answers to these questions were given by Mr. Jehangir J. Ghandy, Director-in-Charge of the Tata Iron and Steel Company, while addressing the members of the Defence Services Staff College at Willington, Nilgiris (Madras), on Tuesday this week.

The reason for the failure of steel production to keep pace with the upsurge in demand, Mr. Ghandy said, lay in the fundamental imbalance in the raw material base of industry, resulting mainly from shortage of cooking coal and limestone close to the steel belts. The blame for this imbalance lies largely with the powers-that-be. As Mr. Ghandy rightly pointed out, the planners' energies and attention during the last ten years have been greatly occupied with the construction of steel plants at the expense of other related spheres where simultaneous development has been neglected to the extent of jeopardising the end-result.

One of the most pressing difficulties that continue to confront the steel industry is the high ash content in the currently available metallurgical coal, coupled with its erratic supplies. An absolute sellers' market, we are told, already prevails in coking coal. Further, the quality of pig iron as well as limestone is generally poor. There is also shortage of refractories (fireclay, silica, and basic bricks). The manufacturing capacity in basic bricks is very limited; out of the total capacity of one million tons of refractories likely to be in existence by next year, basic bricks are expected to account for just 65,000 tons. What is worse, serious transport bottlenecks have developed in the steel and coal belts where the density of traffic is the highest. A more disquieting problem than these is, according to Mr. Ghandy, the lack of skilled personnel with adequate knowledge and experience.

Unless the aforesaid difficulties are removed, the rate of steel output cannot be stepped up to any significant extent. The country may have more steel-making capacity, but not necessarily more steel. Surely, it would, as Mr. Ghandy observed, be very injurious to the national interest, if any part of the massive investment now proposed and that already made in the past five years were to remain unproductive through weakness in planning. Calling for long-term, realistic planning in the steel industry, Mr. Ghandy warned that, in erecting new plants or in expanding the existing ones, the vital importance of the work to be done outside the plant perimeter—in the ores and coal mines, in limestone and dolomite quarries, in providing adequate communications and transport, and in training skilled manpower—should not be lost sight of. This warning has no doubt been sounded before, but its reiteration will be pertinent so long as the problem persists.

Compulsory Survey in Cotton

With the premier associations of cotton traders and cotton manufacturers in the country, namely, the East India Cotton Association, Bombay, and the Indian Cotton Mills' Federation, as also the Cotton Advisory Board, having favoured compulsory survey, its reintroduction by the Government was almost a foregone conclusion. Announcing the decision to introduce compulsory survey, the Textile Commissioner, in a Press note issued on Saturday last, stated that the supply position now, as compared with what was anticipated early in the season, had suffered a setback as a result of unfavourable weather conditions and there was, therefore, the danger that, unless adequate steps were taken from now onwards, prices might pierce the statutory ceiling, thereby increasing the cost of production to the mills and defeating the efforts of the Government and the industry to ensure the supply of cloth to the consumer at reasonable prices. The Government, the Press note went on to add, had received representations from the aforesaid bodies that compulsory survey should be reintroduced so that cotton should not change hands at the earlier stage in the marketing process at prices above the statutory ceiling. Government had, therefore, decided to reimpose the compulsory survey system and steps were being taken to establish regional committees in different areas for this purpose.

The details of the survey, notified on Wednesday, are as follows:

(i) Compulsory survey shall be applicable to all cotton ginned and/or pressed from the date of the appointment of the regional survey committees by the East India Cotton Association Ltd., Bombay, with the approval of the Textile Commissioner.

(ii) Cotton which has been ginned and/or pressed before the date of the appointment of the regional survey committees shall not be subject to survey by the initial holder but the buyers shall have the right of survey by the regional committee or the East India Cotton Association Ltd., Bombay.

(iii) Mills which have been permitted to purchase *kapas* for ginning and/or pressing in their own factories are required to ensure that such cotton is surveyed and the maximum price thereof determined before they take it up for consumption.

(iv). The initial survey and controlling fees are required to be paid by the seller, but the seller has the right to pass on such fees to the successive buyer in turn and the mills shall be required to pay ultimately these expenses in addition to the prices fixed by the Textile Commissioner.

It has been simultaneously announced by the Textile Commissioner that officers have been deputed to certain cotton growing areas for the purpose of requisitioning cotton wherever necessary. Mills desiring to have cotton requisitioned from the areas where it is presently moving have been asked to intimate their minimum requirements and to deposit with the East India Cotton Association an amount calculated at the rate of Rs. 25 per bale refundable after the delivery is completed.

These measures are no doubt irksome to growers and traders alike. But they have become unavoidable in view of the tightening supply position of cotton. There have, however, been protests against the imposition of compulsory survey from some quarters, especially from Gujarat, claiming to represent cotton growers and traders. Their opposition is based on three grounds. First, there is no need for compulsory survey because the crop, in their opinion, will not be as small as is officially estimated. As against the official estimate of 4:8 million bales, which is also in line with the estimates of some leading cotton firms, these quarters place the crop at well over five million bales and even close to 5.2 million bales. In view of the higher carryover at the beginning of the season and the imports promised by the Government, the raw cotton supply position, these quarters contend, is not as tight as is made out by the Government. Secondly, compulsory survey is unjust and inequitous, because, under it, it is not obligatory on the part of the buyer to accept the result of the survey and buy the cotton. Thirdly, such frequent interference in the marketing of the trade constitutes a disincentive to production which will set at naught the efforts made by the Government to increase production.

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EQUITIES RECOVER AT CLOSE

UNDERTONE STEADY

(From Our Own Correspondents)

BOMBAY, 23rd *November*

THE stock exchange ruled distinctly easy during the major part of the week under review and, though a recovery was in evidence in the last two sessions, today's rates for most of the scrips were well below those prevailing a week ago. Early in the week, fear of anti-speculative curbs seemed to weigh heavily on market sentiment. Operators were, therefore, hesitant to extend support at high levels and preferred to book profits. Those who had built up long positions last week rushed to liquidate a part of the holdings to be on the safe side. There was, besides, the pressure of persistent selling by some Calcutta operators. Values, as a consequence, staged a retreat. The downward trend was, however, halted somewhat yesterday when, following active support for a few selected leading scrips and scattered enquiries for some others, the market put on a cheerful appearance with a recovery in prices. The recovery gathered momentum today, though business actually put through was restricted, in view of end-of-account consideration. Selected counters scored gains in today's dealings. The undertone remained generally steady. Nevertheless, the closing prices, as stated at the outset, were substantially lower than the last week-end quotations.

In the steel section, prices declined on persistent selling. Tata Steels came down from Rs. 152 to Rs. 148.75 on Tuesday, the 21st inst. After recovering to Rs. 150.25 today, they finished lower at Rs. 149.75. The net loss over the week was Rs. 2.25. But for support from Calcutta operators, Indian Irons would have declined more steeply. They receded from Rs. 26.50 last week-end to Rs. 25.95 today; the quotation was lower still at Rs. 25.55 at one time on Tuesday. Mukand Irons receded from Rs. 30 to Rs. 28.75 in mid-session but finished better at Rs. 29.25.

Textile shares were generally weak. Centurys retreated from Rs. 615 to Rs. 603 on Saturday, but improved in subsequent sessions to touch Rs. 616 today. Towards the close, they were again depressed at Rs. 612. The net loss over the week is Rs. 3. Kohinoors, in contrast to the speculative support they received last week, encountered selling and shed Rs. 20 to Rs. 326. Simplex declined from Rs. 168 to Rs. 164 before finishing at Rs. 165. Khataus were marked down from Rs. 517.50 to Rs. 495, notwithstanding rumours of a possible bonus issue. Finlays dropped Rs. 4 to Rs. 333 and Gokaks Rs. 3.50 to Rs. 205. Podars were quoted Rs. 2.50 lower at Rs. 152.50. Standard Mills eased by Rs. 13 to Rs. 1,172. Svadeshis receded by Rs. 4.75 to Rs. 282.75 and Tata Mills by Re. 1.70 to Rs. 72.80. B.R. Cottons, however, forged ahead from Rs. 47 to Rs. 63, thanks to support influenced by the report that the mill had turned the corner. Although no dividend has been declared for the year ended 31st March 1961, the results are said to be much better and the earlier losses have been wiped out. Ahmedabad Advances picked up Rs. 9.50 to Rs. 200.50. Shreeniwas strengthened by Rs. 11 to Rs. 296.

Cement shares lacked support. Associated Cements declined from Rs. 171.50 to Rs. 168.75 on Tuesday. After recovering to Rs. 170 today, they finished lower at Rs. 169. The net decline over the week is Rs. 2.50. Digvijays came in for selling and shed Rs. 4 to Rs. 204. Jaipur Udyogs lost 24 nP to Rs. 12.12. But Orissa Cements gained 44 nP to Rs. 16.36 on special support.

In the sugar section, Belapurs moved down from Rs. 285 last week-end to Rs. 273 on Tuesday. A recovery was in evidence subsequently, the quotation rising to Rs. 278 before closing at Rs. 276.50. The net loss over the week is Rs. 8.50. Dhaltans shed a rupee to Rs. 129. Walchandnagars receded by Re. 1.50 to Rs. 168.50. Oudh Sugars softened by Rs. 2 to Rs. 189 and Ravalgaons by Re. 1 to Rs. 61. Maharashtras, however, gained 50 nP to Rs. 189.50.

Among shippings, Scindias declined from Rs. 13.52 to Rs. 13.24 at close, after being lower still at Rs. 13.12 on Tuesday, while Great Easterns scored a gain of 28 nP to Rs. 13.36.

In the automobiles group, Premiers eased by Rs. 4.25 to Rs. 164.75, despite all-time record sales in 1960-61 and expansion schemes. But Hindustan Motors gathered 4 nP to Rs. 21.64.

Rayon shares were subdued. National Rayons declined from Rs. 590 to Rs. 580 on Saturday. After recovering to Rs. 589.50 today, they wound up the week at Rs. 584. The net loss over the week is Rs. 6. Baroda Rayons declined by Rs. 3.50 to Rs. 162.50. Indian Rayons changed hands Rs. 4 lower at Rs. 91. South India Viscose dropped Rs. 5 to Rs. 187. Gwalior Rayons were, however, a shade better at Rs. 50.50, as against Rs. 50 last week-end.

Chemicals presented a mixed pattern. Amar Dyes slumped by Rs. 27.50 to Rs. 302.50. Indian Dyestuffs eased by Rs. 7.50 to Rs. 477.50 and Poly Chems by Rs. 3.75 to Rs. 213.75. Colour Chems, however, advanced by Rs. 20 to Rs. 410. Dharamsis put on Rs. 6.25 to Rs. 211.25. Synthetics hardened by Rs. 5 to Rs. 242. Tata Chemicals strengthened by 48 nP to Rs. 21.56 on support influenced by renewed reports that the Company would participate in a joint bauxite project with the Bombay Burmah Trading Company.

Engineering shares lacked support. Telcos were subjected to selling and receded from Rs. 379 last week-end to Rs. 369 on Tuesday. After moving up to Rs. 376 today, they finished easy at Rs. 372. The net loss over the week is Rs. 7. Asian Cables fell by Rs. 6 to Rs. 120. Alcock Ashdowns shed Rs. 5 to Rs. 327. Premier Constructions declined by Rs. 4.50 to Rs. 199.50. T. Manekalals (old) eased by Rs. 15 to Rs. 705. New Standard Engineerings changed hands Rs. 5.50 lower at Rs. 204.50. Cooper Engineerings lost a rupee to Rs. 195. Larsen and Toubros softened by 25 nP to Rs. 39.25. Texmacos shed 60 nP to Rs. 20, Greaves Cottons Rs. 3.50 to Rs. 181.50 and Hindustan Electrics Rs. 5 to Rs. 180. Kamanis, however, were quoted 72 nP higher at Rs. 18.24. Jyotis hardened by Rs. 4.25 to Rs. 196.25.

In the miscellaneous group, Bombay Burmahs provided a bright spot. Although the scrip lagged behind early in the week, it firmed up in subsequent sessions, thanks to speculative support induced by the possible collaboration of the Company with the house of Tatas in the establishment of a bauxite project. From Rs. 700, last week-end, the quotation had declined to Rs. 686 on Tuesday, but recovered to Rs. 714 today before closing at Rs. 709. The net gain over the week is Rs. 9. Shivrajpurs encountered selling and declined by Rs. 5.50 to Rs. 46.50. Premier Tyres eased by Rs. 7.50 to Rs. 152.50. Ceat Tyres were quoted Rs. 3.75 lower at Rs. 220. New India Industries declined by Rs. 2.50 to Rs. 400. Allied Camphors were marked down by Rs. 6 to Rs. 73. Chemicoats receded by Rs. 3.50 to Rs. 119.50. Hindustan Levers shed 80 nP to Rs. 58.20. West Coast Papers lost Re. 1.50 to Rs. 180. Hind Cycles, however, hardened by Rs. 4 to Rs. 110. Permanent Magnets were unchanged at Rs. 140.

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Calcutta Stock Exchange

CALCUTTA, 22nd *November*

Barring a few popular scrips which scored handsome gains on good investment support, the Stock Exchange ruled easy during the week under review. The easiness was due to stale liquidation, induced by fears of official intervention to curb speculation. Operators, no doubt, took note of the improving cilmate for the flow of foreign capital to India, following Prime Minister's visit to the U.S. and the visit of the Japanese Premier to this country. But they were not enthusiastic to enter into long commitments, thanks to the continuously rising trend of production costs and apprehensions regarding higher tax burden. In particular, engineering shares were subdued on account of the persistent shortage of raw materials and fuels. Despite improvement in raw jute supply position and reports that the mills were working in full swing, jute shares ruled listless. Coals were neglected owing to continuing transport difficulties, to which particular attention was drawn by the President of the Coal Consumers' Association of India in his speech at the annual meeting last week. Activity in the tea section was restricted. Miscellaneous shares, particularly, cements, paper and textiles drifted downward, though a few leading scrips put on a better appearance.

Among coals, Seebpores lost 50 nP to Rs. 43.50. Burrakurs declined from Rs. 19 to Rs. 18.50 before closing at Rs. 18.81, with a net loss of 19 nP. Standards fell by a like amount to Rs. 13.81. Raneeganjs shed 12 nP to Rs. 15.25. Bengals, however, met with special support and rose by Rs. 10 to Rs. 364. South Karanpuras gathered 58 nP to Rs. 8.69 and East Indias 25 nP to Rs. 33.

In the jute section, Nuddeas dropped Rs. 3.75 to Rs. 58.25. New Centrals eased by Re. 1.12 to Rs. 17.75. Howrahs receded by a rupee to Rs. 21.50. Birlas shed 50 nP to Rs. 28.87 and Megnas 13 nP to Rs. 13.87. But Alliances spurted by Rs. 5 to Rs. 97. Ganges hardened by 50 nP to Rs. 13.

Engineerings, as already stated, were subdued. Binani Metals and Calcutta Steels suffered a loss of 56 nP each to Rs. 12.44 and Rs. 17.69, respectively. Texmacos eased by 50 nP to Rs. 20. Jessops were lower by 44 nP at Rs. 21.12 and Jays by 31 nP at Rs. 27.75. Guest Keens softened by 13 nP to Rs. 41.12. Indian Irons declined from Rs. 25.92 to Rs. 25.66, but recovered to Rs. 25.90. J.K. Steels, however, improved by Re. 1.04 to Rs. 23.66, on expectations of a further issue of right shares. The Directors of the Company have maintained the dividend for the year ended March 1961 as at the previous years level of 20 per cent. taxable.

Among teas, Grobs fell by 44 nP to Rs. 9.62. Tezpores retreated by Rs. 17.62 to Rs. 17.31. Hasimaras were quiet at Rs. 30.75, as also East Indias at Rs. 19.50. But Brooke Bonds picked up Re. 1.25 to Rs. 16.81. Killcotts gathered 19 nP to Rs. 19.69.

Phosphates were in the limelight in the miscellaneous section, the quotation rising by Rs. 30 to Rs. 330. Although the Company has reduced the dividend from 35 per cent to 25 per cent, operators seemed to be optimistic about the prospects for the current year, in view of the expansion programme of the Company. Union Carbides rose by Rs. 3 to Rs. 53.75. Alkalis, however, eased by Re. 1.75 to Rs. 42. Among others, Indian Cables moved down by Re. 1.19 to Rs. 36.31. Rohtas fell by 38 nP to Rs. 17.81. Indian Aluminiums sagged by 37 nP to Rs. 38 on fears that the Company was not likely to issue any right shares for financing its expansion project. In the paper group, Shree Gopals eased by 37 nP to Rs. 27.25, and Orients by 5 nP to Rs. 38.55. Among cements, Jaipur Udyogs declined by 6 nP to Rs. 12.25. Sone Valleys were neglected at Rs. 5.31. Sirsilks were quoted lower by 31 nP at Rs. 11.44. But Dunlop Rubbers strengthened by 56 nP to Rs. 60 as they are to be listed ex-right from Thursday. Hindustan Motors increased by 6 nP to Rs. 21.56 on hopes of resumption of work in the factory.

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Madras Stock Exchange

MADRAS, 22nd *November*

The buoyancy of equities noted last week was arrested during the week under review, as follow-up support was lacking and profit-taking was on a large scale. In fact, several counters suffered a distinct setback in values. Textile shares encountered selling with the exception of a few select scrips which maintained a firm front. Sugar shares were also subjected to persistent selling, notwithstanding the assurance issued by the Union Food and Agriculture Ministry that it would regulate sugar releases with a view to restricting a further fall in prices. Teas tended to move down. The suspension of the system of allotment of export quotas to tea estates announced by the Tea Board failed to inspire resentment. Rubbers ruled subdued on reports that rubber prices were ruling at the lowest level in the recent past and that the trend would continue for sometime more. In sympathy with teas and rubbers, coffees were dull. Miscellaneous industrials, too, developed a sagging tendency.

A sharp decline in the quotation for Premiers from Rs. 352 to Rs. 340 was the feature of trading in the textile section. South India Viscose were marked down by Rs. 3 to Rs. 188. Lakshmis suffered a loss of Rs. 2.50 to Rs. 169.50. Travancore Rayons dropped Re. 1.75 to Rs. 45.75 on margin considerations. Madurais fell from Rs. 43.25 to Rs. 42.15 before closing at Rs. 42.25. Radhakrishnas lost 50 nP to Rs. 40. Loyals shed 10 nP to Rs. 51. Coimbatore Cottons, however, were well favoured by bulls, the quotation jumping up by Rs. 20 to Rs. 225. Cannanores advanced by Rs. 7 to Rs. 183, following the announcement of an interim dividend of 10 per cent. taxable. Buckinghams spurted by Rs. 4 to Rs. 259 and Metturs by Rs. 3 to Rs. 393. Bangalore Woollens gathered a rupee to Rs. 246.

Among teas, Parksides eased by 95 nP to Rs. 28.50. Neelamalais retreated by 20 nP to Rs. 4.30 and Waterfalls by 13 nP to Rs. 2.87. Periakaramalais were lower by 10 nP to Rs. 3.75. Peermades shed 9 nP to Rs. 22.75. Blue Mountains lost 8 nP to Rs. 2.90. Kil Kotagiris moved down by 7 nP to Rs. 5.08. Chandramalais were quiet at Rs. 2.74. The Directors of the Company have maintained the dividend for the year ended June 1961 at the previous year's level of 10 per cent, taxable.

Coffee Lands fell by Re. 1.15 to Rs. 17, notwithstanding the increase in the dividend from 6 per cent, taxable, for the year ended June 1960 to 12 per cent for 1960-61. Consolidated Coffees declined by 20 nP to Rs. 21.40. The Directors have announced a dividend of 20 per cent for the year ended June 1961, same as that distributed in the previous year. Anaparais shed 16 nP to Rs. 3.40.

In the rubber group, T. R. & Ts slipped by 30 nP to Rs. 10.85. Cochin Malabars sagged by 20 nP to Rs. 7.40. Malankaras were featureless at Rs. 17.50 and Vaikundams at Rs. 32.50. Midlands, however, hardened by 10 nP to Rs. 11.20.

In the miscellaneous section, Andhra Cements fell by 30 nP to Rs. 9.10, and Dalmias by 25 nP to Rs. 12.45. India Cements declined by 10 nP to Rs. 6.61. But Orissa Cements scored a gain of 45 nP to Rs. 15.90. Among chemicals, F.A.C.Ts eased by 18 nP to Rs. 9.12. Travancore Chemicals were dull at Rs. 22, despite the announcement of an interim dividend of 10 per cent, taxable. Among others, Ashok Leylands dropped 30 nP to Rs. 9.30 and Aluminium Industries 20 nP to Rs. 23.70. Textools and Tube Investments, however, advanced by Rs. 4 each to Rs. 190 and Rs. 289, respectively.

INDIAN ALUMINIUM'S HIRAKUD SMELTER

The construction of the second stage of the Indian Aluminium Company Limited's Hirakud smelter was completed early last month, five months ahead of the original completion schedule. The Government of Orissa was also able to make available, ahead of schedule, a partial supply of power to the smelter, so that half of the expanded facility has gone into operation. The smelter is expected to go into full operation early next year when the balance of the power will become available. This expansion will increase the Hirakud smelter's capacity from 10,000 tonnes to 20,000 tonnes per annum and will raise India's total aluminium smelting capacity from 18,000 tonnes to 28,000 tonnes, representing an increase of about 55 per cent.

The first stage—10,000 tonnes—of the Hirakud smelter was commissioned early in 1959. Soon after, in order to meet the rapidly increasing demand for aluminium in the country, the Company decided to double the Hirakud's capacity to 20,000 tonnes.

The current demand for aluminium in India is about 50,000 tonnes and is expected to rise to about 120,000 tonnes by the end of the third Five-year Plan. Besides the existing units, several new smelters are likely to be established by 1966, raising the total installed capacity in the country to 97,500 tonnes.

NEWS IN BRIEF

IT has been decided to undertake manufacture of diesel locomotives at the locomotive components works at Varanasi.

The setting up of a "Recontrol Institute" to safeguard the purity of drugs manufactured in the public sector is under the consideration of the Government of India.

Air-India *International is considering the introduction* of Boeing 707 aircraft in the place of Super-Constellations on Delhi-Moscow route next year, when it will be operating all its services with jet aircraft.

The West German Government has agreed to find placement for 250 qualified engineers and technicians from India who will work as regular employees in German industries for two to three years.

The Government of India is considering the question of revising the present tariff structure in regard to the import of machinery and components with a view to fostering the growth of industries in the country.

An enforcement directorate is being set up by the Forward Markets Commission in Bombay to look into the matter of illegal trading. This was stated by Mr. Nityanand Kanungo, Union Minister for Commerce, in the Lok Sabha this week.

China has agreed to contribute in cash and in consumer goods, including textiles, towards the cost of certain Chinese-aided projects in Nepal. Disclosing this in the Lok Sabha, Mr. Nityanand Kanungo stated that imports of textiles from China would be only of minor significance to India.

Soviet Russia has agreed to supply equipment and technical service needed for executing the Mettur tunnel scheme (Madras), according to Mr. Hafiz Mohammed Ibrahim, Union Minister for Irrigation and Power. India will make payment to Russia in non-convertible rupees.

The National Productivity Council has set up a committee, with Mr. Naval H. Tata as Chairman, to evolve a formula for sharing the profits of increased production between workers and managements, according to Mr. Manubhai Shah, Union Minister of Industries. The Committee is expected to finalise its report early next year.

The Coffee Act, 1942, has been so amended as to modify the methods of constituting the Coffee Board. As a result of the amendment, the Board will consist of a chairman to be appointed by the Central Government, three members of Parliament, and not more than 29 other persons nominated by the Centre to represent various interests.

The electric bulb manufacturers have been asked by the Central Government to produce low-wattage lamps to the extent of one-third of the licensed capacity in a bid to overcome shortages. Additional capacity has also been licensed. The Government is now awaiting the Tariff Commission's report on the cost structure and fair prices of electric lamps.

The Government of India has accepted the Krishna Menon Committee's recommendation for the setting up of a joint committee of Parliament on public undertakings. The Government has also accepted the Committee's suggestion that members of Parliament should not be appointed on boards of management.

The trends in Indo-Soviet trade since the five-year agreement was signed in 1959 was reviewed and letters were exchanged last week by the representatives of the two Governments. As a result, the volume of trade is expected to go up by 30 per cent over the present level in 1962.

A wool research institute is proposed to be set up by the Government of India in Rajasthan in collaboration with the U.S. Government. The Institute will provide facilities for research and training in wool production, shearing, grading, sheep breeding and other problems relating to sheep husbandry.

Trade between India and Poland is expected to expand considerably during the year 1962, following the revision in the schedules of goods for 1962 under the trade agreement signed in 1959. India's exports to Poland last year aggregated Rs. 3.35 crores and imports were of the order of Rs. 2.99 crores.

The Government of India has dropped the proposed scheme for the manufacture of rayon pulp from bagasse on a commercial scale. Although the National Development Corporation has an idea of putting up such a project, report of foreign experts have shown that sufficient technological development has not yet taken place in the country to justify the setting up of such a plant.

The Indian Detonators Limited proposes to establish a detonator factory in Hyderabad in collaboration with the Hungarian Organisation, Komplex. The plant, which will have an annual capacity of 64 million, will be the first of its kind in India to produce plain and electric detonators. The current imports of detonators involves foreign exchange of about one crore of rupees.

The report of the Law Commission on the law relating to hire-purchase has been presented to to the Lok Sabha. The Commission's proposals, put in the form of a draft Bill, are applicable to all hire-purchase agreements irrespective of the amount payable under each. According to the Commission's report, owners cannot exercise their right to seize the goods otherwise than through court where the hire-purchase price exceeds Rs. 15,000 when three-fourths of it have been paid and where it is less than Rs. 15,000 when half of it has been paid.

The World Bank has expressed the view that the proposal to undertake construction of a satellite port at Haldia, near Calcutta, should be deferred until further data relating to the hydraulic aspects of the site and its approaches are collected. For collecting such data, the Union Government proposes to set up shortly a hydraulic research department. It is expected that the department will take two years to complete the study. The cost of the study is estimated at Rs. 95 lakhs of which foreign exchange amounting to Rs. 53 lakhs will be provided by the World Bank.

Facilities for the amicable settlement of commercial disputes arising between parties in India and Russia have been provided in an agreement entered into between the Arbitration Tribunal of the Federation of Indian Chambers of Commerce and Industry and the Russian All-Union Chamber of Commerce, at New Delhi last week. This is the fourth agreement in the field of arbitration to be entered into by the Federation with commercial organisations of foreign countries. The first three agreements were signed with Japan, the U.S. and East Germany.

Detailed work in the Khetri-Daribo area of Rajasthan and Rangpo area of Sikkim has established workable deposits of copper ore of 28.35 million tons. The Khetri reserve of 28 million tons has an average copper content of 0.8 per cent. The copper content of Rangpo deposit—350,000 tons—averages about 6.24 per cent. The occurrence in Daribo is richer in copper, but the extent of the reserves is yet to be fully proved. The reserves proved in Khetri and those indicated in Daribo are considered adequate to feed a smelter with a capacity of 11,500 tons of electrolytic copper per annum. The third Plan has provided an outlay of Rs. 12.5 crores for the mining and concentration of the ore at Khetri and Daribo and smelting the concentrates at a smelter being established at Khetri. The reserves at Rangpo, though richer in grade, are comparatively small in size. These are to be exploited by the Sikkim Mining Corporation, a joint venture of the Sikkim Durbar and the Government of India.

India imported 164,000 tons of copper, lead and zinc in 1960, as against 128,000 tons in the previous year. There is only one copper producing unit in the country—the Indian Copper Corporation's plant at Ghatsila—the production of which is more or less stagnant around 8,000 tons a year. The annual consumption of copper is expected to be at 180,000 tons by the end of the third Plan period. Although India's per capita consumption of copper is only 0.02 lb. at present, it is expected to rise to 0.4 lb. by the end of the third Plan period. In the U.S., the per capita consumption of copper is as high as 17 lbs. in the U.S. and 5 lbs. in Europe.

India exported 238,000 metric tons of sugar from 1st January to 12th November this year. Exports to the U.S.A. aggregated 148,000 tons and those to other countries 90,000 tons. The amount of foreign exchange earned is estimated at Rs. 11.6 crores. The average f.o.b. realisations are put at Rs. 536 per metric ton on exports to the U.S.A. and at Rs. 411 per metric ton on exports to other countries. It is estimated that these exports involve a subsidy of about Rs. 5.5 crores by the Government during the current year. A supplementary grant was sanctioned by Parliament during the last session for this purpose. The exact amount of subsidy will, however, be known only after the accounts have been finalised.

Production of iron ore during the month of September 1961 was 930,000 metric tons, bringing the total output during the first nine months of 1961 to 8,654 metric tons which is higher by 7 per cent, as compared with the output in the corresponding period last year. Orissa was the leading producing State, with an output of 375,000 metric tons, followed by Bihar which recorded an output of 232,000 metric tons. Production in Madhya Pradesh, Mysore and Maharashtra amounted to 200,000 tons, 144,000 tons and 17,000 tons, respectively. During the month, despatches of iron ore for consumption in the iron and steel plants aggregated 690,000 tons and those for export were of the order of 135,000 metric tons.

The construction of the new building of the Central Warehouse at Sangli, Maharashtra, has been completed. The building has a storage capacity of 5,400 tons and special provision has been made for storage of three commodities—groundnut, turmeric and gur. Fourteen bins, with a storage capacity of 300 tons of loose turmeric, have been constructed. Similarly, ten bins, with a storage capacity of 200 tons of loose groundnut, have also been built at the warehouse. A specially constructed godown in the building provides for the storage of 100 tons of gur which needs special precautions for preservation during the monsoon and summer. In addition to these three commodities, the three godowns in the new building provide for storage of 4,800 tons of foodgrains in bags. Set up in 1957, the Central Warehousing Corporation has so far established 50 warehouses in the country which provide for scientific storage of agricultural commodities.

The Indo-Japanese Prototype Production Centre was inaugurated at Howrah (Calcutta) by the Japanese Prime Minister, Mr. Hayato Ikeda, on the 17th inst. The Centre, which has been established under an agreement between the Governments of the two countries, will undertake the development of prototypes of machines, tools and accessories for making them available to small units for the purpose of copying and production on a commercial basis. It will also supply the small-scale units designs, instruments for the production of machines and tools of standard quality, besides imparting theoretical and practical training in all fields of technology. Under the agreement, the Japanese Government will supply teaching aid, machinery and equipment, tools and spare parts and also requisite technical experts at a total cost of Rs. 60 lakhs. The Government of India will meet the cost of land and buildings, raw materials and other incidentals, amounting to Rs. 70 lakhs.

PERSONAL

MR. K. B. Lall, Special Secretary in the Union Ministry of Finance, has been appointed Ambassador of India to Belgium and concurrently Ambassador to the Grand Duchy of Luxembourg.

Prime Minister Nehru returned to New Delhi on Monday the 20th inst., after a tour of the U.S. and Mexico.

Mr. T. S. Rao, until recently Joint Chief Officer, Agricultural Credit Department of the Reserve Bank, has taken over charge as the Chief Officer of the Department with effect from the 20th inst., vice Mr. J. C. Ryan who has retired.

Mr. M. P. Mathur, at present Director of Export Promotion in the Union Ministry of Commerce and Industry, has been appointed India's Ambassador to Czechoslovakia. He will be concurrently accredited as India's Ambassador to Rumania.

Mr. K. C. Reddy, Union Minister for Commerce and Industry, left for Frankfurt for a ten-day tour of Europe on Monday the 20th inst. While abroad, he will discuss with West German authorities trade matters of mutual interest and then proceed to Geneva to lead the Indian delegation to the G.A.T.T. conference beginning next week.

Mr. L. D. Mudie, General Manager of Burmah-Shell Oil Storage and Distributing Company of (India) Ltd., has retired after 28 years of service, of which 20 years have been in India. After a short holiday, Mr. Mudie will join the Shell International Petroleum Company, London, as Co-ordinator of its activities in Far-East Asia.

From Abroad

The International Confederation of Free Trade Unions will hold a three-week Asian Seminar on trade union research at Calcutta from 27th inst. About 15 delegates from 12 Asian countries will attend this seminar.

The index of output in the U.S. mines, factories and utilities rose by 13.1 per cent in October, as compared with 1957. The rise is attributed mainly to resumption of automobile production, after a strike in September and partly also to higher output of clothing and household items.

Canada has pledged an initial contribution of $5 million in food and cash for the $100-million World Food Bank, proposed to be set up under the ægis of the U.N. Food and Agriculture Organisation. The Food Bank is designed to use surplus food to fight hunger and help underdeveloped countries.

West Germany has made contributions amounting to DM 42 million to several U.N. special funds. This amount included DM 30 million earmarked for special schemes under the U.N. technical aid programme. The remaining DM 12 million will be added to the U.N. special fund for the Congo.

World total fish catch for 1960 rose by six per cent to a new high of 37.7 million metric tons. Japan, the leading producer, accounted for 6.2 million metric tons, representing a rise of 300,000 tons over 1959. The other countries, the fish catches of which rose during 1960, were Peru, South Africa, South West Africa, Russia, India and Spain.

The U.S. Government has agreed to import 150,000 tons of sugar from South Africa annually during the next five years at a price of £35 15s. per ton, which is well above world prices. Excess of the stipulated quantity will be made only by special arrangement with the U.K. Ministry of Agriculture and will be sold to buyers at the ordinary market price. The new agreement, which has been rendered necessary by South Africa's decision to leave the Commonwealth, will come into effect on 1st January 1962.

World production of steel during the first nine months of 1961 was higher at 276 million tons, as against 274 million tons in the same period last year. The U.S., the world's leading steel manufacturing country, produced 70 million tons. This quantity, however, was lower by 12.5 per cent, as compared with the corresponding period of 1960. This decrease is attributed to a strike in the U.S. automobile industry in September. The European Coal and Steel Community (West Germany, France, Belgium, Luxembourg and Italy) came second with a total output of 61 million tons, as against 59 million tons. Russia is the third largest steel producer, its steel output having gone up from 53 million tons to 57 million tons.

HOUSING

THE shortage of houses in urban areas alone in 1951 was 2.5 million. This increased to 5.0 million in 1961, thanks to a 40 per cent increase in the population of towns with 20,000 or more people. In the second Plan period, only some 500,000 houses are estimated to have been constructed with the help of a public sector outlay of about Rs. 250 crores, including the expenditure on housing by individual Ministries; in the same period, a net investment of about Rs. 1,000 crores is stated to have been made in housing in the private sector, accounting probably for 2 million new houses. All these are only estimates and it is not known to what extent actual performance is close to them. Any way, one will not be wrong in saying that, but for whatever construction there has been in the past ten years, the shortage in housing at the end of the second Plan would have been much more serious than is suggested by the figure of 5 million. This, however, can be no consolation to the hard-pressed urban population. If anything, the depressing thought of a continuing shortage, which is likely to increase rather than decrease over the third Plan period, should be very much in its mind. The anxiety of the urban public on the score of housing will not be greatly allayed by the third Plan schemes for building 900,000 houses at an estimated outlay of about Rs. 450 crores (including the expenditure of Ministries) by the public sector and 2.2 million houses at an estimated outlay of Rs. 1,125 crores by the private sector, for the demand for new houses will have also increased during the third Plan period and there will still be a shortage to the tune of about 4 million houses by the end of that period. These estimates show that the problem of catching up with the arrears of housing and with the growth of urban population will continue to present serious difficulty in the fourth and fifth Plan periods.

The magnitude of the housing problem is such that no appreciable relief can be expected over the short-term. But the question is bound to be asked whether there are no means of quickening the pace of house building so as to remove the shortage at least in the next ten years. As far as the public sector is concerned, there is some indication in the address of Dr. B. Gopala Reddi, Union Minister for Works, Housing and Supply, at the sixth conference of the Housing Ministers held at Bhubaneswar last week, that the third Plan allocation for housing would be considerably augmented with the setting up of a Central Housing Board. The final report of the third Plan, it may be recalled here, has envisaged the establishment of such an organisation for channelling *additional* funds into housing, encouraging the flow of credit on easy terms by means of insured mortgages, improving lending practices and providing the machinery needed for the creation of a sound mortgage market in housing. The Board could, for instance, raise finance directly to some extent and provide loan assistance to State Housing Boards (which at present are merely construction agencies for the State housing programmes) for purchase and development of land and construction of houses. It is thus hoped that, together, these institutions could assist in evolving housing policies which would facilitate construction of houses by persons of limited means for their own use and also enable banks and other financial institutions to undertake various services. That a certain quickening of the pace of house building may come about when a Central Housing Board is in the picture, can be foreseen. But its mobilisation of "resources which might not be otherwise readily available" may possibly eat, to some extent, into the resources that would normally go into housing in the private sector.

Another noteworthy development, referred to in the Housing Ministers' Conference, is the Government's proposal to provide some housing, at a concessional rate of rent, to persons with an income of less than Rs. 1,800 a year under the low-income group scheme which has mostly benefited so far persons in the income-group ranging between Rs. 1,800 and Rs. 6,000 a year by providing them with house-building loans. What is now envisaged for persons with incomes of less than Rs. 1,800 a year is not housing loans repayable in 30 years but only rental housing on a subsidised basis. This is good in so far as it goes. But what is not so very good is the proposal that employers might be compelled to build more houses for their workers under the low-income group housing scheme itself. If compulsion on employers is now envisaged, is it because the subsidised industrial housing scheme has not, by any chance, worked satisfactorily? Since an allocation of as much as Rs. 30 crores has been made under the third Plan for subsidised industrial housing, it would be prudent to work this scheme well by persuading employers and co-operative societies of industrial workers to take the fullest advantage of State assistance by way of loan and subsidy. There would be no point in compelling employers to build more houses when workers themselves in a number of places are stated to have displayed no enthusiasm for co-operative housing for which loan assistance to the tune of 90 per cent of the cost is given in addition to a subsidy. The Housing Ministers' Conference could have more usefully concerned itself with the need for imparting greater vigour and efficiency to the existing housing programmes in the public sector and also with that neglected question of ensuring adequate and prompt supplies of building materials, if not credit facilities, for housing in the private sector. It is futile to talk of compelling anyone to construct houses when there is an acute short-supply of cement, steel, bricks and skilled workers.

APPRENTICE TRAINING

On Tuesday the 21st inst., the Lok Sabha swiftly put its stamp of approval on the Apprentices Bill, 1961, without any elaborate debate. It looks as though the House was in a great hurry to get on to the next item on the agenda. The Bill seeks to saddle the Government with powers to utilise fully the facilities available both in the private and public sectors for the training of apprentices and to ensure that the training is in accordance with the programmes, standards and syllabi drawn up by expert bodies. The Bill was generally welcomed by all sections of the House. Some even considered it as a "great step forward" in the country's efforts to speed up technical training. A suggestion for referring the Bill to a Select Committee having been rejected by Mr. G. L. Nanda, Union Minister for Labour, the Bill was passed by the House without much ado. Mr. Nanda, however, accepted an amendment providing for representation of labour on the Central and State Apprenticeship Council and the House, too, agreed to it. In fact, this amendment is the only significant change made in the provisions of the Bill which was presented to the Lok Sabha as early as on 19th August 1961.

It may be recalled here that, according to the Statement of objects and reasons of the Bill, the failure of industry to organise fully training programmes on a systematic basis in the context of the increasing demand for skilled craftsmen was the main reason for the Government bringing forward legislation for this purpose. Further, legislation was favoured by both the Shiva Rao Committee and the Advani Committee. The Government, too, had recognised the need for legislation for quite some time now. The delay in introducing the Bill, according to Mr. Nanda, was due to Government's anxiety to reach an understanding with employers and bring forward an agreed scheme. The delay was worthwhile, as the Government has succeeded in its move and the scheme embodied in the Bill carries the support of employers.

The Bill seeks (1) to regulate the terms and conditions of apprenticeship training and (2) to compel employers to train a certain number of apprentices every year, the number to be fixed by the Government in accordance with a predetermined ratio. In determining the ratio, the Government will take into account the facilities available for apprenticeship training in the designated trade concerned as well as the facilities that may have to be made available under any other scheme approved by the Government. The State Governments also are empowered to ask the employers to train apprentices in excess of the ratio determined by the Central Government, if they found it necessary.

During the brief debate on the Bill, some members suggested that such labour legislation as the Factories Act, the Workmen's Compensation Act and the Payment of Wages Act be made applicable to the apprentices and that minimum standards in respect of hours of work, leave, holiday with pay, etc. for the trainees should be laid down. Some others went further and wanted the Government to provide in the Bill a guarantee that, after training, the apprentices would be given jobs. It was also suggested that apprentices should be permitted to become members of trade unions. These suggestions are indicative of the anxiety of some members of Parliament to be popular with the have-nots at the expense of employers. Dealing with these suggestions, Mr. G. L. Nanda, in his reply to the debate, pointed out that, since the Bill envisaged a new scheme, the Government did not want to be too rigid in the provisions regarding the apprenticeship contract. In any case, the Bill contained, he pointed out, sufficient protection to apprentices against arbitrary termination of the apprenticeship contract, violation of the terms of the contract, etc. Referring to the criticism that the Bill did not specifically state to which of the industries the apprenticeship scheme would apply, Mr. Nanda said that the scheme would be introduced in those industries where there was a great demand for skilled workers. The Government, he added, did not think that it was necessary to lay down precise and detailed conditions regarding stipends.

The contention that the apprentices should be brought under the purview of all labour laws normally applicable to workers is based on an erroneous equation of the former with the latter. Every apprentice undergoing training in a designated trade in an establishment is a trainee and not a full-fledged worker. Not only will a trainee be not in a position to make any significant contribution to production and profits, but he will actually cost the employer a considerable amount in the form of (*a*) outlays on providing facilities for training raw hands and (*b*) loss of production of workers earmarked for training them. There is, therefore, no equity in the suggestion that the provisions of law in respect of regular workers should apply to them. It is regrettable that Mr. Nanda's reply on this point was rather equivocal, instead of being categorical. The suggection that the employers should be legally obliged to give jobs to the apprentices is surely ill-conceived, for it will not only prevent employers from coming forward in large numbers to train apprentices but would also mean, in effect, forced employment. Legislation in a sphere like this could succeed only if employers wholeheartedly co-operated with the Government in meeting a national need. Moderation and a spirit of accommodation are essential prerequisites for the scheme's success and it is gratifying to find that the Bill represents such an approach.

POWER DEMAND IN CALCUTTA

The Calcutta Electric Supply Corporation, which belongs to the private sector, has a total effective generating capacity of 275 MW., representing a fourth of the aggregate installed capacity in the entire Bihar-Bengal area. The demand for power in this vital industrial area has more than doubled since 1955-56, but neither the C.E.S.C. nor the public sector has found it possible to satisfy the entire energy requirements of industrial consumers in particular. In the case of the C.E.S.C. which has been catering to the Calcutta area, industrial consumption has accounted for 90 per cent of the energy sold for power purposes. But the Corporation has been in no position to satisfy the maximum demand (about 400 MW.) in full even with the help of the D.V.C.'s supply of 60-75 MW. in 1960-61. The expected power in the next few years may, however, be partly relieved by the Corporation's new machine of 50 MW. capacity which is under installation now and will be commissioned towards the close of 1963. Further relief may be had from the promised supply of 60 MW. by January 1964 from the West Bengal Government's Durgapur station. But by this time, the maximum demand for power in the licensed area of the Corporation may well exceed 500 MW. on the assumption of a minimum rate of increase of 10 per cent per annum.

Where, thus, the growing load on the Corporation's system is expected to exceed the total power resources available, the present restriction governing new or additional supply of electrical energy may not be removed in the near future. According to this restriction, no new or additional supply of electrical energy for a connected load of 100 KW or above shall be given to any impending or existing consumer without the prior sanction of the Government. The continuance of this restriction, the possible full contractual supply of 100 MW. from the D.V.C., and the continued voluntary agreement by certain large industrial units in Calcutta to restrict their demands at the time of the Company's evening peak loads—these, according to Sir Harry Burn, Chairman of the C.E.S.C., whose annual review was published in last week's *Commerce*, will enable the Company, without further substantial load shedding, to carry out proper and regular maintenance of its plant and thus alleviate the position until the new plant is commissioned two years hence. Sir Harry Burn's optimistc expectation is not likely to be fulfilled two years hence, for by that time the demand for power will have further outstripped the supply. In a situation like this the C.E.S.C. may be rightly expected to think in terms of greater expansion of its own generating capacity. Its experience in the matter of getting the West Bengal Government's permission for installing another 50 MW. machine before the end of 1963—the proposal was turned down in July 1960 but reconsidered and approved in February 1961—has probably discouraged the Company's enthusiasm for further expansion. But its bitter experience in the matter of getting the D.V.C. supply should have impelled it to ask for more adequate expansion. Since the expected supplies from the D.V.C., and the Government's Durgapur and Bandel stations may or may not materialise in full by January 1966 and since the need for periodically retiring the older plant for overhaul will continue to be there, it would not be an unduly ambitious proposition if the Corporation were to ask for further adequate expansion of its own generating capacity.

W. GERMAN AID FOR INDIA

West Germany has been evincing much interest in India's economic development. The actual financial assistance given for the second Five-year Plan was over Rs. 124 crores, out of the total aid authorisations amounting to Rs. 1,090 crores by all countries. The quantum of assistance for the third Plan is expected to be markedly higher. The credits already earmarked for the first two years of the Plan period aggregate Rs. 210 crores. Surely, this amount is, as Dr. Peter von Siemens, chief of the delegation of the German industry for the Indian Industries Fair at New Delhi, said on the occasion of the German Day of the Fair on Saturday last, in no way a mean sum and it may be taken as further evidence of the confidence West Germany is placing in its economic partner, India. Expressing more or less similar sentiments, the German Federal Minister, Dr. H. I. von Merkatz, assured India that his country had one main interest: "to improve the existing contacts between the industries of our two countries and thereby to make a genuine contribution to Indo-German friendship, in particular, and to international understanding, in general."

During the last six years, the economic ties between India and West Germany have strengthened quite considerably, as witness the series of joint ventures in the industrial field. A significant feature of these ventures is the importance attached to the training of personnel. The German industrial undertakings which have their own organisations in India maintain their individual training centres in this country as well as in Germany. The number of Indian trainees and students now in Germany is said to be 2,000. There is no doubt that the contribution made by Germany to impart training facilities "will," to quote Dr. Peter von Siemens, "effectively supplement India's own great efforts in organising industrial training."

A MODEL CHARITABLE TRUST

Among the none-too-many charitable institutions in the country engaged in the mission of mercy, H.E.H. the Nizam's Charitable Trust occupies an important place. It is not only one of the best-managed charitable trusts in the country but also one which, by the range and nature of its artivities, has come to be regarded as model trust. The latest annual report of the Trust, covering the year ended 31st March 1961, gives one a glimpse of how the Trust seeks to further the noble objectives which the creator of the Trust, H.E.H. the Nizam of Hyderabad, had set for it. These are relief of the poor, support of religious institutions, provision of medical aid, advancement of education and for any other objects of public utility.

Every year, the Trust receives applications for help far beyond the financial resources of the Trust. A rigid scrutiny of each and every application is, therefore, made, so that the most deserving, irrespective of other considerations, get support. Five categories of help was given during the year: (1) maintenance allowance, (2) scholarships, (3) lump sum medical aid, (4) lump sum educational aid, and (5) special lump sum medical aid. But the Trust's activities are not confined to these. It has decided to build an Orthopædic Hospital at Hyderabad. Land for the purpose has been acquired at a cost of Rs. 2,90,000 and work on the hospital building has already commenced. Another new field into which the Trust has ventured is technical education. The Trust proposes to establish a technical school for training artisans and mechanics and a provision of Rs. 10 lakhs has been made for this purpose. It has also started a textbook lending library which will provide poor students with books. All these useful activities, it is need to add, will not have been possible but for the judicious manner in which the Trust's funds have been invested.

O.E.C.D. GROWTH TARGET

A fifty per cent growth in real gross national product during the decade ending 1970 is the combined target set for the twenty member-countries of the Organisation for Economic Co-operation and Development—the O.E.C.D. for short. The countries include all the eighteen West European nations, the U.S. and Canada. The target, which was mooted by the U.S., was accepted by the O.E.C.D. Council of Ministers at its first meeting held at Paris on the 16th and 17th inst. The acceptance was, however, subject to several qualifying clauses in accordance with the reservations expressed by Britain and some other countries. Among these clauses, the following four are considered to be specially important:

1. The rate of growth may vary from year to year and from country to country. As the target is a collective one, individual countries may fall short or exceed the target in varying degrees.

2. Those member-countries which are in the process of development should have a relatively higher rate of growth. In order to induce a real increase in their growth rates, the O.E.C.D. must assist such countries in their efforts, including preparation of sound development plans.

3. It is particularly urgent that a proper equilibrium is maintained in the external payments of member-countries. Efforts must be made "to develop still further" the close co-ordination of financial and economic policies as well as mutual sense of responsibility between deficit and surplus countries.

4. Price stability is of the highest importance. Gains through higher productivity should be fairly distributed and increases in money incomes kept generally in line with productivity measures.

The target of 50 per cent growth over a period of ten years may not be easy of fulfilment, but it cannot be termed "too ambitious," nor can it be dubbed, as some have done, as a piece of cold war propaganda intended to counter the targets for Soviet growth recently proclaimed by Mr. Khrushchev. For the target requires no more than the effort that was put in to achieve a 45 per cent rise in real gross national product dur ng the decade 1950 to 1960. Moreover, account has to be taken of the estimated rise of 10 per cent in population in the O.E.C.D. countries, so that the target in terms of growth per head will be lower; this has been worked at a little over 36 per cent. Nevertheless, the successful achievement of the target seems to depend on three vital questions. One, will the balance of payments surplus and deficit countries be more ready than now to recognise one another's problems? Two, will there be greater willingness on the part of the O.E.C.D. countries to share the common burden of aid to the developing countries and to tackle the problems created by the potential instability of the pound sterling and the U.S. dollar? Three, will the tariffs between the European Economic Community and other areas be lowered as far and as fast as possible?

The adoption of a target of 50 per cent economic growth by the O.E.C.D. Ministerial Council is a development of considerable significance to the underdeveloped countries, including India. For, to the extent to which the target is attained, the industrialised members of the O.E.C.D. will be enabled, as Mr. Selwyn Lloyd, British Chancellor and leader of the U.K. delegation to the Paris meeting, said, to contribute more effectively to the development of the less advanced nations both through the provision of financial and technical assistance and through a widening of their export markets. Indeed, the meeting recognised the need for a further increase of development assistance to less developed countries. The *communique* stated that the Development Assistance Committee of the O.E.C.D., which includes Japan also, would institute, beginning in 1962, an annual review of aid efforts and promises of member-countries. The underdeveloped countries might, however, have felt more grati-

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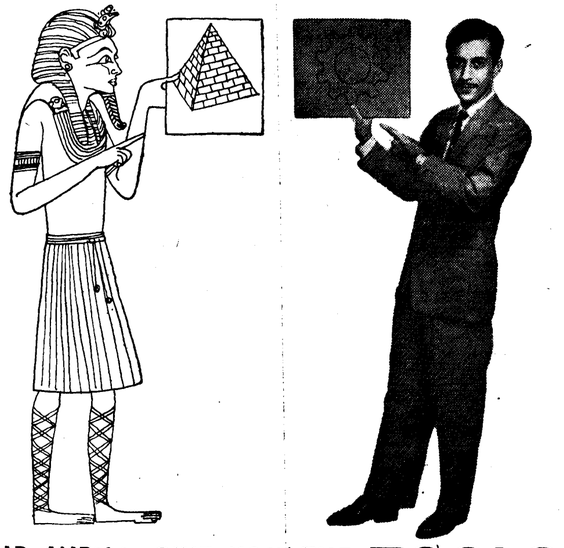

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fied if at least a broad indication of the size of assistance that would be made available had been given. One had thought that the U.S. call to members to give one per cent of their combined gross national products as development assistance would be accepted and that some concrete measures would be proposed to give effect to it.

INDIA'S FOREIGN TRADE

India's exports, which had picked up in July and August last from the year's low level touched in June, have, once again, tended to move down. According to provisional figures released by the Department of Commercial Intelligence and Statistics, Calcutta, for the month of September, exports were of the order of Rs. 59 crores, which compare unfavourably with Rs. 61 crores in August. This decline in exports, however, does not warrant any undue alarm, for it is possible that after September, exports might have recovered owing to seasonal factors, as in previous years. Imports were, however, higher by Rs. 5 crores at Rs. 77 crores in September. As a result of the decline in exports and rise in imports, the adverse balance of trade widened by Rs. 7 crores to Rs. 17 crores. Despite the setback suffered in exports and in the balance of trade position in September, India's overall performance on the trade front during the first three quarters (January to September) taken as a whole was certainly better than in the corresponding period of 1960. During the nine months period, exports aggregated Rs. 498 crores, reflecting an increase of Rs. 46 crores over January-September 1960. This represents, if projected for the whole year, a total of over Rs. 660 crores. In 1960, exports had amounted to only Rs. 635 crores.

One of the major contributory factors behind the increase in exports is the higher price fetched for jute goods, India's leading export item. This should be considered just a windfall and not the result of any perceptible improvement in the basic structure and pattern of India's trade. In fact, the persistent high prices for jute goods would have only encouraged foreign customers to turn to substitutes. This conclusion is substantiated by the recent trends in U.S. consumption of burlap. The total consumption of burlap in that country fell by 74 million yards to 639 million yards during the ten months ended October 1961, as compared with the corresponding period in 1960. What is needed now, therefore, is to promote the cultivation of raw jute in a planned manner and ensure adequate machinery for stabilising the prices of jute and jute goods. Besides jute goods, shipments of tea have also gone up, in spite of increasing competition from Ceylon and other countries. It must, however, be borne in mind that 1960 was a year of low exports for Indian tea.

The following table shows the month-to-month trend of India's imports and exports during the three quarters of 1961, as compared with the corresponding period in 1960:

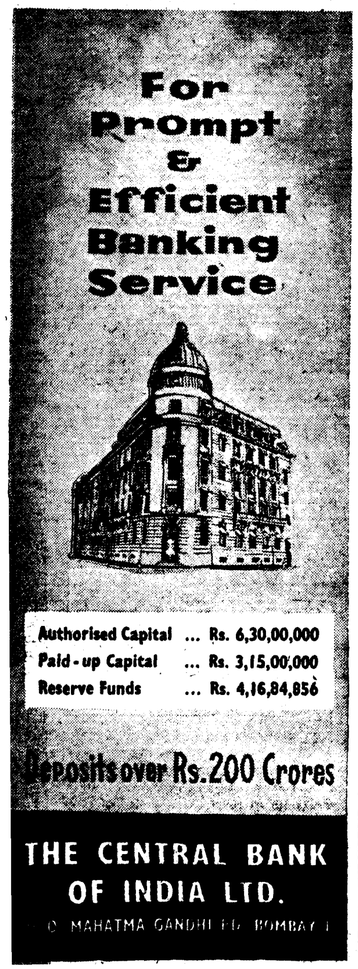
(In crores of rupees)

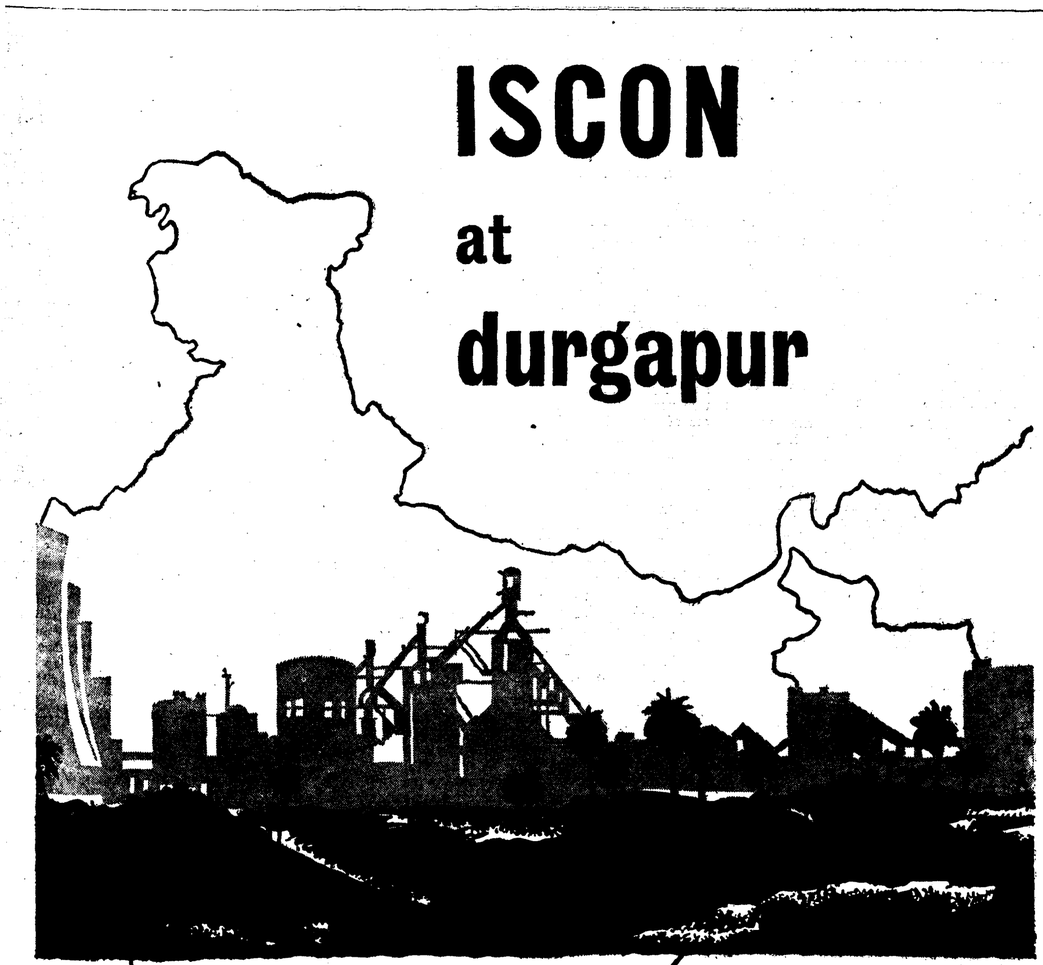
	Import†	Exports (including re-exports)	Balance of Trade
1961*			
January	83.79	54.34	— 29.45
February	73.50	53.43	— 20.07
March	81.38	57.32	— 24.06
April	85.90	53.84	— 32.06
May	85.57	57.12	— 28.45
June	87.34	49.88	— 37.46
July	69.00	51.00	— 18.00
August	71.54	61.36	— 10.18
September	76.56	59.29	— 17.27
Total	714.58	497.58	—217.00
1960*			
January	70.71	51.35	— 19.36
February	78.28	48.75	— 29.53
March	96.42	52.87	— 43.55
April	98.57	46.63	— 51.94
May	92.97	49.84	— 43.13
June	93.79	47.13	— 46.66
July	83.55	46.03	— 37.52
August	82.45	57.07	— 25.38
September	75.40	52.51	— 22.95
Total	772.20	452.18	—320 02

* Provisional.
† Excludes certain consignments on Government account.

While exports have tended to move up during the January-September period, imports have declined. During the first three quarters of 1961 imports amounted to Rs. 715 crores, this represented a fall of Rs. 57 crores, thanks to the restrictive import policy pursued by the Government of India. With the increase in exports and decline in imports, the adverse balance of trade narrowed down by as much as Rs. 100 crores to Rs. 217 crores. It must, however, be stressed that, when certain consignments on Government imports awaiting adjustments are included, the trade gap may become larger, though it is possible that it may be somewhat smaller than was the case in 1960. Even the present trade gap is still wide and, but for the aid offered by the Aid-India Club, the World Bank and the I.M.F., our foreign exchange position would have been critical. It may also be noted here that India's sterling balances, which had gone down from about Rs. 148 crores in the beginning of January 1961 to Rs. 98 crores by the end of July, had moved upto Rs. 145 crores by the end of September.

A notable feature of India's foreign trade during the first three quarters of the current year was the sizable expansion of its trade with the U.K., the largest trade partner. According to figures released by the Trade and Navigation Accounts of the U.K., India stepped up its exports to that country from £101.22 million during January-September 1960 to £106.15 million (on a c.i.f. basis) during the same period of the current year. This increase was almost exclusively the result of a larger offtake of Indian tea, being higher by £6 million at £41.19 million. Exports of cotton yarns, manufactures and miscellaneous textile goods, however, fell from £19.80 million to £19.12 million. Shipments of leather and its manufactures too suffered a setback, having gone down by £2 million to £8.44 million. During the same period, India's imports from the U.K. (f.o.b. basis) rose from £116.06 million to £123.34 million. Significantly enough, the increase was accounted for by the relatively less important items such as chemicals, scientific instruments, photographic goods, etc. On the contrary, the chief components of Indian imports, particularly machinery, road vehicles and aircraft fell sharply.





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INDUSTRIAL TRAINING IN BRITAIN

METHODS AND MACHINES WIDELY USED

By Maud D. Reed

ONCE, when the word "communication" was generally understood to mean "letter" and nothing more, industrial, commercial and adult groups passed on information by writing. Industrial and commercial training was by means of the lecture or the textbook; learning was by reading or listening, and hoping to understand and remember. It was not until, following World War II, economic survival was seen to depend on increased productivity, that the use of visual aids was taken seriously in adult training in industry. Increased productivity clearly depended, to a large extent, on the acceptance of new ideas, and the need was to transmit these ideas effectively.

Industrialists returning from the war remembered the principles and practice of instruction laid down in the Services: that the most practical method of instruction is that which teaches through the greatest number of senses simultaneously. And today, the use of visual aids in training is well established in Britain. They are used by personnel managers carrying out staff induction; to teach foremen how to supervise; by operatives to learn the importance of safety; and by retail assistants to learn the art of selling and dealing with customers. Even the sales representative is taught the techniques of reaching his customer by visual aid.

Here is a brief outline of some visual aids in common use, for instance, chalkboards and blackboards. Because, in most places where instruction is given, it is possible to find a blackboard, this is still the most commonly used visual aid. Modern versions of the blackboard are available in various colours—dark blue or purple chalks on primrose coloured etched glass or wall cloth, either fixed permanently to the walls or of the roller type. The advantage of the blackboard is its simplicity. Items can easily be written, drawn or rubbed out, and it can be ruled in advance with lines, squares, and so on and trainees can easily take part in an exercise. The disadvantage is that, because of limited space, material sometimes has to be rubbed off prematurely leaving no record for future reference. Some instructors prefer to have one board for recording the lesson and another for illustrations and explanations as the instruction proceeds.

Alternatives to Blackboard

An alternative is the pad of newsprint paper clipped on to a hardboard of plywood backing. Coloured crayons, chalks and felt pens are used to write and draw on the paid; sheets can be prepared beforehand or used spontaneously and afterwards either discarded or kept as a permanent record. More complicated drawings may be made by projecting a diagram on to the pad and drawing over it, but diagrams must be right first time; they cannot be erased. To make a flannelgraph flannel, felt or blanket material is stretched tightly over a solid board, and used in conjunction with cut-outs made of flannel, paper or card, backed with flockpaper or sandpaper, which will stick to the flannelboard. It is suitable for use with large or small groups, as the flannel is available in bright, bold colours and illustrations can be made suitably large. The illustrations stick immediately, can be used over and over again and, provided they are previously arranged in their correct order, will cause no interruption to the instructor's discourse. Flannelgraphs, for instance, are useful to illustrate a sales instruction session.

Another aid is the plastigraph, which is based on the principle that shiny plastic surfaces adhere to each other by suction. The plastigraph is composed of flexible, glossy plastic sheets, in transparent or opaque colours, placed on any clean, polished surface like rigid plastic, glass or American cloth. As with the flannelgraph, models can be built up from cut-outs of this material, and any number of layers in different colours can be placed one on top of the other and removed again, to illustrate points of instruction. This is a good method of showing the parts of a machine, and how they work.

Using disc magnets, cut-outs in wood or metal can be made to adhere to sheets of iron or tinplate, usually painted or lacquered in colour. This is the magnetic board, which can hold heavier and larger models than the flannelboard or plastic-board, and it is, therefore, suitable for the more permanent type of display, as, for instance, where one wants to show the actual parts of machine tools and how they work.

The well-known domestic hardboard, which comes in many colours, perforated with holes in regular rows at three-quarter inch intervals, making a peg-board, is yet another visual aid that can carry three-dimensional specimens which can be big and heavy. Pegs or wire supports for the items fit the holes, and attractive permanent displays can be made with the aid of plastic lettering, while by using coloured string or elastic, admirable graphs can be shown.

For my own office, I have made a simple peg-board progress chart for my filmstrip production programme. A red peg against an item such as "Write Script" warns me that nothing has been done; a yellow peg reminds me that I have begun, but not completed it; a green peg tells me that the project is finished.

Projected Visual Aids

In addition to the simple, relatively inexpensive aids already listed, there are the projected visual aids. These include lantern slides, film strips (with or without sound), films (silent or sound), larger transparencies (by the overhead projector) and opaque objects (by the episcope). The overhead projector will screen transparencies up to ten inches square. It also allows the instructor to face his group while he is illustrating his talk. He can write, for instance, on a sheet of plastic resting on the copy surface of the machine, or he can build up a diagram in stages by using transparent overlays. The writing or the diagrams appear on the wall-screen above his head.

The episcope will reflect an opaque object like a picture, the page of a book, up to ten inches square. With the newer types of episcope the room need not be blacked out, though one of the disadvantages of this kind of projected picture is that the illumination is low. Where slides or filmstrips are not available, or cost is a consideration, the episcope could illustrate an induction course by using existing pictures of a factory and its products.

The 16-millimetre film is too well known to need description. It is used in Britain in various ways. For instance, new entrants are frequently shown a film of the firm's history, set-up and products, at their induction. Accident prevention films are introduced into safety training programmes and salesmen training films are widely used. Supervisory films, with case histories, are used in training foremen; and sponsored films on hygiene are used in the training of canteen assistants. Excellent films on productivity and work study are produced by the British Productivity Council, and widely distributed among supervisory and other managerial grades.

Filmstrips and Slides

Films are particularly recommended when movement is a vital part of the instruction to be given. But when movement is not essential, the filmstrip will be found to be a cheaper and more flexible tool. This is a series of still pictures in black and white or colour, and has become increasingly popular during the past 10 years as a training aid in industry and commerce. Strips are shown through a filmstrip projector and are either whole frame (36 by 24 millimetres) or single frame (18 by 24 millimetres).

Filmstrips are either accompanied by sets of printed notes for use by the instructor, as in the case of involved technical instruction, or by a gramophone record or tape, in case studies of human relations situations. The 83 sound filmstrips produced by the Industrial Welfare Society are all accompanied by gramophone records. These filmstrips come under the headings of "Human Problems at Work," "People and Production," "Training," "Sales Training" and "School to work."

While "standard slides" (three and one-quarter inches square) are still used in adult education, the smaller slide (two inches square) is much more popular and far cheaper to produce, particularly with the widespread availability of the 35 millimetre camera and the colour film. So popular are slides and filmstrips as a training aid in industry that many companies are making their own as a supplement to the professionally-made series.

Making Sound Filmstrips

Groups wishing to make their own filmstrips usually adopt one of three courses: (1) After deciding on the subject matter and treatment, they arrange for scriptwriting, photography, production and recording to be done professionally. Thus, a filmstrip of 30 to 40 frames might cost £300 or more, depending on whether it was in black and white or colour, and whether it consisted mainly of photographs, or art work. (2) They do part of the work themselves: that is, write the script and provide photographs or drawings, leaving the studio to copy the pictures on to film. The studio charge including titling, retouching prints and so on, would be in the region of £10 for an uncomplicated print. Finally, they would record their script on tape. (3) They do the whole thing themselves. This presupposes, of course, that they have the necessary equipment. An interesting example of this is the case of a company that wanted to tell its new employees about the firm's sickness regulations. A lively and imaginative script was written and illustrated by simple "pin-men" drawings, and the commentary recorded on tape. The cost of the materials used was 25 shillings, and the result was a highly successful training aid.

An Even Simpler Method

Even easier than making your own filmstrip, is to make your own set of slides or transparencies. Here, the procedure would be to consider the purpose of the slides and the audience for whom they are intended; decide on the approach; write the script; decide on the pictures to illustrate it then take the pictures (with a 35 millimetre camera loaded with reversal colour film such as "Kodachrome" or "Ektachrome").

When the film has been processed, it will be returned in the form of slides. After these have been put in the order in which it is planned to use them, the commentary is recorded on tape. Here slides have one big advantage over the filmstrip. If, for example, a machine shown in a picture was suddenly out of date, the slide could be replaced by taking another shot of the newer type of machine and substituting it for the earlier one, without the necessity of re-shooting the whole negative, as would have to be done in a filmstrip. And, of course, the slides are in colour, which is usually considered an additional attraction.

Tape Recorders and Television

The tape recorder is widely used in Britain in industry, commerce, adult education and the church in training people whose everyday work involves speaking to members of the public—lecturers, preachers, telephonists, demonstrators and sales representatives. The Industrial Welfare Society organises regular training courses for industrialists on speaking successfully in business and in public.

I have seen small groups of women supervisors listening to recordings of themselves issuing instructions; criticising themselves and each other, and so learning the principles of making themselves understood and presenting their instructions, comments and criticisms acceptably. In another sphere, church organisations distribute recorded tapes for use in general discussion groups, youth clubs and drama groups. One well-known company, with branches all over the world, uses tape recorders to teach languages to members of its organisation who are going overseas.

Television is the newest audio-visual aid. Apart from its widespread use in schools, it is used increasingly in closed-circuit for the purpose of illustrating the discourse of a speaker at a large meeting or in the training of speakers in the techniques of speaking on television.

THE AMBIGUOUS CHANCELLOR

BUDGET MAY PROVE A DIFFICULT ONE

(From Our Own Correspondent)

LONDON, *17th November*

LONDON LETTER

IN the middle of this week, the London stock market jumped more than 1 per cent, the following day it dropped by nearly as much—the explanation being that the Chancellor of the Exchequer had been speaking at lunch to the National Union of Manufacturers! The first half of his speech was so bullish that one has the impression that many of his listeners must have dashed out after finishing their coffee and rung up their brokers to buy; his less volatile hearers, however, weighed up the implications of the second half of his speech and must have come to the conclusion that all the potential expansion for 1962 might after all be held back by balance of payments difficulties through failure to export sufficiently.

There was a peevish note in the City at the week-end that it would be better if the Chancellor, no matter how good his lunch, is more precise in his analysis of which way the economy is going. The more so, as, right at the beginning of his observations, the Chancellor declared that, "as a nation, we cannot afford ambiguity as to our objectives"!

As a prelude to his happier remarks, the Chancellor analysed the problems that faced him in July as the following:

(i) The spring pressure upon sterling;

(ii) The underlying weakness of our balance of payments;

(iii) The need to achieve a steady growth in the economy;

(iv) The question of our national habits, practices and attitudes in facing the commercial problems of the world.

The Bright Side

Having given his listeners the problems, he then made a résumé of his success in meeting them. "There has been," he declared, "a greatly improved confidence in sterling. . . ., there has been a considerable strengthening of the reserves" and then, of course, the bank rate has been reduced from 7 to 6 per cent, and dollar rate stands above parity at $2.81½ per cent and the U.K. has paid back £100 million of its drawings from the I.M.F. As for the balance of payments, the deficit has been narrowed quarter by quarter; it was £64 million a month in the first quarter, £45 million in the second and £33 million in the third—the improvement being almost entirely in the reduction of imports, both in volume and price. Then came the significant phrase "on current account, we are probably just about in balance."

Growth

On the problem of growth in the economy, the Chancellor pointed out that production and employment were rising strongly in the first half of the year and he viewed with satisfaction what he called the reduction in the pressure of demand indicated by a slight fall in vacancies, but he said "an easing in the pressure does not mean that we are heading for a recession," and, though he noted that investment in manufacture was likely to turn downwards, at present it was 20 per cent higher than a year ago and in other branches of industry it was going to be maintained.

Finally, throwing caution to the winds, the Chancellor declared that "world conditions are favourable to a further growth of exports and look like being so for some time ahead. With the ending of the recession in the United States, our sales to that highly competitive market have increased encouragingly. Demand from the countries of Western Europe has also risen significantly and this trend seems likely to continue. The improvement, actual or prospective, in the position of the primary producers also offers a better prospect for our sales." This led him to summarise that there would be a favourable opportunity for the country to be moving on from emergency or crisis steps "to the shaping and developing of longer-term policies."

The Dark Side

It must have been at this point that some of his hearers dashed out of the luncheon room to buy. When the Chancellor came to explain what he meant by developing of longer-term policies the prospect of jam seemed to recede. He said that he wanted a broadly acceptable policy on incomes and pointed out that, in the second quarter of 1961, wages and salaries were 10 per cent up on the previous year, while production was averaging only 3 per cent up.

There must come checks upon private consumption and the budget would be the Chancellor's means to that end. He said that the country needed "a very carefully balanced combination of monetary and fiscal policies"—whatever they might be.

Next, the Chancellor, now riding his favourite mount, called for a five-year investment plan, but he envisaged his main function inside that plan to be controlling investment by saying "no." Carrying this thought on into private industry, he sees the need for planning there, through the new machinery for National Economic Development. Without such planning and without a proper control of the economy, the Chancellor feared inflation. The cake, he said, must be there before you try to eat it. Although many of the Chancellor's remarks were inevitable platitudes, they did suggest that the keynote of his thinking was still extreme caution.

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FINANCE FOR SMALL INDUSTRIES

A SCHEME FOR PROVIDING EQUITY CAPITAL

By R. L. Varshney

LUCKNOW UNIVERSITY

THE importance of adequate equity capital for the establishment of a new business or industry or for its growth cannot be over-emphasised. Very often, small industrialists start their concerns with a low capital base. In course of time, they find their financial resources inadequate and look for financial aid from Government agencies or for accommodation from banks and other financial institutions. Government agencies cannot provide their entire requirements. They can only supplement the funds collected by the industrialists themselves. Similarly, loan or debt financing can be appropriate only to a certain extent. Often large funds cannot be obtained on favourable terms when a concern is still struggling to establish itself or is progressing very rapidly or undertaking large expansion. If adequate funds are not available at the stage of growth, the companies concerned will be doomed to stagnation. In such circumstances, expansion of the capital or equity base is the real solution.

An increase in equity capital permits a more rapid growth than would be possible otherwise. Neither bank or trade credit nor Government aid is a safe or permanent substitute for risk and/or non-repayable fixed interest-bearing capital. It is common knowledge that the amount of bank or other credit obtainable is closely related to the equity capital of the borrower. Additional equity capital expands the credit base of a company and enables it to borrow on more favourable terms.

In India, there is no specialised institution for the provision of equity capital to small industrial units. If this essential gap is bridged, there would be an added inflow of credits for such concerns. In an underdeveloped country like India, there is not much venture capital. Private investors are only interested in investing their capital in established concerns or in concerns floated by industrialists who have already established a sound reputation. Hence the need for a specialised institution is greater. In this connection, it may be noted that State Financial Corporations are prohibited by statute from subscribing to the shares or stock of concerns having limited liability. Hence they cannot supply the much needed equity capital.

Some Encouraging Trends

In the U.S.A., three major automobile manufacturers—General Motors, Ford and Chrysler—have supplied equity capital to their dealers. This practice has now been adopted by many more concerns and could be profitably adopted in India, especially by large-scale industries depending upon small industries for the supply of their parts and components or for distributing their products. The Hindustan Machine Tools, a Government of India undertaking, has made an offer to small industrialists to set up industries in its vicinity and supply it with parts and components, the capital being provided by the National Small Industries Corporation. In Bombay, the All-India Manufacturers' Organisation has sponsored a new firm, called Free Enterprises Ltd., with the object of encouraging the growth of new industrial units by extending assistance in the shape of loans, equity capital and technical and managerial advice. These trends need all possible encouragement and support.

The problem of the provision of equity capital to small industries has, of late, been engaging attention in India. As early as in 1954, the Shroff Committee on Finance for the Public Sector had recommended that a Special Development Corporation be set up, with power to subscribe to equity and preference share capital. More recently, the question was considered by the Sub-committee on Credit Facilities of the Small-Scale Industries Board. This Sub-committee felt that equity capital should be provided by the Government and other institutions to enable small industrial units to strengthen their position and raise larger loans for working capital and other purposes. According to the Sub-committee, the gains of Government participation in equity capital are several: (i) Gifted but indigent individuals would be helped to set up business; (ii) industries could be encouraged to move to underdeveloped areas; and (iii) many industries which could be established but in which entrepreneurs are reluctant to venture on their own could be brought into being in the wider interests of the economy.

It may be noted, in this connection, that the Orissa Government started in 1957-58 a scheme for floating limited companies, with a part of the shares held by it. The scheme envisaged (i) formation of private limited companies in association with private entrepreneurs having a share of at least 10 per cent, the balance being contributed by the Government out of funds available under the State Aid to Industries Act; (ii) nomination of representatives by the State Government on the board of directors of such companies, and (iii) the freedom for private entrepreneurs to buy the Government share in course of time.

Effective Utilisation of Loans

Some of the enterprises under this scheme are, however, not being properly managed, as the financial stake of the entrepreneurs is too low to sustain their interest in the success of the ventures. While practically all the risk has been assumed by the State Government, the management is left in the hands of private entrepreneurs. After examining this scheme, the Sub-committee on Credit Facilities felt that entrepreneurs should provide at least 50 per cent of the venture capital, the rest being provided by the State. Even though a provision for purchase of shares and debentures by Government had existed in some States under State Aid to Industries Acts, this power has been used only in very few cases. This is because funds have to be provided from out of the budget provision for State aid which the State Governments preferred to use for direct loans. The sub-committee, therefore, recommended that such States as have the provision should be encouraged to use it in an effective manner and the principle should be extended to other States where State Aid to Industries Acts do not contain specific provisions.

There are, however, inherent limitations to direct participation by the State in the equity capital of industrial ventures and the principle is open to certain objections. An important limitation is the difficulty in selecting the right type of entrepreneurs. The entrepreneur selected must be one with know-how, ability and a technical background. The success of the venture would depend upon adoption of sound financial planning and appropriate business policies. The State, because of its financial stake, will have to see to it that all this is properly done. Theoretically, it is possible for Governments to exercise an effective control through their representatives on the board of directors, but, in actual practice, this is bound to be a difficult job. Very often undue interference by Government directors may jeopardise the success of the venture. There would be many chances of conflicts between the two types of directors which may not be in the interests of the venture. Government directors may not always be fit, either by training or background, for running an industrial unit in a businesslike manner. Nor can they be expected to master the technical details of several different kinds of industries, especially because their work as directors would be in addition to their usual duties. In fact, it is doubtful whether they would be able to make any useful contribution at all by their membership on the boards of directors.

Meeting Losses

The principle suggested by the sub-committee is to allow the entrepreneurs the maximum right to operate without frequent Government interference but with maximum safeguards for the Government to ensure against mismanagement. But even this objective would be difficult to implement. If, ultimately, the small industrial units sponsored this way are unsuccessful, the loss will have to be borne by Governments and this may be pretty heavy. On grounds of equity to tax-payers, they may not be justified in meeting losses due to lack of foresight on the part of some entrepreneurs out of the general exchequer.

Again, the scheme has to be so operated that the Government do not stay in any unit permanently and the entrepreneur buys the Government share within a reasonable period of time.

(*Continued on page* 1024)

MANSFIELD

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pilot plant production

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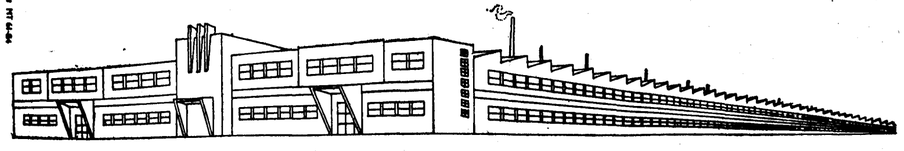

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WOOLLEN INDUSTRY AND ITS PROBLEMS

TARIFF COMMISSION BEGINS INQUIRY INTO COST-PRICE STRUCTURE

MORE than a year has elapsed since the Government of India asked the Tariff Commission to examine the question of fixing fair prices of woollen yarn, fabrics and hosiery goods, but it was not until Friday the 17th inst. that the Commission could hold the public inquiry. This inordinate delay has been due not to any heavy work or carelessness on the part of the Commission but to the lack of co-operation on the part of the industry. Here is what Mr. K. R. P. Aiyangar, Chairman of the Commission, stated in his speech while opening the public inquiry: "We have had to wait for nearly a year to get replies from many units of the industry and even from their parent associations. Extensions of time for replies had to be given several times and, in spite of goading, receipt of replies has been very tardy, resulting in unnecessary delays in our working programme." Such an attitude on the part of the industry is certainly disquieting. Both the large and small units will do well to recognise the fact that price inquiries are important not merely from the point of view of the consumer and the general economy but in their own interest.

The decision of the Government to ask the Tariff Commission to consider the issue of woollen goods prices, it will be recalled, was a sequel to the complaints over the high prices of woollen and worsted manufactures which, it was alleged, were not justified by the actual production costs. In particular, the hosiery goods producing units urged the authorities to remove the great difficulty experienced in obtaining their yarn requirements. Pending the examination by the Commission, the authorities have taken several steps, as a result of which the industry is at present subjected to some measure of statutory and voluntary control in regard to production, distribution and prices. Although the objective of control orders is laudable, it does not seem to have been fulfilled, thanks to several malpractices indulged in by a section of the industry and trade. How can such malpractices be avoided when there is shortage of supplies and a considerable part of the woollen industry's capacity continues to remain idle, due to insufficient supply of raw materials, especially wool and wool tops, dyes and chemicals, and machinery, stores and spares?

Low Rate of Output

The actual production of yarn is currently at an annual rate of no more than 30 million lbs., as against the estimated consumption requirement of woollen yarn at 36 million lbs. (worsted yarn accounts for 17.5 million lbs., weaving 10.0 million lbs., hosiery 4.0 million lbs. and knitting 3.5 million lbs.), woollen and shoddy yarn for 15.5 million lbs. and other yarns (including carpet yarn) for 3.0 million lbs. Similarly the rate of fabrics output is just 13 million yards, which is considered to be well below the actual requirements. The actual extent of under-utilisation of capacity on three-shift basis is indicated below:

	Yarn (Mill. lbs.)	Fabrics (Mill. yds.)
Productive capacity	89.7	71.7
Production in 1960	27.9	15.8
Idle capacity (per cent.)	68.9	78.7
	(53.0)	(68.0)
Production in 1961*	30.0	13.8
Idle capacity (per cent.)	65.9	81.5
	(50.7)	(70.4)

* Estimated on the basis of the actual output in the first eight months of the year.

Figures in brackets relate to percentage of idle capacity assessed on two-shift basis.

The causes for the under-utilisation of the capacity in woollen industry were neatly summed up by Mr. Aiyangar. The main problem, we are told, is availability of raw materials. Although India is a large wool producing country, the progress made in sheep rearing, wool clipping and grading has not been adequate. The country is, therefore, compelled to export the greater part of the coarse wool, which is best suited for carpet weaving, manufacture of blankets, etc., and to import fine grades of merino and cross-bred wool for producing yarn and fabrics. The dependence on imports, as Mr. Aiyangar said, naturally lays the country open to the impact of fluctuations of wool prices in world markets. Again, the growing foreign exchange difficulties, according to him, have affected the quantum of wool, wool tops and shoddy wool imports. What is worse, the process of readjustment in the industry to effect changes in raw material utilisation and production processes are slow. It may be noted here that the woollen industry is believed to have consumed last year (1960) 45 million lbs. of raw wool, 15 million lbs. of wool tops, and 8 million lbs. of shoddy wool and wool waste.

Unless earnest efforts are made to improve the supply position of raw materials, the woollen industry cannot be expected to achieve the production targets fixed for it in the third Plan. The targets are 52 million lbs. of yarn and 35 million yards of fabrics, as compared with the estimated output of 28 million lbs. and 15 million yards, respectively, in 1960. Since the existing installed capacity (89.7 million lbs. of yarn and 71.7 million yards of fabrics on three-shift basis) is higher than the target, the Planning Commission has not recommended any further expansion of the spinning and weaving sectors. Actually, with the installation of the additional capacity already licensed (720 woollen, 6,408 shoddy and 4,500 worsted spindles for six new units and for expansion of certain existing units), the spinning capacity is expected to go up to 96 million lbs. and weaving capacity to 72 million yards.

Raw Material Requirements

In keeping with the production targets set for the woollen industry in the third Plan, the estimated requirements of raw materials are estimated at 90.0 million lbs. of raw wool, 31.5 million lbs. of wool tops, and 12-15 million lbs. of shoddy wool and wool waste. The Government has licensed a capacity of 17.2 million for manufacture of wool tops in six units of which two, namely, Isaac Holdens (Calcutta) and R.K. Wool Combers (Ludhiana) are now installed for production. Besides, within the monetary ceilings, the manufacturers who have facilities for making tops are permitted to obtain allocation of raw or greasy wool out of the exchange saved in terms of combing costs. The B.I.C. units at Kanpur and Dhariwal and the Raymond Mills at Thana possess such facilities at present.

While the need for ensuring regular and adequate supplies of raw wool and wool tops is urgent, it has to be emphasised that more economic production in woollen mills can be achieved only if due attention is paid to the problem of improving the productivity of plant and machinery. The Working Group has estimated the total requirements of rehabilitation at Rs. 11.25 crores. In the opinion of the Tariff Commission's Chairman, the two main hurdles to progress in modernisation are existence of unutilised capacity and foreign exchange difficulty for machinery import. The latter difficulty can be resolved with the development of an indigenous machinery industry. A new unit in Ludhiana has taken up manufacture of worsted plants and several others have been supplying hosiery machinery and parts for some years now. The present average replacement value of machinery installed by a few mills is said to be over 300 per cent higher than the original cost. Drawing attention to this factor, the large-scale sector of woollen industry has put forward the following suggestions:

Since the usual depreciation allowed for income-tax purposes is not sufficient to cover rehabilitation, an extra element may be conceded in the price of woollen goods.

The fair rate of return should be 20 per cent of the capital employed adequately to cover the incidental expenses which are charged to profits.

Provision for an element for replacement, rehabilitation and modernisation must be made separately in the price.

The possibility of allowing a return on the cost per unit of production at 10 per cent of its fair price may be considered; the Hosiery Federation (Ludhiana) has pleaded for a return of 25 per cent on the output cost of hosiery goods.

Before the suggestions are accepted, a thorough investigation has to be made in respect of cost of raw materials, power, wages and other overheads. Appropriately enough, the Tariff Commission's terms of reference are quite wide. Thus, the Commission is required to examine the *entire* cost structure of *all* types of yarn, woollen, shoddy and worsted (including hosiery yarn) and woollen fabrics (including hosiery goods and manufactures) and to determine their fair ex-mill prices, wholesale and retail prices, and prices payable by consumers in the different regions of the country. By implication, the terms of reference rule out the fixation of uniform prices. It is true that uniform prices are simpler to determine and easier to administer than varying regional prices, but the fixation of such prices does not seem to be practicable or desirable for the simple reason that there is no standardisation of quality in regard to woollen fabrics. That apart, one wonders whether there is any need at all for price control.

Structure of Industry

In conclusion, a brief reference may be made to the structure of the woollen industry in India as reviewed by the Chairman of the Tariff Commission. The review reveals that the industry witnessed upsurges of demand during war years and has grown up without protection or detailed planning. It has two broad sectors —the large-scale one comprising the units registered under the Industries Act and the small-scale sector covering other units. The total number of woollen factories as on 1st January 1961 was 257, of which 43 units (comprising 21 composite mills, 18 purely spinning and 4 purely weaving units) are registered under the Act. Besides, there are in the small-scale sector 5 composite, 18 purely spinning and 191 purely weaving units. The State-wise location of these units is 220 in Punjab, 18 in Maharashtra, 5 in West Bengal, 6 in U.P., 2 each in Gujarat and Mysore (one of which has since closed down), and one each in Delhi, Rajasthan, Madhya Pradesh and Jammu and Kashmir.

As on 1st January 1961, the installed capacity of the industry was 195,315 spindles, of which 126,284 were worsted, 53,504 woollen and 15,527 shoddy spindles. Of these, the number of spindles for the units licensed under the Industries Act were 176,175 (115,768 worsted, 50,843 woollen and 9,564 shoddy spindles). The number of powerlooms existing as on 1st January 1961 is said to be 3,985, of which 1,884 power-operated looms belong to 221 composite/weaving units in the large-scale sector. Excluding some nine mills in the large-scale sector which have hosiery departments, the total number of woollen hosiery units comes to 904 at present. In addition, some 163 units are reported to have closed down, owing to non-availability of hosiery yarn. The capacity of the hosiery sector has been sought to be estimated in terms of the number of knitting machines which is put at 11,938. Of these, 577 machines cover the hosiery departments of the mills in the large-scale sector, while 10,683 machines are at Ludhiana and 678 machines at other centres. The annual productive capacity per shift of eight hours has been computed at about 45 million lbs. for the small-scale sector alone. The actual consumption of yarn by the hosiery sector as reported by the Hosiery Industry Federation has been 2.80 million lbs. in 1956-57, 3.10 million lbs. in 1957-58, 3.20 million lbs. in 1958-59 and 2.96 million lbs. in 1960.

The cotton and chemical industries may be on the threshold of a new research development which will be as important as the development of wash-wear cottons ten years ago. Cotton fabrics with durable loft, warmth and recoverable stretch, have been produced in the laboratory and are headed for commercial development, scientists at the Cotton Chemical Finishing Conference were told in Washington, recently. One of the most promising methods involves resin treating highly twisted cotton yarns, curing and then reverse twisting. This produces a kinked yarn which can be knitted or woven into garments having high recoverable stretch. Work on the development of warm cotton fabrics with loft and durable, low-weight bulk is well under way in several laboratories in the U.S.A. Cottons with improved warmth, it is said, could result in a three-quarters-of-a-million-bale increase in cotton consumption.

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DULL TRADING IN COTTON TEXTILES

MILLS' LABOUR FORCE DECLINES

From Our Special Correspondent

MANCHESTER LETTER

MANCHESTER, 14*th November*

MANPOWER in the Lancashire cotton spinning and weaving industry has fallen by a further 2,300 workers in a four-week period—the sharpest setback for 18 months. The number of workers on employers' books now stands at 174,840. This means that the labour force of the industry has been reduced by more than 140,000 since the post-war peak set up ten years ago.

The problem of obtaining the right type of labour at the right place is one which most mill managements are finding increasingly difficult. Transport arrangements are being provided and, in the past decade, a great deal has been done to improve the amenities of the factories in an effort to make them as competitive as possible with the alternative sources of employment which have sprung up in many parts of the area. It scarcely needs emphasis at this point that the new and expensive machinery which the trade is being urged to install must be run as efficiently as possible if it is to pay its way.

Production of yarn in September was almost identical with the August weekly average, mainly as a result of an increase in waste yarn output. Compared with the same month last year, however, there was a reduction of over 2,000,000 lbs. weekly. Although the volume of cloth woven in the mills in September continued its upward trend with a rise of 1,000,000 yards weekly over August, the fall in output over the same month last year was practically 2,000,000 yards a week.

Cotton Board returns show that production of single yarn in the four weeks ended 30th September averaged 12,410,000 lbs. weekly. Cloth output averaged 34,700,000 yards weekly. The period included long week-end holidays in many mill centres.

Squeeze Continues

One of the peculiarities of the phase of dull trading in Lancashire cotton goods which has persisted for nearly twelve months has been the variation in the strength of the different sections of the yarn market. At the end of the first six months of 1961, figures showed that only then were prices in the American yarn section coming under sustained pressure. In the Egyptian type branch, a steady fall had been noticeable since the beginning of the year. In the past four months, however, there has been a switch in the situation, so that sellers of American type yarns have been forced to give ground, while those producing the finer qualities have kept their quotations reasonably steady. To some extent, this apparent strength in the Egyptian section can be attributed to the firmer tendency lately displayed in spot prices for Sudan cotton which suffered a relapse earlier in the year.

The contrasting movement between the prices quoted for the different types of yarn and basic quotations for the raw material are shown below:

(In *d.* per lb.)

	Raw Cotton Liverpool Spot		Yarns			
	American	Sudan	American		Egyptian	
	One-inch	Lambert G	16s cop twist	36s ring beams	42s cop weft	60s cop twist
1961						
Jan. 3 ..	23.05	25.90	45.25	65.75	61.85	83.64
„ 17 ..	23.05	25.90	45.40	65.75	62.25	83.53
Feb. 1 ..	23.35	25.60	45.40	65.75	62.25	83.56
„ 15 ..	23.45	24.00	45.40	66.25	62.45	85.96
Mar. 1 ..	23.95	24.00	45.40	66.25	62.45	86.96
„ 15 ..	24.10	23.25	46.40	67.05	63.50	86.00
Apr. 4 ..	24.10	23.25	46.40	67.05	63.65	84.44
„ 17 ..	24.10	23.75	46.40	67.05	63.65	84.16
May 1 ..	24.10	23.75	46.40	67.00	63.65	83.72
„ 15 ..	24.10	23.50	46.25	67.00	63.65	83.52
June 1 ..	24.10	23.50	46.25	67.00	63.65	83.52
„ 15 ..	24.10	23.50	45.75	65.50	63.64	82.50
July 3 ..	24.10	23.50	45.75	65.50	63.65	80.25
„ 17 ..	24.10	23.00	45.75	65.50	63.70	80.25
Aug. 1 ..	24.10	21.50	45.75	65.50	63.70	80.25
„ 15 ..	24.10	21.50	45.75	65.50	63.70	79.52
Sept. 1 ..	24.10	21.85	45.40	65.50	63.70	79.52
„ 15 ..	24.10	22.10	45.00	65.00	62.40	79.18
Oct. 2 ..	24.10	22.85	44.00	63.00	61.20	78.85
„ 16 ..	24.10	23.55	44.00	63.00	61.20	78.85
Nov. 1 ..	24.10	23.55	45.40	61.50	60.60	75.85
„ 13 ..	24.10	23.65	45.40	61.50	58.55	78.85
„ 14 ..	..	..	45.00	61.00	58.00	78.85

From the viewpoint of salesmen, the absence of workable demand can only be exceedingly disappointing, particularly as concessions have been made which might have stimulated interest in more favourable circumstances. Buyers, however, are constantly aware of the numerous outside elements which seem to have a more direct bearing on sentiment than the normal trade relationships of supply and demand.

Traders are invariably reluctant to operate in a falling market, however tempted they may be by the attractions of what appear to be cheap rates. An upturn in prices is the moment for a revival in activity, as there are always many customers who hope to secure goods at the lowest possible point. Meanwhile, producers are having to sacrifice their margins in an effort to stimulate enterprise among users. Overhead charges show no sign of decreasing, yet the burden of competing arrivals from abroad at very low costs constitutes a serious threat to the profitability of spinners and weavers in the months ahead.

True Crop Assessment

Wide variations in the official forecasts made by the United States Government relating to each season's American cotton crop seem to be a thing of the past. Gone are the days when estimates showed big switches from month to month during the growing period, and in recent years the predictions have been much nearer the mark.

During the current season, the main feature has been the steady growth of the crop after a slow and uncertain start. When the first estimate was made in August, the output was lower than expected at 13,918,000 bales and the yield per acre at only 427 lbs. was frankly disappointing. It has taken three months for the true value of the crop to be assessed, and now it would appear the production is likely to exceed last year's total by about 250,000 bales. The November estimate shows the yield per acre at 446 lbs., exactly the same as the final yield for last season, and the size of the probable crop at 14,538,000 bales.

Already the thoughts of growers in the United States have turned to the 1962 crop and, in these days of Government control, this means that speculation is centred on intended legislation. Allotments for cotton next year show a reduction by some 350,000 acres from the 1961 allocation, being 18,102,000 acres. The minimum permitted by law would be only 16,310,000 acres.

Although any forecast at this stage can only be guesswork, it has already been suggested that the harvest for 1962 will be much in line with the current output. Based on average yields, the planting of the entire acreage allotted would bring a crop in excess of 15,700,000 bales, but underplanting is inevitable and there is no reason to doubt that a similar quantity of cotton will be grown next season as that now being harvested.

1960 Good Year

Total yarn production in cotton spinning countries in Europe increased by six per cent in 1960 as compared with 1958, according to the figures issued by the International Cotton Federation in Manchester. Last year, the report states, was a good year for European cotton spinners and weavers. Less machinery working longer average hours produced more yarn and cloth than for several years. Total yarn production in 1960 increased by 121,573 tons or 7.1 per cent over 1959, but the greater part of the gain came in the first six months.

Machinery hours worked during 1960 were nearly 10 per cent fewer than in 1957, but output was almost identical. Cloth production in the cotton weaving mills of Western Europe rose by 5.7 per cent last year as compared with 1959. Increases above the general average were recorded in Belgium, Denmark, Italy, Norway and Portugal where the rise was in each case at least 10 per cent.—*All Rights Reserved.*

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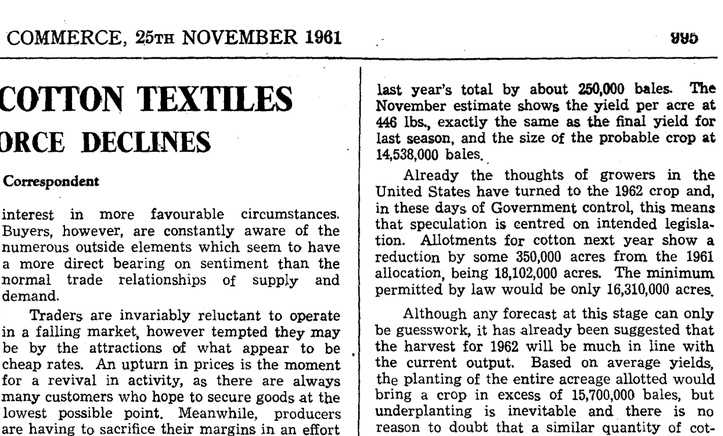

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EXTRA-LONG STAPLE COTTON

SUPPLY LOWER DESPITE HIGHER OPENING STOCKS

A PRELIMINARY estimate of the prospects for extra-long staple cotton made by the International Cotton Advisory Committee, Washington, was published in our issue dated 7th October 1961 (*vide* page 688). From provisional estimates of the crop available at that time, and also in view of the larger carryover at the beginning of the current season, that is, 1961-62, it was estimated that the supply of long-staple cotton during the season would be larger than in the last season. It was also pointed out that the estimate was very tentative and that it was subject to revision when a clearer picture of the crop became available later this season. The I.C.A.C. has now made such a revision based on the latest crop position. The estimate reveals a picture which is different from the one that emerged from the earlier one. As against the higher supplies anticipated earlier, total supplies during the current season are now expected to be lower at 2.3 million bales as compared with 2.5 million bales last season. The reduction is due to a decline in production which is estimated to be between 1.5 and 1.6 million bales, as against last season's 1.8 million bales. Opening stocks at the beginning of the season were, on the other hand, higher at 800,000 bales, as against 675,000 bales last season and 897,000 bales in 1959.

The fall in production has occurred in spite of an expansion in acreage, especially in Sudan, one of the major producers of extra-long staple cotton, which is near the 1958-59 record. In Egypt, leaf-worm attack has caused heavy damage to the crop which is expected to be lower by nearly one-third as compared with last season and the smallest since 1956-57. Production of extra-long staple cotton last season exceeded disappearance by a fair margin and hence the increase in opening stocks.

While supply is thus expected to be lower, it is impossible to predict, according to the I.C.A.C., as to what will happen to disappearance. Consumption of extra-long staples declined in a number of countries, notably the U.K. and India, and total free-world consumption last season is estimated to have fallen to under 1.2 million bales, as against 1.3 million bales in 1959-60. In many cases, the decline in consumption of extra-long staple cotton occurred while consumption of other staples was still increasing. Reports from Japan and Europe indicate that the overall textile outlook may not be so favourable in the current season but in the U.S., consumption of all cotton is expected to increase.

Exports to Communist Countries

The other component of total demand, namely, exports to the communist countries, is also indeterminate at this time. In 1959-60, such exports aggregated 680,000 bales but they declined during last season by about 100,000 bales. Even so, as a percentage of total exports, trade with these countries rose to 39 per cent in 1960-61, as against 35 per cent in 1959-60. About 85 to 90 per cent of total imports of extra-long staples by the communist countries originate from Egypt which is now anxious to increase its exports to the free-world countries. Exports to the free-world countries last season amounted to 920,000 bales, as against 1,200,000 bales in 1959-60. This compares with a consumption in importing countries of about one million bales, the excess of consumption over imports reflecting the reduction of stocks in these countries. Total exports of extra-long staple in 1960-61 declined by about 450,000 bales from the 1959-60 level. Egyptian exports fell by over 300,000 bales, principally in trade with the free world. The decline is perhaps one of the reasons behind the measures recently taken giving the Government much greater control of the cotton trade in that country. Proportionately, the decline in exports from the Sudan was even greater; Peruvian exports, on the other hand, were the highest on record.

Total disappearance in the producing countries in 1960-61 amounted to 1,660,000 bales and, if there is no increase during the present season, current production and offtake will be roughly in balance and supplies should be adequate, despite much smaller crop.

Reflecting reduced demand, prices declined continuously since the end of 1960. However, there has been a noticeable recovery in Egypt and Peru of late but Sudan prices have risen only slightly.

Looking further ahead, the Committee points out that there is the inescapable fact that, in recent years, the tendency, as indicated by acreage data, has been for production to exceed disappearance, with always the possibility of a build-up in total stocks. The accumulation of stocks in producing countries has been held down by a series of fortuitous occurrences in 1957-58 by a crop failure in Sudan, in 1959-60 by extensive purchase for stock by importing countries induced by abnormally low prices, in 1960-61 by low yields in Sudan and in the current season by extensive damage by leaf worm in Egypt. In each of the last four seasons, more than 2 million acres have been planted with extra-long staple cotton which, under favourable circumstances, could be expected to produce close to 2 million bales. In this respect, therefore, the 1958-59 season may be the most representative one from the supply point of view. On the other hand, disappearance has only once exceeded this level—in 1959-60 when, with record consumption and extensive purchase for stock, offtake rose to 2.1 million bales. All this re-emphasises the need to find ways and means to stimulate consumption of extra-long staple cotton on a permanent basis.

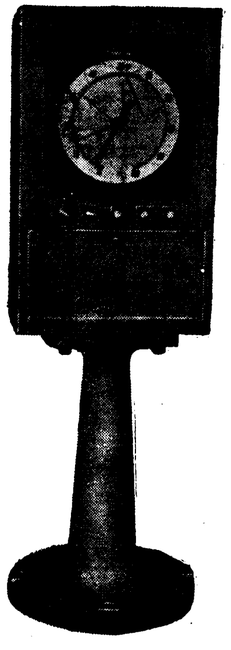
PROMOTING COTTON CONSUMPTION

Meetings of two Committees of the International Federation of Cotton and Allied Textile Industries (I.F.C.A.T.I.), Manchester, were held at Barcelona (Spain) last month at the invitation of the *Servicio Comercial de la Industria Algodonera and the Centro Algodonero Nacional*. The Raw Cotton Merchants' Committee, under the Chairmanship of Monsieur Maurice Thieullent (France), made a general review of cotton quality of all growths. There was an exchange of experience so far with arbitration based on micronaire readings, and the question of insurance in case of damage to raw cotton bales incurred prior to shipment ("country damage") was also discussed.

Mr. Alfredo Sedó (Spain) presided over a two-day meeting of I.F.C.A.T.'s Committee for Market Research and Sales Promotion, which reviewed and evaluated the cotton textile market development programmes carried out over the past five years in the chief consumer markets in Europe, Japan and the United States. The Committee also made plans for future long term action to be taken in the field of market research and sales promotion, with the aim of increasing consumption of cotton textiles. The Committee stressed the need for all cotton growing and exporting countries to contribute finance to such cotton textile market development programmes and considered various possibilities for achieving this. The following conclusions could be drawn from the two meetings: provided that the quality of raw cotton is maintained and, wherever necessary, improved and provided that the industry continues to intensify its efforts in market research and sales promotion and modernises its techniques of merchandising, the prospects of increasing cotton textile consumption over the present level seem good. It is, however, essential that the financial burden of these market development programmes should not be carried by the textile industry alone, but that the growers and exporters of raw cotton in all cotton producing countries should also contribute finance and join in the common effort.

EXPORTS OF COTTON TEXTILES TO U.K.

All exporters of cotton textiles to the United Kingdom have been asked to submit applications in the first instance to the Cotton Textiles Export Promotion Council, which, after scrutinising the applications, will issue the appropriate quota certificate or other recommendatory letter. Thereafter, the holders of the quota certificate should submit applications accompanied by such a certificate, etc., to the Joint Chief Controller of Imports and Exports, Bombay, who will issue the necessary licence. Licences will be valid for shipment from all Ports in India. In order to facilitate shipment, applicants may indicate in their application the approximate quantities which they expect to export through the different Ports.



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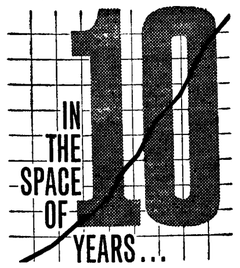

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Particular attention has to be given to industries that wish to use waste material as fuel. For instance, the sugar industry absorbs vast quantities of waste material in the form of bagasse for fuel; again, in the pulp and paper industry it is now the practice to combine the processes of chemical recovery and steam raising by burning the 'black liquor' from the digestors in a special type of boiler unit. Of course, these industries cannot keep their steam-raising plant functioning entirely on waste materials. So, in their designing and planning, the technicians and design engineers must allow for varying fuels to be used and at the same time achieve optimum performance.

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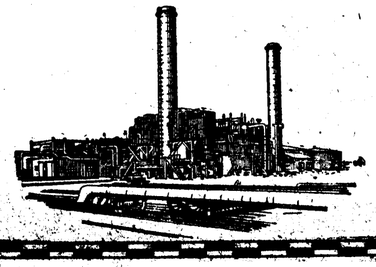


1960-AVB 2249

INCOME-TAX AND CHARITABLE OR RELIGIOUS TRUSTS

NEW ACT MAKES STRINGENT PROVISIONS

By Premjus Roy

THE Income-tax Act 1961 has made substantial changes in the position of charitable and religious institutions, so far as their exemption to income-tax is concerned. While such institutions were considered under Section 4(3) (i) and 4(3) (ii) of the previous Income-tax Act, which applies to all assessments upto the assessment year 1961-62, Sections 11 to 13 of the Income-tax Act 1961 would apply to such institutions in respect of the assessment year 1962-63 and onwards.

Let us first consider Section 11. The opening words in sub-section (1) are "Subject to the provisions of Sections 60 to 63." These sections refer to such cases as where assets are not transferred by the transferor to the transferee, or, although the assets are transferred, the transfer of assets is revocable, in either of which cases the income from the property transferred is to be taxed in the hands of the transferor and is not to be treated as the income of the transferee. For instance, if a person settles some of his property upon a trust for charitable purposes, but the transfer is revocable, income from such property will continue to be taxed in the hands of the settler and will not be treated as the income of the charitable trust. Sub-section (1) of Section 11 can have no application unless the source of income is some property and also unless the property is held wholly or partly for charitable or religious purposes. The property itself should be made the subject of a trust, and the income must arise from property so held under trust. If merely the income, and not the property from which it is derived, is held upon a charitable trust, there is no exemption under this sub-section. For example, if a lawyer dedicates his fees to a charitable purpose, there will be no exemption under sub-section (1), since the fees do not have any property as their source. Explanation 1 to Section 13 states that "trust" includes any other legal obligation.

Income From Property

Clause (a) of sub-section (1) of Section 11 deals with income from property held under trust wholly for charitable or religious purposes, while clause (b) deals with income from property held partly for charitable or religious purposes. The word "property" used in Sections 11 to 13 is of very wide import and, as stated in Section 11(4), "property held under trust" includes a business undertaking so held under trust. It appears that the exemption could apply only if the business undertaking is entirely held by the trust, and not where the trust is just a partner in the business along with other individuals. "Charitable purposes" are defined in clause (15) of Section 2 as including "relief of the poor, education, medical relief, and the advancement of any other object of general public utility not involving the carrying on of any activity for profit." If there are several objects of a trust, some of which are charitable and some non-charitable, and the trustees have the discretion to apply the income to any objects, the whole trust fails and no part of its income is exempt from tax. In other words, where the objects are distributive, each and every one of the objects must be charitable in order that the trust might be treated as charitable. The words "charity" and "charitable purposes" must be construed in their legal or technical sense, which is different from their popular meaning. The definition of charitable purposes in Section 2(15) is not an exhaustive definition, but is only an inclusive definition which states some of the broad categories of purposes which can be regarded as charitable.

To earn the exemption under clause (a) of sub-section (1) of Section 11, it is necessary that the trust fulfils certain conditions. First, the property from which income is derived should be held under trust. Secondly, the objects of the trust should be wholly charitable or religious. Thirdly, the income from such property must be applied to the charitable or religious purposes for which the trust is established. Also, the charitable purposes for which income is applied should be applied to such purposes in India, and not outside India. However, it is not necessary that the trust itself should be expressly confined to purposes within India. If the trustees, as a matter of fact, though not as a matter of legal obligation under the trust, restrict the application of the income to purposes within India, it would be sufficient compliance with this requirement. If the income from trust property is not so applied to charitable purposes but is applied to non-charitable purposes, such income will not be entitled to tax exemption. Fourthly, either the whole or at least 75 per cent of the income from the trust property must be spent for charitable or religious purposes. The accumulation for future application is permissible only to the extent of not more than 25 per cent of the income from the property or Rs. 10,000, whichever is more. For instance, if the income of the trust property is Rs. 1 lakh, it must spend at least Rs. 75,000 in the year. If the income from the trust property is Rs. 20,000, it would do if the trust spends Rs. 10,000 and accumulates Rs. 10,000 for expenditure on charitable purposes in future.

Donations or Voluntary Contributions

The income of the trust would usually be from (1) property income such as dividends from shares, rental income from house property, interest income from deposits, etc., and (2) donations or voluntary contributions. So far as income under category (1) is concerned, it is now made obligatory that at least 75 per cent of such income in the year should be spent for charitable purposes, and no more than 25 per cent is accumulated. But so far as income from category (2) is concerned, namely, that from donations or voluntary contributions, it could have been dealt with in one of the following two ways:

(i) Such receipts from donations or voluntary contributions might be credited to income and expenditure account of the trust; or

(ii) such income could be taken directly to the balance-sheet by credit to fund account and not credited to the income and expenditure account.

In the first case, that is, where the donations received are also credited to income and expenditure account, the Income-tax Officer could argue that the expenditure on charity made by the trust during the year should be deemed to have come proportionately from property income and receipts from donations. For instance, if in the income and expenditure account, income from trust property is shown as Rs. 30,000 and receipts from donations as Rs. 20,000, while expenses on charity are shown as Rs. 25,000, while balance of Rs. 25,000 is taken to reserve, the I.T.O. might conceivably contend that, the total receipts being Rs. 50,000 and expenses being Rs. 25,000, it would be presumed that only half of the property income has been spent for charitable purposes, and not that the entire amount spent on charity, namely, Rs. 25,000 would be deemed to have been spent out of the property income of Rs. 30,000. On this reasoning, the I.T.O. might argue that at least 75 per cent of the property income not having been spent during the year for charitable purposes, tax exemption under clause (a) of sub-section (1) of Section 11 is not available. To avoid such difficulty from the income-tax authorities, it would appear desirable to credit any receipts from donations directly to the fund account in the balance-sheet, and not bring such receipts into the income and expenditure account. For instance, to pursue the above illustration, if donations received amounting to Rs. 20,000 had been credited directly to the fund account in the balance-sheet, the income and expenditure account would show only property income of Rs. 30,000 and expenses on charity of Rs. 25,000, which would be more than 75 per cent of the property income and would thus satisfy the requirement of clause (a) of sub-section (1) of Section 11.

The explanation to sub-section (1) of Section 11 states that, for the purpose of computing the maximum of 25 per cent of the income from property which could be accumulated for charitable purposes during a year, the income from property for the preceding year might be adopted, if that income is higher than the income of the previous year. This explanation gives a useful option to the assessee. For instance, if the property income of the previous year is Rs. 50,000, 25 per cent whereof is Rs. 12,500 and that of the preceding year was Rs. 60,000, of which 25 per cent is Rs. 15,000, the trustees might accumulate in the previous year Rs. 15,000, instead of Rs. 12,500, and spend the balance of Rs. 35,000 only.

It is not clear how this 25 per cent, which is the maximum that can be accumulated, would be computed—that is, whether this would be of the gross property income before deducting the expenses of the trust such as for office rent, establishment expenses, audit fees, etc., or of the property income less so much only of the trust expenses as are allowable as a deduction under the Income-tax Act, or of the property income less the entire expenses of the trust. The position of trust expenses in arriving at the maximum accumulation permissible will need to be settled.

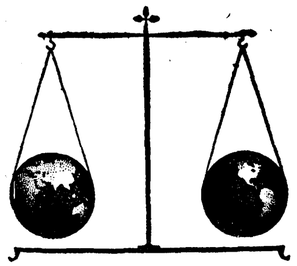
Sub-section (2) of Section 11 states the conditions under which the trust could accumulate more than 25 per cent of the income in certain years. Those conditions include a written notice to be given to the Income-tax Officer by the trustees, specifying the purpose for which the income is proposed to be accumulated and the period for which the income will be accumulated for such purpose. The moneys to be so accumulated should also have to be invested in Government securities. Sub-section (2) of Section 11 would be very difficult to avail of in practice, because usually it is not possible to work out expenses for charitable purposes so many years in advance and in such a rigid pattern as is contemplated by this sub-section. Also, the requirement of the accumulated funds being kept invested in Government securities would enable the funds to earn only a small return than would be possible by judicious investment of the funds in other than Government securities.

Serious Practical Difficulty

The new provisions pose a serious practical difficulty. The trustees would normally and reasonably take into account, for the purpose of deciding the total amount to be spent on charitable purposes, the income from property as credited to the income and expenditure account of the trust for a particular year. The Income-tax Officer, on the other hand, at the time of computation of income under the Income-tax Act, might consider the income of the trust as larger than what is accounted for in the income and expenditure account. For instance, certain dividends on investment of the trust in shares, though declared by the Company, might not be accounted for in the income and expenditure account until they are actually received after the close of the previous year. The Income-tax Officer might argue that he is entitled to treat them as income of the year in which the dividends were declared. Again, in the income and expenditure account, there may be a debit of capital loss on sale of Government securities, but the Income-tax Officer might not allow adjustment of such loss against the property income. If the trustees will have spent on charitable purposes 75 per cent of the income as per income and expenditure account, but the amount spent falls short of 75 per cent of the income as computed by the Income-tax Officer, it would obviously lead to difficulty for the trust. Correctly, income to be considered for the purpose of Section 11 should be only such income in the income and expenditure account as is actually available for being spent on charitable purposes and not any larger income.

Amount Accumulated

Suppose, in accordance with Section 11, the maximum amount which could be accumulated by the trust in a particular year is Rs. 20,000, but the trust has actually accumulated Rs. 30,000. In other words, suppose the trust has spent on charitable purposes Rs. 10,000 less than what it must have spent in the year in accordance with Section 11, what is the result? Strictly construed, sub-section (3) of Section 11 would not cover such a case, because, when a larger amount is accumulated than is permissible under Section 11, it cannot be said that the additional amount accumulated is "applied to purposes other than charitable or religious purposes." Since no other provision has been made elsewhere for this contingency, it appears that the amount of excess accumulation would be brought to charge under sub-section (3) of Section 11. For instance, in the above example, if the maximum amount which could be accumulated was Rs. 20,000, but



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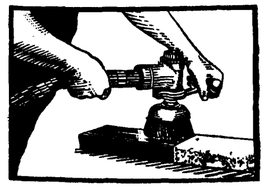

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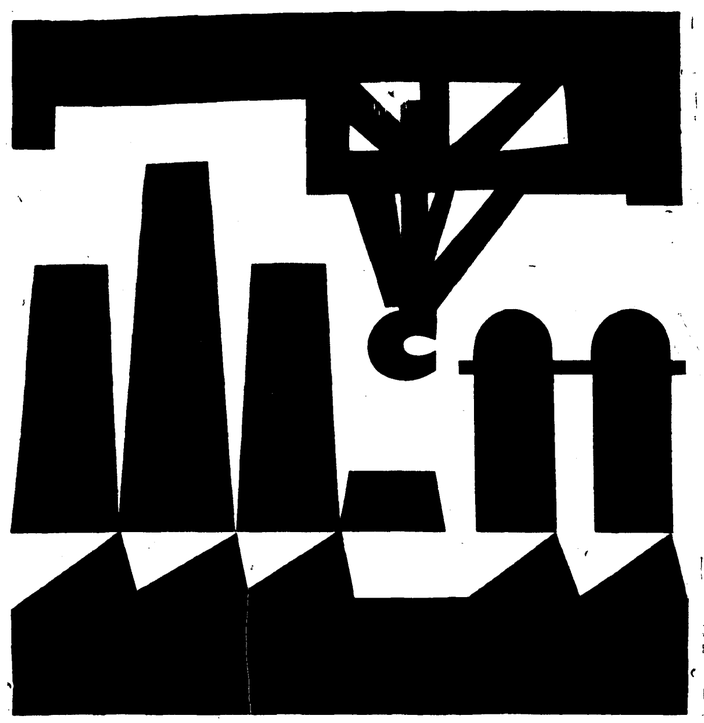

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Limitation to Expenditure

The first year of assessment under the new law is assessment year 1962-63, that is, the income of the trust for the previous year ended 31st March 1962, or any date earlier than this to which the trust makes up its accounts. It would appear that the limitation as to the minimum of charitable expenditure under sub-section (1) of Section 11 would apply to assessment year 1962-63, or in other words, that for assessment year 1962-63 the income-tax authorities could insist that at least 75 per cent of the income from trust property in the previous year must have been spent on charitable purposes. But, such restriction would be unfair in most cases, because, since the Act has been only recently passed and has not been sufficiently understood, the trustees will not have enough time to plan for whatever additional expenditure on charitable purposes they might be required to incur to meet the requirements of the new law. In the case of those trusts whose account year ended on 30th June or 30th September 1961, or might end on any other date prior to 31st March 1962, the requirement of the minimum expenditure in the previous year for assessment year 1962-63 would be still more harsh.

Coming now to clause (*b*) of sub-section (1) of Section 11, this applies to income from trust property held only in part for charitable purposes. The benefit of tax exemption under this clause would be available only if the trust existed before the commencement of the new Act, that is, before 1st April 1962. The old Act gave exemption of tax not only to trusts established wholly for charitable purposes but also to trusts only part of whose income was spent for charitable purposes. Having regard to the old Act, clause (*b*) of sub-section (1) of Section 11 continues tax exemption in respect of such trusts created prior to 1st April 1962, part only of whose income is held for charitable purposes. Any trust which is created after 1st April 1962 will have to have the property under trust wholly for charitable purposes, in order to be entitled to tax exemption. Exemption under clause (*b*) of sub-section (1) of Section 11 is available only if income is actually applied for charitable purposes. Accumulation of no more than 25 per cent of the income is permissible, as under clause (*a*). Unless the income for which exemption is claimed is either actually spent on charitable purposes or finally set apart for application to such purposes, there would be no tax exemption. Of course, the part of income derived from property which is not held for charitable purposes will not be entitled to exemption from tax. In other words, income from property applied or set apart for charitable purposes will have to be dealt with separately from income from property applied or set apart for non-charitable purposes, and it is only income applied for charitable purposes for which exemption of tax will have to be considered under clause (*b*) of sub-section (1) of Section 11.

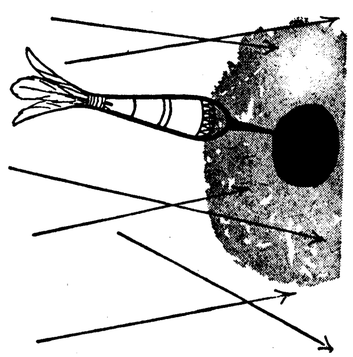
Income Spent Outside India

As we have seen, it was the condition of the exemption under clauses (*a*) and (*b*) of sub-section (1) of Section 11 that the income of the charitable trust should have been spent or applied to charitable purposes within India. Clause (*c*) of sub-section (1) of the same section deals with the case of a trust for a charitable purpose which stands to promote international welfare. If the trust is formed on or after 1st April 1952, it must be for only charitable purposes, while if it is formed before 1st April 1952 it could be for religious or charitable purposes. But such a trust, which spends its funds for charitable purposes outside India, would be entitled to exemption for tax only if there is a general or special order of the Central Board of Revenue by which such trust becomes entitled to exemption. The provisions of clause (*c*) adopt the exceptions in paragraph (*a*) of the proviso to clause (1) of sub-section (3) of Section 4 of the present Income-tax Act. The basis for these provisions is that a trust which spent its funds on charitable purposes outside India, which enjoyed exemption from tax under the old Act, should continue to enjoy tax exeption under the new law as well. It will, however, be noted that, for the trusts falling under clause (*c*) of sub-section (1) of Section 11, exemption applies only to income actually applied, and not to any unspent income which is accumulated for being spent for charitable purposes outside India in future.

Sub-section (1) of Section 12 adopts the existing provisions in Section 4(3)(ii) of the old Act. Sub-section (2) of Section 12 is, however, new. What this sub-section does is merely to forestall a possible device of one trust making donations to another with a view to escaping from the restriction of minimum expenditure on charitable purposes under Section 11(1). For instance, if a trust A makes a contribution to another charitable institution B, such contributions are to be treated under Section 12(2) as property income of institution B for the purpose of application of Section 11. As a result, institution B would be required to spent 75 per cent of its income from trust property, including the amount of contribution received by it from trust A. If sub-section (2) of Section 12 was not there, the effect would be that, if a contribution is made by trust A to institution B, in the hands of A the same was to be treated as charitable expenditure, while in the hands of B it would have been left out of account as income from voluntary contribution.

Section 13

Section 13 deals with cases in which tax exemption under Section 11 will not be available. Clause (*a*) of this section adopts part of the definition of "charitable purpose" in sub-section (3) of Section 4 of the old Act. Private individuals or a fluctuating body of private individuals cannot be the object of a public charitable trust, for example, employees of a corporation. Gifts for public religious purposes are exempt. Religious purposes (which are not defined) would include the advancement, support or propogation of a religion and its tenets. A charitable trust must always be public, but a religious trust may be public or private. The exemption granted by this sub-section is confined to public religious trusts and does not extend to private religious trusts which do not enure for the public benefit. This is made clear by Section 13(*a*) hereof. If the trust is wholly for religious or charitable purposes, clause (*a*) of sub-section (1) of Section 11 would apply, while if only part of the property is held for charitable purposes and the other part is held for private religious purposes, the case would be governed by clause (*b*) of that sub-section.



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EEPC-13

Clause (*b*) of Section 13 is very important. A trust created after 1st April 1962 will not be entitled to exemption in either of the following two cases:

(i) The benefit of the trust is made available to any particular religious community or caste, and

(ii) under the terms of the trust or rules of the institution, any part of the trust income enures directly or indirectly for the benefit of the founder of the trust or any of his relatives.

It will be noticed that the definition of "charitable purpose" in Section 4(3) of the old Act does not import the restriction that the trust should not have been established for the benefit of any particular religious community or caste, but, under sub-section (2) of Section 15(*b*) of the old Act which dealt with rebate of tax on donations paid to a charitable trust, it was required that the institution or fund to which donation was paid should not be "expressed to be for the benefit of any particular religious community." The words in clause (*b*) of Section 13 of the new Act have gone beyond the words "religious community" in old Section 15B and, if the benefit of the new trust is restricted to any particular caste, such trust created after 1st April 1962 will not be entitled to exemption from tax. However, the benefit of exemption can be availed of not only by a charitable trust but also by a religious trust, provided its benefits are not restricted to a particular religious community or caste.

A Restriction

Referring to sub-clause (ii) of clause (*b*) of Section 13 of the new Act, it will be noticed that the restriction applies "if under the terms of the trust or the rules governing the institution" any part of the trust income enures for the benefit of the founder of the trust, etc. If under the terms of the trust deed or any written rules formulated by the institution for which tax exemption is claimed, no benefit is specifically provided for the author of the trust or any of his relatives, the restriction in this sub-clause will not apply, though, in practice, the trustees may have conferred any direct or indirect benefit to the founder of the trust or any of his relatives. For instance, if the trust deed does not declare that the founder of the trust is entitled to occupy a room in the trust property for his personal residence, the restriction in sub-clause (ii) will not apply, though, in fact, the trustees may have allowed the founder to occupy a portion of the trust property for his personal residence. The restriction in this clause applies not only to the founder of the trust but also to his relatives, the word "relative" being defined in explanation I as including "a lineal descendant of a brother or sister." It would appear that, if a trust created after 1st April 1962 comes within the mischief of either sub-clause (i) or sub-clause (ii) of clause (*b*) of Section 13, that is, if either it is for the benefit of any particular caste or religious community or if there is any benefit reserved for the author of the trust, the tax exemption is not available to the trust at all. It will not be open to the trustees to argue that any amount spent for admittedly charitable purposes should be treated as exempt, and that only the balance might be subjected to tax in the hands of the trust.

As would appear from the above discussion, the new law makes very stringent provisions in respect of charitable and religious trusts. It would be in the interest of the trust for the trustees to take careful note of various conditions and restrictions imposed by the new provisions and to arrange the affairs of the trust strictly in accordance with the new law. Unless this is done, there is a serious risk of the trust being held as not entitled to exemption from tax and being called upon to pay considerable amounts of tax from funds which were intended to be spent on public charitable purposes.

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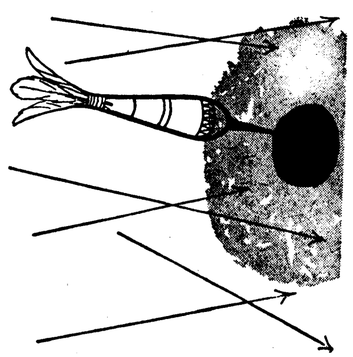

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PANYAM CEMENTS AND MINERAL INDUSTRIES LIMITED

NEW UNITS MUST BE ENCOURAGED TO EXPAND

CHAIRMAN'S SPEECH AT ANNUAL GENERAL MEETING

ADDRESSING the shareholders at the Sixth Annual General Meeting of the Panyam Cements and Mineral Industries Ltd., held at Cement Nagar, Kurnool District, Andhra Pradesh, on the 14th inst., Mr. T. S. Sundaram, Chairman of the Company, expressed satisfaction with the Government's decision to fix the highest price for the portland cement produced by the Company. In his opinion, since the size of the cement plant was one of the important factors influencing productivity, new units should be given every encouragement to expand to more economic sizes. The Chairman disclosed that work on the expansion of the factory was progressing satisfactorily and that the 300-ton plant was expected to be commissioned in the second quarter of 1963.

The following is the full text of Mr. Sundaram's speech:

"GENTLEMEN,

"It gives me great pleasure to welcome you to the sixth annual general meeting of the Company. The audited statements of accounts for the year ended 31st August 1961, along with your Directors' report on the affairs of the Company, have been circulated to you and, with your permission, I shall take them as read.

Results Satisfactory

"It is a matter of gratification to one and all of us that the result of the working of the Company during the year under review has been exceedingly satisfactory. As you will have noted, the profit and loss account shows a net profit of Rs. 11,78,934 after providing Rs. 10,20,231 for depreciation, including extra shift depreciation. This substantial profit has enabled us to completely write off the preliminary expenses, commission and brokerage of Rs. 40,469 and to make provision for payment of the arrears of dividends on preference shares of Rs. 3,72,000 from the date of allotment to 31st August 1960, at 6 per cent tax-free, i.e., 8-4/7 per cent, subject to deduction of tax.

"The Managing Agents have waived their remuneration for the second year in succession. I have to place on record on your behalf our sincere gratitude to the Managing Agents for their generous gesture.

Production Cost High

"I am glad to inform you that the Government of India, after examining the report of the Tariff Commission on the retention price payable to the cement industry, have fixed for our Company the highest price fixed for portland cement. Underlining the importance of the industry, the Commission had proposed prices which will help its development to achieve the capacity target fixed by the Planning Commission. Whilst right and due emphasis has been laid by the Government of India and also the Tariff Commission on improvement of efficiency and reduction in the production costs of the industry, I hope it is appreciated that the high cost of production of the units of this capital-intensive industry, especially of those which have come into being in recent years, is mainly due to the steep increase in the capital costs. With the cost of coal and purchased power and railway freight determined or influenced by Government's policies, wages and salaries fixed by Wage Boards, prices of inventory stores steadily rising and the production targets getting adversely affected by unforeseen circumstances such as coal shortage or wagon shortage and power cuts, only little is left in the hands of the producers to reduce their production costs.

"As you are aware, the size of the cement plant is one of the important factors influencing its productivity. I hope the Government, keeping in view the overall, balanced and rational development of this industry to exploit the raw material deposits in all parts of the country, will ensure, by their licensing and other policies, that the new units are given preference, encouragement and facilities to expand to more economic sizes.

"I welcome the Government's decision to allow the State Trading Corporation to continue in the field of cement distribution.

"I am happy to inform you that work on the expansion of our factory is progressing satisfactorily. Orders have been placed for a 300-ton unit with the indigenous suppliers, Messrs. A.C.C., Vickers, Babcock Ltd., Bombay. The equipment is due to be delivered during the second half of 1962 by which time civil construction works are also scheduled to be completed. The plant is expected to be commissioned in the second quarter of 1963.

Capital to be Raised

"It is proposed to enhance the authorised share capital of the Company from Rs. 1 crore to Rs. 2 crores. The appropriate resolutions with regard to this and the present capital issue for Rs. 46.36 lakhs are being placed before you. I am sure we will have your enthusiastic co-operation in making this issue a success.

"As mentioned in my last year's speech, the budgeted outlay for this expansion project is estimated at Rs. 120 lakhs. This will be met by the proposed issue of share capital of Rs. 46.36 lakhs and borrowings. You will be glad to hear that your Directors have been successful in securing a long-term loan of Rs. 40 lakhs from the Industrial Credit and Investment Corporation of India Ltd., Bombay, and a medium-term loan of Rs. 20 lakhs under the Scheme of Refinance Corporation for Industry through our bankers, The Bank of Baroda Ltd.

"I come now to the pleasant part of my duty of expressing our thanks to our Managing Agents for the care and interest evinced by them in the management of the Company and officers, members of the staff and operatives of all categories for their sense of duty and hard work willingly rendered by them.

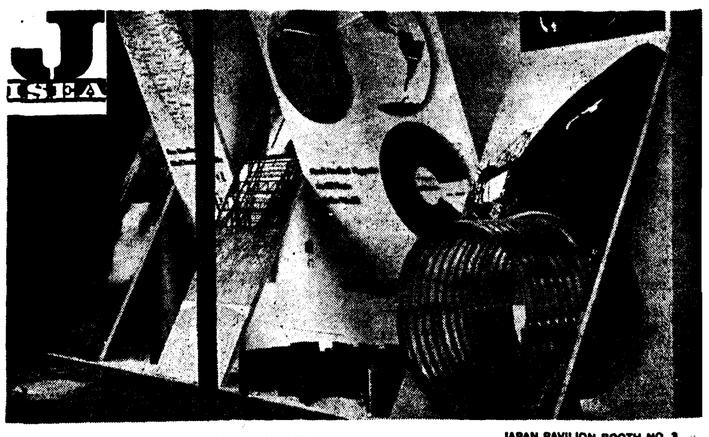
"I now have pleasure in moving that the Directors' report and the audited statements of accounts for the year ended 31st August 1961, with the auditors' report attached thereto, be adopted."

Note: *The above statement is not a report of the proceedings of the annual general meeting referred to.*

P.L. 480 FUNDS FOR INDIA

The United States Government has concluded four agreements with the Government of India providing for grants aggregating Rs. 26.4 crores ($55 million) for national highways, dairy development, soil and water conservation and groundwater exploration projects. This amount will come out of the money earmarked as grants to the Government of India from the sale proceeds of agricultural commodities supplied to India under U.S. Public Law 480. The grants will cover the anticipated expenditure on the projects during the first two years of the third Five-year Plan.

Bulk of the grant, Rs. 20 crores, will be utilised for the improvement of national highways whose mileage was 15,000 at the end of the second Plan. About 787 schemes have been carried over to the third Plan and work has begun on a number of new schemes. A sum of Rs. 3.6 crores will be utilised for milk schemes in Amritsar, Bangalore, Barauni, Calcutta, Hyderabad, Jabalpur, Kanpur, Kozhikode, Madras, Madurai, Nagpur, Surat, Vijayawada and Worli and also for research projects undertaken by the National Dairy Research Institute in the Punjab and the Dairy Science College, Gujarat. About Rs. 2 crores have been earmarked for soil conservation projects in the catchment areas of Bhakra-Nangal, Damodar Valley Corporation, Machkund, Hirakud, Chambal, Kosi, Mayurakshi, Kundah, Tungabhadra and Ramganga Projects. part of this development programme includes Contour Building and Terraching, afforestation, pasture development and control of landslides. A sum of Rs. 80 lakhs is intended for the ground water exploration programme. Under this programme, a hundred exploratory wells a year will be drilled in Andhra Pradesh, Assam, Bihar, Gujarat, Kerala, Madhya Pradesh, Madras, Maharashtra, Mysore, Orissa, Punjab, Rajasthan, Uttar Pradesh, West Bengal, Himachal Pradesh and Tripura. During the second Plan, 287 tubewells were drilled with American assistance.



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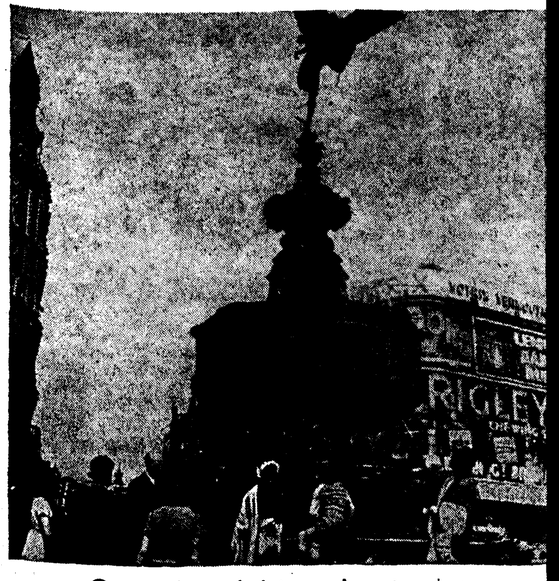

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COAL TRANSPORT PROBLEM

MR. D. C. DRIVER'S OBJECTIVE ANALYSIS AND SUGGESTIONS

FOR about a year now industries in different parts of the country have been seriously inconvenienced by shortages in coal supplies. These shortages were originally caused by the inadequacy in transport facilities rather than by any lag in coal production as such, although more recently the insufficiency of transport has operated as a deterrent to the planned production of coal. With greater pithead stocks which could not be transported in time, the coal industry has had to slow down the tempo of production in recent months. But this will be a passing phase only if the *imbalance* between the availability of transport and the requirements of coal is rectified more energetically and systematically in the first few years of the third Plan. Otherwise the coal distribution problem is bound to affect factory production in general, decreasing the productive efficiency and, thereby, increasing the production cost of Indian industries. A sound approach to this problem could, however, be evolved only in the light of lessons drawn from the last two years of the second Plan when industrialisation gathered momentum, requiring more coal, more power and more transport than had been originally envisaged. There were, of course, serious miscalculations and underestimates by the Union Ministries concerned, but no single Ministry was wholly responsible for the transport muddle. An objective and fair-minded approach would be to present all the facts and developments and find out the causes of coal transport failure, with the object of drawing suitable lessons. Such an approach, it is gratifying to find, has just been made by Mr. Darab C. Driver in his presidential address at the sixteenth annual general meeting of the Coal Consumers Association of India, held at Calcutta on the 17th inst.

Causes of Crisis

At the outset, Mr. Driver has ascribed the failure of coal transport to the following causes:

1. For the second Plan, railways' demands were for Rs. 1,480 crores, against which the Planning Commission allocated Rs. 1,220 crores only.

2. The Planning Commission relied upon Korba and other Central India coalfields to supply most of the coal to Western India, U.P. and Punjab side, so that they might take most of their coal from a shorter distance with quicker turnround of wagons than from the Bengal-Bihar coalfields. But that was not to be, since Korba and other Central India coalfields produced five million tons less than was expected. Also, the quality of coal from Central India was found much below expectations.

3. Lack of steel rails hampered the doubling of track on certain routes such as Bezwada, Madras, Moradabad-Saharanpur, Allahabad-Kanpur, Jaffrabad-Varanasi and Anuppur-Katni. Unavailability of steel in time in matching quantities and insufficiency of power considerably retarded wagon-building activity in the country.

4. Against the target of electrification of 826 miles of railway track, the actual achievement was woefully below the mark. Even though the railway tracks had been completed for the purpose, there was not enough power for their electrification.

5. Steel works which were estimated to take their raw materials from adjacent sources had to haul some of them from longer distance owing to failure of quality.

6. The transport and construction work on rail tracks was disturbed by the railwaymen's strike in July 1960.

7. It is said that, from 1956 upto now, inadequate loading arrangements at the N.C.D.C. mines were responsible for the detention of about 48,000 wagons for which they paid to the railways Rs. 10 lakhs as penalty and detention charges. This still continues, the daily average detention being 63 wagons and 80 wagons during June and July of 1961.

8. The demand of railways for coal has increased by two million tons per year, which means 250 extra wagons per day, mostly owing to the inferior quality of coal consumed.

9. Delays in movement of loaded wagons stabled at marshalling yards.

If the coal transport problem which came to the fore in the last year of the second Plan has become a crisis in the first year of the third Plan, all the causes listed above were cumulatively responsible for it. For its part, the third Plan, with its bigger coal production target, adds vastly to the dimensions of the problem. According to Mr. B. P. Singh Roy, Chairman, Coal Transport Advisory Committee, the planned increase of coal production from 60 million tons to 97 million tons under the third Plan would require the following *daily* average number of wagons as phased by the Coal Controller:

1961-62	... ...	7,183	1963-64	...	9,610
1962-63	... ...	8,561	1964-65	...	11,502
	1965-66	... ...	12,339		

Mr. Driver asks pertinently where these wagons are to come from, for the railways can provide at present only about 5,865 wagons. The facts he has given regarding wagon-building are disquieting. The annual wagon manufacturing capacity in the country, according to him, is for 26,000 wagons. But this capacity has been consistently underutilised up till now for lack of power and steel. Four of the railway workshops have, of course, been recently put on the manufacture of Box wagons of the capacity of 35 tons. Fifteen thousand tons of steel have been imported for the manufacture of Box wagons. During the recent conference at Delhi on the 13th and 14th September 1961, the representative of the of the Railway Board advised that during the third Plan, there would be 20,000 heavy Box type wagons made available, out of which 5,000 would be reserved for coal transport to industries other than steel and this would, to a great extent, relieve the present coal crisis. But Mr. Driver does not think that this development will bring any very great relief. His arguments in this connection are:

"Our experience of the delays in the manufacture of wagons, the rising number of new industrial units, requiring more and more coal, and the power shortage during the third Plan, make it difficult to share the hope for any considerable improvement in wagon availability for coal relative to demand, especially when, besides wagon shortage, there are other difficulties to be considered—insufficient marshalling yards, limited line capacity, shortage of locomotives, need to strengthen sidings to bear the heavy weight of 55-ton capacity Box wagons, etc.' Speaking of Box type wagons, the extra cost to industries receiving their coal in such wagons may be noted. Since there are no weighbridges to weigh these heavy-type wagons, unscrupulous suppliers underload such wagons, sometimes to the extent of 30 per cent, and make the consumers pay according to the wagon capacity; mechanical devices in large-size works for unloading old type four wheelers cannot be used for this new type wagon and at times the extra cost of unloading comes up to more than 30 per cent."

Shortfalls in Supplies

Another relevant factor to be remembered is that the steel industry alone adds greatly to the strain under which the railways have to operate, for one million tons of steel require five million tons of raw materials. It is estimated that at present the railway transport for the steel industry constitutes about 15 per cent of the goods traffic and that this proportion is expected to increase to about 30 per cent in the course of the next few years. No wonder, therefore, that, as compared with allocations, there is an average shortfall in supplies of coal to all other established industries to the extent of 25 to 30 per cent owing to lack of wagons. In the case of industries recently started, coal supplies are even less than 50 per cent of their requirements.

The powers-that-be have, of course, been apprised of this situation of enforced reduction of production in many industries for lack of coal. But they do not seem to have been fully aware of the serious consequences of the underestimate of the requirements of coal transport. Their half-hearted measures and improvisations in the last one year bear out that they have not come to grips with the problem. Even these are only experimental measures which are undergoing the process of trial and error. First, one million tons more than before, that is, two million tons of coal per year are to be sent to Southern and Western ports by the rail-cum-sea route. How this measure has so far fared may be known from the following account given by Mr. Driver:

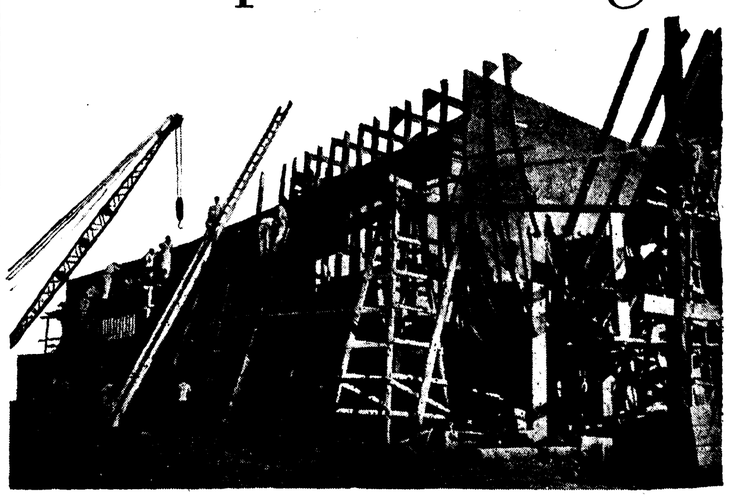
"From May to August 1961, 95 ships left Calcutta against the estimate of 120 ships at the rate of 30 per month, carrying altogether 4.48 lakh tons of coal against the target of 6.66 lakh tons. To maintain 30 sailings a month, the number of ships required is about 55, in order to take care of delays due to (1) survey of ships and their repairs, (2) dislocation due to weather and draft conditions in the Hooghly, (3) strikes at ports, and (4) delay in unloading at destination ports, etc. Relying on the estimate that, during May to August this year, Southern and Western India would get by the rail-cum-sea route 6.66 lakh tons, the railways reduced their wagon supply accordingly, which made the coal scarcity worse for these States."

Secondly, coal dumps have been set up in some States under State control, to which coal will be despatched in trainloads in order to economise transport and from which medium and small size industries not having siding facilities will draw their supplies by lorries and trucks; for other States negotiations are under way. The main difficulty consumers will have about dumps, apart from the high cost of coal delivered, is that they cannot get the size and quality of coal from dumps, as they used to get direct from collieries; also the elimination of middlemen in the dump business means deprivation of credit facilities which middlemen generally extend to consumers. Thirdly, for industries very near Bengal and Bihar coalfields, the Coal Controller is thinking of moving all coal by road, except for steel works and railways. The Government is considering a proposal to move annually altogether 6 million tons of coal by road, which does not seem practicable in the third Plan for lack of sufficient trucks. The present high freight charges of trucks will mount with additional coal traffic. Also the condition of roads does not permit such heavy traffic by trucks. Fourthly, Madhya Pradesh and Maharashtra coalfields are to be developed to supply coal to Western India in order to save the present long haulage of their coal supplies from Bengal and Bihar coalfields. Fifthly, the railways urge that loading one ton of coal more per wagon will improve overall transport capacity by 700 wagons. It has now been enforced from 1st November 1961 that the minimum weight of wagonloads for coal at owner's risk will be the carrying capacity *plus* 1 tonne instead of marked carrying capacity, except for Talcher coalfield. The railways also ask for seven days' loading of coal which has been effected in some collieries.

Permanent Remedy

It remains to be seen whether these measures will be reasonably effective in solving the coal transport problem. Mr. Driver does not seem to think that the existing disparity between the availability of coal and wagons for its transport will be wholly removed by such measures. The only substantial course would be to increase the railways' haulage capacity still further. If it is true that the Planning Commission has authorised the railways to exceed their annual allocation by as much as 40 per cent in order to increase their haulage capacity, the Government should bestir itself and find the ways and means for doing so. Mr. Driver's suggestion that a higher priority be given in foreign exchange allocation to transport equipment is one of the ways. Others could conceivably be a further step-up in wagon-building in both the sectors, a suitable upward revision of coal freight rates to get more revenue in the next Railway Budget, early advice to industries about economical and efficient utilisation of coal, etc. The last mentioned idea, it is gratifying to know, is already catching on, for the Government has set up an organisation to advise industries regarding economy in coal utilisation. This is a technical job, and it is to be hoped that the new organisation will be competently manned to impart the advice to all industries with expedition.

Shipbuilding



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NEW PRODUCTS AND PROCESSES

Refractory Insulating Bricks

A NEW process for the manufacture of refractory insulating bricks and special shapes, known as the "23 range," has been evolved by Thomas Marshall & Co., England. The process produces standard rectangular shapes with a density of 48 lb. per cubic ft. and special forms of 60 lb. per cubic ft., both with a service temperature of 2,300°F. The new method breaks away from the traditional process in which a mixture of clay and combustible is kilned in order to produce an oversize block from which the finished brick has to be machined. The need for a combustible constituent is entirely eliminated, and the as-kilned product is true to shape and ready for despatch. Production rate is twice that of the traditional system.

Atmospheric Pollution Recorder

Sampling apparatus designed to provide accurate and speedy recording of dust, grit and fume emission from factory and other stacks has been successfully developed by Viscos Ltd., England. The equipment is a production version of an advanced system based on principles issuing from recent investigations by the British Iron and Steel Research Association into amospheric pollution. The positive control of smoke stack effluent is of immediate concern to the heavy industries. At the same time, present high fuel costs demand increasing efficiency in process control to which this apparatus is calculated to make a significant contribution, for by measuring the flow rates and temperatures of gases it thereby indicates the presence of air leaks resulting in wastage of heat and fuel. One of its advantages is the speed at which samples can be taken. For example, the filter may be easily changed within 30 seconds. Another attractive feature is the ease with which it can be used in confined spaces. The apparatus consists essentially of five linked units—sampling probe, filter unit, cooling coil, pump unit and instrument unit. In addition, a combined pitot tube and pyrometer is provided for measuring gas velocities and temperature.

Paper From Sisal Fibre

High stretch paper, with satisfactory strength properties, has been prepared from sisal fibre by the sulphate digestion process as a result of investigations undertaken at the Forest Research Institute, Dehra Dun. Compared with paper produced from coconut coir, paper from sisal has a slightly lower stretch but a much higher yield and better strength properties. The colour of the paper from sisal is light brown while that from coir is dark brown.

Corrugated Eternit—A New Building Material

After sixty years of satisfactory results one may well say that asbestos-cement ("Eternit") has become one of the most popular building materials. The modern architect who plans industrial structures will be very pleased with a new development of this traditional material, namely, corrugated Eternit. It is furnished in slabs of two types. Type No. 5 has a profile with 5¼ undulations, and a length of 1.000, 1,250, 1,500, 1,800, 2,000 and 2,500 mm. type No. 10 10¼ undulations and 1,250, 1,800, 2,000 and 2,500 mm. The undulations of the slabs overlap thus forming a homogeneous scaly surface with characteristic horizontal lines where one line of slabs covers the other. The connections are made by means of corrugated shaped stones which gives the structure a uniform character hardly to be achieved by any other building system. An important technical feature is the uniformity of the material which prevents the formation of stresses, coefficients of expansion and corrosion within the lining surface. Corrugated Eternit is used with excellent results for the covering of roofs of gentle slope as well as for the lining of large-size surfaces. Apart from the technical advantages of the material for roofing flats roofs, corrugated Eternit gives very pleasing artistical effects when used for lining ceilings without shutterings. The material comes also very handy whenever conduits are to be hidden behind the slabs owing to their size, light weight, resistance to rot and fire.

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New Saw for Cutting Timber Logs

A craft enterprise in Upper Austria has developed a new saw specially designed for veneer cutting from extra-big exotic timber logs. The new equipment is able to handle logs as thick as 2m. and as long as 6m. In the box-shaped design the load lies very low, near the rails. Thus tilting or lifting of the saw blade becomes impossible and operation is absolutely shock-free. The height of the cutting device is adjusted by means of a tackle which lifts or lowers four cylindrical guide elements gliding up and down the lateral columns. A blocking device prevents shifting. The new three-strap planing gear-chain of hard chromium-plated material gives an excellent performance even under extreme conditions and at maximum feeding speed.

New Glass for Lighting Fixtures

After eleven years of research, an Austrian enterprise, specialising in the production of lighting fixtures, has developed a new special glass quality. Its main feature is its high transparency which surpasses by roughly 30 per cent that of the usual opal or frosted glass. Owing to its prismlike structure, the light rays are broken several times and an anti-dazzle effect is thus being achieved without having to resort to the usual admixtures. The new glass does not come under the heading pressed glass, but its structure rather reminds lead crystal glass. In varying shapes it is being used for chandeliers, ceiling lamps, suspended lamps, etc.

Artificial Blood Vessels

The doctor and engineer have together created one more medical marvel: artificial blood vessel. On the basis of a project drawn up by Soviet engineers, the Leningrad plant "Vulkan," has created a machine called the KVT. The blood vessel made by it, is knitted. It can be cut and sewn. Polyester fibre, lavasan, is used as the raw material. After being knitted on such a machine the artificial blood artery undergoes a number of operations, e.g., washing, drying, crimping and thermostat processing. Then it is placed in packing of polyvinyl film, is sterilised in an autoclave, and the packing is sealed by high frequency currents. The vessel can then be preserved for many years and can be used at any moment for transplantation into human body. The Leningrad Scientific Research Institute for Blood Transfusion has already performed 24 operations for the transplanting of artificial blood vessels in man, and all of them are claimed to be successful.

Light Plastic Material

A petro-chemical firm in Lower Austria, Messrs. Danubia-Petrochemie A.G., Schwechat/Austria, has developed a completely new plastic material which, with a specific weight of 0.90 may be considered one of the lightest plastics manufactured up to now. The plant, built according to most up-to-date criteria, has taken up production quite recently. At present it has a capacity of approximately 5,000 tons of isotactic polypropylene per year. Articles made of the new plastic material float on water and are remarkable for their high resistance to tearing and compression as well as for their considerable resilience. The hardness of the material makes it possible to give the surface a highly polished glossy finish. Most important of all, the resistance to high and low temperatures surpasses by far that of all other similar materials available on the market. The new plastic material may be used for a multitude of purposes. Among others it can be turned into parts for radio and TV sets, textile and dyeing machines, used in the chemical industry, for sanitary articles that are to be sterilised and in the automotive vehicle industry. Moreover, it can be shaped into tubes, slabs, transparent or opaque colourless or coloured foils, cable and wire sheathings and different household articles.

Operational Solar Battery

An operational solar battery capable of supplying power for many hours for lighting and other purposes at an on-load voltage of 24 V. has been developed as a result of extensive research work at the Centre de Recherches Physico Chimiques of the Campagnie Generale de Te'le'graphie Sans Fil (C.S.F.), near Toulon in France. The development is claimed to be a milestone in the field of direct transformation of solar energy into electric energy. This is the largest static generator hitherto developed which can recover energy from solar heat. Unlike in the selenium and silicon batteries which use the solar energy in its light form, the C.S.F. battery uses solar energy in the heat form only. Its operation is based on collecting and holding the maximum possible heat energy in the sun's radiation (c. 800 W./sq.m. at Toulon, and can be more in a tropical country) and manifesting it as a temperature difference between the hot and cold junctions of a calcined bismuth telluride thermo-couple. The solar generator provides electric energy which is perfectly adapted to supply electronic circuits fully or partially transistorised. It is completely static, quite stable, requires no maintenance and lasts almost indefinitely. French scientists and engineers have also developed a smaller version of the generator which can be charged during the day by mere sunlight and supplies power during nighttime to a self-contained, portable lamp which can be worked continuously for hours.

RELATIVE PRICE MOVEMENTS IN SECOND PLAN PERIOD

PRODUCERS OF RAW MATERIALS EARN MORE

By Dr. Ayodhya Singh
BANARAS HINDU UNIVERSITY

IN his *Treatise on Money*, Keynes expresses himself unequivocally against too much concentration on the general price level and emphasises what he calls the "plurality of secondary price levels." And Hayek in his *Prices and Production* goes to the length of discarding the concept of the general price level altogether and makes relative price movements the basis of his theory of trade cycle. Undoubtedly, the concept on the general price level is an abstraction and does not tell us much. It is misleading to concentrate on this abstraction and to neglect relative price movements, since the most important effects of changes in the quantity of money or its velocity of circulation are not changes in the general price level but changes in the structure of relative prices and the relative position of different income groups. Further, as the quantity of money at the disposal of individuals increases, the number of units of money exchanged against any given amount of the various goods tends to increase, but there is no reason to expect that all prices will vary in the same proportion; the increased quantity of money is distributed in such a way as would alter the price relationships of different goods. Those persons who receive larger incomes are able to increase their demands as compared with those whose incomes are more or less fixed. Production is thus naturally adjusted to these changed relative demands.

Again, a change in the quantity of money by itself may affect different groups of commodities differently, the process depending upon the channel through which the additional money passes into the economy. If, for example, an increase in the quantity of money takes place via budget deficit, it gets into the hands of the Government; if the new money comes via export surplus, it gets into the hands of merchants dealing in foreign trade; and if it comes via expansion of bank credit, it is concentrated in the hands of entrepreneurs who borrow from banks. The disposition of money thus varies according to the manner in which it is created and leaves a lasting effect upon relative prices. In fact, there exists no general average of prices which can be regarded as an expression *par excellence* of the value of money. We may even doubt that we are primarily interested in finding such an expression. The problem is mainly confined to the influence of monetary factors on relative prices of goods either as a source of income or as a means of the satisfaction of wants.

Price Trends

The second Plan period witnessed not only a high degree of inflation but also wide and chaotic movements in relative prices. The endeavour here is not to explain the well-known causes of these price movements but to indicate the degree of price fluctuations over the period and derive important inferences from them. The table on this page contains the Economic Adviser's index numbers of wholesale prices of certain groups and sub-groups, along with the General Price Index with base 1952-53=100. In order to attain the truly representative character of indices for the five years of the second Plan, the *annual* average of weekly indices has been used unlike the use of average for the month of March in each financial year, a practice often adopted in most official reviews. In the absence of yearly foodgrains index number, the annual average index of foodgrains has been constructed on the basis of weekly price indices of cereals and pulses utilising the weightage given by the Economic Adviser to the Government of India.

The table shows that the General Index of Wholesale Prices was characterised by a persistent upward trend, rising from 92.5 in 1955-56 (Base: 1952-53=100) to 124.8 in 1960-61. The virtual slump in prices of food articles, in general, and foodgrains, in particular, resulting from the bumper crop of 1953-54, though arrested by June 1955, could be corrected wholly by 1956-57 (the index for food articles in March 1963 and March 1957 being 102.2 and 102.3, respectively). The price index of food articles since then continued rising, with a marked increase in 1958-59 (115.2, as against 106.4 in 1957-58) and insignificant increase in 1960-61 (120.0 from 119.0 in 1959-60). Excepting 1958-59 and 1959-60, the price index of food articles was below the General Index, revealing a relatively higher increase in the group constituted of "non-food articles."

The prices of foodgrains maintained their upward trend up to 1958-59 (106.2), followed by a downward trend in 1959-60 (102.1), with a mild subsequent increase in 1960-61 (102.3). This shows that the prices of food articles other than foodgrains recorded a higher increase than the latter throughout the second Five-year Plan period. Within the group of foodgrains, the price index of cereals always remained higher than that of pulses. Both cereals and pulses, however, showed a decline in their prices during 1959-60, which was mild in the former (from 106.8 in 1958-59 to 104.1 in 1959-60) and significant in the latter (from 103.9 in 1958-59 to 93.5 in 1959-60).

In spite of the fact that the weightage to cereals is 4½ times that given to pulses, the foodgrains price index failed to be near to the index of the former except in 1958-59 when pulses also recorded a perceptible increase in their prices. It is significant to note that the bulk of the rise in the general price index over the year 1958-59 occurred under the group "food articles." Nevertheless, the index of foodgrain prices remained throughout below the general price index.

Industrial Raw Materials

The prices of industrial raw materials rose steeply by 17 points from 99.0 in 1955-56 to 116.0 in 1956-57 and remained almost stationary in 1957-58 with a slight decline in 1958-59, followed by a marked increase in 1959-60. The rise in 1960-61 over 1959-60 was conspicuous, the price index moving from 123.7 to 145.7. It is again significant to note that, during 1958-59 when there was an appreciable increase in the prices of food articles, the industrial raw material prices showed a mild decline by 0.9. However, even in 1958-59, the price index of industrial raw materials remained above the general price index. Within the group of industrial raw materials, the continuous increase in the prices of oilseeds is noticeably marked. The prices of fibres also recorded almost continuous rise (except 1958-59 when the index declined to 108.0 from 117.5 in 1957-58), which became steep in 1960-61 (151.6), the index showing a rise of 37 points over 1959-60 (114.6). The price index of oilseeds (85.4) which was well below that of industrial raw materials (99.0) in 1955-56 lagged behind the latter throughout the five years of the second Plan.

The prices of manufactured goods continued to rise almost throughout the second Plan period, the substantial increases being in 1956-57 (105.6 from 99.6 in 1955-56) and 1960-61 (122.8 from 111.3 in 1959-60). The prices in 1958-59 when food articles recorded an appreciable increase and industrial raw materials suffered a mild decline, manufactures revealed a slight drop of 0.1 to 108.1. During 1955-56, the price index of manufactures (99.6) was slightly higher than that of industrial raw materials (99.0), but, due to the relative rise in the prices of the latter practically throughout the second Plan period, the former index became lower and, indeed, the gap continued widening first gradually and then conspicuously in 1960-61.

Important Features

An important feature of the price situation during the second Plan period was that the two groups, industrial raw materials and manufactures, which for the first time since 1950-51 h emerged as the notable contributory groups the rise in the general price level in 1959-6 continued to dominate the trend even in 1960-6 On the other hand, while the rise in the pric of the "food articles" group was relatively sma in 1959-60, unlike in previous years, the contribu tion of this group under sub-groups other than cereals and pulses (including fruits and vege tables, milk and ghee, edible oils, fish, eggs and meat, sugar, *gur*, tea and coffee) was by and large negligible in 1960-61. In other words, it is the rise in the prices of other constituents of food articles that accounted for the persistently upward trend in the price index for that group.

It appears that the relative shortage of food grains was the major factor accounting for price increases in the initial stages of the second Plan. In the later part of the Plan period, the leading factor in the upward trend of prices seemed to be shortage of agricultural raw materials. Of the rise of 14 per cent in the general price index since the end of 1958-59, about two-fifths was due to the rise in raw material prices and another two-fifths was contributed by the rise in the prices of manufactures, which might partly be the result of the increased raw material prices.

On the whole, the percentage increase in prices during the second Plan period was the highest in industrial raw materials, particularly oilseeds followed by those of food articles other than foodgrains, that is, fruits and vegetables, milk and ghee, edible oils, fish, eggs, and meat, sugar, *gur*, tea and coffee. Next come the price movements of foodgrains, particularly cereals and manufactures. While there were significant ups and mild downs in the price variations of foodgrains, the prices of manufactured goods showed continuously moderate increases which became steep only in 1960-61.

Further, the anxiety against any abnormal rise in foodgrains prices is clearly understandable, for, in a poor country like India, expenditure on foodgrains forms the major part of total consumer expenditure culminating in many cases to 80 per cent. But that should not blind us to the dangers involved in ignoring the implications of relatively higher price increases in other groups, namely, food articles other than foodgrains, industrial raw materials and manufactures. At the same time, the trend in prices of foodgrains *vis-a-vis* non-foodgrains since early 1959 in the face of a substantial rise in Plan outlay and budgetary deficit indicates the hope and the line of action for holding the price line within reasonable limits during the third Plan period.

Broad Inferences

The preceding analysis of relative price movements leads to certain broad inferences. Exclusively confining ourselves to the relative price movements during the period of the second Plan, we find that, in general, the producers of industrial raw materials seem to have gained the most. Within this group, the gains of producers of oilseeds appeared to be significant in relation to those of the producers of fibres, that is, cotton and jute. The gains of the producers of food articles other than foodgrains approximated those of the producers of cotton and jute. The producers of foodgrains, in general, and pulses, in particular, seemed to have gained less than the producers of fruits and vegetables, milk and ghee, edible oils, fish, eggs and meat, sugar, *gur*, tea and coffee. The producers of cereals and manufacturers were probably on equal footing. The producers of pulses seemed to have gained the least amongst all these groups.

To conclude, the failure in holding the price line during the second Plan period does not rest exclusively on foodgrains as is usually assumed. Greater attention is needed during the period of the third Plan to control and regulate the

(*Continued on page 1018*)

Index Numbers of Wholesale Prices of Certain Groups and Sub-groups

(Base : 1952-53—100)

Period	General Index	Food articles				Industrial raw materials			Manufactures
		Total	Foodgrains	Cereals	Pulses	Total	Fibres	Oilseeds	
1955-56 ..	92.5	86.6	73.0	75.5	62.2	99.0	105.6	85.4	99.6
1956-57 ..	105.3	102.3	92.4	96.3	80.8	116.0	116.4	120.0	105.6
1957-58 ..	108.4	106.4	97.6	100.9	82.4	116.5	117.5	120.4	108.9
1958-59 ..	112.9	115.2	106.2	106.8	103.9	115.6	108.0	127.0	108.1
1959-60 ..	117.1	119.0	102.1	104.1	93.5	123.7	114.6	134.5	111.3
1960-61 ..	124.8	120.0	102.3	104.4	92.9	145.4	151.6	149.9	122.8

Source : Office of the Economic Adviser to the Government of India.

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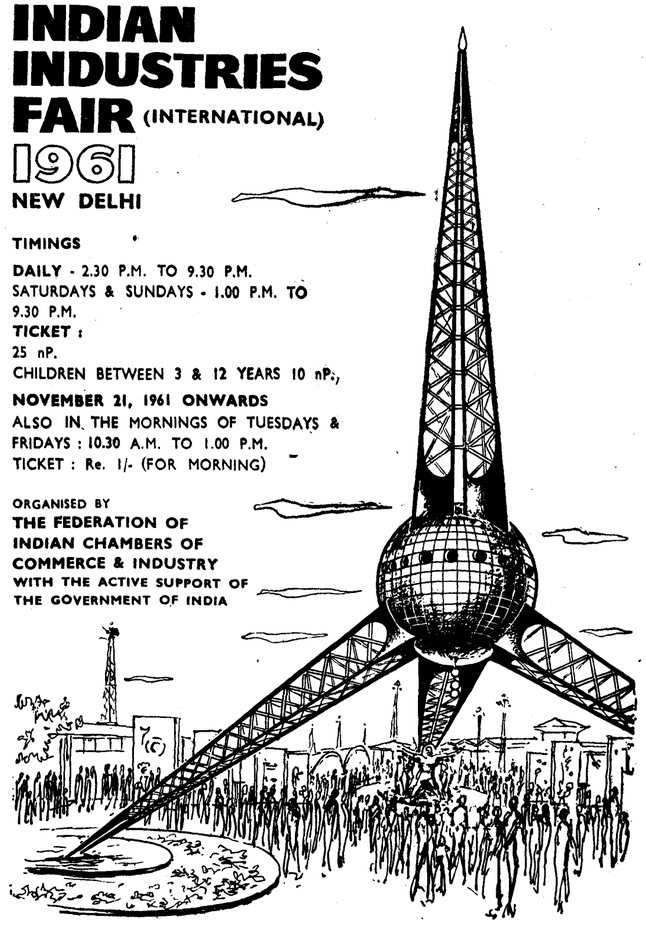

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N.P.C.'S EFFORTS BEGIN TO BEAR FRUIT

PRODUCTIVITY INCREASES IN SELECTED INDUSTRIAL UNITS

A CONCERTED and carefully programmed drive for increasing productivity can be said to have been launched in India only in 1958 when the National Productivity Council (N.P.C.) was established as an autonomous organisation for the promotion of productivity and productivity consciousness in the country. The Council, along with the 44 local productivity councils established by it all over the country since 1958, spearheads a movement which aims at (1) ensuring maximum utilisation of available resources of men, machines, materials and power, (2) to wage war against wastes in general, and (3) to help secure for the people of the country a better standard of living. The Council's programme of action includes collection and dissemination of information about techniques and procedures of productivity, organisation of training programmes for management personnel at various levels in productivity subjects and rendering advisory service for industries to facilitate introduction of productivity techniques. The N.P.C. also seeks to carry, through the media of films, radio and publications of books, pamphlets and periodicals, the message of productivity and to create a climate suitable for increasing productivity.

Productivity in Third Plan

The authors of the third Plan have rightly recognised the role of higher productivity in realising the plan objectives, and highlighted the importance of productivity in the following words:

"Industry is being called upon to meet as rapidly as possible the claims on behalf of the workers for a living wage, better living and working conditions, the needed volume of employment opportunities and a fuller measure of social security. It must yield a reasonable return on capital and provide for capital formation on an adequate scale. Neither the exercise of their organised strength in industrial conflict nor laws and the intervention of the State can help the workers much in realising their aspirations. Their gains can arise only out of the strength and dynamism of the economy, the only enduring basis of which is a rising level of productivity. No increase in profits, which does not come out of improvements in productivity but has its origin in current scarcity and the stress of development, can be regarded as a sign of development. . . . For the workers no real advance in the standard of living is possible without a steady increase in productivity because any increase in wages generally beyond certain narrow limits would otherwise be nullified by a rise in prices. Workers have therefore to insist on and not resist the progress of rationalisation in their own interest and in the larger interest of the country."

The significant work being done by the N.P.C. has been noted by the Planning Commission and its role in making productivity concepts more widely understood has been underlined by it in the third Plan. Since its inception three years ago, the N.P.C. has established 44 regional councils. It has also organised over 250 training courses in which about 4,000 managers, technicians and supervisors have taken part. Senior executives have also participated in advanced management programmes. In due course, the programmes of the National Productivity Council are expected to be linked with the work of the All-India Institute of Management and the National Institute of Training in Industrial Engineering. It is proposed to extend during the third Plan the general training programme for managers, technicians and supervisors, to apply productivity techniques in plants on a larger scale and to train instructors in selected productivity techniques.

Tangible Results

Have the efforts of the N.P.C. yielded any results so far? Although three years is too brief a period to assess the results of a movement which will take years to bear fruit, there is no doubt that a climate favourable to productivity improvement has been created in the country. No less a person than Mr. C. D. Deshmukh has conceded this fact. According to him, the atmosphere in regard to productivity is very much better in this country now than five or ten years ago. In bringing about this congenial atmosphere, the N.P.C. has no doubt played a notable part.

Apart from this, have any tangible results flowed from the productivity movement? An answer to this question has to be based on a study of the trend of productivity since 1958. Even if such a study were made, it would be difficult to isolate the factor responsible for the improvement, if any, in productivity, much less to attribute it to the N.P.C. The N.P.C. has, however, made an assessment of productivity increases in selected industrial units since 1956-57 and the results, which are significant in the context of the current interest in the subject, have been published as a brief survey by Mr. G. K. Nayar, senior economist, N.P.C., in a special issue on measurement of productivity in *Productivity*, journal of the N.P.C.

Several forces, according to the survey have been operating in the industrial field since 1958 when the N.P.C. was established, including fresh investments, new enterprises and expansion of both private and public sectors which make it somewhat difficult to identify and isolate the factors that have contributed to increased industrial productivity during the period. However, a broad appraisal has been attempted and the results obtained are revealing.

Preliminary Data

The N.P.C. approached a number of industrial concerns for basic productivity data which would broadly indicate the trend in productivity during the past few years. The response was encouraging. About 100 replies were received. Considering the preliminary nature of the assessment, the data received were considered not insufficient for a preliminary assessment. From the replies received, it was found that only 40 firms had submitted productivity data, out of which the material of 31 firms could be made use of for determining the increase in productivity. A closer analysis led to the elimination of another 10 firms, with the result that the data of only 21 firms have been calculated.

Though the number of firms is thus small, the scrutiny made of the statistics, claims the N.P.C.'s economists, has been "thoroughgoing and to that extent reliable." The percentage increases in productivity of each of the 21 firms during the period 1956-57 to 1959-60 are as follows:

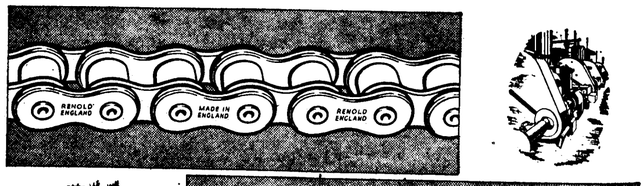
Number of the firm	*Percentage increase in productivity in 1959-60 over 1956-57*
1	29
2	8
3	22
4	31
5	56
6	46
7	31
8	28
9	12
10	15
11	3
12	37
13	46
14	36
15	43
16	10
17	70
18	14
19	17
20	20
21	29

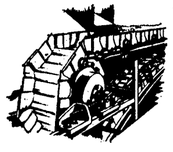
The industries covered by these statistics are sugar, confectionery, paper, cement, cotton textiles, chemicals, engineering, cycle, transport and printing. The firms have been listed according to the date of receipt of data from them and hence the presentation is statistically random. Productivity has been measured in terms of output per unit labour time. An increase of productivity indicates so much less time taken to produce a unit of the same output.

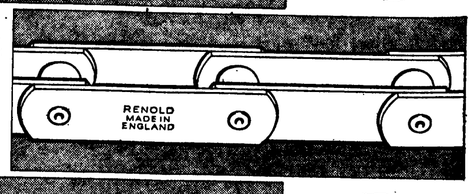
It is evident from the above table that, in the case of the 21 firms, increases in productivity during the period ranged from 3 per cent to 70 per cent. It will also be noted that quite a large number of firms recorded increases exceeding 20 per cent.

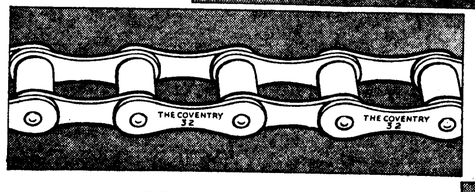
According to the returns submitted by the

(*Continued on page 1024*)









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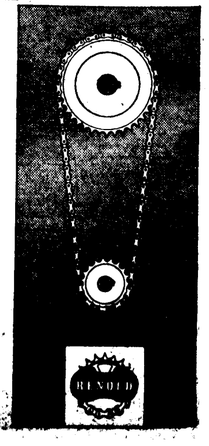

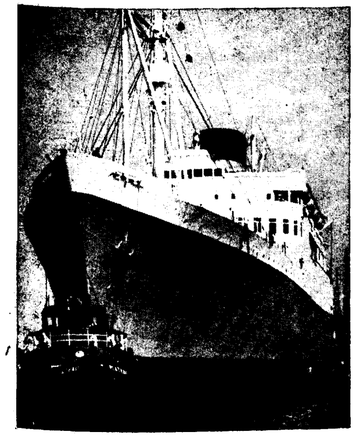

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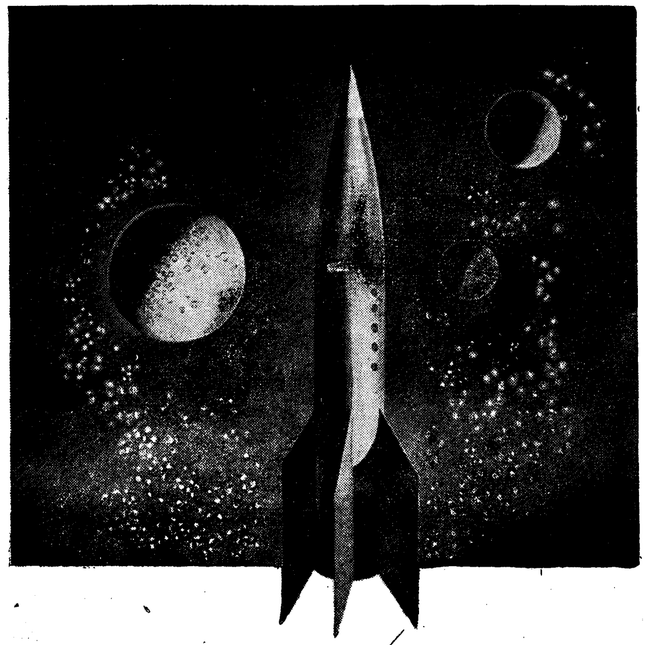

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INDIA'S TRADE WITH NORTH AMERICA

PROSPECTS FOR EXPORTS BRIGHT

A STUDY of the problems of, and prospects for, India's exports to North America (the U.S. and Canada) is of great topical importance. This is so, particularly because the U.S., which is India's second largest export market, is about to approach the European Common Market for a 20 per cent reciprocal tariff cut—a cut which the U.S. proposes to extend to all other countries, including India. The trends in Indo-Canadian trade, too, deserve to be looked into closely, for the Commonwealth preferences, now being enjoyed by the two countries in their mutual trade, are hanging fire, with the pivotal member of the Commonwealth, namely, the U.K., going ahead with its plan to join the Common Market by ratifying the Rome Treaty, albeit with certain reservations. In this context, the publication, entitled *India's Export Trade with the U.S. and Canada,** brought out by the Indian Chamber of Commerce, Calcutta, acquires a rare relevance. The publication is mainly devoted to a commodity-wise analysis of India's export trade with the other two countries. Exhaustive data on the recent trends in trade are also appended. The authors of the study have thrown certain suggestions designed to help the present and prospective Indian exporters. But, of course, most of these suggestions are by no means new and have been discussed on several occasions. Reiteration, at any rate, does not make them any less important.

Although the present study is an improvement upon similar previous publications of the World Trade Department, it is still not devoid of blemishes. In the first place, the analysis is somewhat academic in approach, with certain observations tending to be platitudes. One naturally expects a study by the Research Wing of one of India's leading trade bodies to be much less academic and more comprehensive. The objective of the study would have been served better, had the authors examined closely the trends in the nature and extent of competition in the U.S. market in select goods, and given possible specific solutions (including, say, for instance, freight concession or other export incentives) for improvement in India's position, as also the question of terms of trade and role of barter deals. Nor have the authors devoted adequate attention to assessing the possible repercussions of such developments taking place in the field of world trade as the formation of trade blocs in Latin America and Europe, on the prospects for India's exports to North America. Besides, some of India's export items, particularly textiles, have not been adequately dealt with in the study. Despite these factors on the debit side, there is no denying the fact that the study provides an authentic analytical account of the recent trends in Indo-N. American trade.

Exports to U.S.

The volume of India's export to the U.S. is much higher than those to China. As is well known, the pattern of India's trade with these two countries, too, is different. It is, therefore, necessary to examine the trend of trade separately for each country.

The following table shows the trend of India's exports to, and imports from, the U.S. during the last decade:

(In crores of rupees)

	Imports	Exports	Balance of trade
1952	276.58	117.47	—159.11
1953	90.55	96.18	+ 5.63
1954	74.43	86.36	+ 11.23
1955	89.81	92.22	+ 2.42
1956	93.19	89.60	— 3.59
1957	170.32	131.87	— 38.45
1958	161.46	93.08	— 68.38
1959	217.85	95.24	—122.61
1960	240.02	101.64	—138.38

The Indo-U.S. trade, which had been negligible during the pre-war period, rose considerably during the time of war and thereafter. India's exports touched record levels during 1951-52, following the Korean boom, but fluctuated widely thereafter. An increasing trend in exports was in evidence in 1959 and 1960. But as a result of larger imports, the balance of trade remained distinctly adverse to India. It is true that India has hardly touched the fringe of the vast U.S. market. With a population of over 170 million and an average family income of $6,130 per year, the U.S. provides an expanding market for several Indian goods. At present, imports from India constitute hardly 1.5 per cent of the total imports into the U.S., which aggregate about $15,000 million (about Rs. 7,125 crores) annually. India's share of the total imports of the U.S., in fact, declined from 19 per cent in 1955-56 to 16 per cent in 1960-61. The major items of India's exports to the U.S. are jute goods, cashewnuts, pepper, castor oil and manganese ore. India supplied (as in 1958) 83 per cent of the U.S. requirements of burlap, 95 per cent of cashew nuts, 32 per cent of tea, 21 per cent of black pepper, 26 per cent of goat and kid-skins, 23 per cent of natural bristles and 30 per cent of castor oil. Besides, India supplied three-quarters of the U.S. imports of mica and one quarter of manganese ore.

*Prepared by the World Trade Department of the Indian Chamber of Commerce, Calcutta. Published by the Oxford Book and Stationery Company (Calcutta-16 and New Delhi). Pages: 52. Price Rs. 4.

Jute Goods

Jute manufactures are the most important item of export from India to the U.S., accounting for about 40 per cent of total exports. The U.S., incidentally, is the largest market for Indian burlap, which is used for the manufacture of bags (80 per cent) and for other industrial purposes (20 per cent). The total U.S. consumption of burlap rose sharply from 189,000 metric tons in 1954 to 239,000 tons in 1956 and 260,000 tons in 1959, but declined slightly to 243,000 tons in 1960. India accounted for 84 per cent of U.S. imports of burlap in 1960, which compares with 85 per cent in 1959, 86 per cent in 1958 and 82 per cent in 1954. The I.C.C.'s study points out that prospects for Indian jute goods "in the near future" are encouraging, "provided the industry can ensure regular supplies and reasonable stability in prices." This is all the more important because of the increasing competition from the multi-wall paper bag, the trend towards smaller packages and the growth of bulk handling. An idea of the prospects for Indian jute goods in the American market is provided by the publication in the following words:

"Since the end of the last war, there has been a large-scale substitution of multi-wall paper sacks for jute, a trend encouraged by the relatively high prices of the latter. It is estimated that, by 1948-49, the quantity of jute used in packing was one-third lower than before the war, while the one of shipping sack paper had risen to about 2½ times the pre-war level. The average price of burlap sacks rose by nearly 140 per cent, as against only 60 per cent for shipping sack paper in the same period. Apart from price, other factors that have favoured paper bags are the facility for printing attractive advertisements in them, the care with which they can be tailored to specific uses and certain technical superiority over jute.

"Although the development of bulk handling has made considerable progress in the sphere of animal feed, raw sugar, cereals, oilseeds, etc., the demand for jute goods is expected to continue to be strong because of its superiority for packaging raw cotton, raw wool, coffee, cocoa and other commodities. Besides, jute finds increasing use in other industries like electrical cables, upholstery and soft furnishings, rope and twine automative felts, roofing felts and for military uses like webbing, camouflage nets and sand-bags. In view of its vital importance as a dollar earner and the very keen competition from other producers, particularly Pakistan, both Government and industry should see to it that India not only maintains but also increases steadily her share of the expanding American market by expediting its modernisation programme in the weaving section, by achieving self-sufficiency in raw materials and by maintaining reasonable stability in prices."

The stability in the price of jute goods can be ensured only by increasing production of raw jute in a planned manner. The recent trends in production of raw jute have been unsatisfactory, resulting in a boom in jute prices. The long-term impact of this trend will be to encourage the use of synthetic substitutes, unless jute prices are controlled effectively in time.

Cashewnuts

Next to jute goods, cashewnuts constitute the leading item of export to the U.S. The U.S. bought 64 million lbs. of cashewnuts (valued at $28 million) in 1960. While India accounts for over 90 per cent of its imports of cashewnuts, the U.S. buys some quantities from Mozambique and British East Africa. In respect of manganese ore, India's exports at 441,000 tons in 1960, although higher than those in 1959 (380,000 tons), were much lower, as compared with 1957 (792,000 tons). The I.C.C. study indicates that the requirements of manganese ore are expected to increase steadily in view of the rising steel production in the U.S. If Indian prices are competitive, the scope for exports is bright. Brazil, however, has become a major competitor for manganese ore in U.S. market. The U.S. businessmen, it is said, have also felt dissatisfied with the working of the State Trading Corporation of India.

India's share in the U.S. imports of tea is not only small, but has shown a tendency to decline, presumably as a result of "uncompetitive prices" and also uncertainty over the fluctuation in export duty. India's export of tea to the U.S. fell from 36.1 million lbs. in 1955 to 24.8 million lbs. in 1960, with the corresponding share in total U.S. purchases declining from 34 per cent to 22 per cent. In this connection, the I.C.C. study has stressed the need for intensifying the campaign for publicity. It has also called for serious efforts to develop the U.S. market for coffee. Although coffee is the national beverage in the U.S. and it consumes annually about 2,200 million lbs., its purchase of coffee from India is negligible. Its main suppliers are Brazil, Colombia, British East Africa and Mexico.

The Indian handicrafts also may be able to make headway in the American market, with larger supplies, greater attention to quality, simplification of design, better display and by giving them more utility value. Several other Indian goods are expected to have good market in the U.S., if they are made competitive in terms of price and quality. These goods include cotton textiles, hides and skins, fish and fish products, rubber and leather shoes, sandalwood oil, precious stones, drugs and herbs, silk manufactures, brass and bronze manufactures, antiques, pepper, castor oil, mica, shellac and engineering goods. Exports of some of the important commodities in 1959 and 1960 are given in the following table:

(In lakhs of rupees)

	1959	1960
Hessian cloth	33,07	37,31
Jute bagging for cotton	2,31	3,95
Sacking cloth	60	53
Webbings of jute	36	35
Cashew kernels	10,60	11,87
Manganese ore	5,73	6,06
Tea	6,13	5,28
Sheep and lamb wool	3,65	1,60
Mica	3,28	1,54
Castor oil	1,85	3,37
Pepper (black)	1,59	3,74
Goat skin, dry and wet salted	2,12	1,90
Ilmenite	1,21	75
Gums	1,04	1,32
Shellac	52	59
Opium, crude	1,21	86
Ferro-manganese	40	3,67
Goat skin, undressed	78	98
Mill-made sheetings	1,29	97
Cotton waste	49	42
Prawns	47	54
Hog, pig and boar bristles	41	59
Lemon grass oil	31	83
Condenser, mica	29	17
Raw cotton	86	21
Fish, canned	14	11
Total (including others) ..	94,89	99,11

The publication has given some useful hints to Indian exporters designed to help develop trade with the U.S. It observes:

"The U.S. market is not only vast, but also specialised and highly competitive. This involves intensive and imaginative publicity. The consumers' tastes in the U.S.A. change rapidly and, therefore, Indian exporters should study the specific requirements and plan their sales programme accordingly. It is reported that sometimes goods exported from India arrive in the U.S.A. in a bad condition involving breakage, etc. Therefore, greater attention should be given to make the packing stronger and more attractive. Prices quoted should be c.i.f. in dollars as a rule at a specified port. By undertaking effective publicity, by ensuring quality according to sample, by maintaining delivery commitments and by strictly fulfilling contractual obligations, it should be possible for Indian businessmen to expand exports to U.S.A. to a far higher level in the next few years."

Indo-Canadian Trade

There is good scope for promoting India's exports to Canada as well. In its trade with Canada, India had a favourable balance of trade to the tune of Rs. 2 crores in 1960, as against a deficit of Rs. 13 crores in 1959. India's exports touched a record level of Rs. 16.94 crores in 1960, but this is not much, as compared with Rs. 15.19 crores in 1959 and Rs. 15.65 crores in 1955. But imports have been going up very fast, except for a setback in 1960. The following table shows the trend of India's trade with Canada since 1952:

(In crores of rupees)

	Imports	Exports	Balance of trade
1952	30.08	12.76	— 17.32
1953	18.97	13.91	— 5.06
1954	9.78	15.10	+ 5.32
1955	6.65	15.65	+ 9.00
1956	7.01	15.60	+ 8.59
1957	18.58	18.92	+ 0.34
1958	34.66	14.58	— 20.18
1959	27.87	15.19	— 12.68
1960	14.91	16.94	+ 2.03

India's main exports to Canada are traditional items like jute goods, tea, cotton textiles, cashewnuts, carpets, spices, etc. Tea, cotton textiles and jute goods account for 75 per cent of total exports to Canada. An important suggestion made by the I.C.C. study is that India should diversify the composition of its exports by introducing new items. Among engineering goods, only sewing machines have been exported so far to Canada. The study reveals that there are good prospects in Canada for India-made foundry products and steel castings for the machine-building industry.

The following table shows the important items among India's exports to Canada:

(In lakhs of rupees)

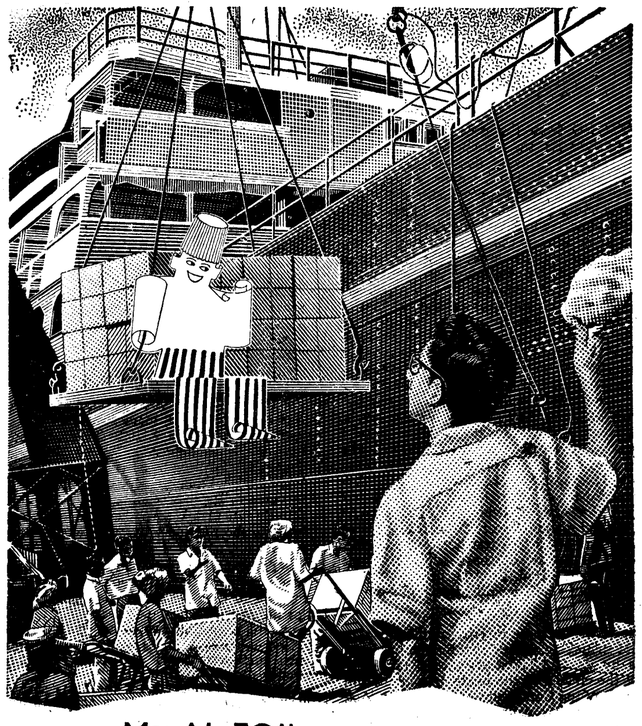
	1959	1960
Hessian cloth	5,94	6,88
Tea	4,41	4,59
Cashew kernel	55	65
Cotton sheetings, grey	38	35
Pepper (black)	22	39
Cotton drills and jeans, grey	17	15
Grey mill-made cotton fabrics	17	22
Dyed cotton fabrics	13	15
Footwear	12	15
Total (including others) ..	15,16	16,93

In order to step up India's exports, the domestic exporter should keep in mind certain characteristics of the Canadian market. Canadians are stated to be very discriminating customers. Quality of goods is vital to them and style, design and finish are also equally important. Tastes and fashions change fast in the market and exporters must keep up with this dynamic trend. According to the I.C.C. study, Canadians attach a lot of importance to the packing of goods both from the point of view of protecting and presenting in a nice way. In the Canadian departmental stores, there is little personnel service and the customer making the selection is influenced by the appearance and presentation of the articles. There have been several complaints against Indian exporters for shipping goods inadequately packed which had resulted in the merchandise being damaged or soiled in transit and many orders have been and are being lost by Indian exporters because of this deficiency. Another factor which deserves the attention of the Indian exporters is the terms of business. Canadian importers, it is said, are able to secure easy terms of payment for their imports, for instance, payment at 90 days after sight, from other sources. Indian exporters invariably ask for an irrevocable letter of credit. This, due to uncertainty over deliveries, makes the Canadian importer lock up his funds over a long period. The I.C.C. study expresses the view that Indian exporters can do much more business, if they offer easier terms of credit. Another important point to be noted by the Indian exporters is that the Canadians are very particular about the dates of delivery and conformity to samples.

PLASTICS ANNUAL

The plastics industry in India is poised for spectacular progress in the third Plan, with the increasing prospects for the availability of petrochemicals and other basic chemicals. Its healthy growth will, however, depend on how far it is able to keep abreast of technological improvements and other developments taking place not only in industrially advanced countries, but also in larger and better-equipped units within the country itself. This calls for wider means for dissemination of information on plastics. This object is sought to be served well by the *Plastics Annual* (edited and published by Mr. Y. R. Merchant, Hamam House, Hamam Street, Bombay-1). Opening with a message from Mr. G. L. Mehta, the plastics annual, now in its third year of publication, has brought together in one volume several articles of economic, commercial and technological importance. One of the notable contributions in the publication is "Progress and Prospects of Plastics in India" by Mr. N. Srinivasan, Industrial Adviser to the Government of India. Among the technical papers, mention may be made of "Yellowing of Polystyrene" by Mr. B. P. Waghe, "Plasticisers" by Mr. A. B. Diwekar and "Polymer Progress and Plastics in the Third Plan" by Mr. T. V. Subba Rao. Some of the articles, contributed by foreign experts, are of particular interest to Indian readers, for instance, "New Plastics Need New Forming Machinery and Techniques" by Mr. James A. Currie (U.K.) and "Plastics for Surgical Application" by Mr. Peggy Dellus (U.S.). A separate section gives an account of the new plastics projects which are either under way or licensed for production in the country. The annual also contains a directory of the plastics trade and industry, which gives brief information on leading producers of, and dealers in, plastic goods. The annual is bound to be read with interest by all those who are concerned with either production or distribution of plastics goods.

A trade delegation from Indonesia was in Bombay on four-day visit from the 16th to 22nd inst. The delegation was led by Mr. Haroun A. R. Rashid Saleh, Director of the Division of the Economic Affairs of the Indonesian Government's Foreign Affairs Department. During their stay, the members of the delegation held discussions with a wide cross-section of trade and business interests.



MR. AL FOIL GOES OVERSEAS

"Westward Ho!" shouted Mr. Foil, importantly perched upon a tea chest. "I go as a Protector of Tea (Aluminium lining for tea chests and packages) and come back with foreign exchange. Busy voyage ahead, though," Mr. Foil continued shouting, "What with having to keep out the damp devil and keep in the tea flavour. But I am not worried. Have long experience in the matter of lining tea chests with aluminium foils which stand up to all sorts of ill usage like rough crossings and wet weather (the Bay of Biscay and the Channel y'know) ... In fact, aluminium foil packaging keeps the tea full flavoursome and factory fresh right up to the tea lover's table ... to England, America or any place in the world ... I, Al Foil, alummus of aluminium, guarantee satisfaction".

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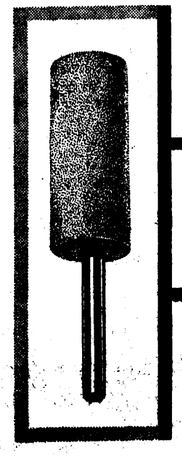

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SALES OF PREMIER AUTOMOBILES TOUCH ALL-TIME HIGH LEVEL

PROFIT HIGHER, BUT NOT DIVIDEND

BENEFITING from the prevailing favourable conditions for the automobile industry, in general, and the growing demand for its products, in particular, the Premier Automobiles has been able to complete on 30th June 1961 another trading year on a most happy note. Sales of products, which had registered most impressive gains during the preceding year, continued to grow and the gross profit reached an all-time high. Unfortunately the Company could not avail of the opportunities to the fullest extent, because the embargo on the production of big cars, laid a few years ago, continued to be operative and restricted the Company from exploiting the existing market for these types of vehicles. The demand for spares and replacement parts for the vehicles already operating, however, was fairly high and this helped the Company to boost its sales to higher levels. Sales of cars, trucks and spares have thereby improved by Rs. 178.38 lakhs to Rs. 2,273.87 lakhs and the gross profit has risen quite appreciably to Rs. 193.86 lakhs, from Rs. 153.88 lakhs in 1959-60. It is to be noted that this latter figure has been arrived at after allowing for Rs. 15.00 lakhs paid to a local manufacturer of diesel engines as part consideration for the transfer of the licence for the manufacture of these engines in the Company's name. Had it not been for this payment, the gross profit would have undoubtedly been higher.

Despite the increase in gross profit, the provision for managing agents' commission has been reduced by Rs. 2.13 lakhs to Rs. 8.83 lakhs because of the change in the mode of computation introduced by the Companies (Amendment) Act, 1960. Provision for depreciation, on the other hand, has been stepped up from Rs. 44.23 lakhs to Rs. 56.44 lakhs, following the large-scale additions to fixed assets during the previous year, and that for taxation has been raised sharply by Rs. 21.00 lakhs to Rs. 55.00 lakhs for obvious reasons. Notwithstanding these substantially increased essential provisions, the net profit still shows a rise of no less than Rs. 8.90 lakhs to Rs. 73.59 lakhs.

With an overall decline in the value of additions to fixed assets during the year there has naturally been a fall in the amount of development rebate which the Company could claim and this has resulted in a reduction in the amount transferred to the development rebate reserves, from Rs. 22.50 lakhs to Rs. 13.00 lakhs. Transfers to general reserves and the dividend equalisation reserves which had received Rs. 15.27 lakhs and Rs. 5.00 lakhs, respectively, in the previous year have been suspended and, instead, a sum of Rs. 10.00 lakhs has been credited to the contingency reserve. Once again, no change has been proposed in the rate of dividend of 9 per cent subject to deduction of tax on ordinary share capital. The total dividend absorption comes to Rs. 49.82 lakhs, as compared with Rs. 30.97 lakhs a year ago. A sum of Rs. 4.76 lakhs has been carried forward, as against Rs. 3.24 lakhs brought in.

The progress made by the Company during the last four years is set forth in the comparative table given below.

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sale proceeds	22,73.87	20,04.88	17,42.80	14,47.32
Other income	14.60	12.47	12.25	17.83
Closing stock of finished goods	1,91.68	1,63.90	1,90.74	1,49.21
Raw materials and stores consumed including cars and trucks purchased	17,80.58	16,43.58	14,66.15	12,08.01
Salaries, wages and bonus	2,22.64	1,89.15	1,40.07	1,14.68
Other expenses	1,19.12	93.95	95.85	97.58
Gross profit	1,93.86	1,53.88	1,04.51	50.49
Managing Agents' commission	8.83	10.96	7.66	2.85
Provision for—				
Depreciation	56.44	44.23	28.54	24.62
Taxation	55.00	34.00	27.33	7.66
Net profit	73.59	64.69	40.98	15.36
Excess provision written back	5.10	23.18	3.61	..
Expenses and taxes for prior years	4.32	13.53	13.67	0.19
Transfer to reserves	23.00	42.77	13.00	8.00
Ordinary dividend	49.82 (9%)*	30.97 (9%)*	19.89 (9%)*	8.60 (4%)
Carry forward	4.76	3.24	2.72	4.79

* Subject to deduction of tax.

In the course of the previous year, it will be recalled, the Company had issued further equity capital and that a large portion of it had remained unpaid towards the close of that year as calls in arrears. This amount, with the exception of Rs. 91,650, was received during the year under review and, together with the further conversion of debentures into ordinary shares, resulted in an increase of Rs. 84.22 lakhs to Rs. 557.51 lakhs in the subscribed share capital as at 30th June 1961. This is backed by reserves and surplus aggregating Rs. 145.64 lakhs and comprising mainly of Rs. 66.50 lakhs in development reserve, Rs. 35.00 lakhs in general reserve, Rs. 10.00 lakhs each in dividend equalisation and contingency reserves and Rs. 16.19 lakhs in deferred taxation reserve. Capital reserve stands higher at Rs. 1.13 lakh and investment reserve at Rs. 2.07 lakhs. There has been a slight fall in the outstanding amount of the convertible debenture stock, from Rs. 7.43 lakhs to Rs. 6.24 lakhs. Bank overdrafts, unsecured loans and current liabilities, and provisions altogether amount to Rs. 739.57 lakhs. As against these current assets, loans, advances and investments aggregate Rs. 1,115.15 lakhs, or more than one and a half times. During the year, the Company acquired new assets worth Rs. 61.33 lakhs and, with these, the gross block has risen in value to Rs. 652.99 lakhs. On deducting from this Rs. 319.44 lakhs as the depreciation earned to date, the net block works out to Rs. 333.54 lakhs.

The Company has made further progress in the implementation of its programme of phased manufacture of parts and components required for its makes of cars and trucks. This is evident from the Directors' report which states:

"There was an increase in the proportion of parts and components of vehicles made in the Company's works.

"All the components of the Fiat transmission, including gears, sliding sleeves and hubs are now being produced in the factory and we expect to mount locally-made transmissions on the Fiat cars before long.

"As regards axles for Fiat cars, the machinery of major items like brake drums, ring gears, pinion and axle shaft has been completed and the assembly of the axles is due to begin shortly.

"In the last year's report, it was mentioned that the manufacture of front and rear axles for trucks was making fair progress. The Company is now manufacturing truck axles and these have been in regular production for some time past.

"The production of Meadows engines has begun, but it will take some time more for full production capacity to be reached, as a number of machine tools are still to be imported."

The application made by the Company to the Government of India for expansion programme is still under consideration. The Company has applied to the Controller of Capital Issues for permission for the issue of further equity capital of Rs. 2 crores in shares of Rs. 100 each, as rupee expenditure will have to be incurred for the purchase of land, buildings, etc., in connection with its sheet metal project. The space available at the factory at Kurla is not sufficient to accommodate the new project of sheet metal components. The Company has now selected suitable land admeasuring about 300 acres on the Kalyan-Shill Road, near Kalyan. Proceedings to acquire the land for the Company have been started by the Government of Maharashtra and are making fair progress.

The current market quotation of the Rs. 100 paid-up ordinary shares is Rs. 163.50 *cum-dividend*. At this price, the net return on investment works out to 4.1 per cent per annum.

(Concluded from next column)

proposed loan of Rs. 75 lakhs from the N.I.D.C., the liability on this score would rise considerably during the current year. Current liabilities and provisions stand at Rs. 67.85 lakhs. Current assets, loans and advances amount to Rs. 127.49 lakhs. There is a contingent liability of Rs. 3.57 lakhs for the Jute Wages Tribunal Award of September 1948. Investments total Rs. 33.23 lakhs, including Rs. 33.17 lakhs, representing the Company's holdings of 543,530 ordinary shares of Rs. 10 each in its subsidiary, the Megna Mills Company, Ltd. The gross block account increased during the year from Rs. 174.81 lakhs to Rs. 186.83 lakhs and has been written down to Rs. 77.79 lakhs. On the whole, the Company's financial position is sound.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 16.44 *cum-div.* The yield on the *ex-div.* quotation of Rs. 15.40 works out to 7 per cent, free of tax, per annum.

INDIA JUTE REPORTS LOWER PROFIT

DIVIDEND CUT—OUTLOOK BETTER

CONSIDERING the abnormal situation in which the country's jute industry was placed last year owing to the shortage of raw material the price of which rose very sharply and out of proportion with that of the manufactured goods, the India Jute Company Ltd. (Director: Mr. T. R. Jalan), it must be said, has fared creditably during the year ended 31st March 1961. Gunny sales increased from Rs. 219.51 lakhs to Rs. 296.06 lakhs, and cotton yarn and waste sales from Rs. 0.47 lakh to Rs. 33.58 lakhs. The Company realised Rs. 4.69 lakhs against Rs. 11.85 lakhs previously from sale of loom-hours and raised an income of Rs. 8.76 lakhs against Rs. 5.85 lakhs previously from other sources. The gross profit has, however, declined slightly from Rs. 36.55 lakhs to Rs. 33.18 lakhs. There was a considerable increase in the cost of raw jute consumed from Rs. 112.09 lakhs to Rs. 214.08 lakhs and of cotton from Rs. 1.04 lakh to Rs. 25.76 lakhs. Other manufacturing expenses increased from Rs. 82.69 lakhs to Rs. 87.83 lakhs. After providing Rs. 8.81 lakhs (Rs. 6.99 lakhs) for depreciation and Rs. 8.25 lakhs (Rs. 11.48 lakhs) for taxation, the net profit is only slightly lower at Rs. 16.12 lakhs, as compared with Rs. 18.08 lakhs a year ago. Nevertheless, the Directors have pruned the dividend on ordinary shares of Rs. 12.50 each from Re. 1.75 to Re. 1.50 per share, which gives a net return of Re. 1.05 against Re. 1.22 for the previous year, for they have credited a larger amount (Rs. 4.85 lakhs against Rs. 1.44 lakhs previously) to reserves. The carry forward is Re. 0.76 lakh, as against Rs. 4.94 lakhs brought in.

The Company's working in the past four years is compared in the following table:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Gunny sales	2,96.06	2,19.51	2,15.82	1,89.44
Cotton yarn and waste sales	33.58	0.47	..	..
Closing stock—				
Jute goods	19.91	5.50	5.88	10.08
Cotton yarn	5.13	1.22	..	..
Cotton waste	1.30	..	..	..
Looms hours realisation	4.69	11.85	8.20	3.45
Other income	8.76	5.85	6.74	16.37
Raw materials consumed—				
Jute	2,14.08	1,12.09	1,18.11	1,18.80
Cotton	25.76	1.04	..	..
Purchase of gunny	1.86	5.05	0.26	1.15
Other expenses	87.83	82.69	88.00	72.35
Gross profit	33.18	36.55	25.25	23.69
To provisions—				
Depreciation	8.81	6.99	5.42	4.76
Taxation	8.25	11.48	11.14	4.62
Net profit	16.12	18.08	8.70	14.32
Provisions written back	0.24	0.10	0.05	0.02
Expenses written off	0.01	0.08	..	..
Transfer from reserves	..	..	1.50	..
Transfer to reserves	6.85	1.44	1.82	3.51
Dividend	10.48 (12%)	12.22 (14%)	8.86 (10%)	10.91 (12.49%)
Carry forward	0.76	4.94	0.62	0.86

The dividend is subject to deduction of tax.
In 1958, the ordinary share of Rs. 125 was split into 10 shares of Rs. 12.5 each.

The Directors state that the prospects for the current year at the time of writing their report to the shareholders were somewhat more encouraging in view of the possibility of continuous business being done at profit, thanks to a welcome change in the position of raw materials supplies this season. The modernisation of the preparing and spinning departments of the jute mill section progressed satisfactorily during the year under review. The Company acquired a cotton mill last year, which then commenced production on a moderate scale. There are now 15,100 spindles operating in this mill on a treble-shift basis and the working of this unit is progressing satisfactorily. The proposed loan of Rs. 75 lakhs from the National Industrial Development Corporation Ltd. for modernising this mill was expected to be sanctioned during the current year. In connection with the proposed sale of No. 3 Mill's land, building and electrical installation to Madura Mills Company, Ltd. for a consideration of Rs. 10 lakhs, the Directors state that the N.I.D.C. has released the property. Legal formalities for the formal transfer of this property were in the final stages at the close of the last year and the transaction would be given effect to in the current year's accounts.

The issued capital of Rs. 87.30 lakhs in ordinary shares of Rs. 12.50 each includes capitalisation of reserves to the extent of Rs. 65.25 lakhs and, therefore, the reserves and surplus are no more than Rs. 27.40 lakhs. Secured loans from banks have gone up from Rs. 33.96 lakhs to Rs. 60.72 lakhs, and, with the

(Continued in previous column)

KHARDAH COMPANY'S RESULTS

PROFIT SHARPLY DOWN

COST inflation has cut deeply into the profit of the Khardah Company Limited (Managing Agents: Anderson Wright Ltd., Calcutta) for the year ended 31st March 1961. Thus, despite almost a cent per cent increase in its turnover during the year to 31st March 1961 over the preceding year, it has earned only a little more than one-third of its previous gross profit. To give the actual figures. Sales proceeds shot up during the year under review to Rs. 675.49 lakhs from Rs. 343.06 lakhs in the previous year, but gross profit has declined sharply from Rs. 33.06 lakhs to Rs. 13.94 lakhs. Higher turnover reflects more the rise in jute prices, witnessed last year, than any appreciable increase in the quantum of sales. The Company's profitability was hit by a disproportionate rise in the price of raw material in relation to that of the manufactured goods. The cost of raw jute consumed by the Company during the year went up to Rs. 245.91 lakhs from Rs. 143.38 lakhs in the previous year and that of gunnies bought from the market soared from Rs. 57.91 lakhs to Rs. 319.93 lakhs. Manufacturing expenses other than the cost of raw materials, however, declined from Rs. 145.29 lakhs to Rs. 121.57 lakhs. The provision for depreciation is higher at Rs. 7.57 lakhs, as compared with Rs. 5.99 lakhs previously because of certain changes made in the basis of computation under Section 350 of the Companies Act. The provision for taxation, however, is lower at Rs. 2.71 lakhs, as against Rs. 10.80 lakhs last year. This is only as it should be, in view of the marked fall in gross profit. Net profit has fallen from Rs. 13.62 lakhs to Rs. 3.05 lakhs, the lowest for several years.

The following table gives a fair idea of the Company's working in recent years:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	675.49	343.06	307.87	320.92
Stocks of finished goods and jute in process	46.48	21.37	20.51	28.89
Raw jute consumed	245.91	143.38	151.02	135.97
Purchase of gunny	319.93	57.91	17.38	21.40
Other expenses	121.57	145.29	110.40	108.06
Gross profit	13.94	33.06	21.31	11.43
To provisions—				
Depreciation	7.57	5.99	5.51	4.94
Taxation	2.71	10.80	4.39	0.64
Managing Agents' commission	0.61	2.65	1.69	0.73
Net profit	3.05	13.62	9.72	5.12
Transfer from reserves	..	..	5.33	..
To reserves	0.36	1.50	4.06	0.06
Dividends—				
6 per cent. preference	0.70	0.54	0.54	0.54
Ordinary	2.70 (5%)	10.80 (20%)	4.32 (8%)	4.32 (8%)
Carry forward	..	0.74	0.10	0.27

The dividend is subject to deduction of tax.
In 1960, the ordinary share of Rs. 100 was split into 10 shares of Rs. 10 each.

The shareholder has been hit hard by the Company's highly disappointing performance, as he gets a taxable dividend of 5 per cent, or net dividend of 3.5 per cent on the ordinary shares of Rs. 10 each, which is the lowest return paid by the Company at least in the last decade. Only last year did the Directors step up the dividend from 8 per cent, taxable, to 20 per cent, taxable, giving a net return of 14 per cent. It would take some time for the Company to repeat this dividend. Under the Preference Shares (Regulation of Dividends) Act, 1960, the dividend on preference shares of Rs. 100 each has been raised to 7.8 per cent subject to deduction of tax. The dividends take away Rs. 3.40 lakhs (Rs. 11.34 lakhs) and the Managing Agents' commission absorbs Rs. 0.61 lakh (Rs. 2.65 lakhs). Reserves get Rs. 0.36 lakh against Rs. 1.50 lakh a year ago. The carry forward is Rs. 300, against Rs. 74,405 brought in.

The Directors state, in their report to the shareholders, that, although the trading conditions were difficult throughout the year, the Company was in an advantageous position with sales of finished goods well covered by jute on forward deliveries at comparatively low prices. But, when the prices advanced in the second half of the year, a considerable number of jute suppliers defaulted and some of them denied their commitments. Consequently, the Company was obliged to obtain fresh supplies of jute at much higher prices to cover the sales of finished goods already made, and the position of advantage enjoyed so long was not only lost but resulted in heavy working losses in respect of these sales. A large quantity of jute had to be accepted at a premium over the contracted prices. Many contracts had to be settled at prices below the prevailing market rates and some were subject to litigation. In addition, the No. 1 Mill of the Company was closed from 3rd to 30th October 1960, due to "unwarranted" strike by the workers. Production also suffered to some extent due to shortage of electric power in the industrial area for about three months during the year.

The Directors, however, strike an optimistic note for the current year's working. With the arrival of the new season's crop, the conditions have improved considerably to allow a profitable working of the mills and it is hoped that the current year would close with a reasonable amount of profit. The last phase of the modernisation programme in progress is expected to be completed by March 1962. This would complete the modernisation of the preparing and spinning sections of the mills.

The financial position of the Company leaves much room for improvement. The issued capital of Rs. 63.00 lakhs, of which Rs. 9 lakhs is preference and the balance ordinary, is inadequately supplemented by reserves and surplus aggregating Rs. 23.99 lakhs. The secured loans at Rs. 100.82 lakhs are more or less maintained at the last year's level of Rs. 105.95 lakhs. The liability on account of the loan from the National Industrial Development Corporation Ltd. is, however, reduced from Rs. 30.73 lakhs to Rs. 23.62 lakhs. In addition, there are other current liabilities and provisions of Rs. 93.51 lakhs. As against these, there are current assets, loans and advances of Rs. 197.57 lakhs. This means that floating assets are just sufficient to cover current liabilities. Investments of Rs. 4.96 lakhs command a market value of Rs. 5.95 lakhs. The gross block account increased during the year by Rs. 2.04 lakhs to Rs. 218.74 lakhs, and has been adequately written down to Rs. 78.83 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 17.56 *cum-div.*, and, at the *ex-div.* value of Rs. 17.21, offer a yield of about 1.1 per cent, free of tax, per annum, which, it is needless to say, is too low for the shares of a jute company the fortunes of which are subject to wide variations.

MEGNA MILLS COMPANY FARES BETTER

The Megna Mills Company Ltd. (Director: Mr. T. R. Jalan), a subsidiary unit of the India Jute Company Ltd., which holds roughly five-eighths of the issued and subscribed capital, had a very successful run during the year to 31st March 1961, with an increase in the gunny sales from Rs. 351.53 lakhs to Rs. 487.43 lakhs and in the gross profit from Rs. 27.89 lakhs to Rs. 51.16 lakhs. This is in refreshing contrast to the experience of other jute mills. The Company would have fared still better but for a very steep rise in the cost of the raw material consumed from Rs. 181.97 lakhs to Rs. 329.84 lakhs, which, with higher closing stock of finished goods at Rs. 50.50 lakhs against Rs. 25.10 lakhs, goes to suggest an increase in production. The satisfactory results have prompted the Directors to step up further the dividend on ordinary shares of Rs. 10 each from 12 per cent to 12.5 per cent, giving a net return of 8.75 per cent against 8.4 per cent previously. The dividend is, however, much below the 17.5 per cent paid for 1958.

The net profit is higher at Rs. 23.12 lakhs, as compared with Rs. 14.20 lakhs a year ago, after providing Rs. 11.04 lakhs (Rs. 9.90 lakhs) for depreciation and Rs. 17 lakhs (Rs. 3.79 lakhs) for taxation. The Directors have ploughed back Rs. 10.31 lakhs, as against Rs. 6.51 lakhs last year, to reserves, while the dividend absorbs Rs. 10.21 lakhs against Rs. 9.79 lakhs in the preceding year. The carry forward is Rs. 0.85 lakh against Rs. 0.57 lakh brought in.

The results of the Company in the past four years are compared in the table below:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Gunny sales	4,87.43	3,51.53	3,77.25	3,41.76
Closing stock of finished goods	50.50	25.10	29.19	17.78
Looms hours realisation	3.46	6.79	12.84	4.43
Raw materials consumed	3,29.84	1,81.97	2,07.06	2,00.15
Purchase of gunny	4.55	8.23	25.23	1.27
Other expenses	1,34.72	1,38.60	1,46.85	1,19.93
Gross profit	51.16	27.89	29.40	33.63
To provisions—				
Depreciation	11.04	9.90	7.80	6.46
Taxation	17.00	3.79	12.54	5.84
Net profit	23.12	14.20	9.81	21.30
Provisions, etc., written back	0.01	..	0.02	0.06
Transfer to reserves	10.31	6.51	2.84	3.63
Expenses written off	0.04	0.15	..	..
Dividend	10.21 (12.5%)	9.79 (12%)	8.16 (10%)	14.29 (17½%)
Carry forward	0.85	0.57	2.82	4.00

The dividend is subject to deduction of tax.
In 1958, the ordinary share of Rs. 100 was split into 10 shares of Rs. 10 each.

With more favourable trading conditions during the current year due to satisfactory supplies of the raw material, the Directors are hopeful of better working in the near future. The modernisation of the preparing and spinning departments

of the mills progressed satisfactorily during the year under review, and the first phase of the broad loom project, consisting of 50 broad looms and ancillary machinery, was completed. Installation of a like number of broad looms and ancillary machinery for the manufacture of tufted carpet backing has now been taken in hand; three of these looms have already been put into production. The National Industrial Development Corporation Ltd. has agreed to grant the Company a loan of Rs. 10.98 lakhs to meet a part of the cost of the broad loom project expansion and the necessary formalities are being finalised. The Company has plans for diversifying its activities by setting up a paper and pulp mill in Assam, with an installed capacity of 100 tons of rayon and paper pulp per day. The Directors report that negotiations with the Government of Assam for the selection of the site and the lease of the necessary bamboo forests have reached a closing stage.

The financial position of the Company is sound. Its issued capital of Rs. 81.65 lakhs, divided equally into ordinary shares of Rs. 10 each, includes capitalisation of reserves to the extent of Rs. 48.99 lakhs. Nevertheless, it still has reserves and surplus totalling Rs. 45.80 lakhs. The liability on account of secured loans has, however, gone up from Rs. 115.67 lakhs to Rs. 137.49 lakhs. Then there are current liabilities and provisions of Rs. 65.17 lakhs, giving a total indebtedness of Rs. 202.66 lakhs which is adequately covered by current assets, loans and advances of Rs. 208.34 lakhs. Investments are maintained at the previous year's level of Rs. 0.26 lakh. The gross block account increased during the year from Rs. 270.91 lakhs to Rs. 288.24 lakhs and has been adequately written down to Rs. 121.52 lakhs.

The Rs. 10 fully paid ordinary shares are currently quoted at Rs. 13.31 *cum-div.*, and, at the *ex-div.* price of Rs. 12.43, offer a yield of 7 per cent, free of tax, per annum.

FRESH CAPITAL ISSUES

The following companies have been authorised new capital issues:

Glaxo Laboratories

Issue of further capital of Rs. 1 crore in 1,000,000 equity shares of Rs. 10 each to be issued as bonus shares on capitalisation of reserves.

Gammon India

Issue of 250,000 equity shares of Rs. 10 each as fully paid-up bonus shares on capitalisation of its reserves to the extent of Rs. 25 lakhs. The Company's existing paid-up capital is Rs. 30 lakhs. It will issue five bonus shares to the holders of six shares.

New Commercial Mills

Issue of bonus capital of Rs. 14,31,750 divided into 5,772 equity shares of Rs. 250 each. The bonus shares will be issued to the existing equity shareholders of the Company in the ratio of one bonus share for every five equity shares held, on capitalisation of the share premium account of the Company.

Devashola (Nilgiri) Tea Estates

Issue of equity bonus shares of the value of Rs. 2,40,000 on capitalisation of the Company's reserves to a like extent. The bonus shares will be issued in proportion of two bonus shares for every five shares held by the existing shareholders.

Seshasayee Industries

Issue of further capital of Rs. 40 lakhs in the form of equity shares of Rs. 10 each for cash at par. The proceeds of the issue will be utilised for the manufacture of H.T. and L.T. porcelain insulators, transformer bushings, etc.

Simco Meters

Issue of capital of Rs. 35 lakhs, consisting of equity shares worth Rs. 32 lakhs and 9 per cent preference shares of Rs. 3 lakhs for cash at par. The proceeds will be utilised for the manufacture of house service electricity meters, in collaboration with Denis Ferranti Meters Limited, U.K.

Southern Brick Works

Issue of equity capital of Rs. 25 lakhs for cash at par privately. The proceeds of the issue will be utilised for starting a factory in Madras for the manufacture of bricks and tiles.

Perfect Pottery Company

Issue of further capital of Rs. 5,93,850 divided into 11,877 equity shares of Rs. 50 each to existing equity shareholders in the ratio of one new share for three shares held, for cash at par. The proceeds of the issue will be utilised for establishing a new works at Bharatpur for the manufacture of 7,200 tons of stoneware pipes and 7,200 tons of refractory firebricks annually.

INVESTA MACHINE TOOLS AND ENGINEERING CO., LTD.

The Investa Machine Tools and Engineering Company Limited has received permission from the Controller of Capital Issues to issue to the holders of existing ordinary shares further equity capital of Rs. 20 lakhs. At a meeting held on the 21st inst., the Board of Directors decided, subject to the approval of the shareholders, to increase the capital of the Company by the issue of 20,000 new ordinary shares of Rs. 100 each at par to be offered to the existing ordinary shareholders in the ratio of two new ordinary shares to three existing shares.

COMPANY MEETINGS AND DIVIDENDS

CHRESTIEN MICA INDUSTRIES LTD. Annual General Meeting, Calcutta, 27th November 1961. Dividend: 15 per cent subject to deduction of tax. Transfer books remain closed from 10th to 27th November 1961, both days inclusive.

MYSORE TOBACCO CO., LTD. Twenty-fourth Annual General Meeting, Bangalore, 29th November 1961. Dividend: *Nil*. Transfer books remain closed from 23rd to 29th November 1961, both days inclusive.

MUTTRA ELECTRIC SUPPLY CO., LTD. Annual General Meeting, Calcutta, 29th November 1961. Transfer books remain closed from 22nd to 29th November 1961, both days inclusive.

BROOKE BOND ESTATES INDIA LTD. Annual General Meeting, Calcutta, 29th November 1961. Dividend: Re. 1.00 per share subject to deduction of tax. Transfer books remain closed from 3rd to 29th November 1961, both days inclusive.

KHARDAH CO., LTD. Annual General Meeting, Calcutta, 30th November 1961. Dividend: 5 per cent or Re. 0.50 per ordinary share, subject to deduction of tax. Transfer books remain closed from 15th to 30th November 1961, both days inclusive.

INDIA JUTE CO., LTD. Annual General Meeting, Calcutta, 30th November 1961. Dividend: Re. 1.50 per share, subject to deduction of tax. Transfer books remain closed from 20th to 30th November 1961, both days inclusive.

MEGNA MILLS CO., LTD. Annual General Meeting, Calcutta, 30th November 1961. Dividend: Re. 1.25 per share subject to deduction of tax. Transfer books remain closed from 20th to 30th November 1961, both days inclusive.

PESTICIDES LTD. First Annual General Meeting, Bombay, 4th December 1961. Transfer books remain closed from 14th November to 4th December 1961, both days inclusive.

NATIONAL NEWSPRINT AND PAPER MILLS LTD. Fourteenth Annual General Meeting, Nepanagar, 6th December 1961. Dividend: *Nil*. Transfer books remain closed from 23rd November to 6th December 1961, both days inclusive.

BEHARILAL RAMCHARAN COTTON MILLS LTD. Annual General Meeting, Bombay, 11th December 1961. Dividend: *Nil*. Transfer books will remain closed from 27th November to 11th December 1961, both days inclusive.

JUBILEE MILLS LTD. Annual General Meeting, Bombay, 14th December 1961. Transfer books will remain closed from 1st to 14th December 1961, both days inclusive.

CITRIC INDIA LTD. Annual General Meeting, 19th December 1961. Transfer books will remain closed from 29th November to 19th December 1961, both days inclusive.

MANDYA NATIONAL PAPER MILLS LTD. Third Annual General Meeting, Bangalore, 21st December 1961. Dividend: *Nil*. Transfer books will remain closed from 14th to 21st December 1961, both days inclusive.

BRITISH BURMAH PETROLEUM CO., LTD. Annual General Meeting, Bombay, 21st December 1961. Dividend: 10 per cent subject to deduction of tax, payable on and after 29th January 1962. Transfer books will remain closed from 5th to 20th December 1961, both days inclusive.

PREMIER AUTOMOBILES LTD. Annual General Meeting, Bombay, 22nd December 1961. Dividend: Rs. 9.00 per ordinary share, subject to deduction of tax, on the increased capital, payable on and after 4th January 1962.

BOMBAY SUBURBAN ELECTRIC SUPPLY LTD. *Ad-interim* dividend of 7 per cent or Rs. 3.50 per share, subject to deduction of tax, for the half year ended 30th September 1961, payable on and after 5th December 1961. Transfer books remain closed from 20th November to 4th December 1961, both days inclusive.

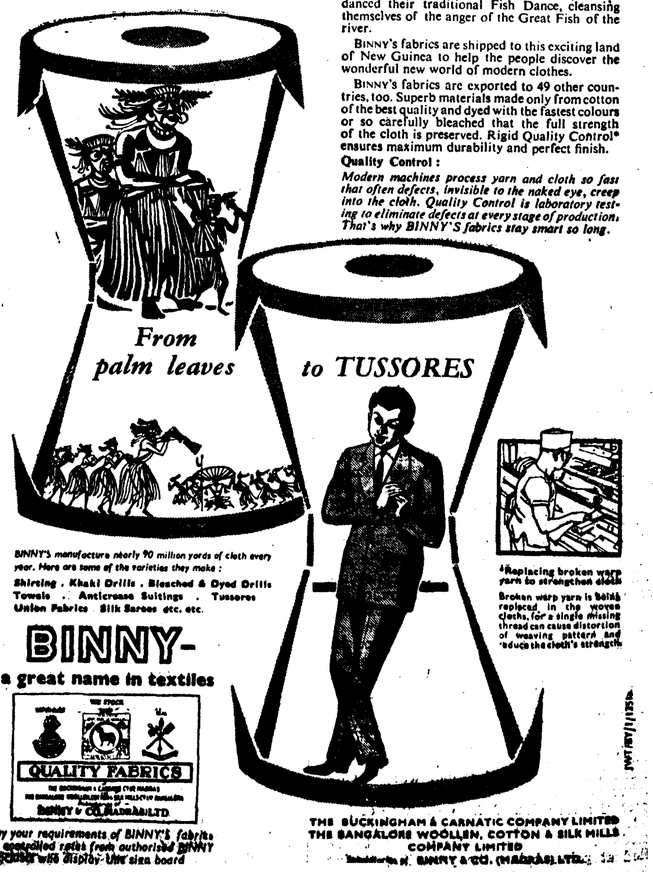
PARKSIDE (NEILGHERRY HILLS) ESTATE CO., LTD. Taxable final dividend of 15 per cent or Re. 1.50 per share, for the year ended 30th June 1961. Transfer books will remain closed from 29th November to 23rd December 1961, both days inclusive.

HEMALATHA TEXTILES LTD. Taxable dividend of 8 per cent or Re. 0.80 per ordinary share, for the year ended 30th June 1961. Transfer books will remain closed from 15th to 29th December 1961, both days inclusive.

COWCODDY ESTATES LTD. Taxable final dividend of 15 per cent (making a total of 25 per cent for the year), for the year ended 30th June 1961. Transfer books will remain closed from 14th to 30th December 1961, both days inclusive.

NELLIAMPATHY TEA AND PRODUCE CO., LTD. Taxable dividend of 15 per cent or Re. 0.30 per ordinary share, for the year ended 30th June 1961. Transfer books will remain closed from 2nd to 23rd December 1961, both days inclusive.

RAJAGIRI RUBBER AND PRODUCE CO., LTD. Taxable final dividend of 10 per cent or Re. 1.00 per ordinary share (making a total of 20 per cent or Rs. 2.00 per share for the year), for the year ended 30th June 1961. Transfer books will remain closed from 2nd to 22nd December 1961, both days inclusive.



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SYNOPSES OF COMPANY REPORTS

Mysore Tobacco Co., Ltd.

(*Chairman*: Mr. N. V. Siddalingappa, Bangalore.)

Annual General Meeting—29th November.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	18,43	21,14
Closing stock	2,91	1,31
Gross profit	99	2,05
Transfer to depreciation	70	68
,, ,, taxation	11	62
,, ,, provision for development rebate	6	Nil
,, ,, for loss on investments	2	Nil
Net profit	10	75
Adjustments	1	25*
Appropriations :		
Total available balance	11	1,00
Proposed dividend (taxable) Equity	Nil	1,00
	(Nil)	(10%)
Carried forward	11	†

N.B.—Adjustments include the balance brought forward from the previous year.

* This represents an amount of Rs. 25,000 withdrawn from dividend equalisation fund.

† Only a small sum of Rs. 622.

Extracts from the Directors' report: On account of inadequacy of profits the directors regret that no dividend is proposed to be declared for the year. It may be mentioned that dividends were paid during the past two years by drawing substantial sums from the dividend equalisation fund. The directors feel that to draw once again from the dividend equalisation fund would not be in the interests of the Company.

The seasonal conditions continued to be unfavourable during the year under report. The successive failures of monsoon for the past four years and continuous spell of drought for six months during the year resulted in inadequate supply of water to undertake cultivation of tobacco in Gowribidnur. The tobacco cultivation in Mandya and Mysore districts also suffered due to failure of rains during the period of curing. The spot disease continued to reduce the value of tobacco in Mandya and Hunsur areas.

While the Company's operational expenditure particularly the costs on labour have been on the increase due to the general rise in the prices, with the decrease in the quantitative output, the margins available to the Company have also decreased. In addition, the Company was obliged to give effect to the decision of the Industrial Tribunal revising the scales of pay of the employees with effect from 1st April 1958 which resulted in an extra payment of Rs. 68,500 apart from the increase in the dearness allowance.

The Company acquired 97,31,590 pounds of green leaf from a planted area of 2,582 acres in the year under report as against 1,01,41,935 pounds obtained from 3,083 acres in the previous year. The quantity of cured leaf acquired during the year was 6,30,741 pounds as against 5,99,368 in the previous year.

It is gratifying to report that the Company was able to get larger quantities for redrying, at its Whitefield grading station from outside agencies. The directors consider that the prospects for the year ending March 1962 are encouraging on the strength of the present indications and that they may be able to present a much better picture of the financial position in the near future.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,00,000	Gross block	20,39,188
Reserves and surplus	3,34,593	—Depreciation	12,41,906
Other liabilities	7,94,593		
		Net block	7,97,276
		Current assets	10,84,031
		Investments	1,85,765
		Cash	62,054
	Rs. 21,29,126		Rs. 21,29,126

* Paid-up capital consists of 1,00,000 equity shares of Rs. 10 each fully paid up.

Beharilal Ramcharan Cotton Mills Ltd.

(*Chairman*: Mr. Gulabchand Jain, Bombay.)

51*st Annual General Meeting*—11th December.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	1,89,56	1,71,87
Closing stock	44,25	26,63
Gross profit	12,67	2,15
Transfer to depreciation	5,38	Nil
,, development rebate reserve	13	49
Net profit	9,17	1,72
Adjustments	1,26	15
Appropriations :		
Total available balance	10,43	1,87
To payment of bonus for 1958	75	88
,, expenses relating to previous years	1,76	Nil
,, arrears of depreciation written off from 1st April to 31st March 1960	4,95	Nil
Carried forward	2,99	99

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

Extracts from the Directors' report: Profit has been arrived at after payment of staggering compensation amounting to Rs. 1,03,016 for the year 1951-52, according to the decision of the Supreme Court, and the bonus for the year 1958, amounting to Rs. 73,162 the liabilities for which were determined during the year.

Normal depreciation has been provided in respect of all the past years and depreciation for the year under review has been provided as required by Section 350(2) of the amended Indian Companies Act, 1956. In view of the carry over of losses from the previous years, no provision for income-tax is necessary and therefore none has been made.

There was general improvement in the working of the Mills during the year under review as will be apparent from the increased sales and profit. High prices of raw cotton and stores and the much heavier wage bill consequent upon the implementation of the recommendations of the Central Wage Board in regard to the operatives and the revision of scales of pay of clerical staff and stepping up of their grades and increment, however, made a heavy inroad on the profitability of the working. The average rate of dearness allowance paid during the year also touched a new high, breaking all the earlier records. At the same time, prices of cloth and yarn were substantially reduced as directed by the Indian Cotton Mills Federation, at the desire of the Government, twice during the year, once from 1st September 1960 and again from December 1960. Goods worth Rs. 49,79,870 were sold in export.

The working during the current year also has so far been encouraging and satisfactory. The directors feel that the Company has now turned the corner and may look forward to better results in future.

During the year, a total sum of Rs. 62,100 has been realised by the Company from the Liquidator of the Gujarat Cotton Mills Co., Ltd., (in liquidation) in respect of its claim and a further sum of Rs. 65,000 has been received from him. The position regarding the amount due from Messrs. Ormerods (India) Pvt. Ltd. on the security of shares of Messrs. Gannon Dunkerely & Co., Ltd., remains the same as reported last year.

The directors are pleased to inform that the work of modernisation and rehabilitation of the plant has been taken in hand. During the year, SKF pendulum arm high drafting equipment was installed on 23 ring frames and further 15 frames have been converted in the current year. The working of humidification of spinning department has also been completed on one floor and the work on the second floor is under way and is expected to be completed before the next summer. Orders for the undernoted machinery and plant have already been placed and/or have been almost finalised. Deliveries are expected during the current year and in the next year. The Company proposes, and expects, to be able to finance this modernisation from its own resources and therefore the Directors are not recommending payment of any dividend.

The amount payable to the Regional Provident Fund Commissioner under second mortgage which stood at Rs. 2,92,213 as at the close of the year under review i.e. 31st March 1961 has since been reduced to Rs. 92,213 only and this also will be paid off during the current year.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	50,00,000	Gross block	1,21,07,426
Debentures	8,00,972	—Depreciation	85,20,253
Reserves and surplus	14,54,806		
Other liabilities	69,17,734	Net block	35,87,173
		Current assets	1,01,01,295
		Investments	4,55,742
		Cash	28,802
	Rs. 1,41,73,012		Rs. 1,41,73,012

* Paid-up capital consists of 40,000 equity shares of Rs. 100 each and 10,000 six per cent tax-free cumulative preference shares of Rs. 100 each.

Mandya National Paper Mills Ltd.

(*Managing Agents*: Bedi & Company Management Ltd., Bangalore.)

Third Annual General Meeting—21st December 1961.

Extracts from the Directors' report for the year ended 30th June 1961: As all the transactions are of a non-revenue nature representing expenditure incurred during the period of construction to be allocated towards capital expenditure, the profit and loss account has not been drawn up.

The construction of the factory building is practically complete and the entire plant and machinery, except for a very small consignment, has been received at site. The erection of the machinery will be over very shortly and it is expected that the Company's mills will be in production before the end of 1961. As the latest and the most modern machinery has been installed in the mills, the directors are confident that the mills will produce the highest grades of superior writing and printing paper, which will establish a reputation for quality.

On the basis of negotiations with the Government of Mysore in the initial stages, the directors were given to understand that the electric power will be made available when the mills are ready to go into production, but it appears that there may be some difficulty in supplying all requirements of power to the mills when the Company go into production, owing to delay in the completion of their power-generating projects. Keeping this in view, the Company has purchased a generator set which has been received at site and is being installed at great speed by working round the clock. As the cost of independent generation will be much higher than the cost of hydro-electric power supplied by the State Government, the Company has approached the State Government for subsidising the difference between the cost. The negotiations are also proceeding with the Government for the purchase of this generator set and for the provision of the required power to the Company.

The present production capacity of the mills is 35 tons per day. As shareholders are aware, it has been decided to develop the capacity to 70 tons per day. The Industrial Finance Corporation of India has already sanctioned a loan of Rs. 1.20 crores to implement the expansion project. In addition, a further amount of Rs. 80 lakhs will be raised in the form of equity shares from the shareholders, as already approved by the members in the general body meeting held on 28th July 1961, for which sanction from the Controller of Capital Issues has been received. The Company may be in a position to issue the capital to the shareholders early next year. It is expected that the mills will go into expanded production before the middle of 1963.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,98,68,025	Block a/c	3,23,83,406
Other liabilities	1,61,28,589	Current assets	18,43,245
		Cash	24,14,564
		Miscellaneous expenditure	3,76,019
	Rs. 3,59,97,524		Rs. 3,59,97,524

* Paid-up capital consists of 14,00,000 equity shares of Rs. 10 each (less calls unpaid Rs. 94,190) and 60,000 seven per cent. tax-free redeemable cumulative preference shares of Rs. 100 each (less calls unpaid Rs. 36,875) redeemable at par on the expiry of 15 years from the date of allotment.

Muttra Electric Supply Co., Ltd.

(*Chairman*: Mr. K. C. Bhagat, Calcutta.)

Annual General Meeting—29th November.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Revenue from light and power loads	10,33	9,97
Gross profit	2,65	2,49
Transfer to depreciation	70	63
,, ,, taxation	70	32
Net profit	1,25	1,54
Adjustments	24*	24†
Appropriations :		
Total available balance	1,49	1,78
Transfer to development reserve	39‡	11
,, ,, statutory contingencies reserve	13	12
,, ,, provision for taxation (for previous year)	10	Nil
,, ,, provision for doubtful debts	Nil	12
,, ,, general reserve	8	60
Proposed dividend (taxable)	63	63
	(9%)	(9%)
Carried forward	16	20

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

* Includes Rs. 4,654 transferred from deferred taxation reserve.

† Includes Rs. 4,654 transferred from deferred taxation reserve and Rs. 269.52 being excess provision for wealth tax in respect of previous year.

‡ Includes Rs. 25,605 in respect of previous years.

Extracts from the Directors' report: The following schedule indicates the progress that has been made:—

Year ended	Units sold	Revenue Rs.
31st March, 1959	52,12,562	8,51,684
31st March, 1960	56,03,076	10,24,418
31st March, 1961	61,50,972	10,63,032

The directors recommend that there be paid for the year ended 31st March 1961, a dividend at the rate of 9 per cent subject to deduction of tax at the prescribed rates in accordance with the provisions of Section 18(3D) of the Indian Income Tax Act, leaving a balance to be carried forward of Rs. 16,563.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	6,99,850	Gross block	25,06,634
Reserves and surplus	2,84,011	—Depreciation	9,71,808
Other liabilities	12,00,780		
		Net block	15,34,826
		Block-in-progress	2,671
		Current assets	4,52,226
		Investments	76,707
		Cash	98,215
	Rs. 21,64,641		Rs. 21,64,641

* Paid-up capital consists of 69,970 ordinary shares of Rs. 10 each fully paid up in cash (includes Rs. 150 being amount paid up on forfeited shares).

British Burma Petroleum Co., Ltd.

(*Chairman*: Mr. Tricumdas Dwarkadas, Bombay.)

Fifteenth Annual General Meeting—21st December 1961. Dividend payable on and after 29th January 1962.

Working Results:

	For the year ended 31st March	
	1961 £	1960 £
Gross profit	51,891	81,733
Transfer to depreciation (furniture)	16	17
,, ,, taxation	28,023	37,488
Net profit	23,353	44,228
Adjustments	17,605*	1,775
Appropriations:		
Total available balance	40,957	46,003
Proposed dividend (taxable)	28,125†	45,000‡
	(10%)	(8%)
Carried forward	12,832	1,003

N.B.—Adjustments include the balance brought forward from the previous year.

* This includes an amount of £16,602 being profit on realisation of investments.

† On a paid-up capital of £281,250.

‡ Dividend on the old capital of £562,500.

Extracts from the Directors' report: In respect of the shares of B.O.C. (1954) Ltd. held by the Company second interim dividend amounted to K. 97,752.59 and final dividend amounted to K. 52,597.48. Burmese Income-tax amounting to K. 31.280.83 and K. 16,831.20 respectively was deducted. The net amount receivable by the Company was K. 102,238.04. K. 27,914.32 was utilised for payments to ex-employees (this practically ends the liability to ex-employees) and the difference in exchange amounted to K. 192.33. The net amount received was K. 74,131.39 equivalent to Rs. 74,131.39.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	£	Assets	£
Capital*	281,250	Gross block	415
Reserves and surplus	214,353	—Depreciation	276
Other liabilities	488,371		
		Net block†	139
		Current assets	90,893
		Investments	554,918
		Cash	378,422
	£ 983,974		£ 983,974

* Consists of 562,500 ordinary shares of 10s. 6d. each.

† Depreciation fully written off.

Notices

THE BARNAGORE JUTE FACTORY COMPANY, LIMITED

(Incorporated in England)
Liability of Members Limited

DIVIDENDS

THE FOLLOWING DIVIDENDS HAVE BEEN recommended in respect of the year ended 31st March, 1961, payable on the 27th December, 1961:—

(1) On the Preference Shares at 5 per cent (Five Shillings per share) less U.K. Income-tax of seven shillings and nine pence in the £ Sterling.

(2) On the Ordinary Shares at 10 per cent (Ten Shillings per share) less U.K. Income-tax of seven shillings and nine pence in the £ Sterling.

Payment of any Dividend declared will be made only to those Members whose names are registered in the Books of the Company on 20th December, 1961 or to their Mandatees.

Dividend Warrants to Members on the Calcutta Register will be made payable in Calcutta.

No applications for warrants will be necessary. Claims on behalf of holders of shares on blank transfer will not be entertained.

The Share Transfer Books will be closed from 7th December to 20th December, 1961, both days inclusive.

By Order of the Board,

JARDINE HENDERSON, LIMITED,

D. FORDWOOD,
Secretary,
Agents.

4, CLIVE ROW,
CALCUTTA-1, *9th November* 1961.

THE BELAPUR COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Register of Members and the Transfer Books of the above Company will be closed from the 2nd day of December, 1961 to the 30th day of December, 1961, both days inclusive.

By Order of the Board of Directors,
W. H. BRADY & COMPANY, LIMITED,
Managing Agents.

RELATIVE PRICE MOVEMENTS IN SECON PLAN PERIOD

(Concluded from page 1008)

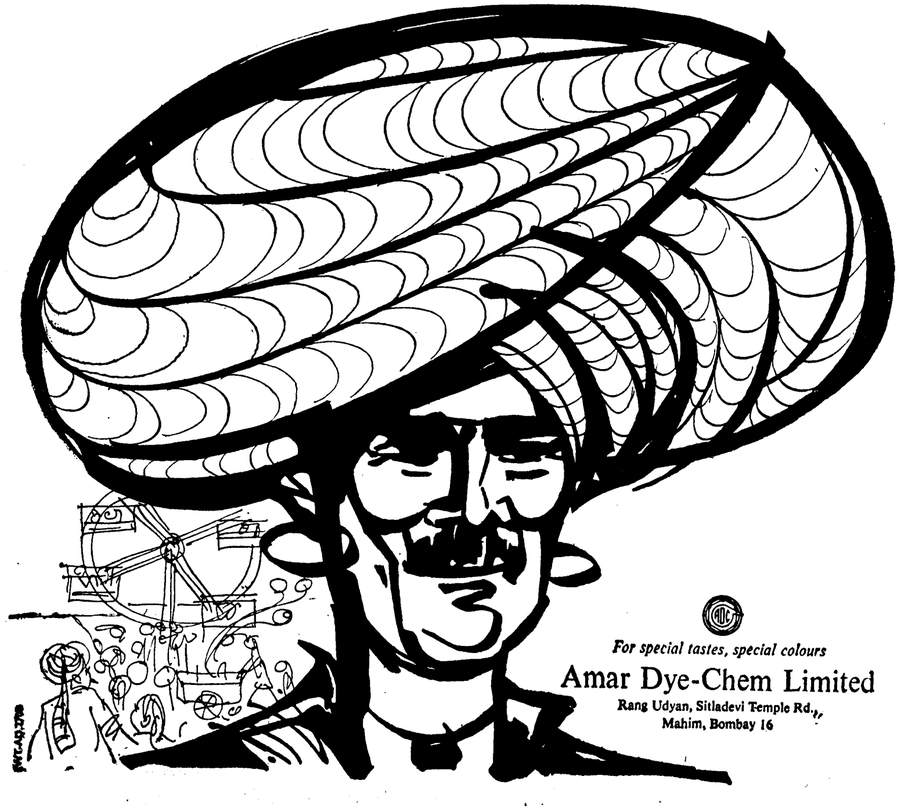
prices of industrial raw materials and manufa tures. Food articles other than foodgrain should also be given due place in any schem of price controls. Hence, in the face of th continuously rising pressure of demand result ing from the growth of population and mone incomes in the years to come, a comprehensive plan of price regulation, controls and stabilisa tion coverirg the essential items of all the groups and sub-groups (discussed above) is indispensable. In the absence of such a policy, the ideal objective of holding the price line will simply remain a cherished hope, as it has remained so far. Such a policy is all the more necessary for maintaining and accelerating substantial investment programmes, on the one hand, and facilitating the establishment of "progressively greater equality of opportunity by bringing about reduction in disparities in income and wealth and a more even distribution of economic power."

Gaiety and Colour

It's the village fair...where business vies with fun. At this seasonal get-together, villagers sell the products of their farms and handlooms. The day's business done, they indulge in a little gaiety and at dusk, return to the farm and the loom.

The colourful handloom products displayed at the fair are an eloquent tribute to their traditional art. The quaint patterns and the essential harmony of colours is utterly captivating. Small wonder, then, that the products of the handlooms find a ready market among the sophisticated in India—and abroad.

These colour-conscious artisans largely rely upon Amar Dyes for their requirements of dyes. They have good reasons too. Amar dyes offer a wide range of colours of astonishing fastness and quality, at extremely competitive prices...prices *they* can afford.



For special tastes, special colours

Amar Dye-Chem Limited
Rang Udyan, Sitladevi Temple Rd.,
Mahim, Bombay 16

MONEY EASY

(From Our Own Correspondent)

BOMBAY, *22nd November*

The short-term money market was well supplied with funds and the position was quite comfortable to borrowers. There was, however, not much activity in the inter-bank section, due to placing of deposits by an institutional investor. Advices from Calcutta and Madras also pointed to prevalence of slightly easier conditions. Accordingly, the inter-bank call money quickly declined from 4.5 per cent on the 15th inst. to 3.5 per cent per annum by the 18th inst. and remained at that level during the rest of the week. Both the big banks and small ones could do business at this rate. In view of this, none of the banks is likely to have borrowed from the Reserve Bank this week.

The rates of interest for short-term deposits underwent no change, with no bank eager to quote lower than the maximum levels fixed under the inter-bank agreement. These are as follows:

	Per cent
Notice money:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3¼
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

The tale of Treasury Bills, too, is in keeping with the aforesaid trend. Although tenders invited were Rs. 2 crores and tenders offered and accepted also were Rs. 2 crores, the average rate was a shade lower at 2.500 per cent, as compared with 2.520 per cent paid by the Government in the preceding two weeks. Thus, the rate has gone down to the level that was prevalent between 12th September 1961 and 31st October 1961. While this marking down in the rate is in tune with the prevailing easy money conditions, the demand for intermediate Treasury Bills, however, was a little less than in the previous week; the offtake of such bills from 15th November to 18th November was only Rs. 15 lakhs, as against Rs. 35 lakhs during 8th to 11th November. Sales of both the types of Treasury Bills are being continued.

After registering a spectacular rise of Rs. 64 crores in the fortnight ended 10th November 1961, notes in circulation have contracted by Rs. 26.11 crores in the week ended 17th November 1961, according to the Reserve Bank's statement for that week. Since notes held in the Banking Department also have fallen by Rs. 2.63 crores, the total notes issued are down by Rs. 28.74 crores. This has been balanced by taking out Rs. 30 crores worth of rupee securities and increasing the rupee coin by Rs. 1.26 crore. No change has been made in the foreign securities, but balances held abroad are down by Rs. 1.15 crore; the total foreign assets now stand at Rs. 141.44 crores.

There have been no significant variations in the deposits of either Central or State or other Governments with the Reserve Bank. Only the balances held by banks have gone up by Rs. 5.17 crores, bills payable by Rs. 3.50 crores and other liabilities by Rs. 8.09 crores. Reflecting the withdrawal of Rs. 30 crores of rupee securities from the assets side of the Issue Department, investments held in the Banking Department have gone up by Rs. 29.52 crores. An increase of Rs. 3.43 crores is noted in Government Treasury Bills also. Loans and advances to Governments have risen by Rs. 7.76 crores, but other loans and advances have declined by Rs. 22.85 crores, of which advances to scheduled banks against usance bills alone account for Rs. 10.48 crores. This fall is in consonance with the comfortable conditions reported in the money market last week.

As usual, the weekly statement of scheduled banks that is available at the time of writing this report is a week behind that of the Reserve Bank, the latest being the one covering the week ended 10th November 1961. This shows an all-round fall in deposits, the decline being of the order of nearly Rs. 8 crores. Borrowings from Reserve Bank in that week were larger by Rs. 9.62 crores, of which Rs. 4.92 crores were against usance bills. Bank credit was a shade higher by Rs. 5.68 crores at Rs. 1,234.65 crores. Investments were down by Rs. 19.78 crores, while cash balances were better by Rs. 2.10 crores.

An analysis of the State Bank's statement for the week ended 10th November 1961 shows that, while its deposits declined by Rs. 5.68 crores, its advances rose by Rs. 5.45 crores. Investments were sharply lower by Rs. 19.81 crores and so also its liquid assets by Rs. 2.90 crores. It will thus be seen that much of the variations noted in the position of scheduled banks as a whole has been on account of the State Bank. The heavy depletion in the investments of the State Bank of nearly Rs. 20 crores apparently reflects the transfer of P.L. 480 funds to the Reserve Bank. In view, however, of the fact that the decline in deposits was slightly less than Rs. 6 crores, it would appear that the transfer of P.L. 480 funds during the week under review was neutralised, to a very considerable extent, by a sizable growth in the other deposits held by the Bank.

The Gilt-edged market was dull and drab during the week under review. The turnover was extremely poor and the trend was a shade quiet. In the Central Government section, 3 per cent 1970-75 and 3½ per cent 1967 went down by 10 nP each. There was a fall of as much as 55 nP in 3 per cent 1986 Conversion Loan. Among State loans, a fractional improvement of 10 to 15 nP was recorded in the 4½ per cent 1972 issues of Madras, Andhra, Orissa and U.P.

There was no change worth mentioning in the foreign exchange market. Today, the banks were sellers at Rs. 475.50 per 100 dollars for ready T.T. on New York and buyers at Rs. 471.25 per 100 dollars; these are the same as those a week ago. The £ sterling well held its position in the foreign exchange markets in the world. In New York, for instance, there has been a slight improvement both in spot and three months' forward. The latest available rates are: 281.590-281.630 cents for spot and 279.790-279.830 cents for three months' forward. As compared with the position a week ago, these show a gain of 0.070 cent and 0.130 cent, respectively.

BULLION WEAK

(From Our Own Correspondent)

BOMBAY, *22nd November*

A downward trend was witnessed by the bullion market during the week under review, the drop in prices being sharper in gold than in silver. In fact, gold took the lead in staging the retreat and silver merely followed. The marked setback in gold was the result of hurried liquidation by bulls who had bought sizable lots in previous weeks in anticipation of good demand. Offtake of both gold and silver continued to be poor, the daily average being no more than 2,800 tolas and six bars, respectively, same as last week. As against this low offtake, arrivals were quite heavy, the daily average rate being 5,600 tolas of gold and 20 bars of silver; the corresponding figures in the previous week were 4,250 tolas and 12 bars. It will thus be noted that the inflow of metals was heavier in the week under review. Apart from the actual experience, arrivals, particularly of gold, were expected to be larger still in the coming weeks, due to unconfirmed reports that large quantities of contraband metals have been brought into the country. It was, therefore, feared that the stocks in the local market would increase further in the coming weeks. Even the current position is heavy, which a section of trade estimates at 100,000 tolas of gold and 1,600 bars of silver. In the face of this position, even reports suggesting the possibility of reduced silver coin inflow through North Indian border because of the late political developments there failed to have any marked effect. Nor were the measures taken by the Forward Markets Commission in cotton, oilseeds and jute markets of any avail. Operators would not believe that restrictions on trading in these markets might divert funds to the bullion market. The undertone of the market was weak.

Some recovery was in evidence today, but this was due not to any encouraging news but to profit-taking at low levels. The recovery was, of course, not marked enough to make good the previous losses, so that today's closing rates were well below those prevailing at the end of last week.

Adjustment rates fixed today were Rs. 122.00 per 10 grams of gold and Rs. 209.15 per kilogram of silver. The corresponding rates for Wednesday the 15th inst. were Rs. 123.90 and Rs. 209.30, respectively.

In gold, the *Margashir* (December) settlement encountered selling and moved down from Rs. 124.60 to Rs. 122 yesterday. After recovering to Rs. 122.65 today, the settlement finished at Rs. 122.40. The net loss over the week was Rs. 2.20.

Ready gold continued to be quoted at a discount under the forward, though the actual discount declined from 45 nP last week-end to 15 nP today. The spot rate receded from Rs. 124.15 to touch a low of Rs. 121.25 yesterday. It rose to Rs. 122.65 today, but closed lower at Rs. 122.25.

The *Margashir* settlement in silver began the week at Rs. 209.80, same as last week, and gradually eased to Rs. 208.45 yesterday. At this level, some speculative support ensued and the settlement recovered to Rs. 209.60 today before finishing at Rs. 209.40.

Ready silver eased from Rs. 209.30 on Wednesday last to Rs. 208.20 on Monday and yesterday. After advancing to Rs. 209.35 today, it finished at Rs. 209.15. The discount under the forward when official official trading closed today was 25 nP, as against 50 nP a week before.

The world price of gold in the London bullion market declined by one cent from $35.19½ to $35.18½ per fine ounce. The sterling price, too, receded from 250s. 1½d. to 249s. 11½d. Ready and forward silver, however, continued to remain unaltered at 80d. and 80¾d., respectively, as also silver in New York at 91.375 cents.

The following table shows the trend of prices during the week under review:

	22-11-61 (closing)	High	Low	15-11-61 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	122.25	123.85	121.25	124.35
Forward: Margashir* ..	122.40	124.60	122.00	124.60
Sovereign	98.25	98.25	96.00	96.00
SILVER				
Ready (.996 fine)	209.15	209.60	208.20	209.30
Forward: Margashir† ..	209.40	210.10	208.45	209.80
London—				
Silver Ready	80d.	—	—	80d.
Silver Forward	80¾d.	—	—	80¾d.
Gold	249s. 11½d.	250s. 1½d.	249s. 11½d.	250s. 1½d.
New York—				
Silver	91.375 cents	—	—	91.375 cents

* 25th December settlement. † 26th December settlement.

N.B.—The quotation for gold is per 10 grams (about 0.35 tola) and that for silver is per kilogram (35.7 tolas). London and New York quotations are per ounce.

COMPULSORY SURVEY IN COTTON

(From Our Own Correspondent)

BOMBAY, *22nd November*

In contrast to the bullish trend witnessed last week, the cotton futures market was in a hesitant mood during the week under review. The stringent margin imposed by the F.M.C. last week to check the rise in prices and the reintroduction of compulsory survey this week had a somewhat restraining influence on the market. Although the margin failed to check the rising trend of prices, it did affect the volume of business which declined considerably. Prices, however, continued to advance and touched a peak of Rs. 658.50 on Thursday. Apprehension that the F.M.C. will be provoked to take more drastic action and that compulsory survey of cotton would be reintroduced acted as a check on further rise in price. The Jarilla March contract declined to Rs. 650 on Saturday, the 18th inst. The Textile Commissioner's announcement introducing again the system of compulsory survey, which was lifted only a few months back, was made on Saturday night. The relevant Press note issued by the Textile Commissioner stated:

"The position in regard to the supply of cotton during the current season was expected to be satisfactory inasmuch as the opening carryover stocks were over 2.1 million bales and it was hoped that the new crop would be about the same as the previous season's crop. A decision was, therefore, taken at the request of the trade and other concerned interests, to remove the system of compulsory survey of Indian cotton.

"The supply position has since altered substantially as a result of unfavourable weather conditions. The crop is now estimated to be only about 4.8 million bales. The demand on account of mill consumption is, on the other hand, on the increase. There is, therefore, the danger that unless adequate steps are taken from now onwards, prices may pierce the statutory ceilings, thereby increasing the cost of production to the mills and defeating the efforts of Government and the industry to ensure the supply of cloth to the consumer at reasonable prices.

"The Government has received representations from the Cotton Advisory Board, the Indian Cotton Mills' Federation, the East India Cotton Association and others requesting the re-imposition of the compulsory survey system, so that cotton should not change hands at the earlier stages in the marketing process at prices higher than the statutory ceilings.

"The Government has considered these representations in the light of all relevant factors and has decided to accede to the requests made and to re-impose the compulsory survey system during the current season. Steps are, accordingly, being taken to establish Regional Committees in the different areas for this purpose on the same lines as during the previous season."

The news, however, did not result in any precipitate fall in prices because it was already anticipated by the trade and discounted in advance. The Jarilla March contract declined fractionally to Rs. 659.50 on the day following the announcement, that is, on Monday. After hovering round that level, the contract improved to Rs. 654 yesterday on short-covering and to Rs. 655.50 today, thanks to support by upcountry operators and higher spot advices.

Spot prices continued to rule firm. Trading was active and turnover large. The introduction of compulsory survey did not adversely affect sentiment, although news of requisitioning of cotton made buyers nervous and hesitant to enter into large commitments. Needy mills, however, bought such varieties as 197/3, Vijay, and Kalyan at or near ceiling prices. Bombay mills are reported to have applied for 8,000 bales to be requisitioned and that 7,000 bales have been requisitioned.

Renewed export demand was noted for Bengal *Deshi*. Bengal *Deshi* delivery contract firmed up to Rs. 10 over the ceiling. Export sales registered till the 18th inst. are estimated at 69,800 bales.

Demand for foreign cotton was moderate. Higher grade Sudan and East African attracted mill attention. Some business was also reported in U.S. cotton. The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri:

Bengal *Deshi* 702; Vijay 900; Hubli Laxmi 955; Khamgaon 197/3 (old) 875; B.P. 52 1,298; Sudan G. 3S 1,645; American 1-5/32" G.M. 1,275.

Cotton futures in Karachi ruled quietly steady during the week. Values moved in a narrow range, showing negligible net change over the week. N.T.R.G. January was unchanged at Rs. 77.15. The March contract, however, declined fractionally from Rs. 75.85 to Rs. 75.70. The following are the latest available quotations—in rupees per maund of 82 lbs.—for a few popular varieties of Pakistan cotton prevailing at Karachi:

Sind *Deshi* 78; Punjab *Deshi* 76; 4F Punjab Roller 85.70; S.G. 84; L.S.S. Punjab Roller 83.00; S.G. 88; N.T. Roller 87.70; S.G. 94.20; 289F Punjab Roller 95.20; S.G. 105.70.

Further losses were recorded by cotton futures in Liverpool during the week. There was a general lack of buying interest influenced by apprehension of a possible reduction in U.S. support price next season. Both the American and American type contracts receded on hedge selling. Sudan contracts were quiet. Values were unchanged. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: December 23.75; March 24.55; May 25.10; July 25.25.

American cotton mixed growth contract: December 24.10; March 24.55; May 25.40; July 25.05.

Sudan: November, January and March 35.25.

New York cotton futures market ruled subdued during the week. Prices receded on selling by Californian interests, commission house liquidation and stop-loss orders. Continued uncertainty about the support level for 1962 crop weakened the distant positions. In contrast to this trend in futures, trading in spot cotton was active. Purchases in the 14 spot cotton markets during the week ended 16th November, according to the U.S. Department of Agriculture, aggregated 769,800 bales, as against 535,600 bales a week earlier, and 929,500 bales in the corresponding week a year ago. Farmers continued to offer current ginnings freely, particularly in areas where medium and lower grades were becoming more predominant. Local buyers, however, were generally confining their purchases to cotton that was readily re-saleable. Both shippers and mill representatives were active buyers in many upcountry markets.

Inquiries from domestic mills increased in some markets for both prompt and forward delivery. Demand continued to be strong for medium and lower grades with an increased interest reported for middling and higher grades stapling 1-3/32" and longer. Sales to mills, however, did not increase materially over the previous week as most shippers were reluctant to sell at prices bid. Inquiries from foreign sources slackened and the volume of sales for export was smaller than in recent weeks:

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	21-11-61	14-11-61	6-11-61
New York spot ...	35.60	35.65	35.65
December	34.25	34.41	34.50
March	34.99	35.13	35.25
May	35.34	35.54	35.70

OUTLOOK FOR PEPPER BEARISH

(Messrs. Parekh and Co.)

BOMBAY, 22*nd November*

Thanks to manipulations by bulls following delayed arrivals in the terminal market, Malabar black pepper remained fairly steady during the week. Ungarbled and garbled were quoted at Rs. 342 and Rs. 352, respectively. Arrivals which proved meagre were all taken up for inland consumption, as the demand at distributing centres such as Bombay was reported to be comparatively good. Bulls tried to push up prices in futures, the highest for the week being Rs. 354 for December and Rs. 356 for January. There was, however, lack of follow-up support, as the general opinion among traders was that present prices could not be maintained on the expansion of arrivals in the coming weeks due to: (1) absence of forward sales in the overseas' market, (2) absence of foreign inquiries, (3) unsold holdings of the Indonesian Agency which is acting as a hanging sword on the market, (4) accumulation of entire stock of new crop of Lampong black in Sumatra which has so far remained unsold, and (5) delayed harvesting and marketing of Brazilian crop owing to unseasonal weather in the past few months.

The future outlook of world pepper appears to be bearish, as the supply exceeds demand. The statistical position of pepper as on 1st November 1961, compiled from available data, is as under:—

(In tons)

Estimated stock in Singapore:		
Lampong black	9,000	
Sarawak black	1,500	
White pepper	1,000	
		11,500
Estimate d stock in Indonesia:		
Carryover of Lampong from 1960 ..	4,000	
Crop of Lampong during 1961 ..	12,000	
Stock of Muntok white	3,000	
		19,000
Estimated stock of Malabar black:		
Carryover from 1960-61	2,000	
Estimated crop for the year 1961-62..	27,000	
		29,000
Estimated stocks:		
Black and white in Brazil		4,000
Black and white in Sarawak		4,000
In principal consuming countries ..		2,500
Total ..		70,000

Over and above this quantity, there will be new crops of Sarawak, Lampong, Muntok and Brazil for the year 1962, coming some time between June and September 1962. It is foolhardy to estimate these crops of 1962 at this time of the year, as they are subject to unpondorable vagaries of nature.

World twelve-month consumption is said to be between 57,000 and 60,000 tons, making an excess of supply over demand of about 10,000-13,000 tons without taking into consideration the new productions in Sarawak, Lampong, Muntok and Brazil for 1962.

The Singapore market remained in the doldrums, lacking new incentives and for want of any confirmation of the reported sales by the Indonesian Agency. Traders are unwilling to take risk, as the future picture of the stock position of Lampong is obscure. Black pepper in Singapore is quoted nominally at $M130. Singapore, by withholding sales for a long time, has missed the bus. Malabar crop is now on and the control of the world market is likely to pass into the hands of India. At the time of writing, though Singapore is steady at $M130, Malabar is quiet, December and January delivery being quoted at Rs. 347 and Rs. 349, respectively, under pressure of arrivals which are now expanding.

Spot in New York, after coming down to $0.38½, improved to $0.39. But there is no enthusiasm among traders to operate, as the grinders are sidelining and in view of approaching December, which is considered to be a traditional dull month of the year, as most of the traders and stockists are engaged in taking inventories.

Ready pepper in Bombay is quoted at Rs. 188 per 50 kilos.

HIGHER PRICE FOR 120 DART SILK YARN

(From Our Own Correspondent)

BOMBAY, 22*nd November*

It is reported that the Textile Commissioner has conceded the demand of indigenous art silk yarn producers for an upward revision in the ex-factory price to the extent of 37 nP per lb. It is further reported that the Textile Commissioner has approved of the announcement reached between the spinners of art silk yarn and the weavers of fabrics in regard to the price of 120 deniers under the export incentive scheme. Accordingly, in respect of yarn given to weavers under the scheme against 30 per cent surrender of foreign exchange, the price of 120 denier will be higher by 32 nP as compared with 150 deniers. Hitherto, the spinners were incurring losses, because the prices of both 120 deniers which are a finer variety and 150 deniers were kept on equal footing so far as exports of art silk fabrics were concerned.

Despite above reports, indigenous art silk yarns drifted downwards. National Rayons 120 Bt. cones 1st grade fell by Rs. 88 nP to Rs. 16.85 per kg. 150 Bt. cones 1st grade dropped 44 nP to Rs. 13.20. Imported yarns also suffered a setback, following selling pressure induced by the release of a large quantity of yarn imported by the State Trading Corporation. The announcement by the Government that no manufacturer would be entitled to import art silk yarn under the Export Promotion Scheme in excess of Rs. 10 per loom-shift (accumulation or adjustments of quarterly licences might be allowed up to half-year) had no effect. There were no transactions in J. P. Bemberg yarn (40 x 1) December delivery this week, too, in view of paucity of stocks. Staple fibre yarns, however, evoked good buying enquiries from consuming centres and tended to move up. Cotton yarns were generally firm, the rates being more or less maintained at the levels of last week.

The market was officially closed today on account of *Kartik Poornima*.

Imports of art silk yarn into Bombay port during the month of October amounted to 946,715 kg. as against 811,980 kg. in September. Synthetic yarn imports were of the order of 158,703 kg., as against 114,202 kg., and cotton yarn imports increased considerably to 12,097 kg. as against 6,364 kg. Total imports during the ten months amounted to 86,70,426 kg. of art silk yarn, 978,724 kg. of synthetic yarn, 8,220 kg. of staple fibre yarn and 58,848 kg. of cotton yarn. Exports of cotton yarn from Bombay during October were higher at 282,641 kg., as against 230,375 kg., while exports of cotton sewing thread were lower at 12,381 kg. as against 16,710 kg. in September.

The following table gives the prices of rayon staple fibre and cotton yarns today, as compared with those prevailing a week ago:

	21-11-1961	15-11-1961
	Rs.	Rs.
***Art silk yarn*—**		
20/1 Amilan (100 kg.)—December	3,422.00	3,437.00
120 Japan (per 100 kg.)	1,915.00	1,901.00
150 Japan (per 100 kg.)	2,040.00	2,064.00
150 Italy (per 100 kg.)	1,874.00	1,901.00
Nat. Ray. 150 Bt. I	13.20	13.64
***Staple fibre yarn* (40 × 2)—**		
December	878.00	870.00
February	888.00	880.00
Hind (per kg.)	9.95	9.83
***Cotton yarn* (per bundle of 10 lbs.)—**		
10s Podar	17.37	17.37
20s Gokak	22.62	22.62
30s New Great	26.50	26.50
40s Madura	32.50	32.50
60s Finlay	61.61	61.61
80s Modern	66.00	66.50

OILSEEDS FIRM

(From Our Own Correspondent)

BOMBAY, 22*nd November*

The upward trend of oilseeds and oil prices noted towards the close of last week gathered further momentum during the week under review, though a part of the gains was erased later. The renewed firmness was engendered principally by the strength of mustardseed in North Indian markets which led to heavy speculation in the local market. Groundnuts met with sustained support, as arrivals of the new crop were at a low level, presumably because the farmers were preferring to hold stocks in co-operative warehouses in anticipation of a further increase in prices. The spot section was distinctly cheerful, with fairly good demand from crushers and *vanaspati* manufacturers. There was brisk trading in linseeds and values forged ahead as a result of tight supply position and good offtake. North Indian operators continued to extend support even at higher levels. Cottonseeds staged a spectacular rally, the futures contract touching a new high of the season, thanks to bullish advices from the raw cotton market. Castorseeds moved up in sympathy with other seeds early in the week, but subsequently there was heavy selling. Foreign enquiries for castor oil continued to be absent.

An important development of the week was the decision taken by the Board of the Exchange in regard to the outward payment for the purpose of clearing. It may be recalled that, while imposing a ceiling on groundnut futures a fortnight back, the Forward Markets Commission had directed the Exchange to withhold the outward payments as well. As the practice so far has been to prepare a consolidated statement for all oilseeds, the payment restriction became applicable to seeds and oils other than groundnuts also. The Exchange has now decided to permit operators to submit two separate statements, one for groundnut and groundnut oil, and the other for castorseed, linseed and cottonseed in a consolidated form.

Groundnut January 1962 contract spurted from Rs. 209.25 to Rs. 212 before finishing at Rs. 211.12. Khandesh quality was done at Rs. 44.75; it had touched Rs. 45.25 earlier. Oil January 1962 contract moved up from Rs. 17.25 to Rs. 17.45 but closed slightly lower at Rs. 17.35. Oil ex-mill hardened from Rs. 19.10 to Rs. 19.25, though it drifted down to Rs. 18.80.

Linseed March 1962 contract rose from Rs. 38.37 to Rs. 39.06, but declined subsequently to Rs. 38.97. Bold ready advanced by Rs. 3.25 to Rs. 44.50. Linseed oil picked up 50 nP to Rs. 18.10.

Cottonseed January 1962 contract strengthened by Rs. 2.75 to touch a new high of Rs. 106.25. Both Berars and non-whites put on 20 nP to Rs. 20.10.

Among castorseeds, March 1962 contract rose from Rs. 163.12 on Saturday, but gave way subsequently to Rs. 161.62. Madras small fell from Rs. 33 to Rs. 32.75, after touching Rs. 33.75 earlier. Oil commercial, however, gathered 10 nP to Rs. 13.60.

The following table shows the closing prices of oilseeds and oils on Wednesday, 22nd November, as compared with those of the two previous weeks:

	22-11-1961	15-11-1961	7-11-1961
	Rs.	Rs.	Rs.
Groundnut			
January 1962	211.12	209.25	209.25
Khandesh	45.25	45.00	45.00
Khandesh quality	44.75	44.75	45.50
Oil ex-mill ready*	18.80	19.10	18.90
Railway receipts*	18.60	18.90	18.80
Oil January 1962	17.35	17.25	17.20
Castorseed			
March 1962	161.62	163.12	161.12
Ready Madras	32.75	33.00	33.00
Ready Kanpur	44.75	44.75	45.50
Oil D.S.S.†	14.30	14.75	14.20
Oil commercial†	13.70	13.60	13.50
Linseed			
March 1962	38.97	38.37	36.37
Bold ready	44.50	41.25	39.25
Oil ready†	18.10	17.60	17.10
Cottonseed			
January 1962	106.25	103.50	98.25
Niger seed	38.50	38.50	37.50
Kardi seed	23.00	22.00	23.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotation of seeds are per 50 kilograms and oil per 10 kilograms.

KIPS QUIET

(From Our Own Correspondent)

MADRAS, 20*th Novembe*

The kip market ruled quiet, except for buffal hides and lower selections in cow hides. Overseas inquiries were negligible, as importers did no evince any interest in current offerings. Tanner were willing to shade their prices to some extent if it would bring in business.

Tanned skins were stagnant, as exportin trading was poor. Tanners were nervous an were offering at lower prices to attract orders bu in vain. Such offerings were expected to pre cipitate a further decline in prices eventually.

TEAS RECEDE

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.

COCHIN, 14*th Novembe*

Offerings in sale No. 46, held today, amounted to 517,000 kilograms. Quality from all districts was irregular. There was a fair but less general demand with prices lower for all but the more useful kinds. Interest slackened towards the close. Best Nilgiri descriptions were well supported and generally sold at firm prices but the lesser kinds were often easier by 20 to 40 nP per kilo. Good mediums met useful demand and sold at rates up to 20 nP easier on last with brokens again meeting more support than their equivalent fannings. Low medium and medium brokens came to an active but irregular market and closed up to 15 to 20 nP easier with similar fannings again weaker. Plain and stalky descriptions were irregularly easier. Nilgiri whole leaf grades sold well but medium sorts were a weak feature and irregularly lower. Black leaf teas again sold well C.T.C's met fair but irregular demand and were barely steady. Other orthodox types were about firm.

The quotations (per kg.) were:

	1961	1960
	Rs.	Rs.
Low medium	3.75/4.00	4.60/5.00
Mediums	4.10/4.35	5.00/5.30
Good mediums	4.50/5.25	5.30/5.60
Nilgiri	5.15	5.50

The average price realised in sale No. 46 was Rs. 4.61 per kilo, as compared with Rs. 4.69 a week ago, and Rs. 5.38 in the corresponding sale last year.

Dust sale No. 46 was held on Thursday 16th inst. Offerings amounted to 410,000 kilograms. There was a good general demand but prices were again lower. Highgrowns met useful support and sold readily at generally firm prices. Low mediums and mediums, if of good appearance, met active

(*Continued on page 1024*)

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 17th Nov., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (*Long-term Operations*) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund ..	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	62,49,52,000
(2) Other Governments	11,13,42,000
(b) Banks	82,82,79,000
(c) Others	146,23,74,000
Bills Payable	22,69,74,000
Other Liabilities	29,47,64,000
Rupees ..	495,86,85,000

ASSETS	Rs.
Notes	16,21,63,000
Rupee Coin	2,54,000
Subsidiary Coin	3,96,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	50,28,75,000
Balances held abroad*	24,58,21,000
Loans and Advances to Governments† ..	73,60,24,000
Other Loans and Advances	131,85,07,000
Investments	130,61,69,000
Other Assets	18,74,74,000
Rupees ..	495,86,85,000

*Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 2,20,50,000 advanced to scheduled banks against usance bills under Section 17(4) (*c*) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	16,21,63,000	
Notes in circulation	1920,41,86,000	
Total Notes issued	....	1936,63,49,000
Total Liabilities ..	....	1936,63,49,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India ..	....	
Foreign Securities	116,86,07,000	
Total of A ..		234,62,10,000
B. Rupee Coin		123,17,64,000
Government of India Rupee Securities		1578,83,75,000
Internal Bills of Exchange and other commercial paper ..		....
Total Assets ..		1936,63,49,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept 1939 (pre-war)	10th Nov., 1961	3rd Nov., 1961	A month ago*	A year ago *R*
RESERVE BANK					
Issue Department					
Notes in circulation	178.37	1946.53	1904.26	1906.13	1827.22
Notes held in Banking Department ..	85.05	18.85	13.86	12.91	14.50
Foreign Securities ..	59.50	116.86	116.86	116.86	189.91
Rupee Securities ..	57.39	1008.84	1558.85	1558.86	1472.06
Banking Department					
Deposits of:					
Government of India	14.89	65.40	62.86	61.07	53.61
Other Governments ..		10.22	17.66	3.98	14.86
Balancesheld abroad	10.06	25.74	20.53	10.02	18.10
SCHEDULED BANKS					
Demand Liabilities ..	134 36	830.07	842.09	841.43	785.11
		(16.02)†	(18.95)†	(21.82)†	(21.20)†
Time Liabilities ..	102.24	1135.98	1441.68	1135.60	1144.05
		(18.21)†	(19.73)†	(18.42)†	(16.05)†
Borrowings from Reserve Bank ..	..	26.14	16.52	14 09	25.19
		(12.60)‡	(7.77)‡	(0.91)‡	(5.15)‡
Borrowings from State Bank ..	..	10.35	20.14	18.01	10.30
Cash in India ..	6.70	55.10	50.88	45.38	47.40
Balance with Reserve Bank ..	25.17	71.20	73.37	77.17	101.57
Balances with other banks in current account in India ..	..	15.50	15.56	15.40	14.98
Money at call and short notice in India ..	..	41.42	44.03	46.18	31.78
Investments .. (at book value) ..	6.70	610.94	630.73	611.63	687.47
Advances and bills ..	105.9	1245.31	1239.32	1240.02	1108.49
STATE BANK					
Deposits	87.76	526.45	532.13	531.30	578.21
Investments	51.99	260.92	280.73	258.57	345.67
Advances	30.35	245.87	240.42	244.88	212.02
Cash	14.59	20.14	23.23	27.31	28.71

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry (Private) Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	24th Aug., 1961	5	4½
Bolivia	30th Sept., 1960	5	6
Burma	Feb., 1948	..	3
Canada †	..	2.85	2.82
Ceylon	13th Aug., 1959	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1946	7	10
Egypt	16th May, 1952	3.50	3
El Salvador	Jan., 1960	4	5.50
Finland	Mar., 1959	6.50	6
France	6th Oct., 1958	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5.31
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1961	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	Nov., 1960	5.75	5.00
Portugal	12th Jan., 1961	..	3
South Africa	4th May, 1961	4.50	5
Spain	11th April, 1960	6.25	5.75
Sweden	15th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	3
Thailand	Feb., 1945	..	7
Turkey	6th June, 1958	4.50	6
United Kingdom	2nd Nov., 1961	6.50	6
U.S.S.R.	1st July, 1926	2	4
U.S.A.	5th May, 1960	3.50	4
West Germany	8th May, 1961	3.50	3

* Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 17th Nov., 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each...	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each.	5,62,50,000	5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		527,61,92,000
Borrowings from Other Banking Companies, Agents, etc.		21,00,000
Bills Payable		9,27,12,000
Bills for Collection being Bills receivable as per contra		2,88,02,000
Acceptances, Endorsements and Other Obligations per contra		77,92,000
Other Liabilities (including Inter-Office Adjustments)		18,67,20,000
Total .. Rs.		572,50,63,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		24,62,34,000
Balances with other Banks		3,06,86,000
Money at Call and Short Notice ..		1,36,66,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	250,12,70,000	
Other Authorised Investments ..	9,23,94,000	
		259,36,64,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	228,84,12,000	
Bills Discounted and Purchased ..	15,34,62,000	
		242,18,74,000
Bills Receivable being Bills for Collection as per contra		2,88,02,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra ..		77,92,000
Premises less Depreciation		1,88,86,000
Furniture and Fixtures less Depreciation ..		1,49,30,000
Other Assets (including Inter-Office Adjustments). .		34,34,84,000
Total .. Rs.		572,50,63,000

Scheduled Banks*.

Statement of Affairs for the week ended 10th November 1961

		(Thousands)
(i) Demand Liabilities in India ..		Rs.
(a) Demand Deposits—		
(1) From banks		46,13,86
(2) From others		721,70,21
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		16,92,12
(c) Other demand liabilities		52,21,30
(ii) Time Liabilities in India		
(a) Time Deposits—		
(1) From banks		17,08,90
(2) From others		1076,66,50
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		18,20,61
(c) Other time liabilities		24,06,25
(iii) Borrowings in India from the State Bank of India and/or notified banks:		
(a) Demand liabilities		9,21,97
(b) Time liabilities		10,18,33
(iv) Borrowings in India from the Reserve Bank of India (*A*)		29,14,15 (12,08,50)
(v) Cash in India		55,09,51
(vi) Balances with the Reserve Bank in India ..		71,20,19
(vii) Balances with Other Banks in Current Account in India		15,55,78
(viii) Money at call and short notice in India ..		41,42,02
(ix) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Post Office Cash Certificates		610,94,46
(x) (*a*) Loans, Cash Credits and Overdrafts in India (excluding dues from Banks) ..		1045,71,03
(*b*) Dues from Banks in India		10,05,91
(xi) Inland Bills purchased and discounted in India.		141,82,91
(xii) Foreign Bills purchased and discounted in India.		47,11,46
(xiii) Total of items (x), (xi) and (xii)		1245,31,31

Notes:—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(*A*)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 10th Nov., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,45,00,000
Rural Credit Fund	2,00,00,000
Deposits:—	
(a) Central Government	25,69,00,000
(b) Provincial Governments	3,52,07,000
(c) Banks	17,35,12,000
(d) Others	103,20,39,000
Bills Payable	10,21,000
Other Liabilities	11,34,18,000
Rupees ..	171,85,88,000

ASSETS	Rs.
Notes	9,13,69,000
Rupee Coin	44,000
Subsidiary Coin	39,000
Bills Purchased and Discounted :—	
(*a*) Internal	....
(*b*) External	....
(*c*) Government Treasury Bills	....
Balances held outside Pakistan*	16,79,44,000
Loans and Advances to Governments	8,01,00,000
Provincial Governments' Debtor Balances ..	....
Other Loans and Advances	49,50,39,000
Investments	78,31,78,000
Other Assets	10,06,86,000
Rupees ..	171,85,88,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	9,13,69,000	
Notes in circulation	360,11,89,000	
Total Notes issued	....	369,25,58,000
Total Liabilities ..	....	369,25,58,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion ..	24,93,90,000	
Silver Bullion	....	
Foreign Securities	67,69,02,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	135,64,56,000
B. Rupee Coin	3,05,24,000	
Government of Pakistan Securities	224,65,72,000	
Internal bills of exchange and other commercial paper	....	227,70,96,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion ..	19,02,000	
Sterling Securities ..	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets ..	....	369,25,58,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 38.25 per cent.

EXCHANGE RATES

		22nd November 1961	15th November 1961
Bombay on London—			
Sellers T.T. D.D. Spot ..	*s.*	1-5⅛	1-5⅛
Sellers T. T. D.D. upto six months	*s.*	1-5⅛	1-5⅛
Buyers T.T. spot to nine months	*s.*	1-6¼	1-6¼
Buyers T.T. 10 to 12 months	*s.*	1-6¼	1-6¼
Bombay on New York—			
Sellers T.T. D.D. ..	Rs.	475.50	475.50
Buyers T.T. ..	Rs.	472.00	472.25
London on New York ..	*s.*	2.8154-2.8156	2.8148-2.8151
London on Paris ..	Frs.	13.8130-13.8150	13.8150-13.8170
London on Berne ..	Sw. Frs.	12.1650-12.1670	12.1715-12.1735
New York on London ..	*s.*	281.590-281.630	281.520-281.550

CLEARING HOUSE RETURNS

Centre	Week ended 17th Nov., 1961		Week ended 10th Nov., 1961	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay ..	4,37,197	1,02,58,60,000	2,72,103	56,77,57,000
Calcutta ..	2,24,000	85,23,00,000	1,75,000	60,22,00,000
Madras ..	1,06,138	14,30,67,744	91,148	11,48,44,014
All Centres—				
1955-56 ..	45,172,000	97,67,12,00,000	..	..
1959-60 ..	50,064,000	109,58,05,00,000	..	..
1960-61 ..	54,473,000	125,13,14,06,000	..	..
Sept., 1960 ..	4,313,000	971,50,00,000	..	..
July 1961 ..	5,088,000	1,113,59,06,000	..	..
Aug., ,, ..	4,883,000	1,055,01,00,000	..	..
Sept., ,, ..	4,809,000	1,119,27,00,000	..	..

INDEX NUMBERS OF WHOLESALE PRICES (Base: 1952-53 = 100)

Particulars	Weight	4th Nov., 1961	28th Oct. 1961	5th Nov., 1960	September 1961	September 1960	Percentage of Increase (+) or Decrease(—) in Sept., 1961 as compared with Sept., 1960	Financial Year Average 1960-61	Financial Year Average 1959-60
Food Articles	504	121.7	121.3 R	120.8	121.1	123.8	— 2.3	120.0	119.0
Cereals	198	102.9	102.1 R	104.2	103.4	108.5	— 4.7	104.4	104.1
Pulses	43	92.9	91.6 R	94.3	89.2	94.7	— 5.8	92.9	93.5
Fruits and Vegetables	22	148.4	144.4	118.5	148.3	122.2	+21.4	118.5	127.8
Milk and Ghee	54	130.6	118.4	112.5	129.3	122.2	+ 5.1	115.0	113.3
Edible Oils	47	150.6	148.2	152.8	153.3	148.9	+ 3.0	150.8	130.4
Fish, Eggs and Meat	17	134.4	133.4 R	126.4	136.6	126.9	+ 7.6	123.5	113.0
Sugar and *Gur*	48	126.1	124.9 R	132.9	138.9	150.8	— 10.8	132.5	147.0
Others	50	172.5	172.5	171.6	178.3	170.5	+ 4.6	167.8	167.9
Liquor and Tobacco	21	99.2	99.5	117.8	99.7	104.5	— 4.6	100.9	99.5
Tobacco	—	95.7	96.0	116.8	96.2	102.7	— 6.3	100.8	97.9
Fuel, Power, Light and Lubricants	93	122.0	118.3	114.3	118.2	115.6	+ 2.2	120.0	118.5
Industrial Raw Materials ..	155	135

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 11th Nov., 1961	4th Nov., 1961	14th Oct., 1961	12th Nov., 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	101.0	101.1†	101.1	100.6
2. Government of India	100.9	100.9	101.0	100.5
3. State Government	102.0	102.0	102.1	102.0
4. Municipal, Port Trust, etc.	99.3	99.3	99.4	99.9
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.3	101.2	101.3	100.7
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.6	82.5	82.4	86.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	185.8	183.9	180.9	169.4
8. *Agriculture and Allied Activities : Total**	165.0	163.0	162.6	165.5
9. Tea Plantations	159.7	153.4	151.1	157.5
10. Coffee Plantations	169.7	167.8	167.7	204.8
11. Rubber Plantations	173.9	171.7	172.8	171.5
12. *Mining and Quarrying : Total*	161.1	160.4	162.8	150.9
13. Coal	118.4	118.3	118.9	114.0
14. Other Mining	190.3	189.3	189.6	174.6
15. *Processing and Manufacturing : Total*	201.7	199.4	195.4	182.2
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	213.6	210.7	205.4	183.8
17. Sugar	156.8	157.0	150.5	119.6
18. Cotton Textiles	187.7	185.5	181.6	148.0
19. Jute Textiles	95.0	92.5	83.8	85.7
20. Silk and Woollen	1215.0	1104.1	1155.6	1072.2
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total**	201.5	199.8	197.4	190.8
22. Iron and Steel	160.0	158.9	157.6	152.4
23. Transport Equipment	402.7	398.5	389.6	392.4
24. Electrical Machinery	165.7	164.7	160.0	143.3
25. Machinery other than Transport and Electrical	214.7	214.0	213.5	208.0
26. Basic Industrial Chemicals	214.0	206.3	203.8	209.0
27. *Processing and Mfg. (Others): Total**	185.7	184.4	181.0	161.3
28. Cement	153.8	152.6	147.8	143.1
29. Paper	208.4	206.8	204.9	216.0
30. *Other Industries : Total**	112.2	112.0	111.8	108.5
31. Electricity Generation and Supply	85.6	85.4	86.8	82.6
32. Trading	121.5	121.7	120.5	115.6
33. Shipping and Other Transport	93.5	93.8	94.2	104.8
34. Construction	297.0	297.6	297.4	292.9
35. *Financial : Total*	208.7	207.5	203.1	177.0
36. Banks	236.8	234.5	229.4	199.1
37. Insurance	154.1	153.5	152.9	131.6
38. Investment Trusts	89.9	89.5	89.5	89.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	193.0	191.3	189.2	174.7
40. Calcutta	170.1	168.4	166.5	155.7
41. Madras	204.0	202.6	197.9	187.9
42. Delhi	250.7	245.0	236.5	221.0

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Three months ended June 1961	1960	Twelve months ended March 1961	1960
Exports	157,26	140,85	632,89	629,90
Re-exports	1,30	2,88	9,90	9,76
Total Exports	158,56	143,73	642,79	639,66
Imports	259,17	300,33	1070,16	960,77
Overall Balance of Trade	−100,61	−156,80	−427,37	−321,11
Exports—				
Tea	13,68	12,27	123,50	129,09
Jute yarns and manufactures	39,68	11,75	135,02	119,76
Cotton yarns and manufactures	16,14	16,01	62,04	69,02
Metallic ores and metal scrap	9,37	11,41	39,00	35,85
Cotton, raw and waste	7,78	2,78	11,57	14,49
Oils—vegetable, mineral and animal	3,30	4,31	13,85	19,17
Fruits and vegetables	6,71	6,47	26,08	21,67
Tobacco	6,64	6,78	15,74	14,54
Mica	2,41	2,46	10,15	9,82
Wool and other animal hair	2,37	2,57	7,74	12,21
Gums, resins and lac	1,42	87	8,61	8,74
Spices	3,70	3,73	16,54	14,46
Hides and skins, raw	1,85	3,10	10,02	11,58
Imports—				
Machinery of all kinds	65,67	48,49	257,46	207,96
Iron and Steel	26,28	30,93	120,30	84,29
Oils—vegetable, mineral and animal	20,72	18,31	74,02	91,87
Chemicals, drugs and medicines	12,94	15,01	85,86	92,48
Electrical goods and apparatus	19,51	15,94	56,15	53,15
Vehicles (excluding aircraft, ships and boats)	26,19	31,98	59,49	55,60
Cotton, raw and waste	15,94	25,97	81,77	41,84
Fruits and vegetables	2,97	3,41	20,39	17,88
Paper, pasteboard, etc.	2,94	3,33	11,74	11,23
Dyes and colours	3,96	3,07	12,95	10,01
Spices	88	42	1,83	2,35
Woollen and worsted fabrics	6	8	21	26
Cotton fabrics	13	19	70	1,15
Rice	2,16	12,27	13,33	10,34
Wheat and spelt	8,49	43,58	121,17	129,78

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
23rd to 26th Aug.*	1.29	—	1.29	—	99.416
29th August	2.00	2.00	2.00	2.400	99.400
30th August to 2nd September	0.71	—	0.71	—	99.416
4th to 9th Sept*	1.28	—	1.28	—	99.416
12th Sept	2.00	2.10	2.00	2.400	99.400
13th to 16th Sept.*	0.05	—	0.05	—	99.416
19th Sept	2.00	2.00	2.00	2.500	99.375
20th to 23rd Sept.*	0.55	—	0.55	—	99.391
26th Sept.	2.00	2.00	2.00	2.500	99.375
27th to 30th Sept.*	0.70	—	0.70	—	99.391
3rd October	2.00	2.00	2.00	2.500	99.375
10th October	2.00	2.00	2.00	2.500	99.375
11th to 14th Oct.*	0.10	—	0.10	—	99.391
16th to 21st Oct.*	1.85	—	1.85	—	99.391
24th October	2.00	2.00	2.00	2.500	99.375
25th to 28th Oct.*	0.35	—	0.35	—	99.391
31st October	2.00	2.00	2.00	2.500	99.375
1st to 4th Nov.*	0.24	—	0.24	—	99.391
7th November	2.00	2.00	2.00	2.520	99.370
8th to 11th Nov.*	0.35	—	0.35	—	99.386
14th November	2.00	2.00	2.00	2.520	99.370
15th to 18th Nov.*	0.15	—	0.15	—	99.386
21st November	2.00	2.00	2.00	2.500	99.375

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949=100]

	All-India	Bombay*	Ahmedabad	Sholapur	Kanpur	Nagpur	Calcutta†	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
1958 Average	116	395	110	313	98	120	387	124	113	105	103	123	109	131
1959 "	120	412	126	340	98	132	387	133	120	106	98	125	108	142
1960 "	124	420	120	357	98	136	398	143	120	107	103	120	109	146
Sept. "	125	418	122	364	101	138	405	146	122	108	102	122	108	147
Oct. "	125	421	123	365	102	137	400	148	122	108	106	119	108	147
Nov. "	124	423	121	367	102	135	395	150	121	110	102	122	108	147
Dec. "	124	419	120	362	100	134	387	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	387	146	122	111	103	120	109	148
February "	123	420	119	360	102	130	392	147	123	111	103	119	109	145
March "	124	423	119	349	101	129	395	148	124	111	104	121	109	149
April "	123	428	119	348	99	130	392	149	125	111	104	120	109	150
May "	124	431	119	345	97	132	392	148	126	112	106	120	110	149
June "	125	433	122	349	99	132	392	148	127	112	104	121	110	150
July "	126	437	122	357	101	132	408	148	130	113	106	122	110	151
August "	128P	438	122	359	103	133	416	149	130	115	107	124	..	151
Sept. "	..	436	..	355	..	..	416	..	..	..	..	..	..	..

*June 1934=100. †Jan., 1928=100. §1930=100. P=Provisional

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 6-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates C		Post Office Savings Bank Deposits		10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% C	15-Year Annuity Certificates G		Total	
	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Outstandings		Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings H
1958-59	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	−40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	98,99	83,24	221,68	210,40	260,68	19,79	−41,35	50	31	41,68	10,64	21,76	56	2,90	305,70	672,99
1960-61	1,24	2,46	81,50	82,53	287,30	228,77	297,77	18,36	−42,00	1,70	95	38,80	16,14	37,34	69	3,38	329,98	770,98
Sept. 1960	1,42	2,81	89,20	7,16	251,84	18,76	271,10	19,26	−41,66	98	57	41,14	1,52	28,71	6	3,18	27,64	710,30
Jan. 1961	1,31	2,57	84,04	6,47	272,48	18,08	280,06	18,87	−41,80	1,40	80	40,90	1,59	31,15	6	3,32	25,83	740,90
Feb. "	1,28	2,52	82,71	6,43	278,70	18,05	282,82	18,44	−41,95	1,53	87	39,88	1,80	35,75	5	3,36	26,58	747,86
Mar. "	1,24	2,46	81,50	11,17	287,30	32,32	297,77	18,36	−42,00	1,70	95	38,80	1,77	37,34	4	3,38	46,05	770,50
Apr. "	1,20	2,40	80,18	5,59	290,56	20,37	298,84	18,17	−42,05	1,83	1,01	37,46	2,28	39,42	4	3,40	28,47	777,47
May "	1,16	2,34	78,90	5,33	294,43	19,28	294,64	18,09	−42,08	1,99	1,08	36,49	1,32	40,92	3	3,42	26,10	773,46
June "	1,13	2,29	77,64	6,57	299,52	19,27	294,43	18,01	−42,13	2,18	−1,15	35,45	1,89	42,43	3	3,43	28,02	777,06
July "	1,10	2,24	76,31	6,66	304,98	20,79	298,78	17,91	−42,16	2,34	1,29	34,15	1,59	44,33	5	3,46	29,34	786,91
Aug. "	1,08	2,20	74,81	6,73	310,39	19,28	302,35	17,85	−42,20	2,50	1,31	33,10	1,25	45,66	5	3,48	27,55	794,32
Sept. "	..	..	..	..	..	..	..	..	..	..	..	32,12	1,02	47,04	5	3,51	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities : repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of July 1961 amount to 16.73 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Loan	1938-39/	116,17,46,000	1963-65	98.75
2½% Loan	1960	80,33,10,000	1964	98.75
3 % Nat. Loan	1943	1,10,11,78,000	1965-68	96.20
2½% Dev. Loan	1945	1,15,05,33,000	1970-75	90.30
2½% Loan	1946	14,77,48,000	1976	83.50
2½% Loan	1947	75,86,72,000	1962	99.15
2½% N. P. Loan	1954	1,58,17,94,000	1964	99.85
2½% N. P. Bonds (4th Series)	1955	1,53,67,92,000	1965	99.80
2½% Loan	1956	1,07,27,30,000	1962	99.90
2½% N. P. Bonds	1956	1,03,81,83,000	1967	99.85
2½% Loan	1956	86,63,53,000	1974	99.50
2½% N. P. Bonds (4th Series)	1957	56,99,30,000	1967	100.10
4 % Loan	1957	49,17,27,000	1962	100.25
2½% Loan	1958	58,05,92,000	1963	99.05
2½% Loan	1958	70,00,00,000	1968	98.70
2½% Loan N.P.B.	1958	64,33,90,000	1968	100.05
4 % Loan	1958	49,51,44,000	1973	100.20
2½% Loan	1959	1,47,90,93,000	1969	98.35
4 % Loan	1959	51,06,50,000	1979	99.25
4 % Loan	1960	98,03,48,000	1980	99.25
4 % Bonds	1960	82,65,41,000	1968	99.70
4 % Loan	1961	65,63,00,000	1981	98.50
NON-TERMINABLE LOANS				
3 % Loan	1896-97	8,93,38,000	M.	72.00
3 % Loan	1946	2,48,91,33,000	K.	71.10
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.25
4 % Andhra	1956	6,56,15,000	3rd Sept. 1968	98.00
4½% Andhra	1958	5,48,92,000	15th July 1970	100.00
4 % Andhra	1959	6,67,75,000	10th Aug. 1971	97.75
4 % Andhra	1960	9,85,35,000	29th Aug. 1969	97.85
4½% Andhra	1961	11,00,00,000	Sept. 1972	98.15
3 % Maharastra	1949	5,20,97,000	1st Aug. 1962	99.50
3½% Maharastra	1951	2,78,41,000	17th Sept. 1963	100.00
4 % Maharastra	1953	5,02,55,000	15th July 1963	100.00
4 % Maharastra	1952	3,34,83,000	1st Aug. 1964	100.00
4 % Maharastra	1955	4,41,35,000	1st Sept. 1967	99.25
4 % Maharastra	1956	7,70,11,000	3rd Sept. 1970	99.25
4½% Maharastra	1957	6,47,37,000	15th Sept. 1969	101.00
4½% Maharastra	1958	6,48,62,000	15th July 1970	100.50
4 % Maharastra	1959	4,31,45,000	15th July 1971	100.50
4 % Maharastra	1959	6,58,14,000	19th Aug. 1971	99.25
4 % Maharastra	1960	10,98,86,000	29th Aug. 1969	99.80
4½% Maharastra	1961	10,77,00,000	Sept. 1972	100.00
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	98.00
4 % Bihar	1956	2,13,41,000	3rd Sept. 1968	98.00
4 % Bihar	1956	2,76,71,000	15th July 1970	100.00
4 % Bihar	1959	3,33,22,000	19th Aug. 1971	97.75
4 % Bihar	1960	3,33,22,000	29th Aug. 1969	97.80
4½% Bihar	1961	3,30,00,000	Sept. 1972	98.00
4 % Gujarat	1960	5,49,22,000	29th Aug. 1969	99.00
4½% Gujarat	1961	6,07,00,000	Sept. 1972	100.00
3½% Hyderabad Bridge (New)	1936-37	1,95,96,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98.00
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.00
2½% Madras	1951	3,01,49,300	17th Sept. 1962	99.75
4 % Madras	1952	10,38,71,000	15th July 1963	99.90
4 % Madras	1952	5,24,81,200	1st Aug. 1964	99.75
4 % Madras	1955	10,47,17,000	1st Sept. 1967	98.25
4 % Madras	1956	13,85,56,000	3rd Sept. 1968	98.25
4½% Madras	1956	5,85,87,000	15th July 1970	100.00
4 % Madras	1959	8,72,72,000	19th Aug. 1971	98.00
4 % Madras	1960	12,20,42,000	29th Aug. 1969	98.00
4½% Madras	1961	10,36,00,000	Sept. 1972	98.15
3½% Mysore(J)	1933	2,95,55,200	1st Dec. 1953-63	100.00
4 % Mysore	1953	3,33,47,000	15th July 1963	100.00
4 % Mysore	1955	3,54,94,000	1st Sept. 1967	98.25
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	98.25
4½% Mysore	1957	3,34,35,000	16th Sept. 1969	100.00
4½% Mysore	1958	5,51,62,000	15th July 1970	100.00
4 % Mysore	1959	5,43,46,000	19th Aug. 1971	98.00
4 % Mysore	1960	4,37,73,000	29th Aug. 1969	98.00
4½% Mysore	1961	7,48,00,000	Sept. 1972	99.10
3½% M.P.	1948	2,25,29,000	15th Sept. 1964	99.00
3½% M.P.	1951	1,02,18,100	17th Sept. 1962	100.00
4 % M.P.	1953	1,10,18,000	15th July 1963	99.40
4 % M.P.	1955	1,68,12,000	1st Sept. 1967	98.00
4 % M.P.	1956	1,58,42,000	3rd Sept. 1968	98.00
4½% M.P.	1958	2,21,85,000	15th July 1970	100.00
4 % M.P.	1959	5,38,25,000	19th Aug. 1971	97.90
4 % M.P.	1960	6,16,28,000	29th Aug. 1969	97.90
4½% M.P.	1961	5,04,00,000	Sept. 1972	99.10
4 % Saurashtra	1955	2,45,30,000	1st Sept. 1967	98.85
4 % Saurashtra	1956	2,62,56,000	3rd Sept. 1968	98.85
4 % Kerala	1956	3,25,61,000	15th July 1963	99.60
4 % Kerala	1956	2,22,08,000	3rd Sept. 1968	98.00
4½% Kerala	1958	3,37,10,000	15th July, 1970	100.00
4 % Kerala	1959	4,47,05,000	19th Aug. 1971	97.75
4 % Kerala	1960	4,00,00,000	29th Aug. 1969	98.00
4½% Kerala	1961	4,04,00,000	Sept. 1972	99.50
3½% U.P.Z.A.	1933	44,35,96,000		43.50Z
3 % U.P.	1936	1,54,80,000	15th Sept. 1961-66	92.75
3½% U.P.	1951	1,82,99,000	17th Sept. 1962	100.00
4 % U.P.	1952	3,59,14,000	1st Aug. 1964	99.90
4 % U.P.	1953	5,58,25,000	15th July 1963	100.00
4 % U.P.	1955	9,10,71,000	1st Sept. 1967	98.25
4 % U.P.	1956	8,48,26,000	3rd Sept. 1968	98.25

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				
36,50,000	4	1904	1964	
35,00,000	4	1905	1965	
15,00,000	4	1907	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1968	97.00
80,00,000	4	1909	1970	
88,25,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
14,35,876	4	1913*	1960	D
80,00,000	4	1913	1974	96.00
88,25,000	4	1914	1975	96.00
10,00,000	4	1914*	1960	
55,00,000	4	1915*	1975	
12,50,000	3½	1931*	1961	
13,50,000	3½	1932*	1962	
24,58,000	3½	1935*	1965	
15,00,000	3½	1936*	1966	D
48,04,000	3½	1938*	1960	
10,00,000	3½	1940*	1970	
7,00,000	3½	1941	1971	
CALCUTTA				
Rs.				Rs.
90,24,300	4	1914	1974	98.25
76,90,100	4	1915	1975	98.25
50,00,000C	5½	1921	1981	82.90
68,02,200C	5½	1921	1981	144.00N
60,00,000	4½	1931	1981	98.00
50,00,000	3½	1935	1965	99.00
25,00,000	3	1938	1963-68	93.00
50,00,000	3	1946	2005	74.00
50,00,000	3	1946	1976	85.00
50,00,000	3	1946	1976	84.75
50,00,000	3	1946	2006	74.00
50,00,000	3	1947	1977	79.50
50,00,000	3	1948	1978	83.75
50,00,000C	3	1950	1980	82.00
50,00,000	3	1951	1981	81.75
1,50,00,000	3½	1953	1961	99.75
50,00,000	4	1953	1963	100.00
50,00,000	4	1954	1964	99.75
50,00,000	4	1955	1985	97.25
50,00,000	4	1956	1986	97.25
50,00,000	4	1956	1986	97.25
78,00,000C	4	1956	1986	97.25
1,25,00,000	4½	1957	1987	99.50
1,80,00,000	4½	1958	1988	99.00
1,00,00,000	4	1959	1989	99.50
50,00,000	4	1960	1990	99.50
1,00,00,000	4	1960	1970	98.50
STERLING LOANS				
£802,600	5	1923	1953-83	£63
£901,000	5	1924	1954-84	£63
£835,100	5½	1932	1962	£95½
MADRAS				
Rs.				Rs.
28,48,275	3½	1947	1977	
9,88,000F	3	1947	1977	A
3,00,000F	3	1949	1979	
45,00,000H	4½	1954	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				
30,00,000	4	1902	1962	
60,00,000	4	1903	1963	
60,00,000	4	1904	1964	
30,00,000	4	1905	1965	97.75
20,00,000	4	1906	1966	N
15,00,000	4	1907	1967	
30,00,000	4	1908	1968	
60,00,000	5	1919	1955-80	
66,00,000	5	1920	1955-80	
25,00,000	5	1926	1956-86	115.00N
25,00,000	5	1927	1961-70	98.00N
10,00,000	2	1936	1966	
STERLING LOANS				
£566,600		1909	1968	£95.50
(£338,000		1910	1970	£95.50N
Rs.				Rs.
50,00,000	4	1934	1964	99.25
50,00,000	4½	1935	1965	99.00
30,00,000	3	1936	1966	92.50
60,00,000	3	1937	1967	97.00
30,00,000	3	1938	1963-68	93.00
80,00,000	4	1952	1962	100.00
2,08,00,000	4	1956	1968	98.50
75,00,000	4½	1958	1968	101.00
65,00,000	4½	1959	1974	99.75
CALCUTTA				
Rs.				Rs.
50,00,000	4	1934	1964	99.25
50,00,000	4½	1935	1965	99.00
30,00,000	3	1936	1966	92.50
60,00,000	3	1937	1967	97.00
30,00,000	3	1938	1963-68	93.00
80,00,000	4	1952	1962	100.00
2,08,00,000	4	1956	1968	98.50
75,00,000	4½	1958	1968	101.00
65,00,000	4½	1959	1974	99.75
MUNICIPAL LOANS				
BOMBAY				
Rs.				Rs.
3,25,00,000	3½	1947	1977	84.00
2,13,14,500	3½	1949	1979	84.00
4,00,00,000	3½	1950	1965	95.00
2,69,21,472	4	1952	1964	99.00
2,00,57,318	4	1952	1966	97.75
1,80,00,000	4	1953	1963	99.00
92,19,000	4	1952	1964	99.00
2,87,97,000	4	1954	1966	97.00
2,50,00,000	4	1955	1967	99.00
1,57,50,000	4	1956	1968	99.00
2,00,10,500	4½	1957	1969	99.25
4,40,00,000	4½	1958	1970	99.25
5,30,00,000	4½	1959	1971	98.00
Rs.		CALCUTTA		Rs.
4,00,00,000	3½	1932	1962	102.50N
83,91,000	3½	1935	1965	95.00
60,00,000	3	1936	1966	92.00
1,47,00,000	3	1938	1963-68	93.50
21,10,000	3½	1947	1977	82.00
66,88,000	3½	1951	1966	95.50
87,36,000	4	1952	1962	99.75
72,50,000	4½	1954	1979	100.00
2,22,72,000	4	1955	1985	97.25N
73,86,000	4½	1958	1968	100.50
1,67,32,000	4½	1959	1970	101.00N
Rs.		MADRAS		Rs.
15,00,000	3½	1951	1961	107.00N
15,00,000	3½	1952	1962	107.50N

STATE LOANS

Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
1958	7,65,59,000	15th July 1970	100.00
1959	7,79,16,000	19th Aug. 1971	98.00
1960	7,79,16,000	29th Aug. 1969	98.00
1961	6,00,00,000	Sept. 1972	98.15
1956	8,14,19,000	3rd Sept. 1968	98.00
1958	2,70,88,000	15th July 1970	100.00
1959	3,84,19,000	19th Aug. 1971	98.00
1960	5,08,74,000	29th Aug. 1969	98.00
1961	5,40,00,000	Sept. 1972	98.50
1956	3,09,34,000	3rd Sept. 1968	98.00
1958	3,28,68,000	15th July 1970	100.00
1959	5,82,50,000	19th Aug. 1971	97.90
1960	4,00,00,000	29th Aug. 1969	97.90
1961	5,50,00,000	Sept. 1972	98.10
1953	1,04,77,000	15th July 1963	99.60
1956	1,11,26,000	3

BANKING

(*Concluded from page 992*)

The implementation of this idea, too would present many difficulties. It would be difficult to determine as to what is a reasonable period which is likely to vary with the nature of the industry. In some industries, the profit potential in the initial period may be very low. In such cases, the anxiety to purchase the Government's share may hang too heavily upon the entrepreneur and might affect the proper working of his enterprise. It is suggested by some that to enable the industrialist to purchase the Government's share, a substantial part of the profits should be retained in the undertaking itself and the companies concerned should not be allowed to declare dividends at more than 5 per cent till the Government's share has been purchased. Though the principle of ploughing back of profits is very good and is usually followed by most industrial concerns, a limitation of dividends at 5 per cent will, however, act as a serious damper, in view of the fact that the bazar rate of interest is round about 12 per cent. Then, again, the valuation of Government share for purposes of purchase would present a serious problem. This may give rise to a conflict of interests.

All these problems can be easily avoided, if investment companies are formed on the pattern of U.S. Small Business Investment Corporations, for the purpose of providing equity capital to small-scale industries. The privately owned and operated U.S. Small Business Investment Corporations have been established under the Small Business Investment Act of 1958 to provide long-term loans and equity capital to small business concerns. They receive substantial aid from the Small Business Administration in the form of long-term funds at a low rate of interest. Similar investment companies can be established in India. Such investment companies should be privately owned and operated but should receive financial assistance from the State Governments through the agency of the respective State Financial Corporations.

The scheme for the establishment of investment companies may be formulated on the following pattern :

The State Financial Corporations should be allowed to lend funds to such Small Industries Investment Companies (S.I.I.Cs) as may be formed by private entrepreneurs. The primary function of these S.I.I.Cs would be to provide long-term loans and equity capital to small industrial units. Any 10 members should be allowed to form such a S.I.I.C., provided they can manage to invest Rs. 5 lakhs. The minimum capital to start business should be Rs. 10 lakhs, the balance being provided by the S.F.Cs to each such company through the purchase of 5 per cent subordinate debentures, that is, subordinate to any other obligation of the S.I.I.C. The maturity of debentures should be about 20 years, amortisation to begin not later than the beginning of the second half of the term thereof. The S.I.I.Cs shall also borrow money from private sources from where they should derive the major portion of their funds. However, the ratio of the total outstanding indebtedness of a S.I.I.C. to its paid-up capital and reserves should not be allowed to exceed 4 to 1. In other words, a S.I.I.C., starting with the minimum capitalisation of Rs. 10 lakhs would be allowed to borrow initially upto Rs. 40 lakhs. Thus an initial investment of Rs. 5 lakhs could be increased to Rs. 50 lakhs. Besides purchasing debentures to the extent of Rs. 5 lakhs or more as contribution to the initial capitalisation, State Financial Corporations may be further allowed to lend funds to the S.I.I.Cs upto 50 per cent of their paid-up capital and reserves at 5 per cent for a maturity not exceeding 20 years. (The S.F.C. contribution to initial capitalisation would be treated as paid in capital of the S.I.I.Cs for all practical purposes.) Scheduled banks should also be encouraged to hold shares in such S.I.I.Cs. In fact, the Small Business Investment Corporations in the U.S. have received good response from banks in that country.

The S.I.I.Cs would provide equity capital to small industrial units through the purchase of their shares or through the purchase of convertible debentures, i.e. debentures convertible into shares at the option of S.I.I.Cs at the sound book value of these shares as determined at the time debentures are issued. Convertible debentures shall bear interest at 6 to 7 per cent and shall have a maturity of not less than five years. In addition, S.I.I.Cs would make loans to small industrial units, both corporate and non-corporate. These loans may be made directly or indirectly in participation with other lending institutions. The minimum maturity should be five years and the maximum 20 years. Interest shall be charged at reasonable rates. The total amount which a S.I.I.C. may lend or invest in a single unit may not exceed 20 per cent of its own paid-up capital and reserves. Surplus funds at the disposal of S.I.I.Cs may be invested only in Government securities.

Small Business Investment Corporations in the U.S.A., it may be noted, have been allowed some attractive tax concessions. Similar concessions may also be allowed to S.I.I.Cs in India. Losses suffered by persons investing in the shares of S.I.I.Cs on account of the worthlessness of such shares or on sale of such shares should be allowed as deductions from income for purposes of income and super taxes. Similarly, losses suffered by S.I.I.Cs on convertible debentures or on sale of shares received pursuant to the conversion privilege should be deductible for purposes of income-tax as would be the case with other investment companies.

A scheme on the aforesaid lines would have the benefit of combining private initiative and capital with the financial and moral support of Governments. It also fits in with the pattern of mixed economy. It will not have the limitations inherent in direct State participation in industries. The Government's financial stake in industrial units would be limited. First, the State Financial Corporations are not wholly Government owned. Secondly, State Financial Corporations would lend only to S.I.I.Cs and thereby diversify their risk. Thirdly, S.I.I.Cs would, in turn, lend to different industrial units, so that the limited risk of the State would be further diversified. As S.I.I.Cs will try to satisfy themselves as to the soundness of the enterprises financed by them, the loss to the Government, if any, by this indirect participation would be insignificant and is likely to be offset by gains elsewhere. The Government will not have to bother about the management of the concerns financed in such a manner. As the direct loss, if any, is likely to be suffered by the S.I.I.Cs, the responsibility to see that the concerns financed by them are soundly managed will shift to the S.I.I.Cs. It is assumed that the various S.I.I.Cs will prefer to specialise in one or two connected industries. In that case, they will have the necessary competence and technical ability to see that the concerns financed by them are technically well planned and soundly managed.

LABOUR

(*Concluded from page 1010*)

firms, the techniques usually employed to increase productivity are the following in order of frequency: (1) incentive schemes, (2) improved maintenance, (3) better layout, (4) training of workmen and managers, (5) good human relations, and (6) installation of the latest type of machinery. Other techniques usually adopted to improve productivity are materials handling, methods study, joint consultation and suggestion schemes. In some cases, increase of productivity has also been achieved by plant expansion not associated with a proportionate increase in manpower.

While it is true that this can reasonably be taken as a fairly representative sample, showing a general increase in productivity over the whole range of industry and, in certain cases, very considerable increases, it would be difficult, as the N.P.C. economist himself concedes, to base a firm generalisation on this. A statistical average of increases recorded above works out to 29 per cent. But it is again difficult to say whether this average could be taken as the average increase in industrial productivity during the period under review. Subject to these qualifications, it would not be unwarranted to conclude from the foregoing that there has been an improvement in productivity during the period 1956-57 to 1959-60, at least in the firms which submitted returns. Although this improvement cannot be attributed entirely to the efforts of the N.P.C., it cannot be denied that it too had contributed, in some measure, to this gratifying result.

MARKET REPORTS

(*Concluded from page 1020*)

support although registering a decline of 15/25 nP, while poor kinds were easier by 20/30 nP and sometimes more. Residual grades were irregular and considerably lower. C.T.C. kinds met fair inquiry at easier rates whilst there was a less activity for legg-cut types which were considerably lower and sometimes withdrawn without bid.

The average price realised in dust sale No. 46 was Rs. 4.13 per kilo, as compared with Rs. 4.26 a week ago and Rs. 4.77 in the corresponding sale last year.

Export Quota: There are still no buyers and the quotation remains nominal at ¼ nP per kilo.

Colombo: Just over 6¾ million pounds were offered this week. The market opened to a strong general demand at firm to dearer rates for Dimbulas and useful mediums. Uvas were, however, substantially lower following quality, whilst low mediums declined by 3/5 cents. Lowgrowns were about steady.

London: North India and other growths: There was a good general demand with the better liquoring types selling well at firm to dearer rates. The lesser kinds, however, were irregular and sometimes easier. Plain broken pekoe is quoted at 3/3½d.

Ceylons and South Indians: In Ceylon and South Indian sale prices were ½d. easier.

As we go to press, Messrs. Forbes, Ewart and Figgis Ltd. were as follows:

"*Sale No.* 47. 742,000 kgs. offered. Less demand. Plain and low medium upto 40 nP lower. Similar fannings 20 nP to 30 nP easier. Medium and good mediums 30 nP to 40 nP lower. Highgrowns irregular and easier. Unorthodox much easier."

FOODGRAIN ARRIVALS SMALL

(From Our Own Correspondent)

HAPUR, 20*th November*

Steady conditions continued to prevail in the foodgrains market during the week under review. Arrivals were small and stockists were retaining their stocks in expectations of better prices later. *Rabi* sowings were nearly complete, barring scattered area recently vacated from sugarcane where peas is being sown. Germination of grain was satisfactory, thanks to good moisture in the soil. Wheat continued to be quoted at Rs. 15.50 a maund for average quality and upto Rs. 17.25 for better farm produce. Daily arrivals were at an average of 150 maunds which were being lifted by consumers and local stock also ran down slightly to 20,000 maunds.

Rice continued to rule quiet, thanks to arrivals of new produce in the producing areas which were reaching in other centres as well. Week-end prices were:—*mainpuri sela* Rs. 20; *gadda kutcha* new Rs. 18.50; *ramajwayan sela* Rs. 21; *raimunia sela* Rs. 22; *basmati sela* Rs. 26 to Rs. 27; paddy new Rs. 11 per maund.

Gram ruled steadier at Rs. 14.50 to Rs. 14.62 a maund for Punjab produce and arrivals were small in the face of better demand and steady advices from Punjab. Local stock shrank to 24,000 maunds. Barley continued to rule steady at Rs. 10.50 to Rs. 11.25, *bejhar* inferior at Rs. 11 and *moongia* variety at Rs. 12 per maund. Maize arrivals were heavy from Rampur-Bareilly side and, as arrivals during the week aggregated about 12,000 maunds, prices were not affected. In fact, they continued steadier on brisk consumer demand and stocks improved to 5,000 maunds. New *bajra* attracted good demand and improved to Rs. 14 per maund. Methi was quiet at Rs. 26 to Rs. 27 and other coarse grains were listless, *juwar* being quoted at Rs. 11, *guwar* at Rs. 14 and oats at Rs. 11.50.

Among pulses, peas and *arhar* improved with marked gains recorded by the latter on brisk demand for conversion into *dal* and local stocks were fast running down as loading facilities were available. A prominent Agra operator made heavy purchases in expectations of early exports. Other pulses were also steadier in sympathy and as a result of good consumer demand. Week-end prices (in rupees per maund) were: peas *dara* 12.50 to 12.75; farm 13; peas *dal* 14; gram *dal* 16.75; *arhar* 14.75; farm 15.75; *arhar dal* 18.25; *urd* 23; *urd dal* 25 to 27; *moong* 17 to 19; *moong dal* 20 to 22; moth 18; moth *dal* 22 to 23; *massoor* 14 to 17; *massoor dal* 18.25.

SUGAR QUIETLY DEPRESSED

(From Our Own Correspondent)

HAPUR, 20*th November*

Sugar was quietly depressed during the week, due to slack demand from consuming areas. Mills were anxious sellers, as the new monthly release was expected soon. In order to lessen the burden of stocks, traders were of the opinion that the Government should increase the monthly releases from 200,000 tons to 300,000 tons. Some factories would begin their new production season by the end of the week which is about a month late than last year. Week-end prices were:—Rs. 106.50 per bag retail Re. 1 per *seer*; mill delivery D29 Simbhauli Rs. 105.87; E29 Rs. 105.37; Bulandshar D29 Rs. 105.50; D29 Amroha Rs. 36.75; Dhampu Rs. 36.50; Bijnore Rs. 36.25.

Sugar turned weak towards the week-end in the Muzaffarnagar market in the absence of demand from Gujarat, Rajasthan, Madhya Pradesh Saurashtra and Punjab. The factories producing inferior qualities were quoting at a discount o 12 nP to Re. 1 per maund and week-end prices (in rupees per maund) were:—A29 Mansurpu Rs. 39.97 ; Iqbalpur Rs. 39.60; Shamli 40.20; Lhaksar 39.49; B29 Lhaksar 38.47; Deoband 38.59 Buland 39.28; Mansurpur 39.34; C29 Dhampur 37.25 Deoband 38.66; Lhaksar 37.72; D29 Meerut 37.85 Amroha 36.75; Shamli 38.

Arrivals of new *khandsari* were still meagre While moist variety fetched Rs. 34 a maund, dr stuff was lifted at Rs. 36.25. Punjab and Rajas than were the main lifters. *Khandsari* and *gu* manufacturing units were purchasing cane a 87 nP to Re. 1 per maund.

New *gur* drifted lower to be quoted at Rs. 1 for best variety and medium was quoted at Rs. 1 to Rs. 15 per maund. Fall in prices was due t pressure of arrivals which during the week aggre gated 30,000 maunds. Despatches were heavy at 2 wagonloads, mostly to Gujarat, and *gur* was being freely lifted from all *mofussil* markets. Arrivals, which were about 8,000 maunds were expected to mount further, as the cultivators were sowing peas in the land vacated from the sugarcane crop. *Shakker*, however, was steady upto Rs. 18 a maund on Rajasthan and Punjab demand.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent Who else must sweat and toil and gain but scanty fare."
William Blake.

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ASSOCIATED CHAMBERS GIVE THE LEAD

FOR the third time in the last twelve years, the Associated Chambers of Commerce of India had the privilege of hearing Prime Minister, Mr. Nehru, expound his Government's economic policies at their annual general meeting held at Calcutta on the 2nd instant. It must have been a pleasant surprise to them to have had a much larger area of agreement between Mr. President, Mr. N. Stenhouse, who spoke first, and the Prime Minister who spoke next. And it must have been no less pleasing to them that, even in that smaller area of disagreement, Mr. President had advanced his criticism in a dignified and statesmanlike tone and Mr. Nehru replied to it in like manner. There was nothing in Mr. Stenhouse's speech that could have caused irritation to Mr. Nehru; there was, therefore, no occasion for the latter to adopt the technique of counter-irritation. The happy result is that the practical approach of Mr. Stenhouse to the country's economic problems struck a responsive chord in Mr. Nehru, drawing out his pragmatic sense. There was enough indication in the Prime Minister's speech that he was thinking less and less in terms of ideology and doctrine.

Let nobody, however, jump to the conclusion that ideological and doctrinaire considerations would soon cease to weigh with the Government and the planners in their policies. The process of discarding such considerations would not be that easy. There are obviously two to a quarrel and private enterprise, too, would have to think less and less in terms of ideology and doctrine. It is quite some time now since the private sector has realised this point. For almost over a year, its spokesmen have been urging that the controversy between the public sector and the private sector should cease. Mr. Stenhouse's speech, too, contained a reiteration of this helpful approach, witness the following extract from it:

"As the vastness of the task before the country becomes more apparent and is more appreciated, so do some of the earlier controversies seem both unreal and unnecessary. What is going to matter in the next decade or two is not which particular sector of the body politic or of the economy developed a given part of the new industrial India, but how quickly and how effectively the task was carried out by all communities and sectors of the people working together."

It was equally statesmanlike on Mr. Nehru's part to have frankly recognised the spirit behind this approach and expressed his preference for the practical way of dealing with economic problems without bringing in ideological considerations. His own experience, first as Chairman of the National Planning Committee 20 or 22 years ago and later as Chairman of the Planning Commission, was that, when one came down from theoretical argument to what might be called brass tacks, questions of ideological approach did not come in the way or came in the way very little. It was something extraordinary, according to Mr. Nehru, that people differing from one another in basic approach came to broad agreement when presented with specific problems. In the same way, he too found himself "broadly in agreement," at the Associated Chambers meeting, with a good deal of what Mr. Stenhouse had said, especially about the three most pressing requirements—foreign exchange, power and transport.

Whether the Prime Minister's "broad agreement" with much of what Mr. Stenhouse said would specifically involve official acceptance of the latter's concrete suggestions is the crux of the matter. Obviously, the Prime Minister could not have straightaway committed himself to their acceptance even if he had wanted to do so. But his broad agreement with Mr. Stenhouse's practical ideas would appear to suggest that the business world could look forward to greater responsiveness at the different levels of administration. Another circumstance that augurs well for greater co-operation between the Government and the business community is the constructive and understanding approach for which the Associated Chambers stand. This approach is typified by the following passages in Mr. Stenhouse's address:

"While there are certain targets and certain objectives laid down for each plan, these may not be attained in any one particular plan period. Failure to attain these objectives should not be over-emphasised."

"It is supremely important to us to be able to take our problems and difficulties (relating to foreign exchange, power, transport, etc.) quickly to those in control of economic policy and especially to those who apply and interpret it. It is a matter of great satisfaction and of the greatest possible assistance to us that all concerned in Government, whether they be Ministers, high officials or executives, have created a tradition of approachability and courteous readiness to listen to views and to deal with opinions which may often be critical. *The business world can best reciprocate by being objective in its approach and by endeavouring to be solidly constructive in any proposals which it may make.*" (Italics ours.)

"While we accept that, in a state of controlled development, planning and administrative supervision are required, contemporary experience shows that constant effort is necessary if the machine is not to slow down. Experience also shows that, where this effort has been applied, delays in the administration of controls have now been substantially removed. There is still much room for improvement, particularly in the rationalisation and simplification of procedures, in the administration of controls, and in the centralised collection of statistical information."

A certain readiness to give credit where it is due and a sense of high responsibility to Government and to the community are the two most commendable elements in this approach. Mr. Stenhouse's specific suggestions and ideas are doubly more persuasive in the background of this approach. For instance, there is a compelling logic in the order of priorities outlined by Mr. Stenhouse for allocation of scarce foreign exchange in so far as industry is concerned. Since industry, existing and already licensed, should be enabled to work to maximum capacity, import of raw materials, spare parts and replacements should have the first priority. Next in importance is the import of plant and machinery to manufacture from indigenous materials goods which are at present imported or which can be exported. Import of raw or semi-processed materials which can be finished or converted into goods for export or for replacing imported goods should also have priority. No less important is the import of modern plant and machinery to replace outdated plant in the export industries. No serious objection can be taken to the view that, when the licensing of new units is being considered, the authorities should satisfy themselves that there is no spare capacity in the country capable of producing the goods proposed.

Mr. Stenhouse's suggestions for earning more foreign exchange are even more valuable than the ones he advanced for its judicious allocation. Such traditional export industries like jute and cotton textiles and tea, in his view, should be enabled to maintain, if not increase, the level of their export trade. For this, jute and cotton textiles must be encouraged to modernise and tea relieved of the heavy fiscal burdens. Secondly, all industries, traditional or newer, should *voluntarily* adopt a positive and active policy of exporting at least a part of their production, for, otherwise, it would be impossible for the country to provide for the growing import requirements of a rapidly expanding economy. Thirdly, in view of the fact that price rather than quality is acting as the brake on increased exports, a sustained drive to increase productivity and thereby reduce the unit cost of an article would be absolutely necessary. Here the Labour Ministry's current appreciation of the view that increases in remuneration must be linked with increases in productivity should be reflected in the findings of the Bonus Commission and of the various Wage Boards. At the same time, industry, too, should play its part by adopting new techniques and multiple-shift working. Fourthly, the Government should examine the possibilities of a scheme for tax exemption in respect of new or increased export arising from fresh capital investment by a company. Fifthly, the Government should strive by some mutual compromise with Britain in the event of the latter's entry into the Common Market, to secure for India a place in the large and growing markets of Europe. And, above all, a separate Ministry for Export Promotion should be formed. This Ministry, in Mr. Stenhouse's view, should have power to co-ordinate and, if necessary, to subordinate the policies and programmes of other Ministries to the over-riding necessity of improving and putting on a sound basis the country's balance of trade. It would not be far wrong to say that no other commercial body has put forward a more cogent and earnest plea for export promotion. The tendency to pay lip-service to export promotion while having an eye on the enormous potential internal demand for the products of industry, is singularly absent from the approach of the Associated Chambers. If industry as a whole is earnest about export promotion, there is no reason to believe that Mr. Stenhouse's plea for judicious extension of the present tax relief as to enhance capital accumulation would fall on deaf ears.

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LAW COMMISSION'S PROPOSALS ON HIRE PURCHASE

HIRE purchase occupies a prominent position in Western industrial societies as a source of consumer credit. It is a convenient method of purchasing equipment on fixed terms where the equipment itself can provide adequate security for the loan and the loan can be paid off by regular instalments. Both small businessmen and householders have found this system suitable. Just as a mortgage is the normal method of borrowing for the purchase of a house, hire purchase is becoming the chief source of credit for equipping it, the period of the credit often varying between six months and three years. The system thus enables one to buy goods in advance of one's savings and enjoy some of the amenities of life which he or she may forgo if compelled to pay cash or buy on the strength of credit with the dealers.

The main difference between a sale on credit and hire purchase (H.P.) is that, in the latter, the ownership of the goods does not pass to the consumer until the debt has been discharged. Under a credit sale, the consumer becomes the owner as soon as he makes the first payment and the balance remains an ordinary debt recoverable in the normal way; the hirer, under H. P., is only given a right to purchase goods on certain conditions and is thus given an option which he may exercise during a specified period by either fulfilling all the conditions for the purchase or returning the goods and terminating the agreement in the manner provided in each contract. This option to withdraw is thus considered to be the essence of H.P.

In Britain, for instance, the total amount of credit provided in this manner amounts to over £950 million, about half of it is for the purchase of motor cars, a quarter for furniture and the rest for household equipment like radio and television sets, electric and gas cookers, and refrigerators. H.P. credit for the purchase of industrial and agricultural equipment is very small and does not amount to more than £100 million; one explanation for this feature is the restriction enforced until recently on the minimum first payment and the total period of repayment. While this has not affected purchases of equipment with limited life like commercial vehicles, tractors and earth-moving machines and plant and machinery for small industries, it has prevented those who needed a much longer period of credit for industrial equipment.

Hire purchase methods had their origin in the last century in Britain and all along they were governed by ordinary laws relating to contracts for the sale of goods. When the practice became widespread, certain evils also crept in and it was found that buyers were subjected to penal terms in agreements and misuse of the power to seize goods, forfeit all payments made and claim compensation. Legislation to regulate H.P. did not, however, come until 1938 and the Act then passed was supplemented only recently in 1954.

The position in India now is the same as in Britain before 1938, except that the H.P. habit has not spread widely and there is not much likelihood of its adoption on a large-scale, because most consumer durables are likely to have a seller's market and the Government's policy of imposing curbs on consumption is contrary to the deliberate stimulation of consumer offtake which is implicit in any encouragement to sales of goods on credit. Immediately, therefore, the object of any official measures to regulate this system should be to facilitate purchase of equipment for productive purposes; already the system is in vogue in the matter of purchase of lorries and trucks by road transport operators. The National Small Industries Corporation itself is operating a scheme under which small units have to make a down-payment of 20 per cent of the value of machines supplied and pay the balance in instalments spread over a period of seven years. Other private credit on the same lines may be needed to supplement it. Meanwhile, a limited amount of business is being done in selling household articles also, like sewing machines, fans and radios.

Accordingly, the Law Commission felt that safeguards should be provided in this country also on the lines of the Acts in Britain and has drawn up a model Bill based largely on those principles. Its report, together with the draft Bill, is now before the Lok Sabha. It is, therefore, clear that the proposed legislation is intended not to introduce afresh any new hire purchase system but to regulate contracts permissible even now under the general law. In Britain, the effects of regulation are felt mainly by the finance companies which provide the credit, because wholesalers and dealers cannot directly enter into hire purchase transactions, unless they have also facilities for the disposal of second-hand goods with which they will be loaded when they seize goods after default by hirers or when hirers terminate agreement without exercising their option to purchase and return the goods.

The draft Bill provides that a hire purchase agreement should be in writing and signed by all the parties; it should specify the H.P. price as well as the cash or market price on the date of commencement of the contract and the precise number of instalments and dates of payment. The description of the goods should be clear and any other consideration (exchange of an old car for a new one, for example) has to be stated; to prevent circumvention of the law by the execution of separate agreements each of which does not amount to a hire purchase contract, it is provided that such documents should be taken and read together.

It is enough under the proposed law if an owner, that is, the person who gives the goods to the hirer on H.P. terms, acquires the right to sell the goods before the hirer gets the right to purchase them by completing the payments due. The object is to enable finance companies to get goods from manufacturers or dealers on credit and pay off the debt as and when they receive the instalments from the hirer. This is in accordance with the British Law and consistent with the aim of promoting sales of manufactured durable goods; it is not likely to result in any hardship to the hirer, except when the finance company fails to pay up. But since finance companies are often subsidiaries of manufacturers, it is improbable that such situations will arise; even if they do, the hirer has redress against the finance company and can in any case exercise his option to terminate the agreement before the title to the goods has passed to him.

The Bill seeks to provide also that the goods shall be of merchantable quality, but there are some exceptions, as, for instance, when the owner could not reasonably be expected to be aware of defects (or when the hirer has examined them for such defects) and in the case of second-hand goods. In Britain, disputes about quality have given rise to much litigation and even today legal experts consider that the safeguards are not sufficient. Motor vehicles hardly fit for the road have been sold to purchasers of second-hand cars and judicial decisions are often based on the circumstances in which goods are hired and on whether there are reasonable grounds for the presumption that the hirer was made aware of the defects.

The hirer need not wait until the last instalment matures in order to own the goods. He can accelerate the purchase at any time during the subsistence of the agreement. It is recognised that, in such cases, the hirer should be given a rebate, calculated on the difference between the H.P. price and the cash price. The Bill provides that, after deducting one-third of this as office charges, a rebate proportionate to the unexpired period of the agreement should be given. The Government is given the power to withdraw such rebate, if it does not wish to encourage early purchase of goods. When the hirer wishes to terminate an agreement, he should do so after proper notice, re-deliver the goods and tender all the instalments due up till then on the H.P. agreement; where the total due falls below one half of the price, he should make up the difference which is a kind of penalty. But his rights of termination cannot be limited in any way by contract; when he has more than one H.P. agreement, he is given the right to appropriate his payments in such a manner that he can save some of the goods at least, if he cannot save all of them. If no such appropriation is made by the hirer, the Bill provides that amounts should be appropriated in the order in which agreements are entered into.

The British Law does not give the hirer a specific right of assignment of his interests under H.P. agreements, but permits it where there is no contract to the contrary. The Law Commission's Bill provides for assignment with the consent of the owner, if it is possible, and with the approval of the court, if consent is unreasonably withheld; also, in cases of insolvency of the hirer, his rights will vest in the Official Receiver who can assign them to others in turn. This is an important provision, since it will help a hirer to make the best of the bargain when he is unable to continue payments as stipulated.

The owner's right to terminate the H.P. agreement in the event of default of payments, misuse of goods or breach of other conditions is subject to certain restrictions. He is entitled to retain the hire paid, recover arrears, to seize the goods or recover possession through court and claim damages for non-delivery of goods for the period during which it is delayed. The right to seize goods is, however, sought to be restricted, by providing that it shall be done only through court proceedings, if half the hire purchase price has been paid in cases where the value of the goods is less than Rs. 15,000 and three-fourths in other cases. This is intended to prevent oppression by the owner. The corresponding provision in the British Law, it may be noted, is to the effect that, if one-third of the price had been paid, the right to seize should be exercised only through a court. But there the H.P. Acts apply only to transactions below £1,000 in the case of livestock and below £300 in the case of others. No such pecuniary limit is contemplated in the Indian legislation. There is, therefore, a greater disadvantage on the owner in regard to the right to seize goods, especially when costly transport vehicles are involved. Even so, the grant of the power of seizure until three-fourths of the price is paid in cases above Rs. 15,000 gives owners sufficient protection, though, at the last meeting of the Central Advisory Council of Industries, a representative of transport finance interests felt that this restriction would hamper H.P. transactions. The Law Commission, on the other hand, thought that, since goods taken on H.P. constituted the main source of livelihood of the hirer, sudden deprivation would cause hardship. Besides the concession for owners of costly motor vehicles, the Bill has provided that court proceedings should be by way of petition and not a suit which may take a long time for disposal.

A significant improvement on the British Law has thus been effected by the mere removal of the monetary limit prescribed therein for the application of the protective provisions. In respect of the owner's responsibility for the quality of the goods, however, the same conditions will prevail here and perhaps the same anomalies will be repeated, until more experience indicates the lines on which further safeguards can be provided. An important consideration against leading the law too much against the owner is that H.P. in India is still in its infancy, unlike in Britain where the system had developed well before the State intervened to protect hirers. While the National Small Industries Corporation has shown the way in which small entrepreneurs could be helped under H.P. methods, it cannot obviously cover their entire needs of machinery and equipment. The test of success will, therefore, lie in the extent to which finance companies come forward to undertake H.P. activity on an increasing scale.

Whether there should be a maximum for the repayment period under H.P. is one of the questions that may have to be faced. In Britain, two years was the limit until recently, when it was increased to three years. The Law Commission proposes no such limit and the Government may have to bring it in as part of its credit control policy, though, even then, the seven-year period adopted by the National Small Industries Corporation will have to remain an exception. If finance houses should continue to do sound business, they should be able to recoup their money by repossessing the goods and selling them in the second-hand market, but too many instalments may mean that the article hired becomes a wreck when it is returned and the hirer's equitable interest in it depreciates; when that stage is reached, the hirer will have no interest in keeping up payments and purchasing the goods. Concessions and protection to hirers should not, therefore, be taken to a point when too much unsound business will be transacted, bringing the whole system into disrepute. In this country, the immediate objective is to help purchase of production and transport equipment and it is possible to place the terms of hire purchase on a business basis; perhaps, two sets of rules, one for household goods and another for productive equipment, are desirable. There is time to consider all these aspects before legislation is enacted by Parliament and the interests concerned should bestir themselves before it is too late, examine the Bill in an objective manner, and put forward constructive suggestions designed to safeguard the legitimate rights of owners, hirers and financiers.

MARKET GOSSIP

Severe Shake-out in Shares

A FORTNIGHT ago, we stated in these columns that the share markets had become highly vulnerable to adverse developments. The extent of their vulnerability became apparent this week, when they were confronted with two disturbing political developments—further evidence of Chinese belligerent attitude towards India and acute tension on Goa borders necessitating movement of troops to that area. The actual introduction of the new margin system did not aggravate the bearish trend generated by these political events; on the contrary, it was received with a sigh of relief, for it was thought that it would have a restraining effect on bears.

The deterioration in Sino-Indian relations had manifested itself as early as 20th November 1961, when it was disclosed in the Lok Sabha that the Chinese had obtained control over an additional area of some 2,000 square miles in Ladakh. But speculators were inclined to dismiss it as an event of no consequence to share markets and persist in taking a bullish view. The various statements made in the Lok Sabha this week in the course of the debate on the situation in our northern and north-eastern borders, however, have frightened them. The Prime Minister's disclosure that China had threatened to cross the MacMahon Line in North Eastern India, unless India stopped its military preparations in the Ladakh region, had a demoralising effect on a market which had already suffered a sizable drop following reports about serious preparations to prevent border violations by the Portuguese in Goa. The fears now haunting the share markets are: (1) Will the trigger-happy Portuguese commit the indiscretion of attacking Bombay and the neighbourhood of Goa? The reports that they have assembled fleets of frigates armed with modern equipment and jet aircraft are chiefly responsible for this poser. (2) Will the Chinese, who now know that India means business and is actively preparing to defend its frontiers, keep quiet, leaving India to gather the military strength which it lacks now? Will they not take time by the forelock and try to gain their objectives? If they do, it will mean (a) that India will be compelled to devote a larger share of its resources to defence than is the case now and (b) a certain amount of dislocation in the normal economic activity in certain parts of India.

With all this uncertainty, it is no wonder that some of the big bull operators decided in favour of caution and rushed to reduce their commitments drastically. The bears, too, did not want to miss the opportunity for which they were waiting all along. The result was a sudden flop in the value of equities. Although values have staged a smart recovery in several scrips from the lowest levels witnessed on Tuesday and Wednesday this week due partly to bear-covering and partly to L.I.C.'s buying of some leading scrips, there has been no decisive improvement in the sentiment of the market. The tendency among operators is still to think and talk bearishly. To give an instance. Nobody today thinks of the fact that the current Hindu calendar year began in a cheerful mood. On the contrary, they all vividly recall the earlier astrological forecast to the effect that the confluence of eight planets on 5th February 1962 was a bad omen for this planet and that there might be heavy damage to mankind. To give another instance. A fortnight ago, it used to be argued that, as the Budget in February would be a lame-duck affair, the effective Budget would only be in May 1962, thereby delaying the season for pre-budget rumours by at least two months; this possibility was being mentioned as a bullish factor. But, today, none talks about it. Such is the psychology of speculators.

While it is not possible to predict the course of political developments which depend on the conduct of its unpredictable neighbours, any further substantial fall in equity values from the current levels (as of Thursday the 7th inst.) could be regarded as an opportunity for selective buying by those who have resources to spare and wish to add to their investment portfolio. One must, however, remember, in this connection, that, while it is extremely difficult to locate the bottoms or tops, staggered purchases at every setback during a bearish phase will enable one to pick up investments at an average cost which will be nearer to the bottom.

The lesson to be learned by investors from the shake-out caused by China and Portugal is that one should not allow oneself to be carried away by talk of growth prospects, etc., beyond reasonable limits. By "reasonable limit" is meant a level which provides sufficient room for absorbing shocks such as those witnessed this week. While this may vary from individual to individual, from time to time and from scrip to scrip, an average *net* yield of 4 to 4.5 per cent per annum should be aimed as the minimum that an average investor must have on first class investments in these days of inflation. To make investments in shares at a price which gives a yield lower than this limit is to take risks of a distinctly speculative nature. Such a person must be prepared for shocks and sleepless nights, though ultimately he may lose nothing and perhaps gain something.

New Margins on Shares

The new system of automatic margins on shares, referred to by the Finance Minister in the Lok Sabha last week, has come into force earlier than expected. Our assumption that it might not be enforced before the commencement of 1962 has happily, proved wrong and, as events have now shown, when Mr. Morarji Desai said that it would be in operation "shortly," he really meant it. A feature of the new system is that it will have been adopted by all the seven stock exchanges before this week-end. The Madras Stock Exchange has introduced it with effect from the 1st inst. and Calcutta from the 7th inst.; Bombay and Ahmedabad are applying it to the settlements commencing from the 11th inst. and so also Delhi. Since this is the first time in the history of stock exchanges in India that a uniform system of margins is being enforced in all of them, this event is an important landmark. As a result of this all-India applicability, the scope for operators to evade the margins by transferring their activities from one market which has margins to another which does not, as used to be the case hitherto, has been practically eliminated.

The new margins are known as automatic, because their operation will be automatically dictated by movements in prices of shares and the volume of outstanding business on the settlement day, and not by the authorities of respective stock exchanges. A defect in the margin systems operated hitherto was that the whole thing depended upon the sweet will of the stock exchange president and/or the governing board. Nobody knew in advance when the margins would be imposed or removed, at what rates and on what scrips. These uncertainties themselves served as a source of speculation. Again, as human beings are not infallible, there was always the possibility of mistakes in judging the situation. On many an occasion in the past, the imposition of margins was a case of bolting the stable door after the horse had been stolen. Further, after the margins were thus introduced, the affected parties always used to grumble and make all sorts of allegations against the authorities concerned. In any case, a lot of heartburning was not an uncommon feature. There is not much room for such deficiencies in a system of automatic margins. Under it, everybody will be operating with his eyes wide open and will know in advance at least the minimum amount of handicaps one will be subjected to in a given situation. The introduction of such a system of margins was long overdue.

The new system of margins, which is applicable only to shares enjoying the facility of forward trading, is in two parts. One is linked to the amount of business carried forward from one settlement to another and the other is related to price fluctuations and both are applicable to bears and bulls alike. The margin on the business outstanding on the settlement day is on a slab system, varying from 2 per cent to 30 per cent—the larger the outstanding the higher the margin. Thus, the margin is 2 per cent, if the business carried forward is Rs. 5 lakhs, and 3 per cent for the next slab of Rs. 5 lakhs; the maximum rate of 30 per cent is applicable to the outstandings of Rs. 40 lakhs and over. But the actual amount of margin payable by the member will be arrived at after adjusting the value of his membership card and security deposit, subject to a ceiling of Rs. 45,000 in the case of individual members, Rs. 65,000 in the case of a partnership of two members and an addition of Rs. 20,000 for each member where the partners are in excess of two.

This type of margin will not, in actual practice, be as effective as it may seem. In the first place, there is an exemption limit upto Rs. 5 lakhs. This will encourage big speculators to spread their operations thinly over a number of brokers. Secondly, the setoffs permitted reduce the quantum of margin payable. Thirdly, as a member is called upon to pay only on his net outstanding, he can adjust the sales of one of his clients against the purchases of another client. And, fourthly, it will not be difficult to reduce one's outstanding business through skilful manipulation and *collusion* with members having the opposite position.

The other type of margin, however, may be more effective. Under this second type, when prices rise by 10 per cent over the making-up price for the previous settlement, 50 per cent of the rise will have to be deposited by the bull. If they fall by 10 per cent, the bears will have to pay. Supposing that, during the currency of a settlement, the prices do not rise by 10 per cent and that in the next settlement they rise further, the 50 per cent margin will become payable as soon as the total increase works out to 15 per cent over the making-up price at the commencement of the first settlement. The bears will have to pay the margin when the price variation is in the opposite direction. Again, if in one settlement the price rises by 5 per cent or more over the first 10 per cent rise and the interim making-up price fixed to collect the margin on that rise, 50 per cent of the second instalment of increase will be payable by bulls; the bears will pay if the movement is in the other direction. It is understood that the bears will pay margin only when the prices move down from the *basic* making-up price that is chosen when this system is introduced and not when the decline takes place from the levels at which the margin payable by bulls is attracted. Suppose, for instance, X scrip goes up from Rs. 600 to Rs. 661, the buyer pays the margin; he will pay more, if it goes up by another 5 per cent or more. If, after going up to Rs. 700, this scrip drops back to Rs. 630, the seller will not have to pay any margin. The bears will be obliged to pay margin only when the scrip goes down to Rs. 540 and below. If this interpretation is correct, then the rates prevailing at the time of introducing the margin system will attain

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HELPING DEVELOPING COUNTRIES

BRITAIN MUST DO MORE

From Our Own Correspondent

LONDON, *30th November*

LONDON LETTER

"THE wind of change makes the journey from colonisation to Co-operation a rapid one, but the spirit of service and the principle of free association remain common to both and give strength to the Commonwealth." Thus the Secretary for Technical Co-operation (Mr. Dennis Vosper) said last week. "In one form or another," he said, "Britain has been sending technical assistance overseas for more than 300 years, ranging from teaching Peter the Great to build ships and waterways to assistance currently given under the Colombo Plan."

The British Government is taking its obligations in the matter of technical assistance very seriously; such assistance can cover four main activities—the training of overseas students, the provision of experts, the provision of advisory and technical services, and the supply of equipment for training ... last year, for example, over 800 experts—using the word "expert" in a wide sense, since, as Mr. Vosper said, today everybody is an expert—were recruited and trained for the dependent territories alone. These include 400 high-grade steel workers trained in the U.K. for the new Durgapur Steel Works in India, to which both the U.K. Government and industry made a significant capital contribution.

Financially, the British Government which provided £150 million in 1960 is contributing £180 million in assistance for the less developed countries this year. Nearly as much again will come from private sources. "Today Britain leads the world in the provision of experts under international programmes and is a very large provider under bilateral programmes."

But Britain's commercial assistance is not limited to the provision of funds: it is even more importantly present in its trade policy. For trade rather than aid has been adopted by the U.K. as a guiding principle in assistance. The Secretary for Technical Co-operation while rehearsing what the U.K. has already done and commenting that, because the assistance was dispersed among many organisations, the size of the effort was not always appreciated, proposed that even more should be done. And in another sphere this week, Mr. Erroll, the President of the Board of Trade, was urging the needs of the less developed countries at G.A.T.T. in Geneva.

He urged that the industrialised countries should offer expanding markets for the primary producers and be prepared to let in more manufactures from the less developed countries—only so would the latter be able to achieve the swiftest possible rate of growth.

But Mr. Erroll had another problem on his mind—that of cotton goods imports. Nearly 40 per cent of the British market for cotton textiles is met from imports—the bulk from the less developed countries. British imports of cotton yarns and piecegoods from India and Pakistan more than doubled between 1954 and 1960. Last year, they were worth £17 million; in the same year, imports of manufactures from these countries were worth £50 million or nearly 30 per cent of our total imports from them.

So the President of the Board of Trade made it clear to the other delegates that, in this sphere of cotton textiles, the U.K. should not be asked, "to accept any new commitment in the G.A.T.T. to do more, at least until others have made a comparable contribution." The hope of the British Government at this session was that other industrialised countries too would keep their markets open and try to get rid of remaining restrictions.

SUGARCANE NOT A GREEN VEGETABLE

The Supreme Court has held that "sugarcane" is not a "green vegetable" and, therefore, it cannot be exempted from sales tax under the exemption given by the Bihar Government notification of 28th August 1947, issued under Section 6 of the Bihar Sales Tax Act of 1947. This decision was given by the Court while dismissing two writ petitions and three appeals challenging assessment of sales tax on sugarcane on the ground that sugarcane came within the definition of green vegetable and was, therefore, exempted from sales tax under the notification.

ALL-ROUND FALL IN EQUITIES

DISTURBED FEELING STILL PERSISTS

(From Our Own Correspondents)

BOMBAY, *7th December*

AFTER ruling fairly steady during the first two days of the week, the share market suddenly turned bearish on Monday, when prices suffered a sharp setback. The downward trend gathered momentum in the following two sessions, with the result that most of the scrips touched their lowest levels for the year. A recovery was witnessed towards the close of yesterday and today (Thursday) and a part of the earlier losses were recovered. Over the week, however, prices show a marked decline, with losses spread over the entire list.

The steadiness witnessed in the initial sessions reflected the continuation of the recovery noted towards the close of last week. There was a landslide in values on Monday, following nervous bull liquidation and heavy bear pressure, touched off by fear of possible military action against the Portuguese in Goa. Large-scale cancellation of goods booking by railways and cancellation of a number of passenger trains gave rise to the surmise that the railways were preoccupied with troop movement. On Tuesday came the disturbing news of a fresh Chinese threat (contained in the latest note sent in reply to India's protest) to cross the MacMahon Line. This news broke the back of the market. Almost all equities slumped, with most of them touching the lowest levels that have taken the post-boom curve to a new bottom. The extent of fall in prices can be gauged from the following table, which gives the recent highest, the lowest touched yesterday and the latest closing quotations for some leading scrips.

Scrips	Recent highest (in the week ended 23-11-1961)	Lowest touched (on 6-12-1961)	Closing (7-12-1961)
Tata Steel	151.50	135.50	139.00
Indian Iron	26.00	23.52	24.04
T.E.L. Co.	382.00	325.50	344.00
Voltas	317.50	280.00	293.00
Bombay Burmah*	714.00c.d.	591.50x.d.	628.00x.d.
Century	618.00	547.00	570.00
National Rayon	589.50	520.00	547.50
Kohinoor	332.00	289.00	297.50
Standard	1,200.00	955.00	1,030.00
A.C.C.	171.25	156.50	161.00
Gwalior Rayon	50.50	45.75	46.10
Synthetic Chemical	247.00	205.00	222.00

*Final dividend was Rs. 20.47 per share.

The low levels touched on Wednesday attracted some bear covering and fresh support. The L.I.C. was seen picking up some good scrips at what appeared to be bargain prices. Consequently, values looked up to some extent in the latter half of Wednesday. Today's session witnessed a further improvement in prices. The decision of the Stock Exchange authorities to enforce automatic margins with effect from the next settlement starting from the 11th inst., on the basis of making-up prices on the 8th inst., had no adverse effect on market sentiment today when it came to be known to everybody.

Steel shares suffered a further sharp setback. Apart from the aforesaid factors affecting the market as a whole, lower production in November, as compared with the previous month, by both T.I.S.Co. and I.I.S.Co. was an additional reason for steel shares remaining depressed. Tata Steels, the range of fluctuation in which does not normally exceed a rupee or so, slumped by as much as Rs. 10 at one time during the week. Opening at Rs. 145, as against the previous close of Rs. 145.25, the scrip improved to Rs. 145.75 before declining to Rs. 135.50 on Wednesday, the lowest level for the week. It, however, closed higher today at Rs. 139. The net loss over the week is Rs. 6.25. Indian Irons encountered selling and slumped from Rs. 25.45 (as against the previous close of Rs. 25.50) to Rs. 23.52 yesterday. There was a recovery thereafter and the quotation improved to Rs. 24.04 at the close today. The net loss over the week is Re. 1.46. Mukand Irons, too, fell in line with the other steel shares. Opening at Rs. 28.50, 10 nP lower than the previous close, the scrip eased to Rs. 25.75 yesterday but finished higher today at Rs. 27.10, registering a net decline of Re. 1.50.

Textile shares met with heavy selling and nervous liquidation. Standard Mills succumbed to selling and declined by Rs. 102 to Rs. 1,030. Centurys opened higher at Rs. 596, as against the previous close of Rs. 595.50 and, after improving to Rs. 607 on Saturday, reacted to Rs. 547 yesterday. There was a smart recovery in the subsequent session. A part of the losses were made up and the scrip wound up at Rs. 570, showing a net loss over the week of Rs. 25.50. Kohinoors commenced the week's business at Rs. 318.50, same as the previous close and, after edging higher to Rs. 322, eased to Rs. 289 yesterday, the lowest level for the week before recovering to close at Rs. 297.50 today. The net loss over the week is Rs. 21. The range of fluctuation was narrow by comparison in Bombay Dyeings, which, after opening the week a shade higher at Rs. 67.60, declined to Rs. 64.80 on Wednesday but finished higher today at Rs. 66.30, the net loss over the week being Re. 1.20. Swan Mills were marked down by Rs. 30 to Rs. 615, in spite of the news that the management of the mill had received permission of the Controller of Capital Issues to issue bonus shares in the proportion of two shares for every three held. Morarjees were marked down by Rs. 18 to Rs. 370. Shreeniwas dropped Rs. 13 to Rs. 284. Khataus reacted by Rs. 12.50 to Rs. 467.50. Podars shed Rs. 7 to Rs. 141. Finlays lost ground by Rs. 9 to Rs. 316.

Cement shares drifted downwards. Associated Cements encountered selling and reacted from Rs. 169 last week-end to a low of Rs. 156.50 yesterday, but finished higher at Rs. 161 today after having risen early in the session today to Rs. 162.50. The news of the maintenance of dividend at Rs. 12 per share gross (Rs. 8.40 net) fell flat on the market, as it was in line with earlier expectation. Digvijays eased by Rs. 8 to Rs. 195.

Sugar shares were depressed. Belapurs met with selling. Commencing the week's business at Rs. 276.50, as against the previous close of Rs. 276, the scrip eased to Rs. 260 yesterday, but improved to Rs. 269 today, before finishing lower at Rs. 267; the net loss over the week is Rs. 9. Phaltans receded by Rs. 2 to Rs. 126 and Walchandnagars by Rs. 2.50 to Rs. 164.50. Maharashtra Sugars, however, received scattered support and improved by 50 nP to Rs. 189.50.

In the shipping group, Scindias recorded a further fall of 24 nP over the week to Rs. 12.68. Great Easterns too lacked buyers and dropped 32 nP to Rs. 12.84. Among automobile shares, Premiers came in for selling and eased by Rs. 8.75 to Rs. 54.50. Hindustan Motors receded by Re. 1.28 to Rs. 19.68.

Among rayon shares, barring Indian Rayons, all were down. National Rayons opened at Rs. 576 and, after rising to Rs. 587.50, fell headlong to touch Rs. 526 yesterday, then staged a smart rise to Rs. 553 today, before finishing at Rs. 547.50, a net loss of Rs. 27 over the week. Baroda Rayons were quoted Rs. 7.50 lower at Rs. 152.50 and Gwalior Rayons Rs. 3.90 lower at Rs. 46.10. South India Viscoses met with selling and eased by Rs. 8 to Rs. 172. Indian Rayons, on the other hand, picked up Rs. 6.10 to Rs. 92.

In the chemicals group, Synthetics slumped by Rs. 18 to Rs. 222. Indian Dyestuffs were marked down by Rs. 20 to Rs. 440. Colour-Chems lost ground by Rs. 10 at Rs. 410. Poly-Chems shed Rs. 7.50 to Rs. 200, and Alembics Rs. 5 to Rs. 237.50. Amar Dyes were done Rs. 2.50 lower at Rs. 295.

Engineering shares too proved a vulnerable lot. T.E.L.Co. encountered selling and reacted from the opening level of Rs. 361, 50 nP higher than the previous close, to Rs. 325.50, on the 6th inst. before improving to close at Rs. 344 today, the day's highest. The net loss over the week is Rs. 16.50. Alcock Ashdowns were marked down by Rs. 15 to Rs. 304. Cooper Engineerings eased by Rs. 14 to Rs. 180 and New Standard Engineerings by Rs. 10 to Rs. 190. Texmacos lost Rs. 2 to Rs. 19.76. Asian Cables and Brady Engineerings shed Rs. 2 each to Rs. 107.50 and Rs. 93, respectively.

The miscellaneous section was no exception to the general trend. Bombay Burmahs opened the week at Rs. 658, Re. 1.50 lower than the previous close and, after rising to Rs. 661 the next day, met with selling and declined to Rs. 591.50 on Monday. The scrip, however, recovered to Rs. 632 today before finishing at Rs. 628, registering a net fall of Rs. 31.50 over the week. Voltas slumped by Rs. 16.50 to Rs. 293. Hindustan Levers eased by Rs. 2.50 to Rs. 55.20. Permanent Magnets shed Rs. 8 to Rs. 128. Ceat Tyres were quoted Rs. 7.50 lower at Rs. 212.50. Premier Tyres suffered a further setback and fell by Rs. 7 to Rs. 143. Camphors dropped Rs. 5.10 to Rs. 68. Killicks eased by Rs. 2 to Rs. 93.80. Shivrajpur Syndicate were done at Rs. 43, as against Rs. 45.50 last weekend. A month ago, they were Rs. 54; the marked fall over this period reflects the Company's decision, made public last week, to effect a drastic cut in production of manganese ore owing to heavy accumulation of stocks and poor demand.

Although the market seems to have attained a certain measure of stability at the time of writing and the heavy selling by bears has created a technical position which will be favourable to the bulls when the climate changes, a feeling of uneasiness among operators still persists.

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Calcutta Stock Exchange

CALCUTTA, *6th December*

There was a landslide in share values during the week under review which prompted the Committee of the Stock Exchange to impose margins on fresh offerings of the highly speculative cleared scrips—at Rs. 3 each on Indian Iron, Dunlop, Indian Cable, Orient Paper and Indian Aluminium, Rs. 2 each on Hindustan Motors, Burrakur Coal, Texmaco, Rohtas, Shree Gopal and Howrah, and 50 nP on Indian Copper. The decision was taken by the Committee at an emergency meeting held on Tuesday the 5th inst., with a view to checking unhealthy speculative selling. The margins, however, were of no avail, in as much as the leading counters suffered a further setback in values today. The bear pressure was induced mainly by the deteriorating reports about Chinese aggression in Ladakh and N.E.F.A. and tension in Goa borders. Another unhelpful factor was lower production at the Indian Iron and T.I.S.Co. factories in November.

Among engineerings, Indian Irons fell by Re. 1.94 to Rs. 23.66. Calcutta Steels dropped Re. 1.87 to Rs. 16. Texmacos lost Re. 1.80 to Rs. 20.15. Guest Keens moved down by Re. 1.63 to Rs. 38.37, J.K. Steels by 81 nP to Rs. 21.50 and J.K. Steels (new) by 37 nP to Rs. 20.19. Dalmia Irons retreated by 19 nP to Rs. 10.50 and Kumardhubis by 6 nP to Rs. 6.75.

In the jute group, Howrahs suffered a setback of Re. 1.75 to Rs. 19.75. Megnas eased by Re. 1.44 to Rs. 12.31 and New Centrals by 97 nP to Rs. 18.34. Ganges declined by 56 nP to Rs. 11.75. Nuddeas, however, picked up 50 nP to Rs. 61.

Among coals, Burrakurs fell by 81 nP to Rs. 17.81. West Bengals declined by 47 nP to Rs. 9.19 and Bengals by 50 nP to Rs. 357. East Indias were quiet at Rs. 33, South Karanpuras at Rs. 8.69 and Standards at Rs. 13.81.

Among miscellaneous industrials, Orient Papers fell by Rs. 3.10 to Rs. 37.90. Dunlop Rubbers retreated by Rs. 2.62 to Rs. 38. Hindustan Motors and Indian Aluminiums lost Re. 1.75 each to Rs. 19.37 and Rs. 36.37, respectively. Indian Cables moved down from Rs. 36.44 to Rs. 34.87. Rohtas fell by Re. 1.57 to Rs. 16.12. Shree Gopals fell by Re. 1.12 to Rs. 26.25.

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Madras Stock Exchange

MADRAS, *6th December*

Equities suffered a distinct setback in values during the week under review on persistent selling which followed deteriorating situation on the Goa border. The move to introduce automatic margins on cleared securities also acted as a damper. The Exchange authorities informed members that the scheme would come into effect from the 1st inst., in securities for 20th December and subsequent clearings. Under the scheme, each member will have to deposit two per cent of the value of the shares he carries forward. Textiles ruled distinctly easy. Offerings were quite large, while buyers were scarce. Almost all leading scrips faced a severe jolt. Teas were listless, as also coffees and rubbers. There was a marked decline in sugar shares as well. Transactions in the miscellaneous section were few and far between, with the undertone remaining subdued.

Among textiles, Premiers were marked down by Rs. 15 to Rs. 305. Anglo-Frenchs fell by Rs. 14 to Rs. 128. Coimbatore Cottons suffered a loss of Rs. 8, today's closing rate being Rs. 213. South India Viscose dropped Rs. 6 to Rs. 177 and Metturs Rs. 5 to Rs. 388. Travancore Rayons eased by Rs. 3.50 to Rs. 41.50, Madurais by Rs. 2.60 to Rs. 39.50 and Radhakrishnas by 87 nP to Rs. 39. Lakshmis were dull at Rs. 150, as also Bangalore Woollens at Rs. 242 and Coimbatore Pioneers at Rs. 292.

In the tea group, Nonsuchs retreated by Rs. 2.05 to Rs. 25.50. Parksides softened by Re. 1.50 to Rs. 27. Kil Kotagiris decreased by 5 nP to Rs. 5.20. Blue Mountains and Chembras declined by 3 nP each to Rs. 2.87 and Rs. 3.55, respectively. Periakaramalais were neglected at Rs. 3.65 and United Nilgiris at Rs. 23.50.

Among coffees, Consolidateds fell by 65 nP to Rs. 20.10. Balanoors lost by 20 nP to Rs. 14. Ouchterlony Valleys eased by 5 nP to Rs. 3.50. Coffee Lands were quiet at Rs. 17, and Cowcoodys at Rs. 4.60. Anaparais were dull at Rs. 3.40, reflecting the disappointment of operators over the lower dividend of 15 per cent, taxable, for the year ended June 1961, as compared with 20 per cent distributed in the previous year. Bababuddins were unchanged at Rs. 8. The Directors of the Company have maintained the dividend for the year ended June 1961 at the previous year's level of 8 per cent, taxable.

Among rubbers, Malankaras softened by 25 nP to Rs. 16.75. Midlands and T.R. and T.s shed 5 nP each to Rs. 10.95 and Rs. 10.80, respectively. Cochin Malabars were neglected at Rs. 7.43, as also Travancores at Rs. 12.25 and Vaikundams at Rs. 32.50. Mercaras were unchanged at Rs. 8.80. The Company has maintained the dividend for the year ended June 1961 at the previous year's level of 20 per cent.

In the sugar section, East India Distilleries lost a rupee to Rs. 36.25. Cauverys fell by a like amount to Rs. 119. Travancores receded from Rs. 9 to Rs. 8.80, following reports that the Company had suspended the operations of its pharmaceutical section. Deccans shed 7 nP to Rs. 11.65 *ex-div.* United Breweries ruled dull at Rs. 101.55, Indias at Rs. 11.10 and Mysores Rs. 56.50.

Among miscellaneous industrials, Aluminium Industries encountered selling and fell by a rupee to Rs. 22.50. Reports about the inauguration of a new steel wire core plant by the Company did not have any effect. Textools were lower by a rupee at Rs. 184. Ashok Leylands fell by 65 nP to Rs. 8.70. Among cements, Dalmias shed 10 nP to Rs. 12.35. Indias sagged by 8 nP to Rs. 6.42. Andhra Cements were neglected at Rs. 9.10, Orissas at Rs. 16.15 and Travancores at Rs. 8.10. In the chemicals group, Metturs lost 30 nP to Rs. 14.60 and Mysore Fertilisers 10 nP to Rs. 10.70. Travancores closed at Rs. 19, *ex-right cum-div.*, as against Rs. 21.75 *cum-right cum-div.* a week ago. Among others, Ruby Rubbers were quoted unchanged at Rs. 5, notwithstanding the announcement of a dividend of 4.50 per cent, taxable, for the year ended June 1961; no dividend had been paid in the previous year. Western India Plywoods, however, strengthened by Rs. 2 to Rs. 220 and Tube Investments by 50 nP to Rs. 291.50.

NEWS IN BRIEF

A RESEARCH station for conducting research on tobacco is proposed to be set up by the Government of Gujarat.

The refrigerator factory of the Vinar Private Ltd. located at Behala, West Bengal, was inaugurated by Dr. B. C. Roy, State's Chief Minister, last week.

A pilot scheme to help tobacco growers in Andhra Pradesh by providing credit and marketing facilities is under the consideration of the State Government.

The Government of India has accepted in principle a proposal to raise the rate of provident fund contributions of coal mine workers. An official announcement on this matter is expected to be made shortly.

A statutory body called the Industrial Areas Development Corporation is proposed to be set up by the Government of Gujarat in order to promote the growth of industries in specially demarcated areas around bigger cities like Ahmedabad, Surat and Baroda.

The Central Warehousing Corporation has decided to construct a warehouse building at Cochin harbour, with a storage capacity of 3,000 tons at an estimated cost of Rs. 6 lakhs. The Corporation has already started five warehouses in Kerala in hired accommodation.

An official team, led by Mr. D. Sandilya, Joint Secretary in the Union Ministry of Commerce and Industry, is expected to leave for Karachi on the 17th inst., to review the working of the Indo-Pakistan trade agreement. The agreement, it may be noted, provides for a half-yearly review of mutual trade.

The Government of India has agreed to the Kreditanstalt (West German Bank of Reconstruction) extending a credit of DM 15 million (Rs. 1.8 crore) to the Industrial Finance Corporation of India. The agreement for this credit is yet to be finalised.

In response to the global enquiry for the construction of an atomic power station near Tarapur, seven tenders have been received from four countries, namely, Canada, France, the U.K. and the U.S. The tenders are still under scrutiny and no decision has yet been taken.

An inter-ministerial committee is understood to have been appointed by the Government of India to examine the applications of fourteen firms seeking permission to manufacture automobile tyres and tubes. Of these, eight firms propose to set up new industrial undertakings.

The I.B.M. World Trade Corporation, a subsidiary of the International Business Machines Corporation of the U.S., proposes to set up a plant near New Delhi for the manufacture of punch card equipments. It is expected that the proposed plant will go into production by the middle of next year.

The Government of India has decided to permit the State Government of Orissa to acquire the present interest of the Centre in the Orissa Mining Corporation. The Corporation was set up in May 1956 as a joint venture of the Central and State Governments. The Corporation is at present working three iron-ore mines in Orissa.

A scheme for the installation of 200 windmills in rural areas, now lacking electric power, is under the consideration of the Union Government. In rural areas, where wind is favourable and cheap electric power is not available, windmills, it is said, will provide an alternative source of energy for lifting water from wells for irrigation and drinking.

The next meeting of the Aid-India Club is scheduled to take place at Washington on 29th and 30th January next. At this meeting, the members of the Club are expected to make a firm commitment about their aid for the second year of India's third Plan. Austria and Holland are expected to join the meeting as new members of the Club.

Small-scale industries will be eligible to supply 46 items of stores required by the Central Government Department, according to a decision taken by the Government. So far, only 27 items were included in the list. The 19 products which have been added include cotton and woollen goods, leather products, iron and steel products, such as blacksmith's hearth and steel trunks, tarpaulin and brushes.

Prices of fertilisers have been reduced by the Government of India with effect from 1st inst. Farmers will benefit to the extent of Rs. 14.50 per metric ton on ammonium sulphate, Rs. 14.10 on urea, Rs. 8.50 on ammonium sulphate nitrate and Rs. 12.80 on calcium ammonium nitrate. New prices per metric ton for these fertilisers are Rs. 320 for ammonium sulphate, Rs. 670 for urea, Rs. 460 for ammonium sulphate nitrate and Rs. 310 for calcium ammonium nitrate.

Rajasthan will set up 400 laboratory information centres during the next five years to transmit findings of agricultural research to farmers. The proposed centres will provide facilities for demonstration and discussion of various problems and programmes pertaining to agriculture, animal husbandry and co-operation. A provision of Rs. 70 lakhs has been made in the third Plan for strengthening agricultural research work in the State.

A Rs. 50-lakh steel core wire plant, put up by the Aluminium Industries, Kundera, in Kerala, in collaboration with the Japanese firm, the Kokku Iron and Steel Manufacturing Co., was commissioned last week by the President of the Japanese Company, Mr. Yasumichi Iwasaki, who is on a visit to India. The plant is designed to produce 6,000 tons of high tensile galvanised steel core wire.

An agreement has been finalised between the West Bengal Government and a French firm, Krebs and Cie of Paris, providing for consulting services for setting up a chemical plant at Durgapur mainly utilising the by-products of the Durgapur coke-oven plant. The proposed plant will manufacture 6,600 tons of phenol, 3,300 tons of phthalic anhydride and 990 tons of pentachloro phenol, besides caustic soda and chlorine and some minor organic chemicals. The total capital cost of the project is estimated at Rs. 6 crores.

The Rural Industries Planning Committee, constituted by the Planning Commission to study problems of policy and planning relating to rural industries and to suggest measures and policies for the intensive development of industries in rural areas, held its first meeting at New Delhi on Tuesday this week. At the meeting, the Committee agreed that an integrated approach should be made to the development of rural industries. It also set up a sub-committee to work out proposals for pilot projects for the intensive development of rural industries which the Planning Commission proposes shortly to initiate in selected areas along with the rural works programme for the fuller utilisation of rural manpower.

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From Abroad

The index of industrial production (base 1950=100) in West Germany rose by 5.4 per cent to 275 in October, as compared with the previous month, mainly as a seasonal upturn.

Prices of industrial goods in West Germany have remained unchanged so far throughout this year. The index stood at 128 (1950=100) in October, the same level as in January last.

The Government of Ceylon has appointed a committee of officials to draw up a scheme for the formation of a State trading corporation. The proposed corporation, it is said, will handle imports and exports of a wide range of products, including the country's main products, namely, tea, rubber and coconut.

West Germany and Thailand have concluded an agreement on the mutual promotion and protection of private investments. Similar agreements, intended to promote private West German investment abroad, have already been concluded with Pakistan, Malaya, Greece, and Togo. Another agreement with Argentina is expected to be signed shortly.

Action to develop national news agencies in Asia and the Far East will be considered by a meeting of experts being convened by U.N.E.S.C.O. at Bangkok from 19th to 23rd inst. The meeting will suggest possible measures to help establish news agencies in countries lacking them, to expand existing news agencies and to promote the wider exchange of news services within Asia and with other regions of the world. Mr. K. N. Ramanathan, General Manager, Press Trust of India Ltd., will represent India in the meeting.

The World Bank has announced a loan equivalent to $8.4 million to Kenya to help finance the development of farmlands in the Scheduled Areas of Kenya (formerly known as the Highlands) which heretofore have been reserved for Europeans. The land will be purchased from European farmers, further developed and resettled mainly by African farmers. The total cost of the programme in the three-year period is estimated at the equivalent of $24.5 million (£8.8 million). The Government of Kenya will finance about half the cost mainly through loans and grants from the U.K. amounting to £3.7 million. The remainder will come from a loan of £1.5 million from the Colonial Development Corporation and the World Bank loan of $8.4 million (£3 million). When a portion of the Bank's loan is committed for a sub-project, it will carry interest at the rate then prevailing for Bank loans. The loan is for a term of 20 years; amortisation will begin on 15th September 1965. The loan, made to the Colony and Protectorate of Kenya, is guaranteed by the United Kingdom.

The World Bank has announced a loan equivalent to $2 million to the Development Bank of Ethiopia. Like an earlier Bank loan of $2 million to the Government of Ethiopia, this loan will be used to meet the foreign exchange requirements of projects financed by the D.B.E. The Development Bank was established in 1951 to provide a source of medium and long-term credit for Ethiopian agricultural and industrial development. Since then it has made a definite though modest contribution to economic growth. It has made 3,190 loans amounting to Eth.$24 million (U.S. $9.5 million) to small and medium-sized industries, which have provided opportunities for Ethiopians to acquire some of the technical skills essential to a modern economy. The Bank loan is for a term of 10 years which may be extended to 14 years by agreement between the Bank and the Development Bank of Ethiopia with respect to individual projects for which a longer period is appropriate. Interest will be applied to each portion of the loan at the Bank's current rate when the portion is committed for one of D.B.E.'s projects. Amortisation of the loan will begin on 1st March 1965. The loan is guaranteed by the Empire of Ethiopia. This is the fifth loan made by the World Bank in Ethiopia, bringing the total lent there to $25.5 million. Loans of $21.5 million have been made to finance improvements in road transport and telecommunications.

PERSONAL

MR. K. C. Reddy, Union Minister for Commerce and Industry, has returned from Geneva, after attending the recent G.A.T.T. session.

Dr. Arturo Frondizi, President of Argentina, arrived in New Delhi on Tuesday this week for a short visit to India.

Dr. B. P. Kedia has been elected President of the Gunny Trades Association for the year 1960-61. Mr. G. C. Sil and Mr. Bilasroy Agarwala have been elected Deputy President and Vice-President, respectively.

Mr. H. A. Eccles has been appointed Chief Representative of Burmah-Shell in India. He will have his headquarters at New Delhi in order to ensure speedy disposal of all issues and establish the best possible channels of communication with the Government of India. He is also the Chairman of the Burmah-Shell Refineries Ltd.

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POWER TARGET

THE Associated Chambers of Commerce were the first to warn the powers-that-be, at about this time last year, of the serious power shortage that was bound to arise, if the lag in generation and distribution of electricity continued. Their warning has been fully vindicated by the shortfall of 1.2 million kw. in the second Plan's power target of 6.9 million kw. and the resulting shortage that has afflicted several industrial areas in the country throughout this year. Of course, the warning has not gone wholly unheeded, for the planners have duly appreciated the seriousness of the situation and laid down in the final report of the third Plan a higher power target than what had been originally envisaged in the *Draft Outline*. Of the revised third Plan target of 13.4 million kw. by way of installed capacity, 12.7 million kw. are expected to be in commercial operation by 1965-66. But this target, even if duly achieved by the end of the third Plan, will still not bring appreciable relief to all industrial areas, for the proposed annual phasing of new capacity leaves much to be desired. If only about a third of the additional capacity planned is to be commissioned for generation in the first three years of the current Plan, power supply will continue to lag behind the demand therefor in most parts of the country. This will be bad enough, but it can be remedied to some extent by rephasing the power schemes wherever possible. In a worse situation which is likely to result from the estimated overall insufficiency of the entire power target, there can be no alternative to a further upward revision of that target. The Associated Chambers of Commerce have, therefore, done well to pass the following resolution at their annual meeting at Calcutta last week:

"The Associated Chambers consider that the investment in electric power generation and distribution provided for in the third Plan is insufficient for the country's industrial needs and that, even if the projected targets are achieved, a serious power shortage will remain. Critical and persistent shortages have resulted in industrial plants having to shut down or to stagger their working hours; industrial efficiency has consequently been impaired; and the continuing power shortage must seriously inhibit the expansion of industry. The Chambers, therefore, urge that immediate consideration be given to an upward and realistic revision of power targets and that the highest priority be given to the implementation of existing expansion plans."

The reference in the above resolution to critical and persistent power shortages has no element of exaggeration in it. For instance, in North India, power cuts are made every year due to the fall in water level in the dams. Fluctuations in the availability of power due to lack of water in the dams have also been a recurring problem in the South. The coal industry in West Bengal has been hard hit by frequent power cuts. It has been estimated that the jute industry lost over 4 million man-hours and 12,000 tons in production due to power cuts in February-June this year. Some units of the engineering industry have reported production losses of as much as 40 per cent on account of power shortage. The railway wagon fabrication programme in the private sector units has been most seriously affected and the electro-chemical plants designed for continuous running have been particularly hit by the unsteady supply of power. These instances of shortage in the last one year and the likelihood of still greater power shortage in the first two or three years of the third Plan suggest the need for some vigorous short-term expansion in generating capacity. Mr. A. R. Foster of the Bengal Chamber of Commerce and Industry has suggested, in this connection, the following short-term programme:

"For the present, standard sets of 50-75 mw. should be installed. They are readily available and their efficient operation presents no difficulties. There are obvious advantages in siting power stations near washeries, where they exist. Poor grade coal can thus be used to generate power for transmission by grid to industries within economic range. These grids, however, must be properly designed. Otherwise, consumers situated close to the source of power suffer outages resulting from breakdowns in remoter sections of the grid.

"Over and above what can be done to install fresh capacity in the form of large new units, more use should be made of expanding the capacities of organisations already in existence, with distribution networks in being and wide experience of operating them. If their future were more certain, they could do this, and produce results relatively quickly. Relief could also be obtained by bringing in small generating sets, diesel or steam, of capacity 50 to 2,000 kw. for the use of individual industrial units. The cost in foreign exchange would be well repaid by increased industrial production."

Mr. Foster's view that the capacities of organisations already in existence should be expanded is presumably in reference to the private licensees. Since these licensees are finding themselves hamstrung by the rigid controls exercised by the Electricity (Supply) Act, it has been rightly said that liberalisation of this control is bound to unleash an appreciable amount of technical talent and resources that are available with them. The commercial licensees, given the opportunity and the encouragement, may yet make a decisive contribution to power generation and distribution even in the short-term.

PAYMENT DELAYS BY GOVERNMENT

As the largest buyer of stores and supplies in the country, the Government is, to many manufacturers, the biggest customer. The purchase policy of the Government and the mode of payment are, therefore, of direct concern to thousands of concerns in the private sector. Total Government purchase of stores and equipments, indigenous and imported, were of the order of Rs. 372 crores during 1957-58, the latest year for which figures are readily available. To the suppliers, this represents sales of that magnitude. Payment delays in respect of purchases made by the Government cause considerable hardship and loss to suppliers because they result in crores of rupees being locked up. A pointed reference to this was made at the annual meeting of the Associated Chambers of Commerce and Industry, held at Calcutta this week, by adopting a resolution on it. The resolution reads:

"The Associated Chambers view with grave concern the very large sums of money which are tied up with Government, owing to delays in the payment for goods and services and in the settlement of claims and refunds, and they are perturbed by the serious effects of these outstandings on the financing of trade and industry. They consider that the prime cause of these delays is Government's system of passing and paying these bills and urge that immediate consideration be given to the reorganisation of the system in order that it may be able to cope efficiently with the vast increase in the size and number of contracts placed by Government and in particular by the new large-scale public sector industries."

Moving the resolution on behalf of the Bombay Chamber of Commence and Industry, Mr. F. E. H. Goddard, Manager of the Chartered Bank, Bombay, pointed out that members of the Chamber, who sell to various Governments, had a sorry tale to tell of large sums remaining unpaid for inordinate periods. He conceded that there had been a very considerable reduction in the time taken by the Director-General of Supplies and Disposal (D.G.S. & D.)—the central purchase organisation of the Government of India—to make payments in connection with Government purchases. The number of cases for finalisation was 5,157 as at the end of April 1960. 12,283 new cases arose between April 1960 and February 1961. Out of this total of 17,440, only 4,169 were pending in April 1961. This reduction in the time taken has taken place only in respect of purchases made by the D.G.S. & D. But Government purchases are not confined to those by or through the D.G.S. & D. Purchases are made by State Governments, P.W.Ds and Municipalities, all which have their own procedures. Even more important, in terms of volume, are the purchases made by large new industrial organisations in the public sector, notably the chemical and fertiliser undertakings, the Defence organisations and the steel plants. The payment of bills in respect of these purchases are not as prompt as in the case of purchases by the D.G.S. & D.

The reasons for the delay are quite numerous. Apart from the difficulties arising out of the finalisation of rates and prices, there are, according to Mr. Goddard, some "symptomatic reasons" such as changes in customs duty, extension of delivery dates, non-receipt of consignee's receipts, lack of co-ordination between the indenting departments and paying authorities and want of sanction from Government budget provisions. These have been designated as "symptomatic reasons" by Mr. Goddard, because they are, in most cases, the outward and visible signs of an internal administrative inability to devise office methods which will reduce paper work and the number of movements of paper from one person to another, the primary reason for delay in payment.

After thus analysing the causes for delays, Mr. Goddard made a specific suggestion for overcoming them. The D.G.S. & D. makes the purchase and arranges for the payment, whereas, in a private commercial concern, purchases are initiated by the purchase department (equivalent to the D.G.S. & D.) but, once the purchase is initiated, the arrangements for payments are no longer the concern of the purchase department. They are made by the storekeeper (equivalent to the consignee in the case of the D.G.S. & D.'s purchases) and the accounts department. Mr. Goddard conceded that, in the case of the D.G.S. & D., there are many cases where contractual obligations are involved and documents have to be referred back to the D.G.S. & D. itself. But, in a number of cases, notably where f.o.r. contracts are employed and the purchases are concerned with goods which are ordered over and over again, there should be no need for any reference back to the D.G.S. & D. He further suggested that once the seller has fulfilled his obligations by railing the goods, he should be able to apply at once for 90 per cent payment against railway receipt without having to wait for any form of receipt from the consignees.

Seconding the resolution on behalf of the Upper India Chamber, Mr. P. K. Sahgal also referred to complaints from a number of firms that, even after their supplies had been approved by the indenting authorities and received by consignees, bills remained unpaid for many months and that requests to expedite payment elicited no response.

It is evident from the aforesaid account that procedural shortcomings are by far the most important cause of delay in payment. It is true that Government Departments have to conform to certain set of patterns of procedure for making payments. But these procedures could surely be made less cumbersome and less time-consuming than they are at present. The organisation and Methods Division of the Government of India may usefully address itself to this question. As for industrial and commercial undertakings in the public sector, there is no reason why they should follow equally rigid rules and regulations. They have been patterned after the joint-stock enterprises so that they could be run in a businesslike manner and there is nothing to prevent them from adopting the procedures followed by the undertakings in the private sector for indenting and making payments.

EXPORT PROMOTION

The resolution on exports adopted by the Associated Chambers of Commerce, at its meeting at Calcutta last week, does not contain any new suggestions for promotion of exports. All the same, it seeks to highlight the need for a new sense of urgency on the export front—"urgency in the grant of permits and licences, urgency in the movement of goods, urgency in the making of decisions at all levels and urgency in every process of production." The main theme of the resolution is the inhibiting effect on exports of the high cost of industrial production. Emphasising the primary importance of a fuller utilisation of existing industrial capacity, the Associated Chambers have suggested that every encouragement be given to units which have the export potential to modernise and expand their productive capacity, thereby reducing costs and strengthening India's competitive position in the world markets.

It is this cost aspect of export promotion which was vigorously underlined by Mr. R. M. King of the Madras Chamber of Commerce, the mover of the resolution on export at the A.C.C.I. meeting. Mr. King pertinently called for a careful examination of every item of cost, with a view to resisting inflationary tendencies. In this connection, he suggested that the Government of India should give due consideration to economies of large-scale production while giving manufacturing licences. Emphasising the need for entrusting existing efficient units with the task of export promotion, Mr. King observed as follows:

"Substantial expansion of an existing unit of proved efficiency, particularly in the field of export, is likely to become effective more quickly than a new undertaking with all its teething troubles and growing pains still to be diagnosed, treated and cured. The Annual Report of the Development Wing contains statistics which show the number of units among which licensed capacity is distributed, and the average size is manifestly too

small in many cases to compete with larger units in other countries. Managerial talent, whether technical or administrative, is in short supply, and managements which have proved their ability to organise production on sound and successful lines for export should be the first to be entrusted with the tasks of expanding output up to the level of Plan targets. In the field where four units are already operating successfully an average expansion of 25 per cent can, in all ordinary circumstances, be achieved at lower cost and with much greater rapidity than the introduction of a fifth unit."

There is a lot to be said for the case built up by Mr. King for giving preference to existing units in the matter of exports. His view that traditional exporting industries, such as tea, jute goods, and textiles would return a much quicker dividend than the newer industries which have yet to establish in overseas markets is, of course, sound within limits. But this is no reason why serious attempts should not be made to promote the exports of a wide range of industrial goods that are being produced in the country for the first time, provided the cost of such export promotion is not unduly high and there is a reasonable prospect of earning additional foreign exchange. Whether the accent in export promotion is on traditional items or on newer ones, the two common problems facing all industries are the unrestrained tendency to concede wage increases without relating them to productivity and the disinclination of the Government to forgo taxes on export goods. Since both these factors have the effect of swelling cost and increasing the final export price, Mr. King's plea for remedying this state of affairs is unexceptionable.

CLOSURE OF MANGANESE MINES

The manganese ore industry has been in the doldrums for the last few years due to the growing competition in export markets, particularly for superior grades of ore, and the dog-in-the-manger policy of the Government of India. While the Government is slow in realising the industry's difficulties, Indian ore is being priced out of world markets. For instance, exports of manganese ore to the U.S., India's leading customer for this commodity, declined sharply from 792,000 tons in 1957 to 379,000 tons in 1958 and 380,000 tons in 1959. In 1960, there was a slight increase in exports to 410,000 tons, but this increase was insignificant, as compared with the performance of India's competitors, following the post-recession industrial expansion in that country. Brazil has stolen a march over India in this respect. Competition in other markets, too, has been no less harmful to India. Indonesia, the Philippines and Australia have gained ground in the Japanese market for manganese ore, so also South Africa, Russia and Ghana in the U.K. market, Russia in the West German market and North Africa and Eastern Europe in France. The total value of exports of manganese ore has fallen from Rs. 32 crores in 1957 to Rs. 16 crores in 1958 and still further to Rs. 13 crores in 1959. There was a modest increase in 1960 to Rs. 14 crores. Currently, exports are running at a very low level.

During the five-year period 1956-60, India's manganese ore exports averaged 1.2 million tons per year, realising about Rs. 19 crores, or an average price of about Rs. 154 per ton. They, fell, during the first half of 1961, to 318,000 tons (an annual average of only 636,000 tons), fetching a price of no more than about Rs. 100 per ton. A part of this decline in value is, of course, to be attributed to the fact that, while overseas demand for India's medium and higher grades of ore has been at a low ebb, there has been good offtake, particularly by Japan, of low-grade ore, with manganese content of less than 40 per cent.

At present, the signs are that the crisis in the manganese ore industry, instead of getting resolved, is fast becoming chronic and assuming alarming proportions. This conclusion is warranted by the circumstances leading to the decision of the Shivrajpur Syndicate Ltd. to cut production of its manganese mines by 50 per cent, resulting in the retrenchment of about 1,800 employees, or over 70 per cent of its total workers. It is also feared that, unless effective measures are taken by the Government to help the industry, the Company may not continue even the remaining operations for very long. Explaining the decision of the Board of Directors of the Company, Mr. A. N. Haksar, Chairman, stated the other day in Bombay that there had been "accumulation of large stocks of ore, and, under the present circumstances, there seems little likelihood of disposing these at economical prices." To those who have been following the recent trends in the industry, the decision of the Company has not come as a complete surprise, although it is distressing. During the last one year, a large number of small mines owned by others have been closed down. But the large-scale units could, by and large, withstand the onslaught. The reduction in the mining operations of Shivrajpur Syndicate, however, shows that a stage has been reached when even the giants are forced to give way. The Shivrajpur Syndicate, it may be added here, is one of the leading producers of manganese ore in India, undertaking large-scale systematic underground mining.

The Government, of course, has not been unaware of the plight of the industry. In fact, following the meeting of the Mineral Advisory Board in May 1961, a special *ad hoc* committee for manganese ore was formed at the instance of the Union Minister of Mines and Fuel and this committee made a number of extremely useful recommendations. Unfortunately, none of the recommendations have been implemented so far by the Government. The question of manganese ore exports was also discussed at the annual meeting of the Export Promotion Council last September, and this was followed by two conferences arranged by the Ministry of Commerce in September 1961 when the views of the trade, the State Trading Corporation and the Government were fully discussed. At that time, assurances were given that the industry would receive immediate reliefs, and later in September, the Union Minister for Railways was reported to have agreed to a 50 per cent reduction in freight on manganese ore, which would be a substantial relief. These promises, however, have proved to be the victims of bureaucratic delay and not been given effect to so far. This state of affairs does not redound to the credit of a Government, which swears by export promotion. In fact, the aforesaid Committee has made several practicable suggestions involving minimum of financial loss to the exchequer. It is learnt that the Committee has suggested, besides a reduction of 50 per cent in railway freight already referred to, a cut of 30 per cent in dock charges, and of about 33 per cent in the royalty on high grades of ores. Any further delay in granting these incentives will harm India's interests abroad permanently, for, if its competitors entrench themselves in one market, it will be well-nigh impossible to regain the lost ground. It is also necessary to appraise objectively the activities of the S.T.C. in manganese ore trade and take such remedial measures as may be warranted by the appraisal. Whether barter deals, which have been suspended this year, are to be resumed in response to the industry's plea, would also need to be examined forthwith.

INCENTIVE BONUS IN HINDUSTAN STEEL

Hindustan Steel Ltd. which manages the three public sector steel plants at Bhilai, Rourkela and Durgapur, has just announced the introduction of a scheme of incentive bonus based on production with effect from 1st December 1961. Under the scheme, bonus payable to workers will be related to total production, on the one hand, and the output of individual section of the plant to which the worker belongs, on the other. Bonus will be payable only on the attainment of 60 per cent of the rated level of output as determined from month to month, taking into account the conditions of production.

Announcing the scheme, Mr. J. M. Srinagesh, Chairman of Hindustan Steel, said at Calcutta on the 5th inst., that the production bonus scheme was a quicker and surer way of increasing output. According to him, without the additional attraction of bonus, which their co-workers in the private sector steel plants were getting, the workers in the public sector may not put in their best efforts. The Chairman could not say how much the bonus scheme would cost by way of remuneration for workers, but he felt that the cost in terms of rupees would be "considerable."

The introduction of the incentive bonus scheme by Hindustan Steel is an indication that the public sector, too, has realised the value of incentives in getting higher production. It is an admission of the fact that the ownership pattern of a concern has little direct relation to the incentive for work.

There is, of course, nothing new or revolutionary in the bonus scheme introduced by Hindustan Steel. In fact, a similar scheme, which related bonus to the total monthly production, on the one hand, and to the output of individual sections of the plant, on the other, was in force in the Tata Iron and Steel Works at Jamshedpur till 1959. This was replaced by a new and a more refined incentive scheme by mutual consent between the management and workers, under which the quantum of bonus has been divorced from the total output of the plant and linked only to the output of individual sections thereof. It may be noted here that the incentive bonus now in force in the T.I.S.Co. forms one of the three elements in the wage structure of workers, the other two being basic wages and dearness allowance.

DAVANGERE COTTON'S SILVER JUBILEE

Congratulations to the management and staff of the Davangere Cotton Mills Ltd. in Mysore State on the occasion of the Mills' Silver Jubilee celebrated last week-end! From a modest beginning twenty-five years ago, the Mill ranks today as one of the biggest cotton textile manufacturing enterprises in Southern India. The Mill commenced operations purely as a spinning unit, but extended the operations to weaving in 1953-54. The number of spindles installed has gone up from just 12,096 in 1939-40 to 40,864 in 1960-61 and the number of looms from 100 to 1953-54 to 300 in 1960-61. Following the expansion in capacity, production has registered an appreciable increase. The actual output in 1960-61 was nearly 5.18 million lbs. of yarn, as against 2.34 million lbs. in 1940-41, and 5.63 million yards of cloth, as against 367,420 yards in 1953-54. The Mill provides direct employment to 1,956 persons (733 persons in 1939-40), with a total annual wage bill amounting to about Rs. 21.35 lakhs (Rs. 85,409 in 1939-40).

Alongside the quantitative expansion of the Mill, there has also been a welcome improvement in the quality of goods produced by the Mill. It is claimed that the quality of yarn, longcloth and mull compares favourably with the products of other leading mills in India and even abroad. Encouraged by the progress achieved so far, the management has plans for a further expansion of the Mill. A mill with 12,000 spindles and 218 looms in Gadag has been purchased and official permission has been sought to raise the spindlage to 25,000. Modernisation of existing machinery with a view to reducing cost and improving quality is already under way. Further, it is proposed to install modern humidification and ventilation systems in all the sections. On the cloth processing side, mercerised plant, cheese and beam dyeing plant, printing machinery and change-over to continuous peroxide bleaching are included in the scheme.

The working results of the Company for the past few years have been highly encouraging. The value of sales in the year ended March 1961 reached a new record of Rs. 1.68 crore, being 19 per cent higher than the previous year's figure of Rs. 1.41 crore. The gross profit showed a much sharper rise, namely, 59 per cent (or Rs. 15.77 lakhs) to Rs. 36.94 lakhs. The profit earned in the year ended June 1941 was no more than Rs. 93,000. As a result of improvement in profit, the shareholders of the Company have benefited by way of handsome dividends; the gross dividend paid in 1960-61 was 12 per cent *plus* a silver jubilee cash bonus of 5 per cent, the total amount actually distributed being Rs. 5.08 lakhs, as against Rs. 47,000 in 1940-41.

The progress achieved by the Davangere Cotton Mills is thus quite remarkable. Surely, those who are at the helm of affairs of the Mills can look back with pride on the achievements of the past and look forward to a future of further expansion and service to the country.

ROMANCE OF TEA

The tea auction centenary, which Prime Minister Nehru inaugurated at Calcutta on the 2nd inst., brings vividly to one's mind the enchanting role played by tea in the economy of India, in general, and the importance of auctions, in particular. The history of Indian tea dates as far back as 1836, when one Mr. Charles Bruce produced for the first time indigenous tea in Assam. Since then, the industry has grown so remarkably and carved for itself such a prominent place in the country's economic set-up that a proper history of tea, if written, would, as Mr. Nehru very characteristically put it, be "immensely fascinating, much more fascinating than the dull accounts of kings." India is the world's largest producer of tea, accounting as it does for well over a third of the total world output, and, out of every three pounds of tea drunk elsewhere in the world, the share of Indian tea comes to almost one pound. The tea industry is one of the

largest employers (the daily average number employed is nearly a million) and the largest earner of precious foreign exchange every year (Rs. 129 crores out of the aggregate exports of Rs. 640 crores during 1960).

Although production of tea commenced in 1836, it was not until the end of 1861 that some sort of an orderly marketing of the output had been organised; on 27th December of that year, 450 chests of tea were first sold by way of auction by Mackenzie Lyall and Company. The system of auction sales became more and more popular year after year, as witness the substantial rise in the volume of tea sold at the auctions, the extent of the rise noted in the Calcutta market since 1938 being 130 per cent. At present, nearly 60 per cent of tea produced in North India is sold at these auctions annually. The auctions represent a scientifically evolved and efficient system of marketing which, in the weekly three-day sales, handles 100,000 chests of tea, comprising some 4,000 to 5,000 lots. The brokers (who are the auctioners), the buyers (representing exporters), and the blenders and internal traders are all so highly specialised that "lots are knocked down at the rate of four to five a minute, and teas worth Rs. 2-2.5 crores change hands during these three days." The auctions are conducted in accordance with the rules and regulations laid down by the Calcutta Tea Traders' Association.

To revert to the tea auction centenary celebrations. In his speech, Mr. Nehru merely narrated in brief the history of tea and he did not, contrary to expectations, refer to any of the problems confronting the industry. The industry, as readers are aware, is burdened with a heavy tax impost, on the one side, and high cost of production, on the other. The industry, no doubt, appreciates the need for funds (by way of taxes) felt by the Government for implementing the Plan, but only pleads for reducing taxation to a reasonable level. Tea, as Mr. N. Stenhouse, President of the Associated Chambers of Commerce of India, urged at the annual meeting of the Chambers, must be relieved of the heavy fiscal burdens which may inhibit the expansion necessary to fulfil the third Plan target. Further, the tea industry, while it is one with the Government in regard to the provision of better and better amenities to labour, emphasises that any increase in wages should be linked to productivity.

This year's tea crop, it may be noted here, is a bumper one, the estimated output being 750 million lbs. and the trend of production is likely to be upward in the coming years also. Common varieties of tea can be exported in their entirety after providing for internal consumption only if the foreign buyer can be accorded a reduction in prices. Such a reduction cannot be achieved, unless the Government lowers the excise and export duties.

S.T.C.'s PERFORMANCE

The State Trading Corporation's fifth annual report, unlike its fourth annual report which covered only the nine-month period from 1st July 1959 to 31st March 1960, has a full twelve-month coverage from 1st April 1960 to 31st March 1961. It highlights the fact of relatively better performance by the Corporation, in terms of both total turnover and exports in particular, as compared with the nine-month period covered by the previous report. The total turnover (covering both imports and exports) in 1960-61 was Rs. 65 crores, whereas in the previous period it was Rs. 43 crores. Exports alone in the respective periods were Rs. 36.6 crores and Rs. 23.1 crores. The Corporation's working results have led to a net profit of Rs. 1.44 crore, permitting a dividend of 10 per cent on share capital, as compared with 9 per cent for 1959-60.

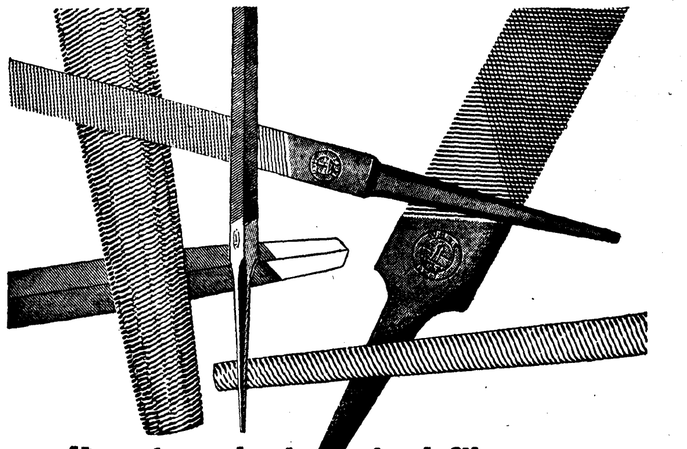
It is noteworthy that a larger proportion (52 per cent) of the 1960-61 exports, as compared with the 44 per cent of exports in the previous period, was accounted for by ores and mineral products. In the year under review, the Corporation exported more than three million tons of iron ore and also finalised a three-year agreement with the Japanese steel industry for a total supply of 6 million tons of Indian iron ore. As a result of barter deals and joint-marketing arrangements, the Corporation's exports of manganese ore increased from 3.9 lakh tons in the nine-month period of 1959-60 to 8.5 lakh tons in 1960-61. If exports of manganese ore and ferro-manganese are taken together, the total works out to about one million tons, representing twice the exports in 1959-60. It would appear that the further improvement in the exports of mineral ores, which have always constituted the larger part of the Corporation's export business, represents the main *raison d'etre* of the S.T.C. This function of mineral ore export is likely to be discharged still better in the years to come when the trade development fund, which the S.T.C. has created out of its profits and which now amounts to Rs. 2.2 crores, is mainly used for the stipulated purpose of financing schemes connected with improvement of mining, transport and port facilities.

How well the Corporation will be able to discharge its various functions taken together, is open to doubt. These functions, which have just been broadly defined by the Union Minister for Commerce in the Lok Sabha in response to the Estimates Committee's relevant recommendation calling for their definition in the light of experience gained hitherto, are: first, the function of trading generally with State trading countries as well as other countries in commodities entrusted to it; secondly, the exploration of new markets for traditional items of export and the development of new items of export with a view to diversifying and expanding India's export trade; thirdly, the import and/or internal distribution, at the instance of the Government, of any commodities in short supply with a view to stabilising prices and rationalising distribution; and, lastly, the implementation of such special arrangements for import, export and/or internal distribution of particular commodities as the Government might adopt in the public interest. The S.T.C. has, of course, been discharging these functions, in recent years, though how well has been a debatable issue. It has arranged imports of several scarce items like caustic soda, fertilisers, non-ferrous metals and art silk yarn, but it does not appear to have been perceptibly successful in bringing down or stabilising their internal prices, though it claims to have sold them to actual users at prices allowing for only a small margin of profit for distributors. The Corporation's handling of imports of some of these commodities in short supply in exchange for a variety of Indian goods like manganese ore, footwear, hides and skins and tobacco has been criticised on the ground that, in such 'canalised' barter deals, it has either accepted lower prices for Indian goods or paid higher prices for foreign goods as compared with the prevailing prices, with the result that the country has been a loser in the end.

There is as yet no cogent reply from the official side to this line of criticism relating to the S.T.C.'s barter deals. The Corporation's rejoinder, recently published in a Bombay paper, is not quite enlightening on the question for it has dealt with it in a summary fashion without giving full details regarding the various barter deals. Whether the special trade arrangements finalised in 1960-61 by the Corporation with various countries in Western Europe for an overall trade of about Rs. 15 crores either way will be uniformly beneficial to India, cannot be claimed with certainty. It is not unlikely that, even where they are less advantages to this country, the Government will seek justification for them in the circumstance of a large adverse balance of trade with Western Europe. Again, recent complaints that some of the Indian goods exported by the S.T.C. to East European countries under special arrangements have been re-exported by them to other countries have brought some discredit to the Corporation's special trade arrangements. The Corporation's import and export activities, which are stated to have increased further in 1961-62, should, therefore, be subjected to closer scrutiny by experts.

Britain has repaid a further £50 million of its recent borrowing from the International Monetary Fund. This early repayment has been made possible by a continued return of international funds to Britain following the restoration of confidence in sterling by the measures taken on 25th July 1961.

It will be recalled that on 4th August last, the I.M.F. agreed to a drawing by—that is, agreed to lend to—Britain the equivalent of $1,500 million (about £535 million), together with a one-year "stand-by arrangement" for a further $500 million (about £178 million) which could be immediately drawn upon as required and which has not been used. These arrangements were made in order to help Britain resist the speculative pressure on sterling which had built up during the summer.



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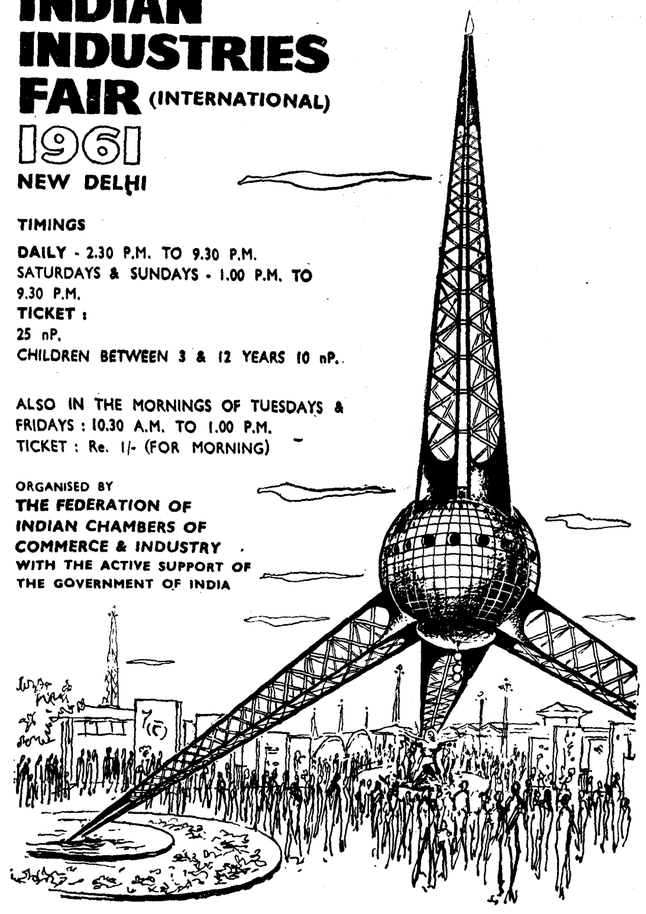

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AIR TRANSPORT—COMMON MARKET—G.A.T.T.

From Our Special Correspondent

NEW DELHI, *5th December*

THE Minister of Commerce, Mr. Nityanand Kanungo, made a statement in the Lok Sabha last week on the functions and activities of the State Trading Corporation which substantially reiterated the Government's satisfaction with its present role and activities. "The Corporation," he said, "has now become a most valuable instrument of the Government's commercial policy. It has not only supplemented the activities of the private sector and has rendered help to private trade in spheres in which the help was needed but it has enabled Government to deal effectively with the complex variety of trading problems which arise in the present world conditions." No better testimony could have been expected by the S.T.C. Mr. Kanungo, however, made no attempt to deal with any of the specific criticisms of its functioning; his resume of the Corporation's role was only intended to lead up to the announcement of the Government's decision on the Estimates Committee's recommendation last year that the S.T.C's functions should be clearly defined on the analogy of the Industrial Policy Resolution which demarcates the areas open to the private and public sectors.

DELHI LETTER

Many who were somewhat critical of the Corporation were then inclined to favour such definition in the hope that it would help to circumscribe its residual role and prevent encroachments into the field of private trade, internal and external. But it was fairly obvious even then that the Government would like to use the S.T.C. for a variety of purposes, few of which could be clearly visualised in advance and that any pressure for defining them would only result in very loose general statements of objects, leaving much latitude for its activities. This is exactly what has happened now. Mr. Kanungo has stated that the Objects clause in the Corporation's Memorandum of Association will be amended to include the following functions:

(*a*) to undertake trading generally with State trading countries as well as other countries in commodities entrusted to it;

(b) to explore new markets for traditional items of export and to develop exports of new items with a view to diversifying and expanding the export trade;

(*c*) to undertake, at the instance of Government, import and/or internal distribution of any commodities in short supply with a view to stabilising prices and rationalising distribution; and

(d) generally to implement such a special arrangements for import, export or internal distribution of particular commodities as Government may adopt in the public interest.

Useful Role

With such a flexible charter, the Corporation can do anything which it, or the Government, wishes to do, but Mr. Kanungo took great pains to point out that it has been always constructive in the operations it has undertaken. Mentioning in particular the "link deals" on an experimental basis, he assured the House that the S.T.C. exercises much care in ensuring that traditional markets are not neglected and that there is a net addition to exports. Particularly last year, the S.T.C. seems to have made up for its earlier setbacks in the export of manganese ore; as a result of the combined effect of barter deals, joint marketing arrangements and other measures, its exports of manganese have increased from 3.94 lakh tons in 1959-60 to 8.52 lakh tons in 1960-61. Mr. Kanungo claimed that increases in exports of woollen textiles, shoes and pulses were largely due to the efforts of the Corporation and that its success in these fields "affords promise of the usefulness of this organisation in developing markets for new commodities."

By evolving new techniques, the S.T.C. claims to have established trade with countries of Western Europe where difficulty was felt before. The overall trade under these arrangements with this area is expected to be of the order of Rs. 15 crores either way. The annual report of the Corporation which has now been presented shows that the total turnover in commodities directly handled by the Corporation has increased from Rs. 10 crores in 1956-57 to Rs. 66 crores in 1960-61; the exports of such commodities expanded from Rs. 5.79 crores to Rs. 36.59 crores in the same period. More important is the S.T.C's claim to have served the private sector through its indirect business, which increased from Rs. 19 crores in 1957-58 to Rs. 46 crores in 1960-61: it levied a service charge on only half of this business. It has a Trade Development Reserve of Rs. 2.15 crores (after adding Rs. 1 crore last year) and has set apart Rs. 30 lakhs for providing financial assistance by way of loans for the improvement of communications in mining areas and for other operational facilities in mines, rail-heads and ports, to add to ore exports.

Mr. Kanungo's statement emphasises that, besides such planned development of facilities, S.T.C's ore exports have also assured continuity of supplies to foreign steel mills and introduced some order in the internal trading conditions; hundreds of competing exporters from this country perhaps did not secure as good a price as the Corporation can by virtue of its leading position. This adds up to the credit side of its balance-sheet and it is not easy to dismiss it.

Cement Agency

On its very controversial cement agency functions, Mr. Kanungo said little, except that the Corporation had paid a surplus to the extent of Rs. 11.24 crores to the Government until March 1960. The annual report shows that thereafter the Corporation was in the red in this branch of activity. Its cement exports have declined due to competition in external markets and higher prices of Indian cement; on one lakh metric tons exported, the Corporation incurred a loss of Rs. 17 lakhs last year. Even on internal distribution, surpluses have ceased and there was a deficit of Rs. 1.25 crore last year; the new price scheme will presumably help it to avoid further losses. Though some critics point out that the S.T.C. has created pockets of scarcity in cement, it claims that it has eased the supply position in some areas through rationalisation of movement and coastal transhipment at some extra cost. It is now for the private sector to challenge Mr. Kanungo's assertion that, in "selecting commodities to be entrusted to S.T.C., Government always follow the principle that S.T.C. should enter only those fields of trade where the normal trading mechanism has been found to be inadequate or where the S.T.C. could usefully supplement the activities of the private trade.

Presently, the Corporation is directly handling exports of about 36 commodities and imports of about 33 commodities. Its balance-sheet, in spite of some doubtful deals and losses on certain items of exports, shows a gross profit of Rs. 4.96 crores, net profit of Rs. 1.44 crore and a dividend of 10 per cent was declared last year. If, in future, it is careful enough to avoid some of its earlier mistakes and is able to improve its administrative organisation, it can further enhance its prestige. As the *Economist* Intelligence Report pointed out, its virtues will remain prominent by the side of the shortcomings of the private sector in spite of its longer experience and established position in trade.

* * * *

Air Corporations Bill

The Air Corporations (Amendment) Bill marks a significant relaxation of the monopoly of scheduled air services enjoyed by the two nationalised corporations—I.A.C. and Air-India International. The proposed amendment of Section 18(1) of the Act will enable the Government to issue licences for scheduled air services which are not provided by the two corporations or their associates. This, of course, is far from introducing any element of competition in the air which has been recognised to be necessary in Britain where the Air Transport Licensing Board has approved applications of private airlines for 18 international and 4 internal routes, following an amendment of the law which came into force earlier this year. In the development of feeder services in India to supplement the I.A.C's operations, there has till now been no evidence of a fresh approach; as in the case of other public sector schemes, there might have been reluctance to introduce private enterprise in areas which the public sector may later on claim for itself. There have been rumours that the Government intends to favour a particular operator —the Kalinga group—because of party influences, but this has now been denied officially. Whatever be the actual inspiration for the present step, the measure should be commended in principle.

Its actual effect in opening up new routes and catering to the potential traffic will, however, depend upon the number of aircraft which private companies can muster without detriment to the non-scheduled services they are now providing on several routes. If there is merely a diversion, there will be no net gain; seven companies and 17 flying clubs holding permits for such services now carry about one-tenth of the passengers and almost as much as the cargo lifted by I.A.C. Perhaps, some of these companies can utilise the available capacity more intensively if some feeder routes are thrown open to them; they may also be able to augment their fleet with moderate foreign exchange or even through collaboration arrangements or supplies on credit. For such expansion, they should be able to take a long-term view of their business and, if the I.A.C., like some State Road Transport authorities, interferes with licensing policy or seeks to reserve routes which it may later on like to enter, the purpose may be defeated.

It is well known that I.A.C. has not taken sufficient interest in developing feeder routes. No survey has yet been made of the traffic potential which is considered to be very large. Instead of using Herons on shorter routes, it employed them on main routes and discarded them soon, whereas, in other countries, they have been giving very good service. Vikings have also been wasted by the I.A.C.; it demurred when Super-Constellations were available from A.I.I., though it is using them now on internal routes on charter from A.I.I. I.A.C.'s attempts to economise by using fewer pilots and taking more passengers in latest types of aircraft can be commended, if it had maximised its net income, but, from all accounts, the number of vacant seats on each flight when there are long waiting lists of passengers at all starting points shows that its operational planning is defective.

Not the least of the advantages of encouraging private enterprise on feeder routes is the increase of opportunities for employment of pilots who are being trained and wasted. Small aircraft, seating about 16 persons, would be adequate for short runs and more pilots can thus be absorbed. At one stage, I.A.C. overestimated its needs and there are now about 75 unemployed pilots; I.A.C. is able to absorb only about 10 per year, because of the larger aircraft it is now using. Commercial pilots are valuable in times of emergency, when supplies have to be airlifted and it is as well that all these other aspects of civil aviation are not left entirely to the two Corporations.

Some minor changes are also contained in the Bill. A.I.I. will henceforth be known as Air India, the name which is familiar abroad. The Air Transport Council, which has no work before it (and involves expenditure of Rs. 80,000 per year) will be dissolved and reconstituted only when necessary. The Corporations will also be empowered to make regulations for issue of passes free of cost.

* * * *

Common Market

Mr. Morarji Desai duly completed last week the formality of a report to Parliament, without adding much to the information available to the public. It was, however, significant for the reiteration of his earlier stand that the kind of arrangements under which Britain proposes to accommodate some members of the Commonwealth as associated countries with the European Common Market is obnoxious to the Government of India. Reports recently received from Brussels say that Britain desires to cut the Gordian knot of the Commonwealth problem by actively sponsoring this solution. The full text of Mr. Edward Heath's statement before the E.C.M. Council of Ministers on 10th October has now been communicated to all Commonwealth Governments, though the earlier secrecy about it has created misunderstanding (Canada asked for it and was refused a copy). There seems to be nothing seriously objectionable in it. Mr. Heath has only underlined the importance of the Commonwealth ties and the pattern of trade and Britain's reluctance to alter them to the disadvantage of all the members; it is intriguing why it was kept such a closely guarded secret till it leaked out, particularly when the *communiques* issued at the end of the talks which British Ministers had with Commonwealth Governments last July emphasised that there would be close and continuous consultations at all stages of the negotiations.

While the pro-Commonwealth sentiments expressed by Mr. Heath are commendable, the order in which he propounded certain possible solutions to the problem confirms India's suspicions that some countries may be specially recommended for associated status, with the result

(*Continued on page 1111*)

WATCH AND CLOCK INDUSTRY IN JAPAN

MODERNISATION PLANS MAKE HEADWAY

By A Correspondent in Japan

HUMAN beings used to depend on the sun or the hour-glass to know the progress of time. Today clocks and watches have become indispensable ingredients of modern living. The Japanese clock and watch industry thrived even in pre-war days. But during war-time, when watches were regarded as luxuries, it began to wane. The production of clocks in particular was suspended during the 1942-45 period when manufacturers were forced to switch their production to munitions industries. The output of watches and clocks dropped to a mere 70,000 pieces by 1945 from the 3,320,000 pieces in 1936.

The post-war recovery of the Japanese timepiece industry was rapid, except in the field of pocket watches. The production of clocks surpassed its pre-war peak in 1952 and watches in 1953. The development of the industry has been dependent mainly on fast-expanding domestic demands, but the industry holds out promising export prospects, as Japanese timepieces are winning a high reputation abroad in terms of quality.

The Japan Clock and Watch Association is the core of the Japanese timepiece industry. The Association embraces 37 watch and clock manufacturers throughout the country. Leading watch makers are Daini Seikosha Company, Citizen Watch and Takano Seimitsu. The principal clock and time-switch makers are K. Hattori & Co., Tokyo Tokei Seizo Kaisha, Rhythm Watch Company, Toyo Clock Industries Company, Takano Seimitsu Kogyo K.K., Meiji Clock Company, Aichi Tokei Denki K.K., etc. The centres of the watch and clock manufacturing industry are Tokyo and Nagoya.

Mass Production System

The Japanese watch and clock industry has made strenuous efforts for its modernisation, with special emphasis on the conveyor system. The mass-production system has been established and labour productivity has been honed considerably, as will be seen from the following figures:

(In thousand pieces)

	Watches (wrist, pocket)	*Alarm, table clocks*	*Wall, electric and other clocks*	*Total*
1956 ..	2,686	2,877	1,253	6,816
1957 ..	3,419	3,372	1,455	8,246
1958 ..	4,309	2,856	1,329	8,494
1959 ..	5,447	3,229	1,970	10,646
1960 ..	7,147	4,724	2,342	14,213

Japan ranks second in the world after Switzerland in the production of wrist watches. So far as the production of watches and clocks goes, it is the fourth largest producer in the world, following Switzerland, the United States and West Germany. Japanese watch makers, moreover, are confident of the quality of their products. A recent official testing over a stretch of six months showed that Japanese watches are qualitatively superior to most of the foreign products.

After the fashion of the time, Japanese watch manufacturers are turning out thin wrist watches. K. Hattori & Co. has recently come out with the world's thinnest wrist watch (only 2.9 mm. in thickness).

It might have to be admitted that the Japanese watch and clock industry is too busy meeting the domestic demand to export its products in real earnest. But recently, it gradually started showing its enthusiasm in cultivating overseas markets and long-term bulky export contracts have been signed with the United States and Canada. During 1960, the industry exported 1,340,000 pieces which were broken down to 800,000 alarm and table clocks, 250,000 wall clocks, 210,000 wrist and pocket watches, 60,000 time-switches and 20,000 electric clocks. The United States is one of the biggest export markets for the Japanese watch and clock industry.

Watch and Clock Exports from Japan

	Wrist, pocket watches	*Table, alarm clocks*	*Wall, electric clocks and others*
U.S.A.	15,201	391,110	19,534
Thailand	257	162,589	176,152
Formosa	3,054	219,810	41,888
India	2,574	205,575	32,851
Singapore	448	55,681	184,152
Canada	72,411	122,501	37,713
Communist China ..	206,788	16,421	..
Ceylon	..	..	154,295
Australia	1,105	133,552	..
Ryukyus	11,292	72,771	49,568
Malaya	..	21,438	101,967
South Korea ..	4,757	98,750	17,783
Hong Kong ..	11,967	62,196	36,955
Total ..	472,854	1,639,894	851,858

In exporting watches and clocks, the industry and the Government are taking joint steps to guarantee the quality of exports. Under the strict supervision of the Government, the Japan Watch and Clock Inspection Institute examines all clocks and watches prior to shipment. Any product without the label of quality approval can never go abroad.

What the industry is exporting are not only complete watches and clocks or movements. The Citizen Watch Company has concluded a contract with India to export a wrist watch plant. The Japanese watch maker will provide the necessary plant, machinery and equipment and also train Indian technicians in Japan. The projected watch factory, when completed in five years, will be capable of manufacturing 200,000 to 800,000 pieces a month. It will also assemble those parts which will be imported from Japan.

Trade Liberalisation

Should the importation of watches and clocks be freed, what will happen to the Japanese industry? Watch manufacturers do not seem over-worried about the challenge from their foreign counterparts. As a matter of fact, Japanese watches have become qualitatively competitive, and their prices are still attractive enough to the consuming public in Japan. Foreign watches are now subject to 30 to 40 per cent customs tariffs when they come into Japan. But the situation will not be the same with clock makers. The entrepreneural scales of these clock manufacturers are small and far less competitive. Since clocks do not require much manual work, the weight of labour costs is not large in the production of clocks. The biggest rival is West Germany. The table below shows the watch and clock imports into Japan:

(In thousand pieces)

	Wrist, pocket watches	*Table, alarm clocks*	*Wall, other clocks*
1955	226	1.8	4.6
1956	290	3.7	0.5
1957	329	0.4	0.2
1958	221	0.4	0.2
1959	193	0.5	0.2

Prospects

The Japanese watch and clock industry is well aware that the enhancement of labour productivity is the way to survive intensifying competition with foreign products. The industry, therefore, is striving hard at present to secure the domestic market and at the same time to expand its overseas markets. In the phase of exports, the U.S.—the largest client of the Japanese watch and clock industry—offers a vast market for low-priced timepieces. It is reported that the annual demand in the United States is roughly 20 million pieces. It is quite possible for the Japanese manufacturers to enjoy a far larger share of this lucrative market. The overseas demands for radio sets with clocks are also on the sharp increase. The watch and clock industry is, therefore, a hopeful export industry and is in need of redoubled efforts to expand its export.

On the domestic scene, the future prospects of the industry are also cheering. By 1965, the population above 15 years of age is expected to increase by as many as 2,500,000 persons over 1960. At this rate, the annual demand for watches and clocks will expand by at least 500,000 pieces. The current consumption-boom encourages the industry and business buoyancy is likely to stay on for the coming years.

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FREE MARKET FOR SILVER IN THE U.S.

IMPLICATIONS OF PRESIDENT KENNEDY'S DECISION

*[A brief reference was made in our last issue to U.S. President Kennedy's action freeing silver in the U.S. to the status of any other commodity, but retaining its use for subsidiary coinage. We now publish on this page, by the courtesy of the First National City Bank of New York, a full account of the developments leading to President Kennedy's decision, and its implications to both the U.S. and the rest of the world, against a brief historical background. This account is an extract from the December (1961) issue of the Bank's Monthly Letter. It will be noted, on a perusal of the article, that there is a shortage of silver in the world, that consumption of silver for both coinage and industrial purposes in the free world outside the U.S. is tending to exceed production in countries outside the U.S., that, though there is a sizable shortage of silver in the U.S. itself, it is only a fraction of the vast quantity of silver held in reserve by the U.S. Treasury, and that the price of silver must inevitably rise, both in the U.S. and elsewhere, to a level which will attract larger supply from the hoarded stocks and through increase in production.—*ED.]

MUCH has been written about the $5.8 billion decline in the U.S. gold reserve over the past four years. Meanwhile, almost unnoticed by the general public, a drain on U.S. silver stocks has set in. Even though the current decline dates back only to the summer of 1959, and has been of far smaller magnitude than in the case of gold, a practical policy question was posed for the U.S. Treasury.

The problem is being resolved in a sensible way. On 29th November, at the direction of the President, the Treasury discontinued sales of silver for use in the arts and industry. To assure adequate supplies of the metal for subsidiary coinage—halves, quarters, and dimes—the President instructed the Treasury to reduce circulation of silver certificates, which tie up silver bullion as backing. He said that he would ask Congress next year to authorise the Federal Reserve Banks to issue $1 bills (practically all of which today are silver certificates) and also to repeal the Silver Purchase Acts. The programme as a whole "will permit the establishment [in the United States] of a broad market for trading in silver on a current and forward basis comparable to the markets in which other commodities are traded."

In the London free market, the initial reaction was a rise from the equivalent of 93.83 cents per ounce on 28th November to 99.40 cents on the 29th. In New York the market price advanced from 91⅛ cents to $1.00⅜.

U.S. Treasury officials have had the silver problem under close study for some time and have had meetings with representatives of producers and users. On 9th October, silver matters were transferred from the Bureau of the Mint to a new Office of Domestic Gold and Silver Operations under the direct supervision of Robert V. Roosa, Under-Secretary of the Treasury in charge of monetary affairs.

Drain on Stocks

The decision to discontinue sales was precipitated by threatened exhaustion of Treasury holdings of so-called free silver. U.S. silver stocks on 30th June, 1959 exceeded 3.4 billion fine ounces, the greatest aggregation of the white metal ever accumulated by any nation. However, all but 212 million ounces of this silver was tied up in coinage or as collateral behind silver certificates, which constitute about 7 per cent of our total paper currency circulation. Since June 1959, Treasury holdings of free silver have dropped from 212 million ounces to 22 million ounces.

Treasury free silver has not been going out in exports; it has been absorbed by constant growth in our silver currency circulation and sales for use here in the arts and industry. The discontinuance of Treasury sales theoretically could lead to an advance in price to $1.29 per fine ounce, the point at which redemption of silver certificates would be the cheapest way for users to get the metal.

The potentiality of retirement of silver certificates would put an automatic ceiling on the price of the metal for a long time to come. Few practical observers expect that the price of silver will rise to anything like $1.29, particularly since the Treasury will take care of its requirements for subsidiary silver coinage by retiring silver certificates. In the view of Mr. Simon D. Strauss of the American Smelting and Refining Company, as reported in the November issue of the *Engineering and Mining Journal*, a price of $1.10 would bring out quantities of hoarded silver and stimulate exploration and new production.

Historical Background

The silver problem today cannot be fully understood without recalling a few salient facts of monetary history. The original dollar was a silver dollar, though the emerging importance of gold led Congress, on the recommendation of Alexander Hamilton, to establish in 1792 a bimetallic gold and silver standard. This failed to work, because the relative values of the two metals did not stand still, and gold emerged as the dominant monetary base with silver playing a subsidiary role. The pound sterling, once a pound of silver, became the leading currency of the world after the Napoleonic wars as a gold sovereign. Other nations, save China, generally and gradually shifted to a gold or gold-exchange standard.

The decline of silver was powerfully resisted in the United States which, from about 1871 to 1900, was the world's biggest producer of the metal and also had a large agricultural population that attributed falling commodity prices to shortages of money. Since 1873, when the United States formally abandoned bimetallism, Congress at various times has passed laws requiring the Treasury to purchase silver not only for use in subsidiary coinage but also as backing for paper silver certificates. The United States has thus accumulated a hoard of some 1.8 billion ounces of silver to implement the rights of holders of $2 billion-odd silver certificates to redeem them.

The silver purchase laws in force are the Silver Purchase Acts of 1934 and 1946. A Presidential proclamation in December 1933, when the New York market price was 44 cents, prescribed that the Treasury should pay 64.64 cents per fine ounce for domestically mined silver. After several changes made by Presidential proclamations, the buying price became fixed by legislation—in 1939 at 71.11 cents and in 1946 at 90.5 cents, the level presently prevailing. Silver purchases were also conducted abroad, but abandoned in 1942 after they disrupted the world market and forced China off the silver standard.

Between 1942 and 1959, apart from Lend-Lease transactions in silver, U.S. silver stocks were further enlarged out of domestic production. The arts and industry, for the most part, could satisfy their needs from cheaper sources abroad. Since 1959, the world price has been above the Treasury's 90.5 cent buying price, with the result that the Treasury has been getting little silver.

While earlier silver legislation had particularly in mind assistance to producers and increase of money supply, the Silver Purchase Act of 1946 took account of the problems of silver users and authorised Treasury sales. The selling price, until discontinued on 29th November, was 91 cents per ounce at the San Francisco mint and somewhat higher in Denver and New York. Treasury selling, restricted to domestic users, held down the open market price in New York—quoted since 1959 at 91⅛ cents by Handy and Harman, leading fabricators of gold and silver in the United States. In London, which is now the principal free market for silver as well as for gold, the price over the past two years has been ranging between 92 and 94 cents. The higher London price, explained by enlarged demand for silver abroad, has been diverting supplies which used to go to the American market.

110 Million Ounce Annual Deficiency

Most silver production is concentrated in North America. In the twentieth century, the United States has been displaced by Mexico as the world's largest producer; Canada holds third place. Silver production in the United States—except in 1959, when output was depressed by strikes—has held near a level of 40 million fine ounces a year. Silver coinage alone has been taking somewhat more than this amount in recent years. With net usage in industry and the arts upwards of 100 million ounces a year, the U.S. silver deficiency has exceeded 110 million ounces annually since 1959. Although complete figures are lacking for a full accounting of supplies and uses, the following table shows the changing picture:

Silver in the United States

(In millions of fine ounces)

	1957	1958	1959	1960	1961
Output	38.7	36.8	23.0	36.8	40.0†
Uses:					
Industry and arts	95.4	85.5	101.0	102.0	104.0†
Coinage	52.0	38.2	41.4	46.0	48.0†
Total	147.4	123.7	142.4	148.0	152.0†
Excess of uses over output	108.7	86.9	119.4	111.2	112.0†
Imports:					
Commercial	110.3	62.6	24.1	45.0	35.0‡
Lend-Lease returns	80.8	103.4	45.0	15.7	n.a.
Exports	10.3	2.7	9.2	26.0	28.5‡
Excess of commercial imports over exports	100.0	59.9	14.9	18.4	7.4‡
Changes in U.S. Treasury's stocks:					
"Free" stocks	+40.0	+74.8	—27.1	—51.6	—91.1‡
Other stocks*	— 6.7	+17.5	—10.3	—16.0	—16.0‡
Total change	+33.3	+92.3	—46.4	—67.6	—108.0‡

* Stocks securing silver certificates, and silver coin in the hands of the Treasury.
† Tentative estimates.
‡ Through September 1961.
§ Through November 21, 1961.
n.a.—not available.
Source: U.S. Bureau of Mines, U.S. Department of Commerce, and U.S. Treasury.

The deficiency of U.S. production has been covered by imports, including returns of silver lent to the United Kingdom, the Netherlands, India, Pakistan, and certain other countries during World War II under Lend-Lease legislation. But returns of Lend-Lease silver have dried up and regular commercial imports have been falling off with the rise in siver usage abroad.

According to estimates by Handy and Harman, consumption in the rest of the free world has reached the level of production, about 170 million fine ounces a year. Usage in the arts and industry abroad now takes three quarters of the new production. The United Kingdom, India, and Pakistan withdrew silver coins from circulation as a means of facilitating return of metal obtained under Lend-Lease during the War, thus adding to world silver supplies. But new silver coinage programmes in France and Italy are currently adding to needs for monetary silver abroad.

Thus, on the basis of figures for the past two years, the American shortage of some 110 million ounces is also a measure of Free World shortage. Offerings from Red China, for balance-of-payments reasons, have been reported in the Press as likely to reach 40 million ounces in 1961. These, believed to come from stocks of coins surrendered to the Government, have been supplementing supplies in Western Europe.

The natural effect of the silver shortage has been to firm up world prices and this tendency is strengthened now that the U.S. Treasury has dropped out as a seller. A rise in the price will stimulate production, though it must be borne in mind that most of the world's silver is produced from ores bearing copper, lead, zinc, and gold. Thus, prices of other metals have influences on silver production. There is, however, no doubt that a sustained advance in the price of the metal could produce a sizable increase in supply by stimulating exploration and new production as well as by inducing a melting down of silver coins—the kind of automatic demonetisation that has occurred so often over the world's history when hard money has become worth more as metal than as money.

3.3 Billion Ounce U.S. Stocks

Along with gold, silver coins and objects of art are often held in many parts of the world as stores of value. No one can say for sure what the aggregate amount might be or how much would be turned back into metal at any given price level. But it is possible to measure U.S. silver stocks in forms of coins, reserves against silver certificates, and Treasury free silver. These stocks aggregate more than 3.3 billion fine ounces, an amount that dwarfs the calculated annual shortage of 110 million ounces a year. Of this stock, about 1.2 billion ounces represent the content of subsidiary silver coins—dimes, quarters, and half dollars. These would not be worth more as silver than as money, unless the price of the metal rose above $1.38 per fine ounce. There is a somewhat limited circulation of standard silver dollars, which, technically, would be worth their weight in silver content if the price rose to $1.29. But the bulk of the U.S. silver stock consists of bars or bullion held in reserve for redemption of silver certificates. Since silver certificates are payable to the bearer on demand in silver, this silver bullion could be drawn upon and presumably would be, if the price of the metal got up much beyond $1.29.

(Continued on page 1111)

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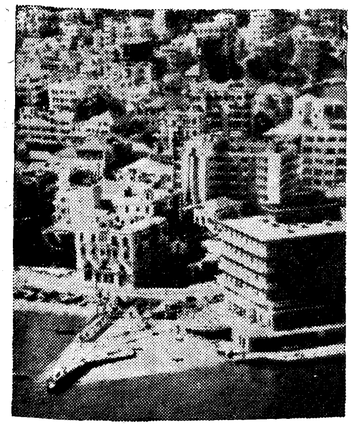

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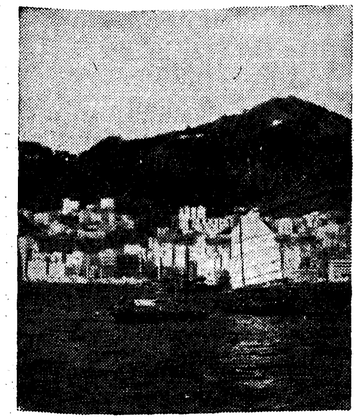

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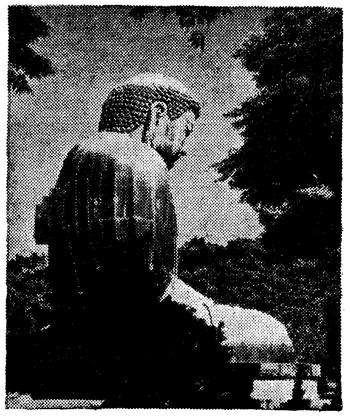

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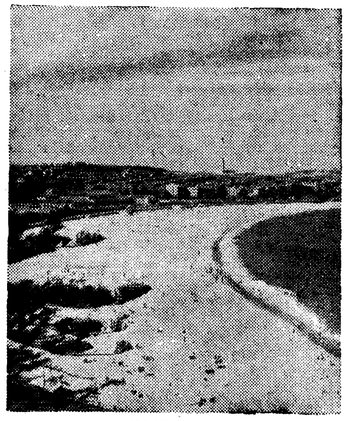

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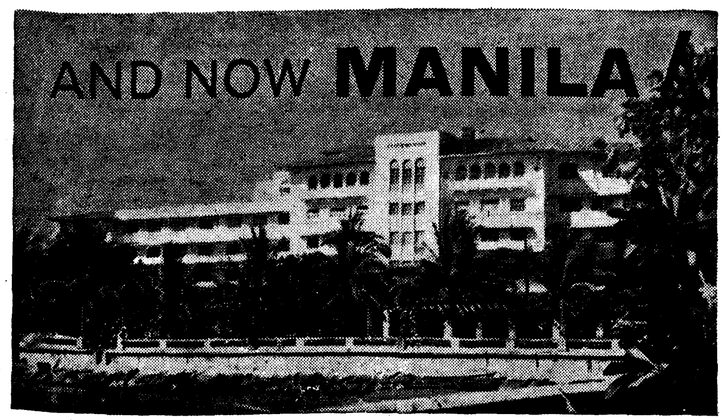

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WORLD WOOL OUTPUT AT PEAK LEVEL

MARKED RISE IN CONSUMPTION—PRICES HIGH

WOOL prices continue to rule at relatively pretty high levels of the world over. The latest available quotation for Dominion wool (64s) in the London market is 105d. per lb. (c.i.f. cost in Britain), as against just 81d. prevailing this time last year; the quotation had touched as high as 114d. early in May 1961. The distinct firmness of wool prices reflects the tight statistical position of this fibre. Stocks throughout the world are said to be very low. In the U.K. for instance, stocks of marine wool are at their lowest level since 1952, while consumption is running higher than in 1960. It is further said that the East European countries are buying large quantities of wool. "There are," to quote a report, "few sources of cheap wool available and, with top-makers low in supplies, demand from Bradford has become more active." The rise in wool prices would, perhaps, have been more marked but for the Japanese Government's decision to cut down Australian wool consumption from 30 to 15 per cent and reports suggesting a possible reduction of 10 per cent in the number of spindles operating in Japan.

The firmness of wool prices is likely to persist during the remaining months of the current wool season (July 1961-August 1962). It is true that the estimated world wool production in the season is higher than that in the 1960-61 season—5,660 million lbs. (greasy basis), as against 5,573 million lbs. But the rate of increase in output seems to be slower than the pace of rise in consumption. Further, this year's increased production, according to a recent review of the trends in world wool economy (by Mr. N. Cuthbert and Mr. W. Black) published in *The Times Review of Industry*, London, is coming on a market where stocks are rather low. The high prices ruling during the second half of the last season enabled the South American producers and the New Zealand and South African Wool Commissions to get rid of much of their accumulation. Total world availability in 1961-62 is, therefore, unlikely to be higher than in 1960-61. At the same time, stocks in consuming countries, though slightly above last year's, are not thought to be excessive.

Production Trend

The anticipated rise of 87 million lbs. in world wool output during 1961-62, as compared with the previous season, is accounted for by all the three sub-groups, merino, crossbred and others. The rise is particularly notable in the case of merino wool, the tentative estimate of output being higher by 55 million lbs. at 2,331 million lbs., as against 2,276 million lbs. The production of crossbred and others is estimated at 2,069 million lbs. and 2,041 million lbs., as against 2,041 million lbs. and 1,257 million lbs., respectively, in 1960-61. India's share in the total world wool output is negligible, being less than 1.3 per cent; the estimated production in 1960-61 is 72 million lbs. All the major producing countries, with the exception of Communist nations, have shared in the improvement in production as is evident from the following table:

(In million lbs.—greasy basis)

Country	1961-62 (provisional)	1960-61	1959-60	1934-38 (average)
Australia ..	1,679	1,632	1,680	995
New Zealand ..	599	588	577	299
Argentina ..	410	409	423	378
United States ..	325	324	319	470
South Africa ..	322	305	319	261
Uruguay	195	181	159	114
United Kingdom ..	125	120	124	111
Other free world countries ..	915	908	909	727
Soviet Union, China and Eastern Europe	1,090	1,106	1,102	435
World total ..	5,660	5,573	5,613	3,788
Of which:				
Merino	2,331	2,276	2,316	1,579
Crossbred ..	2,069	2,041	2,033	1,265
Others	1,260	1,257	1,264	944

Source: Commonwealth Economic Committee.

The world wool output of 5,660 million lbs., estimated for the current season, is an all-time peak which has never been seen before. The figure represents a rise of 50 per cent., as compared with the average production in the last five pre-war years (1934-38) and is a quarter greater than the average of the years 1951-52 to 1955-56. In Australia, where drought had reduced the weight of the wool clip by about 4 per cent last season, autumn and winter rains have produced more favourable conditions this year. Fleece weights and staple are both expected to show an improvement except in parts of New South Wales and Queensland where drought has again been serious. New Zealand estimates set the current season's output 2 per cent higher. Conditions have on the whole been suitable, though late snowstorms in South Island may adversely affect lambing. It may be noted here that Australia and New Zealand together account for about 40 per cent of the aggregate world wool production.

Elsewhere in the non-communist world, prospects seem to be good. A higher clip, greatly improved in quality, is expected in Uruguay, and reports of drought in the Southern part of Argentina must be offset against the much improved expectations in the North. The South African clip is expected to be brighter, healthier and more reliable, as a result of the breaking of drought. A slightly larger output is also expected in the U.S. In both quality and quantity, the U.K. output, it is said, should show a marked improvement. Pastoral conditions have been more suitable and fleece weights are up by about 5 per cent.

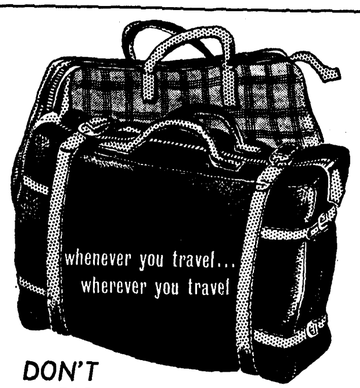
Sheep Numbers Growing Fast

It will be interesting to note here that the world sheep numbers are growing faster than the human race. Thus, the number of woolled sheep (other than the 63 million mutton breeds) has gone up in the past ten years by more than 30 per cent from 705 million to 917 million at present, while the total population of the world has risen by 16 per cent from 2,500 million to 2,900 million. Of the total world sheep population, Australia, the biggest wool producer in the world, alone accounts for as much as 155 million, nearly 15 sheep per person. In the U.S.S.R., the second largest producer, people outnumber woolled sheep, the ratio being 1.5: 1.0. New Zealand, the third biggest wool producer, has the highest ratio of sheep to humans—nearly 20 to 1. Next comes Argentine which has more than two sheep per person, followed by the U.S. and South Africa, the ratio being one to six and 2½ to one, respectively.

An analysis of the materials used by wool industry in the world's twelve largest wool consumers shows that fibres other than wool formed about the same proportion of the total in 1960 as in 1959. The proportion of man-made fibres rose from 13.2 per cent to 13.6 per cent, an increase which occurred at the expense of other non-wool fibres. For these countries taken as a whole but excluding the U.S., the percentage of virgin wool appears to have been fairly stable (at about 10) in the past ten years, while it declined in the U.S. from an average of 60 during the years 1952-56 to 50 in 1958, though it rose subsequently to 54. The aggregate consumption of wool in the twelve countries increased by 35 per cent between 1950 and 1960. The consumption of yarns used in the blanket, carpet and hosiery trades and for hand-knitting rose faster than that of yarns used in apparel weaving. The output of worsted fabrics appears to have increased relative to woollens. The temporary contraction in raw wool consumption witnessed in the early part of 1960 has now been reversed. The figures for the last quarter of the 1960-61 season (that is, April-June 1961) disclose higher consumption in a number of countries, the actual percentage rise being 15 in the U.S., 8 in France and Australia, and 6 in the U.K. and Belgium.

Wool Research

The continuously rising trend of wool consumption the world over, despite the competition from man-made fibres must be attributed to the intensive research activity in recent years, not to speak of the traditional qualities of wool such as moth-proofing, shrinkage resistance, minimum ironing, permanent pleating and creasing, water and oil repellency and easy washability. Nevertheless, there is still a wide gap between the point where the scientist completes his work on a new process in the laboratory and the much later stage when a smoothly-running commercial process is introduced in mills. In order to speed up the development of new processes and to promote them actively among the mills, the International Wool Secretariat recently decided to augment its scientific and technical staff. Seven technical liaison officers have already been appointed—with one more to follow in Japan—attached to in the Secretariat's headquarters in Britain and to branch offices in the U.S., France, West Germany, Italy, Scandinavia and Belgium. These officers will have the use of research and developmental facilities at a particular research institute or university in their own countries. The world-wide promotional and research activity of the International Wool Secretariat is commendable. Indeed, there is no exaggeration in the claim that the Secretariat has "never regarded wool research and promotion as separate fields," and that "its present promotional and advertising campaigns, concentrated on easy-care finishes, aim at giving wool a modern, youthful image—the fibre for today and tomorrow."



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JWT-48. XII

PUBLIC DEPARTMENT 1082

RECORD OUTPUT OF MAN-MADE FIBRES

CLOTH IMPORTS STILL LARGE

From Our Special Correspondent

MANCHESTER, *28th November*

UNION leaders of 175,000 Lancashire cotton workers have decided in Manchester not to take any further action for the time being on their rejected demand for a 10 per cent wage increase throughout the spinning and weaving industry. When the claim was turned down in September, there was talk in some quarters of strike action. The executives of all the unions involved were told that the employers have agreed to further joint talks at the end of January, although they have in no way committed themselves. An eight-man union panel which has been framing wages policy has been told that trading conditions in the industry have deteriorated since the claim was presented and that nothing can be done at this stage which could be construed as a promise for the future.

MANCHESTER LETTER

After a recommendation that the executives should await the outcome of the January meeting had been accepted, Sir Alfred Roberts, the unions' spokesman, said: "Whatever the situation then, we cannot allow the living standards of cotton textile workers to continue falling behind those of other industrial workers."

The meeting also discussed the question of compensation for redundant workers. It was decided to refer the matter to individual unions for consideration before a further combined meeting in the near future.

Man-made Fibres

Man-made fibre output of 52,750,000 lbs. last month was the second highest figure on record according to statistics issued by the British Man-Made Fibres Federation in Manchester today (Monday). A total of 29,800,000 lbs. of staple fibre was produced during October, as compared with 25,420,000 lbs. in September and 27,070,000 lbs. in October last year. Large orders from abroad are believed to have caused this higher level of production, as demand at home from the largest consuming area, the cotton spinning trade, has been only moderate.

Filament yarn output of 22,950,000 lbs. was 190,000 lbs. down on last year's total, but an increase on September when output reached 19,970,000 lbs. The very strong demand for acetate and tricel filament yarns continued during the month, says the report and, in nylon and terylene, there was good turnover. Filament rayon found steady outlets in apparel linings and tyrecord. About 467,750,000 lbs. of man-made fibres have been produced in the first ten months of the year—a drop of 26,140,000 lbs. on the same period last year, but considerably higher than the 1959 figure of 415,900,000 lbs.

Not in Such Bad Shape

Many leading figures in the textile trade in the past have issued warnings to the rank and file of the Lancashire industry to avoid "talking down" its prospects. At the recent Cotton Board conference, Lord Rochdale was particularly emphatic that those who spoke or wrote about the trade's affairs should avoid taking too pessimistic a view. Now Sir William Palmer, Chairman of the British Man-Made Fibres Federation, has followed suit.

"The future is always uncertain, but there seems no ground for taking a gloomy view," Sir William told the annual meeting. The internal economy of the country as a whole has a marked bearing on the activity of consumer industries covering the whole range of textiles, but he said there was no reason to think that this was in a bad shape, or even in decline, whatever some critics might suggest. "Employment is still good and until recently there were more vacancies than unemployed. Total employment is at a record level, as are average earnings and incomes. National production and consumption have continued to rise until recently. It all looks more like indigestion than a decline," he declared.

As regards the various fibres, one of the largest outlets, clothing, continued to expand, Sir William added. In 1960, expenditure on apparel was about 33 per cent above the 1955 level and, for each month during the present year, further increases over 1960 had been recorded.

Although the textile trade is stable enough at its retailing end, it is undoubtedly sensitive in the earlier stages of production. As Sir William said, even a decline in the rate of increase in sales much less an actual decline in sales, might start the impression that a slump is in sight. This leads to a reduction in supplies and stocks, and so builds up backwards all along the line, resulting finally in shortages and the beginning of another scramble for what is available. This, perhaps, is just another way of describing the three-year trade cycle in less statistical terms, but it represents a straightforward view of a situation which all engaged in the textile industry would like to see ironed out.

"An Ill Wind" in Imports

Overseas trade trends, particularly the volume of imports, generally bear a marked relationship to the state of activity in the domestic industry. Since conditions in Lancashire have deteriorated after the initial quarter of 1961, there has been some narrowing of the gap between shipments and arrivals of cotton goods. The October returns have re-emphasised this movement, although it is extremely unlikely that any equality will be regained under existing circumstances.

The much smaller quantity of grey cloth now being secured from foreign sources has resulted in the ten-month total of arrivals being only 17 million yards more than in the same period last year, though imports have already reached the very substantial volume of 507,527,000 yards. In October, the figure of 37,186,000 yards was the smallest in any month for more than two years back. In contrast, however, purchases of finished cloth from abroad so far this year have exceeded the 1960 level by over 26 million yards at 130,300,000 yards. Whereas grey cloth arrivals last month were nearly 13 million yards lower than in October 1960, imports of finished fabrics were some 200,000 yards up.

Another significant factor about this year's arrivals of grey cloth is that all the three participants in the Commonwealth ceiling arrangements have sent smaller quantities of goods to Britain. Although the least affected by volume, Pakistan has been the major sufferer, as arrivals from that country have been almost halved at 17,557,000 yards. Reduced shipments from India have brought the total down to 157,687,000 yards, as against 194,249,000 yards, while consignments from Hong Kong have declined from 85,727,000 yards to 76,653,000 yards.

"The Rest" Gain

What these countries have lost, however, has been made up in other directions, notably the undesignated areas not shown separately in the Board of Trade figures. Other Commonwealth countries, outside the "big three," have despatched 19,711,000 yards of grey cloth to the United Kingdom, as against only 8,264,000 yards; imports from France have nearly doubled at 11,542,000 yards; China has sent an extra 2 million yards at 23,646,000 yards and arrivals from Japan have increased from 40,607,000 yards to 55,405,000 yards. In addition, "other foreign countries" have supplied 136,097,000 yards, as against 92,167,000 yards.

Limited though they are, Lancashire's exports of cotton cloth last month showed a slight revival and at 23,808,000 yards were the highest since April. For the ten months they aggregated 244,272,000 yards, as against 270,688,000 yards in the same period last year. The average price per square yard of cotton cloth exported so far in 1961 has been 34.24d., a rise of 2d. per yard on last year's level.

On the yarn side, spinners are still facing comparatively large inroads from foreign mills. In the ten months imports amounted to 37,577,000 lbs., as against 32,156,000 lbs. in the same period of 1960. Exports, although creeping past the one-million-lb. mark in October, after three months of abysmally low figures, only accounted for 12,582,000 lbs. in the ten-month period, as against 17,962,000 lbs. last year. The average price obtained for cotton yarn exported this year has so far been 95.07d., as against 96.98d. in 1960.—*All Rights Reserved.*

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JUTE GOODS EXPORTS MOVE DOWNWARD

ENERGETIC STEPS TO MEET COMPETITION FROM PAKISTAN URGED

IT is common knowledge that the persistently growing world demand for packaging materials resulting from improvement in the economy of the majority of countries has not benefited the Indian jute industry. It is true that quite a bit of the actual world requirements of these materials continues to be met by the industry, but the performance has turned out to be rather disquieting in recent years. Thus, as against the actual shipment of over 864,000 tons of jute goods in 1959, the exports in 1960 amounted to 771,500 tons. Exports in the current year are running at an annual rate of no more than 690,000 tons. The distressing trend of sales abroad is very unfortunate, especially as the jute industry is primarily an export industry and its fortunes depend to a great extent on its performance in the field of export. The factors responsible for this trend and the steps that should be taken to reverse it constituted the main theme of the speech which Dr. B. P. Kedia, President of the Gunny Trades Association, delivered at the annual meeting of the Association held at Calcutta last week.

At the outset, Dr. Kedia warned that to ignore the forces of competition faced by Indian jute products in world markets would be suicidal for the industry. In particular, he drew attention to the competition offered by Pakistan and the inroads made by alternative packaging media such as paper and bulk-handling methods. His survey of the jute economy in Pakistan reveals that the industry there has numerous cost advantages (over its Indian counterpart) which include abundant supply of cheap and better quality jute, relatively low wages and, by far the most important, the export bonus scheme which alone gives the industry a cost benefit of Rs. 140 per ton. The Pakistan industry has been successful in capturing a large volume of business in our traditional markets, including, among others, Australia, Cuba, Africa and Burma. The competition is bound to be more intense in the coming years, what with the 8,000 looms in Pakistan operating double and some even treble shifts and the proposed installation of an additional 6,000 looms (of these, 5,000 will produce sacking alone) which are scheduled to go into production by 1965.

Paper and Bulk Handling

An idea of the ground lost by jute goods in favour of paper and bulk-handling methods was given by Dr. Kedia. According to him, most of the increase in packaging demand in the U.S., which is the most important market for hessian bags, has gone to paper and bulk-handling methods. Whereas production of paper in that country for making sacks and bags in 1959 had risen by about 340 per cent from the production level in 1939, there has virtually been no change in the figures for burlap consumption in that country from the pre-war position; consumption in 1959 was 897 million yards, as against 712 million yards in 1939. In the U.K., France and West Germany, too, there has been growing demand for paper sacks in place of jute bags. Paper has already displaced jute for transporting fertilisers in the U.K. It has also displaced gunny bags for packing cement in Europe and America. Bulk-handling methods are also coming into the markets for all types of packaging. It is a quick, convenient and labour-saving process, although, due to the heavy initial costs, there are little prospects for it to make large-scale entrance into the markets of the less developed countries of Asia and Africa. These methods have, nevertheless, captured the packaging demand in the grain trade to such an extent that about 90 per cent of the grain in the world markets is bulk-handled at the ports. While the problem of substitutes is serious for all the jute manufacturing countries, it is particularly alarming for India, where jute industry ranks as the top dollar earner.

The foregoing brief account of Dr. Kedia clearly underlines the imperative need to enhance the competitive capacity of Indian jute goods in world markets. Dr. Kedia urged that, inasmuch as the various measures now being adopted as part of export promotion were in themselves not adequate to meet the new challenge, they would have to be supplemented with "more sound and effective steps." The essential prerequisite, in his opinion, is that the export prices of jute goods must remain at competitive levels. This is possible only if, as Dr. Kedia suggested, the manufacturing cost of the jute industry is reduced and the industry is placed on a most sound and efficient basis by eliminating all wasteful drags on its economy. In this connection, he mentioned the following few pertinent points:

A regular and adequate supply of jute at reasonably cheap and stable prices must be ensured. The average per-acre yield of jute in India, which is only 2.5 bales, as against the yield of 4.0 bales in Pakistan, should be stepped up. It has been established by research that the yield can be increased by 50 per cent if better seeds, larger supply of fertilisers and improved agricultural practices are adopted.

The rail freight on jute despatched from distant places—as, for instance, in Bihar—to Calcutta should be lowered suitably.

Wages of jute mill workers must be linked to productivity, with due emphasis on the need for adopting modern machines and techniques of production.

Wide and irksome fluctuations in jute goods prices must be completely eliminated through stringent curbs on speculative activity.

Raw Jute Prices

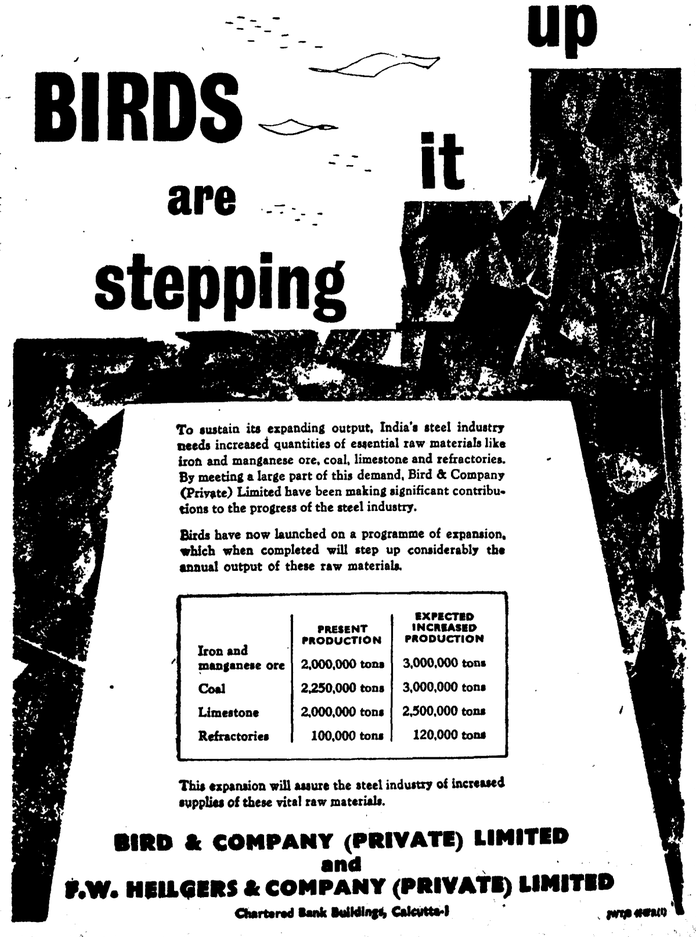
There is, of course, nothing new or novel in these points. But, by dwelling at some length on them, Dr. Kedia has only sought to indicate that no worthwhile progress has yet been achieved in the direction of export promotion. He has also done well to strike a note of warning on the issue of raw jute prices. He said: "While the determination of a minimum price for jute is necessary in the interest of both the growers and the industry, any attempt to influence decision in this regard on considerations other than economic or any attempt to maintain jute prices at unrealistically high levels under political expediencies is bound to defeat the objective of the entire scheme." This warning is certainly wholesome and timely. Dr. Kedia's plea for the appointment of an expert committee to make a thorough study of the cost structure of jute cultivation, so that the level of minimum prices might be fairly fixed before the sowing of the next jute crop commenced, represents a rational solution.

Export Subsidy

Dr. Kedia commended for acceptance the grant of a subsidy on jute goods exports and said:

". . . . The Export Bonus Scheme now operating in Pakistan decisively puts the jute industry there in a very favourable position and no action here, along the lines suggested above, can effectively offset this advantage. It is, therefore, imperative that our Government should seriously consider this aspect and apply their mind to evolve some method by which the Indian industry does not remain exposed to this vulnerable position for long. The idea of export subsidy is not new altogether for our country. Already such schemes are in operation in the exports of cloth and sugar. When in the case of sugar the Government can afford to lose about Rs. 6 crores for earning a foreign exchange of Rs. 12 crores, there is no reason why it should not subsidise the jute industry for safeguarding a foreign exchange income of about Rs. 55 crores which the industry earns every year."

May be, the case for an export subsidy is pretty strong, in view of the distinct cost advantage, estimated at about Rs. 300 per ton, enjoyed by the jute industry in Pakistan over India. And may be, the plea is also morally justified, considering the enormous amount of money paid by the Indian industry in the form of export duty during the early fifties. Nevertheless, one has to concede the fact that incentives such as grant of export subsidy constitute only a short-term remedy to be tried during extremely difficult periods and cannot be relied upon as the panacea for the basic problems of the jute industry. The real solution lies in the course of action suggested by Dr. Kedia earlier.



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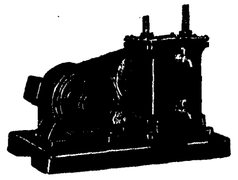

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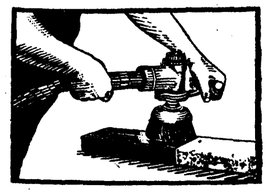

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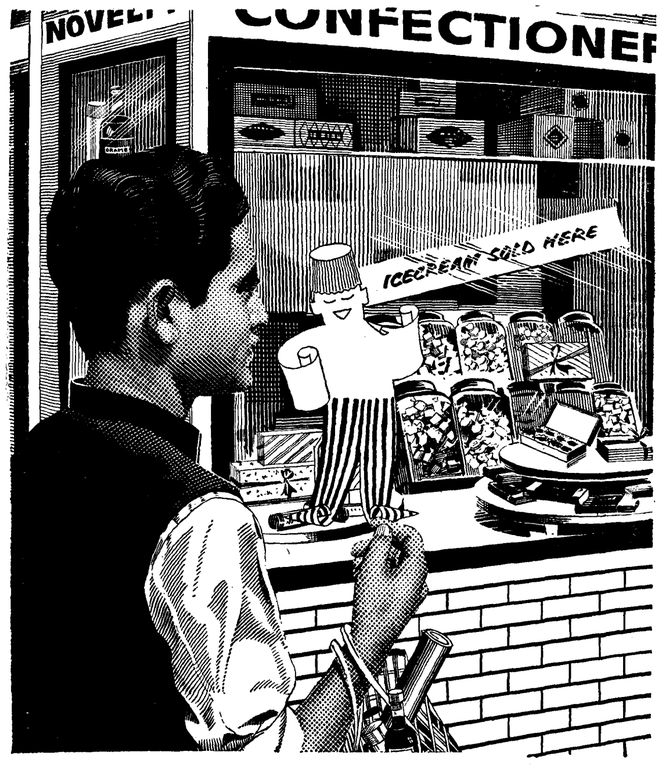

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EXC-G

THE MYSORE TOBACCO COMPANY LIMITED

CHAIRMAN, MR. B. S. HANUMAN, URGES DEVELOPMENT OF HIGHER GRADES OF TOBACCO

OUTLOOK FOR 1961-62 ENCOURAGING

THE need for promoting the cultivation of superior varieties of tobacco was stressed by Mr. B. S. Hanuman, Chairman of the Mysore Tobacco Company, Ltd., in his address to the Twenty-fourth Annual General Meeting of the Company, held at Bangalore on 29th November 1961. He added that, while there was a good demand for mature and ripe tobacco, that for green grades was "very much less." Mr. Hanuman, of course, emphasised that, in order to produce higher grades of tobacco, more attention must be given to the proper application of fertilisers, besides improving the techniques of harvesting and curing. Giving an instance of adverse effects of indiscriminate application of fertilisers, he observed that, in the Gowribidnur area, the increased use of ammonium sulphate as straight fertilisers had resulted in excessive nitrogen in soils, which was injurious to the development of high grade tobacco. On the outlook for the Company, he anticipated better performance in 1961-62, unlike in 1960-61 when profit declined, mainly as a result of unfavourable weather conditions for tobacco.

The following is the full text of Mr. Hanuman's speech:

"LADIES AND GENTLEMEN,

"I have great pleasure in extending a cordial welcome to you to this twenty-fourth annual general meeting of the shareholders.

"The report of the Directors and the audited accounts of the Company for the year ended 31st March 1961 have already been in your hands for some time, and with your permission, I shall take them as read.

"I wish to bring to your kind notice that, subsequent to our last annual meeting held on 17th December 1960, there have since been two changes in the office of the Chairman of this Company, Mr. M. Mallaraj Urs, Director of Agriculture in Mysore, who presided over the last meeting, was succeeded by Mr. N. V. Siddalingappa, Joint Director of Industries and Commerce, who held the chairmanship of this Company from 5th January 1961 to 11th November 1961. I took over the chairmanship of this Company on 11th November 1961. Your Directors have placed on record the valuable services rendered by my two predecessors in office, Mr. M. Mallaraj Urs, and Mr. N. V. Siddalingappa, to this Company.

Lower Profits

"It could be seen from the published accounts that the results for the year ended 31st March 1961 have not been quite satisfactory and the fall in profits has resulted from a combination of lower production, poorer quality and higher operational expenditure.

"During the year under report, the Company has felt the full impact of the continuous unfavourable seasonal conditions for tobacco. Inadequate rainfall during planting time and continued drought thereafter, severely affected the area of planting and also the curings. The production of the higher quality grade of tobacco to offset loss in the fall in production was not possible, as the drought-affected leaf produced more of medium and lower grades. The spot disease on tobacco continued and no known satisfactory control methods could be adopted to reduce the incidence of this disease.

Fertilisers

"In the Chairman's speech delivered in past years, the problems of the Gowribidnur area, the principal tobacco-growing region, have been dealt with. However, I would like to inform you, once again, that, in recent times, there has been an increased use of ammonium sulphate as straight fertilisers for all the crops, and its indiscriminate use has built up excessive nitrogen in the soils. In the prevailing paddy-tobacco rotation, this has proved highly injurious to the production of high grade tobacco. The ill-effect of excessive nitrogen in the soil is however not noticeable, during the season of good and adequate rainfall. But even a short spell of drought adversely affects the quality of the leaf. The seasonal conditions in this region, year after year, have continued to be most unsatisfactory, and this has affected the interests of the Company.

"The adjudication of the Industrial Tribunal in respect of the grievances of the employees giving retrospective benefit, resulted in an increased payment of Rs. 68,500 over the previous year. The Compay also had to revise the rates of dearness allowance of the employees with effect from 1st January 1960. This resulted in an extra expenditure of Rs. 15,000 during the year.

Minimum Wage

"The rate of minimum wage for tobacco industry was raised from Re. 1 to Rs. 1.37 nP which resulted in increased payment to the labour.

"Your Company had to borrow from the State Bank of Mysore for working expenses and we had to pay a sum of Rs. 28,999 by way of interest as against Rs. 18,093 paid during last year. We did not receive any relief from Government on the levy of octroi on greenleaf by the municipalities.

"All our resources in the form of development rebate, depreciation and other reserves have been plouged back to capital assets. Your Directors have, therefore, felt that it would not be in the interest of the Company to draw again from the dividend equalisation fund. I am sure, you will appreciate that, for reasons stated above, the profits for the year under review have shrunk and it has not been possible to recommend the payment of any dividend.

Good Outlook

"I am glad to inform our esteemed shareholders that in the year 1961-62, due to favourable seasonal conditions, the production and sales have been very promising. Although the operations are still in progress, from the present indications, it is expected that our performance will be better than the previous year.

"In general, the demand from customers is for more mature and ripe tobacco, while the demand for the green grades is very much less. To produce higher grades of tobacco, greater attention is required for the proper application of fertilisers and improvement in the techniques of harvesting and curing. In Mysore, we have tried some new varieties supplied by our friends, Messrs. Indian Leaf Tobacco Development Company, Limited, Calcutta, and they have given us some hope of further improving the quality of tobacco. From the present trends, I am confident that the change towards new varieties will significantly improve the prospects of the Company. Our attempts to introduce the cultivation of tobacco to areas of more congenial climate and soil is gaining strength, and I expect good returns during the coming year.

"During this year, we were able to secure increased quantities of tobacco for processing at Whitefield from which we were able to increase our net realisation over the previous year. This year also we exported 117,024 kgms. of tobacco to foreign countries and maintained our previous record of export.

"I would be failing in my duty, if I do not acknowledge with gratitude the assistance rendered by our esteemed customers, Messrs. Imperial Tobacco Company of India Ltd., Bangalore and Messrs. Indian Leaf Tobacco Development Company Ltd., Calcutta. Our relationship is continuing on the most cordial terms and their assistance has been most valuable in all the fields of our activity. I shall endeavour to further strengthen this relationship during the coming years.

Research

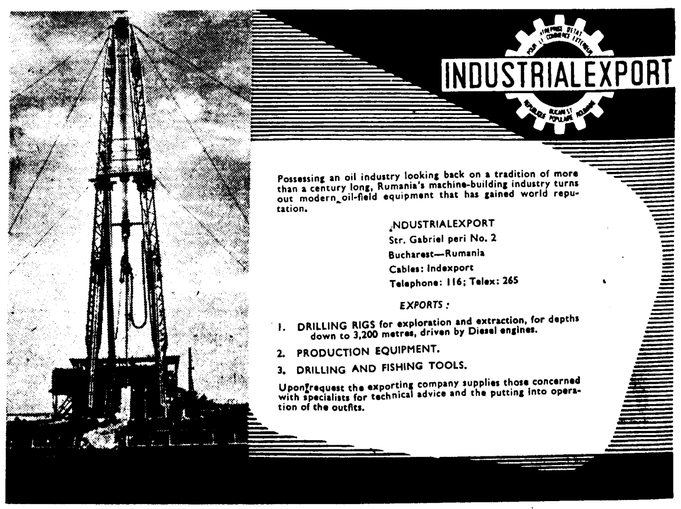
"I wish to place on record the assistance received from the Tobacco Research Station, Hunsur, in overcoming some of our field problems.

"I am proud to inform you that, in spite of all the adverse factors, the growers of tobacco and the private curers have continued to assist our Company and have maintained very cordial relationship with us.

"In conclusion, I wish to acknowledge with gratitude the continued assistance and encouragement given to our Company by the Government of Mysore. I also acknowledge with thanks the valuable advice, guidance and co-operation received from my esteemed colleagues on the Board. The employees and the officers of the Company have put in hard work and they deserve particular mention for their loyal services.

"I now move that the Directors' report and the audited accounts for the year ended 31st March 1961 with the auditors' report thereon, be adopted."

Note. *This does not purport to be a record of the proceedings of the annual general meeting.*



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MR. C. R. SRINIVASAN URGES NEED FOR STEPPING UP SUGAR CONSUMPTION

LINKING CANE PRICE TO QUALITY AND LOWER EXCISE DUTY IMPERATIVE

A WARNING that the crisis in the sugar industry cannot be met by exports since exports can only be made at a substantial loss which the industry cannot afford to bear, was given by Mr. C. R. Srinivasan, Chairman of the Deccan Sugar and Abkhari Company Limited, in the course of his speech at the Sixty-fifth Annual General Meeting of the Company held at Madras on Monday, 27th November 1961. The solution to the crisis, Mr. Srinivasan said, lay in increasing domestic consumption, and this could be done by paying for cane on the basis of quality and also by reducing the excise duty on sugar which would make sugar available at cheaper rates. He pointed out that, should consumption then rise faster than expected, the capacity was available and it "should be easy to match increased consumption with increased production." He reiterated his plea for a floor price which would cover growers' out-of-pocket expenses, the balance being paid on the basis of quality. This, he stated, was one of the most important aspects of the problem both to meet the immediate situation and to build up an industry which might stand a chance of competing in world markets in the future.

Before commencing the proceedings of the meeting, Mr. Srinivasan made the following statement and requested shareholders to observe two minutes' silence in memory of Mr. H. I. Wonfor, a past Chairman and Director of the Company:

"Before commencing the proceedings of the meeting, it is my melancholy duty to convey to you a most distressing piece of news. I refer to the untimely and altogether unexpected death of Mr. H. I. Wonfor on Friday morning. He arrived from England for consultations on many matters of business on Thursday noon. I found him in very good spirits and I was talking to him till 9 p.m. Next morning I heard the tragic news that he had died in his sleep. I believe all of you know him or heard of him as one of the prime architects of the new deal in the Parry Group of Companies. Personally, I have moved with him in close intimacy for the last 25 years and, with every passing year, our friendship has found fresh points of contact and concord. He was a friend of this country in the fullest sense of the word and had faith abundant in its destiny. It almost looks as though he came to die in the land of his adoption where he had spent the greater part of his fruitful life. May God rest his soul in peace. I will ask you to stand up and observe two minutes' silence in memory of a great Britisher who has served this country as well as any Indian could have, and in doing so, served his own country also."

In his review of the working of the Company, the Chairman said:

"It gives me pleasure to welcome you to the sixty-fifth annual general meeting of this Company.

Company's Working

"The accounts for the year ended 31st May 1961 and the report of the Directors thereon have been in your hands for the statutory period and, with your permission, I shall take them as read. The results contained therein reflect the position that was forecast in my statement at the last annual general meeting, namely, that stocks at our factories would build up due to the increase in the all-India sugar production. Releases of sugar for sale by Government were severely restricted and this accounts for the drop in turnover of not less than Rs. 86 lakhs as compared with the previous year.

"This is the major reason for the reduction of Rs. 8.50 lakhs in our net profit before taxation. I would mention that, although the Company received a bonus in the shape of a rebate of excise duty of some Rs. 4 lakhs for increased production, this was more than offset by the contributions of not less than Rs. 6.50 lakhs that had to be made towards sugar export losses.

"Thus, bearing in mind the need to conserve the resources of the Company, your Directors have been reluctantly forced to recommend a lower final dividend of 13½ per cent for the year under review as against 18½ per cent paid for the last year, thus making the total for the year 21 per cent, as against 25¾ cent last year. In other respects, I consider that the printed accounts and the notes thereon are self-explanatory and do not require further specific comment, but I shall, of course, welcome any questions thereon at the conclusion of my speech.

Record Production

"As you may have seen from the report before you, the quantity of cane crushed and sugar produced during the year at Samalkot and Pugalur constitute a record for both factories. While this achievement, by itself, is gratifying, the immediate benefit was, as I have just said, largely lost by reason of smaller releases of sugar from both factories. The policy of the Government of India is to release every month a fixed percentage of the production of each factory, the total quantity released being the estimated all-India consumption for the month, excluding exports for which special releases are made from time to time. The effect of this policy is to make available in the States of U.P. and Bihar a much larger quantity than can be consumed in those States. Under controlled conditions, much of this surplus was allotted to other States, including Madras and Kerala, in spite of the fact that the Southern region as a whole is self-sufficient and had no need to import anything like the quantities allotted by Government during the control period.

"Now that decontrol has come in the wake of overproduction, with uncertain prospects as to the size of exports, we are entering a period of unstable prices and selling pressure. Already prices have come down by about Rs. 20 per tonne. We can only hope that they will become stabilised at a level which would not have serious repercussions on all sugar manufacturers.

"The rehabilitation and consolidation of Samalkot Factory to which I referred in my speech last year is proceeding. The suppliers of the fourth mill are expecting shortly the licence to import the foreign components. All going well, it is hoped to install the mill in time for the 1963-64 season.

"I stated in my speech last year that orders had been placed for almost all the equipment required for the expansion of Pugalur Factory from 1,000 tons to 1,250 tons cane per day, at an estimated cost of between Rs. 25 lakhs and Rs. 30 lakhs. The advantages of expansion need no emphasis. A lower cost of manufacture from higher output enhances the ability of a unit to withstand competition in times of abundance of supplies, but, considering the position in which the industry is today, it would be wise to review decisions taken under somewhat different conditions a year or so ago. Your Directors, after careful consideration, have come to the conclusion that it would do no harm to go a little slow with the expansion scheme. Accordingly, the proposed extension originally scheduled to be completed before the 1962-63 season will be delayed probably by another year. These considerations, however, do not apply to the Samalkot Factory where the more urgent need is rehabilitation and not expansion.

Agreement With Seshasayee Paper

"An interesting development in connection with Pugalur Factory is an agreement made with Seshasayee Paper and Boards Limited whereby they will supply the factory with two oil-fired boilers and the necessary oil fuel to burn in them, and in return take all the bagasse produced in the factory for the manufacture of paper in their new factory near Erode. No capital expenditure will be incurred by the Company and, while no monetary remuneration will be received for the bagasse, it is hoped that the oil-fired boilers will provide steadier working conditions with a constant steam pressure, thus resulting in slightly reduced working costs. In the interests of the industrial development of the country, this is a welcome step and I am sure our co-operation will be appreciated. The present position is that an application for an import licence for the two boilers made by the Seshasayee Paper and Boards Limited is pending with the Government of India.

"The Tariff Commission's report on the Price Linking Formula is still under consideration of the Government of India. We continue to be in the unhappy position of not knowing the final price for cane for the years 1958-59, 1959-60 and 1960-61. Reasonable provision has been made in the accounts for these years, and some interim payments have been made to the growers.

"The distillery at Samalkot is not doing very well. Our main market is West Bengal where competition is keen. To add to our difficulties, the Government of India have fixed a very low ex-distillery price under the Ethyl Alcohol Price Control Order 1961. If we sold at this price, we would be making a considerable loss. Representations have been made to Government to consider the question of price for smaller distilleries after an examination of their actual costs. It is to be hoped that the Price Control Order will not be enforced in the meantime.

"Sales of carbonic acid gas were not unsatisfactory, but, here again, there is severe competition in a restricted field. Nevertheless, this section of the factory makes a useful contribution to overheads.

"Our relations with labour and staff during the course of the year have remained satisfactory. The Sugar Wage Board recommendations have been published and accepted by Government, and preliminary arrangements have now been made for negotiations with staff and labour, both at Samalkot and Pugalur, with a view to arriving at a long-term agreement on future terms of service. It is hoped we shall be able to conclude a settlement with the unions on suitable lines.

Future Prospects

"Now you will expect me to say something about future prospects. In my speech to you last year, I stressed that a state of overproduction was being reached and, in the event, the present position is worse than I envisaged at that time.

"The sugar year 1960-61 started with a carry-forward of 5½ lakh tons which is generous but not unduly so. Five lakh tons are generally considered the carry-forward required to take care of any unexpected shortfall in production. Production for the year 1960-61 reached the record figure of only just short of 30 lakh tons, as against which internal consumption has amounted to only 21 lakh tons and, in addition, 2.7 lakh tons have been, or are to be, exported by 31st December 1961.

"You will see, therefore, that we started the current sugar year 1961-62 with a stock of 11.8 lakh tons and, allowing for the buffer stock of 5 lakh tons, there is 6.8 lakh tons surplus. As you all know, Government is trying to adjust the position by stipulating that factories shall only produce 90 per cent of their highest production in the preceding two years; various exemptions, however, are being made in favour of new factories and those with a small output and which for various reasons did not reach a certain minimum production in 1959-60 and 1960-61. In the result, I, therefore, fear that we must look forward to a production of very nearly 30 lakh tons again during the current year. I sounded a note of warning last year when I said that the bulk of next year's sugar crop is already in the ground. It is very difficult to see how factories which have registered cane for their full requirements are going to deal with their excess production. In the case of our two factories, I am glad to say that, as production last year reached record figures, we are unlikely to exceed the 90 per cent target this year, and I, therefore, hope that the question of payment of the penal excise duty will not arise. Other factories are not so fortunately placed and there must be considerable hardship in those areas where there is no *jaggery* industry to take up the surplus, if factories refuse to crush all the cane offered. Even if the surplus cane is used to produce *jaggery*, or *khandsari* sugar, this is likely to be offered at giveaway prices which in turn will restrict the offtake of factory sugar.

Sugarcane Price

"Government have still not made any announcement regarding sugarcane prices for the 1962-63 season and, with all the earnestness I can command, I would urge Government to set at rest without delay the anxiety of growers and millers. Ministers have admitted in Parliament that the current sugarcane price is attractive as compared with the realisation from other crops and, if it were not, how is the increase of over 8 lakhs acres under sugarcane during the last two seasons, mostly in U.P., to be explained? The simplest and most efficacious way of reducing the production of sugar in the country to something approximately to the country's requirements is an adjustment of cane prices by an emphasis on payment for quality, and may I take this opportunity of pleading once again for a floor price which will cover growers' out-of-pocket expenses, the balance to be paid on the basis of quality. This I consider one of the most important aspects of the problem, both to meet the immediate situation and to build up an industry which may stand a chance of competing in the world markets in the future. As long as cane is paid for on the basis of weight irrespective of quality, I fear that India will be priced out of the export market.

"Other steps which might be taken to remedy the situation are to cancel a number of licences for additional factories already granted, but for which no effective steps have yet been taken. Government have announced that they will not license any further new factories, but this does not go far enough. There may be difficulties in the way of cancelling licences already granted, but is it fair to allow factories to go into production with little chance of operating profitably, to the detriment of the interests of shareholders? There is general agreement that the demand for sugar in the country must be stimulated to mop up the surplus production and there is no reason why this should not be done. The average annual consumption *per capita* of the population in India is 5.5 kg., as compared with 47 kg. in the U.S.A. and 55 kg. in the U.K. The significant fact is that the annual consumption in 1957 was 20 lakh tons and, in that year, the then Finance Minister doubled the excise duty on sugar with a view, as he said, to restricting consumption and to making sugar available for export. How well he succeeded in the first part of his intention is shown in the offtake for subsequent years:

1958	...	...	...	20.5 lakh tons
1959	...	...	...	20.7 „ „
1960	...	...	...	20.2 „ „
1961	(estimated)		...	21.0 „ „

"It is significant that offtake should have remained static over this period despite the increase in the population and, surely, this is evidence enough that the decision of 1957 should be reversed and the excise duty reduced by 50 per cent. Our people want sugar, but at a price they can afford to pay.

Exports

"There has been much talk about exporting our surplus production and earning valuable foreign exchange, but, even if the Government, the industry, and the growers are prepared to subsidise exports, such exports can only absorb a small part of India's surplus production. India has become a member of the International Sugar Agreement, a step which was necessary to enable her to take advantage of the American quota, and her rights under this Agreement are not likely to exceed 150,000 tons per annum. What our quota will be from America this year is anyone's guess, but we well know what happened to the initial quota of 225,000 tons which, overnight, was cut by 50,000 tons. It would be wise to realise that the U.S.A. has her own problems and we cannot expect her to accommodate us at all costs. Efforts are also being made for a quota for supply to Great Britain under the Commonwealth Sugar Agreement, but the latest information is that this is not likely to materialise. It is, therefore, unlikely that India's exports will reach 500,000 tons, and this, only at a loss of something on an average of Rs. 300 per ton after full rebate of excise duty, cane cess, etc. We doubtless need foreign exchange, but some may ask whether it cannot be bought at too high a price.

"Andhra State is already surplus in the production of sugar and Madras State is approaching that condition. As long as Government maintain the system of monthly releases adjusted to the approximate offtake of the markets, I think a price level can be held which will give a reasonable margin of profit, but I would be failing in my duty if I did not warn you that the industry is passing through a most difficult time and I wonder if we have seen the worst yet. Stocks are moving, but not as fast as they are accumulating, and this is a situation which cannot go on indefinitely. There are two difficulties to be faced—one, financial and the other physical. By the time our two factories stop crushing in April next, we expect to be holding stocks amounting to 23,000 tons and valued at Rs. 1.84 crores. That is a heavy enough burden to carry financially. Any further addition will be a severe strain. The purely physical problem needs no explanation from me. No company can go on building godowns indefinitely to store unwanted stocks, nor does sugar quality improve through storage. I, therefore, fear that a further and probably more drastic restriction of production may have to be enforced during the 1962-63 season.

Raising Internal Consumption

"In my opinion, the crisis in the industry, and it is a crisis although the Food Minister denied this at the last annual general meeting of the Indian Sugar Mills Association, cannot be met by exports. Exports can only be made at a substantial loss which the industry cannot afford to bear. The solution lies in increasing national consumption, and this can be done by paying for cane on the basis of quality, and also reducing the excise duty on sugar which will make sugar available at cheaper rates. Should consumption then rise faster than expected, the capacity is available, and it should be easy to match increased consumption with increased production.

"And now, may I strike a personal note before I close. I joined the Board of this Company in 1943 and have functioned as its Chairman from 1956. The Company is in fine fettle and, during the past few years in particular, shareholders have gathered a rich harvest in dividends. At the moment, the outlook may not be quite so promising, but there is no need to take a pessimistic view. I have indicated some of the correctives the situation calls for and I have no doubt Government will give serious thought to the problems posed, once the General Elections in the offing are over. The malaise affects the whole industry and not a particular unit and sugar represents too large an investment in our national economy to be ignored. We have been dealing with problems of sugar so far only in terms of internal and external consumption as edible sugar—sugar as a detergent is coming into the picture and, if expectations are not belied, quite a new outlet for sugar may perhaps enter our calculations. So let us wait and hope for the best; and in that confident hope let me bid you farewell. This is the last meeting of the general body that I shall preside over. A few weeks back when I had occasion to address the shareholders of Parrys Confectionery Limited, I told them that I have decided to retire from all active work and from the Boards of all companies I have been associated with, as soon as convenient, for reasons of health. I regret I have to say the same thing to you. I have carried a heavy burden on my shoulders these fifty years and need rest. I am sure you will not begrudge it. My best wishes are with the companies I have lived and worked for—God bless you."

The report and accounts for the year ended 31st May 1961 were adopted and a final dividend for that year at the rate of 13.5 per cent, subject to deduction of tax, on the Company's ordinary share capital was declared payable on 28th November 1961.

The retiring Directors, Sir T. S. Venkataraman and Kumararajah M. A. M. Muthiah Chettiar of Chettinad, were re-elected and the retiring Auditors, Messrs. Lovelock and Lewes, were re-appointed.

Mr. Noel-Tod's Tribute to Chairman

Mr. G. N. Noel-Tod, in proposing a vote of thanks to the Chairman, said:

"At this meeting, which Mr. Srinivasan has said is the last over which he will preside as Chairman, it is fitting that I, who have been associated with him on the Board since 1954, should propose a vote of thanks. It is difficult for me to realise that my association with Mr. Srinivasan in this Company will before long terminate. It has been a great experience for me to have worked for these years with, and under the guidance of, Mr. Srinivasan.

"Mr. Srinivasan has pointed out that of recent years shareholders have consistently enjoyed good dividends and I can assure you that the build-up of the Company to its present level of prosperity has been, in no small measure, due to Mr. Srinivasan's leadership as Chairman of the Board. It would be idle for me to attempt to disguise the fact that there have in the past been differences of opinion between the Board and certain shareholders. Such differences of opinion must inevitably arise from time to time and do, in fact, arise in other companies. Nor in this Company are they unique to the time of Mr. Srinivasan's chairmanship. I remember well the apprehensions of shareholders as to the conduct of the affairs of the Company by the Board and the Managing Agents in the early fifties when, due to disease in the cane, the Pugalur Factory had temporarily to be closed. Consistently, however, this Board has always had as its objective the achievement of maximum prosperity for the Company. Equally, I do not doubt that shareholders have the same objective, the differences of opinion relate only to the methods adopted to achieve this end.

"I would like on your behalf to thank Mr. Srinivasan for his services to the Company over the past eighteen years and to wish him many happy years in retirement."

On behalf of the shareholders, Mr. S. Srinivasa Iyer desired it to be recorded that the Company greatly appreciated the services of the Chairman and this was carried with acclamation.

N.B.—*This does not purport to be a report of the proceedings of the annual general meeting.*

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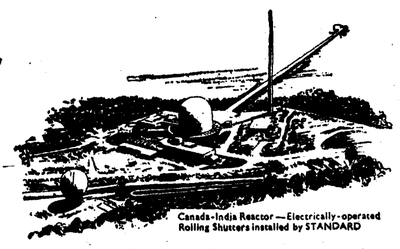

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BROAD TRENDS IN STRUCTURAL PATTERN

Dr. Raj K. Nigam, Ph.D. (Econ.) (London)

THE dynamism and the growth of the public sector are now too clear to be ignored or disputed by anyone in our country. Early doubts regarding the expansion of the public sector have receded into a remote background under the pressure of official assertions that the role of the public sector in the economic development of the country has to progressively increase from Plan to Plan. During the last ten years, the Central Government have, indeed, put in a massive and bold effort to establish a number of State enterprises in the industrial and commercial fields against heavy odds and disheartening forebodings that the Government's endeavours in this direction would finally end up in a fiasco. But, as against these initial misgivings and scepticism, the general public and the Government have now developed a robust optimism and confidence in the public sector. Public sector enterprises are expected to play the role of an accelerator in quickening the tempo of industrial development and that of an important means for the realisation of the objective of socialistic pattern of society to which our country and the Government are now so very firmly and decisively committed.

This fact is once again very succinctly emphasised in the Third Plan in the following words:

"As a direct consequence of the objective of working towards the realisation of socialistic pattern of society, there will be a large expansion of public sector in a wide range of activities, covering fields as varied as mining and manufacturing, generation and distribution of electric power, construction, transport and communication, irrigation, banking and insurance, trade, social services, etc."

In the same context, the third Plan also emphatically states that "the rapid expansion of the public sector materially would contribute to increasing public savings for investment, making it possible thereby to increase the rate of growth.... Increased profits, which, in the private sector, would create inequalities (and possibly conspicuous and wasteful consumption) can, in the public sector, be directly used for capital accumulation." Among the various reasons which have, from time to time, been put forward in favour of developing the public sector, an important one, on which great stress has come to be placed in recent years, is that the public sector helps to level up the disparities in incomes in the country. In this regard, the third Plan says that "by organising industries (where plants have to be large involving big investments) in the public sector, undue concentration of economic and industrial power in private hands can be prevented."

Policy Becomes Clearer

The Government's policy towards developing the public sector of which the first inkling was given in the Industrial Policy Resolution of 1948 became steadily more clear and firm from time to time since the first Plan was launched in 1951. At the time of the launching of the first Plan, hardly 10 per cent of the national income was generated in the industrial sector including electric power in the country, but, after the completion of the first and second Plans, the share of the industrial sector in the total national income touched the level of 30 per cent. Gigantic amounts of money have been invested in industries in the public and private sectors during the last ten momentous years of planning in our country. As compared with the investment at the beginning of the first Plan, investment in the public sector at the end of the second Plan totalled over 16 times and, at the end of the third Plan, it is expected to reach nearly 48 times. At the beginning of the first Plan, total investments in industrial establishments and enterprises, excluding power, in the public sector added up to a mere Rs. 50 crores. At the end of the first Plan, total investment in the public sector, in round figures, rose to Rs. 110 crores and later on it increased to around Rs. 860 crores in 1960. The third Plan envisages a further dose of investment of over Rs. 1,500 crores to be injected in the public sector and this would bring the level of investment in the public sector approximately to Rs. 2,400 crores at the end of 1961-66.

In comparison to this, private industrial sector at the beginning of the first Plan had an investment of Rs. 750 crores, estimated on the basis of the net fixed assets of the industrial enterprises. This investment at the end of the first Plan increased to around Rs. 1,100 crores and at the end of the second Plan to Rs. 2,000 crores; at the end of the third Plan, the private sector investment is to touch the level of Rs. 3,200 crores or so.

These statistics, which are cited from the speech of the Minister of Industries, Mr. Manubhai Shah, delivered in the Lok Sabha on 5th August, 1960 in the course of the debate on the non-official resolution calling for the appointment of a Parliamentary Committee to review the working of the Industrial Policy Resolution of 1956 moved in that House, show what marathon efforts have been made and are proposed to be put in, in the years to come, by the Government to develop the public sector speedily. The foregoing statistics also prove that the progress of the private sector in the industrial sphere has not been checked or impaired in any way. In the long run, however, the expanse and scope of the public sector will no doubt be greater than that of the private sector.

Industrial Minotaurs

During the last ten years, all the components of the public sector, namely, the departmental undertakings, Government companies, autonomous corporations, etc., have expanded. During this period, Government companies have emerged as an important limb of the public sector. From a nondescript body, these have acquired fantastic proportions and today among them we find such industrial minotaurs as the Hindustan Steel Company, Neyveli Lignite Corporation, Heavy Engineering Corporation, National Coal Development Corporation which neither figured in the industrial fiction nor did pass the imagination of business magnates in our country. Before the Companies Act, 1956, came into force, there were only a few industrial and commercial companies in which Government held a controlling stake. In fact, in the absence of a statutory recognition, they did not form a distinguishable class or group within the public sector and as such they did not come under the focus of public opinion and criticism in the country. The Companies Act, 1956, for the first time, statutorily recognised this class of companies and gave a criterion by which a Government company could be marked off from the non-Government companies. This statutory recognition of Government companies came as a logical corollary to the Government's decision to adopt company form of management for public enterprises to be formed for industrial and commercial businesses in the country, in preference to the other alternative forms available for adoption, namely, the departmental set-ups, statutory corporations, autonomous boards, etc.

According to Section 617 of the Companie Act, 1956, a company whose 51 per cent an more paid-up capital is held by the Government is to be regarded as a Government company fo purposes of administration of the Companie Act. As a direct sequel to the Government's de cision in favour of company form of manage ment for commercial and industrial enterprise and consequent statutory recognition accorde to the companies in which the Government hac a majority share from 1956 onwards, there ha been a phenomenal growth in the number anc size of the Government companies so much sc that, within a short span of five years, they have become an important component of the public sector and the scrutinising eyes of the public and various expert bodies in the country are constantly focussed on them. As evidence of the growing interest in the working of the Government companies in the country, an announcement has recently been made of the appointment of a standing Expert Committee of Parliament which would, quite apart from such parliamentary bodies as the Estimates Committee, Public Accounts Committee, review the work of the public sector companies and corporations in a comprehensive manner. This Parliamentary Committee is expected to come into being some time in the later half of 1962.

Purpose of These Articles

There has been a spate of literature in the form of seminar papers, articles and reports dealing with the various general questions relating to the structure, management pattern, pricing policies, etc., of the Government companies during the last two years in particular. But the discussion of various issues, as also the appreciation of the various problems against a proper statistical and factual facade, has not so far taken place, for the reason that comprehensive and adequate sets of statistics are lacking and carefully contrived indexes and indicators depicting the physical and financial trends of the working of the Government companies are still missing. But large clusters of facts are scattered over the official records such as the profit and loss accounts and balance-sheets of the Government companies, annual share capital summaries, statutory returns pertaining to managerial personnel field under the Companies Act, and other special returns rendered to the appropriate Government departments exercising administrative control over the companies, returns filed under the Industrial Statistics Act, and other Acts. Accordingly, all that is needed is collation of meaningful sets of data and processing them. However, two important agencies of the Government have started throwing up some statistical data relating to Government companies. These agencies are the Department of Company Law Administration which provides information on the number and paid-up capital of Government companies, on the composition of the board of directors and the Central Statistical Organisation which, for the last two years, has been bringing out a special brochure entitled *Principal Public Sector Undertakings in India*, giving physical and financial information on the working of 43 Government companies and 11 statutory corporations and departmental undertakings set up under the Acts of Parliament or operated by the Union Departments or Ministries. Here, within the compass of three articles we have attempted to provide statistical data of germinal significance which are as yet little known to the people and would help them in studying the structure-pattern, the management make-up and the financial health of the Government corporate bodies in the country.

Overall Position

Normally, the growth of Government companies is traced from 1956 onwards which coincides with the beginning of the second Plan as also with the year of statutory recognition given to this class of companies. We have in this article attempted to build a time series for

TABLE 1: *Growth of Government Companies in the Corporate Sector, 1951-61*

(Paid-up capital in crores of rupees)

Year ended 31st March	Government companies		Non-Government companies		All companies	
	No.	Paid-up capital	No.	Paid-up capital	No.	Paid-up capital
1951	36	26.3 (100)	28,496	749.1 (100)	28,532	775.4 (100)
1952	40	46.4 (176)	29,183	809.4 (108)	29,223	855.8 (110)
1953	45	49.8 (189)	29,267	847.8 (113)	29,312	897.6 (115)
1954	51	52.0 (198)	29,441	891.2 (119)	29,492	941.2 (121)
1955	54	54.7 (208)	29,571	914.9 (122)	29,625	969.6 (125)
1956	61	66.0 (251)	29,813	958.2 (128)	29,874	1,024.2 (132)
1957	74	72.6 (276)	29,283	1,005.0 (134)	29,357	1,077.6 (139)
1958	91	256.8 (977)	28,189	1,049.5 (140)	28,280	1,306.3 (168)
1959	103	424.2 (1,613)	27,376	1,085.6 (145)	27,479	1,509.8 (194)
1960*	125	468.4 (1,781)	26,796	1,124.7 (150)	26,921	1,593.1 (205)
1961†	140	545.2 (2,073)	25,971	1,179.4 (157)	26,108	1,724.6 (222)

* Provisional. † Provisional figures corrected with the help of data available after the 31st March, 196

[In this and the two articles that will follow, the author provides, very largely, a factual account of the broad trends pertaining to structural, financial and management pattern of Government-owned companies by bringing together the scattered statistical data on them within a proper framework. This is the first comprehensive attempt of its type to present a complete statistical background of the working of Government companies. The responsibility for the accuracy of data and for the views expressed is of the author and not of the Department of the Government to which he belongs.

The articles form part of the series entitled "The Contemporary Corporate Scene in India" published in this journal in August and September 1961.—ED.]

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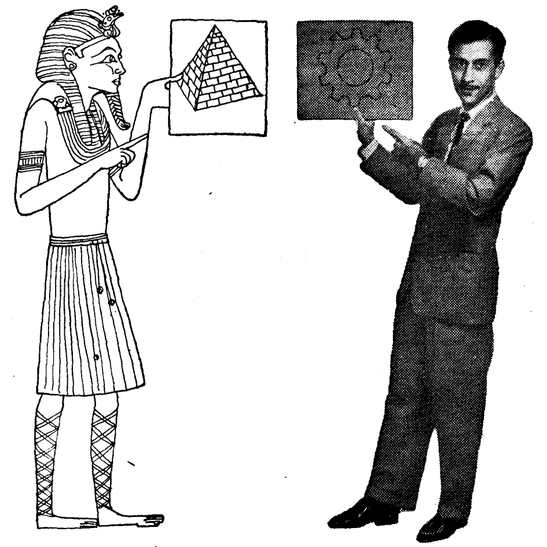

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the number and paid-up capital of Government companies from the beginning of 1951 so as to provide a clear picture of the development of this important sector of the national economy from the beginning of the planning era in our country. Table 1 sets out the overall position of the number and paid-up capital of Government companies from year to year—from 1951 to 31st March 1961. In terms of number, Government companies have recorded a fourfold rise during the period 1951-61; the increase in number has been almost of equal proportion during each of the two Five-year Plan periods. In terms of paid-up capital, however, the Government corporate sector presents a more dynamic look; its paid-up capital investment during the decade ended the 31st March 1961 increased to over 20 times the total volume of capital investment in 1951, an overwhelming part of the increase having occurred during the second Plan period. It is seen that, during the first Plan, the paid-up capital of Government companies increased by nearly 150 per cent., but, in the subsequent five-year period, the increase in capital worked out to nearly 750 per cent.

With the phenomenal rise in the paid-up capital, the position of Government companies in the total paid-up capital investment of the corporate sector also underwent a sea-change. The share of Government companies in the total paid-up capital of the corporate bodies at work in 1951 worked out to around 3½ per cent and, at the end of the second Plan, this proportion swelled up approximately to 32 per cent. This increase in paid-up capital in absolute value for the Government companies amounted to nearly Rs. 520 crores during the decennium ended 31st March 1961, whereas that for the private sector companies aggregated Rs. 430 crores during the same period. These figures of growth of the public sector and the private sector companies show that the growth of the former has not inhibited the development of the other class of companies in any way.

State-wise Distribution

Looking at the record of the growth of Government companies from the geographical angle, in terms of number, the growth has been most spectacular in the State of Orissa, where, during the last five years, that is, the operative time-span of the second Plan, as many as 42 Government companies have been set up by the Orissa State Government. In the all-India total of Government companies, the Orissa State Government companies at the end of 1960-61, accounted for 33 per cent. But, in the total paid-up capital, their share accounted for merely 0.2 per cent, the absolute amount of total paid-up capital of the Orissa State Government companies being Rs. 1.16 crore in the all-India total of Rs. 545.2 crores in 1960-61. The other States having a large number of Government companies are those of Delhi, Maharashtra, Mysore and Kerala which have 17, 13, 12 and 10 Government companies, respectively, accounting for paid-up capital amounts aggregating Rs. 60.3 crores, Rs. 29.2 crores, Rs. 34.7 crores and Rs. 6.5 crores respectively. In number, the States of Madras, Madhya Pradesh and Bihar trail behind the five States named above, but, in paid-up capital value, they too are important; individually, these States accounted for 8 per cent, 5 per cent and 61 per cent. respectively, of the total paid-up capital of all Government companies, Bihar's share having been bolstered up by the Hindustan Steel Company whose registered office in that State was established after its transfer from Delhi. The detailed distribution of Government companies in the various States of the Indian Union are given in Table 2.

Table 3 gives the age distribution of Government companies registered and at work as on 31st March 1961 in each of the foregoing 15 States of the Indian Union. It will be seen that 28 Government companies have their dates of registration before independence and a great majority of these companies happened to be *de facto* Government companies, whereas a small number became Government companies much later upon acquisition of majority shares by the Government. During the first Plan period, 19 Government companies were set up, while 85 companies were promoted during the second Plan period.

At the time of the beginning of the first Plan, Central Government investments in the Government companies totalled around Rs. 14 crores only, which worked out to merely 3 per cent of the present level of the Union Government's stake in the Government companies. The total number of Central Government companies at the beginning of the first Plan was only 4 which increased to 29 at the end of the first Plan. This total includes both the exclusively and jointly-owned Central Government companies. During the first Plan period, the Central Government is credited with the flotation of such giant companies as the Hindustan Steel, Hindustan Machine Tools, Bharat Electronics, Hindustan Antibiotics, etc. At the end of the second Plan, the total number of Central Government companies increased to 54, of which 39 companies belonged exclusively to the Central Government. The total stake of the Central Government in the 54 Government companies is reckoned at Rs. 522.3 crores, whereas that of State Governments came to the order of Rs. 17.4 crores in 98 companies of which 86 are exclusively State Government promotions. The collaboration of private entrepreneurs in the Central Government companies is observed in 10 cases with an aggregate amount of Rs. 2.25 crores which is indeed a very negligible proportion in the total paid-up capital of the Government companies. It works out to merely 0.4 per cent.

Ownership Pattern

A study of the administrative control of the Central Government companies by the Union Government Departments or Ministries reveals that the Ministry of Commerce and Industry administratively looks after the largest number of Government companies, the number being 19 companies. The Ministry of Steel, Mines and Fuel supervises the working of 8 companies, Ministry of Transport and Communication 6 companies, Ministries of Finance and of Works, Housing and Supply 3 companies each, Ministries of Defence and Rehabilitation and the Department of Atomic Energy 2 companies each and Ministries of Scientific Research and Cultural Affairs, Irrigation and Power and Railways 1 company each.

Alongside the increase in the number of Government companies an important feature which became more and more prominent as we travelled from one Plan to another is that the number of giant-sized Government companies has steadily increased. The number of giant-sized companies having an authorised capital of Rs. 1 crore and more each, at the end of 1960-61 totalled 57 in the overall total of 140 Government companies. The total authorised and paid-up capital of these came to Rs. 845.0 crores and Rs. 539.7 crores, respectively, which came to 98 per cent of the total authorised and paid-up capital for all the Government companies. Of the 57 giant-sized companies, 16 companies have been incorporated with an authorised capital of Rs. 5 crores or more each. As against this, the number of companies with an authorised capital base of Rs. 1 crore was only 11 at the beginning of the first Plan period and at the beginning of the second Plan period they totalled 25. As a result of the greater emphasis now placed on the economical and efficient working of the State enterprises and the need to stop the proliferation of State enterprises of varied types so that better co-ordination might be effected among the various State industrial units working in the same fields and consequently price policies based on proper costing could be evolved and uniformly implemented, merger of some of the existing Government companies into giant-sized organisations and flotation of new giant-sized enterprises are expected in the near future. A clue to this new development is provided by the Government's decision to form the Fertiliser Corporation of India by merging the two fertiliser companies, namely, the Sindri Fertilizers and Chemicals and the Hindusthan Fertilisers, and to set up the Shipping Corporation of India by fusing the three shipping companies, namely, the Eastern Shipping Corporation, the Western Shipping Corporation and the Mogul Lines together. In this connection, the following observations occurring in the Third Plan are interesting and worthy of note:

"It has now been recognised that proliferation of special organisations of such number and variety so as to be unmanageable should be avoided and there should be a definite policy of consolidating these organisations so as to bring together enterprises functioning broadly in the same field. This would enable provision of common facilities to individual units, which otherwise might be well beyond their means and lead to overall economy and efficiency."

The position of giant-sized Government companies alongside the smaller ones is shown in Table 5.

TABLE 2: *State-wise Distribution of Government Companies 1960-61*

State	No.	Paid-up capital (in crores)	Paid-up capital as percentage of total paid-up capital
Andhra Pradesh ..	6	6.07	1.11
Assam (including Manipur and Tripura ..	3	0.29	0.05
Bihar	4	332.15	60.92
Maharashtra	13	29.20	5.44
Gujerat	4	0.12	0.02
Delhi	17	60.34	11.07
Kerala	10	6.62	1.11
Madhya Pradesh ..	4	26.93	4.94
Mysore	12	34.72	6.37
Madras	5	42.46	7.79
Orissa	46	1.16	0.21
Punjab (including Himachal Pradesh) ..	3	0.48	0.09
Rajasthan	2	0.50	0.09
Uttar Pradesh	5	0.35	0.07
West Bengal	6	3.93	0.72
Total ..	140	545.22	100.00

TABLE 4: *Ownership Pattern of Government Companies 1960-61*

(In crores of Rs.)

Types of companies	No.	Authorised capital*	Paid-up capital	
		Rs.	Rs.	
Central Government ..	39	759.75	488.34	(89.6)
Central and State Government	5	29.50	21.53	(3.9)
Central and State Governments and private collaboration ..	7	15.31	13.80	(2.5)
Central Government and private interests ..	3	12.00	7.31	(1.3)
State Governments ..	86	40.41	14.24	(2.7)
Total ..	140	856.97	545.22	(100.0)

* Authorised capital figures relate to the incorporation dates.

TABLE 5: *Size Pattern of Government Companies 1960-61*

Authorised capital class groups (Rs. '000)	No.	Authorised capital (In crores)	Paid-up capital (In crores)
		Rs.	Rs.
Under Rs. 5,00	50	1.34	0.75
Rs. 5,00–Rs. 10,00 ..	11	1.10	0.40
Rs. 10,00–Rs. 25,00 ..	9	1.71	1.00
Rs. 25,00–Rs. 50,00 ..	8	4.00	1.51
Rs. 50,00–Rs. 1,00,00 ..	20	18.81	6.71
Rs. 1,00,00–Rs. 5,00,00 ..	26	84.01	34.05
Rs. 5,00,00–Rs. 25,00,00..	9	131.00	59.70
Rs. 25,00,00–Rs. 50,00,00.	4	161.00	60.87
Rs. 50,00,00 and over ..	3	455.00	380.23
Total ..	140	856.97	545.22

TABLE 3: *Age Pattern of Government Companies at Work as on 31st March, 1961*

State	Pre-Independence period	16-8-47 to 31-3-51	1-4-51 to 31-3-56	1956-61	1956-57	1957-58	1958-59	1959-60	1960-61	Total
Andhra Pradesh	3	..	..	3	..	..	..	..	3	6
Assam (including Manipur and Tripura)	..	1	..	2	..	..	..	2	..	3
Bihar	..	..	1	3	1	..	1	..	1	4
Maharashtra	4	2	1	6	2	1	..	2	1	13
Gujerat	..	..	4	..	..	..	..	..	..	4
Delhi	..	..	8	9	2	1	4	1	1	17
Kerala	4	1	1	4	2	..	1	1	..	10
Madhya Pradesh	3	..	..	1	1	..	..	..	..	4
Madras	..	1	..	4	2	..	..	..	2	5
Mysore	5	2	2	3	..	1	..	1	1	12
Orissa	3	1	..	42	2	11	10	13	6	46
Punjab (including Himachal Pradesh)	2	..	1	..	..	..	..	..	..	3
Rajasthan	1	..	..	1	..	..	1	..	..	2
Uttar Pradesh	3	..	..	2	..	1	..	..	1	5
West Bengal	..	..	1	5	1	1	..	2	1	6
Total ..	28	8	19	85	13	16	17	22	17	140

THIRD PLAN PROVISION FOR SHIPPING

MR. G. L. MEHTA'S PLEA AND DR. SUBBARAYAN'S ENCOURAGING REPLY

SOME of the problems of Indian shipping and shipbuilding industries came in for consideration—first at the tenth meeting of the National Shipping Board held at Madras last week-end and later at the Shipping and Shipbuilding Conference (1961) held at Bombay early this week. It was disclosed by Mr. G. L. Mehta, Chairman of the National Shipping Board and of the Hindustan Shipyard, that the question of financial allocation for shipping in the third Plan was considered at the meeting of the Board. The third Plan, it may be remembered, has provided only Rs. 55 crores for shipping, though the Board had asked for Rs. 104 crores. In view of certain developments in the coastal trade, such as the need to move an additional one million tons of coal by sea, the Board has now decided to review the position and address a communication to the Union Government. In this review, the priorities suggested earlier by the Board in respect of tanker, cargo and passenger vessels, for replacement and addition, might have to undergo alterations.

A noteworthy decision reached by the National Shipping Board at its Madras meeting was to accept the report of its sub-committee on sailing vessels and to forward it to the Government of India. This sub-committee, it is reported, has made two important recommendations. One of them is that loans at concessional rates of interest should be granted for construction of vessels and mechanisation of sailing vessels. And the other recommendation is that provision should be made for the addition of 25,000 g.r.t. to coastal shipping over and above what has been proposed under the third Plan. It may be recalled here that the third Plan has proposed 100,000 g.r.t. as 'replacement' and 32,500 g.r.t. as 'addition' in the sector of coastal shipping. As the coastal tonnage at the end of the second Plan was 292,000 g.r.t., the third Plan programme of addition would mean a gross tonnage of only 324,500 g.r.t. in that sector by the end of 1965-66. If the further addition of 25,000 g.r.t., which is reported to have been recommended by the sub-committee of the National Shipping Board, were made, the gross tonnage in coastal trade would be of the order of 350,000 g.r.t. by the end of the third Plan. This will still fall short of a total requirement of 450,000 g.r.t. which, in the opinion of this Journal (*vide* page 106 of *Commerce* dated 15th July 1961), would be necessary to serve as an adequate and efficient adjunct to the inland transportation system.

Sethusamudram Project

Two other questions—one relating to the participation of Indian shipping in the haulage of P.L. 480 foodgrains from the United States and the other relating to the Sethusamudram Project—were also considered at the Madras meeting of the National Shipping Board. The first question has been referred to a sub-committee of the Board for further examination. This sub-committee will also suggest steps for meeting any losses by vessels operating in essential trades and routes. The latest position regarding the Sethusamudram Project, as disclosed by the Director-General of Shipping after the Board's meeting, is that the Madras Government has agreed to undertake a pilot study and a hydrographic survey in connection with the final assessment of the cost of execution of the south approach canal of the project. If and when this project—which envisages the cutting of a channel near Pamban to connect the Gulf of Mannar and the Palk Bay—is successfully executed, it will enable deep sea ships from the west to the east of India to avoid the longer route round Ceylon. The National Shipping Board does not seem to have taken any definite decision on the project, presumably because the technical and financial aspects of the project have yet to be fully examined.

At the Shipping and Shipbuilding Conference (1961) held at Bombay on the 4th instant, the problems facing the two related industries were dealt with in greater detail. Mr. G. L. Mehta, who presided over the Conference, referred to the National Shipping Board's recommendation that a net addition of 500,000 g.r.t. should be made to Indian shipping during the third Plan period. Since the Government and the Planning Commission had not seen their way to accepting this recommendation, he wondered whether the current Plan would witness the desired expansion of Indian shipping. Although India's Merchant Shipping has expanded from barely 100,000 g.r.t. in 1947 to about a million g.r.t. now, it is still not sufficient to carry even 10 per cent of our overseas trade and to handle all the coastal trade. Mr. Mehta has, therefore, pleaded strongly for greater expansion and observed in his presidential address at the Bombay Conference:

"One basic difficulty in the way of further development of our shipping is the paucity of foreign exchange. Foreign exchange is now scarce and purchases are sought to be confined to only one or two countries. The number of ships which the Hindustan Shipyard can build could be only a small part of the total tonnage which would have to be acquired for expansion as well as replacement. It is true that shipping is one of the best foreign exchange earners, and, as I have already stated, from the economic point of view, this is the most important consideration for the expansion of our shipping tonnage. But before ships can begin to earn or save foreign exchange, they have to be purchased for substantial amounts of money which would all be in foreign exchange. The problem is to find the resources for this initial outlay which is heavy. Indeed, in regard to coastal shipping, the difficulties are, if anything, even more acute since foreign exchange is not earned in the coastal trade. I suggest that on a satisfactory solution of this question, namely, of making available the requisite foreign exchange, the future of Indian shipping primarily depends. If these resources are not made available, it would not be possible to expand shipping in the overseas trade and the tonnage on the coast would be depleted without replacement, let alone any addition. I trust the seriousness of this question will be fully recognised by all those concerned. What is needed is a clear assessment of this problem, a recognition of its importance to the national economy and a deliberate decision on the question of allocating adequate foreign exchange for the acquisition of overseas and coastal shipping tonnage."

Hindustan Shipyard

As Chairman of the Hindustan Shipyard, Mr. Mehta is also uniquely qualified to speak with authority on the problems of India's shipbuilding industry. Although, in his opinion, the Hindustan Shipyard is fairly well equipped, it is far from being a viable unit and the cost of construction and the period of delivery of ships do not compare favourably with those of shipyards in other countries. This state of affairs is the result of the Shipyard's dependence on other countries for the supply of bulk of materials and equipment. Emphasising the need for promoting ancillary industries in the country to meet the requirements of the Shipyard, Mr. Mehta particularly suggested that the Government of India should seek foreign collaboration and technical assistance for the setting up of a marine diesel engine factory—a proposal which has been accepted in principle but has not yet been implemented. His further observations on the steps necessary for improving shipbuilding methods would bear quoting *in extenso*:

"In the Hindustan Shipyard, as in shipbuilding all over the world, there has to be a balance between standardisation of ships and the requirements of the shipowners. Questions of price, delivery, quality and standard as well as credit are all important factors in developing this industry. I have heard it stated that what is basically new in shipping lies not so much in the designing of ships as in the way they are built. These changes are so far-reaching nowadays and the development in methods so continuous that shipbuilding has ceased to be a static technology. What is needed, therefore, is 'a spirit of technological enterprise.' Scientific methods have to be adopted in management and administration as well as in designing and construction so as to make possible a more accurate measurement of productivity, better production planning and more efficient materials handling. We are getting so used to the adventitious aid of import restrictions and interminable protection in various forms that we are under-rating the vital need of organisation, techniques and facilities for economic production. Above all, what is essential is a sense of common interest or purpose among workers by brain and by hand which could be provided by a leadership that functions as partnership."

Mr. Mehta's plea for a bigger allocation for shipping, it is gratifying to find, has not entirely fallen on deaf ears. As a matter of fact, the inaugural address delivered by Dr. P. Subbarayan, Union Minister for Transport and Communications, at the Bombay Conference has presented a more hopeful picture of possible shipping expansion during the third Plan period. The relevant observations made by the Minister are:

"We have every hope that, as shipping is a self-financing industry, it would be possible for us to finance purchase of ships from foreign countries on the basis of the foreign exchange earnings of these ships. We have several projects of this kind, and, thanks to the credits offered by Japan and Yugoslavia, it has been possible for us to place orders on the shipyards in these two countries. We are also likely to get some credit from some of the European countries and also deferred payment facilities at fairly reasonable rates of interest. The picture on the whole, therefore, is satisfactory, and one need not be discouraged at the fact that the provision in the third Plan is not as high as the one recommended by the National Shipping Board. . . . If the sum of Rs. 55 crores during the third Plan is utilised for purchasing ships on deferred payments spread over seven years or eight years, the tonnage which should be added would amount to 7/5 or 8/5, as the case may be, of the actual grant given to us under the third Plan. There are also other ways of augmenting our resources. For example, we have created a fund, called the Shipping Development Fund, which gives aid, in the shape of loans on a nominal interest of 3 per cent per annum, to both Governmental and non-Governmental Corporations for purchase of ships. This Fund will naturally be utilised to a greater extent than is shown by the figures, as the amounts which are received by the Fund by way of repayment of loan can also be loaned out again for financing the purchase of ships. In fact, many of the loans that have been sanctioned have become ripe for repayment and the instalments are being funded back to the Shipping Development Fund. Thus, I see no reason why, with the financial resources at our disposal, we cannot add tonnage in the third Plan costing about Rs. 75-80 crores. I am also sure that if we spend all the funds at our disposal within the next two or three years, we could go up again to the Planning Commission for more funds."

By far the best hope held out by Dr. Subbarayan is that, if the provision of Rs. 55 crores for shipping is used up in the first two or three years of the third Plan, the Transport Ministry will plead with the Planning Commission for an increase in the allotment. This is as good as an assurance. For the present, the shipping industry would, therefore, do well to heed the Minister's advice in regard to the "planning of purchase of ships", instead of exercising its mind over the "inadequacy" of the third Plan allotment for shipping. Dr. Subbarayan's advice is to the effect that the shipping companies should assess the trends in traffic as can be foreseen for the next 10 or 20 years and correlate the types of ships to be purchased to such trends in traffic. Given such advance planning in the matter of ship purchases, the industry would be in a better position to ensure its own expansion and prosperity.

FULL AUTOMATION IN BRITISH STEELWORKS UNDER CONSTRUCTION

The giant Spencer works, now being built at Llanwern, Monmouthshire, at a cost of £120 million, is described as the first steelworks in the world to be planned to have a fully automated system for control of production from beginning to end. A "hierarchy of control" has been evolved by Elliott-Automation in co-operation with Richard Thomas & Baldwins, for whom the plant is being built. The automation plan involves the use of electronic computers throughout the plant, which will be Europe's biggest steelworks.

A statement issued by Elliott-Automation says: "Hitherto, control in steel production has been concerned only with control of sections of the whole process. The Spencer works represents a major advance in that it combines localised controls into an integrated system while retaining the essential flexibility of the individual sections. The control system receives a constant flow of demands for a variety of end-products in varying quantities, qualities and delivery schedules, and converts them into instructions. These instructions are broken down and refined by computers in stages in such a way that at each level they can be acted upon. These control instructions are complemented by technical instructions at appropriate levels, so that the entire plant operates at optimum efficiency. This flow of control information in the downward direction is then paralleled by a return flow of information which is signalled at all levels in the process, reporting what has actually happened at each stage. This information is assembled and assimilated by the computers and compared with the original instructions given. This enables each level of control to modify its instructions in the light of actual performance."

NEW PRODUCTS AND PROCESSES

Automatic Control of Knitting Quality

A MOST important and far-reaching advance is about to take place in the art of knitting as a result of the introduction of scientific systems of "Positive Feed" for automatic control of the knitting process. This is the prediction of Mr. W. A. Dutton, Director of Research at the Hosiery and Allied Trades Research Association, who spoke on the subject recently to a group of industrial scientists in London. "Positive Feed" is the supply of a controlled amount of yarn to a knitting machine for each revolution or movement. Knitting variations are then virtually eliminated and this results in less wastage of manpower and materials. There will be benefits too for the consumer. The already high quality of British knitted garments such as stockings and jumpers will be further improved as more uniform characteristics lead to better fabric appearance, less risk of shrinkage, and more regular sizes. But the main advantages will be in manufacturing as a result of smoother throughputs, fewer rejects, and easier sampling methods. The control of loop length will bring certain economic advantages. At present, abnormally long or short articles within a batch may have to be sold as "imperfects" at a reduced price. A further point is that any "imperfects" made may upset the production schedule as they have to be replaced by satisfactory articles and in any case constant supervision is always necessary.

Automatic Paper Sorter

An automatic paper sorter for paper mills has been developed after years of extensive research by Simmons and Thomson (Automatic) Ltd., London. The machine is now complete and has been subjected to exhaustive and rigorous tests. The results of these tests suggest that this is one of the most significant developments in the paper industry for some years. The principal advantages of the automatic paper sorter are: (1) The necessity for gearing production to sorting capacity together with some bottlenecks is eliminated. (2) Exceptionally fine gradings can be consistently achieved by the machine resulting in economy in production. (3) Where the paper sorter is installed, valuable mill space can be spared which is normally required for the hand-sorting operation. An interesting feature of the sorter is the revolutionary "Jet-stream" feeder. This is an entirely new design and has been developed for use in conjunction with a rising feed pile. An entirely new conception in feed rate gives a normal working speed of 10,000 sheets an hour for sheets up to 45×70 in. (114×178 cm.) with trouble-free performance. Double feeding, together with other problems, has been entirely eliminated.

Automatic Forging of Steel

Completely automatic forging of steel by precalculated programme has just been successfully demonstrated in the experimental forge of the British Iron and Steel Research Association in Sheffield. The forging was carried out by a precision controlled 200-ton press interlocked with a fast, remote-controlled, experimental manipulator capable of longitudinal, rotational and lifting movements. Electric controls had been developed for both press and manipulator to ensure fast, accurate, operation and to synchronise the movements of the two machines. During the forging, the press and manipulator were controlled by a programme control unit on which every detail of the schedule of forging operations had been set up. In this schedule, the upper and lower limit of the squeeze for every pass were given, the manipulator feed between storkes was selected and the manipulation necessary between passes was also stored. The control unit signalled instructions to the press and manipulator in the appropriate sequence. As a consequence, the finished forging in some respect exceeded the best current industrial standards as regards dimensional precision, and even so the job was accomplished twice as fast as the best skilled forging crew would be capable of doing. Even faster working will shortly be practicable. The forging schedule was calculated in advance, from a theory of the change in shape during forging which had been worked out in the laboratory. This advance in forging technique comes when many firms are already planning to re-equip their forges. At the moment there are probably more forging presses on order in Britain than at any previous time.

New Diesel Engine

A new 1.5 litre diesel engine has been announced by the British Motor Corporation. This high-speed unit, which provides a good road performance with unparalleled fuel economy at a competitive price, is already in full production at B.M.C.'s Engines Branch at Coventry, and is available as an alternative power unit to the well proved "B" series (1489 c.c.) petrol engine in 10/12 cwt. and 16/18 cwt. Austin and Morris light commercial vehicles. The 1.5 diesel breaks new ground in being derived from the well proven 1.5-litre petrol engine with which it shares many component parts. This standardisation of parts and simplicity of design is reflected in the reasonable price of this engine, which is available at an extra cost of only £85 over the petrol engine. An important outcome of this "commonisation" between petrol and diesel units is the retention of the standard engine cylinders (and dimensions) which have been proved to give as long life as the more conventional removable wet cylinder lipers of other British diesel engines. Apart from the usual differences between the two types of power unit the '1.5' is similar in appearance and construction to the petrol engine, is of identical dimensions and weighs only 50 lbs. more!

Measuring Instrument

A new measuring instrument has been announced in which an electric pick-up is guided over a maximum length of 4-in. (100 mm.) to provide an assessment of form errors by reference to a straight datum surface contained within the instrument. Accuracy of movement is such that departure from the main straight line does not exceed 0.25 microns in 100 mm. The speed of traverse and shape of stylus are selected to allow study in graph form of the lower frequency surface errors without being masked by the smaller irregularities. The instrument (the Talylin) operates with the amplifier and recorder of the Model 3 'Talysurf' so that users of this instrument will find the new instrument to be a valuable addition to extend the range of surface measurements. A support plate enables the Talylin to be mounted on the Model 3 stand in place of the gearbox and pick-up, to measure components such as rollers, inner and outer race tracks, and large radius cam plates. An alternative support permits the instrument to be placed on, or adjacent to larger surfaces which cannot be accommodated on the stand. Such components as large rolls and machine slideways can be checked in this way.

Mechanical Pen

A British firm, Taylor, Taylor and Hobson, has developed a mechanical pen for the speedy and accurate drawing of instrument scales. It has been produced to overcome the many problems associated with the conventional method of drawing the scales by hand—including human error, fatigue, time consumption and the difficulty of obtaining the right calibre of worker. It was essential that any automatic method should provide a means of applying the pen to the scale face with a consistently even pressure, avoiding bending and breakage of all pen tips. Blobbing of ink and biting into the surface due to weight and rigidity also had to be avoided. It comprises a quill which incorporates a plunger unit, the weight of which is counter balanced by a coil spring. Each size of pen has its own cartridge, with the correct size of guide hole in the tip. This makes the pen interchangeable. It also maintains the accuracy when pens are interchanged. Not more than 1,000th of an inch error results between any two graduations of scale. The unit is mounted on the engraving machine in place of the cutter spindle. The unit is then fed down to the scale face by means of the screw or lever feed. It can be used in two ways: by employing a master copy of the scale face or by picking the calibrated markings previously sketched on the scale face.

Ventilated Suit

Experiments with a ventilated suit designed for men working in high temperatures are being carried out by Dr. R. F. Hellon and Mr. G. W. Crockford of the Department of Human Anatomy, South Park Road, Oxford. The suit has a system of perforated plastic pipes sewn into it and these, when connected to an external air supply, allow cool air to continually pass over the wearer's skin and prevent outside heat from penetrating the fabric. Air is also forced out across the exterior of the suit. Coverings for the head, hands and feet are provided and the suit has been designed for connection to the usual factory compressed air supply. A pressure of 80 lbs. per square inch would be required. It is stated that the suit is expected to be suitable for those working in temperatures up to 350 degrees F. for over an hour at a time and that it will have obvious advantages over the usual cumbersome type of protective clothing. Much of the present work is being carried out on behalf of the British Iron and Steel Research Association and it is hoped that the first suits will be commercially available by the end of next year.

Aluminium Sulphate from Coal Waste

North American Coal Corporation is constructing a large plant to extract aluminium sulphate from coal wastes as the first step in a project to produce aluminium from domestic ores. The Company's announcement said that the plant, under construction at Wheeling, W. Va., would have an annual capacity of 40,000 tons of aluminium sulphate. The plant will use a new process developed jointly by North American and Strategic Materials Corporation. Part of the initial production is scheduled for study of the commercial feasibility of producing aluminium oxide from coal shale wastes and other materials such as high iron clays and bauxites.

Ultrasonic Welding

A process of welding stainless steel and aluminium by an ultrasonic process has been developed in Canada. The particular alloys in this development were required for a portable power plant that directly converts nuclear to electrical energy for space applications. Without ultrasonic welding it would have been impossible to produce the particular parts—in this case bellows made of stainless steel and aluminium that are strong and hermetically tight. Using the ultrasonic method, the assemblies were welded to withstand 30-40 p.s.i. gauge air pressure and 1 atm. helium pressure without leaking.

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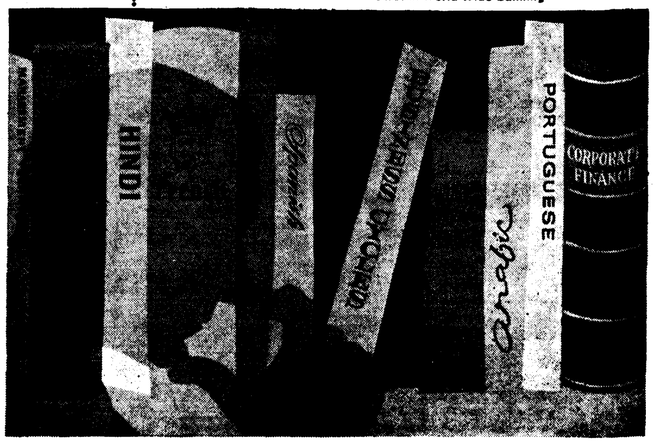

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PARTNERS IN PROGRESS AROUND THE WORLD

EMPLOYEES' PROVIDENT FUND SCHEME

COVERAGE OF INDUSTRIES EXTENDED

WITH the extension of the Employees' Provident Fund Act, 1952, to leather and leather products industry, effective from 31st August 1961, the Act now covers 59 industries, as against 47 industries at the end of December 1960 and six industries covered originally. The Act was amended last year to make it applicable to establishments employing 20 or more persons with effect from 31st December 1960. Till then it was applicable only to such establishments with 50 or more persons (20 in the case of newspaper establishments), if they had completed three years of existence. The lowering of the employment limit from 50 to 20 is expected to cover, in due course, an additional 200,000 employees in about 8,000 establishments. The Act applies to all the States and the Union Territories in India, except the State of Jammu and Kashmir.

Some of the industries brought under the purview of the Act during the year ended 31st March 1961 are mica factories and mines, plywood industry, automobile servicing and repairing industry, cane farms belonging to a sugar factory, rice, *dal* (pulses) and flour milling industries. Since April 1961, the Act has been further extended to starch industry, hotels, restaurants, petroleum or natural gas exploration, prospecting drilling or production, storage, transport or distribution, cinemas including preview theatres, film studios and leather and leather products industry. At the end of August 1961, according to the Annual Report of the Employees' Provident Fund Scheme for the year ended 31st March 1961, just released, 59 industries were covered under the Act. The number of subscribers at the end of March 1961 aggregated 2.93 million, as against 2.7 million at the end of March 1960.

Additional Units Covered

The lowering of the employment limit from 50 to 20 brought 40,000 additional establishments and 110,000 additional subscribers under the purview of the Act during the three-month period 1st January to 31st March 1961. By virtue of certain other amendments to the Act, (1) an establishment once covered under the Act will continue to be so covered, despite reduction in the employment strength below 20, except where the employment strength is reduced to less than 15 and remains so for a period of not less than one year; (2) provident fund has been made payable on retaining allowance paid usually in sugar factories and other seasonal establishments to an employee in off-season for retaining his service; (3) establishments employing 20 or more but less than 50 persons will not attract the provisions of the Act until the expiry of five years from the date of commencement of the manufacturing process.

An important amendment made in 1960-61 pertains to the loans that could be taken by members from the fund. The position till this amendment was that a member could get an advance to meet expenses in connection with his serious or prolonged illness or that of a member of his family and for financing his life insurance policy. With effect from 2nd April 1960, the scheme framed under the Act has been amended to enable a member to get non-refundable advance for the purchase of a dwelling house, or a dwelling site or for construction of a dwelling house or for allotment of a tenement constructed or to be constructed under the subsidised housing scheme for industrial workers.

Clarifications

Some of the clarifications issued by the Government regarding the liability for provident fund deductions and coverage of composite factories have removed much confusion in the administration of the Act. The Government has ruled that: (1) the production bonus as part of a contract of employment, either at flat rate or a rate linked to the quantum of work turned out, satisfies the definition of "basic wages" given in the Act, and as such would be liable to provident fund deductions; (2) in the matter of coverage of composite factories, the Act should be applied to an establishment which is a composite factory if it employs in all 50 (now 20) or more individuals and is engaged primarily in any of the notified industries; in other words, if the primary business of an establishment is the manufacture of goods coming under any of the covered industries and that establishment employs in all 50 (now 20) or more persons, the Act would be applied to the whole of the establishment, and (3) where road motor transport is an activity purely incidental to some other main activity of an employer, the case would not be covered under the Act irrespective of the persons employed in the incidental activity.

The number of unexempted establishments covered under the scheme and number of subscribers at the end of 31st March 1961, as compared with those at the end of the previous year, are as follows:

Year ended	*No. of unexempted establishments*	*No. of subscribers*
31st March 1961 ..	11,152	1,793,000
31st March 1960 ..	6,551	1,666,000

It may be noted here that, where an establishment has its own provident fund, gratuity or pension scheme and if the total quantum of benefits is not less than that under the statutory scheme, such an establishment can either apply for exemption from the provisions of the scheme or its employees, as a class, can opt out of the scheme. The following table shows the extent of coverage, number of employees and subscribers in exempted establishments:

Year ended	*No. of exempted establishments*	*No. of employees* (In millions)	*No. of subscribers* (In millions)	*% of membership*
31st March 1960.	822	1.96	1.035	87
31st March 1961.	941	1.317	1.136	86

The number of establishments voluntarily having provident fund facility in vocations covered by the Act rose from 95 to 115, the number of subscribers being about 8,000.

In view of the ever-increasing number of establishments being covered under the Act and the consequential enormous increase in work, the Board of Trustees of the Fund is considering whether, henceforth, exemptions should be granted more freely without, of course, relaxing in any way the conditions governing such exemptions.

Contribution

The minimum rate of contribution by members continued to be 6.25 per cent of basic wages, dearness allowance, retaining allowance and cash value of any food concessions, if any, with an equal contribution from employers. A member may, if he so desires, voluntarily contribute, as his own share, 8⅓ per cent. The contribution of the employer in such case remains restricted to 6.25 per cent. During the year under review, about 32,000 members were thus contributing voluntarily at a higher rate.

As is well known, the proposal to increase the rate of contribution from 6.25 per cent to 8⅓ per cent in respect of four of the six industries initially covered under the Act has been referred by the Government to a specially constituted technical committee, under the chairmanship of Mr. M. R. Meher, President, Industrial Court, Bombay, for investigation as to which of these industries are unable to bear the additional financial burden. The industries concerned are paper, cigarettes, electrical, mechanical or general engineering products and iron and steel. The Committee's report on these was submitted to the Government in June 1961 and it is still under the consideration of the Government.

Total contributions received during the year, including past accumulations, amounted to Rs. 21.2 crores (Rs. 20.3 crores in cash and Rs. 0.9 crore in securities) as against Rs. 16.36 crores during the previous year. Claims paid during the year amounted to Rs. 4.27 crores. The number of cases of final payment has naturally been increasing from year to year. During the year under review, 102,000 claims were settled. Some of the main difficulties encountered in the prompt settlement of the claims are (1) non-execution of valid nominations by members, (2) non-submission of statutory returns on the due dates, (3) discrepancies and defects in the claim form and statutory returns and belated transfer of the amount realised through recovery proceedings, etc.

Refund

Full accumulations with interest are refunded in the event of death, permanent disability, superannuation retrenchment or migration from India for permanent settlement abroad and leaving service for any reason after completion of 15 years' membership. In other cases, a member receives besides his own contribution and interest thereon, a proportion of the employers' share of contributions with interest thereon according to a graduated scale which stipulates a minimum of 25 per cent if the period of membership is less than 3 years and 85 per cent if the period is more than 10 years but less than 15 years and 100 per cent if 15 years and more. The Central Government has, however, authorised full refund of employers' contribution in the following contingencies also:

(*a*) where a factory is closed, the employees who are not retrenched but are transferred by the employer to other establishments not covered under the Act;

(*b*) when the office establishment is shifted with its employees from the factory premises;

(*c*) where a member is transferred from a covered establishment to another under the same employer but not covered under the Act; and

(*d*) where employees are discharged and are given retrenchment compensation under the Industrial Disputes Act.

As noted above, advances for payment of life insurance premium are permitted under the Act. This facility was availed of by 35,764 members during the year under review, as against 31,000 members last year and a sum of Rs. 22.4 lakhs, as against Rs. 18.74 lakhs, was thus advanced. A sum of Rs. 4.3 lakhs was paid by way of non-recoverable advances for purchase of dwelling site or construction of dwelling house privately or under subsidised housing scheme for industrial workers. Certain amendments to the rules, to enable a larger number of subscribers to avail themselves of this benefit, are under consideration. Loans aggregating Rs. 1.23 crore have been granted during the year towards covering medical expenses of members, as against Rs. 1.05 crore in the previous year.

As regards investments, a sum of Rs. 16.34 crores was invested in Central Government securities during the year in respect of non-exempted establishments, bringing the total in-

(*Continued on page* 1111)

Employees Provident Fund Scheme—Indusstries Covered and No. of Subscribers

Industries	Date of enforcement	No. of subscribers as on 31st March 1961
Cement	1st November 1952	338,000
Cigarettes	,,	13,000
Electrical, mechanical or general engineering products	,,	428,000
Iron and steel	,,	100,000
Paper	,,	35,000
Textiles	,,	1,132,000
Edible oils and fats	31st July 1956	33,000
Sugar	,,	160,000
Rubber and rubber products	,,	30,000
Electricity	,,	36,000
Tea plantations	30th April 1957	381,000
Printing	31st July 1956	42,000
Stoneware pipes	,,	3,000
Sanitary wares	,,	2,000
Electrical porcelain insulators	,,	2,000
Refractories	,,	18,000
Tiles	,,	21,000
Matches	,,	9,000
Sheet glass	,,	8,000
Heavy and fine chemicals	30th September 1956	79,000
Indigo	,,	Nil
Lac	,,	2,000
Non-edible vegetable and animal oils and fats	,,	300

Industries	Date of enforcement	No. of subscribers as on 31st March 1961
Newspaper establishments	31st December 1956	24,000
Mineral oil refining	31st January 1957	10,000
Coffee plantations	30th April 1957	} 84,000
Rubber plantations	,,	
Cardamom plantations	,,	
Pepper plantations	,,	
Iron ore mines	30th November 1957	29,000
Limestone mines	,,	21,000
Manganese mines	,,	33,000
Gold mines	,,	19,000
Industrial power alcohol	,,	3,000
Asbestos cement sheets	,,	3,000
Coffee curing	,,	8,000
Biscuit making	30th April 1958	5,000
Road motor transport	30th April 1959	59,000
Mica factories	31st May 1960	11,000
Mica mines	,,	8,000
Plywood	30th June 1960	6,000
Automobile servicing	,,	15,000
Cane farms	30th November 1960	4,000
Rice milling	31st December 1960	4,000
Dal milling	,,	1,000
Flour milling	,,	1,000
Voluntary coverage	....	8,000

Note:—The following industries have been brought under the purview of the Act with effect from the dates given in brackets. Information regarding the number of subscribers in these industries is, however, not available. Starch industry (31-5-1961); hotels, restaurants, petroleum or natural gas exploration, prospecting, etc., petroleum or natural gas refining, storage, transport, or distribution of petroleum or natural gas (30-6-1961); cinemas, film studios, film production concerns, distribution concerns dealing with exposed films, film processing laboratories (31-7-1961) leather and leather products (31-8-1961).

INDIA'S TRADE WITH SOVIET BLOC EXPANDS

EXPORT OF NON-TRADITIONAL ITEMS, HOWEVER, FAILS TO INCREASE

TRADE delegations from some of the Soviet bloc countries are scheduled to arrive in India in the course of this month in order to finalise trade arrangements with this country for the year 1962. Russian and Polish delegations, it may be recalled, have already exchanged letters, within the framework of existing trade agreements, with Indian officials at New Delhi envisaging substantial increase in their trade with India next year. India's trade with the Soviet bloc, as is well known, is governed by bilateral trade agreements, providing for payment in non-convertible rupee. The object of this arrangement is primarily to ease pressure on foreign exchange resources and ensure automatic balancing of India's exports to, and imports from, the countries concerned. The bilateral agreement was also conceived as a means to promote exports of a wide range of new manufactures, in which India has developed an exportable surplus. India's total trade with the Soviet bloc (comprising Soviet Russia, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Rumania) has already gone up impressively during the last decade. From no more than Rs. 9 crores in 1952, India's foreign trade with these countries had gone up to as much as about Rs. 78 crores by 1960. Its exports alone increased from just Rs. 6 crores to about Rs. 45 crores during the period. Imports rose from a mere Rs. 3 crores to Rs. 33 crores. While the rate of increase has been marked, it should not be forgotten that the share of the Soviet bloc in India's total trade still continues to be very modest. In 1960, India's exports to these countries amounted to about 7 per cent of its total exports; the corresponding share in its imports was just over 3 per cent.

India's trade with the Soviet bloc, however, has not been an unmixed blessing. As had been pointed out earlier in *Commerce* (*vide* pages 118 dated 15th July 1961, and 756 dated 14th October 1961), the increasing volume of India's trade with these countries has resulted neither in any increase in exports of non-traditional commodities, as originally anticipated, nor in saving of much foreign exchange. The lion's share of India's exports to these countries continues to be composed of traditional commodities, such as coir yarn, tobacco, cotton and cotton waste, spices, shellac, cashewnuts, hides and skins, coffee, mica, manganese ore and iron ore. Apart from the virtual absence of manufactured goods in India's exports to these countries, even some of the traditional commodities, it is said, are imported from India only to be re-exported to some of the West European countries. If proper care is not taken to rectify this anomaly, it is possible that these exports to the Soviet bloc may ultimately lead to exhaustion of the traditional outlets for India's commodities. India's imports from these countries comprise mainly machinery, iron and steel manufactures, transport equipment and other manufactured goods such as fertilisers, chemicals and pharmaceuticals and newsprint. There have been several complaints that the price of imports from these countries have often been on the high side and that the quality of goods has not been of a high order.

Table I on this page shows India's exports to, and imports from, the Soviet bloc countries in Europe since 1952. Soviet Russia is, of course, India's leading customer among these countries. Among buyers of Indian goods, Soviet Russia was led by only the U.K., the U.S. and Japan as of 1960; and its purchases were, in fact, higher than those by Australia, West Germany and Canada. India's exports to Russia, which had been only Rs. 2 crores in 1952, rose gradually to Rs. 30 crores by 1959 and almost stayed at this level in 1960. Its imports from Russia rose from only Rs. 83 lakhs in 1952 to as much as about Rs. 23 crores by 1957, but since then there has been a decline, being only Rs. 13 crores in 1960. Since 1958, India had a favourable balance in its trade with Russia. But there is no room for complacency. Persistent efforts are necessary to boost exports, not only to pay back the aid being given by Russia, but also to cover larger imports of Russian petroleum products envisaged now. Since the beginning of 1961, the trade between the two countries has been running at a much higher level. The value of this trade is expected to rise to Rs. 60 crores during this year. Thus, during the first seven months of the current year, India's exports to Russia amounted to Rs. 17 crores and imports Rs. 11 crores.

Following the understanding reached between the representatives of the two countries last month, the total trade is expected to go up to Rs. 80 crores in 1962. It is learned that Indian officials informed the Soviet delegation about the need for ensuring a larger market in Russia for some of India's manufactured goods, such as light engineering goods, chemicals and textiles. The existing trade agreement, which came into force in 1959 and would be valid for five years, has listed several manufactures as exportable goods from India, particularly jute fabrics and sacks, footwear, woollen fabrics, coir goods, etc., apart from traditional items. But the offtake of these goods has not made any perceptible improvement. Major items of India's imports from Russia are various types of industrial equipment and plants, power and oil drilling equipments, coal mining machinery, machine tools, non-ferrous metals and fertilisers. These imports have been encouraged by Soviet collaboration in the development of several basic industries, particularly the Bhilai steel plant, the exploration for mineral oil in Gujarat and the oil refinery projects in Eastern India.

TABLE I

Trend of Trade with Soviet Bloc

(In lakhs of rupees)

	Imports	Exports	Balance of Trade
Soviet Russia			
1952	83	2,00	+ 1,17
1953	45	36	— 9
1954	1,13	2,51	+ 1,38
1955	3,04	2,48	— 56
1956	14,91	12,50	— 2,41
1957	22,68	17,53	— 5,15
1958	21,71	23,32	+ 1,61
1959	17,89	30,05	+11,26
1960	13,27	29,94	+16,67
1961(January-July)	11,41	16,58	+ 5,17
Czechoslovakia			
1952	1,60	2,90	+ 1,30
1953	1,28	2,75	+ 1,47
1954	1,33	2,08	+ 75
1955	2,02	1,14	— 88
1956	6,28	2,91	— 3,37
1957	6,15	3,78	— 2,37
1958	6,48	3,95	— 2,05
1959	3,47	4,17	+ 43
1960	7,15	6,00	— 1,15
1961(January-July)	8,19	5,54	— 2,65
East Germany			
1952	6	2	— 4
1953	11	1	— 10
1954	19	2	— 17
1955	34	4	— 30
1956	28	26	— 2
1957	71	1,35	+ 64
1958	1,09	75	— 34
1959	3,21	2,50	— 71
1960	2,63	3,97	+ 1,34
1961(January-July)	2,60	1,42	— 1,18
Poland			
1952	26	24	— 2
1953	17	9	— 8
1954	2,60	27	— 2,33
1955	2,05	44	— 1,61
1956	2,17	1,09	— 1,08
1957	4,88	1,15	— 3,73
1958	2,26	92	— 1,34
1959	4,14	3,59	— 55
1960	2,99	3,35	+ 36
1961(January-July)	4,29	2,71	— 1,58
Hungary			
1952	27	23	— 24
1953	10	3	— 7
1954	9	20	+ 11
1955	26	5	— 21
1956	78	51	— 27
1957	77	30	— 47
1958	62	61	— 1
1959	2,42	74	— 1,68
1960	1,97	1,12	— 85
1961(January-July)	1,08	1,60	+ 52
Rumania			
1952	..	2	+ 2
1953	..	2	+ 2
1954	20	3	— 17
1955	35	2	— 33
1956	23	7	— 16
1957	52	52	..
1958	40	52	+ 12
1959	1,51	2,01	+ 50
1960	3,82	1,14	— 2,68
1961(January-July)	3,82	1,11	— 2,71
Bulgaria			
1952	..	1	+ 1
1953	..	..	..
1954	..	..	..
1955	4	2	— 2
1956	23	6	— 17
1957	13	2	— 11
1958	7	7	Nil
1959	25	24	— 1
1960	37	15	— 22
1961(January-July)	21	14	— 7

Poland is one of the leading East European countries with which India has established close commercial relations. Letters specifying schedule of goods for 1962, under the Indo-Polish agreement signed in 1959, were exchanged between the delegations of the two countries last month at New Delhi. The new arrangement seeks to expand the mutual trade considerably in 1962. India's exports rose from a mere Rs. 24 lakhs in 1952 to Rs. 359 lakhs by 1959, but fell to Rs. 335 lakhs in 1960. Its imports increased from Rs. 26 lakhs to Rs. 488 lakhs by 1957, but fluctuated thereafter. In 1960, they were lower at Rs. 299 lakhs. In view of the decline in imports, India attained a favourable balance in its trade with that country, for the first time in 1960. But this trend has once again been reversed, with imports going up at a rapid pace to Rs. 429 lakhs in the first seven months of 1961. Exports during the period were only Rs. 271 lakhs, leaving an adverse balance of Rs. 158 lakhs. The total value of trade is expected to go up to Rs. 12 crores in 1961. Under the new arrangement, it is proposed to increase annual value of trade to Rs. 10 crores each way. Poland is also expected to buy from India certain engineering items, textile machinery, steel products, collapsible tubes, handicrafts, coir goods, etc., in addition to traditional items like tea and spices.

Of all the East European countries, including Russia, Czechoslovakia is the only country which had a sizable quantum of trade with India even as early as in 1952. The volume of trade, of course, has expanded considerably since then. India's shipments to that country touched a record level of Rs. 600 lakhs in 1960, as against Rs. 290 lakhs in 1952. Its imports were higher at Rs. 715 lakhs, as against only Rs. 160 lakhs. India had an adverse balance of trade of Rs. 115 lakhs in 1960, as against a favourable balance of Rs. 43 lakhs in 1959, thanks to a larger increase in imports than in exports.

India exported goods worth Rs. 250 lakhs to East Germany in 1960, a record level. But its imports staged a spectacular increase resulting in an adverse balance of trade of Rs. 71 lakhs in 1960. It may be recalled that, a decade ago, the volume of trade between the two countries was insignificant. Indo-Hungarian trade, too, has been steadily expanding in size. India's shipments to that country aggregated Rs. 112 lakhs in 1960, as against Rs. 74 lakhs in 1959 and only Rs. 23 lakhs in 1952. Imports have been running at a higher level, being Rs. 197 lakhs in 1960, as against Rs. 242 lakhs and Rs. 27 lakhs. Owing to large imports, India has had a persistent unfavourable balance in its trade with that country, although it was lower in 1960 than in the previous year. India's trade with Rumania has made good progress during the last couple of years. It had a large adverse balance in its trade with that country in 1960, its imports being higher at Rs. 382 lakhs, as against exports of Rs. 114 lakhs. India's commercial relations with Bulgaria have not yet developed to any significant extent, but future prospects for increase in trade are good. A Bulgarian trade delegation is expected t visit India early next year. This delegation likely to discuss with Indian officials measu designed to increase Indo-Bulgarian trade.

CUSTOMS AND EXCISE REVENUE

The revenue realised from items on whic duties are levied and collected by the Centr Government in the first six months of the financ year 1961-62 amounted to Rs. 441.30 crores. T corresponding figure for the first six months 1960-61 was Rs. 367.77 crores. Following are d tails of the revenue realised under various heads:

(In lakhs of rupees)

	April to September	
	1961-62	1960-
Customs	96,99	77,
Union excise duties (excluding coal cess and salt cess)	229,62	193,8
Co-rporation tax	51,53	35,76
Income-tax	58,57	57,05
Estate duty	1,81	2,
Taxes on wealth	1,57*	1,47
Expenditure tax	12*	1,
Gift tax	2*	1
Railway passenger fare tax		5,
Opium	2,71	2
Total	441,30	327,

* Provisional.

RESULTS OF BHARAT BIJLEE ENCOURAGING

FRESH CAPITAL MAY BE RAISED

THANKS chiefly to the highly favourable conditions that now prevail in the industry in which it mainly operates, the sales and profit of the Bharat Bijlee Ltd. (Chairman: Mr. Prahlad C. Mehta, Bombay) for the year ended 30th June 1961, have not only fully recovered from the setback they had received during the preceding year but have also shown a sizable improvement. Sales of electric motors and transformers, which had declined to Rs. 44.61 lakhs in 1959-60 from the previous high of Rs. 52.42 lakhs, have now risen to Rs. 56.67 lakhs and the gross profit shows a corresponding increase of Rs. 2.17 lakhs to Rs. 5.60 lakhs, thus surpassing all previous figures. In the opinion of the Directors, the profit would have been even more attractive but for three main reasons. First, the cost of raw material and stores consumed has increased in proportion with higher production and sales and there has been a more than proportionate increase in the wage bill due to the increase in the number of employees. In absolute terms, the expense on these two major heads has gone up from Rs. 33.18 lakhs to Rs. 45.53 lakhs or roughly 37 per cent. Second, the service charges payable to Messrs. Siemens India (Pvt) Ltd. have become payable on the sales for the whole year whereas a similar charge for the previous year was applicable to the sales for a period of a little under three months. And, third, the professional charges paid to a firm of industrial consultant increased the expense on this account by Rs. 35,000. What the Directors have, however, failed to state is that there has been a sharp reduction in the selling commission, from Rs. 2.09 lakhs to Rs. 0.49 lakh, during the year and this has, in fact, led to the aforesaid satisfactory profit position.

The increased industrial activity of the Company has necessitated the maintenance of a higher depreciated block and this in its turn has resulted in a higher provision for depreciation of Rs. 1.85 lakh as against Rs. 1.52 lakh previously. The provision for taxation has also been raised by Rs. 0.75 lakh to Rs. 1.55 lakh owing to a higher taxable profit. As a result, the net profit has advanced only moderately by Rs. 1.09 lakh to Rs. 2.20 lakhs.

It will be recalled that, pursuant to resolutions passed in class meetings and an extraordinary general meeting, the Company converted its entire preference share capital into ordinary share capital after meeting the liability on account of arrears of preference dividend in full and that this change became effective from 1st July 1960. No preference dividends are thereby payable in respect of the year under review and the net profit, after minor additions and subtractions has become disposable amongst the ordinary shareholders alone. Accordingly, the Directors have proposed a dividend of Rs. 7.50 per share, subject to deduction of tax on the 'old' equity shares and a proportionate amount of Rs. 5.00 per share, also subject to deduction of tax, for the 'new' equity shares. The amount payable to new equity shareholder actually works out to Rs. 4.95 per share only but a higher rate has been recommended for the sake of convenience. The total dividend distribution claims Rs. 1.25 lakh and leaves Rs. 9.365 as a carry forward.

The results achieved by the Company during the past four years are presented below in the form of a comparative table:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sales less returns	56.67	44.61	52.42	41.03
Other income	0.30	0.05	0.29	0.13
Closing stocks of finished goods	1.41	0.82	2.57	4.20
Raw materials and stores consumed	33.00	24.03	29.90	24.25
Salaries, wages and bonus	12.53	8.25	8.04	6.29
Other expenses	6.43	6.30	8.73	7.39
Gross profit	5.60	2.43	4.41	4.24
Provision for—				
Depreciation	1.85	1.52	1.10	0.87
Taxation	1.55	0.80	1.35	1.65
Net profit	2.20	1.11	1.96	1.72
Transfer from reserves and provisions	0.30	0.03	0.43	..
Miscellaneous provisions and write offs	0.09	0.05	0.50	..
Transfer to reserves	1.20	0.58	1.17	1.11
Dividends—				
Preference	..	0.49	0.81	0.52
Ordinary	1.25 (7.5%)*	..	..	..
Carry forward	0.09	0.13	0.11	0.20

* Subject to deduction of tax.
Preference dividends for the years 1958, 1959 and 1960 include those for earlier years also. During 1960-61 preference shares were converted.

With the aforesaid changes in its capital structure, the share capital of the Company, as on 30th June 1961, stands at Rs. 20.00 lakhs all in 20,000 equity shares of Rs. 100 each and is backed by Rs. 4.31 lakhs in reserves. The total of outstanding borrowings amounts to Rs. 13.07 lakhs in addition to current liabilities of Rs. 13.73 lakhs. The gross block is worth Rs. 25.85 lakhs and has been written down to Rs. 17.32 lakhs. Current assets, loans and advances altogether aggregate Rs. 33.61 lakhs, while miscellaneous expenditure pending a write off totals Rs. 18.138.

It will be recalled that the Company has entered into a technical collaboration agreement with Messrs. Siemens Engineering and Manufacturing Company of India Private Ltd., for the manufacture of their make of motors and transformers. The progress under this agreement, during the year, has been satisfactory. All transformers are now being made to Siemens' designs as also several sizes of motors. Market response to these goods has been encouraging.

During the course of the year, the Company took a very proper step towards increasing the efficiency of its workers. Acting on the advice and recommendations of a reputed firm of industrial consultants, it introduced a production incentive scheme for its workers. This has led to an increase in the efficiency of the organisation as a whole and this is expected to lead to a considerable rise in output during the current year. Figures for the first three months justify this hope.

As regards plans for expansion, it is well to reproduce here what the Directors themselves have to say on this subject. They state:

"During the year an expansion licence was received to raise the installed capacity of the transformer department from the existing 72,000 KVA per annum to a little over 2,00,000 KVA per annum. An application is also being made to the I.C.I.C.I. for a foreign exchange loan for importing the necessary equipment for the transformer department.

"An application has been made for a licence for a very considerable expansion in the capacity of the motor department also. It is proposed to undertake, in the near future, the manufacture of various types of special motors. A start has already been made, and this Company is amongst the very first to market flameproof motors.

"As a first step towards implementing these projects, the Company has contracted to purchase 95,000 sq. yds. of industrial land in the vicinity of Trombay. Heavy expenditure of a capital nature will have to be incurred and it will be necessary to seek additional capital."

The new ordinary shares of the Company, which were admitted for dealings on the Bombay Stock Exchange, are presently quoted at Rs. 175.00 *cum-div.* The net yield on an *ex-div* basis works out to about 2.0 per cent.

(*Concluded from next column*)

Messrs. Kimberlay Clark of Wisconsin, U.S.A., for carrying out its modernisation and expansion programmes, including the installation of the plant for the manufacture of special varieties of light weight papers up to a rated capacity of 950 tons per month under the development licence received in the previous year. The Company has received the consent of the Controller of Capital Issues to issue capital of Rs. 1,09,27,620, all in equity shares of Rs. 10 each, to be offered for cash at par. Out of this, shares of Rs. 54,63,810 will be offered to the American collaborators.

The paid-up capital of the Company at the end of the year under review is unchanged over the previous year's level of Rs. 289.48 lakhs. The reserves and surplus aggregate Rs. 73.10 lakhs. The gross block account, which increased during the year from Rs. 657.32 lakhs to Rs. 665.13 lakhs, has been written down at the end of the year to Rs. 425.00 lakhs, a level which is nearly Rs. 2 crores higher than the paid-up capital. This difference is met out of borrowings from banks and Andhra Government of as much as Rs. 210 39 lakhs. The fresh capital issue now proposed should help the Company reduce its reliance on heavy secured loans. In addition to this indebtedness, the Company has current liabilities and provisions of the order of Rs. 73.14 lakhs. The current assets, loans and advances amount to Rs. 190.46 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 17.25 *cum-div.*, and at their *ex-div.* value of Rs. 16.65, they offer a yield of 3.5 per cent per annum, free of tax.

SIRPUR PAPER JUST SCRAPES THROUGH

REAL NET PROFIT LOWER

RIGHT at the time when the paper industry as a whole in the country has suffered in its profitability due to the revised prices of paper, which came into force from 1st January 1960, the Sirpur Paper Mills Ltd. (Managing Agents: Messrs. Birla Brothers [Private] Ltd., Calcutta) has sprung a surprise by proposing a higher distribution on its equity capital for the year ended 30th June 1961, as compared with the amount paid in the previous year. The dividend has been stepped up from 65 nP to 85 nP, subject to deduction of tax, or from 45.5 nP net to 59.5 nP net, per share of Rs. 10.

Normally a higher ordinary dividend would mean better working during the year for which it pertains. In the case of the Sirpur Paper Mills Company, however, it is not so. It can be said that, at best, the Company has only been able to maintain the progress it attained in the previous year, though, in the context of the revised paper prices, which came into full play during the year under review, this in itself may be considered quite satisfactory. Although the trend of profit for the year under review may not justify the Directors' proposal to raise the dividend, it must be borne in mind that they had adopted a conservative policy last year while appropriating the profit for 1959-60 and that, despite the increase that has been effected now, the dividend is still at a modest level, being less than 6 per cent net.

While the gross profit during the year under report has gone up from Rs. 75.19 lakhs to Rs. 90.12 lakhs, it represents very largely an increase in income from other sources from Rs. 6.16 lakhs to Rs. 20.08 lakhs due to an adventitious receipt of Rs. 13.13 lakhs as a result of insurance money received against damages caused by fire to stores, raw materials, damage to machinery, etc. The Directors state that production during the year was nearly the same as in the previous year. This, however, is in no way disturbing, for, in the previous year, the Company had recorded a striking increase of over 70 per cent in output, from 17,600 tons to 30,000 tons. And, despite lower production and reduced selling prices, gross sale proceeds of Rs. 522.88 lakhs are almost maintained at the previous year's level of Rs. 523.10 lakhs, apparently owing to increased production of finer varieties of paper. Cost of power and fuel consumed has gone up from Rs. 67.71 lakhs to Rs. 78.75 lakhs, while the cost of raw materials consumed has gone down from Rs. 208.86 lakhs to Rs. 185.62 lakhs. The burden of excise duty has increased from Rs. 66.53 lakhs to Rs. 68.92 lakhs and so also manufacturing expenses from Rs. 120.15 lakhs to Rs. 122.63 lakhs. After providing depreciation with Rs. 52.81 lakhs (Rs. 46.82 lakhs) and Managing Agents' commission Rs. 2.97 lakhs (Rs. 2.88 lakhs), the net profit is higher at Rs. 34.34 lakhs as compared with Rs. 25.50 lakhs for the previous year. But it would have been actually lower but for the fire claim mentioned earlier. Dividends absorb Rs. 24.11 lakhs, as against Rs. 19.87 lakhs a year before. The Directors have transferred Rs. 9.54 lakhs to reserves against Rs. 6 lakhs previously. The carry forward is Rs. 1 lakh against Rs. 0.35 lakh brought in.

The salient features of the Company's working during recent years are brought out in the comparative table below:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sale proceeds (gross)	522.88	523.10	348.94	341.92
Other income	20.08*	6.16	6.70	6.16
Closing stocks of finished goods and in process	17.33	15.76	6.56	6.71
Raw materials, stores, etc., consumed	185.62	208.86	116.29	108.11
Power and fuel consumed	78.75	67.71	47.86	44.38
Excise duty	68.92	66.53	40.50	46.35
Other expenses	122.63	120.15	98.59	85.72
Provisions written back	1.50	..	..	..
Gross profit	90.12	75.19	57.14	62.87
Managing Agents' commission	2.97	2.88	2.93	4.33
Provision for—				
Depreciation	52.81	46.82	30.00	35.00
Taxation	..	..	..	4.00
Net profit	34.34	25.50	24.21	19.54
To reserves	9.54	6.00	23.00	2.77
Loss and other expenses written off	..	0.22	0.37	..
Transfer from reserves	..	..	18.00	..
Dividends—				
6% preference (tax-free)	5.53	5.50†	4.10	2.43
Ordinary	18.58 (85%)	14.21 (65%)	14.21 (65%)	14.21 (65%)
Carry forward	1.00	0.35	0.72	0.19

Note:—The dividends are subject to deduction of tax. In 1960, the dividend on preference shares was enhanced to 7.80 per cent., subject to deduction of tax.
* Includes Rs. 13.13 lakhs from insurers against fire claim.
† Including Rs. 0.04 lakh, recommended in 1961.

The Company has entered into a technical and financial collaboration agreement with

(*Continued in previous column*)

HIGHER SALES BY SPENCER & CO.

PROFIT ONLY MODERATE—DIVIDEND SAME

DIVERSIFICATION of business interests these days is fast becoming something of a fashion with many of our industrial concerns and has in fact already become a wonderful password that can explain away almost any error of judgment. The craze to explore new avenues has, indeed, led quite a few companies into strange places and produced headaches for the boards concerned. Nevertheless, there do exist concerns in the case of which branching out, leading naturally from the existing business activity, has proved highly profitable. A case in instance is Messrs. Spencer & Co. Ltd., Madras. This Company, it may be recalled, was established to carry on business as merchants, store-keepers and commission agents for a number of foreign suppliers. Changes in consumer preference, replacement of foreign goods by indigenous manufactures and the import restrictions in recent years, all compelled the Company to enter the manufacturing field and diversify its activities. Presently, its interests are spread over a wide range of products and covers such varied fields as general trading, hoteling and catering, house furnishing, refrigeration and air-conditioning, tea plantation, and the manufacture of drugs, pharmaceuticals, cigars, and aerated waters. A recent gainful addition to the list has been that of canning of fruits and vegetables. This extension of trading interest has, of course been gradual, but the Company's sales and profits have already begun to reflect the effect thereof, as will be evident from the comparative table given below:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sales and receipts	4,54.24	3,79.24	3,70.93	2,96.56
Other income	17.08	11.82	8.90	8.34
Closing stocks of finished goods	1,11.23	94.90	81.23	68.17
Raw materials, finished goods and stores consumed	3,61.69	2,94.42	2,88.68	1,97.13
Salaries, wages and bonus ..	58.05	53.01	51.46	50.68
Other expenses	38.38	35.43	29.49	25.57
Gross profit	29.53	23.87	23.26	22.00
Provision for—				
Depreciation	3.89	3.56	2.64	2.45
Taxation	10.75	8.50	9.10	10.90
Net profit	14.89	11.81	11.52	8.65
Excess provisions written back	0.74	0.53	0.57	2.50
Transfer to reserves and provisions	2.25	1.46	0.87	1.87
Dividends—				
Preference	4.17	4.63	4.65	3.17
Ordinary	7.20	7.20	7.20	6.00
	(18%)*	(18%)*	(18%)*	(15%)
Carry forward	9.57	7.56	5.51	9.13

* Subject to deduction of tax. Preference dividend for 1957-58 are shown after deduction of tax, those for 1958-59 and 1959-60 are gross and subject to taxation while those for 1960-61 are again exclusive of the tax but include Rs. 9,372 as additional dividends for the two half years ended 30th June 1961.

During the year ended 30th June 1961, sales from stocks and receipts from hotels, bakeries, laundry, catering, etc. have risen quite sharply by Rs. 75.00 lakhs to Rs. 454.24 lakhs. No explanation as regards this increase has, however, been provided in the Directors' report, which is sketchy to the point of obscurity, and in this event, the Chairman's speech will have to be awaited for further elucidation. An equally encouraging increase has been effected in other income owing chiefly to the receipt of Rs. 3.64 lakhs in the form of net dividends, for the years 1959 and 1960, from Messrs. Parke Davis (India) Ltd., in which the Company holds a substantial interest. The growing trading activity has perforce necessitated the holding of a much larger inventory of finished goods which, as on the last day of the year, stood at Rs. 111.23 lakhs, as against Rs. 94.90 lakhs a year before. There has, however, been a corresponding rise in the cost of raw materials, finished goods and stores consumed from Rs. 294.42 lakhs to Rs. 361.69 lakhs, in that of salaries and employee benefits from Rs. 53.01 lakhs to Rs. 58.05 lakhs, and in other expenses from Rs. 33.43 lakhs to Rs. 38.33 lakhs, so that the gross profit shows only a meagre improvement of Rs. 5.66 lakhs to Rs. 29.53 lakhs. An increase in essential provisions has also been found necessary, that for depreciation having been stepped up from Rs. 3.56 lakhs to Rs. 3.89 lakhs, and for taxation by Rs. 2.25 lakhs to Rs. 10.75 lakhs. After these adjustments, the net profit been better than that for the previous year by Rs. 3.08 lakhs. After taking credit for Rs. 0.74 lakh as provisions no longer required and transferring Rs. 2.25 lakh to various reserves and provisions, the Directors have set aside Rs. 4.17 lakhs towards preference dividends for the year and have recommended the maintenance of ordinary dividends at 18 per cent subject to deduction of tax. These, as during the previous two years, absorb Rs. 7.20 lakhs, leaving a higher carry forward of Rs. 9.57 lakhs against Rs. 7.56 lakhs brought in.

It will be seen from the foregoing account that, although sales went up by nearly Rs. 75 lakhs and other income by Rs. 6 lakhs, the gross profit improved by only Rs. 5.7 lakhs. This shows that the profit-margin is not high and that, during 1960-61, it did not improve at the same pace at which the turnover increased. Another notable point is that whatever increase there has been in profit has been fully utilised to strengthen the Company's finances; this suggests that the management wants to follow a policy which will be beneficial to shareholders in the long term.

For successful and profitable operations, a trading concern must maintain a highly satisfactory working capital position. A perusal of the Company's balance-sheet as at 30th June 1961 discloses that this has, in fact, been the case. The share capital of the Company, consisting of Rs. 60.00 lakhs in cumulative preference shares and Rs. 40.00 lakhs in ordinary shares, is supplemented by reserves and surplus amounting to Rs. 112.51 lakhs. Against this owned fund of Rs. 212.51 lakhs fixed assets at their written down value aggregate Rs. 79.96 lakhs, the gross block being shown at Rs. 159.18 lakhs. Loans and current liabilities are placed at Rs. 114.70 lakhs and are very decisively exceeded by the total of investments, current assets, and book debts aggregating Rs. 247.25 lakhs.

Currently, the Rs. 10 fully paid ordinary share of the Company is being quoted on the stock exchange at Madras at Rs. 23.41 *ex-div.* The net yield at this price works out to 5.4 per cent per annum.

CHRESTIEN MICA INDUSTRIES LTD.

The working of Chrestien Mica Industries Limited (Managing Agents: Agarwala and Bros., Calcutta) during the year ended 31st December 1960 has resulted in a small setback, as compared with the previous year. The setback can be traced to lower production as reflected in the slight fall in the consumption of raw materials from Rs. 74.39 lakhs to Rs. 71.59 lakhs and lower closing stocks at Rs. 22.95 lakhs as compared with Rs. 26.11 lakhs a year before. That production during the year had shrunk is also indicated in mining and manufacturing expenses which at Rs. 31.88 lakhs show only a minor increase of Rs. 0.15 lakh over Rs. 31.73 lakhs in the previous year. Consequently, gross profit has also declined from Rs. 34.47 lakhs to Rs. 32.18 lakhs, despite some relief in other expenses which have moved down from Rs. 34.72 lakhs to Rs. 34.19 lakhs.

The Directors have, however, maintained the dividends at the previous year's levels of 15 per cent on ordinary shares of Rs. 10 each and 25 per cent on deferred shares of Rs. 5 each, both being subject to deduction of tax. The net return is 10.5 per cent on the equity capital and 17.5 per cent on deferred shares. After providing Rs. 1.39 lakh for depreciation (Rs. 1.31 lakh), Rs. 12.48 lakhs for taxation (Rs. 13.01 lakhs) and Rs. 2.75 lakhs for Managing Agents' commission (Rs. 3.34 lakhs), the net profit amounts to Rs. 15.56 lakhs against Rs. 16.81 lakhs in the previous year. Dividends take away Rs. 9.72 lakhs and reserves get Rs. 6.26 lakhs against Rs. 8.20 lakhs previously. After making adjustments in respect of previous years, the balance of Rs. 0.86 lakh is carried forward against Rs. 1.58 lakh brought in.

The following comparative table gives a fair idea of the Company's working during the last four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1960	1959	1958	1957
Sale proceeds (gross)	1,61.72	1,68.51	1,49.66	1,42.69
Commission on sale	3.50	3.48	3.55	4.46
Other income	8.41	10.81	5.70	5.98
Closing stock	22.95	26.11	34.35	40.37
Raw materials consumed ..	71.59	74.39	74.02	71.06
Stores consumed	6.86	6.50	6.25	..
Mining and manufacturing expenses	31.88	31.73	32.22	26.52
Other expenses	34.19	34.72	31.42	34.38
Gross profit	32.18	34.47	18.45	18.55
Provision for—				
Depreciation	1.39	1.31	1.45	1.37
Taxation	12.48	13.01	5.49	9.16
Managing Agents' commission ..	2.75	3.34	1.67	1.82
Net profit	15.56	16.81	9.84	4.39
To reserves	6.26	8.20	18.00	0.13
Dividends—				
6½ per cent. taxable cumulative preference	1.47	1.47	1.13	..
Ordinary	4.50	4.50	3.00	..
	(15%)*	(15%)*	(10%)	
Deferred	3.75	3.75	2.25	..
	(25%)*	(25%)*	(15%)	
Carry forward	0.86	1.58	2.73	2.17

* Subject to deduction of tax.

The issued capital of the Company is of Rs. 75 lakhs, comprising Rs. 30 lakhs in 5½ per cent taxable cumulative preference shares of Rs. 100 each, Rs. 30 lakhs in equity shares of Rs. 10 each, and Rs. 15 lakhs in deferred shares of Rs. 5 each. It is supplemented by reserves and surplus totalling Rs. 42.52 lakhs. Secured loans include Rs. 15 lakhs in 4½ per cent first mortgage debentures, Rs. 35.68 lakhs bank borrowings and Rs. 2 lakhs loans. Besides, there are unsecured loans of Rs. 9.78 lakhs. Thus, the borrowings by the Company are quite heavy, and the capital loans ratio of 7 : 6 is rather unhealthy. In addition, current liabilities and provisions amount to Rs. 114.46 lakhs. Current assets, loans and advances stand at Rs. 178.71 lakhs, being Rs. 1.78 lakhs in excess of the total indebtedness. Sale of some fixed assets has brought down the gross block account to Rs. 72.83 lakhs from Rs. 74.25 lakhs at the close of the previous year. It is written down to Rs. 40.95 lakhs. Investments at their book value are lower at Rs. 63.50 lakhs against Rs. 84.07 lakhs previously, and are shown at their market value of Rs. 72.17 lakhs (against Rs. 66.43 lakhs a year before). The book value of the quoted investments is Rs. 60.48 lakhs while their market value is only Rs. 49.15 lakhs. Provident fund investments amount to Rs. 2.60 lakhs against Rs. 1.58 lakhs previously. Contingent liabilities amounting to Rs. 17.17 lakhs are not provided for.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 10.19 *ex-div.* and at that price offer a yield of 14.7 per cent per annum, free of tax.

COMPANY MEETINGS AND DIVIDENDS

PHOSPHATE CO., LTD. Annual General Meeting, Calcutta, 18th December 1961. Dividend: Rs. 25.00 per ordinary share, subject to deduction of tax. Transfer books remain closed from 8th to 18th December 1961, both days inclusive.

INVESTMENT TRUST OF INDIA LTD. Annual General Meeting, Madras, 20th December 1961. Dividend: 6 per cent or Rs. 6.00 per share, subject to deduction of tax, payable on 21st December 1961. Transfer books will remain closed from 13th to 20th December 1961, both days inclusive.

SPENCER AND CO., LTD., Sixty-fourth Annual General Meeting, Madras, 20th December 1961. Dividend: 12 per cent or Re. 1.20 per ordinary share, final (making a total of 18 per cent or Re. 1.80 per share, for the year), subject to deduction of tax, for the year ended 30th June 1961. Transfer books will remain closed from 13th to 20th December 1961, both days inclusive.

GILLANDERS ARBUTHNOT & Co., LTD. Twenty-seventh Annual General Meeting, Calcutta, 21st December 1961. Dividend: 11 per cent or Re. 1.10 per ordinary share (subject to deduction of tax for non-resident shareholders) net, payable on or after 5th January 1962. Transfer books remain closed from 6th to 21st December 1961, both days inclusive.

BALLARPUR PAPER AND STRAW BOARD MILLS LTD. Annual General Meeting, Ballarpur, District Chanda, Maharashtra, 28th December 1961. Dividend: 14.50 per cent or Rs. 3.625 per ordinary share, subject to deduction of tax, for the year ended 30th June 1961. Transfer books will remain closed from 19th to 28th December 1961, both days inclusive.

MYSORE KIRLOSKAR LTD. Twentieth Annual General Meeting, Yantrapur P.O., Harihar, Mysore State, 29th December 1961. Dividend: 12 per cent or Rs. 12.00 per share, subject to deduction of tax. Transfer books will remain closed from 19th December to 2nd January 1962, both days inclusive.

CENTRAL INDIA SPINNING, WEAVING AND MANUFACTURING CO., LTD. Eighty-seventh Annual General Meeting, Bombay, 29th December 1961. Dividend: *Nil*. Transfer books remain closed from 30th November to 29th December 1961, both days inclusive.

BURRAKUR COAL CO., LTD. Annual General Meeting, Calcutta, 29th December 1961. Dividend: 13 per cent or Re. 1.30 per ordinary share, subject to deduction of tax, payable on or after 17th January 1962. Transfer books will remain closed from 14th to 29th December 1961, both days inclusive.

ASSOCIATED CEMENT COMPANIES LTD. Annual General Meeting, Bombay, 19th January 1962. Dividend: Rs. 12.00 per ordinary share, subject to deduction of tax, payable on and from 1st February 1962.

K.C.P. LTD. Taxable dividend of 15 per cent or Re. 1.50 per ordinary share, for the year ended 30th June 1961. Transfer books will remain closed from 16th to 27th December 1961, both days inclusive.

GUEST, KEEN, WILLIAMS LTD. Taxable interim dividend of Re. 0.60 per ordinary share, in respect of the 52 weeks ending 30th December 1961, payable on and after 15th January 1962. Transfer books will remain closed from 14th to 28th December 1961, both days inclusive.

CONSOLIDATED COFFEE ESTATES (1943) LTD. Taxable dividend of 20 per cent or Rs. 2.00 per ordinary share, for the year ended 30th June 1961. Transfer books will remain closed from 8th to 29th December 1961, both days inclusive.

COFFEE LANDS AND INDUSTRIES (MYSORE) LTD. Taxable dividend of 12 per cent or Re. 1.20 per ordinary share, for the year ended 30th June 1961. Transfer books remain closed from 8th to 29th December 1961, both days inclusive.

ANDHRA SCIENTIFIC CO., LTD. Taxable dividend of 20 per cent or Rs. 2.00 per ordinary share, for the year ended 30th June 1961. Transfer books will remain closed from 16th to 31st December 1961, both days inclusive.

STANES AMALGAMATED ESTATES LTD. Taxable dividend of 10 per cent or Re. 1.00 per ordinary share, for the year ended 30th June 1961. Transfer books will remain closed from 15th to 29th December 1961, both days inclusive.

JEYPORE SUGAR CO., LTD. Taxable dividend of 15 per cent or Re. 1.50 per ordinary share (I.F.C. permission received), for the year ended 30th June 1961. Transfer books will remain closed from 20th to 29th December 1961, both days inclusive.

TRAVANCORE CHEMICAL AND MANUFACTURING CO., LTD. Taxable interim dividend of 10 per cent or Re. 1.00 per ordinary share, for the year ending 31st March 1962.

SYNOPSES OF COMPANY REPORTS

National Newsprint and Paper Mills Ltd.

(Chairman: Sir A. Ramaswami Mudaliar.)

Managing Director: Mr. S. L. Visvanadhan.

Annual General Meeting—6th December.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	2,46,74	2,35,25
Closing stock	5,67	5,47
Gross profit	62,05	70,95
Transfer to depreciation	29,02	31,25
,, ,, development rebate reserve ..	9	1,94
Net profit	32,94	37,76
Adjustments	.(—) 98,62	(—)1,36,38
Appropriations:		
To adjustment of loss brought forward ..	32,94	37,76
Carried forward (debit balance) ..	.(—) 65,68	(—) 98,62

N.B.—Adjustments represent the debit balance brought forward from the previous year.

Extracts from the Directors' report: Share Capital: The capital structure of the Company has changed during the year. Out of 127,860 equity shares standing forfeited as on 31st March 1960, the forfeiture of 29,820 equity shares has been annulled during the year. This annulment has increased the share capital of the Company from Rs. 4,93,24,877.50 as on 31st March 1960 to Rs. 4,94,51,427.50 as on 31st March 1961.

Outstanding loan to the Union Government: During the year under review the entire outstanding interest bearing loan from Union Government amounting to Rs. 25,00,000.00 has been paid in full along with interest.

Interest-free loan payable to Government of M.P.: The interest-free loan payable to Government of Madhya Pradesh amounted to Rs. 99,00,000 on 31st March 1960. The second instalment of Rs. 11 lakhs was paid during the year leaving a balance of Rs. 88,00,000 on 31st March 1961, payable in 8 instalments.

Progress of work: During the year 23,029 (22,411 tons in 1959-60) tons of newsprint was produced registering an increase of 618 tons over that of the previous year. A Dynopulper Unit was commissioned for processing imported pulp to improve the strength and quality of the newsprint.

Sales: During the year 23,101.60 (22,139 in 1959-60) tons of paper was sold bringing in a revenue of Rs. 2,46,73,924 (Rs. 2,35,25,412 last year).

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	4,94,51,427	Gross block ..	5,28,93,520
Development rebate reserve	4,11,857	—Depreciation ..	1,70,79,744
Other liabilities ..	1,80,89,289	Net block ..	3,58,13,776
		Block-in-progress ..	26,66,881
		Current assets ..	94,29,500
		Cash	68,36,655
		Miscellaneous expenditure	16,37,493
		P. & L. a/c deficit ..	65,67,818
	Rs. 6,29,52,073		Rs. 6,29,52,073

Gillanders Arbuthnot and Co., Ltd.

(Managing Director & Chairman: Mr. P. E. G. W. Parish, Calcutta.)

Annuall General Meeting—21st December.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales	1,82,24	1,76,46
Closing stock	35,90	31,13
Income from investments (gross) ..	16,57	17,19
Gross profit	27,07	28,33
Transfer to depreciation	2,11	2,23
,, ,, income-tax and super-tax ..	10,11	10,94
,, ,, agricultural income-tax ..	27	60
Net profit	14,56	14,56
Adjustments	7,54*	8,57†
Appropriations:		
Total available balance	22,12	23,13
To initial contribution to approved superannuation fund	Nil	6,85
Transfer to development rebate reserve ..	5	4
,, ,, capital reserve	5,83	Nil
,, ,, general reserve	5,00	3,00
,, ,, contingencies reserve ..	Nil	1,00
Proposed dividends (taxable) R. preference ..	1,11	1,25
,, ,, ordinary ..	7,15‡	6,50‡
	(11½%)§	(10%)§
Tax payable on ordinary dividend at 30% ..	3,06	2,78
Carried forward	1,92	1,71

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

* Includes Rs. 5,82,340 being profit on sale of Rangoon House property.

† Includes Rs. 7 lakhs transferred from superannuation fund.

‡ Subject to further deduction of tax for non-resident shareholders.

§ Net dividend.

Extracts from the Directors' report: Since the end of the financial year, the Company has increased its investments in equity shares of its managed and subsidiary companies by Rs. 6,51,126 and is committed to invest Rs. 3 lakhs in equity shares of The Indian Tack and Nail Company, Ltd., and Rs. 51,000 in equity shares of Adequate Weighers (India) Ltd.

Extracts from the Chairman's review: *New Projects*: Last year reference was made to the formation of a new company under the style of Adequate Weighers (India) Ltd. for the manufacture of a special type of automatic weighing machine. It was hoped that this Company would go into production during 1961, but difficulties in connection with the issue of import licences have delayed the commencement. The necessary licences have now been issued and production should start early in 1962.

The Indian Tack and Nail Company, Ltd., a new Company, in collaboration with British United Shoe Machinery Company, Ltd., of Leicester has been formed to manufacture shoe tacks and grindery. The factory at Konnagar is now almost complete and shipment of the machinery from England has commenced. Several Indian technicians have been under training in Leicester for the past six months. The Company is expected to start manufacturing early in the new year.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	90,00,000	Gross block	31,81,679
Reserves and surplus..	47,04,144	—Depreciation ..	17,23,900
Other liabilities ..	2,40,10,618	Net block	14,57,779
		Goodwill	19,00,000
		Current assets ..	2,09,11,980
		Investments	1,22,20,268
		Cash	13,29,735
	Rs. 3,77,14,762		Rs. 3,77,14,762

* Paid-up capital consists of 6,50,000 ordinary shares of Rs. 10 each fully paid up and 25,000 redeemable preference shares of Rs. 100 each (6 per cent, cumulative subject to deduction of Indian income-tax) fully paid up. Out of the ordinary shares, 3,50,000 shares of Rs. 10 each are held by the Holding Company—Messrs. Ogilvy Gillanders & Co., Ltd., London.

Seshasayee Paper and Board Ltd.

(Managing Agents: Seshasayee, Parsons & Whittemore Private Ltd., Tiruchirapalli.)

First Annual General Meeting—20th December.

Extracts from the Directors' report:

This Company was incorporated on 22nd June 1960 for the purpose of setting up a 20,000 ton pulp and paper plant at Pallipalayam (Salem District) near Erode, by virtue of the licence granted by the Government of India under the Industries (Development and Regulation Act 1951.

With the approval of the general body of shareholders given at their extraordinary meeting held on 14th July 1960 and with the approval of the Government of India, Messrs. Seshasayee, Parsons and Whittemore Private Limited, 1, Alexandra Road, Tiruchirapalli were appointed the managing agents of the Company for a term of ten years commencing on 18th September 1960. The firm of Messrs. Seshasayee, Parsons and Whittemore Private Limited represent a combination of Indian and American business interest that were responsible for promoting this Company.

The capital structure of the Company is made up of Rs. 3.5 crores face value divided into 35.00,000 shares of Rs. 10 each. Out of this the Madras Industrial Investment Corporation Ltd., hold Rs. 1 crore and Messrs. Parsons and Whittemore South Asia Co. Inc., hold Rs. 75 lakhs The balance after deducting the amounts subscribed by signatories to the Memorandum, directors and friends was issued through the publication of a prospectus to the public. The issue was over-subscribed nearly three times. The allotments were completed on 15th November 1960 and the total number of shareholders as on date are 14,501 reflecting one of the largest spreads of share holding among companies in South India. The shares are all now fully paid up, and are listed on the Stock Exchanges of Madras, Bombay and Calcutta.

The balance of resources required over the share capital is being advanced by the Export-Import Bank of Washington from the P.L. 480 (Cooley Amendment) Funds to the extent of Rs. 2 crores and by the Industrial Credit and Investment Corporation of India Ltd., Bombay, to the extent of Rs. 50 lakhs. These loans will be availed of fully before December 1961 to meet the expenses of factory and plant erection.

Land Acquisition: The Government of Madras, who have taken sustained interest in this scheme were pleased to acquire for the Company the necessary land in Tiruchengode Taluk in Salem District, opposite the Cauvery Railway Station on the Madras Coimbatore Main Broad Gauge Line of the Southern Railway and on the banks of the River Cauvery for the construction of the factory, its staff and labour quarters.

On the basis of detailed plans and drawings furnished by Messrs. Parsons and Wittemore South Asia Co. Inc., New York, who have undertaken the complete planning and supply of plant and erection of this mill, contracts have been awarded for the construction of the factory buildings, and water works.

Plant and Machinery: Messrs. Parsons and Whittemore South Asia Co. Inc., in terms of their contract have already shipped nearly 60 per cent of the plant and machinery required for the project and they will complete shipping the balance before end of this year and enter on plant erection immediately thereafter.

Local plant procurement comprising mainly of electrical equipment, handling conveyors etc., and steel fabrications have all been ordered with deliveries to match imports.

With the above time schedule of deliveries the plant erection should show good progress by April 1962 and is likely to be completed by June 1962 thus bringing the plant ready for trial operation immediately thereafter.

Raw Materials: The Government of Madras have also assured the Company that they would deliver the requisite quantity of bamboo from the State's Reserve Forests. Arrangements have been concluded with Messrs. Parry & Co. Limited for delivery of bagasse from the Sugar Factory of The Deccan Sugar and Abkhari Company Ltd., Pugalur, near Karur, this being the second primary raw material for the production of paper in this mill.

The Company has earned a small net income of Rs. 32,042, mainly from interest on its deposits and current accounts, after marking adequate provision for depreciation and income-tax. This amount is being carried forward to the next year's account.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,78,23,348	Gross block	60,400
Reserves and surplus..	32,042	—Depreciation ..	5,840
Other liabilities ..	1,81,667	Net block	54,560
		Current assets ..	1,33,02,860
		Cash	35,41,946
		Miscellaneous expenditure	14,42,691
	Rs. 1,80,42,057		Rs. 1,80,42,057

* Paid-up capital consists of 35,00,000 equity shares of Rs. 10 each—Rs. 7.50 called up. Calls unpaid amount to Rs. 84,21,652.50. At present the shares are fully paid up to the extent of Rs. 10 and the paid-up capital stands at Rs. 3,50,000.

Gangapur Sugar Mills Ltd.

(Chairman: Mr. Pallonji S. Mistry, Bombay.)

Sixth Annual General Meeting—27th December.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales of sugar—gross	77,84	45,90
Closing stock	64,50	31,88
Gross loss without providing for depreciation ..	(—) 4,36	(—) 5,87
Adjustments	(—) 9,63	(—) 3,96
Carried forward—debit balance	(—)13,99	(—) 9,63

N.B.—Adjustments represent the debit balance brought forward from the previous year.

Extracts from the Directors' report: When the present management took over the Company at the end of August, 1960 it was found that very little work had been done by way of overhauling and reconditioning the machinery and as there was insufficient time for some of the major work to be completed before the crushing season started, the plant had to be re-assembled without having had all the attention that could have been desired. Despite this, however, the factory crushed about 50 per cent more cane than in the previous season. Crushing commenced on 6th December, 1960 and ended on 30th April, 1961 during which period 1,16,370 metric tonnes of cane were crushed, making 1,15,684 bags of sugar. The figures in the previous season were 75,657 long tons of cane and 75,921 bags of sugar (of 2¾ maunds each), respectively.

During the season several major and minor stoppages occurred due to machinery breakdowns but since crushing was stopped for the year, much has been done to put the plant into better condition for the coming seasons. The recovery percentage of sugar from cane was not satisfactory, being below 10 per cent but this was because of the very poor quality of the cane supplied to the Company by the cultivators. Efforts are being made to obtain better qualities of cane by more careful selection for the coming season. The high price which the Company had to pay for very low quality cane, the increased wages bill due to recommendations of the Wage Board and the loss on exports have all been adverse factors during the year and it has not been possible to avoid the loss on the year's working. A further point which the directors wish to bring to the notice of shareholders is that a sum of Rs. 2,45,575 credited to the accounts last year as being due to the Company by way of excise rebate for the year 1959-60, has been debited back in the accounts, as the claim was rejected by the Collector and is now the subject of an appeal lying with the Central Board of Revenue.

Consequent upon the formalities having been completed for the transfer of 25,780 equity shares of the Company purchased by the Belapur Company Limited, the Company became a subsidiary of the Belapur Company Limited with effect from 15th July 1961.

At the Annual General Meeting held on 8th March 1961, the shareholders approved the Secretaries and Treasurers Agreement to be entered into between the Company and W. H. Brady & Co., Ltd., upon the terms and conditions contained in the draft thereof placed before the meeting with such modifications thereto as may be desired by the Central Government. The Company has now received the consent of the Central Government subject to the following modifications: (a) The tenure of Office to be reduced from 10 years to 5 years, and (b) The remuneration to be fixed on a sliding scale the maximum being 7½ per cent on the net profits of the Company.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	60,37,500	Gross block	1,96,95,417
Share application and allotment money ..	1,875	—Depreciation ..	1,30,947
Other liabilities ..	2,01,68,772	Net block	1,65,64,469
		Current assets ..	79,27,144
		Cash	2,54,781
		Preliminary expenses..	99,115
		P. & L. a/c deficit ..	13,99,108
	Rs. 2,62,52,647		Rs. 2,62,52,647

* Paid-up capital consists of 14,000 six per cent. cumulative preference shares of Rs. 100 each fully called up and 47,129 ordinary shares of Rs. 100 each fully called up. Calls unpaid amount to Rs. 94,260. Of the above shares 4,984 preference shares and 84,500 ordinary shares are allotted as fully paid up pursuant to a contract without payment being received in cash.

Notices

THE SIRPUR PAPER MILLS LIMITED

Registered Office:
'ALI VILLA,' 6-3-655, Somajiguda, Post Box No. 16, HYDERABAD-4, A.P.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY-SECOND ANNUAL GENERAL MEETING OF THE SIRPUR PAPER MILLS LTD. will be held on Tuesday, the 26th DECEMBER, 1961, at 3-30 p.m., at the Registered Office of the Company at 'ALI VILLA,' 6-3-655, Somajiguda, Hyderabad-A.P., to transact the following business:

1. To consider the Directors' Report and Audited Accounts of the Company for the year ended 30th June, 1961.
2. To declare dividends on Preference and Ordinary Shares.
3. To appoint Directors in place of Rai Bahadur Srikishen Sookdeve Malani and Shri Bankatlal Gopikison, who retire under Article 122 of the Articles of Association of the Company and are eligible for re-appointment.
4. To appoint Auditors for the current year and fix their remuneration.

   The present Auditors, Messrs. S. B. Billimoria & Co., Chartered Accountants, Hyderabad, Auditors of the Company, retire and are eligible for re-appointment.

AS SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modifications the following Special Resolution to re-appoint the Purchasing Agents in U.K.

WHEREAS the East Indian Produce Company, Ltd., an associate of Messrs. Birla Brothers Private Ltd., the Managing Agents of the Company, maintain an office at London in the United Kingdom and whereas the said Company carry on business of acting as agents in the United Kindom for purchase and sale of goods including plant and machinery and rendering of services such as recruitment of technical personnel, etc., and also have dealings and business connections with parties all over the United Kingdom, and the Continent and other countries and their operations are on a very large-scale and whereas their expenses of maintaining their office, amount approximately to £65,000 per annum and whereas expenses, which can be attributed to the work expected to be done for and on behalf of the Company, would depend on the value of purchases effected and services rendered through the said Company in relation to its total turnover in each year and whereas the said East Indian Produce Company, Ltd., have been acting as such agents for and on behalf of the Company for purchase of plant, machinery and stores and rendering services such as recruitment of technical personnel, etc., and are paid commission at various rates. Now it is hereby RESOLVED that the East Indian Produce Company, Ltd., continued to act as agents of the Company for a period of 3 years from 30th June, 1962 on the following terms as to commission and expenses and that the payment be made to them for the services rendered in the manner sanctioned by the Directors of the Company.

(a) for purchase of stores etc., 5% of the invoice price;
(b) for purchase of machinery, 2½% of the invoice price;
(c) for employing technical personnel for and on behalf of the Company and for attending to enquires, expenses incurred by East Indian Produce Company, Ltd., apportionable to such work in each particular case;
(d) for rendering any other special service, such remuneration as may be agreed upon between Directors of the Company, and the East Indian Produce Company, Ltd.

Provided that if anything to be done in pursuance of the above arrangement requires the permission of the Central Government or the Reserve Bank of India as the case may be, the same will not be done unless such permission is obtained.

6. To consider and if thought fit to pass with or without modifications the following Special Resolution to re-appoint the Purchasing Agents in U.S.A.

WHEREAS the American East India Corporation, an associate of Messrs. Birla Brothers Private Ltd., the Managing Agents of the Company, maintain an office at New York in the United States of America and whereas the said Company carry on business of acting as agents in the United States of America for the purchase and sale of goods including Stores, Plant and Machinery and rendering of services such as recruitment of technical personnel etc., and also have dealings and business connections with parties all over the United States of America and their operations are on a very large-scale and whereas their expenses of maintaining their office, amount approximately to $60,000 per annum and whereas expenses which can be attributed to the work expected to be done for and on behalf of the Company, would depend on the value of purchases effected and services requisitioned through the said Company in relation to its total turnover in each year, and whereas the said American East India Corporation have been acting as such agents for and on behalf of the Company pursuant to Shareholder's resolution dated 8th June, 1959. Now it is hereby RESOLVED that the American East India Corporation continue to act as agents of the Company for a period of 3 years from 1st July, 1962, and the commission and expenses as mentioned below be paid by the Company to the agents, i.e. American East India Corporation in the manner sanctioned by the Directors of the Company.

(a) for purchase of stores etc., 5% of the invoice price;
(b) for purchase of machinery, 2½% of the invoice price;
(c) for employing technical personnel for and on behalf of the Company and for attending to enquires, expenses incurred by the American East India Corporation, apportionable to such work in each particular case;
(d) for rendering any other special service, such remuneration as may be agreed upon between Directors of the Company, and the American East India Corporation.

Provided that if anything to be done in pursuance of the above arrangement requires the permission of the Central Government or the Reserve Bank of India as the case may be, the same will not be done unless such permission is obtained.

By Order of the Board,
For THE SIRPUR PAPER MILLS LIMITED,
P. L. BHANDARI,
Secretary.

25th October 1961.

Note: 1. The Share Registers of the Company will remain closed from 21st November, 1961 to 5th December, 1961, both days inclusive.

2. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.

3. The Dividends, when sanctioned, will be paid on or after 1st February, 1962 to those Shareholders whose names appear in the Register of Members of the Company on 5th day of December, 1961.

Explanatory statement as required under Section 173 of the Companies Act, 1956 has been posted to the Shareholders of the Company.

THE BALLARPUR PAPER & STRAW BOARD MILLS LTD.

Registered Office:
BALLARPUR, Dist. Chanda MAHARASHTRA

NOTICE

NOTICE IS HEREBY GIVEN THAT THE next Annual General Meeting of the shareholders of the Company will be held at the Registered Office of the Company at Ballarpur, District Chanda, Maharashtra, on Thursday, the 28th December, 1961, at 3-30 p.m., to transact the following business:

AGENDA

1. To receive and adopt the Directors' Report and the audited Accounts of the Company for the year ended 30th June, 1961.
2. To declare dividends for the year ended 30th June, 1961. The Directors have recommended the following dividends, subject to deduction of tax:—
   (i) At 6.5% plus 2.5% p.a. on 5% Income-tax free Cumulative Preference Shares.
   (ii) At 14.50% p.a. on Ordinary shares.
3. To elect Directors in place of those who retire by rotation:
   (a) Shri S. M. Ramakrishna Rao and Rai Bahadur Sohan Lal being longest in office, retire by rotation and being eligible, offer themselves for re-election.
   (b) Shri L. M. Thapar also retires by rotation and as he is an Associate of the Managing Agents of the Company, a special notice has been received from a shareholder of the Company proposing his re-election. A notice, as such, is hereby given for passing the following resolution with or without modification as a special resolution:

   RESOLVED:

   "That pursuant to Section 261 of the Companies Act, 1956, Shri L. M. Thapar, an Associate of the Managing Agents of the Company, be and is hereby re-elected as a Director of the Company."
4. To appoint Auditors for the current year and to fix their remuneration.

   M/s. K. K. Mankeshwar & Company, Auditors of the Company, retire and are eligible for re-appointment.
5. *Special Business*:
   To pass the following resolution with or without modification as an ordinary resolution:

   RESOLVED:

   "That in compliance with the requirement of Section 293(1)(d) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1960, the Company do hereby consent to the Board of Directors of the Company borrowing moneys for and on behalf of the Company from time to time as and when required by the Company provided the moneys so borrowed (excluding temporary loans from time to time obtained by the Company from its Bankers in ordinary course of business) shall not exceed in the aggregate in any case and at any time by more than Rupees Two Crores over and above the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, as the Board may from time to time deem necessary.
6. To transact any other business that may be brought forward with the permission of the Chairman.

Note: (i) The Share Transfer Books of the Company will remain closed from the 19th December, 1961 to 28th December, 1961, both days inclusive.

(ii) A member entitled to attend and vote at the meeting, is entitled to appoint a proxy who need not be a member, to attend and vote, instead of himself.

(iii) Explanatory note pursuant to Section 173 of the Companies Act, 1956, in respect of the above resolutions, has been sent to all the shareholders along with the notices.

By Order of the Board,
KARAM CHAND THAPAR & BROS.
PRIVATE LTD.,
Managing Agents.

CALCUTTA, *the 30th November*, 1961.

THE BURRAKUR COAL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE BURRAKUR COAL COMPANY LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Friday the 29th December, 1961, at 10-30 a.m., for the following purposes:—

1. To consider and approve the Audited Accounts of the Company, for the year ended 30th June, 1961 and to receive the Directors' and the Auditors' Reports thereon.
2. To declare the Dividends recommended by the Directors.
3. To appoint Directors in place of retiring Directors.
4. To appoint Auditors and fix their remuneration.

As a Special Business

5. To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

   "That in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the continuance of a payment to the Directors of the Company of a Commission (to be divided between them in such manner as they shall from time to time determine) of 1 per cent of the net profits of the Company in each financial year over the period of five years extending upto and including the financial year of the Company ending on 30th June, 1966."

The Share Transfer Registers of the Company will be closed from 14th December, 1961, to the 29th December, 1961, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Managing Agents.

CALCUTTA, *27th November*, 1961.

Note:

(a) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(b) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business set out above are being sent to shareholders.

(c) The Dividends, if declared, will be paid on or after 17th January, 1962, to those members so entitled, whose names appear in the Company's books on the 29th December 1961 or to their mandatees. No application for Dividend Warrants will be necessary.

THE BURRAKUR COAL COMPANY LIMITED

AT A MEETING OF THE BOARD OF Directors held on Monday the 27th November 1961, the following dividends were recommended to be paid subject to deduction of tax.

1. *Final Dividends for the year ended 30th June*, 1961:

   On 1st Preference Shares at 4.55 per cent [being dividend at the stipulated rate of 7 per cent per annum, increased by 30 per cent thereof in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act 1960, making a total of 9.10 per cent per annum less Interim Dividend at 4.55 per cent already paid].

   On 2nd Preference Shares at 2.664 per cent [being dividend at the stipulated rate of 6 per cent per annum, increased by 11 per cent thereof and after deducting therefrom Income Tax at the Company's rate of 20 per cent in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960, i.e. at 5.328 per cent per annum less Interim Dividend at 2.664 per cent already paid].

   On Ordinary Shares at 13 per cent.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Managing Agents.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA.
28th November, 1961.

THE KATAKHAL-LALA BAZAR RAILWAY COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE fifty-first Annual General Meeting of the Members of THE KATAKHAL-LALA BAZAR RAILWAY COMPANY, LIMITED, will be held at McLeod House, No. 3, Netaji Subhas Road, Calcutta, the Registered Office of the Company, on Wednesday the 27th day of December 1961, at 4-00 o'clock in the afternoon, for the following purposes:—

1. To receive and consider the Profit and Loss Account for the year ended 31st March, 1961, the Balance Sheet as at that date and the Reports of the Directors and the Auditors.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. C. Hockley, the Director retiring by rotation.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Books of the Company will be closed from 14th December 1961 to 27th December 1961, both days inclusive.

By Order of the Board,
McLEOD & Co. LTD.,
(Sd.) C. HOCKLEY,
Secretary,
Secretaries and Treasurers.

3, NETAJI SUBHAS ROAD,
CALCUTTA, *24th November* 1961.

Notes:—

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company.

2. Payment of the proposed Dividend, if declared, will be made on or after 20th January 1962 only to those Members whose names are registered in the books of the Company on 27th December 1961 or to their mandatees.

Application for Warrants will not be necessary. Claims from or on behalf of holders of shares on blank transfer will not be entertained.

THE BURDWAN-CUTWA RAILWAY COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Fifty-Fifth Annual General Meeting of the Members of THE BURDWAN-CUTWA RAILWAY COMPANY, LIMITED, will be held at "McLEOD HOUSE," No. 3 Netaji Subhas Road, Calcutta, the Registered Office of the Company, on Wednesday the 27th day of December, 1961, at 4-05 o'clock in the afternoon, for the following purposes:—

1. To receive and consider the Profit and Loss Account for the year ended 31st March, 1961, the Balance Sheet as at that date and the Reports of the Directors and the Auditors.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. G. D. Jatia, the Director retiring by rotation.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Books of the Company will be closed from 14th December 1961 to 27th December 1961, both days inclusive.

A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company.

By Order of the Board,
McLEOD & Co. LTD.,
(Sd.) C. HOCKLEY,
Secretary,
Secretaries & Treasurers.

3, NETAJI SUBHAS ROAD,
CALCUTTA, *24th November* 1961.

Note:—Payment of the proposed Dividend, if declared, will be made on receipt of the balance subsidy from the Government of India only to those Members whose names are registered in the Books of the Company on 27th December, 1961, or to their mandatees.

Application for Warrants will not be necessary. Claims from or on behalf of holders of shares on blank transfer will not be entertained.

THE AHMADPUR-KATWA RAILWAY COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Fifty-fourth Annual General Meeting of the Members of THE AHMADPUR-KATWA RAILWAY COMPANY, LIMITED, will be held at "McLEOD HOUSE," No. 3, Netaji Subhas Road, Calcutta, the Registered Office of the Company, on Wednesday the 27th day of December, 1961, at 4-10 o'clock in the afternoon, for the following purposes:—

1. To receive and consider the Profit and Loss Account for the year ended 31st March 1961, the Balance Sheet as at that date and the Reports of the Directors and the Auditors.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. G. D. Jatia, the Director retiring by rotation.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Books of the Company will be closed from 14th December 1961 to 27th December 1961, both days inclusive.

A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company.

By Order of the Board,
McLEOD & Co., LTD.,
(Sd.) C. HOCKLEY,
Secretary,
Secretaries & Treasurers.

3, NETAJI SUBHAS ROAD,
CALCUTTA, *24th November* 1961.

Note:—Payment of the proposed Dividend, if declared, will be made on receipt of the balance subsidy from the Government of India only to those Members whose names are registered in the Books of the Company on 27th December, 1961, or to their mandatees.

Application for Warrants will not be necessary. Claims from or on behalf of holders of shares on blank transfer will not be entertained.

THE BANKURA-DAMOODAR RIVER RAILWAY COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Fifty-fifth Annual General Meeting of the Members of THE BANKURA DAMOODAR RIVER RAILWAY COMPANY, LIMITED, will be held at "McLEOD HOUSE," No. 3, Netaji Subhas Road, Calcutta, the Registered Office of the Company, on Wednesday, the 27th day of December, 1961, at 4-15 o'clock in the afternoon, for the following purposes:—

1. To receive and consider the Profit and Loss Account for the year ended 31st March 1961, the Balance Sheet as at that date and the Reports of the Directors and the Auditors.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. G. D. Jatia, the Director retiring by rotation.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Books of the Company will be closed from 14th December 1961 to 27th December, 1961, both days inclusive.

A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company.

By Order of the Board,
McLEOD & Co., LTD.,
(Sd.) C. HOCKLEY,
Secretary,
Secretaries & Treasurers.

3, NETAJI SUBHAS ROAD,
CALCUTTA, *24th November* 1961.

Note:—Payment of the proposed Dividend if declared, will be made on receipt of the balance subsidy from the Government of India only to those Members whose names are registered in the Books of the Company on the 27th December, 1961, or to their mandatees.

Application for Warrants will not be necessary. Claims from or on behalf of holders of shares on blank transfer will not be entertained.

NEW INDIA SUGAR MILLS LIMITED

Registered Office:

14, Radha Bazar Lane, CALCUTTA-1

NOTICE IS HEREBY GIVEN THAT THE Twenty-seventh Annual General Meeting of New India Sugar Mills Limited will be held at 8, India Exchange Place, Calcutta on Friday, the 29th December, 1961, at 2-00 p.m., for the following purposes:—

1. To receive and consider the Report of the Directors and to adopt the Audited Accounts of the Company for the year ended 30th June, 1961.
2. To declare dividends.
3. To appoint a Director in place of Shri Tulsidas Kanoria who retires by rotation and is eligible for re-election.
4. To appoint Auditors and fix their remuneration.

As Special business:

5. To consider and if thought fit to pass with or without modification the following resolutions as Special Resolutions:

(*a*) "Whereas the East Indian Produce Co. Ltd., an associate of The Cotton Agents Private Limited, the Managing Agents of the Company, maintain an office at London in the United Kingdom and whereas the said Company carry on business of acting as agents in the United Kingdom for purchase and sale of goods including plant and machinery and rendering of services such as recruitment of technical personnel, etc., and also have dealings and business connections with parties all over the United Kingdom, and the Continent and other countries and their operations are on a very large scale and whereas their expenses of maintaining their office, amount approximately to £65,000 per annum and whereas expenses, which can be attributed to the work expected to be done for and on behalf of the Company, would depend on the value of purchases effected and services rendered through the said Company in relation to its total turnover in each year and whereas the said East Indian Produce Company Ltd., have been acting as such agents for and on behalf of the Company for purchase of plant, machinery and stores and rendering services such as recruitment of technical personnel, etc., and are paid commission at various rates, Now it is hereby RESOLVED that the East Indian Produce Co., Ltd. continue to act as agents of the Company for a period of 3 years from 1st July, 1962 on the following terms as to commission and expenses and that the payment be made to them for the services rendered in the manner sanctioned by the Directors of the Company.

(*a*) for purchase of stores etc., 5% of the invoice price;

(*b*) for purchase of machinery, 2½% of the invoice price;

(*c*) for employing technical personnel for and on behalf of the Company and for attending to enquiries, expenses incurred by the East Indian Produce Co., Ltd., apportionable to such work in each particular case;

(*d*) for rendering any other special service, such remuneration as may be agreed upon between Directors of the Company, and the East Indian Produce Company Limited.

Provided that if anything to be done in pursuance of the above arrangement requires the permission of the Central Government or the Reserve Bank of India as the case may be, the same will not be done unless such permission is obtained."

(*b*) "Whereas the American East India Corporation, an associate of The Cotton Agents Private Limited, the Managing Agents of the Company, maintain an office at New York in the United States of America and whereas the said Company carry on business of acting as agents in the United States of America for the purchase and sale of goods including stores, plant and machinery and rendering of services such as recruitment of technical personnel, etc., and also have dealing and business connection with parties all over the United States of America and their operations are on a very large scale and whereas their expenses of maintaining their office, amount approximately to $60,000 per annum and whereas expenses which can be attributed to the work expected to be done for and on behalf of the Company, would depend on the value of purchase effected and services rendered through the said Company in relation to its total turnover in each year, and whereas the said American East India Corporation have been acting as such agents for and on behalf of the Company for purchase of plant, machinery and stores and rendering services such as recruitment of technical personnel, etc., and are paid commission at various rates, Now it is hereby RESOLVED that the American East India Corporation continue to act as agents of the Company for a period of 3 years from 1st July, 1962 on the following terms as to commission and expenses and that the payment be made to them for the services rendered in the manner sanctioned by the Directors of the Company.

(*a*) for purchase of stores etc., 5% of the invoice price;

(*b*) for purchase of machinery, 2½% of the invoice price;

(*c*) for employing technical personnel for and on behalf of the Company and for attending to enquiries, expenses incurred by the American East India Corporation, apportionable to such work in each particular case;

(*d*) for rendering any other special service, such remuneration as may be agreed upon between Directors of the Company, and the American East India Corporation.

Provided that if anything to be done in pursuance of the above arrangement requires the permission of the Central Government or the Reserve Bank of India as the case may be, the same will not be done unless such permission is obtained."

By Order of the Board,
S. N. GUPTA,
Secretary.

CALCUTTA, *the 30th November*, 1961.

Notes:—1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

2. Shareholders are requested to notify any change of address failing which the dividend warrants will be posted to their addresses as registered with the Company.

3. The Register of Members of the Company will remain closed from the 20th December, 1961 to 29th December, 1961, both days inclusive.

Explanatory Statement has been sent to the shareholders.

UPPER GANGES SUGAR MILLS LIMITED

Registered Office:

14, Radha Bazar Lane, CALCUTTA-1

NOTICE IS HEREBY GIVEN THAT THE Twenty-ninth Annual General Meeting of Upper Ganges Sugar Mills Limited will be held at 8 India Exchange Place, Calcutta on Friday, the 29th December, 1961, at 2-15 p.m., for the following purposes:—

1. To receive and consider the Report of the Directors and to adopt the Audited Accounts of the Company for the year ended 30th June, 1961.
2. To declare dividends.
3. To appoint a Director in place of Shri B. T. Thakur who retires by rotation as well as under Section 280 of the Companies Act, 1956.

   In this connection the Company has received a special notice pursuant to Section 281 of the Companies Act, 1956 from a shareholder of the Company and special notice is hereby given that the following resolution will be moved at the meeting:

   "Resolved that Shri B. T. Thakur who retires by rotation and who has attained the age of 69 years be and is hereby re-elected as a Director of the Company and that the age limit prescribed under Section 280 of the Companies Act, 1956 shall not apply to him."

   Shri B. T. Thakur has vast experience in finance and it is considered advisable in the interest of the Company to re-elect him on the Board to continue to avail of his valuable advice.
4. To appoint Auditors and fix their remuneration.

As Special business:

5. To consider and if thought fit to pass with or without modification the following resolutions as Special Resolutions:

(*a*) "Whereas the East Indian Produce Co. Ltd., an associate of The Cotton Agents Private Limited, the Managing Agents of the Company, maintain an office at London in the United Kingdom and whereas the said Company carry on business of acting as agents in the United Kingdom for purchase and sale of goods including plant and machinery and rendering of services such as recruitment of technical personnel, etc., and also have dealings and business connections with parties all over the United Kingdom, and the Continent and other countries and their operations are on a very large scale and whereas their expenses of maintaining their office, amount approximately to £65,000 per annum and whereas expenses, which can be attributed to the work expected to be done for and on behalf of the Company, would depend on the value of purchases effected and services rendered through the said Company in relation to its total turnover in each year and whereas the said East Indian Produce Company Ltd., have been acting as such agents for and on behalf of the Company for purchase of plant, machinery and stores and rendering services such as recruitment of technical personnel, etc., and are paid commission at various rates, Now it is hereby RESOLVED that the East Indian Produce Co., Ltd. continue to act as agents of the Company for a period of 3 years from 1st July, 1962 on the following terms as to commission and expenses and that the payment be made to them for the services rendered in the manner sanctioned by the Directors of the Company.

(*a*) for purchase of stores etc., 5% of the invoice price;

(*b*) for purchase of machinery, 2½% of the invoice price;

(*c*) for employing technical personnel for and on behalf of the Company and for attending to enquiries, expenses incurred by the East Indian Produce Co., Ltd., apportionable to such work in each particular case;

(*d*) for rendering any other special service, such remuneration as may be agreed upon between Directors of the Company, and the American East India Corporation, apportionable to such work in each particular case;

(*d*) for rendering any other special service, such remuneration as may be agreed upon between Directors of the Company, and the American East India Corporation.

Provided that if anything to be done in pursuance of the above arrangement requires the permission of the Central Government or the Reserve Bank of India as the case may be, the same will not be done unless such permission is obtained."

By Order of the Board,
S. N. GUPTA,
Secretary.

CALCUTTA, *the 2nd December*, 1961.

Notes:—1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

2. Shareholders are requested to notify any change of address failing which the dividend warrants will be posted to their addresses as registered with the Company.

3. The Register of Members of the Company will remain closed from the 20th December, 1961 to 29th December, 1961, both days inclusive.

Explanatory Statement has been sent to the shareholders.

THE INDO-BURMA PETROLEUM COMPANY LIMITED

Registered Office:

Gillander House, Netaji Subhas Road
CALCUTTA 1

NOTICE IS HEREBY GIVEN THAT THE Preference Register of Members of the Company will be closed from the 11th December, 1961 to 2nd January, 1962, both days inclusive, for payment of the dividend for the half-year ending 31st December, 1961 on the 2nd January, 1962 at the rate of Rs. 3.108 per share (being the stipulated dividend of Rs. 3.50 per share increased by 11 per cent thereof to Rs. 3.885 less Rs. 0.777 being Income Tax at the Company's rate of 20 per cent) subject to tax being deducted therefrom in accordance with the provisions of Section 3(D) of the Indian Income Tax Act.

By Order of the Board,
STEEL BROTHERS & COMPANY LIMITED,
Managing Agents.

GILLANDER HOUSE,
NETAJI SUBHAS ROAD,
CALCUTTA 1.

27th November, 1961.

THE ASSOCIATED CEMENT COMPANIES, LIMITED

NOTICE

THE MANAGING AGENTS ARE AUTHORised to announce that the Board of Directors of the above Company have resolved to recommend payment of a Dividend at the rate of Rs. 12 per share (subject to deduction of tax) for the year ended 31st July, 1961.

The said Dividend, when sanctioned at the Annual General Meeting of the Shareholders of the Company to be held on 19th January, 1962, will be made payable on and from 1st February, 1962, to those Shareholders whose names stood on the Register of Members on 25th November, 1961, to whom or to whose Mandatees dividend warrants will be posted at their registered addresses.

INTIMATION OF ANY CHANGE IN ADDRESS SHOULD BE GIVEN TO THE COMPANY IMMEDIATELY.

For CEMENT AGENCIES LTD.,
R. R. HATTIANGADI,
Director.

Registered Office:
"CEMENT HOUSE",
121, QUEEN'S ROAD,
BOMBAY-1.

1st December, 1961.

THE RAYON MILLS COMMERCIAL CORPORATION LIMITED

Resham Bhavan, 78, Veer Nariman Road
BOMBAY 1

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Company will be held at the Registered Office of the Company at Resham Bhavan, 78, Veer Nariman Road, Bombay-1, on SATURDAY, 23rd December, 1961, at 3 p.m., to consider and pass with or without modification the following Resolution as the Ordinary Resolution:—

"That pursuant to Section 293(1)(d) of the Companies Act 1956, the consent of the Company be and is hereby granted to the Board of Directors of the Company borrowing moneys for the purpose of the Company from time to time notwithstanding that the moneys to be borrowed, (together with the moneys already borrowed by the Company, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, Reserves not set apart for any specific purpose, but so that the total amount upto which moneys may be borrowed by the Board of Directors shall not at any time exceed Rs. 2,00,00,000 (Rupees Two Crores Only).

By Order of the Board of Directors,
I. P. PAREKH,
Director-in-Charge.

BOMBAY, 30*th November*, 1961.

Note:—

(1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

(2) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is sent to Shareholders.

THE PEERMADE TEA COMPANY LIMITED

(Incorporated in India)

NOTICE IS HEREBY GIVEN THAT THIS Company will pay on the 31st December, 1961, to the registered holders as at that date, interest due on the Preference Shares at the rate of 6.765 per cent (calculated in accordance with the Preference Shares (Regulation of Dividends) Act, 1960), subject to deduction of tax.

Preference Share Transfer Books will be closed from 27th December to 31st December, 1961, both days inclusive.

By Order of the Board,
THE PEERMADE TEA COMPANY LTD.,
Per Pro. ASPINWALL & CO.
(TRAVANCORE) LTD.,
Secretaries.

ALLEPPEY, 1*st December*, 1961.

THE TRAVANCORE RUBBER & TEA COMPANY LTD.

(Incorporated in India)

NOTICE IS HEREBY GIVEN THAT THIS Company will pay on the 31st December, 1961, to the registered holders as at that date half-yearly interest due on the Preference Shares at the rate of 3.0645 per cent (calculated in accordance with the Preference Shares (Regulation of Dividends) Act, 1960), subject to deduction of tax.

Preference Share Transfer Books will be closed from 27th December to 31st December, 1961, both days inclusive.

By Order of the Board,
THE TRAVANCORE RUBBER & TEA CO., LTD.,
Per Pro. ASPINWALL & CO.
(TRAVANCORE) LTD.,
Managing Agents.

ALLEPPEY, 1*st December*, 1961.

THE CENTRAL INDIA SPINNING, WEAVING AND MANUFACTURING COMPANY LIMITED

NOTICE

THE EIGHTY-SEVENTH ANNUAL GENERAL MEETING of THE CENTRAL INDIA SPINNING, WEAVING & MANUFACTURING COMPANY, LIMITED, will be held at the Registered Office of the Company, Bombay House, Bruce Street, Fort, Bombay, on Friday, the 29th December, 1961, at 4.30 p.m., to transact the following business:—

1. To adopt the Directors' Report and the audited Profit and Loss Account of the Company for the year ended 30th June 1961, and the audited Balance Sheet as at 30th June 1961.
2. To appoint a Director in the place of Mr. Naval H. Tata who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Mr. Surottam Hutheesing who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. Pratap Bhogilal who retires by rotation and is eligible for re-appointment.
5. To consider and, if thought fit, to pass the following resolution:—

   "RESOLVED that pursuant to the provisions of Section 294 and other applicable provisions (if any) of the Companies Act, 1956, the Company hereby approves and consents to the appointment of Messrs. Patel Ghanshyamdas & Co. Private Limited and Messrs. Nathuram Ramnarayan Private Limited as the Company's sole Selling Agents for the Company's products for a period of five years commencing from the 1st day of January 1962 for the whole of India except the States of Mysore, Andhra Pradesh, Madras and Kerala, at the remuneration and on the terms, provisions and conditions contained in the Agreement made between the Company and the said sole Selling Agents, a copy whereof is placed before this meeting and for the purpose of identification subscribed by the Chairman thereof."
6. To appoint Auditors and to fix their remuneration.

Notes—(*a*) The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of special business under item 5 set out above, is being posted to all Members.

(*b*) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(*c*) The Transfer Books of the Company will remain closed from Thursday, the 30th November 1961 to Friday, the 29th December 1961, both days inclusive.

By Order of the Board of Directors,
TATA INDUSTRIES PRIVATE LIMITED,
Secretaries and Treasurers,
N. H. TATA,
Director.

BOMBAY, 29*th November*, 1961.
Registered Office:
BOMBAY HOUSE, BRUCE STREET,
FORT, BOMBAY 1.

ORISSA MINING CORPORATION

The Government of India has agreed to allow the Orissa State Government to acquire the interests of the Centre in the Orissa Mining Corporation. The Corporation was set up in May 1956 as a joint venture of the Central and Orissa State Governments with an authorised capital of Rs. 50 lakhs, held in equal proportion between the two Governments. The Corporation is at present working three iron ore mines—Maharajpur and Khandadera in Mayurbhanj district and Sakradihi in Keonjhar district. It has also acquired mining leases and prospecting licences over additional areas for iron ore, manganese and chromite.

A programme of development by the Corporation during the third Plan period has been drawn up, involving a capital investment of Rs. 86 lakhs and envisaging a production of 800,000 tons of iron ore, 25,000 tons of chromite and 20,000 tons of manganese by the end of the Plan. There are also possibilities of acquiring more leases and raising the targeted production.

NO CHANGE IN MONEY

(From Our Own Correspondent)

BOMBAY, *6th December*

There have been no new developments in the short-term money market this week. Supply of funds has been plentiful enough easily to meet the demand in the inter-bank section. Some of the small banks were in need of accommodation and this they could get without having to pay anything higher than the general rate of 3½ per cent for day-to-day money. Advices from Calcutta showed that the demand for funds there had picked up, with the inter-bank call money rate spurting to 3¾ to 4 per cent from 1½ to 2 per cent a week ago.

No change has been reported in the rates for short-term deposits quoted by banks for their clients. These are:

Notice money:	Per cent
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days	3½
(iii) 61 to 90 days	3½
(iv) 91 days and more but less than 12 months	3¾
(v) 12 months	4

A noteworthy feature of the Treasury Bill results is the substantial demand for intermediate Bills (of 91 days' duration). Their sales amounted to no less than Rs. 145.50 lakhs, as against a mere Rs. 22 lakhs in the previous week. Sales under the weekly tender system showed nothing new. The amount invited, offered and accepted was all Rs. 2 crores and the average rate at 2.5 per cent was the same as before. Sales of Intermediate Bills, as well as those under the tender system, are being continued in the coming week.

A rise of Rs. 5.74 crores in notes in circulaltion and a fall of Rs. 6.06 crores in notes held in the Banking Department are disclosed by the Reserve Bank's statement for the week ended 1st December, 1961. The net variation in the total notes issued is a decline of Rs. 32 lakhs which has been offset on the assets side of the Issue Department by a corresponding fall in rupee coin.

No change has taken place in foreign securities held in the Issue Department. But balances held abroad in the Banking Department have registered a fractional fall of Rs. 16 lakhs and the total of foreign assets are down by that amount at Rs. 145.68 crores.

Among the other changes in the Banking Department of the Reserve Bank, mention may be made of a fall of Rs. 7 crores in deposits of "other Governments" and of Rs. 5.95 crores in deposits of banks. Central Government's deposits are higher by Rs. 4.03 crores. Investments have gone up by Rs. 9.44 crores and other loans and advances by Rs. 1.45 crore. There has been a further fall of Rs. 5 lakhs in the advances to scheduled banks against usance bills which now stand at the meagre level of Rs. 20 lakhs.

The scheduled banks' statement for the week ended 24th November 1961 reveals a rise of Rs. 8.14 crores in total deposits and of Rs. 4.96 crores in inter-bank borrowings. Bank credit has contracted by Rs. 3.19 crores. Investments, however, have jumped up by Rs. 11.52 crores and total cash has improved by Rs. 1.28 crore.

The State Bank of India's statement for the same week disclosed a rise of Rs. 12.01 crores in investments and a fall of Rs. 1.29 crore in advances. Cash balances have declined by Rs. 4.12 crores. On the liabilities side, deposits have staged a small rise of Rs. 1.40 crore.

The gilt-edged market continues to be quiet. The turnover is small, owing to paucity of buyers. Among Central loans, there has been a drop of 10 nP in 4 per cent 1973 to Rs. 100.10 and of a similar fall in 3 per cent 1963-65 to Rs.98.65. Sellers predominated in State loans which closed easier all round, registering losses ranging from 5 to 15 nP.

Following a slight fall in the value of £ sterling *vis-a-vis* the U.S. dollar, the banks' selling rate for ready T.T. on New York has risen from Rs. 475.50 to Rs. 476 per 100 dollars. Their buying rate, too, has been correspondingly marked up to Rs. 472.50. In the New York foreign exchange market, the rate for spot sterling has dropped by 0.24 cent over the week to 281.250-281.280 cents per £. At one time during the week, the rate had actually gone below 281 cents—280.880-280.920 cents to be precise. Three months' forward had declined from 279.730 to 278.930, before closing at 279.400-279.430 cents.

MODERATE CLEARANCE IN SKIPS

(From Our Own Correspondent)

MADRAS, *4th December*

Arrivals of E.I. tanned hides were on the usual scale, while those of calves were restricted. Clearance was moderate but slow. Prices remained unchanged. Export trading was meagre, but inland demand was good. Due to the buying interest from importers in the U.K. and the U.S.A., market for tanned buff-calf remained firm.

Demand for tanned sheep skins all tannages was poor and prices ruled weaker than last week. Continental interest in light weight goat skins continued, while other weights seemed neglected, probably on account of prices quoted. It is expected that buying will be resumed with some more shading in price levels at origin.

In the German tanned skins auctions held last week, clearance of sheep skins was nil and of goat skins poor prices paid were 6d. to 12d. below c.i.f. levels.

The next London public auctions will take place on the 4th inst., when 150,000 goat skins and 110,000 sheep skins will be offered for sale. In view of the present state of trading, shippers expect poor results in the sales.

BULLION QUIET

(From Our Own Correspondent)

BOMBAY, *6th December*

Gold and silver depicted a contrary trend during the major part of the week under review, the former suffering a setback in value and the latter recording an improvement. The decline in gold followed selling pressure from spot houses on rumours of large-scale arrivals of contraband metal and poor offtake. There were also fresh offerings by some upcountry operators. Arrivals of gold continued to be quite large, the daily average being 6,200 tolas (as against 6,600 tolas in the previous week), while average offtake was poor, at 3,200 tolas per day (as against 5,200 tolas). Silver, however, ruled distinctly firm, thanks to highly bullish advices from world markets which witnessed a sharp rally in prices. A leading Calcutta trader sold sizable parcels, but the offerings were well absorbed. The daily average offtake of silver was slightly better at five bars, as against four bars in the previous week, whereas arrivals were lower at 19 bars, as against 21 bars. Today, both gold and silver drifted downward. The disquieting reports about Chinese aggression in Ladakh and N.E.F.A. and tension in Goa borders had, surprisingly enough, no bullish impact on both the metals.

Adjustment rates fixed today were Rs. 119 per 10 grams of gold and Rs. 211 per kilogram of silver. The corresponding rates for Wednesday last week were Rs. 121.90 and Rs. 211.30, respectively.

In gold, the *Margashir* (December) settlement began the week at Rs. 123.20, as against the previous close of Rs. 123, and moved down to touch a low of Rs. 121.20 today before finishing at Rs. 121.25. The net loss over the week was Re. 1.75.

Ready gold continued to be quoted at a discount under the forward throughout the week. In fact the actual discount increased from just 85 nP last week-end to as much as Rs. 2 today. The spot rate, which had risen from Rs. 122.15 to Rs. 122.60 on the opening day (that is Thursday, 30th November), receded thereafter to Rs. 120.10 yesterday and further to Rs. 119.20 today, before closing at Rs. 119.25.

The *Margashir* settlement in silver climbed up from Rs. 212.60 on Wednesday last week to as high as Rs. 213.90 yesterday. At this level, profit-taking set in and the settlement eased to Rs. 213.35. After declining further to Rs. 212.20 today, it finished at Rs. 212.25.

Ready silver met with renewed support and advanced from Rs. 211.30 to Rs. 212.90. After easing to Rs. 210.95 today, it recovered to finish at Rs. 211. At this level, the discount under the forward was Re. 1.25, as against 70 nP at the close of last week.

Silver in the London bullion market forged ahead on Thursday, 30th November, immediately after the U.S. President announced suspension of silver sales by the Treasury and stoppage of use of silver for coinage purposes. Ready rate was marked up from 80d. to 84½d. and forward rate from 80¾d. to 85d. The quotations improved further to 85½d. and 86d. respectively on Friday the 1st. The upward trend was somewhat halted on the following day when, on account of profit-taking by speculative holders, ready silver declined to 84d. and forward to 84½d. Subsequently, however, there was a distinct recovery, the latest available rates being 85½d. for ready silver and 86¼d. for forward. Silver in New York, which had remained unchanged at 91.375 cents per fine ounce for many months now, spurted to 100.75 cents due to the President's move referred to earlier. The world price of gold in the London market improved from $35.14⅞ to $35.15⅜ per fine ounce. The sterling price, too, rose from 249s. 8½d. to 250s. owing to the easiness of the pound sterling *vis-a-vis* the U.S. dollar.

The following table shows the trend of prices during the week under review:

	6-12-61 (closing)	High	Low	29-11-61 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	119.25	122.60	119.20	122.15
Forward: Margashir* ..	121.25	123.35	121.25	123.00
Sovereign	98.50	—	—	98.25
SILVER				
Ready (.999 fine)	211.00	212.90	210.95	211.80
Forward: Margashir† ..	212.25	213.90	212.20	212.60
London—				
Silver Ready	85¼d.	86d.	84d.	86d.
Silver Forward	86¼d.	86¼d.	84¼d.	86¼d.
Gold	250s.	250s. 2¼d.	249s. 9½d.	249s. 8¼d.
New York—				
Silver	100.75 cents	—	—	91.375 cents

* 26th December settlement. † 26th December settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

LINSEED EASIER

(Messrs. A. Bradley and Co.)

CALCUTTA, *4th December*

The linseed market was rather lifeless during the week. Prices showed a slight decline in sympathy with oil markets, though sellers for forward delivery were sitting on the fence. Small arrivals were coming in from the centres against previous sales.

The oil market was slightly easier, due to drop in prices of other vegetable oils. Business was done during the week on a very small scale for ready delivery.

The oilcake market was unchanged, only small ready business reported during the week.

Ready/December was quoted at Rs. 31.25 per maund.

COTTON FUTURES SPURT

(From Our Own Correspondent)

BOMBAY, *6th December*

Firm conditions prevailed in the cotton futures market during the week. Although the market remained officially open throughout the week, except Monday when it was closed on account of the death of a prominent cotton trader, no trading was done on Friday and Saturday. This was because jobbers and brokers refrained from doing business as a protest against the recent imposition of stringent margins on cotton futures by the Forward Markets Commission which had resulted in a sharp decline in business. They pointed out that they were forced to have recourse to this extreme step because appeals and representations made by them had failed to produce any result. Futures prices ruled fully steady on Thursday, the 30th inst., prior to the suspension of trading, on support induced by encouraging spot advices. When the market reopened on Tuesday, after having remained officially closed on Monday, prices depicted a firm trend. The Jarilla March contract, which was hovering round the second marginal level of Rs. 665.50 for the past few weeks, pierced the level to quote at Rs. 665.75. Sentiment was mainly influenced by the news of a further reduction in crop estimate from 4.9 million bales a month ago to 4.65 million bales at present and reports that the prospects for imports of any substantial quantity of cotton from the U.S. was bleak. This level could not be sustained for long. Follow-up support was lacking because of the heavy margin of Rs. 120 per bale payable at this level. The contract receded to Rs. 664.50 at the close of the session. The volume of business was, however, small because most of the jobbers and brokers kept off the ring after 2-30 p.m. The market ruled firm today on local and upcountry support. The Jarilla March contract spurted Rs. 677 although the finish was one rupee lower at Rs. 676.

The East India Cotton Association, Bombay, is reported to have sought the permission of the Forward Markets Commission for opening a new contract in cotton. No further details are available at the time of writing.

In the spot section, there was sustained mill demand for all popuar varieties of cotton. Although the volume of business was limited, due to lack of offerings, keen interest was noted in 197/3, L.147 Moglai, CO2. Prices of most varieties ruled near or above the ceilings.

Export interest in Bengal *Deshi* was good. Prices of Bengal *Deshi* moved up on sustained short-covering by shippers against their sales to buyers abroad. Shippers are looking forward with much interest to the announcement about the balance of 25,000 bales which has been kept in reserve out of the quota of 150,000 bales for Bengal *Deshi* announced on 22nd September 1961. Some quarters are inclined to expect that this balance quantity may be issued for Bengal superfine and above, taking into account the fact that this particular grade of cotton is presently neglected completely by domestic spinners and, consequently, it is depreciating in value.

Moderate demand was reported for foreign cotton. African and Sudan higher grades attracted buyers. Ready lots of U.S. cotton evoked inquiries and some sizable business was put through in this variety.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri:

Bengal *Deshi* 090; Wagad 785; CO2 1,050; Khandesh 965; B.P. 52 (new) 1,300; Busoga 1,300; Sudan G4L 1,420; XG3S 1,814.

Cotton futures in Karachi staged a smart rally during the week as a natural reaction to last week's fall. Better export interest and improved domestic spinner inquiries imparted strength to the market. N.T.R.G. January firmed up from Rs. 76.65 last week-end to Rs. 77.70. The March contract too attracted good buying support and hardened by 70 nP from Rs. 75.55 to Rs. 76.25.

Firm conditions prevailed in the Liverpool cotton futures market during the week. Commission House support and strong local spinner demand initiated a general buying movement which resulted in a rally in prices. Both the American and American type contracts advanced. Towards the close of the week, however, prices tended to recede, thanks to profit-taking and selling prompted by lower New York advices. Nevertheless, the closing quotations are, on balance, higher than last week-end rates. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton mixed growth contract: December 24.20; March 24.70; May 25.20; July 25.35.

American cotton mixed growth contract: December 24.55; March 25.10; May 25.60; July 25.75.

Sudan: January 32.25; March 32.25; May 32.25.

Cotton futures in New York suffered a set back during the week. Scattered hedge selling and Commission House liquidation led to a decline in values. Reports of a slackening of entry into the loan programme and deterioration of the quality of crop in Memphis imparted further weakness to the market. The decline in values would have been more marked but for the encouraging spot advices.

Good ready demand was reported for current ginnings in most active harvesting areas. Both mills' and shippers' representatives were active in upcountry markets. The medium and lower grades remained in best demand. These qualities comprised a larger proportion of current ginnings. Farmers were offering freely when prices were substantially above loan levels. A large volume of cotton, most of which middling and higher, continued to enter the loan programme.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	6-12-61	28-11-61	21-11-61
New York spot ...	35.60	35.60	35.60
December	33.90	34.08	34.25
March	34.86	34.90	34.99
May	35.39	35.40	35.34

YARNS EASY

(From Our Own Correspondent)

BOMBAY, *6th December*

Distinctly easy conditions prevailed in the yarn market during the week. Prices declined sharply on persistent selling. Disturbing news from the northern borders and reports of cancellations of railway bookings induced nervousness among bulls who rushed to liquidate. Rumours that the S.T.C. was planning to import yarn worth Rs. 4 crores adversely affected sentiment. The fall in the premium rates of art silk yarn import licence, indicating lack of buyers, and lower spot advices also induced selling. Consequently, price of all varieties of yarns receded.

Details of the distributions of indigenous art silk yarn for the quarter ending March 1962 have been notified. Allocation cards for indigenous art silk yarn will be issued by the Indigenous Art Silk Yarn Distribution Committee, Bombay. All actual users of art silk yarn are required to submit their applications for allocation of indigenous art silk yarn to the Committee. Allocation of indigenous art silk yarn to the art silk handloom industry in the States of Andhra Pradesh, Gujarat, Madras, Orissa, Punjab and West Bengal, will, however, be made directly by the respective States handloom authorities. In the case of handloom industry situated in States other than the above, applications may be submitted to the Distribution Committee. Allocation of indigenous art silk yarn to ancillary industry and doubling units in Madras State will be made by the Director of Handlooms, Madras.

Amilan (20 x 1) December contract encountered heavy selling and declined from Rs. 3,335 last week-end to Rs. 3,210. The February contract eased from Rs. 3,425 to Rs. 3,305. Among imported art silk yarns, 150 Japan declined from Rs. 1,984 to Rs. 1,929. 120 Japan, however, met with limited support and improved from Rs. 1,818 to Rs. 1,874. 120 Italys were quoted lower at Rs. 1,846, as against Rs. 1,874 last week-end.

Staple fibres too lacked buyers. Prices receded. Staple fibre yarn (40 x 1) December settlement succumbed to selling and slumped from Rs. 826 last week-end to Rs. 729. The February contracts shed Rs. 27 to Rs. 819. Spot Centurys receded by 20 nP to Rs. 9.77.

In the cotton yarn section, prices, barring a few exceptions, generally declined. 80s Modern shed 50 nP to Rs. 69. 60s Finlays were done 25 nP lower at Rs. 63.25. 40s Maduras changed hands 50 nP lower at Rs. 32.50.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	6-12-1961	29-11-1961
	Rs.	Rs.
Art silk yarn—		
20/1 Amilan (100 kg.)—		
December	3,210.00	3,335.00
February	3,305.00	3,425.00
150 Japan (per 100 kg.)	1,874.00	1,818.00
150 Japan (per 100 kg.)	1,929.00	1,984.00
120 Italy (per 100 kg.)	1,846.00	1,874.00
Nat. Ray. 150 Bt. I	13.80	13.07
Staple fibre yarn (40 x 2)—		
December	729.00	826.00
February	819.00	846.00
Century (per kg.)	9.77	9.97
Cotton yarn (per bundle of 10 lbs.)—		
10s Podar	17.25	17.25
20s Gokak	—	22.60
30s New Great	26.50	26.50
40s Madura	32.50	33.00
60s Finlay	63.25	63.50
80s Modern	69.00	69.50

GROUNDNUTS PIERCE CEILINGS

(From Our Own Correspondent)

BOMBAY, *6th December*

The highlight of this week's trading on the oilseeds exchange was the renewed buoyancy in groundnuts. Thus, groundnuts January 1962 contract turned distinctly bullish on hectic short-covering and pierced the ceiling level of Rs. 215) fixed by the Forward Markets Commission, only about a month back. Groundnut oil futures contract, too, touched the ceiling level, namely, Rs. 17.65 per 10 kgs. Consequently, official trading in these contracts have come to a close. Unofficially, the groundnut contract is quoted at Rs. 217 and in oil contract nearer Rs. 18. The firmness was engendered mainly by the tight supply position and the consequent strength in the ready section. Arrivals have been meagre, for a long time. But now the situation is further aggravated by reports that Railways are not booking consignments, following troop movements in connection with Goa border issue. *Vanaspati* manufacturers and crushers continued to lend support even at higher levels, in view of their depleted stocks. Saurashtra interests were also covering their position in H.P.S., in order to meet their previous commitments for exports. A welcome news to the trade this week was the announcement by Messrs. Forbes Forbes Campbell and Co., which represents Ellerman and Bucknall Steamship Co., a reduction in the freight rate for H.P.S. groundnut kernel from 167s. 6d. to 153s. for 1,000 tons. This concession was granted in response to representations made by local trade interests.

The firmness in groundnuts touched off a boom in other seeds and oils. Castorseeds firmed up on persistent bear covering. Although the U.S. had not been buying Indian castor oil of late, a section of the trade anticipated a turn for the better in the near future, following the upward revision of castor oil prices in Brazil. It is reported that the price for the first pressure castor oil for December-January shipment in Brazil has been raised from 13.25 cents to 14 cents per lb. Linseeds moved up on reports of continued strength in mustardseed in North Indian markets. In sympathy with the other major oilseeds, as also the raw cotton market, cotton seeds, too, forged ahead.

Groundnut January 1962 contract, which had closed last week at Rs. 210.75, rose to touch the ceiling level of Rs. 205 by Friday. Khandesh quality firmed up by Rs. 4.13 to Rs. 48.75. Nizam bold spurted by Rs. 3.75 to Rs. 48.25. Oil railway receipts moved up by 55 nP to Rs. 20.15 and ex-mill by 45 nP to Rs. 20.25.

Castorseed March 1962 contract was marked up by Rs. 7.62 to Rs. 166.87. Madras small rose by Re. 1.37 to Rs. 33.87. Oil commercial closed higher at Rs. 14.25, as against Rs. 13.60.

Linseed March 1962 moved up from Rs. 38.81 to Rs. 39.81, before closing at Rs. 39.62. Bold ready put on 25 nP to Rs. 44. Linseed oil hardened by 10 nP to Rs. 18.30.

Cottonseed January 1962 contract rose by Rs. 2.75 to Rs. 106.50. Both Berars and whites picked up 50 nP to Rs. 20.

The following table shows the closing prices of oilseeds and oils on Wednesday, 6th December, as compared with those of the two previous weeks:

	6-12-1961	29-11-1961	22-11-1961
	Rs.	Rs.	Rs.
Groundnut			
January 1962	—	210.75	211.12
Nizam bold	48.25	44.50	45.25
Khandesh quality	48.75	44.62	44.75
Oil ex-mill ready*	20.25	18.80	18.80
Railway receipts*	20.15	18.60	18.60
Oil January 1962	—	17.90	17.35
Castorseed			
March 1962	166.87	159.25	161.62
Ready Madras	33.87	32.50	32.75
Ready Kanpur	32.75	31.37	31.50
Oil B.S.S.†	14.90	14.10	14.30
Oil commercial†	14.25	13.60	13.70
Linseed			
March 1962	39.62	38.81	38.97
Bold ready	44.00	43.75	44.50
Oil ready†	18.30	18.20	18.10
Cottonseed			
January 1962	106.50	103.75	106.25
Niger seed	40.00	38.50	38.50
Kardi seed	24.00	23.00	23.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PLAIN TEAS DECLINE

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *28th November*

Offerings aggregated 586,000 kgs. in export sale No. 48 held today. Quality was generally slightly inferior to last. There was only a fair demand at lower rates which slackened as the sale progressed. Low medium and medium brokens were a weak feature and the majority had to be withdrawn; where sold, there was a drop of 40/60 nP per kilo. Similar fannings, however, sold readily but were easier by 20/40 nP. Plain teas declined by fully 30 nP per kilo. Good mediums met useful support although following the easier trend of the market. Their brokens generally realised better prices than equivalent fannings. Highgrowns were again keenly competed for although at generally lower rates following the decline in quality. Black leaf teas met useful demand although they too followed the easier trend. Whole leaf grades sold readily and quite well. Unorthodox brokens were a weak feature but more enquiry was seen for fannings grades in these categories.

The quotations (per kg.) were:

	1961	1960
	Rs.	Rs.
Low mediums	3.00/3.30	4.60/4.95
Mediums	3.25/3.80	4.95/5.35
Good mediums	4.00/4.50	5.35/5.75
Nilgiri B.O.P.	5.00	7.60

The average price realised in sale No. 48 was Rs. 4.05 per kilo, as compared with Rs. 4.14 a week ago and Rs. 5.28 in the corresponding sale last year.

Offerings amounted to 342,000 kgs. in dust sale No. 48 held on Thursday, 30th inst. The market opened to a fair demand but again it slackened towards the close. Medium and low mediums descriptions opened at about last week's closing rates but as the sale progressed, prices registered a considerable decline and at the close many of these teas had to be withdrawn without bid. Better mediums, if of a clean appearance, sold readily and though a little easier at the opening, at the later stages declined by 20/30 nP. Residuals met only limited inquiry and generally followed a lower trend. Highgrowns were the one strong feature, meeting active demand and selling at fully firm rates. Unorthodox types met less demand and were lower by 30 nP per kilo.

The average price realised in dust sale No. 48 was Rs. 3.68 per kilo, as compared with Rs. 3.78 a week ago and Rs. 4.85 in the corresponding sale last year.

Colombo: Approximately 6½ million pounds were offered this week. The market opened to a fair general demand although prices for mediums and the plainer highgrowns were lower by 10/20 cents per lb. Useful highgrowns, however, were fully firm whilst the best sold at dearer rates. Lowgrowns were irregular but about steady.

London: North Indian and other growths: In Monday's sale, demand was selective and prices were generally lower following quality. Thin, plain descriptions were the weakest feature and often withdrawn. Plain broken pekoe is quoted 3d. to 1d.

Ceylon and South Indians: In Tuesday's sale a total of 21,553 packages was on offer of which 6,382 originated from South India. Of the Ceylons on offer all the better liquoring high and mediums varieties were fully firm. Plain liquoring descriptions were however ½d. to 2d. lower. Useful liquoring South Indians were about steady but others were irregular and generally lower.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale* 49: 549,000 kgs. offered. Better general demand. Plain and low medium brokens irregularly, 20 to 25 nP lower. Similar fannings 30 to 40 nP, mediums and good mediums firm. Highgrowns steady. Unorthodox, better demand at improved prices. Plainest weakest feature."

TEAS IMPROVE

(From Our Own Correspondent)

CALCUTTA, *5th December*

There was fair general demand for tea during the export sale held yesterday as well in the internal auctions held last week. Good quality teas realised higher prices. A remarkable event of the week was the celebration of the centenary of the Calcutta tea auction in the presence of the Prime Minister on Saturday. Altogether seven lots of donated tea were auctioned, and the entire proceeds were given to the Prime Minister's National Relief Fund. Each of the successful bidders received a silver replica of a tea chest from Mr. Nehru. The first lot of six chests of Assam tea, broken orange pekoe fetched Rs. 5,000. Bids soon followed, and the winning bid was for Rs. 35,000. Each of the seven lots contained six chests, and the bids—painless as the Prime Minister subsequently explained—were completed within 20 minutes, the total collections mounting to the high figure of Rs. 1,38,000. The trade's target of the donation is Rs. 3,00,000, and it is proposed to raise the balance of Rs. 1,62,000 from a special charity auction scheduled to take place on the 18th inst.

Welcoming the Prime Minister, Mr. G. A. Whitaker, Chairman of the Calcutta Tea Traders Association, said that it was his pride to record that the industry in India had over the years become not only the largest producer and exporter of tea in the world but also one of the largest earners of foreign exchange in the country. Mr. Nehru was throughout in an exceptionally jubilant mood, and he said that, although to his mind there was no authentic historical account of the discovery of tea, the romance of tea was as fascinating as civilisation itself. He thought that it was one Marco Polo who introduced tea in Europe from China.

Dusts on offer in the internal sale held last week amounted to 25,169 packages. There was strong demand, and prices improved. C.T.Cs were a strong feature and prices gained 20 to 30 nP over previous rates. Fibrous teas were also firm. Non-wither legg-cut teas were in better demand and, therefore, dearer. The plainer teas were, however, irregular. Plain orthodox teas eased by 10 nP, while better liquoring teas were fully firm. The quotations per 1 kg. inclusive of of excise duty were: good Assam C.T.C. dust Rs. 6.30 to Rs. 6.70; medium Assam C.T.C. Rs. 5.70 to Rs. 6.00; legg-cut dust Rs. 4.30 to Rs. 4.70; medium Assam dust Rs. 4.00 to Rs. 4.20; and plain orthodox dust Rs. 3.70 to Rs. 4.00.

Leaf on offer amounting to 380 chests were irregular.

Offerings during yesterday's export sale amounted to 71,957 packages. Increased demand was in evidence for all varieties, barring the plainest and more fibrous orthodox teas. Legg-cut Dooars gained 10 nP. Firm prices were realised by best liquoring C.T.Cs, the medium C.T.Cs being dearer. Among the medium C.T.Cs, fannings met with keener competition than brokens. An irregular trend was recorded by off-grade C.T.Cs, but those possessing useful liquors were steadier. Plain brokens were also irregular and the decline ranged between 10 and 20 nP, while similar fannings recorded small gains. Darjeelings were on larger demand, but the rates were irregular with the best lots being dearer. Tippy teas met with ready buyers. Orthodox Assam brokens eased. However, similar fannings met with competition. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 5.00 to Rs. 5.50; best Assam C.T.C. B.P. Rs. 5.00 to Rs. 5.40; medium Assam C.T.C. fannings Rs. 4.40 to Rs. 4.70; medium Assam C.T.C. B.P. Rs. 4.30 to Rs. 4.60; plain fannings Rs. 3.45 to Rs. 3.65; clean plain pekoe Rs. 3.65 to Rs. 3.75; and plain B.P. Rs. 3.40 to Rs. 3.50.

METALS QUIET

(From Our Own Correspondent)

CALCUTTA, *5th December*

Quiet conditions were in evidence in the local metal market during the week under review. The rapid fall in the price of tin on the London Metal Exchange in recent weeks raised posers if actually tin was in short supply in relation to world demand as was believed in recent months when tin shot up to a high level within a short spell of time. Stocks in official warehouses in the United Kingdom continue to be lower, as compared to this time

of last year. In the face of this factor, the only explanation that market circles could put forward for the fall in the London quotation was the fall in consumption in the U.K. and U.S. It was at the same time reported that stocks with the industry in the U.S. had risen. The lack of response to recent offers of the Government Services Administration in the U.S. was also cited as one of the causes for the fall in the world quotation. Tin in London opened at £952 a ton, as against the closing of the previous week at £960, and rapidly declined to £947 to recover to £955. The recovery followed buying support at the lower level. Locally, stocks were tight, and the price was unchanged but firm at Rs. 1,505.75 per 100 kgs. Forward metal commanded a premium. In London, copper opened at £228½ a ton and, after easing to £227½ on the reappearance of the contango, recovered to close at £228. Although demand for copper scrap in Calcutta was lower, shortage forced up the price of utensil scrap from Rs. 450.00 per 100 kgs. to Rs. 464. Berry scrap was, however, a few points lower at Rs. 511.75. Market circles noted with enthusiasm the report of the possibility of a fresh U.S. loan to India of $50 to $75 million to finance purchase of non-ferrous metals abroad. Virgin lead was unchanged at Rs. 128 per 100 kgs. Demand was slack. In London, lead closed lower on balance, at £60¼ a ton after opening at £61¼. Electrolytic zinc opened at Rs. 257.75 per 100 kgs. and eased to Rs. 250 to recover to Rs. 254. Demand was poor, and consumers were bidding for time. In London, the quotation closed at £70½ a ton after opening at £71.

GOOD EXPORT DEMAND FOR JUTE GOODS

(From Our Own Correspondent)

CALCUTTA, *5th December*

Following greater interest shown by mills during the week under review, fibre prices were maintained at what are now considered the minimum prices, that is, Rs. 30 a maund basis Assam bottoms, while there were reports from mofussil districts that prices realised were lower than the minimum rates. Agency business and jetty deals were also lower than the minimum levels. Alarmistic reports of desperate sales by cultivators at far below these rates were also received and, according to one report, the price realised in one of the largest jute growing areas of Tripura, namely, Kalyanpur, was Rs. 9 a maund. Apprehending a general fall, both the Indian Jute Mills Association and the East India Jute and Hessian Exchange took prompt measures with a view to maintaining the minimum prices. That these levels were maintained in Calcutta despite the aforesaid alarmistic reports from mofussil areas, perhaps greatly exaggerated, should be attributed to the steps taken by these two bodies. In accordance with the recommendations of the Forward Markets Commission, the E.I.J.H.E., by an order dated 24th November, fixed minimum prices for T.S.D. as well as hedge contracts, basis Rs. 30 a maund Assam bottoms.

The step taken by the I.J.M.A. was the reconstitution of the Jute Quota Sub-committee in order to lay down minimum quotas of jute to be purchased by mills. Hitherto, the Committee had prescribed maximum quotas during the period of shortage. This measure, which is meant to accelerate purchases by mills, clearly shows that the I.J.M.A. stands by its assurance given to the Government of India that it would not allow fibre prices to fall below the minimum levels. The Association hopes that the non-member mills will also increase their purchases. The mills are hard-pressed for finance, as the losses incurred in recent months have been considerable. Trade circles agree with the I.J.M.A. that, in order to enable mills to build fibre stocks, larger credit facilities should be made available to mills from banks.

Fibre arrivals showed rapid increase during the week, though quality left much to be desired. Good quality fibre commanded a premium. Trade circles pointed out that, if only purchases were done more rapidly than at present, cultivators would be encouraged to grow as much fibre in the next season as the present. Quality must be improved, and it should be noted that high prices in the last year led to indifference to quality.

In the goods market, prices registered a smart recovery. Greater interest was shown by export buyers. It is essential that prices of goods should not also be allowed to fall. For, at current levels of prices for fibre and goods, simultaneous business is showing a small profit. The I.J.M.A., in taking action to ensure increased fibre purchases by mills, had stressed that, when simultaneous business would lead to losses, the Association would take prompt and effective action. Reports of U.S. interest in hessian pushed up prices. Earlier in the week, there was the news that burlap consumption in the U.S. during October at 65 million yards was one million yards higher than in the previous month. However, it was noted that this figure constituted a new low for October. September consumption was also a new low for that month. The monthly average so far is only 64 million yards, as against 71 million yards in the comparative previous ten months. The fact that U.S. consumption has failed to rise in spite of increased industrial activity shows that bulk handling methods have come to stay. Burlap stocks at the end of October in the U.S. rose by 3 million yards to 206 million yards and they fell by 26 million yards as compared with the stocks a year ago.

There was the realisation in market circles that, if the bumper crop were to be absorbed by mills in their entirety, mills should increase production further. This could only follow greater purchases for export. In this connection, attention was drawn to Mr. Stenhouse's presidential address at the annual meeting of the Associated Chambers of Commerce and Industry held here on Saturday last. For Mr. Stenhouse said that, by the very nature of conditions for jute goods in world markets, any scope for expansion of exports must be limited. But he stressed that it was essential that India maintained the present markets for goods, and that this could be done only if the jute industry were helped and encouraged to modernise.

On Tuesday last, ready hessian 40" 10 oz. hardened from Rs. 50.00 to Rs. 51.00. This preceded fair business done with the U.S. There was covering business in both sacking and hessian and, in the futures market, February B. twills jumped from Rs. 118.80 to Rs. 120.60. Ready B. twills at Rs. 134.50 gained Rs. 2. This was followed on Wednesday by deals with Australia in woolpacks against shipment in February and May. This led ready B. twills to rise to Rs. 138. In sympathy, hessian 40" 10 oz. rose to Rs. 51.75. There was again covering business on Thursday in ready delivery goods. This resulted in B. twills being pushed up to Rs. 140 and hessian 40" 10 oz. to Rs. 52. Although covering business on Friday was limited, hessian 40" 10 oz. scored to Rs. 53. This was due to the premium commanded by good quality fibre fit for hessian manufacture. On the other hand, B. twills eased to Rs. 139. Over the week-end, there was greater covering business done, and also activity in the futures market was keen. As a result, ready B. twills gained to Rs. 140.50 and hessian 40" 10 oz. to Rs. 53.25. Although earlier yesterday conditions were easier, prices recovered subsequently, following keener activity in the futures market, with hessian 40" 10 oz. finding its move upto Rs. 54.50. Covering business was done on a fair scale. B. twills, however, closed lower at Rs. 139.00.

Mills accorded greater support to the fibre market, and prices were maintained throughout at Rs. 30 per maund for Assam bottoms, at Rs. 32 for daissee bottoms and at Rs. 29.50 for northern bottoms, all November-December delivery. Mesta commanded a premium of 50 nP over the minimum price. Increased support from bulls pushed up the above rates by 50 nP per maund.

TATA CHEMICALS TO ACQUIRE BOMBAY MINERAL SUPPLY CO., LTD.

The Tata Chemicals Ltd. is negotiating for purchase of the Bombay Mineral Supply Company which owns extensive bauxite deposits in Saurashtra. This was disclosed by Mr. J. R. D. Tata, Chairman of Tata Chemicals, in his speech at the annual meeting of the Company held at Bombay on the 1st inst. The proposal provides for the acquisition of this Company in exchange for 520,000 Tata Chemicals' shares to be issued at par to the owners of that Company. This is subject to the management of Tata Chemicals satisfying itself with regard to the quantity and quality of bauxite available in the deposits and also to ensuring that these deposits are capable of being profitably exploited.

Mr. Tata also mentioned that tentative and exploratory discussions had taken place between Tata Chemicals and the Bombay Burmah Trading Corporation regarding the formation of a partnership between the two companies for the acquisition of the Bombay Mineral Supply Company and the industrial exploitation of its bauxite deposits. Further consideration of this matter has been deferred until the deposits have been proved and the Tata Chemicals has secured a preliminary technical-cum-economic survey of the industrial potentialities of the project. These are expected to be available in two to three months.

FRESH CAPITAL ISSUES SANCTIONED

The following companies have been granted consent for issue of capital by the Controller of Capital Issues:

ACC-Vickers-Babcock (Bombay)

Issue of debentures of the total value of Rs. 6.65 crores in units of Rs. 10 lakhs each for cash at par. The First and Second Mortgage debentures of Rs. 3.30 crores (redeemable after 10 years) and Rs. 1.33 crore (redeemable between 7-10 years) will bear a rate of interest of 6 per cent per annum, while the third series of the value of Rs. 2.02 crores will carry a rate of 7 per cent per annum and will be redeemable after 20 years. The proceeds will be utilised for the Company's project of manufacturing cement-making, coal-mining and other general machinery and complete range of steam raising plant.

Heavy Electricals Ltd. (Bhopal)

Issue further capital of Rs. 1.67 crore in equity shares of Rs. 1,000 each, for cash at par.

Hindustan Photo Films (Madras)

Wholly owned by the Central Government engaged in the manufacture of raw films for cinema industry, X-ray and roll films and photographic paper. Issue capital of Rs. 45 lakhs in equity shares of Rs. 1,000 each to be subscribed by the Central Government for cash at par.

Bolani Ores (Calcutta)

The Company is engaged in the business of raising and supplying iron ore and other allied minerals to the Steel Works sponsored by the Government of India. Issue of capital of Rs. 30 lakhs in 30,000 equity shares of Rs. 100 each for cash at par. The share capital is held by Government of India and the Orissa Mineral Development Company Limited. The existing paid-up capital is Rs. 70 lakhs.

Preferred everywhere for top quality...

ABDULLA
NUMBER SEVEN
CIGARETTES
Rs. 4.50 for 50 • Rs. 0.90 for 10

G PAY-6

LABOUR

(Concluded from page 1099)

vestments under the head, as at the end of March 1961, to Rs. 90.71 crores, including securities worth Rs. 13.57 crores received as past accumulations from covered establishments. The percentage yield from the total investments worked out to 3.81 per cent per annum. Investment in Central Government securities by exempted establishments amounted to Rs. 17.80 crores during the year, bringing the total investment under this head, as at the end of March 1961, to Rs. 110.82 crores. Besides this, the Fund had Rs. 2.92 crores in other securities and Rs. 0.57 crore invested elsewhere.

Thus, the total provident fund investments in respect of exempted and unexempted establishments covered by the Act aggregated Rs. 201.53 crores. The report does not give data regarding coverage, membership or investments of provident funds in establishments which, though not required under law to have provident fund schemes, have voluntarily framed schemes for the benefit of employees. Banks, insurance companies and other commercial concerns are among the foremost establishments having such provident fund schemes. The contributions of such establishments to the total provident fund investments in Government securities must surely be considerable. If data regarding provident fund collections and investments of all these establishments also are gathered and included in the annual report of the Central Provident Fund Commissioner, one will get an idea of the contributions that all provident funds make to the total savings in the country. The Commissioner has, of course, no power now to collect such information. But there is no reason why he should not be given the necessary power, in the interest of filling up a serious gap in a branch of vital economic statistics.

DELHI LETTER

(Concluded from page 1082)

that the same commodity may be treated differently under the common external tariff of the Six according to its origin. Mr. Heath has canvassed two solutions: (1) association for certain countries, especially the less developed members of the Commonwealth and dependent territories, on the same terms as those now offered to the associated overseas countries of the Six; and (2) duty-free entry into the U.K. market alone for others, following the precedent established by the Six in respect of Morocco and Surinam. He has placed solutions on a commodity-wise basis last in his list, though this may be the one most favoured by India. Except for this reverse order of priority, there seems nothing wrong with his approach. It is, however, believed that the Six favour the commodity-wise approach, so that this priority may be less harmful than it appears at first sight and the prospects are not altogether dim.

India is mainly concerned with the treatment accorded to tropical products and manufactures. For the first, Mr. Heath has pleaded for duty-free entry into the U.K. market alone, with other arrangements in the rest of the Common Market to safeguard Commonwealth interests along with those of the associated territories, or in the alternative, a very low or zero duties in the common external tariff of the Six. This will apply to India's tea (and Ghana's cocoa). With regard to manufactures, he had nothing specific to suggest except to point out that the developing countries would be affected by the loss of preferences or the reverse preferences in favour of European manufacturers; but he added significantly that indefinite and unlimited continuation of free entry over the whole field might be incompatible with the development of the Common Market and that the method of reconciling the two considerations depended on how far manufactures could be dealt with under the Common Market arrangements for "association." This makes it quite clear that the advantage may go entirely to those who are willing to be associated and that those keeping out like India may suffer.

G.A.T.T.

It follows that India will have to take separate measures to safeguard her exports of manufactures to the extent possible. Though the Government has deputed Mr. K. B. Lall to Brussels for this purpose, the battle has to be fought also in Geneva in the G.A.T.T. forum. Mr. K. C. Reddy has complained that reciprocal reductions under G.A.T.T. are affecting the developing countries, pointing out that tariff concessions to industrial countries on their manufactures in exchange for reductions of duties on primary products is acting unfairly. He has also repeated the old plea for the reduction or abolition of fiscal levies on tropical products like tea. But, if more of new "associated" territories are to come into being under the ægis of the Common Market, enjoying new preferences prohibited by G.A.T.T., it is time to strengthen this line of attack. While regional customs unions and common markets may be justifiable forms of economic integration, they come in the way of world-wide multilateral trade when association, however tenuous, becomes the ground for practising discrimination.

The E.E.C. offer made some time ago in G.A.T.T. that all industrial countries should cut their tariffs by 20 per cent each year is promising; it is possible that, as development proceeds, the Common Market countries will realise that they may have to sacrifice some old industries now sheltered by tariffs, in order to divert capital and, more important, scarce labour, to other newer lines. In this view, the position regarding textiles may not in the long run be as bad as it now appears. However, in seeking such concessions, the developing countries may be required to forgo some of the taxes they levy on their exports of primary products; purely altruistic motives may be hard to find during such negotiations. Even the Herter-Clayton report to the U.S. Government calls for a 5 per cent cut in tariffs by the underdeveloped countries in exchange for abolition of tariffs on raw materials and a 10 per cent reduction on other imports by the developed countries.

The present situation calls for a vigilant watch on trends abroad and timely steps by the Government of India. Its ways of functioning, however, leave much to be desired; so far, there have been no indications of the special measures for export promotion which were reported to be under study; the current session of Parliament will be ending soon without transacting the business originally scheduled and there is little likelihood of the introduction of special legislation to promote exports indicated earlier. A committee appointed to study the scope for tax incentives has made a report but another committee is engaged in scrutinising it. Much time is lost in this process; nor have decisions been announced as a result of another study, commodity by commodity, of the chances of export promotion mentioned by the Commerce Minister at the last meeting of the Export Council.

BANKING

(Concluded from page 1084)

The simplest way for the Treasury to save on silver is gradually to withdraw silver certificates, freeing silver bullion for use in subsidiary coinage. Under present law, certificates in denominations of $5 and higher can be replaced in circulation by Federal Reserve notes. Further huge amounts of silver are tied up behind $1 bills. These can be replaced by Federal Reserve notes if Congress accepts the President's recommendation and authorises the Federal Reserve Banks to issue notes in the $1 denomination.

With all our silver treasure, there is no need to follow the example of some other countries which have totally demonetised silver and swung over to cheaper metals for all coins. We can afford to keep silver in subsidiary coinage.

It is clear, from the most competent estimates available, that the world's silver production can be fully absorbed by industry and the arts. It should be clear, also, that satisfaction of these growing needs should have a prior claim on new supplies. Gold has the primary function of serving as a reserve behind currencies. Silver, long ago displaced from this position, has earned a critically important place as an industrial commodity, with its rare properties of non-corrosiveness and conductivity. People may not realise that they are consuming silver, in nitrate form, when they take pictures. Applications in electricity, electronics, and missiles are essential and growing.

Silver purchase legislation in the United States has had purposes of enlarging the money supply and raising prices for the benefit of producers. Whatever could be said for the programmes in generations past, they are assuredly inappropriate in a world that wants price stability rather than price inflation. The opportune moment arrived when, with a minimum impact on silver prices, the Treasury was able to drop out and let the free market do the job of equating supply and demand.

Bills have been repeatedly introduced in Congress—though never before with the endorsement of the Administration—to repeal the existing silver purchase legislation, including the special 50 per cent tax on profits from market transactions in silver imposed under the Silver Purchase Act of 1934 to discourage speculation in the metal. This tax, which has never brought in any significant revenue, will have to be abolished if we want to have a market for silver comparable in efficiency to those for other commodities.

As Mr. F. H. Wemple, Treasurer of Handy and Harman, noted in a recent address:

"It is, of course, quite natural that consumers want lower prices while producers want higher prices for silver. This is true of all commodities, not just silver. The best place to resolve these differences of opinion is the market place, not the Government. We have seen again and again in the past the unhappy results of Government interference into the workings of commodity markets. Policies undertaken in an effort to aid one segment of our economy are usually damaging to other segments, and frequently fail to provide lasting help to those for whose benefit they are designed.

"I have read in the Press and have been told directly that many producer interests are in favour of a free market for silver. We also advocate a free market. Therefore, it seems to me that it is time for all of us to cast our vote for a truly free market for silver...."

WORLD BANK LOAN FOR JAPANESE EXPRESSWAY

The World Bank has granted a loan equivalent to $40 million to assist in financing the completion of the express highway being built between Kobe and Nagoya in Japan. A Bank loan of $40 million was made in March 1960 for a 45-mile section of the Expressway and the latest loan will be used to complete the Expressway over its entire planned length of 115 miles. The Bank loan is for a term of 23 years and bears interest of 5¾ per cent per annum, including the 1 per cent commission which is allocated to the Bank's special reserve. Amortisation will begin in January 1965. The loan is guaranteed by the Government of Japan.

MARKET GOSSIP

(Concluded from page 1075)

crucial importance. Both in principle and on paper, this type of automatic margins appears to be sound. It is, however, possible that, in actual working, it may reveal some drawbacks. But they can be rectified after a period of trial. The most important thing is to bring it into operation first. And this has been done now.

Cotton Futures Near Ceiling

The sharp spurt in cotton futures on Wednesday, by as much as Rs. 14 per three quintals, illustrates the futility of margins to curb rise in prices in the context of a tight supply position. The Jarilla March contract, which was hovering round Rs. 665.50, beyond which it attracts margin at the rate of Rs. 120 per bale, was pushed up yesterday to a high of Rs. 677. Neither the stringent margin nor reports of requisitioning of cotton in many areas could prevent the onward march of the contract. The latest crop estimates show that the crop will be much lower than earlier assessments; thus the size of the crop is now placed at 4.65 million bales, as against 4.90 million bales anticipated a month ago. This development, coupled with keen mill demand for ready cotton and reports that the prospects for large-scale imports of foreign cotton were not bright because of foreign exchange difficulties, on the one hand, and shortage of supplies abroad, especially in the U.S., on the other, gave a bullish twist to the market. The Jarilla March contract firmed up by as much as Rs. 14 from the opening level of Rs. 663 to Rs. 677, the highest level touched so far and only Rs. 16 below the statutory ceiling of Rs. 693. The contract is fast heading towards the ceiling and, if there is no further intervention by the authorities, it is a safe bet that it will advance past the ceiling. The fact that futures prices have nearly reached the ceiling in less than four months after the commencement of the season underlines the disturbing position in respect of cotton supplies. Unless, therefore, immediate steps are taken to make good the deficiency in domestic supplies by imports, a repetition of the 1959-60 experience would become unavoidable.

The suggestion, now being actively canvassed in some quarters, to commence trading in August (1962) settlement should, therefore, be examined in the light of the prevailing circumstances. Although the Forward Markets Commission has not yet been approached for official permission, the Board of the East India Cotton Association, Bombay, is reported to be considering the question. It is suggested in some quarters that, in view of the tight supply position, the May (1962) settlement may be skipped and trading be started in August (1962) settlement. One of the reasons advanced in support of the plea for permitting trading in such a distant settlement is that the presence of a second contract will ease the pressure on the current settlement by facilitating transfers to that settlement. But many wonder whether, with the supply position being what it is, it is advisable to introduce another contract when the fate of the present one itself is uncertain. It is, however, sheer waste of time to wonder at all, for there is simply no need for a hedge market in cotton.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 1st Dec., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	53,41,80,000
(2) Other Governments	15,34,10,000
(b) Banks	73,16,45,000
(c) Others	147,02,68,000
Bills Payable	23,08,31,000
Other Liabilities	37,13,68,000
Rupees	495,17,02,000

ASSETS	Rs.
Notes	9,37,58,000
Rupee Coin	4,04,000
Subsidiary Coin	2,29,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	19,76,12,000
Balances held abroad*	28,82,01,000
Loans and Advances to Governments†	66,17,14,000
Other Loans and Advances	131,02,82,000
Investments	214,63,08,000
Other Assets	25,31,94,000
Rupees	495,17,02,000

*Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 20,00,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	9,37,58,000	
Notes in circulation	1908,41,84,000	
Total Notes issued	....	1917,79,42,000
Total Liabilities	....	1917,79,42,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	....	
Foreign Securities	116,86,07,000	
Total of A		234,62,10,000
B. Rupee Coin		124,33,74,000
Government of India Rupee Securities		1568,83,58,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1917,79,42,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	1st Sept 1939 (pre-war)	24th Nov., 1961	17th Nov., 1961	A month ago*	A year ago R
RESERVE BANK					
Issue Department					
Notes in circulation	173.87	1902.07	1920.42	1882.25	1810.97
Notes held in Banking Department	35.05	15.44	16.22	88.48	22.65
Foreign Securities	89.50	116.86	116.86	116.86	123.01
Rupee Securities	37.89	1558.84	1578.84	1558.86	1462.06
Banking Department					
Deposits of:					
Government of India	14.89	49.39	62.50	64.78	67.35
Other Governments	..	22.14	11.18	20.38	10.32
Balances held abroad	10.06	23.98	24.58	28.33	16.96
SCHEDULED BANKS					
Demand Liabilities	124.36	852.15 (23.59)†	841.97 (20.20)†	852.67 (20.59)†	798.54 (26.32)†
Time Liabilities	102.24	1148.38 (20.70)†	1145.68 (19.40)†	1140.24 (20.53)†	1041.86 (17.72)†
Borrowings from Reserve Bank	..	2.32 (0.25)‡	4.92 (2.21)‡	6.40 (2.51)‡	12.29 (4.27)‡
Borrowings from State Bank	..	17.93	17.57	18.67	8.94
Cash in India	6.70	48.87	50.71	50.53	45.46
Balance with Reserve Bank	25.17	79.81	76.69	81.41	90.96
Balances with other banks in current account in India	..	16.41	15.96	15.58	16.84
Money at call and short notice in India	..	51.13	45.61	46.43	38.94
Investments (at book value)	..	618.68	607.16	424.98	684.82
Advances and bills	105.9	1233.79	1236.73	1235.14	1106.98
STATE BANK					
Deposits	37.76	529.02	527.62	531.09	571.76
Investments	81.99	271.88	269.87	275.59	243.66
Advances	30.25	240.90	242.19	238.84	207.99
Cash	14.69	23.57	27.70	30.67	31.55

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	24th Aug., 1961	5	4½
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	..	2
Canada †	..	2.85	2.82
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	4.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	Jan., 1950	4	3.50
Finland	Mar., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1957	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5.31
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1958	5.50	4.50
Pakistan	14th Jan., 1959	5	6
Peru	Nov., 1950	6.00	9.50
Philippines	Nov., 1949	5.75	5.00
Portugal	12th Jan., 1944	..	3
South Africa	7th Dec., 1961	5	4.50
Spain	11th April, 1960	6.25	5.75
Sweden	15th Jan., 1960	4.50	4
Switzerland	30th Feb., 1960	2.50	3
Thailand	Feb., 1945	..	7
Turkey	9th June, 1961	4.50	7
United Kingdom	2nd Nov., 1961	5.50	6
U.S.S.R	1st July, 1958	2	4
U.S.A	2nd Dec., 1961	3	4
Yugoslavia	4th May, 1961	5.50	6

Bank Rate in Canada is nominal. Percentage in force with Treasury Bill Rate, the highest available rate is shown here, as compared with that of the preceding week.

State Bank of India

Statement of Affairs for the week ended 1st Dec., 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		532,05,01,000
Borrowings from Other Banking Companies, Agents, etc.		96,00,000
Bills Payable		9,14,27,000
Bills for Collection being Bills receivable as per contra		2,87,31,000
Acceptances, Endorsements and Other Obligations per contra		77,90,000
Other Liabilities (including Inter-Office Adjustments)		19,51,91,000
Total .. Rs.		578,39,90,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		19,47,89,000
Balances with other Banks		3,85,30,000
Money at Call and Short Notice		1,46,67,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	266,34,07,000	
Other Authorised Investments	9,33,98,000	
		275,67,95,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	227,64,65,000	
Bills Discounted and Purchased	16,18,27,000	
		243,82,92,000
Bills Receivable being Bills for Collection as per contra		2,87,31,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		77,90,000
Premises less Depreciation		1,77,09,000
Furniture and Fixtures less Depreciation		1,37,04,000
Other Assets (including Inter-Office Adjustments)		27,29,83,000
Total .. Rs.		578,39,90,000

Scheduled Banks*

Statement of Affairs for the week ended 24th November 1961

		Rs. (Thousands)
(i) Demand Liabilities in India		
(a) Demand Deposits—		
(1) From banks		50,17,18
(2) From others		724,97,57
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		23,58,76
(c) Other demand liabilities		53,41,54
(ii) Time Liabilities in India		
(a) Time Deposits—		
(1) From banks		18,67,07
(2) From others		1085,11,71
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		20,09,67
(c) Other time liabilities		28,83,77
(iii) Borrowings in India from the State Bank of India and/or notified banks:		
(a) Demand liabilities		7,86,55
(b) Time liabilities		10,06,84
(iv) Borrowings in India from the Reserve Bank of India (A)		2,32,35 (25,08)
(v) Cash in India		48,86,79
(vi) Balances with the Reserve Bank in India		79,81,47
(vii) Balances with Other Banks in Current Account in India		16,41,88
(viii) Money at call and short notice in India		51,13,35
(ix) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations		618,67,75
(x) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)		1031,12,82
(b) Due from Banks in India		11,06,48
(xi) Inland Bills purchased and discounted in India.		142,85,54
(xii) Foreign Bills purchased and discounted in India		48,74,15
(xiii) Total of items (x), (xi) and (xii)		1233,78,99

Notes :—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

EXCHANGE RATES

	6th December 1961	29th November 1961
Bombay on London—		
Sellers T.T. D.D. Spot	1-5 11/32 s.	1-5 11/32
Sellers T. T. D.D. upto six months	1-5 11/32 s.	1-5 11/32
Buyers T.T. spot to nine months	1-6 s.	1-6 s.
Buyers T.T. 10 to 12 months	1-6 s.	1-6 s.
Bombay on New York—		
Sellers T.T. D.D.	Rs. 476.00	475.50
Buyers T.T.	Rs. 472.50	472.00
London on New York	s. 2.8125-2.8128	2.8149-2.8151
London on Paris	Fcs. 13.7965-13.7983	13.8115-13.8135
London on Berne	Sw. Fcs. 12.1415-12.1435	12.1690-12.1710
New York on London	s. 281.250-281.280	281.490-281.520

CLEARING HOUSE RETURNS

Centre	Week ended 1st Dec., 1961		Week ended 24th Nov., 1961	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	4,31,114	96,76,00,000	4,22,760	97,60,56,000
Calcutta	2,19,000	88,80,00,000	2,12,000	76,80,00,000
Madras	1,02,811	14,08,82,419	96,088	13,98,91,561
All Centres—				
1958-59	45,172,000	97,67,15,06,000	..	..
1959-60	50,064,000	109,88,05,06,000	..	..
1960-61	54,472,000	125,19,16,09,000	..	..
Sept., 1960	4,313,000	971,59,00,000	..	..
July 1961	5,085,000	1,115,59,05,000	..	..
Aug., ,,	4,682,000	1,055,01,00,000	..	..
Sept., ,,	4,809,000	1,119,27,00,000	..	..

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 7th December 1961.

	Closing quotations 30-11-1961	High	Low	Closing quotations 7-12-1961
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	200.00	204.00	199.00	199.00
Apollo (2)	2.10	2.12	1.94	1.95
Baroda Rayon (100)	160.00	160.50	145.00	152.50
Bombay Dyeing (25)	67.50	68.00	64.80	66.30
Bradbury (50)	146.25	143.00	142.50	143.00
Central India (100)	131.50	132.00	125.00	129.00
Century Mills (100)	595.50	607.00	547.00	570.00
Coorla Sp. (100)	133.75	—	—	133.75
Dawn (50)	129.00	129.00	128.00	129.00
Edward Textile (200)	349.00	—	—	349.00
Elphinstone (50)	111.00	111.00	102.00	108.00
Finlay (100)	325.00	325.00	313.00	316.00
Gokak (100)	201.00	202.00	191.00	196.00
Gold Mohur (100)	285.00	—	—	285.00
Gwalior Rayon (10)	49.50	50.00	45.75	46.10
Ind. Untd. Defd. (1)	2.28	2.30	2.00	2.15
Ind. Untd. Ord. (10)	15.60	15.60	14.84	15.25
Indian Rayon (75)	96.00	98.50	88.00	92.00
Indore Malwa (100)	175.00	176.50	165.00	176.50
Khatau (100)	480.00	485.00	445.00	467.50
Kohinoor (100)	315.50	319.50	289.00	297.50
Lakahmi (250)	650.00	—	—	650.00
Mafatlal (100)	932.50	937.50	880.00	890.00
Minerva Mills (100)	73.50	73.50	72.50	72.50
Model Nagpur (250)	117.50	—	—	117.50
Morarji (100)	388.00	391.50	367.50	370.00
Mysore (50)	60.00	60.50	57.00	57.00
National Rayons (100)	574.50	588.00	520.00	547.50
New City (100)	155.00	160.00	156.00	157.00
New Great (100)	256.00	—	—	256.00
Phoenix (100)	174.00	175.00	172.50	173.50
Podar Mills (100)	148.00	149.00	136.00	141.00
Ram and Wool-len (100)	126.50	126.50	115.00	120.00
Sassoon Silk (10)	15.00	—	—	15.00
Sassoon Sp. (10)	69.80	69.80	66.00	66.00
Shrinivas (100)	297.80	279.00	273.00	284.00
Simplex (50)	163.00	164.00	159.00	162.00
Standard (100)	1,132.00	1,140.00	955.00	1,030.00
Svadeshi (100)	274.00	281.00	260.00	276.00
Swan (100)	645.00	645.00	590.00	615.00
S. I. Viscose (100)	180.00	181.50	167.00	172.00
Tata Mills (25)	71.50	72.00	68.50	71.00
Vishnu (100)	150.00	—	—	150.00
Western India (1,000)	3,725.00	—	—	3,725.00
BANKS				
Bank of India (50)	129.50	134.50	129.00	134.50
Do. (New) (50)	133.00	133.50	133.00	133.50
Bank of Baroda (50)	105.00	105.50	104.50	105.00
Central (25)	62.80	63.30	61 70	62.30
Central 'A' (25)	68.30	68.50	68.00	68.00
Dena Bank (50)	71.30	71.80	70.00	70.00
Punjab National (10)	20.64	20.64	20.52	20.52
Union Bank (5)	7.64	7.64	7.40	7.40
United Com. (50)	93.00	93.00	92.50	92.50
ELECTRIC COS.				
Ahmedabad (100)	92.50	92.80	90.80	91.70
Amalgamated (10)	10.56	—	—	10.56
Andhra Valley (1,000)	1,016.25	1,018.75	1,012.50	1,015.00
Bom. Sub. El. (100)	103.50	—	—	103.50
Surat (100)	97.00	97.80	97.00	97.50
Tata (100)	109.00	109.25	108.50	109.25
Tata Power (1,000)	1,090.00	1,090.00	1,080.00	1,082.50
INSURANCE COS.				
British India (10)	10.12	—	—	10.12
Calcutta Mercantile (50)	54.00	—	—	54.00
New India (15)	59.50	59.50	58.20	59.30
New India 'A' (15)	61.70	62.00	61.70	62.00
Vulcan (10)	16.68	17.00	16.48	16.66
STEEL COS.				
Ind. Iron (10)	25.50	25.60	23.52	24.04
Mukand Iron (10)	28.00	28.70	26.40	27.10
Tata Steel Ord. (75)	145.25	145.75	136.50	139.00
SUGAR COS.				
Belapur (50)	276.00	279.50	260.00	267.00
Bhopal (10)	23.76	—	—	23.76
Changdeo (12.50)	23.72	—	—	23.72
Phaltan (50)	128.00	127.50	122.00	123.00
Walchand Ind. (100)	167.00	167.00	162.50	164.50
CEMENT COS.				
Associated Cts. (100)	169.00	169.75	156.50	161.00
Digvijay (100)	203.00	203.00	188.00	196.00
Orissa (10)	16.00	16.08	14.84	15.60
MISCELLANEOUS				
Alcock Ashdown (100)	319.00	320.00	300.00	304.00
Bom. Burmah (125)	659.50xd	661.00	591.50	628.00
Do. (New) (50)	251.25xd	251.25	230.00	240.00
Br. Ry. Petrol (1 sh.)	1.30	1.32	1.18	1.20
Br. I. Corpo. (5)	9.00	9.64	9.00	9.48
Cooper Engg. (100)	194.00	194.00	170.00	180.00
Colour Chem. (100)	420.00	432.50	390.00	410.00
Hind Cycle (100)	110.00	110.00	107.00	107.00
Hindustan Lever (10)	58.00	58.00	55.20	55.20
Hindustan Motors (10)	20.96	21.04	19.20	19.68
I. C. & Invest. Corporation (100)	82.00	—	—	82.00
Indian Dyestuff (100)	460.00	457.50	418.75	440.00
Indian Copper (2 sh.)	4.92	4.92	4.66	4.74
Ind. Inv. Tr. (100)	75.50	75.50	74.00	74.00
Killicks (100)	95.50	95.50	92.00	93.50
Larsen & Toubro (10)	38.00	38.25	35.00	36.50
Mahindra & Mahindra (10)	19.76	19.76	18.76	19.00
New Central Jute (10)	19.00	—	—	19.00
Polson (100)	175.00	175.50	174.00	175.00
Pre. Automobiles (100)	168.25	164.00	150.00	154.50
Premier Con. (50)	198.50	194.00	181.00	186.00
Scindia (20)	12.92	13.08	12.44	12.68
G. E. Shipping (10)	13.16	13.16	12.76	12.84
Shivrajpur (10)	45.50	44.80	36.50	43.00
Sirpur Paper (10)	17.08	17.84	16.12	16.50
Tata Chemicals (10)	21.32	21.36	19.20	20.36
Tata Locomotive (100)	360.50	361.50	335.50	344.00
Tata Oil (25)	81.50	81.50	72.00	75.50
Texmaco (10)	21.75	21.76	19.76	19.76
Voltas (100)	309.50	312.00	280.00	293.00
W. I. Match (100)	301.00	301.50	290.00	296.00
W. Coast Paper (100)	180.00	181.00	168.00	171.00

GOVERNMENT SECURITIES	30-11-1961	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	7-12-1961
	Rs.			Rs.
2½% 1962	99.20	—	3.50	99.20
2½% 1963/65	98.50	—	4.23	98.25
3 % 1964	98.75	—	3.43	98.75
3 % 1963-65	98.75	3.68	3.84	98.75
3 % 1966-68	96.70	3.86	3.80	96.80
3 % 1970-75 1st Dev.	90.80	4.31	3.91	90.80
3 % 1986 Con. Loan	71.00	—	4.22*	71.05
3½% 1964 N.P. Loan	99.85	—	3.55	99.85
3½% 1965 N. P. Bonds	99.80	—	3.56	99.80
3½% 1962	99.90	—	3.88	99.90
3½% 1967 N.P. Bonds	98.85	—	3.70	98.95
3½% 1974	99.50	—	3.79	99.50
3½% 1967 N.P. Bonds	100.00	—	3.75	100.00
3½% 1969 Loan	98.85	—	3.76	98.85
3½% 1968	99.70	—	3.71	99.70
3½% 1968 N.P. Bonds	99.95	—	3.53	99.95
3½% 1966 N.P. Bonds	100.00	—	3.75	100.00
4 % 1972 Loan	100.50	—	3.96	100.90
4 % 1978 Loan	100.10	—	3.99	100.10
4 % 1979 Loan	99.80	—	4.00	99.90
4½% 1966 Bonds	99.70	—	3.87	99.70
4 % 1980 Loan	99.95	—	4.07	99.95
4 % 1981 Loan	98.50	—	4.11	98.50

* Current Income, xd—Ex-dividend, x.b.—Ex-Bonus.

COMMERCE

"For Commerce, though the child of Agriculture, fosters his parent Who else must sweat and toil and gain but scanty fare."
William Blake.

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U.S. APPROACH TO COMMON MARKET

THERE is no comparison between India and the U.S. in terms of their respective economic strength. So vast is the gap between the two. Yet, it will be instructive to study the U.S. approach to the economic integration of Western Europe which, as readers are aware, is now well under way following Britain's keen desire to be a member of the Common Market and the concerned possibility of liquidation of the E.F.T.A. Norway, Denmark and Ireland, it may be noted, have also decided to join the Common Market directly, while Sweden, Switzerland and Austria wish to be associate members; their reluctance to be full-fledged members stems from their anxiety to preserve their political neutrality. The U.S. is not perturbed by this "stunning evolution of West European economic unity," to quote President Kennedy's phrase, which may ultimately result in the birth of the United States of Europe. On the contrary, it is happy that its foresight and initiative to foster unity in Europe, as reflected in Marshall Aid in the initial years after the Second World War, have been fully rewarded and that a strong bulwark against international communism has come into being. We in India who are also interested in the preservation of democracy as a way of life all over the world should equally be gratified at this favourable turn in the history of mankind. There can be no doubt that developments that help democracy anywhere in the world have favourable implications to democratic India, too.

It is, however, from the economic angle that we have reasons for misgivings about the net result of the larger trade grouping now taking place in free Europe. Even here there have been some encouraging developments of late. Britain, as the leader of the Commonwealth, has repeatedly assured the rest of the Commonwealth members that it would do its best to ensure the safety of their interests. The full text of Mr. Edward Heath's speech at the Paris meeting in October last has helped remove doubts about the sincerity of this assurance. The U.S. also has extended a helping hand to India and the other underdeveloped countries in their efforts to secure reasonable safeguards for their export trade with Europe. It was principally responsible for getting a resolution passed at the recent G.A.T.T. Ministerial Conference for protecting the interests of underdeveloped countries. By accepting this resolution, the Commerce Ministers of Common Market countries have committed themselves to effect a satisfactory reconciliation of the interests of Commonwealth countries with those of their associated overseas territories in terms of G.A.T.T. principles and to provide greater opportunities for trade. This, however, does not mean that India has no problems left on this score or that it can relax its vigilance. On the contrary, there is still good need for quiet diplomacy and tactful persuasion by India for seeing that the acceptance of general principles is translated into action at an early date. All that it means is that this country need not suffer from the disquieting assumption that the move to extend the frontiers of Common Market to include the other West European nations is a retrograde step. There is further evidence for this conclusion in the speeches of U.S. President Kennedy last week to the National Association of Manufacturers at New York and the Convention of A.F.L.-C.I.O. at Florida.

The United States' economic stake in Europe is vast. One-third of its foreign trade is generally with Western Europe. Besides being the best market for its manufactures, Western Europe buys some $2,000 million worth of its agricultural commodities. The stage when the U.S. economy's dependence on foreign trade was only of modest proportion has been passed long ago. Today, with its gold reserves at well below the pre-war level and with a gap of about $4,000 million in its balance of payments position, mainly on account of its defence commitments and export of capital for investment abroad, the need for increasing its exports is as vital as it is to India. Further, the U.S., as the leader of the free world, "has obligations" to other countries, such as Japan and numerous underdeveloped nations like India whose bargaining powers with Western Europe are limited. The U.S. is thus vitally interested in making sure that the new "House of Europe" which it has helped to build does not become a closed market for outsiders and that the common tariff wall which its members propose to construct is not raised to such heights as to deter commerce from without. There is enough determination in the present U.S. Administration to see that this does not happen, for failure in its attempts will be disastrous to the free world as a whole.

How does the U.S. Administration propose to carry out this job? In the first place, it has welcomed Britain's move to join the Common Market and the consequence thereof to the E.F.T.A. It regards European economic unity as necessary for its own self-interest and progress. "With the accession of the U.K. and other European nations to quote President Kennedy, "the Common Market will have almost twice as many people as we (the U.S.) do—it will cover nations whose economies have been growing twice as fast as ours—and it will represent an area with a purchasing power which some day will rival our own. It could be—it should be—our biggest, our most reliable, our most profitable customer. Its consumer demands are growing—particularly for the type of goods we produce best—for American goods not previously sold and sometimes not even known in European markets today. It is a historic meeting of need and opportunity; at the very time we urgently need to increase our exports, to protect our balance of payments and pay for our troops abroad, a vast new market is rising across the Atlantic." Secondly, the U.S. Government proposes to enter into negotiations with the European countries for bulk tariff reduction through mutual agreement among all the industrial countries. Thirdly, the U.S. Government realises the need for offering incentives to the Common Market to reduce its external tariffs. The best incentive the U.S. can offer is to lower its own tariff wall further. Accordingly, Mr. Kennedy has proposed that the Reciprocal Trade Agreement Act of 1934 which has been kept alive by periodical renewals by the U.S. Congress and which is due to expire on 30th June 1962 should be replaced with a more flexible instrument of trade policy. Under this Act, which has been renewed eleven times, the U.S. Government has power to bargain with foreign Governments for lower tariffs. The renewal made in 1958 enabled the President to reduce tariffs only by 5 per cent a year for four years and that too by negotiating only item by item. Mr. Kennedy is of the view that "the approach and procedures provided for in that Act are totally irrelevant to the problems and opportunities" confronting the U.S. and that "its vitality is gone." Emphasising that a fresh approach is essential to keep pace with changing patterns in world trade, he asserts that "we can no longer haggle over item by item reductions with our principal trading partners." Defining more exactly his idea of a new trade policy for the U.S., he says:

"Let me make it clear that I am not proposing a unilateral lowering of our trade barriers. What I am proposing is a joint step on both sides of the Atlantic, aimed at benefiting not only the exporters of the countries concerned but the economies of all the countries of the free world. Led by the two great common markets of the Atlantic, trade barriers in all the industrial nations must be brought down. Surely, it will be said that the bold vision which produced the E.E.C. will fall short, if it merely transfers European protectionism from the national to the continental level."

Mr. Kennedy is conscious of the hurdles in the way of his proposal, what with the fact that 1962 is a Congressional election year. He will meet with stiff opposition from the protectionists who are still a big force to reckon with. But he is confident of winning the support of the Congress by educating the American public and has already launched a country-wide campaign. (Meanwhile, according to the latest report from New York, his officials are said to have been successful in reaching a tentative understanding with all the industrial countries, under the auspices of the G.A.T.T., for a 20 per cent reduction in tariffs on an "across-the-board basis." If this is true, it is an encouraging development, indeed.)

Finally, realising that the efficiency of American factories, services and farms should be of a high order in order to face increased competition, the U.S. President proposes to render appropriate help to all these sectors. A new export drive has already been launched. He intends to give as much incentive as possible to facilitate reinvestment in plant and machinery. He is appealing, impressively and passionately, to businessmen and workers in his country to refrain from pursuing policies and practices that will lead to inflation. He, for his part, has promised to present a balanced budget next month. It will thus be seen that the U.S. approach to the unprecedented integration movement in Europe is commendably realistic and constructive. If one can draw a lesson from it for India it is this. It is better to proceed on the assumption that the movement in Europe is inevitable and that it can do more good than harm. No purpose will be served by decrying it or by promoting competitive trade blocs. The assurances given by the leaders of Western countries should be accepted in good faith and efforts should be made to get them implemented by working with the U.S. and Britain. Unlike the U.S., India has not much room for offering tariff concessions, at least for some years to come. But prompt steps must be taken to remedy the defects in our economic policies—about which a lot has been said by this journal and others from time to time—and to improve the competitive capacity of its agricultural commodities and manufactured goods.

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INVESTMENT IN EDUCATION

THE U.S. Ambassador, John Kenneth Galbraith's address at the Rajasthan University's Convocation held on the 9th instant had three distinct merits which are usually not found in convocation addresses in India. Its first and greatest merit was brevity —quite appropriate to a convocation audience which, in Mr. Galbraith's own words, is not a "rewarding audience" from the point of view of undivided attention. Its second merit was the happy avoidance of philosophising and sermonising. And its third merit was the thought-stimulating manner in which a practical subject in everybody's mind was dealt with. With such merits, it is inconceivable that Mr. Galbraith's address could have been in vain even at the Convocation—like blowing with a conch into a deaf man's ears, to adapt a Tamil saying. In any case, it should have fallen on receptive ears in Government and planning circles. For Mr. Galbraith's theme which dealt with "the relation of education to economic development" was all too appropriate to the Indian context. As India, according to his studied observation, "has held, on the whole, to the lesson of the nineteenth century which is that education, or education abetted by honest and orderly government, comes first," its planners should have found his reasoning agreeable as well as flattering to them. He said:

"The fact is that education is of high importance both as an object of immediate consumption and as a form of investment for future production. It is neither consumption nor investment but both. To look at education as a form of consumption, given the importance that the developing country attaches to investment, is to risk assigning it an unduly low priority. Some new countries have almost certainly done so. They have regarded their steel mills, dams and fertiliser factories the tangible manifestation of such development. . . . However, I have a feeling that this mistake is by way of being corrected—and I hasten to say that it has never been nearly so serious an error in India as in the less developed lands."

But it would be a mistake for planners in this country to take this as an unqualified testimony to their sense of priorities, for Mr. Galbraith has finally doubted whether "any country has yet accepted *all* the implications of education as a form of development investment." Since, in his view, neither university students nor faculties have yet seen the full significance of their claim as a form of investment of scarce development resources, Mr. Galbraith has put the whole thing in its proper perspective. The notion of consumer sovereignty, if applied to education, would mean that the student has the right to study or not to study even as the consumer has the right to consume or not to consume. It might also mean that he has the right to pursue the curriculum of his choice—either humanities or sciences. But this notion of consumer sovereignty in its application to education would distort development in the less-developed countries where, instead, the student should be "the privileged object of the investment of scarce resources." Mr. Galbraith's emphatic view may well be quoted here:

> "Society has given him (the student) some of its savings. Surely he has a clear obligation to return to society the increased production that society expects and for which it has spent its scarce substance. The more scarce the resources, the greater this obligation. . . . If education is a form of investment, then planning of educational output becomes desirable and even imperative. Attention must be accorded to the distribution of talent between engineering, science, medicine, agriculture and other needed specialities."

Mr. Galbraith's reference to studies by Theodore Schultz in the United States is an additional confirmation of the practical wisdom of his approach to education. These studies have recently shown that outlays on education may bring large increases in production and that a dollar invested in the intellectual improvement of human beings will often bring a greater increase in national income than a dollar devoted to railways, dams, machine tools or other tangible capital goods. In agriculture, too, education becomes a highly productive form of investment, for, as Mr. Galbraith has so happily put it, nowhere in the world is there an illiterate peasantry that is progressive and nowhere is there a literate peasantry that is not. A developing country may, therefore, rightly regard its outlays for education as an investment. When so regarded, it becomes as purposeful as any other form of outlay of scarce capital resources. This is true particularly of democratic countries, for, as Thomas Jefferson once said, "if you expect a country to be ignorant and free, you expect what never was and never will be." It logically follows that such an investment must be judiciously allocated as between general education and technical education, between the arts and the sciences. What is specifically required in India is a curb on the general tendency to take arts degrees which are needlessly preferred even for clerical and relatively small administrative jobs in the public and private sectors. If the emphasis is shifted to the science courses in colleges and facilities and resources are allocated accordingly, more students are bound to take to them. They will then constitute a bigger reservoir of talent for still higher scientific and technical education. As of today, this country cannot claim to have adopted any rational planning of educational output in relation to economic development—the kind of planning preferred by Mr. Galbraith. Nor can it claim to have been wholly in the right by treating education all along as belonging to the third category of "social services," as distinct from the second category of "development services" and the first category of "security services."

TUBEWELL IRRIGATION

INDIA had known tubewell irrigation even before the first Plan started. But this mode of irrigation was not extensively in vogue, for, as many as 2,300 out of the 2,500 tubewells which were in operation prior to 1951 were concentrated in Uttar Pradesh. But the area—about a million acres—irrigated by all the tubewells was not inconsiderable, accounting as it did for about 2 per cent of the entire irrigated acreage in the country at that time. As the potentialities of this relatively minor system of irrigation were rated higher at the beginning of the first Plan, provision was made in that Plan for the construction of 2,650 tubewells under the Indo-U.S. Technical Co-operation Programme, 700 under the "grow-more-food" programme and 2,480 in the development plans of four States, namely, Bihar, Uttar Pradesh, Punjab (including P.E.P.S.U.) and Bombay. Actual performance under this programme was fairly good—with 2,286 tubewells completed under the Indo-US. Technical Co-operation Scheme, which was expanded in 1955 to include 350 additional tubewells, 93 under the grow-more-food schemes and 2,046 under the State Plans by the end of the first Plan, all at an estimated cost of about Rs. 24 crores. But only 3,525 newly constructed tubewells had been energised, that is, provided with electrical energy for their operation, till 1955-56. And the area irrigated from the new tubewells during the first Plan period also fell short of the original expectation of irrigation for 2 million acres.

The second Plan gave a further impetus to the tubewell programme. It was laid down in that Plan that a total outlay of about Rs. 20 crores be made for the construction of 3,580 new tubewells which could irrigate 900,000 acres on full development. Fairly satisfactory progress was registered in tubewell construction during that Plan period also. First, the first Plan's Indo-U.S. project was successfully completed and almost all the 3,000 tubewells under that project, involving an outlay of $18.7 million by way of dollar cost and Rs. 12.7 crores by way of rupee contribution by the Government of India, were energised by 1960-61. Secondly, out of the 350 tubewells of the 1954 G.M.F. Project to be constructed in U.P. and Punjab, 270 had been energised by 1960. Thirdly, the first Plan programme for U.P. was completed and the 1954 G.M.F. Project for the construction of 400 tubewells in Gujarat was nearly completed with the energisation of 366 of them. Fourthly, the second Plan's tubewell programme covering 1,500 tubewells in Uttar Pradesh alone also made substantial progress with the energisation of 630 units upto the end of 1960. Progress in other States, however, was much slower in so far as the second Plan's tubewell programme was concerned.

By far the most important fact relating to the tubewell programme during the first and second Plan periods is that, as of 1960, Uttar Pradesh had claimed the lion's share (two-thirds) of new tubewell construction. By that year, as many as 6,048 tubewells were in operation, as compared with 2,300 prior to 1951, in that State. Since Uttar Pradesh has had a much earlier start in this field and the ground water conditions in it have been extensively studied, it is not surprising that this State maintains its leading position, accounting for three-fourths of all the tubewells (about 8,100) currently in operation throughout the country. And it is, therefore, appropriate that State tubewells in Uttar Pradesh should have been recently studied by the Committee on Plan Projects.

The relevant report, just published by the Committee, is notable for its objective findings and constructive recommendations. The general findings of the report show that the 6,048 tubewells which were in operation in 1959-60 irrigated 1.9 million acres and recorded 14.2 million running hours in all. The area irrigated by an average well, involving an outlay of about Rs. 50,000, was 314 acres; the average running hours per well were 2,350. The specific findings pertaining to administration and management, financial aspects, construction and operation, irrigation performance and agricultural aspects make rather disquieting reading. The organisational set-up relating to the maintenance of tubewells and distribution of water is not what it should be, for there is not enough co-ordination among the officials of the Engineering Department and the Agriculture Department and the cultivators who need guidance in regard to crop patterns and efficient utilisation of tubewell water.

The most disquieting finding pertains to financial returns to the State Government from tubewells. Ever since 1946-47, there has been a continuous annual loss. The latest available figures are for 1958-59 and these are as under:

(Rs. lakhs)

Gross receipts Rs. 171; total working expenses Rs. 287; net revenue —Rs. 115; *simple interest* Rs. 101; and loss Rs. 217.

Even in respect of the older tubewells, numbering 2,256 which have been in operation since 1947, the cumulative return on capital has worked out to only 3.37 per cent. On the total investment of Rs. 27.8 crores upto the end of 1957-58 on all tubewells working then, there was, however, a *minus* return of 7.8 per cent. Rebate of 3 annas per rupee in the usual irrigation charges calculated on the basis of 16,000 gallons per rupee, higher electricity rates and accumulated interest charges on capital are some of the reasons adduced by the State authorities for this unsatisfactory financial performance. This state of affairs, according to the report, means continuance of an average annual subsidy of Rs. 3,736 per tubewell or Rs. 13.07 per acre irrigated. But the authors of the report feel that this state of affairs is not beyond improvement. The possible ways in which this can be effected are reduction in the operation cost of tubewells, realisation of greater revenues from the beneficiaries, increased production by better agricultural management so that the beneficiaries could contribute more towards revenues, and removal of other extraneous influences affecting the operational efficiency of tubewells. In this connection, the report contains several concrete recommendations relating to existing as well as projected tubewells. These recommendations, which have been realistically made in the light of the actual unsatisfactory conditions, are *prima facie* worthy of consderation. Incidentally, they constitute an eye-opener, in that they show that the mere construction of irrigation works is not *all*. The adjustments and readjustments required for irrigated farming, which is also intensive in character, are many and varied. As the possibility of exploiting the surface water resources in Uttar Pradesh is stated to be very little, the importance of tubewell irrigation is bound to increase. But this will call for greater co-operation and understanding between the cultivators and the Government departments concerned, for increasing the returns to the farmer and the exchequer alike. The cost of irrigation by tubewells is generally higher than that of irrigation by gravity canals, though the capital cost of an average tubewell irrigating, say, 40 acres is only about Rs. 150 per acre. The high cost of tubewell irrigation underlines the need for maximisation of agricultural production in the areas served by it.

MARKET GOSSIP

SENTIMENT in share markets has slightly improved. The imposition of margin system, which affects bulls and bears equally, depending upon the trend of the market, has restrained short-sales. The fear of Portuguese military indiscretions against India following the Government of India's firm stand on Goa has receded, due to reports that some friendly countries are trying to bring about a peaceful settlement. Bear covering and some replacement buying have led to a modest recovery in equities from the low levels touched last week. Most operators, however, are still inclined to be cautious. With the year-end drawing to a close, with Christmas and New Year holidays not far away and with the political issues that had rudely shaken the market last week still in the forefront, this is only as it should be.

State Bank Gives The Lead

As a first and novel attempt, the special credit transfer system, announced by the State Bank of India this week, is welcome. It is, of course, not a new concept in banking service, nor does it represent an improvement on the credit transfer facilities available in countries like the U.K. and U.S. with well developed banking service. Its importance lies in the fact that it adds a new dimension to the facilities available to the banking public in this country. What is significant is not that the largest commercial bank in the country has pioneered a new scheme as that a public sector undertaking has taken the initiative to give a lead to its competitors in the private sector. It may be taken as a sign of healthy competition that exists in the banking field.

The credit transfer system, which is being introduced on an experimental basis with effect from 1st January 1962, will enable any customer having a personal account with the State Bank to use any of the nine hundred and odd branches of the Bank for transfer of money paid in cash to his account at any other branch free of charge. This facility is, however, subject to the following conditions: (*a*) credit transfer is possible only in respect of personal savings or current account; (*b*) the remittance must be made in person by the account-holder; (c) it should not exceed Rs. 1,000 per account per day; and (*d*) inter-branch remittances are not covered under the scheme.

These conditions obviously limit the scope of the scheme. First, businessmen, who run accounts not in their personal names but in the names of their firms and who largely make use of the transfer facility, will not stand to benefit. Secondly, the stipulation that the remittance should be made personally by the account-holder considerably reduces the appeal of the scheme, because not many will bother to make a trip to the Bank in order to avail themselves of the free remittance. Thirdly, exclusion of inter-branch remittance from the scope of the scheme means that those who have accounts at two branches will get no benefit. This surely amounts to discrimination between a person having accounts at two branches and seeking transfers between them and another having account at only one branch. This discrimination is, perhaps, deliberate because the free credit transfer system is aimed at attracting new depositors by giving them an additional facility. Apparently, the Bank expects that the remittance charges it has to forgo under the scheme will be more than made up by the new deposits that might result from it. The fixation of the maximum limit at Rs. 1,000 indicates that the scheme is designed to attract individual small and medium depositors. Similarly, remittance from a place where a depositor has an account to a place where he does not have one but where he wishes to make payment is also not possible under the system. But, if a person wants to make remittance regularly to a particular place, he can open an account with the State Bank there. He, however, should not have an account with the Bank in the centre from where he chooses to remit funds. In other words, the scheme will benefit only an account-holder who goes out of his town and wants to send remittances home.

Thus, it will be seen that the scheme is too limited in scope and hedged in with too many restrictions to be of much use. It is, however, an experiment and we are told that its working will be evaluated after the first six months of its working. It is to be hoped that, after this probationary period for the scheme, the Bank will find itself in a position to remove some of the restrictions placed on the scheme and broaden its scope.

As mentioned at the outset, the scheme, though novel as far as India is concerned, is not unknown in the West. It is true that it was introduced in a more refined and advanced form only lately even in Britain. But there many banks have introduced it and consequently a general credit clearing was instituted last year to streamline inter-bank credit payment. Such inter-bank clearing of credit transfers is, of course, a far cry from the State Bank's experimental scheme, but, if other banks too follow the lead given by the State Bank, it may materialise sooner than visualised at present.

Unsealing of Jute Looms

The persistent accusation by a section of jute growers and traders that the jute mills are deliberately keeping off the market with a view to depressing raw jute prices is, indeed, a deliberate misrepresentation of facts for the ostensible political purpose of gaining farmers' votes at the expense of jute millowners. The fact is that mills are endeavouring their best to help growers not only by maintaining as high a level of jute goods production as possible but also by buying raw jute on the basis of sizable minimum quotas allotted by the recently reconstituted Jute Quota Sub-committee of Indian Jute Mills Association. If, in certain areas, prices of raw jute have suffered an appreciable fall, such is mainly due to lack of transport facilities for which the jute mills cannot be blamed. An appreciable amount of road transport has been diverted to movement of coal and the available river transport has been inadequate to cope with the bumper crops. If any one is to be held responsible for this state of affairs, it is the State Government.

The jute mills, it will be recalled, had resumed the 48-hour per week working as from 16th October 1961 and unsealed 2½ per cent (of the 12 per cent loomage remaining sealed) with effect from 13th November. The additional unsealing of 2½ per cent was to have been in force only upto the end of this month, but the I.J.M.A. Committee has now announced that it should be extended for a further period of one month, that is, up to the end of January 1962. The level of jute goods output after January, we are told, will be determined on the basis of the stock position at the end of the current month and the matter will be reviewed when the stock figures are available next month.

If circumstances are favourable, one may be sure, the I.J.M.A. will not miss the opportunity to reduce further the mills' balances of accumulated loom-hours. After all, which industry will wantonly keep capacity idle when adequate supplies of raw material are available at reasonable prices and there is a market for its production? The current season's jute and mesta crop is estimated at 6.50 million bales, as against 5.18 million bales in 1960-61. The raw jute prices, too, are ruling low; the latest available quotation for Assam bottoms at Calcutta is Rs. 30 per maund, as against Rs. 61 a few months ago. What is more, the industry has been assured of the requisite power supply by the Calcutta Electric Supply Corporation.

That the jute industry is making earnest efforts to maximise production is clearly evident from the statistics for the month of November 1961. They reveal that the quantity of jute goods produced in the past month was substantially higher at 92,200 tons, which compares favourably with 76,500 tons in October 1961 (and 85,900 tons in November last year); the number of hours worked being 208, as against 178.5 hours in the previous month. As against such a marked rise of 15,700 tons in output, the total overall stocks lying unsold with mills increased by only 1,800 tons to 56,500 tons. It, therefore, follows that the offtake of jute goods for internal consumption and exports must have registered a notable improvement, from 73,400 tons in October to 90,200 tons in November. The trend of offtake and the level of stocks are quite important considerations that are always taken into account by the jute industry in deciding the quantum of output.

Cotton—Prospects For Import

The latest downward session of crop estimate (private) from 4.8 million bales to 4.65 million bales of 400 lbs.) have increased the country's dependence on imports for its cotton requirement during the current season to an extent which not many had anticipated a few months ago. That the crop during the season would be lower than last season's production of 5.4 million bales was clear enough even a couple of months ago. But the decline of as much as 750,000 bales, according to the present estimate, has come as a disappointing surprise. In fact, on present reckoning, the supply-demand relationship during the season is such that the trend of cotton prices hinges almost entirely on imports, assuming, of course, that the demand side will not be cut by the Government by asking the mills to work short time. This situation imparts an added urgency to the current efforts to get a substantial allocation of U.S. cotton under P.L. 480. Foreign exchange shortage precludes the country from turning to sources other than the U.S. for cotton. The availability of cotton in the U.S. is, therefore, a matter of vital interest to India.

Present indications are that, with a smaller crop and lower carryover stocks, supply in the U.S. during the current season (1961-62) would be down by 600,000 bales at 21.4 million bales (of 478 lbs. each), as against 22 million bales in 1960-61. According to the sixth and final estimate published on the 8th inst., the 1961-62 U.S. cotton crop will be 14,304 million bales (of 500 lbs. gross), as against 14.538 million bales forecast a month ago and the 1960-61 crop of 14,272 million bales. The fall in production is due mainly to lower yield. The yield per acre has been further reduced to 438 lbs., 8 lbs. below that forecast a month ago and the 1960-61 yield and 23 lbs. below the 1959-60 record yield of 461 lbs.

Production of cotton in the free world outside the U.S. is also expected to be lower during the current (1961-62) season. The International Cotton Advisory Committee, Washington, anticipates, in its latest (November) review of the world cotton situation, that total free world production would probably decline, despite an increase of about 2 million acres in the total area planted to cotton. The Committee estimates production in the free world during the current season at 33.3 million bales, as against 33.5 million bales last season. It may be noted that the Committee's estimate of total production is based on the November U.S. crop forecast. Since the December estimate places the crop 200,000 bales lower, total production will be around 33.1 million bales. The main reason for the probable decline in production, according to the Committee, is the sharply lower output yields in Egypt and India where a decline in production of the order of one million bales is anticipated. The Mexican crop is also expected to be lower by 10 per cent as compared with last season.

The probable decline in total production during the season will, however, be more than offset, according to the I.C.A.C., by the increase in stocks at the beginning of the season by about 700,000 bales, so that total supply would be the highest since 1956-57. The only difference, and this is important from the point of view of India, will be that all this increase will be outside the U.S. And the U.S. Government is not keen on increasing the sale of its cotton under P.L. 480. India is thus going to be faced with a serious problem of raw material for its clothing industry.

The table below indicates the supply position of cotton in the free world during the current season as compared with the past two seasons:

(In million bales)

	1958-59	1959-60	1960-61	1961-62
Stocks, 1st August :				
United States	8.7	8.9	7.6	7.2
Other net exporters	4.0	3.5	3.2	3.5
Net importers	6.1	5.3	6.0	6.8
Total ..	18.8	17.7	16.8	17.5
Production :				
United States	11.5	14.6	14.4	14.3*
Elsewhere	17.6	16.7	19.1	18.8†
Total ..	29.1	31.3	33.5	33.1
Supply :				
United States	20.2	23.5	22.0	21.4
Elsewhere	27.7	25.5	28.3	29.6
Total ..	47.9	49.0	50.3	51.0

* December estimate. † Latest available estimate.

Total disappearance in the free world last season amounted to 33 million bales. In the opinion of the I.C.A.C., there is likely to be little change in total consumption in the current season and a continued high level of trade with Communist countries is indicated. The I.C.A.C., therefore, expects that production and disappearance would be roughly in balance in 1961-62, with only minor change in stocks at the end of the season.

From the point of view of countries that have to import cotton, total supply is not as important as export availability. This, as mentioned at the outset, is expected to be lower in the U.S. In the free world as a whole, cotton exports are expected to decline significantly by comparison with either of the past two seasons. The main impact of any reduction in cotton trade will, in the Committee's opinion, be felt by the U.S. where, though actual exports thus far are running ahead of a year ago, registrations under the present export programme are over a million bales less than what they were at this time last year. The U.S. Department of Agriculture estimates that exports in the current season would amount to 5.5 million bales, as against 6.6 million bales in 1960-61.

Elsewhere in the free world, export potential is about the same as in the previous season. The marked reduction in production is expected to affect materially exports from Mexico and Egypt. The much smaller crop in India makes the maintenance of imports at a relatively high level imperative. With record crops in Central America, Turkey, Syria, Greece and possibly Sudan and Brazil and higher stocks in some of these countries, export availabilities may, however, increase. But this country does not stand to benefit much from this, because its purchases from them have perforce to be limited, thanks to foreign exchange shortage.

Our Next Issue

With this issue of "Commerce," we conclude our regular issues for 1961, as, in the next two weeks, we will be preoccupied with our customary Annual Number which will be 216 pages of our usual size. Our next regular issue will be the one dated 6th January 1962.

As in previous years, the Annual Number will contain some forty feature articles on a variety of subjects, the most notable among them being the exclusive article by Mr. Eugene R. Black, President of the World Bank. In addition, the Number will carry our customary annual review of all the aspects of Indian economy, major industries and the principal markets.

The Number will be free to subscribers and will be published on 2nd January 1962. A limited number of copies will also be available for sale at Rs. 10 per copy.

We take this opportunity of wishing all our readers a Merry Christmas and a Happy and Prosperous New Year.

EDITOR

EQUITIES RECOVER

TEXTILES WELL FAVOURED

(From Our Own Correspondents)

BOMBAY, *14th December*

THE share market, after a hesitant start on Friday (last day of the previous settlement), began the new account on Monday, with an all-round rise in values, notwithstanding high contango charges at the last settlement. The rise followed bear covering and modest bull support. This, however, proved short-lived, as the market suffered a mild setback on Tuesday on account of selling prompted by the continued tension in the Goa borders and apprehensions of power curbs in the Bombay-Poona region adversely affecting corporate results. The market, however, picked up strength again yesterday, on fresh buying enquiries and selective support by the L.I.C. Modest gains were noted on a wide front. The upward trend gathered momentum today, thanks to renewed short-covering and speculative support. Indeed, the session finished at around the best levels of the day.

Steel shares recovered a part of the losses suffered last week. Tata Steels opened the week unchanged at Rs. 139 and, after receding to Rs. 138.25, improved steadily to touch Rs. 141.50 today before finishing at Rs. 141. The net gain over the week is Rs. 2. Indian Irons commenced the week's trading 24 nP lower at Rs. 23.80 and rose to Rs. 24.16 on Monday. Subsequently, they receded to Rs. 23.72 but recovered to Rs. 24.40 today. The closing was a shade easy at Rs. 24.32. Mukand Irons followed the same pattern. Opening at Rs. 27, as against the previous close of Rs. 27.10, the scrip eased to Rs. 26.75 on Tuesday, but improved to Rs. 27.50 today before finishing at Rs. 27.40, showing a net gain of 30 nP over the week.

Textile shares were well favoured. Standards, after last week's slump, moved up from Rs. 1,030 to Rs. 1,055. Morarjees firmed up by Rs. 10 to Rs. 380. Khataus advanced by Rs. 7.50 to Rs. 475. Kohinoors, which had receded from Rs. 297.50 to Rs. 293.50 early in the week, firmed up in subsequent sessions to touch a peak of Rs. 305.50 today, following support extended by the L.I.C. The closing was Rs. 1.50 lower. The net gain over the week is Rs. 6.50. Centurys gathered Rs. 6 to Rs. 576 though they had touched a low of Rs. 560 at one time on Tuesday. Podars put on Rs. 4 to Rs. 145. Shreenivas gathered Rs. 3 to Rs. 287. Svadeshis improved by Rs. 2.25 to Rs. 278.75 and Tata Mills by Re. 1.20 to Rs. 272.20. Most of the other scrips in the textile section were firm. Simplex, however, shed Re. 1 to Rs. 161 and Osmans 50 nP to Rs. 69.50.

Barring Belapurs which were easy, sugar shares tended to move up. Walchandnagars hardened by Re. 1.50 to Rs. 166. Phaltans put on 50 nP to Rs. 126.50. Belapurs began at Rs. 265, Rs. 2 lower than the previous close, and declined to Rs. 261 the same day. They, however, recovered subsequently to Rs. 265 today, showing a net loss of Rs. 2 over the week. Operators noted the decline of Rs. 5.87 lakhs to Rs. 79.76 lakhs in the gross profits of the Belapur Company during the year ended September 1961, despite the increase of Rs. 11 lakhs to Rs. 238 lakhs in sales.

Cement shares ruled quiet. A.C.Cs opened lower at Rs. 160.50 and, after fluctuating narrowly, finished at Rs. 161, the same as the previous close. Digvijays put on a rupee to Rs. 196, while Orissa Cements shed 10 nP to Rs. 15.44.

In the shipping group, Scindias and Great Easterns lost 4 nP each to Rs. 12.72 and Rs. 12.88, respectively. The settlement of the labour dispute imparted strength to Hindustan Motors in the automobile group which firmed up by 92 nP to Rs. 20.60. Premier Automobiles were done a rupee higher at Rs. 155.50.

Rayon shares regained a part of last week's losses. National Rayons opened the week lower at Rs. 543.50, as against the previous close of Rs. 547.50, and, after receding to Rs. 536.50 yesterday, improved to Rs. 554.50 today before finishing at Rs. 551. Baroda Rayons changed hands Rs. 2.50 higher at Rs. 155. Gwalior Rayons gained Re. 1.90 to Rs. 48. South India Viscoses strengthened by Rs. 2 to Rs. 174.

A mixed pattern was in evidence in chemicals Colour Chems firmed up by Rs. 17.50 to Rs. 427.50. Synthetics spurted Rs. 13 to Rs. 235. Indian Dyestuffs hardened by Rs. 5 to Rs. 445 and Poly Chems were Re. 1.25 higher at Rs. 201.25. Amar Dyes, on the other hand, receded by Rs. 6.25 to Rs. 288.75 and Dhrangadhras by Rs. 7.50 to Rs. 125.

The engineering section also shared in the general recovery. T. Maneklals spurted by as much as Rs. 140 to Rs. 840 on the news that the dividend for the year ended 31st May 1961 had been stepped up to Rs. 27, subject to tax, as against Rs. 18.50 distributed in the previous year. Telcos attracted good support and rallied from Rs. 343 to Rs. 355.50 today. The finish was, however, a rupee lower at Rs. 354.40, showing a net gain over the week of Rs. 10.50. Alcock Ashdowns improved by Rs. 6 to Rs. 310. New Standard Engineerings hardened by Rs. 2 to Rs. 192. Larsen and Toubros improved by Re. 1 to Rs. 37.50. Premier Constructions rose by a like amount to Rs. 187. Texmacos gained 48 nP to Rs. 21.24. Cooper Engineerings were, however, a shade lower at Rs. 179.25, as against Rs. 180 last week-end.

In the miscellaneous section, Bombay Burmahs commenced the week at Rs. 626, as against the previous close of Rs. 628 and, after rising to Rs. 629 on Monday, receded to Rs. 617 the next day but improved again to Rs. 640 today. The net gain over the week is Rs. 12. Voltas attracted support and gathered Rs. 4.50 to Rs. 297.50. Hindustan Levers hardened by Re. 1.80 to Rs. 57. Wimcos gained Rs. 3 to Rs. 301.50. Tata Oils found buyers Rs. 2 higher at Rs. 72.50. Anil Hard Boards strengthened by Rs. 8 to Rs. 278.

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Calcutta Stock Exchange

CALCUTTA, *13th December*

Although selling pressure abated considerably earlier in the week on the Stock Exchange, following the swift action taken by the exchange authorities, namely, cancellation of the margin of Rs. 2 a share on purchase of Orient Paper and Dunlop Rubber, and the imposition of fresh margins on all clearing shares, the recovery failed to gather momentum. Mr. Nehru's latest analysis of the Goan situation and his hint of concrete action soon led to heavy selling and widespread losses on Monday and Tuesday. Buying support dwindled and there were no indications as to when the trend would get reversed. Jutes became sellers over as foreign demand for goods had not yet revived up to the expectations necessitated by the bumper fibre crop. Coals were dull, as so far no concrete plan to utilise the World Bank loan of $35 million has been evolved. Engineerings were lower on profit-taking, induced by an overbought position. Many miscellaneous industrials closed lower on balance.

Cotton mills shares did not share the general trend. Bowreahs at Rs. 36.37 were better by Re. 1. J.K. Rayons opened at Rs. 18.44 and, after rising to Rs. 19.12, closed higher on balance at Rs. 18.87. Coals were, however, depressed in the absence of buyers. East Indians were fractionally lower at Rs. 32.87, while Amalgamateds, after hardening from Rs. 22.50 to Rs. 22.62, eased to Rs. 22.25. At Rs. 351, Bengals accounted for a loss of Rs. 6. Raneegunges were quiet at Rs. 15.25. South Karanpuras were pushed down from Rs. 8.69 to Rs. 8.44, while Burrakurs staged a small recovery from Rs. 17.81 to Rs. 18.25 to recede to Rs. 18. Jutes searched lower levels. After being lower at Rs. 19.75, Howrahs recovered to Rs. 20.37, while New Centrals receded from Rs. 16.34 to Rs. 16.25. Megnas after being higher at Rs. 12.44 closed at Rs. 12.37. Ganges recovered from Rs. 11.75 to Rs. 12.34. Engineerings slumped to lower levels. Indian Irons were as low as Rs. 23.62 earlier and after recovering to Rs. 24.26 slumped to Rs. 23.94. Texmacos, after being lower at Rs. 19.85, recovered to Rs. 21.75 to give way to Rs. 21.20. Indian Standards were 2 points lower at Rs. 115. Among miscellaneous industrials, Dunlop Rubbers, after rising to Rs. 39.91 from the earlier lower level of Rs. 37.94, recovered to Rs. 38.56. B.I. Corporations met with strong support to rise to Rs. 10.62, from Rs. 9.50. Rallis had buyers aiding to push the rate from Rs. 146.50 to Rs. 152. At Rs. 39.90 Orient Papers were Rs. 2 higher on balance, thus making good last week's loss in its entirety. Indian Oxygens had buyers at Rs. 39.50, as against Rs. 39.12 previously, while Sirpur Papers eased from Rs. 16.87 to Rs. 16.31. Indian Cables after recovering from Rs. 34.87 to Rs. 35.50 receded to Rs. 35.12. Indian Aluminiums closed at Rs. 37.06, after moving up to Rs. 37.75 from Rs. 36.37.

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Madras Stock Exchange

MADRAS, *13th December*

Equities on the Madras Stock Exchange encountered persistent selling during the week under review, while buying support continued to be at a low ebb. Operators were greatly concerned over the persistent disquieting situation in the North Eastern region and Goa borders. Textiles were subjected to stale liquidation. Coimbatore Cottons were marked down by Rs. 9 to Rs. 204. Premiers gave way from Rs. 305 to Rs. 297. Lakshmis and Buckinghams fell by Rs. 5.50 each to Rs. 164 and Rs. 254, respectively. Travancore Rayons and Madurais, however, advanced by 70 nP, the former to Rs. 42.20 and the latter to Rs. 40.20. Teas lacked support, on reports suggesting reduced exports of tea. Kil Kotagiris lost 30 nP to Rs. 4.90. Peermades receded by 25 nP to Rs. 22.75. Periakaramalais softened by 20 nP to Rs. 3.45. Coffees moved down in sympathy, Consolidateds declining by 75 nP to Rs. 19.35 and Coffee Lands by 50 nP to Rs. 16.50. Rubbers were dull. Cochin Malabars shed 28 nP to Rs. 7.15 and Midlands 22 nP to Rs. 10.73. Among miscellaneous industrials, cements and chemicals were particularly subdued.

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NEWS IN BRIEF

THE Punjab Government has set up a separate directorate for the marketing of agricultural produce.

The Andhra Government has decided to exempt rice, fried Bengal gram, meat and potatoes from sales tax.

A four-member French delegation has commenced negotiations with the officials of the Government of India on avoidance of double taxation.

The Lok Sabha has passed a Bill seeking to continue tariff protection beyond 1961 for the soda ash, caustic soda, calcium carbide, titanium dioxide and electric motor industries.

The Rs. 7-crore Dugda Coal Washery has been commissioned. The washery, which will supply beneficiated coal to Bhilai and Rourkela steel plants, has a capacity to handle 2.4 million tons of raw coal, yielding 1.8 million tons of washed coal per year.

A three-member delegation sponsored by the Government of India to negotiate imports of newsprint from Russia, Finland and the Scandinavian countries on a long-term basis, has left New Delhi for Moscow. The delegation will explore the possibilities of securing newsprint under special payment arrangements from these countries.

The Planning Commission has decided to raise the outlay on oil development programmes in the Third Plan by Rs. 67 crores to Rs. 202 crores. The revised programme will involve a foreign exchange component of over Rs. 70 crores, as against Rs. 53 crores envisaged earlier. The Commission has agreed to make available to the Oil and Natural Gas Commission about 90 per cent of the foreign exchange requirements.

The State Trading Corporation has decided to buy about 700 maunds of seedlac IB grade and 4,300 maunds of IIB variety, to begin with. Under a scheme devised by the Government of India, the Corporation has been entrusted with the work of undertaking buffer-stock operations in lac. It proposes to make further purchases of lac (grades I B, II B and fine *Byakhi*) in Bihar, West Bengal and Maharashtra as soon as the next *Katki* crop of seedlac is ready.

India's exports aggregated Rs. 57.01 crores in October 1961, as against Rs. 59.29 crores in the previous month, and Rs. 55.54 crores in the corresponding month last year. Imports at Rs. 79.60 crores were distinctly higher, as compared with Rs. 76.56 crores in September 1961 and Rs. 72.82 crores in October 1960. India had thus a larger adverse balance amounting to Rs. 22.59 crores in its merchandise trade in October 1961, as against Rs. 17.27 crores and Rs. 17.28 crores, respectively, in September 1961 and in October 1960.

The Indian railways are revising the existing rules and conditions governing the packing of commodities to be accepted for carriage at railway risk. This follows the enactment of the Indian Railways (Amendment) Act, 1961, by Parliament recently. Under the Act, which will come into force from 1st January 1962, the railways will assume greater responsibility for loss, destruction, damage and deterioration of goods tendered to them for carriage. Simultaneously with the coming into force of the Act, new packing conditions will also be enforced.

When a newly floated company wants to reserve a block of shares for private allotment to promotors, directors, their friends and associates, an assurance is usually obtained that the shares thus reserved will be allotted to persons who are genuinely interested in the long-term investment in the company and will not dispose off the shares for the sake of immediate capital gains for the specified period, which usually ranges from two to three years. Revealing this, the Union Deputy Minister for Finance informed the Rajya Sabha that in cases in which the entire issue was thus sought to be reserved, the period was five years.

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From Abroad

The Government of Finland proposes to frame legislation seeking to introduce a "new Finnmark" currency, each equivalent to 100 existing marks.

The British Aircraft Corporation has secured a contract from Communist China for the sale of six Vickers Viscount series—800 turbo-prop airliners.

Tanganyika in East Africa, which attained independence this week, has been admitted as a Contracting Party to the General Agreement on Tariffs and Trade (G.A.T.T.).

A new air service, with a frequency of one flight a fortnight, will be commenced by the Ghana Airways between Accra and Moscow from Tuesday next.

The Government of Ceylon has decided to provide credit facilities upto about Rs. 135 lakhs to Egypt for purchase of Ceylonese tea. Ceylon will also increase its imports of Egyptian cement and rice.

A trade protocol for 1962 is expected to be signed between Afghanistan and Russia. For this purpose, a Russian delegation, led by Mr. Nikolai Smelyakov, Deputy Minister for Foreign Trade, has arrived at Kabul.

Italy and Albania have signed a new trade agreement which provides for an increase of 50 per cent in the value of mutual trade during the year 1962. Trade in each direction is expected to touch 5,000 million lire (about £2.86 million) next year.

Pakistan has raised the export quota for tea from 10.0 million lbs. to 12.5 million lbs., following the comfortable supply position. The output is expected to go up from 42 million lbs. in 1960-61 to 59 million lbs. in 1961-62, a record crop. About 25 per cent of the export quota on two million lbs., or whichever is less, will be allowed to be withdrawn from export auctions for consignment sales in London.

The European Common Market Commission has conceded that the rate of growth of industrial production has begun to slow down since last August. The weakness is most marked in West Germany and Holland, where there was a record rate of expansion in 1959 and 1960. It is also said that overall demand has tended to flag in West Germany, Belgium and France, particularly for the products of mining, automobile and textile industries. In Italy, however, industrial expansion is still taking place at a rapid pace.

The first aluminium rolling mill in West Africa will be put up by the Alcan Aluminium of Nigeria at Port Harcourt. The majority of the share capital of the Alcan Aluminium will be subscribed by the British Company. Aluminium Limited, with two Nigerian development financing houses (Investment Co. of Nigeria and the Industrial and Agricultural Company) contributing equally to the balance. The plant, which will have an initial capacity of 5,000 tons annually, and go into production by January 1963, is expected to cost £1.5 million.

The Pakistan Government has set a compulsory export target of 80 million yards for cotton textiles in 1962. The all-Pakistan Textile Mills Association, which has given an undertaking to fulfil the quota, will distribute among its members the quantity fixed by the Government on a *pro rata* basis in accordance with their respective loomage. Simultaneously, an incentive scheme for textile exports has been announced. Under the scheme, a rebate of customs duty upto specified limits will be made on imports of certain raw materials used for manufacturing exportable articles.

PERSONAL

DR. R. N. Poduval, Economic and Statistical Adviser in the Union Ministry of Food and Agriculture, has been appointed Agricultural Planning Economist for the Sudan under the F.A.O. Technical Assistance Programme. Dr. Poduval left for Khartoum on Wednesday this week.

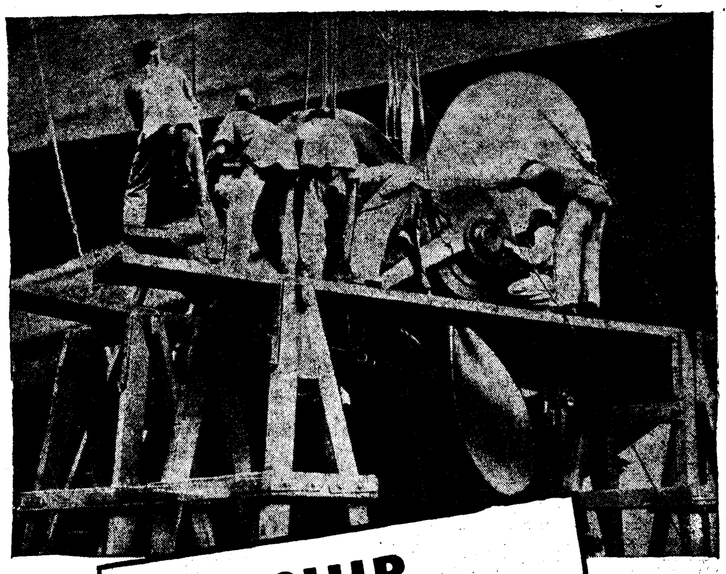
Mr. Hilary Marquand, a former British Minister of Health and Pensions and one of the Labour Party's leading spokesmen on Commonwealth affairs, has been appointed Director of the International Labour Organisation (I.L.O.) at Geneva.

Professor W. W. Rostow, a distinguished economist, who was until recently an adviser to President Kennedy in the White House, has been appointed Counsellor of the U.S. State Department.

Mr. Geoffrey M. Wilson, until recently Financial Attache at the U.K. Embassy in Washington, has been appointed Director of Operations for South Asia and Middle East of the World Bank, *vice* Mr. Joseph Rucinsky, who will resign from this job, with effect from the 31st inst. Mr. Rucinsky will join the Kaiser Industries Corporation, California, as a Vice-President.

Mr. Shriyans Prasad Jain, Vice-President of the Federation of Indian Chambers of Commerce and Industry, has been elected President of the Afro-Asian Organisation for Economic Co-operation for a period of two years. Mr. Gul Mohammed of the Pakistan Federation of Chambers of Commerce and Industry, and Mr. Dossolo Traore, Speaker of the Parliament of Mali, have been elected Vice-Presidents.

Mr. Govind Narain has taken over as the Managing Director of State Trading Corporation from Mr. S. N. Bilgrami, who has been appointed Chairman of the Inter-State Transport Commission.



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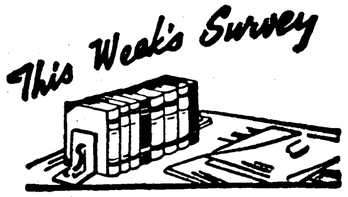

MACHINE TOOL INDUSTRY

THE aggregate demand for machine tools during the five-year period of the third Plan has been estimated by the Planning Commission to be of the order of Rs. 220 crores in terms of value. Of this, the demand in the last year of the Plan is placed at Rs. 65 crores, and the indigenous machine tool industry in both the sectors—public and private—is expected to manufacture at least Rs. 35 crores worth of machine tools. If the industry is to attain that level of production, it will have to register a five-fold expansion, for the estimated production of graded machine tools in 1961 (broadly corresponding to the first year of the third Plan) is just under Rs. 7 crores, in terms of value, in both the public and private sectors. The pace of progress of the industry during the second Plan period, as revealed by the following figures, would appear to suggest that the planned expansion during the third Plan period is a feasible proposition:

(In 000 rupees)

Year	*Value of indigenous production*	*Value of annual imports*
1955	6,788	52,897
1956	10,818	83,728
1957	23,478	1,46,434
1958	35,540	1,44,200
1959	41,630	1,63,277
1960	58,603	2,09,350

But what is feasible can be attained only if the industry's expectations, as expressed in Mr. S. L. Kirloskar's presidential address at the fifteenth annual general meeting of the Indian Machine Tool Manufacturers' Association held at New Delhi on the 9th inst., are fulfilled at an early date. These expectations relate to incentives and encouragement from the Government, with particular reference to quicker disposal of the industry's applications. While it is true that the Government has licensed as many as 41 additional units to manufacture machine tools in the first nine months of 1960-61, as compared with 42 licences granted in the whole of 1959-60, there is still a lot of scope, according to Mr. Kirloskar, for new entrepreneurs in this field. Since, in his view, it would not be possible for the existing units to meet the enormous demand for machine tools expected over the third Plan period, it would be absolutely necessary for the Government to encourage prospective entrepreneurs to take up the manufacture of different types and ranges of machine tools. At the same time, the Government's present realisation that capital investment required for the machine tool industry is much larger and the profits in it are comparatively lower than in many other industries should logically lead to greater loan assistance from the National Industrial Development Corporation and other financial corporations at a nominal rate of interest. While pleading for this facility, Mr. Kirloskar has done well to advise the industry not to depend entirely on Governmental assistance or to go on complaining about the shortage of raw materials and foreign exchange. Human ingenuity, according to him, should be concerned more with devising ways and means of overcoming the shortcomings caused by shortages. One of the ways suggested by Mr. Kirloskar in this connection is foreign technical collaboration. Such collaboration with reputed foreign machine tool manufacturers would be necessary even otherwise for the manufacture of precision and more advanced types of machine tools which are yet to be produced in the country.

Two other suggestions made by Mr. Kirloskar could also be usefully considered by the Government for possible adoption. One is that the Government should not issue licences for the import of such machine tools as could be supplied by indigenous manufacturers within a period of 18 to 24 months from the date of placing an order, as opposed to the present 12 months which represents the normal period of delivery taken by foreign machine tool manufacturers. And the other suggestion is that, in view of the pressing need for competent designers at all levels in the present phase of development of the machine tool industry, special facilities should be given for the import of foreign designers. To make for a greater degree of continuity, it would be necessary to provide to foreign designers the added incentive of a tax-free existence of five years, as opposed to the current three-year limitation. Both these suggestions seem to be reasonable. As the Government is wisely determined to develop the vital machine tool industry in both the public and private sectors and as an adequate supply of high class machine tools is an essential prerequisite for success in establishing heavy and light engineering industries, it should not hesitate to meet the minimum requirements and reasonable expectations of the industry.

INVESTMENT INSURANCE

The International Chamber of Commerce has announced that, in collaboration with the World Bank, it is conducting an inquiry into the need for, and the feasibility of, insuring risks of a non-commercial character that investors have to face in foreign countries. The object is to ascertain whether an international investment insurance scheme would really encourage overseas investment and to find out the extent to which potential overseas investors are in fact deterred by non-commercial risks. The inquiry is part of the study undertaken by the Chamber of the conditions affecting the flow of private capital between nations, especially between developed and underdeveloped countries. It is based on a questionnaire drawn up jointly by the Chamber and the World Bank and distributed among industrial, business and financial institutions in countries where the Chamber has national committees. It is for the first time that such a comprehensive and searching inquiry has been organised on this subject.

The present inquiry is the outcome of the realisation on the part of the Chamber that measures to protect foreign investment from non-commercial risks can do much to help create the necessary climate of confidence. These risks can be classified under three broad heads, namely, political risks such as expropriation, nationalisation, etc., transfer risks such as inability to transfer profits and repatriate capital, and calamity risks, such as war, revolution, insurrection, etc. Investors in three countries, namely, the U.S., Japan and West Germany, can at present obtain insurance against certain risks under a national scheme. Unlike the scheme in force in these three countries, the proposed international scheme would be multilateral in character with membership drawn from both capital-importing and capital-exporting countries.

Investment conditions, in the Chamber's opinion, have undoubtedly improved in the past few years and many of the impediments to a continuous and expanding flow of capital between countries have been removed or reduced. Whether some more formal arrangements are required to ensure the necessary security will become apparent when those actually responsible for foreign investment operations have indicated the importance they attach to insurance coverage against non-commercial risks. The International Chamber of Commerce is rendering a very valuable service in having initiated the study under reference. Its findings will naturally be awaited with interest all over the free world.

BHAKRA-NANGAL POWER SYSTEM

With the formal inauguration, by Prime Minister Nehru on the 10th inst., of the third generating set in the Ganguwal Power House, the third set in the Kotla Power House and the fourth and fifth sets in the Left Bank Power House at Bhakra, the big power system forming part of the present Bhakra-Nangal Project attained the stage of completion after eight or nine years of construction by stages. The total installed capacity of this system now is 604,000 kw.—450,000 kw. at the Bhakra Left Bank Power House and 77,000 kw. each at the Ganguwal and Kotla Power Houses which are located on the Nangal Hydel Channel. With so much generating capacity, the Bhakra Power System has acquired the distinction of being the largest of its kind in South-East Asia. What, however, detracts somewhat from its bigness is the estimate that each Bhakra unit will generate only 53,000 kw. at minimum head and that, if one of the five units is treated as a standby, the total primary power available from the Left Bank Power House will be no more than 212,000 kw. It may be assumed that the effective capacity of the Ganguwal and Kotla Power Houses and the older Jogindernagar Power Station would be of the order of 150,000 kw., as against their installed capacity of about 200,000 kw. It is, therefore, rather doubtful if the estimated load demand of 400,000 kw. on the Punjab Power System (comprising the older Jogindernagar Power Station with its installed capacity of 48,000 kw. and the three power-houses of the Bhakra-Nangal system) at present can be fully met.

If the total load demand in the Punjab is now 20 times greater than in 1947, it is due to the rapid industrial growth in that State. This growth is continuing and there is, therefore, a gap between power generation and load demand. How to keep pace with the rising load curve is the present question. New power schemes, involving an expenditure of Rs. 53 crores in the third Plan period and costing ultimately Rs. 173 crores in all, are being taken up for execution, but these, too, may provide only a partial answer to the question. Since the Punjab is too far away from coalfields, the possibilities of installing thermal power stations seem to be limited; in fact the proposed thermal plant at Delhi will be the only major undertaking of the Punjab Government in the field of thermal power generation. By far the greatest reliance in the Punjab will be on hydro power during the third and fourth Plan periods. But the possibilities here, too, are not unlimited. It would thus appear that a supplemental source of energy in the form of atomic power may be required in that region. Actually, a proposal to establish an atomic power station in the Punjab has been under consideration for some time. If this project is finally approved, it may bring some relief sometime in the fourth Plan period. For some time longer, the innumerable power-using small industries in the Punjab will have to depend almost entirely on hydro power. Since *per capita* power demand in that State is expected to rise from the 30 units actually consumed in 1961 to 100 units by the end of the third Plan, such major power schemes as the Bhakra Right Bank Project and the Dehar Power House would have to be executed in quicker time and as a matter of higher priority.

GOVERNMENT'S PURCHASE POLICY

The business community has a vital stake in the Government's stores purchase policy. This is so, not only because the Government constitutes a bulk buyer of a wide range of goods, but also because its volume of purchases has been expanding at a rapid rate. The figures show that the value of Government's purchases from indigenous sources made through the Directorate General of Supplies and Disposals has risen from Rs. 120 crores in 1955-56 to Rs. 222 crores by 1960-61. At the same time, the proportion of indigenous goods in the aggregate supplies has gone up considerably, as a result of a marked reduction in imports. During the third Plan period, the total value of purchases of indigenous goods by the D.G.S. and D. is expected to touch the level of Rs. 350 crores annually. It is, however, a moot point whether the Government has expanded and toned up its purchasing machinery adequately to tackle the increasing demands made on it. There have been several complaints from industrialists and traders of delays in the finalisation of tenders and payment of contractors' bills. It may be recalled here that, only a few days ago, the Associated Chambers of Commerce, at its annual general meeting, discussed the grievances of the business community in this respect and made certain useful suggestions to eliminate the present difficulties (*vide* page 1078 of the last issue of *Commerce*.)

It was, therefore, appropriate that Dr. Gopala Reddi, Union Minister for Works, Housing and Supply, should have devoted some attention to the criticisms of trade and industry regarding delays in payment and other procedural difficulties, while inaugurating the four-day "service-to-indentors" Seminar organised by the D.G.S. and D. at New Delhi, on the 6th inst. According to Dr. Reddi, adequate instructions, no doubt, existed for the avoidance of such delays, but he conceded that there was "a certain amount of laxity in their implementation." He was at pains to explain that the Government itself was the loser in case of delays. For, delays in the finalisation of tenders, according to Dr. Reddi, compelled contractors to provide "a cushion in their quotations" and delays in payment might prompt them to provide "safeguards against all loss of interest." While this may be true in some cases, it should not be forgotten that the Government, being a large monopoly buyer, generally leaves little room to suppliers for either effective bargaining or normal commercial manœuvres.

The so-called "cushions" and "safeguards" thus seem to be exaggerations. On the contrary, the business community complains that delays in payments block up their capital. It is, however, only of academic interest to locate the actual loser. It is possible that the interests of both suppliers and recipients of goods are equally affected. Since the authorities feel that the Government is also a loser, it is all the more important that immediate steps be taken to rectify the "laxity" shown by the rank and file in implementing Government policies and to ensure expeditious settlement of purchasing deals. Dr. Reddi's suggestion, in this connection, that procedures for purchases should be further streamlined is, of course, a good one. But one feels that such a move would be fruitful only if, as suggested by Mr. N. E. S. Rahgavachari, Director-General of Supplies and Disposals, effective measures are devised to ensure greater delegation of powers and to strengthen the inspection staff of the Directorate.

ZONAL CURBS ON RICE

A plea to remove the existing zonal restrictions on the movement of rice was made by Mr. M. H. Hasham Premji, President of the Federation of All-India Foodgrains Dealers' Associations, in Bombay this week. He felt that the supply position of rice in India had now reached a stage which no longer warranted any irksome curbs on its movement. The present restrictions, he contended, only worked against the interests of consumers and producers alike. One of the undesirable effects of zonal restrictions, he said, was that they perpetuated price differentials in the country. Elaborating the adverse effects of the present curbs, Mr. Hasham Premji observed: "The superior varieties of rice grown in the South do not fetch an economic price for the farmers. The consumers of cheaper varieties of rice in this region have to pay a higher price comparatively for the kind of rice which could have been bought in Bihar and Orissa where prices continue to be low. Superior varieties of rice in the Punjab and U.P. are not allowed to be moved to other parts of the country, especially Bombay, Calcutta and Ahmedabad."

Mr. Hasham Premji's appeal is quite timely. For the supply and demand position has completely changed during the last two years, partly because of larger output, imports and stocks lying with both the Government and the distributive trade. The 1960-61 rice crop touched a record, being 33.7 million tons, as compared with 31 million tons in 1959-60 and 30 million tons in 1958-59. According to Mr. Hasham Premji, the output of rice will exceed this level during the current season. In view of the improvement in supply, it is essential to reorientate the policies on distribution. The Government has, of course, been responsive to the new trends, as witness the elimination of zonal restrictions on the movement of wheat in April last. The market mechanism has worked well in wheat after the removal of restrictions. It may be noted here that Mr. S. K. Patil, Union Minister for Food and Agriculture, observed in the Lok Sabha a few days ago that the restrictions on the movement of rice also were in the process of being removed. What Mr. Hasham Premji emphasised was that the present was the opportune moment to do away with these restrictions. Delay would do nobody any good.

Besides the removal of zonal curbs, the Federation has also urged the Government to evolve a more co-ordinated policy in regard to the whole gamut of distribution. Its plea is to the effect that the Government should rationalise imports and distribution of foodgrains, particularly those procured under P.L. 480, and also maintain buffer reserves and ensure their rotation in a scientific manner, in consultation with the trade.

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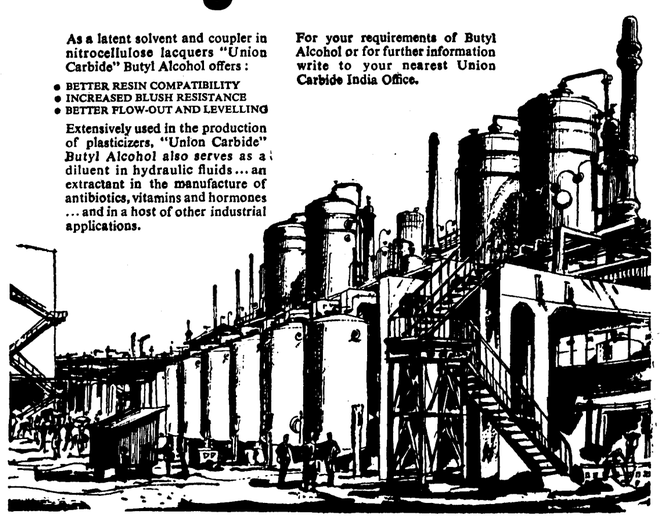

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AID TO DEVELOPING COUNTRIES WILL GROW

IN Paris last month, Ministers from 20 Western countries took a decision that could have far-reaching implications. Assembled for the first ministerial meeting of the newly constituted Organisation for Economic Co-operation and Development, they accepted an American proposal to fix a target rate for economic growth over the next ten years. This collective decision is symptomatic of the extent to which modern governments, even in the free enterprise countries of the West, have come to accept responsibility for planning national economic development. Its implications for the international oil industry are abundantly clear when it is recalled that the 20 countries in question account for rather more than four-fifths of the free world's consumption of petroleum products.

What was agreed in Paris was that the O.E.C.D. countries should aim at a combined gross national product of $1,300 billion (thousand million) in 1970. This would represent an increase of 50 per cent in ten years, or of 4.2 per cent annually. (In the form originally proposed by the U.S. representative, the annual increase would have been 4.6 per cent.) This implies a considerably larger annual increase in industrial production, since the gross national product also includes more static elements, such as transport and personal services. That production will inevitably fluctuate from year to year and that individual countries may exceed or fall short of the target rate was, of course, recognised in Paris. But the acceptance of the proposal implies some recognition by individual governments that their economic policies must be geared to this long-term objective.

In part the decision may be regarded as a riposte to Mr. Khrushchev's deliberate challenge. He reckons that Russia's national income, at present about half that of the U.S.A., can be increased fivefold by 1980 (an annual increase of over 8 per cent), and that it will overtake that of the U.S.A. by 1970. Nevertheless, the Ministers in Paris accepted the proposed growth rate as an objective highly desirable in itself. If achieved, it will certainly help to strengthen the oil industry's own expectation that it will have to supply most of the additional energy required, and that European oil consumption will be 130-140 per cent higher by 1975; this imposes an obligation on the oil industry to invest some $25 billion over the next 15 years, to provide an additional 250 million tons of oil a year for Europe alone by 1975.

The O.E.C.D. objective does not appear over-ambitious, judged by past performance. In the 10 years to 1960, the 20 countries in question achieved a 45 per cent increase in their combined gross national product; this is equivalent to 3.8 per cent a year, against the projected 4.2 per cent. Past performance embraced, of course, a great deal of post-war reconstruction and modernisation, the scope for which is now much less. However, the most striking thing about the past achievements of these countries is their extraordinary diversity. As the accompanying table shows, the 10-year increase in the gross national product of the O.E.E.C. countries as a whole was 56 per cent, while that for the U.S.A. was no more than 38 per cent. And among the O.E.E.C. countries the increases ranged all the way from 15 per cent for Ireland to 106 per cent for the German Federal Republic.

Success will not, however, come automatically. It will depend on the fulfilment of a number of conditions. There must, so far as possible, be effective utilisation of each country's entire productive resources—an aim which the U.S.A., for example, has not succeeded in fulfilling during the post-war years: despite the latest upswing of general business activity, that country still has about 4 million unemployed, equal to almost 7 per cent of the labour force. Unemployment of labour is much less evident in the U.K., though the country's resources of both labour and equipment are almost certainly considerably under-utilised.

Nor can it be said that productive resources are utilised to the best effect, if a country indulges in practices which tend to encourage the less efficient use of land, capital or labour: these may include outdated protective duties or quotas, subsidies to inefficient firms or industries, restrictive practices of one kind or another, and some forms of taxation. The elimination of some of these inefficiencies and rigidities is, of course, one of the major objectives of the Common Market, though success cannot be guaranteed. If Britain's application for membership is accepted, this country will certainly be exposed increasingly to the winds of competition. The effect, though painful for some of the country's more heavily protected industries, is expected to be salutary: industrial efficiency will be improved and the growth rate probably accelerated.

A third prerequisite of maximum economic growth, as the oil industry is very well aware, is continued large-scale capital investment. There may be a conflict between this objective and the claims of national defence or of the workers for immediate wage increases. Many economists argue, for instance, that too large a share of Britain's output has been devoted to immediate consumption and national defence and too little to capital investment. The conflict can be resolved in Communist countries by enforced restrictions on the standard of living. In free countries, less Draconian measures must be employed, including perhaps tax adjustments and other incentives capital investment.

Overhanging all the discussions is the problem how to combine full employment and maximum economic growth with reasonable financial stability and freedom from balance of payments crises. The O.E.C.D. Ministers were fully aware of this problem, which presses particularly upon the American and British Governments, since the dollar and pound are so widely used in international financial transactions. The problem is especially intractable for the U.K., which must always increase its imports in advance of any expansion of production because it is so poorly endowed with raw materials. Fortunately, there appears to be a growing awareness among O.E.C.D. Ministers that balance of payments difficulties impose obligations on the creditor nations as well as on the debtors.

Assuming that the Atlantic Community succeeds in its objective, will this mean that the rich nations will grow richer and the poor poorer? There is no necessary reason why this should be so—and concern was expressed at the Paris meeting that the plan for more rapid growth should be linked with the desire to aid the development of the poorer nations. In 1960 alone, the members of the O.E.C.D., together with Japan, provided $7,500 million to less advanced countries, equivalent to 95 per cent of the aid received by those countries from all sources. Beginning next year, the O.E.C.D. is to make an annual review of the aid efforts and policies of its members. As the members' national incomes increase, they will be in a position, if they so resolve, to step up their assistance to less developed countries. They will in any case be spending more on the exports of those countries—including crude oil and products.

Thus the funds potentially available to help the Asian and African nations, which account at present for only about one-seventh of the free world's oil consumption, will steadily grow. And Western governments will doubtless continue to think responsibly about the uses to which these funds should be put. Equally, the governments of the underdeveloped countries have a responsibility, not only for the wise expenditure of their growing revenues, but also for the avoidance of policies and attitudes of mind which tend to discourage investment from abroad. Given the recognition of these responsibilities on both sides, the fruits of Western prosperity can be spread far and wide.—*By Special Arrangement with the Petroleum Press Service.*

*Volume of Gross National Product**
(1950=100)

	1956	1957	1958	1959	1960
Austria	148	157	162	168	182
Belgium	123	126	124	127	133
Denmark	114	120	124	130	139
France	131	139	142	144	153
Germany	164	173	178	191	206
Greece	153	169	174	180	189
Iceland	142	148	152	155	..
Ireland	110	112	108	111	115
Italy	139	147	155	167	177
Netherlands	136	140	141	149	161
Norway	124	127	127	132	140
Portugal	128	134	136	143	148
Sweden	121	125	126	133	138
Switzerland	139	145	147	154	103
Turkey	146	154	172	175	..
United Kingdom	117	119	119	123	129
Total O.E.E.C.†	139	147	141	148	156
Canada	138	139	140	144	147
United States	126	128	127	135	138

* I.e., allowing for price changes.
† Excluding Spain and Luxembourg, for which the data are not available.

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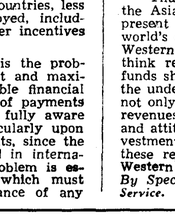

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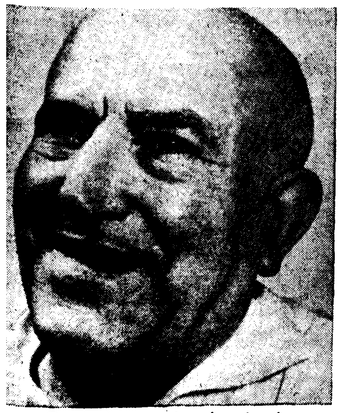

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IMPACT OF EUROPEAN TRADE GROUPING ON AFRO-ASIAN REGION

STUDY ON INCIDENCE OF INDIRECT TAXATION

From Our Special Correspondent

NEW DELHI, 12*th December*

TWO months ago, a conference of Asian Economic Planners in New Delhi, organised under the auspices of the E.C.A.F.E., harped on the theme of regional economic co-operation in Asia, although in cautious terms. The conference of the Afro-Asian Organisation for Economic Co-operation, meeting here this week, has again stressed the need for strengthening economic relations over a still wider area now represented by 23 delegates and observers from six countries. Mr. Mohammed Rouchdy, President of the Conference, who conveyed the greetings of President Nasser, referred to the trend towards a division of the world into integrated economic blocs and its impact on the economies of the Afro-Asian region and suggested that the latter should not allow itself to be left behind, even though there were many obstacles in the way of its closer integration. Mr. Shriyans Prasad Jain, Vice-President of the Federation of Indian Chambers of Commerce and Industry, echoed these sentiments and, while pleading for maximisation of intra-regional trade as a starting point, pointed out that regional tariff preferences and a common market in specific commodities should be considered.

DELHI LETTER

While there have always been vague aspirations for regional co-operation, they were hitherto restrained by a recognition of some of the realities of international economic relations such as the traditional lines of world trade and need for aid from the advanced countries. There have been many complaints that the Government of India has not taken an active interest in schemes for forging closer commercial links with other underdeveloped countries and is too preoccupied with the problems of its own growth. This attitude, however, could be easily explained by the greater awareness in New Delhi of the fact that, excepting Japan, the economies of the region are not complementary. Even after the formation of the European Common Market and similar moves in Latin America, there was no sign of great nervousness. The British proposal to join the Common Market has apparently disturbed this complacency; with the rejection of "associate status" for India (even if that were to be accepted by the Six), India, like the other countries of the region, is faced with the possibility of further divisions which may alter trade patterns and introduce more uncertainty. Reliance on G.A.T.T. alone to redress unequal trading conditions may no longer be considered sufficient and there may be a greater inclination to examine the scope for co-operative efforts to promote trade and mutual assistance in the region—if these two vast Continents can be so described.

Official Support

This view of a change in attitude is supported by Mr. Nehru's address in which he welcomed the moves towards integration with manifest enthusiasm. While recognising that all the countries had the same needs and have to depend on capital goods from outside, he said, it had become imperative for them to come closer together; their efforts just now would have to be in the nature of preparing for the future than for the present. This was not merely an expression of an idealistic mood of the Prime Minister. Mr. K. C. Reddy, Minister for Industry and Commerce, followed up this theme in his speech before the Trade Talks session of the Conference and emphasised that India was definitely in favour of taking active steps for increasing intra-regional trade and co-operation, though the main object was that it should not be restrictive in its effects.

With such encouragement at the official level, the Conference has decided to devote two days exclusively bilateral and multilateral trade negotiations among the delegates, so as to facilitate conclusion of specific agreements. Mr. Reddy pointed out that India imported Rs. 272 crores worth of goods from the Afro-Asian countries in 1960, out of total imports of Rs. 1,075 crores and exported Rs. 179 crores worth of goods out of a total of Rs. 634 crores. The Federation of Indian Chambers which has taken an active interest in jointly sponsoring this gathering of private businessmen from Afro-Asian countries has brought out a study of the existing trade between India and the countries of the region; 20.5 per cent of India's imports came from Asia and 7.5 per cent from Africa, while the percentages for their respective shares of India's exports were almost similar.

As Mr. Reddy appropriately pointed out, the G.A.T.T. Declaration on promotion of trade of less developed countries stresses the importance of greater trade among the underdeveloped countries in the following terms:

"Finally, it is recognised that there are important possibilities for encouraging sound economic development in the less developed countries through increased trade among themselves and that these countries should keep this in mind in formulating their tariff, commercial and economic policy measures. Lest the development of this important trade potential be prevented or unduly delayed, they should strive to attain and preserve liberal access to one another's markets in the same manner, as they now seek to secure improved access to the markets of the economically advanced countries."

This trend in thinking in official circles has to be welcomed and encouraged; if the assembled delegates are able to conclude some deals which increase the volume of trade, the private sector in India may be able to regain some of the prestige and initiative it has lost to the State Trading Corporation, besides promoting regional co-operation. One of the working papers prepared for the Conference draws attention to the role played by the E.P.U. in European integration and suggests that mutual credit arrangements may be necessary and that adequate measures have to be taken to solve the problem of liquidity which is essential for expansion of trade. Tentative lists have also been drawn up to indicate the items in which both intra-African and Afro-Asian trade may be expected to expand; an attempt has also been made to assess the effects of the European groupings on these countries but these studies lack focus and precision.

* * * *

Indirect Taxation

The Tax Research Unit of the Department of Economic Affairs of the Government of India has brought out a study of the incidence of indirect taxation in the country which tries to estimate the money burden of such taxes among different spending groups in urban and rural areas. The results cannot be taken as precise measurements of incidence, since they depend very much on the National Sample Survey data, but they are put forward for their value in indicating the trends in the distribution of the tax burden during the period from 1953-54 to 1958-59 when indirect taxation was stepped up from Rs. 431 crores to Rs. 968 crores. A basis for comparability has been devised by adopting the estimates made by the Taxation Enquiry Commission in respect of expenditure groups and the national income estimates for the aggregate of consumer expenditure. Since the survey does not take into account incomes, only indirect taxes falling on domestic consumers is covered; some of them like stamp duties, registration fees, electricity duties, terminal taxes, etc., are excluded. But, in the case of excise and import duties not directly levied on consumers, the final incidence on consumers at the last stage has been taken into account.

The main conclusion of the survey is that indirect taxes have fallen on the various spending groups in a progressive manner. Indirect taxes formed 3.6 per cent of consumer expenditure of all households in 1953-54; five years later, they formed 5.7 per cent, mainly under excise duties and sales taxes. In the case of rural households, it increased from 2.9 per cent to 4.4 per cent and for urban households from 5.9 per cent to 9.3 per cent, sales taxes being a major additional factor in the case of urban households (which had to bear twice the proportion of consumer expenditure). For different income groups also, there was an element of progression in both rural and urban areas, because of three factors: (1) the higher proportion of home-made goods consumed by the lower spending groups; (2) higher rates on luxury and semi-luxury items; and (3) exemption of essential and near-essential articles of consumption like foodgrains. Whereas the higher spending groups paid twice the proportion of consumer expenditure paid by the lower groups in 1953-54, in 1958-59 it rose to three times. The smaller increase in cash purchases of the lower groups accounts for the lower incidence of the taxes on them.

This is a timely answer to those who may in the heat of the electoral struggle point to the heavy taxation imposed by the Congress Governments at the Centre and in the States on the poorer sections. The Study also emphasises that, if the benefits of Government expenditure are taken into account, the picture may be different, since social services have helped the less privileged sections. Perhaps, a truly impartial assessment of indirect taxation should also include the incidence of deficit financing which represented a draft on the savings of the community to the extent it increased prices, but there is no evidence in the study that this aspect has been considered. It is, perhaps, natural that it should be overlooked, but when the study goes out of the way to emphasise the negative taxation (namely, benefits), its authors need to be reminded of this omission.

THE ROSE-COLOURED DECIMAL

(From Our Own Correspondent)

LONDON, 9*th December*

TALK about the Common Market is getting more and more on to the popular level. At the same time, the Export Council for Europe has been studying the prospects for British-European trade when the U.K. does go in. Contrary to the fears of many industrialists and shared by the Government, the picture that emerges is relatively rosy. A survey has just been made of the views of several thousand Industrial Companies in France, Germany, Italy, Holland, Belgium and Sweden. The firms were two-thirds concerned with capital goods and one-third with consumer goods. They were asked whether their purchases from the U.K. were likely to go up, down, or stay the same after the U.K. had come in.

LONDON LETTER

Nearly half of these European companies estimated that their purchases would increase; rather fewer thought they would stay the same, the balance did not know but the percentage saying they expected a decrease was extremely small. But on the other hand, nearly 80 per cent of these Continental companies expected that their exports to the U.K. would increase. The U.K. is, therefore, going to face a Continental export drive as well as having to stimulate its own overseas business: but, after all, is not the purpose of the Common Market to increase the trade both ways?

Another point in this inquiry is also interesting: the U.K.'s alleged cost disadvantage seems to be dwindling in relation to its sharpest competitor, Germany. Moreover, it does not seem true that British delivery dates are unsatisfactory. Three-quarters of the companies asked said that the U.K. was the same as everybody else, and of the remaining quarter one out of every three thought that the U.K. was better even though two out of every three thought it was worse. Finally the supremacy of English as the chief Continental lingua franca is unchallenged—78 per cent favour English—13 per cent German and 9 per cent French.

But the U.K. will probably also have to adjust itself to the Continent in its techniques of calculation. Continental businessmen consider that the prospects for the U.K. trade would be much better, if only we used the decimal system and the same measuring units. This may, indeed, come sooner than has been considered hitherto; and a private Bill is to be introduced proposing the conversion of the British currency into a decimal system in which the penny would become a cent and the main unit of account would be the ten shilling note of a hundred pennies (instead of 120, as at present). If the decimal system can be introduced for currency, it can more easily be introduced for weights and measures. That, then, is the direction in which the U.K. will ultimately go.

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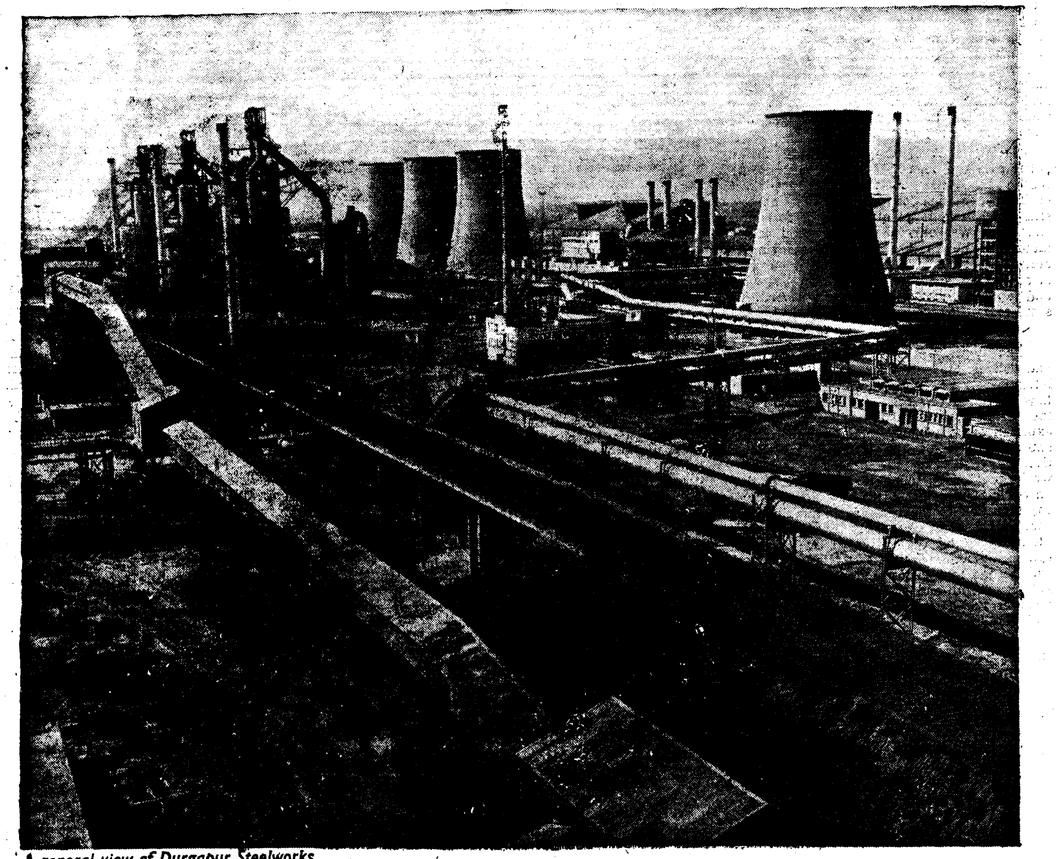

A general view of Durgapur Steelworks

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BRITISH COMPANIES WORKING FOR INDIA

FINANCIAL TRENDS IN BRITAIN

MARKET MISUNDERSTANDINGS

By W. T. C. King

EDITOR OF *THE BANKER*, LONDON

THE London financial markets have had to contend with a most unlucky sequence of adverse psychological factors in the past month (November 1961), including some rather regrettable misunderstandings about the future of the official policy. This has caused some sharp fluctuations, without a definite change of trend in stock markets, both in gilt-edged securities and in equities; but, in the foreign exchange markets, sterling has presented an impressively firm front in the face of uncertainties and rumours that in other circumstances might have been damaging.

During most of the month, the sterling-dollar rate had been held at very near the peak reached in October, in spite of the fact that the exchange equalisation account was obviously still purchasing large quantities of foreign exchange; it was only at the very end that the mood of the market changed—carrying the dollar rate back from $2.81-9/16 to around (and at one time just under) $2.81 within a few days, and apparently involving the authorities in some release of exchange.

Helping the Dollar

The monthly statement of reserves of gold and convertible currencies, issued just as this letter is being written, shows, however, that the flow of funds towards London during most of the period must have been comparable to that experienced in August and September, though substantially below the extraordinary spate of October. Following the precedent set a few weeks previously, the British authorities decided during the month to employ a large part of the accretion to the reserves in making a further advance repayment to the International Monetary Fund of the very large exchange drawing made to buttress sterling last August. This second repayment amounted to £50,000,000; yet the month-end statement showed that the reserves had risen by a further £9,000,000, to £1,270 million.

The "true" accretion during the month thus amounted to just under £60,000,000, as compared with, perhaps, twice that amount in October, bringing the aggregate "true" gain since end-July (before allowing for repayments of the "Basle" credits from European central banks) to not far short of £300,000,000. One half of this very large sum has been returned to the I.M.F. in advance repayments—as a conscious act of international co-operation designed to replenish the pool of international liquidity as quickly as possible and to ease so far as possible the repercussions upon the dollar of the massive flow of money to London. Had the British authorities not followed this course, there would almost certainly have been a bigger drain on the gold stocks of the U.S. Treasury.

Because sterling is an international reserve currency and because the reserves held in London represent the central reserves of the whole sterling area, the exchange account authorities have always taken the view that the bulk of those reserves should be carried in gold rather than in foreign exchange. In pursuance of this policy, gold to the value of $300,000,000 was recently purchased from the U.S. authorities—obviously by way of conversion of dollars acquired in London as a result of the summer's influx of funds. Had it not been for the advance repayments to the I.M.F., further substantial quantities of dollars would sooner or later have been turned into gold in New York—though it should be noted that the second repayment of £50,000,000, unlike the initial £100,000,000, included D-marks and French francs as well as dollars.

Bank Rate Cuts and Credit Policy

The fact that Britain has been able thus rapidly to repay more than one-quarter of the £535,000,000 borrowed from the I.M.F. does not mean, of course, that there has been, in this short space of time, any corresponding strengthening of the underlying condition of its balance of payments. As I have pointed out in my previous letters, the rebound in the reserves has been almost wholly due to the reversal of the speculative factors, including the leads and lags in current payments and of the movement of short-term funds. To the extent that the accretion reflects an inflow of arbitrage or speculative moneys (as distinct from a rebuilding of necessary working balances or longer-term investment in Britain), it makes no net contribution to a strengthening of the underlying position and does, indeed, make sterling the more vulnerable to future strain. For that reason, it is the avowed policy of the authorities to discourage that sort of short-term borrowing so far as that can be done without any undue or premature softening of domestic economic policy. In fact, as the latest gold figures show, the second reduction in Bank Rate (the early November cut from 6½ to 6 per cent which I recorded last month), apparently, did have much greater success than the first in causing some slackening in the rate of inflow. Any such slackening has also to be welcomed for a technical domestic reason; when the inflow was at its peak, the purchases of foreign exchange by the authorities were sharply increasing the flow of Treasury Bills to the banking system, thereby creating a potential threat to the desired tautness of the credit squeeze.

No Weakening

Thus it could even be argued that, in the circumstances of recent months, the Bank Rate reductions were needed in order to keep up a due tension in the domestic credit policy. A high-falutin paradox of this kind is not, however, calculated to make much impression on the markets. Though most people accepted, at the outset, the official explanations that the Bank Rate cuts did not portend any easing of the policy of restraint at home, many observers became all the more vigilant in looking for possible signs of such an easing. In retrospect, it can now be seen that the psychological atmosphere thus created has been partly to blame for some of the misunderstandings of the past few weeks. Two, if not three, happenings have been construed—almost certainly wrongly construed—as indicating a weakening.

The first of these was a speech from the Chancellor of the Exchequer, Mr. Selwyn Lloyd, emphasising the expansive forces that would still be at work in the home economy next year, which was widely taken to mean that the Chancellor was more concerned to see the economy kept at fever-heat than to get its temperature down to a safe normal; and that, accordingly, there was an increasing chance of relaxation of the restraining measures imposed at end-July. There is now no doubt that the impression Mr. Lloyd intended to convey was the very opposite of this. The index of industrial production seasonally adjusted had shown a slight downturn in August from the peak reached in July, and the provisional index for September had shown a sharper fall. At the same time, the value of retail sales had likewise dipped from its peak—falling both in September and October. And, in recent months, unemployment has risen more than seasonally, while unfilled vacancies have fallen more than seasonally. On these grounds, plus the fact that the flow of new home orders for capital goods and the value of new factory plans approved have both been declining, there has been a good deal of talk about the softening of the economy that is in prospect for 1962. In some quarters, a greatly exaggerated view of these trends has led to talk of a coming "recession"—coupled with an appeal for a relaxation of policy to prevent this happening.

It is now clear that the first of Mr. Lloyd's misunderstood speeches was designed simply to destroy this unreal argument and to show that there was no case for the suggested relaxations. What he then failed to bring out is that, although he expected a further growth in aggregate demand within the economy (allowing for a hoped-for substantial expansion in exports), this growth in demand, and thus in output, would not keep pace with the expected growth in productive capacity—so that the economy would still be, as the present policy intends it to be, more "disinflated" than it is now.

The second misunderstanding, likewise, arose from a speech from the Chancellor. After tracing his hopes of a strong growth in exports next year, he observed that there was likely to be a "favourable opportunity for us to be moving on from emergency or crisis steps to the shaping and development of longer-term policies." In fact, this was intended as a reiteration of former statements of policy—namely, that Britain could not afford to encourage a renewed expansion of demand, until expansion was actually started by the sheer force of production to meet export demands. Exports, in short, must be the "growth-leader." But stock market circles, unfortunately, construed this passage as foreshadowing relaxations—and perhaps especially foreshadowing the end of the "pause" in increases in wages and salaries.

Wage "Pause"

By a further mischance, this misunderstanding occurred on the very eve of a third happening which for several days shook public confidence more seriously in the firmness of the policy. This was the unexpected announcement of an agreement by the nationalised electricity supply industry to concede wage increases to some 120,000 manual workers on terms that looked rather generous and, moreover, with effect from 28th January—which is a date fully two months earlier than might have been regarded as consistent with the principles of the "pause." It should be emphasised that the Government has no statutory power to direct the Electricity Council to follow any prescribed policy in dealing with a wages claim. It can enforce the "pause" only for its own direct employees; for the rest, it can merely exhort others to follow example. But, in spite of this, the fact that a major industry of the public sector could act in a manner different from the Government's view of what constituted the national interest, inevitably came as a great shock. Not unnaturally, the first public response was that this action must, in any event, spell the end of the policy of the "pause." The Government has since vigorously denied that this will happen and has made it clear that it was embarrassed by the action of the Electricity Council. This rejoinder seems on the whole to have succeeded in disposing of the doubts that had been aroused, but only time will show whether the electricity decision has impaired the chances that the "pause" will be much longer observed in the private sector. There, however, the fact of a falling trend of profits should be a powerful deterrent to the granting of undue wage increases in any case. And, in the two most important public sector industries from which wage claims will come to a head soon—the railways and coal—the Government possesses a lever, because it is financing their operating deficits.

I.M.F.'S STANDBY CREDITS

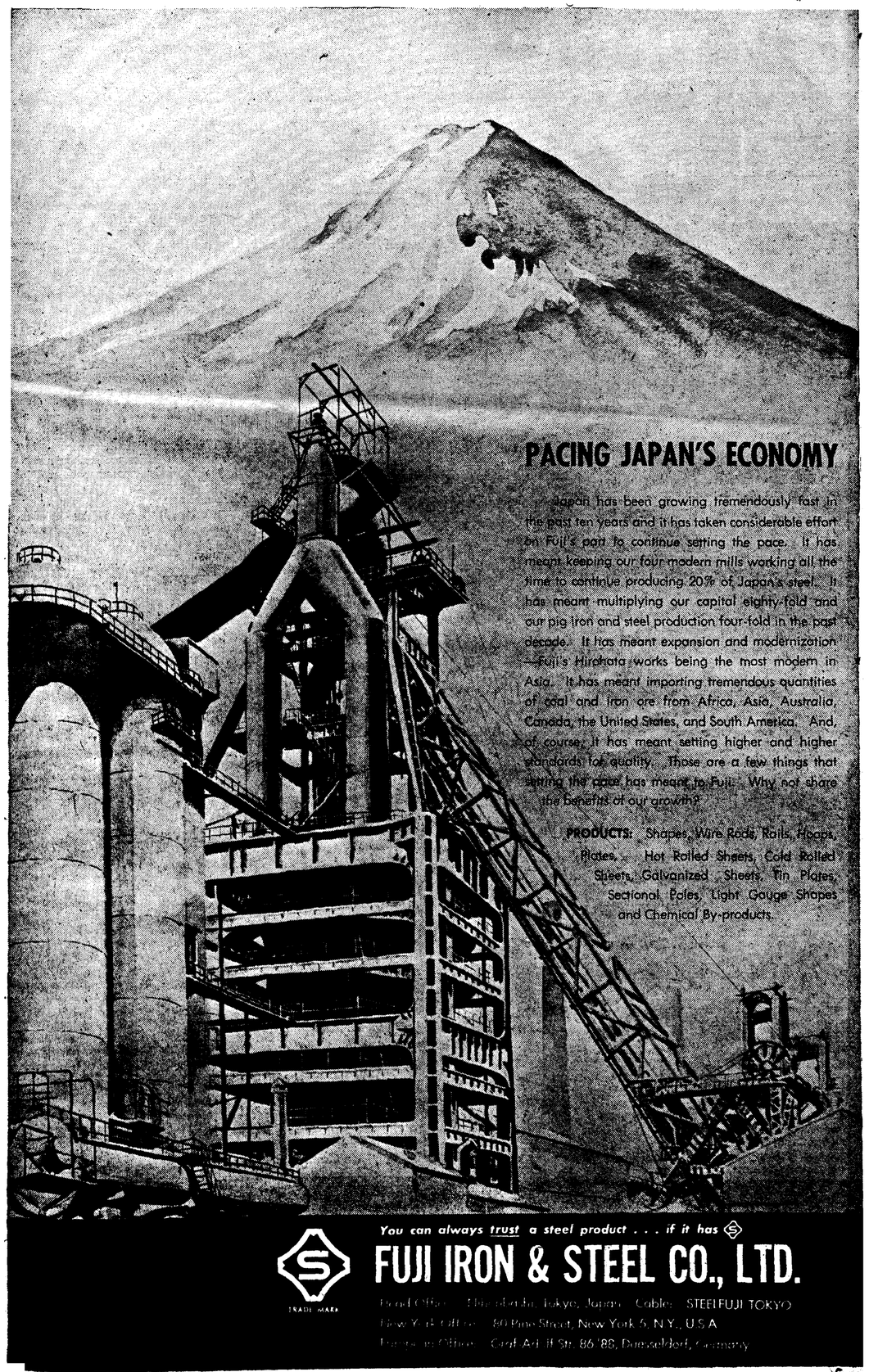
The International Monetary Fund has entered into a new standby arrangement which authorises drawing up to $5 million over the next twelve months by the Government of Paraguay. The new agreement follows an earlier arrangement for $3.5 million which expired on 9th October 1961. Paraguay drew $1 million under this arrangement and its drawings on the Fund now amount to $3.75 million. During the past year, Paraguay's exports have increased, its reserve position has improved and immediate prospects are encouraging. The Government sees a continuing need, however, for cautious monetary and fiscal policies, supported by standby assistance from the Fund.

The Government of Argentina has arranged a new standby arrangement with the International Monetary Fund which authorises drawings up to $100 million over the next twelve months in currencies held by the Fund. The new arrangement replaces an existing agreement in the same amount that expires on 11th December 1961. The new standby arrangement assures continued support for the Argentine reserve position during a period in which the Government will maintain its stabilisation programme. Argentina's net use of the Fund for such purposes amounts to $227 million.

WORLD BANK LOAN TO S. AFRICA

The World Bank has announced two loans aggregating $25 million for the improvement and expansion of electric power facilities and railways in South Africa. A loan of $11 million to the Government will provide part of the foreign exchange required for the programme being carried out by the South African Railways and Harbours Administration. The second loan of $14 million to the Electricity Supply Commission will assist the expansion of the generating and transmission system which serves the country's most heavily industrialised and mining areas. Both the loans are for a term of 10 years and bear interest of 5¾ per cent per annum, including the 1 per cent commission which is allocated to the Bank's special reserve. Amortisation of the loans will begin in December 1963. The loan to the Electricity Supply Commission is guaranteed by the Republic of South Africa.

The Sterling Area's central gold and convertible currency reserves rose by £9 million to £1,270 million during the month of November 1961. The rise occurred despite the repayment of £50 million by Britain to the International Monetary Fund. Without this repayment, there would have been a rise of £59 million in the reserves—an unusually high figure for November or indeed, for any month. It is clear that the revival of confidence in sterling which, following the July measures of the Chancellor of the Exchequer, was maintained throughout November.



PROBLEMS OF COTTON INDUSTRY

MILLS FEDERATION ON PRICE CONTROL

HAD only the Government of India adopted a less doctrinaire attitude with regard to the cotton mill industry by allowing it to expand its weaving capacity, modernise equipment and rationalise the production processes, there would not have been any need for the Tariff Commission to spend much time and energy on the question of fixing fair ex-mill prices for cotton textiles. The imposition of controls on prices and/or production and distribution of textiles may, of course, be necessary in times of emergency such as war, but not during normal periods when it is not difficult to raise the supply to meet the demand. The experience of statutory price controls both during and after war years has taught us that price controls are no remedy for meeting the rising pressure of demand for cloth which can be satisfied only by giving all possible assistance and encouragement to the mill sector to step up production. In fact, in the long run, price controls do more harm than good and the worst sufferer is the consumer. For all that controls can do is, as the Indian Cotton Mills' Federation rightly points out, in the course of its memorandum to the Tariff Commission, to (*a*) limit to the stipulated level the invoice price of a mill company without bringing any relief to the consumer, (*b*) result in tax evasion, and (*c*) bring about "demoralisation and a reduction of quality standards to the lowest common denominator."

The Federation has done well to recall that, even in the case of commodities like steel and cement where the number of distributors and consumers is limited and the variety of product in demand restricted, the experience of maintaining prices within controls has not been very happy. The extremely complicated nature of conditions for enforcing controls in respect of cotton textiles and their adverse consequences are evident in the following extract from the memorandum:

"At the moment, 33 per cent of the supply available for internal consumption comes from the decentralised sector which is not amenable to any control. If we also add to this mill grey cloth which is processed by other processors before sale, this proportion goes up to nearly 50 per cent of the internal supply. It is impossible to make any control effective when half the supplies are free from control and are largely indistinguishable from those under control.

"The demand for a variety waxes and wanes according to changing consumer tastes and other factors, and the fall in the demand for one variety is likely to be compensated by a rise in the demand for another. In normal times, the spread between the mill cost and the consumer price for different varieties exhibits a varying pattern within which mutual adjustments are necessary and possible. Under price control, it is hardly possible to make a provision for this kind of adjustment and this can lead to malpractices.

"A factor of very great importance is the deterioration in quality and in the standards of trading practices, which will be brought about by linking prices to constructional particulars, without any regard to the individual mill's reputation with the trade and the public on account of its individual quality standards and trading practices. It will be extremely difficult to repair the damage done by the demoralisation that will be set in motion by controls."

In any case, now that the Tariff Commission has been charged with the task of evolving a formula for fixing prices, the Federation's suggestion to the Commission is that it should lay down upper and lower limits within which prices may be allowed to fluctuate without any interference. This plea is based on two important grounds. In the first place, the fortunes of the cotton mill industry fluctuate very widely, with periods of depression alternating with periods of prosperity. Apart from that, consumer tastes play a very large part and, even in the best of times, some varieties have to be sold at losses or at nominal profits. When the industry is faced with depression, it will have no alternative but to sell its products at low prices and, unless the industry is permitted to make up these losses in good times, the fair rate of return fixed by the Tariff Commission will prove to be a ceiling to be reached sometime by a few varieties, the actual average return over a period being far less. Secondly, there is the question of giving incentive to quality producers for their high quality standards and trading practices. Further, the Federation has urged exemption from price control in respect of industrial fabrics and yarns such as tyre canvas, tyre-cord, filter cloth etc.

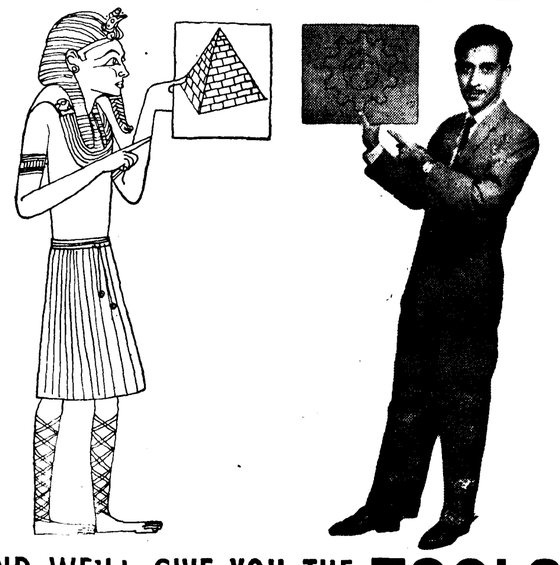
A very pertinent point stressed by the Federation is that the mill industry ought to be allowed a return which will attract capital and will enable the average unit to distribute a reasonable dividend, after paying interest on loans taken for modernisation and after making due provision for enabling the mills to repay the loans. In support of this plea, the Federation observes:

"As it is, we are somehow trying to hold our position in the export market by providing incentives under the Export Promotion Scheme. The experience, however, has been that the incentives have had to be continuously increased to bridge the ever-widening gulf between ourselves and our competitors in regard to quality and quotations. It is obvious that a continuous increase in the incentives cannot solve the problem on a long-term basis and all-out efforts are necessary for improvement in quality and reduction in costs by speedy modernisation, if we are not to be left behind in the race for the shrinking international market. Starting almost from scratch after the Second World War, the Japanese industry has reached the foremost position in the international textiles trade by speedy modernisation. The U.K., on the other hand, has been converted from the world's foremost exporter to a net importer of cotton textiles, due principally to the conservatism of her cotton industry. Even the recent national programme of reorganisation with a substantial subsidy from the exchequer has still not succeeded in lifting the industry from the morass in which it has been bogged. India cannot afford to be slow in learning the lesson from the contrast in the fortunes of the two leading cotton industries of the world.

"The Working Group for the Cotton Textile Industry appointed by the N.I.D.C. have estimated that, for a modest programme of modernisation, an amount of Rs. 180 crores will be required in the period ending 31st March 1966. They have assessed that the industry may be in a position to gather about Rs. 60 crores which, with sustained effort, might go up to Rs. 80 crores. The balance has to be found by way of loans from N.I.D.C., Industrial Finance Corporation and similar bodies. The Working Group have also pointed out that, even if the N.I.D.C. and other financing institutions adopt a liberal policy, looking to the slender returns which the industry gets on its investment, mills will not be eager to borrow, as the interest on loans will prove a millstone on their finances. The Working Group have pointed out that, as compared to other important industries, the return on investment in the textile industry is low and, unless the expectations of profitability of the textile industry improve materially, capital on the required scale would not be forthcoming for investment in this industry. They have, therefore, recommended that all authorities having to deal with questions relating to the mill finance, profit margins, etc., should adopt a liberal and realistic attitude in regard to the performance of the industry and the service it renders to national economy at large."

In the considered opinion of the Federation, the cotton mill industry's problem is fourfold: (1) supply of quality goods to consumers (domestic and foreign) at reasonable prices; (2) pay higher wages to labour; (3) contribute bigger revenues to Government; and (4) give a fair deal to the investor. The solution to this problem lies, according to it, in gearing the textile economy to the medium of production on modern machines. Incidentally, the Federation has urged, again, the immediate removal of the fetters placed on the growth and development of the cotton mill industry and the various restrictions on production. This plea is fully justified. With 85 per cent of its output being sold in the internal market where conditions are not conducive to ensure for the consumer the benefit of competition, the mill industry is finding it difficult to succeed in selling some 15 per cent of its production in the export market where it is exposed to the full blast of powerful competitors equipped with most modern machinery. Surely, if there is scope for healthy competitive conditions in the home market, the industry will get hardened to face the competition abroad with strength and equanimity.

TELL US YOUR JOB—



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TEXTILE IMPORTS FROM SPAIN SUBJECTED TO CEILING

WORKERS AGREE TO TEMPORARY "PAY PAUSE"

From Our Special Correspondent

MANCHESTER LETTER

MANCHESTER, 5th December

A VOLUNTARY arrangement between the Spanish cotton industry and the Cotton Board to limit imports of cotton yarn and piecegoods into the United Kingdom has been reached. Announcing this at Manchester, the Cotton Board said that the level of exports from Spain would be 30 per cent below the quantity shipped in 1960.

The plan is backdated from the beginning of October and will continue to the end of September 1962. Any further arrangements will be determined by future international long-term programmes fixed up during talks due to take place at Geneva within the next few months. This is the first pact on these lines undertaken by any country outside the Commonwealth in conjunction with the Lancashire cotton industry.

In contrast to the Commonwealth arrangements, there is a major variation in the agreed terms. Hong Kong insisted on more favourable facilities for shipping goods to Britain when the pact was extended, and India and Pakistan followed suit. Spain, however, has undertaken to restrict her exports to the United Kingdom to an annual level 30 per cent below the rate of arrivals in 1960.

Spain has emerged as a major exporter only in the past few years, and Britain has been an important customer for her mills. From only 600,000 yards of imports in 1958, shipments from Spain rose to 10 million yards in the following year and to 64 million yards in 1960. Of this quantity, nearly 58 million yards was grey cloth last year and, in the first half of 1961, the rate of arrivals of grey cloth was fully maintained, being 29 million yards.

The negotiations being conducted in Geneva on an international basis obviously have a big bearing on the future of such individual arrangements as those reached between Lancashire and other countries. The official statement announcing the agreement indicates that any extension of the Anglo-Spanish understanding will be determined at a later date in the light of any future long-term agreement established on a much wider scale.

"Pay Pause"

Union leaders of 175,000 Lancashire cotton spinning and weaving workers have agreed in Manchester to a "pay pause"—at least until the end of January—before taking any further action over their rejected demand for an all-round wage increase of 10 per cent. The executives of all the unions concerned had been called to a special meeting to consider the recommendations of a panel of eight appointed to consider the wages issue. It was announced that the employers had agreed to a further joint meeting at the end of January, although they had stressed that it would not be "practicable or right" to enter at this stage into any commitment which could be construed as a promise for the future. They had also indicated that trading conditions in the industry had worsened since the unions' application was tabled in the late summer.

After the meeting, Sir Alfred Roberts, the unions' spokesman, said that it had been agreed to await these further discussions with the employers. "Whatever the situation then we cannot allow the living standards of cotton textile workers to continue falling behind those of other industrial workers," added Sir Alfred.

The Lancashire cotton trade unions are to have separate discussions on the question of compensation for workers who are made redundant by the closing down of mills due to the present state of trade in the industry. The reorganisation scheme for the Lancashire cotton industry, which had Government backing and cost £30 million, was accused by a trade leader of being partly responsible for the heavy flow of cloth imports into Britain.

Mr. C. B. Sunderland, Chairman of the Household Textiles Association, told the annual meeting in Manchester that it had been a disappointment to firms making up cloth into household textiles. From the outset it had created shortages of supplies and these, combined with a rise in prices, compelled users to go out into other markets to find suitable materials. "From that point, cloth poured into the country from the most unlikely sources and has caused a great deal of havoc. We cannot help feeling that had the redundancy scheme been planned a little more carefully and proceeded at an orderly but more gentle pace, then the tremendous influx of cloth—at least from Continental sources, need never have developed."

Mr. Sunderland said that the British Government had a responsibility to make sure that the imports of cloth to fill gaps in the domestic production did not get out of hand. It was certainly not too late for the Government to take action against dumping of subsidised textile imports.

Some Supporters Still

Lancashire often lacks a champion to fight her cause against the "slings and arrows" aimed by the outside world in the shape of so-called "financial authorities." In Sir John Lomax, a writer whose long experience in the diplomatic service, coupled with his textile antecedents, seems to have given rare insight, the Lancashire trade has, indeed, a doughty supporter. Sir John has hastened to the defence of the industry, restating once again many of the reasons why millowners have had to endure the double affliction of losing not only export markets but now a substantial proportion of the home market too.

A point which has perhaps not been sufficiently hammered home is the fact that users of cotton in this country have to buy their raw material at price-supported rates, whereas fuel, finance and other services can only be secured at well-protected home market prices. Sir John observes: "The manufacturer is left to sell his product in the field of world competition to highly protected foreign and Empire markets but at home he must face a free-for-all flood of goods from every low-wage, low-taxed Empire and foreign competitor."

Who Would Survive?

Sir John Lomax reminds Lancashire's critics that the fate already being suffered by Britain's cotton industry may well follow in the case of other trades long protected by customs duties, fiscal means and exchange control. "How many would survive if we could all trade in the cheapest markets?", he asks. "Where would labour stand if every employer were free to contract Asiatics? Who would go to the corner bank if he could borrow from a 2 per cent bank-rate foreign banker? Should we buy none but Japanese ships?"

Admitting that there might be some justification for supporting genuine Commonwealth interests, he believes that the burden should still be shared. "To help India and Pakistan, let some other industry take a share of the strain which has for too long been laid upon the cotton industry, the last free trade victim in a totally restricted trading world," he declares.

As for Hong Kong, Sir John states bluntly what many people have been saying for some time past about the future of this colony. "It is hard to accept Hong Kong as a worthwhile long-term investment in Commonwealth prosperity," he observes, and adds: "The place has no territorial expansion, no natural resources to build upon and British enterprise has no future there, because all of it, including the supermodern industries we are siting there, must be handed over to China in a few years—unless the communists have already seized it, which they could do at any moment."—*All Rights Reserved.*

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SHARP FALL IN COFFEE OUTPUT LIKELY

PRICES RULE LOW—GROWERS IN DISTRESS

ALTHOUGH five months have elapsed since the current coffee season (August 1961-July 1962) began, no official statistics as to the size of the crop are yet available. One has, therefore, to rely only on private estimates. If these estimates prove correct, the season will witness a sharp setback in coffee crop. Not more than 48,000 tonnes of seeds are expected to be gathered, a quantity which is substantially lower than the previous season's record harvest of 67,000 tonnes. This is not surprising, for, in the case of coffee, Nature behaves in such a way that a bumper crop is usually followed by a lean one. Such a sizable fall in crop may mean considerable relief to the organisation entrusted with the task of marketing the crop which is now greatly concerned with the problem of disposing of the large surplus of the past season. But it is a source of worry to coffee producers, in view of the continuously rising trend of production cost, persistently low level of prices in world markets, and the none too encouraging picture of the domestic market. The net result will be a further fall in the profit-margin and a deterioration in the financial position of coffee estates, especially those which are marginal.

The coffee producers have already suffered greatly as a result of the low prices realised in both internal and export sales, owing to unfavourable market conditions. Payment for the 1960-61 season's crop is expected to be just Re. 1.95 per point—some put the price lower still at Re. 1.90—as against Rs. 2.24 received by the growers in 1959-60, Rs. 2.45 in 1958-59 and Rs. 2.51 in 1957-58. What is more, the anticipated return of Re. 1.95 per point is 16 nP below the cost of production of Rs. 2.11 per point, according to the Coffee Board's own calculations. On top of it, there is an excise duty on coffee, which is 55 nP per kilo for Arabica grade and 41 nP for Robusta variety. In view of such low prices, the total realisation from coffee by the estates has declined considerably, leading to a cut in their profit-margin. The Blue Mountain Estates Limited, for instance, realised just Rs. 17.80 lakhs from its coffee sales during the year ended 30th June 1961, as compared with Rs. 36.95 lakhs in the previous year. And it may receive much less in the current year.

Rise in Production Cost

How the coffee industry has been caught between increase in the cost of production, on the one side, and reduction in the price realised, on the other, is illustrated in the following table which pertains to the above Company:

	Year ended 30th June			
	1961	1960	1959	1958
Crop harvested (kilos)	584,094	988,124	579,338	726,643
Cost of production* (Rs. per kilo)	2.96	2.12	2.85	2.50
Price realised (Rs. per kilo) ..	2.89†	3.21	3.82	3.73

* All-in-cost.
† Calculated at an estimated price of Rs. 1.95 per point.

As already stated, the prospects for the current year point to a further deterioration in this respect. Some may be inclined to blame the Coffee Board for this state of affairs, but it is not clear what exactly the Board, which is only an intermediary and does not make any profit for itself, can do to improve the position in favour of the estates. Its marketing policy has no doubt been a controversial subject. But it was being criticised hitherto on the score that it sought to keep the prices of coffee at an artificially high level, thereby creating a factor that tended to inhibit the pace of domestic consumption. This point, however, is not quite relevant in the present context when some planters say that it is rather unfortunate that the Coffee Board continues to hold down prices. Comment of this nature is not quite convincing, for an increase in the selling price of coffee is not the right solution in the context of a surfeit of coffee. There are only two ways in which coffee production can be made profitable in the short-term: one, a reduction in the tax on consumption and, two, cutting down costs. But neither is within the power of the planter. As readers are aware, only Government can lower the excise duty. As for costs, the major component is the wage bill which is constantly going up and is beyond the control of the growers. Then comes the cost of materials such as agricultural implements and insecticides over which also the growers have no control. The nitrogenous fertilisers are handled by the State and their prices, too, are rising.

The problems of the Indian coffee industry have also to be viewed against the world background, because of the growing importance attached to the need for earning as much foreign exchange as possible from coffee exports. A huge surplus hangs on the world market. It is true that, despite this surplus, India was able to export 30,000 tons of coffee during 1960-61, but the price realised was markedly lower, resulting in reduced overall return to the planter. Drawing attention to this aspect in his latest annual statement, Mr. D. C. Kothari, Chairman of the Blue Mountain Estates Ltd., observes:

"The world coffee situation is still obscure and it is difficult to forecast the future. It must be remembered that coffee prices have now fallen so low that any further lowering of prices is unlikely. I feel that, in course of time, the price must either stabilise around the present level or show some improvement. In fact, the Coffee Board is making vigorous attempts to establish markets for Indian coffees on the Continent and elsewhere and it is hoped that, as a result of these efforts, there will be considerable interest created in the overseas markets for Indian coffee."

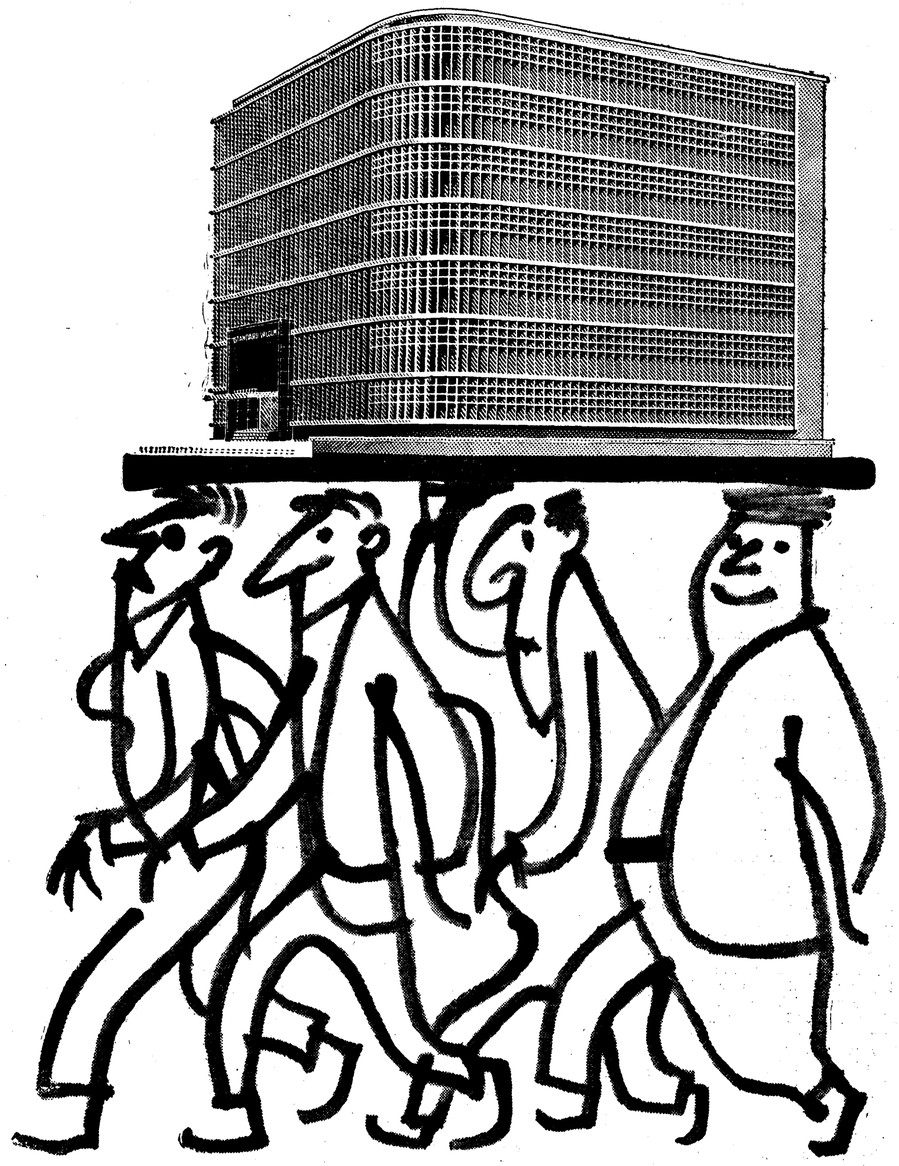
Incidentally, it may be noted that, as against an internal market price of about Rs. 135 per 50 kilos of Robusta coffee, the price realised on export is only Rs. 68.

Domestic Consumption

While the need for boosting coffee exports is urgent, the interest of domestic consumers, too, cannot be ignored. Indeed, a high level of internal offtake is essential for stepping up exports, for, the larger the domestic consumption, the smaller will be the incidence of loss on exports per kilo of coffee consumed in India. Stressing the importance of internal consumption, Mr. Kothari has made the following pertinent remarks:

"... coffee consumption in this country is steadily increasing. It is a matter of regret that the Coffee Board should have thought fit to discontinue the Coffee Houses which were doing valuable propaganda work within the country. I only hope that the Government of India will not slacken their efforts to increase the consumption of coffee in this country, because there seems to be an impression in the minds of our people that any increase in the local consumption of coffee may be at the expense of our export earnings. This really is not the position, as we are likely to have a considerable amount of coffee for export in the next few years. If the Indian planter or the grower is to get a reasonable return on his investment, he must have the cushion of a good internal market to offset any loss he may incur in exports. When dealing with this and many other complex and difficult problems of the coffee industry, I am glad to say that we have the sympathy and understanding of the Coffee Board and its Chairman. Recently the United Planters' Association of Southern India submitted a memorandum to the Ministry of Commerce and Industry on the subject of marketing policy and we have been assured of sympathetic consideration both by the Ministry and the Board."

To revert to exports of coffee, The outlook for exports is linked to the attempts now being made by the International Coffee Agreement Secretariat to evolve a long-term stabilisation plan, bringing leading consuming countries into it. Such a plan is expected to tighten up the quota scheme and make its influence felt on the world market. Meanwhile, the coffee producing countries in Latin and Central Americas are reported to be planning to reduce their coffee acreages and to increase yields per acre through intensive cultivation. The Inter-African Coffee Organisation, a regional body representing the coffee growers in the whole of Africa, has begun functioning at Paris. At a meeting held recently, the Organisation decided to plead for a larger Continental quota. It may be noted here that the African countries exported 22,800 more bags coffee during the first half of 1961 than in the corresponding period last year.



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GOVERNMENT-OWNED COMPANIES—II

INDUSTRY-WISE DISTRIBUTION—FINANCIAL RESULTS

By Dr. Raj K. Nigam, Ph.D. (Econ.) (London)

A STUDY of the industrial complex of the Government companies presents fascinating reading. The activities of the Government companies are spread over as many as 63 industrial and commercial groups. Two Government companies (paid-up capital Rs. 12.5 lakhs) are engaged in agricultural activities, 11 companies (paid-up capital Rs. 73.2 crores) in mining operations, 54 companies (paid-up capital Rs. 14.7 crores) in the light and consumer goods industries and 41 companies (paid-up capital Rs. 424.5 crores) in the heavy and basic industries including machinery manufactures, chemicals and fertilisers, etc. Besides these, seven companies have been formed for transportation and communications business, whereas 25 companies are carrying on trading and financial business and for rendering services of all kinds. Our analysis reveals that, in the case of the Central Government undertakings, emphasis has clearly been on heavy capital goods, chemicals and fertilisers, mining, foreign trade, etc. In contrast to this, there is a preponderance of companies belonging to the light and consumer goods among the companies set up by the State Governments. Of the 86 State Government companies, 49 companies are engaged in the manufacture of consumer goods and light products, while two companies are engaged in trade, finance and miscellaneous businesses and 22 companies in the heavy and basic industries and mining.

No Cause for Apprehension

Further study of the industrial pattern of Government companies in the light of the Industrial Policy Resolution of 1956 reveals that, out of the 54 Central Government companies, 22 companies, accounting for 85 per cent of the total paid-up capital of all Central Government companies, have been formed to engage in the industries listed in Schedule A of the Resolution, that is, the industrial fields reserved exclusively for the State only, whereas six companies, representing 12 per cent of the total paid-up capital, are to engage in Schedule B industries, that is, those industries which can be developed both by the State and private entrepreneurs. The remaining 20 companies, with Rs. 20 crores representing 3 per cent of the total paid-up capital of the Central Government companies, are seen to operate in the fields left open to the private entrepreneurs. On the other hand, in the case of State Governments' companies, it is seen that 26 companies accounting for 44 per cent of the total paid-up capital of all State Governments' companies, are found to be engaged in Schedules A and B industries, while 60 companies, representing 56 per cent of the total paid-up capital, operate in the "free" industrial and commercial areas.

The entry of the State into the "free sector" in the States has largely been occasioned by the general apathy and lack of initiative shown by private entrepreneurs in the relatively backward parts of the country. Also some companies engaging in the "free" group of industries are the legacies of the past, as, before the State policy on industrial development was formulated for the first time in 1948, some of the State Governments, e.g., those of Hyderabad, Mysore, Travancore and Cochin, held majority interests in certain companies which they did not subsequently divest themselves of and consequently these companies came to be defined as Government companies upon the passing of the Companies Act in 1956. Another reason for the taking of active interest by the State Governments in the "free" group of industries is that some State Governments, for instance the Government of Orissa, assumed the role of leader-entrepreneur to show and pave the way for other private industrialists to take active interest in the industrialisation of this backward State. Thus, the States' interest in the "free" industrial fields is not to be viewed with any feeling of apprehension that the State wants to narrow down or encroach upon the spheres of activities of private enterprise as indicated in the Industrial Policy Resolution. Nor should it be construed as a breach of the spirit of the Resolution of 1956. Table 6 gives a comprehensive picture of industrial distribution of Government companies so as to allow the readers to make a more detailed study of industrial interests of the Union and State Governments.

Factual information on the finances of Government companies is much less than what we have on the structure-pattern of these companies, as we shall see in the next article of the current series. Statistical data with regard to the management pattern of these companies are even more scarce. The limited information now available on the finances of Government companies is only from 1956-57 onwards. The two agencies analysing the finances of Government companies have probably synchronised the beginning of the series of financial data with the year of the statutory recognition of the Government companies in our country. The performance, therefore, of the Government companies during the first Five-year Plan period is not known to us.

TABLE 6: *Industrial Distribution of Government Companies* 1960-61

(Paid-up capital in Rs. '000)

Industrial groups	Central Government Companies		State Government Companies		All Government Companies	
	No.	Paid-up capital	No.	Paid-up capital	No.	Paid-up capital
0.1 Agriculture (excluding plantation industry)	1	2,58	..	..	1	2,58
0.4 Forestry and Wood-cutting	..	..	1	9,96	1	9,96
1.0 Coal Mining	3	69,36,36	..	..	3	69,36,36
1.10 Iron Ore	1	15,00	..	..	1	15,00
1.11 Gold Mining	..	..	1	56,83	1	56,83
1.19 Metallic minerals (other than Iron Ore, Gold, Manganese, copper, aluminium, lead, zinc and silver)	4	2,85,53	1	..	5	2,85,53
1.7 Salt, Saltpetre and saline substances	1	24,20	..	..	1	24,20
2.10 Edible Vegetable Oils	..	..	1	60	1	60
2.12 Dairy products	..	..	4	12,17	4	12,17
2.21 Sugar Factories and Refineries	..	..	3	1,93,04	3	1,93,04
2.31 Canning and Preservation of fruits and vegetables	..	..	5	4,18	5	4,18
2.34 Cashew nut industry	..	..	1	50	1	50
2.601 Cotton mills	..	..	2	1,53,93	2	1,53,93
2.62 Silk reeling, spinning and weaving	..	..	1	5,00	1	5,00
2.73 Hosiery and other knitted goods	..	..	1	2,44	1	2,44
2.74 Coir factories	..	..	1	92	1	92
2.90 Tanning and leather finishing	..	..	1	7,74	1	7,74
3.00 Iron and steel	1	300,00,00	1	2,00	2	300,02,00
3.1 Non-ferrous metals (basic manufactures)	..	..	3	7,93	3	7,93
3.20 Ships and boats	1	5,74,80	..	..	1	5,74,80
3.21 Railway Equipment	..	..	2	3,19	2	3,19
3.24 Aircraft	1	18,75,00	..	..	1	18,75,00
3.31 Electric Fans	..	..	1	3,74	1	3,74
3.39 Other Electric machinery	4	32,41,22	7	52,92	11	32,94,14
3.41 Agricultural implements	1	40,00	1	88	2	40,88
3.44 Machine tools	2	6,66,02	1	50	3	6,67,42
3.49 Other machineries	2	6,64,49	2	10,00	4	6,74,49
3.51 Aluminium ware	..	..	1	75	1	75
3.52 Enamel ware	..	..	1	16	1	16
3.59 Other manufactures of metal products	..	..	7	83,08	7	83,08
3.60 Acids, alkali salts other than chemicals and fertilizers	1	..	..	..	1	..
3.61 Turpentine and rosin	..	..	1	9,00	1	9,00
3.65 Chemicals and fertilisers	1	39,27,14	1	3,45,98	2	42,73,12
3.69 Other basic industrial chemicals	..	..	2	1,29,73	2	1,29,73
3.71 Animal oils and fats	..	..	1	58	1	58
3.80 Medical and pharmaceutical preparations	1	2,47,26	2	1,22	3	2,48,48
3.84 Paints, varnishes and allied products	..	..	2	18,72	2	18,72
3.89 Other chemical products including insecticides and fungicides	1	97,00	1	60	2	97,60
4.00 Kerosene and petroleum refineries	2	7,47,25	..	..	2	7,47,25
4.20 Tiles, Bricks etc.	..	..	3	14,01	3	14,01
4.21 Hume pipes and other cement and concrete products	1	40,00	1	1,50	2	41,50
4.59 Manufacture of wood cane and cork	..	..	2	2,16	2	2,16
4.6 Furniture and fixtures	..	..	2	3,05	2	3,05
4.70 Pulp, paper and paper boards	1	4,94,51	1	3,15	2	4,97,66
4.71 Products of pulp, paper and paper boards	..	..	1	1,59	1	1,59
4.8 Printing, publishing and bookbinding	..	..	1	90	1	90
4.91 Toys, sports goods	..	..	1	1,25	1	1,25
4.93 Photographic and optical goods	1	15,00	..	..	1	15,00
4.95 Professional, scientific and controlling instruments	..	..	1	1,20	1	1,20
4.99 Other Miscellaneous manufacturing industries	1	90,96	..	..	1	90,96
5.00 Buildings	1	3,00	..	..	1	3,00
5.09 Miscellaneous Construction and maintenance	2	1,19,25	..	..	2	1,19,25
6.01 Wholesale trade other than foodstuffs	2	2,10,00	..	..	2	2,10,00
6.49 Miscellaneous insurance business	1	50,00	..	..	1	50,00
6.50 Banking	1	14,08	2	3,77	3	17,85
6.51 Loan	1	..	1	49,66	2	49,66
6.52 Investment and Trust	1	35,00	2	1,41,95	3	1,76,95
6.59 Other financial institutions	5	50,00	4	47,50	9	97,50
7.00 Transport by road	2	34,99	1	1,50	3	36,49
7.1 Transport by water	3	24,01,19	1	22,11	4	24,23,30
8.4 Community services	2	45,00	1	..	3	45,00
8.5 Business services	..	..	1	10,00	1	10,00
9.1 Hotels	1	1,50,00	..	..	1	1,50,00
Total	54	530,97,58	86	14,23,59	140	545,21,12

Another interesting feature noticed is that borrowings of these companies, an overwhelming proportion of which was obtained from Government sources, came to a substantial figure, accounting for nearly 50 per cent of the total paid-up capital in 1956-57 and 30 per cent in 1958-59, the proportion having gone down as the result of a tremendous increase in the paid-up capital of one company, the Hindustan Steel Ltd. The total quantum of borrowed funds increased from Rs. 45 crores in 1956-57 to Rs. 54 crores in 1957-58 and to Rs. 122 crores in 1958-59, showing increases of nearly 20 per cent and 170 per cent in the latter two years over 1956-57. Table 7 on the next page gives the relevant facts on the basis of which the growth of finances of Central Government companies has been studied.

Some data on the finances of Central Government companies are given in the publication *Corporate Sector in India*, published by the Department of Company Law Administration. Consolidated financial position of two sets of Central Government companies are given from that source. The consolidated balance-sheet position for the three years 1956-57, 1957-58 and 1958-59 is given for 30 Central Government companies, of which 11 companies had not commenced functioning, whereas the financial and profits position for the same three-year period is given separately for the 19 companies which have gone into operation. These 19 Government companies are:

The Bharat Electronics Ltd., Eastern Shipping Corporation Ltd., Hindustan Antibiotics Ltd., Hindustan Cables Ltd., Hindustan Housing Factory Ltd., Hindustan Insecticides Ltd., Hindustan Machine Tools Ltd., Nahan Foundry Ltd., National Coal Development Corporation Ltd., State Trading Corporation Ltd., Sindri Fertilisers and Chemicals Ltd., Western Shipping Corporation Ltd., Hindustan Aircraft Ltd., Indian Rare Earths Ltd., Kulu Valley Transport Ltd., Orissa Road Transport Ltd., Hindustan Shipyard Ltd., Sultania Cotton Mills Ltd. and Indian Telephone Industries Ltd.

The following are the eleven companies which had not commenced production in the period under review:

The Government Telephones Board Ltd., Heavy Electricals Ltd., Hindustan Steel Ltd., Hindustan Chemicals and Fertilisers Ltd., National Industrial Development Corporation Ltd., National Research Development Corporation of India Ltd., National Small Industries Corporation Ltd., Neyveli Lignite Corporation Ltd., Orissa Mining Corporation Ltd., Ashoka Hotels Ltd. and Rehabilitation Housing Corporation Ltd.

The financial position of all the 30 Central Government companies under reference shows that their paid-up capital, with 1956-57 as base, increased by 200 per cent in 1957-58 and by 400 per cent in 1958-59. The free reserves position of these companies was strengthened by about 30 per cent and 85 per cent during 1957-58 and 1958-59, respectively, over 1956-57. The gross fixed assets of these companies increased by about 170 per cent in 1957-58 and by nearly 400 per cent in 1958-59 over the year 1956-57. After allowing for depreciation on the fixed assets, the growth in net fixed assets came to 200 per cent and nearly 500 per cent in the two years 1957-58 and 1958-59 over 1956-57. The total net assets of these companies recorded an increase of about 130 per cent in 1957-58 and 300 per cent in 1958-59 over 1956-57. Thus, it will be seen that the growth of resources as well as the assets of the 30 Central Government companies has proceeded with an increasing acceleration.

Borrowings More

The financial position of Central Government companies which were actually in operation presents a less spectacular picture of growth. As will be seen from the names of 19 companies given above, they do not include companies belonging to the top strata of the public sector. The strength of these 19 companies is, however, steadily growing. And this is reflected in the figures of paid-up capital, net worth, gross and net fixed assets, etc., which is fully corroborated by the increase recorded in their total sales and profits. The total paid-up capital of these companies increased by 25 per cent in 1958-59 over 1956-57 and their net worth nearly 32 per cent during the same period. On the assets side, it is noticed that both the gross and net fixed assets increased by 45 per cent during the same period. As a result of the steady increase in the net earnings of these companies, the quantum of free reserves and surpluses recorded

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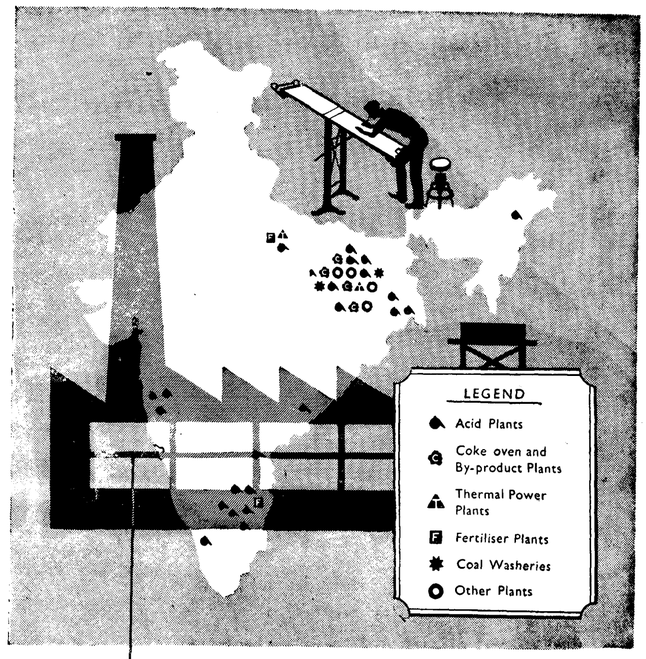

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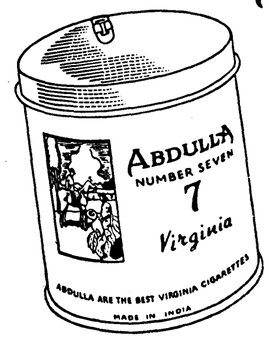

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an increase of 103 per cent in 1958-59 over 1956-57, whereas the profits before and after taxation registered increases to the tune of 59 per cent and 95 per cent, respectively. The level of distributed profits of these companies, however, remained steady over the period, recording only a modest increase of 10 per cent. The quantum of ploughed back profits, however, increased by 140 per cent during the period under review. Thus the principal profit indicators display steady progress in the earning capacity of these companies.

Profits

A study of the ratios of sales and profits to capital employed and paid-up capital, etc. has not been attempted, as it is likely to lead to erroneous or mistaken conclusions. A better method of studying these ratios will be to make a detailed micro-analysis of the profits position of the individual Government companies in the context of the price policies followed by them. However, notwithstanding a detailed ratio-analysis of the return on capital employed, etc., an important purpose served by the foregoing indicators is that they establish the fact that the public sector companies are becoming steadily more and more economical and commercially viable and profitable and should, in course of time, yield some substantial amount of internal savings and surpluses, which have been named as an important source of finance in the third Plan. It is seen from the foregoing analysis that the 19 Central Government companies whose total paid-up capital aggregated Rs. 77 crores, accounting for nearly 14 per cent of the total capital investment in all Central Government companies, yielded a total net surplus (taking depreciation and retained profits together) of Rs. 29.1 crores, of which Rs. 3.8 crores were the retained profits. Further, since in all these companies, the Central Government happened to be the sole owner, another Rs. 1.14 crore came from the companies as distributed profits. Thus, taking these together, the total surplus yielded by the 19 Central Government companies amounted to Rs. 30 crores in 1958-59 as against Rs. 24.3 crores in 1957-58 and Rs. 19.5 crores in 1956-57, the percentage increase over the period 1956-57 to 1958-59 being of the order of 55 per cent. The details are given in Table 8 on this page.

The position of finances of Central Government companies can be studied for one more recent year, namely, 1959-60, with the help of the Central Statistical Organisation's publication, *Principal Public Sector Undertakings in India*, which contains factual information on 56 Central Government undertakings of which 40 are Government companies. The aggregate results for the 19 Central Government companies which are reported to be in full operation for the two comparable periods, 1958-59 and 1959-60, disclose further rises of 16 per cent to 18 per cent in paid-up capital, free reserves and net worth of these companies. The total net assets of these companies are reported to have also increased around 16 per cent and the gross fixed assets to the extent of 27 per cent. The total internal savings of these companies as represented by depreciation provisions and ploughed-back profits during the year are found to have increased by nearly 70 per cent in 1959-60 over 1958-59. Thus, these facts provide further evidence of the growing vigour of the Central Government companies.

State Government Companies

As compared to the time and efforts given to the study of the affairs and finances of the Central Government companies, public interest in the State Governments' companies appears to be nominal. The study of finances of the State Government undertakings is rendered somewhat difficult by the wide dispersal of these enterprises over the different States of the country and by the absence of a central co-ordinating body overseeing the performance of these companies within the broad frame of the public sector as a whole, and in relation to the objectives for which they have been set up. Financial accounts of these companies are also not easily available at one place. Notwithstanding these difficulties, factual materials relating to the finances of 20 State Government companies which are in full operation out of the 86 State Government companies are available for study for the three years 1956-57, 1957-58 and 1958-59 in the publication entitled *Corporate Sector in India*. These 20 State Government companies covered are:

The Bhavnagar Public Dairy Ltd., The Fertilisers and Chemicals Travancore Ltd., Forest Industries Ltd., Ganganagar Sugar Co. Ltd., Gondal Public Dairy Ltd., Dondwana Paints and Minerals Co. Ltd., Hutti Gold Mines Ltd., Indian Bobbin Co. Ltd., Indian Turpentine and Rosin Co. Ltd., Mayurbhanj Textiles Ltd., Mysore Lac and Paints Works Ltd., Mysore Sugar Co. Ltd., Nizam Sugar Co. Ltd., Radio and Electricals Ltd., Singareni Collieries Ltd., Travancore Electricals Ltd., Travancore Titanium Co. Ltd., Travancore Chemicals Ltd., United Electrical Industries Ltd. and Zalawad Public Dairy Ltd.

The total paid-up capital of these companies accounts for nearly 65 per cent of the total paid-up capital of all the State Government companies at work in the country.

The total paid-up capital of the 20 State Government companies covered in this article remained practically steady during the three-year period 1956-59, but the free reserves and surpluses recorded an increase of about 37 per cent. The gross and net fixed assets of these companies registered an increase of 23 per cent to 28 per cent, whereas the total net assets went up by 14 per cent. During the same period, the sales or main income increased by 31 per cent and the net profits before and after taxation showed improvements of the order of 51 per cent and 54 per cent, respectively. As a result of the increased quantum of net profits, a larger amount of profits was distributed as dividends. The total surplus retained in the companies by way of depreciation and ploughed-back profits showed a rise of 17 per cent.

From the foregoing set of figures, it will be clear that, in terms of growth of resources, of capital investment in fixed assets and of profit-earning capacity, there has been a progressive improvement in the State Government companies also, though the various indicators of progress did not show the same marked improvement as seen in the Central Government companies discussed earlier. The reasons for the relatively slow rate of progress will require a careful looking into the financial accounts of the individual companies. Table 9 on this page represents the financial data on which the foregoing observations relating to the finances of the State Government companies have been made.

(To be continued)

TABLE 7: *Financial Position of 30 Central Government Companies* 1956-59

(Amount in crores of rupees)

	1956-57	1957-58	1958-59
	Rs.	Rs.	Rs.
Total paid-up capital ..	81.5 (100)	246.8 (303)	414.3 (508)
Free reserves and surplus..	6.4 (100)	8.4 (129)	12.1 (186)
Total borrowings	45.3 (100)	53.6 (118)	122.1 (269)
Trade dues, current, non-current liabilities (including taxation reserve).	28.8 (100)	65.3 (226)	78.0 (271)
Total capital and liabilities.	162.1 (100)	174.1 (230)	626.4 (386)
Total gross fixed assets ..	80.4 (100)	216.0 (268)	396.5 (493)
Net fixed assets	63.4 (100)	194.8 (305)	369.6 (583)
Inventories	29.3 (100)	64.2 (219)	137.6 (469)
Other assets	69.3 (100)	115.1 (166)	119.2 (172)
Total assets	152.1 (100)	324.5 (230)	626.4 (386)

(Figures in brackets are indices with 1956-57 as base=100)

TABLE 8: *Financial and Profits Position of 19 Central Government Companies in Operation* 1956-59

(Amount in crores of rupees)

	1956-57	1957-58	1958-59
	Rs.	Rs.	Rs.
Total paid-up capital ..	61.42 (100)	69.16 (112)	77.15 (125)
Free reserves and surpluses.	6.36 (100)	8.49 (133)	12.27 (192)
Total borrowings ..	22.30 (100)	28.27 (121)	40.32 (182)
Total capital and liabilities.	115.84 (100)	132.90 (114)	170.00 (146)
Gross fixed assets	69.81 (100)	82.99 (118)	102.36 (146)
Net fixed assets	52.95 (100)	62.27 (117)	77.07 (145)
Sales/main income.. ..	58.02 (100)	66.87 (173)	77.43 (203)
Profits before tax	4.17 (100)	5.52 (122)	7.86 (189)
Profits after tax	2.59 (100)	3.61 (140)	4.92 (195)
Distributed profits ..	1.03 (100)	1.04 (101)	1.14 (110)
Retained profits	1.56 (100)	2.57 (164)	3.78 (255)

(Figures in brackets are indices with 1956-57 as base=100)

TABLE 9: *Financial and Profits Position of 20 State Government Companies in Operation* 1956-59

(Amount in crores of rupees)

	1956-57	1957-58	1958-59
	Rs.	Rs.	Rs.
Total paid-up capital ..	9.15 (100)	9.20 (100.5)	9.19 (100.4)
Free reserves and surpluses.	2.47 (100)	3.17 (128.4)	3.38 (136.9)
Total borrowings	7.63 (100)	7.64 (100.0)	8.83 (115.9)
Borrowings from Government	2.08	2.08	2.20
From other sources ..	5.56	5.56	6.65
Total capital and liabilities.	24.72 (100)	26.11 (105.6)	28.25 (114.6)
Gross fixed assets	17.64 (100)	19.24 (109.0)	21.70 (123.0)
Depreciation	8.68	9.24	10.21
Net fixed assets	8.97 (100)	10.00 (111.5)	11.50 (128.2)
Sales/main income ..	16.56 (100)	20.94 (124.2)	23.15 (181.4)
Profits before tax	1.22 (100)	1.84 (150.8)	1.84 (151.1)
Profits after tax	0.69 (100)	1.06 (153.4)	1.06 (151.7)
Distributed profits ..	0.35 (100)	0.51 (146.2)	0.66 (195.9)
Retained profits	0.34 (100)	0.55 (160.7)	0.38 (111.8)

(Figures in brackets are indices with 1956-57 as base=100)

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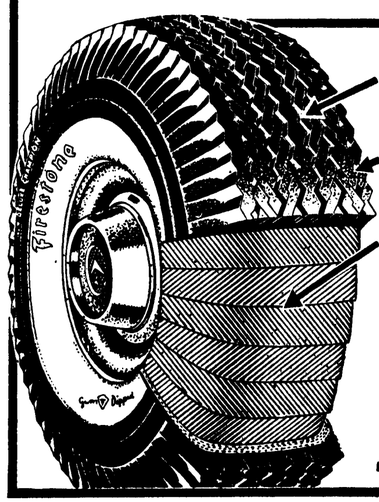

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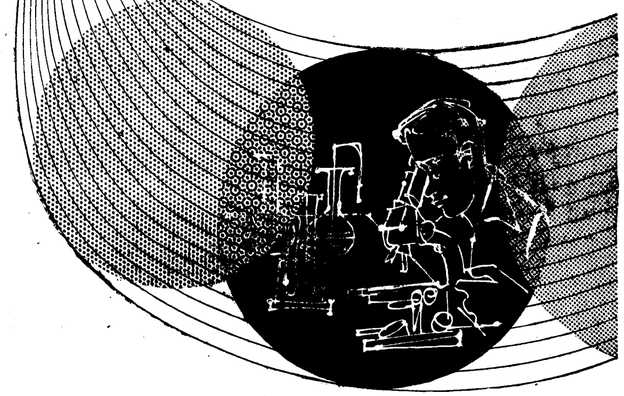

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THE TRANSPORT BOTTLENECK

DISCUSSIONS AT THE ASSOCHAM. MEETING

THE gap between actual supplies of transport available to the general public and the rapidly increasing demands for it has widened during the last one year, and this has been a subject of anxious debate throughout the country. Some idea of the magnitude of the gap is provided by a non-official estimate, according to which about 20 million tons of various kinds of originating traffic in 1961—representing almost 11 per cent of the total traffic offering—has not been able to find carrying capacity. To some extent, it has been contended, many industrial consumers of transport, who now press for additional carrying capacity, had not planned adequately for the future and intimated their full requirements, in good time, to the Government's Planning and Transport agencies. There is some truth in this contention, according to Mr. F. C. Badhwar, representative of Punjab and Delhi Chamber of Commerce, who proposed the resolution on transport shortage at the recent annual meeting of the Associated Chambers of Commerce at Calcutta. But, at the same time, it is true that shortfalls in transport availability have been constantly pointed out by industrial representatives during the last three years. Whichever side has been responsible for the underestimation of transport requirements, the serious dimensions of the transport crisis are not open to dispute.

How and where transport requirements have been underestimated is an interesting line of enquiry. According to Mr. Badhwar, insufficient account has been taken by planners, first, of many secondary and other consequential movements which, together, may well approximate to almost a quarter of the main primary movements usually associated with the carriage of raw materials to factories and of finished or semi-processed products to customers. Secondly, finishing and further processing, sometimes in distant workshops, has often to be undertaken for semi-processed articles, and resales of finished goods to a second or even a third batch of buyers is not an infrequent occurrence for some commodities; all this involves additional transportation, for which no provision seems to have been made so far in official estimates. Thirdly, many articles and fabricated goods have certain end-uses (including reclamation), and appreciable movements, sometimes in bulk, are often required in such connections. Fourthly, many movements are caused by regional scarcities, variable price factors and emergent exports and imports, and there is no evidence that any additional carrying capacity has ever been provided for such purposes. These, then, are the instances of underestimation in the matter of transport requirements. No wonder, therefore, that the Neogy Committee itself has had to remark that present estimates of the carrying capacity required for industry appear to have an uncertain basis.

In the light of their analysis of the transport situation, Mr. Badhwar and Mr. H. Mackay Tallack (of the Bengal Chamber of Commerce and Industry) have advanced the following suggestions:

(1) The Railways' target to move about 240 million tons of originating traffic by 1966, as against 160 million tons at present, should be increased by 50 per cent. (Here Mr. Badhwar has not worked out the financial implications of his suggestion).

(2) Coastal shipping and inland water transport, between them, should have steamer tonnage of about a million tons displacement by 1966. According to Mr. Badhwar, these two agencies could, together, provide carrying capacity for 25 million tons of goods in 1966.

(3) The authorities in India should move much more rapidly in developing modern roads for the regular use of heavy duty trucks and trailers. The costs of providing and maintaining modern roadways, with separate lanes for fast, medium and slow traffic and suitable by-passes, are still appreciably lower than the costs of new broad-gauge railway lines.

(4) There should be better co-ordination between the industrial planners and the transport planners; between the various forms of transport so that they and the financial resources which support them are deployed to the best advantage; and between transport and such facilities as ports and roads which serve transport.

At the meeting of the Associated Chambers, Mr. Stenhouse, their President, also put in a plea specifically for improving and expanding railway transport from the point of view of coal movement. His estimate of the situation was that there was room for improved efficiency in the running of the railways and that wagons could be moved faster between loading and unloading points. Since other transport systems continued to be much more expensive for bulk movement of commodities like coal, the inadequacy of railway transport naturally received greater attention at the hands of speakers on the resolutions passed by the Associated Chambers in regard to transport and coal. Mr. K. M. Wilcox of the Upper India Chamber of Commerce, who proposed the resolution on coal, gave some disturbing details of the damage caused by the transport bottleneck to the coal industry as well as to consuming industries. Unmoved coal stocks lying at the collieries in recent months were estimated by him at 6 million tons, involving the collieries in the immobilisation of about Rs. 10 crores of their working capital. At the consuming end, a recent survey covering 246 units of industry showed that 47 per cent of these units had to slow down production for periods ranging from one day to nine months and that 19 per cent had to suspend production, in most cases completely. This state of paralysis was solely due to shortage of coal to the extent of 25 per cent to 30 per cent of the sanctioned quantities which, too, were usually below the actual requirements. Mr. Wilcox continued that closures of industrial units would have been more numerous had not some of the units switched over to alternative and often more expensive fuels like wood, charcoal, bagasse, furnace oil, or even groundnut husks. Since the coal shortage was the result of transport shortage, Mr. Wilcox had the following to say on the "vexed" problem of coal movement:

"Apart from the tangible evidence provided by the heavy accumulations of stocks of coal at the collieries, we all have personal experience of the chronic disparity between the number of wagons of coal expected and those received, month after month, by practically every industrial unit in the country. It is true that certain palliative measures have recently been adopted to remedy the situation, including an increase of 200 wagons per day in the rail capacity for up-country consumers of coal above Moghulsarai. There are also proposals to move an additional million tons of coal per annum, above the normal one million tons, by the rail-cum-sea route to the Southern and Western parts of the country, and to divert to road transport the movement of coal from neighbouring coalfields to nearby consumers in Bihar and West Bengal.

"While it remains to be seen whether the necessary additional coastal shipping will be available, the Government had offered to subsidise the additional cost of freight by the coastal shipping of coal from the additional excise duty recently imposed on all coal leaving the collieries. No such consideration, however, has been shown to those consumers who are now obliged to transport their coal by road instead of by rail, although, as is well known, the transportation of coal by road is three times costlier than by rail. This means that the bulk of the Indian jute, engineering and paper industries, which were intentionally situated in West Bengal and the Calcutta district because of their proximity to the collieries of West Bengal and Bihar, are now being penalised because of that very proximity. These industries of West Bengal play a major role, both in the country's export trade and in supplying domestic needs, and their ability to compete in the world markets has to some degree depended on the availability of cheap coal from neighbouring collieries. It is easy to appreciate, therefore, the implications of the burden placed upon them, by the increased cost of transportation of coal, because of the transition from rail to road. This is a serious handicap to their capacity to continue successfully to compete in the markets of the world. It can also throw out of balance important sections of the economy of the country.

"Far be it from me to veto the road transportation of coal, but I wish to stress that, unless the cost of road transport is brought within the reach of the consumer, no real diminution of the demands on the railways can be expected. Nor can the change-over of the transportation of coal from the railways to the roads be effective unless considerable leeway is made up in the development of the road system and the provision of suitable heavy trucks. Till these long-term aims are achieved, the road transportation of coal should, in fairness, be subsidised, just as sea transportation is being subsidised."

The Associated Chambers, in their resolution on coal, have understandably highlighted "the high cost of movement of coal by road" and urged that the highest priority be given to the increase of transport facilities by rail. If the capacity of the railways for movement of coal and other bulk commodities were increased, if more intensive efforts were made to expand road transport, coastal shipping and inland water and air transport systems and if roads and ports also were simultaneously developed, there would be fewer transport crises during the third Plan period. In this connection, the Associated Chambers resolution on transport and communications has done well to emphasise the need for improving the efficiency of the various administrations connected with transport through a more effective delegation of authority, among others.

HEAVY ENGINEERING CORPORATION

The second annual report of the Heavy Engineering Corporation, which is responsible for developing the manufacture of heavy capital equipment through a heavy machine building project, a foundry forge project, a heavy machine tool building project, and a coal-mining machinery project, has just been published by the Government of India. The report covers the financial year 1960-61 and reviews the progress of preparatory work on the four projects.

The first three plants mentioned above are being set up at Hatia near Ranchi and the fourth at Durgapur. The levelling and dressing of the plant sites have been completed. To ensure a regular flow of technical personnel, artisans, skilled and semi-skilled workers, a comprehensive programme of training in India as well as in the U.S.S.R. and Czechoslovakia, has been drawn up and is being implemented. The report continues that contracts for the import of machinery for the initial stages of heavy machine building, coal-mining machinery and the foundry forge plants have been executed and that plant and machinery worth about Rs. 127 lakhs have already arrived at the plant site from the U.S.S.R. and Czechoslovakia. Contracts for some of the major civil works, fabrication and supply and erection of steel works, water supply and sewerage and residential buildings have also been awarded.

The Heavy Machine Building Project is being designed for a capacity of 80,000 tons of machinery per annum. It is intended to produce machinery and equipment primarily for the iron and steel industry, besides possessing adequate capacity to meet the requirements to mineral oil industry, coal mining industry and manufacture of general engineering items like heavy cranes, excavators, oil drilling rigs, crushing and grinding equipment, press and forging equipment, etc.

The Foundry Forge Project will serve as a metallurgical base to the Heavy Machine Building Plant and provide the necessary castings, forgings, rough machined components and finished rolls of different sizes, piece weights and specifications.

The Heavy Machine Tool Building Project, which has Czech collaboration, is being designed to produce annually 10,000 tons of certain diverse types of machine tools in sizes and types different from those which have so far been produced by any other agency in India. According to the preliminary production programme, this plant is expected to manufacture seven different groups of machine tools in 22 different sizes and capacities. The requirements of castings and forgings of this plant will be fully met from the Foundry Forge Project which is also located at Ranchi.

The Coal Mining Machinery Project is intended to manufacture 45,000 tons of coal mining machinery per annum. The principal items to be manufactured at this plant are coal cutters, loaders, conveyors, electrical winders, booster fans, pumps, automatic cage keps, safety hooks, etc.

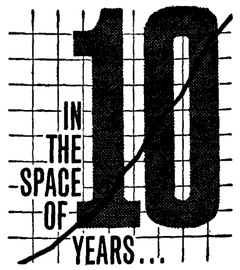
The Corporation has estimated that the total capital cost of the four projects, including the township in the final stage, would be of the order of Rs. 200 crores. The authorised capital of the Company is Rs. 50 crores. Its subscribed capital, as on 31st March 1961, is Rs. 6.6 crores.

UNION GOVERNMENT'S CIVIL WORKS PROGRAMME

The Government of India is to construct a number of office and residential buildings in Delhi, Calcutta, Bombay and Madras during the third Plan period. An official Press release this week has given fuller details of the Government's civil works programme, covering a carpet area of about 2 million sq. ft. for office purposes and over 10,000 houses for residential purposes.

The construction programme in Delhi envisages four multi-storeyed office buildings in the general pool with a carpet area of about 1.45 million sq. ft. In addition, there is a proposal to construct more multi-storeyed office buildings on plots behind the South Block Secretariat and the Indraprastha Estate. It is also proposed to construct office accommodation at Faridabad. Of 9,000 houses, mostly for lower category staff drawing a salary of about Rs. 500 per month, will also be constructed in Delhi. The Construction of some of these houses is either in progress or will be taken up shortly.

As far as the metropolitan towns of Bombay and Madras are concerned, the Government's programme of construction of offices and employees is fairly substantial. In Calcutta, the office building at Chowringhee is nearing completion, will provide 100,000 sq. ft. accommodation; a proposal to construct a multi-storeyed office building, with a carpet area of 180,000 sq. ft. in the premises of the New Secretariat is also under consideration. In Bombay, plans for the construction of an office building with a carpet area of 123,000 sq. ft. at Marine Lines have been sanctioned; additional office accommodation is likely to be constructed on the land at Kalbadevi. In Madras, it is proposed to construct an office building with a carpet area of 130,000 sq. ft. at Haddows Road. In these three towns, just over 1,000 houses will be newly constructed for Central Government employees.



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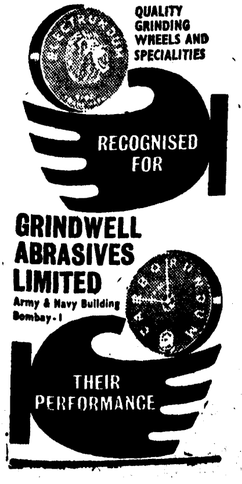

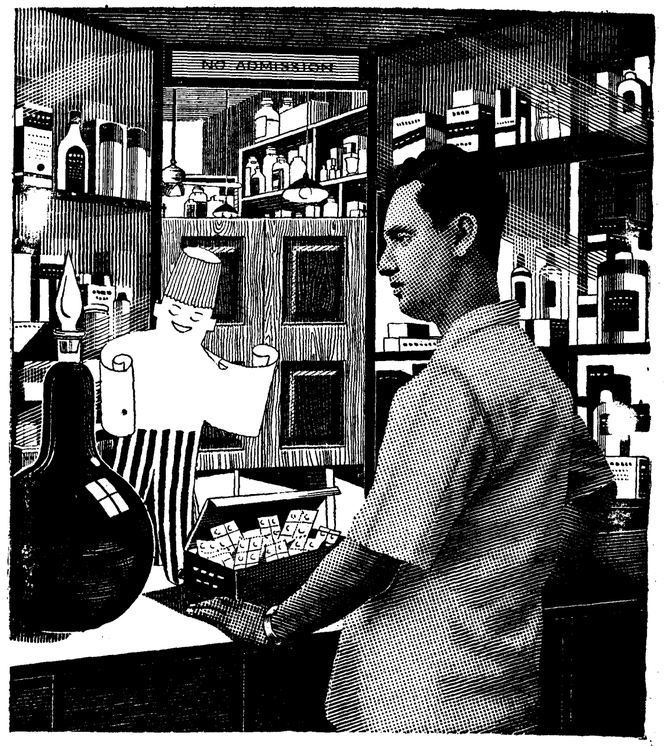

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NEW PRODUCTS AND PROCESSES

Slot-machine for Dispensing Fuel

A SLOT-MACHINE which dispenses a predetermined quantity of 2-stroke engine fuel (gasoline plus lubricating oil) is being manufactured by a Netherlands firm. Drivers of 2-stroke machines can select any desired blending ratio of the mixture between 1:14 and 1:31, or from a different range of ratios. There are two types in production; one for wall or frame mounting and the other for installation on the ground. In both cases the gasoline is supplied from a tank underground. The oil tanks are built inside the slot-machines themselves. Each slot-machine has two built-in suction pumps, driven by ¼ h.p. electric motors, which supply the oil and gasoline. The pump for the oil is suitable for all kinds of oil. There is a light fitted behind the transparent glass blending column, which makes it possible to follow the entire mixing process. When drawing off the fuel, it is possible to see when the glass is empty. The electrical works of the slot-machine is connected to the mains. To allow for possible future price changes the quantity of fluid to be dispensed can be adjusted to suit the value of the coin inserted. An indicator, also adjustable, shows how much fuel is supplied for a given coin or coins. A counting device is incorporated for checking coins. It also indicates how much gasoline has been pumped up from the tank in the ground. There are safeguards against counterfeit coins and excessively low oil level in the tank. Self-service for the customer is extremely simple.

Latex-based Wall Paint

A Dutch paint manufacturer has produced a latex-based wall paint specially developed for use in places where the walls have been or can be expected to be attacked by mildew. The paint checks the growth of bacteria and is thus bacteriostatic. These two properties, which are of particular importance where the paint is used in hospitals and other buildings housing a large number of people, were confirmed by investigations laboratory. Moreover, the wall paint is not toxic and hence not poisonous to warmblooded beings. It is therefore suitable for use in places where provisions are handled, such as dairies, canning factories, pickling works, cheese warehouses, breweries, slaughter houses, etc. The paint spreads easily and is simple to apply with brush or roller. Surfaces painted with this paint can be cleaned with normal detergents. The wall paint is resistant to condensation water and the fungicidal agent in it does not evaporate. It can be supplied in a variety of pastel shades.

Shaping Plastics

An Italian concern has announced a method of preparing shaped articles from a thermoplastic resin consisting mainly of solid highly crystaline polypropylene, which has a higher mechanical strength than the usual thermoplastic resins. This means the thickness of the sheet can be reduced, resulting in a saving of material. It is known that thermoplastic sheet can be obtained from other resins, but the heat used during the process causes the new propylene polymers to undulate. This leads to non-uniform heating and subsequent stretching and perforation during moulding operations. It is now found that if a polypropylene sheet is subjected to a preliminary heat treatment at a temperature of 130-140 degrees Centigrade before being fixed in the mould it can then be shaped in the usual way. It is further claimed that the exceptional gloss of articles made from the new material could widen the range of its uses.

Silicone Varnish

A new impregnating insulation varnish has been produced for electrical equipment by Imperial Chemical Industries. This varnish is based on silicones, which are organic molecules n which the chief element is silicon instead of carbon. In the form of silicone rubber, water-repellent polish, etc., silicones are now well known. The new varnish has the great advantage that it is an insulator that will work satisfactory at fairly high temperatures. It can be applied by the hot or cold dip method, vacuum impregnation, or by spray or brush. Its uses are chiefly for motor and generator components, aircraft transformers and coils, and electronic equipment likely to be subjected to high ambient temperatures. The varnish has good penetrating and wetting characteristics. It is highly resistant to moisture and corrosion. It gives a longer life to organic insulating materials.

New Photo-conductive Cell

N. V. Philips of Holland has produced a new subminiature cadmium-sulphide, photoconductive cell, housed in a hermetically sealed envelope. The cell is eminently suitable for use in the small probes of flame-control apparatus. The necessary current amplification required to energise the relay can be obtained in this case by using a cold-cathode tube. The maximum permissible supply voltage of 1000 Volts ensures that no short-circuit can occur between the electrodes of the photoconductive cell as a result of a peak in the grid supply voltage. The maximum permissible dissipation of 100 mW at 25°C guarantees outstanding stability, since in practice only a fraction of the dissipation is needed to disturb the amplifier tube.

Electrically Conductive Ceramics

Ceramic materials which will resist high temperatures but which will also conduct electricity are now being made by a Netherlands concern. This unusual combination is achieved by applying a layer of powdered silver or plantinum to the edges of a small section of the ceramic and then joining two or more sections together under the action of heat and pressure. The seals are stated to be quite secure.

Telephone Messages That Travel on Light Beams

Scientists of the Bell Telephone Company, U.S., recently sent spoken messages for the first time in history on a beam of so-called "coherent" light. To do this they used their new optical MASER—a revolutionary device which may some day make coherent light beams a widely used medium for telephone, television and other communications. Light waves vibrate tens of millions of times faster than ordinary radio waves. Because of these high frequencies, light beams have great possibilities for handling large numbers of messages. Ordinary light waves move like an unruly and jostling mob. But the so-called coherent light waves created by the use of a MASER move like disciplined ranks of soldiers. This makes it possible to use narrow beams of such light for the simultaneous transmission of vast numbers of telephone calls, television shows, and data messages. The latest optical masers transmit the narrowest beams of light ever achieved. The name MASER stands for "microwave amplification by stimulated emission of radiation."

New Road-paving Material

A road-paving material that can be driven on an hour after it is poured is being used to repair streets in Glen Cove, New York. The material, resembling ordinary asphalt blacktop, has proved to be cleaner, easier to apply and cheaper than conventional resurging materials. It is a mixture of kerosene, lime, oil, sand, and limestone screenings. Used last year in a test of 10 miles of road, it lasted throughout the winter in perfect shape, whereas the rest of the city's streets were pocked and pitted.

New Protective Coating for Timber

Freshly felled timber can now be protected from insect and fungoid attack with the latest British resin coating developed by Imperial Chemical Industries. The product, known as "Mouldrite," is composed of resin and hardener, and was first used to protect fish boxes—considered particularly prone to the destructive influences of water, climate, and chemicals. The coating costs under 1s. a pound in Britain. It is spread with a paintbrush over the exposed ends of the timber being cut. The logs are left for two hours to enable the coating to harden, after which the timber will withstand considerable mechanical handling without the coating becoming dislodged. It is of great advantage in tropical and subtropical areas, where green timber rapidly deteriorates if left exposed.

New Use for Nylon

An entirely new use of nylon—in the manufacture of lighter, cheaper, more comfortable and long-wearing fashion heels for ladies' shoes—has been announced by a British firm, Strode Components, Wiltshire, England. Manufacture has started with an output of 5,000 pairs a week and plans are in hand to double production within the next six months. The heels are made of stacked layers of leather board, in the normal way, but it is in the bonding of them that the new technique is used. Aiming for lightness the firm used to bond the layers with two wooden dowels lengthwise, instead of long metal nails. Since nylon is much stronger, more pliable and tougher, the firm experimented by introducing nylon instead of wood. Nylon is injected through the leatherboard layers, making a firmer and better bond and providing a longer-wearing heel which is more comfortable and durable. The nylon also moulds the top piece direct to the heel at the same time. The heels varying from one-and-a-half to two-and-a-half inches, have been subjected to the most rigorous tests, both mechanically and by customers. Another side-line which is being rapidly developed by the firm and finding an increasing demand is the manufacture of shoe trimmings in leather which can be bonded to p.v.c. materials. This is aimed at producing a cheaper shoe.

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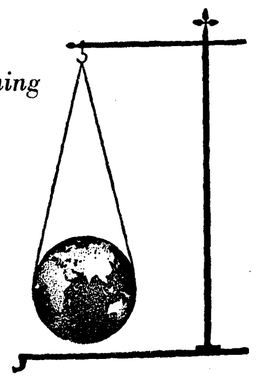

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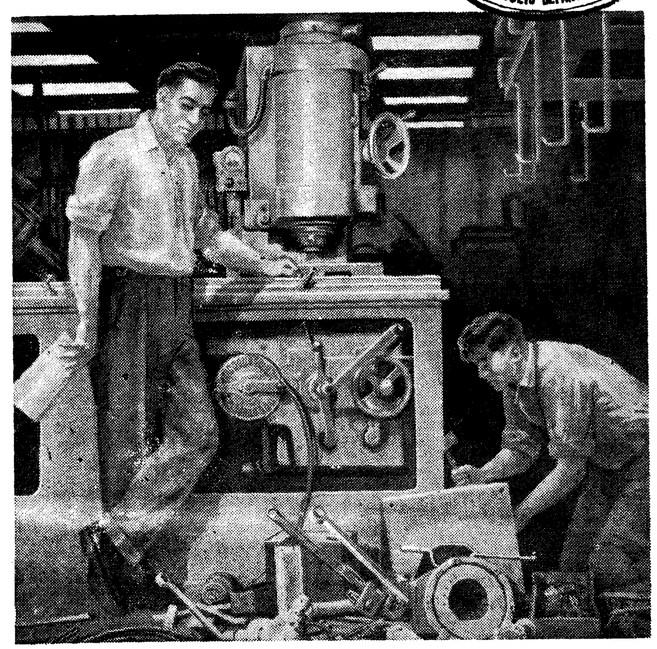

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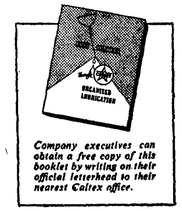

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THE NATIONAL NEWSPRINT AND PAPER MILLS LIMITED

DR. A. RAMASWAMI MUDALIAR'S SPEECH AT ANNUAL MEETING

FINANCIAL POSITION DISTINCTLY SATISFACTORY

THE Fourteenth Annual General Meeting of the National Newsprint and Paper Mills Limited was held at Nepanagar, Madhya Pradesh, on Wednesday, 6th December 1961. As Dr. A. Ramaswami Mudaliar, Chairman of the Company, could not be present at the meeting **for personal reasons**, the speech prepared by him was read out by Mr. S. N. Mehta, I.C.S., a Director of the Company, who was elected Chairman of the meeting. In the course of the speech, Dr. Ramaswami Mudaliar stated that the general financial picture of the Company could be regarded as distinctly satisfactory. Efforts continued to be made, he added, to reach the production target of more than 100 tons a day. He revealed that there was a proposal for doubling the production capacity during the third Plan period.

The following is the full text of the speech of Dr. Ramaswami Mudaliar:

"GENTLEMEN,

"I have great pleasure in extending to you a cordial welcome to the fourteenth annual general meeting of the shareholders of the National Newsprint and Paper Mills Limited.

"The Directors' report, the balance-sheet and the audited accounts for the year ended 31st March 1961, along with the comments of the Comptroller and Auditor General, have been in your hands for some time and, with your permission, I shall take them as read.

"As the balance-sheet and profit and loss account has disclosed to you, the past year may be considered to have been a reasonably satisfactory year. The output was 23,029 tons of newsprint, registering a slight increase over that of the previous year. The gross turnover amounted to Rs. 2,46,73,923.52 and the working results show a net profit of Rs. 32,94,035, after providing for depreciation and development rebate reserve. Despite an increase in the gross turnover, the profit during the year is less than last year, due to all-round increase in cost of chemicals and raw materials and increase in cost of power and steam. This profit has been utilised to reduce the debit balance at the beginning of the year which now stands at Rs. 65,67,818.00.

Company's Performance

"With the completion of this year, the second Five-year Plan came to a close and so I thought it fit to give in brief the performance of the Company during the last five years in a tabulated form:

	1956-57	1957-58	1958-59	1959-60	1960-61
	Rs.	Rs.	Rs.	Rs.	Rs.
Gross turnover	106,67,950	129,84,941	228,18,599	235,35,412	246,73,924
Depreciation	88,11,901	85,49,803	32,41,074	31,25,823	29,02,499
Repayment of loans	Nil	Nil	10,13,752	102,73,000 12,19,219	25,00,000 11,00,000
Provision for taxation	Nil	Nil	1,67,000	Nil	Nil
Net profit	114,90,670 (Loss)	33,38,114 (Loss)	96,82,758	37,76,279	32,94,035

"You will find how the financial position of the Company has been steadily improving. Adequate provision has been made for depreciation every year. The entire interest-bearing loans due to the Union and Madhya Pradesh Governments have been repaid and, out of the interest-free loan of Rs. 111.19 lakhs, two instalments have been paid, leaving a balance of Rs. 88 lakhs to be paid in eight equal annual instalments. I trust that the shareholders will agree that the general financial picture can be regarded as distinctly satisfactory.

"Due to various factors, we have still not been able to consistently attain the target of production of 100 tons per day, though on several occasions it has been possible to reach the target of production of more than 100 tons a day. Efforts continue to be made in this direction to step up the production.

"As I mentioned last year, we are still having difficulties in the procurement of chlorine supplies which have to come from distant places like Delhi, Bombay and Ahmedabad. Your Directors, therefore, decided to have our own plant for the manufacture of chlorine and caustic soda. We have obtained a licence for the installation of a chlorine caustic soda plant of 10 tons capacity. The scheme has been approved and orders for the requisite plant and machinery have been placed. The work will be taken up and completed as expeditiously as possible. There is a proposal for doubling the capacity of the plant to step up production to 200 tons per day during the third Five-year Plan. The availability of raw material has to be examined carefully before such a scheme can be launched. This is under active examination.

Newsprint Supply

"The demand for newsprint has been increasing and the quantity supplied to newspapers is being gradually stepped up. During the year, 13,250 tons have been supplied to the newspapers, as against 9,375 tons supplied in the previous year, and, during the current year, a quantity of 10,646 tons has already been supplied upto 31st October 1961.

"Similarly, supply of newsprint to the printers and publishers of textbooks and books of general interest gets the next priority and the balance of production of nearly 8,841 tons was distributed as duty-paid goods to dealers through our various agents and distributors and to Government customers. I would like to thank all the newspapers, our agents and other customers who have put up with our shortcomings and have encouraged us by using our product.

Welfare of Staff

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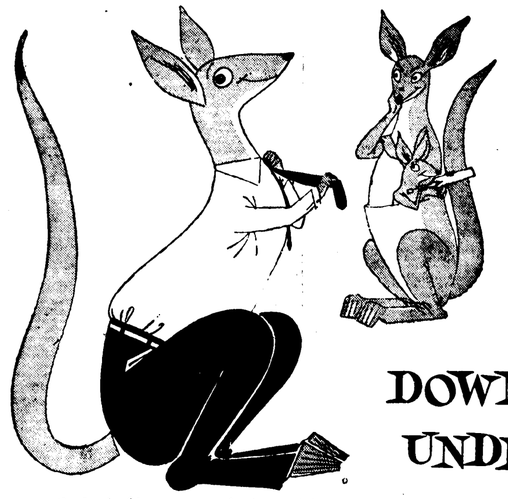
"There has been heavy migration of staff. Several senior and old technicians left and the burden has fallen on the others not very senior to take up their duties. They have all done well and I must take this opportunity to recognise the enthusiastic help and co-operation that has been extended by all the employees both on the factory side and in the administrative office, and I should like to convey warm thanks to all of them."



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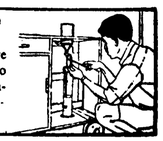

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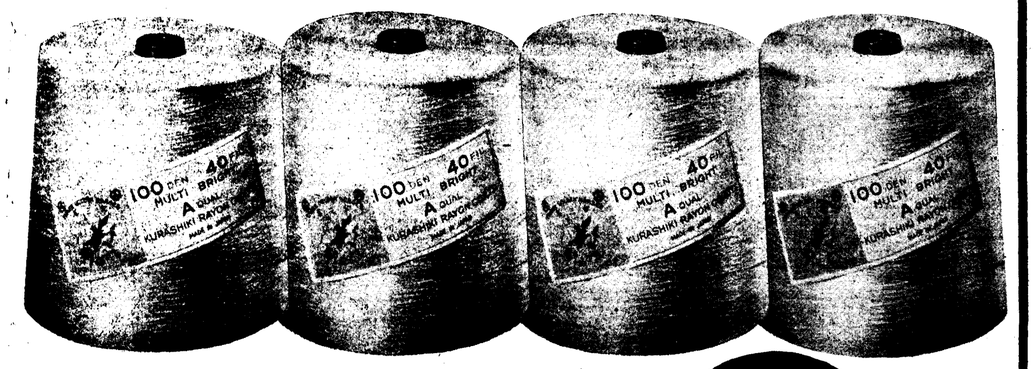

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SHARING OF INCOME-TAX BY CENTRE AND STATES—A HISTORICAL REVIEW

By Baidyanath Misra

UNLIKE in other federations, there is a constitutional provision in India for sharing income-tax for inter-governmental financial adjustment. In Canada and Australia, there are tax-agreements between the centre and the units for sharing income-tax. The basis of sharing is, therefore, compensation. In the case of the U.S.A., the Federal Government and the States have concurrent power of taxation over income. It is only in India that the Constitution contains a mandatory article which requires the Union to assign a percentage of Union income-tax on non-agricultural incomes to the States. The Constitution of India does not, however, lay down the principle of allocation or the precise sums that should be transferred to the States. The Finance Commission has been entrusted with this duty. That is why, at the time of each Finance Commission, there has been acute controversy regarding the principle of distribution. While States like Bombay (now Maharashtra and Gujarat) and West Bengal have emphasised collection as the right principle of distribution, other States have demanded that sharing of income-tax should be on the basis of population. A State like Orissa has claimed that, though population should be the right principle, there should be some weightage for *backward* population. Other States like Kerala point out that, along with population, *need* should be taken into account in allocating the income-tax among the States. The present article reviews the role of income-tax as a balancing factor in Indian finance and suggests the principle that should govern the allocation of shares among the States.

The sharing of income-tax actually started in India in the twenties. The 1919 Reforms had assigned expanding social and developmental functions to the provinces, but the resources at their disposal were inelastic. The resources of the Central Government were elastic and productive but their needs at that time were comparatively stationary. Moreover, in the distribution of revenues, agricultural provinces could get more benefit than industrial provinces, because land revenue was the important source of revenue for the provinces. The provinces had no right to impose taxes on trade or industry. That was why industrial provinces demanded a share from income-tax. After 1921 the provinces obtained a share in the growth of revenue from income-tax, but it was very nominal; according to the formula, each province was to receive 3 pies in each rupee of the amount by which the assessed income of any year exceeded that of the year 1920-21. This provision did not help the provinces. For example, the provincial share amounted to Rs. 0.04 crore in 1936-37 as against the Central share of Rs. 15.34 crores.

The Niemeyer Award

The real beginning of sharing of income-tax started from 1935. Under Section 138 of the Government of India Act, 1935, the provinces were given a share of the net proceeds of taxes on income, other than agricultural income. The corporation tax, as also any surcharge on the basic rates of income-tax, was exclusively assigned to the Central Government. The share of the provinces in the divisible part was fixed at 50 per cent by Sir Otto Niemeyer. But, for the first five years the provincial share was linked to the railway contribution. The provinces were entitled to their full share of the divisible pool ten years after the inauguration of Provincial Autonomy. However, due to improvement in railway finances the Centre was able to disburse, in the very first year of Provincial Autonomy, Rs. 1.25 crore as share of income-tax amongst the provinces.

Sir Otto fixed the shares of different provinces partly on residence and partly on population, paying to neither factor a rigidly pedantic deference. On the basis of his formula, the shares of different provinces were fixed as follows:—

	Per cent		Per cent
Bombay	20	Central Provinces.	5
Bengal	20	Assam	2
Madras	15	Orissa	2
U.P.	15	Sind	2
Bihar	10	N.W.F.P. ..	1
Punjab	8		

His recommendations were in the nature of an award and he did not state the actual formula he adopted in determining the share of each province. Bombay whose population was [illegible] the same share as Bengal whose population was 19.9 per cent of the total population of the country. Evidently, very little weightage was given to population. The Niemeyer Award tended, therefore, to magnify the disparity in the resources of the States.

This award, subject to a change made in 1940, continued to regulate the allocation of resources between the Centre and the units until the partition of the country in August 1947. War necessitated increasing expenditure on the part of the Centre and steps were taken to strengthen Central finances. It was, therefore, decided that for the duration of war, the Centre should be permitted to retain a fixed sum of Rs. 4.5 crores out of the provincial share of income-tax. The Order-in-Council was amended accordingly to secure this and the modified provision regulated the distribution of the tax from 1940-41 to 1945-46. In each of the next four years, the sum retained by the Centre from the provincial share was reduced by Rs. 75 lakhs a year over the previous year, and the full provincial share was restored to the provinces in 1950-51.

The Deshmukh Award

With the partition of the country in August 1947, it became necessary to revise the provincial shares. There was a revised allocation but as this caused dissatisfaction the Government of India called upon Mr. C. D. Deshmukh to give a binding award

Mr. Deshmukh did not make a comprehensive enquiry to redistribute the entire State's share, but re-allocated the released percentage, comprising 14.5 units (Bengal 7.5, Punjab 4, Sind 2 and N.W.F.P. 1) largely on the basis of population with some weightage in favour of the needy States. Only minor adjustments were made for rounding off the figures to the nearest half per cent. Mr. Deshmukh's Award, which fixed the percentage share of each province as below, was applicable from 1950-51 and was to remain in force till the Finance Commission made its recommendations:

Madras	17.5	Bihar	12.5
Bombay	21.0	Madhya Pradesh .	6.0
W. Bengal ..	13.5	Assam	3.0
U.P.	18.0	Orissa	3.0
Punjab	5.5		

However, as he did not undertake a fundamental revision of the Niemeyer Award, the problem of inter-State disparity remained unresolved. The Deshmukh Award gave decided advantage to the States of West Bengal and East Punjab whose shares were increased from 12 and 5 to 13.5 and 5.5 per cent respectively. The shares of Madras, U.P. and Bihar were reduced to make the additional percentage available to the divided States, whereas the share of Bombay, the most prosperous of all States, remained intact.

Part B States were not to participate in the divisible pool until two years after the full Indian rates were reached. Meanwhile, an *ad hoc* arrangement was made whereby it was decided to keep income-tax collections in each Part B State separately and to pay the State half the net collections. This share was to be set off against revenue gap payments, if any. Similar arrangements were applicable to areas merged in Part A States. It was left to the Finance Commission to formulate a uniform policy of allocating the income-tax share amongst all the States.

First Finance Commission

Under Article 270 of the Constitution, the first Finance Commission was required to make recommendations in regard to three matters: (1) the percentage of the net proceeds of income-tax which should be assigned to States, (2) the manner in which the share so assigned shall be distributed among the States, and (3) the percentage of the net proceeds attributable to Part C States. The First Finance Commission increased the States' share from 50 to 55 per cent. In regard to Part C States, it recommended an increase from 1 per cent to 2¾ per cent of the net proceeds of income-tax. This percentage has been arrived at by allocating to Part C States as a whole the share which would have accrued to them collectively on the principle adopted for Part A and B States.

After considering the various bases of distribution suggested, namely, collection, residence, origin, population, volume of industrial labour, relative *per capita* income, the needs of different States, etc., the Commission concluded that distribution should be based on (1) a general measure of needs as furnished by population, and (2) contribution as measured by collection in the absence of other definite indices, though it be an inadequate and partial index of contribution. The Commission considered it equitable and appropriate to recommend that 80 per cent of the States' share be distributed on the basis of population and 20 per cent on the basis of collection. On this basis, after taking into account the 1951 Census figures of population and the actual figures of collection for those years ending 1950-51 with suitable adjustments in the case of Part B States, fixed percentage shares were prescribed for Part A and B States as follows:

Part A States		*Part B States*	
Assam	2.25	Hydorabad ..	4.50
Bihar	9.75	Madhya Bharat	1.75
Bombay ..	17.50	Mysore	2.25
M.P.	5.25	PEPSU	0.75
Madras	15.25	Rajasthan ..	3.50
Orissa	3.50	Saurashtra ..	1.00
Uttar Pradesh ..	15.75	Travancore and	
West Bengal ..	11.25	Cochin.. ..	2.50

Under the scheme drawn up by the first Finance Commission, the distribution formula was applied uniformly to Part A States including merger territories and Part B States and there would be a common divisible pool of income-tax. Part B States were entitled to get their percentage shares of income-tax and Union excise duties fixed on the same formula as for Part A States or the "revenue gap grant" as guaranteed under the Federal Financial Scheme, whichever was higher. The Commission recommended the discontinuance, with effect from 1st April 1952, of the "revenue gap grants" payable to Bihar, Bombay, Madhya Pradesh and West Bengal, and "population" and "collection" in respect of "merged areas" in these States were taken into account while fixing their percentage shares.

Since the finance Commission accepted population as a broad measure of need, their recommendation went a long way in correcting the disparity in regard to distribution of income-tax between different States. The following table sets out the rates *per capita* allocation of income-tax to the backward States calculated in terms of allocation to Bombay:

	1944-45	1955-56
Assam: Bombay	1 : 1.23	1 : 1.95
Bihar : Bombay	1 : 2.52	1 : 2.00
Orissa: Bombay	1 : 4.36	1 : 1.92
M.P.: Bombay	1 : 2.64	1 : 1.98
U.P.: Bombay	1 : 2.60	1 : 1.95

The table shows that the poor States like Assam, Bihar, Orissa, etc. improved their position in respect of sharing of income-tax due to the recommendations of the first Finance Commission. However, since 20 per cent of the divisible pool was distributed on the basis of collection, prosperous States like Bombay and West Bengal received differential advantages.

Second Finance Commission

The second Finance Commission made further improvements in the distribution of income-tax. The percentage of net proceeds assigned to the States was raised from 55 to 60. Moreover, the Commission favoured population as the basis of distribution. According to the Commission, "twenty years ago when income-tax first came to be distributed, it could have been argued that the agricultural States had a substantial income from, and an expanding source in, land revenue, which had to be balanced by giving a larger share of income-tax to the industrial and commercial States. Land revenue has now become a comparatively less important source in all States." Secondly, "the growth of revenue from sales taxes, motor vehicles tax and other taxes like electricity duties and entertainment and passenger taxes, to which the urban population makes a proportionately larger contribution, has created a situation in which the States, which are more urbanised and industrially developed, are in a financially stronger position than those which are not so well developed or urbanised. The main justification for giving a larger share of income-tax to the industrial States has, therefore, ceased to exist." "Considering that, in this country, income-tax is paid by an infinitesimal portion of the population and that the bulk of the tax arises out of business incomes which, in the context of the economic integration of the country and the disappearance of barriers to inter-State trade, are derived from the country as a whole, the principle of collection can no longer be considered an equitable basis of distribution."

So the Commission felt that collection should be completely abandoned in favour of population as the basis of distribution. But as it did not desire to cause a sudden break in the continuity, it proposed that the distribution of States' share should be 10 per cent on the basis of collection and 90 per cent on the basis of population. But the Commission felt that in future the entire proceeds should be distributed on the basis of population.

On the basis of 1951 population, the Commission fixed the share of each State as follows:

State	*Per cent*	*State*	*Per cent*
Andhra	8.12	Mysore	5.14
Assam	2.44	Orissa	3.73
Bihar	9.94	Punjab	4.24
Bombay ..	15.97	Rajasthan ..	4.09
Kerala	3.64	Uttar Pradesh ..	16.36
Madhya Pradesh	6.72	West Bengal ..	10.08
Madras	8.40	Jammu and Kashmir	1.13

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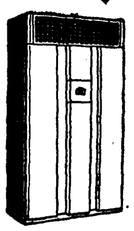

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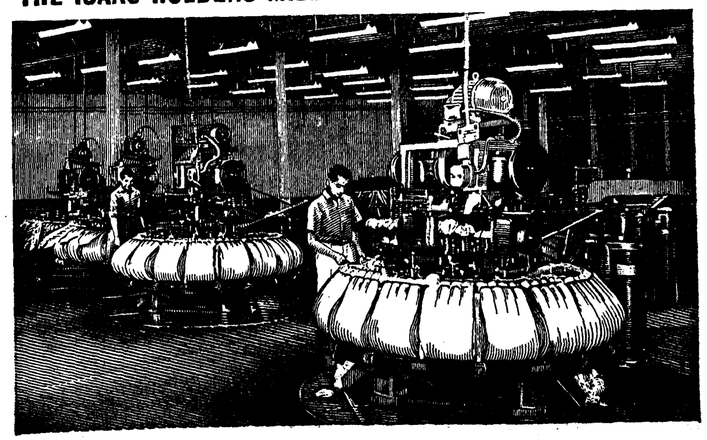

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The recommendations of the Second Finance Commission have further improved the position of poor States *vis-a-vis* rich States in the distribution of income-tax. *Per capita* distribution of income-tax for the year 1960-61 shows that except in the case of Gujarat, Maharashtra, West Bengal, Madras and Jammu and Kashmir, there is almost no disparity in *per capita* distribution between other States. Since 10 per cent has been distributed on the basis of collection, these States have received some preferential advantages.

Third Finance Commission

It seems now desirable that the Third Commission should follow the recommendations of the Second and distribute the entire sum on the basis of population. The principle of collection is now an anachronism. Of the total collections of Union taxes in Part A States, 39.6 per cent and 35.8 per cent were collected in Bombay and West Bengal respectively in 1950-51. And of these collections about three-quarters were made in the cities of Bombay and Calcutta. Since these two cities were the business centres of different States, more taxes were collected there. Therefore, collection is a mere accident and the bases of income creation are, as the first Finance Commission rightly suggested, far more diversified and widely spread over the country than the facts of collection would seem to suggest.

Some States argue that sharing of income-tax should be on the basis of need. That does not seem to be justifiable. Grants under Articles 275(1) and 282 can take care of the needs of different States. As a matter of fact, grants are now increasing. The Planning Commission, which is trying to bring about a certain amount of equalisation in social services in different States, is giving more aid to the poorer States. During the last ten years, the Planning Commission grants under Article 282 have emerged as a powerful instrument for bringing about financial adjustment in the State finances. There is a need to improve Planning Commission grants and remove the matching grant clause in order to provide better assistance to poor States. Similarly, more grants under Article 275(1) can be given to needy States. These grants should be given purely on the basis of fiscal needs of different States and fiscal needs should be calculated on the basis of *per capita* income and consumption of different States. The wide disparity that now prevails in different States in regard to *per capita* income and consumption should be solved by means of grants. But tax sharing should be automatic in character. The only method to make it automatic is population. Distribution on the basis of population will not only minimise Federal-State controversy, it will also secure some degree of fiscal independence and ensure budgetary certainty.

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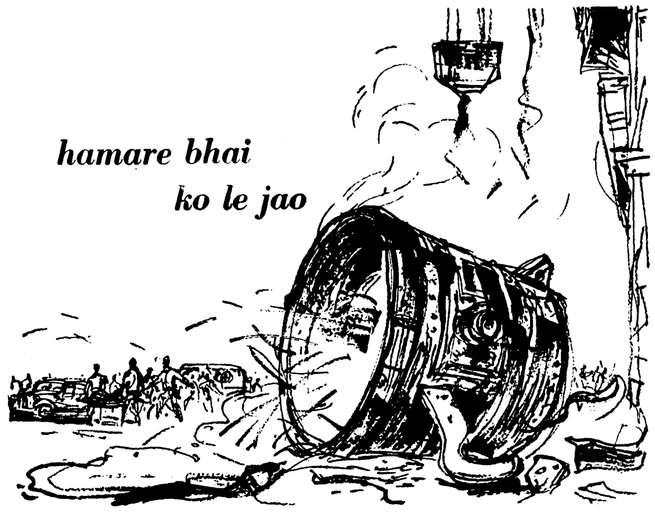

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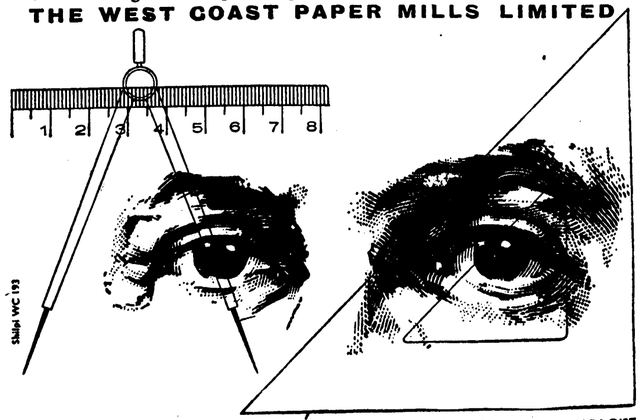

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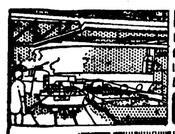

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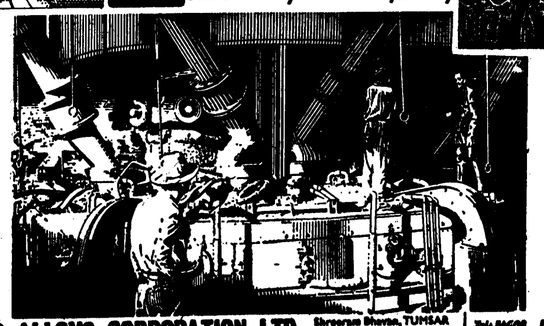

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BONUS COMMISSION SET UP

PERSONNEL AND TERMS OF REFERENCE

AT long last the personnel of the Bonus Commission has been finalised. A copy of the Government resolution constituting the Commission was placed on the table of the Rajya Sabha by Mr. Abid Ali, Deputy Minister for Labour, on the 7th inst. The Commission consists of seven members. Besides the Chairman, Mr. M. R. Meher, there are six members, two each representing workers and employers and two independent members. Mr. N. Dandekar and Mr. D. Sandilya are the representatives of employers, the former representing employers in the private sector and the latter employers in the public sector. Workers are represented by Mr. S. R. Vasavada (I.N.T.U.C.) and Mr. S. A. Dange (A.I.T.U.C.). The two independent members are Mr. M. Govinda Reddy, M.P., and Dr. B. N. Ganguly, Director, Delhi School of Economics.

Thus, while employers in the public and private sectors and workers in the private sector have been represented on the Commission, workers in the public sector have been significantly omitted. Since the principle of separate representation has obviously been recognised, this omission cannot but be regarded as a discrimination against workers in the public sector. If the Government's explanation for this is that it did not want to treat workers of the public sector undertakings differently from those of the private sector, it raises the counter-argument that it has not applied the same principle so far as representation to employers in the public and private sectors is concerned. Perhaps, the Government did not want to increase the number of representatives of workers to three, as against two for employers. But all this is quibbling in logic. For the workers in the public sector do not stand to lose from having no representation, for the representatives of the I.N.T.U.C. and A.I.T.U.C., under which they are largely organised, can be expected to plead for them. In actual effect, therefore, it is the employers in the private sector who have suffered, for the representative of employers in the public sector is unlikely to support his counterpart from the private sector on all the issues.

With the finalisation of the personnel of the Commission, the controversy regarding the composition of the Commission has ended. It may be noted that it is now almost a year since the Government's decision to appoint a Bonus Commission was announced. It was in December 1960 that Mr. G. L. Nanda, Union Minister for Labour, announced that Mr. M. R. Meher would be the Chairman of the Bonus Commission. Employers were quick to react to the announcement by expressing their strong disapproval of the selection of Mr. Meher as the Chairman. They contended that Mr. Meher, as President of the Industrial Court, Bombay, had dealt with a number of bonus disputes and was hence not a suitable person to head the Commission, because, howsoever competent and independent he might be, he was bound to be obsessed by the various decisions and awards given by him. They wanted no less a person than a judge of the Supreme Court, sitting or retired, to preside over the high power Commission, with two independent persons as members to ensure strict impartiality.

The Government was not prepared to change its mind on this subject and it appeared, at one stage, that employers would boycott the Commission or non-co-operate with it. The Government stuck to its choice of the Chairman but agreed to the original suggestion of the Standing Labour Committee to make the Commission tripartite in character, giving equal representation to workers and employers. The tie between the I.N.T.U.C. and A.I.T.U.C. for representation forced the Government to give representation to both. An equal number of representatives had to be allowed for employers too. Originally, the suggestion was that both the employers' representatives should be from the private sector. The proposal for giving representation to the public sector was only made later and it has been accepted.

Surprisingly enough, the terms of reference of the Commission did not excite as much controversy as the personnel, though the final terms, drawn up at a tripartite meeting held in New Delhi last month, was substantially different from the draft terms prepared by the Union Ministry of Labour. The terms of reference, in their final form, are the following:

(1) To define the concept of bonus and to consider, in relation to industrial employments, the question of payment of bonus based on profits and recommend principles for computation of such bonus and methods of payment.

The term "industrial employments" will include employment in the private sector and in establishments in the public sector not departmentally run and which compete with establishments in the private sector.

(2) To determine the extent to which the quantum of bonus should be influenced by the prevailing level of remuneration.

(3) (a) To determine what the prior charge should be in different circumstances and how they should be calculated.

(b) To determine conditions under which bonus payments should be made unit-wise, industry-wise and industry-cum-region-wise.

(4) To consider whether the bonus due to workers, beyond a specified amount, should be paid in the form of National Savings Certificates or in any other form.

(5) To consider whether there should be lower limits irrespective of losses in particular establishments, and upper limits for distribution in one year and, if so, the manner of carrying forward profits and losses over a prescribed period.

(6) To suggest an appropriate machinery and method for the settlement of bonus disputes.

(7) To make such other recommendations regarding matters concerning bonus that might be placed before the Commission on an agreed basis by the employers' (including the public sector) and the workers' representatives.

The first term of reference is the most important. It sets down the task of the Commission, that is, to define the concept of bonus and recommend principles for its computation and payment. Terms of reference (2) to (5) give certain specific directions to the Commission regarding the lines along which investigations may be made. The sixth term of reference requires the Commission to suggest appropriate machinery for the settlement of bonus disputes. The last term of reference gives the Commission discretionary powers to examine such matters regarding bonus as are mutually agreed to buy employers' and workers' representatives.

As the Commission has now been officially constituted, employers and labour unions should wholeheartedly co-operate with it to expedite its work. Meanwhile, it would be desirable that they should wholeheartedly co-operate with it to existing disputes should be settled according to the principles and practices now prevailing.

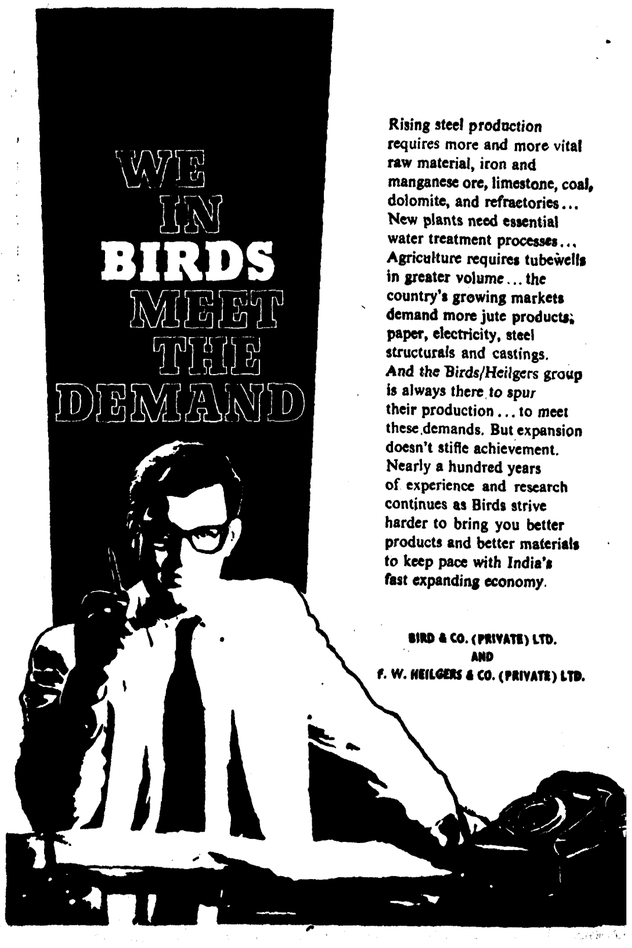
GORAKHPURI LABOUR

The Government of India has reorganised the set-up relating to recruitment and employment of Gorakhpuri labour engaged in coal mining industry. The aim is to remove all forms of control, regulation and regimentation exercised so far over Gorakhpuri labour.

Under the reorganised system there would now be no distinction between Gorakhpuri labour and other workers in the coal-mining industry. Facilities previously enjoyed by the Gorakhpuri labour under the Coalfields Recruitment Organisation will now be available to all workers. All recruitment would be channelised either through the local employment exchange or the Labour Depot at Gorakhpur. Continuity of employment would be ensured to all workers, local as well as Gorakhpuri. The reorganisation of the Gorakhpuri labour in coal-mining industry has been made on the recommendations of the Committee of Members of Parliament on Gorakhpuri Labour and in consultation with the representatives of colliery owners' and workers' organisations.

SAFETY AWARDS

The Union Ministry of Labour and Employment has drawn up two schemes, one for giving national safety awards and the other for rewards on safety suggestions in industrial undertakings. Under the scheme for national safety awards, those industrial undertakings, which work at least one million man-hours per year and achieve the largest percentage reduction in accidents during a calendar year, as compared with the previous year, will receive the award. The scheme for rewards on safety suggestions provides for granting prizes for workers for suggestions on accident prevention.



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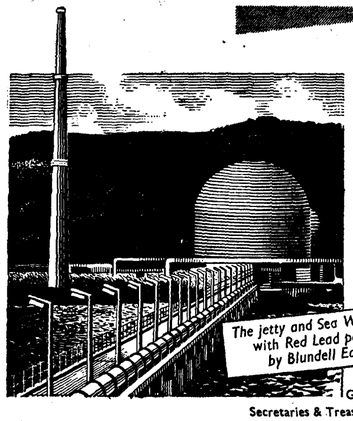

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G.A.T.T. CALLS FOR CUT IN TARIFF BARRIERS

INDIA OPPOSES PRINCIPLE OF RECIPROCITY

A NOTABLE outcome of the G.A.T.T. Ministerial Conference, full details of which have been made available just this week, was the assurance given by the representatives of developed countries to ease restrictions on imports into their countries of goods from the less-developed countries. Special mention deserves to be made of the U.S. representatives, but for whose unambiguous support for the demands of less-developed countries, the Conference would have ended in the usual tame manner. In effect, the U.S. gave a signal lead to the other developed countries to moderate their protectionist policies. The U.S. stand might have been prompted by the strong case built up by countries like India and Brazil for a revision of the existing import policies and other restrictions in developed countries. Mr. K. C. Reddy, India's Minister for Commerce and Industry, made a powerful plea to reduce tariff barriers and remove other restrictions on imports imposed by industrially developed countries.

Mr. Reddy made a pointed reference to the fact that the developed countries had not been adequately responsive to the needs of developing countries. Adverting, in particular, to India's negotiations with the European Economic Community (Common Market) in regard to their common tariff, he pointed out that "we have not had an outcome which is satisfactory to us from the point of view of increasing the volume of our trade with the Community." Nor did it appear to him likely that "important new benefits" would accrue to India's trade as a result of the Dillon tariff negotiations currently being held under the auspices of the G.A.T.T. separately. He was particularly critical of the principle of reciprocity demanded by industrialised countries in any concessions which they granted. He appealed to the developed countries to grant "one-way free trade facilities" to the less-developed countries, both in regard to primary products and semi-processed and processed goods. In a cogent analysis of the situation confronting less-developed countries like India, Mr. Reddy observed as follows:

"Both in the course of the negotiations with the Community and with other industrialised countries, for example, the United States, we have been greatly handicapped by the currently applied principle of reciprocity. At each successive tariff negotiation so far, the less-developed countries have had to make large concessions in regard to tariffs on imports, generally of manufactured goods, in return for concessions on their exports which consisted largely of primary products. The concessions granted to primary products by industrialised countries would, in any case, have helped the industries in these countries by reducing production costs and increasing the opportunities for the sale of processed and manufactured articles both within their own borders and in the field of exports. The less-developed countries, however, by being compelled to reduce tariffs on manufactured products, have been inhibited from establishing industries and diversifying their economies to the extent which their natural resources, their man-power and other favourable economic factors would justify. In more recent times, their Governments have also been inhibited from raising revenues which they badly need for the development of the infra-structure within their borders. In these circumstances, India and, I am sure, other less-developed countries have little room for manœuvre and cannot offer reciprocal concessions for tariff reductions granted by the industrialised countries. It is only by offering what may be called one-way free trade facilities to the less-developed countries both in regard to primary products and in regard to semi-processed and processed goods and the simpler manufactures that the less-developed countries can be assisted to earn foreign exchange which they could use for development and growth."

Another impediment in the way of promoting exports to developed countries is the fiscal duties levied by them on products originating in developing countries. Mr. Reddy pointed out that "the incidence of protective tariff duty and of an internal fiscal duty, together, greatly reduces the value to the exporting countries of locational and other advantages and deprives them of the natural competitive advantage which is the essence of the enlargement of international trade through a sound and rational international division of labour." Fiscal duties in those countries were, of course, sought to be justified by the need for revenue. But this argument, according to Mr. Reddy, would not stand scrutiny. Giving the instance of duty on tea, in this connection, he stated that "the proportion of the revenue derived from fiscal duties on tea to total revenue is 0.13 per cent in West Germany and 0.01 per cent in France." The loss of this modest revenue, he added, would certainly "not break the back of these increasingly prosperous and powerful industrial countries."

Mr. Reddy also wanted the abolition of differential tariffs on the same commodities at different processing stages. There are higher duties, for instance, on refined vegetable oils than on crude vegetable oils and, again, the duties on both the products are higher than those on oilseeds. These products, Mr. Reddy observed, belonged to the category of the simpler processed goods and manufactures "which the countries growing oilseeds have a natural advantage for producing." Since the prohibitive duties on processed goods will only hamper the attempt of developing countries to diversify their industrial structure and pattern of their exports, Mr. Reddy's plea is quite sound.

The three-point programme outlined at the conference by the U.S. went a long way towards assuaging developing countries. The U.S. programme calls for (1) the gradual opening in industrialised countries of markets for manufactured goods from underdeveloped countries, (2) price stabilisation for primary products and (3) gradual elimination of preferential tariffs granted to certain countries, for instance, those enjoyed by the associated territories in the Common Market. The U.S. approach to the problem is elaborated in the seven-point declaration submitted to the G.A.T.T. This declaration was accepted by all the members. The declaration contains the following suggestions: (1) Governments should give immediate and special attention to the speedy removal of those quantitative import restrictions which affect the export trade of less-developed countries. (2) Governments should give special attention to tariff cuts which would be of primary benefit to less-developed countries. (3) Members should agree that the removal or a big cut of revenue duties and fiscal charges in industrialised countries would help the foreign exchange earning capacity of less-developed exporting countries. (4) Countries operating State import monopolies or purchasing agencies, should try to improve access to their markets for products of less-developed countries by decisions to import larger quantities of the products concerned, and if necessary by cuts in the difference between import and sale prices. (5) This principle is designed to aid less-developed countries who benefit neither from preferential tariff systems operating when G.A.T.T. was created, nor those being established in the new trading blocks. The members should note that the benefits to less-developed countries taking part may include not only tariff preferences but also other forms of assurances in the marketing of the products concerned. (6) The subsidisation of either the production or export of primary products may restrict the market opportunities of less-developed countries. Where that is so, the Governments concerned should seek to limit the use of the subsidies to avoid injury to the export earnings of less-developed countries, and (7) Governments, disposing of commodity surpluses should bear in mind that the products concerned are generally important in the export trade of one or more of the less-developed countries.

If this declaration, now accepted by the G.A.T.T. signatories, is put into practice by all the developed countries, it will certainly help the growth of developing countries, and enable the world to move further in the direction of establishing a multilateral trading system. The outcome of the current negotiations relating to Britain's entry into the Common Market will show to what extent the interests of less-developed countries in the Commonwealth have been recognised and the spirit of the G.A.T.T declaration has been fulfilled.

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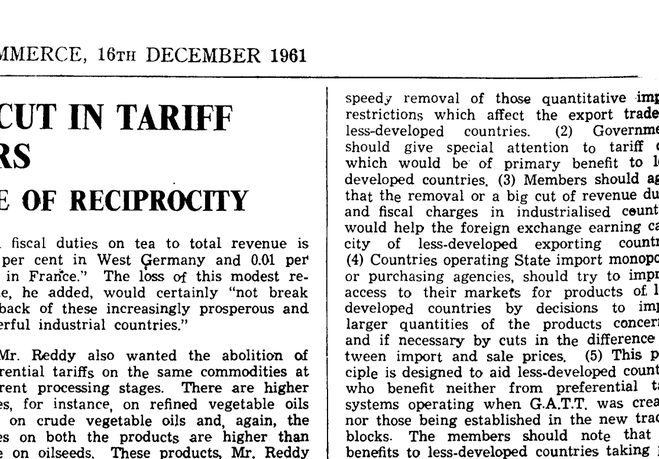

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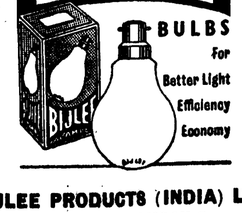

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FINANCIAL POSITION SOUND

HOW exactly the revised selling prices for paper and paper products, which came into effect from 1st January 1960, have been unremunerative can be gauged from the working results of the Ballarpur Paper and Straw Board Mills Limited [Managing Agents: Messrs. Karam Chand Thapar and Bros. (Private) Limited, Calcutta] for the year ended 30th June 1961, when their full effects were felt. During the year under review, both production and sales of paper registered further increases, the former from 11,858.64 tons to 12,924.531 tons, and the latter from 11,494.41 tons to 12,400.63 tons. The quality of the paper was also maintained. Nevertheless, the financial turnover went up only modestly from Rs. 235.88 lakhs to Rs. 240.37 lakhs and, although income from other sources increased from Rs. 8.16 lakhs to Rs. 11.85 lakhs, the gross profit has suffered a considerable setback from Rs. 81.15 lakhs to Rs. 73.70 lakhs. In the year ended 30th June, 1958, with a production of 9,910 tons and sales of 9,896 tons, the Company had earned a gross profit of Rs. 63.62 lakhs. Indeed, the Directors rightly point out that the impact of the revised selling prices is very much more than what the working results reflect, as the adverse effects of the price reduction have very largely been offset by increased production, maximum economy all round and better operating efficiency.

The manufacturing and operating costs were higher. The cost of raw materials consumed rose rather sharply from Rs. 17.95 lakhs to Rs. 26.54 lakhs, thus reversing the downward curve noticed in the previous year, when the cost was lower as compared with Rs. 22.73 lakhs in the year 1958-59. Prices of chemicals and other stores continued to rise. The total cost of stores and spares consumed during the year, however, declined from Rs. 56.89 lakhs to Rs. 50.78 lakhs, presumably due to the economy and efficiency adopted during the year. Power and fuel cost the Company Rs. 14.64 lakhs, against Rs. 12.32 lakhs in the previous year, and the burden of excise duty went up from Rs. 27.50 lakhs to Rs. 31.81 lakhs. Operating costs rose from Rs. 48.23 lakhs to Rs. 54.75 lakhs. After providing Rs. 7.38 lakhs (Rs. 12.94 lakhs) for depreciation, Rs. 25 lakhs (Rs. 27 lakhs) for taxation and Rs. 4.91 lakhs (Rs. 6.82 lakhs) for Managing Agents' commission the net profit is Rs. 36.41 lakhs against Rs. 34.39 lakhs previously. There is a small increase in the dividend on ordinary shares of Rs. 25 each from 14.30 per cent to 14.50 per cent, both being subject to deduction of tax. The net return per share is higher at 10.15 per cent, as compared with 10.01 per cent previously. The taxable preference dividend of 9 per cent against 7.14 per cent on the 5 per cent, tax-free, cumulative shares of Rs. 100 each is now made more realistic. Reserves get Rs. 26.10 lakhs against Rs. 24.26 lakhs previously. Dividends take away Rs. 11.33 lakhs (Rs. 9.47 lakhs) and leave Rs. 2.28 lakhs to be carried forward against Rs. 3.31 lakhs brought in.

The Company's performance over the past four years is compared in the table below:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sale of paper, stationery and stores	2,40.37	2,35.88	2,18.81	1,94.13
Other income	11.85	8.16	4.78	1.59
Closing stocks	4.84	7.52	3.04	2.80
Cost of raw materials consumed	26.54	17.95	22.73	20.86
Cost of stores and spares consumed	50.78	56.89	43.55	39.15
Power and fuel	14.64	12.82	10.52	10.06
Excise duty	31.81	27.50	25.62	23.60
Other expenses	54.75	48.23	39.89	38.43
Gross profit	73.70	81.15	81.28	63.62
Provisions for—				
Depreciation	7.38	12.94	12.40	39.46
Taxation	25.00	27.00	31.00	0.40
Managing Agents' commission	4.91	6.82	6.87	5.11
Net profit	36.41	34.39	31.01	18.65
Provisions written back	..	..	9.37	..
Transfer to reserves	26.10	24.26	13.29	1.30
Dividends—				
5 per cent. tax-free cumulative preference	1.63*	1.29*	10.16†	..
Ordinary	9.70 (14.50 %)*	8.18 (14.30 %)*	5.72 (10%)*	..
Carry forward (+) credit (—) debit	+2.28	+3.31	+2.53	—8.67

* Subject to deduction of tax.
† Includes Rs. 9.87 lakhs paid at 5 per cent., free of tax, up to 30th June 1958. The balance of Rs. 1.29 lakhs is subject to deduction of tax.

The Directors state that the expansion programme, envisaged in the previous year, is getting under way. The Company proposes to set up a pulp mill, with a capacity of 70 tons of finished paper per day. With the bamboo preparation equipment, however, the mill will have a capacity sufficient for 85 tons of pulp per day. It is proposed to set up another pulp mill to turn out 15 tons of finished paper per day. Firm orders for brown stock washing system, motors and starters have been placed with indigenous sources, and their deliveries would be in time to synchronise with the erection of the imported equipment, which is to be secured from Messrs. Klonne-Collin GmbH, Dortmund, West Germany, and Messrs. EMPACEL, Paris. Orders for foreign equipment were placed in May last year. The shipments are expected to start some time in April next year, and the first consignment would be at site around June or July 1962, and the last by March 1963.

The Company is gradually strengthening its reserve position. However, the sooner it is done the better. For, though reserves and surplus have been consolidated further from Rs. 46.45 lakhs to Rs. 71.52 lakhs, they are not even half of the subscribed share capital of Rs. 159.86 lakhs. While the liability on secured loans has declined from Rs. 103.71 lakhs to Rs. 95.88 lakhs, unsecured loans have gone up during the year from Rs. 1.31 lakh to Rs. 5.40 lakhs. Current liabilities and provisions amount to Rs. 95.41 lakhs, bringing the total indebtedness to Rs. 196.69 lakhs. As against these, there are current assets of the value of Rs. 319.43 lakhs, of which no less than Rs. 155.41 lakhs represent cash and bank balances. Contingent liabilities (not taken into account) include guarantees given by the Bank of Tokyo Ltd., Calcutta, for Rs. 311.51 lakhs, being the value of contracts to be executed on capital account of Rs. 323.00 lakhs and Rs. 1.67 lakh being a claim against the Company not acknowledged as debt. Investments have increased from Rs. 24.48 lakhs to Rs. 34.21 lakhs and command a market value of Rs. 34.77 lakhs (the quoted investments amount to Rs. 19.21 lakhs and the unquoted to Rs. 15.00 lakhs, with a respective market value of Rs. 19.27 lakhs and Rs. 15.50 lakhs). During the year, the gross block account increased from Rs. 276.44 lakhs to Rs. 284.97 lakhs and is very conservatively written down to Rs. 62.07 lakhs.

It will be seen from the foregoing account that the overall financial position of the Company is quite healthy.

The Rs. 25 fully paid ordinary shares of the Company are being quoted at Rs. 42.62 *cum-div.*, and at the *ex-div.* value of nearly Rs. 40, they offer a yield of 6.3 per cent per annum, free of tax.

SESHASAYEE WIRE ROPES LTD.

A public limited liability company under the name Seshasayee Wire Ropes Ltd. has just been registered in Kerala State, with an authorised share capital of Rs. 100 lakhs. Messrs. Seshasayee Brothers (Travancore) Private Ltd., who promoted Fertilisers and Chemicals (Travancore) Ltd., Aluminium Industries Ltd., Forest Industries (Travancore) Ltd. and Travancore Cochin Chemicals Ltd., are the promoters of this new Company. The Company has been licensed to manufacture 3,000 tons of steel wire ropes annually. The factory will be located on the outskirts of Alwaye town in the Ernakulam District. Suitable land for locating the factory and other buildings has been acquired. An office has been opened at Ernakulam from where the constructional activities will be directed. The Company will shortly be in the market for raising capital.

The Company has secured the technical and financial collaboration of the Japanese firms of Kokoku Kosensaku Co. Ltd. and Ataka & Co. Ltd. The former Company is well known in India in so far as wire ropes are concerned and this firm will design and engineer the factory, supervise the erection of equipment, and bring the factory to the production stage. Ataka and Company will supply the requisite machinery and equipment from Japan. These Japanese firms will invest Rs. 3½ lakhs each in the share capital of the Indian company. The factory is expected to commence operation towards the end of 1963. It will be the first to produce steel wire ropes in South India.

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Kumararajah M. A. M. Muthiah Chettiar of Chettinad, Chettinad House, MADRAS.
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G. S. SUNDARAM, *Secretary.*

J.K. STEEL'S PROGRESS GRATIFYING

FURTHER RISE IN CAPITAL LIKELY

FROM Rs. 16.94 to Rs. 40.50 and back to Rs. 21.75 in less than twelve months is, indeed, a wide range of fluctuation for a Rs. 10 paid-up equity share. But, in the case of J.K. Steel shares, it is justified. For not only are these shares a must for every investor, but they are strongly fancied even by the small fry in the speculators' camp. And there is a reason for this. Astounding as are their movements, their strength is, indeed, inspiring. And, if despite this, the shares are currently dormant around Rs. 21.75 *cum-div.*, it is partly because the steel section as a whole in the share market is likewise and partly because those who have backed these shares are not quite happy with the bare maintenance of the dividend at 20 per cent gross for the year ended 30th June 1961. The 1960-61 annual report of J.K. Steel Ltd. provides ample proof to conclude that the hope for yet another modest increase in the dividend (it was stepped up only in the previous year from 12.5 per cent to 20 per cent, subject to deduction of tax) was not without sufficient basis. The managing agents of the Company, Messrs. J.K. Industries (Private) Ltd., Calcutta, have every reason to be proud of the great strides made by the Company since it attained the take-off stage in the year ended 30th June 1958. The salient features of this eventful progress are brought out in the comparative table below:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sale proceeds	1,54.55	1,26.42	96.64	57.88
Other income	0.55	0.86	0.32	0.11
Commission paid on sales	2.55	2.12	1.69	1.61
Closing stocks	40.14	36.92	24.55	11.29
Cost of raw materials consumed	81.71	70.73	57.19	37.18
Cost of stores and spares consumed	10.81	6.96	5.27	2.79
Power and fuel	3.56	2.64	2.24	1.59
Other expenses	20.09	15.18	12.55	8.06
Gross profit	36.37	29.63	18.03	6.71
Provision for—				
Depreciation	7.49	6.02	5.12	3.18
Taxation	9.85	7.30	2.02	..
Managing Agency commission	2.76	2.36	1.15	0.49
Net profit	16.27	13.97	9.74	3.04
Provisions written back	..	5.58	..	..
Transfer to reserves	11.31	14.48	6.33	..
Dividends—				
7 per cent (tax-free) C. R. preference	0.91*	0.91*	0.24	..
Ordinary	4.00 (20%)*	4.00 (20%)*	2.50 (12½%)*	0.68
Carry forward	0.96	0.91	0.76	0.08

* Subject to deduction of tax.
Note:—From 1960, the preference dividend has been adjusted to 9 per cent, taxable.

As will be evident from above table, gross sale proceeds during the year under review increased further, by Rs. 28.13 lakhs, to Rs. 154.55 lakhs, and are nearly three times as much as during the year 1957-58. Gross profit has correspondingly gone up by Rs. 6.74 lakhs to Rs. 36.37 lakhs and is six times that three years ago. The increase in gross profit during the year under review, however, is not in proportion with that in sales. It is so because the Company was faced, for the first time, with a substantial rise in both manufacturing and operating costs. Cost of raw materials was up from Rs. 70.73 lakhs to Rs. 81.71 lakhs and stores and spares consumed from Rs. 6.96 lakhs to Rs. 10.81 lakhs. The Company spent Rs. 3.56 lakhs on power and fuel against Rs. 2.64 lakhs previously. There was, however, a sharper rise in the operating costs from Rs. 15.18 lakhs to Rs. 20.09 lakhs largely due to a higher wage bill of Rs. 14.07 lakhs against Rs. 9.63 lakhs in the preceding year.

The Directors have increased the essential provisions: depreciation from Rs. 6.02 lakhs to Rs. 7.49 lakhs and taxation from Rs. 7.30 lakhs to Rs. 9.85 lakhs. Managing agency commission absorbs Rs. 2.76 lakhs against Rs. 2.36 lakhs previously. The net profit, therefore, shows only a modest improvement of Rs. 2.30 lakhs to Rs. 16.27 lakhs. In such conditions, it would have been inexpedient for the Directors to step up the dividend on equity capital. The amount transferred to reserves is also lower at Rs. 11.31 lakhs as compared with Rs. 14.48 lakhs in the previous year. The carry forward is Rs. 0.96 lakh against Rs. 0.91 lakh brought in.

The Directors report that the improved results for the year were achieved, despite some loss of production on account of unhappy labour situation. Billet supplies during the year were unsatisfactory and the hot rolling mill had to face shortage of the raw material from time to time. Sufficient progress, they say, has been made with regard to the project for the manufacture of chain blocks and electric hoists, and production is expected to start early next year.

The Company's plans for doubling the capacity of wire rope plant and installing an electric furnace for the manufacture of steel are being pursued, though there has been some delay on account of foreign exchange restrictions. The Company has also obtained a licence for the manufacture of seamless pipes.

On 17th July 1961, the Company received the consent of the Controller of Capital Issues to increase its share capital by Rs. 20 lakhs by the issue of further 2 lakh fully paid-up ordinary shares of Rs. 10 each as bonus shares. Accordingly, at its extraordinary meeting on 31st August 1961, the general body adopted a resolution proposing that the total subscribed and paid-up capital of the Company be increased from Rs. 30 lakhs to Rs. 50 lakhs. By another resolution, adopted at the same meeting, Rs. 20 lakhs out of Rs. 30 lakhs of the undivided profits of the Company lying to the credit of the general reserve were capitalised and applied towards payment in full of the 2 lakh ordinary shares of Rs. 10 each, ranking in all respects *pari passu* with the existing ordinary shares, except that the dividend on them would be due only out of the profits of the Company for the year commencing from 1st July, 1961. These ordinary shares have been allotted to the holders of the existing ordinary shares, whose names appeared in the Company's books on 31st August 1961, in the ratio of one for one. Since the Company's original authorised capital of Rs. 50 lakhs has thus been fully issued and subscribed, the Directors have now recommended that the authorised capital be raised to Rs. 1.5 crores by the creation of further 20,000 cumulative redeemable preference shares of Rs. 100 each and 800,000 ordinary shares of Rs. 10 each. The matter will be considered by the general body at its ensuing annual meeting.

The changes in the capital structure already undertaken and those proposed now are intended to provide additional finance to the Company for undertaking the expansion schemes on hand. This is more in line with the sound policy of increasing dependence on the owned funds rather than on borrowings, which, as at the end of the year under review, have been decisively kept low at Rs. 24.11 lakhs, and are lower as compared with Rs. 26.50 lakhs at the previous year-end. The borrowings represent loans from the Government of West Bengal against mortgage of fixed assets. The gross block account as at 30th June 1961 is of the value of Rs. 81.63 lakhs and shows an addition of Rs. 3.79 lakhs during the year. This has been written down to Rs. 56.22 lakhs. Reserves and surplus make a total of Rs. 50.27 lakhs against Rs. 40.94 lakhs in the previous year. With current liabilities and provisions at Rs. 51.26 lakhs the total indebtedness to outsiders is Rs. 76.11 lakhs which are more than fully covered by current assets, loans and advances aggregating Rs. 90.36 lakhs. In addition, there are investments which have increased during the year from Rs. 8.28 lakhs to Rs. 9.82 lakhs, of which those quoted are shown at Rs. 8.68 lakhs against a market value of Rs. 8.55 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 21.75 *cum-div.*, and, on an *ex-div.* basis, offer an attractive yield of 6.8 per cent per annum, free of tax.

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CONSOLIDATED COFFEE AND COFFEE LANDS FARE BETTER

PREVIOUS REVERSES MADE GOOD

THE coffee plantations owned by the Consolidated Coffee Estates (1943) Ltd. (Managing Director: C. I. Machia, Pollibetta) and Coffee Lands and Industries (Mysore) Ltd., for which the former Company acts as secretaries and treasurers, have come out none the worse for the heavy and unprecedented rains which afflicted them during the year ended 30th June 1961. Damage due to flooding was, fortunately, restricted to some low-lying areas but conditions in even these are now fast on their way to improvement. Notwithstanding these adversities, the actual production of coffee, in either case, was substantially higher than earlier estimates and this naturally paved the way for larger sales.

In the case of the Consolidated Coffee Estates, for example, a total of 4,218.10 tonnes of coffee was sold, as against 2,449.16 tonnes during 1959-60, and, though the price secured was lower at Re. 1.90 per point, as against Rs. 2.20 per point previously, the value of sales has increased by Rs. 32.27 lakhs to Rs. 104.27 lakhs. There has, on the other hand, been a slight decline (*a*) in sale of pepper and minor produce, from Rs. 10.16 lakhs to Rs. 7.90 lakhs, (*b*) in the profit from sale of previous years stocks from Rs. 4.28 lakhs to Rs. 2.33 lakhs, and (*c*) in other income, from Rs. 30.89 lakhs to Rs. 29.92 lakhs, so that total receipts for the year show a rise of only Rs. 27.09 lakhs to Rs. 144.42 lakhs. All the same, the gross profit is substantially higher at Rs. 42.95 lakhs, as against Rs. 27.22 lakhs a year ago. Side by side with an increased profit, essential provisions have also been stepped up, that for the managing agents' remuneration from Rs. 0.48 lakh to Rs. 0.60 lakh, for depreciation from Rs. 5.06 lakhs to Rs. 5.02 lakhs, and for taxation, quite naturally, from Rs. 8.60 lakhs to Rs. 15.40 lakhs. Even then, the net profit shows a rise of Rs. 8.85 lakhs to Rs. 21.93 lakhs. Of this, Rs. 4.75 lakhs have been transferred to the general reserve and, after setting aside Rs. 1.21 lakh from the balance to meet the liability for preferred dividends for the year, the Directors have proposed to maintain the ordinary dividend at 20 per cent, subject to deduction of tax. These, as during the previous year, claim Rs. 14.31 lakhs, leaving a higher carry forward of Rs. 2.27 lakhs, as against Rs. 0.61 lakh brought in.

Owing to a vastly improved sale of 1,087.75 tonnes of coffee, as against 677.41 tonnes during the previous year, Coffee Lands and Industries has, more or less, recouped the setback it had suffered during the previous year. Sales of coffee recovered from Rs. 22.08 lakhs during 1959-60 to Rs. 29.66 lakhs during the year under review and, though a decline is witnessed in other income by Rs. 4.38 lakhs to Rs. 34.24 lakhs, the gross profit has virtually doubled from Rs. 5.54 lakhs to Rs. 10.99 lakhs. From this, provision for depreciation takes away Rs. 2.00 lakhs as against Rs. 1.89 lakh and that for taxation Rs. 3.24 lakhs as compared with Rs. 1.59 lakh. Even so, the net profit stands improved by Rs. 3.69 lakhs at Rs. 5.73 lakhs. Transfer to the general reserve has been raised by Rs. 0.98 lakh to Rs. 1.51 lakh, whereas preference dividends, inclusive of the additional amount payable for the previous year, claim Rs. 0.58 lakh as against Rs. 0.52 lakh. Despite this somewhat higher appropriation, a larger sum is now available for distribution as ordinary dividends and this has prompted the Directors to restore partially the cut in dividends administered during the previous year. Thus, against 60 nP per share, subject to deduction of tax paid for the year 1959-60, the ordinary shareholders stand to get this year Re. 1.20 per share, subject to deduction of tax.

The financial position of both the companies, as reflected in their respective balance-sheets, as at 30th June 1961, is strong. In each case, the share capital is supported by a substantial reserve position, the written down value of the fixed assets bears a healthy relationship with the capital funds invested in the business, and current liabilities are very decisively exceeded by the total of current assets, loans and advances, and investments. These facts will be apparent from the synopsis of balance-sheets, given below:

(Rupees in lakhs)

	Consolidated Coffee	Coffee Lands
LIABILITIES		
Share capital:		
Preference	18.75	10.41
Ordinary	71.55	22.50
Total	90.30	32.91
Reserves and surplus	72.97	34.48
Capital funds	163.27	67.39
Current liabilities	55.99	13.79
Total	219.26	81.18
ASSETS		
Fixed assets: Gross	165.01	55.51
Less: Depreciation	45.79	15.14
Net block	119.22	40.37
Current assets, loans and advances, and investments	100.04	40.81
Total	219.26	81.18

Presently the Rs. 10 fully-paid ordinary share of the Consolidated Coffee Estates is quoted at Rs. 19.40 *cum-div.* and fetches, on an *ex-div.* basis, a net return of 7.8 per cent. Current market quotation for the Rs. 10 fully-paid ordinary share of Coffee Lands is Rs. 16.50 *cum-div.* The net yield, on an *ex-div.* basis, in this case works out to 7.2 per cent.

(Concluded from next column)

of the order of Rs. 240.55 lakhs and these two together give the total short-term liabilities remaining outstanding as on the date of the balance-sheet at Rs. 487.43 lakhs. Against these, current assets, loans and advances, and investments aggregate only Rs. 377.57 lakhs. The reserves and surplus are no doubt substantial and the management has been strengthening them year after year by adding a sizable amount from the profit. But it will have to continue this policy for some more years. This, together with the writing down of fixed assets by provision for depreciation, should go a long way towards reducing the imbalance in the financial position of the Company. Only, the ordinary shareholders will have to wait patiently all these years, before they can expect any significant rise in their dividend level.

As referred to earlier, the working of the various departments of the Company has been highly satisfactory. The sugar factory commenced crushing on 24th November 1960 and closed on 1st May 1961 and turned out 29,848 tonnes of sugar were produced, as against 22,354 tonnes. The recovery of sugar for the season was, however, lower at 8.97 per cent, as against 9.56 per cent previously.

The Rs. 10 fully paid share of the K.C.P. is currently quoted at Rs. 22.95 *ex-div.* and fetches a net return of 4.5 per cent.

Progress At A Glance

(In lakhs of rupees)

	Consolidated Coffee Estates				Coffee Lands and Industries			
	1961	1960	1959	1958	1961	1960	1959	1958
Value of coffee crop	104.27	72.00	90.49	75.07	29.66	22.08	30.97	29.94
,, pepper and minor produce	7.90	10.16	11.88	6.08	0.13	0.14	0.14	0.14
Profit on previous season's stocks	2.33	4.28	9.46	15.98	0.87	1.48	3.63	3.74
Other income	29.92	30.89	20.21	25.20	34.24	38.00	35.34	41.95
Closing stocks	1.32	1.31	1.15	0.93	4.10	3.20	4.10	2.65
Expenses	101.46	90.27	89.77	83.40	55.90	55.26	54.32	59.30
Gross profit	42.95	27.22	51.49	38.74	10.99	5.54	17.21	15.88
Commission to Managing Agents and covenanted staff	0.60	0.48	4.39	3.37	0.02	0.02	1.20	1.20
Provision for—								
Depreciation	5.02	5.06	4.99	4.37	2.00	1.89	1.80	1.59
Taxation	15.40	8.60	16.50	15.12	3.24	1.59	5.50	6.27
Net profit	21.93	13.08	25.61	15.88	5.73	2.04	8.71	6.82
Provisions written back	..	4.87	..	0.67	..	..	..	..
Transfer to reserves	4.75	2.51	6.06	1.50	1.51	0.53	2.50	1.50
Dividends—								
Preference	1.21*	1.12*	1.61*	1.12	0.58*	0.52†	0.74*	0.52
Ordinary	14.31 (20%)*	14.31 (20%)*	17.89 (25%)*	14.31 (20%)	2.70 (12%)*	1.35 (6%)*	5.62 (25%)*	4.50 (20%)
Carry forward	2.27	0.61	0.80	0.75	1.87	0.02	1.28	1.82

* Subject to deduction of tax. † Free of tax.

K. C. P. REPORTS ENCOURAGING RESULTS

RESERVES ENHANCED

WHEN many of the sugar companies in the country have recently been compelled to restrict their dividend distributions for want of sufficient profits, it is really heartening to note that the K.C.P. Ltd. (Managing Agents: Messrs. V. Ramkrishna Sons Private Ltd., Madras) has been able to maintain, quite comfortably, for the year ended 30th June 1961, its previous rate of ordinary dividend even on a large number of shares and despite a heavy plough-back of profits. A twenty per cent rise in sales and a slightly bigger improvement in the gross profit have been the factors responsible in the main. The secret of this success lies in the fact that the departments other than sugar worked so well as to more than offset the adverse trading conditions in sugar.

Sale proceeds of widely varied products have gone up from Rs. 378.79 lakhs during 1959-60 to Rs. 445.34 lakhs during the year under review. Chief contributions to this increase have come from the sale of cement, which has risen from Rs. 66.47 lakhs to Rs. 71.79 lakhs, and from that of machinery and materials which, including internal transfers, has staged a smart rise from Rs. 46.61 lakhs to Rs. 120.09 lakhs. The Company's performance would have been better still had it not been for the fact that the sales of sugar remained subdued owing to the fall in demand for the commodity.

The higher level of production achieved by practically every department has naturally resulted in widening the profit-margin and this has, in its turn, brought about an improvement of Rs. 13.36 lakhs to Rs. 70.66 lakhs in the gross profit. Provision for Managing Agents' commission, which had claimed Rs. 3.90 lakhs during the previous year, now gets Rs. 3.50 lakhs, while that for depreciation has been stepped up by Rs. 5.86 lakhs to Rs. 21.42 lakhs. Despite a larger taxable profit, the provision for taxation has been sharply brought down to Rs. 10.50 lakhs from Rs. 24.75 lakhs a year ago. The net result of these various adjustments has been that the net profit shows a rise of Rs. 22.15 lakhs to Rs. 35.24 lakhs. To this is to be added Rs. 0.24 lakh brought forward from the previous accounting period and Rs. 10.17 lakhs as a transfer from reserves and provisions. The amount available for appropriation thus stands at Rs. 45.65 lakhs. Of this, as much as Rs. 31.35 lakhs, or nearly 69 per cent, have been credited to various reserves and provisions. Although the rate of ordinary dividends has, once again, been maintained at 15 per cent, subject to deduction of tax, such has become payable on a larger number of shares than last year.

The following comparative table clearly brings out the progress made by the Company during the last four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sale proceeds (including internal transfers)	4,45.34	3,78.70	3,72.62	3,19.75
Other income	4.96	5.64	4.38	5.90
Closing stocks and work-in-progress	1,62.08	1,08.88	77.47	1,11.62
Cess on sugarcane	16.58	11.57	11.60	13.66
Excise duty	74.63	76.76	80.22	66.17
Other expenses	3,41.83	2,70.21	2,05.30	2,13.40
Gross profit	70.66	57.30	36.64	32.74
Managing Agents' remuneration	3.50	3.90	2.34	2.00
Provision for—				
Depreciation	21.42	15.56	13.36	9.97
Taxation	10.50	24.75	..	20.77
Net profit	35.24	13.09	20.94	..
Transfer from reserves and provisions	10.17	8.27	17.10	2.72
Transfer to reserves and provisions	31.35	11.11	31.90	21.55
Dividends—				
Preference	3.84*	2.13	0.16	0.16
Ordinary	10.20 (15%)*	8.80 (13%)*	5.89 (15%)	1.92 (15%)
Carry forward	0.17	0.24	0.92	0.88

* Subject to deduction of tax.

The rapid expansion and diversification effected during the past few years have naturally resulted in a certain amount of lopsidedness in the Company's balance-sheet. For example, the capital funds, as at 30th June 1961, totalling Rs. 288.95 lakhs (comprising Rs. 43.29 lakhs in preference shares, Rs. 67.70 lakhs in ordinary shares, Rs. 117.06 lakhs in reserves and surplus, and Rs. 60.90 lakhs as a long-term development loan from the Industrial Finance Corporation) are exceeded substantially—by Rs. 109.86 lakhs, to be precise—by the net value of the fixed assets standing at Rs. 398.81 lakhs. Bank loans, both secured as well as unsecured, amount to Rs. 246.88 lakhs, besides other current liabilities and provisions

(Continued in previous column)

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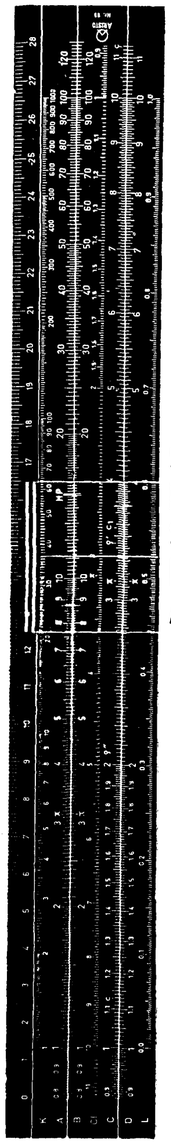


STEEL PRODUCTION SOARS BY 425% AT MUKAND

We reckon our production in 1960-61 to be 69,552 tonnes of rolled products and 5,624 tonnes of castings. In other words a rise of 48% over the previous year.

In 1951-52 MUKAND employed 1,064; in April 1961—2,306. Over the past ten years production figures have soared—13,615 tonnes of rolled products and 704 tonnes of castings in 1951-52; and 425% more in 1960-61.

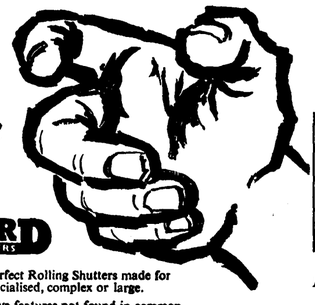
	57/58	58/59	59/60	60/61
	(Rs. in lacs)			
CAPITAL	51	51	71	61
Depreciation provided to date	32	36	41	50
Profits retained in business to date	25	35	45	57
Profit for the year	19	30	31	53
Dividend for the year	5	5	8	10

MUKAND manufactures high grade steel products—bars, rods and castings. Presently an expansion programme is under way. It will cope with the growing flux of big orders—like the one placed by the Railways with MUKAND in October 1961 for 4,862 sets of Centre Buffer Couplers valued at Rs. 1,14,00,000.

MUKAND provides India's new and growing industries with the quality components that they must have.

MUKAND IS STEEL

Built like a Gun...



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Precise, Quick-acting, Perfect Rolling Shutters made for all purposes, however specialised, complex or large.

STANDARD has exclusive features not found in common rolling shutters. They are built to face, for a lifetime, every hazard encountered. And STANDARD is *guaranteed* for one year, with FREE SERVICE during that period.

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STANDARD manufactures M.S. Rolling Shutters, Rolling Grills, Collapsible Gates, Shutter Gates, Alligator Doors and Fire-proof Doors (electrically operated).

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SYNOPSES OF COMPANY REPORTS

Cauvery Sugars and Chemicals Ltd.

(*Secretaries and Treasurers*: Messrs. Parry and Co., Ltd., Madras.)

Annual General Meeting—27th December.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales (gross)	1,73,18	1,36,28
Gross profit	13,40	14,13
Transfer to taxation	3,68	21
Net profit	9,78	13,92
Adjustments	74	21
Appropriations:		
Total available balance	10,52	14,13
Transfer to taxation equalisation reserve	2,60	1,75
,, ,, development rebate reserve	21	6,05
To preliminary expenses written off	2,00	2,00
To interim dividend (taxable) preference	1,20	1,20
Proposed dividend (taxable) ordinary	3,20 (8%)	2,40 (6%)
Carried forward	1,41†	78†

N.B.—Adjustments include the balance brought forward from the previous year.

† Carried forward subject to payment of final dividend on preference share capital.

Extracts from the Directors' report: *Review of Operations*: The 1960 special season started on 27th July 1960 and ended on 15th November 1960. During this period 73,699 tonnes of cane were crushed and 6,697 tonnes of sugar produced at an average recovery of 9.09 per cent which compares with 47,753 tonnes cane crushed and 4,393 tonnes sugar produced at a recovery of 9.20 per cent during the comparable previous season. The lower recovery was mainly due to the larger tonnage crushed and the consequent longer duration of the special season.

The 1960-61 main season started on 20th December 1960 and finished on 20th June 1961. During this period 1,31,688 tonnes cane were crushed and 11,993 tonnes sugar were produced at an average recovery of 9.11 per cent which compares with 68,895 tonnes cane crushed and 6,411 tonnes sugar produced at a recovery of 9.31 per cent during the comparable previous season. The lower recovery was again mainly due to the extended period of the season. Both the quantity of cane crushed and the sugar produced during the year constitutes a record for the factory.

The liquid position of the Company has improved in so far as the excess of current assets over current liabilities, provisions etc. amounted to Rs. 21.15 lakhs as at 30th June 1961 as compared with Rs. 12.14 lakhs last year.

Under the provisions of the mortgage deed relating to the loan of Rs. 35,000 taken from the Industrial Finance Corporation of India against the security of the fixed assets and machinery sparse at the Pettaivaytalai Factory, the third instalment of Rs. 2,50,000 towards repayment of the Loan was made on 29th December 1960.

As at 30th June 1961 the amount owed by Kulittalai Cane Farms Private Limited for rent was Rs. 3,89,814 (1960—Rs. 3,99,694).

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	60,00,000	Gross block	93,66,481
Reserves and surplus	18,27,411	—Depreciation	14,38,244
Other liabilities	90,89,524		
		Net block	79,28,187
		Block in progress	1,29,606
		Current assets	82,95,580
		Cash	1,58,472
		Preliminary expenses	4,00,000
	Rs. 1,69,16,935		Rs. 1,69,16,935

* Paid-up capital consists of 20,000 six per cent. (free of income-tax) cumulative preference shares of Rs. 100 each and 40,000 ordinary shares of Rs. 100 each.

Kolhapur Sugar Mills Ltd.

(*Managing Agents*: The United Agencies Private Ltd., Kolhapur.)

Annual General Meeting—22nd December.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales (sugar, denatured spirit, French polish, G.N. oil and oilcake, etc.)	2,07,23	1,88,00
Closing stock (sugar, spirit, French polish, etc.).	2,09,51	[2,96,48
Excise duty on sugar and oil	74,89	46,10
Gross profit	43,75	62,98
Transfer to Managing Agents' remuneration	2,56	2,96
,, ,, depreciation	17,94	[41,88
,, ,, taxation provision	10,60	Nil
Net profit	12,65	70
Adjustments	16,26*	[2,78†
Appropriations:		
Total available balance	28,91	10,48
Transfer to general reserve	20,06	Nil
Proposed dividends (taxable) ordinary	7,12‡	7,22§
	(20%)	[(20%)
Carried forward	88	239

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

* Includes Rs. 13 lakhs transferred from provision for taxation.

† This includes Rs. 7,21,839 transferred from reserve (for distribution of dividends).

‡ Includes dividend at Rs. 604 per deferred share.

§ The dividends for 1960 were paid out of reserve (both ordinary and deferred dividends).

Extracts from the Directors' report: The Factory started crushing on the 16th of November 1960 and stopped on 13th April 1961. The directors have great pleasure in reporting that the Mills by crushing a record quantity of cane 2,51,850 metric tonnes, achieved a record production of 3,16,777 bags of sugar, making the Mills top the list of Sugar Mills in Maharashtra, also in the point of production. The average recovery this year was 12.57 per cent. The results of the Estate of the Mills are encouraging and have been the best since the inception of the Mills, being 46.9 bags per acre.

The extensions of the Distillery were completed and the new plant has gone into commission. The average daily production is 4,000 gallons. Together with the old plant the capacity is 6,000 gallons now. The Distillery has been regarded by Government as the Central Distillery for the Kolhapur region and molasses from the neighbouring factories have been allotted to the Company.

The new project for the production of *Acetic Acid, Butyl Alcohol* and *Butyl Acetate*, is well on the way. The plant and machinery, order for which was placed with Messrs. A. B. Chematur of Stockholm, Sweden, are due to arrive in 1962. Plans for the building for housing the plant are being finalised.

The directors had hoped to achieve a target of producing about 4,00,000 bags of sugar during the season 1961-62. But, as members may be aware, the recent Ordinance of the Central Government imposing a cut of 10 per cent in the production of the season 1960-61 and limiting the production of the season 1961-62 to the reduced quantity, the target cannot now be reached.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	28,56,765	Gross block	2,78,44,950
Reserves and surplus	1,06,12,419	—Depreciation	90,44,966
Other liabilities	3,34,94,774		
		Net block	1,87,99,984
		Current assets	2,71,05,564
		Investments	18,869
		Cash	10,39,541
	Rs. 4,69,63,958		Rs. 4,69,63,958

* Paid-up capital consists of 28,245 ordinary shares of Rs. 100 each fully paid up and 243 deferred shares of Rs. 100 each fully paid up. The amounts paid up on shares forfeited are:—Ordinary Rs. 7,735 and deferred Rs. 230.

Cowcoody Estates Ltd.

(*Secretaries and Treasurers*: Messrs. Peirce Leslie and Co., Ltd., Mangalore.)

Annual General Meeting—30th December. Final dividend payable on 5th January 1962.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Coffee sales	4,86	3,26
Sales of cardamom, paddy and oranges	10	11
Gross profit	2,22	1,86
Transfer to Secretaries' and Treasurers' remuneration	13	13
,, ,, depreciation	18	17
,, ,, taxation	57	42
Net profit	1,34	1,14
Adjustments	27	40*
Appropriations:		
Total available balance	1,61	1,55
Transfer to general reserve	25	25
Interim dividend paid (taxable) ordinary	41 (10%)	41 (10%)
Proposed dividend (final) (taxable) ordinary	61 (15%)	61 (15%)
Total dividend %	[25%]	[25%]
Carried forward	84	27

N.B.—Adjustments include the balance brought forward from the previous year.

* This amount includes Rs. 11,983 being refund of income-tax in respect of assessment year 1944-45 and 1946-47.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	4,08,560	Gross block	3,31,891
Reserves and surplus	2,59,416	—Depreciation	94,852
Other liabilities	3,18,059		
		Net block	2,37,039
		Current assets	2,60,417
		Investments	15,000
		Cash	4,79,579
	Rs. 9,86,035		Rs. 9,86,035

* Paid-up capital consists of 2,04,280 ordinary shares of Rs. 2 each fully paid up. Of the above 25,535 shares are allotted as fully paid up pursuant to a contract without payment being received in cash and 1,78,745 shares are allotted as fully paid up by way of bonus shares through capitalisation of reserves.

(Concluded from next column)

early next year. The malt extract plant is also exepcted to be pressed into service in the near future. Work on the other projects such as distillery, ice factory and factory for the manufacture of yeast is said to be at an advanced stage.

The financial position of the Company is sound. The paid-up capital of Rs. 28.68 lakhs, of which Rs. 8.10 lakhs represent capitalisation of reserves, is supplemented by reserves and surplus of Rs. 176.43 lakhs. This strong reserve position is proving useful to finance the capital expenditure on hand. Against *nil* in the previous year, bank borrowings are shown at Rs. 25.43 lakhs. In addition, there are other current liabilities and provisions amounting to Rs. 82.65 lakhs and both are adequately covered by current assets, loans and advances aggregating Rs. 184.83 lakhs. Investments, which are not included in this total, have gone down during the year from Rs. 4.25 lakhs to Rs. 3.72 lakhs; the decline being in the quoted investments from Rs. 2.15 lakhs to Rs. 1.26 lakh. The market value of the quoted investments is nearly the same as the book value. The unquoted investments, on the other hand, have increased from Rs. 2.11 lakhs to Rs. 2.45 lakhs. Fixed assets increased during the year from Rs. 59.73 lakhs to Rs. 86 lakhs, and are written down to Rs. 58.28 lakhs. At the close of the year, capital works in progress and capital stores at site stood at Rs. 73.71 lakhs.

The Rs. 5 fully paid ordinary shares of the Company are currently quoted at Rs. 42.37 *ex-div.*, at which rate the yield on them works out to 2.4 per cent per annum free of tax.

DYER MEAKIN'S GROWTH IMPRESSIVE

LARGE EXPANSION UNDER WAY

EXCELLENT are the results of Dyer Meakin Breweries Limited (Managing Director: Mr. N. N. Mohan) for the year ended 31st March 1961. Sales turnover has improved from Rs. 316.17 lakhs to Rs. 382.02 lakhs and, despite a substantial rise in manufacturing costs, gross profit has gone up from Rs. 89.51 lakhs to Rs. 114.01 lakhs. The dividend on ordinary shares of Rs. 5 each has been stepped up from 25 per cent to 30 per cent, both subject to deduction of tax. The net return works out to 21 per cent against 17.5 per cent in the previous year, and is the highest paid by the Company in recent years. The Directors state that they have not considered it expedient to enhance the dividend further, because of the Company's heavy commitments on capital expenditure.

Raw materials consumed during the year cost the Company Rs. 26.49 lakhs, against Rs. 16.74 lakhs in the previous year. The cost of stores, power and fuel also increased from Rs. 60.69 lakhs to Rs. 73.24 lakhs. The burden of excise duty was as heavy as Rs. 114.76 lakhs and showed an increase of Rs. 14.76 lakhs over the previous year. Other expenses were also higher at Rs. 61.60 lakhs as compared with Rs. 50.78 lakhs previously. After providing for depreciation of Rs. 4.15 lakhs (Rs. 3.06 lakhs), taxation of Rs. 45.25 lakhs (Rs. 35.40 lakhs) and Managing Director's commission of Rs. 6.35 lakhs (Rs. 4.86 lakhs), the net profit works out to Rs. 58.26 lakhs against Rs. 46.19 lakhs a year ago. Credit has been taken for unclaimed surcharge on beer bottles of Rs. 10.87 lakhs. Provision for bonus has been stepped up from Rs. 2.50 lakhs to Rs. 3 lakhs. Dividend takes away Rs. 8.51 lakhs against Rs. 5.06 lakhs previously. A very large size of the distributable profit, precisely Rs. 55.15 lakhs against Rs. 37.05 lakhs in the previous year, has been ploughed back by the Directors to reserves.

The salient features of the Company's progress in the last four years are brought out in the table below:

(In lakhs of rupees)

	For the year ended 31st March			
	1961	1960	1959	1958
Sale proceeds	3,82.02	3,16.17	2,61.12	2,04.67
Closing stocks	41.85	46.51	34.74	25.97
Other income	1.12	1.55	0.92	0.85
Beer bottle surcharge	6.96	..	..	..
Cost of raw materials consumed	26.49	16.74	11.51	10.58
Cost of stores, power and fuel consumed	73.24	60.69	55.74	38.38
Excise duty	114.76	100.00	80.45	76.22
Other expenses	61.60	50.78	44.55	32.32
Gross profit	114.01	89.51	60.80	47.52
Provision for—				
Depreciation	4.15	3.06	2.86	1.65
Taxation	45.25	35.40	27.90	21.41
Managing Director's commission	6.35*	4.86*	2.85	2.21
Net profit	58.26	46.19	27.69	21.05
Short provisions for previous years	2.61	1.52	0.44	0.52
Contingent taxes	..	2.57	..	..
Unclaimed surcharge on beer bottles	10.87	2.75	..	..
Excess provisions transferred	0.01	..	0.28	0.91
Provision for bonus	3.00	2.50	1.75	1.50
Transfer to reserves	55.15	37.05	23.31	18.66
Dividend	8.51 (30%)†	5.06 (25%)†	3.76 (15%)	3.45 (15%)
Carry forward	0.13	0.26	0.06	0.32

* Excluding Directors' fees, but including salary and other allowances.

† Subject to deduction of tax.

The Directors report that sales have been "most encouraging." The new brands introduced last year have become so immensely popular that the Company is said to be finding it difficult to cope with demand. The Directors add that the Company's products enjoy a reputation "unsurpassed" by any other comparable indigenous products and, with the stress on the improvement of their quality, they compare "very favourably with the best among the imported brands of a like nature." However, they caution, the threat of prohibition continues "to hang on our heads." The Company has been exploring export markets and is said to be doing all it can to promote sales abroad.

Among the Mohan Nagar projects, the fruit juice section and the cold storage section have already started functioning, but, because of the delay in the shipment of certain plant and machinery from abroad, it has not been possible for the brewery section to go into production. By October this year, however, the outstanding items of plant and machinery have arrived and are in process of being installed. If all goes according to schedule, the brewery would start functioning either by the end of this year or

(Continued in previous column)

Notices

THE BELAPUR COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Forty-second Annual General Meeting of The Belapur Company, Limited, will be held on Friday, the 12th day of January, 1962, at 4-00 p.m., at the Registered Office of the Company, Brady House, 12/14, Veer Nariman Road, Bombay, to transact the following business:

1. To adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 30th September, 1961.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Bhagvandas C. Mehta who retires by rotation in accordance with Article 156 of the Articles of Association of the Company and being eligible, offers himself for re-election and to consider, and if thought fit, to pass the following Resolution as a Special Resolution in respect of which a Special Notice as required by Sections 190 and 261 of the Companies Act 1956, has been received by the Company:

   "RESOLVED that pursuant to Section 261 of the Companies Act, 1956, Mr. Bhagvandas C. Mehta, who is an associate of Messrs. W. H. Brady & Company Limited, the Managing Agents of the Company (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint two Directors to the Board) be and he is hereby re-appointed a Director of the Company liable to retire by rotation."
4. To elect a Director in place of Sir Jamsetjee Jejeebhoy, Bart., who retires by rotation but offers himself for re-election.
5. To appoint a Director in place of Mr. Neville N. Wadia who was appointed an Additional Director of the Company by the Board of Directors on 26th June 1961 under Article 161 and whose term of office expires at this Annual General Meeting, and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing from some Members proposing his candidature for the Office of Director.
6. To appoint Auditors for the current year and to fix their remuneration.
7. To consider and if thought fit to pass the following Resolution as a Special Resolution:

   "RESOLVED that pursuant to the provisions of Section 360 of the Companies Act 1956, as amended by the Companies (Amendment) Act 1960, the Company hereby accords its approval to the Company entering into contract with its Managing Agents, Messrs. W. H. Brady & Company Limited, for the sale and supply to them and for the purchase from them of all movable properties, goods and materials, owned, stocked, dealt-in or manufactured by either of them and required by the other of them for the purpose of its business in terms of the draft placed before the meeting and for the sake of identification initialled by the Chairman to be operative as from the 12th day of January, 1962, until it is determined by either party by one month's previous notice in writing to the other of them subject to the conditions that all payments to be made by either of them to the other of them for any such properties, goods and materials, sold, supplied and purchased shall be made within one month from the date of the transaction and that the prices or amounts charged to the Company shall be such as are not less favourable to the Company than the market rates or which are otherwise reasonable."

   To consider and if thought fit to pass the following Resolution as a Special Resolution:

   "RESOLVED that pursuant to the provisions of Section 360 of the Companies Act 1956, as amended by the Companies (Amendment) Act 1960, the Company hereby accords its approval to Contracts being entered into between the Company and each of the following Companies, namely:

   1. The Empire Dyeing & Manufacturing Company Limited;
   2. G. Claridge & Company Limited;
   3. The Brady Engineering Company Limited

   AND

   4. Morris & Brady Limited.

   who are associates of Messrs. W. H. Brady & Company Limited, the Managing Agents of the Company, for the sale and supply by the Company to each of them and for the purchase by the Company from each of them of all movable properties, goods and materials, owned, stocked, dealt-in or manufactured by the Company and The Empire Dyeing & Manufacturing Company Limited, Messrs. G. Claridge & Company Limited, The Brady Engineering Company Limited and Messrs. Morris & Brady Limited and required by the Company from The Empire Dyeing & Manufacturing Company Limited, Messrs. G. Claridge & Company Limited, The Brady Engineering Company Limited and Messrs. Morris & Brady Limited or any of them or required by The Empire Dyeing & Manufacturing Company Limited, Messrs. G. Claridge & Company Limited, The Brady Engineering Company Limited and Messrs. Morris & Brady Limited or any of them from the Company for the purposes of their respective business in terms of the drafts placed before the meeting and for the sake of identification initialled by the Chairman, to be operative from the 12th day of January, 1962, and to remain in force until they are determined by either party thereto respectively by one month's previous notice in writing to the other of them, subject to the conditions that all payments to be made to the Company by the Empire Dyeing & Manufacturing Company Limited, Messrs. G. Claridge & Company Limited, The Brady Engineering Company Limited and Messrs. Morris & Brady Limited, or any of them for any such properties, goods and materials sold and supplied by the Company to them or any of them shall be made within one month from the date of the transaction and that the prices or amounts charged to the Company by The Empire Dyeing & Manufacturing Company Limited, Messrs. G. Claridge & Company Limited, The Brady Engineering Company Limited and Messrs. Morris & Brady Limited, or any of them in respect of the movable properties, goods and materials sold and supplied by them or any of them to the Company shall be such as are not less favourable to the Company than the market rates or which are otherwise reasonable."
9. To consider and if thought fit to pass the following Resolution as a Special Resolution:

   "RESOLVED that pursuant to the provisions of Section 360 of the Companies Act 1956, as amended by the Companies (Amendment) Act 1960, the Company hereby accords its approval to a contract being entered into between the Company and "Commerce" (1935) Limited, an associate of Messrs. W. H. Brady & Company Limited, the Managing Agents of the Company, for publication in *Commerce*, a journal of "Commerce" (1935) Limited, the advertisements of the Company's products and the Company's notices and other advertisement matters, in terms of the draft placed before the meeting and for the sake of identification initialled by the Chairman, to be operative from the 12th day of January, 1962, and to remain in force until it is determined by either party by one month's previous notice to the other subject to the conditions that the rates charged to the Company for such advertisements shall be the current rates charged by "Commerce" (1935) Limited to their other clients or which are otherwise reasonable."
10. To consider and if thought fit to pass the following Resolution as a Special Resolution:

    "RESOLVED that (*a*) Messrs. W. H. Brady & Company Limited, the Managing Agents of the Company, be appointed as Buying Agents for this Company for a further period of three years from the 1st April, 1962, in respect of Machinery and Stores to be purchased by the Company outside India through the Manchester Branch of Messrs. W. H. Brady & Company Limited, which is being maintained not only for the purpose of transacting business on behalf of this Company or any other Company managed by Messrs. W. H. Brady & Company Limited, but also for its own business not connected with the business of the Company and (*b*) that Messrs. W. H. Brady & Company Limited as such Buying Agents be reimbursed such part of the expenses of maintaining their Manchester Branch in any year as is reasonably attributable to the purchases made on behalf of the Company, not exceeding 2½ per cent of the total amount of the purchases effected by that Branch for the Company in that year."
11. To consider and if thought fit to pass the following Resolution as an Ordinary Resolution:

    "RESOLVED that pursuant to the provisions of Section 359 of the Companies Act 1956, the Company hereby authorises Messrs. W. H. Brady & Company Limited, the Managing Agents of the Company, to retain all commissions or other remuneration earned or to be earned by them as Agents of Home Insurance Company, at any time during the period they continue to act as Managing Agents of the Company in respect of services rendered by them in regard to all contracts of Insurance which have been or which may at any time hereafter during such period be entered into by Home Insurance Company with the Company, provided always that the amounts charged to this Company in respect of such insurances are at rates which are not less favourable than the market rates or which are otherwise reasonable."

By Order of the Board of Directors,

W. H. BRADY & COMPANY LIMITED,

V. MATHALONE,
Secretary,
Managing Agents.

Registered Office:
"BRADY HOUSE,"
12-14, VEER NARIMAN ROAD,
BOMBAY-1.
BOMBAY, *24th November*, 1961.

Notes: (1) The relative Explanatory Statement pursuant to Section 173 of the Companies Act 1956, in respect of Special business under items 3, 5, 7, 8, 9, 10 and 11 set out above are annexed to the Notice posted to the individual shareholders.

(2) Draft Contracts referred to in items 7, 8 and 9 and the Notices referred to in items 3 and 5 are kept at the Registered Office of the Company open for inspection of Members between the hours of 2.30 p.m. and 4.30 p.m. on any working day and on Saturdays between the hours of 11.00 a.m. and 1.00 p.m.

(3) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(4) The Register of Members and the Transfer Books of the Company will be closed from the 2nd day of December 1961 to the 30th day of December 1961, both days inclusive.

(5) The Dividend when declared will be made payable through the Bank of India Limited, Fort, Bombay, and will be negotiable at par at all its Indian Branches on and after the 14th February, 1962. The Dividend Warrants will be posted to those Shareholders whose names stand on the Company's Register on the 30th day of December 1961.

BHARAT SUGAR MILLS LIMITED

Registered Office:

14, Radha Bazar Lane, CALCUTTA-1

NOTICE IS HEREBY GIVEN THAT THE Thirtieth Annual General Meeting of Bharat Sugar Mills Limited will be held at 8, India Exchange Place, Calcutta on Friday, the 29th December, 1961 at 2-30 p.m., for the following purposes:—

1. To receive and consider the Report of the Directors and to adopt the Audited Accounts of the Company for the year ended 30th June, 1961.
2. To declare dividends.
3. To appoint a director in place of Shri R. K. Bhuwalka who retires by rotation and is eligible for re-election.
4. To appoint Auditors and fix their remuneration.

As Special business:

5. To consider and if thought fit to pass with or without modification the following resolutions as Special Resolutions:

(*a*) "Whereas the East Indian Produce Co., Ltd., an associate of The Cotton Agents Private Limited, the Managing Agents of the Company maintain an office at London in the United Kingdom and whereas the said Company carry on business of acting as agents in the United Kingdom for purchase and sale of goods including plant and machinery and rendering of services such as recruitment of technical personnel, etc., and also have dealings and business connections with parties all over the United Kingdom, and the Continent and other Countries and their operations are on a very large scale and whereas their expenses of maintaining their office, amount approximately to £65,000 per annum and whereas expenses, which can be attributed to the work expected to be done for and on behalf of the Company, would depend on the value of purchases effected and services rendered through the said Company in relation to its total turnover in each year and whereas the said East Indian Produce Company Ltd., have been acting as such agents for and on behalf of the Company for purchase of plant, machinery and stores and rendering services such as recruitment of technical personnel, etc., and are paid commission at various rates, Now it is hereby RESOLVED that the East Indian Produce Co., Ltd. continue to act as agents of the Company for a period of 3 years from 1st July, 1962 on the following terms as to commission and expenses and that the payment be made to them for the services rendered in the manner sanctioned by the Directors of the Company

(*a*) for purchase of stores etc. 5% of the invoice price;

(*b*) for purchase of machinery 2½% of the invoice price;

(*c*) for employing technical personnel for and on behalf of the company and for attending to enquiries, expenses incurred by the East Indian Produce Co., Ltd., apportionable to such work in each particular case;

(*d*) for rendering any other special service, such remuneration as may be agreed upon between Directors of the Company and the East Indian Produce Company Limited.

Provided that if anything to be done in pursuance of the above arrangement requires the permission of the Central Government or the Reserve Bank of India as the case may be, the same will not be done unless such permission is obtained."

(*b*) "Whereas the American East India Corporation, an associate of The Cotton Agents Private Ltd., the Managing Agents of the Company maintain an office at New York in the United States of America and whereas the said Company carry on business of acting as agents in the United States of America for the purchase and sale of goods including stores, plant and machinery and rendering of services such as recruitment of technical personnel etc., and also have dealing and business connection with parties all over the United States of America and their operations are on a very large scale and whereas their expenses of maintaining their office, amount approximately to $60,000 per annum and whereas expenses which can be attributed to the work expected to be done for and on behalf of the Company, would depend on the value of purchase effected and services rendered through the said Company in relation to its total turnover in each year, and whereas the said American East India Corporation have been acting as such agents for and on behalf of the Company for purchase of plant, machinery and stores and rendering services such as recruitment of technical personnel, etc., and are paid commission at various rates, Now it is hereby RESOLVED that the American East India Corporation continue to act as agents of the Company for a period of 3 years from 1st July, 1962 on the following terms as to commission and expenses and that the payment be made to them for the services rendered in the manner sanctioned by the Directors of the Company

(*a*) for purchase of stores etc. 5% of the invoice price;

(*b*) for purchase of machinery 2½% of the invoice price;

(*c*) for employing technical personnel for and on behalf of the company and for attending to enquiries, expenses incurred by the American East India Corporation, apportionable to such work in each particular case;

(*d*) for rendering any other special service, such remuneration as may be agreed upon between Directors of the Company and the American East India Corporation.

Provided that if anything to be done in pursuance of the above arrangement requires the permission of the Central Government or the Reserve Bank of India as the case may be, the same will not be done unless such permission is obtained."

By Order of the Board,
S. N. GUPTA,
Secretary.

CALCUTTA, *the 30th November*, 1961.

Notes:—1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

2. Shareholders are requested to notify any change of address failing which the dividend warrants will be posted to their addresses as registered with the Company.

3. The Register of Members of the Company will remain closed from the 20th December, 1961 to 29th December, 1961 both days inclusive.

Explanatory statement has been forwarded to the Shareholders.

RAMPOORIA COTTON MILLS LTD.

NOTICE IS HEREBY GIVEN THAT THE Nineteenth Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company, 147, Cotton Street, Calcutta, on Friday, the 29th December 1961, at 2 p.m.

(*a*) To receive and pass the Directors' Report and Audited Accounts for the year ended 30th June, 1961.

(*b*) To declare dividend on Equity Shares.

(*c*) To elect Directors.

(*d*) To appoint Auditors of the Company and to fix their remuneration.

(*e*) To transact any other business that may be brought forward.

The Share Transfer Register will be closed from 15th December 1961 to 29th December 1961, both days inclusive.

By Order of the Board of Directors,
NATHMULL RAMPURIA.
Director.

147, COTTON STREET,
CALCUTTA, *6th December*, 1961.

NOTE: A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

THE CALCUTTA TRAMWAYS COMPANY LIMITED

(Incorporated in England)

NOTICE IS HEREBY GIVEN THAT THE Preference Share Transfer Books will be closed from the 17th to the 31st December, 1961 (both days inclusive), for the preparation of Dividend Warrants in respect of the Final Dividend of 2½ per cent less Income-tax payable on the 1st January, 1962, on account of the profits for the year ending 31st December, 1961.

By Order of the Board,
R. W. TURNBULL,
Agent.

P4, MISSION ROW EXTENSION,
CALCUTTA-1.
Dated 8th December, 1961.

THE KATAKHAL-LALA BAZAR RAILWAY COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Fifty-first Annual General Meeting of the Members of THE KATAKHAL-LALA BAZAR RAILWAY COMPANY, LIMITED, will be held at "McLeod House," No. 3, Netaji Subhas Road, Calcutta, the Registered Office of the Company, on Wednesday, the 3rd day of January, 1962, at 4-00 o'clock in the afternoon and not on Wednesday, the 27th day of December, 1961, as previously notified.

The Share Transfer Books of the Company will be closed from 21st December, 1961 to 3rd January, 1962, both days inclusive.

By Order of the Board,
MCLEOD & CO. LTD.,
C. HOCKLEY,
Secretary,
Secretaries & Treasurers.

3, NETAJI SUBHAS ROAD,
CALCUTTA, *7th December* 1961.

THE BURDWAN CUTWA RAILWAY COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Fifty-fifth Annual General Meeting of the Members of THE BURDWAN CUTWA RAILWAY COMPANY, LIMITED, will be held at "McLeod House," No. 3, Netaji Subhas Road, Calcutta, the Registered Office of the Company, on Wednesday, the 3rd day of January, 1962, at 4-05 o'clock in the afternoon and not on Wednesday, the 27th day of December, 1961, as previously notified.

The Share Transfer Books of the Company will be closed from 21st December, 1961 to 3rd January, 1962, both days inclusive.

By Order of the Board,
MCLEOD & CO. LTD.,
C. HOCKLEY,
Secretary,
Secretaries & Treasurers.

3, NETAJI SUBHAS ROAD,
CALCUTTA, *7th December* 1961.

THE AHMADPUR KATWA RAILWAY COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Fifty-fourth Annual General Meeting of the Members of THE AHMADPUR KATWA RAILWAY COMPANY, LIMITED, will be held at "McLeod House," No. 3, Netaji Subhas Road, Calcutta, the Registered Office of the Company, on Wednesday, the 3rd day of January, 1962, at 4-10 o'clock in the afternoon and not on Wednesday, the 27th day of December, 1961, as previously notified.

The Share Transfer Books of the Company will be closed from 21st December, 1961 to 3rd January, 1962, both days inclusive.

By Order of the Board,
MCLEOD & CO. LTD.,
C. HOCKLEY,
Secretary,
Secretaries & Treasurers.

3, NETAJI SUBHAS ROAD,
CALCUTTA, *27th December* 1961.

GENERAL TYRES LTD.

PROSPECTS FOR AUTOMOBILE TYRE INDUSTRY BRIGHT

CHAIRMAN, DR. RAMASWAMI MUDALIAR'S SPEECH

THE progress of the automobile industry in the recent past and its prospects for the future were briefly reviewed by Dr. A. Ramaswami Mudaliar, Chairman of the General Tyres Ltd., at the First Annual Meeting of the Company held at Calcutta on the 11th inst. The automobile tyre industry, he said, had fully kept pace with the expansion in motor transport during the first and second Plans and, in view of the great pressure that was bound to come on railways during the third Plan, there was plenty of scope for expansion of road transport and, consequently, of the tyre industry. He, however, felt that, in the interest of healthy growth of the tyre industry, the Government's licensing policy should be so framed as to enable new enterprises to stabilise themselves by achieving economic production.

The following is the full text of Dr. Ramaswami Mudaliar's speech:

"GENTLEMEN,

"I have great pleasure in welcoming you to the first annual general meeting of your Company. The Directors' report and audited accounts for the period upto 30th June 1961 have been in your hands for sometime now and, with your permission, I take them as read.

"You will have observed from the audited accounts that there has been a net loss of Rs. 1,05,203 during the period under review which has been carried forward. The loss is really due to necessary expenditure incurred during the course of construction of the factory. In this context, the provision of Rs. 8,000 for income-tax may appear to be paradoxical, but, according to existing tax law, this had to be done in respect of the interest on bank deposits earned during the period to the extent of Rs. 15,000.

Public Support

"If the structure of shareholdings may be taken as an index, your Company has been favoured by a wide degree of public support. Subscriptions were widely distributed on a regional basis and also according to the size of applications.

"I think it is desirable to review briefly the progress of the automobile tyre industry in the recent past and its prospects for the future in the light of road transport development in the country before referring to the progress made by your Company. Since the beginning of the first Plan period there has been remarkable expansion of motor transport in India and both road mileage and the number of motor vehicles have recorded substantial increase. During the decade covered by the first and second Plans total road mileage in India increased from 148,500 to 394,000 and the number of commercial vehicles on the road from 116,000 to 210,000. The automobile tyre industry fully kept pace with this development, production of tyres having increased from 900,000 Nos. in 1950-51 to 1,350,000 Nos. in 1960-61 representing a rise of 50 per cent. In fact, the performance of the tyre industry compares very favourably with the trend of overall industrial growth in the country; taking 1951 as the base, the indices of production of tyres and tubes in July 1961 were 298.1 and 259.8 respectively, as against the general index of 174.2.

"In view of the great pressure on railway transport and the need for co-ordinated development of various forms of transport as anticipated for the third Plan period, there is substantial scope for expansion of road transport and consequently the tyre industry. According to the third Plan, the number of road vehicles (including passenger cars, commercial vehicles, jeeps and station wagons, motor cycles and scooters) is expected to be 365,000 in 1965-66, representing an increase of about 75 per cent over that in 1960-61. The target for the production of automobile tyres to be achieved by 1965-66 has been fixed at 3 million Nos. (against an installed capacity of 3.7 million numbers), constituting a rise of more than 120 per cent over the production in 1960-61. It is understood that the Government of India are considering a further upward revision of the aforesaid target capacity.

"The Government of India have issued licenses to a number of industrial undertakings for expansion of capcity and/or setting up of new units for the production of automobile tyres and tubes within the Plan target. At present, there are ten units licensed for the manufacture of automobile tyres and tubes out of which six are in operation, as against only two in 1950-51. In the genuine interest of a healthy growth of the industry as a whole, the Government would, I am certain, consider the desirability of regulating their licensing policy in such a manner as to enable the new enterprises sanctioned to achieve economic production and establish themselves on a sound footing.

"Your Company represents one of the undertakings licensed for establishing a new tyre plant in West Bengal with a capacity of 15,000 numbers each of tyres and tubes per month. You will have got an idea about the progress of this Company from the Directors' report already circulated to you. Construction of the main factory building, stores and offices is fast nearing completion. Out of the import licence for plant and machinery worth Rs. 80 lakhs obtained by the Company, a major portion has already been received at the factory site and further shipments are on the way. It is expected that delivery of all plant and machinery to be imported from Czechoslovakia will be completed by early 1962. According to arrangements with the technical collaborators, a team of erectors is expected to be at the factory site shortly to supervise the erection of plant and machinery. The technical personnel deputed by the Company to Czechoslovakia for training and finalisation of the project report have returned to India. If there is no serious hold-up in the present programme the plant at the factory will be commissioned for trial production by the middle of next year, which should be accepted as a good performance.

Expansion

"In order that your Company may play its proper role in the growing tyre manufacturing industry in the country, your Directors have decided to expand the scope of its activities and, accordingly, an application has been made to the Government of India for permission to expand and diversify the Company's operations by installing further and/or fresh capacity for the manufacture of tyres and tubes for cars, trucks and buses, motor cycles and scooters, etc.

"As regards raw materials, the cost of the principal raw material for the tyre industry, i.e., Indian rubber has increased since April 1961 due to the levy of a substantially higher rate of cess, the increase being from approximately 13 nP per kg. to 30 nP per kg. The supply of Indian rubber has been lagging behind the requirements of the tyre and general rubber industry, being about 25,000 tons, as against the consumption of about 58,000 tons during the 12 months ending September 1961. It has been necessary to meet this gap by import of natural and synthetic rubber; estimated imports thereof during 1961 would be 21,000 tons and 8,450 tons, respectively.

Raw Materials

"In regard to other important raw materials also, namely, tyre cord, bead wire, valves, carbon black, the country is yet largely dependent on imports. It is, however, gratifying to note that steps are being taken to arrange for production of these items in India and it is hoped that, by the end of the third Plan period, the tyre and rubber products manufacturing industry in India will be substantially self-sufficient in this regard as certain projects are likely to be implemented by that time, namely, the 20,000 tons synthetic rubber plant at Bareilly, the three units licensed with a total capacity of 34 million lbs. of rayon cord, the unit licensed for manufacture of automobile tyre valves, the carbon black plant being set up at Durgapur with a capacity of about 15,000 tons per annum and the rubber chemicals plant near Calcutta. Grant of licence for the setting up of a bead wire factory is also reported to be under the active consideration of the Government of India. When all these plants licensed or to be licensed hereafter go into full production not only will there be a substantial saving in foreign exchange, now being spent on import of the materials, but also the tyre industry will be saved a good deal of uncertainty and delay in the matter of such imports.

"Before I conclude, you will, I am sure, wish to join me in expressing our warm appreciation of the co-operation and assistance received from the Technical Collaborators, Messrs. Technoexport Foreign Trade Corporation of Czechoslovakia, the services rendered by the Managing Agents of the Company, Messrs. National Rubber Manufacturers Ltd., and also of the loyal and devoted work of the officers, staff and workers of the Company."

Note: *This does not purport to be a record of the proceedings of the annual general meeting.*

Wanted

ASSISTANT SECRETARY

APPLICATIONS ARE INVITED FOR THE post of Assistant Secretary in the office of the Institute of Chartered Accountants of India, New Delhi, in the scale of pay of Rs. 850-50-1,250. (In addition, the officer will be entitled to Compensatory and House Rent Allowances but not to any Dearness Allowance. Detailed particulars may be obtained on application).

A higher starting salary in the grade may be given to a deserving candidate.

The officer will be entitled to contribute to the Provident Fund as per the Rules and to avail of Medical facilities as per the Rules.

Qualification: A Chartered Accountant possessing administrative and secretarial experience.

The Council may however waive this condition in the case of a candidate possessing qualifications otherwise considered suitable for the post.

The Age limit: 35 to 40 years.

The selected candidate will be on probation for a period of one year.

Apply to the Secretary, Institute of Chartered Accountants of India, Post Box 268, New Delhi-1, before 10th January, 1962.

Notices

THE BARNAGORE JUTE FACTORY COMPANY LIMITED

(Incorporated in England with Limited Liability)

DIVIDENDS

IN SUPERSESSION OF THE PREVIOUS notice the dividends on the Ordinary and Preference Shares in respect of the year ended 31st March, 1961, if declared, will be payable on 17th January, 1962 instead of 27th December, 1961, to those members whose names are registered in the Books of the Company on 20th December, 1961.

By Order of the Board,
JARDINE HENDERSON, LTD.,
D. FORDWOOD,
Secretary,
Agents.

4, CLIVE ROW,
CALCUTTA-1.
8th December, 1961.

STATE BANK OF INDIA

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Principal Register and the Branch Registers of the State Bank of India will be closed for transfer of shares from Tuesday, the 2nd January 1962 to Saturday, the 20th January 1962, both days inclusive.

S. P. PURI,
Managing Director.

BOMBAY, *the 15th November* 1961.
24th Krtk. 1883 (Saka).

STRINGENCY ROUND THE CORNER

(From Our Own Correspondent)

BOMBAY, 13th *December*

If the inter-bank call money rate is any indication of the state of affairs in the short-term money market, conditions are still easy and comfortable, despite the fact that we are in mid-December, by which time the seasonal demand for funds usually brings about a perceptible stringency. At 3½ per cent per annum, the inter-bank call money rate is the same as in the preceding weeks. At this rate borrowers have been able to get all their requirements without any difficulty. But there are enough signs at the time of writing this report which show that the customary stringency is just round the corner and may set in any time now. In the first place, reports from Calcutta, Madras and other upcountry centres suggest that the demand for bank credit is picking up. In Calcutta, the inter-bank call rate is now ¼ per cent higher than in Bombay; a fortnight ago, it was 1½ to 1¾ per cent below Bombay. Secondly, *shroffs* (that is, *multani* moneylenders) are saying that the banks have curtailed the credit facilities given to them. Thirdly, in the fortnightly settlement in the share market put through last week (on Friday the 8th inst.), the *badli* rate hardened further mainly due to non-availability of funds. Further, some banks have already started their preparations for "window-dressing" their balance-sheets as at the end of the year. And, finally, banks in general are complaining that they are not able to accept all the requests for accommodation from trade and industry and that they have actually to turn down some first class business.

The rates of interest on short-term deposits are unchanged at the maximum levels permitted under the inter-bank agreement. But there is keen bidding for deposits and more and more banks are said to be offering other inducements to attract deposit accounts.

An important development of the week is the readiness of the Reserve Bank to extend credit facilities to scheduled banks at a specially low rate of interest in order to encourage them to lend more freely to small-scale industries and co-operatives. In a communication to scheduled banks on the 11th inst., the Reserve Bank says that, with effect from 1st January 1962, it has decided to enlarge the permissible amount of borrowings by banks at the Bank rate to the extent of the excess of the credit given by the banks to these two sectors in the first half of 1961 over that given in the first half of 1960, provided the excess is Rs. 1 lakh or more. In other words, the Reserve Bank is prepared to let the scheduled banks have more rediscounting facilities in the first half of 1962 at the lowest rate under the three-tier bank rate system, namely, 4 per cent in order to enable them to assist the small-scale industries and the co-operative sector. Thus, the relaxation is for a specific purpose and is applicable only if the assistance rendered is in excess of a specified limit and only to that excess amount. As the banks are not substantial lenders to these two sectors, they are unlikely to derive much relief from this relaxation. It may be noted here that, of the total scheduled bank credit as at 30th June 1961, the share of advances to small-scale industries was of the order of Rs. 27 crores or 2.50 per cent and that of advances to the co-operatives was Rs. 9 crores, or less than one per cent. Even of these amounts, the bulk must have been the share of the State Bank of India.

To return to the trend of the money market during the week. The Treasury Bill results are again colourless. Under the weekly tender system for 91 days' Bills, tenders for Rs. 2 crores were invited, Rs. two crores were offered and the entire offerings were accepted at the self-same average rate of 2.5 per cent per annum. For the second week in succession, a sizable amount of intermediate Treasury Bills was sold, the exact sum thus collected being Rs. 138.25 lakhs, as against Rs. 145.50 lakhs in the previous week. Sales of both the types of 91 days' Bills will be continued in the coming week also.

It is common knowledge that, in the first one or two weeks of each month, notes in circulation always go up on account of large payments by both the public and private sectors. In keeping with this trend, the week ended 8th December 1961 has witnessed a sharp rise of Rs. 39.47 crores in notes in circulation. There has also been a rise of about Rs. 3 crores in notes held in the Banking Department. Consequently, total notes issued have gone up by Rs. 42.47 crores. It may be recalled, in this connection, that, in the week ended 10th November 1961, the total notes issued had gone up by Rs. 47.25 crores, of which notes in circulation accounted for Rs. 42.26 crores. The increase in the total notes issued during the week under review has been covered on the assets side of the Issue Department of the Reserve Bank by an addition of Rs. 45 crores in rupee securities and a reduction of Rs. 2.52 crores in rupee coin.

The foreign assets held by the Reserve Bank are a shade higher by Rs. 1.11 crore at Rs. 146.79 crores. The whole of this increase has occurred in balances held abroad which now stand at Rs. 30 crores.

A variation of some interest (in the Banking Department of the Reserve Bank's statement) to those who study the trend of the money market is a fall of Rs. 3.83 crores in the deposits of banks and of a rise of Rs. 1.33 crore in other loans and advances; of this small increase, the usance bills account for Rs. 50 lakhs, the total of advances from the Reserve Bank to scheduled banks under this head being Rs. 70 lakhs.

Very minor variations are disclosed by the scheduled banks' statement for the week ended 1st December 1961, which is the latest available at the time of writing this report. The only noteworthy feature of this statement is an increase of Rs. 5.11 crores in bank credit, taking the total to Rs. 1,227.84 crores. More than half of this increase is on account of the State Bank of India, its exact share being Rs. 2.93 crores. The total of bank credit by the State Bank of India is Rs. 243.83 crores, as against Rs. 213.90 crores a year before.

The gilt-edged market continues to be dull and drab, with very limited turnover; whatever business is done is mostly on account of provident funds. A small increase of 5 nP over the week is noted in some of the short and medium-dated loans of the Central Government. Among State loans, there is a big drop of Re. 1.90 in 4¼ per cent 1972 Maharashtra which now stands at Rs. 98. A fall of 25 nP has taken place in 4 per cent 1963 Madras and U.P. and of 35 nP in 4 per cent 1963 Kerala.

In the foreign exchange market, there has been a slight weakening of the rupee in terms of U.S. dollar, the Banks' buying and selling rates having gone up by 25 nP to Rs. 472 and Rs. 476.25, respectively. This trend is in keeping with the trend of the £ sterling which, in the New York market, has fallen from 281.250-281.218 cents per £ for spot to 281.040-281.070 cents. Three months' forward has also declined by 0.32 cents to stand at 279.080-279.110 cents per £. The sterling has been soft on the Continental markets also. London on Paris rate has declined from 13.79 francs per £ to 13.77 francs. Similarly, London on Zurich has come down from 12.14 Swiss francs per £ to 12.13.

BULLION EASY

(From Our Own Correspondent)

BOMBAY, 13th *December*

The bullion market ruled firm in the first two sessions of the week under review, but developed a sagging tendency on Saturday the 9th inst. which persisted practically till the close today. The initial firmness was engendered by active professional support and encouraging advices from upcountry centres. Operators thought that the floating stocks of gold and silver would dwindle in the coming weeks due to the reduced pace of contraband inflow, owing to persistent tension in North-East India and Goa borders. Consequently, prices recorded and improvement. The upward trend was, however, halted on Monday when the market experienced a shake-out following selling pressure from Calcutta and Jodhpur sides. The decline gathered further momentum in the subsequent two sessions, too, as fresh buying support was lacking. The undertone of the market at the time of writing was distinctly easy.

Arrivals of both gold and silver were larger than in the previous week, the daily average being 6,400 tolas and 21 bars, as against 6,200 tolas and 19 bars, respectively. The daily average offtake was 5,600 tolas of gold (3,200 tolas last week) and 9 bars of silver (5 bars).

A notable event of the week was the commencement of business in *Phalgun* (March) settlement in both gold and silver.

The *Margashir* (December) settlement in gold evoked good buying enquiries early in the week and moved up from Rs. 121.25 to Rs. 122.65 on Saturday the 9th inst. The settlement declined thereafter and touched a low of Rs. 120.30 today before finishing at Rs. 120.45. The net loss over the week was 80 nP. The *Phalgun* settlement commenced at Rs. 121.95 today and, after rising to Rs. 122.05, closed easy at Rs. 121.65. The rate for transferring commitments from the *Margashir* to *Phalgun* settlement was against bulls to the extent of Re. 1.20.

Ready gold continued to be quoted at a discount under the forward throughout the week, though the actual discount declined from as much as Rs. 2 last week-end to 95 nP today. The spot rate advanced from Rs. 119.25 to Rs. 121.80 on Friday and, after easing to Rs. 119.35, finished at Rs. 119.50.

In silver, the *Margashir* settlement was subjected to selling by tired bulls, the quotation receding from Rs. 212.25 to Rs. 209.80 on Monday the 11th inst. At this level, some support was in evidence and the settlement improved to Rs. 211.10 yesterday. But today again, the settlement came in for selling and eased to Rs. 210.20. The net loss over the week was Rs. 2.05. The *Phalgun* settlement began today at Rs. 212.15 and, after rising to Rs. 212.30, finished at Rs. 211.55. The *badli* payable by bulls to get the commitments transferred from the *Margashir* to *Phalgun* settlement was Re. 1.35.

The world price of gold in the London bullion market eased from $35.15⅞ to $35.15¼ per fine ounce, while the sterling price improved by 1d. to 250s. 1d. Both ready and forward silver surged upward, the former from 85¼d. to 86⅜d. and the latter from 86⅜d. to 87¼d. Silver in New York also advanced from 100.75 cents to 102.75 cents.

The following table shows the trend of prices during the week under review:

	13-12-61 (closing)	High	Low	6-12-61 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine) ..	119 50	121.80	119.35	119.95
Forward: Margashir* ..	120 45	122.65	120.30	121.25
Sovereign	99.50	99.75	98.50	98.50
SILVER				
Ready (.996 fine) ..	209.60	211 45	200.50	211.00
Forward: Margashir† ..	210.20	212 55	209.80	212.25
London—				
Silver Ready ..	86¼d.	86¾d.	85¼d.	85¼d.
Silver Forward ..	87¼d.	87¾d.	86¼d.	86¼d.
Gold	250s.1d.	250s. 2d.	250s.	250s.
New York—				
Silver	102.75 cents	102.75 cents	100.75 cents	100.75 cents

* 25th December settlement. † 26th December settlement.

N.B.—The quotation for gold is per 10 grams (about 0.86 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

COTTON FUTURES RECEDE

(From Our Own Correspondent)

BOMBAY, 13th *December*

After a hectic rise in price on the opening day of the week (Thursday), the cotton futures market turned easy on Friday before recovering in the following two sessions. Futures prices again tended to look down on Tuesday. The declining trend persisted today also. Thursday's spurt in price was so sharp that the Jarilla March contract flared up from the previous day's finish of Rs. 676 to Rs. 684.25, only Rs. 8.75 below the statutory ceiling of Rs. 693 and thereby attracted a special clearing. Under the bye-laws of the E.I.C.A., a special clearing should be ordered whenever prices exceed the previous clearing rate by Rs. 24 per three quintals. The rise in price followed a wave of selling touched off by the latest reduction in crop estimate from 4.8 million bales to 4.65 million bales and the apprehension that imports sufficient to make good the deficiency would not be possible. However, rumours that the Forward Markets Commission had ordered the E.I.C.A. not to pay the difference arising out of the weekly clearing to bulls broke the morale of the market which slumped to Rs. 668.50 the next day, a fall of as much as Rs. 14.50 in one day. The failure of the rumours to materialise and reports that the E.I.C.A. had decided to seek legal opinion on the question of removing or reducing the penalty required to be paid for non-delivery induced a recovery and the Jarilla March contract improved to Rs. 672.50 at close. The recovery gathered further momentum on Saturday and Monday, thanks to short-covering and the absence of sellers. The continued firmness of the spot market imparted strength to the market. Lack of follow-up support and profit-taking, however, led to a decline in values yesterday. The downward trend was accelerated by bull liquidation and lower up-country advices today. The March contract consequently receded from Rs. 676 yesterday to Rs. 673 although the finish was slightly higher at Rs. 675, as against the last week-end close of Rs. 676.

Sustained mill demand was reported from the spot market. Almost all varieties of coton attracted buyers. Prices continued to rule at and, in some cases, above the ceiling. Such varieties as Kalyan, Wagad, Digvijay, Surti, CO2, 197/3, and Kalyan were much sought after by spinners. However, the Textile Commissioner's order that, in view of the small crop of Vidarbha, M.P. 197/3, and Khandesh Virnar 197/3 cottons, mills should not buy in the current season more than 55 per cent of their aggregate consumption of these varieties during last season curbed business in these varieties, the fear of possible freezing of stocks and requisitioning of cotton also had a restraining influence.

Demand for foreign cotton was well maintained. Good buying was evidenced in East African cotton for prompt and January/February shipment. In view of scarcity of offers, price tended to harden. Spinners were also interested in selected styles of Sudan cotton.

Bengal *Deshi* continued to evoke good export inquiries. Exporters are worried at the delay in releasing the 25,000 bales kept in reserve out of the quota of 150,000 bales announced in September last. Some even doubt whether the Government will at all licence the balance quantity. Knowledgeable quarters point out that the size of the *Deshi* crop this year is such as to justify release of not less than 250,000 bales.

The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot markets at Sewri: Khandesh 953; Digvijay 1,080; Kalyan 875; Khamgaon 915; Wagad 795; B.P.52 1,300; Busoga (U.N.U.G.) 1,295; Sudan XG2L 1,485; G3S 1,635.

The upward trend of prices noted last in the cotton futures market gathered further momentum during the week under review. Good domestic mill demand and renewed export interest imparted strength to the market. N.T.R.G. January firmed up from Rs. 77.70 to Rs. 78.85 and the March contract from Rs. 76.25 to Rs. 76.65. Spot market too ruled firm. *Deshi* prices hardened by Re. 1.50 to Rs. 2 per maund, over the week.

The second estimate puts acreage under cotton in Pakistan at 3.27 million acres (2.82 million acres under American seed cotton and 450,000 acres under *Deshi* cotton), as against 3.27 million acres (2.8 million acres American seed and 470,000 acres *Deshi*) reported in the corresponding estimate of last season.

The Egyptian Ministry of Agriculture, in its second estimate put the 1961-62 crop (less Scarto) at 929,179 bales (of 730 lbs. each), as against the first estimate of 933,562 bales and the 1960-61 final output of 1.43 million bales. Staple lengthwise break-down is as under:

(In bales of 730 lbs.)

	1961-62 (Second estimate)	1960-61 (Final estimate)
Cotton over 1⅛" Staple	413,014	691,096
" 1" "	239,315	323,288
" 1" "	276,850	...
	929,179	1,430,274

Cotton futures in Liverpool recorded modest gains during the week, thanks to commission house support and trade covering. Both the American and American type contracts edged higher on moderate support. Net gains over the week averaged five points. Sudan cotton contracts were subdued and nominally unchanged. The lower U.S. crop forecast failed to have any perceptible influence on the Liverpool market because a smaller crop was anticipated.

The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: December 24.30; March 24.75; May 25.65; July 25.35.

American cotton mixed growth contract: December 24.65; March 25.15; May 25.65; July 25.75.

Sudan: January, March, May 32.25.

The most important development of the week as far as New York cotton futures market is concerned was the publication, on the 8th inst., of the sixth and final crop forecast for the 1961-62 season. The crop, as of 1st December 1961, is estimated at 14,304,000 bales (of 500 lbs. each), as against 14,538,000 bales forecast a month ago and last season's output of 14,272,000 bales. The yield per acre is put at 438 lbs., as against 447 lbs. last month and 446 lbs. last season.

In spite of the lower crop forecast, cotton futures in New York declined on selling prompted by reports suggesting the possibility of a reduction in next year's loan rate. The lower loan entries revealed by latest statistics also imparted weakness to the market because it was taken as indicating that ready cotton was selling more freely in the open market. Observers noted the reduction in crop estimate which was expected in view of the poor progress of harvesting in recent weeks.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	12-12-61	6-12-61	28-11-61
New York spot ..	—	35.60	35.60
December	—	33.90	34.08
March	34.59	34.86	34.90
May	35.06	35.39	35.40

OILSEEDS SUBDUED

(From Our Own Correspondent)

BOMBAY, 13th *December*

The buoyancy noted in the oilseeds market last week virtually fizzled out during the week under review, thanks to stale bull liquidation. There was a perceptible improvement in the tempo of arrivals of new crop, following the commencement of bookings by railways. Such heavy arrivals imparted weakness to the spot section which, in turn, brought down forward deliveries. Groundnuts lost considerable ground, due to better supply position and unencouraging advices from Calcutta. The futures contracts developed a sagging tendency, though they continued to be above the ceiling levels. In view of the difficulties caused to shippers by the interruption of railway traffic, following troop movements to the Goa borders, the Oilseeds Exchange has sent a telegram to the Union Ministry of Commerce and Industry urging extension of the validity period for shipment of H.P.S. groundnut kernels and expeller cake (under the export quotas already released) from the 31st of this month upto March 1962.

Castorseeds were depressed in the absence of follow-up support. Castor oil, however, was well supported, reflecting the operators' anticipation that the upward revision of Brazilian rates for castor oil would strengthen India's prospects for exports. Linseed and cottonseeds ruled easy on profit-taking.

Groundnut January 1962 contract, which was unofficially quoted at Rs. 217 last week, declined to Rs. 215.12, that is, 12 nP above the ceiling rate of Rs. 215. Nizam bold lost Rs. 2.25 to Rs. 46.60. Khandesh quality shed a like amount to Rs. 46.50. Oil January 1962 contract fell from Rs. 18 (unofficial quotation) to the ceiling level of Rs. 17.65. Oil ex-mill closed lower at Rs. 19.20, as against Rs. 20.25.

Castorseed March 1962 contract dropped 62 nP to Rs. 166.25. Ready Madras eased by 12 nP to Rs. 33.75. Oil commercial, however, improved by 25 nP to Rs. 14.50 and B.S.S. by 10 nP to Rs. 15.

Linseed March 1962 contract declined by 18 nP to Rs. 38.81. Bold ready softened by 20 nP to Rs. 18.10. Linseed oil lost a like amount to Rs. 18.10.

Cottonseed January 1962 contract fell by Rs. 3.50 to Rs. 103. Berars, whites and non-whites, were featureless at Rs. 20.

The following table shows the closing prices of oilseeds and oils on Wednesday, 13th December, as compared with those of the two previous weeks:

	13-12-1961	6-12-1961	29-11-1961
	Rs.	Rs.	Rs.
Groundnut			
January 1962	215.00	—	210.75
Nizam bold	46.00	48.25	44.50
Khandesh quality	46.50	48.75	44.62
Oil ex-mill ready*	19.20	20.25	18.50
Railway receipts*	19.10	20.15	18.60
Oil January 1962	17.65	—	17.50
Castorseed			
March 1962	166.25	166.87	159.25
Ready Madras	33.75	33.87	33.50
Ready Kanpur	32.50	32.75	31.37
Oil B.S.S.†	15.00	14.90	14.10
Oil commercial†	14.50	14.25	13.60
Linseed			
March 1962	38.81	39.62	38.81
Bold ready	18.75	44.00	49.75
Oil ready†	18.10	18.30	18.30
Cottonseed			
January 1962	103.00	106.50	103.75
Niger seed	39.00	40.00	38.50
Kardi seed	23.25	24.00	23.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 10 kilograms and oil per 10 kilograms.

LINSEED STEADY

(Messrs. A. Bradley and Co.)

CALCUTTA, 11th *December*

In sympathy with the advancing trend of other oilseeds markets locally and at the main centres, linseed continued to rule steady and sellers were reserved. Crushers were not showing much interest for forward deliveries at higher prices, as the offtake of oil was rather slow.

The oil market remained steady in sympathy with seeds. Small local business was reported for early deliveries. Crushers were not inclined to do forward business at prevailing rates. Stocks were limited.

The oilcake market was steady, owing to good local demand. Ready-December was quoted at Rs. 31.50 per maund.

BETTER DEMAND FOR TEA

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 5th *December*

In sale No. 49 held today, 549,000 kgs. were on offer. There was a slightly better all-round demand. Quality was about maintained except for plain teas. Plain and low medium brokens were some 20 to 25 nP easier, with similar fannings selling at rates which were 30 to 40 nP lower. Mediums and good mediums met with better demand and an occasional invoice sold at prices higher than the previous week. Highgrowns sold at irregular rates but were occasionally dearer following quality. Well-made black leaf teas sold readily but at easier rates. Whole leaf grades came to a weaker market than of late. Unorthodox types met with better demand and prices showed some improvement. The weakest feature of the sale were the plainest teas.

The quotations per kg. were:

	1961	1960
	Rs.	Rs.
Low mediums	2.90/3.15	4.60/4.95
Mediums	3.20/3.70	4.95/5.25
Good mediums	4.00/4.50	5.25/5.80
Nilgiri B.O.P.	5.00	7.80

The average price realised in sale No. 49 was Rs. 3.82 per kilo, as compared with Rs. 4.05 a week ago, and Rs. 5.14 in the corresponding sale last year.

A total of 313,000 kgs. were offered in dust sale No. 49 held on Thursday the 7th inst. The market met a better general demand but prices were generally lower than last. Plainest were easier by 10 to 20 nP. Mediums and good mediums met with better support and were steady and sometimes sold at lower rates. Best liquoring teas met with good competition and sold at around last rates. There was useful inquiry for unorthodox descriptions at steady rates. Fibrous and stalky kinds were the weakest feature of the sale.

The average price realised in dust sale No. 49 was Rs. 3.49 per kilo, as compared with Rs. 3.68 a week ago and Rs. 4.83 in the corresponding sale last year.

Colombo: In the export sale, there was a fair general demand. Useful teas from western districts were well competed for and were strong. Thin liquoring types, however, met with less support and were easier. Brighter uvas were well competed for and advanced in price. Mediums were dearer by 5 cents whilst lowgrowns were steady. Middle East descriptions eased by 5 to 10 cents. There was a good demand at the off-grade and dust sale and prices were

generally dearer except for stalky broken *mixeds*. Dusts were irregularly easier.

London: *North Indian and other growths*: There was a better tone in Monday's sale than last week. Buyers showed keen interest for good Assams which were firm to dearer. Plain teas however were irregularly easier.

Ceylon and South Indians: Offerings in Tuesday's sale amounted to 18,604 packages, of which 7,091 packages were from South India. There was a good demand. Best liquoring teas tended dearer. Coloury lowgrowns were steady whilst thin liquoring teas were sometimes easier. There was better support for South Indian teas but price were generally lower.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire as follows:

"*Sale No.* 50: 700,000 kgs. offered. Good general demand. Plain and low mediums irregularly 10 to 15 nP dearer. Mediums and good mediums fully firm to dearer, with quality highgrowns irregular. Unorthodox barely steady."

TANNED HIDES WEAK

(From Our Own Correspondent)

MADRAS, 11th December

There was no change in the kip market during the week under review. Demand for tanned buffalo hides and lower grades cow hides for inland trade was good, and this kept prices steady. Export trading was difficult, as there was a gap of 1d. to 2d. in the price levels of buyers and sellers.

In the tanned goat and sheep section, shipment business was negligible and the market ruled weaker. Export inquiries were small and the prices offered by importers in the U.K. and the Continent were 5 per cent and in the U.S. 10 per cent below sellers' ideas.

In the tanned skins London auctions held last week, clearance was poor and the prices obtained for parcels where sold were 6*d.* to 12*d.* down on goat skins and 1*s.* to 2*s.* per lb. on sheep as compared with Madras levels.

Shipments during November were 2,171 bales tanned cow hides, 256 cow calf, 49 buff-hides, 235 buff-calf, 407 goat and 314 sheep skins to U.K. ports; 9 cow calf, 4 buff-calf, 68 goat and 257 sheep to the Continent; 9 cow calf, 110 buff-hides, 93 buff-calf and 212 goat to the U.S.A.; and five goat and 94 sheepskins to Japan.

MIXED TREND IN FOODGRAINS

(From Our Own Correspondent)

HAPUR, 11th December

Mixed trend was witnessed in foodgrain prices during the week. While wheat prices improved further, coarse grains ruled quiet. Wheat prices here recorded gains of about 50 nP a maund during the week to be quoted on Monday at Rs. 16.25 a maund for average quality and upto Rs. 16 for farm produce. Daily arrivals were poor at an average of 75 maunds and local stock with trade is put at 20,000 maunds. *Rabi* sowings were progressing under favourable weather conditions after early reports of good germination but crop prospects depend mainly on winter rains. First watering of wheat crop has begun. Coarse rice prices registered further fall during the week, thanks to increased arrivals of new produce in markets. Seasonal demand too was slack, with week-end prices quoted at: rice *mainpuri sela* Rs. 19.50, *gadda kutchu* new Rs. 18 to Rs. 18.50, *ramajwayan sela* Rs. 21, *raimunia sela* Rs. 22, *basmati sela Rs. 26* to Rs. 28, superior Rs. 31 to Rs. 34, paddy new Rs. 10 to Rs. 11.50 a maund.

After early slight improvement to Rs. 15.25 a maund for Punjab variety, gram prices eased to Rs. 15 a maund, thanks to comfortable local stocks at 22,000 maunds and quiet advices from Punjab. Barley prices were steady at Rs. 11.50 a maund and *bejhar* continued to be quoted at Rs. 11 a maund for inferior quality and Rs. 11.50 for *mongia* variety. Stocks of these coarse grains were now small at about 2,500 and 1,500 maunds, respectively. Demand too is slack. Maize was still reaching here from nearby east U.P. districts at an average of 1,000 maunds daily which is being lifted by small stockists and consumers at Rs. 12.75 to Rs. 13.25 per maund and the local stocks have improved to 25,000 maunds. New *bajra* reaching here in small quantity is being purchased by consumers higher upto Rs. 14.75 per maund. *Jawar* and *guwar* prices improved on good seasonal demand to be quoted at Rs. 12.00 and Rs. 15.00 per maund respectively on Monday. *Methi* prices were steady at Rs. 27.00 to Rs. 28.00 per maund and oats at Rs. 12.00 per maund.

In pulses, want of loading facilities accounted for quiet conditions in peas and *arhar* prices and local stocks were still heavy at peas 37,000 maunds and *arhar* 25,000 maunds. *Massoor dal* continued to attract good seasonal demand. Week-end prices were peas *dara* Rs. 12.50 to Rs. 13.25; peas *dal* Rs. 14.00; *arhar* Rs. 14.00; *dal* Rs. 17.50; *gram dal* Rs. 17.00; *urd* Rs. 20.00 to Rs. 23.00; *dal* Rs. 25.00 to Rs. 26.00; *moong* Rs. 19.00; dal Rs. 21.50; *massoor* Rs. 14.00 to Rs. 16.50; *dal* Rs. 18.50; *moth* Rs. 17.00; *dal* 20.00. Loading continued restricted for most part of the week on the Central and Western Railways.

SUGAR QUIET

(From Our Own Correspondent)

HAPUR, 11th December

Sugar prices in general ruled quiet, thanks to release of monthly quota of two lakh tons for free sale. But bold superior crystal was traded at a premium of about Re. 1 than the former controlled prices, while inferior small crystal was not in demand even at lower price levels. Most of the factories here in West U.P. have commenced their crushing season and were attracting good cane supplies at Government-fixed rates upto Re. 1.50 to Re. 1.62 a maund, as against Re. 1.00 to Re. 1.12 per maund, being paid by units manufacturing *khandsari*, and even at 87 nP per maund by those manufacturing *gur*. Week-end prices were: spot delivery per bag Rs. 106.75, mill delivery per maund, Simbhaoli D29 Rs. 105.87; Bhulandshahr Rs. 105.37 per maund. E29 Rs. 36.62; Amroha D29 Rs. 36.75; Bijnore D29 Rs. 36.25; Seohara D29 Rs. 36.94.

In Muzaffarnagar sugar market, prices showed upward tendency following brisk demand from Punjab, Gujarat and Saurashtra. Bold crystal prices rose by 6 nP to 20 nP per maund and the inferior grains also advanced in sympathy. Week-end prices for the bold crystals of different mills were: Deoband B29 Rs. 39.78; Iqbalpur AA29 Rs. 40.28; Khatauli C29 Rs. 38.72; Shamli C29 special Rs. 38.80 and Lhaksar A29 Rs. 39.60.

Khandsari prices suffered heavy losses during the week due to the increase in daily arrivals coupled with lack of demand at higher price. Besides Rajasthan and the Punjab, Eastern U.P., Gujarat and Madhya Pradesh showed interest in the commodity. Prices during the week declined by 50 nP to Rs. 2 per maund. While non-crystal variety was quoted higher at Rs. 34.00 a maund, as against Rs. 32.00 at the close of the week. Crystal variety prices ranged from Rs. 29.00 to Rs. 34.00 a maund. *Khandsari boora* was quoted at Rs. 35.00 to Rs. 36.00 a maund. Crystal *boora* was transacted at Rs. 38.75 to Rs. 39.00 a maund.

Gur, after early appreciable losses of about Rs. 2 per maund at Rs. 12.75 for best *Pansera* quality, due to complete loading restrictions on Western and Central Railways, made up part of the losses in the week-end to be quoted on Monday at Rs. 13.25 for *Pansera* and upto Rs. 14.00 per maund for the *Balti* quality. Loading remained opened for Bengal side only and despatches on that route aggregated 20 wagonloads in the week. Daily arrivals also dropped to an average of 5,000 to 6,000 maunds as factories were now attracting good cane supplies. Stockists were building up *kotha* stocks expecting early revival of loading facilities. Most of the crushers having now reverted to *khandsari* manufacture, *gur* arrivals declined. Latest prices were: *Pansera* superior Rs. 13.37, medium Rs. 13.00, *Balti* Rs. 14.00 and *shakkar* Rs. 13.50 per maund.

In *Muzaffarnagar* market, *gur* prices suffered a fall by 37 nP to Re. 1 per maund under pressure of arrivals coupled with lack of booking facilities. Gujarat, Punjab, Madhya Pradesh showed interest in *Chaku* variety, while *Pansera gur* was despatched to Punjab, Rajasthan, Madhya Pradesh and Maharashtra. Daily arrivals averaged 14,500 maunds and the prices at the close of the week were: *Chaku* Rs. 13.75 to Rs. 14.50, *Pansera* Rs. 13.25 to Rs. 13.75; Ladoo Rs. 13.50 to Rs. 14.00 and Rusket Khurpa Rs. 6.00 to Rs. 8.00 a maund.

Gur futures were distinctly firm during the week on continued bull support, influenced by tense political situation. *Gur fagun* opened at Rs. 12.66 on Monday last and then improved in subsequent sessions to the highest of the week, Rs. 13.38, on Friday. Prices, however, declined to Rs. 13.22 due to profit-realisation.

JUST PUBLISHED

INDEX TO THE COMPANIES ACT, 1956

(As amended by the Companies (Amendment) Act, 1960)

Compiled by

L. K. SEN CHOWDHRY of Martin Burn Ltd.

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Notices

THE BANKURA DAMOODAR RIVER RAILWAY COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Fifty-fifth Annual General Meeting of the Members of THE BANKURA DAMOODAR RIVER RAILWAY COMPANY, LIMITED, will be held at "McLeod House," No. 3, Netaji Subhas Road, Calcutta, the Registered Office of the Company, on Wednesday, the 3rd day of January, 1962, at 4-15 o'clock in the afternoon and not on Wednesday, the 27th day of December, 1961, as previously notified.

The Share Transfer Books of the Company will be closed from 21st December, 1961 to 3rd January, 1962, both days inclusive.

By Order of the Board,

McLEOD & Co. LTD.,

C. HOCKLEY,
Secretary.

Secretaries & Treasurers.

3, NETAJI SUBHAS ROAD,
CALCUTTA, 7th *December* 1961.

THE BENGAL PAPER MILL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of Preference Shareholders of the Company will remain closed from the 25th December 1961 to 28th December 1961, both days inclusive, for the purpose of payment of interim dividend on Preference Shares for the year ending 31st December 1961.

By Order of the Board,

H. P. DHANUKA,
Director.

14, NETAJI SUBHAS ROAD,
CALCUTTA-1.
6th *December*, 1961.

SHAW WALLACE & COMPANY LIMITED

DIVIDEND ON PREFERENCE SHARES

THE DIRECTORS HAVE DECLARED IN accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960 a second Interim Dividend of Rs. 2.664 per share subject to deduction of Tax under Section 18(3)(D) of the Income-tax Act, 1922, on the Company's Preference Shares in respect of the year ending 31st December, 1961, payable to Members whose names appear in the Preference Shares Register of the Company on the 15th January 1962. Warrants will be posted on or after the aforementioned date to the addresses or in accordance with the instructions recorded in the Company's books.

The Transfer Register of the Preference Shares will be closed from the 8th to the 15th January 1962, both days inclusive.

By Order of the Board,

D. A. HOUGHTON,
Calcutta Director & Secretary.

Registered Office:
4 BANKSHALL STREET,
CALCUTTA 1.
11th *December*, 1961.

ECONOMIC INVESTIGATIONS IN INDIA

(A detailed bibliography of researches completed and in progress on Economics and Commerce at the Indian Universities)

The Bibliography contains names and addresses of research scholars with their subjects of research since the year 1910.

By Dr. G. P. GUPTA, Ph.D.

Dean — Faculty of Commerce, Vikram University, Ujjain (M.P.)

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RAM PRASAD AND SONS

HOSPITAL ROAD, AGRA (INDIA)

Price Rs. 10.00

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 8th Dec., 1961

BANKING DEPARTMENT

Liabilities	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		5,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		53,76,30,000
(2) Other Governments		10,18,69,000
(b) Banks		74,33,05,000
(c) Others		147,14,00,000
Bills Payable		20,78,68,000
Other Liabilities		35,76,84,000
	Rupees	483,96,46,000

Assets		
Notes		12,37,54,000
Rupee Coin		1,95,000
Subsidiary Coin		2,52,000
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		32,09,07,000
Balances held abroad*		29,93,10,000
Loans and Advances to Governments†		72,40,34,000
Other Loans and Advances		132,35,98,000
Investments		179,62,90,000
Other Assets		25,43,06,000
	Rupees	483,96,46,000

*Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 70,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	12,37,54,000	
Notes in circulation	1947,89,33,000	
Total Notes issued		1960,26,87,000
Total Liabilities		1960,26,87,000

Assets	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	116,86,07,000	
Total of A		234,62,10,000
B. Rupee Coin		121,81,32,000
Government of India Rupee Securities		1603,83,45,000
Internal Bills of Exchange and other commercial paper		
Total Assets		1960,26,87,000

COMPARATIVE BANKING STATISTICS
(In crores of rupees)

	1st Dec., 1961	24th Nov., 1961	A month ago*	A year ago R
RESERVE BANK				
Issue Department				
Notes in circulation	1908.42	1902.67	1902.26	1828.11
Notes held in Banking Department	9.38	15.44	18.86	23.99
Foreign Securities	116.86	116.86	116.86	128.01
Rupee Securities	1558.84	1558.84	1558.85	1482.06
Banking Department				
Deposits of:				
Government of India	53.42	49.39	62.86	60.71
Other Governments	15.34	22.34	17.66	11.71
Balances held abroad	28.82	28.98	20.53	28.75
SCHEDULED BANKS				
Demand Liabilities	849.12 (24.30)†	852.15 (23.59)†	842.09 (18.95)†	795.81 (25.22)†
Time Liabilities	1150.48 (19.91)†	1148.33 (20.70)†	1441.68 (19.79)†	1136.09 (19.79)†
Borrowings from Reserve Bank	3.23 (0.20)‡	2.32 (0.25)‡	16.52 (7.77)‡	20.08 (4.08)‡
Borrowings from State Bank	16.40	17.98	20.14	10.56
Cash in India	46.49	48.87	50.88	44.74
Balance with Reserve Bank	78.26	79.81	79.37	87.38
Balances with other banks in current account in India	15.69	16.41	15.56	15.42
Money at call and short notice in India	51.18	51.13	44.03	37.05
Investments (at book value)	624.49	618.66	630.73	685.73
Advances and bills	1289.98	1283.79	1289.32	1122.68
STATE BANK				
Deposits	532.05	520.02	532.13	571.86
Investments	275.68	271.38	280.73	345.84
Advances	243.83	240.00	240.42	213.96
Cash	23.33	23.57	23.23	23.83

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, the State Bank of India, the Refinance Corporation for Industry Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	24th Aug., 1961	5	4½
Bolivia	30th Sept., 1960	6	8
Burma	Feb., 1948	3	2.32
Canada †	18th Aug., 1960	2.50	4
Ceylon	Feb., 1957	4.50	6
Chile	Feb., 1957	5	5.50
Denmark	25th Jan., 1960	5	6
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	Jan., 1960	4	5.50
Finland	Mar., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1957	6	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5.31
Italy	7th June, 1958	4	3.50
Japan	20th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	5	7
Mexico	4th June, 1948	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	Nov., 1960	5.75	6.00
Portugal	12th Jan., 1961	5	4.50
South Africa	7th Dec., 1961	4	5.75
Spain	11th April, 1960	3.25	5
Sweden	15th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	3
Thailand	Feb., 1945	4	7
Turkey	6th June, 1958	5.50	6
United Kingdom	2nd Nov., 1961	6.50	8
U.S.S.R.	1st July, 1936	3	4
U.S.A.	2nd Dec., 1941	2	3
West Germany	4th May, 1957	3.50	5

† Bank Rate in Canada fluctuates in June with Treasury Bill Rate. The latest available rate is shown here, as compared with that of the preceding week.

State Bank of India

Statement of Affairs for the week ended 1st Dec., 1961

Capital and Liabilities	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each.	5,62,50,000	5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		532,05,01,000
Borrowings from Other Banking Companies, Agents, etc.		96,00,000
Bills Payable		9,14,27,000
Bills for Collection being Bills receivable as per contra		2,87,31,000
Acceptances, Endorsements and Other Obligations per contra		77,90,000
Other Liabilities (including Inter-Office Adjustments)		19,51,91,000
Total	Rs.	578,39,90,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		19,47,89,000
Balances with other Banks		3,35,30,000
Money at Call and Short Notice		1,46,07,000
INVESTMENTS:		
Government and other Trustee Securities	266,84,07,000	
Other Authorised Investments	9,33,88,000	275,67,95,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	227,64,65,000	
Bills Discounted and Purchased	16,18,27,000	243,82,92,000
Bills Receivable being Bills for Collection as per contra		2,87,31,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		77,90,000
Premises less Depreciation		1,77,09,000
Furniture and Fixtures less Depreciation		1,37,04,000
Other Assets (including Inter-Office Adjustments)		27,29,83,000
Total	Rs.	578,39,90,000

Scheduled Banks*

Statement of Affairs for the week ended 1st December 1961

		Rs.
(I)	Demand Liabilities in India	(Thousands)
	(a) Demand Deposits—	
	(1) From banks	48,42,19
	(2) From others	724,29,00
	(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	24,36,25
	(c) Other demand liabilities	52,05,19
(II)	Time Liabilities in India	
	(a) Time Deposits—	
	(1) From banks	18,80,90
	(2) From others	1087,62,76
	(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	19,91,30
	(c) Other time liabilities	24,13,44
(III)	Borrowings in India from the State Bank of India and/or notified banks.	
	(a) Demand Liabilities	6,90,24
	(b) Time liabilities	9,49,47
(IV)	Borrowings in India from the Reserve Bank of India (A)	8,23,80 (20.00)
(V)	Cash in India	46,46,56
(VI)	Balances with the Reserve Bank in India	75,26,00
(VII)	Balances with Other Banks in Current Account in India	15,09,38
(VIII)	Money at call and short notice in India	51,18,15
(IX)	Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations	624,49,40
(X)	(a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)	1036,02,33
	(b) Due from Banks in India	12,13,84
(XI)	Inland Bills purchased and discounted in India.	144,80,84
(XII)	Foreign Bills purchased and discounted in India	40,40,56
(XIII)	Total of items (X), (XI) and (XII)	1229,97,57

Notes —

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.

(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 1st Dec., 1961

BANKING DEPARTMENT

Liabilities	Rs.	Rs.
Capital paid-up		2,00,00,000
Reserve Fund		4,45,00,000
Rural Credit Fund		2,00,00,000
Deposits:—		
(a) Central Government		13,87,70,000
(b) Provincial Governments		3,75,27,000
(c) Banks		19,35,70,000
(d) Others		103,74,49,000
Bills Payable		50,72,000
Other Liabilities		11,86,88,000
	Rupees	162,75,70,000

Assets	Rs.
Notes	8,08,32,000
Rupee Coin	18,000
Subsidiary Coin	30,000
Bills Purchased and Discounted:—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	18,04,01,000
Loans and Advances to Governments	69,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	54,04,49,000
Investments	71,55,11,000
Other Assets	10,34,29,000
Rupees	162,75,70,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	8,08,32,000	
Notes in circulation	366,18,26,000	
Total Notes issued		374,26,58,000
Total Liabilities		374,26,58,000

Assets	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion		
Foreign Securities	95,00,59,000	
India Notes representing assets receivable from the Reserve Bank of India	48,01,64,000	132,96,23,000
B. Rupee Coin	3,06,24,000	
Government of Pakistan Securities	232,34,05,000	
Internal bills of exchange and other commercial paper	....	235,40,29,000
II. Held with the Reserve Bank of India pending transfer to Pakistan:—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,53,000	
Government of India Securities	1,90,90,000	
Rupee Coin	29,51,000	5,99,96,000
Total Assets		374,26,58,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued: 37.03 per cent.

EXCHANGE RATES

		13th December 1961	6th December 1961
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5⅜	1-5⅜
Sellers T. T. D.D. upto six months	s.	1-5⅜	1-5⅜
Buyers T.T. spot to nine months	s.	1-6⅛	1-6⅛
Buyers T.T. 10 to 12 months	s.	1-6⅛	1-6⅛
Bombay on New York—			
Sellers T.T. D.D.	Rs.	476.25	476.00
Buyers T.T.	Rs.	472.75	472.50
London on New York	s.	$.2.8109-2.8111	$.2.8125-2.8128
London on Paris	Frs.	13.77-13.77/50	13.76/50-13.77/50
London on Berne	Sw. Frs.	12.1300-12.1320	12.1415-12.1435
New York on London	s.	$.281.040-281.070	$.281.250-281.280

CLEARING HOUSE RETURNS

Centre	Week ended 6th Dec., 1961 Number of Cheques	Week ended 6th Dec., 1961 Amount Rs.	Week ended 1st Dec., 1961 Number of Cheques	Week ended 1st Dec., 1961 Amount Rs.
Bombay	4,34,367	106,77,92,000	4,31,114	98,76,00,000
Calcutta	....	....	2,19,000	88,80,00,000
Madras	1,06,079	13,59,82,936	1,02,411	14,08,82,419
All Centres—				
1958-59	....	....	45,172,000	97,67,12,06,000
1959-60	....	....	50,064,000	109,88,05,00,000
1960-61	....	....	54,472,000	125,15,10,00,000
Oct., 1960	....	....	4,707,000	1,042,15,06,000
July 1961	....	....	5,088,000	1,112,59,09,000
Aug., „	....	....	4,668,000	1,055,01,00,000
Sept., „	....	....	4,809,000	1,119,97,00,000
Oct., „	....	....	4,690,000	1,085,18,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	18th Nov., 1961	11th Nov., 1961	19th Nov., 1960	September 1961	September 1960	Percentage of Increase (+) or Decrease (—) in Sept., 1961 as compared with Sept., 1960	Financial Year Average 1960-61	1950-51
Food Articles	324	120.6	120.6 R	119.0	121.1	122.9	— 2.3	120.6	110.5
Cereals	192	102.9	102.9	103.4	103.4	103.5	— 4.7	104.4	104.1
Pulses	13	92.2	92.0 R	93.0	89.2	94.7	— 2.5	92.0	89.5
Fruits and Vegetables	22	154.7	150.0	110.9	143.3	128.2	+21.4	119.5	137.9
Milk and Ghee	84	117.1	119.5	112.2	116.0	122.2	— 5.1	116.0	115.2
Edible Oils	47	155.8	150.6 R	154.5	153.3	165.0	— 5.0	150.6	130.4
Fish, Eggs and Meat	17	137.0	134.6 R	126.9	127.1	119.5	+ 7.6	123.5	113.0
Sugar and *Gur*	48	119.7	118.6	131.9	128.9	138.9	—10.8	129.8	147.0
Others	56	167.2	169.0	174.3	172.1	170.6	+ 1.5	167.7	167.9
Liquor and Tobacco	21	97.8	99.2	117.2	99.7	104.5	— 4.6	100.8	98.5
Tobacco	—	94.2	95.7	110.2	96.2	102.7	— 6.3	106.8	97.0
Fuel, Power, Light and Lubricants	38	122.1	122.0	118.4	121.9	119.3	+ 2.2	120.9	110.6
Industrial Raw Materials	195	138.3	138.4 R	117.2	139.1	138.7	— 0.4	145.4	123.7
Fibres	61	127.6	128.2	156.9	127.7	139.5	— 8.5	131.8	114.6
Oilseeds	66	156.3	152.5 R	98.4	156.3	148.4	+ 5.4	149.5	124.5
Minerals	5	94.8*	94.8	98.2	98.2	98.2	— 3.5	97.4	97.5
Others	33	127.7*	128.7*	127.8*	126.6	124.6	+ 1.6	128.6	123.7
Manufacture	296	128.6	128.2 R	128.1	128.7	128.7	— 0.1	128.7	111.7
Intermediate Products	41	140.5	140.4 R	137.5	140.4	129.5	+ 8.4	137.6	113.9
Finished Products	249	124.3	123.8 R	124.1	122.9	121.6	+ 1.1	122.3	111.3
Textiles	147	124.5	124.0	127.9	123.4	122.9	+ 0.4	125.5	107.2
Cotton	—	117.5*	116.5*	138.2*	118.1*	121.0	— 2.3	139.1	116.8
Jute	—	117.5	116.5	138.3	114.2	116.4	— 1.9	121.4	90.6
Woollen	—	123.1*	123.1*	119.1*	123.1	110.1	+11.8	109.1	104.2
Silk and Rayon	—	120.4*	120.4*	131.5*	120.4	116.0	+ 3.8	104.2	99.4
Metal Products	12	147.1	147.1	144.5	147.1	146.8	+ 0.2	147.5	144.4
Chemicals	20	111.4	111.3	104.1	112.0	106.4	+ 5.3	104.4	100.9
Oil Cakes	21	142.0	142.0	142.0*	142.0	138.5	+ 2.5	141.8	148.8
Machinery and Transport Equipment	21	116.2	116.2	119.1	113.5	111.9	+ 1.4	111.9	100.8
Others	20	123.3	123.3 R	121.2	116.9	116.4	+ 4.6	116.7	110.4
All Commodities	1,000	124.7	124.3 R	123.6	124.0	123.3	+ 0.6	124.6	111.4

Note :— Weights shown against the sub-groups under each of the groups are those assigned to the respective sub-groups to arrive at the group index.

* Provisional. R—Revised.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SEQURITY PRICES

[1952-53 = 100]

Group and Sub-Group	Week ended 2nd Dec., 1961	25th Nov., 1961	4th Nov., 1961	3rd Dec., 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.8	100.8	101.0	100.6
2. Government of India	100.7	100.7	100.9	100.6
3. State Government	101.9	101.9	102.0	101.5
4. Municipal, Port Trust, etc.	99.3	99.3‖	99.3	99.7
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.2	101.2	101.2	100.7
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.3	82.3	82.5	85.8
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	187.6	188.8	183.9	169.0
8. *Agriculture and Allied Activities : Total*	165.8	166.5	163.0	154.7
9. Tea Plantations	158.5	157.0	155.4	157.4
10. Coffee Plantations	165.2	167.4	167.8	194.6
11. Rubber Plantations	172.3	173.9	171.7	173.5
12. *Mining and Quarrying : Total*	159.2	161.1	160.4	152.9
13. Coal	121.0	121.3	118.3	112.6
14. Other Mining	185.4	188.3	189.3	179.1
15. *Processing and Manufacturing : Total*	204.3	205.9	199.4	181.2
16. *Processing and Mfg. (Food-stuffs, Textiles, etc.): Total*	215.6	217.1	210.7	181.6
17. Sugar	155.3	155.8	157.0	192.4
18. Cotton Textiles	189.0	190.7	185.5	146.5
19. Jute Textiles	94.0	94.2	92.3	84.5
20. Silk and Woollen	1232.2	1247.1	1194.1	1040.0
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total*	204.8	207.2	199.8	191.3
22. Iron and Steel	161.5	165.0	158.9	158.3
23. Transport Equipment	414.0	419.5	398.5	395.8
24. Electrical Machinery	163.7	166.7	164.7	189.4
25. Machinery other than Transport and Electrical	220.0	221.0	214.0	207.2
26. Basic Industrial Chemicals	221.4	223.6	206.3	211.8
27. *Processing and Mfg. (Others): Total*	189.0	189.8	184.4	181.3
28. Cement	155.1	156.5	152.6	142.0
29. Paper	216.0	215.0	206.8	219.9
30. *Other Industries : Total*	113.4	113.9	112.0	109.4
31. Electricity Generation and Supply	85.3	85.6	85.4	86.1
32. Trading	135.6	135.4	121.7	119.3
33. Shipping and Other Transport	93.5	94.5	93.8	104.8
34. Construction	289.6	295.2	297.6	288.8
35. *Financial : Total*	208.2	208.2	207.9	178.8
36. Banks	237.0	236.7	234.7	200.2
37. Insurance	163.6	164.4	158.5	157.0
38. Investment Trusts	90.7	90.4	89.6	89.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	194.2	196.6	191.8	173.6
40. Calcutta	172.4	172.8	168.4	156.4
41. Madras	204.2	205.7	202.6	187.7
42. Delhi	256.1	258.7	245.0	222.2

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils. ‖ Calcutta Market remained closed during the week.

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Five months ended August 1961	Five months ended August 1960	Twelve months ended March 1961	Twelve months ended March 1960
Exports	268.54	239.43	682.89	629.90
Re-exports	1.90	5.38	9.90	9.76
Total Exports	270.44	244.81	642.79	639.66
Imports	399.48	490.22	1070.16	960.77
Overall Balance of Trade	-128.99	-245.41	-427.37	-321.11
Exports—				
Tea	33.28	32.36	123.59	129.09
Jute yarns and manufactures	22.22	26.30	135.02	119.76
Cotton yarns and manufactures	54.80	57.84	92.04	69.02
Metallic ores and metal scrap	15.41	16.85	39.00	35.35
Cotton, raw and waste	10.89	4.18	11.57	14.49
Oils—vegetable, mineral and animal	5.31	7.20	13.85	19.17
Fruits and vegetables	11.32	10.73	26.08	21.07
Tobacco	8.14	7.96	15.74	14.54
Mica	37	29	10.15	9.82
Wool and other animal hair	3.30	3.24	7.77	12.21
Gums, resins and lac	2.40	3.76	5.61	5.74
Spices	5.64	5.63	15.64	14.46
Hides and skins, raw	3.07	4.20	10.02	11.58
Imports—				
Machinery	128.80	100.73	257.46	207.96
Iron and Steel	42.01	54.41	120.30	84.29
Oils—vegetable, mineral and animal	28.55	32.92	74.02	91.87
Chemicals, drugs and medicines	33.15	33.69	85.86	92.48
Electrical goods and apparatus	28.63	24.20	56.15	53.15
Vehicles (excluding aircraft, ships and boats)	17.67	27.24	59.49	55.80
Cotton, raw and waste	20.69	44.06	81.77	41.54
Fruits and vegetables	4.14	4.55	20.39	17.68
Paper, pasteboard, etc.	4.87	5.73	11.74	11.23
Dyes and colours	5.77	5.15	13.96	10.01
Spices	66	87	1.88	2.35
Woollen and worsted fabrics	18	30	21	26
Cotton fabrics	7	11	70	1.16
Rice	3.38	16.32	13.58	15.34
Wheat and spelt	12.68	67.45	121.17	129.78

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
19th Sept.	2.00	2.00	2.00	2.500	99.375
20th to 22rd Sept.*	0.85	—	0.85	—	99.391
26th Sept.	2.00	2.00	2.00	2.500	99.375
27th to 30th Sept.*	0.70	—	0.70	—	99.391
3rd October	2.00	2.00	2.00	2.500	99.375
10th October	2.00	2.00	2.00	2.500	99.375
11th to 14th Oct.*	0.10	—	0.10	—	99.391
16th to 21st Oct.*	1.85	—	1.85	—	99.391
24th October	2.00	2.00	2.00	2.500	99.375
25th to 28th Oct.*	0.85	—	0.85	—	99.391
31st October	2.00	2.00	2.00	2.500	99.375
1st to 4th Nov.*	0.24	—	0.24	—	99.391
7th November	2.00	2.00	2.00	2.520	99.370
8th to 11th Nov.*	0.85	—	0.85	—	99.386
14th November	2.00	2.00	2.00	2.520	99.370
15th to 18th Nov.*	0.15	—	0.15	—	99.386
21st November	2.00	2.00	2.00	2.500	99.375
22nd to 25th Nov.*	0.38	—	0.38	—	99.391
28th November	2.00	2.00	2.00	2.500	99.375
29th Nov. to 2nd December*	1.46	—	1.46	—	99.391
5th December	2.00	2.00	2.00	2.500	99.375
6th to 9th Dec.*	1.88	—	1.88	—	99.391
12th December	2.00	2.00	2.00	2.500	99.375
Total Amount outstanding	91.85	..	91.85	..	..

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949=100]

	All-India	Bombay*	Ahmedabad	Sholapur†	Kanpur	Nagpur	Calcutta‡	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Kanpur (Unrevised)
1958 Average	116	395	110	313	98	120	387	124	113	106	103	123	109	121
1959 "	120	412	125	340	98	132	387	123	120	106	98	125	108	140
1960 "	124	420	120	357	98	136	398	143	120	107	103	120	109	146
Sept. "	125	418	122	364	101	138	405	146	122	108	102	122	108	147
Oct. "	125	421	123	355	102	137	400	148	122	108	105	119	108	147
Nov. "	124	423	121	357	102	135	395	150	121	110	102	122	108	147
Dec. "	124	419	120	362	100	134	397	151	121	110	102	121	108	145
January 1961	123	419	119	358	100	131	397	146	122	111	103	120	109	146
February "	123	420	119	350	102	130	392	147	123	111	103	119	109	146
March "	124	423	119	349	101	129	395	148	124	111	104	121	109	150
April "	123	428	119	348	99	130	392	149	125	111	104	120	109	150
May "	124	431	119	345	97	132	392	148	126	112	106	120	110	150
June "	125	433	122	349	99	132	392	148	127	112	104	121	110	150
July "	126	437	122	357	101	132	403	145	130	113	106	122	110	151
August "	128P	438	122	359	103	133	416	149	130	115	107	124	111	151
Sept. "	128P	436	122	355	103	132	416	148	128	114	108	124	..	151
Oct. "	..	434	..	354	..	..	..	..	..	..	..	..	..	..

*June 1934=100. †Jan., 1928=100. ‡1939=100. P=Provisional

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	National Savings Certificates 7-Year B	National Savings Certificates 12-Year B	12-Year National Plan Savings Certificates C		Post Office Savings Bank Deposits		10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	Cumulative Time Deposits 10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	10-Year Treasury Savings Deposit Certificates 4% G	15-Year Annuity Certificates G		Total Receipts	Total Outstandings H
	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Outstandings		Outstandings	Outstandings	Outstandings	Outstandings	Receipts	Outstandings		
1958-59	1,76	3,80	119,19	87,45	153,78	191,75	234,91	21,02	—40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	580,68
1959-60	1,55	3,15	96,99	83,24	221,68	210,40	290,58	19,79	—41,35	50	31	41,88	10,64	21,76	66	2,90	305,70	672,30
1960-61	1,24	2,46	81,50	62,53	287,80	228,77	297,77	18,36	—42,00	1,70	95	38,80	16,14	37,34	69	3,38	329,98	770,69
Oct. 1960	1,40	2,76	87,86	7,05	257,70	16,90	272,98	19,19	—41,71	1,07	64	41,09	1,42	30,27	5	3,22	25,56	718,15
Nov. 1961	1,31	2,57	84,04	6,47	272,48	18,56	280,96	18,67	—41,86	1,40	80	40,90	1,04	34,15	6	3,32	25,53	740,96
Dec. "	1,28	2,52	82,71	6,43	278,70	18,06	292,32	18,44	—41,93	1,53	87	39,88	1,80	35,75	5	3,35	26,58	747,24
Jan. "	1,24	2,46	81,50	11,17	287,80	22,23	297,77	18,36	—42,00	1,70	95	38,80	1,77	37,34	4	3,38	46,05	770,69
Feb. "	1,20	2,40	80,18	5,53	290,56	20,37	295,84	18,17	—42,06	1,83	1,01	37,46	2,28	39,43	4	3,40	28,47	771,47
Mar. "	1,16	2,34	78,90	5,89	294,43	19,23	294,64	18,09	—42,06	1,90	1,06	36,40	2,32	40,92	3	3,43	27,19	772,49
April "	1,13	2,29	77,64	6,57	299,53	19,27	294,43	18,01	—42,13	2,18	—1,15	35,45	1,89	42,43	3	3,43	28,03	777,66
May "	1,10	2,24	76,31	6,66	304,96	20,79	295,78	17,91	—42,16	2,34	1,28	34,18	1,69	44,33	5	3,46	29,34	780,31
June "	1,06	2,20	74,81	6,73	310,89	19,28	295,35	17,85	—42,20	2,50	1,31	33,19	1,25	45,66	5	3,48	27,55	794,25
July "	1,05	2,15	73,00	6,38	315,47	17,34	304,29	17,77	—42,24	2,68	1,30	32,12	1,62	47,04	5	3,51	26,16	800,65
Oct. "	..	..	..	..	..	..	..	..	..	..	..	33,28	1,07	48,10	4	3,53	..	..

Note :—Outstandings relate to end of period and do not include Ind-a Union's share of pre-partition liabilities: repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from June 1, 1955. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 16, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not inclusive. J—Commenced from 2nd January 1959. N.B.—Five-year pice bonds were issued from 1st April 1960 and the total outstandings at the end of July 1961 amount to 16.95 crores of rupees.

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1957-58	8,855	1,819	811	148	67	31	145	17	138	315	25	259	35	108
1958-59	8,885	1,468	850	143	58	21	146	16	129	306	21	279	33	77
1959-60	9,886	1,433	874	135	53	19	149	16	129	289	24	284	26	61
1960-61	9,757	1,592	837	122	61	16	116	15	128	401	56	357	32	79
Sept., 1960	4,578	782	457	62	22	8	40	6	65	191	25	144	15	41
May 1961	1,701	280	192	24	9	3	12	2	20	68	10	58	2	15
June "	2,475	413	213	34	12	4	16	3	29	98	15	86	3	20
July "	2,251	554	285	41	16	5	21	4	40	129	19	116	8	33
Aug. "	4,054	706	352	48	18	6	30	4	58	161	24	146	12	44
Sept., "	4,332	852	415	54	20	8	40	4	72	197	27	177	18	44

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source* :—Ministry of Railways.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base : 1952-53=100)

Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Leaves	Raw Cotton	Raw Jute	Groundnut	Sylseed and Rapeseed/mustard	Coal	Jute Manufactures	Cotton Textiles	Cotton & Jute Mixed Textiles	Iron & Steel Semi-manufactures
1954-55	82	75	77	78	54	255	94	104	122	90	102	112	82	114	100	103	107	110
1955-56	78	72	87	84	49	170	94	94	88	77	97	117	79	110	101	96	100	107
1956-57	97	88	122	122	71	165	104	96	100	80	111	126	111	97	116	98	102	107
1957-58	105	88	114	126	68	164	109	110	107	92	106	133	108	98	122	95	116	107
1958-59	106	106	106	126	98	169	112	121	121	92	99	118	117	107	122	97	118	106
1959-60	105	96	119	124	76	156	124	161	98	106	125	131	156	135	125	91	117	107
1960-61	108	90	122	130	87	206	118	127	136	111	112	210	146	122	141	131	122	107
October 1960	111	90	125	137	91	216	117	127	142	118	114	228	149	129	141	134	120	107
November "	106	90	126	135	92	218	111	127	141	120	111	223	139	130	141	142	120	107
December "	102	89	119	131	93	210	111	127	127	114	110	206	143	126	141	143	120	107
January 1961	99	91	114	132	94	208	108	127	120	113	111	248	151	125	141	155	122	107
February "	100	91	110	130	92	212	108	127	116	113	110	230	153	124	141	168	122	107
March "	101	91	110	130	90	208	119	127	112	114	111	271	159	123	141	168	122	107
April "	101	91	110	130	79	218	120	127	111	111	110	243	162	122	141	142	122	107
May "	103	86	109	134	76	198	115	127	116	101	110	245	162	123	141	137	122	107
June "	106	86	113	141	81	206	114	127	122	96	110	208	167	151	141	125	122	107
July "	106	88	118	145	81	220	122	127	122	93	107	215	171	145	141	131	122	107
August "	110	89	113	142	82	218	117	127	123	95	105	180	167	143	141	121	122	107
Sept. "	110	87	107	123	81	190	117	127	122	95	104	155	156	143	141	114	122	107
Oct. "	108	89	110	130	82	205	118	125	118	95	107	150	143	146	141	119	122	107

† Estimated.

RAW COTTON STATISTICS

Particulars	Details of Period	In Quintals of 100 kilograms	Particulars	From 1st Sept. to 4th Dec., 1961 In quintals of 100 kilograms	From 1st Sept. to 4th Dec., 1960 In quintals of 100 kilograms
Bombay Island—			From Bombay Cotton Shipments to—		
Cotton Receipts	Week ended 27th Dec., 1961	8,731(*)	United Kingdom	599	—
	Corresponding week, 1960	15,409(J)	Continent	2,334	—
	1st Sept. to 27th Dec., 1961	366,141*	Hongkong	8,034	2,255
	Corresponding period, 1960	342,040*	China	—	—
Cotton Exports	Week ended 27th Dec., 1961	4,000	Japan	20,807	3,367
	Corresponding week, 1960	550	U.S.A.	5,546	—
	1st Sept. to 27th Dec., 1961	43,537	Other countries	287	—
	Corresponding period, 1960	14,221	Total to all foreign countries	33,187	5,622
Mill Consumption (Estimated)	1st Sept. to 27th Dec., 1961	327,300	Coastal Ports	7,772 (a)	8,599 (b)
	Corresponding period, 1960	322,333	Total	40,959	14,221
Stock (with exporters, dealers and mills) in Bombay (Estimated)	On 27th Dec., 1961	554,251			(Bales of 180 Kgs.)
	Corresponding date, 1960	372,758			20,571
		In Bales of 392 lbs. nett.			3,000
Consumption of Cotton—		393,636	Cotton Exports from Bombay (by sea)	During Sept. 1961	223,051
Indian	Aug., 1961	332,900		During Sept. 1960	177,851
Foreign		4,246,261		1st Sept. to 31st Aug. 1960-61	2,284,000
Indian	Twelve months ended Aug., 1961	1,126,689		1st Sept. to 31st Aug. 1959-60	1,971,000
Foreign		4,419,807	Cotton Pressed in India (in running bales)	Week ended 17th Nov., 1961	119,446
Indian	Same Period, 1960	685,778		Corresponding week, 1960	109,732
Foreign				1st Sept. to 17th Nov., 1961	250,698
Stocks (Mills and Elsewhere)—				Corresponding period, 1960	220,332
Indian	As on 31s Aug., 1961	1,412,558	Karachi (Pakistan)— Receipts	1st Sept. to 16th Nov., 1961	262,692
Foreign		397,328		Corresponding period, 1960	176,112
Indian	As on 31st Aug., 1960	961,547	Exports	1st Sept. to 17th Nov., 1961	62,002
Foreign		403,923		Corresponding period, 1960	72,252

(J) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. (b) From 1st Sept., to 30th Nov., 1960. (a) For September 1961.

STOCK & SHARE QUOTATIONS

Abbreviations:—D.—Deferred shares. P.O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. f—Dividend for first half of the year.

Shares:—If a company has different classes of shares—as for example, 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up per share.'

Accounts:—Figures in the "Accounts Closed" column represent the months of the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed, less value, if any, and stands for the gross figures except where otherwise indicated.

Dividends:—Dividends or completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed Spindles	Number Installed Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Share 1958	1959	1960	1961	Accounts Closed	References
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
17,33,200	9,88,622	40,70,472	25,34,396	2,383	Maganlal Bhagwandas & Co.	..	..	Ambika Silk Mills Co., Ltd.	157.00	100	12.00	12.00	15.00		12	Y.
50,00,000	..	1,15,07,428	49,16,604	—29,00,387	Rajputana Text. (Agencies) Pvt. Ltd.	45,180	..	Apollo Mills	1.98	2	*Nil*	*Nil*	*Nil*		12	Y.
40,00,000	11,54,041	1,15,07,428	49,16,604	—29,00,387	Kasturbhai Jain, Esq. (Chairman)	50,596	1,021	B. N. Cotton Mills	60.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
4,50,93,000	3,56,27,908	11,03,32,121	5,45,36,135	65,820	Nowrosjee Wadia & Sons (Pvt.) Ltd.	2,18,492	4,320	Bombay-Dyeing & Mfg.	66 39	25	2.50	3.50	3.50		12	Y.
10,00,000	2,54,405	39,53,981	57,46,203	1,37,996	Ramnarain Sons Private Ltd.	44,784	900	Bradbury Mills	141.25	50	7.50	6.00	7.50	12.50	3	Y.P.
1,89,91,500	4,09,75,400	10,53,72,338	4,62,71,298	2,31,132	Birla Gwalior Private Ltd.	1,29,052	2,698	Century Spg. & Mfg.	565.50	100	22.00	31.50	30.00		12	Y.P.
26,00,000	85,18,005	1,36,00,429	84,16,840	34,762	Cowasjee Jehangir & Co. Pvt. Ltd.	31,460	630	Coorla Spg. & Wvg.	133.75	100	12.50*	7.50	11.00	11.00	3	Y.
50,00,000	29,03,230	1,02,39,816	68,42,312	2,06,873	Ramnarain Sons Private Ltd.	43,960	..	Dawn Mills	349.00	50	5.00	10.00	15.00	15.00	3	Y.
34,00,000	35,25,313	98,61,163	67,35,681	2,29,973	Purannal Bubna Sons	43,256	928	Edward Textiles	349.00	200	15.00	18.00	18.00		12	Y.P.
29,98,050	41,95,692	1,61,80,826	87,15,263	1,06,104	B. L. Jalan, Esq. (Chairman)	46,700	886	Elphinstone Spg. & Wvg.	103.00	50	*Nil*	7.00	9.00		12	Y.
50,00,000	71,12,338	2,03,17,243	1,18,41,297	37,155	James Finlay & Co., Ltd.	63,212	784	Finlay Mills	317.00	100	16.00	23.00	27.00		12	Y.
50,00,000	66,44,319	1,95,48,915	72,22,481	10,233	James Finlay & Co., Ltd.	45,788	1,020	Gold Mohur Mills Ltd.	252.50	100	15.00	21.50	21.50		12	Y.
11,84,000	1,19,31,102	2,16,82,316	1,42,90,523	....	K. M. D. Thackersey Esq. (Chairman)	45,443	1,120	Hindoostan Spg. & Wvg. Mills	6,625.00	1,000	350.00	350.00	500.00		3	Y.P.
16,000									992.50	250	87.50	87.50	125.00		3	
2,00,00,000	41,70,614	5,28,11,146	4,01,32,001	9,69,881	M. D. Bhat, Esq. (Chairman)	2,46,388	6,265	India United Mills	15.28	0 100.	*Nil*	*Nil*	0.80		12	Y.
50,00,000									2.20	0 1D.	*Nil*	*Nil*	0.1325			
18,30,000	91,28,291	1,84,94,644	1,39,55,204	10,633	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	2,325.00	1,000	325.00	300.00	232.00		3	Y.P.
50,85,000	87,09,165	3,09,58,871	2,24,69,582	98,194	Khatau Makanji & Co. (Pvt.) Ltd.	1,00,000	1,500	Khatau Makanji Spg. & Wvg.	1,050.00XN	500	162.50	100.00	116.00			
1,00,00,000	1,02,16,719	4,18,29,168	3,03,39,180	20,794	Killick Industries Ltd.	465 00	100	Kohinoor Mills	1,20,504	1,846	10.00	9.50	15.00	16.00	12	Y.
45,00,000	43,32,233	1,51,49,413	75,22,456	32,765	Y. Sirur & Co. (Private) Ltd.	297.00	100	Modern Mills	72.50XN	944	3.00	5.00	6.00		12	Y.
51,75,000	60,60,557	3,25,38,719	2,31,00,780	1,54,922	Piramal Sons Private Ltd.	875.00	100	Morarjee Goculdas Spg. & Wvg.	875.00	100	15.00	21.50	21.50	24.00	6	Y.P.
2,41,11,320	1,83,27,010	12,92,52,259	6,02,58,132	4,41,151	Chinai & Co. Private Ltd.	540.50	100	National Rayon Corporation	540.50	100	14.00	22.00	22.00		12	Y.P.T.
54,00,000	12,57,327	91,12,137	43,70,078	—2,44,926	H. V. Gandhi, Esq. (Chairman)	45,944	480	New City of Bombay Mfg.	257.50	*Nil*	*Nil*	*Nil*	*Nil*		12	Y.
50,00,000	2,01,[illegible]	1,24,[illegible]	[illegible]	—2,27,101	Sahu S. P. Jain, Esq. (Chairman)	49,012	956	New Great Spg. & Wvg.	257.00	*Nil*	*Nil*	*Nil*	*Nil*		12	Y.
48,00,000	85,35,221	[illegible]	[illegible]	4,01,084	Ramnarain Sons Private Ltd.	69,232	1,190	Phoenix Mills	175.00	100	10.00	10.00	15.00	20.00	3	Y.
45,00,000	45,06,152	87,86,076	39,31,902	2,40,742	Podar Sons Private Ltd.	32,000	930	Podar Mills	140.00	100	18.00*	12.00*	12.00*		12	Y.P.
76,00,000	26,05,000	1

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	65,16,166	1,52,12,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd.	879	Agarpara	9.87	10	0.25	0.50	1.00	0.25	3	Y.P.
6,00,000	16,40,000	77,47,320	49,41,324	2,22,048	McLeod & Co., Ltd.	456	Alexandra	251.00	100	10.00	15.00	44.00		12	Y.P.
30,00,000	5,43,850	1,41,02,373	1,01,60,589	1,14,925	McLeod & Co., Ltd.	1,264	Alliance	100.00	100	Nil	Nil	6.00		5	Y.P.
42,50,700	85,71,000	2,80,85,747	1,84,94,034	3,74,363	Duncan Brothers & Co., Ltd.	2,661	Anglo-India	185.00	100	10.00	12.50	20.00	7.50	3	Y.P.
40,00,000	28,14,827	1,46,86,173	83,52,153	45,081	Bird & Co. Private Ltd.	810	Auckland	170.00	100	5.00	20.00	27.00	12.00	3	Y.P.
30,00,000	24,84,417	1,47,00,374	85,10,664	1,00,757	Birla Brothers Private Ltd.	959	Bally	225.00	100	6.00	10.00	25.00	25.00	3	Y.P.
£275,000	£503,925	£1,691,226	£1,065,825	—£92,399	Sir John H. Bardar (Chairman)	1,889	Barnagore	135.50	£5	Nil	10sh.	£1.10sh		3	Y.P.
25,00,000	28,47,235	1,06,52,541	58,47,941	78,247	Andrew Yule & Co., Ltd.	820	Belvedere	141.00	100	7.50	13.50	5.00		12	Y.P.
46,00,000	35,91,700	70,48,957	40,86,203	1,33,355	Soorajmull Nagarmull	800	Bengal	8.50	10	0.50	0.50	0.50		6	Y.P.
91,26,000	3,26,27,212	8,17,02,760	2,90,00,714	1,28,965	Birla Brothers Private Ltd.	1,372	Birla	27.31	10	1.00	1.00	1.50	1.50	10	Y.P.
24,00,000	27,72,226	1,36,96,079	70,84,725	34,192	Andrew Yule & Co., Ltd.	991	Budge-Budge	142.00	100	5.00	15.00	10.00		12	Y.P.
7,43,198	4,000	45,02,280	35,10,248	—1,47,560	Dayaram & Sons	502	Calcutta Jute Mfg.	5.50N	10	Nil	Nil			12	Y.
18,00,000	29,95,259	92,72,855	5,10,612	6,52,941	M.	616	Caledonian	146.00	100	15.00	12.00	12.00		12	Y.P.
59,16,400	52,52,226	2,14,54,087	1,21,65,795	1,87,286	James Finlay & Co., Ltd.	600	Champdany	126.00	100	Nil	7.00	10.00	5.00	3	Y.
38,56,250	48,24,344	1,22,29,034	62,15,616	6,583	Andrew Yule & Co., Ltd.	1,131	Cheviot	15.56	10	0.50	1.25	Nil		11	Y.P.
29,15,000	29,58,900	1,20,98,261	64,66,975	39,324	McLeod & Co., Ltd.	600	Chitavalsah	11.87	10	1.25	1.50	0.50		7	Y.P.
24,00,000	9,90,000	82,12,030	41,31,208	—3,09,256	M.	959	Clive	9.85	10	Nil	Nil	Nil		3	Y.
31,49,200	14,68,891	1,10,14,699	69,07,313	9,802	Bird & Co. Private Ltd.	766	Dalhousie	115.50	100	Nil	Nil	1.00	1.00	3	Y.P.
44,80,000	41,85,474	97,06,897	51,25,570	15,632	Andrew Yule & Co., Ltd.	779	Delta	150.00	100	6.00	14.00	7.50		11	Y.P.
15,00,000	38,62,000	1,14,48,494	74,72,740	76,385	McLeod & Co., Ltd.	600	Empire	17.00	10	1.00	1.25	1.25		7	Y.P.
68,00,000	81,72,389	3,62,82,387	1,90,85,987	72,385	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	361.00	100 Old	20.00	20.00	25.00	10.00		Y.P.
11,00,000	19,81,943	1,12,52,393	70,17,722	1,84,899	Bangur Bros., Ltd.	1,014	Fort William	28.00	10	1.50	1.50	2.25		3	Y.P.
84,82,100	5,16,998	2,84,66,716	1,48,00,883	56,169	Lakshmipat Singhania, Esq. (Chairman)		Gagrar Manufacturing Co., Ltd.	1,709		12.34	10	Nil	Nil	1.00	Y.P.
10,80,000	24,36,266	98,03,787	53,00,178	14,067	M.	607	General Ind. Society Ltd.	85.00	10	2.00	2.00	4.00		3	Y.P.
24,00,000	24,36,266	2,74,15,455	1,51,06,790	82,085	Mansell & Barry Ltd.	1,394	Gourepore	395.00	100	20.00	25.00	30.00	25.00	3	Y.P.
40,00,000	71,35,723	1,33,84,148	76,47,196	2,85,690	Bangur Bros., Ltd.	1,078	Hastings	115.90N	100	5.00	6.00	6.00		3	Y.P.
14,80,000	11,49,633	83,48,980	55,07,773	38,329	J. & H. Hutchison Private Ltd.	720	Hooghly	16.00	10	Nil	0.50	1.00		3	Y.P.
55,62,500	58,28,324	2,54,82,710	1,35,84,909	77,382	Jardine Henderson Ltd.	1,500	Howrah	20.37	10	Nil	1.00	1.25		3	Y.P.
52,50,000	55,78,191	3,21,24,274	1,88,99,274	1,62,875	Ramdutt Ramkissendas	2,272	Hukumchand	23.75xd	7.50	1.50	1.50	2.15	2.15	3	Y.P.
87,30,000	36,63,965	1,86,83,015	1,09,04,160	76,164	M.	790	India	16.87	12.50	1.56	1.24	1.75	1.50	3	Y.
24,00,000	27,20,329	2,00,48,588	1,40,57,698	59,774	Jardine Henderson Ltd.	1,797	Kamarhatty	160.00	100	5.00	20.00	5.00		12	Y.P.
19,20,000								146.00	'B'100	5.00	20.00	5.00			
30,00,000								78.00	100	Nil	Nil	Nil			
24,00,000	....	1,78,03,394	1,19,88,288	—14,76,469	Jardine Henderson Ltd.	1,527	Kankinarrah	27.87	'B'100	Nil	Nil	Nil		12	Y.P.
28,00,000	52,06,000	1,51,65,797	1,03,30,320	1,21,384	McLeod & Co., Ltd.	703	Kelvin	151.00	100	12.50	14.00'C'	15.00		5	Y.
54,00,000	23,96,564	2,18,73,650	1,39,90,178	300	Anderson Wright Ltd.	1,530	Khardah	16.50	10	0.80	2.00	2.00	0.50	3	Y.P.
59,85,600	47,39,756	2,07,21,456	1,33,78,784	62,406	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	158.50	100	5.00	10.00	20.00	7.50	3	Y.P.
24,48,000	6,04,572	1,08,23,925	71,08,440	—3,54,443	Birla Bros. Private Ltd.	911	Lanadowne	118.50	100	Nil	Nil	Nil	Nil	3	Y.P.
32,00,000	14,13,430	65,77,636	42,23,242	54,949	Bird & Co. Private Ltd.	840	Lawrence	175.00	100	Nil	2.00	15.00	15.00	3	Y.P.
31,65,200	44,95,087	2,88,24,106	1,66,72,214	84,805	M.	1,294	Megna	12.44	10	1.75	1.00	1.25	1.25	3	Y.
29,98,900	24,36,892	1,84,58,185	97,33,074	—11,60,635	M.	1,015	Naihati	87.00	100	Nil	Nil			3	Y.P.
20,00,000	11,82,460	38,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	9.00	10	0.25	0.375	0.60		10	Y.
24,00,000	52,63,706	1,08,02,939	25,02,498	41,329	M.	852	National	20.00	10	0.75	1.00	0.75		10	Y.P.
36,25,000	32,35,178	68,66,563	32,12,588	48,820	McLeod & Co., Ltd.	316	Nellimarla Jute	10.75	10	1.00	1.40	0.80		7	Y.P.
2,58,53,370	2,60,72,020	9,00,78,831	1,71,73,801	Nil	Sahu Jain Ltd.	1,786	New Central	16.25	10	1.50	1.50'C'	1.50	1.50	3	Y.P.
15,79,388	51,25,617	1,30,21,848	77,30,582	32,274	Bird & Co. Private Ltd.	597	Northbrook	27.87	10	Nil	1.25	3.00	3.00	3	Y.P.
66,79,500	41,35,236	3,23,50,231	1,19,31,974	1,06,322	Shoolall & Carey Ltd.	1,992	Nuddea	65.00	50	2.50	3.00	3.00	3.00	3	Y.P.
25,00,000	11,41,176	1,08,08,533	75,92,515	28,417	McLeod & Co., Ltd.	606	Presidency	5.19	5	0.37½	0.50	0.40		7	Y.
20,00,000	73,604	36,55,345	14,10,449	—9,71,483	Hindustan Investment Corpn. Ltd.	396	Rameshwara	7.62	10	Nil	Nil	Nil	Nil	3	Y.P.
49,50,000	....	1,34,58,185	67,33,074	—20,32,381	Jardine Henderson Ltd.	1,276	Rishanee	8.12	10	Nil	Nil	Nil	Nil	3	Y.P.
£600,000	£490,065	£1,495,648	£859,162	£23,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	5%†	10%†	6%†		12	Y.
50,00,000	19,97,806	1,24,50,859	91,85,588	69,510	Bagaria Mory & Co., Ltd.	911	Shree Ambica	24.00	10	0.50	0.50			3	Y.
14,90,900	13,35,050	75,14,958	54,73,284	21,720	Hindustan Investment Corpn. Ltd.	511	Soorah	20.87	10	1.50	2.50	2.50		12	Y.
£500,000	£430,855	£1,276,158	£743,919	£4,740	Thomas Duff & Co. (Travancore) Ltd.	1,794	Titaghur	9.50N	£1	3%†	10%†	6%†		12	Y.
25,58,000	57,94,856	98,18,767	55,10,623	8,800	Bird & Co. Private Ltd.	1,226	Union	174.00	100	15.00	20.00	25.00	6.00	3	Y.P.
£400,000	£279,522	£1,685,253	£611,733	£17,315	Thomas Duff & Co. (India) Pvt. Ltd.	1,331	Victoria	9.50N	£1	5%†	10%†	6%†		12	Y.
2,50,000	7,20,000	82,36,786	45,97,547	96,614	McLeod & Co., Ltd.	447	Waverley	4.90	1	Nil	0.25	0.30	0.30	5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
16,26,990	4,53,541	17,73,941	3,77,863	16,618	Young India Agencies Private Ltd.	878	Balanoor Tea and Rubber	14 00	10	1.75	1.50	1.50	1.20	3	Y.P.
28,00,000	22,76,747	84,13,561	15,16,278	78,105	Kothari & Sons (Agn.) Pvt. Ltd.	3,553	Blue Mountain	2.77cd	2	0.25	0.25	0.25	0.20	4	Y.P.
5,00,000	1,56,991	16,48,451	3,40,164	18,887	Chandrasalai Estates, Esq. (Mg. Director).	548	Chandrasalai Estates Ltd.	2.77cd	2	0.25	0.25	0.25		4	Y.P.
14,60,160	14,42,662	27,59,936	9,36,841	48,653	Peirce, Leslie & Co., Ltd.	1,714	Chembra Peak Estates	3.85	2	0.20	0.20	0.40	0.40	3	Y.P.
6,84,480	12,29,975	23,20,475	1,96,687	82,886	Matheson Bosanquet & Co. Pvt. Ltd.	982	Coonoor Tea	26.50	10	2.00	2.00	1.75		9	Y.P.
4,80,000	3,19,389	13,74,581	2,42,544	3,910	Srinivas Agencies	661	Coorg Tea	5.65	2	0.40	0.40	0.40		9	Y.P.
6,00,000	4,21,215	13,81,925	3,69,201	656	F. G. Krishna Iyer, Esq. (Mg. Director)	352	Devashola (Nilgiri) Tea	21.00	10	2.50	2.50	2.00		12	Y.P.
6,75,650	31,21,060	11,66,946	2,46,302	12,226	Young India Agencies Private Ltd.	495	Devon Tea	13.76	10	1.75	1.50	1.50	1.20	3	Y.P.
4,80,000	1,72,500	4,94,217	65,565	2,027	Parkina Private Ltd.	160	Hazelcraig Valley Estates	8.50	5	0.50	0.40			12	Y.P.
25,00,000	18,58,500	56,71,656	10,21,883	77,185	Parkina Private Ltd.	1,506	Halleyburia	14.10	10	1.25	1.25'C'	1.50		12	Y.P.
6,00,000	2,96,159	15,77,423	3,94,129	59,578	Peirce, Leslie & Co., Ltd.	499	Kalaar Tea	5.80	2	0.25	0.30	0.40	0.50	3	Y.P.
17,17,870	18,15,845	33,18,150	5,71,779	15,600	T. K. Commen, Esq. (Mg. Director)	1,375	Kil Kotagiri Tea	4.00	2	0.30	0.70	0.50		3	Y.P.
6,00,000	2,14,272	12,67,080	1,15,811	579	Ipe Commen & Co. Pvt. Ltd.	362	Kurchermala Plant. Ltd.	4.97	10	0.25	0.50	Nil	0.40	12	Y.P.
5,00,000	1,99,656	9,61,424	78,029	27,130	Matheson Bosanquet & Co. Pvt. Ltd.	267	Lucky Valley	11.85	10	1.00	1.00	1.00		12	Y.P.
1,50,000	3,49,587	3,49,587	18,793		Vasantha & Co. (Trichy) Pvt. Ltd.	555	Manalar Estates Ltd.	2.10	2	0.24	0.10	0.20		3	Y.
3,00,000	6,18,504	14,48,867	3,15,782	1,740	Kapon Thomas, Esq. (Mg. Director).	560	Mlamallay	25.50	10	2.75	3.75	3.75	3.50	3	Y.P.
56,00,000	23,87,384	85,03,880	15,12,160	16,320	A. V. Thomas & Co. (India) Ltd.	2,029	Neelamalai	4.10cd	2	0.37	0.37	0.37	0.37	3	Y.P.
12,00,000	9,27,055	27,51,837	4,74,542	5,658	A. V. Thomas & Co., Ltd.	1,443	Nallampathy	2.68cd	2	0.30	0.30	0.26		3	Y.
14,06,250	7,46,246	29,87,155	6,32,351	26,790	A. V. George & Co., Ltd.	1,422	Nilgiri Tea	5.50	2	0.50	0.50	0.50		3	Y.P.
28,10,000	5,77,357	35,77,699	13,53,272	22,735	Harrisons & Crosfield Ltd.	856	Nonsuch Tea	25.50	10	2.50	2.00	2.00	2.00	6	Y.
14,58,980	10,37,314	33,02,719	6,08,115	40,696	P. S. M. Molyneux, Esq. (Chairman)	579	Parkside	27.00cd	10	2.50	2.75	2.75	2.25	6	Y.
6,00,000	2,86,254	8,47,093	83,188	54,237	S. Sivaramakrishna Aiyar, Esq.	500	Peninsular Plantations Ltd.	23.00	10	2.50	2.50			6	Y.
17,00,000	11,67,787	48,52,475	15,91,846	37,055	Aspinwall & Co. (Travancore) Ltd.	1,564	Peermade	22.75	10	1.62½	2.25	2.25	0.75†	12	Y.
57,94,850	80,54,711	1,18,81,258	39,12,923	65,407	Peirce, Leslie & Co., Ltd.	3,718	Periakaramalai	3.45	2	0.20'C'	0.25	0.27	0.40	3	Y.
13,50,000	2,95,500	11,58,569	1,44,292	3,047	A. V. Thomas & Co. (India) Ltd.	565	Sheavaroy Estates Ltd.	1.58cd	2	0.15	0.125	0.18	0.15	3	Y.
9,00,000	12,48,897	28,45,822	8,26,965	3,199	T. Stanes & Co., Ltd.	1,131	Stanes Amalgamated	16.62cd	10	0.80	0.80	1.70		6	Y.
1,25,000	15,000	1,98,241	7,966	4,289	M.	216	Swinton Estates	2.85	2	0.15	0.15	0.25		3	Y.
12,50,000	11,79,645	32,32,283	4,11,090	1,854	Srinivas Agencies	1,061	Talayar Tea	1.72	2	0.12	0.10	0.16	0.20	3	Y.
16,75,900	16,00,500	32,54,520	3,47,047	42,198	Parkina Private Ltd.	1,308	Twyford	11.85	10	1.00	1.00'C'	1.00		12	Y.
21,32,320	14,52,765	49,96,418	19,93,195	30,106	T. Stanes & Co., Ltd.	1,771	United Nilgiri	23.50	10	1.60	1.95	2.10	2.20	3	Y.
47,25,000	13,42,545	68,62,919	8,97,852	1,84,858	Kothari Mahia & Co. Pvt. Ltd.	997	Waterfall	2.88cd	2	0.25	0.25	0.25		3	Y.
1,00,000	53,787	3,81,061	39,991	639	Goodall & Co.	98	Woodcote Estates Ltd.	1.65	1	0.06	Nil	Nil		10	Y.

RUBBER AND OTHERS

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
6,00,000	5,52,435	16,85,453	4,57,025	30,365	Ramani & Co. Pvt. Ltd.	878	Alagewar Estates Ltd.	2.95	2	0.20	0.15	0.15	0.30	3	Y.
6,75,000	2,95,527	19,88,033	3,50,665	14,796	K. N. Nealakantan, Esq. (Mg. Director)	2,170	Amalgamated Coffee Estates Ltd.	11.06	10	0.60	0.75	1.00	1.00	3	Y.P.
2,50,000	5,92,985	14,26,024	1,56,520	36,096	A. V. George & Co., Ltd.	630	Anandam Rubber Co., Ltd.	13.80	10	1.00	1.00	1.50		12	Y.
13,87,833	2,28,040	20,59,620	2,28,267	24,272	Associated Planters Private Ltd.	1,842	Anaparai Estates Ltd.	3.18cd	2	0.70	0.50	0.40		6	Y.
4,25,000	4,50,000	8,61,267	1,01,113	28,299	Young India Agencies Pvt. Ltd.	810	Badra Coffee Estates Ltd.	3.89	2	0.35	0.35	0.30	0.30	3	Y.
4,00,000	1,63,748	7,34,567	1,10,833	2,438	A. V. Thomas & Co. (Mysore)	570	Babahandis Coffee & Produce	6.90cd	2	0.25	0.25	0.40		6	Y.
2,00,000	2,25,000	4,68,686	62,711	4,963	Planting Agencies (Private) Ltd.	374	Balmadies Plantations	2.03	2	0.25	0.15	0.17	0.10	3	Y.
3,98,113	2,23,283	12,50,384	13,674	674	T. K. Commen, Esq. (Mg. Director).	1,118	Be Be Rubber Estates Ltd.	2.78	2	0.25	0.25	0.25		3	Y.
20,91,379	30,33,511	56,20,015	9,62,327	10,148	Peirce, Leslie & Co., Ltd.	6,308	Cheshi Malabar	7.15	2	0.30'C'	0.40	0.525	0.60	3	Y.
22,50,000	31,10,963	53,54,399	13,19,304	22,279	Cons. Coffee Estates (Secretaries)	2,799	Ceffe Lands and Industries	16.50cd	10	2.00	2.50	0.66		6	Y.
71,25,000	98,04,284	5,58,60,009	40,59,751	60,750	C. I. Mackie, Esq. (Mg. Director)	3,149	Consolidated Coffee	10.35cd	10	2.00	2.50	2.00		6	Y.
4,00,000	1,00,795	14,95,300	98,069	2,116	Associated Planters Private Ltd.	1,489	Cotelanad Plantations	10.10	10	1.50	1.50	1.00	1.00	3	Y.
4,00,000	2,00,000	8,12,466	76,968	27,870	Peirce, Leslie & Co., Ltd.	925	Cowcoody Estates (Coffee)	4.60cd	2	0.30	0.50	1.00		6	Y.
12,00,000	11,10,000	22,95,321	7,48,468	37,599	A. V. Thomas & Co., Ltd.	1,521	Highland Produce	14.20cd	10	1.50	1.50	1.50	1.50	12	Y.
1,00,000	....	1,54,450	3,148	2,802	Young India Agencies Pvt. Ltd.	220	Kadamane Estates Ltd.	3.78	2	0.15	0.15	0.15		3	Y.
11,25,780	11,77,785	31,18,425	3,48,844	31,978	A. V. George & Co., Ltd.	1,548	Kallas Rubber Co., Ltd.	2.80	2	0.30	0.30	0.40	0.50	3	Y.
3,00,000	3,83,604	19,45,289	2,96,051	3,912	A. V. Thomas & Co., Ltd.	1,370	Kalpetta Estates	12.20	10	1.60'C'	1.25	1.25	1.25	4	Y.
4,00,000	5,78,000	9,25,417	1,25,914	14,690	Peirce, Leslie & Co., Ltd.	474	Kanagoda Estates Ltd.	4.60	2	0.40'C'	0.40	0.40		10	Y.
13,50,000	9,61,455	23,32,538	4,40,973		K. T. Thomas Kathanar, Esq.	2,148	Malankara Rubber	16.75	10	1.70'C'	1.50	1.50	1.00*	6	Y.
2,25,000	2,50,000	7,97,594	9,954	10,168	Associated Planters Pvt. Ltd.	906	Mercara Rubbers Ltd.	9.00cd	5	1.00	1.00	1.00		6	Y.
60,50,000	14,33,243	87,51,197	12,48,980	8,116	A. V. Thomas & Co., Ltd.	4,470	Midland Rubber	10.80	10	1.00'C'	1.00	1.25	1.25	3	Y.
2,13,000	2,12,007	16,80,692	3,05,998	79,905	A. V. George & Co., Ltd.	1,531	Nedumany Rubber	28.75	10	1.50	1.50	1.50		12	Y.
2,00,000	4,74,545	8,94,333	55,872	2,514	Associated Planters Private Ltd.	1,066	Nilambur Rubber Co.	14.50	10	2.00	1.50	1.50		12	Y.
19,45,980	42,89,319	62,58,400	18,70,587	7,007	Peirce, Leslie & Co., Ltd.	4,806	Onatteriony Valley Estates	3.44	2	0.20	0.20	0.26		10	Y.
5,00,000	5,71,454	7,97,725	68,078	46,714	Peirce, Leslie & Co., Ltd.	583	Oomer Estates Ltd.	2.70	2	0.24	0.30	0.36	0.36	3	Y.
18,50,000	2,29,915	23,37,018	7,37,300	797	Aspinwall & Co., Ltd.	2,017	Pullangode Rubber	2.68	2	0.30	0.30	0.30	0.30	3	Y.
13,50,000	9,23,404	49,71,527	5,09,979	2,730	A. V. Thomas & Co., Ltd.	2,562	Rajagiri Rubber	19.75cd	10	2.00	2.00	2.00	2.00	3	Y.
49,50,000	1,50,982	3,92,760	47,974	16,275	Associated Planters Private Ltd.	433	Rajendra Coffee Ltd.	11.25	5	1.00	1.50	1.25	1.25	3	Y.
5,56,170	9,35,900	9,35,900	1,44,023	21,504	Peirce, Leslie & Co., Ltd.	500	Rajamalai Estates Ltd.	2.55	2	0.30'C'	0.30	0.32		3	Y.
12,00,000	2,56,000	19,76,850	1,56,986	4,076	Patco Agencies	1,102	Sangameshwar Coffee Estates.	1.82	2	0.18	0.18	0.18	0.18	3	Y.
10,00,000	2,06,180	22,56,603	1,88,857	4,634	East India Agencies Private Ltd.	1,464	Teekoy Rubber (India) Ltd.	5.10	10	0.60	0.60	Nil		3	Y.
2,50,000	2,71,000	8,35,000	51,000	22,508	A. V. George & Co., Ltd.	585	Thanjayala Rubber	5.10	10	0.60	0.60	0.60		6	Y.
9,15,000	6,06,000	24,54,545	2,19,470	14,329	Peirce, Leslie & Co., Ltd.	2,261	Thirumbadi Rubber Co., Ltd.	1.48	1	0.10	0.07	0.07		12	Y.
5,00,000	46,743	8,56,446	1,80,696	4,480	Eapen Thomas, Esq. (Mg. Director).	1,241	Travancore Rubber	12.25	10	1.00	1.00	1.00		12	Y.
40,00,000	15,67,081	69,23,788	20,79,944	11,597	Aspinwall & Co. (Travancore) Ltd.	4,671	Travancore Rubber & Tea	10.75	10	0.80	0.75	0.90		12	Y.
20,00,000	1,91,926	23,48,191	5,09,484	333	P. T. Thomas, Esq. (Mg. Director)	3,157	Tropical Plantations Co.	13.87	25	1.50	2.00	1.50		12	Y.
2,00,000	4,94,000	17,62,416	1,87,422	10,645	P. L. V. Joseph, Esq. (Chairman)	1,966	Vaikmalai Rubber & Co.	5.45	5	0.50	0.50	0.66		12	Y.
1,50,000	1,91,000	3,91,000	1,18,701	7,551	A. V. George & Co., Ltd.	502	Udayagiri Rubber Co. Ltd.	19.00	10	0.75	1.50	2.10		12	Y.
1,00,010	4,15,481	9,52,441	94,288	902	M.	736	Vaikundam Rubber Co., Ltd.	23.50	10	2.50	2.50	2.50		12	Y.
12,00,000	12,40,000	16,15,276	1,46,154	1,12,615	Peirce, Leslie & Co., Ltd.	1,020	Warbyhully Estates Ltd.	2.90	2	0.20	0.30	0.30	0.30	3	Y.
6,00,000	97,326	13,56,464	1,03,351	29,515	M.	966	Woodland Estates	7.35	10	0.50	0.50	1.00	1.00	3	Y.

Z—Includes 60 nP for 30-6-1954.

'C'—On increased capital.

* Includes bonus.

M—Managed by Board of Directors.

† Less Income-tax.

‡—All dividends paid since 31st March 1960 are shown as taxable.

NORTH INDIAN TEA ESTATES

ASSAM

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
4,45,700	14,06,721	22,91,103	9,41,163	....	McLeod & Co., Ltd.	325	Amluckie	21.25	10	1.50	1.50	Nil		12	Y.P.
2,75,500	11,53,772	14,63,926	5,81,758	5,928	M.	456	Ananda (Assam) Tea	26.00	10	2.00	2.50	3.00		12	Y.
7,08,250	8,07,224	17,30,420	5,78,959	84,181	Gillanders Arbuthnot & Co., Ltd.	491	Ananda Bag	28.00	10	1.50	1.75	3.00		12	Y.
5,80,000	14,40,541	26,54,042	10,92,358	44,138	McLeod & Co., Ltd.	573	Baghmari	22.50	10	1.50	1.50	Nil		12	Y.
5,10,000	13,56,469	20,56,692	7,60,821	44,554	Andrew Yule & Co., Ltd.	377	Bazmatia	26.00	5	2.00	2.00	3.00	3.50	12	Y.
4,95,900	9,14,700	17,10,901	10,50,829	56,445

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
CERAMIC; MINING AND QUARRYING														
20,00,000	....	37,43,882	16,28,068	22,615	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	10.81	10	*Nil*	*Nil*	0.60		3	Y.
25,50,000	11,52,441	14,00,854	7,95,406	6,159	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.16	10	3.50	2.00	2.00		9	Y.P.
25,23,146	19,77,396	1,61,24,969	68,22,100	1,703	Bharat Ram Bhagat & Co. ..	Bengal Potteries	6.94	24	0.25	0.356	0.375		12	Y.
10,00,000	52,26,517	92,22,866	45,37,856	59,420	Birla & Co. Private Ltd. ..	*Birla Stone Lime Co.*	44.00*xd*	10	1.75	1.87	3.00	3.00	3	Y.
14,17,200	10,55,247	33,55,584	15,31,858	9,761	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd.	182.50	100	10.00	12.86	12.86		9	Y.P.
99,80,700	1,25,49,403	2,25,49,403	97,84,861	—5,54,452	Saraf Mor. & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	188.00	100	*Nil*	*Nil*	8.00		12	Y.P.
81,71,300	82,444,266	23,614,146	22,061,103	118,750	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation ..	4.70	Sh. 2	0.24	0.36	0.36		12	Y.
5,00,000	26,84,000	45,04,655	18,28,598	2,55,452	Bird & Co. Private Ltd.	Karanpura Development	17.37	10	*Nil*	1.50	1.50		12	Y.
0,15,00,000										0.50	0.50			
50,00,000	....	1,14,21,419	5,78,268	3,68,515	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd. ..	70.00	50	*Nil*	*Nil*	*Nil*		12	Y.
80,00,000	40,95,322	1,23,10,947	66,20,733	33,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26 00*N*	10	1.25	1.80	1.80		12	Y.
60,00,000	10,45,352	1,16,80,380	59,85,620	14,41,222	M.	Metal Corporation of India Ltd. ..	10.44	10	*Nil*	*Nil*	*Nil*		3	Y.
5,00,000	5,26,433	13,40,693	7,63,285	7,276	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries ..	14.16	10	1.00*	1.00*	1.428		3	Y.P.
20,00,000	55,85,984	68,91,304	28,26,317	1,10,697	Bird & Co. Private Ltd.	Orissa Minerals	46.62	10	2.50	3.60	3.60		6	Y.
3,50,000	16,45,886	58,24,228	46,08,569	7,911	Ganpule Jasani & Co.	Parshuram Pottery Works Co. Ltd. ..	67.00	25	3.75	3.75	5.36		7	Y.
19,46,890	76,44,000	1,06,55,257	44,01,792	4,942	Killick Industries Ltd.	Shivrampur Syndicate]	44.50	10	3.00*	5.00	3.00*		11	Y.
CHEMICAL														
24,00,000	....	....	....	....		Agri-Chem-Engineers	....	....	....	....	....		12	Y.P.
85,00,000	58,58,000	2,37,37,674	78,28,566	1,17,078	Rhallal Amin & Sons (Private) Ltd.	Alembic Chemical Works Co.	235 00	100	12.50	16.00	14.00		12	Y.P.
3,10,00,000	1,57,00,278	6,04,76,062	1,23,50,512	1,58,810	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	42.37	10	0.80	0.95	1.20		9	Y.P.
79,90,475	55,00,045	1,04,54,605	29,87,720	18,084	Amritlal & Co. Private Ltd. ..	Amar Dye-Chem. Ltd.	285.00	100	*Nil*	12.00	12.00		12	Y.P.
29,89,400	34,11,876	1,63,91,547	58,70,391	42,183	Kasturbhai Lalbhai & Co. ..	Anil Starch Products Ltd.	755.00	100	20.00*	28.00*	30.00*		12	Y.P.
224, 93,775	77,58,362	4,05,77,204	1,25,34,156	4,15,423	Lalbhai Sons & Co.	Atul Products Ltd.	490.00	100	10.00	12.00	12.00		12	Y.P.
50,08,000	68,84,606	1,50,85,951	77,12,633	1,50,717	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	105.00	100	6.00	7.00	7.00	10.00	3	Y.P.
1,00,00,000	23,71,461	1,06,12,335	15,44,923	30,077	Ramniwas B. Ruia, Esq. (Chairman)	Colour-Chem Ltd.	407.50	100	*Nil*	*Nil*	*Nil*	8.00	3	Y.P.
2,99,937	2,01,839	14,14,855	6,92,598	3,660	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	25.50	25	2.00	2.50	2.50		12	Y.
27,73,150	26,99,000	77,57,031	36,10,218	44,849	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd. ..	190.00	50	6.00	10.00			12	Y.P.T.
1,27,37,000	64,35,513	4,87,49,592	90,18,411	2,40,310	Rahi Bros. (Maharashtra) Private Ltd.	Dhunagadina Chemicals	123.00	100	6.00	6.00	*Nil*		3	Y.
3,46,06,075	38,17,000	6,56,28,587	3,05,36,610	26,18,166	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	8.90	10	0.40	0.60	0.60		12	Y.
1,49,98,200	39,44,101	43,84,456	17,56,671	75,328	Mafatlal Gagalbhai & Sons ..	Indian Dyestuffs Industries Ltd. ..	427.50	100	*Nil*	*Nil*	6.00	6.00	3	Y.
12,00,000	6,50,011	27,80,148	14,56,985	55,617	Jal H. Mehta.	Jay Dyechem Mfg. Co.	310.00	50	15.00	20.00	25.00	25.00	3	Y.
80,00,000	24,87,965	1,56,17,773	81,56,950	15,829	Seshasayee Brothers Private Ltd.	Mettur Chemicals	14.45	10	0.87½	0.88	1.25*C*	1.25	3	Y.
24,81,220	10,47,778	55,45,879	48,53,267	8,514	T. Shanmuna, Esq. (Chairman)	Mysore Chemicals and Fertilisers ..	10.70	10	0.50	0.50	1.00	1.00	3	Y.
5,00,000	4,52,391	12,57,387	6,70,323	1,49,072	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemical Mfg.	22.45	10	2.00	2.00	2.00*C*	2.00	3	Y.
40,00,000	36,33,816	65,05,379	16,88,684	1,54,703	Ramdas Kilachand, Esq. (Chairman)	Polychem. Ltd.	193.75	50	*Nil*	3.06	5.50	7.25	3	Y.
15,00,000	11,17,980	34,89,082	21,00,713	2,10,028	Bangur Brothers Ltd.	Phosphate Co., Ltd.	322.00	100	25.00	45.00	55.00	25.00	6	Y.
10,00,000	15,22,251	26,75,161	16,16,090	1,22,545	C. A. Buxton	Smith Stanistreet & Co.	17.25	5	0.80*C*	1.25	1.25	1.25	6	Y.
4,50,00,000	....	1,41,20,622	31,717	8,87,250	Tulsidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	232.00	100	....	....	....	*Nil*	3	Y.
2,51,96,000	59,67,561	7,09,65,786	2,29,10,386	8,571	Tata Industries Private Ltd. ..	Tata Chemicals	19.66*xd*	10Old	0.75	0.525	0.60	0.65	6	Y.P.
18,00,000	2,92,249	21,75,764	7,74,231	56,848	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co., Ltd.	19.12*xd*	10	0.70	1.00	1.50	2.00	3	Y.P.
ELECTRIC (Bombay State)														
8,74,78,826	1,47,88,524	16,04,61,668	4,52,57,864	422	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	91.50	100	6.50	6.75	7.00	7.00	3	Y.P.
21,56,250	26,20,222	2,58,76,933	68,94,023	18,58,884	K. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.56	10	0.85	0.90	1.00*	0.90	3	Y.P.
3,02,77,000	1,01,95,442	11,78,06,745	2,80,17,570	90,842	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,000.00	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.
1,75,00,000	99,08,640	461,03,740	1,11,97,816	4,522	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	101.50*xd*	100	7.00	7.50	8.00	8.50	3	Y.
7,07,990	1,03,987	16,07,755	8,70,916	1,536	Rajaputana Textiles (Agencies) Ltd.	Branch Electric Supply Development ..	6.70	10	0.50	0.50	0.66		3	Y.
48,89,000	12,56,818	1,57,72,704	61,59,509	3,547	Rajaputana Textiles (Agencies) Ltd.	Poona Electric Supply	98.50	100	7.50	8.00	9.50		3	Y.P.
70,00,000	31,26,526	1,72,01,519	56,35,377	1,914	Killick Industries Ltd.	Surat Electricity	96.50	100	7.00	7.00	7.50	8.00	3	Y.
3,39,99,978	2,20,05,527	8,51,98,079	2,09,76,169	98,096	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	109.50	100	8.00*	8.00*	8.00*	8.00*	3	Y.P.
3,13,50,000	3,10,34,462	20,78,53,061	4,31,56,636	32,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,072.50	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.
West Bengal and Other Centres														
19,99,600	49,57,883	1,79,22,370	42,63,962	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	125.00	100	10.00	10.00	11.00	11.00	3	Y.P.
5,00,000	18,46,067	66,82,610	24,31,813	24,127	Martin Burn Ltd.	Bareilly Electric Supply	12.25	10	1.00	1.00	1.10	1.10	3	Y.P.
17,00,000	48,76,469	1,77,06,556	51,62,951	46,844	Martin Burn Ltd.	Benaras Electric Light & Power Co.	11.69	10	1.00	1.00	1.10	1.10	3	Y.P.
5,91,485	6,92,659	24,08,757	12,04,439	39,820	Octavius Steel & Co., Ltd. ..	Bhagalpur Electric Supply	6.12	5	0.40	0.40	0.54		3	Y.P.T.
84,262,646	29,457,172	235,060,054	114,225,963	6124,585	Harry Burn, Esq. (Chairman) ..	Calcutta Electric Supply	14.75	81	7%	7%	7½%	7½%	3	Y.
5,60,090	2,55,079	37,79,264	11,86,941	45,963	Octavius Steel & Co., Ltd. ..	Cuttack Electric Supply	8.06	10	0.65	0.75	0.75	1.00	3	Y.P.
43,20,000	27,18,468	1,05,87,869	40,06,012	4,06,119	Andrew Yule & Co., Ltd. ..	Dishergarh Power Supply	97.00	100	7.00	7.50	10 00	10.00	3	Y.
5,34,640	1,24,535	24,48,088	14,87,084	2,947	Moonna Lall & Sons	Jhansi Electric Supply	6.06	10	0.62½	0.62	0.70		3	Y.P.
22,40,700	23,00,194	1,15,04,549	42,98,573	32,568	Martin Burn Ltd.	Jubbulpore Electric Supply	10.75	10	0.92	0.98	1.00	1.00	3	Y.P.
5,82,390	4,52,855	37,46,515	18,98,792	40,204	Octavius Steel & Co., Ltd. ..	Mozufferpore Electric Supply	0.81	10	1.00	1.00	1.25		3	Y.P.
85,07,380	40,44,800	1,41,84,860	56,06,270	76,727	Octavius Steel & Co., Ltd. ..	Patna Electric Supply	10.87	10	0.75	0.75	0.625	0.625	3	Y.P.
9,10,000	2,56,304	15,86,882	6,29,497	5,342	Octavius Steel & Co., Ltd. ..	Shahjahanpur Electric Supply	6.25	10	0.50	0.50	0.625	0.625	3	Y.P.
16,80,000	14,98,812	80,57,155	46,54,591	11,620	Bird & Co. Private Ltd.	Sijuah (Jherriah) Elec. Supply Co.	8.87	10	0.68	0.75	1.00	0.90	3	Y.
60,90,060	22,97,986	2,22,90,504	74,27,824	11,886	Seshasayee Bros. Private Ltd. ..	South Madras Electric Supply Corpn.	10.25*cd*	10	0.87	0.90	0 90*C*	0.90	3	Y.P.
5,00,000	2,50,896	67,75,015	13,66,443	86,126	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	14.05	10	1.25	1.25	1.35	1.35	3	Y.P.
55,00,000	78,01,918	4,29,48,755	1,54,85,172	89,174	Martin Burn Ltd.	U. P. Electric Supply Co.	116.50	90	10.00	10.00	11.00	11.00	3	Y.P.
5,00,000	11,41,474	46,63,814	13,15,572	3,34,013	Chandrie & Co. Private Ltd. ..	Vellore Electric Corporation	14.25	10	1.00	1.00	1.50	1.429	3	Y.
ENGINEERING (Bombay)														
42,47,000	50,53,626	75,37,402	61,01,878	46,100	Turner Morrison & Co. Private Ltd.	Alcock Ashdown & Co., Ltd.	805.00	100	12.50	17.00	17.00		12	
19,99,000	9,10,174	21,70,025	8,07,662	19,184	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	98.00	80	3.00	4.00	5.50		12	
45,20,000	52,93,268	1,40,18,691	....	75,198	Walchand & Co. Private Ltd. ..	Cooper Engineering Ltd.	178.50	100	10.00*	13.00*	13.00*C*	18.00	6	
40,00,000	6,60,109	58,51,172	22,34,229	35,756	Dharamsingh & Co.	Hindustan Electric Co., Ltd.	177.50	100	7.00	10.00	*Nil*	4.00	4	
60,00,000	1,06,57,655	2,46,03,930	1,46,51,549	39,245	Walchand Co. Private Ltd. ..	Hindustan Piano Co., Ltd.	176.00	100	10.00	10.00	13.00*C*	13.00	3	
6,00,000	4,57,222	2,05,518	1,88,658	4,607	T. V. Baddeley, Esq. (Chairman)	Jost's Engineering	96.50	50	5.00	5.00	4.00	5.00	3	
40,00,000	14,71,874	65,38,880	22,18,255	15,000	Adnem Services	Jyoti Ltd....	192.00	100	12.00	12.00	12.00		12	
44,96,250	1,57,991	68,03,739	21,66,248	2,381	Kamani Bros. Private Ltd. ..	Kamani Engineering Corporation ..	17.36	10	0.50	0.775	0.80		9	
55,03,000	78,89,668	1,21,65,928	66,66,471	11,866	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	53.00	25	0.25	0.80	0.25		7	
27,20,447	49,67,710	1,14,26,696	58,15,988	88,460	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	41.25	10	1.00	1.00	1.45	1.60	3	
15,00,000	4,53,945	25,18,944	6,77,694	5,883	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	268.75*xr*	100	....	....	12.50	12.50	3	
1,10,00,000	36,76,765	1,21,61,532	37,43,210	98,848	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	36.75	10	1.25	1.25	1.80*C*	1.80	3	
62,81,207	1,23,086	1,03,47,668	23,98,821	—2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)	Lakshmiratan Eng.	5.20	10	*Nil*	*Nil*	*Nil*		9	
13,19,187								5	*Nil*	*Nil*	*Nil*			
14,15,040								10	....	....	....			
22,92,480	....	15,94,175	....	....	B. L. Kucheria, Esq (Secretary) ..	Lynx Machinery	6.68	7.50	....	....	....			
1,32,00,000	42,57,088	1,59,29,833	46,47,975	1,10,709	M.	Mahindra & Mahindra Ltd.	19.76	10	2.20	1.25	1.25		10	
20,00,000	78,422	46,82,026	16,72,977	40,452	Prithviraj Sons	Man Industrial Corporation Ltd. ..	125.00	100	*Nil*	*Nil*	*Nil*		3	
11,00,000	1,72,712	41,60,471	25,66,495	2,771	P. Jhanjhunwala, Esq. (Mg. Director)	McKenzies	140 00	100	*Nil*	*Nil*	10.00		7	
61,42,910	57,00,000	1,38,14,415	50,43,402	....	Jeewan Private Ltd.	Mukand Iron & Steel	27.00	10	1.20	1.00*	1.20	1.20	3	
87,50,000	42,31,615	1,28,07,888	60,00,019	3,724	Kirloskar Associates	Mysore Kirloskar Ltd.	127.50	100	7.50	12.00	12.00	12.00	3	
							126.00	50		6.00	6.00	6.00	3	
15,55,000	10,29,020	16,01,992	5,77,595	11,082	Navin, Kumar, Hasaraj (Private) Ltd.	National Elec. Industries Ltd. ..	86.00	50	4.50	4.50	6.00		3	
27,27,780	9,89,193	92,80,855	20,78,762	17,983	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	188.00	100	....	9.00	12.00	9.00	3	
27,72,300								50			6.00			
22,50,000	1,46,32,085	9,86,956	1,76,289	12,639	Walchand & Co. Private Ltd. ..	Premier Construction	184.00	50	12.00	18.00	18.50		12	
1,00,00,000	41,01,172	1,06,29,193	42,98,746	19,184	Walchand & Co. Private Ltd. ..	Structural Engineering Works Ltd.	170.00	100	12.00	17.00	17.00		12	
17,55,42,550	27,66,24,572	1,85,51,78,192	68,75,78,212	34,084	Tata Industries Private Ltd. ..	Tata Iron and Steel	189.25	75 Old	8.25	8.50	9.72*C*	10.50*	3	
7,99,97,800	2,85,57,403	24,50,95,291	11,17,31,117	2,47,350	Tata Industries Private Ltd. ..	Tata Locomotive	346.00	100	9.00	9.00	12.50	14.50	3	
10,00,000	8,85,000	23,67,720	8,10,644	17,016	T. Manekial & Co.	Tractors Mfg. Co.	267.50	100	10.00	14.00	18.50		6	
2,50,00,000	18,85,774	17,41,004	9,54,180	16,37,275	M. N. Dalal, Esq. (Chairman) ..	Tractors (India) Ltd.	42.25	10	2.25	3.00	3.25	3.25	6	
2,55,00,000	71,75,426	1,07,45,948	24,35,557	4,24,809	S. K. Handoo, Esq. (Mg. Director)	Voltas Ltd.	289.00	100	9.00	13.00	15.00		6	
70,00,000	....	10,49,952	4,291	25,584	B. H. Toprani, Esq. (Secretary) ..	Zenith Steel Pipes Ltd.	12.72	10	....	....	....	*Nil*	6	
West Bengal and Other Centres														
6,09,060	1,06,470	26,89,061	18,48,876	1,80,582	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	13.50	10	*Nil*	*Nil*			10	
59,09,060	20,84,221	1,01,45,489	65,52,025	496	M.	Bhartia Electric Steel	10.62	10	1.25	1.50	1.00		12	
26,59,790	77,67,625	88,29,182	16,49,459	2,84,448	Y. S. Tayal, Esq. (Secretary) ..	Braithwaite & Co. (India) Ltd. ..	40.25	10	1.25	2.25	2.50		12	
13,09,000	33,52,754	53,27,011	54,73,998	1,87,990	Palmer Lawrie & Co., Ltd. ..	Bridge & Roof Co. (India) Ltd. ..	58.00*N*	10	2.00*B*	3.00	3.00		12	
19,98,578	7,04,841	39,97,580	14,08,635	32,996	Holmes Wilson & Co., Ltd. ..	Britannia Building and Iron	8.50	10	0.50	0.60			3	
50,00,000	44,88,365	1,91,00,890	55,16,684	1,88,552	McLeod & Co., Ltd.	Britannia Engineering	18.50	10	0.60	1.00	1.00		12	
5,00,000	11,27,357	26,52,140	18,10,505	81,768	Palmer Lawrie & Co., Ltd. ..	Dr. I. Electric Construction	37.00	10	2.50	2.50	4.50		12	
24,40,000	2,58,58,859	5,20,79,050	3,25,00,340	1,21,244	Martin Burn Ltd.	Burn & Co.	532.00	100	20.00	28.50	28.50	28.50	4	
2,00,00,000	11,26,232	50,99,989	6,68,924	1,63,056	M.	Calcutta Steel Co., Ltd.	18 31	10	....	....	0.80	1.50	3	
1,00,00,000	12,25,028	1,99,66,744	10,15,908	4,17,174	E. L. Makharia, Esq.	Central India Machinery Mfg. Co. Ltd.	10 00*N*	10	*Nil*	*Nil*	*Nil*		3	
40,00,000	4,50,000	1,12,17,888	17,70,980	4,142	J. Dalmia, Esq. (Chairman) ..	Dalmia Iron & Steel Ltd.	10.37	10	*Nil*	*Nil*	1.00		3	
4,00,00,000	6,59,05,809	6,56,20,521	2,58,46,208	....	H. M. L. Williams (Mg. Director)	Guest, Keen, Williams Ltd.	38 62	10	2.00	2.40	1.60*C*		12	
1,00,00,000	23,56,648	61,88,962	41,87,127	....	Hoogly Dockers	Indian Iron and Steel	107.00	50	6.00	6.00	*Nil*		12	
4,40,00,000	24,54,37,355	13,33,56,064	17,24,44,346	16,41,911	Martin Burn Ltd.	Indian Standard Wagon	24.00	10	1.00*C*	1.00	1.20	1.20	12	
20,68,075	67,57,984	1,21,14,677	76,23,098	58,466	Martin Burn Ltd.		115.00	25	5.00	5.00	7.75	7.25	3	
90,52,160	2,58,04,639	2,22,95,590	1,52,54,925	10,94,465	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products ..	0.10	0.00	0.50	1.00	2.50		3	
							14 00	0. 1	1.40	0.70	0.25			
49,52,723	3,71,841	26,01,297	18,94,884	10,662	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd. ..	11.70	10	0.70	0.70	1.25		3	
1,97,45,728	90,64,298	4,24,86,950	1,09,45,606	7,173	Madan Mohanlall Shriram & Co. Pvt. Ltd.									
28,00,000	49,31,000	81,62,688	25,40,754	96,487	J. K. Industries Private Ltd. ..	Jay Engineering Works, Ltd.	27.87	10	1.20	1.20	1.71½	1.71½	3	
3,28,97,000	1,47,08,415	3,18,81,991	1,09,56,709	57,411	B. P. Singh Roy, Esq. (Chairman)	J. K. Steel Ltd.	21.87	10	1.25	1.25	2.00	2.00	6	
97,84,800	42,23,256	96,25,077	25,54,163	57,645	Bird & Co. Private Ltd.	Jessop & Co.	19 81	10	0.60	0.855	0.855*C*		6	
15,50,000	10,10,335	19,14,579	15,38,707	—8,26,599	Marshalls (Direction) Private Ltd.	Kharbandhi Engineering Works ..	6.94	5	0.30	0.30*C*	0.30		3	
49,95,000	18,86,898	1,44,84,142	96,32,006	—7,06,589	M.	Marshall Sons & Co. (India), Ltd. ..	3.78	2	0.40	0.20	*Nil*		6	
60,00,000	24,06,943	76,88,140	24,16,819	4,85,193	S. B. Ind. Development Co., Ltd.	National Iron and Steel Co., Ltd. ..	5.00	10	0.62	0.75	*Nil*	*Nil*	3	
1,00,00,000	15,56,050	81,29,671	20,15,913	16,003	The British India Corpn. Ltd. ..	P. Richardson & Cruddas Ltd.	7 23*N*	10	*Nil*	*Nil*	*Nil*		3	
1,56,00,008	58,57,153	4,86,97,471	2,18,21,161	58,787	Birla Brothers Private Ltd. ..	Saran Engineering Co.	8.00	4	0.40	0.25	0.25	0.40	12	
20,84,400	14,51,916	77,22,900	20,36,484	17,127	Balasundaram & Co.	Textile Machinery Corporation, Ltd.	21.20	10	1.50	2.00	1.00		12	
						Textool Co., Ltd.	156.00	100	12.00	15.00	15.00	15.00	4	
INSURANCE (X)														
12,50,000	45,63,976	1,75,13,337	....	87,888	N. M. Cole, Esq. (Mg. Director)	Concord of India	10.56	5	1.00	1.00	1.00		12	
16,60,000	12,68,196	28,48,090	....	66,390	M.	Devkaran Nanjee Insurance	27.00	20	2.00	2.00	2.00		12	
24,00,000	74,62,383	1,64,42,166	....	3,76,256	E. K. Srinivasan, Esq. (Mg. Director)	Hercules Insurance	24.25	10	2.00	2.00	2.25		12	
40,00,000	42,66,147	96,46,605	....	4,31,816	K. M. D. Thackersey, Esq. (Chairman)	Indian Mercantile Insurance	54.00	50	4.00	4.00	4.00		12	
22,21,600	71,07,731	1,89,56,855	....	36,736	M. G. Mody, Esq. (General Manager) ..	New Great Insurance	21.62	20	2.00	2.50	2.50		12	
1,20,51,000	3,07,66,997	18,92,26,009	....	30,99,456	B. K. Shah, Esq. (Mg. Director) ..	New India Assurance Co., Ltd. ..	561.25	75	4.00	5.70	5.70		12	
1,00,00,000							61.00	15New		5.00	5.70	20.66,967		
33,00,000	40,70,805	1,05,06,078	....	80,281	K. P. Modi, Esq. (Gen. Manager) ..	Ruby General Insurance Co., Ltd. ..	8.50	5	0.62	0.80	0.80		12	
1,00,00,000	49,67,900	1,16,82,357	....	2,05,541	Sir John Brown (Mg. Director) ..	Tritton Insurance	124.00	25	11.25	11.25	11.25		12	
1,00,00,000	1,10,01,241	2,49,15,099	....	1,00,078	Y. C. Setalvad, Esq. (Gen. Manager)	Yulean Insurance Co., Ltd.	19.26	10	1.50	2.00	2.00		12	

*—Subject to taxation. 'C'—On Increased Capital

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend pShare 1958 Rs. nP.	1959 Rs. nP.	'60 Rs. n.	1961 Rs. nP.	Accounts Closed	Reference
						UNCLASSIFIED (Other Centres)								
62,50,000	2,17,59,502	4,00,13,820	1,14,17,317	1,33,107	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd..	16.37	10	0.90	1.00	1.20	1.20		S Y.
1,00,00,000	47,83,750	1,51,27,464	66,45,037	3,01,680	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd. ..	22.55	10	1.25	1.25	1.80	0.90	12	9 Y.
20,00,000	27,04,324	37,09,127	23,54,520	2,22,752	Tumar Morrison & Co. Private Ltd. ..	Angelo Bros., Ltd.	23.00	10	1.50	2.00	2.50*		12	F.
2,25,87,870	36,35,471	2,86,28,287	85,88,256	12,525	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	8.90	5	0.30	0.40	0.40		12	Y.
50,00,000	27,88,862	41,68,850	23,39,465	1,42,995	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	25.37	10	1.25*	1.80	1.80		12	Y.P.
1,18,00,000	60,78,174	1,98,46,680	48,96,447	6,73,119	H. R. Ferguson, Esq. (Mg. Director) ..	Associated Battery Makers (E) Ltd. A..	36.19	10	2.40	4.00	2.50		8	Y.
20,00,000	39,46,521	1,09,70,995	44,86,834	1,55,433	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	5.00N	10	0.60	Nil	Nil		8	Y.
60,01,400	96,40,909	79,91,396	41,74,584	5,75,403	G. D. Wilson, Esq. (Chairman).. ..	Balmer Lawrie & Co., Ltd.	242.00	100	20.00	25.00	25.00		12	Y.P.
15,00,000	25,38,978	37,24,157	31,21,357	1,88,199	Balmer Lawrie & Co., Ltd. ..	Bengal Flour Mills Co., Ltd.	44.00	10	2.50	4.50	4.00		12	Y.
20,00,000	7,81,888	64,37,324[5]	56,711	2,94,579	Lovelock & Lewis	Birds Investment Ltd.	13.62	10	0.70	1.10	0.95		9	Y.
45,97,922	72,69,286	1,48,96,874	60,07,677	2,94,579	K. Julian Scott, Esq. (Mg. Director) ..	Britannia Biscuits	61.62	10	1.20	1.40	2.50	3.00*	3	Y.P.
3,99,00,000	1,95,44,213	3,00,84,669	2,23,94,466	3,24,066	H. B. Chatterjee, Esq. (Mg. Director) ..	British India Corporation Ltd. ..	9.88	5	*Nil*	*Nil*	0.20		12	Y.P.
28,56,540	30,39,609	42,37,817	22,12,125	20,721	A. V. Nibiett, Esq. (Mg. Director) ..	British Paints (India) Ltd.	27.25	10	1.00	1.00	1.25		12	Y.
1,98,80,000	14,76,849	1,86,75,787[5]		2,52,457	Andrew Yule & Co., Ltd.	Clive Row Investment	8.69	10	0.75	0.75	0.80		12	Y.
5,00,000	10,00,000	40,04,009	28,47,106	1,8,500	M.	Delhi Flour Mills Co., Ltd.	15.00	10	1.00	1.00	1.00		12	Y.
3,00,00,000	5,08,87,500	10,29,79,435	4,01,20,270	25,12,555	John Luckham, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	39.56	10	1.62	*Nil*	1.25		10	Y.P.
90,00,000	1,12,80,000	81,00,870	2,02,62,100[5]	4,25,721	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	152.00	100	10.00	14.00	14.00		12	Y.P.
27,56,355	1,76,30,094	85,99,851	27,71,678	12,605	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	39.75	5	0.75	0.80	1.25	1.50	12	Y.I.
81,28,000	59,19,702	1,65,60,495[5]		2,49,092	Bird & Co. Private Ltd.	Eastern Investment Ltd.	147.00	100	9.00	14.00	14.00		3	Y.
12,49,250		4,92,055	6,366	33,611	M.	East Anglia Plastics (India) Ltd. ..	18.50	10	..	..	..	*Nil*	3	Y.P.
44,95,240	4,87,549	59,44,058	12,33,911	4,116	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	12.35	10	*Nil*	0.50	0.50		3	Y.
40,00,000	22,27,552	49,50,966	9,79,166	2,477	Harparshad & Co. Pvt. Ltd. ..	Escorts Ltd.	19.12xR	10	1.00	1.00	1.25		12	Y.
46,96,127	77,72,910	95,23,776	52,96,250	4,07,338	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd. ..	22.12	12.50	1.50	1.50	1.50		9	Y.
14,00,000	14,48,121	37,98,175	22,68,486	70,552	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	222.00	100	15.00	17.00	17.50		9	Y.
7,40,000	4,20,000	11,21,085	45,631	5,551	Gauy & Co.	General Papers Ltd.	10.26	10	1.25	1.25	1.25		3	Y.
65,00,000	86,24,200	30,57,755	15,91,667	1,71,222	P. E. G. Woodbine Parish, Esq. ..	Gillanders Arbuthnot & Co., Ltd. ..	15.25	10	1.25	1.25	1.25		3	Y.
40,00,000	5,08,500	78,33,840	44,84,526	13,37,710	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	31.00	10	2.00	2.60	4.00		3	Y.
20,00,000	18,10,650	43,68,595	43,29,909	21,282	B. P. E. Syndicate	Great Eastern Hotel	225.00	250	15.00	15.00	22.50		3	Y.
4,96,13,350	1,85,51,450	8,88,47,837	8,84,91,947	2,75,852	Birla Brothers Private Ltd.	Hindustan Motors	19.92	10	*Nil*	0.60	0.90	1.20	3	Y.
80,00,000	16,64,523	99,48,487	33,67,174	1,31,125	Lalukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	27.00	10	0.60	1.20	..		3	Y.
11,40,000	....	....	....	....	....	Hindustan Twyfords Ltd.	....	....	....	....	....		10	Y.
14,80,000		1,00,469			Ramparsad Muriidhar & Co. ..		18.37	5	..	..	..			
15,16,00,000	9,75,09,562	11,57,27,807	3,27,09,053	26,96,288	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	12.56	10	0.70	0.60	0.80	0.90	3	Y.P.
1,56,59,480	2,49,72,620	3,79,22,586	3,52,95,735	49,0524	K. C. Mahindra, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	37.06	10	0.70	1.20	1.50		12	Y.
3,35,77,700	2,29,18,801	3,17,98,518	1,54,14,358	45,72,642	Sir John Brown, C.A. (Chairman) ..	Indian Cables	35.12	10	1.50*	1.50*	2.25	2.25	9	Y.P.
2,00,00,000	1,28,81,492	5,99,68,052	2,48,66,248	19,78,481	Amiya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	39.50	10	1.00	1.50	2.25		9	Y.
29,28,575	1,06,104	1,54,69,157	21,21,253	3,633	M.	Indian Plastics Ltd.	10.00	10	*Nil*	*Nil*	*Nil*		3	Y.
5,87,970	7,54,870	19,01,878	11,61,648	1,32,665	M.	Indian Rubber Manufacturers	17.00	10	1.00	1.50	2.00	*Nil*	3	Y.P.
45,93,520	....	38,01,514	1,87,693	—8,99,700	Duncan Brothers & Co., Ltd. ..	Isaac Holdens (India) Ltd.	18.81	10	..	..	2.00		3	Y.
1,00,00,000	74,12,017	47,77,076	17,14,757	5,09,716	Sir John Brown, C.A. (Chairman) ..	Jardine Henderson	77.00	100	2.50	5.00	7.00	7.00	3	Y.
10,00,000	12,02,995	18,79,279	13,27,977	17,222	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	10.75	10	3.50	2.00	1.00		3	Y.P.
4,46,92,250	1,19,32,246	62,41,470	18,18,524	2,60,369	T. Leslie Martin, Esq. (Mg. Director)..	Martin Burn Ltd.	29.01	10	2.12*	2.50	1.00		3	Y.P.
1,00,00,000	8,80,000	23,46,291	3,49,181	14,953	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	28.00	10	2.00	3.00	3.00		12	Y.
40,00,00000.	78,79,891	31,96,009	13,63,603	2,18,917	M.	McLeod & Co.	215.00	O. 100	12.50	15.00	15.00		12	Y.P.
5,00,00,00D.							—	D.O.10	0.75	1.00	1.00			
1,01,00,000	1,82,75,151	3,01,57,829	1,40,23,040	28,88,978	K. G. Mahindra, Esq. (Chairman) ..	Mcdal Box Co. of India Ltd.	60.50	10	1.75	1.75	2.50	2.50	3	Y.P.
20,00,000	1,90,991	16,14,384	7,89,760	2,552	T. N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electrical Industries Ltd. ..	286.00CR	100	11.00	15.00	24.00	20.00	3	Y.P.
6,56,250	9,18,696	12,19,354	6,85,650	3,471	Mr. J. L. D'Sa (Chairman)	Mysore Lamp Works	32.00	10	1.00	1.50	2.00		3	Y.
10,00,000	3,23,080	20,89,182	12,41,906	11,483	N. V. Siddalingappa, Esq. (Chairman)..	Mysore Tobacco	9.40	10	1.25	1.25	1.00		3	Y.P.
90,00,000	1,90,09,810	1,39,26,781	57,73,851	50,590	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	35.75	10	2.00	2.00	2.50	2.50	3	Y.P.
80,00,000	33,51,650	50,44,201	26,96,222	42,580	Do.	National Pipes & Tubes Co., Ltd. ..	29.19	10	2.00	2.00	2.50		3	Y.P.
40,00,000	36,76,100	81,09,908	41,41,925	39,258	Do.	National Rolling & Steel Ropes	19.81	10	1.00	1.50	2.00		3	Y.
49,89,017	2,52,28,074	1,00,41,358	39,58,356	46,885	K. N. Moneerjee, Esq. (Mg. Director)..	National Rubber Manufacturers Ltd. ..	14.25	10	1.00	0.60	1.00	1.50	9	Y.P.
78,97,000	1,17,55,085	1,50,40,984	81,18,295	9,33,725	B. N. Elias & Co. Private Ltd. ..	National Tobacco Co.	17.19	10	*Nil*	0.85	*Nil*		12	Y.
22,32,100	11,02,391	40,65,244[5]	....	45,497	Ramdutt Ramkissendas.	New India Investment Corpn. Ltd. ..	44.00	75	3.75	6.50	1.60	1.70	12	Y.P.
12,50,000	7,02,000	1,17,553	7,24,001	1,81,361	Parry & Co., Ltd.	Parry Confectionery Ltd.	44.00	1	0.20	0.20	0.30	0.20	12	Y.
3,30,00,000	56,08,956	2,16,94,776	66,69,501	63,222	P. C. Vink, Esq. (Mg. Director) ..	Phillips India Ltd.	35.37	10	0.85	1.20	1.20		3	Y.
66,50,000	....	4,88,081	....	—1,76,940	Duncan Brothers & Co., Ltd. ..	Phillips Carbon	23.69	5	..	..	..		3	Y.
10,00,000	1,09,431	8,39,731	2,90,184	2,558	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	5.00	5	0.375	0.375	*Nil*	*Nil*	12	Y.
35,52,540	7,37,450	58,37,051	21,69,505	21,649	T. Shamanna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd. ..	25.50	10	1.00	1.50	2.00		12	Y.
2,25,00,000	6,09,414	70,86,972	32,98,189	4,49,497	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	152.00	100	*Nil*	2.00	2.50		3	Y.
4,98,80,000	2,54,00,000	15,99,34,731	6,76,59,735	1,96,215	Rohtas Jain Ltd.	Rohtas Industries	16.50	10	2.00	1.50	2.00		3	Y.
70,00,000	85,67,726	2,76,12,029	72,19,861	1,17,947	K. D. Ganguli, Esq.	Sen-Raleigh Industries	22.06	10	0.80	0.80	1.00	1.00	3	Y.P.
75,00,000	56,68,000	1,87,90,819	37,68,411	5,18,508	S. M. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	21.87	10	1.00	0.80	0.80		12	Y.P.
40,00,000	91,92,571	1,59,15,519	91,50,482	9,57,352	D. W. Stephenson, Esq.	Spencer & Co., Ltd.	24.50cd	10	1.50	1.50	1.50		12	Y.P.
10,56,000	24,40,000	1,83,94,078	89,72,778	3,974	Standard Motor Co. (India) Pvt. Ltd.	Standard Motor Products	16.37	10	1.00	0.90	1.80	1.80	12	Y.
15,00,000	95,24,802	1,18,49,116	28,52,132	53,481	J. K. Agents Private Ltd.	Straw Products Ltd. S.	9.66	10	1.25	1.50	0.90		12	Y.
9,96,956	30,000	16,98,410	7,47,186	5,288	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	6.20	10	0.40	0.60	0.60		12	Y.
11,58,800	16,45,653	14,00,719	7,70,663	91,515	R. H. Stones, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	31.50	10	2.00	2.75	3.25*		3	Y.
2,50,00,000	1,56,81,314	8,97,55,030	98,05,418	12,08,288	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd. ..	281.00xd	100	10.00	10.00	10.00	10.00	9	Y.P.
30,58,950	29,586	68,68,388	17,68,388	56,308	Tha Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd.	9.50	10	*Nil*	*Nil*			7	Y.
2,50,00,000	1,87,16,705	6,04,41,004	1,15,68,587	....	T. R. Galloway, Esq. (Mg. Director) ..	Union Carbide India Ltd.	81.12	10	1.40	1.80	1.80		12	Y.T.
20,00,000	60,00,000	58,86,994	19,50,060	53,924	Vittal Mallya, Esq. (Chairman).. ..	United Breweries	101.55cdcr	10	4.00	6.00	6.00	6.00	12	Y.
5,00,000	6,50,191	8,85,222	5,98,831	28,594	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	32.50	10	3.75	5.25	3.50		3	Y.
81,46,200	27,60,459	1,02,78,928	35,89,149	6,384	A. K. Kaderkutty Esq. (Mg. Director).	Western India Plywoods Ltd.	220.00	100	19.00	10.00	10.00	12.00	3	Y.P.
						TRANSPORT								
22,50,000	25,17,850	1,23,16,809	21,49,792	23,022	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	125.00	100	6.00	8.00	7.50		12	Y.P.
1,56,00,000	61,52,793	4,95,99,781	2,33,57,012	—38,10,589	Dinshaw (Private) Ltd.	Bharat Line	4.56	10	1.00	*Nil*	*Nil*		12	Y.P.
60,00,000	2,08,62,445	3,16,52,906	2,55,75,629	1,85,750	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	12.88	10	1.80	1.50	1.50	1.50	12	Y.
50,00,000	....	....	....	....	....	....	6.12	5(New)	0.90	0.525	0.50	0.75		
6655,580	£1,242,443	£5,811,271	£2,538,891	—£3,866	Kilburn & Co. Private Ltd.	India General Navigation & Bly. Co. ..	58.50	£10	*Nil*	1.00	*Nil*	0.88	6	Y.P.
3,47,50,000	2,48,51,885	23,76,87,961	5,76,03,817	—41,04,534	Lionel Edwards (Private) Ltd.	India Steamship Co.	7.44	10	1.00	1.00	*Nil*		12	Y.P.
1,88,19,228	11,82,59,989	35,02,81,320	9,83,12,870	—16,18,456	D. M. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co. Ltd. ..	12.63	20	1.25	1.50	0.60	*Nil*	3	Y.P.
O.S.40,500							8.34	O. 1	0.14	0.20	0.20		3	Y.P.
F.O.2,10,200	24,07,422	18,85,807	9,51,870	1,60,969	R. B. Aiyer Esq. (Manager)	Walford Transport Ltd.	2.25	F.O. 1	0.14	0.20	0.20		6	Y.P.
									0.12	0.15	0.20		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Ordinary Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts closed	Ref ence
28,50,000	89,20,700	1,89,22,812	85,35,843	28,149	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	22.25	10	1.25	1.50	1.00	1.25	3	
12,00,000	6,09,272	41,29,074	34,78,442	—2,59,124	Jardine Henderson Ltd.	Barraree Coke	16.06	10	0.50	*Nil*	*Nil*	*Nil*	3	
4,49,850	1,80,178	10,60,138	10,05,385	4,967	Kanoria & Mayli & Co.	Bengal-Bhatdee	3.00N	10	0.30	*Nil*	*Nil*		3	
1,00,00,000	2,06,23,467	7,45,29,664	4,86,40,636	10,50,529	Andrew Yule & Co., Ltd.	Bengal Coal	351.00	100	17.50	25.00	25.00		12	
2,25,000	5,17,344	23,13,260	21,49,161	4,184	M.	Bengal-Nagpur	19.80	10	*Nil*	*Nil*	1.00		10	
40,00,000	61,500	48,54,315	20,22,654	2,20,479	Sahu Jain Ltd.	Bharat Collieries	3.75	10	0.60	*Nil*	*Nil*		12	
7,15,000	14,93,344	57,66,946	36,78,757	—6,96,032	M.	Bhulanbararee	5.00N	10	*Nil*	*Nil*	*Nil*		6	
7,50,000	21,72,444	48,42,943	29,83,908	31,381	F. W. Heilgers & Co. (Private) Ltd.	Borreo	24.75	10	0.75	1.00	1.50		12	
20,92,440	1,40,21,422	1,05,41,798	2,23,75,540	1,49,299	Bird & Co. Private Ltd.	Burrakur	18.00	10	0.375	1.80	1.80		12	
40,97,750	6,32,979	82,38,293	31,00,614	1,11,870	Hindustan Investment Corpn. Ltd.	Central India	12.00	10	0.50	0.50	0.50		6	
8,00,000	12,99,490	53,54,287	34,91,864	7,005	Jain Industries	Central Kurkend	7.00N	10	0.50	*Nil*	0.80	1.00	3	
6,00,000	1,53,158	5,95,750(k)		7,043	F. W. Heilgers & Co. (Private) Ltd.	Churia	3.06	4	0.20	0.12			12	
16,50,000	....	57,21,227	35,05,625	—1,06,301	M.	Dhemo Main	7.06	10	*Nil*	*Nil*	0.12		12	
£240,000	£429,207	£1,464,191	£857,988	£16,220	Jardine Henderson Ltd.	East Indian	32.87	£1	1.00	1.25	1.00	2.00	12	
20,58,750	1,16,22,107	4,96,12,506	3,48,50,859	1,10,574	Macneill & Barry Ltd.	Equitable	30.00	10	1.50	0.75	1.50		4	
12,00,000	....	24,36,595	8,43,520	—5,80,078	Bhatter's Agency Ltd.	Ghusick and Mualia	11.00	10	*Nil*	*Nil*	*Nil*		12	
18,00,000	2,08,371	44,46,519	29,14,542	797	Killick Industries Ltd.	Hingir-Rampur	28.75	50	*Nil*	*Nil*	*Nil*		3	
2,50,000	....	24,79,338	20,12,506	—3,47,967	M.	Hurtladih	14.37	10	*Nil*	*Nil*	*Nil*	*Nil*	3	
50,50,000	7,64,717	45,58,932	12,93,495	40,019	Bird & Co. Private Ltd.	Karanpura Collieries	194.00	100	5.00	5.00			3	
14,88,460	15,10,178	59,54,522	41,77,284	1,38,677	Andrew Yule & Co., Ltd.	Katras Jherriah	49.00	10	0.50	0.50	7.50	10.00	3	
9,00,000	10,32,762	6,16,979		39,060	H. V. Low & Co. (Private) Ltd. ..	Lalurka	13.75N	10	1.00	0.75	9.50	4.00	1	
7,42,500	1,50,926	11,16,078	10,13,333	17,149	Tantia Brothers Private Ltd.	Nazira	6.50	10	0.75	1.00			3	
51,27,110	27,99,886	1,08,48,572	1,06,22,006	70,796	Andrew Yule & Co., Ltd.	New Beerbhoom	22.75	10	1.00	1.50	1.50		12	
6,00,000	3,90,206	12,87,138	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Maubhoom	13.92	10	0.50	0.50	0.75	0.90	12	
1,19,950	....	....	....	....	....	North West	22.19	10	1.50	1.50	2.00		3	
1,19,950	2,87,000	9,84,525	12,96,906	9,60,464	23,053	M.	17.87N	7.50	1.12	1.12	1.50		3	
7,50,000	12,20,908	2,92,588	22,84,209(k)	55,226	P. Prashad, Esq. (Chairman) ..	Ondal	14.40	10	0.50	0.75	1.50			
2,00,000	1,27,202	85,04,745	18,16,987	1,517	Deepchand Kishenlall	Parasea	17.88	10	0.50	0.62	0.62		12	
18,75,000	2,94,24,500	1,00,41,358	51,27,399	50,590	Shaw Wallace & Co., Ltd.	Pench Valley	17.00	10	2.00	0.62	0.125		12	
79,97,000	30,48,121	1,50,19,235	1,10,16,981	50,804	M.	Ramagoongo	15.25	10	1.00	1.00	1.00	1.00	3	
12,50,000	11,51,690	32,62,287	26,97,256	29,537	Shaw Wallace & Co., Ltd.	Rewa	30.00	10	1.00	1.00	1.50	1.70	3	
27,50,000	23,60,670	1,12,25,241	38,42,279	25,963	M.	Samla Collieries	8.50	10	0.50	0.70	0.781		3	
10,56,000	4,54,010	74,24,062	9,63,414	3,494	S. D. Scbbs & Co. Private Ltd. ..	Selected Setgram Collieries.	123.00	100	12.50	16.00	1.00		12	
15,00,000	11,14,420	31,03,168	20,96,227	67,552	Andrew Yule & Co., Ltd.	Seebpore	45.00	7	1.75	3.00	16.00	8 001	12	
3,50,000	4,69,848	55,742	18,04,343(k)	1,1171	F. W. Heilgers & Co. (Private) Ltd.	Sendra	6.44	10	*Nil*	0.25	2.00		12	
1,00,00,000	72,62,511	1,83,94,078	89,72,778	3,974	Standard Motor Co. (India) Pvt. Ltd.	Singareni	11.50	10	0.75	0.75	0.75		12	
15,00,000	95,24,802	1,18,49,116	28,52,132	53,481	J. K. Agents Private Ltd.	Sonth Karanpara	9.44	10	0.75	0.90	0.90		12	
9,96,956	30,000	16,98,410	7,47,186	5,288	Ogale Bros. (Private) Ltd.	Standard	13.81	10	1.25	1.50	0.25		12	
11,58,800	16,45,653	14,00,719	7,70,663	91,515	R. H. Stones, Esq. (Mg. Director) ..	Union	6.20	10	0.40	0.60	0.60		12	
2,50,00,000	1,56,81,314	8,97,55,030	98,05,418	12,08,288	Sir A. Ramaswami Mudaliar (Chairman)	Western Bengal	31.50	10	2.00	2.75	3.25*		3	
30,58,950	29,586	68,68,388	17,68,388	56,308	Tha Cotton Agents Private Ltd. ..	West Jamuria	281.00xd	100	10.00	10.00	10.00	10.00	9	
2,50,00,000	1,87,16,705	6,04,41,004	1,15,68,587	....	T. R. Galloway, Esq. (Mg. Director) ..		9.50	10	*Nil*	*Nil*			7	
20,00,000	60,00,000	58,86,994	19,50,060	53,924	Vittal Mallya, Esq. (Chairman).. ..		81.12	10	1.40	1.80	1.80		12	
5,00,000	6,50,191	8,85,222	5,98,831	28,594	Shaw Wallace & Co., Ltd.		101.55cdcr	10	4.00	6.00	6.00	6.00	12	
81,46,200	27,60,459	1,02,78,928	35,89,149	6,384	A. K. Kaderkutty Esq. (Mg. Director).		32.50	10	3.75	5.25	3.50		3	
							220.00	100	19.00	10.00	10.00	12.00	3	

The reserves of Simsar Tea Co. Ltd. include a non-distributable amount of Rs. 62,40,654 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1956. (f) Investments at cost

(g)Ex Bon Investment—Dividend for 1959 includes additional dividends of 2 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956. (h) Investments.

Managed by the Board of Directors. *N.S.*—Dividends paid since 31st March 1959 are shown as taxable. (k) Investments.

Incorporated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 110 lakhs. Whereas a dividend of 15 per cent was on a paid-up capital of Rs. 60 lakhs only. *X. B.* Ex-Bonus.

BANKS

| Paid-up Ordinary Capital Rs. or £ | Reserve Fund Rs. or £ | Carried Forward Rs. or £ | Name of Bank | Latest Available Quotation Rs. or £ | Paid-up per Share Rs. or £ | Dividend per Share 1958 Rs. nP | 1959 Rs. nP | 1960 Rs. nP | 1961 Rs. nP | Accoun

AMERICAN LETTER

EMPLOYMENT IN U.S. RISES
HIGHER BUDGET DEFICIT EXPECTED

From Our Special Correspondent

NEW YORK, *9th December*

THE previous lull in the economy of the United States has been replaced by renewed vigour. Hence, optimism abounds and holiday retail trade has been good so far.

There is also some pointing with pride to the latest Government statistics which show that the percentage of unemployment to the total labour force has dropped appreciably. It should be pointed out, however, that temporary employment at this time of the year always goes up and more importantly that the Government has been an employment-stimulating influence. This has little, if anything, to do with stimulating basic economic productivity.

The call of reservists back to the armed forces has naturally made room for civilians to take their place among the gainfully employed in business and industry. Also, the civilian payroll of Washington departments and agencies is increasing continually as has been pointed out in previous dispatches. President Kennedy's "New Frontier" programme at home and abroad is calling many new recruits into the ranks of temporary or permanent civil servants.

One thing which must be said in all fairness is that there is a lot of initiative emanating from the White House these days. It is an Administration which tries to do something, or at least gives the appearance of endeavouring to do so. This was not always the case in the previous Administration.

President's Appeal to Business

Another thing which must also be said is that with all the activity and *pronunciamenti* from Government spokesmen, the precise course which this Administration will follow is still not clear. As the old saying goes, the President seems to be carrying water on both shoulders.

A good illustration is to be found in Mr. Kennedy's statements to the Congress of American Industry here in New York and his speech a day later in Florida to a Labour convention. The President's appearance before industrial leaders was obviously designed to lessen widespread impressions that the Administration is "anti-business." It was a frank speech in which he said that most of the audience probably did not vote for him, but that his heart was in the right spot and he was trying to do the best he could.

This particular audience, as was to expected, is not wholly receptive to the free trade policies advocated at Washington. Many manufacturers are fearful of foreign competition which is aggravated by the rising wage structure and other costs here. Besides, no one in the Administration has spelled out precisely what the New Frontier's free trade policy envisages.

The only specific recommendation, so far, is reduction of tariffs and closer liaison with the Common Market in Europe and other regional trade areas. Mr. Kennedy pleaded for understanding from business. In Florida, he pleaded for understanding from labour unions and urged restraint in their demands for higher wages and fringe benefits which, he said, were necessary in order that the U.S. may keep its place in world trade. He asked, in effect, for endorsement from labour of his new free trade policy which is going to be submitted to the Congress next month.

Mr. Kennedy's position is understandable. He shares the concern of his advisers and that of bankers and economists about the outflow of gold stocks which are now below $17,000 million. It is obviously important to stem this movement. But the question is whether the trend can be arrested by freer trade and by co-operation by business and labour, both of which are enmeshed in a complex of self-interests.

Labour's Clamour

In the camp of the trade unions, membership [illegible] have been declining over a period of [illegible] is partly due to automation, partly [illegible] to employment and retirement [illegible] benefits plus a little work [illegible] and an income from savings. Hence, in view of shrinking contributions from membership and in order to protect their own jobs, labour leaders think they have to clamour for higher wages, for greater benefits and so on, regardless of the national interest which many of them do not understand too well anyway.

Among businessmen, there is a similarly selfish motive in maintaining the *status quo*. They have a payroll to meet every week. They may or may not have been losing markets owing to foreign competition. It also boils down to self-preservation first and the national interest second—because to the naked eye of either labour or management there is no national emergency at present which would supersede the motive for self-preservation.

Neither management nor labour in the U.S. has been exposed to acute hardships—with exceptions, of course—nor do they understand the facts of present-day international life of ruthlessness with which other peoples have become so familiar. And despite all the mechanical marvels of contemporary means of communication, minds have not been able to grasp what is at stake. The daily routine blurs the image of the printed word, of the spoken word and of pictures.

In contrast with that, if I may be permitted to transgress, was a talk with U.S. Ambassador Arthur Dean a day before he left for the disarmament talks at Geneva. He made no bones about the dog-eat-dog facts of life. Russia, he said, had been preparing for four months before resuming their latest series of atomic tests. Their largest explosion was in the neighbourhood of 58 megatons. Under no circumstances would the U.S. relinquish its right to test without an international control machinery, and a ban was out of the question.

This, he said, referred to the series of detectable tests. Low power tests, underground and otherwise, frequently are not detectable and nations which practise them belong to the "Atomics Anonymous Club," he added. A different world, a different thinking, but also very closely related to self-preservation, regionally though not individually.

The collective impact of this thinking, governmental and private, creates economic repercussions. There has been a steep increase in the Federal spending curve. The Government's Budget, eleven months ago, called for cash outlays of $101,800 million. Cash expenditures are now up by $9,300 million over the original proposal. If anticipated revenues do not come up to expectations, the deficit for the current fiscal year ending 30th June next may be higher than the projected $8,400 million.

Private capital spending, on the other hand, has shown only a moderate increase because of apprehensions over the outlook. According to a survey made, business plans spending for 1961 plant and equipment in 1962 about $35 billion, or 4 per cent more than this year. Much of the rise is attributable to improved equipment to enhance efficiency, rather than for expansion. In addition to uncertainty over the outlook, pressure on profit margins is also a matter of urgent consideration.

United Nations News

Prime Minister Nehru's remarks at New Delhi about Red Chinese aggression into territories of India were widely quoted and many comments were made, mostly upholding his views. The main topic of discussion, though, remains the Congo. The fact of the matter is that the United Nations finds itself in a rather untenable position. It is doubtful whether sufficient force can be expended to bring Katanga to surrender, particularly in view of the British position which is supported in other quarters as well.

Then, there is the ticklish question of armed intervention by an organisation dedicated to peace, namely, the U.N., which spends money and human lives which it can ill-afford to spend since a good many member-nations refuse to contribute either money or men for this particular cause.

The pressure of commercial interests in Katanga is, perhaps, more apparent than in the case of Ethiopia at the time of Mussolini's invasion of that country by Italy. But there is a plausible parallel. Ethiopia's pleadings before the League of Nations turned out to be of no avail. The net result was, coupled with other factors, that the back of the League of Nations was broken. The pattern of "L'affair Congo" in the U.N. is uncomfortably close to Ethiopia and the League of Nations.

* * * *

U.S. ECONOMY REGAINS MOMENTUM

As anticipated, what began as a year of recession is ending as a year of brisk economic advance for the U.S. That advance has been under way since the early months of 1961, and most of the experts, both Government and private, confidently expect the U.S. economy to continue its vigorous expansion through 1962. Probably the best and most comprehensive measurement of the U.S. economy's 1961 performance is the gross national product (GNP), or total output of goods and services. For 1961 as a whole, the GNP is currently estimated at about $520,000 million. This represents a solid three per cent gain over the 1960 level.

This yearly comparison, however, is not entirely representative of the basic trend or of the magnitude of the change that has taken place in the economy. The fact is that the G.N.P. rose by some five per cent from the first to the third quarters of 1961, and the rise is expected to exceed seven per cent in the fourth quarter. This would bring the total output of goods and services to a year-end annual rate of $540,000 million or more. The improvement in the economy has been fully reflected in the incomes of American consumers and businessmen. From January to September, the personal income of all Americans rose at an annual rate of more than four per cent—or about $[illegible] after taxes for every man, woman and child in the U.S. Indicative of the continuing expansion, this income rise picked up even more strength in October, reaching an annual rate of $425,000 million, nearly $4,000 million above the September rate. Business earnings, always much smaller than consumer income, also have picked up. In the third quarter, corporate profits after taxes were up 20 per cent from the $20,000 million annual rate of the first quarter.

Along with these income gains have come significant employment increases. While the labour force was gaining two million people from January to October, the number of people employed rose by 3.4 million to a new October high of [illegible] million. Unemployment in October was down by 3.9 million from January's 5.4 million. On the production side, the physical volume of industrial output has increased by more than 10 per cent during 1961, to 113 per cent of the 1957 average. Construction, a key industry, is expected to hit a new annual high, with new building valued at $56,700 million. These gains in production, income and employment have been accompanied by marked stability in price levels. Wholesale prices actually fell by one per cent between January and September, while consumer prices have risen only seven-tenths of one per cent.

Looking ahead, Government experts anticipate that the vigorous and essentially non-inflationary economic advance will continue, with the G.N.P. reaching an annual rate of $585,000 million to $570,000 million by the middle of 1962. Most private economists tend to agree with this view. By and large, a comfortable expansion in general business activity is foreseen, with the majority of experts anticipating that the G.N.P. will average out at about $560,000 million for 1962 as a whole—which would represent a gain of seven per cent over the estimated 1961 level.

Notice

THE BRITANNIA BISCUIT CO. LTD.

THE BOARD OF DIRECTORS AT THEIR meeting held on the 8th December, 1961 have sanctioned payment of an Interim Dividend of 6 per cent on the Ordinary Shares subject to deduction of tax, and 5.20 per cent on the Preference Shares (being the Dividend at the rate of 4 per cent increased by 30 per cent thereof pursuant to the provisions of the Preference Shares (Regulation of Dividends Act, 1960) subject to deduction of tax, for the year ending 31st March, 1962.

The Dividend will be payable to those Shareholders whose names appear on the Register of Members on the 19th January, 1962. Warrants will be posted on or after that date to the addresses or in accordance with the instructions recorded in the Company's books.

The Register of Members of the Company will remain closed from the 2nd January, 1962 to the 19th January, 1962, both days inclusive.

By Order of the Board,

A. P. CHANDA,
Secretary.

15, TARATOLA ROAD,
ALIPORE,
CALCUTTA-27.
8th December, 1961.

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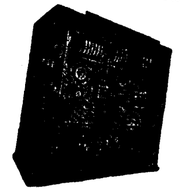

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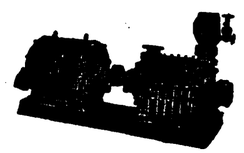

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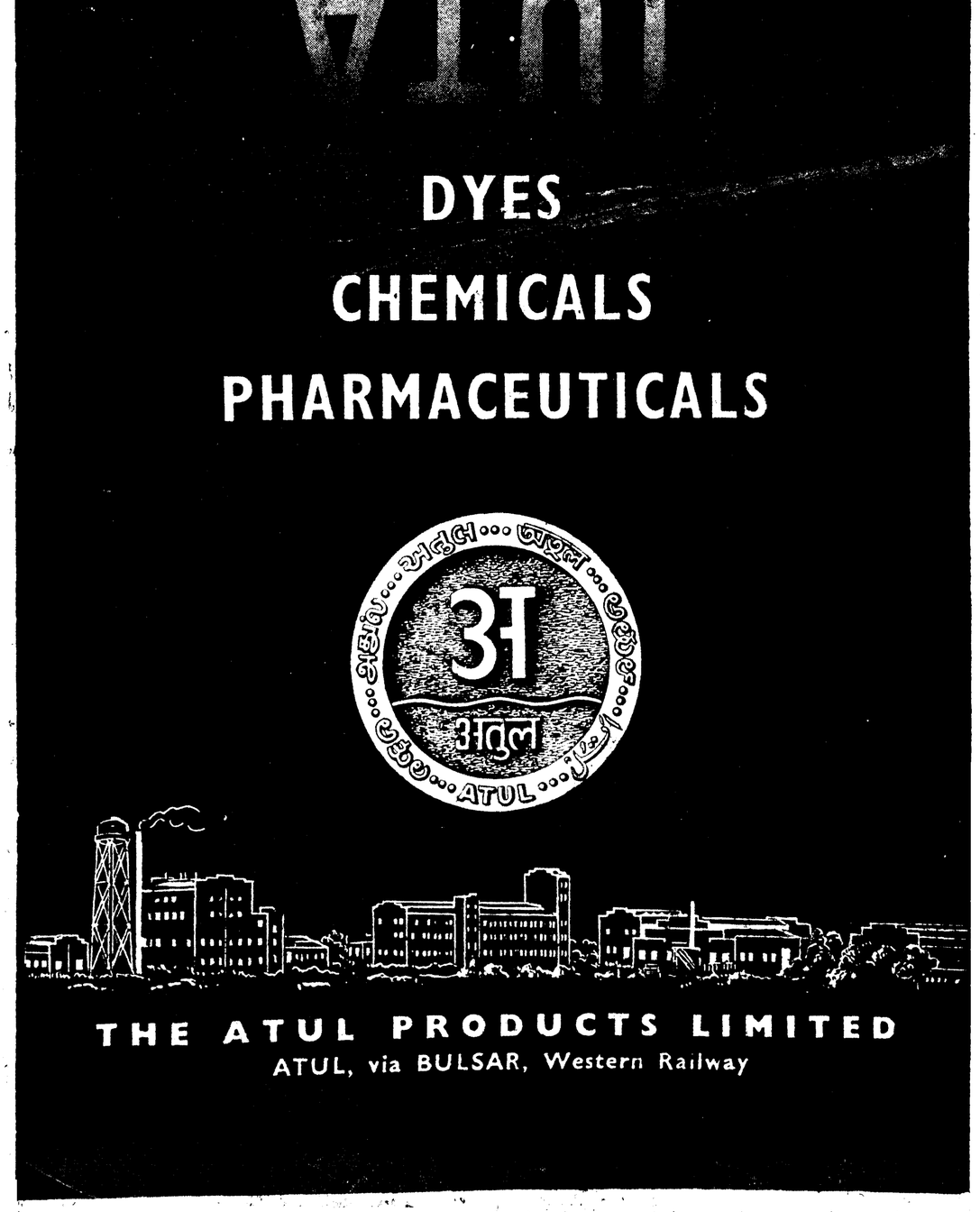

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